



2025 2Q Earnings Conference Call Edited Transcript

Friday, August 1, 2025



Chevron

August 1, 2025

11:00 AM ET

This transcript has been edited by Chevron Corporation. It is generally consistent with the original conference call transcript. For a replay of the Investor Conference Call, please listen to the webcast presentation posted on chevron.com under the headings "Investors," "Events & Presentations."

Operator: Good morning. My name is Katie, and I will be your conference facilitator today.

Welcome to Chevron's second quarter 2025 earnings conference call. At this time, all participants are in a listen-only mode. After the speaker's remarks, there will be a question-and-answer session and instructions will be given at that time. If anyone should require assistance during the conference call, please press star and then zero on your touchtone telephone. As a reminder, this conference call is being recorded. I will now turn the conference call over to the Head of Investor Relations of Chevron Corporation, Mr. Jake Spiering. Please go ahead.

Jake Spiering: Thank you, Katie.

Welcome to Chevron's second quarter 2025 earnings conference call and webcast. I'm Jake Spiering, Head of Investor Relations. On the call with me today is our Chairman and CEO, Mike Wirth, our Vice Chairman, Mark Nelson and our Vice President and CFO, Eimear Bonner.

We will refer to the slides and prepared remarks that are available on Chevron's website.

Before we begin, please be reminded that this presentation contains estimates, projections and other forward-looking statements. A reconciliation of non-GAAP measures can be found in the appendix to this presentation. Please review the cautionary statement and additional information presented on Slide 2 [that can be found with today's presentation materials on Chevron's website].

Now, I will turn it over to Mike.

Mike Wirth: Thanks, Jake.

In the second quarter, Chevron achieved several important milestones, continuing the momentum we've been building over the last year. This success underpins strong financial results, industry-leading free cash flow growth and superior distributions to shareholders.

- Production was a quarterly record for the company, both in the U.S. and worldwide;
- In the Permian, production averaged more than one million barrels of oil equivalent per day, a target we introduced over five years ago and achieved right on schedule;
- In June, we acquired lithium-rich acreage in Texas and Arkansas, our first step toward establishing a scalable domestic lithium business; and
- We returned over \$5 billion to shareholders for the 13th consecutive quarter.

Two weeks ago, we achieved a favorable arbitration outcome and closed our merger with Hess, bringing together world-class assets, people and capabilities to create a premier international energy company.

Hess adds long-term, low-cost growth in Guyana. The Bakken expands our shale portfolio to 1.6 million barrels of oil equivalent per day. We're now the largest lease holder in the



Gulf of America. And our overall U.S. production is nearly 60% higher than it was just two years ago.

Our combined Upstream portfolio has interests in some of the most attractive basins in the world and is forecast to lead the industry in total cash generation over the remainder of the decade.

We've been actively preparing for integration for nearly two years:

- Since the announcement, we've repurchased more than half of the shares issued for the transaction;
- We now expect to realize the full \$1 billion in annual run-rate synergies by the end of this year, six months faster than our original guidance;
- We anticipate the transaction to be cash flow accretive per share in the fourth quarter;
- Last week, we completed the sale of our interest in the Thailand-Malaysia Joint-Development Area; and
- This week, John Hess was elected to and actively participated in Chevron's Board of Directors meeting.

This deal was good when we announced it and has only gotten better.

Now I'll turn it over to Mark to cover our operational achievements.

Mark Nelson:

Thanks, Mike.

Chevron has been producing in the Permian Basin for 100 years.

Our unique position traces its roots back to the Texas Pacific Land Trust and now contains more than two million net acres and an advantaged mineral interest. We produce nearly as many royalty barrels as the next three largest royalty producers combined, with mineral holdings that benefit around 75% of our total Permian acreage.

Over the last five years, we've nearly doubled production organically while capturing significant efficiencies. Improved well and completions designs, reduced cycle times and technology deployment have led to a 30% reduction in development and production unit costs. We expect costs to decline further as we shift our focus to free cash flow generation.

With our advantaged royalty position, we believe our portfolio is unmatched. Our scale, technological capabilities and focus on capital discipline position us to continue leading the basin in returns long into the future.

Across our portfolio, we have a long history of taking good assets and making them better.

Our large complex facilities in Kazakhstan and Australia are operating well above design capacities, and we continue to find opportunities to improve.

In our deepwater assets, we have a track record of applying leading edge technology to unlock economic projects and increase resource recovery.

