

## Hess Corp

Ticker: HES

Hess Corporation operates as a global independent energy company. The Company focuses on the exploration, development, production, transportation, purchase, and sale of crude oil, natural gas liquids, and natural gas. Hess manages production operations around the world.

1185 Avenue of the Americas 40th Floor New York, NY 10036-2601 United States

John B Hess CEO Exchange: New York  
 John P Rielly CFO Phone: 1-212-997-8500  
 Web: www.hess.com

## STOCK

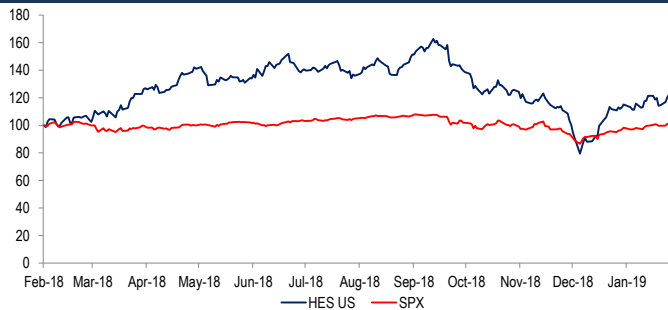
Stock Price (as of: 04/08/2019)

Price	63.08	1 Month Return	15.18%
52 Week High / Low	74.81 / 35.5925	6 Month Return	-10.47%
Market Cap	19,115.40	1 Year Return	25.60%
Enterprise Value	17,615.10	YTD Return	56.42%

## VALUATION METRICS

	2017Y	2018Y	2019YE	2020YE	2021YE
P/E	-	-	-	48.7x	34.6x
EV/EBIT	-	31.4x	93.1x	27.5x	20.2x
EV/EBITDA	-	7.2x	10.8x	8.0x	7.8x
P/S	2.7x	1.9x	3.2x	2.6x	2.6x
P/B	1.4x	1.3x	2.0x	2.0x	1.9x
Div Yield	2.1%	2.5%	1.6%	1.6%	1.6%
EBITDA	-2,595	2,444	2,465	3,388	3,484

## 52-WEEK STOCK PERFORMANCE

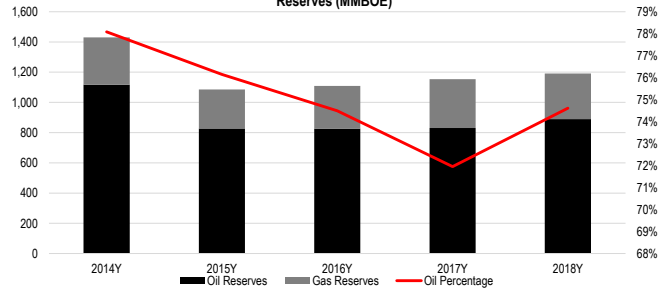


## FINANCIAL STATEMENTS

	2014Y	2015Y	2016Y	2017Y	2018Y
<b>Income Statement</b>					
Revenue	10,737	6,636	4,762	5,466	6,323
Operating Profit (Loss)	2,880	-3,791	-3,427	-5,478	561
Pretax Income (Loss)	2,436	-4,258	-3,854	-5,778	220
Income Before XO	1,692	-2,959	-6,076	-3,941	-115
Net Income	2,317	-3,056	-6,132	-4,074	-282
Basic EPS Before Abnormal Items	4.19	-4.00	-7.59	-5.02	-0.93
Basic EPS	7.63	-10.78	-19.92	-13.12	-1.10
Diluted EPS Before Abnormal Item:	4.14	-4.00	-7.59	-5.03	-0.93
Diluted EPS	7.53	-10.78	-19.92	-13.12	-1.10
Dividends Per Share	1.00	1.00	1.00	1.00	1.00
EBITDA	6,104	164	-183	-2,595	2,444
<b>Balance Sheet</b>					
Total Current Assets	6,313	4,404	4,276	6,157	4,459
Total Long-Term Assets	32,094	29,753	24,345	16,955	16,974
<b>Total Assets</b>	<b>38,407</b>	<b>34,157</b>	<b>28,621</b>	<b>23,112</b>	<b>21,433</b>
Total Current Liabilities	4,851	2,628	2,251	2,435	2,203
Total Long-Term Liabilities	11,236	11,128	10,779	8,323	8,342
<b>Total Liabilities</b>	<b>16,087</b>	<b>13,756</b>	<b>13,030</b>	<b>10,758</b>	<b>10,545</b>
Total Shareholders' Equity	22,320	20,401	15,591	12,354	10,888
Shares Outstanding	285.83	286.05	316.52	315.05	291.43
<b>Cash Flow</b>					
Net Income	2,317	-3,056	-6,132	-4,074	-282
Cash From Operating Activities	4,457	1,981	795	945	1,939
Cash From Investing Activities	8	-4,206	-2,090	1,358	-1,566
Cash From Financing Activities	-3,835	2,497	1,311	-188	-2,526
Net Changes in Cash	630	272	16	2,115	-2,153
Free Cash Flow	-757	-2,340	-1,456	-992	-158
Free Cash Flow Per Basic Share	-2.49	-8.25	-4.70	-3.16	-0.53
Free Cash Flow Per Diluted Share	-2.46	-8.25	-4.70	-3.16	-0.53
Cash Flow Per Share	14.68	6.99	2.57	3.01	6.50

