



Exxon Mobil

November 02 2018

Exxon and Chevron shares rise on respective third-quarter earnings

Oil giants Exxon Mobil Corporation (NYSE:XOM) and Chevron Corporation (NYSE:CVX) barreled to higher earnings per share in their respective third quarters Friday but diverged on revenue as Exxon surged past year-ago and consensus estimates while Chevron fell short of market expectations.

Exxon said its EPS clocked in at \$1.46 on net income of \$6.24 billion, compared to the year-ago EPS of \$0.93 on net income of \$3.97 billion. The consensus EPS was at \$1.23. Revenue reached \$76.61 billion, topping the consensus of \$73.55 billion and the year-ago mark of \$66.17 billion.

Chevron, on the other hand, reported EPS of \$2.11 on net income of \$4.04 billion, compared with EPS of \$1.03 last year on net income of \$1.95 billion. The consensus EPS for the company was at \$2.06. Revenue hit \$43.98 billion, above last year's \$36.2 billion but short of the consensus of \$46.67 billion.

Exxon and Chevron are the two biggest oil companies in the US. Exxon used to be the world's biggest oil company in the world until overtaken by Saudi Aramco.

Shares of Exxon were up 1.2% to \$81.59 in the Friday premarket, having closed 1.24% higher on Thursday at \$80.67. Chevron stock was up 4.7% to \$116.35 in the premarket, having closed on Thursday 0.43% lower at \$111.17.

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Exxon said oil-equivalent production was 3.8 million barrels per day, down 2% from the third quarter of 2017. Excluding entitlement effects and divestments, liquids production increased 6%, as growth in North America more than offset decline and higher downtime. Natural gas volumes decreased 4%, excluding entitlement effects and divestments, largely due to a continuing near-term shift in US unconventional development from dry gas to liquids.

"We are seeing the benefits of integration as we capture value from advantaged feedstock from the Permian and Western Canada for our North American refineries," said Exxon chairman and CEO Darren Woods. "We expect to continue to increase volumes over time as we ramp up activity in the Permian and new projects start up."

RBC Capital Markets analyst Biraj Borkhataria said in a research note to clients said Exxon's strategy is "well placed in a positive macro environment."

"Although ExxonMobil's investment may take some time to bear fruit, we could see shareholder returns increase in the near term if ExxonMobil ramps up its asset sales program, providing excess cash proceeds to shareholders in the form of higher dividends and/or buybacks. We recommend investors buy the dip around quarterly reporting volatility, where visibility on key moving parts is likely to be limited in the near term," the analyst said.

Price: US\$72.13

Market Cap: US\$305596.2M

1 Year Share Price Graph



Share Information

Code: XOM

Listing: NYSE

52 week High Low
89.3p 64.66p

Sector: Oil & Gas Exploration & Production

Website: www.corp.exxonmobil.com

Company Synopsis:

Exxon Mobil is a manufacturer and marketer of commodity petrochemicals, including olefins, aromatics, polyethylene and polypropylene plastics and a range of specialty products. It also has interests in electric power generation facilities and is a major oil and gas exploration and production player.

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RBC rated the stock as Outperform with a price target of \$115.

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As for Chevron, company chairman and CEO Michael Wirth said: "third-quarter earnings more than doubled from a year ago."

He said the results "reflect higher production and crude oil prices coupled with a continued focus on efficiency and productivity."

Chevron said net oil-equivalent production was 2.96 million barrels per day in third quarter 2018, compared with 2.72 million barrels per day from a year ago. The company's average sales price per barrel of crude oil and natural gas liquids was \$62 in the third quarter of 2018, up from \$42 a year earlier. The average sales price of natural gas was \$1.80 per thousand cubic feet in the third quarter, unchanged from the prior year's third quarter.

Production increases from shale and tight properties in the Permian Basin in Texas and New Mexico and base business in the Gulf of Mexico were partially offset by the impact of asset sales of 19,000 barrels per day. The net liquids component of oil-equivalent production in third quarter 2018 increased 25% to 654,000 barrels per day, while net natural gas production increased 14 percent to 1.06 billion cubic feet per day.

Exxon is based in Irving, Texas. Chevron is based in San Ramon, California.

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