Ted Rogers School of Management

Student Managed Investment Fund

Sector Overview

Energy and Industrials
June 14th, 2023

Portfolio Manager: Nachiket Patel

Analysts: Peter Nguyen and Deepika Sivakaran

Energy Outlook

Energy

Portfolio Holdings and Updates

SMIF Energy Portfolio Holdings

Enbridge

- Enbridge maintains a low-risk business model with steady cash flows, a strong balance sheet, sustainable bond offerings, and investments in infrastructure expansion, ensuring value creation for shareholders.
- Enbridge demonstrates a commitment to a strong dividend policy by consistently increasing dividends, reflecting confidence in its financial performance and ability to generate sustainable cash flows.
- Enbridge strengthens its position as an energy industry leader through strategic acquisitions, such as Aitken Creek and Tres Palacios Holdings, expanding its diversified infrastructure portfolio and creating opportunities for long-term growth and stability.

ConocoPhillips

- Conoco implements a strong capital allocation framework with a disciplined reinvestment rate, competitive cost of supply, and expected $155B free cash flow over the next decade, enhancing capital flexibility.
- Conoco maintains a diversified portfolio with 20 BBOE at a cost below $40/BBL, operating in Canada, Alaska, and Asia Pacific, minimizing risk and extending resource life from 18 to 30 years.
- Conoco plays a significant role in the energy transition by accelerating GHG-intensity reduction until 2030, implementing zero routine flaring by 2025, and increasing GHG intensity to 50%-60%, improving operational efficiency towards net-zero emissions.

Cameco

- Russian-Ukrainian war and sanctions boost uranium prices, benefiting Cameco Corp's Canadian mining operations and capitalizing on increased demand, particularly from Ukraine.
- Cameco demonstrates strong financials with $1.6B in cash and equivalents, including $1B in undrawn revolvers, and $1.1B in long-term debt, providing resilience against macroeconomic factors.
- Cameco's long-term contracts and pipeline expansion, drive increased production at the McArthur River facility to fulfill obligations.

Company	Ticker	Price	Weight	$MV	Beta	P/EPS	EV/EBITDA	Target Price			Recommendation
								Bear	Base	Bull	
Cameco Corp.	CCO	$167	4.2%	$24,101	1.73	41.6x	25.7x	$166	$174	$184	Hold
ConocoPhilips	COP	$70	3.5%	$20,135	0.88	8.3x	4.1x	$69	$74	$83	Hold
Enbridge Inc.	ENB	$285	2.4%	$13,913	0.86	17.1x	11.8x	$267	$283	$290	Hold

Sources: S&P Capital IQ, Statista, Winsight Grocery

Toronto Metropolitan University

Industrials Outlook

Toronto Metropolitan University
Ted Rogers School of Management

Ted Rogers School of Management
Student Managed Investment Fund

Genesis Energy

BUY Recommendation; Target Price: **$13.37 (26.93% upside)**

Energy
June 14th, 2023

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Industrials

Portfolio Holdings and Updates

SMIF Energy Portfolio Holdings

- Ukrainian-Russian War Performance: The Ukrainian-Russian war has increased Ukraine's reliance on western technology, particularly Lockheed's Javelin weapon, which has proven effective against the Russian invasion, attracting interest from other countries.
- Government Contracts: Lockheed has secured contracts from various countries due to the war, including Taiwan and Poland, while the US government's Ukraine Security Assistance Initiative has also provided funding for Lockheed's air defense missiles.

- Waste Connections plans to deploy sustainability projects, including RNG facilities, to raise EBITDA margins and control capital allocation strategy, with expectations of $200 million EBITDA increase by 2026.
- The company sees significant M&A opportunities in the waste management sector, aiming to acquire smaller businesses for improved effectiveness and addressing current operational shortcomings.
- Waste Connections' consistent demand-driven business model, centered around waste collection and distribution, remains relevant and resilient, as waste usage continues, supporting its leading position in the industry for over 25 years.

- CN's strong Q1 2023 financial performance, including record revenues and earnings, highlights its financial strength and growth potential.
- CN demonstrates operational excellence in Q1 2023 with improved safety, efficiency, and sustainability metrics, reflecting its commitment to a safe and efficient rail network.
- CN's positive outlook is backed by raised financial targets for 2023, driven by market opportunities, diverse customer base, and investments in infrastructure and technology, positioning the company for sustained growth and shareholder value.

Company	Ticker	Price	Weight	$MV	Beta	P/EPS	EV/EBITDA	Target Price			Recommendation
								Bear	Base	Bull	
Lockheed Martin Corp.	LMT	$462.7	3.6%	$21,107	0.38	17.1x	13.2x	$444	$475	$490	Hold
Waste Connections Inc.	WCN	$135.8	3.8%	$22,196	0.50	31.2x	16.3x	$122	$136	$145	Hold
Canadian National Railway	CNR	$114.4	2.5%	$14,352	0.83	19.0x	12.9x	$97	$112	$126	Hold

Sources: S&P Capital IQ, Statista, Winsight Grocery

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genesisenergy

Executive Summary

Recommend a BUY with a Target Price of $13.37, an Upside of 26.93%

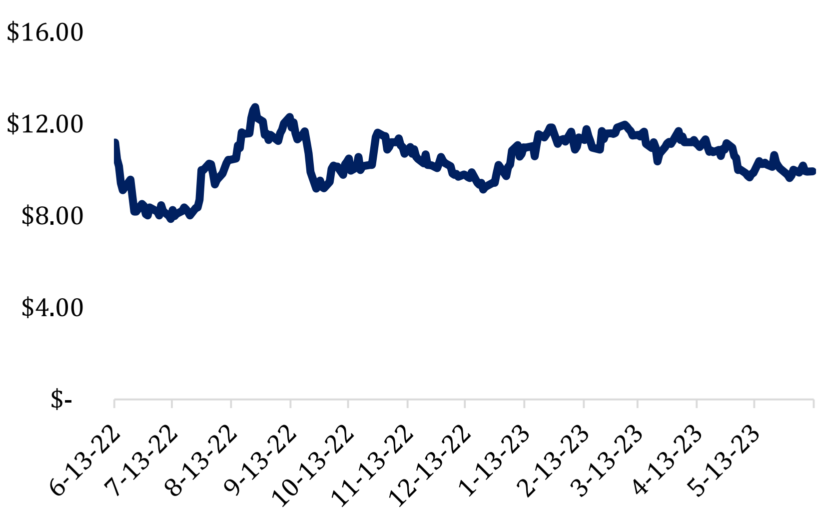
Key Metrics

Ticker	NYSE: GEL
Share Price (6/11/2023)	$11.54
Beta (3Y)	1.39
Market Capitalization (in millions)	$1364
Enterprise Value (in billions)	47.8
52-Week Hi/Lo	$251-$389

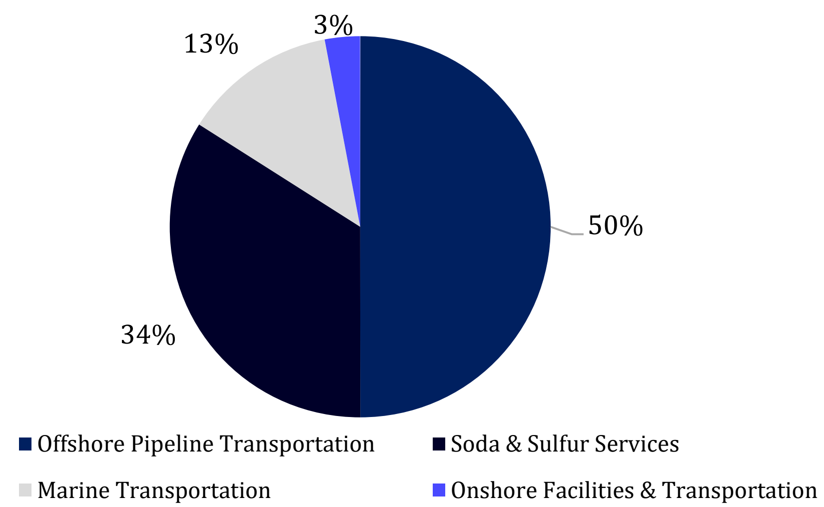
Investment Thesis Review

- Growing Potential in Position within Energy Industry
- Unique and Effective Midstream Strategy
- Sustainable Energy Solutions

