

CHEVRON CORP. NYSE-CVX

RECENT PRICE **84.91** P/E RATIO **NMF** (Trailing: 34.7 Median: 8.5) RELATIVE P/E RATIO **NMF** DIV'D YLD **5.0%** VALUE LINE

TIMELINESS **4** Raised 12/11/15
SAFETY **1** Raised 1/4/91
TECHNICAL **3** Raised 3/4/16
BETA 1.15 (1.00 = Market)

High: 66.0 76.2 95.5 104.6 79.8 92.4 110.0 118.5 127.8
Low: 49.8 53.8 65.0 55.5 56.1 66.8 86.7 95.7 108.7

LEGENDS
— 6.0 x "Cash Flow" p sh
... Relative Price Strength
2-for-1 split 9/04
Options: Yes
Shaded area indicates recession

2019-21 PROJECTIONS

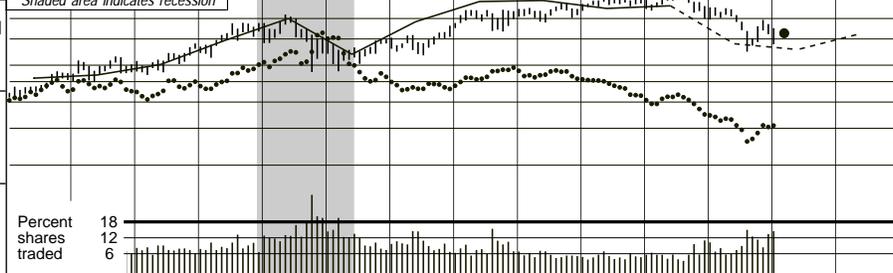
Price	Gain	Ann'l Total Return
High 140	(+65%)	17%
Low 115	(+35%)	12%

Insider Decisions

	A	M	J	A	S	O	N	D
to Buy	0	1	0	0	4	0	0	0
Options	0	0	0	0	1	0	0	2
to Sell	0	0	0	0	0	0	0	2

Institutional Decisions

	1Q2015	2Q2015	3Q2015
to Buy	882	879	742
to Sell	829	793	934
Hlds(000)	118346	1165295	1165562



Target Price Range
2019 2020 2021

% TOT. RETURN 1/16
THIS STOCK VL ARITH. INDEX
1 yr. -11.9 -10.4
3 yr. -16.1 20.6
5 yr. 8.6 40.9

2000	2001	2002	2003	2004	2005 ^A	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
40.63	50.11	46.37	56.94	73.70	88.77	86.02	105.67	136.21	85.50	102.85	128.06	124.27	119.61	112.74	74.16	80.20	89.55	Sales per sh ^A	103.20
6.26	4.88	2.98	5.90	8.67	8.96	10.09	13.11	16.69	11.26	16.10	20.09	20.34	18.61	19.17	13.70	14.15	14.15	"Cash Flow" per sh	19.75
3.99	1.55	.54	3.48	6.28	6.54	7.80	8.77	11.67	5.24	9.48	13.44	13.32	11.09	10.14	2.45	1.50	4.20	Earnings per sh ^B	10.40
1.30	1.33	1.40	1.43	1.54	1.75	2.01	2.26	2.53	2.66	2.84	3.09	3.51	3.90	4.21	4.28	4.28	4.28	Div'ds Decl'd per sh ^C	4.56
2.85	4.58	3.56	2.63	2.99	3.90	5.65	7.98	9.81	9.89	9.84	13.38	15.89	19.85	18.83	18.21	14.25	12.35	Cap'l Spending per sh	14.20
15.53	16.02	14.79	16.97	21.47	28.07	28.22	36.88	43.23	45.79	52.74	61.67	70.80	78.62	83.07	81.79	84.70	88.45	Book Value per sh	94.95
1283.1	2120.2	2136.3	2138.3	2107.1	2232.7	2442.7	2090.4	2004.2	2007.4	1992.5	1981.2	1946.7	1913.3	1880.2	1867.2	1865.0	1865.0	Common Shs Outst'g ^D	1870.0
10.6	28.8	NMF	10.2	7.6	8.8	8.1	9.4	7.3	13.4	8.2	7.5	8.1	10.9	11.9	39.3	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	12.0
.69	1.48	NMF	.58	.40	.47	.44	.50	.44	.89	.52	.47	.52	.61	.63	1.99			Relative P/E Ratio	.75
3.1%	3.0%	3.5%	4.0%	3.2%	3.0%	3.2%	2.7%	3.0%	3.8%	3.6%	3.1%	3.3%	3.2%	3.5%	4.4%			Avg Ann'l Div'd Yield	3.9%

