

Financial Review of the Global Oil and Natural Gas Industry: First-Quarter 2022



Petroleum and Liquid Fuels Markets Team

July 2022

Key findings for first-quarter 2022 (1Q22)

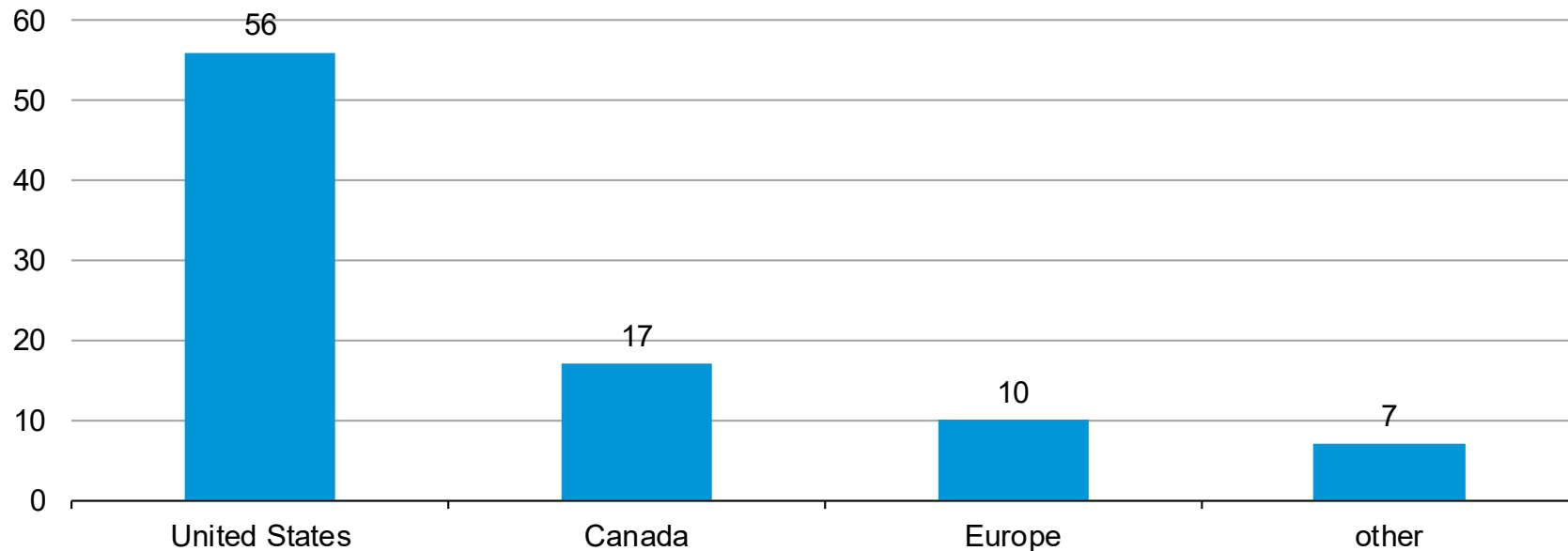
- Brent crude oil daily average prices were 60% higher in 1Q22 than in 1Q21 and averaged \$98 per barrel.
- In this study of 90 companies, the combined petroleum liquids production level increased less than 1% in 1Q22 from 1Q21, and natural gas production increased 3% during the same period.
- Distributions to shareholders via dividends and share repurchases reached \$32 billion on a four-quarter average basis ending in 1Q22, the highest in the 2017–22 period.
- Net losses from hedging derivatives were \$25 billion in 1Q22, the largest loss for any quarter in the 2017–22 period.

Note: The 90 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 21. Russian firms previously included in this analysis were removed because their 1Q22 financial statements were unavailable.

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 2022

number of companies



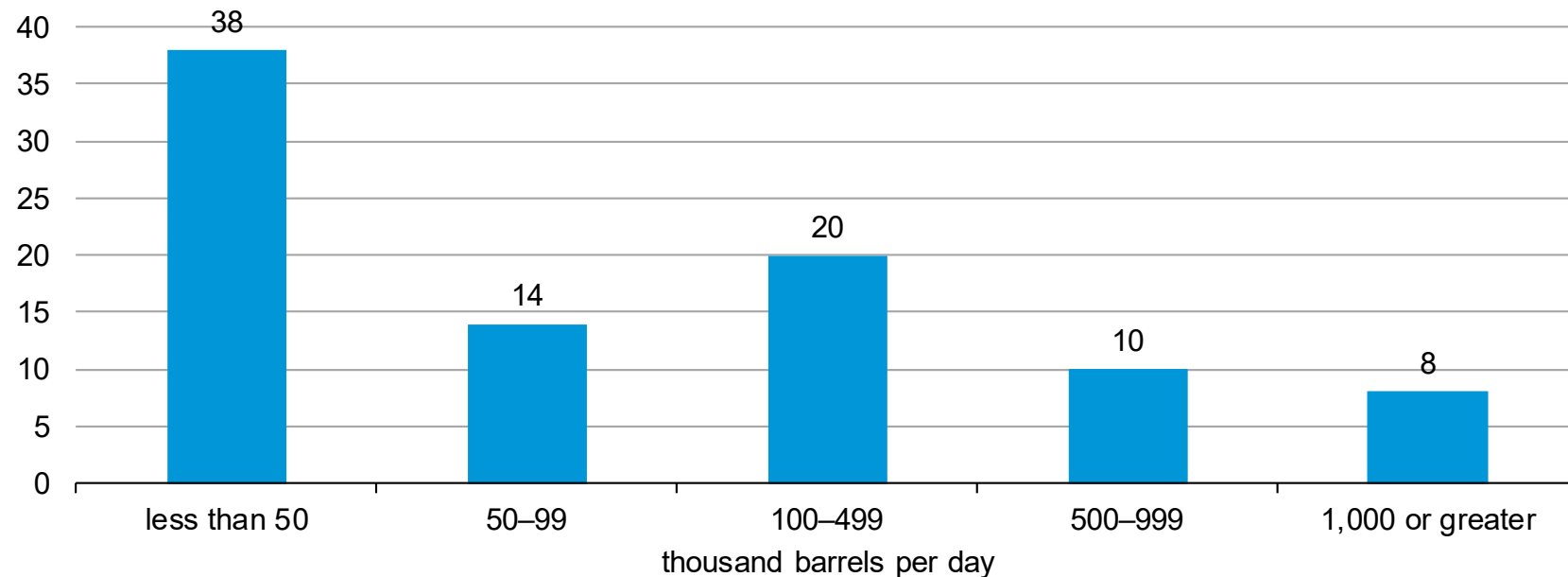
Data source: Evaluate Energy

Note: *Other* includes Argentina, Australia, Brazil, Chile, China, and Colombia.

