ExxonMobil Fourth Quarter 2024 Earnings Call Transcript

This transcript presents ExxonMobil's fourth quarter 2024 earnings call held on January 31, 2025

Jim Chapman: Good morning, everyone. Welcome to ExxonMobil's fourth-quarter 2024 earnings call. Today's call is being recorded. We appreciate your joining us today. I'm Jim Chapman, Vice President, Treasurer and Investor Relations. I'm joined by Darren Woods, Chairman and CEO, and Kathy Mikells, Senior Vice President and CFO.

This quarter's 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.

During today's presentation, we'll make forward-looking comments, including discussions of our long-term plans, which are still being developed and which are subject to risks and uncertainties. Please read our cautionary statement on slide 2. 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, which are also posted on the website.

And now, I'll turn it over to Darren for opening remarks.

Darren Woods: Good morning, and thanks for joining us.

I'll focus my comments this morning on ExxonMobil's 2024 results and the company we've become. In her prepared presentation available on our website, Kathy dives deeper into our results and long-term growth outlook.

What our 2024 performance makes clear is that the transformed company we've built is delivering.

We strengthened and further capitalized on our unique competitive advantages of technology, scale, integration, execution excellence, and of course, people.

We demonstrated the strength of our consistent strategy, now in its eighth year of driving greater value for society and shareholders alike.

We set and achieved ambitious objectives. When we say we'll do something, we deliver.

And, we expanded our unrivalled set of opportunities for profitable growth, both now and long into the future. The ultimate source of cash, distributions, and shareholder value is unchanging: investments in advantaged, high-return assets and projects.

The proof of our transformation shows up in our performance.

Operationally, we delivered strong results across the board … including safety, a bedrock commitment underpinning everything we do … reliability, where we achieved record performance in our Product Solutions business … and emissions, where we've achieved a more than 60% reduction in methane intensity since 2016.

Financially, we demonstrated our steadily improving earnings power across a range of metrics.

We delivered earnings of $34 billion dollars in 2024, our third-highest result in a decade despite softer market conditions. Over five years, we've grown earnings, excluding identified items, at a compounded annual growth rate of nearly 30%.

We generated cash flow from operations of $55 billion dollars – also our third highest in a decade – to fund profitable growth, maintain our financial strength, and reward shareholders. Excluding working capital, our free cash flow more than covered shareholder distributions.

And, we delivered a return on capital employed of 13%.

Over five years, our average return on capital employed is an industry-leading 11%.

When you set aside cash balances and capital in projects that are under construction – and yet to start up – our 2024 ROCE rises to roughly 17%, with a five-year average of about 15%.

Our disciplined approach to investing continues to generate returns well above our cost of capital.

Every part of our business contributed to our success.

We've built the best Upstream portfolio in the industry. In 2024, we achieved the highest-ever production from our advantaged assets, and the highest liquids production from our overall portfolio in more than 40 years.

In the Permian, we delivered record production from both our heritage ExxonMobil assets and our Pioneer assets.

Together, the two are even stronger. As we said last month, we now see an average of more than $3 billion per year of synergies from our combined assets, with production growing from 1.5 million oil-equivalent barrels per day at the end of 2024 to 2.3 million barrels per day by 2030 – a more than 50% increase. This growth will further strengthen U.S. energy security, and we'll do it with even better overall environmental performance.

In Guyana, we delivered record production from the world's premier deepwater development. We've gone from discovery to 650,000 barrels per day in just 10 years, a pace for deepwater projects the world has rarely seen. The benefits are tremendous – not just profitable growth for ExxonMobil, but rapidly rising living standards for the Guyanese people, with GDP per capita more than tripling since we started production in 2020.

Turning to Product Solutions, we further enhanced our already industry-leading portfolio by divesting non-strategic assets and establishing the foundation for new-to-the-world products that outperform existing alternatives.

The advantaged projects we've brought online over time drove record sales of high-value products in 2024. Our ongoing shift to a more profitable product mix is a key driver of earnings improvement in Product Solutions.

We also advanced our plans to develop and grow new businesses – most notably our Proxxima™ resin systems and carbon materials – with an estimated total addressable market of $100 billion by 2030.

Within Low Carbon Solutions, we demonstrated strengthening commercial interest through additional customer contracts and equity partnerships.

We're the only company in the world today with an end-to-end system capable of capturing, transporting, and storing carbon emissions. At 6.7 million tons per year, we've contracted more CO_2 for transport and storage than any other company – by far.

We're also well positioned to meet surging demand from data centers for low-carbon power, and on a timetable that alternatives, such as nuclear, simply can't match.

On the hydrogen and lithium fronts, we announced new equity partnerships and offtake agreements that demonstrate the significant market interest these new businesses are generating.

Our success in 2024, and every other year, is due to our people. It's not just that we recruit the best, or that we give them the most challenging assignments to build the best capability. It's our culture … our mindset. When this team takes the field, we expect to win.

That drive underpins our value creation in 2025 as well.

We'll bring online a full slate of major projects to increase profitable volumes, make more profitable products, and lay the foundation for profitable new businesses.

To name a few …We'll start up Yellowtail in Guyana, our fourth and largest development to date. In the Permian, we'll further improve resource recovery using our next-generation cube design and patented lightweight proppant. This is the right kind of growth: low cost of supply, low emissions intensity, and high returns.

