

ConocoPhillips

Energy – Exploration & Production

March 31, 2023

Stock Rating

HOLD

Investment Thesis

We recommend a **HOLD** rating for ConocoPhillips (COP) with a target price of \$104-\$119 representing an upside of 5% to 20%. Over the past year, ConocoPhillips benefited from high energy prices. As prices begin to normalize, the company will have lower revenues compared to 2022; however, the company will be in a strong position relative to its past performance and continue to drive revenue through production increases.

Drivers of Thesis

- ConocoPhillips has taken advantage of high energy prices to reduce debt and provide more shareholder value. In 2022, debt reductions totaled \$3.3 billion, which represented 20% of total debt. COP plans to distribute greater than 30% of net cash provided by operating activities to shareholders.
- The Henry Fund anticipates 2023 capital expenditures to be \$10.38 billion, well above \$4.7 billion and \$5.6 billion in 2020 and 2021 respectively. High levels of sustained capital expenditure will drive production growth.
- We forecast growth of MBOE production to average 5% through 2032 due to the Willow Project and increased demand.

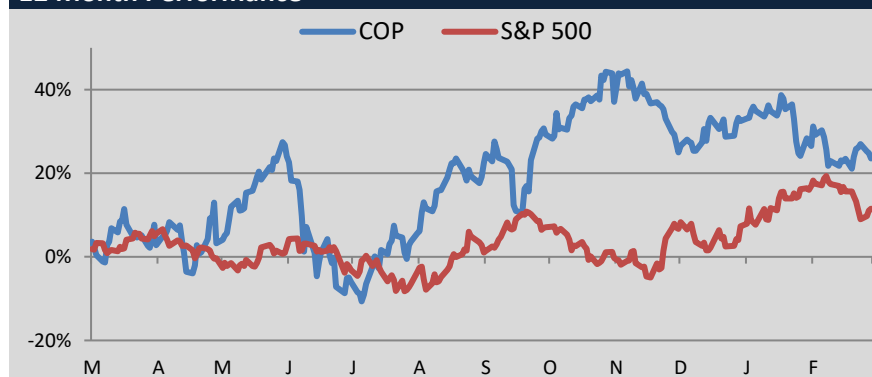
Risks to Thesis

- Since ConocoPhillips is unhedged to fluctuations in energy prices, it could be negatively impacted by unexpected declines in energy prices over the next few years.
- The potential for a recession poses a risk to the exploration and production industry. The Federal Reserve is working to achieve a soft landing; however, mild recession would limit economic growth and oil consumption.

Earnings Estimates

Year	2020	2021	2022	2023E	2024E	2025E
EPS	-\$2.51	\$6.09	\$14.62	\$9.90	\$10.56	\$9.58
HF est.				\$8.60	\$10.16	\$12.28
Growth	-139.04%	342.63%	140.07%	-41.18%	2.63%	16.29%

12 Month Performance



Target Price

\$104-\$119

Henry Fund DCF	\$119.68
Henry Fund DDM	\$104.55
Relative Multiple	\$76.56

Price Data

Current Price	\$99.21
52wk Range	\$78.30 -138.49
Consensus 1yr Target	\$131.63

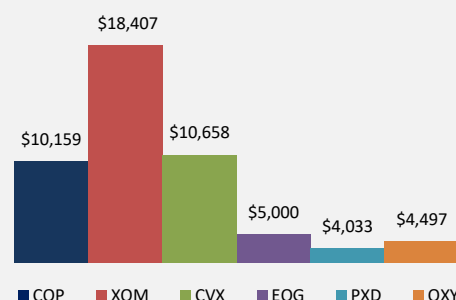
Key Statistics

Market Cap (B)	\$130.68
Shares Outstanding (B)	1.22
Institutional Ownership	82.06%
Beta	1.29
Dividend Yield	1.88%
Est. 5yr Growth	2.21%
Price/Earnings (LTM)	7.36
Price/Earnings (FY1)	10.91
Price/Sales (TTM)	1.92

Profitability

Operating Margin	32.63%
Profit Margin	37.70%
Return on Assets (TTM)	20.19%
Return on Equity (TTM)	39.87%

Capital Expenditures FY2022



Company Description

ConocoPhillips is an independent exploration and production company that operates in 13 countries producing, transporting, and marketing crude oil, bitumen, natural gas, and natural gas liquids. The company is split into six operating segments, which are classified by geographic regions: Alaska; Lower 48; Canada; Europe, Middle East and North Africa, Asia Pacific; and Other International.

COMPANY DESCRIPTION

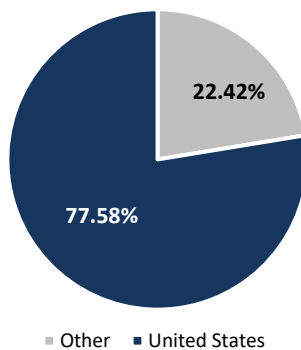
ConocoPhillips (COP) is an independent exploration and production company that operates in 13 countries. COP engages in the production, transportation, and marketing of crude oil, bitumen, natural gas, and natural gas liquids (NGLs).



Source: COP 10K

The company is split into six operating segments, which are classified by geographic regions: Alaska; Lower 48; Canada; Europe, Middle East and North Africa, Asia Pacific; and Other International. As seen in the chart below, most of COP's revenue is from their production in the United States, which is largely driven by crude oil production.

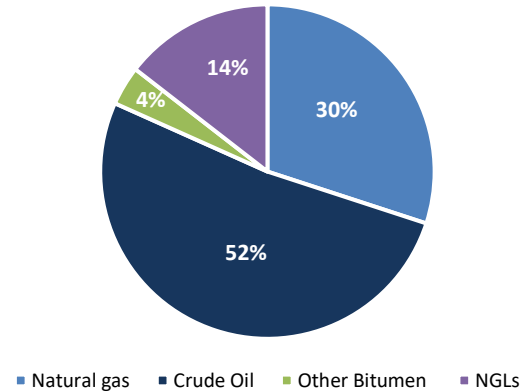
2022 Sales & Other Operating Revenue
by Geographic Segment



Source: COP 10K

As shown by the following figure, oil made up 52% of ConocoPhillips production by product volume in 2022.¹ It is one of the world's leading exploration and production companies based on both its reserves and production volume. Total production for the company in 2022 was 1,703 MBOED, which was an increase of 11% compared to 2021.

2022 Net Production by Volume of BOE



Source: FactSet

High energy prices in 2022, provided strong cash flows to ConocoPhillips. During this time, the company focused on debt reduction, which they were able to reduce by \$3.3 billion through early retirement, refinancing and because of naturally maturing debt.¹

Revenue Drivers

Oil

Oil is ConocoPhillips' largest production segment, the majority of which is produced in the Lower 48 region.¹ Its crude oil undeveloped proved reserves constitute the largest portion of its total undeveloped reserves. As of 2022 year-end, undeveloped proved reserves equated to 3,068 million barrels, which increased from 753 million barrels in 2022 due to exploration activities. This provides ConocoPhillips with the capabilities to continue to grow its oil production in the future.² We forecast this segment to capture a larger percentage of COP's production in the short term due to high natural gas inventories in the United States that may slow the growth of natural gas production. In 2024 we predict ConocoPhillips' oil production volume to increase by 20% and by 10% in the following year due to the reasons above in addition to lower but rising GDP. Additionally, we forecast that COP's oil production will grow by 5% in 2029 due to the predicted start of production stemming from the recently approved Willow project, which we believe will elevate their growth rate from then until the end of the forecast period. This assumption, however, is dependent on the actual start date of the project.

Natural Gas

Natural gas accounted for 30% of the company's total production by product. The Lower 48 segment accounted for the largest proportion of natural gas production at 1,402 MMCFD.¹ We forecast natural gas production volume for ConocoPhillips to grow at 4% in 2023. Production in 2021 increased by over 180% in 2021 and slightly decreased in 2022; however, this production growth provides a basis for continued growth in the future despite some downward pressure from current high inventory in the United States. Because of its use in industrial, residential, and commercial sectors as a source for heat and power, natural gas has a stable demand, which will continue to support current production volume levels for ConocoPhillips and other producers.³

Natural Gas Liquids

NGLs are extracted from natural gas production in processing plants.³ Natural Gas Liquids (NGL) production is also anticipated to grow at 2% in 2023 stemming from strong growth over the past two consecutive years. In 2022, NGLs accounted for 15% of ConocoPhillips' production, most of which is from the Lower 48 region.¹ Examples of NGLs include products like butane, propane and ethane. Of these, ethane comprises the largest share of NGL field production as it is used to produce ethylene, which is necessary to produce plastics. Typically, as crude oil prices increase, NGL prices increase as well, which incentivizes further production of NGLs.

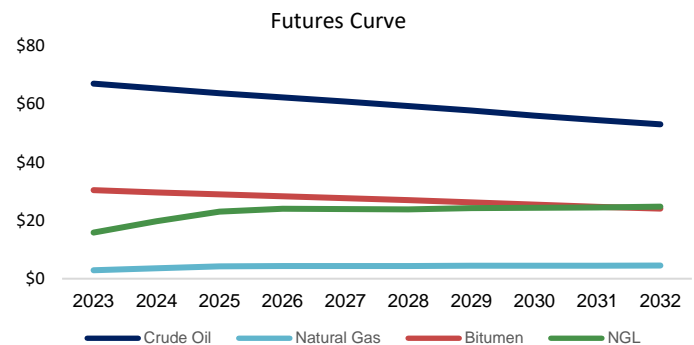
Bitumen

Bitumen accounts for the smallest share of production for the company. In 2022, ConocoPhillips produced 24 MBD of bitumen. We project this to increase 4% in 2023.¹ ConocoPhillips Bitumen resources are only produced in Canada via an enhanced thermal oil recovery method called SAGD, whereby steam is injected into the reservoir to liquify heavy bitumen, which is recovered and pumped to the surface for further processing.

Futures Curve

To find the projected cost of each commodity, we used futures prices from the CME Group in our model. These prices are based on what the market perceives the price will be at each expiration date. Changes in the slope of the futures can reveal anticipated movements in future

spot prices. When the current spot price is higher than the futures prices, it is said to be in backwardation. This can imply that the market is willing to pay more for physical oil than for futures contract. An upward sloping curve called contango occurs because of the storage cost, cost of carry and insurance cost associated with owning the commodity. Based on investors expectations, the futures prices can fluctuate between being in contango or backwardation.¹⁵

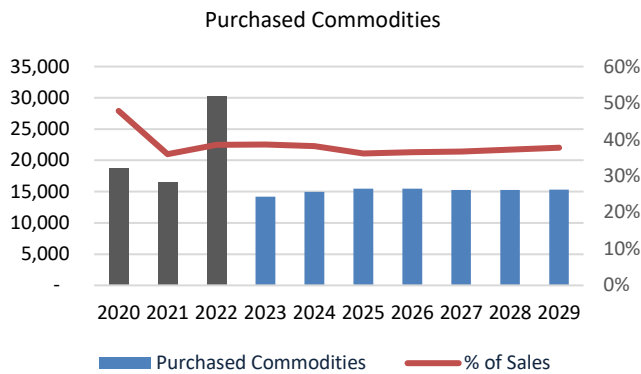


Source: CME Group

Cost Drivers

Purchased Commodities

A large portion of the company's total revenues and costs are related to purchased commodities, which accounted for almost 63% of the company's total costs and expenses during 2022. COP utilizes purchased commodities to fulfill contractual obligations they would not have been able to fulfill on their own. The cost of purchased commodities fluctuates year to year; however, purchased commodities typically represent between 36-48% of total sales by product.⁷ COP is not the only company that relies on these purchased commodities. Many other exploration and production companies generate a large portion of their revenue from these purchases. For example, Exxon Mobil has 55% of their total revenue and other income along with Chevron at 59%. The Henry Fund forecasts a significant drop in purchased commodities moving forward. Purchases in the spot market to meet contractual obligations, will be at a lower market price compared to the prior year, decreasing the overall value of purchased commodities.



Source: COP 10-K

Production and Operating Expenses

The company also has production and operating expenses that increased in 2022 due to high prices, production volumes, from the company's Shell Permian acquisition and inflation. We expect the production costs to remain elevated, growing at the 2019-2022 historical average of \$10.95 per barrel of oil equivalent. While the historical average remains fixed, the overall production and operating expenses will grow as COP increases their volume.

Exploration Expenses

In 2023, the Henry fund anticipates that exploration and production expenses will increase to \$1,041 million based on production volume growth. Last year, exploration expenses increased due to impairment charges from aged, suspended wells. We forecast that these exploration expenses will remain at the 5-year historical average of \$1.47 per barrel.

Debt Maturity Analysis

In December 2022, COP was able to retire \$329 million of 2.40% notes at the natural maturity date. In May, following an industry trend, COP redeemed \$1,250 million in principal of their 4.95% notes due in 2026. The company paid premiums above face value of \$79 million to redeem the debt and recognized a loss on debt extinguishment of \$83 million and paid \$500 million to retire the outstanding principal amount of the floating rate notes due 2022 at maturity. New debt was also issued in March: 2.125% Notes due 2024 with principal of \$900 million, 2.4% notes due 2025 with principal of \$900 million, 3.8% and notes due 2052 with principal of \$1,100 million. The company should be able to repay the debt from their operating cash

flows in the future based on the \$14.8 billion of liquidity from cash and cash equivalents, short-term investments and available borrowing capacity as of December 31, 2022.