About 40% of the companies we included produced less than 50,000 barrels per day in first-quarter 2022

distribution of companies by volume of petroleum liquids produced, first-quarter 2022

number of companies

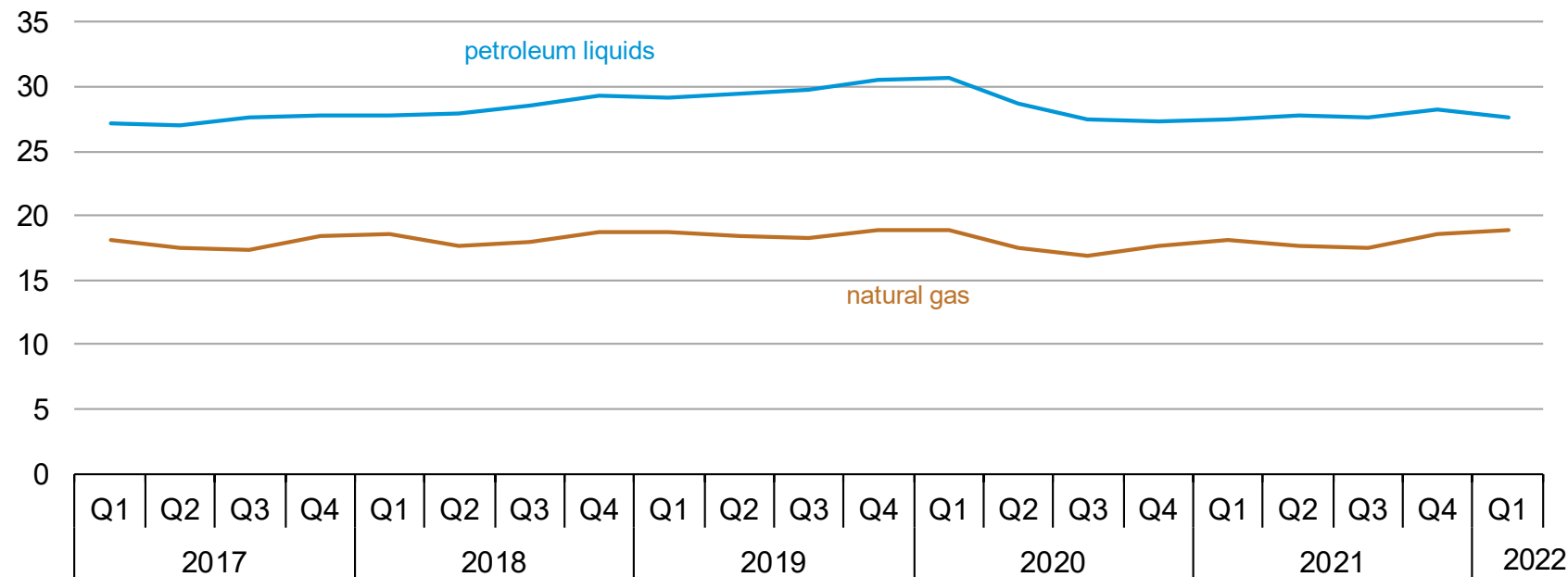


Data source: Evaluate Energy

Petroleum liquid production in the first quarter remained below the 2019 average and natural gas production was above the 2019 average

petroleum liquids and natural gas production, 2017–22

million barrels of oil equivalent per day

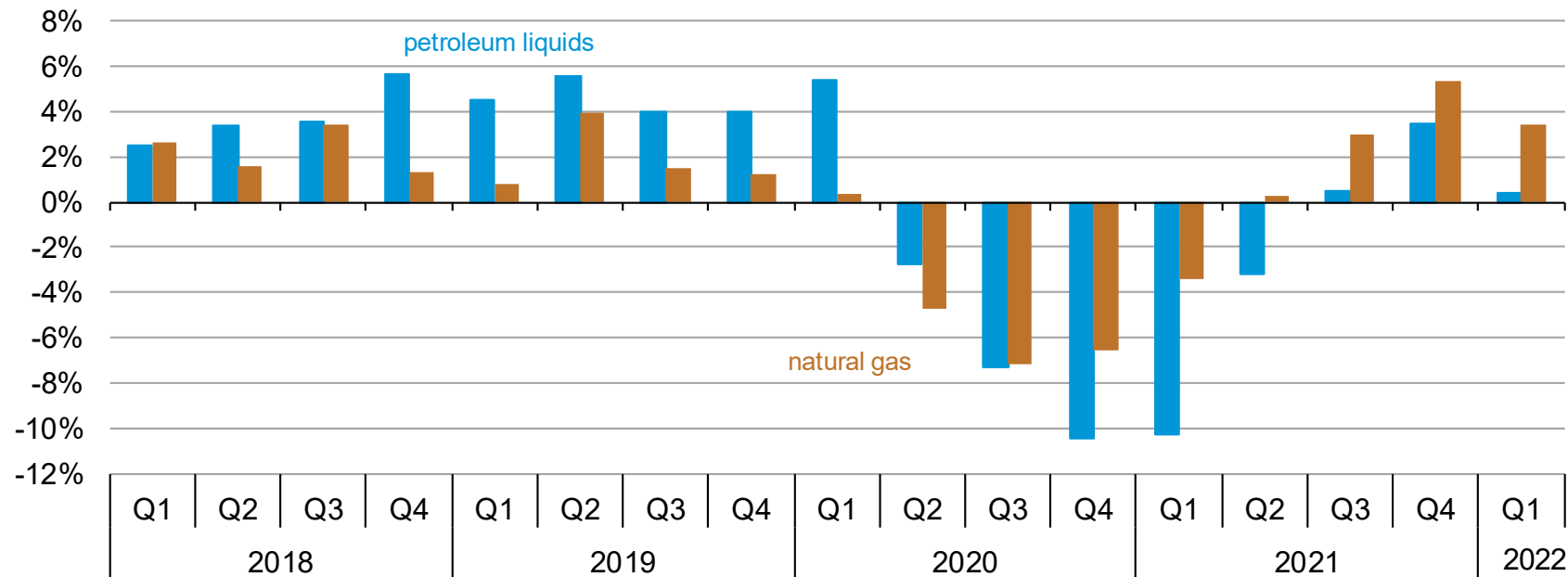


Data source: Evaluate Energy

Petroleum liquids and natural gas production increased from first-quarter 2021 to first-quarter 2022

petroleum liquids and natural gas production, 2018–22

year-over-year change



Data source: Evaluate Energy

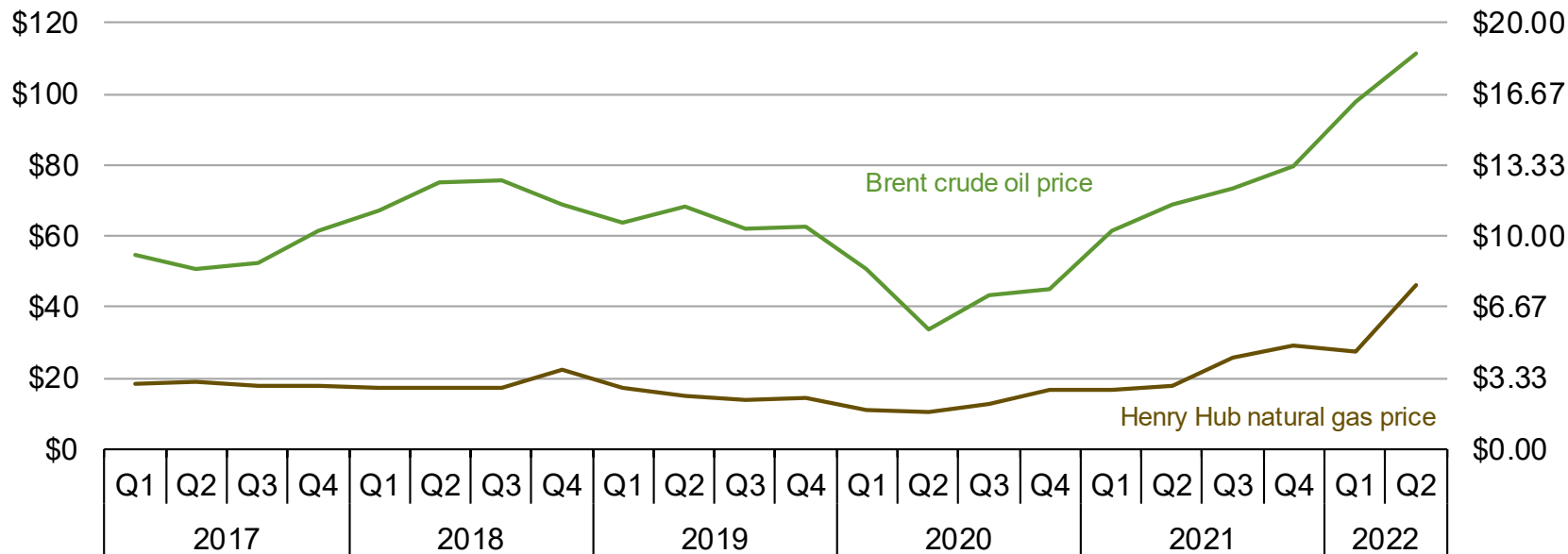
First-quarter 2022 crude oil prices were 60% higher than in first-quarter 2021, and natural gas prices were 69% higher during the same period

