



# FOURTH-QUARTER 2018

FINANCIAL & OPERATIONAL SUPPLEMENT

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# 4Q AND FULL-YEAR 2018 KEY METRICS



	4Q 2018	FY 2018
<b>Reported Production</b>	482 Mboe/d	466 Mboe/d
<b>Adjusted Production<sup>(1)</sup></b>	421 Mboe/d	395 Mboe/d
<b>Cost Incurred, GTP, and other Capital Investment</b>	\$1.2 Billion	\$4.1 Billion
<b>Upstream Capital Investment<sup>(2)</sup></b>	\$823 Million	\$3.1 Billion
<b>Altus Capital Investment<sup>(2)</sup></b>	\$274 Million	\$627 Million
<b>Net Cash Provided by Operating Activities</b>	\$1.0 Billion	\$3.8 Billion
<b>Adjusted EBITDAX<sup>(2)</sup></b>	\$1.1 Billion	\$4.9 Billion
<b>Earnings Per Share</b>	(\$1.00)	\$0.11
<b>Adjusted Earnings Per Share<sup>(2)(3)</sup></b>	\$0.31	\$1.77

(1) Excludes production attributable to Egypt tax barrels and noncontrolling interest.

(2) For a reconciliation to the most directly comparable GAAP financial measure please refer to the Non-GAAP Reconciliations.

(3) Includes \$(0.14) and \$(0.24) per share of dry hole expense (net of tax) for fourth-quarter and full-year 2018, respectively.





- **Delivering Value: 2018 & 4Q Highlights**
- 2019 Capital Budget & Outlook
- 4Q Results
- Appendix
- Non-GAAP Reconciliations



# FRAMEWORK FOR LONG-TERM VALUE CREATION



## BALANCED PORTFOLIO APPROACH

*Capital Allocation Focused on Maintaining Free Cash Flow Generators and Developing Long-Term Growth Optionality*



## SUSTAINABLE PRODUCTION GROWTH

*Growing Permian Oil and Developing Alpine High Rich Gas*



## FREE CASH FLOW GENERATION

*Focusing on Capital Discipline for Growth Within Cash Flow*



## OPERATIONAL FLEXIBILITY

*Actively Manage Capital Program to Reflect Commodity Price Environment*



## RETURN OF CAPITAL

*Plan to Return 50%+ of Any Free Cash Flow (Share & Debt Repurchases, Dividends)*

**Long-Term, Returns-Focused Development and Shareholder Value**

# 2018 HIGHLIGHTS

## Strong Financial Performance & Execution



### **RETURN TO INVESTORS**

- ✓ Exceeded 2018 CROIC<sup>(1)</sup> target of 18%
- ✓ Repurchased \$305 million of common stock; first buybacks since 2014
- ✓ Decreased total debt balance by \$281 million

**~25% Returned**  
of 2018 Cash Flow from Ops



### **SUSTAINABLE PRODUCTION GROWTH**

- ✓ Delivered 13% adjusted production growth
- ✓ Improved Permian well productivity & reduced completions costs
- ✓ Achieved first oil at Garten (North Sea) less than 8 months after discovery

**18%**  
YoY Permian Oil Growth



### **BALANCED PORTFOLIO**

- ✓ Formed Altus Midstream Company (ALTM) to fund Alpine High midstream investment
- ✓ High grading & increasing Permian inventory
- ✓ Expanding opportunity set in Egypt with acreage awards and advanced 3-D seismic
- ✓ Mapped numerous large drill ready prospects on Block 58 in Suriname

U.S.      Int'l  
**36% / 64%**  
Cash Flow from Ops

# 4Q 2018 HIGHLIGHTS

Production Growth & Efficiencies Drive Outstanding Performance

**Permian Oil Production of 99 MBOE/D  
exceeded guidance**

15%  from 4Q'17



Adjusted production  
**421 MBOE/D**



in line with guidance



**Repurchased 7.8MM  
Shares in 2018\***

Average price ~\$39/share

**Closed Altus  
Midstream**

transaction



North Sea achieved



**Highest level  
of production**

**In 2 years following successes  
at Callater and Garten**





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# 2019 CAPITAL BUDGET HIGHLIGHTS

Disciplined Plan with Capital Flexibility to Drive Returns & Growth



▶ Raising total adjusted production guidance to 425,000 to 440,000 BOE per day



▶ ~75% of upstream budget allocated within United States



▶ 6 – 10% total adjusted production growth from 4Q'18 to 4Q'19

- ▶ 12 – 16% U.S. Production
- ▶ 5% Permian Oil
- ▶ Down 2 – 4% Internationally



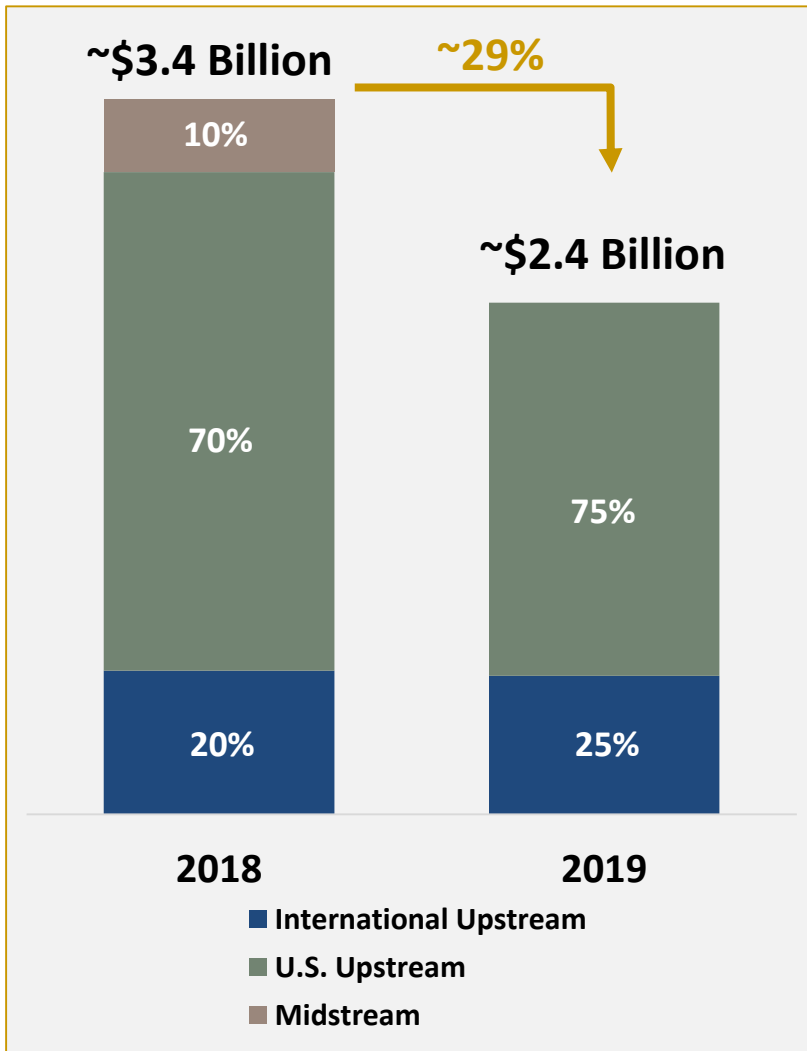
▶ Target cash-flow neutrality, inclusive of dividend, at an assumed WTI oil price of \$53 per barrel



▶ Plan to return 50 percent or more of any free cash flow generated, including asset sales, to investors



# 2019 CAPITAL BUDGET & ACTIVITY



## United States



### Average 12 Rigs

- ▶ Drill **85 wells at Alpine High** focused primarily on rich gas development
- ▶ Drill **55 wells in Midland and 42 wells in other Delaware**

