Hello, everyone. Welcome to ExxonMobil’s fourth-quarter 2023 earnings call. We appreciate you being with us today. I’m Jennifer Driscoll, Vice President of Investor Relations. I’m joined by Darren Woods, Chairman and CEO, and Kathy Mikells, Senior Vice President and CFO.

This presentation and prerecorded remarks are available on the Investors section of our website. They are meant to accompany the fourth-quarter earnings news release, which is posted in the same location.
In conjunction with our recent announcement about acquiring Pioneer Natural Resources, we’ve included additional information about the transaction on slide 2.

Please be aware that this presentation is not intended to be a solicitation of any vote or approval.

Additional remarks on this slide will be provided during the discussion of fourth quarter 2023 financial and operating results.
During the presentation, we’ll make forward-looking comments, which are subject to risks and uncertainties. Please read our cautionary statement on slide 3. You can find more information on the risks and uncertainties that apply to any forward-looking statements in our SEC filings on our website. Note that we also provided supplemental information at the end of our earnings slides, including an overview of full-year results, which are posted on the website.

And now, please turn to slide 4 for Darren’s opening remarks.

Additional remarks on this slide will be provided during the discussion of fourth quarter 2023 financial and operating results.
Darren Woods

Good morning, and thanks for joining us.

I want to start with the theme of the quarter, which frankly, has been a theme of the year – excellence in execution. Whether it’s operating our facilities, building projects, deploying technologies, trading, marketing, sales, supply chain, or any of our other activities, the men and women of ExxonMobil are setting and holding themselves to very high standards as they execute their responsibilities. Their hard work and commitment drove the strong results we reported today and are the foundation of our success. At the end of the day, it’s all about our people. They make the difference and are delivering industry-leading results.

And, nothing is more important than the safety of our people. Keeping them safe requires intense focus and relentless discipline, 24 hours a day, every single day. For many years we’ve outperformed industry benchmarks for workplace safety. Over the last several years we’ve been implementing improved systems for managing both personnel and process safety, leveraging best practices from across our company and industry - our own and others’. These efforts are paying off with continued improvements in the number and severity of incidents.

The discipline needed to consistently deliver industry-leading safety performance, manifests itself in all our work. We see it in our project teams, who are delivering large capital projects at top-quintile performance on cost and schedule. We see it in the reliability of our operations, where we achieved record performance in both the upstream and refining. We see it in our environmental performance, where we set several new records. And we see it in the successful management of the transformational re-organizations we’ve made over the last several years.
The results are clear. By any measure, 2023 was an outstanding year. We delivered $36 billion of earnings, strong cash flows, and a 15% return on capital employed. Our strategy, introduced in 2018, coupled with consistently strong execution, is delivering results that lead industry across a range of metrics, including earnings and cash flow growth, total shareholder distributions, and total shareholder returns since 2019, the baseline year of our plans.

On a constant-price basis, we more than doubled earnings in 2023 versus 2019, demonstrating the improved earnings power of the company. The growth in profitability reflects significant progress in high-grading our portfolio of assets through advantaged projects, divestment of less strategic operations, and significant cost reductions.

During the year, our divestments generated more than $4 billion of cash proceeds. And we also announced two value-accretive acquisitions. Denbury, which closed in November, provides opportunities to profitably accelerate our Low Carbon Solutions business with a compelling, end-to-end, customer decarbonization offer. Pioneer, which is expected to close in the second quarter, will further differentiate our advantaged Upstream portfolio. The synergies will create significant shareholder value and accelerate Pioneer’s net zero ambitions by 15 years, to 2035.

In 2023, we made significant advances in a number of innovative solutions. We entered the lithium business, where we see an opportunity to supply approximately 1 million electric vehicles per year by 2030 with economically advantaged production that has a much smaller environmental impact than today’s supply. In the carbon capture and storage space, we recently completed the construction of a pilot plant to further develop a unique, proprietary technology, which has the potential to significantly lower the cost of direct air capture. We also launched Proxxima™, – a thermoset resin with a high-value-in-use for coatings, infrastructure, automotive parts, and wind power – made from low value components used in gasoline.

