

## Enable Midstream Partners, LP


**Recommendation** **HOLD** ★ ★ ★ ★ ★

**Price**  
USD 4.16 (as of May 29, 2020 4:00 PM ET)

**12-Mo. Target Price**  
USD 3.50

**Report Currency**  
USD

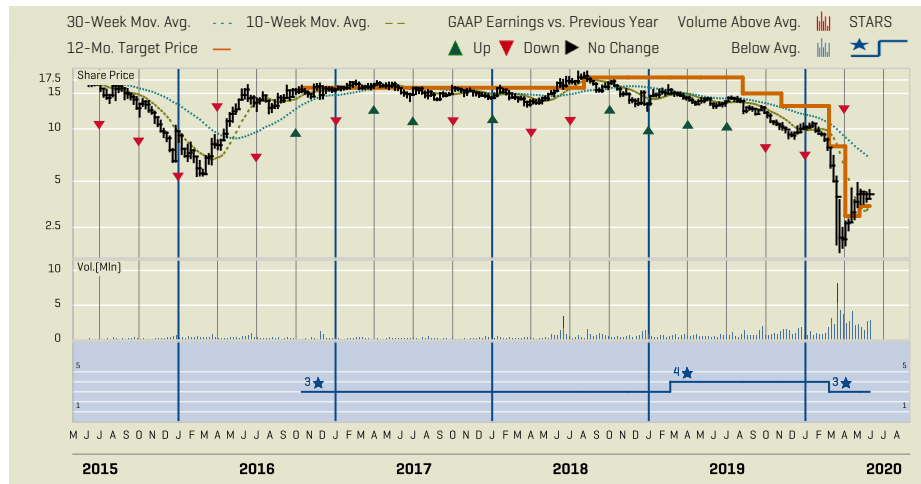
**Equity Analyst Stewart Glickman, CFA**
**UPDATE: PLEASE SEE THE ANALYST'S LATEST RESEARCH NOTE IN THE RESEARCH NOTES SECTION**
**GICS Sector** Energy

**Sub-Industry** Oil & Gas Storage & Transportation

**Summary** This midstream provider of gathering, compression & processing services for the U.S. oil and gas industry is primarily focused on the Anadarko and Williston Basins.

**Key Stock Statistics** (Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports)

52-Wk Range	USD 14.480 - 1.610	Oper. EPS 2020E	USD 0.72	Market Capitalization[B]	USD 1.811	Beta	-0.42
Trailing 12-Month EPS	NM	Oper. EPS 2021E	USD 0.60	Yield [%]	15.89	3-Yr Proj. EPS CAGR[%]	1
Trailing 12-Month P/E	5.51	P/E on Oper. EPS 2020E	5.78	Dividend Rate/Share	USD 0.66	SPGMI's Quality Ranking	NR
\$10K Invested 5 Yrs Ago	\$3,871	Common Shares Outstg.[M]	435.45	Institutional Ownership [%]	NA		

**Price Performance**


Source: CFRA, S&amp;P Global Market Intelligence

Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst Stewart Glickman on Apr 06, 2020 09:07 AM, when the stock traded at USD 2.67.

**Highlights**

- The 12-month target price has recently been changed to \$3.5 from \$3. The Highlights section of this Stock Report will be updated accordingly.
- The Investment Rationale/Risk section of this Stock Report will be updated shortly. For the latest News story on ENBL from MarketScope, see aside.

**Investment Rationale/Risk**

- 05/06/20 18:20 pm ET ... CFRA KEEPS HOLD OPINION ON LP UNITS OF ENABLE MIDSTREAM PARTNERS [ 4.12\*\*\*]: Our 12-month target price of \$3.50, raised \$0.50, reflects a 6.2x multiple of enterprise value to forward EBITDA, below peers. We cut our '20 earnings per unit estimate by \$0.01 to \$0.72, but raise '21's by \$0.02 to \$0.60. ENBL posts Q1 earnings per unit of \$0.24 vs. \$0.26 is \$0.03 below the consensus view. We think the key catalyst for ENBL is its planned Gulf Run Project, which would add 1.7 bcf/d of natural gas capacity and allow it to service the Golden Pass LNG project being built by behemoth Exxon Mobil [XOM 44 \*\*\*]. Gulf Run has an expected in-service date of 2022, but we think there are concerns to overcome, notably an environmental review as well as potential construction delays from the pandemic. Following the recent 50% cut to the distribution, units now yield 16.5%, which seems high, but given capex cuts as well, we think should be defensible. /Stewart Glickman, CFA

**Analyst's Risk Assessment**

LOW	MEDIUM	HIGH
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Our risk assessment reflects exposure to percent-of-proceeds contracts for natural gas processing work, which, in turn, reflects exposure to volatile natural gas prices.

