

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



Markets and Financial Analysis Team

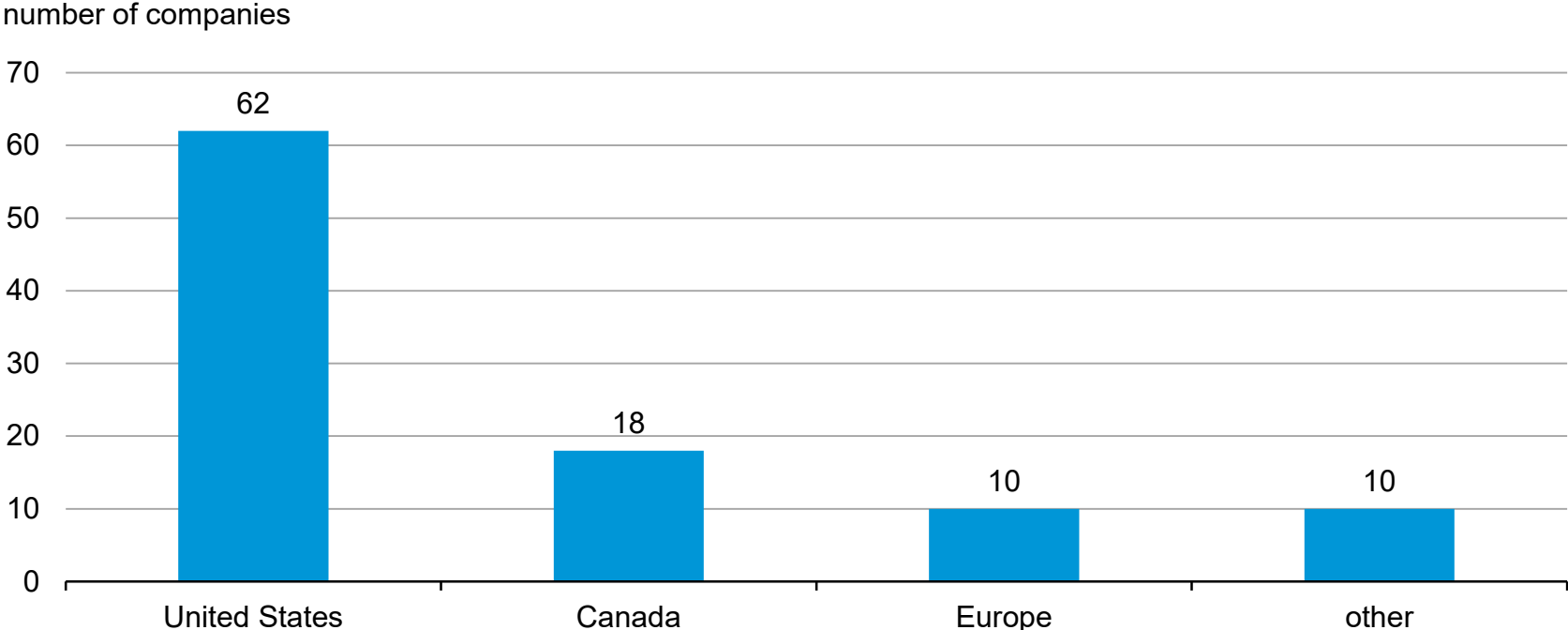
December 2020

Key findings for third-quarter 2020

- Brent crude oil daily average prices were 30% lower in third-quarter 2020 than in third-quarter 2019 and averaged \$43 per barrel.
- The combined petroleum liquids production of this study's 100 companies decreased 9.3% in third-quarter 2020 from third-quarter 2019, and their natural gas production decreased 7.9% during the same period.
- Upstream capital expenditures on a per-barrel basis declined to the lowest average level in the 2016–20 period in third-quarter 2020.
- Cash flow from operating activities increased from the first and second quarters of 2020 to \$88 billion, but it remained 31% lower than third-quarter 2019.

Note: The 100 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.

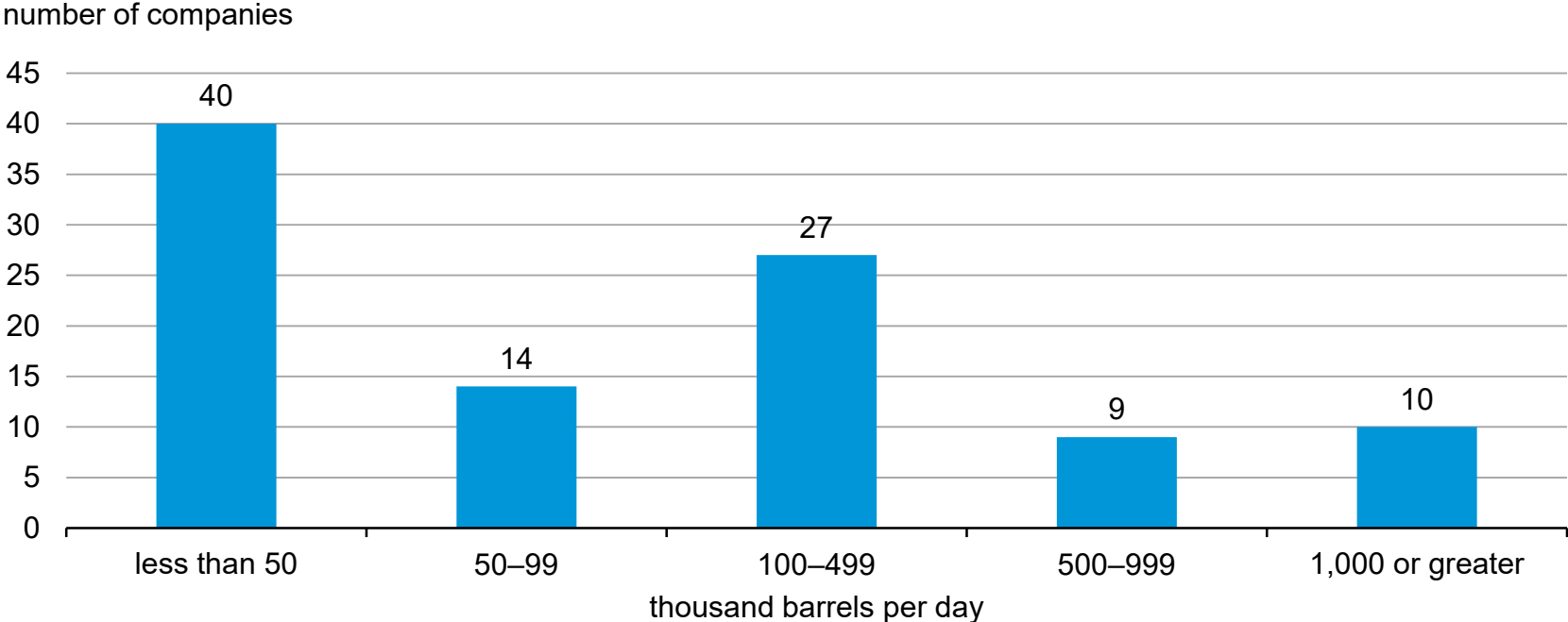
Geographic distribution of global oil and natural gas company headquarters, third-quarter 2020



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.

