



Chevron



human energy®

# fourth quarter 2015 earnings conference call and webcast

**John Watson**

Chairman and Chief Executive Officer

**Pat Yarrington**

Vice President and Chief Financial Officer

**Frank Mount**

General Manager, Investor Relations

January 29, 2016

# Cautionary statement

## CAUTIONARY STATEMENTS RELEVANT TO FORWARD-LOOKING INFORMATION

### FOR THE PURPOSE OF “SAFE HARBOR” PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

*This presentation of Chevron Corporation contains forward-looking statements relating to Chevron’s operations that are based on management’s current expectations, estimates and projections about the petroleum, chemicals and other energy-related industries. Words or phrases such as “anticipates,” “expects,” “intends,” “plans,” “targets,” “forecasts,” “projects,” “believes,” “seeks,” “schedules,” “estimates,” “may,” “could,” “should,” “budgets,” “outlook,” “on schedule,” “on track” and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond the company’s control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Unless legally required, Chevron undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.*

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*Certain terms, such as “unrisked resources,” “unrisked resource base,” “recoverable resources,” and “oil in place,” among others, may be used in this presentation to describe certain aspects of the company’s portfolio and oil and gas properties beyond the proved reserves. For definitions of, and further information regarding, these and other terms, see the “Glossary of Energy and Financial Terms” on pages 58 and 59 of the company’s 2014 Supplement to the Annual Report and available at [Chevron.com](http://Chevron.com). As used in this report, the term “project” may describe new upstream development activity, including phases in a multiphase development, maintenance activities, certain existing assets, new investments in downstream and chemicals capacity, investment in emerging and sustainable energy activities, and certain other activities. All of these terms are used for convenience only and are not intended as a precise description of the term “project” as it relates to any specific government law or regulation.*



# 2015 key messages

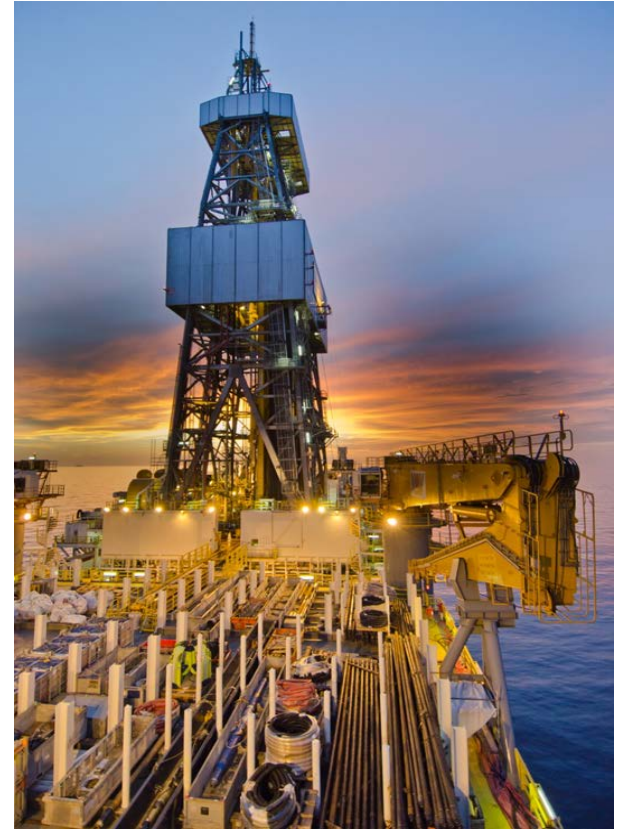
## Strong operating performance

- HES
- Downstream
- Production growth
- Reserve replacement

## Low prices → weak financial results

## Responding to market

- Progressing capital projects
- Capital and operating spend reduction
- Asset sales for value
- Prudently using balance sheet



**#1 Priority unchanged**

Maintain and grow dividend

# Financial highlights

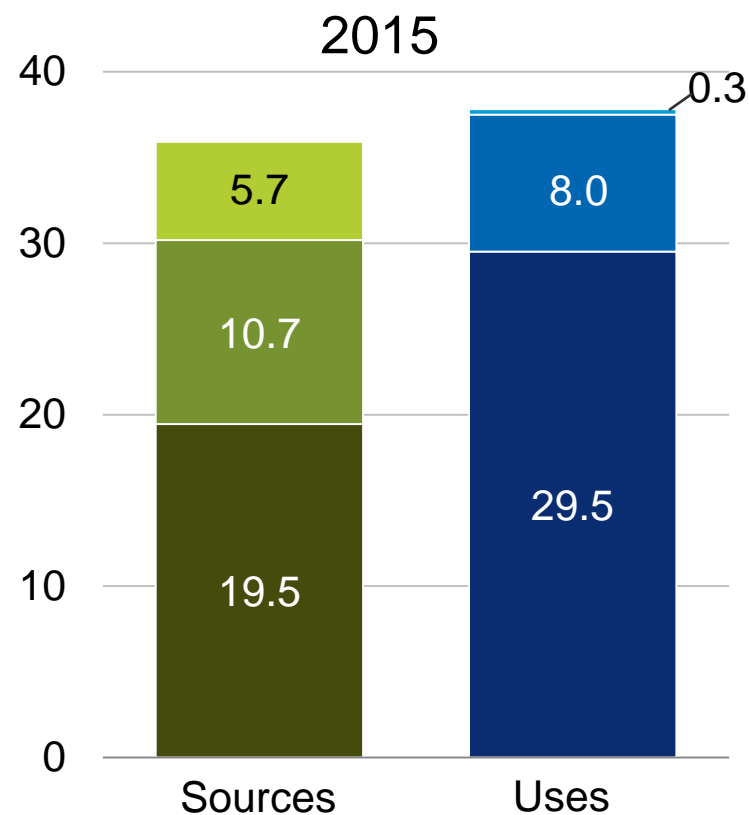
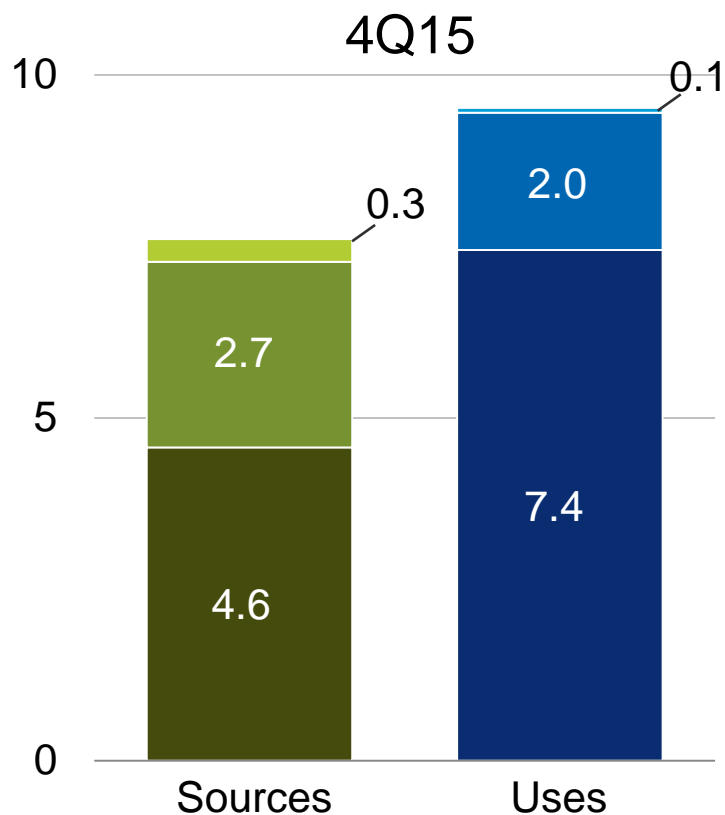
	4Q15	2015
Earnings	\$(0.6) billion	\$4.6 billion
Earnings per diluted share	\$(0.31)	\$2.45
ROCE		2.5%
Year-end debt ratio		20%
Dividends paid	\$2.0 billion	\$8.0 billion

