

Financial Review of the Global Oil and Natural Gas Industry: Second-Quarter 2020



Markets and Financial Analysis Team

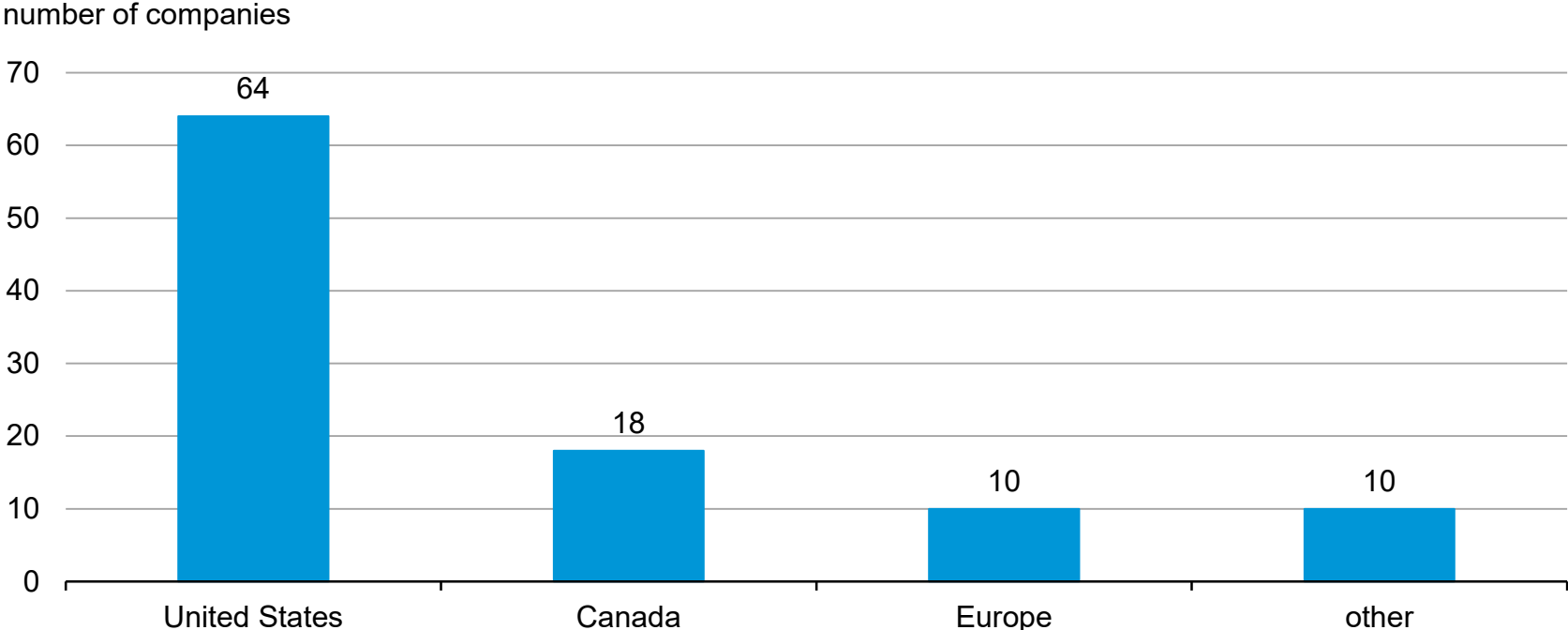
September 2020

Key findings for second-quarter 2020

- Brent crude oil daily average prices were 51% lower in second-quarter 2020 than in second-quarter 2019 and averaged \$33 per barrel.
- The combined petroleum liquids production of this study's 102 companies decreased 4.9% in second-quarter 2020 from second-quarter 2019, and their natural gas production decreased 5.6% during the same period.
- Companies increased short-term and long-term borrowing in the second quarter, increasing debt by \$72 billion in the quarter.
- Capital expenditures declined to \$44 billion, the lowest for any quarter in the 2015–20 period.

Note: The 102 companies analyzed in this study publish publicly available financial statements. A full list of the companies included and a glossary of terms begins on slide 21.

Geographic distribution of global oil and natural gas company headquarters, second-quarter 2020

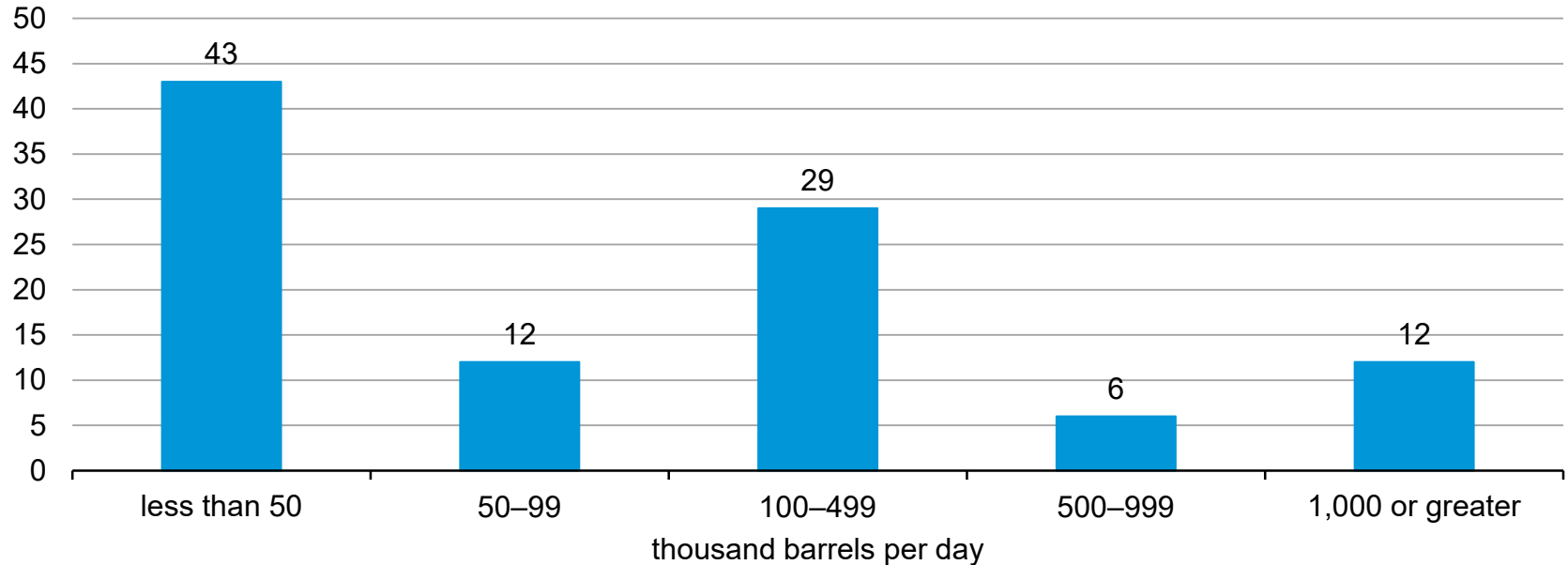


Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

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

Distribution of global energy companies by production of petroleum liquids, second-quarter 2020

