



# Second quarter 2020 earnings conference call and webcast

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# Cautionary statement

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Key factors that could cause actual results to differ materially from those projected in the forward-looking statements relating to Chevron's announced acquisition of Noble Energy include, among others, the ability to obtain the requisite Noble Energy 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 Noble Energy's respective businesses; the effect of this communication on Chevron's or Noble Energy's stock prices; the effects of industry, market, economic, political or regulatory conditions outside of Chevron's or Noble Energy's control; transaction costs; Chevron's ability to achieve the benefits from the proposed transaction, including the anticipated annual run-rate operating and other cost synergies and accretion to return on capital employed, free cash flow, and earnings per share; 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. Other important factors that could cause actual results to differ materially from those in the forward-looking statements are: changing crude oil and natural gas prices and demand for our products, and production curtailments due to market conditions; crude oil production quotas or other actions that might be imposed by the Organization of Petroleum Exporting Countries and other producing countries; public health crises, such as pandemics (including coronavirus (COVID-19)) and epidemics, and any related government policies and actions; changing economic, regulatory and political environments in the various countries in which the company operates; general domestic and international economic and political conditions; changing refining, marketing and chemicals margins; the company's ability to realize anticipated cost savings, expenditure reductions and efficiencies associated with enterprise transformation initiatives; actions of competitors or regulators; timing of exploration expenses; timing of crude oil liftings; the competitiveness of alternate-energy sources or product substitutes; technological developments; the results of operations and financial condition of the company's suppliers, vendors, partners and equity affiliates, particularly during extended periods of low prices for crude oil and natural gas during the COVID-19 pandemic; the inability or failure of the company's joint-venture partners to fund their share of operations and development activities; the potential failure to achieve expected net production from existing and future crude oil and natural gas development projects; potential delays in the development, construction or start-up of planned projects; the potential disruption or interruption of the company's operations due to war, accidents, political events, civil unrest, severe weather, cyber threats, terrorist acts, or other natural or human causes beyond the company's control; the potential liability for remedial actions or assessments under existing or future environmental regulations and litigation; significant operational, investment or product changes required by existing or future environmental statutes and regulations, including international agreements and national or regional legislation and regulatory measures to limit or reduce greenhouse gas emissions; the potential liability resulting from pending or future litigation; the company's future acquisitions or dispositions of assets or shares or the delay or failure of such transactions to close based on required closing conditions; the potential for gains and losses from asset dispositions or impairments; government mandated sales, divestitures, recapitalizations, industry-specific taxes, tariffs, sanctions, changes in fiscal terms or restrictions on scope of company operations; foreign currency movements compared with the U.S. dollar; material reductions in corporate liquidity and access to debt markets; the receipt of required Board authorizations to pay future dividends; the effects of changed accounting rules under generally accepted accounting principles promulgated by rule-setting bodies; the company's ability to identify and mitigate the risks and hazards inherent in operating in the global energy industry; and the factors set forth under the heading “Risk Factors” on pages 18 through 21 of the company's 2019 Annual Report on Form 10-K and in subsequent filings with the U.S. Securities and Exchange Commission. Other unpredictable or unknown factors not discussed in this presentation could also have material adverse effects on forward-looking statements.

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As used in this presentation, the term “Chevron” and such terms as “the company,” “the corporation,” “our,” “we,” “us” and “its” may refer to Chevron Corporation, one or more of its consolidated subsidiaries, or to all of them taken as a whole. All of these terms are used for convenience only and are not intended as a precise description of any of the separate companies, each of which manages its own affairs.

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**This presentation is meant to be read in conjunction with the Second Quarter 2020 Transcript posted on [chevron.com](http://chevron.com) under the headings “Investors,” “Events & Presentations.”**





# Financial highlights

**2Q20**

Earnings / per diluted share	<b>\$(8.3) billion / \$(4.44)</b>
Adjusted earnings / per diluted share <sup>1</sup>	<b>\$(3.0) billion / \$(1.59)</b>
Cash flow from operations / excl. working capital <sup>1</sup>	<b>\$0.1 billion / \$(0.6) billion</b>
C&E / Organic C&E	<b>\$3.3 billion / \$3.0 billion</b>
Asset sale proceeds	<b>\$1.5 billion</b>
Dividends paid	<b>\$2.4 billion</b>
Debt ratio / Net debt ratio <sup>2</sup>	<b>20% / 17%</b>

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

<sup>2</sup> As of 6/30/2020. Net debt ratio is defined as debt less cash, cash equivalents, marketable securities and time deposits divided by debt less cash, cash equivalents, marketable securities and time deposits plus stockholders' equity.



# Overview of 2Q20 special items and FX

## After-tax earnings impact

\$ billions

	U.S. Upstream	Int'l Upstream	Downstream & Other	Total
Impairments & Write-offs	Gulf of Mexico \$(0.7) Permian conventional \$(0.5)	Venezuela \$(2.6) Various \$(1.0)	--	\$(4.8)
Severance	\$(0.1)	\$(0.3)	Downstream \$(0.1) Other \$(0.2)	\$(0.8)
Other	--	Azerbaijan sale \$0.3 Tax items \$0.4	--	\$0.7
FX	--	\$(0.3)	\$(0.2)	\$(0.4)
Total	\$(1.3)	\$(3.5)	\$(0.5)	\$(5.3)

Note: Numbers may not sum due to rounding.

