

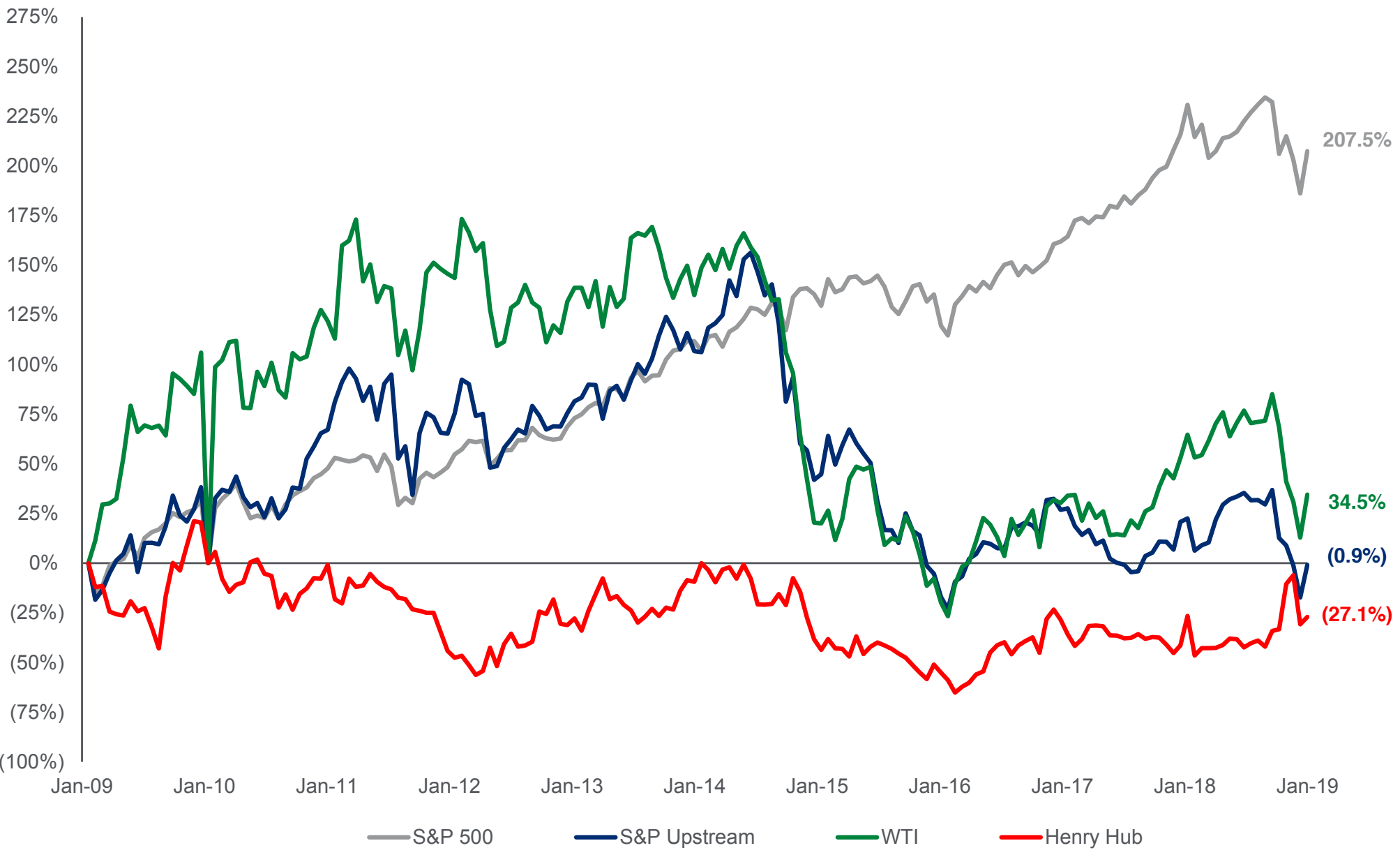
January 24, 2019

# IPAA Private Capital Conference

## Public Capital Markets Update

# Upstream Equity