Jennifer Driscoll

Good morning, everyone. Welcome to ExxonMobil’s third-quarter 2022 earnings call. We appreciate you joining us for this call today.

I’m Jennifer Driscoll, Vice President – Investor Relations. I’m joined by Darren Woods, Chairman and Chief Executive Officer, and Kathy Mikells, Senior Vice President and Chief Financial Officer.

This presentation and prerecorded remarks, which are available on the Investor Relations section of our website, accompany the third-quarter earnings news release posted in the same location.

During the live conference call, which begins at 7:30 a.m. central time, Darren will provide opening comments and reference a few slides from this presentation.

That will give analysts more time to ask questions before we conclude at 8:30 a.m. central time.

Additional remarks on this slide will be provided during the discussion of third quarter 2022 financial and operating results.
FORWARD-LOOKING STATEMENTS. Statements of future events, conditions, or expectations in this presentation or the subsequent discussion period are forward-looking statements. Similarly, discussions of future carbon capture, biofuels, and hydrogen plans to drive toward net zero are dependent on future market factors, such as continued technological progress and policy support, and represent forward-looking statements. Actual future results, including financial and operating performance; earnings, cash flow, and rates of return; total capital expenditures and mix; including allocatioin of capital to low carbon solutions; cost reductions and efficiency gains, including the ability to offset inflationary pressures; plans to reduce future emissions and emissions intensity; technology efforts, including timing and outcome of projects to capture and store CO₂ and produce biofuels; timing and outcome of hydrogen projects; maintenance and turnaround activity; price and margin recovery; shareholder distributions; the ability to access debt markets; resource recoveries and production rates; and product sales levels and mix could differ materially due to a number of factors including global or regional changes in oil, gas, petrochemicals, or feedstock prices, differentials, or other market or economic conditions affecting the oil, gas, and petrochemical industries and the demand for our products; government policies supporting lower carbon investment opportunities such as the U.S. Inflation Reduction Act or policies limiting the attractiveness of investments such as the European Solidarity Tax; the impact of trading activities; policy and consumer support for emission-reduction products and technology; the outcome of competitive bidding and project wins; regulatory actions targeting public companies in the oil and gas industry; changes in local, national, or international laws, regulations, and policies affecting our business including with respect to the environment; the development and transportation of our products; taxes, trade sanctions, and actions taken in response to pandemic concerns; the ability to realize efficiencies within and across our business lines and to maintain cost reductions without impairing our competitive positioning; the outcome and timing of exploration and development projects; and decisions to invest in future reserves, reservoir performance, including variability in unconventional projects; timely completion of construction projects; war and other security disturbances; expropriations, seizures or capacity, insurance or shipping limitations by foreign governments or law; actions of consumers and changes in consumer preferences; opportunities for and regulatory approval of investments or divestments that may arise; the outcome of our or competitors’ research efforts and the ability to bring new technology to commercial scale on a cost-competitive basis; the development and competitiveness of alternative energy and emission reduction technologies; unforeseen technical or operating difficulties including the need for unplanned maintenance; and other factors discussed here and in Item 1A. Risk Factors of our Annual Report on Form 10-K under the heading “Factors Affecting Future Results” available through the Investors page of our website at exxonmobil.com. All forward-looking statements are based on management’s knowledge and reasonable expectations at the time of this presentation and we assume no duty to update these statements as of any future date. Neither future distribution of this material nor the continued availability of this material in archive form on our website should be deemed to constitute an update or re-affirmation of these figures as of any future date. Any future update of these figures will be provided only through a public disclosure indicating that fact.

U.S. GAAP earnings for the quarter were $19.7 billion. Reconciliations and definitions of non-GAAP and other terms are provided in the text or in the supplemental information accompanying these slides beginning on page 19.

During the presentation, we’ll make forward-looking comments, so we encourage you to read our cautionary statement on slide 2.

Additional information on the risks and uncertainties that apply to these comments are listed in our most recent Form 10-Ks and 10-Qs.

Please note that we also provided supplemental information at the end of our earnings slides, which are posted on the website.