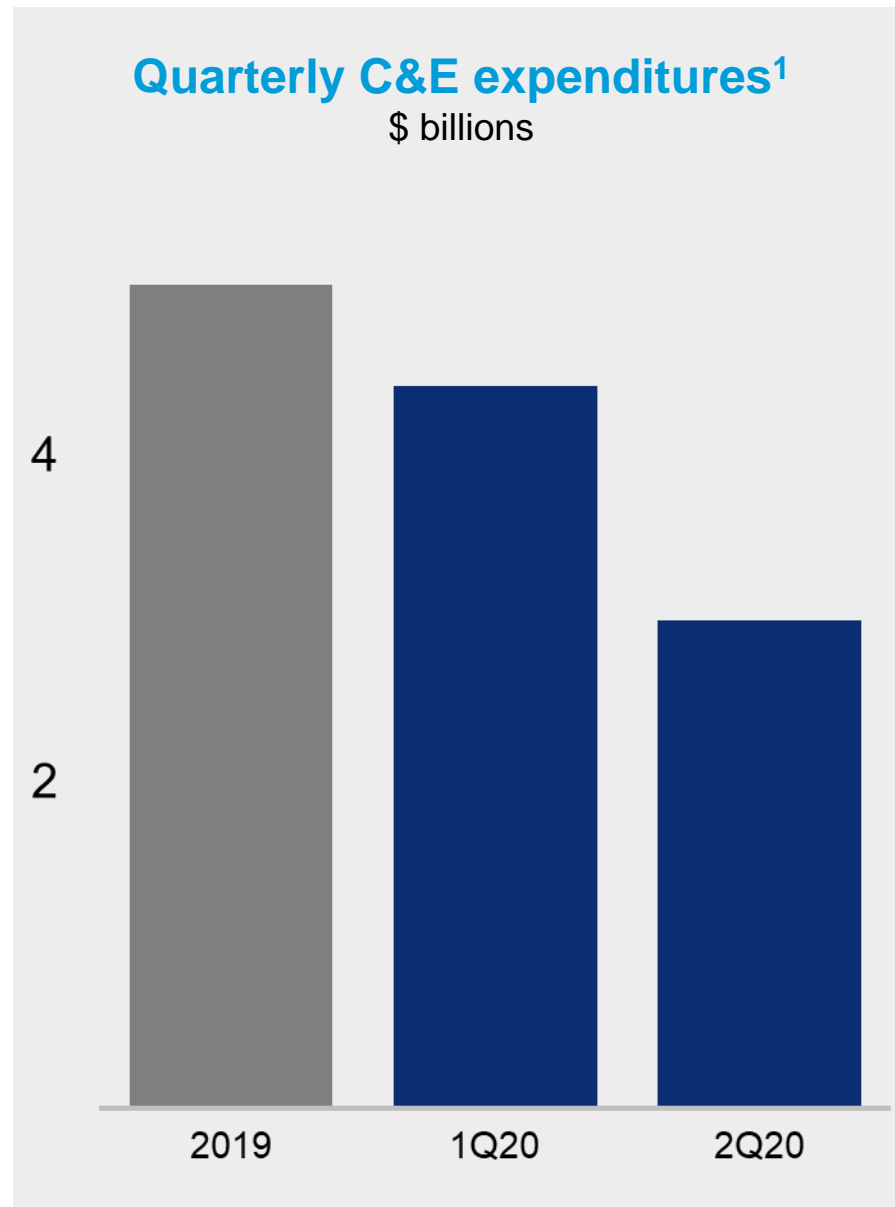
## Key Drivers

Venezuela operating environment

Lower commodity price outlook

Restructuring charges

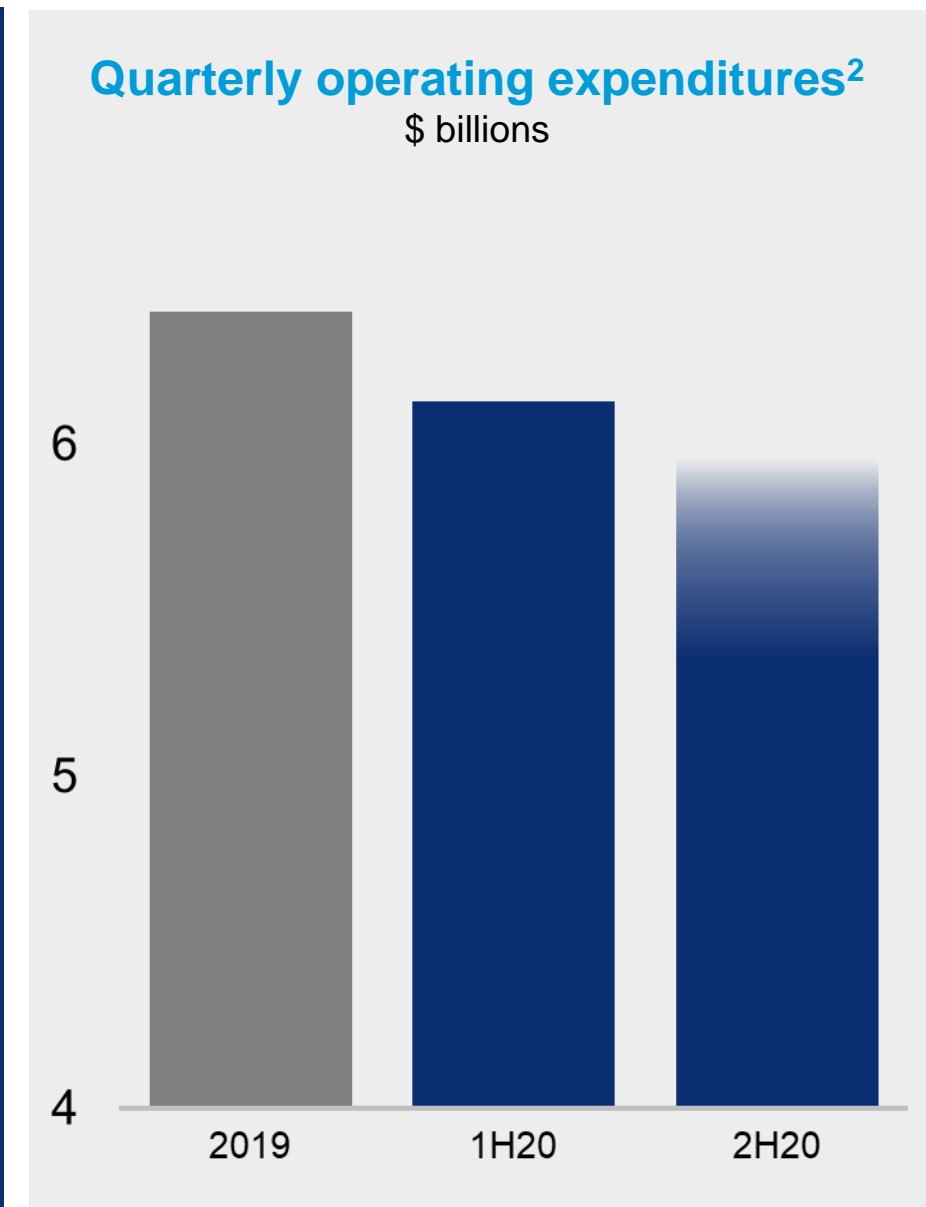
# Capital and operating cost reductions on track



**2Q20 run-rate capex  
40% below budget<sup>1</sup>**

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**2020 opex  
\$1B lower than 2019**

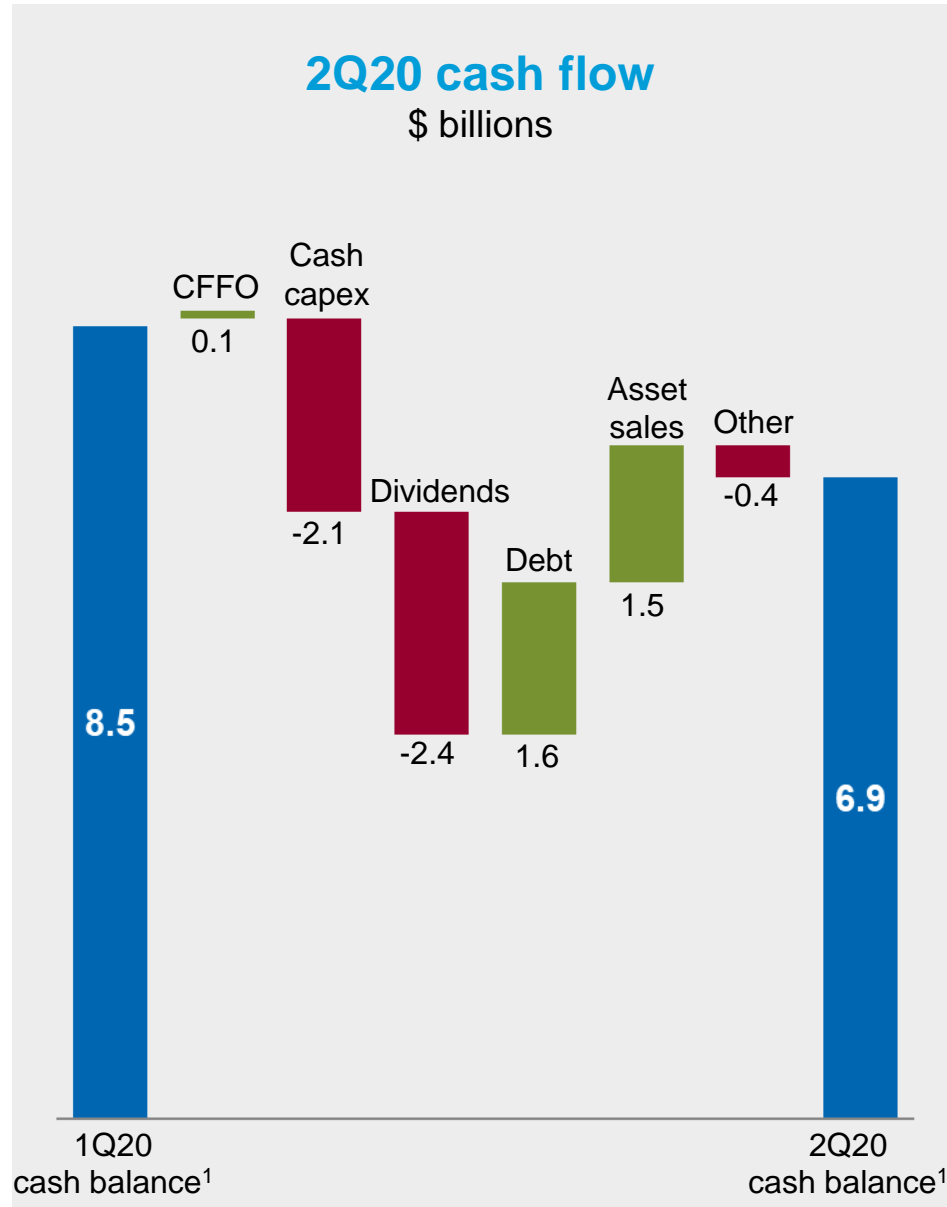


<sup>1</sup> Excludes inorganic capital.

<sup>2</sup> Excludes special items. Reconciliation of non-GAAP measures can be found in the appendix.



# Maintaining financial strength

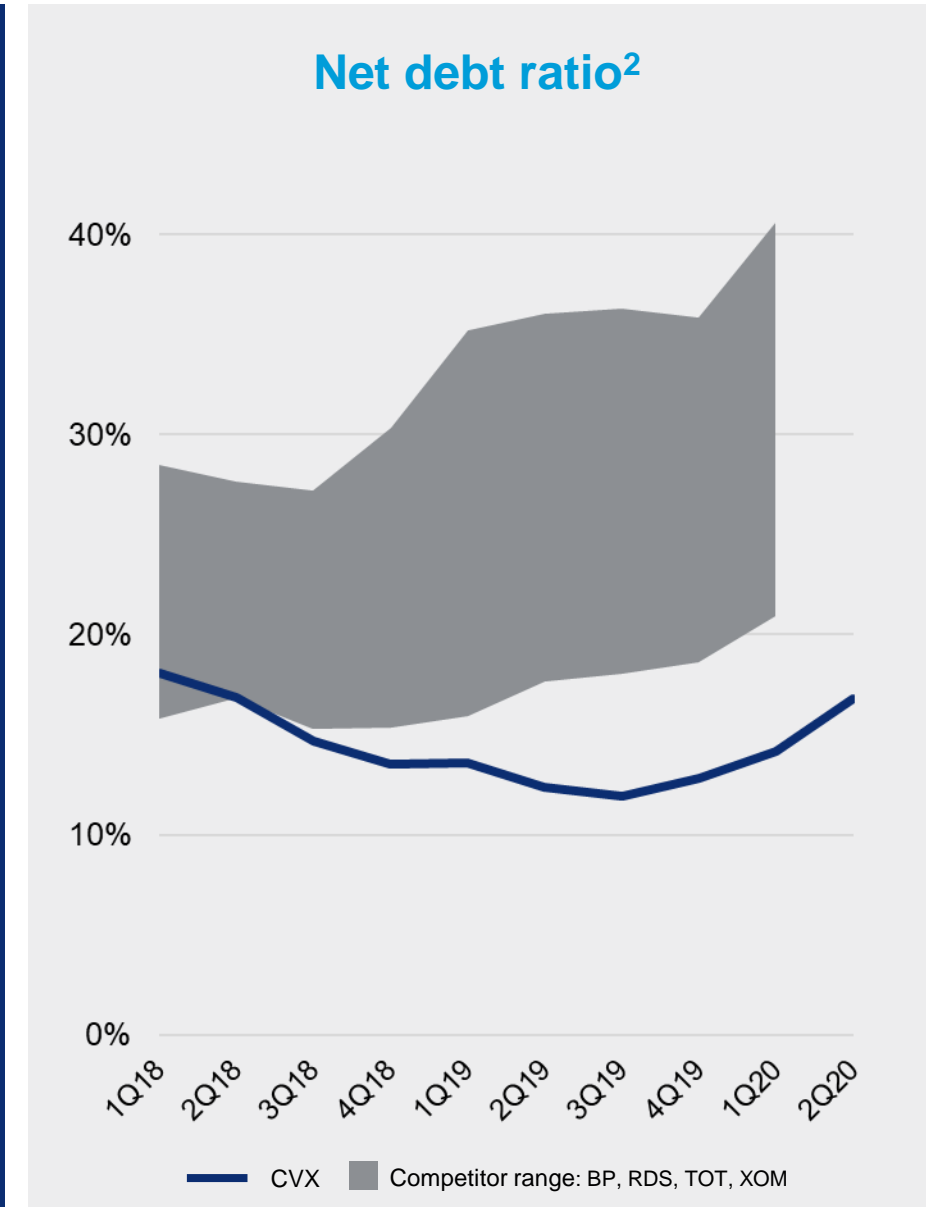


<sup>1</sup> Includes cash, cash equivalents, marketable securities, and time deposits. Excludes restricted cash. As of 3/31/2020 and 6/30/2020.  
Note: Numbers may not sum due to rounding.

