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Hess Midstream (NYSE:HESM) - Share price, News & Analysis - Simply Wall St

9-12 Minuten



Executive Summary

Hess Midstream LP owns, operates, develops, and acquires midstream assets.

Snowflake Analysis

Undervalued with reasonable growth potential.

Similar Companies

Share Price & News

How has Hess Midstream's share price performed over time and

what events caused price changes?

Latest Share Price and Events



Stable Share Price: HESM's share price has been volatile over the past 3 months.

Market Performance



Return vs Industry: HESM exceeded the US Oil and Gas industry which returned -49.4% over the past year.



Return vs Market: HESM underperformed the US Market which returned -3% over the past year.

Shareholder returns

	HESM	Industry	Market
7 Day	19.7%	1.0%	-1.1%
30 Day	81.0%	35.6%	21.0%
90 Day	-39.7%	-41.7%	-17.7%
1 Year	-32.0%-37.0%	-48.5%-50.6%	-5.2%-7.4%
3 Year	-32.4%-43.8%	-43.1%-48.8%	20.5%12.4%
5 Year	n/a	-50.9%-58.4%	41.2%25.4%

	HESM	Industry	Market
Include Dividend Returns			

Price Volatility Vs. Market

How volatile is Hess Midstream's share price compared to the market and industry in the last 5 years?

Simply Wall St News

Valuation

Is Hess Midstream undervalued compared to its fair value and its price relative to the market?

>50%

Undervalued compared to fair value

Share Price vs. Fair Value



Below Fair Value: HESM (\$14.05) is trading below our estimate of fair value (\$29.92)



Significantly Below Fair Value: HESM is trading below fair value by more than 20%.

Price To Earnings Ratio



PE vs Industry: HESM is good value based on its PE Ratio (3.8x) compared to the Oil and Gas industry average (8.8x).



PE vs Market: HESM is good value based on its PE Ratio (3.8x) compared to the US market (13.6x).

Price to Earnings Growth Ratio



PEG Ratio: HESM is good value based on its PEG Ratio (0.1x)

Price to Book Ratio



PB vs Industry: HESM is overvalued based on its PB Ratio (1.9x) compared to the US Oil and Gas industry average (0.5x).

Next Steps

Future Growth

How is Hess Midstream forecast to perform in the next 1 to 3 years based on estimates from 2 analysts?

68.7%

Forecasted annual earnings growth

Earnings and Revenue Growth Forecasts

Analyst Future Growth Forecasts



Earnings vs Savings Rate: HESM's forecast earnings growth (43.6% per year) is above the savings rate (1.7%).



Earnings vs Market: HESM's earnings (43.6% per year) are forecast to grow faster than the US market (12.8% per year).



High Growth Earnings: earnings are expected to grow significantly over the next 3 years.



Revenue vs Market: HESM's revenue (10.9% per year) is forecast to grow faster than the US market (7.1% per year).



High Growth Revenue: HESM's revenue (10.9% per year) is forecast to grow slower than 20% per year.

Earnings per Share Growth Forecasts

Future Return on Equity



Future ROE: Insufficient data to determine if HESM's Return on

Equity is forecast to be high in 3 years time

Next Steps

Past Performance

How has Hess Midstream performed over the past 5 years?

-15.6%

Historical annual earnings growth

Earnings and Revenue History



Quality Earnings: HESM has high quality earnings.



Growing Profit Margin: HESM's current net profit margins (7.9%) are lower than last year (9.7%).

Past Earnings Growth Analysis



Earnings Trend: HESM's earnings have declined by -15.6% per year over the past 5 years.



Accelerating Growth: HESM's has had negative earnings growth over the past year, so it can't be compared to its 5-year average.



Earnings vs Industry: HESM had negative earnings growth (-3.5%)

over the past year, making it difficult to compare to the Oil and Gas industry average (-16.2%).

Return on Equity



High ROE: Whilst HESM's Return on Equity (27.98%) is high, this metric is skewed due to their high level of debt.

Next Steps

Financial Health

How is Hess Midstream's financial position?

Financial Position Analysis



Short Term Liabilities: HESM's short term assets (\$95.9M) do not cover its short term liabilities (\$176.1M).



Long Term Liabilities: HESM's short term assets (\$95.9M) do not cover its long term liabilities (\$1.8B).

Debt to Equity History and Analysis



Debt Level: HESM's debt to equity ratio (131.6%) is considered high.



Reducing Debt: HESM's debt to equity ratio has reduced from

369.2% to 131.6% over the past 5 years.



Debt Coverage: HESM's debt is well covered by operating cash flow (26.8%).



Interest Coverage: HESM's interest payments on its debt are well covered by EBIT (6.5x coverage).

Balance Sheet

Next Steps

Dividend

What is Hess Midstream's current dividend yield, its reliability and sustainability?

11.78%

Current Dividend Yield

Dividend Yield vs Market



Notable Dividend: HESM's dividend (12.12%) is higher than the bottom 25% of dividend payers in the US market (1.86%).



High Dividend: HESM's dividend (12.12%) is in the top 25% of dividend payers in the US market (5.17%)

Stability and Growth of Payments



Stable Dividend: Whilst dividend payments have been stable, HESM has been paying a dividend for less than 10 years.



Growing Dividend: HESM's dividend payments have increased, but the company has only paid a dividend for 3 years.

Current Payout to Shareholders



Dividend Coverage: With its low payout ratio (11.5%), HESM's dividend payments are thoroughly covered by earnings.

Future Payout to Shareholders



Future Dividend Coverage: HESM's dividends in 3 years are not forecast to be well covered by earnings (100.4% payout ratio).