Brent crude oil front-month futures prices, 2017–22

dollars per barrel (b)

Henry Hub natural gas front-month futures prices, 2017–22

dollars per million British thermal units

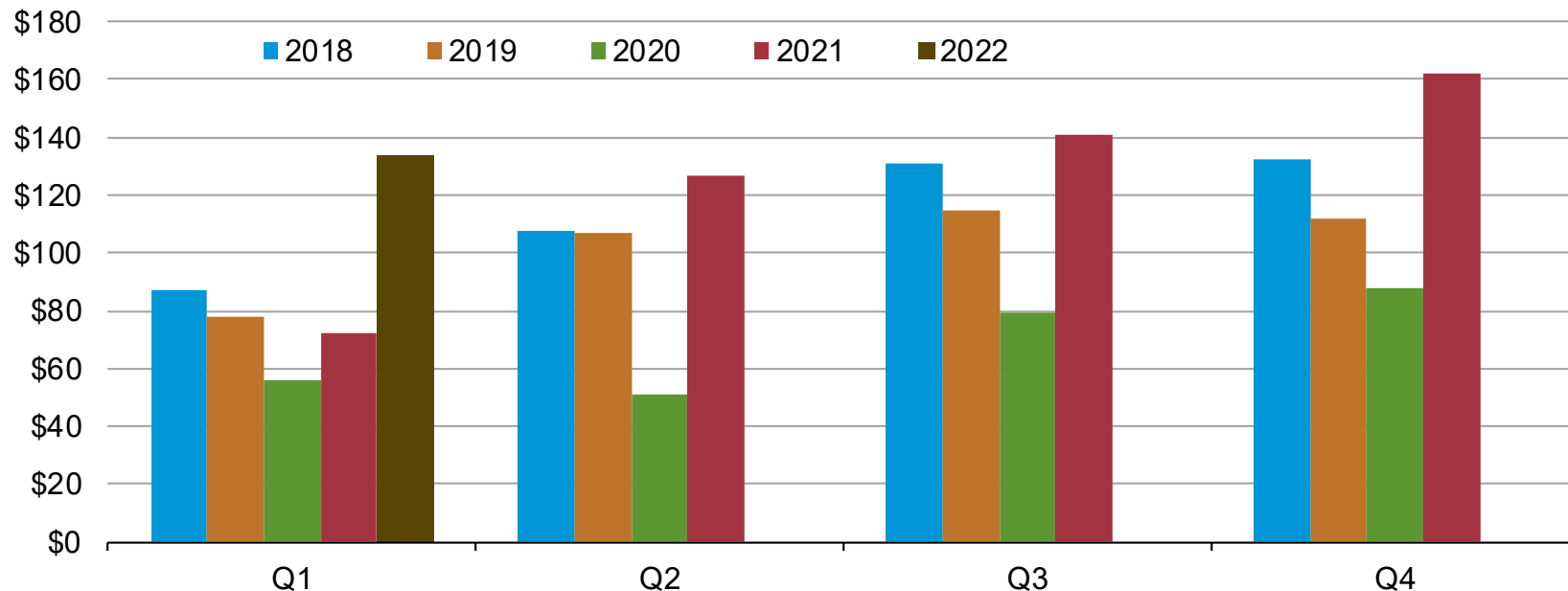


Data source: Bloomberg L.P.

Cash from operations in first-quarter 2022 totaled \$134 billion, 86% higher than in first-quarter 2021

cash from operations, 2018–22

billion dollars

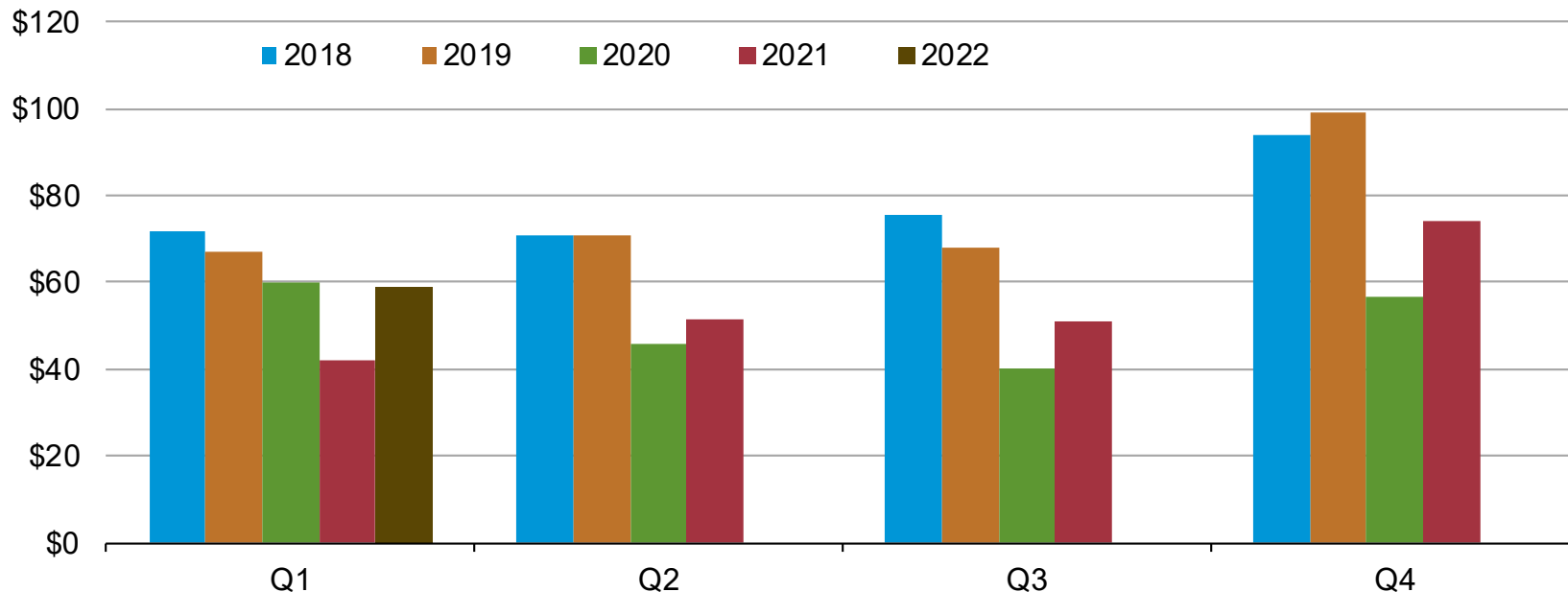


Data source: Evaluate Energy

Capital expenditure in first-quarter 2022 totaled \$59 billion, 40% higher than in first-quarter 2021

