

## 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 Reporting Person <a href="#">PARKER TIMOTHY E.</a>			2. Issuer Name and Ticker or Trading Symbol <a href="#">Matador Resources Co [ MTDR ]</a>			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <div><input checked="" type="checkbox"/> Director10% Owner Officer (give title below)Other (specify below)</div>																	
(Last) (First) (Middle) 5400 LBJ FREEWAY SUITE 1500			3. Date of Earliest Transaction (Month/Day/Year) 03/16/2023			6. Individual or Joint/Group Filing (Check Applicable Line) <div><input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person</div>																	
(Street) DALLAS TX 75240			4. If Amendment, Date of Original Filed (Month/Day/Year)																				
(City) (State) (Zip)			Rule 10b5-1(c) Transaction Indication <input type="checkbox"/> 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 10b5-1(c). See Instruction 10.																				
Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned																							
1. Title of Security (Instr. 3)		2. Transaction Date (Month/Day/Year)		3A. Deemed Execution Date, if any (Month/Day/Year)		3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)		6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)		7. Nature of Indirect Beneficial Ownership (Instr. 4)									
Common Stock		03/16/2023				P		4,500		A		\$43.52		71,636		D							
Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)																							
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. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)		9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)		10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)		11. Nature of Indirect Beneficial Ownership (Instr. 4)	
								Code V		(A) (D)		Date Exercisable Expiration Date		Title Amount or Number of Shares									

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

1. Name and Address of Reporting Person <u>Baty Robert Gaines</u>			2. Issuer Name and Ticker or Trading Symbol <u>Matador Resources Co [ MTDR ]</u>				5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  <div>X Director 10% Owner</div> <div>Officer (give title below) Other (specify below)</div>							
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) <u>03/15/2023</u>				6. Individual or Joint/Group Filing (Check Applicable Line)  <div>X Form filed by One Reporting Person</div> <div>Form filed by More than One Reporting Person</div>							
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Common Stock			03/15/2023		P V		Amount	(A) or (D)	Price	61,713	D			
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					Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

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

1. Name and Address of Reporting Person <b>Eisener William Thomas</b>			2. Issuer Name and Ticker or Trading Symbol <b>Matador Resources Co [ MTDR ]</b>			5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  <div><div><input checked="" type="checkbox"/> Director</div><div><input type="checkbox"/> Officer (give title below)</div><div><input type="checkbox"/> 10% Owner</div><div><input type="checkbox"/> Other (specify below)</div></div> <b>EVP, Reservoir Engineering</b>		
(Last) (First) (Middle) <b>5400 LBJ FREEWAY SUITE 1500</b>			3. Date of Earliest Transaction (Month/Day/Year) <b>03/15/2023</b>			6. Individual or Joint/Group Filing (Check Applicable Line)  <div><input checked="" type="checkbox"/> Form filed by One Reporting Person</div> <div><input type="checkbox"/> Form filed by More than One Reporting Person</div>		
(Street) <b>DALLAS TX 75240</b>			4. If Amendment, Date of Original Filed (Month/Day/Year)					
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Common Stock	03/15/2023		P	500	A	\$45.78	92,201 <sup>(1)(2)(3)(4)</sup>	D		

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)											
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And various other board members (and the CEO) made up the rest of the purchases.

What is sparking these insiders to buy?

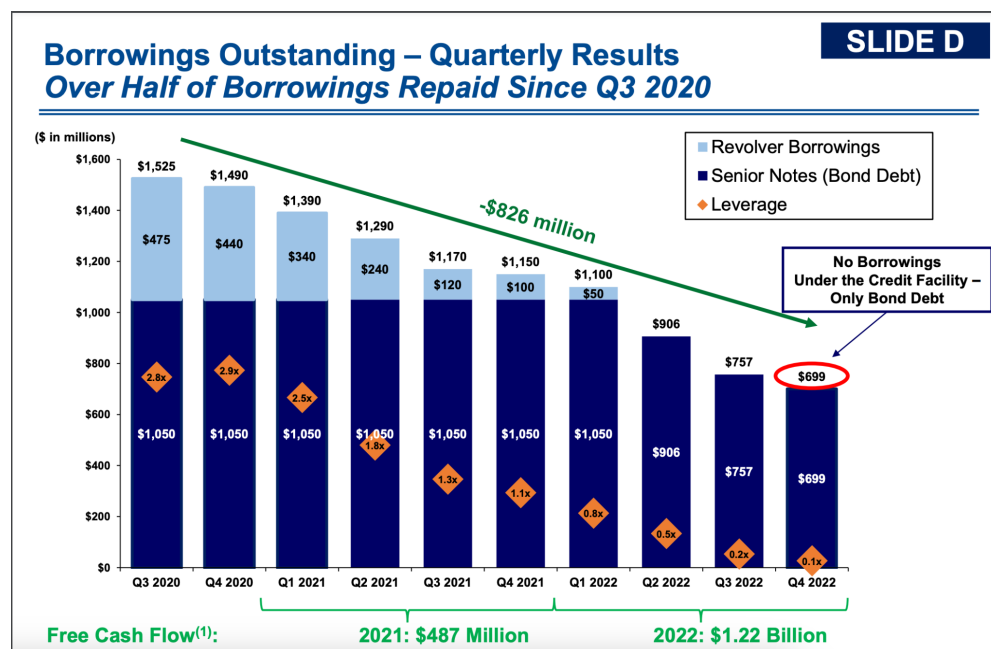
Let's break it down.

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 revolving 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 [wealthpin.com/II](https://wealthpin.com/II)

To your wealth,

Alex Reid

Founder, Insider Intelligence