**Financial priorities unchanged**

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**Industry leading balance sheet**

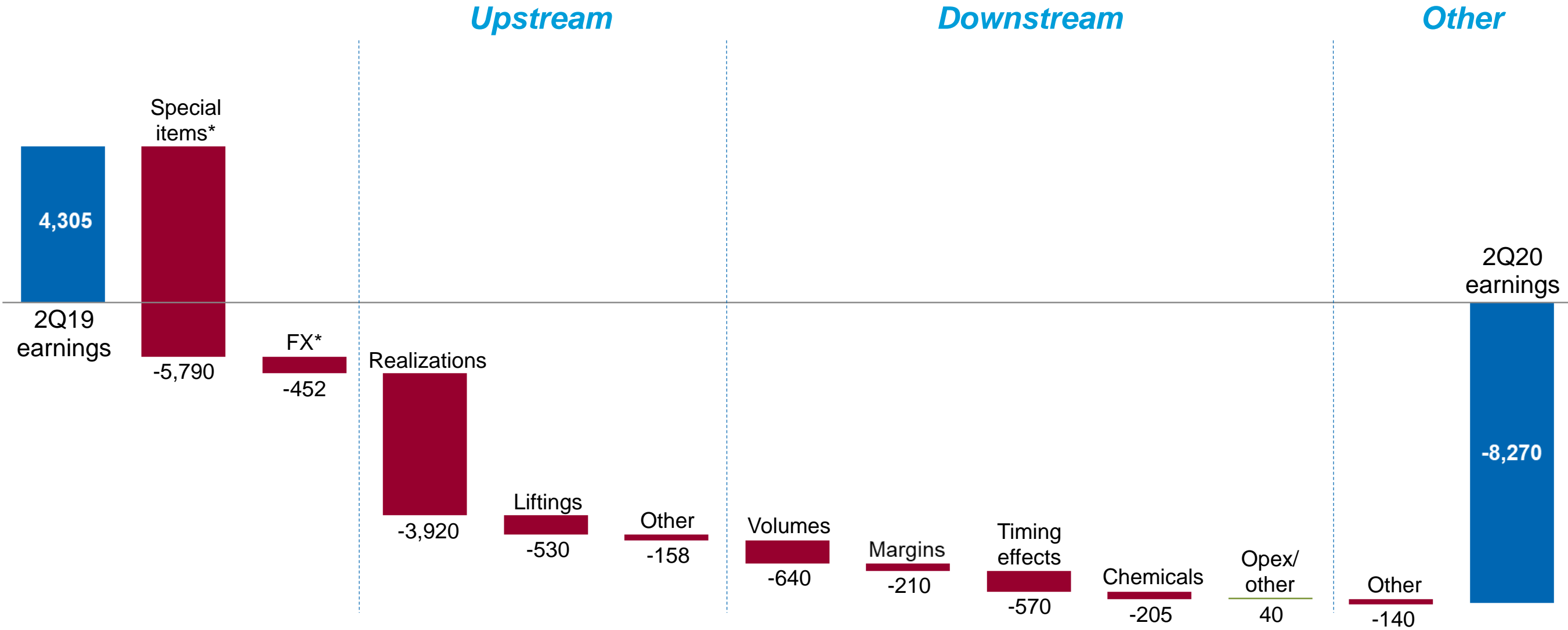


<sup>2</sup> Chevron net debt ratios from 3/31/2018 through 6/30/2020. Net debt ratio of competitors from 3/31/2018 through 3/31/2020. All figures are based on published financial reports for each company. Reconciliation of non-GAAP measures can be found in the appendix.



# Chevron earnings 2Q20 vs. 2Q19

\$ millions



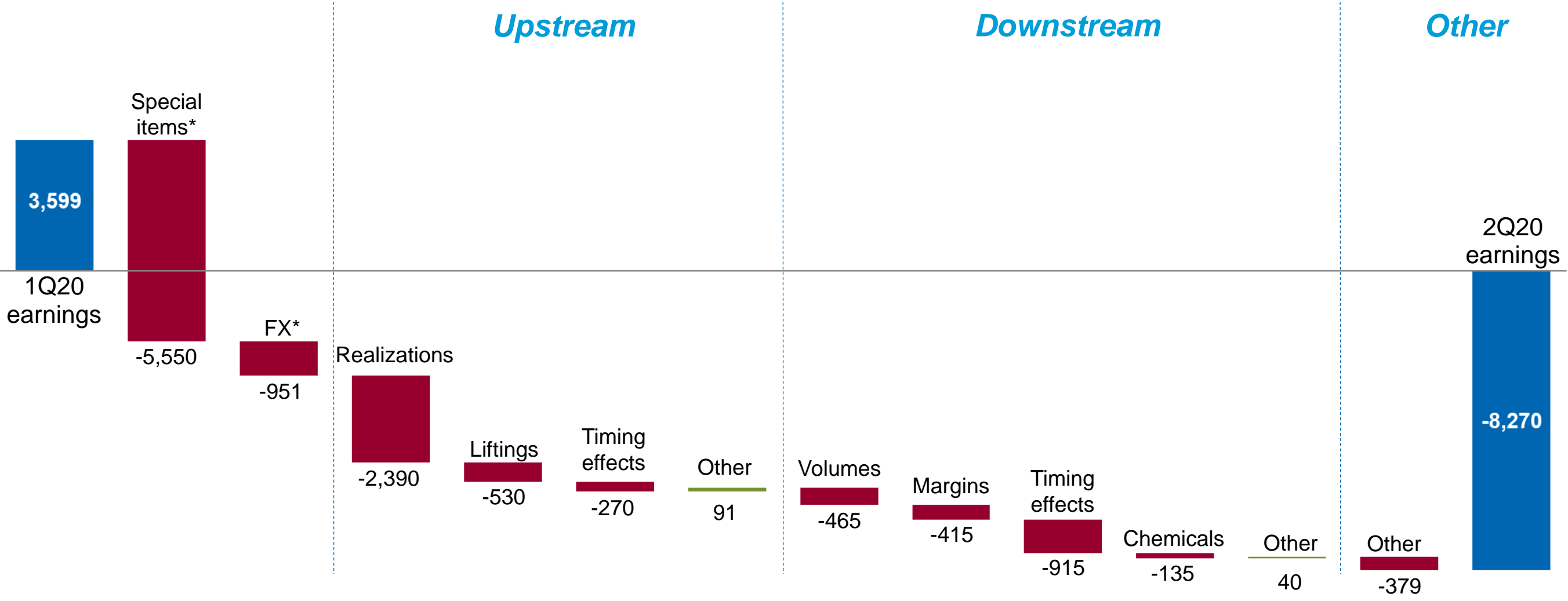
\* Reconciliation of special items and FX can be found in the appendix.



