Energy Prospectus Group
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ONEOK, Inc.

Company Profile

March 27, 2024

Management

Pierce H. Norton II – President and CEO
Walter S. Hulse III – EVP, CFO
Kevin L. Burdick – EVP, CESO
Lyndon C. Taylor – EVP, Chief Legal
Sheridan C. Swords – EVP of Liquids
Mary M. Spears – SVP, CAO

www.oneok.com

EPG Commentary by Dan Steffens

ONEOK, Inc. (NYSE: OKE) is one of the rock-solid midstream companies in our ***High Yield Income Portfolio*****.** The Company is the #1 provider of NGL takeaway capacity in the Rockies and Mid-Continent regions. It has growth projects underway in the Permian Basin.

On September 25th, **Magellan Midstream Partners, L.P. (MMP)** became a subsidiary of ONEOK. *This deal combines two of the most successful midstream companies in the world. It will be immediately accretive to ONEOK's distributable cash flow (DCF) per share.*

"ONEOK is poised to generate substantial cash flow from operations in the coming years… Our commitment to capital-growth opportunities continues as our highest priority in our capital allocation strategy. This priority, combined with dividend growth and share repurchases, reinforces our commitment to maximizing total shareholder return and our belief that ONEOK represents a highly compelling investment opportunity."
– Pierce H. Norton II, ONEOK President and CEO February 26, 2024

Size matters in this business. ONEOK offers investors a safe and growing dividend yield.

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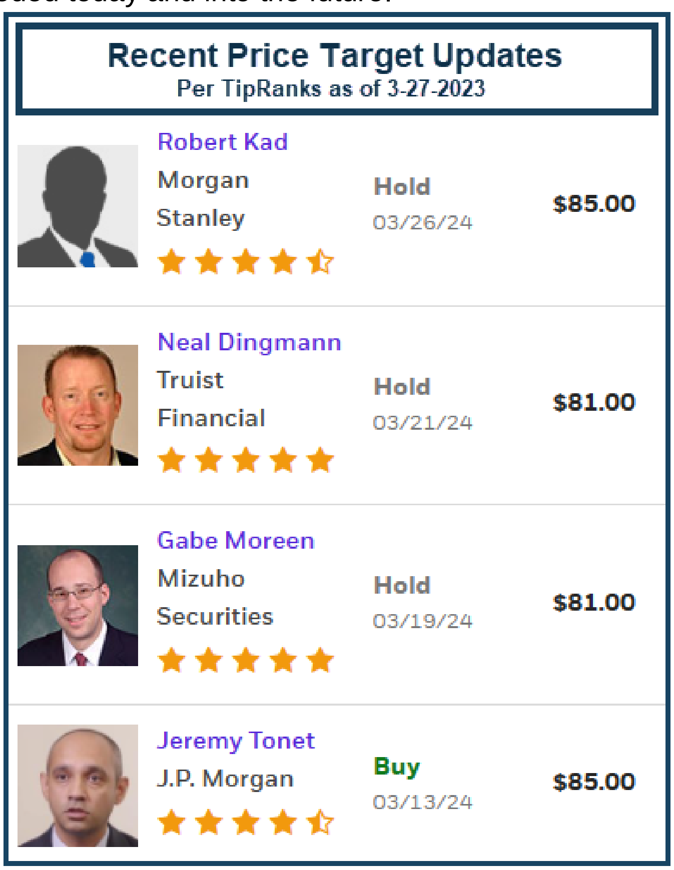
Bottom Line: *Free cash flow should be approximately $3 Billion in 2024, with more than enough distributable cash flow to raise dividends. The Company's stated goal is to increase dividends by 3% to 4% each year.*

My Fair Value Estimate for OKE is $84.00/share

Compare to TipRanks' Price Target of $82.00

Disclosure: I do not have a position in OKE. I do not intend on buying or selling any units in the next 72 hours. I wrote this profile myself, and it expresses my own opinions. I am not receiving compensation for it from the company. I have no business relationship with any company whose stock is mentioned in this article.

ONEOK, Inc. is incorporated under the laws of the state of Oklahoma, and its common stock is listed on the NYSE under the trading symbol "OKE." ONEOK delivers energy products and services vital to an advancing world. ONEOK is a leading midstream service provider of gathering, processing, fractionation, transportation, storage and marine export services. As one of the largest diversified energy infrastructure companies in North America, ONEOK is delivering energy that makes a difference in the lives of people in the U.S. and around the world. Through ONEOK's more than 50,000-mile pipeline network, ONEOK transports the natural gas, NGLs, Refined Products and crude oil that help meet domestic and international energy demand, contribute to energy security and provide safe, reliable and responsible energy solutions needed today and into the future.



Recent Price Target Updates
Per TipRanks as of 3-27-2023

Analyst	Firm	Rating	Date	Price Target
Robert Kad	Morgan Stanley	Hold	03/26/24	$85.00
Neal Dingmann	Truist Financial	Hold	03/21/24	$81.00
Gabe Moreen	Mizuho Securities	Hold	03/19/24	$81.00
Jeremy Tonet	J.P. Morgan	Buy	03/13/24	$85.00

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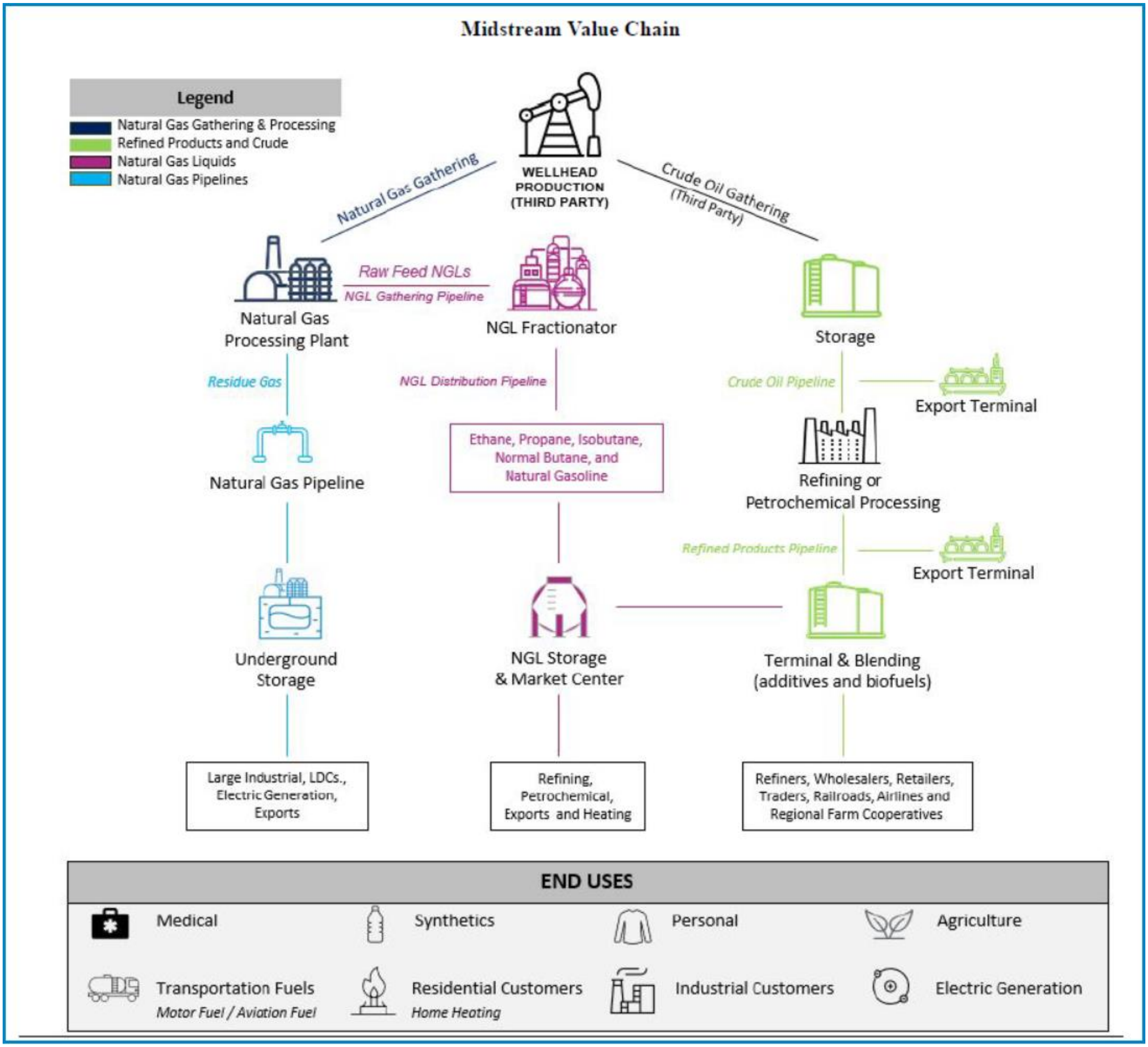

