

## Gastar Exploration Inc

Ticker: GST

Gastar Exploration Incorporated is a Houston-based independent energy company engaged in the exploration, development and production of oil, natural gas, condensate, and natural gas liquids in the United States. The Company's principal business activities include the identification, acquisition, and subsequent exploration and development of oil and natural gas properties.

1331 Lamar Street Suite 650 Houston, TX 77010 United States

Jerry R Schuyler CEO  
Michael A Gerlich "Mike" CFO

Exchange: NYSEAmerican  
Phone: 1-713-739-1800  
Web: www.gastar.com

## STOCK

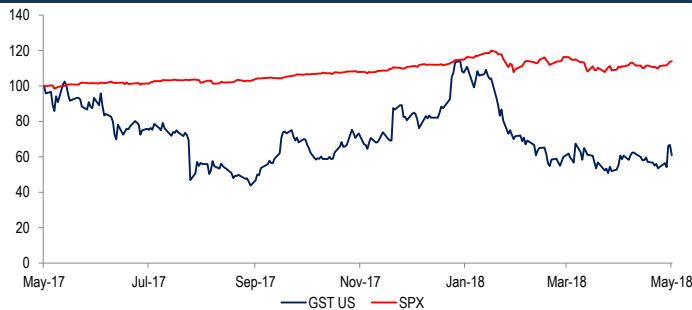
Stock Price (as of: 05/14/2018)

|                    |               |                |         |
|--------------------|---------------|----------------|---------|
| Price              | 0.76          | 1 Month Return | 4.30%   |
| 52 Week High / Low | 1.39 / 0.3753 | 6 Month Return | -5.06%  |
| Market Cap         | 167.19        | 1 Year Return  | -33.95% |
| Enterprise Value   | 558.42        | YTD Return     | -27.66% |

## VALUATION METRICS

|           | 2016Y | 2017Y  | 2018YE | 2019YE | 2020YE |
|-----------|-------|--------|--------|--------|--------|
| P/E       | -     | -      | -      | -      | -      |
| EV/EBIT   | -     | 170.2x | 28.4x  | 34.0x  | -      |
| EV/EBITDA | -     | 25.3x  | 14.8x  | 11.8x  | 7.1x   |
| P/S       | 2.8x  | 2.8x   | 2.1x   | 1.8x   | 1.2x   |
| P/B       | -     | -      | -      | -      | -      |
| Div Yield | 0.0%  | 0.0%   | -      | -      | -      |
| EBITDA    | -24   | 28     | 39     | 49     | 81     |