Fiscal Year	Payment (\$mil)
2023	78
2024	1,326
2025	1,233
2026	67
2027	399
Thereafter	3,973
Total	\$7,076

Source: COP 10-K

ConocoPhillips and its peers' debt ratings can be found in the following chart. S&P currently rates COP "A-".²

Company	Debt Rating
ConocoPhillips (COP)	A-
Exxon Mobile (XOM)	AA-
Chevron (CVX)	AA-
EOG Resources (EOG)	A-
Pioneer Natural Resources (PXD)	BBB
Occidental Petroleum (OXY)	BB+

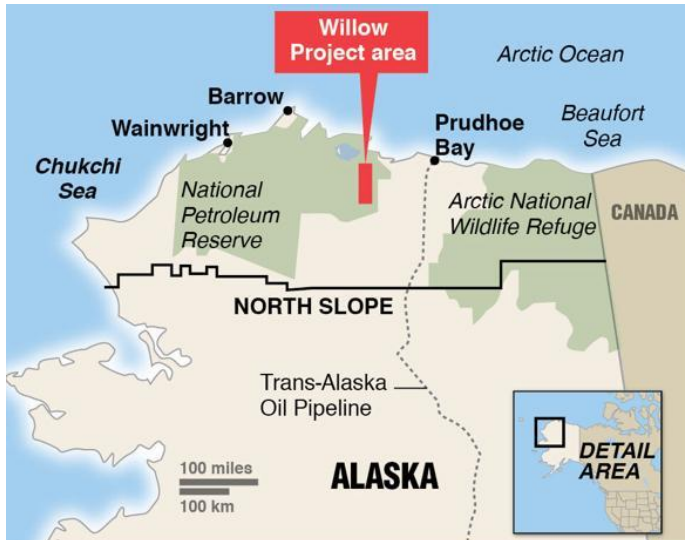
Source: FactSet

RECENT DEVELOPMENTS

Willow Project

ConocoPhillips has led the search for energy in Alaska for 50 years and is the largest oil producer in the state. In January 2017, COP announced the Willow project, which is an oil reserve development anticipated to produce 180,000 barrels of oil per day at its peak. In total this represents approximately 600 MBOE over its lifetime. This is equivalent to more than the amount currently held in the U.S. Strategic Petroleum Reserve.⁹ On March 13, 2023, the Biden Administration approved the drilling project. However, this project is highly controversial. On his campaign trail, President Biden pledged to halt fossil fuel production on public lands; however, he has continued to support fossil fuel development in the U.S. especially amidst the global energy crisis.⁶ Initially, the company wanted to build five drill sites, with dozens of miles of road, seven bridges and pipeline; however, only three drill sites were permitted.

COP Willow Project in Alaska



Source: Tribune News Service

According to a State of Alaska Department of Revenue Fiscal Analysis, development for the project is assumed to start in Fiscal Year 2024 with the first production occurring in FY 2029.¹² Additionally they are assuming peak production occurs in FY 2030. Based on this assumed start date, our model includes a 5% increase in oil production in 2029. The \$8 billion that would be invested in capital for the project could create more than 2,000 construction jobs and 300 permanent jobs in Alaska.⁶ As of now, the company has initiated construction of the ice roads for the project but has agreed to delay gravel mining and road-building related-activities while a federal judge considers a request from conservation groups to halt construction work. If the approved project proceeds without changes or delays, it provides ConocoPhillips with a strong basis for production growth and secures a long-term production source for the company.⁹

Russia-Ukraine War

One of the top global crude oil producers, Russia, makes up about 14% of the world's total supply of crude and condensate. Of the 10.5 million barrels of crude and condensate produced per day, 4.7 million barrels per day of crude are exported around the world, primarily to China and Europe. The continuation of this war into 2023 and beyond, limits supply and poses supply chain risks. Even after the war ends, there will be lasting impacts on oil trade with Russia. Currently, the U.S. and its allies have capped the sales price on Russian petroleum products. Furthermore, the European Union plans to ban refined

petroleum imports from Russia.⁸ Additionally, Russia has disrupted gas imports into Europe, cutting deliveries by over half. A mild winter and lower than anticipated demand has helped keep reserves intact, easing the supply constraints. We believe that this could speed up the adoption of renewable energy in Europe in order to eliminate reliance on Europe in the long term.

Recent Earnings Announcement

COP released their Fiscal year 2022 earnings on February 16, 2023. Management anticipates.¹ The company's actual EPS was \$2.61 per share for fourth quarter 2022 and \$14.57 per share for the full year. Fourth quarter earnings were driven by higher volumes and improved realized prices. However, these were partially offset by increased operating costs. The next earnings reporting will be in May. During this period, the company return \$15 billion of capital to shareholders through ordinary dividends, variable dividends and share repurchases. It also experienced record production levels in its Lower 48 segments. The company's guidance for 2023 capital expenditures is \$10.7 to \$11.3 billion. The Henry Fund forecasts the company's actual Capex to be \$10.3 billion. Production guidance is set at 1.76 to 1.80 million barrels of oil equivalent per day. The Henry Fund forecasts actual production to be higher at 1.94 million barrels per day to meet demand.

INDUSTRY TRENDS

The following section outlines current trends in the industry.

ESG Analysis

ConocoPhillips remains committed to their ESG goals and has continued to make improvements. In 2022, they published their Plan for the Net-Zero Energy Transition. In 2020, ConocoPhillips became the first U.S.-based oil and gas company to adopt a Paris-aligned climate-risk strategy with the intent to become a net-zero company for operational emissions. Scope 1 encompasses company emissions such company facilities and company vehicles while Scope 2 covers fuel and energy related activities, waste generated and transportation and distribution.⁸ Moving forward, it will be important for the company to continue to support and strive to meet their ESG goals and expectations from investors. This will be particularly important as they begin the Willow project in Alaska.

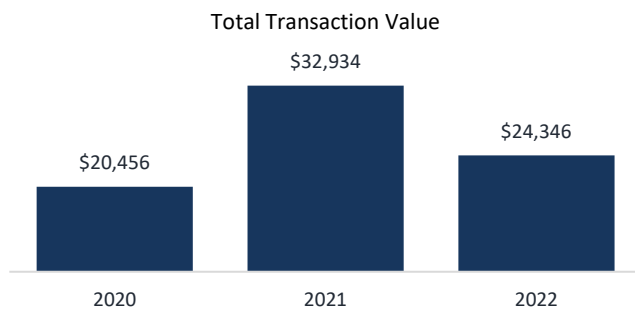
COP's rating lies in line with other exploration and production companies.

Company	ESG Rating	
Exxon Mobile (XOM)	43.5	Severe
Chevron (CVX)	38.4	High
ConocoPhillips (COP)	36.6	High
Occidental Petroleum (OXY)	42.1	Severe
EOG Resources (EOG)	36.2	High
Pioneer Natural Resources (PXD)	33	High

Source: Sustainalytics

M&A Activity

Because of current economic conditions, there is a possibility for more M&A deals with larger premiums to occur in 2023.¹ However, Q4 of 2022 saw a 17 year low for the number of oil and gas M&A. Yet, there is a promising outlook for mergers as companies search to secure inventory.¹⁶ Over the course of the year, the aggregate transaction value was \$24 billion over 47 deals.



Source: FactSet

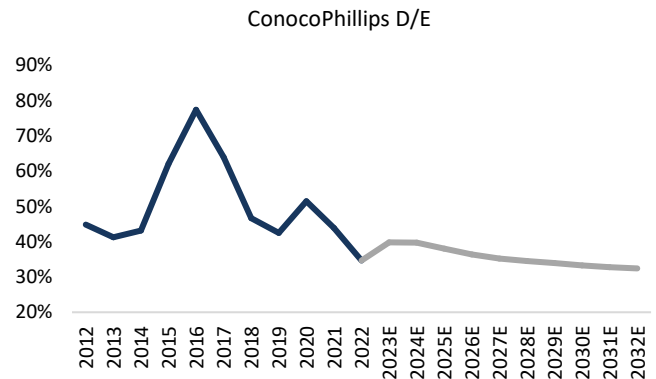
COP has been involved in three transactions in the last 12 months with a total transaction value of \$360 million. The largest, most recent acquisition was of Concho Resources in 2020 with a transaction value of \$12,920.1 million. The acquisition of Concho Resources allowed ConocoPhillips to expand its position in the Permian. This position provides a strong complement to ConocoPhillips' other globally diverse, low-capital-intensity legacy positions.⁶

Date	Target	Type	Value
2/17/2022	Australia Pacific LNG Pty	Minority	1,645
12/1/2021	SWEPI LP	M&A	8,600
1/15/2021	Concho Resources, Inc.	M&A	12,920

Source: FactSet

Debt Reduction

A profitable environment in 2022 allowed exploration and production companies to deleverage while oil prices were high. As the deleveraging phase ends and companies feel they have strong balance sheets, there should be large buybacks in 2023.¹⁰ The graph below shows ConocoPhillips historical debt to equity ratio as well as The Henry Fund's forecasted values.



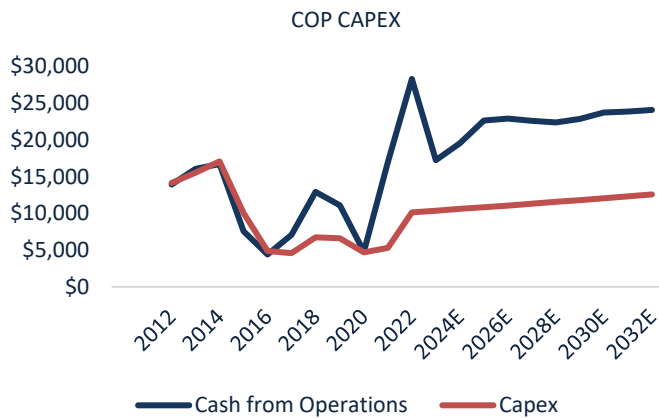
Source: Henry Fund Model

After 2020 when energy commodity prices began to rise, the graphs show COP's debt to equity decreasing primarily due to the company's efforts to retire their debt. In 2022, ConocoPhillips reduced its total debt by \$3.3 billion, which allowed it to achieve its previously announced \$5 billion debt reduction target.

Capital Expenditures

Exploration and production companies are continuing to expand their property, plant, and equipment. Large industry players have already stated they expect to direct a large portion of spending towards upstream development over the next year.¹¹

Additionally, the Henry Fund anticipates continued increases in capital expenditures throughout the rest of the forecast period. We are modeling CAPEX to grow at our assumed inflation rate of 2.18% each year. CAPEX spending has been higher than in recent years; however, it is still substantially lower than spending in 2014. The Henry Fund believes that sustained higher levels of CAPEX will help drive growth for the company. Some of these capital expenditures will stem from the Willow Project, which is anticipated to require over \$8 billion.



Source: Henry Fund Model

MARKETS AND COMPETITION

Competition and Rivalry

The exploration and production industry is dominated by a few large players who have a competitive advantage because of their fully integrated operations. The benefit of this arises from the natural hedge created by having a stake in all aspects of the production process, which sets them above independent E&P companies. Competition will be driven by the volume of proved reserves and access to mineral rights.¹

Power of Buyers

The oil and gas industry is directly impacted by global supply and demand forces, giving customers limited bargaining power.¹ These buyers are interested in the price and quality of the commodity.¹⁶ There are three global benchmarks to determine the quality of oil:

- Brent
- West Texas Intermediate (WTI)
- Dubai/Oman

Brent crude oil is the most widely used crude oil benchmark. It includes light sweet crude that is produced in the North Sea. WTI is a light, sweet crude that is produced in the United States. It serves as the benchmark for other types of U.S. crude production as well as imported crude from Canada, Mexico and South America. Dubai/Oman crude is a medium and sour crude that is used as a benchmark for production in the Middle East.³ Typically, light crude oil is priced higher because it requires

less refining before it can be converted into usable products.³

Power of Suppliers

Exploration and Production companies can increase capital spending. When this occurs, it requires the support of driller and oilfield service companies that act as the supplier to upstream companies. In the past, the service providers would offer concessions to keep business; however, this has recently changed due to large capital expenditures by E&P companies.¹ Fully integrated oil and gas companies have the strongest ability to influence energy prices because of their involvement throughout the supply chain.¹⁶ Additionally, OPEC owns over 80% of the world's proven oil reserves giving them power over global supply. OPEC stands for Organization of the Petroleum Exporting Countries. It is comprised of 13 member countries: Algeria, Angola, Congo, Equatorial Guinea, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Saudi Arabia, United Arab Emirates and Venezuela.¹⁷

Threat of New Entrants

The threat of new entrants is low. Entering the exploration and production industry is very capital intensive, keeping the barrier to entry high for this industry as many firms cannot obtain proven reserves and sufficient PPE.¹

Threat of Substitutes

Due to climate concerns, there has been a push towards renewable and clean energy sources. The European Commission has vowed to be carbon neutral by 2050, which would negatively impact fossil fuel demand. Yet, natural gas prices are rising in Europe due to green energy not being able to withstand the demands. Still, while renewable energy may be the fastest growing, we believe petroleum and natural gas will remain the most-consumed source of energy in the United States through 2050.⁵

Peers

This section analyzes key players in the U.S. oil and gas industry. While some of these firms operate beyond the upstream segment, a large portion of their revenue is from exploration and production. Below is a chart of financial metrics used to compare the six companies identified.

