In cooperation with

Kinder Morgan (NYSE: KMI)

Equity Research Analysis – Kinder Morgan

12th April

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Introduction

This article is an analysis of the Kinder Morgan Stock in which we present both a buy-side and sell-side perspective. Kinder Morgan is a leading North American energy infrastructure company that mainly operates in the midstream segment. The article includes a company overview, a financial analysis, a SWOT analysis, an industry analysis, and a valuation part.

Key Executives

Steven J. Kean, CEO - CEO since June 2015 - Executive at Kinder Morgan since 2002
David P. Michels, CFO - CFO since April 2018 - With Kinder Morgan since 2012

Stock information 1

Last Closed Price	[$17.65]
Buy-side Implied Share Price	[$15.00]
Sell-side Implied Share Price	[$29.77]
FactSet Ticker	[KMI-US]
GICS Sector	[Energy]
GICS Sub-Industry	[Oil, Gas & Consumable Fuel]

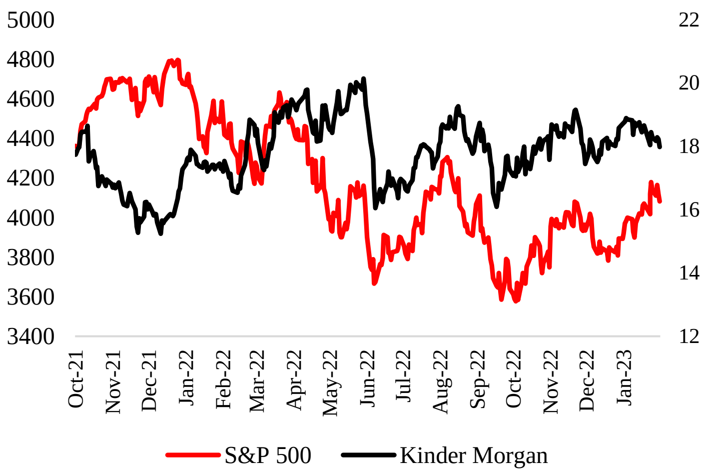
Stock information 2

Market Cap	[$39.67 bn]
Basic Shares O/S	[2.25 bn]
52-Wk High	[$20.20]
52-Wk Low	[$15.78]
Fiscal Year End	[31st December]

Business Activities

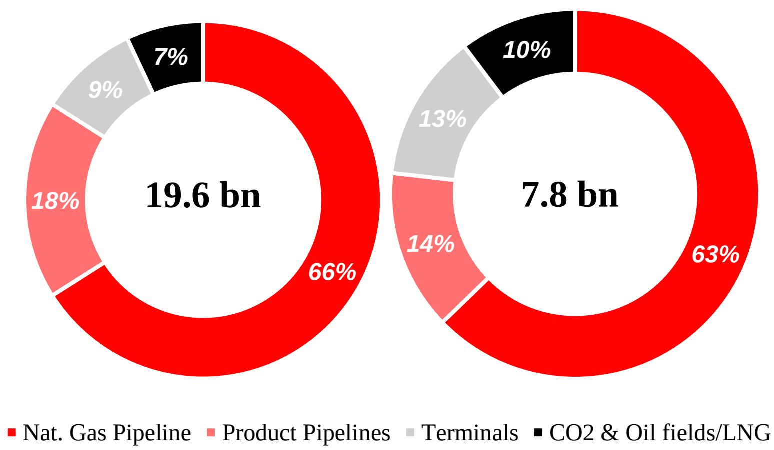
The four different segments consist of the following businesses: The biggest business "Natural gas pipeline" covers the storage and processing of natural gas while transporting about 40% of the national gas production. The second-largest business "Product Pipelines" mainly transports refined products and connects West and East Coast. The "Terminal" segment operates through 140 terminals and 16 Jones Act vessels. The fourth segment "CO2 & Oil fields/LNG" covers the transportation of CO2 through 1500 miles of pipelines where it is used for enhanced oil recovery.

Kinder Morgan vs S&P 500



Source: FactSet

Business Split: Sales (left) vs EBDA (right)



Source: Kinder Morgan & FactSet

I. Company Description

Kinder Morgan is an American energy infrastructure company that operates pipelines, terminals, and storage facilities for natural gas, crude oil, and refined petroleum products. The company was founded in 1997 and is headquartered in Houston, Texas. It is one of the largest energy companies in North America and has a diversified portfolio of assets, including over 85,000 miles of pipelines and 180 terminals across North America and the Caribbean making up a volume of over 40% of US natural gas transportation. Kinder Morgan's business model is focused on fee-based operations and long-term contracted assets. Even if usually presented as an Oil Services and Equipment Company, its interest goes beyond the oil market, due to its big investment in the field of the transportation of renewable fuels, gas, and carbon dioxide.

Since its foundation, Kinder Morgan has undergone several significant changes. Major events over the past two decades have taken place. In 2006, the company was taken private in a leveraged buyout valued at $22 billion by a group of investors that included Goldman Sachs and the Carlyle Group. In 2011, Kinder Morgan announced its acquisition of El Paso Corporation for $38 billion, which solidified its position as the largest natural gas pipeline company in North America and underwent an IPO in the same year. Three years later, in 2014, Kinder Morgan merged all of its publicly traded entities into a single company, Kinder Morgan Inc., in a deal worth $44 billion. In 2015, the company underwent a major restructuring, which involved the reduction of debt, asset sales, and a 75% cut in dividends. In 2018, Kinder Morgan announced the sale of its Trans Mountain Pipeline system in Canada to the government for $4.5 billion. Finally, in 2020, Kinder Morgan completed the Permian Highway Pipeline, which transports natural gas from West Texas to the Gulf Coast.

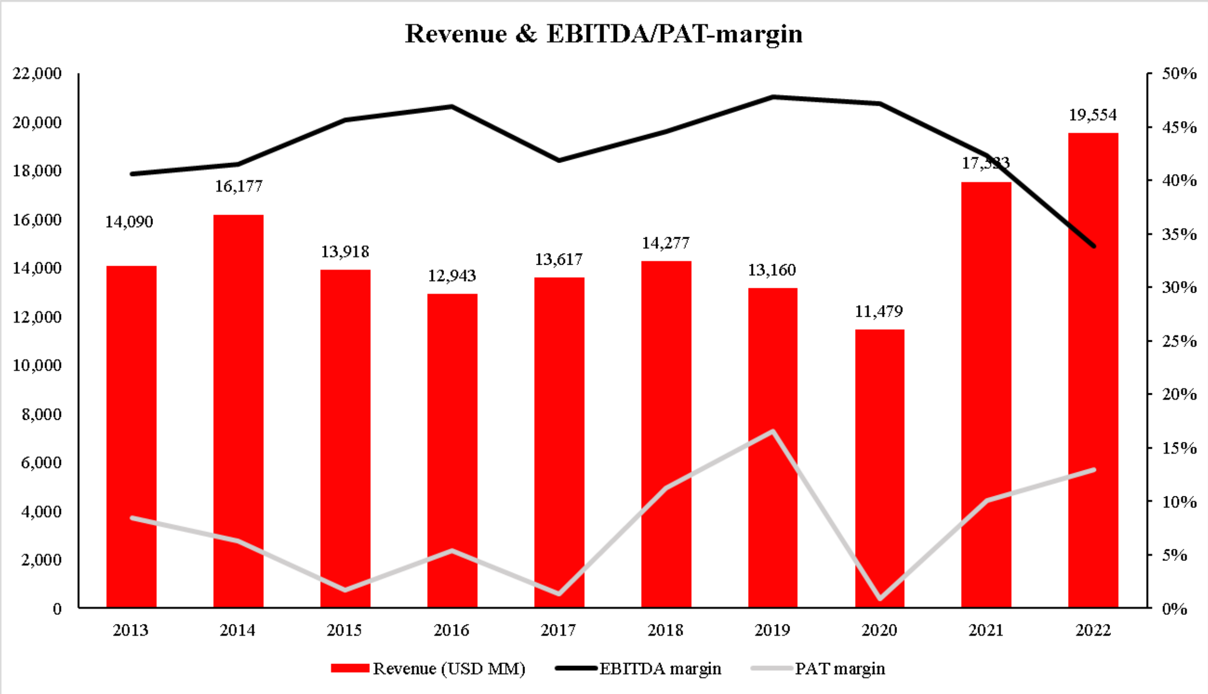
Taking a look at the stock performance, the highest price ever recorded was equal to 42,95 dollars back in the April of 2015, while the lowest point ever reached was equal to 14,92 dollars during December of the same year. Since its IPO in March 2011, the stock price has recorded an overall performance of – 38%. When it comes to the correlation of the stock with the NYSE Energy Index (NYE), we notice a monthly Beta (for the last 5 year) equal to 0,92; this is perfectly coherent with the industry Kinder Morgan operates in since its performance is supposed to be less cyclical than the average market. The EPS registered by the firm in 2021 was equal to 0,78; again, this is coherent with the financial history of the firm, whose EPS have been relatively constant during last years, with the understandable exception of 2020 (0,05).

