Jones Research

Earnings Update
February 2, 2023

Enterprise Products Partners LP (EPD)

Rating: Buy **PT: $36.00** **Energy**

Finishing 2022 With Better-Than-Expected 4Q22 Results; With Distribution Growing Again, Healthy Project Pipeline, and Strong Liquidity and Balance Sheet, We Reiterate Buy & PT of $36

- **Strong 4Q22 Operating Results Beat Consensus and Our Expectations, Reflecting Continued Growth in Energy Demand.** Excluding items such as non-cash asset impairment charges of $5.0 million, net gain of $2.0 million on asset sales, and non-cash mark-to-market net losses of $32.0 million, for a net loss of $35.0 million or $0.02 per unit, EPD realized 4Q22 recurring diluted EPU of $0.67, compared with recurring diluted EPU of $0.55 in 4Q21. Overall, EPD's results beat consensus of $0.63 (range was $0.60-$0.65) and our EPU estimate of $0.63.

- **EPD's Four Operating Segments Produced Mixed Results, But Overall Still Strong.** Despite global GDP growth weakening throughout 2022, demand for crude oil, natural gas, NGLs, and petrochemicals remained strong overall, and so did the commodity price environment (although pullbacks in commodity prices were more evident in 4Q22). Despite the challenging market environment, EPD's total gross operating margin continued to show strength, up 11.8% to $2.400 billion compared with $2.146 billion a year ago. Overall, the gains in gross operating margin in EPD's NGL Pipeline & Services and Onshore Natural Gas Pipeline & Services segments were up significantly and more than offset the slight weakness in gross operating margin in EPD's Onshore Crude Oil Pipelines & Services and Petrochemical & Refined Products Services segments.

  That said, we note that excluding a $40.0 million non-cash mark-to-market loss, EPD's NGL Pipeline & Services realized a 15.1% increase in gross operating margin to $1.334 billion from $1.159 billion in 4Q21. Likewise, excluding a $1.0 million non-cash mark-to-market loss, EPD's Natural Gas Pipelines & Services experienced a 60.3% increase in gross operating margin to $316.0 million from $197.1 million in 4Q21. Now with respect to EPD's Crude Oil Pipelines & Services, excluding an $8.0 million non-cash mark-to-market gain, the segment realized a 7.0% decrease in gross operating margin to $410.0 million from $440.8 million in 4Q21, while Petrochemical & Refined Products Services, excluding a $1.0 million non-cash mark-to-market gain, experienced a 1.2% decrease in gross operating margin to $338.0 million from $342.0 million in 4Q21.

- **Distributable Cash Flow (DCF) Continues to Stay Strong.** As demand for energy across the world continued to increase, EPD generated total DCF of $2.028 billion in 4Q22, up 22.2% from $1.659 billion in 4Q21.

- **Retained DCF Totaled $956.0 Million in 4Q22, Bringing Full-Year 2022 Retained DCF to $3.570 Billion.** In 4Q22, EPD was able to retain $956.0 million. Retained DCF is available to reinvest in EPD's current and future growth projects, reduce capital market reliance, and return more capital to unitholders. That said, for the twelve months ending December 31, 2022,

Company and Market Data

Symbol	EPD
Price (Feb 2, 2023)	$25.81
Market Cap (MM)	$55,869
Dividend	$1.960
Dividend Yield	7.6%
Shares/Units Outstanding (MM)	2175.57
Free Float %	66.3%
52-Week Range	$22.75—$28.65
3-Month Avg. Daily Vol.	5,533,818
Current Yield	7.6%
Forecast Yield	8.0%
Forecast Price Appreciation	39.5%
Forecast Total 12-Month Return	47.5%
Cash & Cash Eq. (MM)	$278
Total Debt (MM)	$29
Common Equity (MM)	$27,881
Debt/Total Capital	49.8%
Fiscal Year End	Dec
Exchange	NYSE

Estimates

	2022A	2023E	2024E
Revenue ($MM)			
Q1(Mar)	13,125.0	15,628.3	16,403.8
Q2(Jun)	16,167.0	15,949.4	16,741.2
Q3(Sep)	15,579.0	16,260.8	16,943.1
Q4(Dec)	13,779.9	16,619.0	17,312.1
FY	**58,650.0**	**64,457.6**	**67,400.1**

	2022A	2023E	2024E
EBITDA Adjusted			
Q1(Mar)	2,257.0	2,281.3	2,393.8
Q2(Jun)	2,418.0	2,328.5	2,443.4
Q3(Sep)	2,258.0	2,374.3	2,472.7
Q4(Dec)	2,376.0	2,427.1	2,527.0
FY	**9,309.0**	**9,411.2**	**9,836.8**

	2022A	2023E	2024E
EPU Fully-Diluted			
Q1(Mar)	0.62	0.62	0.66
Q2(Jun)	0.67	0.64	0.68
Q3(Sep)	0.62	0.66	0.69
Q4(Dec)	0.67	0.68	0.71
FY	**2.58**	**2.60**	**2.74**

	2022A	2023E	2024E
DCF			
FY	**7,751.0**	**7,541.4**	**7,958.4**

Source: Bloomberg, Company reports, JonesResearch estimates

Eduardo Seda
eseda@jonestrading.com
212-907-5347

EPD has retained a total of $3.570 billion. We note that EPD retained DCF of $2.616 billion in 2021, $2.5 billion in 2020, $2.896 billion in 2019, and $2.242 billion in 2018.

- **Distribution Run-Rate Raised to $1.96 Per Unit from $1.90 Per Unit.** As a result of continuing strength in DCF, for 4Q22, EPD raised its distribution run-rate to $1.96 per unit from $1.90 per unit. This new distribution run-rate represents a 5.38% increase over the distribution run-rate of $1.80 paid in 4Q21 and a 3.16 increase over the distribution run-rate of $1.90 paid in 3Q22. Total distribution coverage in 4Q22 was 1.89x, compared with 1.62x in 4Q21 and 1.79x in 3Q22.
- **Current Distribution Run-Rate of $1.96 Translates into a Current Yield of 7.6%.**
- **Total Capital Investments Were $763.0 Million in 4Q22, Including $465.0 Million of Growth Capital, $138.0 Million of Sustaining Capital, and $160.0 Million for Purchases of 580 Miles of Pipelines and Related Assets.**
- **Total Capital Investments for Full-Year 2022 Were $5.170 Billion, Including $1.434 Billion of Growth Capital, $372.0 Million of Sustaining Capital, $160.0 Million for Purchases of 580 Miles of Pipelines and Related Assets, and $3.204 Billion for the Acquisition of Navitas Midstream.**
- **For Full-Year 2023, Growth Capital Investments Are Now Estimated at $2.3-$2.5 Billion (was $2.0 Billion) and Sustaining Capital Expenditures Are Estimated to be $400.0 Million.**
- **$5.8 Billion of Infrastructure Projects Underway.** At present, EPD now has $5.8 billion (was $5.5 billion) of organic growth projects underway. We note that roughly eight major projects are expected to be completed and on-line during 2023 with the remaining projects expected to be completed and on-line in 2024 and 2025 (see Exhibit 2).
- **Abundant Liquidity.** At December 31, 2022, EPD had consolidated liquidity of $4.1 billion, comprised of cash on hand and undrawn revolving credit facilities.
- **Balance Sheet Remains Very Strong.** At December 31, 2022, EPD had total debt outstanding of $28.6 billion, and we calculate its total debt / total capitalization ratio at 49.8% and its total debt / Adjusted EBITDA ratio at 2.9x. Both financial metrics are below its midstream energy peer group averages of 83.4% (median of 66.6%) and 3.6x (median of 3.6x) in 3Q22, respectively.

