

ONEOK Announces Higher Second Quarter 2024 Earnings; Affirms 2024 Financial Guidance

Aug. 5, 2024

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ONEOK, Inc. and Subsidiaries CONSOLIDATED STATEMENTS OF INCOME

<i>(Unaudited)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	<i>(Millions of dollars, except per share amounts)</i>			
Revenues				
Commodity sales	\$ 3,994	\$ 3,371	\$ 7,922	\$ 7,527
Services	900	361	1,753	726
Total revenues	4,894	3,732	9,675	8,253
Cost of sales and fuel (exclusive of items shown separately below)	2,891	2,482	5,788	5,829
Operations and maintenance	490	296	976	535
Depreciation and amortization	262	170	516	332
General taxes	83	47	169	104
Other operating income, net	(61)	—	(67)	(781)
Operating income	1,229	737	2,293	2,234
Equity in net earnings from investments	88	43	164	83
Other income, net	4	13	11	21
Interest expense (net of capitalized interest of \$16, \$6, \$28 and \$24, respectively)	(298)	(180)	(598)	(346)
Income before income taxes	1,023	613	1,870	1,992
Income taxes	(243)	(145)	(451)	(475)
Net income	780	468	1,419	1,517
Less: Preferred stock dividends	—	—	—	—
Net income available to common shareholders	\$ 780	\$ 468	\$ 1,419	\$ 1,517
Basic earnings per common share	\$ 1.33	\$ 1.04	\$ 2.43	\$ 3.38
Diluted earnings per common share	\$ 1.33	\$ 1.04	\$ 2.42	\$ 3.38
Average shares (<i>millions</i>)				
Basic	584.6	448.3	584.4	448.2
Diluted	585.8	449.0	585.7	449.0

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ONEOK, Inc. and Subsidiaries CONSOLIDATED BALANCE SHEETS

<i>(Unaudited)</i>	June 30,	December 31,
	2024	2023
Assets	<i>(Millions of dollars)</i>	
Current assets		
Cash and cash equivalents	\$ 36	\$ 338
Accounts receivable, net	1,330	1,705
Materials and supplies	153	148
Inventories	671	639
Commodity imbalances	15	26
Other current assets	270	252
Total current assets	2,475	3,108
Property, plant and equipment		
Property, plant and equipment	39,627	38,454
Accumulated depreciation and amortization	6,212	5,757
Net property, plant and equipment	33,415	32,697
Other assets		
Investments in unconsolidated affiliates	1,937	1,874
Goodwill	5,112	4,952
Intangible assets, net	1,297	1,316
Other assets	299	319
Total other assets	8,645	8,461
Total assets	\$ 44,535	\$ 44,266

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

<i>(Unaudited)</i>	June 30,	December 31,
	2024	2023
Liabilities and equity	<i>(Millions of dollars)</i>	
Current liabilities		
Current maturities of long-term debt	\$ 1,354	\$ 484
Short-term borrowings	180	—
Accounts payable	1,271	1,564
Commodity imbalances	267	244
Accrued taxes	165	215
Accrued interest	355	381
Other current liabilities	387	564
Total current liabilities	3,979	3,452
Long-term debt, excluding current maturities	20,339	21,183
Deferred credits and other liabilities		
Deferred income taxes	2,956	2,594
Other deferred credits	552	553
Total deferred credits and other liabilities	3,508	3,147
Commitments and contingencies		
Equity		
Preferred stock, \$0.01 par value: authorized and issued 20,000 shares at June 30, 2024, and December 31, 2023	—	—
Common stock, \$0.01 par value: authorized 1,200,000,000 shares; issued 609,713,834 shares and outstanding 584,060,910 shares at June 30, 2024; issued 609,713,834 shares and outstanding 583,093,100 shares at December 31, 2023	6	6
Paid-in capital	16,338	16,320
Accumulated other comprehensive loss	(108)	(33)
Retained earnings	1,126	868
Treasury stock, at cost: 25,652,924 shares at June 30, 2024, and 26,620,734 shares at December 31, 2023	(653)	(677)
Total equity	16,709	16,484
Total liabilities and equity	\$ 44,535	\$ 44,266

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ONEOK, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Six Months Ended

June 30,

(Unaudited)

2024

2023

(Millions of dollars)

Operating activities

Net income	\$	1,419	\$	1,517
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		516		332
Equity in net earnings from investments		(164)		(83)
Distributions received from unconsolidated affiliates		167		86
Deferred income taxes		385		419
Medford settlement gain		—		(779)
Medford settlement proceeds		—		502
Other, net		2		43
Changes in assets and liabilities:				
Accounts receivable		384		456
Inventories, net of commodity imbalances		6		40
Accounts payable		(258)		(443)
Risk-management assets and liabilities		(93)		47
Other assets and liabilities, net		(338)		(144)
Cash provided by operating activities		2,026		1,993