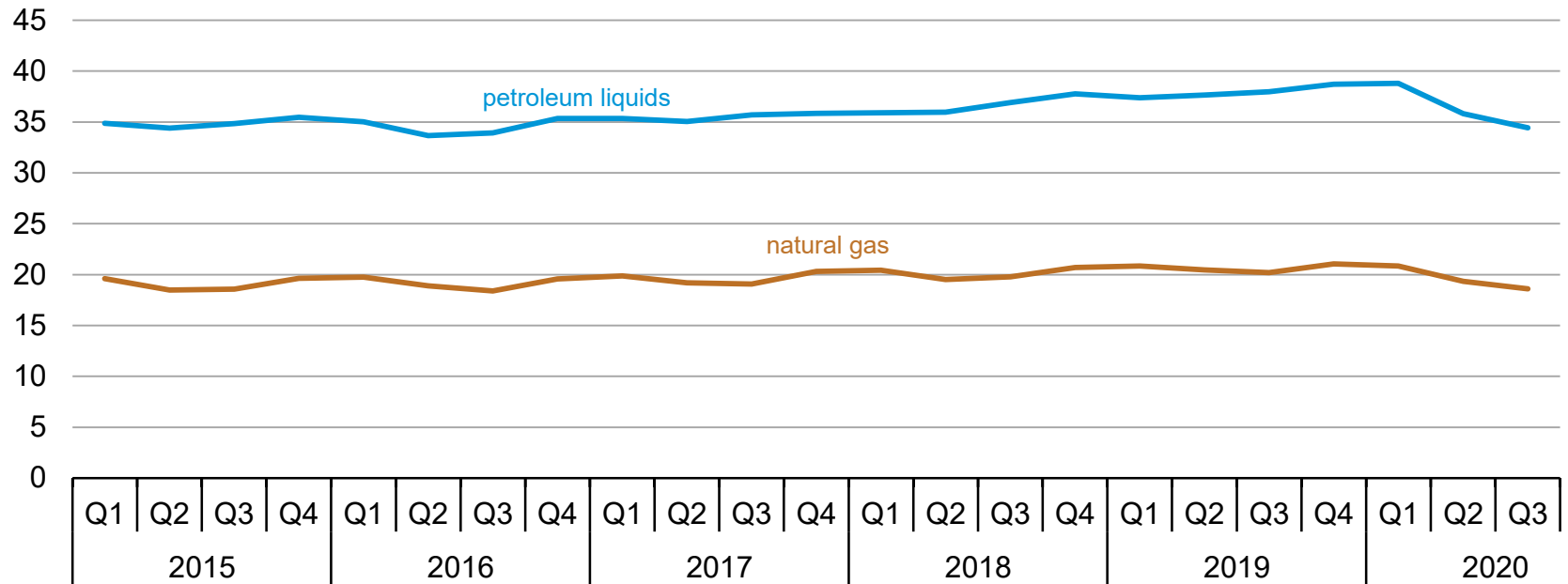
Distribution of global energy companies by production of petroleum liquids, third-quarter 2020



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 34 million barrels per day and 19 million barrels of oil equivalent per day, respectively, in third-quarter 2020

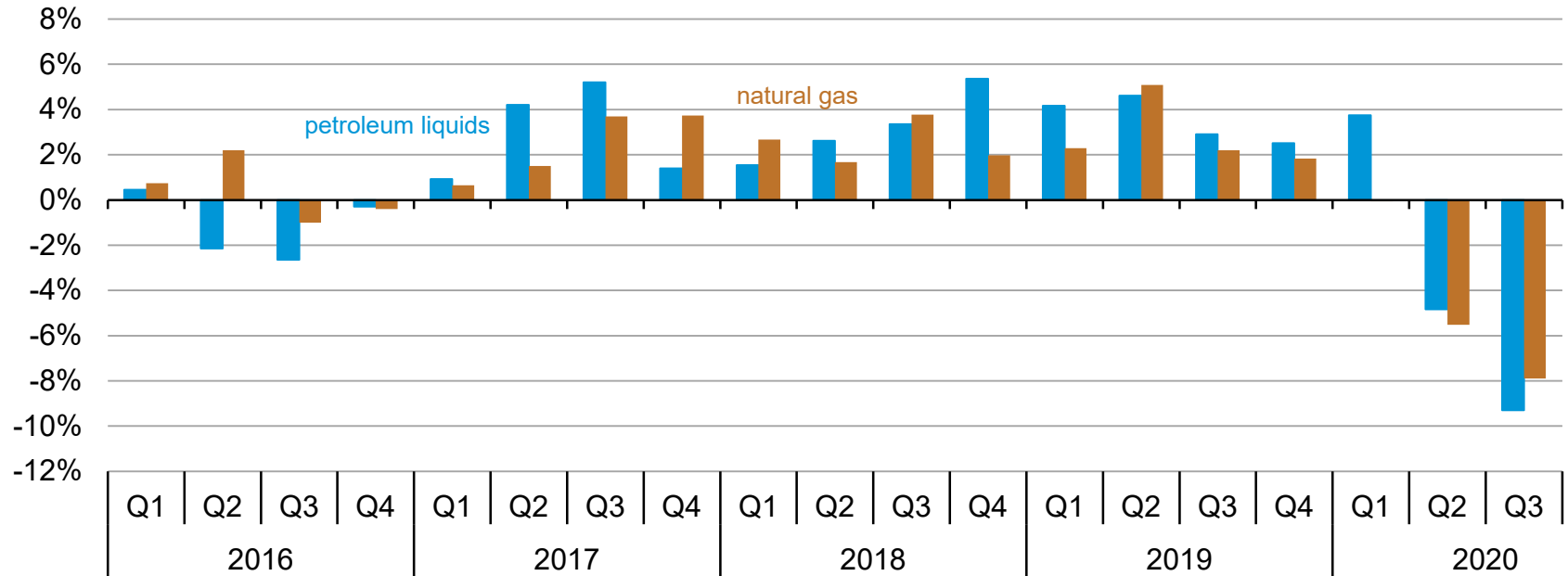
petroleum liquids and natural gas production
million barrels of oil equivalent per day