Stock Price Performance (Year)



Business Segments



Sources: S&P Capital IQ, Bloomberg

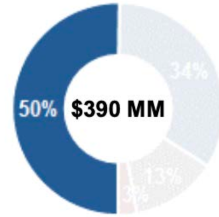
Company Overview

Company Overview

Business Segments

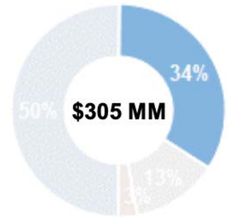
Offshore Pipeline Transportation

- Providing infrastructure including over 24000 miles of pipeline to move oil and natural gas from reservoirs in the Gulf of Mexico to refining centers in Texas and Louisiana
- Contracts are designed for long term commitment
- Well-positioned to accommodate increased production from deep-water sources



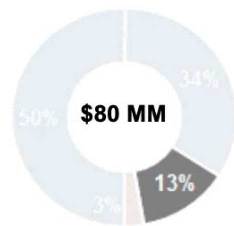
Soda & Sulphur Services

- Comprised of 2 market leading businesses: Genesis Alkali and TDC
- Genesis Alkali is the largest producer of low-cost natural soda ash in
- North America with production capacity of ~4.2mm tons/year
- TDC provides refinery services and is the largest producer of Sodium Hydrosulfide ("NAHS") in North America



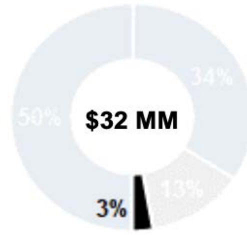
Marine Transportation

- Young, modern fleet of inland boats and heated barges, all asphalt capable, with almost exclusive focus on intermediate refined products ("black oil")
- 330 kbbl ocean going tanker American Phoenix built in 2012 and under term contract with investment grade refining company



Onshore Facilities and Transportation

- Integrated suite of refinery-centric onshore crude oil and refined products pipelines, terminals and related infrastructure
- Leading 3rd party facilitator of feedstocks to ExxonMobil's ("XOM") Baton Rouge refinery
- Certain onshore pipeline and terminal assets integrated with Genesis' Gulf of Mexico crude pipeline infrastructure



Industry Analysis

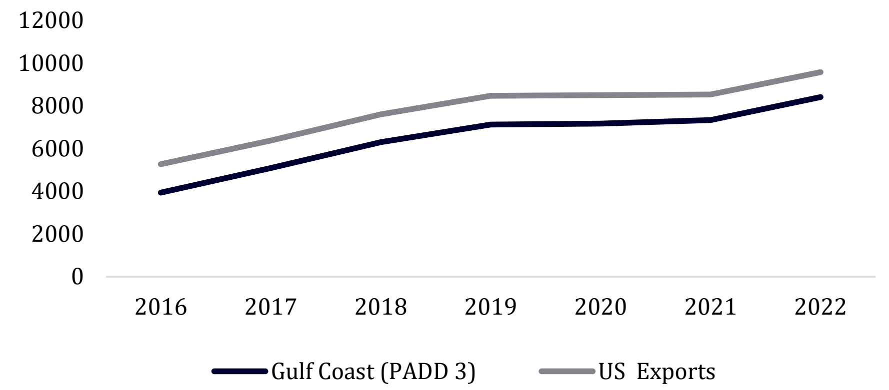
Industry Overview: US Oil & Gas

Current Outlook

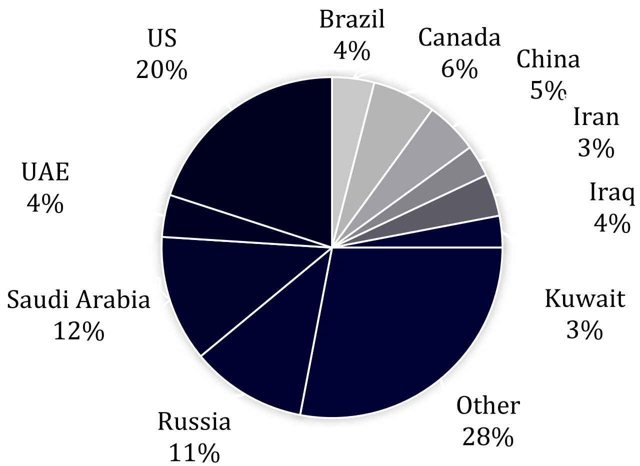
Key Points

- Geopolitics and recent OPEC cuts will allow the US to increase exports for oil, improving growth opportunities for well-established companies
- Record revenues in 2022 will allow many Oil & Gas companies to go into 2023 with a healthy balance sheet
- Companies located within the Gulf Coast will be able to capitalize on heightened oil exports

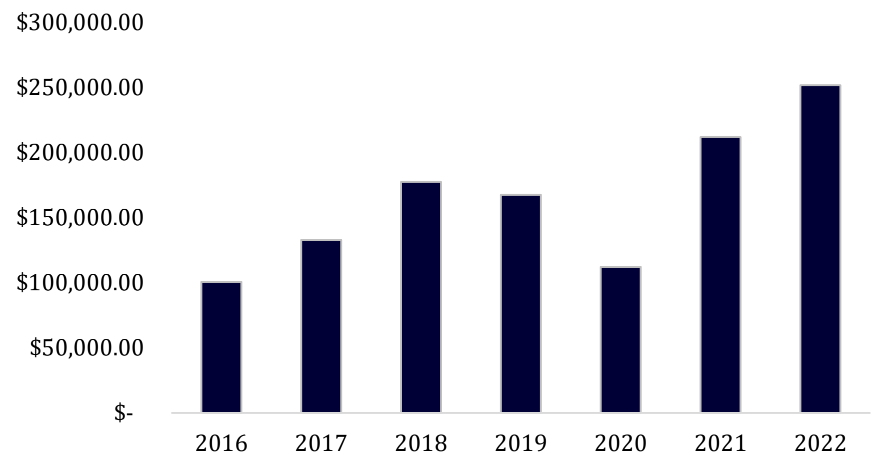
Average Barrels Per Day



Oil Production By Country



Total Oil and Gas revenue by year



Sources: S&P Capital IQ, Statista, US Energy Information Administration

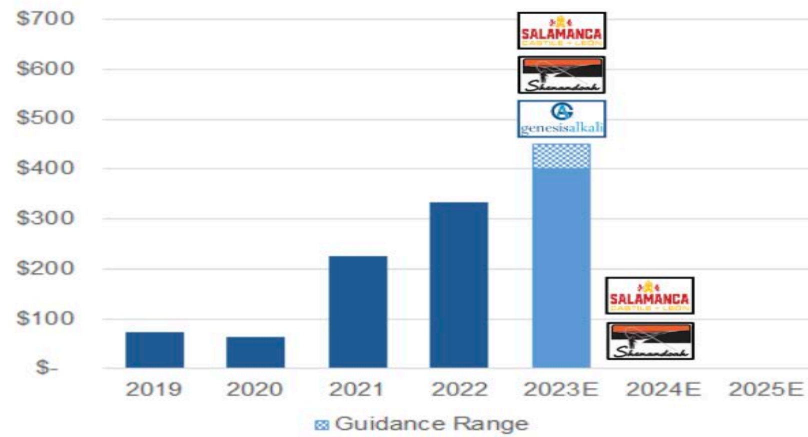
Investment Theses

Investment Thesis I:
Growing Position in the Energy Industry

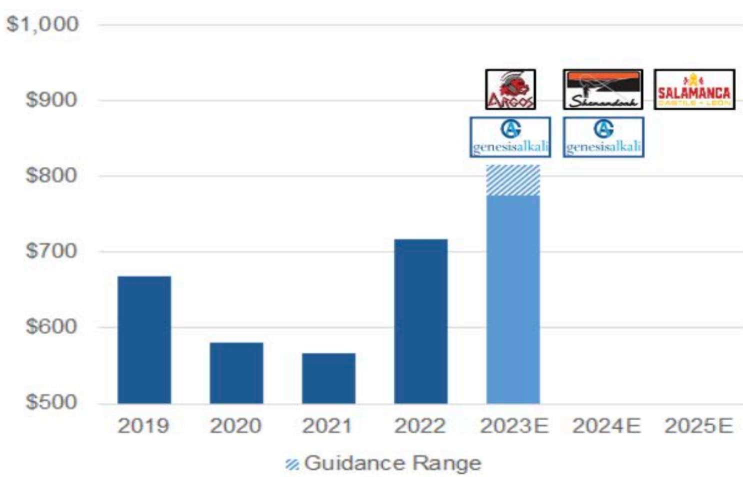
Commentary

- 96% of Growth CapEx from 2019 – 2022 associated with offshore and soda & sulfur services segments
- Steady inventory of earnings growth over next few years
- 1Q 2023 leverage ratio of 3.99x
- Expect to exit 2023 with leverage ratio below 4.0x
- Committed to long-term target leverage ratio of 4.0x

