






Matador Resources




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Rocky Mountain Model Investment Club

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BETTER INVESTINGTM
Rocky Mountain Chapter



Company Profile

- Ticker Symbol: MTDR (NYSE)
- Industry: Gas and oil
- Sector: Basic materials
- Revenue (TTM): 2.9 Billion
- Founded: 2003 IPO 2013
- 280 employees



MATADOR RESOURCES COMPANY TOTALS
 Production: ~69,600 BOE/d ⁽¹⁾
 Proved Reserves: 215.3 MMBOE ⁽²⁾
 Net Acreage: ~183,200 acres ⁽³⁾
 Locations: 6,146 gross / 2,829 net ⁽³⁾

NORTHWEST LOUISIANA AND EAST TEXAS
 Production: ~8,800 BOE/d ⁽¹⁾
 Proved Reserves: 11.6 MMBOE ⁽²⁾
 Net Acreage: ~21,900 acres ⁽³⁾
 Locations: 466 gross / 149 net ⁽³⁾

MATADOR HEADQUARTERS
DALLAS, TEXAS

SOUTHEAST NEW MEXICO AND WEST TEXAS
 Production: ~56,400 BOE/d ⁽¹⁾
 Proved Reserves: 191.5 MMBOE ⁽²⁾
 Net Acreage: ~132,700 acres ⁽³⁾
 Locations: 5,442 gross / 2,472 net ⁽³⁾

SOUTH TEXAS
 Production: ~4,400 BOE/d ⁽¹⁾
 Proved Reserves: 12.2 MMBOE ⁽²⁾
 Net Acreage: ~28,600 acres ⁽³⁾
 Locations: 238 gross / 207 net ⁽³⁾

Matador
RESOURCES COMPANY
AREAS OF ACTIVITY

(1) For the three months ended September 30, 2019
 (2) As of December 31, 2018
 (3) As of June 30, 2019

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BETTER INVESTINGTM
Rocky Mountain Chapter







Fully-assembled rig moving between pads




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Company Highlights

- First midsize upstream oil co. to pay a dividend .6% payout at 3%
- Advanced from Russell 2000 to 600 small cap to S&P 400 midcap
- Owned by 882 funds. 56% mutuals, 31% institutional investors and 17% individuals.
- Paid down debt, to get S&P Credit rating of 'BB-'. Now best financial strength mid cap oil stock.
- Top 7 USA oil producers, #14 in world by profit margin. 56%, avg 41% (Shell #1, Saudis #15).
- Outperformed. Oil production up 15%. Natural gas by 19%.

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Company highlights

- MOTTO: profitable growth at a measured pace
- 110,000 million barrels per day. 15% increase (42 gallons to a barrel)
- 57% of production is oil. 43% is natural gas.
- 42% of wells developed. 58% wells are undeveloped.
- Number of drilling sites 738.

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Good stewardship

- 65% of production to pipelines not trucks or rail, lowers emissions and road traffic
- Lower greenhouse gases by 19% .Methene by 18% and reduced flaring by 38%
- No lawsuits or accidents. 3 hydrocarbon spills in 2020. Zero for '21 and '22. A spill is anything greater than 5 barrels.
- Diversity and Inclusion. 1 minority and 2 female directors out of 9.
- Seasonally stop work for prairie chicken, sand dune lizard and Texas Mussel reproductive cycles.

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Peer Competitors

- PDC Energy (PDCE)
- SM Energy(SM)
- Comstock (CRK)
- Marathon (MRO)
- Magnolia (MGY)

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Value Line Highlights and Projections

- Safety 4 Timeliness 3
- Technical 2 Financial Strength B+
- Petroleum group rated 34/93 industry groups
- Earnings up more than 85% YoY
- Operating margins over 75%

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Strengths

- Strong balance sheet, consistent growth and sufficient resources
- Optimal geographic locations, 738 sites in three states
- Strategic partnerships with San Mateo and Pronto
- 3D modeling, walking rigs, smaller footprint
- Faster, cheaper safer drilling.
- Strong reputation small to midcap

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Weaknesses

- Environmental and social challenges
- Governmental regulations and taxation
- Shortages of technical, financial and operational resources
- Changing oil and gas prices
- Increase in competition, 281 oil companies, OPEC+
- Vulnerable to cyclical downturns in energy market

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Opportunities

- Global energy crisis
- Supply interruptions (Europe)
- Burgeoning growth in the energy sector
- Growing demand for natural gas

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Threats

- Economic uncertainty / recession
- Slowdowns in demand
- Supply chain constraints
- Depletion of oil and gas reserves, storage or capture space
- Bad publicity, lawsuits, oil or gas leaks
- High competition
- Political, climate change, war