Note: Reconciliation of earnings (excluding FX and special items) can be found in the appendix.



# Sources and uses of cash<sup>(1)</sup>

\$ billions



*Sources of Cash:* ■ Cash flow from operations<sup>(2)</sup>

*Uses of Cash:* ■ Capital expenditures<sup>(2)</sup>

■ Net Debt Issuance

■ Dividends

■ Asset Sales

■ Other

<sup>(1)</sup> Includes cash and cash equivalents, time deposits and marketable securities.

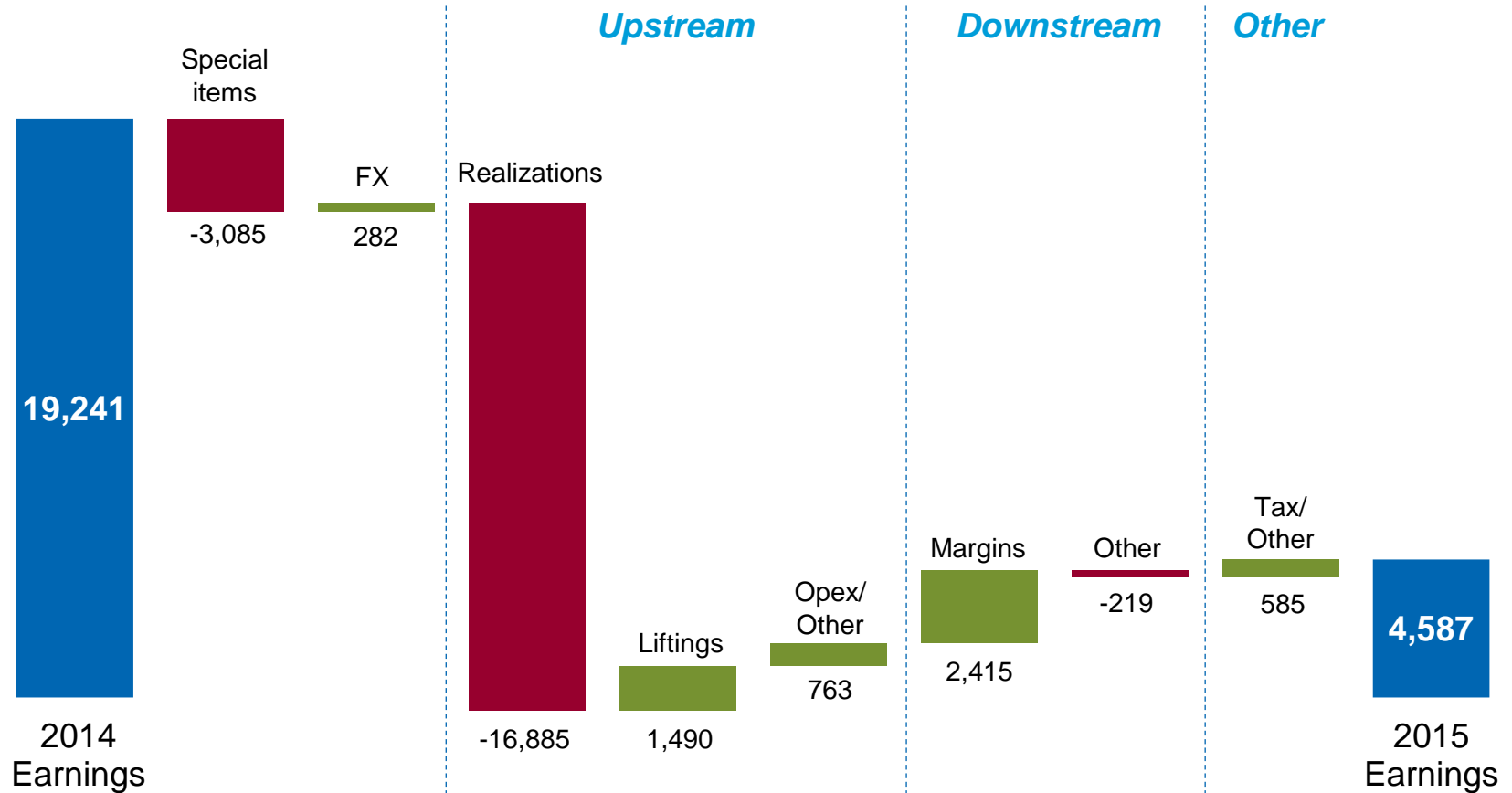
<sup>(2)</sup> Per U.S. GAAP, expensed exploration expenditures and assets acquired from capital leases are part of "cash flow from operations" in our SEC reports. These two items are included in our "capital and exploratory expenditure" table in Attachment 2 to our earnings release.



