

Gulfport Energy Corp (GPOR)

University of Wisconsin–Milwaukee | Lubar College of Business | Investment Management Certificate Program

Analyst:

Blake Hansen

Recommendation:

BUY

As of:

10/04/2026

Value Fit

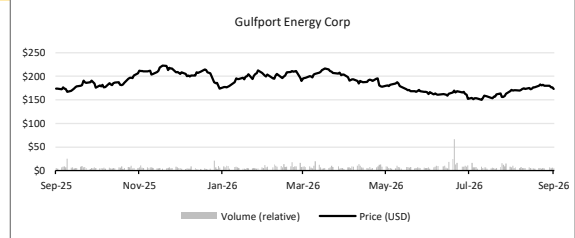
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Philosophy Fit

4 / 5

WISCONSIN VALUE FUND LENS — Maximize return by buying improving companies at reasonable valuations.

Performance level — ROIC (FY2026E) vs. ke	15.1% vs 7.8% → Above ke
Change in performance — ΔROIC	+0.3 pts, FY2026E vs FY2025A → Improving
Lifecycle phase	Phase III — highest expectations
Valuation gap — target vs. price	+29.3% → Price below our value



BUSINESS DESCRIPTION

Gulfport Energy Corp. is an independent oil natural gas exploration and production company. The firm focuses on the exploration, exploitation, acquisition and production of natural gas, liquids, and crude oil in the United States. Its principal producing properties are located along the Louisiana Gulf Coast. The company was founded in July 1997 and is headquartered in Oklahoma City, OK.

INVESTMENT THESIS

Gulfport is a low-cost Appalachian gas producer with peer-leading FCF yields, yet trades at ~3.3x–3.9x FY2 EV/EBITDA vs. ~4.9x–5.0x for gas peers. Deep inventory, aggressive buybacks and reserve conversion under new CEO Dell'Osso should close the gap.

MARKET SNAPSHOT

Current Price	\$173.25	Market Cap (\$B)	\$3.1	Beta	0.70
52-Week Range	\$150 – \$222	Inst. Ownership	107.5%	Insider Own.	2.5%
Shares Out. (mm)	18.2	Short Interest (% float)	5.9%	Dividend Yield	0.0%
Consensus L-T Growth		Payout Ratio	0.0%	Cost of Equity	7.8%
Price Target	\$224.00	Upside to Target	29.3%	Value Range	\$258 – \$417

VALUATION SUMMARY — equity DCF, FCFE discounted at ke

Method	Value / Share	Upside	Terminal Assumption
Equity DCF – terminal P/E	\$354.03	104.3%	14.0x P/E
Equity DCF – terminal P/S	\$257.52	48.6%	2.2x P/S
Equity DCF – terminal P/B	\$325.28	87.8%	1.4x P/B
Equity DCF – constant growth	\$416.92	140.6%	2.0% g, 7.8% ke
Average of methods	\$338.44	95.3%	Equal-weighted
Analyst price target	\$224.00	29.3%	Blue = analyst override

PHILOSOPHY FIT — Five pillars · Score: 4 / 5

		Fit?
1. Fundamental improvement & valuation discipline	ROIC 15.1% rising to 17.1% vs WACC 7.5%; price 0.51x value	Yes
2. Investing through company cycles	Phase III; EBIT margin 37.9% → 37.9%	Yes
3. Initial position sizing & risk limits	Initial position sized within fund limits; risk limits set at entry	No
4. Capital allocation discipline	Net debt/invested capital 29.4%; net debt/EBIT 1.6x	Yes
5. Identifiable catalysts & conservative underwriting	Three drivers, each with a monitor; equal-weighted FCFE valuation	Yes

VALUE CRITERIA — 10-Point Checklist · Score: 6 / 10

	Pass?
1. Catalyst / Investment Drivers	Yes
Driver 1 — Deep, Low-Cost Inventory	700+ gross undeveloped locations (>15 years of net inventory) at sub-\$2.50/MMBtu breakevens. 2026 land adds — the \$83mm Ohio state lease (~16 net wet-gas locations) and a \$140mm discretionary program (~40 net locations) — lift Utica net inventory >20% and extend the runway >2.5 years. Model ROIC 15.1% in FY2026E vs. ke of 7.8%.
Driver 2 — Peer-Leading FCF & Buybacks	Low reinvestment (~47% in 1Q26) supports 12%–14%+ adjusted FCF yields in 2026–27 vs. ~8%–9% for gassy peers. ~\$1.2bn repurchased since March 2022 (~8.6mm shares retired) with ~\$337mm authorization remaining; 5-year FCF could retire >60%–75% of market cap at \$3.50 gas. Model buybacks equal 24% of NOPAT in FY2026E.
Driver 3 — 2H26 Volume & Liquids Ramp	2H26 volumes are guided ~13% above 1H26 as wet-gas Utica and Marcellus pads turn in line, with liquids up >50% (>70% IRRs at \$70 WTI / \$3.50 gas). Drilling efficiency is up ~50% in Appalachia and ~25% in SCOOP; the Valerie pad's ~16,000-ft laterals cut \$/ft costs ~25%.
What does management say?	New CEO Nick Dell'Osso (ex-Expand Energy / Chesapeake) is focused on tighter planning, cycle-time cuts and capital efficiency — converting resource organically rather than overpaying for M&A — while holding net debt within a ~1.0x mid-cycle leverage framework (~0.8x at YE26).

