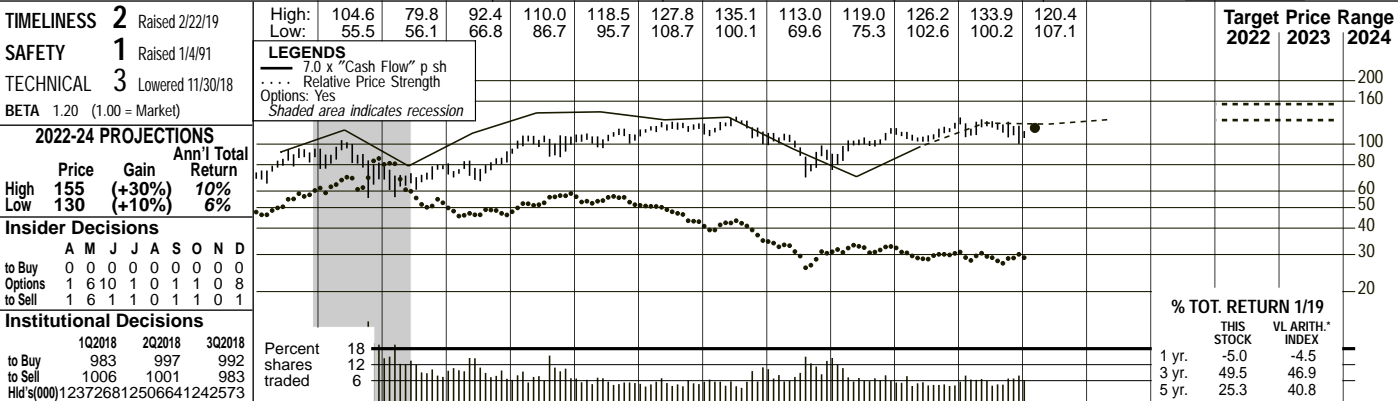


CHEVRON CORP. NYSE-CVX

RECENT PRICE **119.31** P/E RATIO **16.6** (Trailing: 15.4 Median: 11.0) RELATIVE P/E RATIO **0.96** DIV'D YLD **4.0%** VALUE LINE



| 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | © VALUE LINE PUB. LLC | 22-24 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|---------------|-----------------------------------|--------|
| 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 | 60.52 | 74.41 | 87.30 | 89.70 | 92.85 | Sales per sh ^A | 102.70 |
| 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 | 10.02 | 13.93 | 18.00 | 17.80 | 18.75 | "Cash Flow" per sh | 21.40 |
| 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 | d.27 | 3.79 | 7.74 | 7.25 | 8.00 | Earnings per sh ^B | 9.50 |
| 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 | 4.29 | 4.32 | 4.48 | 4.76 | 4.95 | Div'ds Decl'd per sh ^C | 5.50 |
| 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 | 9.57 | 7.04 | 7.25 | 8.00 | 8.50 | Cap'l Spending per sh | 11.00 |
| 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 | 76.95 | 77.77 | 81.65 | 83.95 | 86.80 | Book Value per sh | 97.85 |
| 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 | 1891.5 | 1904.7 | 1905.0 | 1895.0 | 1885.0 | Common Shs Outst'g ^D | 1850.0 |
| 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 | -- | 29.4 | 15.5 | 15.5 | 15.5 | Avg Ann'l P/E Ratio | 15.0 |
| .58 | .40 | .47 | .44 | .50 | .44 | .89 | .52 | .47 | .52 | .61 | .63 | 1.98 | -- | 1.48 | .84 | .84 | .84 | Relative P/E Ratio | .85 |
| 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% | 4.3% | 3.9% | 3.7% | 3.7% | 3.7% | Avg Ann'l Div'd Yield | 3.9% |

