Goldman Sachs Energy, CleanTech & Utilities Conference Edited Transcript

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CAUTIONARY STATEMENTS RELEVANT TO FORWARD-LOOKING INFORMATION FOR THE PURPOSE OF “SAFE HARBOR” PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

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Chevron

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Neil Mehta: Thank you very much. We're very excited about our keynote conversation for the conference between Mike Wirth, Chairman and CEO of Chevron, and David Solomon, the Chairman and CEO of Goldman Sachs. These are two executives that really require no introduction, but I'll just say thank you both for making the time for being here. It means the world.

While the franchises of Chevron and Goldman Sachs may have very different business models, there's a lot in common. Culturally, both trace their history back to the 19th century, both Dow 30 components, both very global, geopolitically connected.

For Chevron, this is a really important time for the organization. Mike and I were talking about that last night with the in-service of the large project in Kazakhstan, Tengiz, the potential for closing of the Hess transaction, as we heard from John Hess yesterday, and the inflection in free cash flow in the Permian, Tengiz, Gulf of Mexico and those cost reductions ahead of us as we move toward 2026. Not to mention the fascinating backdrop for oil, power and the election. So looking forward to the conversation.

Thank you both again for sharing your insights with leading investors, CEOs and executives. And with that, let's welcome David Solomon and Mike Wirth.

David Solomon: Thank you very much, Neil. Good morning, everybody. Welcome. The only thing I can tell you is that it's warmer in Florida than it is in New York. When I left last night, it was 24 degrees and so it's delightful to be here in the high 50s in Florida.

Mike, it's great to have you here.

I want to jump right in. First of all, I appreciate you being here. I appreciate the opportunity to chat with you. It was an eventful year. I had a busy year, you had a much, much busier year. You had a very, very eventful year and you spoke here a year ago. I kind want you to walk us through at a high-level kind of where the company is, Kazakhstan, the acquisition of Hess, the inflection of free cash flow by 2026. Kind of walk us through at a high level, kind of a strategic update. Where is the company kind of as you look forward in 2025? How are you feeling about things?

Mike Wirth: Yes, I'd be happy to do that. First of all, Neil, thanks for the kind introduction, and David, thanks for coming down here. Our relationship with Goldman goes back many decades, and it covers all aspects of our business and is one of the really important business relationships we have, so it's a pleasure to be here.

Last year was big year for us. We achieved a number of really important project milestones on our way towards delivering some very strong free cash flow growth over the next few years, [including] projects in the deepwater Gulf of Mexico, in Kazakhstan [and] in our new energy space with green hydrogen, renewable diesel.

In the third quarter, we delivered the highest production in the history of our company, so we've got a lot of strong momentum coming into 2025, where we will see further significant project start-ups in Central Asia [and] in the deepwater Gulf of Mexico or Gulf of America. In some other aspects of our business, we announced some further reductions in operating costs and capital expenditures. Capital discipline and cost discipline always matter in a capital-intensive industry like this one.

We're well positioned to deliver by next year $6 billion to $8 billion in additional free cash flow growth and then a couple of billion dollars of cost reductions on top of that.

We've got a very strong balance sheet and a really consistent record of returning cash to shareholders through the cycle, both when times are good in our industry and also when times are difficult, and it positions us to continue to compete through the cycles and be a strong investment component in people's portfolios.

David Solomon: Sure. Let's talk a little bit about the macro environment and the macro setup. You and I were just talking, certainly when you step back and you look at the change in the business environment, it's got to be more constructive. Every CEO I've spoken to over the last 12 to 24 months felt we were in a very, very complex, over the last 12 to 24 months, business environment from a regulatory perspective, from kind of a growth agenda perspective. We obviously have a shift with the new administration. But the macro environment, when you look at geopolitics, and you look around the world is pretty complicated. We certainly have had volatility in commodity prices. Give us kind of your top-down macro view, both locally but also globally as to how you see things setting up in 2025 and into 2026.

