Summit Midstream Corp

A Multi-Year Reset Positions Summit for Growth

Dec 18, 2025

*Undefined

SMC

NYSE

Rating

Outperform

Initiation

Current Price

$26.59

Target Price

$47.00

Market Capitalization
327.1M

Shares Outstanding
12.3M

Float
5.1M

Institutional Holdings
43%

12-Month Low/High
$19.13/$45.89

Average 90-Day Volume
64640

Fiscal Year End
12/31/2025

Revenues ($ MIL)

Period	2024 A	2025 E	2026 E
Q1	118.9 A	132.7 A	150.1 E
Q2	101.3 A	140.2 A	151.7 E
Q3	102.4 A	146.9 A	144.7 E
Q4	107.0 A	146.7 E	144.7 E
	429.6 A	566.5 E	591.3 E

EPS ($)

Period	2024 A	2025 E	2026 E
Q1	11.47 A	(0.16) A	0.30 E
Q2	(2.91) A	(0.66) A	0.35 E
Q3	(19.25) A	(0.13) A	0.22 E
Q4	(2.52) A	(0.00) E	0.17 E
	(12.78) A	(0.95) E	1.03 E

Initiating coverage with an Outperform rating. We are initiating coverage of Summit Midstream Corporation with an Outperform rating and a price target of $47 per share. Summit is a diversified midstream operator headquartered in Houston, Texas, focused on developing, owning, and operating strategically located natural gas, crude oil, and produced water infrastructure across several key U.S. unconventional resource basins.

Strategically positioned. Summit owns and operates midstream infrastructure in major U.S. unconventional resource basins, including: 1) the Williston Basin in North Dakota, 2) the Denver-Julesburg (DJ) Basin in Colorado and Wyoming, 3) the Fort Worth Basin in Texas, 4) the Piceance Basin in Colorado, and 5) the Arkoma Basin in Oklahoma. The company also holds a 70% majority interest in and operates the Double E Pipeline, a natural gas transmission system connecting the Delaware Basin to the Waha Hub in Texas. The diversified footprint provides Summit with exposure to multiple producing regions.

A transformed platform. During the last several years, Summit Midstream has achieved several key strategic milestones that have laid the foundation for stability and future growth. The company converted from a master limited partnership to a C-Corporation in 2024. Summit has also reduced debt, enhanced liquidity, and lowered its cost of capital. Recent acquisitions, including Tall Oak Midstream and Moonrise Midstream, provide incremental well-connect opportunities and long-term cash flow potential.

Key catalysts for the stock. In our view, Summit is positioned for value creation driven by several catalysts: 1) operating leverage across the portfolio, with ample spare capacity that enables incremental volume growth with minimal capital investment, 2) cash flow growth which could accelerate debt repayment to bring leverage in line with management's 3.5x trailing twelve-month EBITDA target, 3) accretive bolt-on acquisitions to enhance competitiveness and promote growth, and 4) Summit Midstream could be an eventual acquisition candidate for a larger midstream entity seeking geographic expansion or vertical integration.

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Investment Appraisal

We are initiating coverage of Summit Midstream Corporation with an Outperform rating and a price target of $47. Summit is emerging from a multi-year restructuring period, during which the company materially improved its financial position, simplified its corporate structure, and repositioned its asset base for long-term growth. Since 2019, management has executed a deliberate, multi-phase turnaround that included retiring more than $850 million of fixed obligations, implementing approximately $20 million in annual cost savings, divesting non-core assets at premium valuations, acquiring strategic systems at accretive multiples, and refinancing more than $1.0 billion of debt and extended maturities under a covenant-lite structure. The culmination of this effort was the company's conversion to a C-Corporation in August 2024, a key step that broadened the potential investor base and aligned governance with sector peers. In our view, these actions have reset Summit's financial foundation and positioned the company for a sustainable growth phase.

Summit's portfolio encompasses a diversified set of natural gas, crude oil, and produced water gathering systems in the Williston, DJ, Barnett, Piceance, and Arkoma basins, along with a 70% interest in the Double E Pipeline serving the Delaware Basin in Texas. A defining characteristic across these assets is the level of underutilized capacity designed to accommodate higher historical peak volumes. Incremental production can therefore be integrated with limited capital investment, supported by pad-level capital efficiency, and partially reimbursed spending from customers in select regions.

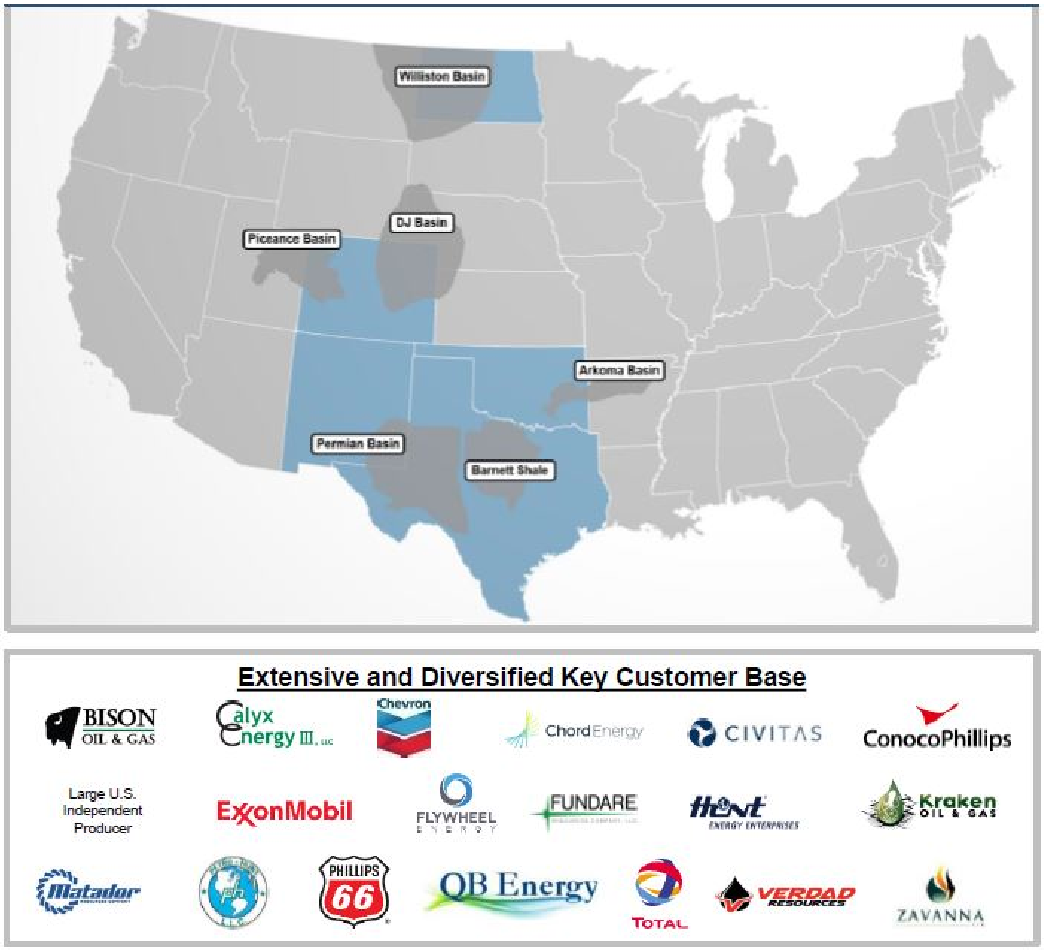
As producer activity improves, driven by permitting momentum in the DJ Basin, increased drilling in Williams and Divide counties in the Williston, and steady development in the Mid-Con, we believe Summit is positioned to benefit from meaningful operating leverage as incremental throughput converts to EBITDA at high margins. Several assets also provide stability: the Piceance system is underpinned by long-dated acreage dedications and MVC structures through 2026, the Barnett generates predictable free cash flow with minimal capital requirements, and the Tall Oak acquisition enhances Summit's Mid-Con footprint and deepens future well-connect opportunities. Collectively, these systems provide a balanced mix of stability and volumetric upside, and with capital obligations remaining modest relative to the scale of the operating base, Summit is well positioned to translate incremental activity into improved cash flow and leverage trends.

Summit's most significant long-term catalyst is its interest in the Double E Pipeline, a strategic north to south natural gas corridor located in the heart of the Delaware Basin. Since 2024, Summit has secured 215 million cubic feet per day (MMcf/d) of new 10-year take-or-pay commitments, enhancing the pipeline's cash flow durability and utilization outlook. As Double E moves toward its 1.5 billion cubic feet per day (Bcf/d) design capacity, we expect it to become an increasingly material contributor to Summit's consolidated results. Management has also identified a potential capacity expansion above 2.0 Bcf/d through a mid-point compressor project, which is expected to be financed at the asset level, preserving Summit's corporate balance sheet. Given historical valuation metrics for long-haul natural gas pipelines, Double E provides meaningful embedded optionality and a differentiated source of long-term value.

Corporate Overview

Summit Midstream Corporation (NYSE: SMC) is a Houston-based midstream energy company providing critical natural gas, crude oil, and produced water gathering, processing, and transportation services across several established U.S. unconventional resource basins. The company operates a geographically diverse infrastructure network spanning the Williston, DJ, Barnett, Piceance, and Arkoma basins, and holds a 70% interest in the Double E Pipeline, a FERC-regulated natural gas transmission system linking the Delaware Basin to the Waha Hub. This multi-basin footprint provides exposure to both oil- and gas-weighted development and reduces reliance on any single commodity cycle or regional activity trend.

Figure 1: SMC Positioned in Crude Oil and Natural Gas-Oriented Basins



Source: Summit Midstream Corporation

Summit's commercial model is built around long-term, fee-based agreements that insulate earnings from direct commodity price exposure. The company generates roughly 85% of its revenue primarily through fixed fee gathering, processing, and transportation charges supported by acreage dedications, minimum volume commitments, and volumetric fees. In several basins, customers partially fund connections, and reimbursement structures reduce Summit's capital requirements and enhance incremental margins as new wells come online. Summit's ownership in the Double E Pipeline adds a complementary source of contracted, take-or-pay revenue with multi-year duration, strengthening the predictability of its consolidated cash flow profile.

Summit's long-term objective is to operate scalable, high-quality midstream systems that support sustained development across its basins while maximizing the durability and growth potential of its cash flows. Continued commercialization of existing infrastructure, disciplined capital allocation, and potential expansion of the Double E Pipeline are central to this strategy as Summit transitions from restructuring to measured, earnings-driven growth.

In addition to organic opportunities across its existing systems, Summit's strategy includes selective bolt-on acquisitions that enhance its footprint and improve utilization across its core operating areas. Management has indicated that bolt-on targets are generally smaller in scale, typically generating $25 to $50 million of EBITDA, and are transacted at purchase multiples in the ~5.0x to 5.5x EBITDA range. Funding is expected to be structured with cash consideration equal to roughly 3.5x to 4.0x

EBITDA, with the balance funded through common equity (approximately 1.0x to 1.5x EBITDA), which both limits incremental balance sheet strain and allows sellers, often private equity sponsors, to participate in potential upside as Summit executes and valuation normalizes. Management also emphasized that this approach is opportunistic and disciplined, with equity issuance tied to periods when the stock is trading closer to intrinsic value.

Integrated Asset Overview

Following a multi-year strategic transformation, Summit Midstream's operations span several established U.S. unconventional resource basins, each contributing a distinct combination of cash flow stability, volumetric upside, and long-term optionality.

