

The Schneider Capital Group LLC

NY Energy Forum Virtual Session

November 2024

[Link to Disclosures](#)

Timm Schneider
Founder & CEO
timm@theschneidercapitalgroup.com

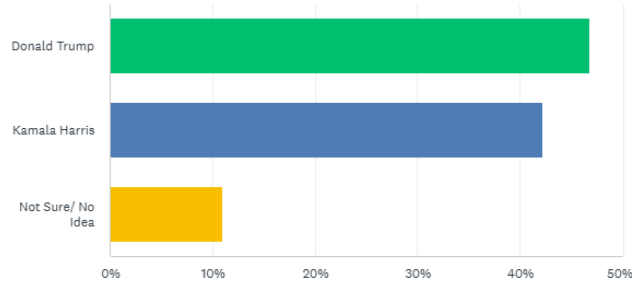


What Does a Republican Sweep Mean for Energy?

Results from our recent 2024 U.S. Presidential Election Survey paint a clear picture with respect to sentiment...

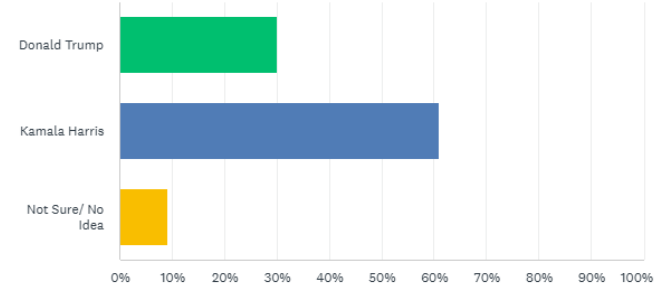
Which candidate will be more Bullish for Domestic Natural Gas (HH) prices?

Answered: 109 Skipped: 1



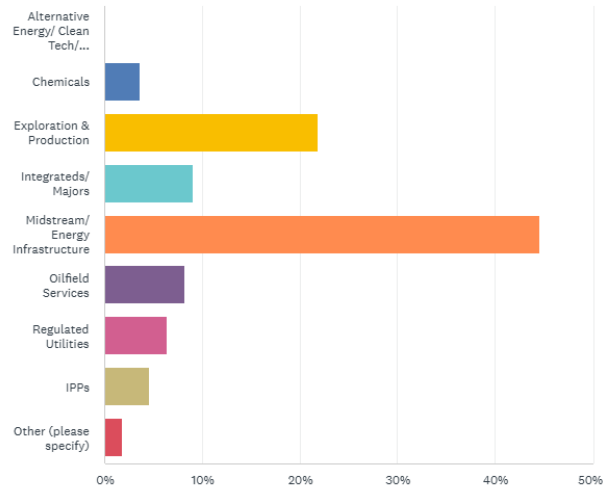
Which candidate will be more Bullish for Domestic Crude Oil (WTI) prices?

Answered: 110 Skipped: 0



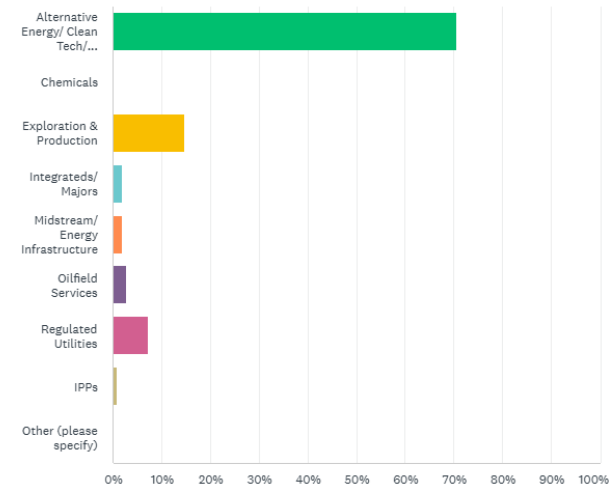
From an investment perspective, my *MOST* favorite energy/ Utility Sub-Sector in a potential Donald Trump victory is...