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

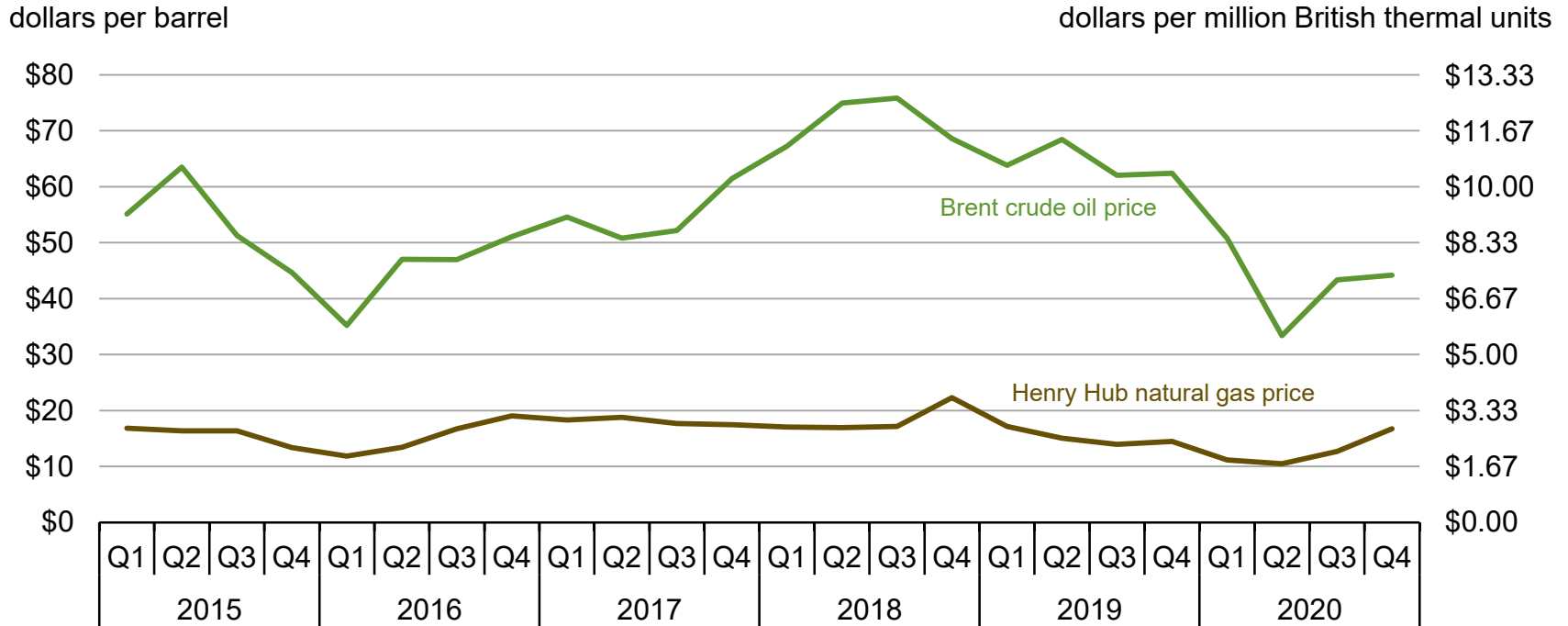
In third-quarter 2020, global petroleum liquids production decreased 9.3% year over year and natural gas production decreased 7.9%

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

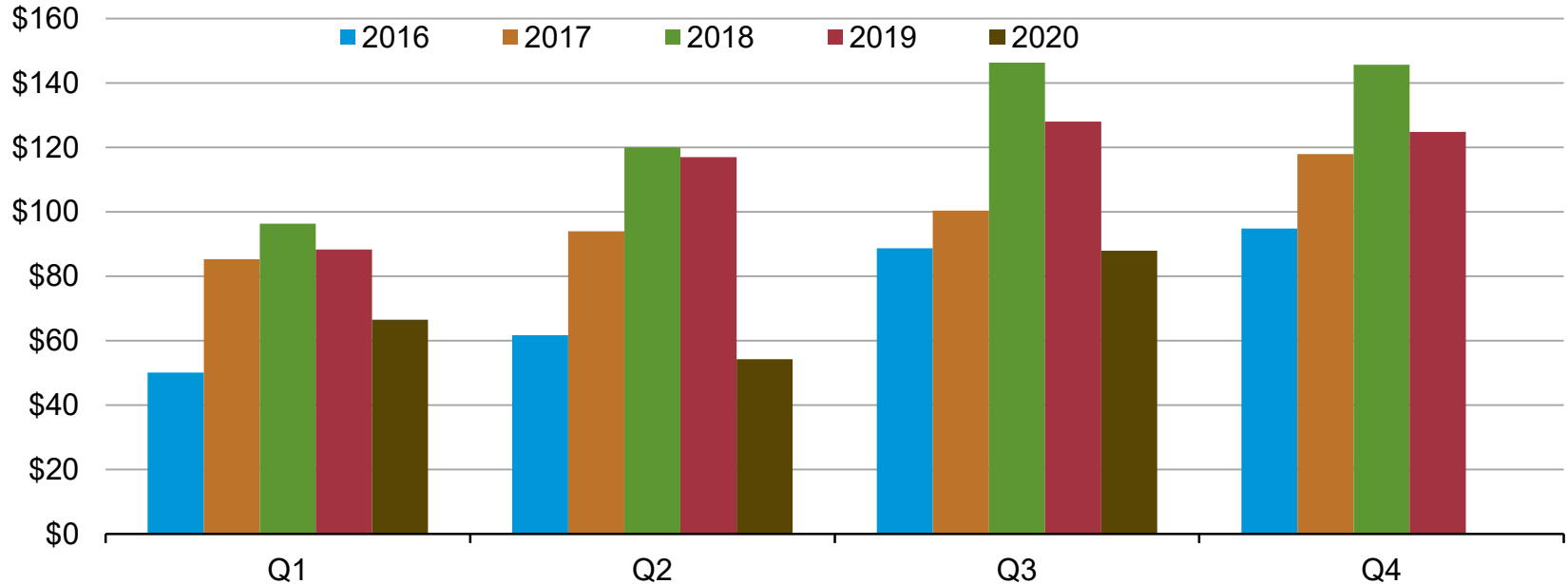
Third-quarter 2020 crude oil prices were 30% lower than in third-quarter 2019, and natural gas prices decreased 9% during the same period



Source: Bloomberg

Cash from operations in third-quarter 2020 was \$88 billion, 31% lower than in third-quarter 2019

