



human energy®

# First quarter 2019 earnings conference call and webcast

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April 26, 2019

# 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 communication contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements generally include statements regarding the potential transaction between Chevron Corporation (“Chevron”) and Anadarko Petroleum Corporation (“Anadarko”), including any statements regarding the expected timetable for completing the potential transaction, the ability to complete the potential transaction, the expected benefits of the potential transaction (including anticipated annual operating cost and capital synergies and anticipated free cash flow accretion), the increase of Chevron’s share repurchase annual target, projected financial information, future opportunities, and any other statements regarding Chevron’s and Anadarko’s future expectations, beliefs, plans, objectives, results of operations, financial condition and cash flows, or future events or performance. 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Key factors that could cause actual results to differ materially from those projected in the forward-looking statements include the ability to obtain the requisite Anadarko stockholder approval; uncertainties as to the timing to consummate the potential transaction; the risk that a condition to closing the potential transaction may not be satisfied; the risk that regulatory approvals are not obtained or are obtained subject to conditions that are not anticipated by the parties; the effects of disruption to Chevron’s or Anadarko’s respective businesses; the effect of this communication on Chevron’s or Anadarko’s stock prices; the effects of industry, market, economic, political or regulatory conditions outside of Chevron’s or Anadarko’s control; transaction costs; Chevron’s ability to achieve the benefits from the proposed transaction, including the anticipated annual operating cost and capital synergies; Chevron’s ability to promptly, efficiently and effectively integrate acquired operations into its own operations; unknown liabilities; and the diversion of management time on transaction-related issues. 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Chevron and Anadarko and certain of their respective directors, certain of their respective executive officers and other members of management and employees may be considered participants in the solicitation of proxies with respect to the potential transaction under the rules of the SEC. Information about the directors and executive officers of Chevron is set forth in its Annual Report on Form 10-K for the year ended December 31, 2018, which was filed with the SEC on February 22, 2019, and its proxy statement for its 2019 annual meeting of stockholders, which Chevron expects to be filed with the SEC on April 15, 2019. Information about the directors and executive officers of Anadarko is set forth in its Annual Report on Form 10-K for the year ended December 31, 2018, which was filed with the SEC on February 14, 2019, and its proxy statement for its 2019 annual meeting of stockholders, which was filed with the SEC on March 29, 2019. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the interests of such participants in the solicitation of proxies in respect of the potential transaction will be included in the registration statement and proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.



# Positioned to win in any environment

**Advantaged portfolio delivers strong cash flow**

**Strong balance sheet and low breakeven**

**Disciplined, returns-driven capital allocation**

**Superior cash returns to shareholders**

**Grow production & sustain margins**

**Returns-driven capital allocation**

**Lower our cost structure**

**Get more out of assets**

**High-grade portfolio**



# Financial highlights

	1Q19
Earnings	\$2.6 billion
Earnings per diluted share	\$1.39
Earnings / EPS (excluding special items and FX) <sup>1</sup>	\$2.8 billion / \$1.47
Cash flow from operations / excl. working capital <sup>1</sup>	\$5.1 billion / \$6.3 billion
Debt ratio / Net debt ratio <sup>2</sup>	17.6% / 13.6%
Dividends paid	\$2.2 billion
Share repurchases	\$0.5 billion

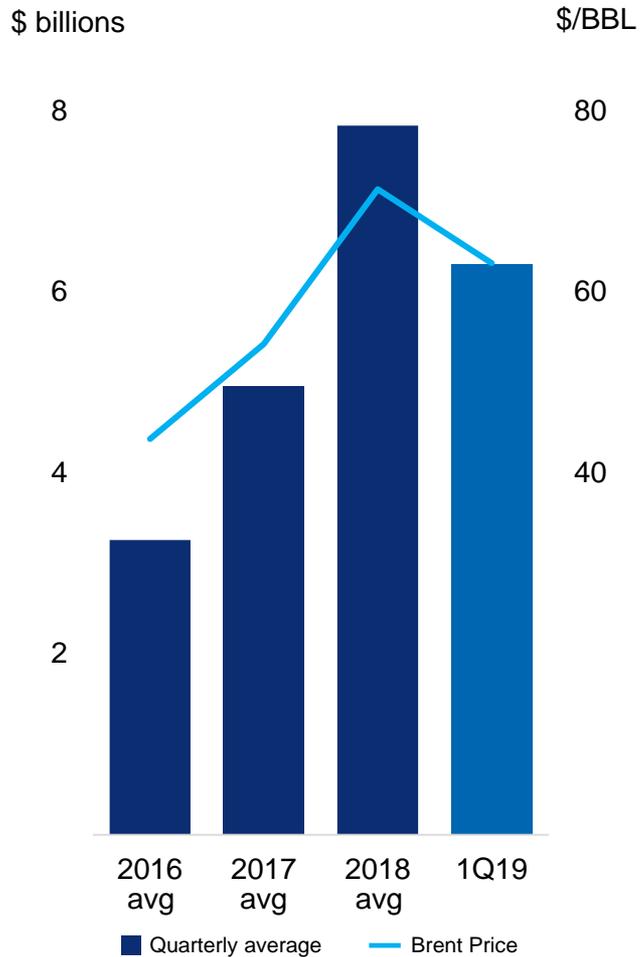
<sup>1</sup> Reconciliation of special items, FX, and other non-GAAP measures can be found in the appendix.