# Chevron earnings

## 2Q20 vs. 1Q20

\$ millions



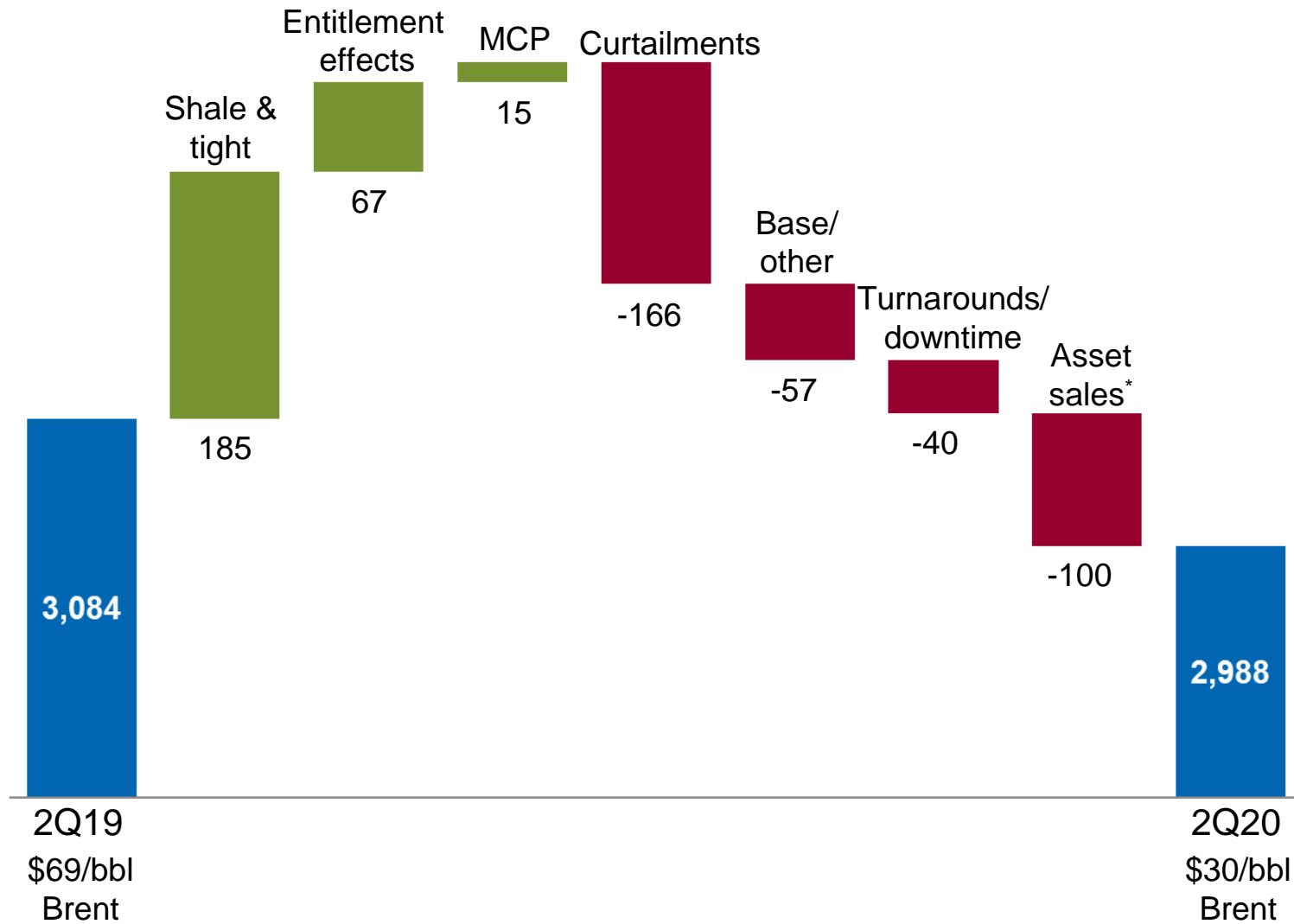
\* Reconciliation of special items and FX can be found in the appendix.





# Worldwide net oil & gas production 2Q20 vs. 2Q19

MBOED

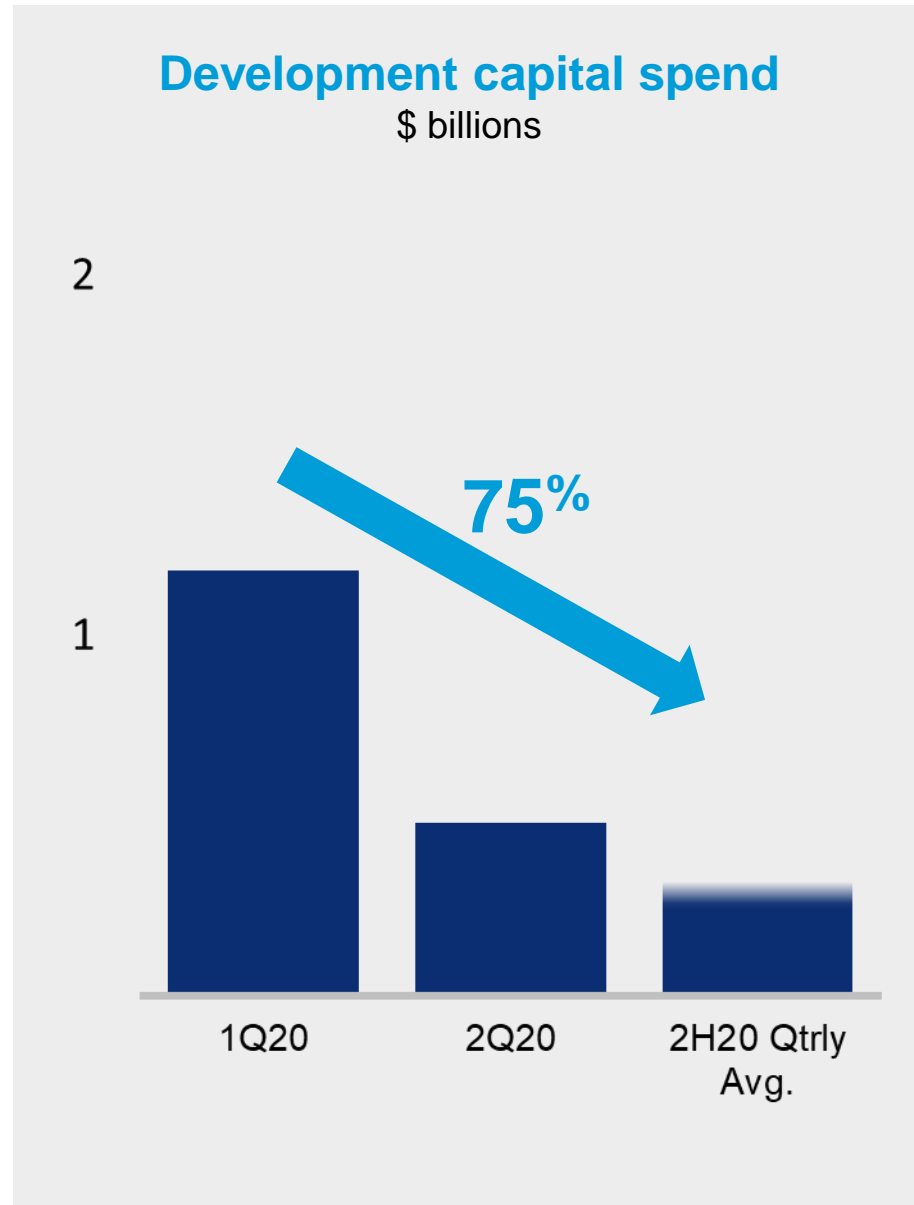


- + Permian growth
- + Entitlement effects
- OPEC+ and market-driven curtailments
- United Kingdom, Azerbaijan and Philippines asset sales

\* Includes impact of 2019 and 2020 asset sales on 2020 production.  
Note: Numbers may not sum due to rounding.



# Reducing Permian capital while improving efficiency



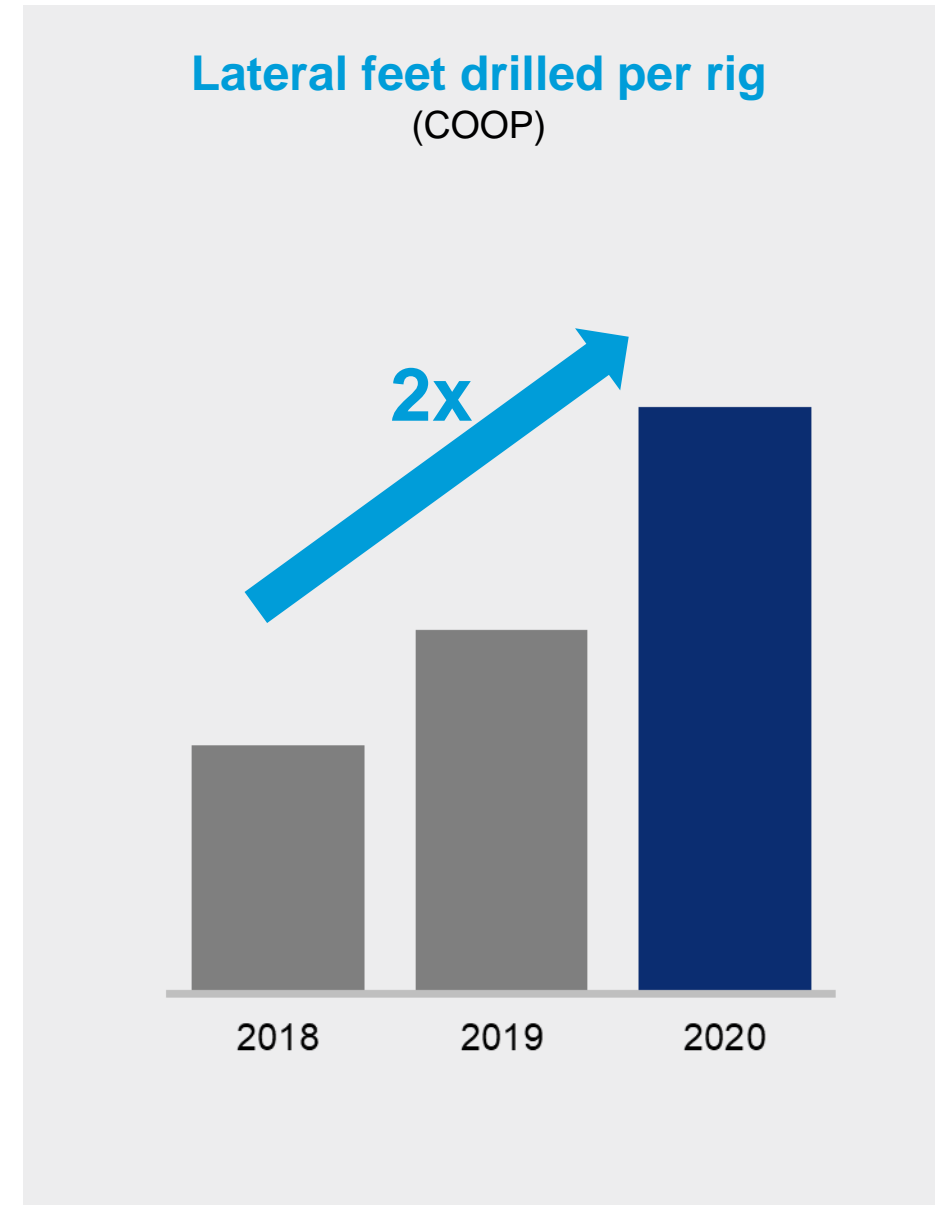
Demonstrating capital flexibility

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Continuing focus on efficiency