  Of note, despite the current strength of its balance sheet, EPD is lowering its target leverage ratio to 3.0x (2.75x – 3.25x) from 3.5x (3.25x -3.75x). However, EPD would be willing to temporarily take its leverage ratio above this target zone, if necessary, to complete an acquisition or an organic growth project that is strategic to the partnership.
- **EPD Remains Investment Grade: Baa1 from Moody's; BBB+ from S&P; and BBB+ from Fitch.**
- **Maintaining Our EPU Estimates of $2.60 in 2023 and $2.74 in 2024; Introducing Our EPU Estimate of $2.88 in 2025.**

Exhibit 1: Summary of 4Q22 Operating Results for EPD

(amounts in thousands, except per unit)	Actual 4Q21	Actual 4Q22	Actual % change	4Q22E
Revenues				
Revenue from Consolidated Operations	$11,370,200	$13,650,000	20.1%	$16,047,367
Equity in Income (loss) of Unconsolidated Affiliates	7,443	129,000	1633.2%	112,110
Total Revenues	**11,377,643**	**13,779,000**	**21.1%**	**16,159,477**
Operating Costs and expenses	672,906	11,379,000	1591.0%	13,801,785
Gross Operating Margin by Segment				
NGL Pipelines & Services	1,159,000	1,334,000	15.1%	1,326,955
Onshore Natural Gas Pipelines & Services	197,100	316,000	60.3%	246,113
Onshore Crude Oil Pipelines & Services	440,800	410,000	-7.0%	420,000
Petrochemical & Refined Products Services	342,000	338,000	-1.2%	364,625
Other investments	7,400	2,000	-73.0%	-
Total Segment Gross Operating Margin	**2,146,300**	**2,400,000**	**11.8%**	**2,357,693**
General and administrative	54,200	62,000	14.4%	60,500
Depreciation and amortization	512,700	538,000	4.9%	537,100
Other	-	-	-	-
Total D&A and Other Expenses	**566,900**	**600,000**	**5.8%**	**597,600**
Operating Income	**1,579,400**	**1,800,000**	**14.0%**	**1,760,093**
EBITDA	**2,092,100**	**2,338,000**	**11.8%**	**2,297,193**
ADJUSTED EBITDA	**2,112,300**	**2,376,000**	**12.5%**	**2,297,193**
Interest expense	(328,200)	(307,000)	-6.5%	(319,499)
Other	2,000	22,000	1000.0%	7,000
Income before income taxes	**1,253,200**	**1,515,000**	**20.9%**	**1,447,593**
Income taxes / benefit	(12,700)	(28,000)	120.5%	(18,719)
Minority interest	-	-	-	-
Net income	**1,240,500**	**1,487,000**	**19.9%**	**1,428,874**
General partner share @ 2%	-	-	-	-
General partner incentive distributions	-	-	-	-
Distributions on preferred units	(900)	-	-100.0%	(938)
Net income attributable to non-controlling interests - Other	(35,300)	(32,000)	-9.3%	(32,238)
Net income for limited partners	**1,204,300**	**1,455,000**	**20.8%**	**1,395,699**
Net income per LP unit	**$ 0.55**	**$ 0.67**	**22.3%**	**$ 0.63**
Weighted average units outstanding	2,203,974	2,194,000	-0.5%	2,195,722
EBITDA				
Net income	1,240,500	1,487,000	19.9%	1,428,874
Depreciation and amortization	512,700	538,000	4.9%	537,100
Interest expense	328,200	307,000	-6.5%	319,499
Income taxes	12,700	28,000	120.5%	18,719
Other	(2,000)	(22,000)	1000.0%	(7,000)
Total EBITDA	**2,092,100**	**2,338,000**	**11.8%**	**2,297,193**
ADJUSTED EBITDA	**2,112,300**	**2,376,000**	**12.5%**	**2,297,193**

Source: Company financial reports and JonesResearch estimates.

Exhibit 1 Continued: Summary of 4Q22 Operating Results for EPD

(amounts in thousands, except per unit)	Actual 4Q21	Actual 4Q22	Actual % change	4Q22E
Distributable cash flow				
Net income for limited partners	1,204,300	1,455,000	20.8%	1,395,699
Depreciation and amortization	512,700	538,000	4.9%	537,100
Other items	36,600	67,000	83.1%	-
(Gain)/loss on sale of assets	(2,900)	-	-100.0%	-
Proceeds from sale of assets	6,200	102,000	1545.2%	-
Equity income of unconsolidated affiliates	(136,200)	(129,000)	-5.3%	(112,110)
Distributions from unconsolidated affiliates	137,900	133,000	-3.6%	106,050
Maintenance Capex	(99,200)	(138,000)	39.1%	(116,000)
Total distributable cash flow	**1,659,400**	**2,028,000**	**22.2%**	**1,810,739**
Declared Distribution Per Unit	**$0.4650**	**$0.4900**	**5.4%**	**$0.4900**
Annualized Distribution Declared Distribution Per Unit	**$ 1.86**	**$ 1.96**	**5.4%**	**$ 1.96**
Common unit distribution coverage	**1.62x**	**1.89x**	**16.3%**	**1.68x**
Total unit distribution coverage	**1.62x**	**1.89x**	**16.3%**	**1.68x**
Cash Flow From Operations (CFFO)	**2,125,200**	**2,725,000**	**28.2%**	**1,969,154**
Free Cash Flow (FCF)				
Net cash flow provided by operating activities	$ 2,125,200	$ 2,725,000	28.2%	$ 1,969,154
Cash used in investing activities	(413,100)	(645,000)	56.1%	(747,000)
Cash contributions from noncontrolling interests	49,400	3,000	-93.9%	2,000
Cash distriibutions paid to noncontrolling interests	(38,600)	(48,000)	24.4%	(40,000)
FCF (non-GAAP)	**$ 1,722,900**	**$ 2,035,000**	**18.1%**	**$ 1,184,154**
Operating data:				
NGL, petrochemical, and crude oil transportation volumes (MBPD)	6,457	6,885	6.6%	6,780
Natural gas transportation volumes (BBtus/d)	14,564	17,605	20.9%	16,749
Equivalent transportation volumes (MBPD)	10,290	11,518	11.9%	11,187
NGL, crude oil, refined products and petrochemical marine terminal volumes (MBPD)	1,507	1,722	14.3%	1,582

Source: Company financial reports and JonesResearch estimates.

Segment Performance Overview

NGL Pipeline & Services

Accounting for roughly 55.6% of EPD's total gross operating margin in 4Q22, after excluding an $40.0 million non-cash mark-to-market loss, the NGL Pipeline & Services Segment realized a 15.1% increase in gross operating margin to $1.334 billion from $1.159 billion in 4Q21.

We note that EPD's **natural gas processing and relate NGL marketing business,** after excluding an $40.0 million non-cash mark-to-market loss, experienced a 46.5% increase in gross operating margin to $499.0 million from $340.6 million in 4Q21 (excludes a $50.0 million non-cash mark-to-market loss). EPD's Midland Basin natural gas processing facilities, acquired in February 2022, contributed $76.0 million of gross operating margin in 4Q22 on 977 MMcf/d of fee-based natural gas processing volumes and 53 MBPD of equity NGL-equivalent production volumes. In addition, EPD's Delaware Basin natural gas processing plants generated $76.0 million of gross operating margin in 4Q22 compared to $71.0 million a year ago. We note the $5.0 million increase was primarily due to higher average processing margins, including the impact of hedging activities, higher average processing fees, and a 208 Mcf/d increase in fee-based natural gas processing volumes, partially offset by an 18 MBPD decrease in lower NGL-equivalent production volumes and higher operating costs.

With respect to EPD's South Texas natural gas processing facilities, gross operating margin increased $14.0 million from a year ago, primarily due to higher average processing margins, including the impact of hedging activities. Overall, fee-based natural gas processing volumes at these facilities increased 208 MMcf/d for 4Q22 compared to a year ago. However, with respect to EPDs natural gas processing facilities in Louisiana and Mississippi, gross operating margin decreased $18.0 million from a year ago, primarily due to lower average processing margins. Overall, total fee-based natural gas volumes at these facilities increased by 52 MMcf/d for 4Q22.

Based on EPD reports, we note that the weighted average indicative NGL price for 4Q22 decreased 22.5% to $0.69 per gallon compared to $0.89 per gallon 4Q21. Furthermore, total fee-based processing volumes increased 35.1% to 5.445 Bcf/d in 4Q22 from 4.029 Bcf/d in 4Q21, while equity NGL production rose 9.5% to 173 MBPD in 4Q22 from 158 MBPD in 4Q21.

Lastly, the gross operating margin from NGL marketing activities increased $84.0 million in 4Q22 compared to a year ago, primarily due to higher average sales margins and higher non-cash, mark-to-market earnings, partially offset by lower sales volumes.

