Plains All American Pipeline, L.P.

Energy Prospectus Group
A Division of DMS Publishing, LLC

Company Profile

January 7, 2025

Management

Willie Chiang, Chairman and CEO
Harry Pefanis, President & Director
Al Swanson, EVP & CFO
Chris Chandler, EVP & COO
Jeremy Goebel, EVP & CCO
Richard McGee, EVP & General Counsel

www.plains.com

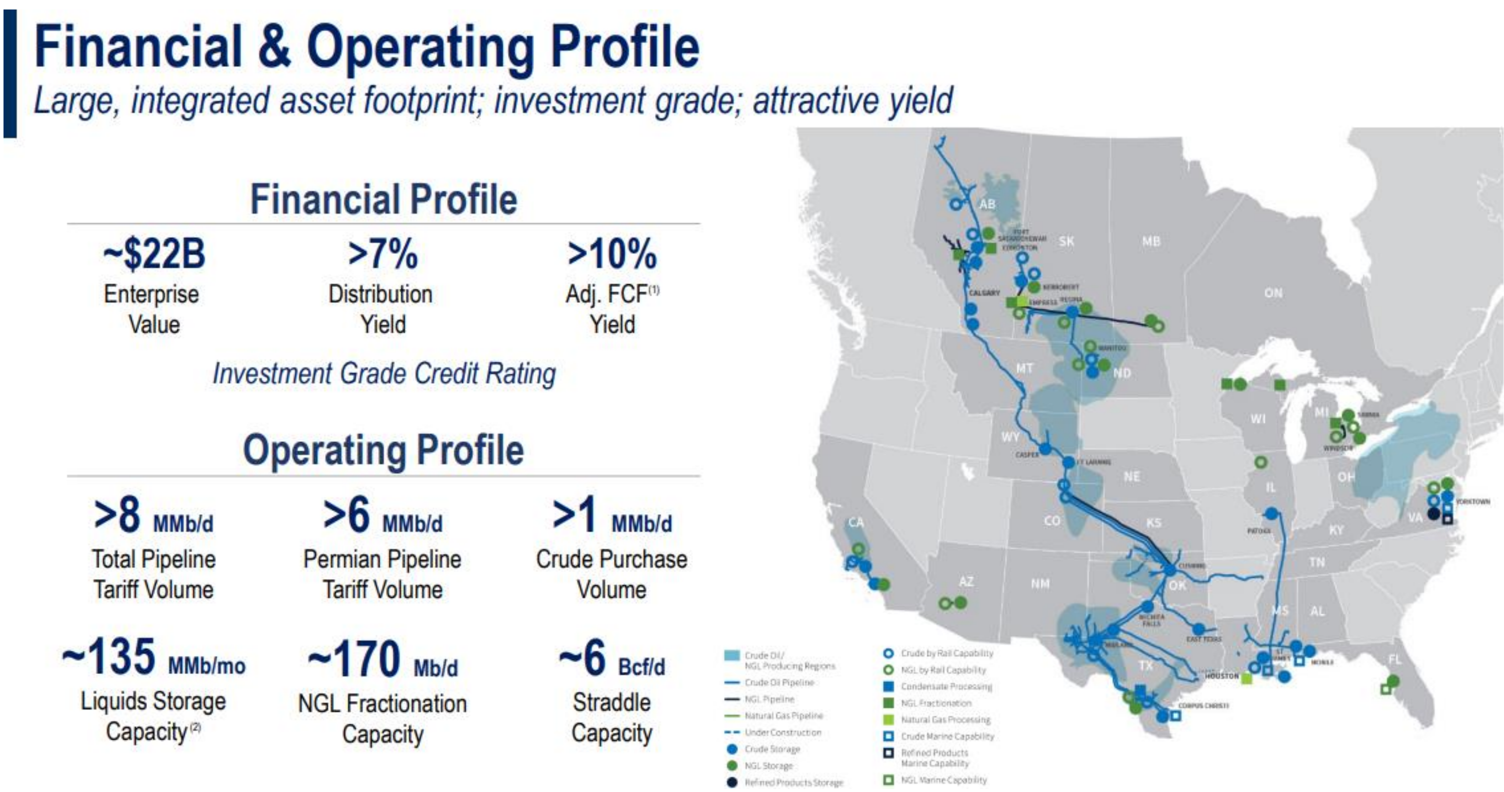
EPG Commentary by Dan Steffens

Plains All American Pipeline LP (NYSE: PAA) is a midstream master limited partnership (MLP). **Plains GP Holdings (NYSE: PAGP)** is in our *High Yield Income Portfolio*. PAA is one of the largest midstream companies in North America and its business is tied directly to the production of liquids in North America (Oil & NGLs).

Both companies recently increased their quarterly dividends by $0.05 to $0.3175/share. **Annualized yield is ~7.22% for PAA and ~6.75% for PAGP based on the share prices as of the date of this report.**

PAA has told the market that it plans to increase distribution by at least $0.15/unit in 2025 and 2026

See PAA's "Free Cash Flow Priorities" on page 8



Upstream companies are increasing production in the Permian Basin, much of which will be going into midstream assets owned by PAA. Most of PAA's revenues are Fee-Based Cash Flow generated from operating critical infrastructure, strategically located assets, significantly contracted, long-term partnerships and a strategy that is aligned with their customers.