CAPITAL STRUCTURE as of 12/31/15
Total Debt \$38592 mill. Due in 5 Yrs \$488 mill.
LT Debt \$38104 mill. LT Interest \$422.7 mill.
Includes \$197 million capitalized leases.
(20% of Cap'l)

Leases, Uncapitalized Annual rentals \$316.2 mill.
Pension Assets-12/14 \$5.98 bill. **Oblig.** \$7.23 bill.

Pfd Stock None
Common Stock 1,867,221,390 shs.
as of 1/29/16
MARKET CAP: \$158 billion (Large Cap)

CURRENT POSITION (\$MILL.)

	2013	2014	12/31/15
Cash Assets	16516	13215	11332
Receivables	21782	24234	23489
Inventory (LIFO)	6809	10144	9763
Other	7134	7098	7056
Current Assets	52241	54691	51640
Accts Payable	23210	23965	25108
Debt Due	2126	2087	488
Other	10890	10867	10817
Current Liab.	36226	36919	36413

210118	220904	273005	171636	204928	253706	241909	228848	211970	138477	149600	167000	Sales (\$mill) ^A	193000
19.1%	18.5%	19.3%	18.2%	22.3%	24.0%	24.9%	22.2%	23.2%	9.5%	6.5%	11.0%	Operating Margin	23.0%
7506.0	8708.0	9528.0	12110	13063	12911	13413	14186	16793	21035	19300	18600	Depreciation (\$mill)	17510
17138	18688	23931	10483	19024	26895	26179	21423	19241	4587.0	2800	7835	Net Profit (\$mill)	19450
46.4%	41.9%	44.3%	43.4%	40.7%	43.5%	43.5%	40.3%	38.3%	5.3%	17.0%	33.0%	Income Tax Rate	38.0%
8.2%	8.5%	8.8%	6.1%	9.3%	10.6%	10.8%	9.4%	9.1%	3.3%	1.9%	4.7%	Net Profit Margin	10.1%
7895.0	5579.0	4447.0	11005	19829	19634	21508	16015	17772	15227	16700	17000	Working Cap'l (\$mill)	21050
7679.0	6070.0	6083.0	10130	11289	9812.0	12065	20057	24028	38104	35400	32000	Long-Term Debt (\$mill)	28300
68935	77088	66848	91914	105081	122181	137832	150427	156191	152716	158000	165000	Shr. Equity (\$mill)	177600
22.7%	22.6%	26.0%	10.6%	16.6%	20.6%	17.7%	12.8%	11.0%	2.5%	1.5%	4.0%	Return on Total Cap'l	9.5%
24.9%	24.2%	27.6%	11.4%	18.1%	22.0%	19.0%	14.2%	12.3%	3.0%	2.0%	4.5%	Return on Shr. Equity	11.0%
18.5%	18.0%	21.7%	5.6%	12.7%	17.0%	14.0%	9.3%	7.2%	NMF	NMF	NMF	Retained to Com Eq	6.0%
26%	26%	22%	51%	30%	23%	26%	35%	41%	NMF	NMF	NMF	All Div'ds to Net Prof	44%

BUSINESS: Chevron Corp. is the world's fourth-largest oil company based on proven reserves. Daily 2014 gross production: crude oil & NGLs, 2.622 mill. barrels; natural gas, 5.269 bill. cubic feet. Net proved reserves, 12/14: oil, 6.978 bill. bbls.; natural gas, 21.213 trill. cu. ft. Avg. 5-yr. finding costs: \$4.87 a barrel (vs. ind. avg. \$4.73). 5-yr. reserve replacement rate: 84% (vs. ind. avg. 91%).