Source: Bloomberg, EnerCom Analytics

## Reserves (MMBOE)



## PRODUCTION & COSTS

Production	2014Y	2015Y	2016Y	2017Y	2018Y
Oil (MBBL/Day)	220.0	238.0	191.0	177.0	146.0
NGL (MBBL/Day)	24.0	39.0	44.0	42.0	39.0
Gas (MMCF/Day)	513.0	585.0	523.0	520.0	553.0
<b>Total (MBOE/Day)</b>	<b>329.5</b>	<b>374.5</b>	<b>322.2</b>	<b>305.7</b>	<b>277.2</b>
<b>Costs (\$/BOE)</b>	<b>2014Y</b>	<b>2015Y</b>	<b>2016Y</b>	<b>2017Y</b>	<b>2018Y</b>
Production (LOE & Prod Tax)	17.38	13.97	15.29	12.24	10.99
G&A	4.89	4.07	3.53	3.88	4.68

## RESERVES

Reserve Volumes (MMBOE)	2014Y	2015Y	2016Y	2017Y	2018Y
Starting Reserves	1,437.17	1,430.50	1,086.00	1,108.83	1,153.50
Changes	-6.67	-344.50	22.83	44.67	38.00
Ending Reserves	1,430.50	1,086.00	1,108.83	1,153.50	1,191.50
<b>Total Reserves</b>					
Oil Reserves	1,117.00	827.00	826.00	830.00	889.00
Gas Reserves	313.50	259.00	282.83	323.50	302.50
Oil Percentage	78%	76%	74%	72%	75%
<b>Reserves Metrics</b>	<b>2014Y</b>	<b>2015Y</b>	<b>2016Y</b>	<b>2017Y</b>	<b>2018Y</b>
3-Yr F&D per BOE	37.50	114.75	82.17	22.93	8.01
Production Replacement	158%	-142%	119%	350%	167%

## DRILLING ACTIVITY

New Wells	2014Y	2015Y	2016Y	2017Y	2018Y
Exploration	10	3	0	2	4
Developed	214	187	84	67	93
Dry	4	6	2	0	2
<b>Productive Wells</b>					
Oil	1,262	1,448	1,505	1,346	1,377
Gas	104	122	128	123	82
<b>Acreege (Thousands)</b>					
Developed	1,937	1,845	1,897	1,634	1,576
Undeveloped	11,951	10,557	6,739	6,384	7,444

## RATIOS

Profitability	2014Y	2015Y	2016Y	2017Y	2018Y
Return on Assets	5.71	-8.42	-19.54	-15.75	-1.27
Return on Equity	9.88	-14.70	-37.03	-33.72	-3.36
Return on Capital	8.82	-10.07	-23.71	-17.88	-1.75
Gross Margin	83.99	47.72	36.08	48.21	51.35
EBITDA Margin	56.85	2.47	-3.84	-47.48	38.65
Operating Margin	26.82	-57.13	-71.97	-100.22	8.87
Profit Margin	21.58	-46.05	-128.77	-74.53	-4.46
<b>Liquidity</b>	<b>2014Y</b>	<b>2015Y</b>	<b>2016Y</b>	<b>2017Y</b>	<b>2018Y</b>
Quick Ratio	0.83	1.35	1.63	2.38	1.35
Current Ratio	1.30	1.68	1.90	2.53	2.02
Cash Ratio	0.50	1.03	1.21	1.99	1.22
Total Debt/Total Capital	21.15	24.42	30.39	36.09	38.00
Cash & Equiv/Current Asset:	38.71	61.67	63.89	78.72	60.42
CFD/Total Debt	0.74	0.30	0.12	0.14	0.29
Working Capital	1,462	1,776	2,025	3,722	2,256
Net Debt/EBITDA	0.58	23.63	--	--	1.63

