

Q3 2019 U.S. ENERGY CAPITAL MARKETS REVIEW

Highlights:

- \$40.6 billion raised from bonds & equity during 3Q19 in 51 industry-wide issuances compared with \$21.1 billion raised in 43 deals in 3Q18
- \$0.5 billion in industry-wide equity issuances through 5 offerings compared with \$2.4 billion in 11 equity offerings in 3Q18
- \$40.1 billion of bonds across 46 deals (boosted by \$13 billion raised by Oxy) compared with \$18.7 billion in 32 deals in 3Q18
- Upstream led with \$14.6 billion in bond issuances during the Quarter. Comparatively, the sector had raised \$8.6 billion in 3Q18
- Enverus tracked 27 new private equity commitments in 3Q19 with \$3.6 billion in commitments disclosed
- Chapter 11 filings accelerate among smaller E&P with filings by Alta Mesa, Sanchez, Halcon and others



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3Q19 U.S. Energy Capital Markets

(Equity, IPOs, Bonds, Credit Facilities & PE)

Quarterly Takeaways & Observations

▪ Key Takeaways

- \$40.1 billion capital raised through bond offerings was the highest quarterly total since 2015.
- Upstream focused Wildfire Energy I LLC received \$1 billion in equity commitments from Warburg Pincus and Kayne Anderson and its management team.

▪ Facts & Figures

- \$40.6 billion aggregate equity and debt raised in 3Q19, up 141% from 2Q19 and 92% YOY.
- \$0.5 billion in equity in 3Q19, down 85% sequentially and 79% YOY.
- \$40.1 billion in debt offerings in 3Q19, up 198% from 2Q19 and 114% YOY.
- \$46.9 billion in borrowings, launched or amended, in 3Q19 across 56 credit facility agreements, down 29% from 2Q19 and 6% YOY.

▪ Bankers & Market Share

- Most active participant, JP Morgan, participated in 60% of all offerings in 3Q19 including 91% of bond offerings.
- JP Morgan was also the most active lender participating in 57% of all 3Q19 credit facilities. However, Wells Fargo had the largest aggregate share by deal amount with \$2.5 billion.



Upstream Markets (Capital Markets)

Quarterly Takeaways & Observations



- 3Q19 saw upstream debt and equity markets combine for \$15 billion in the quarter. That was up 573% QOQ – driven primarily by Oxy's \$13 billion bond offering.
- With \$449 million issued, upstream equity markets remained largely closed. The bulk of value came from a \$300 million SPAC offering by former RSP executives.
- \$14.6 billion was raised through 13 upstream bond issuances, up 70.3% from 3Q18.
- Occidental Petroleum accounted for \$13 billion in debt offerings in 3Q19 to finance its Anadarko acquisition.
- \$17.5 billion in upstream credit facilities launched or amended in 3Q19.
- Upstream was the second most active sector in new private equity capital raises bringing in 6 commitments. This included a disclosed \$1.2 billion of capital raised from 4 commitments.

Midstream and Downstream Markets (Capital Markets)

