



# Third quarter 2020 earnings call

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**October 30, 2020**

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



# Financial highlights

**3Q20**

Earnings / per diluted share

**\$(0.2) billion / \$(0.12)**

Adjusted earnings / per diluted share<sup>1</sup>

**\$0.2 billion / \$0.11**

Cash flow from operations / excl. working capital<sup>1</sup>

**\$3.5 billion / \$3.2 billion**

Total C&E / Cash C&E<sup>2</sup>

**\$2.6 billion / \$1.8 billion**

Dividends paid

**\$2.4 billion**

Debt ratio / Net debt ratio<sup>3</sup>

**20.9% / 17.5%**

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

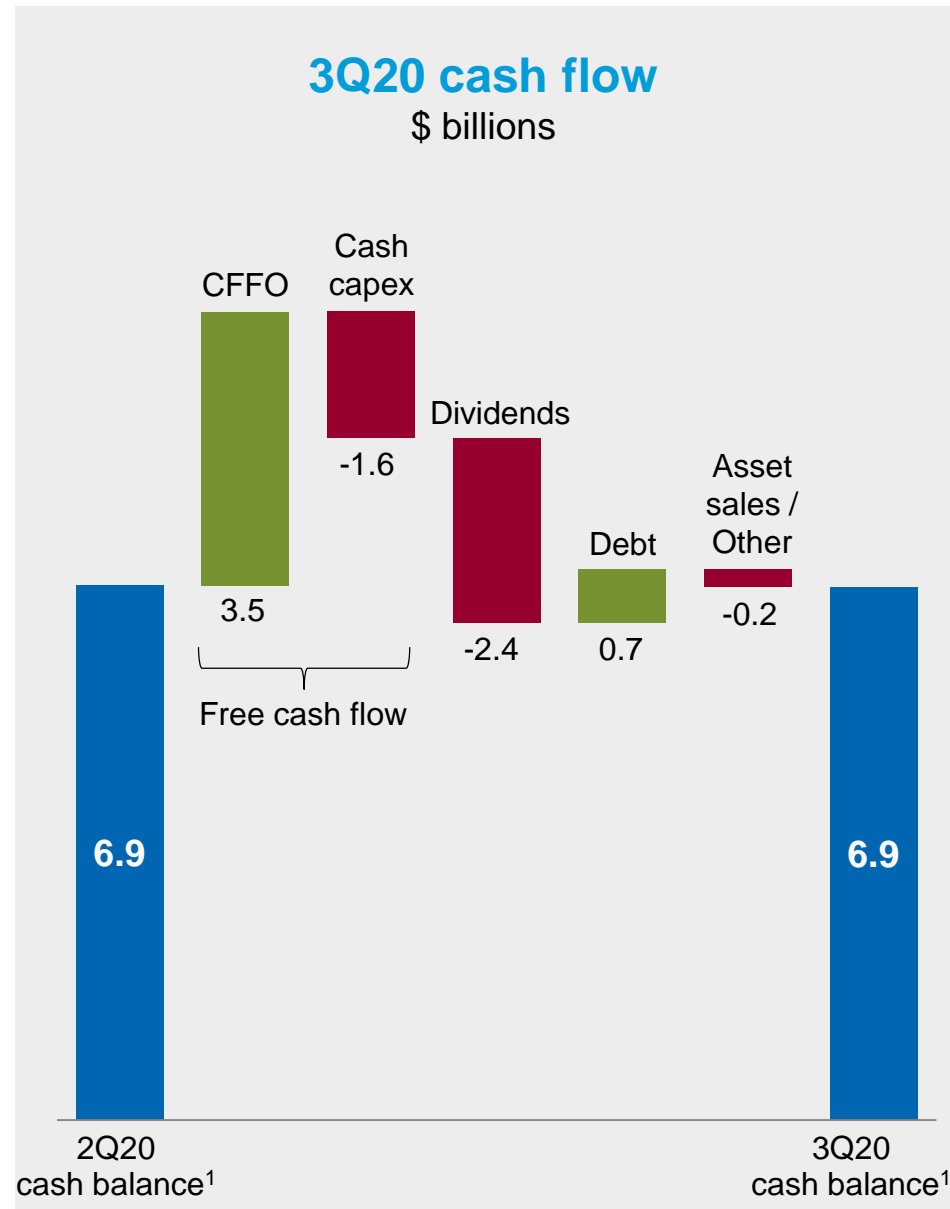
<sup>2</sup> Excludes equity affiliates.

<sup>3</sup> As of 9/30/2020. 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.



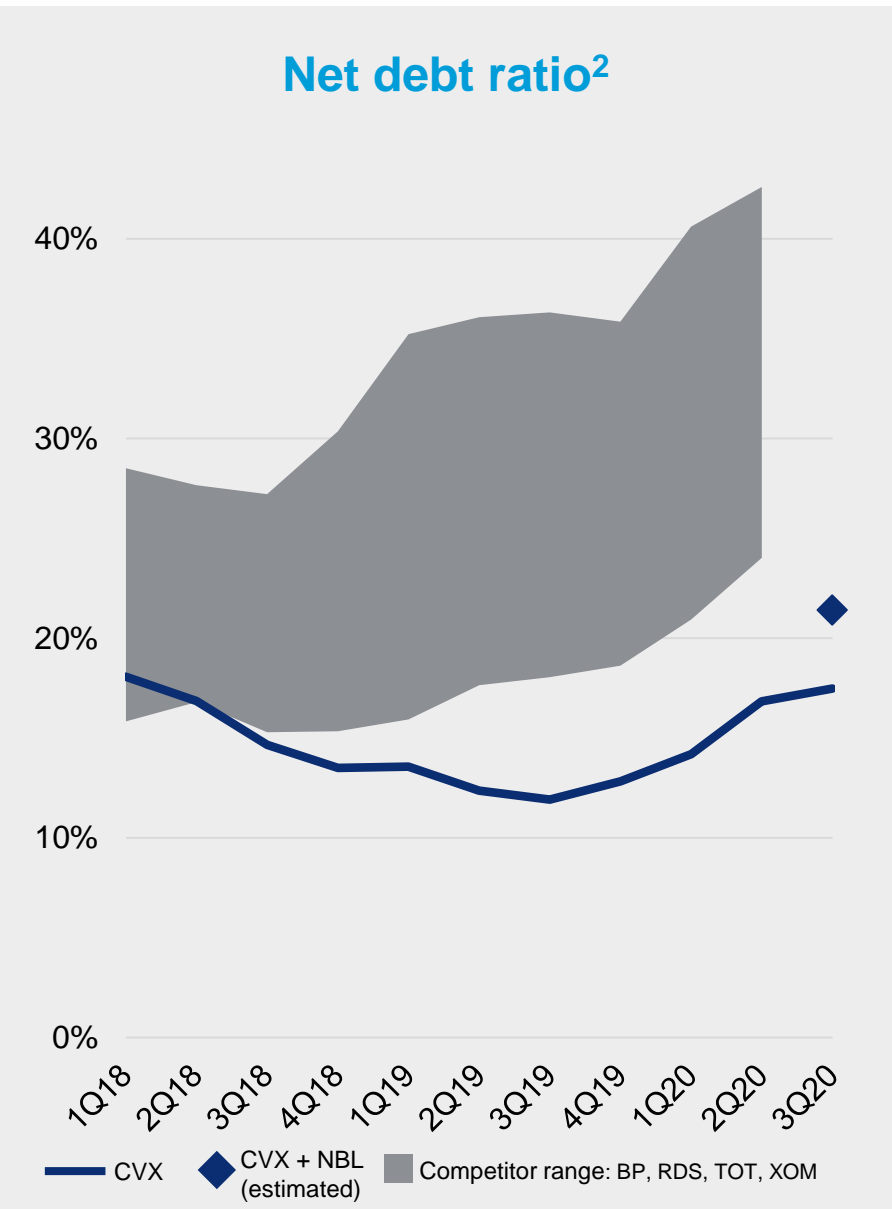


# Strong balance sheet



3Q dividend breakeven <\$50/bbl

Industry leading net debt ratio post-NBL



<sup>1</sup> Includes cash, cash equivalents, marketable securities, and time deposits. Excludes restricted cash. As of 6/30/2020 and 9/30/2020. Note: Numbers may not sum due to rounding.

<sup>2</sup> Chevron net debt ratios from 3/31/2018 through 9/30/2020. Estimated Chevron plus Noble Energy net debt ratio assumes NBL debt and cash as of 9/30/2020 and a fair market value adjustment as of 10/5/2020. Net debt ratio of competitors from 3/31/2018 through 6/30/2020. All figures are based on published financial reports for each company. Reconciliation of non-GAAP measures can be found in the appendix.

