

Initiating Coverage:

Chevron Corporation (\$CVX)

Key Take-away: Chevron has achieved record-breaking operational performance, with domestic and global quarterly production, while generating \$4.9 billion in adjusted free cash flow and returning over \$5 billion to shareholders in Q2. Following the successful Hess merger, Chevron has expanded U.S. production by nearly 60% over two years and operates a massive 1.6 million barrel per day shale portfolio. This positions it as the largest leaseholder in the Gulf of America with consolidated production approaching 4 million barrels of oil equivalent per day. Chevron is targeting \$2-3 billion in structural cost reductions by 2026 and is strategically pivoting its tight oil operations from maximum growth to cash generation mode. Looking ahead, Chevron has raised its 2026 additional free cash flow guidance to \$12.5 billion (\$10 billion from the stand-alone portfolio plus \$2.5 billion from Hess) and expects the Hess transaction to be cash flow accretive per share by Q4 2025.

Mr. Worldwide: Chevron is actively expanding its global footprint through a series of high-impact exploration and production projects. The company is advancing in Suriname's Block 5, drilling into the Korikori-1 exploration well offshore. It has also signed a deal with state-owned Israel Natural Gas Lines to commence construction of the Nitzana natural gas pipeline, transporting gas to Egypt. Additionally, Chevron is gearing up to conclude a deal with the Greek government, through its partner Helleniq Energy, for offshore natural gas exploration off the Peloponnese peninsula and Crete before the end of 2025. These deals mark strengthening regional energy ties throughout the Eastern Mediterranean and Caribbean, the former of which provides support for domestic supply and export potential to Europe. Collectively, these projects diversify Chevron's upstream portfolio and reinforce its role as a global energy supplier amid shifting geopolitical and demand dynamics.

Acquisition-Based Entry Into Emerging Fields: In the past few years, Chevron's acquisition strategy has reflected a decisive shift towards North and South America, with a gradual diversification into low-carbon energy. Key acquisitions include the recent \$53 billion acquisition of Hess Corporation, announced in 2023, which has strengthened Chevron's position in U.S. shale and granted access to Guyana's rapidly growing offshore oil fields. Chevron also acquired Renewable Energy Group to expand its renewable portfolio and Beyond6 to grow its U.S. natural gas infrastructure. To complement these acquisitions, Chevron has also invested in emerging technologies like carbon capture and hydrogen power.

Valuation: We initiate coverage with a \$169.00 PT.



Consortium Research Group
Energy & Sustainability | Oil & Gas
October 11th, 2025

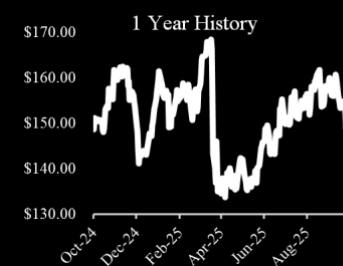
Stock Rating: Equal Weight

Price Target: \$169.00

Price: \$148.90

Potential Upside: 11.34%

Ticker: \$CVX



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Company Overview

Strong Scale and Portfolio Depth: The dominance of Chevron's upstream segment, which comprises the drilling and extraction of oil, is apparent in its production of over 3 million barrels of oil equivalent per day. This is supported by high-margin assets situated in areas such as the Permian Basin, where Chevron has exceeded its target of 1 million barrels of oil equivalent per day for the past 5 years. Similarly, Chevron's 50% stake in Tengizchevroil (TCO) provides it access to the Tengiz oil field, the world's deepest producing supergiant oil field, where Chevron is expected to increase crude oil barrels per day by over 260,000 at full capacity. In July 2025, Chevron beat its rival Exxon Mobil to acquire Hess, which is expected to provide \$1 billion and provide access to a 30% stake in the Stabroek Block oilfield in Guyana, where Exxon Mobil operates. These assets provide a resilient and diversified mix of short-cycle, high-velocity projects and long-cycle revenues that position Chevron's upstream division to effectively meet global energy demand.

Carbon Capture Trailblazer: Chevron is distinguished in its operational leadership in the carbon capture, utilization, and storage (CCUS) process, as well as its approach to decarbonization. It operates the Gorgon CCS facility in Australia, which is the largest CCS project and has led to more than 11 million tons of CO₂ being injected underground (with over 100 million tons of CO₂ expected to be mitigated over its lifetime). Chevron is also growing a portfolio of carbon management companies, including a joint venture in the expanded Bayou Bend CCS project with Talos and Carbonvert. Chevron's New Energies division also plans to spend \$8 billion between 2021 and 2028 to develop lower-carbon businesses, which is in addition to a \$2 billion investment in carbon reduction projects.