Quarterly Takeaways & Observations

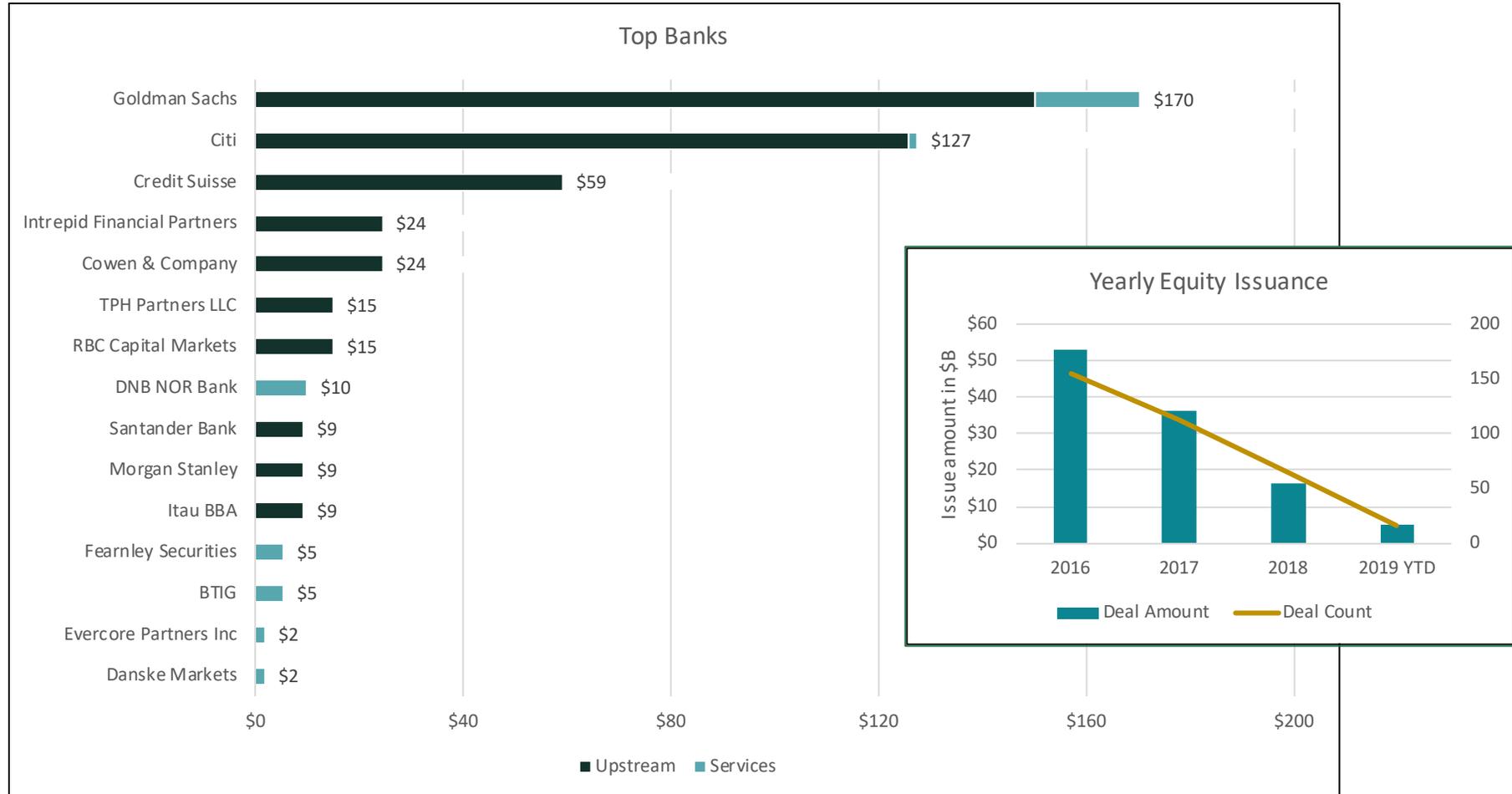


- Midstream companies raised \$9.7 billion in debt offerings across 14 deals. That is 164% higher than \$3.65 billion in debt raised through 7 deals in 3Q18.
- Downstream raised \$1.83 billion in bond issuances during 3Q19. This was the sector's first bond issuance of 2019.
- MPLX LP had the largest bond issuance at \$2 billion, through two tranches of \$1 billion each.
- Nearly \$22.2 billion in credit facilities were launched or amended in 3Q19.
- Midstream and Downstream did not raise any equity during 3Q19.
- Downstream focused Triten Energy Partners received \$150 million in equity commitments from Tailwater Capital LLC. UL Water Midstream LLC was the only newly formed PE backed Midstream company during the quarter.

3Q19 Top Equity Market Advisors & Facilitators

Goldman Sachs leads in a down market for energy equity offerings

Equity Markets (Issue amount in \$ millions)