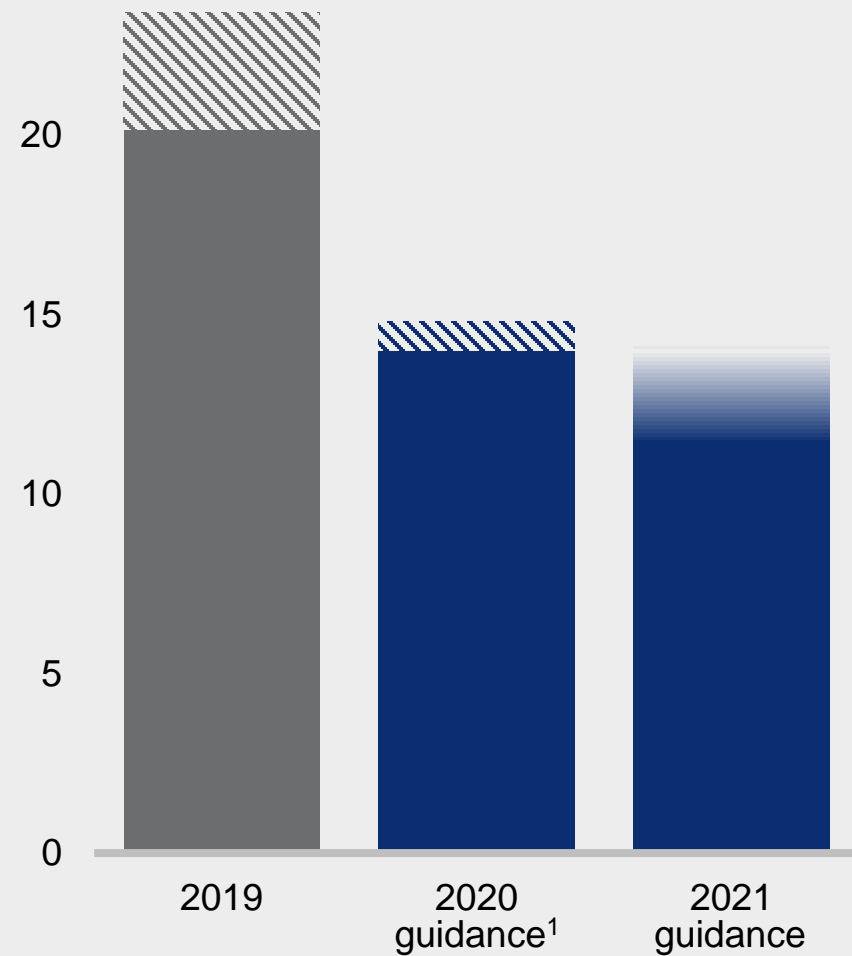


# Lower spending

## Total organic C&E expenditures

\$ billions

■ CVX ▨ NBL



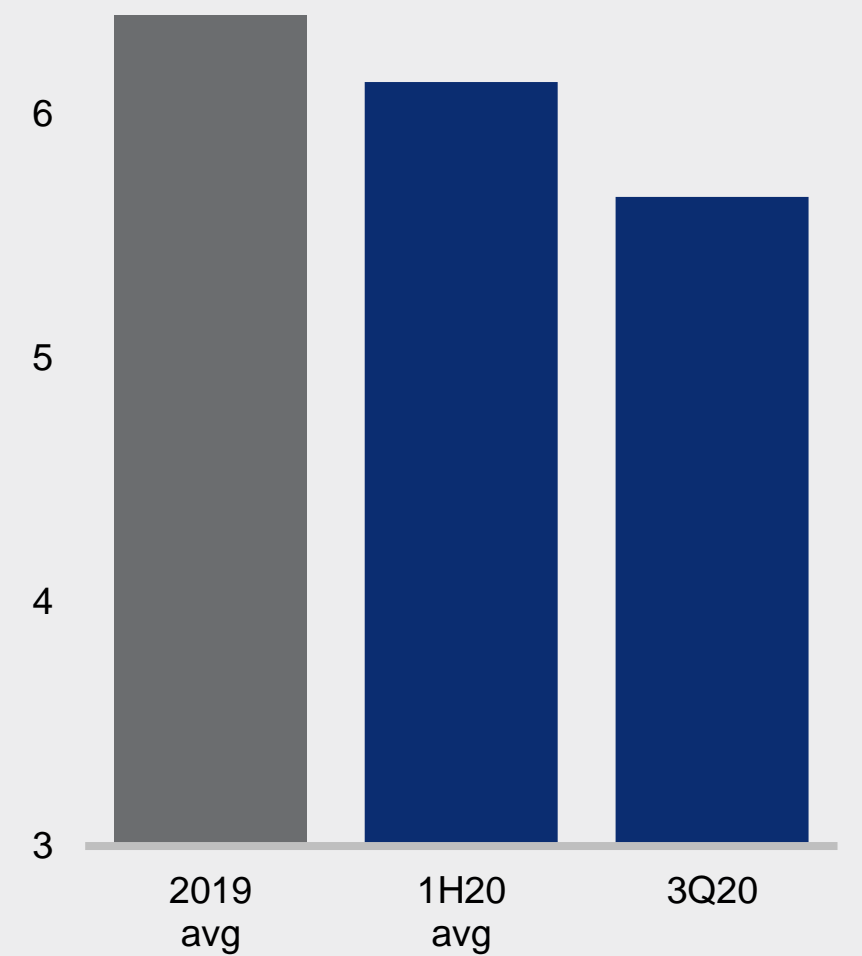
<sup>1</sup> Based on guidance provided in May 2020.

2021 C&E guidance  
reduced to \$14B

2020 opex<sup>2</sup>  
\$1B lower than 2019

## Quarterly operating expenditures<sup>2</sup>

\$ billions



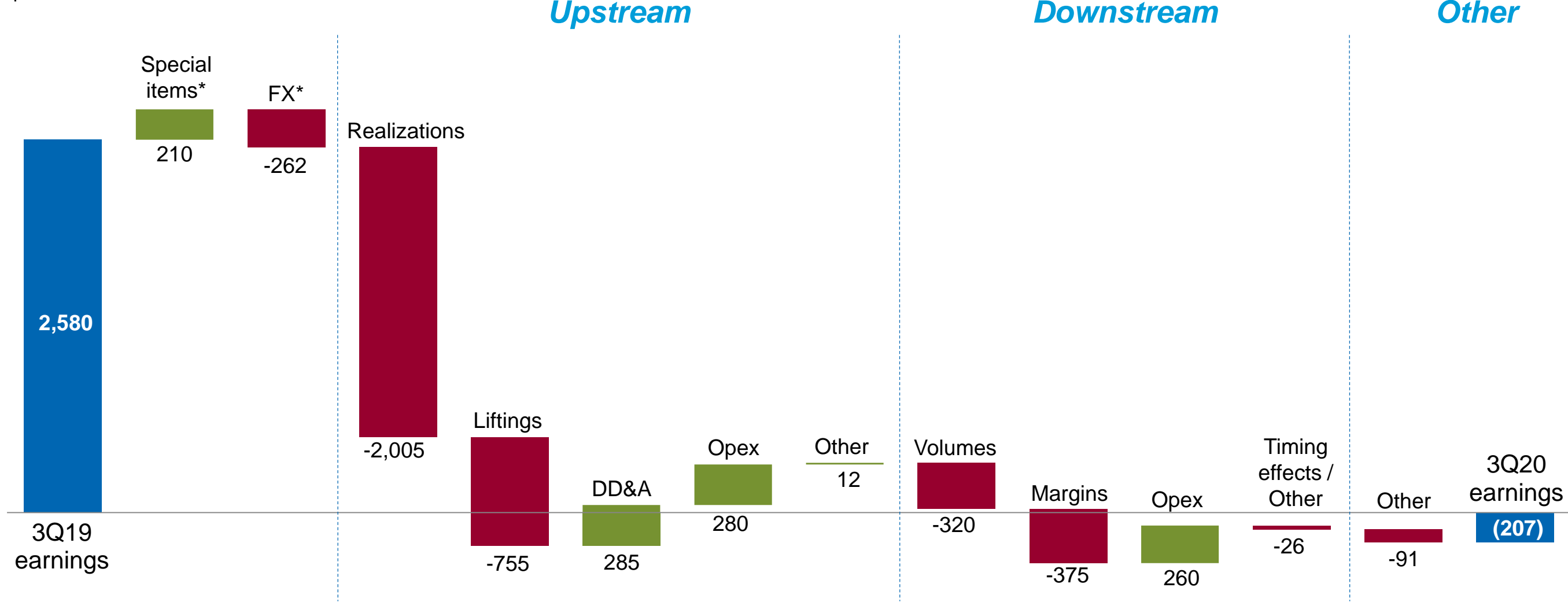
<sup>2</sup> Excludes special items. Reconciliation of non-GAAP measures can be found in the appendix.