**Revenue/Earnings Data**

Revenue (Million USD)	1Q	2Q	3Q	4Q	Year
2020	648	--	--	--	--
2019	795	735	699	731	2,960
2018	748	805	928	950	3,431
2017	666	626	705	806	2,803
2016	509	529	620	614	2,272
2015	616	590	646	566	2,418

**Earnings Per Share (USD)**

	1Q	2Q	3Q	4Q	Year
2021	E 0.93	--	--	E 0.58	E 0.60
2020	0.19	E 0.16	E 0.15	E 0.17	E 0.72
2019	0.26	0.26	0.28	0.01	0.82
2018	0.24	0.20	0.30	0.38	1.11
2017	0.26	0.20	0.24	0.23	0.92
2016	0.19	0.08	0.26	0.14	0.68

Fiscal year ended Dec 31. Next earnings report expected: Early Aug. EPS Estimates based on CFRA's Operating Earnings; historical GAAP earnings are as reported in Company reports.

**Dividend Data**

Amount (USD)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.165	May 06	May 18	May 19	May 27 '20
0.331	Feb 07	Feb 14	Feb 18	Feb 25 '20
0.331	Nov 06	Nov 18	Nov 19	Nov 26 '19
0.331	Aug 06	Aug 19	Aug 20	Aug 27 '19

Dividends have been paid since 2014. Source: Company reports.

**Past performance is not an indication of future performance and should not be relied upon as such.**

Forecasts are not reliable indicator of future performance.

**Enable Midstream Partners, LP****Business Summary** April 06, 2020

**CORPORATE OVERVIEW.** Enable Midstream Partners LP was formed in May 2013 as a limited partnership among Centerpoint Energy (CNP 14 Hold), OGE Energy (OGE 27 Hold) and ArcLight Capital Partners LLC. Formed in May 2013, the partnership began trading as a public company in April 2014. As of December 31, 2019, ENBL had a portfolio of energy infrastructure assets including 14,000 miles of gathering pipelines, 15 major processing plants with approximately 2.6 billion cubic feet per day (Bcf/d) of processing capacity, 7,800 miles of interstate pipelines, 2,300 miles of intrastate pipelines and eight natural gas storage facilities providing 84.5 Bcf of storage capacity. Centerpoint has a controlling 53.7% interest in the limited partnership, while OGE has a 25.5% stake in the LP. ENBL's general partner, however, which earns incentive distribution rights (IDRs) from the LP, is structured such that Centerpoint has a 40% economic interest while OGE has the remaining 60% of the economic interest. Consequently, we think that OGE has a stronger interest in driving higher IDRs, relative to CNP's position.

**MARKET PROFILE.** The company serves primarily four operating basins of unconventional oil and gas plays in the onshore Lower 48. The Anadarko Basin contains 11 of ENBL's 15 gas processing plants (1.85 bcf/d of its overall 2.6 bcf/d of gas processing capacity). Gathering and compression services are typically fee-based, while processing services are offered under a combination of fee-based, percent-of-liquids, and percent-of-proceeds structures. This basin includes the prolific SCOOP and STACK plays which, based on estimates from Bentek Energy, have among the best rates of return in the country. Overall, the Anadarko contains 64% of ENBL's pipeline miles, 75% of its overall gas compression horsepower, 72% of its gas processing capacity, 51% of its 2019 gas gathering volumes, and 90% of its natural gas liquids (NGLs) produced in 2019. The other three regions include the Ark-La-Tex basin (consisting of portions of Arkansas, Louisiana and Texas) with two plants and processing capacity of 0.65 bcf/d; and the Arkoma Basin, in portions of Arkansas and Oklahoma, with one gas plant and processing capacity of 0.06 bcf/d.

**CORPORATE STRATEGY.** For the year ended December 31, 2019, approximately 45% of ENBL's gross margin in 2019 was protected on both volume and price, with another 41% protected on price, but exposed to volume risk. On the remaining 14% of gross margin, ENBL was exposed to both price and volume risk. In addition, 70%, 26% and 4% of ENBL's 2019 gathering volumes were under processing arrangements that were fee-based, percent-of-proceeds or percent-of-liquids, and keep-whole, respectively. As a result, we think that ENBL is exposed to some degree to natural gas price fluctuations, to the extent that percent-of-proceeds contracts persist. At year-end 2019, ENBL had a volume-weighted remaining contract term life of approximately 3.3 years for natural gas contracts, and 9.2 years for crude oil and condensate-related contracts.

