



Figure 128: SM Energy Financial Summary

Issue	Rating	Maturity	HC Date	HC Price
6.125% Senior Notes due 2019	Baa2(Stable/BBB) (Fro)	15-Feb-19	15-Feb-15	\$103.31
6.500% Senior Notes due 2021	Baa2(Stable/BBB) (Fro)	15-Nov-21	15-Nov-16	\$103.25
6.125% Senior Notes due 2022	Baa2(Stable/BBB) (Fro)	15-Nov-22	15-Nov-16	\$103.06
6.500% Senior Notes due 2025	Baa2(Stable/BBB) (Fro)	1-Jun-25	1-Jul-17	\$103.25
5.500% Senior Notes due 2024	Baa2(Stable/BBB) (Fro)	15-Jan-24	15-Jul-16	\$102.50

\$ Mn	Q3 '13	Q4 '13	Q1 '14	Q2 '14	Q3 '14	LTM	2011	2012	2013
Revenue	620	609	633	612	624	2,538	1,403	1,528	2,201
Realized Hedging Gain / (Loss) - Cash Flow Hedges	(3)	-	-	-	-	-	(2)	4	(2)
Net Revenue	617	609	633	612	624	2,538	1,381	1,532	2,199
Operating Costs	213	222	207	222	226	878	476	561	628
Realized Hedging Gain / (Loss)	(3)	9	(28)	(24)	(3)	(54)	(26)	(4)	(2)
EBITDA with Hedges	405	396	397	417	398	1,608	879	1,016	1,499
DDA	199	203	177	188	183	751	511	728	623
EBIT	206	193	220	229	215	857	367	288	635
Interest	24	25	24	24	23	95	45	64	90
EBIT (incl others)	182	168	196	205	192	761	321	224	546
Other (Income)/Expense	61	19	90	116	(150)	15	(216)	111	79
One-time charges	11	123	1	(7)	9	138	201	198	167
EBIT (incl others)	113	16	164	96	334	960	339	264	279
Taxes	42	9	38	36	128	208	124	(298)	108
Net Income	71	7	66	60	206	341	215	(29)	171
LTM EBITDA with Hedges	1,367	1,459	1,532	1,514	1,509	1,608	879	1,016	1,499
LTM EBITDA without Hedges	1,343	1,430	1,552	1,589	1,581	1,601	924	967	1,430
Actual WTI Crude (\$/bbl)	95.00	97.61	97.61	103.00	97.25	98.87	95.18	91.00	84.43
Actual Henry Hub Natural Gas (\$/mcf)	3.75	3.85	4.72	4.58	3.95	4.28	4.02	2.94	3.78
Key Production Data									
Company Natural Gas production (mmcf)	28,465	23,496	25,541	21,985	25,558	148,580	99,713	120,034	149,547
Realized Natural Gas Price (\$/mcf)	4.33	4.27	4.64	4.51	4.44	4.51	4.80	3.48	4.14
Company Oil Production (MMbbl)	3,627	3,754	3,854	3,895	4,022	15,304	8,928	10,379	13,939
Realized Oil Price (\$/bbl)	92.78	99.12	87.11	86.80	86.44	86.56	78.99	83.52	88.90
Company NGL Production (MMbbl)	2,536	2,898	2,689	2,556	2,163	12,128	3,471	6,158	9,512
Realized NGL Price (\$/bbl)	34.50	31.34	25.78	25.59	35.47	36.26	47.90	39.90	36.98
Total Equivalent Produced (mcf)	76,605	74,035	74,794	68,285	79,884	313,154	188,707	219,015	280,508
Total Equivalent Realized (\$/mcf)	1.63	1.59	1.94	1.73	1.64	1.77	1.66	1.56	1.65
Total Equivalent Produced (boe)	12,768	13,234	12,467	13,380	13,112	52,192	28,116	36,503	48,242
Total Equivalent Realized (\$/boe)	47.00	45.56	47.62	46.40	47.04	46.64	45.46	41.72	45.92
Revenue & Operating Margins per Boe									
Realization	\$47.00	\$45.56	\$47.62	\$46.40	\$47.04	\$46.64	\$45.46	\$41.72	\$45.92
Lifting Costs	\$12.45	\$12.20	\$13.13	\$13.27	\$13.61	\$13.08	\$10.22	\$10.34	\$12.35
OGA	\$2.66	\$3.63	\$2.91	\$2.65	\$3.16	\$3.12	\$4.22	\$3.26	\$3.08
COGA	\$15.33	\$15.31	\$14.22	\$14.03	\$13.98	\$14.29	\$18.19	\$19.94	\$17.03
Operating Income	\$16.66	\$14.33	\$17.46	\$16.26	\$16.27	\$16.06	\$12.78	\$7.76	\$13.45
Interest	\$1.92	\$1.85	\$1.94	\$1.81	\$1.75	\$1.83	\$2.01	\$2.08	\$1.88
Sgt (incl FSD) (in acc)	\$14.42	\$11.59	\$11.69	\$11.99	\$11.69	\$11.69	\$11.50	\$14.42	\$11.68
Sgt (incl FSD) (incl acc)	\$13.43	\$10.70	\$10.70	\$10.70	\$10.70	\$10.70	\$10.57	\$13.43	\$10.70
Full cycle costs	\$31.44	\$29.46	\$29.87	\$29.60	\$30.20	\$29.71	\$34.54	\$30.82	\$28.99
Free Cash Flow:									
EBITDA with Hedges	405	396	397	417	398	1,608	879	1,016	1,499
Current Taxes	(3)	9	(28)	(24)	(3)	(54)	(26)	(4)	(2)
Total Taxes	(3)	9	(28)	(24)	(3)	(54)	(26)	(4)	(2)
Total Capex	(387)	(432)	(362)	(427)	(339)	(1,790)	(1,633)	(1,500)	(1,654)
Change in Net Working Capital	28	(18)	(2)	27	(7)	(23)	(4)	1	15
Cash Available for Debt Service	58	(47)	(9)	27	(13)	(119)	(192)	(148)	(96)
Interest (Excl. Capitalized Interest)	24	11	28	10	32	90	22	51	71
Free Cash Flow	31	(60)	(44)	17	(192)	(260)	(814)	(632)	(161)
Disposal of Assets	0	434	2	45	(280)	86	305	55	425
Free Cash Flow Incl Asset Sales	31	347	(42)	62	(647)	(181)	(480)	(470)	234
Balance Sheet Data									
Cash	0	282	238	194	0	0	119	6	282
Debt									
Senior Notes & Other	1,600	1,600	1,600	1,600	1,600	1,600	985	1,100	1,600
Credit Facilities	25	-	-	-	290	280	-	540	-
Long Term Debt	1,625	1,600	1,600	1,600	1,890	1,880	985	1,640	1,600
Key Growth Statistics									
Revenue Growth (Including Realized Hedging Gain)	55%	37%	22%	15%	7%	17%	4%	16%	45%
Production Growth	34%	31%	21%	13%	3%	15%	5%	30%	32%
LTM Credit Statistics									
EBITDA/Cash Interest (incl. Capitalized Interest)	16.9x	11.8x	16.6x	18.4x	17.2x	17.3x	28.7x	18.0x	17.8x
Sr. Sec. Debt EBITDA	0.0x	-	-	-	0.2x	0.2x	-	0.3x	-
Debt/EBITDA	1.2x	1.1x	1.0x	1.0x	1.2x	1.2x	1.1x	1.4x	1.1x
Net Debt/EBITDA	1.2x	0.9x	0.9x	0.9x	1.2x	1.2x	1.0x	1.4x	0.9x
Debt/Proved Reserves (\$/mcf)	\$0.92	\$0.52	\$0.62	\$0.52	\$0.77	\$0.77	\$0.78	\$0.82	\$0.63
Debt/Proved Developed Reserves (\$/mcf)	\$1.63	\$1.28	\$1.28	\$1.28	\$1.59	\$1.59	\$1.17	\$1.44	\$1.28