# Chevron earnings

## 3Q20 vs. 3Q19

\$ millions



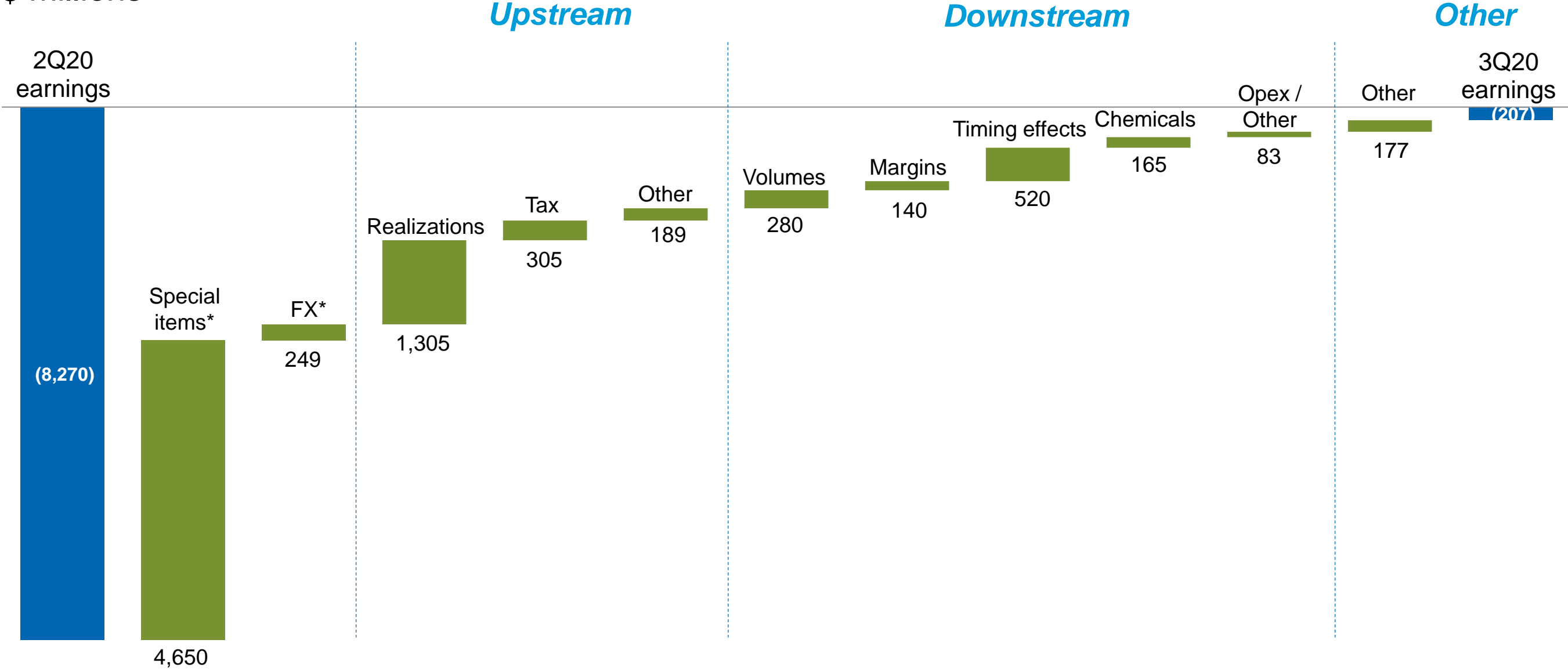
\* Reconciliation of special items and FX can be found in the appendix.



# Chevron earnings

## 3Q20 vs. 2Q20

\$ millions



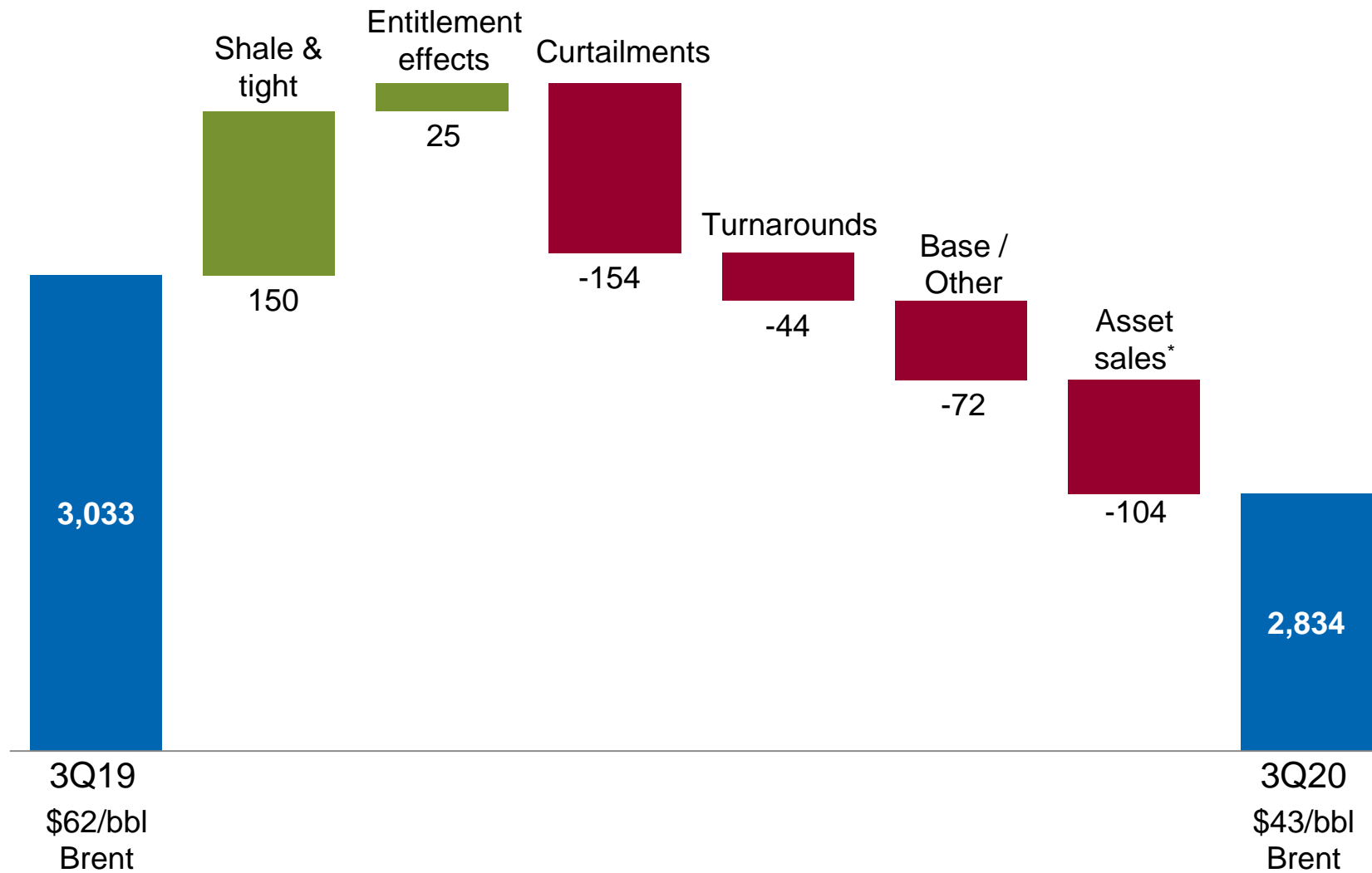
\* Reconciliation of special items and FX can be found in the appendix.



# Worldwide net oil & gas production

## 3Q20 vs. 3Q19

MBOED



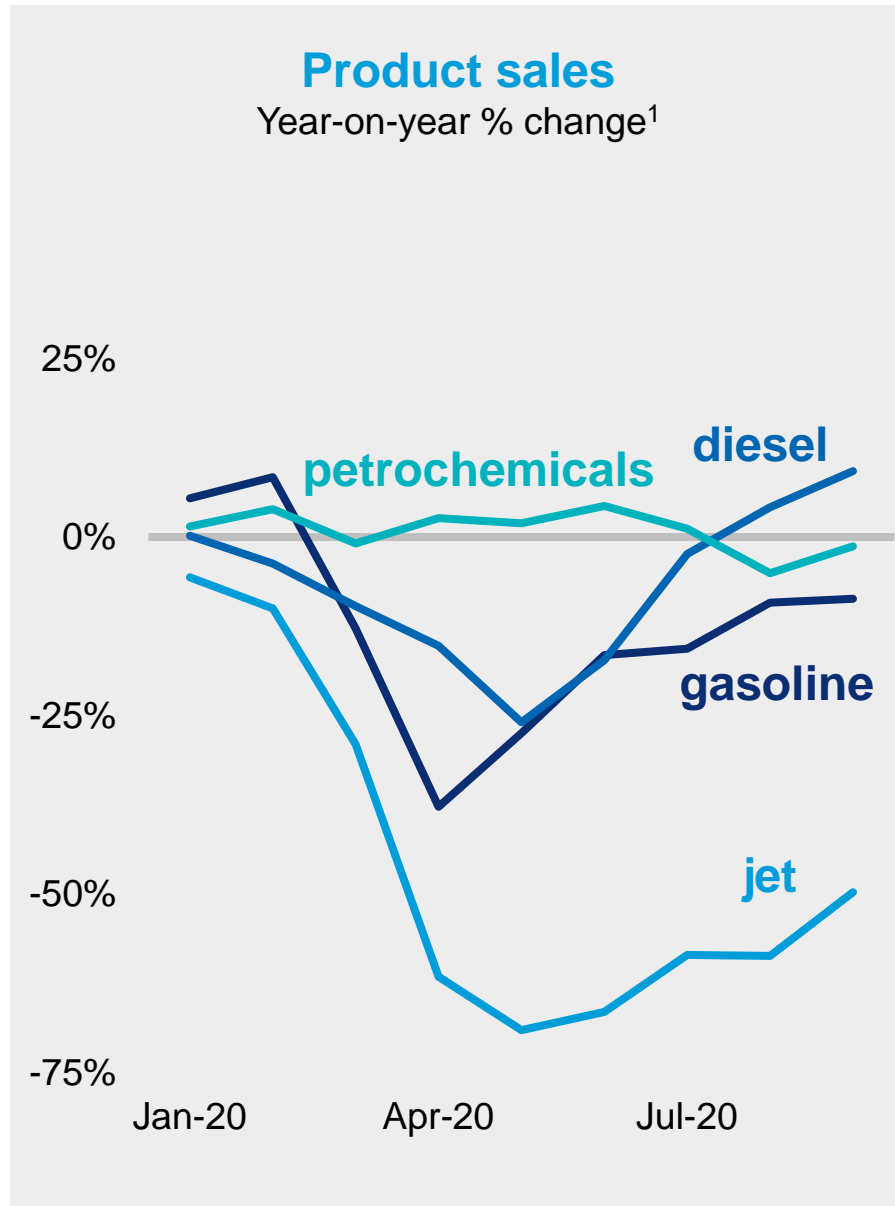
- + Permian growth
- OPEC+ and other curtailments
- Lower Venezuela and other declines
- United Kingdom, Philippines, Azerbaijan and Colombia asset sales