# Chevron earnings

## 2015 vs. 2014

\$ millions



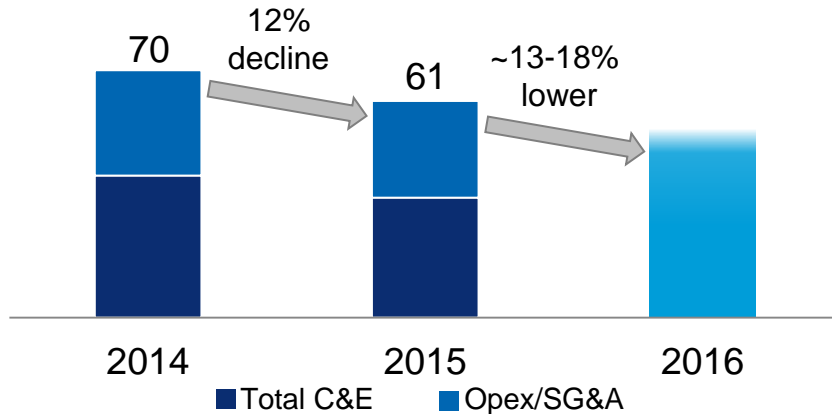
Note: Reconciliation of earnings (excluding FX and special items) can be found in the appendix.



# Spend profile

## Total spend

\$ billions



## Momentum carries into 2016

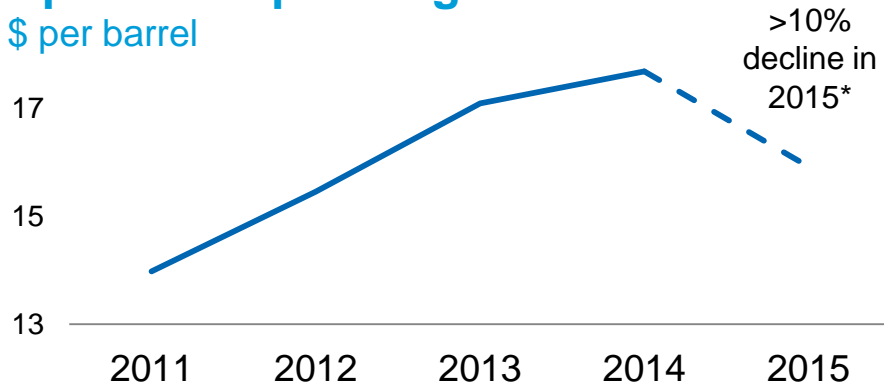
with largest impact in upstream

## Actions underway

- Organization actions
- Supplier reductions
- Efficiency gains
- Activity reductions / deferrals

## Upstream operating costs

\$ per barrel

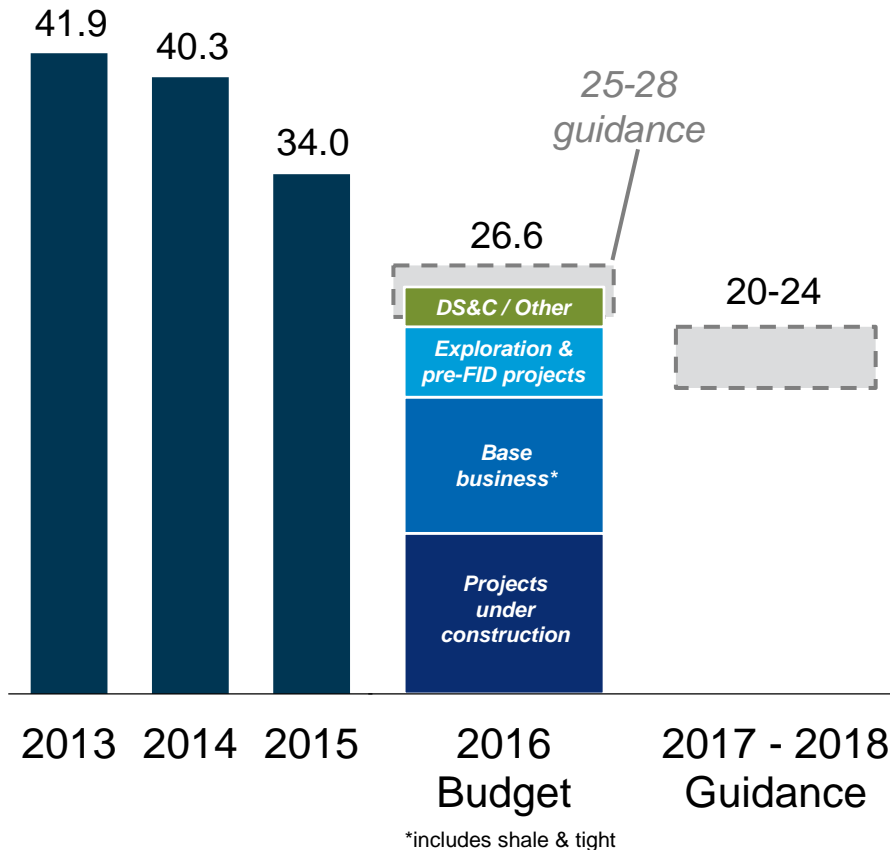


\*preliminary, results to be published in the 2015 10-K, Table IV (average production costs)



# Capital & exploratory

## Total C&E \$ billions



## Investment priorities

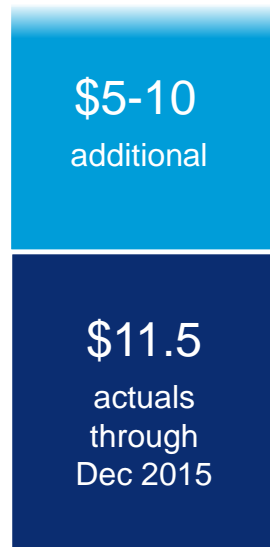
- Safe, reliable operations
- Complete projects in-flight
- Pace unsanctioned projects
- Enable short-cycle, high return investments



