ExxonMobil Fourth Quarter 2025 Earnings Call Transcript

This transcript presents ExxonMobil's fourth quarter 2025 earnings call held on January 30, 2026

Jim Chapman: Good morning, everyone. Welcome to ExxonMobil's fourth-quarter 2025 earnings call.

Today's call is being recorded. We appreciate you joining us. I'm Jim Chapman, Vice President, Treasurer and Investor Relations. 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 press release, which is posted in the same location.

During today's presentation, we'll make forward-looking remarks, including comments on our long-term plans, 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. We also provide supplemental information at the end of our earnings slides, which are also posted on our website.

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

Darren Woods: Good morning and thank you for joining us. In 2018, we set out to transform ExxonMobil – to fully leverage our unique competitive advantages. The results we share today demonstrate the significant progress we've made.

We've built a higher-return, lower-cost, technology-led company – one that delivers superior results across market cycles. Our strategy, our advantages, and the structural value we're creating puts us in a league of our own.

2025 was a year of exceptional execution and technology-driven differentiation. We continued to deliver strong safety and reliability performance, reflecting the commitment and operating discipline of our workforce.

We've already achieved our 2030 emission-reduction plans for GHG emissions and flaring intensity. As of 2025, we've reduced our Corporate GHG intensity by more than 20%, reduced Upstream GHG intensity by more than 40%, and reduced Corporate flaring intensity by more than 60%. We expect to reach our 2030 methane intensity reductions by the end of this year.

Upstream production averaged 4.7 million oil-equivalent barrels per day – with unit earnings more than double those in 2019, on a constant price basis.

We successfully delivered all 10 key 2025 projects, further strengthening our portfolio and positioning us for long-term, profitable growth…and we continue to high-grade the portfolio by maintaining our disciplined approach.

That approach – the same as it has been since we rolled out our strategy - increases investments in an advantaged portfolio…divests non-strategic assets and…significantly lowers costs.

Bottom line – we're improving our mix and structurally reshaping the business. The results are clear: industry-leading earnings power, stronger cash flow potential, and more profitable barrels and products.

In the Upstream, production from advantaged assets – including the Permian, Guyana, and LNG – continues to grow. These assets have lower cost of supply, lower emissions intensity, and higher returns. We expect them to make up roughly 65% of total production by 2030.

In Product Solutions, we're strengthening the portfolio with advantaged project start-ups and high-value product growth - transforming lower-value molecules into higher-value products. These projects are expected to drive meaningful earnings growth through 2030, with 60% coming from assets already online.

We're delivering consistent, ratable, organic growth – anchored by our advantaged assets and projects that are expanding earnings power over time.

Our 4Q and full-year 2025 financial results reaffirm that our transformation is driving improved earnings power across a broad range of metrics.

Over the past five years, our annualized shareholder return of 29% has led the industry, supported by $150 billion of distributions to shareholders during that period.

Earnings, cash flow, and return on capital employed remain among the strongest in the sector - with higher Upstream earnings per barrel and structurally higher returns.

We continued to increase our structural cost savings in 2025 – significantly outpacing competitors. In fact, our captured savings is greater than all other IOCs' savings combined over the same period.

These improvements continue to deliver industry-leading earnings and cash flow – even in periods of lower commodity prices.

Our industry-leading balance sheet, structurally lower breakevens, and level of short-cycle investments give us unmatched flexibility through the cycle.

During the year, we completed $20 billion in share repurchases, retiring shares equivalent to one-third of those issued during the Pioneer transaction – significantly reducing dilutive impacts of the acquisition.

Let me turn to two of our most advantaged growth engines, Guyana and the Permian, which both continue to set records.

In Guyana, we continue to deliver results never before seen in our industry and have set new standards for operational excellence. Our most recent project, Yellowtail, came online ahead of schedule raising gross production in the fourth quarter to roughly 875,000 barrels per day. Altogether, our first four FPSOs are now producing 100,000 barrels a day above the investment basis – reflecting our operational performance to date and the value of this advantaged asset.

Turning to the Permian… We delivered a new production record in the fourth quarter – 1.8 million oil-equivalent barrels per day, driving the highest annual company production in over 40 years at 4.7 million oil-equivalent barrels per day.

