the human energy company™ Chevron

First quarter 2021 earnings call

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Welcome to Chevron's first quarter earnings conference call and webcast. I am Roderick Green, GM of Investor Relations and on the call with me today is Pierre Breber, CFO.

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

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 presentation contains forward-looking statements relating to Chevron's operations that are based on management's current expectations, estimates and projections about the petroleum, chemicals and other energy-related industries. Words or phrases such as "anticipates," "expects," "intends," "plans," "targets," "forecasts," "projects," "believes," "approaches," "seeks," "schedules," "estimates," "positions," "pursues," "may," "could," "should," "will," "budgets," "outlook," "trends," "guidance," "focus," "on track," "goals," "objectives," "strategies," "advances," "commits," "opportunities," "poised," "potential" and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond the company's control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Unless legally required, Chevron undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Among the 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 ability to achieve the anticipated benefits from the acquisition of Noble Energy, Inc.; 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 23 of the company's 2020 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.

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.

Terms such as "resources" may be used in this presentation to describe certain aspects of Chevron's portfolio and oil and gas properties beyond the proved reserves. For definitions of, and further information regarding, this and other terms, see the "Glossary of Energy and Financial Terms" on pages 54 through 55 of Chevron's 2020 Supplement to the Annual Report available at chevron.com.

This presentation is meant to be read in conjunction with the First Quarter 2021 Transcript posted on chevron.com under the headings "Investors," "Events & Presentations."

Before we get started, please be reminded that this presentation contains estimates, projections, and other forward-looking statements.

Please review the cautionary statement on Slide 2.

Now, I will turn it over to Pierre.

Financial highlights

	1Q21
Earnings / Earnings per diluted share	$1.4 billion / $0.72
Adjusted earnings / EPS[1]	$1.7 billion / $0.90
Cash flow from operations / excl. working capital[1]	$4.2 billion / $5.1 billion
Total C&E / Organic C&E	$2.5 billion / $2.4 billion
ROCE / Adjusted ROCE[1,2]	3.6% / 4.4%
Dividends paid	$2.5 billion
Debt ratio / Net debt ratio[3]	25.6% / 22.5%

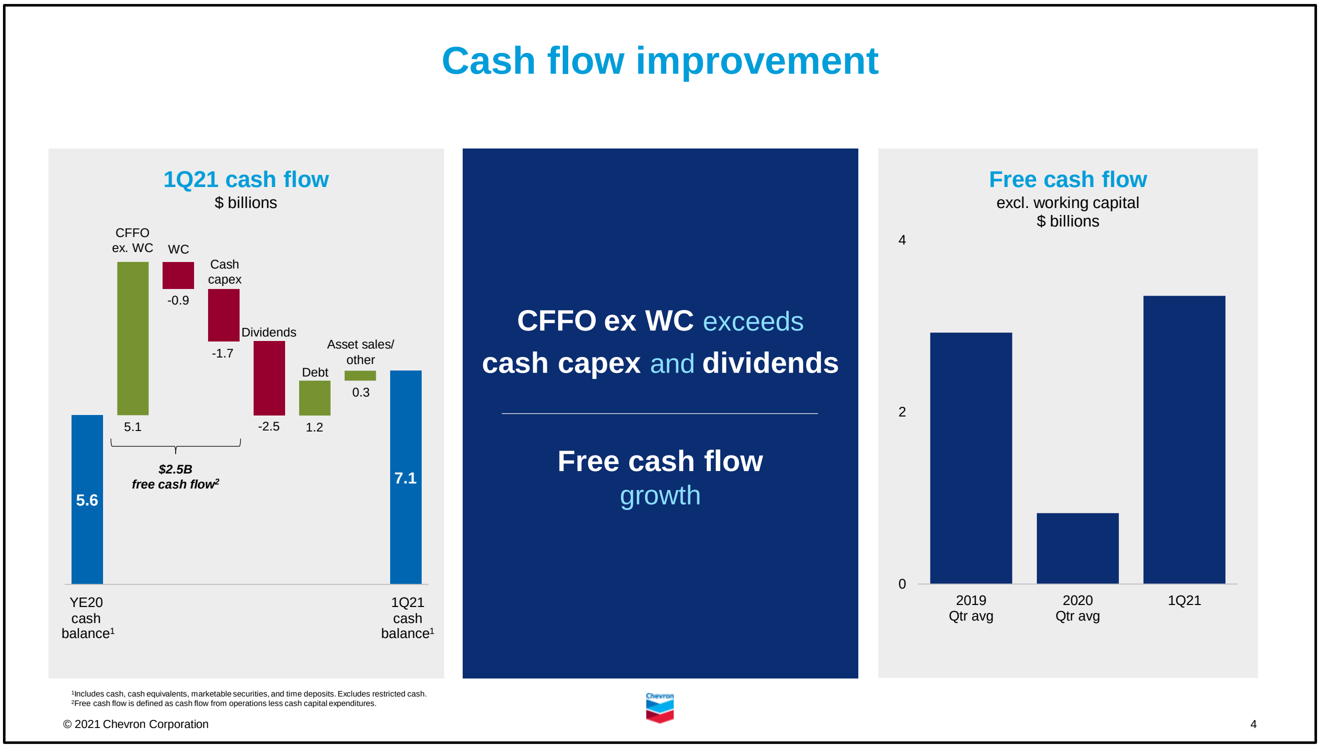
[1]Reconciliation of special items, FX, and other non-GAAP measures can be found in the appendix.
[2] Quarterly ROCE and Adjusted ROCE calculated based on annualized earnings.
[3]As of 3/31/21. Net debt ratio is defined as debt less cash equivalents, marketable securities and time deposits divided by debt less cash equivalents, marketable securities and time deposits plus stockholders' equity.