# Asset sales

## Asset divestment proceeds

\$ billions



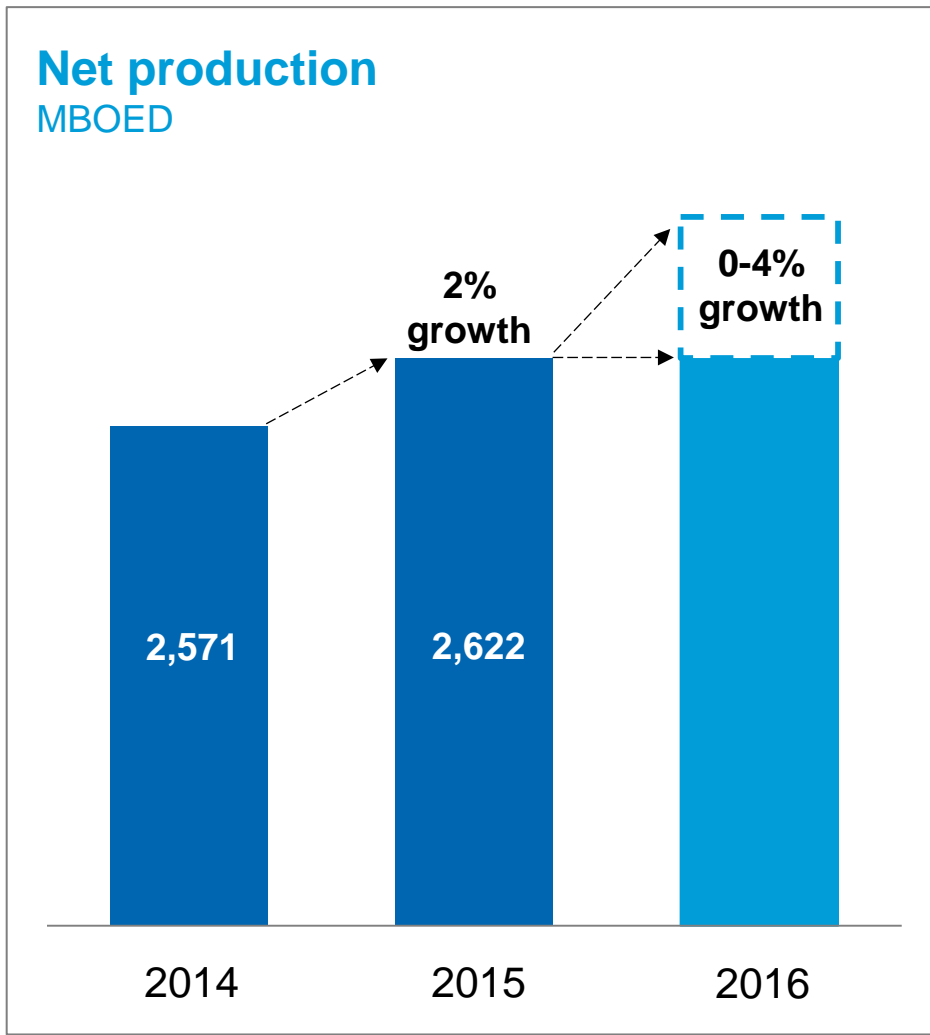
2014 - 2017

## 2016 in public domain

- New Zealand downstream
- Hawaii refinery
- Gulf of Mexico shelf
- Western Canada gas storage facilities
- South Africa downstream



# 2016 production outlook



## 2015 impacts

- MCP start-ups and ramp-ups
- Shale & tight growth
- Price effects
- Partitioned Zone shut-in

## 2016 uncertainties

- Partitioned Zone restart
- MCP start-ups and ramp-ups
- Divestments
- Price effects
- Spend levels



# Reserves

Reserve  
replacement  
ratio

**107%**

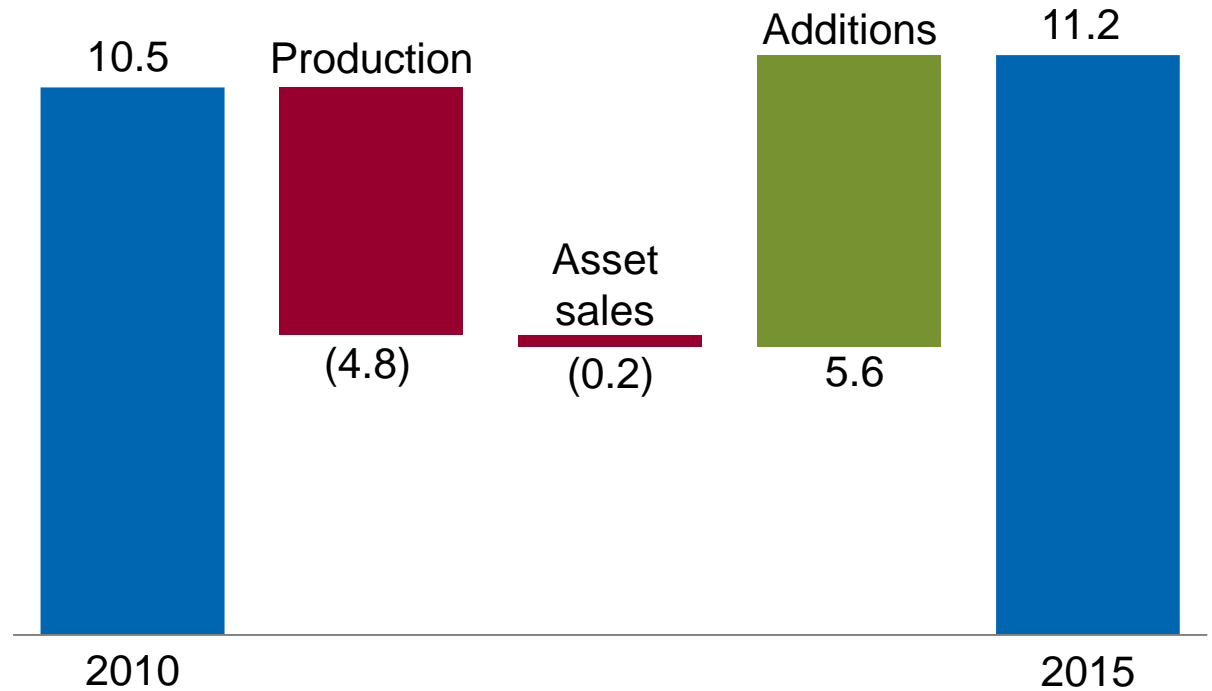
1 year

**113%**

5 year

## 5 year reserves replacement ratio

Billions of barrels of oil-equivalent



Note: Numbers do not add up due to rounding



# Gorgon

## Train 1

- Final commissioning
- First cargo expected 1Q16

## Trains 2 & 3

- All modules delivered
- Construction ongoing
- Start-up at ~ 6 month intervals



# Wheatstone

## Progress

- All train 1 modules delivered
- LNG loading jetty complete
- Trunkline ready for service
- 6 of 9 wells completed
- First LNG cargo mid-2017