And now, please refer to slide 3 for Darren’s remarks.

Additional remarks on this slide will be provided during the discussion of third quarter 2022 financial and operating results.
Darren Woods

Good morning, and thanks for joining us today.

Before covering earnings, I want to begin by recognizing the men and women of ExxonMobil. While this quarter’s results were clearly helped by a favorable market, the fact is we’re in this position because of the hard work and commitment of our people over the past few years.

Where others pulled back in the face of uncertainty and a historic slowdown, retreating and retrenching, this company moved forward, continuing to invest and build to help meet the demand we see today, and position the company for long-term success in each of our businesses. We understand how important our role is in providing the energy and products the world needs, and while the market has clearly been a factor, the results we report today reflect that deep commitment.

I mention this because it is at the heart of our company and its culture. We know the role we play and are incredibly proud of it. We work together as a team, confident in our mission and determined to do our part in meeting the world’s energy needs and leading the way in a thoughtful energy transition.

Overall, I’m pleased with our third-quarter operational and financial results.

Higher natural gas realizations, strong refinery throughput, robust refining margins, and rigorous cost control drove our earnings improvement. We continued to increase production...
to address the needs of consumers, which contributed to earnings and cash flow growth, a stronger balance sheet, and significant value creation. Our results also reflected the outstanding work of our teams across the world, who operated our facilities reliably at high utilization rates.

Let me highlight a few examples of our progress.

First, in Energy Products, we boosted overall refinery throughput to its highest quarterly level since 2008, responding to tight market conditions, and we continued to make progress on the Beaumont refinery expansion, which will increase capacity by about 250,000 barrels per day in the first quarter of 2023.

We also increased production from our high-return assets in the Permian and Guyana. Our production in the Permian basin reached nearly 560,000 oil-equivalent barrels per day building on our strong growth from last year. We grew our production in Guyana to 360,000 barrels per day during the third quarter with Liza Phase 1 and 2 both exceeding design capacity. We also had continued exploration success with two additional discoveries in the quarter. Earlier this month, first LNG production was achieved from Mozambique’s Coral South floating LNG development contributing new supply amid growing demand for LNG globally.

We continue to expect total Upstream production of 3.7 million oil-equivalent barrels per day for the year. Looking longer term, we remain on track to grow low-cost production and meet our 2027 plan with more than 90% of our Upstream investments generating over 10% returns at $35 per barrel.

Our ability to increase production while reducing cost improves our competitive position, benefits consumers, and generates capital to fund meaningful investments demonstrated by one of our recent press releases announcing that our Low Carbon Solutions business signed its first - and the largest-of-its-kind - customer contract to capture and store up to 2 million metric tons per year of CO2.

This marks an important milestone in developing our newest business. It’s also a good example of how we’re supporting other companies in reducing their greenhouse gas emissions. We look forward to sharing more about our progress in developing an attractive Low Carbon Solutions business in December, as part of our corporate plan discussions.

We continued to actively manage our portfolio, announcing the sale of our interest in the Aera oil-production operations in California and our refinery in Billings, Montana. Proceeds from divestments completed year-to-date total $4 billion, as we captured incremental value for these non-core assets in today’s higher-price environment. These sales enable us to concentrate on our higher-value, advantaged assets.
Finally, you may have heard earlier this month that with two decrees, the Russian government has unilaterally terminated ExxonMobil’s interests in Sakhalin-1 and transferred the project to a Russian operator.

In March, we stated our intention to exit the Sakhalin-1 project and discontinue our role as operator, and took an impairment of approximately $3.4 billion at the time. While our affiliate was in force majeure due to the unprecedented impact of global sanctions, we continued to make every attempt to engage in good-faith discussions with the Russian government and all Sakhalin-1 partners to affect a smooth exit – to the benefit of all parties.

Our priority all along has been to protect employees, the environment and the integrity of operations at the facility. While the recent decrees violate our rights in Russia, established by our production sharing agreement, and interrupted the exit process we were working, it did not prevent us from safely winding down our operations. We’re proud of our employees and the many significant achievements they led since 1996 – including the most recent challenge of the government takeover. We do not anticipate any new, material costs associated with the exit.

