

Figure 51: Chesapeake Energy Financial Forecasts

EMs	Q1 '14	Q2 '14	Q3 '14	Q4 '14E	Q1 '16E	Q2 '16E	Q3 '16E	Q4 '16E	2011	2012	2013	2014E	2016E	2016E
<b>Revenue</b>	5,426	5,565	5,109	3,915	3,579	3,732	3,664	3,973	10,869	11,414	11,370	16,847	15,210	17,407
Realized Hedging Gain / (Loss) - Cash Flow Hedges	(236)	(215)	(56)	139	215	215	207	200	1,954	362	(80)	(371)	656	0
Net Revenue	5,190	5,350	5,053	4,054	3,794	3,917	4,191	4,173	12,823	11,776	11,290	16,476	15,866	17,407
Operating Costs	3,617	3,622	3,789	2,992	2,936	2,941	3,080	3,054	7,163	7,809	12,044	14,220	11,633	12,974
Realized Hedging Gain / (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>EBITDAX (incl. noncontrolling interests)</b>	<b>1,573</b>	<b>1,300</b>	<b>1,262</b>	<b>1,061</b>	<b>966</b>	<b>966</b>	<b>1,061</b>	<b>1,119</b>	<b>5,240</b>	<b>3,967</b>	<b>5,236</b>	<b>5,266</b>	<b>4,123</b>	<b>4,434</b>
Noncontrolling interests	41	42	33	16	16	16	16	16	15	174	172	132	64	64
<b>EBITDAX (excl. noncontrolling interests)</b>	<b>1,332</b>	<b>1,268</b>	<b>1,229</b>	<b>1,045</b>	<b>940</b>	<b>950</b>	<b>1,045</b>	<b>1,103</b>	<b>5,325</b>	<b>3,793</b>	<b>5,064</b>	<b>5,134</b>	<b>4,069</b>	<b>4,370</b>
DDA	706	740	725	679	656	672	694	696	1,802	2,811	2,802	2,650	2,722	2,954
EBIT	626	546	504	396	292	299	351	405	3,303	962	2,161	2,274	1,337	1,419
Interest	39	27	17	43	45	46	46	46	43	76	181	126	160	271
EBT (excl. others)	787	521	517	323	237	253	305	359	3,260	906	1,970	2,148	1,150	1,045
Others	62	192	(594)	-	-	-	-	-	296	(1,600)	194	(380)	-	-
One-time charges	20	40	15	-	-	-	-	-	-	3,802	548	75	-	-
EBT (incl. others)	705	329	1,066	333	337	253	305	359	2,964	(1,147)	1,270	2,463	1,150	1,045
Taxes	290	141	437	132	89	195	126	148	1,122	(380)	549	890	478	504
Preferred Dividends & Other	51	43	490	64	64	64	64	64	172	173	252	648	255	180
Net Income	374	95	169	127	74	64	116	140	1,570	(840)	469	615	433	347
LTM EBITDAX (excl. noncontrolling interests) with Hedges	<b>5,439</b>	<b>5,301</b>	<b>5,287</b>	<b>5,124</b>	<b>4,833</b>	<b>4,216</b>	<b>4,001</b>	<b>4,069</b>	<b>5,225</b>	<b>3,793</b>	<b>5,063</b>	<b>5,124</b>	<b>4,069</b>	<b>4,370</b>
LTM EBITDAX (excl. noncontrolling interests) without Hedges	<b>5,700</b>	<b>5,046</b>	<b>5,708</b>	<b>5,496</b>	<b>4,451</b>	<b>3,705</b>	<b>3,226</b>	<b>3,221</b>	<b>3,671</b>	<b>3,431</b>	<b>5,162</b>	<b>5,496</b>	<b>3,221</b>	<b>4,370</b>
Actual WTI Crude (\$/bbl)	\$99.61	\$102.60	\$97.25	\$73.20	\$52.50	\$52.50	\$55.00	\$57.50	\$95.10	\$94.18	\$96.02	\$93.01	\$94.28	\$95.00
Actual Henry Hub Natural Gas (\$/mcf)	\$4.72	\$4.58	\$3.95	\$3.83	\$3.75	\$3.75	\$3.75	\$3.75	\$4.02	\$2.93	\$3.73	\$4.27	\$3.75	\$3.75
<b>Key Production Data</b>														
Company Natural Gas production (in mcf)	260,000	271,000	262,000	228,000	239,896	239,896	242,385	237,596	1,062,800	1,129,300	1,095,000	1,041,600	959,942	1,010,446