# Other projects coming online

## Recent and near-term

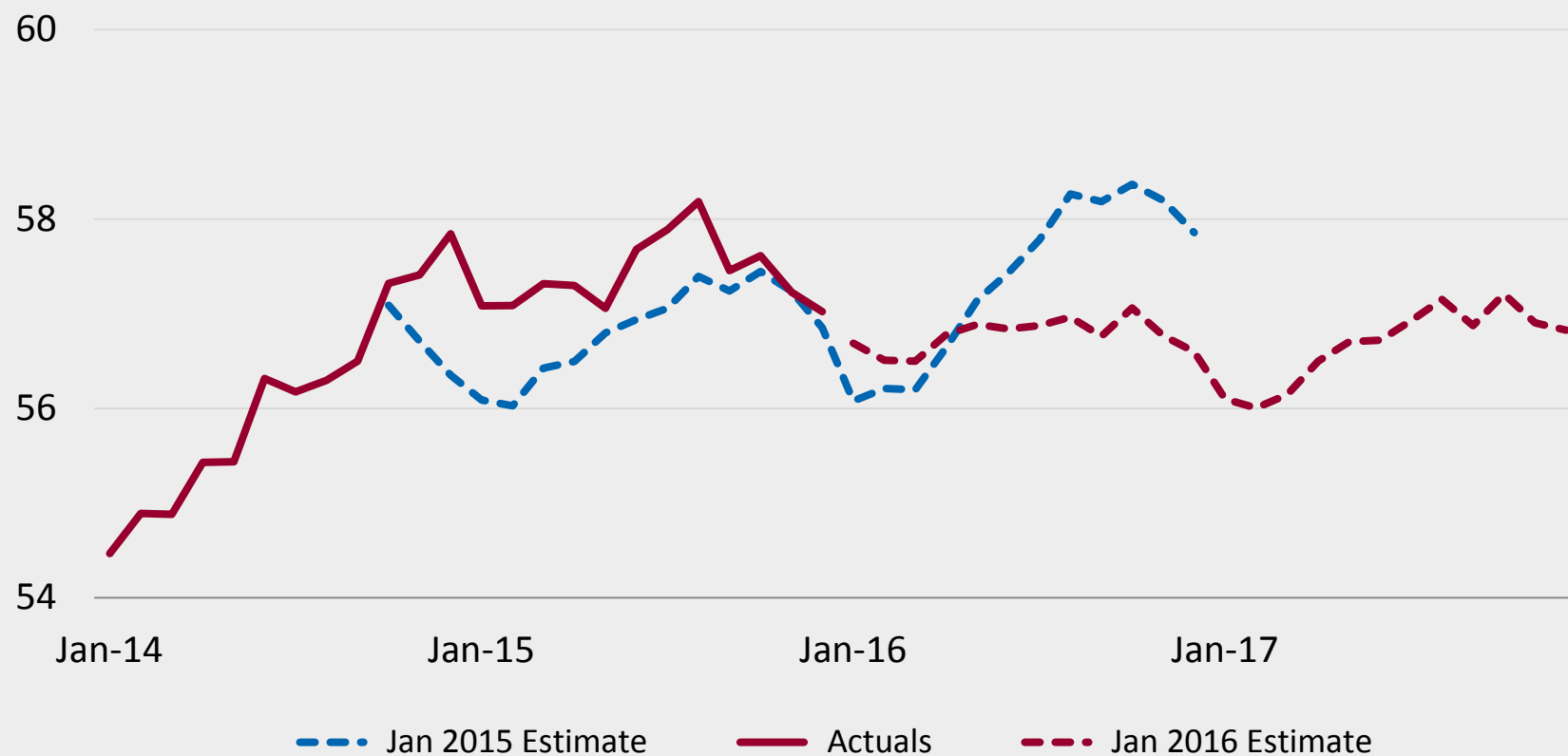
- ✓ Lianzi (Nov 2015)
- ✓ Moho Nord (Dec 2015)
- ✓ Chuandongbei (Jan 2016)
- Angola LNG
- Mafumeira Sul
- Bangka
- Alder



# Macro

## Non-OPEC liquid fuel production

MMBD



Source: WoodMac Macro Short-Term Outlook Dec 2015

# Questions + Answers



# Appendix

## Reconciliation of earnings (excluding FX and special items)

	FY 2014	1Q15	2Q15	3Q15	4Q15	FY 2015
<b>Reported Earnings (\$MM)</b>	<b>19,241</b>	<b>2,567</b>	<b>571</b>	<b>2,037</b>	<b>(588)</b>	<b>4,587</b>
<b>UPSTREAM</b>						
Foreign Exchange	597	522	(146)	258	91	725
Asset Dispositions	1,780	310	--	--	--	310
Other*	(950)	250	(2,710)	(245)	(1,125)	(3,830)
Subtotal	1,427	1,082	(2,856)	13	(1,034)	(2,795)
<b>DOWNSTREAM</b>						
Foreign Exchange	(112)	54	(103)	141	(45)	47
Asset Dispositions	960	--	1,710	--	--	1,710
Other*	(160)	--	--	--	--	--
Subtotal	688	54	1,607	141	(45)	1,757
<b>ALL OTHER</b>						
Foreign Exchange	2	4	(2)	(5)	--	(3)
Other*	(345)	--	10	--	--	10
Subtotal	(343)	4	8	(5)	--	7
<b>Total FX and Special Items (\$MM)</b>	<b>1,772</b>	<b>1,140</b>	<b>(1,241)</b>	<b>149</b>	<b>(1,079)</b>	<b>(1,031)</b>
Diluted Weighted Avg. Shares Outstanding ('000)	1,897,897	1,876,498	1,876,705	1,872,420	1,874,313	1,874,971
<b>Reported Earnings per Share</b>	<b>\$10.14</b>	<b>\$1.37</b>	<b>\$0.30</b>	<b>\$1.09</b>	<b>\$(0.31)</b>	<b>\$2.45</b>