Since 2016, dividends per share have been growing, reaching the current amount of approximately 0,28 USD, registering a six-year growth of 115%, but also a -46% from the highest level ever reached by the company (0,51 USD – December 2015).

II. Finanacial Analysis & Projections Sell-side

Over the past 20 years, the company has experienced significant growth in terms of both sales and total assets. From 2003 to 2014, Kinder Morgan saw a steady increase in sales, with a peak of $16.2 billion in 2014. However, in the years that followed, revenue declined to $11.5 billion in 2020 but reached a record value of 19.6 billion in 2022.

Figure 1: Historical Financials

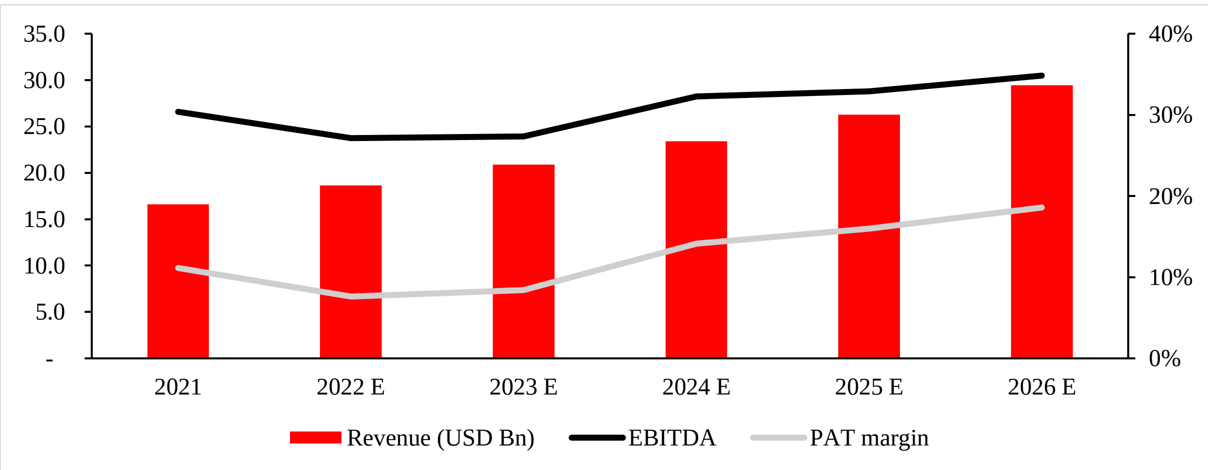


Source: Own illustration, data from FactSet

The company's net income has been somewhat more volatile, but generally increasing over the years. Net income reached a high of $2.2 billion in 2019 plunged to 106 million in 2020 and reached a record of 2.5 billion in 2022. Despite some fluctuations in financial performance, Kinder Morgan has consistently increased its total assets over the past 20 years. The company's total assets grew to $70.0 billion in 2022. Similarly, the total liabilities have also grown, but at a slower pace. In 2022 the total liabilities were $38.0 billion.

Overall, Kinder Morgan has seen significant growth and expansion over the past two decades, with a few ups and downs along the way. The company has a large and diverse portfolio of energy infrastructure assets and is poised to continue playing an important role in the energy industry in the years to come.

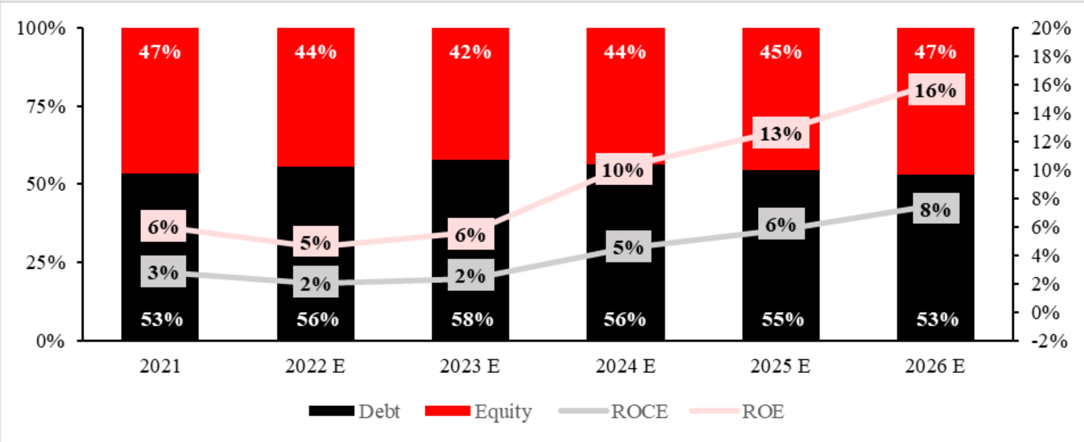
Figure 2: Projections of Financials



Source: Own illustration, data from FactSet

We expect the revenue to grow at a CAGR of 12.14%. The EBITDA margins were affected in the financial year 2021 by the increased cost of goods sold (COGS) thus, we expect COGS to return to normalcy by the end of 2026. This will get the EBITDA margins back to the previous levels of 35%.

Figure 3: Projection of Balance Sheet and Profitability Metrics



Source: Own illustriation, data from FactSet

The company is refinancing debt in order to have cash flows for the financial objectives it is currently pursuing such as paying steady dividends to the shareholders. After repaying the current portion of debt no cash flows are left to support the dividend released thus the need to raise some additional debt. The company could keep refinancing debt until 2025 and then witness increased cash flow which can support the reduction of debt as well as paying dividends. An alternative approach could be to reduce existing debt by not paying dividends until 2025.

Figure 4: Projections of Ratios

Particulars	2021	2022 E	2023 E	2024 E	2025 E	2026 E
Profitability ratios						
EBIT margin	18%	15%	17%	23%	24%	27%
EPS	0.82	0.63	0.77	1.46	1.85	2.42
ROA	3%	2%	2%	4%	5%	7%
Liquidity ratios						
Current ratio	0.66	1.17	2.15	1.91	1.72	1.50
Quick ratio	0.47	0.99	1.91	1.66	1.44	1.21
Debt-Equity ratio	1.15	1.26	1.37	1.28	1.20	1.13
Solvency ratios						
Debt-Asset ratio	0.50	0.52	0.54	0.52	0.51	0.49
Interest coverage ratio	0.40	0.51	0.49	0.32	0.26	0.21
Effeciency ratios						
Asset turnover ratio	0.24	0.25	0.26	0.30	0.34	0.38
Inventory turnover ratio	11.55	8.90	8.94	9.65	9.15	9.24
Trade receivable turnover ratio	10.31	9.62	9.63	9.84	9.70	9.72
Trade payable turnover ratio	5.16	3.74	3.80	4.14	3.88	3.93
Inventory days	31.6	41.0	40.8	37.8	39.9	39.5
Receivable days	35.4	37.9	37.9	37.1	37.6	37.5
Payable days	70.8	97.7	96.2	88.2	94.0	92.8

Source: Own illustration, data from FactSet

The margins are expected to increase because of improved operational efficiency. We expect an increase in the ROA as it is assumed that the revenue is increasing based on the current level of capex as a percentage of sales. However, if the company expands in new markets such as Asia as expected in our SWOT analysis, then these margins can change significantly.
The current ratio is affected significantly as in the projections we assume that the company will issue debt at the same percentage of revenue as done historically and the payment of debt will only be of the current portion. This increases the cash balance of the company which impacts the current assets section.
We assume that there won't be much additional efficiency gained in the projected period as the business is expected to continue running on current operational policies.

III. SWOT Analysis

This chapter will proceed with a brief SWOT analysis in which the buy-side opinion is marked in **red**, the sell-side opinion is marked in grey and overlapping opinions are marked in **black**.

