

MERCER CAPITAL

# Mineral Aggregator Valuation Multiples

With Market Data as of November 14, 2022

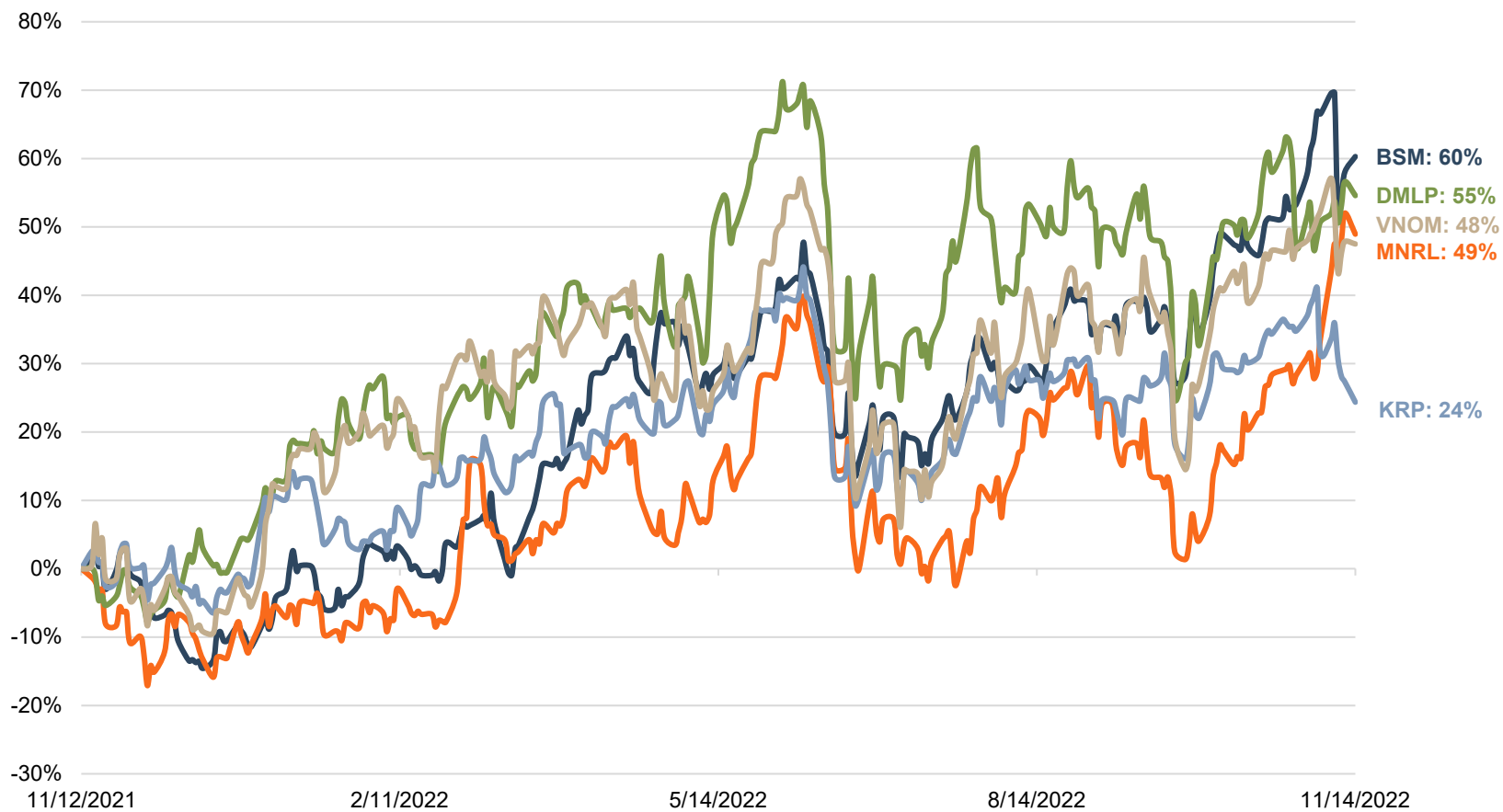
# Mineral Aggregator Overview



Ticker	BSM	MNRL	DMLP	STR*	KRP	VNOM
Equity Market Capitalization (\$mm)	\$3,913.8	\$2,133.7	\$1,117.0	\$2,659.4	\$1,133.9	\$5,482.8
Enterprise Value (\$mm)	\$4,271.3	\$2,173.8	\$1,099.8	\$3,315.5	\$1,321.3	\$6,146.5
LTM EBITDA (\$mm)	\$412.3	\$262.0	\$142.2	Non-meaningful	\$177.8	\$709.1
Current Production (mboe/d)	40.0	15.0	6.9	Non-meaningful	15.0	34.5
Proved Reserves (mmboe)	59.8	35.8	15.5	Non-meaningful	45.5	127.9

