

ONEOK Announces Higher Third Quarter 2024 Earnings; Increases 2024 Financial Guidance

Oct. 29, 2024

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ONEOK, Inc. and Subsidiaries CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2024	2023	2024	2023
<i>(Millions of dollars, except per share amounts)</i>				
Revenues				
Commodity sales	\$ 4,083	\$ 3,760	\$ 12,005	\$ 11,287
Services	940	429	2,693	1,155
Total revenues	5,023	4,189	14,698	12,442
Cost of sales and fuel (exclusive of items shown separately below)	3,027	2,799	8,815	8,628
Operations and maintenance	512	308	1,481	833
Depreciation and amortization	274	177	790	509
General taxes	70	44	239	148
Transaction costs	10	123	17	133
Other operating (income) expense, net	2	(1)	(65)	(782)
Operating income	1,128	739	3,421	2,973
Equity in net earnings from investments	92	49	256	132
Other income, net	17	22	28	43
Interest expense (net of capitalized interest of \$19, \$8, \$47 and \$32, respectively)	(325)	(215)	(923)	(561)
Income before income taxes	912	595	2,782	2,587
Income taxes	(219)	(141)	(670)	(616)
Net income	693	454	2,112	1,971
Less: Preferred stock dividends	1	1	1	1
Net income available to common shareholders	\$ 692	\$ 453	\$ 2,111	\$ 1,970
Basic earnings per common share	\$ 1.18	\$ 0.99	\$ 3.61	\$ 4.37
Diluted earnings per common share	\$ 1.18	\$ 0.99	\$ 3.60	\$ 4.36
<i>Average shares (millions)</i>				
Basic	584.8	457.3	584.5	451.2
Diluted	586.7	458.2	586.1	452.1

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ONEOK, Inc. and Subsidiaries CONSOLIDATED BALANCE SHEETS

<i>(Unaudited)</i>	Sept. 30, 2024	Dec. 31, 2023
<i>(Millions of dollars)</i>		
Assets		
Current assets		
Cash and cash equivalents	\$ 579	\$ 338
Accounts receivable, net	1,252	1,705
Materials and supplies	157	148
Inventories	616	639
Commodity imbalances	14	26
Other current assets	258	252
Total current assets	2,876	3,108
Property, plant and equipment		
Property, plant and equipment	40,073	38,454
Accumulated depreciation and amortization	6,460	5,757
Net property, plant and equipment	33,613	32,697
Other assets		
Investments in unconsolidated affiliates	1,925	1,874
Goodwill	5,148	4,952
Intangible assets, net	1,283	1,316
Cash held for acquisitions	5,885	—
Other assets	320	319
Total other assets	14,561	8,461
Total assets	\$ 51,050	\$ 44,266

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

<i>(Unaudited)</i>	Sept. 30, 2024	Dec. 31, 2023
<i>(Millions of dollars)</i>		
Liabilities and equity		
Current liabilities		
Current maturities of long-term debt	\$ 1,257	\$ 484
Accounts payable	1,247	1,564
Commodity imbalances	234	244
Accrued taxes	216	215
Accrued interest	253	381
Other current liabilities	350	564
Total current liabilities	3,557	3,452
Long-term debt, excluding current maturities	26,880	21,183
Deferred credits and other liabilities		
Deferred income taxes	3,154	2,594
Other deferred credits	572	553
Total deferred credits and other liabilities	3,726	3,147
Commitments and contingencies		
Equity		
Preferred stock, \$0.01 par value: authorized and issued 20,000 shares at Sept. 30, 2024, and Dec. 31, 2023	—	—
Common stock, \$0.01 par value: authorized 1,200,000,000 shares; issued 609,713,834 shares and outstanding 584,172,823 shares at Sept. 30, 2024; issued 609,713,834 shares and outstanding 583,093,100 shares at Dec. 31, 2023	6	6
Paid-in capital	16,362	16,320
Accumulated other comprehensive loss	(68)	(33)
Retained earnings	1,237	868
Treasury stock, at cost: 25,541,011 shares at Sept. 30, 2024, and 26,620,734 shares at Dec. 31, 2023	(650)	(677)
Total equity	16,887	16,484
Total liabilities and equity	\$ 51,050	\$ 44,266

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ONEOK, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine Months Ended
Sept. 30,

(Unaudited)