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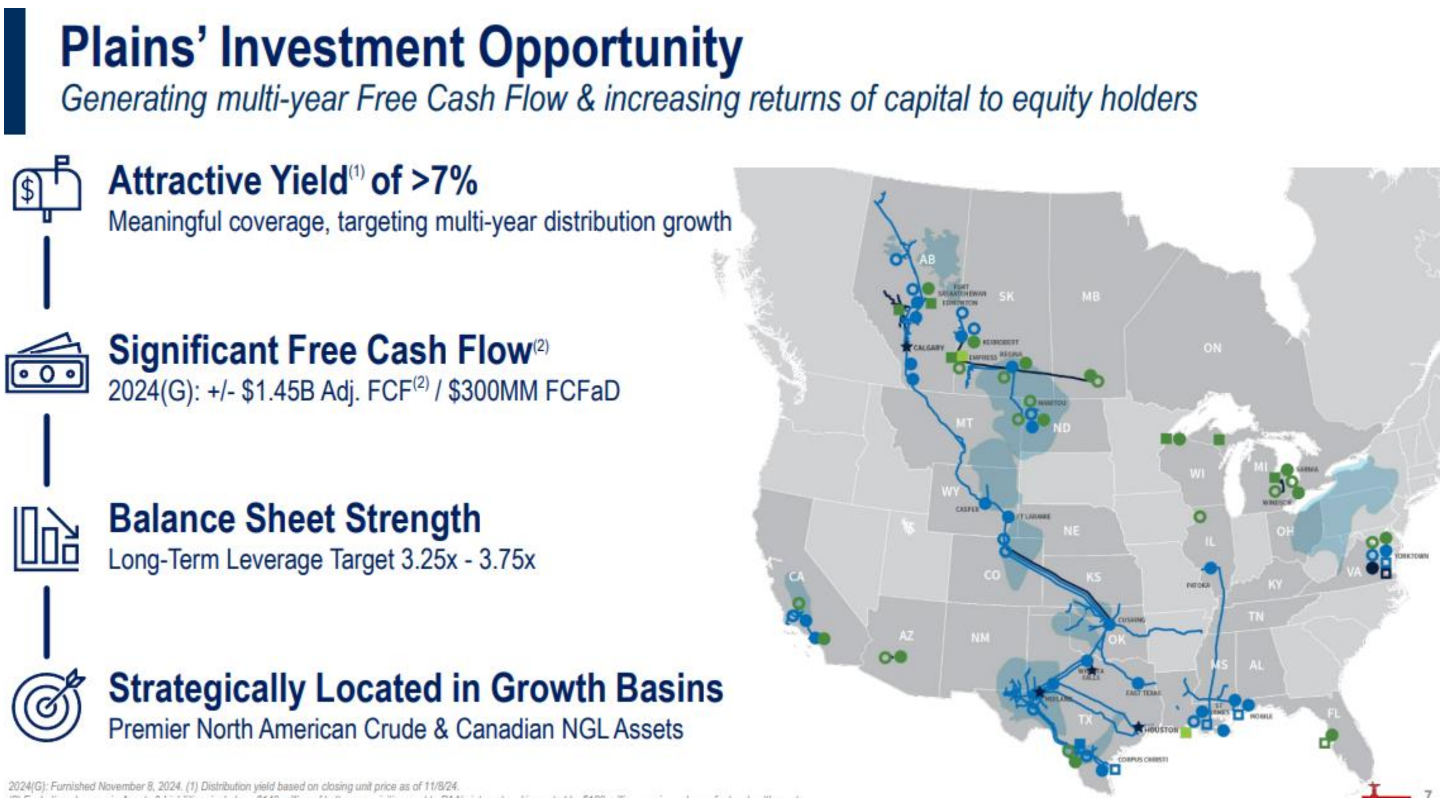
The Company has a strong portfolio of long-haul pipelines, which are substantially backed by long-term 3rd party contracted commitments. Their combination of supply-push and demand-pull pipelines are integrated with Plains' owned hub terminals at Cushing, Midland, Patoka and St. James.

There are two ways to invest in this one. PAA is a Master Limited Partnership (MLP), and the General Partner (PAGP) is a C-Corp. Investors in PAGP do not get a K-1. Most of PAA's distributions are treated as return of capital (non-taxable until you sell the units).

Since PAGP is a C-Corp., it is more appropriate for an IRA.

In my opinion, PAGP is a classic "Growth & Income" stock for Buy & Hold Investors. The Green New Deal is not going to reduce demand for the services provided by PAA for many more decades. As illustrated in the chart on page 4, gathering, transporting and storage of oil, natural gas and NGLs will be needed through at least the end of this century.



The Permian Basin is PAA's largest asset concentration with the highest leverage to growth.

My Fair Value Estimate for PAGP is $22.00/share

Compare to TipRank's Price Target of $19.67

Disclosure: I do not have a position in PAA or PAGP. I do not intend on buying or selling any shales in the next 72 hours. I wrote this profile myself, and it expresses my own opinions. I am not receiving compensation for it from the company. I have no business relationship with any company whose stock is mentioned in this article.

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Company Overview

Plains All American Pipeline, L.P. (NYSE: PAA) is a Houston-based publicly traded **master limited partnership** that owns and operates midstream energy infrastructure and provides logistics services for crude oil, natural gas liquids and natural gas. PAA owns an extensive network of pipeline transportation, terminalling, storage and gathering assets in key crude oil and NGL producing basins and transportation corridors and at major market hubs in the United States and Canada.

Plains GP Holdings (NYSE: PAGP) is a publicly traded entity that owns a non-economic controlling general partner interest in PAA and an indirect limited partner interest in PAA. **PAGP is a C-Corp. (no K-1)**.

Business Strategy

PAA's principal business strategy is to provide competitive and efficient midstream transportation, terminaling, storage, processing, fractionation, and supply & logistics services to producers, refiners and other customers. Toward this end, they endeavor to address regional supply and demand imbalances for crude oil and natural gas liquids in the United States and Canada by combining the strategic location and capabilities of their transportation, terminaling, storage, processing, and fractionation assets with their extensive supply, logistics, and distribution expertise.

- Commercially optimizing its existing assets and realizing cost efficiencies through operational improvements;
- Using its transportation (including pipeline, rail, barge and truck), terminal, storage, processing and fractionation assets in conjunction with its supply and logistics activities to capitalize on inefficient energy markets and to address physical market imbalances, mitigate inherent risks and increase margin;
- Developing and implementing internal growth projects that
    - Address evolving crude oil and NGL needs in the midstream transportation and infrastructure sector
    - Are well positioned to benefit from long-term industry trends and opportunities;
- Selectively pursuing strategic and accretive acquisitions that complement its existing asset base and distribution capabilities.

