

THE FOREIGN PRACTICE OF LARGE MERGER & ACQUISITIONS TRANSACTIONS IN THE STOCK MARKET SECTOR OF THE OIL AND GAS INDUSTRY

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Abstract

Subject. This article analyzes 12 major M&A deals in the stock market sector of the oil and gas industry in 2000–2019. Industry indicators are measured on the basis of data from ExxonMobil, Chevron, ConocoPhillips, Occidental Petroleum, Devon Energy, Anadarko Petroleum, EOG Resources, Apache, Marathon Oil, Imperial Oil, Suncor Energy, Husky Energy, Canadian Natural Resources, Royal Dutch Shell, BP, TOTAL, Eni, Equinor (Statoil), PetroChina, Sinopec, CNOOC, Petrobras, PJSC Gazprom, PJSC NK Rosneft and PJSC LUKOIL.

Objectives. The article aims to examine the terms of M&A deals in the oil and gas stock market sector, as well as analyze the change and determine the current level of premium for control over equity capital in relation to market capitalization, and evaluate the consequences of concluded deals for the market capitalization of companies.

Methods. For the study, I used the methods of comparative, financial and economic analyses, summarizing financial reporting data.

Results. The article finds that market capitalization is the main benchmark for mergers and acquisitions in the stock market sector of the oil and gas industry, but the difference between the market valuation of assets and liabilities can also be used. An increase in the level of premium for capital control is noted in the industry, which exceeded half of the market capitalization. Thus, the least acceptable combination of conditions for entering into agreements is the totality of factors, such as high oil prices, commensurate capitalization of companies, cash compensation for equity capital and a high premium for control. On the contrary, transactions that took place during a period of low oil quotations with compensation in the form of shares had the most favorable effect on subsequent market capitalization.

Conclusions and Relevance. It is necessary to pay close attention to the terms of mergers and acquisitions, in particular the control premium, as well as carefully calculate all the possible consequences of agreements concluded in the stock market sector of the oil and gas industry. The findings can help appraise the value of oil and gas assets as part of a comparative approach and decide on actions for raising the market capitalization of publicly traded oil and gas corporations.

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Introduction

The established world practice of concluding large mergers and acquisitions (M&A) is of considerable interest for determining the specifics of the valuation of equity capital in the stock market sector of the oil and gas industry [1]. Undoubtedly, such data allow us to establish the industry-specific level of premium [2] paid by investors to shareholders for control over a company, as well as other key parameters of transactions [3]. Moreover, it becomes possible to assess the consequences of implemented agreements over time [4].

Largest overseas oil and gas M&A deals

Undoubtedly, PJSC NK Rosneft has loudly declared itself, but foreign oil and gas companies have also noted a number of rather large-scale M&A deals in the world in this century. The earliest of these in time is the merger of Chevron and Texaco. Of course, the deal itself was announced back in the 20th century, on October 16, 2000¹. Nevertheless, the merger itself was technically completed only on October 10, 2001, and therefore was included in this list. The merged ChevronTexaco marked another major deal, announcing its takeover of Unocal just a few years later on April 4, 2005. In addition, the corporation regained its former name Chevron on May 9, 2005, and all formalities for the announced acquisition were closed on August 10².

Next, mention should be made of the merger of Conoco and Phillips Petroleum into ConocoPhillips announced on November 18, 2001³. The merger was completed on August 30, 2002. ConocoPhillips announced its takeover of Burlington Resources a few years later, on December 12, 2005⁴. The specified transaction entered into force on March 31, 2006.

In addition, it is necessary to note the formal merger of Royal Dutch Petroleum and Shell Transport and Trading, which became known on October 28, 2004⁵. Indeed, these corporations merged as early as 1907 to form the Royal Dutch/Shell Group of Companies. Royal Dutch Petroleum held a 60% stake in the group of companies, while Shell Transport and Trading held the remaining 40% stake prior to the merger. Moreover, consolidated financial statements were published, although the shares of each company were independently traded on different exchanges. Meanwhile, the values of the market capitalization of corporations were in almost the same ratio as the shares in a single group of companies long before the merger. Therefore, completed on August 9, 2005 merger