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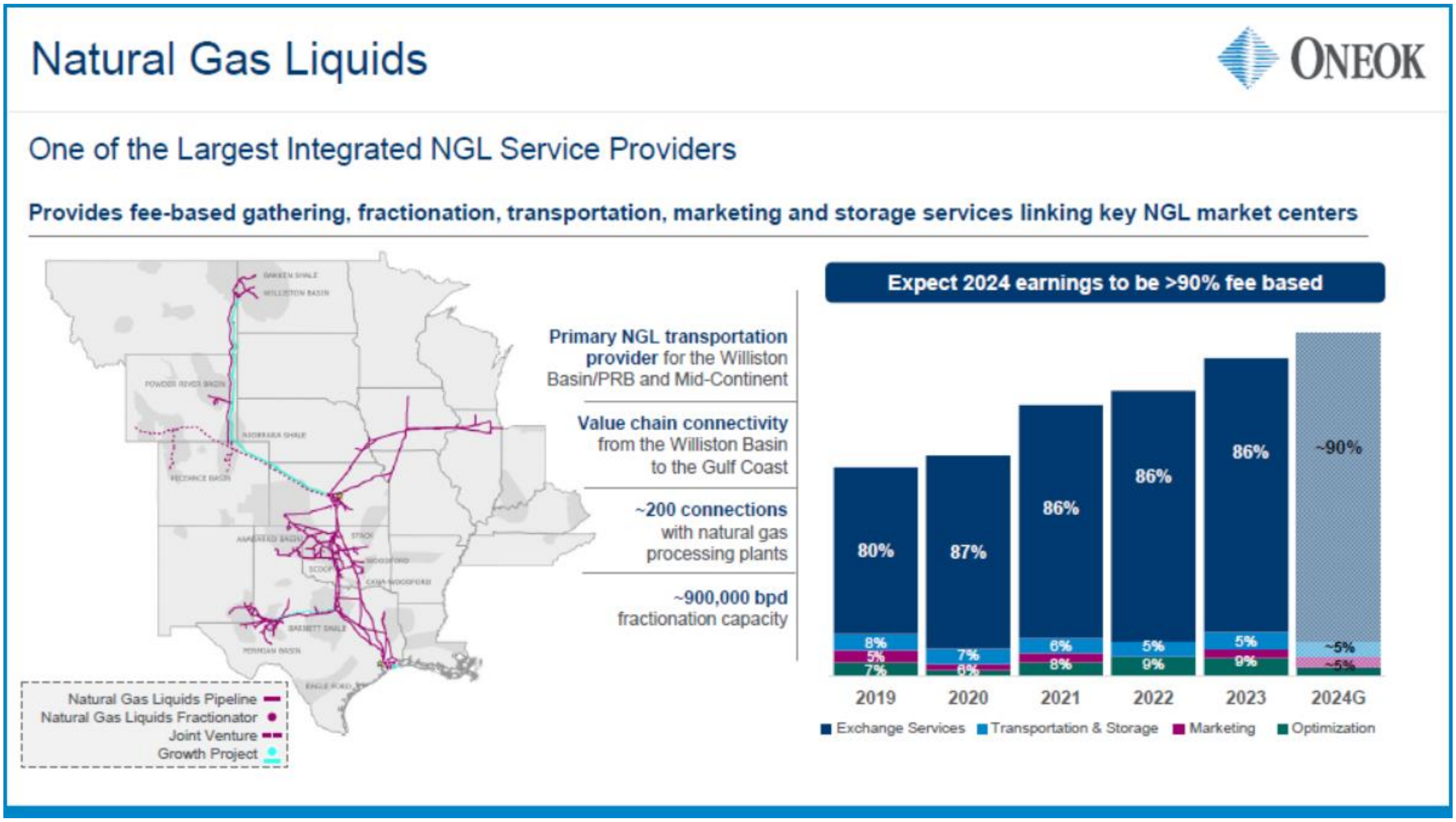
ONEOK, Inc. Assets



Business Strategy

ONEOK's primary business strategy is to deliver energy products and services vital to an advancing world. ONEOK's vision is to create exceptional value for its stakeholders by providing solutions for a transforming energy future. ONEOK's business strategy is focused on:

- **Zero incidents** – ONEOK commits to a zero-incident culture for the well-being of its employees, contractors and communities. Safety and environmental responsibility continue to be a primary focus for it, and its emphasis on personal and process safety has produced improving trends in the key indicators it tracks.
- **Highly engaged workforce** – ONEOK strives to be an employer of choice and to continue to focus on attracting, selecting and retaining talent, advancing an inclusive, diverse and engaged culture and developing individuals and leaders.
- **Sustainable business model** – ONEOK aims to maintain prudent financial strength and flexibility while operating a safe, reliable and resilient asset base. It seeks to maintain investment-grade credit ratings and a strong balance sheet. ONEOK believes its internally generated cash flows will allow it to fund capital-growth projects in its existing operating regions and to provide value-added products and services that contribute to