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





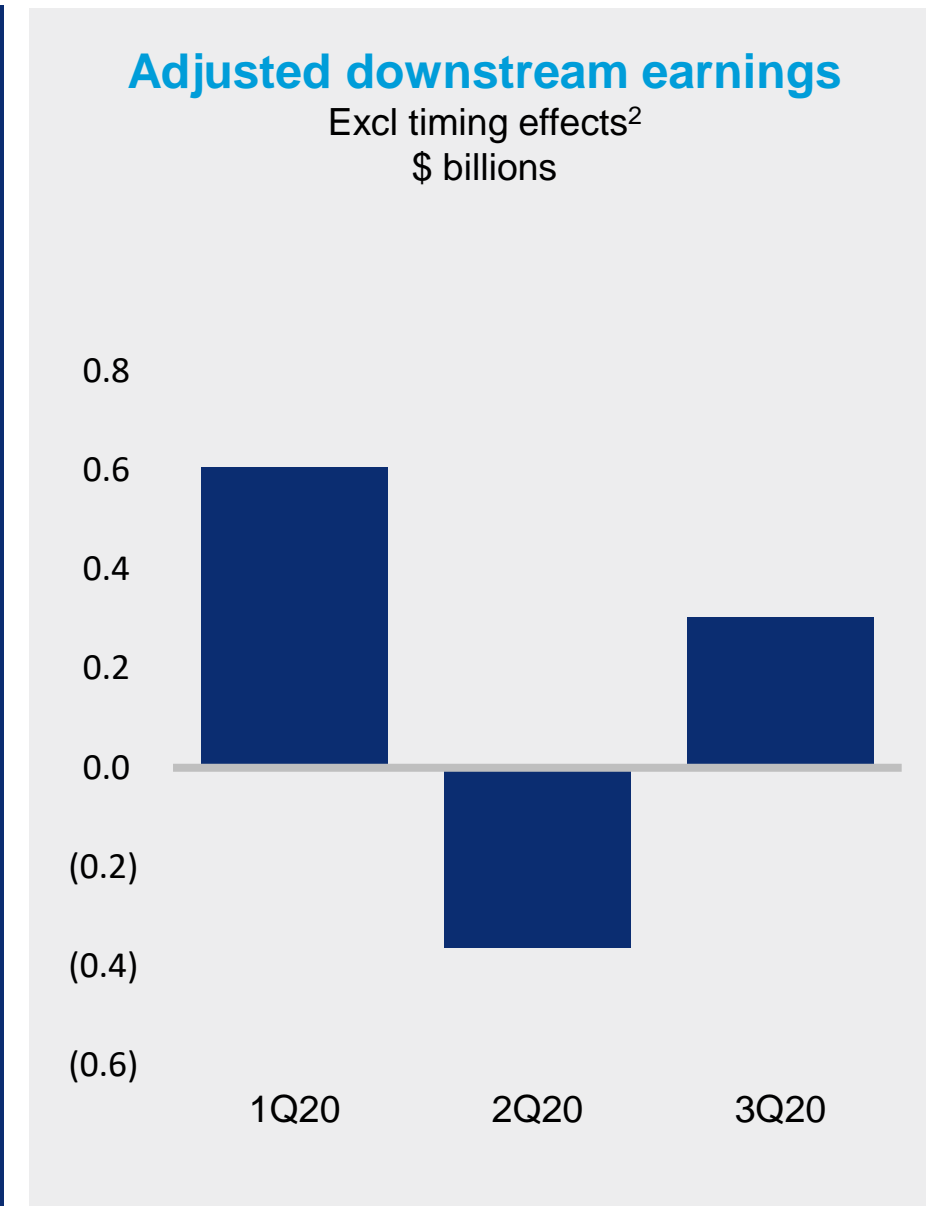
# Operating in a challenging environment



**Demand recovers from 2Q lows**

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**Improved financial performance**



<sup>1</sup> Excluding trading activity and share of equity affiliates' sales.

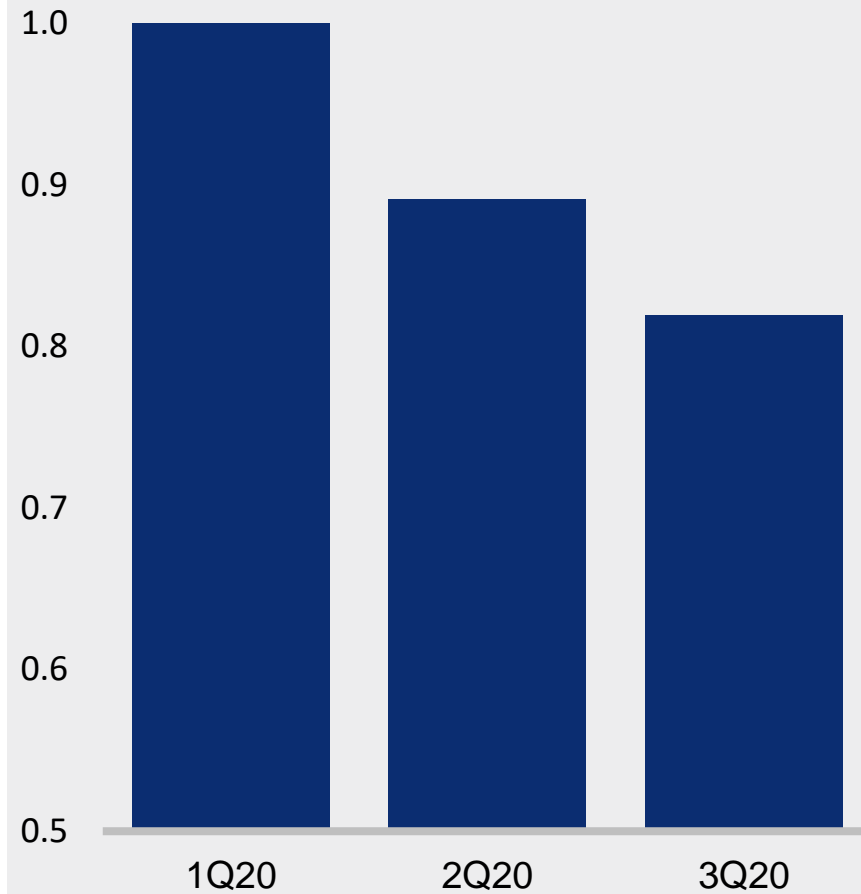
<sup>2</sup> Reconciliation of non-GAAP measures can be found in the appendix.



