

# SECOND QUARTER 2019 RESULTS

08.02.19



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ExxonMobil

# CAUTIONARY STATEMENT

- Statements of future events or conditions in this presentation or the subsequent discussion period are forward-looking statements. Actual future results, including financial and operating performance; demand growth and mix; ExxonMobil's volume/production growth and mix; the amount and mix of capital expenditures; resource recoveries; production rates; rates of return; development costs; project plans, timing, costs, and capacities; drilling programs and efficiency improvements; product sales and mix; dividend and share purchase levels; cash and debt balances; corporate and financing expenses; and the impact of technology, including impacts on capital efficiency, production and greenhouse gas emissions, could differ materially due to a number of factors including global or regional changes in oil or gas prices, differentials, or other market or economic conditions affecting the oil, gas, and petrochemical industries and the demand for our products; reservoir performance; the outcome and timing of exploration and development projects; timely completion of construction projects; war and other political or security disturbances, including shipping blockades or harassment; changes in law or government regulation, including trade, sanctions, tax and environmental regulations; the outcome of commercial negotiations; the impact of fiscal and commercial terms; opportunities for investments or divestments that may arise; the actions of competitors and customers; the outcome of future research efforts; unexpected technological developments and the ability to bring new technology to commercial scale on a cost-competitive basis, including large-scale hydraulic fracturing projects; unforeseen technical difficulties; and other factors discussed here and under the heading "Factors Affecting Future Results" in the Investors section of our web site at [exxonmobil.com](http://exxonmobil.com). Any forward-looking statements regarding future earnings, cash flows, returns, volumes, new projects, or market strategies are as of the March 6, 2019 Investor Day except as specifically updated on this webcast. All forward-looking statements are based on management's knowledge and reasonable expectations and we assume no duty to update these statements as of any future date.
- Forward-looking statements in this release regarding future earnings, cash flows, returns, volumes, new projects, market strategies, or key milestones refer to plans outlined at ExxonMobil's Investor Day held on March 6, 2019, except for our third quarter outlook on pages 10 through 11. The growth figures presented at that meeting are not forecasts of actual future results but were intended to help quantify future potential and goals of management plans and initiatives. See the complete March 6, 2019 presentation available in archive form (including the Cautionary Statement and Supplemental Information included with that presentation) on the Investors page of our website at [www.exxonmobil.com](http://www.exxonmobil.com) for more detailed information. That material includes a description of the assumptions underlying these potential growth estimates including a flat real oil price of \$60 Brent per barrel (which is not intended to be a forecast of future prices), downstream and chemical margins consistent with 2017 levels, and future gas prices consistent with our internal company plans, as well as a reconciliation of adjusted 2018 earnings used as a baseline.

# FIRST HALF 2019 **MOMENTUM**

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Growth plans progressing on schedule, supported by long-term fundamentals

- Nine major project FIDs in first half
- Four significant deepwater discoveries in Guyana and Cyprus
- Key milestones achieved for PNG and Mozambique LNG

Year-over-year liquids growth of 144 Kbd (+7%), driven by Permian

- Progressing Permian infrastructure and takeaway capacity build-out

Recent Downstream and Chemical start-ups accretive to earnings in current margin environment

- Beaumont hydrofiner, Antwerp coker, Rotterdam hydrocracker, Baytown steam cracker, Newport *Santoprene*
- Baytown steam cracker production exceeding design capacity by 10%

Quarterly dividend increased by 6%, marking 37<sup>th</sup> consecutive year of dividend growth

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# SECOND QUARTER 2019 **KEY MESSAGES**

FINANCIAL SUMMARY	2Q19	1Q19	1H19
Earnings	3.1	2.4	5.5
Cash Flow from Operations and Asset Sales <sup>1</sup>	6.0	8.4	14.4
Cash Flow from Operations and Asset Sales excluding Working Capital <sup>1</sup>	7.2	6.2	13.4
CAPEX	8.1	6.9	15.0
Free Cash Flow <sup>1</sup>	(0.9)	2.5	1.6

*Billions of dollars unless specified otherwise*

- Earnings and cash flow in line with commodity market factors previously communicated
  - Positive \$0.12 earnings per share from one-time tax item
- Natural gas prices and industry product margins challenged by short-term market imbalances
- First half 2019 CAPEX at 50% of full-year guidance

<sup>1</sup> See Supplemental Information for reconciliation and definition

# DEVELOPMENTS SINCE **FIRST QUARTER 2019**

## UPSTREAM

Liquids realizations up with improvement in markers  
Gas realizations declined with supply length and LNG lag effect  
Permian production increased by 21% to 274 Koebd  
Guyana: Liza 1 FPSO in transit, Liza Phase 2 FID, resource updated to 6+ Boeb  
Other: Rovuma LNG development plan approval, Argentina expansion, additional exploration acreage

## DOWNSTREAM

Refining industry margins improved, but remain near five-year lows  
Reliability events at Baytown, Sarnia, and Yanbu impacted results  
Group II basestock production increased with Rotterdam hydrocracker ramp-up and Singapore expansion

## CHEMICAL

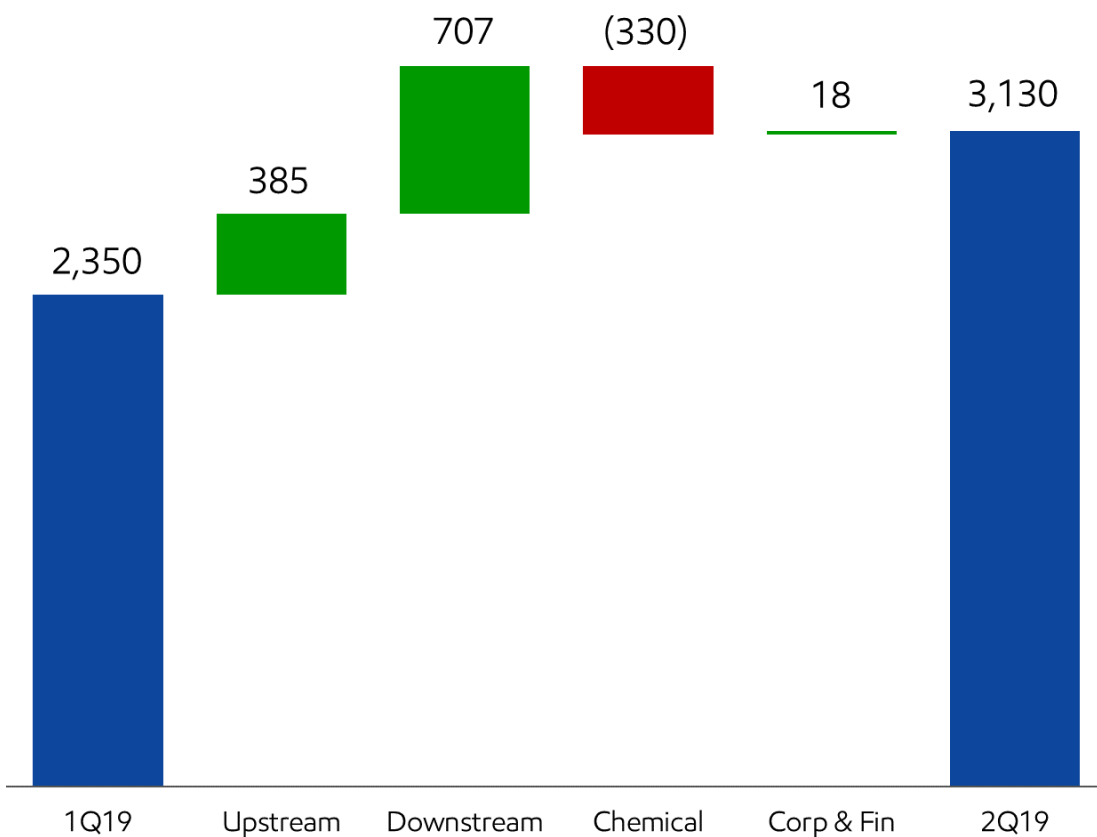
Paraxylene margins weakened with industry capacity additions  
Beaumont polyethylene expansion started up, capturing integration benefits with Baytown steam cracker  
Reached FID for Gulf Coast Growth Venture 1.8 Mta steam cracker and derivative units

## CORPORATE

Agreement signed with Global Thermostat to advance carbon capture and sequestration technology  
Entered long-term partnership with Department of Energy to advance lower-emissions technologies