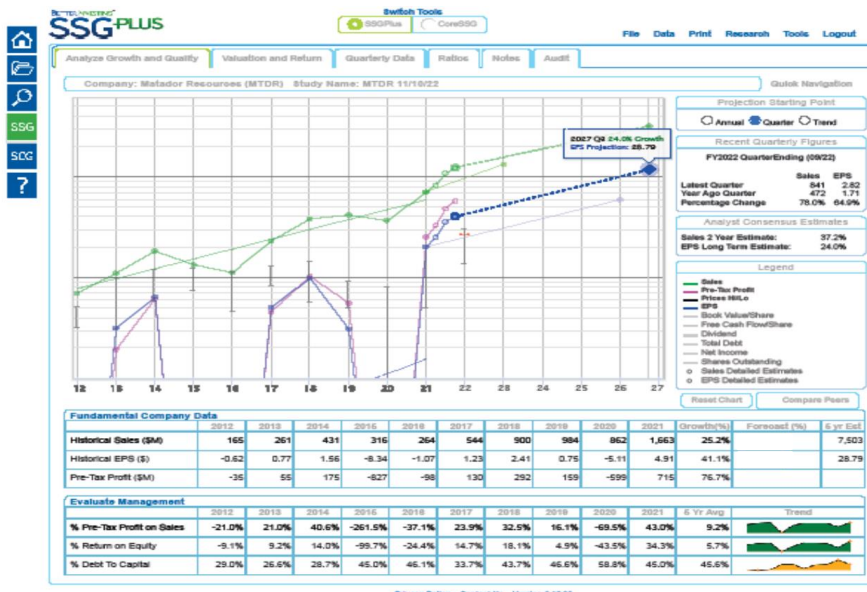
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Stock Selection Guide (SSG)

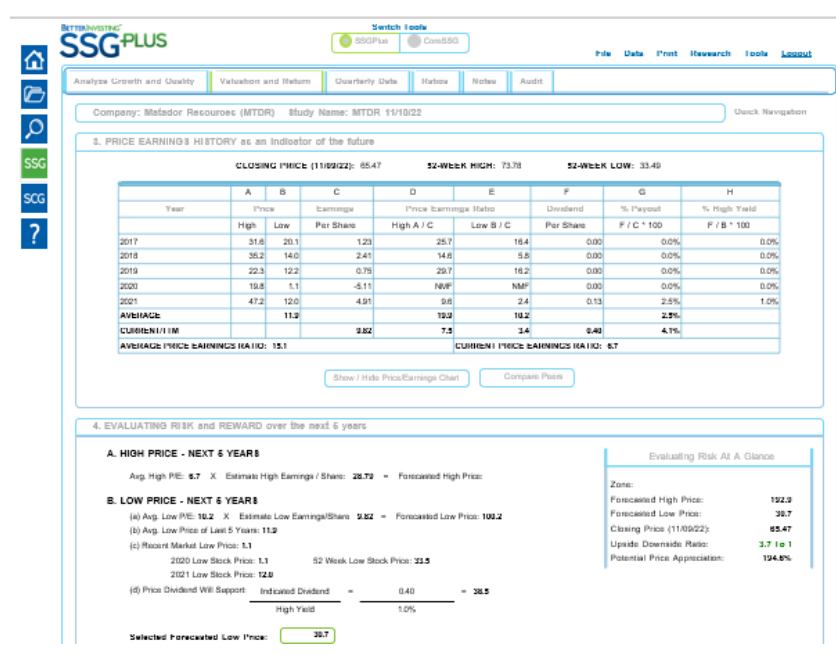


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3. PRICE EARNINGS HISTORY as an indicator of the future

Year	Price		Earnings		Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Par Share	Per Share	High A / C	Low B / C			
2017	31.6	20.1	1.23	25.7	18.4	0.00	0.00	0.0%	
2018	35.2	14.0	2.41	14.8	5.8	0.00	0.00	0.0%	
2019	22.3	12.2	0.75	29.7	18.2	0.00	0.00	0.0%	
2020	16.8	1.1	-5.11	NM	NM	0.00	0.00	0.0%	
2021	47.2	12.0	4.91	9.8	2.4	0.13	2.5%	1.0%	
AVERAGE	11.9	10.2	10.2	10.2	10.2	2.5%	2.5%	1.0%	
AVERAGE P/E RATIO	11.9		2.82	7.5	3.4	6.40	4.1%		
AVERAGE P/E RATIO	11.9						6.7		