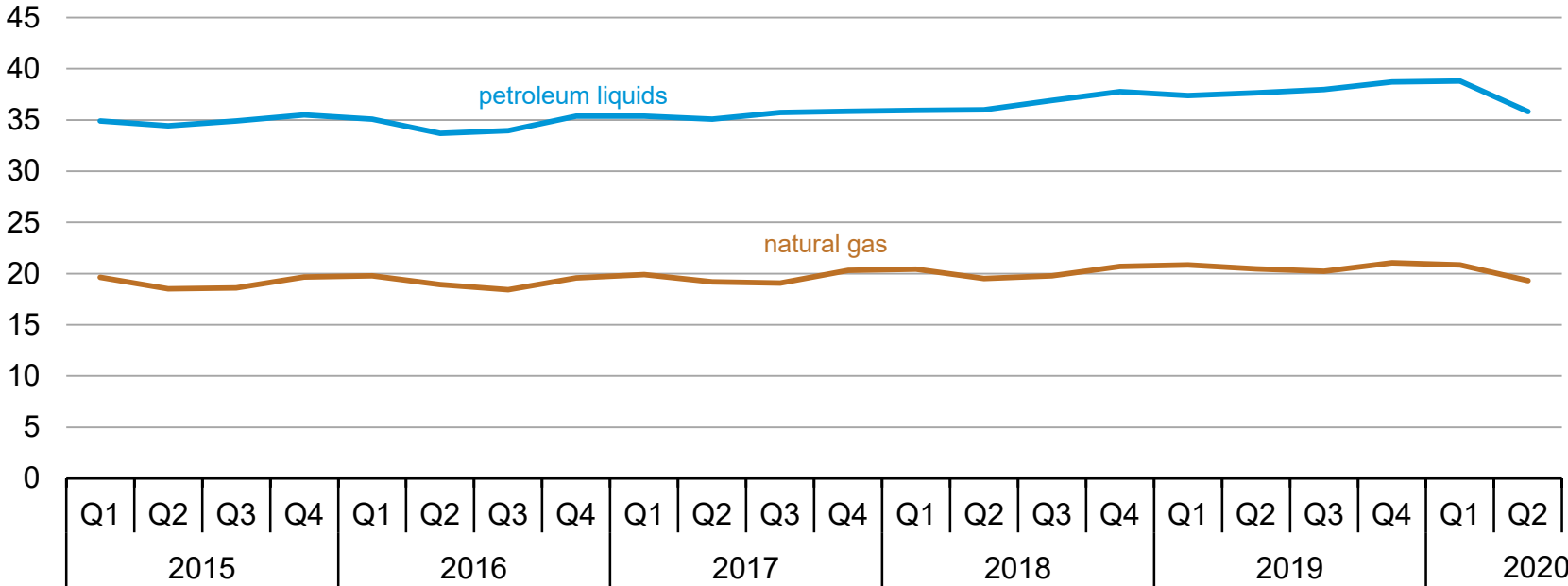
number of companies



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

Petroleum liquids and natural gas production was 36 million barrels per day and 19 million barrels of oil equivalent per day, respectively, in second-quarter 2020

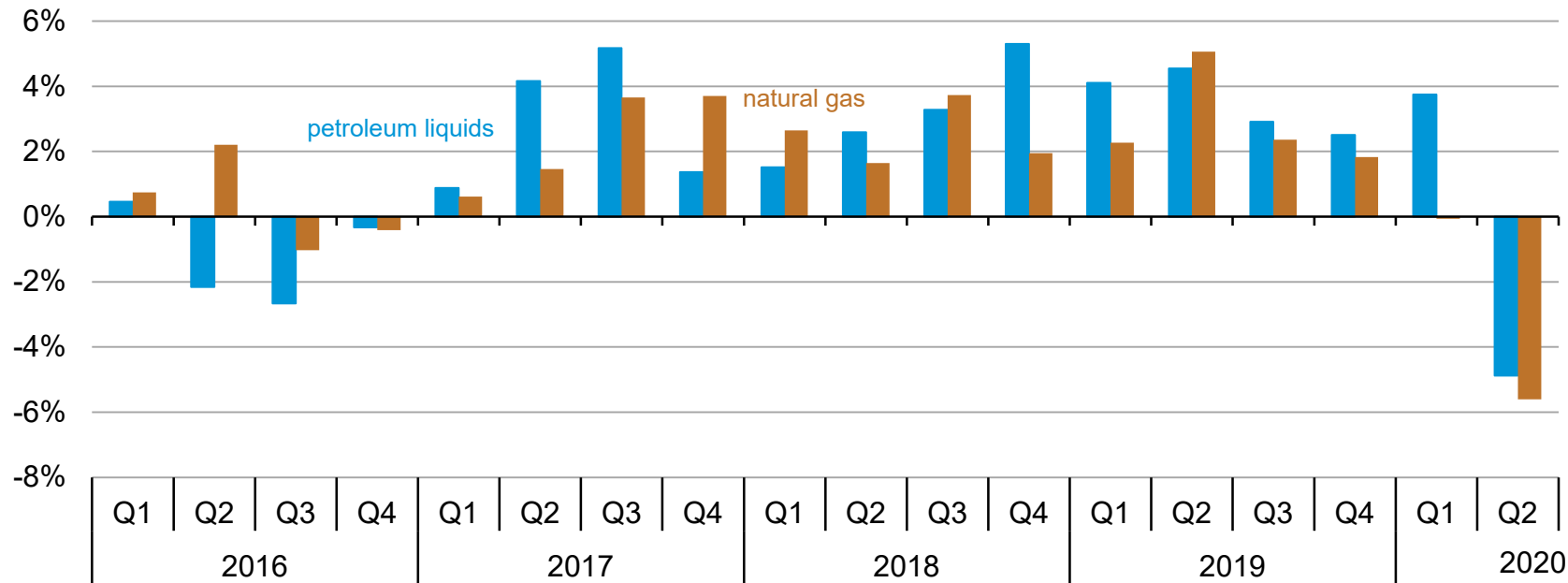
petroleum liquids and natural gas production
million barrels of oil equivalent per day



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

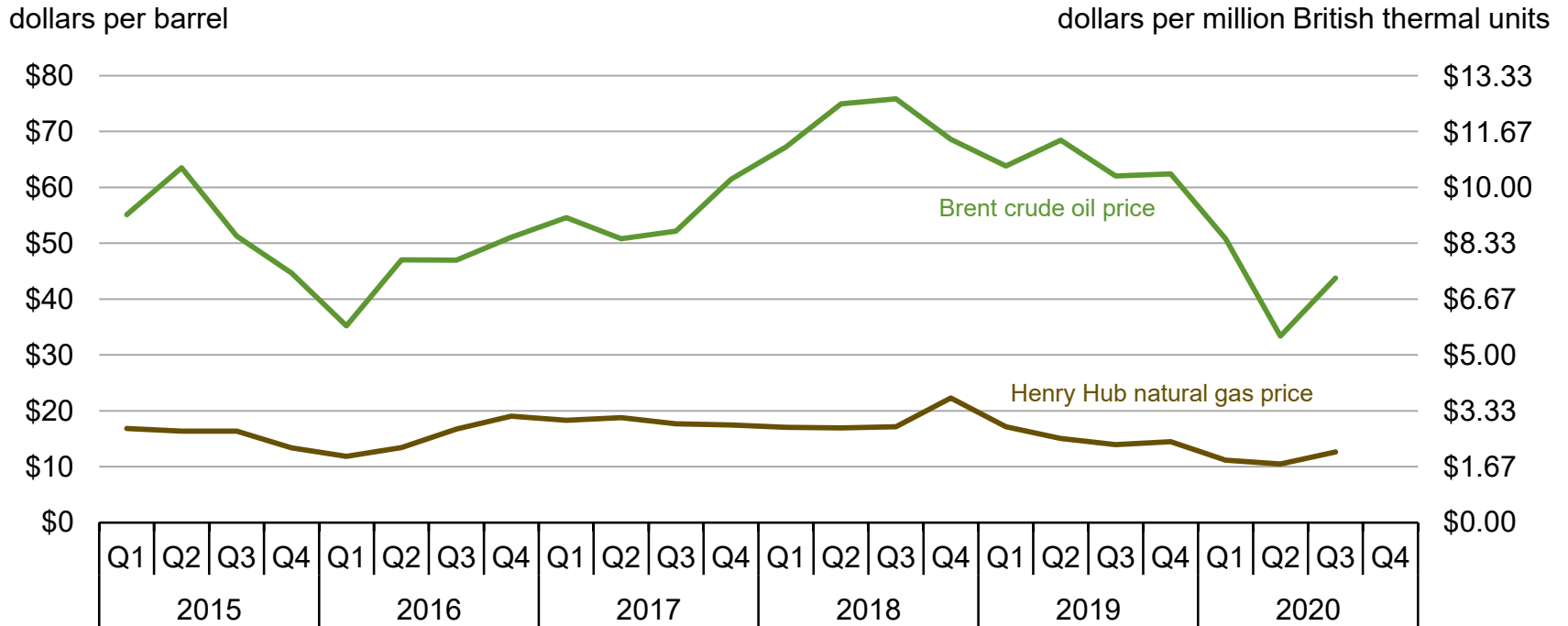
In second-quarter 2020, global petroleum liquids production decreased 4.9% year over year and natural gas production decreased 5.6%