Strengths:

Product diversification: As explained before, the business model of the firm consists in relying on multiple sources (gas, renewable energy, oil). This diversification enables Kinder Morgan to be very flexible when a specific shock hit one of the energy sources. At the same time, exogenous changes in demand can easily be satisfied by the firm due to its wide portfolio. However, it must be underlined that this does not protect the target from all shocks, since some of the changes in demand are transversal to the whole industry (the covid pandemic being a great example).

Big fish in a big ocean: the main market of Kinder Morgan is the US, currently the most developed market segment with arguably also the fastest growth in the world. In this environment, Kinder Morgan is a big player in terms of revenues, market cap, and volumes transported.

Financial strength: Kinder Morgan has stable financials and is increasing operating margins. The company pays high dividends with a YoY growth of +3% and was capable of self-funding 100% of its capex and dividends for the past six years. This stability, commitment to shareholders, and self-funding ability make Kinder Morgan an attractive option for investors.

Growth: The company operates in a field where demand for energy is increasing at a rapid pace, providing it with a strong foundation for growth. Secondly, Kinder Morgan is investing in infrastructure for natural gas, renewable natural gas (RNG), and liquid biofuels, which are expected to provide attractive returns. The company's infrastructure portfolio is one of the largest in the industry, and its leading position gives it an advantage in meeting the growing demand for energy.

Weaknesses:

Increasing costs: Due to the reduction in the availability of many traditional energy sources (oil is the perfect example), the extraction, research, and operational cost are increasing. This is reflected in the costs of firms like Kinder Morgan which are responsible for the transportation of these goods. Kinder Morgan is able to transfer this cost increase only partially to the customer, with a consequential reduction in operating margin.

Debt & CAPEX: The company is facing a significant burden due to its high debt load, which is a major financial obligation despite the efforts to manage it through refinancing. This burden may impact the company's financial stability and ability to pursue growth opportunities. Additionally, the company operates in an industry with high capital expenditure which requires a steady flow of cash to sustain operations and growth. The high capital expenditure puts pressure on the company's cash flow, requiring careful management of financial resources to ensure a consistent influx of funds and meet its obligations.

Opportunities:

Geographic expansion: Kinder Morgan is increasing its presence in the Asian markets, which are slowly gaining interest in ESG and are moving towards sustainable energy. Besides being a not-so-saturated market (unlike the US or European one), this geographical segment is also showing an encouraging trend of growth as these markets lack infrastructure and are focused on developing it. However, other players have attacked the market much more aggressively with huge investments and a higher degree of penetration, underlining the potential of the market.

Shale fields: Due to the scarcity of other traditional energy sources, exploration in the US has intensified, with the consequence of the discovery of many shale fields. Although the technology is still not totally mature when it comes to extracting gas from these shale sediments, this could represent a great growth opportunity within the domestic market. Unluckily, there is still some uncertainty regarding the technical details of this new technology.

Threats:

Governmental regulation: Recently the White House has repeatedly expressed the intention to play an even more active role in industry regulation due to high amounts of CO2 being emitted. Any policy or regulation brought against or requiring newer development can mandate a change in operation. The energy sector, especially in the current political situation, characterized by an increasing focus on ESG and green alternatives to oil and gas, is strongly subordinate to government policies and the influence of sovra-ordinated entities. This frequently results in a reduction of operational efficiency and less flexibility when it comes to operational and strategic decisions. The recent midterm election in the U.S. didn't show the expected "Red Wave", making it very likely that the democratic party will be leading during the next presidency. This will make government interference an even more probable element. To make the situation even worse, the possible alternative democratic candidates seem to have an even more rigid approach to environmental topics than President Biden.

Competitive market: The market, especially when it comes to the US, is characterized by a saturating number of competitors, which do compete on multiple levels including the length and capillarity of the infrastructure, but also the specific product carried and stored. Moreover, we are talking about a commodity, where diversification is almost absent so that the whole competition is based on the price of the service. Therefore, a price war is everything but unlikely and will strongly impact Kinder Morgan's financial results. Someone may object that the infrastructure industry is usually seen as a monopoly, with particularly long contracts, things that should all prevent this price war. However, given that the industry is based on a fee system in the US, and since many alternatives are available for domestic consumers, corporates, and national entities, we can't rule out the scenario of a price war.

Environmental Awareness: The public focus on ESG may be a dangerous boomerang for Kinder Morgan. Although the firm is making a consistent effort in this direction, a single step in the wrong direction may cause problems with many stakeholders, like direct customers and regulating entities.

Volatility: Although the width of the Kinder Morgan portfolio can be seen as strong insurance against volatility, it is undeniable that political and macroeconomic events may strongly affect the prices and volumes of the goods transported by Kinder Morgan. Recent history shows us how much of a threat this can pose for KMI.

IV. Buy-Side Industry Analysis

Defined industry: Midstream energy infrastructure in North America

Competitive Rivalry (high)

We found rivalry in the North American midstream energy industry to be rather high, mainly due to substantial barriers to exit due to long-term contracts and high capital intensity. Rivalry is further amplified by an increased market saturation due to excessive construction projects during the pre-pandemic years. Furthermore, product differentiation is restricted to mere location, prices, terms of service, flexibility, and reliability of service. Due to this lack of product differentiation, companies often compete directly within the same value proposition, leading to a high degree of price competition. Levels of competitive rivalry are thus considered relatively high in this industry.

Threats of Entrants (low)

The threat of new entrants is rather low. Whilst there is generally low brand awareness, switching costs for buyers are high as the required infrastructure is tailored to their specific geographies and needs. This, therefore, makes it hard for newcomers to acquire market share. Furthermore, the industry is subject to numerous regulations and requires a high capital cost of entry, reducing the attractiveness of entrants.

Buyers’ Power (moderate)

Our conclusions on buyers’ power are mixed. Firstly, none of KMI’s customers accounted for more than 10% of the revenues, indicating a wide customer base and thus high bargaining power of KMI. This is further amplified by the previously mentioned high switching costs for clients. Moreover, vertical integration is rather difficult due to the capital-intensive nature of the industry and because of the extensive midstream market expertise that is required (gathering/processing, transportation, and storage). One should however note that there are several energy companies that have achieved such vertical integration. Furthermore, upstream O&G companies have profited significantly from the recent surge in energy prices which lead to an industry-wide record high free cash flow of 1.4 trillion USD. We predict that this will lead to an increase in demand for midstream infrastructure and therefore a lower price sensitivity of clients.

Suppliers’ Power (high)

We found that equipment and service providers which Kinder Morgan needs for building and maintaining its infrastructure have relatively high bargaining power. The required equipment is often quite specific and service providers face a learning curve for providing individualized operations and maintenance work.

Threat of Substitutes (high)

Whilst there is little threat to the transportation and storage facilities needed for the distribution of O&G, there is an emerging demand trend to substitute O&G with renewable energy. With O&G being a complement to the service offering of midstream firms, a decline in demand for the prior will impact the latter negatively as well. Furthermore, this trend towards alternative sources of energy is expected to be accelerated with oil dependency issues coming to the forefront of the contemporary geopolitical environment.

V. Sell-Side Industry Analysis

Natural Gas Demand

Kinder Morgan is focusing on their natural gas business, as it accounts for over 70% of its revenue. Kinder Morgan sees natural gas to backstop renewable power and CO2. Natural gas plays an important role in the transition to renewable sources of energy. Natural gas provides a high efficiency both in production and consumption and provides a low-cost source of energy. With increasing energy costs, diversifiable sources are required to ensure access to affordable sources of energy. Demand for natural gas is expected to rise due to the high commodity prices which are expected to further increase according to Deloitte.

During the COVID-19 pandemic global demand for natural gas held up better than demand for other fuels and increased by 5% in 2021, double its average growth in the past decade. We have analysed that the industrial sector is the main catalyst for natural gas demand growth with a share of over 90% of its growth. The growth is expected to continue as natural gas usage will advance in the industrial services sector over the next decade. Kinder Morgan solely operates in the United States since their sale of Kinder Morgan Canada Ltd. to Pembina in 2019. With a yearly natural gas consumption of 30.28 trillion cubic feet in 2022 the US ranks higher than Russia, Iran, and Canada. In the US, the demand is expected to have a modest growth until the mid-2020s.

