EXXON MOBLL NYSE:xon

| TIMELINESS | 3 Loweed 61419 |
| :--- | :--- |
| SAFETY | 1 |
| R Rised 63095 |  |
| TECHNCAL | 2 Raised 21420 |

BETA $1.10 \quad$ ( $1.00=$ Market)

18-Month Target Price Range Low-High Midpoint (\% to Mid $\$ 50-\$ 80 \quad \$ 65(10 \%)$

 PRICE

| 93.7 | 101.7 |
| ---: | ---: |
| 77.1 | 84.8 |



|  | 1 Q2019 | 2 Q2019 | 3 Q2019 |
| :--- | :---: | ---: | ---: |
| to Buy | 1129 | 1037 | 1032 |
| to Sell | 1210 | 1251 | 1251 |
| Hld's $(000)$ | 231195823300662332605 |  |  |
| 2004 | 2005 | 2006 | $\mathbf{2 0 0 7}$ |


| 2004 | 2005 | 2006 | 2007 | 2 |
| :--- | :--- | :--- | :--- | :--- |


|  | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 21 |  | 23-25 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  | 68.60 |  |  |  |  | 56.98 | 54.51 | 57.65 | 68.49 |  | 62.05 | 66.10 | Sales | 82.65 |
| 5.48 | 7.19 | 8.82 | 9.82 | 11.58 | 6.60 | 9.08 | 11.97 | 11.83 | 1.48 | 11.86 | 8.23 | 7.27 | 7.94 | 9.34 | 7.8 |  | 8.65 | "Cas | 11.50 |
| 3.89 | 5.35 | 55 | 28 | 8.69 | 98 | . 22 | 8.42 | 8.09 | 7.37 | 7.60 | 3.85 | 1.88 | 3.24 | 4.88 | 3.36 | 25 | 3.75 |  |  |
| 1.06 | 1.14 | . 28 | 1.37 | 55 | 66 | . 74 | . 85 | 2.18 | 2.46 | 2.70 | 2.88 | 2.98 | 3.06 | 3.23 | 3.43 | 3.54 | 3.62 | Div'ds Decl'd per sh |  |
| 1.87 | 2.26 | 2.70 | 2.86 | .88 | 76 | 5.40 | 6.54 | . 61 | 7.77 | 7.84 | 6.37 | 3.90 | 3.63 | 4.62 | 6.50 | 6.25 | 6.25 | Cap' Spending per sh |  |
| 15.90 | 18.13 | 19.87 | 22.62 | 22.70 | 23.39 | 29.49 | 32.61 | 36.84 | 40.1 | 41.5 | 41.10 | 40.34 | 44.2 | 45. | 45. | 44.9 | 45.0 | Book Value per sh | 48.65 |
| 6401.0 | 6133.0 | 5729.0 | 5382.0 | 4976.0 | 4727.0 | 4979.0 | 4734.0 | 4502.0 | 4335.0 | 4201.0 | 4156.0 | 4148.0 | 4239.0 | 4237.0 | 4234.0 | 4235.0 | 4235 | Common Shs Outst'g | 4235.0 |
| 11.7 | 10.9 | 10.0 | 11.4 |  |  | 10.5 |  |  | 12 | 12.8 |  | 458 | 25 | 16.3 | 22.0 | Bold figures are Value Line estimates |  | Avg Ann'I P/E Ratio Relative P/E Ratio Avg Ann'I Div'd Yield | $\begin{array}{r}15.0 \\ .85 \\ 4.3 \% \\ \hline\end{array}$ |
|  |  |  |  |  | . 19 |  | 60 | . 68 | . 69 |  | 1.08 | 2.40 | 1.2 |  | 1.20 |  |  |  |  |
| 2.3\% | 2.0\% | 2.0\% | 1.6\% | 1.9\% | 2.3\% | 2.7\% | 2.3\% | 2.5\% | 2.7\% | 2.8\% | 3.5\% | 3.5\% | 3.7\% | 4.1\% | 4.6\% |  |  |  |  |
| CAPITAL STRUCTURE as of 9/30/19 Total Debt $\$ 47146$ mill. Due in 5 Yrs $\$ 14812$ mill. LT Debt $\$ 25950$ mill. LT Interest $\$ 850$ mill. (Total interest coverage: 22.7x) Incl. $\$ 1.3$ bill. of capitalized leases |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | 16.1\% | 15.6\% | 14.7\% | 14.1\% | 13.1\% |  | 16.0 | 17.4\% | 14.0\% | 15.0\% | 15.5\% | Operating Margin | 17.5\% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 20500 | Depreciation (\$m | 23000 |
|  |  |  |  |  |  |  | 4106 | 37380 | 580 | 325 | 16150 | 7840 | 13768 | 208 | 14340 | 13850 | 6000 | Net Profit (Smill) | 2550 |
| Incl. $\$ 1.3$ bill. of capitalized leases <br> (12\% of Cap') |  |  |  |  |  |  | 42.4 | 43.6 |  |  |  |  | 25.5\% | 30.8\% | 26.5 | 31.0\% | 31.0\% | Income | 31.0\% |
| ses, Uncapitalized Annual rentals $\$ 936$ mill. sion Assets-12/18 \$30.6 bill. |  |  |  |  |  |  | 9.5\% | 8.9\% | 8.3\% | 8.9\% | 6.8\% | 3.5\% | 5.6\% | 7.2 | 5.4\% | 4.9\% | 5.5\% | Net Profit Margin | 7.36 |
|  |  |  |  |  |  |  | d454 | 321.0 | d12 | d1 | d113 | d6222 | d106 | 09165 | d100 | d900 | d700 | Working Cap') (\$mill | 5000 |
|  |  |  |  |  |  |  | 9322.0 | 79 | 6891.0 | 11653 | 19925 | 28932 | 24406 | 20538 | 26000 | 28000 | 30000 | Long-Term Debt (\$m | 37000 |
| Pfd Stock None Common Stock 4,231, 106,066 shares |  |  |  |  |  | 146839 | 154396 | 165863 | 174003 | 174399 | 1708 | 167325 | 187688 | 191 | 1916 | 19025 | 1905 | Shr. Equity (Smill) | 20600 |
|  |  |  |  |  |  |  |  | 21.7 | 18.2\% |  |  |  | 6.6\% | 10.0 |  | 6.5 | 7.5\% | keturn on Total Cap'l | 10.5\% |
|  |  |  |  |  |  | 20.7\% | 26.6\% | 22.5\% | 18.7\% | 18.6\% | 9.5\% | 4.7\% | 7.3\% | 10.9\% | 7.5\% | 7.5\% | 8.5\% | Return on Shr. Equity | 2.5\% |
| MARKET CAP: $\mathbf{\$ 2 5 3}$ billion (Large Cap) |  |  |  |  |  | $29 \%$ | $\begin{gathered} 20.6 \% \\ 23 \% \end{gathered}$ | 28\% | 34\% | $\begin{array}{r} 11.9 \% \\ 36 \% \\ \hline \end{array}$ | $\begin{aligned} & 2.4 \% \\ & 75 \% \end{aligned}$ | $\begin{aligned} & \text { NMF } \\ & \text { NMF } \end{aligned}$ | $\begin{aligned} & .4 \% \\ & 94 \% \end{aligned}$ | 3.7\% | NN | NM | .5\% |  | 4.0\% |
| URRENT POSITIO |  |  | 2017 | 18 | 9/30/19 |  |  |  |  |  |  |  |  | 66\% | 102\% | 109\% | 97\% | All Div'ds to Net Pro |  |