Mike Wirth: Certainly the U.S. economy continues to power along pretty well and we've avoided a hard landing. The Fed has navigated things pretty effectively. Globally, Europe hasn't been great, but it's managed its way through the risks associated with the conflict in Ukraine and particularly the energy risks better than it looked like they might a couple of years ago. China has been the big concern from a global point of view, and I think it remains that way as we head into 2025. It's been certainly such a strong engine of global growth over the last decade or two that we'd like to see China sort itself out and have a more solid and secure outlook going forward.

When you step back from it all, we're seeing decent growth globally still and that is against the backdrop of a lot of risks that the world has encountered over the last couple of years. We've got a reset politically in the U.S. In a number of other countries around the world as well, we're seeing the political winds shift, generally speaking, in a direction that should be good for economies and good for business. As you say, a commitment to less regulation, a commitment to investment in growth that will be good for economies around the world, so we're relatively constructive. We're mindful of the risks, and there are certainly many, many risks that you can identify out there.

David Solomon: Talk a little bit about commodity prices. What's created movement in volatility? And as you kind of think about energy supply and demand, how do you see this playing out from a commodity price perspective over the course of the next 12 to 24 months?

Mike Wirth: We've been pretty range bound on crude oil in particular, in large part because OPEC and OPEC+ have continued to try to manage supply to keep supply and demand relatively balanced. Not an easy thing to do. We've seen pretty strong supply growth in oil particularly in this hemisphere, whether it's North America or South America, and against a backdrop of decent demand growth. Oil demand last year was an all-time record, and it will go up again this year. It'll be an all-time record again.

Gas, we've seen some firmness here recently as the weather has gotten colder. That's been true in Europe as well as here in North America. In the medium to longer term, you certainly see some things for North American gas [which] would suggest we're going to see demand growth, whether it's for LNG exports or to support increased power demand here in the U.S. We see a pretty constructive future for gas.

Commodity prices in our industry are a function of supply and demand. Supply looks pretty adequate out there. Demand, as I said, is continuing to grow. We don't have a particularly bullish or bearish outlook on prices for this year. There's certainly some downside risks if OPEC+ were to bring supply back in excess of what the market needs, so that's an issue they're going to have to consider and navigate.

As I said, they've done a pretty reasonable job of matching those two over the years since COVID and we'll have to see how that plays out, but I don't think there's a lot of upside or downside risk that we're very concerned about. You have to be prepared for both, which is why we keep a strong balance sheet. The growth in free cash flow positions us well, and you have to be prepared for any environment in our business.

David Solomon: Just want to touch on LNG for a minute again, some chatter about potential medium-term oversupply of LNG. Chevron's view?

Mike Wirth: LNG is a commodity that demand for it grows in kind of a gradual fashion, and supply tends to come on in big tranches as you get projects that bring multiple trains of LNG into the market. You can go from a relatively tight market to one that's oversupplied pretty quickly as you see a few projects come online. We've seen some delays in things due to some of the issues here in the U.S. Big projects underway in Qatar right now that will come online over the next few years. Some of the U.S. projects will come online.

I think it's fair to say that over the back half of this decade, we probably head into a slightly oversupplied position at some point as a lot of that supply comes on, but that's not really new for LNG. That's kind of the way the LNG markets have always worked.

David Solomon: One of the things as I travel around and talk to people, the theme of growing power demand, particularly here in the U.S. is a big, big macro theme. Talk a little bit about how Chevron is positioned to help meet changes in power structure and demand over the course of the next decade.

Mike Wirth: It certainly is a topic. I know there's been a lot of discussion about it here. We've been deeply engaged in conversations with the different hyperscalers that are involved in the data center build-out and developing these new AI tools. There are a few things that I take away from those conversations.

Number one, there's kind of an arms race underway. Everybody wants to move fast. These models are powerful and you need the compute to train them and to build them out. As the functionality and the range of application continues to widen, the need for that compute only goes up. We're certainly seeing that in stocks like NVIDIA and others.

The second thing that's also pretty clear is that the national security implications of these models are real, and the potential uses in sensitive applications lead to some issues that governments care a lot about. Keeping the models and the data centers secure is very important. What that suggests is you're going to see this done for a large part here in the U.S. for models being built by U.S. companies.