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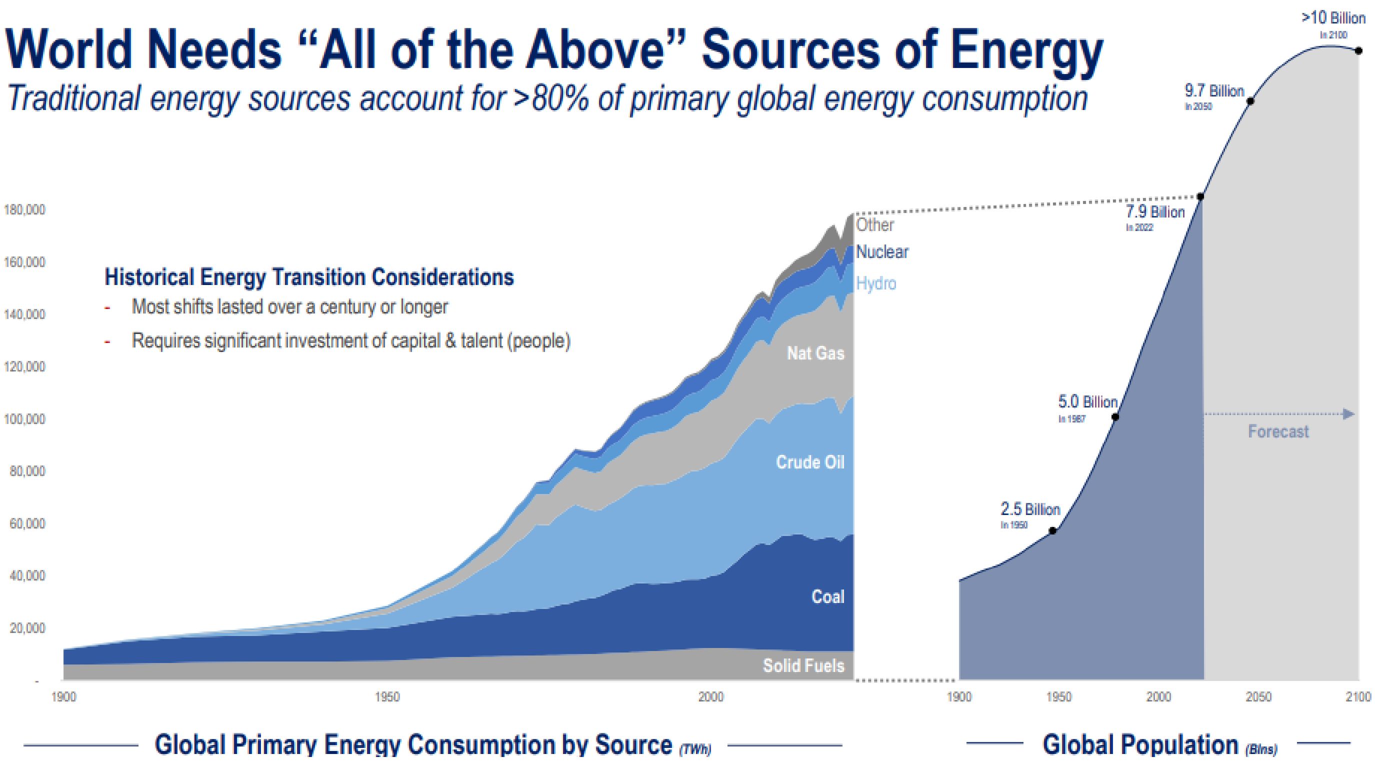

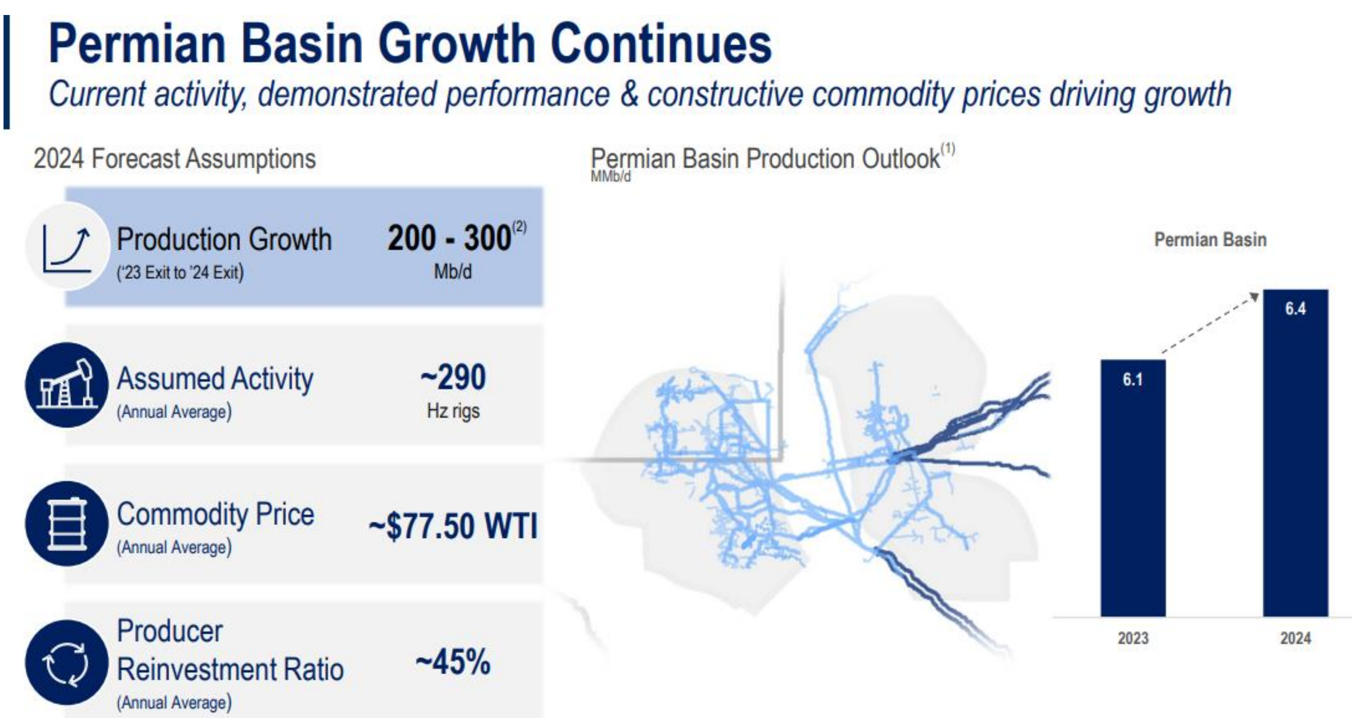

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Third Quarter 2024 Results

- Reported net income attributable to PAA of $220 million and net cash provided by operating activities of $692 million. *< Adjusted Operated Cash was $647 million for Q3, on pace for $2,675 million in 2024.*
- Delivered solid Adjusted EBITDA attributable to PAA of $659 million.
- Progress made on efficient growth strategy with a small bolt-on acquisition of a Permian gathering system.
- Exited the quarter with 3.0x leverage ratio, below PAA's target range of 3.25x – 3.75x.
- Received Moody's upgrade from Baa3 to Baa2 with stable outlook; now mid-BBB at all three credit rating agencies.
- Resolved remaining material Line 901 claims against Plains with two lawsuit settlements resulting in a $120 million charge to GAAP earnings.