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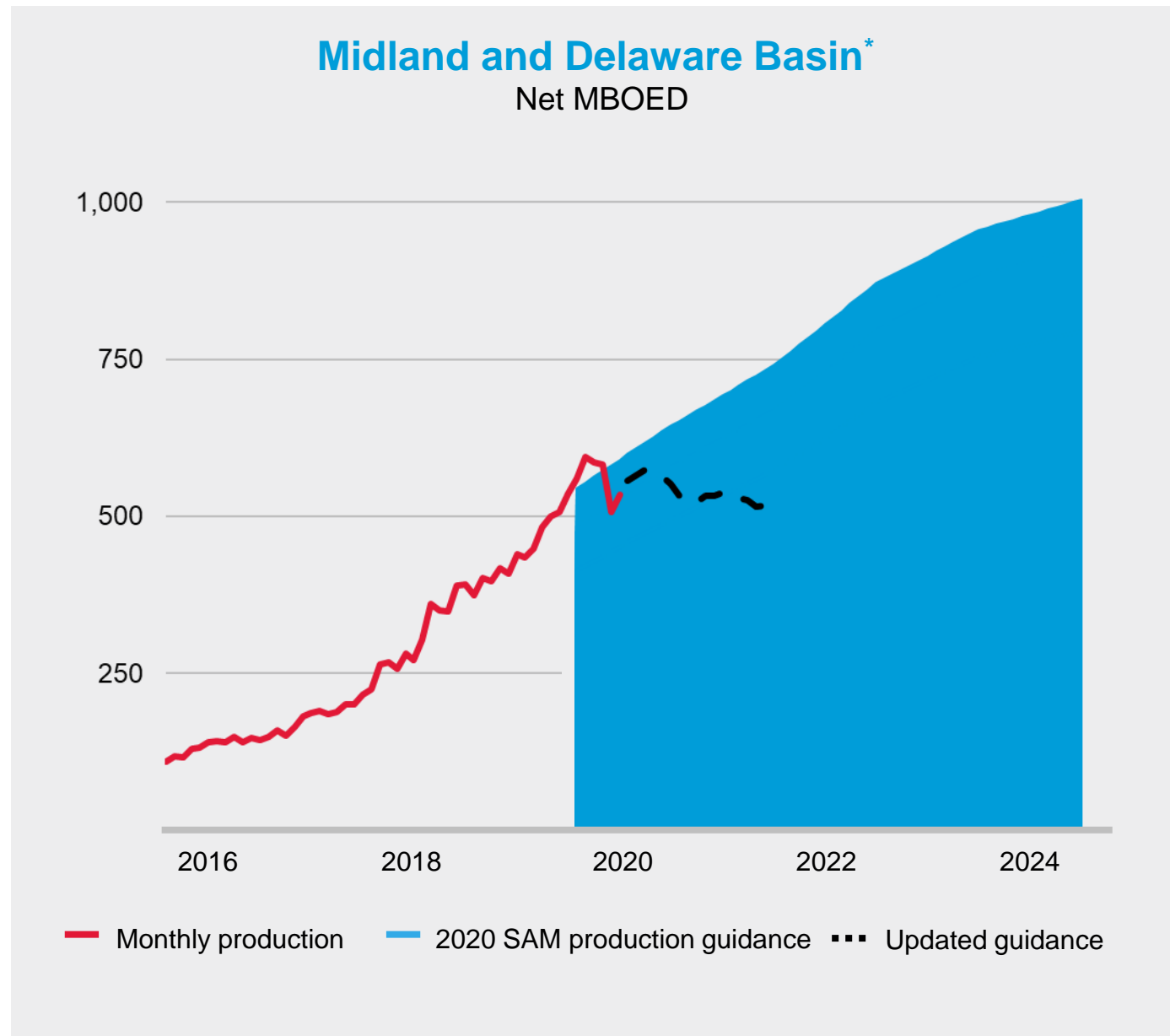
Free cash flow positive in 2020\*



\* Free cash flow is defined as estimated cash flow from operations less cash capital expenditures. Based on forward strip pricing as of 7/27/2020.



# Expect lower near-term production



Focused on preserving  
**long-term value**

Long-term resource  
**outlook unchanged**

Maintaining  
**ramp-up capability**

\*Midland and Delaware Basin production reflects shale & tight production only. Forecast assumes current activity through 2021 and excludes any impact from the Noble Energy acquisition.



# TCO FGP-WPMP progressing

## 2Q20 update

Overall progress 79%, construction at 57%

- Module fabrication complete
- Remaining modules in transit
- All materials on site for 2020 critical path
- Limited procurement impacts
- Construction workforce impacted by COVID



# TCO FGP-WPMP outlook

## Near-term action plan

Working with health experts and regulatory agencies

Comprehensive COVID mitigation measures

Crew change and initial remobilization

## 2H20 outlook

Complete the final sealift

Progress critical path construction activities

Preserve limited schedule 'float'

Complete remobilization and sustain construction workforce





# Recent highlights

## Upstream

### PZ operations restarted

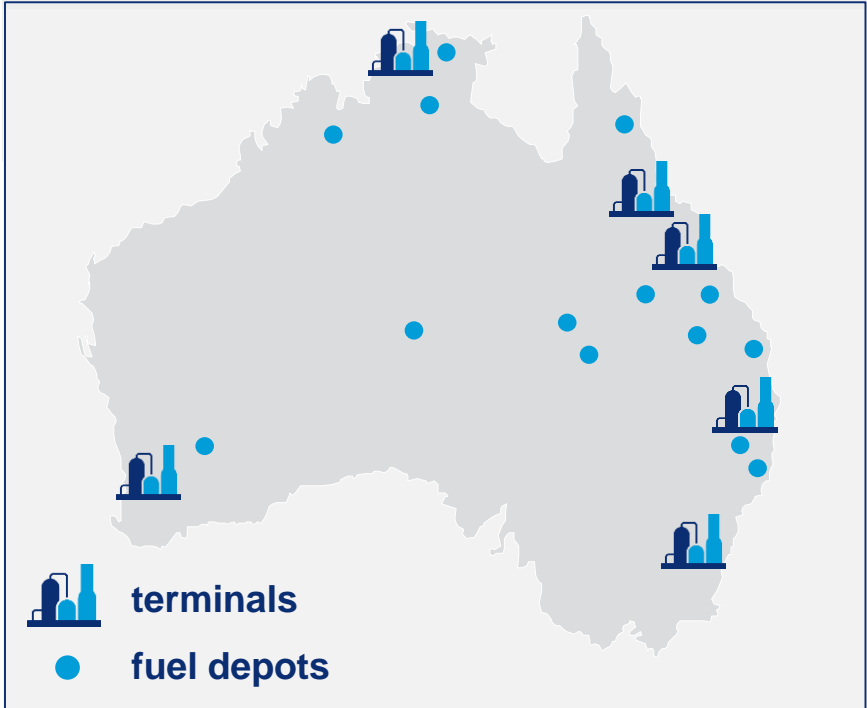
Safe start-up of production on July 1<sup>st</sup>  
First export completed on July 30<sup>th</sup>



