



Chevron (CVX): Chevron is a global, integrated energy and chemicals company. Its key brands include Chevron, Texaco and Caltex.

Ticker: CVX | Current Price: \$154.82 | Target: \$172 | Stop/Loss: \$139.34 (-10%)

Chevron is a high-quality, low-cost, long-duration energy compounder trading at only a modest premium despite superior assets, balance sheet strength, visible volume growth, and a decade-long free-cash-flow (FCF) expansion runway.

<p>Upstream: Finding, producing and moving hydrocarbons market. (25% of revenue, majority of earnings).</p>	<ul style="list-style-type: none"> • Exploration and development of oil & gas fields • Production of crude oil, natural gas, and NGLs • LNG: liquefaction, shipping, and re-gasification • Major export pipelines, gas storage and marketing • Early-stage carbon capture and storage (CCS) and a gas-to-liquids plant
<p>Downstream: Turn hydrocarbons into products for customers</p>	<ul style="list-style-type: none"> • Refines crude into gasoline, diesel, jet fuel, etc. • Markets fuels, lubricants and refined products • Manufactures and markets renewable fuels • Moves crude and products via pipelines, ships, rail, and trucks • Manufactures petrochemicals and industrial plastics, plus fuel/lube additives

Assets & Projects

Resource Base	Infrastructure	Projects
<ul style="list-style-type: none"> • ~9.8 billion barrels of oil-equivalent (BOE) of proved reserves at year-end 2024, spread across crude, NGLs and natural gas • ~ 41% of proved reserves in the U.S., 16% in Australia, 13% in Kazakhstan – heavily weighted to politically “friendlier” OECD* and large strategic partners. • *Organization for Economic Co-operation and Development with 38 member countries that are considered more politically stable and lower risk. 	<ul style="list-style-type: none"> • Tens of thousands of productive wells worldwide (41,000+ oil wells and 3,500 gas wells including affiliates). • Large global footprint of developed and undeveloped acreage: ~61.6 million gross acres (37.2 million net*) across U.S., Americas, Africa, Asia, Australia, Europe. • Refineries, chemical plants, pipelines, LPG/methanol plants, LNG trains, export terminals, and storage facilities. • *Chevron vs partner owned 	<ul style="list-style-type: none"> • Deepwater Gulf of Mexico hubs (Jack/St. Malo, Tahiti, Big Foot, Anchor, Ballymore, Whale, etc.). • Shale positions (Permian, DJ Basin, Haynesville, Vaca Muerta). • LNG and gas projects (Australia LNG, Angola LNG, Israel Leviathan, Aphrodite in Cyprus, Bangladesh gas fields). • Early projects in CCS and hydrogen (Bayou Bend in Texas, ACES Delta hydrogen storage in Utah).

Corporate Strategy

Focus on high-return barrels, cutting per-well costs, increasing oil recovery, and portfolio optimization.	Protect upstream profits and downstream margins through an integrated value chain from wellhead to customer.	Invest first in highest IRR projects, use excess cash for dividends and buybacks, and de-risk via long-term contracts.	Reduce carbon intensity, build adjacent “green” businesses, capture energy transition cash flows w/o loss to core ops
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Industry and Macro Backdrop:

Headwinds to hit producers as near-term oil markets loosen with supply expected outpace demand in 2025-26. U.S. EIA forecasts rising global inventories and Brent falling to mid-\$50s range by 2026. Potential surplus could form if OPEC+ doesn’t cut production further. Despite near-term looseness, the broader macro setup is less bearish than it appears — inventories, futures curves, and collapsing U.S. drilling activity point to a market that is quietly tightening underneath. At the same time, AI-driven electricity demand, weak USD tailwinds, and global stimulus could lift medium-term energy demand, limiting downside to oil prices even as EIA forecasts a surplus.



Valuation:

- **Bear Case ~\$150 p/s:** Brent collapses, 0% YOY growth, terminal growth of 2%
- **Bear Case ~\$177 p/s:** Brent pulls back from highs, 3% YOY growth, terminal growth of 2%
- **Bull Case: ~\$256 p/sh:** Brent stays elevated, supports 10% YOY growth through 2030, terminal growth of 2%

Year	UFCF	Discount Factor	PV UFCF
2024	\$ 17,690.74	100.00%	\$ 17,690.74
2025	\$ 17,690.74	93.02%	\$ 16,456.50
2026	\$ 17,690.74	86.53%	\$ 15,308.37
2027	\$ 17,690.74	80.50%	\$ 14,240.35
2028	\$ 17,690.74	74.88%	\$ 13,246.84
2029	\$ 17,690.74	69.66%	\$ 12,322.64
2030	\$ 17,690.74	64.80%	\$ 11,462.92
TV			\$ 362,660.17
PV of TV			\$ 234,989.83
EV			\$ 318,027.45
Equity Value			\$ 300,267,451,064.41
Implied Price			\$ 150.13