## International

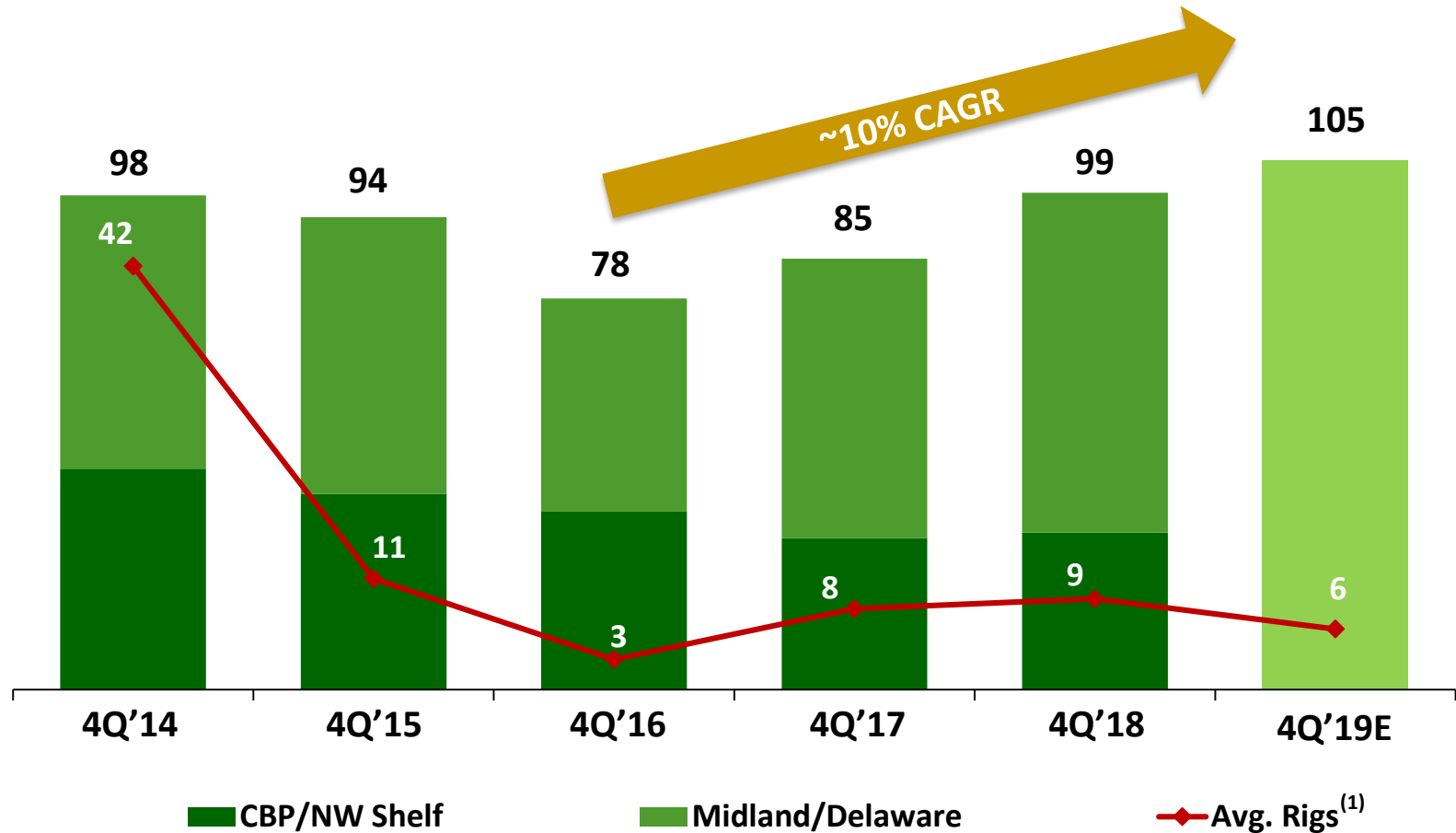
- ▶ **Egypt:** Avg. 7 - 8 rigs
  - Drill 40 development wells / 30 exploration wells
  - Focus on new acreage and areas with new 3-D seismic
- ▶ **North Sea:** Operate 2 platform rigs and one floating rig
  - Drill 11 wells in the Beryl area and 6 wells at Forties
- ▶ **Suriname:** 1 exploration well

### Sustained Production



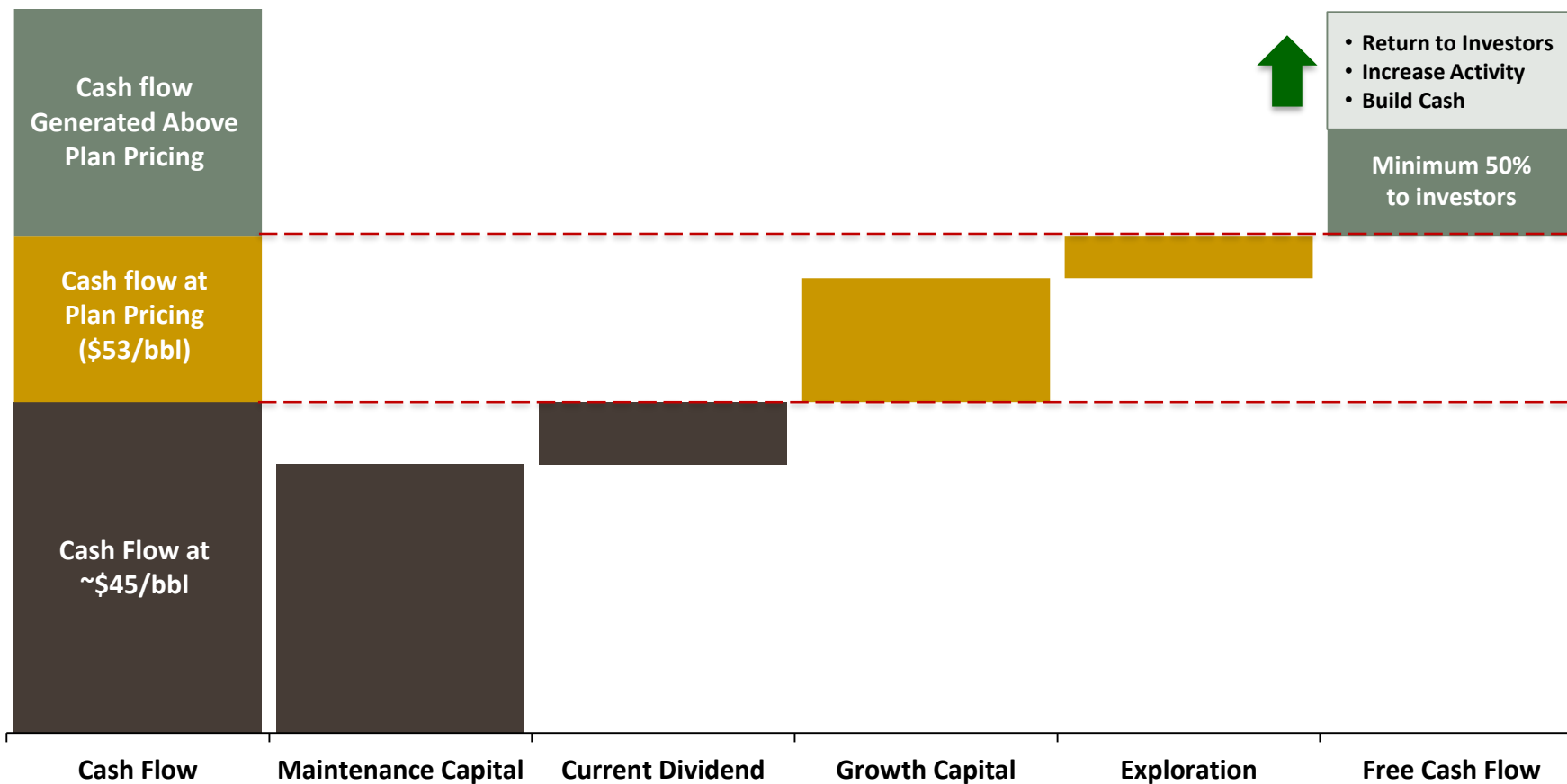
# PERMIAN OIL PRODUCTION & RIG COUNT

Delivering Growth More Efficiently



Have Now Exceeded 4Q'14 Production Peak on Significantly Less Rigs

# 2019 CASH FLOW PRIORITIES



- Maintain 4Q'18 production level and current dividend at approximately \$45/bbl WTI
- Achieve 2019 production growth targets within cash flow at plan pricing<sup>(1)</sup>
- Plan to return 50%+ of any free cash flow to investors