capital expenditure, 2018–22

billion dollars

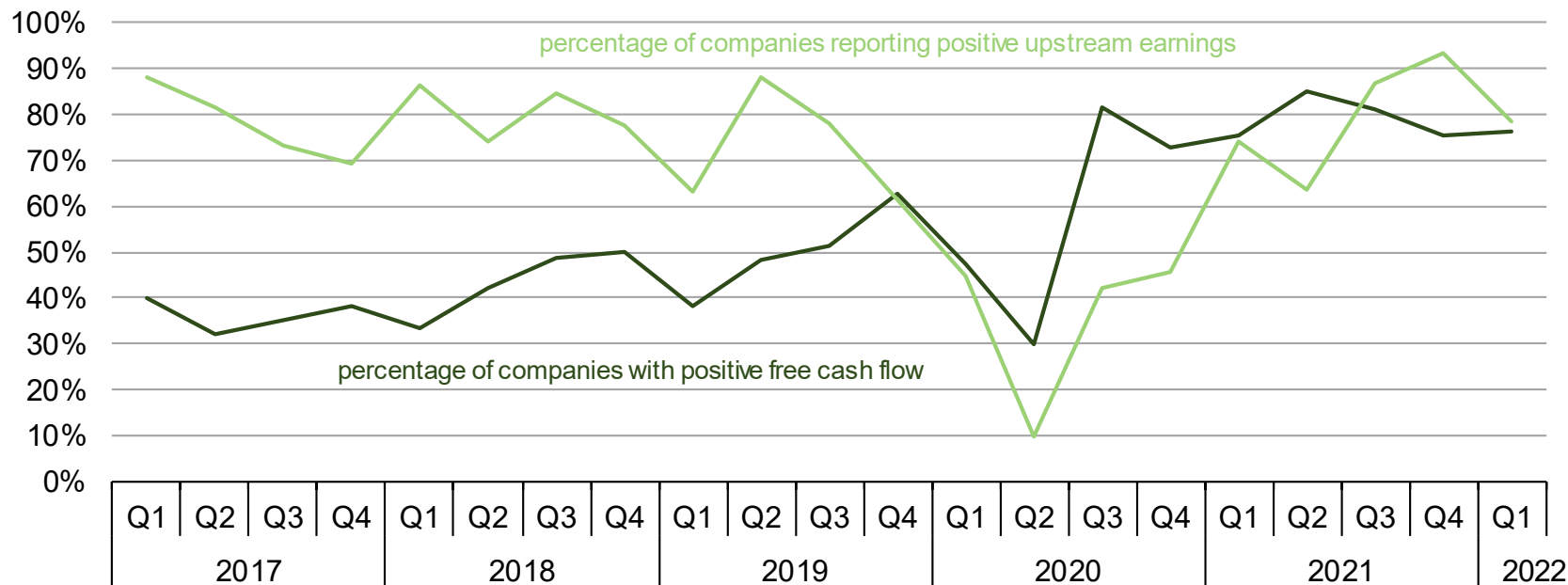


Data source: Evaluate Energy

About 76% of companies had positive free cash flow, and 79% of companies reported positive upstream earnings in first-quarter 2022

percentage of companies with positive free cash flow and with positive upstream earnings, 2017–22

percentage



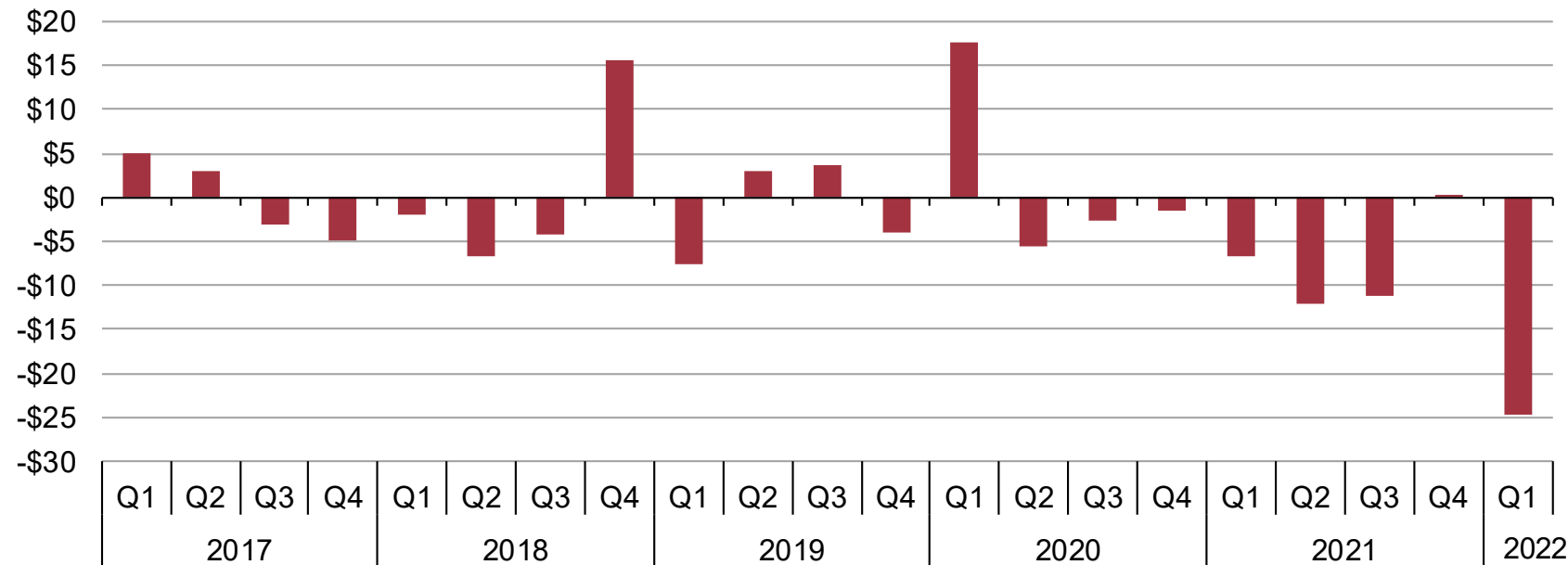
Data source: Evaluate Energy

Note: free cash flow = cash from operations minus capital expenditures

Net losses from hedging derivatives were \$25 billion in first-quarter 2022, the most for any quarter in the 2017–22 period

net gain or loss from hedging derivatives, 2017–22

billion dollars



Data source: Evaluate Energy

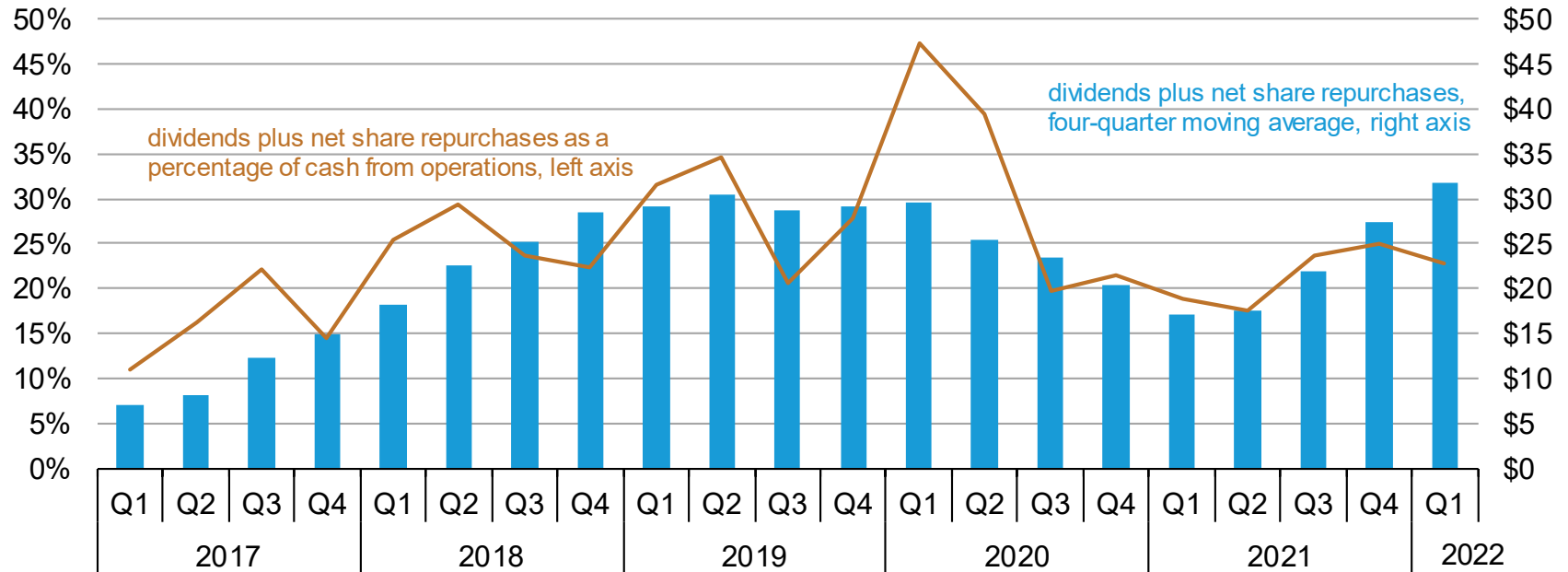
Note: Includes realized and unrealized gain or loss.