**IMPACT OF MAJOR DEVELOPMENTS.** In November 2018, ENBL closed on the acquisition of Velocity Holdings for \$442 million in cash. The deal allows ENBL to diversify its book of business by adding more crude oil-related gathering and processing assets, and which are complementary to ENBL's legacy assets. The combination should provide for easier movement of crude oil and natural gas liquids from the Williston Basin to the SCOOP, STACK and Merge plays in the Mid-Continent. In the fourth quarter of 2017, ENBL acquired Align Midstream, LLC, a midstream company with natural gas gathering and processing facilities in the Cotton Valley and Haynesville plays of the Ark-La-Tex Basin. The acquisition included approximately 190 miles of natural gas gathering pipelines across Rusk, Panola and Shelby counties in Texas and DeSoto Parish in Louisiana and a cryogenic natural gas processing plant in Panola County, Texas, with a capacity of 100 MMcf/d.

In November 2018, ENBL noted that natural gas gathering volumes in Oklahoma's Anadarko Basin had risen 40% since the first quarter of 2017, an artifact of rising production that shows little sign of ebbing in our view. Project Wildcat boosted ENBL's gas processing capacity to 2.25 billion cubic feet per day (bcf/d), from prior 1.85 bcf/d, and is now fully operational.

**FINANCIAL TRENDS.** As of December 31, 2019 ENBL had \$4.0 billion in long-term debt outstanding, and a net debt-to-capital ratio of 38%, well below the 61% peer average. S&P Capital IQ consensus estimates suggest the combination of growth capital spending plus dividend payments should comprise 82% of projected operating cash flows in 2020, better than the peer median of 104%. However, this is in part because the company cut its distribution by 50% in March 2020, which it estimates can save \$400 million on a run-rate basis. We note that in January 2022, ENBL has a debt milestone payment of \$800 million due, and so the reduction in dividend outlay could roughly cover that payment.

The current IDR schedule is such that the general partner receives no IDRs unless and until quarterly distributable cash flow exceeds \$0.330625. In the fourth quarter of 2019, ENBL generated distributable cash flow of \$0.39 per share, thus generating IDR payment to the general partner. When the quarterly distributable cash flow falls approximately between \$0.36 and \$0.43 per share, the general partner is entitled to a 25% interest in any incremental distributable cash flow. S&P Capital IQ estimates for 2020 suggest ENBL will remain in this 25% tier in the coming four quarters.

**Corporate Information****Investor Contact**

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**President, CEO & Director of Enable GP LLC**

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S. E. Merrill

**Domicile**

Delaware

**Auditor**

Deloitte &amp; Touche LLP

**Founded**

2013

**Employees**

1,735

**Stockholders**

11

## Enable Midstream Partners, LP



Quantitative Evaluations						Expanded Ratio Analysis					
Fair Value Rank	NR	1	2	3	4	5		2019	2018	2017	2016
		LOWEST					HIGHEST				
		Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued [1] to most undervalued [5].					Price/Sales1.481.722.202.94				
Fair Value Calculation	NA						Price/Tangible Book Value0.680.910.900.96				
							Price/Pretax Income10.9911.3014.1521.24				
							P/E Ratio12.2312.1915.3923.00				
							Avg. Diluted Shares Outsg.[M]437436434424				
						Figures based on fiscal year-end price					
Volatility						LOW	AVERAGE		HIGH		
Technical Evaluation	BULLISH	Since September, 2017, the technical indicators for ENBL have been BULLISH.									
Insider Activity	NA	UNFAVORABLE		NEUTRAL		FAVORABLE		Key Growth Rates and Averages			
Past Growth Rate [%]								1 Year	3 Years	5 Years	
Net Income								-23.99	8.27	-5.66	

## Key Growth Rates and Averages

Past Growth Rate [%]	1 Year	3 Years	5 Years
Net Income	-23.99	8.27	-5.66
Revenue	-13.73	9.22	-2.54

## Ratio Analysis [Annual Avg.]

Net Margin [%]	NM	NM	NM
% LT Debt to Capitalization	33.58	NA	NA

## Company Financials Fiscal year ending Dec. 31

Per Share Data [USD]	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tangible Book Value	14.70	14.90	15.76	16.45	17.01	17.45	17.17	NA	NA	NA
Free Cash Flow	1.09	0.37	0.88	0.75	-0.34	-0.18	0.19	NA	NA	NA
Earnings	0.82	1.11	0.92	0.68	-1.78	1.29	0.74	NA	NA	NA
Earnings [Normalized]	0.68	0.75	0.63	0.47	0.58	0.82	0.69	NA	NA	NA
Dividends	1.31	1.27	1.27	1.27	1.26	0.86	NA	NA	NA	NA
Payout Ratio [%]	152	113	135	179	NM	100	11	NA	NA	NA
Prices: High	16.49	19.27	17.36	16.79	19.98	27.46	NA	NA	NA	NA
Prices: Low	8.82	12.31	13.75	5.38	6.51	17.06	NA	NA	NA	NA
P/E Ratio: High	20.1	17.4	18.8	24.5	NM	21.3	NA	NA	NA	NA
P/E Ratio: Low	10.8	11.1	14.9	7.9	NM	13.3	NA	NA	NA	NA