"We delivered solid operational and financial results in the third quarter and we continue to make progress on our efficient growth strategy, which includes generating multi-year Free Cash Flow, maintaining capital discipline and returning capital to our investors while preserving financial flexibility. Our company is well positioned, and we have grown increasingly confident in both the durability and cash generating potential of the asset base. The improved outlook for the year provides more confidence in our long-term return of capital framework, which should continue creating value for our unitholders."
– Willie Chiang, Chairman and CEO of Plains.

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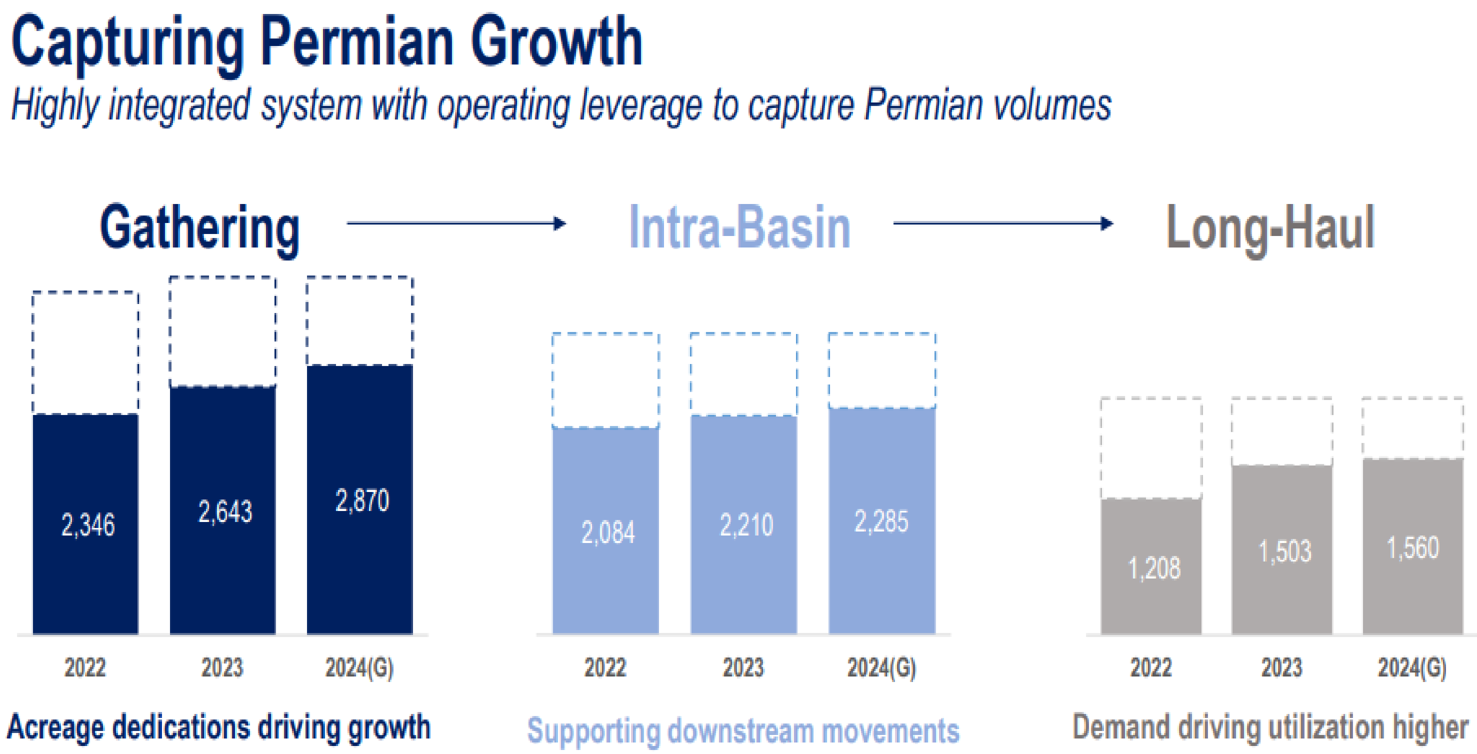
Permian Long-Haul Contracting Update

- Increased contracted volumes and extended the term of certain contracts such that the weighted average contract duration of the Company's Permian long-haul portfolio is approximately 5-years, through 2028, including new contracts or extensions on Cactus I, Cactus II and Basin/Sunrise.
- Expect underlying growth in the business and contributions from efficient growth investments to offset lower contracted rates resulting in broadly flat Adjusted EBITDA in 2026 as compared to 2024 guidance for the Crude Oil segment.

