ConocoPhillips (COP)

Updated November 13th, 2025 by Aristofanis Papadatos

Key Metrics

Current Price:	$89	**5 Year CAGR Estimate:**	3.2%	**Market Cap:**	$112 B
Fair Value Price:	$81	**5 Year Growth Estimate:**	1.0%	**Ex-Dividend Date:**	11/17/2025
% Fair Value:	109%	**5 Year Valuation Multiple Estimate:**	-1.8%	**Dividend Payment Date:**	12/1/2025
Dividend Yield:	3.8%	**5 Year Price Target**	$86	**Years Of Dividend Growth:**	9
Dividend Risk Score:	F	**Sector:** Energy		**Rating:**	Hold

Overview & Current Events

ConocoPhillips is the world's largest independent oil and gas producer, with a production of 2.4 million barrels per day, operations in 13 countries and a market capitalization of $112 billion. The company was founded in 2002 and is headquartered in Houston, Texas.

On January 15th, 2021, ConocoPhillips acquired Concho Resources for $9.7 billion in an all-stock deal, the largest shale oil deal in 2020. It pursued this deal thanks to the low production cost of Concho and the high rate of return of this deal.

On September 21st, 2021, ConocoPhillips announced its agreement to buy Shell's Permian Basin assets for $9.5 billion in cash. The deal has increased the Permian output of ConocoPhillips by 40% and has resulted in great synergies, as the company has become the second-largest producer in the Permian, behind only Exxon Mobil.

On November 22nd, 2024, ConocoPhillips acquired Marathon Oil (MRO) in an all-stock deal for an enterprise value of $22.5 billion (incl. $5.4 billion of net debt). The deal has added more than 2 billion barrels of oil in adjacent areas of production and thus it is expected to create annual synergies above $500 million from the first year. As we consider the stock of ConocoPhillips fully valued, we view the all-stock deal as highly positive for the company.

On November 6th, 2025, ConocoPhillips reported results for Q3-2025. It grew its output 25% thanks to the acquisition of Marathon Oil but its average realized oil price fell -13%. Earnings-per-share fell -10%, from $1.78 to $1.61. The company slightly raised its already strong guidance for production in 2025, from 2.35-2.37 to 2.375 million barrels per day. It also posted a rock-solid reserve replacement ratio of 123% in 2024. On the other hand, the aggressive ramp-up of OPEC's output, which is expected to cause a huge surplus in the oil market, is a headwind for the upcoming quarters.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	-$1.39	-$2.52	$0.61	$4.54	$3.59	-$0.97	$6.01	$13.52	$8.77	$7.79	***$6.90***	***$7.25***
DPS	$2.94	$1.00	$1.06	$1.16	$1.33	$1.69	$1.75	$1.89	$2.11	$2.92	***$3.36***	***$3.90***
Shares[1]	1240	1240	1180	1140	1100	1074	1321	1260	1190	1209	***1150***	***1100***

When oil prices began to collapse in 2014, ConocoPhillips was, among the large oil companies, the producer that suffered the most. It posted heavy losses in 2015 and 2016 and its stock price fell -60% from its peak. However, the company seems to have learned its lesson. It has focused on high grading its asset portfolio with the addition of low-cost barrels in order to achieve positive free cash flows even at oil prices below $40. In addition, its reserve replacement ratios of 176% (excluding acquisitions) in 2022 and 123% in 2023 and 2024 bode well for future production growth.

The huge acquisitions of low-cost reserves in the Permian have proved highly profitable. We also expect a decrease in interest expense to continue to support earnings growth. On the other hand, we expect the price of oil to deflate in the upcoming years, partly due to the record number of renewable energy projects that are being developed in response to the energy crisis. Investors should never forget the dramatic cyclicality of the oil industry. We expect earnings-per-share to grow just 1% per year on average over the next five years.