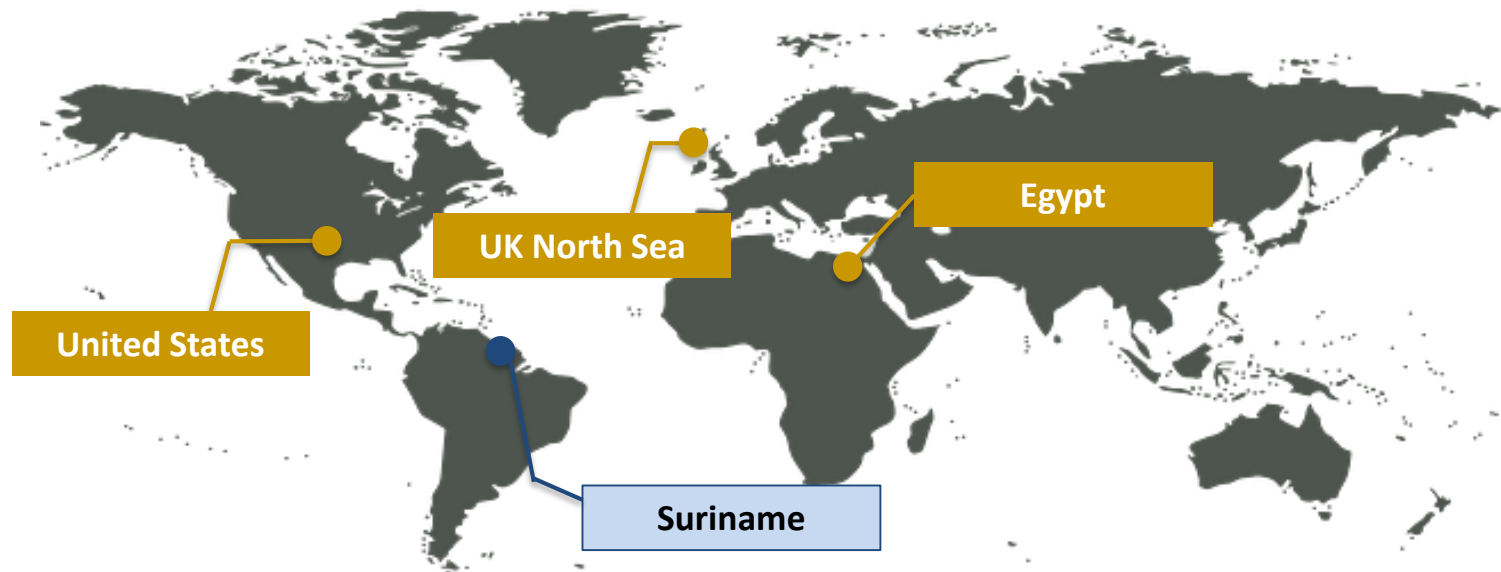
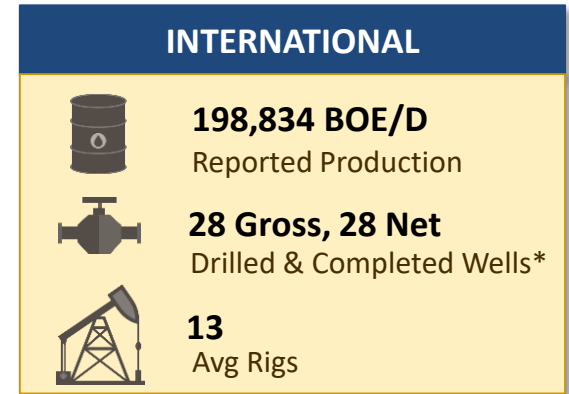
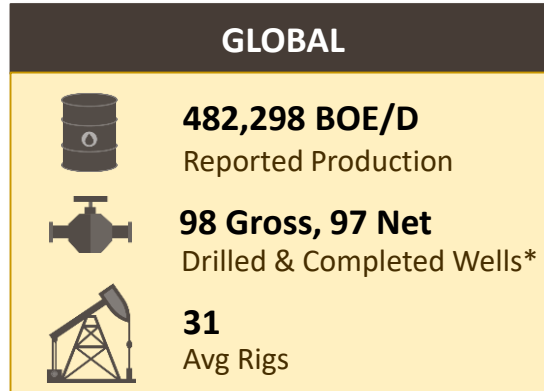
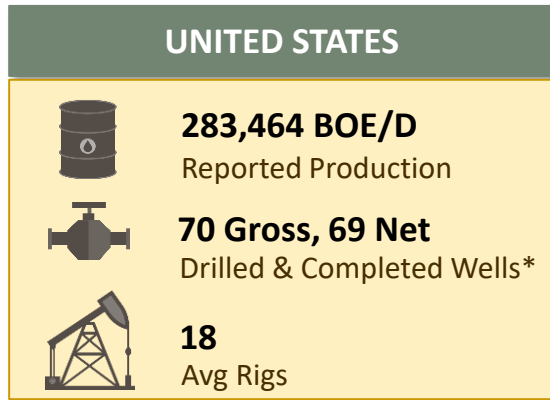


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# 4Q 2018 GLOBAL PORTFOLIO

Balanced Portfolio Aligns Returns Focus & Strategic Objectives



# 4Q PERMIAN SUMMARY

## 33% YoY Net Production Growth

### MIDLAND BASIN

- ✓ Averaged 5 rigs, 2 frac crews, and placed 26 wells on production
- ✓ **Well performance and completions timing drove 4Q oil growth**
- ✓ Strong delineation results in Benedum and Hartgrove areas

### OTHER DELAWARE BASIN

- ✓ Averaged 4 rigs and placed 9 wells on production
- ✓ **4-well Palmillo pad in Eddy County, New Mexico delivers impressive Bone Spring production rates**

### ALPINE HIGH

- ✓ Averaged 7 rigs, 2 frac crews, and placed 26 wells on production
- ✓ Exited 4Q producing ~70 MBOE/D
- ✓ **Well costs declined ~25% per lateral foot in 2018**
- ✓ Approximately 300,000 net acres at year-end

