



Plains GP a Midstream with Bullish Positioning as Oil Stabilizes

Ticker/Price: PAGP (\$7.55)

Analysis:

Plains GP Holding (PAGP) with 6,250 January \$9 calls bought to open late in trading on 4/17 at \$1.45 to \$1.60 which follows recent opening of 2500 August \$11 calls. PAGP shares are emerging out of a narrow range and have a large volume pocket back to \$16 as well as a gap to fill to \$12. The \$1.83B midstream energy company trades 14X FY19 EBITDA and 0.65X Book with an 18.87% dividend yield. PAGP has a lot of debt with a 3.65X Debt/EBITDA ratio and a Current Ratio of 0.92X. PAGP insiders have been buying the stock since late February accumulating buys from Directors, the CEO and the CCO. Analysts have an average target of \$14.35 on shares with short interest at 3.5% of the float. Goldman upgraded shares in February seeing cash flows and leverage improving with large projects coming online. Stifel cut shares to Hold with a \$14 target on 3/12 seeing declines in oil prices leading to lower production volumes as a top transporter of Permian crude. MSCO out negative on the midstream group on 3/16 saying assets face volume risk on uncommitted capacity, risk to in-flight or anticipated capital investment, and counterparty risk. Hedge Fund ownership rose 10.8% in Q4 filings.

Hawk Vision:



Hawk's Perspective: PAGP looks to be one of the more attractive MLP names and has some major room to run near-term.

Confidence Ranking: \$\$