

# Financial Review: First-quarter 2015



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## 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

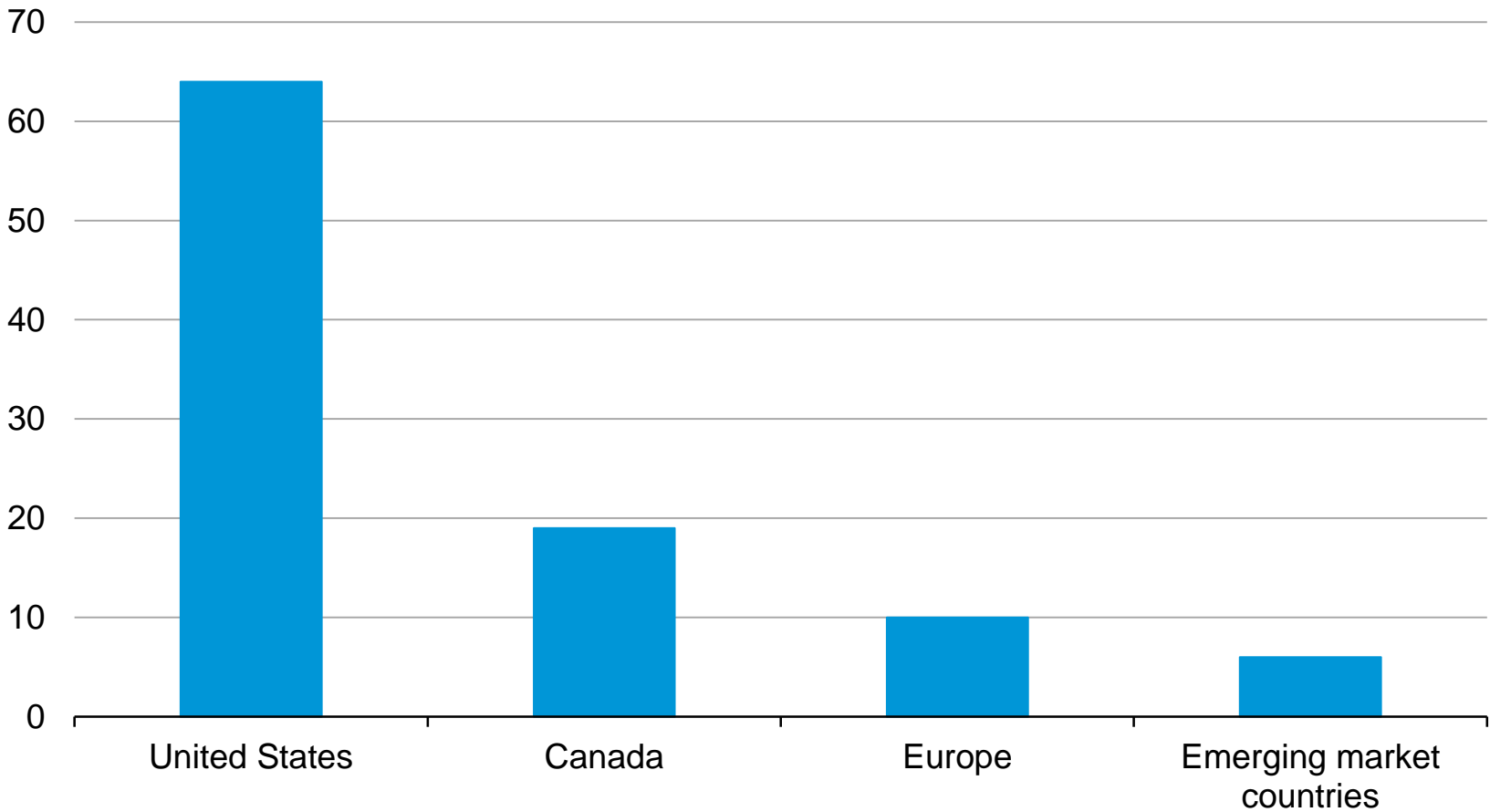
- Cash from operations is a measure of income.
- Capital expenditure represents cash used for property, plant, and equipment.
- Financing activities measure inflows/outflows in debt or equity markets including dividends, share issuance or repurchases, and debt issuance or repayments.
- Return on equity 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