Year	UFCF	Discount Factor	PV UFCF	Year	UFCF	Discount Factor	PV UFCF
2024	\$ 17,690.74	100.00%	\$ 17,690.74	2024	\$ 17,690.74	100.00%	\$ 17,690.74
2025	\$ 18,221.46	93.02%	\$ 16,950.20	2025	\$ 19,459.81	93.02%	\$ 18,102.15
2026	\$ 18,768.11	86.53%	\$ 16,240.65	2026	\$ 21,405.80	86.53%	\$ 18,523.13
2027	\$ 19,331.15	80.50%	\$ 15,560.81	2027	\$ 23,546.37	80.50%	\$ 18,953.90
2028	\$ 19,911.08	74.88%	\$ 14,909.43	2028	\$ 25,901.01	74.88%	\$ 19,394.69
2029	\$ 20,508.42	69.66%	\$ 14,285.31	2029	\$ 28,491.11	69.66%	\$ 19,845.73
2030	\$ 21,123.67	64.80%	\$ 13,687.32	2030	\$ 31,340.23	64.80%	\$ 20,307.26
TV			\$ 433,035.21	TV			\$ 642,474.61
PV of TV			\$ 280,590.15	PV of TV			\$ 416,298.83
EV			\$ 372,223.88	EV			\$ 531,425.70
Equity Value			\$ 354,463,884,895.97	Equity Value			\$ 513,665,697,699.26
Implied Price			\$ 177.23	Implied Price			\$ 256.83

Sensitivity Analysis

Sensitivities show that every \$10/bbl decline equals roughly **-\$5.5B in annual after-tax cash flow**.

Commodity	Avg 3q 25	Sensitivity	Full-Year Impact
Brent	\$69.13	+/- \$1	~550m
Henry Hub	\$3.06	+/- \$1	~670m
LNG Spot	\$11.56	+/- \$1	~150m

Risks and Mitigants:

Commodity Price Risk	Low-cost barrels, long-length contracts, strong balance sheet
Cost Inflation Risk	Economies of scale and pricing power, predictable cost structures, "factory-style" shale development
Geopolitical Instability	Balanced and geographically diversified portfolio in "low-risk" locations
Energy Transition Risk	Reducing emissions intensity of existing operations and investing in future greener tech
Project Execution Risk	Flexible projects, corporate knowledge and expertise, conservative management

Catalysts & Drivers:

Near-term (0-1 year)	Hitting or beating Permian production milestones and increasing production from deepwater projects ramps
Medium-term (1-3 years)	LNG contract rollovers and expansions, progress on CCS & hydrogen, portfolio optimization
Long-term (3-5+ years)	Permian plateau extensions, new LNG phases, deepwater hub life extensions, becoming a "transition winner"

Q3 2025 Financial and Operational Snapshot

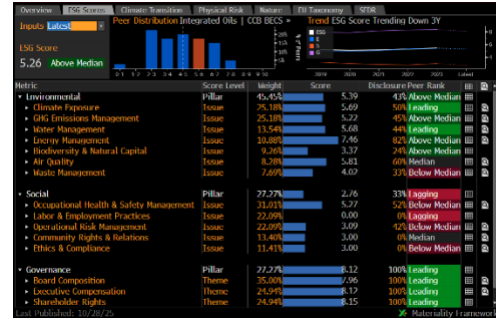
- Earnings: **\$3.5B reported, \$3.6B adjusted**.
- Cash from operations: **\$9.4B; adjusted free cash flow (FCF): \$7.0B**.
- Return on capital employed (ROCE): **7.6%** (Q3 annualized) vs 10.1% in Q3 2024, reflecting softer commodity price environment.
- Record production: 4.1 million barrels of oil equivalent per day (MBOED)** in Q3 2025, up **21%** YoY.
- U.S. and worldwide production are both at record levels, helped by Permian, DJ Basin, Gulf of America deepwater and Hess volumes.

ESG:

Chevron's ESG score of **5.26** ranks **above the industry median**, driven by strong **environmental** and **governance** performance. Governance is a clear standout with **leading** scores across all categories. The main weakness is the **social pillar**, where several metrics—especially safety, labor, and ethics—rank **below median or lagging**.

Peer Comparison:

Chevron's strong balance sheet, low leverage, solid liquidity, and consistently positive free cash flow are apparent in a peer analysis. Moderate profitability and efficiency metrics place it in the middle of the pack nor does it boast the highest growth or the lowest valuation as some peers.