Natural Gas Supply & Transmission Infrastructure

The global market size for natural gas is over $1 trillion. In 2022, the United States surpassed Russia to become the largest natural gas producer in the world, followed by Russia, Iran, and China. Europe, once a significant producer of natural gas, now relies on Russia for over 40% of its supply. In the United States, total gas production is expected to increase from 970 billion cubic meters (bcm) in 2021 to just over 1050 bcm by 2030, with a growth rate of 1% per year, which is much lower than the 5% seen in the previous decade. According to the U.S Energy Information Administration, it is expected that by 2023 there will be an additional increase of 1.4 billion cubic feet per day (bcf/d) of natural gas production in the Permian basin in Texas, US.

In reaction to the expected demand growth in the United States, five new projects have been announced for expanding the capacity of existing pipelines, with four of them planned and one currently under construction, all announced in 2022. These projects will increase the transmission capacity by a combined 4.18 bcf/d over the next two years:

Kinder Morgan: Gulf Coast Express Pipeline Expansion, announced by Kinder Morgan will expand compression on the pipeline, increasing capacity by 0.57 to 2.55 bcf/d by December 2023

Kinder Morgan: Permian Highway Pipeline Expansion, will expand compression, increasing capacity by 0.55 bcf/d to 2.65 bcf/d. The project is expected to enter service in November 2023

WhiteWater & MPLX: The Whistler Pipeline Capacity Expansion, announced on May 2 by WhiteWater and MPLX expands compression by installing three new compressor stations on the pipeline, increasing capacity by 0.5 to 2.5 bcf/d by September 2023

EnLink Midstream, Devon Energy Corp, and MPLX: The newly planned Matterhorn Express Pipeline will be 490 miles long and will be able to transport up to 2.5 bcf/d of natural gas.

Energy Transfer: The Oasis Pipeline Modernization Project, which is already under construction will modernise and optimise the existing Oasis Pipeline. This expansion would provide an additional 0.06 bcf/d of Permian Basin takeaway capacity.

VI. Sell-side Valuation

Trading Multiples Description

We performed a market multiple analysis. We collected the data for both, equity and enterprise value multiples. We have considered the P/E, P/B, and P/Sales ratios for the equity side. On the EV side, we considered the EV/Sales, EV/EBITDA, and EV/EBIT multiples.

After we collected the market and financial data for 2020, 2021, and the last twelve months of the peer group we calculated the multiples of each year and calculated the 25^{th} percentile, average, median, and 75^{th} percentile. We have first derived the average of the multiples of the different years, then the equally weighted average of the different EV and equity multiples to calculate the implied equity value of $68.75B. Dividing it by the number of diluted shares outstanding results in a target share price of $30.34.

The key comparables for Kinder Morgan we have decided to add, include other large energy infrastructure companies such as Enterprise Products Partners. These companies also operate pipelines, terminals, and storage facilities, and are similar in size and scope to Kinder Morgan. Kinder Morgan has a strong focus on operating natural gas pipelines, which add up to over 70% of their revenues. Hence, we included smaller, more specialised energy infrastructure companies, especially midstream natural gas firms.

Kinder Morgan solely operates in the United States. Therefore, we have narrowed down the peer group to companies based in North America which have a significant amount of their pipelines and operations in North America.

Figure 5: Comparable Companies Analysis (Sell-side)

Comparables Valuation	P / B	P / Sales	P / E	EV / Sales	EV / EBITDA	EV / EBIT
Kinder Morgan Inc	**1.32x**	**2.79x**	**146.07x**			
Western Midstream Partners	3.56x	3.9x	14.3x	5.95x	9.86x	14.52x
Targa Resources Corp	2.84x	1.24x	4.37x	2.22x	11.95x	19.11x
Pembina Pipeline	4.39x	2.67x	-17.62x	3.18x	10.92x	14.64x
ONEOK Inc	4.97x	2.2x	28.77x	3.18x	13.92x	17.77x
MPLX	2.62x	3.51x	-9.03x	5.3x	10.x	13.31x
Williams Cos	3.x	4.4x	83.25x	6.51x	12.85x	22.97x
Enterprise Prods Partners	2.04x	1.42x	12.01x	2.18x	9.91x	13.81x
TC Energy	2.22x	4.32x	18.97x	7.77x	12.16x	17.46x
25th. Percentile	2.52x	1.91x	10.87x	2.64x	10.38x	14.02x
Median	2.92x	3.15x	16.39x	4.46x	11.16x	15.92x
75th. Percentile	3.77x	3.93x	21.49x	6.04x	12.45x	18.77x
Implied Equity Value in USD B	123,245	49,697	70,382	75,590	69,032	24,559
Share Price in USD	54.39	21.93	31.06	33.36	30.46	10.84

Source: Own illustration, data from FactSet

Transaction Multiples Description

Besides the trading multiples, we also valued Kinder Morgan based on transaction multiples. In selecting comparable transactions for our analysis, we established three criteria. Firstly, the transactions had to take place within North America. Secondly, the transaction had to involve a majority stake. Finally, the transaction has not taken place more than two years prior to our analysis. In terms of size, the targets in the transactions were significantly smaller but we made sure to keep the compared companies within a certain size range and that all companies were similar in terms of business activities to maintain consistency in our analysis. In total the range of the values of the 5 transactions that were picked was between the 25_{th} (8.1x) and 75_{th} (13.7x) percentile resulting in a median EV/EBITDA multiple of 9.4x. The implied valuation from the transaction multiple methods for Kinder Morgan is thereby a median EV of $70,425 million or a price of $31.26 per share.

Figure 6: Precedent Transactions Analysis (Sell-side)

Buyer	Target	Closing Date ($/share)	Market Data EV ($M)	EBITDA - Target ($M)	Valuation EV/EBITDA (LTM) x
	Kinder Morgan			**7,492.00**	
Crestwood Equity Partners LP	Oasis Petroleum Inc.	01.02.2022	1,808	222	8.1x
MasTec, Inc.	Infrastructure & Energy Alternatives, Inc.	07.10.2022	1,060	113	9.4x
TC Energy Corp.	TC Pipelines LP	03.03.2021	4,091	298	13.7x
Enable Midstream Partners LP	Energy Transfer LP	02.12.2021	7,206	903	7.6x
Brookfield Infrastructure Partners LP	Inter Pipeline Ltd.	28.10.2021	11,994	722	16.6x

Particluars	Implied EV in M		Implied Share Price		Multiple
25th. Percentile	USD	60,685	USD	26.94	8.1x
Average	USD	82,996	USD	36.84	11.1x
Median	USD	70,425	USD	31.26	9.4x
75th. Percentile	USD	102,640	USD	45.56	13.7x

Source: Own illustration, data from FactSet

Discounted Cash Flow Analysis Description

We performed a Discounted Cash Flow (DCF) analysis to assess the fair value of the company. To arrive at the fair value of the share price we computed the future free cash flows and the terminal value and then discounted them to present value through a WACC as shown in the figure 7 below. Certain assumptions related to the profitability, operations & capital expenditures were taken based on historic averages and certain plans laid out by the management in order to compute the free cash flow to the firm (FCFF).

Once we arrived to the free cash flow stage, we discounted it to the present value by using Weighted average cost of capital (WACC) as our discounting measure. WACC comprises of cost of equity and debt in relation to their weightage in the capital structure. The computation of cost of equity is done using the Capital asset pricing model (CAPM) and cost debt is taken based on the interest rate net of taxes that the firm is paying currently.

As per the DCF analysis the company is highly undervalued where its CMP is USD 18.6 per share and the fair value is USD 27.7 per share i.e., 48.7% inexpensive.

