

EnerCom The Oil & Gas Conference 2021

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AUGUST 16, 2021



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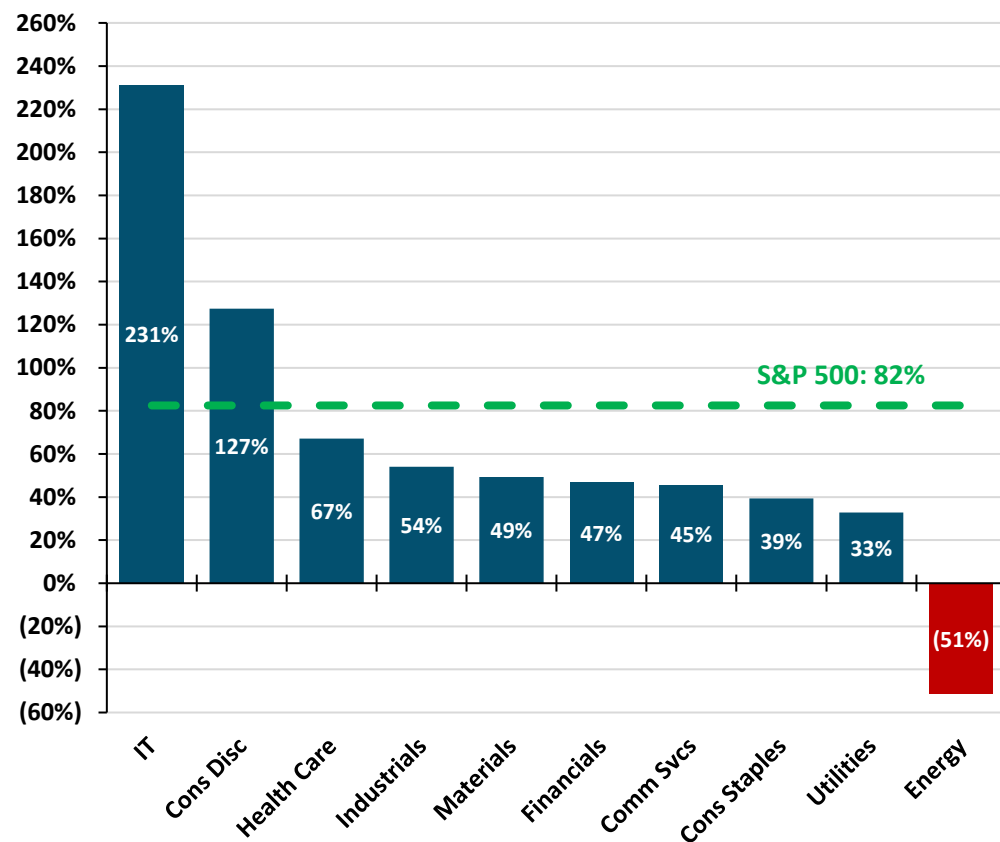
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Agenda

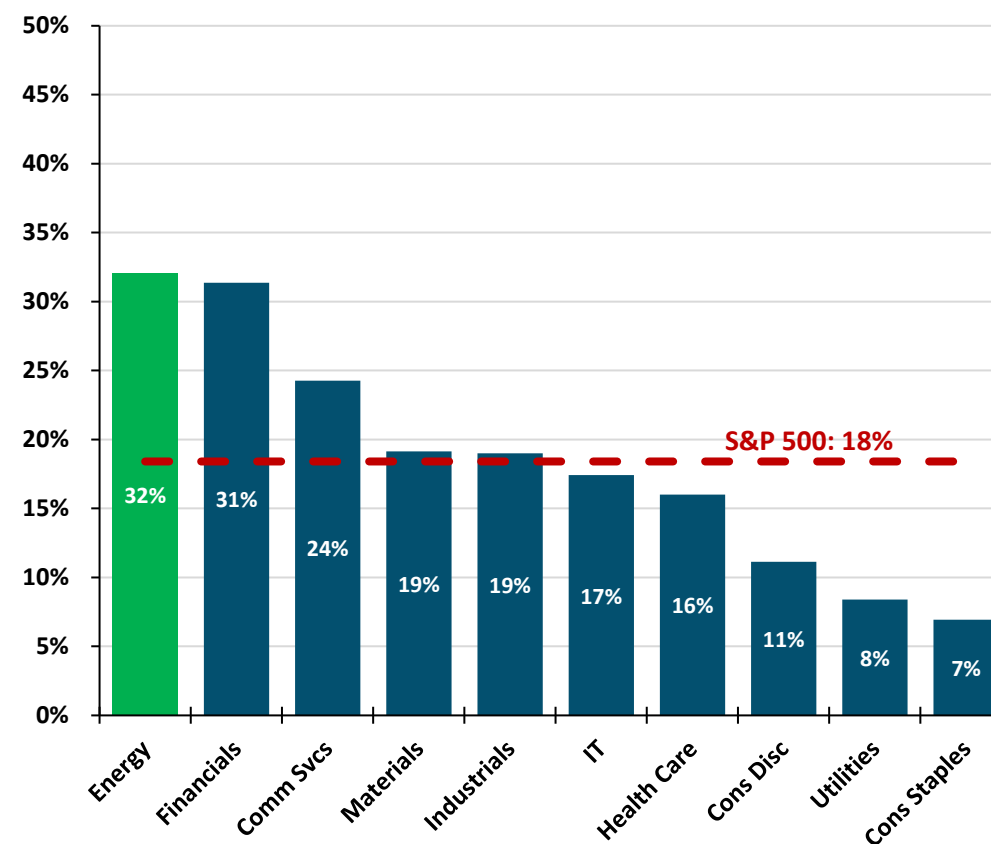
- Energy Sector Performance
- APA Overview
- Relative Valuation Considerations

Energy Sector Underperformance: Turning the Corner?