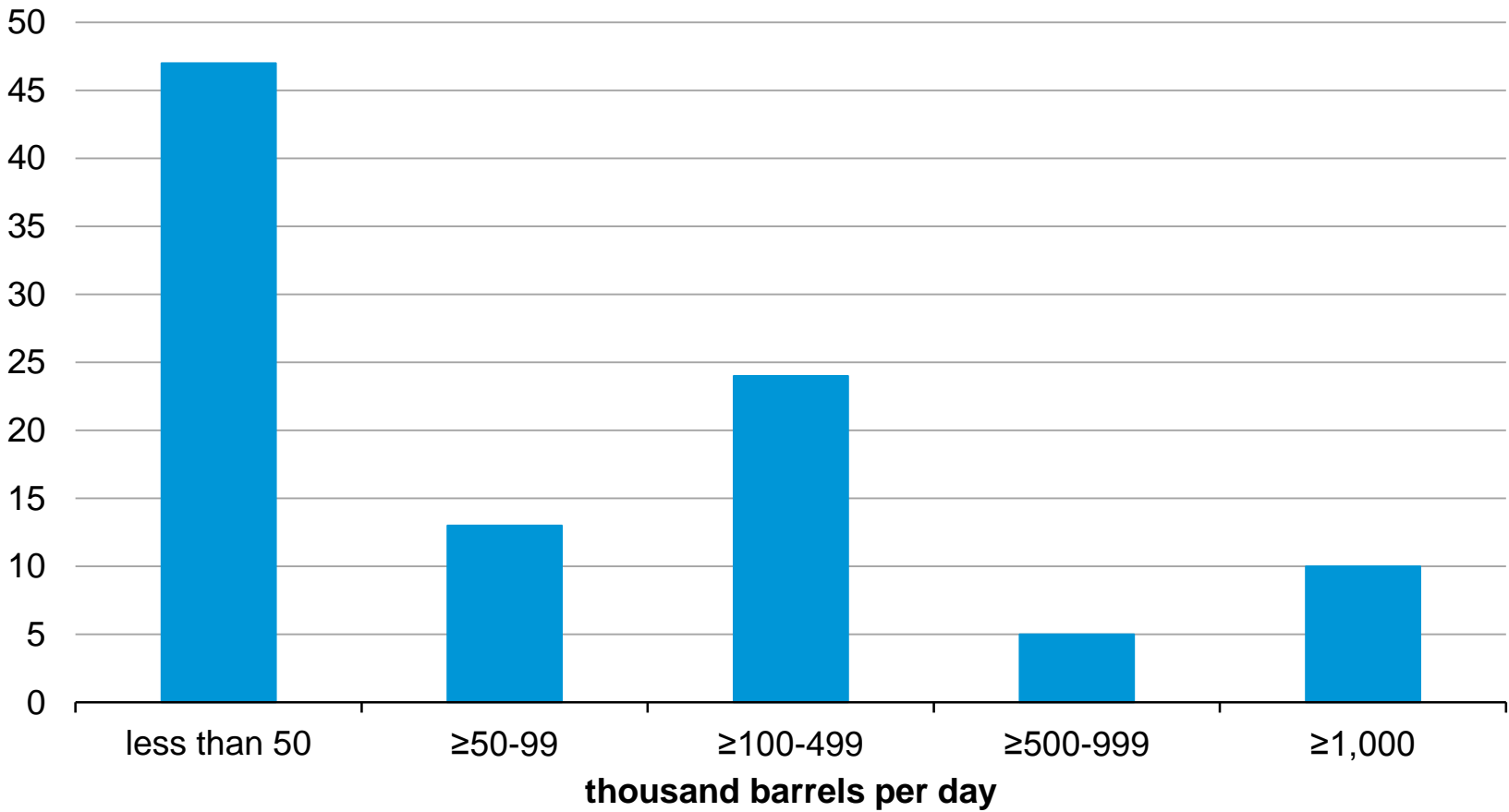
number of companies



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

# Production of oil and other liquids, first-quarter 2015

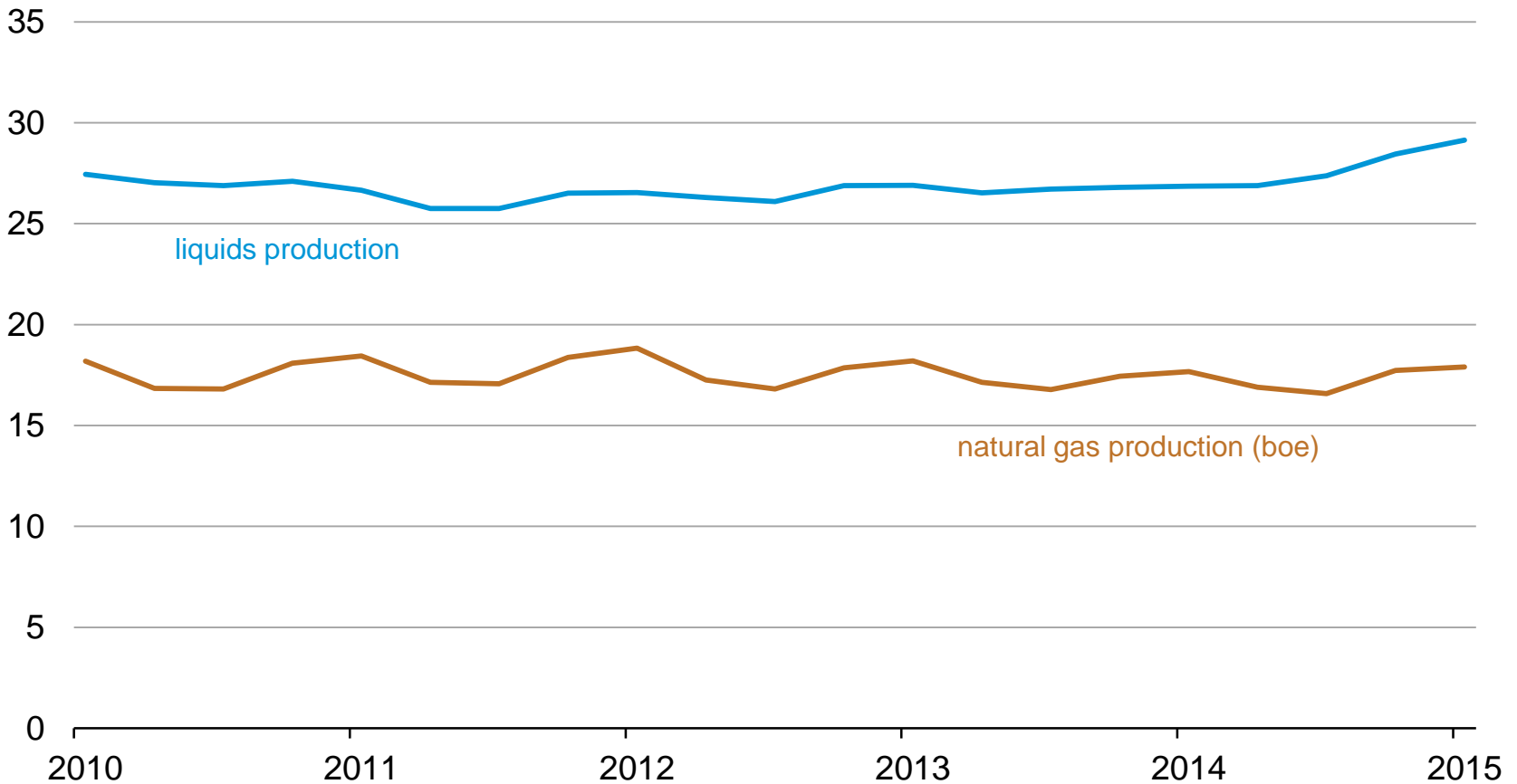
number of companies



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

