



ONEOK

## INVESTOR UPDATE

MARCH 2020

# FORWARD-LOOKING STATEMENTS

Statements contained in this presentation that include company expectations, outlooks or predictions should be considered forward-looking statements that are covered by the safe harbor protections provided under federal securities legislation and other applicable laws.

It is important to note that actual results could differ materially from those projected in such forward-looking statements. For additional information that could cause actual results to differ materially from such forward-looking statements, refer to ONEOK's Securities and Exchange Commission filings.

This presentation contains factual business information or forward-looking information and is neither an offer to sell nor a solicitation of an offer to buy any securities of ONEOK.

All references in this presentation to financial guidance or outlooks are based on news releases issued on Feb. 24, 2020, and March 11, 2020, and are not being updated or affirmed by this presentation.

# SOLID BUSINESS MODEL – PROVEN PERFORMANCE

BUILT TO WITHSTAND VARIOUS MARKET CONDITIONS

## Financial Strength and Flexibility

- Solid investment-grade balance sheet
  - S&P: BBB (stable)
  - Moody's: Baa3 (positive)

## Significant Liquidity and Dividend Coverage

- \$2.50 billion credit facility – *no borrowings outstanding*
- \$1.75 billion senior notes issuance – *completed March 2020*
- \$600 million of cash on hand<sup>(a)</sup>

## Well-capitalized Customers

- No single customer represents more than 10% of ONEOK's revenue
- Contract structures provide limited counterparty credit exposure

## Capital Discipline

- Announced \$500 million decrease in 2020 capital spending by suspending several projects<sup>(a)</sup>
- Flexibility to further adjust capital or resume projects

## Integrated Assets and Basin Diversification

- 40,000-mile network of NGL and natural gas pipelines
- Infrastructure in the most prolific U.S. shale basins

<sup>(a)</sup> Announced March 11, 2020.

# WELL-CAPITALIZED CUSTOMER BASE

DIVERSIFIED COUNTERPARTIES WITH HIGH CREDIT QUALITY

No single customer represents more than 10% of ONEOK's revenue.

