Devon Energy Corporation (DVN)

Updated March 4th, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	$44	**5 Year CAGR Estimate:**	4.6%	**Market Cap:**	$27 B
Fair Value Price:	$39	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	3/13/2026
% Fair Value:	114%	**5 Year Valuation Multiple Estimate:**	-2.5%	**Dividend Payment Date:**	3/31/2026
Dividend Yield:	2.2%	**5 Year Price Target**	$49	**Years Of Dividend Growth:**	7
Dividend Risk Score:	C	**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.

On January 29th, 2026, a report of Financial Times stated that Devon Energy is in advanced talks with Coterra Energy (CTRA) to merge in an all-stock deal. If such a deal materializes, it will be the largest shale oil deal in nearly two years, with a combined enterprise value of ~$57 billion. Both companies have strong presence in the Permian Basin and thus they are likely to reap great synergies if they merge. Devon expects $1.0 billion of annual synergies by the end of 2027 if the deal materializes.

On February 17th, 2026, Devon Energy released its fourth-quarter results for fiscal 2025. Thanks to strong well performance, the company reported production of 851,000 barrels per day, thus exceeding its guidance of 828,000-844,000 barrels per day. However, the average realized price of oil decreased sequentially due to the ramp-up of production of OPEC. As a result, earnings-per-share decreased -21%, from $1.04 to $0.82, and missed the analysts' estimates by $0.01. Given the recent surge of the price of oil amid the ongoing crisis in Iran, we expect significantly higher earnings this year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	-$0.13	$1.84	$1.19	$1.38	-$0.12	$3.53	$8.31	$5.84	$4.56	$3.92	***$4.30***	***$5.49***
DPS	$0.42	$0.24	$0.30	$0.35	$0.68	$1.97	$0.69	$0.80	$1.45	$0.96	***$0.96***	***$1.28***
Shares[1]	525	526	438	383	673	664	654	635	649	622	***600***	***550***

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. 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, the variable dividend structure of Devon Energy and its balance sheet strength provide some resilience. If market conditions remain favorable, Devon could deliver strong total returns to investors. We expect 5.0% average annual growth of earnings-per-share over the next five years.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2026	Now	2031
Avg. P/E	NA	23.3	29.5	22.1	NA	10.2	4.8	7.8	11.1	8.7	***10.2***	***9.0***
Avg. Yld.	0.9%	0.6%	0.9%	1.1%	2.6%	5.5%	1.7%	1.8%	2.9%	2.8%	***2.2%***	***2.6%***

[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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Due to the highly volatile earnings of Devon Energy, its price-to-earnings ratio has fluctuated widely over the last decade. The price-to-earnings ratio tends to be low during boom periods and high during downturns. The stock has traded at an average price-to-earnings ratio of 9.0 over the last four years. We view this valuation level as fair for 2031, given our expectations for earnings growth in the upcoming years. The stock is currently trading at an earnings multiple of 10.2. If it reverts to its average valuation level in five years, it will incur a -2.5% annualized valuation drag.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	-323%	13%	25%	25%	-567%	56%	8%	14%	32%	24%	***22%***	***23%***

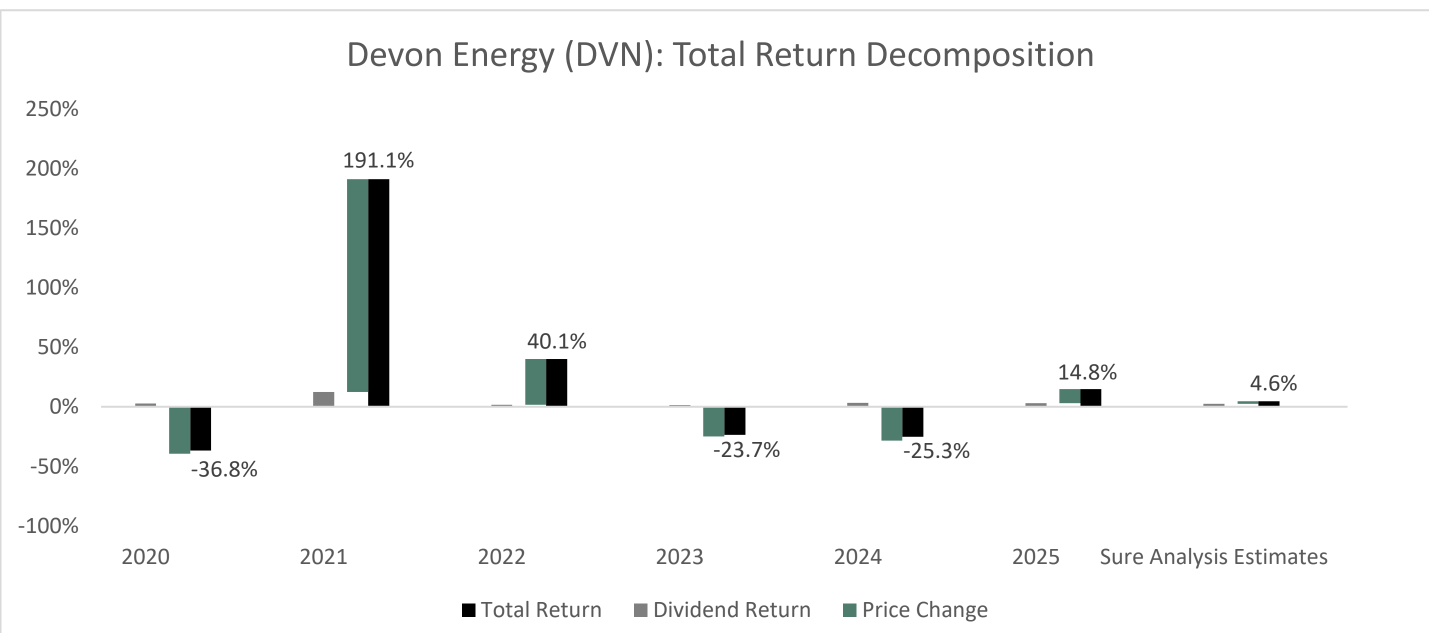
Devon's competitive advantage lies in its disciplined capital allocation strategy, low-cost production, and strong free cash flow generation. Devon Energy has transformed into a high-margin, capital-efficient oil and gas producer with a focus on shareholder returns rather than aggressive production growth. 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, Devon Energy saw earnings plunge due to collapsing oil. 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 losses, but the WPX merger strengthened Devon's financial position, making it more resilient.

