

ONEOK Announces First Quarter 2024 Earnings; Increases 2024 Financial Guidance

April 30, 2024

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ONEOK, Inc. and Subsidiaries CONSOLIDATED STATEMENTS OF INCOME

<i>(Unaudited)</i>	Three Months Ended March 31,	
	2024	2023
	<i>(Millions of dollars, except per share amounts)</i>	
Revenues		
Commodity sales	\$ 3,928	\$ 4,156
Services	853	365
Total revenues	4,781	4,521
Cost of sales and fuel (exclusive of items shown separately below)	2,897	3,347
Operations and maintenance	486	239
Depreciation and amortization	254	162
General taxes	86	57
Other operating income, net	(6)	(781)
Operating income	1,064	1,497
Equity in net earnings from investments	76	40
Other income, net	7	8
Interest expense (net of capitalized interest of \$12 and \$18, respectively)	(300)	(166)
Income before income taxes	847	1,379
Income taxes	(208)	(330)
Net income	639	1,049
Less: Preferred stock dividends	—	—
Net income available to common shareholders	\$ 639	\$ 1,049
Basic earnings per common share	\$ 1.09	\$ 2.34
Diluted earnings per common share	\$ 1.09	\$ 2.34
Average shares (<i>millions</i>)		
Basic	584.2	448.1
Diluted	585.7	449.0

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ONEOK, Inc. and Subsidiaries CONSOLIDATED BALANCE SHEETS

<i>(Unaudited)</i>	March 31, 2024	December 31, 2023
Assets	<i>(Millions of dollars)</i>	
Current assets		
Cash and cash equivalents	\$ 65	\$ 338
Accounts receivable, net	1,699	1,705
Materials and supplies	153	148
Inventories	798	639
Commodity imbalances	23	26
Other current assets	212	252
Total current assets	2,950	3,108
Property, plant and equipment		
Property, plant and equipment	38,796	38,454
Accumulated depreciation and amortization	5,989	5,757
Net property, plant and equipment	32,807	32,697
Other assets		
Investments in unconsolidated affiliates	1,939	1,874
Goodwill	5,056	4,952
Intangible assets, net	1,311	1,316
Other assets	327	319
Total other assets	8,633	8,461
Total assets	\$ 44,390	\$ 44,266

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ONEOK, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
(Continued)

<i>(Unaudited)</i>	March 31, 2024	December 31, 2023
	<i>(Millions of dollars)</i>	
Liabilities and equity		
Current liabilities		
Current maturities of long-term debt	\$ 1,234	\$ 484
Short-term borrowings	320	—
Accounts payable	1,480	1,564
Commodity imbalances	221	244
Accrued taxes	169	215
Accrued interest	268	381
Other current liabilities	502	564
Total current liabilities	4,194	3,452
Long-term debt, excluding current maturities	20,447	21,183
Deferred credits and other liabilities		
Deferred income taxes	2,745	2,594
Other deferred credits	559	553
Total deferred credits and other liabilities	3,304	3,147
Commitments and contingencies		
Equity		
Preferred stock, \$0.01 par value: authorized and issued 20,000 shares at March 31, 2024, and December 31, 2023	—	—
Common stock, \$0.01 par value: authorized 1,200,000,000 shares; issued 609,713,834 shares and outstanding 583,644,277 shares at March 31, 2024; issued 609,713,834 shares and outstanding 583,093,100 shares at December 31, 2023	6	6
Paid-in capital	16,303	16,320
Accumulated other comprehensive loss	(128)	(33)
Retained earnings	927	868
Treasury stock, at cost: 26,069,557 shares at March 31, 2024, and 26,620,734 shares at December 31, 2023	(663)	(677)
Total equity	16,445	16,484
Total liabilities and equity	\$ 44,390	\$ 44,266

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ONEOK, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended
March 31,

(Unaudited)

2024 2023

(Millions of dollars)

Operating activities

Net income	\$	639	\$	1,049
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		254		162
Equity in net earnings from investments		(76)		(40)
Distributions received from unconsolidated affiliates		78		43
Deferred income taxes		180		285
Medford settlement gain		—		(779)
Medford settlement proceeds		—		502
Other, net		23		18
Changes in assets and liabilities:				
Accounts receivable		6		329
Inventories, net of commodity imbalances		(179)		20
Accounts payable		(29)		(237)
Risk-management assets and liabilities		(144)		26
Other assets and liabilities, net		(156)		(157)
Cash provided by operating activities		596		1,221

Investing activities

Capital expenditures (less allowance for equity funds used during construction)		(512)		(289)
Purchases of and contributions to unconsolidated affiliates		(92)		(2)
Distributions received from unconsolidated affiliates in excess of cumulative earnings		25		8
Medford settlement proceeds		—		328
Other, net		1		2
Cash provided by (used in) investing activities		(578)		47