# EARNINGS 2Q19 VS. 1Q19

**EARNINGS**  
Million USD



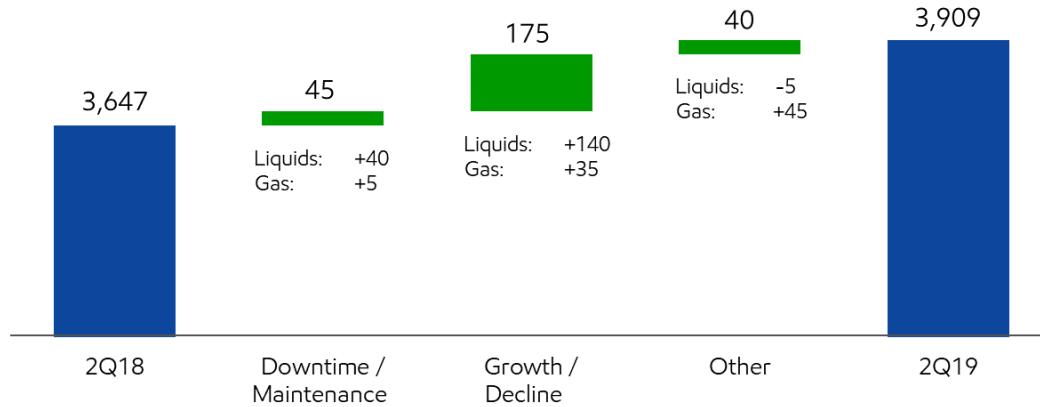
- Upstream: higher liquids realizations and one-time tax items, partly offset by lower natural gas prices
- Downstream: improved fuels margins, North American crude differentials, and mark-to-market derivative impacts, partly offset by reliability events
- Chemical: increased scheduled maintenance, weaker paraxylene margins

SEGMENT EARNINGS	2Q19	1Q19	CHANGE
Upstream	3,261	2,876	385
Downstream	451	(256)	707
Chemical	188	518	(330)
Corporate and financing	(770)	(788)	18
<b>Total</b>	<b>3,130</b>	<b>2,350</b>	<b>780</b>

# UPSTREAM **VOLUMES**

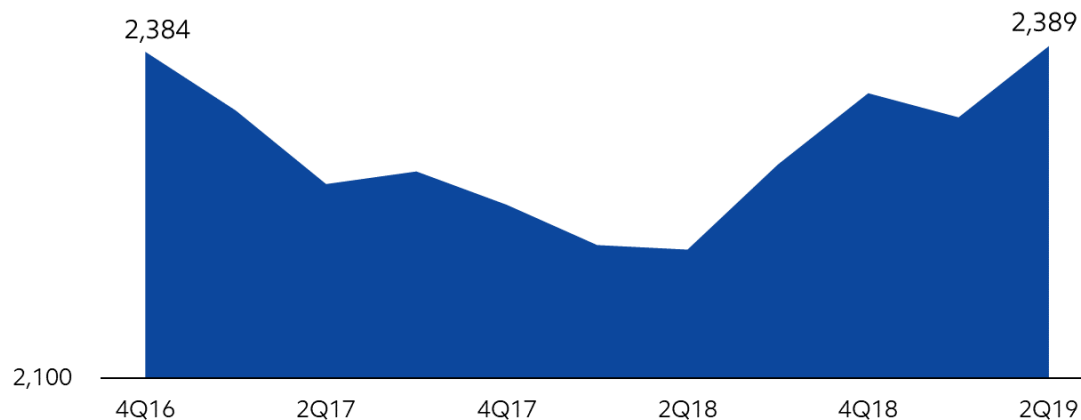
## VOLUMES, 2Q19 vs. 2Q18

Koebd



## QUARTERLY LIQUIDS PRODUCTION

Kbd



## Year-over-year volumes increased by 7%

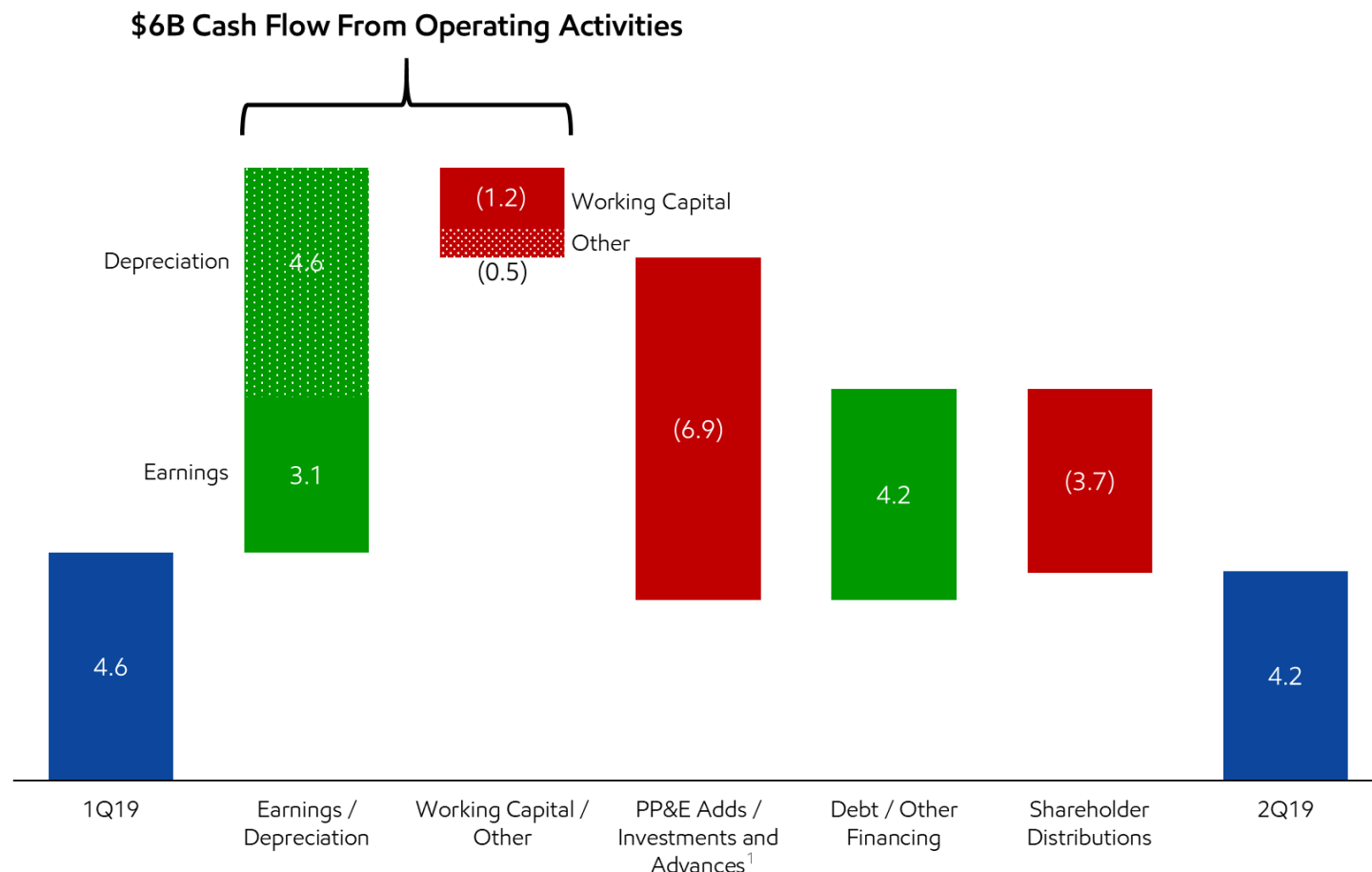
- Growth driven by Permian (+129 Koebd, +89%), Hebron, and Kaombo
- Lower maintenance in Canada and absence of PNG earthquake
- Stronger seasonal gas demand in Europe

## Strong liquids growth

- Liquids increased by 177 Kbd (+8%) from 2Q18
- Highest liquids production since 2016
- Highest 2Q liquids production in last 10 years

# SECOND QUARTER 2019 CASH PROFILE

## CASH FLOW Billion USD

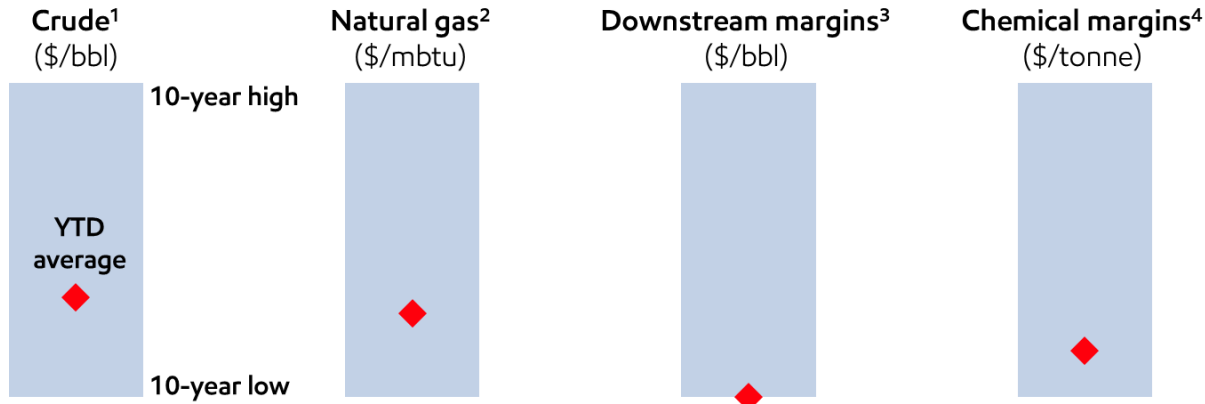


- Cash flow from operating activities reflects industry market conditions
- Working capital/other driven by seasonal payables and non-cash tax items
- Asset-marketing activities in line with divestment plans
- Capital spend in line with growth plans
- Leveraging financial capacity to invest through cycle