¹ Form 10-K Annual Report for the Fiscal Year Ended December 31, 2001. Chevron Corporation.
URL: <https://chevroncorp.gcs-web.com/static-files/62367220-1696-4e29-a129-3058b83d30a6>

² Form 10-K Annual Report for the Fiscal Year Ended December 31, 2005. Chevron Corporation.
URL: <https://chevroncorp.gcs-web.com/static-files/ee6693c7-9bdd-4ce7-98ed-6f90ed67161b>

³ Form 10-K Annual Report for the Fiscal Year Ended December 31, 2002. ConocoPhillips Company.
URL: <https://www.sec.gov/Archives/edgar/data/1163165/000095012903001563/h03367e10vk.txt>

⁴ Form 10-K Annual Report for the Fiscal Year Ended December 31, 2006. ConocoPhillips Company.
URL: https://www.sec.gov/Archives/edgar/data/1163165/000110465907013338/a07-4741_110k.htm

⁵ Annual Report on Form 20-F 2005. Shell plc.
URL: https://www.shell.com/about-us/annual-publications/annual-reports-download-centre/_jcr_content/par/tabbedcontent_f645/tab_1886924383/textimage.stream/1509452634403/0486d295fb890b0d3641b33145119f7edb4107e4/annual-report-and-form-20-f-2005.pdf

was the culmination of an almost century-long process of merging Royal Dutch Petroleum and Shell Transport and Trading.

In addition, it is worth remembering the Anadarko Petroleum acquisition of Kerr-McGee and Western Gas Resources, which was announced on June 23, 2006⁶. The deal to buy Kerr-McGee was closed on August 10, and Anadarko Petroleum finally acquired Western Gas Resources on August 23. Undoubtedly, similar deals also include announced on December 18, 2006 and completed on October 1, 2007⁷ merger of Statoil and Norsk Hydro and concluded on March 22, 2009 and fully implemented by August 1 of the same year⁸ Suncor and Petro-Canada merger. Moreover, a major event was signed on December 14, 2009 and closed on June 25, 2010⁹ by ExxonMobil deal to purchase a fairly large gas company XTO Energy.

CNOOC took over the Canadian company Nexen several years later. The agreement was concluded on July 23, 2012, but came into force only on February 26, 2013¹⁰. The same list also includes the acquisition by Royal Dutch Shell of the British gas company BG Group, which became known on April 8, 2015 and was fully completed on February 15, 2016¹¹. To date, the final major overseas deal was the takeover by Occidental Petroleum of its direct competitor in the US oil and gas industry, Anadarko Petroleum, which was announced on April 24, 2019 and completed on August 8, 2019¹². It is important that the amount of the deal exceeded the proposal submitted by Chevron on April 11.

Key parameters of concluded deals

Undoubtedly, in addition to the chronological sequence of the conclusion of agreements and the type of these transactions, of direct interest are those conditions of compensation for shares [5], which are accepted by the shareholders of the acquired or merged companies. In addition, an overall assessment of the share capital of the acquired corporation and each of the merging companies is important. Comparison of these data with the market capitalization of the oil and gas corporations themselves the day before the announcement of the deal allows us to judge the level of the control premium paid to shareholders of one of the parties to the signed agreement (*Table 1*).

⁶ Form 10-K Annual Report for the Fiscal Year Ended December 31, 2006. Anadarko Petroleum.
URL: <https://www.sec.gov/Archives/edgar/data/773910/000119312507042294/d10k.htm>

⁷ Annual Report on Form 20-F 2007. Equinor ASA.
URL: <https://www.equinor.com/content/dam/statoil/documents/annual-reports/2007/statoil-annual-report-20f-2007.pdf>

⁸ 2009 Annual Report. Suncor Energy Inc.
URL: <https://sustainability-prd-cdn.suncor.com/-/media/project/suncor/files/investor-centre/annual-report-2009/2009-suncor-energy-annual-report-2009-en.pdf>

⁹ Annual Report on Form 20-F 2010. Exxon Mobil Corporation.
URL: <https://www.sec.gov/Archives/edgar/data/34088/000119312511047394/d10k.htm>

¹⁰ Form 20-F Annual Report for the Fiscal Year Ended December 31, 2013. CNOOC Limited.
URL: https://www.sec.gov/Archives/edgar/data/1095595/000095010314002737/dp45516_20f.htm

