

# TheStreet Quant Ratings

## ENABLE MIDSTREAM PARTNERS LP

BUY						HOLD			SELL								HOLD	RATING SINCE	10/16/2019
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E	E-	F				
Annual Dividend Rate \$1.32						Annual Dividend Yield 31.17%			Beta 2.60			Market Capitalization \$1.8 Billion				52-Week Range \$1.61-\$14.48			

Sector: **Transportation and Warehousing** | Industry Group: **Pipeline Transportation of Natural Gas****ENBL BUSINESS DESCRIPTION**

Enable Midstream Partners, LP owns, operates, and develops midstream energy infrastructure assets in the United States. The company operates in two segments, Gathering and Processing; and Transportation and Storage.

**STOCK PERFORMANCE (%)**

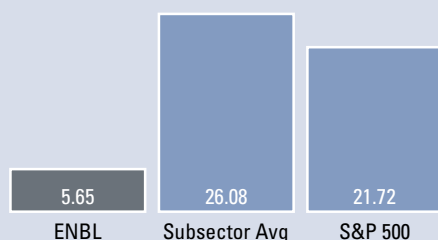
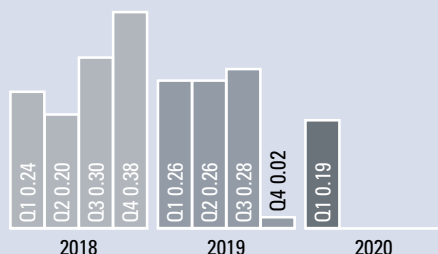
	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	-31.62	-68.22	-35.72

**GROWTH (%)**

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	-18.50	-19.13	5.01
Net Income	-8.20	-27.04	3.71
EPS	-26.93	-34.22	0.45

**RETURN ON EQUITY (%)**

	ENBL	Subsector Avg	S&P 500
Q1 2020	4.77	7.50	15.47
Q1 2019	6.53	14.10	15.83
Q1 2018	5.17	11.25	13.34

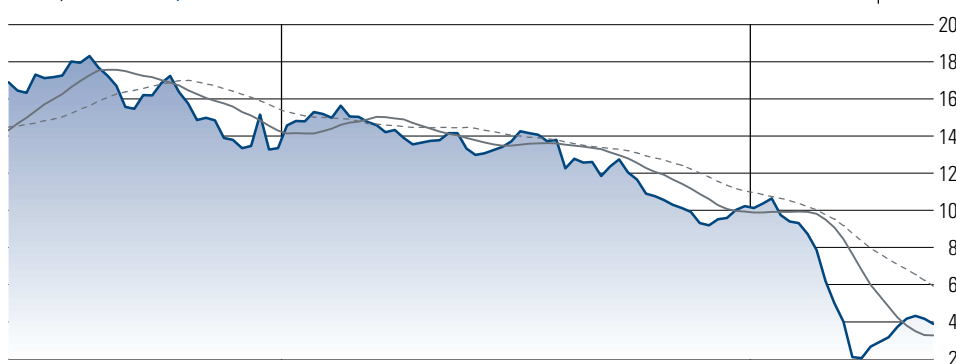
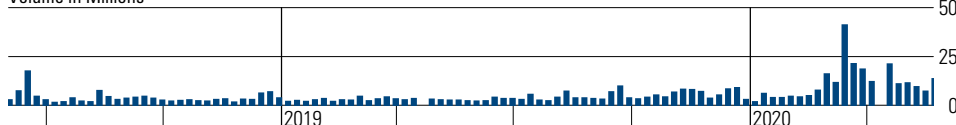
**P/E COMPARISON****EPS ANALYSIS' (\$)**

NA = not available NM = not meaningful

1 Compustat fiscal year convention is used for all fundamental data items.

Weekly Price: (US\$) | SMA (50) — SMA (100) ---

1 Year | 2 Years

**Rating History****Volume in Millions**

COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

**RECOMMENDATION**

We rate ENABLE MIDSTREAM PARTNERS LP (ENBL) a HOLD. The primary factors that have impacted our rating are mixed - some indicating strength, some showing weaknesses, with little evidence to justify the expectation of either a positive or negative performance for this stock relative to most other stocks. The company's strengths can be seen in multiple areas, such as its attractive valuation levels, expanding profit margins and largely solid financial position with reasonable debt levels by most measures. However, as a counter to these strengths, we also find weaknesses including feeble growth in the company's earnings per share, disappointing return on equity and weak operating cash flow.

**HIGHLIGHTS**

42.90% is the gross profit margin for ENABLE MIDSTREAM PARTNERS LP which we consider to be strong. It has increased from the same quarter the previous year. Along with this, the net profit margin of 17.28% significantly outperformed against the subsector average.

