

# NORTH COAST ENERGY

Ticker Symbol: **NCEB**

January 9, 2003

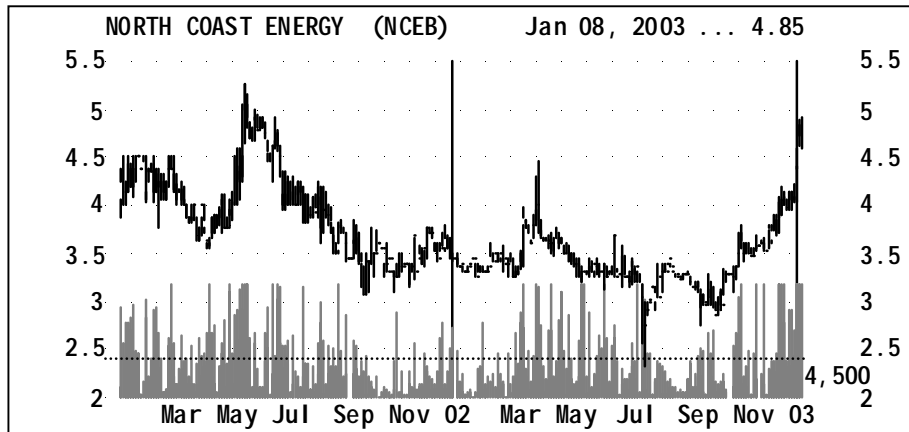
### Current Data

Current Price	\$ 4.85
52-Week Range	5-2
Shares Out (Mill)	15.2
Ave Volume LTM	4,632
Market Capitalization	\$ 73.8
LTD/Tot Cap	52.0%
Institutional Holdings	0.0%
Insider Buys-Sells	0.0
Book Value	\$ 4.09

### Valuation

**Current**

P/E (Last FY)	8.66
P/B	1.19
Price/Sales	1.20
PEG (2003)	0.07



### Operating Data

**This Qtr Annual Results (FY-Mar.)**

		1998	1999	2000	2001	9/30/01	9/30/02	
Sales Growth	4.8% (\$Million)							
EBITDA Margin Grwt	16.9%	<b>Sales</b>	\$8.6	\$13.9	\$16.5	\$45.5	\$10.3	\$10.8
Net Inc. Growth	21.14%	<b>Gr Margin</b>	52.3%	51.8%	47.9%	58.0%	63%	68%
		<b>EBITDA</b>	26.7%	37.4%	35.2%	53.0%	66%	77%
<b>EPS</b>		<b>EPS</b>	\$0.06	\$0.11	\$0.47	\$0.56	\$ 0.10	\$0.14
2001	\$ 0.56	<b>LTD/Cap.</b>	36.9%	54.6%	79.4%	55.5%	53.9%	51.8%
2002e	\$ 0.59	<b>Times Int</b>	1.5	1.5	1.7	2.4	4.78	6.24
2003e	\$ 0.74							

### Company Description

North Coast Energy, Inc. (NCE) is an oil and gas company engaged in exploration, development, and production activities in the Appalachian Basin. The company focuses primarily on the acquisition of proved developed and undeveloped properties and on the drilling and development of these properties. North Coast Energy owns interests in over 3,810 wells, operating about 3,730 of these wells. In connection with the drilling and development of the wells it operates, NCE owns and operates approximately 1,420 miles of natural gas gathering systems with access to the commercial and industrial gas markets of the northeastern US. The company has estimated net proved reserves of over 140 Bcf (billion cubic feet) of natural gas and approximately 1.2 million Bbls (barrels) of oil.

### Operating Data-LTM

Company	Symbol	Sales(MM)	Sales Growth	Gross Margin	EBITDA Margin	\$ Flow /Share	LT Debt/ Total Cap	ROE
<b>NORTH COAST ENER</b>	<b>NCEB</b>	<b>\$44</b>	<b>-10%</b>	<b>65.4%</b>	<b>54.9</b>	<b>\$ 1.10</b>	<b>52.0</b>	<b>14.5</b>
Peer Group Avg*		\$41	-24%	64.4%	51.2	\$ 1.42	29.3	8.0
Industry Average		-	-31%	-	46.5	\$ 20.20	48.0	8.6
<b>Top Competitors</b>								
PETROQUEST ENER	PQUE	\$45	-14%	80.2%	59.8	\$ 0.62	17.0	3.3
PRIMA ENERGY	PENG	\$35	-47%	76.4%	59.2	\$ 1.43	0.0	7.5
PRIMEENERGY	PNRG	\$35	-22%	33.3%	21.9	\$ 1.85	73.0	15.5

### Valuation Data

		Price	CY P/E			Price/ \$ Flow	Pr/Sales	Price/Bk
			2000	2001	2002			
<b>NORTH COAST ENER</b>	<b>NCEB</b>	<b>\$4.85</b>	<b>8.7</b>	<b>8.2</b>	<b>6.6</b>	<b>4.4</b>	<b>1.7</b>	<b>1.2</b>
Peer Group Avg*		\$11.33	10.1	51.7	27.4	8.2	4.0	2.5
Industry Average		\$126.19	10.0	17.6	15.0	6.2	2.1	1.9
<b>Top Competitors</b>								
PETROQUEST ENER	PQUE	\$4.11	12.1	68.5	27.4	6.6	3.9	2.0
PRIMA ENERGY	PENG	\$22.65	12.9	34.8	27.3	15.8	8.3	2.8
PRIMEENERGY	PNRG	\$8.06	6.8	-	-	4.4	0.9	3.8

\*Peer Group includes companies with LTM sales between \$35 to 40 million.