Realized Natural Gas Price (\$/mcf)	\$3.27	\$2.45	\$2.88	\$2.18	\$2.15	\$2.15	\$2.15	\$2.15	\$4.77	\$2.06	\$2.23	\$2.50	\$2.10	\$2.10
Company Oil Production (MMbbl)	9,800	10,300	10,800	11,344	10,208	10,889	11,794	12,477	31,684	31,295	41,822	42,244	45,370	54,404
Realized Oil Price (\$/bbl)	\$95.00	\$95.23	\$94.81	\$76.38	\$95.18	\$96.92	\$97.32	\$98.29	\$63.90	\$91.74	\$92.53	\$82.75	\$97.88	\$96.75
Company NGL Production (MMbbl)	7,600	7,700	8,600	10,190	7,522	8,023	8,642	9,190	-	17,815	20,933	24,200	33,431	26,272
Realized NGL Price (\$/bbl)	\$39.23	\$21.03	\$20.95	\$10.70	\$16.00	\$13.79	\$14.82	\$15.55	\$0.00	\$29.37	\$27.86	\$20.20	\$14.61	\$17.43
Total Equipment Produced (mcf)	385,000	379,000	400,200	356,061	349,301	350,419	365,375	367,006	1,160,304	1,421,590	1,466,700	1,500,201	1,423,749	1,554,533
Total Equipment Realized (\$/mcf)	\$5.25	\$4.50	\$4.29	\$4.10	\$3.80	\$3.83	\$3.95	\$4.10	\$5.70	\$4.02	\$4.05	\$4.53	\$3.92	\$3.90
<b>Revenue &amp; Operating Margins per Mcfe</b>						5.00	6.03							
Realization	\$5.25	\$4.50	\$4.29	\$4.10	\$3.80	\$3.83	\$3.95	\$4.10	\$5.70	\$4.02	\$4.05	\$4.53	\$3.92	\$3.90
Lifting Costs	\$0.40	\$0.45	\$0.40	\$0.41	\$0.88	\$0.88	\$0.88	\$0.89	\$1.06	\$1.05	\$0.95	\$0.92	\$0.86	\$0.80
O&A	\$0.22	\$0.24	\$0.15	\$0.24	\$0.21	\$0.21	\$0.21	\$0.21	\$0.46	\$0.39	\$0.31	\$0.21	\$0.21	\$0.21
DDA	\$1.72	\$1.74	\$1.72	\$1.75	\$1.73	\$1.73	\$1.73	\$1.73	\$1.37	\$1.78	\$1.77	\$1.75	\$1.73	\$1.72
<b>Operating Income</b>	<b>\$3.39</b>	<b>\$1.56</b>	<b>\$1.62</b>	<b>\$1.20</b>	<b>\$0.99</b>	<b>\$1.01</b>	<b>\$1.13</b>	<b>\$1.27</b>	<b>\$3.82</b>	<b>\$3.03</b>	<b>\$3.67</b>	<b>\$3.61</b>	<b>\$1.50</b>	<b>\$1.07</b>
Interest	\$0.22	\$0.16	\$0.15	\$0.30	\$0.32	\$0.31	\$0.30	\$0.30	\$0.18	\$0.18	\$0.25	\$0.21	\$0.31	\$0.39
3-yr avg. F&D all (in acc)	\$2.48	\$2.48	\$2.48	\$2.48	\$2.48	\$2.48	\$2.48	\$2.48	\$2.48	\$2.37	\$2.46	\$2.46	\$2.46	\$2.48
3-yr avg. F&D all (excl. acc)	\$1.77	\$1.77	\$1.77	\$1.77	\$1.77	\$1.77	\$1.77	\$1.77	\$1.18	\$1.47	\$1.77	\$1.77	\$1.77	\$1.77
Full cycle costs	\$3.84	\$3.83	\$3.68	\$3.92	\$3.88	\$3.88	\$3.88	\$3.87	\$3.90	\$3.98	\$3.98	\$3.81	\$3.88	\$3.93
<b>Free Cash Flow:</b>														
EBITDAX with Hedges (incl. noncontrolling interests)	1,573	1,300	1,292	1,061	966	966	1,061	1,119	5,240	3,967	5,236	5,266	4,123	4,434
Current Taxes	-	(13)	(4)	-	-	-	-	-	25	(44)	(26)	(17)	-	-
Capex - Exploration & Development	(898)	(1,096)	(1,189)	(1,588)	(1,220)	(1,228)	(1,228)	(1,226)	(7,487)	(6,800)	(5,694)	(4,771)	(4,904)	(4,904)
Capex - Acq. of Properties / Leasehold	(179)	(177)	(867)	(193)	(160)	(161)	(162)	(162)	(5,213)	(5,181)	(1,032)	(1,211)	(948)	(958)
Capex - Other Property & Equipment	(437)	(193)	(55)	36	(50)	(50)	(50)	(50)	(2,009)	(2,651)	(972)	(640)	(200)	(200)
