

# UConn Student Managed Fund Analyst Report

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<b>ConocoPhillips NYSE: \$COP</b>		<b>Recommendation: Buy</b>
Target Price: \$167	Market Cap: 162.63B	P/E Ratio: 10.66
Current Price: 129.46	Dividend Yield: 3.43%	EV/EBITDA: 5.3
Stop Loss: \$100.49	Beta: 1.34	EBITDA Margin: 42.9%
52 Week High/Low: 138.49/ 66.06	ROE: 36.44%	Gross Margin: 49.2%

## Company Background:

ConocoPhillips is a U.S multinational exploration and production company specializing in early-stage production of liquified natural gas and oil. The firm currently produces 1,731 million barrels of oil per day and has 6.1 billion barrels in proved reserves.

## Industry Outlook:

We believe there is a lack of supply in the energy market relative to the global demand for the commodity. This can be seen in the decade low of inventory in U.S crude oil combined with relatively flat production.

## Investment Thesis:

ConocoPhillips is in a prime position to take advantage of higher energy prices because of its international diversification and strong financial positioning.

## Investment Risks:

Exposure to commodity price volatility directly affects revenue. Geopolitical and ESG mandates may impact production costs. Global economic slowdown can slow down demand for energy.

## Financial Performance

For the Fiscal Period Ending	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021
Currency	USD	USD	USD	USD
Revenue	36417	32567	18784	45828
Other Revenue	1074	779	432	832
Total Revenue	37491	33346	19216	46660
Cost Of Goods Sold	19507	17164	12422	23724
Gross Profit	17984	16182	6794	22936
				0.491555937
Selling General & Admin Exp.	585	639	442	740
Exploration/Drilling Costs	313	522	589	326
R & D Exp.	-	-	-	-
Depreciation & Amort.	5956	6090	5521	7208
Impair. of Oil, Gas & Mineral Prop.	56	221	868	10
Other Operating Expense/(Income)	1401	1275	1002	1851
Other Operating Exp., Total	8311	8747	8422	10135
Operating Income	9673	7435	-1628	12801
Interest Expense	-735	-778	-806	-884
Interest and Invest. Income	97	166	100	33
Net Interest Exp.	-638	-612	-706	-851
Currency Exchange Gains (Loss)	17	-66	72	22
Other Non-Operating Inc. (Exp.)	322	557	241	120
EBT Excl. Unusual Items	9374	7314	-2021	12092
Restructuring Charges	-	-	-	-232
Impairment of Goodwill	-	-	-	-
Gain (Loss) On Sale Of Invest.	-437	649	-855	1040
Gain (Loss) On Sale Of Assets	1063	1966	549	486
Asset Writedown	-27	-405	-813	-674
In Process R & D Exp.	-	-	-	-
Insurance Settlements	-	-	-	-
Legal Settlements	-	-	-	-
Other Unusual Items	-	-	-	-
EBT Incl. Unusual Items	9973	9524	-3140	12712
Income Tax Expense	3668	2267	-485	4633
Earnings from Cont. Ops.	6305	7257	-2655	8079
Earnings of Discontinued Ops.	-	-	-	-
Extraord. Item & Account. Change	-	-	-	-
Net Income to Company	6305	7257	-2655	8079
Minority Int. in Earnings	-48	-68	-46	-
<b>Net Income</b>	<b>6257</b>	<b>7189</b>	<b>-2701</b>	<b>8079</b>

