

Figure 83: QEP Resources Financial Forecast

\$'Mn	Q1 '14	Q2 '14	Q3 '14	Q4 '14E	Q1 '15E	Q2 '15E	Q3 '15E	Q4 '15E	2016	2011	2012	2013	2014E	2015E	2016E
Revenue	884	937	910	753	696	722	760	891	1,091	2,097	2,359	2,536	3,493	2,899	3,661
Realized Hedging Gain / (Loss) - Cash Flow Hedges	(36)	(35)	(5)	71	80	80	75	70	223	72	379	148	(5)	306	19
Net Revenue	848	902	905	682	777	802	835	812	2,125	2,969	2,729	3,083	3,473	3,286	3,671
Operating Costs	464	502	542	476	493	514	535	557	597	1,587	1,331	1,546	1,983	2,039	2,455
Realized Hedging Gain / (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDAX with Hedges	384	400	363	348	294	289	300	314	1,138	1,381	1,398	1,538	1,498	1,187	1,214
COA	240	250	251	247	209	206	273	280	643	765	905	1,016	908	1,079	1,105
EBIT	144	150	112	101	25	22	27	34	494	616	493	522	507	109	51
Interest	43	46	42	37	35	35	35	35	84	89	123	160	167	140	137
EBT (incl others)	101	105	70	64	(10)	(13)	(8)	(1)	410	526	370	362	341	(32)	(86)
Others	38	251	(181)	2	1	2	2	3	(84)	105	175	82	111	8	9
One time charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBT (incl others)	63	(147)	251	62	(11)	(14)	(10)	(4)	493	421	195	280	229	(39)	(95)
Taxes	23	(54)	80	23	(4)	(5)	(4)	(1)	167	154	67	120	72	(14)	(35)
Net Income	40	(92)	171	39	(7)	(6)	(6)	(2)	328	267	128	160	158	(25)	(86)
LTM EBITDAX with Hedges	1,547	1,557	1,526	1,496	1,396	1,284	1,221	1,187	1,138	1,381	1,398	1,538	1,498	1,187	1,214
LTM EBITDAX without Hedges	1,486	1,501	1,582	1,581	1,284	1,838	814	881	914	1,309	1,619	1,399	1,501	881	1,298
WTI Crude (\$/Bbl)	\$98.01	\$102.99	\$97.25	\$73.20	\$82.50	\$82.50	\$85.00	\$87.50	\$79.59	\$95.16	\$94.18	\$98.07	\$93.01	\$94.38	\$85.00
Henry Hub Natural Gas (\$/Mcf)	\$4.72	\$4.58	\$3.95	\$3.83	\$3.75	\$3.75	\$3.75	\$3.75	\$4.39	\$4.02	\$2.83	\$3.74	\$4.27	\$3.75	\$3.75
Key Production Data															
Natural Gas Production (Mscf)	44,500	48,600	41,800	41,500	44,033	45,318	46,419	47,703	203,800	236,400	249,300	218,900	176,400	183,473	190,812
Realized Nat. Gas Price (\$/Mcf)	\$4.54	\$4.25	\$4.23	\$3.87	\$3.71	\$3.71	\$3.71	\$3.71	\$4.74	\$4.21	\$4.05	\$4.25	\$4.23	\$3.71	\$3.84
Crude Oil Production (Mbbbl)	3,312	3,981	4,672	4,400	4,757	4,895	5,014	5,153	4,200	3,778	6,207	10,210	16,365	19,820	22,628
Realized Oil Price (\$/Bbl)	\$83.25	\$83.77	\$81.61	\$81.33	\$84.54	\$84.03	\$84.95	\$85.08	\$86.00	\$85.99	\$86.73	\$89.56	\$82.39	\$84.87	\$80.25
Company NGL Production (Mbbbl)	1,568.30	1,886.60	1,563.50	1,610.00	1,494.96	1,538.57	1,675.94	1,620	-	2,729.30	5,349.00	4,811.30	6,687.80	6,229.02	6,727.34
Realized NGL Price (\$/Bbl)	40.26	34.34	32.68	25.67	20.01	20.01	20.96	\$21.91	-	46.54	36.33	39.95	33.20	20.74	24.77
Total Production (Mcf)	73,782	83,880	79,215	77,880	81,543	83,922	85,960	88,339	229,099	275,448	319,335	309,028	314,597	339,765	386,946
Total Equivalent Realized (\$/mcf)	\$7.33	\$7.22	\$7.69	\$7.21	\$6.14	\$6.11	\$6.18	\$6.25	\$5.26	\$5.26	\$5.48	\$6.59	\$7.36	\$6.17	\$6.88
Revenue & Operating Margins per Mcf															
Realization	\$7.33	\$7.22	\$7.69	\$7.21	\$6.14	\$6.11	\$6.18	\$6.25	\$5.26	\$5.26	\$5.48	\$6.59	\$7.36	\$6.17	\$6.88
Lifting Costs	\$2.27	\$2.18	\$2.47	\$2.17	\$2.09	\$2.09	\$2.10	\$2.12	\$0.99	\$0.99	\$1.55	\$1.88	\$2.27	\$2.10	\$2.17
