Initiating Coverage:

Summit Midstream Corporation ($SMC)

International and Recessionary TAM Penetration

Key Take-away: After shifting institutional company structure from a Master Limited Partnership to a C-Corporation that encourages greater financial flexibility and a broader investor base, Summit's focus has leaned towards an aggressive M&A growth strategy. With key pipelines across America's most productive resource plays, Summit's US-focused vertical integration helps hedge against geopolitical volatility that drives demand to secure North American supply chains, TAM penetration, and functions as macroeconomic tailwinds. Because utilization rates remain below historical highs, leadership is focused on multi-basin M&A diversification, with hopes to provide resilience against localized economic shocks, positioning the company to capitalize on volume recovery across its footprint.

M&A and Targeted Basin Expansion: Summit Midstream has recently intensified its efforts to reshape its asset portfolio through carefully selected mergers and acquisitions (M&A) transactions. In late 2023, the company acquired Moonrise Midstream LLC for $90 million, a deal that significantly enhanced Summit's gathering and processing footprint along the Denver-Julesburg basin. This location is pivotal as one of the fastest-growing domestic natural gas plays. Before acquiring Moonrise Midstream, Summit M&A's deal flow targeted companies in both the Williston and Piceance Basins. By pivoting towards these higher-activity basins, Summit is securing incremental throughput volumes under stable fee-based contracts, while simultaneously positioning itself for stronger cash flows as regional drilling activity accelerates. Through investor reports and client calls, management has underscored that future bolt-on acquisitions are likely, consistent with a strategy of consolidating critical midstream infrastructure and tightening basin-level customer relationships. This is filler, so Microsoft word stops giving me red underlines.

Fee-Based Model: With broader macro volatility, commodity price swings, and fierce midstream competition, Summit leadership is actively leveraging their fee-based revenue model to insulate cash flows and in the green during economic shock. Importantly, this approach has proven resilient across business cycles, enabling Summit to maintain stable and sticky operating cash flows, continuing to deliver dividends encouraging equity funding and cash creation across a fundamentally cap-ex heavy environment. By converting from an MLP to a C-Corporation, management has strategically focused on broadening Summit's access to institutional capital, higher-level equity market flexibility, and eliminated the complexities of a K-1 tax structure.

Valuation: We initiate coverage with a $30.00 PT.

Consortium Research Group
Energy | Midstream Energy
July 14th, 2025

Stock Rating:	Overweight
Price Target:	$30.00

Price:	$25.21
Base Case Upside:	19.66%
Ticker:	$SMC

Energy & Sustainability

Analyst
Jonathan Wei
Northwestern University
jonathanwei2028@u.northwestern.edu

Company Overview

Company Description: Summit Midstream Corporation is fundamentally a midstream energy infrastructure company. They specialize in gathering, compression, treating, and processing services for natural gas, crude oil, and produced water. Summit operates an extensive network of over 1,900 miles of pipeline infrastructure strategically located across conventional yet productive resource regions across America.

Fee-Based Cash Flow Stability: In conjunction with Summit's ongoing NGL revenue strategy, the company's heavy-targeted fee-based revenue model is supported by long-term take-or-pay and volume focused contracts. These sticky decade-long contracts limit direct exposure to oil and gas price swings, geopolitical volatility and exclusion, and underpin investor confidence and stable cash flows.

Vertical Integration & Strategic Basin Alignment: From a strategic standpoint, management has placed Summit infrastructure intentionally integrated near upstream drilling activity, with gathering systems and processing facilities located adjacent to Summit pipeline basins, such as the Williston and DJ. Importantly, by providing both wellhead and processing, Summit's vertical integration lowers transit distances and optimizes throughput efficiency. By maintaining infrastructure near America's highest-productivity shale locations, Summit is able to lower per-unit costs, capture incremental volumes more efficiently as they continue innovating and heightening productive in these regions.

Industry Overview

Resilience through Fee-Based Models: Unlike downstream and exploration companies whose earnings on-net follow oil and gas prices, midstream operators generally derive income through long-term pipeline contracts. These fee-based revenue operating models ensure stable cash flows during periods of downturn. Capital markets and investors have favored midstream companies for their reliable distributions and consistent cash flow generation.

Defensive Performance in Recessionary Environments: With demand for natural gas and oil transportation largely driven by baseline energy demands ranging from heating, power generation, and industrial production, midstream infrastructure businesses often remain resilient during economic slowdowns. This pattern of resilience underpins why companies like Jane Street have doubled down on midstream assets to hedge during macroeconomic contractions.