At our Singapore refining and chemical complex, our resid upgrade project will use new-to-the-world technology to transform bottom-of-the-barrel molecules into a new grade of high-value lube basestocks.

We'll transform high-sulfur, lower-value export fuels into higher-value diesel for the U.K. market at our expanded refinery at Fawley.

We'll expand our capacity to produce higher-value performance polyethylene and polypropylene at our petrochemical complex in China.

And we'll add new advanced recycling facilities at Baytown to meet the growing demand for certified-circular polymers, which has the added benefit of keeping hundreds of millions of pounds of plastic waste from being burned or buried.

Earlier this month, we sued the California Attorney General and activist groups for defamation and interference in our advanced recycling business. As our filing made clear, this suit is about abuse of the public trust and the hijacking of the legal system for financial and political gain.

I want to emphasize that we don't take these actions lightly. Unfortunately, it's another example of what it takes to defend our company and preserve the value we create for our customers, shareholders, and broader society.

Overall, the major projects we start up in 2025 will deliver more than $3 billion dollars in earnings potential in 2026 at both constant – and current – prices and margins. And this earnings gain excludes the uplift from our Permian growth plans.

As we showed at the Corporate Plan Update, ExxonMobil's runway of profitable growth extends long into the future.

Our new technology-driven businesses, such as Proxxima™ products and carbon materials, creates huge opportunities to expand beyond traditional fuels and chemicals into higher-growth, higher-margin markets that are decoupled from commodity price fluctuations.

This year, we expect to start up a new facility that can produce 25,000 metric tons of Proxxima™ products, and plan to grow to nearly 200,000 tons by 2030.

We're committed to investing in these new businesses in a stepwise fashion that progresses in tandem with demonstrated success in the marketplace.

With the change in administrations in the U.S., I want to say a few words about the right policy framework for a successful energy future.

I'll begin by noting that through 2030, roughly 90% of our planned capex is allocated to established, fully functioning markets for energy and products that require no policy support.

Only about 10% is earmarked for nascent, lower-emissions markets where market forces have yet to fully take hold.

A case in point is our Baytown low-carbon hydrogen project, which requires incentives under section 45V of the Inflation Reduction Act to be economically viable.

We believe these incentives are critical to establishing a fully market-based future where hydrogen competes head-to-head with traditional fuels. But the end goal is clear: a system where no energy source remains dependent on government subsidies.

Just as energy sources should not be supported by governments in perpetuity, they should not be artificially discouraged either.

The prior administration's moratorium on new LNG export facilities and its executive order limiting offshore drilling were policy mistakes that the new administration is right to reverse.

Oil and natural gas remain essential to economic growth, jobs, and national security – both for ourselves and our allies around the globe.

Over the longer term, to achieve broad decarbonization, government policy should set carbon-intensity standards on products. We believe this is the best way to engage the collective efforts of industry and leverage competitive market forces.

To drive further innovation and reduce the most emissions at the lowest cost, policies must remain technology agnostic. Governments should not pick winners and losers. Intensity standards establish a level playing field, and have a strong precedent. They were most recently used to successfully and affordably reduce sulfur in marine fuel.

In closing, I want to say again how proud I am of the people of ExxonMobil, and how pleased I am that we are creating unmatched value for our shareholders.

Compared to the IOCs, over the last five years we've grown cash flow from operations at a roughly 15% compounded annual growth rate, more than double the closest competitor.

We've distributed more than $125 billion dollars in dividends and buybacks, $30 billion dollars more than the closest competitor.

And we've delivered a total shareholder return compounded annual growth of 14%, 600 basis points higher than the closest competitor.

Looking ahead, the value-creation arc of the company is equally distinguished.

We're going to build an even more advantaged asset portfolio, with 60% of our Upstream production from advantaged assets by 2030. That's nearly the same amount as the next largest IOC's total production.

We're going to develop an even more profitable product mix, with 80% growth of high-value product sales in Product Solutions by 2030.

We're going to be an even more efficient operator, taking an additional $6 billion dollars in cost out of the business.

We're going to generate even more earnings and cash. On a constant price and margin basis, we're confident we'll deliver 20/30 by 2030 – $20 billion dollars more in earnings, and $30 billion dollars more in cash flow.

All of which enables us to keep our commitment to sustainable, competitive, and growing shareholder returns.

With that, I look forward to your questions.

Jim Chapman: Thank you, Darren. Now, let's move to our Q&A session. As a reminder, we ask each participant to keep it to just one question. And with that, operator, we'll ask you to please open the line for the first question.

Operator: Thank you. The question-and-answer session will be conducted electronically. If you would like to ask a question, please do so by pressing the star key followed by the digit one on your telephone.

The first question comes from Neil Mehta of Goldman Sachs.

Neil Mehta: Yes. Thank you so much, Darren, and good rundown there. The question I had was really around project start-ups and specifically, Guyana. Can you give us a sense of the key milestones you're watching for in 2025 at this asset, how it continues to track relative to expectations? And there's been a lot of investor debate following the Upstream day about what the long-term capacity of this asset could look like. So, any thoughts on terminal plateau would be great.

Darren Woods: Yes, sure. Good morning, Neil, and thanks for the question. I'd say, as you look across the portfolio of projects that we've got slated for start-up in 2025, we feel really good about where they all are. The fact that they're tracking consistent with what we've talked about publicly. And, in fact, my guess is that many of them will come in slightly ahead of that.