That leads to the question about power in the U.S. We've got a grid that is straining right now to deal with the introduction of a lot of intermittent generation capacity, the normal variations and loads and the fact that our grid was built decades ago to serve a market that's very different than the market we have today. Adding a lot of new generation that comes in through the grid is slow. The backlog on interconnects is lengthy and frankly, a lot of the generators are struggling to see how they can build out the capacity for a unique and small set of customers when things have to go in their rate base for a large set of their customers.

It leads you to discussions about behind-the-meter power that doesn't come through the grid but is really built to serve data centers. As you start to look at the reliability means of those data centers, you come back to things like natural gas and say, nuclear would be great. You're seeing a lot of talk about nuclear, but small modular nuclear is probably a decade away from most of the people I talk to that are working on those technologies, and the hyperscalers really can't wait that long.

The good news is America is blessed with an abundance of natural gas, and I think you're going to see a build-out of natural gas-fired power generation that will support these data centers. We're certainly working on ideas like that.

The other constraint that exists is just access to the big turbines. There are only a few manufacturers of these, the largest turbine, gas-fired turbines in the world. Their order books are pretty full for years and years out into the future, so people that are in the queue with slots for delivery in the next few years, they're going to be well positioned to help meet this need.

David Solomon: Let's talk a little bit about the incoming administration. You and I chatted for a few minutes. High level impacts broadly of the policy initiatives on the company and also the energy sector as a whole.

Mike Wirth: We certainly have seen President Trump make energy a key component of his platform and his team that he's putting in place. He has a very qualified team. People in this room, I'm sure, know Chris Wright. Some of you may know Governor Bergum as well. But at interior and DOE, we have two of the most qualified nominees I've seen in my entire career. Chris Wright has worked in this industry. He understands the industry very well. Governor Bergum understands how both private and public lands can be stewarded for energy development and done in a very responsible manner. And it stands in contrast to some of the other nominees we've seen in other administrations.

I'm very optimistic that we will see a team that understands this industry, that understands the importance of affordable energy to our economy, that understands the importance of reliable energy to national security and to our allies and also understands the importance of protecting the environment. In fact, I've spent time with both Chris and Doug in the Western U.S., where they spend a lot of their time outdoor, and there's nobody that cares more about preserving our environment than people like that.

I'm very pleased with the team that has been nominated and I'm sure will be confirmed. I think President Trump clearly sees that some of the policies of the current administration have been mixed at best in terms of the signals they send for investments and have not necessarily served the economy as well as they could. I'm optimistic coming in.

President Trump's got a broad set of priorities and an ambitious agenda that he intends to pursue, but I think energy is right there among the top priorities, and we look forward to working with the administration to incur sound policy that's good for our economy, good for our security, good for our competitiveness.

David Solomon: If you think about the energy sector broadly, I mean, this is something I've watched, somebody who has watched markets for over 40 years. The growth in technology has obviously rebalanced the role that the energy sector has played the overall market cap weighting to markets. How does that evolve and shift over time? I mean energy is still so important to the overall ecosystem of the economy. Technology is driven by power and energy. But the attention that the energy sector gets from investors at the moment is different than what it's been. Now they're pendulum. Pendulum swings back and forth, and it's certainly swinging back. But talk a little bit about how you think about that balance and the attention that the energy sector gets from investors right now?

Mike Wirth: It's a point of frustration. I think we are underappreciated in the investment community. If you go back to the 2010s, some of this is self-inflicted. The industry overinvested in growth. It didn't return cash to shareholders the way that it should, and shareholders became frustrated. I heard about this from a lot of shareholders, some of whom are in this room. I think companies have learned from that. Virtually all companies in the sector now are returning cash to shareholders through both dividends and share repurchases. Our company has done this for a very long time.

But performance matters. Companies in our sector need to perform for investors. We need to deliver value for investors. We need to generate strong returns. When I talk about Chevron, we long have had a very consistent set of financial priorities. The first is to sustain and grow the dividend. We've increased our dividend payout for 37 consecutive years through wars, terrorist events, market downturns, pandemics, etcetera.

We've got to invest to generate cash flows for the future, and we've been very consistent but disciplined in investing to grow future cash flows.