petroleum liquids and natural gas production
year over year change



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

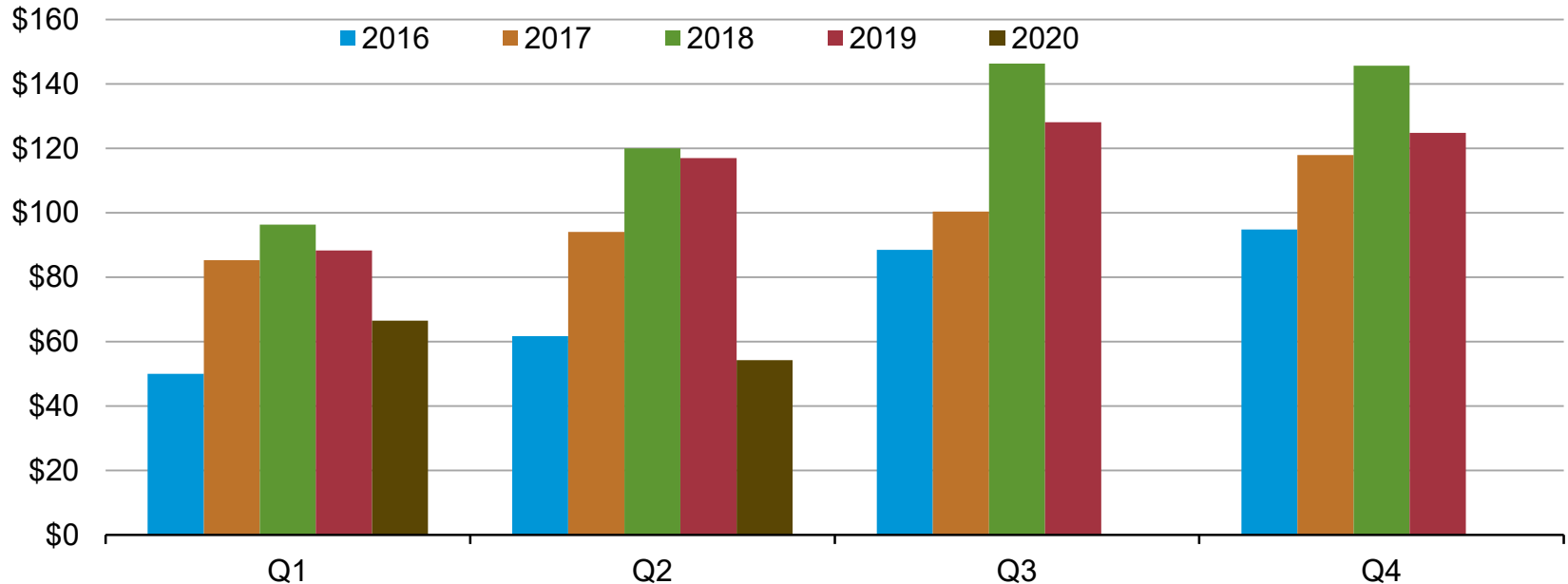
Second-quarter 2020 crude oil prices were 51% lower than in second-quarter 2019, and natural gas prices decreased 30% during the same period



Source: Bloomberg

Cash from operations in second-quarter 2020 was \$54 billion, 54% lower than in second-quarter 2019