<sup>2</sup> As of 03/31/2019. Net debt ratio is defined as debt less cash equivalents, marketable securities and time deposits divided by debt less cash equivalents, marketable securities and time deposits plus stockholders' equity.

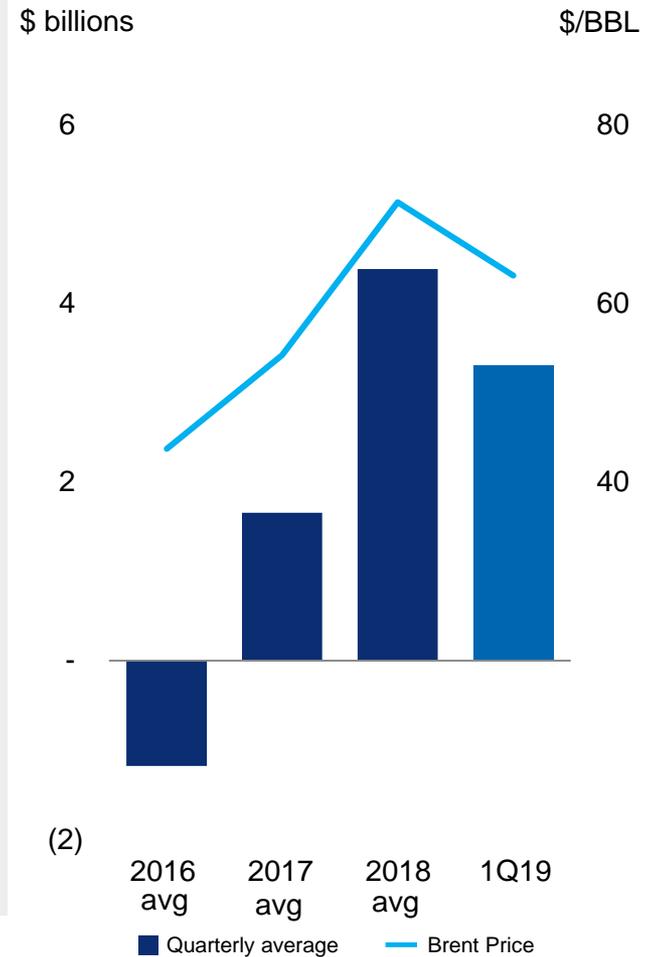


# 2019 cash flow

## Cash flow from operations excluding working capital<sup>1</sup>



## Free cash flow