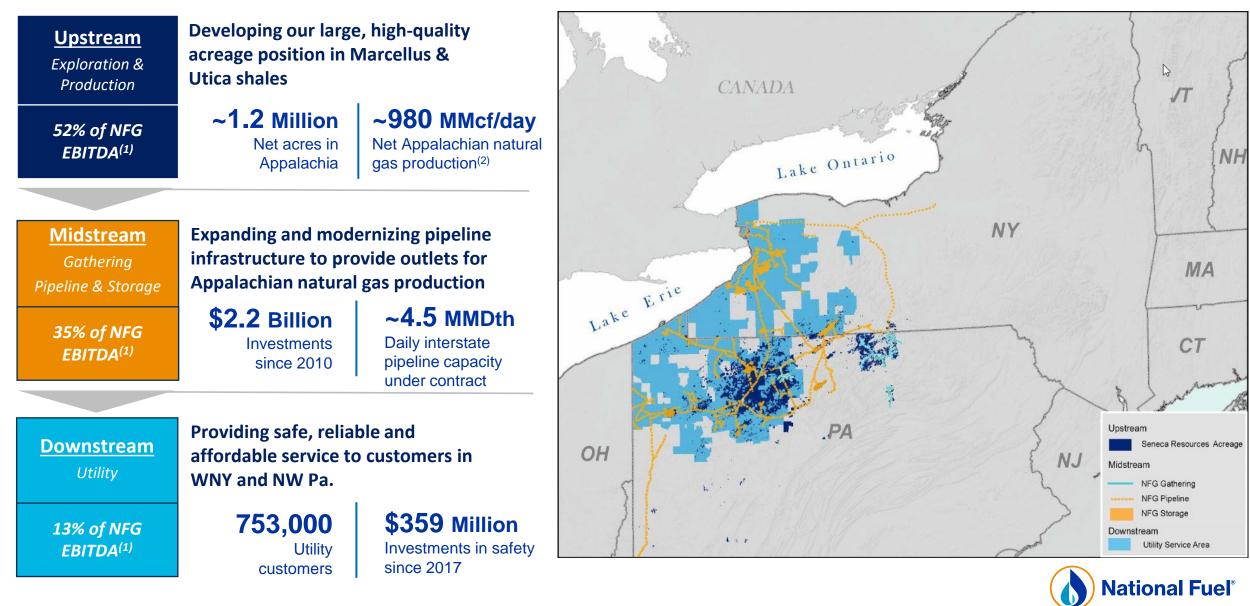


# Strategies for Acquiring Gas Equipment

NGA Fall Operations Conference October 2022

#### **National Fuel – Who We Are**



(1) Twelve months ended June 30, 2022.

(2) Average net Appalachian production for the three months ended June 30, 2022. Total net Seneca production for the three months ended June 30, 2022 MMcf/day.

Who We Really Are...



Who We Really Are...