Answered: 110 Skipped: 0



From an investment perspective, my *LEAST* favorite energy/ Utility Sub-Sector in a potential Donald Trump victory is...

Answered: 109 Skipped: 1



Source: The Schneider Capital Group; SurveyMonkey.com

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Strategic Initiatives: Sector M&A Could Heat Up Under Trump

Tier 1	
Buyer	Target
WMB	PAA
TRGP	PAA
EOG	DVN
WMB	TRGP
TRGP	WES
KMI	PAA
OXY	EOG
OXY	DVN
KMI	LNG
OXY	PR
OXY	CTRA
OKE	PAA
COP	BP
DTM	ENLC
EOG	MTDR
WMB	ENLC
KMI	TRGP
COP	FANG

source: The Schneider Capital Group

Tier 2	
Buyer	Target
DVN	APA
COP	DVN
WMB	DTM
TRGP	ENLC
WMB	ETRN
EPD	WES
SHEL	BP
TRGP	KNTK
DVN	OVV
DVN	PR
AR	GPOR
EQT	GPOR
DVN	MRO
DVN	FANG
XOM	CVX
KMI	ENLC
FANG	PR
COP	OXY

source: The Schneider Capital Group

Tier 3	
Buyer	Target
DVN	MTDR
AR	RRC
WMB	GEL
KMI	DTM
FANG	MTDR
KMI	KNTK
OKE	TRGP
COP	PR
COP	EQT
PSX	PAA
OKE	ENLC
BP	DVN
EPD	ENLC
DVN	VTLE
COP	AR
OKE	KNTK
ET	PAA
EQT	RRC

source: The Schneider Capital Group

Tier 4	
Buyer	Target
FANG	VTLE
ET	WES
CVX	CIVI
EPD	KNTK
BEP	AY
CVX	COP
EQT	AR
COP	RRC
TTE	APA
CVX	OXY
SHEL	MRO
PSX	KNTK
ET	ENLC
SHEL	RRC
ET	KNTK
BP	TELL
APA	OVV
APA	MRO

source: The Schneider Capital Group

Tier 1: Median Accretion % (2025E+)

FCF per Share	27.3%
Leverage	10.6%
EPS	8.9%
EBITDA per Share	14.9%

Tier 2: Median Accretion % (2025E+)

FCF per Share	24.0%
Leverage	-5.1%
EPS	6.0%
EBITDA per Share	17.7%

Tier 3: Median Accretion % (2025E+)

FCF per Share	9.5%
Leverage	1.3%
EPS	1.4%
EBITDA per Share	8.0%

Tier 4: Median Accretion % (2025E+)

FCF per Share	3.9%
Leverage	-2.5%
EPS	-0.8%
EBITDA per Share	2.1%

- **Some of our most differentiated content centers on analyzing hypothetical M&A transactions. Why?** We have zero conflicts of interest versus our Bulge Bracket counterparts. We divide our potential transactions in four Tiers, with ‘Tier One’ being most desirable.
- To us, M&A remains a key catalyst for the Energy space that could further unlock (spring-loaded) animal spirits across the value chain.
- While we view deals to vertically integrate as less likely, we believe plenty of intra sub-sector opportunities remain.
- We believe the recent market turmoil and commodity price volatility are a headwind. Trump is a positive for M&A.

Source: The Schneider Capital Group

M&A Bingo...