Thanks Roderick.

This quarter, we had our best financial performance of the last year as the global economy recovers.

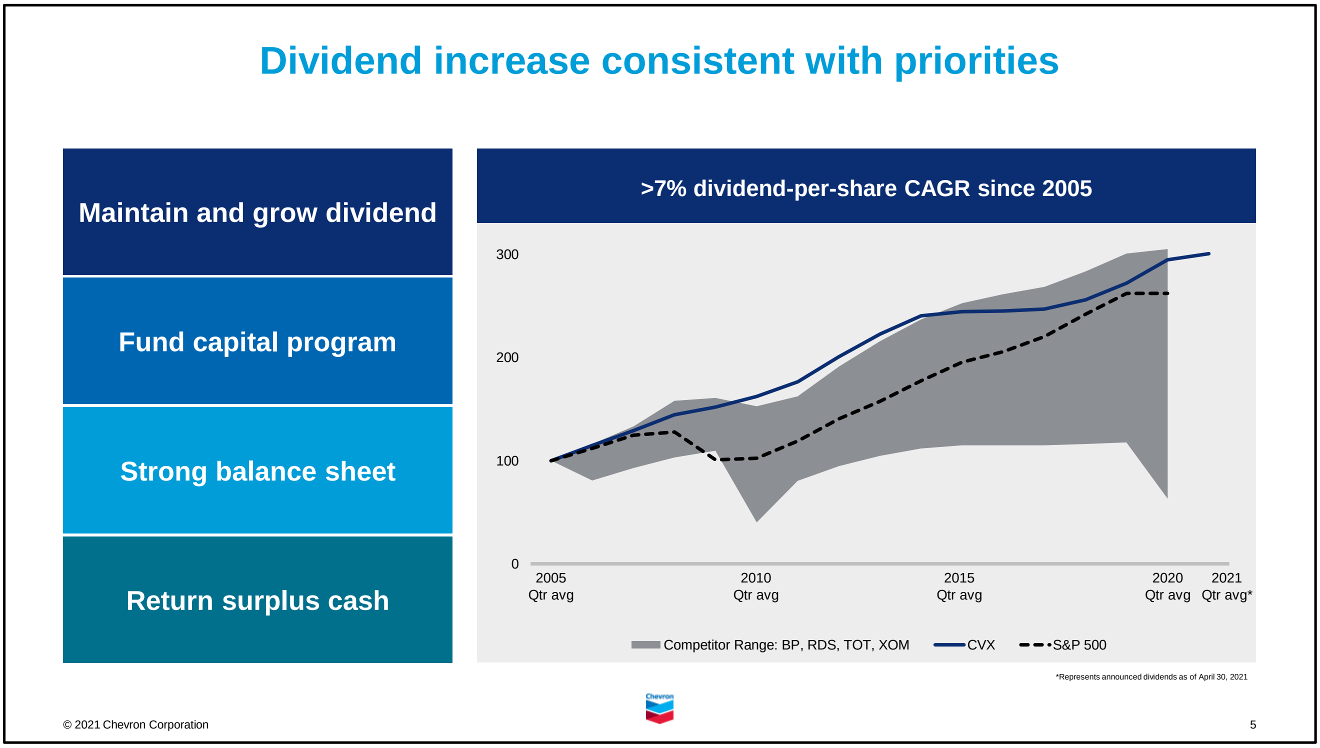
Reported earnings were $1.4 billion and adjusted earnings were $1.7 billion, or $0.90 per share. Included in the current quarter were pension settlement costs and legal reserves totaling $351 million. Pension settlement and curtailment costs will be a special item going forward. For comparability purposes, 2020 adjusted earnings were recast to exclude these costs. Also found in the appendix to this presentation is a reconciliation of non-GAAP measures.

Capex was down over 40% from a year ago and we ended the quarter with a net debt ratio of 22.5%.