Performance Lookback

## Indexed Price Performance (Last 10 Years)

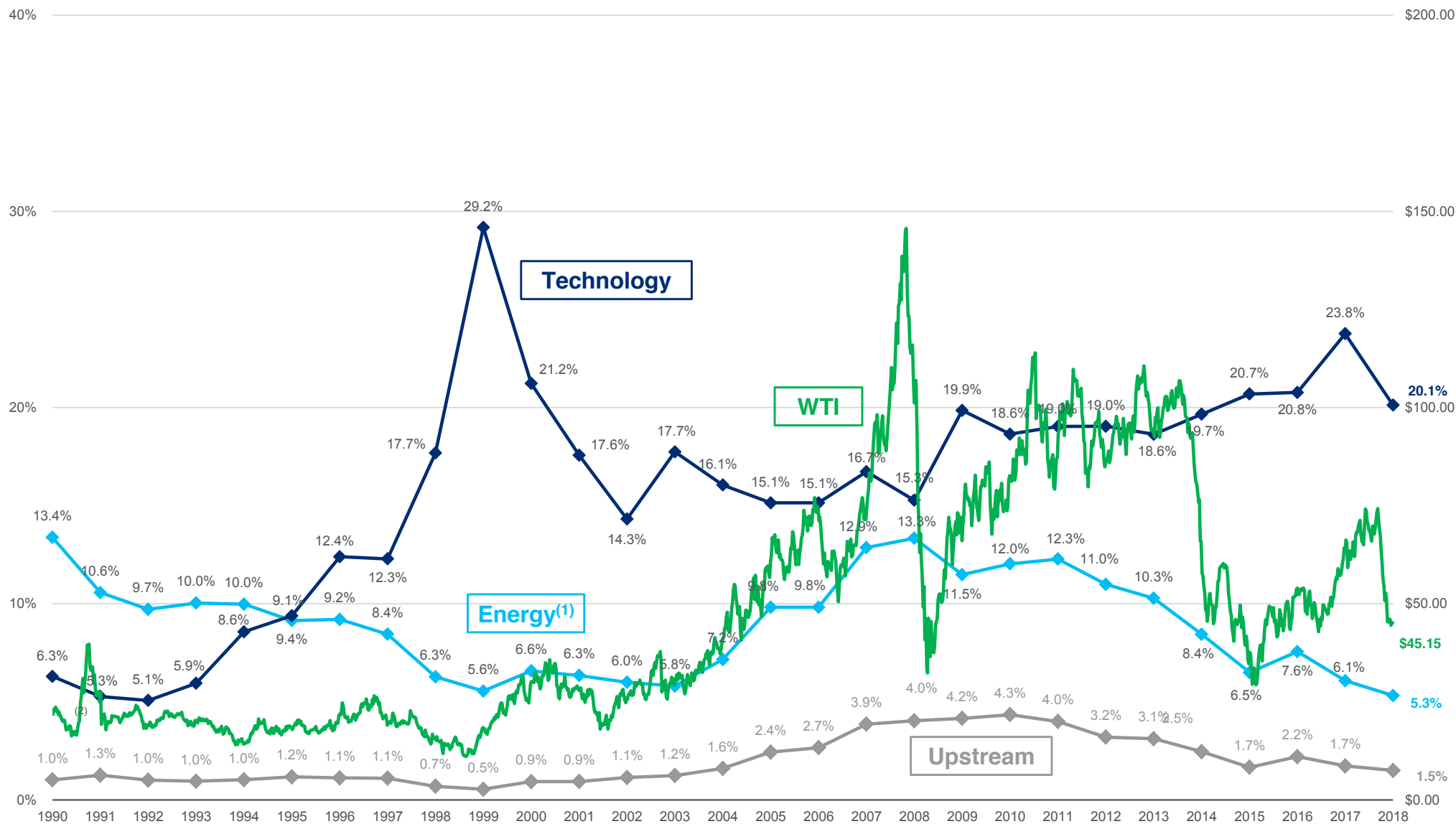


Source: FactSet. Market data as of 1/18/2019.