| $\begin{array}{\|c} \text { Cal- } \\ \text { endar } \end{array}$ | QUARTERLY SALES (\$ mill.) ${ }^{\text {A }}$ |  |  |  | Full Year |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Mar. 31 | Jun. 30 | Sep. 30 | Dec. 31 |  |
| 2017 | 58522 | 58142 | 61184 | 66515 | 244363 |
| 2018 | 68211 | 73501 | 76605 | 71895 | 290212 |
| 2019 | 63625 | 69091 | 65049 | 67173 | 264938 |
| 2020 | 67000 | 70000 | 71000 | 7200 | 280000 |
| 2021 | 70000 | 72000 | 73000 | 7500 | 290000 |
| Calendar | $\text { Mar. } 31$ | $\begin{aligned} & \text { NINGS } \\ & \text { Jun. } 30 \end{aligned}$ | $\begin{aligned} & \text { R SHAR } \\ & \text { sep. } 30 \end{aligned}$ | $\text { Dec. } 31$ | Full <br> Year |
| 2017 | 95 | . 78 | . 93 | . 58 | , |
| 2018 | 1.09 | . 92 | 1.46 | 1.41 | 4.88 |
| 2019 | . 55 | . 73 | . 75 | 1.33 | 3.36 |
| 2020 | . 55 | . 80 | . 90 | 1.00 | 3.25 |
| 2021 | . 75 | . 90 | 1.00 | 1.10 | 3.75 |
| Calendar | $\begin{gathered} \hline \text { QUART } \\ \text { Mar. } 31 \end{gathered}$ | $\begin{gathered} \text { FERLY DIVI } \\ \text { Jun. } 30 \end{gathered}$ | $\begin{aligned} & \text { IDENDS PA } \\ & \text { Sep. } 30 \end{aligned}$ | $\begin{aligned} & \text { AID } \mathbf{C} \dagger \\ & \text { Dec. } 31 \end{aligned}$ | Full Year |
| 2016 | . 73 | . 75 | . 75 | . 75 | 2.98 |
| 2017 | . 75 | . 77 | . 77 | . 77 | 3.06 |
| 2018 | . 77 | . 82 | . 82 | . 82 | 3.23 |
| 2019 | . 82 | . 87 | . 87 | . 87 | 3.43 |