Partnership-Driven Energy Transition Strategy: Chevron is prioritizing scalability through collaboration to catalyze its energy transition, which is representative of the company's unique approach of investing in decarbonization while catering to energy demand. Chevron has partnered with various companies across the hydrogen, renewable gas, and digital energy ecosystems. For example, Cummins and Chevron partnered in 2023 to advance their strategic collaboration and contribute to the R&D and deployment of alternative fuels. Additionally, Chevron has partnered with oilfield services company SLB and Microsoft to digitize field operations and improve efficiency across drilling plans, deepwater well planning, and reservoir development.

Industry Overview

Policy-Induced Complications in Renewable Energy: While the 2022 Inflation Reduction Act (IRA) had measures encouraging developments in clean energy, such as investments in EV incentives and creation of a green bank, the One Big Beautiful Bill Act completely shifted the energy landscape. It imposed stricter requirements for foreign entities and sourcing, targeting Chinese involvement and limiting sourcing of material from China, while also significantly impacting clean energy project eligibility of tax credits. This is especially detrimental to the clean energy space as China is heavily involved in the supply chains of clean energy projects. Additionally, it shortened deadlines for most wind and solar projects, among other types of clean energy projects, which raised significant planning issues in the clean energy sector. Furthermore, the federal EV tax credit ended on September 30, 2025, removing a major consumer incentive that drove EV growth.

Energy Storage and Grid Modernization: The emphasis on shifting to a renewable-heavy energy mix has made energy storage and grid storage key components of energy infrastructure. Utilities and energy companies are rapidly deploying large-scale battery storage, pumped hydro, and flexible solutions to manage the intermittency of solar and wind power, especially with an expected 18.2 GW of utility-scale battery storage projected to be added to the grid in 2025 (as per the U.S. Energy Information Administration). Advanced grid technologies, like AI-driven load management, are being implemented to improve resilience, especially with

record levels of power demand from accelerating data center growth. This is where electrical contractors like EMCOR are stepping in to emphasize sustainability alongside electrical infrastructure growth through offering Energy as a Service.

Oil Market Under Mixed Pressures: Oil markets are being pulled and shaped by various geopolitical risks, OPEC+ supply management, non-OPEC+ production, and shifting demand patterns. While sanctions on Russia and Iran could reduce supply, actual impacts have been modest so far and OPEC+ is gradually unwinding its supply cuts despite member output limits to match demand. At the same time, non-OPEC+ producers such as the U.S., Brazil, Canada, Guyana, and Argentina are increasing output to near record levels, which is keeping global supply robust. On the demand side, growth remains moderate as refiners and Chinese stockpiling absorb some of the oversupply, but global inventories continue to rise and are creating the potential for softer prices if geopolitical or policy developments do not alter the balance.

Peer Comparisons

Comparable Companies						
\$mm						
Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM	
EXXON MOBIL CORPORATION (XNYS:XOM)	\$ 478,507	\$510,513	16.1x	\$329,385	\$70,837	
SHELL PLC (XNYS:SHEL)	\$ 207,974	\$251,766	11.2x	\$57,986	\$262,045	
TotalEnergies SE (XNYS:TTE)	\$ 127,573	\$164,240	8.2x	\$187,119	\$41,398	
BP P.L.C. (XLON:BP.)	\$ 66,215	\$146,402	167.5x	\$210,130	\$28,030	
Chevron Corporation	\$306,132	\$332,374	19.6x	\$187,736	\$41,711	

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	1 Yr Rev Growth	Rate LF
EXXON MOBIL CORPORATION (XNYS:XOM)	7.2x	22.5%	21.5%	14.0%		(3.3%)
SHELL PLC (XNYS:SHEL)	1.0x	14.7%	20.3%	10.6%		(9.9%)
TotalEnergies SE (XNYS:TTE)	4.0x	28.1%	20.0%	12.8%		(11.0%)
BP P.L.C. (XLON:BP.)	5.2x	16.2%	14.2%	4.9%		(7.5%)
Chevron Corporation	8.0x	28.8%	21.4%	12.3%		(1.8%)

High	7.97x	28.8%	21.5%	14.0%		-1.8%
75th Percentile	7.21x	28.1%	21.4%	12.8%		-3.3%
Average	5.07x	22.1%	19.4%	10.9%		-6.7%
Median	5.22x	22.5%	20.3%	12.3%		-7.5%
25th Percentile	3.97x	16.2%	20.0%	10.6%		-9.9%
Low	0.96x	14.7%	14.2%	4.9%		-11.0%