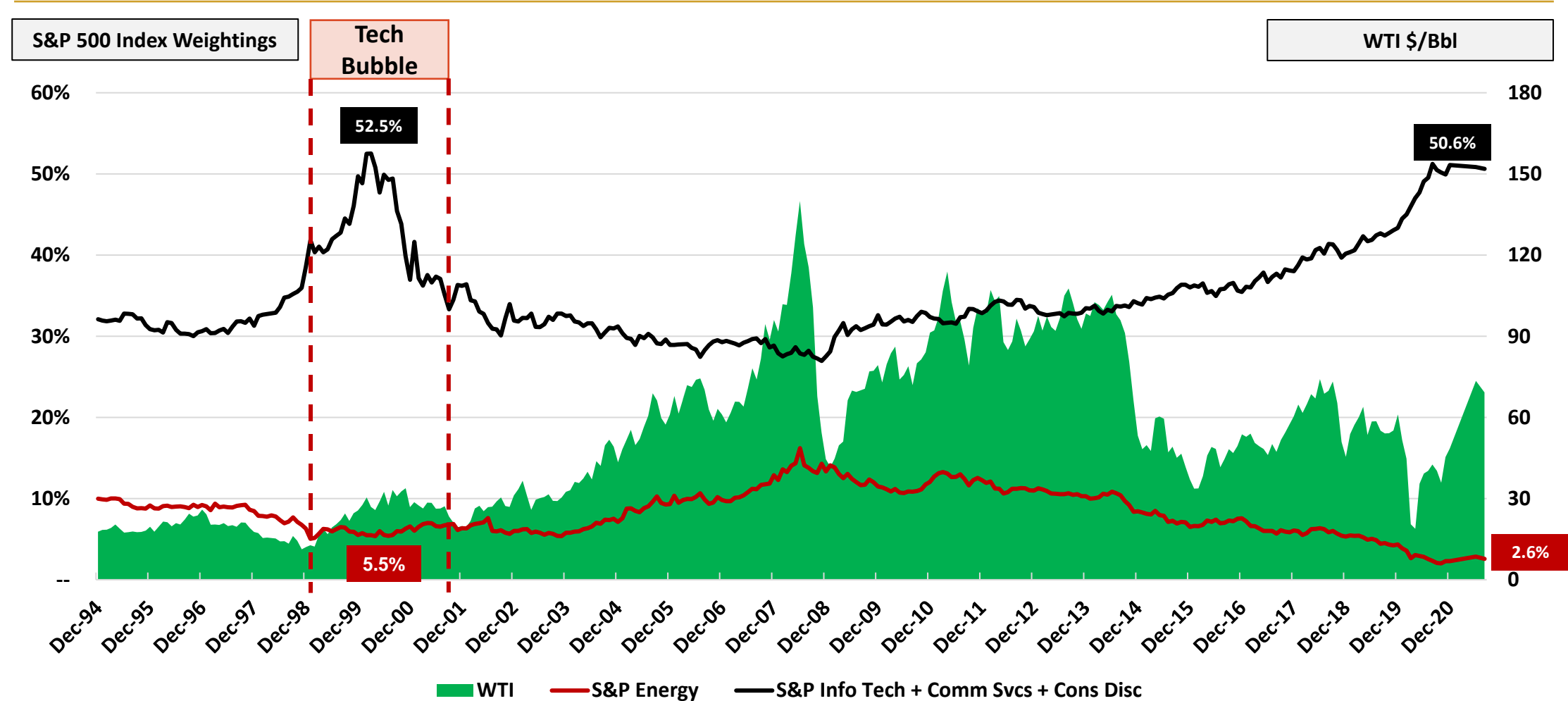
2015 - 2020



2021 YTD

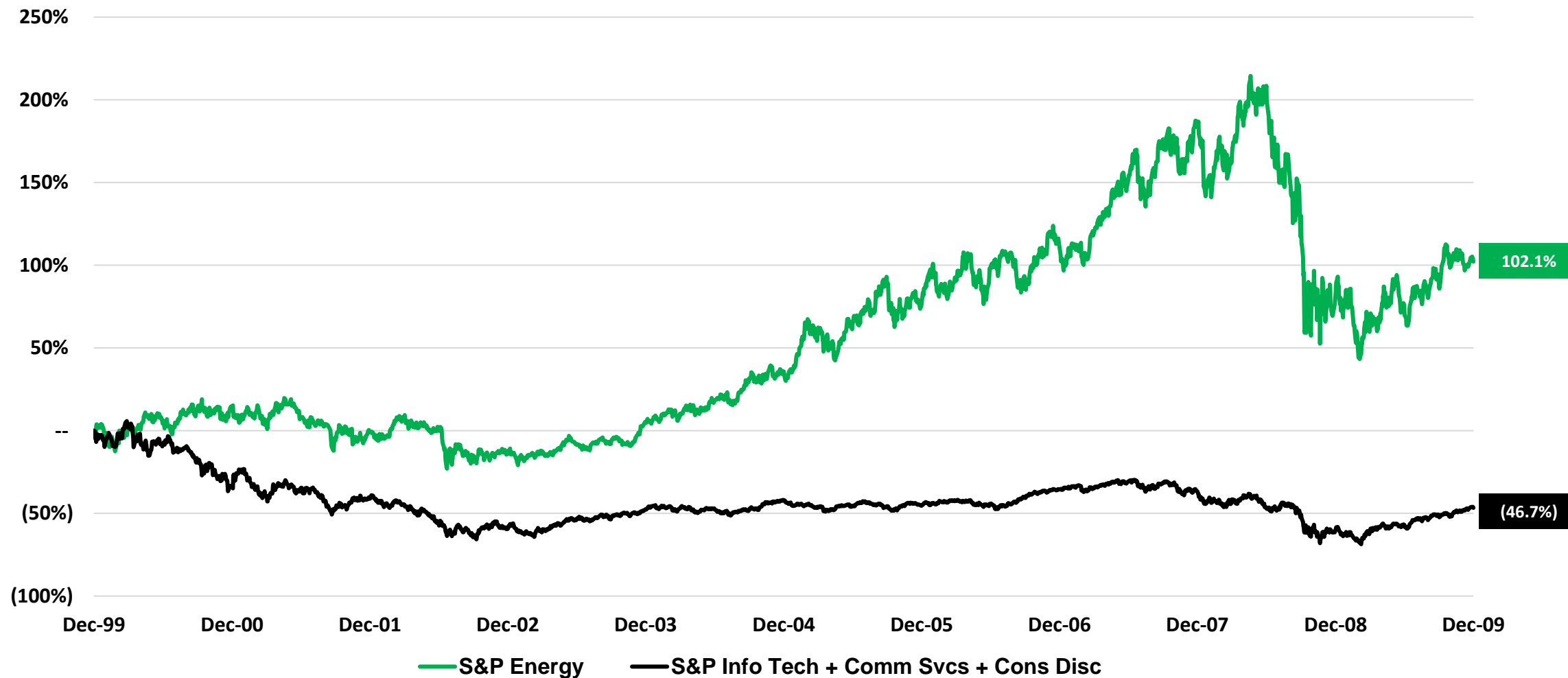


Energy Sector: Historically Low Representation in S&P 500



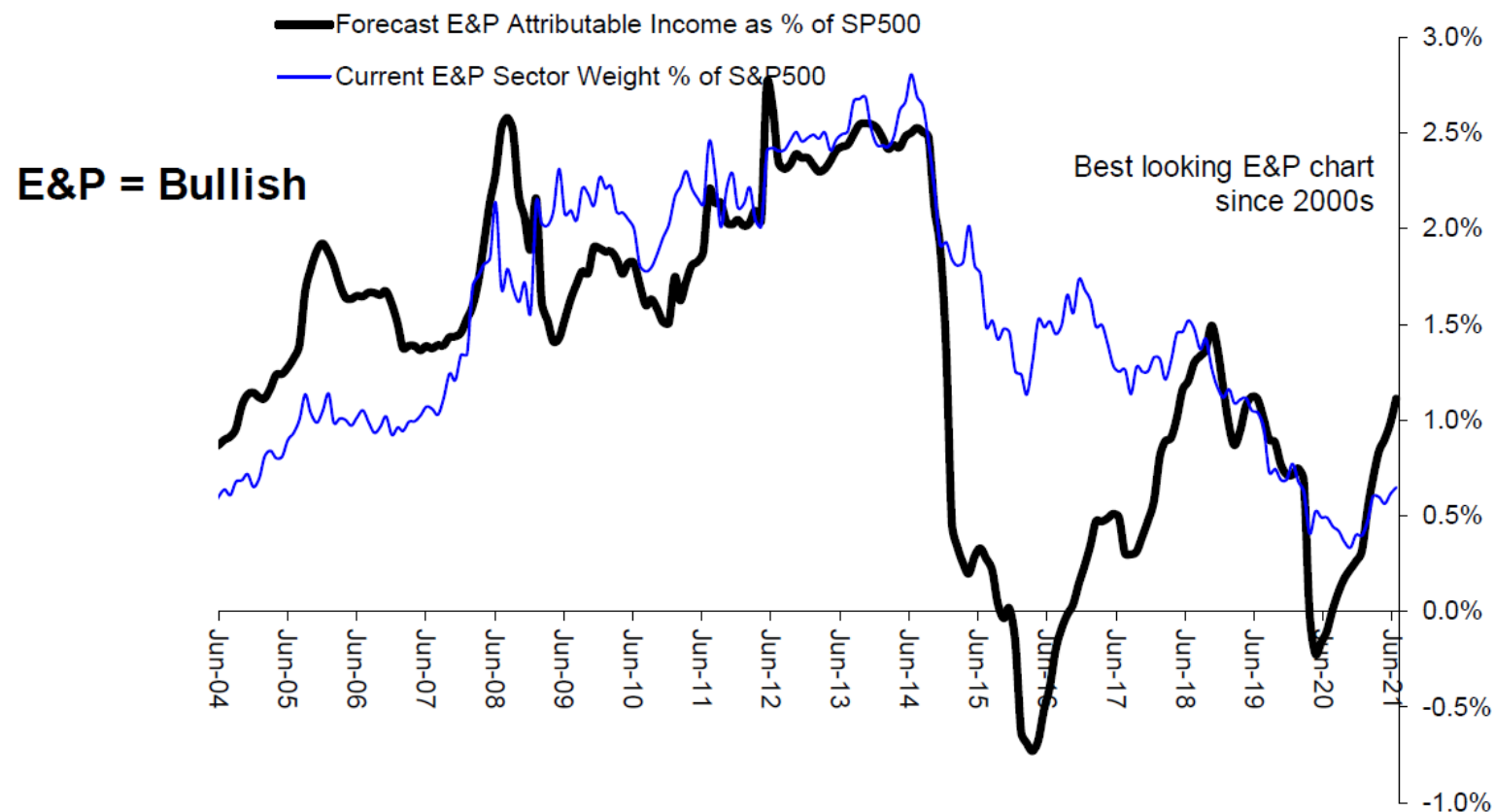
Source: Factset.
Note: Data as of 8/11/21.

Post Tech Bubble: A Decade of Massive Energy Outperformance



Source: Factset.