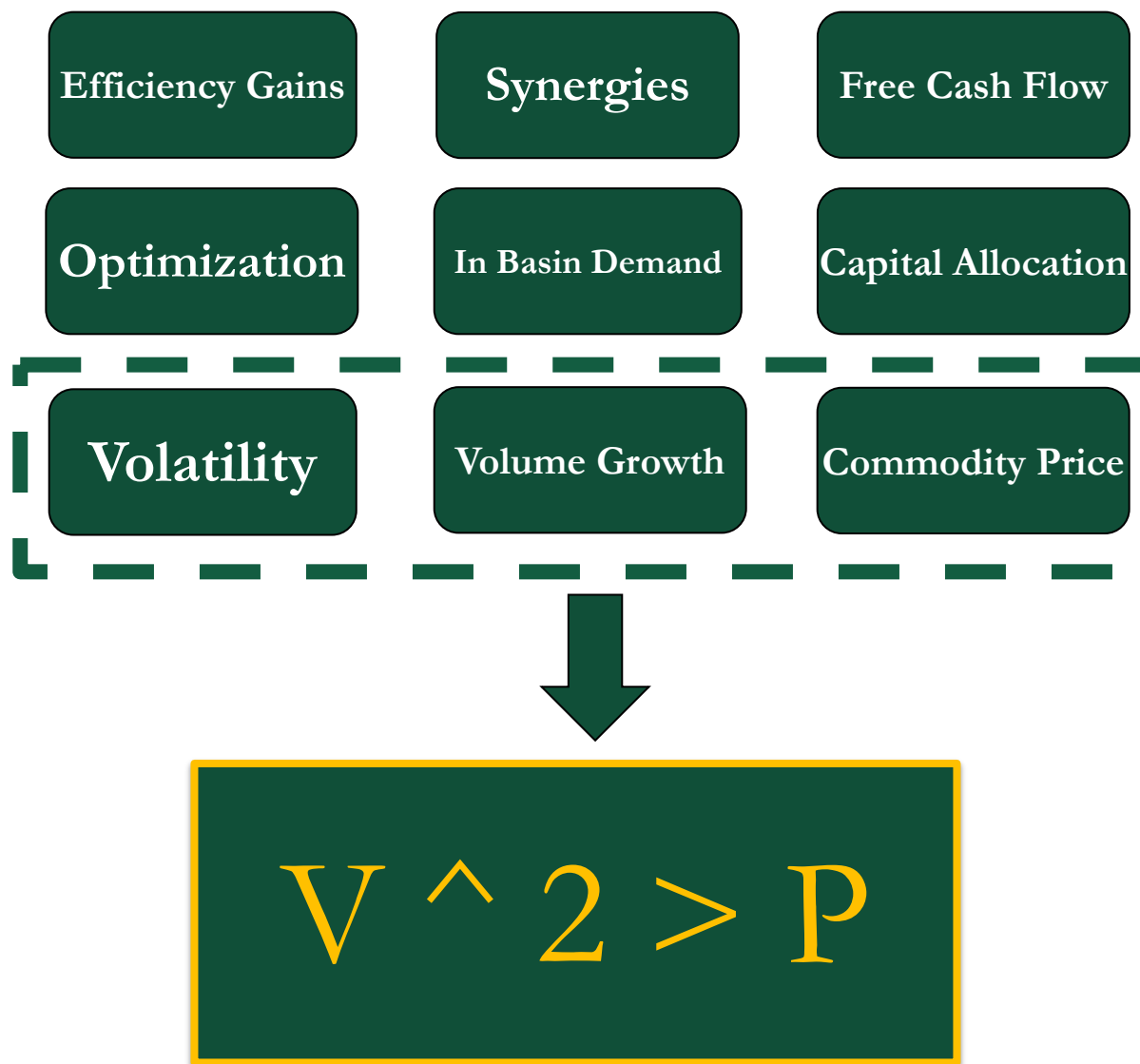
	B	I	N	G	O
1	WMB for PAA	KMI for TRGP	DVN for FANG	PSX for PAA	TTE for APA
2	Next Permian	COP for FANG	SHEL for RRC	OKE for ENLC	CVX for OXY
3	EOG for DVN	DVN for APA	KMI for ENLC	BP for DVN	SHEL for MRO
4	WMB for TRGP	Private Target 1	FANG for PR	EPD for ENLC	PSX for KNTK
5	TRGP for WES	WMB for DTM	COP for OXY	COP for AR	ET for ENLC
6	KMI for PAA	TRGP for ENLC	DVN for MTDR	OKE for KNTK	Next \$50bn+ EV
7	OXY for EOG	WMB for ETRN	AR for RRC	ET for PAA	ET for KNTK
8	KMI for LNG	EPD for WES	Free Merger	EQT for RRC	BP for TELL
9	OXY for PR	SHEL for BP	WMB for GEL	FANG for VTLE	APA for OVV
10	OXY for CTRA	TRGP for KNTK	KMI for DTM	ET for WES	APA for MRO
11	OKE for PAA	DVN for OVV	FANG for MTDR	CVX for CIVI	MPLX for PAA
12	COP for BP	DVN for PR	KMI for KNTK	Private Target 2	TRGP for PAA
13	DTM for ENLC	AR for GPOR	OKE for TRGP	CVX for COP	COP for DVN
14	EOG for MTDR	EQT for GPOR	COP for PR	EQT for AR	COP for AR
15	WMB for ENLC	DVN for MRO	COP for EQT	COP for RRC	EPD for KNTK
	<i>source: The Schneider Capital Group</i>				