Figure 2: Summit Midstream Core Asset Portfolio

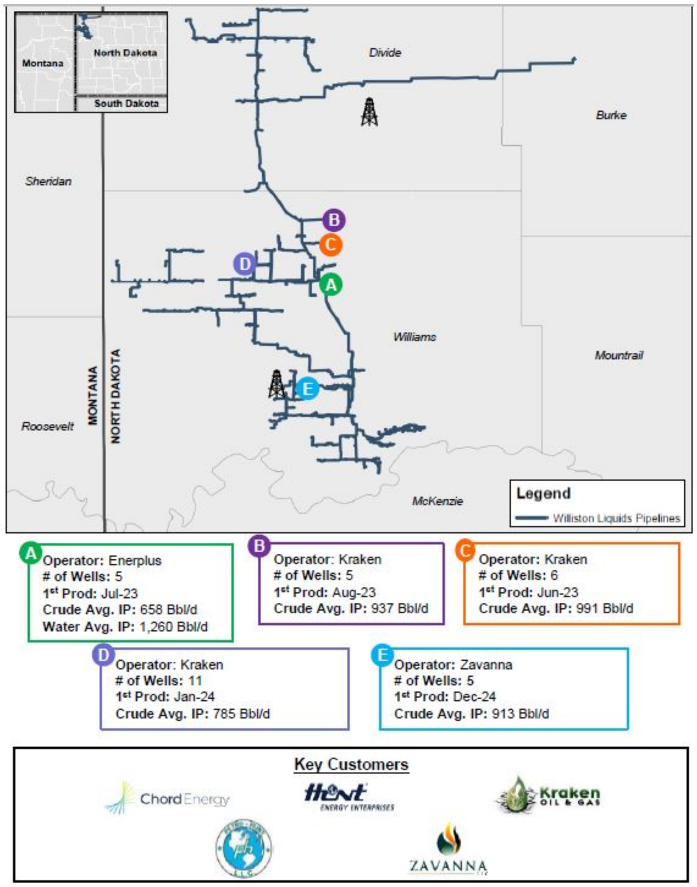
Basin (Segment)	Key System(s)	Commodity	Revenue Driver	Strategic Role
Williston (Rockies)	Polar & Divide	Oil / Water	Stable Fee-Based Cash Flow	Mature Cash Flow Foundation
DJ Basin (Rockies)	Niobrara G&P, Moonrise	Gas / Oil / Water	Volume Growth, Commodity Exposure, Fee-Based/POP	Core Near-term Driver
Piceance	Grand River	Natural Gas	Long-Term, Stable Fees	Legacy Cash Flow
Barnett Shale (Mid-Con)	DFW Midstream	Natural Gas	Long-Term, Stable Fees	Legacy Cash Flow
Arkoma (Mid-Con)	Tall Oak Acquisition	Natural Gas	Volume Growth & Premium Markets	New Growth Platform
Permian	Double E Pipeline (70%)	Natural Gas	Utilization & Takeaway Demand	High-Impact, Low-CAPEX Catalyst

Source: Noble Capital Markets, Inc. and Summit Midstream Corporation

Williston Basin (Rockies Segment)

Summit operates a crude oil and produced water gathering system across Williams and Divide counties, areas that have accounted for an increasing share of development activity as operators shift drilling away from more mature parts of the Williston Basin. Regional oil production remains in the 1.2 to 1.3 million barrels per day (MMbbl/d) range, supported by longer laterals, improved completion designs, and multi-well pad development. While basin-wide growth has moderated relative to the 2019 peak, drilling efficiency has continued to improve, and Williams and Divide counties have been among the more active areas of recent development.

Figure 3: Polar & Divide System



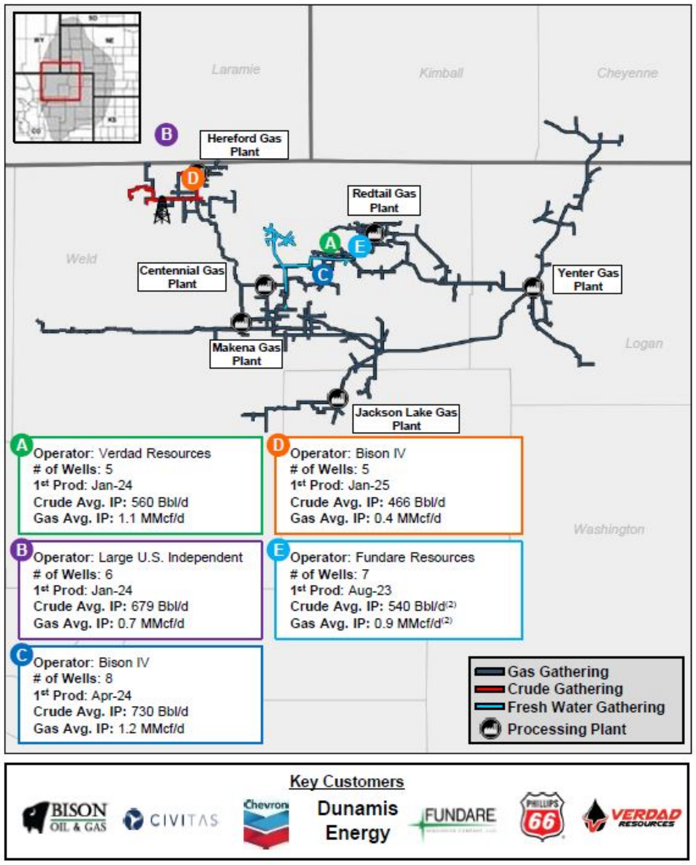
Source: Summit Midstream Corporation

Summit's Williston Basin operations include more than 550 miles of crude oil and produced water pipelines and areas of mutual interest totaling approximately 0.5 million acres. Multiple delivery points enhance downstream optionality. The business is supported by a diversified customer base, multiple service offerings, and a sizable proved developed producing (PDP) reserve foundation. Ongoing consolidation has driven lateral lengths from roughly two miles to three to four miles. A key customer initiated a one-rig program in late 2024 in southern Williams County and continues to drill and bring new wells online. In 3Q 2025, Summit secured a 10-year extension of its gathering agreements with a key customer. As part of the negotiation, rate relief was granted in the area where Summit is providing produced water and crude oil gathering service for the customer. By improving the economics for the customer, Summit expects accelerated development toward more crude plus produced water wells, with expected development starting in late 2027.

DJ Basin (Rockies Segment)

The DJ Basin is shifting toward natural gas as demand strengthens, supported by LNG exports and rising gas-fired power needs tied to electrification and decarbonization. After peaking in 2019, crude oil production is expected to decline modestly, making the basin increasingly natural gas weighted. In the DJ Basin, Summit operates an integrated gathering and processing platform that delivers scalable, reliable, and sustainable midstream services, including natural gas gathering and processing, crude oil gathering, and freshwater delivery. The system has 245 MMcf/d of processing capacity and is currently operating at approximately 65% utilization, leaving available room for additional volumes. High-pressure interconnects linking the Makena, Hereford, Centennial, and Redtail plants provide meaningful system connectivity. In the DJ Basin, more than 1.9 million acres are dedicated under long-term contracts with an 8.4-year weighted average remaining term. Summit is well positioned to support large-scale development in the NE Wattenberg through new commercial agreements and is evaluating bolt-on acquisition opportunities. More than 240 new well permits have been issued near Summit's infrastructure, and historical development behind the system has averaged 85 to 100 well connects per year. These factors provide visibility into multi-year activity across a diverse mix of public and private operators.

Figure 4: Niobrara G&P System



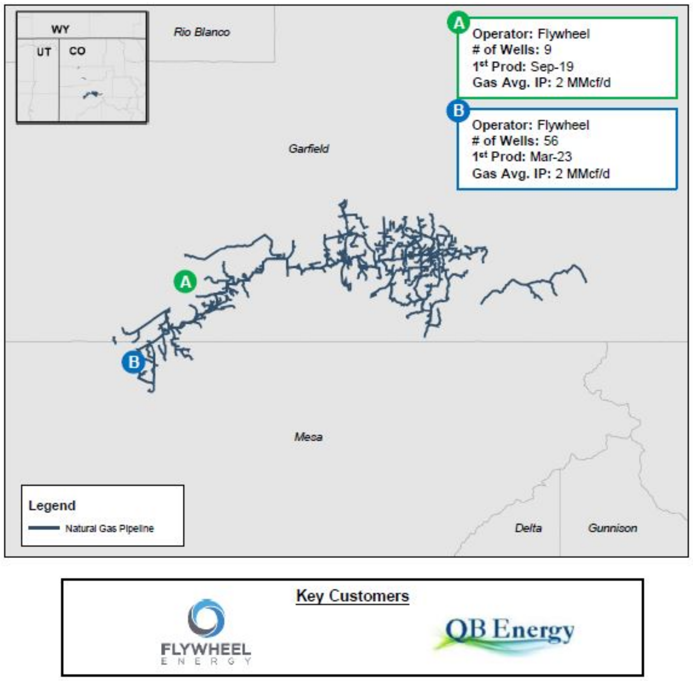
Source: Summit Midstream Corporation

The Niobrara G&P System includes high-pressure interconnections between multiple processing plants, supporting operational flexibility in routing volumes. The system delivers natural gas to major residue gas and NGL pipelines and provides freshwater delivery of up to ~55,000 barrels per day for completions. Crude oil is gathered via a roughly 30-mile pipeline with access to regional takeaway systems. With available processing capacity, recent permitting trends, and established infrastructure, the DJ system is positioned to handle incremental development with limited capital requirements.

Piceance Basin

In the Piceance Basin, Summit's gathering system provides meaningful operating leverage. Key customers QB Energy and Flywheel Energy have consolidated smaller producers to drive cost and efficiency gains. Minimum volume commitments support cash flow stability in a basin where drilling activity has been limited since 2020. Summit is underpinned by long-term, primarily fixed-fee contracts with a 9.7-year weighted average remaining term. The company is relocating idle, owned compression from the Piceance to the Arkoma Basin, having moved seven units to date and identifying three additional units for near-term relocation. The system gathers natural gas from multiple formations and delivers to several processing and long-haul transportation outlets, which supports consistent system operability.

Figure 5: Piceance System



Source: Summit Midstream Corporation

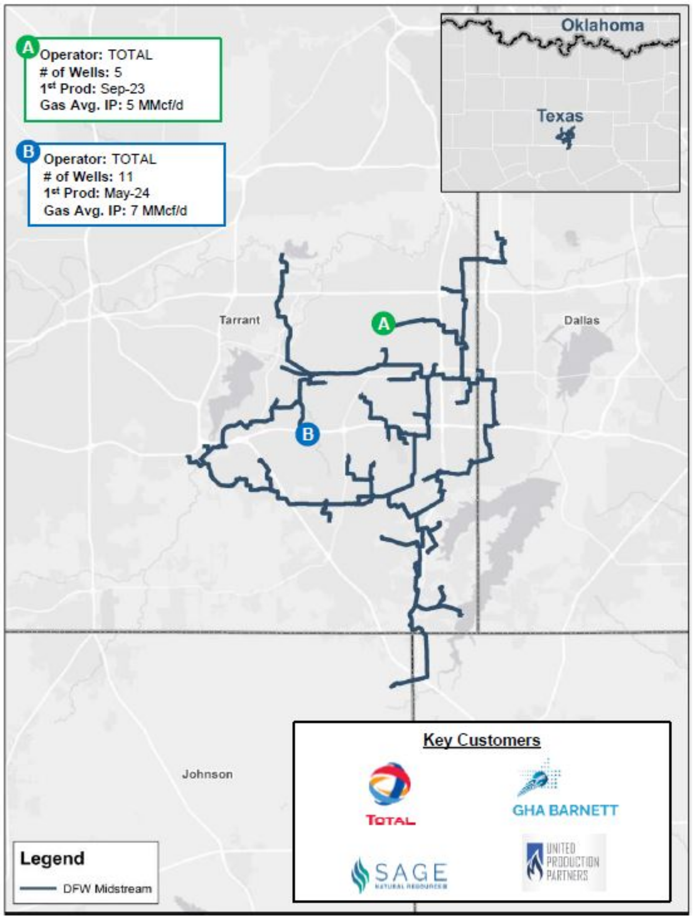
The system has a low capital intensity profile; recent periods have reflected quarterly EBITDA of approximately $12–13 million and capex below $1 million. Summit is executing a compression optimization program, moving excess company-owned units from the Piceance Basin to other operating areas to reduce lease expenses. While near-term production growth is limited, the Piceance system provides a stable, contract-backed contribution and remains an important component of Summit's portfolio.

Mid-Continent (Mid-Con) Segment

Barnett Shale

The Barnett Shale, an early driver of the U.S. shale revolution, is now a mature play with gradually declining production but meaningful remaining recoverable resources. Development has shifted from dry gas to liquids-rich areas, with operators using advanced seismic to better target higher-value zones. In the Barnett Shale, Summit operates a fully developed system that requires minimal capital and is supported by long-term, fixed fee contracts with a weighted average remaining term of four years.