### REGION STATS



**235,936 BOE/D**

Reported Production



**66 Gross, 65 Net**

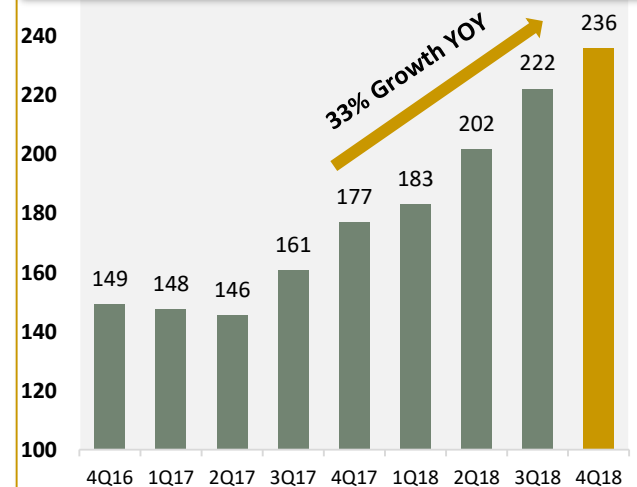
Drilled & Completed Wells\*



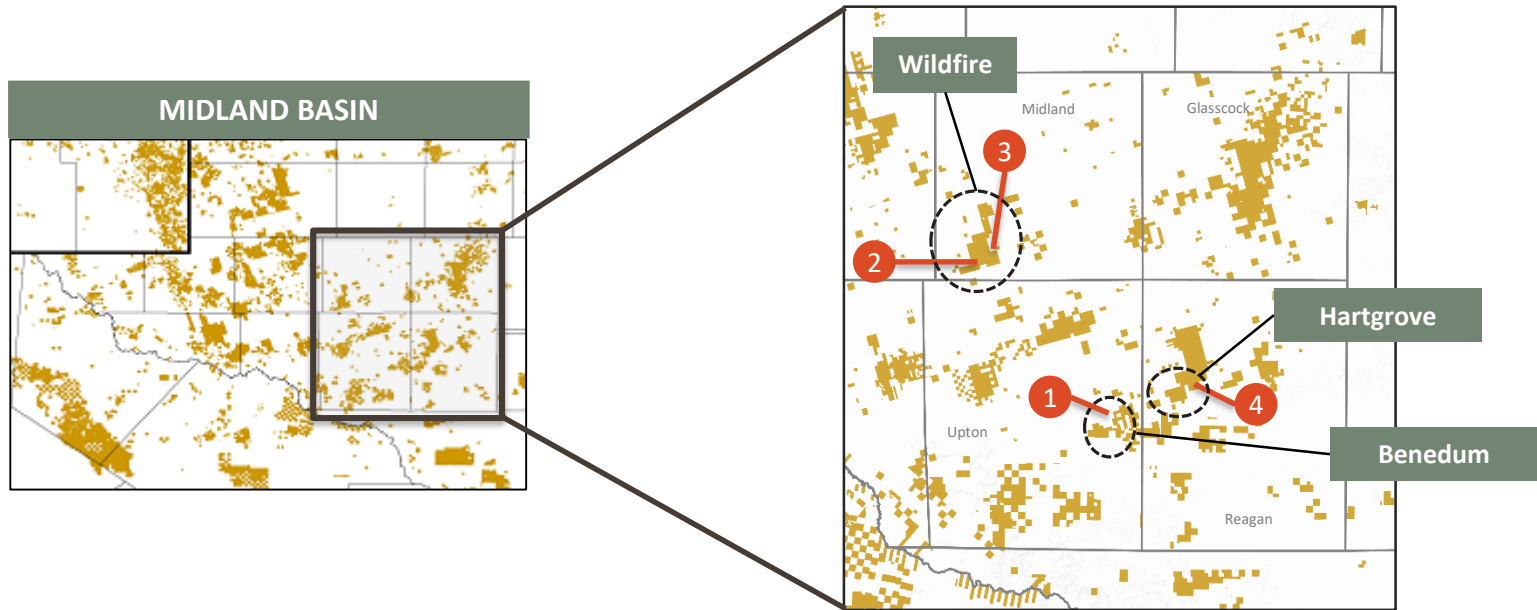
**16**

Avg Rigs

### NET PRODUCTION MBOE/D



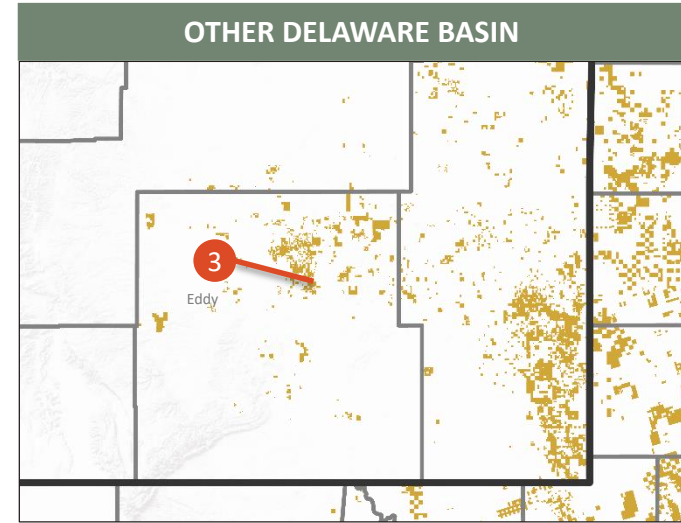
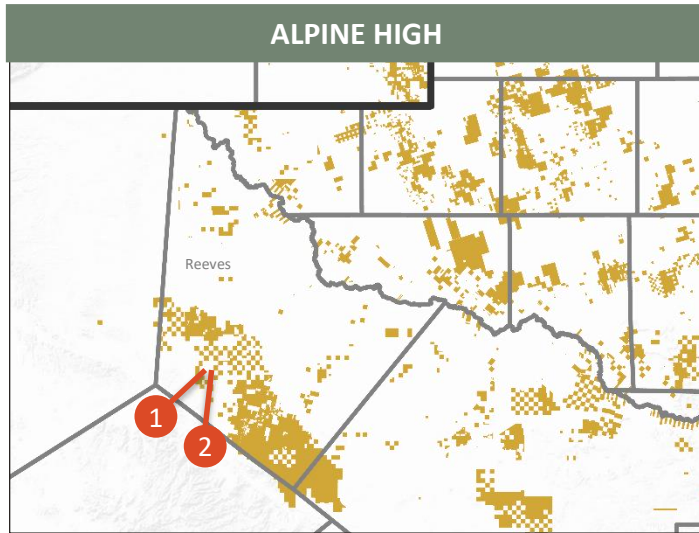
# WELL HIGHLIGHTS: MIDLAND BASIN



PAD	FORMATION	AREA	COUNTY	LATERAL (FT)	AVG 30-DAY IP/WELL	AVG 30-DAY IP BOEPD/1,000 FT	OIL
1 Torpedo (4 Wells)	Wolfcamp	Benedum	Upton	9,354	1,646 BOE/D	176	78%
2 June Tippett (8 Wells)	Spraberry	Wildfire	Midland	7,598	1,168 BOE/D	154	82%
3 June Tippett (5 Wells)	Wolfcamp	Wildfire	Midland	7,697	1,065 BOE/D	138	77%
4 Hartgrove (4 Wells)	Wolfcamp	Hartgrove	Reagan	6,752	960 BOE/D	145	78%



# WELL HIGHLIGHTS: ALPINE HIGH/DELAWARE BASIN



PAD / WELL	FORMATION	AREA	COUNTY	LATERAL (FT)	AVG 30-DAY IP/WELL	AVG 30-DAY IP BOEPD/1,000 FT	BTU CONTENT
<b>Alpine High Rich Gas Development</b>							
1 Mont Blanc (6 Wells)	Woodford	Northern Flank	Reeves	4,824	3,137 BOE/D	648	1,150
2 Iroquois State 201AH	Barnett	Northern Flank	Reeves	4,561	2,028 BOE/D	445	1,257
<b>Other Delaware Basin Oil</b>							
3 Palmillo (4 Wells)	Bone Spring	Palm	Eddy	5,117	1,727 BOE/D	338	79% Oil

# 4Q EGYPT SUMMARY

## Laying Foundation for Potential Growth

### REGION HIGHLIGHTS

- ✓ 3-D seismic data acquisition over more than **1.25 million acres**
  - Identified approximately **40 new leads** thus far
  - Drilling commenced using new data in the West Kalabsha area
- ✓ First discovery well in recently awarded **East Bahariya concession amendment** achieved **IP rate of 2,200 BOPD** on Feb. 10, 2019
- ✓ **Qasr West discovery** to partially offset decline rate of legacy Qasr gas field

Well Name	Basin	30-Day Average IP	Oil	Program Success Rate  <b>96%</b> <b>(23 out of 24)</b>
Qasr West 1X	Shushan	2,671	6%	
Berenice 9	Faghur	1,154	100%	
Menes 8	Shushan	1,032	100%	