With respect to EPD's **NGL pipelines and storage business**, gross operating margin increased by 12.9% to $646.0 million from $572.4 million in 4Q21. During the quarter, NGL transportation volumes increased 11.0% to 3.867 million BPD from 3.484 million BPD in 4Q21, and NGL marine terminal volumes increased 15.4% to 751 MBPD from 651 MBPD in 4Q21.

Based on EPD reports, with respect to EPD's Eastern ethane pipelines, which include its ATEX and Aegis pipelines, the gross operating margin increased a combined $34.0 million from a year ago, primarily due to a 22 MBPD increase in transportation volumes on the ATEX Pipeline and higher average transportation fees.

In addition, a number of EPD's NGL pipelines, including the Mid-America and Seminole NGL Pipeline systems, Chaparral NGL Pipeline, and Shin Oak NGL Pipeline, which serve the Permian Basin and Rocky Mountain regions, on a combined basis, the gross operating margin increased a net $9.0 million from a year ago primarily due to an 84 MBPD (net to EPDs interest) increase in aggregate volumes, partially offset by higher utility and other operating costs.

Likewise, EPD's Dixie NGL pipeline contributed $7.0 million to the quarterly increase in gross operating margin, primarily due to a 33 MBPD increase in transportation volumes for 422 compared to a year ago.

Lastly, EPD's Morgan's Point Ethane Terminal reported a $10.0 million increase in gross operating margin compared to a year ago, primarily attributable to higher average loading fees.

Now with respect to EPD's **NGL fractionation business**, gross operating margin decreased 23.2% to $189.0 million in 4Q22 from $246.0 million in 4Q21, while NGL fractionation volumes increased slightly by 0.7% to 1.336 million BPD in 4Q22 from 1.327 million BPD in 4Q21.

We note EPD's NGL fractionation complex in Chambers, County Texas reported a $55.0 million decrease in gross operating margin in 4Q22 compared to a year ago, primarily due to lower average fractionation fees, lower ancillary service revenues, and a 20 MBPD (net to EPD's interest) decrease in fractionation volumes.

Natural Gas Pipelines & Services

Accounting for roughly 13.2% of EPD's total gross operating margin in 4Q22, after excluding a $1.0 million non-cash mark-to-market loss, the Natural Gas Pipelines & Services Segment experienced a 60.3% increase in gross operating margin to $316.0 million from $197.1 million in 4Q21 (excludes a $2.1 million non-cash mark-to market loss). Overall, total natural gas transportation volumes were up 20.9% to 17.605 TBtus/d from 14.564 TBtus/d in 4Q21.

Based on EPD reports, the gross operating margin from its Texas Intrastate System increased $34.0 million in 4Q22 compared to a year ago, primarily due to higher average transportation fees. Overall, transportation volumes on the Texas Intrastate System increased 407 BBtus/d to 5.6 TBtus/d in 4Q22 from a year ago.

In addition, EPD's Permian Basin natural gas gathering systems reported a combined $20.0 million increase in gross operating margin for 422 compared to a year ago. We note that the partnership's Midland Basin Gathering System, which was acquired as part of the acquisition of Navitas Midstream in February 2022, generated gross operating margin of $15.0 million in 4Q22 on 1.3 TBtus/d of natural gas gathering volumes. Furthermore, increased earnings from condensate sales contributed to a $5.0 million increase in gross operating margin from EPD's Delaware Basin Gathering System for 4Q22 compared to a year ago.

With respect to EPDs Rocky Mountains systems, on a combined basis, the gross operating margin from the EPD's Jonah Gathering System, Piceance Basin Gathering System, and San Juan Gathering System increased $9.0 million in 4Q22 compared to 4Q21, primarily due to higher average gathering fees. However, gathering volumes on these systems decreased a combined 94 BBtus/d in 4Q22 compared to a year ago.

Lastly, EPD's natural gas marketing business reported a $60.0 million increase in gross operating margin in 4Q22 compared to a year ago, primarily due higher average sales margins.

Crude Oil Pipelines & Services

Accounting for roughly 17.1% of EPD's total gross operating margin in 4Q22, excluding an $8.0 million non-cash mark-to-market gain, the Crude Oil Pipelines & Services Segment experienced a 7.0% decrease in gross operating margin to $410.0 million from $440.8 million in 4Q21 (excludes a $2.9 million non-cash mark-to-market loss). Overall, total crude oil pipeline transportation volumes were down slightly by 1.9% to 2.278 million BPD from 2.322 million BPD in 4Q21. However, total crude oil marine terminal volumes were up 16.5% to 756 MBPD from 649 MBPD in 4Q21.

Based on EPD reports, the gross operating margin from EPD's EFS Midstream System decreased $70.0 million in 4Q22 compared to a year ago, primarily due to lower deficiency fees as a result of the expiration of minimum volume commitments associated with certain long-term gathering agreements entered into at the time EPD acquired the system in July 2015. The EFS Midstream System will continue to transport volumes produced from dedicated acreage through the remaining term of these agreements.

In addition, EPD's share of gross operating margin associated with the Seaway Pipeline decreased $18.0 million in 4Q22 compared to a year ago, primarily due to lower transportation revenues and higher utility and other operating costs.

On a positive note, we note that the gross operating margin from EPD's West Texas pipeline System increased $31.0 million in 4Q22 compared to a year ago, primarily due to higher ancillary service and other revenues. However, transportation volumes on the West Texas Pipeline System increased by 7 MBPD in 4Q22 compared to a year ago.

Likewise, the gross operating margin from crude oil activities at the Enterprise Houston Terminal (EHT) and EPD's Beaumont Marine West Terminal increased a combined $13.0 million in 4Q22 compared with a year ago, primarily due to higher storage and other fee revenues. We note that loading and unloading volumes increased a combined 96 MBPD in 4Q22 compared with 4Q21.

Lastly, the gross operating margin from crude oil marketing activities, excluding Midland-to-ECHO activities, increased $32.0 million in 4Q22 compared to a year ago, primarily due to higher average sales margins and higher non-cash, mark-to-market earnings.

Petrochemical & Refined Products Services

Accounting for roughly 14.1% of EPD's total gross operating margin in 4Q22, excluding a $1.0 million non-cash mark-to-market gain, the Petrochemical & Refined Products Services Segment realized a 1.2% decrease in gross operating margin to $338.0 million from $342.0 million in 4Q21 (excludes a $4.0 million non-cash mark-to-market loss). Overall, total segment pipeline transportation volumes were up 5.1% to 740 MBPD from 704 MBPD in 4Q21 and total refined products and petrochemical marine terminal volumes were up 3.9% to 215 MBPD from 207 MBPD in 4Q21.

Based on EPD reports, the partnership's **propylene production and related activities** reported a 52.3% decrease in gross operating margin to $90.0 million from $188.7 million in 4Q21. Overall, total propylene production volumes were down 18.0% to 89 MBPD in 4Q22 rom 105 MBPD in 4Q21. We note that the decrease in gross operating margin was primarily due to a $95.0 million decrease in gross operating margin at EPD's Chambers County propylene production facilities resulting from lower average propylene sales margins and volumes, and lower average processing fees. Overall, total propylene and associated by-product production volumes at these facilities decreased 17 MBPD in 4Q22 compared to a year ago. It is important to note that EPDs PDH I facility was down for approximately 44 days during 4Q22 for planned and unplanned maintenance.

With respect to EPD's **octane enhancement and related plant operations**, the gross operating margin increased a net $58.0 million to $86.1 million in 4Q22 from $28.1 million a year ago, primarily due to higher average sales margins and volumes, partially offset by higher utility and other operating costs.

With respect to EPD's **refined products pipelines and related activities**, the gross operating margin increased a net $23.0 million to $85.7 million (excluding a $1.0 million non-cash mark-to-market gain) from $63.7 million (excluding a $3.9million non-cash mark-to-market loss) a year ago, primarily due higher average sales margins from refined products marketing activities and higher transportation revenues on a 37 MBPD increase in transportation volumes, partially offset by higher operating costs from its refined products pipelines and product terminals.

Lastly, EPD's **marine transportation and other services business** gross operating margin increased $10.0 million to $14.8 million in 4Q22 from $4.8 million in 4Q21, primarily due to higher average fees and fleet utilization rates.