# Driving lower downstream operating costs

## Quarterly operating expenditures

Excl special items\*  
Indexed to 1Q20

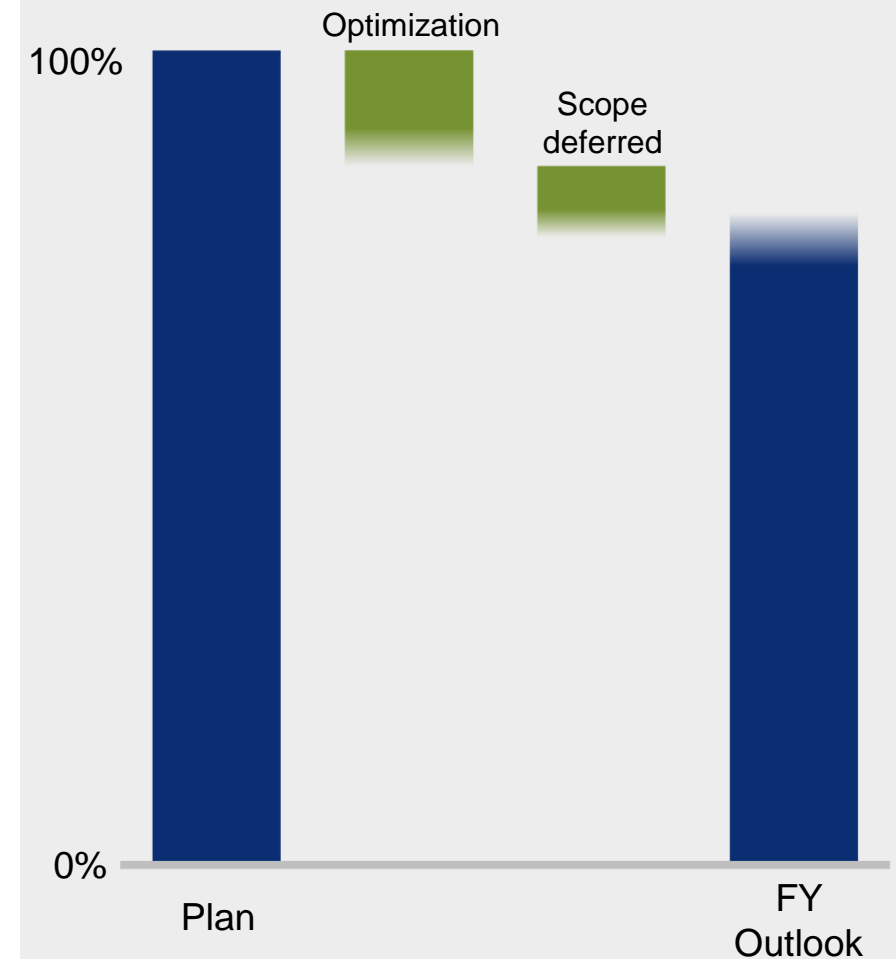


3Q20 opex  
~20% below 1Q

Efficient  
turnaround execution

## 2020 U.S. turnarounds

Actual vs planned operating costs



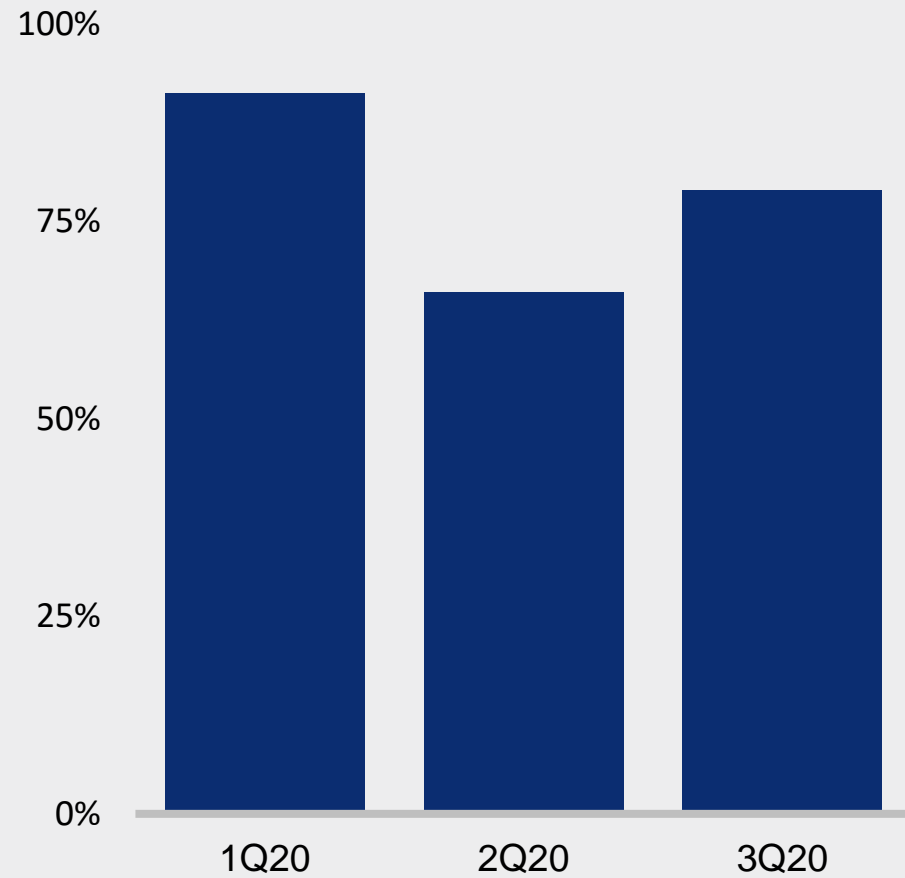
\* Special items include \$0.2 B in before-tax severance charges in 2Q20.



# Optimizing value chains

## 2020 Refining utilization<sup>1</sup>

CVX systemwide – equity basis



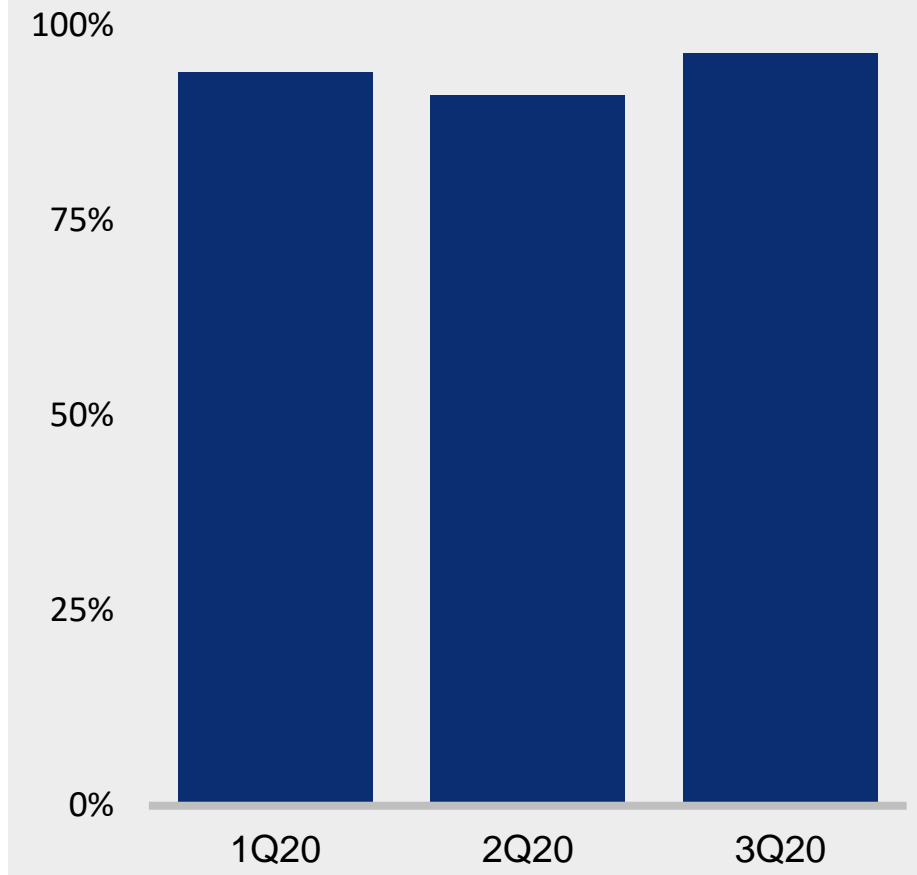
Safe and reliable  
operations

Balancing utilization  
with sales channels

Leveraging  
recent acquisitions

## Contracted product placement<sup>2</sup>

% of HVP production



<sup>1</sup> Crude Distillation Unit Utilization.

<sup>2</sup> Contracted volumes represent high value products (mogas, diesel, jet fuel) sales excluding spot market sales.



# Growing advantaged chemicals

## Project updates

GS Caltex: Expected ~5% below budget and mid-2021 start-up

USGC II: FEED completed and on hold

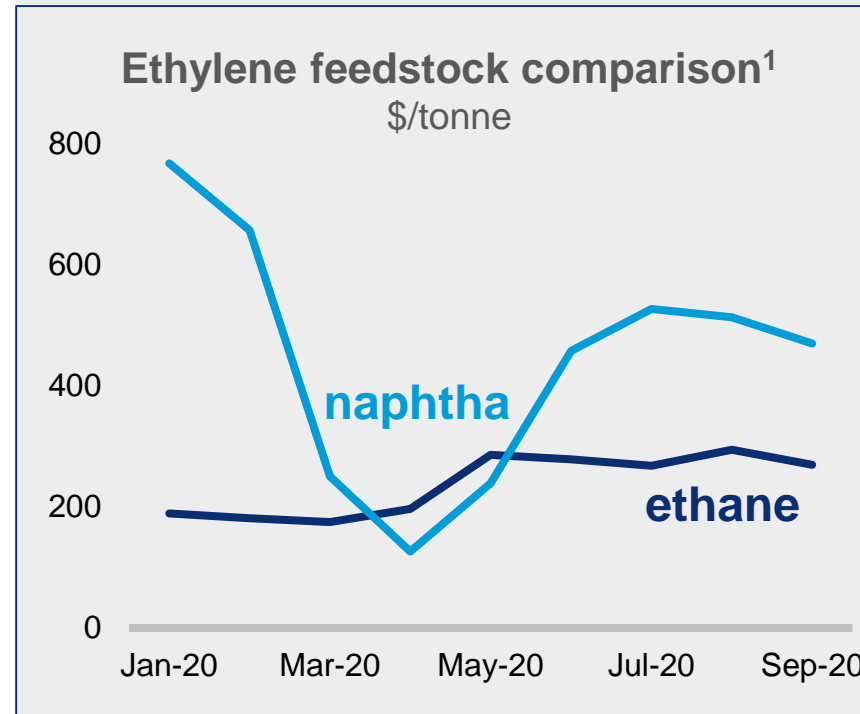
Ras Laffan: FEED in progress



## Competitive landscape

Low-cost, ethane advantage

World scale facilities



<sup>1</sup> Copyright 2020, Used with Written Permission by IHS Markit. Production Cash Cost Naphtha Feed (South Korea) and Production Cash Cost Purity Ethane Feed (US Gulf Coast)