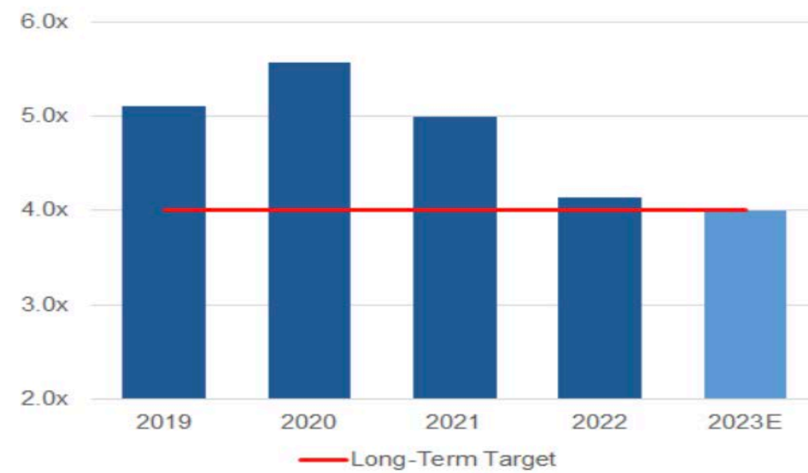
Growth CapEx



Adjusted EBITDA



Leverage



Sources: Shareholder Meeting, 10-K

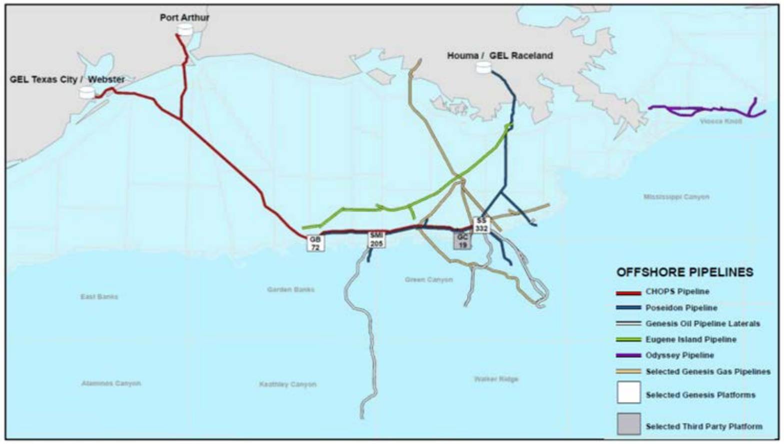
Investment Thesis II: Midstream Strategy

Capitalizing on US Gulf Stream Exports

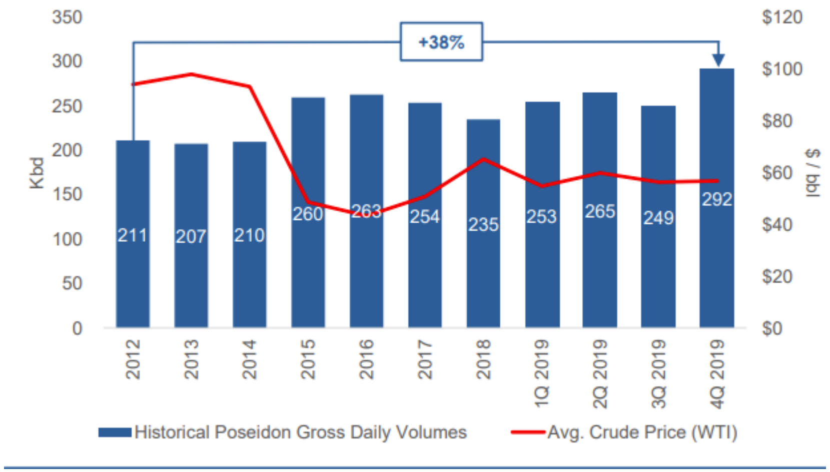
Commentary

- Contract structure provides a hedge against commodity prices, ensuring stable cash flows and volume output.
- Q1 2023 demonstrated the benefits of Genesis' contract structure where despite poor earnings due to weather-related issues, the midstream segment performed well even against internal expectations
- Genesis is continuing to invest in its midstream infrastructure within the Gulf Coast (Argos, Shenandoah, Salamanca), capitalizing on the opportunity provided through US exports.
- Investment in infrastructure within the Gulf Coast will allow for better efficiency and lower service.

Location Of Infrastructure in the Gulf Coast



Poseidon Output vs Avg Crude Price



Poseidon Customer Base

Sources: Genesis Energy, S&P Capital IQ

Investment Thesis III : Sustainable Energy Solutions

Strong and Sustainable Specialty Chemical Business Resulting in Undervalues Unique Solutions

Soda Ash as a Specialty Chemical

1. Unique chemical properties

- Highly soluble
- Alkaline

2. Specialized applications

- Glass
- Detergents
- Water Treatment

3. Specialized equipment and processes

- Uses the Solvay process, resulting in need for specialized expertise and quality control

Peer Specialty Chemical Comparable

Company	EV/EBITDA
Element Solutions Inc. (NYSE: ESI)	11.86x
Compass Minerals International (NYSE:CMP)	9.71x
Avient Corporation (NYSE:AVNT)	9.51x
Average (Excl. GEL)	**10.36x**
Genesis Energy, L.P. (NYSE:GEL)	**8.49x**

Specialty Chemicals Industry vs. Generic Bulk Chemical Industry

Specialty Chemicals	Bulk Chemicals
Niche product with very few applications	Used in a variety of applications
Produced in smaller quantities	Mass produced and marketed at wholesale
Minimal competition	Highly competitive industry
High EBITDA margins	Low EBITDA margins

Sources: Statista, Earnings Report

Risks & Mitigants

Risks & Mitigants

Risk 1: Volatility in Commodity Prices	Genesis Energy LP operates in the energy sector, which is subject to significant price fluctuations in commodities such as oil, natural gas, and refined products. Changes in commodity prices can impact the company's revenue and profitability.
Risk 2: Environmental Risks	As an energy company, Genesis Energy LP is subject to various regulatory requirements and environmental standards. Non-compliance with these regulations can result in fines, penalties, or operational disruptions.
Risk 3: Financial Risk	Genesis Energy LP faces financial risks related to factors such as changing interest rates, difficulties in accessing cash quickly, and the ability to raise funds from investors.

Mitigation

1. Genesis Energy LP may employ hedging strategies to reduce the risk of prices fluctuating. By entering into derivative contracts, the company can fix prices for a certain part of its production or purchases, which provides stability and minimizes the impact of price fluctuations.

2. To address environmental risks, the company invests in compliance programs for their operational activities and closely monitors changes in regulations to ensure ongoing adherence.

3. To deal with financial risks, the company uses strategies like protecting against interest rate changes, planning for cash needs, and allocating funds wisely. Genesis Energy LP also maintains relationships with multiple banks and has access to credit options to ensure it has enough cash and funding choices available.