Ticker	Price	Mkt Cap (M)	EV (M)	Div Yield (%)
COP	108.50	133,556.66	133,659.66	1.88
XOM	116.05	476,798.15	457,125.15	3.14
CVX	172.44	330,247.95	292,616.95	3.50
EOG	121.61	72,287.28	71,393.28	2.71
PXD	230.00	56,428.31	59,195.97	11.84
OXY	64.48	59,235.98	85,629.98	1.12

Source: FactSet

Exxon Mobil (XOM)

Exxon Mobil Corporation is a fully integrated exploration and production company in Irving, Texas. Exxon Mobil trades and transports oil, natural gas and petroleum products both in the United States and internationally.

Chevron Corporation (CVX)

Chevron Corporation functions in both the upstream and downstream segments. They also are involved in other segments such as cash management, debt financing, insurance operations, real estate and technology business making them a fully integrated operation.¹²

EOG Resources (EOG)

EOG Resources, Inc. explores for, develops, produces, and markets crude oil, and natural gas and natural gas liquids. Its principal producing areas are in New Mexico and Texas in the United States; and the Republic of Trinidad and Tobago. The company was formerly known as Enron Oil & Gas Company. EOG Resources, Inc. was incorporated in 1985 and is headquartered in Houston, Texas.¹²

Pioneer Natural Resources (PXD)

Pioneer Natural Resources Company operates as an independent oil and gas exploration and production company in the United States. The company explores for, develops, and produces oil, natural gas liquids (NGLs), and gas. It has operations in the Midland Basin in West Texas. Pioneer Natural Resources Company was founded in 1997 and is headquartered in Irving, Texas.¹²

Occidental Petroleum Company (OXY)

Occidental Petroleum Corporation engages in the acquisition, exploration, and development of oil and gas properties in the U.S., the Middle East, Africa, and Latin America. It operates through three segments: Oil and Gas, Chemical, and Midstream and Marketing. The company's

Oil and Gas segment explores for, develops, and produces oil and condensate, natural gas liquids (NGLs), and natural gas. Occidental Petroleum Corporation was founded in 1920 and is headquartered in Houston, Texas.¹²

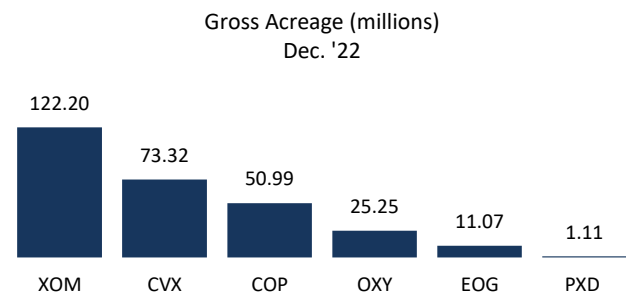
PEER COMPARISON METRICS

Operating Metrics

The following section outlines important operating metrics for the exploration and production industry.

Gross and Net Acreage

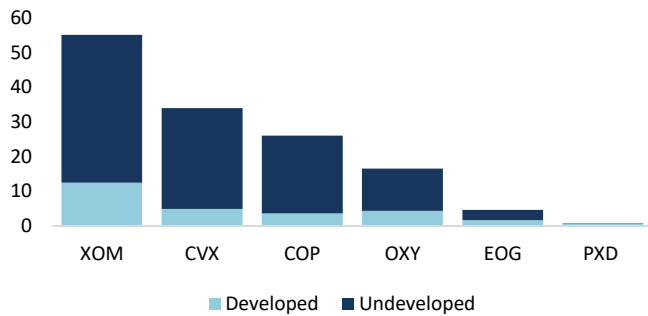
One way to compare exploration and production companies is to evaluate the gross and net acreage of the companies' control. Gross acres include all the land the company has access to whereas net acres only factors in the actual percentage of ownership in each lease. This metric is important because it shows the land available for the companies to operate on; however, it does not actually serve as an indicator of any available oil and gas resources for the company. The company hopes this land will provide resources to extract and sell. Identifying where a company's gross and net acreage are located gives insights into the company's operating and geopolitical risks as well as profitability.



Source: FactSet

Out of the selected key players, Exxon Mobil is the leader of acreage both in gross and net terms. This includes both on and offshore areas. ConocoPhillips has 50.99 million gross acres and 21.84 million net acres. Having only 18.63% of its net acreage developed means that a large portion has not been drilled or completed. However, Pioneer Natural Resources is the largest acreage holder in the Spraberry/Wolfcamp field in the Midland Basin.¹⁴

Net Acreage (millions)
Dec. '22

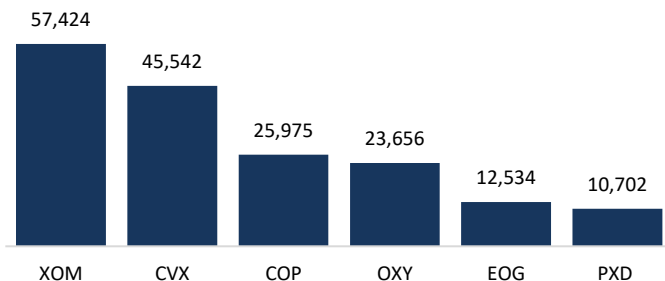


Source: FactSet

Total Producing Wells

Companies in the Exploration and Production industry can have minority or majority operating interest in wells. Gross refers to the number of wells they have interest in, while each net well refers to a 100% stake across the fragments of ownership the company possesses. ConocoPhillips had 17,049 productive gross oil wells, 3,937 productive gross gas wells and 4,989 gas wells from equity affiliates as of Dec. 31, 2022. As mentioned in the Willow Project section, this project will include more than 200 wells spread across 3 drilling pads, increasing ConocoPhillips' total producing wells.¹¹ This is an important metric because a company's volume of production will be linked to the number of producing wells.

Total Producing Wells, Gross
Dec. '22



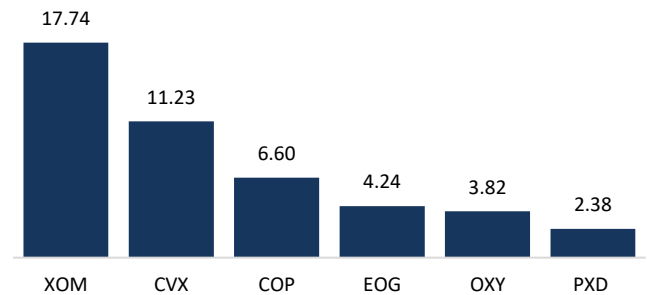
Source: FactSet

Total Proved Reserves

Proved reserves are based on estimated volume of oil and gas that can be economically obtained. While total reserves are important for global supply, looking at an individual companies' reserves may give insights into their ability to continue operations in the current economic and operating conditions.³

Exxon Mobil again is the leader with the largest barrel of oil equivalent net reserves.

Total Proved Reserves
Barrel Oil Equivalent (MBOE) Dec. '22

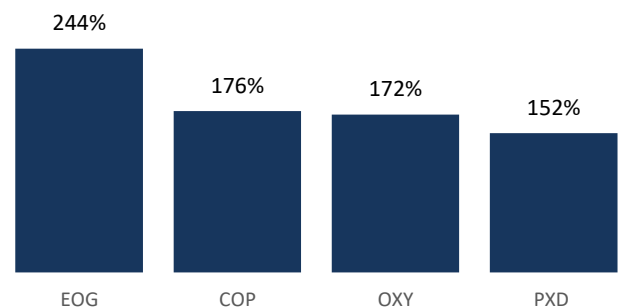


Source: FactSet

Reserve Replacement Ratio

The reserve replacement ratio is an important metric showing a company's new reserves minus the amount of oil it produces. A reserve replacement ratio of greater than 100% indicates that the company can sustain its current production levels. With an RRR of 176% ConocoPhillips has the resources to continue to grow production.

Reserve Replacement Ratio

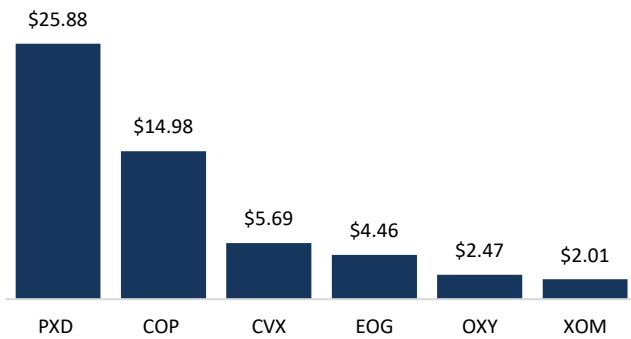


Source: FactSet

Finding and Development Costs

Finding and Development costs are another important operating metric for oil companies because it determines how sensitive they are to decreases in oil prices. This is calculated by calculating the total amount of money used to find new sources of oil and gas divided by the additional reserves discovered.² Companies like Pioneer Natural Resources that have higher costs will be impacted more than Exxon Mobil when the price of oil decreases because they will not be able to break even from the high cost of finding and development.

Finding & Development Costs Per BOE (Organic)

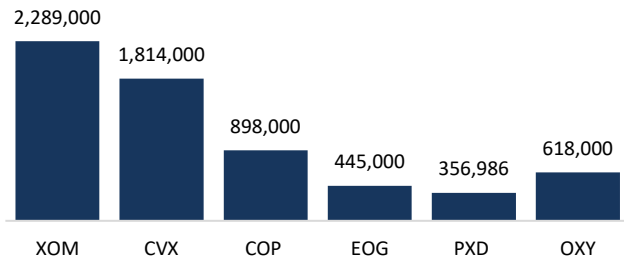


Source: FactSet

Production Volume

Looking at each companies' production volume gives insights into their scale, which drives revenues and cash flows. In addition to what companies produce, they also use purchased commodities to meet their contractual obligations.

Daily Oil Production (BBL/D)



Source: FactSet

Margins

The margins for ConocoPhillips and its peers are shown below. Occidental Petroleum and EOG have the highest EBITDA margin out of the selected peers. This shows that before non-cash expenses, these two companies generate high operating profits.

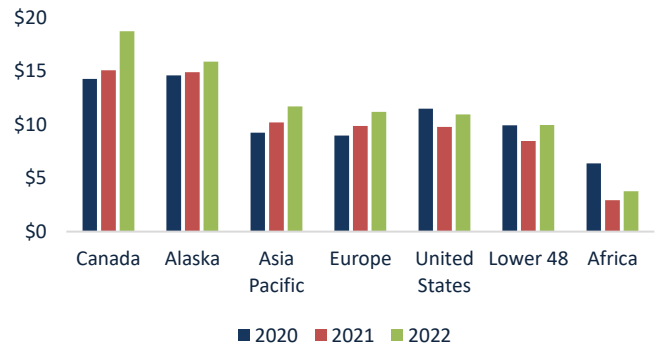
Ticker	Gross Margin	EBITDA Margin	Net Margin
COP	37.7%	42.6%	23.7%
XOM	25.8%	22.4%	13.9%
CVX	21.2%	24.3%	15.0%
OXY	47.0%	56.0%	36.5%
EOG	54.7%	60.3%	26.2%
PXD	43.8%	52.9%	32.1%

Source: FactSet

Revenue by Geography

Looking at an oil and gas company's revenue exposure by country can give insights into operational risks as well as production costs. ConocoPhillips's has 77.6% of its total revenue coming from operations in the United States. It is cheaper for the company to produce in Africa than in Canada. Part of this difference could be because operations in Canada are primarily focused on extracting bitumen, which is more expensive. Over the past few years, the cost of production has also been increasing due to increased operating and maintenance costs.¹

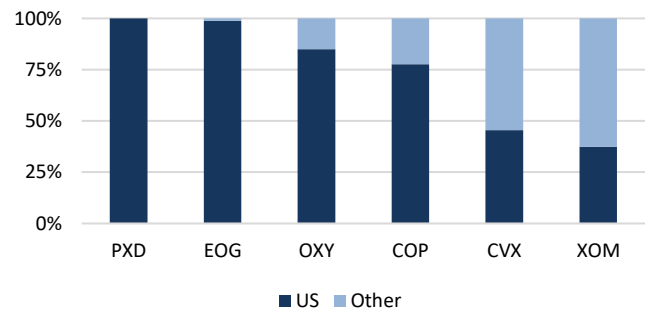
Average Production Costs Per Barrel of Oil Equivalent



Source: COP 10K

Pioneer Natural Resources has all its revenues from the United States. While this may limit geopolitical risk factors, PXD has a higher cost per BOE because it does not benefit from the lower production costs in other parts of the world.¹⁴

Revenue Exposure by Country

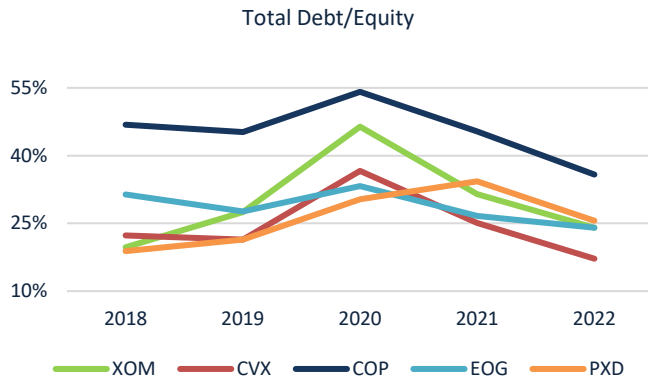


Source: FactSet

Total Debt to Equity

After 2020, all the selected peers besides Pioneer Natural Resources saw a decline in total debt to equity. While still

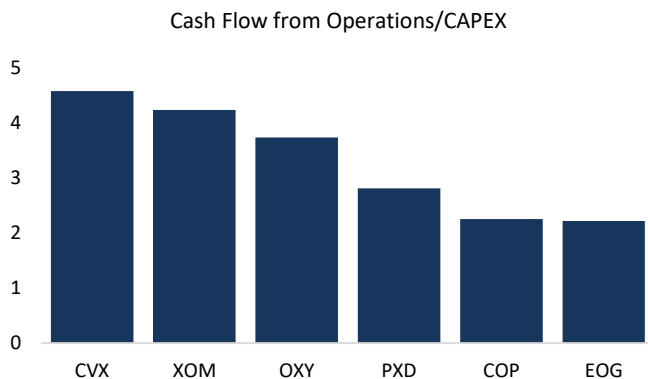
following the trend, Occidental Petroleum was eliminated from the chart because it was an outlier with a D/E ratio of 200.82% in 2020 down to 69.02% in 2022. These companies were able to use strong cash flows from high oil and gas prices to eliminate debt over this period.