E&P Sector Punching Above Its Weight Class

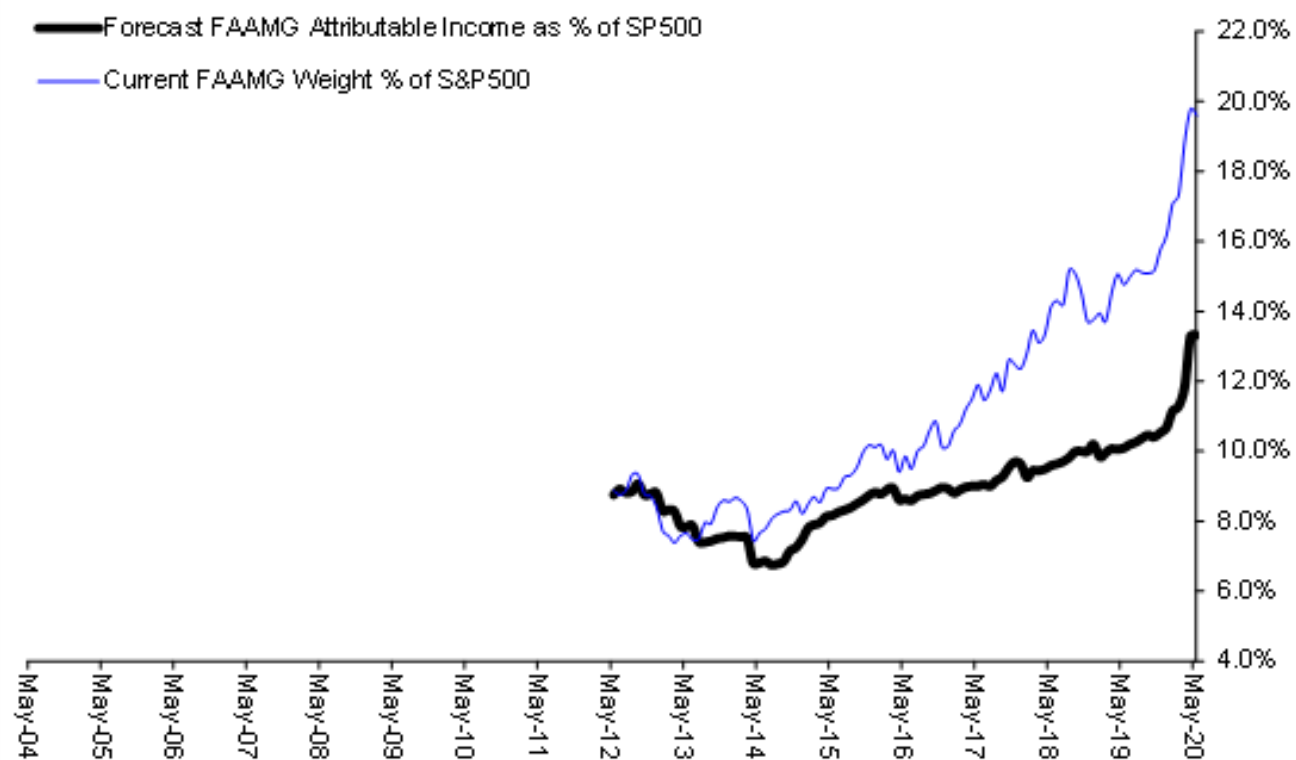


Source: Factset

Sankey Research

Sunday Sankey 7/4/2021

Big Tech: To Whom Much is Given, Much Should Be Required



Source: Factset, Sankey Research

APA Overview

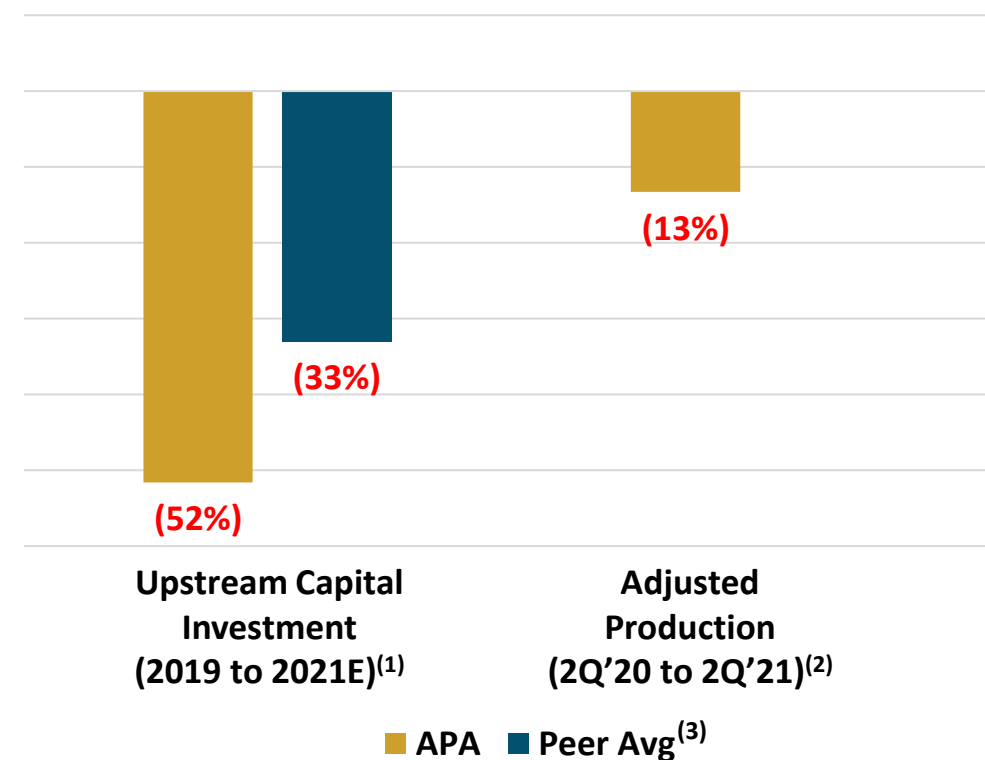
US
Egypt
North Sea
Suriname

APA's Response to Pandemic-Related Volatility

Actions

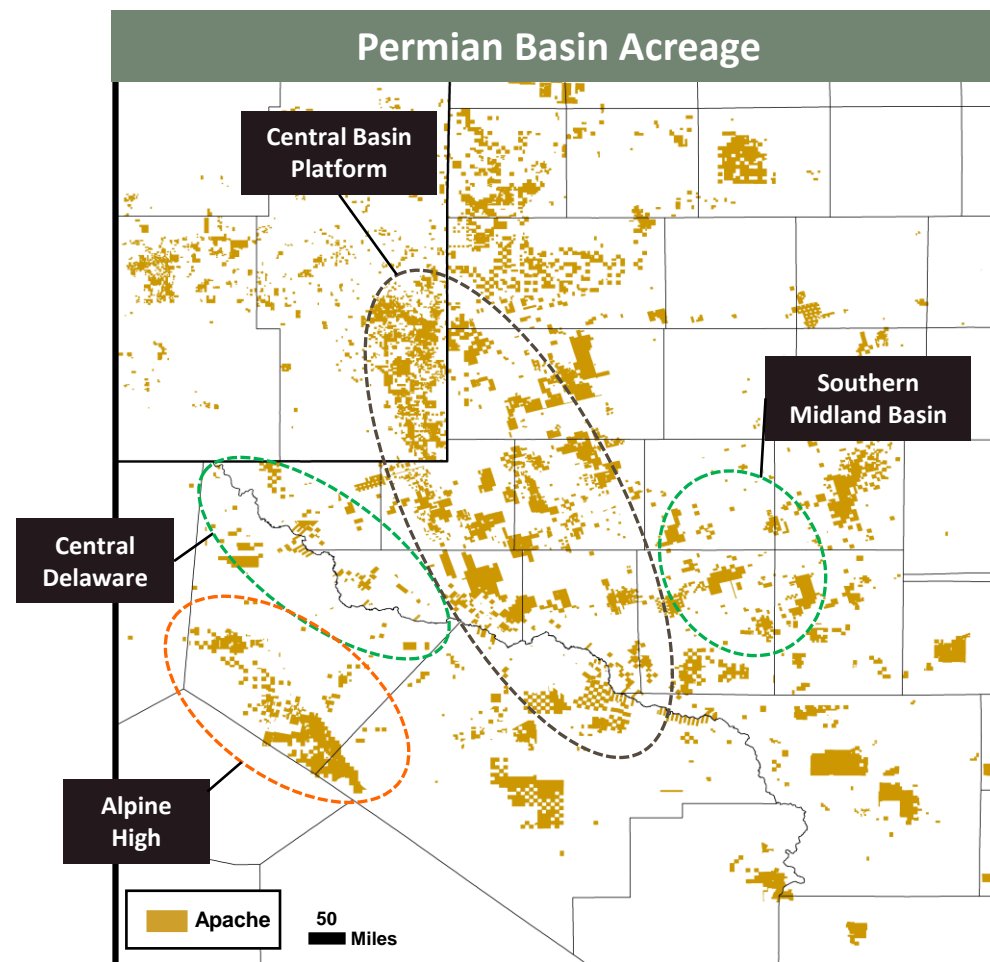
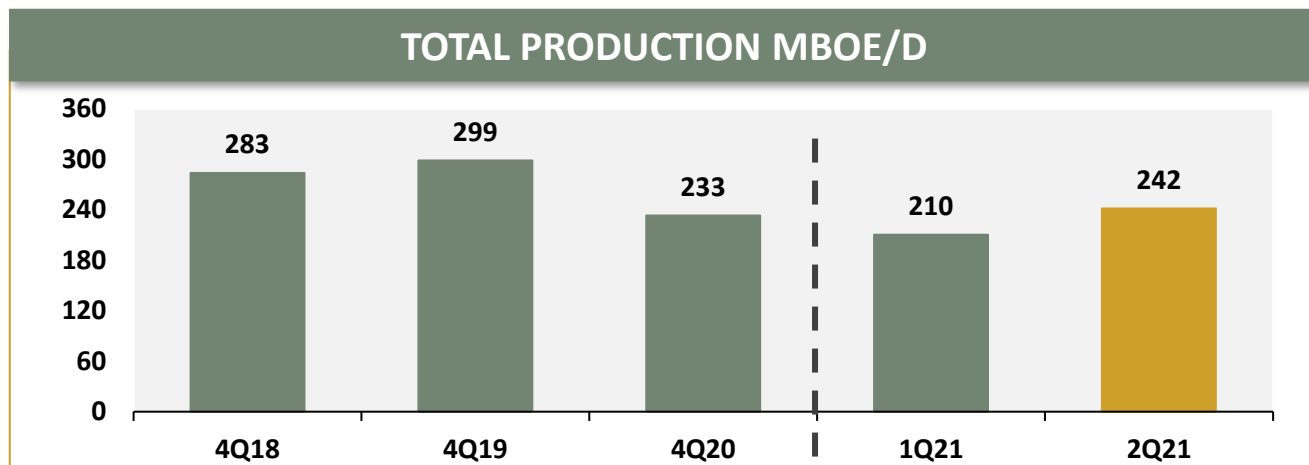
- Temporarily suspended U.S. drilling and reduced activity in Egypt & North Sea
- Deepened cost cutting efforts - more than doubled estimated annual savings for 2020
- Initiated aggressive measures to protect balance sheet, generated positive FCF in 2020
- Conducted important spacing and interference testing in Permian Basin