We also continue to deliver top-quartile turnaround performance. We used real-time data analytics to complete our recent turnaround at Pascagoula on budget and ahead of schedule. And in the second quarter we had our highest U.S. refinery crude throughput in over 20 years – despite fewer refineries today – highlighting the success of recent optimization efforts.

We have strong base assets, and we're leveraging our capabilities to capture more value across our global portfolio.



Just as we've enhanced our portfolio, we've also restructured our work.

In Upstream, we've reduced the number of reporting units by approximately 70%, bringing together similar assets such as our shale and tight businesses in the Permian, the DJ, the Bakken and Argentina – enabling us to scale best practices faster, standardize solutions and streamline support.

Our engineering hubs are designed to drive standardization, efficiency and value. We're already seeing benefits today through centralized well design and turnaround planning. And we expect faster innovation and scaling of solutions like artificial intelligence to optimize fracs in real-time and accelerate exploration data analysis, among other use cases.

This improved operational efficiency and execution supports our target of \$2 to \$3 billion in structural cost reductions by the end of 2026.

Through deep technical acumen, operational best practices and great people, we expect to drive continued performance improvement across all asset classes.

Now, I'll turn it over to Eimear to discuss the financials.

Eimear Bonner:

Thanks, Mark.

For the second quarter, Chevron reported earnings of \$2.5 billion, or \$1.45 per share. Adjusted earnings were \$3.1 billion, or \$1.77 per share.

Included in the quarter were special items related to the fair value measurement of Hess shares, company pension curtailment costs and the gain on sale of assets, resulting in a net charge of \$215 million. Foreign currency effects decreased earnings by \$348 million.

Organic capex was \$3.5 billion, our lowest quarterly total since 2023, while delivering significant volume growth. Inorganic capex was approximately \$200 million, primarily related to the acquisition of lithium acreage.

Chevron generated cash flow from operations excluding working capital of \$8.3 billion.

Adjusted free cash flow, which includes equity affiliate loans and asset sales, was \$4.9 billion, representing a 15% increase from the prior quarter despite 10% lower crude prices.

These results are driven by our organic, high-margin production growth, strong reliability and continued commitment to capital discipline.

Adjusted second quarter earnings were down \$760 million versus last quarter.

Adjusted Upstream earnings decreased due to lower realizations, higher DD&A from increased production and unfavorable tax impacts.

Adjusted Downstream earnings were higher due to improved refining margins and higher volumes.

Second quarter oil equivalent production was up over 40 thousand barrels per day from last quarter.

Due to strong performance in our base business and solid execution in our growth assets in the first half of the year, we now expect production growth to be closer to the top end of our 6% to 8% guidance range, excluding Hess.



Over the last year, we've consistently delivered key project milestones that we expect to drive industry-leading free cash flow growth.

- At TCO, FGP is producing at full rates;
- In the Gulf of America, we're ramping up production from recent major project start-ups;
- In the Permian, we achieved a significant production milestone and are beginning to moderate growth, reduce capex and increase free cash flow; and
- We're already realizing structural cost benefits and expect to lock in \$1.5 to \$2 billion annual run rate savings by year-end.

The integration of legacy Hess assets is expected to contribute additional free cash flow, more than covering the incremental dividend from the merger's share issuance.

All of this leads us to increase our 2026 additional free cash flow guidance to \$12.5 billion. We're building on our strong momentum to deliver sustained, long-term value.

I'll now hand it off to Jake.

Jake Spiering:

That concludes our prepared remarks.

Additional guidance can be found in the appendix to this presentation, as well as the slides and other information posted on chevron.com.

And we look forward to sharing more with you at Chevron's Investor Day on November 12th in New York City.

We are now ready to take your questions. We ask that you limit yourself to one question. We will do our best to get all of your questions answered.

Katie, please open the lines.

Operator:

Thank you.

If you have a question at this time, please press star one on your touchtone telephone. To allow for more questions from more participants, we ask that you limit yourself to one question. If your question has been answered or you wish to remove yourself from the queue, please press star two. If you are listening on a speakerphone, we ask you to please lift your handset before asking your question to provide optimum sound quality. Again, if you have a question, please press star one on your touchtone telephone.

Our first question comes from Biraj Borkhataria with RBC.

Biraj Borkhataria:
(RBC)

Hi, thanks for taking my question.

Firstly, congratulations again on the arbitration win, nice to get that uncertainty behind you. I wanted to ask and pick up on the comments you made in the Permian. You obviously hit a milestone in the second quarter with the production of one million barrels of oil equivalent and now talking about moderating spend. Are you able to give us a sense of what we should expect in terms of 2026, 2027 budget and capital spend versus what you're spending in 2025? Thank you.