Source: FactSet

Capital Expenditures

Looking at each company's cash flow from operations to CAPEX shows which firms have the best ability to acquire long term assets using cash flow from operations. The following chart shows that COP has a lower Operating Cash flow/CAPEX ratio, which means it may not have the same amount of capital to fund futures capital investments as its peers.



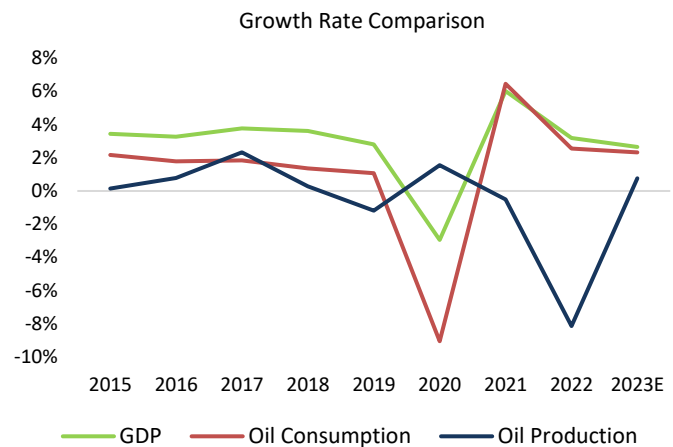
Source: FactSet

ECONOMIC OUTLOOK

Real GDP growth, treasury yield changes and interest rate changes are all factors that will continue to impact COP.

Real GDP Growth

In 2023, global GDP is anticipated to grow 2.5% and roughly 1% in the United States.¹⁴ These forecasts are sensitive to inflation adjustments, the impacts of high sovereign debt, and the recent money tightening initiative by governments. The chart below shows the GDP growth rate and the consumption of oil growth rate track each other consistently. This emphasizes the significance of GDP growth in relation to the demand for oil as economies expand. On the supply side, the chart shows that responses to changes in demand often lag behind most likely due to the inability to easily halt output levels.^{14,18}

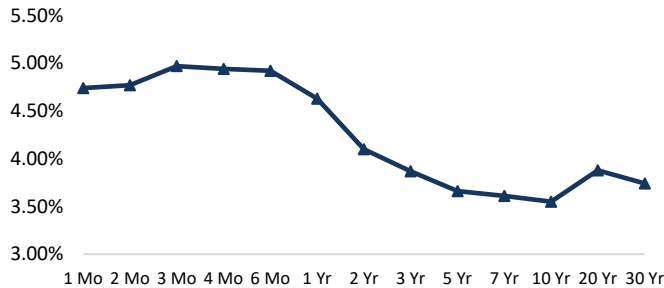


Source: OPEC & IMF

Treasury Yield Changes

If a recession were to occur, we do not expect it to be severe or prolonged. However, a historical predictor of a recession has been the inverted yield curve, which we have been experiencing. The chart below which displays the current yield curve as of March 30th, 2023, shows that the short-term U.S. Treasuries currently have a higher yield than long-term Treasuries.²⁴ This implies that in the near-term investors expect interest rates to temporarily rise. Over the next year, we anticipate the yield curve inversion to return to normal, which would increase the 10Y Treasury Note yield. This is significant for the oil and gas industry as these companies are borrowing long-term in order to finance their capital expenditures.

Yield Curve



Source: U.S. Department of the Treasury

Interest Rate Changes

The current Fed Funds rate is 4.75 – 5.00 with another meeting early May. The Henry Fund team believes will result in another 25-bps rate hike and could be the last of increases. While these rate hikes have been necessary to slow down the economy, if our rates remain higher than other countries, the US dollar will continue to strengthen in relation to other currencies. Since oil is traded in dollars, it makes crude more expensive and may reduce demand for oil.¹⁵

VALUATION

Production Growth

In 2023, ConocoPhillips' total global production is expected to increase to 708 MBOD per day with the most growth stemming from the growth in oil production. We forecasted ConocoPhillips's growth rates based on assumptions about global GDP growth, supply and demand and ConocoPhillips production capabilities. Furthermore, forecasted oil growth was lifted above historical levels because of the recent approval of the Willow project, which is expected to produce 180,000 barrels per day at its peak.

COP CAGR Expectations	
Natural gas (MMCFD)	2.28%
Crude Oil (MBD)	5.22%
Other Bitumen (MBD)	2.39%
NGLs (MBD)	1.89%
Total Production (MBOED)	3.96%

Source: Henry Fund Model

Revenue Growth

During 2021, sales and other operating revenue grew 143%. This jump was due elevated energy prices that prevailed from then until recently. During this span, ConocoPhillips along with other E&P companies, expanded production to take advantage of high prices averaging \$97.23 per barrel of oil in 2022. To forecast the prevailing market prices for 2023, we used the futures curve. While prices are expected to decline from 2021 highs, the prices remain elevated compared to prior historical values for oil and in line with past prices before 2021 for bitumen. Forecasted revenue in 2023 falls 35% below the reported revenue in 2022. This drop may seem extreme, but the decline stems from the downward sloping futures curve rather than a decline in production.⁷

The following chart displays the futures curve prices from the CME group as of April 15th, 2023. The Henry Fund consensus estimate for oil prices next year is \$74 per barrel.

Ticker	2023	2024	2025	2026
Crude	\$ 71.42	\$ 74.94	\$ 69.98	\$ 65.99
NG	\$ 2.56	\$ 3.40	\$ 4.04	\$ 4.16

Source: CME group

The Henry Fund's EPS are lower than analyst consensus in 2023 and 2024 most likely because we have a more bearish outlook of GDP growth. However, in 2025, the Henry Fund is above EPS census at \$12.20 per share primarily due to an anticipated 15% increase in crude oil production driven by increased global demand and continued capital expenditures.

Operating Expenses

To forecast production costs per BOE, we took the average historical cost and applied the average to the total forecasted production. We felt the historical cost per BOE accurately represented the costs moving forward because they remained stable in the past.

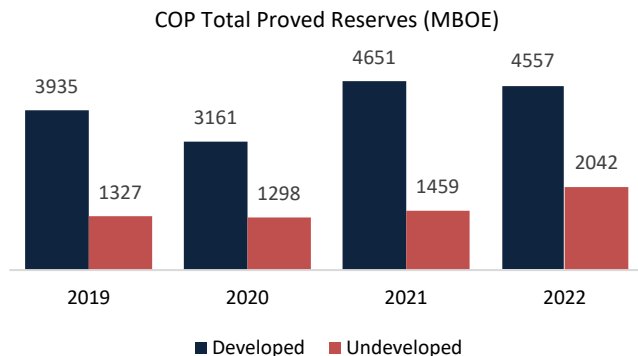
Purchased Commodities are forecasted by finding the difference between ConocoPhillips' total sales by product and the revenue from the volume that it produced. This ratio was then extended to the forecasted net production to determine what the company would purchase in the future. We assumed the average sales price for ConocoPhillips production also applied to the purchase

commodities. This is valid because they most likely were buying at market price and not making money on these purchased commodities but need them to meet contractual obligations.

Capital Expenditures

ConocoPhillips' 2023 guidance for capital expenditures is \$10.7 to \$11.3 billion. Of this, \$9.1-\$9.3 billion is allotted for ongoing development drilling programs, exploration and appraisal activities base maintenance and projects to reduce the company's Scope 1 and 2 emissions. For the company to maintain or grow production volumes, they must continue to develop its proved reserve base.

Typically, as prices rise, proved reserves increase because more of the reserve is economically viable. The company has the largest reserve base in 2022 compared to the prior four years as shown in the figure below for both developed and undeveloped reserves. These ensure ConocoPhillips has the potential to expand and continue strong production growth in the future from existing wells and through investments in possible production sites.



Source: COP 10K

WACC Assumptions

To calculate our Weighted Average Cost of Capital we used the assumptions below. Using these, we found a WACC of 9.07% for ConocoPhillips.

Risk Free Rate: The risk-free rate of 3.47% is based on the 10-year U.S. Treasury Note.

Beta: The beta used in the model is a 5-year beta sourced from FactSet.

Equity Risk Premium: 5.50% is the Henry Fund's consensus for the equity risk premium.

Pre-Tax Cost of Debt: The pre-tax cost of debt for ConocoPhillips' is from the yield on a 3.8% coupon bond maturing in March 2052.

Tax Rate: We used an implied marginal tax rate of 20.98% based on ConocoPhillips' historical average.

Payout Policy Forecasts

To forecast future dividend payments, we used an implied growth rate because it more accurately reflected the changes in dividend distributions by ConocoPhillips. These payments vary greatly depending on energy prices. ConocoPhillips' average dividend growth, excluding 2016 and 2020-2022 was 4.85%.

Discounted Cash Flow Model

The DCF resulted in an implied price as of today of \$119.68 per share. We feel our assumptions in the DCF model are the best representation of our outlook for COP over the projection period.

Dividend Discount Model

The DDM gives an implied price of \$104.55 per share. Our EPS forecast are lower than consensus in 2023 and 2024 due to lower projected earnings stemming from a decline in overall energy prices.

Relative Valuation Model

The relative valuation model gives an implied price of \$85.83 per share. This model provided the lowest implied price. Because of substantial variation in business and financial characteristics among the closest peers, we felt that this model did not accurately reflect COP intrinsic price and therefore was left out of the valuation range.

Sensitivity Analysis

Sensitivity tables were constructed to test our assumptions regarding key factors for COP. The most significant business risk tested was COP's crude oil production growth. The most significant model assumptions are the companies CV growth of NOPLAT and the WACC.

RECOMMENDATION SUMMARY

In 2021, ConocoPhillips' and other Exploration and Production companies experienced high prices relative to recent years. Moving forward it will be important to monitor the following:

- Tension between Russia and Ukraine and any sanctions that follow
- Evolving global GDP growth
- Likelihood of a recession
- OPEC production cuts
- Performance updates from the Willow Project

We do not foresee the Russia-Ukraine war ending in the short term, impacting supply to Europe. We also expect slow global GDP growth over the next year, hurting demand for energy products. A recession would further hamper GDP growth. We think OPEC may have overstated their anticipated actual supply cuts because of fears around the U.S. banking crisis. We believe that lower supply from OPEC could be balanced by lower global demand.

These factors will have significant implications for global energy supply and demand, driving commodity prices, and in turn ConocoPhillips' overall performance. We feel that relative to its peers, COP as an independent company is well positioned despite a poor economic environment.

In summary, the Henry Fund has placed a **HOLD** rating on ConocoPhillips to maintain exposure to energy prices while also recognizing the current economic environment is not favorable for strong increases in overall global demand.

