

# CHEVRON CORP. NYSE:CVX

RECENT PRICE **100.19**

P/E RATIO **NMF** (Trailing: NMF Median: 9.0)

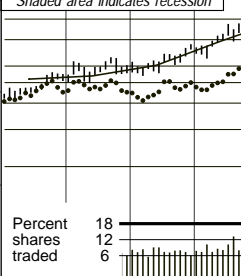
RELATIVE P/E RATIO **NMF**

DIV'D YLD **4.3%**

**VALUE LINE**

**TIMELINESS** 3 Raised 3/11/16  
**SAFETY** 1 Raised 1/4/91  
**TECHNICAL** 3 Raised 6/3/16  
**BETA** 1.15 (1.00 = Market)

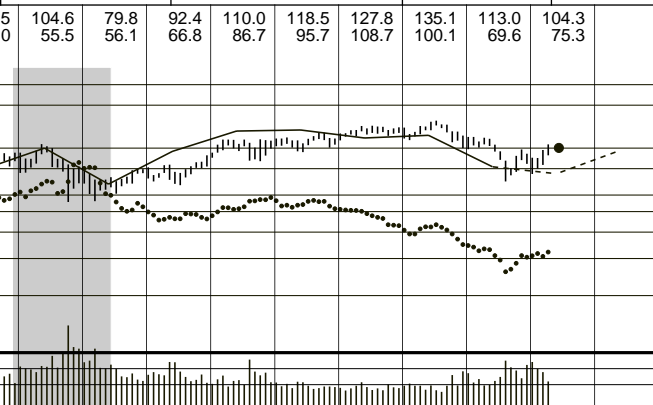
High: 66.0 76.2 95.5 104.6 79.8 92.4 110.0 118.5 127.8  
 Low: 49.8 53.8 65.0 55.5 56.1 66.8 86.7 95.7 108.7  
**LEGENDS**  
 — 6.0 x "Cash Flow" p sh  
 ... Relative Price Strength  
 2-for-1 split 9/04  
 Options: Yes  
 Shaded area indicates recession



**2019-21 PROJECTIONS**  
 Price Gain Ann'l Total  
 High 140 (+40%) 12%  
 Low 115 (+15%) 8%

**Insider Decisions**  
 J A S O N D J F M  
 to Buy 0 4 0 0 0 0 0 0 0  
 Options 0 1 0 0 2 3 0 1 0  
 to Sell 0 0 0 0 2 0 0 0 0

**Institutional Decisions**  
 2Q2015 3Q2015 4Q2015  
 to Buy 879 742 766  
 to Sell 793 934 916  
 Hld's(000) 116529511655621171375



Target Price Range  
 2019 2020 2021

% TOT. RETURN 4/16  
 THIS STOCK VL ARITH. INDEX  
 1 yr. -3.6 -3.4  
 3 yr. -5.9 29.5  
 5 yr. 11.9 47.7

2000	2001	2002	2003	2004	2005 <sup>A</sup>	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	73.55	<b>59.80</b>	<b>78.20</b>	Sales per sh <sup>A</sup>	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	13.61	<b>12.60</b>	<b>16.30</b>	"Cash Flow" per sh	22.95
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	<b>1.20</b>	<b>4.55</b>	Earnings per sh <sup>B</sup>	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	<b>4.28</b>	<b>4.28</b>	Div'ds Decl'd per sh <sup>C</sup>	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	15.67	<b>13.40</b>	<b>10.20</b>	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	81.11	<b>80.95</b>	<b>82.25</b>	Book Value per sh	88.55
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	1882.8	<b>1865.0</b>	<b>1865.0</b>	Common Shs Outst'g <sup>D</sup>	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	39.4	<b>Bold figures are Value Line estimates</b>		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 3/31/16**  
 Total Debt \$42339 mill. Due in 5 Yrs \$516 mill.  
 LT Debt \$41823 mill. LT Interest \$422.7 mill.  
 Includes \$191 million capitalized leases.  
 (22% of Cap'l)

**Leases, Uncapitalized** Annual rentals \$316.2 mill.  
**Pension Assets-12/15** \$5.76 bill. **Oblig.** \$7.18 bill.

**Pfd Stock** None  
**Common Stock** 1,866,314,118 shs.  
 as of 4/29/16  
**MARKET CAP: \$187 billion (Large Cap)**

**CURRENT POSITION (SMILL.)**

	2014	2015	3/31/16
Cash Assets	13215	11332	8879
Receivables	24234	23489	22314
Inventory (LIFO)	10144	9763	9648
Other	7098	7056	7078
Current Assets	54691	51640	47919
Accts Payable	23965	25108	26421
Debt Due	2087	488	516
Other	10867	10817	10845
Current Liab.	36919	36413	37782