Sources: SEC Filings, Reuters

genesisenergy

Valuation

Valuation

Comparable Company Analysis

Company Name	Ticker	Share Price (US$)	Market Cap ($M)	Enterprise Value ($M)	EV/Revenue LTM	EV/Revenue NTM	EV/EBITDA LTM	EV/EBITDA NTM	Net Debt ($M)	Dividend Yield	Shares Outstanding (M)
Genesis Energy LP	**NYSE: GEL**	11.13	1,364	6,154	2.2x	1.9x	7.7x	8.5x	4,790	5.4%	123
Nustar Energy LP	**NYSE: NS**	15.33	1,700	6,249	3.7x	3.5x	8.4x	8.5x	3,293	10.4%	111
Holly Energy Partners LP	**NYSE: HEP**	17.61	2,227	3,972	7.3x	7.0x	12.3x	8.8x	1,745	8.0%	126
Sunoco LP	**NYSE: SUN**	41.60	3,497	7,535	0.3x	0.3x	8.5x	8.5x	4,038	7.9%	84
Crestwood Equity Partners LP	**NYSE: CEQP**	23.18	2,442	6,892	1.2x	1.2x	9.4x	8.3x	4,435	11.3%	105
Element Solutions Inc.	**NYSE: ESI**	18.38	4,436	6,137	2.4x	2.4x	11.8x	11.9x	1,701	1.7%	241
Compass Minerals International	**NYSE: CMP**	31.99	1,315	2,001	1.8x	1.6x	10.9x	9.7x	686	1.9%	41
Avient Corporation	**NYSE: AVNT**	38.02	3,459	5,073	1.5x	1.5x	9.7x	9.5x	1,614	2.6%	91
	High	41.60	4,436	7,535	7.3x	7.0x	12.3x	11.9x	4,435	11.3%	241
	Low	15.33	1,315	2,001	0.3x	0.3x	8.4x	8.3x	686	1.7%	41
	Mean	26.59	2,725	5,408	2.6x	2.9x	10.1x	9.3x	2,502	6.3%	114
	Median	**23.18**	**2,442**	**6,137**	**1.8x**	**2.0x**	**9.7x**	**8.8x**	**1,745**	**7.9%**	**105**

EV/Revenue	
Revenue	3,175
EV/Revenue	2.0x
Enterprise Value	**6,398**
Less: Net Debt	4,790
Equity Value	**1,607**
Shares Outstanding	123
Implied Equity Value per Share	**$13.12**
Implied Upside (Downside)	17.86%

EV/EBITDA	**Bear**	**Base**	**Bull**
EBITDA	725	725	725
EV/EBITDA	8.3x	8.8x	9.3x
Enterprise Value	**6,039**	**6,395**	**6,716**
Less: Net Debt	4,790	4,790	4,790
Equity Value	**1,249**	**1,604**	**1,926**
Shares Outstanding	123	123	123
Implied Equity Value per Share	**$10.19**	**$13.09**	**$15.72**
Implied Upside (Downside)	(8.42%)	17.63%	41.20%

Sources: S&P Capital IQ, SEC Fillings

Valuation

Discounted Cash Flow Analysis

Genesis Energy LP Discounted Cash Flow Model (US$M)						
	2022A	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**
Revenue	2,789	3,051	3,153	3,388	3,495	3,575
% Growth		*9.41%*	*3.34%*	*7.43%*	*3.18%*	*2.29%*
EBITDA	611	734	774	840	887	911
% Margin		*24.06%*	*24.55%*	*24.80%*	*25.36%*	*25.48%*
EBIT	315	438	461	508	538	545
% Margin		*14.35%*	*14.62%*	*14.99%*	*15.39%*	*15.25%*
NOPAT	**307**	**427**	**450**	**496**	**525**	**532**
(+) Depreciation, Depletion and Amortization	296	296	313	332	349	366
(-) Capital Expenditures	(88)	(517)	(404)	(444)	(394)	(417)
(-) Change in Working Capital	(424)	(11)	(4)	(10)	(5)	(3)
Unlevered FCF	**92**	**195**	**355**	**374**	**476**	**477**
Discount Factor		*1.04*	*1.14*	*1.24*	*1.35*	*1.47*
PV of Unlevered FCF		**187**	**312**	**303**	**353**	**326**

Growth in Perpetuity Approach	
Long-Term Growth Rate	2.00%
Terminal Year UFCF	486,782
Terminal Value	**7,088,567**
PV of Terminal Value	4,836,405
Sum of PV of UFCF	1,481,060
Enterprise Value	**6,317,465**
Less: Net Debt	4,790,160
Equity Value	**1,527,305**
Shares Outstanding	122,579
Fair Value Share Price	**12.46**
Premium (Discount)	*18.33%*

EV/EBITDA Exit Multiple Approach	
Exit Multiple	8.00x
Terminal Year EBITDA	911,063
Terminal Value	**7,288,505**
PV of Terminal Value	4,972,819
Sum of PV of UFCF	1,481,060
Enterprise Value	**6,453,879**
Less: Net Debt	4,790,160
Equity Value	**1,663,719**
Shares Outstanding	122,579
Fair Value Share Price	**13.57**
Premium (Discount)	*28.89%*

Sources: S&P Capital IQ, SEC Fillings

Recommendation

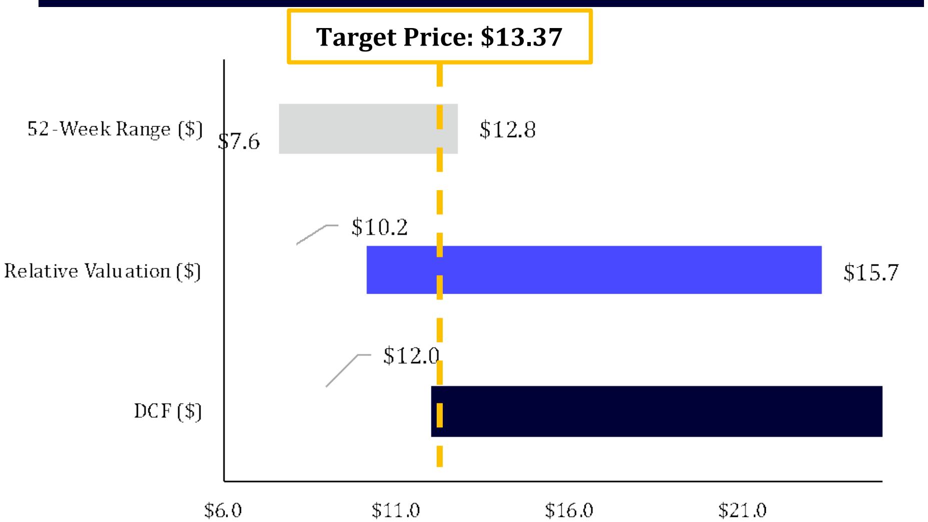
We Recommend a Buy at a Target Price of $13.37

Blended Valuation

Valuation Methodology	Weight	Target Price
Comps EV/EBITDA	40.00%	13.09
DCF EV/EBITDA	20.00%	15.17
DCF Growth in Perpetuity	40.00%	12.74
Blended Target Share Price		**13.37**
Current Share Price		10.53
Implied Upside/(Downside)		**26.93%**

Street vs SMIFF

Football Field



Thesis Recap

- Growing Potential in Position within Energy Industry
- Unique & Effective Midstream Strategy
- Sustainable Energy Solutions

