

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

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., Irving, TX 75039-2298. Tel.: 972-444-1000. Internet: www.exxonmobil.com

ANNUAL RATES Past Est'd '16-'18 Past 10 Yrs. -1.5% -2.0% -8.0% 5 Yrs. -8.0% -7.0% to '23-'25 of change (per sh) Sales "Cash Flow" 4.5% 5.5% 9.0% Earnings -16.0% Dividends Book Value

47134

36796

17390

57771

3045

47973

37268

17258

2612 57138

50008

40541

21196

64195

Current Assets

Accts Payable Debt Due

Current Liab.

Cal-	QUARTERLY SALES (\$ mill.)A				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2017	58522	58142	61184	66515	244363
2018	68211	73501	76605		290212
2019	63625	69091	65049	67173	264938
2020	67000	70000	71000		280000
2021	70000	72000	73000	75000	290000
Cal-	EARNINGS PER SHARE B Full				
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2017	.95	.78	.93	.58	3.24
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
Cal-	QUARTERLY DIVIDENDS PAID C=†				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	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
2020	1				l

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. about Recent fears the coronavirus dampening oil demand have taken a further toll on sentiment.

opportunities Compelling business 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

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 February 28, 2020

(A) Net of gasoline excise taxes through 2015. (B) Based on diluted shares. Excludes nonrecurring gains (losses): '05, 36¢; '06, 7¢; '12, \$1.61; '17, \$1.29.

Next earnings report due late April.
(C) Dividends historically paid in the second week of March, June, Sep., and Dec. ■Dividend reinvestment plan available.

Stock Purchase Plan available w/o broker. (D) In mill., adjusted for split.

Company's Financial Strength Stock's Price Stability A++ 90 Price Growth Persistence 10 **Earnings Predictability** 45