

ONEOK Announces Higher Fourth Quarter and Full-year 2023 Earnings

Feb. 26, 2024

Page 1

ONEOK, Inc. and Subsidiaries CONSOLIDATED STATEMENTS OF INCOME

<i>(Unaudited)</i>	Three Months Ended		Years Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	<i>(Millions of dollars, except per share amounts)</i>			
Revenues				
Commodity sales	\$ 4,327	\$ 4,656	\$ 15,614	\$ 20,976
Services	908	376	2,063	1,411
Total revenues	5,235	5,032	17,677	22,387
Cost of sales and fuel (exclusive of items shown separately below)	3,301	3,893	11,929	17,910
Operations and maintenance	486	275	1,319	958
Depreciation and amortization	260	157	769	626
General taxes	68	47	216	191
Transaction costs	25	—	158	—
Other operating income, net	(4)	(96)	(786)	(105)
Operating income	1,099	756	4,072	2,807
Equity in net earnings from investments	70	37	202	148
Other income (expense), net	46	1	89	(29)
Interest expense (net of capitalized interest of \$11, \$15, \$43, and \$57 respectively)	(305)	(166)	(866)	(676)
Income before income taxes	910	628	3,497	2,250
Income taxes	(222)	(143)	(838)	(528)
Net income	688	485	2,659	1,722
Less: Preferred stock dividends	—	—	1	1
Net income available to common shareholders	\$ 688	\$ 485	\$ 2,658	\$ 1,721
Basic earnings per common share	\$ 1.18	\$ 1.08	\$ 5.49	\$ 3.85
Diluted earnings per common share	\$ 1.18	\$ 1.08	\$ 5.48	\$ 3.84
Average shares <i>(millions)</i>				
Basic	583.4	447.8	484.3	447.5
Diluted	585.5	449.0	485.4	448.4

-more-

ONEOK Announces Higher Fourth Quarter and Full-year 2023 Earnings

Feb. 26, 2024

Page 2

ONEOK, Inc. and Subsidiaries CONSOLIDATED BALANCE SHEETS

<i>(Unaudited)</i>	December 31, 2023	December 31, 2022
Assets	<i>(Millions of dollars)</i>	
Current assets		
Cash and cash equivalents	\$ 338	\$ 220
Accounts receivable, net	1,705	1,532
Materials and supplies	148	149
Inventories	639	432
Commodity imbalances	26	43
Other current assets	252	172
Total current assets	3,108	2,548
Property, plant and equipment		
Property, plant and equipment	38,454	25,015
Accumulated depreciation and amortization	5,757	5,063
Net property, plant and equipment	32,697	19,952
Other assets		
Investments in unconsolidated affiliates	1,874	802
Goodwill	4,952	528
Intangible assets, net	1,316	225
Other assets	319	324
Total other assets	8,461	1,879
Total assets	\$ 44,266	\$ 24,379

-more-

ONEOK Announces Higher Fourth Quarter and Full-year 2023 Earnings

Feb. 26, 2024

Page 3

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

<i>(Unaudited)</i>	December 31, 2023	December 31, 2022
<i>(Millions of dollars)</i>		
Liabilities and equity		
Current liabilities		
Current maturities of long-term debt	\$ 484	\$ 925
Accounts payable	1,564	1,359
Commodity imbalances	244	254
Accrued taxes	215	136
Accrued interest	381	233
Operating lease liability	23	12
Other current liabilities	541	132
Total current liabilities	3,452	3,051
Long-term debt, excluding current maturities	21,183	12,696
Deferred credits and other liabilities		
Deferred income taxes	2,594	1,739
Operating lease liability	74	68
Other deferred credits	479	331
Total deferred credits and other liabilities	3,147	2,138
Commitments and contingencies		
Equity		
Preferred stock, \$0.01 par value: authorized and issued 20,000 shares at December 31, 2023, and December 31, 2022	—	—
Common stock, \$0.01 par value: authorized 1,200,000,000 shares; issued 609,713,834 shares and 583,093,100 outstanding shares at December 31, 2023; issued 474,916,234 shares and outstanding 447,157,771 shares at December 31, 2022	6	5
Paid-in capital	16,320	7,253
Accumulated other comprehensive loss	(33)	(108)
Retained earnings	868	50
Treasury stock, at cost: 26,620,734 shares at December 31, 2023, and 27,758,463 shares at December 31, 2022	(677)	(706)
Total equity	16,484	6,494
Total liabilities and equity	\$ 44,266	\$ 24,379

