

# [***Zacks Industry Outlook Highlights Energy Transfer, ONEOK and Delek Logistics Partners***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:658F-TND1-F03R-N1T7-00000-00&context=1516831)

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Apr 20, 2022( Zacks Investment Research: [*http://www.zacks.com*](http://www.zacks.com)/ Delivered by Newstex) ;

For Immediate Release Chicago, IL - April 20, 2022 - Today, Zacks Equity Research discusses Energy Transfer LP ET[1], ONEOK, Inc. OKE[2] and Delek Logistics Partners, LP DKL[3].

Industry: Oil & Gas - Pipeline MLP

Link:

[*https://www.zacks.com/commentary/1902049/bet-on-3-prospective-oil-pipeline-stocks-in-a-promising-industry*](https://www.zacks.com/commentary/1902049/bet-on-3-prospective-oil-pipeline-stocks-in-a-promising-industry)[4]

Compared to upstream and downstream operations, the midstream energy business has lower exposure to oil and gas price volatility. This is brightening up the outlook for the ZacksOil and Gas - Pipeline MLP[5]industry. Demand for partnerships' pipeline assets is significant since upstream companies are adding rigs to shale plays.

The partnerships are generating stable fee-based revenues from their long-term contracts with shippers. Having a huge backlog of growth projects, midstream players secure additional cashflows, depicting a stable and low-risk business model. Among the frontrunners in the industry are Energy Transfer LP, ONEOK, Inc.and Delek Logistics Partners, LP. About the Industry The Zacks Oil and Gas - Pipeline MLP industry comprises master limited partnerships (or MLPs) primarily engaged in transporting oil, natural gas, refined petroleum products and natural gas liquids (NGL) to consumers in North America. Apart from transporting the commodities, the partnerships have huge storage capacities utilized to store oil, natural gas, and petrochemical products.

The partnerships thus provide midstream services to producers and consumers of the commodities. The partnerships generate stable fee-based revenues from all those transportation and storage assets. The services provided by the partnerships entail the gathering and processing of commodities as well. The integrated midstream energy players also generate cashflows from ownership interests in fractionators and condensate distillation facilities. What's Shaping the Future of the Oil & Gas Pipeline MLP Industry? Recovering Pipeline Demand: Oil and gas prices have improved drastically over the past year, aided by Russia's violent and unprovoked invasion of Ukraine. This is providing explorers and producers the incentive to gradually return to shale resources. This is being reflected in the increase in rig count over the weeks. With higher upstream activities, demand for transporting and storage assets of the commodities has recovered.

Steady Fee-Based Revenues: Transportation and storage assets are usually booked by shippers for long term. Thus, midstream operations have comparatively lower exposure to oil and gas price volatility and minimal volume risks. The partnerships' business model, therefore, has low-risk exposure, generating predictable and stable fee-based revenues.

Project Backlogs: The partnerships have a huge backlog of growth projects scheduled to come into service in the coming years. Once the projects become operational, the partnerships will start generating additional cashflows and fee-based revenues.

Energy Evolution: In the long term, countries will continue to get power from fuels comprising lower-***emission*** natural gas, NGLs and high-quality crude with low sulfur content. With interests in transporting and storage assets for the low-***emission*** commodities, the partnerships are contributing to the energy evolution. Zacks Industry Rank Indicates Bright Outlook The Zacks Oil and Gas - Pipeline MLP industry is a 12-stock group within the broader ZacksOil - Energy[6]sector. The industry currently carries a Zacks Industry Rank #61, which places it in the top 24% of more than 250 Zacks industries.

The group'sZacks Industry Rank[7], which is basically the average of the Zacks Rank of all the member stocks, indicates bullish near-term prospects. Our research shows that the top 50% of the Zacks-ranked industries outperforms the bottom 50% by a factor of more than 2 to 1.

The industry's position in the top 50% of the Zacks-ranked industries is a result of a positive earnings outlook for the constituent stocks in aggregate. Before we present a few oil and gas pipeline MLPs that you may want to consider for your portfolio, let's take a look at the industry's recent stock market performance and current valuation. Industry Outperforms S&P 500, Lags Sector The Zacks Oil and Gas - Pipeline MLP industry has lagged the broader Zacks Oil - Energy sector but outperformed the Zacks S&P 500 composite over the past year. The industry has gained 20.6% in the past year as compared to the rise of 41.7% and 5.5% of the broader sector and the S&P 500, respectively. Industry's Current Valuation Since midstream-focused oil and gas partnerships use fixed-rate debt for the majority of their borrowings, it makes sense to value them based on the EV/EBITDA (Enterprise Value/ Earnings before Interest Tax Depreciation and Amortization) ratio. This is because the valuation metric considers not just equity but also the level of debt. For capital-intensive stocks, EV/EBITDA is a better valuation metric because it is not influenced by changing capital structures and ignores the effect of non-cash expenses.