The debt-to-equity ratio is somewhat low, currently at 0.60, and is less than that of the subsector average, implying that there has been a relatively successful effort in the management of debt levels. Even though the company has a strong debt-to-equity ratio, the quick ratio of 0.48 is very weak and demonstrates a lack of ability to pay short-term obligations.

The company's current return on equity has slightly decreased from the same quarter one year prior. This implies a minor weakness in the organization. Compared to other companies in the Pipeline Transportation subsector and the overall market on the basis of return on equity, ENABLE MIDSTREAM PARTNERS LP underperformed against that of the subsector average and is significantly less than that of the S&P 500.

Net operating cash flow has declined marginally to \$200.00 million or 6.97% when compared to the same quarter last year. In addition, when comparing the cash generation rate to the subsector average, the firm's growth is significantly lower.

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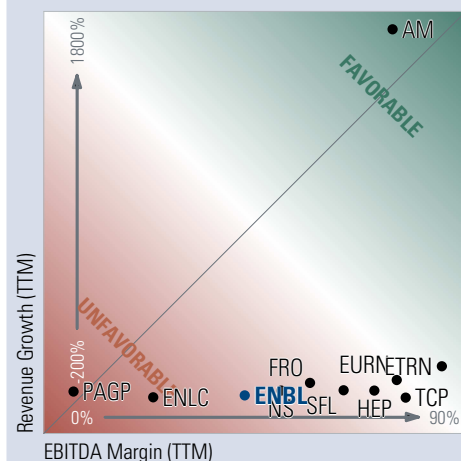
## ENABLE MIDSTREAM PARTNERS LP

### Sector: Transportation and Warehousing | Pipeline Transportation of Natural Gas

Annual Dividend Rate <b>\$1.32</b>	Annual Dividend Yield <b>31.17%</b>	Beta <b>2.60</b>	Market Capitalization <b>\$1.8 Billion</b>	52-Week Range <b>\$1.61-\$14.48</b>	Price as of 5/28/2020 <b>\$4.24</b>
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#### PEER GROUP ANALYSIS

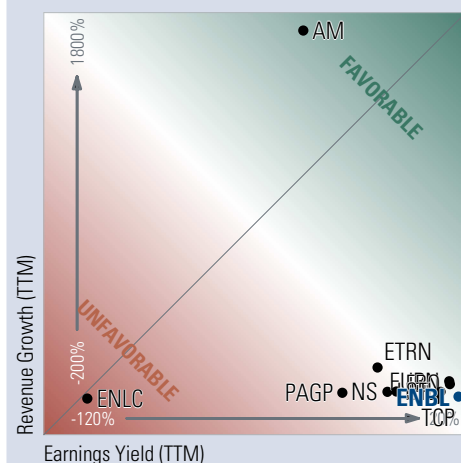
##### REVENUE GROWTH AND EBITDA MARGIN\*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$1.2 Billion and \$2.5 Billion. Companies with NA or NM values do not appear.

\*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

##### REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -29.8% and 1715.2%. Companies with NA or NM values do not appear.

#### SUBSECTOR ANALYSIS

ENABLE MIDSTREAM PARTNERS LP falls within the Transportation and Warehousing sector and the Pipeline Transportation of Natural Gas industry group of the North American Industry Classification System or NAICS.

TheStreet Quant Ratings is currently tracking 161 companies in the Transportation and Warehousing sector that total around \$1,063 billion in market capitalization as well as \$913 billion in annual sales.

The Pipeline Transportation subsector accounts for 26.4% of those revenues.

Industries in the Pipeline Transportation subsector use transmission pipelines to transport products, such as crude oil, natural gas, refined petroleum products, and slurry. Industries are identified based on the products transported. The Pipeline Transportation of Natural Gas industry includes the storage of natural gas because the storage is usually done by the pipeline establishment and because a pipeline is inherently a network in which all the nodes are interdependent.

#### PEER GROUP: Pipeline Transportation

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
<b>ENBL</b>	<b>ENABLE MIDSTREAM PARTNER</b>	<b>4.24</b>	<b>1,846</b>	<b>5.65</b>	<b>2,813.00</b>	<b>386.00</b>
NS	NUSTAR ENERGY LP	17.29	2,526	NM	1,542.99	24.53
TCP	TC PIPELINES LP	34.03	2,427	9.27	391.00	275.00
EURN	EURONAV	10.14	2,231	6.85	1,127.79	318.32
AM	ANTERO MIDSTREAM CORP	4.52	2,154	NM	982.19	-757.70
PAGP	PLAINS GP HOLDINGS LP	10.11	1,863	NM	33,563.00	-397.00
ETRN	EQUITRANS MID CORP	8.05	1,846	NM	1,693.57	-190.31
FRO	FRONTLINE LTD	9.09	1,790	6.78	1,130.87	265.27
HEP	HOLLY ENERGY PARTNERS LP	16.11	1,699	8.57	526.13	198.56
SFL	SFL CORP LTD	10.03	1,198	NM	464.20	-31.47
ENLC	ENLINK MIDSTREAM LLC	2.39	1,169	NM	5,429.80	-1,229.80

The peer group comparison is based on Major Pipeline Transportation companies of comparable size.