Distributions to shareholders via dividends and share repurchases reached \$32 billion, the highest four-quarter average in the 2017–22 period

dividends and net share repurchases, four-quarter moving average, 2017–22

percentage of cash from operations

billion dollars



Data source: Evaluate Energy

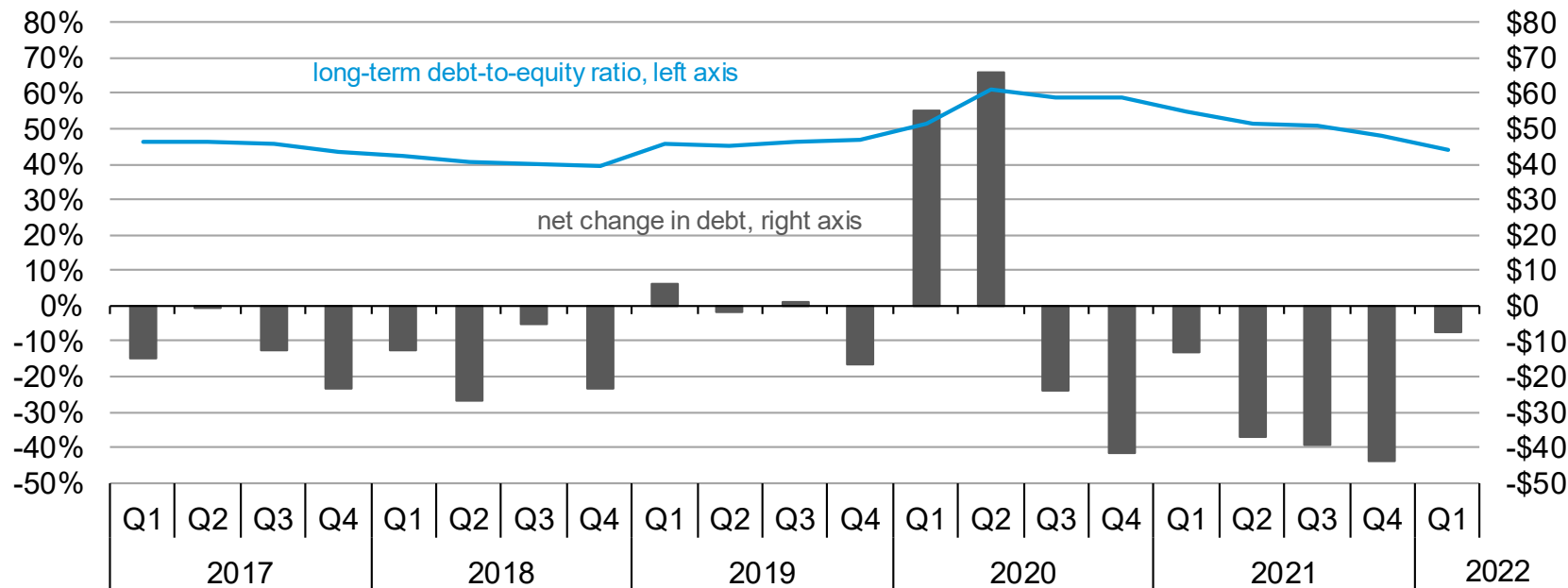
The companies decreased debt by \$7 billion in first-quarter 2022, and the long-term debt-to-equity ratio decreased to 44%

long-term debt-to-equity ratio, 2017–22

net change in debt, 2017–22

percentage

billion dollars

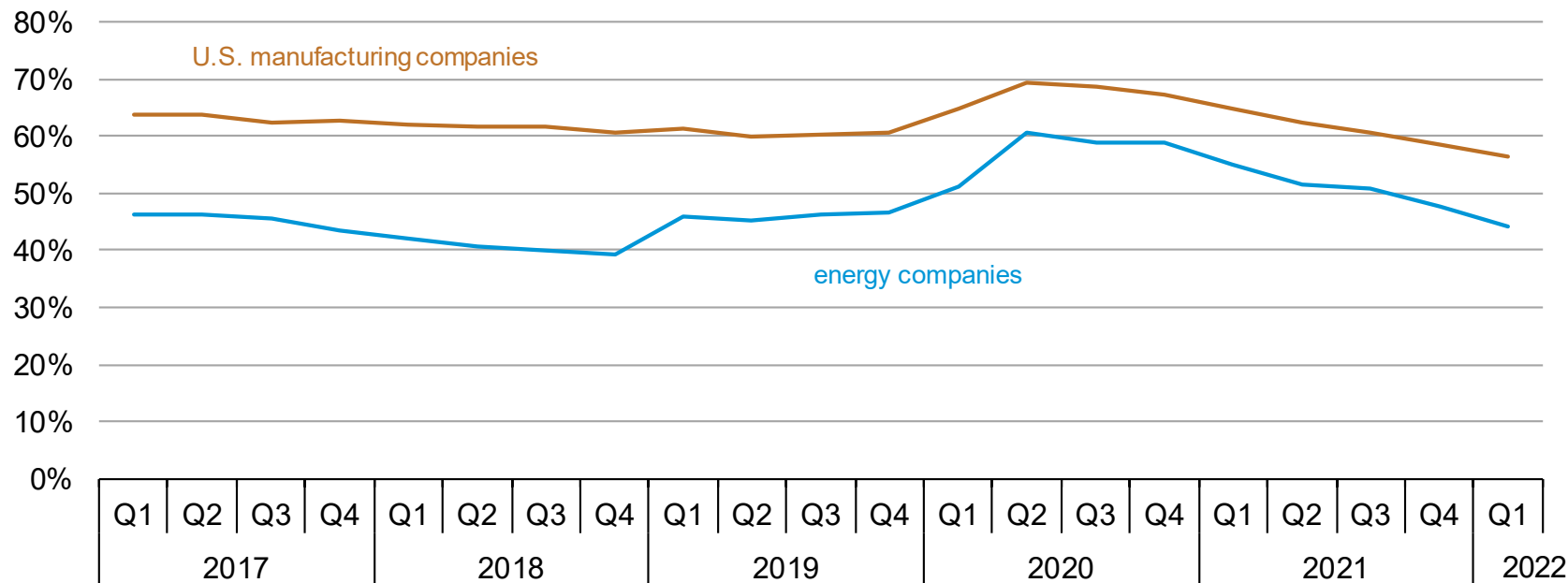


Data source: Evaluate Energy

In first-quarter 2022, the long-term debt-to-equity ratio was 44% for energy companies and 57% for U.S. manufacturing companies