Figure 6: DFW Midstream System



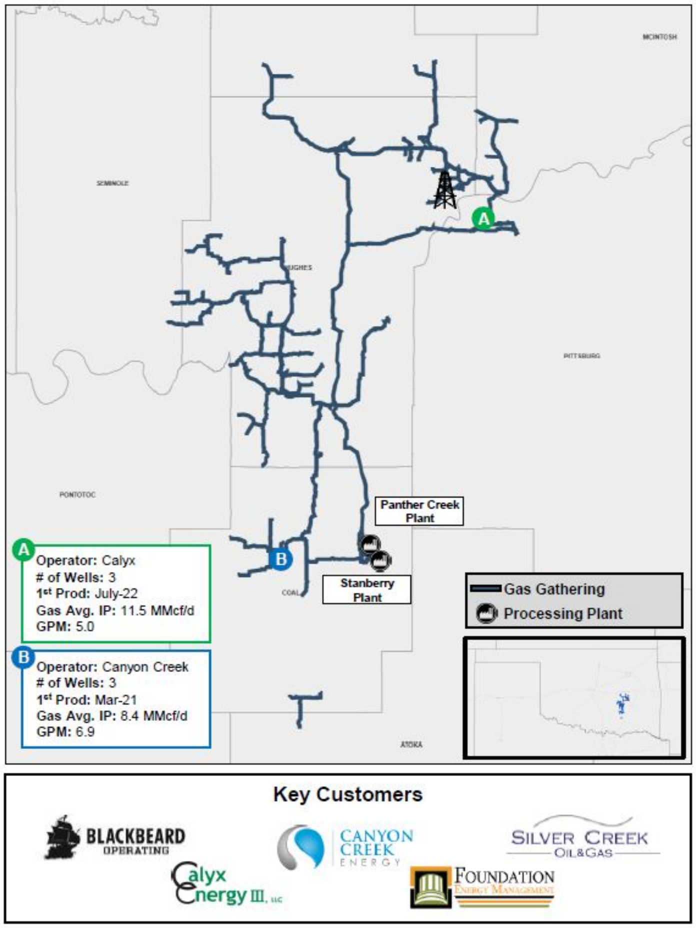
Source: Summit Midstream Corporation

Reservoir performance has improved, with estimated ultimate recoveries (EUR) increasing from 2.8 Bcf in 2019 to more than 4.5 Bcf today, and recent wells are exceeding expectations with 6 to 8 MMcf/d of initial production. TotalEnergies, Summit's anchor customer, relies on its operated Barnett position to support U.S. supply for LNG commitments, and also owns gas-fired generation in the Dallas and Houston markets. Summit connected 27 wells in 2024 and 17 in 2025, with 17 DUCs expected to be completed in 1H 2026.

Arkoma Basin

The Arkoma Basin is a mature but resilient oil and gas region in Oklahoma and Arkansas, centered on shale development such as the Woodford and Fayetteville. Producers are leveraging existing infrastructure, geological sweet spots, and improved drilling techniques, including stacked-pay development, to sustain production. Despite its maturity, the basin remains an important energy source with ongoing leasing, drilling, and reinvestment supported by a proven resource base. In the Arkoma Basin, Summit operates a large-scale gathering, compression, and processing system with the capacity to support meaningful growth. Key customers have more than 10 years of economic inventory on Tall Oak's dedicated acreage. Contracts are long-term and primarily fixed fee, supported by significant dedicated leased acreage, with limited new well connections needed to sustain and grow volumes. Summit recently executed two new contracts covering approximately 20 MMcf/d of PDP production and additional volumes from a recently drilled pad.

Figure 7: Arkoma G&P System



Source: Summit Midstream Corporation

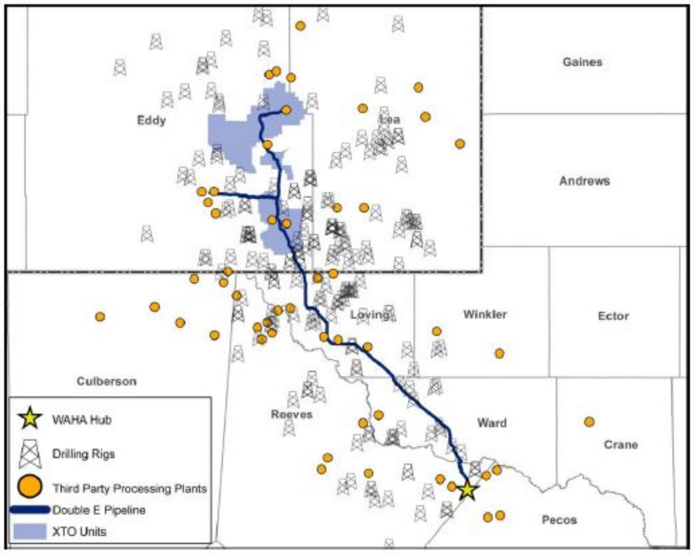
Year-to-date, a key customer has brought 15 wells online and is executing an additional 20-well program, with completions expected from 4Q 2025 through 1H 2026.

Permian Segment.

The Permian Basin is expected to deliver disciplined oil and gas growth, supported by continued efficiency gains and expanded infrastructure, despite moderating commodity prices. Spanning West Texas and New Mexico, it represents roughly 40% of U.S. oil production and remains the primary driver of U.S. onshore growth, with associated gas volumes expected to average about 25.8 Bcf/d in 2025. New pipeline projects have increased takeaway capacity and reduced historical bottlenecks, while drilling and completion improvements have enabled higher output with fewer rigs and a greater focus on top-tier acreage. Activity is stronger in parts of the Northern Delaware Basin, including New Mexico, which should benefit Summit’s Double E pipeline. Ongoing M&A has further concentrated operations among major operators focused on scale, efficiency, and cost control. Overall, the Permian is transitioning to a more measured growth phase but will remain a cornerstone of U.S. onshore supply.

Summit holds a 70% ownership stake in Double E Pipeline, LLC, a 135-mile FERC-regulated natural gas transmission pipeline operated in partnership with ExxonMobil (30% owner). The Double E Pipeline is a critical takeaway solution for rising natural gas production in the infrastructure-constrained northern Delaware Basin to delivery points near the Waha Hub. The pipeline cuts through the basin’s core and is located near roughly 40 gas processing plants totaling about 9 Bcf/d of capacity. It is supported by 1.1 Bcf/d of long-term take-or-pay commitments, including a 750 MMcf/d from ExxonMobil. New Mexico's rig count has returned to pre-pandemic levels, with approximately 100 rigs active. Since 2024, Summit has secured 215 MMcf/d of new 10-year take-or-pay contracts. Management expects EBITDA growth from commercializing available capacity and pursuing a cost-effective expansion.

Figure 8: Double E Pipeline



Source: Summit Midstream Corporation

In 2024, Double E distributed $36.4 million to investors, of which Summit received $25.5 million. These proceeds were used to service the Permian Transmission Term Loan and to distribute to holders of Subsidiary Series A Preferred Units.

Double E transports natural gas from the Delaware Basin to Waha, a key hub connecting Permian supply to Gulf Coast LNG markets and pipelines serving Mexico. As LNG feed gas demand and natural gas exports to Mexico grow, increased takeaway capacity out of Waha should support higher utilization and stronger shipper incentives to move Delaware gas on Double E rather than curtail production or accept discounted prices. Waha also provides access to southbound routes to Mexico via border interconnects. In addition, Pacific Coast LNG development in Mexico is expected to further increase demand for U.S.-sourced feed gas, including volumes routed from the Permian through Waha.

Importantly, in December 2025, ExxonMobil updated its 2030 corporate plan, raising its outlook for Permian Basin production to approximately 2.5 million oil-equivalent barrels per day by 2030, representing a doubling versus 2024 levels, driven by continued development across its advantaged acreage position. As Exxon advances development beyond its currently active southern Delaware Basin footprint toward its larger contiguous northern acreage block, highlighted above in Figure 8 as XTO Units, incremental associated gas volumes are expected to require reliable long-haul takeaway capacity, reinforcing the strategic relevance of Double E's contracted position with XTO Energy.

Figure 9 illustrates Double E Pipeline volumes and EBITDA generated with increased utilization, along with an expansion of capacity to 2.0 Bcf per day from 1.5 Bcf per day.

Figure 9: Double E Volume and Adjusted EBITDA Potential

Source: Summit Midstream Corporation

Commercial Arrangements

Summit Midstream generates its revenue through structured commercial agreements for gathering, processing, and transportation services. This contractual framework is designed to provide cash flow stability and is supported by extensive dedicated acreage.

The company's operational scale underpins these agreements, with pipeline systems spanning approximately 2,751 miles and a total capacity of 4.6 billion cubic feet of natural gas equivalent per day. For the nine months ended on September 30, 2025, natural gas volumes represented 67% of total throughput, reflecting the growing contribution from its gas-weighted assets.

A substantial majority of revenue is derived from long-term agreements, primarily structured as fee-based contracts where Summit receives a fixed fee for services, or percent-of-proceeds (POP) contracts, where it purchases natural gas at the wellhead, sells the processed products, and remits an agreed percentage of sales proceeds to the producer. Over 85% of revenue is generated under fixed-fee arrangements, which minimizes direct exposure to commodity price volatility.

These contracts are strengthened by two foundational commercial mechanisms that work in tandem:

- **Areas of Mutual Interest (AMI):** geographic dedications covering approximately 5.7 million acres that grant Summit the exclusive right to handle future production from the dedicated acreage, creating a long-term volume opportunity.
- **Minimum Volume Commitments (MVCs):** contractual guarantees within a service agreement, ensuring a customer will deliver (or pay for) a minimum volume or revenue level, establishing a reliable cash flow floor for Summit.

The effectiveness of this model is demonstrated across Summit's diversified asset portfolio, as shown below.

Figure 10: Summary of Primary Commercial Contract Structures by Asset

Asset / Project	Primary Pricing	Supporting Structures
Double E Pipeline (Permian)	Fee-based	Standalone MVCs
Williston, Piceance	Fee-based	AMI & MVCs
DJ Basin (Niobrara)	Mix of Fee-based & POP	AMI (1.9M acres) & MVCs
Arkoma Basin, Barnett	Fee-based	AMI

Source: Noble Capital Markets, Inc. and Summit Midstream Corporation

Figure 11 summarizes the MVC quantities that Double E's shippers have contracted with firm transportation service agreements and associated negotiated rate agreements, excluding a new precedent agreement for 100 MMcf/d of firm capacity with an expected in-service date during the fourth quarter of 2026 and a 10-year term. Volumes are weighted average MVC quantities for the year ended December 31 of each respective year.

Figure 11: Double E Pipeline Minimum Volume Commitments

(Amounts in MMBtu/d)

Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Volume	1,068,630	1,115,000	1,115,000	1,115,000	1,115,000	1,115,000	1,009,521	240,000	240,000	105,753	9,863

Source: Summit Midstream Corporation, Form 10-Q for the quarter ended September 30, 2025

Opportunities to Increase System Utilization

In our view, an under-appreciated opportunity is Summit's ability to facilitate growth and earnings, and cash flow with minimal capital expenditures based on already funded system capacity. This creates an opportunity for the company to support additional volumes with limited incremental capital, particularly in areas where producers are increasing drilling activity or where permitting trends indicate sustained development plans. Figure 12 summarizes third-quarter 2025 volume throughputs relative to system capacity in the Rockies, Permian, Piceance, and Mid-Con segments.

Figure 12: Significant Operating Leverage

	Incremental Pad	Statistics (MMcf/d, except Williston-Liquids)		
System	Connection Costs	3Q'25 Volume	Capacity	Utilization
Liquids		72	365	20%
DJ		158	245	64%
Rockies Segment[1]		**590**	**2,435**	**24%**
Permian Segment[2]	**NA**	**1,115**	**1,500**	**74%**
Piceance Segment		**259**	**1,338**	**19%**
Mid-Con Segment		**508**	**890**	**57%**

Limited to no incremental cost — Incremental costs proportionate with activity

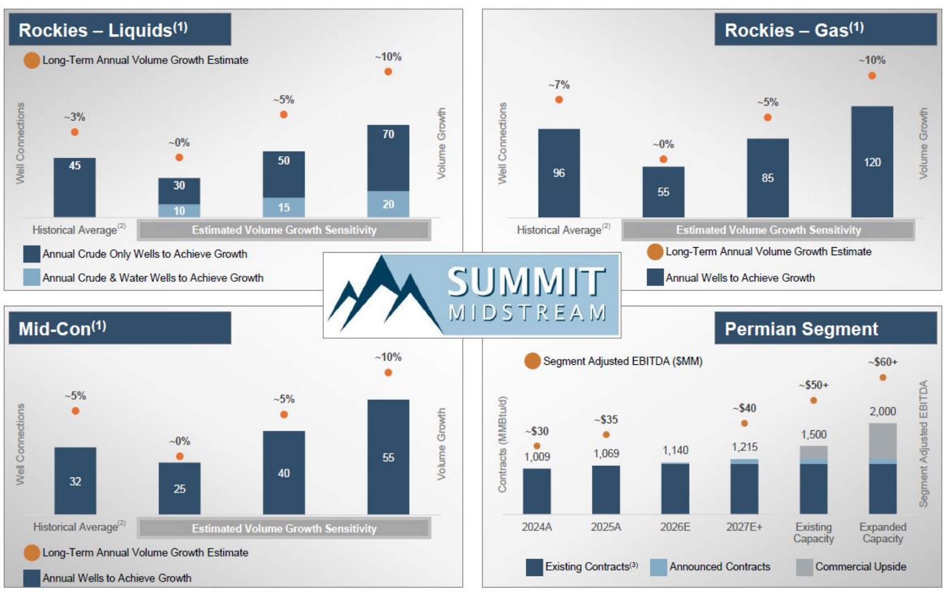
Source: Summit Midstream Corporation

Summit has significant operating leverage if producer activity accelerates across its service territories. The DJ Basin system provides ample processing capacity for incremental volume growth. Certain key customers reimburse Summit for all or a portion of connection costs, limiting Summit's capital expenditures, while the company's expansive gathering operations limit incremental pad connection capital expenditures. In the Mid-Con, significant unutilized capacity is available to accommodate incremental volumes. A large gathering footprint limits incremental pad connection capital expenditures. In the Permian, Summit's pipeline capacity may accommodate additional processing plant connections. The Double E Pipeline currently has 1.5 Bcf/d of existing capacity that is expandable to over 2.0 Bcf/d with a low-cost mid-point compressor project. Existing contracts represent Double E EBITDA of $35.0 million net to Summit. At 1.5 Bcf/d and 2.0 Bcf/d, EBITDA would increase to $50.0 million and $60.0 million, respectively.

