

# MLP and Energy Infrastructure Monthly



June 2019



## Midstream Outperforms Crude, Other Energy Sectors, and the Broader Market in May

The [Alerian MLP Index](#) (AMZ) and the [Alerian Midstream Energy Index](#) (AMNA) were both down 2.4% on a price-return basis and 1.1% and 1.7% on a total-return basis in May, respectively. Weakness was driven by lower WTI crude prices, which fell 16.3%, as well as a broader market pullback (S&P 500 down 6.6%). Midstream outperformed oilfield service companies (OSX Index), which declined by 20.4%, and E&Ps (SPSIOP Index), which lost 17.3%.



## Rattler Midstream Prices First MLP IPO Since 2017

[Rattler Midstream](#) (RTL), a subsidiary of [Diamondback Energy](#) (FANG), priced the first MLP IPO since [BP Midstream](#) (BPMP) did so in October 2017. The upsized offering of 38 million common units priced at \$17.50/unit – the midpoint of the expected range. Permian-focused RTL is organized as an MLP but has elected to be taxed as a corporation and does not have incentive distribution rights. RTL's unit price has gained 7.0% since trading began on May 23.



## Buckeye Partners' Buyout Highlights the Midstream Value Proposition

On May 10, [Buckeye Partners](#) (BPL) announced that it will be acquired by Australian asset manager IFM Investors in an all-cash deal for \$41.50/unit, a 27.5% premium to BPL's previous closing price. The transaction further underscores the disconnect between private and public market valuations of MLP assets and served as a catalyst for the space broadly. On the day of the announcement, the [Alerian MLP Infrastructure Index](#) (AMZI) increased by 4.0%. [Read More](#)



## MPLX to Acquire Andeavor Logistics, As Anticipated

On May 8, [MPLX](#) (MPLX) announced an agreement to acquire [Andeavor Logistics](#) (ANDX) in a unit-for-unit transaction. The exchange ratio for ANDX holders implied an ~8% premium to the prior day close, while the exchange ratio for parent [Marathon Petroleum's](#) (MPC) ANDX units represented a slight discount in an accommodating move. The deal is expected to be immediately accretive to distributable cash flow for ANDX and MPLX unitholders with closing expected in 2H19.



## 1Q19 Distribution Recap: Noisy Quarter Masks Solid Outlook

Most MLPs in the AMZ and AMZI grew their 1Q19 distributions sequentially and on a year-over-year basis, but two consolidation-related backdoor cuts among AMZI constituents and two outright cuts from smaller constituents of the AMZ made for a noisy quarter. Healthy distribution coverage and progress with MLP consolidations contribute to a constructive outlook for distributions going forward. [Read More](#)



## Recent Transactions Highlight Water Services in Midstream

[NGL Energy Partners](#) (NGL) announced it would [acquire](#) Mesquite Disposal Unlimited's water infrastructure business in the Delaware Basin for \$890 million. Further underscoring the recent focus on water services, Singapore's sovereign-wealth fund GIC [purchased](#) a minority stake in privately-held WaterBridge Resources in a transaction that valued the company at nearly \$3 billion. Water infrastructure was a key topic at this year's MLP and Energy Infrastructure Conference. [Read More](#)