On the basis of the trailing 12-month enterprise value-to EBITDA (EV/EBITDA) ratio, the industry is currently trading at 10.60X, lower than the S&P 500's 14.41X. It is, however, significantly above the sector's trailing-12-month EV/EBITDA of 5.13X.

Over the past five years, the industry has traded as high as 16.06X, as low as 6.86X, with a median of 11.30X. 3 Oil & Gas Pipeline MLPs Moving Ahead of the Pack Delek Logistics Partners LP: In the midstream business space, Delek Logistics Partners is a well-known name. Investors are pleased with the stock after the announcement that Delek Logistics Partners has agreed to acquire 3Bear Energy, thereby increasing its footprint in the Permian - the most prolific basin in the United States. In 2022 and 2023, Zacks Rank #2 (Buy) Delek Logistics Partners is likely to see earnings growth of 15.6% and 16.7%, respectively.

Energy Transfer LP:The partnership has a huge network of midstream properties that comprise intrastate and interstate natural gas transportation and storage assets. Energy Transfer's midstream business includes transportation and storage assets for crude oil, natural gas liquids (NGL) and refined product. The interstate pipelines of Energy Transfer, which are spread over roughly 19,000 miles, have a throughput capacity of 21 billion cubic feet per day (Bcf/D).

Energy Transfer boasted that 95% of its revenues, derived from interstate pipelines, are based on fixed reservation fees. This signifies business stability and ensures handsome future distributions. Currently, Energy Transfer's distribution yield is 6% versus the energy sector's 4%. In fact, in the past year, the distribution yield of the stock, sporting a Zacks Rank #1 (Strong Buy), has been consistently higher than the energy sector. You can seethe complete list of today's Zacks #1 Rank stocks here[8].

ONEOK Inc: In the midstream space, ONEOK Inc is a well-known energy player. In the United States, employing its extensive midstream assets, ONEOK connects key market centers with the supply of natural gas liquids (NGL) in the Rocky Mountain, Mid-Continent and Permian areas. This helps ONEOK to generate stable cashflows. In 2022 and 2023, #2 Ranked ONEOK is likely to witness earnings growth of 13.1% and 6.4%, respectively. Why Haven't You Looked at Zacks' Top Stocks? Our 5 best-performing strategies have blown away the S&P's impressive +28.8% gain in 2021. Amazingly, they soared+40.3%, +48.2%, +67.6%, +94.4%,and+95.3%. Today you can access their live picks without cost or obligation.

See Stocks Free > >[9]

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Zacks Names "Single Best Pick to Double"

From thousands of stocks, 5 Zacks experts each have chosen their favorite to skyrocket +100% or more in months to come. From those 5, Director of Research Sheraz Mian hand-picks one to have the most explosive upside of all.

It's a little-known chemical company that's up 65% over last year, yet still dirt cheap. With unrelenting demand, soaring 2022 earnings estimates, and $1.5 billion for repurchasing shares, retail investors could jump in at any time.

This company could rival or surpass other recent Zacks' Stocks Set to Double like Boston Beer Company which shot up +143.0% in little more than 9 months and NVIDIA which boomed +175.9% in one year. Free: See Our Top Stock and 4 Runners Up > >[13]

Want the latest recommendations from Zacks Investment Research? Today, you can download 7 Best Stocks for the Next 30 Days. Click to get this free report[14] ONEOK, Inc. (OKE): Free Stock Analysis Report[15] Energy Transfer LP (ET): Free Stock Analysis Report[16] Delek Logistics Partners, L.P. (DKL): Free Stock Analysis Report[17] To read this article on Zacks.com click here.[18] Zacks Investment Research[19]