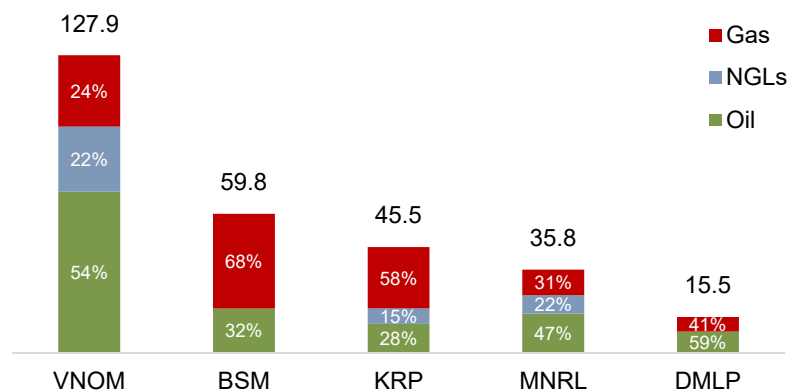
\* Falcon Minerals and Desert Peak Minerals all-stock merger closed June 6, 2022, forming Sitio Royalties Corp. (STR), with Desert Peak as the accounting acquirer. Before the merger, Desert Peak reported financial information through Kimmeridge Mineral Fund LP, Desert Peak's predecessor for financial reporting purposes. Therefore, we have opted not to consider STR for the remainder of this analysis.

# 1-Year Stock Price Performance

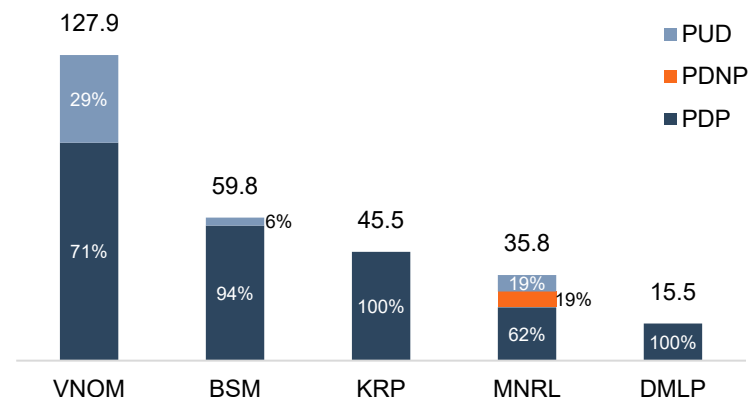


# Reserve and Production Mix

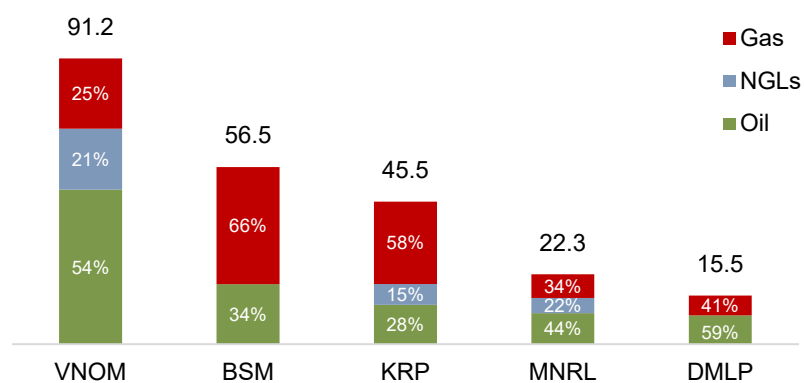
## 2021 Proved Reserves by Commodity (mmboe)