<b>Total Capex</b>	<b>(1,514)</b>	<b>(1,469)</b>	<b>(1,391)</b>	<b>(1,748)</b>	<b>(1,430)</b>	<b>(1,439)</b>	<b>(1,438)</b>	<b>(1,438)</b>	<b>(14,709)</b>	<b>(14,742)</b>	<b>(7,698)</b>	<b>(6,621)</b>	<b>(6,764)</b>	<b>(6,764)</b>
Change in Net Working Capital	(323)	83	(135)	475	(129)	(188)	419	(74)	594	(1,216)	(342)	87	25	106
Cash Available for Debt Service	(294)	(56)	(121)	(281)	(600)	(630)	33	(293)	(8,620)	(12,035)	(2,741)	(1,314)	(1,808)	(1,218)
Interest (Excl. Capitalized Interest)	(75)	(13)	(23)	(58)	(23)	(58)	(58)	(58)	-	43	(146)	(160)	(160)	(160)
Noncontrolling interests	(41)	(42)	(33)	(16)	(16)	(16)	(16)	(16)	(15)	(174)	(172)	(132)	(64)	(64)
<b>Free Cash Flow</b>	<b>(800)</b>	<b>(113)</b>	<b>(74)</b>	<b>(339)</b>	<b>(647)</b>	<b>(713)</b>	<b>(81)</b>	<b>(87)</b>	<b>(8,945)</b>	<b>(12,209)</b>	<b>(2,870)</b>	<b>(1,592)</b>	<b>(1,833)</b>	<b>(1,448)</b>
Disposal of Assets	517	676	717	4,675	200	-	200	-	10,412	11,058	4,490	6,557	400	400
<b>Free Cash Flow Incl Asset Sales</b>	<b>137</b>	<b>563</b>	<b>(47)</b>	<b>4,336</b>	<b>(447)</b>	<b>(713)</b>	<b>119</b>	<b>(87)</b>	<b>1,467</b>	<b>(1,151)</b>	<b>1,620</b>	<b>5,296</b>	<b>(1,433)</b>	<b>(1,048)</b>
<b>Balance Sheet Data</b>														
Cash	1,504	1,462	90	4,700	3,823	2,881	2,747	1,951	351	297	627	4,700	1,951	-
<b>Debt</b>														
Senior Notes & Other debt	12,869	11,549	11,549	11,589	11,589	11,809	11,829	11,549	6,907	12,820	12,886	11,569	11,549	11,889
- Revolving Credit Facility due Dec '15	-	-	43	-	-	-	-	-	1,719	-	-	-	-	-
Long Term Debt	12,869	11,549	11,592	11,589	11,589	11,809	11,829	11,549	8,626	12,820	12,886	11,569	11,549	11,889
<b>Yr/Y Growth Statistics</b>														
Revenue Growth (Including Realized Hedging Gain)	45%	26%	0%	-11%	-27%	-24%	-19%	3%	24%	-5%	47%	13%	-10%	8%
Production Growth	2%	3%	0%	-3%	-6%	-7%	-9%	3%	15%	19%	3%	2%	-4%	8%
<b>LTM Credit Statistics</b>														
EBITDAX/Cash Interest (incl. Capitalized Interest)	7.4x	7.1x	7.9x	6.2x	6.9x	6.0x	6.9x	6.9x	7.2x	3.9x	6.9x	6.2x	6.9x	7.2x
Debt/EBITDAX (excl. noncontrolling interests)	2.8x	2.2x	2.2x	2.3x	2.6x	2.8x	2.8x	2.8x	2.9x	3.3x	2.9x	2.9x	2.7x	2.7x
Net Debt/EBITDAX (incl. noncontrolling interests)	2.2x	1.9x	2.2x	1.3x	1.7x	2.1x	2.2x	2.4x	2.4x	3.3x	2.4x	1.3x	2.4x	2.4x
Debt/EBITDAX (incl. noncontrolling interests)	2.3x	2.1x	2.1x	2.2x	2.5x	2.7x	2.8x	2.8x	2.9x	3.2x	2.9x	2.2x	2.8x	2.6x
Net Debt/EBITDAX (incl. noncontrolling interests)	2.1x	1.8x	2.1x	1.3x	1.7x	2.0x	2.2x	2.4x	2.4x	3.1x	2.3x	1.3x	2.4x	2.4x
Debt/Proved Reserves (\$/Mcf)	\$0.61	\$0.72	\$0.72	\$0.81	\$0.81	\$0.81	\$0.61	\$0.82	\$0.57	\$0.89	\$0.90	\$0.91	\$0.82	\$0.82
Debt/Proved Developed Reserves (\$/Mcf)	\$1.19	\$1.06	\$1.07	\$1.18	\$1.18	\$1.19	\$1.19	\$1.19	\$1.25	\$1.41	\$1.19	\$1.16	\$1.19	\$1.19

Source: Deutsche Bank, company data