Long-Term Growth Outlook

Summit's natural gas systems in the Permian and Mid-Con regions are positioned to serve growing natural gas demand centers, including Gulf Coast LNG facilities, industrial users, export pipelines to Mexico, and electricity demand growth driven by data center development. Figure 13 illustrates estimated volume growth sensitivity to annual well connections in the Rockies – Gas, Rockies – Liquids, and the Mid-Con, along with segment EBITDA sensitivity to Double E Pipeline capacity in the Permian.

Figure 13: Annual Well Connects Needed to Achieve Growth



Source: Summit Midstream Corporation

As an example, it would require 30 crude oil only well connections in the Rockies – Liquids to keep annual volumes flat, or 10 annual crude and water wells. To achieve an annual growth of 5%, it would require 50 new crude oil only wells or 15 crude and water well connections.

As producer activity evolves across Summit's service areas, the combination of existing capacity, customer-funded connections, and limited incremental capital requirements provides a pathway for higher system utilization and corresponding improvements in earnings and cash flow.

Capital Expenditures

In 2025, Summit Midstream expects to incur capital expenditures in the amount of $65 million to $75 million, and maintenance capital expenditures totaling $15 million to $20 million. Third quarter capital expenditure amounted to $22.9 million, including maintenance capital expenditures totaling $5.3 million. Year-to-date, capital expenditure totaled $69.9 million, inclusive of maintenance capital that totaled $13.3 million. Year-to-date capital expenditures included approximately $14.0 million of non-recurring integration and optimization projects, which will be concluded by year-end. The company redeployed seven latent compressors from the Piceance and two from the DJ Basin to the Arkoma Basin. Three additional units are expected to be relocated. These actions will reduce annual compressor lease expense by approximately $4 million and improve EBITDA margins beginning in 2026.

Figure 14 summarizes capital expenditures required by segment to achieve various rates of growth. It excludes expenditures associated with the Double E Pipeline in the Permian.

Figure 14: Capital Expenditure Sensitivity Table

($ in 000's)

Rockies Segment	0% Growth	5% Growth	10% Growth
DJ Well Connections	55	85	120
(/) Estimated Wells Per Pad	6	6	6
Estimated Pad Connections	9	14	20
Growth Capex Per Pad	$1,750	$1,750	$1,750
DJ - Growth Capex	**$16,042**	**$24,792**	**$35,000**
Williston Well Connections (Crude Only)	30	50	70
(/) Estimated Wells Per Pad	6	6	6
Estimated Pad Connections	5	8	12
Growth Capex Per Pad	$2,000	$2,000	$2,000
Williston - Growth Capex (Crude Only)	**$10,000**	**$16,667**	**$23,333**
Williston Well Connections (Crude and Water)	10	15	20
(/) Estimated Wells Per Pad	6	6	6
Estimated Pad Connections	2	3	3
Growth Capex Per Pad	$4,000	$4,000	$4,000
Williston - Growth Capex (Crude and Water)	**$6,667**	**$10,000**	**$13,333**
Rockies Segment Growth Capex (Crude Only in Williston)	**$26,042**	**$41,458**	**$58,333**
Rockies Segment Growth Capex (Crude & Water in Williston)	**$22,708**	**$34,792**	**$48,333**

Mid-Con Segment	0% Growth	5% Growth	10% Growth
Barnett Well Connections	13	20	28
Arkoma Well Connections	13	20	28
Total Well Connections	25	40	55
Arkoma Well Connections Only	13	20	28
(/) Estimated Wells Per Pad	4	4	4
Estimated # of Pad Connections	3	5	7
(x) Estimated Capex Per Pad Connection	$2,000	$2,000	$2,000
Mid-Con Segment Growth Capex	**$6,250**	**$10,000**	**$13,750**

Piceance Segment	8% Decline	0% Growth	8% Growth
Total Well Connections	0	50	100
(/) Estimated Wells Per Pad	30	30	30
Estimated # of Pad Connections	0	2	3
(x) Estimated Capex Per Pad Connection	$2,000	$2,000	$2,000
Piceance Segment Growth Capex	**$0**	**$3,333**	**$6,667**

Summary			
Rockies Segment Growth Capex (Crude Only in Williston)	$26,042	$41,458	$58,333
Mid-Con Segment Growth Capex	6,250	10,000	13,750
Piceance Segment Growth Capex	0	3,333	6,667
Growth Capex	**$32,292**	**$54,792**	**$78,750**
Maintenance Capex (Base Business)	15,000	15,000	15,000
Total Capex	**$47,292**	**$69,792**	**$93,750**
Rockies Segment Growth Capex (Crude & Water in Williston)	$22,708	$34,792	$48,333
Mid-Con Segment Growth Capex	6,250	10,000	13,750
Piceance Segment Growth Capex	0	3,333	6,667
Growth Capex	**$28,958**	**$48,125**	**$68,750**
Maintenance Capex (Base Business)	15,000	15,000	15,000
Total Capex	**$43,958**	**$63,125**	**$83,750**

Source: Noble Capital Markets, Inc. and Summit Midstream Corporation

Growth capex varies meaningfully by basin due to differences in average pad size, system connectivity, and the degree to which customers reimburse pad-connection costs. In the Rockies, for example, well connections typically require incremental pad capital, while portions of the DJ Basin's natural gas system operate under arrangements where customers may reimburse a significant share of upfront connection expenditures. In the Mid-Continent, the Barnett system is largely built out and carries minimal growth capital requirements, whereas Arkoma requires incremental pad connections to support new wells. In the Piceance, limited near-term drilling translates into comparatively modest capital needs outside of base maintenance.

For the Double E Pipeline, expansion from 1.5 Bcf/d to 2.0 Bcf/d is expected to require approximately $80 million to $100 million of incremental project capital, assumed here to be split evenly across 2026, 2027, and 2028. Expansion economics are supported by the Delaware Basin development outlook and increasing Waha takeaway demand tied to LNG growth and exports to Mexico.

In 2025, 2026, and 2027, we forecast maintenance capital expenditures of $18.7 million, $15.0 million, and $15.0 million, respectively. We forecast growth capital expenditures of $74.2 million, $75.3 million, and $86.5 million in 2025, 2026, and 2027, respectively, inclusive of expenditures associated with the Double E expansion.

Outlook for the Remainder of 2025 and for 2026

Figure 15 summarizes Summit Midstream management's 2025 guidance and year-to-date actuals through September 30, 2025.

Figure 15: SMC Corporate Guidance — 2025

				2025E Pro Forma Guidance			
Segment	Capacity & Utilization[1]	Customer Active Rigs	DUCs	Well Connections (Low / High)	Volume Throughput (Low / High)	Segment Adjusted EBITDA (Low / High)	Capex (Low / High)
Rockies[2]	365 MBbl/d ~20%		~75	95–140	Liquids: 65–75 MBbl/d	$100–$125 million	Moderate *Pad Connections*
	245 MMcf/d ~64%				Gas: 145–160 MMcf/d		
Mid-Con	890 MMcf/d ~57%		~18	30–45	510–550 MMcf/d	$105–$115 million	Moderate *Pad Connections & Integration Capital*
Piceance	1.3 Bcf/d ~19%		0	0	245–255 MMcf/d	~$40 million	Limited *Pad Connections*
Permian	1.50 Bcf/d ~74%[3]	NM Rig Count x 97			~700 MMcf/d	~$35 million	Moderate *Potential for additional plant connections*
Asset – Level	~6.1 Bcfe/d	x 4	~93	125 – 185		$280–$315 million	$65–$75 million
Unallocated G&A	n.a.					~$(35) million	
Total						$245–$280 million	$65–$75 million

Source: Summit Midstream Corporation

During Summit's third-quarter 2025 investor call, management indicated that it expects 2025 adjusted EBITDA to be at the low end of its guidance range of $245 million to $280 million. Summit generated $184.1 million in adjusted EBITDA in the first nine months of 2025. We project full year EBITDA of $246.6 million.

During the third quarter of 2025, Summit connected 21 new wells, while its customer base remains active with 5 drilling rigs and more than 90 drilled but uncompleted (DUC) wells behind Summit's systems. The company expects to connect an additional 50 wells to the system during the fourth quarter, bringing the full year total to 159 wells based on 109 wells connected during the first nine months of 2025. We expect 35 new well connects in the DJ Basin, 10 in the Williston Basin, and 5 in the Arkoma Basin. Management expects the make up in customer activity during the fourth quarter to drive volumetric growth into 2026.

2026 and Beyond

The company is working with several customers on their 2026 development plans, which include more than 120 new well connects in the first half. Of those, we have modeled 45 new wells in each of the first and second quarters of 2026 in the Rockies segment, including 35 in the DJ and 10 in the Williston, and 15 new well connections in the Mid-Con segment, including 7 in the Barnett and 8 in the Arkoma. Management anticipates activity to accelerate as customers begin to fill in the back half of 2026 with additional development.

Relative to 2025, we are forecasting annual Rockies natural gas volume growth of 7% from 2026 through 2031 based on 100 well connections per year. However, we expect flat liquids volumes in the Rockies in 2026 and 2027 with growth of 5% per year beginning in 2028, based on 45 well connects per year and due to Summit gathering from more crude oil plus water wells rather than just crude oil only wells. For those unfamiliar, produced water gathering collects the brine wastewater that comes up with oil and gas during extraction, using networks of gathering system pipelines to transport it from wellheads to treatment facilities, storage ponds, or injection wells for disposal, recycling, or resource recovery. It is a critical part of oil and gas operations, managed by midstream companies like Summit, to ensure flow assurance and manage environmental impact, especially in large basins like the Permian Basin. We expect crude plus water inventory to begin developing in the Rockies in late 2027 and 2028.

In the Piceance Basin, we expect volumes to decline approximately 8% in 2026 and to increase 5% per year beginning in 2027. In the Mid-Con segment, we forecast volume growth of 5% per year beginning in 2026. In the Permian Basin, we have assumed the company will invest $80.0 million to $100.0 million to expand system capacity to 2.0 Bcf/d. Consequently, we expect Double E to contribute EBITDA of approximately $37.0 million in 2026, $40.0 million in 2027, $45.0 million in 2028, $50.0 million in 2029, $55.0 million in 2030, and $60.0 million in 2031. We assume utilization moves toward full capacity, generating $50 million in 2029 based on 1.5 Bcf/d of capacity, and $60.0 million in 2031 based on a capacity of 2.0 Bcf/d.

Summary of Third Quarter Financial Results

During the third quarter, Summit Midstream performed well operationally and financially. Compared to the prior-year quarter, total revenues increased 43.4% to $146.9 million. Revenue associated with gathering services and related fees increased 48.5% to $65.4 million, while natural gas, NGL, and condensate sales increased 47.3% to $71.1 million. Other revenues increased 2.8% to $10.4 million. Total costs and expenses increased 34.1% to $121.7 million compared to $90.8 million during the third quarter of 2024. Operating income more than doubled to $25.2 million compared to $11.6 million during the prior year quarter.

Adjusted EBITDA increased 44.8% to $65.5 million, while net income increased to $5.0 million compared to a loss of $197.5 million during the prior year period. Net loss attributable to Summit Midstream Corporation amounted to $1.6 million, or $(0.13) per share, compared to a loss of $204.9 million, or $(19.25) per share during the third quarter of 2024. Cash flow available for distributions increased to $36.7 million compared to $22.1 million during the third quarter of 2024. Free cash flow increased to $16.7 million compared to $9.7 million during the prior year quarter.

Sequentially, total revenue increased 4.8% to $146.9 million compared to $140.2 million during the second quarter of 2025. Revenue associated with gathering services and related fees increased 1.8% to $65.4 million, while natural gas, NGL, and condensate sales increased 7.1% to $71.1 million. Other revenues increased 7.8% to $10.5 million. Total costs and expenses decreased 3.4% to $146.9 million compared to $140.2 million during the second quarter of 2025. Operating income increased 77.2% to $25.2 million compared to $14.2 million during the previous quarter.

