Devon Energy Corporation (DVN)

Updated December 13th, 2025 by Samuel Smith

Key Metrics

Current Price:	$38	**5 Year CAGR Estimate:**	8.3%	**Market Cap:**	$23.5 B
Fair Value Price:	$36	**5 Year Growth Estimate:**	6.7%	**Ex-Dividend Date:**	12/15/2025
% Fair Value:	105%	**5 Year Valuation Multiple Estimate:**	-0.9%	**Dividend Payment Date:**	12/30/2025
Dividend Yield:	2.5%	**5 Year Price Target**	$50	**Years Of Dividend Growth:**	7
Dividend Risk Score:	B	**Sector:**	Energy	**Rating:**	Hold

Overview & Current Events

Devon Energy Corporation is an independent energy company engaged in the exploration, development, production, and marketing of oil, natural gas, and natural gas liquids primarily in the United States. Headquartered in Oklahoma City, the company operates across major shale formations, including the Delaware Basin, Eagle Ford, and other onshore basins, emphasizing low-cost, high-return resource development. Devon focuses on leveraging operational efficiencies, disciplined capital allocation, and strategic portfolio optimization to generate strong cash flows, maintain low leverage, and return capital to shareholders through dividends and share repurchases. The company's integrated upstream operations aim to balance production growth with cost discipline amid commodity price fluctuations, and it continues to pursue technology and process improvements to enhance production efficiency.

On November 5, 2025, Devon Energy released its third-quarter 2025 results for the quarter ended September 30, 2025. The company reported adjusted earnings per diluted share of $1.04, topping consensus estimates and reflecting a beat on both earnings and revenue expectations for the period. Total revenues for the quarter came in at approximately $4.33 billion, representing year-over-year growth and exceeding analyst forecasts, driven by solid production volumes and favorable realized commodity prices. Net income on a GAAP basis was reported at roughly $687 million, in line with operational strength but slightly lower than the prior year's comparable earnings, underscoring the impact of commodity price volatility. Operationally, Devon posted robust production results, with volumes at or above guidance levels, contributing to strong operating cash flow of around $1.7 billion and free cash flow of approximately $820 million. Management emphasized continued focus on capital efficiency, cost management, and disciplined investment, which helped sustain margins and cash generation despite challenging market conditions. The company returned significant capital to shareholders through dividends and share repurchases during the quarter and also reduced net debt, reflecting its strategic priority on balance-sheet strength.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$2.52	-$0.13	$1.84	$1.19	$1.38	-$0.12	$3.53	$8.31	$5.84	$4.56	***$4.04***	***$5.60***
DPS	$0.96	$0.42	$0.24	$0.30	$0.35	$0.68	$1.97	$0.69	$0.80	$1.45	***$0.96***	***$1.45***
Shares[1]	441.3	524.6	526.1	438.3	382.9	673.1	664.2	654.0	634.6	648.6	***627.3***	***630.0***

Devon Energy is positioned for solid growth over the next five years, with earnings per share projected to rise considerably, reflecting improved operational efficiency and strong commodity pricing. The company's dividend per share is expected to increase at a similar pace as EPS, indicating a commitment to shareholder returns. Devon's disciplined capital allocation, focus on low-cost production, and strategic acquisitions should drive sustainable cash flow growth. While oil price volatility remains a risk, its variable dividend structure and balance sheet strength provide resilience. If market conditions remain favorable, Devon could deliver strong total returns to investors.

[1] In millions.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	19.9	NA	23.3	29.5	22.1	NA	10.2	4.8	7.8	11.1	***9.4***	***9.0***
Avg. Yld.	1.9%	0.9%	0.6%	0.9%	1.1%	2.6%	5.5%	1.7%	1.8%	2.9%	***2.5%***	***2.9%***

DVN is currently trading at a P/E ratio of 9.4, which is well below the peak valuations seen in prior years, such as 29.5 in 2018. This suggests that the market is currently valuing DVN conservatively, likely due to commodity price volatility, concerns about energy sector cyclicality, and investor uncertainty about long-term oil and gas demand if oil prices remain favorable, DVN's multiple could expand toward 12-15, but if commodity prices weaken, it could remain in the 6-9 range. The dividend yield of 2.5% is higher than pre-2020 levels, reflecting DVN's commitment to returning capital to shareholders, but lower than its peak 5.5% in 2021. If the company continues its disciplined capital return strategy, dividend growth is likely, though yield compression could occur.