The third, in our industry, you have to keep a very strong balance sheet. We've got an AA credit rating. Right now, we're under-levered. We're probably around 10% net debt, which is well below our history or where we need to be given our capital needs. But you have to be prepared for a downturn in markets and you have to be prepared to lean on your balance sheet. Companies forget that have found themselves out of a position at times when unexpected market events develop.

And then excess cash ought to be returned to our shareholders. We've repurchased shares 17 of the last 21 years. Over the last two years, we've returned $50 billion to our shareholders through our dividend and our repurchase. Our market cap is a little over $250 billion, so it's a pretty significant return of capital to shareholders.

I think over time, shareholders are going to see the value in that. The duration of these cash flows is much longer than I think many people perceive. I talk to young portfolio managers that have grown up kind of in the era my kids have and they think that demand for oil and gas is going away tomorrow. Of course, it's not. As President Biden said in the State of the Union address, at least 10 more years, and I'm pretty sure that we're going to see a lot more than that going forward.

I think the duration of the cash flows is underappreciated. I think the discipline in the industry is very real. Our dividend yield right now is very competitive with a 10-year treasury and you've got the upside of equity exposure to an industry that generates 8% or 10% of the earnings in the S&P and yet is market weighted at less than half of that.

David Solomon: Let's shift a little bit to operations, if that's okay. I want to talk about the portfolio, talk about the asset base a little bit. We'll start with Kazakhstan. Talk about kind of the accomplishments around that project in 2024, key milestones and kind of what's ahead of the first oil expected later this year?

Mike Wirth: For people that might not be familiar with our position in Kazakhstan, it is one of the super-giant fields in the world. This is a field that was originally developed under the Soviet Union. When the Soviet Union collapsed, Kazakhstan became an independent state and in 1993, our company entered into this project at a time when it was producing a few tens of thousands of barrels a day.

Today, it produces roughly 700,000 barrels a day and we have a project underway that will take production at this field up to one million barrels a day at a single field. It's a project that's been underway for quite some time, through COVID, and has had challenges through that period of time. Over the last 12 months, we have steadily moved towards start-up [and] commissioning of a large project to take this field, which is larger than the island of Manhattan, and reduce the back pressure so that the oil and gas can flow more readily into the plants. And so large compression and pumping to move the fluids and the gases into the process facilities, and then large process facilities to bring 260,000 barrels of oil to market and reinject all of the sour gas into the field for pressure maintenance.

We are moving into our initial start-up procedures here in the first quarter on this project. We've got hydrocarbons circulating through a significant portion of the plant right now, and construction is complete. We look forward to starting up in the first half of this year ramping to one million barrels a day. That will turn this from a consumer of cash over the last decade to a strong generator of free cash for our shareholders.

David Solomon: So, if you zoom out this was a huge project, huge undertaking. Learnings that will impact how you think about other big long-term investment projects in the future?

Mike Wirth: This is one of the largest projects we've undertaken in our history and there's a couple of learnings. Number one, I described the project to manage the field pressure and then also a project to add incremental capacity. The decision was taken a decade ago to do both of these projects simultaneously and the belief there were economies of scale. There were also challenges of complexity in trying to execute two projects of such a magnitude simultaneously. We've had nearly 100,000 workers on site at times. The supply chains are stretched across dozens of countries. And there's a complexity management lesson that we will take away from this that when we can break things into discrete pieces the risks can be managed better than aggregating things. I think we falsely convinced ourselves that we might have more economies of scale, and we underrecognized some of the challenges of complexity on this.

Second lesson I would say on this one is we need to have sufficient engineering done when we take a final investment decision. We've done a lot of engineering when we made the final investment decision here, but I think we would have been better served to have advanced our engineering even further to have scope more clearly defined and detailed engineering more fully completed.

Probably the third lesson is simply in execution. Having an even more thorough plan for the right resources on the ground during each and every stage of construction, commissioning and start-up, and a dynamic system to manage those across a project that's complex so that we can stay on top of things as the state of the work evolves. We certainly planned for that, but I think there's going to be some lessons for us and better planning in the execution phase.

David Solomon: Good takeaways. Good takeaways. You're also making a big push to grow production in the Gulf, I don't know, Mexico or America.

Mike Wirth: Let’s call it the Gulf.