Adjusted EBITDA increased 7.2% to $65.5 million compared to $61.1 million during the second quarter of 2025. Net income increased to $5.0 million compared to a loss of $4.2 million during the prior quarter. Natural gas price-driven segments generated $36.1 million of combined segment adjusted EBITDA, a 2.0% increase relative to the second quarter of 2025, while oil price-driven segments generated $37.7 million in combined segment adjusted EBITDA, representing a 12.3% increase relative to the second quarter of 2025. The company reported a net loss attributable to Summit Midstream Corporation of $1.6 million, or $(0.13) per share compared to a loss of $8.0 million, or $(0.66) per share during the second quarter of 2025. Cash flow available for distributions increased to $36.7 million compared to $32.4 million during the second quarter of 2025. Free cash flow increased to $16.7 million compared to $9.2 million during the second quarter of 2025.

The Rockies segment generated adjusted EBITDA of $29.0 million, an increase of $3.8 million compared to the second quarter of 2025. The increase was driven by higher fixed fee revenue and improved product margin. Product margin benefitted from greater volume throughput and stronger realized NGL and condensate prices, partially offset by lower residue gas prices. Natural gas volume averaged 158 million cubic feet per day, an increase of approximately 7.5% compared to the prior quarter due to wells connected during the first half of 2025 reaching peak production and increased third-party onloads. Liquids volumes averaged 72,000 barrels per day, a decline of 6,000 barrels per day relative to the second quarter of 2025 due to natural production declines. Summit connected nine new wells during the third quarter, including four in the DJ Basin and five in the Williston Basin. There are three rigs running and about 75 drilled but uncompleted wells behind the system.

The Permian Basin segment, which includes Summit's 70% interest in the Double E Pipeline, reported adjusted EBITDA of $8.7 million, an increase of $0.4 million compared to the prior quarter, due to higher volume throughput. Existing take-or-pay contracts continue to ramp up from 1.069 billion cubic feet per day (Bcf/d) on average in 2025 to 1.115 Bcf/d in 2026, with an additional 100 MMcf/d of recently contracted volumes expected to come online in the fourth quarter of 2026. The company expects Double E contracted volumes to be 1.215 Bcf/d in 2027, representing growth of approximately 13.0% relative to 2025, which would result in over $40.0 million of net EBITDA. If Summit were to contract the full 1.5 Bcf/d of free flow capacity, the Double E Pipeline could generate approximately $50.0 million of EBITDA net to Summit. During the third quarter, the Double E Pipeline averaged 712 million cubic feet per day of throughput and averaged 745 million cubic feet per day during September.

During the third quarter, the Piceance segment reported adjusted EBITDA of $12.5 million, an increase of $2.0 million compared to the second quarter of 2025. The increase was due to the realization of previously deferred revenue and lower operating expenses, partially offset by approximately a 1.5% decrease in volume throughput.

The Mid-Con segment reported adjusted EBITDA of $23.6 million, a decrease of $1.3 million compared to the prior quarter. The decrease was due to lower product margin, partially offset by an increase in volume throughput. The increase in throughput was driven by six new wells in the Arkoma Basin and six in the Barnett, partially offset by natural production declines. A key customer in the Arkoma Basin is actively running a rig to execute on its 20-well development program, which is expected to drive volumetric growth of 5% to 10% from 2025 to 2026. There is currently one rig running in the Arkoma Basin and one in the Barnett, with 18 drilled but uncompleted wells behind the system.

Corporate Governance:

Summit Midstream Corporation benefits from an experienced management team with years of experience in the industry. Mr. J. Heath Deneke, Chairman, President, and CEO, previously held senior leadership roles at Crestwood Equity Partners and El Paso Corporation. At Crestwood Equity, he worked alongside Mr. Robert Phillips, one of the true pioneers of the midstream energy industry. The Summit Midstream Corporation Board of Directors includes one member of management, Mr. J. Heath Deneke, Chairman, President and Chief Executive Officer, and ten independent and non-management directors. The management team has demonstrated a successful record of growing the company through the acquisition and subsequent development of DFW Midstream, Grand River, Polar & Divide, Niobrara G&P, and Double E Pipeline. The Board is divided into three classes of directors, each serving a staggered, three-year term. Members of the Board bring a variety of key skills, experience, and competencies, including public company experience, midstream industry experience, energy industry experience, along with backgrounds that include finance and accounting, legal and compliance, operations and engineering, risk management, clean energy experience, and environmental sustainability. Four directors are associated with Tailwater Capital, which maintains ownership interests in Summit Midstream and its subsidiaries.

Mr. J. Heath Deneke, President, Chief Executive Officer, and Chairman of the Board

Mr. Deneke joined Summit Midstream in September 2019 as President and Chief Executive Officer. Mr. Deneke is also on the board of directors of Summit Midstream and was appointed Chairman of the Board in May 2020. Mr. Deneke joined Summit Midstream from Crestwood Equity Partners, where he most recently served as Executive Vice President, Chief Operating Officer, and a member of the Office of the Chairman. He was responsible for commercial development and operations of its midstream businesses, including assets in the Bakken, Barnett, Fayetteville, Marcellus, Powder River, and Permian basins. Prior to his service at Crestwood, Mr. Deneke held senior roles at El Paso Corporation and its affiliates. Mr. Deneke holds a Mechanical Engineering degree from Auburn University. He serves on the board of directors of Bay West Environmental and is a member of the Houston Chapter of the Young Presidents Organization.

Mr. Bill Mault, CFA, Executive Vice President and Chief Financial Officer

Mr. Mault has served as Executive Vice President and Chief Financial Officer of Summit since February 2022. Mr. Mault joined Summit in 2016 and has held various senior management roles, including Vice President of Corporate Development, Finance and Treasurer. Prior to joining Summit, Mr. Mault spent nearly 10 years in mergers and acquisitions and investment research capacities, most recently at SunTrust Robinson Humphrey (now Truist Securities). Mr. Mault has over 10 years of oil and gas industry experience, is a Chartered Financial Analyst (CFA) charter holder, and holds a Bachelor of Business Administration from Northwood University.

Mr. James Johnston, Executive Vice President, General Counsel and Chief Compliance Officer

Mr. Johnston joined Summit Midstream in September 2020 from Crestwood Equity Partners, where he most recently served as Senior Vice President and General Counsel. Prior to joining Crestwood in 2013, Mr. Johnston served as Assistant General Counsel for Kinder Morgan and in various legal and commercial roles of increasing responsibility at Kinder Morgan, El Paso Corporation, and Sonat, Inc. Mr. Johnston holds a bachelor’s degree from Western University in Ontario, Canada and a Doctor of Jurisprudence from Samford University’s Cumberland School of Law in Birmingham, Alabama.

Mr. Louis Krannich, Senior Vice President, Engineering and Operations

Mr. Krannich joined Summit in September 2024 as Senior Vice President of Business Development and Commercial and has served in his current role since July 2025. Prior to joining Summit, Mr. Krannich served as President of EverLine, a technical operations service provider. Previously, he has held leadership roles at Pacific Gas and Electric, and El Paso Corporation in Engineering, Operations, Business Development, and Financial Planning. Mr. Krannich earned a bachelor’s degree in engineering from Vanderbilt University and a Master of Business Administration from Stanford University.

Mr. Matt Sicinski, Senior Vice President and Chief Accounting Officer

Mr. Sicinski joined Summit in February 2020 and has served as Senior Vice President and Chief Accounting Officer since February 2022. Prior to joining Summit, Mr. Sicinski was Vice President and Controller at Venari Resources and served in multiple accounting, finance, and commercial development roles at Southwestern Energy. Mr. Sicinski also has seven years of public accounting experience with the Houston offices of Arthur Andersen and Ernst & Young.

Valuation

For our valuation, we have used a comparative relative valuation approach. We have established a comparative midstream peer group and compared Summit’s valuation relative to its peers based on enterprise value to estimated 2026 EBITDA. The comparator group is summarized in Figure 16.

Figure 16: Comparative Peer Group Table

Company	Ticker	Share/Unit Price ($)	Dividend/ Distribution ($/Share)	Yield (%)	Market Capitalization ($M)	2025E EBITDA ($M)	2026E EBITDA ($M)	2027E EBITDA ($M)	2025E EV/EBITDA x	2026E EV/EBITDA x	2027E EV/EBITDA x
Antero Midstream Corporation	(NYSE: AM)	17.67	0.90	5.1%	8,415.8	1,122.0	1,174.0	1,200.0	10.3x	9.8x	9.6x
Archrock, Inc.	(NYSE: AROC)	25.42	0.84	3.3%	4,457.9	840.9	892.8	942.0	8.3x	7.9x	7.4x
Delek Logistics Partners, LP	(NYSE: DKL)	44.29	4.48	10.1%	2,368.6	506.8	530.7	576.1	9.2x	8.8x	8.1x
DT Midstream, Inc.	(NYSE: DTM)	118.64	3.28	2.8%	12,062.6	1,140.0	1,225.0	1,301.0	13.5x	12.6x	11.9x
Genesis Energy LP	(NYSE: GEL)	15.61	0.66	4.2%	1,911.0	540.0	633.4	656.9	11.1x	9.5x	9.1x
Gibson Energy Inc.	(OTCMKTS: GBNXF)	18.12	1.23	6.8%	2,968.8	428.8	462.9	499.0	11.4x	10.5x	9.8x
Kinetik Holdings Inc.	(NYSE: KNTK)	34.57	3.12	9.0%	2,213.4	973.6	1,094.0	1,213.0	6.5x	5.8x	5.2x
Kodiak Gas Services, Inc.	(NYSE: KGS)	35.76	1.80	5.0%	3,099.8	711.6	760.7	820.5	8.0x	7.5x	7.0x
NGL Energy Partners LP	(NYSE: NGL)	9.81	0.00	0.0%	1,233.3	617.8	626.3	666.5	6.7x	6.6x	6.2x
ONEOK, Inc.	(NYSE: OKE)	73.06	4.12	5.6%	45,971.7	8,065.0	8,547.0	8,930.0	9.7x	9.2x	8.8x
Targa Resources Corp.	(NYSE: TRGP)	182.42	4.00	2.2%	39,158.0	4,726.0	5,392.0	5,912.0	11.8x	10.4x	9.5x
The Williams Companies, Inc.	(NYSE: WMB)	58.85	2.00	3.4%	74,209.9	7,734.0	8,345.0	9,257.0	13.5x	12.5x	11.3x
Tidewater Midstream and Infrastructure Ltd.	(OTC: TWMID)	3.60	0.00	0.0%	77.8	38.1	106.8	119.5	13.5x	4.8x	4.3x
USA Compression Partners LLC	(NYSE: USAC)	23.70	2.10	8.9%	2,907.6	612.5	712.8	788.8	9.0x	7.7x	7.0x
Western Midstream Partners, LP	(NYSE: WES)	39.19	3.64	9.3%	15,989.4	2,515.0	2,786.0	2,928.0	9.1x	8.2x	7.8x
Average					14,469.7				10.1x	8.8x	8.2x
Median					3,099.8				9.7x	8.8x	8.1x
<$10.0 Billion Market Capitalization											
Average					2,965.4				9.4x	7.9x	7.4x
Median					2,968.8				9.1x	7.8x	7.2x
Summit Midstream Corporation	(NYSE: SMC)	26.59	0.00	0%	326.0	246.6	265.7	287.6	7.8x	7.3x	6.7x

Source: Noble Capital Markets, Inc., Thomson, Company Financial Reports

In Figure 16, we present the average and median EV/estimated 2026 EBITDA multiples for the broader midstream peer group and for peers with market capitalizations below $10.0 billion. As shown, larger-cap midstream entities generally trade at higher multiples, reflecting stronger balance sheets, greater asset diversification, and other scale-related advantages. Given Summit's current size and profile, we believe it is appropriate to apply the average and median multiples of peers with market capitalizations below $10.0 billion.

Using these multiples, we value Summit's core gathering and compression midstream assets based on their contribution to estimated 2026 EBITDA. We separately value Summit's interest in the Double E Pipeline on a stand-alone basis using a transaction comp approach informed by recent long-haul pipeline transactions and our estimate of Double E's 2026 EBITDA contribution. Long-haul transmission assets tend to warrant higher multiples based on the greater stability of cash flows, FERC-regulation, and minimum volume commitments. For Double E, we apply a target EV/EBITDA multiple of 10.5x, based regulated long-haul natural gas pipeline transactions completed between 2019 and 2024. Our overall valuation is summarized below.