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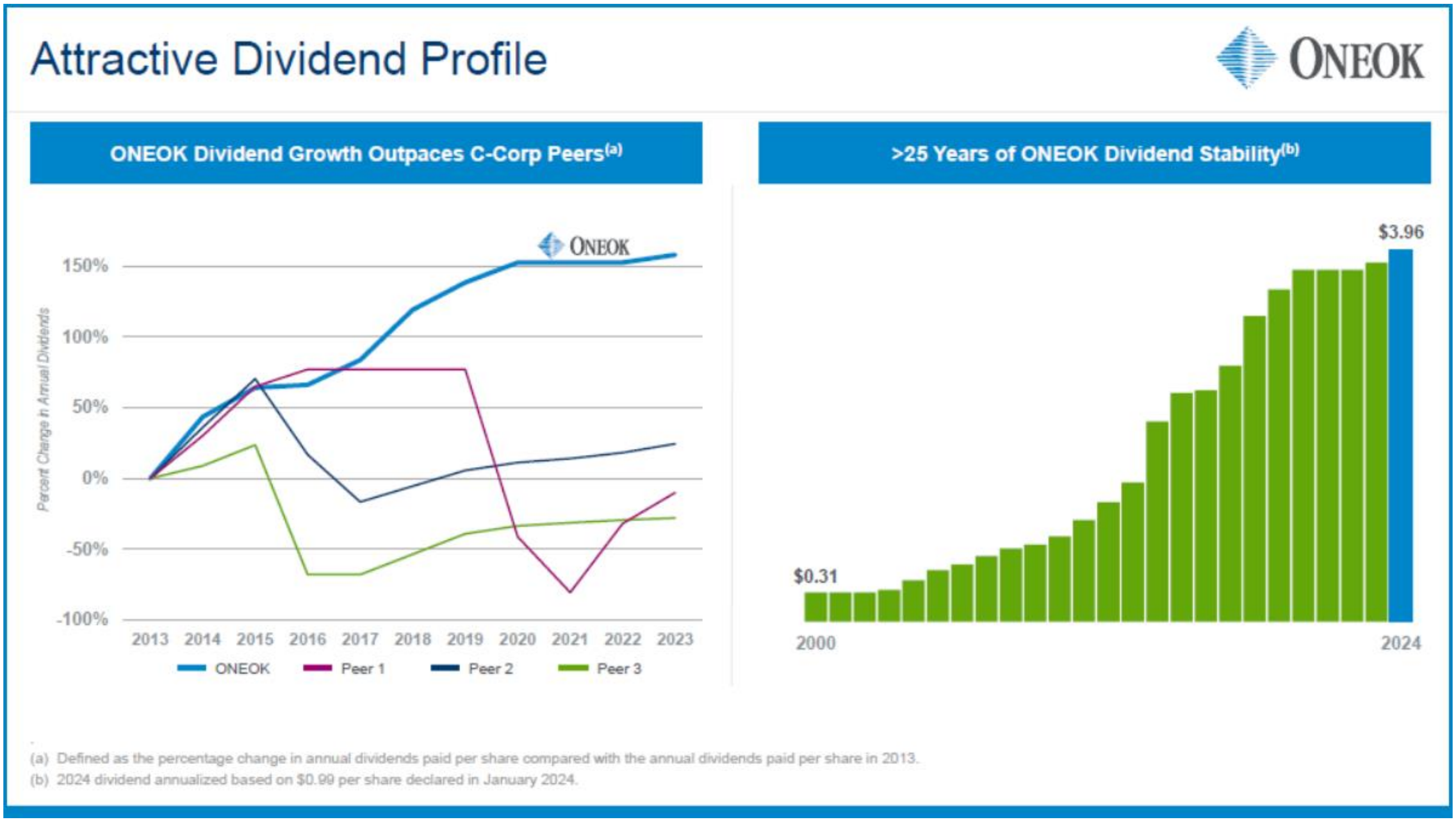
long-term growth, profitability and business diversification. ONEOK continues to actively research opportunities that will complement its extensive midstream assets and expertise, strengthening the role it expects to play in the transformation to a lower-carbon economy.

- **Maximizing total shareholder return** – ONEOK plans to grow earnings and sustain its dividend by efficiently allocating capital to investments that produce returns above its cost of capital. Producing consistent and strong returns on invested capital will allow it to not only reward its shareholders, but also provide the means and opportunity to serve its additional stakeholders, including employees, communities and the environment.



Acquisition of Magellan Midstream Partners

On September 25, 2023, ONEOK completed the Magellan Acquisition. The acquisition strategically diversifies ONEOK's complementary asset base and allows for significant expected synergies. Pursuant to the Merger Agreement, each common unit of Magellan was exchanged for a fixed ratio of 0.667 shares of ONEOK common stock and $25.00 of cash, for a total consideration of $14.1 billion. In addition, ONEOK assumed Magellan's debt with a fair value of $4.0 billion. ONEOK issued approximately 135 million shares of common stock, with a fair value of approximately $9.0 billion as of the closing date of the Magellan Acquisition. ONEOK funded the cash portion of the acquisition with an underwritten public offering of $5.25 billion senior unsecured notes. In connection with the

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underwritten public offering, ONEOK terminated the undrawn commitment letter for the $5.25 billion unsecured 364-day bridge loan facility.

Magellan's operations are principally composed of transportation, storage and distribution of Refined Products, certain NGLs and crude oil. The assets acquired include 9,800 miles of Refined Products pipelines, 1,000 miles of crude oil pipelines, 54 Refined Products terminals, two marine terminals and 91 million barrels of operating storage capacity. ONEOK also acquired ownership interests in Magellan's eight unconsolidated affiliates. In conjunction with the Magellan Acquisition, Magellan's results of operations are reported within ONEOK's new Refined Products and Crude segment, consistent with how information is presented to ONEOK's chief operating decision maker.

The Magellan Acquisition was accounted for using the acquisition method of accounting for business combinations pursuant to Accounting Standards Codification 805, "Business Combinations," which requires, among other things, assets acquired and liabilities assumed to be recorded at their fair values on the acquisition date. Determining the fair value of acquired assets and liabilities assumed requires management's judgment and the use of independent valuation specialists. The purchase price allocation is substantially complete. However, management continues to refine the preliminary valuation of certain assets acquired and liabilities assumed, such as working capital liabilities and long-lived assets, and may adjust the allocation in subsequent periods. The final valuation will be completed as ONEOK obtains the information necessary to complete the analysis, but no later than one year from the acquisition date.

Acquisition Consideration

	At September 25, 2023	
	(Millions of dollars and shares/units, except per share/unit data)	
Magellan public common units outstanding		202.1
Cash consideration per Magellan unit		$25.00
Cash consideration	$	5,052
Magellan public common units outstanding		202.1
ONEOK exchange ratio per Magellan unit		0.667
Shares of ONEOK common stock issued		134.8
ONEOK common stock closing price on September 25, 2023		$66.54
Fair value of common stock issued	$	8,969
Fair value of Magellan replacement equity awards		93
Equity consideration	$	9,062
Total consideration	$	14,114

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Preliminary Purchase Price Allocation

		At September 25, 2023
Assets acquired:		*(Millions of dollars)*
Cash and cash equivalents	$	37
Accounts receivables, net		333
Inventories		348
Other current assets		145
Property, plant and equipment		11,751
Investments in unconsolidated affiliates		922
Intangible assets		1,124
Other assets		116
Total assets acquired		**14,776**
Liabilities assumed:		
Accounts payable		213
Other current liabilities (a)		673
Long-term debt, excluding current maturities		4,013
Other deferred credits and liabilities		187
Total liabilities assumed		**5,086**
Total identifiable net assets		**9,690**
Goodwill		4,424
Total purchase price	$	**14,114**

(a) - Includes contingent liabilities, primarily related to the amounts accrued for the Corpus Christi matter described in Note O. Amounts relating to the Corpus Christi matter are offset fully by insurance receivables, and we expect future losses in excess of amounts accrued, if any, to be recoverable through insurance.