Third Quarter 2024 Financial and Operating Update



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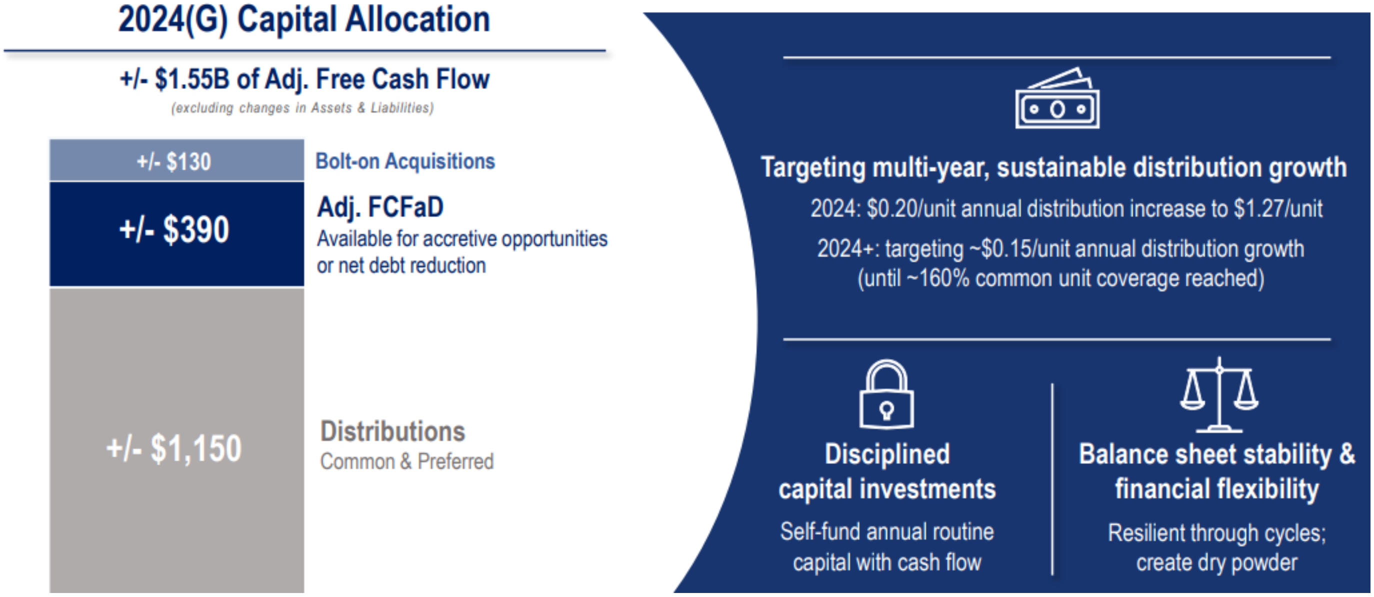
Free Cash Flow Priorities

Committed to capital discipline, significant return of capital & financial flexibility



2024(G): Financial & Operational Metrics & Assumptions

Financial *($MM, except per-unit metrics)*	**2024(G)[1]**
Adjusted EBITDA attributable to PAA	**$2,725 - $2,775**
Crude Oil Segment	2,270
NGL Segment	465
Other	15
Distributable Cash Flow available to Common Unitholders	**$1,700**
Common Unit Distribution Coverage Ratio	**190%**
Adj. Free Cash Flow (excluding changes in Assets & Liabilities)	**$1,550**
Adj. Free Cash Flow After Distributions (excluding changes in Assets & Liabilities)	**$390**

Operational (Mb/d)	
	Crude Oil
Crude Pipeline Volumes [2]	**8,925**
Permian	6,715
Other	2,210
	NGL
C3+ Spec Product Sales [3]	56
Fractionation Volumes	130

Capital	**Net to PAA**	**Consolidated**
Investment	**$375**	**$465**
Crude	235	325
Permian JV	165	255
Other	70	70
NGL	140	140
Maintenance	**$250**	**$270**
Total	**$625**	**$735**

Key Assumptions	
	Commodities
WTI	$77.50/bbl
Propane / Butane	42.5% / 47.5% of WTI
AECO	$2.90 CAD/GJ
	Operational
Permian Production	200 - 300 Mb/d (exit-to-exit)
C3+ Sales Hedged [4]	+/- 90%

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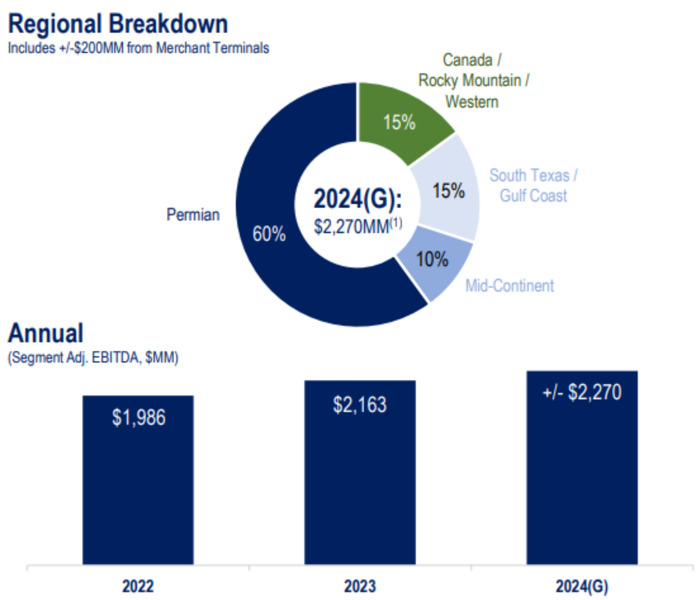
PAA manages its operations through two operating segments: Crude Oil & NGL. PAA's management team evaluates segment performance based on a variety of measures including segment profit, segment volumes, segment profit per barrel and maintenance capital investment. Previously, PAA managed operations through three operating segments, but the Company reorganized to the new structure in the fourth quarter of 2021.

Crude Oil: Third-quarter 2024 Crude Oil Segment Adjusted EBITDA increased 4% versus comparable 2023 results primarily due to higher tariff volumes on our pipelines, tariff escalations and contributions from acquisitions. These items were partially offset by fewer market-based opportunities.

Crude Oil Segment Detail

Capturing growth via operating leverage & bolt-on acquisitions



Tariff Volumes (Mb/d)	2022FY	2023FY	2024(G)
Gathering	2,346	2,643	2,870
Intra-Basin	2,084	2,210	2,285
Long-Haul	1,208	1,503	1,560
Total [2]	**5,638**	**6,356**	**6,715**
Canada	328	341	340
Rocky Mountain	332	372	480
Western	179	214	260
Total	**839**	**927**	**1,080**
South Texas / Eagle Ford	357	410	400
Gulf Coast	219	260	230
Total	**576**	**670**	**630**
Mid-Continent [2]	**512**	**507**	**500**
Total Crude Tariff Volumes	***7,565***	***8,460***	***8,925***

NGL: Third-quarter 2024 NGL Segment Adjusted EBITDA decreased 26% versus comparable 2023 results primarily due to lower weighted average frac spreads in the third quarter of 2024.

