

| Cash Assets | 4822 | 10345 | 8755 | 51\% $30 \%$ 23\% $\quad 26 \%$ 35\% |
| :---: | :---: | :---: | :---: | :---: |
| Receivables | 15353 | 15050 | 14928 | BUSINESS: Chevron Corp. is the one of the world's largest oil |
| Inventory | 5585 | 5704 | 6723 | companies, based on proven reserves. Daily production in 2018: |
| Other | 2800 | 2922 | 3265 |  | Current Assets $\quad \overline{28560} \quad \overline{34021} \quad \overline{33671} \quad$ oil, 1.8 mill. barrels ( $+3 \%$ vs. '17); natural gas, 6.9 bill. cubic feet | Accts Payable | 14565 | 13953 | 14230 | $(+14 \%$ | vs. '17). Daily refinery input, 1.7 million barrels (flat vs. '17). |
| :--- | :--- | :--- | :--- | :--- | :--- | Debt Due Other Current Liab. $\quad \overline{27737} \quad \overline{27171} \quad \overline{29951}$


| ANNUAL RATES | Past | Past | Est'd '16-'18 |
| :--- | ---: | ---: | ---: |
| of change (per sh) | 10 Yrs. | 5 Yrs. | to '22:24 |
| Sales | $-4.0 \%$ | $-10.0 \%$ | $5.5 \%$ |
| "Cash Flow" | $0.5 \%$ | $-6.5 \%$ | $7.5 \%$ |
| Earnings | $-9.0 \%$ | $-21.5 \%$ | $16.5 \%$ |
| Dividends | $7.0 \%$ | $4.5 \%$ | $4.0 \%$ |
| Book Value | $8.0 \%$ | $2.5 \%$ | $3.5 \%$ |


| Calendar | QUARTERLY SALES (\$ mill.) A |  |  |  | Full Year |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Mar. 31 | Jun. 30 | Sep. 30 | Dec. 31 |  |
| 2016 | 23553 | 29282 | 30140 | 31497 | 114472 |
| 2017 | 33421 | 34480 | 36205 | 37616 | 141722 |
| 2018 | 37764 | 42236 | 43987 | 42352 | 166339 |
| 2019 | 35200 | 42000 | 43000 | 43800 | 164000 |
| 2020 | 42500 | 43000 | 44000 | 45500 | 175000 |
| Calendar | $\begin{aligned} \mathrm{EAI} \\ \text { Mar. } 31 \end{aligned}$ | RNINGS P Jun. 30 | $\begin{aligned} & \text { ER SHARE } \\ & \text { Sep. } 30 \end{aligned}$ | $\begin{aligned} & \mathrm{E} \\ & \text { Dec. } 31 \end{aligned}$ | Full <br> Year |
| 2016 | d. 39 | d. 78 | . 68 | . 22 | d. 27 |
| 2017 | 1.41 | . 77 | 1.03 | . 58 | 3.79 |
| 2018 | 1.90 | 1.78 | 2.11 | 1.95 | 7.74 |
| 2019 | 1.39 | 1.80 | 1.90 | 2.01 | 7.10 |
| 2020 | 1.90 | 1.95 | 2.00 | 2.15 | 8.00 |
| Calendar | QUART Mar. 31 | $\begin{gathered} \hline \text { TERLY DIV } \\ \text { Jun. } 30 \end{gathered}$ | IDENDS PA Sep. 30 | $\begin{aligned} & \hline \text { AID } \mathrm{c}_{\mathbf{m}} \\ & \text { Dec. } 31 \end{aligned}$ | Full Year |
| 2015 | 1.07 | 1.07 | 1.07 | 1.07 | 4.28 |
| 2016 | 1.07 | 1.07 | 1.07 | 1.08 | 4.29 |
| 2017 | 1.08 | 1.08 | 1.08 | 1.08 | 4.32 |
| 2018 | 1.12 | 1.12 | 1.12 | 1.12 | 4.48 |
| 2019 | 1.19 |  |  |  |  |

Proved reserves at $12 / 31 / 18$ : 12.1 billion barrels of oil equivalent,
Chevron walked away from a bidding war to buy Anadarko Petroleum, but not empty-handed. The company received a $\$ 1$ billion breakup fee for its trouble. The company offered to buy Anadarko for $\$ 33$ billion, but Occidental Petroleum's $\$ 38$ billion proposal ultimately got the nod. Chevron chose to maintain financial discipline and not chase the deal, which helped its stock price. The company will expand its share-repurchase program with the extra cash, and may seek out another takeover target.

## In the meantime, this is shaping up as

 an in-between year for profits. Favorable industry conditions, including rising oil prices, lifted the bottom line to a fouryear high in 2018. But crude oil prices got off to a weak start in 2019 and refining margins are unsettled. Those factors are likely to cause full-year earnings per share to pull back in the current 12 months. To be sure, the volatility in pricing and margins sharply contrasts with the steadiness in the manner the company builds out its operations. But share price-action here clearly reflects broader prospects for oil prices and economic growth.$56 \%$ liquids, $44 \%$ gas. (Affiliated companies account for $19 \%$ of total reserves.) Owns $50 \%$ interest in ChevronPhillips Chemical Co. Has approx. 51,900 employees. Vanguard owns $8.1 \%$ of stock; BlackRock, $6.8 \%$; State Street, $6.0 \%$ (4/19 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.

Assuming stable to somewhat improved pricing, we look for gradual earnings gains in 2020 and beyond. The company's oil and gas production profile is near the top of the industry, given the possibility of mid-single-digit annual gains. Chevron is in good position, relative to its peers, having committed the capital to bring along a couple of large liquefied natural gas (LNG) facilities in Australia that are now paying off with increased volume. The company may seek out another merger partner to keep the momentum going, if the price is right.
Meantime, last month's \$350 purchase of a refinery near Houston lifts capacity in that line. The move also provides an outlet to process crude oil from the Permian Basin. All told, the promise of modest volume gains, combined with internal efficiency, augurs well for higher profits in a favorable pricing environment.
These shares are timely and offer 3- to 5-year total return potential commensurate with such a high-quality holding. We especially like the stock for income and dividend growth. Robert Mitkowski

May 31, 2019