excluding working capital<sup>1</sup>



**Delivering 2019 cash generation in line with guidance**

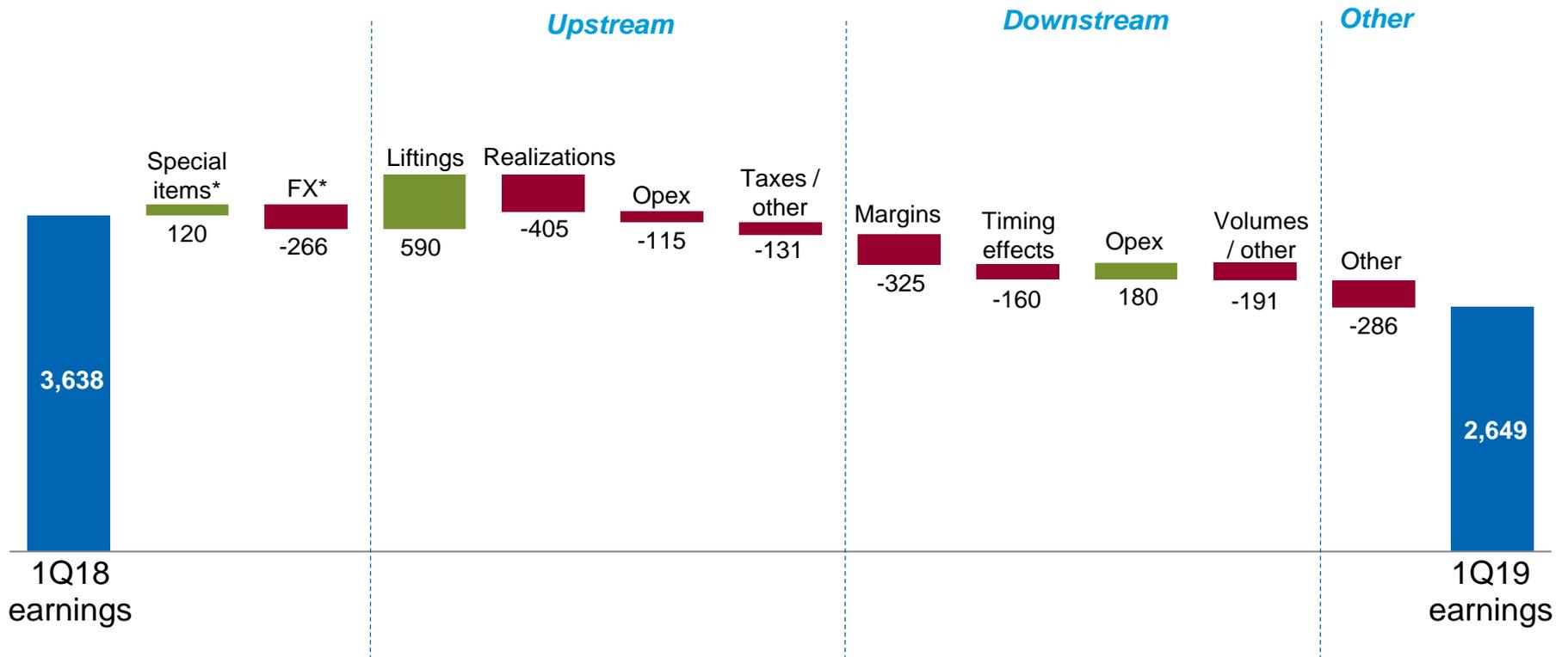
<sup>1</sup> Reconciliation of non-GAAP measures can be found in the appendix.



# Chevron earnings

## 1Q19 vs. 1Q18

\$ millions



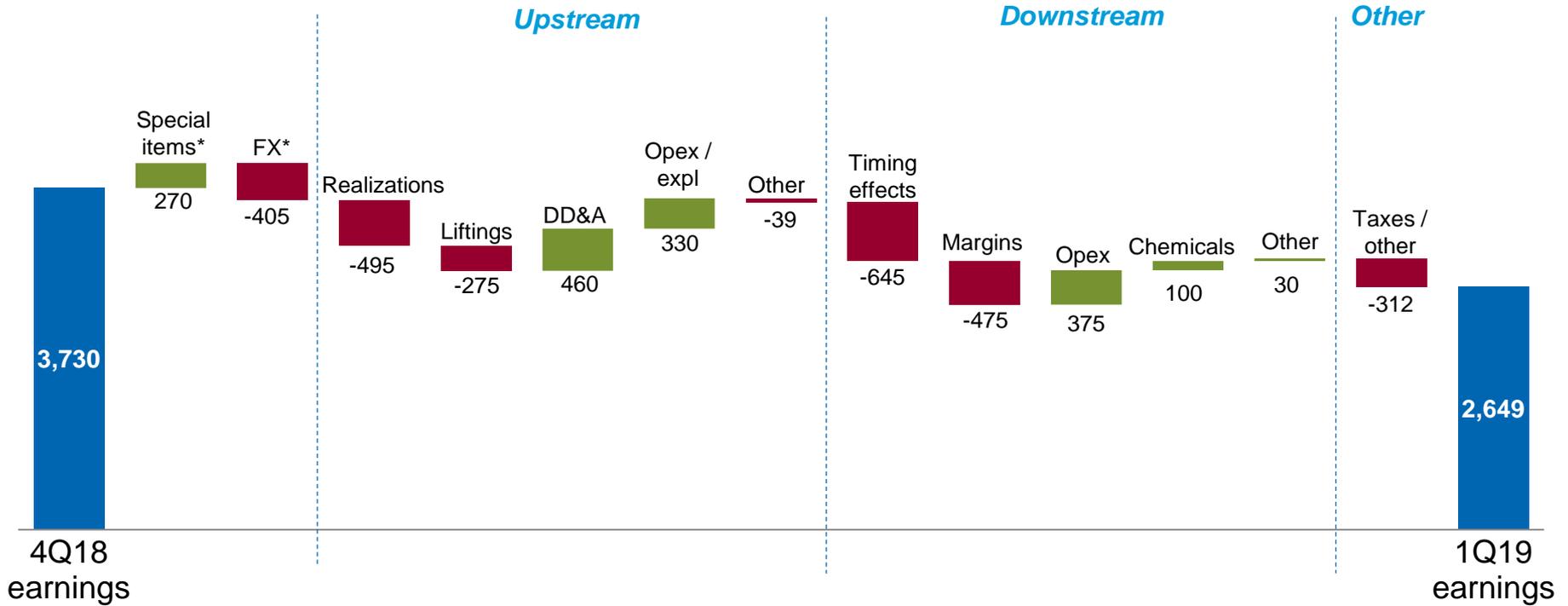
\* Reconciliation of special items and FX can be found in the appendix.