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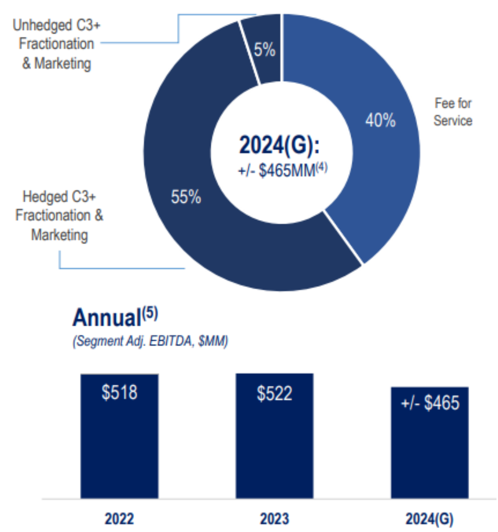
NGL Segment Detail

C3+ Frac Spread substantially hedged for 2024

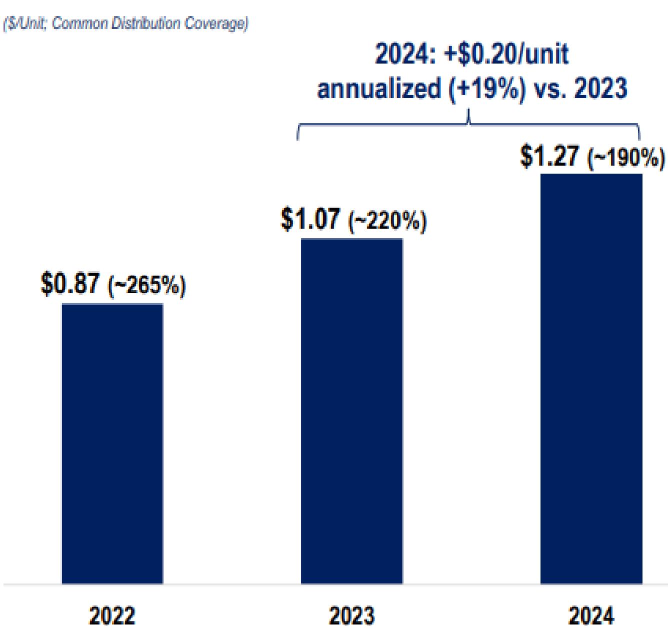
- **Majority of EBITDA generated by C3+ frac spread benefit**
  - Purchase AECO natural gas & sell spec products (C3+) on Mont Belvieu pricing(1)
  - +/- 56 Mb/d of total NGL sales has Frac Spread exposure
  - +/- 90% of C3+ sales hedged(2)
- **Fee for Service**
  - Third-party throughput(3): fractionate, store, and transport (~45 Mb/d not included in reported NGL sales)
  - Net purchased volume (purity and Y-grade): transport, fractionate, store & sell (~45 Mb/d)



Returns of Capital and Senior Notes

Delivering on Increasing Returns of Capital to Equity Holders

Targeting multi-year, sustainable distribution growth



Future Considerations

- Subject to board approval, financial positioning, business outlook & investment opportunities
- Upon reaching target coverage, further distribution increases driven by future DCF growth & competing allocation priorities
- Future potential increases expected to be payable in the first quarter of each calendar year