# Oil and natural gas production for the combined companies

million barrels of oil equivalent per day

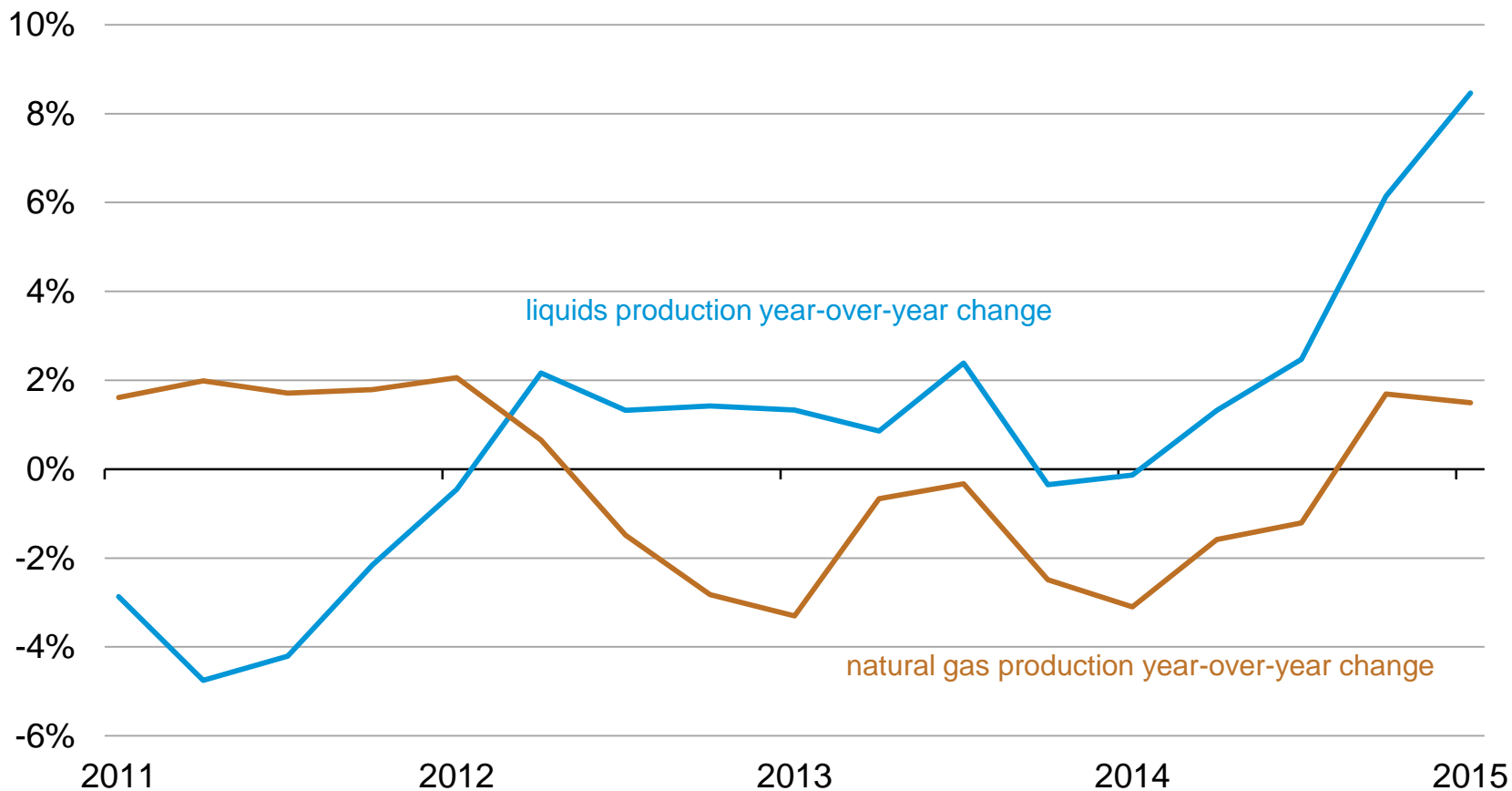


Source: U.S. Energy Information Administration, Evaluate Energy

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

year-over-year change



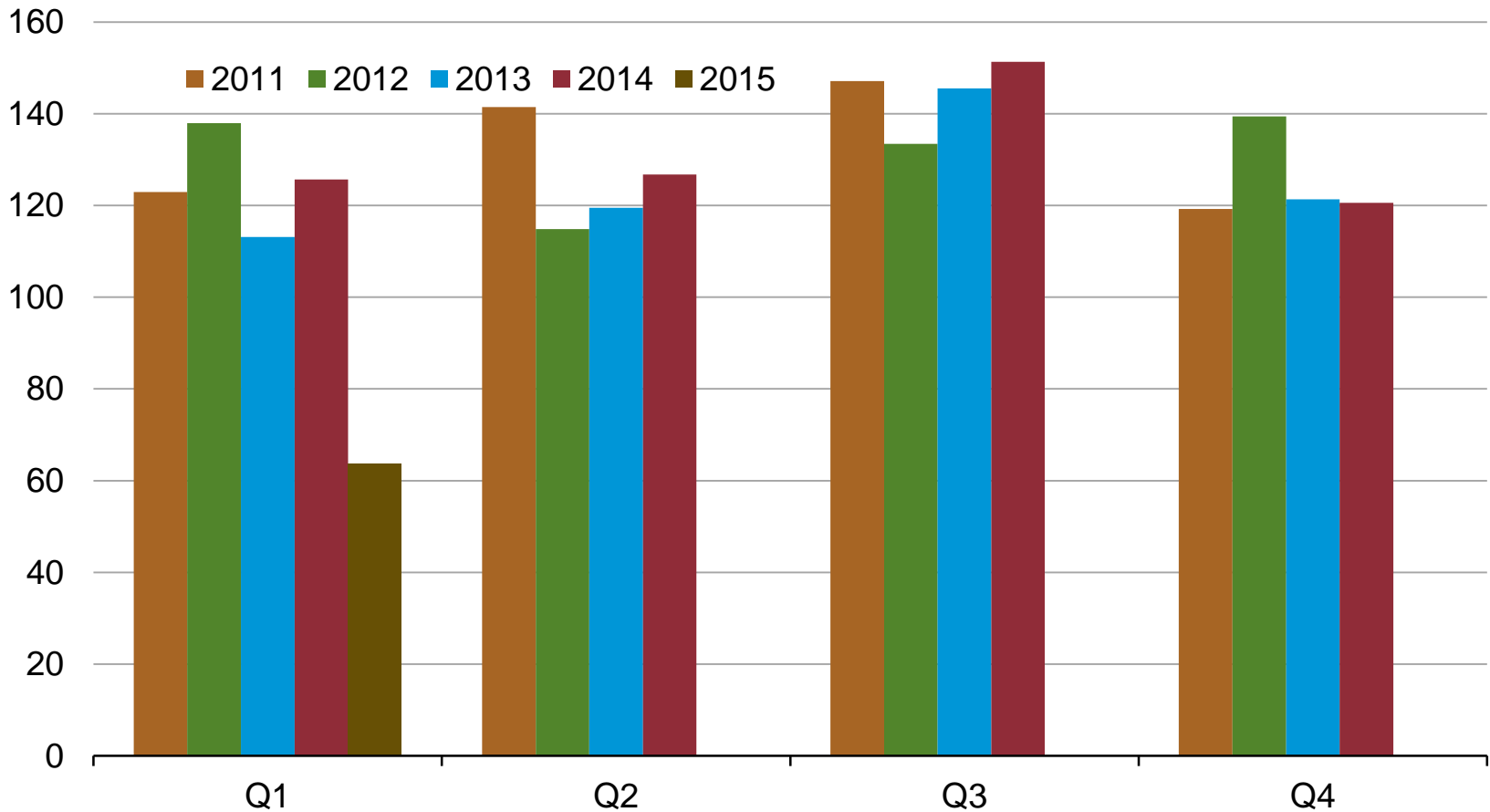
Source: U.S. Energy Information Administration, Evaluate Energy