# Energy vs. Other Industries

## Historical S&P 500 Weighting

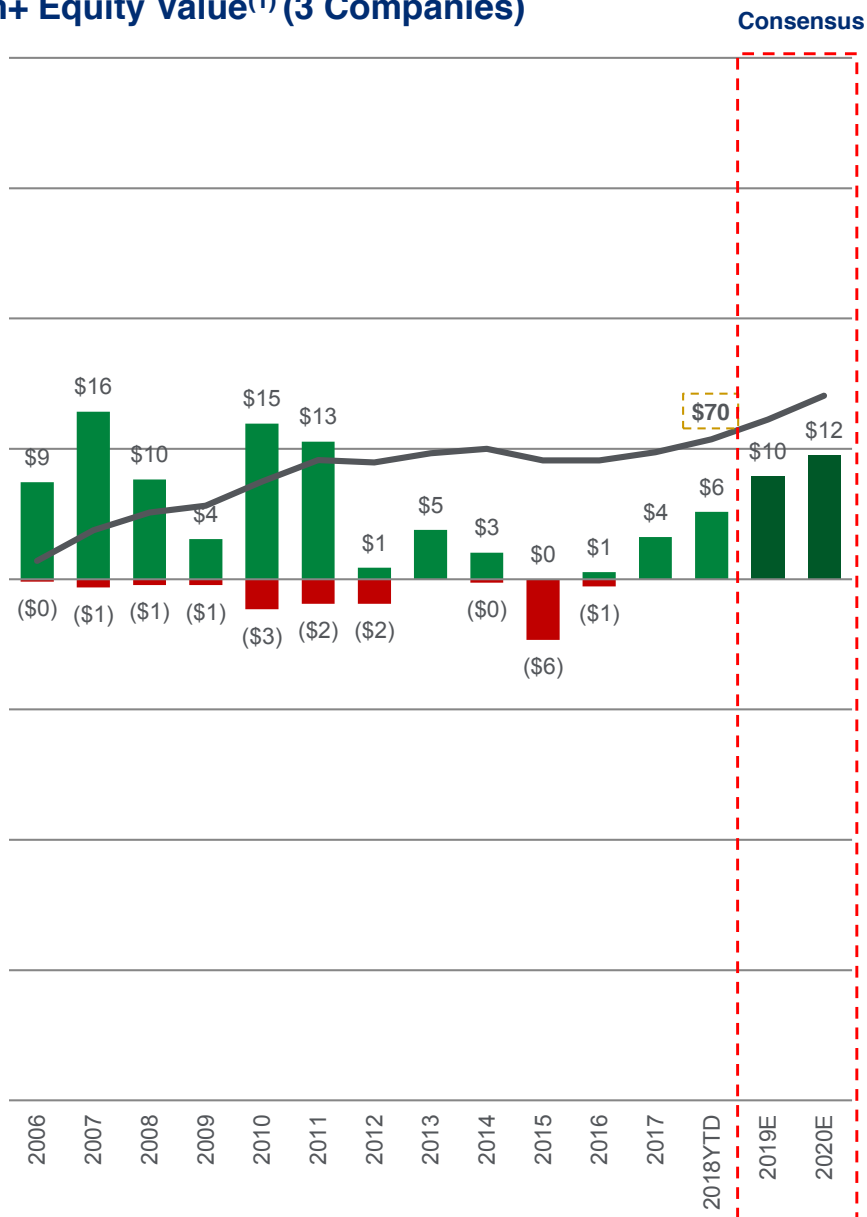


Source: FactSet and Bloomberg.