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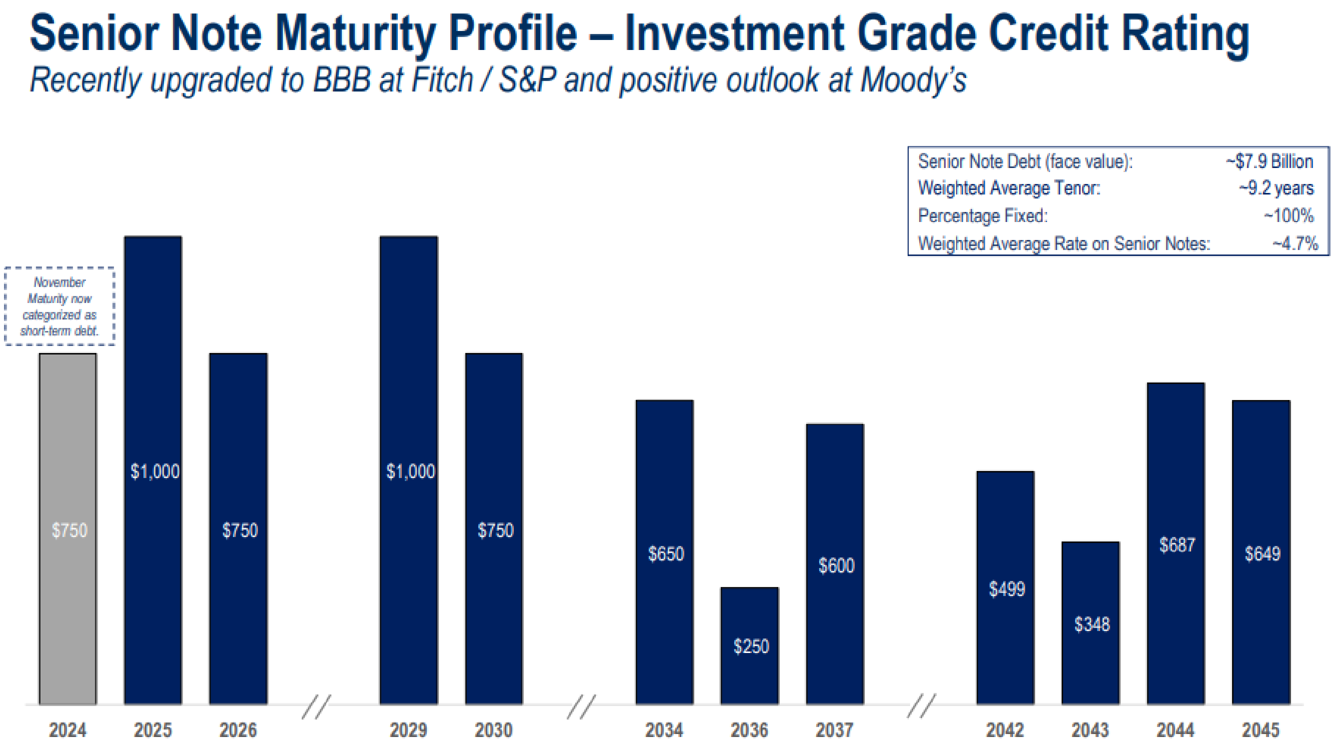
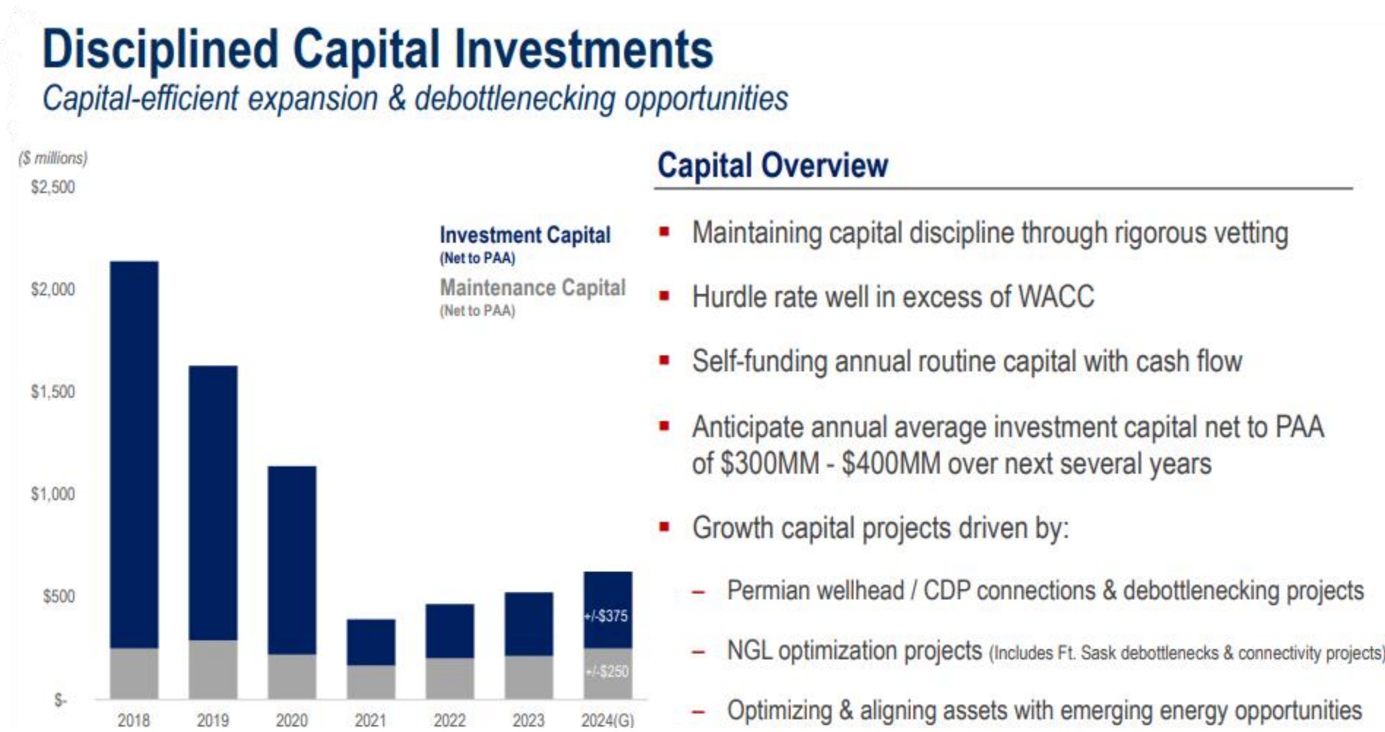


Capital Expenditures Update



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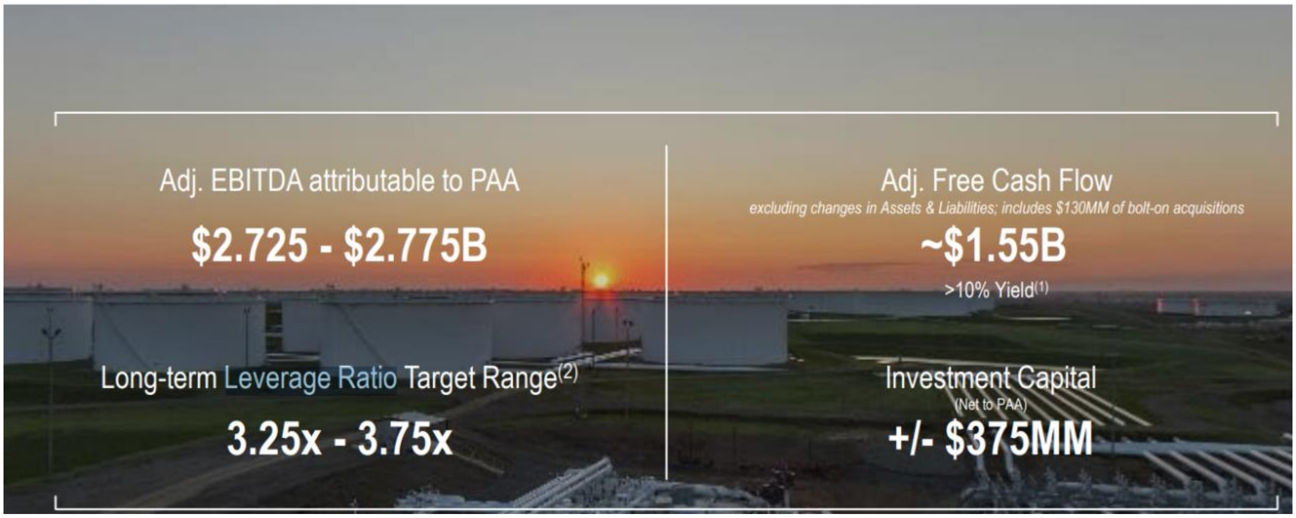
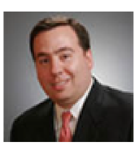
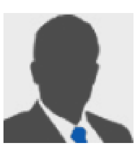
2024 Guidance Update