### REGION STATS



**135,513 BOE/D**

Reported Production



**24 Gross, 24 Net**

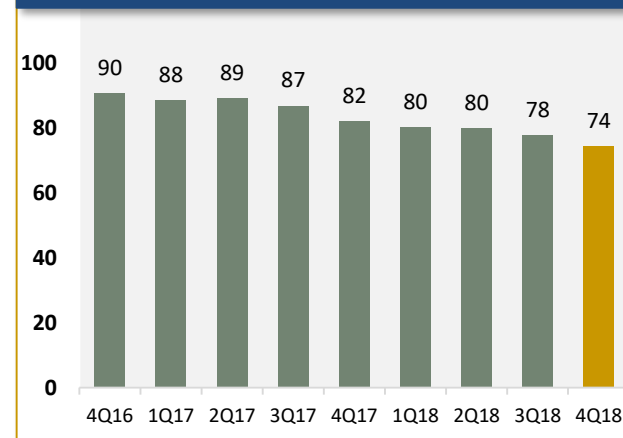
Drilled & Completed Wells\*



**10**

Avg Rigs

### ADJUSTED PRODUCTION MBOE/D <sup>(1)</sup>



(1) Excludes tax barrels and noncontrolling interest

# 4Q NORTH SEA SUMMARY

## Highest Quarterly Production in Two Years

### REGION HIGHLIGHTS

- ✓ **Successes at Callater and Garten drive higher production during quarter**
- ✓ **Cumulative production at Garten exceeds 1 million barrels of oil and 1.3 Bcf of gas**
  - Second Garten well to spud 2H 2019
  - Identified two analog prospects

Well Name	Basin	30-Day Average IP	Oil	Program Success Rate
Garten GR40 (S231)	Garten	15,998 Boe/d	82%	
9/19B-23A (CC2)	Callater	6,675 Boe/d	46%	
FD 2-4_D68	Forties	~1,000 Boe/d	100%	