Relative Capital Investment and Production Impact



United States

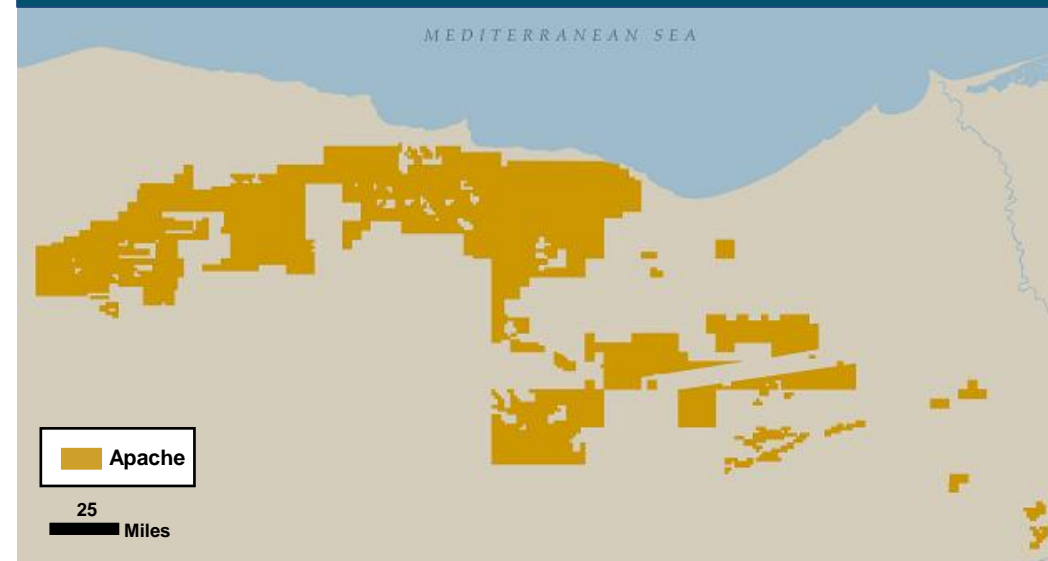
- Currently running 2 rigs in Permian Basin
- Strong performance from 2021 Permian completions
- May add 3rd rig in Permian, Alpine High, or Austin Chalk



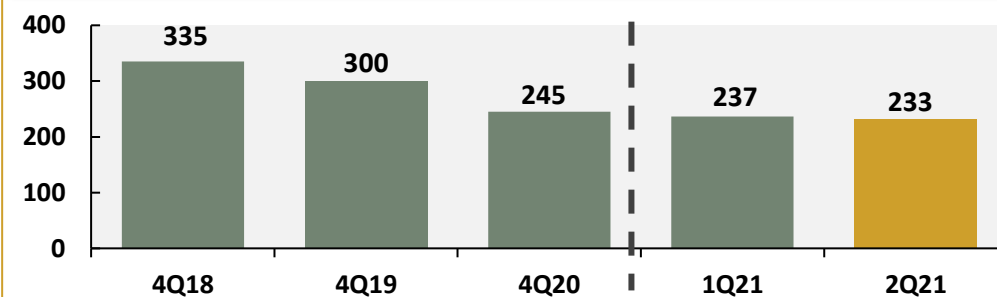
Egypt

- Country's largest oil producer and acreage holder
- Deep, high-quality inventory
- Running 8 rigs: Gross production to begin trending up in 2H'21
- Egypt PSC modernization⁽¹⁾ could enable a return to oil-focused production growth

Apache Egypt Acreage: ~5.2 million acres



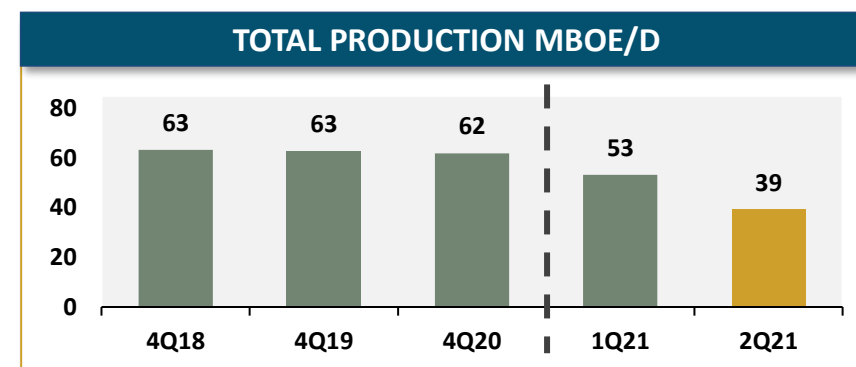
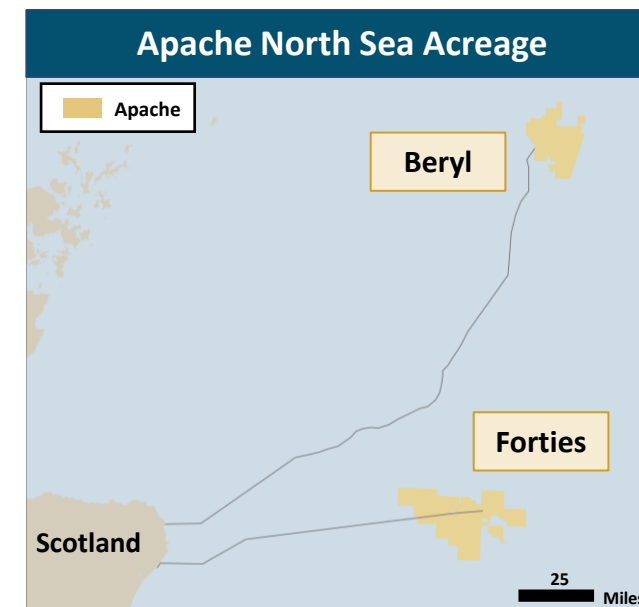
REPORTED GROSS PRODUCTION MBOE/D



(1) Pending certain approvals within the Government of Egypt and ratification by the Egyptian Parliament.