Figure 7: DCF Analysis (Sell-side)

Particulars	2022 E	2023 E	2024 E	2025 E	2026 E
EBIT	2'886	3'534	5'341	6'373	7'920
Tax	783	966	1'724	2'097	2'759
Nopat	**2'103**	**2'568**	**3'617**	**4'275**	**5'161**
Add: Depreciation	2'168	2'174	2'218	2'271	2'341
Add/Less: Working capital changes	119	-109	-169	-90	-170
Add/Less: Capital expenditure	-2'318	-2'271	-2'959	-3'147	-3'484
Unlevered FCFs	**2'071**	**2'362**	**2'707**	**3'310**	**3'848**
Time period	0.5	1.5	2.5	3.5	4.5
Discount rate	0.96	0.89	0.82	0.76	0.71
DCF	**1'993**	**2'102**	**2'230**	**2'522**	**2'713**

Discounted Unlevered FCFs	**11'559**
Growth Rate	4.7%
Wacc	8.1%
6th Period value	4'027
Terminal Value (Perpetual Growth)	118'326
Discounted Terminal Value	**83'432**
Total Enterprise Value	**94'992**
Debt	33'320
Cash	1'140
Equity value	**62'812**
Diluted Shares Outstanding	2'266
Share price	**28**
CMP	18.63
Premium	48.79%

10-year treasury rate	3.73%
Market risk premium	10.40%
Adj. Beta	0.762
Cost of Equity	**11.65%**
Cost of Debt	4.48%
Equity Weight	55.89%
Debt Weight	44.11%
Effective tax rate	21.00%
WACC	**8.1%**

Source: Own illustration, data from FactSet

Figure 8: Sensitivity Analysis (Buy-side)

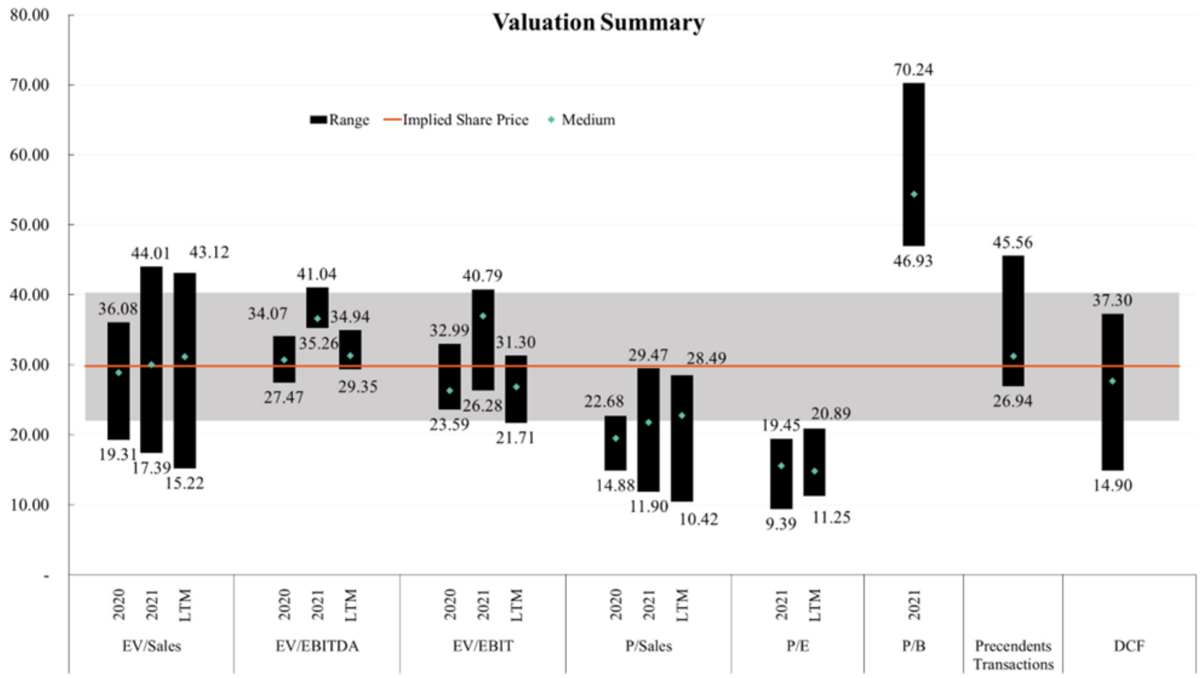
Particluars		Wacc					
	28	6.57%	7.07%	7.57%	8.07%	8.57%	9.07%
Growth Rate	3.17%	18	17	17	16	16	15
	3.67%	21	20	20	19	18	18
	4.17%	25	24	24	23	22	21
	4.67%	30	29	29	28	27	26
	5.17%	37	36	35	34	33	32

Source: Own illustration, data from FactSet

Valuation Summary

Three different methods were used to value Kinder Morgan on the sell side. The Trading Multiples implied an equity value of $68.75 B or a target share price of $30.34. The Transaction Multiples implied a median EV of $70,425 million or a price of $31.26 per share. The Discounted Cash Flow implied a fair value of $27.7 per share. The valuations of each method differ slightly with a range of 13% from lowest to highest and an average implied share price of $29.77. This can have many reasons but will most likely be caused due to the differences in assumptions, data sources, and methodologies used in each method.

Figure 9: Football Field Chart (Sell-side)



Source: Own illustration, data from own calculations

VII. Buy-side Valuation

Trading Multiples Description

As a first step, the buy-side built a portfolio of possible comparable firms, based on different criteria: revenues and market cap, industry, growth, and the operational structure. Two choices need to be underlined: first of all, due to the high diversification of Kinder Morgan's business model, we decided to include firms that, although have energy like exposure, also have sources of revenues different from one of the targets. Therefore, it was not possible to use industry-specific multiples for our valuation, since each one would have been a bad fit for at least a couple of companies in our sample. Moreover, a certain degree of flexibility is needed since the perfect comparable does not exist, we excluded a company very similar but with an operative structure and a growth process very far from the one of Kinder Morgan. To be more specific, we decided not to include companies with an EBITDA margin and an EBITDA one-year growth rate smaller than 20% and 3% respectively. This process provided us with the 7 comparables shown below (in figure 10). The EV/EBITDA multiple was chosen due to the high robustness and independence of accounting standard of the value at the denominator. Moreover, the multiple is often used when the firm to value presents important investments so that the inevitable high D&A is not in the way. reliability of the P/E multiple comes from the fact that it is the most used multiple in corporate valuation. As stated before, growth was already a determinant factor in the choice of the portfolio of comparables, which is why using forward multiple, or the PEG forecasted is not necessary. We wanted to avoid the risk of an overestimation of Kinder Morgan due to unrealistic growth expectations, especially considering the current negative outlook for the global economy, and thus chose a trailing PE multiple.

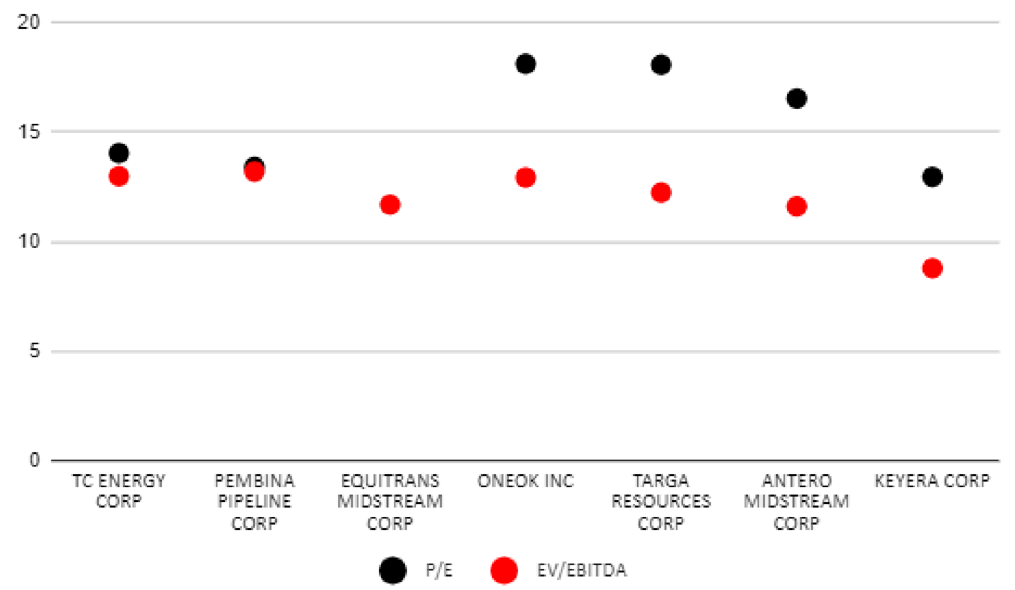
Averaging the values, we found a comparable EV/EBITDA and P/E ratio equal to 11,9x and 15,5x respectively. Therefore, the implied EV from the trading multiples relative valuation resulted equal to 80.699 million dollars and 71.317 million dollars, resulting in an arithmetic average EV of 76.009 million dollars.