¹¹ Annual Report and Form 20-F 2016. Shell plc.
URL: https://reports.shell.com/annual-report/2016/servicepages/downloads/files/entire_shell_ar16.pdf

¹² Form 10-K Annual Report for the Fiscal Year Ended December 31, 2019. Occidental Petroleum Corporation.
URL: <https://occidentalpetroleum.gcs-web.com/static-files/1ccfc459-a23f-490c-9600-545ce526f61d>

It is noteworthy that the majority of M&A deals in the stock market sector of the oil and gas industry have been concluded between US corporations since the turn of the century. Moreover, acquisitions prevailed over mergers. Thus, a series of acquisitions followed immediately after several major mergers and was interrupted by the mergers of Statoil with Norsk Hydro and Suncor with Petro-Canada.

There are also certain trends in the level of the premium provided for control over the share capital compared to the market capitalization of the company on the eve of the deal. It is quite natural that the premium for control in mergers was due to corporations with a lower market value of capital. Also noteworthy is the fact that until 2005 the control premium was often absent or was not so significant in large industry transactions. The situation began to change already in 2006, which is confirmed by a noticeable increase in the level of premiums for control over equity capital.

Of course, the type of compensation for shares is also a significant factor in such transactions. Thus, all large mergers took place purely due to the redistribution of the share capital of the newly formed corporation among the shareholders of the merged companies in a certain proportion.

Meanwhile, acquisitions are already characterized by a wide variety of types of compensation. Only in the case of the deal between ExxonMobil and XTO Energy was the refund through stock alone, which almost blurs the line between such a takeover and conventional mergers. In contrast, acquisitions by Anadarko Petroleum and CNOOC were carried out on a cash-only basis. All other agreements included a combination of cash and shares. The cash consideration in the ChevronTexaco-Unocal deal accounted for approximately \$ 4,147 million, or about 25% of the total equity valuation. The cash component of the acquisition of Burlington Resources under the terms of the agreement for ConocoPhillips cost \$ 17,452 million, or more than 57.2% of the total valuation, which significantly increased the debt component in the company's total capital. Royal Dutch Shell's acquisition of BG Group included a cash consideration of \$ 19,368 million, or nearly 28% of the total valuation, adding to the company's debt burden. The final agreement between Occidental Petroleum and Anadarko Petroleum provides for a cash consideration of \$ 28,875 million, or almost 75% of the total assessed amount.

It is important to emphasize that the management of oil and gas companies themselves are guided by market capitalization [7] when concluding transactions. Indeed, official statements regarding signed agreements usually indicate the size of the premium to the market value of the company in which shareholders lose control over capital. It was only during the acquisition of Kerr-McGee and Western Gas Resources that Anadarko Petroleum's management substantiated the control premium by the difference between the company's capitalization and the market valuation of assets minus liabilities. Of course, the rather high level of the control premium is a reflection of the imbalances that have arisen in the stock market sector of the oil and gas industry between capitalization, as well as market and balance sheet valuation of assets. It turns out that oil and gas assets have been very seriously underestimated according to the position of investors and company management since the mid-2000s [8].

Consequences of concluded transactions

Of course, the oil and gas industry has started to experience significant changes since the 2000s. Thus, there has been an increase in oil quotations after a period of relatively low oil prices. Nevertheless, the average annual prices for WTI crude oil remained mainly in the range of USD 25–30 per barrel in 2000–2003 (*Table 2*).

The indicated time interval was characterized by only a slight final increase in the average market capitalization indicator for the 25 leading publicly traded companies in the industry (*Table 3*). It should be noted that the mergers of Chevron with Texaco and Conoco with Phillips Petroleum concluded at that time did not lead to deterioration in the market valuation of the combined companies against the background of key competitors and the industry as a whole.

Then oil quotes rushed upward, which led to a rather tangible increase in the market capitalization of the industry. This trend continued until the onset of the global financial crisis. Meanwhile, even the then formal merger of Royal Dutch Petroleum and Shell Transport and Trading did not result in a subsequent commensurate increase in Royal Dutch Shell's market capitalization. The takeover of Unocal also resulted in ChevronTexaco's market valuation not surpassing its major competitors in terms of growth. The acquisition of Burlington Resource resulted in a major shock for ConocoPhillips, which further led to the removal of all refining assets from the corporation and the formation of a publicly traded company Phillips 66 on their basis.