Additional remarks on this slide will be provided during the discussion of third quarter 2022 financial and operating results.
This next slide illustrates the variability the industry is experiencing across the markets most relevant to our business.

In the third quarter, crude prices moved back within the upper-end of the 10-year range as higher supply slightly exceeded demand. Natural gas prices rose to record levels in the third quarter, reflecting concerns in Europe about the withdrawal of Russian supply as well as efforts to build inventory ahead of winter. While natural gas prices recently moderated, they remain well above the ten-year historical range. In the U.S., prices increased by about 15% driven by higher summer cooling demand and inventory concerns.

Refining margins remained well above the 10-year range due to inflated diesel crack spreads resulting from expensive natural gas and high demand for diesel. Higher refinery runs and flat demand for gasoline in the U.S. resulted in refining margins declining from the second quarter.

In contrast, global chemical margins fell below the bottom of the 10-year range reflecting weakening global demand. Margins in North America and Europe have softened with regional pricing moving closer to global parity as demand and logistics constraints relaxed. Asia Pacific remained in bottom-of-cycle conditions as COVID restrictions continue to suppress demand in China. Despite these challenges, our Chemical Products business delivered another solid quarter on improved product mix, strong reliability, and good cost control.
Before leaving this chart, I want to make one other very important point – the value of a diversified portfolio.

With just the three quarters shown, you can see how the value has shifted across our different businesses. Our diversified portfolio has served us well during the volatile swings in prices and margins across the various businesses.

As the energy system evolves along an uncertain path, the investments in our broad portfolio of advantaged businesses – including our Low Carbon Solutions business - will play an even more important role in capturing value and outperforming competition in the very near term and across a much longer time horizon.

Additional remarks on this slide will be provided during the discussion of third quarter 2022 financial and operating results.
In response to higher oil and natural gas prices, this quarter the EU enacted new windfall taxes, specifically targeting our industry. While these taxes may appear to be an attractive short-term solution to help consumers, history tells us they come with a significant long-term cost. They have the potential to further jeopardize the ability of struggling European refineries to compete in a global market and reduce Europe’s prospects of improving energy security.

Clearly, this is an extremely challenging environment for Europeans.

As winter approaches, they face a very real crisis, and their need to find short-term solutions is understandable. But, whether it’s a tax on profits, or a price cap and a buying cartel currently under discussion in Brussels, we believe these ideas can have only one effect: they will make the problem worse.

They lose sight of the fact that there are only two proven ways to reduce price.

The first is to increase supply, as we did with record high throughput at our North American refineries this quarter.

The second, of course, is to reduce demand.

Turning to the graph, you can see that oil, natural gas, and refining production declined in Europe the past five years. In total that represents a loss of 700,000 oil equivalent barrels per day of oil and gas production and 500,000 barrels per day of refining capacity.
The proposed EU mandates will only exacerbate this trend, forcing greater reliance on imported energy and fuel products.

Closer to home, there has been discussion in the U.S. about our industry returning some of our profits directly to the American people.

In fact, that’s exactly what we’re doing in the form of our quarterly dividend. By the end of the year, we will have paid out $15 billion directly to shareholders, about 40 percent of whom are individual shareholders. This is more than any other IOC.

Sharing our success through a growing dividend that people can count on is something we are committed to so much so that in 2020, when we lost more than $20 billion, we did not cut our dividend, by even a penny. In fact, knowing how much our dividend is relied on by so many families, and with confidence in the future cash flows of this business – we’ve increased our annual dividend for 40 consecutive years.

We’re a company that’s always looking for solutions.

We believe supporting reliable and affordable energy throughout the energy transition, over the long term, in any market environment, is what governments should strive to do.

To that end, we seek stable policies designed to attract large and steady investment in an “all-of-the-above” energy future. One that recognizes both the need to reduce greenhouse gas emissions, and equally important, one that emphasizes the ongoing need for reliable, affordable oil and natural gas.
A better example of constructive policy is the Inflation Reduction Act’s enhanced 45Q provision. This key provision includes incentives to support the development of low-carbon energy in the U.S.