With respect to Yellowtail specifically, I'd say we really like what we're seeing there. I think that team who is managing the Guyana developments continues to demonstrate, project-after-project, that you just find new ways to innovate and to overcome the challenges and to deliver these things below budget oftentimes and certainly ahead of schedule. My guess will be for Yellowtail that will come in a little better than what we've publicly talked about. But 3Q 2025 is a good number, a good date to be thinking about.

Longer term, I know – I've been part of the conversation in December about what we project going forward in the capacity versus utilization. All I would say is that that's a challenging to project that far in the future. There's a lot of variables that go into the developments across all of our Upstream portfolios. We're going to move from where we're at today of roughly 10 reservoirs to roughly 40 by 2030, a lot of optimization that goes around that, managing those reservoirs, a lot of unknowns.

Obviously, there's a depletion curve that continues to bring volumes down. But at the same time, our teams are working hard on infills and keeping the utilization up. And so we've given our best guess or estimate as to where we'll be, but I would tell you that, Neil, myself, all of us frankly, including the team who's managing it, our challenge themselves to make sure that we're fully utilizing those assets.

And my expectation is as we've demonstrated over the last several years, we'll probably do better than what we're estimating. But I think, I want to make sure that we're not over-promising and under-delivering. And so, we've got, I think, a really sound forecast for where those units will be producing. And again, we're challenging the team and they're challenging themselves to deliver more than that.

And, if I was a betting person, which I am, I would bet they'll do it.

Neil Mehta: Thanks, Darren.

Darren Woods: You bet.

Operator: The next question is from John Royall of JP Morgan.

John Royall: Hi, good morning. Thanks for taking my question.

Darren Woods: Good morning, John.

John Royall: I was hoping for an update on your expectations around North American tariffs, assuming those are implemented and assuming they're in place for a material amount of time. You have upstream and downstream assets in Canada, but also downstream assets in the U.S. that could be impacted. So how should we think about what that could mean for ExxonMobil overall?

Darren Woods: Good morning John, thanks for the question. I'll tell you the way that we're looking at -- obviously, there's a lot of noise and speculation in this space. And I would put it in the same category as we think about prices and where prices are going. At the end of the day, what we can control is our -- how effective and efficient we are as operators, making sure that we're producing highest value products for the kit that we have and efficiently getting it to market.

And, I think that's going to, at the end of the day, no matter where the market moves, there's a cost-of-supply curve … all the work we've been doing over the last eight years has been to drive our production to the low end of the cost of supply curve, so that we have a significant margin versus the last marginal barrel of production that's required to meet the market demand.

None of that's going to change with tariffs. That's all going to get shifted around. And our view is we're going to continue to be a very cost-competitive, low-cost-of-supply source, and therefore, we'll continue to outperform competition. And that's basically how we're looking at it as we wade through the noise that's out there in the media and the press with respect to all the speculation around policy.

John Royall: Thank you.

Darren Woods: You bet.

Operator: The next question is from Betty Jiang of Barclays.

Betty Jiang: Good morning. I wanted to ask about your data center strategy or enabling the expansion of AI in the U.S. Carbon capture, CCS value chain is a key competitive advantage for Exxon. Are you seeing any interest in the market for the low-carbon gas solutions versus just traditional gas power plants? How quickly do you think Exxon can bring these solutions to the market? And just given the recent news with DeepSeek, are you seeing any change in tune from your conversation with the end customers?

Darren Woods: Yes. Good morning, Betty, thanks for the question. Yes, I think you hit on really what is the nexus of our strategy with respect to data centers, which is offering decarbonized power for data centers. We're not interested, as we mentioned in December going into a utility business like power generation. Utility returns for power generation would not compete in our portfolio, but leveraging the end-to-end system that we have for capturing, transporting, and storing CO_2 is a huge advantage and brings a lot of value for hyper-scalers who are looking to have decarbonized power and to manage their emissions.

And, I would say that, there continues to be a very strong desire for many of these customers to build data centers that are decarbonized, and so a lot of interest in that space. We're having a lot of continuing conversations. We have sites that have been selected. We've got -- we've been doing the work to decarbonize our natural gas, which would be an important feed in a low-carbon data center. And, of course, we've got the work we've been doing with our partners around carbon capture and storage, and we've got the green line.

And so, we've got all the pieces. Today, we've been in early engineering for these centers, so we know exactly what it's going to take. We've got a very, as you know, a large and successful project organization. This is right in their wheelhouse. And so, we're acting as a bit of an integrator in the early days to accelerate the schedules, which is really important to many of the customers.

Our view is we'll bring this on faster than anybody else in the industry, and we'll certainly bring it on faster than any other opportunities for decarbonization. My guess would be, depending on how the discussions go with customers that we could get a site up and going by 2028 and then have it decarbonized into 2029.

I would say, it's rough order of how to think about that. But we've -- we're well into the development phase. Obviously, a lot of dynamics here, a lot of moving parts and variables in large part on the customer side. So we're there. We're available. We want to make sure that we've got an offering that meets their needs and when they're ready for them, we'll be ready.

With respect to DeepSeek, I would say that hasn't impacted the conversations to date that we're having with our customers.

Operator: The next question is from Devin McDermott of Morgan Stanley.