<sup>1</sup> Includes PP&E Adds of (\$6.2B) and net investments/advances of (\$0.7B)

# CASH FLOW PERSPECTIVE

## PRICE / MARGIN ENVIRONMENT



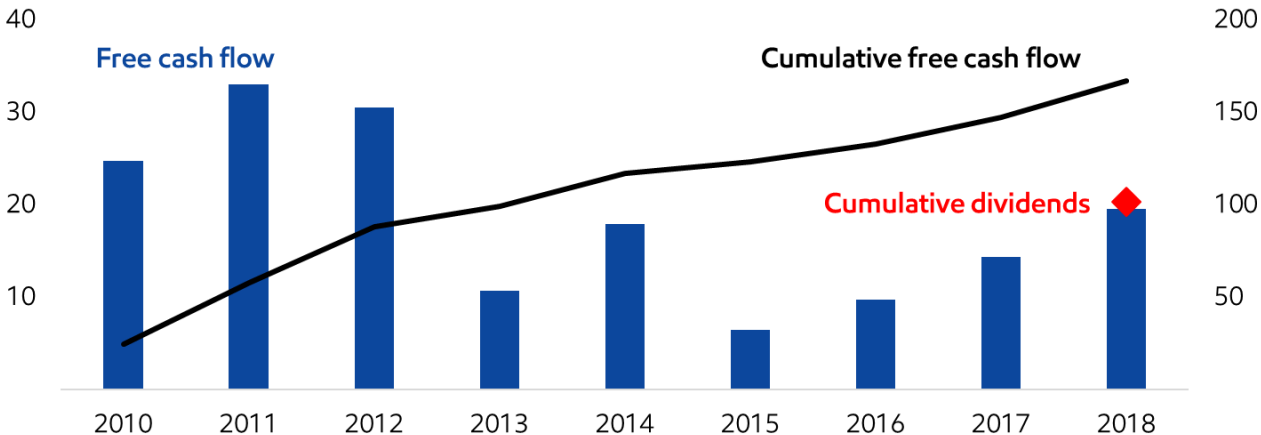
- Current margin environment consistent with historical experience and anticipated scenarios
- Recent chemical and refining start-ups accretive to earnings and cash flow
- Financial strength provides capacity to invest across commodity cycles and grow dividend
- Counter-cyclical investments provide opportunity to capture incremental value

## FREE CASH FLOW<sup>5</sup>

Billion USD

## CUMULATIVE FREE CASH FLOW AND DIVIDENDS

Billion USD



<sup>1</sup> Source: Brent via publicly available sources

<sup>2</sup> Source: Equal weighting of Henry Hub and NBP via publicly available sources

<sup>3</sup> Source: S&P Global Platts Analytics, equal weighting of U.S. Gulf Coast (Maya – Coking), Northwest Europe (Brent – Catalytic Cracking), Singapore (Dubai – Catalytic Cracking)

<sup>4</sup> Source: IHS Markit and EM estimates, weighting of polyethylene, polypropylene, and paraxylene based on EM capacity

<sup>5</sup> See Supplemental Information for reconciliation and definition

# THIRD QUARTER 2019 **OUTLOOK**

## UPSTREAM

Volumes expected to be in line with second quarter  
Absence of non-U.S. tax item

## DOWNSTREAM

Permian crude differentials expected to narrow with additional takeaway capacity  
Refining margins expected to be in line with seasonal demand patterns  
Lower scheduled maintenance

## CHEMICAL

Supply length continues to impact margins  
Lower scheduled maintenance

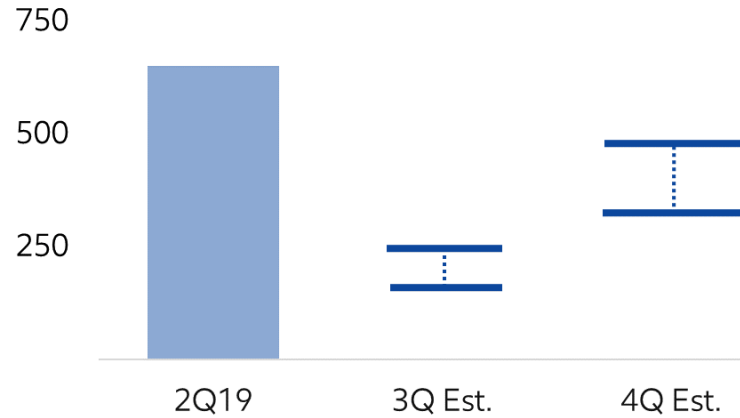
## CORPORATE

Corporate and financing expenses expected to be \$700 million - \$900 million

# THIRD QUARTER 2019 **OUTLOOK**

## DOWNSTREAM SCHEDULED MAINTENANCE QUARTERLY EARNINGS IMPACT<sup>1</sup>

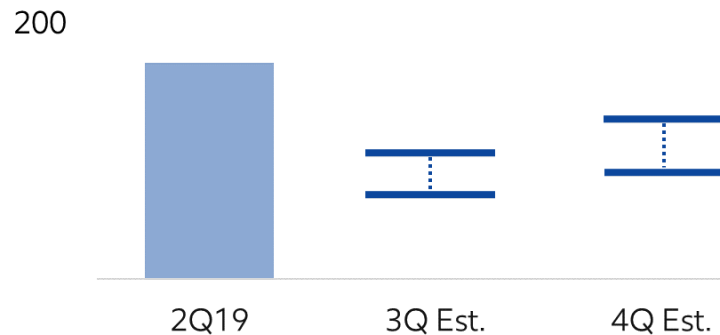
Million USD



- Heavy turnaround activities in 2018/19, including preparation for IMO 2020
- Lower third quarter scheduled maintenance for Downstream and Chemical

## CHEMICAL SCHEDULED MAINTENANCE QUARTERLY EARNINGS IMPACT<sup>2</sup>

Million USD



<sup>1</sup> Future estimates based on July YTD margins

<sup>2</sup> Based on operating expenses related to turnaround activities

# MANAGEMENT PERSPECTIVES

NEIL CHAPMAN  
SENIOR VICE PRESIDENT

ExxonMobil

# SECOND QUARTER **PERSPECTIVES**

Strong liquids growth

Growth projects progressing on schedule

- Strong Permian growth
- Rapid development in Guyana
- 11 of 19 major Downstream and Chemical projects started up

Business model resilient to cyclical

- 1H Downstream and Chemical margins at a low point in cycle
- Margin cycles anticipated, strategies unchanged
- Financial capacity to invest through cycle

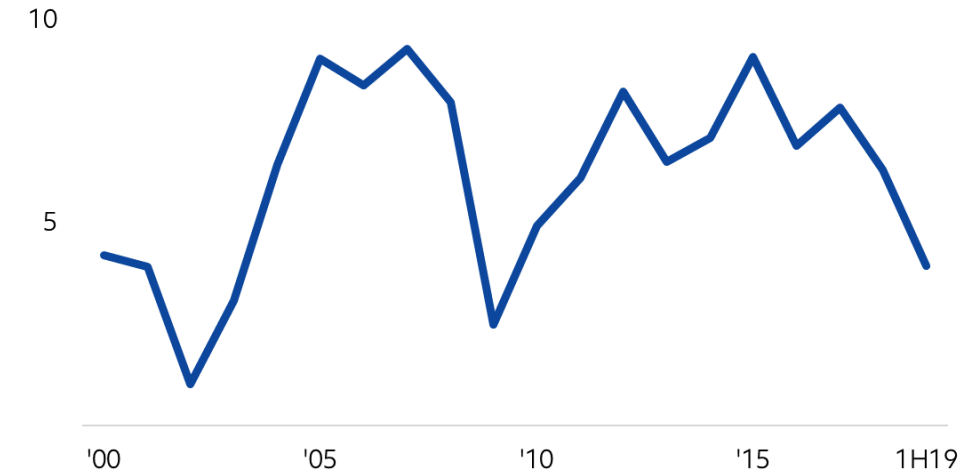
Three events led to disappointing refining reliability

<sup>1</sup> Source: S&P Global Platts Analytics, equal weighting of U.S. Gulf Coast (Maya – Coking), Northwest Europe (Brent – Catalytic Cracking), Singapore (Dubai – Catalytic Cracking)

<sup>2</sup> Source: IHS Markit and EM estimates

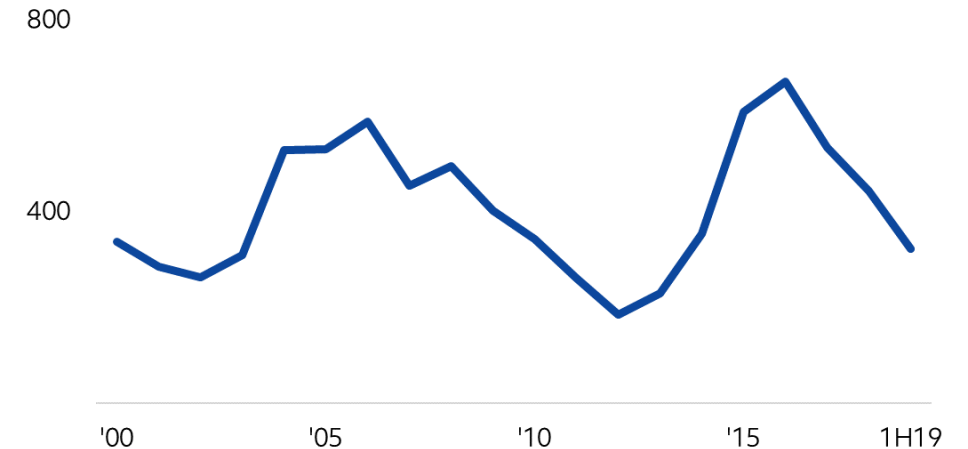
**Industry refining margin<sup>1</sup>**