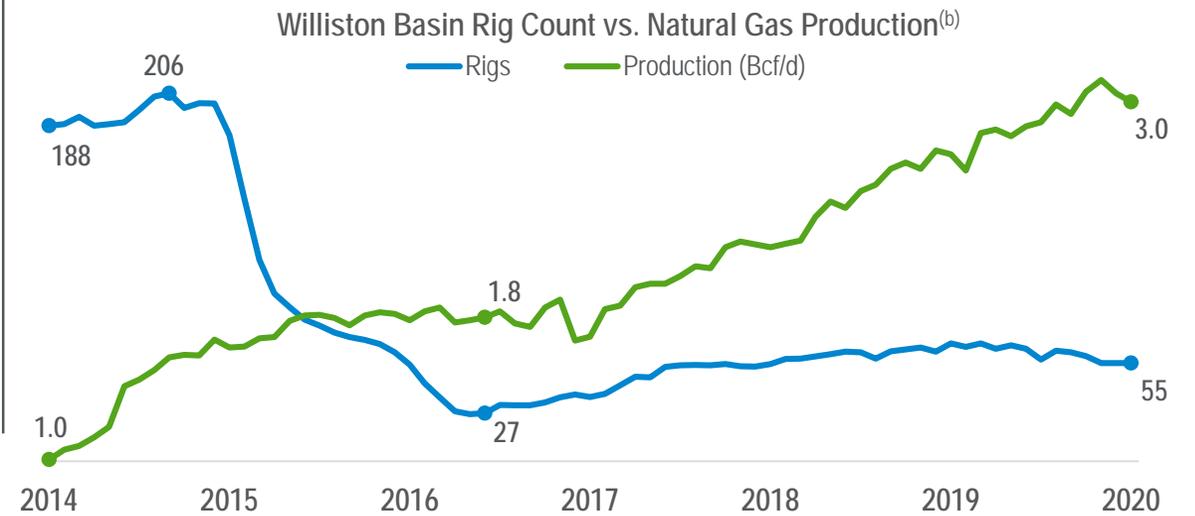
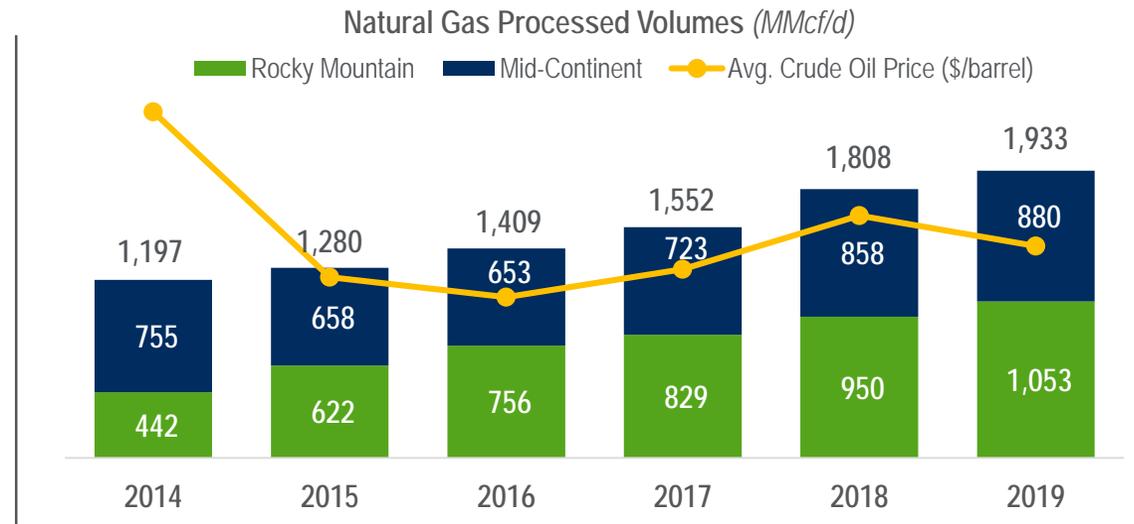
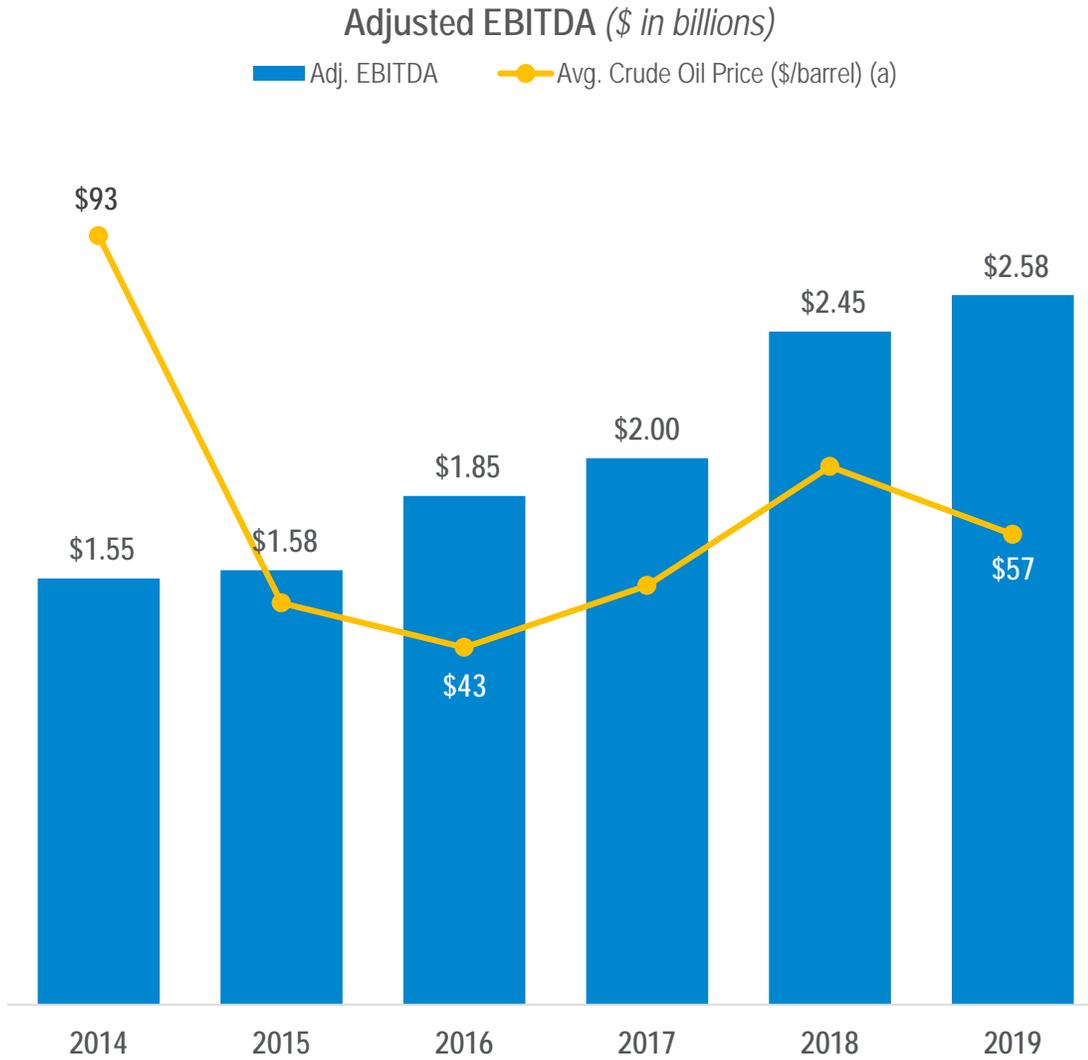
	Investment-grade Customers YE 2019	Primary Customers	Contract Structure
Natural Gas Liquids	~80% of commodity sales	<ul style="list-style-type: none"> <li>• Large integrated and well-capitalized producers, and independent production companies</li> <li>• Large industrial companies</li> <li>• Other midstream operators</li> <li>• Petrochemical, refining and marketing companies</li> </ul>	<ul style="list-style-type: none"> <li>• Limited counterparty credit exposure due to contract structure<sup>(a)</sup></li> <li>• Fee-based, bundled service volume commitments and plant dedications</li> </ul>
Natural Gas Gathering and Processing	~90% of commodity sales	<ul style="list-style-type: none"> <li>• Large integrated and well-capitalized producers, and independent production companies</li> </ul>	<ul style="list-style-type: none"> <li>• Limited counterparty credit exposure due to contract structure<sup>(b)</sup></li> <li>• Fee contracts with a POP component<sup>(c)</sup></li> </ul>
Natural Gas Pipelines	~85% of revenue	<ul style="list-style-type: none"> <li>• Local natural gas utilities and municipalities</li> <li>• Electric-generation facilities</li> <li>• Large industrial companies</li> </ul>	<ul style="list-style-type: none"> <li>• Fee-based, demand charge contracts</li> </ul>