The IRA’s enhancements to the 45Q credit for carbon capture and storage make more projects cost effective: those that are further away from permanent storage, or projects with less concentrated streams of CO₂.

We show the Houston Area on the slide, as it’s illustrative of the broader opportunity set for industrial CO₂ abatement. We believe that IRA’s 45Q incentive approximately doubles the immediately available U.S. carbon capture market, and we expect further opportunity beyond that as costs come down and policy continues to evolve.

As a leader in carbon capture and storage, we welcome this development.

Another important feature of the Act is the production tax credit for clean hydrogen facilities. In the long term, we see combining hydrogen production and carbon capture and storage as playing a critical role in reducing emissions at industrial facilities, including our Baytown complex.

Again, this legislation is a good example of constructive policy with regard to the energy transition. It incentivizes companies to pursue a variety of low carbon energy solutions.
Third parties suggest the IRA may significantly close the gap in our nation’s ability to achieve its 2030 emissions-reduction target. However, expedited permitting and other supportive regulatory policies, is still needed to affect the full benefits of the IRA.

Without this, years could pass between when companies are able to capture carbon, and when permitting allows it to be permanently stored in the ground, which would delay these needed investments.
Before I hand it over to Kathy, let me cover the headlines from what was clearly a strong quarter.

Earnings totaled $18.7 billion, led by higher natural gas realizations, strong refinery throughput, and continued cost control. We’ve continued to drive efficiencies with $6.4 billion in structural cost savings versus 2019. We remain on track to achieve more than $9 billion in structural savings by 2023.

We’re also starting to see early benefits from the combination of our Downstream and Chemical businesses into Product Solutions. These benefits go beyond cost savings associated with efficiencies. For instance, having line of sight to the entire value chain is enabling us to accelerate changes in feedstocks and production slates, in response to market developments.

Capex was $5.7 billion in the quarter and $15.2 billion year-to-date, on track to be within our full-year capex guidance of $21 to $24 billion.

Cash flow from operations was $24.4 billion, which strengthened our cash position by $11.6 billion, after funding capex, the dividend, and share repurchases.

Our net debt-to-capital ratio declined to about 7%, while the gross ratio is now at 19%, just below the low end of our target range.
We returned more than $8 billion to shareholders during the quarter, including $3.7 billion in dividends and $4.5 billion in share repurchases. The increase in shares repurchased is consistent with our plan to buy back up to $30 billion of shares through 2023.

This morning, we also declared a fourth-quarter dividend of $0.91 per share, an increase of $0.03 per share versus last quarter.

This continuation of our long track record of growing the annual dividend reflects a key priority in our capital allocation strategy and the confidence we have in our strategy, the performance we’re seeing across our businesses, and the strength of our balance sheet.

With that, I’ll turn it over to Kathy.
Thanks, Darren. It was clearly a very strong quarter. Our GAAP earnings increased by $1.8 billion to $19.7 billion, including positive identified items of about a billion dollars. We had $1.1 billion in one-time benefits from tax and other reserve items, and a $600 million gain from the sale of our Romania Upstream affiliate and XTO Energy Canada. These items were partially offset by a $700 million impairment. Earnings excluding identified items increased by $1.1 billion to $18.7 billion.

This quarter’s earnings growth was driven by higher throughput in Energy Products and continued strong cost control across all of our business lines. These positive impacts more than offset lower margins.

Upstream earnings increased to $11.8 billion, driven by improved natural gas realizations and production growth in Guyana and the Permian, partially offset by lower liquids realizations.

Energy Products earnings increased by $500 million on higher volume and mix, driven by strong reliability, lower turnarounds, and higher yields, which partially offset lower margins.

Chemical Products delivered $800 million in earnings despite bottom-of-cycle conditions in Asia Pacific and continued margin compression in North America and Europe as regional pricing moved closer to global parity.