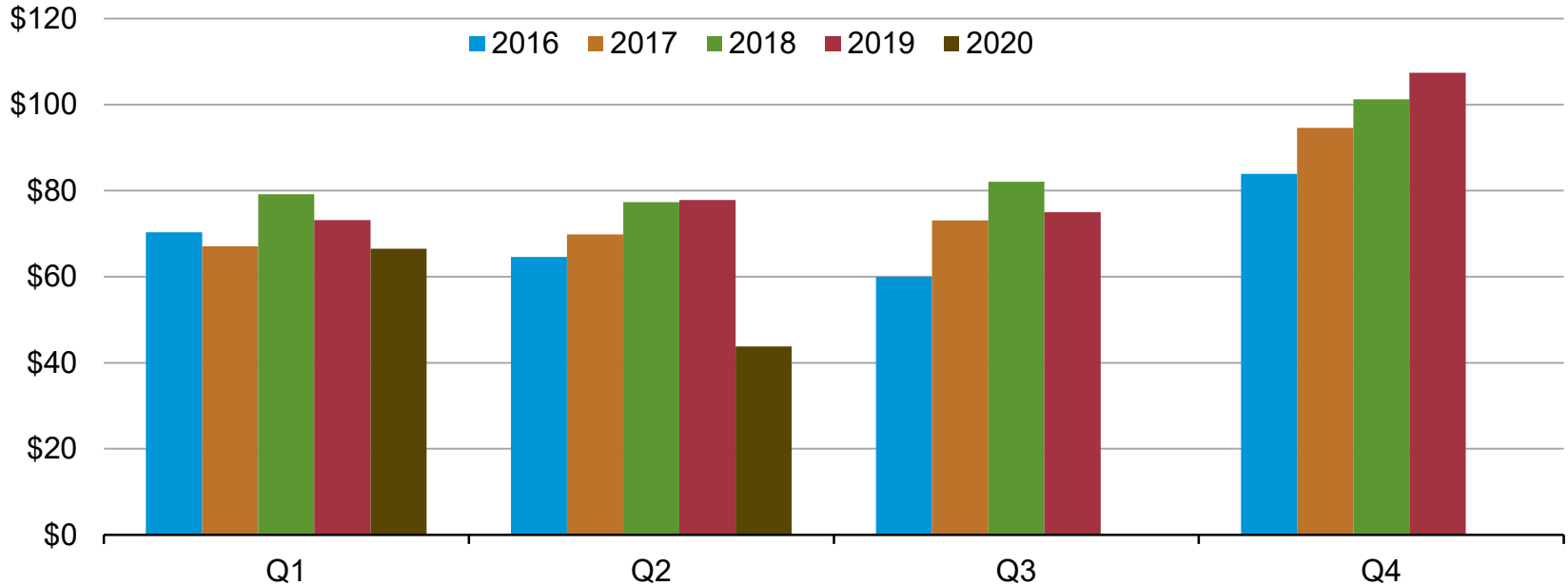
cash from operations
billion dollars



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

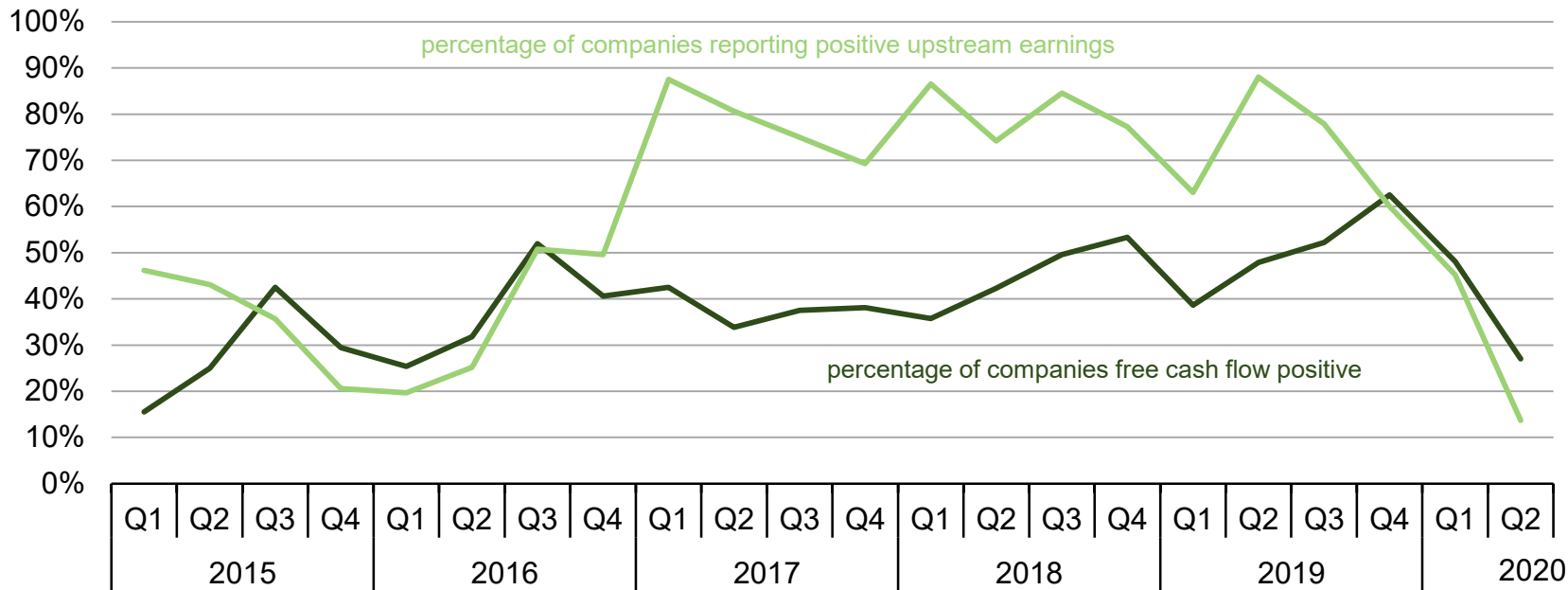
Capital expenditure in second-quarter 2020 was \$44 billion, 44% lower than in second-quarter 2019

capital expenditure
billion dollars



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

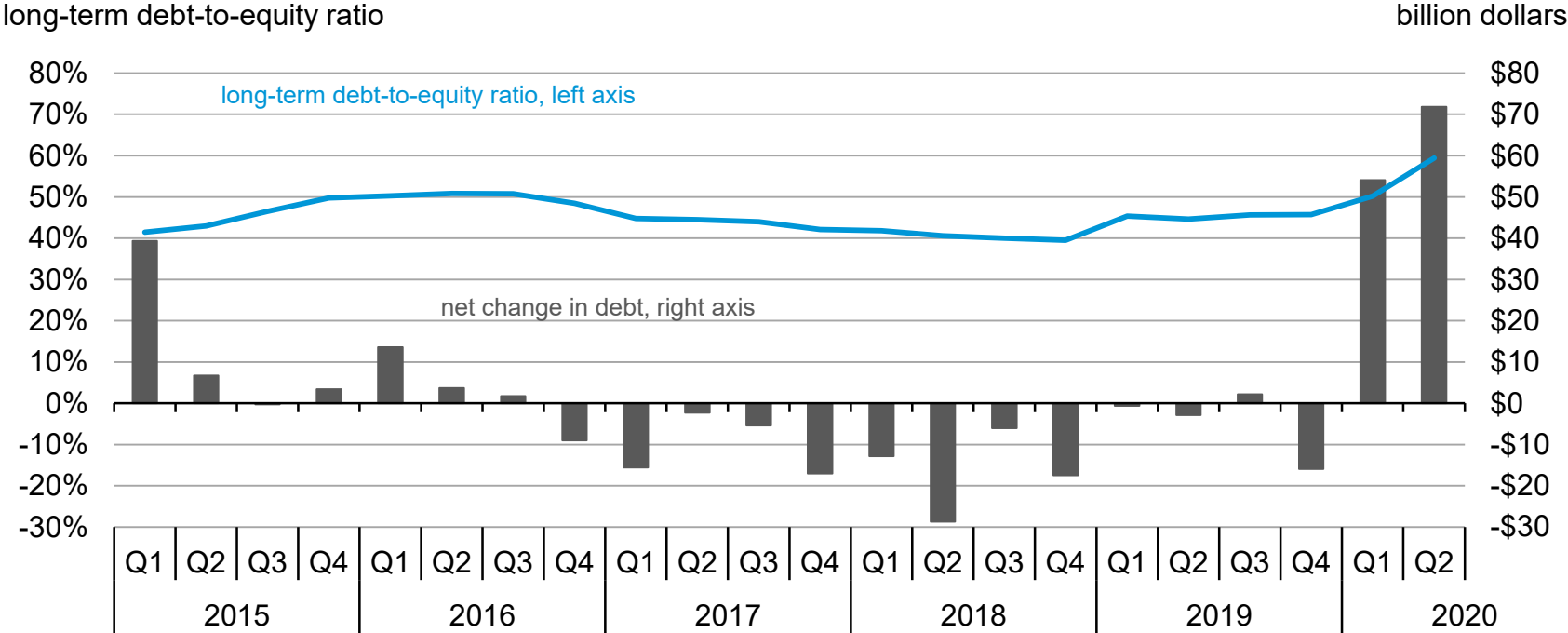
About 25% of companies had positive free cash flow, and 14% of companies reported positive upstream earnings in second-quarter 2020



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

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

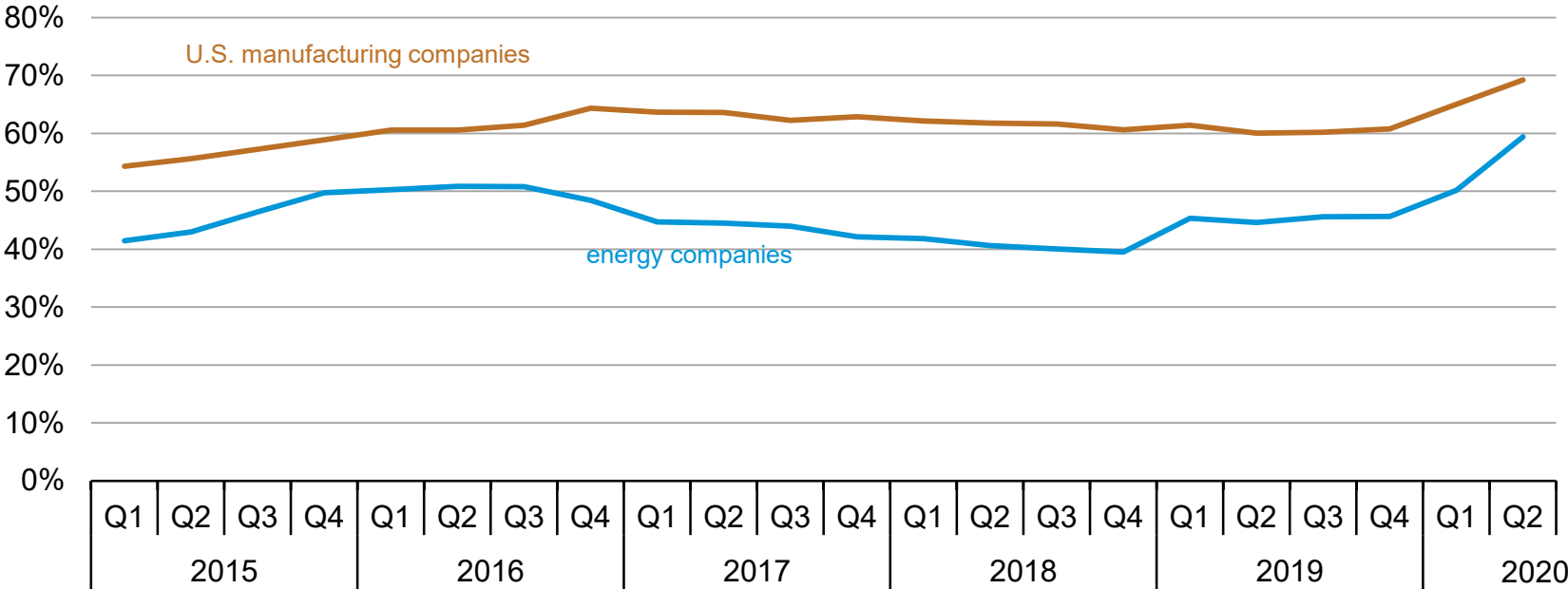
The companies increased debt by \$72 billion in second-quarter 2020, the most for any quarter in the 2015–20 period