#### Evan Crahen... C Something... Who's This Guy?

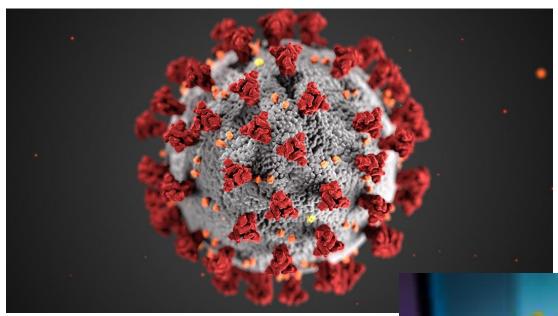


#### **Let's Get Started!**





#### **Where Things Began**



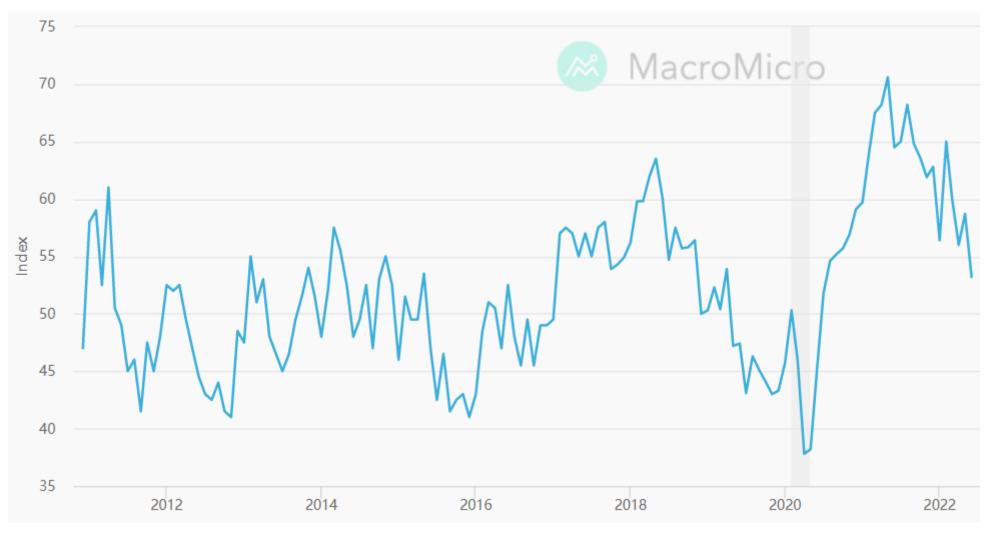






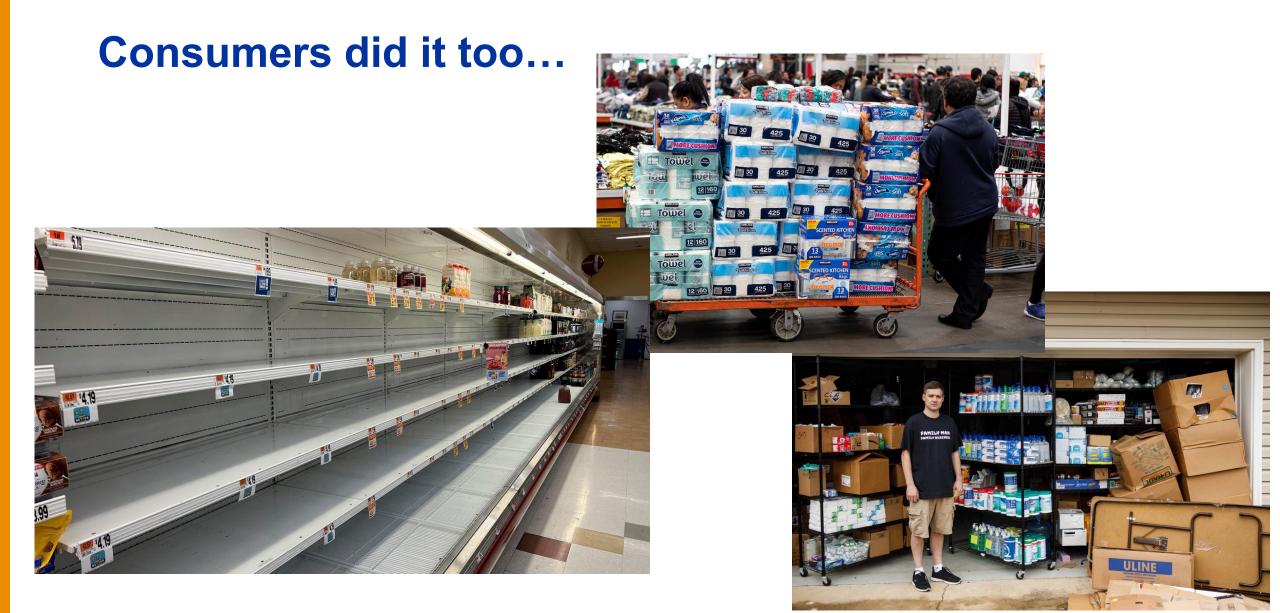


#### Supply Chain Response...





Source: United States Institute for Supply Management and MacroMicro market fundamentals. Note: The Backlog of Orders Index is a measurement of the "market average" open order quantity, which suppliers have not yet fulfilled.





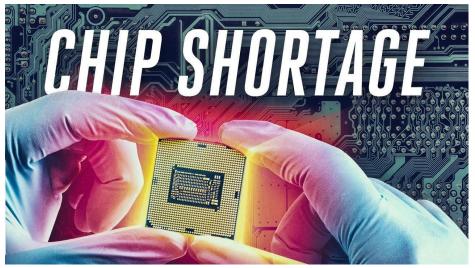
#### Labor Market Response...