Figure 10: Comparable Companies Analysis (Buy-side)

Company	Market Data & Capital Composition		Valuation	
	Share Price	Enterprise Value (mln)	EV/EBITDA TTM	P/E TTM
KINDER MORGAN	$18.88	$75,074.00	12.26	17.22
TC ENERGY CORP	$45.25	$88,310.00	12.98	14.03
PEMBINA PIPELINE CORP	$35.69	$29,100.00	13.19	13.40
EQUITRANS MIDSTREAM CORP	$8.16	$11,470.00	11.68	
ONEOK INC	$64.91	$42,850.00	12.92	18.11
TARGA RESOURCES CORP	$73.72	$31,300.00	12.23	18.07
ANTERO MIDSTREAM CORP	$11.09	$8,450.00	11.60	16.53
KEYERA CORP	$22.46	$7,630.00	8.78	12.95

Source: Own illustration, data from Bloomberg

Figure 11: Trading Multiples (Buy-side)



Source: Own illustration, data from Bloomberg

Transaction Multiples Description

Ideally, a perfectly comparable deal would have been a US firm as the target, operating in the same industry and with a comparable size. Moreover, due to the particular situation in energy markets transactions older than one year weren't considered. It is impossible to find such a transaction, considering the huge size of Kinder Morgan. We also wanted to include mainly US targets, due to the important role that the White House has in the regulation of this industry. Therefore, we had to compromise on the size of the targets, accepting also firms that are smaller than Kinder Morgan, but that had capital structures and strategies very similar to our target. For specific data about each of the considered transactions, please consult the appendix.

The average EV/EBITDA and P/E multiples of the 9 transactions were 7,55x and 9,56x respectively as shown in figure 12. Once that, we arrived at the implied Equity Value of Kinder Morgan, which was 19,599 million USD (EV/EBITDA) and 24,873 million USD (P/E). However, this time we had also to consider two types of implied premia in the comparables multiple. The first one, the simple acquisition premium, was estimated at 26% from STATISTA for the energy industry; the second one, was the private control premium. All the transactions considered were involving the majority of the outstanding shares on the market, so an additional majority-stake premium needed to be considered: this was estimated by Dyck-Zingales at 14%. After having discounted the above-mentioned values for these premiums, we added back the net debt value, concluding with a relative valuation of $47,070 million (the average between the values implied in the two multiples).

The reader may notice that the value obtained with this last method differs substantially from the ones above; this can easily be explained by two facts. First, being this a buy-side report, it is a normal bias in the selection of comparable transactions that allows the buyer to obtain a lower EV value. Second, discounting for the premium, the values obtained are reduced once more.

Finally, we conclude our relative analysis with an average of the two multiples used, arriving at a final EV for Kinder Morgan of $61,539 million.

Figure 12: Precedent Transactions Analysis (Buy-side)

			Valuation	
Date of transaction	Buyer	Target	EV/EBITDA (LTM)	P/E (LTM)
	TLND	**Kinder Morgan**		
09/15/2022	Crestwood Equity Partners LP	Oasis Petroleum Inc.	11,9x	NA
10/07/2022	MasTec, Inc.	Infrastructure & Energy Alternatives, Inc.	10,8x	NA
07/01/2022	Patria Investments Limited	Contour Global do Brasil Participacoes Ltda	9,5x	NA
07/28/2022	PBF Energy Inc.	PBF Logistics LP	7,0x	7,2x
4/20/2022	Iberdrola SA	Celpe	6,6x	9,0x
10/17/2022	Hamm Family	Continental Resources, Inc.	5,4x	8,7x
4/25/2022	Vertex Resource Group Ltd	Cordy Oilfield Services Inc	4,9x	5,2x
07/12/2022	Kistos Plc	Serica Energy plc	3,3x	13,6x
09/06/2022	Falcon Minerals Corp	Brigham Minerals, Inc.	8,6x	13,6x

Particulars	EV/EBITDA	P/E
25th. Percentile	5,4x	7,6x
Average	7,6x	9,6x
Median	7,0x	8,9x
75th. Percentile	9,5x	12,5x

Source: Own illustration, data from Bloomberg

Discounted Cash Flow Analysis Description

To capture the intrinsic value of KMI and complement our relative findings with absolute values, we conducted a discounted cash flow analysis using the perpetual growth method.

For such, we calculated the unlevered free cash flows (UFCFs) for the last three years. We projected these UFCFs 5 years into the future using three different scenarios. For the pessimistic scenario, we forecasted the UFCFs with the average growth rate estimates of KMI's FCFs for future years. The optimistic forecasts were projected using the average historical growth rate. Finally, for the base case scenario, we used the latter projections but made the UFCF growth rate converge to the steady state (equal to terminal value growth rate).

To arrive at a suitable discount rate (WACC), we calculated the cost of equity using the 10-year treasury rate, market risk premium, and the adj. beta. Incorporating the cost of debt, capital structure, and the effective tax rate, we arrived at a WACC of 6.12%. Furthermore, we established our growth rate as the avg. 4-year US inflation rate.

Through our analysis, we arrived at a terminal enterprise value (TEV) of 69.5 billion USD and a fair per share value of 16.33 USD. This implies that KMI is slightly overvalued at the time of this writing (by approx. 12%).

Figure 13:DCF Analysis of Base Case (Buy-side)

Discounted Cash Flow	2023	2024	2025	2026	2027
Unlevered FCFs	2470	2555	2634	2706	2770

Discounted Unlevered FCFs	**10992.890**
Growth rate	2.38%
WACC	6.118%
Terminal value (Perpetual Growth)	75877.134
Discounted Terminal Value	**56386.532**
Total Enterprise Value	**67379.421**
Debt	33'635
Cash	1'147
Equity Value	**34891.421**
Diluted shares outstanding	2'266
Equity Value/Share	**15.40**

10-year treasury rate	4.26%
Market risk premium	5.40%
Adj. Beta	0.755
Cost of Equity	**8.34%**
Cost of Debt	4.20%
Equity Weight	54.10%
Debt Weight	45.90%
Effective tax rate	16.63%
WACC	**6.118%**

Source: Own Illustration, data from FactSet

Figure 14: Sensitivity Analysis of Base Case DCF Results (Buy-side)

Equity Value/Share		WACC				
	15.40	4.12%	5.12%	**6.12%**	7.12%	8.12%
Growth rate	1.38%	27.756	16.466	9.941	5.690	2.701
	1.88%	36.229	20.597	12.339	7.233	3.764
	2.38%	49.573	26.235	15.378	9.102	5.013
	2.88%	73.676	34.391	19.355	11.412	6.500
	3.38%	130.352	47.233	24.784	14.339	8.301

Source: Own Illustration, data from FactSet

Valuation Summary

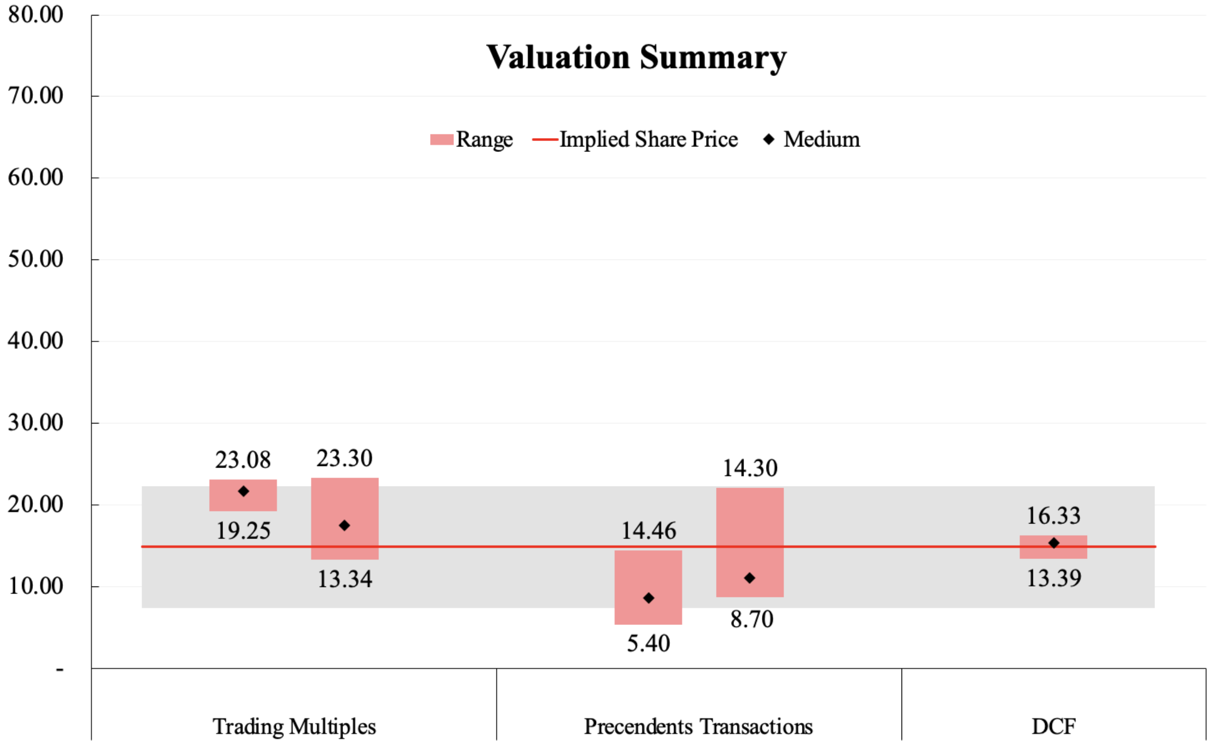
To summarise, the trading multiples, transaction multiples, and DCF valuation methods gave us total enterprise values (TEVs) of 76.01 billion USD, 44.62 billion USD, and 67.38 billion USD respectively. The buy-side therefore suggests an average TEV of approximately 62.7 billion USD.

