

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 12/31/18: 12.1 billion barrels of oil equivalent,

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.

ANNUAL RATES Past Past Est'd '16-'18 of change (per sh) to '22-'24 5.5% 7.5% Sales "Cash Flow" -4.0%-10.0% 0.5% -6.5% -9.0% 7.0% 8.0% -21.5% Earnings 16.5% 3.5% 3.5% Dividends Book Value

28560

14565

27737

5192

34021

13953 5726

27171

33087

14805

28829

5588

Current Assets

Accts Payable Debt Due

Current Liab.

QUARTERLY SALES (\$ mill.) Cal-Mar.31 Jun.30 Sep.30 Dec.31 2016 23553 29282 30140 31497 114472 2017 33421 34480 36205 37616 41722 2018 37764 42236 43987 42352 166339 38850 2019 35200 40000 40950 155000 2020 39000 40000 40000 41000 160000 EARNINGS PER SHARE A Cal Full Mar.31 Jun.30 Sep.30 Dec.31 endar Year d.39 2016 d.78 .68 .22 d.27 1.03 .58 2017 1.41 3.79 .77 1.90 2.11 1.95 2018 1.78 7.74 1.88 1 39 6.90 2019 1 78 1.85 1.95 2020 1.85 1.90 1.90 7.60 QUARTERLY DIVIDENDS PAID BE endar Mar.31 Jun.30 Sep.30 Dec.31 Year 2015 1.07 1.07 1.07 1.07 4.28 2016 1.07 1.07 1.07 1.08 4.29 1.08 2017 1.08 1.08 1.08 4.32 2018 1.12 1.12 1.12 1.12 4.48 2019 1.19 1.19

Chevron is holding its own during a period of weaker oil quotations. To an extent, the company is making up with higher volume what it has lost in terms of price realizations. Combined oil and natural gas pumping volume rose 9% in the latest quarter, helping to achieve a steady tone to earnings (excluding one-time gains). The stock price has largely maintained its recent range as a result, although it is off its best level.

Prospects for reduced product demand growth firm up the view for lower full-year earnings. Crude oil prices may well be held in check as long as the trade dispute between China and the United States remains unresolved. The increasing possibility of a slower uptick in petroleum product demand and a subdued pricing backdrop will likely cause earnings per share to take a step back in 2019. In 2020, we tentatively estimate a recovery on the bottom line, but much depends on the health of the global economy.

Meanwhile, Chevron is building its business nicely. The large increase in volume noted above is not regularly seen among the big, integrated oil companies.

The surge stems from investments in Texas oil fields and a pair of liquefied natural gas projects in Australia that are paying off big. Most likely, the advance will slow as mature assets are sold. A still-good mid-single-digit growth rate in production is more likely over the next couple of years. Strong corporate finances support expansion plans.

Acquisitions will probably play a further role over the long term. Chevron purchased a refinery this spring, to the benefit of product sales. And while its bid for Anadarko Petroleum ultimately fell short, the move indicated an interest in taking such a step to expand horizons. Another merger bid is clearly within the realm of possibilities, and shareholder pressure on independent drilling companies may lead them to seek a deeppocketed suitor, such as Chevron.

For now, this top-quality stock offers good income during this period of low interest rates. Dividend growth potential is also solid. But the issue's total return possibilities are modest, and it is no longer timely (Rank: 3)

timely (Rank: 3).

Robert Mitkowski

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(A) Based on diluted shares. Excludes non-recurring gain of \$1.06 in '17. Next earnings report due late October.
 (B) Dividends historically paid on or about 10th

of March, June, September, and December. Dividend reinvestment plan available.

(C) In millions, adj. for stock split.

Company's Financial Strength Stock's Price Stability 75
Price Growth Persistence 25
Earnings Predictability 10