Murphy Oil Announces Quarterly Earnings

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EL DORADO, Ark.--(BUSINESS WIRE)--Oct. 28, 2003--Murphy Oil Corporation (NYSE:MUR) announced today that net income in the third quarter of 2003 was $73.1 million, $.79 per diluted share, compared to income of $37.4 million, $.41 per diluted share, in the third quarter of 2002. The current period includes special items that increased net income by $9.4 million, $.10 per share. Special items were an $11.4 million income tax benefit in Malaysia and $5.4 million of foreign currency gains, partially offset by additional after-tax costs of $5.1 million related to a fire at the Company's Meraux, Louisiana refinery on June 10, 2003, and a $2.3 million after-tax charge for impairment of Gulf of Mexico assets. Special items in the third quarter of 2002 increased net income by $7.9 million, $.09 per share. Income excluding special items was $63.7 million, $.69 per share, in the just completed quarter compared to $29.5 million, $.32 per share, in the same 2002 quarter.

Reviewing quarterly results by type of business, the Company's income contribution from exploration and production operations was $71.9 million in the third quarter of 2003 compared to $54.9 million in the same quarter of 2002. Excluding special items in both periods, current quarterly earnings were $62.5 million in 2003 and $47 million in 2002. The income improvement in the just completed quarter was due to higher oil sales volume and a higher average North American natural gas sales price, partially offset by lower natural gas production, lower realized oil sales prices and higher exploration expenses. The Company's worldwide crude oil and condensate sales prices averaged $24.31 per barrel for the current quarter compared to $25.45 per barrel in the third quarter of 2002. Total crude oil and gas liquids production was a Company-record 84,871 barrels per day in the third quarter of 2003 compared to 70,569 barrels per day in the 2002 quarter, with the net increase primarily attributable to new production at West Patricia, at Block SK 309 in shallow-water Malaysia. North American natural gas sales prices averaged $4.58 per thousand cubic feet (MCF) in the most recent quarter compared to $2.80 per MCF in the same quarter of 2002. Natural gas sales volumes declined from 288 million cubic feet per day in the third quarter of 2002 to 203 million cubic feet per day in the just completed quarter, primarily due to lower production from the Ladyfern field in western Canada. The Company's 2003 hedging program reduced the average third quarter worldwide crude oil sales price and North American natural gas sales price by $1.78 per barrel and $.12 per MCF, respectively.

The Company's refining and marketing operations generated a profit of $4.9 million in the most recent quarter compared to a loss of $13.8 million in the 2002 quarter. Excluding special items, these worldwide operations earned $10.3 million in the third quarter of 2003, with the improvement due to significantly better North American refining and marketing margins, and also improved margins for the U.K. operations.

The after-tax costs of corporate functions, excluding special items, were $9.1 million in the 2003 quarter compared to $4.7 million in the 2002 quarter. In the 2003 period, lower income tax benefits and higher retirement plan costs were partially offset by lower net interest expense.

For the first nine months of 2003, net income totaled $239.9 million, $2.59 per share, compared to $53.9 million, $.59 per share, for the 2002 period. Excluding special items, the Company earned $195.7 million, $2.11 per share, in the first nine months of 2003 compared to $46 million, $.50 per share, in the same period of 2002. Both exploration and production and refining and marketing businesses showed a marked improvement in results in the first nine months of 2003. The Company's exploration and production operations earned $203 million, excluding special items, in the first nine months of 2003 compared to $96.1 million in the same period of 2002. Higher oil and natural gas sales prices, new production from West Patricia, at Block SK 309, Malaysia, and lower exploration expenses in deepwater Malaysia were the primary reason for better 2003 upstream earnings. Crude oil and gas liquids production for the first nine months of 2003 averaged 81,065 barrels per day compared to 74,290 barrels per day in 2002. Natural gas sales were down from 311 million cubic feet per day in 2002 to 221 million cubic feet per day in 2003. Crude oil and condensate prices averaged $25.10 per barrel in the 2003 period compared to $22.83 per barrel in 2002. North American natural gas sold for $4.96 per MCF in 2003, up from $2.72 in 2002. The Company's refining and marketing operations generated a profit of $19.5 million, excluding special items, in the first nine months of 2003 but incurred a loss of $35.5 million in 2002. The improved current-year result was based on stronger margins in both the North American and U.K. businesses. Corporate after-tax costs, excluding special items, increased from $16.8 million in 2002 to $26.8 million in 2003, primarily due to lower income tax benefits in the latter period.