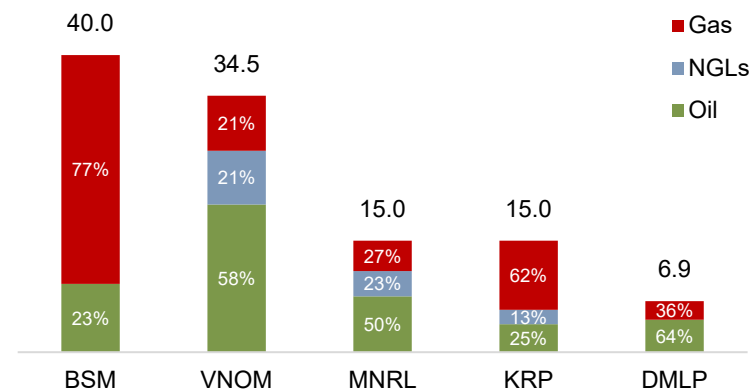
## 2021 Proved Reserves by Category (mmboe)



## 2021 PDP Reserves by Commodity (mmboe)



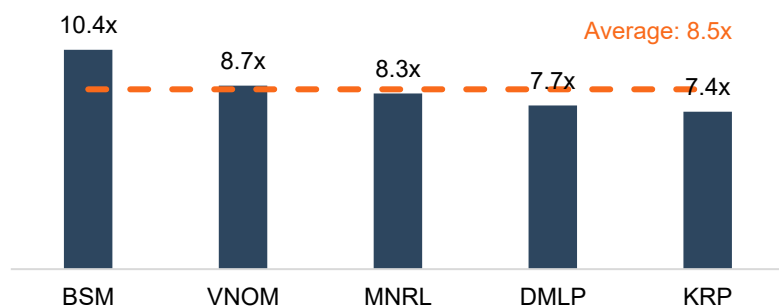
## Current Production by Commodity (mboe/d)