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ConocoPhillips
Revenue Decomposition

<i>Fiscal Years Ending Dec. 31</i>	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Consolidated sales & other operating revenues	18,784	45,828	78,494	43,623	48,109	54,233	55,315	54,836	54,845	56,236	58,083	58,772	59,657
% growth	-42.32%	143.97%	71.28%	-44.43%	10.28%	12.73%	1.99%	-0.87%	0.02%	2.54%	3.28%	1.19%	1.51%
Average Net Production (Daily)													
Natural gas (MMCFD)	2,394	3,162	3,130	3,255	3,353	3,554	3,661	3,624	3,697	3,844	3,921	4,000	4,080
Crude Oil (MBD)	568	829	898	1,078	1,185	1,363	1,404	1,432	1,461	1,534	1,657	1,723	1,792
Other Bitumen (MBD)	55	69	66	68	71	74	74	75	77	79	81	84	86
NGLs (MBD)	105	142	252	257	270	278	284	281	286	292	298	304	310
Total Production (MBOED)	1,127	1,567	1,738	1,945	2,085	2,307	2,372	2,392	2,440	2,545	2,689	2,777	2,868
Average Net Production (Daily*365)													
Natural gas (MMCFD)	874	1,154	1,142	1,188	1,224	1,297	1,336	1,323	1,349	1,403	1,431	1,460	1,489
Crude Oil (MBD)	207	303	328	393	433	498	512	523	533	560	605	629	654
Other Bitumen (MBD)	20	25	24	25	26	27	27	27	28	29	30	31	31
NGLs (MBD)	38	52	92	94	99	101	103	102	105	107	109	111	113
Total Production (MBOED)	411	572	634	710	761	842	866	873	890	929	982	1,014	1,047
Annual Production Growth													
Natural Gas	-14.65%	32.08%	-1.01%	4.00%	3.00%	6.00%	3.00%	-1.00%	2.00%	4.00%	2.00%	2.00%	2.00%
Crude Oil	-19.43%	45.95%	8.32%	20.00%	10.00%	15.00%	3.00%	2.00%	2.00%	5.00%	8.00%	4.00%	4.00%
Other Bitumen	-8.33%	25.45%	-4.35%	3.00%	4.00%	4.00%	1.00%	1.00%	2.00%	3.00%	3.00%	3.00%	3.00%
NGL	-8.70%	35.24%	77.46%	2.00%	5.00%	3.00%	2.00%	-1.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Total (BOE)	-16.39%	39.04%	10.91%	11.92%	7.18%	10.66%	2.82%	0.84%	2.00%	4.33%	5.65%	3.26%	3.27%
Average Sales Price													
Natural gas (MMCFD)	3.41	5.77	10.60	2.89	3.59	4.20	4.38	4.36	4.35	4.41	4.43	4.47	4.51
Crude Oil (MBD)	39.54	67.64	97.23	66.83	65.22	63.57	62.08	60.65	59.21	57.59	55.90	54.29	52.89
Other Bitumen (MBD)	8.02	37.52	55.56	30.34	29.61	28.86	28.18	27.53	26.88	26.14	25.38	24.64	24.01
NGLs (MBD)	14.61	32.45	36.50	15.80	19.63	22.98	23.94	23.85	23.78	24.14	24.26	24.44	24.69
Sales by product													
Natural gas	6,427	16,904	26,941	7,763	9,936	12,327	13,228	13,044	13,266	14,010	14,361	14,756	15,201
% growth	-26%	163%	59%	-71.19%	27.99%	24.06%	7.31%	-1.39%	1.71%	5.61%	2.51%	2.75%	3.01%
Crude Oil	9,736	23,648	41,492	31,238	33,050	36,339	36,416	36,199	35,956	36,509	37,940	38,159	38,507
% growth	-47%	143%	75%	-24.71%	5.80%	9.95%	0.21%	-0.60%	-0.67%	1.54%	3.92%	0.58%	0.91%
Other*	2,093	3,608	6,411	3,129	3,176	3,219	3,175	3,133	3,120	3,126	3,125	3,126	3,137
% growth	-54%	72%	78%	-51.19%	1.49%	1.37%	-1.36%	-1.33%	-0.43%	0.18%	-0.02%	0.03%	0.35%
NGLs	528	1,668	3,650	1,493	1,948	2,348	2,495	2,461	2,503	2,592	2,657	2,730	2,812
% growth	-35%	216%	119%	-59.10%	30.48%	20.55%	6.27%	-1.39%	1.71%	3.58%	2.51%	2.75%	3.01%
Total	18,784	45,828	78,494	43,623	48,109	54,233	55,315	54,836	54,845	56,236	58,083	58,772	59,657
Purchased Commodities													
Natural Gas	3,447	10,245	14,831	4,332	5,545	6,879	7,382	7,279	7,403	7,818	8,014	8,235	8,483
Purchased Volume	1,011	1,776	1,399	1,500	1,545	1,638	1,687	1,670	1,704	1,772	1,807	1,843	1,880
Crude Oil	1,539	3,181	9,623	4,952	4,832	4,710	4,600	4,494	4,387	4,267	4,142	4,022	3,919
Purchased Volume	39	47	99	74	82	94	97	98	100	105	114	118	123
Other	1,932	2,663	5,073	2,376	2,412	2,445	2,411	2,379	2,369	2,374	2,373	2,374	2,382
Purchased Volume	241	71	91	78	81	85	86	86	88	91	94	96	99
NGL	(32)	(14)	293	11	14	17	18	17	18	18	19	19	20
Purchased Volume	(2)	(0)	8	1	1	1	1	1	1	1	1	1	1
Total Purchased Commodities BOE	446	413	431	403	421	452	464	464	473	492	509	523	537
Total Value of purchased Commodities (\$)	7,332	16,488	30,251	12,074	13,224	14,502	14,875	14,634	14,650	14,970	15,057	15,173	15,340
% of Revenue	0.39	0.36	0.39	0.28	0.27	0.27	0.27	0.27	0.27	0.27	0.26	0.26	0.26

ConocoPhillips
Value Driver Estimation

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
NOPLAT:														
EBITA														
Revenues	36,670	19,256	48,349	82,156	44,622	49,211	55,475	56,581	56,091	56,100	57,524	59,413	60,118	61,023
Operating Expenses														
Purchased commodities	11,842	8,078	18,158	33,971	12,074	13,224	14,502	14,875	14,634	14,650	14,970	15,057	15,173	15,340
Production & operating expenses	5,322	4,344	5,694	7,006	7,771	8,328	9,216	9,476	9,555	9,746	10,169	10,743	11,093	11,456
Selling, general & administrative expenses	556	430	719	623	651	718	809	825	818	818	839	867	877	890
Exploration expenses	743	1,457	344	564	1,041	1,116	1,235	1,269	1,280	1,306	1,362	1,439	1,486	1,535
Taxes other than income taxes	953	754	1634	3364	1615.21	1731.13	1915.69	1969.63	1986.15	2025.87	2113.64	2232.99	2305.83	2381.25
Depreciation, depletion & amortization	6,090	5,521	7,208	7,504	7,123	7,635	8,449	8,687	8,759	8,935	9,322	9,848	10,169	10,502
ADD: Imputed Interest on Operating Leases	60	45	39	27	28	29	30	31	32	34	35	36	36	37
EBITA	11,224	(1,283)	14,631	29,151	14,375	16,488	19,378	19,511	19,091	18,653	18,784	19,262	19,049	18,956
Less: Adjusted Taxes														
Income tax provision (benefit)	2,267	(485)	4,633	9,548	2,756	3,189	3,785	3,806	3,711	3,611	3,631	3,723	3,672	3,646
Add: Tax shield from Impairments	85	171	141	(3)	-	-	-	-	-	-	-	-	-	-
Add: Interest & debt expense	163	169	185	169	212	222	231	239	245	253	260	268	274	281
Add: Foreign currency transaction gains (losses)	14	(15)	(5)	(21)	-	-	-	-	-	-	-	-	-	-
Add: Other expense	14	3	21	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)
sub: Equity in earnings of affiliates	163	91	175	437	210	231	261	266	263	263	270	279	282	287
sub: Other income (loss)	285	(107)	252	106	-	-	-	-	-	-	-	-	-	-
Total Adjusted Taxes	2,094	(142)	4,550	9,141	2,748	3,170	3,746	3,769	3,683	3,591	3,611	3,702	3,654	3,630
Add: Change in Deferred Taxes	(444)	(834)	1,346	2,086	(0.336)	(0.336)	(0.336)	(0.336)	(0.336)	(0.336)	(0.336)	(0.336)	(0.336)	(0.336)
NOPLAT	8,685	(1,976)	11,428	22,096	11,626	13,318	15,631	15,742	15,408	15,062	15,172	15,559	15,395	15,326
INVESTED CAPITAL														
Net operating working capital														
Operating Current Assets														
Normal Cash	400	235	395	508	476	448	622	771	864	910	961	1,041	1,090	1,117
Accounts & notes receivable, net	3,267	2,634	6,543	7,075	4,786	5,278	5,950	6,069	6,016	6,017	6,170	6,372	6,448	6,545
Accounts & notes receivable - related parties	134	120	127	13	144	158	179	182	181	181	185	191	194	196
Inventories	1,026	1,002	1,208	1,219	912	1,006	1,134	1,156	1,146	1,147	1,176	1,214	1,229	1,247
Prepaid expenses & other current assets	2,259	454	1,581	1,199	1,441	1,590	1,792	1,828	1,812	1,812	1,858	1,919	1,942	1,971
Total Operating Current Assets	7,086	4,445	9,854	10,014	7,759	8,480	9,677	10,006	10,019	10,067	10,350	10,739	10,902	11,077
Operating Current Liabilities														
Accounts payable	3,176	2,669	5,002	6,113	5,486	6,050	6,820	6,956	6,896	6,897	7,072	7,305	7,391	7,503
Accounts payable - related parties	24	29	23	50	36	39	44	45	45	45	46	47	48	49
Accrued income & other taxes	1,030	320	2,862	3,193	1,446	1,594	1,797	1,833	1,817	1,817	1,863	1,925	1,947	1,977
Other accruals	2,045	1,121	2,179	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346
Total Operating Current Liabilities	6,275	4,139	10,066	11,702	9,313	10,030	11,008	11,180	11,104	11,105	11,328	11,623	11,733	11,874
Net operating working capital	811	306	(212)	(1,688)	(1,554)	(1,550)	(1,331)	(1,174)	(1,085)	(1,038)	(978)	(884)	(831)	(797)
Net: PPE	42,269	39,893	64,911	64,866	68,123	71,095	73,484	75,872	78,428	81,056	83,549	85,773	87,938	90,041
Other Operating assets														
Intangibles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	2,426	2,528	2,587	1,989	1,989	1,989	1,989	1,989	1,989	1,989	1,989	1,989	1,989	1,989
Capitalized PV of Operating leases	892	783	649	536	563	587	607	627	648	670	690	709	727	744
Other operating liabilities														
Asset retirement obligations & accrued environmental costs	5352	5430	5754	6401	6401	6401	6401	6401	6401	6401	6401	6401	6401	6401
Other liabilities & deferred credits	1864	1779	1414	1552	-	-	-	-	-	-	-	-	-	-
INVESTED CAPITAL	53614	50719	75103	73656	75522	78523	81151	83715	86381	89077	91651	93987	96224	98378
Free Cash Flow (FCF):														
NOPLAT	8,685	(1,976)	11,428	22,096	11,626	13,318	15,631	15,742	15,408	15,062	15,172	15,559	15,395	15,326
Change in IC	-319	-2895	24384	-1448	1866	3001	2628	2564	2667	2696	2574	2336	2237	2153
FCF	11,824	919	(12,957)	23,543	9,760	10,318	13,003	13,178	12,741	12,365	12,598	13,223	13,158	13,172
Return on Invested Capital (ROIC):														
NOPLAT	8685	-1976	11428	22096	11626	13318	15631	15742	15408	15062	15172	15559	15395	15326
Beginning IC	56,753	53,614	50,719	75,103	73,656	75,522	78,523	81,151	83,715	86,381	89,077	91,651	93,987	96,224
ROIC	15.30%	-3.69%	22.53%	29.42%	15.78%	17.64%	19.91%	19.40%	18.41%	17.44%	17.03%	16.98%	16.38%	15.93%
Economic Profit (EP):														
Beginning IC	56,753	53,614	50,719	75,103	73,656	75,522	78,523	81,151	83,715	86,381	89,077	91,651	93,987	96,224
x (ROIC - WACC)	6.15%	-12.84%	13.38%	20.27%	6.63%	8.48%	10.75%	10.24%	9.25%	8.28%	7.88%	7.82%	7.23%	6.77%
EP	3,490.04	(6,883.71)	6,784.58	15,220.55	4,883.87	6,405.02	8,443.35	8,313.09	7,744.58	7,154.29	7,017.74	7,169.13	6,790.95	6,516.90

ConocoPhillips
Income Statement (millions)