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#### COMPANY DESCRIPTION

Enable Midstream Partners, LP owns, operates, and develops midstream energy infrastructure assets in the United States. The company operates in two segments, Gathering and Processing; and Transportation and Storage. The Gathering and Processing segment provides natural gas gathering, processing, and fractionation services in the Anadarko, Arkoma, and Ark-La-Tex basins, as well as crude oil gathering services in the Bakken Shale formation of the Williston Basin for its producer customers. The Transportation and Storage segment offers interstate and intrastate natural gas pipeline transportation and storage services to natural gas producers, utilities, and industrial customers. The company's natural gas gathering and processing assets are located in Oklahoma, Texas, Arkansas, and Louisiana; crude oil gathering assets are located in North Dakota; and natural gas transportation and storage assets extend from western Oklahoma and the Texas Panhandle to Louisiana, from Louisiana to Illinois, in Oklahoma, and from Louisiana to Alabama. As of December 31, 2018, its portfolio of midstream energy infrastructure assets included approximately 13,900 miles of gathering pipelines; 15 processing plants with 2.6 billion cubic feet per day of processing capacity; approximately 7,800 miles of interstate pipelines; approximately 2,300 miles of intrastate pipelines; and 8 natural gas storage facilities with 84.5 billion cubic feet of storage capacity. The company was founded in 2013 and is based in Oklahoma City, Oklahoma. Enable Midstream Partners, LP operates as a subsidiary of Centerpoint Energy Resources Corp.

#### ENABLE MIDSTREAM PARTNERS LP

One Leadership Square, Suite 150, 211 North Robins  
Oklahoma City, OK 73102  
USA  
Phone: 405-525-7788  
<http://www.enablemidstream.com>

#### STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of ENBL shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
<b>Growth</b>	<b>4.0 out of 5 stars</b>	★	★	★	★	★
Measures the growth of both the company's income statement and cash flow. On this factor, ENBL has a growth score better than 70% of the stocks we rate.		weak				strong
<b>Total Return</b>	<b>1.0 out of 5 stars</b>	★	☆	☆	☆	☆
Measures the historical price movement of the stock. The stock performance of this company has beaten 10% of the companies we cover.		weak				strong
<b>Efficiency</b>	<b>3.5 out of 5 stars</b>	★	★	★	★	★
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 60% of the companies we review.		weak				strong
<b>Price volatility</b>	<b>1.0 out of 5 stars</b>	★	☆	☆	☆	☆
Measures the volatility of the company's stock price historically. The stock is less volatile than 10% of the stocks we monitor.		weak				strong
<b>Solvency</b>	<b>2.0 out of 5 stars</b>	★	★	☆	☆	☆
Measures the solvency of the company based on several ratios. The company is more solvent than 30% of the companies we analyze.		weak				strong
<b>Income</b>	<b>5.0 out of 5 stars</b>	★	★	★	★	★
Measures dividend yield and payouts to shareholders. The company's dividend is higher than 90% of the companies we track.		weak				strong

#### THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

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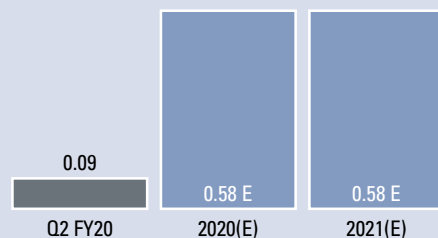
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**Consensus EPS Estimates<sup>2</sup> (\$)**

IBES consensus estimates are provided by Thomson Financial

**INCOME STATEMENT**

	Q1 FY20	Q1 FY19
Net Sales (\$mil)	648.00	795.00
EBITDA (\$mil)	278.00	270.00
EBIT (\$mil)	174.00	165.00
Net Income (\$mil)	112.00	122.00

**BALANCE SHEET**

	Q1 FY20	Q1 FY19
Cash & Equiv. (\$mil)	4.00	19.00
Total Assets (\$mil)	12,117.00	12,447.00
Total Debt (\$mil)	4,414.00	4,408.00
Equity (\$mil)	7,325.00	7,545.00

**PROFITABILITY**

	Q1 FY20	Q1 FY19
Gross Profit Margin	42.90%	33.96%
EBITDA Margin	42.90%	33.96%
Operating Margin	26.85%	20.75%
Sales Turnover	0.23	0.28
Return on Assets	3.18%	4.25%
Return on Equity	4.77%	6.53%