# Chevron earnings

## 1Q19 vs. 4Q18

\$ millions



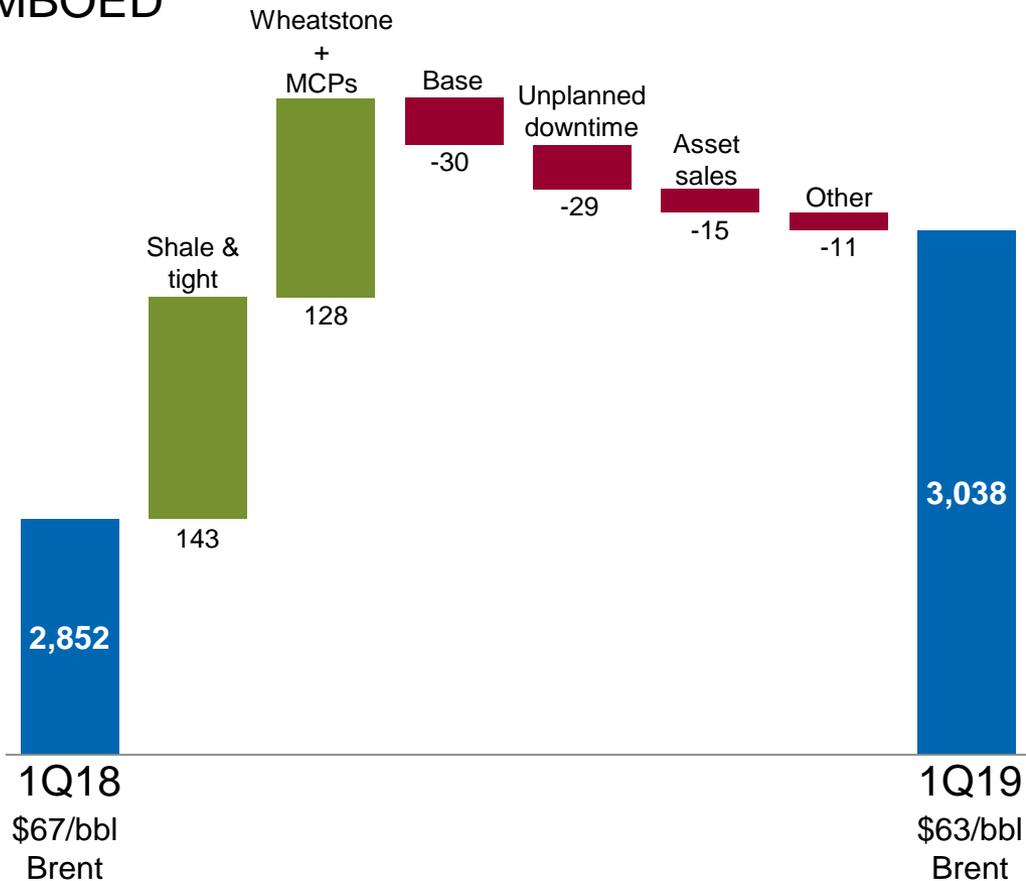
\* Reconciliation of special items and FX can be found in the appendix.



# Worldwide net oil & gas production

## 1Q19 vs. 1Q18

MBOED



- + Permian growth
- + Wheatstone ramp-up
- + Hebron, Bigfoot, and other major capital project ramp-ups
- Unplanned downtime, primarily at Gorgon



# Looking ahead

## 2Q 2019 outlook

### Upstream

- Full year 2019 production 4-7% growth from 2018 (excluding asset sales)
- Closed sale of Denmark assets
- TCO co-lending continues

### Downstream

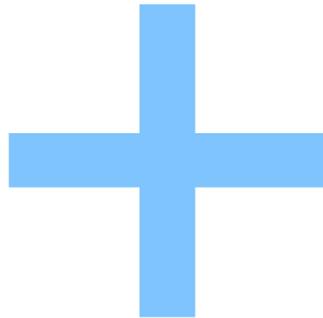
- Anticipated close of Pasadena refinery purchase
- “High” refinery turnaround activity