ESG Pressures and Decarbonization of Energy Transport: Environmental, Social, and Governance (ESG) considerations have become increasingly prominent within the Energy and Sustainability industry. Regulatory frameworks around methane emissions, flaring, and ecological footprints have pushed midstream companies to invest into leak detection technologies, compression assets, and encourage partnership formations for carbon capture initiatives. By aligning companies with broader environmental concerns, policy has pushed for social and environmental regulatory solvency that midstream companies are being pushed to adopt.

Peer Comparisons

Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM
The Williams Companies (NYSE: WMB)	$72,677	$98,066	25.8x	$10,000	$7,743
DT Midstream (NYSE: DTM)	$10,868	$13,024	23.0x	$1,200	$1,141
Antero Midstream Corporation (NYSE: AM)	$8,876	$11,396	17.5x	$1,100	$1,103
Kinetik Holdings (NYSE: KNTK)	$6,960	$8,556	22.5x	$1,200	$1,088
Summit Midstream Corporation	$290	$1,095	0.0x	$443	$173

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	1 Yr Rev Growth Rate LF
The Williams Companies (NYSE: WMB)	12.2x	55.5%	70.0%	40.0%	5.0%
DT Midstream (NYSE: DTM)	11.0x	60.0%	75.0%	42.0%	6.0%
Antero Midstream Corporation (NYSE: AM)	10.2x	58.0%	72.0%	41.0%	4.0%
Kinetik Holdings (NYSE: KNTK)	7.3x	50.0%	65.0%	38.0%	5.0%
Summit Midstream Corporation	8.3x	50.0%	60.0%	35.0%	4.0%
High	12.20x	60.0%	75.0%	42.0%	6.0%
75th Percentile	11.00x	58.0%	72.0%	41.0%	5.0%
Average	9.80x	54.7%	68.4%	39.2%	4.8%
Median	10.20x	55.5%	70.0%	40.0%	5.0%
25th Percentile	8.30x	50.0%	65.0%	38.0%	4.0%
Low	7.30x	50.0%	60.0%	35.0%	4.0%

General Dynamics Valuation		
Implied Enterprise Value (25th Percentile)	$	1,436
Implied Enterprise Value (Median)	**$**	**1,765**
Implied Enterprise Value (75th Percentile)	$	1,903
Implied Share Price (25th Percentile)	$	33.44
Implied Share Price (Median)	**$**	**63.32**
Implied Share Price (75th Percentile)	$	75.90

Source: FactSet

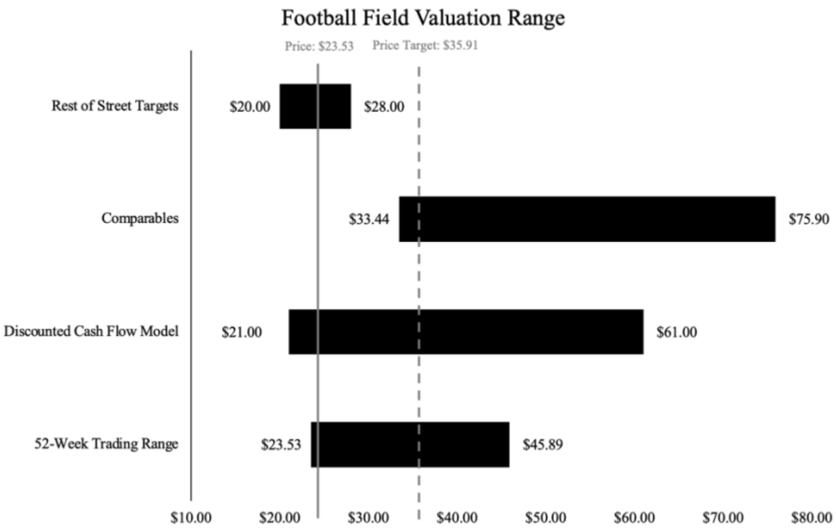
Investment Theses

Geopolitical Total Addressable Market (TAM) Capture: Ongoing geopolitical volatility, particularly in the Middle East, has driven crude oil prices sharply higher in the short term. Tensions between Israel and Iran (and their regional proxies like the Houthis, Hamas, and Hezbollah) are escalating supply risks. Amidst the current drop in crude oil prices generating upside, and the ongoing conflict and future threats of closing important straits and transportation routes, players like Summit Midstream stand out. Summit is well-positioned to capitalize on this opportunity by leveraging its elevated equity valuation to secure attractive financing terms for new capital projects or accretive mergers and acquisitions. As the company continues investing in infrastructure and broadening its footprint, Summit stands to capture a disproportionate share of long-term TAM relative to peers, establishing a stronger platform before oil inevitably normalizes.