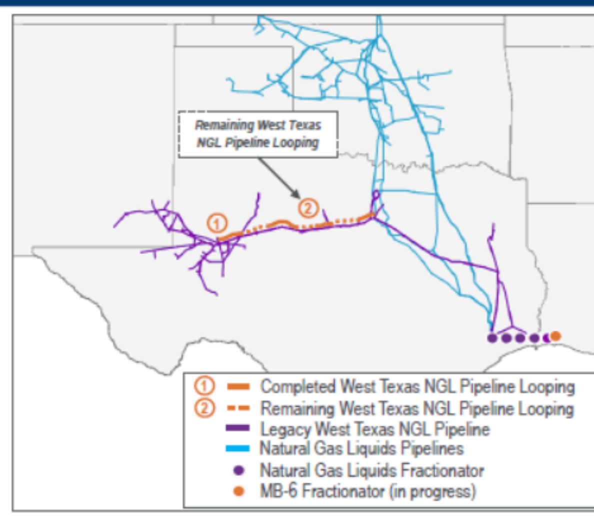
ONEOK's Permian Basin NGL Strategy

ONEOK

Capital-efficient project more than doubles ONEOK's current pipeline capacity out of the Permian Basin.

- Announced plans to complete the remaining loop of the West Texas NGL Pipeline to connect with ONEOK's Arbuckle II pipeline.
- Project will increase capacity to 740,000 bpd out of the Permian Basin.
- Enables optionality to use the legacy system for NGL, refined products or crude oil transportation service.
- Estimated cost of $520 million.
- Expected to be in service in the first quarter 2025.
- Project driven by Permian Basin contracting success:
  - Since 2018: Eight new third-party processing plant connections and two existing plant expansions.

Connecting Permian supplies with Gulf Coast demand



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Synergy Opportunities

Immediate to Near-Term (1-4 Years) with Significant Potential Upside

ONEOK

BATCHING

- **Liquids pipelines provide opportunities to move NGLs or refined products through the same product pipelines.**
- Utilize available capacity and combined connectivity to ship refined products and NGLs to demand centers with higher value.
- Gather incremental NGL and refined products from Mid-Continent refineries and ship to Upper Midwest and/or Gulf Coast markets.

100,000 bpd @ 7 cpg = ~$110 MM*

BLENDING

- **Ability to mix products to obtain the higher value.**
- Increased unleaded/butane blending opportunities.
- Incremental NGL blending opportunities.

25,000 bpd @ 20 cpg = ~$75 MM*

BUNDLING

- **As volumes grow or contracts expire, a wider variety of services can be combined to offer greater value to customers.**
- Optimize system utilization and connectivity to and from key refineries and market centers.

25,000 bpd @ 10 cpg = ~$40 MM*

OTHER - STORAGE & OPTIMIZ.

- **Incremental and discretionary refined products, NGL and crude oil storage optimization and utilization.**
- Leverage marine/export expertise for potential NGL export infrastructure.

Risk-weighted Synergy Opportunities *(in millions)*	Initially Assumed	Near-term Potential
Batching	$115	$270
Blending	$70	$195
Bundling	$25	$100
Other – Storage and Optimization	$30	$135
Subtotal of potential commercial synergies	$240	$700
High and low case risk-weighted commercial synergies *(risk-weighted at ~45%)*	$100	$315
G&A: *(assumes 12.5% of combined G&A; M&A avg. 25%)*	$100	$100+
Risk-weighted potential synergies	$200	$415+

Annual synergies

Included in 2024 guidance: $175 million
Targeted in 2025: +$125 million

Additional synergies expected in 2026+

*Earnings potential examples provided for illustrative purposes.

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Company Profile

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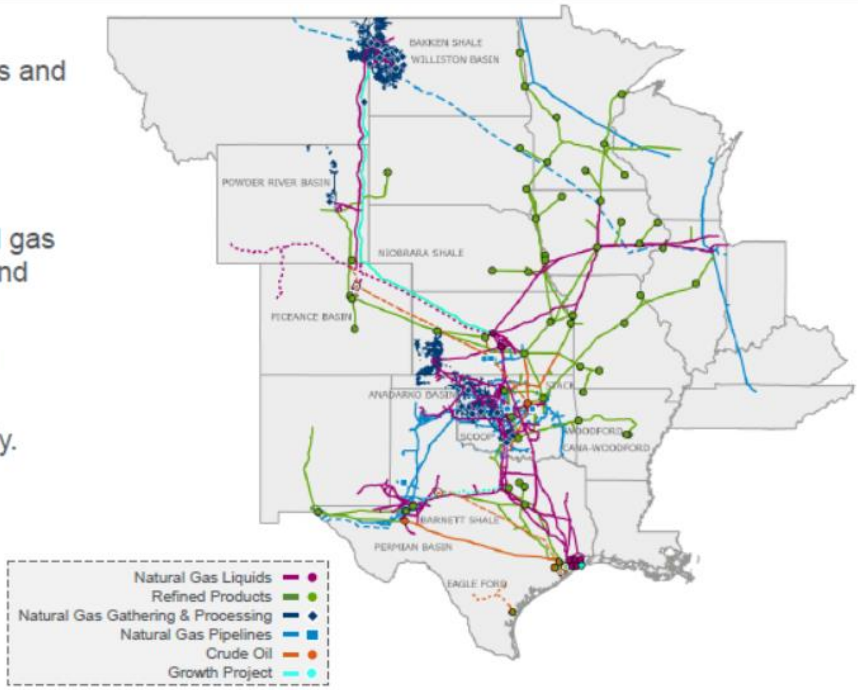
Diversified. Reliable. Integrated.

ONEOK

- Competitively positioned – key asset locations and market share.
- Provides midstream services to producers, processors and downstream customers.
- Approximately 50,000-mile network of natural gas liquids (NGL), refined products, natural gas and crude oil pipelines.
- Major supplier of NGLs to the petrochemical industry.
- Access to nearly 50% of U.S. refining capacity.



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Business Segment Performance

ONEOK

Q4 2023 vs. Q3 2023 Adjusted EBITDA[(a)] Variances

- Natural gas liquids decreased:
  - **$32 million decrease** in optimization and marketing due primarily to lower earnings on sales of purity NGLs previously held in inventory.
  - **$15 million decrease** from higher operating costs due primarily to higher employee-related costs.
  - **$28 million increase** in exchange services due primarily to lower volumes of unfractionated NGLs in inventory.
  - **$10 million increase** in transportation and storage due primarily to higher seasonal volumes on the North System[(b)].
- Natural gas gathering and processing:
  - **$6 million increase** from higher volumes due primarily to increased producer activity in the Mid-Continent and Rocky Mountain regions.
  - **$3 million increase** due primarily to higher average fee rates in the Williston Basin.
  - **$8 million decrease** from higher operating costs due primarily to higher employee-related costs.
- Natural gas pipelines decreased:
  - **$6 million decrease** from higher operating costs due primarily to higher employee-related costs.
  - **$3 million increase** in storage services due primarily to higher short-term storage activities.
- Refined products and crude:
  - **$424 million** of adjusted EBITDA from the first full quarter of operations following the closing of the Magellan acquisition on Sept. 25, 2023.

