

Energy Transfer LP (ET) – Target @ \$14.63



Today's Price: \$9.79
 Dividend Yield: 7.2%
 Market Cap: \$30.18 B
 Industry: Energy
 Headquarters: Dallas, TX

A growing company with efforts to expand into new spaces as well as continue in their previous operations and expand those as well.

Business Overview

Energy Transfer LP provides natural gas pipeline transportation and transmission services. It operates through the following segments: Intrastate Transportation and Storage, Interstate Transportation and Storage, Midstream, NGL and Refined Products Transportation and Services, Crude Oil Transportation and Services, Investment in Sunoco LP, Investment in USAC, and All Other. ET is currently expanding into renewable energy transportation as well.

Revenue Segmentation: Investment in Sunoco LP: 29%, Crude Oil Transportation and Services: 29%, Natural Gas Liquid and Refined Products Transportation and Services: 28%, and other: 13%.

Thesis Points

- 1. Diverse Established Business Segments:** The company is working toward established diverse segments. They are also starting to make correct go-time decisions within growing industries because they are feasible. The source of income yearly is all coming in from different sources.
- 2. Expansion into New Subsections and Countries:** Energy Transfer has taken large strides to increase their depth and reach of client need. In the last 10 years, ET has expanded their business segments to include several new aspects, all of which are contributing to the financial stance ET is in. ET has not only diversified their business segmentation, but they have also re-invested a lot back into their company to allow this new expansion. In addition, ET has recently signed an MOU with Panama.
- 3. Environmentally Conscious Initiatives:** ET is not naive to the newest player in the energy game: renewable energy. Because of this, ET has placed the expansion into their renewable field at the top of their priorities. ET is mostly focusing on Tech Driven Emission Preventions as well as in-line inspection tools. ET is correctly positioning themselves to be able to take advantage of the inevitable boom that renewable energy will have in the industry.



Industry Overview

Energy Transfer is a very prominent player in the Natural Gas Transportation industry, as well as the energy industry as well. The market size of US Natural Gas Distribution Industry is around 163 B, with expansion inevitable. The top 5 states of natural gas production are Texas (23.9%), Pennsylvania (21.1%), Louisiana (9.5%), Oklahoma (7.6%), and West Virginia (7.1%). The US became the largest natural gas producer in 2014, and is expected to increase consumption natural gas largely due to growth in the industrial and electric power sectors. Resilient demand for goods provided by this industry as replacing natural gas is costly and time consuming, which are great signs for ET's backers.



Additional Commentary

Key Points to look at:

- 7.2% Dividend yield!
- Broker outlooks on Factset