Financial Position

Liquidity

At December 31, 2022, EPD had consolidated liquidity of $4.1 billion, comprised of cash on hand and undrawn revolving credit facilities.

Maintenance and Expansion Capital Expenditures

Based on data provided for 4Q22, EPD invested $763.0 million of capital, including $465.0 million on organic growth capital, $138.0 million on sustaining capital, and $160.0 million for purchases of 580 mile of pipelines and related assets.

That said, for full-year 2022, EPD invested total capital of $5.170 billion, including $1.434 billion on organic growth capital, $372.0 million on sustaining capital, $160.0 million for purchases of 580 miles of pipelines and related assets, and $3.204 billion for the acquisition of Navitas Midstream.

With respect to full-year 2023, EPD's senior management now estimates growth capital investments of roughly $2.3-$2.5 billion (was $2.0 billion) and sustaining capital expenditures of roughly $400.0 million.

Leverage

At December 31, 2022, EPD had total debt outstanding of $28.6 billion, including $2.3 billion of junior subordinated notes, to which the debt rating agencies ascribe partial equity content. As a result, we calculate its total debt / total capitalization ratio at 49.8% and its total debt / Adjusted EBITDA ratio at 2.9x. Both financial metrics are below its midstream energy peer group averages of 83.4% (median of 66.6%) and 3.6x (median of 3.6x) in 3Q22, respectively.

Based on EPD reports, we note that at December 31, 2022, approximately 96% of EPD's debt had fixed interest rates. In addition, the weighted average maturity of EPD's debt portfolio was approximately 20 years with a weighted average interest rate of 4.5% for debt outstanding.

Going forward, taking into account some additional deleveraging, we project that total debt outstanding will now decrease to roughly $27.516 billion by year-end 2023 from $28.566 billion in 2022, resulting in a total debt / total capitalization ratio of 47.2% and a total debt / Adjusted EBITDA ratio of 2.75x. Longer-term, with estimated total debt outstanding of $27.122 billion at year-end 2024, we project a total debt / total capitalization ratio of 45.3% and a total debt / Adjusted EBITDA ratio of 2.59x. Likewise, with estimated total debt outstanding of $26.610 billion at year-end 2025, we project a total debt / total capitalization ratio of 43.3% and a total debt / EBITDA ratio of 2.42x.

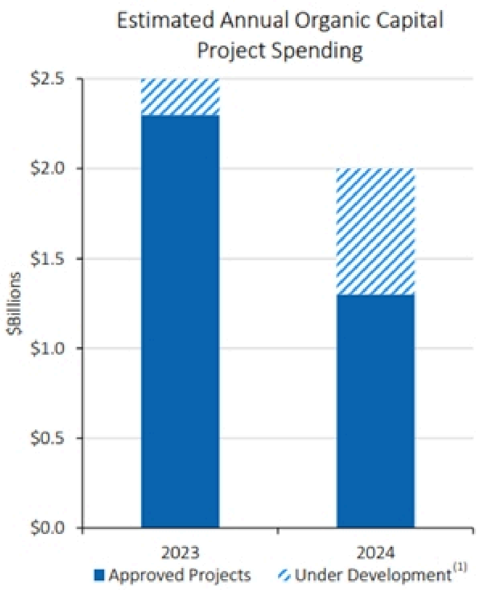
Of note, despite the current strength of its balance sheet, EPD is lowering its target leverage ratio to 3.0x (2.75x – 3.25x) from 3.5x (3.25x -3.75x). However, EPD would be willing to temporarily take its leverage ratio above this target zone, if necessary, to complete an acquisition or an organic growth project that is strategic to the partnership.

$5.8 Billion of Infrastructure Projects Currently Underway

At present, EPD currently has $5.8 billion (was $5.5 billion) of organic growth projects underway. We note that roughly eight major projects are expected to be completed and on-line during 2023 with the remaining projects expected to be completed and on-line in 2024 and 2025. Overall, these projects are supported by long-term contracts.

Exhibit 2: Current Overview of EPD's Major Capital Projects

	Capital Project Summary	Forecast In-Service
Natural Gas Liquids	Midland Basin Poseidon Plant (Plant 6)	3Q 2023
	Midland Basin Leonidas Plant (Plant 7)	1Q 2024
	Mentone II	4Q 2023
	Mentone III	1Q 2024
	Shin Oak Expansion	1H 2025
	Frac 12	3Q 2023
	New Ethane Export Terminal	2025
Natural Gas	Permian Gathering Expansions	2023
	Acadian Expansion	2Q 2023
Petchem & Refined Products	PDH 2 Facility	2Q 2023
	Texas Western Products System	4Q 2023
	Ethylene Export Expansion	2023 & 2025



(1) Projects under development have not been sanctioned; excludes capital investments associated with the SPOT export terminal, which is pending receipt of license and FID
Note: The table and graphs above include a selection of highlighted projects, and does not represent the entirety of projects included in the estimated amounts

Source: Company reports (4Q22 earnings presentation, February 01, 2023).

Tweaking Our 2023-2024 Gross Operating Margin, EBITDA, EPU & DCF Estimates; Introducing 2025

Having adjusted our models to reflect the 4Q22 operating results (which were better than our expectations), raising growth capital expenditures to $2.4 billion for 2023 (from our previous estimate of $2.0 billion) and longer-term to $2.0 billion for 2024 (from our previous estimate of $1.5 billion) and $1.5 billion for 2025 (our initial estimate), the current project backlog of $5.8 billion (up from $4.5 billion), and lastly, some volume changes and margin tightening, we now project the following for 2023-2025:

2023 Gross Operating Margin, EBITDA, EPU, DCF & FCF Expectations

For full-year 2023, we are now forecasting total operating margin of $9.669 billion, Adjusted EBITDA of $9.411 billion, net income of $5.691 billion, and EPU of $2.60 on weighted-average diluted units of 2.192 billion. In looking at distributable cash flow (DCF) and free cash flow (FCF), we are now forecasting results of $7.541 billion and $5.451 billion, respectively. Consensus expectations for full-year 2023 EBITDA, net income, EPU, DCF, and FCF are now $9.315 billion, $5.602 billion, $2.58 (range is $2.48-$2.68), $7.559 billion and $5.144 billion, respectively.

We note that the primary drivers behind our forecast still include: global economy growing (although at a more moderate rate compared to 2022) with no major impacts from Covid-19; increasing demand for EPD's services across its four operating segments resulting in additional efficiencies; additional contributions from several organic projects completed in 2022; initial contributions from organic projects announced and to be completed in 2023 (such as Acadian Expansion, the new PDH 2 facility, Midland Basin Plant 6, Frac 12, Mentone II, and Texas Western Products System); a full year of contributions from the acquisition of Navitas Midstream LLC (completed as expected in 1Q22); and initial contributions from the continued Permian Gathering Expansion and Ethylene Export Expansion in 2023.

Previously, we were forecasting total operating margin of $9.656 billion, Adjusted EBITDA of $9.405 billion, net income of $5.730 billion, and EPU of $2.60 on weighted-average diluted units of 2.196 billion. In looking at distributable cash flow (DCF) and free cash flow (FCF), we were also forecasting results of $7.561 billion and $5.782 billion, respectively.

2024 Gross Operating Margin, EBITDA, EPU, DCF & FCF Expectations

Longer-term, for full-year 2024, we are now forecasting total operating margin of $10.110 billion, Adjusted EBITDA of $9.837 billion, net income of $5.995 billion, and EPU of $2.74 on weighted-average diluted units of 2.192 billion. In looking at distributable cash flow (DCF) and free cash flow (FCF), we are now forecasting $7.958 billion and $5.914 billion, respectively. Consensus expectations for full-year 2024 EBITDA, net income, EPU, DCF, and FCF are now $9.446 billion, $5.532billion, $2.62 (range is $2.33-$2.83), $7.765 billion and $5.840 billion, respectively.

We note that the primary drivers behind our forecast still include: global economy growing (at a higher rate than in 2023) with no impacts from Covid-19; increasing demand for EPD's services across its four operating segments resulting in additional efficiencies; additional contributions from several organic projects completed in 2023; initial contributions from organic projects announced and to be completed in 2024 (such as Midland Basin Plant 7, and Mentone III); and another full year of contributions from the acquisition of Navitas Midstream LLC (completed as expected in 1Q22).