(a) At year-end 2023, ONEOK updated its calculation methodology of adjusted EBITDA to include adjusted EBITDA from unconsolidated affiliates. Third-quarter 2023 adjusted EBITDA has been restated to reflect this updated calculation. Restated third-quarter 2023 adjusted EBITDA was $616 million, $323 million and $136 million for the natural gas liquids, natural gas gathering and processing and natural gas pipelines segments, respectively.

(b) The North System is a FERC-regulated NGL pipeline that transports NGL purity products and various refined products throughout the Midwest markets, particularly near Chicago, Illinois

Higher Fourth Quarter 2023 Results Compared with Fourth Quarter 2022

- Net income of $688 million, resulting in $1.18 per diluted share.
- Adjusted EBITDA of more than $1.5 billion.
- 20% increase in Rocky Mountain region NGL raw feed throughput volumes.
- 17% increase in Gulf Coast/Permian region NGL raw feed throughput volumes.
- 17% increase in natural gas volumes processed.
- 15% increase in wells connected in the Rocky Mountain region.

Higher Full-Year 2023 Results Compared with Full-Year 2022

- Net income of approximately $2.7 billion, resulting in $5.48 per diluted share.
- Adjusted EBITDA of more than $5.2 billion.
- 19% increase in Gulf Coast/Permian region NGL raw feed throughput volumes.
- 10% increase in Rocky Mountain region NGL raw feed throughput volumes.
- 54% increase in total wells connected.
- 14% increase in natural gas volumes processed.

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2024 Earnings Guidance

- Net income midpoint of $2.8 billion.
- Adjusted EBITDA midpoint of $6.1 billion.
- Approximately $1.75 billion to $1.95 billion in total capital expenditures.

2024 GUIDANCE:

ONEOK, Inc.	2024 Guidance Range (Millions of dollars, except per share amounts)		
Net income	$2,610	-	$3,010
Diluted earnings per common share	$4.45	-	$5.14
Adjusted EBITDA (a)	$5,900	-	$6,300
Growth capital expenditures	$1,390	-	$1,550
Maintenance capital expenditures	$360	-	$400
Adjusted EBITDA:			
Natural Gas Liquids	$2,390	-	$2,550
Refined Products and Crude	$1,645	-	$1,765
Natural Gas Gathering and Processing	$1,275	-	$1,355
Natural Gas Pipelines	$565	-	$595
Other	$25	-	$35

(a) Adjusted EBITDA is a non-GAAP measure. A reconciliation to the relevant GAAP measure is included in this news release.

Summary of 2024 Volume Guidance	2024 Guidance Range		
Natural Gas Liquids Raw Feed Throughput *(MBbl/d)*	1,330	-	1,430
Refined Products Volume Shipped *(MBbl/d)*	1,500	-	1,600
Crude Oil Volume Shipped *(MBbl/d)*	700	-	850
Natural Gas Processed *(MMcf/d)*	2,240	-	2,570

"Record volumes, strong financial performance and the closing of the Magellan acquisition solidified 2023 as a year of significant growth and transformation… With volume momentum across our operations, a full-year earnings contribution from the refined products and crude segment, and the realization of acquisition-related synergies, we've guided to double-digit adjusted EBITDA growth in 2024.

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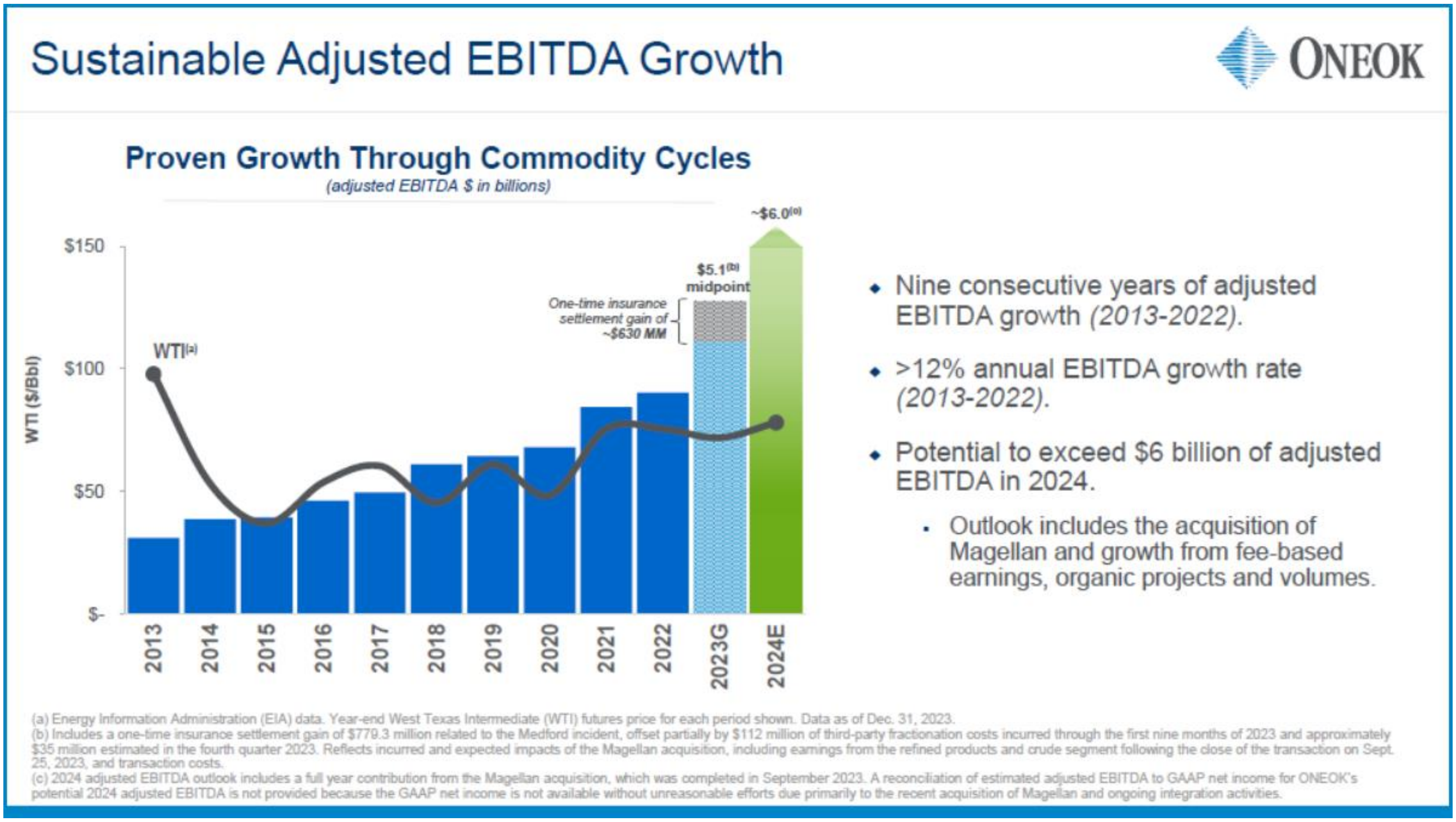
Our confidence in ONEOK's underlying business fundamentals and future performance support our commitment to maximize investor value through disciplined capital-growth opportunities, maintaining a strong balance sheet, dividend growth and share repurchases… With our larger scale and more diversified operations, we're even better positioned to support our customers, provide essential energy services and create value for our stakeholders." – **Pierce H. Norton II, ONEOK President and CEO**