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

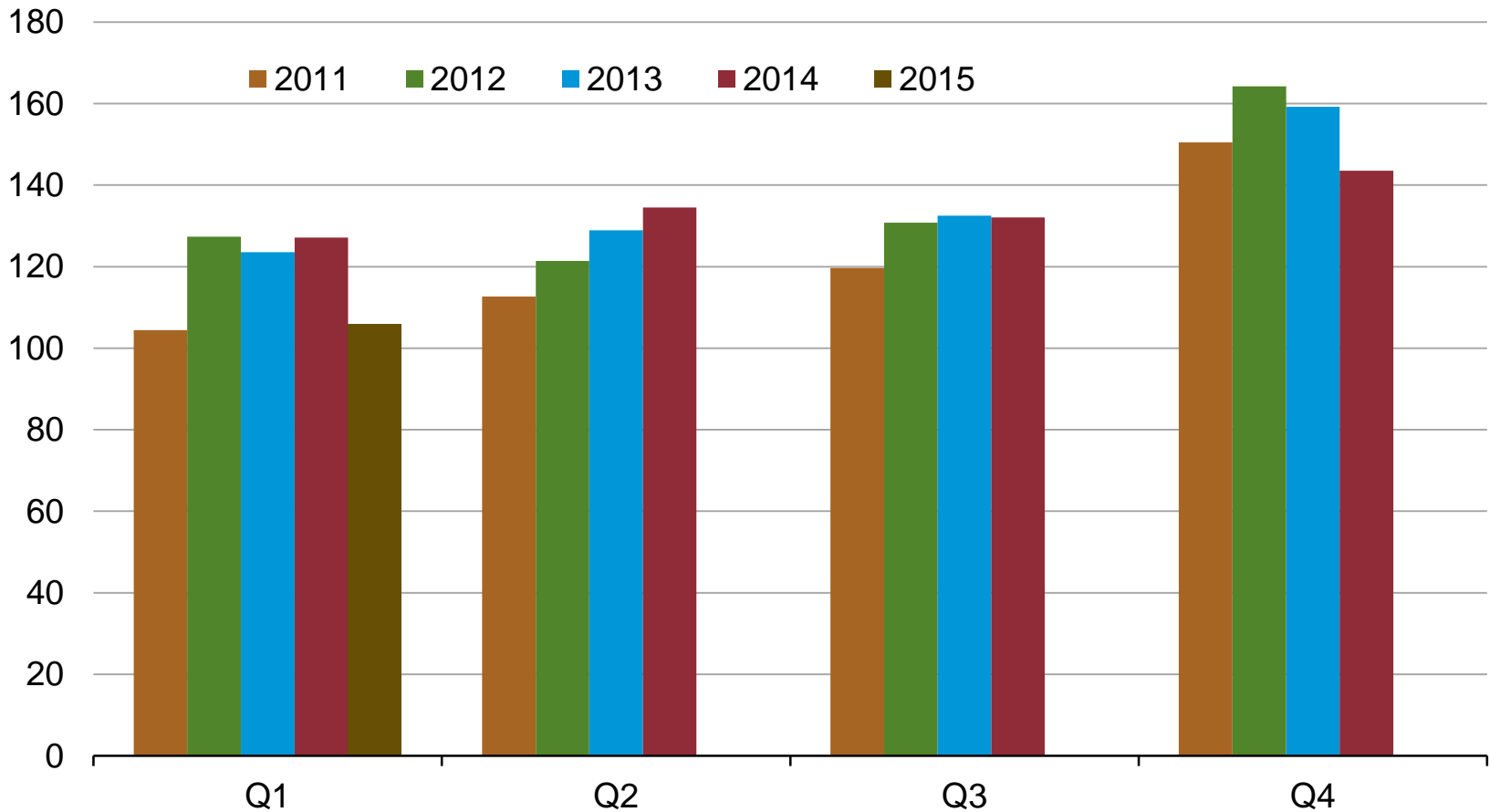
cash from operations  
billion 2015\$



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

# The energy companies' capital expenditure was \$21 billion lower than the same period of 2014

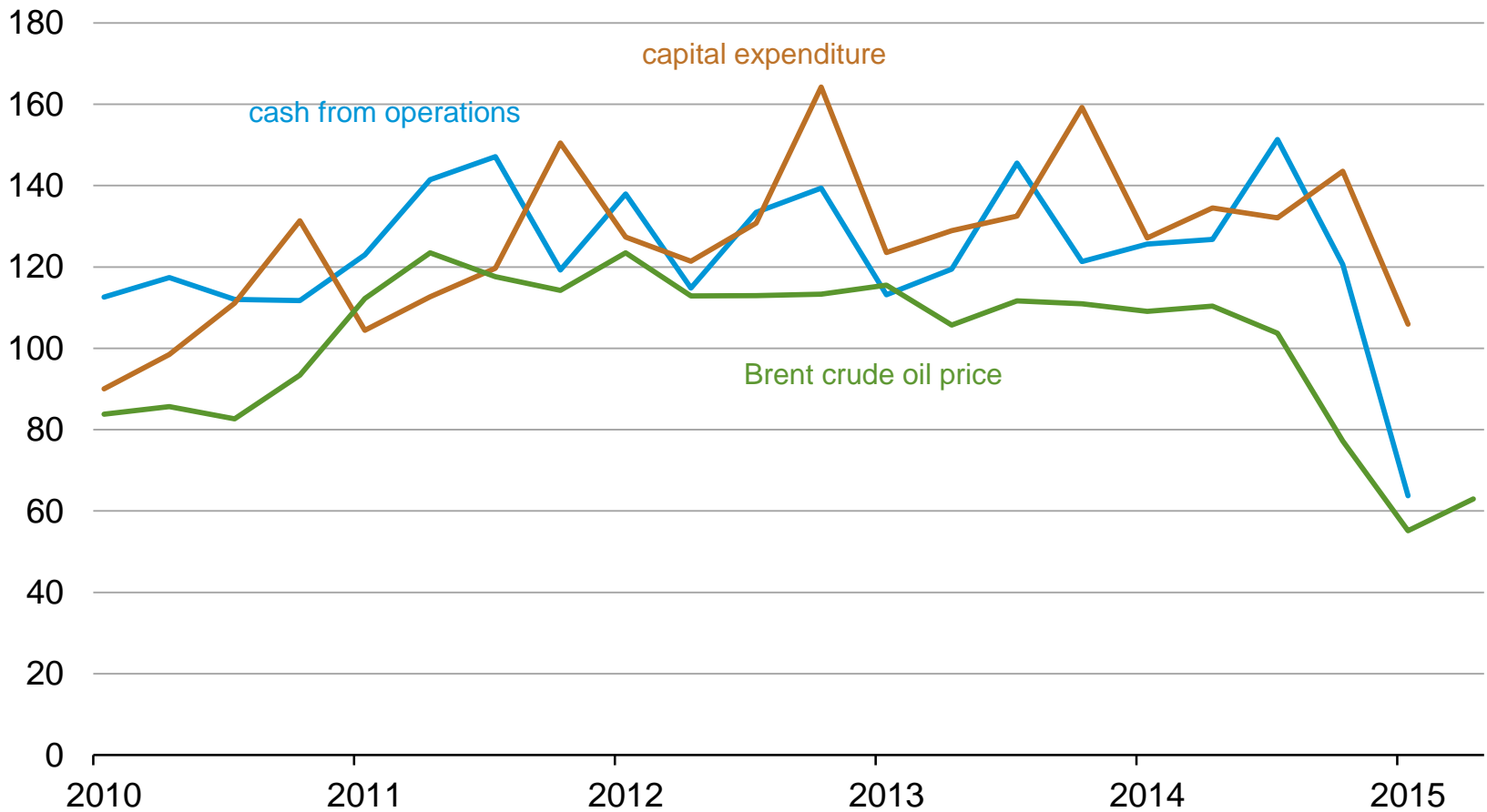
capital expenditure  
billion 2015\$



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

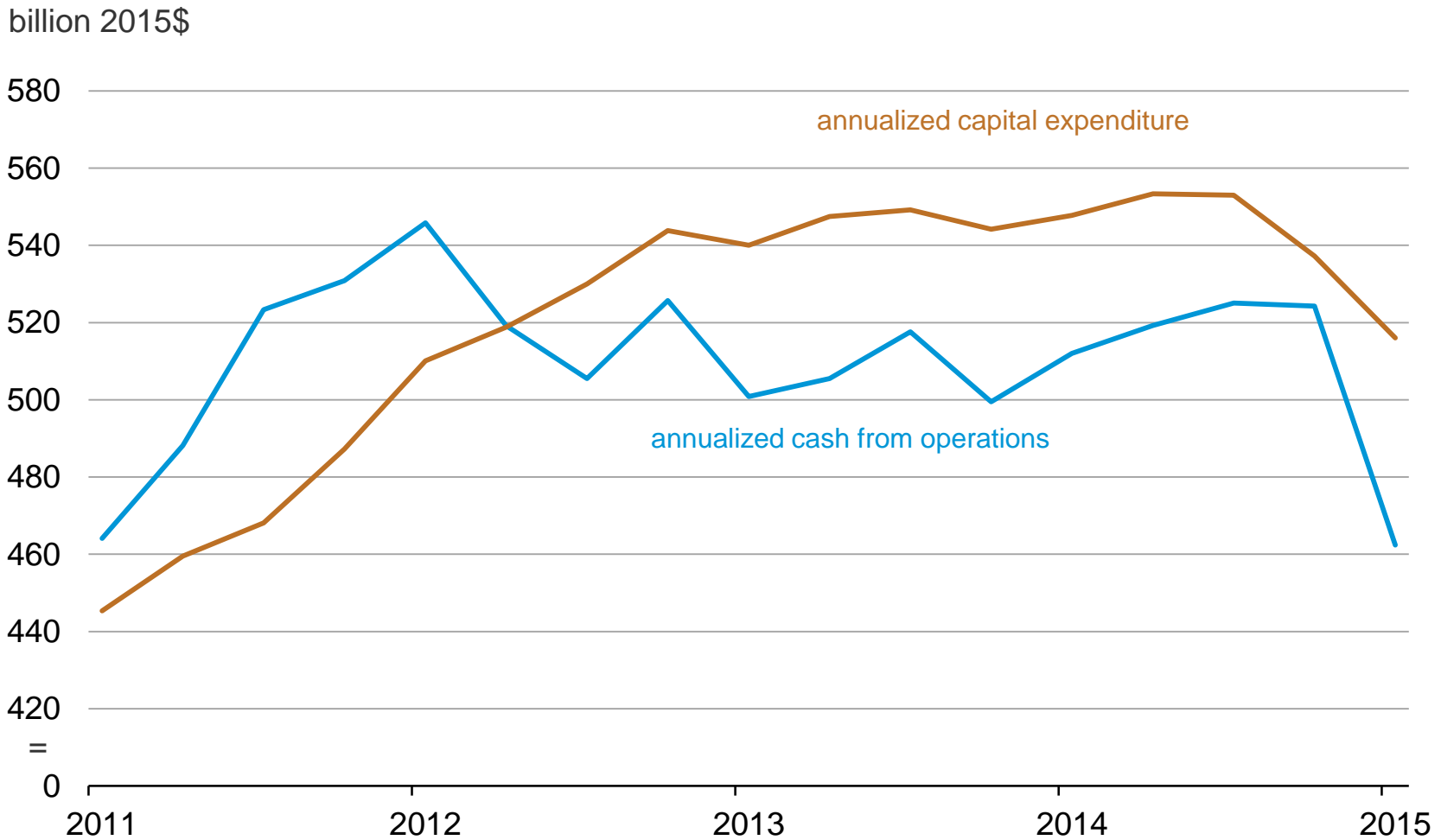
# Cash flow and capital expenditure declined in response to falling crude oil prices