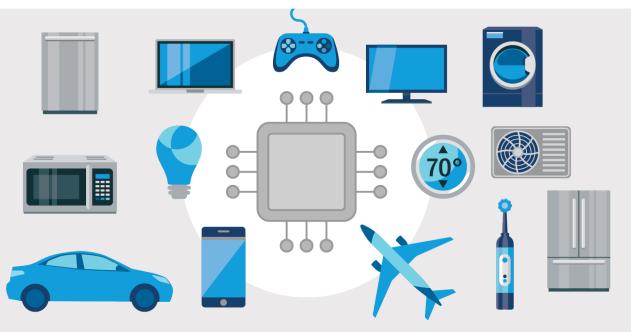


#### **Technology Impacted...**



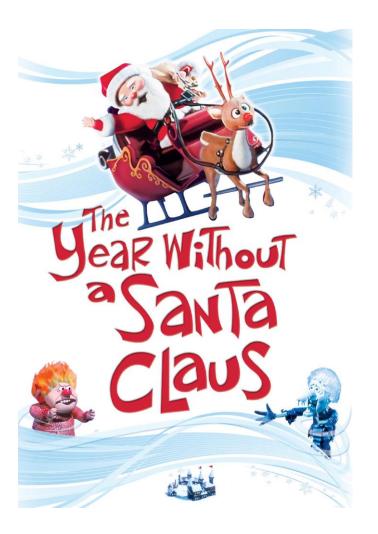


#### • A chip shortage impacts more than computers and smartphones





#### A Little Snow In Texas...











#### Meanwhile In China...

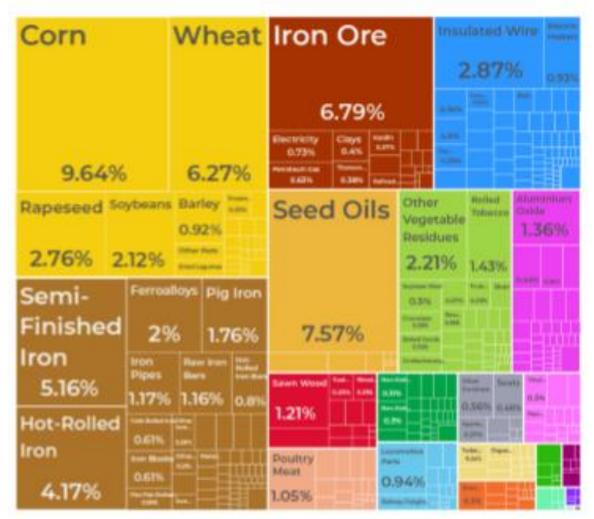


#### Meanwhile In Ukraine...



Russia's invasion of Ukraine (8 June 2022) Bryansk 80 km 0 0 40 mi BELARUS Homie Brest Pinsk Mazyr Voronezh Kursk Chernihiv **Rivnenska** Konotop Chornobylska POLAND RUSSIA Lutsk (Chernobyl) Rivne Sumy Belgorod Capital City/town Kharkiv Ternopil S Nuclear power plant (active) Poltava Cherkasy Khmelnytskyi Vinnytsia Nuclear power plant (decommissione) Sievierodo UKRAINE Ivano-Frankivsk Uzhhorod Kremenchuk Kramatorsk Russian-controlled location Uman Kropyvnytskyi Luhar Ukrainian-controlled Chernivtsi Dnipro Pavlohrad Horlivka location Russian-controlled Pivdenno-Ukrayinska Zaporizhzhia Donetsk territory gained since 24 February 2022 MOLDOVA Kryvyi Rih Russian-controlled Zaporizhska Chisinau territory as of Mykolaiy 24 February 2022 Mariupol Melitopol Nova Kakhovka Territory regained Tiraspol Berdyansk by Ukrainian forces Kherson Initial line of contact Odesa ROMANIA before 24 February 2022 Henichesk International boundary Claim, dispute, estimate or unilateral boundary Krasnodar Sevastopo Novorossivsk Source: External data sources data taken from IHS Markit CR/midstream content © 2022 IHS Markit. All rights reserved. Provided "as is", without any warranty. This map is not to be reproduced or dis authority on international boundaries which might be subject to unresolved claims by multiple jurisdictions. ed and is not to be used nor cited as evidence in connection with any territorial claim. IHS Markit is impartial and not (EDIN): 2006512

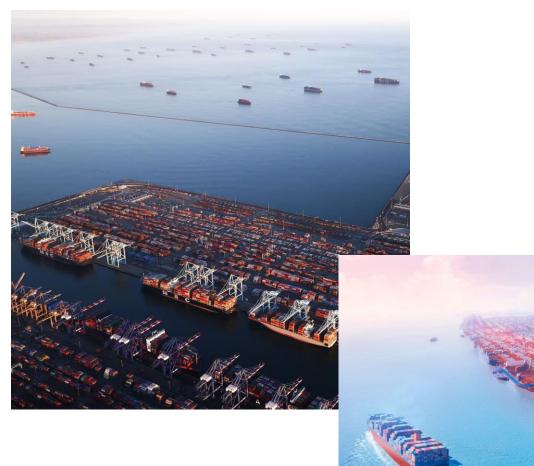
Ukraine





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#### Finally Made It Stateside...









