
Markets and Financial Analysis Team
July 7, 2015
Overview

• This analysis focuses on the financial and operating trends of 99 global oil and natural gas companies (called the energy companies).

• The data come from public financial statements each company submits to the U.S. Securities and Exchange Commission, which a data service (Evaluate Energy) aggregates for ease of data analysis.

• For consistency, companies that were acquired by another company in the group after first-quarter 2010 were kept in the prior year data.

• Several charts compare these upstream companies and the U.S. manufacturing industry, published in U.S. Census Bureau’s Quarterly Financial Report.

• Totals shown on an annualized basis are the sum of the four quarters ending for that time period. The purpose of this method is to smooth volatility and seasonality.
Brief description of terms

• Cash from operations is a measure of income.

• Capital expenditure represents cash used for property, plant, and equipment.

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

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

• Market capitalization is the total value of all of a company’s publicly traded shares outstanding.

• Net income (earnings) represents profit after taxes and depreciation.

• Asset impairments are when a company lowers the estimated value of a property to reflect current market value, which may decline from loss of production potential or from price declines.

• The term upstream refers to crude oil exploration, production, and other operations prior to refining. The term downstream refers to refinery operations, product sales, and marketing.
Key findings

• Crude oil prices in first-quarter 2015 were the lowest in several years, which contributed to reduced profitability for these companies compared to previous quarters.

• Although companies reduced investment spending, declines in operating cash flow were greater, contributing to a decline in cash balances.

• Many companies raised funds from debt or equity markets—as a group, they raised the highest amount in any quarter since 2010.

• The global oil and natural gas companies were less profitable than the U.S. manufacturing sector.

• Second-quarter 2015 results could show continued declines in profits, cash flow, and capital expenditure.
Geographic distribution of global oil and natural gas companies, first-quarter 2015

Source: U.S. Energy Information Administration, Evaluate Energy
Production of oil and other liquids, first-quarter 2015

Source: U.S. Energy Information Administration, Evaluate Energy
Oil and natural gas production for the combined companies

million barrels of oil equivalent per day

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

Note: boe=barrels of oil equivalent; liquids includes crude oil and hydrocarbon gas liquids
First-quarter 2015 production levels of liquids and natural gas were 8% and 1%, respectively, above first-quarter 2014.

Source: U.S. Energy Information Administration, Evaluate Energy
Note: liquids include crude oil and hydrocarbon gas liquids
Operating cash flow in first-quarter 2015 was the lowest for any quarter in the past five years.

Cash from operations in billions 2015$

Source: U.S. Energy Information Administration, Evaluate Energy
The energy companies’ capital expenditure was $21 billion lower than the same period of 2014.

capital expenditure
billion 2015$

Source: U.S. Energy Information Administration, Evaluate Energy
Cash flow and capital expenditure declined in response to falling crude oil prices

billion 2015$; Brent in 2015$/barrel

Source: U.S. Energy Information Administration, Evaluate Energy, Bloomberg
For the four quarters ending first-quarter 2015, investment spending was $54 billion higher than operating cash flow.
Declining cash flow led to the largest amount of capital raised from debt and equity markets since 2010

Source: U.S. Energy Information Administration, Evaluate Energy
Note: free cash flow = cash from operations minus capital expenditure
After years of increasing cash balances, they declined $20 billion for the four quarters ending first-quarter 2015

Source: U.S. Energy Information Administration, Evaluate Energy
Low revenue, asset devaluations, and fixed payments contributed to an increase in these metrics

Source: U.S. Energy Information Administration, Evaluate Energy
The value of energy companies’ net hedging assets increased, which offset lower cash from operations

Source: U.S. Energy Information Administration, Evaluate Energy, Bloomberg
The energy companies’ profitability was the lowest in several years

Source: U.S. Energy Information Administration, Evaluate Energy, U.S. Census Bureau
Both sectors increased debt in recent years

**Long-term debt percent of equity**

- U.S. manufacturing companies
- Energy companies

Source: U.S. Energy Information Administration, Evaluate Energy, U.S. Census Bureau
The energy companies increased their cash balances compared to their current liabilities (amount owed within one year)

Source: U.S. Energy Information Administration, Evaluate Energy, U.S. Census Bureau
In second-quarter 2015, Brent crude oil prices rebounded slightly but remained 43% below second-quarter 2014 levels.

Source: U.S. Energy Information Administration, Evaluate Energy, Bloomberg
Appendix: List of companies

<table>
<thead>
<tr>
<th>Company Name</th>
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</thead>
<tbody>
<tr>
<td>Anadarko Petroleum Corp.</td>
<td>Carrizo Oil &amp; Gas, Inc</td>
<td>Enerplus Corporation</td>
<td>Linn Energy</td>
<td>Penn West Petroleum Ltd.</td>
<td>Sonde Resources Corp.</td>
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<td>Apache Corporation</td>
<td>Chesapeake Energy Corp.</td>
<td>EOG Resources</td>
<td>Lundin Petroleum</td>
<td>PetroChina</td>
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<td>Approach Resources Inc</td>
<td>Cimarex Energy Co.</td>
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<td>Marathon Oil Corp.</td>
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<td>ATP Oil &amp; Gas Corp.</td>
<td>Comstock Resources</td>
<td>Forest Oil Corporation</td>
<td>McMoRan Exploration Co.</td>
<td>Petrominerales Ltd.</td>
<td>Talisman Energy Inc.</td>
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<td>Bankers Petroleum Ltd</td>
<td>Concho Resources Inc</td>
<td>Freeport-McMoRan Inc.</td>
<td>MDU Resources Group</td>
<td>PetroQuest Energy, Inc</td>
<td>Thunderbird Resources Equity Inc.</td>
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<td>Baytex Energy Corp.</td>
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<td>Pioneer Natural Resources Company</td>
<td>Total</td>
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<td>Plains Exploration &amp; Production</td>
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<td>Gran Tierra Energy Inc.</td>
<td>Newfield Exploration Company</td>
<td>QEP Resources Inc</td>
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<td>Bill Barrett Corporation</td>
<td>Det Norske</td>
<td>Gulfport Energy Corporation</td>
<td>Noble Energy</td>
<td>Range Resources Corp</td>
<td>Triangle Petroleum Corporation</td>
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<td>Halcon Resources Corporation</td>
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<td>Repsol</td>
<td>Unit Corp</td>
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<td>Occidental</td>
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<td>Laredo Petroleum</td>
<td>Penn Virginia</td>
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<td>YPF Sociedad Anonima</td>
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Source: U.S. Energy Information Administration, Evaluate Energy
Note: Some companies exist that merged or split before 2015. A total of 99 companies existed in 2015