### Corporate

- Continued restrictions on share repurchases
- Pension contribution of ~\$400 million
- Full year “other” segment guidance ~\$2.4 billion remains unchanged



questions



answers



# Appendix: reconciliation of non-GAAP measures

## Reported earnings to earnings excluding special items and FX

	1Q18	2Q18	3Q18	4Q18	FY 2018	1Q19
<b>Reported earnings (\$MM)</b>						
Upstream	3,352	3,295	3,379	3,290	13,316	3,123
Downstream	728	838	1,373	859	3,798	252
All Other	(442)	(724)	(705)	(419)	(2,290)	(726)
<b>Total reported earnings</b>	<b>3,638</b>	<b>3,409</b>	<b>4,047</b>	<b>3,730</b>	<b>14,824</b>	<b>2,649</b>
Diluted weighted avg. shares outstanding ('000)	1,913,218	1,918,949	1,917,473	1,906,823	1,914,116	1,900,748
<b>Reported earnings per share</b>	<b>\$1.90</b>	<b>\$1.78</b>	<b>\$2.11</b>	<b>\$1.95</b>	<b>\$7.74</b>	<b>\$1.39</b>
<b>Special items (\$MM)</b>						
UPSTREAM						
Asset dispositions	--	--	--	--	--	--
Tax reform	--	--	--	--	--	--
Impairments and other*	(120)	(270)	(930)	(270)	(1,590)	--
Subtotal	(120)	(270)	(930)	(270)	(1,590)	--
DOWNSTREAM						
Asset dispositions	--	--	350	--	350	--
Tax reform	--	--	--	--	--	--
Impairments and other*	--	--	--	--	--	--
Subtotal	--	--	350	--	350	--
ALL OTHER						
Tax reform	--	--	--	--	--	--
Impairments and other*	--	--	--	--	--	--
Subtotal	--	--	--	--	--	--
<b>Total special items</b>	<b>(120)</b>	<b>(270)</b>	<b>(580)</b>	<b>(270)</b>	<b>(1,240)</b>	<b>--</b>
<b>Foreign exchange (\$MM)</b>						
Upstream	120	217	(42)	250	545	(168)
Downstream	11	44	(7)	23	71	31
All other	(2)	4	(2)	(5)	(5)	--
<b>Total FX</b>	<b>129</b>	<b>265</b>	<b>(51)</b>	<b>268</b>	<b>611</b>	<b>(137)</b>
<b>Earnings excluding special items and FX (\$MM)</b>						
Upstream	3,352	3,348	4,351	3,310	14,361	3,291
Downstream	717	794	1,030	836	3,377	221
All Other	(440)	(728)	(703)	(414)	(2,285)	(726)
<b>Total earnings excluding special items and FX (\$MM)</b>	<b>3,629</b>	<b>3,414</b>	<b>4,678</b>	<b>3,732</b>	<b>15,453</b>	<b>2,786</b>
<b>Earnings per share excluding special items and FX</b>	<b>\$1.90</b>	<b>\$1.78</b>	<b>\$2.44</b>	<b>\$1.95</b>	<b>\$8.07</b>	<b>\$1.47</b>

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



# Appendix: reconciliation of non-GAAP measures

## Cash flow from operations excluding working capital

### Free cash flow excluding working capital

\$MM	FY 2016	FY 2016 Quarterly Avg.*	FY 2017	FY 2017 Quarterly Avg.*	FY 2018	FY 2018 Quarterly Avg.*	1Q19
Net Cash Provided by Operating Activities	12,690	3,173	20,338	5,085	30,618	7,655	5,057
Net Decrease (Increase) in Operating Working Capital	(327)	(82)	520	130	(718)	(180)	(1,210)
<b>Cash Flow from Operations Excluding Working Capital</b>	<b>13,017</b>	<b>3,254</b>	<b>19,818</b>	<b>4,955</b>	<b>31,336</b>	<b>7,834</b>	<b>6,267</b>
Net Cash Provided by Operating Activities	12,690	3,173	20,338	5,085	30,618	7,655	5,057
Less: Cash Capital Expenditures	18,109	4,527	13,404	3,351	13,792	3,448	2,953
<b>Free Cash Flow</b>	<b>(5,419)</b>	<b>(1,355)</b>	<b>6,934</b>	<b>1,734</b>	<b>16,826</b>	<b>4,207</b>	<b>2,104</b>
Net Decrease (Increase) in Operating Working Capital	(327)	(82)	520	130	(718)	(180)	(1,210)
<b>Free Cash Flow Excluding Working Capital</b>	<b>(5,092)</b>	<b>(1,273)</b>	<b>6,414</b>	<b>1,604</b>	<b>17,544</b>	<b>4,386</b>	<b>3,314</b>