Previously, we were forecasting total operating margin of $10.098 billion, Adjusted EBITDA of $9.832 billion, net income of $6.020 billion, and EPU of $2.74 on weighted-average diluted units of 2.196 billion. In looking at distributable cash flow (DCF) and free cash flow (FCF), we were also forecasting $7.962 billion and $6.452 billion, respectively.

Introducing Our 2025 Gross Operating Margin, EBITDA, EPU, DCF & FCF Expectations

For full-year 2025, we are initially forecasting total operating margin of $10.612 billion, Adjusted EBITDA of $10.322 billion, net income of $6.341 billion, and EPU of $2.88 on weighted-average diluted units of 2.192 billion. In looking at distributable cash flow (DCF) and free cash flow (FCF), we are initially forecasting $8.425 billion and $6.889 billion, respectively. Consensus expectations for full-year 2025 EBITDA, net income EPU, DCF, and FCF are now $9.306 billion, $4.315 billion, $2.30 (range is $1.96-$2.63), $7.655 billion and $5.655 billion, respectively.

We note that the primary drivers behind our initial forecast include: global economy thriving with no impacts from Covid-19; increasing demand for EPD's services across its four operating segments resulting in additional efficiencies; additional contributions from several organic projects completed in 2024; initial contributions from organic projects announced and to be completed in 2025 (Shin Oak expansion, new ethane export terminal, and continued ethylene export expansion); and another full year of contributions from the acquisition of Navitas Midstream LLC (completed as expected in 1Q22).

Exhibit 3: Enterprise Products Partners, LP (EPD) — Income Statement ($000, except per unit data)

	2019	2020	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022	2023E	2024E	2025E
Revenue from Consolidated Operations	$32,789,200	$27,199,700	$ 9,155,300	$ 9,450,100	$10,831,300	$11,370,200	$40,806,900	$13,008,000	$16,060,000	$15,468,000	$13,650,000	$58,186,000	$54,981,007	$57,493,652	$60,353,579
Equity in Income (Loss) of Unconsolidated Affiliates	563,000	426,100	148,900	160,700	137,600	136,200	583,400	117,000	107,000	111,000	129,000	464,000	529,030	550,510	572,863
Total Revenues	**33,352,200**	**27,625,800**	**9,304,200**	**9,610,800**	**10,968,900**	**11,506,400**	**41,390,300**	**13,125,000**	**16,167,000**	**15,579,000**	**13,779,000**	**58,650,000**	**55,510,037**	**58,044,163**	**60,926,443**
% Change, Yr-to-Yr	-9.9%	-17.2%	22.0%	63.9%	56.6%	61.3%	49.8%	41.1%	68.2%	42.0%	19.8%	41.7%	-5.4%	4.6%	5.0%
Operating Costs and Expenses	**25,154,200**	**19,602,700**	**6,996,500**	**7,572,600**	**8,926,200**	**9,360,100**	**32,855,400**	**10,825,000**	**13,753,000**	**13,306,000**	**11,379,000**	**49,263,000**	**45,841,404**	**47,934,141**	**50,314,391**
% of Revenues	75.4%	71.0%	75.2%	78.8%	81.4%	81.3%	79.4%	82.5%	85.1%	85.4%	82.6%	84.0%	82.6%	82.6%	82.6%
Segment Gross Operating Margins															
NGL Pipelines & Services	4,075,900	4,134,000	1,049,300	1,082,900	985,100	1,159,000	4,276,300	1,244,000	1,338,000	1,278,000	1,334,000	5,194,000	5,232,850	5,462,282	5,735,396
Onshore Natural Gas Pipelines & Services	1,063,300	920,300	537,700	200,900	222,600	197,100	1,158,300	222,000	228,000	279,000	316,000	1,045,000	1,003,050	1,046,926	1,099,446
Onshore Crude Oil Pipelines & Services	2,011,100	1,977,200	401,600	428,700	411,300	440,800	1,682,400	446,000	445,000	384,000	410,000	1,685,000	1,894,400	1,989,120	2,088,576
Petrochemical & Refined Products Services	1,071,800	1,077,300	299,100	309,100	413,900	342,000	1,364,100	394,000	425,000	353,000	338,000	1,510,000	1,538,333	1,611,694	1,688,634
Other Investments	(24,100)	(85,700)	20,000	16,600	9,800	7,400	53,800	(6,000)	(22,000)	(21,000)	2,000	(47,000)	0	0	0
Total Operating Margin	**8,198,000**	**8,023,100**	**2,307,700**	**2,038,200**	**2,042,700**	**2,146,300**	**8,534,900**	**2,300,000**	**2,414,000**	**2,273,000**	**2,400,000**	**9,387,000**	**9,668,633**	**10,110,022**	**10,612,052**
% Change, Yr-to-Yr	11.7%	-2.1%	14.4%	5.3%	0.6%	5.3%	6.4%	-0.3%	18.4%	-5.8%	11.8%	10.0%	3.0%	4.6%	5.0%
Depreciation, amortization and accretion	1,848,300	1,961,500	496,100	499,100	502,700	512,700	2,010,600	514,000	531,000	524,000	538,000	2,107,000	2,233,920	2,371,001	2,516,494
% Change, Yr-to-Yr	9.6%	6.1%	2.8%	1.0%	3.8%	2.5%	2.5%	3.6%	6.4%	4.2%	4.9%	4.8%	6.0%	6.1%	6.1%
General and Administrative Expenses	211,500	219,600	56,300	51,500	47,300	54,200	209,300	62,000	62,000	55,000	62,000	241,000	257,441	273,238	290,005
% Change, Yr-to-Yr	1.5%	3.8%	1.4%	-9.6%	-6.0%	-4.6%	-4.7%	10.1%	20.4%	16.3%	14.4%	15.1%	6.8%	6.1%	6.1%
Total D&A and Other Expenses	**2,059,800**	**2,181,100**	**552,400**	**550,600**	**550,000**	**566,900**	**2,219,900**	**576,000**	**593,000**	**579,000**	**600,000**	**2,348,000**	**2,491,360**	**2,644,239**	**2,806,499**
% Change, Yr-to-Yr	8.7%	5.9%	2.6%	-0.1%	2.9%	1.8%	1.8%	4.3%	7.7%	5.3%	5.8%	5.8%	6.1%	6.1%	6.1%
Operating Income	**6,138,200**	**5,842,000**	**1,755,300**	**1,487,600**	**1,492,700**	**1,579,400**	**6,315,000**	**1,724,000**	**1,821,000**	**1,694,000**	**1,800,000**	**7,039,000**	**7,177,272**	**7,465,783**	**7,805,553**
% Change, Yr-to-Yr	12.7%	-4.8%	18.6%	7.4%	-0.3%	6.7%	8.1%	-1.8%	22.4%	13.5%	14.0%	11.5%	2.0%	4.0%	4.6%
EBITDA (Includes Equity Income)	**7,986,500**	**7,803,500**	**2,251,400**	**1,986,700**	**1,995,400**	**2,092,100**	**8,325,600**	**2,238,000**	**2,352,000**	**2,218,000**	**2,338,000**	**9,146,000**	**9,411,192**	**9,836,784**	**10,322,047**
% Change, Yr-to-Yr	12.0%	-2.3%	14.7%	5.7%	0.7%	5.6%	6.7%	-0.6%	18.4%	11.2%	11.8%	9.9%	2.9%	4.5%	4.9%
ADJUSTED EBITDA (Includes Equity Income)	**8,117,300**	**8,055,700**	**2,245,600**	**2,008,100**	**2,015,300**	**2,112,300**	**8,381,300**	**2,257,000**	**2,418,000**	**2,258,000**	**2,376,000**	**9,309,000**	**9,411,192**	**9,836,784**	**10,322,047**
% Change, Yr-to-Yr	12.4%	-0.8%	13.5%	2.4%	-2.2%	2.8%	4.0%	0.5%	20.4%	12.0%	12.5%	11.1%	1.1%	4.5%	4.9%
Interest Expense	(1,148,100)	(1,287,400)	(322,800)	(316,100)	(315,900)	(328,200)	(1,283,000)	(319,000)	(309,000)	(309,000)	(307,000)	(1,244,000)	(1,257,626)	(1,229,361)	(1,208,970)
Other Income (Expense), Net	16,600	16,000	900	700	1,000	2,000	4,600	3,000	2,000	7,000	22,000	34,000	10,000	10,000	10,000
Income before income attributable to noncontrolling interests and taxes	**5,006,700**	**4,570,600**	**1,433,400**	**1,172,200**	**1,177,800**	**1,253,200**	**5,036,600**	**1,408,000**	**1,514,000**	**1,392,000**	**1,515,000**	**5,829,000**	**5,929,646**	**6,246,422**	**6,606,583**
Income taxes	(41,400)	(9,300)	(10,000)	(11,700)	(16,100)	(12,700)	(50,500)	(19,000)	(17,000)	(18,000)	(28,000)	(82,000)	(109,591)	(115,445)	(122,102)
Net Income attributable to Enterprise Products Partners LP	**4,965,300**	**4,561,300**	**1,423,400**	**1,160,500**	**1,161,700**	**1,240,500**	**4,986,100**	**1,389,000**	**1,497,000**	**1,374,000**	**1,487,000**	**5,747,000**	**5,820,055**	**6,130,977**	**6,484,481**
less Net income attributable to non-controlling interests - other	(95,800)	(110,100)	(21,300)	(32,700)	(28,300)	(35,300)	(117,600)	(34,000)	(28,000)	(31,000)	(32,000)	(125,000)	(125,247)	(131,938)	(139,545)
less distribution on preferred units		(938)	(938)	(1,000)	(800)	(900)	(3,638)	(1,000)	(1,000)	(1,000)	0	(3,000)	(3,750)	(3,750)	(3,750)
Net Income Available for Limited Partners	**$ 4,869,500**	**$ 4,450,263**	**$ 1,401,163**	**$ 1,126,800**	**$ 1,132,600**	**$ 1,204,300**	**$ 4,864,863**	**$ 1,354,000**	**$ 1,468,000**	**$ 1,342,000**	**$ 1,455,000**	**$ 5,619,000**	**$ 5,691,059**	**$ 5,995,289**	**$ 6,341,186**
Net Income per Limited Partner Unit	**$ 2.21**	**$ 2.03**	**$ 0.64**	**$ 0.51**	**$ 0.51**	**$ 0.55**	**$ 2.21**	**$ 0.62**	**$ 0.67**	**$ 0.62**	**$ 0.67**	**$ 2.58**	**$ 2.60**	**$ 2.74**	**$ 2.88**
% Change	14.4%	-8.4%	22.0%	8.5%	-3.0%	7.5%	9.0%	-3.2%	30.5%	19.7%	22.1%	16.7%	0.8%	5.3%	5.2%
Weighted Avg. Diluted LP Units Outstanding	2,201,680	2,202,160	2,203,284	2,205,452	2,203,974	2,200,447	2,203,289	2,199,294	2,201,175	2,199,622	2,194,000	2,198,523	2,191,550	2,191,550	2,191,550