\$/bbl



**Asia Pacific industry polyethylene margin<sup>2</sup>**

\$/tonne



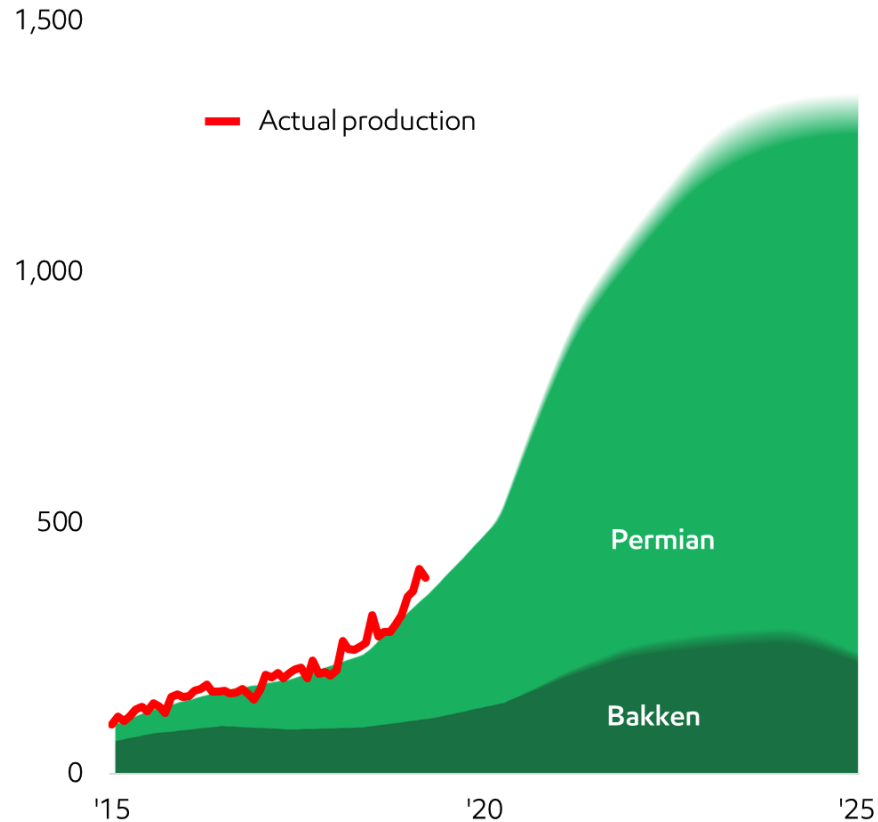
# MAJOR GROWTH PROJECTS **ON SCHEDULE**

Portfolio	Project	Status / notable updates
<b>Upstream</b>	<b>Permian</b>	Production ramp-up on plan
	<b>Guyana</b>	Liza Phase 1 on schedule, FPSO in Guyana 3Q19; Liza Phase 2 FID completed 2Q19
	<b>Brazil</b>	Carcara project on schedule to start up 2023/24; Uirapuru exploration drilling planned in 2H19
	<b>PNG</b>	Critical Papua LNG expansion agreement approved 2Q19
	<b>Mozambique</b>	Government approval of Rovuma development plan 2Q19
<b>Downstream</b>	<b>Beaumont hydrofiner</b>	2018 start-up, 45 Kbd naphtha and gasoil to higher-value products including low-sulfur gasoline, distillates
	<b>Antwerp coker</b>	2018 start-up, 50 Kbd fuel oil to higher-value products including marine gasoil and ultra-low-sulfur diesel
	<b>Rotterdam hydrocracker</b>	2018 start-up, 42 Kbd gasoil to higher-value products including Group II basestocks and ultra-low-sulfur diesel
	<b>1H19 FIDs</b>	Singapore resid upgrade, Fawley hydrofiner, and Beaumont light crude expansion
<b>Chemical</b>	<b>Baytown steam cracker / polyethylene</b>	2017/2018 start-up, 1.5 Mta steam cracker running above design capacity
	<b>Beaumont polyethylene</b>	July 2019 start-up (ahead of schedule), 650 Kta polyethylene
	<b>Newport Santoprene expansion</b>	May 2019 start-up, increases global manufacturing capacity of <i>Santoprene</i> by 25 percent
	<b>1H19 FIDs</b>	Baton Rouge polypropylene 450 Kta, Baytown chemical expansion (linear alpha olefins 350 Kta and <i>Vistamaxx</i> 400 Kta), Gulf Coast Growth Venture 1.8 Mta steam cracker and derivatives

# UNCONVENTIONAL BUSINESS **UPDATE**

## PERMIAN AND BAKKEN PRODUCTION, 2019 OUTLOOK<sup>1</sup>

Koebsd net



<sup>1</sup> Potential production as communicated at 2019 Investor Day  
Permian includes Midland and Delaware basins

- **On plan Permian production growth**
  - 2019 1Q – 2Q production increased ~20%
  - 2018 2Q – 2019 2Q production increased ~90%
- **2Q operating status**
  - 51 rigs; 12 frac crews
- **Progressing unique development plan**
  - Delaware central delivery point and pipeline to Wink terminal on track
  - FID and agreement with partners to proceed with >1 Mbd Permian to U.S. Gulf Coast crude pipeline

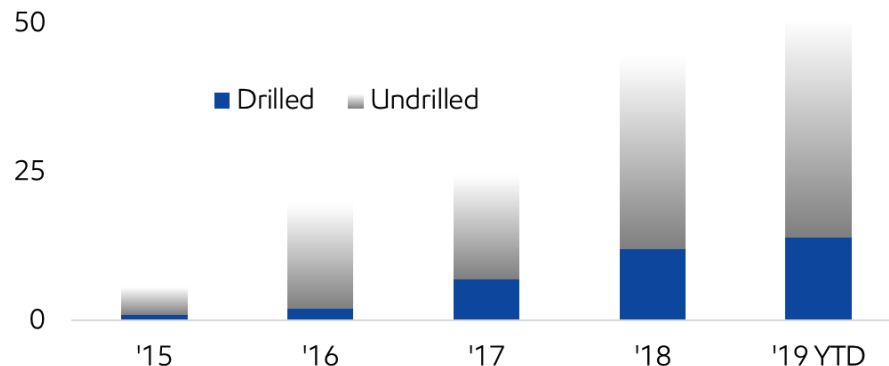
# GUYANA UPDATE

## LIZA DESTINY



## FUTURE EXPLORATION POTENTIAL

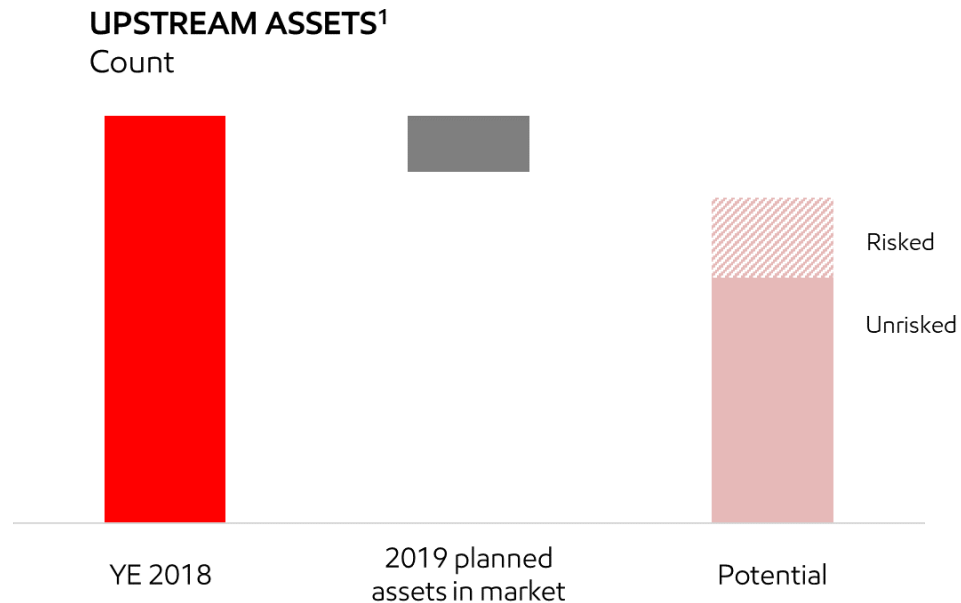
Prospect count<sup>1</sup>



<sup>1</sup> Exploration prospect count across Stabroek, Canje, and Kaieteur blocks