Nevertheless, management, owners and investors were counting on further growth in the capitalization of the oil and gas sector in such favorable conditions that it allowed raising the bar for capital control premiums when concluding deals. However, the restructuring of Anadarko Petroleum's business, triggered by the takeover of Kerr-McGee and Western Gas Resources, has also had a negative impact on market capitalization. It is precisely the consequences of these acquisitions, which Anadarko Petroleum have not overcome even over a decade, largely contributed to the subsequent takeover of the company. The deal on the merger of Statoil and Norsk Hydro turned out to be relatively successful in terms of market valuation.

It is also noteworthy that the global financial crisis did not lead to a decrease in the high industry level of the capital control premium. Indeed, oil prices began to rise again since 2009, and the period of high oil prices lasted until October 2014. However, the takeovers concluded at the time also did not contribute to a commensurate increase in market valuation. Only the merger of Suncor and Petro-Canada was relatively successful and helped to overcome the consequences of the capitalization collapse, which became one of the largest for the company against the background of other leading publicly traded corporations in the oil and gas industry.

The BG Group takeover agreement was signed by Royal Dutch Shell during a protracted industrial crisis, when oil prices collapsed, followed by the capitalization of oil and gas corporations. It is quite obvious that the company's management was hoping for an improvement in the situation. Of course, the corporation's capitalization increased after

a partial recovery in prices, but the growth was not so impressive, even taking into account the purchase.

In addition, not only the dynamics of market capitalization is of interest, but also the change in the ratio of this indicator to the balance sheet value of the company's assets (*Table 4*) from the standpoint of assessing the consequences of concluding M&A transactions. Definitely, the period studied is characterized by a general decrease in the average of this ratio for the twenty-five leading publicly traded companies in the industry. Although the industry level of the ratio of capitalization to the balance sheet valuation of assets increased significantly over the period from 2004 until the beginning of the financial crisis. The value of the indicator dropped sharply after the global shock, and the general downward trend continued afterwards. Moreover, the ensuing sectoral crisis only contributed to the decrease in the value of the indicator.

Obviously, receiving a substantial amount of the control premium during a long period of significant growth in the indicator looked quite natural from the standpoint of the management of the acquired company or the lesser of the merging companies. However, this level of compensation after the global financial turmoil and, moreover, the industry crisis could be due to the fact that the management of the companies pinned their hopes on a return to the pre-crisis level of market valuation of assets, which did not happen until the end of 2018.

Meanwhile, most of the concluded deals not only did not contribute to the improvement of the market's valuation of a unit of assets against the background of key competitors and the industry as a whole, but worsened these indicators, as the data show.

An important factor in the fall in the market valuation of assets [10] was that in the stock market sector of the oil and gas industry there is a gradual decrease in their profitability (*Table 5*), despite an approximately threefold increase in the level of oil prices compared to the beginning of this century. In addition, the impact of transactions on the subsequent return on assets is also quite comparable to the impact that was made on their market valuation.

Of course, market capitalization is seriously affected by the level of the debt component in the structure of the total capital of an oil and gas company [11]. Indeed, the situation in the stock market sector of the industry with the rise in oil prices at the beginning of the century improved until the onset of the global financial crisis, which favored an increase in the market valuation of the capital of company shareholders. Then the share of the borrowed component in the structure of total capital almost stabilized (*Table 6*). The industry crisis noticeably worsened the state of affairs in the stock market sector of the industry, but gradually the industry indicator returned to the level of the beginning of the century.

Of greatest interest in this case are those companies that have entered into agreements with one or another share of monetary compensation for the share capital. It is noteworthy that the small cash component in the ChevronTexaco-Unocal deal did not even cause an increase in the debt component in the total capital. Meanwhile, the takeover of Burlington Resources led to a tangible increase in the value of ConocoPhillips' indicator only after

the start of the global economic crisis. The debt component of Anadarko Petroleum had a serious impact on the market capitalization after the transaction, and the global and industry crises did not allow the company's management to correct the situation with financial stability. An increase in the level of total debt in total capital also occurred at CNOOC with Royal Dutch Shell, but, nevertheless, remained in an acceptable range of values, although it also affected the valuation of assets.