#### Finally Made It Stateside...



### Fewer drivers: The trucking industry projects a shortage of more than 100,000 drivers by 2022

Annual sho	rtage	: 🔴 /	Actu	al 🔵	Proj	ecte	d	10	06,2	245
100,000										
80,000							_			a. 14
60,000								_	-	
40,000								-		
20,000	,000	D		-	-	-				
0'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22

SOURCE American Trucking Associations

George Petras/USA TODAY

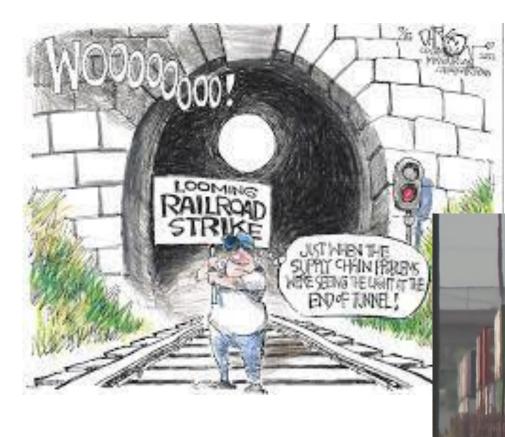


#### Have to fill the truck...





## Ship it by rail...





**Even inflation and price increases...** 



# Inflation rose 9.1% in June, even more than expected, as consumer pressures intensify



Inflation Soared in June, Pinching Consumers and Challenging Policymakers

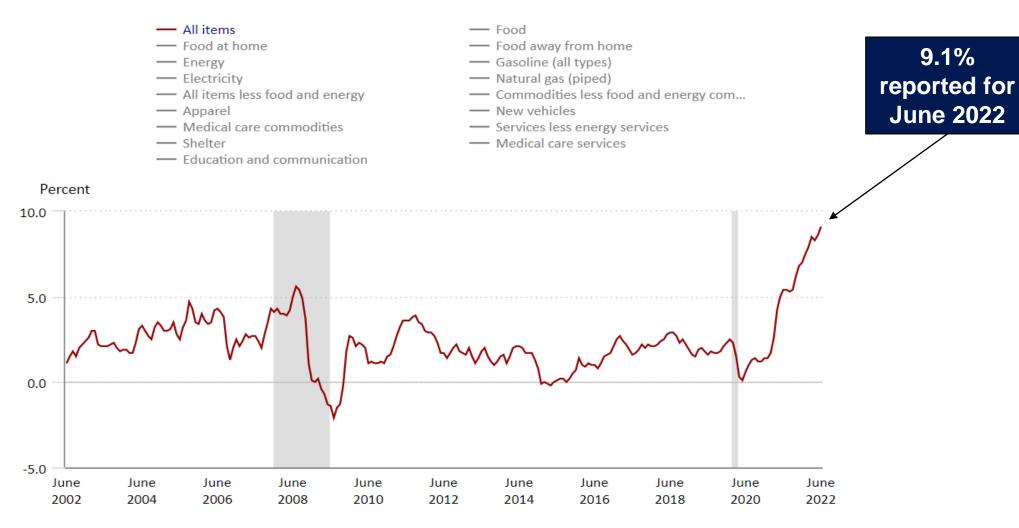
The New York Times

**'Very Bad': Ultra-Hot Inflation Print Sends** Markets Reeling Anew





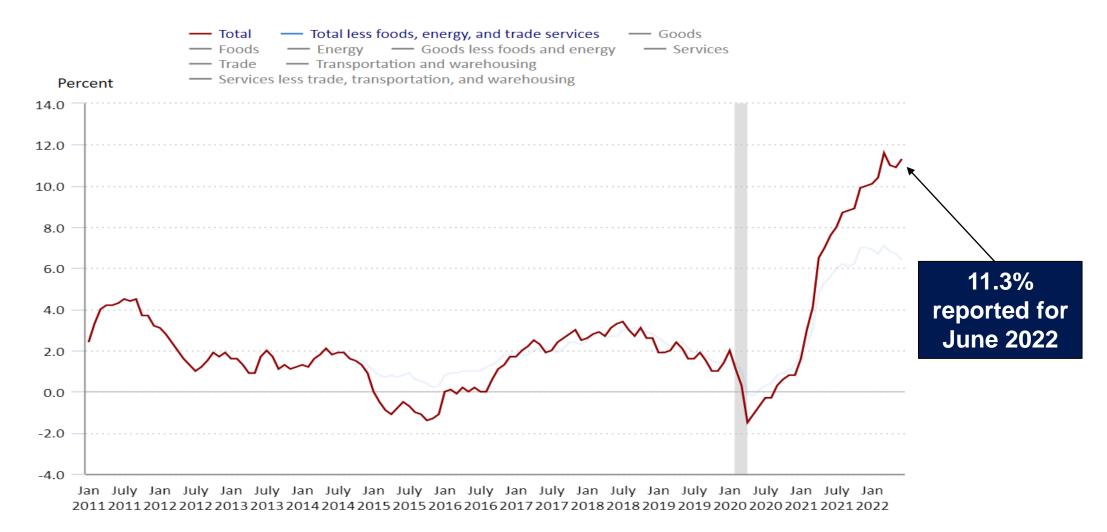
#### **Consumer Price Index % Change**





Source: United States Bureau of Labor Statistics Note: Shaded areas represents recession, as determined by the National Bureau of Economic Research

#### **Producer Price Index % Change**





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#### This is fine...

