Occidental Petroleum Announces 3rd Quarter 2018 Results

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- Highest reported and core earnings per share since portfolio optimization in 2014
- $2.6 billion cash flow from operations before working capital exceeded capital expenditures and dividends by $700 million
- Continued record earnings in Chemical and Marketing businesses
- Share repurchases of $887 million
- Increased cash balance to $3.0 billion
- Sold non-core midstream assets for $2.6 billion
- Permian Resources production of 225,000 BOE per day, up 60 percent year-over-year increase

HOUSTON – November 5, 2018 – Occidental Petroleum Corporation (http://www.oxy.com) (NYSE:OXY) today announced net income for the third quarter of 2018 of $1.9 billion, or $2.44 per diluted share, which included an after-tax gain on the sale of domestic midstream assets of approximately $700 million. Core income for the third quarter of 2018 was $1.4 billion, or $1.77 per diluted share.

“We delivered an exceptional quarter both financially and operationally with the highest earnings per share since our portfolio optimization. Our operating cash flow before working capital of $2.6 billion exceeded capital expenditures and dividends by $700 million, and we returned $1.5 billion to our shareholders. All of our business segments exceeded key performance targets through production growth in the most profitable areas, lower unit costs and better price realizations,” said President and Chief Executive Officer Vicki Hollub. “Our relentless focus remains on allocating free cash flow to investments with the highest returns across our integrated business and returning capital to shareholders through our dividend and share repurchases.”

QUARTERLY RESULTS

Oil and Gas

Oil and gas pre-tax income for the third quarter of 2018 was $767 million, compared to $780 million for the prior quarter. Occidental recorded an impairment charge of $196 million in the third quarter of 2018 as a result of Qatar Petroleum’s decision to take over operatorship and ownership of the Idd El-Shargi North Dome offshore field in
Qatar upon the contract expiration in October 2019. Excluding the impairment charge, oil and gas pre-tax income was $963 million. The improvement in third quarter core income, compared to the prior quarter, reflected higher sales volumes across all products.

Total average daily production volumes were 681,000 barrels of oil equivalent (BOE) for the third quarter of 2018, compared to 639,000 BOE in the second quarter of 2018. Permian Resources average daily production volumes improved from the prior quarter by 24,000 BOE, or 12 percent, to 225,000 BOE in the third quarter of 2018, due to improved well performance and development activity. Compared to the third quarter of 2017, Permian Resources production increased by over 60 percent. International average daily volumes increased by 16,000 BOE in the third quarter of 2018, compared to the second quarter of 2018, largely due to the successful debottlenecking and expansion of capacity, as well as improved plant performance at Al Hosn Gas.

For the third quarter of 2018, average WTI and Brent marker prices were $69.50 per barrel and $75.97 per barrel, respectively. Average worldwide realized crude oil prices were $62.67 per barrel for the third quarter of 2018, which was flat compared to the second quarter of 2018.

**Chemical**

The Chemical segment had another quarter of record earnings. Chemical pre-tax income for the third quarter of 2018 was $321 million, above guidance of $315 million. Compared to the second quarter of 2018 earnings of $317 million, third quarter earnings were relatively flat despite vinyl margins coming under pressure from higher ethylene costs resulting from significant increases in ethane costs. Export caustic soda demand helped offset the decline in vinyl margins.

**Midstream and Marketing**

Midstream and marketing pre-tax income for the third quarter of 2018 was $1.7 billion, compared to $250 million for the prior quarter. In September 2018, Occidental closed on the sale of certain domestic midstream assets for total consideration of $2.6 billion, of which approximately $2.4 billion was received at closing, resulting in a pre-tax net gain on sale of approximately $900 million. These assets include the Centurion common carrier oil pipeline and storage system, the Southeast New Mexico oil gathering system and the Ingleside Crude Terminal. Occidental retains its long-term flow assurance, pipeline takeaway and export capacity through its retained marketing business. Excluding the gain on sale, midstream pre-tax income from the third quarter of 2018 was $796 million. The increase in third quarter income reflected record earnings in the marketing business as it earned higher marketing margins from improved crude oil spreads. Including the marketing margin from crude oil spreads between Midland and the Gulf Coast, Occidental’s average domestic realized crude oil prices were more than $67.00 per barrel in the third quarter of 2018.

**About Occidental Petroleum**

Occidental Petroleum Corporation (http://www.oxy.com) is an international oil and gas exploration and production company with operations in the United States, Middle East and Latin America. Headquartered in Houston, Occidental is one of the largest U.S. oil and gas companies, based on equity market capitalization. Occidental’s midstream and marketing segment gathers, processes, transports, stores, purchases and markets hydrocarbons
and other commodities. The company’s wholly owned subsidiary OxyChem manufactures and markets basic chemicals and vinyls. Occidental posts or provides links to important information on its website at www.oxy.com (http://www.oxy.com).

**Forward-Looking Statements**

Portions of this press release contain forward-looking statements and involve risks and uncertainties that could materially affect expected results of operations, liquidity, cash flows and business prospects. Actual results may differ from anticipated results, sometimes materially, and reported results should not be considered an indication of future performance. Factors that could cause results to differ include, but are not limited to: global commodity pricing fluctuations; supply and demand considerations for Occidental’s products; higher-than-expected costs; the regulatory approval environment; not successfully completing, or any material delay of, field developments, expansion projects, capital expenditures, efficiency projects, acquisitions or dispositions; uncertainties about the estimated quantities of oil and natural gas reserves; lower-than-expected production from development projects or acquisitions; exploration risks; general economic slowdowns domestically or internationally; political conditions and events; liability under environmental regulations including remedial actions; litigation; disruption or interruption of production or manufacturing or facility damage due to accidents, chemical releases, labor unrest, weather, natural disasters, cyber-attacks or insurgent activity; failure of risk management; changes in law or regulations; reorganization or restructuring of Occidental’s operations; or changes in tax rates. Words such as “estimate,” “project,” “predict,” “will,” “would,” “should,” “could,” “may,” “might,” “anticipate,” “plan,” “intend,” “believe,” “expect,” “aim,” “goal,” “target,” “objective,” “likely” or similar expressions that convey the prospective nature of events or outcomes generally indicate forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this release. Unless legally required, Occidental does not undertake any obligation to update any forward-looking statements, as a result of new information, future events or otherwise. Material risks that may affect Occidental’s results of operations and financial position appear in Part I, Item 1A “Risk Factors” of Occidental’s Annual Report on Form 10-K for the year ended December 31, 2017.
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