Conclusions

It seems possible to formulate a number of conclusions based on the study of the specifics of concluding the largest M&A transactions in the stock market sector of the oil and gas industry and the consequences that corporations themselves faced as a result. Thus, market capitalization is the main reference point for signing such agreements. However, the cost of equity for relatively small companies can be calculated using the cost approach by measuring the difference between the current market valuation of the assets and liabilities of a publicly traded oil and gas corporation. Significantly, the industry is seeing an upward trend in the equity control premium relative to current market capitalization. Indeed, such a premium at the beginning of the century was insignificant or absent altogether, but gradually the level of the premium exceeded 50%.

Undoubtedly, the most acceptable are M&A transactions without a control premium from the perspective of the further functioning of a publicly traded company in the industry. In addition, such agreements are preferable to conclude during a period of low oil prices, but shortly before the recovery of quotations, then the indicators of profitability and market valuation of the corporation are in the lower range of values. Meanwhile, compliance with even such conditions does not guarantee the success of the transaction, of which the merger of ConocoPhillips and Burlington Resource is a prime example. Therefore, one should refrain from entering into large M&A deals on the scale of the company itself, where the share of funds in the compensation for equity capital is high, which entails an increase in the debt burden.

In turn, the greatest difficulties arise for those corporations that enter into deals on the acquisition of assets commensurate in their market value with a significant control premium during a period of high oil prices. Anadarko Petroleum's agreements on the acquisition of Kerr-McGee and Western Gas Resources are clear evidence of this. Thus, the company has significantly increased its debt component in the total capital after the completion of two transactions, which negatively affected the financial stability and market valuation of Anadarko Petroleum. Moreover, a series of crises did not allow the corporation to overcome the negative consequences of the acquisitions and subsequently led to the fact that the company itself was bought by Occidental Petroleum.

Consequently, the oil and gas stock market sector needs to pay close attention to the terms of M&A deals, in particular the control premium. It is also required to carefully calculate all the possible consequences of the agreements concluded.

Table 1
Major M&A in the oil and gas industry for 2000–2015, 2019

Year	Deal type	Refund type	Company	Valuation		Market Capitalization		Premium, percent
				Million USD	Percent	Million USD	Percent	
2000	Merger	Shares	ChevronTexaco	54 073	60.2	54 073	64.1	0
			Chevron Texaco	35 688	39.8	30 330	35.9	17.7
2001	Merger	Shares	ConocoPhillips	15 268	41.8	15 204	41.7	0.43
			Conoco Phillips Petroleum	21 231	58.2	21 231	58.3	0
2004	Merger	Shares	Royal Dutch Shell	112 616	60	112 616	60	0
			Royal Dutch Petroleum The Shell Transport and Trading	74 931	40	74 931	40	0
2005	Acquisition	Shares, Money	ChevronTexaco Unocal	16 400	–	16 423	–	–0.14
2005	Acquisition	Shares, Money	ConocoPhillips Burlington Resource	30 496	–	30 962	–	–1.51
2006	Acquisition	Money	Anadarko Petroleum	16 400	–	11 507	–	42.5
			Kerr-McGee Western Gas Resources	4 700	–	3 119	–	50.7
2006	Merger	Shares	StatoilHydro	59 593	67	59 593	73.5	0
			Statoil Norsk Hydro	29 375	33	21 540*	26.5	36.4
2009	Merger	Shares	Suncor Energy	23 364	60.1	23 364	66.8	0
			Suncor Petro-Canada	15 491	39.9	11 635	33.2	33.1
2009	Acquisition	Shares	ExxonMobil XTO Energy	30 142	–	24 189	–	24.6
2012	Acquisition	Money	CNOOC Nexen	14 781	–	9 243	–	59.9
2015	Acquisition	Shares, Money	Royal Dutch Shell BG Group	69 113	–	46 038	–	50
2019	Acquisition	Shares, Money	Occidental Petroleum Anadarko Petroleum	38 521	–	22 904	–	68.2

Note. * – Assessment of the share of oil and gas assets in the total market capitalization of Norsk Hydro.