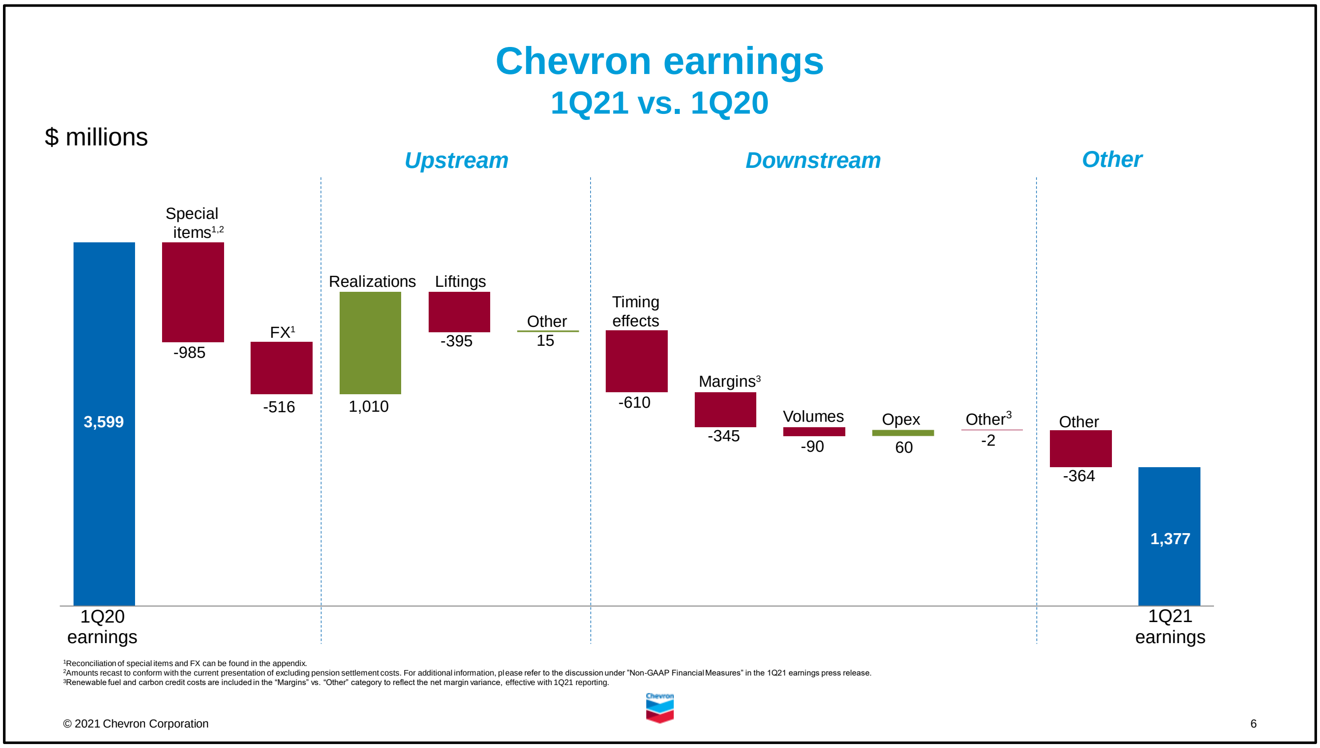
For the first time since the pandemic, cash flow from operations excluding working capital exceeded our cash capex and dividend spending. Cash balances ended the quarter slightly higher due to timing considerations. We expect cash balances to come back down later in the year.

Free cash flow excluding working capital was $3.4 billion, up significantly from last year and higher than the 2019 quarterly average. With oil prices back up to around 2019 levels and downstream earnings still recovering, higher free cash flow this quarter is driven by the change in cash capex – less than half of the 2019 quarterly average.



Maintaining and growing our dividend remains our top financial priority. Earlier this week, Chevron's board of directors approved a 5 cents per share dividend increase, about 4%, that positions Chevron to extend our streak to 34 consecutive years of higher annual dividend per share payouts. Since 2005, Chevron's dividend per share has grown over 7% per year – beating the S&P 500 and more than 4 times our peer average.