Source: Company financial reports and JonesResearch estimates.

Exhibit 4: EPD's Distributable Cash Flow (DCF) Generation Forecast ($000)

	2019	2020	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022	2023E	2024E	2025E
Net Income attributable to EPD	$4,869,500	$4,450,263	$1,401,163	$1,126,800	$1,132,600	$1,204,300	$4,864,863	$1,354,000	$1,468,000	$1,342,000	$1,455,000	$5,619,000	$5,691,059	$5,995,289	$ 6,341,186
Plus: Depreciation and Amortization	1,848,300	1,961,500	496,100	499,100	502,700	512,700	2,010,600	514,000	531,000	524,000	538,000	2,107,000	2,233,920	2,371,001	2,516,494
Other	211,400	279,638	3,738	55,200	36,700	36,600	132,238	39,000	90,000	78,000	67,000	274,000	-	-	-
Plus: Loss (Gain) on Sale of Assets	(5,700)	(4,400)	10,900	300	(2,200)	(2,900)	6,100	2,000	-	1,000	-	3,000	-	-	-
Plus: Proceeds from Sale of Assets	20,600	12,800	6,200	44,100	7,800	6,200	64,300	11,000	3,000	6,000	102,000	122,000	-	-	-
Less: Equity in income of unconsolidated affiliates	(563,000)	(426,100)	(148,900)	(160,700)	(137,600)	(136,200)	(583,400)	(117,000)	(107,000)	(111,000)	(129,000)	(464,000)	(529,030)	(550,510)	(572,863)
Plus: Cash distributions from unconsolidated affiliates	568,000	426,600	111,900	150,500	143,500	137,900	543,800	109,000	115,000	105,000	133,000	462,000	545,434	567,580	590,627
Less: Adjustment for Maintenance Capex	(325,200)	(293,600)	(143,800)	(116,800)	(70,300)	(99,200)	(430,100)	(75,000)	(82,000)	(77,000)	(138,000)	(372,000)	(400,000)	(425,000)	(450,000)
Distributable Cash Flow for Total Units	**$6,623,900**	**$6,406,700**	**$1,737,300**	**$1,598,500**	**$1,613,200**	**$1,659,400**	**$6,608,400**	**$1,837,000**	**$2,018,000**	**$1,868,000**	**$2,028,000**	**$7,751,000**	**$7,541,382**	**$7,958,360**	**$ 8,425,443**
Unit Structure															
Common units	2,201,680	2,202,160	2,203,284	2,205,452	2,203,974	2,200,447	2,203,289	2,199,294	2,201,175	2,199,622	2,194,000	2,198,523	2,191,550	2,191,550	2,191,550
Subordinated units	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class B units	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special units	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Units Outstanding	**2,201,680**	**2,202,160**	**2,203,284**	**2,205,452**	**2,203,974**	**2,200,447**	**2,203,289**	**2,199,294**	**2,201,175**	**2,199,622**	**2,194,000**	**2,198,523**	**2,191,550**	**2,191,550**	**2,191,550**
GP Interest Unit Equivalent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: New Units Elected to Waive Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total units outstanding with GP Interest	**2,201,680**	**2,202,160**	**2,203,284**	**2,205,452**	**2,203,974**	**2,200,447**	**2,203,289**	**2,199,294**	**2,201,175**	**2,199,622**	**2,194,000**	**2,198,523**	**2,191,550**	**2,191,550**	**2,191,550**
	$ 1.765	$ 1.785	$ 0.4500	$ 0.4500	$ 0.4500	$ 0.4650	$ 1.815	$ 0.4650	$ 0.4750	$ 0.4750	$ 0.4900	$ 1.905	$ 2.005	$ 2.105	$ 2.205
Annualized Distribution Rate			$ 1.80	$ 1.80	$ 1.80	$ 1.86		$ 1.86	$ 1.90	$ 1.90	$ 1.96				
% Increase year-over-year	2.32%	1.13%	1.12%	1.12%	1.12%	3.33%	1.68%	3.33%	5.56%	5.56%	5.38%	4.96%	5.25%	4.99%	4.75%
Common Unit Distribution Coverage Ratio	**1.70x**	**1.63x**	**1.75x**	**1.61x**	**1.63x**	**1.62x**	**1.65x**	**1.80x**	**1.93x**	**1.79x**	**1.89x**	**1.85x**	**1.72x**	**1.73x**	**1.74x**
Total Unit Distribution Coverage Ratio	**1.70x**	**1.63x**	**1.75x**	**1.61x**	**1.63x**	**1.62x**	**1.65x**	**1.80x**	**1.93x**	**1.79x**	**1.89x**	**1.85x**	**1.72x**	**1.73x**	**1.74x**

Source: Company financial reports and JonesResearch estimates.