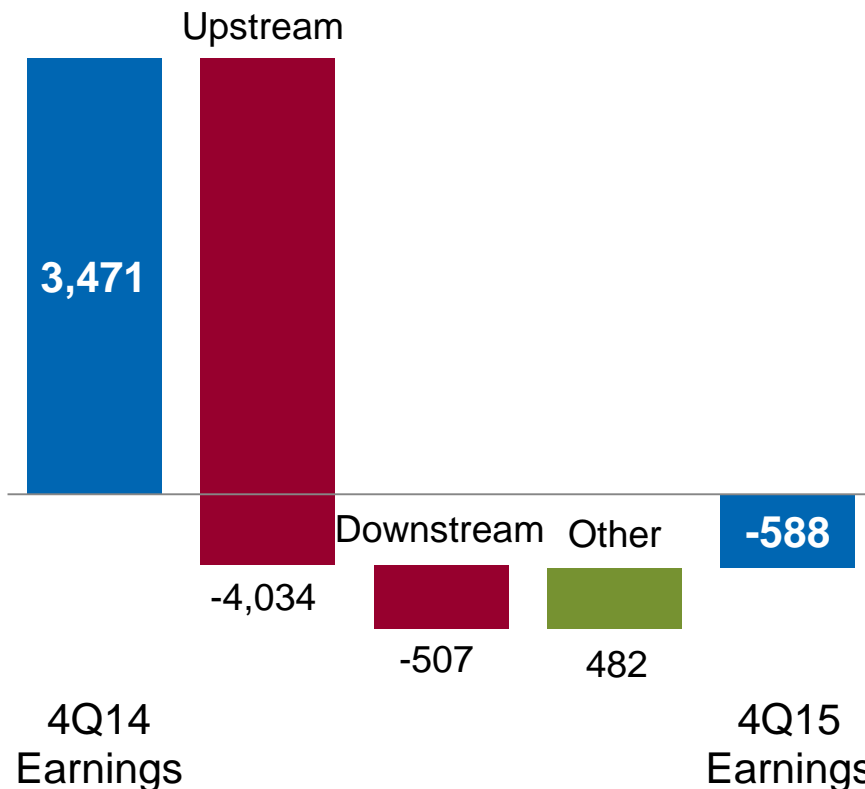
\*Includes asset impairments & revaluations, tax adjustments, environmental remediation provisions, severance accruals and any other special items.



# Appendix

## Chevron earnings: 4Q15 vs. 4Q14

\$ millions



### Upstream

- ~45% decline in crude prices
- Lower gains on asset sales and FX
- Higher suspensions, DD&A and exploration
- + Higher volumes and lower opex

### Downstream

- Lower gains on asset sales
- Swing in timing effects
- + Stronger margins

### Other

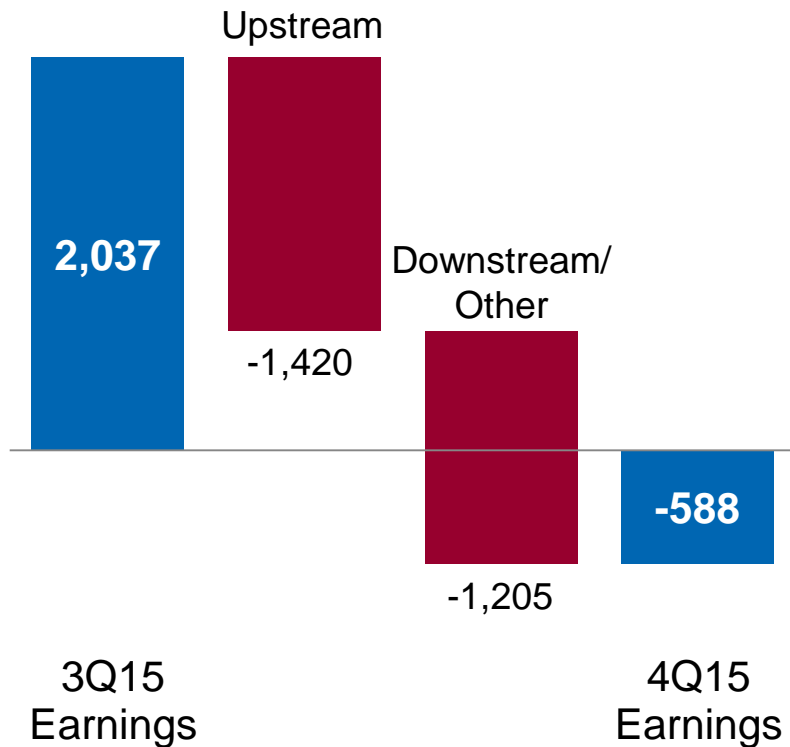
- + Lower tax effects



# Appendix

## Chevron earnings: 4Q15 vs. 3Q15

\$ millions



### Upstream

- ~15% decline in crude prices
- Higher impairments and suspensions
- Higher exploration expenses
- + Higher volumes and tax benefits

### Downstream

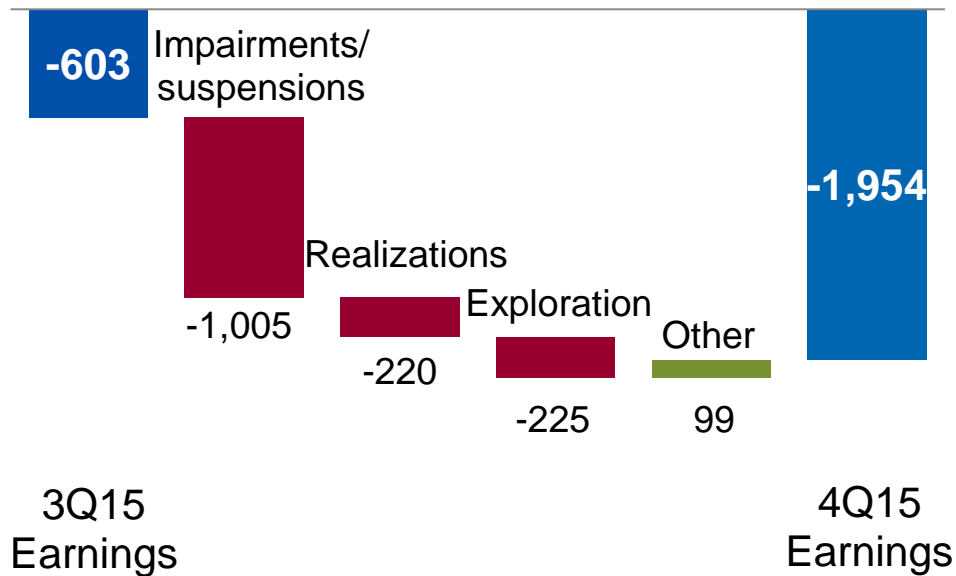
- Lower margins
- Higher operating expenses on planned turnaround activity
- Timing effects and FX