- First FPSO Liza Destiny (120 Kbd) en route to Guyana
  - 1Q 2020 start-up
- Liza Phase 2 (220 Kbd) completed FID in May
  - On schedule for 2022 start-up
- Three discoveries in 1H19
  - Recoverable resource up from 5.5. to 6+ Boeb
- Three drill ships in basin, adding fourth drillship in 4Q
  - Anticipate three more exploration wells in 2H19
  - Completed additional drilling / testing on Hammerhead
  - Commenced additional drilling on Ranger
  - Ongoing development drilling for Liza Phase 1
- Considerable undrilled potential

# UPSTREAM **PORTFOLIO MANAGEMENT**

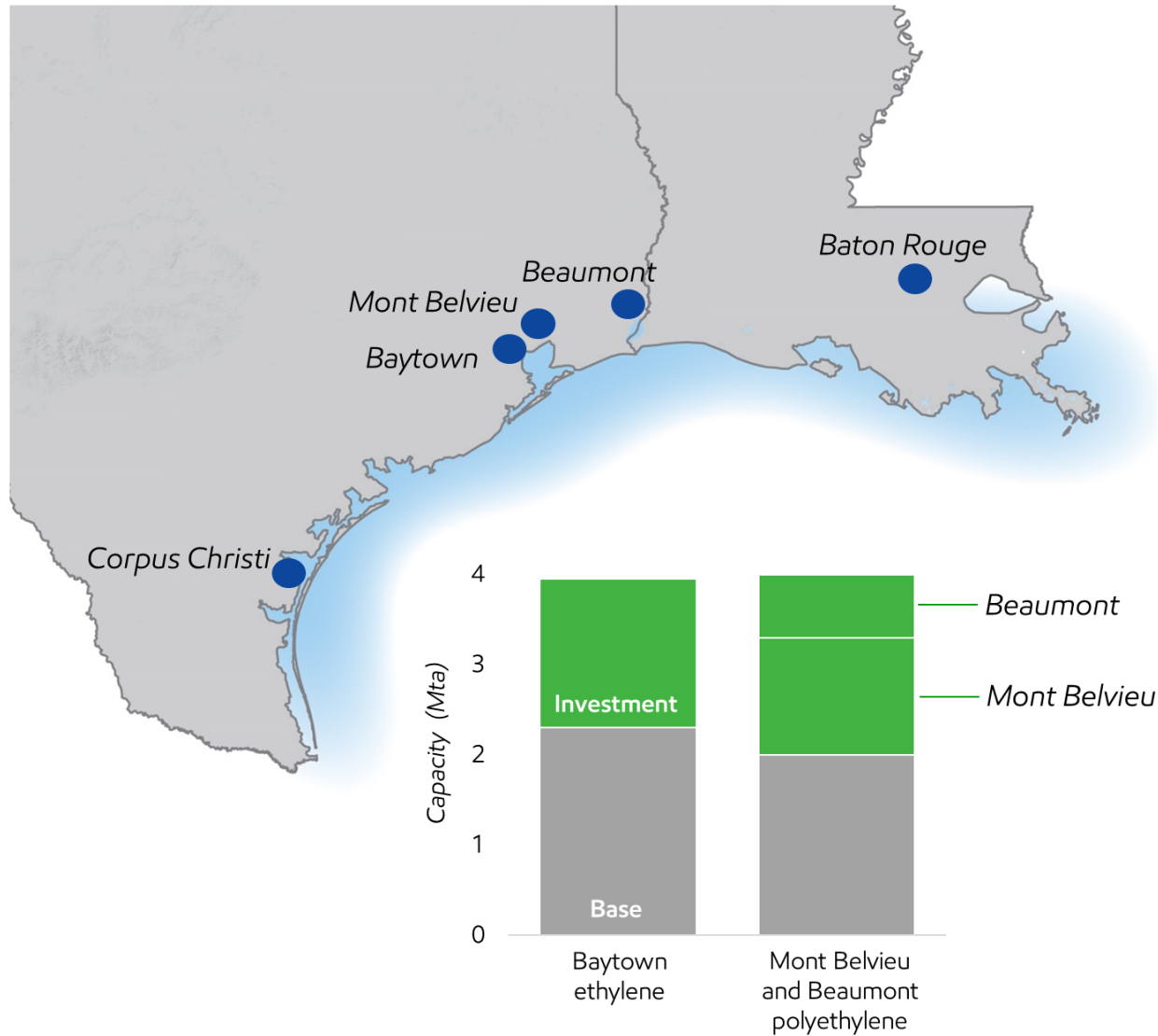


Source: Wood Mackenzie; EM analysis on potential divestments

<sup>1</sup> Assets defined by Wood Mackenzie do not correspond to management's view of assets but is provided to illustrate potential

- **2019 – 2021 divestment plan**
  - Highgrading portfolio based on strategic fit, materiality, and growth potential
  - Anticipate asset sales of ~\$15G by end of 2021
- **Marketing activities in line with plan**
- **Assets currently in market**
  - Mobile Bay, Gulf of Mexico shelf and deepwater
  - Azerbaijan
  - Norway
  - Others

# U.S. GULF COAST **CHEMICAL GROWTH**



- Baytown/Mont Belvieu steam cracker/polyethylene
  - Started up 2017/18
  - Baytown exceeding design capacity by 10%
- Beaumont polyethylene started up July 2019
  - Ahead of schedule
  - Performance polyethylene: higher margin vs. commodity
- 2Q19 FID Corpus Christi steam cracker/derivatives
  - 50/50 partnership EM and SABIC
  - Advantaged Permian feedstock
  - ~25% lower capital cost than industry
  - Start-up by 2022

# KEY MESSAGES

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Organization focused

High confidence in plans

Delivering on growth commitments

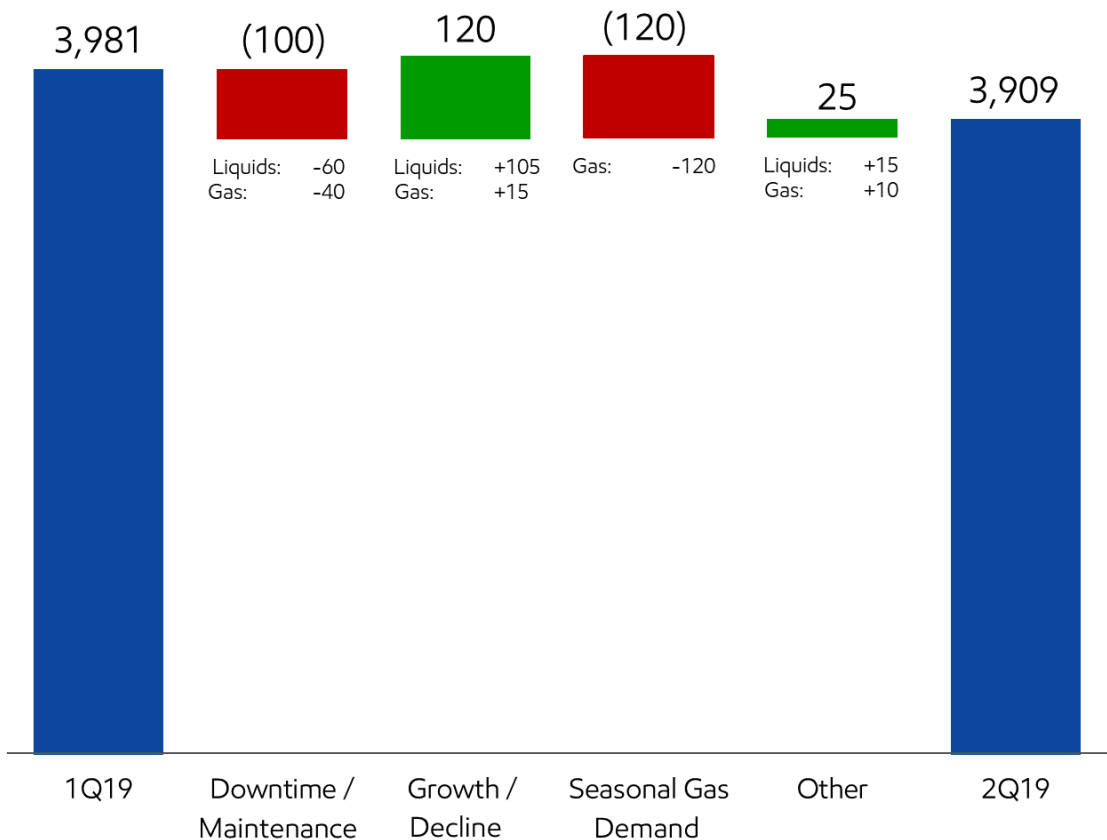
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Q&A



