



Figure 104: Concho Resources Financial Summary

| Issue   | Rating              | Maturity       | MC Date        | MC Price       |                |                |                |                |                |  |
|---|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
| 7.0% Unsecured Senior Notes due 2021              | Ba3(Pu3)BB-(stable) | 15-Jan-21      | 15-Jan-16      | 103.50         |                |                |                |                |                |  |
| 6.5% Unsecured Senior Notes due 2022              | Ba3(Pu3)BB-(stable) | 15-Jan-22      | 15-Jan-17      | 103.25         |                |                |                |                |                |  |
| 6.5% Unsecured Senior Notes due 2022              | Ba3(Pu3)BB-(stable) | 1-Oct-22       | 1-Oct-17       | 102.75         |                |                |                |                |                |  |
| 5.5% Unsecured Senior Notes due 2023              | Ba3(Pu3)BB-(stable) | 1-Apr-23       | 1-Oct-17       | 102.75         |                |                |                |                |                |  |
| PMN   | Q3 '13              | Q4 '13         | Q1 '14         | Q2 '14         | Q3 '14         | LTM            | 2011           | 2012           | 2013           |  |
| <b>Revenue</b>                                    | 653                 | 652            | 661            | 705            | 700            | 2,690          | 1,140          | 1,320          | 2,320          |  |
| Realized Hedging Gain / (Loss) - Cash Flow Hedges | -                   | -              | -              | -              | -              | -              | -              | -              | -              |  |
| Net Revenue                                       | 653                 | 652            | 661            | 705            | 700            | 2,690          | 1,140          | 1,320          | 2,320          |  |
| Operating Costs                                   | 161                 | 172            | 175            | 184            | 193            | 724            | 404            | 473            | 625            |  |
| Realized Hedging Gain / (Loss)                    | 145                 | 5              | (15)           | (20)           | 15             | (21)           | (50)           | 24             | (32)           |  |
| <b>EBITDA with Hedges</b>                         | <b>447</b>          | <b>486</b>     | <b>471</b>     | <b>494</b>     | <b>522</b>     | <b>1,963</b>   | <b>1,261</b>   | <b>1,366</b>   | <b>1,662</b>   |  |
| <b>DDA</b>  | 204                 | 215            | 221            | 237            | 257            | 890            | 428            | 535            | 773            |  |
| EBIT  | 243                 | 271            | 250            | 257            | 265            | 1,073          | 833            | 791            | 889            |  |
| Interest  | 56                  | 56             | 56             | 55             | 59             | 221            | 70             | 103            | 219            |  |
| EBT (incl others)                                 | 187                 | 215            | 194            | 201            | 217            | 852            | 763            | 688            | 670            |  |
| Other Income/Expense                              | 125                 | (17)           | 22             | 154            | (200)          | (170)          | (17)           | (65)           | 133            |  |
| One-time charges                                  | 13                  | 77             | 25             | 20             | 19             | 145            | 15             | 44             | 181            |  |
| EBT(incl others)                                  | 52                  | 158            | 147            | 97             | 492            | 795            | 546            | 659            | 957            |  |
| Taxes   | 22                  | 32             | 55             | 7              | 106            | 291            | 290            | 251            | 118            |  |
| Net Income  | 32                  | 106            | 91             | 12             | 306            | 504            | 461            | 406            | 253            |  |
| <b>LTM EBITDA with Hedges</b>                     | <b>1,975</b>        | <b>1,662</b>   | <b>1,800</b>   | <b>1,870</b>   | <b>1,963</b>   | <b>1,963</b>   | <b>1,261</b>   | <b>1,366</b>   | <b>1,662</b>   |  |
| LTM EBITDA without Hedges                         | <b>1,862</b>        | <b>1,696</b>   | <b>1,863</b>   | <b>1,869</b>   | <b>1,974</b>   | <b>1,974</b>   | <b>1,336</b>   | <b>1,342</b>   | <b>1,696</b>   |  |
| Actual WTS Crude (Bbls)                           | 305.13              | 370.61         | 368.81         | 362.95         | 372.25         | 369.12         | 35.16          | 91.40          | 17.19          |  |
| Actual Heavy Hbl Natural Gas (Short)              | 3.60                | 3.85           | 4.72           | 4.56           | 5.45           | 4.28           | 4.02           | 2.94           | 3.80           |  |
| <b>Key Production Data</b>                        |                     |                |                |                |                |                |                |                |                |  |
| Company Natural Gas production (mmcf)             | 19,589              | 19,049         | 19,800         | 21,495         | 22,573         | 82,846         | 59,867         | 66,813         | 75,054         |  |
| Realized Natural Gas Price (\$/mcf)               | 5.33                | 5.83           | 5.86           | 5.70           | 5.90           | 5.73           | 7.83           | 5.01           | 5.21           |  |
| Company Oil Production (Mbbbls)                   | 5,411               | 5,750          | 5,846          | 6,229          | 6,089          | 24,514         | 14,575         | 16,959         | 21,120         |  |
| Realized Oil Price (\$/Bbl)                       | 92.89               | 91.56          | 90.88          | 89.29          | 89.19          | 89.95          | 94.30          | 89.29          | 89.75          |  |
| Total Equivalent Produced (Bbls)                  | 3,493               | 3,926          | 3,746          | 3,917          | 3,944          | 16,447         | 25,521         | 27,867         | 33,845         |  |
| Total Equivalent Realized (\$/mcf)                | 11.88               | 11.91          | 11.77          | 11.93          | 11.40          | 11.64          | 11.99          | 10.98          | 11.34          |  |
| Total Equivalent Realized (\$/Bbl)                | 89.98               | 71.43          | 70.65          | 69.19          | 69.49          | 69.87          | 69.50          | 65.02          | 68.01          |  |
| <b>Revenue &amp; Operating Margins per Bbl</b>    |                     |                |                |                |                |                |                |                |                |  |
| Realization                                       | \$69.90             | \$71.43        | \$70.65        | \$69.19        | \$69.49        | \$69.87        | \$69.66        | \$66.92        | \$68.01        |  |