Liquidity Capitalization	Q3 '14	FF (1)
Cash & Marketable Securities	0	195
Credit Agreement due April 2015 ⁽¹⁾	509	1,499
Less Short-term Debt	-	-
Liquidity	509	1,694
Capitalization	Q3 '14	FF (1)
Credit Agreement due July 2015	500	-
6.125% Senior Notes due 2019	350	350
6.500% Senior Notes due 2021	350	350
6.125% Senior Notes due 2022	-	609
6.500% Senior Notes due 2023	400	400
5.500% Senior Notes due 2024	500	500
Total Debt	1,900	2,209
Plus: Market Cap	2,472	2,472
Plus: Preferred Stock & Minority Interest	-	-
Less: Cash	(3)	(195)
Enterprise Value	4,469	4,477
EV/EBITDA	2.7x	2.7x
FF Net Debt/EBITDA ⁽²⁾	1.2x	1.2x
FF Total Debt/EBITDA ⁽²⁾	1.3x	1.3x

Company Description: SM Energy is involved in acquisition, exploration, development and production of crude oil, natural gas and related liquids in onshore North America. The company has FF 13 reserves of 2.6T de and production of 795-mcf/d with 45% liquids.

Debt Maturity	FF 14	FF 15	FF 16+
	-	-	1,900

Reserve Description	2011	2012	2013
P Reserves - Flat Gas (mcf)	654,900	633,400	1,169,300
P Reserves - Liquids (MMbbl)	90,200	154,600	250,500
P Nat. Gas Equivalent (mcf)	1,259,200	1,761,000	2,572,300
% On	57%	47%	48%
% Proved Developed	87%	57%	49%
Reserve Life (Years)	7.5	8.0	8.9
Reserve Replacement (All In)	317%	262%	418%
Reserve Replacement (Oil Eq)	332%	309%	474%
PV of Reserves (Disc)	3,601	3,869	5,528
Hedges			
2011E	0.7%	1.6%	0.01
2015E	54%	8.6%	0.01
Regions			
Mid Continent			
Rocky Mountain			
Pennan.			
South Texas & Gulf coast			

(1) FF 14 includes 0.8 T of 725% of FF 14 with proceeds used to repay revolver and 325MM increase to revolver to \$1.5B
 (2) Availability includes \$1M of letter of credit outstanding
 (3) EBITDA FF Excl. amortization of intangible assets during Q4 '13 and acquisition of \$105M of Wabaton assets during Q4 '14

Source: Deutsche Bank, Company data