Mark Nelson:

Biraj, thank you for your recognition of the arbitration outcome as well as the performance of our Permian team. I would start by reminding everybody of the foundation of [Permian]



performance. It's that large acreage position that we have that has very low break-evens and a royalty advantage that, quite frankly, is very tough, if not impossible, to replicate at a reasonable price today, and that allows us to structurally have better returns and allows us to sustain performance and [free] cash flow generation.

With this intentional shift [from growth to free cash flow generation], you'll remember that we put peak capex well behind us here not too long ago. We talked about in 2025 having capital spend between \$4.5 billion to \$5 billion. You should expect us to be in the lower end of that range as we finish 2025 given the efficiencies we brought to bear. As we deliver that free cash flow growth of \$2 billion next year in the Permian, you should see [capex] drop further as we continue to manage a sustained performance in the Permian. More to come there at our Investor Day, but we're definitely drawing down our capex and generating a lot more free cash flow.

Operator: Thank you. We'll go next to Neil Mehta with Goldman Sachs.

Neil Mehta:
(Goldman Sachs) Hey, good morning.

Mike and team, again, congrats on Hess. We really appreciate the updated waterfall here. Mike, maybe you could just spend some time talking about how much of the \$10 billion in the stand-alone you feel like you've derisked and your confidence interval in each of those four buckets? And then maybe some of the key assumptions that went into the \$2.5 billion for Hess and recognizing you're going to unpack more of this for us on November 12th.

Mike Wirth: Neil, thanks. In a word, our confidence level is high. I'm going to let Eimear walk you through each of the buckets.

Eimear Bonner: Morning, Neil. Starting with the \$10 billion. If you look at the waterfall and the upstream catalysts starting with TCO: TCO is ramped up. It's producing at full rates and we've derisked that production profile. Next, we've got Permian. Mark talked about this significant milestone [of achieving one million barrels of oil equivalent per day] over the second quarter. We've ramped up and are producing at those rates. That's derisked as well. Gulf of America, our three major capital project start-ups are behind us. Those assets are ramping up, so some additional ramp to go between this year and next year.

The balance is the cost reduction program. We're on track to deliver our capital program consistent with our budget and our \$2 billion to \$3 billion of cost reduction that's on its way. We have made a lot of progress. We're anticipating that to show up more in the bottom line at the back-end of the year and into [next] year. All in all, the \$10 billion is derisked and on track.

The incremental \$2.5 billion that we guided to this morning associated with Hess is coming from two places. First, the synergies. Mike talked about that, the synergies we are committed to delivering \$1 billion of run rate synergies by the end of the year. The balance is coming from production growth over the next couple of years with the fourth FPSO coming online this year and a fifth next year.

That's the rack-up of the \$12.5 billion. In summary, a lot of these big milestones are behind us, and we're on track.

Operator: We'll take our next question from Devin McDermott with Morgan Stanley.

Devin McDermott:
(Mogan Stanley) Hey, good morning. Thanks for taking my question.

Mark, I wanted to dive in a bit more detail to some of the business reorganization. I appreciate the comments you gave in the prepared remarks and the slide on the new



structure. I was wondering if you could contrast this new organizational structure versus what Chevron currently has? How did you arrive at the conclusion that these were the right adjustments to make? I think the cost reduction improvements that come along with this are pretty clear, but what are some of the other tangible benefits you're expecting – areas like operational execution, major project delivery or turnaround efficiency?

Mark Nelson:

Devin, thanks for the question. To put the changes we're making in context, you'll recall that our portfolio certainly has more scale over time and more scale in specific asset groups or asset classes. Of course, technology continues to evolve. With that backdrop and the fact that we come from a decentralized operating model where we get things done locally and have very strong relationships locally, we wanted to build on that to unlock incremental value.

Maybe the safest way to think about it would be in three ways: First, we're gathering like businesses together. The traditional phrase would be asset classes, but think of our deepwater well design. We've reduced [drilling] costs in the Gulf of America by 30% [between 2022 and 2024], and now we're applying that same approach very quickly into Angola, Nigeria and other deepwater locations around the operation. It's an opportunity to accelerate the application of best practices. Next is standardizing and grouping work to fully leverage scale and technology. I think of our digital twins and the ability to do turnaround planning anywhere in the world for a facility that could be on the other side of the world and demonstrating world class performance. We have multiple examples of that.

