Murphy Oil Announces Quarterly Earnings

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EL DORADO, Ark., Oct 29, 2002 (BUSINESS WIRE) -- Murphy Oil Corporation (NYSE:MUR) announced today that net income in the third quarter of 2002 was $37.4 million, $.81 per diluted share, compared to income of $41.7 million, $.91 per diluted share, in the third quarter a year ago. Results for the third quarter of 2002 included special items that increased net income by $7.9 million, $.17 per diluted share. Cash flow from operating activities, excluding changes in noncash working capital items, was $118.5 million, $2.57 per share, in the current quarter compared to $153 million, $3.35 per share, a year ago.

Murphy's exploration and production operations earned $48 million in the third quarter of 2002 compared to $26.7 million in the same quarter of 2001. Significantly lower exploration expense, particularly in Malaysia, was the primary reason for the increase in earnings in the 2002 period. The Company's worldwide crude oil and condensate prices averaged $25.52 per barrel for the current quarter and $23.37 in the third quarter of 2001. Total crude oil and gas liquids production averaged 70,569 barrels per day in the third quarter of 2002, a 9% increase from the 2001 quarter. Higher oil production in the 2002 quarter was mainly due to start up of the Terra Nova field, offshore Newfoundland, in January. North American natural gas sales prices averaged $2.81 per thousand cubic feet (MCF) in the most recent quarter compared to $2.75 per MCF in the same quarter of 2001. Natural gas sales volumes declined 2% to 288 million cubic feet per day in the current quarter compared to the third quarter of 2001.

The Company's refining and marketing operations incurred a loss of $13.8 million in the most recent quarter compared to income of $19.6 million in the 2001 quarter. Refining margins in both the U.S. and U.K. were under extreme pressure throughout the 2002 period as sales prices for refined products did not match the high price of crude oil feedstocks. In response to negative margins, the Company curtailed crude runs at its Meraux refinery for much of the recently completed quarter.

Corporate functions reflected a loss of $4.7 million in the 2002 quarter compared to a loss of $4.6 million in the third quarter of 2001.

Special items in the third quarter 2002 included a $14.7 million gain from settlement of tax matters, a $2.3 million gain from sale of assets, a $5.9 million charge for impairment of two non-operated Gulf of Mexico properties, and $3.2 million for self-insured costs to repair tropical storm damages in the Gulf of Mexico.

For the first nine months of 2002, net income amounted to $53.9 million, $1.17 per diluted share, compared to income of $302.1 million, $6.63 per share, in the 2001 period. The current period included special items that increased net income by $7.9 million, $.17 per share, while the prior period included a $67.6 million gain, $1.48 per share, on sale of the Company's pipeline assets in Canada. The Company's exploration and production operations earned $98.3 million in the 2002 period, down $69.6 million from 2001, with the decrease primarily attributable to a 38% decline in North American natural gas sales prices. Crude oil and gas liquids production for the first nine months of 2002 averaged 74,290 barrels per day, a 12% increase over 2001. Natural gas sales increased 13% and totaled 311 million cubic feet a day for the first nine months of 2002. Crude oil and condensate prices averaged $22.86 per barrel during the 2002 period, down 1% compared to the 2001 period. North American natural gas was sold for $2.72 per MCF in 2002 compared to $4.40 in the comparable period in 2001. The Company's refining and marketing operations lost $35.5 million during the first nine months of 2002 compared to income of $76.3 million in the 2001 period. This decline in earnings was primarily attributable to significantly weaker U.S. refining margins. The loss from corporate related activities increased from $9.7 million in the first nine months of 2001 to $16.8 million in the 2002 period, primarily as a result of higher net interest expense.

Claiborne P. Deming, President and Chief Executive Officer, commented, "Murphy's fourth quarter production is currently expected to average approximately 122,000 barrels of oil equivalent per day, with annual production anticipated at about 125,000 per day. Although production at Terra Nova and Hibernia are near their peak after downtime for maintenance in the third quarter, the recent tropical storms in the Gulf of Mexico have led to curtailed production in the fourth quarter pending final assessment of damages and completion of repairs. On the downstream side of the business, refining margins in the U.S. have improved slightly as we move into the fourth quarter. Low finished product inventories in the U.S. could bolster sales prices in the near term. We currently expect fourth quarter earnings for the Company to range between $.90 and $1.40 per share depending on the results of drilling activities and the timing of oil sales. Drilling results in Malaysia continue to be good as the first appraisal well at our Kikeh discovery (80%) found over 400 feet of net pay and we had another discovery in our 85% owned shallow-water program."

The public is invited to access the Company's conference call to discuss third quarter 2002 results on Wednesday, October 30, at 12:00 p.m. Central Time either via the Internet through the Investor Relations section of Murphy's website at www.murphyoilcorp.com or via the telephone by dialing 1-800-366-3908. The telephone reservation number for the call is 500767.

The forward-looking statements reflected in this release are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. No assurance can be given that the results discussed herein will be attained and certain important factors that may cause actual results to differ materially are contained in Murphy's January 15, 1997 Form 8-K report on file with the U.S. Securities and Exchange Commission.

MURPHY OIL CORPORATION
CONSOLIDATED FINANCIAL DATA SUMMARY
(Unaudited)

THIRD QUARTER	2002	2001
Revenues	$1,153,821,000	$1,139,336,000
Net income	$ 37,408,000(A)	$ 41,729,000(B)
Net income per Common share		
Basic	$ .82(A)	$ .92(B)
Diluted	$ .81(A)	$ .91(B)
Average shares outstanding		
Basic	45,819,355	45,306,674
Diluted	46,073,736	45,683,102
FIRST NINE MONTHS		
Revenues	$3,118,441,000	$3,629,100,000
Net income	$ 53,871,000(A)	$ 302,133,000(B)
Net income per Common share		
Basic	$ 1.18(A)	$ 6.69(B)
Diluted	$ 1.17(A)	$ 6.63(B)
Average shares outstanding		
Basic	45,690,981	45,190,224
Diluted	46,044,342	45,550,230

(A) The third quarter and first nine months of 2002 included a $14,737,000 gain ($.32 per diluted share) from settlement of tax matters, a $2,334,000 gain ($.05 per diluted share) from sale of assets, a charge of $5,950,000 ($.13 per diluted share) from impairment of properties, and a charge of $3,250,000 ($.07 per diluted share) for storm-related damages in the Gulf of Mexico.

(B) The third quarter and first nine months of 2001 included a $5,540,000 benefit ($.12 per diluted share) from a tax rate change and a $5,500,000 charge ($.12 per diluted share) for a provision for environmental matters. The first nine months of 2001 also included a $67,565,000 gain ($1.48 per diluted share) on sale of Murphy's Canadian downstream assets.

CONTACT: Murphy Oil Corporation, El Dorado
Investor Relations:
Mindy West, 870/864-6315
or
Public Relations:
Betty LeBrescu, 870/864-6222