2024 2023

(Millions of dollars)

Operating activities

Net income	\$	2,112	\$	1,971
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		790		509
Equity in net earnings from investments		(256)		(132)
Distributions received from unconsolidated affiliates		252		134
Deferred income taxes		570		599
Medford settlement gain		—		(779)
Medford settlement proceeds		—		502
Other, net		42		79
Changes in assets and liabilities:				
Accounts receivable		461		153
Inventories, net of commodity imbalances		28		(104)
Accounts payable		(245)		38
Other assets and liabilities, net		(477)		(57)
Cash provided by operating activities		3,277		2,913

Investing activities

Capital expenditures (less allowance for equity funds used during construction)		(1,459)		(992)
Cash paid for acquisitions, net of cash received		(408)		(5,008)
Purchases of and contributions to unconsolidated affiliates		(102)		(111)
Distributions received from unconsolidated affiliates in excess of cumulative earnings		55		18
Medford settlement proceeds		—		328
Other, net		82		6
Cash used in investing activities		(1,832)		(5,759)

Financing activities

Dividends paid		(1,734)		(1,283)
Issuance of long-term debt, net of discounts		6,982		5,298
Debt financing costs		(67)		(71)
Repayment of long-term debt		(484)		(1,040)
Other, net		(16)		6
Cash provided by financing activities		4,681		2,910
Change in cash and cash equivalents		6,126		64
Cash and cash equivalents at beginning of period		338		220
Cash and cash equivalents at end of period (a)	\$	6,464	\$	284

(a) Includes cash held for acquisitions, which is included within other assets on ONEOK's Consolidated Balance Sheet as of Sept. 30, 2024.

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ONEOK, Inc. and Subsidiaries INFORMATION AT A GLANCE

<i>(Unaudited)</i>	Three Months Ended		Nine Months Ended	
	Sept. 30,		Sept. 30,	
	2024	2023	2024	2023
	<i>(Millions of dollars, except as noted)</i>			
<u>Natural Gas Liquids</u>				
Operating costs, excluding noncash compensation adjustments	\$ 172	\$ 161	\$ 519	\$ 461
Depreciation and amortization	\$ 89	\$ 85	\$ 260	\$ 248
Adjusted EBITDA from unconsolidated affiliates	\$ 26	\$ 19	\$ 70	\$ 46
Adjusted EBITDA	\$ 624	\$ 616	\$ 1,847	\$ 2,432
Raw feed throughput (MBbl/d) (a)	1,324	1,413	1,310	1,357
Average Conway-to-Mont Belvieu OPIS price differential - ethane in ethane/propane mix (\$/gallon)	\$ (0.01)	\$ 0.08	\$ 0.01	\$ 0.04
Capital expenditures	\$ 247	\$ 189	\$ 785	\$ 495
(a) Represents physical raw feed volumes for which ONEOK provides transportation and/or fractionation services.				
<u>Refined Products and Crude</u>				
Operating costs, excluding noncash compensation adjustments	\$ 207	\$ —	\$ 626	\$ —
Depreciation and amortization	\$ 93	\$ —	\$ 254	\$ —
Adjusted EBITDA from unconsolidated affiliates	\$ 41	\$ —	\$ 117	\$ —
Adjusted EBITDA	\$ 441	\$ —	\$ 1,289	\$ —
Refined products volume shipped (MBbl/d) (a)	1,580	—	1,509	—
Crude oil volume shipped (MBbl/d) (a)	816	—	765	—
Capital expenditures	\$ 45	\$ —	\$ 120	\$ —
(a) Includes volumes for consolidated entities only.				
<u>Natural Gas Gathering and Processing</u>				
Operating costs, excluding noncash compensation adjustments	\$ 122	\$ 114	\$ 349	\$ 326
Depreciation and amortization	\$ 71	\$ 68	\$ 215	\$ 202
Adjusted EBITDA from unconsolidated affiliates	\$ —	\$ —	\$ 3	\$ 2
Adjusted EBITDA	\$ 318	\$ 323	\$ 995	\$ 921
Natural gas processed (BBtu/d) (a) (b)	3,236	3,085	3,078	2,935
Average fee rate (\$/MMBtu) (a)	\$ 1.20	\$ 1.17	\$ 1.21	\$ 1.17
Capital expenditures	\$ 102	\$ 126	\$ 319	\$ 308
(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	\$ 49	\$ 151	\$ 140
Depreciation and amortization	\$ 21	\$ 17	\$ 57	\$ 50
Adjusted EBITDA from unconsolidated affiliates	\$ 45	\$ 40	\$ 133	\$ 120
Adjusted EBITDA	\$ 166	\$ 136	\$ 483	\$ 427
Natural gas transportation capacity contracted (MDth/d) (a)	8,231	7,704	8,103	7,684
Transportation capacity contracted (a)	97 %	96 %	97 %	95 %
Capital expenditures	\$ 56	\$ 70	\$ 187	\$ 155
(a) Includes volumes for consolidated entities only.				