Technology deployment continues to be our primary focus with lightweight proppant deployed during 2025 in roughly 25% of wells. We expect that number to reach 50% of new wells by the end of this year. With more than 40 stackable technologies in various stages of testing and deployment, we expect to continue growing production at lower capital cost far into the future.

Simply put – there is no near-term peak Permian for us. Our growth trajectory remains robust and we expect to exceed 2.5 million oil-equivalent barrels a day beyond 2030.

The role of technology in growing value can be seen across all of our businesses.

For instance, Proxxima™ systems continue to scale. We've more than tripled capacity this year – with growing opportunities across rebar, coatings, automotive, and oil and gas applications.

Our Proxxima™-based rebar delivers a 40% improvement in installation efficiency versus steel and delivers superior strength, lightness, and corrosion resistance. We've recently leveraged Proxxima™-based rebar to build the foundation for a new overpass at our Kearl site after our technology team in India worked with our Upstream team to qualify it in a heavy industrial application.

In carbon materials, our advanced battery anode graphite program is showing exceptional performance – delivering 30% faster charging, up to 30% higher available capacity, and up to four times the battery life.

In Singapore, our resid upgrade project demonstrated full-capacity performance – validating proprietary catalyst technology to convert low-value fuel oil into higher-value lubricants and diesel.

Our carbon capture network continues to advance. We made progress on the Rose permit, brought our first third-party CCS project online – capable of storing up to two million tons per year - and secured our seventh CCS contract. Taken together, these projects represent approximately nine million tons per year of sequestered CO_2.

As you've heard me say before, execution excellence remains a hallmark of ExxonMobil.

We commenced start-up activities for all 10 key projects, meeting our 2025 goal. These included Golden Pass LNG and the Proxxima™ systems expansion. This was a record year for us in project start-ups, and each will play an important role in further strengthening our global portfolio and supporting long-term shareholder value.

On average, our Global Projects organization executes about three times as many mega-projects as the nearest competitor. They do this at up to 20% lower cost and 20% faster delivery schedules than the industry average. This is a testament to our disciplined approach and organizational expertise.

Our transformed company will continue to build on this success in 2026 – with higher structural earnings power, stronger mix, lower breakevens, and a portfolio designed to perform across commodity cycles.

Our strategy is working – and the benefits are evident in operating performance, cash generation, and shareholder returns.

We're capturing more value from every barrel and molecule we produce – and building growth platforms with scale. We're focused on high-margin, technology-differentiated markets where our integration, process expertise, and global footprint give us a durable, material competitive advantage.

Our capital priorities remain consistent and disciplined: invest in competitively advantaged opportunities, maintain financial strength, and return surplus cash to shareholders.

We're maintaining a measured pace of share repurchases – subject to reasonable market conditions – while preserving flexibility to invest through the cycle.

Underpinning all of this is a new enterprise-wide process and data platform that is changing how the company operates with redesigned end-to-end processes and connected data, transactions, and decision-making across every business, geography, and function. It will enable us to learn and act faster and better leverage our scale, accelerate the adoption of artificial intelligence, and integrate new solutions. It's already delivering results with much more to come.

2025 again demonstrated that the advantages we've built, the capabilities we've developed, and the performance we're delivering is creating industry-leading value for our shareholders – today and far into the future.

Thank you.

Jim Chapman: Thank you, Darren. Before we move to Q&A, I have a few quick announcements to share. First, on February 2nd, we're launching a new individual investor-oriented page, which can be found within the main Investor section of the ExxonMobil website. Our individual investors make up nearly 40% of our shareholder base, and this new site caters directly to their needs. And then on February 20th, we'll be releasing a refreshed version of our Company Overview presentation. Both of these can be found on the Investor section of our website, and we encourage you to take a look.

With that, we'll move to our Q&A session. Please note that we ask each analyst to limit themselves to one question as a courtesy to others. And operator, please open the line for our 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 Devin McDermott of Morgan Stanley.

Devin McDermott: Hey. Good morning. First, Kathy, I just wanted to wish you all the best and thank you for your help and positive contributions to Exxon in your time as CFO, and Neil, look forward to working with you again in your new role.