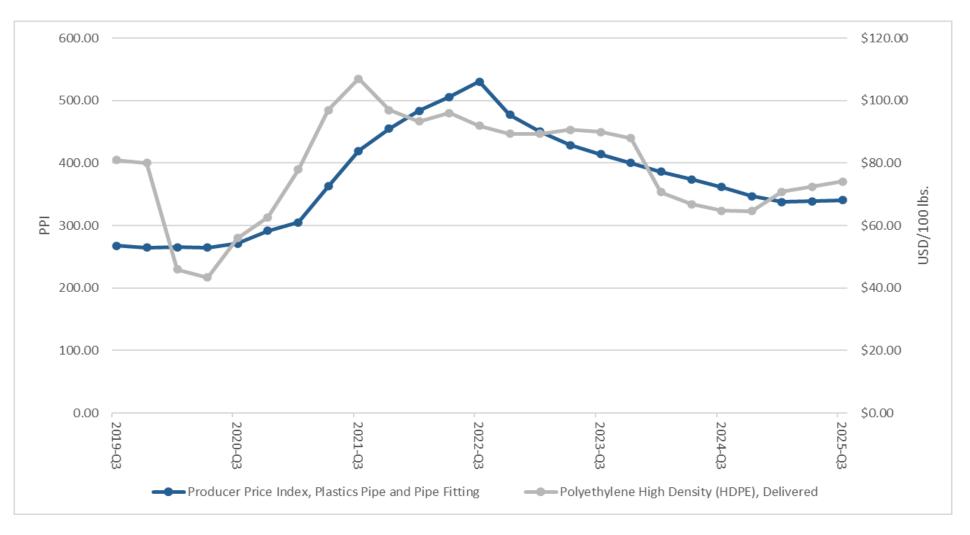




#### Thank your supply chain people....

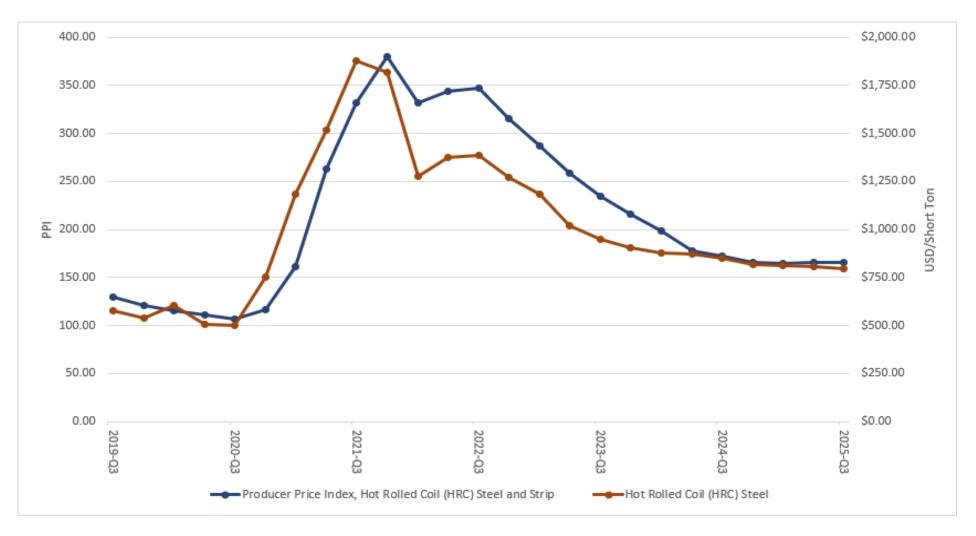


#### **Price Trends – Pipe and Fitting PPI vs. HDPE Price**



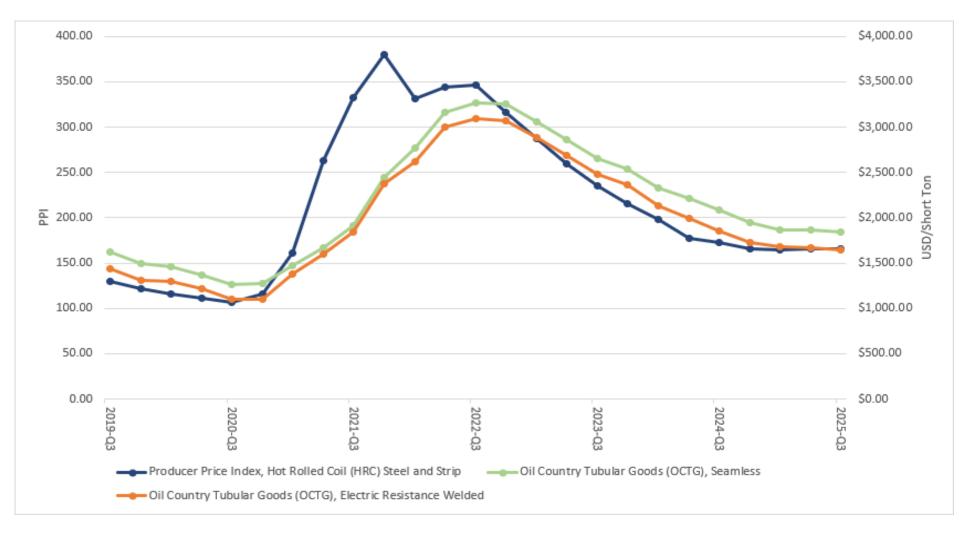


#### **Price Trends – HRC Steel PPI vs. HRC Price**



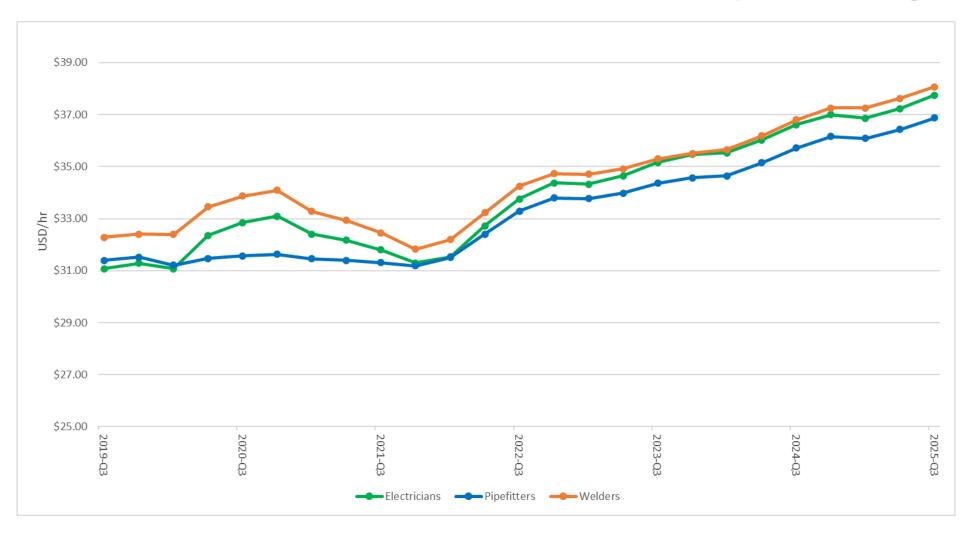