Blue box denotes the transaction was voted as likely to occur before YE'24 per our most recent survey

Source: The Schneider Capital Group

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Key Themes from Q3 Earnings Season... and our 'V ^ 2 > P' Thesis



From an Investment Perspective...

- **This is a de-facto call on owning** 1) Midstream & Energy Infrastructure; over 2) Upstream.
- **Within Upstream**, we believe the lowest cost producers will be able to benefit from volatility along the commodity curve (oil/ gas/ NGLs). We expect domestic natural gas volatility to continue to increase multiples vs. domestic crude oil. We expect this dynamic to unlock tremendous operating leverage, especially for those who own Midstream assets.
- **Within Midstream & Energy Infrastructure some of the key discussions we are having** are centered around 1) The valuation gap between MLPs and C-Corp structures; 2) Terminal values of existing steel in the ground; 3) Who benefits most from the electrification theme/ data center buildouts; and 4) Should Midstream/ Energy Infrastructure multiples converge to other Infrastructure multiples such as towers etc (Valuation uplift).
- **We believe the C-Corp infrastructure companies** will continue to move to a pure P/E vs. Growth valuation (growth is rewarded) while the MLPs will continue to primarily trade on cash flow.
- **Our Model Portfolio is up ~24% since inception on January 10th.** Unfortunately, we underown(ed) Midstream relative...

LONG							SHORT						
	LONG	10-Jan	Current	Weight	Latest Div	Return		SHORT	10-Jan	Current	Weight	Latest Div	Return
1	ET	\$13.92	\$17.26	10%	\$0.32	30.9%	1	NEE	\$62.28	\$74.15	17%	\$0.52	-21.5%
2	PR	\$13.10	\$14.48	10%	\$0.20	12.9%	2	PLUG	\$4.04	\$1.91	12%	\$0.00	52.8%
3	CVX	\$144.49	\$157.57	9%	\$1.63	12.4%	3	NEP	\$29.51	\$18.11	5%	\$0.91	29.6%
4	LNG (Closed)	\$167.08	\$199.35	9%	\$0.45	20.1%	4	CTRA	\$25.37	\$24.36	3%	\$0.21	1.5%
5	OKE	\$70.84	\$101.83	3%	\$0.99	47.9%	5	SWN (Closed)	\$6.89	\$7.07	7%	\$0.00	-2.6%
6	PSX	\$129.40	\$126.77	9%	\$1.15	0.5%	6	AEP	\$82.53	\$97.07	5%	\$0.88	-20.8%
7	AR (closed)	\$22.88	\$33.36	6%		45.8%	7	AGR	\$33.59	\$35.59	5%	\$0.00	-7.3%
8	CNQ	\$32.27	\$34.58	6%	\$0.38	10.7%	8	ENLC (Closed)	\$12.24	\$12.87	5%		-5.1%
9	COP	\$111.17	\$113.24	5%	\$0.78	3.9%	9	HP	\$33.64	\$37.00	9%	\$0.42	-12.7%
10	DO (Closed)	\$11.85	\$15.39	6%		29.9%	10	KNTK (Closed)	\$32.41	\$37.40	5%		-15.4%
11	DVN	\$43.93	\$39.46	6%	\$0.44	-7.6%	11	NFE	\$36.43	\$9.22	5%	\$0.10	73.9%
12	SO (closed)	\$71.83	\$68.30	6%		-4.9%	12	ORSTED-DK	\$379.10	\$366.00	7%	\$0.00	3.5%
13	TLN	\$115.00	\$194.61	10%	\$0.00	69.8%	13	RRC (Closed)	\$30.52	\$30.82	7%	\$0.08	-1.8%
14	Cash			5%		0.0%	14	SUN (Closed)	\$57.99	\$51.16	5%		11.8%
15	OPEN			0%			15	TRP-CA (Closed)	\$53.12	\$62.91	5%	\$0.96	-23.8%
	Total			100%				Total			100%		