Chevron Valuation	
Implied Enterprise Value (25th Percentile)	\$ 165,482
Implied Enterprise Value (Median)	\$ 217,859
Implied Enterprise Value (75th Percentile)	\$ 300,606

Implied Share Price (25th Percentile)	\$ 68.42
Implied Share Price (Median)	\$ 94.00
Implied Share Price (75th Percentile)	\$ 134.42

Source: Pitchbook

Investment Theses

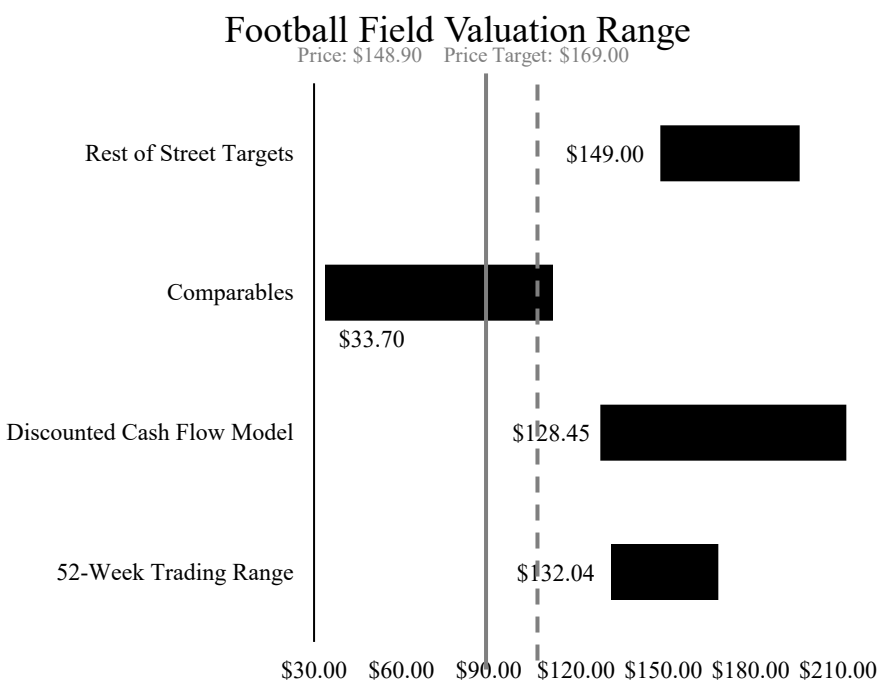
Leveraging Lithium: Chevron's strategic acquisition of approximately 125,000 net acres in the Smackover Formation for direct lithium extraction positions the company exceptionally well to capitalize on the critical supply-demand imbalance in the U.S lithium market. With China imposing export restrictions on high-energy density lithium batteries and the cathode and anode materials needed to manufacture them, domestic lithium

production has shifted to a national imperative. This is especially true given that 65% of all imports in 2025 were these lithium-ion batteries from China. This supply constraint coincides with surging demand from rapidly scaling data center infrastructure, where lithium-ion batteries serve as the most developed carbon-free solution for backup power as companies work towards the U.S. goal of net-zero greenhouse gas emissions by 2050. With pressing concerns surrounding the resilience of the power grid in the face of increasing power demand from AI workloads, lithium-ion batteries have become increasingly important, and Chevron's entry into the market takes advantage of this critical need.

Data Center-Fueled LNG Demand: According to the International Energy Agency, electricity demand is set to grow 6 times as fast as overall energy demand, with the uptake of AI and data center demand, along with the adoption of EVs. As a result, there are concerns about maintaining energy security with this rapid expected increase in electricity demand. Natural gas is likely to play a strong role as it is far more scalable than coal and renewables, while also serving as a more reliable energy source than nuclear energy. Chevron is collaborating with GE Vernova and Engine No. 1 to develop co-located natural gas power plants and data centers in the U.S. Southeast, Midwest, and Western regions that are expected to deliver up to 4 GW of power and come up at the end of 2027 with potential for capacity beyond 4 GW. This aligns well with the U.S. government's efforts to mobilize private sector investment in AI infrastructure and maintain technological leadership. As data centers grow in Europe, with Google's recent €5 billion investment in data center infrastructure in Belgium, Chevron's exploration for regasification projects in Europe, and current relationships in Europe will expand its LNG reach, enabling Chevron to capitalize on the more nascent data center infrastructure expansion in Europe.