Devin McDermott: Hey, good morning. Thanks for taking my question. So, I wanted to come back to Neal's earlier question on growth. There's a lot in the queue in the near term beyond just Guyana. You highlighted 10 start-ups with over $3 billion of earnings, earnings that also hold the current margins, and I appreciate that guidance. But I was wondering if you could provide a little bit more detail on the timing for some of the key projects driving that growth as we move through

2025? How they impact earnings through the year? And then when you expect to get to that full over $3 billion run rate? Thanks.

Darren Woods: Yes. Sure. Devin, thanks for the question. I think you're right, it's going to be a busy year with a lot of startups. And I'd maybe just kind of walk through the key projects that we've been talking with you all about and start with the China Chemical complex. We mechanically completed that at the end of last year. We've been going through start-up sequencing and making sure that each piece of that kit is working as designed, and we'll bring all that integrated together. And my expectation is we'll get it started up here sometime in the first quarter, back end of the first quarter.

In Fawley, we're building conversion facility to produce low-sulfur diesel. My expectation is we'll have that in early second quarter.

We've got two advanced recycling units that we are building at Baytown. So, despite the Attorney General's accusations that these are a "myth", we've actually got two more units starting up, one in the second quarter and one in the fourth quarter, which continues to have -- see a lot of interest by consumers for recycled product. And so that's -- that capacity is desperately needed to meet that customer demand.

We've got all the modules that we need for the Strathcona renewable diesel, looking to basically try to get that started up here in the second quarter, expect that to happen.

The other really big project that we've got is the Singapore Resid Upgrade Project. That is new-to-the-world technology. We feel really good about the progress we've made there. We've got all the vessels loaded with catalyst. Some of that catalyst is proprietary.

The largest catalyst load we've ever done, and we did that successfully and expect to be mechanically complete sometime here in the first quarter and get into the start-up in sequencing and expect to be up and running kind of the back end of the second quarter, I would hope.

Proxxima™, second quarter is when we expect to get some more capacity on and then going forward and time a lot more capacity coming on as we continue to work with customers and sell into what we think are some very attractive applications where there's really good demand. So, we continue to see good progress there, and that project is coming along.

Bacalhau - I expect sometime in 2025, probably closer to the third quarter.

Yellowtail - third quarter.

And then as we've said with Golden Pass, probably the back end of 2025, we expect to see first LNG and mechanically complete kind of around mid-year is the timeframe that we run through all of those.

And then, as we mentioned, on a constant price basis, which we provide for you guys to kind of see the underlying fundamentals of these projects, expect to see more than $3 billion of improved earnings, once they're up and running full, which were considered in 2026. And at the same time, if you look at the current price margin environment that we're in, which is obviously pretty challenging ... we're still, as you rack up all those projects, still about $3 billion of earnings contribution. So -- and that's, frankly, the goal is to make sure that if these projects are resilient to the bottom of the cycle conditions. So we feel pretty good about that portfolio of projects and where we are.

Devin McDermott: Great. Thanks for all the detail.

Darren Woods: You bet. Thank you.

Operator: The next question is from Doug Leggate of Wolfe Research.

Doug Leggate: Hi, everybody. Thank you for having my questions. Thanks for all the details. Darren, I think you missed out your 25% of Tengiz in your startup list, but who's counting?

My question specifically is about … I hate to be predictable. It's about your cash distribution philosophy - buybacks versus dividends. And I want to kind of position it like this:

If I look at the buybacks last year and the $20 billion commitment for the next two years, you could make a case that you're basically buying back the shares you issued for Pioneer. And, I know it's not as cut and dried as that, but I'm curious with the inflection in free cash flow that you clearly have, your capacity for dividend growth is substantially greater than the 4% bump that you gave to shareholders now for several years running. Are you waiting to buy in the Pioneer stock before you step up that dividend is my question?

Kathy Mikells: And so, that's really, Doug, coincidence, right, that we moved up our buyback pace in conjunction with Pioneer, obviously, because Pioneer was giving us incremental cash flow to be able to do that. So that moved up our pace from $17.5 billion to $20 billion annually. And we've guided that we expect to be at that pace for this year and next year, assuming continued reasonable market conditions.

But it is, I would say, just a coincidence that that $20 billion pace means that we'll essentially buy back the shares from Pioneer over a three-year period.

If we go to look at our philosophy overall in terms of the dividend, we have been clear that we look at that dividend and we want it to be sustainable, we want it to be competitive, and we want it to be growing. And we're always looking at it through that lens.

The share buyback program as a secondary benefit, it actually reduces the overall dividend in absolute terms as we continue to take shares out of the market. But that's how we look at the dividend philosophy. And, as you know, we've increased the annual dividend for 42 years running, which is a claim only 4% of companies in the S&P 500 can make. And so we're very focused on and understand the importance of that dividend for our shareholders. And we also realize compared to other companies, we have a quite large retail shareholder base that are very focused on the dividend. And so that's how we look at and evaluate things.

Doug Leggate: I appreciate the answer. I would just footnote that dividend growth per share seems to be the driver of, at least the mechanism for, market recognition of value. So that's why we came in this issue, but I appreciate the answer. Thanks so much.

Darren Woods: Thank you, Doug.

Operator: The next question is from Steve Richardson of Evercore ISI.

Steve Richardson: Hi, good morning. I was wondering, Darren, now that we've had a little bit of time to sit with the Corporate Plan Update and all the visibility you provided out until 2030, and maybe this is beyond 2025 question. But it seems to us that internal to Exxon, the biggest risk to hitting that return on capital employed target seems to be on the capex line.