Total Weighted Return	20.5%
Long Return	20.5%
Short Return	3.7%
Total Return	24.2%

Total Weighted Return	3.7%
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Biggest Winners (since inception):	TLN	AR (Closed)	OKE	NFE	PLUG	NEP
Biggest Losers:	DVN	SO (Closed)	PSX	NEE	TRP (Closed)	AEP

Source: The Schneider Capital Group; The Schneider Capital Group 2024 Energy Outlook Survey; FactSet



Infrastructure & Bottlenecks

■ Natural Gas

- **Streamlined regulation can be directionally -ve Henry Hub** and +ve intra-basin markers, specifically in the Northeast. For existing assets in the Northeast, MVP can be expanded but is contingent on debottlenecking further downstream (TRANSCO).
- **It is our view discussions around bottlenecks** will shift from egress out of various regions to discussions on intra-basin demand. This is all on the heels of incremental gas fired power demand. CCGT order books verify this on the back end (GEV).
- **We aren't as concerned about natural gas egress – or lack thereof – in the Permian basin** as the industry is aggressively marketing new pipelines. A majority of these pipelines are moving West to East. There could be Western demand markets on the heels of incremental power demand.
- **We are primarily worried about the lack of new storage especially given expectations of massive CCGT adds** and the intermittent nature of renewables. It is very difficult to add storage in the Northeast. Along the gulf coast we expect new build economics require rates in the mid-20c range (dth/ mo). It takes ~3 years to permit an INTRASTATE facility (~6 for INTER).
- **Gas cuts are increasing in the Permian as operators move East to West in the Delaware** (thermal maturity). More operators are discussing sour gas and water logistics issues.

■ Crude Oil & NGLs

- **PADD 3 Remains one of the key export regions for domestic hydrocarbons and is currently exporting** 1) ~30% of domestic crude oil production; 2) ~20% of Lower 48 natural gas; and 3) ~40% of NGL from gas processing.
- **NGL export capacity utilization is running almost full currently (nameplate)** but additional infrastructure additions throughout 2025 (Gulf Coast) should increase export levels and competition for incremental barrels.
- **There are four proposed crude oil export facilities:** 1) SPOT (EPD); 2) Texas Gulf Link (Sentinel Midstream); 3) Blue Marlin (ET); and 4) Bluewater (PSX & Trafigura). Each have unique attributes. We do not have any of these in our model estimates.