Valuation Ratios							
Ticker	Mkt Cap (\$B)	Last Price	P/E	P/FCF	Dvd Ind Yld	BEst Curr EV/BEst EBITDA	
CVX US	317.371	154.82	26.98	18.12	4.42	7.76	
XOM US	503.066	117.68	17.53	21.53	3.50	7.58	
COP US	112.908	88.72	12.40	15.65	3.78	5.33	
MPC US	60.114	195.97	26.57	14.14	2.04	7.21	
PSX US	57.344	136.65	35.45	41.34	3.51	7.84	
VLO US	55.439	178.4	23.14	19.71	2.53	7.22	
PBF US	4.517	37.89	-	-	2.90	5.57	
CVI US	3.731	36.29	27.53	63.99	-	7.48	
DK US	2.443	39.96	54.27	-	2.55	6.72	
PARR US	2.203	44.99	10.08	12.73	-	6.52	
CLMT US	1.62	18.57	30.79	-	-	11.32	
Peer Group	101.89	95.44909091	26.47	25.90	3.16	7.32	

Profitability Ratios							
Ticker	5Y Avg Ret on Inv Cap	5Yr Avg ROE	5Yr Avg ROA	Net Mrgn 5Yr Avg	EBIT/Net Sales	FCF Margin	FCF Mgn 3Yr Avg
CVX US	6.98	11.18	6.70	7.84	9.78	7.78	11.26
XOM US	7.13	12.87	6.79	6.09	11.65	9.05	11.23
COP US	13.44	18.36	9.35	12.69	23.30	14.62	17.76
MPC US	7.89	22.47	6.49	2.24	4.14	4.42	6.84
PSX US	4.04	12.95	4.83	1.54	1.27	1.63	3.28
VLO US	11.69	19.84	7.43	2.68	2.89	3.56	4.73
PBF US	10.73	13.20	4.43	0.35	-2.11	-1.05	3.19
CVI US	11.52	35.98	4.65	1.30	0.76	2.96	6.04
DK US	-2.06	-25.16	-3.14	-2.58	-4.15	-4.17	0.05
PARR US	6.91	5.55	2.32	-0.28	0.60	-0.65	3.61
CLMT US	0.49	-	-6.95	-4.54	0.19	-2.94	-6.36
Peer Group	7.160465971	12.72500426	3.899636281	2.484454759	4.392988833	3.200964554	5.602431416

Profitability Ratios pt 2						
Ticker	OPM	3Yr Avg Op Mgn	EBITDA to Net Sales	EBITDA Mgn 3Yr Avg	GM	3Yr Avg Grs Mgn
CVX US	9.78	13.35	20.50	23.00	26.99	28.40
XOM US	11.65	13.55	19.24	20.49	14.87	16.73
COP US	23.30	28.09	41.42	42.45	26.11	29.60
MPC US	4.14	8.38	6.93	10.86	6.10	9.63
PSX US	1.27	4.72	3.24	6.31	7.33	9.72
VLO US	2.89	6.66	5.39	8.74	10.29	13.26
PBF US	-2.11	4.82	0.70	6.96	6.75	11.86
CVI US	0.76	7.25	4.93	10.71	2.59	8.86
DK US	-4.15	-0.08	-0.60	2.50	-0.36	2.48
PARR US	0.60	4.95	3.66	7.72	10.95	13.60
CLMT US	0.19	3.13	6.65	8.29	5.51	7.94
Peer Group	4.392988833	8.620511323	10.18662206	13.45743157	10.64861662	13.82517105

Efficiency Ratios/Cash Flow Health						
Ticker	Asst TO	FCF	FCF/Tot Dbt	CAPEX/Sales	Capital Expenditure t EBIT/Tot Int Exp	EBITDA Tot lex
CVX US	0.64	15044.00	0.37	8.50	0.95	24.47
XOM US	0.71	30716.00	0.57	7.16	1.06	39.69
COP US	0.55	8006.00	0.30	22.14	-	12.37
MPC US	1.63	6132.00	0.13	1.82	0.82	4.04
PSX US	1.75	2332.00	0.06	1.30	-	1.95
VLO US	2.07	4626.00	0.27	1.58	1.08	6.47
PBF US	2.26	-347.50	-0.41	1.18	0.62	-
CVI US	1.85	225.00	0.04	2.35	-	0.75
DK US	1.51	-494.50	-0.22	3.61	1.22	-1.57
PARR US	1.89	-51.76	0.18	1.70	1.27	-
CLMT US	1.51	-123.10	-0.03	1.83	0.54	1.18
Peer Group	1.49	6005.83	0.11	4.83	0.95	9.80

Leverage + Liquidity Ratios					
Ticker	Curr Ratio	Quick Ratio	Net Debt	Debt/Equity	Net Debt to EBITDA
CVX US		1.06	0.71	22826.00	19.33
XOM US		1.31	0.95	25165.00	17.81
COP US		1.29	1.05	19234.00	39.12
MPC US		1.17	0.69	25548.00	117.35
PSX US		1.19	0.85	19679.00	75.25
VLO US		1.53	0.99	5806.00	38.02
PBF US		1.25	0.47	1777.80	40.75
CVI US		1.66	1.17	1017.00	225.68
DK US		0.93	0.54	2127.60	497.77
PARR US		1.62	0.54	1377.25	131.72
CLMT US		0.89	0.32	2303.10	-
Peer Group		1.26	0.75	11532.80	120.28