(a) In the Natural Gas Liquids segment, ONEOK purchases NGLs from gathering and processing customers and deducts a fee from the amounts remitted back.

(b) In the Natural Gas Gathering and Processing Segment, ONEOK purchases NGLs and natural gas from producers at the wellhead and remits a portion of the sales proceeds back to the producer after deducting a processing fee.

(c) Percent of proceeds (POP) contracts result in retaining a portion of the commodity sales proceeds associated with the agreement. The majority of ONEOK's gathering and processing contracts are primarily fee-based with a small POP portion.

# HISTORY OF GROWTH THROUGH COMMODITY CYCLES



(a) Cushing, Oklahoma, WTI spot price. Source: EIA Data.

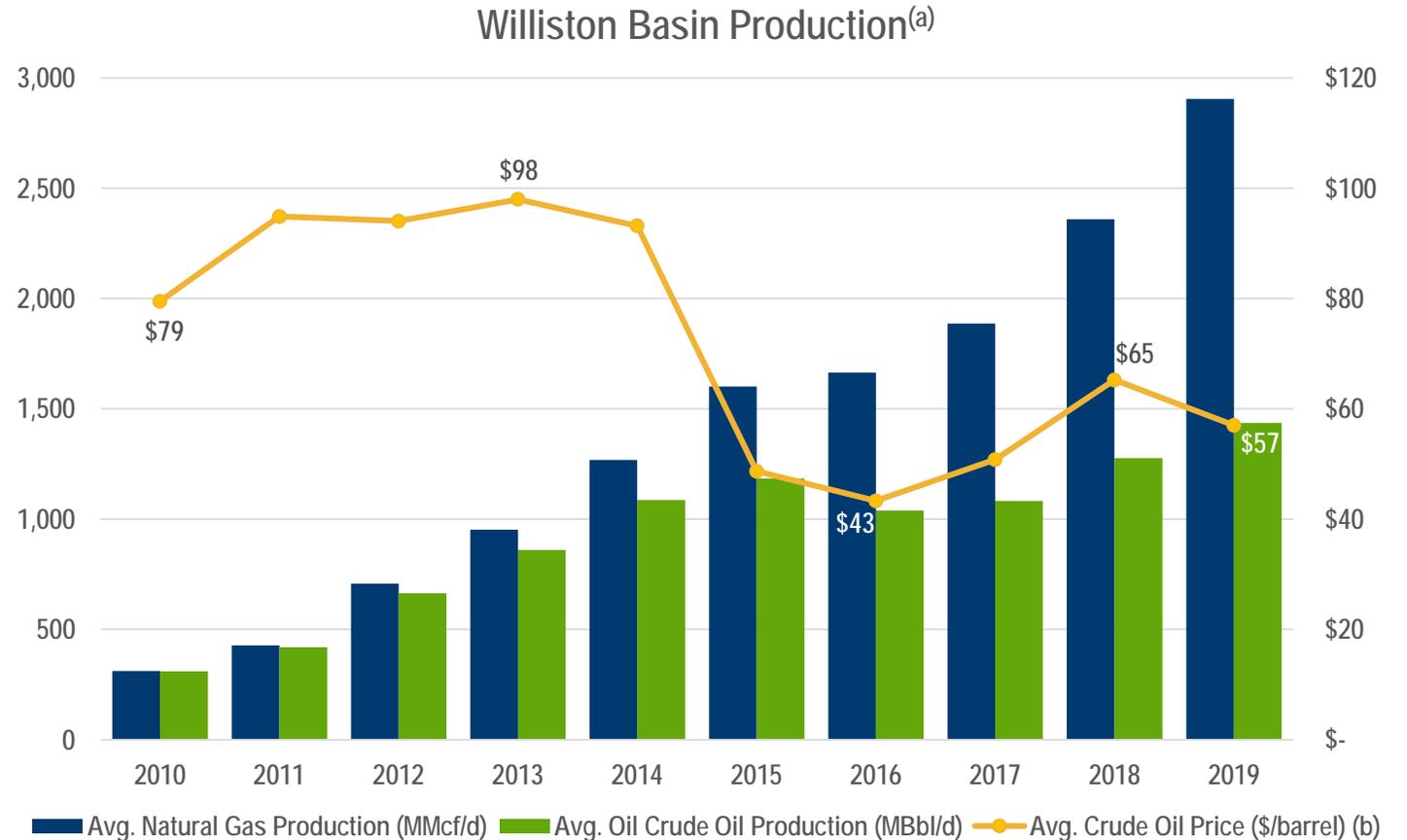
(b) Source: North Dakota Industrial Commission.

# HISTORICAL WILLISTON BASIN PRODUCTION

## INCREASING NATURAL GAS VOLUMES DESPITE DOWNTURN

- ◆ Natural gas production increased 4% 2015-2016 despite a 12% decrease in crude oil production
- ◆ More flared gas and drilled but uncompleted (DUC) well inventory compared with 2016

North Dakota Statewide Data <sup>(a)</sup>			
	2015	2016	2020
Flaring	22%	13%	15%
DUC Inventory	825	945	1,024