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[1] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	---	---	---	13.7	17.1	---	9.8	7.6	12.6	14.5	***12.9***	***11.8***
Avg. Yld.	5.1%	2.4%	2.2%	1.9%	2.2%	4.1%	3.0%	1.9%	1.9%	2.6%	***3.8%***	***4.6%***

ConocoPhillips is currently trading at a price-to-earnings ratio of 12.9, which is higher than the 10-year average of 11.8 of the stock. If the stock trades at its average valuation level in 2030, it will incur a -1.8% annualized valuation drag.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	---	174%	25.6%	37.0%	---	29.1%	14.0%	24.1%	37.5%	***48.7%***	***53.7%***

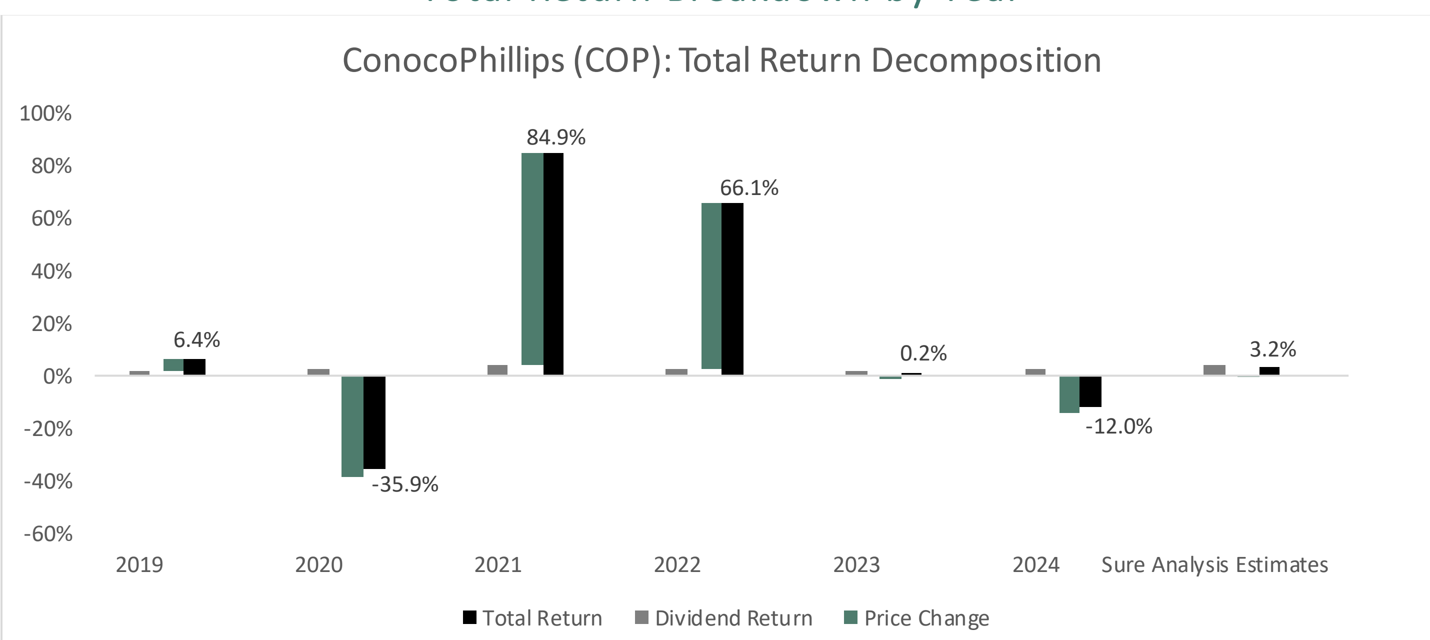
Since ConocoPhillips is a pure upstream company, it is much more leveraged to the price of oil than the well-known supermajors like Exxon Mobil and Chevron. Those companies remained profitable in the previous downturn of the energy sector (2014-2017) and avoided cutting their dividends. On the contrary, ConocoPhillips incurred heavy losses in 2015-2016 and cut its dividend by -66% in 2016. This unconvincing history, coupled with the high cyclicality of ConocoPhillips' business, makes us believe that the company is not a safe income stock.