David Solomon: The Gulf. Talk a little bit about the ramp profile of those investments and kind of what you see coming out of that and some of the milestones you've kind of laid out around increased production there.

Mike Wirth: In 2024, we produced about 200,000 barrels a day in the Gulf. 2026 will be up to about 300,000 barrels a day, so 50% increase in a relatively short period of time, driven primarily by three projects. We started up a project in 2024 called Anchor. It is a project in a geologic strata called the Paleogene. It's higher pressure and temperature than we've ever produced from in the deepwater – it’s 20,000 pounds of pressure per square inch.

Last year I was talking to some people, and it's hard to fathom some of these things, but it's the equivalent of a full-grown African elephant standing on a quarter is the pressure we see down at the wellbore. Very high temperatures as well. We had to design drilling equipment, completions equipment, rigs that have the capacity to lift three million pounds with a hook on our offshore vessel. That's the equivalent of three fully loaded 747s to pull pipe in and out of the hole. A lot of new technology developments to open up a region that offers a lot of prospectivity. We're very excited about that because this is the first, but certainly not the last it will produce from that formation.

We've got another project starting up early this year called Whale. Third one in the middle of the year, Ballymore, which will tie back to existing infrastructure. The deepwater has a large resource bounty that has been explored, but not fully explored and we're the second largest leaseholder out there and believe there's a lot more still to be done. As we advance technologies like the ones I described or others like subsea pumping and compression, which allows us to use an existing host facility on the surface. Rather than bringing in production from a few miles away [these technologies allow us] to actually bring in production from tens of miles away, 20, 30, 40 miles, so you have to build less surface infrastructure, you can develop new finds more quickly. You can develop more smaller fields because you don't have the full load of surface investments to carry with your economics, so we think there is still a lot of running room in the deepwater for us. It's important over the next couple of years, but I think it's going to be important for much longer than that.

David Solomon: Staying on the topic of offshore, you've acquired some positions offshore in Africa. Talk a little bit about the opportunities there, some of the key considerations, how you think about that. Different part of the world, different place to operate.

Mike Wirth: We've been in West Africa for decades [in] Nigeria, Angola, [and] more recently, Equatorial Guinea. Very rich hydrocarbon province in West Africa with some of the large rivers that have drained organic material and sediment out into the offshore region and we've recently acquired additional leases in a number of those countries. We just took our Board of Directors to Angola last year where we picked up three new leases in areas that are underexplored or unexplored that we're very, very optimistic about.

We're also in Namibia offshore, a country where we made a large gas find a number of decades ago, and recently, companies in our industry have had finds offshore Namibia. We've got a well drilling there right now, which is one that we're keenly interested in and I've had discussions with some of the people in the room about. So an area that is highly prospective, clearly a working petroleum system out there. The faulting, fracturing, permeability, porosity, hydrocarbon mix all need to be better understood so we can understand the economics of developing that region, but West Africa is an important part of the world's oil and gas supply system. It's one we're very experienced in and will be an important part of our portfolio well into the future as well.

David Solomon: The last thing I just wanted to touch on going through the portfolio is the Permian. You put out capex guidance that kind of shows some capital efficiency in the context of investment in production there. Talk a little bit about what's driving the capital efficiency and how the production kind of scale looks for the Permian as you go forward.

Mike Wirth: The Permian, clearly, a huge story for the United States and for our industry over the last decade plus. We're blessed with a large position there that is a function of some of our legacy companies, Texaco, in particular, where we have a lot of acreage that we've owned for many, many decades, over two million acres out in the Permian.

Our ownership means we don't have royalties due to somebody else and much of the rest of the basin is leased and there are royalties due to the landowners. We've got an inherent advantage in our land position. We're well positioned in the Delaware Basin, in particular, also have a good position in the Midland.

Like others in the industry, as we have ramped up activity, we found efficiencies in every aspect of development from drilling wells to completing wells to the cycle time to put wells on production. We're finding better ways to place the wells in each formation. Some of the tools that are available now, the data tools, are helping us learn even more about this. We're using AI to understand the variations across sub-basins within the region to predict the productivity of different benches within the Permian and to improve the efficiency of all of our operations.

