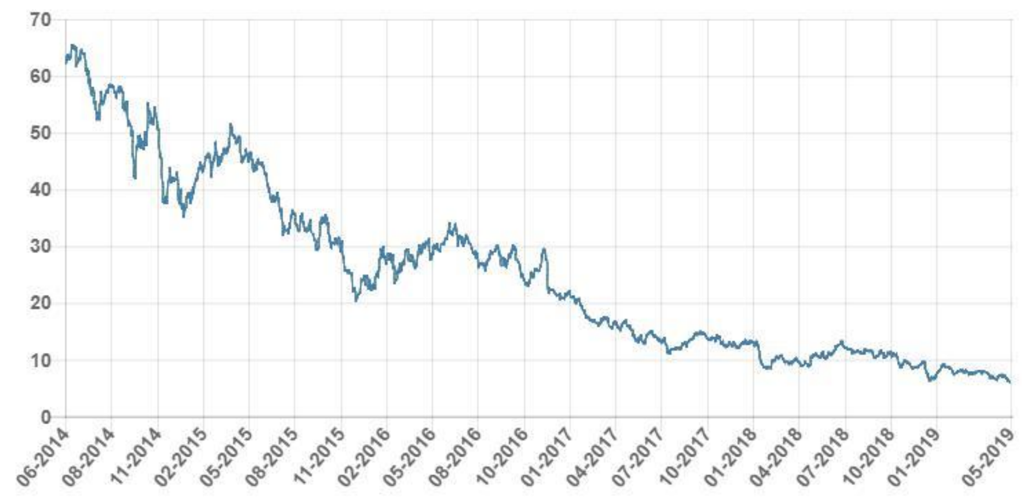
stockcalc

Fundamental Valuation Report

Gulfport Energy(GPOR:NAS)

Energy:Oil & Gas E&P

-Close Price/Date	Weighted Valuation	Overall Rating
$4.77 (USD) 12/06/2019	$8.42 (USD)	Undervalued by 76.6%



Valuation Models (in order of importance)	Analyst Consensus: $9.00 (USD) Comparables: $7.56 (USD)
Valuation Methods Cash Flow: Comparable Company: Asset:	This company is: Overvalued on a Cash Flow Valuation Undervalued on a Comparable Valuation Undervalued on an Asset Valuation

Information

My name is Michael El-khoury, I am a Student at the University of New Brunswick, majoring in Finance and I am just starting an internship here at StockCalc for the summer. One of my tasks is to do reports on companies using StockCalc's useful tool and external resources

This Stock is	Technically		
Fundamentally	Buy	Hold	Sell
Under Valued	Buy the Stock	Buy or Wait on Technical	Wait on Technical
Fairly Valued	Buy or Wait on Fundamental	Wait on Both Indicators for Direction	Sell or Wait on Technical
Over Valued	Wait on Fundamental	Sell or Wait on Fundamental	Sell the Stock

Company Latest News

As of May 30th, Gulfport Energy elected Patrick K. Craine as general counsel and corporate secretary. Craine has more than 20 years as an executive experience in the energy sector also has a law background with U.S. Securities positioned in the oil and gas sector. The Q1 2019 earnings call, shows GPOR with a net income of $53.2 million net income from $315.80 million of oil and natural gas revenues.

Company Description

Gulfport Energy is an independent exploration and production company concentrating on the Utica Shale play in Appalachia. At the end of 2018, the company reported proved reserves of 4,743 billion cubic feet of natural gas equivalent. Daily production averaged approximately 1,392 million cubic feet of natural gas equivalent in 2018 at a ratio of 10% liquids and 90% natural gas.

Company Overview (GPOR:NAS USD)

Price	5.90
Range	5.65 - 5.90
52 week	5.90 - 13.23
Open	5.86
Vol / Avg.	4.53M/3.25M
Mkt cap	939.97M
P/E	2.53
Div/yield	0.00/0.00
EPS	2.45
Shares	159.32M
Beta	0.88

Recommendation

My recommendation for Gulfport Energy is a **HOLD**. I looked at the provided information from StockCalc, GPOR is fundamentally undervalued noted in the valuation detail section on a basis of analyst data. Taking a deeper look into the natural gas industry, I can see a saturation in supply but also a future increase in demand due to Chinas new pipeline and cheaper LGN prices. For future looking purposes, to reinvest in GPOR, I would recommend to wait for a low supply in LGN and high demand for it. This would increase the price of LNG which would correspondingly increase LGN stocks such as GPOR. LGN prices and GPOR stock price are definitely positively corelated, for proof on June 11th, 2019 there was increase in LGN prices of 1.8% which rose GPOR and Chesapeake Energy by .6% and .5% respectively. If you do have some room for some diversification in your portfolio, GPOR would be a good fit as it is already at a large discount.