## Valuation: Discounted Cash Flow Analysis

	2021	2022 YTD	2023	2024	2025	2026	2027	2028		
Revenue	48,349	62,894	\$ 69,183	\$ 67,108	\$ 71,805	\$ 78,986	\$ 86,885		Sum of PV FCFF	\$ 59,335
Growth		30.08%	10%	-3%	7%	10%	10%		TV Growth Rate	2%
EBIT	13,596	23,620	\$ 20,755	\$ 20,132	\$ 21,542	\$ 23,696	\$ 26,065		Future TV	\$ 247,027
% Margin	28.12%	37.56%	30%	30%	30%	30%	30%		PV of TV	\$ 157,721
Taxes	4,633	7,562	\$ 8,429	\$ 8,176	\$ 8,748	\$ 9,623	\$ 10,586		EV	\$ 217,056.27
% of Op. Income	34.08%	32.02%	41%	41%	41%	41%	41%		Net Debt	8,951
D&A	7,208	5,505	\$ 9,215	\$ 8,939	\$ 9,565	\$ 10,521	\$ 11,573		Equity Value	\$ 208,105.27
% of rev	15%	9%	13%	13%	13%	13%	13%		Estimated Share Price	\$ 167.01
Capex	(5,324)	(7,626)	\$ (8,302)	\$ (8,053)	\$ (8,617)	\$ (9,478)	\$ (10,426)		MOS	26%
% of rev	11%	12%	12%	12%	12%	12%	12%			
Change WC	-1758	(541)	\$ (109)	\$ (106)	\$ (113)	\$ (124)	\$ (137)			
% of rev	-3.6%	-0.9%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%			
<b>FCFF</b>	<b>\$ 12,605</b>	<b>\$ 14,478</b>	<b>\$ 13,348</b>	<b>\$ 12,948</b>	<b>\$ 13,854</b>	<b>\$ 15,240</b>	<b>\$ 16,764</b>	<b>\$ 17,099</b>		
% Margin	26%	23%	19%	19%	19%	19%	19%			
yoy growth		15%	-8%	-3%	7%	10%	10%			
Period of Discount Factor			0.25	1.25	2.25	3.25	4.25	5.25		
Discount Factor @ WACC			0.9789	0.8987	0.8251	0.7575	0.6954	0.6385		
<b>PV of FCFF</b>			<b>\$ 13,066</b>	<b>\$ 11,636</b>	<b>\$ 11,431</b>	<b>\$ 11,544</b>	<b>\$ 11,658</b>			

## Relative Valuation

Ticker	Name	Mkt Cap (USD)	EV	EV/EBITDA	P/E	P/FCF	Dividend Yield
Median	Median	45857.8	53178.8	5.5	7.7	12.1	1.3
COP US Equity	CONOCOPHILLIPS	168144.8	174683.8	5.3	10.3	9.4	3.3
EOG US Equity	EOG RESOURCES INC	85723.6	87957.6	6.8	10.7	21.8	6.4
OXY US Equity	OCCIDENTAL PETROLEUM CORP	70765.4	102969.4	5.5	7.2	6.3	0.5
HES US Equity	HESS CORP	45857.8	53178.8	10.1	23.9	40.0	0.9
FANG US Equity	DIAMONDBACK ENERGY INC	29066.1	35553.1	6.0	7.3	12.1	4.4
CLR US Equity	CONTINENTAL RESOURCES INC/O	26515.0	31404.1	4.6	6.9	79.4	1.3
MRO US Equity	MARATHON OIL CORP	20976.3	23979.3	4.5	7.7	5.8	0.9
Ticker	Name	Net Debt/EBITDA (x)	Total Debt/EBITDA (x)	Net Debt/Equity (%)	Total Debt/Total Assets (%)	EBITDA/Interest Expense (x)	
Median	Median	0.658619115	0.923255096	37.61640028	29.20342388	14.39372822	
EOG US Equity	EOG RESOURCES INC	0.020189003	0.397623139	1.182439515	15.44879171	50.04739336	
COP US Equity	CONOCOPHILLIPS	0.199883842	0.518463043	13.32341735	22.72311137	21.58562368	
MRO US Equity	MARATHON OIL CORP	0.560574949	0.767593803	26.84365782	24.16735318	12.73151751	
FANG US Equity	DIAMONDBACK ENERGY INC	0.916836043	0.924119241	37.61640028	29.20342388	14.39372822	
CLR US Equity	CONTINENTAL RESOURCES INC/OK	0.658619115	0.923255096	43.76174086	36.8152608	17.52232927	
OXY US Equity	OCCIDENTAL PETROLEUM CORP	1.149454507	1.221586696	77.98778297	40.6111733	8.408921933	
HES US Equity	HESS CORP	1.268690702	1.721062619	81.59628997	44.55764075	7.48024948	

## ESG:

## Environment, Social and Governance (ESG) Risk Ratings <sup>ⓘ</sup>

Total ESG Risk score

**35** | 78th percentile  
High

Environment Risk Score

**17.3**

Social Risk Score

**9.7**

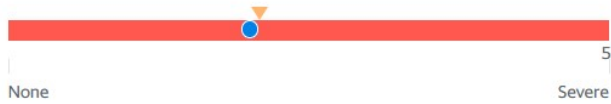
Governance Risk Score

**7.9**

## Controversy Level <sup>ⓘ</sup>

● COP   ■ Peers   ▼ Category Average

**2** | Moderate Controversy level



ESG data provided by Sustainalytics, Inc. Last updated on 8/2022