■ Energy Transition/ Addition

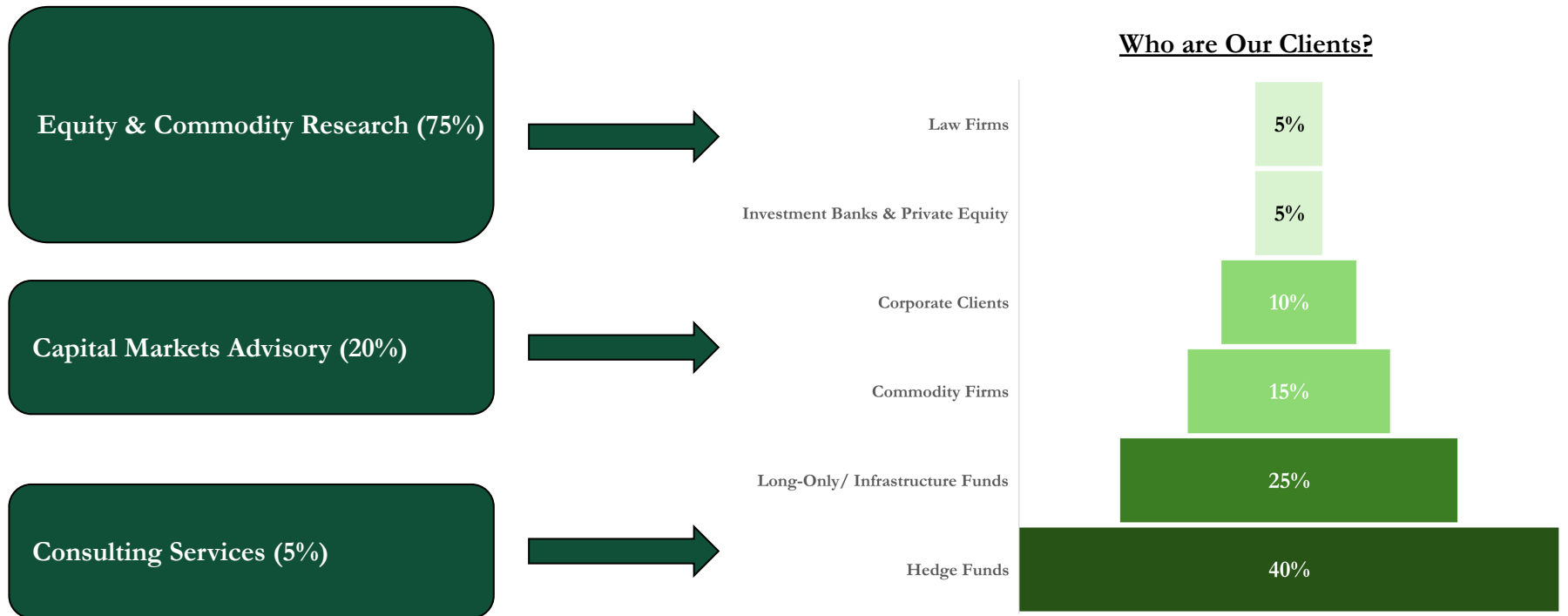
- **We have had very limited discussions with public equity investors on the Hydrogen and Ammonia side.**
- Carbon Capture and Sequestration discussions have been frequent. For companies under our coverage, CCUS is a 'nice to have' (tax credits) but remains far from a major cash flow contributor at this time. Permitting of Class VI wells remains a bottleneck.

Source: The Schneider Capital Group

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The Schneider Capital Group: Client Base & Service Offerings



- A majority of our current revenues are derived from Equity & Commodity Research activities primarily geared towards institutional investors (~65% of revenues). Hedge Funds represent the largest piece of our client base followed by Long-Only Investors & Infrastructure Funds.
- We have the ability (dependent on compliance approval) to participate in certain capital markets advisory activities. In the past, these activities have generally centered around capital formation assistance and market updates for Private Issuers.
- From time to time, clients ask us to assist on bespoke consulting assignments given our extensive industry background. All of these are reviewed by our compliance team before a final engagement decision.