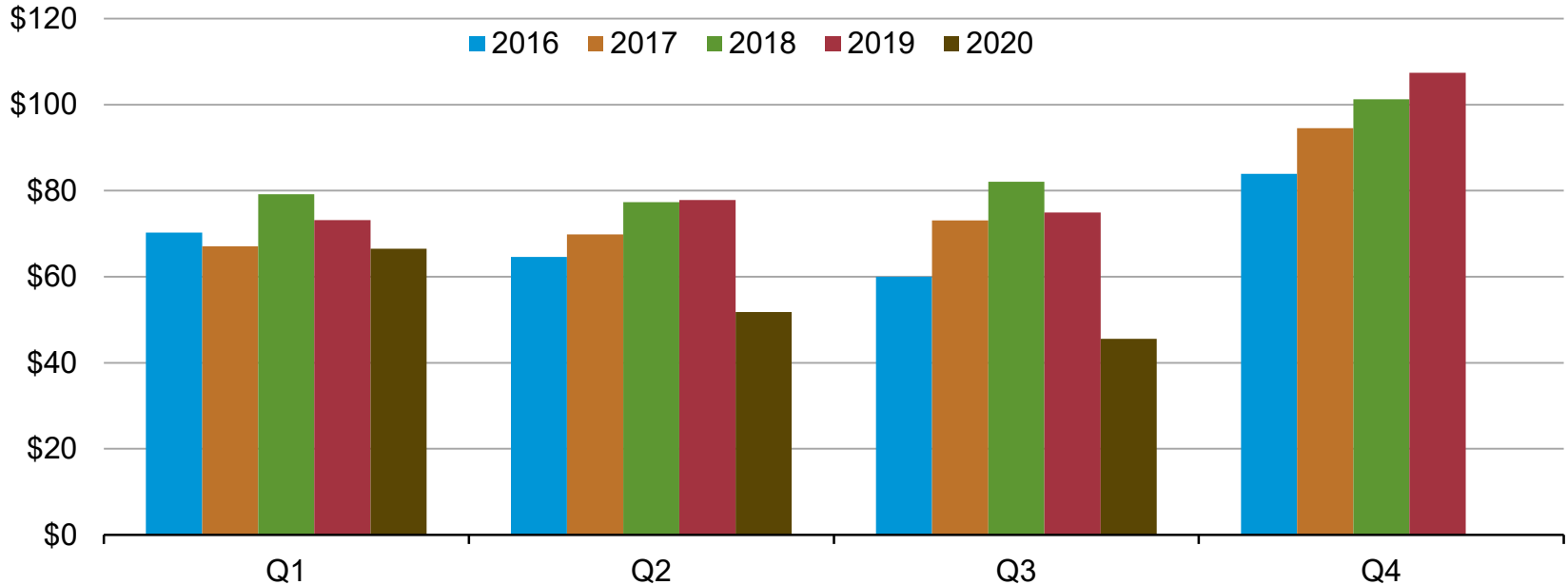
cash from operations
billion dollars



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

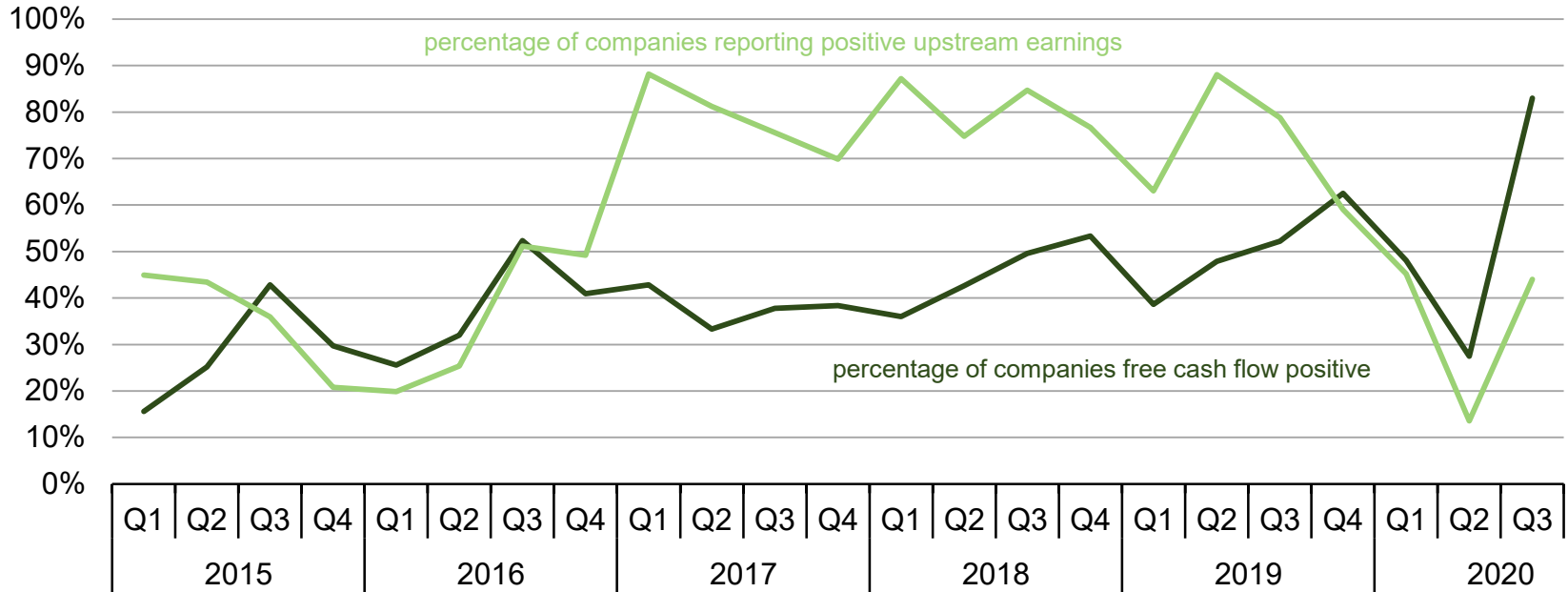
Capital expenditure in third-quarter 2020 was \$46 billion, 39% lower than in third-quarter 2019

capital expenditure
billion dollars



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

About 83% of companies had positive free cash flow, and 44% of companies reported positive upstream earnings in third-quarter 2020