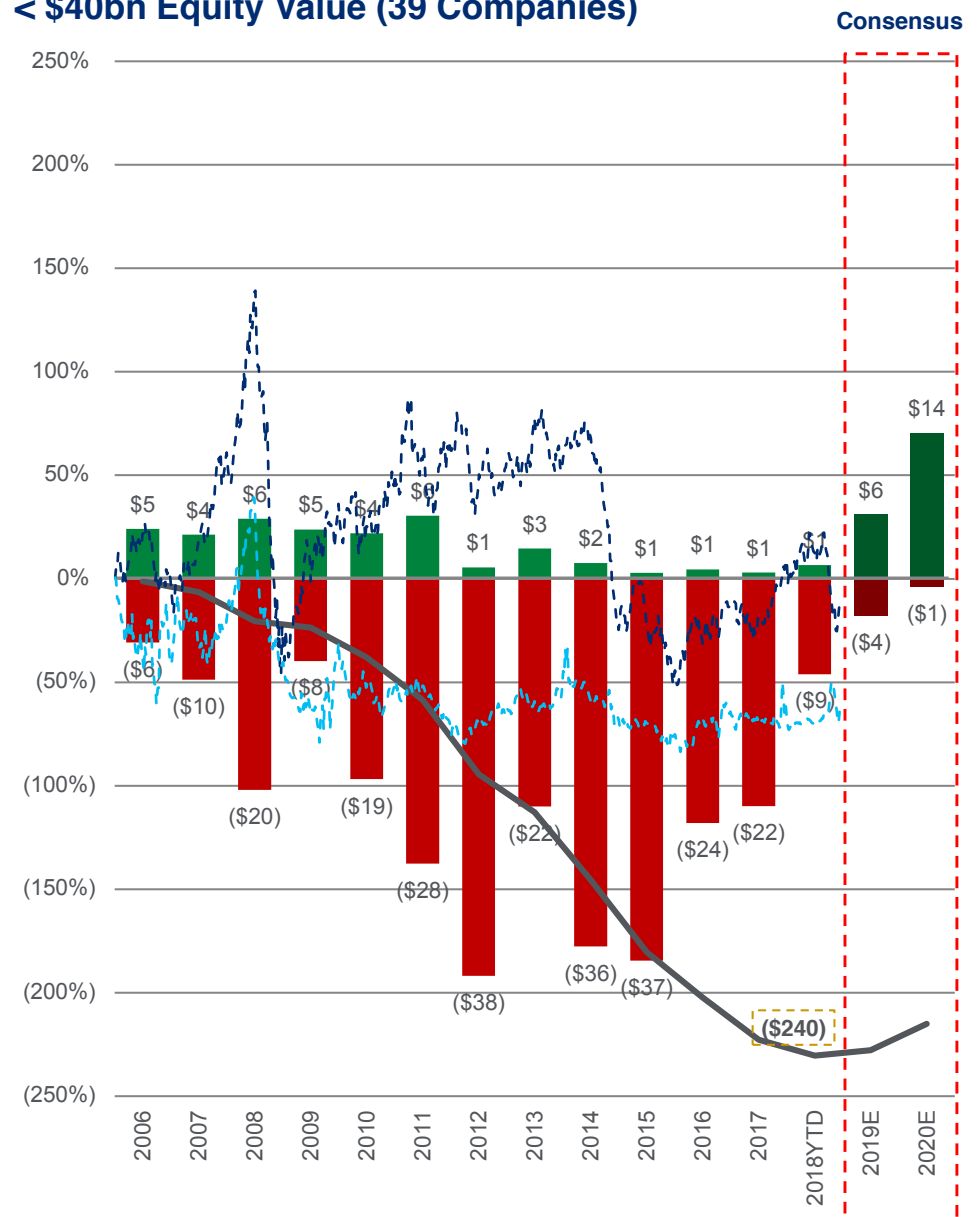
(1) Energy Sector represented by S&P 500 Energy Index.