[ 1]: [*https://www.zacks.com/stock/quote/ET*](https://www.zacks.com/stock/quote/ET) [ 2]: [*https://www.zacks.com/stock/quote/OKE*](https://www.zacks.com/stock/quote/OKE) [ 3]: [*https://www.zacks.com/stock/quote/DKL*](https://www.zacks.com/stock/quote/DKL) [ 4]: [*https://www.zacks.com/commentary/1902049/bet-on-3-prospective-oil-pipeline-stocks-in-a-promising-industry*](https://www.zacks.com/commentary/1902049/bet-on-3-prospective-oil-pipeline-stocks-in-a-promising-industry) [ 5]: [*https://www.zacks.com/stocks/industry-rank/industry/oil-and-gas-production-pipeline-mlb-221*](https://www.zacks.com/stocks/industry-rank/industry/oil-and-gas-production-pipeline-mlb-221) [ 6]: [*https://www.zacks.com/stocks/industry-rank/sector/oils-energy-12*](https://www.zacks.com/stocks/industry-rank/sector/oils-energy-12) [ 7]: [*https://www.zacks.com/stocks/industry-rank/industries/*](https://www.zacks.com/stocks/industry-rank/industries/) [ 8]: [*https://www.zacks.com/stocks/buy-list/?ADID=zp\_1link\_invideas&ICID=zpi\_1link\_invideas*](https://www.zacks.com/stocks/buy-list/?ADID=zp_1link_invideas&ICID=zpi_1link_invideas) [ 9]: [*https://www.zacks.com/registration/rw/welcome/eoffer/38a7?site=ZCOM\_RW\_RW\_INDUSTRYOUTLOOK\_IND\_032422&icid=commentary-industry\_outlook-rw%7C032422-rw-commentary\_blog-text-eoac*](https://www.zacks.com/registration/rw/welcome/eoffer/38a7?site=ZCOM_RW_RW_INDUSTRYOUTLOOK_IND_032422&icid=commentary-industry_outlook-rw%7C032422-rw-commentary_blog-text-eoac) [ 10]: [*support@zacks.com*](mailto:support@zacks.com) [ 11]: [*https://www.zacks.com*](https://www.zacks.com) [ 12]: [*https://www.zacks.com/performance*](https://www.zacks.com/performance) [ 13]: [*https://www.zacks.com/registration/ultimatetrader/welcome/eoffer/4e87?add=1590&adid=NEWSTEX\_CONTENT\_ZU\_1S2DREPORT\_PRESSRELEASES\_04202022&cid=CS-NEWSTEX-FT-press\_releases-1903054*](https://www.zacks.com/registration/ultimatetrader/welcome/eoffer/4e87?add=1590&adid=NEWSTEX_CONTENT_ZU_1S2DREPORT_PRESSRELEASES_04202022&cid=CS-NEWSTEX-FT-press_releases-1903054) [ 14]: [*http://www.zacks.com/registration/pfp/?ALERT=RPT\_7BST\_LP194&ADID=NEWSTEX\_CONTENT\_ZER\_ARTCAT\_PRESSRELEASES&cid=CS-NEWSTEX-FT-press\_releases-1903054*](http://www.zacks.com/registration/pfp/?ALERT=RPT_7BST_LP194&ADID=NEWSTEX_CONTENT_ZER_ARTCAT_PRESSRELEASES&cid=CS-NEWSTEX-FT-press_releases-1903054) [ 15]: [*http://www.zacks.com/registration/pfp?ALERT=ZER\_LINK&d\_alert=ZER\_CONF&t=OKE&ADID=NEWSTEX\_CONTENT\_ZER\_ARTCAT\_PRESSRELEASES&cid=CS-NEWSTEX-FT-press\_releases-1903054*](http://www.zacks.com/registration/pfp?ALERT=ZER_LINK&d_alert=ZER_CONF&t=OKE&ADID=NEWSTEX_CONTENT_ZER_ARTCAT_PRESSRELEASES&cid=CS-NEWSTEX-FT-press_releases-1903054) [ 16]: [*http://www.zacks.com/registration/pfp?ALERT=ZR\_LINK&d\_alert=rd\_final\_rank&t=ET&ADID=NEWSTEX\_CONTENT\_ZR\_ARTCAT\_PRESSRELEASES&cid=CS-NEWSTEX-FT-press\_releases-1903054*](http://www.zacks.com/registration/pfp?ALERT=ZR_LINK&d_alert=rd_final_rank&t=ET&ADID=NEWSTEX_CONTENT_ZR_ARTCAT_PRESSRELEASES&cid=CS-NEWSTEX-FT-press_releases-1903054) [ 17]: [*http://www.zacks.com/registration/pfp?ALERT=ZR\_LINK&d\_alert=rd\_final\_rank&t=DKL&ADID=NEWSTEX\_CONTENT\_ZR\_ARTCAT\_PRESSRELEASES&cid=CS-NEWSTEX-FT-press\_releases-1903054*](http://www.zacks.com/registration/pfp?ALERT=ZR_LINK&d_alert=rd_final_rank&t=DKL&ADID=NEWSTEX_CONTENT_ZR_ARTCAT_PRESSRELEASES&cid=CS-NEWSTEX-FT-press_releases-1903054) [ 18]: [*http://www.zacks.com/stock/news/1903054/zacks-industry-outlook-highlights-energy-transfer-oneok-and-delek-logistics-partners?cid=CS-NEWSTEX-FT-press\_releases-1903054*](http://www.zacks.com/stock/news/1903054/zacks-industry-outlook-highlights-energy-transfer-oneok-and-delek-logistics-partners?cid=CS-NEWSTEX-FT-press_releases-1903054) [ 19]: [*http://www.zacks.com*](http://www.zacks.com)/

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