Source: Baseline

See important disclaimers on last page.

**Update:**

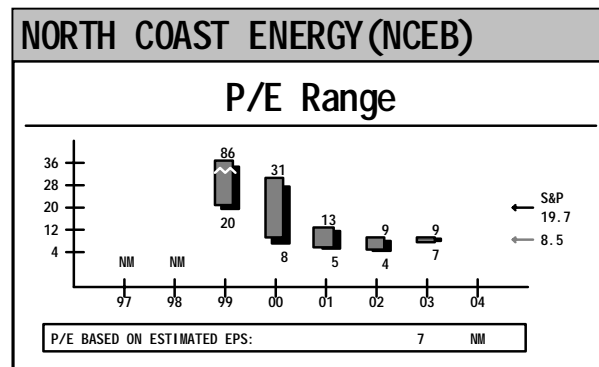
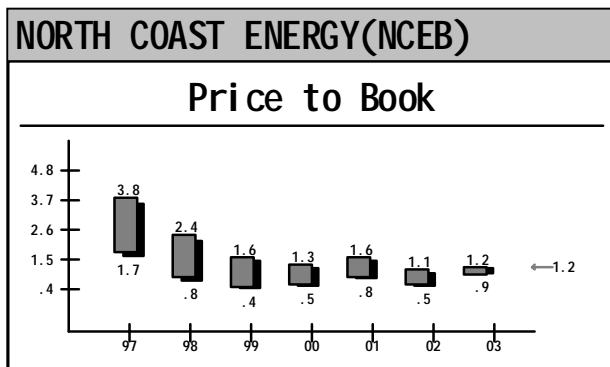
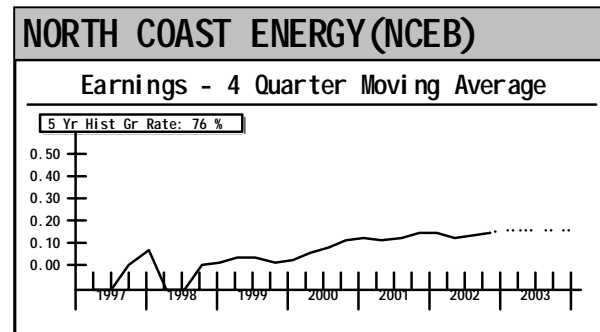
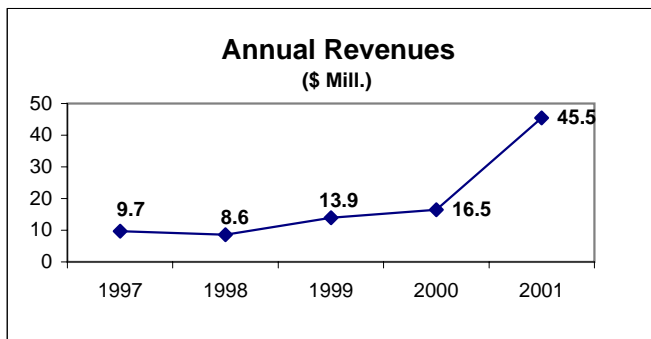
The stock started to rise in conjunction with crude oil prices and as the company released its 3Q02 results in early November.

**3Q02 Results**

Oil and gas revenues increased 16% for 3Q02 and EPS increased 25%. For the nine months, revenues increased 11% while EPS was flat versus last year. Operating cash flows rose 18% (to \$5.7 million) for the quarter and 8% (to \$16.8 million) for the year to date period. NCEB ended the quarter with \$13.8 million (\$0.91 per share) in cash and \$67 million (\$4.41 per share) in bank debt.

NCEB transitioned itself from a drilling program sponsor to an exploration and production company during the last year. The Company plans to remain focused on increasing production and increasing reserves through a program of drilling and acquisitions.

-Rick Wayman, CFA  
rwayman@researchstock.com



NEITHER RESEARCHSTOCK.COM NOR ANY PROVIDERS OF INFORMATION MAKE ANY WARRANTIES, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED FROM USING THIS INFORMATION AND MAKE NO EXPRESS OR IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR USE.

researchstock.com, Inc. is an independent research firm that publishes research reports on companies that may, or may not be clients. The subject company paid a one-time fee of \$500 for the production of this report. This information is solely for informative purposes and is not solicitation or an offer to buy or sell any security. It is not intended as being a complete description of the securities, markets or developments referred to in the material. The information contained herein is subject to change without notice, and we assume no responsibility to update the information in this report. This report does not take into account the investment objectives, financial situation or particular needs of any particular person. Investors should obtain individual financial advice based on their own particular circumstances before making investment decisions on the basis of this report.