long-term debt-to-equity ratio, 2017–22

percentage

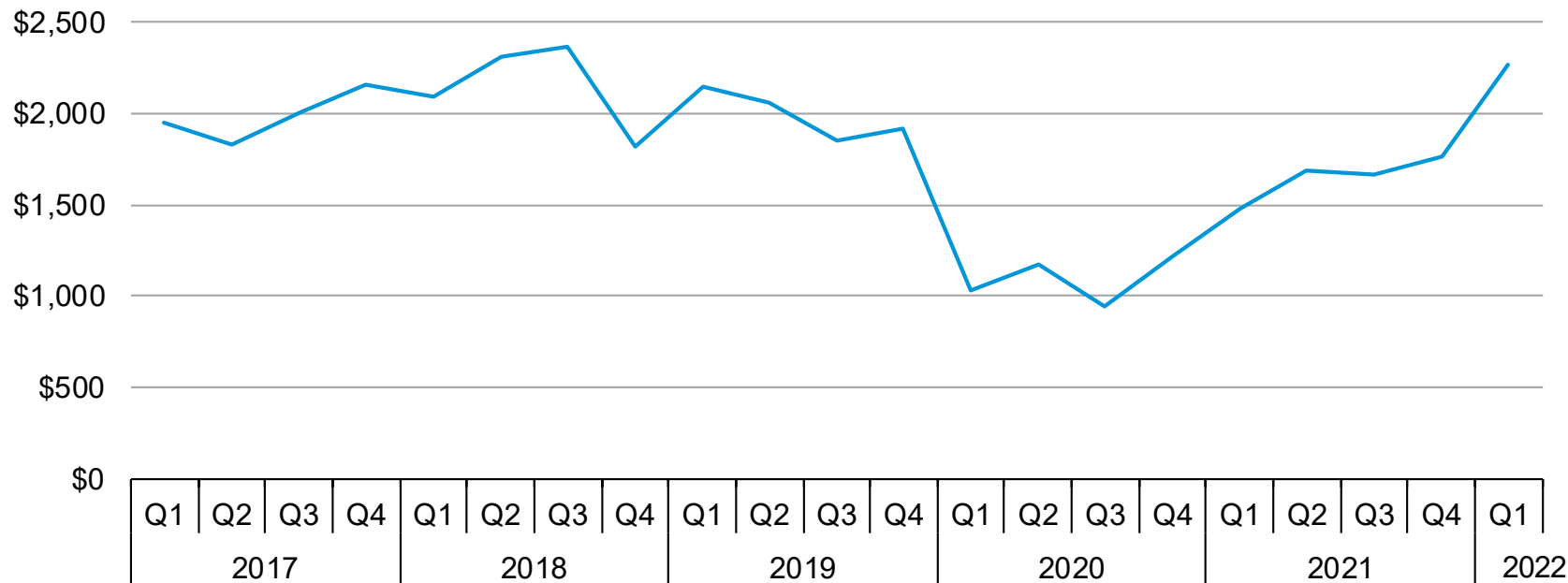


Data source: Evaluate Energy and U.S. Census Bureau

The energy companies' combined market capitalization in first-quarter 2022 increase 53% from first-quarter 2021

combined market capitalization, 2017–22

billion dollars

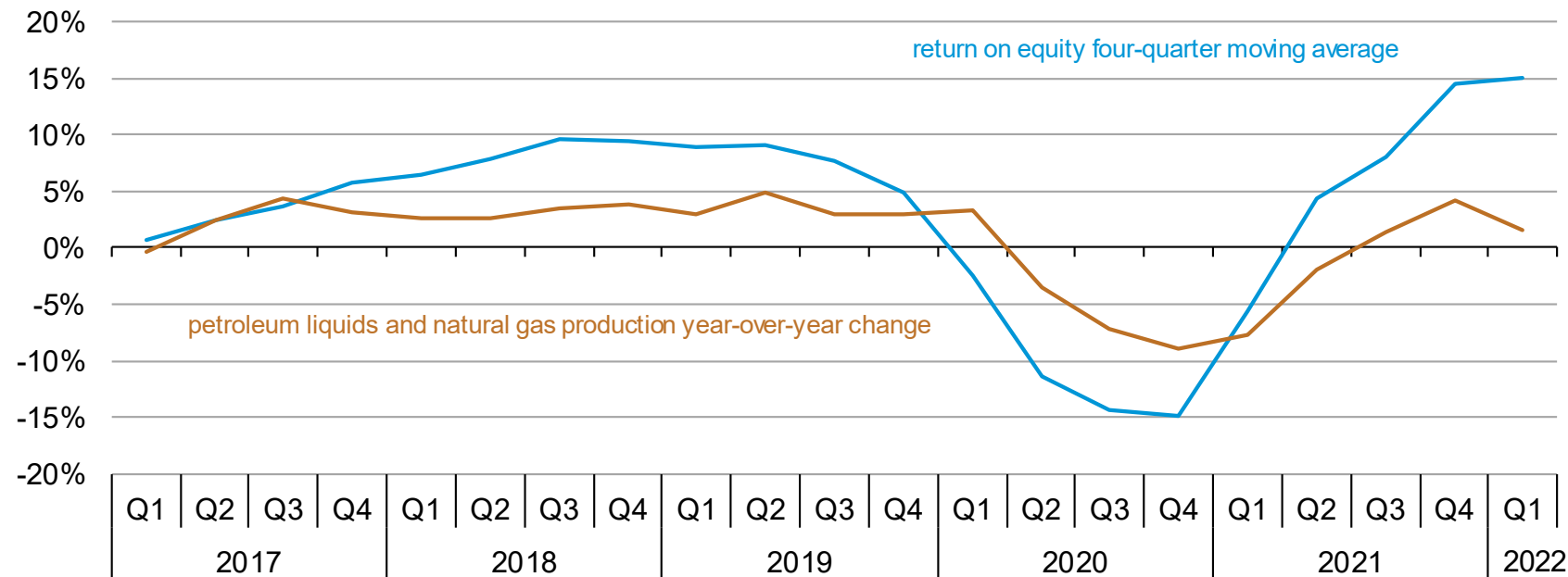


Data source: Evaluate Energy

The energy companies' return on equity was 15% in first-quarter 2022, the highest level in the 2017–22 period

return on equity and production, 2017–22

percentage

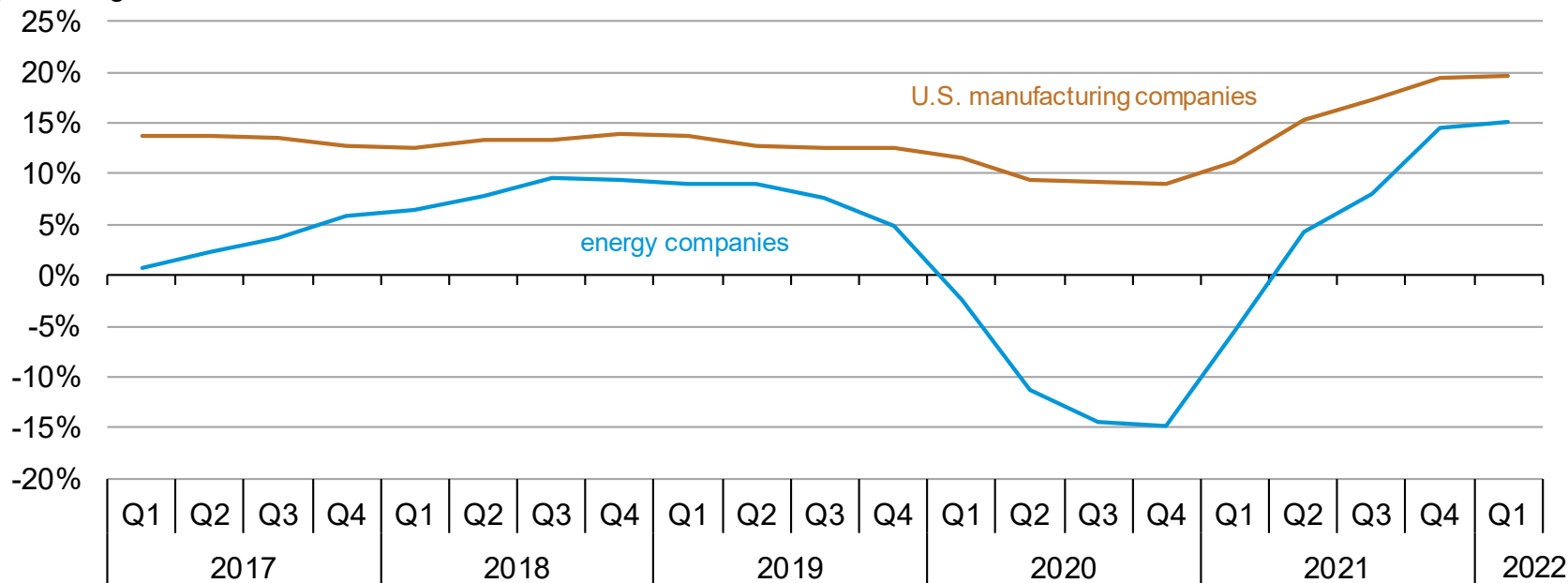


Data source: Evaluate Energy

The return on equity for energy companies remained lower than U.S. manufacturing company returns in first-quarter 2022