Specialty Products delivered strong earnings as basestocks margins improved, reflecting a tight market.
Turning to the segment details, Upstream earnings of $11.8 billion increased by almost $800 million from the second quarter as higher natural gas realizations more than offset lower crude prices. As Darren noted, natural gas realizations rose well above the 10-year range, reflecting the concerns in Europe about the withdrawal of Russian supply and efforts to build inventories ahead of the winter. Crude realizations declined 12%, moving back into the 10-year range as higher supply slightly exceeded demand.

We continued to increase volumes and improve our mix from growth in our advantaged assets in Guyana and the Permian Basin.

Despite inflation, we kept expenses flat. Upstream earnings also benefited from other items compared with the second quarter, primarily the absence of smaller impairments related to divestments.
In the Upstream, we maintained strong production levels. Our net volumes grew by about 50,000 oil equivalent barrels per day compared to the third quarter last year. We delivered this growth despite losing approximately 75 Koebd of production due to divestments and approximately 45 net Koebd from the Sakhalin-1 project.

Compared to the second quarter, volumes were roughly flat at 3.7 million oebd. Excluding divestments and our exit from Russia, Upstream production increased by more than 50 Koebd versus the second quarter.

In Guyana, our combined Liza Phase 1 and 2 developments continued to produce above design capacity and achieved an average of nearly 360 Koebd in the quarter. In the Permian Basin, we achieved record production in the quarter of nearly 560 net Koebd.
Earnings in Energy Products rose by more than $500 million to $5.8 billion. Benefits from higher reliability and throughput as well as improved yields offset the impact of declining margins. Softer industry refining margins were driven by downward pressure in gasoline margins, due to the lower-than-usual summer demand in the United States. The impact of lower industry refining margins was partially offset by higher aromatics, marketing, and trading margins.

As Darren mentioned, we had very strong utilization in Energy Products. We improved upon last quarter’s throughput, achieving 4.2 million barrels per day in the third quarter. That’s the highest global throughput of any quarter since 2008, and we had the highest throughput ever here in North America — a real testament to how our people make a difference.

Expenses were favorable, driven by lower maintenance expenses. Other earnings were driven primarily by positive foreign exchange on the strengthening U.S. dollar. Excluding price / timing impacts, Energy Products earnings were $5 billion.

We saw a $250 million favorable impact from open derivative positions, reflecting the benefit from lower crude prices compared to the second quarter.

Other favorable price / timing impacts were mainly driven by derivatives used to ensure ratable pricing of refinery crude runs. As I’ve said before, these impacts fluctuate each quarter and are neutral over longer periods of time and in a flat price environment.
Despite global industry margins below the ten-year historical range, Chemical Products earnings remained solid at more than $800 million, which is close to the segment’s five-year quarterly average. These results demonstrate strong reliability and cost performance, as well as the benefits of our performance products, integrated sites, and advantaged footprint, including our large North American integrated sites and the associated feed cost advantage.

Margin pressure reflects bottom-of-cycle conditions in Asia Pacific and a weakening Atlantic Basin pricing advantage as regional pricing moved closer to global parity.

Overall volumes declined slightly due to high North America product inventory levels, softening demand in Europe, and continued impacts from the China COVID lockdowns. We were able to partially offset the impact of lower volumes by continuing to upgrade our product mix, delivering a quarterly record for performance polyethylene sales.

Expenses improved during the quarter, reflecting lower turnaround activities.

Other earnings were driven primarily by seasonal tax items.

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### Solid Chemical Products earnings despite softening industry conditions

**Chemical Products**

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<tr>
<th>Contributing factors to change in earnings</th>
<th>Million USD</th>
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<tbody>
<tr>
<td>Margin</td>
<td>$(320)</td>
</tr>
<tr>
<td>Volume/mix</td>
<td>$(130)</td>
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<tr>
<td>Expenses</td>
<td>90</td>
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<tr>
<td>Other</td>
<td>100</td>
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<td>3Q22 ex. ident. items</td>
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<tr>
<td>2Q22 ex. ident. items</td>
<td>$1,076</td>
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- North America feed cost advantage enabled higher margins relative to industry
- Improved product mix and sustained reliable operations nearly offset the impact of economic sparing
- Record quarterly sales volume for performance polyethylene
- Lower turnaround expenses

See page 8 and Supplemental Information for footnotes and reconciliations.
Specialty Products had a strong quarter, generating more than $760 million in earnings. This increase was driven by higher margins on basestocks and other products across the segment, reflecting stronger pricing in a tighter market.