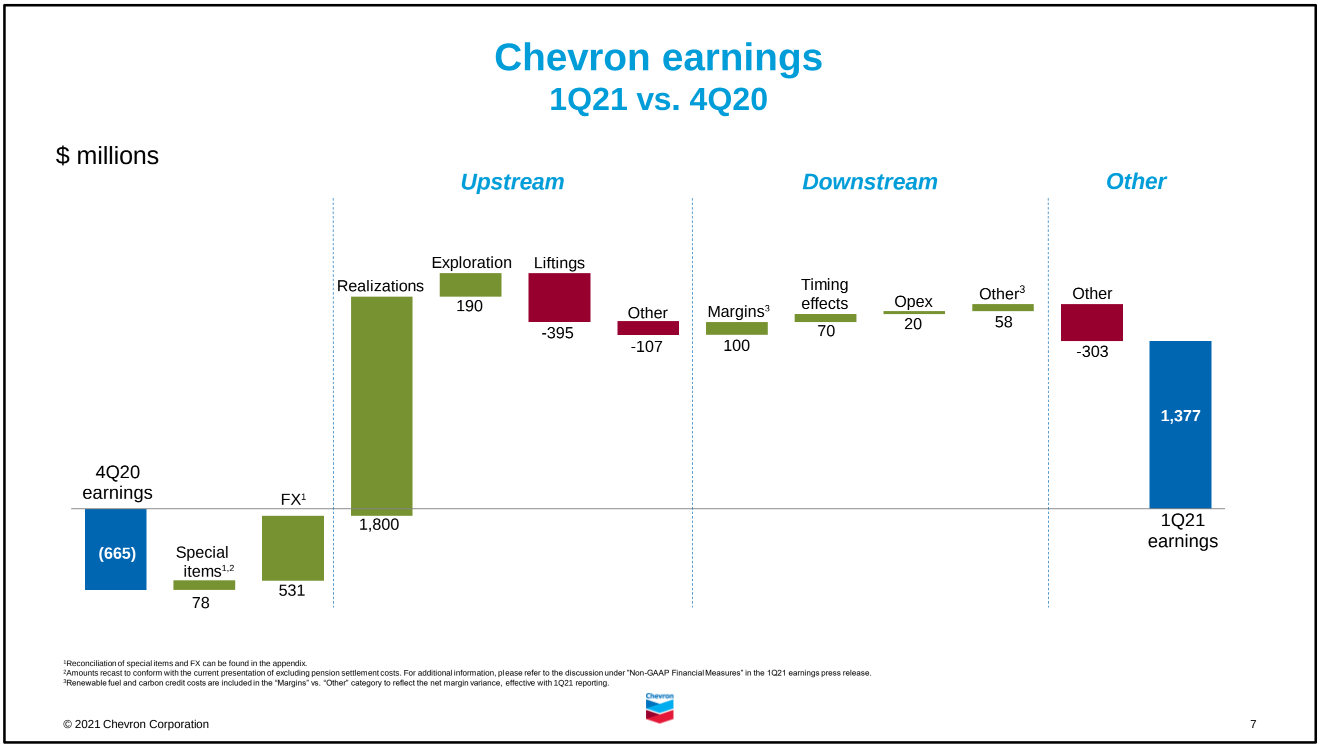
When our first three financial priorities have been met, we also have a track record of repurchasing shares – 13 out of the past 17 years. As we look forward, we expect to begin the repurchase of shares when we're confident that we can sustain a buyback program for multiple years through the oil price cycle. When making this decision, we'll consider the likelihood of future sustained excess cash generation and the strength of the balance sheet.



Adjusted first quarter earnings decreased about $700 million versus the same quarter last year.

Upstream earnings increased on higher prices and downstream earnings declined on a swing in timing effects and lower margins and volumes resulting from the pandemic. Both segments had negative impacts from Winter Storm Uri.

Other was down primarily due to employee benefit costs.



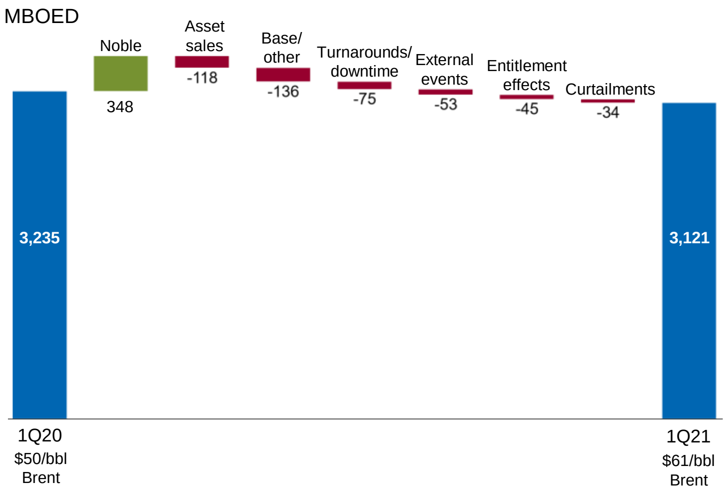
Compared with last quarter, adjusted Upstream earnings were up more than $1.4 billion due to higher prices.

Downstream earnings increased primarily due to margins and timing effects, including the absence of last quarter's year-end inventory valuation adjustment of more than $100 million.

Other was down in part due to employee benefit costs.

Worldwide net oil & gas production

1Q21 vs. 1Q20



+ Noble acquisition
- Appalachian, Philippines and Azerbaijan asset sales
- Winter Storm Uri

Note: Numbers may not sum due to rounding.

Upstream production was down 3.5% from a year ago. The increase in production due to the Noble acquisition was more than offset by a number of factors including declines, asset sales, Winter Storm Uri, and OPEC+ curtailments.