Exhibit 5: EPD's Free Cash Flow (FCF) Generation Forecast ($000)

	2019	2020	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022	2023E	2024E	2025E
Free Cash Flow (FCF)															
Net cash flow provided by operating activities	**$6,520,500**	**$5,891,500**	**$ 2,023,100**	**$ 1,993,900**	**$ 2,370,300**	**$ 2,125,200**	**$ 8,512,500**	**$ 2,145,000**	**$ 2,119,000**	**$ 1,050,000**	**$ 2,725,000**	**$ 8,039,000**	**$ 8,430,527**	**$ 8,519,048**	**$ 9,018,738**
Cash used in investing activities	(4,575,500)	(3,120,700)	(657,000)	(571,700)	(492,800)	(413,100)	(2,134,600)	(3,532,000)	(336,000)	(441,000)	(645,000)	(4,954,000)	(2,800,000)	(2,425,000)	(1,950,000)
Cash contributions from noncontrolling interests	632,800	30,900	13,100	5,000	4,900	49,400	72,400	2,000	2,000	-	3,000	7,000	12,000	12,000	12,000
Cash distriibutions paid to noncontrolling interests	(106,200)	(131,300)	(29,800)	(41,600)	(43,700)	(38,600)	(153,700)	(42,000)	(40,000)	(33,000)	(48,000)	(163,000)	(192,000)	(192,000)	(192,000)
FCF (non-GAAP)	**$2,471,600**	**$2,670,400**	**$ 1,349,400**	**$ 1,385,600**	**$ 1,838,700**	**$ 1,722,900**	**$ 6,296,600**	**$(1,427,000)**	**$ 1,745,000**	**$ 576,000**	**$ 2,035,000**	**$ 2,929,000**	**$ 5,450,527**	**$ 5,914,048**	**$ 6,888,738**
Net effect of changes in operating accounts, as applicalbe	$ 457,400	$ 767,600	$ (99,000)	$ (300,000)	$ (648,000)	$ (319,000)	$(1,366,000)	$ (191,000)	$ (27,000)	$ 900,000	$ (628,000)	$ 54,000	$ -	$ -	$ -
Adjusted FCF (non-GAAP)	**$2,929,000**	**$3,438,000**	**$ 1,250,400**	**$ 1,085,600**	**$ 1,190,700**	**$ 1,403,900**	**$ 4,930,600**	**$(1,618,000)**	**$ 1,718,000**	**$ 1,476,000**	**$ 1,407,000**	**$ 2,983,000**	**$ 5,450,527**	**$ 5,914,048**	**$ 6,888,738**

Source: Company financial reports and JonesResearch estimates.

Valuation

Reiterate Buy Rating and Price Target of $36

With no changes to our valuation method, we continue to derive our 12-month price target of $36 for Enterprise Products Partners, LP (EPD) using a three-stage distribution discount model (DDM).

Exhibit 6: Three-Stage Distribution Discount Model (DDM)

Distribution Discount Model	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Available distributable cash flow per unit	$2.75	$3.01	$2.91	$3.00	$3.53	$3.44	$3.63	$3.84	$4.07	$4.31	$4.55	$4.81	$5.09	$5.37	$5.67
Actual paid distribution per unit	$1.73	$1.77	$1.79	$1.82	$1.91	$2.01	$2.11	$2.21	$2.31	$2.41	$2.51	$2.61	$2.71	$2.81	$2.91
Coverage ratio	1.60x	1.70x	1.63x	1.65x	1.85x	1.72x	1.73x	1.74x	1.77x	1.79x	1.82x	1.85x	1.88x	1.92x	1.95x
Paid distribution growth	2.5%	2.3%	1.1%	1.7%	5.0%	5.2%	5.0%	4.8%	4.5%	4.3%	4.2%	4.0%	3.8%	3.7%	3.6%
Terminal value of paid distribution															$39.32
PV of paid distributions per unit	$1.73	$1.77	$1.79	$1.82	$1.91	$1.85	$1.79	$1.73	$1.67	$1.60	$1.54	$1.48	$1.41	$1.35	$1.29
Sum of PV of paid distributions per unit	$17.61														
PV of terminal value	17.45														
Equity value per unit	35.06														
Forecasted equity value per unit in 12 months	$36.21														
12-Month Price Target	**$36.00**														

Assumptions	
3-year paid distribution CAGR	5.00%
5-year paid distribution CAGR	4.77%
10-year paid distribution CAGR	4.31%
Terminal growth rate	1.0%
Steady state coverage ratio	1.82x
Cost of equity / WACC	8.5%
Terminal cost of equity	8.5%

Source: Company financial reports and JonesResearch estimates.

Primary Risks include, but are not limited to:

- **Changes in demand for and prices and production of hydrocarbon products**. With EPD operating in the midstream energy business, which includes gathering, transporting, processing, fractionation, and storing natural gas, NGLs, crude oil, petrochemical and refined products, any changes in the prices of hydrocarbon products and in the relative price levels of hydrocarbon products, could have a material adverse effect on EPD's financial position, operating results and cash flows. In addition, changes in price may impact demand for hydrocarbon products, which in turn may impact production, demand and the volumes of products for which EPD provide services. Lastly, decreases in demand may be caused by other factors, including prevailing economic conditions, reduced demand by consumers for the end products made with hydrocarbon products, increased competition, adverse weather conditions, and government regulations affecting prices and production levels.
- **Natural decline in production from existing domestic resource basins.** The crude oil, natural gas, and NGLs currently transported, gathered or processed at EPD's facilities originate primarily from existing domestic resource basins, which naturally deplete over time. That said, to offset this natural decline, EPD's facilities need access to production from newly discovered properties. We note that a decrease in exploration and development activities in the regions where the partnership's facilities and other energy logistics assets are located could result in a decrease in volumes handled by EPD's assets, which could have a material adverse effect on the partnership's financial position, operating results and cash flows.
- **Growth potentially dependent on acquisitions.** If obtaining new supplies of crude oil, NGLs, and natural gas proves difficult, EPD's success may become dependent on making acquisitions that result in increased distributable cash flows. We note that from time to time, EPD has evaluated and acquired additional assets and businesses that it believed to complement its existing operations.
- **Competition from third parties in the midstream energy business.** Based on EPD reports, even if crude oil and natural gas reserves exist in the areas served by the partnership's assets, EPD may not be chosen by producers in these areas to gather, transport, process, fractionate, store or otherwise handle the hydrocarbons extracted. Overall, EPD competes with other companies, including producers of crude oil and natural gas, for any such production based on many factors, including but not limited to: geographic proximity to the production, costs of connection, available capacity, rates and access to markets.
- **Underutilization of midstream facilities and assets.** Both EPD and its competitors make significant investments in new energy infrastructure to meet anticipated market demand. Thus, the success of EPD's projects depends on utilization of its assets. We note that demand for EPD's new projects may change during construction, and competitors may make additional investments or redeployments of assets that compete with EPD's projects and existing assets. Thus, if either of the partnership's investments or construction by competitors in the markets EPD serves result in excess capacity, the partnership's facilities and assets could be underutilized, which could cause the partnership to reduce rates for its services, and to reduce the returns on it investments, and value of its assets. Overall, a significant increase in competition in the midstream energy industry, including construction of new assets or redeployment of existing assets by competitors, could have a material effect on operating results, financial position, and cash flows.
- **Credit and capital markets risk.** Global financial markets and economic conditions have been, and continue to be volatile. That said, as EPD intends to finance organic growth projects and acquisitions with a combination of operating cash flows, its revolving credit facility, and debt and equity financings, continued disruption and volatility in the credit and equity capital markets, or any limitations on access to the capital markets, may make it difficult to obtain funding through new borrowings or the issuance of equity on favorable and accretive terms.
- **Interest rate risk.** As interest rates may increase in the future, whether because of inflation, increased yields on U.S. Treasury obligations or otherwise, we believe a rise in interest rates could limit EPD's ability to grow and cash available for distributions as its borrowings are subject to interest rate fluctuations. In addition, we note that MLP unit prices can adversely react to increases in interest rates.

IMPORTANT DISCLOSURES APPENDIX

Company Description

Enterprise Products Partners, LP (EPD) is a leading North American provider of midstream energy services to producers and customers of natural gas, NGL's, crude oil, refined products and petrochemicals. EPD's services currently include: natural gas gathering, treating, processing, transportation and storage; NGL transportation, fractionation, storage, and export and import terminals; crude oil gathering, transportation, storage, and export and import terminals; petrochemical and refined products transportation, storage, export and import terminals, and related services; and a marine transportation business that operates primarily on the U.S. inland and intra-coastal waterway systems.

Valuation and Risks

Valuation Methodology

Our 12-month price target is derived utilizing a three-stage, 10-year distribution discount model (DDM).

Risks

In addition to normal economic and market risk factors that impact most all equities, in general, we believe Enterprise Products Partners. LP (EPD) is uniquely at risk to, but not limited to, the following:

Changes in demand for and prices and production of hydrocarbon products; natural decline in production from existing domestic resource basins; growth potentially dependent on acquisitions; competition from third parties in the midstream energy business; underutilization of midstream facilities and assets; credit and capital markets risk; and interest rate risk.