## Downstream

### Puma Energy (Australia) acquisition

Asia Pacific value chain integration  
Extension of Caltex brand



## Renewables

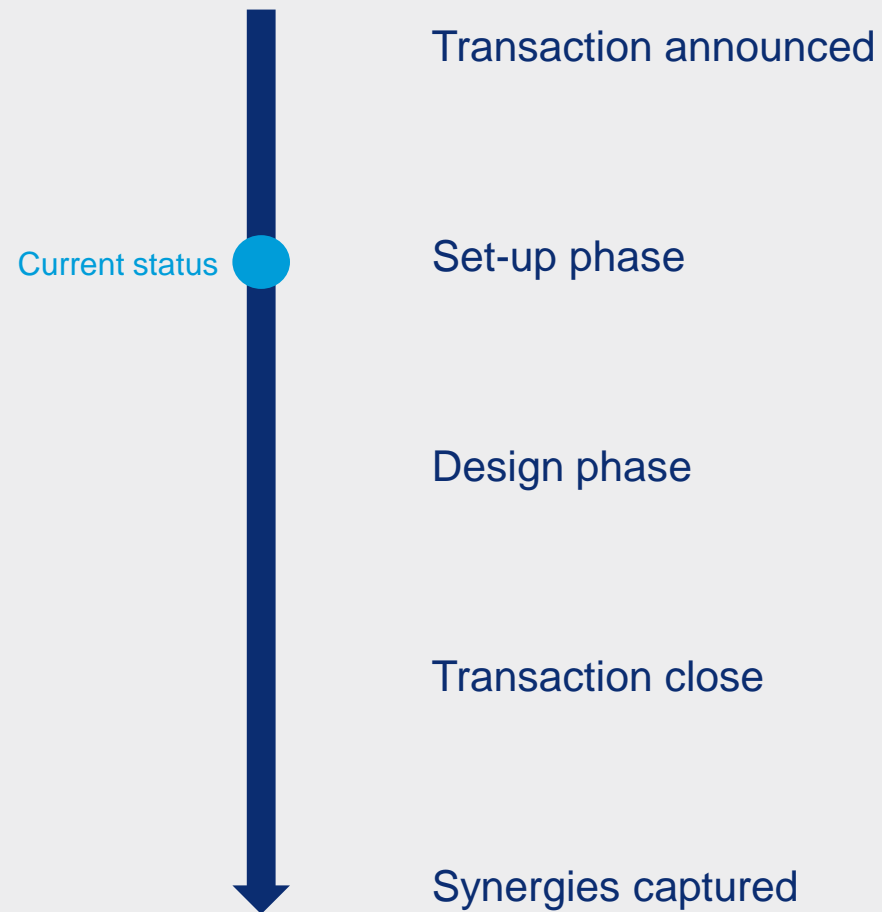
### Algonquin partnership

Intent to develop >500 MW  
Supports global operations



# Noble Energy acquisition update

## Timeline



**Integration planning**  
underway

Leverage  
**internal transformation**

**Rapid synergy capture**  
expected

# Looking ahead

## Forward guidance



	3Q20	Updated 2020
UPSTREAM	<ul style="list-style-type: none"> <li>• Curtailments ~(150) MBOED</li> <li>• Turnarounds ~(110) MBOED</li> <li>• 3-6 month LNG pricing lag</li> </ul>	<ul style="list-style-type: none"> <li>• Net production roughly flat with 2019</li> <li>• TCO co-lending ~\$2B</li> </ul>
DOWNSTREAM	<ul style="list-style-type: none"> <li>• Refinery turnarounds: \$(100) – \$(200)MM A/T earnings</li> </ul>	
CORPORATE		<ul style="list-style-type: none"> <li>• “Other” segment earnings ~\$(2.5)B (excl. special items)</li> <li>• Distributions less affiliate income &lt;\$(1)B (excl. special items)</li> </ul>

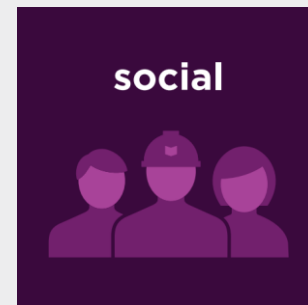
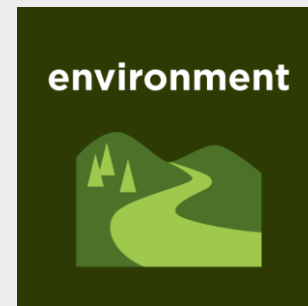






# Committed to ESG while executing market response plan

## Robust disclosure and ESG commitment



## Market response

Maintain safe and reliable operations

Reduce short-cycle capital

Drive operating costs savings

Guard balance sheet

Preserve long-term value

questions



answers



# Appendix: reconciliation of non-GAAP measures

## Reported earnings to adjusted earnings

	2Q19	3Q19	4Q19	1Q20	2Q20
<b>Reported earnings (\$ millions)</b>					
Upstream	3,483	2,704	(6,734)	2,920	(6,089)
Downstream	729	828	672	1,103	(1,010)
All Other	93	(952)	(548)	(424)	(1,171)
<b>Total reported earnings</b>	<b>4,305</b>	<b>2,580</b>	<b>(6,610)</b>	<b>3,599</b>	<b>(8,270)</b>
Diluted weighted avg. shares outstanding ('000)	1,902,977	1,893,928	1,872,317	1,865,649	1,853,313
<b>Reported earnings per share</b>	<b>\$2.27</b>	<b>\$1.36</b>	<b>\$(3.51)</b>	<b>\$1.93</b>	<b>\$(4.44)</b>
<b>Special items (\$ millions)</b>					
UPSTREAM					
Asset dispositions	--	--	1,200	240	310
Impairments and other*	180	--	(10,350)	440	(4,810)
Subtotal	180	--	(9,150)	680	(4,500)
DOWNSTREAM					
Asset dispositions	--	--	--	--	--
Impairments and other*	--	--	--	--	(140)
Subtotal	--	--	--	--	(140)
ALL OTHER					
Impairments and other*	740	(430)	--	--	(230)
Subtotal	740	(430)	--	--	(230)
<b>Total special items</b>	<b>920</b>	<b>(430)</b>	<b>(9,150)</b>	<b>680</b>	<b>(4,870)</b>
<b>Foreign exchange (\$ millions)</b>					
Upstream	22	49	(226)	468	(262)
Downstream	(9)	27	(32)	60	(23)
All other	2	(2)	2	(14)	(152)
<b>Total FX</b>	<b>15</b>	<b>74</b>	<b>(256)</b>	<b>514</b>	<b>(437)</b>
<b>Adjusted Earnings (\$ millions)</b>					
Upstream	3,281	2,655	2,642	1,772	(1,327)
Downstream	738	801	704	1,043	(847)
All Other	(649)	(520)	(550)	(410)	(789)
<b>Total adjusted earnings (\$ millions)</b>	<b>3,370</b>	<b>2,936</b>	<b>2,796</b>	<b>2,405</b>	<b>(2,963)</b>
<b>Adjusted earnings per share</b>	<b>\$1.77</b>	<b>\$1.55</b>	<b>\$1.49</b>	<b>\$1.29</b>	<b>\$(1.59)</b>

\* Includes asset impairments, write-offs, tax items, Anadarko termination fee, severance charges, and other special items.



# Appendix: reconciliation of non-GAAP measures

## Cash flow from operations excluding working capital

### Operating expenses excluding special items

<b>\$ millions</b>	<b>2Q20</b>
Net Cash Provided by Operating Activities	80
Less: Net Decrease (Increase) in Operating Working Capital	723
<b>Cash Flow from Operations Excluding Working Capital</b>	<b>(643)</b>

<b>\$ millions</b>	<b>2019</b>	<b>1H20</b>
Operating expenses*	25,945	13,270
Less: Special items	345	1,014
<b>Operating expenses ex-special items</b>	<b>25,600</b>	<b>12,256</b>

\*Includes operating expense, selling, general and administrative expense, and other components of net periodic benefit costs.

Note: Numbers may not sum due to rounding.

# Appendix: reconciliation of non-GAAP measures

## Net debt ratio

\$ millions	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Short term debt	8,601	8,598	6,121	5,726	7,023	5,588	7,795	3,282	8,688	3,751
Long term debt*	31,144	29,919	29,989	28,733	26,064	25,061	25,056	23,691	23,663	30,302
<b>Total debt</b>	<b>39,745</b>	<b>38,517</b>	<b>36,110</b>	<b>34,459</b>	<b>33,087</b>	<b>30,649</b>	<b>32,851</b>	<b>26,973</b>	<b>32,351</b>	<b>34,053</b>
Less: Cash and cash equivalents	6,466	7,628	9,686	9,342	8,699	8,513	11,697	5,686	8,492	6,855
Less: Time deposits	-	-	-	950	-	-	-	-	-	-
Less: Marketable securities	38	58	60	53	56	58	58	63	50	59
<b>Total adjusted debt</b>	<b>33,241</b>	<b>30,831</b>	<b>26,364</b>	<b>24,114</b>	<b>24,332</b>	<b>22,078</b>	<b>21,096</b>	<b>21,224</b>	<b>23,809</b>	<b>27,139</b>
Total Chevron Corporation Stockholder's Equity	150,356	152,198	153,575	154,554	155,045	156,395	155,841	144,213	143,930	134,118
<b>Total adjusted debt plus total Chevron Stockholder's Equity</b>	<b>183,597</b>	<b>183,029</b>	<b>179,939</b>	<b>178,668</b>	<b>179,377</b>	<b>178,473</b>	<b>176,937</b>	<b>165,437</b>	<b>167,739</b>	<b>161,257</b>
<b>Net debt ratio</b>	<b>18.1%</b>	<b>16.8%</b>	<b>14.7%</b>	<b>13.5%</b>	<b>13.6%</b>	<b>12.4%</b>	<b>11.9%</b>	<b>12.8%</b>	<b>14.2%</b>	<b>16.8%</b>

\* Includes capital lease obligations / finance lease liabilities.  
Note: Numbers may not sum due to rounding.