Recent updates

Winter Storm Uri

Earnings impact ~$300MM

All upstream production restored

All major downstream
and chemical units restarted

Equatorial Guinea

Alen gas monetization project

First cargo in March 2021

Leverages existing infrastructure

NBLX

Acquisition agreement signed

All-stock deal

Expected to close mid-May 2021

Winter Storm Uri impacted both our upstream and downstream businesses with earnings impact of about $300MM after tax in the quarter. All upstream production has been restored, and major downstream and chemical units have restarted.

We also achieved first gas flow from the successful execution of the Alen Gas Monetization Project in Equatorial Guinea. This project allows gas from the Alen field to be processed through existing onshore facilities.

Finally, the company announced an agreement to acquire all of the publicly held common units in NBLX. This stock transaction is expected to close in mid-May.

Energy transition actions

Toyota Hydrogen MOU

Pursuing a strategic alliance

Collaborate on H2 infrastructure policy

Explore H2 transportation/storage R&D

Venture activity

Partnering in emerging technologies

Five investments announced YTD

Launched Future Energy Fund II

Eavor™ BASELOAD CAPITAL Blue Planet. Starfire Energy OCERGY

Mendota project

Generating bioenergy with CCS

Net-negative emissions expected

Target to remove 300K annual tons CO2

We continued to take action to advance a lower carbon future.

Last week, we announced an MOU with Toyota to work together to develop commercially viable, large-scale businesses in hydrogen.

Also, we've continued to invest in emerging low-carbon technologies, including announcing five venture investments this year in geothermal power, offshore wind and green ammonia.

In addition, we're in the early stages of developing a bioenergy project with carbon capture and sequestration in Mendota, California. This plant is expected to convert agricultural waste biomass, such as almond trees, into a gas to generate electricity and sequester emissions of 300,000 tons of CO2 annually.

Looking ahead

Forward guidance

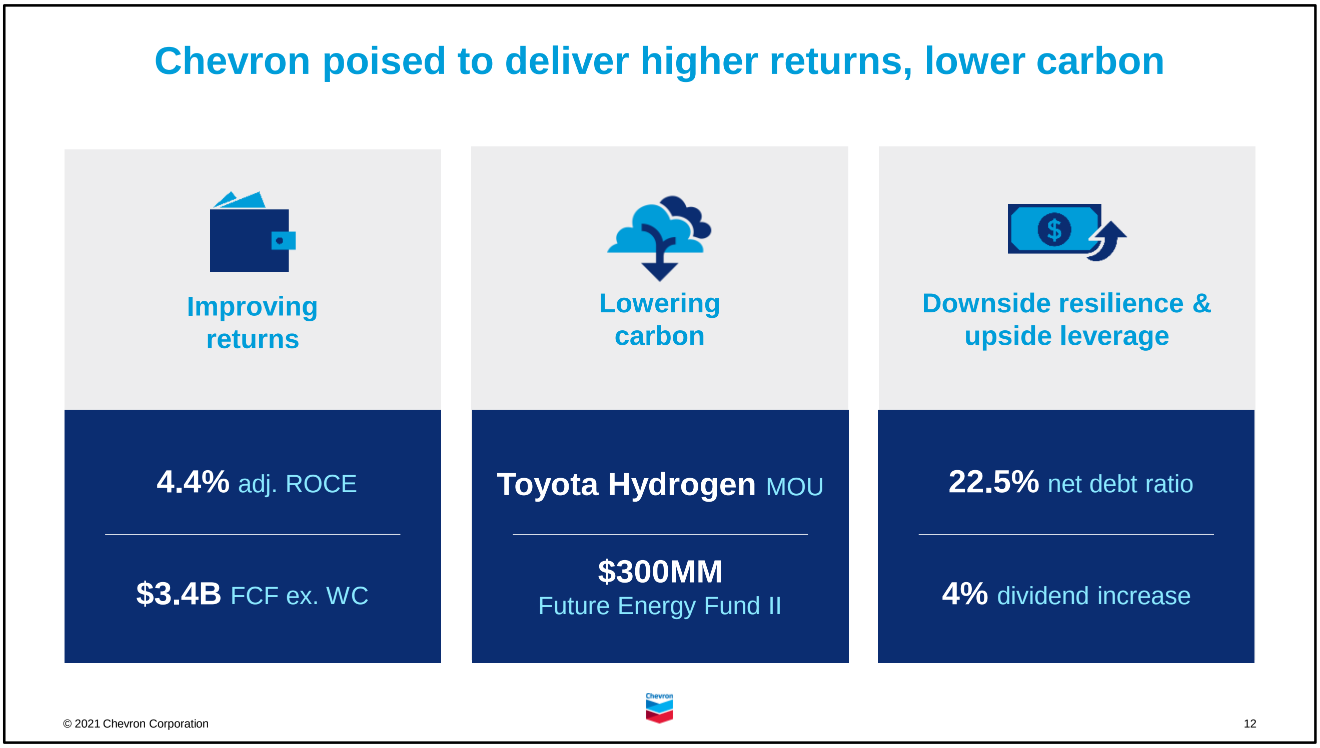
	2Q21	
UPSTREAM	Production guidance: • Turnarounds • Curtailments	 ~(90) MBOED ~(40) MBOED
	TCO • FGP-WPMP personnel	 ~30k by end 2Q
DOWNSTREAM	Refinery turnarounds:	$(50) – $(150)MM A/T earnings
OTHER	Cashflow: • Dividend increase of $0.05/share	

Looking ahead.