billion 2015\$; Brent in 2015\$/barrel



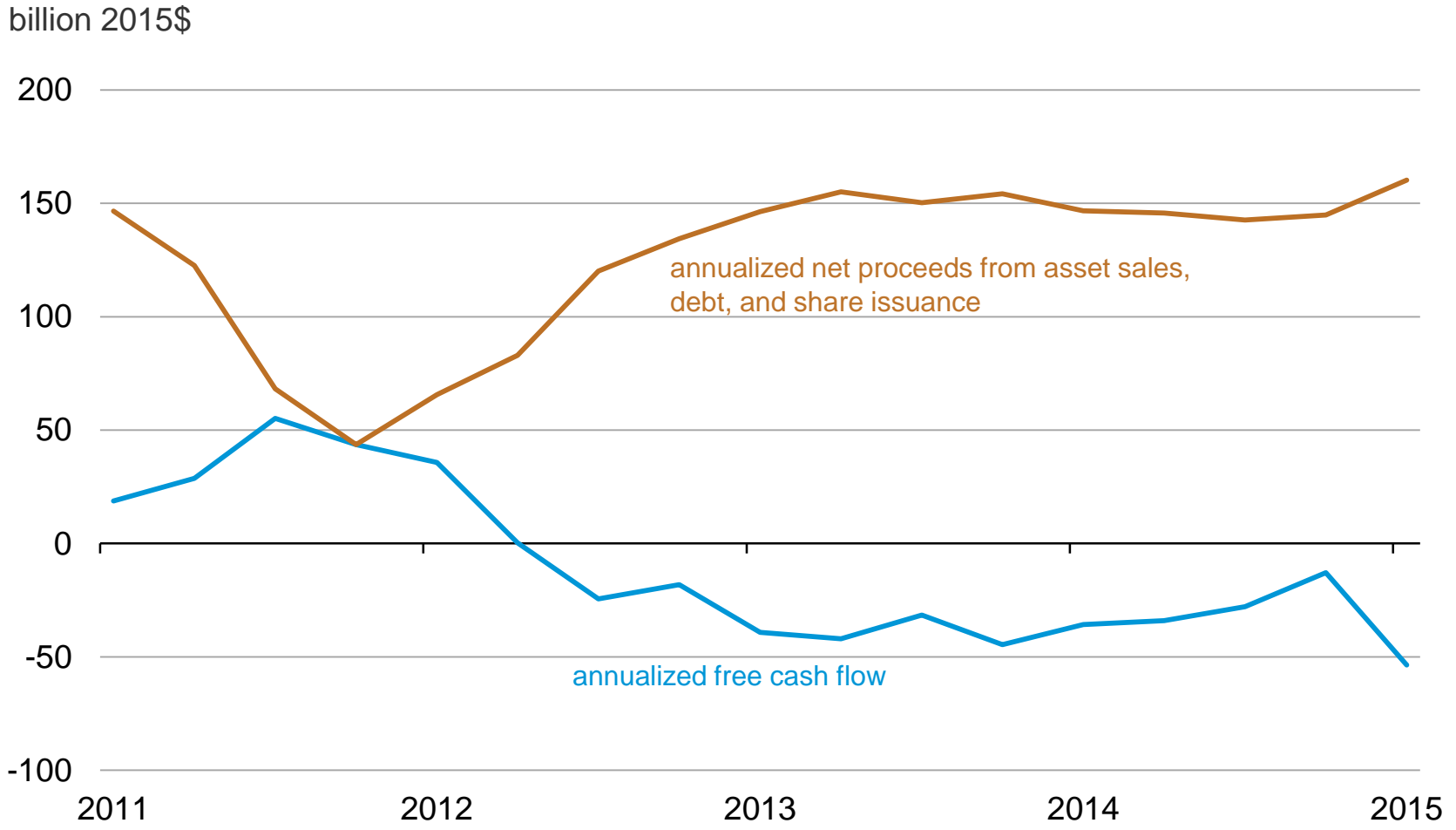
Source: U.S. Energy Information Administration, Evaluate Energy, Bloomberg

# For the four quarters ending first-quarter 2015, investment spending was \$54 billion higher than operating cash flow



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

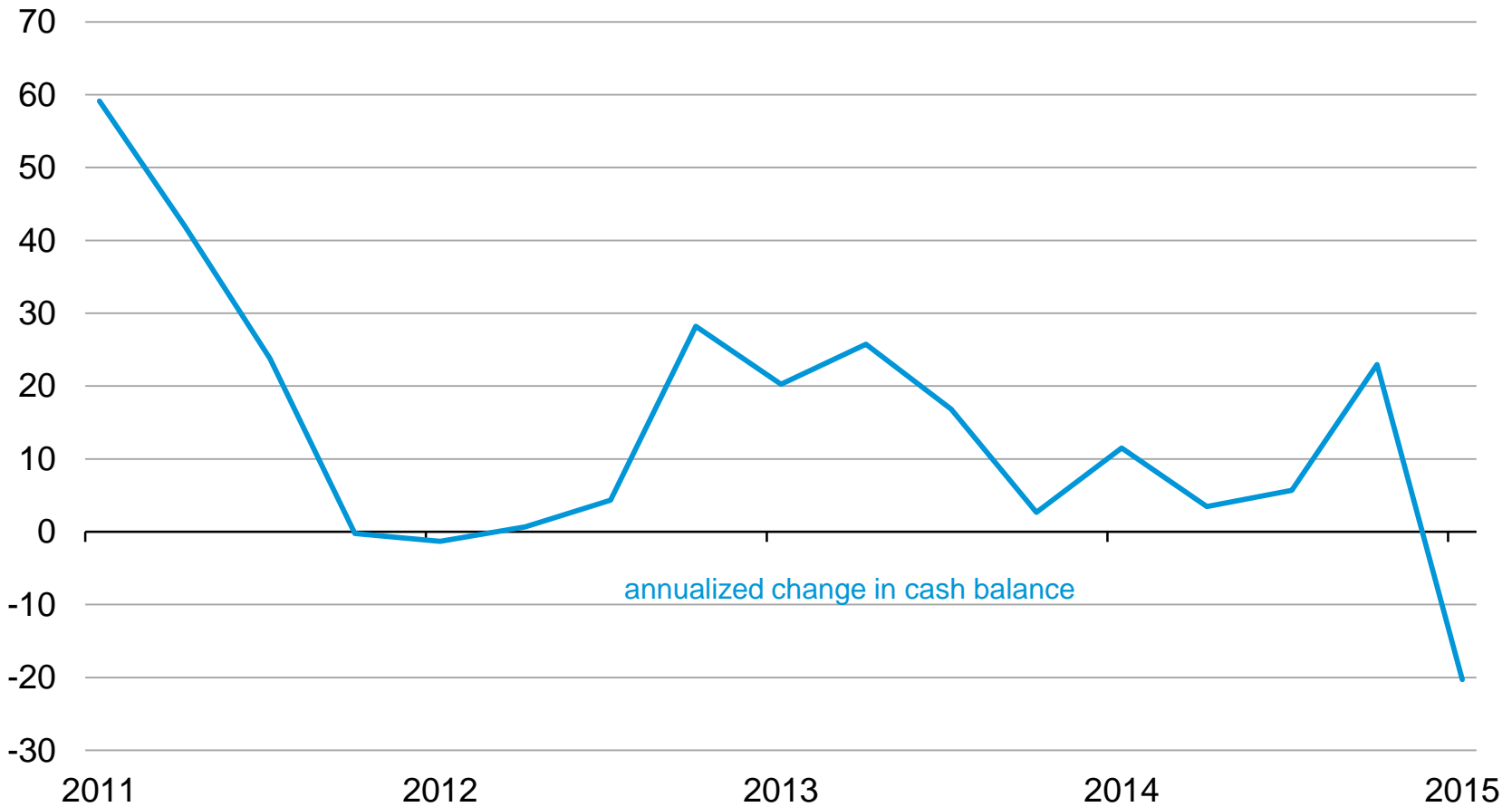
# Declining cash flow led to the largest amount of capital raised from debt and equity markets since 2010



Source: U.S. Energy Information Administration, Evaluate Energy  
Note: free cash flow=cash from operations minus capital expenditure