My question I wanted to ask, actually, about Guyana. Darren, one of the two key growth engines in Upstream that you mentioned, the exploration license on the Stabroek Block is set to expire in the back half of 2027, but you've also had a large portion of the position under force majeure as it sits in waters that have been disputed by Venezuela. So I'd love to hear your latest thinking on the exploration strategy leading up to that scheduled expiry in the legacy position, and then your view on the opportunity set for this force majeure area - could it qualify for an extension, and what are some of the milestones to getting to work on evaluating the resource potential?

Darren Woods: Yeah, sure. Good morning, Devin, and thanks for the question. I think what you see us doing in Guyana is continuing in the areas that we do have seismic and have been developing, continue to take what we're learning through the wells that we're drilling in our development program to identify additional targets and drill. And we still think there's opportunity in that space to explore in the block that we can currently access. And then, of course, as we roll forward and have to relinquish pieces of the block, we do that based on, I think, a very well-informed understanding of the geology and the opportunity sets.

The portion of the block that's under force majeure as a result of the border dispute remains there. And I think from my perspective, one of the unlocks with respect to that region will be the ruling that comes out of the International Court of Justice. That's the process that Guyana has been going through with Venezuela to align to resolve the border dispute. So I think that will be a critical milestone.

Obviously, with the developments in Venezuela, perhaps we'll see an opportunity with less naval patrols that'll make it a little more friendly environment. So we'll see how that goes. But we've got plenty of work ahead of us here in the short term. And then longer term, we'll get into that additional acreage and see what the opportunity looks like. We're pretty optimistic. I think one of the advantages of force majeure is that it pauses the clock. And so we will have an opportunity to do what we need to do in that portion of the block when it's available to us.

Devin McDermott: Okay, great. Thank you.

Darren Woods: Thank you.

Kathy Mikells: Thanks, Devin.

Operator: The next question comes from Neil Mehta of Goldman Sachs.

Neil Mehta: Yeah, I'd just like to echo Devin's comments. Kathy, thank you for everything, and enjoyed the partnership. And Neil, welcome as well. I'd like to focus my comments on the Permian. It looked like a very good fourth quarter, Darren. You exited around 1.8 million barrels a day. Your guide for this year is 1.8 million barrels a day. As you look at the volume cadence over the course of the year, do you see upside potential to it? And just talk about the lightweight proppant opportunity that you continue to see and deploy out in the field, and is that manifesting itself in potential upside to numbers? Thank you.

Darren Woods: Sure. Thank you, Neil. I appreciate the question. The one I guess point I'd start with is I guess I'd caution extrapolating a quarter result to an annual result. If you look, the annual production that we had in the Permian, that was a significant improvement year on year, and we expect to see that significant improvement going into 2026 versus 2025 on an annual basis. And I think what you saw in the fourth quarter demonstrates that capability. But we've always said the quarters are a little lumpy as we bring on cubes and the timing of as those cubes come on. So we still feel pretty good about the developments that we've got there and pretty good about the plan that we've laid out and the volumes that we've communicated to all of you through the plan updates.

With respect to the technology, I would tell you, we just had a review of this the other day with the technology group. A lot of enthusiasm for what we're seeing. I would tell you everything basically points to, if anything, greater promise. Obviously, we've got to demonstrate that in the field. We've been deploying that pretty consistently, as I mentioned in my prepared remarks. We're going to continue to do that. There are other technologies that, as we've talked to you about as part of the Corporate Plan Update that, frankly, hold a lot of potential as well, and we're beginning to feather those in.

And so the challenge will be the time it takes to develop the cubes, and that's one point I would make, is we're not changing our approach of maximizing ultimate recovery. And so we're still very focused on bringing these technologies to bear, and our cube design is focused on maximum recovery and doing it at a lower cost. And so doing the cubes, doing those designs, and then drilling those and bringing them on takes longer for us to see the results, but ultimately gives us much better results. And so that continues to happen.

And I think as we get through this year, we're going to begin to see a lot of these, some of the additional technologies that we're bringing to bear manifest themselves in our results. And I feel, again, pretty optimistic that they're going to deliver some very promising results as we move forward. And frankly, from what we've seen today on a conservative basis, that takes us well beyond 2030 with our production.