Just when you think you've kind of reached a knee in the curve and productivity and efficiency is going to flatten out, smart people, good engineers, the integration of technologies continue to provide efficiencies. We're doing the work today with a dozen or so rigs that would have taken 2x to 3x that many rigs, not too many years ago, so it allows us to harvest capital efficiencies.

As we reach one million barrels a day of production in 2025, we're likely to slow the rate of growth a little bit in the Permian. We've been growing at a 15% annual growth rate over the last 5 years. We'll see that attenuate a little bit. We'll still grow but at a slower rate, and that allows us to harvest the capital efficiencies, work on operating efficiencies and really open up the free cash flow that that asset generates. It's got years and years of plateau-like production ahead of us through the rest of this decade, through all in the next decade and should become a big generator of free cash flow to support shareholder distributions and capital investment for a long time to come.

David Solomon: Let's pivot and talk about Hess. Why don't you give us an update on Hess, where you are and how that's all progressing.

Mike Wirth: I know John was on yesterday. I will try to be efficient because you've probably heard from him what I'm going to say. Really pleased last year with progress on two important milestones: shareholder vote and FTC approval. The remaining issue is the resolution of this arbitration matter with the two other partners on the Stabroek block in Guyana. That is scheduled for an arbitration hearing in May of this year. The arbitration panel of 3 arbitrators has indicated 90 days following that hearing, they would expect to be able to render a decision. We look forward to having that issue resolved here in 2025.

We continue to be very confident in Hess' position in the arbitration. This has been studied extensively, and we feel like they clearly have the right side of this argument, and we look forward to closing the deal.

We've had the time to do a lot of integration planning and we're well prepared for that and for a prompt close and look forward to doing that this year.

David Solomon: As you learned more about Guyana since the deal announcement, how do you feel about that asset base?

Mike Wirth: There's an old adage in our industry that big fields get bigger over time, and this is a really big oil field and certainly, its history to date has been one of additional exploration success in the regions that have been explored. There are other regions within the block that are slated for further exploration. The story has gotten better and better over time.

Right now, the production is oil, and the gas is being reinjected. There's a fair amount of gas in these fields as well. Over time, I think you'll see this gas produced as well. The partners are developing plans to bring that into Guyana to support their economy. Everything continues to trend in a very positive direction, and we're very excited to join this project.

David Solomon: You've said that it would be very unlikely for you to pursue something else significant as you're going through this Hess process. But how should people think about your medium- and longer-term M&A strategy?

Mike Wirth: Over the last number of years, you could see that we've been able to acquire some pretty good companies at times when the economics work well for our shareholders. We walked away from a deal when it got pricier than we thought that it merited. I talked about capital discipline earlier – that applies not only in your organic activities, but also in your inorganic activities. Our track record is one of adding quality assets at prices that are accretive for our shareholders.

In our industry, we deplete our resource every day. We produce resource that gets consumed by our customers, so you always have to be acquiring resource. There's really three ways we bring new resource into our company. One is we explore for it and we find it. The second is we use technology to unlock resource that we currently have access to, but it's not economic and the new technologies allow us to do that. Permian and unconventional production is a prime example of that. The third one is you acquire existing projects and/or companies that add to your resource base.

We've been effective over our history at all three of those. You have to be good at all three in our industry. But you also have to be patient, particularly in M&A. Poorly timed M&A can destroy a lot of value. Well timed M&A can create a lot of value, so we need to be patient and do the right deals at the right time and I think our track record there speaks for itself.

David Solomon: Yes. And very, very well. You touched on dividend, you touched on capital returns, your ability to grow the dividend, consistently, buybacks. How should people think about the cadence and the magnitude of capital returns, while also, and this is something you've done very well, balance sheet strength, security, what's a volatile world in a volatile industry. Talk a little bit about how you think about that balance?

Mike Wirth: We spent a lot of time on the priorities I talked about earlier. Our shareholders really value the dividend. As I said, [we've had] 37 consecutive years of dividend increases, a 6% compound annual growth rate in our dividend over the last 5 years [and] a payout that is roughly 3x the dividend payout of the S&P 500. It's a strong, secure dividend and shareholders, including some of our largest shareholders like Berkshire Hathaway, put a lot of value on that.