Overall, Devon Energy is highly sensitive to the dramatic cycles of the price of oil and hence it is suitable only for investors who can tolerate this cyclicality. On the bright side, thanks to above-average oil prices in recent years, the company has strengthened its balance sheet. As a result, it can endure a potential downturn in its industry.

Final Thoughts & Recommendation

Devon Energy is likely to greatly benefit from the surge of the price of oil amid the ongoing crisis in Iran. The stock could offer a 4.6% total annual return over the next five years thanks to 5.0% growth of earnings-per-share and a 2.2% dividend, partly offset by a -2.5% valuation drag. The stock receives a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	10,304	6,501	8,896	6,220	4,828	12,206	19,169	15,258	15,940	17,126
Gross Profit	872	1,143	2,194	714	392	3,679	8,369	5,367	4,710	4,231
Gross Margin	8.5%	17.6%	24.7%	11.5%	8.1%	30.1%	43.7%	35.2%	29.5%	24.7%
SG&A Exp.	865	645	574	475	338	391	395	408	500	492
Operating Profit	(283)	152	1,492	160	(133)	3,246	7,920	4,910	4,143	3,775
Op. Margin	-2.7%	2.3%	16.8%	2.6%	-2.8%	26.6%	41.3%	32.2%	26.0%	22.0%
Net Profit	(1,056)	898	3,064	(355)	(2,680)	2,813	6,015	3,747	2,891	2,681
Net Margin	-10.2%	13.8%	34.4%	-5.7%	-55.5%	23.0%	31.4%	24.6%	18.1%	15.7%
Free Cash Flow	(733)	1,251	533	130	193	2,892	3,405	2,597	(853)	2,835
Income Tax	141	7	230	(30)	(547)	65	1,738	841	770	785

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	28,675	30,241	19,566	13,717	9,912	21,025	23,721	24,490	30,489	32,289
Cash & Equivalents	1,959	2,642	2,414	1,464	2,047	2,099	1,454	875	846	1,434
Acc. Receivable	1,356	989	812	832	601	1,543	1,767	1,573	1,972	1,772
Goodwill & Int.	4,007	841	753	753	753	753	753	753	753	753
Total Liabilities	15,953	16,137	10,380	7,797	6,893	11,626	12,425	12,273	15,785	16,761
Accounts Payable	642	633	530	428	242	500	859	760	806	2,281
Long-Term Debt	10,154	6,864	4,454	4,294	4,298	6,482	6,440	6,155	8,883	7,595
Total Equity	8,274	9,254	9,186	5,802	2,885	9,262	11,167	12,061	14,496	15,528
D/E Ratio	1.23	0.74	0.48	0.74	1.49	0.70	0.58	0.51	0.61	0.56

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	-3.6%	3.0%	12.3%	-2.1%	-22.7%	18.2%	26.9%	15.5%	10.5%	8.5%
Return on Equity	-8.9%	6.7%	26.3%	-4.7%	-60.0%	45.3%	58.1%	31.9%	21.5%	17.7%
ROIC	-4.5%	4.1%	17.7%	-3.0%	-30.6%	24.3%	35.8%	20.8%	13.8%	11.1%
Shares Out.	524.6	526.1	438.3	382.9	673.1	664.2	654.0	634.6	648.6	633.0
Revenue/Share	20.32	12.50	17.90	15.51	12.81	18.35	29.36	23.77	25.14	27.06
FCF/Share	(1.45)	2.41	1.07	0.32	0.51	4.35	5.21	4.05	(1.35)	4.48

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