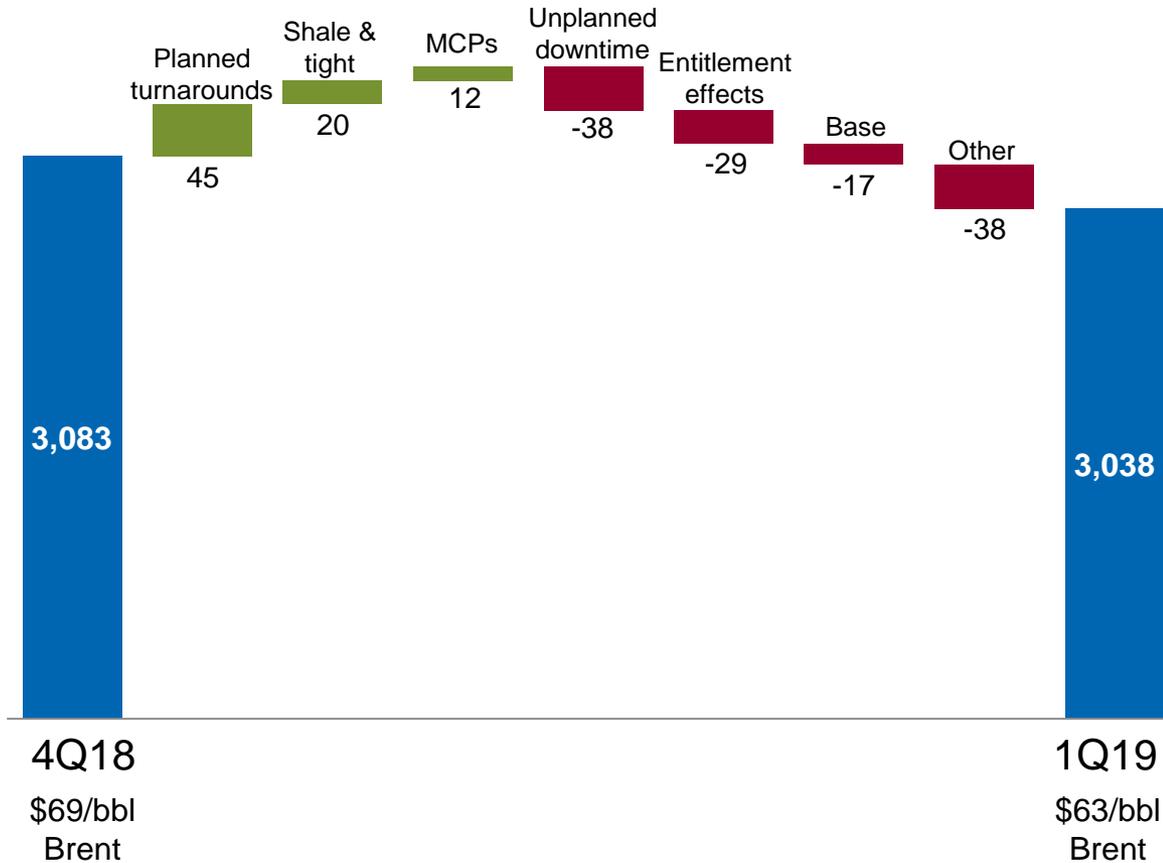
\* Note: Numbers may not sum due to rounding.



# Appendix

## Worldwide net oil & gas production 1Q19 vs. 4Q18

MBOED



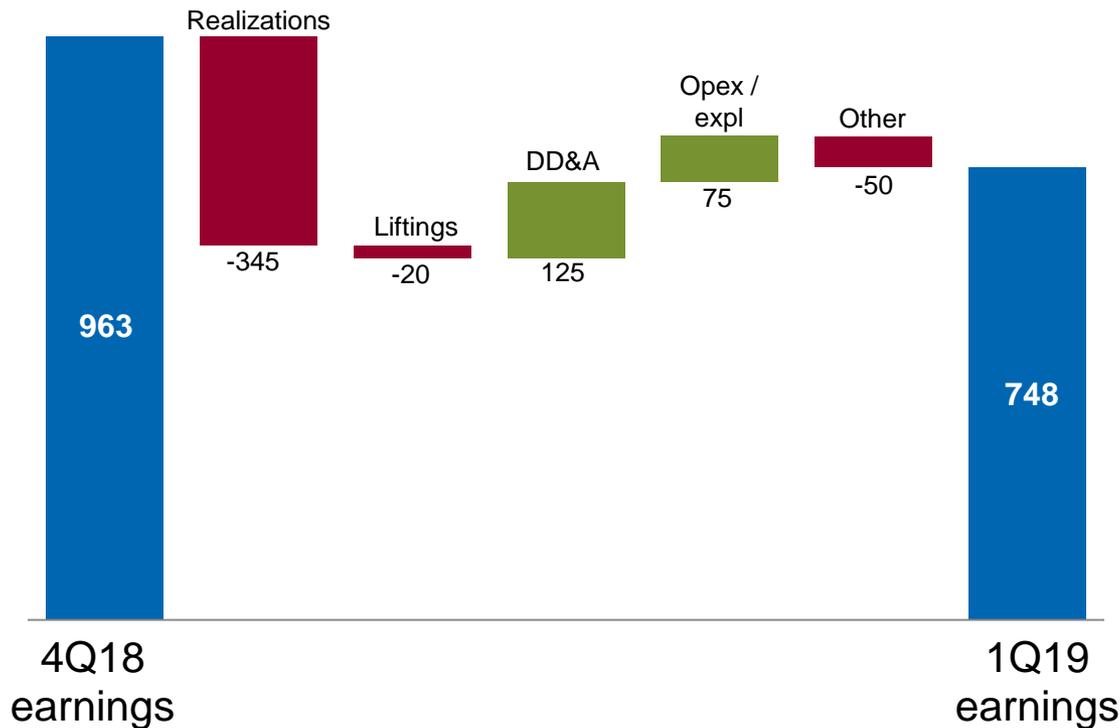
- + Primarily absence of 4Q TCO planned turnaround
- + Permian growth
- Unplanned downtime and weather in Australia
- Entitlement effects include lower cost recovery and higher royalty