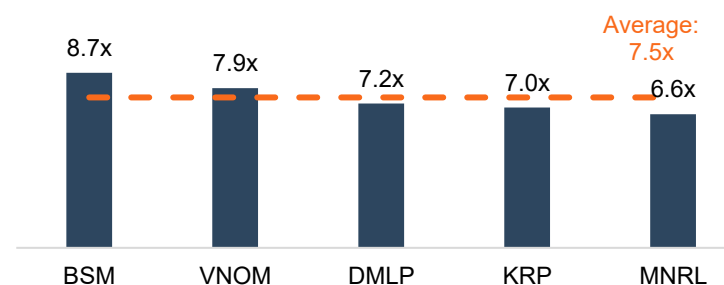
# Valuation Multiples

# EBITDA-Based Valuation Multiples

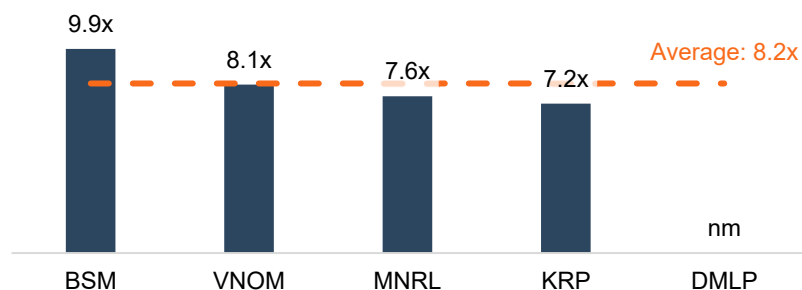
## Enterprise Value / LTM EBITDA



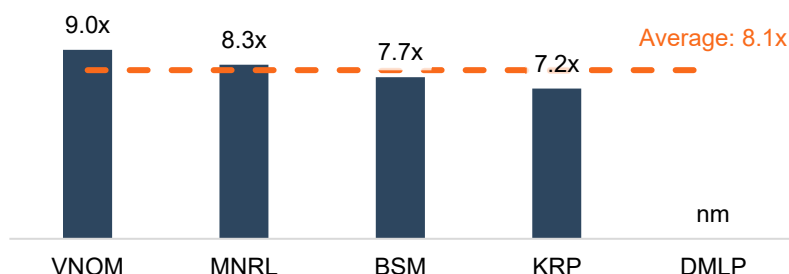
## Enterprise Value / LQA EBITDA



## Enterprise Value / 2022E EBITDA

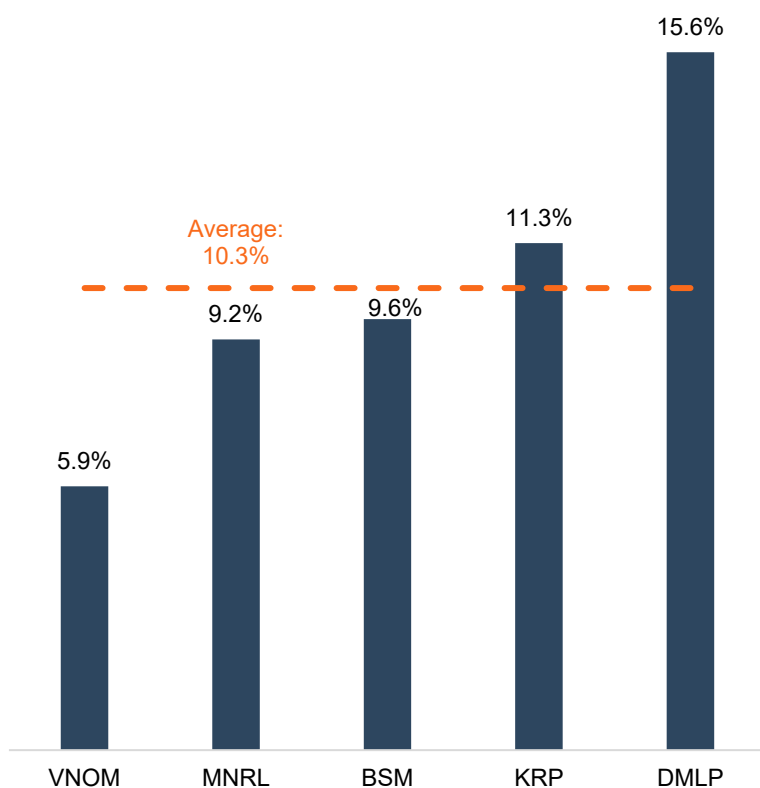


## Enterprise Value / 2023E EBITDA

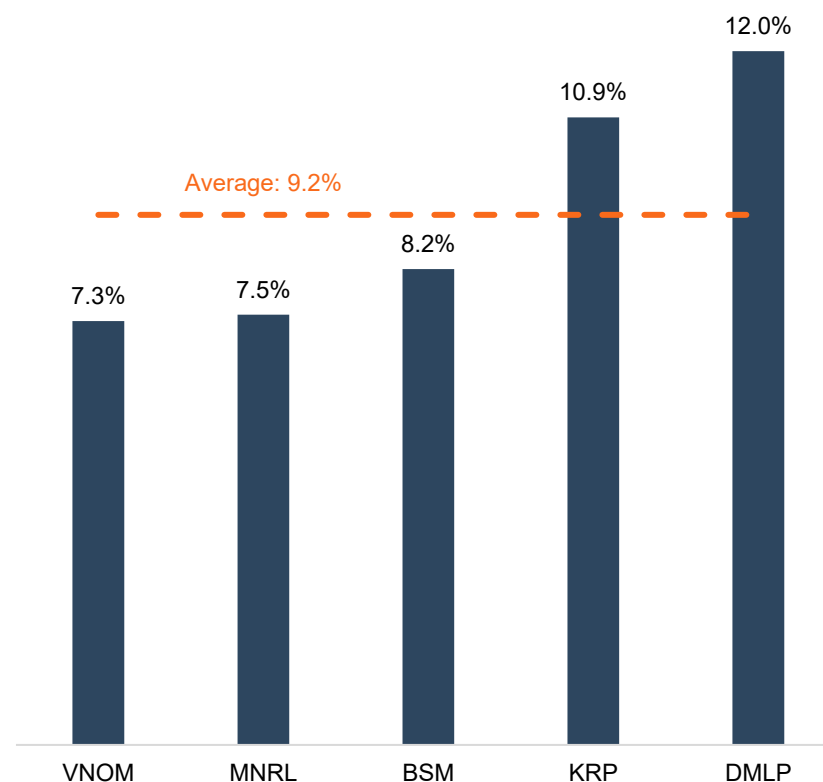