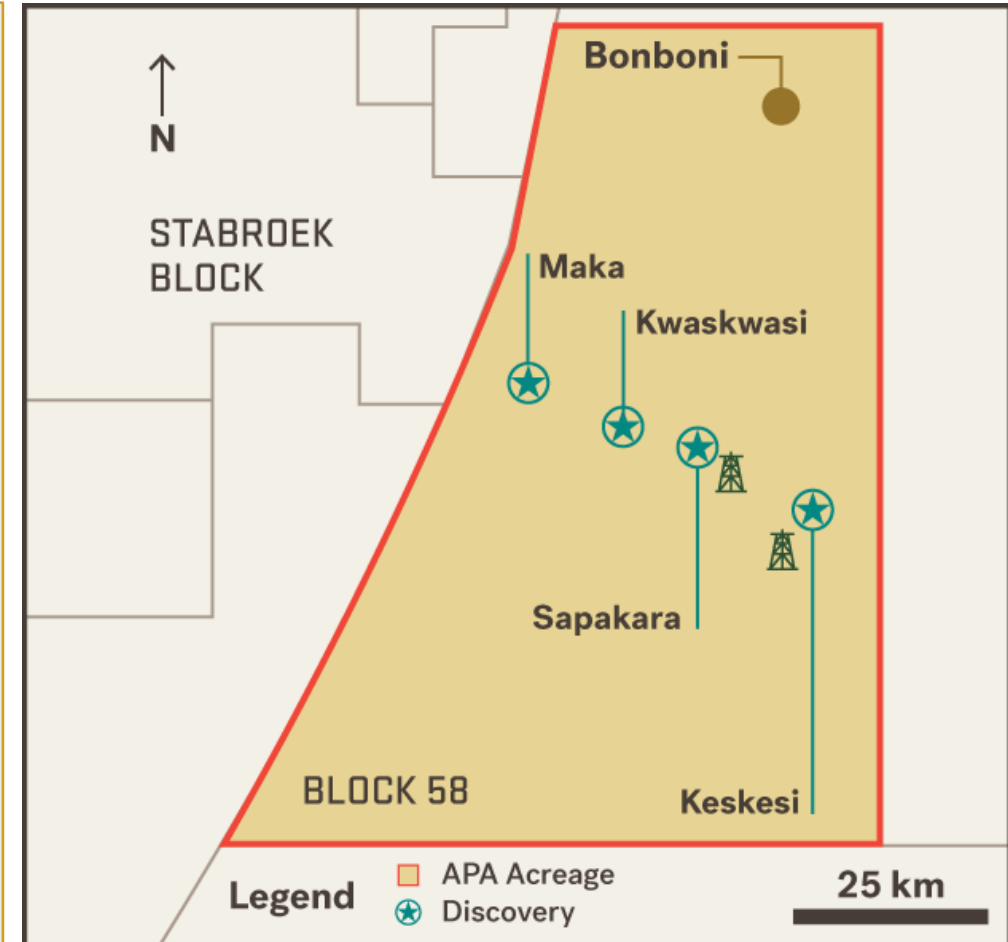
North Sea

- Maintaining 1 floating rig & 1 platform crew
- Activity set can sustain production in 55 to 60 Mboe/d range for several years
- Planned and unplanned operational downtime impacting 2021 volumes and unit costs
- Anticipate production rebound in 2H'21 and in 2022



Suriname

- **Block 58 (APA 50% WI):** World Class Opportunity
 - 4 Discoveries since Jan. 2020, appraisal drilling underway
 - Recent successful appraisal result at **Sapakara South-1**, flow test planned
- **Keskesi South-1** appraisal well drilling - spud in late May
- **Bonboni** exploration prospect to be drilled next with *Maersk Valiant*
- **Block 53 (APA 45% WI):** Contracted rig to drill exploration well early '22



APA's Free Cash Flow Potential (Ex-Suriname)

APA Estimates Upstream-Only FCF Generation Capacity of \$1.6 - \$1.7 Billion Annually

Key Assumptions:

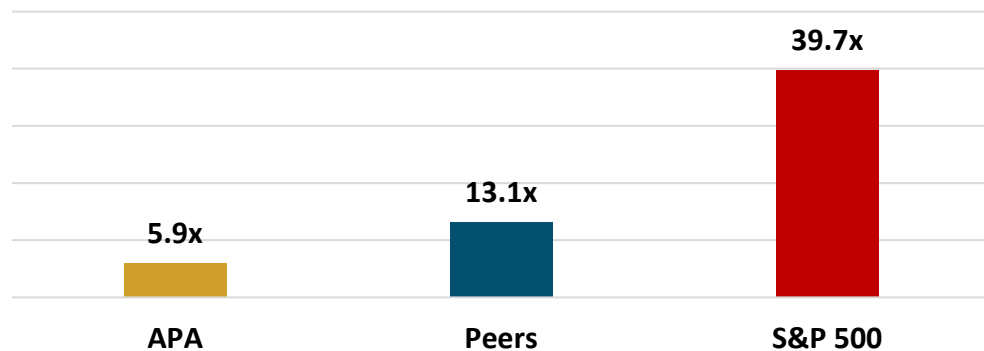
- \$1.2 billion of annual development capital (up from \$900 million in 2021E)
- Global adjusted production held relatively flat with 4Q'21E levels
- No further investment or future benefit from Suriname (simplifying assumption)
- Oil and gas prices remain flat with 2021 prices (using 1H'21 actuals / 2H'21 strip)
- No free cash flow uplift associated with Egypt modernization (pending)

Under this scenario, APA would generate Upstream FCF equal to its current market cap in approximately 4 ½ years

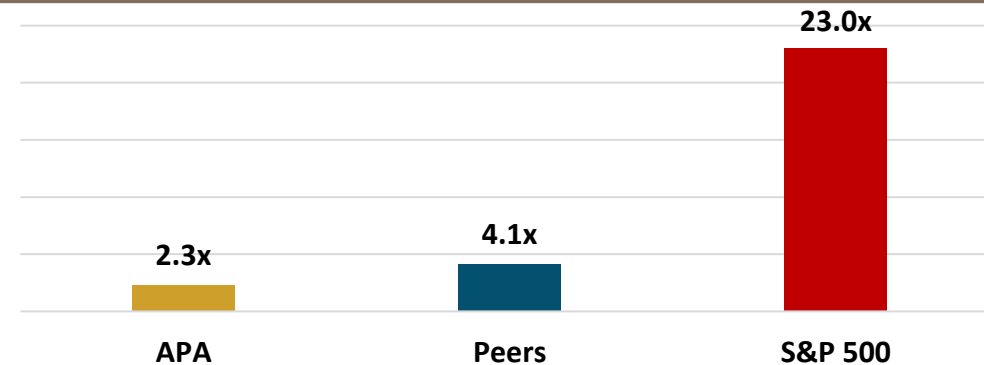
APA Relative Valuation Considerations

2021 Multiple Comparison

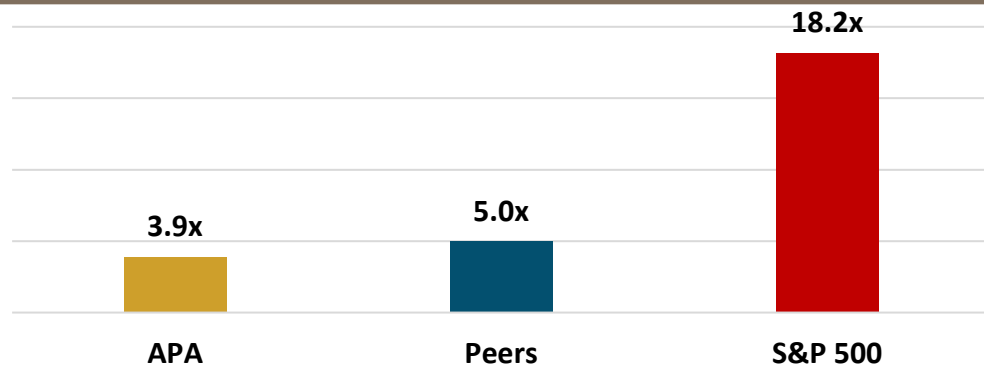
Price to Earnings (P/E) Ratio



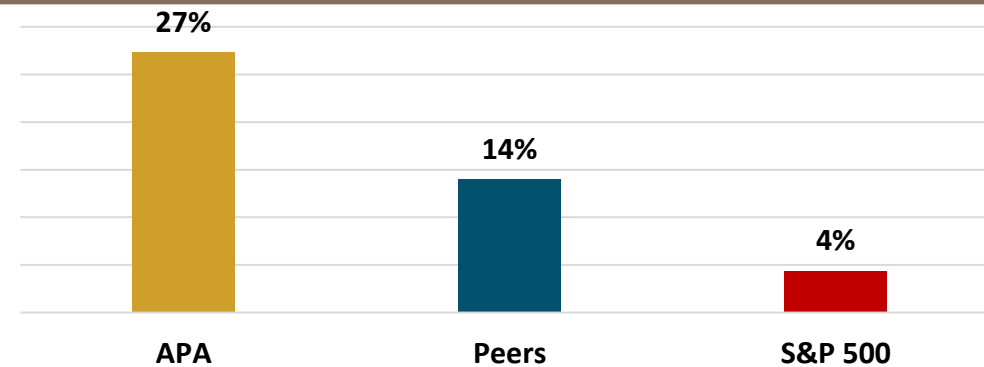
Price to Cash Flow (P/CF) Ratio



Enterprise Value / EBITDA(X)