210118	220904	273005	171636	204928	253706	241909	228848	211970	138477	111480	145830	Sales (\$mill) <sup>A</sup>	193000
19.1%	18.5%	19.3%	18.2%	22.3%	24.0%	24.9%	22.2%	23.2%	19.7%	9.5%	16.0%	Operating Margin	23.0%
7506.0	8708.0	9528.0	12110	13063	12911	13413	14186	16793	21037	21300	21890	Depreciation (\$mill)	23510
17138	18688	23931	10483	19024	26895	26179	21423	19241	4587.0	2240	8485	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%	2.0%	5.8%	Net Profit Margin	10.1%
7895.0	5579.0	4447.0	11005	19829	19634	21508	17232	1030672	8883.0	16700	17000	Working Cap'l (\$mill)	21050
7679.0	6070.0	6083.0	10130	11289	9812.0	12065	20057	24028	33664	42000	42000	Long-Term Debt (\$mill)	53300
68935	77088	66848	91914	105081	122181	137832	150427	156191	152716	151010	153375	Shr. Equity (\$mill)	165600
22.7%	22.6%	26.0%	10.6%	16.6%	20.6%	17.7%	12.8%	11.0%	2.8%	1.0%	5.0%	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%	1.5%	5.5%	Return on Shr. Equity	11.5%
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	6.5%
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 2015 gross production: crude oil & NGLs, 2.512 mill. barrels; natural gas, 5.118 bill. cubic feet. Net proved reserves, 12/15: oil, 7.106 bill. bbls.; natural gas, 21.825 trill. cu. ft. Avg. 5-yr. finding costs: \$4.31 a barrel (vs. ind. avg. \$4.43). 5-yr. reserve replacement rate: 86% (vs. ind. avg. 89%).

Est. pv of reserves: \$156.3 bill. Product sales: 2.72 mill. bbls./day. Has 3,836 owned/leased stations, mainly in the U.S. Has about 49,340 empys. Off. & Dir. own 0.8% of stock; BlackRock, 6.0%; State Street, 5.8%; Vanguard, 6.3% (4/16 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 '13-'15 to '19-'21

Sales	3.5%	-1.0%	Nil
"Cash Flow"	8.0%	3.0%	5.0%
Earnings	4.0%	-2.0%	4.5%
Dividends	10.0%	9.0%	1.5%
Book Value	14.0%	11.5%	1.5%

**In the first quarter, Chevron reported its second-successive quarterly profit loss.** The oil company posted a bottom-line deficit of \$0.39 a share, compared to a gain of \$1.37 a year ago, and our estimate for a loss of \$0.25 a share. This came on the heels of a fourth-quarter net loss of \$0.31 a share. Revenue fell by a substantial 32% in the initial period, to \$23.6 billion. Weak results were largely to be expected, given that oil and natural gas prices in the first quarter hit their lowest levels in over a decade.

**Cost-cutting efforts are being ramped up even more.** Chevron stated that it is laying off another 1,000 workers, bringing the total number of layoffs to 8,000. Further job cuts can't be ruled out. In addition, more rigs are being capped, except in cases where it is cheaper to keep them flowing. But few (if any) of Chevron's wells can be economically drilled when oil prices are below \$50 a barrel. Capital spending has already been slashed to \$25 billion (from \$34 billion in 2015), and will probably decline to \$19 billion in 2017. Additionally, CVX is planning on selling another \$8 billion in assets this year.

**Results should improve going forward.** We look for oil prices to gradually rise in a see-saw fashion over the next few quarters as surplus is reduced. Global oil supplies dropped by nearly 300,000 barrels a day (b/d) in March, and domestic production has been falling by 600,000 b/d over the last year to 8.9 million b/d. Less supply and slightly higher oil prices should mean that Chevron will post a per-share profit of about \$1.20 this year.

**Meantime, liquid natural gas (LNG) production is increasing.** LNG production from Gorgon in Australia finally started in March, and production at Angola is anticipated in May. Wheatstone is expected in mid-2017. These projects hold long-term promise.

**Investors should hold onto their stakes.** In our March report, we recommended that investors buy the top-quality stock for the long haul. Since then, the equity has risen 20% in price. While further capital gains may be harder to come by, we think the dividend will be preserved, adding to the issue's total return.

**QUARTERLY SALES (\$ mill.) <sup>A</sup>**

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	23553	25780	27900	34247	111480
2017	34000	36000	37000	38830	145830

**EARNINGS PER SHARE <sup>B</sup>**

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.39	.25	.55	.79	1.20
2017	1.05	1.00	1.20	1.30	4.55

**QUARTERLY DIVIDENDS PAID <sup>C</sup>**

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	1.07				

**Jeremy J. Butler** June 3, 2016

Company's Financial Strength	A++
Stock's Price Stability	75
Price Growth Persistence	50
Earnings Predictability	40

(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) Dividend reinvestment plan available. (E) In millions, adj. for stock split. © 2016 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product. To subscribe call 1-800-VALUELINE