## 52-WEEK STOCK PERFORMANCE

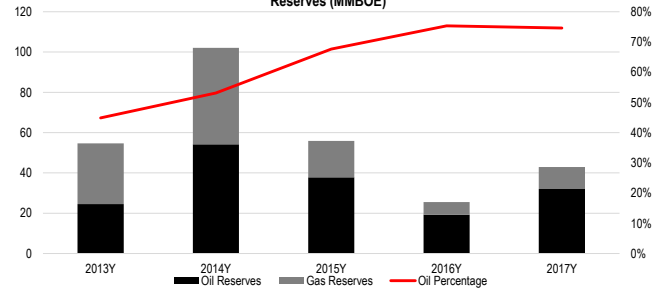


## FINANCIAL STATEMENTS

| Income Statement                  | 2013Y      | 2014Y      | 2015Y      | 2016Y      | 2017Y      |
|-----------------------------------|------------|------------|------------|------------|------------|
| Revenue                           | 93         | 152        | 83         | 61         | 72         |
| Operating Profit (Loss)           | 19         | 79         | -429       | -54        | 4          |
| Pretax Income (Loss)              | 33         | 51         | -460       | -89        | -47        |
| Income Before XO                  | 49         | 51         | -460       | -89        | -47        |
| Net Income                        | 40         | 51         | -460       | -89        | -47        |
| Basic EPS Before Abnormal Items   | 0.57       | 0.30       | -0.57      | -0.45      | -0.19      |
| Basic EPS                         | 0.66       | 0.58       | -0.61      | -0.93      | -0.31      |
| Diluted EPS Before Abnormal Item: | 0.54       | 0.29       | -0.57      | -0.45      | -0.19      |
| Diluted EPS                       | 0.63       | 0.55       | -0.61      | -0.93      | -0.31      |
| Dividends Per Share               | 0.00       | 0.00       | 0.00       | 0.00       | 0.00       |
| EBITDA                            | 51         | 125        | -366       | -24        | 28         |
| Balance Sheet                     | 2013Y      | 2014Y      | 2015Y      | 2016Y      | 2017Y      |
| Total Current Assets              | 55         | 64         | 85         | 105        | 54         |
| Total Long-Term Assets            | 535        | 712        | 346        | 195        | 326        |
| <b>Total Assets</b>               | <b>590</b> | <b>776</b> | <b>431</b> | <b>300</b> | <b>380</b> |
| Total Current Liabilities         | 54         | 55         | 24         | 30         | 62         |
| Total Long-Term Liabilities       | 326        | 370        | 527        | 411        | 350        |
| <b>Total Liabilities</b>          | <b>380</b> | <b>426</b> | <b>551</b> | <b>441</b> | <b>412</b> |
| Total Shareholders' Equity        | 210        | 350        | -120       | -140       | -32        |
| Shares Outstanding                | 61.21      | 78.63      | 80.02      | 150.38     | 218.87     |
| Cash Flow                         | 2013Y      | 2014Y      | 2015Y      | 2016Y      | 2017Y      |
| Net Income                        | 40         | 51         | -460       | -89        | -47        |
| Cash From Operating Activities    | 48         | 64         | 51         | 7          | 20         |
| Cash From Investing Activities    | -265       | -215       | -150       | 66         | -137       |
| Cash From Financing Activities    | 241        | 129        | 138        | -52        | 58         |
| Net Changes in Cash               | 23         | -21        | 39         | 21         | -58        |
| Free Cash Flow                    | -48        | -92        | -143       | -52        | -88        |
| Free Cash Flow Per Basic Share    | -0.80      | -1.45      | -1.84      | -0.47      | -0.45      |
| Free Cash Flow Per Diluted Share  | -0.76      | -1.38      | -1.84      | -0.47      | -0.45      |
| Cash Flow Per Share               | 0.79       | 1.02       | 0.66       | 0.06       | 0.10       |

Source: Bloomberg, EnerCom Analytics

## Reserves (MMBOE)



## PRODUCTION & COSTS

| Production                  | 2013Y      | 2014Y       | 2015Y       | 2016Y      | 2017Y      |
|-----------------------------|------------|-------------|-------------|------------|------------|
| Oil (MMBL/Day)              | 1.4        | 2.7         | 3.9         | 3.0        | 3.1        |
| NGL (MMBL/Day)              | 1.4        | 2.2         | 3.3         | 2.0        | 1.4        |
| Gas (MMCF/Day)              | 36.6       | 31.8        | 37.7        | 16.8       | 10.4       |
| <b>Total (MBOE/Day)</b>     | <b>8.9</b> | <b>10.2</b> | <b>13.5</b> | <b>7.8</b> | <b>6.2</b> |
| Costs (\$/BOE)              | 2013Y      | 2014Y       | 2015Y       | 2016Y      | 2017Y      |
| Production (LOE & Prod Tax) | 5.58       | 7.99        | 5.85        | 8.48       | 11.80      |
| G&A                         | 5.22       | 4.43        | 3.47        | 6.81       | 7.40       |

## RESERVES

| Reserve Volumes (MMBOE) | 2013Y | 2014Y  | 2015Y  | 2016Y  | 2017Y |
|-------------------------|-------|--------|--------|--------|-------|
| Starting Reserves       | 30.15 | 54.63  | 102.06 | 55.88  | 25.58 |
| Changes                 | 24.48 | 47.43  | -46.19 | -30.30 | 17.35 |
| Ending Reserves         | 54.63 | 102.06 | 55.88  | 25.58  | 42.93 |
| <b>Total Reserves</b>   |       |        |        |        |       |
| Oil Reserves            | 24.52 | 54.23  | 37.80  | 19.27  | 32.03 |
| Gas Reserves            | 30.12 | 47.83  | 18.08  | 6.31   | 10.89 |
| Oil Percentage          | 45%   | 53%    | 68%    | 75%    | 75%   |
| Reserves Metrics        | 2013Y | 2014Y  | 2015Y  | 2016Y  | 2017Y |
| 3-Yr F&D per BOE        | 6.50  | 4.89   | 15.50  | 0.00   | 0.00  |
| Production Replacement  | 532%  | 1386%  | -890%  | -436%  | 846%  |