# Appendix

## U.S. upstream earnings: 1Q19 vs. 4Q18

\$ millions



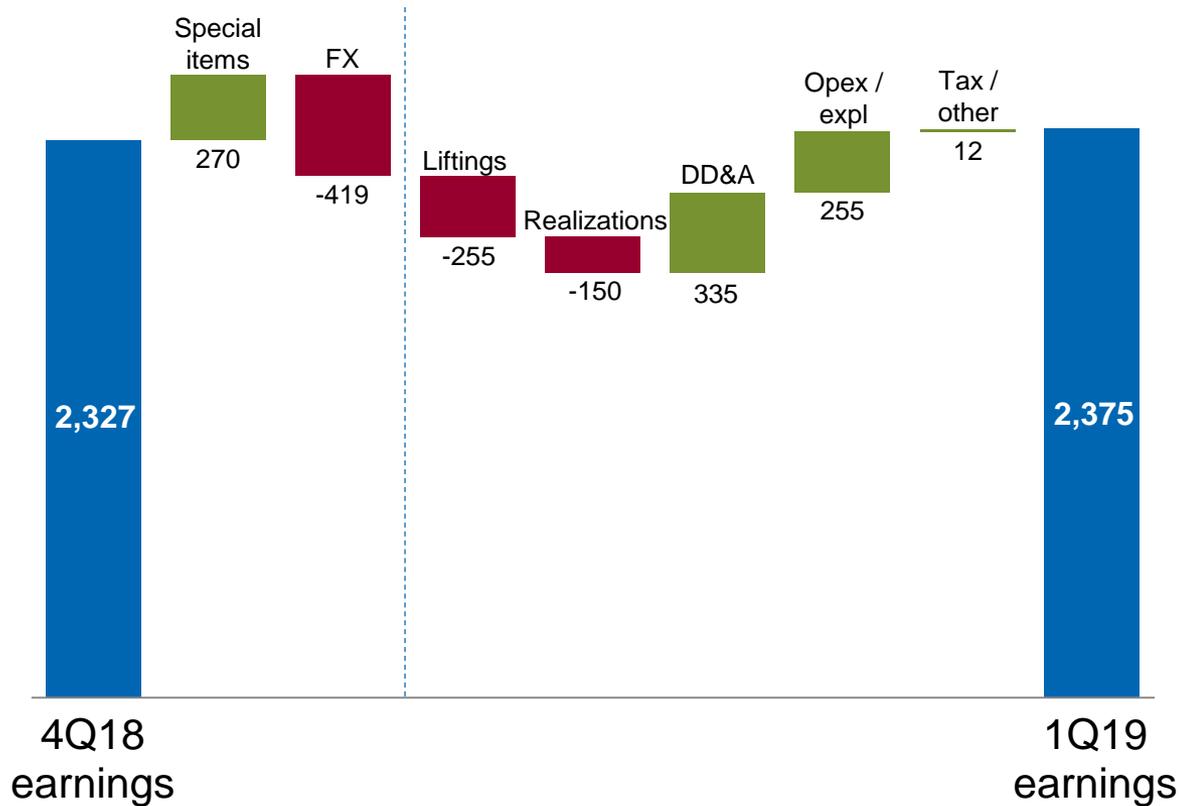
- Lower Gulf of Mexico and Permian realizations
- Lower DD&A primarily from reserve additions



