## SL: Insider Intelligence Trade Alert 4/19/23

## \*\*Buy Alert: Matador Resources (NYSE: MTDR)\*\* Price at alert: \$50.70 Buy Limit: \$52.13 Stop Limit: \$47.87

Hey, it's Alex here with your next Insider Intelligence Trade Alert.

This week, we're looking at **Matador Resources (NYSE: MTDR).** Matador is an oil and gas exploration company operating primarily in the Delaware Basin in west Texas and the Eagle Ford shale of east Texas.

Matador also conducts various midstream activities, including natural gas processing and transportation.

Recently, Matador has seen a slew of insider buying, with a total of 8 purchases in March alone.

Board of Director member Timothy Parker bought 4,500 shares:

1. Name and Address of Reportin PARKER TIMOTHY			ker or Trading S Ces Co [ M					nship of Reporting Pers I applicable) Director	on(s) to issuer	lssuer 10% Owner						
(Last)	(First)	- 3. Date 03/16/		saction (Month/E	Day/Year)				Officer (give title t	elow)	Other (spe	cify below)				
5400 LBJ FREEWAY SUITE 1500		4. If Am	nendment, Date	of Original Filed	(Month/Day/Y	ear)		6. Individ	6. Individual or Joint/Group Filing (Check Applicable Line) X Form filed by One Reporting Person							
(Street)		Form filed by More than One Reporting Person														
DALLAS	TX	Rule 10	0b5-1(c) Transa	tion Indication												
(City)	(State)	(Zip) Check this box to indicate that a transaction was made pursuant to a contract, instruction or written plan that is intended to satisfy the affirmative defense conditions of Rule 1065-1(o). See Instruction 10.														
				Та	ble I - No	n-Derivativ	e Securities	Acquired,	Disposed	of, or Benefic	ially Owned	I				
1. Title of Security (Instr. 3)					Date	E		3. Transaction (Instr. 8)	Transaction Code 4. Securi str. 8) 5)		urities Acquired (A) or Disposed Of (D) (Inst		5. Amount of Securities Beneficially Owned Fol Reported Transaction(s	lowing (D) or	nership Form: Direct Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
					(MORE	()	lonth/Day/Year)	Code	ode V Amount		(A) or (D)	Price	and 4)	) (insu. 3		Ownersnip (insu: 4)
Common Stock					03/	16/2023		Р		4,500	Α	\$43.52	71,636		D	
										f, or Beneficia ible securities						
1. Title of Derivative Security (Instr	or Exercise Price of Derivative	of (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transacti (Instr. 8)	on Code	Securities Ac	Number of Derivative ecurities Acquired (A) or isposed of (D) (Instr. 3, 4 and		arcisable and Date y/Year)	nd 7. Title and Amount of Securitie Security (Instr. 3 and 4)		s Underlying Derivat	ive 8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirec Beneficial Ownershi (Instr. 4)
	Security	1	Code											Reported		

## Robert Gaines Baty — another member of the Board — bought 500 shares:

1. Name and Address of Reporting Pe Baty Robert Gaines			Ficker or Trading S <u>arces Co</u> [ M					5. Rela (Check	ionship of Reporting Pe all applicable) Director	rson(s) to Issu	uer 10% Owner							
(Last) ( 5400 LBJ FREEWAY, SUITE 1	- 3. Date 03/15/		ansaction (Month/	Day/Year)					Officer (give title below) Other (specify below)									
(Street) DALLAS (City)	4. If Am	nendment, Dat	e of Original Filed	I (Month/Day	Year)				B. Individual or Joint/Group Filing (Check Applicable Line) X Form filed by One Reporting Person Form filed by More than One Reporting Person									
				Ta	ble I - No	n-Derivati	ve Securities	Acquire	l, Disp	osed of,	, or Benefici	ally Owned						
1. Title of Security (Instr. 3)							2A. Deemed Execution Date,	3. Transaction Code 4. Secu (Instr. 8) 5)			ties Acquired (A)	or Disposed Of	(D) (Instr. 3, 4 and	. 3, 4 and 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)				7. Nature of Indirec Beneficial Ownership (Instr. 4
	(Mont		if any (Month/Day/Year)	Code V		Amount (A) or (D)		Price	Ownership (instr. 4									
Common Stock					03/	/15/2023		Р			500	Α	\$44.8	61,713		D		
				-			Securities A , calls, warra											
1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transactie (Instr. 8)	on Code		of Derivative Acquired (A) or f (D) (Instr. 3, 4 and	Expiratio	6. Date Exercisable a Expiration Date (Month/Day/Year)		and 7. Title and Amount of Securities Under Security (Instr. 3 and 4)		s Underlying Deriv	ing Derivative Berivative Security (Instr. 5)		Form: or Indi	Form: Direct (D)	11. Nature of Indire Beneficial Owners (Instr. 4)
				Code	v	(A)	(D)	Date Exercisa	ble C	xpiration ate			Amount or Num of Shares	ser	Reported Transaction (Instr. 4)	n(s)		