# Dividend-Based Yields

## Dividend Yield (Current Dividend)

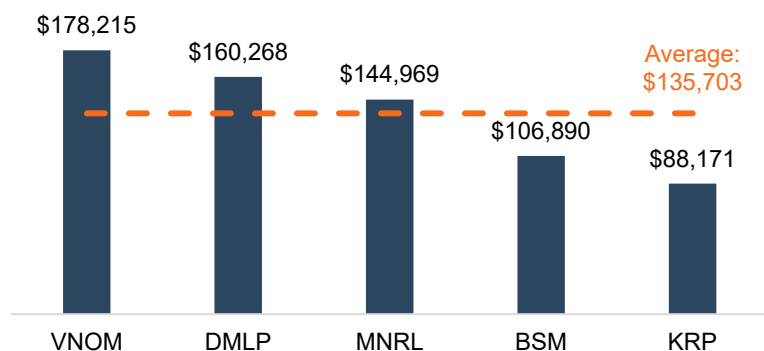


## Dividend Yield (LTM Dividends)

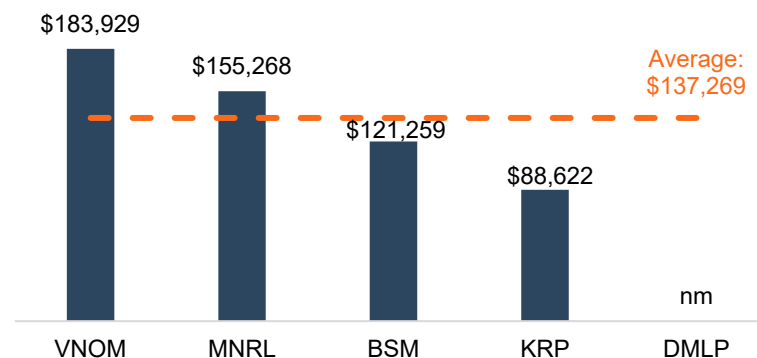


# Production-Based Valuation Multiples

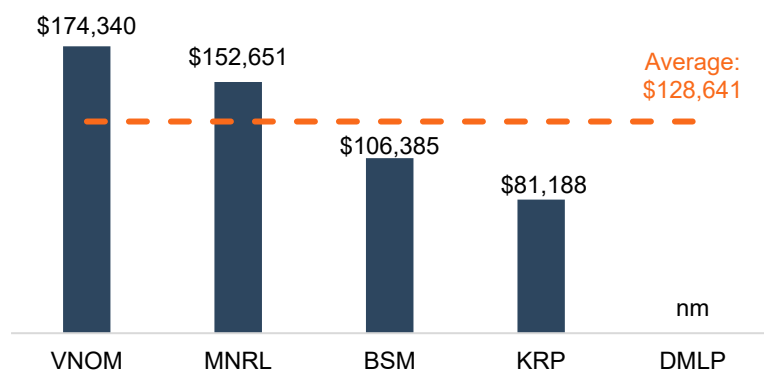
## Enterprise Value / Current Production (\$/boe/d)



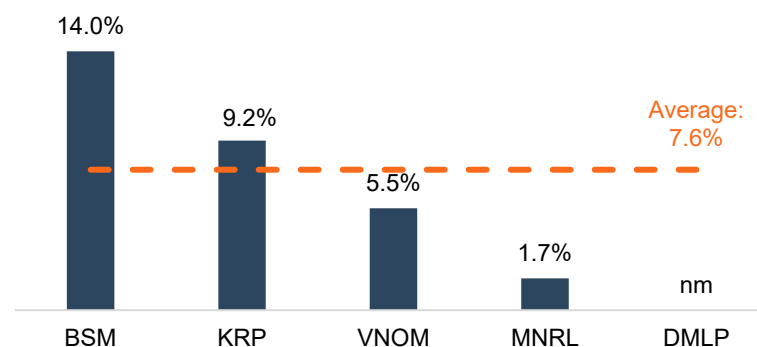
## Enterprise Value / 2022E Production (\$/boe/d)