# Appendix

## U.S. upstream earnings: 4Q15 vs. 3Q15

\$ millions



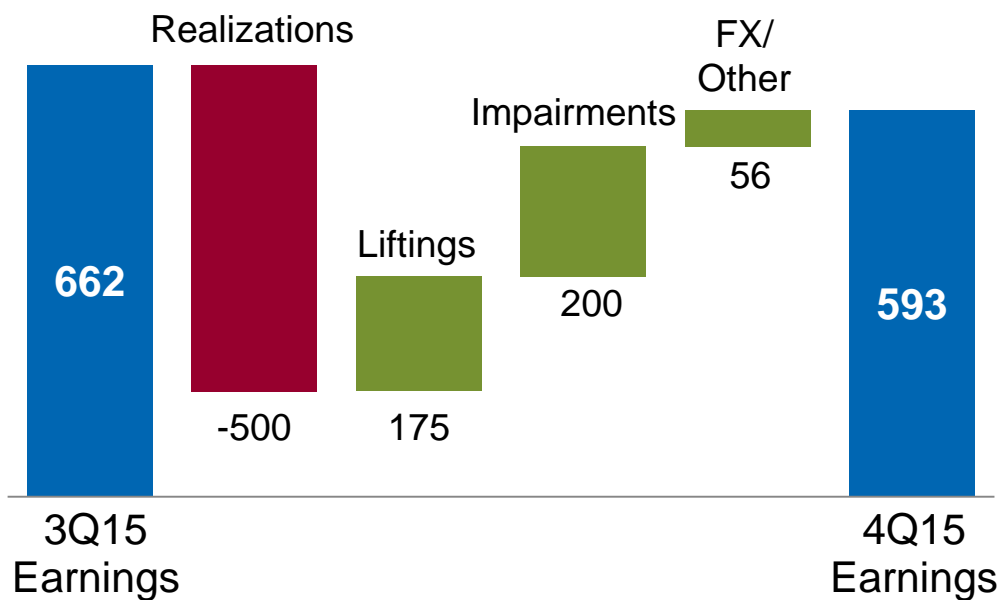
- Higher impairments and suspensions
- ~15% decline in liquids realizations
- Higher exploration expenses, mainly in Gulf of Mexico



# Appendix

## International upstream earnings: 4Q15 vs. 3Q15

\$ millions



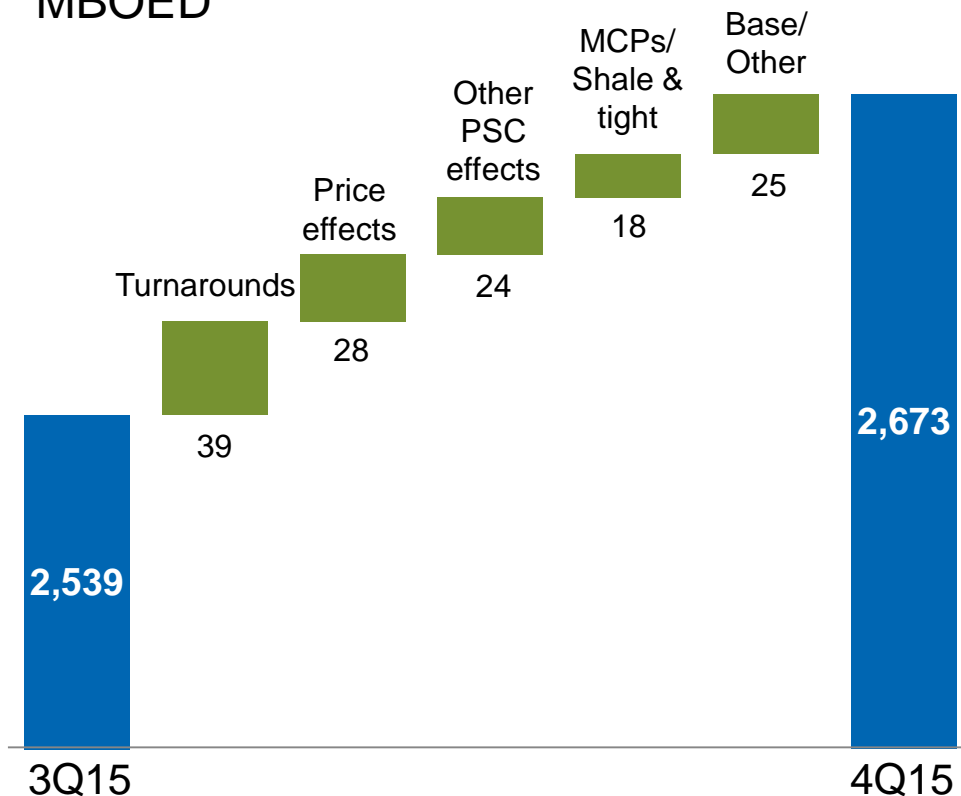
- ~15% decline in realizations
- Higher volumes
- Absence of 3Q15 impairments



# Appendix

## Worldwide net oil & gas production: 4Q15 vs. 3Q15

MBOED



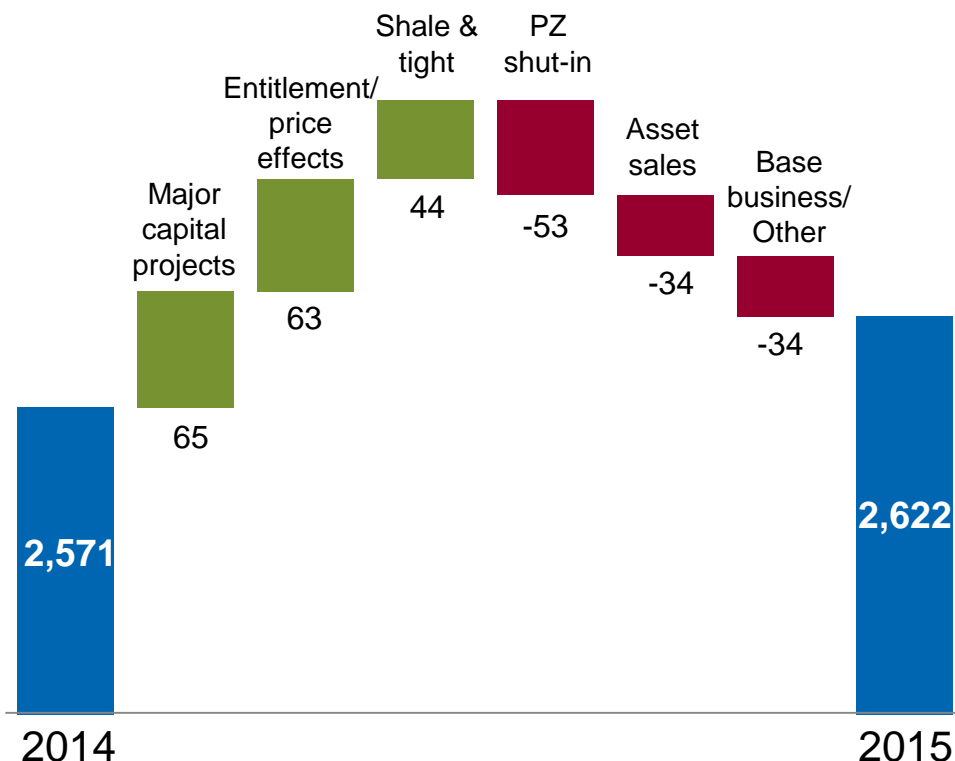
- Absence of planned Tengiz turnaround
- Price and other PSC effects
- Permian, Bangladesh and Lianzi growth