2. Low P/E Ratio							Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
EPS (model)	\$67.50	-\$14.48	\$23.48	\$23.36	\$26.41	\$34.61	
P/E at current price	2.6x	-12.0x	7.4x	7.4x	6.6x	5.0x	
Peer median P/E (FactSet, subject excl.)	11.0x	FY2026E P/E vs. peer median		(33%)			
3. Low Price / Cash Flow							No
FCFE / share	\$5.36	\$12.06	\$18.07	\$6.41	\$24.56	\$19.53	
Price / FCFE	32.3x	14.4x	9.6x	27.0x	7.1x	8.9x	
Peer median P/CF (FactSet, subject excl.)	5.4x	Price / FCFE (today) vs. peer median		+76%			
4. Low Price / Book Value							No
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
Book value / share	\$115.94	\$94.81	\$100.68	\$117.78	\$115.72	\$139.42	
Price / Book	1.5x	1.8x	1.7x	1.5x	1.5x	1.2x	
ROE (EOY book)	58.2%	-15.3%	23.3%	19.8%	22.8%	17.1%	
Peer median P/B (FactSet, subject excl.)	1.3x	Price / book (today) vs. peer median		+29%			

Gulfport Energy Corp (GPOR) — Value Criteria, continued

5. Financial Soundness							Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
Total debt (\$mm)	682	709	789	869	859	881	
Net debt (\$mm)	680	707	787	872	886	926	
Total debt / equity (gross)	31.5%	41.4%	43.0%	40.5%	40.7%	40.2%	
Total debt / assets (gross)	20.5%	24.7%	26.0%	25.1%	25.3%	25.2%	
Net debt / invested capital	22.7%	28.0%	29.4%	28.7%	29.9%	30.3%	
Net debt / EBIT	2.8x	6.6x	1.6x	1.5x	1.5x	1.5x	
Tax rate	21.3%	Book equity (\$mm)		1,835			
6. Positive Earnings Dynamics							No
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
Sales growth	(54.9%)	(11.7%)	42.5%	16.3%	0.5%	5.5%	
EBIT margin	22.8%	11.5%	37.9%	37.9%	37.9%	37.9%	
EPS growth	225.7%	(121.5%)	(262.1%)	(0.5%)	13.1%	31.0%	
7. Business Strategy & Segment Mix							Yes
Strategy	FCF-first, low-reinvestment development of Utica/Marcellus core inventory, bolt-on acreage to extend the runway, and excess cash to buybacks — the mechanism behind Drivers 1 and 2.						
Segment / geography mix	Appalachia (Utica & Marcellus) ~85% of production; Oklahoma SCOOP ~15%						
8. Capable Management & Insider Ownership							?
Insider ownership	2.5%	Inst. ownership		107.5%	Buybacks, % of NOPAT (FY1E)		24.9%
Insider activity / governance	Recent net insider selling; insider ownership is only 2.5%, so alignment rests on comp design.						
9. Valuation — Value Creation (ROIC vs. ke)							Yes
ROIC (FY1E)	15.1%	Cost of equity (ke)		7.8%	EVA spread (ROIC – ke)		7.3%
Price target / upside	\$224.00	29.3%		Value / share range (low–high)		\$258 – \$417	
10. Uses of Capital — allocation discipline							Yes
Reinvestment 81% of NOPAT, dividends + buybacks 25% in FY2026E; no dividend and no large M&A — full detail in the Uses of Capital table below.							
VALUE FIT SCORE — criteria met							6 / 10