100%

### REGION STATS



**63,321 BOE/D**

Reported Production



**4 Gross, 4 Net**

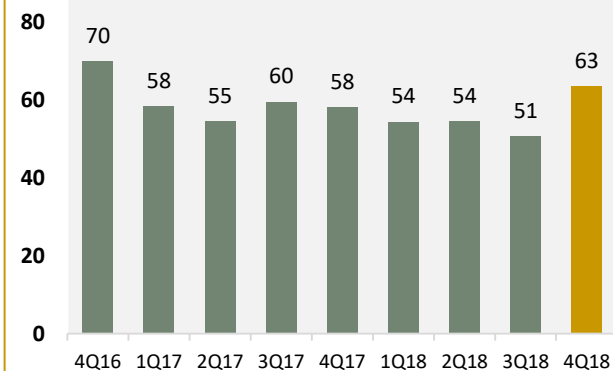
Drilled & Completed Wells\*



**3**

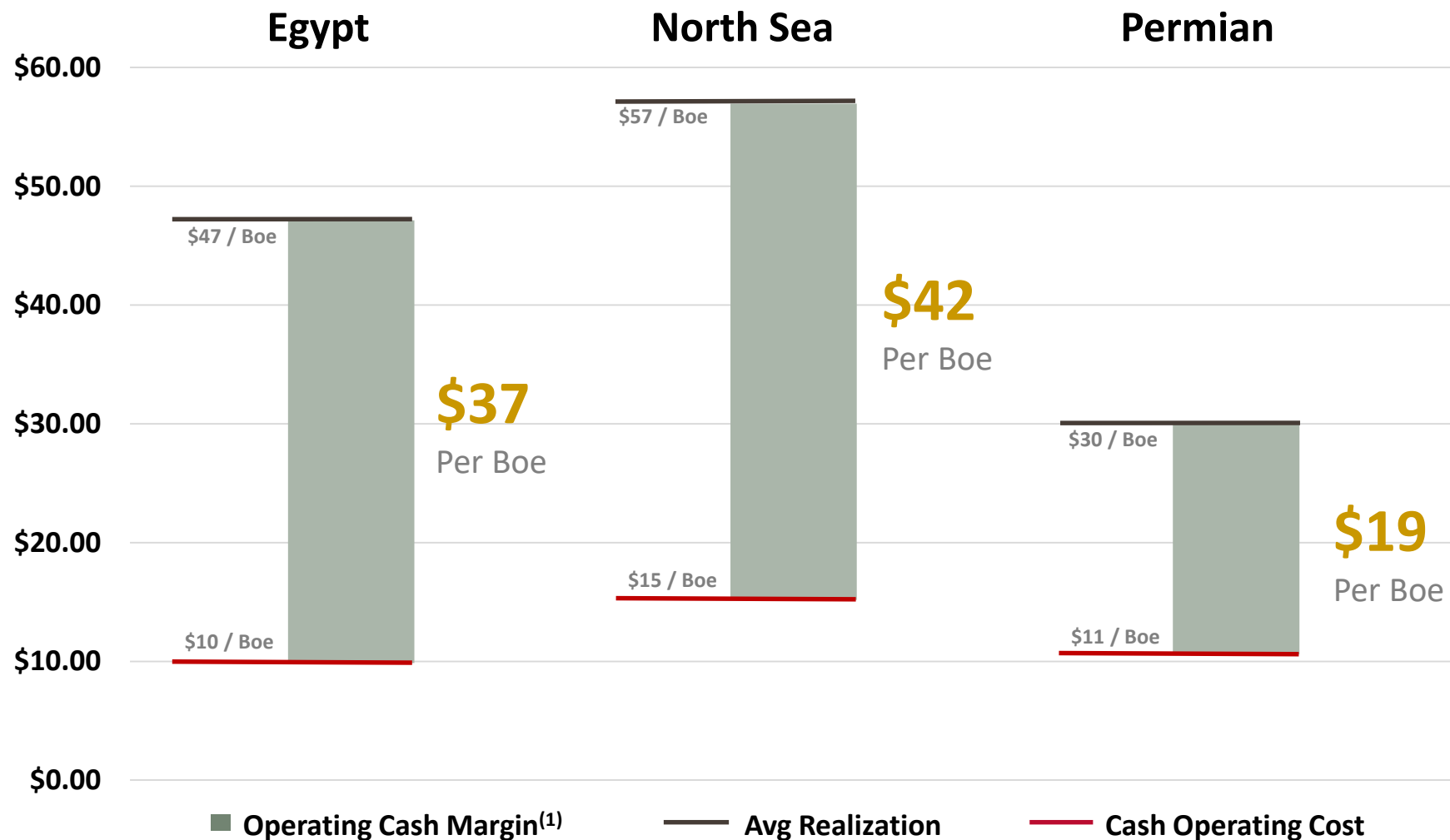
Avg Rigs

### NET PRODUCTION MBOE/D



# 4Q 2018 OPERATING CASH MARGINS

Brent Oil Price Exposure Drives High International Margins

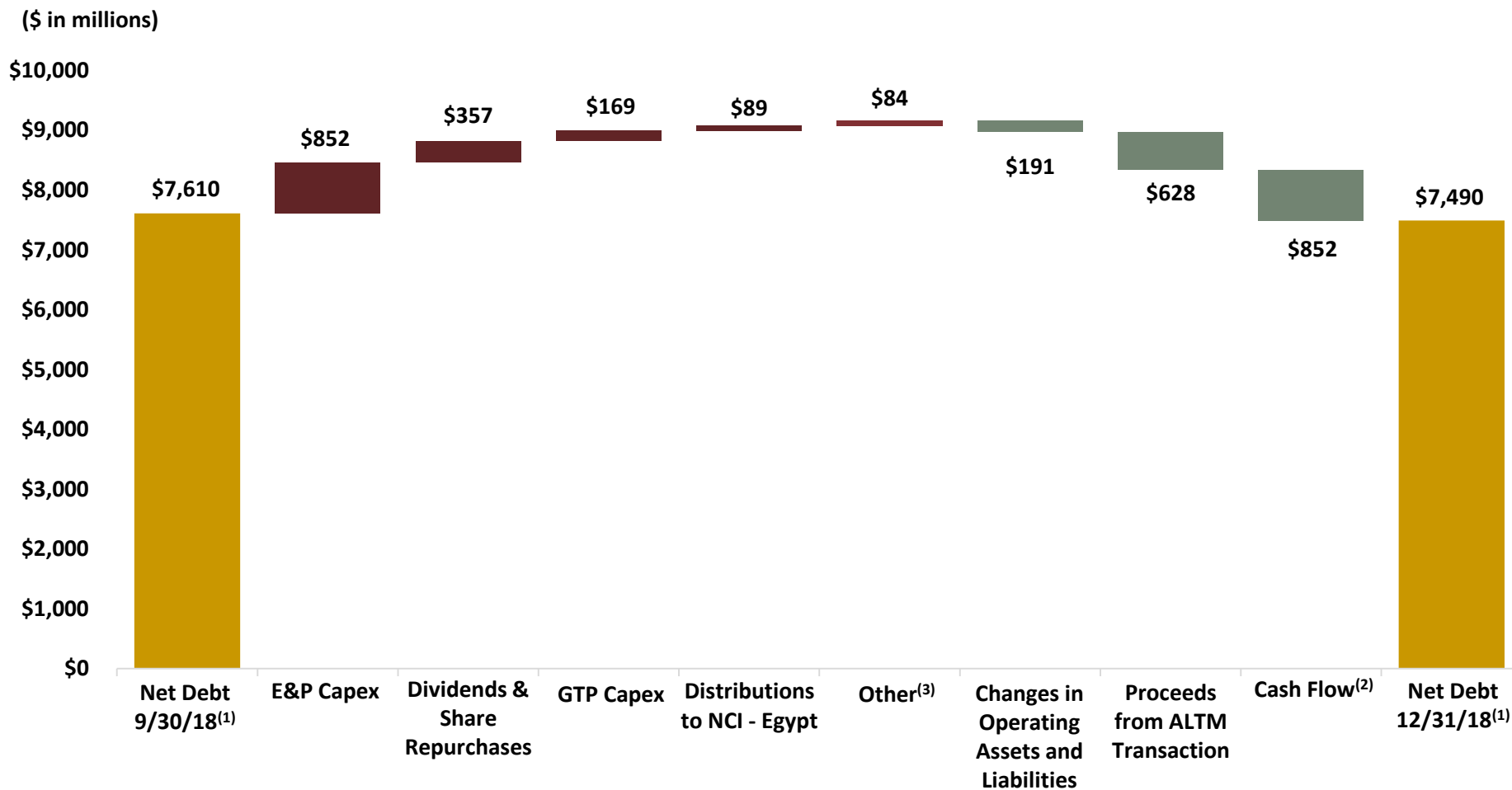


(1) Operating cash margins calculated as price realizations less lease operating expenses, gathering, transmission, & processing costs, and taxes other than income.



# NET DEBT RECONCILIATION

## 4Q 2018



(1) For a reconciliation to the most directly comparable GAAP financial measure please refer to the Non-GAAP Reconciliations.

(2) Net cash provided by operating activities before changes in operating assets and liabilities. For a reconciliation to the most directly comparable GAAP financial measure please refer to the Non-GAAP Reconciliations.

(3) Includes leasehold & property acquisitions, asset sales, and ALTM GCX interest of \$91MM.

# 2019 GUIDANCE

<b>Daily Production (MBOE/D)</b>	<b>New Guidance</b>		<b>Benchmarks</b>	<b>2019 Price Assumptions</b>	
		<b>2019</b>			
United States.....		295 - 305	WTI.....		\$53.00
International.....		190 - 200	Brent.....		\$61.00
Reported Production.....		485 - 505	NYMEX Henry Hub.....		\$2.80
Less: Egypt Tax Barrels.....		25 - 28	NBP Gas.....		\$7.00
Less: Egypt Noncontrolling Interest.....		35 - 37	NGLs.....		50% of WTI before T&F fees
Total Adjusted Production		425 - 440			
Alpine High.....		85 - 90			
<b>Estimated Product Mix: Oil/NGLs/Natural Gas</b>					
United States.....		37% / 25% / 38%			
International (Adjusted).....		70% / 2% / 28%			
<b>Capital Guidance (\$ in Billions)<sup>(1)</sup></b>					
United States.....		75%			
International.....		25%			
Upstream Total.....		\$2.4			
<b>Income Statement Items</b>					
Upstream Lease Operating Expenses (\$ per BOE).....		\$7.50 - \$7.75			
Gathering, Transmission, and Processing (\$ in millions) <sup>(2)</sup> ....		\$400			
DD&A (\$ per BOE).....		\$14.25			
Cash Exploration Costs (\$ in millions) <sup>(3)</sup> .....		\$85 - \$95			
General and Administrative Expenses (\$ in millions).....		\$450			
Financing Costs (\$ in millions).....		\$400			
Cash Taxes (\$ in millions).....		\$200			

(1) Includes exploration, development, gathering, transmission, and processing capital, capitalized overhead, and settled asset retirement obligations, and excludes capitalized interest, non-cash asset retirement additions and revisions, and Egypt noncontrolling interest, in each case associated with Apache's upstream business.

(2) Represents combination of 100% Altus Midstream Company operating expense and Apache upstream GTP costs

(3) Excludes dry hole and unproved leasehold impairments.

# 1Q 2019 GUIDANCE

## Quarterly Guidance

	New 1Q 2019 Guidance
Production (Mboe/d)	
United States.....	287
International (Adjusted).....	138
Total Adjusted Production.....	425
Alpine High.....	70
Upstream Capital Investments (\$ in millions) <sup>(1)</sup> .....	\$625
Upstream Lease Operating Expenses (\$ per BOE).....	\$7.75
Gathering, Transmission, and Processing (\$ in millions) <sup>(2)</sup> .....	\$100
Cash Exploration Costs (\$ in millions) <sup>(3)</sup> .....	\$30
General and Administrative Expenses (\$ in millions).....	\$120
Cash Taxes (\$ in millions).....	\$70

(1) Includes exploration, development, gathering, transmission, and processing capital, capitalized overhead, and settled asset retirement obligations, and excludes capitalized interest, non-cash asset retirement additions and revisions, and Egypt noncontrolling interest, in each case associated with Apache's upstream business.

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# GLOSSARY OF REFERENCED TERMS

- ▶ **Upstream Capital Investment:** Includes exploration, development, gathering, transmission, and processing capital, capitalized overhead, and settled asset retirement obligations, and excludes capitalized interest, non-cash asset retirement additions and revisions, and Egypt noncontrolling interest, in each case associated with Apache's upstream business.
- ▶ **CROIC (Cash Return On Invested Capital):** Calculated with the numerator as cash flow from operations before changes in working capital, excluding Egypt noncontrolling interest, with financing costs added back; and the denominator as average debt plus average Apache shareholders' equity.
- ▶ **Net Debt:** Total debt (long-term and short-term) less cash and cash equivalents.
- ▶ **Free Cash Flow:** Excess cash flow from operations before working capital changes after upstream capital investment, distributions to noncontrolling interest and dividend payments. The impacts of ALTM are excluded from this definition, as future development of the ALTM midstream assets is expected to be separately funded by ALTM.
- ▶ **Cash Flow Neutrality:** Free Cash Flow equal to zero.

In addition to the terms above, a list of commonly used definitions and abbreviations can be found in Apache's Form 10-K for the year ended December 31, 2018.

# OIL AND GAS CAPITAL INVESTMENT

	(in millions)			
	1Q18 <sup>(1)</sup>	2Q18 <sup>(1)</sup>	3Q18 <sup>(1)</sup>	4Q18 <sup>(1)</sup>
<b>Upstream Investment:</b>				
Permian .....	\$ 477	\$ 490	\$ 636	\$ 619
MidCon / Gulf Coast .....	65	24	23	19
Gulf of Mexico.....	8	19	18	17
United States.....	550	533	677	655
Egypt (Apache's interest only) <sup>(2)</sup> .....	104	110	86	99
North Sea.....	87	72	77	68
Other.....	1	2	4	1
<b>Upstream Total</b>	<b>\$ 742</b>	<b>\$ 717</b>	<b>\$ 844</b>	<b>\$ 823</b>
Altus.....	115	116	122	274
<b>Total</b>	<b>\$ 857</b>	<b>\$ 833</b>	<b>\$ 966</b>	<b>\$ 1,097</b>

(1) First through fourth quarter 2018 adjustments to total costs incurred and GTP capital investments:

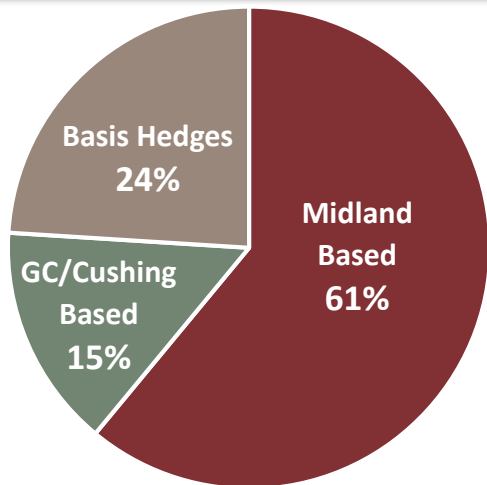
- ▶ Includes cash plug and abandonment of \$8 million, \$16 million, \$15 million and \$12 million.
- ▶ Excludes non-cash plug and abandonment oil and gas properties of \$2 million, \$4 million, \$12 million and \$13 million.
- ▶ Excludes non-cash GTP abandonment of \$5 million, \$7 million, \$(2) million and \$0 million.
- ▶ Excludes exploration expense, other than dry hole expense and unproved leasehold impairments, of \$40 million, \$39 million, \$39 million and \$34 million.