# UPSTREAM VOLUMES 2Q19 VS. 1Q19

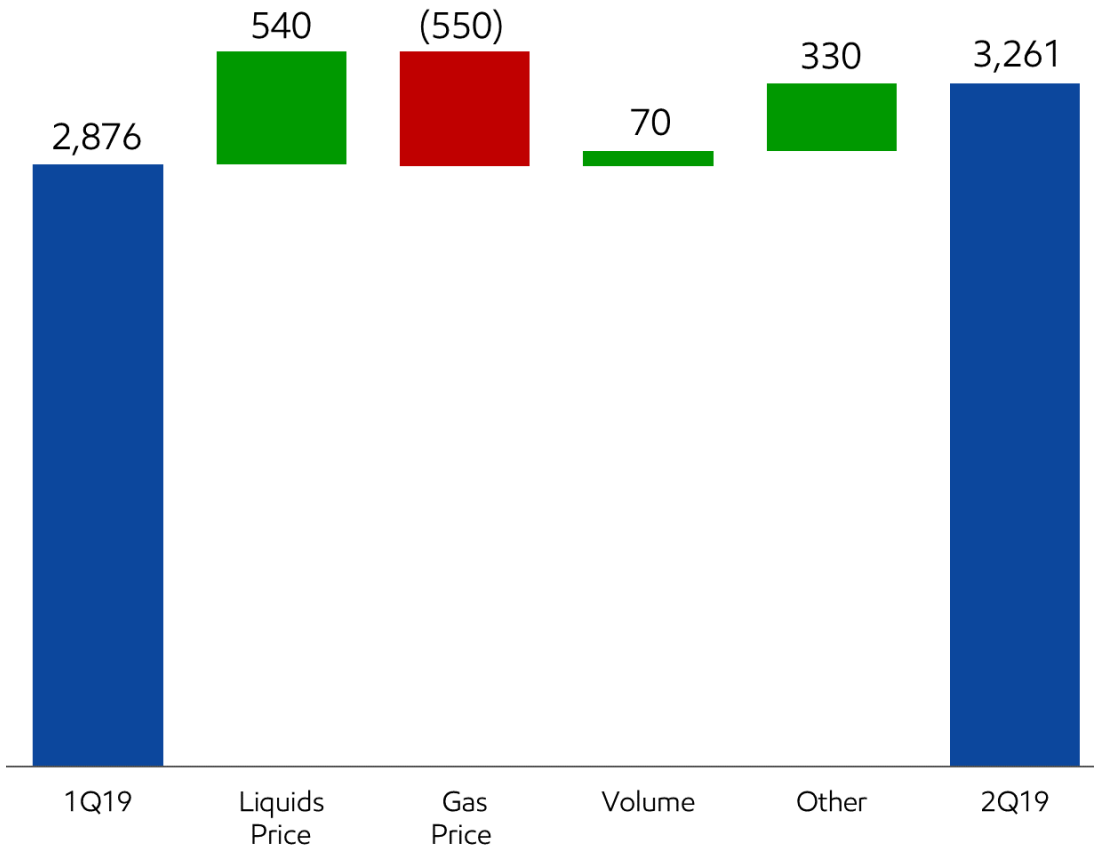
VOLUMES  
Koebd



- Higher scheduled maintenance at Kearn, Qatar, and Kashagan
- Growth includes increased U.S. unconventional liquids and Hebron ramp-up
- Permian production increased 48 Koebd (21%)
- Lower European seasonal gas demand

# UPSTREAM EARNINGS 2Q19 VS. 1Q19

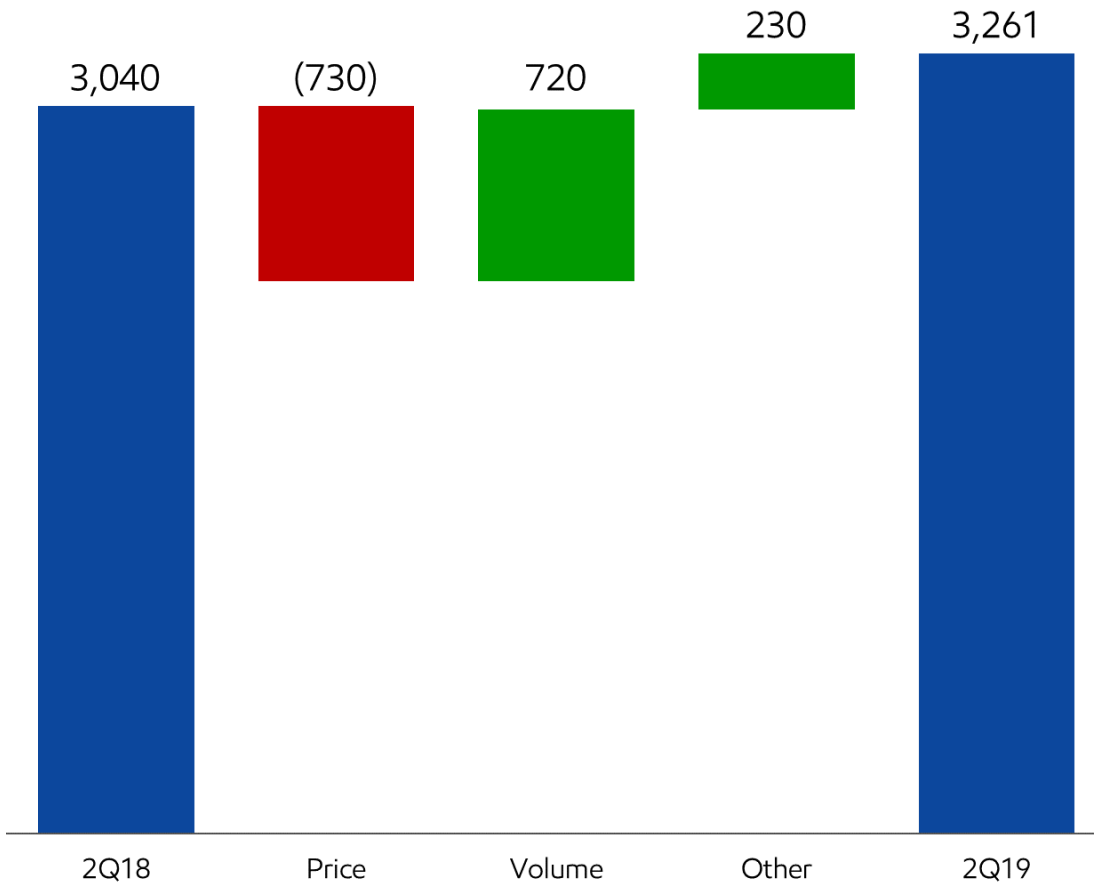
**EARNINGS**  
Million USD



- Higher liquids realizations offset by lower gas prices
- Liquids growth offset by increased scheduled maintenance and lower seasonal gas demand
- Other includes one-time tax items, partly offset by higher growth-related expenses

# UPSTREAM EARNINGS 2Q19 VS. 2Q18

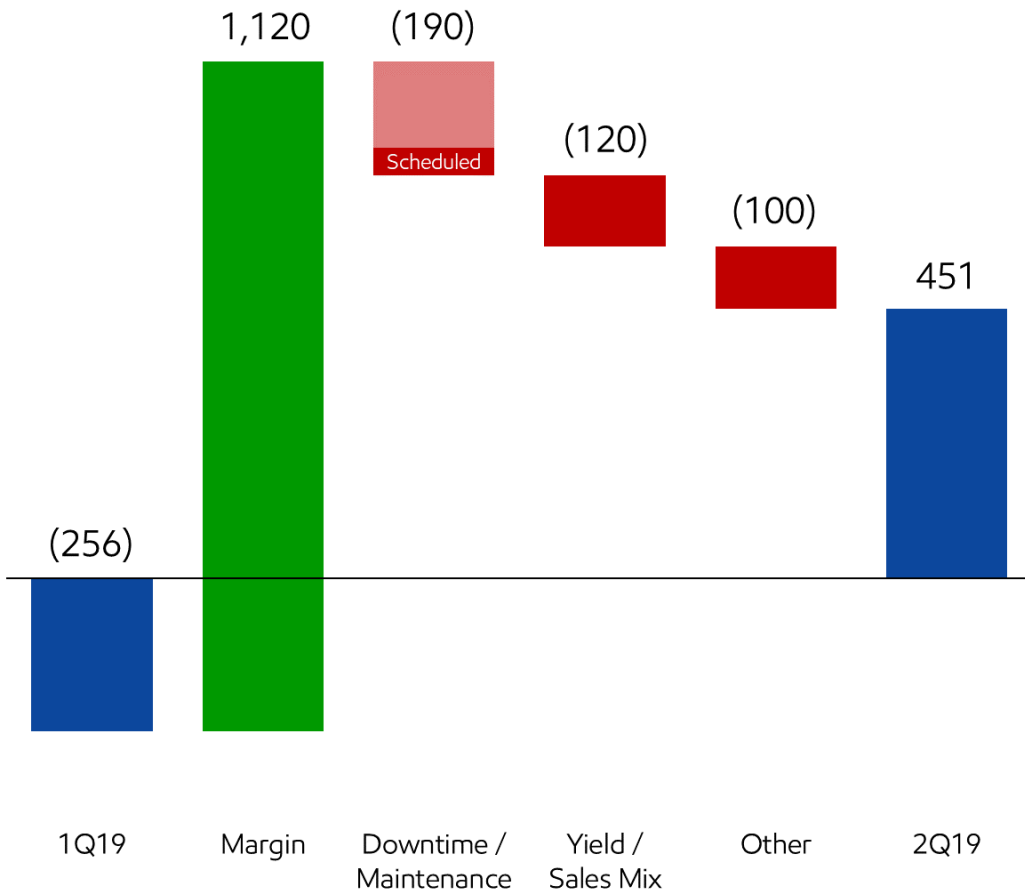
**EARNINGS**  
Million USD



- Lower liquids and gas realizations
- Growth in Permian and Hebron, higher seasonal gas demand, and absence of downtime in Canada and PNG
- Other includes one-time tax items partly offset by higher growth-related expenses