In the second quarter, we expect turnarounds and downtime to reduce production by 90MBOED, primarily in Australia at Gorgon Train 3 where the planned turnaround and repairs of propane vessels are underway.

The impact from OPEC curtailments is estimated to be 40 MBOED, primarily in Kazakhstan.

In Kazakhstan, the FGP project recently placed the final module on its foundation. Remobilization of the construction workforce achieved about 95% of the end of first quarter objective. Further workforce additions are expected this quarter.



In summary, it was a good quarter with our strongest financial performance in a year, continued progress toward advancing a lower carbon future and a dividend increase while maintaining an industry leading balance sheet.

During last month's Investor Day, we shared our goal of higher returns, lower carbon. This quarter was another step in that direction. As we look forward to the next few quarters and the world gets better control of this virus, I'm confident that we will continue to deliver stronger financial performance and help advance a lower carbon future.

With that, I will turn it over to Roderick…

questions

\+ answers

Thanks Pierre.

That concludes our prepared remarks. We are now ready to take your questions. Please try to limit yourself to one question and one follow up. We will do our best to get all your questions answered.

Appendix: reconciliation of non-GAAP measures

Reported earnings to adjusted earnings

	1Q20	2Q20	3Q20	4Q20	FY20	1Q21	FY21
Reported earnings ($ millions)							
Upstream	2,920	(6,089)	235	501	(2,433)	2,350	2,350
Downstream	1,103	(1,010)	292	(338)	47	5	5
All Other	(424)	(1,171)	(734)	(828)	(3,157)	(978)	(978)
Total reported earnings	**3,599**	**(8,270)**	**(207)**	**(665)**	**(5,543)**	**1,377**	**1,377**
Diluted weighted avg. shares outstanding ('000)	1,865,649	1,853,313	1,853,533	1,910,724	1,870,027	1,915,889	1,915,889
Reported earnings per share	**$1.93**	**($4.44)**	**($0.12)**	**($0.33)**	**($2.96)**	**$0.72**	**$0.72**
Special items ($ millions)							
UPSTREAM							
Asset dispositions	240	310	-	-	550	-	-
Pension settlement & curtailment costs[1]	-	-	-	(10)	(10)	-	-
Impairments and other[2]	440	(4,810)	(130)	(20)	(4,520)	-	-
Subtotal	680	(4,500)	(130)	(30)	(3,980)	-	-
DOWNSTREAM							
Asset dispositions	-	-	-	-	-	-	-
Pension settlement & curtailment costs[1]	-	-	-	(6)	(6)	-	-
Impairments and other[2]	-	(140)	-	-	(140)	(110)	(110)
Subtotal	-	(140)	-	(6)	(146)	(110)	(110)
ALL OTHER							
Pension settlement & curtailment costs[1]	(46)	(46)	(140)	(293)	(524)	(241)	(241)
Impairments and other[2]	-	(230)	(90)	(100)	(420)	-	-
Subtotal	(46)	(276)	(230)	(393)	(944)	(241)	(241)
Total special items	**634**	**(4,916)**	**(360)**	**(429)**	**(5,070)**	**(351)**	**(351)**
Foreign exchange ($ millions)							
Upstream	468	(262)	(107)	(384)	(285)	(52)	(52)
Downstream	60	(23)	(49)	(140)	(152)	59	59
All other	(14)	(152)	(32)	(10)	(208)	(9)	(9)
Total FX	**514**	**(437)**	**(188)**	**(534)**	**(645)**	**(2)**	**(2)**
Adjusted earnings ($ millions)							
Upstream	1,772	(1,327)	472	915	1,832	2,402	2,402
Downstream	1,043	(847)	341	(192)	345	56	56
All other	(364)	(743)	(472)	(425)	(2,005)	(728)	(728)
Total adjusted earnings ($ millions)	**2,451**	**(2,917)**	**341**	**298**	**172**	**1,730**	**1,730**
Adjusted earnings per share	**$1.31**	**($1.57)**	**$0.18**	**$0.16**	**$0.09**	**$0.90**	**$0.90**

[1]Amounts recast to conform with the current presentation of excluding pension settlement costs. For additional information, please refer to the discussion under "Non-GAAP Financial Measures" in the 1Q21 earnings press release.
[2]Includes asset impairments, write-offs, tax items, and other special items.
Note: Numbers may not sum due to rounding.