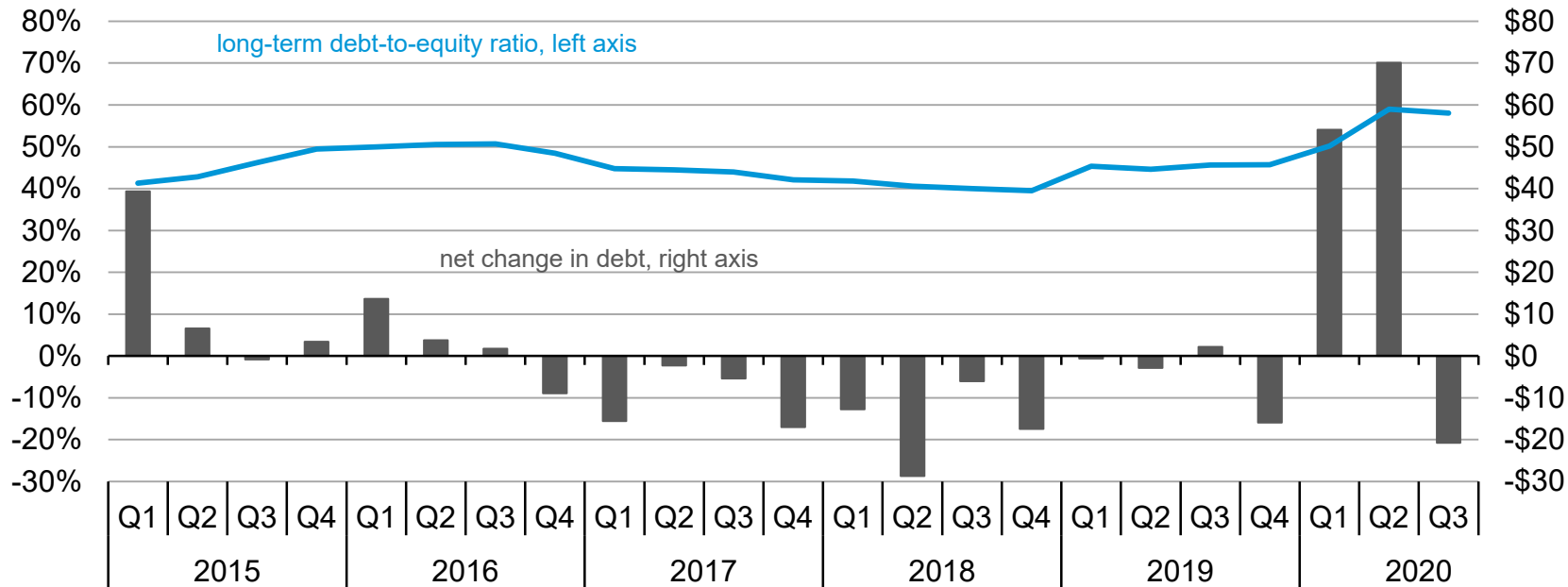
Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

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

The companies decreased debt by \$21 billion in third-quarter 2020, and the long-term debt-to-equity ratio decreased to 58%

long-term debt-to-equity ratio

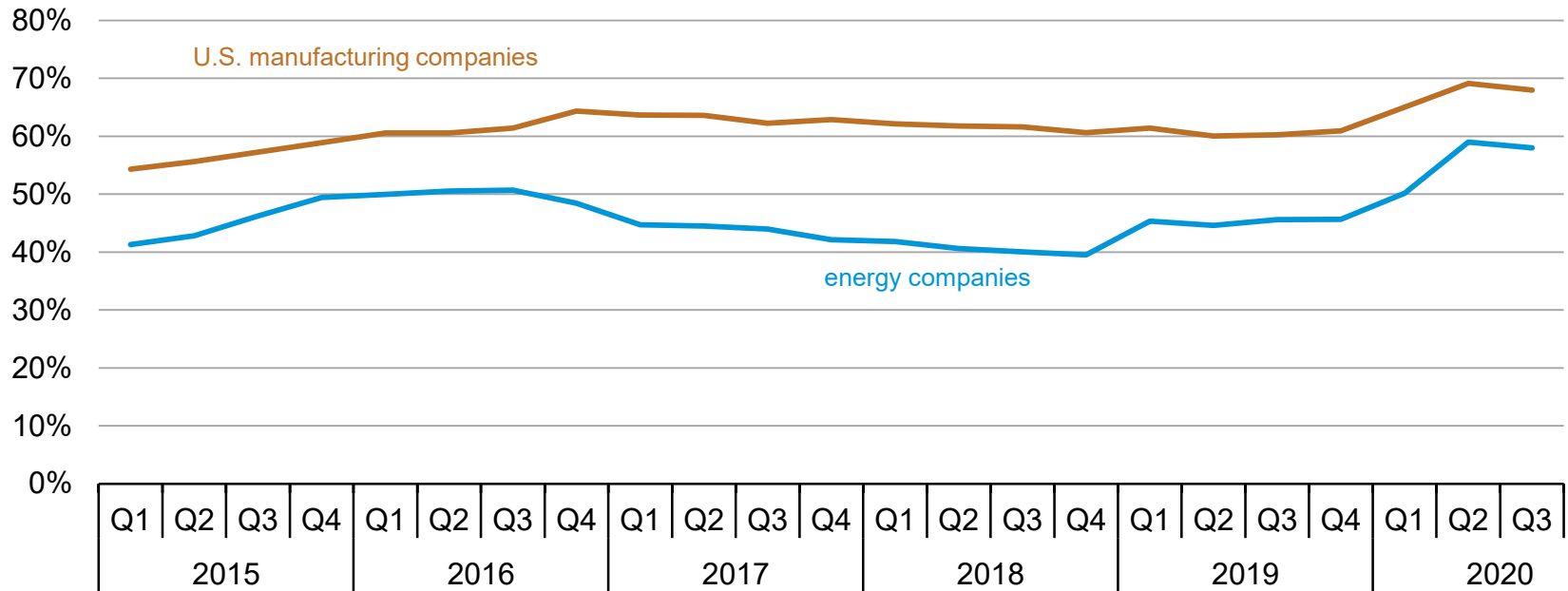
billion dollars



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

As of third-quarter 2020, the long-term debt-to-equity ratio for energy companies was 58% and for U.S. manufacturing companies was 68%