## Income Statement Analysis [Million USD]

Revenue	2,960	3,431	2,803	2,272	2,418	3,367	2,489	952	932	871
Depreciation + Amortization	433	398	366	338	318	276	212	106	91	77
Operating Expenses	-433	-398	-366	-338	-318	-276	-212	-106	-91	-77
Effective Tax Rate [%]	-0.251	-0.192	-0.229	0.318	NA	0.374	-279.812	39.114	41.266	40.897
Net Income	396	521	436	312	-752	530	1,615	316	232	224
Net Income [Normalized]	299	328	273	200	245	339	270	239	247	237

## Balance Sheet and Other Financial Data [Million USD]

Gross Property	13,198	12,899	12,079	11,567	11,293	10,464	9,655	5,175	4,442	NA
Net Property	10,907	10,871	10,355	10,143	10,131	9,582	8,990	4,705	4,070	NA
Capital Expenditures	432	728	416	383	869	837	573	202	346	723
Capital Expnd to Revenue [%]	14.6	21.2	14.8	16.9	35.9	24.9	23.0	21.2	37.1	83.0
% Long Term Debt of Capitalization	33.6	26.3	23.4	27.7	28.1	20.2	21.4	20.2	14.4	NA
Capitalization: Common	7,010	7,218	7,280	7,420	7,519	8,792	8,148	3,215	2,898	NA
Capitalization: Preferred	362	362	362	362	NA	NA	NA	NA	NA	NA
Fixed Charges Coverage	3.45	4.30	4.42	3.97	4.68	8.49	7.15	4.89	4.89	5.13
% Operating Ratio	36.8	30.7	32.0	32.2	30.6	25.8	27.8	54.8	57.0	57.7
% Net Income Margin	13.4	15.2	15.6	13.7	-31.1	15.7	64.9	33.2	24.9	25.7
% Return on Invested Capital	5.74	6.06	5.17	3.64	3.98	5.33	4.56	9.82	12.37	NA
% Return on Common Equity	5.06	6.69	5.44	3.88	NM	6.26	5.09	10.34	NA	NA

Source: S&P Global Market Intelligence. Data may be preliminary or restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends; EPS diluted.  
E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

# Enable Midstream Partners, LP



## Sub-Industry Outlook

Our fundamental outlook for the oil & gas storage & transportation (midstream) sub-industry for the next 12 months is neutral - which, as of March 2020, is the strongest outlook that CFRA affords any Energy sub-industry. Midstream providers deliver gathering and processing services for customers, and also provide transportation services. Typically, midstream firms generate revenues and operating income via fee-based services. Pipeline services are usually on take-or-pay contracts. Such contracts typically provide a fixed fee per unit for a set amount of capacity, whether all such capacity is used or not, and do not vary with the value of the commodity being shipped. While not all midstream lines of business are aligned in this way, it does provide a degree of insulation from typical energy price weakness.

However, that insulation has its limits, and the limit arrives when commodity prices fall far enough that the buyers of midstream services (the E&Ps) decide to rein in or even shut in production, because they are making insufficient returns. As a result, the risk to midstream is indirect. If an E&P is facing material weakness, it may present a credible threat to its midstream counterparty that it may have to enter bankruptcy protection if contracts are not renegotiated to reflect current conditions. Thus, upstream capital spending is a good leading indicator of overall demand for the midstream services that routinely follow. Looking to 2020, we think that unless crude oil prices stage a sharp V-shaped recovery, upstream capex will be down significantly, so production volumes should suffer as well. Beyond the fee-based work, some midstream work is arranged as percent of proceeds, in which case such work will yield weaker revenues given the state of commodity markets.

Based on data from SNL Energy, we estimate a total of 94 interstate natural gas pipeline projects, 26 of which have merely been announced, and 23 of which are just in the early development stage. Of the 45 projects that are deemed either in Advanced Development, or where construction has already begun, 16 such projects (with capacity of about 13.5 bcf/d of natural gas transportation) are due for completion in 2020 -- although we note completion timetables can slip due to regulatory or other reasons. Given actual U.S. supply of about 92 bcf/d in 2019 (according to the EIA), this implies a short-term boost to pipe capacity of natural gas of approximately 15%.