COA	\$3.03	\$2.77	\$3.17	\$3.18	\$3.18	\$3.18	\$3.18	\$3.18	\$2.59	\$2.68	\$2.63	\$3.09	\$3.03	\$3.18	\$3.18
COA	\$0.57	\$0.54	\$0.62	\$0.55	\$0.57	\$0.57	\$0.58	\$0.58	\$0.34	\$0.36	\$0.43	\$0.46	\$0.57	\$0.57	\$0.57
Operating Income	\$1.45	\$1.72	\$1.42	\$1.31	\$4.39	\$4.27	\$4.32	\$4.39	\$1.45	\$1.23	\$1.87	\$1.17	\$1.48	\$1.32	\$1.44
Interest Expense (incl. Preferred Div.)	\$0.58	\$0.55	\$0.52	\$0.48	\$0.43	\$0.42	\$0.41	\$0.40	\$0.37	\$0.32	\$0.38	\$0.52	\$0.53	\$0.41	\$0.37
3 Yr Avg. F&D	\$2.78	\$2.78	\$2.78	\$2.78	\$2.78	\$2.78	\$2.78	\$2.78	\$2.59	\$1.72	\$2.62	\$2.78	\$2.78	\$2.78	\$2.78
3 Yr Avg. F&D	\$2.38	\$2.38	\$2.38	\$2.38	\$2.38	\$2.38	\$2.38	\$2.38	\$2.29	\$1.54	\$2.08	\$2.38	\$2.38	\$2.38	\$2.38
Full cycle costs	\$4.28	\$4.95	\$4.48	\$5.68	\$5.87	\$5.86	\$5.87	\$5.86	\$4.18	\$3.49	\$4.89	\$5.63	\$6.15	\$5.86	\$5.89
Free Cash Flow:															
EBITDAX with Hedges	384	400	363	348	294	289	300	314	1,138	1,381	1,398	1,538	1,498	1,187	1,214
Current Taxes	-	(0)	(12)	(3)	1	1	1	0	(14)	29	(30)	(78)	(16)	2	5
Total Capex	(336)	(449)	(491)	(463)	(358)	(358)	(359)	(358)	(1,268)	(1,283)	(1,299)	(1,562)	(1,736)	(1,402)	(1,402)
Change in Net Working Capital	(28)	115	(14)	(4)	36	131	(107)	7	(7)	(29)	126	(178)	58	68	54
Cash Available for Debt Service	16	66	(154)	(124)	(35)	71	(157)	(28)	(309)	(2)	95	(278)	(198)	(145)	(127)
Interest (Excl. Capitalized Interest)	(44)	(41)	(44)	(34)	(35)	(35)	(35)	(32)	(83)	(84)	(105)	(157)	(163)	(140)	(140)
Free Cash Flow	(28)	25	(198)	(159)	(88)	38	(194)	(81)	(282)	(89)	(18)	(433)	(281)	(283)	(287)
Acquisitions	(947)	(3)	(5)	-	-	-	-	-	(109)	(48)	(140)	(41)	(950)	-	-
Free Cash Flow Incl Acquisitions	(975)	22	(199)	(159)	(88)	38	(194)	(81)	(391)	(137)	(158)	(474)	(376)	(283)	(287)
Disposal of Assets	3	703	(5)	2,500	-	-	-	-	26	8	5	211	3,206	-	-
Free Cash Flow Incl Asset Sales	(972)	725	(199)	2,341	(88)	38	(194)	(81)	(478)	(129)	(153)	(263)	1,896	(283)	(287)
Balance Sheet Data															
Cash	4	702	-	1,413	1,294	1,280	1,034	921	-	-	-	12	1,413	921	468
Debt															
- Senior Notes	2,818	2,818	2,818	2,218	2,218	2,218	2,218	2,218	1,131	1,073	2,517	2,998	2,218	2,218	2,041
- Credit Facilities	1,102	1,093	298	-	-	-	-	-	400	607	690	480	-	-	-
Long Term Debt	3,919	3,911	3,116	2,218	2,218	2,218	2,218	2,218	1,531	1,679	3,207	3,478	2,218	2,218	2,041
YoY Growth Statistics															
Revenue Growth (including Realized Hedging Gain)	14%	15%	13%	9%	-9%	-11%	-9%	6%	-2%	40%	-9%	13%	13%	-6%	12%
Production Growth	-5%	8%	2%	4%	11%	0%	9%	14%	21%	20%	16%	-3%	2%	8%	8%
LTM Credit Statistics															
EBITDAX/Cash Interest (incl. Capitalized Interest)	9.5x	9.1x	9.0x	8.8x	8.7x	8.5x	8.4x	8.3x	13.5x	15.4x	11.4x	9.6x	8.9x	8.3x	8.6x
Sr. Sec debt/EBITDAX	0.7x	0.7x	0.2x	-	-	-	-	-	0.4x	0.4x	0.4x	0.3x	-	-	-
Debt/EBITDAX	2.5x	2.5x	1.8x	1.8x	1.8x	1.7x	1.8x	1.9x	1.3x	1.2x	2.3x	1.9x	1.5x	1.9x	1.7x
Net Debt/EBITDAX	2.5x	2.1x	2.0x	0.8x	0.7x	0.7x	1.0x	1.1x	1.3x	1.2x	2.3x	1.9x	0.5x	1.1x	1.3x
Debt/Proved Reserves (\$/Mcf)	\$0.97	\$0.96	\$0.77	NA	NA	NA	NA	NA	\$0.49	\$0.48	\$0.81	\$0.74	NA	NA	NA
Debt/Proved Developed Reserves (\$/Mcf)	\$1.82	\$1.82	\$1.45	NA	NA	NA	NA	NA	\$0.91	\$0.85	\$1.52	\$1.39	NA	NA	NA

Source: Deutsche Bank, Company data