## Advanced recycling

1<sup>st</sup> U.S. commercial scale PE production from waste feedstock

Improved sustainability with circular polymers



# Increasing renewables in support of our business

**>\$200MM**  
capital  
commitment  
to-date

## Renewable natural gas



**1<sup>st</sup>**  
production  
in 3Q

## Renewable base oils



**>12 MBD**  
expected  
sales in 2021

## Renewable diesel & biodiesel



**Early stage**  
testing

## Hydrogen





# Advancing the energy transition

## Lower carbon intensity

### MACC investments

~\$100MM expected in 2021 budget

Focused on most cost-efficient projects

## Increase renewables

### Brightmark RNG joint venture

Announced in October 2020

Extends dairy partnerships

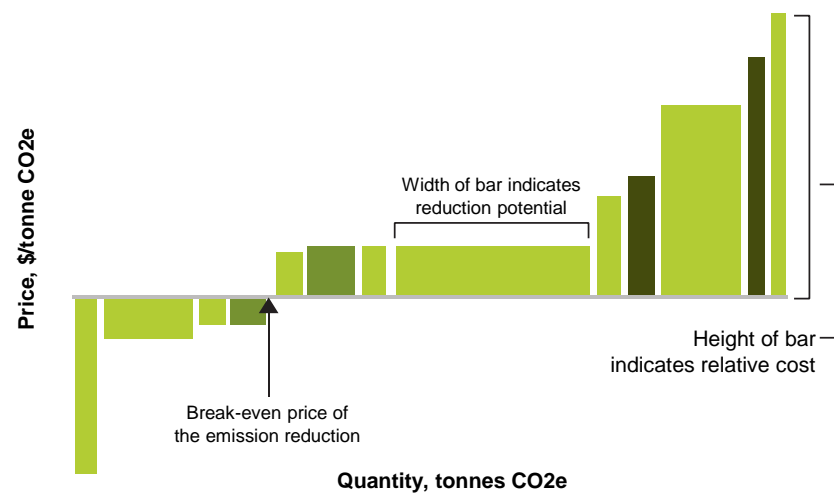
## Target breakthrough technologies

### Svante carbon capture trial

Supported by DOE grant

Start-up expected in 2022

Marginal Abatement Cost Curve (MACC)





# Recent highlights

## Noble Energy acquisition

Transaction closed early October

Integration on-track

Solid 3Q performance



## Transformation update

Reorganization finalized in 4Q

U.S. employee selections complete

\$1B in YE20 run-rate opex reductions



## Appalachia divestment

Signed agreement in late October

Expect to close by year-end

\$735MM sales price



# Looking ahead

## Forward guidance



### UPSTREAM

4Q20

#### Production guidance:

- Noble ~330 MBOED
- Curtailments ~(100) MBOED
- Turnarounds ~(75) MBOED
- GoM Hurricane Delta ~(15) MBOED

#### TCO

- Full year TCO co-lending \$1.5 - \$1.75B
- FGP-WPMP remobilization ~21,000 by YE

### DOWNSTREAM

#### Refinery turnarounds:

\$(200) – \$(300)MM A/T earnings

### OTHER

#### Cashflow:

- Severance payments ~\$(0.5)B



questions



answers

# Appendix: reconciliation of non-GAAP measures

## Reported earnings to adjusted earnings

	3Q19	4Q19	1Q20	2Q20	3Q20
<b>Reported earnings (\$ millions)</b>					
Upstream	2,704	(6,734)	2,920	(6,089)	235
Downstream	828	672	1,103	(1,010)	292
All Other	(952)	(548)	(424)	(1,171)	(734)
<b>Total reported earnings</b>	<b>2,580</b>	<b>(6,610)</b>	<b>3,599</b>	<b>(8,270)</b>	<b>(207)</b>
Diluted weighted avg. shares outstanding ('000)	1,893,928	1,872,317	1,865,649	1,853,313	1,853,533
<b>Reported earnings per share</b>	<b>\$1.36</b>	<b>(\$3.51)</b>	<b>\$1.93</b>	<b>(\$4.44)</b>	<b>(\$0.12)</b>
<b>Special items (\$ millions)</b>					
UPSTREAM					
Asset dispositions	--	1,200	240	310	--
Impairments and other*	--	(10,350)	440	(4,810)	(130)
Subtotal	--	(9,150)	680	(4,500)	(130)
DOWNSTREAM					
Asset dispositions	--	--	--	--	--
Impairments and other*	--	--	--	(140)	--
Subtotal	--	--	--	(140)	--
ALL OTHER					
Impairments and other*	(430)	--	--	(230)	(90)
Subtotal	(430)	--	--	(230)	(90)
<b>Total special items</b>	<b>(430)</b>	<b>(9,150)</b>	<b>680</b>	<b>(4,870)</b>	<b>(220)</b>
<b>Foreign exchange (\$ millions)</b>					
Upstream	49	(226)	468	(262)	(107)
Downstream	27	(32)	60	(23)	(49)
All other	(2)	2	(14)	(152)	(32)
<b>Total FX</b>	<b>74</b>	<b>(256)</b>	<b>514</b>	<b>(437)</b>	<b>(188)</b>
<b>Adjusted earnings (\$ millions)</b>					
Upstream	2,655	2,642	1,772	(1,327)	472
Downstream	801	704	1,043	(847)	341
All Other	(520)	(550)	(410)	(789)	(612)
<b>Total adjusted earnings (\$ millions)</b>	<b>2,936</b>	<b>2,796</b>	<b>2,405</b>	<b>(2,963)</b>	<b>201</b>
<b>Adjusted earnings per share</b>	<b>\$1.55</b>	<b>\$1.49</b>	<b>\$1.29</b>	<b>(\$1.59)</b>	<b>\$0.11</b>

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



# Appendix: reconciliation of non-GAAP measures

## Cash flow from operations excluding working capital Operating expenses excluding special items Adjusted downstream earnings excluding timing effects

\$ millions	3Q20	\$ millions	2019	1H20	3Q20	\$ millions	1Q20	2Q20	3Q20
Net Cash Provided by Operating Activities	3,537	Operating expenses*	25,945	13,270	5,658	Adjusted downstream earnings	1,043	(847)	341
Less: Net Decrease (Increase) in Operating Working Capital	352	Less: Special items	345	1,014	--	Less: Timing effects	437	(483)	37
<b>Cash Flow from Operations Excluding Working Capital</b>	<b>3,185</b>	<b>Operating expenses ex-special items</b>	<b>25,600</b>	<b>12,256</b>	<b>5,658</b>	<b>Adjusted downstream earnings excluding timing effects</b>	<b>606</b>	<b>(364)</b>	<b>304</b>
		Quarterly average	6,400	6,128	5,658				

\*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	3Q20
Short term debt	8,601	8,598	6,121	5,726	7,023	5,588	7,795	3,282	8,688	3,751	530
Long term debt*	31,144	29,919	29,989	28,733	26,064	25,061	25,056	23,691	23,663	30,302	34,280
<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>	<b>34,810</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	6,866
Less: Time deposits	-	-	-	950	-	-	-	-	-	-	-
Less: Marketable securities	38	58	60	53	56	58	58	63	50	59	28
<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>	<b>27,916</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	131,774
<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>159,690</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>	<b>17.5%</b>

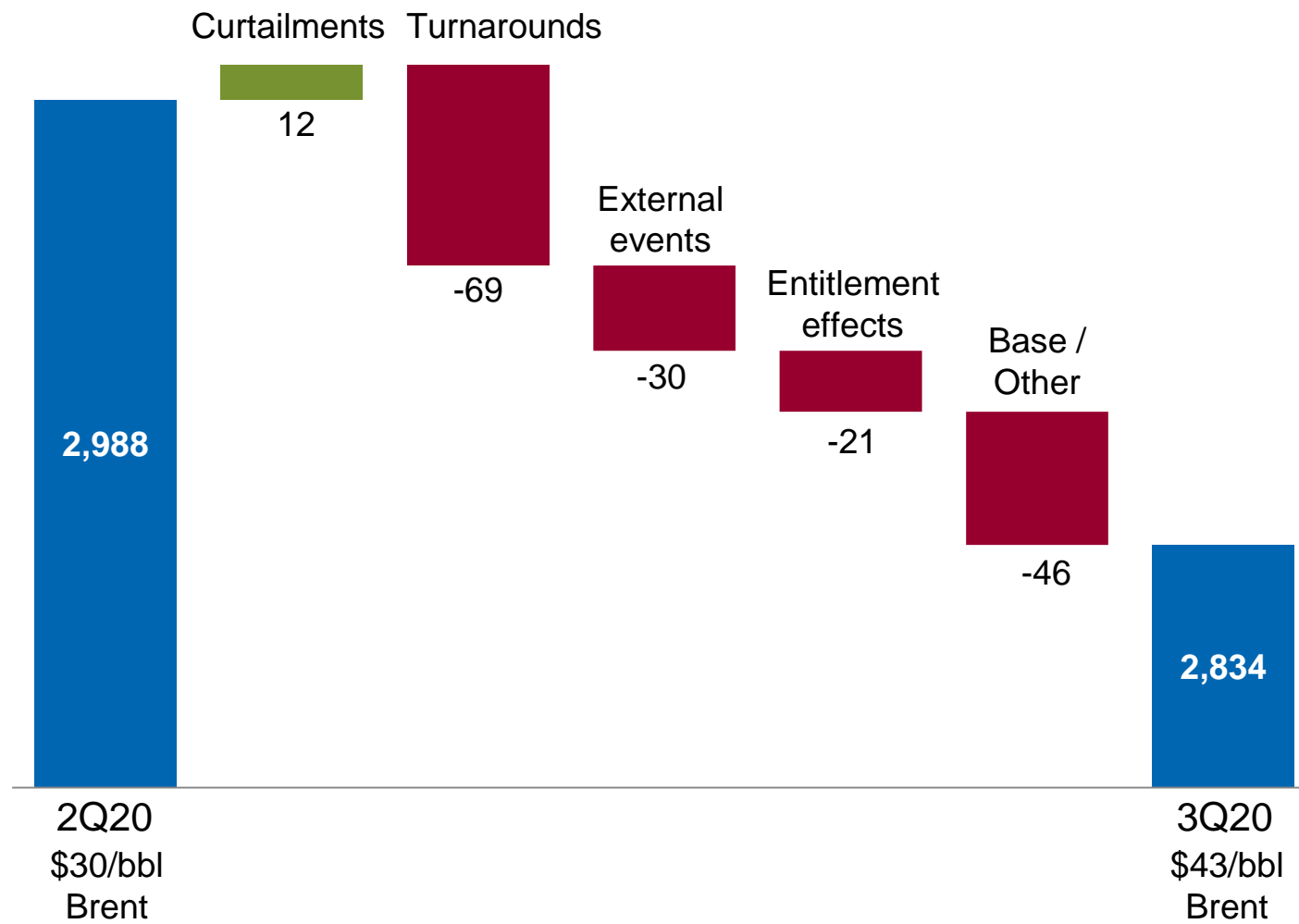
\* Includes capital lease obligations / finance lease liabilities.  
Note: Numbers may not sum due to rounding.