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RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(Unaudited)	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2024	2023	2024	2023
	<i>(Millions of dollars)</i>			
Reconciliation of net income to adjusted EBITDA				
Net income	\$ 693	\$ 454	\$ 2,112	\$ 1,971
Interest expense, net of capitalized interest	325	215	923	561
Depreciation and amortization	274	177	790	509
Income taxes	219	141	670	616
Adjusted EBITDA from unconsolidated affiliates (b)	112	63	323	172
Equity in net earnings from investments (b)	(92)	(49)	(256)	(132)
Noncash compensation expense and other	14	14	48	32
Adjusted EBITDA (a) (b) (c)	\$ 1,545	\$ 1,015	\$ 4,610	\$ 3,729
Reconciliation of segment adjusted EBITDA to adjusted EBITDA				
Segment adjusted EBITDA:				
Natural Gas Gathering and Processing	\$ 318	\$ 323	\$ 995	\$ 921
Natural Gas Liquids (a)	624	616	1,847	2,432
Natural Gas Pipelines	166	136	483	427
Refined Products and Crude	441	41	1,289	41
Other (c)	(4)	(101)	(4)	(92)
Adjusted EBITDA (a) (b) (c)	\$ 1,545	\$ 1,015	\$ 4,610	\$ 3,729

(a) The nine months ended Sept. 30, 2023, includes \$667 million related to the Medford incident, including a settlement gain of \$779 million, offset partially by \$112 million of third-party fractionation costs.

(b) Beginning in 2023, ONEOK updated its calculation methodology of adjusted EBITDA to include adjusted EBITDA from unconsolidated affiliates using the same recognition and measurement methods used to record equity in net earnings from investments. This change resulted in an additional \$14 million and \$40 million of adjusted EBITDA for the three and nine months ended Sept. 30, 2023, respectively.

(c) Includes transaction costs related to the Magellan acquisition of \$123 million, offset partially by interest income of \$26 million, for the three months ended Sept. 30, 2023, and transaction costs related to the Magellan acquisition of \$133 million, offset partially by interest income of \$42 million, for the nine months ended Sept. 30, 2023.

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RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

<i>(Unaudited)</i>	Previous 2024 Guidance ^(a)	ONEOK Stand-Alone Updated 2024 Guidance ^(b)	Consolidated 2024 Guidance ^(c)
<i>(Millions of dollars)</i>			
Reconciliation of net income to adjusted EBITDA			
Net income	\$ 2,730 - \$ 3,030	\$ 2,870 - \$ 3,020	\$ 2,895 - \$ 3,095
Interest expense, net of capitalized interest	1,195 - 1,165	1,205 - 1,185	
Depreciation and amortization	1,065 - 1,035	1,065 - 1,045	
Income taxes	850 - 970	885 - 965	
Adjusted EBITDA from unconsolidated affiliates in excess of equity earnings	105 - 85	100 - 80	
Noncash compensation expense and other	80 - 40	75 - 55	
Adjusted EBITDA	\$ 6,025 - \$ 6,325	\$ 6,200 - \$ 6,350	\$ 6,525 - \$ 6,725

(a) Previously issued on April 30, 2024.

(b) Excludes contributions from EnLink, the pending Medallion acquisition and related transaction costs.

(c) Includes expected future contributions from EnLink and the pending Medallion acquisition, following the close of the majority interest in EnLink on Oct. 15, 2024, and the expected fourth quarter 2024 closing of Medallion. Excludes related transaction costs. A reconciliation of estimated adjusted EBITDA to GAAP net income for ONEOK's consolidated 2024 guidance is not provided because components of the reconciliation are not available without unreasonable efforts.