As of mid March 2020, dividend yields have spiked for almost every name in our coverage universe, and now range from about 10% on the low end to 48% on the high end. Thus, the market appears to be pricing in cuts to dividends, despite the previously-mentioned reliance on fee-based businesses. On average for 2020, the expected spend for growth capital projects as well as dividends in our universe of MLPs is slightly above expected cash from operations, but by a smaller gap than we have seen in past years. Thus, while not true across the board, we do think midstream firms should be able to support existing dividends, barring substantial contract renegotiations that substantially weaken fee-based contracts.

Year to date through March 13, the S&P Oil & Gas Storage & Transportation Index fell 41% versus a drop of 17% for the S&P 1500. In 2019, the sub-industry rose 25.3% versus a 28.3% gain for the S&P 1500.<sup>1 1/2</sup>

/Stewart Glickman, CFA

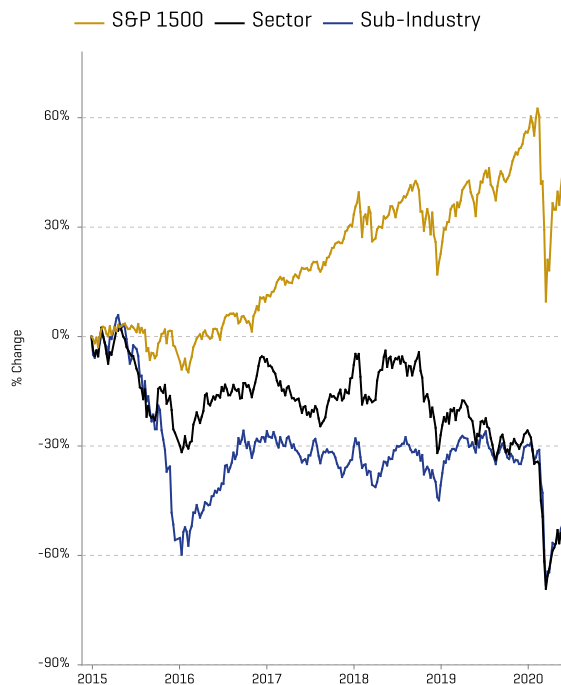
## Industry Performance

### GICS Sector: Energy

### Sub-Industry: Oil & Gas Storage & Transportation

Based on S&P 1500 Indexes

Five-Year market price performance through May 30, 2020



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS).

Past performance is not an indication of future performance and should not be relied upon as such.

Source: S&P Global Market Intelligence

## Sub-Industry: Oil & Gas Storage & Transportation Peer Group\*: Oil & Gas Storage & Transportation

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price	Stk. Mkt. Cap. [M]	30-Day Price Chg. [%]	1-Year Price Chg. [%]	P/E Ratio	Fair Value Calc.	Yield [%]	Return on Equity [%]	LTD to Cap [%]
<b>Enable Midstream Partners, LP</b>	<b>ENBL</b>	<b>NYSE</b>	<b>USD</b>	<b>4.160</b>	<b>1,811</b>	<b>-7.1</b>	<b>-68.5</b>	<b>6</b>	<b>NA</b>	<b>15.9</b>	<b>5.3</b>	<b>33.6</b>
Antero Midstream Corporation	AM	NYSE	USD	4.780	2,278	6.2	-61.5	NM	NA	25.7	-22.4	47.9
DCP Midstream, LP	DCP	NYSE	USD	11.00	2,292	9.7	-65.0	NM	NA	14.2	0.3	41.8
EnLink Midstream, LLC	ENLC	NYSE	USD	2.360	1,155	10.8	-77.9	NM	NA	15.9	-22.7	54.9
Euronav NV	EURN	NYSE	USD	10.12	2,152	-6.5	15.1	14	NA	5.7	4.9	36.5
Frontline Ltd.	FRO	NYSE	USD	9.130	1,805	-1.5	13.4	6	NA	30.7	10.5	35.1
Gibson Energy Inc.	GEI	TSX	CAD	21.30	3,120	1.5	-4.3	19	10.99	6.4	23.2	58.2
Holly Energy Partners, L.P.	HEP	NYSE	USD	16.16	1,704	4.4	-39.5	9	NA	8.7	42.4	70.4
NuStar Energy L.P.	NS	NYSE	USD	17.37	1,897	39.6	-35.1	NM	NA	9.2	8.0	49.2
Plains GP Holdings, L.P.	PAGP	NYSE	USD	9.990	1,841	5.8	-57.5	NM	NA	7.2	14.8	36.9
SFL Corporation Ltd.	SFL	NYSE	USD	9.920	1,068	-12.8	-21.3	NM	NA	10.1	7.8	35.6

\*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.

