

**Company: Exxon Mobil Ticker: XOM** Current price: 111.10 Industry: Energy Sub-industry: Oil & Gas Integrated

Target Price: \$132.73	TTM P/E: 12.15	Beta: 1.05	Market Cap: 455.86 B
Stop Loss: 88.88	Forward P/E: 10.13	Credit Rating: AA-	Avg Vol (12M): 19,520,306
52 Week High/Low: \$111.21 – 57.96	EPS: 202.20%	Rating Outlook: Stable	Dividend Yield: 3.18

#### Company Background:

Exxon Mobil Corp., the largest publicly-traded integrated oil company in the world aside from Saudi Aramco (the national oil company of Saudi Arabia). Exxon Mobil Corp. engages in the exploration, development, and distribution of oil, gas, and petroleum products. It operates through the following segments: Upstream, Downstream and Chemical. The Upstream segment produces crude oil and natural gas. The Downstream segment manufactures and trades petroleum products. The Chemical segment offers petrochemicals. The company was founded by John D. Rockefeller in 1882 and is headquartered in Irving, TX

#### Industry Outlook:

As the global economy re-emerges from the ravages of the pandemic, we think there is pent- up demand that likely puts a floor under oil and gas consumption. It should raise consumer demand for refined products as consumers become more willing to return to pre-pandemic activities, helping downstream utilization. In addition, higher refined product demand likely pulls incremental demand for crude oil and thereby helps boost benchmark pricing, all else being equal. Downstream, integrated oils have enjoyed a buoyant 2022 YTD, partly from strength in refined product consumption, coupled with limited supply. Refineries are running at about 95% capacity, helping margins, and the industry has not replaced capacity that was shut down in the wake of the pandemic.

#### Investment Thesis:

XOM has paid 95% of the incremental debt it took in 2019.  
 XOM can protect the dividend at a Brent Price of \$50/barrel as EIA projection \$99/barrel for 2022 and \$89/barrel in 2023.  
 It announced a 2022 capex budget of \$21B to \$24B.  
 Near-term production growth in Guyana and Permian Basin.  
 Second quarter showed exceptional margin on XOM's natural gas.  
 Refineries are running at 95% capacity.

#### 3-5 take away from last quarter investor call transcript:

1. Exxon Mobil reports a blowout quarter, but the stock yawns at record price around \$110.
2. The company faces lower natural gas prices with the extreme prices from early this year disappearing and U.S. gas dipping below \$6.
3. The stock isn't expensive, but yields and future earnings potential don't support any material rally from here.

#### Financial performance:

YEARS	2018	2019	2020	2021	2022
Revenue	281,070	259,497	179,785	278,981	389,392
Revenue Growth %		-7.68%	-30.72%	55.17%	39.58%
Gross Profit	90,308	81,066	57,157	90,045	124,941
Gross Margin %		53.41%	50.12%	65.90%	68.10%
Operating Income	23,267	15,545	-4,432	26,780	62,558
EBIT	30,953	20,056	-28883	31,234	70,640
FCF per share	3.85	1.25	-0.61	8.43	-
EPS	4.88	3.36	-5.25	5.39	12.23

#### Discounted Cash Flow:

Implied Share Price Calculation	
Sum of PV of FCF	243,044
Growth Rate	3%
WACC	5.7%
Terminal Value	2,494,546
PV of Terminal Value	1,890,673
Enterprise Value	2,133,717
(+) Cash	6,802
(-) Debt	43,428
(-) Minority Interest	7,106
Equity Value	2,089,985
Shares Outstanding (mm)	15746.0
<b>Implied Share Price</b>	<b>132.73</b>

#### Analyst Opinion

Buy:	Hold:	Sell:
	Rating	Target
S&P Net Advantage	Hold	128
Bloomberg	Hold	127
Yahoo Finance	Hold	149

**Relative Valuation**

Company Information		Financial Metrics			Valuation Metrics				Operational Metrics			
Ticker	Firm	Market Cap	BV of Equity	Total Assets	P/Sales	P/B	P/E	P/FCF	Gross Margin	EBIT Margin	ROE	ROA
XOM	Exxon Mobil Corporation	Oil & Gas Integrated	\$186,100M	\$99,289M	1.28	2.65	12.15	17.92	34.8%	16.1%	15.30%	7.40%
CVX	Chevron Corporation	Oil & Gas Integrated	\$153,554M	\$33,738M	1.7	2.30	12.1	24.47	39.90%	16.3%	14.30%	8.30%
SHEL	Shell plc	Oil & Gas Integrated	\$167,391.3M	\$163,318M	0.61	1.09	5.87	8.22	24.90%	14.5%	23.90%	10.10%
COP	ConocoPhillips	Oil & Gas E&P	\$49,079M	\$20,453M	2.6	3.44	11.02	13.44	49.70%		33.70%	17.40%
Mean			\$139,031.08M	\$70,773.43M	1.55	2.37	10.29	16.01	37%	16%	22%	11%
Median			\$160,472.65M	\$59,871.00M	1.49	2.48	11.56	15.68	37%	16%	20%	9%

\*Industry Avg. includes companies listed

**Total Return %**

	XOM	Industry Sec	S&P 500
YTD	85.88%	64.8%	-17.15%
2021	79.29%	60.01%	-13.83%
Last 3 years	20.43%	21.49%	10.43%
Last 5 years	9.03%	9.5%	10.48%

**CSR Characteristics**

	XOM	Industry
ESG Disclosure	36	34.27
Governance Disclosure Score	8.1	7.68
Social Disclosure Score	9.8	9.11
Environmental Disclosure Score	18.5	17.48