Appendix: reconciliation of non-GAAP measures

Cash flow from operations excluding working capital
Free cash flow
Free cash flow excluding working capital
Net debt ratio

$ millions	FY 2019	FY 2019 Quarterly Avg.	FY 2020	FY 2020 Quarterly Avg.	1Q21
Net Cash Provided by Operating Activities	27,314	6,829	10,576	2,644	4,196
Net Decrease (Increase) in Operating Working Capital	1,494	374	(1,652)	(413)	(902)
Cash Flow from Operations Excluding Working Capital	**25,820**	**6,455**	**12,228**	**3,057**	**5,098**
Net cash provided by operating activities	27,314	6,829	10,576	2,644	4,196
Less: cash capital expenditures	14,116	3,529	8,922	2,231	1,746
Free Cash Flow	**13,198**	**3,300**	**1,654**	**414**	**2,450**
Net Decrease (Increase) in Operating Working Capital	1,494	374	(1,652)	(413)	(902)
Free Cash Flow Excluding Working Capital	**11,704**	**2,926**	**3,306**	**827**	**3,352**

$ millions	1Q21
Short term debt	4,841
Long term debt*	40,599
Total debt	45,440
Less: Cash and cash equivalents	7,076
Less: Time deposits	0
Less: Marketable securities	32
Total adjusted debt	38,332
Total Chevron Corporation Stockholder's Equity	131,888
Total adjusted debt plus total Chevron Stockholder's Equity	170,220
Net debt ratio	22.5%

Note: Numbers may not sum due to rounding.

* Includes capital lease obligations / finance lease liabilities.

Appendix: reconciliation of non-GAAP measures
ROCE
Adjusted ROCE

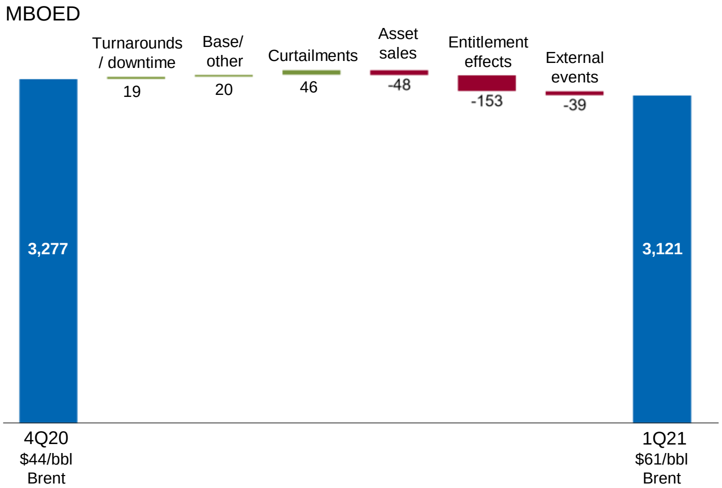
$ millions	1Q21
Total reported earnings	1,377
Non-controlling interest	21
Interest expense (A/T)	184
ROCE earnings[1]	1,582
Annualized ROCE earnings[1]	6,328
Average capital employed[2]	177,707
ROCE	**3.6%**

$ millions	1Q21
Adjusted earnings	1,730
Non-controlling interest	21
Interest expense (A/T)	184
Adjusted ROCE earnings[1]	1,935
Annualized adjusted ROCE earnings[1]	7,740
Average capital employed[2]	177,707
Adjusted ROCE	**4.4%**

[1]ROCE earnings and adjusted ROCE earnings are annualized to calculate ROCE and adjusted ROCE for the quarter.
[2]Capital employed is the sum of Chevron Corporation stockholders' equity, total debt and noncontrolling interests. Average capital employed is computed by averaging the sum of capital employed at the beginning and the end of the year.
Note: Numbers may not sum due to rounding.

Worldwide net oil & gas production

1Q21 vs. 4Q20

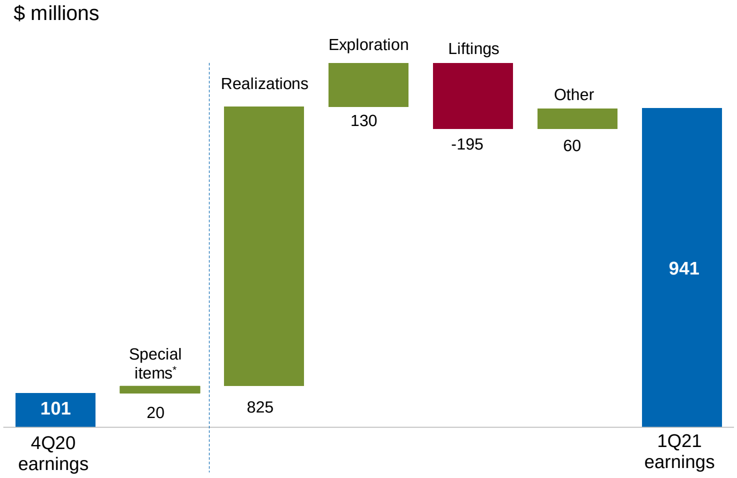


- Absence of Rokan cost recovery entitlement effect
- Appalachian asset sale
- Winter Storm Uri

Note: Numbers may not sum due to rounding.