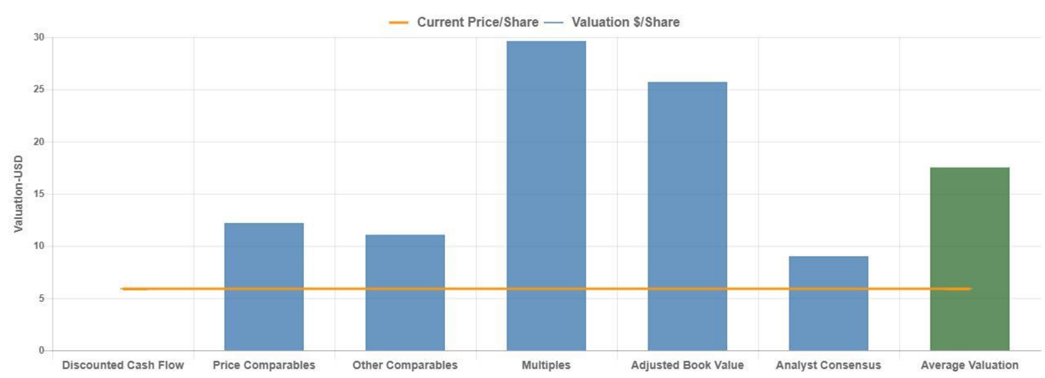
Natural Gas Production

Core areas of operation for Gulfport Energy are in the Utica Shale located in the state of Ohio with acreage of 210,000 Net acres, proved reserves of 3.4 net Tcfe (Trillion cubic feet of gas equivalent) and since Q1 ending a net production of 993.6 MMcfepd (Million Cubic Feet per Day). Another rig is located in the SCOOP (South Central Oklahoma Oil Province) with 92,000 net of acreage, 1.4 net Tcfe and Q1 net production of 259.9 MMcfepd. Average daily production is 1,360-1,400 MMcfepd with a goal of 1.36-1.4 billion cubic feet per day. Most of the operations focus has been in the Utica Shales, total of 6 gross operated wells (5.6 net) and 25 completed wells.

Natural Gas Price Forecast

On June 6th the natural gas supply has increased by 119 billion cubic feet according to the U.S. energy information administration, brining stocks at total of 1.986 trillion cubic feet which is an increase of 182 billion cubic feet. Such an increase in supply has impacted NGL prices negatively, we saw a 2.3% decrease on that day with a close price of $2.32 per MMBtu (1 million British thermal units). With NGL prices at such a discount it has attracted the Asian market who has a strong LNG demand, the Asian market has even announced their spin off to create their own national oil and pipeline company. The new horizon of China's new pipeline will increase the demand for LNG and decrease the price as its opening the markets for more competition.

Valuation Details



Discounted Cash Flow and Sensitivity Analysis for GPOR:NAS

Using a discounted cash flow model we generated an intrinsic value of ($65.26) (USD) for GPOR:NAS

Comparables Model

Using similar companies and price based ratios we generated a valuation of $12.18 (USD) for GPOR:NAS. We also generated a valuation of $11.07 (USD) using other metrics and comparables. The comparable companies were PDC Energy (PDCE:NAS), Oasis Petroleum (OAS:NYS), Matador Resources (MTDR:NYS), Range Resources (RRC:NYS), CNX Resources (CNX:NYS), Whiting Petroleum (WLL:NYS), Antero Resources (AR:NYS), Kosmos Energy (KOS:NYS), Callon Petroleum (CPE:NYS), Centennial Resource Dev (CDEV:NAS), Tellurian (TELL:NAS), Southwestern Energy (SWN:NYS), Gran Tierra Energy (GTE:TSE), Carrizo Oil & Gas (CRZO:NAS) and SM Energy (SM:NYS).

Company GPOR:NAS	End Date Value
Earnings/Share	$2.33 (USD)
Book Value/Share	$21.14 (USD)
Sales/Share	$8.64 (USD)
Cash Flow/Share	$4.16 (USD)
EBITDA/Share	$6.12 (USD)

Price Based on Comps	Adjustment Factor (%)
$17.43 (USD)	-47.6
$13.52 (USD)	-49.1
$11.49 (USD)	-4.3
($0.26) (USD)	-18.1
$0.00 (USD)	24.4