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

The long-term debt-to-equity ratio for energy companies was 59% as of second-quarter 2020 and was 65% for U.S. manufacturing companies

long-term debt-to-equity ratio

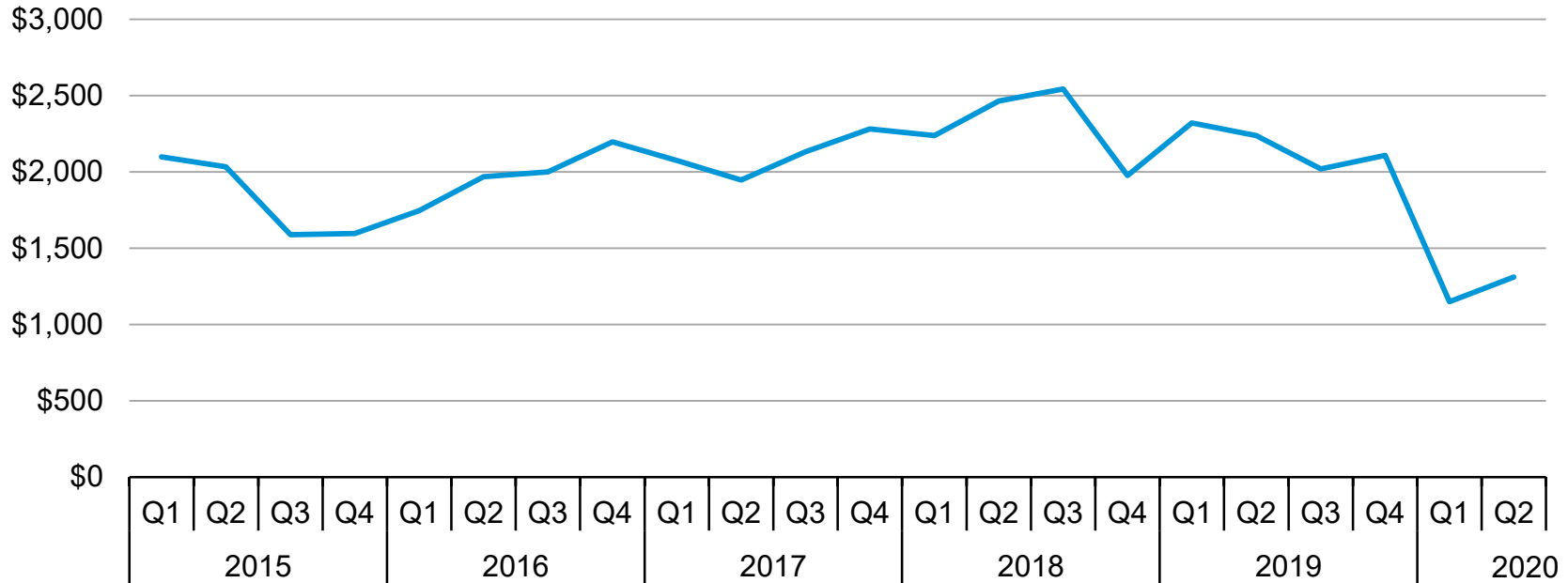


Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements and U.S. Census Bureau

The energy companies' combined market capitalization in second-quarter 2020 decreased by almost \$1 trillion year over year

combined market capitalization

billion dollars

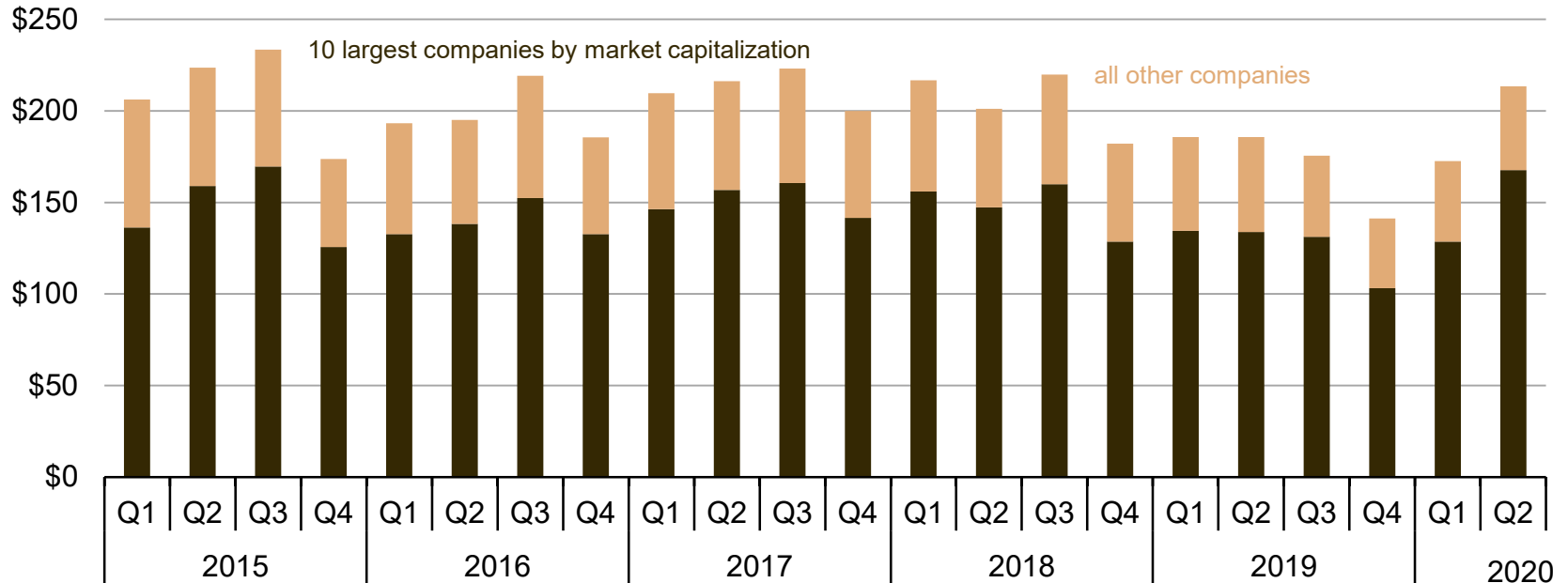


Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

Cash balances increased \$34 billion year over year in second-quarter 2020 for the 10 largest capitalization companies but decreased \$6 billion among all others