And so I was wondering, if you could talk about the forward look on capex, upside, downside risks, any proportion that you think is market indexed versus contractual? And it would just seem to us like a lot of the things you're doing in the next couple of years are replication things that you've already executed in the last number of years: Guyana, Permian, those types of things? Thanks.

Darren Woods: Yeah. Thank you, Steve. Appreciate the question. As we talked about, as part of the Corporate Plan presentation in December, if you look at the capex profile, a large portion of it is dealing with, as you say, the things that we've already demonstrated we know how to do. And frankly, the capex that we're spending in that space is fairly flat as we continue to grow volumes and then the cash flow earnings that go with it.

So, as we're advancing, I'd say, the upgrade of our existing portfolio to advantaged volumes ... we're doing that with a fairly stable and flat Capex profile, which we feel really good about. And that reflects the continued efficiency that we're finding as we apply technologies.

And my expectation is, as we go forward, we're learning a ton. Even as we bring in new technology, began to apply it, we're learning on that technology and finding additional opportunities. So, I think we're on a really good trajectory with respect to continuing to grow advantage volumes and continuing to drive capital efficiency. And so that's -- we've laid out our best estimate now. But again, what I would say is I really like what we're finding as we deploy these technologies and see the improvements.

And then on top of that, we've got the lower-emissions spend that we've laid out and the new products that we're looking to new markets, new businesses that we're looking to establish with Proxxima™ resin system and carbon material ventures, which again we see really high levels of interest from customers. We're continuing with working with them in trials and testing out the product, we feel good about what we're seeing there.

Those investments, which is really the growth that you're seeing with our capital spend, are all conditioned on making sure that those products, the value proposition that we believe we have there is realized and compensated and generate high returns for those investments.

So, I'd say those are less -- those are contingent. We feel today pretty confident that we will pursue those investments because of what we're seeing today, but we're not going to go ahead with them until convinced that the value is there, and we'll realize that value and the investments generate advantaged returns. And that's how we're thinking about it.

Similarly with the low carbon, we've said before, where we need policy support, that policy needs to be in place, and we need to have customers who are signing up for the offtakes and that work continues. And so there's, I'd say, on top of the steady base that we've established here in 2024, all the additional capex will basically be conditioned on ensuring that we get good returns on that incremental investment in these new businesses and new opportunities.

Anything to add, Kathy?

Kathy Mikells: And so, the other thing I would just say is we have a huge competitive advantage in our Global Projects organization. So, you're talking about, hey, one of the things as we look out and we think about continuing to improve your return on capital employed and the new projects that are coming online, that gives us great confidence. And the fact that they continue, especially in our base business, to figure out how to get more and more efficient.

So, Guyana would be a great example of that, right? We get more and more learnings in terms of looking at those reservoirs and exactly what the kit is that we need in order to optimize production, I think, is a significant advantage for us.

If you look at the biggest risk, I mean, what you spend in bringing a project online is, definitely has some risk associated with it. And again, I think we have a competitive advantage there. What you get out of the ground, understanding that I think is really critical, and the Permian would be a great example of that. The synergies we're driving in Pioneer as we look at recovery rates, as we look at implementing new technology like a different approach to proppant. I think those all give us really significant confidence in our ability to continue to improve overall capital return.

We have an advantaged set of projects. It puts us in a very differentiated position relative to other competitors.

Steve Richardson: Thanks so much.

Operator: The next question is from Jean Ann Salisbury with Bank of America.

Jean Ann Salisbury: Hi, good morning. You have two major LNG projects coming online and are a major seller of LNG already. You've also signed some contracts to buy LNG from third-parties that may now kind of with the LNG permit ban being lifted, have a better chance of coming online later in the decade. Can you give more color on your LNG contracting strategy from here , and how you see the LNG market in the medium-term, oversupplied or not?

Darren Woods: Sure. Thanks for the question. So, I think as general context, I'd say, as you look forward, we continue to see a really healthy demand and important role for LNG around the world as we go out into the future and you see economies grow and people's standards of living improve. And, as countries around the world look to decarbonize and back out coal, LNG is going to play a really important role. So that broader theme we see continuing to play out well into the 2050 timeframe. So, we think LNG is going to be an important product and continuing to find ways to bring on advantaged supply of LNG is pretty critical to our strategy.

As you know, the market today in these projects are underpinned by long-term sales contracts. We continue to progress those contracts in conjunction with the projects that that we're developing, and continues to be the foundation for the LNG market. And so, a majority of the production that we are looking to bring online will be underpinned by long-term contracts, which are linked to crude pricing. And that, I think, reflects, really the demand that you're seeing from customers out there and the need for continued gas.

There's a portion that we're leaving uncontracted to support the work that we're doing with our trading organization and growing that business. And as that market grows, it becomes more liquid. We continue to see opportunities to optimize around that market and extract some additional value through trading. And so, we're making sure that we've got volume available for that.

Jean Ann Salisbury: Great. Thank you.

Darren Woods: Thank you for the question.

Operator: The next question is from Bob Brackett of Bernstein Research.