# Worldwide net oil & gas production 3Q20 vs. 2Q20

MBOED



- + OPEC+ and other market-driven curtailments
- Higher turnarounds
- GOM hurricane activity

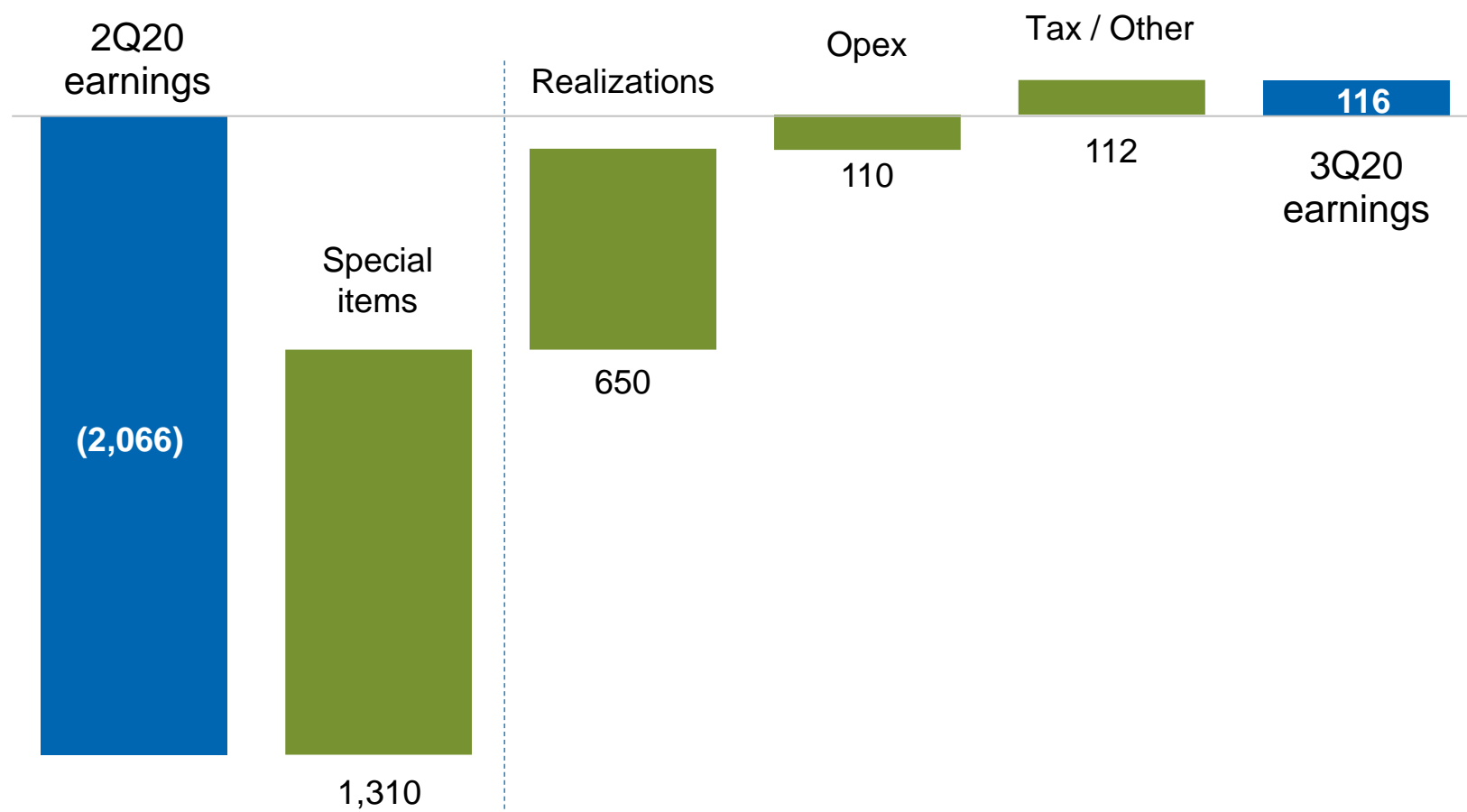
Note: Numbers may not sum due to rounding.



# Appendix

## U.S. upstream earnings: 3Q20 vs. 2Q20

\$ millions



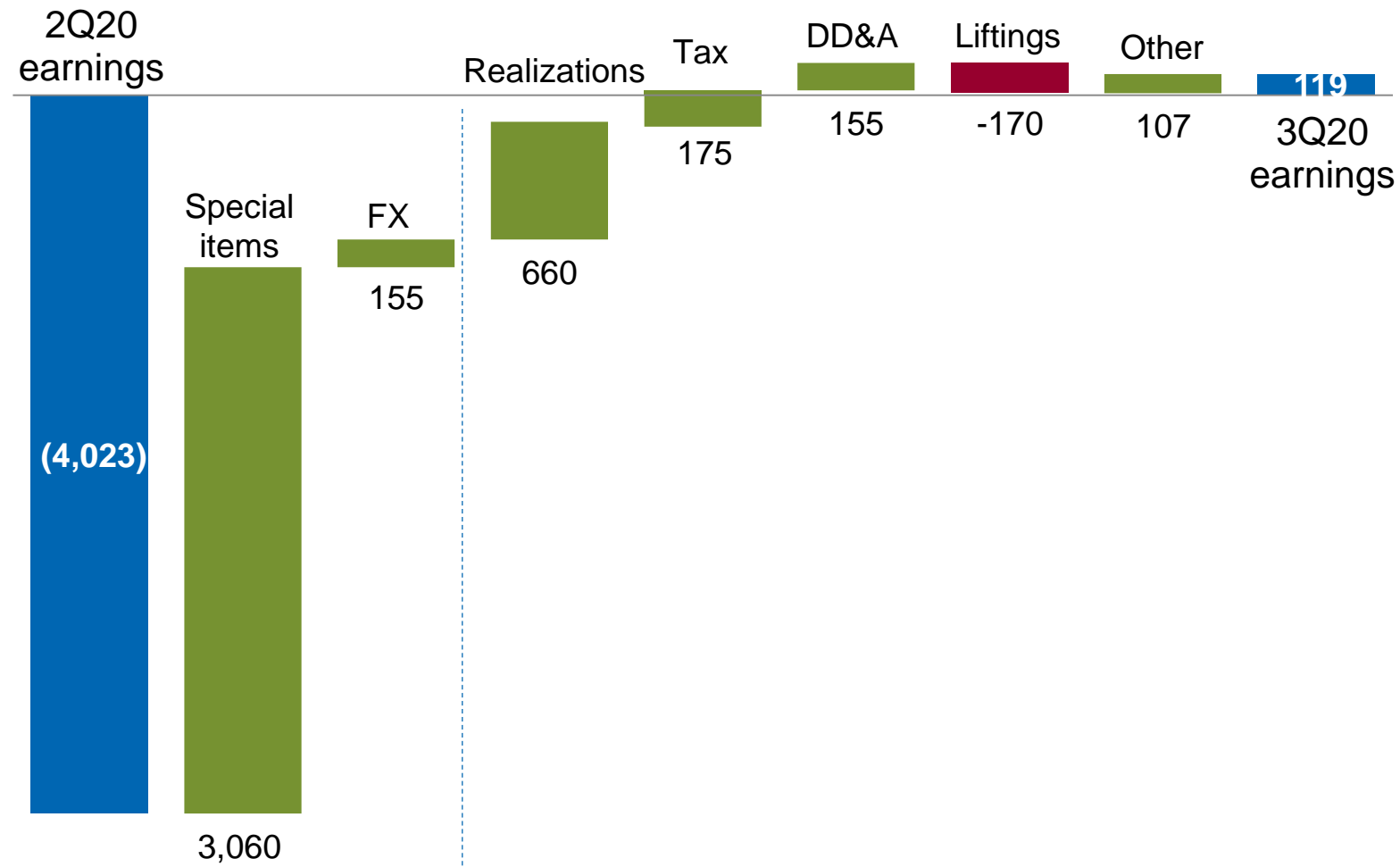
- Absence of 2Q20 impairments
- Higher liquids realizations