## DRILLING ACTIVITY

| New Wells         | 2013Y | 2014Y | 2015Y | 2016Y | 2017Y |
|-------------------|-------|-------|-------|-------|-------|
| Exploration       | 6     | 15    | 15    | 5     | 11    |
| Developed         | 9     | 6     | 11    | 0     | 6     |
| Dry               | --    | --    | --    | --    | --    |
| Productive Wells  |       |       |       |       |       |
| Oil               | 38    | 44    | 44    | 36    | 127   |
| Gas               | 133   | 137   | 153   | 112   | 35    |
| Acres (Thousands) |       |       |       |       |       |
| Developed         | 42    | 51    | 58    | 53    | 68    |
| Undeveloped       | 144   | 118   | 90    | 45    | 25    |

## RATIOS

| Profitability              | 2013Y | 2014Y | 2015Y   | 2016Y   | 2017Y  |
|----------------------------|-------|-------|---------|---------|--------|
| Return on Assets           | 9.08  | 7.46  | -76.16  | -24.36  | -13.74 |
| Return on Equity           | 60.05 | 26.20 | --      | --      | --     |
| Return on Capital          | 15.81 | 12.73 | -78.85  | -19.99  | -7.45  |
| Gross Margin               | 55.56 | 62.73 | 17.84   | 47.72   | 59.94  |
| EBITDA Margin              | 55.36 | 82.12 | -442.47 | -39.55  | 39.11  |
| Operating Margin           | 20.28 | 51.70 | -518.51 | -88.10  | 5.82   |
| Profit Margin              | 43.20 | 33.56 | -555.60 | -145.72 | -64.82 |
| Liquidity                  | 2013Y | 2014Y | 2015Y   | 2016Y   | 2017Y  |
| Quick Ratio                | 1.00  | 0.76  | 2.69    | 3.31    | 0.84   |
| Current Ratio              | 1.02  | 1.16  | 3.54    | 3.54    | 0.88   |
| Cash Ratio                 | 0.60  | 0.20  | 2.09    | 2.41    | 0.22   |
| Total Debt/Total Capital   | 59.84 | 50.70 | 130.22  | 153.18  | 110.23 |
| Cash & Equiv/Current Asset | 58.69 | 17.30 | 58.93   | 67.88   | 24.49  |
| CFO/Total Debt             | 0.15  | 0.18  | 0.10    | 0.02    | 0.06   |
| Working Capital            | 1     | 9     | 61      | 76      | -7     |
| Net Debt/EBITDA            | 5.48  | 2.80  | --      | --      | 11.69  |

## CREDIT

|         |    |         |    |
|---------|----|---------|----|
| S&P     | -- | Outlook | -- |
| Moody's | -- | Outlook | -- |
| Fitch   | -- | Outlook | -- |