NA-Not Available NM-Not Meaningful.

Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

**Enable Midstream Partners, LP****Analyst Research Notes and other Company News****May 06, 2020**

06:20 pm ET... CFRA Keeps Hold Opinion on LP Units of Enable Midstream Partners [4.12\*\*\*]: Our 12-month target price of \$3.50, raised \$0.50, reflects a 6.2x multiple of enterprise value to forward EBITDA, below peers. We cut our '20 earnings per unit estimate by \$0.01 to \$0.72, but raise '21's by \$0.02 to \$0.60. ENBL posts Q1 earnings per unit of \$0.24 vs. \$0.26 is \$0.03 below the consensus view. We think the key catalyst for ENBL is its planned Gulf Run Project, which would add 1.7 bcf/d of natural gas capacity and allow it to service the Golden Pass LNG project being built by behemoth Exxon Mobil [XOM 44 \*\*]. Gulf Run has an expected in-service date of 2022, but we think there are concerns to overcome, notably an environmental review as well as potential construction delays from the pandemic. Following the recent 50% cut to the distribution, units now yield 16.5%, which seems high, but given capex cuts as well, we think should be defensible. /Stewart Glickman, CFA

**April 03, 2020**

05:01 pm ET... CFRA Keeps Hold Opinion on LP Units of Enable Midstream Partners [2.58\*\*\*]: Our 12-month target price of \$3, cut by \$5, reflects a 5.9x multiple of enterprise value to projected '20 EBITDA, a discount to peers. We cut our '20 earnings per unit estimate by \$0.15 to \$0.73, and '21's by \$0.35 to \$0.58. ENBL recently announced that it would cut its distribution to an annualized \$0.66, a reduction of 50%, saving close to \$300 million in cash in the process, while also slashing capex by \$115m, a near-50% drop. Collectively, this saves ENBL roughly \$400 million in cash, which, if maintained as a run-rate through '21, would cover debt maturities of \$800 million in January 2022. However, we also note that roughly half of ENBL's anticipated gross margin is volume-dependent (although we think more via dry natural gas than via liquids), and given the macroeconomic environment, we see volume growth at risk. /Stewart Glickman, CFA

**February 25, 2020**

12:27 pm ET... CFRA Cuts View on LP Units of Enable Midstream Partners to Hold From Buy [7.63\*\*\*]: Our 12-month target price of \$8, cut \$5, reflects a 7.2 multiple of enterprise value to forward EBITDA, towards the low end of ENBL's historical forward range. We cut our '20 earnings per unit estimate by \$0.11 to \$0.88, and initiate '21's at \$0.93. Q4 earnings per unit of \$0.21, vs. \$0.38, missed the consensus view by \$0.04. We are now more cautious on ENBL's prospects on two fronts. First, continued headwinds for natural gas liquids (NGL) pricing, especially to the degree that a deceleration in economies in Asia could impinge on demand for U.S. NGL exports. Second, we note that ENBL's use of hedging on NGLs is, to a greater degree than last year, geared towards derivative contracts that expire in one year or less: we think NGL weakness could extend beyond that. Management seems attuned to debt reduction, although we think debt ratios are manageable and distribution coverage seems more than adequate. Overall, we think near-term risks on NGLs warrant caution. /Stewart Glickman, CFA

**November 06, 2019**

11:05 am ET... CFRA Keeps Buy Opinion on LP Units of Enable Midstream Partners [10.5\*\*\*]: Our 12-month target price of \$13, cut \$2, reflects an 8.6x multiple of enterprise value to projected '20 EBITDA, below ENBL's historical forward average, but above trough levels. We lift our '19 earnings per unit estimate by \$0.02 to \$1.06, but trim '20's by \$0.05 to \$0.99. Q3 earnings per unit of \$0.28, vs. \$0.30, is \$0.02 above the consensus view. Q3 distribution coverage was a solid 1.4x, and ENBL has elected to boost its quarterly distribution by 4% year over year. Although gathering & processing revenues were lower versus the year-ago comparison, in part because of weaker natural gas liquid (NGL) pricing, we note that the recent crude oil-focused pipeline acquisition has diversified the revenue stream to some degree. Although we think NGL prices remain weak in '20, we think valuation (units trading 16% below historical forward average on EBITDA, worse than peers) already bakes in too much pessimism. Units yield 12.7%. /Stewart Glickman, CFA

**August 08, 2019**

04:44 pm ET... CFRA Keeps Buy Opinion on LP Units of Enable Midstream Partners [12.16\*\*\*]: We lower our 12-month target price by \$3 to \$15, reflecting a 9x multiple of enterprise value to projected '20 EBITDA, slightly below ENBL's historical forward average. We cut our '19 earnings per unit estimate by \$0.