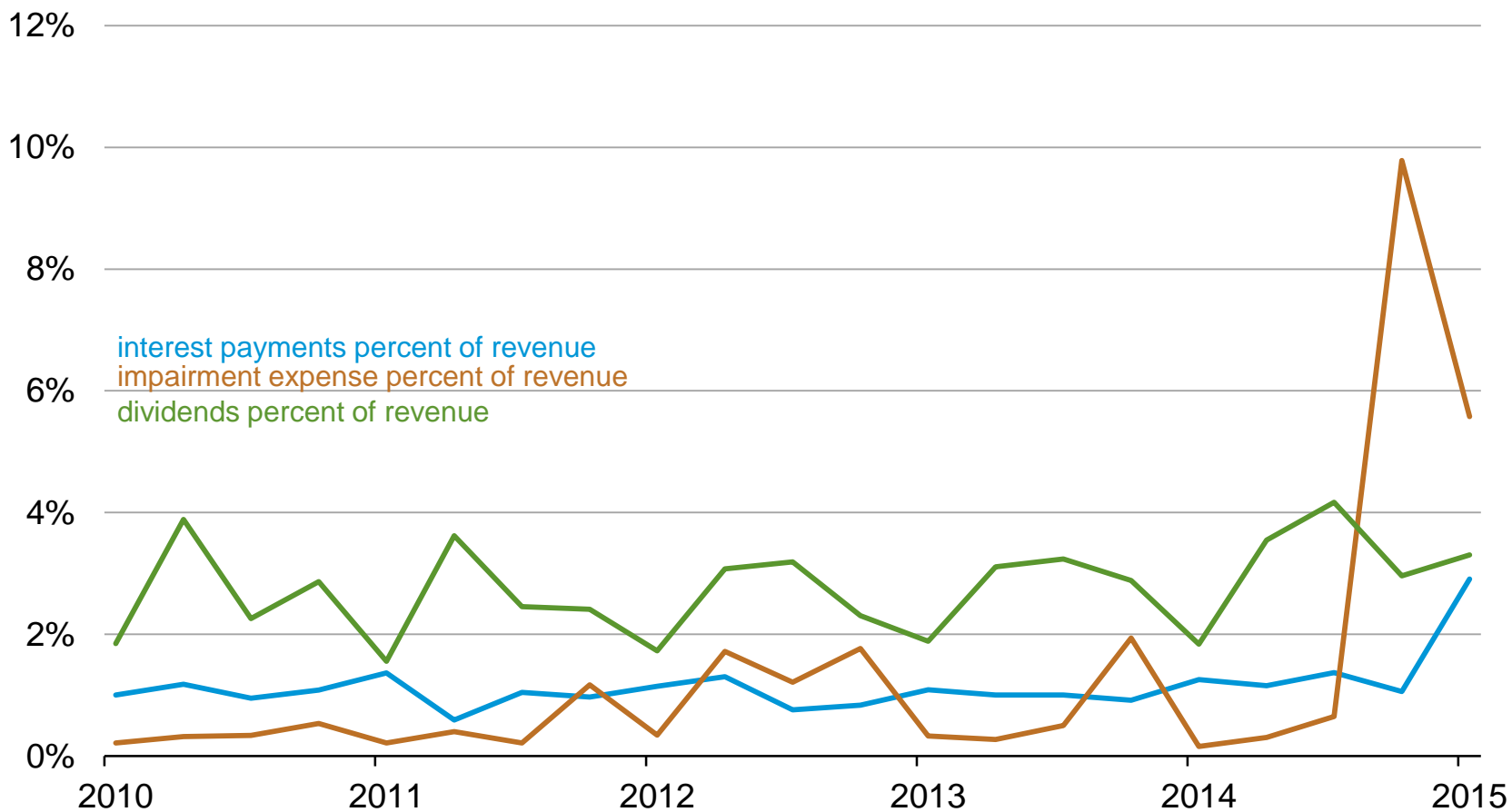
# After years of increasing cash balances, they declined \$20 billion for the four quarters ending first-quarter 2015

billion 2015\$



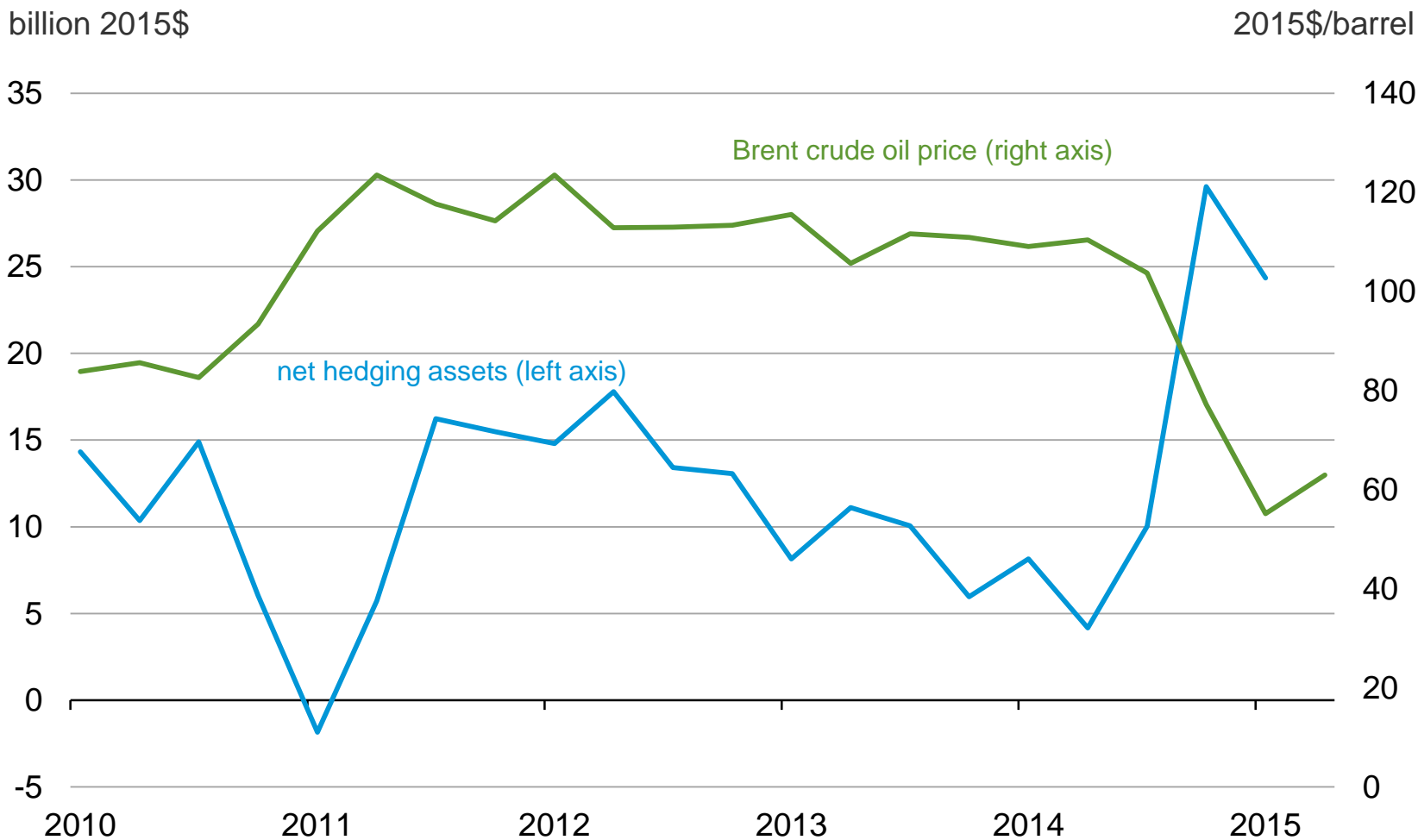
Source: U.S. Energy Information Administration, Evaluate Energy

# Low revenue, asset devaluations, and fixed payments contributed to an increase in these metrics



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

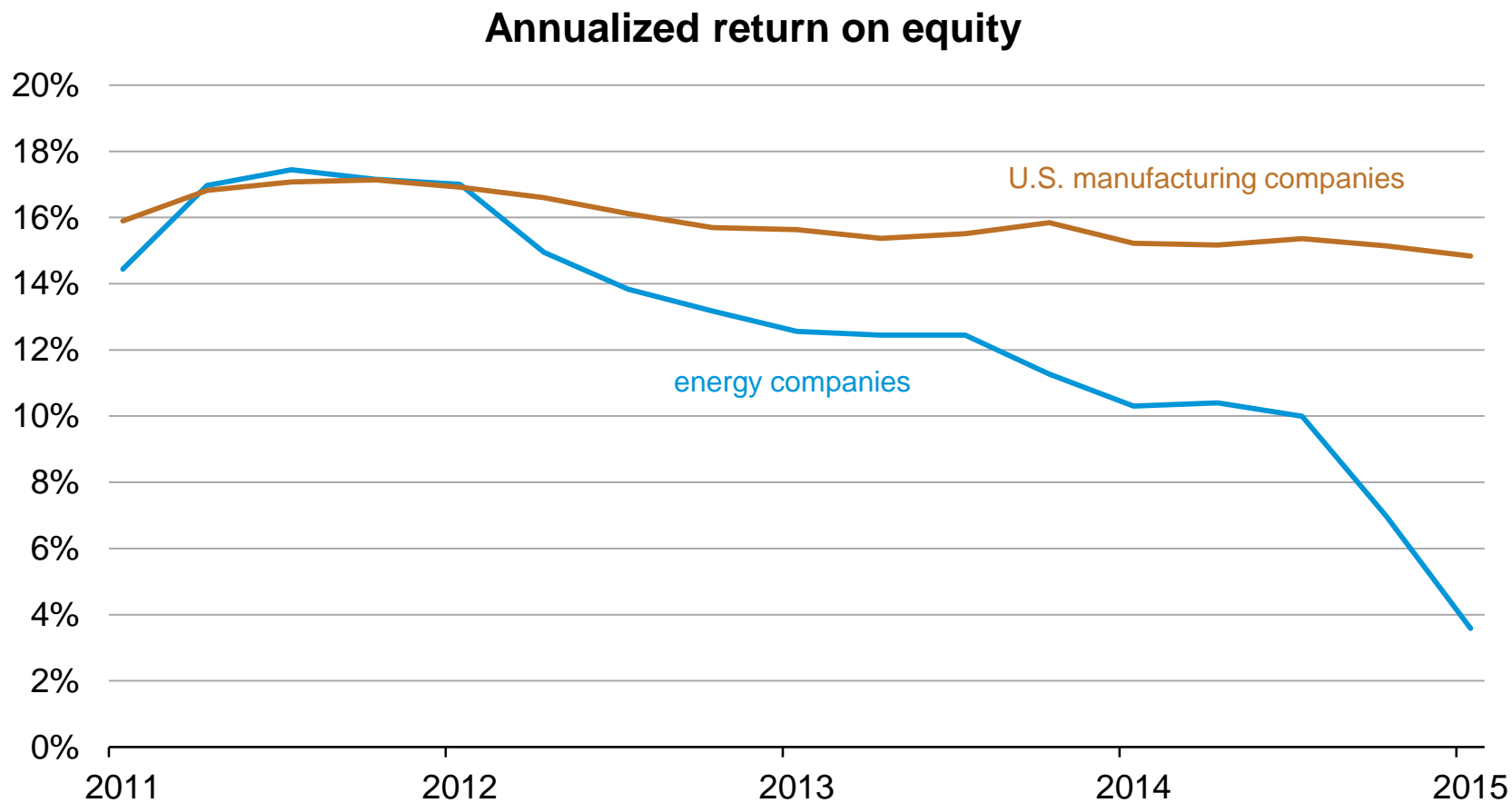
# The value of energy companies' net hedging assets increased, which offset lower cash from operations