Kathy Mikells: And I'll just add, Neil, if you look at the annual numbers in the Permian, we expect to be up about 200 koebd year over year. Again, that's not going to be necessarily what you see each and every quarter. And then on lightweight proppant, this year about 25% of our wells had lightweight proppant.

By the time we get to the end of next year, at that point, when we're drilling, we should see about 50% of our wells having lightweight proppant. So a very good performance in terms of just increasing the lightweight proppant in new wells going forward. And we'll see that benefit, as Darren said, over time.

Neil Mehta: Thank you both.

Darren Woods: Thank you.

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

Doug Leggate: Thanks. Good morning, everybody, and I'll add my best wishes to both the outgoing and incoming CFO. Good luck, Kathy. I hope you feel better.

Kathy Mikells: Thank you.

Doug Leggate: My question is not about the dividend, Kathy. You'll be delighted to…

Kathy Mikells: I'm shocked, Doug. You're not taking one last crack at it.

Doug Leggate: Not at all. Neil will have to pick that baton up from here. But Darren, I do have a question about what's not in the portfolio through 2030. And I'm thinking specifically about last August, I think it was, you signed an MOU in Libya. We're seeing improved PSC terms in Iraq, and there's speculation you guys are potentially re-entering there. And then, of course, there's the question over what it would take for you to re-enter Venezuela. So I wonder if you could address what's not in the plan through 2030 that could surprise on the upside.

Darren Woods: Yeah. Thank you, Doug. And you're right, there are some of these markets that have a significant potential with respect to resources. And the challenge going back in time has historically been accessing those resources with the right fiscal regime and the right kind of, call it legal infrastructure or investment guarantees. None of those things that have made it difficult to enter with the confidence that we need to compensate for the risk associated with what we do in the business of developing these resources.

That, I think, over time, has begun to evolve. The recognition that many of these resources have their challenges, are difficult to develop, and they need capabilities that don't exist within the country, and frankly, lends itself directly to the work that we've been doing to really differentiate ExxonMobil from our competitors based on this intense focus of driving competitive advantage, driving our developments in technology, driving project execution and development, and more recently, the work that we've done to consolidate all of our operations so that we operate with executional excellence.

And so, I think those things begin to provide an advantage that not only accrues to the company but accrue to these resource owners. The faster that we bring on the production, the lower cost that we bring that production on, and using the technology, the higher the recovery rates, all directly go to the resource owner and the benefit of the resource owners.

That advantage, I think, is being recognized today. And as a result, we're getting an opportunity to look at a number of these locations and start working with them to see if we can't come to a contractual arrangement with the right kind of fiscals that reward us for the benefits we bring and reward the resource owners with a higher value proposition. I'm pretty confident that we're going to make some progress that today is not in the plan for some of the areas that you've referenced.

So, I do think there will be some upside out there. But as you know, Doug, these things tend to take some time. And as we're developing them and we get more surety around some of those things, we'll obviously bring those into the plan and talk to all of you about that when it gets to a point that we've got the confidence to start baking them into the plans. But I do think the work we've been doing to strengthen our capabilities is going to have a huge payout with respect to that.

Doug Leggate: Darren, if I may, at the White House, you said Venezuela was uninvestable, but you might be prepared to put a technical team in country. Has any of that happened?

Darren Woods: Yeah. So, what I would say is what I said at the White House was given the current fiscal structures in place, legal, that you couldn't invest, but that there was opportunities to address that. And I did feel like the Trump administration is committed to doing that. In fact, if you look at what they're currently focused on, it's stabilizing the country, kick-starting the economy, and then ultimately transitioning into a more representative democratically elected government. I think those are the right objectives that the government's working on for the benefit of Venezuela and the Venezuelan people. Venezuela's got those challenges that I mentioned, which I believe with time will get addressed.

The other challenge with Venezuela is those barrels are high-cost barrels. And so you need a capability to bring that to market with the right technology to get low-cost supply out there. Frankly, we have that with the work that we've done up in Canada, and the Technology organization's focus on developing heavy oil resources. We think we bring an advantaged approach that will lead to lower cost production, higher recovery, and therefore, more economic barrels onto the marketplace.