| Lifting Costs                                     | \$13.95             | \$14.25        | \$13.89        | \$13.76        | \$15.43        | \$13.82        | \$13.10        | \$12.29        | \$13.54        |  |
| <b>OGA</b>  | \$55.95             | \$57.18        | \$56.76        | \$55.43        | \$54.06        | \$56.05        | \$56.56        | \$54.63        | \$54.47        |  |
| COGA  | \$23.29             | \$24.26        | \$24.21        | \$24.20        | \$24.75        | \$24.37        | \$18.34        | \$20.72        | \$23.45        |  |
| Operating Income                                  | \$29.29             | \$29.02        | \$29.59        | \$27.17        | \$29.49        | \$27.76        | \$34.06        | \$29.19        | \$27.20        |  |
| Interest  | \$6.45              | \$6.32         | \$6.54         | \$5.65         | \$5.94         | \$5.75         | \$3.32         | \$6.53         | \$6.50         |  |
| 1-yr avg. F&D all (in cost)                       | \$20.19             | \$21.09        | \$21.09        | \$21.09        | \$21.09        | \$21.09        | \$16.12        | \$20.19        | \$21.09        |  |
| 1-yr avg. F&D all (incl cost)                     | \$17.17             | \$19.29        | \$19.29        | \$19.29        | \$19.29        | \$19.29        | \$12.20        | \$17.17        | \$19.29        |  |
| <b>Full cycle costs</b>                           | <b>\$44.05</b>      | <b>\$45.57</b> | <b>\$45.00</b> | <b>\$44.55</b> | <b>\$43.37</b> | <b>\$44.59</b> | <b>\$28.01</b> | <b>\$42.74</b> | <b>\$45.14</b> |  |
| <b>Free Cash Flow</b>                             |                     |                |                |                |                |                |                |                |                |  |
| EBITDA with Hedges                                | 447                 | 486            | 471            | 494            | 522            | 1,963          | 1,261          | 1,366          | 1,662          |  |
| Current Taxes                                     | 4                   | (1)            | (1)            | (4)            | (2)            | (3)            | (7)            | (2)            | (7)            |  |
| Total Capex                                       | (67)                | (43)           | (60)           | (51)           | (70)           | (210)          | (1,740)        | (1,831)        | (1,889)        |  |
| Change in Net Working Capital                     | 9                   | 23             | 46             | (74)           | (30)           | (30)           | (20)           | (8)            | (64)           |  |
| Cash Available for Debt Service                   | (99)                | 49             | (55)           | (100)          | (124)          | (330)          | (533)          | (235)          | (922)          |  |
| Interest (incl. Capitalized Interest)             | 44                  | 55             | 44             | 21             | 40             | 163            | 70             | 159            | 201            |  |
| <b>Free Cash Flow</b>                             | <b>(142)</b>        | <b>(6)</b>     | <b>(100)</b>   | <b>(100)</b>   | <b>(98)</b>    | <b>(497)</b>   | <b>(616)</b>   | <b>(274)</b>   | <b>(833)</b>   |  |
| Disposal of Assets                                | (2)                 | 0              | 0              | 0              | 1              | 1              | 196            | 490            | 15             |  |
| <b>Free Cash Flow Incl Asset Sales</b>            | <b>(140)</b>        | <b>(6)</b>     | <b>(100)</b>   | <b>(100)</b>   | <b>(97)</b>    | <b>(496)</b>   | <b>(419)</b>   | <b>(225)</b>   | <b>(818)</b>   |  |
| <b>Balance Sheet Data</b>                         |                     |                |                |                |                |                |                |                |                |  |
| Cash  | 0                   | 0              | 0              | 385            | 99             | 99             | 0              | -              | 0              |  |
| <b>Debt</b>                                       |                     |                |                |                |                |                |                |                |                |  |
| Senior Notes & Other                              | 3,381               | 3,380          | 3,380          | 3,379          | 3,378          | 3,378          | 1,467          | 2,797          | 3,380          |  |
| Credit Facilities                                 | 208                 | 250            | 295            | -              | -              | -              | 534            | 304            | 250            |  |
| Long Term Debt                                    | 3,589               | 3,630          | 3,674          | 3,379          | 3,378          | 3,378          | 2,001          | 3,101          | 3,630          |  |
| <b>YoY Growth Statistics</b>                      |                     |                |                |                |                |                |                |                |                |  |
| Revenue Growth (including Realized Hedging Gain)  | 19%                 | 25%            | 35%            | 20%            | 18%            | 24%            | 69%            | 11%            | 24%            |  |
| Production Growth                                 | 11%                 | 9%             | 16%            | 18%            | 20%            | 19%            | 58%            | 19%            | 20%            |  |
| <b>LTM Credit Statistics</b>                      |                     |                |                |                |                |                |                |                |                |  |
| EBITDA/Cash Interest (incl. Capitalized Interest) | 8.3x                | 8.3x           | 8.9x           | 11.4x          | 11.9x          | 11.9x          | 16.0x          | 8.6x           | 8.3x           |  |
| 1-yr Sec Debt EBITDA                              | 0.1x                | 0.2x           | 0.2x           | -              | -              | -              | 0.5x           | 0.2x           | 0.2x           |  |
| Debt/EBITDA                                       | 2.3x                | 2.2x           | 2.0x           | 1.8x           | 1.7x           | 1.7x           | 1.7x           | 2.3x           | 2.2x           |  |
| Net Debt/EBITDA                                   | 2.3x                | 2.2x           | 2.0x           | 1.8x           | 1.7x           | 1.7x           | 1.7x           | 2.3x           | 2.2x           |  |
| Debt/Proved Reserves (\$/Bbl)                     | \$6.02              | \$7.22         | \$7.31         | \$6.12         | \$6.72         | \$6.72         | \$5.58         | \$6.93         | \$7.22         |  |
| Debt/Proved Developed Reserves (\$/Bbl)           | \$15.20             | \$11.97        | \$12.12        | \$11.14        | \$11.34        | \$11.34        | \$8.82         | \$11.41        | \$11.03        |  |