# Appendix

## International upstream earnings: 1Q19 vs. 4Q18

\$ millions



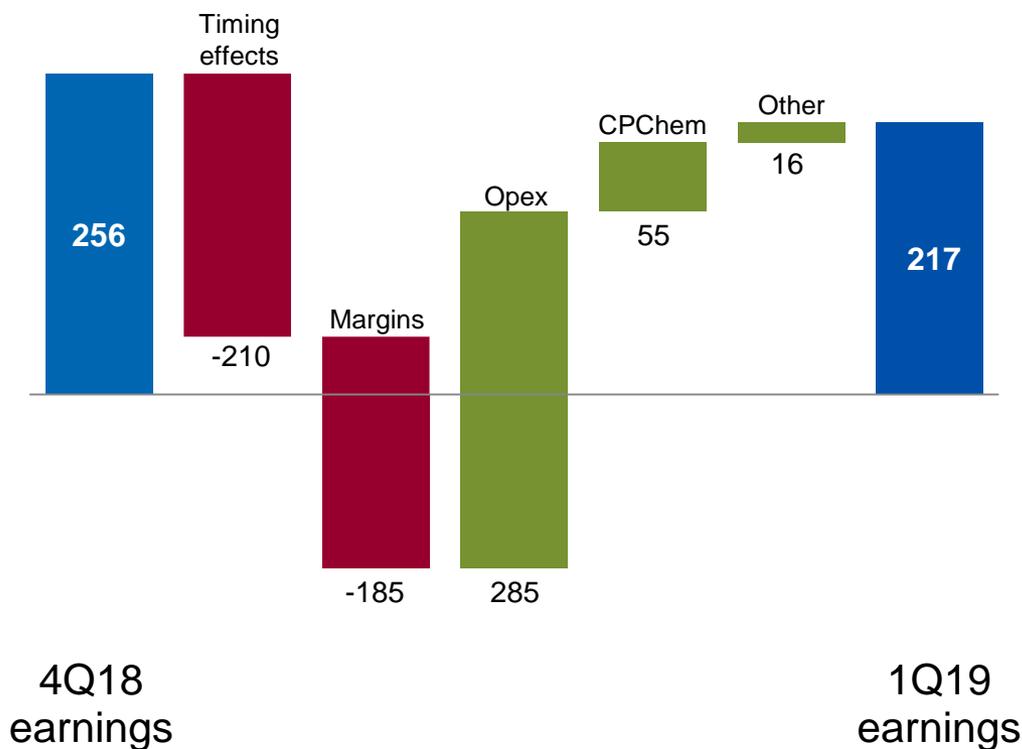
- Primarily lower liftings in Australia
- Mainly reserve adds and absence of DD&A related to North Sea assets held for sale
- Lower operating costs



# Appendix

## U.S. downstream earnings: 1Q19 vs. 4Q18

\$ millions



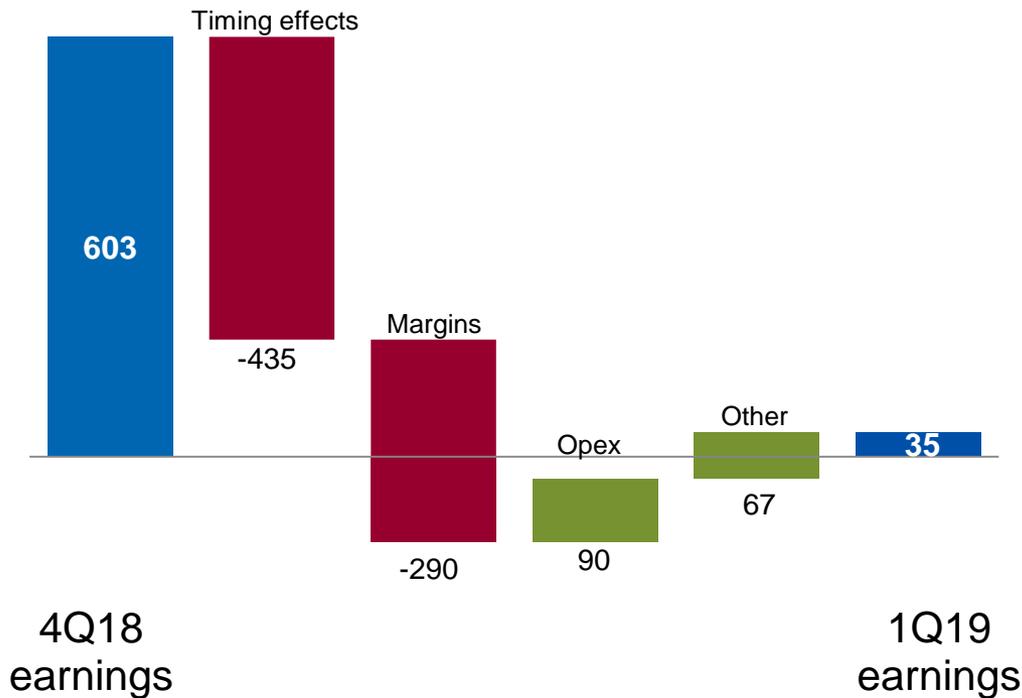
- Unfavorable timing effects due to a swing in commodity prices
- Lower refining and marketing margins
- Lower opex due to lower planned turnaround activity, in line with guidance
- Lower turnaround activity at CPChem



# Appendix

## International downstream earnings: 1Q19 vs. 4Q18

\$ millions



- Unfavorable timing effects due to a swing in commodity prices
- Lower Asia refining and marketing margins