Figure 17: SMC Valuation

($ in millions, except per share data, or otherwise noted)	
Est. 2026E Adjusted EBITDA	228.7
Target EV/Est. 2026 EBITDA Multiple	7.9x
Total Enterprise Value	1,805.9
(+) Cash	24.6
(-) ABL Revolving Credit Facility	150.0
(-) 8.625% Senior Secured Second Lien Notes	825.0
(-) Series A Preferred Stock	110.0
Equity Value	745.5
2026 Estimated YE Shares Outstanding	18.8
Per Share Value ($)	39.68
Est. Double E EBITDA (net to SMC)	37.0
(x) Target EV/Est. 2026 EBITDA Multiple	10.5x
Estimated Double E Enterprise Value (net to SMC	388.5
(-) Permian Transmission Loan	113.0
(-) Subsidiary Series A Preferred Units	138.0
Double E Residual Equity Value to SMC	137.5
2026 Estimated YE Shares Outstanding	18.8
Per Share Value ($)	7.32
Consolidated SMC Equity Value	883.0
2026 Estimated YE Shares Outstanding	18.8
SMC Per Share Value ($)	47.00

Source: Noble Capital Markets, Inc.

Our price target of $47 per share is derived from summing the implied equity values of Summit's core midstream assets and its interest in the Double E Pipeline. In our view, the equity has the potential to close the valuation gap over the next 12 to 18 months as utilization improves across the company's gathering and processing systems, leverage continues to decline toward management's target, and growth is supported by disciplined, accretive bolt-on acquisitions.

In our view, Summit Midstream Corporation shares represent a value play within the midstream energy industry. The company has been reinvigorated and repositioned for growth following a multi-year transformation. Demand for U.S. natural gas, crude oil, and natural gas liquids (NGL) will grow with the U.S. economy and export demand. Secular themes, including electrification of the U.S. economy, which will increase demand for natural gas-fired power generation, growth in artificial intelligence application driven data centers, and growing liquefied natural gas (LNG) exports provide tailwinds for the company's growth.

Summit's midstream infrastructure is situated in most of the major U.S. unconventional resource basins and is well positioned to benefit from demand growth. Additionally, we expect the company to continue to optimize and extend its systems to better serve its customers and make accretive acquisitions that enhance its competitiveness. We think the company is in the early innings of reigniting earnings and cash flow growth driven by increased utilization, optimization, and acquisitions. In our view, we think SMC shares should trade closer to peer group averages and represent an attractive entry point for new investors.

Investment risks include but are not limited to: 1) fluctuations in natural gas, NGLs, and crude oil prices, 2) the extent and success of customer drilling and completion efforts, along with the quantity of natural gas, crude oil, fresh water deliveries, and produced water volumes produced within proximity of Summit's assets, 3) failure or delays by customers to achieve expected production in their natural gas, crude oil, and produced water projects, 4) competitive industry conditions and their impact on

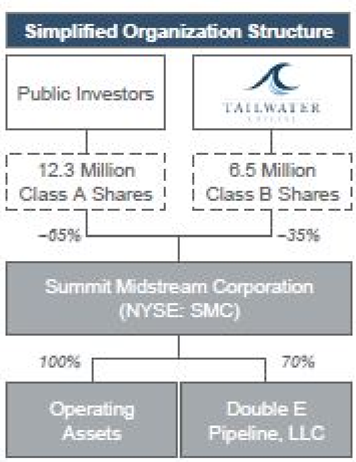
Summit's ability to connect hydrocarbon supplies to its gathering and processing assets or systems, 5) actions or inactions taken or non-performance by third parties, including suppliers, contractors, operators, processors, transporters, and customers, including the inability or failure to meet their financial obligations under gathering agreements or Summit's ability to enforce the terms and conditions, 6) changes in the availability and cost of capital, 7) operational risks, 8) timely receipt of government approvals and permits, 9) environmental risks, 10) changes in laws, government regulations, or trade policies, 11) changes in tax status, 12) changes in general economic conditions, 13) cybersecurity, and 14) execution risk and/or failure of the company's business strategies.

Corporate Structure and Ownership

Summit Midstream Corporation was incorporated in May 2024 to serve as the new holding company for Summit Midstream Partners, LP (SMLP), a master limited partnership that was previously publicly traded. The company's common stock is listed on the NYSE under the symbol "SMC." SMLP was formed in May 2012, and prior to August 1, 2024, SMLP's common units were listed on the NYSE under the symbol "SMLP." Summit Midstream Partners, LP, completed its conversion from a master limited partnership to a C-Corp on August 1, 2024, and unitholders of the partnership became shareholders of Summit Midstream Corporation, which commenced trading on the New York Stock Exchange under the symbol "SMC." The 10,648,685 common units representing limited partnership interests in the partnership that were outstanding before the corporate reorganization were each exchanged for one share of SMC common stock. Additionally, 65,508 9.50% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units representing limited partner interests in the partnership were exchanged for shares of Series A Floating Rate Cumulative Redeemable Perpetual Preferred Stock.

Upon completion of the Tall Oak acquisition in December 2024, ownership of SMLP shifted to an Up-C tax structure, with the company owning SMLP alongside holders of a non-controlling limited partnership interest. As a result, SMLP is treated as a partnership for U.S. federal income tax purposes and is now jointly owned by Summit Midstream Corporation and Tailwater Capital. Figure 18 summarizes the corporate organizational structure.

Figure 18: SMC Corporate Structure



Source: Summit Midstream Corporation

As of September 30, the top ten institutional holders of SMC shares were: 1) Tailwater Capital (35.0%), 2) Invesco Advisors (7.8%), 3) BlackRock Fund Advisors (4.9%), 4) The Vanguard Group (4.7%), 5) Eagle Global Advisors (2.2%), and 6) Geode Capital Management (1.9%), 7) Merrill Lynch (1.2%), 8) Charles Schwab Investment Management (1.2%), 9) SSgA Funds Management (1.1%), and 10) Virtus Fixed Income Advisers (1.0%).

Capital Structure and Liquidity

As of September 30, Summit had $24.6 million in unrestricted cash on hand, and $150.0 million drawn under its $500 million

ABL Revolver with $349.0 million in available borrowing capacity, after accounting for $0.8 million in issued, but undrawn letters of credit. Summit's borrowing capacity, based on the borrowing base calculation in the credit agreement, was $519.0 million, which is $19.0 million greater than the $500.0 million in lender commitments to the ABL Revolver. As of September 30, Summit reported a total leverage ratio of 4.2x, including the potential earnout liability in connection with the Tall Oak acquisition. Interest coverage was 2.7x relative to a minimum interest coverage covenant of 2.0x, while first lien leverage amounted to 0.6x compared to a maximum first lien leverage ratio of 2.5x. Summit Midstream Corporation has been assigned credit ratings of B+ (Stable) by Standard & Poor's, B2 (Stable) by Moody's, and B- (Positive) by Fitch.

As of September 30, the company had 12,261,954 shares of Class A common stock outstanding. As part of the Tall Oak Acquisition, the company issued 7,471,008 shares of non-economic Class B common stock to entities associated with Tailwater Capital, a private equity firm. Class B common shares have voting rights and are exchangeable along with the associated partnership common units for shares of common stock at the election of the holder for no additional consideration. As of September 30, the company had 6,524,467 shares of Class B common stock outstanding.

Upon consummation of the corporate reorganization from a master limited partnership to an Up-C Corp., outstanding Series A Preferred Units were converted into a right to receive 1.000 shares of Series A Preferred Stock of Summit Midstream Corporation. Dividends on the Series A Preferred Stock are cumulative and compounding and are payable quarterly in arrears on the 15th day of March, June, September, and December of each year. The dividend rate for the Series A Preferred Stock is equal to the three-month secured overnight financing rate (SOFR) plus a spread of 7.69%. The floating rate established on September 15, 2025, for the period ending December 31, 2025, was 11.7%. During the nine-month period ended September 30, 2025, cash dividend payments totaling $10.1 million were paid. As of September 30, 2025, the company had 65,508 shares of Series A Preferred Stock outstanding and accrued and unpaid distributions on its Series A Preferred Stock totaling $46.6 million.

As of September 30, 2025, Summit Midstream Corporation had 93,039 Subsidiary Series A Preferred Units outstanding. Distributions on the Subsidiary Series A Preferred Units are cumulative and compounding and are payable 21 days following the quarterly period ended in March, June, September, and December of each year. The distribution rate for the Subsidiary Series A Preferred Units is 7.00% per annum of the $1,000 issue amount per outstanding Subsidiary Series A Preferred Unit. The securities are classified as temporary equity in the mezzanine section of the balance sheet because they are considered redeemable securities due to the existence of certain redemption provisions that are outside of the company's control. If the Subsidiary Series A Preferred Units were redeemed on September 30, 2025, the redemption amount would be $139.8 million.

Non-controlling interest represents the portion of net assets in the company's consolidated subsidiaries that are not wholly owned by the company. As of September 30, 2025, Tailwater Capital's non-controlling interest is approximately 35% of the net assets of SMLP, which is attributable to the Class B shares described above.

Figure 19 summarizes the debt obligations of Summit Midstream Corporation and its subsidiaries.

Figure 19: Debt Obligations

($ in thousands)	
Amended and Restated ABL Facility: Summit Holdings' asset based credit facility due July 2029	150,000
Permian Transmission Term Loan: Summit Permian Transmission's variable rate senior secured term loan due January 2028	116,998
2029 Secured Notes: 8.625% senior secured second lien notes due October 2029	825,000
Less: Unamortized debt discount, premium and debt issuance costs	(10,085)
Total	1,081,913
Less: Current Portion of Permian Transmission Term Loan	(16,865)
Total Long-Term Debt	1,065,048

Source: Summit Midstream Corporation, Form 10-Q for the period ending on September 30, 2025

ABL Facility. In July 2024, Summit Holdings, LLC amended and restated its existing first-lien, senior secured credit agreement to consist of a $500.0 million asset-based revolving credit facility that is subject to a borrowing base comprised of a percentage of eligible accounts receivable of Summit Holdings and certain of its subsidiaries that guarantee the agreement, along with a percentage of eligible above-ground fixed assets of Summit Holdings. As of September 30, the most recent borrowing base determination of eligible assets totaled $519.0 million. The ABL facility will mature in July 2029, and borrowings bear interest at a SOFR-based rate or a base rate plus an applicable borrowing margin of 1.50% to 2.25% for base rate loans and 2.50% to 3.25% for SOFR-based loans.

Permian Transmission Credit Facility. In March 2021, SMLP's subsidiary, Summit Permian Transmission, entered into a credit agreement that allows for $175.0 million of senior secured credit facilities, including a $160.0 million term loan facility and a $15.0 million working capital facility. The facilities are to be used to finance Summit Permian Transmission's capital calls associated with its investment in Double E, debt service, and other purposes. As of September 30, 2025, the applicable margin under adjusted term SOFR borrowings was 2.475%, the average interest rate was 6.82%, and the unused portion of the Permian Transmission Credit Facilities totaled $2.0 million and were subject to a commitment fee of 0.7% after giving effect to the issuance of $13.0 million in outstanding but undrawn irrevocable standby letters of credit.

2029 Secured Notes. In July 2024, Summit Holdings issued $575.0 million aggregate principal amount of 8.625% Senior Secured Second Lien Notes due 2029. In January 2025, Summit Holdings issued an additional $250.0 million in aggregate principal amount of 2029 Senior Secured Notes. As of September 30, 2025, $825.0 million of the 2029 Secured Notes were outstanding and mature in October 2029 with interest payable semi-annually in arrears on February 15 and August 15 of each year.

Company Profile

Summit Midstream Corporation, headquartered in Houston, Texas is a value-driven corporation focused on developing, owning, and operating midstream energy infrastructure assts that are strategically located in the core producing areas of unconventional resource basins, primarily shale formations, in the continental United States. The company provides natural gas, crude oil, and produced water gathering, processing, and transportation services pursuant to primarily long-term, fee-based agreements with customer and counterparties in five unconventional resource basins: 1) the Williston Basin, which includes the Bakken and Three Forks shale formations in North Dakota, 2) the Denver-Julesburg Basin, which includes the Niobrara and Codell shale formations in Colorado and Wyoming, 3) the Fort Worth Basin, which includes the Barnett Shale formation in Texas, 4) the Arkoma Basin, which includes the Woodford and Caney shale formations in Oklahoma, and 5) the Piceance Basin, which includes the Mesaverde formation as wells as the Mancos and Niobrara shale formations in Colorado. Summit has an equity method investment in Double E Pipeline, LLC, which provides interstate natural gas transportation service from multiple receipt points in the Delaware Basin to delivery points in and around the Waha Hub in Texas. The company's stock trades on the New York Stock Exchange under the symbol "SMC."