# Appendix

## International upstream earnings: 3Q20 vs. 2Q20

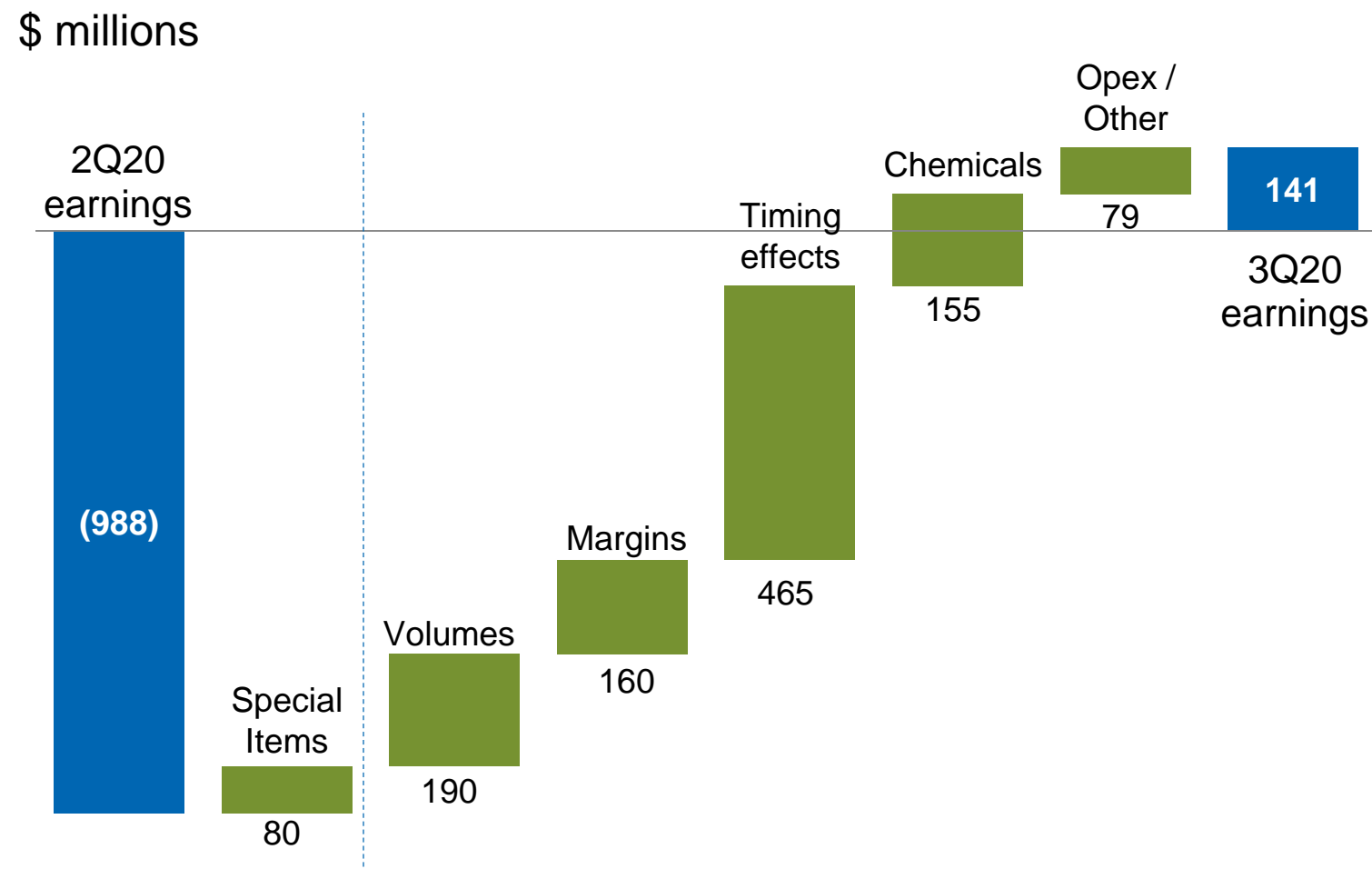
\$ millions



- Absence of 2Q20 special items
- Tax charge related to Rokan settlement agreement
- Higher liquids realizations

# Appendix

## U.S. downstream earnings: 3Q20 vs. 2Q20

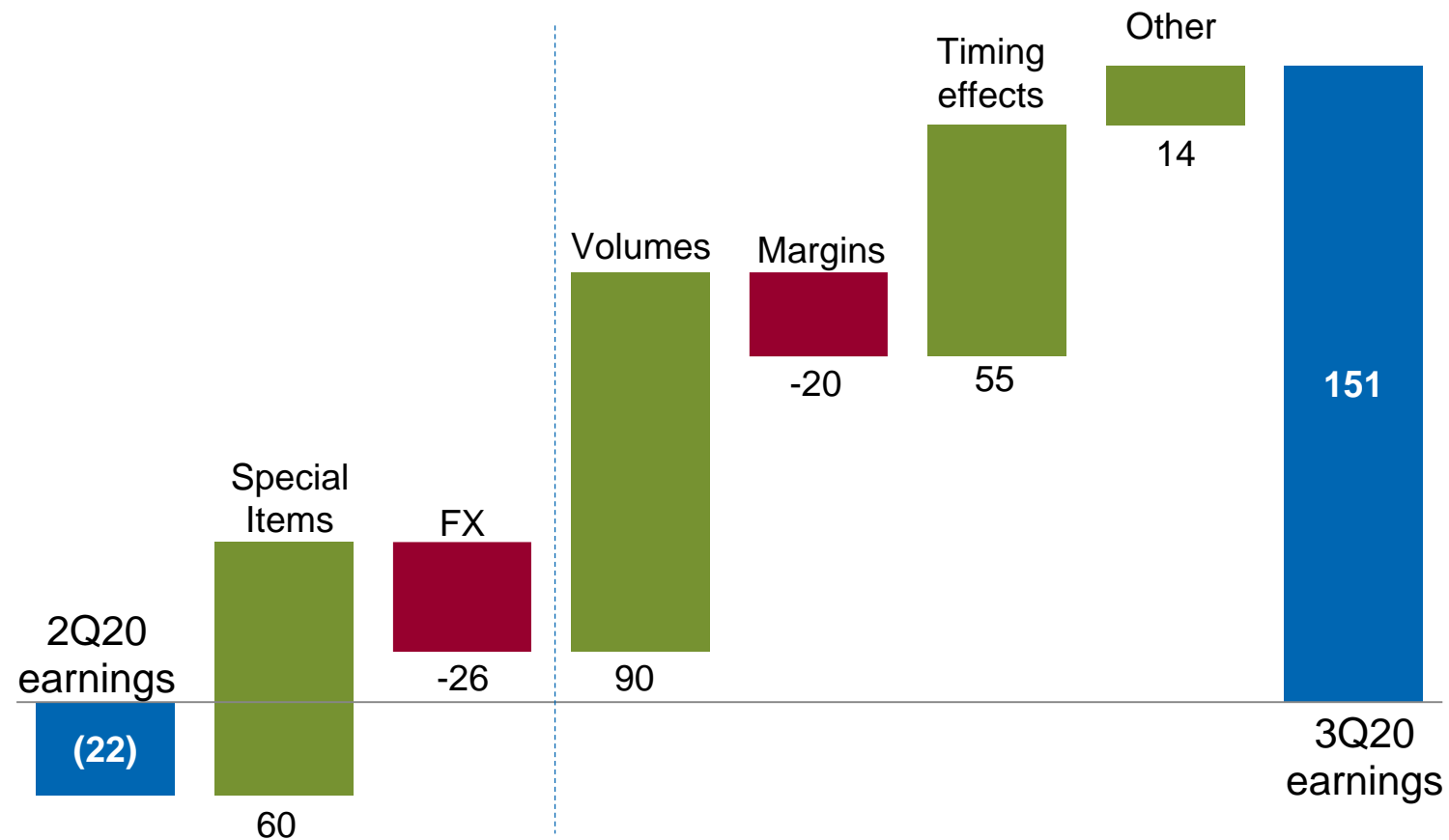


- Absence of 2Q special items
- Higher product demand
- Higher West Coast refining and marketing margins
- Favorable swing in timing effects
  - 3Q20 : \$73
  - Absence of 2Q20 : \$392
- Favorable LCM adjustments at CPCChem

# Appendix

## International downstream earnings: 3Q20 vs. 2Q20

\$ millions



- Absence of 2Q special items
- Higher product demand and additional Australia sales
- Favorable swing in timing effects
  - 3Q20 : \$(36)
  - Absence of 2Q20 : \$91



# Appendix:

## Historical downstream timing disclosure

<b>\$ millions</b>	<b>1Q17</b>	<b>2Q17</b>	<b>3Q17</b>	<b>4Q17</b>	<b>1Q18</b>	<b>2Q18</b>	<b>3Q18</b>	<b>4Q18</b>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>
US Downstream Timing	62	(10)	(64)	(18)	(28)	(13)	11	147	(63)	16	(24)	73	153	(392)	73
International Downstream Timing	59	62	(131)	(60)	(46)	(89)	(44)	264	(173)	82	115	(1)	284	(91)	(36)
<b>Total Downstream Timing Effects</b>	<b>121</b>	<b>52</b>	<b>(195)</b>	<b>(78)</b>	<b>(74)</b>	<b>(102)</b>	<b>(33)</b>	<b>411</b>	<b>(236)</b>	<b>98</b>	<b>91</b>	<b>72</b>	<b>437</b>	<b>(483)</b>	<b>37</b>

Note: Numbers may not align with historical earnings slides due to rounding.