#### **Price Trends – HRC Steel PPI vs. Steel Pipe Price**



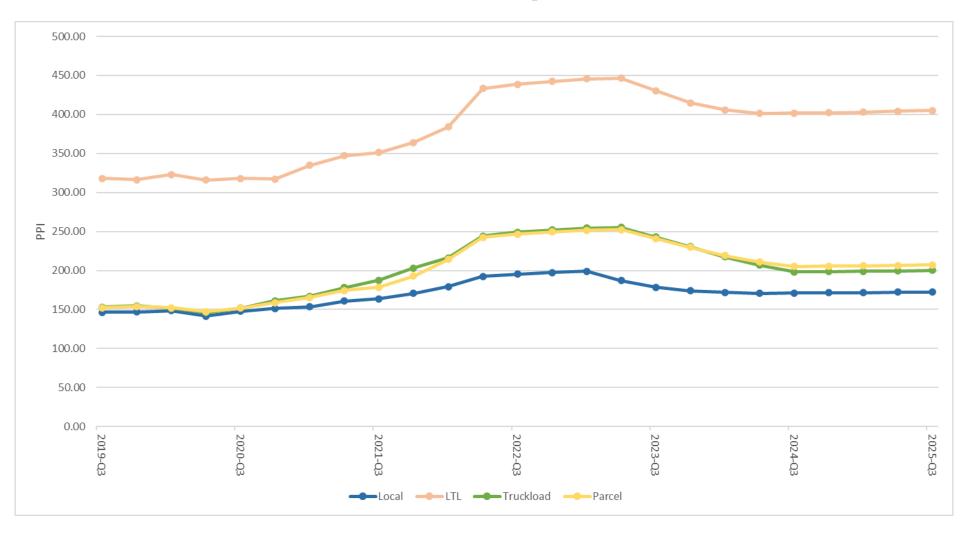


#### **Price Trends – Specialized Labor Hourly Earnings**



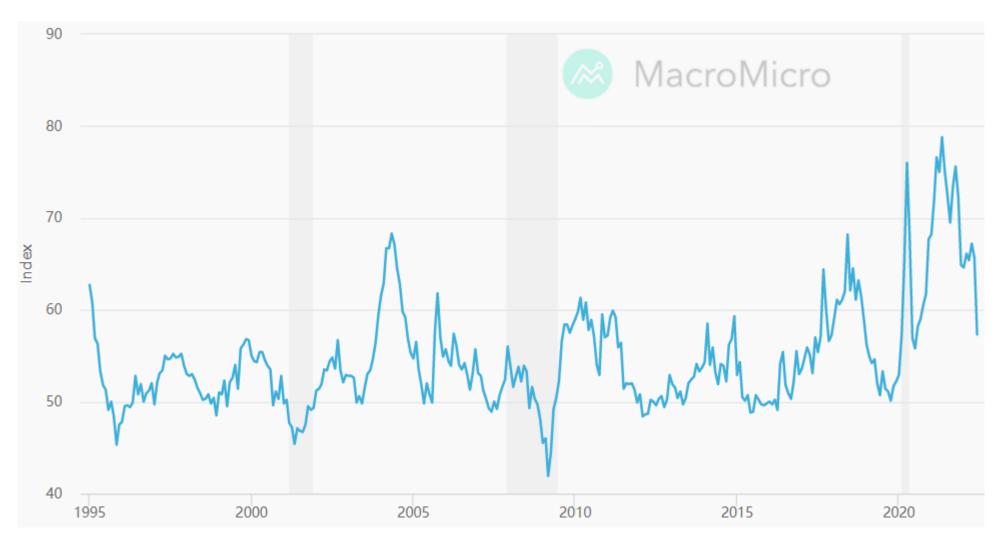


#### **Price Trends – Modes of Freight PPI**





#### **Supplier Dynamics – Deliveries Index**



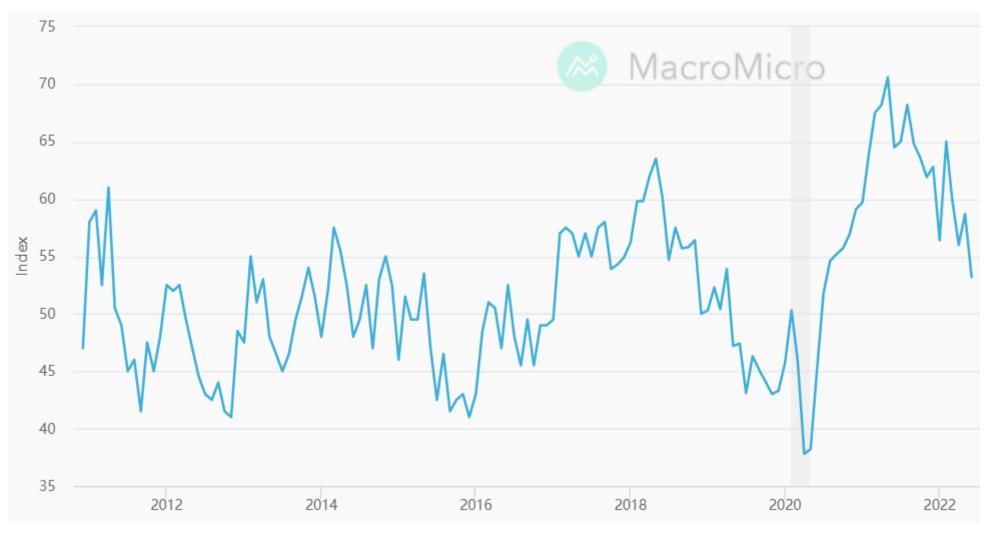


Source: United States Institute for Supply Management and MacroMicro market fundamentals.

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Note: The Supplier Deliveries Index is a measurement of the "market average" lead time for suppliers to deliver orders successfully.