FINANCIAL SUMMARY (\$mm except per share)							
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	CAGR 2023–2028
Sales	1,051	929	1,324	1,540	1,547	1,633	9.2%
Gross margin	26.4%	16.1%	41.1%	41.1%	41.1%	41.1%	
EBIT	239	107	501	583	586	618	20.9%
Net income	1,259	-261	428	426	481	631	(12.9%)
EPS (basic)	\$67.50	-\$14.48	\$23.48	\$23.36	\$26.41	\$34.61	(12.5%)
Dividend / share	\$0.26	\$0.23	\$0.09	\$0.09	\$0.10	\$0.14	
FCFE / share	\$5.36	\$12.06	\$18.07	\$6.41	\$24.56	\$19.53	29.5%
Invested capital	2,990	2,531	2,672	3,040	2,968	3,052	0.4%
ROIC	12.5%	3.5%	14.8%	15.1%	15.4%	15.7%	
NOPAT margin	35.4%	9.5%	29.8%	29.8%	29.8%	29.8%	
Sales / NWC	16.59x	-8.43x	-11.29x	-11.29x	-11.29x	-11.29x	
Sales / NFA	0.36x	0.35x	0.47x	0.48x	0.49x	0.50x	
Sales / invested capital (ex cash)	0.35x	0.37x	0.50x	0.51x	0.52x	0.53x	

USES OF CAPITAL — full range, as % of cash generated (NOPAT)							
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	Avg 2023–2028
NOPAT before reinvestment (\$mm)	372	88	395	459	461	487	
Uses, as % of NOPAT							
CapEx & acreage (Δ NFA)	211.5%	(323.9%)	37.5%	85.3%	(10.2%)	22.3%	3.7%
Working capital (Δ NWC)	144.2%	(197.1%)	(1.8%)	(4.2%)	(0.1%)	(1.6%)	(10.1%)
Dividends	1.3%	4.8%	0.4%	0.4%	0.4%	0.5%	1.3%
Share buybacks	(21.3%)	209.8%	76.7%	24.5%	112.0%	111.3%	85.5%
Debt repaid (neg. = borrowing)	10.5%	(31.0%)	(20.2%)	(17.5%)	2.1%	(4.6%)	(10.1%)
Cash & securities build	(24.9%)	(0.5%)	0.1%	(1.1%)	(5.1%)	(3.5%)	(5.9%)
Interest & other (residual)	(221.3%)	437.9%	7.3%	12.6%	1.0%	(24.5%)	35.5%
Total uses of capital	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Discipline — reinvestment, % of NOPAT	355.7%	(521.0%)	35.7%	81.1%	(10.4%)	20.7%	(6.4%)
Dividends + buybacks, % of NOPAT	(20.0%)	214.6%	77.1%	24.9%	112.4%	111.8%	86.8%

Framework: the full range of capital allocation — CapEx/R&D/brand, dividends, buybacks, cash and debt. Cautious at the top of the cycle; invest for the future at the bottom, without over-levering. Total ties to 100% by construction, with interest and unallocated items in the residual.

COMPS OVERVIEW (current multiples, FactSet)						
Ticker	Company	P/E	P/S	P/B	P/CF	EV/EBIT
EQT	EQT Corporation	12.5x	3.6x	1.3x	5.4x	14.9x
EXE	Expand Energy Corporation	8.2x	1.8x	1.1x	4.0x	15.0x
AR	Antero Resources Corporation	11.0x	2.0x	1.4x	6.0x	12.9x
RRC	Range Resources Corporation	11.4x	3.0x	2.0x	7.2x	11.6x
CNX	CNX Resources Corporation	6.0x	2.5x	1.1x	5.1x	10.5x
CTRA	Coterra Energy Inc.					11.3x
Median	Peer median (subject excluded)	11.0x	2.5x	1.3x	5.4x	12.2x
GPOR	Subject, at current price	7.4x	2.4x	1.7x	9.6x	7.9x
Premium / (discount) to peer median		(33%)	(4%)	+29%	+76%	(36%)

Peer set from AutoTearSheet-5PageID4:DI9. Median is of peers only and excludes blanks.

KEY RISKS

- 2027 gas 'air pocket' — ~5.3 Bcf/d of new Permian takeaway (Blackcomb, Hugh Brinson), LNG start-up gaps and Super El Niño weather risk could pressure Henry Hub and TETCO M2/M3 realizations; the model's 0.5% FY2027E revenue growth leaves little cushion. Watch the 2027 strip and basis.
 - Reserve life and scale discount — ~11.2-year proved reserve life (vs. 13.3-year peer average; RRC 21, CNX 15.7), SMID-cap liquidity and a potential former-creditor equity overhang could keep the multiple discount in place. Watch reserve conversion and block sales.
 - Execution and leverage friction — front-loaded capex, land and buybacks lift net debt to ~\$929mm in 2H26; well underperformance, service-cost inflation or Appalachian regulatory/egress limits would hit FCF when prompt gas is weak. Model net debt/EBIT is 1.5x in FY2026E.
- Exit discipline — exit if TTM ROIC falls two consecutive quarters, if net debt/EBITDA moves above management's ~1.0x mid-cycle ceiling, or if the position breaches the fund's drawdown limit.

Sources: model outputs linked to Auto-FinandValInfo and AutoTearSheet-5Page (FactSet). Information for educational purposes only. Not a recommendation to buy or sell any security.