## CREDIT

S&P	BBB-	Outlook	STABLE
Moody's	--	Outlook	STABLE
Fitch	BBB-	Outlook	NEG

## MAJOR SHAREHOLDERS

Holder Name	Portfolio Name	Source	Amt Held	% Out	Latest Chg	File Dt	Inst Type	Country	Metro Area
Vanguard Group Inc/T	n/a	13G	30,353,148	10.25	-	4/30/2018	Investment Advisor	United States	Philadelphia
BlackRock Inc	n/a	13G	22,342,539	7.54	-	12/31/2018	Investment Advisor	United States	New York City/Southern CT/Northern NJ
Elliott Management C	Elliott Management C	13F	21,945,000	7.41	-	12/31/2018	Hedge Fund Manager	United States	New York City/Southern CT/Northern NJ
FMR LLC	n/a	13G	18,697,463	6.31	-	12/31/2018	Investment Advisor	United States	Boston
T Rowe Price Group I	n/a	ULT-AGG	14,820,979	5	(3,076,725)	12/31/2018	Investment Advisor	United States	Baltimore
Wellington Management	n/a	13G	13,761,342	4.65	112,105	12/31/2018	Investment Advisor	United States	Boston
State Street Corp	n/a	ULT-AGG	13,129,518	4.43	(259,570)	12/31/2018	Investment Advisor	United States	Boston
LEON HESS ANNUITY TR	n/a	13G	10,079,037	3.4	-	12/31/2017	Trust	United States	Unclassified
Hotchkis and Wiley C	Hotchkis and Wiley C	13F	9,741,758	3.29	890,700	12/31/2018	Investment Advisor	United States	Los Angeles/Pasadena
JOMARCO LTD PART	n/a	13G	8,817,802	2.98	-	12/31/2017	Unclassified	United States	Unclassified
PRIMECAP Management	PRIMECAP Management	13F	8,293,035	2.8	8,069,208	12/31/2018	Investment Advisor	United States	Los Angeles/Pasadena
Barrow Hanley Mewhin	Barrow Hanley Mewhin	13F	6,563,894	2.22	2,284,770	12/31/2018	Investment Advisor	United States	Dallas/Ft. Worth
Hess Foundation Inc	n/a	13G	6,436,881	2.17	-	12/31/2017	Foundation	United States	New York City/Southern CT/Northern NJ
Invesco Ltd	n/a	ULT-AGG	6,055,469	2.04	(98,836)	12/31/2018	Investment Advisor	United States	Atlanta
UBS AG	n/a	ULT-AGG	6,033,278	2.04	(87,648)	2/13/2019	Investment Advisor	Switzerland	Zurich
BANK OF NEW YORK MEL	n/a	ULT-AGG	4,971,522	1.68	77,044	12/31/2018	Investment Advisor	United States	New York City/Southern CT/Northern NJ
Credit Suisse Group	n/a	ULT-AGG	4,189,870	1.41	251,860	12/31/2018	Investment Advisor	Switzerland	Zurich
Bank of America Corp	Bank of America Corp	13F	3,832,576	1.29	903,490	12/31/2018	Bank	United States	Charlotte
Goldman Sachs Group	n/a	ULT-AGG	3,661,020	1.24	2,157,485	2/15/2019	Investment Advisor	United States	New York City/Southern CT/Northern NJ
Government Pension I	Multiple Portfolios	MF-AGG	3,406,143	1.15	-	3/31/2018	Government	Japan	Tokyo