Sources: S&P Capital IQ, SEC Fillings

Ted Rogers School of Management

Student Managed Investment Fund

Pembina Corporation

BUY Recommendation; Target Price: **$49.33 (17.73% upside)**

Energy

June 14th, 2023

Portfolio Manager: Nachiket Patel

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Executive Summary

Recommend a BUY with a Target Price of $49.33, an Upside of 17.73%

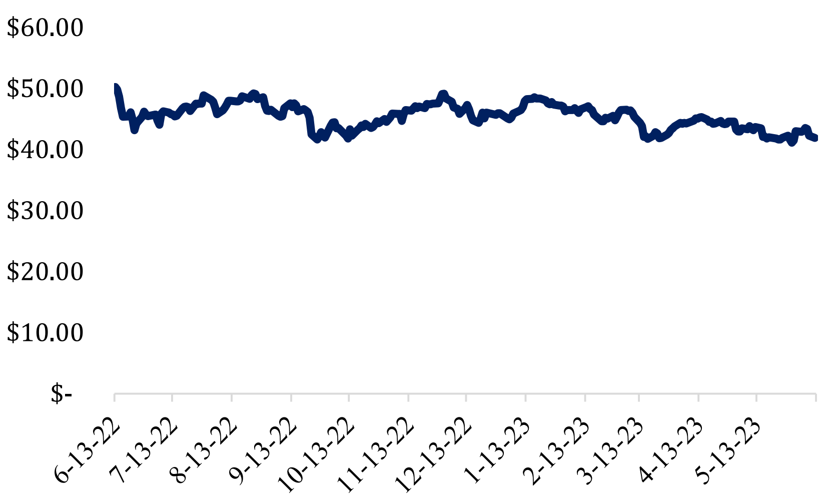
Key Metrics

Ticker	TSX: PPL
Share Price (6/11/2023)	$49.9
Beta (3Y)	1.57
Market Capitalization (in billions)	$23.04
Enterprise Value (in billions)	$36,594.6
52-Week Hi/Lo	$40.82 - $50.90

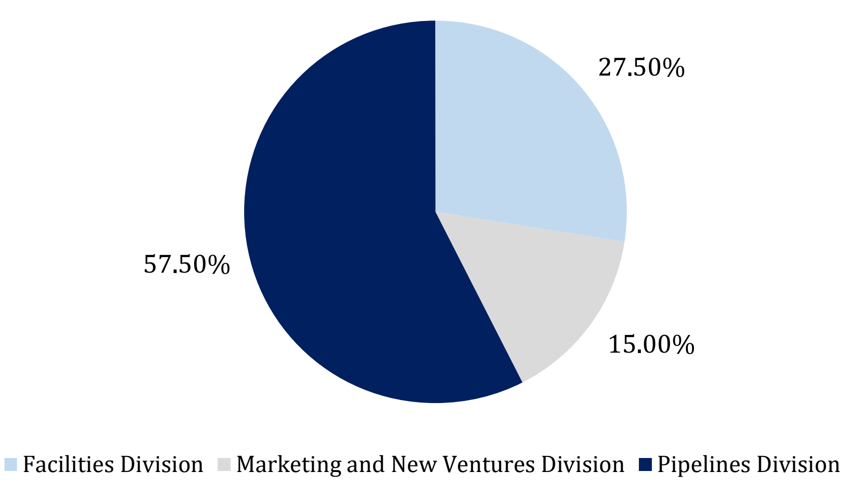
Investment Thesis Review

- Attractive Business Model and Strong Capital Allocation
- Opportunity in LNG due to volume demand from NEBC
- Strength in Partnership = Health Growth

Stock Price Performance (Year)



Revenue Segmentation



Sources: S&P Capital IQ, Bloomberg

Company Overview

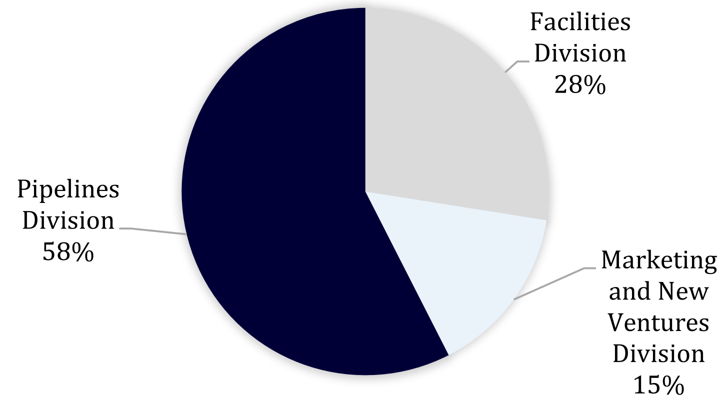
Company Overview

Business Segments

Business Description

- Founded in 1954, Pembina has grown into a well-established company operating a network of pipelines, storage facilities, and processing plants across North America
- Pembina has over 19,000KM of infrastructure able to transport a wide range of products to their customers, who are in oil and gas, petrochemicals, and industrial markets
- Pembina's mission is to deliver extraordinary energy solutions to consumers that aligns with ESG.

Segment Breakdown



Business Segments

- The Facilities division manages Pembina's infrastructure which provides customers with natural gas, condensate and NGL service
- Strategically positioned in resource rich areas of the WCSB and Williston Basin
- Integrated with other facilities to provide enhance Pembina's hydrocarbon products

- The Marketing and New Ventures division aims to seek new opportunities as well as enhance current markets.
- Undertakes value-added marketing activities by actively buying and selling products, commodity arbitrage and optimizing storage opportunities.

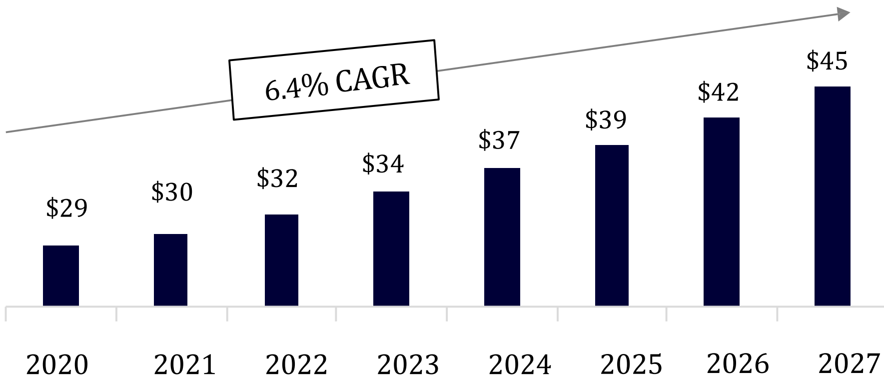
- The Pipeline division provides customers with transportations, and key market hubs across North America. The division transports natural gas liquids, and natural gas
- Provides integrated upstream and downstream assets enabling an integrated customer service offering

Sources: S&P Capital IQ, Bloomberg

Industry Analysis

Industry Analysis

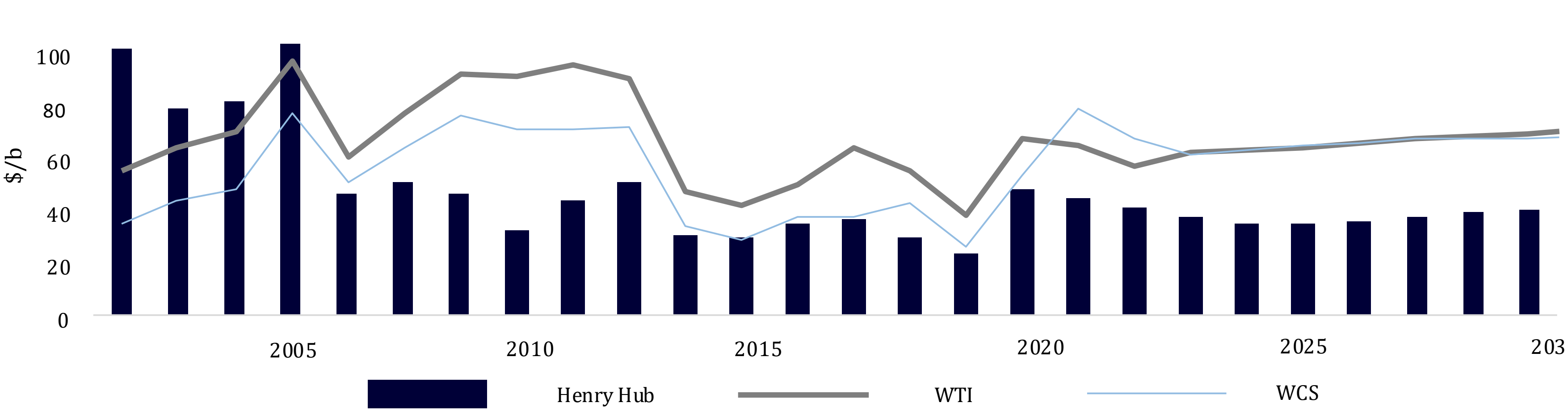
Midstream Oil & Gas Market Size ($Bn)



Commentary

- Increase in conventional pipeline volumes, projected to grow 4-6%.
- Transportation sector dominates the market segment due to continuous energy demand and expansion of oil and gas.
- Investments and development focused on offshore fields.
- Growing oil and gas midstream market in South America.
- Incorporation of policies addressing environmental concerns.
- Expansion of the liquefied natural gas (LNG) market creates opportunities for midstream companies.
- Aging pipeline infrastructure necessitates expansion and modernization for meeting rising demand.
- Emphasis on incorporating Environmental, Social, and Governance (ESG) considerations.