Finally, although we are reducing our total number of headcount, the ability to enable our people to get things done in a simpler way is all part of this. I expect to see more than just cost reductions, I expect to see performance improvement across the system.

Operator:

We will take our next question from Steve Richardson with Evercore ISI.

Steve Richardson:
(Evercore ISI)

Hi, good morning. Thanks.

I was wondering if we could zoom out a little bit. I appreciate the previous comments from Mark about the Permian, but I was wondering if you could talk about the broader tight oil portfolio now that you're in process on integrating Hess. How should we think about the Permian, DJ, Bakken as a whole, balancing growth and free cash generation and the role of tight oil in the broader portfolio on a go-forward basis?

Mike Wirth:

Steve, we have a position that a few years ago I'm not sure we could have imagined as we were ramping up in the Permian at a few hundred thousand barrels a day. If you take the Permian at one million [barrels of oil equivalent] a day, the DJ at nearly 400 [thousand barrels of oil equivalent] a day and the Bakken at 200 [thousand barrels of oil equivalent] a day, that's 1.6 million barrels [of oil equivalent] a day. That's larger than a lot of companies. And now as we consolidate Hess's production, we're going to be pushing up close to 4 million barrels [of oil equivalent] a day, so that's 40% of our production in shale and tight, so a substantial portion of our overall Upstream.

Certainly, one of the criticisms of operators in the shale over the years has been all the cash goes right back into growth and investors didn't see a lot of it. At 1.6 million barrels [of oil equivalent] a day, if we can apply the capital efficiencies that Mark has described, operating efficiencies and drilling and completion efficiencies as well to hold production at a plateau for years and years and years, the amount of cash that can throw off for investment across the rest of the portfolio is very meaningful. That cash also supports balance sheet strength, the dividend and the share repurchase, so we want to see a balanced portfolio with both short- and long-cycle investments.



For those of you who have been around for a while, remember a decade ago when we were overweight on long-cycle, it was a long wait to see some of that that production arrive. We intend to have a nice balanced mix within our portfolio across geographies, across asset classes, across segments of the business with a real focus on using that to deliver steady, predictable, reliable cash that a large portion of it will be returned to shareholders.

We're very pleased to have such a large shale portfolio. At some point, growth is less the objective than free cash flow, and we're approaching that point.

Operator: We'll take our next question from Doug Leggate with Wolfe Research.

Doug Leggate:
(Wolfe Research) Good morning, everyone.

I've got a very specific question as a follow-up to Steve's question on the Bakken. Hess was kind enough to report their U.S. business separate from international. And even with the synergies, the U.S. business under their reporting would still be free cash flow negative. And the reason for it, of course, is they pay out significant dividends or tariffs rather than [Hess Midstream]. My question is, is this a core business for Chevron? Because a few years ago, they talked about a 10-year inventory. Today, it's probably a 5-year inventory, but it is free cash flow negative. So in the context of what you're prioritizing, what is the role of the Bakken specifically in your portfolio?

Mike Wirth: I'll let Mark talk about that.

Mark Nelson: Thanks for the question, Doug.

Stepping back, I would say we're excited to add the position in North Dakota to our shale and tight portfolio, as Mike mentioned. Our view is today it generates solid cash flow when you look at the entity in total. We've learned from our experience integrating Noble and PDC Energy that you need to step back and look at both the talent and the assets that we're acquiring here.

We've come to know the Hess team very well. They do some things very well in the Bakken and we've obviously got our own capabilities in unconventional, so we look forward to bringing those together. We haven't made any long-term development plans just yet, but we'll talk about that more in our Investor Day.

I think your comment is linked to Hess Midstream. Obviously, that is a bit of a unique financing structure, and my personal belief is that can be more efficient. It's different than some other midstream elements that we have divested. It's different in its size and its structure and obviously, its logistic linkage to the Bakken. We'll be value-driven in regard to how we handle that over time, and we can talk about that more in our Investor Day in November.

Operator: We'll take our next question from Jean Ann Salisbury with Bank of America.

Jean Ann Salisbury:
(Bank of America) Hi, good morning.

Can you just recap how things stand in Venezuela for you today? Are the production levels and contract structures basically as they were prior to all the movement there year-to-date?

Mike Wirth: Jean Ann, thanks.

I'll just remind everybody, we've been operating in Venezuela for over 100 years and believe our presence has played an important role in regional energy security as well as maintaining American economic interests. Since our license changed in May, we've been



engaged with the U.S. government, working closely with the administration to ensure our compliance with our country's policies towards Venezuela.