# DOWNSTREAM EARNINGS 2Q19 VS. 1Q19

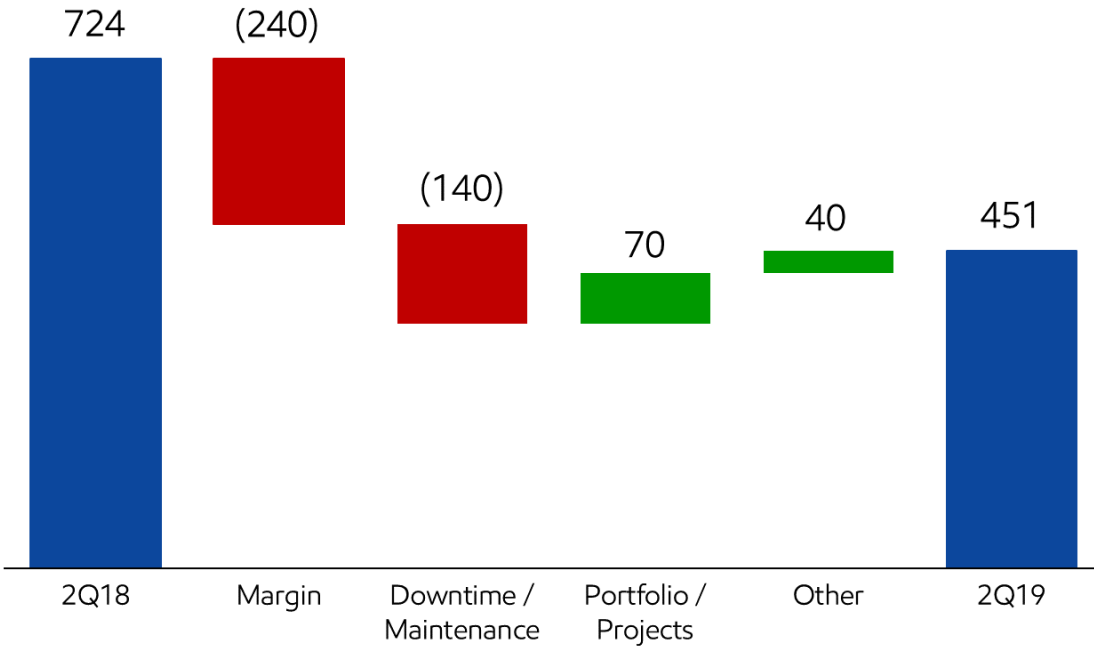
**EARNINGS**  
Million USD



- Stronger industry fuels margins in North America
- Increased North American crude differentials
- Absence of first quarter unfavorable mark-to-market derivative impacts
- Scheduled maintenance in line with first quarter; reliability events at Baytown, Sarnia, and Yanbu
- Unfavorable yield and sales mix with seasonal grade changes
- Other includes higher marketing expenses

# DOWNSTREAM EARNINGS 2Q19 VS. 2Q18

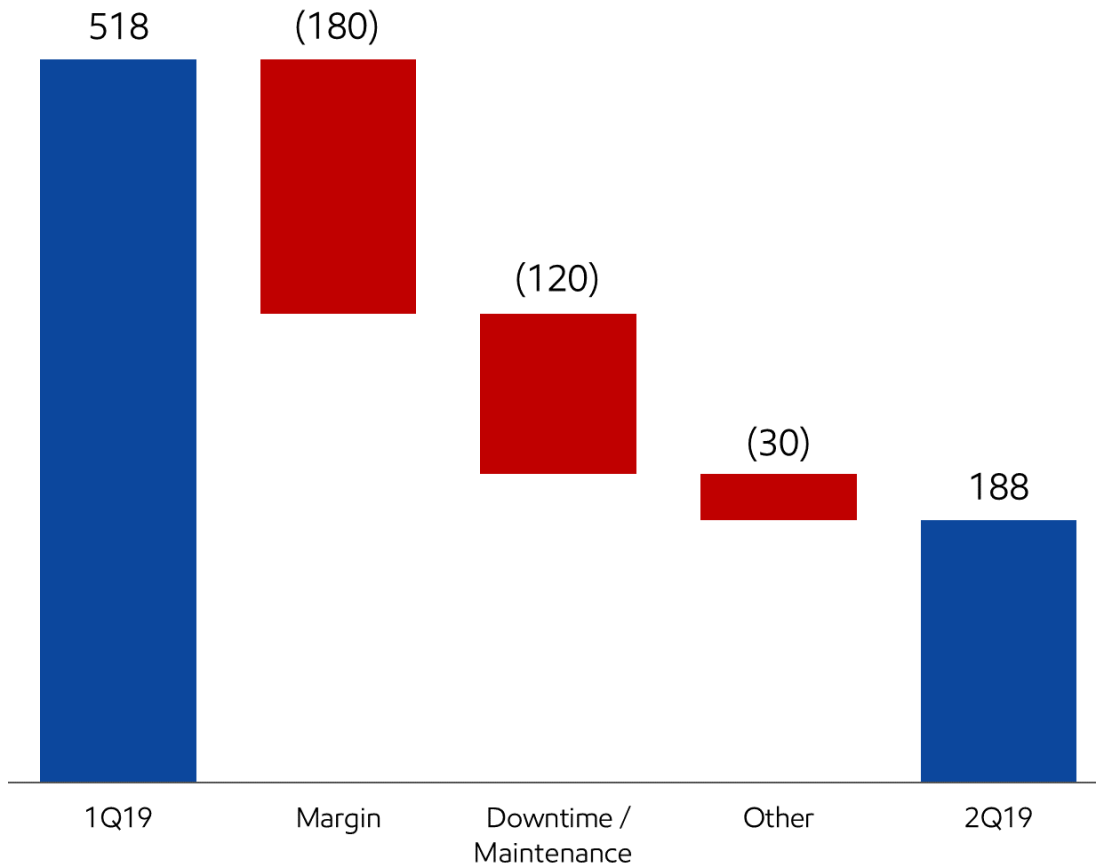
**EARNINGS**  
Million USD



- Lower industry refining fuels and basestocks margins
- Higher scheduled maintenance, partly offset by improved reliability
- Portfolio improvements with recent major project start-ups
- Other includes favorable foreign exchange impacts, partly offset by higher expenses

# CHEMICAL EARNINGS 2Q19 VS. 1Q19

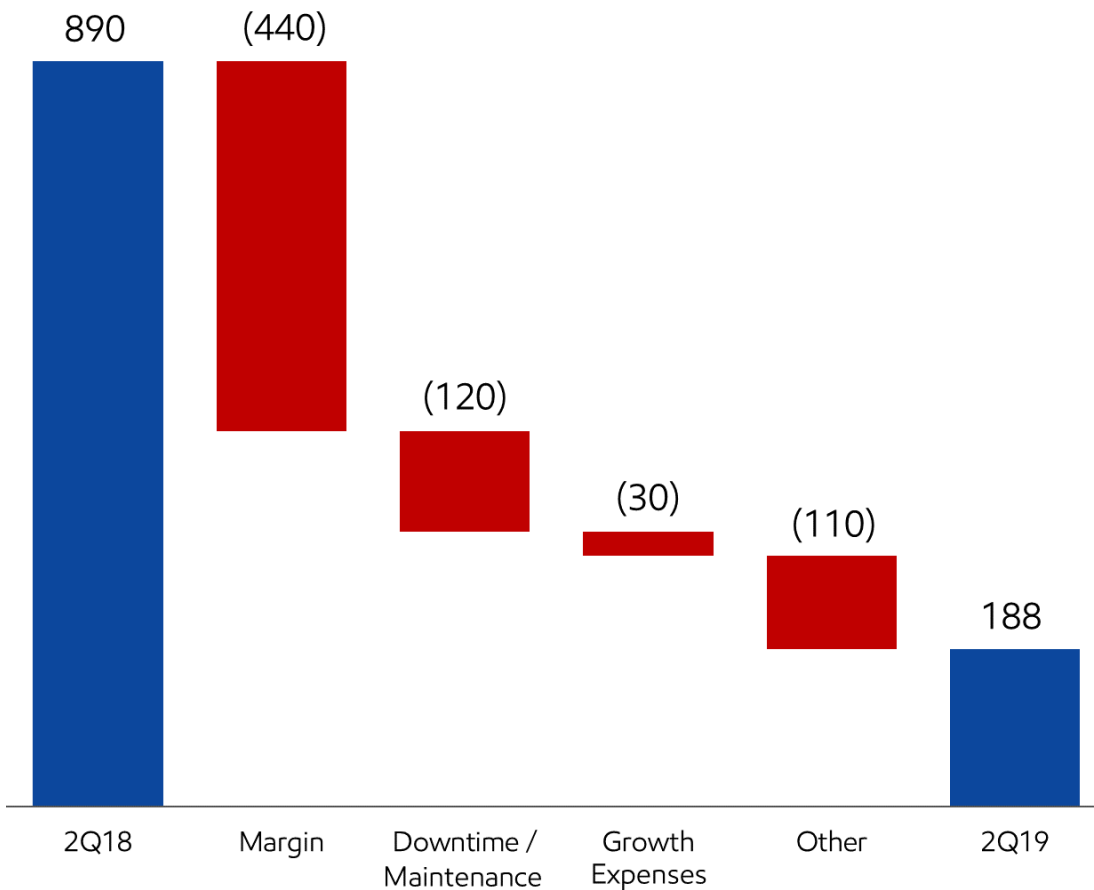
**EARNINGS**  
Million USD



- Weaker paraxylene margins with lengthening supply on industry capacity additions
- Higher scheduled maintenance