-more-

ONEOK Announces Higher Fourth Quarter and Full-year 2023 Earnings

Feb. 26, 2024

Page 4

ONEOK, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(Unaudited)</i>	Years Ended December 31,	
	2023	2022
	<i>(Millions of dollars)</i>	
Operating activities		
Net income	\$ 2,659	\$ 1,722
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	769	626
Equity in net earnings from investments	(202)	(148)
Distributions received from unconsolidated affiliates	202	147
Deferred income taxes	829	464
Medford settlement gain	(779)	—
Medford settlement proceeds	502	61
Other, net	83	92
Changes in assets and liabilities:		
Accounts receivable	107	(148)
Inventories, net of commodity imbalances	118	(62)
Accounts payable	(62)	(26)
Risk-management assets and liabilities	96	197
Other assets and liabilities, net	99	(19)
Cash provided by operating activities	4,421	2,906
Investing activities		
Capital expenditures (less allowance for equity funds used during construction)	(1,595)	(1,202)
Cash paid for Magellan Acquisition, net of cash acquired	(5,015)	—
Contributions to unconsolidated affiliates	(207)	(3)
Distributions received from unconsolidated affiliates in excess of cumulative earnings	50	20
Medford settlement proceeds	328	39
Other, net	35	7
Cash used in investing activities	(6,404)	(1,139)
Financing activities		
Dividends paid	(1,839)	(1,672)
Issuance of long-term debt, net of discounts	5,298	869
Repayment of long-term debt	(1,300)	(896)
Debt financing costs	(71)	(8)
Other, net	13	14
Cash provided by (used in) financing activities	2,101	(1,693)
Change in cash and cash equivalents	118	74
Cash and cash equivalents at beginning of period	220	146
Cash and cash equivalents at end of period	\$ 338	\$ 220

-more-

ONEOK Announces Higher Fourth Quarter and Full-year 2023 Earnings

Feb. 26, 2024

Page 5

ONEOK, Inc. and Subsidiaries INFORMATION AT A GLANCE

<i>(Unaudited)</i>	Three Months Ended		Years Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	<i>(Millions of dollars, except as noted)</i>			
<u>Natural Gas Liquids</u>				
Operating costs, excluding noncash compensation adjustments	\$ 176	\$ 150	\$ 637	\$ 549
Depreciation and amortization	\$ 86	\$ 76	\$ 334	\$ 302
Adjusted EBITDA from unconsolidated affiliates	\$ 20	\$ —	\$ 67	\$ —
Equity in net earnings from investments	\$ 19	\$ 10	\$ —	\$ 35
Adjusted EBITDA	\$ 613	565	\$ 3,045	\$ 2,095
Raw feed throughput (MBbl/d) (a)	1,367	1,191	1,359	1,237
Average Conway-to-Mont Belvieu OPIS price differential - ethane in ethane/propane mix (\$/gallon)	\$ 0.01	\$ 0.03	\$ 0.04	\$ 0.04
Capital expenditures	\$ 323	\$ 136	\$ 818	\$ 581
(a) - Represents physical raw feed volumes on which ONEOK charges a fee for transportation and/or fractionation services.				
<u>Refined Products and Crude (a)</u>				
Operating costs, excluding noncash compensation adjustments	\$ 179	\$ —	\$ 192	\$ —
Depreciation and amortization	\$ 86	\$ —	\$ 92	\$ —
Adjusted EBITDA from unconsolidated affiliates	\$ 32	\$ —	\$ 36	\$ —
Equity in net earnings from investments	\$ 25	\$ —	\$ 28	\$ —
Adjusted EBITDA	\$ 424	\$ —	\$ 465	\$ —
Total refined products volume shipped (MBbl/d)	1,547	—	—	—
Total crude oil volume shipped (MBbl/d)	808	—	—	—
Capital expenditures	\$ 51	\$ —	\$ 52	\$ —
(a) Full year represents Sept. 25, 2023, through Dec. 31, 2023.				
<u>Natural Gas Gathering and Processing</u>				
Operating costs, excluding noncash compensation adjustments	\$ 122	\$ 107	\$ 448	\$ 386
Depreciation and amortization	\$ 70	\$ 64	\$ 272	\$ 257
Adjusted EBITDA from unconsolidated affiliates	\$ (1)	\$ —	\$ 1	\$ —
Equity in net earnings from investments	\$ (3)	\$ —	\$ —	\$ 5
Adjusted EBITDA	\$ 323	\$ 266	\$ 1,244	\$ 1,037
Natural gas processed (BBtu/d) (a) (b)	3,172	2,679	2,995	2,612
Average fee rate (\$/MMBtu) (a)	\$ 1.18	\$ 1.15	\$ 1.17	\$ 1.10
Capital expenditures	\$ 140	\$ 124	\$ 448	\$ 445
(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	\$ 54	\$ 52	\$ 194	\$ 174
Depreciation and amortization	\$ 17	\$ 15	\$ 67	\$ 62
Adjusted EBITDA from unconsolidated affiliates	\$ 39	\$ —	\$ 160	\$ —
Equity in net earnings from Investments	\$ 29	\$ 27	\$ —	\$ 108
Adjusted EBITDA	\$ 132	\$ 131	\$ 559	\$ 488
Natural gas transportation capacity contracted (MDth/d) (a)	7,920	7,609	7,743	7,428
Transportation capacity contracted (a)	98 %	96 %	96 %	94 %
Capital expenditures	\$ 73	\$ 41	\$ 228	\$ 123
(a) - Includes volumes for consolidated entities only.				