We also took a further step in reducing cost, leveraging scale and improving effectiveness with the formation of three new centralized organizations: Global Supply, Trading, and Global Business Solutions. This change provides additional opportunities to grow deep expertise across a broad portfolio of critical business capabilities. Today, we’re convinced that no other company can match the depth and breadth of development opportunities that ExxonMobil offers. It’s no surprise that for the 11th year in a row, we were recognized as the most attractive U.S. employer in the industry for engineering students. This is another key competitive advantage.

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Today, society has two essential asks of our industry: reliably provide affordable energy and products critical to modern life and reduce greenhouse gas emissions. We continue to deliver on both, and are helping society solve the “and” equation.

In our Upstream business, we set production records in both Guyana and the Permian, growing combined volumes by more than 18% in 2023. We started up the Payara project offshore Guyana in November and reached nameplate capacity of 220 Kbd in late January, well ahead of schedule.

In Energy Products, we completed our 250 Kbd Beaumont refinery expansion, the largest U.S. capacity addition in a decade. We started it up in February, two months early, and reached nameplate capacity in March. The new unit has demonstrated consistently high reliability, contributing to record annual refining throughput.

In Chemical Products, we started up our Baytown chemical expansion, which grows volumes and improves product mix. Enabled by innovative catalyst and process technology, the project provides 750 Kta of new performance chemical capacity.

On the emissions side of the equation, we further reduced our methane intensity, achieving more than a 50% reduction corporation-wide versus 2016.

In the Permian, we made great progress on our plan to get to net zero by 2030. We electrified 100% of our drilling fleet and finished replacing all 6,000-plus natural-gas-driven pneumatic devices in our unconventional operated assets. We also deployed our first electric fracturing
unit and signed additional long-term agreements enabling renewable power capacity to support our operations.

In addition, we advanced our efforts to help others reduce their emissions. In 2023 we signed two new contracts to capture, transport, and store CO$_2$, increasing total offtake volume currently under contract to 5 Mta. With the addition of Denbury, we now have the largest CO$_2$ pipeline network in the United States. The U.S. EPA’s decision to grant Louisiana primacy for issuing Class VI well permits will further support our carbon capture and storage opportunities along the U.S. Gulf Coast. Altogether, our emission reduction opportunities – in lithium, CCS, hydrogen and biofuels – have the potential to reduce third-party emissions by more than 50 Mta by 2030.\textsuperscript{iv}

While we are committed to helping others significantly reduce emissions, our investments to do this must generate competitive returns. The available opportunities vary significantly across jurisdictions. Stable policies that support competitive returns are needed to attract investments in projects that have long-term payouts. The U.S. Inflation Reduction Act could be a model of constructive policy if the rulemaking around tax credits remains focused on carbon intensity, and is unbiased and technology-neutral.

In Europe, there is no counterpart to the IRA, just a mix of prescriptive rules that waver between offering a carrot and brandishing a stick, not to mention punitive energy taxes and proposals for onerous disclosure requirements.

Conversely, we’re encouraged by the policy that has been adopted in Canada, where carbon-intensity-based, technology-neutral regulation is supporting our investment in a renewable diesel plant at Imperial Oil’s Strathcona refinery. Policy discussions in parts of Asia are also encouraging.

Against this background of uncertainty, we’re maintaining flexibility to invest in regions and projects with higher confidence of earning a competitive return.
Turning to the broader industry environment, we saw energy prices and refining margins start to normalize in 2023, coming down from their 2022 highs. Global demand for liquids set a record in 2023. Fortunately, supply also continued to grow, a testament to the industry’s ability to innovate. Chemical margins remained well below the 10-year range as continued demand growth was met with robust supply additions.

Focusing on the fourth quarter, crude prices moderated slightly, settling near the middle of the 10-year range. Seasonally higher demand supported natural gas prices moving back above the 10-year range. In refining, following record demand in the third quarter, margins declined on weaker gasoline cracks due to seasonally lower demand. Lastly, chemical margins saw a modest improvement in the fourth quarter, benefiting from lower U.S. feed costs.
And while margins and prices generally declined in 2023, our efforts to structurally improve the business delivered another year of industry-leading results.

Total earnings were $36 billion, or $38.6 billion excluding identified items. Total cash flow from operations was $55 billion.

Since 2019, we’ve been growing earnings and cash flow from operations at double the pace of our next closest peer. From 2019 through 2023, the compound annual growth rate of earnings was more than 40%, and cash flow was more than 15% – both leading peers.

