

## SALIENT CEO EXPECTS MORE MIDSTREAM BUYOUTS

12 April 2019 | 13:59UTC

Salient Partner's President Gregory Reid expects there to be a number of "take private" transactions within the midstream sector over the next several years.

Speaking at Pension Bridge 2019 in San Francisco, Reid said how he believed there would be a number of future "take privates" on the back of Blackstone Infrastructure-led buyout of Tallgrass Energy.

"We're coming from a very depressed level", said Reid. The last two years were negative years in our industry, we were down collectively 20%, he added. "We've started the year depressed, very low valuations and in my mind we're 20-25% undervalue versus 10-year averages", said Reid.

There are a number of companies trading at 8-10x EBITDA that are probably fairly attractive targets to go private, said Reid.

"If you are paying a dividend at 8-10-12% when you take it private you're of course not paying a dividend, you may not take much cash flow out and you can deleverage it pretty rapidly and you can improve the portfolio and take control of it as a GP. "There are lots of advantages of a take private that you can't do publicly," added Reid.

"We are seeing companies issue a lot less equity and they tend to self-finance equity now", he added. The market has completely changed from five years ago where it was an MLP centric with general partners, now there are now no GPs left, he added. "Now it's a much more stable growth pipeline type of an asset within a public space," said Reid.