Recessionary Trend Penetration: Despite concerns about an impending recession from policy investors and macro firms like Bridgewater, driven by rising sovereign debt costs, interest rate dislocations, and a shift to alternative hedges such as gold, silver, and cryptocurrency, the midstream sector remains uniquely defensive. Summit Midstream benefits from fee-based contracts that ensure stable cash flows, insulating it from direct commodity exposure. Historically, crude prices have also risen heading into economic contractions (such as pre-2008 and during OPEC maneuvers), providing an added buffer. Coupled with Summit's consistent dividend distributions, this positions the firm to outperform more cyclical equities during downturns, allowing it to expand its market share further while maintaining investor trust in its cash flow durability.

Price Target & Valuation

Our analysis gives ($SMC) a price target of $30.00 and an Overweight rating.



Potential Downsides to Our Rating

Macroeconomic & Interest Rate Pressures: Continued capex spending, access to capital markets, and aggressive M&A growth are the foundations for Summit's success. However, in prolonged high-interest-rate environments and tighter credit conditions, Summit's cost of capital will spike, and investors will flag Summit for overweight riskiness. If the thesis fails to matriculate fully, the additional cost of capital could lower Summit's valuation.

Commodity-Linked Customer Health: On paper, despite fee-based revenues largely insulating Summit from direct commodity price swings, midstream growth is contingent on upstream customer demand. Unfortunately, upstream companies are closely tied to cycles of crude oil and natural gas prices, and a sustained decline in commodity prices could lower producer drilling and completion activity. Thus, lower volumes transported through Summit systems or even renegotiation of contracts could hinder cash flows.

Regulatory & Environmental Scrutiny: ESG policy has flowed through Congress and set social and environmental standards for Summit Midstream infrastructure. Importantly, any tightening of emission standards, water disposal regulations, or federal land drilling restrictions would indirectly elevate compliance costs for Summit. High input fees forces summit to eat costs, potentially lose clients, or slow development in key basins Summit services through.

Our Price Target: $30.00

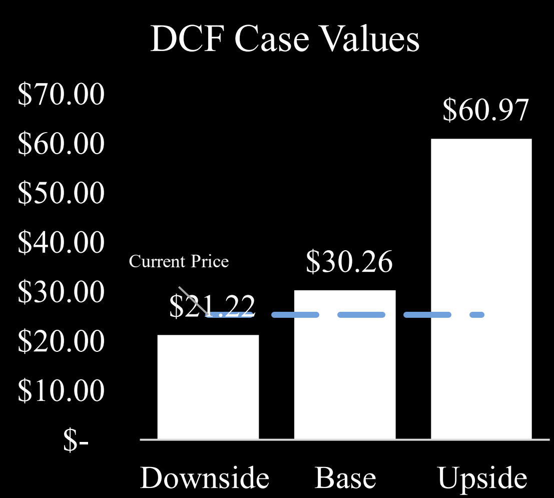
Our base case highlights a standard M&A transaction trajectory based on empirical data, mid-cycle natural gas and market NGL pricing, and the historical responses to international and macroeconomic volatility.

Our Upside Case: $61.00

Our upside scenario is representative of higher-level rates of drilling and completion activity in Summit's core basins per Investor Reports, heightened success rates of Summit's M&A bolt-on acquisitions deal flow, supportive capital markets post-K1 removal, and international tailwinds in commodity pricing that proliferates cash flows.

Our Downside Case: $21.00

Our downside scenario highlights weaker basin-level output, high geopolitical volatility functioning as macro headwinds, conservative estimates on Summit's bolt-on acquisition game plan, and potential refinancing headwinds that constrain Summit's balance sheet flexibility, limiting capital returns and discouraging dividend investors.