An important driver was the $9.7 billion of structural cost savings we achieved, which exceeds our 2023 plan and gave us a jump start on our plans to capture $15 billion in savings by 2027.

Our strong financial performance is creating exceptional value for shareholders. We raised the dividend by 4.4% in the fourth quarter of 2023, marking our 41st consecutive year of annual dividend increases. In total, last year we returned more than $32 billion to shareholders through dividends and share repurchases, leading peers. These distributions helped deliver a 15% annualized total shareholder return since 2019, leading peers and outperforming the broader market.3 Our plan for 2024 builds on this success.

With that, I’ll turn it over to Kathy.
EXCELLENCE IN EXECUTION CONSISTENTLY DRIVING INDUSTRY-LEADING RESULTS

Kathy Mikells

Thanks, Darren.

I’ll start with a rundown of our full-year earnings, followed by a more detailed discussion of fourth-quarter results.

Our GAAP earnings for 2023 were $36 billion, including a roughly $2 billion impairment we took as a result of regulatory obstacles in California that have prevented us from restarting our Upstream SYU (Santa Ynez Unit) assets. Adjusted for identified items, earnings were $38.6 billion, reflecting our excellent execution and leading peers. Earnings declined $19.5 billion from the record earnings we reported in the prior year driven by energy markets moving towards more typical levels from 2022 highs.

In the Upstream, we delivered full-year volumes of 3.7 Moebd, in line with our guidance. While volumes were essentially unchanged vs. prior year, we achieved a unit earnings improvement of nearly $1 per barrel, providing an earnings benefit of roughly $1 billion. The driver was improved mix, essentially a greater proportion of high-margin barrels from assets like the Permian and Guyana and lower costs across our portfolio. This clearly demonstrates the benefits of our value-over-volume approach.

In the EMPS business, we’re also seeing the results of our strategy, which includes lowering cost of supply, high-grading our portfolio, and growing high-value products. This was evident in 2023 as we achieved full-year records in refining throughput, sales of performance chemicals, and sales of multiple performance-lubricant grades.
While total expenses increased by $1.4 billion, cash operating expense, excluding energy costs and taxes, was essentially flat year-over-year. Additional structural cost savings of more than $2 billion more than offset market forces, growth, and higher scheduled maintenance.

Lastly, mark-to-market impacts were a headwind to Upstream earnings, driven primarily by the absence of gains that we saw in 2022. In Energy Products, unsettled derivatives and price/timing impacts were neutral year on year.
Moving to the fourth quarter, GAAP earnings were $7.6 billion. Excluding identified items, earnings were $10 billion, an increase of roughly $850 million sequentially with higher earnings in all segments.

Upstream earnings increased by $200 million, driven by improved volume and mix.

Energy Products earnings increased by $500 million as we continued strong execution and the price/timing impacts we saw in the third quarter unwound. Earnings also benefitted from one-time tax items and favorable year-end inventory impacts.

Chemical Products earnings rose to nearly $600 million on margin improvements, driven by lower U.S. feed costs.

Specialty Products continued to deliver solid earnings, contributing more than $700 million.

Disciplined expense management and ongoing structural cost reductions enabled us to hold expenses relatively flat.

Unsettled derivatives mark-to-market impacts helped earnings by more than $1 billion as crude prices declined during the quarter.
In the Upstream, earnings of $6.3 billion primarily reflected improved volume and mix driven by continued growth from our advantaged Guyana and Permian assets, consistent with our objective of growing value. Upstream volumes increased by approximately 140 Koebd versus the third quarter, boosted by record quarterly gross production in Guyana.

Additionally, in Guyana we exceeded our full-year gross production guidance of 380 Kbd, delivering more than 390 Kbd.

Similarly, we achieved 12% growth in the Permian and exceeded our full-year guidance of 600 Koebd with production of approximately 610 Koebd. We’re leveraging our competitive advantages to efficiently develop and produce our largely contiguous-acreage resource. Permian volumes improved by roughly 25 Koebd during the quarter. We’re drilling the longest laterals in the basin backed by our industry-leading Remote Operations Center in Houston, which is the coordination center for our drilling and completions operations across our Permian assets. Having our drillers and completion engineers together in one location with real-time information allows us to quickly apply lessons learned, strengthen consistency of well delivery, and improve resource recovery.