Est. pv of reserves: \$176.5 bill. Product sales: 2.83 mill. bbls./day. Has 3,956 owned/leased stations, mainly in the U.S. Has about 60,120 empls. Off. & Dir. own 0.8% of stock; BlackRock, 6.3%; State Street, 5.8%; Vanguard, 5.6% (4/15 proxy). Chairman and CEO: John S. Watson, Inc. DE. Addr.: 6001 Bollinger Canyon Rd., San Ramon, CA 94583. Tel.: 925-842-1000. www.chevron.com.

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '12-'14 of change (per sh)

Sales	7.5%	1.5%	-2.0%
"Cash Flow"	12.5%	7.0%	.5%
Earnings	13.0%	6.0%	-1.5%
Dividends	10.5%	9.5%	2.5%
Book Value	16.0%	13.0%	3.0%

QUARTERLY SALES (\$ mill.) ^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	56818	57369	58503	56158	228848
2014	53265	57938	54679	46088	211970
2015	34558	40357	34315	29247	138477
2016	31000	35700	39900	43000	149600
2017	34000	38000	43000	52000	167000

EARNINGS PER SHARE ^B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	3.18	2.77	2.57	2.57	11.09
2014	2.36	2.98	2.95	1.85	10.14
2015	1.37	.30	1.09	d.31	2.45
2016	d.25	.30	.65	.80	1.50
2017	1.00	.90	1.10	1.20	4.20

QUARTERLY DIVIDENDS PAID ^C

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.81	.90	.90	.90	3.51
2013	.90	1.00	1.00	1.00	3.90
2014	1.00	1.07	1.07	1.07	4.21
2015	1.07	1.07	1.07	1.07	4.28
2016					

Chevron reported its first quarterly bottom-line deficit since the third quarter of 2002. Fourth-quarter sales came in at \$29 billion, 37% lower than the year-ago period. Meanwhile, the bottom line dropped into the red to the tune of \$0.31 a share. This compared with a profit of \$1.85 in the year-ago period. The 70% decline in oil prices since June, 2014 was the main reason for the fall. Surprisingly, the Downstream (Refining & Marketing) segment also performed badly. Normally lower oil prices (a refining operation feed-stock) means wider margins on refined products such as gasoline, diesel, and home-heating oil. But very low fuel prices and a relatively warm winter meant that profits at the Downstream operation declined. Also contributing to the final-quarter deficit were hedging losses.

We expect a modest loss in the first quarter. We doubt much will change in the current period as oil prices stay low, as do gasoline prices. In addition, foreign currency headwinds and start-up costs related to the Gorgon LNG field and the Jack/St. Malo deepwater project will likely take a toll on the bottom line.

We look for share net of \$1.50 in 2016. Much of this is dependent on a slight recovery in oil prices due to a meaningful pullback in global oil and gas production. If this doesn't occur, all bets are off.

Chevron has stated that it intends to slash its capital spending to \$26.6 billion this year, compared to \$34 billion in 2015. We think this figure will be lowered even more as the company strives to generate cash flow by laying off more workers and selling more assets (probably around \$5 billion this year). And although CVX intends to bring its Gorgon and Wheatstone endeavors on line, these expensive over-budgeted projects may become delayed yet again. Chevron already has two deepwater projects in Africa and the Jack/St. Malo field starting up, as well as some tight-shale projects in the Permian Basin.

We advise investors to hold tight. Chevron will probably do all it can to maintain the dividend, since without that, many investors would jump ship. But for patient investors, we think this quality, but untimely issue holds some appeal.

Jeremy J. Butler
March 4, 2016

(A) Sales exclude (consumer) petroleum & chemicals excise taxes. 2005 sales figures restated to account for UNOCAL merger. (B) Based on diluted shares. Incl. nonrecur. (C) Dividends historically paid on or about 10th of March, June, September, and December. (D) In millions, adj. for stock split.

Company's Financial Strength A++
Stock's Price Stability 75
Price Growth Persistence 50
Earnings Predictability 50