This month, it looks like there will be a limited amount of oil that will begin flowing to the U.S. from the Venezuela operations that we have an interest in, consistent with U.S. sanctions policy. Crude from Venezuela is sought after and very valuable to U.S. Gulf refiners that are specifically built to process heavy grades like that, so it serves as a reliable source of supply for the American economy.

We don't expect the flows from Venezuela will have a material impact on our results here in the third quarter although it will, at the margin, help satisfy some of the debt we're owed. Over time, we hope to continue recovering that. I'll end by saying as in all countries where we have a presence, we'll continue to operate in accordance with all applicable laws and regulations and any U.S. sanctions, regime or policies, and that includes Venezuela.

Operator: We'll go next to Ryan Todd with Piper Sandler.

Ryan Todd:
(Piper Sandler) Great, thanks.

Congratulations on a strong quarter, and in particular, strong operational performance right now. I think if you look across the portfolio with the timing and the ramps, successful ramps on multiple projects from the Gulf of Mexico, Permian hitting the one million-barrel a day target, an impressive ramp at Tengiz and even Australian LNG, which hasn't always been the greatest operations operating at 7% above nameplate right now. What has worked well of late as you look across the operational portfolio? And how do you continue to build on that momentum going forward.

Mark Nelson: Ryan, thanks for the acknowledgment.

All that improvement you described is on the back of a lot of people across our portfolio, so thank you for that. I would step back on two things. I would say operational efficiency when it comes to production and turnaround management are two areas that have driven a lot of our improvement over time. You'll note that in our [U.S.] downstream portfolio our refinery throughput hit a new [20-year] record, which was mentioned in the formal remarks [slide 6]. That was driven by the start-up of a light tight oil project in Pasadena that quickly ramped up to nameplate capacity. It was also linked to some very, very successful turnarounds. In fact, 14 of our last 16 turnarounds on our major assets, both in the refining sector and in our LNG facilities, have been top quartile performance in regard to duration. The team is doing a really good job of driving our turnaround performance to a competitive, leading benchmark activity.

The final thing would be efficiency on all of our base assets. In the Gulf of America, our base assets continue to perform well as we leverage previous investments. In fact, our production efficiency for the whole portfolio is up 1% to 2% year-to-date. We'll continue pressing forward, and you should expect more of the same.

Operator: We'll go next to Paul Cheng with Scotiabank.

Paul Cheng:
(Scotiabank) Hey, good morning.

Mark and Mike, if we look at today, as you say, I mean, that post-Hess about 40% of your production from the U.S. shale, and they have a different risk profile and everything. I'm trying to understand how important going forward, the exploration fits into your overall portfolio? I think that many years ago that we would say, "Oh, exploration, you want to be targeting that organically, replace 100% of your resource than your production." But with 40% of your production base on there, what is the right target going forward for you



guys? Do you think that you have the right program because, frankly, the last several years the exploration program from you may not have yielded the result that you may want. I wanted to see – [are] you happy with the results? If not, what changes that you think you need to make over there?

Mike Wirth:

Paul, thanks for that.

I'm not happy with the results out of exploration over the last few years, but I want to acknowledge our exploration team has been operating in a pretty narrow range. We've reduced our investment for the reasons you point out. We're seeing big resource and reserve adds from our shale business for many years. And we were really serious about capital discipline. As we were ramping up the spending on that [shale business], we pulled back and focused into a pretty narrow range of [exploration] activities.

As we move towards the plateau, and as earlier I talked about the need for a balanced and diversified portfolio, exploration needs to play an important role. We are making some changes to our program and our approach, and I'll let Mark give you some highlights on that.

Mark Nelson:

Thanks, Mike, and Paul, thanks for the question.

Exploration will continue to play an important part in building our future portfolio. In the past, Paul, we've talked about ensuring that we have a balanced portfolio for exploration. That means mature areas near existing infrastructure and early entry [into] high-impact frontier areas. One is about replenishing resources for investments we've already made and the other would be resources for the future. That philosophy hasn't changed, we've just opened the aperture a bit to lean in a bit more. You have seen us have success in our infrastructure-enabled exploration here over the last few years, thinking about the Gulf of America, Nigeria, the Partitioned Zone and Angola.

We've been restocking the cupboard if you will, when it comes to frontier acreage. We've increased our portfolio by over 20% as you look over the last couple of years. As you look towards the end of this year, you'll see us put down wells in Suriname, Namibia and Egypt in those frontier-type of offerings.

