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Welcome to the Tortoise QuickTake podcast. I'm Brian Kessens, senior portfolio manager and managing director. Thank you for joining us as we provide timely updates on the market.

The second half of 2025 is off to a solid start, with both energy and power sectors outperforming the broader market. Utilities (as measured by the S&P 500 Utility Index) led the gains, rising 4.9%, followed by energy up 2.9% (as measured by the S&P 500 Energy Index), while the overall market (as measured by the S&P 500) advanced 2.2%. Midstream (as measured by the Alerian Midstream Energy Index) lagged slightly, declining 1.3%. Supporting strength in energy and power were improving economic indicators and continued acceleration in data center capital expenditures. The energy sector is increasingly being recognized as central to the most powerful driver of economic activity today: surging power demand from the tech sector. Concerns around tariffs, though still present, have thus far proven overstated in their market impact. On commodity prices, oil climbed 9% in July, spurred by threats from President Trump to impose secondary sanctions on countries importing Russian crude. So far, the market has absorbed OPEC+ production increases without disruption, as demand continues to exceed expectations. Natural gas, in contrast, fell nearly 14%, pressured by milder weather forecasts across much of the US.

Earnings started in earnest during the last week of July. What have we learned? In midstream, 2Q results have been either in-line or come in slightly ahead of expectations. Notably the two large Canadian pipeline companies, TC Energy and Enbridge, both beat. On guidance, the trend is toward the higher end of ranges, with some companies steering investors toward beating initial 2025 guidance, as is the case for Kinder Morgan and Antero Midstream. The growth focus across midstream continues to be on providing natural gas for generation to meet needs of data centers. Companies as a whole expect the cadence of project announcements to accelerate into the second half of 2025 and 2026. That means capex likely moves higher yet importantly project returns continue to be compelling with guides of 5-7x EBITDA or implied returns of 14%-20%. In addition, there's less risk with more timeline certainty. Kinder Morgan noted federal permitting is improved with the Army Corps of Engineering issuing permits more quickly and FERC waiving a five-month waiting period between the time a permit is issued and when construction can start. Finally, we hoped that companies bought back more shares during the volatile start to April. So far, that is the case with Enterprise Products buying back \$110 million in units, Antero Midstream repurchasing \$17 million, and Hess Midstream leading the way at \$200 million.

In M&A, asset deals continue. MPLX announced it will acquire Northwind Midstream for \$2.4 billion and that it expects a 7x multiple on forecast 2027 EBITDA. Northwind is a gathering and treating business in the fast-growing sour gas area of New Mexico, with considerable growth underway to more than double treating capacity. For MPLX, we think there are several benefits including scaling up and diversifying its existing Permian gathering and processing assets. And there are integrated NGL value chain benefits as some existing contracts roll-off to be eventually controlled by MPLX. This positions MPLX to be better positioned in its pursuit of organic Permian growth. Further, we like that MPLX is using its strong balance sheet to enhance its sector leading 10% plus annual distribution growth.

Upstream companies reported mixed results. Oilfield service companies highlighted business lines that are diversified from traditional drilling and completion activities as producers and service providers continue to improve efficiencies, doing more with less. For example, nearly all natural gas producers raised 2025 and 2026 production forecasts while simultaneously lowering expected capital expenditures. The Haynesville is one basin where production should move higher due to the rig count growing to 41 rigs, higher by 10 YTD and at the highest levels since 2024. This positive growth outlook for the Haynesville is due to both low cost production and proximity to Gulf Coast for LNG exports.

On the theme of oilfield service diversification, Baker Hughes agreed to acquire Chart Industries at deal value of nearly \$14 billion, a 22% all cash premium to Chart's equity price. To Baker, Chart brings advanced heat transfer, cryogenics, and gas / liquid molecule handling technologies essential for LNG, hydrogen, data centers, and industrial applications. Essentially the deal expands Baker Hughes' business into high-growth markets.

Refiners reported very strong second quarter results yet recent, higher crude oil prices are starting to hamper expectations for third quarter margins. And for utilities, most reaffirmed full-year guidance and continue emphasizing escalating infrastructure investment and rate base expansion as the core drivers for future growth. Expectations for load growth

continue to move higher as technology companies stress that the single biggest constraint to the data center buildout is power.

From here, we expect continued constructive earnings results across the sector, with companies confident in 2025 guidance and a continued emphasis on meeting ever higher data center power needs. Stay tuned.

Thanks for listening.

Have topics you want covered or other feedback to share? Write us at info@tortoisecapital.com.

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