Fundamental Analysis — 3.5/5.0 Checks

Our fundamental assessment rating, separate from our investment rating and valuation, is based on five attributes. We assign 3.5 checks out of 5.0, which falls within our "Above Average" range of 3.5 to 4.0 checks. Summit Midstream benefits from an experienced management team and an independent board of directors. SMC's market opportunity is linked to fee-based gathering/processing demand in its core geographic footprint, along with upside from its operated interest in Double, which transports Permian/Delaware natural gas toward the Waha Hub. Competitively, SMC is smaller and more basin/system focused than the larger midstream companies which can be a disadvantage with respect to cost of capital but an advantage where it has entrenched, long-term customer relationships and "must-have" connectivity in specific corridors. Summit's business model carries meaningful operating leverage, and incremental throughput can expand margins when volumes are stable to growing. Financial leverage remains a key swing factor. As of September 30, Summit reported a total leverage ratio of 4.2x, including the potential earnout liability in connection with the Tall Oak acquisition. Cash flow growth could accelerate debt repayment to bring leverage in line with management's 3.5x trailing twelve-month EBITDA target. SMC has improved its liquidity and has no near-term debt maturities.

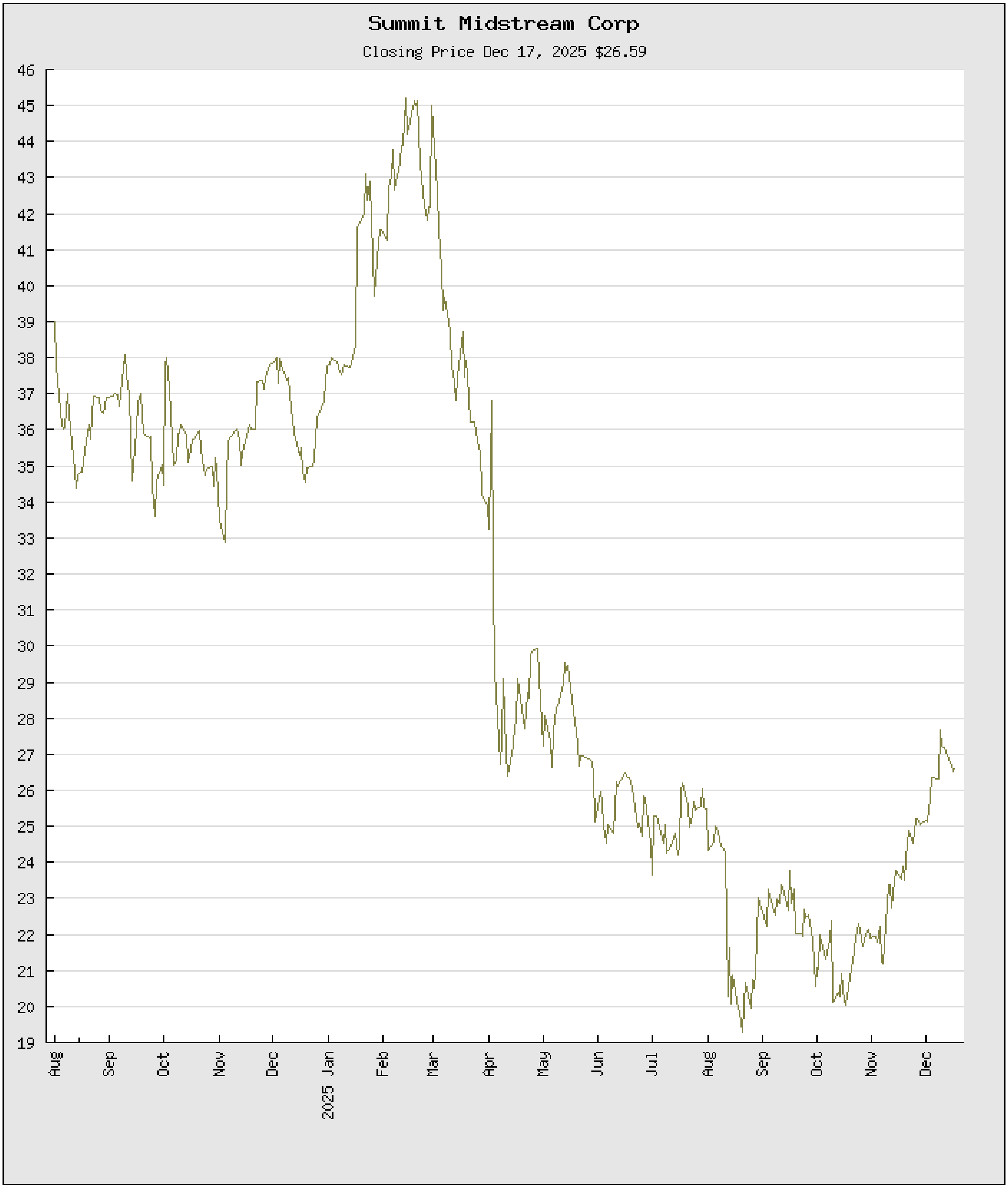
Valuation Summary

We are initiating coverage of Summit Midstream Corporation with an Outperform rating and a price target of $47. Summit is emerging from a multi-year restructuring period, during which the company materially improved its financial position, simplified its corporate structure, and repositioned its asset base for long-term growth. Our price target is based on a relative valuation framework summing the values of the company's midstream gathering and compression assets and the company's interest in the Double E long-haul natural gas pipeline.

Investment risks include but are not limited to: 1) fluctuations in natural gas, NGLs, and crude oil prices, 2) the extent and success of customer drilling and completion efforts, along with the quantity of natural gas, crude oil, fresh water deliveries, and produced water volumes produced within proximity of Summit's assets, 3) failure or delays by customers to achieve expected production in their natural gas, crude oil, and produced water projects, 4) competitive industry conditions and their impact on Summit's ability to connect hydrocarbon supplies to its gathering and processing assets or systems, 5) actions or inactions taken or non-performance by third parties, including suppliers, contractors, operators, processors, transporters, and customers, including the inability or failure to meet their financial obligations under gathering agreements or Summit's ability to enforce the terms and conditions, 6) changes in the availability and cost of capital, 7) operational risks, 8) timely receipt of government approvals and permits, 9) environmental risks, 10) changes in laws, government regulations, or trade policies, 11) changes in tax status, 12) changes in general economic conditions, 13) cybersecurity, and 14) execution risk and/or failure of the company's business strategies.

Summit Midstream Corporation
(NYSE: SMC)

$US	2023	1Q-2024	2Q-2024	3Q-2024	4Q-2024	2024	1Q-2025	2Q-2025	3Q-2025	4Q-2025E	2025E	1Q-2026E	2Q-2026E	3Q-2026E	4Q-2026E	2026E	2027E
INCOME STATEMENT:																	
Revenues:																	
Gathering services and related fees	248,223	61,985	45,213	44,013	49,633	200,844	64,165	64,182	65,359	64,872	258,578	66,724	67,465	66,638	66,638	267,465	279,961
Natural gas, NGLs, and condensate sales	179,254	49,092	47,959	48,243	49,733	195,027	59,327	66,345	71,079	71,198	267,949	73,696	74,515	68,761	68,761	285,733	309,215
Other revenues	31,426	7,794	8,143	10,159	7,652	33,748	9,205	9,690	10,445	10,635	39,975	9,647	9,754	9,327	9,327	38,054	40,835
Total Revenues	458,903	118,871	101,315	102,415	107,018	429,619	132,697	140,217	146,883	146,706	566,503	150,066	151,734	144,726	144,726	591,252	630,011
Costs and Expenses:																	
Cost of natural gas and NGLs	(112,462)	(30,182)	(29,619)	(28,246)	(26,949)	(114,996)	(35,434)	(35,914)	(38,138)	(37,133)	(146,619)	(39,170)	(39,595)	(36,246)	(36,246)	(151,257)	(161,818)
Operation and maintenance	(100,741)	(25,012)	(23,440)	(24,473)	(28,043)	(100,968)	(33,530)	(39,241)	(38,358)	(38,746)	(149,875)	(37,580)	(38,627)	(37,723)	(37,939)	(151,869)	(157,944)
General and administrative	(42,135)	(14,785)	(14,164)	(12,419)	(14,194)	(55,562)	(16,600)	(15,516)	(13,159)	(13,192)	(58,467)	(13,225)	(13,258)	(13,291)	(13,324)	(53,098)	(53,629)
Depreciation and amortization	(122,764)	(27,867)	(23,917)	(23,540)	(25,323)	(100,647)	(28,517)	(30,055)	(28,855)	(28,732)	(116,159)	(28,990)	(29,955)	(28,732)	(29,020)	(116,697)	(121,365)
Transaction costs	(1,251)	(7,791)	(3,271)	(2,094)	(17,800)	(30,956)	(2,793)	(1,061)	(1,429)	(1,433)	(6,716)	(716)	0	0	0	(716)	(723)
Acquisition integration costs	(2,654)	(40)	0	0	(125)	(165)	(1,244)	(4,155)	(1,661)	(1,665)	(8,725)	(833)	0	0	0	(833)	(841)
Gain (Loss) on asset sales, net	260	27	(34)	6	0	(1)	0	0	(120)	0	(120)	0	0	0	0	0	0
Long-lived asset impairments	(540)	(67,916)	(20)	0	(324)	(68,260)	0	(71)	0	0	(71)	0	0	0	0	0	0
Total Costs and Expenses	(382,287)	(173,566)	(94,465)	(90,766)	(112,758)	(471,555)	(118,118)	(126,013)	(121,720)	(120,900)	(486,751)	(120,514)	(121,434)	(115,992)	(116,530)	(474,470)	(496,320)
Operating Income	76,616	(54,695)	6,850	11,649	(5,740)	(41,936)	14,579	14,204	25,163	25,805	79,751	29,552	30,299	28,734	28,197	116,782	133,691
Other Income (Expense):																	
Other income (expense), net	865	(13)	2,131	666	1,404	4,188	9,057	378	(575)	0	8,860	0	0	0	0	0	0
Gain (loss) on interest rate swaps	1,830	2,590	920	(2,574)	3,191	4,127	(966)	(500)	131	0	(1,335)	0	0	0	0	0	0
Gain (loss) on sale of business	(47)	86,202	(2,192)	(1,672)	(151)	82,187	(43)	0	(539)	0	(582)	0	0	0	0	0	0
Gain on sale of equity method investment	0	126,261	0	0	0	126,261	0	0	0	0	0	0	0	0	0	0	0
Interest Expense	(140,784)	(37,846)	(31,457)	(25,712)	(20,431)	(115,446)	(22,537)	(23,864)	(24,191)	(24,251)	(94,843)	(24,312)	(24,373)	(24,434)	(24,495)	(97,614)	(98,590)
Loss on early extinguishment of debt	(10,934)	0	(4,964)	(42,235)	(2,876)	(50,075)	0	0	0	0	0	0	0	0	0	0	0
Income from equity method investees	33,829	10,638	4,280	4,910	4,369	24,197	4,840	4,802	5,548	5,562	20,752	5,567	5,573	5,579	5,584	22,303	23,530
Income (loss) before income taxes	(38,625)	133,137	(24,432)	(54,968)	(20,234)	33,503	4,930	(4,980)	5,537	7,116	12,603	10,808	11,500	9,879	9,286	41,472	58,631
Income tax benefit (expense)	(322)	(210)	654	(142,573)	(4,549)	(146,678)	(296)	752	(537)	0	(81)	0	0	0	0	0	0
Net Income (Loss)	(38,947)	132,927	(23,778)	(197,541)	(24,783)	(113,175)	4,634	(4,228)	5,000	7,116	12,522	10,808	11,500	9,879	9,286	41,472	58,631
Less: Net income attributable to Subsidiary Series A Preferred Units	(12,581)	(3,770)	(3,866)	(4,007)	(3,163)	(14,806)	(3,592)	(3,679)	(3,769)	(3,778)	(14,818)	(3,788)	(3,797)	(3,807)	(3,816)	(15,208)	(15,246)
Less: Net income attributable to Series A Preferred Units	0	(3,220)	0	0	3,220	0	0	0	0	0	0	0	0	0	0	0	0
Less: Net income attributable to Series A Preferred Stock	(11,566)	0	(3,313)	(3,393)	(6,631)	(13,337)	(3,918)	(3,101)	(3,365)	(3,373)	(13,757)	(3,382)	(3,390)	(3,399)	(3,407)	(13,578)	(13,714)
Add: Net loss attributable to noncontrolling interest in SMLP	0	0	0	0	5,822	5,822	989	2,980	556	0	4,525	0	0	0	0	0	0
Net Income (Loss) Attributable to Summit Midstream Corporation	(63,094)	125,937	(30,957)	(204,941)	(25,535)	(135,496)	(1,887)	(8,028)	(1,578)	(36)	(11,529)	3,638	4,312	2,673	2,062	12,685	29,670
Net Income Per Share	(6.11)	11.47	(2.91)	(19.25)	(2.52)	(12.78)	(0.16)	(0.66)	(0.13)	(0.00)	(0.95)	0.30	0.35	0.22	0.17	1.03	2.37
Weighted Average Number of Shares Outstanding	10,334	10,980	10,649	10,649	10,122.0	10,600	11,767	12,241	12,255	12,286	12,137	12,316	12,347	12,378	12,409	12,363	12,533
Net Income	(38,947)	132,927	(23,778)	(197,541)	(24,783)	(113,175)	4,634	(4,228)	5,000	7,116	12,522	10,808	11,500	9,879	9,286	41,472	58,631
Add:																	
Interest expense	140,784	37,846	31,457	25,712	20,431	115,446	22,537	23,864	24,191	24,251	94,843	24,312	24,373	24,434	24,495	97,614	98,590
Income expense tax (benefit)	322	210	(654)	142,573	4,549	146,678	296	(752)	537	0	81	0	0	0	0	0	0
Depreciation and amortization	123,702	28,102	24,152	23,774	25,557	101,585	28,752	30,289	29,090	28,732	116,863	28,990	29,955	28,732	29,020	116,697	121,365
Proportional adjusted EBITDA for equity method investees	61,070	20,675	6,842	7,585	6,936	42,038	7,404	7,444	7,820	7,840	30,508	7,859	7,879	7,898	7,918	31,555	31,870
Adjustments related to capital reimbursement activity	(9,874)	(2,923)	(2,728)	(2,283)	(1,975)	(9,909)	(1,946)	(1,930)	(2,480)	(2,486)	(8,842)	(2,492)	(2,499)	(2,505)	(2,511)	(10,007)	(10,107)
Unit/Share-based and noncash compensation	6,566	2,772	2,086	1,840	1,863	8,561	2,375	2,362	2,064	2,069	8,870	2,074	2,080	2,085	2,090	8,328	8,412
(Gain) loss in fair value of Tall Oak earn out	0	0	0	0	0	0	(9,023)	544	575	576	(7,328)	578	579	581	582	2,320	2,343
Loss on early extinguishment of debt	10,934	0	4,964	42,235	2,876	50,075	0	0	0	0	0	0	0	0	0	0	0
Loss (Gain) on asset sales, net	(260)	(27)	34	(6)	0	1	0	0	120	0	120	0	0	0	0	0	0
Long-lived asset impairment	540	67,916	20	0	324	68,260	0	71	0	0	71	0	0	0	0	0	0
(Gain) loss on interest rate swaps	(1,830)	(2,590)	(920)	2,574	(3,191)	(4,127)	966	500	(131)	0	1,335	0	0	0	0	0	0
(Gain) loss on sale of business	47	(86,202)	2,192	1,672	151	(82,187)	43	0	539	0	582	0	0	0	0	0	0
Gain on sale of equity method investment	0	(126,261)	0	0	0	(126,261)	0	0	0	0	0	0	0	0	0	0	0
Other, net	7,619	8,252	3,761	2,013	17,809	31,835	6,308	7,732	3,721	0	17,761	0	0	0	0	0	0
Less:																	
Income from equity method investees	33,829	10,638	4,280	4,910	4,369	24,197	4,840	4,802	5,548	5,562	20,752	5,567	5,573	5,579	5,584	22,303	23,530
Adjusted EBITDA	266,844	70,059	43,148	45,238	46,178	204,623	57,506	61,094	65,498	62,537	246,635	66,561	68,293	65,526	65,296	265,675	287,574
Less:																	
Cash interest paid	127,022	9,210	56,597	23,601	12,371	101,779	34,199	5,309	40,863	24,251	104,622	24,312	24,373	24,434	24,495	97,614	98,590
Cash paid for taxes	15	0	15	7	0	22	85	180	17	0	282	0	0	0	0	0	0
Senior notes interest adjustment	1,847	25,645	(28,779)	(1,779)	7,410	2,497	(12,854)	17,789	(17,393)	0	(12,458)	0	0	0	0	0	0
Maintenance capital expenditures	12,357	2,670	3,618	1,318	4,067	11,673	2,547	5,460	5,325	5,338	18,670	3,750	3,750	3,750	3,750	15,000	15,000
Cash Flow Available for Distributions	125,603	32,534	11,697	22,091	22,330	88,652	33,529	32,356	36,686	32,947	135,518	38,499	40,170	37,342	37,051	153,062	173,984
Less:																	
Growth capital expenditures	56,548	13,728	6,904	9,810	11,496	41,938	18,059	20,930	17,589	17,633	74,211	22,584	22,584	15,056	15,056	75,280	86,458
Investment in equity method investee	3,500	0	442	989	2,449	3,880	2,488	575	753	755	4,571	757	759	759	761	3,035	3,065
Distributions on Subsidiary Series A Preferred Units	6,513	1,628	1,628	1,629	1,628	6,513	1,628	1,629	1,628	1,632	6,517	1,636	1,640	1,640	1,644	6,561	6,627
Free Cash Flow	59,042	17,178	2,723	9,663	6,757	36,321	11,354	9,222	16,716	12,927	50,219	13,522	15,187	19,887	19,590	68,186	77,834