03 to \$1.04 and '20's by \$0.07 to \$1.04. Q2 earnings per unit of \$0.26 vs. \$0.20, beat the consensus view by \$0.01. ENBL's distribution coverage ratio of 1.37x provided for more than 60% of its growth capex in Q2. We think the ongoing shift towards oilier plays within the Mid-Continent should fit well with ENBL's Velocity acquisition. We also see ENBL with better than average debt metrics relative to peers as well as a better coverage ratio. Units yield 10.8%. /Stewart Glickman, CFA

**May 02, 2019**

11:45 am ET... CFRA Keeps Buy Opinion on LP Units of Enable Midstream Partners [13.9\*\*\*]: We keep our 12-month target price at \$18, reflecting an 8.6x multiple of price to projected '19 operating cash flow, below ENBL's historical forward average. We lift our '19 earnings per unit estimate by \$0.01 to \$1.07, and '20's by \$0.02 to \$1.11. Q1 earnings per unit of \$0.26 vs. \$0.24 was \$0.01 above consensus. ENBL's Q1 coverage ratio was a remarkable 1.51x, and we estimate this ratio to be in the 1.4x ratio for all of '19, which we think would be strong. We see ENBL as well-positioned to benefit from improved activity levels in the Anadarko Basin SCOOP and STACK plays. Longer-term, we think the Gulf Run project that ties into Louisiana natural gas (and access to Gulf Coast markets) should be a catalyst. Units yield 9.1%. /Stewart Glickman, CFA

**February 20, 2019**

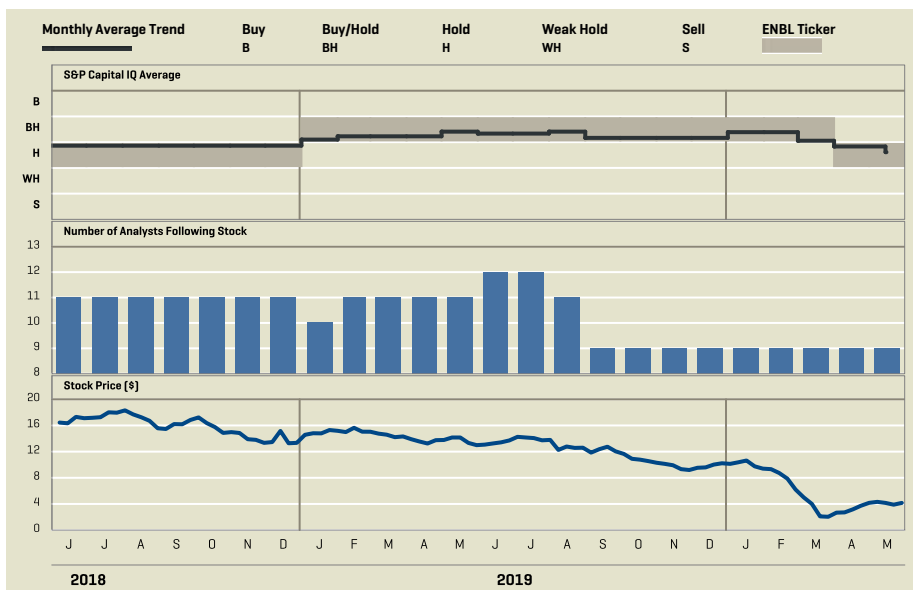
11:28 am ET... CFRA Upgrades Opinion on LP Units of Enable Midstream Partners to Buy from Hold [15.35\*\*\*]: We keep our 12-month target price at \$18, an 8.5x multiple of price-to-projected '19 operating cash flow, below ENBL's historical forward average. We cut our '19 earnings per unit estimate by \$0.06 to \$1.06 and start '20's at \$1.09. Q4 earnings per unit of \$0.38 vs. \$0.23 beat consensus by \$0.11. ENBL has done a nice job of late in growing both natural gas gathered volumes as well as condensate volumes. In addition, its distribution coverage ratio in '18 was very strong at nearly 1.4x; we see more of the same in '19. Along with low debt levels, new projects recently placed in service and its future role as gas provider for the Exxon Mobil-led Golden Pass LNG development, we see good potential for dividend expansion over the medium term. Units yield 8.3%, adding to total return potential. We also note just three Buy opinions on the Street out of 11 opinions in total. /Stewart Glickman, CFA

Note: Research notes reflect CFRA's published opinions and analysis on the stock at the time the note was published. The note reflects the views of the equity analyst as of the date and time indicated in the note, and may not reflect CFRA's current view on the company.