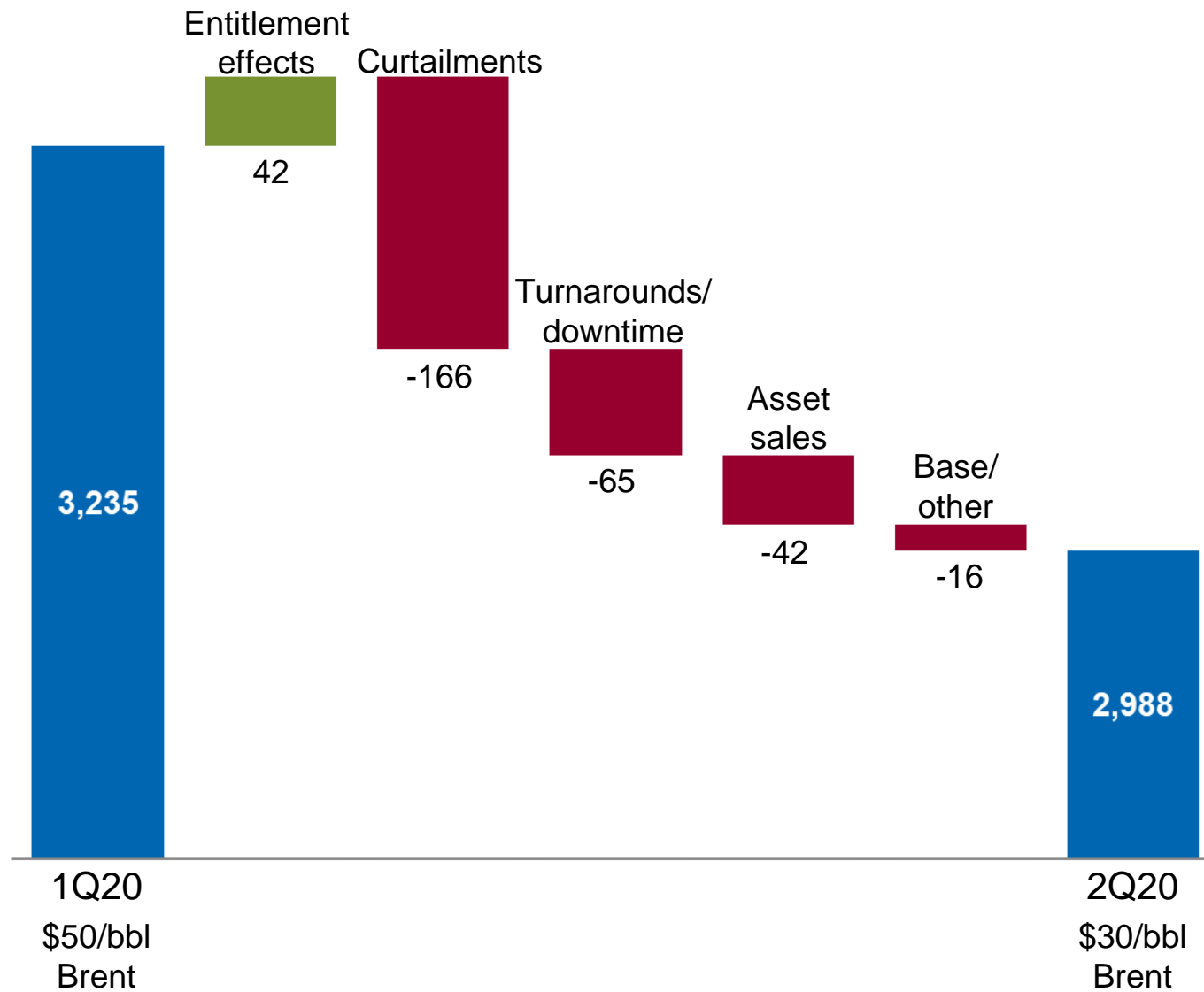
# Appendix: overview of 2Q20 special items

	\$ billions				
	DD&A (B/T)	Deferred income tax	OPEX (B/T)	Exploration expense (B/T)	Income from equity affiliates (B/T)
2Q20 reported	\$6.7	\$(2.6)	\$7.2	\$0.9	\$(2.5)
Impairments & Write-offs	\$2.6	\$(0.9)	--	\$0.5	\$(2.6)
Severance	--	\$(0.2)	\$1.0	--	--
Other	--	\$(0.4)	--	--	--
2Q20 excluding special items	\$4.2	\$(1.1)	\$6.2	\$0.4	\$0.1

Note: Numbers may not sum due to rounding.

# Worldwide net oil & gas production 2Q20 vs. 1Q20

MBOED



- + Entitlement effects
- OPEC+ and other market-driven curtailments
- Higher turnarounds and downtime
- Azerbaijan and Philippines asset sales
- Venezuela impact

Note: Numbers may not sum due to rounding.

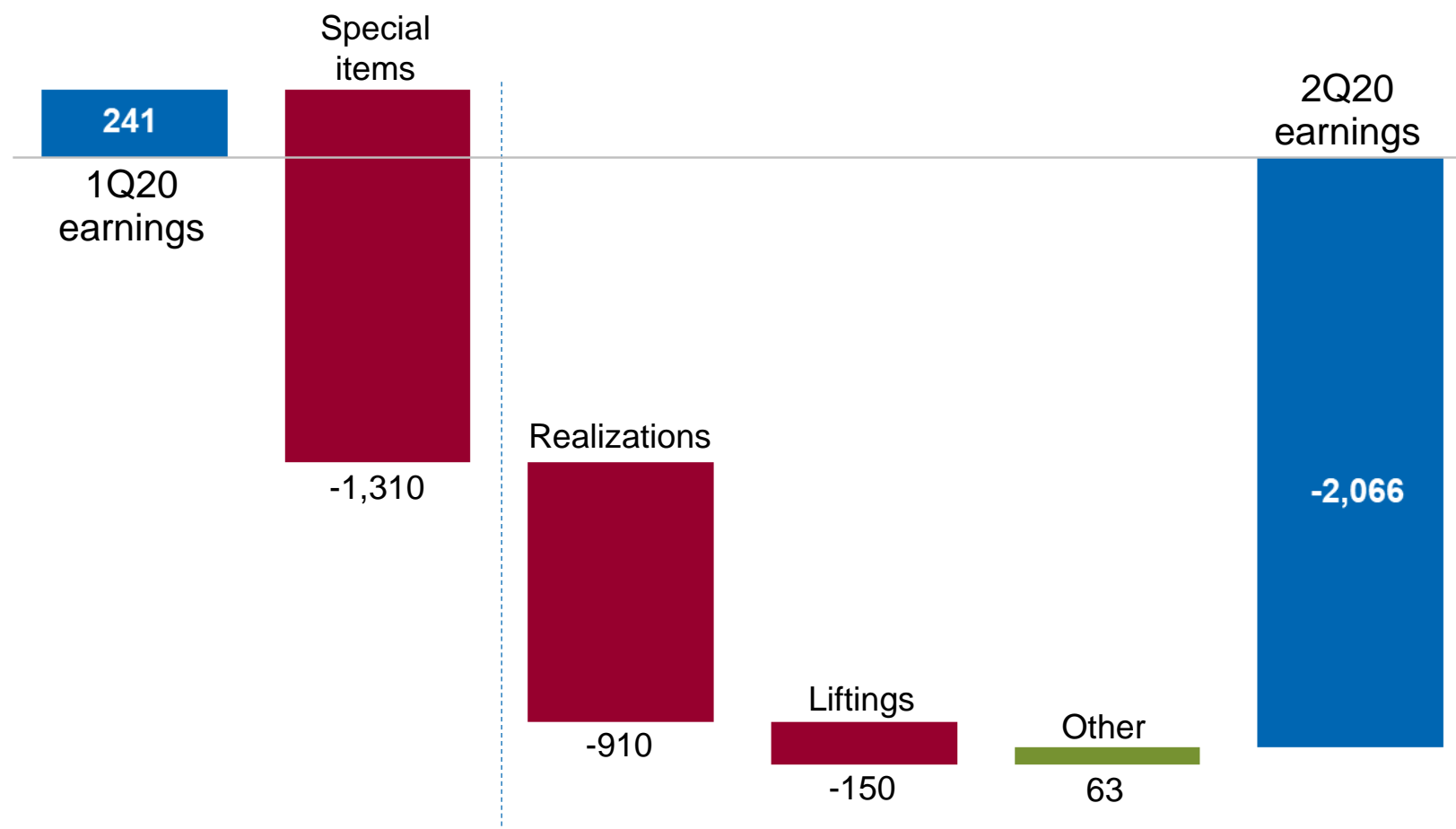




# Appendix

## U.S. upstream earnings: 2Q20 vs. 1Q20

\$ millions



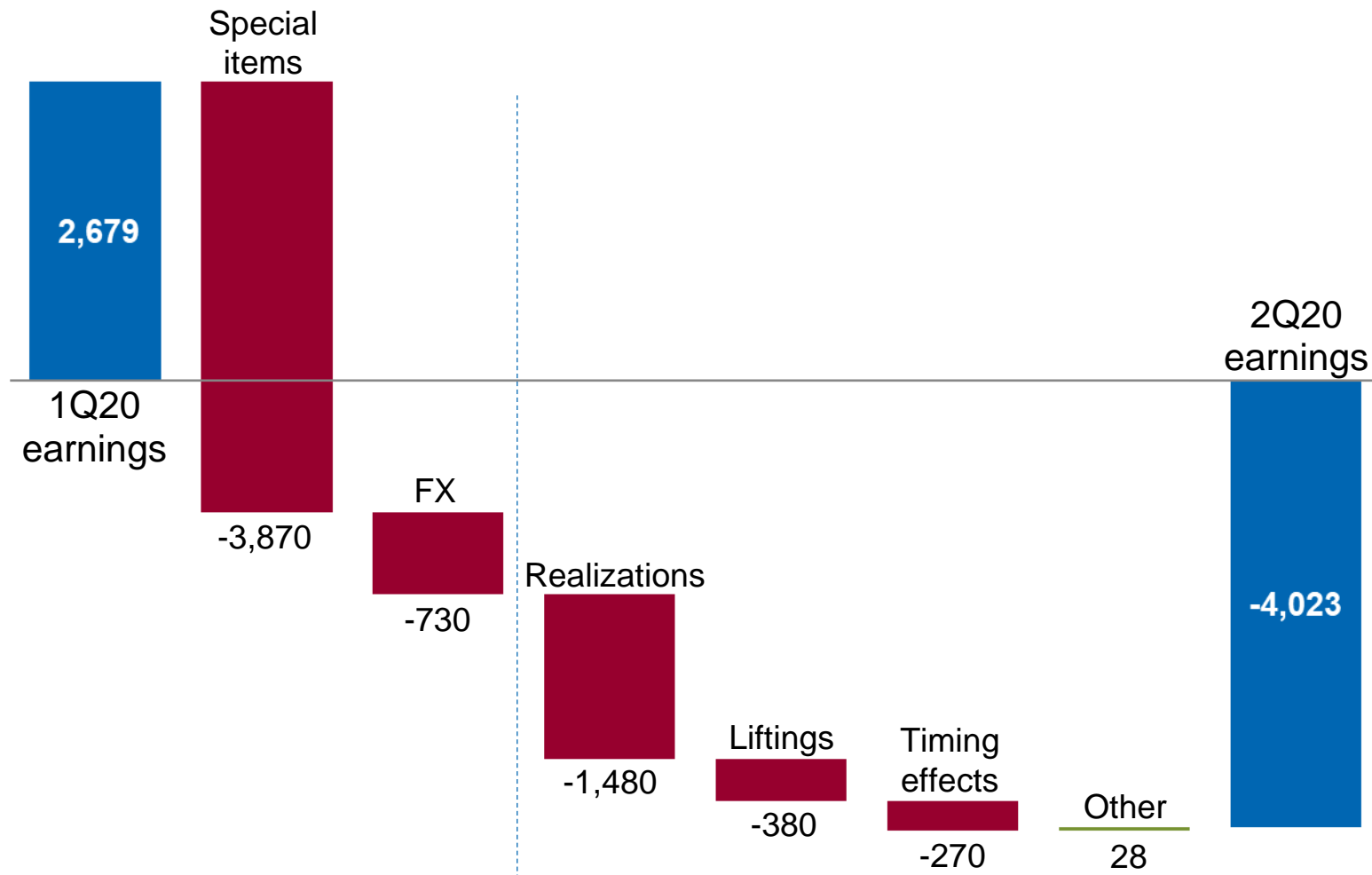
- Primarily impairments associated with Gulf of Mexico and Permian conventional
- Lower crude realizations
- Lower production