# Cash Flow Performance – Unappealing

## \$40bn+ Equity Value<sup>(1)</sup> (3 Companies)



## < \$40bn Equity Value (39 Companies)

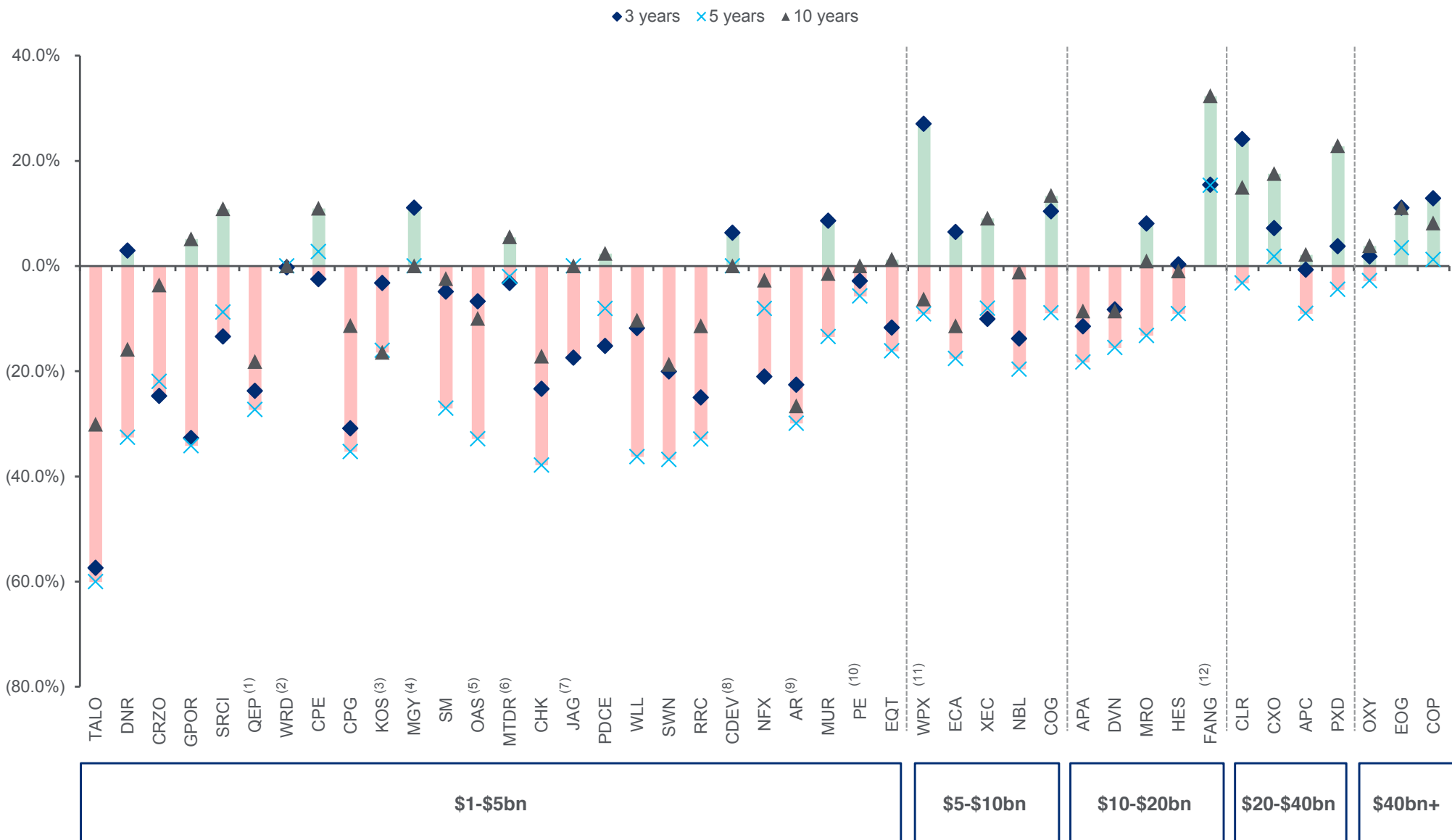


■ Positive    ■ Negative    — Cumulative FCF    - - - WTI (% change)<sup>(2)</sup>  
   Current Cum. FCF    - - - Henry Hub (% change)<sup>(2)</sup>

Source: FactSet. Market data as of 1/18/19.  
 Note: Shown in \$bn. Includes Upstream companies. Excludes Majors. Equity value defined as shares as of 9/30/18 times current share price. 2018 YTD represents most recent financial filings.  
 (1) Companies with 40\$bn+ Equity Value include COP, EOG and OXY. WTI Consensus / Strip for 2019E of \$61.00 / \$54.31 and Henry Hub Consensus / Strip for 2019E of \$3.14 / \$3.07. WTI Consensus / Strip for 2020E of \$63.00 / \$54.98 and Henry Hub Consensus / Strip for 2020E of \$3.07 / \$2.75.  
 (2) Indexed performance of WTI and Henry Hub since 12/31/2005.



# Total Shareholder Return by Equity Value



Source: FactSet and Bloomberg. Market data as of 1/4/2019. Note: Includes Upstream companies. Excludes Majors.

(1) First price date of 06/16/10.  
 (2) First price date of 12/14/16.