Projections

Income Statement ($mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	296,000	364,000	427,320	547,399	665,380	31.0%
EBITDA	197,000	195,000	284,123	334,434	390,778	25.6%
EBIT	57,000	55,000	111,930	127,270	143,057	35.9%
NOPAT	73,000	91,000	58,000	81,000	56,986	-7.9%

Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	66.6%	53.6%	66.5%	61.1%	58.7%	61.3%
EBIT Margin	19.3%	15.1%	26.2%	23.3%	21.5%	21.1%
Revenue Growth	-30.7%	23.0%	17.4%	28.1%	21.6%	11.9%
EBIT Growth	-29.6%	-3.5%	103.5%	13.7%	12.4%	19.3%

Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	5.2x	6.1x	5.7x	5.4x	5.0x	5.5x
EV/Sales	2.4x	2.3x	2.1x	2.0x	1.9x	2.1x
EV/EBITDA	7.5x	7.2x	6.8x	6.2x	6.5x	6.8x
FCF Yield	12.5%	11.2%	11.8%	12.3%	13.3%	12.2%

About $SMC

Summit Midstream Corporation ($SMC), founded in 2009 and headquartered in Houston, Texas, operates as a midstream energy infrastructure company, focusing on the gathering, compression, treatment, and processing of natural gas, crude oil, and produced water. The company strategically managed networks of over 1,900 miles of pipeline infrastructure across the Williston, Denver-Julesburg (DJ), Fort Worth, Piceance, and Arkoma basins. Summit's primary goal is to drive sustainable, fee-based cash flows by providing critical midstream services that facilitate reliable energy transportation and support long-term development in key unconventional oil and gas plays.

Disclosures & Ratings

Consortium Equity Research does not hold any professional relationships with any reported equities. **Overweight** means the analyst team believes the stock price will outperform the coverage industry benchmark (TMT, Healthcare, Industrial, Consumer, FIG, Energy & Sustainability) in the next 6-12 months. **Equal Weight** means the team expects performance in line with the industry benchmark. **Underweight** means the team expects underperformance relative to the industry benchmark.

Appendix

Discounted Cash Flow

Active Case:	**2 Base**
Current Share Price	$25.29

DCF Analysis ($mm)	FY2020 12/31/20	FY2021 12/31/21	FY2022 12/31/22	FY2023 12/31/23	FY2024 12/31/24	FY2025 12/31/2025	FY2026 12/31/26	FY2027 12/31/27	FY2028 12/30/28	FY2029 12/30/29	FY2030 12/31/30
Stub						0.51	1.51	2.51	3.51	4.51	5.51
Discount Period						0.25	0.99	1.99	2.99	3.99	4.99
Revenue	352,000	365,000	334,000	427,000	296,000	364,000	421,800	506,796	598,113	707,071	838,655
Revenue Growth	*0%*	*4%*	*-8%*	*28%*	*-31%*	*23%*	*16%*	*20%*	*18%*	*18%*	*19%*
Gathering Service & R(	303,000	282,000	248,000	248,000	151,000	180,000	201,000	239,076	270,156	301,224	331,346
Natural Gas & NGLs	49,000	83,000	86,000	179,000	145,000	184,000	220,800	267,720	327,957	405,847	507,308
EBIT	73,000	91,000	58,000	81,000	57,000	55,000	85,920	95,024	104,670	114,899	125,798
EBIT Margin	*21%*	*25%*	*17%*	*19%*	*19%*	*15%*	*20%*	*19%*	*18%*	*16%*	*15%*
Tax Expense	0	0	0	0	14	140,000	21,910	24,350	26,952	29,730	32,708
Effective Tax Rate	*0%*	*0%*	*0%*	*0%*	*0%*	*255%*	*26%*	*26%*	*26%*	*26%*	*26%*
NOPAT	73,000.00	91,000.00	58,000.00	81,000.00	56,986.00	(85,000.00)	64,010.40	70,674.29	77,717.29	85,168.86	93,090.67
D&A	112,000	119,000	128,000	130,000	140,000	140,000	165,224	191,797	222,677	258,894	301,916
Capex	43,000	25,000	31,000	69,000	50,000	80,000	94,426	102,550	110,591	118,399	125,798
Changes in NWC	50,000	6,000	14,000	20,000	30,000	18,000	21,050	23,059	25,121	27,222	29,353
UFCF	92,000	179,000	141,000	122,000	116,986	(43,000)	113,758	136,862	164,683	198,442	239,855
PV of FCF						(42,646)	110,021	127,976	148,884	173,455	202,702

Weighted Average Cost of Capital ($mm)	
Market Risk Premium	4.33%
Beta	1.19
Risk Free Rate	4.39%
Cost of Equity	9.55%
Weighted Average Cost of Debt	6.34%
Tax Rate	25.50%
Cost of Debt	6.34%
Total Equity	$310
Total Debt	$1,068
Equity/Total Capitalization	35.00%
Debt/Total Capitalization	65.00%
WACC	5.56%