Claiborne P. Deming, President and Chief Executive Officer, commented, "Our first two deepwater Gulf of Mexico fields begin production in the fourth quarter. The Medusa field in Mississippi Canyon Blocks 538/582 (60%) will commence production in
November and the Habanero field (33.75%) in Garden Banks Block 341 begins production in December. Our current estimate of fourth quarter 2003 production is 125,000 barrel equivalents per day. Sales volumes should approximate this total. The Meraux refinery is back online after repairs resulting from the fire and a scheduled plant-wide turnaround. We currently expect earnings in the fourth quarter to be in the range of $.60 to $.80 per share, depending on the results of exploration drilling.

The public is invited to access the Company's conference call to discuss third quarter 2003 results on Wednesday, October 29, at 1:00 p.m. CST either via the Internet through the Investor Relations section of Murphy Oil's website at http://www.murphyoilcorp.com/ir or via the telephone by dialing 1-800-240-2430. The telephone reservation number for the call is 555527. Replays of the call will be available through the same address on Murphy Oil's website, and a recording of the call will be available through November 2 by calling 1-800-405-2236.

The forward-looking statements reflected in this release are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. No assurance can be given that the results discussed herein will be attained, and certain important factors that may cause actual results to differ materially are contained in Murphy's January 15, 1997 Form 8-K report on file with the U.S. Securities and Exchange Commission.

MURPHY OIL CORPORATION
CONSOLIDATED FINANCIAL DATA SUMMARY
(Unaudited)

THIRD QUARTER 2003  2002

| Revenues | $1,296,504,000 | 1,050,210,000 |
| Net income | $73,137,000 (A) | 37,408,000 (B) |
| Net income per Common share | Basic $ .80 (A)  .41 (B) | | Diluted $ .79 (A)  .41 (B) |
| Average shares outstanding | Basic 91,850,217 91,638,710 | | Diluted 92,848,308 92,147,472 |

FIRST NINE MONTHS

| Revenues | $3,896,393,000 | 2,841,261,000 |
| Net income | $239,935,000 (A) | 53,871,000 (B) |
| Net income per Common share | Basic $ 2.61 (A)  .59 (B) | | Diluted $ 2.59 (A)  .59 (B) |
| Average shares outstanding | Basic 91,799,551 91,381,962 | | Diluted 92,612,911 92,088,684 |

(A) The third quarter of 2003 included recognition of income tax benefits in Malaysia of $11,410,000 ($.12 per share), a foreign currency gain of $5,400,000 ($.06 per share), a charge of $2,267,000 ($.02 per share) for impairment properties, and a charge of $5,182,000 ($.06 per share) related to a fire at the Meraux refinery. The first nine months of 2003 included a $34,058,000 gain ($.37 per share) on sale of assets, recognition of income tax benefits in Malaysia of $11,410,000 ($.12 per share), a benefit from settlement of income tax matters of $20,146,000 ($.22 per share), a foreign currency gain of $5,400,000 ($.06 per share), a charge of $2,267,000 ($.02 per share) for impairment of properties, charges of $17,530,000 ($.19 per share) related to a fire at the Meraux refinery, and
a charge of $6,993,000 ($.08 per share) for the cumulative effect of a change in accounting principle.

(B) The third quarter and first nine months of 2002 included income from discontinued operations of $916,000 ($.01 per share) and $2,131,000 ($.02 per share), respectively. The third quarter and first nine months of 2002 also included a $14,737,000 gain ($.16 per share) from settlement of tax matters, a $2,334,000 gain ($.03 per share) from sale of assets, a charge of $5,950,000 ($.06 per share) from impairment of properties, and a charge of $3,250,000 ($.04 per share) for storm-related damages in the Gulf of Mexico.

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SOURCE: Murphy Oil Corporation