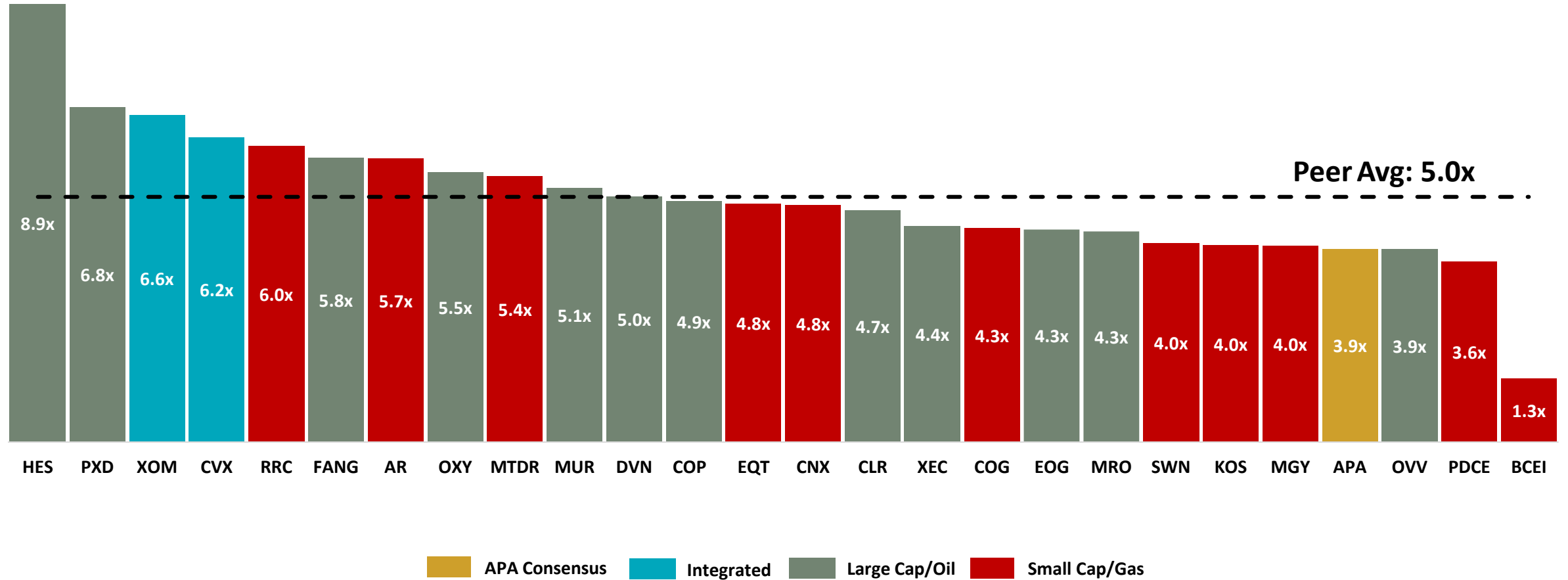
Free Cash Flow Yield (FCF/Mkt. Cap)



Source: Factset. Data as of 8/11/2021.

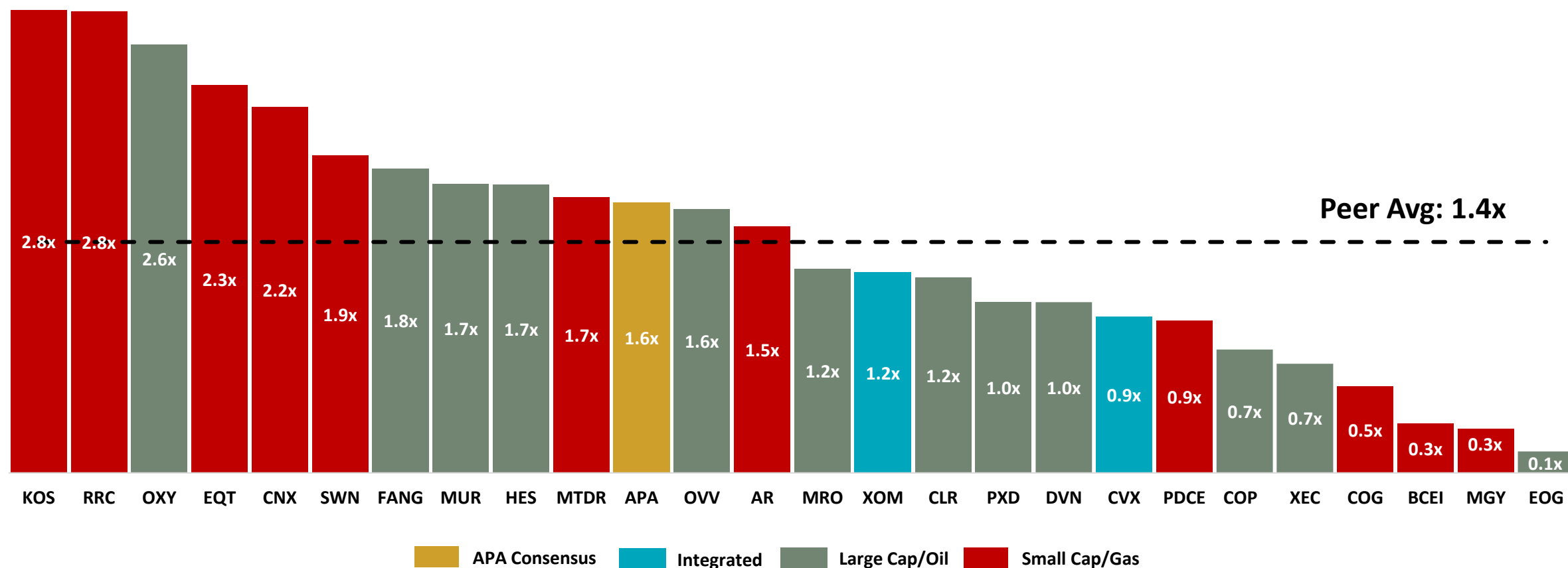
Peer Group: AR, BCEI, CLR, CNX, COG, COP, CVX, DVN, EOG, EQT, FANG, HES, KOS, MGY, MRO, MTDR, MUR, OVV, OXY, PDCE, PXD, RRC, SWN, XEC, XOM

Enterprise Value / 2021 EBITDAX



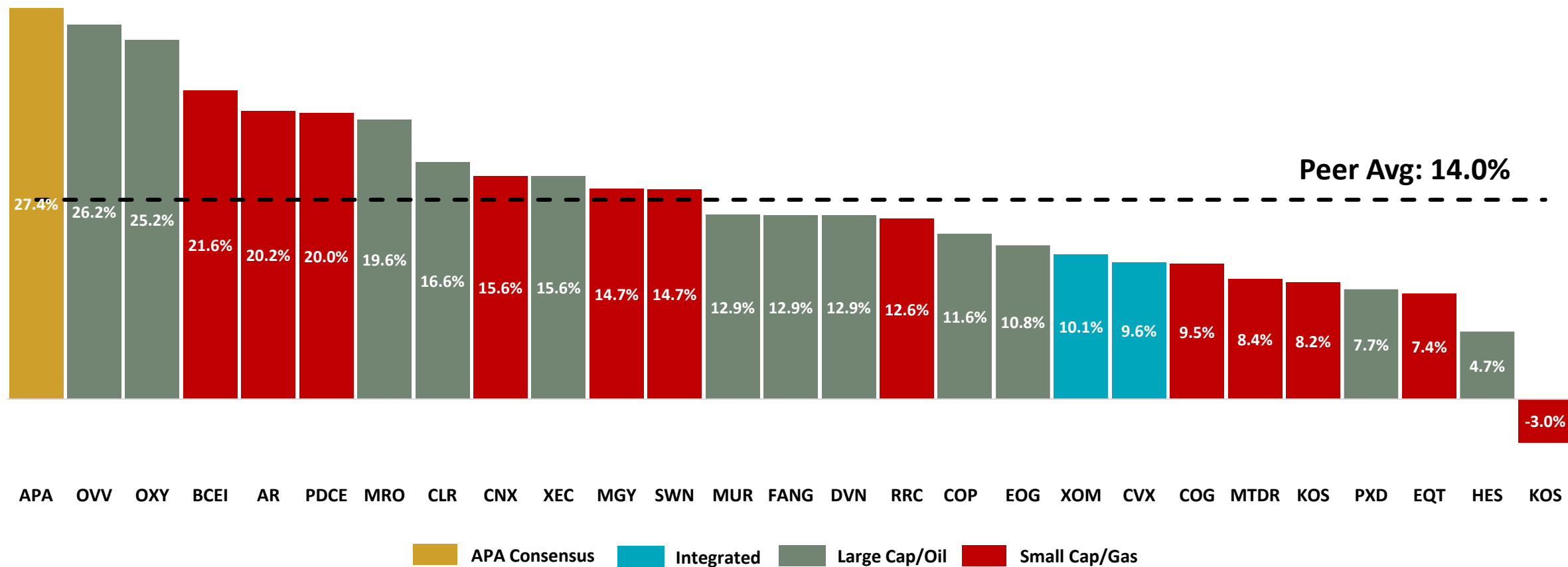
Source: Factset. Data as of 8/11/2021.