So that's, I think, the opportunity set for us that will play out maybe over time. With respect to the team, I offered up, given the challenges, to send a team there to do the assessment and to offer up our perspective and what we found to the administration to help them in their decision-making as they lay out the policy. We're still committed to doing that.

Jim Chapman: Thanks, Doug.

Doug Leggate: Thanks so much.

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

Bob Brackett: Good morning. And a bit of a follow-on to Doug's question. The underpinning of your Upstream production growth are these advantaged assets, namely Guyana, the Permian, and LNG. As you think, and you basically have a fairly clear line of sight into the 2030s. You all tend to think even longer than that. So, as you think about refreshing the Upstream portfolio even further out, is there a requirement that assets you add to the portfolio have to be "advantaged assets," or will you soften that requirement? And I have a brief follow-up.

Darren Woods: Yeah. So maybe the way I would characterize it slightly differently, Bob, is the advantaged assets, the advantage derives from what we bring to the development of those assets, not necessarily in the resource itself. And so, my challenge and the way we make these investments advantaged is by bringing a unique set of capabilities that delivers more than what the market or our competitors, or what the average can deliver. That advantages those investments. And I would tell you that that's not going to change for us.

I continue to see with the transformation we've been making in the company, the consolidation of like activities across this very broad and diverse portfolio, and to centralize groups that focus on driving excellence in each of these areas, that we continue to see huge opportunities to improve performance and keep getting better at what we're already pretty damn good at.

And so, I think all of that will lend itself to then when we go into a market, or into a new resource, bringing an approach which is advantaged versus a market rate and therefore a return that's advantaged, and that's how I would think about it. And I'm absolutely convinced that where we sit today, there is upside to the advantages that we can bring. And therefore, I would expect going forward that we'll continue to see that even as we go into new places and continue to grow the business.

Kathy Mikells: And I would just add to that, Bob, I mean, as you know, this is a long-cycle business, and return on capital employed is a really key performance indicator of how well we're deploying that capital. And if you look over the last five years, our ROCE has averaged 11%, two percentage points above our next closest peer[1]. So, I think that just speaks to the discipline and us focusing on those competitive advantages we bring to the table to just drive higher returns consistently.

Bob Brackett: Yeah. Very clear. A quick follow-up. The Permian, as an advantaged asset, is a combination of acreage, which is finite, and technology, which is scalable. Can you talk about how you can scale the Permian technology toolkit? Is it scalable just within U.S. shale, just within shale, or is it perhaps scalable to a range of future extractions?

Darren Woods: Yeah, I think it's a really good question. And I do think it's scalable. I mean, one of the great things about having the Technology organization that we have and having consolidated by capabilities across our businesses into a single technology organization, is we have a very diverse set of experiences in very core technology areas that are contributing to solving problems across the entire portfolio. So, we're getting a lot of input from our technical experts that have grown up in different parts of the business but now bring that experience to bear on new areas and new opportunities.

So, I do think we will find that as we discover and innovate, particularly for the Permian, that that will have applications across a lot of the things that we do in the Upstream. In fact, we're already seeing that. Likewise, what we're doing in some of the deepwater has applications. So this – one of the advantages of this centralized approach that we've put in place is we're not trapping any of the innovation and any one part of the organization. It is free to flow and move to the highest value opportunity set within the company. I think that's a huge unlock that, frankly, most of our competitors have trouble matching.

The other final point I would make there is you're right about the limits in the acreage, but I continue to challenge our folks. We're not – the industry as a whole, the recovery rate of the oil that we know is there is still, in my mind, way too low. While we're working to improve the recovery of what we're doing on a go-forward basis, I'm also quite focused on cracking the nut of how we can go back and

[1] Five-year ROCE of 15%.

improve the recovery for things that have already been played out. And I think there's an opportunity there that I'm hopeful that our technology will unlock here in the future.

Bob Brackett: Interesting. Thank you very much.

Darren Woods: You bet. Thank you, Bob.

Operator: The next question comes from Arun Jayaram of J.P. Morgan.

Arun Jayaram: Yeah. Good morning. My question is on LNG. You're on the cusp of first cargos at Golden Pass. I was wondering if you could update the market on Exxon's plans to pursue FID decisions at Papua New Guinea and Mozambique and perhaps talk about how these projects stood on the global cost curve versus perhaps Gulf Coast LNG.