| CAPITAL STRUCTURE as of 9/30/18 | | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------------------------|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------------------|--------|------|------|------|------|
| Total Debt | \$35975 mill. Due in 5 Yrs | 171636 | 204928 | 253706 | 241909 | 228848 | 21970 | 138477 | 114472 | 141722 | 166339 | 170000 | 175000 | Sales (\$mill) ^A | 190000 | | | | |
| LT Debt | \$29854 mill. LT Interest \$900 mill. | 18.2% | 22.3% | 24.0% | 24.9% | 22.2% | 23.2% | 19.7% | 15.3% | 20.4% | 24.0% | 23.5% | 24.0% | Operating Margin | 25.0% | | | | |
| (Total interest coverage: over 25x) | | 12110 | 13063 | 12911 | 13413 | 14186 | 16793 | 21037 | 19457 | 19349 | 19419 | 20000 | 20250 | Depreciation (\$mill) | 22000 | | | | |
| (16% of Cap'l) | | 10483 | 19024 | 26895 | 26179 | 21423 | 19241 | 4587.0 | d497.0 | 7175.0 | 14824 | 13750 | 15000 | Net Profit (\$mill) | 17600 | | | | |
| Leases, Uncapitalized | Annual rentals \$693 mill. | 43.4% | 40.7% | 43.5% | 43.5% | 40.3% | 38.3% | 5.3% | -- | 21.4% | 28.0% | 28.0% | 28.0% | Income Tax Rate | 28.0% | | | | |
| Pension Assets-12/17 | \$14.7 bill. Oblig. \$19.1 bill. | 6.1% | 9.3% | 10.6% | 10.8% | 9.4% | 9.1% | 3.3% | NMF | 5.1% | 8.9% | 8.1% | 8.6% | Net Profit Margin | 9.3% | | | | |
| Pfd Stock | None | 11005 | 19829 | 19634 | 21508 | 17232 | 10306 | 8883.0 | d2166 | 823.0 | 6000 | 4000 | 3000 | Working Cap'l (\$mill) | 5000 | | | | |
| Common Stock | 1,910,774,369 shs. | 10130 | 11289 | 9812.0 | 12065 | 20057 | 24028 | 33664 | 35286 | 33571 | 30000 | 30000 | 30000 | Long-Term Debt (\$mill) | 35000 | | | | |
| MARKET CAP: \$228 billion (Large Cap) | | 91914 | 105081 | 122181 | 137832 | 150427 | 156191 | 152716 | 145556 | 148124 | 155554 | 159100 | 163650 | Shr. Equity (\$mill) | 181000 | | | | |
| CURRENT POSITION (SMILL.) | | 10.6% | 16.6% | 20.6% | 17.7% | 12.8% | 11.0% | 2.8% | -- | 4.2% | 8.5% | 7.5% | 8.0% | Return on Total Cap'l | 8.5% | | | | |
| Cash Assets | 7001 | 4822 | 9746 | 16788 | 16788 | 16788 | 16788 | 16788 | 16788 | 16788 | 16788 | 16788 | 16788 | Return on Shr. Equity | 9.5% | | | | |
| Receivables | 14092 | 15353 | 16788 | 16788 | 16788 | 16788 | 16788 | 16788 | 16788 | 16788 | 16788 | 16788 | 16788 | Retained to Com Eq | 4.0% | | | | |
| Inventory | 5419 | 5585 | 6029 | 6029 | 6029 | 6029 | 6029 | 6029 | 6029 | 6029 | 6029 | 6029 | 6029 | All Div'ds to Net Prof | 58% | | | | |
| Other | 3107 | 2800 | 3020 | 3020 | 3020 | 3020 | 3020 | 3020 | 3020 | 3020 | 3020 | 3020 | 3020 | | | | | | |
| Current Assets | 29619 | 28560 | 35583 | 35583 | 35583 | 35583 | 35583 | 35583 | 35583 | 35583 | 35583 | 35583 | 35583 | | | | | | |
| Accts Payable | 13986 | 14565 | 15335 | 15335 | 15335 | 15335 | 15335 | 15335 | 15335 | 15335 | 15335 | 15335 | 15335 | | | | | | |
| Debt Due | 10840 | 5192 | 6121 | 6121 | 6121 | 6121 | 6121 | 6121 | 6121 | 6121 | 6121 | 6121 | 6121 | | | | | | |
| Other | 6959 | 7980 | 7727 | 7727 | 7727 | 7727 | 7727 | 7727 | 7727 | 7727 | 7727 | 7727 | 7727 | | | | | | |
| Current Liab. | 31785 | 27737 | 29183 | 29183 | 29183 | 29183 | 29183 | 29183 | 29183 | 29183 | 29183 | 29183 | 29183 | | | | | | |

BUSINESS: Chevron Corp. is the one of the world's largest oil companies, based on proven reserves. Daily production in 2018: oil, 1.8 mill. barrels (+3% vs. '17); natural gas, 6.9 bill. cubic feet (+14% vs. '17). Daily refinery input, 1.7 million barrels (flat vs. '17). Daily sales of refinery products, 2.7 million barrels (flat vs. '17). Proved reserves at 12/31/17: 11.7 billion barrels of oil equivalent, 56% liquids, 44% gas. (Affiliated companies account for 20% of total reserves.) Owns 50% interest in ChevronPhillips Chemical Co. Has approx. 51,900 employees. Vanguard owns 6.9% of stock; BlackRock, 6.4%; State Street, 6.2% (4/18 proxy). Chairman and CEO: Michael K. Wirth, Inc. DE. Addr.: 6001 Bollinger Canyon Rd., San Ramon, CA 94583. Tel.: 925-842-1000. www.chevron.com.

Projected lower average oil prices probably mean Chevron's profits will take a step back. It is still early in the year, but if oil quotations remain in their current, lower range, we figure the company will earn around \$7.25 a share in 2019. That would be about 15% less than we looked for in our late-November report, when per-barrel prices were higher. Our initial estimate for 2020 assumes the company will make up the lost ground, based on expectations for steady economic growth that includes rising petroleum product consumption.

Near-term fluctuations aside, the company is set up well for the long term. Major investments in liquefied natural gas (LNG) facilities in Australia are paying off with higher production. The units are expandable, and support the familiar theme of serving developing markets in Asia. Combined with rising production from Texas fields, Chevron should be able to boost annual oil and gas production moderately for the next few years. That would be a good showing for an industry that has had a tough time boosting output. The higher volume, in turn, should lift the bottom line three to five years hence, assuming margins improve modestly.

Good reserve replacement lifts drilling potential. Early indications are that success in the field led to a 136% reserve replacement rate in 2018. That supports the case for rising production and improved profits over time. Most of the gains stemmed from assets in Australia and the Permian Basin of Texas.

The company raised the dividend by a healthy percentage. A 6.3% hike in the March payout was a favorable development for shareholders. Strong cash generation from pumping operations and the refining business support the move. The petroleum industry leader has a lengthy track record of increasing the dividend. Consequently...

We recommend these high-quality shares for income-oriented investors. Chevron's top-notch finances and prospects for high levels of cash flow underpin the distribution. The stock is also favorably ranked (2) for Timeliness. Good possibility for a recovery in oil quotations ought to help performance.

Robert Mitkowski
March 1, 2019

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|---|--|------------------------------|-----|
| (A) Based on diluted shares. Excludes non-recurring gain of \$1.06 in '17. Next earnings report due mid- to late April. | of March, June, September, and December. ■ Dividend reinvestment plan available. | Company's Financial Strength | A++ |
| (B) Dividends historically paid on or about 10th | (C) In millions, adj. for stock split. | Stock's Price Stability | 75 |
| | | Price Growth Persistence | 20 |
| | | Earnings Predictability | 10 |