Raising Full-Year 2024 Guidance

Strong year-to-date performance & continued free cash flow generation



In December 2 analysts come close to my valuation of PAA

Most Recent Recommendations			Price Target for PAA	Analyst Average Return for PAA	Analyst Success Rate for PAA
	Michael Blum Wells Fargo	Hold 12/18/24	$20.00	17.40%	88%
	Justin Jenkins Raymond James	Buy 12/04/24	$23.00	30.20%	85%

EPG
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Net Income and Cash Flow Forecast Model

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Plains All American Pipeline LP and Subsidiaries (NYSE: PAA)																	
Net Income and Cash Flow FYE 2022 - 2026 (updated 1/6/2025)						$ 13,700	$ 51,400	$ 14,100	$ 14,000	$ 14,300	$ 14,100	$ 53,900	$ 53,800	< TipRanks' Revenue Forecasts			
All in $Million except for per share data	Actual 2022	Actual 2023	Actual Qtr1 2024	Actual Qtr2 2024	Actual Qtr3 2024	Forecast Qtr4 2024	Forecast 2024	Forecast Qtr1 2025	Forecast Qtr2 2025	Forecast Qtr3 2025	Forecast Qtr4 2025	Forecast 2025	Forecast 2026				
REVENUES:																	
All revenues	$57,342	$48,712	$11,995	$12,933	$12,743	$13,700	$51,371	$14,100	$14,200	$14,300	$14,500	$57,100	$60,000				
EXPENSES:																	
Purchases and related costs	53,176	44,531	10,917	11,858	11,557	12,330	46,662	12,690	12,780	12,870	13,050	51,390	54,000	< 90% of row 11			
Field operating costs	1,314	1,425	358	350	483	450	1,641	460	460	480	500	1,900	1,960	Includes most of the salaries & wages for			
G&A	285	278	88	83	64	80	315	85	85	85	88	343	360	PAA's ~5,000+ employees			
Equity compensation & other non-cash exp	40	72	8	10	34	20	72	20	20	20	20	80	90				
DD&A	964	1,048	254	257	257	300	1,068	300	300	300	300	1,200	1,250				
(Gain) loss on asset sales & impairment	270	(152)	0	1	1	0	2	0	0	0	0	0	0				
TOTAL EXPENSES	56,049	47,202	11,625	12,559	12,396	13,180	49,760	13,555	13,645	13,755	13,958	54,913	57,660				
OPERATING EARNING	1,293	1,510	370	374	347	520	1,611	545	555	545	542	2,187	2,340				
OTHER INCOME (EXPENSES)																	
Equity earnings in unconsolidated entities	402	369	95	106	97	105	403	105	105	105	105	420	440				
Gain on sale of investments in unconsolidated entitie	346	29	0	0	0	0	0	0	0	0	0	0	0				
Interest expense -cash	(407)	(398)	(97)	(116)	(115)	(110)	(438)	(105)	(100)	(95)	(90)	(390)	(350)	< Asset sales and FCF should reduce debt			
Capitalized interest	4	11	2	5	2	1	10	1	1	1	1	4	4				
Other income (expense)	(219)	101	(5)	23	26	0	44	0	0	0	0	0	0				
INCOME BERORE INCOME TAXES	1,419	1,622	365	392	357	516	1,630	546	561	556	558	2,221	2,434				
INCOME TAXES																	
Current	84	144	53	69	20	80	222	75	75	75	75	300	350				
Deferred	105	(24)	(39)	(7)	25	100	79	100	100	100	100	400	450				
NET INCOME	$1,230	$1,502	$351	$330	$312	$336	$1,329	$371	$386	$381	$383	$1,521	$1,634				
Less: Net income attrib. to noncontrolling int.	191	272	85	80	92	85	342	85	80	92	85	342	350				
NET INCOME ATTRIBUTABLE TO PAA	$1,039	$1,230	$266	$250	$220	$251	$987	$286	$306	$289	$298	$1,179	$1,284	PAA's EBITDA guidance for 2024: $2.725 to $2.775 billion (11/8)			
														My EBITDA forecast for 2025 > >>>>		$ 3,203	
LTD PARTNERS UNITS outstanding (millions)	698.4	701.0	703.7	703.7	703.7	703.7	703.7	703.7	703.7	703.7	703.7	703.7	705.0	< 2024 is common units OS on 9-30-2024			
Earnings per Ltd Partner unit	$1.76	$2.14	$0.50	$0.47	$0.44	$0.48	$1.89	$0.53	$0.55	$0.54	$0.54	$2.16	$2.32	< Row 41 / Row 46			
			$0.50	$0.47	$0.44	$0.41	$1.82	$0.44	$0.35	$0.36	$0.43	$1.58	$1.43	< TipRanks EPS Forecast			
Cash flow ($millions)	$2,599	$2,533	$611	$662	$647	$755	$2,675	$790	$805	$800	$802	$3,197	$3,320	< PAA should generate over $1.55 Billion of FCF in 2024			PAGP
Cashflow per LP unit (before CapEx)	$3.72	$3.61	$0.87	$0.94	$0.92	$1.07	$3.80	$1.12	$1.14	$1.14	$1.14	$4.54	$4.71	< Fair Value estimated at 5 X CFPS =		$22.00	$21.00
Distributions to unit holders	$0.9200	$1.0700	$ 0.3175	$ 0.3175	$ 0.3175	$ 0.3175	$ 1.27	$ 0.3550	$ 0.3550	$ 0.3550	$ 0.3550	$ 1.42	$ 1.57	< Estimated distributions to Unit Holders going up ~$0.15 per year			
														TipRanks price target >>>		$ 19.67	$ 19.40
														Wells Fargo	12/18/24	$ 20.00	HOLD
DCF per common unit >>>	$ 2.26	$ 2.46	$ 0.67	$ 0.58	$ 0.61	$ 0.65	$ 2.51	$ 0.67	$ 0.68	$ 0.67	$ 0.68	$ 2.70	$ 2.80	Raymond James	12/4/24	$ 23.00	BUY
														RBC Capital	11/14/24	$ 19.00	HOLD
														Stifel Nicolaus	11/11/24	$ 23.00	BUY