

Oneok fourth-quarter profits up 38 percent

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TULSA – Led by higher Oneok Partners operating results, Oneok Inc. on Monday reported that its fourth-quarter profits rose more than 38 percent.

Oneok Partners posted strong results as fourth-quarter profits more than doubled to \$298.6 million, compared with \$142.3 million a year earlier. In addition, fourth-quarter earnings per share more than doubled to \$1.26 per unit, compared with 54 cents per unit on a split-adjusted basis for the fourth quarter of 2010.

Oneok's fourth-quarter net income was \$115 million, or \$1.09 per share, compared with \$83.1 million or 76 cents per share on a split-adjusted basis a year earlier. On average, nine analysts polled by Thomson Reuters expected earnings of \$1.06 per share. Analysts' estimates typically exclude special items.

Oneok's revenues for the quarter soared 24 percent to \$4.07 billion, up from \$3.28 billion a year earlier. Analysts expected revenues of \$5.17 billion for the quarter.

For the year, Oneok reported an 8-percent rise in profits, to \$360.6 million, or \$3.36 a share, compared with \$334.6 million, or \$3.10 a share the previous year.

The Tulsa-based diversified energy company increased its net income guidance for this year to the range of \$360 million to \$410 million, compared to the previous range of \$355 million to \$400 million.

The Oneok Partners segment reported that operating income surged 60 percent to \$939.5 million, compared with \$586.3 million in 2010.

The updated guidance reflects higher expected earnings in the Oneok Partners segment offset partially by lower expected earnings in the energy services segment, said M. "Jake" Dollarhide, CEO of Tulsa-based Longbow Asset Management.

Oneok continued its momentum created in the third quarter into the fourth.

"The most positive news is the higher guidance figures," Dollarhide said. "It sets the stage for another good year at Oneok and Oneok Partners."

Overall, the utility sector is a hot item anyway, Dollarhide said.

"The only concern was if Oneok could keep it going," Dollarhide said. "Some wondered if Oneok could do anything close to anything like last year."

Oneok and Oneok Partners holders will benefit from the increase in dividend payouts.

"Oneok has the fully integrated energy sector machine behind it – Oneok Partners," Dollarhide said. "This is a company that transports, stores, processes natural gas and natural gas liquids."

Natural gas liquids played a huge role in Oneok's results, Dollarhide said, as the company benefited from higher natural gas liquids prices and increased NGL capacity, particularly in the Rocky Mountain range and other markets that have these rich quantities of natural gas. He said NGLs have been booming for the last three years.

Full-year profits at Oneok Partners climbed 76 percent to \$830.3 million, or \$3.35 per unit, compared with \$472.7 million, or \$1.75 per unit on a split-adjusted basis, in 2010. Results in 2010 were affected by a \$16.3 million, or 8-cent-per-unit, gain on the sale of a 49-percent interest in Overland Pass Pipeline Co. LLC to Williams Partners LP that was completed in September 2010.

The partnership also increased its 2012 net income guidance by more than 9 percent to a

range of \$810 million to \$870 million, compared with the previous guidance range of \$740 million to \$800 million.

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