long-term debt-to-equity ratio

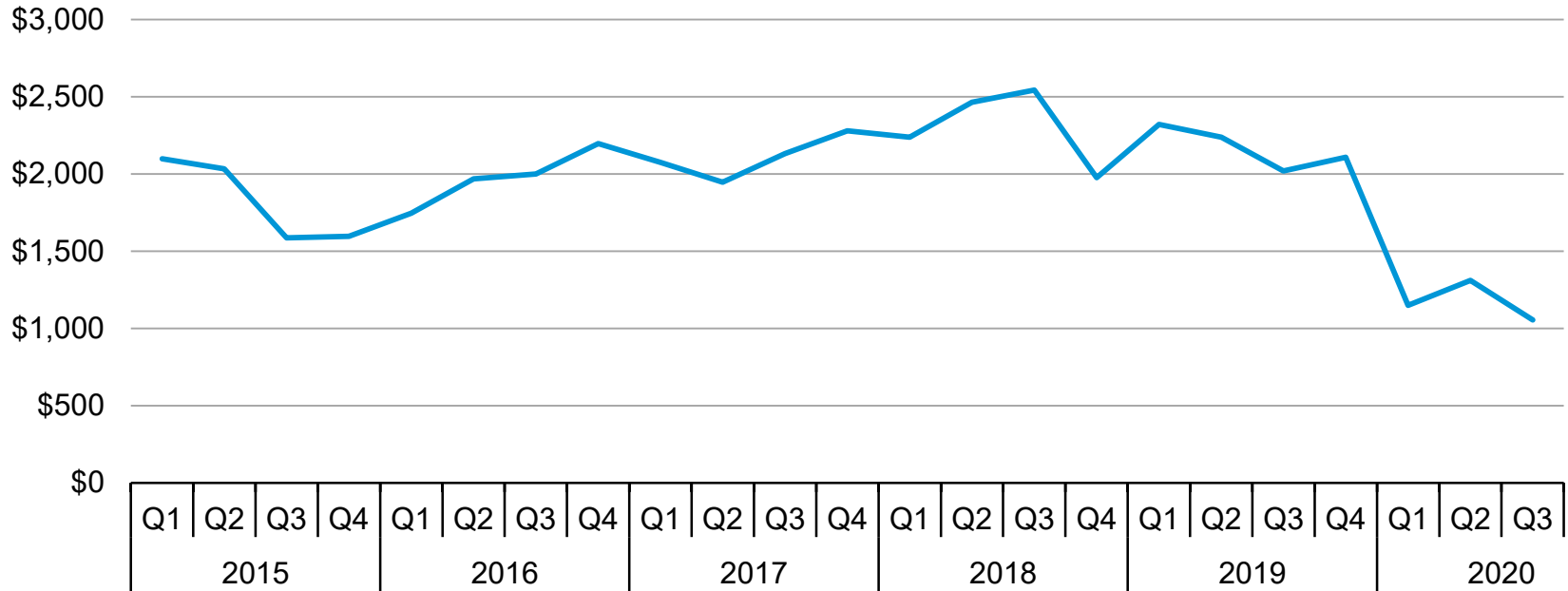


Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements and U.S. Census Bureau

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

combined market capitalization

billion dollars

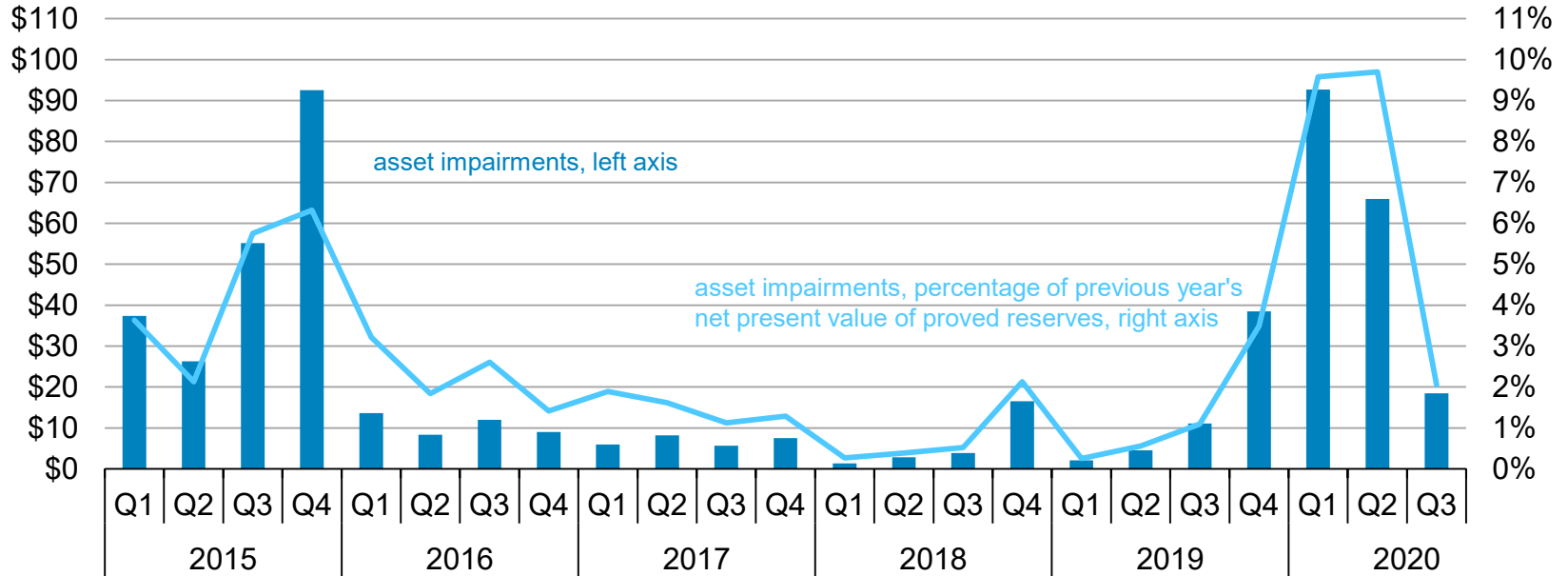


Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

The \$19 billion in asset impairments were 2% of the companies' net present value of their proved reserves

asset impairments
billion dollars

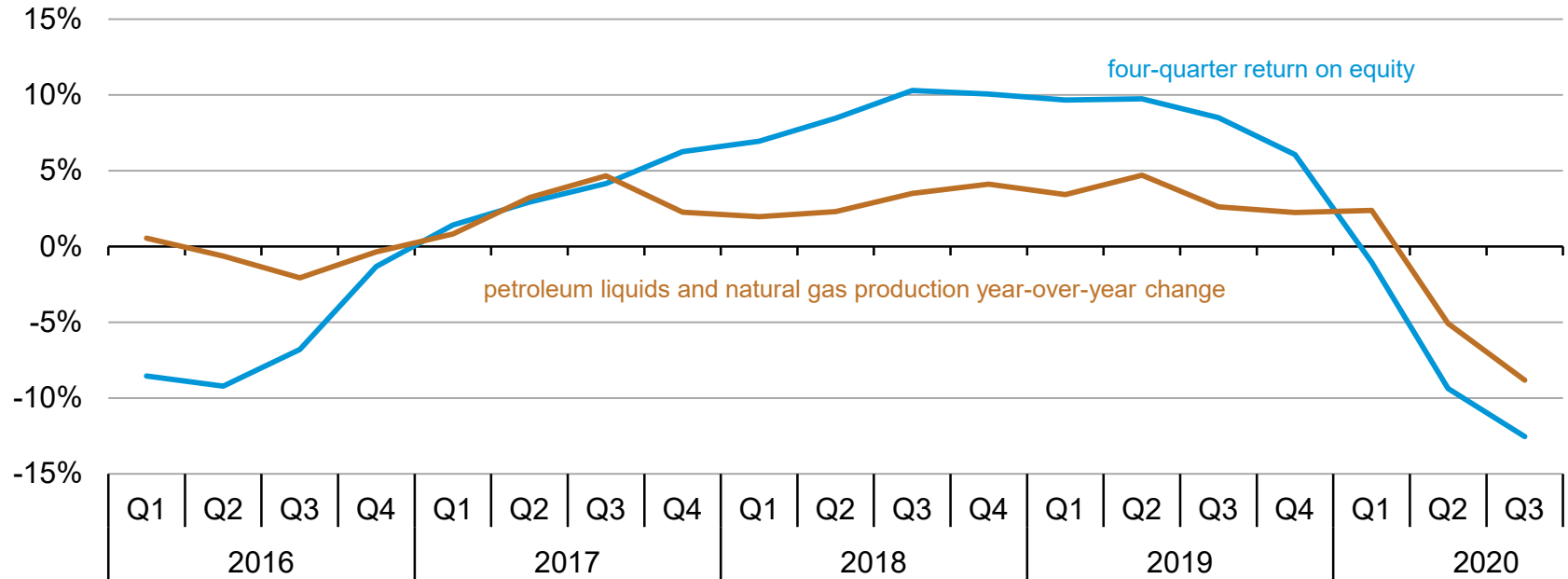
asset impairments, percentage of previous year's net present value of proved reserves



