

Value judgement

HYPOTHETICAL VALUE OF AN OIL AND GAS COMPANY IN FIVE YEARS*	TRADITIONAL FINANCIAL ANALYSIS	INTEGRATING ESG INTO ANALYSIS	COMMENTS
Free cashflow in year five (S\$/share)	582.2	515.7	Integrating ESG considerations would result in lower free flow for the company due to competition from renewable energy, penalties imposed by governments for GHG emissions, etc.
Weighted average cost of capital	8%	9%	Integrating ESG considerations would increase the discount rate for the company, as oil and gas companies will find it more challenging to obtain financing in the future
Intrinsic value estimate (S\$/share)	396.24	342.96	
Current price (S\$/share)	348.7		
% upside/downside	14%	-2%	

* Assume no FCF for first four years, and no share issuances

Source: Dexter Tiah