# Appendix

## Worldwide net oil & gas production: 2015 vs. 2014

MBOED



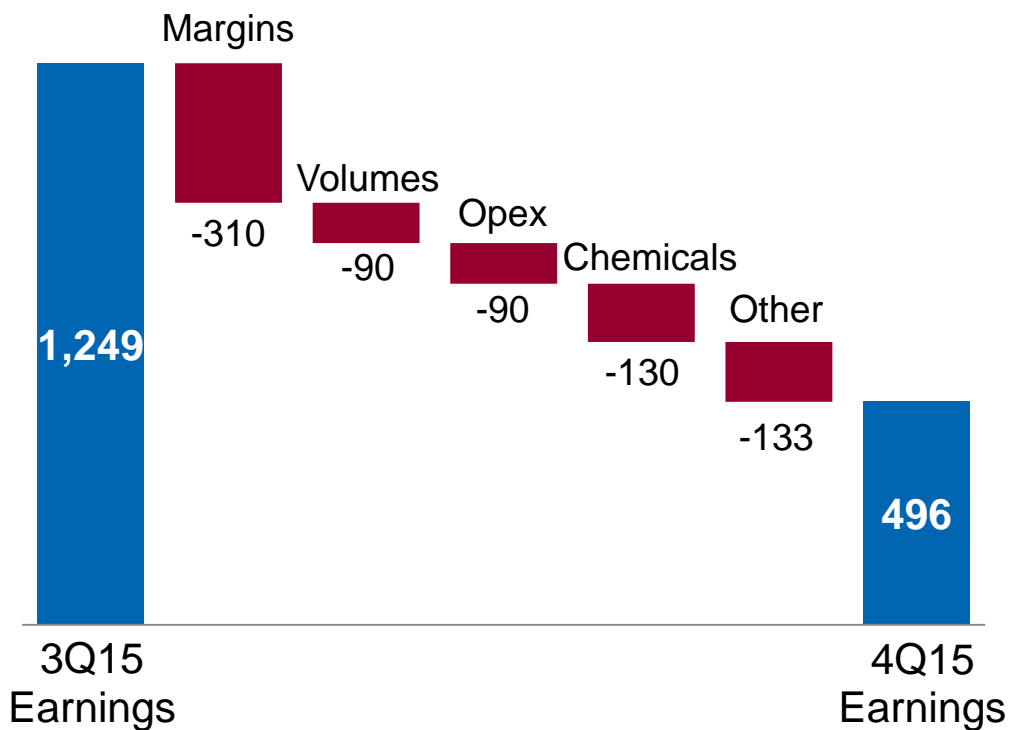
- Jack / St. Malo, Tubular Bells and Bibiyana expansion ramp-ups
- Permian and Marcellus growth
- PZ shut-in
- Asset sales impact (GOM, Chad, Netherlands)
- Decline rates within guidance



# Appendix

## U.S. downstream earnings: 4Q15 vs. 3Q15

\$ millions

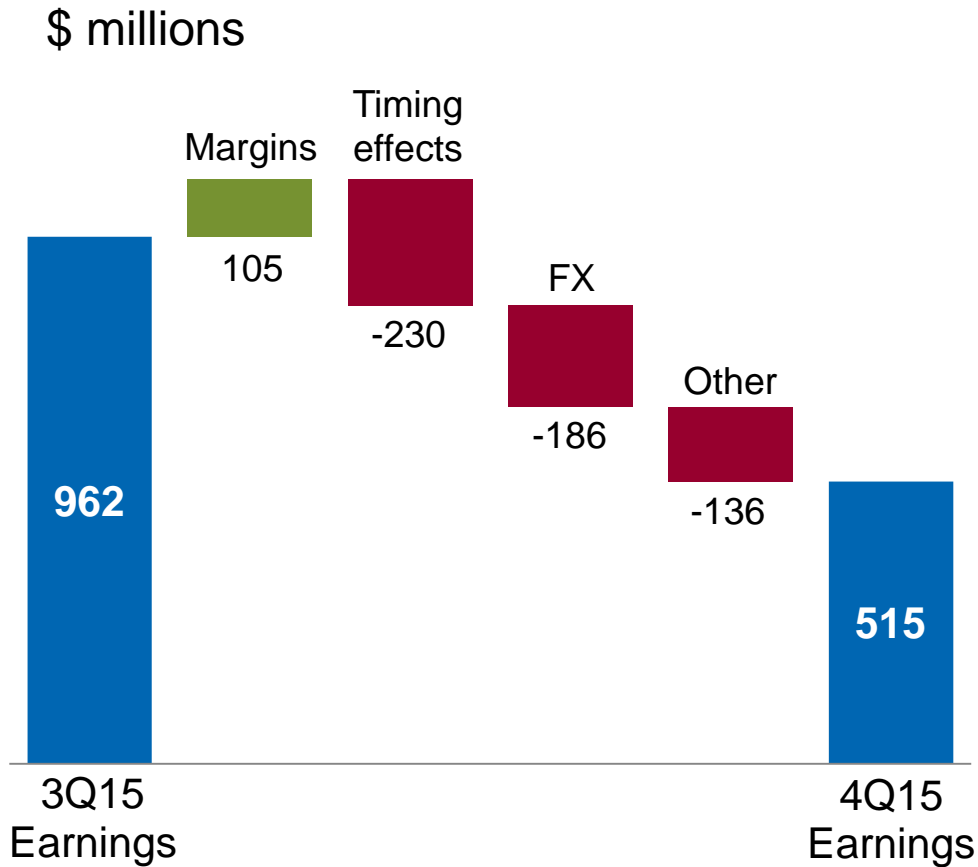


- Lower refining margins
- Turnarounds at Richmond and El Segundo refineries
- Lower Chemicals margins and higher opex



# Appendix

## International downstream earnings: 4Q15 vs. 3Q15



- Higher Asian margins
- Swing in timing effects
- Unfavorable FX