Other earnings impacts included unfavorable one-time tax items and year-end inventory effects.
Energy Products had a strong finish to an impressive year. We delivered record throughput thanks to record reliability, the Beaumont expansion, and other performance improvements enabled by technology.

Fourth-quarter earnings were more than $3 billion. Our margins declined on the seasonal step-down in gasoline demand, yet remained advantaged versus industry due to our large North American footprint, integration benefits, and higher conversion capabilities. We completed the final segment of our 1.5 Mbd Permian crude pipeline ahead of schedule, expanding access to advantaged, lower-carbon crude for our Beaumont and Baytown refineries. This is another tailwind to margins and an example of how our businesses benefit from being part of an integrated company.

The divestments we made in the third quarter further strengthened our competitiveness while modestly reducing volumes. Higher seasonal planned maintenance also impacted volume and expenses. We continued to demonstrate first-quartile cost and schedule performance on our turnarounds.

Other earnings were driven primarily by favorable year-end inventory and tax impacts as well as positive foreign exchange.

Trading timing impacts were a help to earnings this quarter, mainly as a result of the lower price environment versus the third quarter.

Earnings benefitted by roughly $1.5 billion from trading timing impacts in the quarter versus the headwind of about $1 billion we saw last quarter. The previous unfavorable price/timing
effects we discussed in the third quarter have fully unwound this quarter with some of that benefit coming through the change in mark-to-market as we matched to physical gains this quarter. As we’ve said, these price-driven impacts fluctuate each quarter and are largely neutral over longer periods of time. For the year, these timing effects were essentially neutral, which you can see in the full year Energy Products earnings bridge slide in the appendix to this presentation.
Turning to Chemical Products, earnings more than doubled to nearly $600 million. Performance chemicals, which today represent about one-third of the segment’s portfolio, continue to capture margin premiums enabled by proprietary technology.

Sequentially, strong performance chemical sales, together with decreasing U.S. Gulf Coast feed costs, enabled us to expand margins in an industry environment that showed only modest improvement.

Volume and mix was lower, driven by seasonally lower overall sales, partially offset by new volumes coming online from the chemical expansion project in Baytown.

Other reflects favorable tax and year-end inventory effects.
Finishing out the segments, earnings in the Specialty Products segment improved to roughly $740 million, representing yet another solid quarter. Underpinning these steady contributions are high-value products, which represent about 70% of the Specialty Products portfolio. This includes performance lubricants, such as Mobil 1™, that are enabled by proprietary technology and global brand leadership.

Higher margins were driven by improved realizations from strong sales of performance lubricants, as well as lower feed costs.

Headwinds from seasonally lower sales volumes and higher marketing expenses were offset by favorable year-end inventory effects.
Our earnings growth flowed through to cash. We generated $13.7 billion of cash flow from operations during the fourth quarter, or $15.9 billion excluding an increase in working capital driven by higher crude in transit supporting our growing trading business and indirect tax payments. Excluding working capital, cash flow from operations increased by about $1.7 billion sequentially.

Free cash flow came in at $8 billion for the quarter and $36.1 billion for the year. Our execution reflected our capital allocation priorities: investing in competitively advantaged high-return projects, enhancing returns through M&A; maintaining our strong balance sheet and returning cash to shareholders through consistent share repurchases and a sustainable, competitive, and growing dividend.

Capital and exploration expense for the fourth quarter was $7.8 billion, bringing our full-year capex to just above $26 billion. That’s a bit above the top end of our guidance range as we opportunistically accelerated drilling activity in our advantaged Permian and Guyana assets and entered the lithium business.

Cash capex came in at $6.7 billion for the quarter and finished the year at $23.4 billion.

We further strengthened our portfolio through the divestment of non-core assets. This quarter we closed the divestment of east Texas upstream assets, bringing our full-year divestment proceeds to more than $4 billion.

In the fourth quarter, we distributed another $8.2 billion to shareholders, bringing our total distributions for the year to more than $32 billion. This includes about $17.5 billion in share...
repurchases, consistent with the program that we laid out in December 2022, and leading peers. We raised our fourth-quarter dividend by 4.4%, to $0.95 per share, and saw growth in the annual dividend for the 41st consecutive year, a long track record that leads our peers. We also announced our plan to increase the share repurchase pace to $20 billion annually through 2025 following the close of the Pioneer acquisition, assuming reasonable market conditions.