4. EVALUATING RISK and REWARD over the next 5 years

A. HIGH PRICE - NEXT 5 YEARS
 Avg. High P/E: 8.7 X Estimate High Earnings / Share: 28.73 = Forecasted High Price:

B. LOW PRICE - NEXT 5 YEARS
 (a) Avg. Low P/E: 10.2 X Estimate Low Earnings/Share: 9.82 = Forecasted Low Price: 100.2
 (b) Avg. Low Price of Last 5 Years: 11.9
 (c) Recent Market Low Price: 1.1
 2020 Low Stock Price: 1.1 52 Week Low Stock Price: 31.5
 2021 Low Stock Price: 12.0
 (d) Price Dividend Will Support: $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.40}{1.0\%} = 38.5$


Selected Forecasted Low Price: 38.7

Evaluating Risk At A Glance

Zone:	
Forecasted High Price:	192.9
Forecasted Low Price:	38.7
Closing Price (11/09/22):	65.47
Upside/Downside Ratio:	3.7 to 1
Potential Price Appreciation:	124.8%

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C. ZONING using 25%-50%-25% (click to toggle)

Forecasted High Price: 192.9 Min: 30.7 Forecasted Low Price: 30.7 = 192.2 Range: 25% of Range: 48.5

Buy Zone: 38.7 to 71.2
 Hold Zone: 71.2 to 152.3
 Sell Zone: 152.3 to 192.9

Closing Stock Price of 65.47 is in the **BUY** Zone.

D. UPSIDE/DOWNSIDE RATIO (POTENTIAL GAIN V.S. RISK OR LOSS)

$$\frac{\text{Forecasted High Price} - \text{Closing Price}}{\text{Closing Price} - \text{Forecasted Low Price}} = \frac{(192.9 - 65.47)}{(65.47 - 30.7)} = \frac{127.41}{34.77} = 3.7 \text{ to } 1$$

E. PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$$\frac{\text{Forecasted High Price}}{\text{Closing Price}} = \frac{192.9}{65.47} = (2.9461 \times 100) = (294.61 - 100) = 194.61\% \text{ Appreciation}$$

6. FIVE-YEAR POTENTIAL

A. CURRENT YIELD

$$\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.40}{65.47} = 0.0061 = 0.6\%$$

B. AVERAGE YIELD - USING FORECAST HIGH P/E

$$\frac{\text{Avg. \% Payout}}{\text{Forecast High P/E}} = \frac{2.5}{8.7} = 0.287 = 28.7\%$$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$$\frac{\text{Avg. \% Payout}}{\text{Forecast Average P/E}} = \frac{2.5}{10.2} = 0.245 = 24.5\%$$

C. COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Price Appreciation	24.1%
Average Yield	0.6%
Annualized Rate of Return	24.5%

COMPOUND ANNUAL RETURN - USING FORECAST AVERAGE P/E


Annualized Price Appreciation	30.0%
Average Yield	0.3%
Annualized Rate of Return	30.3%

SSG Results Summary

Zone:	
Upside/Downside Ratio:	3.7 to 1
Total Return (High P/E):	24.5%
Projected Return (Avg P/E):	30.3%
Buy price to satisfy US/DS of 3 to 1 and 15% total return:	71.2
Buy Below price based on zoning selection:	71.2
Closing Price (11/09/22):	65.47

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Sales Growth Forecast %

- 25.2% 5-yr Historical (SSG)
- 37.2% 2-year Analysts Consensus Estimates
- 20.8% BI members sentiment (6 SSGs)
- 44.5% Finviz

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Earnings Per Share (EPS) Growth Forecast %

- 24.0% 2-year Analysts Consensus Estimates
- 24.8% BI members sentiment (6 SSGs)
- 41.1% 5-yr Historical (SSG)
- 10.4% Finviz

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Estimated High P/E

- 19.5 Analysts Consensus Estimates (ACE)
- 18.5 BI members sentiment (6 SSGs)
- 6.7 Finviz
- 15.1 5-year average P/E (SSG)

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Estimated Low P/E

- 6.7 Finviz
- 7.2 Current P/E
- 10.2 5-year average low P/E (SSG)
- 18.5 BI members sentiment (6 SSGs)
- 19.5 Analysts Consensus Estimates (ACE)

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Low Price Forecast

- \$xx.xx Audience selection
- \$11.90 Average 5-year low price
- \$33.50 Current 52 week low & Finviz
- \$30.72 BI members sentiment (6 SSGs)
- \$ 1.10 Recent severe market low

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After this study, what are your thoughts?

- I already own this company
- I'm considering adding MTDR to my portfolio
- MTDR doesn't fit my portfolio
- I will put MTDR on my watch list

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Questions or Comments?

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