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Revenues & Other Income													
Sales & other operating revenues	18,784	45,828	78,494	43,623	48,109	54,233	55,315	54,836	54,845	56,236	58,083	58,772	59,657
Equity in earnings of affiliates	432	832	2,081	999	1,102	1,242	1,266	1,256	1,256	1,288	1,330	1,346	1,366
Gain on dispositions	549	486	1,077	-	-	-	-	-	-	-	-	-	-
Other income (loss)	(509)	1,203	504	-	-	-	-	-	-	-	-	-	-
Total revenues & other income	19,256	48,349	82,156	44,622	49,211	55,475	56,581	56,091	56,100	57,524	59,413	60,118	61,023
Costs & Expenses													
Purchased commodities	8,078	18,158	33,971	12,074	13,224	14,502	14,875	14,634	14,650	14,970	15,057	15,173	15,340
Production & operating expenses	4,344	5,694	7,006	7,771	8,328	9,216	9,476	9,555	9,746	10,169	10,743	11,093	11,456
Selling, general & administrative expenses	430	719	623	651	718	809	825	818	818	839	867	877	890
Exploration expenses	1,457	344	564	1,041	1,116	1,235	1,269	1,280	1,306	1,362	1,439	1,486	1,535
Depreciation, depletion & amortization	5,521	7,208	7,504	7,123	7,635	8,449	8,687	8,759	8,935	9,322	9,848	10,169	10,502
Impairments	813	674	(12)	-	-	-	-	-	-	-	-	-	-
Taxes other than income taxes	754	1,634	3,364	1,615	1,731	1,916	1,970	1,986	2,026	2,114	2,233	2,306	2,381
Accretion on discounted liabilities	252	242	250	250	250	250	250	250	250	250	250	250	250
Interest & debt expense	806	884	805	1,008	1,057	1,103	1,137	1,170	1,205	1,241	1,276	1,308	1,340
Foreign currency transaction gains (losses)	(72)	(22)	(100)	-	-	-	-	-	-	-	-	-	-
Other expense	13	102	(47)	(47)	(47)	(47)	(47)	(47)	(47)	(47)	(47)	(47)	(47)
Total costs & expenses	22,396	35,637	53,928	31,487	34,012	37,433	38,442	38,406	38,889	40,219	41,666	42,615	43,647
Income (loss) before income taxes	(3,140)	12,712	28,228	13,135	15,199	18,042	18,139	17,686	17,211	17,304	17,747	17,502	17,376
Income tax provision (benefit)	(485)	4,633	9,548	2,756	3,189	3,785	3,806	3,711	3,611	3,631	3,723	3,672	3,646
Net Income (loss)	(2,655)	8,079	18,680	10,379	12,010	14,257	14,334	13,975	13,600	13,674	14,024	13,830	13,731
Income from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: net income attributable to noncontrolling interests	(46)	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss) attributable to ConocoPhillips	(2,701)	8,079	18,680	10,379	12,010	14,257	14,334	13,975	13,600	13,674	14,024	13,830	13,731
Weighted average shares outstanding-basic													
Weighted average shares outstanding-basic	1,078	1,324	1,274	1,207	1,183	1,161	1,140	1,120	1,101	1,084	1,068	1,054	1,040
Net income (loss) per share-basic	-\$2.51	\$6.09	\$14.62	\$8.60	\$10.15	\$12.28	\$12.57	\$12.48	\$12.35	\$12.61	\$13.13	\$13.13	\$13.20
Dividends paid per share of common stock	\$1.69	\$1.75	\$5.65	\$5.86	\$6.09	\$6.32	\$6.56	\$6.81	\$7.07	\$7.34	\$7.62	\$7.90	\$8.21
Total Shares Outstanding (Basic)	1,068	1,302	1,219	1,194	1,172	1,150	1,130	1,110	1,093	1,076	1,061	1,047	1,034
Total Dividends													
Total Dividends	1,805	2,279	6,886	7,005	7,134	7,269	7,410	7,560	7,722	7,894	8,078	8,273	8,480

ConocoPhillips
Balance Sheet

<i>Fiscal Years Ending Dec. 31</i>	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Assets													
Cash & cash equivalents	2,991	5,028	6,458	6,055	5,697	7,918	9,810	10,987	11,582	12,227	13,248	13,863	14,213
Short- term investments & restricted cash	3,609	446	2,785	2,905	3,030	3,160	3,296	3,438	3,585	3,740	3,900	4,068	4,243
Accounts & notes receivable, net	2,634	6,543	7,075	4,786	5,278	5,950	6,069	6,016	6,017	6,170	6,372	6,448	6,545
Accounts & notes receivable - related parties	120	127	13	144	158	179	182	181	181	185	191	194	196
Investment in Cenovus Energy Inc.	1,256	1,117	-	-	-	-	-	-	-	-	-	-	-
Inventories	1,002	1,208	1,219	912	1,006	1,134	1,156	1,146	1,147	1,176	1,214	1,229	1,247
Prepaid expenses & other current assets	454	1,581	1,199	1,441	1,590	1,792	1,828	1,812	1,812	1,858	1,919	1,942	1,971
Total current assets	12,066	16,050	18,749	16,243	16,759	20,133	22,340	23,580	24,324	25,355	26,846	27,743	28,416
Investments & long-term receivables	8,017	7,113	8,225	8,550	8,888	9,239	9,604	9,983	10,377	10,787	11,213	11,656	12,117
Loans & advances - related parties	114	-	-	-	-	-	-	-	-	-	-	-	-
Net properties, plants & equipment	39,893	64,911	64,866	68,123	71,095	73,484	75,872	78,428	81,056	83,549	85,773	87,938	90,041
Intangibles	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	2,528	2,587	1,989	1,989	1,989	1,989	1,989	1,989	1,989	1,989	1,989	1,989	1,989
Total assets	62,618	90,661	93,829	94,905	98,730	104,845	109,805	113,980	117,747	121,680	125,821	129,327	132,562
Liabilities													
Accounts payable	2,669	5,002	6,113	5,486	6,050	6,820	6,956	6,896	6,897	7,072	7,305	7,391	7,503
Accounts payable - related parties	29	23	50	36	39	44	45	45	45	46	47	48	49
Short-term debt	619	1,200	417	771	850	958	977	969	969	994	1,026	1,038	1,054
Accrued income & other taxes	320	2,862	3,193	1,446	1,594	1,797	1,833	1,817	1,817	1,863	1,925	1,947	1,977
Employee benefit obligations	608	755	728	762	840	947	966	957	957	982	1,014	1,026	1,041
Other accruals	1,121	2,179	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346
Total current liabilities	5,366	12,021	12,847	10,845	11,720	12,913	13,123	13,030	13,032	13,303	13,663	13,797	13,970

ConocoPhillips
Historical Cash Flow Statement

scale- Millions

Fiscal Years Ending Dec. 31	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Cash Flows From Operating Activities											
Net income (loss)	8,498	9,215	6,938	(4,371)	(3,559)	(793)	6,305	7,257	(2,655)	8,079	18,680
Depreciation, depletion & amortization	6,580	7,434	8,329	9,113	9,062	6,845	5,956	6,090	5,521	7,208	7,504
Impairments	680	529	856	2,245	139	6,601	27	405	813	674	(12)
Dry hole costs & leasehold impairments	874	443	1,166	3,065	1,184	566	95	421	1,083	44	340
Accretion on discounted liabilities	394	434	484	483	425	362	353	326	252	242	250
Deferred taxes	1,397	1,311	709	(2,772)	(2,221)	(3,681)	283	(444)	(834)	1,346	2,086
Undistributed equity losses (earnings)	(596)	(822)	77	101	299	(232)	152	594	645	446	942
Loss (gain) on dispositions	(1,657)	(1,242)	(98)	(591)	(360)	(2,177)	(1,063)	(1,966)	(549)	(486)	(1,077)
Loss (gain) on Cenovus Energy Inc. common shares	-	-	-	-	-	-	-	-	855	(1,040)	(251)
Loss (income) from discontinued operations	(1,017)	(1,178)	(1,131)	-	-	-	-	-	-	-	86
Other adjustments	(456)	(371)	(233)	321	(85)	(429)	191	(1,000)	43	(788)	-
Accounts & notes receivable	(1,866)	744	1,227	1,810	820	(886)	235	505	521	(2,500)	(963)
Inventories	210	(278)	(193)	166	44	(55)	86	(67)	(25)	(160)	(38)
Prepaid expenses & other current assets	513	(83)	(190)	239	105	69	(55)	37	76	(649)	(173)
Accounts payable	1,103	183	(783)	(1,647)	(524)	265	(52)	(378)	(249)	1,399	901
Taxes & other accruals	(1,199)	(518)	(566)	(590)	(926)	622	421	(676)	(695)	3,181	39
Net cash flows from discontinued operations	464	286	143	-	-	-	-	-	-	-	-
Net Cash Flows From Operating Activities	13,922	16,087	16,735	7,572	4,403	7,077	12,934	11,104	4,802	16,996	28,314
Cash Flow From Investing Activities											
Acquisition of businesses, net of cash acquired	-	-	-	-	-	-	-	-	-	(8,290)	-
Capital expenditures & investments	(14,172)	(15,537)	(17,085)	(10,050)	(4,869)	(4,591)	(6,750)	(6,636)	(4,715)	(5,324)	(10,159)
Working capital changes associated with investing activities	-	-	-	(968)	(331)	132	(68)	(103)	(155)	134	520
Proceeds from asset dispositions	2,132	10,220	1,603	1,952	1,286	13,860	1,082	3,012	1,317	1,653	(60)
Net sales (purchases) of investments	-	-	-	-	-	-	-	-	(658)	3,091	3,471
Net sales (purchases) of short-term investments	597	(263)	253	-	(51)	(1,790)	1,620	(2,910)	-	-	(2,629)
Collection of advances or loans - related parties	114	145	603	105	108	115	119	127	116	105	114
Other investing activities	821	(212)	(446)	306	(2)	36	154	(108)	(26)	87	2
Net cash flows from discontinued operations	(1,119)	(604)	(59)	-	-	-	-	-	-	-	-
Net Cash Flows From Investing Activities	(11,627)	(6,251)	(15,131)	(8,655)	(3,859)	7,762	(3,843)	(6,618)	(4,121)	(8,544)	(8,741)
Cash Flows From Financing Activities											
Issuance of debt	1,996	-	2,994	2,498	4,594	-	-	-	300	-	2,897
Repayment of debt	(2,565)	(946)	(2,014)	(103)	(2,251)	(7,876)	(4,995)	(80)	(254)	(505)	(6,267)
Special cash distribution from Phillips 66	7,818	-	-	-	-	-	-	-	-	-	-
Change in restricted cash	(748)	748	-	-	-	-	-	-	-	-	-
Issuance of company common stock	138	20	35	(82)	(63)	(63)	121	(30)	(5)	145	362
Repurchase of company common stock	(5,098)	-	-	-	(126)	(3,000)	(2,999)	(3,500)	(892)	(3,623)	(9,270)
Dividends paid	(3,278)	(3,334)	(3,525)	(3,664)	(1,253)	(1,305)	(1,363)	(1,500)	(1,831)	(2,359)	(5,726)
Other financing activities	(725)	(3,621)	(64)	(78)	(137)	(112)	(123)	(119)	(26)	7	(49)
Net cash flows from discontinued operations	(2,019)	-	-	-	-	-	-	-	-	-	-
Net cash flows from financing activities	(4,481)	(7,133)	(2,574)	(1,429)	764	(12,356)	(9,359)	(5,229)	(2,708)	(6,335)	(18,053)
Effect of exchange rate changes on cash & cash equivalents	24	(75)	(214)	(182)	(66)	232	(117)	(46)	(20)	(34)	(224)
Net change in cash & cash equivalents	(2,162)	2,628	(1,184)	(2,694)	1,242	2,715	(385)	(789)	(2,047)	2,083	1,296
Restricted cash restatement	-	-	-	-	-	-	211	-	-	-	-
Cash & cash equivalents at beginning of year	5,780	3,618	6,246	5,062	2,368	3,610	6,325	6,151	5,362	3,315	5,398
Cash & cash equivalents at end of year	3,618	6,246	5,062	2,368	3,610	6,325	6,151	5,362	3,315	5,398	6,694

ConocoPhillips
Forecasted Cash Flow Statement

(millions)

Fiscal Years Ending Dec. 31	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net Income	10,379	12,010	14,257	14,334	13,975	13,600	13,674	14,024	13,830	13,731
Depreciation	7,123	7,635	8,449	8,687	8,759	8,935	9,322	9,848	10,169	10,502
Change in Def. Taxes	(0.34)	(0.34)	(0.34)	(0.34)	(0.34)	(0.34)	(0.34)	(0.34)	(0.34)	(0.34)
Adjustments to Reconcile Net Income:										
Short-term investments & restricted cash	(120)	(125)	(130)	(136)	(142)	(148)	(154)	(161)	(168)	(175)
Accounts/notes receivable	2,289	(492)	(672)	(119)	53	(1)	(153)	(203)	(76)	(97)
Accounts/notes receivable - related parties	(131)	(15)	(20)	(4)	2	(0)	(5)	(6)	(2)	(3)
Inventories	307	(94)	(128)	(23)	10	(0)	(29)	(39)	(14)	(19)
Prepaid expenses & other current assets	(242)	(148)	(202)	(36)	16	(0)	(46)	(61)	(23)	(29)
Accounts payable	(627)	564	770	136	(60)	1	175	232	87	111
Accounts payable/related parties	(14)	4	5	1	(0)	0	1	2	1	1
Accrued income and other taxes	(1,747)	149	203	36	(16)	0	46	61	23	29
Employee benefit obligations	34	78	107	19	(8)	0	24	32	12	15
other accruals	-	-	-	-	-	-	-	-	-	-
Net cash from operating activities	17,250	19,565	22,637	22,895	22,588	22,387	22,855	23,729	23,838	24,066
Investing										
Investments & It receivables	(325)	(338)	(351)	(365)	(379)	(394)	(410)	(426)	(443)	(460)
Capex	(10,380)	(10,607)	(10,838)	(11,074)	(11,316)	(11,562)	(11,814)	(12,072)	(12,335)	(12,604)
Other Assets	-	-	-	-	-	-	-	-	-	-
Net cash from investing activities	(10,705)	(10,944)	(11,189)	(11,439)	(11,695)	(11,957)	(12,224)	(12,498)	(12,778)	(13,064)
Financing										
Short term debt	354	79	108	19	(8)	0	25	33	12	16
Long term debt	2,457	821	712	648	669	696	687	634	610	602
Asset retirement obligations	-	-	-	-	-	-	-	-	-	-
Employee benefit obligations	(99)	(90)	(82)	(74)	(67)	(61)	(55)	(50)	(46)	(41)
Other liabilities	-	-	-	-	-	-	-	-	-	-
Repurchase of common stock	(2,748)	(2,748)	(2,748)	(2,748)	(2,748)	(2,748)	(2,748)	(2,748)	(2,748)	(2,748)
Issuance of common stock	93	93	53	-	-	-	-	-	-	-
Payment of dividends	(7,005)	(7,134)	(7,269)	(7,410)	(7,560)	(7,722)	(7,894)	(8,078)	(8,273)	(8,480)
Cash provided by financing activities	(6,948)	(8,979)	(9,227)	(9,565)	(9,715)	(9,835)	(9,987)	(10,209)	(10,445)	(10,652)
Change in cash	(403)	(358)	2,222	1,891	1,178	595	644	1,022	615	349
Cash at beginning of year	6,458	6,055	5,697	7,918	9,810	10,987	11,582	12,227	13,248	13,863
Cash at end of year	6,055	5,697	7,918	9,810	10,987	11,582	12,227	13,248	13,863	14,213