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 -13% in third-quarter 2020

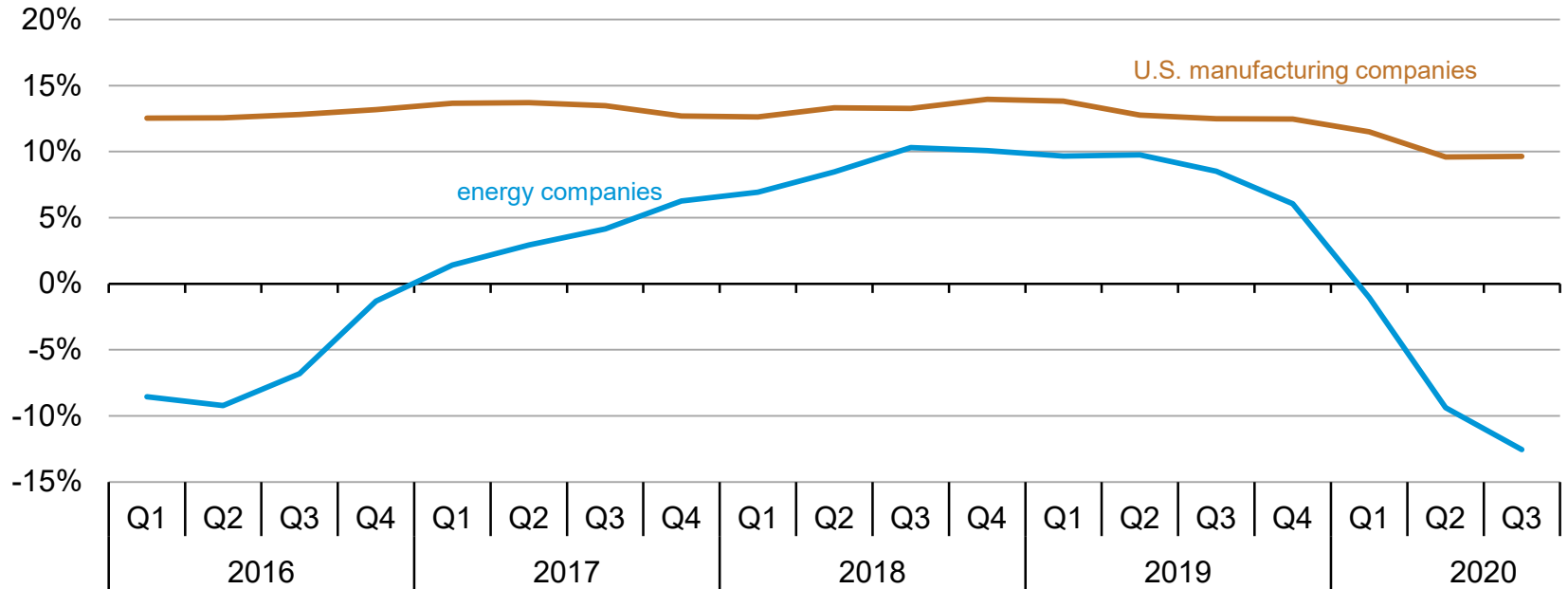
return on equity and production



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

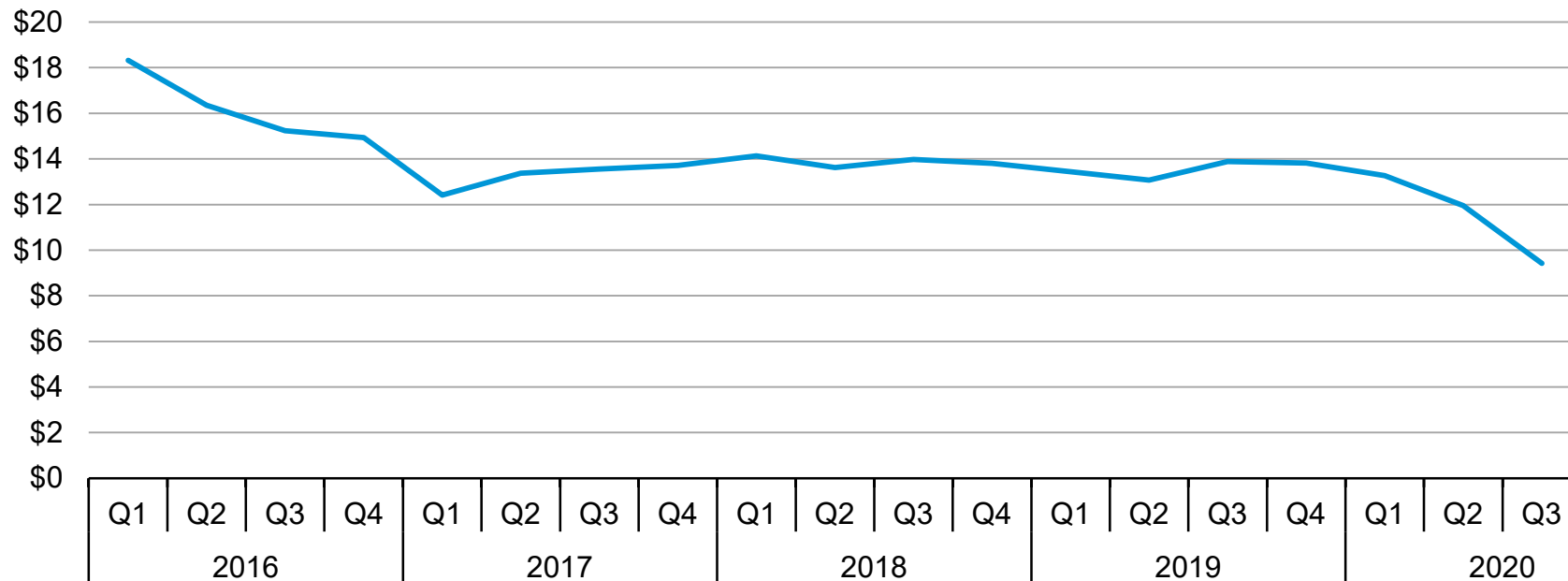
four-quarter return on equity



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

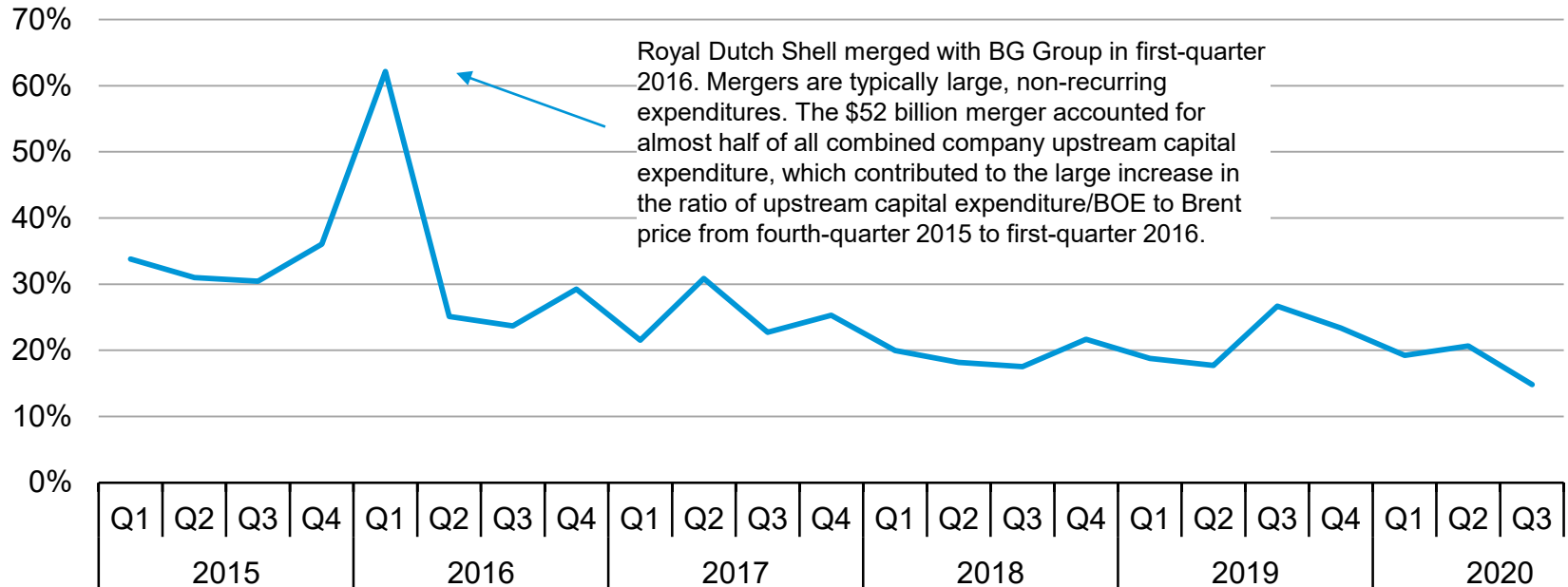


Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

Note: BOE=barrel of oil equivalent

Upstream capital expenditures per barrel of oil equivalent were 15% of crude oil prices in third-quarter 2020