cash and cash equivalent balance

billion dollars



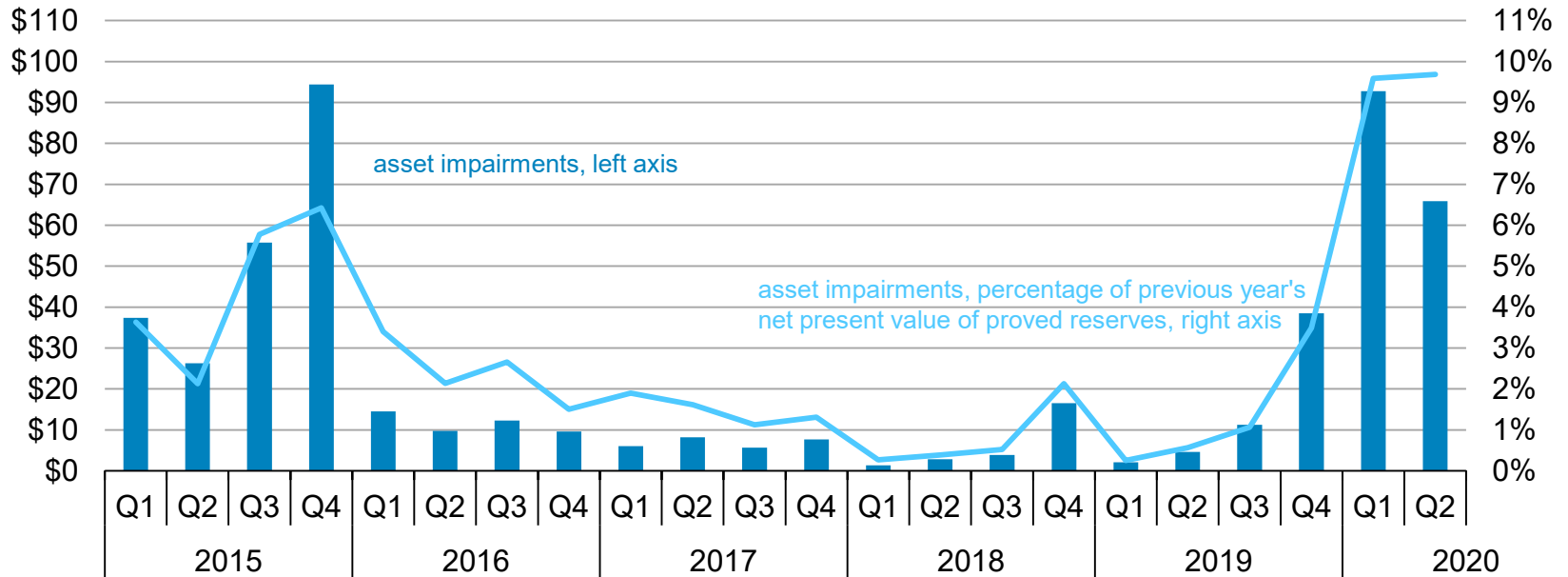
Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

Note: market capitalization ranking based on value ending June 30, 2020.

The \$66 billion in asset impairments were nearly 10% of the companies' net present value of their proved reserves

asset impairments
billion dollars

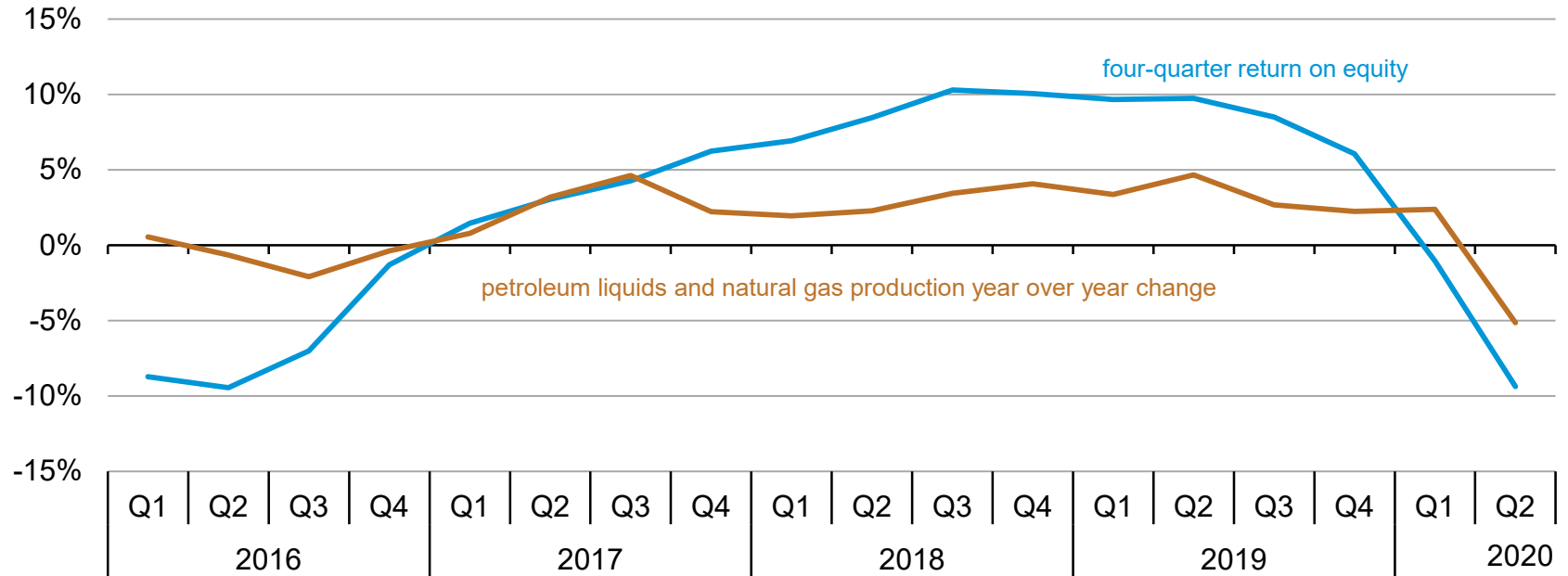
asset impairments, percentage of previous year's net
present value of proved reserves