Meet the Team



Timm Schneider
Founder & CEO

Prior to founding The Schneider Capital Group LLC in the fall of 2022, Timm Schneider was a Managing Director and most recently held the role of Head of Energy & Utilities Equity Research for the Americas at Citi. Under his leadership, the Team provided coverage of the Midstream & Natural Gas, Exploration & Production, Oilfield Services, Electric & Gas Utilities, and Alternative & Renewable Energy sectors. At Citi, Timm was a Registered Representative with his Series 7, 63, 86, 87 & 24 designations.

Timm was a top-ranked analyst in the Institutional Investor survey. In 2019, his first year back at Citi, he led the Team to a Top 3 finish in the Master Limited Partnership category as well as Runner-up in Natural Gas. In 2018 he was Runner-up in Natural Gas and MLPs, 2017 No. 2 in Natural Gas and Runner-up in MLPs, 2016 No. 3 in Natural Gas and Runner-up in MLPs, and 2015 Runner-up in Natural Gas.

Prior to re-joining Citi in September 2018, Timm spent five years at leading boutique Evercore ISI, covering Natural Gas & Midstream equities. He also spent time at Deutsche Bank and Lehman Brothers. Timm began his Energy career with global Oilfield Services provider Halliburton in the Middle East.

Timm frequently teamed up with fundamental sector colleagues and commodity research for deep-dive thematic content focused on: U.S. Natural Gas; Global Liquefied Natural Gas (LNG) Markets; Natural Gas Liquids (NGLs); Renewable Natural Gas (RNG); Crude Oil; Hydrogen; Carbon Capture, Utilization & Storage (CCUS); Solar; Wind; Gas/Power generation dynamics; and Petrochemical markets.

Timm has a wide-ranging network of both Energy industry and Wall Street contacts. He has been widely recognized as a thought leader in the space. Under his leadership at Citi, the Team was early in identifying strategic initiatives that led to tremendous value creation, such as the 'Privatization of Midstream' thesis in late 2018 as well as identifying a new cash flow paradigm for the sector in late 2019 (Midstream C.R.E.A.M.). Further, Timm & his Team pierced traditional equity research 'silos' via nuanced analysis around the (often overlooked) symbiotic relationship between Upstream; Midstream & Downstream markets, coining this dynamic 'The Midstream Shakeweight.'

Meet the Team (continued)

Throughout his career, Timm was an active participant in capital formation activities (including SPACs; traditional IPOs; and Spin-Cos) via close collaboration with various internal & external partners. He has extensive vetting & sales/ client teach-in experience, having served various Firms' Investment Committees in due diligence and valuation for >~\$5bn of both primary & follow-on equity offerings.

Timm consistently ranked as top contributor by Citi's global sales force and key institutional investor clients. He was a leading vote contributor at platform Hedge Funds and large Long-Only asset managers. He was well known for opportunistically utilizing tactical calls and relative pair trade ideas to drive investor client mindshare.

In his role as Head of Energy for the Americas at Citi, Timm was a 'Culture Champion' and member of the 'Citi Changemakers' initiative to enhance diversity and inclusion as well as foster an environment focused on ethical principles and compliance.

Timm earned his Bachelor of Science in Finance with a double minor in Economics & German language from Miami University Of Ohio.

Timm spent his early childhood years in Europe and is a fluent German speaker. He is an avid golfer and automotive enthusiast.



Jackson Robards is a rising junior at Boston College studying Finance and Mathematics. HE is interning with The Schneider Capital Group for the Summer of 2024.

On campus, he is involved in the student Investment Fund, where he is in a group that covers the Power, Utilities, and Infrastructure sector. In his free time, Jackson enjoys playing ice hockey and getting together with friends to play board games. Jackson is originally from Lancaster, Pennsylvania and is a graduate from Hempfield High School.

Next summer, he will be interning with Piper Sandler's Investment Banking Division in the New York office.

Disclosures

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Buy –

We expect the stock price to appreciate by 10% or more over the next 12 months

Neutral –

We expect the stock price to change by less than 10% within the next 12 months

Sell –

Our firm's opinion is that this stock likely will be down by 10% or more over the next 12 months

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