Our year-end cash balance was $31.6 billion, up almost $2 billion versus the end of 2022. Our balance sheet strength is reflected in our low leverage ratios, ending the year with debt-to-capital and net-debt-to-capital at 16% and 5%, respectively.

To sum up, we’re pleased with our financial performance and, just as important, proud of what our people accomplished in 2023. The market will have its ups and downs; it’s our people — consistently executing our strategy and winning in the marketplace everyday — that create the lasting difference in our performance.
Looking ahead to the first quarter, we expect slightly lower Upstream volumes due to the absence of favorable year-end entitlement impacts, partially offset by the ramp-up at Payara. For 2024, we expect average net production to be about 3.8 Moebd.

As we continue the refinery turnaround season, we anticipate peak planned maintenance activity in the first quarter for Energy Products. Planned maintenance for the other EMPS segments are reasonably consistent with what we saw in the fourth quarter.

We expect corporate and financing expenses to total $300 million to $500 million in the first quarter, down from the fourth quarter due to the absence of some one-time items and unfavorable tax impacts.

Finally, per SEC rules, we paused our share repurchase program in January following Pioneer’s S-4 filing. We expect to resume share repurchases after the Pioneer shareholders’ special meeting on Feb. 7th.

And with that, I’ll turn it back to Darren.
Thanks, Kathy.

A key driver of earnings growth is our capital investments. Our track record in project execution excellence is second to none. Over the last five years we’ve clearly demonstrated our differentiated capability. Adjusting for pandemic-related impacts, we started up a portfolio of 14 very advantaged, highly complex projects safely, below budget, and ahead of schedule.

Between 2018 and 2023, we brought online an average of three large projects a year, improving performance across our Upstream and Product Solutions businesses.

Our Global Projects organization has enabled us to centralize and leverage decades of project management experience, technical knowledge, and commercial capabilities. On large projects, this gives us unique structural advantages that help to drive smoother start-ups, low cost of supply, and higher reliability, all of which contributes to industry-leading, dependable returns. Our large pipeline of projects makes ExxonMobil an attractive long-term customer for our contractors and suppliers, enabling deeper partnerships and better value. Since 2018, we have delivered a portfolio of over $30 billion of large projects on time and under budget, which in aggregate will contribute more than $5 billion in earnings in 2024 at constant prices and margins.
Our unmatched record of consistent excellence in project execution gives us confidence in our plans to start up these 14 value-acc cretive projects in 2025, seven of which are advanced recycling units. That’s a lot of activity, and a significant contributor to future earnings growth.

Yellowtail will be our fourth development in Guyana and our largest development yet, with a nameplate capacity of 250 Kbd. We expect to have six Guyana projects online, with a capacity of more than 1.2 Mbd in aggregate, by year-end 2027. These projects have a 30% lower greenhouse gas intensity than the average of our upstream portfolio, with a low cost of supply and strong returns.

The Golden Pass LNG project, where we have a 30% ownership, is a capital-efficient conversion of an import terminal with an estimated send-out capacity of around 18 Mta. Train 1 mechanical completion is expected at the end of 2024 with first LNG in the first half of 2025.

In Brazil, Bacalhau is the first pre-salt, greenfield development by a consortium of international companies with a 40% ExxonMobil working interest. The nameplate capacity of the FPSO is 220 Kbd with first oil planned for 2025.

At our Fawley facility in the United Kingdom, we’re expanding our hydroprocessing capability to allow us to transform lower-value export fuels into higher-value finished diesel for the U.K. market. Construction is progressing with modules on site and integration underway.

At Strathcona, Imperial Oil is progressing a 20 Kbd renewable diesel facility. Using a proprietary catalyst to turn blue hydrogen and locally sourced bio-feedstock into premium low-carbon
diesel, this facility could reduce CO₂ emissions by 3 Mta. By 2025, we’re targeting 40 Kbd of lower-emission fuels across our portfolio with an average expected return of more than 20%.