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

The energy companies' return on equity fell to -9% in second-quarter 2020

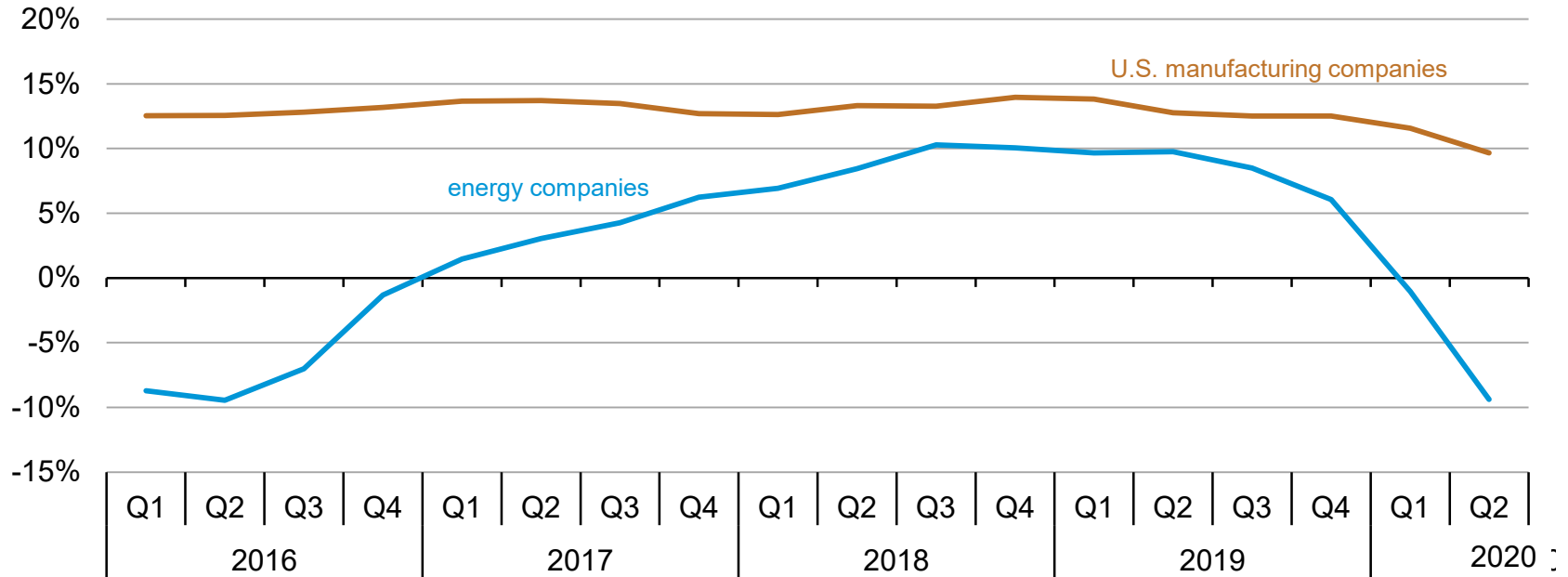
return on equity and production



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

The return on equity for energy companies remained lower than U.S. manufacturing company returns

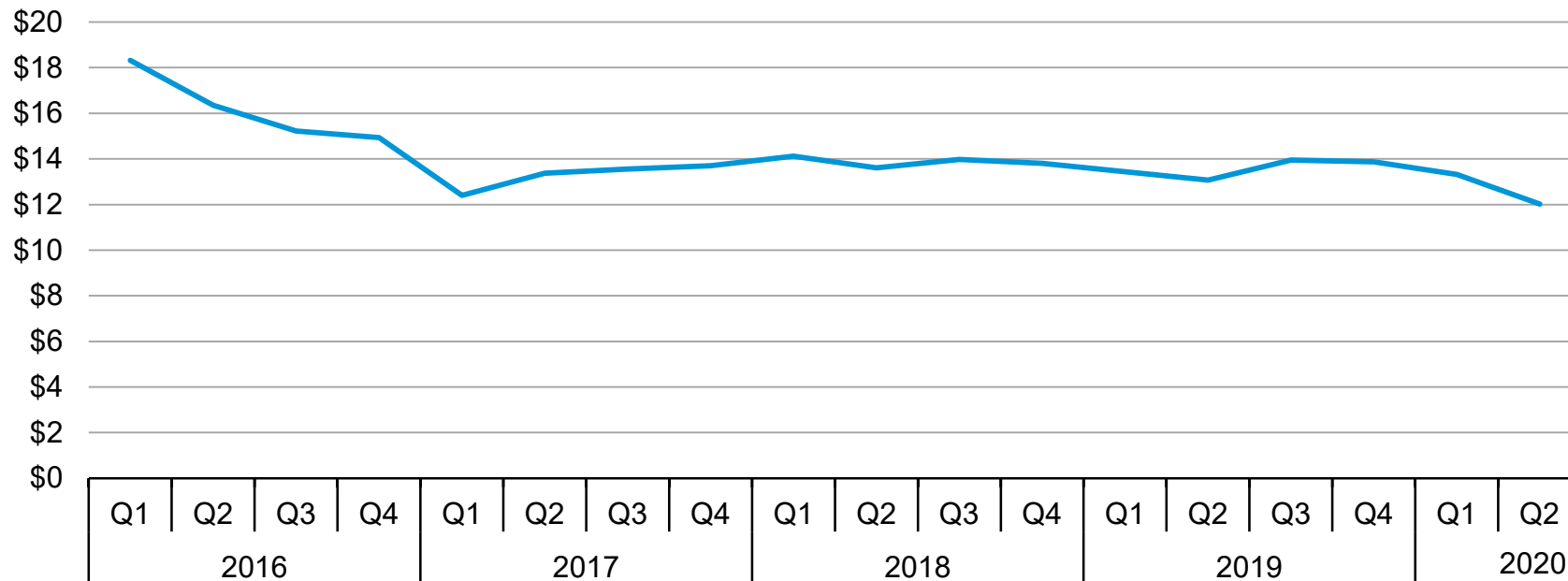
four-quarter return on equity



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements and U.S. Census Bureau

Upstream capital expenditures on a per-barrel basis declined to the lowest average level in the 2016–20 period

upstream capital expenditure/BOE produced
dollars per BOE, four-quarter moving average

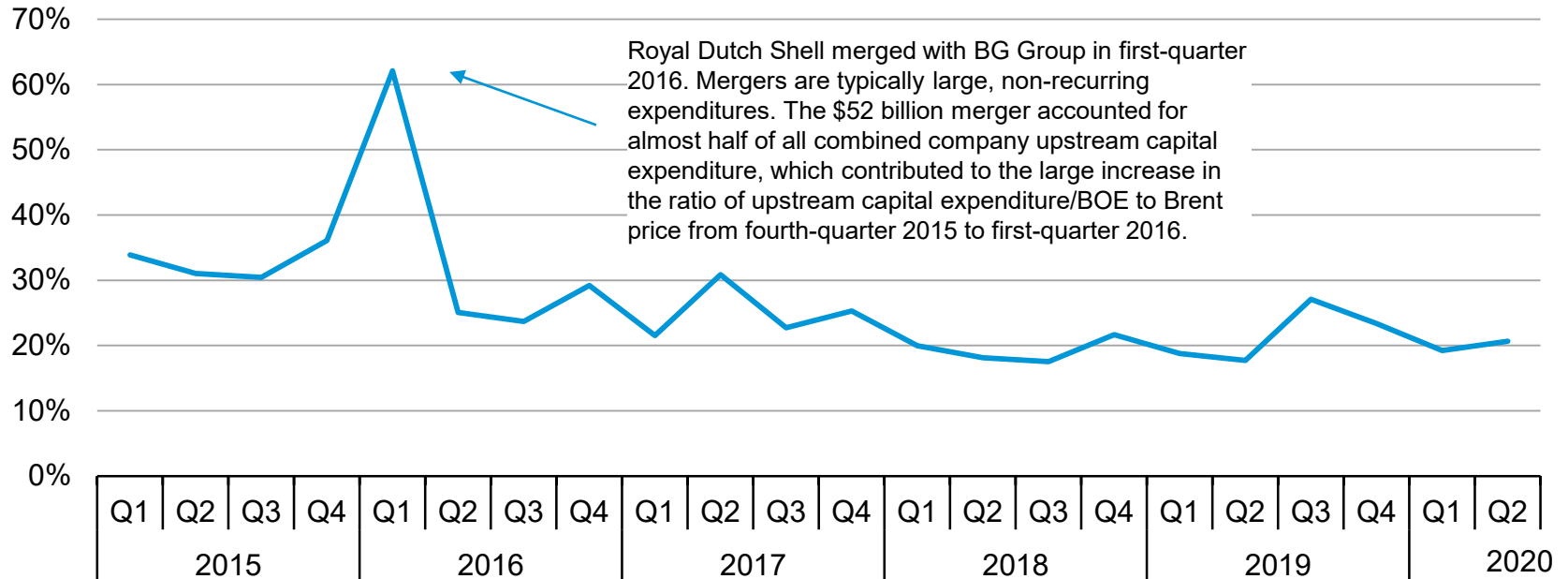


Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

Note: BOE=barrel of oil equivalent

Upstream capital expenditures per barrel of oil equivalent were 21% of crude oil prices in second-quarter 2020