Balance Sheet: Net Debt / 2021 EBITDAX



Source: Factset. Financial Statements. Net debt using 2Q 2021 reported data. 2021 EBITDAX estimates as of 8/11/2021.

2021 Consensus Free Cash Flow Yield (Pre-Dividend)

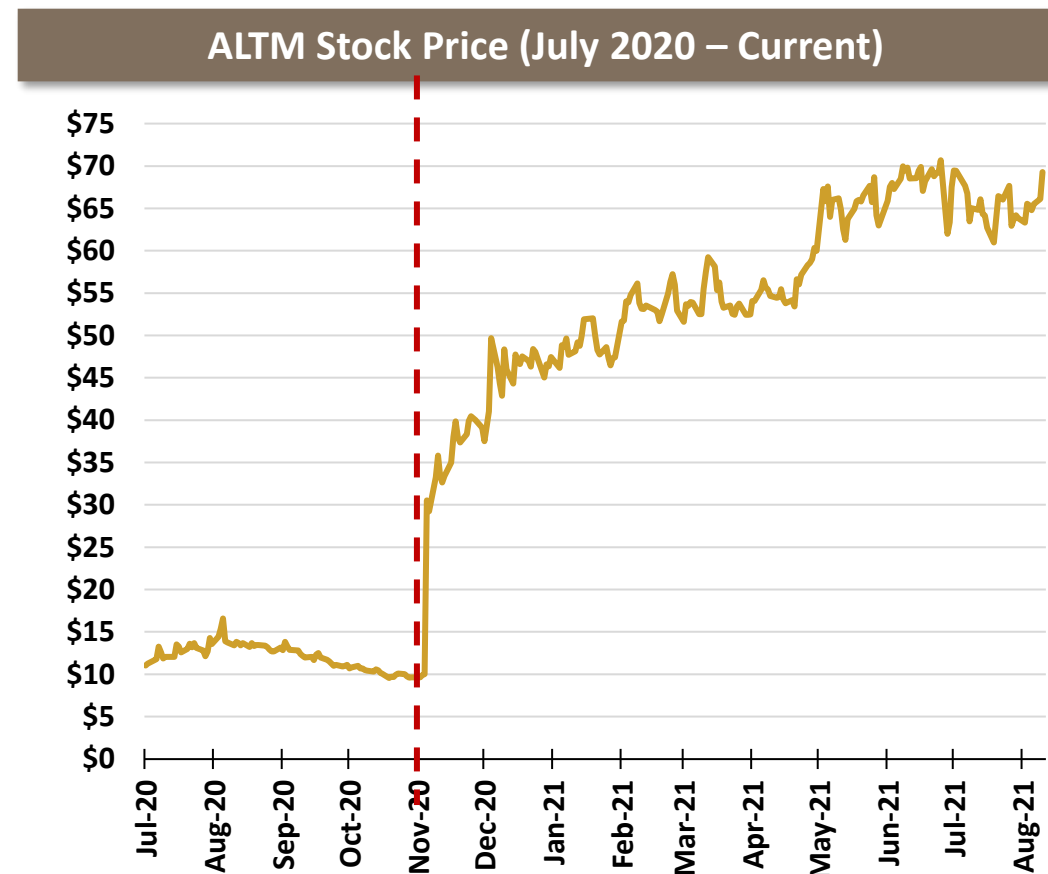


Source: Factset. Data as of 8/11/2021.

Changing the Market's Perception of Value: Altus Midstream Example

- In November 2020, ALTМ announced its plan to initiate a \$1.50 per/sh quarterly dividend (**implied annual yield of ~60%**)
- Within 5 months, ALTМ stock appreciated by more than 5x
 - Outperformed Alerian MLP index by **~475%**
- Just prior to the announcement, ALTМ traded at Free Cash Flow (FCF) yield of 86%⁽¹⁾, now at a more reasonable 13% FCF yield⁽²⁾

Cash Return is King!



Source: Factset. Data as of 8/11/2021.

(1) FCF based on company's 2021 guidance disclosed on 11/4/2020.

(2) FCF based on company's 2021 guidance disclosed on 8/4/2021.

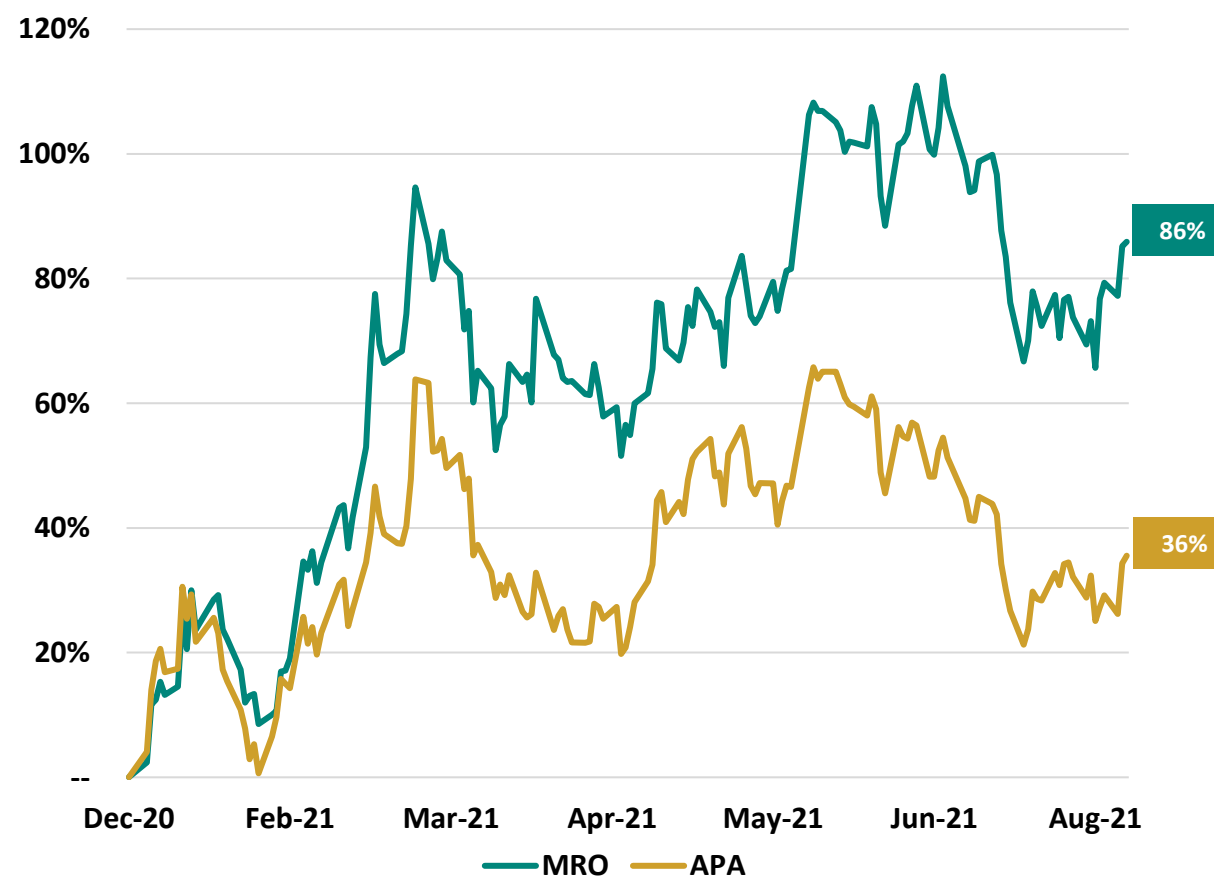
Thoughts on APA and MRO

	MRO	APA
2Q'21 Production ⁽¹⁾	348 Mboe/d	342 Mboe/d
2021E Free Cash Flow (\$MM) ⁽²⁾	\$1,913	\$1,993
Market Cap (\$MM)	\$9,776	\$7,269
2Q'21 Net Debt (\$MM) ⁽³⁾	\$3,938	\$6,804
Enterprise Value (\$MM)	\$13,715	\$16,335
Enterprise Value / 2021E EBITDAX ⁽⁴⁾	4.3x	3.9x

- MRO outperformance began following its Feb. '21 disclosure of 5-year Benchmark Maintenance Scenario
- In Aug'21, MRO committed to returning > 40% of CFO to equity investors in \$60/bbl+ environment

More debt reduction and communication around longer-term outlook & cash return are coming from APA

Stock Price Performance (2021 YTD)



Source: Factset. Financial Statements. Data as of 8/11/2021.