Highlights

- In January 2024, ONEOK increased its quarterly dividend 3.7% to 99 cents per share, or $3.96 per share on an annualized basis.
- In January 2024, ONEOK authorized a $2 billion share repurchase program and targets it to be largely utilized over the next four years.
- In 2023, ONEOK extinguished $1.3 billion of long-term debt.
- Capital-growth projects:

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  - ONEOK approved the Elk Creek Pipeline expansion to 435,000 barrels per day (bpd), which will increase natural gas liquids (NGL) capacity out of the Rocky Mountain region to 575,000 bpd. The expansion is expected to cost approximately $355 million and be completed in the first quarter 2025.
  - In February, the Federal Energy Regulatory Commission (FERC) approved the Saguaro Connector Pipeline's Presidential Permit. ONEOK expects a final investment decision on the pipeline by mid-year 2024.
- 2023 Environmental, Social and Governance (ESG) highlights:
  - ONEOK received an MSCI ESG Rating of AAA.
  - ONEOK qualified for inclusion in the Dow Jones Sustainability North American Index, part of the Dow Jones Sustainability Indices (DJSI), which recognizes global sustainability leaders.
  - ONEOK's ESG Risk Rating, as assessed by Morningstar Sustainalytics, was in the top 20% of the refiners and pipelines industry.
- As of Dec. 31, 2023:
  - 3.46 times fourth-quarter 2023 annualized run-rate net debt-to-EBITDA ratio (excluding transaction costs).
  - No borrowings outstanding under ONEOK's $2.5 billion credit agreement.
  - $338 million of cash and cash equivalents.

FOURTH QUARTER AND FULL-YEAR 2023 FINANCIAL HIGHLIGHTS

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Years Ended December 31, 2023	Years Ended December 31, 2022
	(Millions of dollars, except per share amounts)			
Net income (a) (b)	**$ 688**	$ 485	**$ 2,659**	$ 1,722
Diluted earnings per common share (a) (b)	**$ 1.18**	$ 1.08	**$ 5.48**	$ 3.84
Adjusted EBITDA (c) (d)	**$ 1,514**	$ 967	**$ 5,243**	$ 3,620
Operating income (c)	**$ 1,099**	$ 756	**$ 4,072**	$ 2,807
Operating costs	**$ 554**	$ 322	**$ 1,535**	$ 1,149
Depreciation and amortization	**$ 260**	$ 157	**$ 769**	$ 626
Equity in net earnings from investments	**$ 70**	$ 37	**$ 202**	$ 148
Maintenance capital	**$ 139**	$ 69	**$ 277**	$ 228
Capital expenditures (includes maintenance)	**$ 603**	$ 316	**$ 1,595**	$ 1,202

Full-Year 2023 Financial Performance

ONEOK reported full-year 2023 net income and adjusted earnings before interest, taxes, depreciation and amortization of $2.7 billion and $5.2 billion, respectively.

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Higher 2023 results were driven primarily by higher volumes across ONEOK's systems, higher average fee rates, and higher natural gas storage and transportation services. Results included higher operating costs due primarily to higher employee-related costs and higher outside services due to the growth of ONEOK's operations.

Full-year 2023 results included $633 million related to the Medford incident and $158 million of transaction costs.

Additionally, 2023 results included $465 million of adjusted EBITDA in the refined products and crude segment following the closing of the Magellan acquisition on Sept. 25, 2023.

Dividends and Share Repurchases

One January 17, 2024, the board of directors of ONEOK increased its quarterly dividend to 99 cents per share, an increase of 3.7%. This increase results in an annualized dividend of $3.96 per share.

The dividend is payable Feb. 14, 2024, to shareholders of record at the close of business Jan. 30, 2024.

For future dividend increases, ONEOK expects to target an annual dividend growth rate ranging between 3% to 4%.

ONEOK's board has also authorized a $2 billion share repurchase program and targets it to be largely utilized over the next four years. This program will complement the dividend growth rate as a key pillar of shareholder return in the future.

The combination of common dividends and share repurchases is expected to trend towards a target of approximately 75% to 85% of forecasted cash flow from operations after capital expenditures over the next four years, allowing ONEOK to continue pursuing additional high-return growth opportunities, debt reduction or share repurchases.

ONEOK has also opportunistically repurchased approximately $300 million of face value of its outstanding notes at a discount to par value during the fourth quarter of 2023 and finished the year with approximately $340 million of cash on hand. ONEOK remains committed to its previously stated target debt-to-EBITDA ratio of approximately 3.5 times.

> ***"ONEOK is poised to generate substantial cash flow from operations in the coming years… Our commitment to capital-growth opportunities continues as our highest priority in our capital allocation strategy. This priority, combined with dividend growth and share repurchases, reinforces our commitment to maximizing total shareholder return and our belief that ONEOK represents a highly compelling investment opportunity."*** – **Pierce H. Norton II, ONEOK President and CEO**

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ONEOK, Inc.

Company Profile

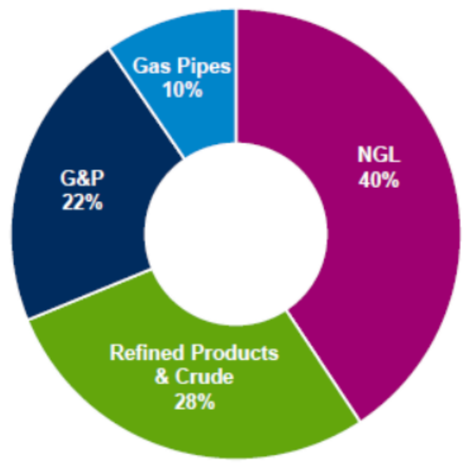
March 27, 2024

Business Segments

ONEOK

- **Natural Gas Liquids**:
  - **Primary NGL transportation provider** for the Williston and Powder River basins and Mid-Continent.
  - **End market connectivity:** Williston Basin to Gulf Coast.
- **Refined Products and Crude**:
  - **Stable, demand driven business platform** that can access nearly 50% of U.S. refining capacity.
  - **Connected to Houston and Cushing** crude market hubs.
- **Natural Gas Gathering and Processing:**
  - **Primarily fee-based contracts** with a percent-of-proceeds component.
  - **A leading natural gas processer** in the Williston Basin.
- **Natural Gas Pipelines**:
  - **Connected directly** to end-use markets.
  - **Historically >95%** transportation capacity contracted.

EARNINGS BY SEGMENT[a]



(a) Breakdown shown represents 2024 EBITDA guidance.