ConocoPhillips
Common Size Income Statement

<i>Fiscal Years Ending Dec. 31</i>	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Revenues & Other Income													
Sales & other operating revenues	97.55%	94.79%	95.54%	97.76%	97.76%	97.76%	97.76%	97.76%	97.76%	97.76%	97.76%	97.76%	97.76%
Equity in earnings of affiliates	2.24%	1.72%	2.53%	2.24%	2.24%	2.24%	2.24%	2.24%	2.24%	2.24%	2.24%	2.24%	2.24%
Gain on dispositions	2.85%	1.01%	1.31%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other income (loss)	-2.64%	2.49%	0.61%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total revenues & other income	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Costs & Expenses													
Purchased commodities	41.95%	37.56%	41.35%	27.06%	26.87%	26.14%	26.29%	26.09%	26.11%	26.02%	25.34%	25.24%	25.14%
Production & operating expenses	22.56%	11.78%	8.53%	17.41%	16.92%	16.61%	16.75%	17.04%	17.37%	17.68%	18.08%	18.45%	18.77%
Selling, general & administrative expenses	2.23%	1.49%	0.76%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%
Exploration expenses	7.57%	0.71%	0.69%	2.33%	2.27%	2.23%	2.24%	2.28%	2.33%	2.37%	2.42%	2.47%	2.51%
Depreciation, depletion & amortization	28.67%	14.91%	9.13%	15.96%	15.51%	15.23%	15.35%	15.62%	15.93%	16.20%	16.58%	16.92%	17.21%
Impairments	4.22%	1.39%	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Taxes other than income taxes	3.92%	3.38%	4.09%	3.62%	3.52%	3.45%	3.48%	3.54%	3.61%	3.67%	3.76%	3.84%	3.90%
Accretion on discounted liabilities	1.31%	0.50%	0.30%	0.56%	0.51%	0.45%	0.44%	0.45%	0.45%	0.43%	0.42%	0.42%	0.41%
Interest & debt expense	4.19%	1.83%	0.98%	2.26%	2.15%	1.99%	2.01%	2.09%	2.15%	2.16%	2.15%	2.18%	2.20%
Foreign currency transaction gains (losses)	-0.37%	-0.05%	-0.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other expense	0.07%	0.21%	-0.06%	-0.11%	-0.10%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%
Total costs & expenses	116.31%	73.71%	65.64%	70.56%	69.11%	67.48%	67.94%	68.47%	69.32%	69.92%	70.13%	70.89%	71.53%
Income (loss) before income taxes	-16.31%	26.29%	34.36%	29.44%	30.89%	32.52%	32.06%	31.53%	30.68%	30.08%	29.87%	29.11%	28.47%
Income tax provision (benefit)	-2.52%	9.58%	11.62%	6.18%	6.48%	6.82%	6.73%	6.62%	6.44%	6.31%	6.27%	6.11%	5.97%
Net Income (loss)	-13.79%	16.71%	22.74%	23.26%	24.41%	25.70%	25.33%	24.91%	24.24%	23.77%	23.60%	23.00%	22.50%
Income from discontinued operations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Less: net income attributable to noncontrolling interests	-0.24%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income (loss) attributable to ConocoPhillips	-14.03%	16.71%	22.74%	23.26%	24.41%	25.70%	25.33%	24.91%	24.24%	23.77%	23.60%	23.00%	22.50%

ConocoPhillips
Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Assets													
Cash & cash equivalents	15.53%	10.40%	13.36%	12.52%	11.78%	16.38%	20.29%	22.73%	23.96%	25.29%	27.40%	28.67%	29.40%
Short- term investments & restricted cash	18.74%	0.92%	3.39%	6.51%	6.16%	5.70%	5.82%	6.13%	6.39%	6.50%	6.56%	6.77%	6.95%
Accounts & notes receivable, net	13.68%	13.53%	14.63%	9.90%	10.92%	12.31%	12.55%	12.44%	12.44%	12.76%	13.18%	13.34%	13.54%
Accounts & notes receivable - related parties	0.62%	0.26%	0.03%	0.30%	0.33%	0.37%	0.38%	0.37%	0.37%	0.38%	0.40%	0.40%	0.41%
Investment in Cenovus Energy Inc.	6.52%	2.31%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Inventories	5.20%	2.50%	2.52%	1.89%	2.08%	2.35%	2.39%	2.37%	2.37%	2.43%	2.51%	2.54%	2.58%
Investments & long-term receivables	41.63%	14.71%	17.01%	17.68%	18.38%	19.11%	19.86%	20.65%	21.46%	22.31%	23.19%	24.11%	25.06%
Loans & advances - related parties	0.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net properties, plants & equipment	207.17%	134.26%	134.16%	140.90%	147.05%	151.99%	156.93%	162.21%	167.65%	172.80%	177.40%	181.88%	186.23%
Intangibles	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other assets	13.13%	5.35%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%
Total assets	325.19%	187.51%	194.07%	196.29%	204.20%	216.85%	227.11%	235.74%	243.53%	251.67%	260.23%	267.49%	274.18%
Liabilities													
Accounts payable	13.86%	10.35%	12.64%	11.35%	12.51%	14.11%	14.39%	14.26%	14.27%	14.63%	15.11%	15.29%	15.52%
Accounts payable - related parties	0.15%	0.05%	0.10%	0.07%	0.08%	0.09%	0.09%	0.09%	0.09%	0.09%	0.10%	0.10%	0.10%
Short-term debt	3.21%	2.48%	0.86%	1.59%	1.76%	1.98%	2.02%	2.00%	2.00%	2.06%	2.12%	2.15%	2.18%
Accrued income & other taxes	1.66%	5.92%	6.60%	2.99%	3.30%	3.72%	3.79%	3.76%	3.76%	3.85%	3.98%	4.03%	4.09%
Employee benefit obligations	3.16%	1.56%	1.51%	1.58%	1.74%	1.96%	2.00%	1.98%	1.98%	2.03%	2.10%	2.12%	2.15%
Other accruals	5.82%	4.51%	4.85%	4.85%	4.85%	4.85%	4.85%	4.85%	4.85%	4.85%	4.85%	4.85%	4.85%
Total current liabilities	27.87%	24.86%	26.57%	22.43%	24.24%	26.71%	27.14%	26.95%	26.95%	27.51%	28.26%	28.54%	28.89%
Long-term debt	76.60%	38.75%	33.56%	38.64%	40.34%	41.81%	43.15%	44.54%	45.98%	47.40%	48.71%	49.97%	51.21%
Asset retirement obligations & accrued environmental costs	28.20%	11.90%	13.24%	13.24%	13.24%	13.24%	13.24%	13.24%	13.24%	13.24%	13.24%	13.24%	13.24%
Joint venture acquisition obligation - related party	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Deferred income taxes	19.46%	12.78%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%	15.97%	15.97%	15.97%	15.97%
Employee benefit obligations	8.81%	2.38%	2.22%	2.02%	1.83%	1.66%	1.51%	1.37%	1.24%	1.13%	1.03%	0.93%	0.85%
Other liabilities & deferred credits	9.24%	2.92%	3.21%	3.21%	3.21%	3.21%	3.21%	3.21%	3.21%	3.21%	3.21%	3.21%	3.21%
Total liabilities	170.18%	93.60%	94.78%	95.52%	98.84%	102.61%	104.23%	105.28%	106.60%	108.46%	110.42%	111.86%	113.37%
Equity													
Common Equity	244.86%	125.34%	74.45%	137.28%	124.66%	110.68%	108.52%	109.47%	109.45%	106.74%	103.35%	102.13%	100.62%
Treasury stock	-245.62%	-105.32%	-124.49%	-130.17%	-135.86%	-141.54%	-147.23%	-152.91%	-158.59%	-164.28%	-169.96%	-175.65%	-181.33%
Defined benefit plans	-2.21%	-0.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net unrealized gain (loss) on securities	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Foreign currency translation	-24.90%	-10.17%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Accumulated other comprehensive income (loss)	-27.10%	-10.24%	-12.41%	-12.41%	-12.41%	-12.41%	-12.41%	-12.41%	-12.41%	-12.41%	-12.41%	-12.41%	-12.41%
Retained earnings	182.87%	84.13%	109.68%	116.66%	126.75%	141.20%	155.52%	168.79%	180.94%	192.90%	205.20%	216.69%	227.55%
Total common stockholders' equity	155.01%	93.91%	99.28%	100.77%	105.36%	114.24%	122.88%	130.46%	136.94%	143.21%	149.82%	155.63%	160.80%
Noncontrolling interests	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total equity	155.01%	93.91%	99.28%	100.77%	105.36%	114.24%	122.88%	130.46%	136.94%	143.21%	149.82%	155.63%	160.80%
Total liabilities and shareholders' equity	325.19%	187.51%	194.07%	196.29%	204.20%	216.85%	227.11%	235.74%	243.53%	251.67%	260.23%	267.49%	274.18%

ConocoPhillips*Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models*

Key Inputs:

CV Growth of NOPLAT	2.00%
CV Year ROIC	15.93%
WACC	9.15%
Cost of Equity	9.85%

Fiscal Years Ending Dec. 31	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
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DCF Model:

Free Cash Flow (FCF)	9760	10318	13003	13178	12741	12365	12598	13223	13158	13172
Continuing Value (CV)										187316
PV of FCF	8942	8660	9999	9283	8223	7311	6824	6562	5982	85155

Value of Operating Assets: 156938

Non-Operating Adjustments

Excess Cash	5,950
ROU Asset	(536)
Short Term Investments	2,785
ESOP	(232)
Long-term Debt	(16,226)
Short-term Debt	(417)
Employee Benefit Obligations Long-term	(1,074)
Employee Benefit Obligations	(728)
Asset Retirement Obligations and Accrued Environmental Costs	(6,401)
Value of Equity	140,059
Shares Outstanding	1,219

Intrinsic Value of Last FYE \$ 115

Implied Price as of Today \$ 116.81

EP Model:

Economic Profit (EP)	4884	6405	8443	8313	7745	7154	7018	7169	6791	6517
Continuing Value (CV)										91092
PV of EP	4474	5376	6492	5856	4998	4230	3801	3557	3087	41411

Total PV of EP 83283

Invested Capital (last FYE) 73656

Value of Operating Assets: 156938

Non-Operating Adjustments

Excess Cash	5,950
ROU Asset	(536)
Short-term Investments	2,785
ESOP	(232)
Long-term Debt	(16,226)
Short-term Debt	(417)
Employee Benefit Obligations Long term	(1,074)
Employee Benefit Obligations	(728)
Asset Retirement Obligations and Accrued Environmental Costs	(6,401)
Value of Equity	140,059
Shares Outstanding	1,219

Intrinsic Value of Last FYE \$ 115

Implied Price as of Today \$ 116.81

ConocoPhillips*Weighted Average Cost of Capital (WACC) Estimation***Cost of Equity:**

Risk-Free Rate	3.47%
Beta	1.16
Equity Risk Premium	5.50%
Cost of Equity	9.85%

ASSUMPTIONS:

10 year treasury
5 year monthly beta
(Trailing 12 month cash yield)

Cost of Debt:

Risk-Free Rate	3.60%
Implied Default Premium	1.41%
Pre-Tax Cost of Debt	5.01%
Marginal Tax Rate	21%
After-Tax Cost of Debt	3.96%

30-year Treasury bond 3/17/2023

COP 3/52 3.8% Coupon

Market Value of Common Equity:

Total Shares Outstanding	1,219
Current Stock Price	\$105.25
MV of Equity	128,276.23

MV Weights

88.19%

Market Value of Debt:

Short-Term Debt	417
Current Portion of LTD	0
Long-Term Debt	16226
PV of Operating Leases	536
MV of Total Debt	17,179.00

11.81%

Market Value of the Firm**145,455.23**

100.00%

Estimated WACC

9.15%

ConocoPhillips*Relative Valuation Models*

Ticker	Company	Price	EPS	EPS	P/E 23	P/E 24	EV	2023E	Multiple
			2023E	2024E				EBITDA	
XOM	ExxonMobil	\$110.75	\$10.85	\$10.09	10.21	10.98	440.7	86.90	5.07
CVX	Chevron Corp	\$162.41	\$15.49	\$14.46	10.48	11.23	276.2	58.50	4.72
OXY	Occidental Petroleum Company	\$58.98	\$6.68	\$11.29	8.83	5.22	71.1	17.60	4.04
PXD	Pioneer Natural Resources	\$196.57	\$23.70	\$23.43	8.29	8.39	51.4	10.42	4.93
HES	Hess Corporation	\$138.87	\$19.00	\$13.50	7.31	10.29	49.3	5.83	8.46
EOG	EOG Resources	\$114.26	\$13.83	\$13.45	8.26	8.50	67.0	14.68	4.56
			Average		8.90	9.10	5.30		