-more-

ONEOK Announces Higher Fourth Quarter and Full-year 2023 Earnings

Feb. 26, 2024

Page 6

ONEOK, Inc.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

<i>(Unaudited)</i>	Three Months Ended		Years Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	<i>(Millions of dollars)</i>			
Reconciliation of net income to adjusted EBITDA				
Net income	\$ 688	\$ 485	\$ 2,659	\$ 1,722
Interest expense, net of capitalized interest	305	166	866	676
Depreciation and amortization	260	157	769	626
Income taxes	222	143	838	528
Adjusted EBITDA from unconsolidated affiliates (d)	91	—	264	—
Equity in net earnings from investments (d)	(70)	—	(202)	—
Noncash compensation expense and other	18	17	49	68
Adjusted EBITDA (a) (b) (c) (d)	\$ 1,514	\$ 968	\$ 5,243	\$ 3,620

(a) The year ended Dec. 31, 2023, includes \$633 million related to the Medford incident, including a settlement gain of \$779 million, offset partially by \$146 million of third-party fractionation costs.

(b) The three months ended Dec. 31, 2023, includes \$34 million related to third-party fractionation costs and \$25 million in transaction costs, offset partially by \$37 million related to net gains on open market repurchases of debt and \$7 million in interest income.

(c) The year ended Dec. 31, 2023, includes \$158 million in transaction costs, offset partially by \$49 million in interest income and \$41 million related to net gains on open market repurchases of debt.

(d) 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. In prior periods, ONEOK's calculation included equity in net earnings from investments. This change resulted in an additional \$21 million of adjusted EBITDA in the three-months ended Dec. 31, 2023, and \$62 million of adjusted EBITDA for the year ended Dec. 31, 2023. Prior periods have not been restated.

-more-

ONEOK Announces Higher Fourth Quarter and Full-year 2023 Earnings

Feb. 26, 2024

Page 7

ONEOK, Inc.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

<i>(Unaudited)</i>	2024		
	Guidance Range		
	<i>(Millions of dollars)</i>		
Reconciliation of net income to adjusted EBITDA			
Net income	\$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 expense and other	85	-	65
Other noncash items and equity AFUDC	(10)	-	(30)
Adjusted EBITDA	\$5,900	-	\$6,300

<i>(Unaudited)</i>	Consolidated 2024		
	Guidance		
	<i>(Millions of dollars)</i>		
Reconciliation of segment adjusted EBITDA to adjusted EBITDA			
Segment Adjusted EBITDA:			
Natural Gas Liquids	\$2,390	-	\$2,550
Natural Gas Gathering and Processing	1,275	-	1,355
Natural Gas Pipelines	565	-	595
Refined Products and Crude	1,645	-	1,765
Other	25	-	35
Adjusted EBITDA	\$5,900	-	\$6,300