ratio of upstream capital expenditure/BOE to Brent price



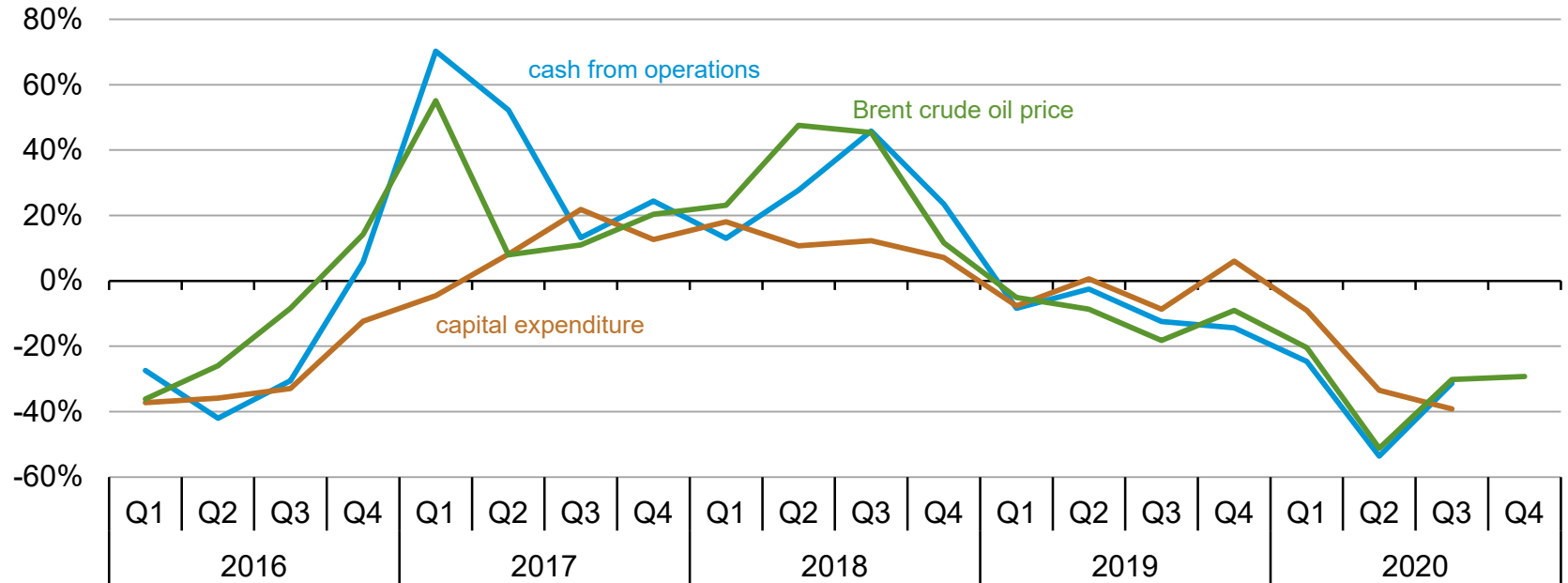
Source: U.S. Energy Information Administration, based on Evaluate Energy data of companies with publicly available financial statements

Note: BOE=barrel of oil equivalent

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

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

Note: Some companies merged, closed, or de-listed before 2020. A total of 100 companies existed in third-quarter 2020.

Background

- This analysis focuses on the financial and operating trends of 100 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.