Price Target & Valuation

Our analysis gives (\$CVX) a price target of \$169.00 and an equal weight rating.



Potential Upsides and Downsides to Our Rating

Post-Acquisition Integration: Chevron could face short-term operational and cash flow uncertainty due to integration risks from the Hess Midstream Acquisition, especially since it relies on the less-predictable Bakken shale production. Any delays, underperformance, or volatility in Bakken output can reduce clarity of short-term growth drivers, compress margins, and limit midstream throughput.

Sensitivity to Geopolitical Conflict & OPEC+: Chevron’s operations remain sensitive to geopolitical instability and OPEC+ production decisions, which can sharply influence global supply balances and crude price volatility. Any heightened tensions in the Middle East or unexpected OPEC+ output cuts could tighten supply and elevate costs across Chevron’s upstream operations. Similarly, rapid production increases or easing sanctions on competitors could compress margins.

Energy Security Prioritization vs. Decarbonization: If geopolitical conflicts lead to rising emphasis on energy security, that will bolster demand for flexible energy sources like natural gas. Chevron’s strong LNG portfolio and upstream gas assets position it to take advantage of sustained investment in gas infrastructure.

Our Price Target: \$169.00

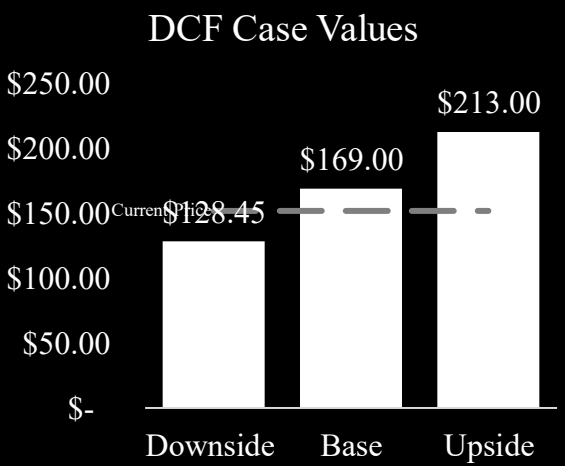
Our price target case is based on a 2030 8.0x and MSD revenue growth with margins sharply increasing into 2026 and slowly increasing into 2030. This is justified given a shift towards natural gas to power data centers that uniquely caters to Chevron’s capabilities.

Our Upside Case: \$213.00

Our upside case is based on a strong shift towards natural gas for data center demand, along with corresponding demand for data centers. Additionally, it assumes a strengthening U.S. lithium production industry where Chevron is pioneering the way. This case also assumes Chevron is continuously broadening its portfolio and continuing its strong acquisition and partnership based strategy.

Our Downside Case: \$128.45

Our downside case is based on worsening geopolitical issues and OPEC+ supply constraints, along with poor post-acquisition integration and exposure to volatility in Bakken shale output. It also assumes other competitors like Exxon and BP taking control of key areas such as Guyana where Chevron currently has a unique advantage.



Projections

Income Statement (\$mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	193,414	198,700	220,557	245,370	273,587	12.3%
EBITDA	44,296	42,000	46,317	52,141	58,821	9.9%
EBIT	28,100	25,000	26,467	30,058	34,198	6.8%
NOPAT	(4,864)	16,401	36,124	21,880	18,343	-255.7%
Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	22.9%	21.1%	21.0%	21.3%	21.5%	21.6%
EBIT Margin	14.5%	12.6%	12.0%	12.3%	12.5%	12.8%
Revenue Growth	-1.8%	2.7%	11.0%	11.3%	11.5%	6.9%
EBIT Growth	-6.5%	-11.0%	5.9%	13.6%	13.8%	3.1%
Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	-28.6x	-34.2x	-32.3x	-29.4x	-26.8x	-30.3x
EV/Sales	1.7x	1.7x	1.5x	1.4x	1.2x	1.5x
EV/EBITDA	7.6x	8.0x	7.3x	6.5x	5.7x	7.0x
FCF Yield	-3.5%	-2.9%	-3.1%	-3.4%	-3.7%	-3.3%

About \$CVX

Chevron Corporation (\$CVX), founded in 1879, is a leading integrated energy company engaged in every aspect of the oil, natural gas, and geothermal energy industries. The company's operations span exploration, production, refining, marketing, and transportation of hydrocarbons, as well as the development of lower-carbon technologies. Chevron's diversified portfolio includes upstream assets across North America, Africa, and Asia-Pacific, and downstream operations that refine and distribute fuels and lubricants globally. Through its commitment to innovation, operational excellence, and sustainability, Chevron aims to deliver affordable, reliable, and ever-cleaner energy while creating long-term value for shareholders and society.