Bob Brackett: Good morning. A bit of a follow-up on the LNG theme, but more specifically around the FID cadence this year and next. You've got Papua LNG and PNG. You've got Rovuma and maybe even Coral North in Mozambique. Those are very different investments than adding another well in the Permian. What do you need to see in terms of maybe returns and certainty and maybe even local situation to give you the confidence to move forward on those multi-decadal assets?

Darren Woods: Good morning, Bob, thanks for the question.

You're right that each of these projects are somewhat unique. However, what I would tell you is the constant here in terms of how we're evaluating and deciding to go forward is making sure that they're low cost-of-supply. So they're competitive supply sources in a market so that as we move forward, irrespective of how the market develops in the highs and the lows that we have an advantaged cost of supply vis-à-vis the rest of supply curve and some of our competitors. So that's a critical component. And with that comes in an advantaged project and advantaged returns. And so that is fundamental to what we're looking at with each of these.

And, as Kathy mentioned earlier in the call, the project organization that we’ve had brings a huge advantage in this space to help us drive these projects to the left-hand side of the cost of supply curve. I'd also add that our Technology organization that we've established and the focus that they're putting on and working with the projects organization is another advantage that helps kind of drive that to the left-hand side of the cost of supply curve. So that's, I would say, the primary variables at play here. Obviously, we look at the stability of the area that that we're in. We've got a really long history of managing that exposure and risk. We feel pretty good around what we're seeing in the local communities that we're looking at and the steps that we can take to make sure that we can develop a long-term successful business there and a stable environment. So I think that piece of it, while certainly something that we need to manage and be aware of isn't impacting, isn't the largest variable with respect to how we think about moving forward on these projects.

Bob Brackett: Very clear. So, we should think 2025 for PNG and 2026 for Rovuma still?

Darren Woods: We're working towards the 2026 timeframe in the Rovuma and PNG, we're continuing to work through a target. Hopefully, you have something near the back end of this year for FID.

Bob Brackett: Thank you.

Darren Woods: You bet. Thank you, Bob.

Operator: The next question is from Neal Dingmann of Truist Securities.

Neal Dingmann: Good morning. Thanks for the time. Darren, my question is around your long-term plan, I believe you all have suggested about growing earnings around $20 billion and in cash flow by an additional $30 billion by 2030. And think that goes along with the US production, I think, doubling or increasing. I'm just wondering, in order to achieve this, I'm just wondering, what type of levels are you all assuming for on broad strokes for annual capital spend and opex during this period in order to achieve it. I'm just wondering like, directionally, what are you assuming?

Kathy Mikells: Sure. So I'll start with capital because we gave guidance at our corporate plan. This coming year, in 2025, we said we expect cash capex to be between $27 billion and $29 billion. And then between 2026 and 2030, that number is $28 billion to $33 billion. And then if you just think about expenses, obviously, we're growing, and we're growing across our business. That is going to have growth expense associated with it. And some of the offset to that is driving significant structural cost reductions. And so, to date, since 2019, we're at a little over $12 billion in terms of structural cost reductions. And we said between here and 2030, we expect to get that number up to $18 billion. So kind of an additional $6 billion in structural cost savings, to help to offset just the cost of that growth overall and obviously, a little bit of inflation.

And the last thing I would say on that topic is, we have a global procurement organization as we talked about the Global Projects organization working pretty hard to make sure that we're bringing kind of the full scale and the manner in which we integrate our business kind of to bear as we procure the different products and services that we procure. So, they're doing quite a good job as they look to help us hold down expenses.

Darren Woods: Yes. And maybe just to build on Kathy's point, if you look at where we were in 2019, we challenged the organization to pay for the growth to make sure that as we were growing and adding some of those additional expenses associated with new facilities, new production, that we offset that through our structural cost reductions. If you look at where we were in 2019 and where we ended 2024, not only have we offset all the additional cost of the growth, we offset all the inflation and had a further reduction of about $1.5 billion. So I think we've demonstrated the ability to both grow the business and grow the value while reducing cost. I think that is a very unique challenge, and I think a great testament to the work that this organization has been doing to create value out there.

The only other point I would make is, not only do we have really solid plans to 2030, the new markets and new businesses that we're starting don't really start to move the needle until we're beyond that 2030 timeframe. And so, what I'm excited about is not only the fidelity that we have in terms of how we get to 2030 and that 2030 objective that we've talked about, but also that we've established a foundation that gives us a platform for growing well into the future in markets that are decoupled from the commodity price cycle. That's pretty exciting for our company.

Neal Dingmann: Well said. Thanks, Darren. Thanks, Kathy.

Darren Woods: Thank you, Neal.

Operator: The next question is from Roger Read of Wells Fargo.

Roger Read: Good morning. Maybe to take a slightly different tack here on some of the policy changes, like you mentioned at the beginning of the call, Darren, some favorable changes. One of the other ones that's percolating a little bit in the executive order was for the EPA to take a look at the endangerment finding on CO_2. And I know there's a lot of ways CO_2 is approached in terms of what's in the IRA and stuff. But if we were to see a change in federal government regulations on CO_2, how do you think about that affecting some of the decisions you're making on the renewable and low-carbon investment approaches here?

Darren Woods: Yes. Good morning, Roger, thanks for the question.

So let me just start with the fundamentals of how we think about this stuff because our work and the low carbon solutions business is reflective of not any specific policy that's existing. In fact, we put that business together and started working on it well in advance of the IRA and some of the policy that the Biden administration brought forward.