Darren Woods: Yeah, sure. Thanks for the question. I would tell you, so maybe starting with the back end of your question, and then I'll circle back around to the progress on Golden Pass. But with respect to the competitiveness of what we're trying to do in Mozambique and Papua New Guinea, as I talked about and have been talking about for many years now, that as part of any of the projects that we FID and the developments that we put in place, they have to be cost competitive. They have to be advantaged versus the rest of industry. They have to be on the low-end of the cost of supply curve, or we will not progress those.

And so the simple answer to how we're looking at Papua New Guinea and Mozambique is the work that the project's organization has done to develop the project design has led to those being very cost competitive, very advantaged with respect to the market. And so we feel good about the competitiveness of those. Obviously, there's challenges to continue to work our way through, but we feel like we've got a very good basis for progressing those projects. My expectation is with Mozambique, we'll see something here as we move through this year, probably on the back half of the year with respect to an FID, if things go to plan. So feel good about that.

And I would tell you that the time, the delay that we've had with the force majeure in Mozambique, I mean, we weren't sitting on our hands during that time frame. We were challenging our projects organization to keep driving innovation and find ways to reduce that cost. And they were very successful at doing that. So, we actually used the delay productively to come up with what we think is a much more cost-advantaged design than we had originally. So, as we learn and get better across this portfolio of things that we're doing, the opportunity is there for us to fold them into the next development. And that's certainly the case in Mozambique. So, feel good about those. And the same with Papua New Guinea as we work our way through that development.

With respect to Golden Pass, I would just say that venture has done a really good job of recovering from the bankruptcy. Obviously, that was a huge break but really got back on track and feel good about the progress they've made. Mechanically completed that project in the fourth quarter of last year. We're basically into commissioning and start-up now. My expectation is we will see first LNG produced in very early March is what it's looking like right now.

Kathy Mikells: Thanks, Arun.

Arun Jayaram: Great. Thanks.

Darren Woods: You bet. Thank you.

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

Betty Jiang: Good morning. Thank you for taking my question. It's on the corporate-wide data system transformation that, Darren, you alluded to earlier. Just want to get more color on what that process entails. And how should we expect this to manifest, maybe financially across the portfolio? Is it just more structural cost savings, better productivity, and just how material could it be over time?

Darren Woods: Yeah. Thanks, Betty. Yeah, it is a very material part to the transformation that we've been on. And just to maybe set the context of what we're doing here, if you go back in time with the way we had organized the company, we had actually delegated the development of the systems and the systems that support the businesses to the businesses themselves.

So, we had a number of different ERP systems, more than ten across the scope of our operations. And over time, each of our businesses and organizations developed their own data construct, their own data nomenclature. And so, it made it very, very difficult for us to really take advantage of the scale across all of our businesses in areas where we had a whole lot of duplication or similarities.

As we started the restructuring in 2018 and aligning all of our businesses into value chains and then pulling out some of the centralized organization. As we've talked about, we've made huge progress with that work in terms of delivering structural cost savings - $15 billion to date through 2025 - and as I said this morning on the call, that's more than any of our competitors combined.

And that is a function of and driven primarily by the discipline that we have. It's the same discipline we had when we chose to invest during the downturn, when everybody else was stepping back from the marketplace and hunkering down. It's that same discipline that we had, and not investing in the green businesses where we had no real advantages, no real expertise, even though many in our industry chose to go in that direction. It's the exact same discipline we've had in rolling out the new operating model, which is different than what anybody else in the industry is doing to their day. And that model is allowing us to deliver the benefits that we have, and that model and that discipline is going to underpin this new ERP system.

One data construct for the entire corporation, one data set, one set of nomenclatures. It will be the first time in the history of this company that we can actually tap into everything that we're doing across the company. And when you couple that with the opportunity with AI and the data set that that represents, I don't think there's a company out there that can match what we're trying to accomplish here, and the progress that we're making, despite the scale of this, has been really, really impressive. We remain on schedule and on track, and we're beginning to see the benefits accrue even now.

And maybe I'll let Kathy touch on that, because that is one of the areas in her portfolio that she's been driving.