Disclosures & Ratings

Consortium Equity Research does not hold any professional relationships with any reported equities.

Overweight means the analyst team believes the stock price will outperform the coverage industry benchmark (TMT, Healthcare, Industrial, Consumer, FIG, Energy & Sustainability) in the next 6-12 months. **Equal Weight** means the team expects performance in line with the industry benchmark. **Underweight** means the team expects underperformance relative to the industry benchmark.

Appendix

Chevron Corporation
Discounted Cash Flow

Active Case:	2 Base
Current Share Price	\$151.94

DCF Analysis (\$mm)											
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24	12/31/2025	12/31/26	12/31/27	12/30/28	12/30/29	12/31/30
Stub						0.78	1.78	2.78	3.78	4.78	5.78
Discount Period						0.11	0.72	1.72	2.72	3.72	4.72
Revenue	94,471	155,606	235,717	196,913	193,414	198,700	220,557	245,370	273,587	305,734	342,422
Revenue Growth	0%	65%	51%	-16%	-2%	3%	11%	11%	12%	12%	12%
Revenue	94,471	155,606	235,717	196,913	193,414	198,700	220,557	245,370	273,587	305,734	342,422
EBIT	(6,756)	22,351	50,190	30,053	28,100	25,000	26,467	30,058	34,198	38,981	44,515
EBIT Margin	-7%	14%	21%	15%	15%	13%	12%	12%	13%	13%	13%
Tax Expense	(1,892)	5,950	14,066	8,173	9,757	6,900	7,411	8,416	9,576	10,915	12,464
Effective Tax Rate	28%	27%	28%	27%	35%	28%	28%	28%	28%	28%	28%
NOPAT	(4,864.00)	16,401.00	36,124.00	21,880.00	18,343.00	18,100.00	19,056.12	21,641.60	24,622.85	28,066.35	32,050.67
D&A	16,156	16,895	14,809	14,553	16,196	17,000	19,850	22,083	24,623	27,516	30,818
Capex	8,922	8,056	11,974	15,829	16,448	14,400	15,439	17,483	19,835	22,548	25,682
Changes in NWC	46,016	30,062	24,882	20,144	28,969	29,805	33,084	36,805	41,038	45,860	51,363
UFCF	(43,646)	(4,822)	14,077	460	(10,878)	(9,105)	(9,616)	(10,563)	(11,627)	(12,826)	(14,176)
PV of FCF						(9,034)	(9,131)	(9,332)	(9,557)	(9,807)	(10,085)

Terminal Value	
Perpetuity Growth Method	
2034 FCF	\$14,176
Growth	4.00%
Terminal Value	\$406,469
PV of Terminal Value	\$289,153
PV of Terminal Value	\$289,153
Implied TEV	\$289,153
(-) Debt	\$29,467
(+) Cash	\$4,066
Implied Equity Value	\$263,752
Basic Shares Outstanding	2047
Implied Share Price	\$128.82
Upside/Downside	-15.21%

Implied Exit BF EV/EBITDA	6.5x
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Terminal Value	
Exit Multiple Method	
2034 EBITDA	\$75,333
EV/EBITDA Exit Multiple	8.0x
Terminal Value	\$602,662
PV of Terminal Value	\$428,719
PV of Terminal Value	\$428,719
Implied TEV	\$428,719
(-) Debt	\$29,467
(+) Cash	\$4,066
Implied Equity Value	\$403,318
Diluted Shares Outstanding	2,047
Implied Share Price	\$196.99
Upside/Downside	29.7%

Implied PGR	4.0%
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Blended Share Price	
Perpetuity Growth Method	0%
Exit Multiple Method	100%
Blended Share Price	\$196.99
Upside/Downside	11.34%

Weighted Average Cost of Capital (\$mm)	
Market Risk Premium	4.33%
Beta	0.82
Risk Free Rate	4.39%
Cost of Equity	7.24%
Weighted Average Cost of Debt	4.00%
Tax Rate	28.00%
Cost of Debt	0.25%
Total Equity	\$311,081
Total Debt	\$25,401
Equity/Total Capitalization	91.35%
Debt/Total Capitalization	8.65%
WACC	7.49%