(2) First through fourth quarter 2018 excludes noncontrolling interest in Egypt of \$52 million, \$55 million, \$44 million and \$49 million, respectively.

For a reconciliation of cost incurred and GTP capital investments to Oil and Gas Capital Investment please refer to the Non-GAAP Reconciliations.

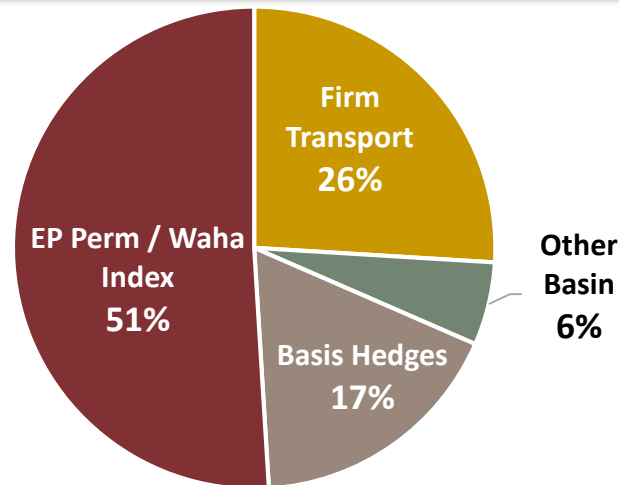
# 2019 PERMIAN BASIN PRICING

## OIL



- ▶ GC/Cushing based contracts provide options for higher of Gulf Coast/Cushing/Midland pricing

## NATURAL GAS



- ▶ Firm transport and “other basin” contracts generally access Gulf Coast pricing



- ▶ Waha basis hedges average approximately \$0.51 per MMBtu for 2019



- ▶ Significantly lower EP Perm / Waha exposure in 2020 with firm transport secured on GCX and Permian Highway pipelines

# OPEN COMMODITY DERIVATIVE POSITIONS

As of February 26, 2019

## Oil Basis

Instrument	Index	Period	Volume	Strike
			(bbls/d)	Sell
Basis Swap	Midland/WTI	Jan 2019 - Sep 2019	27,000	-8.60
Basis Swap	Midland/WTI	Oct 2019 - Dec 2019	15,000	-3.72

## Natural Gas

Instrument	Index	Period	Volume	Put	Call
			(mmbtu/d)		
Collar	NYMEX HH	Jan 2019 - Jun 2019	100,000	3.00	3.92

## Natural Gas Basis

Instrument	Index	Period	Volume	Strike	
			(mmbtu/d)	Sell	Buy
Basis Swap	IF Waha/NYMEX	Jan 2019 - Mar 2019	15,000	-0.54	
Basis Swap	IF Waha/NYMEX	Jan 2019 - Jun 2019	180,000	-0.53	
Basis Swap	IF Waha/NYMEX	Jan 2019 - Dec 2019	40,000	-0.45	
Basis Swap	IF Waha/NYMEX	Mar 2019 - Jun 2019	110,000		-1.71
Basis Swap	IF EP Permian/NYMEX	Mar 2019 - Jun 2019	110,000	-1.56	

# EGYPT: PRODUCTION DETAIL

	3Q 2018			4Q 2018		
	Liquids (Bbls/d)	Gas (Mcf/d)	Boe/d	Liquids (Bbls/d)	Gas (Mcf/d)	Boe/d
<b>Gross Production</b>	210,050	766,128	337,738	209,684	751,848	334,992
<b>Reported Production</b>	97,882	331,681	153,163	86,980	291,196	135,513
<b>% Gross</b>	47%	43%	45%	41%	39%	40%
<b>Less: Tax Barrels</b>	26,389	62,373	36,786	17,075	42,031	24,080
<b>Net Production Excluding Tax Barrels</b>	71,492	269,308	116,377	69,905	249,165	111,433
<b>% Gross</b>	34%	35%	34%	33%	33%	33%
<b>Less: Noncontrolling Interest</b>	23,831	89,769	38,792	23,301	83,056	37,144
<b>Adjusted Production</b>	47,662	179,539	77,585	46,604	166,109	74,289
<b>% Gross</b>	23%	23%	23%	22%	22%	22%

	2016				2017				2018			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>MBOE/D</b>												
<b>Gross Production</b>	353	350	350	345	328	334	339	334	330	342	338	335
<b>Reported Production</b>	166	175	180	160	171	162	158	160	154	154	153	136
<b>Adjusted Production</b>	103	101	98	90	88	89	87	82	80	80	78	74
<b>Brent Oil Benchmark Pricing</b>	\$33	\$45	\$47	\$49	\$53	\$48	\$51	\$61	\$67	\$75	\$76	\$69



# ALTUS SUMMARY INCOME STATEMENT

	(\$ in thousands)
	For the Quarter
	Ended December 31,
	<u>2018</u>
<b>REVENUES AND OTHER:</b>	
Midstream service revenue - affiliate	\$ 26,697
Other revenue	1,608
Total revenues and other	<u>28,305</u>
<b>OPERATING EXPENSES:</b>	
Gathering, processing and transmission	15,124
General and administrative	2,242
Depreciation and accretion	5,664
Taxes other than income	1,154
Financing costs, net	107
Total operating expenses	<u>24,291</u>
<b>NET INCOME BEFORE INCOME TAXES</b>	4,014
Current income tax benefit	(1,041)
Deferred income tax expense	274
<b>NET INCOME INCLUDING NONCONTROLLING INTEREST</b>	\$ 4,781
Net income attributable to noncontrolling interest	<u>4,149</u>
<b>NET INCOME ATTRIBUTABLE TO CLASS A COMMON SHAREHOLDERS</b>	<u>\$ 632</u>

# ALTUS SUMMARY BALANCE SHEET & CASH FLOW STATEMENT

## Balance Sheet

(\$ in thousands)

	December 31, 2018
Cash and cash equivalents	\$ 449,935
Other current assets	18,095
Property, plant and equipment, net	1,226,897
Equity investment	91,100
Other assets	71,292
<b>Total assets</b>	<b>\$ 1,857,319</b>
Current liabilities	\$ 98,521
Deferred credits and other noncurrent liabilities	32,012
Redeemable noncontrolling interest	1,940,500
Shareholders' deficit	(213,714)
<b>Total liabilities, noncontrolling interest, and shareholders' deficit</b>	<b>\$ 1,857,319</b>
Common shares outstanding at the end of the period:	
Class A Common Stock, \$0.0001 par value	74,929
Class C Common Stock, \$0.0001 par value	250,000

## Cash Flow Statement

(\$ in thousands)

	For the Quarter Ended December 31, 2018
Net cash provided by operating activities	\$ 661
Net cash used in investing activities	(175,100)
Net cash provided by financing activities	624,374



- Delivering Value: 2018 & 4Q Highlights
- 2019 Capital Budget & Outlook
- Production Outlook
- 4Q Results
- Appendix
- **Non-GAAP Reconciliations**





# NON-GAAP RECONCILIATION

## Adjusted EBITDAX

### Reconciliation of Net Cash Provided by Operating Activities to Adjusted EBITDAX

Management believes EBITDAX, or earnings before income tax expense, interest expense, depreciation, amortization and exploration expense is a widely accepted financial indicator, and useful for investors, to assess a company's ability to incur and service debt, fund capital expenditures, and make distributions to shareholders. We define adjusted EBITDAX, a non-GAAP financial measure, as EBITDAX adjusted for certain items presented in the accompanying reconciliation. Management uses adjusted EBITDAX to evaluate our ability to fund our capital expenditures, debt services and other operational requirements and to compare our results from period to period by eliminating the impact of certain items that management does not consider to be representative of the Company's on-going operations. Management also believes adjusted EBITDAX facilitates investors and analysts in evaluating and comparing EBITDAX from period to period by eliminating differences caused by the existence and timing of certain operating expenses that would not otherwise be apparent on a GAAP basis. However, our presentation of adjusted EBITDAX may not be comparable to similar measures of other companies in our industry.