## MAJOR SHAREHOLDERS

| Holder Name          | Portfolio Name       | Source  | Amt Held   | % Out | Latest Chg  | File Dt    | Inst Type          | Country       | Metro Area                            |
|----------------------|----------------------|---------|------------|-------|-------------|------------|--------------------|---------------|---------------------------------------|
| ARES MANAGEMENT LLC  | n/a                  | Form 4  | 56,712,088 | 25.77 | -           | 1/30/2018  | Private Equity     | United States | Los Angeles/Pasadena                  |
| FIR TREE INCORPORATE | FIR TREE INCORPORATE | 13F     | 21,351,973 | 9.7   | -           | 12/31/2017 | Hedge Fund Manager | United States | New York City/Southern CT/Northern NJ |
| BLACKROCK            | n/a                  | 13G     | 12,045,670 | 5.47  | -           | 12/31/2017 | Investment Advisor | United States | New York City/Southern CT/Northern NJ |
| YORK CAPITAL MANAGME | YORK CAPITAL MANAGEM | 13F     | 8,556,000  | 3.89  | -           | 12/31/2017 | Hedge Fund Manager | United States | New York City/Southern CT/Northern NJ |
| VANGUARD GROUP       | n/a                  | ULT-AGG | 6,602,594  | 3     | 412,586     | 12/31/2017 | Investment Advisor | United States | Philadelphia                          |
| KLEINHEINZ CAPITAL P | n/a                  | 13D     | 6,565,000  | 2.98  | (1,560,000) | 9/22/2016  | Hedge Fund Manager | United States | Dallas/Ft. Worth                      |
| WILKS BROTHERS LLC   | n/a                  | 13G     | 6,454,011  | 2.93  | (100)       | 12/31/2017 | Corporation        | United States | Dallas/Ft. Worth                      |
| PORTER JAMES RUSSELL | n/a                  | Form 4  | 3,879,265  | 1.76  | (1,364,845) | 4/10/2018  | Unclassified       | n/a           | Unclassified                          |
| WELLINGTON MANAGEMEN | WELLINGTON MANAGEMEN | 13F     | 3,154,721  | 1.43  | (117,539)   | 12/31/2017 | Investment Advisor | United States | Boston                                |
| STATE OF CALIFORNIA  | n/a                  | ULT-AGG | 2,938,259  | 1.33  | 10,867      | 3/31/2018  | Government         | United States | Sacramento                            |
| GERLICH MICHAEL A    | n/a                  | Form 4  | 2,614,825  | 1.19  | 108,782     | 1/30/2018  | Unclassified       | n/a           | Unclassified                          |
| CENTERBRIDGE PARTNER | CENTERBRIDGE PARTNER | 13F     | 2,575,917  | 1.17  | -           | 12/31/2017 | Hedge Fund Manager | United States | New York City/Southern CT/Northern NJ |
| KENNEDY CAPITAL MANA | KENNEDY CAPITAL MANA | 13F     | 2,502,340  | 1.14  | (416,380)   | 12/31/2017 | Investment Advisor | United States | Saint Louis                           |
| STATE STREET CORP    | n/a                  | ULT-AGG | 2,437,807  | 1.11  | 94,849      | 12/31/2017 | Investment Advisor | United States | Boston                                |
| NORTHERN TRUST CORPO | NORTHERN TRUST CORPO | 13F     | 1,958,682  | 0.89  | 64,764      | 3/31/2018  | Investment Advisor | United States | Chicago                               |
| MARATHON ASSET MANAG | MARATHON ASSET MANAG | 13F     | 1,939,646  | 0.88  | -           | 12/31/2017 | Hedge Fund Manager | United States | New York City/Southern CT/Northern NJ |
| ROBERTS STEPHEN P    | n/a                  | Form 4  | 1,691,406  | 0.77  | 191,406     | 1/30/2018  | Unclassified       | n/a           | Unclassified                          |
| EIDELMAN VIRANT CAPI | EIDELMAN VIRANT CAPI | 13F     | 1,612,600  | 0.73  | 201,000     | 3/31/2018  | Investment Advisor | United States | Saint Louis                           |
| GEODE CAPITAL MANAGE | GEODE CAPITAL MANAGE | 13F     | 1,455,720  | 0.66  | 88,528      | 12/31/2017 | Investment Advisor | United States | Boston                                |
| FMR LLC              | n/a                  | ULT-AGG | 1,405,077  | 0.64  | -           | 3/31/2018  | Investment Advisor | United States | Boston                                |

## ANALYST COVERAGE & RECCOMENDATIONS

| Firm Name                 | Analyst          | Recommendation  | Weighting | Δ | Target Price | Date         | Date       | BARR | 1 Yr Rtn |
|---------------------------|------------------|-----------------|-----------|---|--------------|--------------|------------|------|----------|
| Williams Capital          | GABRIELE SORBARA | hold            | 3 M       |   | 1            | Not Provided | 5/11/2018  | 1    | 0        |
| Wells Fargo Securities    | GORDON DOUTHAT   | market perform  | 3 M       |   | 1            | Not Provided | 5/11/2018  | 1    | 0        |
| Seaport Global Securities | MIKE KELLY       | buy             | 5 M       |   |              | Not Provided | 5/11/2018  | 4    | -53.79   |
| Euro Pacific Capital Inc  | JOEL MUSANTE     | speculative buy | 4 M       |   | 1.2          | 12 month     | 5/11/2018  | 2    | -19.24   |
| Johnson Rice & Co         | RONALD E MILLS   | buy             | 5 M       |   | 1.4          | 12 month     | 5/10/2018  | 3    | -39.4    |
| Imperial Capital LLC      | JASON A WANGLER  | in-line         | 3 M       |   | 1            | Not Provided | 4/24/2018  |      |          |
| EVA Dimensions            | ANTHONY CAMPAGNA | underweight     | 1 M       |   |              | Not Provided | 3/22/2018  |      |          |
| Noble Capital Markets     | MICHAEL C HEIM   | hold            | 3 M       |   |              | Not Provided | 10/15/2015 | 1    | 0        |

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