Financial Review of the Global Oil and Natural Gas Industry: First-Quarter 2021

Petroleum and Liquid Fuels Markets Team

July 2021
Key findings for first-quarter 2021 (1Q21)

• Brent crude oil daily average prices were 21% higher in 1Q21 than in 1Q20 and averaged $61 per barrel.

• In this study of 91 companies, the combined petroleum liquids production decreased 11.4% in 1Q21 from 1Q20, and natural gas production decreased 4.2% during the same period.

• Several acquisitions and company dissolutions in 2020 reduced the total number of companies in this study from 100 in 3Q20 (the latest quarterly analysis published) to 91 in 1Q21.

• Capital expenditure in 1Q21 was $48 billion, 28% lower than in 1Q20 and the second lowest amount for any quarter since 2016.

Note: The 91 companies analyzed in this study publish publicly available financial statements. A full list of the companies included and a glossary of terms begin on slide 20.
Most company headquarters included in our study were located in the United States.

**geographic distribution of global oil and natural gas company headquarters, first-quarter 2021**

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Companies</th>
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</thead>
<tbody>
<tr>
<td>United States</td>
<td>54</td>
</tr>
<tr>
<td>Canada</td>
<td>17</td>
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<tr>
<td>Europe</td>
<td>10</td>
</tr>
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<td>Other</td>
<td>10</td>
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Source: Graph by U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

Note: *Other* includes Argentina, Brazil, Chile, China, Colombia, and Russia.
About 45% of companies we included produced less than 50,000 barrels per day in first-quarter 2021

distribution of companies by volume of petroleum liquids produced, first-quarter 2021

number of companies

Source: Graph by U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements
Production from the oil and natural gas companies remained lower than quarterly average 2019 production in first-quarter 2021

petroleum liquids and natural gas production, 2016–21
million barrels of oil equivalent per day

Source: Graph by U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements
Petroleum liquids and natural gas production decreased from first-quarter 2020 to first-quarter 2021

**petroleum liquids and natural gas production, 2017–20**
year-over-year change

Source: Graph by U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements
First-quarter 2021 crude oil prices were 21% higher than first-quarter 2020, and natural gas prices increased 46% during the same period.
Cash from operations in first-quarter 2021 totaled $79 billion, 19% higher than in first-quarter 2020

cash from operations, 2017–21
billion dollars

Source: Graph by U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements
Capital expenditure in first-quarter 2021 totaled $48 billion, 28% lower than in first-quarter 2020

Source: Graph by U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements
About 76% of companies had positive free cash flow, and 75% of companies reported positive upstream earnings in first-quarter 2021.

Source: Graph by U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements.

Note: free cash flow = cash from operations minus capital expenditures.
Capital expenditures were significantly lower than the five-year average in first-quarter 2021, and companies also repaid debt

Sources and uses of cash

Billion dollars

Sources of cash:
- Net cash from operations
- Net share issuance
- Net change in debt
- Dividends
- Net change in cash

Uses of cash:
- Capital expenditures
- Net asset sales

Source: Graph by U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements.
The companies decreased debt by $16 billion in first-quarter 2021, and the long-term debt-to-equity ratio decreased to 54%.

Source: Graph by U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements.
As of first-quarter 2021, the long-term debt-to-equity ratio for energy companies was 54% and for U.S. manufacturing companies was 64%.

Source: Graph by U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements and U.S. Census Bureau.
The energy companies’ combined market capitalization in first-quarter 2021 increased 42% from first-quarter 2020

combined market capitalization, 2016–21
billion dollars

Source: Graph by U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements
The energy companies’ return on equity was -4% in first-quarter 2021.
The return on equity for energy companies remained lower than U.S. manufacturing company returns

four-quarter return on equity, 2017–21

percentage

-15% -10% -5% 0% 5% 10% 15% 20%

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<th>Q1</th>
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<th>Q4</th>
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Source: Graph by U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements and U.S. Census Bureau
Upstream capital expenditures on a per-barrel basis averaged $8/BOE in first-quarter 2021.

**Graph:**

- **Title:** Upstream capital expenditure per BOE produced, 2017–21
- **Subtitle:** Dollars per BOE, four-quarter moving average

The graph shows the trend of upstream capital expenditures per BOE produced from 2017 to 2021, with a four-quarter moving average.

**Source:** Graph by U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements.

**Note:** BOE = barrel of oil equivalent.
Upstream capital expenditures per barrel of oil equivalent were 18% of crude oil prices in first-quarter 2021

ratio of upstream capital expenditure per BOE to Brent price, 2016–21
percentage

Source: Graph by U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements
Note: BOE=barrel of oil equivalent
Crude oil prices increased year over year through second-quarter 2021, indicating increases in cash from operations and capital expenditure on cash flow items and Brent prices, 2016–21

cash from operations and capital expenditure comparison

Source: Graph by U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements and Bloomberg
## Appendix: List of companies

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Source: U.S. Energy Information Administration, Evaluate Energy

Note: Some companies merged, closed, or delisted before 2021. A total of 91 companies existed in first-quarter 2021.
Background

• This analysis focuses on the financial and operating trends of 91 global oil and natural gas companies (called the energy companies).

• The data come from the public financial statements each company publishes, which a data service (Evaluate Energy) aggregates for ease of data analysis.

• We kept an energy company’s data in the analysis if it was acquired by another company in the group after first-quarter 2016.

• We collected U.S. manufacturing industry data from the U.S. Census Bureau’s Quarterly Financial Report.
Brief description of terms

• **Cash from operations** is a measure of income from the company’s regular business activities.

• **Capital expenditure** represents cash used to purchase property, plant, and equipment.

• **Financing activities** measure inflows and outflows in debt or equity markets, including dividends, share issuances or repurchases, and debt issuances or repayments.

• **Return on equity** is a measure of the profit a company earns on money that shareholders have invested.

• **Market capitalization** is the total value of all of a company’s outstanding, publicly traded shares.
Brief description of terms

• *Net income* represents profits after taxes and depreciation.

• *Asset impairments* occur when a company lowers the estimated value of a property to reflect current market value, which may result from the loss of production potential or a decline in oil prices.

• *Upstream activities* refers to crude oil exploration, production, and other operations that occur before refining.

• *Downstream activities* refers to refinery operations, product sales, and marketing at the wholesale and retail levels.