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

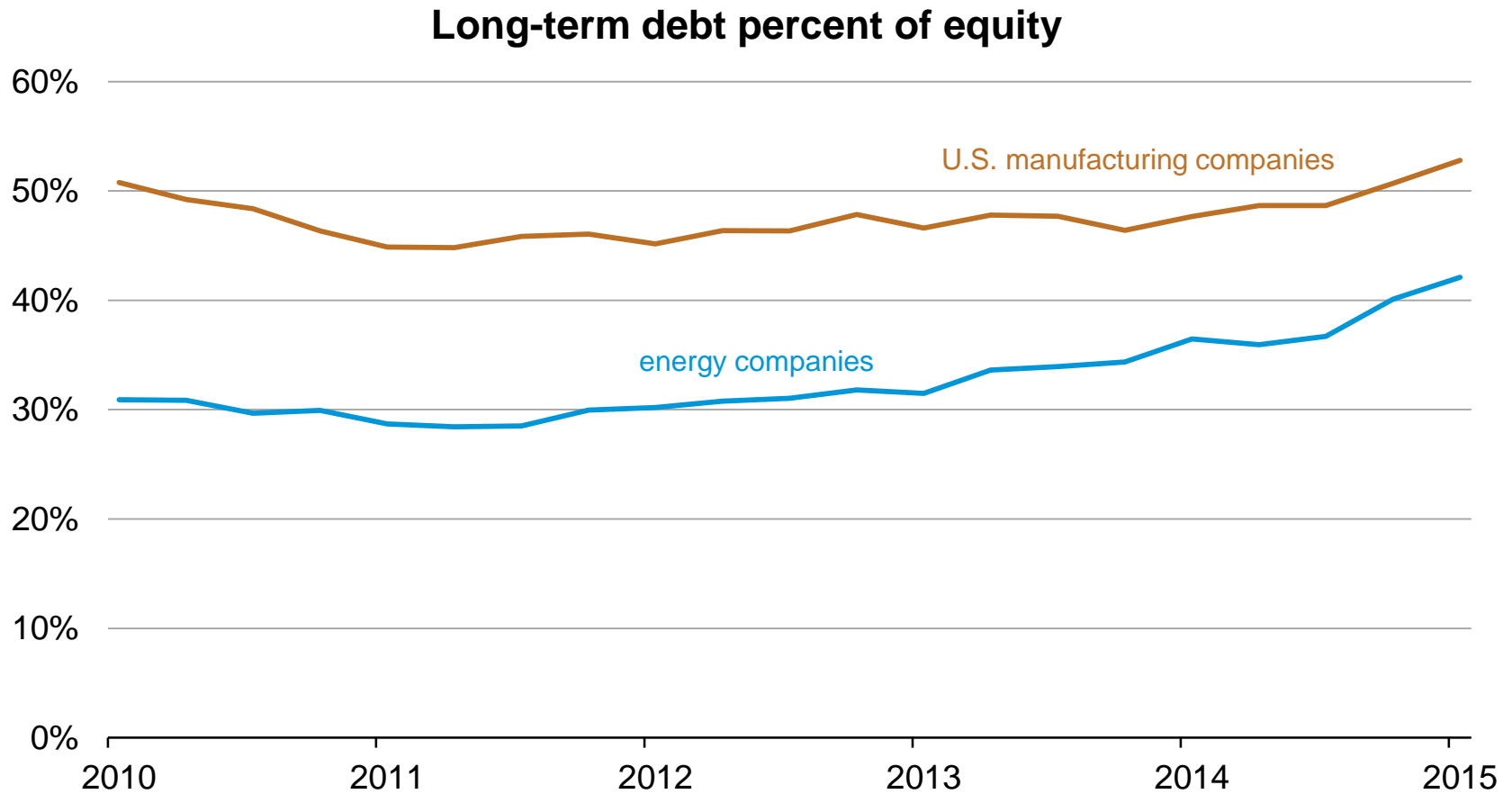


# The energy companies' profitability was the lowest in several years



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

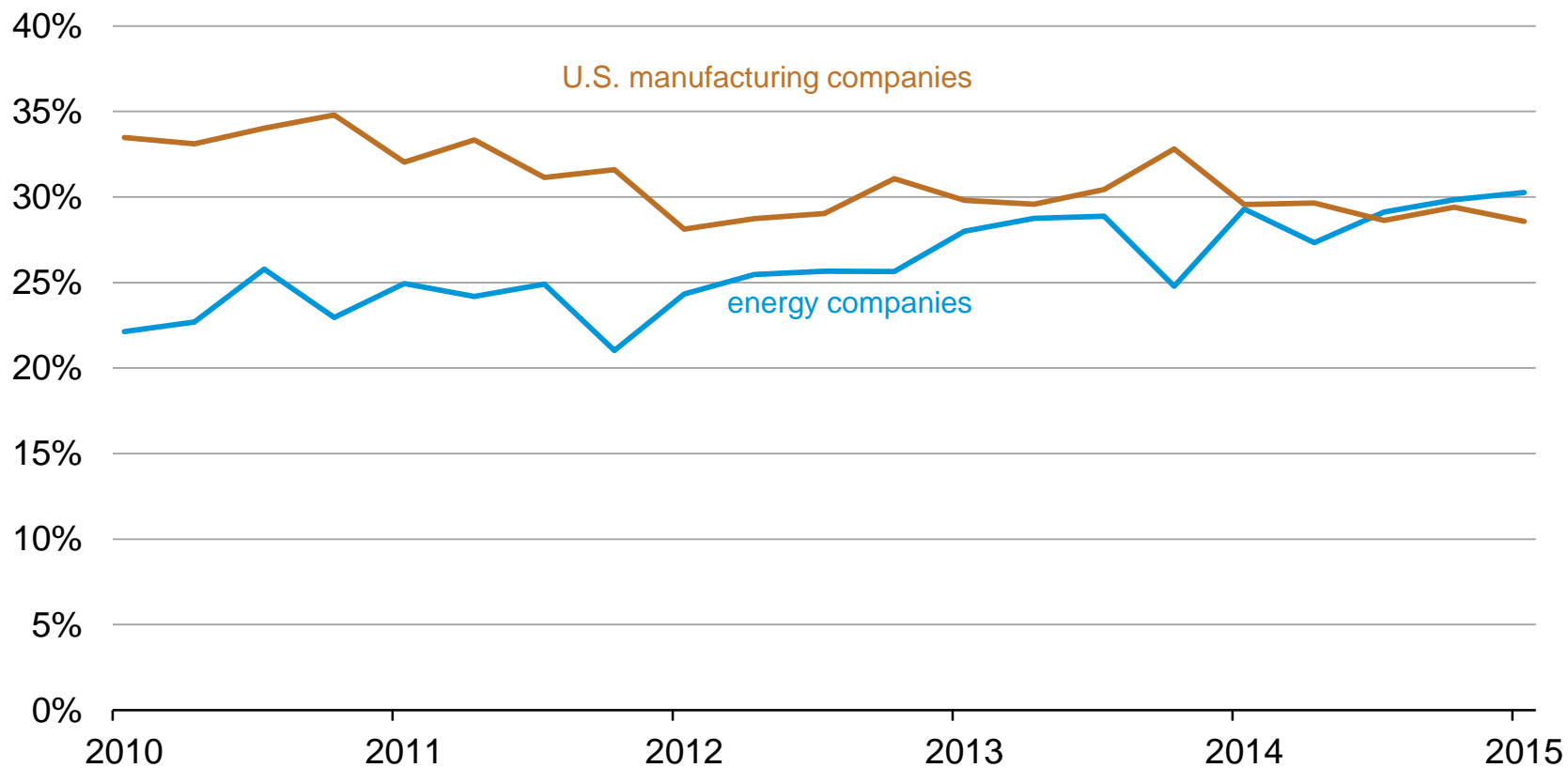
## Both sectors increased debt in recent years