When you think about that, applying more attention to it, as well as us making some operational changes where we've streamlined our exploration organization and have brought in the talent of the Hess team as well as some others, I think you'll start to see us build on the positive momentum that we have on our infrastructure finds.

Mike Wirth:

Paul, maybe just to tack on one other thing. Mark talked earlier about some of the more centralized decision-making and execution. We'll bring some of that decision making into a tighter group with an enterprise focus.

Operator:

We'll take our next question from Arun Jayaram with J.P. Morgan.

Arun Jayaram:
(J.P. Morgan)

Yes, good morning.

I was wondering if we get a brief update on your Eastern Med gas strategy and thoughts on potentially upgrading or doing expansion project at Leviathan as well as where Aphrodite sits in terms of your thoughts.

Mark Nelson:

Thanks, Arun, for the question. Given all that's been going on in the Eastern Mediterranean, our focus has been on keeping our people safe and maintaining energy supply to the region that so desperately needs it. The teams have done really good work on Tamar and Leviathan to keep our growth projects moving. We do expect those to come



online late this year or early next year, and you'll recall that those two projects essentially increase our production capacity by about 25% over the next couple of years. We see more growth potential in the region in general.

Cyprus is part of that equation. At our Aphrodite project where we're doing front-end engineering today, we've made good progress with the government there, and we've got approved plans to push ourselves towards FID. The initial development in Cyprus was for a FPU. I think we'll build something that leverages the Egypt market as well as over time maybe the regional market. More to come in regard to FID, but we'll make sure we have competitive returns before we proceed on the Aphrodite project.

Operator: We'll take our next question from Josh Silverstein with UBS.

Josh Silverstein:
(UBS) Thanks, good morning guys.

You highlighted the strong operational performance at TCO and it's producing 18% above nameplate. Is this just at FGP or the whole project? And maybe if you can give us kind of the forward outlook here? Is it kind of sustainable at this level? And any sort of other debottlenecking opportunities?

Mark Nelson: Josh, thank you. We are very pleased with the performance of our whole Tengiz operation there. The team has worked hard. Starting all the way back to the 30-day ramp-up of FGP to nameplate, the team has built on that momentum. The thing that excites me the most and it gets to your question is the integrated operation control center that was a part of our future growth project investment allows both the previous investments all the way back to our first-generation investments to the recent projects that were commissioned and started up. It allows that whole system to be optimized – wells, plants, everything. We're just scratching the surface as to what potential that has over time.

When I talked in my prepared remarks about the performance being above nameplate, that's obviously the first- and second-generation projects, which are, as you described, 18% above nameplate. We see the same type of opportunities as we now look at the whole integrated system. In the fourth quarter, we're planning a pit stop for maintenance activities that allows us to continue to improve our operations there and build on the positive momentum we have.

Operator: We'll go next to Betty Jiang with Barclays.

Betty Jiang:
(Barclays) Hi, good morning. Thank you for taking my question.

Actually, I want to ask about the affiliates distribution and that actually ties to the TCO outperformance as well. Second quarter really stood out from how strong the cash flow generation was and a part of that is the affiliates distribution much higher, highlighting the outperformance in TCO. Just wondering how you see that evolving, especially with the performance that you're seeing at the asset. Could we see some upside to that distribution number for 2025 and 2026?

Eimear Bonner: Good morning, Betty, it's Eimear here. I'll take that one. To Mark's earlier point, the ramp-up on TCO went really well in the first quarter, much faster than anticipated. Over the second quarter, we had higher production sustained for the entire quarter, coupled with the [higher] prices. At the beginning of the quarter, [Brent] prices were lower when we gave the guidance – I think they were in the low 60s – and we saw higher prices during the quarter. The combination of both higher prices and higher production [resulted in] the higher distributions that you saw in the second quarter.



Going forward, what I'd point out is in the third quarter, we'll see the first loan repayment. We'll see that coming through in our adjusted free cash flow metric that now includes distributions from equity affiliates. That's what you can expect to see in addition to the guidance around affiliate distributions that we've shared today.

Operator: We'll go next to Lucas Herrmann with BNP Paribas.

Lucas Herrmann:
(BNP Paribas) Yes, thanks very much.

Eimear, just going back to the last question before I come on to what I wanted to ask you. Just to be clear, the \$1 billion of loan repayment you're saying will go through CFFO? I.e. will be included in the affiliates line?