# CHEMICAL EARNINGS 2Q19 VS. 2Q18

**EARNINGS**  
Million USD



- Lower margins due to lengthening supply
- Higher scheduled maintenance
- Higher expenses related to growth projects
- Other includes unfavorable tax and forex impacts

# SECOND QUARTER IDENTIFIED ITEMS

	U/S	D/S	CHEM	C&F	TOTAL
<b>U.S. GAAP earnings</b>	<b>3,261</b>	<b>451</b>	<b>188</b>	<b>(770)</b>	<b>3,130</b>
Non-U.S. tax item	487	(9)	2	25	505
<b>Earnings excluding identified items<sup>1</sup></b>	<b>2,774</b>	<b>460</b>	<b>186</b>	<b>(795)</b>	<b>2,625</b>

*Millions of dollars unless specified otherwise*

<sup>1</sup> Earnings excluding identified items are earnings excluding significant (≥ \$250 million) non-operational events. We believe this information is useful to assist investors in assessing the performance of our ongoing business operations.

# SUPPLEMENTAL INFORMATION

The following information provides a more detailed view of the factors portrayed on slides 7 and 21. "Other" includes Entitlements / Divestments and Demand / Other, below.

UPSTREAM VOLUME FACTOR ANALYSIS	2Q19 vs. 2Q18	2Q19 vs. 1Q19
Prior Period	3,647	3,981
Downtime / Maintenance	45	(100)
Growth / Decline	175	120
Entitlements / Divestments	10	5
Demand / Other	30	(100)
Current Period	3,909	3,909

Koebd

# SUPPLEMENTAL INFORMATION

	2Q19	1Q19	1H19
<b>Cash Flow from Operating Activities</b>	<b>6.0</b>	<b>8.3</b>	<b>14.3</b>
Proceeds Associated with Asset Sales	0.0	0.1	0.1
<b>Cash Flow from Operations and Asset Sales</b>	<b>6.0</b>	<b>8.4</b>	<b>14.4</b>
PP&E Adds / Investments & Advances <sup>1</sup>	(6.9)	(5.9)	(12.8)
<b>Free Cash Flow<sup>2</sup></b>	<b>(0.9)</b>	<b>2.5</b>	<b>1.6</b>

*Billions of dollars unless specified otherwise*

*For information concerning the calculation of free cash flow for prior periods, see Frequently Used Terms on the Investors page of our website at [www.exxonmobil.com](http://www.exxonmobil.com)*

<sup>1</sup> Includes PP&E Adds of (\$6.2B) and net investments/advances of (\$0.7B) for 2Q19; includes PP&E Adds of (\$5.2B) and net investments/advances of (\$0.7B) for 1Q19; includes PP&E Adds of (\$11.4B) and net investments/advances of (\$1.4B) for 1H19

<sup>2</sup> See slide 32 for definition

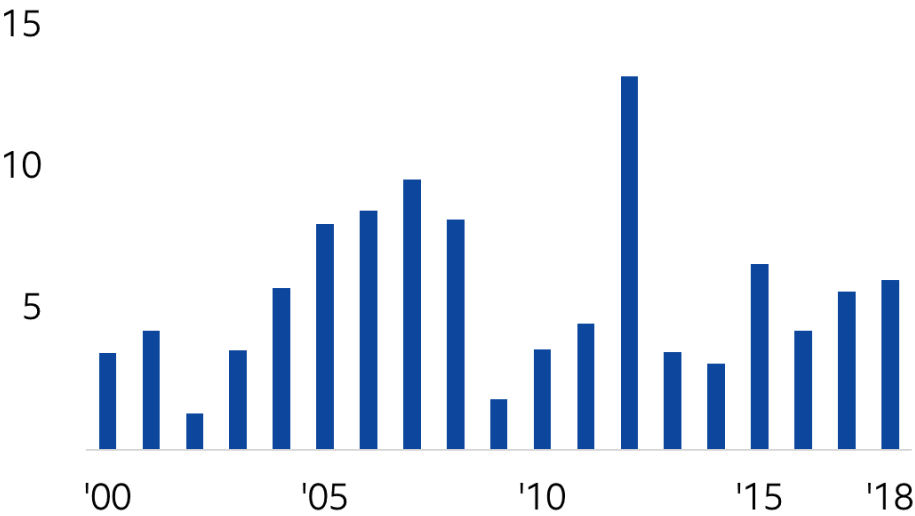
	2Q19	1Q19	1H19
<b>Cash Flow from Operating Activities</b>	<b>6.0</b>	<b>8.3</b>	<b>14.3</b>
Proceeds Associated with Asset Sales	0.0	0.1	0.1
<b>Cash Flow from Operations and Asset Sales</b>	<b>6.0</b>	<b>8.4</b>	<b>14.4</b>
Changes in Working Capital	(1.2)	2.2	1.0
<b>Cash Flow from Operations and Asset Sales excluding Working Capital<sup>2</sup></b>	<b>7.2</b>	<b>6.2</b>	<b>13.4</b>

*Billions of dollars unless specified otherwise*

# SUPPLEMENTAL INFORMATION

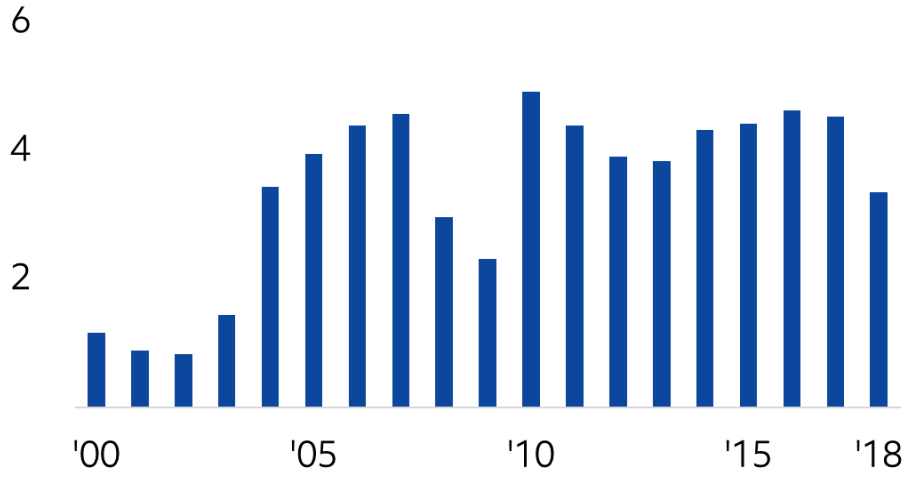
## DOWNSTREAM EARNINGS

Billion USD



## CHEMICAL EARNINGS

Billion USD



# SUPPLEMENTAL INFORMATION

## Definitions

**Cash Flow from Operations and Asset Sales.** Cash flow from operations and asset sales is the sum of the net cash provided by operating activities and proceeds associated with sales of subsidiaries, property, plant and equipment, and sales and returns of investments from the Summary statement of cash flows. This cash flow reflects the total sources of cash from both operating the Corporation's assets and from the divesting of assets

**Cash Flow from Operations and Asset Sales excluding Working Capital.** This includes cash flow from operations and asset sales less changes in operational working capital excluding cash and debt. This measure is useful when comparing the underlying performance of our business across periods when there are significant period-to-period changes in working capital.

**Free cash flow.** Free cash flow is cash flow from operations and asset sales less additions to property, plant and equipment, and additional investments and advances, plus other investing activities, including collection of advances. This measure is useful when evaluating cash available for financing activities, including shareholder distributions, after investment in the business.

**Project.** The term "project" as used in this presentation can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports.

**Resources, resource base, and recoverable resources.** Along with similar terms used, these refer to the total remaining estimated quantities of oil and natural gas that are expected to be ultimately recoverable. ExxonMobil refers to new discoveries and acquisitions of discovered resources as resource additions. The resource base includes quantities of oil and natural gas that are not yet classified as proved reserves, but that are expected to be ultimately moved into the proved reserves category and produced in the future. The term "resource base" is not intended to correspond to SEC definitions such as "probable" or "possible" reserves. The term "in-place" refers to those quantities of oil and natural gas estimated to be contained in known accumulations and includes recoverable and unrecoverable amounts.

**Returns, investment returns, project returns.** Unless referring specifically to ROCE, references to returns, investment returns, project returns, and similar terms mean discounted cash flow returns based on current company estimates. Future investment returns exclude prior exploration and acquisition costs.