Sales volumes were lower due to a reliability event at one of our basestocks production units at Baytown, which had a one-time volume impact that we resolved in the quarter.
Our strong earnings performance flowed through to cash. We generated more than $24 billion in operating cash flow, up $4.5 billion sequentially. Higher divestment proceeds aided free cash flow, which increased by $5.1 billion.

We deployed cash in line with our capital allocation priorities, investing in our advantaged portfolio, reducing debt, building a strong cash balance, and of course, sharing our success with our shareholders.

We distributed $8.2 billion to shareholders. This was comprised of $3.7 billion in dividends and $4.5 billion in share repurchases. With share repurchases at $10.5 billion through the third quarter, we’re on track with our program to repurchase up to $30 billion of shares through 2023.

Third-quarter capex came in at $5.7 billion, which was higher than the previous quarter as we continued to increase investments in Chemical and short-cycle Upstream projects with strong returns.

Based on the activity currently planned for the fourth quarter, we continue to expect our full-year capex to come in between $21 billion and $24 billion.

Our debt-to-capital ratio modestly improved to 19%, and our net debt-to-capital ratio dropped to 7%, reflecting our robust cash position.
Our strong balance sheet and cash position ensure that we have the flexibility we need to execute our capital allocation priorities through the cycles including more consistently and efficiently returning excess cash to our shareholders.

Today, we also declared a dividend of $0.91 per share for the fourth quarter. That’s a 3-cent increase compared to the third quarter. For the full year, we’re on track to pay about $15 billion in dividends. This marks our 40th consecutive year of increased annual dividend payments. Going forward, we intend to maintain the practice of declaring dividends at the same time we release our quarterly results.
Looking ahead to the fourth quarter, we expect higher sequential Upstream volumes with growth in the Permian being partially offset by the impact of recently announced divestments.

The Permian achieved record volumes of nearly 560 Koebd in the third quarter, and further growth is anticipated in the fourth quarter. We now expect to achieve full-year production growth of about 20% in 2022, building on last year’s production growth of 25%.

We’re on track to close the previously announced sale of our Aera operations in California by the end of the year.

We anticipate slightly higher turnaround and maintenance activity in each of our Product Solutions segments in the fourth quarter.

In Chemical Products, we continue to expect pricing pressure associated with additional industry capacity coming online.

Corporate and financing expenses are expected to total around $500 million in the fourth quarter.

With that, I’ll turn it back over to Darren.
Darren Woods

Thanks, Kathy. We’ll conclude with our key takeaways.

First, I want to thank our employees for delivering another strong quarter.

We continued to progress our advantaged investments, drove additional structural efficiencies, and created sustainable solutions that deliver the energy and products everyone needs. This has resulted in strong earnings growth bolstered by higher refining throughput and cost control, which more than offset margin declines.

We’ve continued to strengthen our industry-leading portfolio and increased production from our high-return assets in Guyana and the Permian.

In addition, earlier this month, our Low Carbon Solutions business signed the largest-of-its-kind commercial agreement to capture and permanently store CO₂.

This is a strong indication of the growth opportunity we have in this new business.

We’ve also continued to actively manage our portfolio, announcing the Aera Upstream and Billings refinery divestments, and closing the sales of our Romanian upstream affiliate and XTO Energy Canada.
Our diversified portfolio of advantaged businesses, and robust balance sheet provide a strong foundation to invest in value-accretive projects and drive attractive shareholder returns through the cycles.

In aggregate, the work we are doing today is delivering critical products in a very short market, longer term, it is delivering improvements that strengthen our structural advantages, meet society’s growing needs for energy and modern products, reduce greenhouse gas emissions and double earnings and cash flow by 2027 versus 2019. In short, profitably leading our industry toward a net-zero future.

Thank you.

Additional remarks on this slide will be provided during the discussion of third quarter 2022 financial and operating results.