| Liquidity/Capitalization                      | Q3 '14        |
|---|---------------|
| Cash & Marketable Securities                  | 99            |
| Credit Agreement due April 2015               | 2,500         |
| Less Short-term Debt                          | -             |
| <b>Liquidity</b>                              | <b>2,599</b>  |
| Capitalization                                | Q3 '14        |
| Revolving Credit Facility                     | -             |
| 7.0% Unsecured Senior Notes due 2021          | 800           |
| 6.5% Unsecured Senior Notes due 2022          | 800           |
| 6.5% Unsecured Senior Notes due 2022          | 800           |
| 5.5% Unsecured Senior Notes due 2023          | 1,999         |
| Less: Net unamortized original issue discount | 29            |
| <b>Total Debt</b>                             | <b>3,379</b>  |
| Plus: Market Cap                              | 30,416        |
| Plus: Preferred Stock & Minority Interest     | -             |
| Less: Cash                                    | (99)          |
| <b>Enterprise Value</b>                       | <b>36,507</b> |
| EV/EBITDA                                     | 7.0x          |
| Net Debt/EBITDA                               | 1.7x          |
| <b>Total Debt/EBITDA</b>                      | <b>1.7x</b>   |

**Company Description:**  
 Denver-based Concho Resources (CXO) is primarily engaged in the activities of acquiring, developing, exploring and producing oil and gas properties in United States. CXO predominantly operates in Permian basin with 3.0 Tcf of proved reserves as of FY13.

| Debt Maturity |       |
|---------------|-------|
| FY 14         | -     |
| FY 15         | -     |
| FY 16+        | 3,379 |

| Reserve Description           | 2011  | 2012      | 2013            |
|-------------------------------|---|-----------|-----------------|
| P Reserves - Nat Gas (mmcf)   | 889,349   | 1,042,079 | 1,173,240       |
| P Reserves - Liquid (MBoE)    | 298,296   | 275,508   | 307,582         |
| P Crude Oil Equivalent (Bbls) | 580,521   | 447,188   | 502,922         |
| % Gas                         | 39%   | 39%       | 39%             |
| % Proved Developed            | 67%   | 61%       | 60%             |
| Reserve Life (Years)          | 2.7   | 2.1       | 2.5             |
| Reserve Replacement (All R)   | 432%  | 450%      | 289%            |
| Reserve Replacement (D&B DE)  | 324%  | 289%      | 280%            |
| PV of Reserves (\$mm)         | 8,400   | 6,327     | 8,000           |
| Hedges                        |   | %         | \$ mds          |
| 2013                          |   | 40%       | (3,471)-(3,471) |
| 2014E                         |   | 17%       | 15,000-(15,000) |
| Regions                       | New Mexico, West, Oklahoma Basin, Texas Permian |           |                 |

Source: Deutsche Bank, Company data