## Enterprise Value / 2023E Production (\$/boe/d)



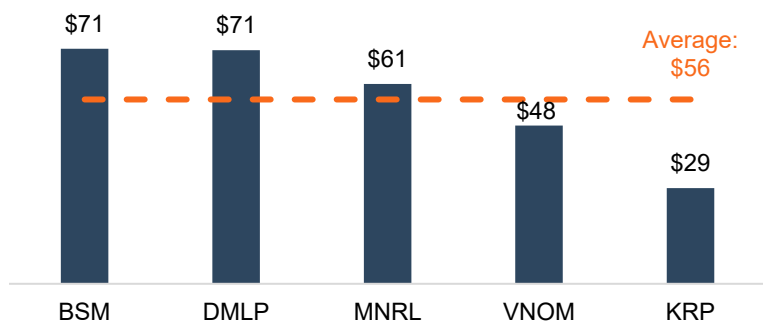
## 2022E - 23E Production Growth



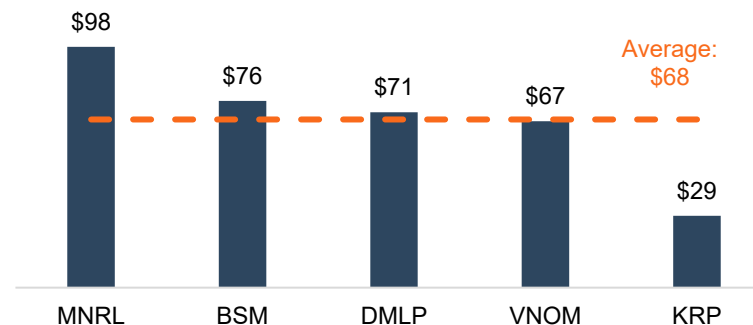


# Reserve-Based Valuation Multiples

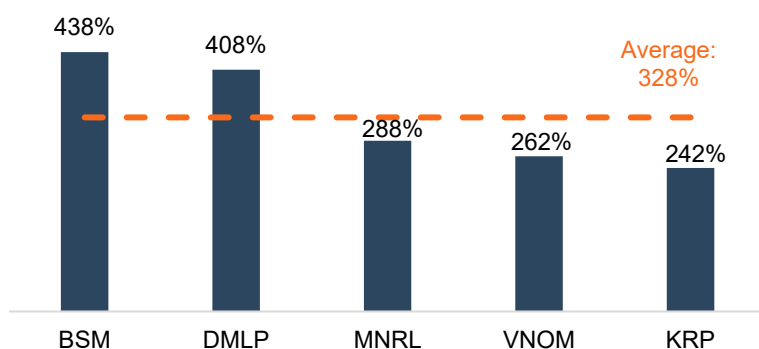
**Enterprise Value / Proved Reserves (\$/boe)**



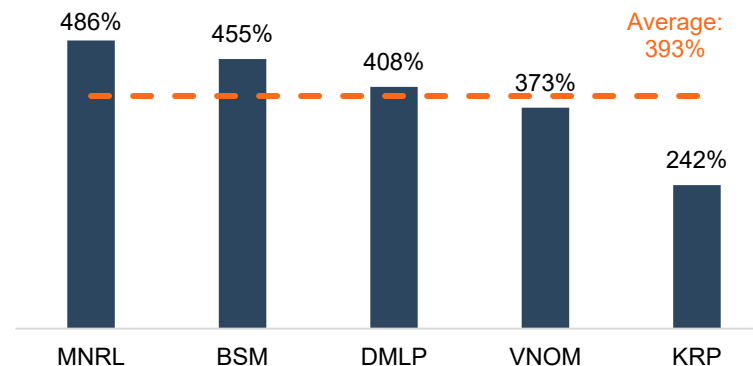
**Enterprise Value / PDP Reserves (\$/boe)**



**Enterprise Value / Proved PV-10**



**Enterprise Value / PDP PV-10**



# Appendix

# Mineral Aggregator Metrics and Multiples

\$ in mm, except per share values



**BSM**

**MNRL**

**DMLP**

**KRP**

**VNOM**

## Derivation of Enterprise Value

	BSM	MNRL	DMLP	KRP	VNOM	Valuation Multiples		
						Average	Median	Notes
Stock Price (11/14/2022)	\$18.69	\$35.30	\$29.11	\$17.30	\$33.25			
Shares Outstanding	209.4	60.4	38.4	65.5	164.9			(1)
Equity Market Capitalization	3,913.8	2,133.7	1,117.0	1,133.9	5,482.8			
+ Preferred Stock	298.4	0.0	0.0	0.0	0.0			(2)
+ Interest-Bearing Debt	60.0	73.0	0.0	203.9	675.4			
- Cash & Cash Equivalents	(0.8)	(33.0)	(52.0)	(16.6)	(11.6)			
+/- Other	0.0	0.0	34.8	0.0	0.0			(3)
<b>Enterprise Value</b>	<b>\$4,271.3</b>	<b>\$2,173.8</b>	<b>\$1,099.8</b>	<b>\$1,321.3</b>	<b>\$6,146.5</b>			