Next Steps

Management

How experienced are the management team and are they aligned to shareholders interests?

5.8yrs

Average management tenure

CEO

Mr. John B. Hess has been the Chief Executive Officer at Hess Corporation since May 3, 1995. Mr. Hess has been the Chairman of the Board of Directors and Chief Executive Officer of Hess Midstream GP LLC, t ...

Leadership Team

Name	Position	Tenure	Compensation	Ownership
John Gatling	President & COO of Hess Midstream GP LLC	0.58yr	US\$250.00k	0.26% \$10.3m
Jonathan Stein	Chief Financial Officer of Hess Midstream GP LLC	5.75yrs	US\$250.00k	0.11% \$4.2m
John Hess	Chairman & CEO of Hess Midstream GP LLC	5.75yrs	no data	2.17% \$86.5m
Jennifer Gordon	Director of Investor Relations	no data	no data	no data
Timothy	General	5.75yrs	no data	0.070%

Name	Position	Tenure	Compensation	Ownership
Goodell	Counsel & Secretary of Hess Midstream GP LLC			\$2.8m
John Rielly	VP & Director of Hess Midstream GP LLC	5.58yrs	no data	0.11% \$4.4m



Experienced Management: HESM's management team is seasoned and experienced (5.8 years average tenure).

Board Members

Name	Position	Tenure	Compensation	Ownership
John Hess	Chairman & CEO of Hess Midstream GP LLC	5.75yrs	no data	2.17% \$86.5m
John Rielly	VP & Director of Hess Midstream GP LLC	5.58yrs	no data	0.11% \$4.4m
David Niemic	Independent Director of	3yrs	US\$145.00k	0.19% \$7.5m

Name	Position	Tenure	Compensation	Ownership
	Hess Midstream GP LLC			
John Reddy	Independent Director of Hess Midstream GP LLC	2.83yrs	US\$130.00k	0.043% \$1.7m
Stephen Joseph Letwin	Independent Director of Hess Midstream GP LLC	2.17yrs	US\$138.17k	0.088% \$3.5m
Matthew Harris	Director of Hess Midstream GP LLC	0.33yr	no data	no data
Gregory Hill	Director of Hess Midstream GP LLC	5.58yrs	no data	0.024% \$967.7k
Michael Turner	Director of Hess Midstream GP LLC	0.58yr	no data	0.025% \$1.0m

Name	Position	Tenure	Compensation	Ownership
Scott Telesz	Director of Hess Midstream GP LLC	1.33yrs	no data	no data
William Brilliant	Director of Hess Midstream GP LLC	4.33yrs	no data	no data



Experienced Board: HESM's board of directors are not considered experienced (2.9 years average tenure), which suggests a new board.

Ownership

Who are the major shareholders and have insiders been buying or selling?

Insider Trading Volume



Insider Buying: HESM insiders have bought more shares than they have sold in the past 3 months.

Recent Insider Transactions

Ownership Breakdown



Dilution of Shares: Shareholders have not been meaningfully diluted in the past year.

Top Shareholders

Company Information

Hess Midstream LP's company bio, employee growth, exchange listings and data sources

Key Information

- Name: Hess Midstream LP
 - Ticker: HESM
 - Exchange: NYSE
 - Founded: 2014
 - Industry: Oil and Gas Storage and Transportation
 - Sector: Energy
 - Implied Market Cap: US\$3.996b
 - Market Cap: US\$259.711m
 - Shares outstanding: 284.38m
 - Website: <https://www.hessmidstream.com>
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Location

- **Hess Midstream LP**
- 1501 McKinney Street
- Houston

- Texas
- 77010
- United States

Listings

Ticker	Exchange	Primary Security	Security Type	Country	Currency	Listed on
5HMA	DB (Deutsche Boerse AG)	Yes	Class A Shares	DE	EUR	Apr 2017
HESM	NYSE (New York Stock Exchange)	Yes	Class A Shares	US	USD	Apr 2017

Biography

Hess Midstream LP owns, operates, develops, and acquires midstream assets. The company operates through three segments: Gathering; Processing and Storage; and Terminating and Export. The Gathering segment owns natural gas gathering and crude oil gathering systems; and produced water gathering and disposal facilities. Its gathering systems consists of approximately 1,350 miles of high and low pressure natural gas and natural gas liquids gathering pipelines with capacity of approximately 450 million cubic feet per day; and crude oil gathering system comprises approximately 550 miles of crude oil gathering pipelines. The

Processing and Storage segment comprises Tioga Gas Plant, a natural gas processing and fractionation plant located in Tioga, North Dakota; 50% of the Little Missouri 4 gas processing plant located in south of the Missouri River in McKenzie County, North Dakota; and Mentor Storage Terminal, a propane storage cavern and rail, and truck loading and unloading facility located in Mentor, Minnesota. The Terminating and Export segment owns Ramberg terminal facility; Tioga rail terminal; and crude oil rail cars, as well as Johnson's Corner Header System, a crude oil pipeline header system. Hess Midstream LP was founded in 2014 and is based in Houston, Texas.

Company Analysis and Financial Data Status

All financial data provided by Standard & Poor's
Capital IQ.

Data	Last Updated (UTC time)
Company Analysis	2020/04/22 03:00
End of Day Share Price	2020/04/21 00:00
Earnings	2019/12/31
Annual Earnings	2019/12/31

Unless specified all financial data is based on a yearly period but updated quarterly. This is known as Trailing Twelve Month (TTM) or Last Twelve Month (LTM) Data. Learn more [here](#).