(1) Using APA adjusted production (excludes Egypt minority interest and tax barrels).

(2) Represents 2021 Free Cash Flow consensus estimate per Factset.

(3) Excludes Altus Midstream (ALTM). Refer to the Glossary of Referenced Terms and Non-GAAP Reconciliation.

(4) Calculated using 2021 EBITDAX consensus estimate per Factset.

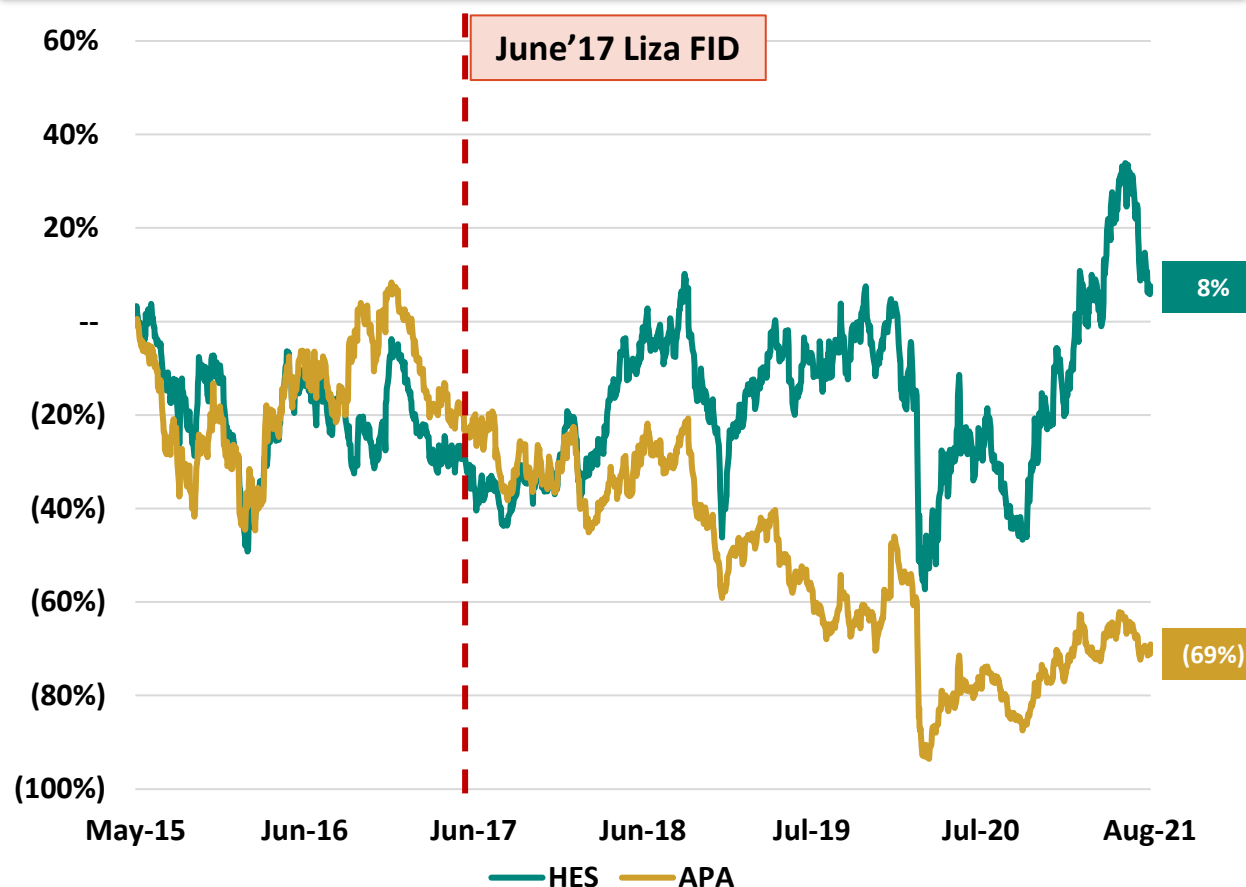
Thoughts on APA and HES

	HES	APA
2Q'21 Production ⁽¹⁾	328 Mboe/d	342 Mboe/d
2021E EBITDAX (\$MM) ⁽²⁾	\$3,345	\$4,188
Market Cap (\$MM)	\$22,538	\$7,269
2Q'21 Net Debt (\$MM) ⁽³⁾	\$5,793	\$6,804
Enterprise Value (\$MM)	\$29,646	\$16,335
Enterprise Value / 2021E EBITDAX ⁽²⁾	8.9x	3.9x

- HES' first Guyana discovery was in May 2015, nearly 4 ½ years before APA's first discovery in Block 58 Suriname
- HES' equity outperformance began after Liza FID

Most analysts believe APA stock price currently reflects little-to-no value for Suriname.

Stock Price Performance (Liza Discovery – Today)



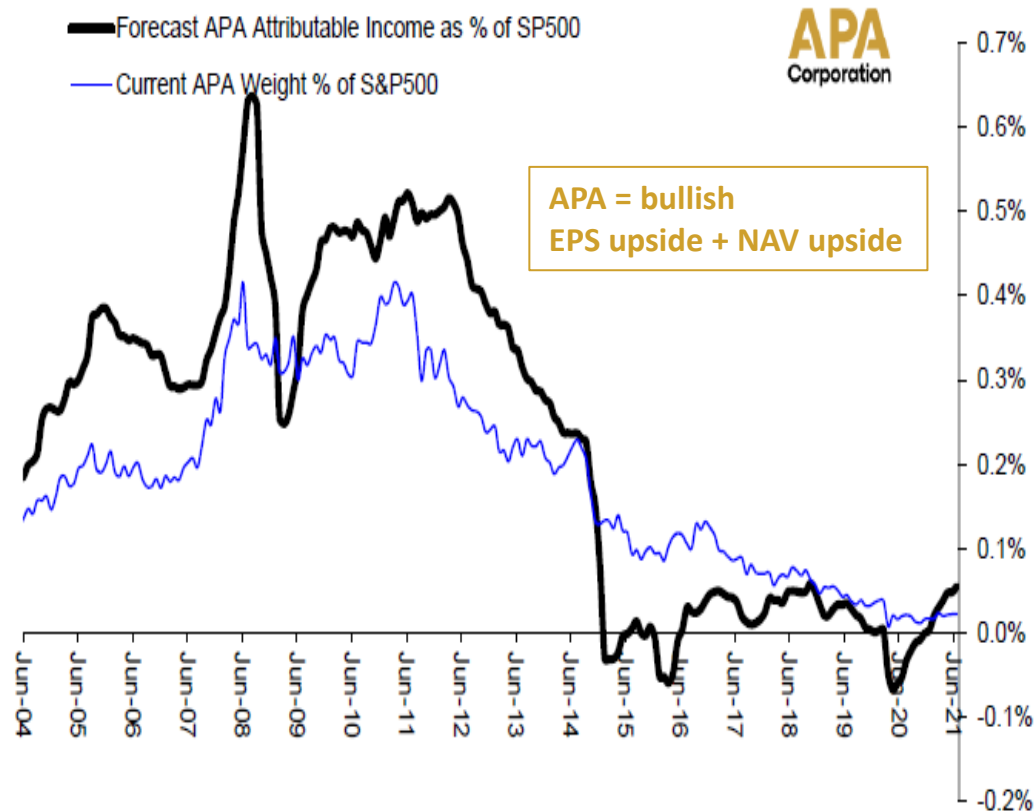
Source: Factset. Financial Statements. Data as of 8/11/2021.

(1) Using APA adjusted production (excludes Egypt minority interest and tax barrels).

(2) Represents 2021 EBITDAX consensus estimate per Factset.

(3) Excludes Altus Midstream (ALTM). Refer to the Glossary of Referenced Terms and Non-GAAP Reconciliation.

APA Has Strong Current Earnings + NAV Catalyst in Suriname



Source: Sankey Research. Sunday Sankey 7/4/2021.

Summary

- E&P companies are capital disciplined, cheap and committed to returning cash
- APA making excellent progress on debt reduction, plan for cash return to come
- Robust FCF generation and visibility into many years of sustained production, ex-Suriname
- Valuation is among the lowest of its peers, with significant upside catalysts