Natural Gas Liquids Segment

The increase in fourth quarter 2023 adjusted EBITDA, compared with the fourth quarter 2022, primarily reflects:

- A $135 million increase in exchange services due primarily to higher volumes across ONEOK's system and lower volumes of unfractionated NGLs in inventory;
- An $11 million increase in earnings from unconsolidated affiliates due primarily to higher volumes delivered to the Overland Pass Pipeline and the change in calculation methodology in 2023; offset by
- A $47 million decrease in optimization and marketing due primarily to lower earnings on sales of purity NGLs previously held in inventory, lower optimization volumes and narrower location and commodity price differentials;
- A $34 million increase in third-party fractionation costs due to the Medford incident; and
- A $26 million increase in operating costs due primarily to higher employee costs and property insurance premiums.

The increase in adjusted EBITDA for the full year 2023, compared with 2022, primarily reflects:

- A $663 million increase related to the Medford incident, due to the settlement gain of $779 million, offset partially by $146 million of third-party fractionation costs, compared with an approximately $30 million unfavorable impact of the 45-day waiting period in 2022;
- A $303 million increase in exchange services due primarily to higher volumes across ONEOK's system, offset partially by narrower commodity price differentials;

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- A $32 million increase in earnings from unconsolidated affiliates due primarily to higher volumes delivered to the Overland Pass Pipeline and the change in calculation methodology in 2023;
- A $20 million increase due primarily to higher volumes on the ONEOK North System and higher storage revenue; and
- A $12 million increase in optimization and marketing due primarily to higher earnings on sales of purity NGLs previously held in inventory; offset by
- An $88 million increase in operating costs due primarily to higher employee-related costs and higher outside services due to the growth of ONEOK's operations, and higher property insurance premiums.

Natural Gas Gathering and Processing Segment
The increase in fourth quarter 2023 adjusted EBITDA, compared with the fourth quarter 2022, primarily reflects:

- A $76 million increase from higher volumes due primarily to increased producer activity in the Rocky Mountain and Mid-Continent regions and the impact of winter weather in the Rocky Mountain region in the fourth quarter 2022; offset by
- A $15 million increase in operating costs due primarily to higher employee-related costs and higher property insurance premiums.

The increase in adjusted EBITDA for full year 2023, compared with 2022, primarily reflects:

- A $227 million increase from higher volumes due primarily to increased producer activity in the Rocky Mountain and Mid-Continent regions, and the impact of winter weather in the Rocky Mountain region in the second and fourth quarters of 2022; and
- A $49 million increase due primarily to higher average fee rates and realized condensate prices, net of hedging, offset partially by lower realized NGL prices, net of hedging; offset by
- A $62 million increase in operating costs due primarily to higher employee-related costs, outside services and materials and supplies expense due primarily to the growth of ONEOK's operations, and higher property insurance premiums.

Natural Gas Pipelines Segment
Fourth quarter 2023 adjusted EBITDA, compared with the fourth quarter 2022, primarily reflects:

- An $11 million increase in earnings from unconsolidated affiliates due to the change in calculation methodology in 2023; offset by
- A $5 million decrease in storage services due primarily to lower short-term storage activity; and
- A $2 million increase in operating costs due primarily to employee-related costs.

The increase in adjusted EBITDA for the full year 2023, compared with 2022, primarily reflects:

- A $43 million increase in transportation and storage services due primarily to higher storage rates on renegotiated contracts, higher storage volumes related to completed projects and higher firm and interruptible transportation volumes; and
- A $42 million increase in earnings from unconsolidated affiliates due to the change in calculation methodology in 2023; offset by
- A $20 million increase in operating costs due primarily to higher employee-related costs.

Refined Products and Crude Segment
Adjusted EBITDA was $465 million for the period Sept. 25, 2023, through Dec. 31, 2023, which includes a $40 million unfavorable inventory value adjustment, related to the closing of the Magellan acquisition.

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2024 Guidance

2024 Financial Guidance
Non-GAAP Reconciliation

ONEOK

	2024 Guidance Ranges		
	($ in millions)		
Reconciliation of net income to adjusted EBITDA			
Net income[a]	$2,610	-	$3,010
Interest expense, net of capitalized interest	1,195	-	1,165
Depreciation and amortization	1,090	-	1,060
Income tax expense	830	-	950
Adjusted EBITDA from unconsolidated affiliates	340	-	330
Equity in net earnings from investments	(240)	-	(250)
Noncash compensation and other	75	-	35
Adjusted EBITDA	**$5,900**	**-**	**$6,300**

Key Guidance Assumptions	
Book income tax rate	**24%**
Average diluted shares outstanding	**586.4 million**

(a) Resulting in a diluted earnings per common share range of $4.45 - $5.14.
Note: ONEOK estimates 32% of the 2024 annual dividend to common shareholders to be a non-taxable return of capital to the extent of a common shareholder's tax basis in each common share.

2024 Financial Guidance:

ONEOK's 2024 net income and adjusted EBITDA guidance includes higher earnings from all business segments (excluding the Medford insurance settlement in 2023), includes a full-year contribution from the refined products and crude segment and approximately $160 million to $190 million (midpoint of $175 million) of total realized annual cost and initial commercial synergy impacts in the first year post the Magellan acquisition.

ONEOK continues to prioritize synergy opportunities primarily based on three factors: time-to-market, economic value and capital expenditure requirements.

Building off of the opportunities captured in 2024, ONEOK expects additional annual synergies approaching $125 million in 2025 as a result of batching, blending, supply chain synergies and system optimization. Additional commercial synergies are expected in 2026 as necessary capital expenditure projects are completed.

Capital Expenditures:

Total capital expenditure is expected to range between $1.75 billion to $1.95 billion.

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Capital expenditure guidance includes the MB-6 NGL fractionator, West Texas NGL pipeline expansion project and the expansion of the Elk Creek NGL pipeline, which will bring total capacity out of the Rocky Mountain region to 575,000 barrels per day. Projects that have not reached a final investment decision are not included in 2024 expectations.

Expected 2024 Performance Drivers:

Natural Gas Liquids

- Higher exchange services margins from an expected increase in NGL raw feed throughput volumes in the Rocky Mountain and Gulf Coast/Permian regions from producer activity, plant connections and plant expansions completed in 2023 and 2024.
- More than 90% fee-based earnings.

Refined Products and Crude

- Full-year effect of higher refined products tariff rates driven by a mid-year tariff increase of 11.5% in July 2023 and a mid-single digit tariff increase expected in 2024.
- Higher volumes and margins related to liquids blending, offset partially by lower contributions from joint ventures.
- More than 85% fee-based earnings.

Natural Gas Gathering and Processing

- Approximately 7% increase in natural gas volumes processed driven by increasing producer activity in the Rocky Mountain region.
- Approximately 530 to 600 Rocky Mountain region well connections in 2024.
- Approximately 60 to 70 Mid-Continent region well connections in 2024.
- Approximately 85% fee-based earnings.

Natural Gas Pipelines

- More than 95% transportation capacity contracted.
- Increased demand for long-term pipeline and storage capacity.
- More than 95% fee-based earnings.

Returning Value to Investors

- Targeting an annual dividend growth rate ranging between 3% to 4%.
- Combination of common dividends and share repurchases is expected to trend towards a target of approximately 75% to 85% of forecasted cash flow from operations after capital expenditures over the next four years.
- Target debt-to-EBITDA ratio of approximately 3.5 times.