#### **Supplier Dynamics – Backlog of Orders Index**

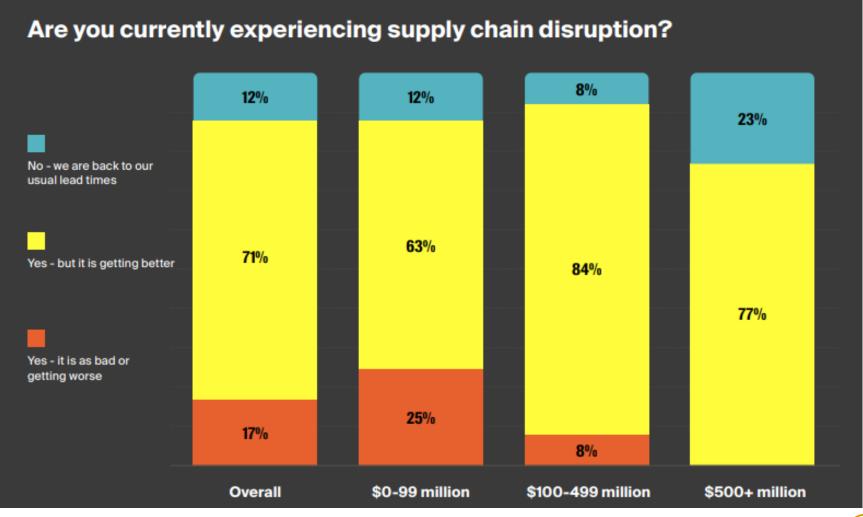




Source: United States Institute for Supply Management and MacroMicro market fundamentals.

Note: The Backlog of Orders Index is a measurement of the "market average" open order quantity, which suppliers have not yet fulfilled.

#### **Supplier Dynamics – Status of Supply Chain Disruption**





Source: 2022 Aptean Whitepaper Chain Reaction: How Manufacturing Supply Improvements Will Grow Customer Relationships

#### **Supplier Dynamics – Status of Supply Chain Disruption**

#### How have supply chain delays impacted your customer relationships?

We've extend lead times on product deliveries to customers	10%	20%	48	%	22%	
We've delayed orders to prioritize our highest-value customers	17%	29%		35%	18%	
We've been unable to meet our customer orders on time	14%	35%		35%	16%	
Customers reduced/canceled their orders because they were dissatisfied with us	24%	/0 3	<b>31%</b>	<b>28</b> %	18%	
We've cancelled orders to prioritize our highest-value customers	28	3%	27%	31%	15%	



#### **Supply Chain Strategy**

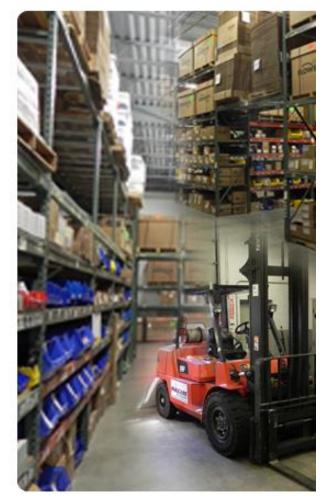


- Supplier relationships remain key to navigating the complexities of the current supply chain environment
- Industry engagement with the NGA, Buffalo Niagara Partnership, the NY/NJ and National Minority Supplier Development Councils, the Institute for Supply Management, AGA, and peer utilities is helping identify market trends and is providing opportunities for taking immediate action
- On-boarding new suppliers, growing supplier depth, re-sourcing orders, bidding, and negotiating price reductions/agreements remain core tenants of the Company's supply chain strategy



## **Supply Chain Strategy**

- Keeping an open line of communication with suppliers regarding outstanding orders aids in detecting potential issues and reducing lead times
- Sourcing orders in different geographic regions, with diverse suppliers, or with multiple suppliers allows access to material not otherwise available through traditional methods
- Daily monitoring of inventory levels and potential stock outs is reducing time delays and providing new opportunities to source more effectively
- Material planning and core inventory item identification is helping insulate against supply chain delays
- Breaking orders down into smaller increments and encouraging partial shipments is increasing material availability





#### **Supply Chain Strategy**



- Utilizing the warehouse, stockrooms, and other types of supplier-focused stocking arrangements is mitigating lead times and improving deliverability
  - Advance notifications of bill of materials (BOM) for upcoming projects alleviates strains, whether the BOM is bid directly, or if the material is sourced from warehousing stock
- Internal communication about high priority non-inventory orders prevents interruptions and provides advantageous strategic purchasing opportunities
- Establishing forums for internal communication, with support from and participation by senior management, is mission critical







# **Open Forum Discussion**