Summit Midstream Corp
Closing Price Dec 17, 2025 $26.59
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Noble intends to seek compensation for investment banking services and non-investment banking services (securities and non-securities related) within the next 3 months.

Noble is not a market maker in the Company.

FUNDAMENTAL ASSESSMENT

The fundamental assessment rating system is designed to provide insights on the company's fundamentals both on a macro level, which incorporates a company's market opportunity and competitive position, and on a micro/company specific level. The micro/company specific attributes include operating & financial leverage, and corporate governance/management. The number of check marks that a company receives is designed to provide a quick reference and easy determination of the company's fundamentals based upon the following five attributes of the company (weighting reflects the importance of each attribute in the overall scoring of company's fundamental analysis):

Attribute	Weighting
Corporate Governance/Management	20%
Market Opportunity Analysis	20%
Competitive Position	20%
Operating Leverage	20%
Financial Leverage	20%

For each attribute, the analysts score the company from a low of zero to a high of ten based upon the analysis described below. The final rating and resulting check marks is a result of dividing the overall score (out of 100%) by ten.

Rating	Score	Checks
Superior	9.1 to 10	Five Checks
Superior	8.1 to 9	Four & A Half Checks
Above Average	7.1 to 8	Four Checks
Above Average	6.1 to 7	Three & A Half Checks
Average	5.1 to 6	Three Checks
Average	4 to 5	Two & A Half Checks
Below Average	3 to 3.9	Two Checks
Below Average	2 to 2.9	One & A Half Checks
Low Quality	0 to 1.9	One Check

While these are the attributes currently used for the analyst's fundamental analysis, the attributes and weighting may be reviewed, updated with additional attributes, and/or changed in the future based on discussions with the analysts and recommendations from the Director of Research.

Following is the description of each attribute in the fundamental analysis.

Corporate Governance/Management

We believe that a review of corporate governance and assessment of the senior management are important tools to determine investment merit. Good corporate governance aligns management with the interests of stakeholders. As such, analysts are to rank the company on the basis of good corporate governance principles that may include rules and procedures, board composition and staggered term limits, rights and responsibilities, corporate objectives, monitoring of actions and policies, and accountability. In addition, analysts will assess issues with controlling shareholders and whether decisions have been made in the past that were in the interests of all shareholders. In addition, management will be assessed based on industry experience, expertise, and/or track record.

High ranking example: Board and management that is aligned with the interests of shareholders with incentives based on stock price appreciation and with an experienced management team known for exceptional shareholder returns.

Low ranking example: Concentrated ownership without independent directors that do not necessarily align with all shareholders' interests.

The Market Opportunity Analysis

In this review, the analyst assesses the company's macro environment as a measure of understanding the industry. Factors considered include the size and growth potential of the industry under various economic conditions, the emerging demands in the market, technological benefits/disruptions, competition, geographical opportunities, and customer demands/needs, and an assessment of supply and distribution channels. In addition, the analyst will review legal and regulatory trends, as well as potential shifts in consumer or social behavior and natural environment changes.

High rank example: A company in an industry that is growing revenues well above GDP rates (which are on average 2% plus) and/or may have unmet or under-served needs in a rapidly growing market opportunity.

Low rank example: A mature industry that is in secular decline and likely to grow below GDP rates.

Competitive Position

The evaluation of the company's competitive position is another macro environment attribute designed to measure the relevance, market share, position and value proposition, and sustainable differentiations of the company and its products/services within its industry. Ease of entry into the industry and the ability of other well-funded players to potentially enter the market would be determined. As such, the assessment would consider the company's strengths and advantages of its products/services against weaknesses and limitations. This may include the company's current brand awareness, pricing and cost structure, current market strategies and geographic penetration that may affect demand for its products/services. In addition, the company's competitors would be evaluated.

High rank example: An analyst would consider the company's product to be superior to its competitors and that should allow the company to gain market share.

Low rank example: A company with a "me-too" product that does not have any significant technology advantages in an industry that has low barriers to entry.

Operating Leverage

Simplistically, operating leverage is determined by the operating income relative to changes in revenue. The analyst will calculate the impact on sensitivity on gross margins and variable costs to determine operating leverage. The analyst will take into account the ability of the company to cut fixed and variable costs in a challenged revenue environment and technological changes that may impact operating expenses. In addition, the analyst is to assess corporate strategies that include capital investment, which may be required for sustainable revenue growth, marketing expenses, and the company's ability to attract and retain talent and/or employees. The analyst should focus on the revenue opportunity and determine the price elasticity of demand for the company's products or services. In other words, the analyst is to rank the company based on improved operating margins going forward on an absolute and relative basis.

High rank example: A company that has improving margins for the foreseeable future, with significant price elasticity.

Low rank example: A company that is in a challenged revenue environment with a fixed cost structure and limited ability to cut costs, indicating an outlook for declining margins.

Financial Leverage

A strict definition of financial leverage is total debt divided by total shareholder's equity. Financial leverage analysis is to determine the company's ability to improve shareholder value by means of utilizing its balance sheet to grow organically or to acquire assets. Analysts may look at the company's debt to cash flow leverage ratio, interest coverage ratios, or debt to equity ratios. In addition, the interest rate environment and the outlook for interest rates are a factor in determining the company's ability to manage financial leverage. Finally, the analyst is expected to determine the ability to service the debt given the industry and/or company profile, such as cyclicality, barriers to entry, history of bankruptcy, consistency in revenue and profit growth, or predictability in sales and profits and large cash reserves. The analyst is expected to take into account capital intensity of the company and the anticipated of capital allocation decisions.

High rank example: A company with predictable and growing revenue and cash flow with modest debt levels. This may indicate that the company could improve shareholder value through growth investments, including acquisitions, using debt financing.

Low rank example: A company in a cyclical industry in a late stage economic cycle that has above average debt leverage and is in an industry that has a history of financial challenges, including bankruptcies.

ANALYST CREDENTIALS, PROFESSIONAL DESIGNATIONS, AND EXPERIENCE

Senior Equity Analyst focusing on Basic Materials & Mining. 20 years of experience in equity research. BA in Business Administration from Westminster College. MBA with a Finance concentration from the University of Missouri. MA in International Affairs from Washington University in St. Louis.

Named WSJ 'Best on the Street' Analyst and Forbes/StarMine's "Best Brokerage Analyst."

FINRA licenses 7, 24, 63, 87.

CONTINUING COVERAGE

Unless otherwise noted through the dropping of coverage or change in analyst, the analyst who wrote this research report will provide continuing coverage on this company through the publishing of research available through Noble Capital Market's distribution lists, website, third party distribution partners, and through Noble’s affiliated website, channelchek.com.

WARNING

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Independence Of View

All views expressed in this report accurately reflect my personal views about the subject securities or issuers.

Receipt of Compensation

No part of my compensation was, is, or will be directly or indirectly related to any specific recommendations or views expressed in the public appearance and/or research report.

Ownership and Material Conflicts of Interest

Neither I nor anybody in my household has a financial interest in the securities of the subject company or any other company mentioned in this report.

NOBLE RATINGS DEFINITIONS	% OF SECURITIES COVERED	% IB CLIENTS
Outperform: potential return is >15% above the current price	85%	15%
Market Perform: potential return is -15% to 15% of the current price	15%	5%
Underperform: potential return is >15% below the current price	0%	0%

NOTE: On August 20, 2018, Noble Capital Markets, Inc. changed the terminology of its ratings (as shown above) from "Buy" to "Outperform", from "Hold" to "Market Perform" and from "Sell" to "Underperform." The percentage relationships, as compared to current price (definitions), have remained the same.

Additional information is available upon request. Any recipient of this report that wishes further information regarding the subject company or the disclosure information mentioned herein, should contact Noble Capital Markets, Inc. by mail or phone.

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