Appendix

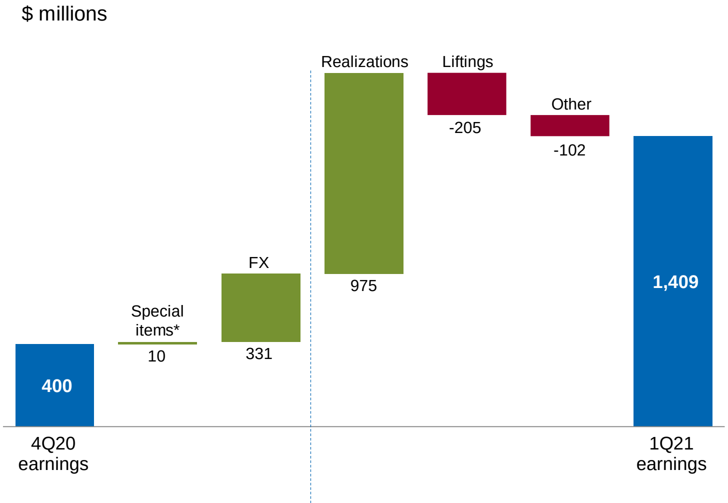
U.S. upstream earnings: 1Q21 vs. 4Q20



- Higher liquids realizations
- Absence of 4Q20 exploration expense
- Lower production

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

Appendix
International upstream earnings: 1Q21 vs. 4Q20

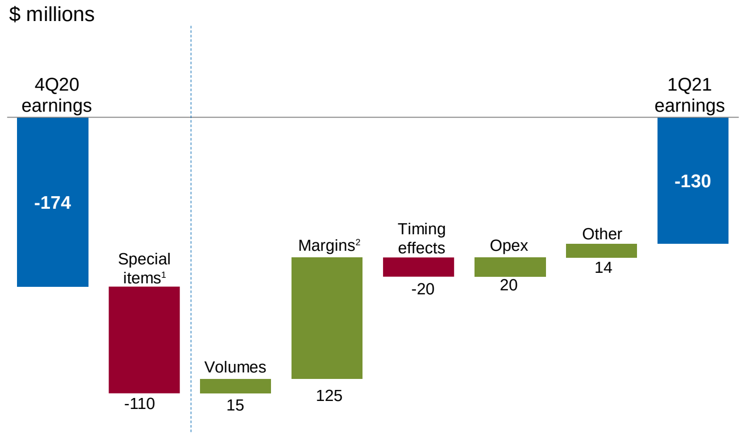


- Higher liquids realizations
- Lower production

*Amounts recast to conform with the current presentation of excluding pension settlement costs. For additional information, please refer to the discussion under "Non-GAAP Financial Measures" in the 1Q21 earnings press release.

Appendix

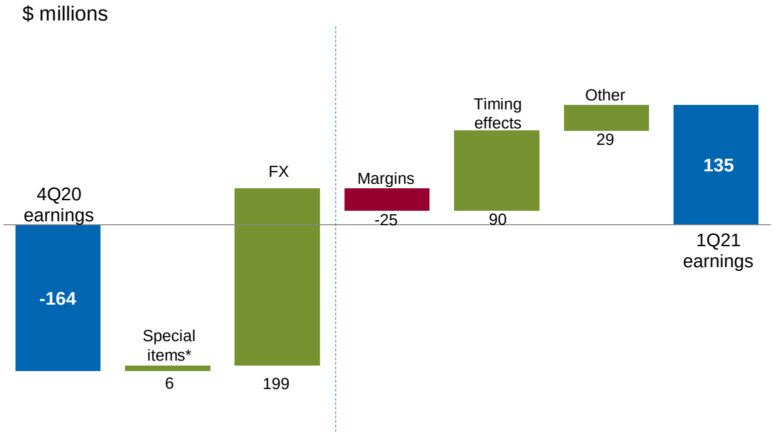
U.S. downstream earnings: 1Q21 vs. 4Q20



- Higher utilization
- Higher refining margins
- Timing effects:
  - 1Q21: $(47)
  - Absence of 4Q20: $27

[1] Reconciliation of special items can be found in the appendix.
[2] Renewable fuel and carbon credit costs are included in the “Margins” vs. “Other” category to reflect the net margin variance, effective with 1Q21 reporting

Appendix
International downstream earnings: 1Q21 vs. 4Q20



- Timing effects:
  - 1Q21: $(126)
  - Absence of 4Q20: $216

*Amounts recast to conform with the current presentation of excluding pension settlement costs. For additional information, please refer to the discussion under "Non-GAAP Financial Measures" in the 1Q21 earnings press release.