Investing activities

Capital expenditures (less allowance for equity funds used during construction)		(991)		(594)
Cash paid for acquisitions, net of cash received		(357)		—
Purchases of and contributions to unconsolidated affiliates		(98)		(108)
Distributions received from unconsolidated affiliates in excess of cumulative earnings		31		16
Medford settlement proceeds		—		328
Other, net		81		5
Cash used in investing activities		(1,334)		(353)

Financing activities

Dividends paid		(1,156)		(855)
Short-term borrowings, net		180		—
Issuance of long-term debt, net of discounts		—		60
Repayment of long-term debt		—		(940)
Other, net		(18)		(19)
Cash used in financing activities		(994)		(1,754)
Change in cash and cash equivalents		(302)		(114)
Cash and cash equivalents at beginning of period		338		220
Cash and cash equivalents at end of period	\$	36	\$	106

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ONEOK, Inc. and Subsidiaries INFORMATION AT A GLANCE

<i>(Unaudited)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	<i>(Millions of dollars, except as noted)</i>			
<u>Natural Gas Liquids</u>				
Operating costs, excluding noncash compensation adjustments	\$ 174	\$ 154	\$ 347	\$ 300
Depreciation and amortization	\$ 86	\$ 85	\$ 171	\$ 163
Adjusted EBITDA from unconsolidated affiliates	\$ 27	\$ 16	\$ 44	\$ 27
Adjusted EBITDA	\$ 635	\$ 533	\$ 1,223	\$ 1,816
Raw feed throughput (MBbl/d) (a)	1,365	1,399	1,303	1,328
Average Conway-to-Mont Belvieu OPIS price differential - ethane in ethane/propane mix (\$/gallon)	\$ 0.04	\$ 0.03	\$ 0.02	\$ 0.03
Capital expenditures	\$ 285	\$ 169	\$ 538	\$ 306
(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	\$ 209	\$ —	\$ 419	\$ —
Depreciation and amortization	\$ 81	\$ —	\$ 161	\$ —
Adjusted EBITDA from unconsolidated affiliates	\$ 41	\$ —	\$ 76	\$ —
Adjusted EBITDA	\$ 467	\$ —	\$ 848	\$ —
Refined products volume shipped (MBbl/d) (a)	1,536	—	1,473	—
Crude oil volume shipped (MBbl/d) (a)	731	—	739	—
Capital expenditures	\$ 33	\$ —	\$ 75	\$ —
(a) - Includes volumes for consolidated entities only.				
<u>Natural Gas Gathering and Processing</u>				
Operating costs, excluding noncash compensation adjustments	\$ 114	\$ 111	\$ 227	\$ 212
Depreciation and amortization	\$ 74	\$ 67	\$ 144	\$ 134
Adjusted EBITDA from unconsolidated affiliates	\$ 1	\$ 1	\$ 3	\$ 2
Adjusted EBITDA	\$ 371	\$ 313	\$ 677	\$ 598
Natural gas processed (BBtu/d) (a) (b)	3,102	2,922	2,998	2,858
Average fee rate (\$/MMBtu) (a)	\$ 1.22	\$ 1.20	\$ 1.22	\$ 1.17
Capital expenditures	\$ 101	\$ 84	\$ 217	\$ 182
(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	\$ 50	\$ 48	\$ 101	\$ 91
Depreciation and amortization	\$ 18	\$ 16	\$ 36	\$ 33
Adjusted EBITDA from unconsolidated affiliates	\$ 41	\$ 36	\$ 88	\$ 80
Adjusted EBITDA	\$ 152	\$ 133	\$ 317	\$ 291
Natural gas transportation capacity contracted (MDth/d) (a)	7,991	7,656	8,039	7,675
Transportation capacity contracted (a)	96 %	95 %	96 %	95 %
Capital expenditures	\$ 52	\$ 39	\$ 131	\$ 85
(a) - Includes volumes for consolidated entities only.				

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ONEOK, Inc.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(Unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	<i>(Millions of dollars)</i>			
Reconciliation of net income to adjusted EBITDA				
Net income (a) (b)	\$ 780	\$ 468	\$ 1,419	\$ 1,517
Interest expense, net of capitalized interest	298	180	598	346
Depreciation and amortization	262	170	516	332
Income taxes	243	145	451	475
Adjusted EBITDA from unconsolidated affiliates (c)	110	53	211	109
Equity in net earnings from investments (c)	(88)	(43)	(164)	(83)
Noncash compensation expense and other	19	8	34	18
Adjusted EBITDA (a) (b) (c)	\$ 1,624	\$ 981	\$ 3,065	\$ 2,714

(a) Amounts for the three months ended June 30, 2024, include a pre-tax net benefit of \$53 million related to a gain on the sale of natural gas gathering and processing assets, resulting in a net benefit of 7 cents per diluted share after tax.

(b) The six months ended June 30, 2023, includes \$702 million related to the Medford incident, including a settlement gain of \$779 million, offset partially by \$77 million of third-party fractionation costs.

(c) Beginning in 2023, ONEOK updated its calculation methodology of adjusted EBITDA to include adjusted EBITDA from unconsolidated affiliates. This change resulted in an additional \$10 million and \$26 million of adjusted EBITDA for the three and six months ended June 30, 2023, respectively.