Crude Oil & Natural Gas Prices to Remain Elevated in Short Term



Sources: S&P Capital IQ, Statista, Winsight Grocery

Investment Theses

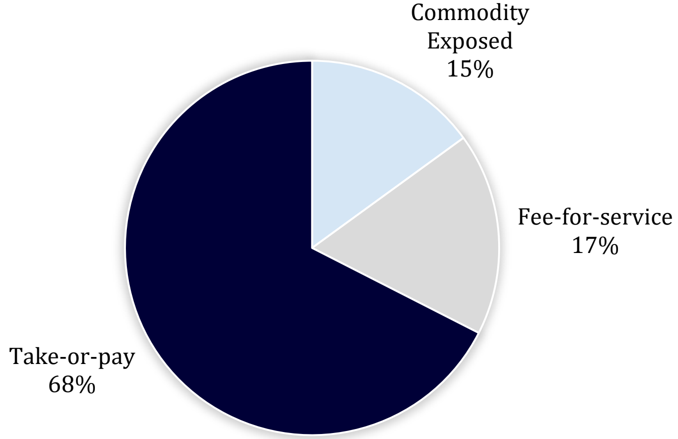
Investment Thesis I: Business Model and Capital Allocation

Financial Guardrails against Recession

Commentary

- Pembina as a company has outperformed its peers in the long-term providing an 8.4% compounded annual growth, compared to the benchmark of 6.5%
- Contract structure provides stable cash flow to the company
- Fee-based business to continue benefiting from the expansion in the Western Canadian Sedimentary Basin
- Allocating excess cash flow from record year in 2022 to fully fund capital expenditures and reduce debt repayment
- Renewed its normal course issuer bid during the quarter in order to pursue share buybacks

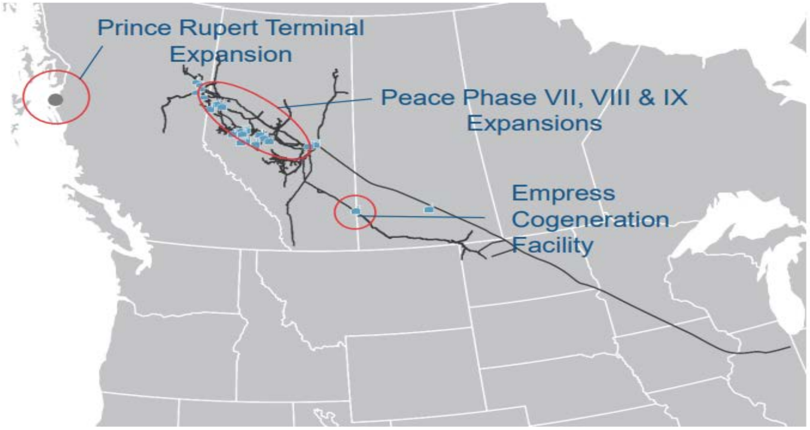
Contract Revenue Segments



Financial Guardrails

1. Maintain target of 80% fee-based contribution to adjusted EBITDA
2. Target <100% payout of fee-based distributable cash flow (Standard Payout Ratio)
3. Target 75% credit exposure from investment grade and secured counterparties
4. Maintain strong BBB credit rating

Capital Investments

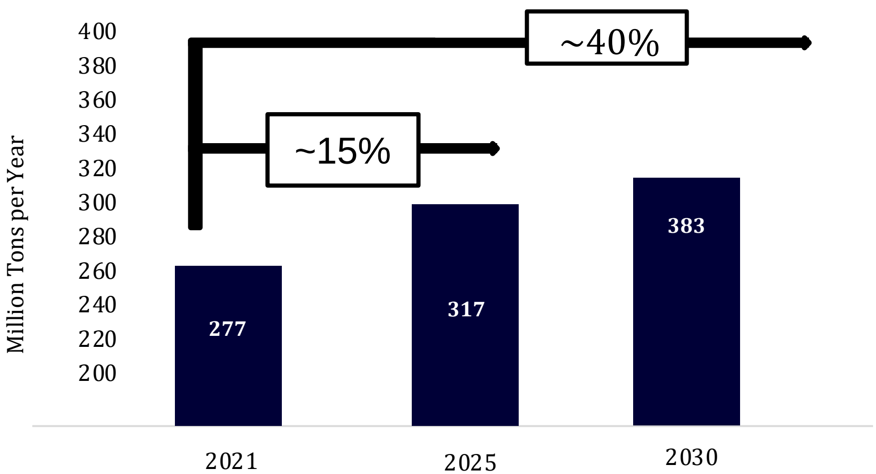


Sources: Consumers Team Analysis, Bloomberg, S&P Capital IQ

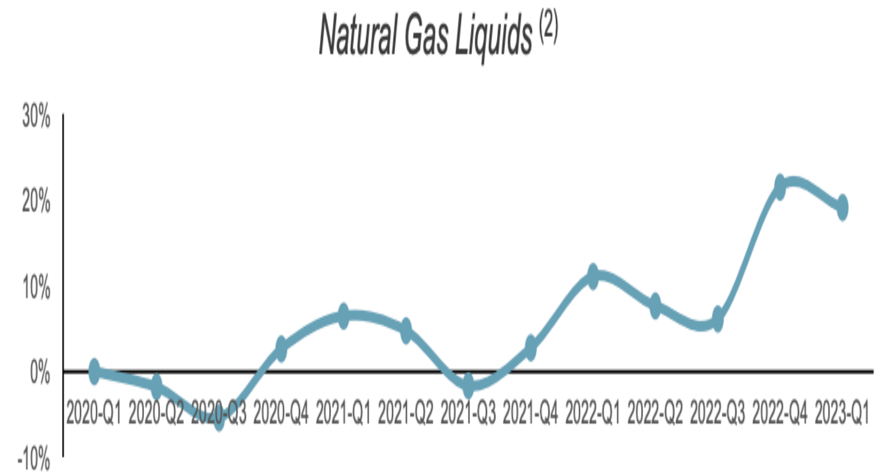
Investment Thesis II :

Opportunity in LNG due to volume demand from NEBC

LNG Market in Asia



Alberta and BC Volumes – Start of 2020 to Present



Commentary

- Pembina is positioned to benefit from increased volumes from Northeast British Columbia (NEBC) in the LNG (liquified natural gas) industry
- North America is currently projected to meet 80% of the increasing demand of LNG for the coming 3-5 years
- The Cedar LNG project, a partnership with the Haisla Nation, is undergoing development and has a strong probability of passing inspections. It aims to have one of the cleanest environmental profiles in the world.
- Pembina plans to meet with contractors to produce LNG carriers and expects to handle up to 50 LNG carriers per year at the Cedar LNG facility.
- Pembina is strategically positioned to tap into the Asian market and benefit from the growing global demand for LNG.
- European countries are increasing LNG imports as they reduce dependency on Russian natural gas.