COP	ConocoPhillips	\$105.25	\$8.60	\$10.15	12.2	10.4	134.3	34.9	3.85
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Implied Relative Value:

P/E (EPS23)	\$	76.54
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P/E (EPS24)	\$	92.39
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EV/EBITDA (EBITDA23)	\$	174.64
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ConocoPhillips*Dividend Discount Model (DDM) or Fundamental P/E Valuation Model*

Fiscal Years Ending Dec. 31	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
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EPS	\$8.60	\$ 10.15	\$ 12.28	\$ 12.57	\$ 12.48	\$ 12.35	\$ 12.61	\$ 13.13	\$ 13.13	\$ 13.20
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Key Assumptions

CV growth of EPS	2.00%
CV Year ROE	17.66%
Cost of Equity	9.85%

Future Cash Flows

P/E Multiple (CV Year)										11.30
EPS (CV Year)										\$ 13.20
Future Stock Price										\$ 149.13
Dividends Per Share	5.86	6.09	6.32	6.56	6.81	7.07	7.34	7.62	7.90	
Discounted Cash Flows	5.34	5.04	4.77	4.50	4.26	4.02	3.80	3.59	3.39	64.03

Intrinsic Value as of Last FYE	\$ 102.75
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Implied Price as of Today	\$ 104.44
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ConocoPhillips
Sensitivity Tables

Risk Free Rate	DCF		CV growth NOPLAT					
	116.81	0.5%	1%	1.5%	2%	2.5%	3%	3.5%
	2.72%	121.70	124.09	126.82	129.97	133.64	137.99	143.20
	2.97%	117.88	120.03	122.48	125.29	128.56	132.40	136.98
	3.22%	114.26	116.20	118.40	120.92	123.83	127.23	131.26
	3.47%	110.83	112.58	114.56	116.81	119.41	122.42	125.97
	3.72%	107.57	109.15	110.93	112.95	115.27	117.95	121.08
	3.97%	104.47	105.89	107.50	109.31	111.38	113.76	116.54
	4.22%	101.52	102.81	104.25	105.87	107.72	109.85	112.30

Equity Risk Premium	DCF		Beta					
	116.81	1.01	1.06	1.11	1.16	1.21	1.26	1.31
	5.35%	134.48	129.18	124.24	119.64	115.34	111.31	107.52
	5.40%	133.45	128.17	123.26	118.69	114.41	110.40	106.63
	5.45%	132.43	127.18	122.30	117.74	113.48	109.50	105.75
	5.50%	131.43	126.20	121.34	116.81	112.58	108.61	104.88
	5.55%	130.44	125.24	120.40	115.90	111.68	107.74	104.03
	5.60%	129.46	124.29	119.48	114.99	110.80	106.87	103.19
	5.65%	128.50	123.35	118.56	114.10	109.93	106.02	102.36

CAPEX	DCF		Pre Tax Cost of Debt					
	116.81	3.51%	4.01%	4.51%	5.01%	5.51%	6.01%	6.51%
	(5,880)	146.58	145.66	144.76	143.86	142.98	142.10	141.24
	(7,380)	137.45	136.57	135.70	134.84	134.00	133.16	132.33
	(8,880)	128.32	127.48	126.65	125.83	125.02	124.22	123.43
	(10,380)	119.19	118.39	117.59	116.81	116.04	115.28	114.53
	(11,880)	110.07	109.37	108.66	107.94	107.21	106.48	106.13
	(13,380)	104.78	104.57	104.36	104.16	103.98	103.80	103.64
	(14,880)	102.57	102.45	102.34	102.23	102.13	102.03	101.94

WACC	DCF		Production Costs per BOE					
	116.81	\$7.95	\$8.95	\$9.95	\$10.95	\$11.95	\$12.95	\$13.95
	8.40%	157.18	148.84	140.50	132.16	123.82	115.63	109.80
	8.65%	150.69	142.68	134.67	126.66	118.65	110.79	105.23
	8.90%	144.67	136.97	129.26	121.56	113.85	106.30	100.98
	9.15%	139.07	131.65	124.23	116.81	109.39	102.12	97.03
	9.40%	133.85	126.70	119.54	112.39	105.23	98.22	93.35
	9.65%	128.98	122.07	115.16	108.25	101.34	94.58	89.90
	9.90%	124.41	117.73	111.05	104.37	97.69	91.16	86.66

2023 Crude Oil Price	DCF		2023 Crude Oil Production Growth					
	116.81	14%	16%	18%	20%	22%	24%	26%
	\$54.83	105.62	108.57	111.48	114.36	117.20	120.01	122.79
	\$58.83	106.50	109.41	112.27	115.11	117.90	120.72	123.59
	\$62.83	107.32	110.18	113.01	115.89	118.78	121.67	124.55
	\$66.83	108.11	111.01	113.91	116.81	119.71	122.62	125.52
	\$70.83	108.98	111.90	114.81	117.73	120.65	123.56	126.48
	\$74.83	109.85	112.78	115.71	118.65	121.58	124.51	127.44
	\$78.83	110.72	113.67	116.61	119.56	122.51	125.45	128.40

CV growth of EPS	DDM		Implied Dividend Growth Rate					
	104.44	2.30%	2.80%	3.30%	3.80%	4.30%	4.80%	5.30%
	0.50%	96.56	97.43	98.32	99.23	100.17	101.13	102.11
	1.00%	97.95	98.87	99.81	100.77	101.76	102.77	103.81
	1.50%	99.51	100.48	101.47	102.50	103.54	104.62	105.72
	2.00%	101.26	102.29	103.35	104.44	105.56	106.70	107.87
	2.50%	103.25	104.36	105.49	106.65	107.84	109.06	110.32
	3.00%	105.53	106.72	107.93	109.18	110.46	111.77	113.12
	3.50%	108.18	109.45	110.76	112.11	113.49	114.91	116.36

ConocoPhillips
Present Value of Operating Lease Obligations

Fiscal Years Ending Dec. 31	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Year 1	872.00	767.00	477.00	602.00	568.00	671.00	277.00	278.00	248.00	348.00	
Year 2	637.00	519.00	580.00	519.00	712.00	360.00	238.00	214.00	425.00	247.00	
Year 3	529.00	382.00	380.00	483.00	523.00	215.00	172.00	414.00	136.00	130.00	
Year 4	346.00	300.00	314.00	318.00	347.00	156.00	390.00	126.00	319.00	82.00	
Year 5	272.00	202.00	110.00	182.00	168.00	374.00	114.00	307.00	54.00	63.00	
Thereafter	721.00	591.00	290.00	645.00	631.00	381.00	435.00	209.00	212.00	149.00	
Total Minimum Payments	3377.00	2761.00	2151.00	2749.00	2949.00	2157.00	1626.00	1548.00	1394.00	1019.00	
Less: Cumulative Interest	497.77	404.32	290.32	431.34	453.31	300.66	284.58	231.75	202.93	127.04	
PV of Minimum Payments	2879.23	2356.68	1860.68	2317.66	2495.69	1856.34	1341.42	1316.25	1191.07	891.96	783.00
Implied Interest in Year 1 Payment		144.2	118.1	93.2	116.1	125.0	93.0	67.2	65.9	59.7	44.7
Pre-Tax Cost of Debt	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%
Years Implied by Year 6 Payment	2.7	2.9	2.6	3.5	3.8	1.0	3.8	1.0	3.9	2.4	3.6
Expected Obligation in Year 6 & Beyond	272	202	110	182	168	374	114	209	54	63	55
Present Value of Lease Payments											
PV of Year 1	830.4	730.4	454.2	573.3	540.9	639.0	263.8	264.7	236.2	331.4	233.3
PV of Year 2	577.7	470.7	526.0	470.7	645.7	326.5	215.8	194.1	385.4	224.0	140.6
PV of Year 3	456.8	329.9	328.2	417.1	451.7	185.7	148.5	357.5	117.4	112.3	100.2
PV of Year 4	284.5	246.7	258.2	261.5	285.4	128.3	320.7	103.6	262.3	67.4	77.3
PV of Year 5	213.0	158.2	86.1	142.5	131.6	292.9	89.3	240.4	42.3	49.3	43.1
PV of 6 & beyond	516.8	420.8	207.9	452.6	440.5	284.0	303.3	155.9	147.4	107.5	140.0
Capitalized PV of Payments	2879.2	2356.7	1860.7	2317.7	2495.7	1856.3	1341.4	1316.2	1191.1	892.0	734.4

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Key Management Ratios

Fiscal Years Ending Dec. 31		2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Liquidity Ratios:														
Current Ratio	Current Assets/Current Liabilities	2.25	1.34	1.46	1.50	1.43	1.56	1.70	1.81	1.87	1.91	1.96	2.01	2.03
Quick Ratio	(Current Assets-Inventory)/Current Liabilities	2.06	1.23	1.36	1.41	1.34	1.47	1.61	1.72	1.78	1.82	1.88	1.92	1.94
Cash Ratio	Cash/Current Liabilities	0.56	0.42	0.50	0.56	0.49	0.61	0.75	0.84	0.89	0.92	0.97	1.00	1.02
Asset-Management Ratios:														
Total Asset Turnover	Sales/Total Assets	0.30	0.51	0.84	0.46	0.49	0.52	0.50	0.48	0.47	0.46	0.46	0.45	0.45
Current Asset Turnover	Sales/Current Assets	1.56	2.86	4.19	2.69	2.87	2.69	2.48	2.33	2.25	2.22	2.16	2.12	2.10
Fixed Asset Turnover	Sales/PPE	0.47	0.71	1.21	0.64	0.68	0.74	0.73	0.70	0.68	0.67	0.68	0.67	0.66
Financial Leverage Ratios:														
LT Debt to Equity	LT debt/ Total Equity	0.49	0.41	0.34	0.38	0.38	0.37	0.35	0.34	0.34	0.33	0.33	0.32	0.32
Debt Ratio	Total Debt/Total Assets	0.25	0.22	0.18	0.20	0.21	0.20	0.20	0.20	0.20	0.20	0.20	0.19	0.19
LT Debt to Assets	LT Debt/ Total Assets	0.24	0.21	0.17	0.20	0.20	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Profitability Ratios:														
Return on Equity	(NI/Beg TSE)	-9.05%	17.79%	38.91%	21.30%	23.58%	25.81%	24.13%	22.16%	20.54%	19.75%	19.36%	18.38%	17.66%
ROA	NI/Total Assets	-4.31%	8.91%	19.91%	10.94%	12.16%	13.60%	13.05%	12.26%	11.55%	11.24%	11.15%	10.69%	10.36%
Net Margin	NI/Total Revenue and Other Income	-14.03%	16.71%	22.74%	23.26%	24.41%	25.70%	25.33%	24.91%	24.24%	23.77%	23.60%	23.00%	22.50%
Payout Policy Ratios:														
Dividend Payout Ratio	(Dividend/EPS)	-67.33%	28.74%	38.65%	68.18%	59.97%	51.46%	52.17%	54.57%	57.24%	58.18%	58.02%	60.22%	62.15%
Total Payout Ratio	((Divs. + Repurchases)/NI)	-99.85%	73.05%	86.49%	93.96%	82.28%	70.27%	70.87%	73.76%	76.98%	77.83%	77.20%	79.69%	81.78%

ConocoPhillips*Valuation of Options Granted under ESOP*

Current Stock Price	\$105.25
Risk Free Rate	3.47%
Current Dividend Yield	1.90%
Annualized St. Dev. of Stock Returns	44.17%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	4	55.28	2.57	\$ 53.97	\$ 232
Total	4	\$ 55.28	2.57	\$ 58.52	\$ 232

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Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares): 4
Average Time to Maturity (years): 2.57
Expected Annual Number of Options Exercised: 2

Current Average Strike Price: \$ 55.28
Cost of Equity: 9.85%
Current Stock Price: \$105.25

Fiscal Years Ending Dec. 31	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Increase in Shares Outstanding:	2	2	0.95							
Average Strike Price:	\$ 55.28	\$ 55.28	\$ 55.28	\$ 55.28	\$ 55.28	\$ 55.28	\$ 55.28	\$ 55.28	\$ 55.28	\$ 55.28
Increase in Common Stock Account:	93	93	53	-	-	-	-	-	-	-
Share Repurchases (\$)	2,748	2,748	2,748	2,748	2,748	2,748	2,748	2,748	2,748	2,748
Expected Price of Repurchased Shares:	\$ 105.25	\$ 113.62	\$ 122.65	\$ 132.40	\$ 142.93	\$ 154.29	\$ 166.56	\$ 179.80	\$ 194.09	\$ 209.52
Number of Shares Repurchased:	26	24	22	21	19	18	17	15	14	13
Shares Outstanding (beginning of the year)	1,219	1,194	1,172	1,150	1,130	1,110	1,093	1,076	1,061	1,047
Plus: Shares Issued Through ESOP	2	2	1	0	0	0	0	0	0	0
Less: Shares Repurchased in Treasury	26	24	22	21	19	18	17	15	14	13
Shares Outstanding (end of the year)	1,194	1,172	1,150	1,130	1,110	1,093	1,076	1,061	1,047	1,034