Our Singapore resid upgrade project will use a first-to-the-world application of technology to upgrade bottom-of-the-barrel molecules to benefit all three Product Solutions businesses. We expect the upgrade to basestocks to yield about $60 per barrel of additional margin versus the current product slate.

In China, we expect our world-scale chemical complex to continue our trend of industry-leading project delivery on both cost and schedule. The team is helping set new Chinese construction records, and start-up is now expected ahead of schedule in early 2025. This facility will have the capability to produce 1,650 Kta of performance polyethylene and 850 Kta of performance polypropylene.

Finally, by year-end 2025, we’re aiming to have more than 700 million pounds of annual plastic waste recycling capacity as we add seven new advanced recycling facilities worldwide.

Collectively these projects are expected to contribute nearly $4 billion in earnings in 2027 at constant prices and margins, demonstrating how critical this execution capability is to the ongoing growth and resilience of our business.
Our plan for 2024 remains anchored in our existing strategy, building on world-class execution and the performance we delivered last year. We set a high bar for ourselves across all aspects of the business – from safety to operational excellence to financial performance – and have confidence in our team’s ability to consistently deliver.

For 2024, we expect to invest $23-$25 billion to grow our portfolio of advantaged, low-cost-of-supply assets, further shift our product mix toward higher-value, higher-margin performance products, and reduce emissions -both our own and others’.

Our plan also continues to structurally reduce cost to achieve $15 billion in structural cost savings through 2027. We have opportunities to enhance supply chain efficiency, further improve maintenance and turnarounds, modernize data management, and simplify business processes.

In Low Carbon Solutions, we’ll continue the integration of Denbury and look to add additional customers to our U.S. Gulf Coast network. As we noted during the Corporate Plan update in December, we’re now pursuing more than $20 billion of lower emissions opportunities, evenly split between reducing our own emissions and reducing third-party emissions. Overall, our portfolio of low carbon investments is expected to generate returns of approximately 15%.

Our Upstream portfolio will be further transformed when we close on the transaction with Pioneer. By combining the capabilities of our two companies and leveraging the advances we’ve made in technology, we expect to recover more resource, more efficiently, with lower emissions. We’ll provide more detail about this compelling combination at our Spotlight event following the close.
Our results in 2023 once again demonstrated the strength of our strategy. As I reflect on the past year, I have tremendous pride in what our people accomplished and a strong level of confidence in our continued ability to lead in the years ahead.

Finally, I want to thank our shareholders for their continued confidence and support.

Additional remarks on this slide will be provided during the discussion of fourth quarter 2023 financial and operating results.

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1 Industry leading shareholder distributions calculated on the basis of total dividends paid plus share buybacks as reported in the statement of cashflows for the respective companies from 2019 to 2023. Industry peer group includes BP, Chevron, Shell, and TotalEnergies. Industry peer group results for 2023 estimated using Bloomberg consensus as of February 1st (dividends paid) and announced programs (share buybacks)

ii Earnings exclude identified items and are adjusted to 2022 $60/bbl real Brent; 10-year average Energy, Chemical, and Specialty Product margins refer to the average of annual margins from 2010-2019. Earnings also excludes any impacts of Pioneer but includes Denbury as of November 2, 2023. See reconciliation of 2019 and 2023 adjusted earnings and cash flow from operations on slides 31 and 32 of the presentation.


iv We see the opportunity to help other essential industries and customers achieve their goals to lower emissions. Estimates of GHG emissions are on a life cycle basis and include avoided and abated emissions from hydrogen, lower-emission fuels, and carbon capture and storage. For example, customers could avoid up to 25 MTA of their GHG emissions if all of ExxonMobil’s projected 2030 supply to the market of lower-emission fuels displaces conventional fuel refined from crude oil. Calculation is an ExxonMobil analysis illustrating the general benefits of lower-emission fuels based on estimated fuel CI from various third-party sources (such as Argonne National Labs’ GREET model) as compared against its conventional fuel alternate on a life cycle basis. Calculation is an estimate that represents a range of potential outcomes that are based on certain assumptions. Estimates are based on the potential implementation of projects or opportunities that are at various stages of maturity. Individual projects or opportunities may advance to a final investment decision by the company based on a number of factors, including availability of supportive policy and permitting, technology and infrastructure for cost-effective abatement, and alignment with our partners and other stakeholders. Actual avoided and abated emissions abatement may differ.