ConocoPhillips has made questionable investments in the past, such as its drilling rights in the U.S. Arctic and its deep-water business in Senegal. However, the company seems to have learned its lesson and has become much more disciplined, investing only in high-return projects. Nevertheless, investors should be aware of the sensitivity of ConocoPhillips to the price of oil. During the last financial crisis, earnings-per-share plunged -70%.

Final Thoughts & Recommendation

ConocoPhillips is an oil and gas pure upstream play that is highly leveraged to the price of oil. The stock has shed -34% off its peak last year, primarily due to the ongoing restoration of the output of OPEC and the resultant decline in the price of oil, but it remains unattractive. It could offer a 3.2% average annual return over the next five years, as its 3.8% dividend and 1% growth of earnings-per-share may be partly offset by a -1.8% annualized valuation drag. The stock remains unattractive from a long-term point of view and receives a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	29564	23693	29106	36417	32567	18,784	45,828	78,494	56,141	54,745
Gross Profit	1009	-1030	4613	10954	9313	841	14,768	30,013	18,203	16,383
Gross Margin	3.4%	-4.3%	15.8%	30.1%	28.6%	4.5%	32.2%	38.2%	32.4%	29.9%
SG&A Exp.	953	723	561	401	556	430	719	623	705	1,158
Operating Profit	(4,957)	(3,932)	2,871	9,649	7,604	(1,554)	12,071	25,462	15,026	12,783
Op. Margin	-16.8%	-16.6%	9.9%	26.5%	23.3%	-8.3%	26.3%	32.4%	26.8%	23.4%
Net Profit	(4,428)	(3,615)	(855)	6,257	7,189	(2,701)	8,079	18,680	10,957	9,245
Net Margin	-15.0%	-15.3%	-2.9%	17.2%	22.1%	-14.4%	17.6%	23.8%	19.5%	16.9%
Free Cash Flow	(2,478)	(466)	2,486	6,184	4,468	87	11,672	18,155	8,717	8,006
Income Tax	(2,868)	(1,971)	(1,822)	3,668	2,267	(485)	4,633	9,548	5,331	4,427

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets ($B)	97.48	89.77	73.36	69.98	70.51	62.62	90.66	93.83	95.92	122.78
Cash & Equivalents	2368	3610	6325	5915	5088	2,991	5,028	6,458	5,635	5,607
Acc. Receivable	4514	3414	4320	4067	3401	2,754	6,670	7,088	5,474	6,695
Inventories	1124	1018	1060	1007	1026	1,002	1,208	1,219	1,398	1,809
Goodwill & Int.	---	---	---	---	---	---	---	---	---	---
Total Liabilities	57402	54546	42561	37916	35,464	32,769	45,255	45,826	46,645	57,984
Accounts Payable	4933	3653	4030	3895	3,200	2,698	5,025	6,163	5,117	6,044
Long-Term Debt	24880	27275	19703	14968	14,895	15,369	19,934	16,643	18,937	24,324
Total Equity	39762	34974	30607	31939	34,981	29,849	45,406	48,003	49,279	64,796
LTD/E Ratio	0.63	0.78	0.64	0.47	0.43	0.51	0.44	0.35	0.38	0.38

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	-4.1%	-3.9%	-1.0%	8.7%	10.2%	-4.1%	10.5%	20.3%	11.5%	8.5%
Return on Equity	-9.7%	-9.7%	-2.6%	20.0%	21.5%	-8.3%	21.5%	40.0%	22.5%	16.2%
ROIC	-6.3%	-5.7%	-1.5%	12.8%	14.8%	-5.7%	14.6%	28.7%	16.5%	11.8%
Shares Out.	1240	1240	1180	1140	1100	1074	1321	1278	1206	1181
Revenue/Share	23.81	19.02	23.84	30.98	28.99	17.42	34.51	61.41	46.56	46.36
FCF/Share	-2.00	-0.37	2.04	5.26	3.98	0.08	8.79	14.20	7.23	6.78

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.