That being said, many reasons can justify the discrepancy in our valuation outcomes: first of all, a huge part of this work is based on assumptions, which can (and should) be different depending on the valuation method used. Moreover, there are some intrinsic differences between the two methods which can explain the difference in values.

By taking into account KMI's net debt position (about 31.6 billion) and the number of diluted outstanding shares (22.66 bilions as for Dec. 2022), we estimated the target price for the stock. The implied target stock price from trading multiples is 21.7 USD (EV/EBITDA) and 17.5 USD (P/E). The transaction multiples exhibit lower values, being 8.64 USD per stock (EV/EBITDA) and 11.13 USD per stock (P/E). Finally, the DCF analysis provides us with an estimate of 15.40 USD per stock.

Taking the above-mentioned values into consideration, the buy-side proposes a buy-price that is not higher than 15 USD per share. This represents a discount of approximately 16% from its current share price (17.44 USD per share at the time of this writing).

Figure 15: Football Field Chart (Buy-side)



Source: Own Illustration, data from own calculations

VII. Appendix:

Sell-Side Comparables

Peer Group		Market Data			Financial Data												
		Share Price	Market Cap	EV	BV	Sales			EBITDA			EBIT			Earnings		
FY					2021	2020	2021	LTM	2020	2021	LTM	2020	2021	LTM	2020	2021	LTM
Identifier (RIC)	Company Name	($/share)	($M)	($M)	($M)	($M)	($M)	($M)	($M)	($M)	($M)	($M)	($M)	($M)	($M)	($M)	($M)
KMI	**Kinder Morgan Inc**	**18.63**	**42,216**		**31,921**	**11,700**	**16,610**	**19,046**	**5,411**	**7,419**	**7,492**	**3,247**	**5,284**	**4,481**	**106**	**1,770**	**2,620**
WES-US	Western Midstream Partners	28.15	11,028	16,824	3,096	2,549	2,698	3,360	1,556	1,535	2,158	1,065	983	1,578	516	896	1,195
TRGP.N	Targa Resources Corp	75.08	16,840	30,209	5,928	8,273	17,440	23,629	2,134	2,695	2,880	1,265	1,820	1,792	-1,554	71	860
PPL-CA	Pembina Pipeline	49.01	27,255	32,472	11,371	6,202	8,627	11,271	2,524	2,910	3,716	1,809	2,171	2,952	-316	1,242	2,382
OKE.N	ONEOK Inc	67.01	29,910	43,152	6,015	8,457	17,272	22,312	2,480	3,475	3,616	1,901	2,853	2,787	613	1,500	1,703
MPLX-US	MPLX	33.85	34,100	51,515	13,017	8,505	9,706	11,389	4,735	5,049	5,774	3,358	3,762	4,722	-720	3,077	3,708
WMB-US	Williams Cos	34.87	42,276	62,654	14,101	7,719	10,572	11,396	4,314	4,440	6,324	2,558	2,553	3,154	211	1,517	1,965
EPD-US	Enterprise Prods Partners	24.76	53,976	82,876	26,439	26,671	41,567	57,471	7,088	9,196	9,195	4,977	6,532	6,863	3,744	4,601	5,455
TRP-CA	TC Energy	59.10	58,619	105,312	26,439	12,833	13,135	14,868	8,228	8,176	9,750	5,638	5,654	6,990	4,616	1,955	4,120

Peer Group		Market Data			Valuation															
		Share Price	Market Cap	EV	P / B	P / Sales			EV / Sales			EV / EBITDA			EV / EBIT			P / E		
FY					2021	2020	2021	LTM	2020	2021	LTM	2020	2021	LTM	2020	2021	LTM	2020	2021	LTM
Identifier (RIC)	Company Name	($/share)	($M)	($M)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
KMI	**Kinder Morgan Inc**	**18.63**	**42,216**		**1.32x**	**3.61x**	**2.54x**	**2.22x**	**.x**	**.x**	**.x**	**.x**	**.x**	**.x**	**.x**	**.x**	**.x**	**398.26x**	**23.85x**	**16.11x**
WES-US	Western Midstream Partners	28.15	11,028	16,824	**3.56x**	**4.33x**	**4.09x**	**3.28x**	**6.6x**	**6.24x**	**5.01x**	**10.81x**	**10.96x**	**7.8x**	**15.8x**	**17.11x**	**10.66x**	**21.37x**	**12.31x**	**9.23x**
TRGP.N	Targa Resources Corp	75.08	16,840	30,209	2.84x	2.04x	.97x	.71x	3.65x	1.73x	1.28x	14.16x	11.21x	10.49x	23.88x	16.6x	16.86x	-10.84x		19.58x
PPL-CA	Pembina Pipeline	49.01	27,255	32,472	4.39x	3.16x	2.42x	2.42x	5.24x	3.76x	2.88x	12.87x	11.16x	8.74x	17.95x	14.96x	11.x	-86.25x	21.94x	11.44x
OKE.N	ONEOK Inc	67.01	29,910	43,152	4.97x	3.54x	1.73x	1.34x	5.1x	2.5x	1.93x	17.4x	12.42x	11.93x	22.7x	15.13x	15.48x	48.79x	19.94x	17.56x
MPLX-US	MPLX	33.85	34,100	51,515	2.62x	4.01x	3.51x	2.99x	6.06x	5.31x	4.52x	10.88x	10.2x	8.92x	15.34x	13.69x	10.91x	-47.36x	11.08x	9.2x
WMB-US	Williams Cos	34.87	42,276	62,654	3.x	5.48x	4.x	3.71x	8.12x	5.93x	5.5x	14.52x	14.11x	9.91x	24.49x	24.54x	19.86x	200.36x	27.87x	21.51x
EPD-US	Enterprise Prods Partners	24.76	53,976	82,876	2.04x	2.02x	1.3x	.94x	3.11x	1.99x	1.44x	11.69x	9.01x	9.01x	16.65x	12.69x	12.08x	14.42x	11.73x	9.89x
TRP-CA	TC Energy	59.10	58,619	105,312	2.22x	4.57x	4.46x	3.94x	8.21x	8.02x	7.08x	12.8x	12.88x	10.8x	18.68x	18.63x	15.07x	12.7x	29.98x	14.23x

Multiples of Peer Group	P / B	P / Sales			EV / Sales			EV / EBITDA			EV / EBIT			P / E		
	2021	2020	2021	LTM	2020	2021	LTM	2020	2021	LTM	2020	2021	LTM	2020	2021	LTM
	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Min	2.04x	2.02x	.97x	.71x	3.11x	1.73x	1.28x	10.81x	9.01x	7.8x	15.34x	12.69x	10.66x		11.08x	9.2x
25th Percentile	2.52x	2.88x	1.62x	1.24x	4.74x	2.37x	1.81x	11.49x	10.77x	8.88x	16.44x	14.64x	10.98x		12.02x	9.73x
Median	2.92x	3.77x	2.97x	2.71x	5.65x	4.54x	3.7x	12.83x	11.18x	9.46x	18.31x	15.86x	13.57x		19.94x	12.83x
Mean	3.21x	3.64x	2.81x	2.42x	5.76x	4.43x	3.71x	13.14x	11.49x	9.7x	19.44x	16.67x	13.99x		19.27x	14.08x
75th Percentile	3.77x	4.39x	4.02x	3.39x	6.98x	6.x	5.13x	14.25x	12.53x	10.57x	22.99x	17.49x	15.83x		24.91x	18.07x
Max	3.x	5.48x	4.46x	3.94x	8.21x	8.02x	7.08x	17.4x	14.11x	11.93x	24.49x	24.54x	19.86x		29.98x	21.51x