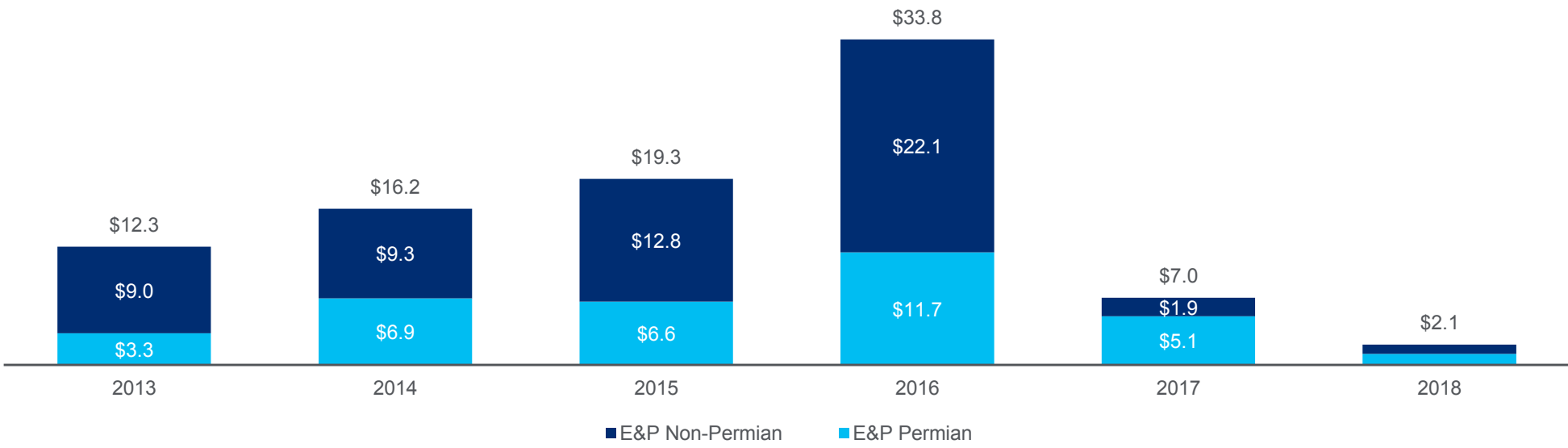
(3) First price date of 05/11/11.  
 (4) First price date of 06/26/17.  
 (5) First price date of 06/17/10.  
 (6) First price date of 02/02/12.

(7) First price date of 01/27/17.  
 (8) First price date of 04/15/16.  
 (9) First price date of 10/10/13.  
 (10) First price date of 05/23/14.

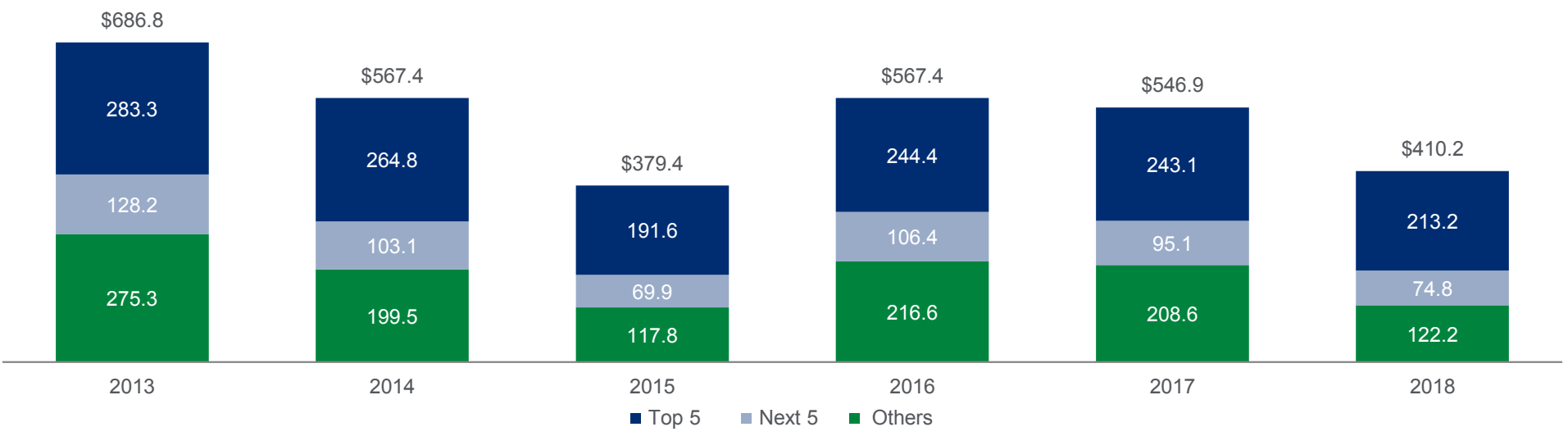
(11) First price date of 12/12/11.  
 (12) First price date of 10/12/12.