GPOR:NAS	Ratios Used	Average Values	PDCE:NAS	OAS:NYS	MTDR:NYS	RRC:NYS	CNX:NYS	WLL:NYS	AR:NYS	KOS:NYS	CPE:NYS	CDEV:NAS	TELL:NAS	SWN:NYS	GTE:TSE	CRZO:NAS	SM:NYS
2.53	PE Ratio	20.97	0.00	0.00	10.36	0.00	8.20	7.05	3.75	0.00	6.74	17.96	0.00	2.29	9.10	1.90	142.33
0.28	PB Ratio	1.28	0.84	0.46	1.22	0.50	0.35	0.43	0.26	2.95	0.63	0.75	7.88	0.70	0.74	0.89	0.52
0.68	PS Ratio	15.13	1.43	0.68	2.36	0.59	0.89	0.93	0.56	2.48	2.44	2.53	208.38	0.55	1.36	0.91	0.91
1.42	PCF Ratio	2.87	2.34	1.74	3.84	2.29	1.68	1.80	1.05	10.07	3.32	3.52	0.00	1.67	3.30	1.52	2.08
2.93	EV to EBITDA	5.16	6.36	6.36	6.22	0.00	4.33	3.91	2.41	10.05	6.44	5.61	0.00	3.57	3.22	4.00	4.64

Multiples

Using a multiples approach we generated a valuation of $29.63 (USD) for GPOR:NAS

Company GPOR:NAS	End Date Value
Earnings/Share	$2.33 (USD)
Book Value/Share	$21.14 (USD)
Sales/Share	$8.64 (USD)
Cash Flow/Share	$4.16 (USD)
EBITDA/Share	$6.12 (USD)

Price Based on Comps	Adjustment Factor
$24.44 (USD)	0
$23.72 (USD)	0
$32.05 (USD)	0
$28.67 (USD)	0
$39.25 (USD)	0

Ratios	Ratio Average
PE Ratio	10.49
PB Ratio	1.12
PS Ratio	3.71
PCF Ratio	6.89
EV to EBITDA	6.41

Adjusted Book Value versus Historical Price to Book

The average the Price to Book ratio for GPOR:NAS for the last 10 years was 1.24. We ran the Adjusted Book Value for GPOR:NAS and generated a book value of $20.67 (USD). By multiplying these we get an adjusted valuation of $25.70 (USD)

Analyst Data

In the Stockcalc database there are 1 analysts that provide a valuation for GPOR:NAS. The 1 analysts have a consensus valuation for GPOR:NAS for 2019 of $9.00 (USD).

Analyst Recommendation

Buy	Hold	Sell	Rating (of 5)	Guidance	As Of
0	3	0	3.2500	Hold	2019-5-29

Current Price: 5.9 USD

Analyst Consensus

USD Millions	2019	2020	2021
Mean EPS	1.49	1.49	0.90
# EPS Analysts	4	4	1
Mean Revenue	1,353.60	1,377.10	1,290.10
# Revenue Analysts	4	4	1
Mean Target Price	9.00		
Mean Cash Flow	4.90	5.23	5.00
Mean EBITDA	901.20	902.70	812.40
Mean Net Income	244.00	235.40	124.00
Mean Debt Outstanding	2,376.80	2,383.40	2,273.20
Mean Tax Rate	16.00	22.00	
Mean Growth Rate	12.46		
Mean Capital Expenditure	547.50	648.20	527.80

Explanation of Valuation Models

We have up to 6 valuation points for each company in the database.

The Discounted Cash Flow (DCF) valuation is a cash flow model where cash flow projections are discounted back to the present to calculate value per share. DCF is a common valuation technique especially for companies undergoing irregular cash flows such as resource companies (mining, forestry, oil and gas) going though price cycles or smaller companies about to generate cash flow (junior exploration companies, junior pharma, technology firms…).

The Price Comparables valuation is the result of valuing the company we are looking at on the basis of ratios from selected comparable companies: Price to Earnings, Price to Book, Price to Sales, Price to Cash Flow, Enterprise Value (EV) to EBITDA. Each of these ratios for the selected comparable companies are averaged and multiplied by the values for the company we are interested in to calculate a value per share for our selected company.

We have included the Other Comparables as a way to value companies that cannot be valued using Earnings based ratios. This technique is very useful for companies still experiencing negative cash flows such as mining exploration firms. We use Cash/Share, Book Value/Share, MarketCap, 1 Year Return, NetPPE as the ratios here. Each of these ratios for the selected comparable companies are averaged and multiplied by the values for the company we are interested in to calculate a value per share for our selected company.

Multiples are similar to Price comparables where we look at current or historic ratios for the company in question to assess what it should be worth today based on those historic ratios. We use the same 5 ratios as in the price comparables and value the company with its historic averages.

With Adjusted Book Value (ABV) we calculate the book value per share for the company based on its balance sheet and multiply that book value per share by its historical price to book ratio to calculate a value per share.

If we have Analyst coverage for the company we use the consensus target price here.

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