Source: Authoring, based on [6]

Table 2
The average price for WTI crude oil for 1999–2018, USD per barrel

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Price	19.34	30.38	25.98	26.18	31.08	41.51	56.64	66.05	72.34	99.67
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Price	61.95	79.48	94.88	94.05	97.98	93.17	48.66	43.29	50.80	65.23

Source: Authoring, based on the U.S. Energy Information Administration data: URL: <https://www.eia.gov>

Table 3
Market capitalization of transacting oil and gas companies and the industry average for the twenty five leading publicly traded corporations of the industry, 1999–2018, million USD

Company	31.12. 1999	31.12. 2000	31.12. 2001	31.12. 2002	31.12. 2003	31.12. 2004	31.12. 2005	31.12. 2006	31.12. 2007	31.12. 2008
ExxonMobil	280 107	301 247	267 594	254 098	269 288	328 115	344 491	439 013	504 240	397 234
Chevron	56 859	54 131	95 634	71 010	89 156	110 645	126 750	159 160	195 100	148 173
ConocoPhillips*	11 920	14 527	23 029	32 788	44 770	60 327	80 163	118 436	138 757	76 673
Anadarko Petroleum	4 357	17 782	14 153	11 913	12 821	15 332	21 785	20 154	30 747	17 728

Suncor Energy	4 623	5 668	7 336	7 019	11 347	16 005	28 788	36 232	50 538	18 130
Royal Dutch Shell**	213 556	213 309	173 620	155 995	181 917	202 124	202 465	221 218	260 894	156 327
Equinor (Statoil)	–	–	14 772	18 192	24 258	34 078	49 586	56 661	99 521	51 830
CNOOC	–	–	7 743	10 691	16 083	22 043	27 727	41 186	75 414	41 727
Average value for 25 companies	53 116	49 286	45 037	42 172	55 473	67 098	84 397	99 491	156 844	82 166
Company	31.12. 2009	31.12. 2010	31.12. 2011	31.12. 2012	31.12. 2013	31.12. 2014	31.12. 2015	31.12. 2016	31.12. 2017	31.12. 2018
ExxonMobil	322 334	364 064	401 254	389 648	438 702	388 382	323 960	374 398	354 550	288 921
Chevron	154 575	183 183	210 796	210 516	239 028	210 859	169 378	222 630	238 450	207 010
ConocoPhillips	75 903	97 435	93 687	70 749	86 613	85 037	57 709	62 037	64 611	70 976
Anadarko Petroleum	30 746	37 795	38 045	37 197	39 959	41 799	24 693	38 435	28 472	21 455
Suncor Energy	55 480	59 873	45 037	50 028	51 755	45 934	37 323	54 535	60 365	44 285
Royal Dutch Shell	183 062	203 534	230 561	218 460	229 751	214 484	146 704	229 004	278 281	242 175
Equinor (Statoil)	79 776	75 295	81 472	79 408	76 812	56 102	44 622	59 426	70 719	70 389
CNOOC	70 268	105 949	78 098	96 660	83 033	60 102	46 488	55 853	64 109	68 960
Average value for 25 companies	105 501	107 054	101 949	99 083	102 665	91 019	69 446	87 586	91 919	82 062

Note. * – Data for Phillips Petroleum for 1999–2001;

** – Data for Royal Dutch Petroleum and The Shell Transport and Trading for 1999–2004.

Source: Authoring, based on [6, 9]

Table 4

Market capitalization to assets ratio of transacting oil and gas companies and the industry average for the twenty five leading publicly traded corporations of the industry for 1999–2018