ratio of upstream capital expenditure/BOE to Brent price

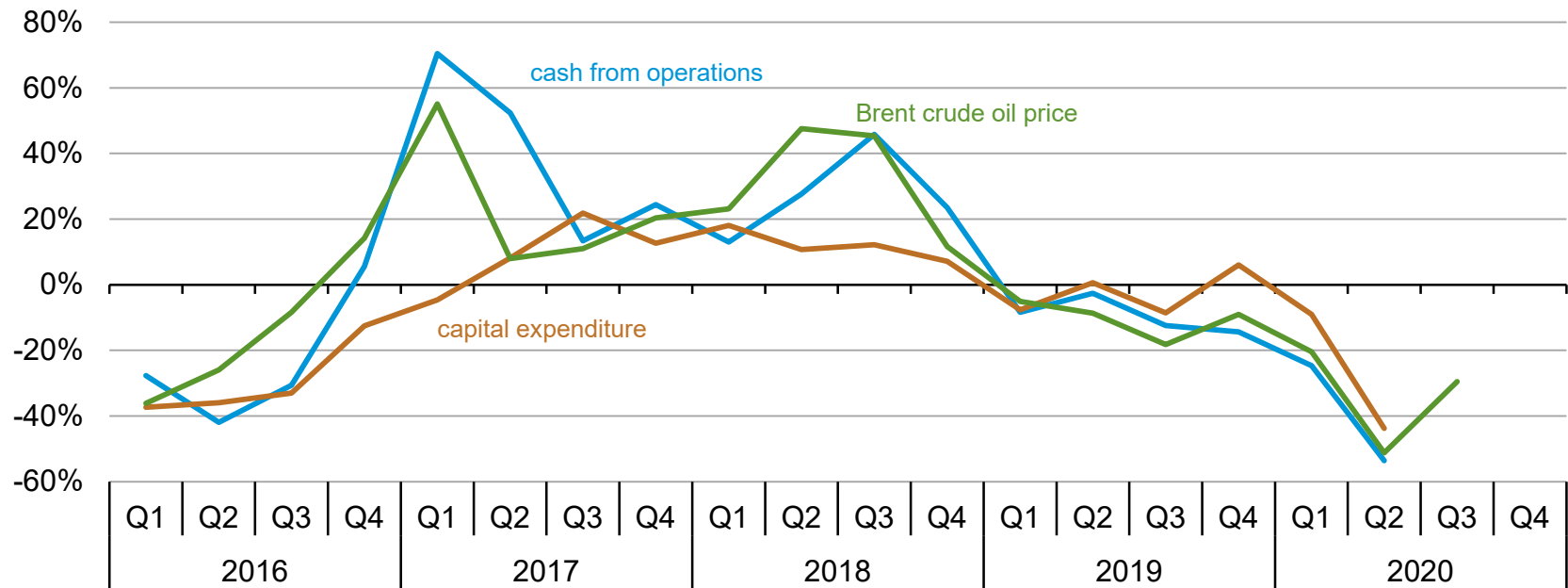


Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

Note: BOE=barrel of oil equivalent

Crude oil prices increased from second-quarter 2020 in the third quarter but remain lower year over year, indicating continued declines in cash from operations and capital expenditure

cash flow items and Brent prices
year over year change



Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements and Bloomberg

Appendix: List of companies

Abraxas Petroleum Corporation	Carrizo Oil & Gas, Inc	Energy XXI Gulf Coast, Inc.	Husky Energy Inc.	Northern Oil & Gas, Inc	Ring Energy Inc	Total
Aker BP ASA	Cenovus Energy Inc.	Enerplus Corporation	International Petroleum Corporation	Oasis Petroleum Inc.	Roan Resources Inc.	TransAtlantic Petroleum Ltd.
Amplify Energy Corp.	Centennial Resource Development, Inc.	ENI	Jagged Peak Energy Inc.	Obsidian Energy Ltd.	Rosehill Resources Inc.	TransGlobe Energy Corporation
Anadarko Petroleum Corp.	Chesapeake Energy Corp.	EOG Resources	Jones Energy, Inc.	Occidental Petroleum Corporation	Rosetta Resources Inc.	Triangle Petroleum Corporation
Antero Resources Corporation	Chevron Corporation	EP Energy Corporation	Kosmos Energy Ltd	OMV Group	Rosneft	Unit Corp
Apache Corporation	Cimarex Energy Co.	Equinor ASA	Laredo Petroleum Inc.	Panhandle Oil & Gas Inc.	Royal Dutch Shell	Vaalco Energy Inc
Approach Resources Inc	Clayton Williams Energy, Inc.	Erin Energy Corporation	Legacy Reserves Inc.	Paramount Resources Ltd.	Royale Energy Inc.	Grizzly Energy LLC
Bankers Petroleum Ltd	Concho Resources Inc	Extraction Oil & Gas, Inc.	Lilis Energy Inc.	Parex Resources Inc.	RSP Permian Inc	Vermilion Energy Inc.
Baytex Energy Corp.	ConocoPhillips	ExxonMobil	Linn Energy	Parsley Energy Inc.	Sabine Oil & Gas Corporation	W & T Offshore
Berry Corporation	Contango Oil and Gas Company	FieldPoint Petroleum Corporation	Lonestar Resources US, Inc.	PDC Energy, Inc.	Mesquite Energy, Inc.	Whitecap Resources Inc.
BG Group	Continental Resources, Inc.	Frontera Energy Corporation	Lukoil PJSC	PEDEVCO Corp.	SandRidge Energy, Inc.	Whiting Petroleum Corporation
Black Stone Minerals LP	Crescent Point Energy Corp	Galp Energia	Lundin Petroleum AB	Pengrowth Energy Corporation	Seven Generations Energy Ltd.	Brazos Valley Longhorn, L.L.C.
Blue Ridge Mountain Resources, Inc.	Denbury Resources Inc.	Gastar Exploration Inc.	Magnolia Oil & Gas Corporation	Penn Virginia Corporation	Sherritt International Corp	WPX Energy, Inc.
Bonanza Creek Energy Inc	Devon Energy Corporation	Gazprom Neft PJSC	Marathon Oil Corp.	Petrobras (IFRS US\$ Current)	Sinopec	YPF Sociedad Anonima
BP Plc.	Diamondback Energy Inc.	GeoPark Limited	Matador Resources Company	PetroChina	SM Energy Company	Yuma Energy, Inc.
BPZ Resources Inc	Earthstone Energy Inc.	Gran Tierra Energy Inc.	Maverick Natural Resources, LLC	PetroQuest Energy, Inc	SRC Energy Inc	Yuma Energy, Inc. (Pre Davis)
Cabot Oil & Gas Corporation	Montage Resources Corporation	Battalion Oil Corporation	Mid-Con Energy Partners, LP	Pioneer Natural Resources Company	Stone Energy Corporation	
California Resources Corporation	Ecopetrol	Harvest Natural Resources Inc.	Midstates Petroleum Company, Inc.	QEP Resources Inc	Suncor Energy Inc.	
Callon Petroleum	Ovintiv Inc.	Hess Corporation	Murphy Oil Corporation	Range Resources Corporation	T-Rex Oil, Inc.	
Camber Energy, Inc.	Endeavour International Corporation	HighPoint Resources Corporation	Newfield Exploration Company	Repsol	Talos Energy Inc.	
Canadian Natural Resources Limited	Energy Corp	Houston American Energy Corp	Noble Energy	Resolute Energy Corporation	Tatneft	

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

Note: Some companies merged, split, or de-listed before 2020. A total of 102 companies existed in second-quarter 2020.

Background

- This analysis focuses on the financial and operating trends of 102 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.
- An energy company's assets that were acquired by another company in the group after first-quarter 2015 were kept in the data for previous quarters.
- Several charts show comparisons between energy companies and the U.S. manufacturing industry. The data were collected 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 before refining.
- *Downstream activities* refers to refinery operations, product sales, and marketing at the wholesale and retail levels.