We focused instead on what we recognize is a need to continue to supply the energy sources and products that the world desperately needs to grow and for people's prosperity to improve, but at the same time, reduce emissions. And I would say, as a company, we recognize the need for society to reduce emissions in a thoughtful, constructive way.

And what we're trying to do is offer up a skill set and a capability set that can help accomplish that. That's the long-term objective here. And putting in place the foundations for an approach that makes sense that leverages our key competitive advantages and affordably reduces emissions while we continue to meet the needs for our products is part of the strategy.

And frankly, we're demonstrating the ability to do that and to pay for it and to generate returns at the same time. And so, this "and" equation is, we believe, a real thing and that people should be focused on and doing it all. And that's what we're trying to do. So I would say that's the foundation. That's how we think about it. We recognize the demand for the reduction and the intensity of the focus on that may vary as you move across different political regimes and move around the world and will move up and down with time. But the fundamentals we believe are there, and that's what we're focused on is the long-term game here and making sure that what we bring forward in terms of a solution is cost efficient and very effective.

And that's how we're looking at it. And frankly, from what we've seen so far, I think we've got an advantage with respect to where we're at and looking at those opportunities and We've got an advantage with our capabilities and with the facilities that we've brought on so far and the ones that we're developing. So, we feel good about that.

Kathy Mikells: Yes. And the only thing I would add is, obviously, the new administration is focused on trying to streamline regulation, right? And looking at how that can open things up for business. When we look at, just as an example, looking to permanently sequester CO_2 getting that permitting has been a long process. And so, it's just one area of many that you can look at across the industry to say, what things can be done to ease regulations so that business can get done more quickly, projects can get put in place more quickly. And so, we look forward to continuing to discuss those things with the new administration.

Darren Woods: The good news, Roger, is we've got flexibility here, so we can adjust as we move forward and respond to some of the changes that we see.

Roger Read: Appreciate it. Thank you.

Operator: The next question is from Paul Cheng of Scotiabank.

Paul Cheng: Thank you. Good morning. Darren, you guys clearly have an expertise in the deepwater in your success say, two decades ago in Angola or recently in Guyana. But one deepwater area that you are noticeably missing is Gulf of Mexico, you're really relative to the size of the company, you pretty small. Just trying to understand that, is it because when you guys looking at that, you don't like about the cost structure there, you don't like about the about the regulatory environment or you don't like about geology. And as such that with new administration, they approach there, is that going to change the way how you look at that basin?

Darren Woods: Yes, good morning, Paul. Thanks for the question. You're right that in terms of -- as you look around the world, our presence in the Gulf of Mexico is more limited. And I would just tell you it's a function of evaluating the opportunities there and the cost of supply. You touched on a couple of the factors. One is the cost of supply and the cost to develop there in the Gulf of Mexico. You talked about the geology. That's. the geology is tough as well, which obviously impacts the cost. And so, we look at all those factors. We are continuing to evaluate opportunities. And if the Trump administration opens up new areas for exploration, we will be in there with the rest of industry evaluating to see if we think there's an opportunity to cost effectively develop those resources. But I'll come back to -- and so that's the lens we put across all of the opportunities.

The Gulf of Mexico is no better off, no worse off than anything else that we're looking at. But it's really the criteria of a cost-effective supply being on the low end of the cost-of-supply curve, making sure that we can develop those in an advantaged way that then brings advantaged returns into the portfolio. And that's the criteria that we're using. If we find something in the Gulf of Mexico that we convince ourselves will allow us to do that, we'll develop it. If we don't, we'll continue to find and look for those opportunities in other parts of the world. We're pretty agnostic with respect to location, much more focused on the characteristics and the ability to develop advantaged barrels.

Paul Cheng: Thank you.

Darren Woods: Thank you, Paul.

Operator: The next question is from Ryan Todd of Piper Sandler.

Ryan Todd: Thanks. Maybe one on carbon capture. You have four decent-size projects that to start up over the next twenty four months on your list. I know in the past, you've talked about some challenges of effectively creating a new industry that doesn't currently exist, particularly on the commercial side. Can you maybe give some color as to how the commercial side of that business has evolved? What challenges remain, including maybe on the regulatory support side? And maybe what contribution you expect to see over the next couple of years out of the CCS business?

Darren Woods: Yes. Thanks, Ryan. I think a lot has happened in this space over time and, I think, probably the most important development is there's been a real shakeout between people who are out there talking about a carbon capture and storage business and people who are actually capable of doing it. And that has, I think, created a lot more clarity, particularly from a customer standpoint, in terms of where they need to go to find companies that can deliver on this.

We are, as you mentioned, uniquely positioned here. We've got the only, the world's only end-to-end capture transport and storage system. And so that puts us in a unique position to work with customers to help them decarbonize. And -- so I think those conversations continue to happen. There is a continued interest. We've got a fairly healthy sales pipeline that we're working with customers on. So, I like how that's developed. I like our position.

We continue to do a lot of work around that system that we've built and making sure that unlike a lot of companies in this space that are limited to a single site ... we've got a system and we're developing that system so that we've got a lot of optionality and take advantage of storage sites all along that pipeline.

And so we feel good about having a very robust system that we can then ensure customers that, when we commit to capture their CO_2 and store, that that we can effectively do and manage any of the variables that kind of come along the pipe. And so that's how we're looking at it. We've got pretty aggressive growth plans in this space. But again, all dependent upon customer interest and customers' willingness to engage in long-term contracts. And so that's what we're continuing to work on, like I said, a lot of interest in this space given our unique abilities.