return on equity four-quarter moving average, 2017–22

percentage

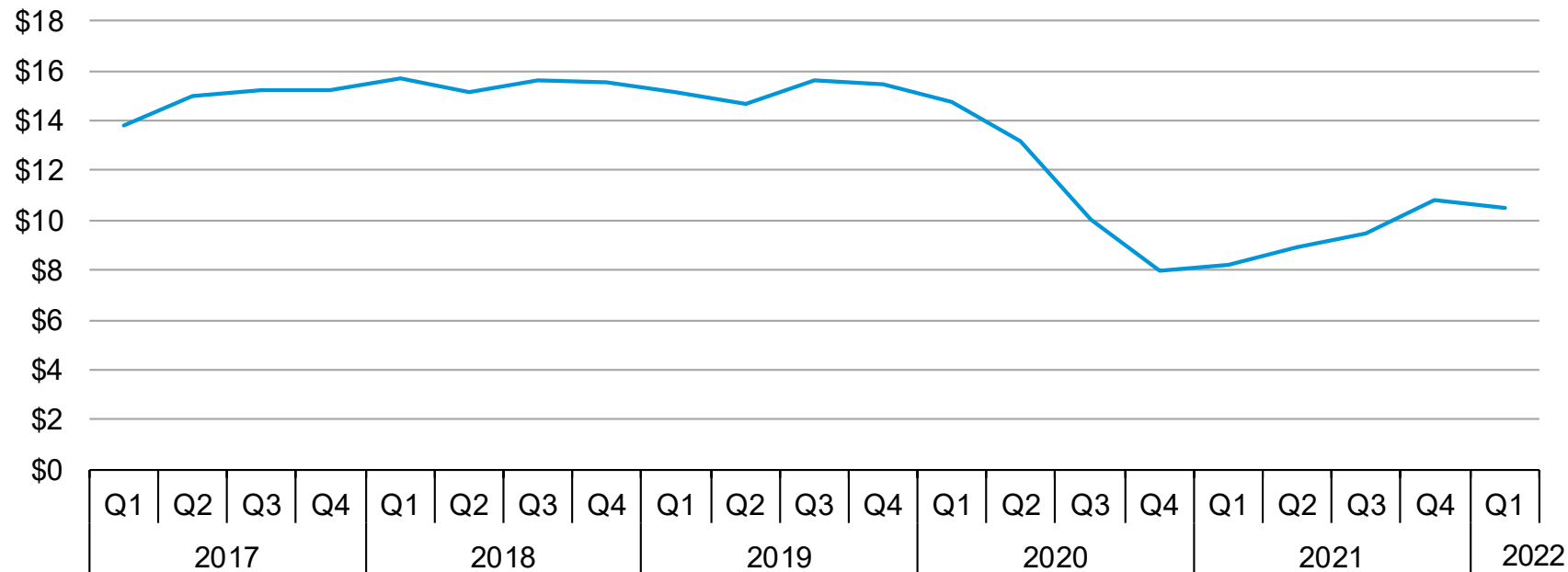


Data source: Evaluate Energy and U.S. Census Bureau

Upstream capital expenditures on a per-barrel basis averaged \$10.50/BOE in first-quarter 2022

upstream capital expenditure per BOE produced, 2017–22

dollars per BOE, four-quarter moving average



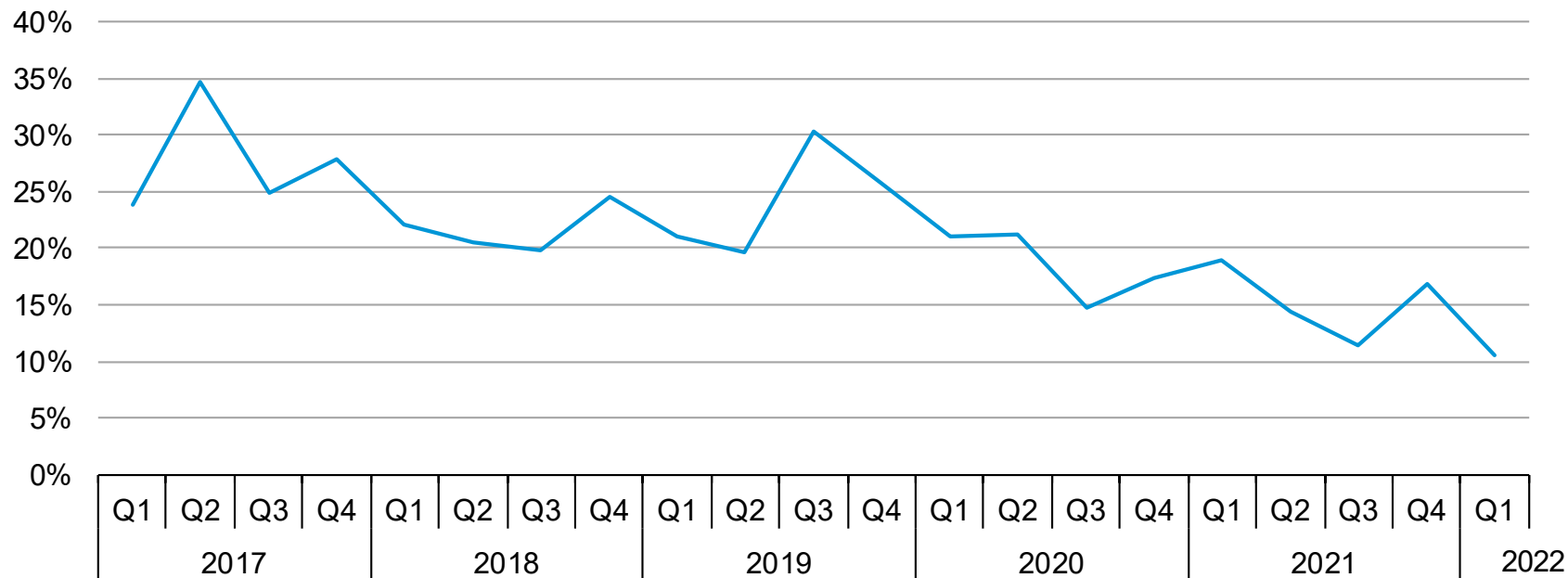
Data source: Evaluate Energy

Note: BOE = barrel of oil equivalent

Upstream capital expenditures per barrel of oil equivalent were 11% of crude oil prices in first-quarter 2022, the lowest in the 2017–22 period