BUSINESS: Exxon Mobil Corp. is a large integrated oil company. Daily production in 2019: oil, 2.4 mil. barrels ( $+5.3 \%$ vs.'18); natural gas, 9.4 billion cubic feet (flat vs. '18). On an oil-equivalent basis, total production rose $3.1 \%$ in '19. Daily refinery runs, 4.0 million barrels ( $-7 \%$ vs. '18); product sales, 5.5 mill. bbls ( $-1 \%$ vs. '18). Chemical sales, 25.5 mill. tonnes ( $-5.0 \%$ vs. '18). Proved reserves
Exxon Mobil's strategy of investing while industry pricing is in a slump has run into a snag. The difficulty is that the bottom of the cycle is lasting longer than normal due to oversupply. Crude oil and natural gas from shale have swamped the market, causing price realizations to sink. In turn, corporate profits and the stock price have fallen. Recent fears about the coronavirus dampening oil demand have taken a further toll on sentiment.
Compelling business opportunities appear to be forcing the company's hand. Exxon has noted that, while higher prices and margins are clearly preferred, several large oil and gas projects are too attractive to pass up. Normally, pursuing such ventures pays off in time, as economic expansion boosts the call for petroleum products. But a prolonged period of adequate oil supplies and only moderate demand is taking the shine off initiatives aimed at boosting pumping capacity. We don't look for earnings in 2020 or 2021 to be anything special as a result.
Exxon has had to dip into its financial reserves to engineer the buildup. Total
(12/31/18): 24.3 bill. barrels of oil equivalent, $64 \%$ oil, $36 \%$ gas. Equity companies account for $17 \%$ of reserves. Owns $69.6 \%$ of lm perial Oil (Canada). Vanguard owns $8.0 \%$ of stock; BlackRock, 6.7\% (4/19 Proxy). Employs 71,100. Chrmn., Pres., and CEO: Darren Woods. Inc.: NJ. Addr.: 5959 Las Colinas Blvd., Inving, TX 75039-2298. Tel.: 972-444-1000. Internet: www.exxonmobil.com.
debt stood at $\$ 46$ billion at yearend, up notably from a few years earlier as spending requirements exceed cash flow from operations. Debt levels are not so much a concern as the trend and the uncertain timeline for the reward. The company has not bought back much stock in recent years, and dividend growth could take a step back. Stepped-up asset sales are being relied on to shift capital into higherpotential endeavors, too..
The bottom line could still benefit out to 2023-2025. Exxon Mobil ought to lift oil and gas capabilities moderately from fields in Texas, offshore Guyana, and the east coast of Africa in the coming years. Combined with prospects for modest growth in chemicals manufacturing and ongoing efficiency in refining, earnings could recover materially, given a not unrealistic recovery in oil prices to $\$ 60-\$ 65$ a barrel.
These top-quality shares offer generous current income. Comeback potential is sizable, too, although the stock has clearly been out of favor with oil in a bear market. The issue is only neutrally ranked (3) for Timeliness.

Robert Mitkowski
ilable w/o broker
(A) Net of gasoline excise taxes through 2015
(B) Based on diluted shares. Excludes non(B) Batined on gains (losses): '05, 366 ;' 066,78 ; ' 12 , recurring gains (10
$\$ 1.61 ;$; $17, \$ 1.29$.