Kathy Mikells: Yes. And what we said back at the corporate plan is when we look at our Low Carbon Solutions business in its entirety, right? So obviously, the CCS opportunities you just talked about, but hydrogen, we see everything altogether, we would see $2 billion in earnings growth kind of between now and 2030. Obviously, that will come as we pick up momentum and start to implement the projects that we've been talking about.

Ryan Todd: Thank you.

Operator: The next question is from Biraj Borkhataria of Royal Bank of Canada.

Biraj Borkhataria: Hi. Thanks for taking my question. I just wanted to get some perspective on the chemicals market. You show a helpful slide every quarter on the margins related to a 10-year average. Obviously, the Chems margin has been well below that very consistently. So, do you see any signs of green shoots in that space either regionally or product-wise that you can talk about? And as a quick follow-on to that separately, are you able to disclose your reserve replacement ratio for the year, both total and organic? Thank you.

Darren Woods: Yes. Good morning, Biraj, I'll start with that and see if Kathy has anything she wants to add. But the margins that we show and the markers that we show are kind of an industry perspective, with respect to kind of the distribution of the chemical business globally around the world and the average margin that you see there. We're advantaged versus that with respect to our facilities.

And so as you look across the world, I'd say the most advantaged region today is North America, where, as you know, we've got a fairly large footprint. So we've been -- despite, I'd say, very challenging conditions, I think we've been well positioned there and very proud of the work that our folks in the chemical business have been doing to optimize and make sure that in this environment, they continue to deliver earnings.

The demand in chemicals is actually very strong, record levels of demand. It's -- the challenge has obviously been on the supply side of the equation. I think in terms of a green shoot comment, I mean, how do you balance supply and demand? I mean every facility out there has to kind of figure out where they're at in the cost of supply and whether they can survive or not. I think you're seeing more and more companies that are disadvantaged with respect to their facilities, evaluate their business and ability to be successful in the kind of market that we're in.

The way I look at this at a macro level, these cycles are necessary. We've got to go through the lows to make sure that the industry continues to focus on efficiency and effectiveness and continuing the high grading of the broader overall industry portfolio. Our job, obviously, is to make sure that our facilities are on the high end of that high grading, and we feel really good about where we've been there.

And so I think that's going to continue to happen. I think from my perspective, this challenge here is not unlike the challenges we've seen in the past and frankly, very much in line with our philosophy of you build this business to be successful in the down bottom of the cycle and then you take the gravy that comes with the top of the cycle. And so we feel good about our ability to be successful even in these bottom of cycle conditions. Kathy, anything to add?

Kathy Mikells: The only thing I'd add is if you look at the projects we're bringing online, those will continue to help us to be advantaged, whether it's the China-1 chemical complex that's coming online, which is really focused on performance chemicals, right? The upgrade we're doing overall in our Singapore facility kind of resid upgrade on the margin helps us. And then obviously, bringing on more circular plastics basically helps us in terms of advanced recycling.

So, all the projects we have will continue to well position the company, and we've been very focused on ensuring that we're a low-cost supplier, which makes us resilient even in these difficult market conditions.

Darren Woods: Thanks, Biraj.

Biraj Borkhataria: Thanks. And anything on the reserve replacement ratio?

Kathy Mikells: No, we don't really consider that to be particularly informative of where the company is going.

Biraj Borkhataria: Okay. Understood.

Operator: We have time for one more question. Our final question will be from Jason Gabelman from TD Cowen.

Jason Gabelman: Hey, morning. Thanks for squeezing me in here.

Darren Woods: Morning.

Jason Gabelman : I wanted to ask a question on Slide 6 where you lay out all the projects. And Doug alluded to it earlier. It seems like you're missing a couple of projects that are starting up here ... TCO, the Permian pipeline project. We would have thought the overall potential earnings number from all the projects combined are closer to $5 billion, including those two projects. So first, is that correct? And second, is there any major difference you see between the earnings contribution of these projects and the cash flow contribution? Thanks.

Kathy Mikells: Yeah. So I'm happy to take that. We tended to focus here on the projects where we're the operator as opposed to TCO where we're not the operator. Obviously, we will get some benefit from that, but we did not focus on projects that were not the operator. We also focused on projects that are newly starting up as opposed to projects like the Permian Crude Venture that is already underway. And so I would say, yes, we clearly continue to get incremental benefits from the projects that are already underway that the company started up pre-2025. And obviously, to the extent that we're participating in an arrangement where somebody else is the operator and projects are starting up, we will get the benefits from those things.

Darren Woods: Yeah. I would add in terms of those other projects that you referenced, obviously, they're baked into our plans and the volumes that we shared as part of the corporate plan outlook includes all elements of the projects that are coming on.

Jason Gabelman: Great. And any difference between earnings and cash flow contribution from these projects, any major difference?

Kathy Mikells: No. All I would say is typically on projects generally, there's a little bit of a lag on earnings relative to cash flow.

Jason Gabelman: Yeah. Great. Thanks.

Darren Woods: Thank you.

Jim Chapman: All right, Jason, thanks.

And thanks everybody for joining this call and for your questions. We'll post the transcript of this call to the Investors section of our website early next week. And have a nice weekend. That concludes today's call.