ratio of upstream capital expenditure per BOE to Brent price, 2017–22

percentage



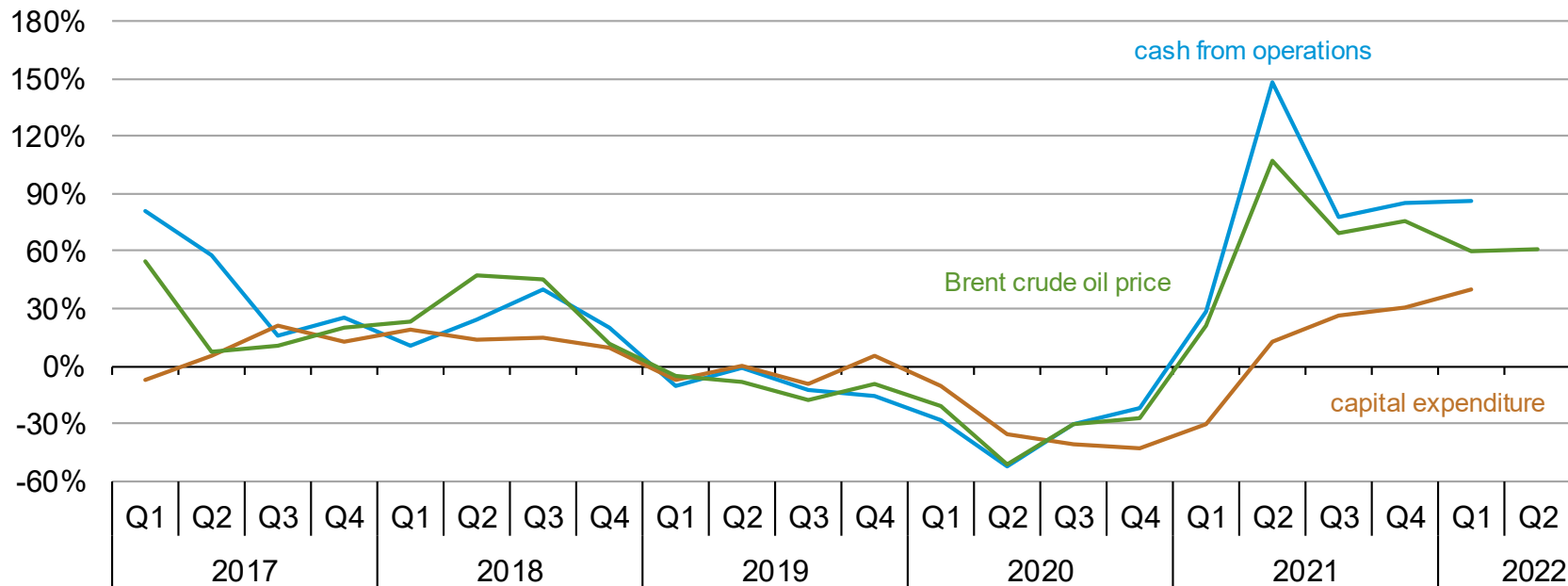
Data source: Evaluate Energy

Note: BOE = barrel of oil equivalent

Crude oil prices increased year over year through second-quarter 2022, indicating increases in cash from operations and capital expenditure

cash flow items and Brent prices, 2017–22

year-over-year change



Data source: Evaluate Energy and Bloomberg L.P.

Appendix: List of companies

| | | | | | |
|---------------------------------------|-------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|--------------------------------|
| Abraxas Petroleum Corporation | Chesapeake Energy Corp. | Evolution Petroleum Corporation | Lonestar Resources US, Inc. | Petrobras (IFRS US\$ Current) | Stone Energy Corporation |
| Aker BP ASA | Chevron Corporation | Extraction Oil & Gas, Inc. | Lundin Energy AB | PetroChina | Suncor Energy Inc. |
| Amplify Energy Corp. | Cimarex Energy Co. | ExxonMobil | Magnolia Oil & Gas Corporation | PetroQuest Energy, Inc | Talos Energy Inc. |
| Anadarko Petroleum Corp. | Civitas Resources, Inc. | FieldPoint Petroleum Corporation | Marathon Oil Corp. | PHX Minerals Inc. | TotalEnergies SE |
| Antero Resources Corporation | Clayton Williams Energy, Inc. | Frontera Energy Corporation | Matador Resources Company | Pioneer Natural Resources Company | TransAtlantic Petroleum Ltd. |
| APA Corporation | Concho Resources Inc | Galp Energia | Maverick Natural Resources, LLC | PrimeEnergy Resources Corporation | TransGlobe Energy Corporation |
| Approach Resources Inc | ConocoPhillips | Gastar Exploration Inc. | Mesquite Energy, Inc. | QEP Resources Inc | T-Rex Oil, Inc. |
| ARC Resources Ltd. | Contango Oil and Gas Company | GeoPark Limited | Mid-Con Energy Partners, LP | Range Resources Corporation | Triangle Petroleum Corporation |
| Australis Oil & Gas Limited | Continental Resources, Inc. | Gran Tierra Energy Inc. | Midstates Petroleum Company, Inc. | Ranger Oil Corporation | U.S. Energy Corp. |
| Bankers Petroleum Ltd | Coterra Energy Inc. | Grizzly Energy LLC | Murphy Oil Corporation | Repsol | Unit Corporation |
| Battalion Oil Corporation | Crescent Energy Company | Harvest Natural Resources Inc. | Newfield Exploration Company | Resolute Energy Corporation | Vaalco Energy Inc |
| Baytex Energy Corp. | Crescent Point Energy Corp | Hess Corporation | Noble Energy Inc. | Riley Exploration Permian, Inc. | Vermilion Energy Inc. |
| Berry Corporation | Denbury Inc. | HighPoint Resources Corporation | Northern Oil & Gas, Inc | Ring Energy Inc | W & T Offshore |
| Black Stone Minerals LP | Devon Energy Corporation | Houston American Energy Corp | Oasis Petroleum Inc. | Rosehill Operating Company, LLC | Whitecap Resources Inc. |
| BP Plc. | Diamondback Energy Inc. | Husky Energy Inc. | Obsidian Energy Ltd. | Royale Energy Inc. | Whiting Petroleum Corporation |
| Brazos Valley Longhorn, L.L.C. | Earthstone Energy Inc. | International Petroleum Corporation | Occidental Petroleum Corporation | RSP Permian Inc | WPX Energy, Inc. |
| California Resources Corporation | Ecopetrol | Jagged Peak Energy Inc. | OMV Group | Sabine Oil & Gas Corporation | YPF Sociedad Anonima |
| Callon Petroleum | Energen Corp | Jones Energy, Inc. | Ovintiv Inc. | SandRidge Energy, Inc. | Yuma Energy, Inc. |
| Camber Energy, Inc. | Enerplus Corporation | Kolibri Global Energy Inc. | Paramount Resources Ltd. | Seven Generations Energy Ltd. | Yuma Energy, Inc. (Pre Davis) |
| Canadian Natural Resources Limited | ENI | Kosmos Energy Ltd | Parex Resources Inc. | Shell Plc | |
| Canadian Overseas Petroleum Limited | EOG Resources | Laredo Petroleum Inc. | Parsley Energy Inc. | Sinopec | |
| Carrizo Oil & Gas, Inc | EP Energy Corporation | Legacy Reserves Inc. | PDC Energy, Inc. | SM Energy Company | |
| Cenovus Energy Inc. | Equinor ASA | Lilis Energy Inc. | PEDEVCO Corp. | Southwestern Energy Co. | |
| Centennial Resource Development, Inc. | Erin Energy Corporation | Linn Energy | Pengrowth Energy Corporation | SRC Energy Inc | |

Data source: Evaluate Energy

Note: Some companies merged, closed, or delisted before first-quarter 2022. A total of 90 companies existed in first-quarter 2022. Russian firms previously included in this analysis were removed because their 1Q22 financial statements were unavailable.

Background

- This analysis focuses on the financial and operating trends of 90 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 2017.
- 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 regular business activities.
- *Investing activities* include capital expenditure net of asset sales.
- *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 losing production potential or declining 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.