Company	31.12. 1999	31.12. 2000	31.12. 2001	31.12. 2002	31.12. 2003	31.12. 2004	31.12. 2005	31.12. 2006	31.12. 2007	31.12. 2008
ExxonMobil	1.94	2.02	1.87	1.53	1.55	1.68	1.65	2.00	2.08	1.74
Chevron	1.40	1.31	1.23	0.92	1.09	1.19	1.01	1.20	1.31	0.92
ConocoPhillips*	0.78	0.71	0.65	0.43	0.54	0.65	0.75	0.72	0.78	0.54
Anadarko Petroleum	1.06	1.07	0.84	0.65	0.62	0.76	0.96	0.34	0.63	0.36
Suncor Energy	1.29	1.24	1.44	1.28	1.41	1.63	2.19	2.25	2.07	0.68
Royal Dutch Shell**	1.88	1.74	1.56	1.02	1.08	1.05	0.92	0.94	0.97	0.55
Equinor (Statoil)	–	–	0.67	0.62	0.73	0.83	1.16	1.12	1.11	0.63
CNOOC	–	–	1.45	1.45	1.81	1.94	1.95	2.07	3.06	1.38
Average value for 25 companies	1.11	0.98	0.91	0.81	0.97	1.06	1.30	1.38	1.62	0.84
Company	31.12. 2009	31.12. 2010	31.12. 2011	31.12. 2012	31.12. 2013	31.12. 2014	31.12. 2015	31.12. 2016	31.12. 2017	31.12. 2018
ExxonMobil	1.38	1.20	1.21	1.17	1.26	1.11	0.96	1.13	1.02	0.83
Chevron	0.94	0.99	1.01	0.90	0.94	0.79	0.64	0.86	0.94	0.82
ConocoPhillips	0.50	0.62	0.61	0.60	0.73	0.73	0.59	0.69	0.88	1.01
Anadarko Petroleum	0.61	0.73	0.73	0.71	0.72	0.68	0.53	0.84	0.68	0.53
Suncor Energy	0.83	0.85	0.61	0.65	0.70	0.67	0.67	0.83	0.85	0.67
Royal Dutch Shell	0.63	0.63	0.67	0.61	0.64	0.61	0.43	0.56	0.68	0.61
Equinor (Statoil)	0.82	0.69	0.64	0.56	0.53	0.42	0.41	0.57	0.64	0.63
CNOOC	1.98	2.13	1.28	1.32	0.81	0.56	0.45	0.61	0.68	0.70
Average value for 25 companies	1.01	0.91	0.76	0.70	0.69	0.62	0.56	0.72	0.71	0.61

Note. * – Data for Phillips Petroleum for 1999–2001;

** – Data for Royal Dutch Petroleum and The Shell Transport and Trading for 1999–2004.

Source: Authoring, based on [6, 9]

Table 5

The return on assets of transacting oil and gas companies and the industry average for the twenty five leading publicly traded corporations of the industry for 1999–2018, percent

Company	31.12. 1999	31.12. 2000	31.12. 2001	31.12. 2002	31.12. 2003	31.12. 2004	31.12. 2005	31.12. 2006	31.12. 2007	31.12. 2008
ExxonMobil	6.67	12.07	10.49	7.75	13.16	13.71	17.9	18.49	17.61	19.24
Chevron	5.36	12.66	5.53	1.46	9.1	15.26	12.87	13.26	13.28	15.44
ConocoPhillips*	4.14	10.43	5.96	-0.53	5.95	9.27	13.54	11.44	6.94	-10.6
Anadarko Petroleum	1.1	7.97	-1.06	4.75	6.42	7.88	11.55	11.92	7.05	6.7
Suncor Energy	4.31	6.28	5.2	9.07	11.34	9.9	9.17	17.41	13.19	7.54
Royal Dutch Shell**	7.67	10.76	9.27	7.13	7.79	10.08	12.28	11.19	12.41	9.52
Equinor (Statoil)	2.95	6.3	8.96	8.32	7.75	10.61	11.44	13.4	11.04	8.15
CNOOC	16.79	35.05	20.69	17.51	17.14	19.32	24.53	23.23	19.24	23.68
Average value for 25 companies	5.51	11.91	7.87	6.15	9.76	10.94	13.83	13.82	12.7	10.58
Company	31.12. 2009	31.12. 2010	31.12. 2011	31.12. 2012	31.12. 2013	31.12. 2014	31.12. 2015	31.12. 2016	31.12. 2017	31.12. 2018
ExxonMobil	8.36	11.37	12.96	13.5	9.57	9.34	4.71	2.35	5.81	6
Chevron	6.44	10.89	13.64	11.83	8.8	7.4	1.72	-0.19	3.58	5.84
ConocoPhillips	3.29	7.35	8.04	6.23	7.79	5.86	-4.14	-3.86	-0.97	8.73
Anadarko Petroleum	-0.27	1.5	-5.13	4.58	1.48	-2.98	-12.38	-6.68	-1.04	1.49
Suncor Energy	2.24	5.1	5.94	3.68	5.05	3.42	-2.54	0.52	5	3.68
Royal Dutch Shell	4.36	6.55	9.26	7.54	4.56	4.19	0.56	1.22	3.17	5.79
Equinor (Statoil)	3.21	6.32	11.16	8.87	4.78	2.34	-3.84	-2.73	4.26	6.74
CNOOC	13.13	19.36	20.16	15.23	10.61	9.26	2.98	0.09	4.06	7.92
Average value for 25 companies	5.36	7.85	9.2	6.96	6.09	3.63	-5.95	-0.71	2.26	5.64