# Investor Reaction – Tightening Capital

## Public Upstream Equity Issuance (\$bn)



## Aggregate Upstream Market Cap (\$bn)



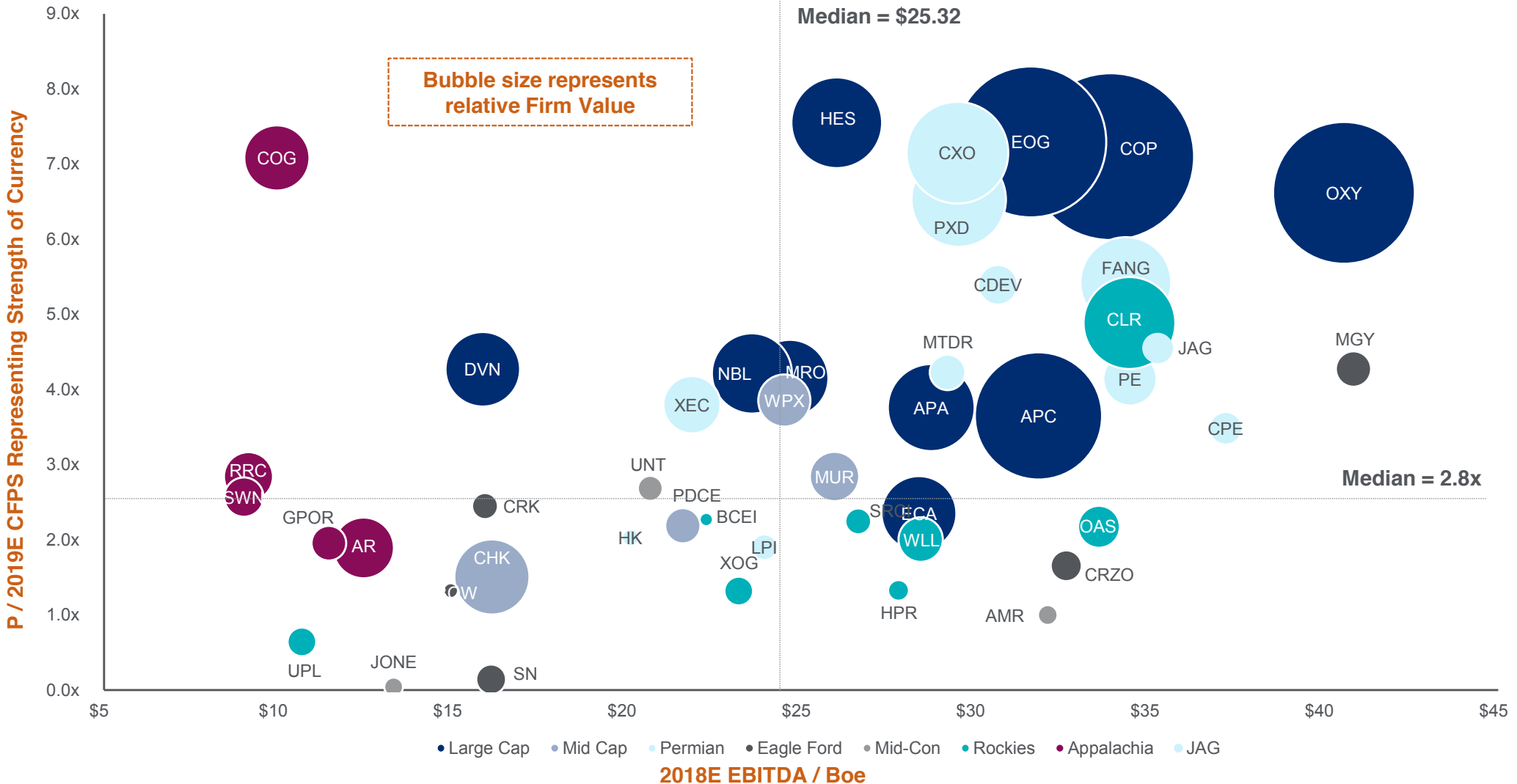
Source: FactSet, Dealogic.

# What Are Public Equity Investors Looking For?

## Investors Seeking:

- Scale
- Cash Flow
- Margins
- Balance Sheet
- Longevity
- Growth

2018E EBITDA / Boe vs. P / 2019E CFPS



Source: Public filings, Wall Street research, FactSet. Market data as of 1/18/2019.  
 Note: Excludes public E&P companies with FV of less than \$5bn. CHK, ECA, and XEC shown pro forma for announced acquisitions of WRD, NFX, and REN, respectively.

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Citi works with its clients in greenhouse gas intensive industries to evaluate emerging risks from climate change and, where appropriate, to mitigate those risks.

**efficiency, renewable energy and mitigation**