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)

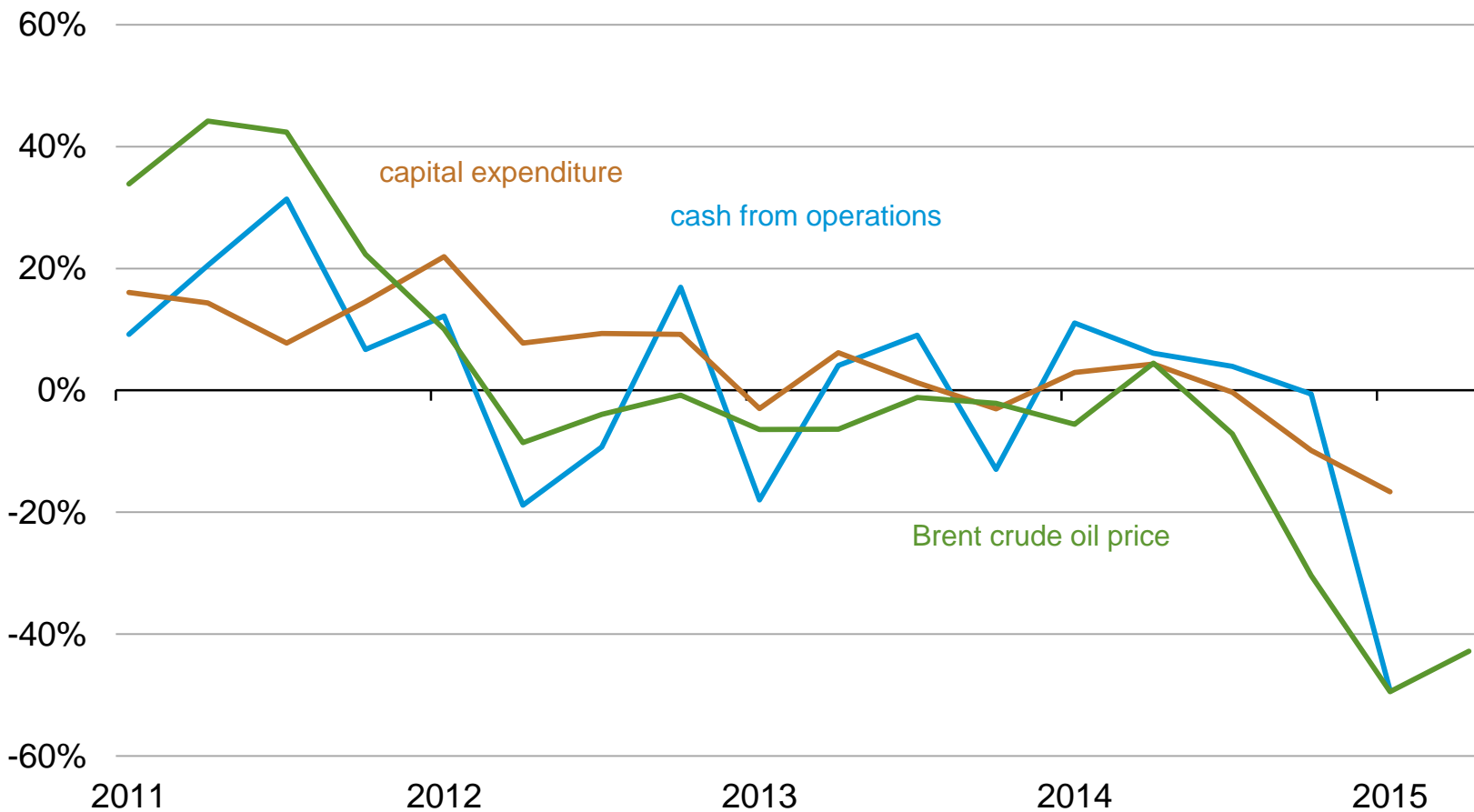
### Cash balance percent of current liabilities



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

year-over-year change



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

## Appendix: List of companies

Anadarko Petroleum Corp.	Carrizo Oil & Gas, Inc	Enerplus Corporation	Linn Energy	Penn West Petroleum Ltd.	Sonde Resources Corp.		
Antrim Energy Inc.	Cenovus Energy Inc.	ENI	Lukoil (US GAAP)	Petrobras (IFRS US\$)	Statoil ASA		
Apache Corporation	Chesapeake Energy Corp.	EOG Resources	Lundin Petroleum	PetroChina	Stone Energy		
Apco Oil and Gas International Inc	Chevron	EP Energy Corporation	Magnum Hunter Resources	Petrohawk Energy Corp	Suncor Energy Inc.		
Approach Resources Inc	Cimarex Energy Co.	EPL Oil & Gas Inc	Marathon Oil Corp.	Petrolifera Petroleum Ltd.	Swift Energy Co		
Athlon Energy Inc.	Clayton Williams Energy	ExxonMobil	Mariner Energy	PetroMagdalena Energy Corp.	Synergy Resources Corporation		
ATP Oil & Gas Corp.	Comstock Resources	Forest Oil Corporation	McMoRan Exploration Co.	Petrominerales Ltd.	Talisman Energy Inc.		
Bankers Petroleum Ltd	Concho Resources Inc	Freeport-McMoRan Inc.	MDU Resources Group	PetroQuest Energy, Inc	Thunderbird Resources Equity Inc.		
Baytex Energy Corp.	ConocoPhillips	Gazprom Neft	Memorial Production Partners LP	Pioneer Natural Resources Company	Total		
Berry Petroleum Co.	Continental Resources	Goodrich Petroleum Corp	Murphy Oil Corporation	Plains Exploration & Production	TransAtlantic Petroleum Ltd.		
BG Group	Denbury Resources Inc.	Gran Tierra Energy Inc.	Newfield Exploration Company	QEP Resources Inc	TransGlobe Energy Corporation		
Bill Barrett Corporation	Det Norske	Gulfport Energy Corporation	Noble Energy	Range Resources Corp	Triangle Petroleum Corporation		
Black Hills Corp	Devon Energy Corporation	Halcon Resources Corporation	Northern Oil & Gas, Inc	Repsol	Unit Corp		
BP	Dong Energy	Hess Corp	Oasis Petroleum Inc.	Rosetta Resources Inc.	Vaalco Energy Inc		
BPZ Resources Inc	Ecopetrol	Husky Energy Inc.	Occidental	Royal Dutch Shell	Vermilion Energy Inc.		
Breitburn Energy Partners	El Paso Corp	Imperial Oil Limited	OMV	Sabine Oil & Gas Corporation	W & T Offshore		
Brigham Exploration Company	Encana Corporation	Ithaca Energy Inc.	Pacific Rubiales Energy Corp.	Sanchez Energy Corp	Whiting Petroleum Corporation		
Callon Petroleum	Endeavour International Corp	Jones Energy, Inc.	Parsley Energy Inc.	SandRidge Energy	WPX Energy		
Canacol Energy Ltd.	Energen Corp	Kodiak Oil & Gas Corp.	PDC Energy	Sherritt International Corp	XTO		
Canadian Natural Resources Limited	Energy XXI	Laredo Petroleum	Penn Virginia	SM Energy Company	YPF Sociedad Anonima		

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