In order to do that, you've got to invest well to generate the future cash flows, and you've got to survive the cycles, which is where the balance sheet strength comes in. Through the cycles, we're very comfortable with the 20% to 25% net debt given our annual capital needs and the flexibility we have in our capital program. As I mentioned earlier, we're probably going to end this year around 10% net debt. We've got a lot of balance sheet capacity. We're probably under-levered, even through the cycle. We've got the ability to sustain share repurchases even through a low point.

One of the criticisms that I hear from some of our investors is that companies in our industry buy back shares when oil prices are high and times are good and therefore, they're buying back their stock when their stock price is high, and they halt the buybacks during the down cycles. We've tried to buy through the cycle and not time it. We're not smart enough to really time these things, so 17 of the last 21 years we've repurchased shares. We repurchased shares in 2020 during COVID when others did not.

Our real objective is to be steady through the cycle, not try to be countercyclical, certainly not be procyclical, but steady through the cycle and manage our company with the discipline and a conservative approach to how we expose the company's balance sheet so that investors don't have to worry about the security of their investment, the security of their dividend or our ability to continue to steadily repurchase shares.

David Solomon: So just the last thing I'd touch on, the capital management. You've said always all the assets in the portfolio have to constantly compete for capital. How do you think about the scope and the magnitude of recycling or divesting assets in the portfolio versus new growth opportunities?

Mike Wirth: It's easy in our industry to love your assets. You love all your children. What you need to do is you need to constantly be looking to add things into your portfolio that are better than what you've got today or highly competitive and then be objective about what that means for the assets that are less competitive in your own business. We've got a track record of moving things out of our portfolio that are not necessarily bad assets, but where we've got better assets to invest in, and they may fit for another company and work in their portfolio differently than they work in ours.

We should always be high-grading what we've got. We should always be disciplined in how much capital we'll spend and not just increase the budget because we've got a larger set of assets that we could invest in but be disciplined about investing in the very best ones that are going to generate the strongest returns over time for our shareholders.

It's not always easy because you move some things out of your portfolio that people are attached to, but in the long run, those assets go to an owner that values them, is prepared to invest in them and allows us to stay disciplined and tight and continually improve the competitiveness of our portfolio.

David Solomon: We've covered a lot of landscape across the macro, the portfolio, your strategy. Is there anything we've missed or anything you want to add for the group this morning?

Mike Wirth: Well, I've had great meetings with a number of people in the room here today. I thank those of you that are invested in our company and in our industry. I do believe to your question earlier, David, I think this is a sector that is underweighted right now given the...

David Solomon: …energy and financials

Mike Wirth: Energy and financials. Let's have a good year in 2025. I mentioned earlier, younger portfolio managers that I meet, you haven't been able to go wrong by riding the technology wave over the recent years. That's probably led some people to not fully understand or examine some of the other sectors that they could be exposed to and that they could invest in. These things turn. In fact, I was reading an interesting piece that Howard Marks just put out the other day and talking about some of the past cycles.

Long term, smart, patient money is going to find value out there in markets. The energy sector is certainly a destination for some of that. We have to continue to perform. We have to deliver value. We have to maintain the discipline that I think we've seen in the sector and certainly that I've tried to bring to our company over recent years. I think there's a lot of upside in it for investors, and we intend to deliver value through disciplined management of our company and stewardship of our assets and responsible long-term management of our company.

It's really a pleasure, and I'm not just saying this because I'm up here on the stage with you, but to be with another company that has as long a history as ours that has gone through the cycles, that's seen the evolution in the economy, the technology environment, the geopolitical dynamics over not just years but decades and, in fact, centuries and has stood tall through all of that. We've been around for 145 years and intend to be around for at least that many years into the future. In whatever kinds of energy technologies the world needs, we intend to be involved in developing those, commercializing those and scaling those up and the entire time creating value for our shareholders as we do.

David Solomon: Well said. Mike, we appreciate you being here. We appreciate the partnership with the firm and thank you for taking the time this morning.

Mike Wirth: It’s a pleasure.

David Solomon: Thank you.