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ONEOK, Inc.

Company Profile

Net Income and Cash Flow Forecast Model

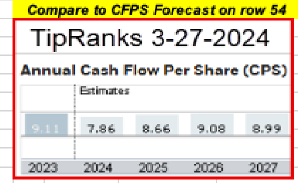
March 27, 2024

ONEOK, Inc. (NYSE: OKE)
Net Income and Cash Flow 2021 - 2024 (updated 3-27-2024)

Merger with Magellan Midstream Parters closed on September 25, 2023

All in $Thousands except for per share data	Actual Year 2022	Actual Qtr1 2023	Actual Qtr2 2023	Actual Qtr3 2023	Actual Qtr4 2023	Actual Year 2023	Forecast Qtr1 2024	Forecast Qtr2 2024	Forecast Qtr3 2024	Forecast Qtr4 2024	Forecast Year 2024	Forecast 2025	
							$ 6,200,000	$ 6,100,000	$ 6,300,000	$ 6,600,000	$ 25,300,000	$ 25,600,000	< TipRanks Revenue Forecast
REVENUES:													
Commodity sales	$20,975,462	$4,156,000	$3,371,000	$3,760,000	$4,327,000	$15,614,000	$4,900,000	$5,000,000	$5,200,000	$5,400,000	$20,500,000	$21,500,000	
Services	1,411,430	365,000	361,000	429,000	908,000	2,063,000	950,000	950,000	1,000,000	1,100,000	4,000,000	4,200,000	
Total Revenues	22,386,892	4,521,000	3,732,000	4,189,000	5,235,000	17,677,000	5,850,000	5,950,000	6,200,000	6,500,000	24,500,000	25,700,000	
EXPENSES:													
Cost of sales and fuel	17,909,866	3,347,000	2,482,000	2,799,000	3,301,000	11,929,000	3,817,125	3,882,375	4,045,500	4,241,250	15,986,250	16,705,000	< Row 12 X 65.25% in 2024 & 65% in 2025
Operations and maintenance	866,456	216,000	266,000	272,000	482,000	1,236,000	500,000	525,000	550,000	575,000	2,150,000	2,300,000	
Unit based compensation & other non-cash expense	91,790	23,000	20,000	36,000	4,000	83,000	30,000	30,000	30,000	30,000	120,000	200,000	
DD&A	626,132	162,000	170,000	177,000	260,000	769,000	265,000	265,000	270,000	275,000	1,075,000	1,200,000	
Impairment of long-lived assets	0	0	0	0	0	0	0	0	0	0	0	0	
General taxes	191,458	57,000	47,000	44,000	68,000	216,000	75,000	75,000	75,000	75,000	300,000	300,000	
Transaction costs		0	10,000	123,000	25,000	158,000	10,000	0	0	0	10,000	0	
(Gain) loss on sale of assets & Other Income in 202	(106,229)	(502,000)	0	(1,000)	0	(503,000)	0	0	0	0	0	0	
Non-Cash portion of other income in Q1 2023		(279,000)	0	0	(4,000)	(283,000)	0	0	0	0	0		
TOTAL EXPENSES	19,579,473	3,024,000	2,995,000	3,450,000	4,136,000	13,605,000	4,697,125	4,777,375	4,970,500	5,196,250	19,641,250	20,705,000	
OPERATING EARNING	2,807,419	1,497,000	737,000	739,000	1,099,000	4,072,000	1,152,875	1,172,625	1,229,500	1,303,750	4,858,750	4,995,000	
OTHER INCOME (EXPENSES)													
Equity earnings from investments	147,720	40,000	43,000	49,000	70,000	202,000	60,000	60,000	60,000	60,000	240,000	240,000	
Allowance for equity funds used during construction	2,551	0	0	0	0	0	0	0	0	0	0	0	
Other income (expense)	(32,099)	8,000	13,000	22,000	46,000	89,000	0	0	0	0	0	0	
Interest expense	(733,372)	(184,000)	(186,000)	(223,000)	(316,000)	(909,000)	(310,000)	(305,000)	(300,000)	(295,000)	(1,210,000)	(1,150,000)	
Capitalized interest	57,426	18,000	6,000	8,000	11,000	43,000	10,000	10,000	10,000	10,000	40,000	40,000	
INCOME BERORE INCOME TAXES	2,249,645	1,379,000	613,000	595,000	910,000	3,497,000	912,875	937,625	999,500	1,078,750	3,928,750	4,125,000	
INCOME TAXES													
Current	64,005	45,000	11,000	(39,000)	(8,000)	9,000	18,258	18,753	19,990	21,575	78,575	82,500	< 2%
Deferred	463,419	285,000	134,000	180,000	230,000	829,000	200,833	206,278	219,890	237,325	864,325	907,500	< 22%
NET INCOME	$1,722,221	$1,049,000	$468,000	$454,000	$688,000	$2,659,000	$693,785	$712,595	$759,620	$819,850	$2,985,850	$3,135,000	
Less: Preferred Stock Dividends	1,100	-	-	-	-	-	-	-	-	-	-	-	***Compare to Guidance Below >>>***
NET INCOME ATTRIBUTABLE TO ONEOK	$1,721,121	$1,049,000	$468,000	$454,000	$688,000	$2,659,000	$693,785	$712,595	$759,620	$819,850	$2,985,850	$3,135,000	
													Stock repurchase plan is $2 billion over 4 years
COMMON STOCK	447,158	583,093	583,093	583,093	583,093	583,093	575,000	575,000	575,000	575,000	575,000	560,000	< 2023 is shares o/s on 12-31-2023
Earnings per Ltd Partner unit	$3.85	$1.80	$0.80	$0.78	$1.18	$4.56	$1.21	$1.24	$1.32	$1.43	$5.19	$5.60	***Merger with MMP added 135,401,000 shares in Q3 2023***
NOTE: Current First Call Estimated EPS							$1.21	$1.22	$1.28	$1.35	$5.06	$5.53	< TipRanks' EPS forecast
Cash flow ($millions)	$2,901,460	$1,240,000	$797,000	$846,000	$1,180,000	$4,063,000	$1,169,618	$1,188,873	$1,249,510	$1,322,175	$4,930,175	$5,251,500	< 2024 Capex $1,750 to $1,950 million
Cashflow per LP unit (before CapEx)	$6.49	$2.13	$1.37	$1.45	$2.02	$6.97	$2.03	$2.07	$2.17	$2.30	$8.57	$9.38	**< Fair Value estimated at 9.5 X CFPS = $84.00**
Distributions >>>	$3.74	$0.955	$0.955	$0.955	$0.955	$3.820	$0.99	$0.99	$0.99	$0.99	$3.96	$4.10	< Estimated dividends
						EBITDA >>>	1,477,875	1,497,625	1,559,500	1,638,750	6,173,750		

Compare to CFPS Forecast on row 54



2024 EBITDA $6,173,750

TipRanks PT		$	82.00	
Morgan Stan	3/26/24	$	85.00	HOLD
Truist Financial	3/21/24	$	81.00	HOLD
Mizuho Sec	3/19/24	$	81.00	HOLD
JP Morgan	3/13/24	$	85.00	BUY
Barclays	3/11/24	$	80.00	HOLD

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