The above mentioned risk factors do not constitute all the potential risks of investing in EPD's common units. Investors should refer to the company's SEC filings including the most recent Form 10-K and Form 10-Q for further details of risks associated with an investment in the subject company's common units.

Companies Mentioned

Enterprise Products Partners LP (EPD, BUY, $36.00 PT)

Analyst Certification

I, Eduardo Seda, the analyst principally responsible for the preparation of this research report hereby certify that the views expressed in this research report accurately reflect my personal views about the subject security(ies) or issuer(s) and that my compensation was not, is not, or will not be directly or indirectly related to the specific recommendations or views contained in this research report.

The Jones Research analyst preparing this report is an associated person of JonesTrading Institutional Services LLC ("JonesTrading" or the "Firm"), member FINRA and SIPC.

Analyst Disclosures:

The analyst or a member of the analyst's household does not have a financial interest in the securities of the subject company (including, without limitation, any option, right, warrant, future, long or short position).

The analyst or a member of the research analyst's household does not serve as an officer, director or an advisory board member of the subject company.

The analyst's compensation is not based upon JonesTrading's investment banking revenues and also not from the subject company in the past 12 months.

JonesTrading Disclosures:

Company Name	Disclosure(s)
Enterprise Products Partners LP	4

1. JonesTrading or its affiliates beneficially own 1% or more of any class of common equity securities of the subject company.

2. JonesTrading or its affiliates has managed or co-managed a public offering of securities for the subject company in the past 12 months.

3. JonesTrading or its affiliates has received compensation for investment banking services from the subject company in the past 12 months.

4. JonesTrading or its affiliates expects to receive or intends to seek compensation for investment banking services from the subject company in the next 3 months.

5. JonesTrading has received compensation for products or services other than investment banking services from the subject company in the past 12 months.

6. The subject company currently is, or during the 12-month period preceding the date of distribution of this research report was, a client of JonesTrading.

7. JonesTrading makes a market in the subject company's securities at the time this report was published.

All JonesTrading employees and its associate persons, including the analyst(s) responsible for preparing this research report, may be eligible to receive non-product or service specific monetary bonus compensation that is based upon various factors, including total revenues of JonesTrading and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by directors, analysts or employees and may affect transactions in and have long or short positions in the securities (options or warrants with respect thereto) mentioned herein.

Although the statements of fact in this report have been obtained from and are based upon recognized statistical services, issuer reports or communications, or other sources that the Firm believes to be reliable, we cannot guarantee their accuracy.

All opinions and estimates included constitute the analyst's judgment as of the date of this report and are subject to change without notice. JonesTrading may affect transactions as agent in the securities mentioned herein.

This research report is prepared for institutional and other qualified investors and is offered for information purposes only; it does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such would be prohibited.

Additional information available upon request.

The Stock Rating System herein consists of the following ratings: Buy, Hold, and Sell.

The appropriate rating is based off the estimated value of the stock over a forward 12-month period, including both share appreciation and anticipated dividends.

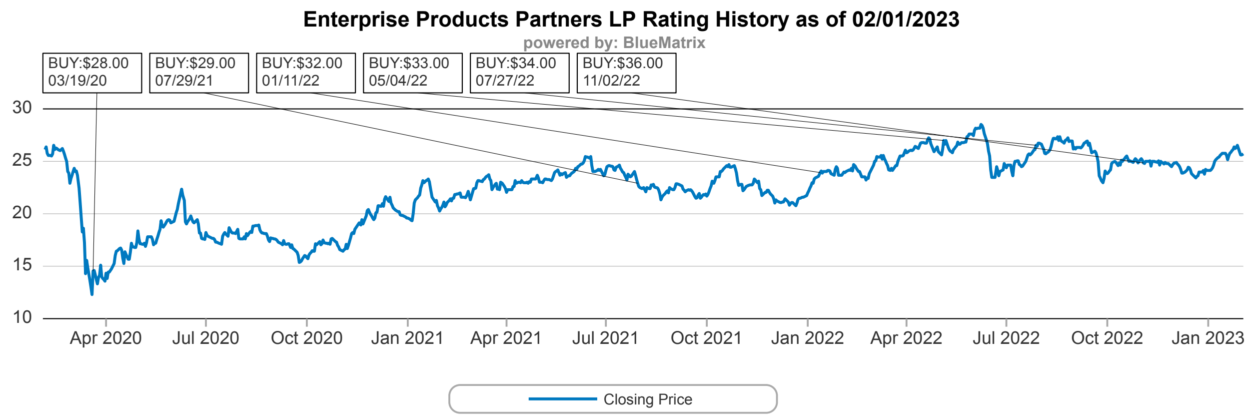
The price target represents the analyst's best estimate of the market price in a 12-month period. JonesTrading cautions that price targets are based on assumptions related to the company, industry and investor climate. As such, price targets remain highly subjective.

The definition of each rating specific for JonesResearch is as follows:

Buy:	estimated that the subject company's total return will be positive 15% or more in the next 12 months*
Hold:	estimated that the subject company's total return will be in a range not more than 15% positive or negative in the next 12 months; JonesResearch does not provide 12-month price targets on stocks with a Hold rating*
Sell:	estimated that the subject company's total return will be negative 15% or more in the next 12 months*
*	*Ratings may be maintained as long as it is deemed appropriate by JonesResearch notwithstanding price fluctuations that cause the total return percentage to fall outside the specific rating definition.*

The following chart reflects the range of current research report ratings for all companies followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

	JonesResearch Company Coverage		Investment Banking Services Within Past 12 Months	
Rating	Count	Percent	Count	Percent
BUY	65	77%	24	37%
HOLD	19	23%	7	37%
SELL	0	0%	0	0%



Eduardo Seda's coverage as of February 2, 2023:

Antero Midstream Corporation (AM)
Atlantica Sustainable Infrastructure PLC (AY)
Brookfield Renewable Partners L.P. (BEP)
Black Stone Minerals LP (BSM)
Clean Energy Fuels Corp (CLNE)
Enterprise Products Partners LP (EPD)
Equitrans Midstream Corporation (ETRN)
Euronav NV (EURN)
Magellan Midstream Partners LP (MMP)
Sitio Royalties Corp. (STR)
Western Midstream Partners LP (WES)
Westlake Chemical Partners LP (WLKP)

Additional Significant Risk Factors and Investment Considerations

The securities or trading strategies discussed in this report may not be suitable for some investors. Investors must independently evaluate each issuer, security, or instrument discussed in this report and consult independent advisors where necessary.

1. Past Performance is not indicative of future results.

2. Market Risk: Securities may decline in value due to factors affecting securities markets generally or particular industries. The value of a security may be worth less than the original investment.

3. Concentration risk: Investing a substantial portion of assets in securities within a single industry or sector of the economy may be subject to greater price volatility or adversely affected by the performance of securities in that particular sector or industry.

4. Leverage Risk: Fluctuations in interest rates on borrowings or the dividend rates on preferred shares as a result of changes in short-term interest rates may reduce the return to common shareholders or result in fluctuations in the dividends paid on the common shares. There is no assurance that a leverage strategy will be successful.

5. Foreign Investment Risk: Investment in foreign securities (both governmental and corporate) may involve a high degree of risk. In regards to debt securities, such risks may impair the timely payment of principal and/or interest.

6. Short selling involves an inordinate amount of risk including the theoretical potential for unlimited losses and losses that can greatly exceed the principal amount invested. In contrast, the potential gain from short selling is generally limited to the principal amount invested. Short sellers can have their stock called away by the lender of the shares shorted, subjecting the short seller to incremental risk. Short sellers by definition must borrow shares, subjecting short sellers to margin risk. The risks cited here with respect to short selling are not all inclusive and investors should consult with their independent advisors prior to engaging in any recommended short selling strategies, including, if applicable, the short sale recommended in this report.

The risks detailed above are not inclusive. Other significant risk factors not identified here may be equally or more important to any particular investor in terms of assessing the overall risks associated with these securities. Further information available upon written request.

The information contained herein is illustrative and is not intended to predict actual results, which may differ substantially from those reflected herein.

Investors should consider this report as only a single factor in making their investment decision.

Jones Research