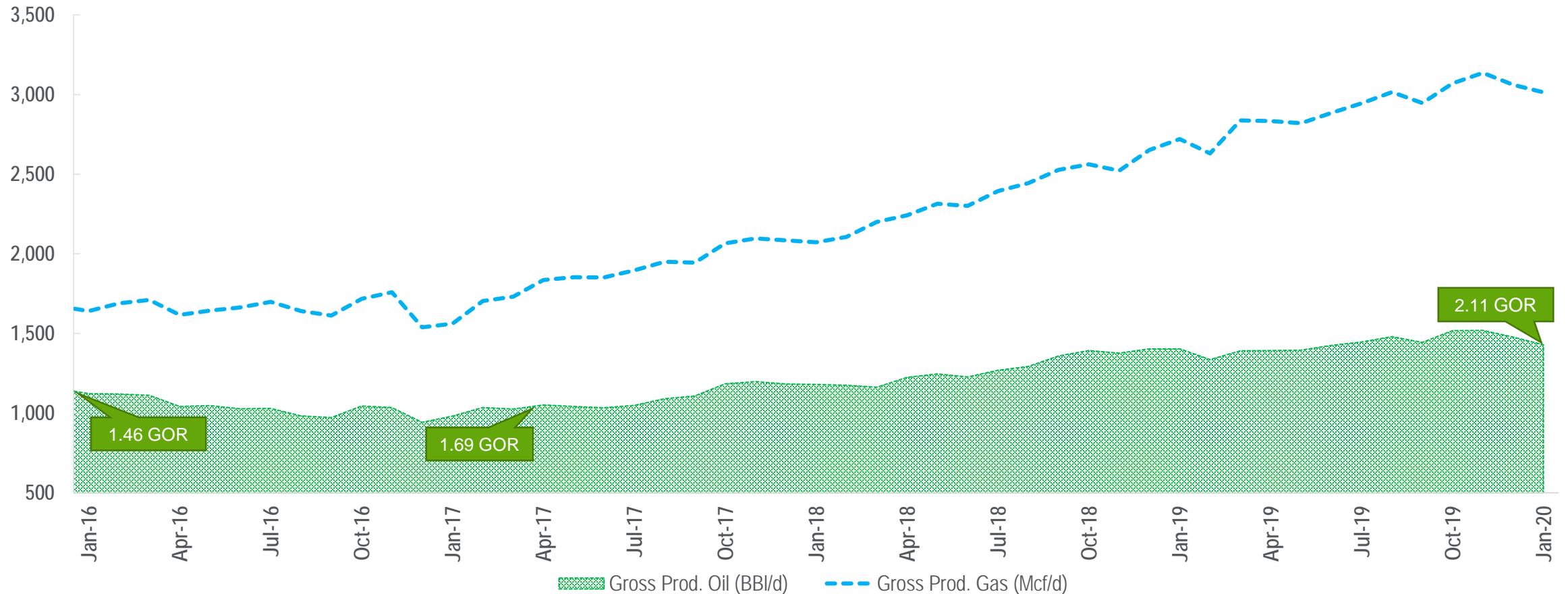
(a) Source: NDIC Department of Mineral Resources. Data as of January of year shown.

(b) Cushing, Oklahoma, WTI Spot Price. Source: EIA.

# WILLISTON BASIN

## INCREASING GAS-TO-OIL RATIOS (GOR) DRIVING VOLUME GROWTH

- ◆ Producer efficiencies across the basin leading to increasing production with fewer rigs.
- ◆ Natural gas production of more than 3 Bcf/d reported in January 2020, compared with 2.7 Bcf/d in January 2019.