## EBITDA

	BSM		MNRL		DMLP		KRP		VNOM		Valuation Multiples		
	Metric	Multiple	Metric	Multiple	Metric	Multiple	Metric	Multiple	Metric	Multiple	Average	Median	Notes
Last Twelve Months (LTM) EBITDA	\$412.3	10.4x	\$262.0	8.3x	\$142.2	7.7x	\$177.8	7.4x	\$709.1	8.7x	8.5x	8.3x	(4)
Last Quarter Annualized (LQA) EBITDA	492.5	8.7	328.5	6.6	153.8	7.2	190.1	7.0	776.4	7.9	7.5	7.2	(4)
2022E EBITDA	432.6	9.9	286.7	7.6	na	nm	182.9	7.2	754.7	8.1	8.2	7.9	(5)
2023E EBITDA	554.1	7.7	261.7	8.3	na	nm	184.3	7.2	681.8	9.0	8.1	8.0	(5)

## Dividend Yields

	BSM		MNRL		DMLP		KRP		VNOM		Valuation Multiples		
	Metric	Multiple	Metric	Multiple	Metric	Multiple	Metric	Multiple	Metric	Multiple	Average	Median	Notes
Last Twelve Months (LTM) Dividends	\$1.54	8.2%	\$2.63	7.5%	\$3.50	12.0%	\$1.88	10.9%	\$2.44	7.3%	9.2%	8.2%	
Current Dividend (Annualized)	1.80	9.6%	3.24	9.2%	4.54	15.6%	1.96	11.3%	1.96	5.9%	10.3%	9.6%	

## Production (mboe/d)

	BSM		MNRL		DMLP		KRP		VNOM		Valuation Multiples		
	Metric	Multiple	Metric	Multiple	Metric	Multiple	Metric	Multiple	Metric	Multiple	Average	Median	Notes
Current Production	40.0	\$106,890	15.0	\$144,969	6.9	\$160,268	15.0	\$88,171	34.5	\$178,215	\$135,703	\$144,969	(6)
2022E Production	35.2	121,259	14.0	155,268	na	nm	14.9	88,622	33.4	183,929	137,269	138,263	(6)
2023E Production	40.2	106,385	14.2	152,651	na	nm	16.3	81,188	35.3	174,340	128,641	129,518	(6)

## Reserves

	BSM		MNRL		DMLP		KRP		VNOM		Valuation Multiples		
	Metric	Multiple	Metric	Multiple	Metric	Multiple	Metric	Multiple	Metric	Multiple	Average	Median	Notes
Proved Reserves (mmboe)	59.8	\$71.40	35.8	\$60.71	15.5	\$70.99	45.5	\$29.06	127.9	\$48.06	\$56.04	\$60.71	(7)
Proved Developed Producing Reserves (mmboe)	56.5	75.62	22.3	97.54	15.5	70.99	45.5	29.06	91.2	67.42	68.13	70.99	(7)
Proved PV-10	\$975.5	438%	\$754.8	288%	\$269.5	408%	\$545.6	242%	\$2,347.2	262%	328%	288%	
Proved Developed Producing PV-10	938.8	455%	446.9	486%	269.5	408%	545.6	242%	1,648.5	373%	393%	408%	

# Notes

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- (1) Includes non-traded shares.
- (2) BSM preferred stock included at carrying value.
- (3) DMLP value reflects calculated value of General Partners interest, based on most recent quarterly distribution and current dividend yield. For Up-C entities, non-controlling interest is not included as the associated value is captured by the inclusion of the non-traded shares in the shares outstanding.
- (4) Based on non-GAAP adjusted EBITDA as calculated by management.
- (5) Wall Street Research consensus estimates per Capital IQ.
- (6) Multiple calculated on a dollar per flowing barrel equivalent basis (\$/boe/d).
- (7) Multiple calculated on a dollar per barrel equivalent basis (\$/boe).

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