Sources: Shareholder Meeting, 10-K

Investment Thesis III : Strength in Partnerships = Healthy Growth

PEMBINA

Pembina capitalizes through their strong partnerships resulting healthy growth

CEDAR LNG

- This project aims to develop a floating facility to allow WCSB natural gas to global markets
- Expected to be low-risk and provide long-term stable cashflows
- Enhances the ESG Profile: Projected to be one of the cleanest environmental profiles in the world

AlbertaCarbonGrid™

- Cost & Time Benefits: Less capital intensive due to connecting infrastructure
- Diversification Platform: Creation of other products such as blue hydrogen and petroleum facilities
- Cost Advantage Fee-Based Commercial Framework

CHINOOK PATHWAYS

- This project is Ingenious led and provides Pembina an opportunity to work in line with the Indigenous community
- This project is in fact a 50-50 stake with Trans Mountain Pipeline

Sources: Statista, Earnings Report

Risks & Mitigants

Risks & Mitigants

Strong downside protection

Risk #1: Environmental Risk

As an energy company, Pembina is under pressure to reduce their carbon footprint in order to comply with changing environmental standards. Any efforts to not do so could result in legal trouble and damage in public reputation

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Risk #2: Macroeconomic Factors

Recent economic slowdown will impact consumer demand for products in the energy sector. Pembina has anticipated these shortcomings and remained realistic with its outlook on the market conditions. The company expects its Marketing and New Ventures Division to perform moderately.

Mitigation

Against Environmental Risk

- Strict regulatory system in its management to ensure compliance with ESG
- A 3-step plan to reduce over 30% of their current GHG emissions

1. Optimize current infrastructure in order to reduce energy consumption
2. Expanding further into renewable energy by focusing on acquisitions as well as investments
3. Developing the Alberta Carbon Grid which aims to reduce carbon emissions

Against Macroeconomic Factors

- Focusing on maintaining a healthy balance sheet
- Enhancing current customer relations to create long-term value
- Following financial guard rails to reduce shareholder risk , proven by the company's track record

1. Adjusted EBITDA per common share has increased 111% over the past 5 years
2. Outperformed sector performance through 3 crises

Sources: SEC Filings, Reuters

Valuation

Valuation

Comparable Company Analysis

Company Name	Ticker	Share Price	Market Capitalization ($B)	Enterprise Value ($M)	EV/EBITDA LTM	EV/EBITDA NTM	P/E LTM	P/E NTM	Total Debt	Dividend Yield	Shares Outstanding
Gibson Energy Inc.	TSX: GEI	$21.5	$3.05	$4,654.9	8.6x	9.3x	12.2x	14.8x	$1,644.98	5.47%	141.9
Keyera Corp.	TSX: KEY	$31.2	$7.15	$11,389.4	10.3x	10.7x	19.8x	14.9x	$4,253.63	5.50%	229.2
TC Energy Corp.	TSX: TRP	$54.6	$55.60	$117,863.8	11.4x	11.3x	34.4x	13.0x	$63,764.00	4.90%	1022.7
Enbridge Inc.	TSX: ENB	$50.1	$101.36	$191,231.3	11.7x	11.8x	42.5x	16.9x	$80,682.00	5.80%	2024.7
Pembina Pipeline Corp.	TSX: PPL	$41.9	$23.04	$36,594.6	11.7x	10.0x	8.5x	14.7x	$11,366.0	4.83%	564.0
	High	$54.6	$101.4	$191,231.3	11.7x	11.8x	42.5x	16.9x	80,682.0	5.80%	2024.7
	Low	$21.5	$3.1	$4,654.9	8.6x	9.3x	8.5x	13.0x	1,645.0	4.83%	141.9
	Mean	$39.9	$38.0	$72,346.8	10.8x	10.6x	23.5x	14.9x	32,342.1	5.30%	796.5
	Median	$41.9	$23.0	$36,594.6	11.4x	10.7x	19.8x	14.8x	11,366.0	5.47%	564.0

EV/EBITDA Valuation

	Bear	**Base**	**Bull**
2023E EBITDA	3,625.0	3,717.0	3,800.0
EV/EBITDA	9.3	10.6	11.8
Enterprise Value	**33,882.7**	**39,550.0**	**44,936.1**
Less: Net Debt	12,422.0	12,422.0	12,422.0
Equity Value	**21,460.7**	**27,128.0**	**32,514.1**
Diluted Shares Out.	564.0	564.0	564.0
Equity Value/Share	**38.9**	**49.2**	**59.0**
Implied Upside/(Downside)	-7%	17.5%	40.8%

Sources: S&P Capital IQ, SEC Fillings

Valuation

Discounted Cash Flow Analysis

Pembina Corporation										
	2022A	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**
Revenue	8,926.8	10,265.8	11,497.7	13,814.9	14,285.4	14,571.1	14,862.5	15,159.7	15,462.9	15,772.2
EBITDA	2,191.9	3,285.0	3,679.3	4,420.8	4,571.3	4,662.7	4,756.0	4,851.1	4,948.1	5,047.1
EBIT	1,717.5	2,574.1	2,883.0	3,464.0	3,582.0	3,653.6	3,726.7	3,801.3	3,877.3	3,954.8
Tax Rate	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
NOPAT (EBITA)	**1,288.1**	**1,930.6**	**2,162.3**	**2,598.0**	**2,686.5**	**2,740.2**	**2,795.0**	**2,850.9**	**2,908.0**	**2,966.1**
Plus: Depreciation and Amortization	602.6	692.9	776.1	932.5	964.3	983.5	1,003.2	1,023.3	1,043.7	1,064.6
Less: Change in Net Working Capital	(188.4)	(194.7)	(211.6)	(291.6)	(301.5)	(307.6)	(313.7)	(320.0)	(326.4)	(332.9)
Less: Capital Expenditures	(567.2)	(652.3)	(644.4)	(659.3)	(666.8)	(673.6)	(677.0)	(685.7)	(695.7)	(706.7)
Unlevered Free Cash Flow	**1,135.0**	**1,776.5**	**2,082.4**	**2,579.6**	**2,682.4**	**2,742.7**	**2,807.5**	**2,868.5**	**2,929.6**	**2,991.1**
Discount Factor	0.9	0.9	0.8	0.8	0.7	0.7	0.6	0.6	0.6	0.5
Midyear Adjustment Factor										
Present Value of Unlevered Free Cash Flows	**1,065.5**	**1,565.6**	**1,722.5**	**2,003.2**	**1,955.5**	**1,877.0**	**1,803.4**	**1,729.8**	**1,658.5**	**1,589.6**
Sum PV of UFCF	**16,970.6**									

Terminal Value - Growth in Perpetuity Approach	
Long-Term Growth Rate	2.0%
Terminal Value	49,511
PV of Terminal Value	**22,591**
Sum PV of UFCF	16,971
Total Enterprise Value	**39,562**
Less: Net Debt	(11,919)
Shares Outstanding	**564**
Equity Value	**$49.01**
Premium/(Discount)	*17.6%*

Terminal Value - EBITDA Multiple Approach	
EBITDA Multiple	10.0x
PV of Terminal Value	23,030
Sum PV of UFCF	16,971
Total Enterprise Value	**40,000**
Less: Net Debt	(11,919)
Shares Outstanding	564
Equity Value	**$49.79**
Premium/(Discount)	*19.4%*