Safety, Quality, Competitive Advantage, & Recession Resiliency

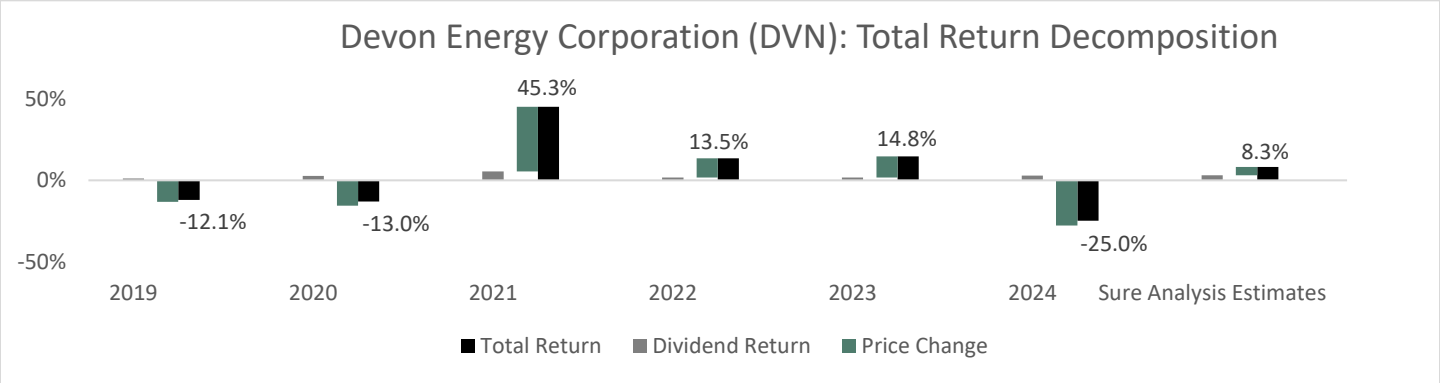
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	38%	-323%	13%	25%	25%	-567%	56%	8%	14%	32%	***24%***	***26%***

DVN's competitive advantage lies in its disciplined capital allocation strategy, low-cost production, and strong free cash flow generation. DVN has transformed into a high-margin, capital-efficient oil and gas producer with a focus on shareholder returns rather than aggressive production growth. The company benefits from premier acreage in U.S. shale plays, particularly the Permian Basin, which offers low breakeven costs and strong production economics, efficient capital deployment, allowing for high returns on invested capital, and a flexible capital return strategy, balancing dividends and share buybacks. During the 2008-2009 recession, DVN saw earnings decline due to collapsing oil prices but remained operationally strong through cost discipline and a solid asset base. The 2014-2016 oil crash was more severe, prompting debt reduction, asset sales, and restructuring to stabilize finances. In 2020, the COVID-19-driven downturn led to negative earnings, but the WPX merger strengthened DVN's financial position, making it more resilient. The 2021-2022 energy boom boosted earnings, though the P/E ratio remained low due to cyclical concerns. DVN has significantly reduced debt, maintaining strong interest coverage and capital discipline. With minimal near-term maturities, it has flexibility in capital allocation, supporting dividends and buybacks while managing oil price volatility. The payout ratio now sits at a sustainable level, balancing shareholder returns with reinvestment.

Final Thoughts & Recommendation

Between its 2.5% dividend yield, 6.7% expected five-year EPS CAGR, and -0.9% expected five-year valuation multiple CAGR, we project an 8.3% annualized total return for DVN over the next half-decade, making it a Hold at the moment.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	13,145	10,304	6,501	8,896	6,220	4,828	12,206	19,169	15,258	15,940
Gross Profit	223	872	1,143	2,194	714	392	3,679	8,369	5,367	4,710
Gross Margin	1.7%	8.5%	17.6%	24.7%	11.5%	8.1%	30.1%	43.7%	35.2%	29.5%
SG&A Exp.	1,193	865	645	574	475	338	391	395	408	500
Operating Profit	(1,496)	(283)	152	1,492	160	(133)	3,246	7,920	4,910	4,143
Op. Margin	-11.4%	-2.7%	2.3%	16.8%	2.6%	-2.8%	26.6%	41.3%	32.2%	26.0%
Net Profit	(12896)	(1,056)	898	3,064	(355)	(2,680)	2,813	6,015	3,747	2,891
Net Margin	-98.1%	-10.2%	13.8%	34.4%	-5.7%	-55.5%	23.0%	31.4%	24.6%	18.1%
Free Cash Flow	(996)	(733)	1,251	533	130	193	2,892	3,405	2,597	(853)
Income Tax	(6,213)	141	7	230	(30)	(547)	65	1,738	841	770

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	29,451	28,675	30,241	19,566	13,717	9,912	21,025	23,721	24,490	30,489
Cash & Equivalents	2,310	1,959	2,642	2,414	1,464	2,047	2,099	1,454	875	846
Acc. Receivable	1,105	1,356	989	812	832	601	1,543	1,767	1,573	1,972
Goodwill & Int.	5,722	4,007	841	753	753	753	753	753	753	753
Total Liabilities	18,462	15,953	16,137	10,380	7,797	6,893	11,626	12,425	12,273	15,785
Accounts Payable	906	642	633	530	428	242	500	859	760	806
Long-Term Debt	13,032	10,154	6,864	4,454	4,294	4,298	6,482	6,440	6,155	8,883
Total Equity	7,049	8,274	9,254	9,186	5,802	2,885	9,262	11,167	12,061	14,496
D/E Ratio	1.85	1.23	0.74	0.48	0.74	1.49	0.70	0.58	0.51	0.61

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	-32.2%	-3.6%	3.0%	12.3%	-2.1%	-22.7%	18.2%	26.9%	15.5%	10.5%
Return on Equity	-69.1%	-8.9%	6.7%	26.3%	-4.7%	-60.0%	45.3%	58.1%	31.9%	21.5%
ROIC	-41.9%	-4.5%	4.1%	17.7%	-3.0%	-30.6%	24.3%	35.8%	20.8%	13.8%
Shares Out.	441.3	524.6	526.1	438.3	382.9	673.1	664.2	654.0	634.6	648.6
Revenue/Share	32.30	20.32	12.50	17.90	15.51	12.81	18.35	29.36	23.77	25.14
FCF/Share	(2.45)	(1.45)	2.41	1.07	0.32	0.51	4.35	5.21	4.05	(1.35)

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

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