Eimear Bonner: No. Lucas, [affiliate dividends] go through distributions more or less [than income from] equity affiliates, is what the operational distributions go through. The loan repayment goes through cash from investing, but in the adjusted free cash flow metric that we shared today, we will be combining both of those. They're flowing through different parts of the cash flow statement, but the combination will be in the adjusted free cash flow.

Operator: We'll take our next question from Nitin Kumar with Mizuho.

Nitin Kumar:
(Mizuho) Hi, good morning and thanks for taking my question.

Maybe I'll take advantage of Mark being on the call. You talked about EURs in the Gulf of America being 9% above what you expected. Could you maybe talk a little bit about what you're seeing there? Is it reservoir? Is it operations? And does that change the view of the Gulf of America within your portfolio in terms of investment?

Mark Nelson: Thank you for the question. We're actually very pleased with our performance in Gulf of America. The strong performance will take that 300 thousand barrels [of oil equivalent] a day that we've talked about in 2026 and likely put that through the remainder of the decade. It's really a combination of two things: it's the ramp-up of our Anchor, Whale and Ballymore investments, and it's the performance and full leverage of our base assets. I'll focus on that.

We've been in the Gulf of America for nearly 100 years, and the improved recovery you are seeing from our base assets is from stage developments, either waterflood, subsea multiphase pumping and/or well stimulation programs. I'll use Tahiti as an example; the Tahiti project has actually reached its nameplate capacity twice in its history over four different stage developments. Jack St. Malo has had six developments over its period of existence.

The reality here is we're committed to fully leveraging our base assets to take them as far as we can. With the addition of Hess, we become the largest leaseholder, as Mike mentioned in his comments, in the Gulf of America, and 80% of those leases are adjacent to or within distance of tieback range for further investments over time. We have an opportunity to have a continued high cash flow generating operation in the Gulf of America going forward.

Mike Wirth: Nitin, I think what Mark just described, you can expect projects like Anchor, Ballymore, Whale, all to have this type of follow-on development, and those fields are likely to yield a very similar story to what Mark just described.

Operator: We'll take a question from Lucas Herrmann with BNP Paribas.

Lucas Herrmann: Thanks very much.



(BNP Paribas)

Sorry, I've got a couple, but let's just start on this. LNG, one of the things that you've highlighted in your summary slide this morning is that you've increased your LNG offtake capacity to seven million tonnes per annum. A lot of that comes on stream quite late this decade. The question is simply the approach or strategy because what I haven't seen from yourselves is placing that with end markets. It's a question around how much risk you're willing to take on and the extent to which the seven million [tonnes per annum] that is going to be flowing into the portfolio will largely be used. How do you see balancing it? How much will end up being long-term placing back-to-back? How much of it do you want the flexibility to play more short-term?

Mike Wirth: We've executed some offtake agreements that you might not be aware of, and we're actually placing some of that volume out there, but there's more to be done. I'm going to let Mark talk to you a little bit about how we think about a larger LNG system and optimizing that.

Mark Nelson: Lucas, I think in the past, when we've talked about this, we've talked about us building a globally-connected LNG portfolio. Remember, we're generating 2.7 [billion cubic feet per day] of gas out of the United States and these offtake arrangements that we've built up out of the U.S. Gulf Coast its up to now about seven [million] metric tons per year. It allows us to expose ourselves to multiple margin sets over time. This is a balanced offering when you think of our winning positions of gas generation in Australia and the U.S. Gulf Coast, in particular, that allow us to serve the global system and move product to where the margin best suits us over time.

Operator: We'll go next to Jason Gabelman with TD Cowen.

Jason Gabelman:
(TD Cowen) Hey, good morning. Thanks for taking my question.

I wanted to ask about capital distribution and specifically as it relates to the guidance that you provided when the Hess deal was announced, and this was discussed on the sell-side call, but I'm still a little confused on the buyback outlook for next year. Should we expect a step-up from the current rate by that \$2.5 billion that you guided to when the Hess deal was announced? Or is this kind of the rate we should expect in 2026?

Mike Wirth: Jason, that was a long time ago. At the time, we anticipated a prompt approval and closure of the transaction. We intended to retire shares on an accelerated basis to reduce the outstanding shares. In the interim, we've been delayed through the actions of others. We've now actually purchased more than 50% of the shares that were issued for the transaction. We bought them back during the interim period of time and effectively accomplished what the increased buyback rate was intended to do.

We also bought 5% of Hess' outstanding shares at about \$10 a share lower average price than what we closed the transaction at. We were able to affect a little bit of a different strategy to retiring those shares than we had envisioned originally. We also were in a bit of a stronger commodity price environment at that time [of the Hess merger announcement in 2023], and we outlined a range [that reflected the upside oil price scenario of the time].