# Enable Midstream Partners, LP



## Analysts' Recommendations



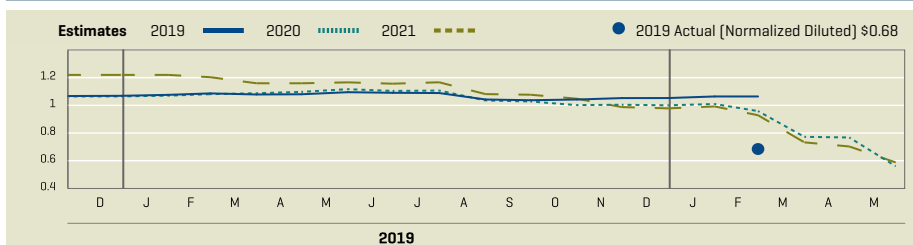
## Wall Street Consensus Opinion

**HOLD**

### Wall Street Consensus vs. Performance

For fiscal year 2020, analysts estimate that ENBL will earn USD \$0.56. For the 1st quarter of fiscal year 2020, ENBL announced earnings per share of USD \$0.19, representing 33.9% of the total revenue estimate. For fiscal year 2021, analysts estimate that ENBL's earnings per share will grow by 5% to USD \$0.59.

## Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2021	0.59	0.64	0.55	4	7.1
2020	0.56	0.63	0.40	5	7.4
<b>2021 vs. 2020</b>	<b>▲5%</b>	<b>▲2%</b>	<b>▲38%</b>	<b>▼-20%</b>	<b>▼-4%</b>
Q2'21	0.16	0.16	0.16	2	25.9
Q2'20	0.10	0.14	0.08	3	40.7
<b>Q2'21 vs. Q2'20</b>	<b>▲60%</b>	<b>▲14%</b>	<b>▲100%</b>	<b>▼-33%</b>	<b>▼-36%</b>

Forecasts are not reliable indicator of future performance.

Note: A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

**Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.**



## Glossary

### STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs [American Depositary Receipts], and ADSs [American Depositary Shares] based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS [Stock Appreciation Ranking System], equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark [e.g., a regional index [S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index]], based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

### S&P Global Market Intelligence's Quality Ranking

[also known as **S&P Capital IQ Earnings & Dividend Rankings**] - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to capsule the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

### EPS Estimates

CFRA's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus [average] EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

### 12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including Fair Value.

### CFRA Equity Research

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### Abbreviations Used in Equity Research Reports

CAGR - Compound Annual Growth Rate  
 CAPEX - Capital Expenditures  
 CY - Calendar Year  
 DCF - Discounted Cash Flow  
 DDM - Dividend Discount Model  
 EBIT - Earnings Before Interest and Taxes  
 EBITDA - Earnings Before Interest, Taxes, Depreciation & Amortization  
 EPS - Earnings Per Share  
 EV - Enterprise Value  
 FCF - Free Cash Flow  
 FFO - Funds From Operations  
 FY - Fiscal Year  
 P/E - Price/Earnings  
 P/NAV - Price to Net Asset Value  
 PEG Ratio - P/E-to-Growth Ratio  
 PV - Present Value  
 R&D - Research & Development  
 ROCE - Return on Capital Employed  
 ROE - Return on Equity  
 ROI - Return on Investment  
 ROIC - Return on Invested Capital  
 ROA - Return on Assets  
 SG&A - Selling, General & Administrative Expenses  
 SOTP - Sum-of-The-Parts  
 WACC - Weighted Average Cost of Capital

### Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes [paid in the country of origin].

### Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

### STARS Ranking system and definition:

#### ★★★★★ 5-STARS [Strong Buy]:

Total return is expected to outperform the total return of a relevant benchmark, by a notable margin over the coming 12 months, with shares rising in price on an absolute basis.

#### ★★★★★ 4-STARS [Buy]:

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

#### ★★★★★ 3-STARS [Hold]:

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

#### ★★★★★ 2-STARS [Sell]:

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price is not anticipated to show a gain.

#### ★★★★★ 1-STAR [Strong Sell]:

Total return is expected to underperform the total return of a relevant benchmark by a notable margin over the coming 12 months, with shares falling in price on an absolute basis.

### Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

# Enable Midstream Partners, LP



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### Quantitative Stock Reports:

Quantitative recommendations are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative recommendations refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

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### STARS Stock Reports:

Global STARS Distribution as of December 31, 2019

Ranking	North America	Europe	Asia	Global
Buy	33.4%	29.0%	41.1%	33.5%
Hold	56.1%	54.8%	46.4%	54.6%
Sell	10.5%	16.2%	12.5%	11.9%
Total	100.0%	100.0%	100.0%	100.0%

### Analyst Certification:

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