Sources: S&P Capital IQ, SEC Fillings

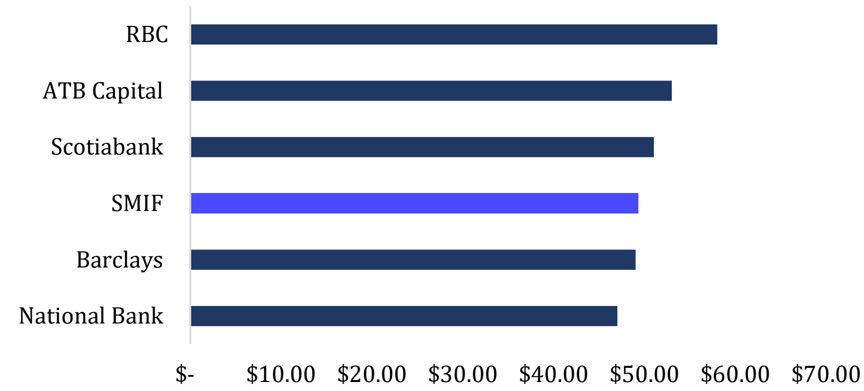
Recommendation

We Recommend a Buy at a Target Price of $17.73

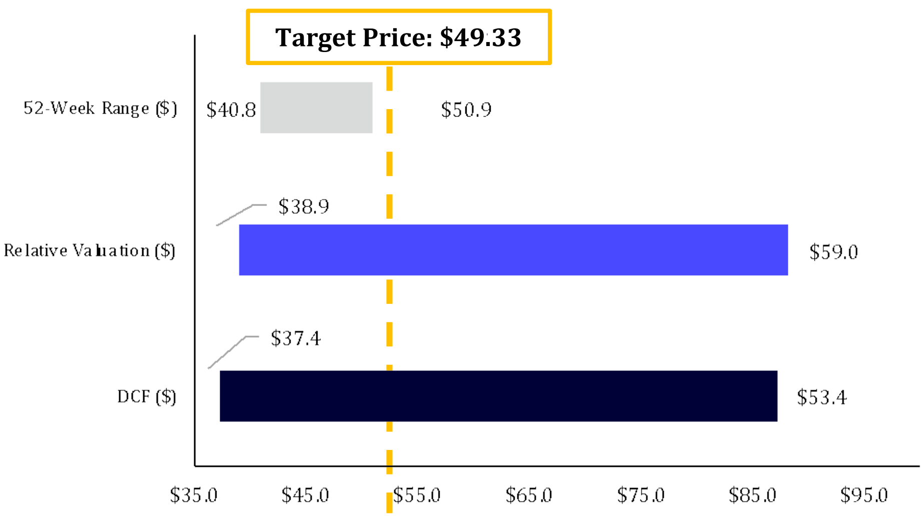
Blended Valuation

Valuation Methodology	Weight	Target Price
Comps EV/EBITDA	33.33%	49.20
DCF EV/EBITDA	33.33%	49.79
DCF Growth in Perpetuity	33.33%	49.01
Blended Target Share Price		**49.33**
Current Share Price		41.9
Implied Upside/(Downside)		**17.73%**

Street vs SMIFF



Football Field



Thesis Recap

- Attractive Business Model and Strong Capital Allocation
- Opportunity in LNG due to volume demand from NEBC
- Strength in Partnership = Healthy Growth

Sources: S&P Capital IQ, SEC Fillings

Appendix

Management Overview

Key Personnel

Chairman & Chief Executive Officer
Grant E. Sims

Grant E. Sims has severed as CEO and Chairman of GEL since 2012. Prior to this, Sims has served as the CEO and chairman to GEL's general partner (2006-2012). Sims was also the director and CEO of *Leviathan Gas Pipeline Partners LP* (1992-1999) a NYSE listed MLP.

Chief Financial Officer
Robert V. Deere

Deere has served as CFO since 2008. Prior to this Deere was the VP of accounting and reporting at *Royal Dutch Shell* (2003-2008).

Executive Vice President & President of Genesis Alkali
Edward T. Flynn

Flynn has served as EVP and President of *Genesis Alkali* since acquired in September 2017. Flynn currently serves as Chairman of the board of directors for the American Natural Soda Ash Corporation (ANSAC). Prior to GEL, Flynn was the president of *Tronox Alkali* (2015).

Vice President & General Manager of Refinery Services
Chad A. Landry

Landry has served as VP and General Manager of the refinery services since 2017, and initially joined GEL in 2013 where he was responsible for operations and commercial aspects of the refinery services. Prior to GEL Landry was the Vice President of Chloralkali & Vinyls at Axiall Corporation (1999-2013).

Sources: GEL Website - Leadership

Appendix

Sensitivity and WACC

Sensitivity Analysis

Long Term Growth Rate

WACC		1.80%	1.90%	2.00%	2.10%	2.20%
	8.63%	13.06	13.69	14.35	15.02	15.71
	8.73%	12.29	12.90	13.53	14.19	14.86
	8.83%	11.54	12.13	12.75	13.38	14.03
	8.93%	10.81	11.39	11.98	12.59	13.22
	9.03%	10.11	10.66	11.24	11.83	12.44

Exit Multiple

WACC	13.57	8.10x	8.20x	8.30x	8.40x	8.50x
	8.63%	14.56	15.07	15.58	16.09	16.60
	8.73%	14.35	14.86	15.37	15.88	16.39
	8.83%	14.15	14.66	15.17	15.68	16.19
	8.93%	13.95	14.46	14.97	15.47	15.98
	9.03%	13.76	14.26	14.76	15.27	15.77

WACC

WACC	
Cost of Debt	7.86%
Tax Rate	2.40%
After Tax Cost of Debt	**7.67%**
Risk-Free Rate	3.75%
Beta	1.61
Market Risk Premium	5.94%
Cost of Equity	**13.30%**
Debt - % of Total	78.77%
Equity - % of Total	21.23%
WACC	**8.87%**

Management Overview

Key Personnel

Scott Burrows, President & Chief Executive Officer

- Scott is President and Chief Executive Officer of Pembina Pipeline.
- Previously, Scott was Chief Financial Officer of Pembina for approximately seven years, overseeing the Company's financial operations, investor relations, treasury, tax, risk management, corporate planning, corporate development, and capital market financing's. Prior to his role as CFO, Scott served as Vice President, Capital Markets.

Cameron Goldade, Senior VP & Chief Financial Officer

- Cameron was appointed Chief Financial Officer in 2022, after serving as interim Chief Financial Officer since November 2021. Previously, Cameron was Vice President, Capital Markets, overseeing the Company's corporate development, corporate planning, investor relations, treasury, and cash management functions. Prior to joining Pembina, Cameron spent eleven years in energy-focused investment banking.

Jaret Sprott, VP & Chief Operating Officer

- Prior to his current role, Jaret served as Senior Vice President and Chief Operating Officer, Facilities where he was accountable for the safe, reliable, and responsible management of gas processing, fractionation, rail, storage, and import/export assets at Pembina.
- Previously, Jaret was Vice President, Gas Services at Pembina. Through his leadership, Jaret has contributed to a significant portion of the growth.

Stuart Taylor, VP Marketing and New Ventures & Corporate

- He is responsible for the Company's efforts in value-added commodity marketing activities including the buying and selling of hydrocarbon products, commodity arbitrage and optimizing storage opportunities.
- Stu's most recent position was Senior Vice President, NGL and Natural Gas Facilities. He previously held the position of Vice President, Gas Services.

Appendix

Sensitivity and WACC

Sensitivity Analysis

Long Term Growth Rate

WACC	1.0%	1.5%	2.0%	2.5%	3.0%
6.7%	58.59	63.67	69.84	77.49	87.22
7.2%	52.48	56.56	61.43	67.34	74.67
7.7%	47.38	50.71	54.62	59.29	64.96
8.2%	43.08	45.83	49.01	52.77	57.24
8.7%	39.42	41.71	44.34	47.40	51.00
9.2%	36.27	38.20	40.39	42.92	45.85
9.7%	33.54	35.18	37.03	39.13	41.56

Exit EBITDA Multiple

WACC	9.0x	9.5x	10.0x	10.5x	11.0x
6.7%	55.91	55.91	55.91	55.91	55.91
7.2%	53.76	53.76	53.76	53.76	53.76
7.7%	51.73	51.73	51.73	51.73	51.73
8.2%	49.79	49.79	**49.79**	49.79	49.79
8.7%	47.95	47.95	47.95	47.95	47.95
9.2%	46.20	46.20	46.20	46.20	46.20
9.7%	44.54	44.54	44.54	44.54	44.54

WACC

Weighted Average Cost of Capital	
Risk-Free Rate	9,800.0
Total Equity ($MM)	23,161.9
Total Preferred Shares ($MM)	2,325.0
D/V	27.8%
E/V	65.6%
P/V	6.6%
Cost of Debt	5.0%
Cost of Equity	10.0%
Cost of Preferred Shares	4.7%
Tax Rate	25.0%
WACC	**8.162%**