(\$ in millions)

	For the Quarter Ended			For the Year Ended	
	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Net cash provided by operating activities	\$ 1,043	\$ 1,006	\$ 668	\$ 3,777	\$ 2,428
Adjustments:					
Exploration expense other than dry hole expense and unproved leasehold impairments	34	39	39	152	120
Current income tax provision	185	262	182	894	595
Other adjustments to reconcile net income to net cash provided by operating activities	(29)	(14)	21	(125)	(145)
Changes in operating assets and liabilities	(191)	(32)	92	(245)	320
Financing costs, net (excluding loss on early extinguishment of debt)	93	98	97	384	396
Transaction, reorganization & separation costs	8	8	2	28	16
Adjusted EBITDAX (Non-GAAP)	<u>\$ 1,143</u>	<u>\$ 1,367</u>	<u>\$ 1,101</u>	<u>\$ 4,865</u>	<u>\$ 3,730</u>

# NON-GAAP RECONCILIATION

## Regional Cash Flows

### Reconciliation of Net Cash Provided by Operating Activities to Cash Flows from Continuing Operations before Changes in Operating Assets and Liabilities

Cash flows from continuing operations before changes in operating assets and liabilities is a non-GAAP financial measure. Apache uses it internally and provides the information because management believes it is useful for investors and widely accepted by those following the oil and gas industry as a financial indicator of a company's ability to generate cash to internally fund exploration and development activities, fund dividend programs, and service debt. It is also used by research analysts to value and compare oil and gas exploration and production companies and is frequently included in published research when providing investment recommendations. Cash flows from operations before changes in operating assets and liabilities, therefore, is an additional measure of liquidity but is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing, or financing activities.

	For the Quarter			
	Ended December 31, 2018			
	North Sea	Egypt	U.S. and Other	Consolidated
	<i>(\$ in millions)</i>			
Net cash provided by operating activities	\$ 155	\$ 508	\$ 380	\$ 1,043
Changes in operating assets and liabilities	24	(171)	(44)	(191)
Cash flows from operations before changes in operating assets and liabilities	<u>\$ 179</u>	<u>\$ 337</u>	<u>\$ 336</u>	<u>\$ 852</u>

	For the Year			
	Ended December 31, 2018			
	North Sea	Egypt	U.S. and Other	Consolidated
	<i>(\$ in millions)</i>			
Net cash provided by operating activities	\$ 726	\$ 1,702	\$ 1,349	\$ 3,777
Changes in operating assets and liabilities	(7)	(119)	(119)	(245)
Cash flows from operations before changes in operating assets and liabilities	<u>\$ 719</u>	<u>\$ 1,583</u>	<u>\$ 1,230</u>	<u>\$ 3,532</u>

(1) Includes non-controlling interest in Egypt.



# NON-GAAP RECONCILIATION

## Cash Flow From Operations Before Changes in Operating Assets and Liabilities

### Reconciliation of Net Cash Provided by Operating Activities to Cash Flows from Operations before Changes in Operating Assets and Liabilities

Cash flows from operations before changes in operating assets and liabilities is a non-GAAP financial measure. Apache uses it internally and provides the information because management believes it is useful for investors and widely accepted by those following the oil and gas industry as a financial indicator of a company's ability to generate cash to internally fund exploration and development activities, fund dividend programs, and service debt. It is also used by research analysts to value and compare oil and gas exploration and production companies and is frequently included in published research when providing investment recommendations. Cash flows from operations before changes in operating assets and liabilities, therefore, is an additional measure of liquidity but is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing, or financing activities.

	(\$ in millions)			(\$ in millions)	
	For the Quarter Ended			For the Year Ended	
	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Net cash provided by operating activities	\$ 1,043	\$ 1,006	\$ 668	\$ 3,777	\$ 2,428
Changes in operating assets and liabilities	(191)	(32)	92	(245)	320
Cash flows from operations before changes in operating assets and liabilities	<u>\$ 852</u>	<u>\$ 974</u>	<u>\$ 760</u>	<u>\$ 3,532</u>	<u>\$ 2,748</u>

# NON-GAAP RECONCILIATION

## Net Debt

### Reconciliation of Debt to Net Debt

Net debt, or outstanding debt obligations less cash and cash equivalents, is a non-GAAP financial measure. Management uses net debt as a measure of the Company's outstanding debt obligations that would not be readily satisfied by its cash and cash equivalents on hand.

(\$ in millions)

	<u>December 31, 2018</u>	<u>September 30, 2018</u>	<u>June 30, 2018</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Current debt	\$ 150	\$ 150	\$ 400	\$ 400	\$ 550
Long-term debt	<u>8,054</u>	<u>8,053</u>	<u>7,937</u>	<u>7,936</u>	<u>7,934</u>
Total debt	8,204	8,203	8,337	8,336	8,484
Cash and cash equivalents	714	593	972	1,077	1,668
Net debt	<u>\$ 7,490</u>	<u>\$ 7,610</u>	<u>\$ 7,365</u>	<u>\$ 7,259</u>	<u>\$ 6,816</u>

# NON-GAAP RECONCILIATION

## Oil and Gas Capital Investment

### Reconciliation of Costs Incurred and GTP Capital Investments to Oil and Gas Capital Investment

Management believes the presentation of oil and gas capital investments is useful for investors to assess Apache's expenditures related to our oil and gas capital activity. We define oil and gas capital investments as costs incurred for oil and gas activities and GTP activities, adjusted to exclude asset retirement obligations revisions and liabilities incurred, while including amounts paid during the period for abandonment and decommissioning expenditures. Capital expenditures attributable to a one-third noncontrolling interest in Egypt are also excluded. Management believes this provides a more accurate reflection of Apache's cash expenditures related to oil and gas capital activity and is consistent with how we plan our capital budget.

	(\$ in millions)			
	For the Quarter Ended December 31,		For the Year Ended Ended December 31,	
	2018	2017	2018	2017
Costs incurred in oil and gas property:				
Acquisitions				
Proved	\$ 1	\$ 4	\$ 6	\$ 7
Unproved	46	32	127	181
Exploration and development	860	718	3,321	2,698
	<u>907</u>	<u>754</u>	<u>3,454</u>	<u>2,886</u>
GTP and other capital investments:				
GTP facilities	183	155	550	552
Equity method investment	91	-	91	-
Total Costs incurred and GTP capital investments	<u>\$ 1,181</u>	<u>\$ 909</u>	<u>\$ 4,095</u>	<u>\$ 3,438</u>
Reconciliation of Costs incurred and GTP to Oil and gas capital investment				
Asset retirement obligations incurred and revisions - oil and gas property	\$ (13)	\$ 36	\$ (31)	\$ (70)
Asset retirement obligations incurred and revisions - GTP facilities	-	(4)	(10)	(18)
Asset retirement obligations settled	12	13	51	45
Exploration expense other than dry hole expense and unproved leasehold impairments	(34)	(39)	(152)	(120)
Less noncontrolling interest	(49)	(53)	(200)	(186)
Oil and gas capital investment	<u>\$ 1,097</u>	<u>\$ 862</u>	<u>\$ 3,753</u>	<u>\$ 3,089</u>