Financing activities

Dividends paid		(578)		(427)
Short-term borrowings, net		320		—
Issuance of long-term debt, net of discounts		—		50
Repayment of long-term debt		—		(425)
Other, net		(33)		(6)
Cash used in financing activities		(291)		(808)
Change in cash and cash equivalents		(273)		460
Cash and cash equivalents at beginning of period		338		220
Cash and cash equivalents at end of period	\$	65	\$	680

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ONEOK, Inc. and Subsidiaries INFORMATION AT A GLANCE

<i>(Unaudited)</i>	Three Months Ended March 31,	
	2024	2023
	<i>(Millions of dollars, except as noted)</i>	
<u>Natural Gas Liquids</u>		
Operating costs, excluding noncash compensation adjustments	\$ 173	\$ 146
Depreciation and amortization	\$ 85	\$ 78
Adjusted EBITDA from unconsolidated affiliates	\$ 17	\$ 11
Adjusted EBITDA	\$ 588	\$ 1,283
Raw feed throughput (MBbl/d) (a)	1,241	1,256
Average Conway-to-Mont Belvieu OPIS price differential - ethane in ethane/propane mix (\$/gallon)	\$ 0.00	\$ 0.03
Capital expenditures	\$ 253	\$ 137
(a) - Represents physical raw feed volumes on which ONEOK charges a fee for transportation and/or fractionation services.		
<u>Refined Products and Crude</u>		
Operating costs, excluding noncash compensation adjustments	\$ 210	\$ —
Depreciation and amortization	\$ 80	\$ —
Adjusted EBITDA from unconsolidated affiliates	\$ 35	\$ —
Adjusted EBITDA	\$ 381	\$ —
Refined products volume shipped (MBbl/d) (a)	1,411	—
Crude oil volume shipped (MBbl/d) (a)	747	—
Capital expenditures	\$ 42	\$ —
(a) - Includes volumes for consolidated entities only.		
<u>Natural Gas Gathering and Processing</u>		
Operating costs, excluding noncash compensation adjustments	\$ 113	\$ 101
Depreciation and amortization	\$ 70	\$ 67
Adjusted EBITDA from unconsolidated affiliates	\$ 2	\$ 1
Adjusted EBITDA	\$ 306	\$ 285
Natural gas processed (BBtu/d) (a) (b)	2,894	2,794
Average fee rate (\$/MMBtu) (a)	\$ 1.21	\$ 1.13
Capital expenditures	\$ 116	\$ 98
(a) Includes volumes for consolidated entities only.		
(b) Includes volumes ONEOK processed at company-owned and third-party facilities.		
<u>Natural Gas Pipelines</u>		
Operating costs, excluding noncash compensation adjustments	\$ 51	\$ 43
Depreciation and amortization	\$ 18	\$ 17
Adjusted EBITDA from unconsolidated affiliates	\$ 47	\$ 44
Adjusted EBITDA	\$ 165	\$ 158
Natural gas transportation capacity contracted (MDth/d) (a)	8,086	7,693
Transportation capacity contracted (a)	97 %	96 %
Capital expenditures	\$ 79	\$ 46
(a) - Includes volumes for consolidated entities only.		

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ONEOK, Inc.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

<i>(Unaudited)</i>	Three Months Ended	
	2024	2023
	<i>(Millions of dollars)</i>	
Reconciliation of net income to adjusted EBITDA		
Net income (a)	\$ 639	\$ 1,049
Interest expense, net of capitalized interest	300	166
Depreciation and amortization	254	162
Income taxes	208	330
Adjusted EBITDA from unconsolidated affiliates (b)	101	56
Equity in net earnings from investments (b)	(76)	(40)
Noncash compensation expense and other	15	10
Adjusted EBITDA (a) (b)	\$ 1,441	\$ 1,733

(a) Amounts for the three months ended March 31, 2023, include \$733 million related to the Medford incident, including a one-time insurance settlement gain of \$779 million, offset partially by \$46 million of third-party fractionation costs incurred during the first quarter 2023.

(b) Beginning in 2023, ONEOK updated its calculation methodology of adjusted EBITDA to include adjusted EBITDA from unconsolidated affiliates. This change resulted in an additional \$16 million of adjusted EBITDA in the first quarter of 2023.

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ONEOK, Inc.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Updated 2024
Guidance Range

(Unaudited)

(Millions of dollars)

Reconciliation of net income to adjusted EBITDA

Net income	\$	2,730	-	\$	3,030
Interest expense, net of capitalized interest		1,195	-		1,165
Depreciation and amortization		1,065	-		1,035
Income taxes		850	-		970
Adjusted EBITDA from unconsolidated affiliates in excess of equity earnings		105	-		85
Noncash compensation expense and other		80	-		40
Adjusted EBITDA	\$	6,025	-	\$	6,325