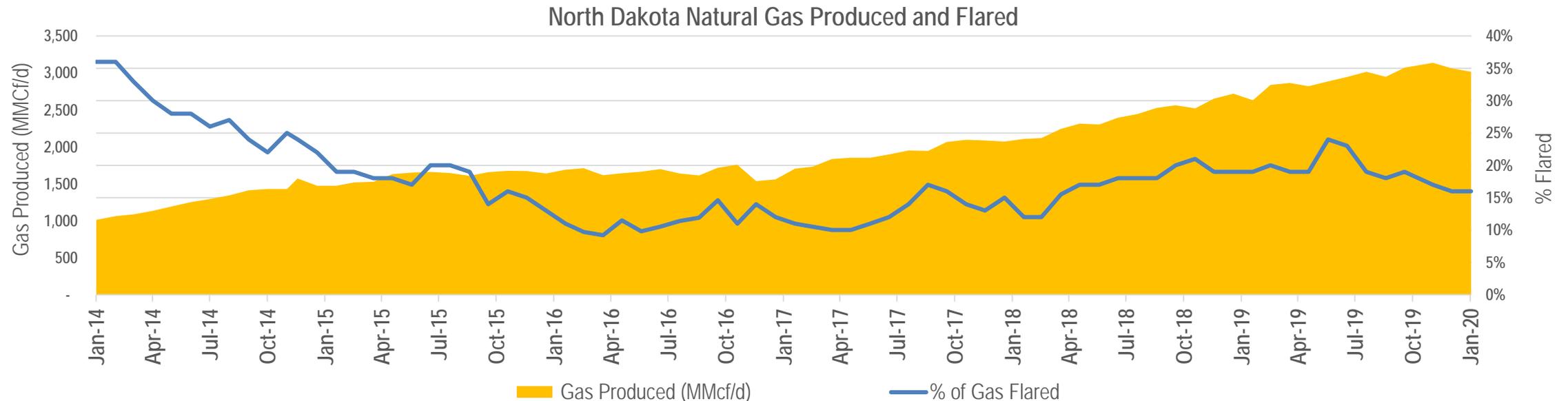


Source: North Dakota Industrial Commission and North Dakota Pipeline Authority.

# WILLISTON BASIN

## INCREASED NATURAL GAS CAPTURE RESULTS

- ◆ Increased NGL and natural gas value uplift
- ◆ Approximately 85% of North Dakota's natural gas production was captured in January 2020
- ◆ North Dakota Industrial Commission (NDIC) policy targets:
  - Natural gas capture: currently 88%, increasing to 91% by November 2020
- ◆ January statewide flaring was approximately 450 MMcf/d, with approximately 275 MMcf/d estimated to be on ONEOK's dedicated acreage
- ◆ Producers incentivized to increase natural gas capture rates to maximize the value of wells drilled



Source: NDIC Department of Mineral Resources.

# NON-GAAP RECONCILIATIONS

ONEOK has disclosed in this presentation adjusted EBITDA, distributable cash flow (DCF) and dividend coverage ratio, which are non-GAAP financial metrics, used to measure ONEOK's financial performance, and are defined as follows:

Adjusted EBITDA is defined as net income adjusted for interest expense, depreciation and amortization, noncash impairment charges, income taxes, noncash compensation expense, allowance for equity funds used during construction (Equity AFUDC) and other noncash items; and

Distributable cash flow is defined as adjusted EBITDA, computed as described above, less interest expense, maintenance capital expenditures and equity earnings from investments, excluding noncash impairment charges, adjusted for cash distributions received from unconsolidated affiliates and certain other items; and

Dividend coverage ratio is defined as ONEOK's distributable cash flow to ONEOK shareholders divided by the dividends paid for the period.

These non-GAAP financial measures described above are useful to investors because they are used by many companies in the industry as a measurement of financial performance and are commonly employed by financial analysts and others to evaluate our financial performance and to compare our financial performance with the performance of other companies within our industry. Adjusted EBITDA, DCF and dividend coverage ratio should not be considered in isolation or as a substitute for net income or any other measure of financial performance presented in accordance with GAAP.

These non-GAAP financial measures exclude some, but not all, items that affect net income. Additionally, these calculations may not be comparable with similarly titled measures of other companies. In connection with our merger transaction, we have adjusted prior periods in the following table to conform to current presentation. Furthermore, these non-GAAP measures should not be viewed as indicative of the actual amount of cash that is available or that is planned to be distributed in a given period.

# NON-GAAP RECONCILIATION

## NET INCOME TO ADJUSTED EBITDA

<i>(millions of dollars)</i>	2015	2016	2017	2018	2019
<b>Reconciliation of net income to adjusted EBITDA</b>					
Net income	\$ 379	\$ 744	\$ 594	\$ 1,155	\$ 1,279
Interest expense, net of capitalized interest	417	470	486	470	492
Depreciation and amortization	355	392	406	429	477
Impairment charges	264	–	20	-	-
Income taxes	137	212	447	363	372
Noncash compensation expense	14	32	13	38	27
Equity AFUDC and other noncash items	13	–	21	(7)	(67)
Adjusted EBITDA	\$ 1,579	\$ 1,850	\$ 1,987	\$ 2,448	\$ 2,580



Demicks Lake plant — North Dakota