## ANALYST COVERAGE & RECOMENDATIONS

Firm Name	Analyst	Recommendation	Weighting	Δ	Target Price	Date	Date	BARR	1 Yr Rtn
Edward Jones	BRIAN YOUNGBERG	hold	3	M	Not Provided		2/13/2019	3	0
Mizuho Securities USA Inc	PAUL SANKEY	neutral	3	M	\$55.00	12 month	2/12/2019		
BMQ Capital Markets	PHILLIP JUNGWIRTH	market perform	3	M	\$55.00	Not Provided	2/11/2019	3	0
MKM Partners	John Gerdes	buy	5	M	\$68.00	Not Provided	2/11/2019		
Wolfe Research	JOSH SILVERSTEIN	peerperform	3	M	\$68.00	Not Provided	2/10/2019	3	0
Capital One Securities, Inc.	PHILLIPS JOHNSTON	underweight	1	M	\$38.00	Not Provided	2/8/2019	6	-28.42
Goldman Sachs	BRIAN SINGER	neutral/attractive	3	M	\$64.50	12 month	2/7/2019	3	0
Scotia Howard Weil Inc	PETER KISSEL	sector outperform	5	M	\$69.00	12 month	2/7/2019	1	28.42
J.P. Morgan	ARUN JAYARAM	underweight	1	M	\$57.00	9 month	2/7/2019	6	-28.42
Morningstar, Inc	DAVID MEATS	hold	3	M	\$61.00	Not Provided	2/7/2019	5	-18.88
Atlantic Equities LLP	BARRY MACCARTHY	neutral	3	M	\$60.00	12 month	2/7/2019	3	0
Zacks Investment Research	TEAM COVERAGE	hold	3	U	Not Provided		2/6/2019		
Barclays	PAUL CHENG	overweight	5	M	\$66.00	Not Provided	2/6/2019	2	25.09
Wells Fargo Securities	ROGER READ	outperform	5	M	\$79.00	Not Provided	2/4/2019	1	28.42
Societe Generale	JOHN HERRLIN	buy	5	M	\$58.00	12 month	1/31/2019	1	28.42
Morgan Stanley	DEVIN MCDERMOTT	Overwt/Attractive	5	M	\$63.00	12 month	1/31/2019		
Credit Suisse	WILLIAM FEATHERSTON	neutral	3	M	\$56.00	Not Provided	1/31/2019	3	0
Stephens Inc	GAIL NICHOLSON	equalweight	3	M	\$70.00	12 month	1/31/2019		
Evercore ISI	DOUGLAS TERRESON	in-line	3	M	Not Provided		1/31/2019	3	0
MUFG Securities Americas, Inc	MICHAEL MCALLISTER	overweight	5	M	\$67.00	12 month	1/31/2019	1	28.42
Raymond James	PAVEL MOLCHANOV	outperform	5	M	\$70.00	Not Provided	1/30/2019	1	28.42
Piper Jaffray	RYAN TODD	neutral	3	M	\$56.00	12 month	1/30/2019		
ISS-EVA	ANTHONY CAMPAGNA	overweight	5	M	Not Provided		11/10/2018	4	-9.71
Argus Research Corp	WILLIAM SELESKY	buy	5	M	\$78.00	Not Provided	11/5/2018	1	28.42
WhiteSand Research LLC	TEAM COVERAGE	undervalued	4	N	\$57.00	Not Provided	4/14/2017	1	28.42

Important disclosures: The information provided herein is believed to be reliable; however, EnerCom, Inc. makes no representation or warranty as to its completeness or accuracy. EnerCom's conclusions are based upon information gathered from sources deemed to be reliable. This note is not intended as an offer or solicitation for the purchase or sale of any security or financial instrument of any company mentioned in this note. This note was prepared for general circulation and does not provide investment recommendations specific to individual investors. All readers of the note must make their own investment decisions based upon their specific investment objectives and financial situation utilizing their own financial advisors as they deem necessary. Investors should consider a company's entire financial and operational structure in making any investment decisions. Past performance of any company discussed in this note should not be taken as an indication or guarantee of future results. EnerCom is a multi-disciplined management consulting services firm that regularly intends to seek business, or currently may be undertaking business, with companies covered on Oil & Gas 360®, and thereby seeks to receive compensation from these companies for its services. In addition, EnerCom, or its principals or employees, may have an economic interest in any of these companies. As a result, readers of EnerCom's Oil & Gas 360® should be aware that the firm may have a conflict of interest that could affect the objectivity of this note.