William Eisener — the Executive Vice President of Reservoir Engineering — bought 500 shares:

Derivative (Month/Day)Year) Security Code 1					v	(A) (D)							Amount of Share	or Number	-	Owned Follow Reported Transaction(s (Instr. 4)	wing	
1. Title of Derivative Security (Inst	r. 3) 2. Conversion or Exercise Price of Derivative	Exercise Date ce of (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transacti (Instr. 8)	on Code	Securities Act	Number of Derivative scurities Acquired (A) or sposed of (D) (Instr. 3, 4 and		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underly Security (Instr. 3 and 4)			ving Derivative Berivative Security (Instr. 5)		9. Number of derivative Securities Beneficially	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
					Fable II -	- Derivative S (e.g., puts, d												
Common Stock					03	3/15/2023	P 500 A \$				\$45	5.78 92,201 <sup>(1)(2)(3)(4)</sup> D						
1. Title of Security (Instr. 3)	Date	nth/Dav/Year) if		3. Transactie (Instr. 8) Code		4. Securit 5) Amount	ies Acquired (A)	or Disposed Of (A) or (D)	(D) (Instr. 3 Price	BR	Amount of Securities eneficially Owned Foll eported Transaction(s nd 4)	lowing (D	Ownership Form: Direc ) or Indirect (I) (Instr. 4)					
				Та		on-Derivative						· ·						
(City)	(State)	(Z	ip)															
DALLAS	ТХ											X Form filed by One Reporting Person Form filed by More than One Reporting Person						
(Street)		4. If A	4. If Amendment, Date of Original Filed (Month/Day/Year)									6. Individual or Joint/Group Filing (Check Applicable Line)						
5400 LBJ FREEWAY SUITE 1500	03/15	5/2023																
(Last)		te of Earliest Tran	saction (Month/I	Day/Year)						Е	VP, Reservoi	ir Engineering						
	_	-									x	Officer (give title b	elow)		pecify below)			
1. Name and Address of Reportir Elsener William Thom		uer Name and Tic ador Resour							5. Relations (Check all a	hip of Reporting Pers pplicable) Director	10% Ov	ner						

And various other board members (and the CEO) made up the rest of the purchases.

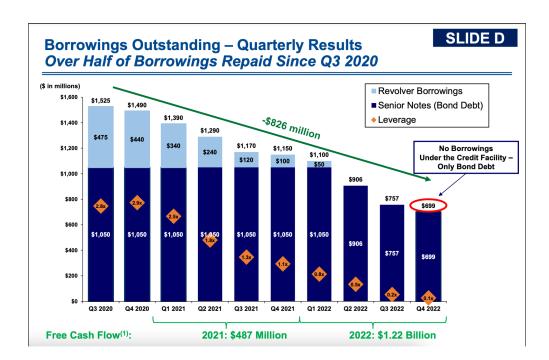
What is sparking these insiders to buy?

Let's break it down.

First off, Matador had a stellar Q4 in 2022, beating revenue expectations by \$59.5 million. The company hit a record of barrels

of production per day (105,500) and hit a record in natural gas production.

Now, the insider buying spree happened after the latest earnings release where all of this information was revealed. However, I believe that Q4 is a perfect bellwether to indicate where Matador's business will go over the coming months.



(*Hint: The direction is UP*)

Since Q3 2020, Matador has been paying down its resolving debt lines. These are revolving credit lines that require the borrower to only pay the minimum monthly payments.

Interest rates on these types of loans are higher. And while they give a company some day 0 cash, it's a bit like robbing Peter to pay Paul down the road.

You can see this effect on action in the chart above. Revolving debt obligations ate into the Free Cash Flow (FCF) of Matador in 2021. FCF was only \$487 million.

In 2022, as Matador paid off this high-interest debt, Free Cash Flow jumped to \$1.22 billion. As a result of this, the 2022 price to cash flow ratio was 3.68, which is below the five-year average of 5.68 (the lower the number the better).

And the price to book value has also fallen to 1.96, and is approaching levels not seen since 2017-2018.

Gross profit margin is 61%, and net profit margin is 39%, so the company is doing great on that front. Return on Invested Capital was 32% in 2022, which is well above the 20% I look for.

And Matador has a 10-Yr average return is 18%. I usually look for companies with at least 10% average returns over the last decade, so Matador checks that box as well.

Beyond Matador's own financials, I think the global macro environment will continue to work in its favor. OPEC cuts are boosting the price of oil. Additionally, the International Energy Agency projects that global oil demand will hit a record-high of 102 million barrels per day in 2023.

With all that considered, we're adding Matador to our Insider Intelligence model portfolio.

To access past Insider Intelligence alerts, our model portfolio and everything else, simply go to <u>wealthpin.com/II</u>

To your wealth,

Alex Reid Founder, Insider Intelligence