What I'd point you to is our Investor Day in November, where we will have had a chance to bring together all the information now as we've integrated Hess. As part of that, of course, we'll review our forward outlook and guidance for share repurchases. We'll update you on that at that point in time.

Operator: We'll take our next question from Phil Jungwirth with BMO.

Phil Jungwirth:
(BMO) Thanks, good morning.



On Kazakhstan, the country has announced significant petrochemical investment and capacity growth plans through the decade. More broadly, can you talk about the importance of domestic oil and gas production to contributing to these or other power ambitions? And how untapped is the gas resource at Tengiz?

Mike Wirth: The Republic of Kazakhstan has been looking to diversify their economy and to broaden out the ways they can utilize their energy wealth and abundance to participate in other parts of the value chain. Refining, petrochemicals, gas, all, are of interest to them. We engage in discussions with the Republic and with our partner, the multiple state companies actually in the different segments there.

I do think you're likely to see a continued appetite for further investment on the part of the Republic. There's a lot of gas that's associated with our field and other fields. We reinject a large portion of that gas today. The other reality that the Republic deals with is some of the gas production volumes are not necessarily where the gas consumers are. They will tend to sell the gas into the market or to their neighbor, Russia, and then buy back in another location. Investment in domestic infrastructure to better connect production and markets, is another thing that is likely to happen over time.

We try to be a good partner. We try to work closely to help evaluate these kinds of opportunities. We haven't participated in a petrochemical plant there, for instance, although our affiliate Chevron Phillips Chemical has taken a look at that in the past. I think you'll continue to see us look to help the Republic achieve their economic and energy diversification goals.

Operator: We'll take our final question from Geoff Jay with Daniel Energy Partners.

Geoff Jay:
(Daniel Energy Partners) Hi guys. Thanks for taking the question.

It just seems to me that Chevron was kind of the precipice of a multiyear, step change down in the capital intensity to feed the beast in the upstream side even before Hess with tight oil hitting plateau levels and spend for several low decline, long-cycle projects kind of in the rearview mirror. It seems to be that Hess deal kind of makes that even better. I'm just curious, how do you think about Chevron's overall reinvestment and decline rates over the next few years as a result of the deal closing?

Mike Wirth: Thanks, Geoff. You're right. I might say we're on the precipice of a wide expansion in free cash flow rather than a sharp decline in capex. We've got a business that a couple of years ago was 2.9 million barrels [of oil equivalent] a day in the Upstream. We're going to end this year close to four million barrels [of oil equivalent] a day, so a larger system does require a certain amount of capital to keep it running.

You've characterized the approach to shale well, which I touched on earlier. We've got a portfolio that's deep with opportunities around the world. It's a mix of near-term growth and longer-dated resource options. We intend to be active in exploration, as Mark said, in the Gulf of America, West Africa, Egypt, Suriname, Namibia, other places. We've got projects like the Eastern Med opportunity that we talked about. We're investing in petrochemical projects in both the U.S. and the Middle East.

From a capital standpoint, what you should expect is capex will step up a little bit with Hess because the Guyana development and the Bakken are both going to require capital to support them. But overall, our MO, or our reputation, for capital discipline will remain. You can expect us to challenge ourselves to only invest in the best opportunities, to divest the assets out of the portfolio that don't compete for capital in a tight capital environment and might fit better for others, and really be focused on delivering strong returns and free



cash flow to support distributions to shareholders across a really advantaged portfolio. Which, of course, we will continue to look for opportunities to make even stronger.

Thank you for that question. I want to thank everybody for your questions and interest today and remind you that as Jake noted upfront, we will have another Investor Day.

It's been a while but on November 12th in New York City, back at the St. Regis, for those of you that have been with us for a while, we will be holding our Investor Day. We look forward to sharing with you how we view our new and stronger portfolio, our differentiated portfolio, to reiterate the consistency in our strategy and our fundamental commitment to capital discipline and superior shareholder returns, and how we intend to continue to deliver growth and shareholder value into the future.

We'll have one more of these [quarterly earnings] calls before we see you at Investor Day, but mark that on your calendar, and I look forward to seeing everybody in-person.

Jake Spiering:

We appreciate your interest in Chevron and your participation on today's call. Please stay safe and healthy.

Katie, back to you.

Operator:

Thank you. This concludes Chevron's second quarter 2025 earnings conference call. You may now disconnect.