Note. * – Data for Phillips Petroleum for 1999–2001;

** – Data for Royal Dutch Petroleum and The Shell Transport and Trading for 1999–2004.

Source: Authoring, based on [6, 9]

Table 6

The percentage of total debt in total capital of transacting oil and gas companies and the industry average for the twenty five leading publicly traded corporations of the industry for 1999–2018

Company	31.12.1999	31.12.2000	31.12.2001	31.12.2002	31.12.2003	31.12.2004	31.12.2005	31.12.2006	31.12.2007	31.12.2008
ExxonMobil	25.01	15.96	12.87	12.59	9.6	7.54	6.71	6.85	7.28	7.7
Chevron	32.66	23	33.53	33.64	25.39	19.61	16.68	12.18	8.13	8.99
ConocoPhillips*	48.53	53.05	37.73	40.11	34.1	25.99	19.18	24.72	19.6	33.23
Anadarko Petroleum	48.47	36.99	44.24	43.97	37.04	29.26	24.97	60.66	43.4	36.06
Suncor Energy	38.47	47.73	53.1	43.72	35.91	31.45	33.27	21.09	24.74	35.19
Royal Dutch Shell**	18.71	11.51	9.39	24.69	21.65	14.57	12.44	12.98	12.74	15.46
Equinor (Statoil)	53.37	43.12	44.67	39.44	34.69	29.85	24.28	22.65	22.18	26.02
CNOOC	52.05	26.28	11.87	11.57	16.23	23.27	19.1	15.88	7.6	7.97
Average value for 25 companies	40.85	33.04	33.29	34.11	30	27.95	23.78	23.41	22.1	22.93
Company	31.12.2009	31.12.2010	31.12.2011	31.12.2012	31.12.2013	31.12.2014	31.12.2015	31.12.2016	31.12.2017	31.12.2018
ExxonMobil	7.99	9.28	9.94	6.53	11.54	14.31	18.47	20.35	18.41	16.46
Chevron	10	9.62	7.63	8.14	12	15.18	20.14	24.03	20.7	18.23
ConocoPhillips	31.45	25.6	25.75	31.16	29.37	30.3	38.49	43.82	39.16	31.91
Anadarko Petroleum	35.88	38.62	45.69	39.14	38.5	43.35	55.13	55.65	59.46	65.9
Suncor Energy	28.93	24.92	21.83	21.94	21.77	24.26	28.16	28.09	25.56	28.28
Royal Dutch Shell	20.43	23.05	17.99	16.69	19.84	20.94	26.39	33.13	30.59	27.89
Equinor (Statoil)	34.43	33.69	32.03	27.22	33.93	37.82	44.51	47.45	41.5	37.45
CNOOC	9.7	13.39	12.63	15.75	27.85	26.46	29.9	28.24	25.82	25.05
Average value for 25 companies	24.44	24	23.28	24.09	26.37	29.14	36.69	35.44	33.7	31.78

Note. * – Data for Phillips Petroleum for 1999–2001;

** – Data for Royal Dutch Petroleum and The Shell Transport and Trading for 1999–2004.

Source: Authoring, based on [6, 9]

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Conflict-of-interest notification

I, the author of this article, bindingly and explicitly declare of the partial and total lack of actual or potential conflict of interest with any other third party whatsoever, which may arise as a result of the publication of this article. This statement relates to the study, data collection and interpretation, writing and preparation of the article, and the decision to submit the manuscript for publication.