Average Share Price	P / B	P / Sales			EV / Sales			EV / EBITDA			EV / EBIT			P / E		
	2021	2020	2021	LTM	2020	2021	LTM	2020	2021	LTM	2020	2021	LTM	2020	2021	LTM
	($/share)	($/share)	($/share)	($/share)	($/share)	($/share)	($/share)	($/share)	($/share)	($/share)	($/share)	($/share)	($/share)	($/share)	($/share)	($/share)
25th Percentile	46.93	14.88	11.90	10.42	19.31	17.39	15.22	27.47	35.26	29.35	23.59	34.14	21.71	0.00	9.39	11.25
Median	54.39	19.51	21.74	22.75	28.85	30.01	31.12	30.68	36.62	31.28	26.28	36.99	26.84	0.00	15.58	14.84
75th Percentile	70.24	22.68	29.47	28.49	36.08	44.01	43.12	34.07	41.04	34.94	32.99	40.79	31.30	0.00	19.45	20.89

Average Multiple	P / B	P / Sales	EV / Sales	EV / EBITDA	EV / EBIT	P / E
	x	x	x	x	x	x
Min	2.04x	1.23x	2.04x	9.21x	12.9x	10.14x
25th Percentile	2.52x	1.91x	2.97x	10.38x	14.02x	10.87x
Median	2.92x	3.15x	4.63x	11.16x	15.92x	16.39x
Mean	3.21x	2.96x	4.63x	11.45x	16.7x	16.67x
75th Percentile	3.77x	3.93x	6.04x	12.45x	18.77x	21.49x
Max	3.x	4.63x	7.77x	14.48x	22.97x	25.75x

EV Average	EV ($M)	Share Price ($/share)	P / B ($M)	P / Sales ($M)	EV / Sales ($M)	EV / EBITDA ($M)	EV / EBIT ($M)	P / E ($M)
Min	45,226	22.15	86,184.35	19,479.37	32,191.55	62,366.91	55,937.62	15,195.40
25th Percentile	55,152	26.21	106,342.05	30,212.83	46,951.04	70,305.65	60,804.86	16,296.42
Median	69,197	32.04	123,245.03	49,697.06	73,055.94	75,590.05	69,032.00	24,559.39
Mean	71,680	32.84	135,334.16	46,666.31	73,138.87	77,529.14	72,425.55	24,987.68
75th Percentile	85,749	38.43	159,159.03	62,072.22	95,306.37	84,333.27	81,418.30	32,201.85
Max	93,092	47.16	126,565.91	73,045.65	122,636.98	98,098.56	99,613.53	38,589.65

Short description of sell-side peer comps:

Western Midstream Partners *owns, develops, and operates midstream assets and is headquartered in The Woodlands, Texas. The company engages in the business of processing natural gas, natural gas liquids, crude oil, and water. Western MiIdstream turned over $2.88*

B in revenues in 2021 making it a significantly smaller firm than Kinder Morgan. In addition, the Company, in its capacity as a natural gas processor, buys and sells natural gas.

***Targa Resources Corp** is an American natural gas processing and liquid natural gas transportation company, which is headquartered in Houston, Texas. Targa operates mainly in the southern United states and turned over approximately $17 B in 2021, making it a competitor on an equal footing to Kinder Morgan. The main business of the company is the transportation, storage and processing of natural gas, LPG and NGL, but it also stores and distributes crude oil.*

***Pembina Pipeline** is a Canadian pipeline operator based in Calgary, Alberta. The company operates a pipeline network in western Canada and an interconnector pipeline in the U.S. The company's revenues were $6.88 B in 2021, making it substantially smaller than Kinder Morgan. Pembina Pipeline has transportation and storage capacity for crude oil, condensate, liquid natural gas and natural gas. Furthermore, the company maintains processing facilities for oil and gas.*

***ONEOK Inc** is an American pipeline operator headquartered in Tulsa, Oklahoma. It is a leading midstream service provider engaged in the gathering, processing, storage, and transportation of natural gas and natural gas liquids. ONEK had a revenue of approximately $16.5 B in 2021 making it equally big as Kinder Morgan.*

***MPLX** is an American midstream energy company based in Findlay, Ohio. It engages in the gathering, processing, and transportation of natural gas, natural gas liquids, and crude oil. The company's revenues were $9.71 B in 2021, making it substantially smaller than Kinder Morgan. The company has a diversified asset base that includes pipelines, storage facilities, and processing plants in various regions of the United States and has a small presence in Canada.*

***Williams Companies** is a leading American energy infrastructure company based in Tulsa, Oklahoma. It engages in a variety of businesses, including natural gas and oil exploration and production, natural gas processing and transportation, and natural gas liquids fractionation and transportation. With a revenue of $10.63 B it is notably smaller than Kinder Morgan. In addition to the USA and Canada, Williams is also active in Argentina.*

***Enterprise Products Partners L.P.** is a leading American midstream energy company based in Houston, Texas. It engages in the gathering, processing, transportation, and storage of natural gas, natural gas liquids, crude oil, and refined products. A revenue of $40.81 B makes it a significantly bigger player than Kinder Morgan. In addition to the USA and Canada, Enterprise Products Partners is also active in Mexico.*

***TC Energy** formerly known as TransCanada Corporation, is a leading Canadian energy infrastructure company based in Calgary, Alberta**.** It engages in the development and operation of oil and natural gas pipelines, storage facilities, and power plants. The revenue of $13.39 B makes it slightly smaller than Kinder Morgan. In addition to the USA and Canada, TC Energy also has a small presence in Mexico.*

Short description of buy-side peer comps:

***TC Energy** is a major North American energy company, based in Calgary, Alberta, Canada, that builds and runs energy infrastructure in Canada, the US, and Mexico. It is involved in three core businesses: Natural Gas Pipelines, Liquids Pipelines and Energy. The Natural Gas Pipeline network includes 92,600 kilometres (57,539 miles) of gas pipeline, providing transport to more than 25% of North American natural gas demand.*

***Pembina Pipeline** is a Canadian firm that operates transportation and storage infrastructure involved in the delivery of oil and natural gas to and from parts of Western Canada, which is the source of all the product transported by its systems (including the Syncrude, Horizon and Cheecham oilsands pipelines).*

***Equitrans Midstream Corporation**, also known as E-Train, is an American energy company involved in the pipeline transportation of natural gas and natural gas liquids. The headquarter is located in Canonsburg, Pennsylvania. Equitrans Midstream is mainly known for co-financing the Mountain Valley Pipeline, of which it owns a majority 48 percent interest. The $2.5 billion, 303 mi (488 km) project was announced in 2014 and has been in service since 2018. It links Marcellus and Utica natural gas shale fields with East Coast markets.*

***Oneok, Inc.** is an American diversified corporation operating primarily in the natural gas industry, and headquartered in Tulsa, Oklahoma. Oneok's Energy Services operation focuses primarily on marketing natural gas and related services, which derives about 84 percent of its earnings from the physical marketing business.*

***Targa Resources Corp.** is a company headquartered in Houston, Texas. Targa, a midstream energy infrastructure corporation, is one of the largest firm delivering natural gas and natural gas liquids in the United States. Their operations are based largely, though not entirely, on the Gulf Coast, particularly in Texas and Louisiana.*

***Antero Resources Corporation** is an American company involved in hydrocarbon exploration. It operates mainly in Delaware and headquartered in Denver, Colorado. The company's reserves are entirely in the Appalachian Basin and are extracted using hydraulic fracturing.*

***Keyera** is one of the largest midstream oil and gas operators in Canada. The firm services oil and gas producers in Western Canada and transports natural gas liquids such as propane, ethane, butane, condensate, and iso-octane to markets throughout North America.*