2016-2019 YTD U.S. Equity Issuance Value by Quarter

Equity value falls 85% QOQ after a brief increase during 2Q19

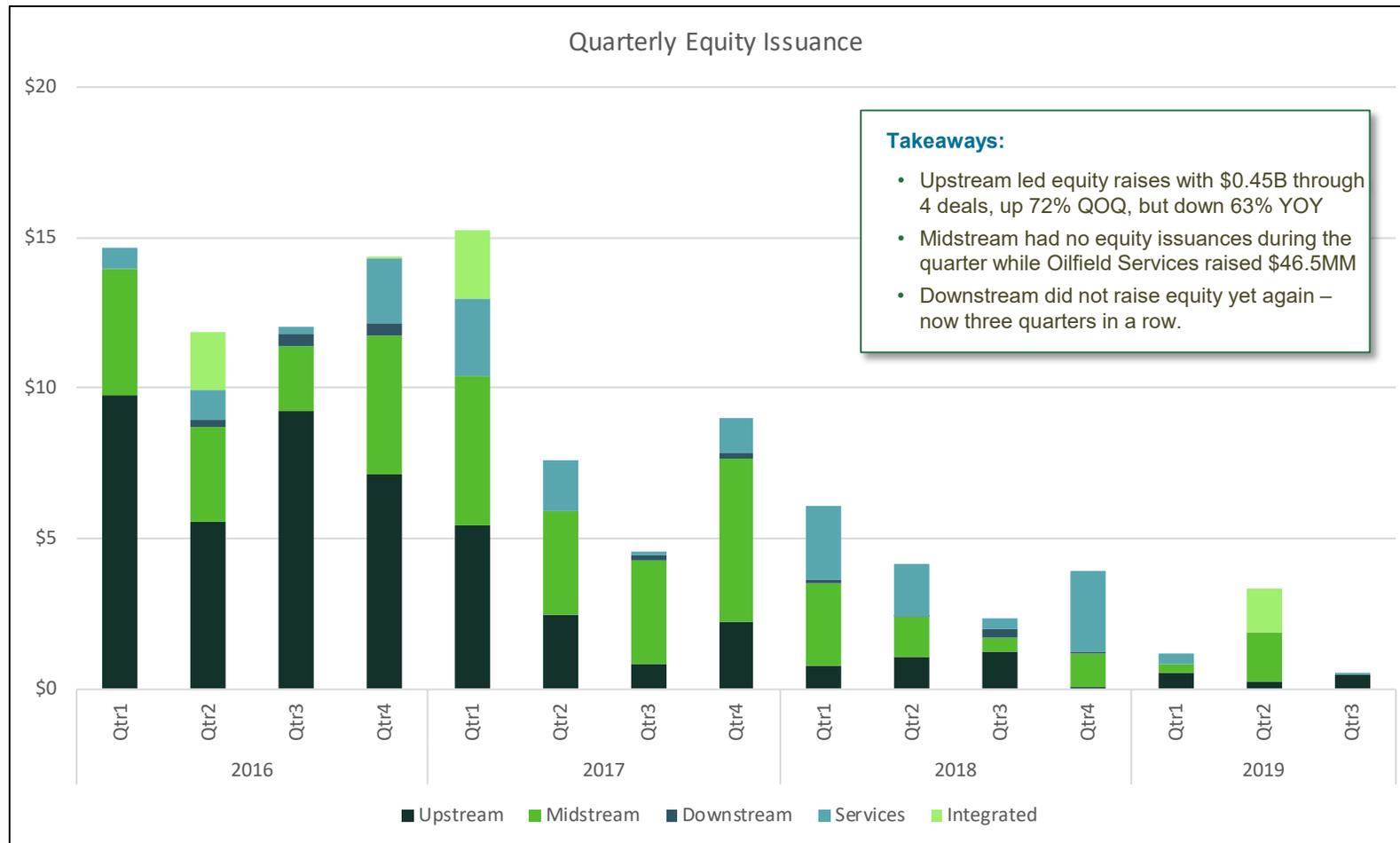
Equity Markets (Issue amount in \$ billions)

	Upstream	Midstream	Downstream	Services	Integrated	Grand Total
2016						
Qtr1	\$9.76	\$4.18	\$0.00	\$0.74	\$0.00	\$14.68
Qtr2	\$5.58	\$3.14	\$0.24	\$0.95	\$1.96	\$11.86
Qtr3	\$9.22	\$2.19	\$0.40	\$0.26	\$0.00	\$12.07
Qtr4	\$7.13	\$4.64	\$0.39	\$2.16	\$0.05	\$14.37
Total	\$31.69	\$14.15	\$1.02	\$4.11	\$2.01	\$52.98
2017						
Qtr1	\$5.43	\$4.94	\$0.00	\$2.60	\$2.26	\$15.23
Qtr2	\$2.49	\$3.43	\$0.00	\$1.67	\$0.00	\$7.59
Qtr3	\$0.79	\$3.47	\$0.20	\$0.09	\$0.00	\$4.55
Qtr4	\$2.20	\$5.47	\$0.15	\$1.20	\$0.00	\$9.01
Total	\$10.91	\$17.32	\$0.35	\$5.54	\$2.26	\$36.38
2018						
Qtr1	\$0.78	\$2.71	\$0.12	\$2.46	\$0.00	\$6.07
Qtr2	\$1.06	\$1.33	\$0.04	\$1.73	\$0.00	\$4.16
Qtr3	\$1.22	\$0.50	\$0.29	\$0.36	\$0.00	\$2.36
Qtr 4	\$0.07	\$1.12	\$0.06	\$2.69	\$0.00	\$3.93
Total	\$3.12	\$5.66	\$0.51	\$7.24	\$0.00	\$16.52
2019						
Qtr1	\$0.53	\$0.32	\$0.00	\$0.31	\$0.00	\$1.16
Qtr2	\$0.26	\$1.60	\$0.00	\$0.00	\$1.50	\$3.36
Qtr3	\$0.45	\$0.00	\$0.00	\$0.05	\$0.00	\$0.50
Total	\$1.24	\$1.92	\$0.00	\$0.36	\$1.50	\$5.02
Grand Total	\$46.96	\$39.05	\$1.87	\$17.25	\$5.76	\$110.89

U.S. Equity Deals by Quarter 1Q16 to 3Q19

Equity during 3Q19 was the lowest in over a decade as investors bail on E&P space

Equity Markets (Issue amount in \$ billions)



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