**DEBT**

	Q1 FY20	Q1 FY19
Current Ratio	0.85	0.21
Debt/Capital	0.38	0.37
Interest Expense	47.00	46.00
Interest Coverage	3.70	3.59

**SHARE DATA**

	Q1 FY20	Q1 FY19
Shares outstanding (mil)	435	435
Div / share	0.33	0.32
EPS	0.19	0.26
Book value / share	16.82	17.34
Institutional Own %	NA	NA
Avg Daily Volume	3,138,497	1,243,843

<sup>2</sup> Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

**FINANCIAL ANALYSIS**

ENABLE MIDSTREAM PARTNERS LP's gross profit margin for the first quarter of its fiscal year 2020 has significantly increased when compared to the same period a year ago. Sales and net income have dropped, however the growth has outpaced the average competitor within the subsector. ENABLE MIDSTREAM PARTNERS LP has very weak liquidity. Currently, the Quick Ratio is 0.48 which clearly shows a lack of ability to cover short-term cash needs. The company's liquidity has increased from the same period last year.

During the same period, stockholders' equity ("net worth") has remained virtually unchanged only decreasing by 2.91% from the same quarter last year. The key liquidity measurements indicate that the company is in a position in which financial difficulties could develop in the near future.

**STOCKS TO BUY:** TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit [www.TheStreetRatings.com](http://www.TheStreetRatings.com).

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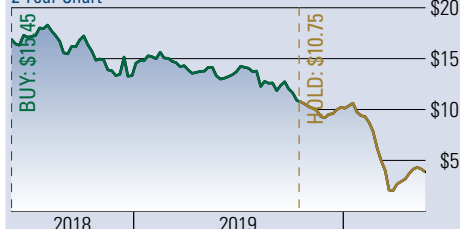
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### RATINGS HISTORY

Our rating for ENABLE MIDSTREAM PARTNERS LP has not changed since 10/16/2019. As of 5/28/2020, the stock was trading at a price of \$4.24 which is 70.7% below its 52-week high of \$14.48 and 163.4% above its 52-week low of \$1.61.

2 Year Chart



### MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
10/16/19	\$10.75	Downgrade	Buy	Hold
5/25/18	\$15.45	No Change	Buy	Buy

Price reflects the closing price as of the date listed, if available

### RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 5/28/2020)

**14.45% Buy** - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

**46.50% Hold** - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

**39.05% Sell** - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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### VALUATION

**HOLD.** ENABLE MIDSTREAM PARTNERS LP's P/E ratio indicates a significant discount compared to an average of 57.02 for the Pipeline Transportation subsector and a significant discount compared to the S&P 500 average of 21.72. Conducting a second comparison, its price-to-book ratio of 0.25 indicates a significant discount versus the S&P 500 average of 3.23 and a discount versus the subsector average of 1.53. The current price-to-sales ratio is well below the S&P 500 average and is also below the subsector average, indicating a discount. Upon assessment of these and other key valuation criteria, ENABLE MIDSTREAM PARTNERS LP proves to trade at a discount to investment alternatives.

Price/Earnings	1	2	3	4	5
					premium

**ENBL 5.65** **Peers 26.08**

- Discount. A lower P/E ratio than its peers can signify a less expensive stock or lower growth expectations.
- ENBL is trading at a significant discount to its peers.

Price/Projected Earnings	1	2	3	4	5
					premium

**ENBL 7.31** **Peers 293.79**

- Discount. A lower price-to-projected earnings ratio than its peers can signify a less expensive stock or lower future growth expectations.
- ENBL is trading at a significant discount to its peers.

Price/Book	1	2	3	4	5
					premium

**ENBL 0.25** **Peers 1.53**

- Discount. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- ENBL is trading at a significant discount to its peers.

Price/Sales	1	2	3	4	5
					premium

**ENBL 0.66** **Peers 1.04**

- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- ENBL is trading at a significant discount to its subsector on this measurement.

Price/CashFlow	1	2	3	4	5
					premium

**ENBL 1.99** **Peers 4.30**

- Discount. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- ENBL is trading at a significant discount to its peers.

Price to Earnings/Growth	1	2	3	4	5
					premium

**ENBL NM** **Peers 2.29**

- Neutral. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- ENBL's negative PEG ratio makes this valuation measure meaningless.

Earnings Growth	1	2	3	4	5
					lower

**ENBL -34.22** **Peers -80.95**

- Higher. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- ENBL is expected to have an earnings growth rate that significantly exceeds its peers.

Sales Growth	1	2	3	4	5
					lower

**ENBL -19.13** **Peers -5.75**

- Lower. A sales growth rate that trails the subsector implies that a company is losing market share.
- ENBL significantly trails its peers on the basis of sales growth.

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