# Appendix

## International upstream earnings: 2Q20 vs. 1Q20

\$ millions

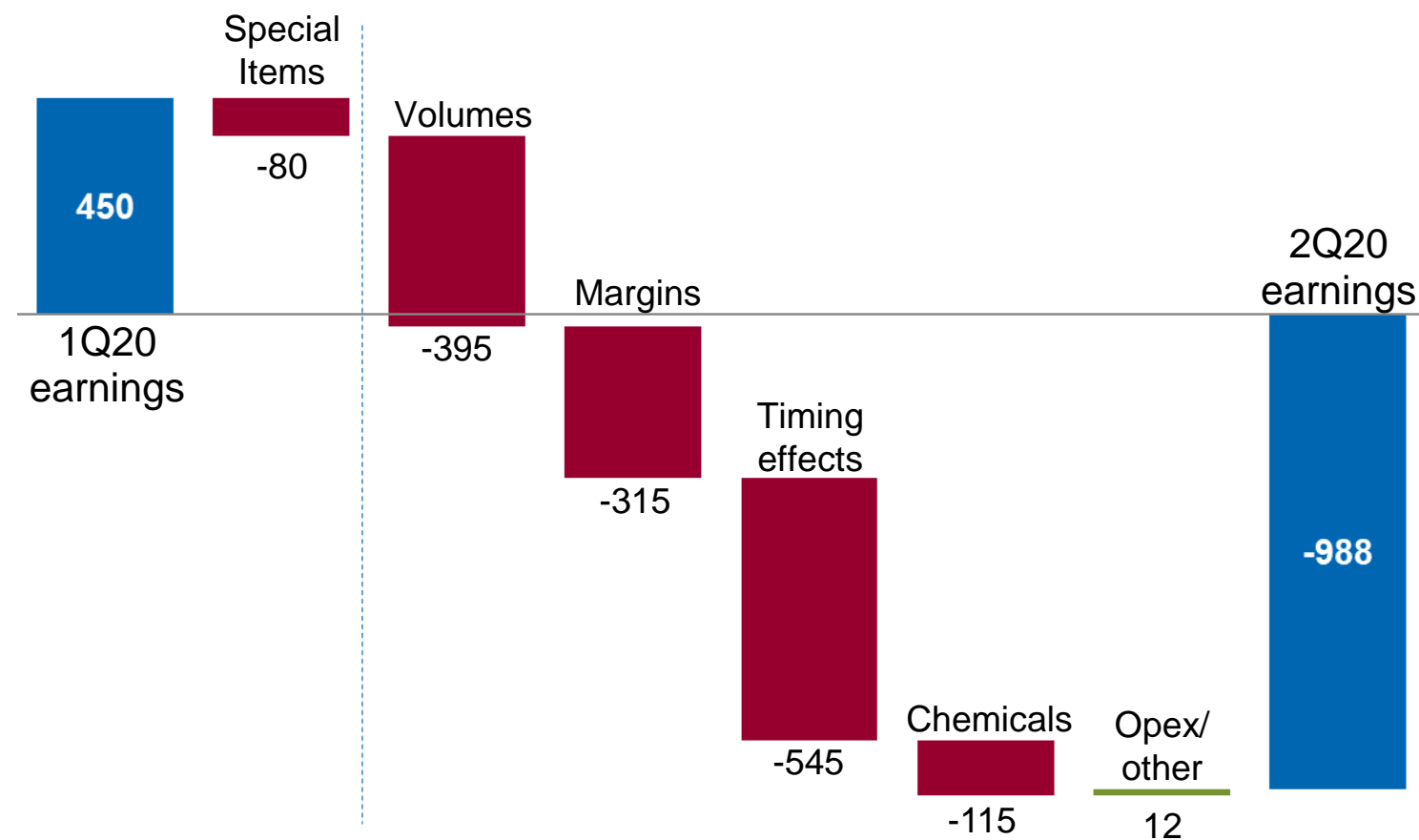


- Primarily impairments associated with Venezuela
- Lower crude realizations
- Lower production
- Swing in timing effects

# Appendix

## U.S. downstream earnings: 2Q20 vs. 1Q20

\$ millions

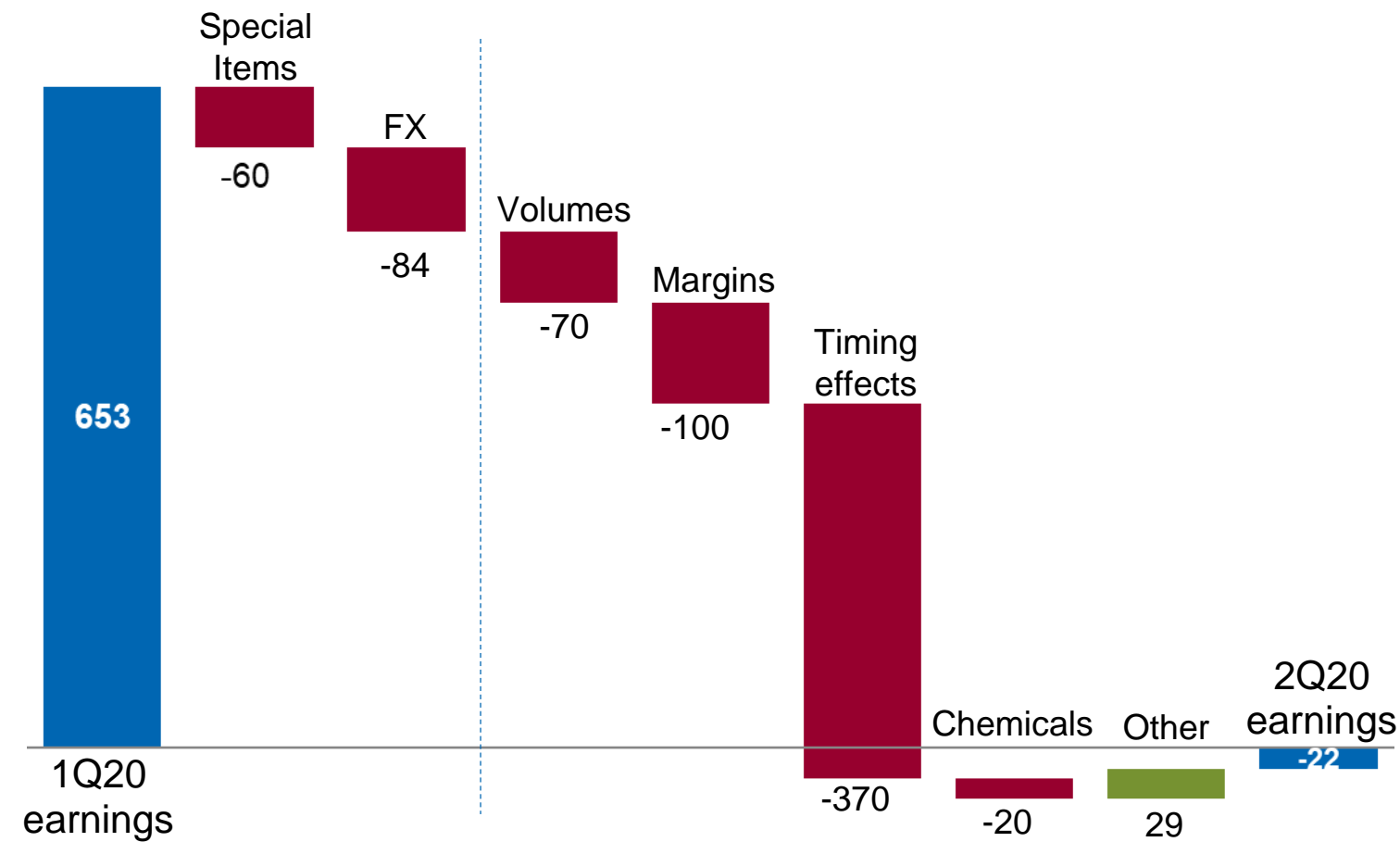


- Lower utilization due to reduced demand
- Lower refining and marketing margins
- Swing in timing effects
- Lower chemical margins

# Appendix

## International downstream earnings: 2Q20 vs. 1Q20

\$ millions



- Lower product demand
- Lower marketing margins
- Swing in timing effects