Kathy Mikells: Thanks very much, Darren. So just to give you a couple stats to understand where we've come from and where we're headed to, all companies who operate on an SAP platform need to upgrade as SAP has moved to S/4HANA. And so, we were facing a need to upgrade. But we historically, as Darren said, operated more than ten ERP systems. We did it on-prem, and we had more than 65 million lines of custom code in that – the highest of any of SAP's customers.

As a result of that, we couldn't easily take upgrades to software. So, we couldn't benefit from that because the cost of having to plug the new upgrade into what was a very bespoke software system that we had created was just too high. We, as a result of now having centralized organizations, are able to really standardize and simplify our processes. We're going to have 97% fewer profit centers, 70% fewer cost centers. And the core of our platform is going to be clean, which allows us to take upgrades easily.

In fact, during this design period, we've already taken at least one upgrade into the development platform that we're utilizing, and we've had some early wins as we started to implement some of the software that surrounds the system. So, we had a successful implementation of Group Reporting, of BlackLine, of some supply chain technology that pushes us much more towards not just automation but being able to use artificial intelligence to do things like plot out the logistics across our system for things like marine. So, it's a really big change, but we will both get a great simplification, automation, and the ability to apply AI at scale much more easily. Thanks very much for the question, Betty.

Darren Woods: Yeah. The other thing I'll just add as a final point is through that automation, we're really freeing up time for our folks to focus on the things where they can add unique value. So not only are we going to get a lot of efficiencies, I think we're going to see the effectiveness improve. So, we'll basically benefit on both sides, both the revenue and the cost side.

Kathy Mikells: Yeah, a much better experience for our people who still today spend way too much time, I'd say, sorting through our data and information and reporting the numbers, as opposed to higher-level activity that's really driving insights and actions across the business. Thank you.

Betty Jiang: Well, thank you very much for the...

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

Steve Richardson: Hi. Good morning. I was wondering, Darren, if you could talk, we're seeing a pretty robust asset market out there in terms of where private and other assets, not only in the lower 48, but elsewhere, are transacting. I was wondering if you could talk about maybe the role of divestitures and potentially contract expiries and legacy assets. I think you've been very clear on the uplift that's coming from your Upstream in terms of margins with the advantaged assets. But the other piece of it is what could be leaving the portfolio potentially to accelerate that margin uplift. So just wondering if you could talk about the environment as you see it there.

Darren Woods: Yeah. No, thanks. I think, and you touch on one of the areas that has been a pretty concentrated focus for us, really, over the last five years, just around as we bring in new opportunities, bring technology to play, grow these advantaged assets is focusing our efforts on that. And for the assets that we have out there that then no longer compete in the portfolio because they don't have the same opportunity that we have with the rest of the portfolio, is an opportunity to sell that off to others who don't have the depth and advantaged projects that we have.

And so, we've been going through that fairly rigorously, very thoughtfully. We're not rushing. We're going to find buyers who place a higher value on it than we've got. And we've been very successful with that, as we've talked about over the quarters, with respect to the amount of divestments that we've had. In fact, I think the number is up to $25 billion since 2019, with the divestments that we had both from the Upstream and in our Product Solutions business. In fact, just last year, we closed our sale of our French affiliate.

And so, it's been a continuous making sure that what's left in the portfolio can compete for capital, is advantage versus the rest of industry, and then making sure that they're at the left-hand side of the cost of supply curve – so low cost – so they can compete across whatever part of the cycle is in. And that is paying huge dividends now as we continue to go through cycles. So that's going to be a constant focus, and we get ready. We don't try to time the market per se, but we do lean into the market when the opportunities are there and with a portfolio that's ready to go.

On the flip side of that, we continue to look for inorganic opportunities where we can bring an advantage. And as we've talked about many times in the past, where one plus one equals three or more, and that continues to be a focus. It's got to be accretive. It's got to leverage some of the things that we can uniquely bring, and it's got to be competitive with our other investment opportunities. And that remains a continued focus across all of our businesses.

Steve Richardson: Thanks.

Darren Woods: You bet. Thank you.

Operator: The next question comes from Sam Margolin of Wells Fargo.

Sam Margolin: Hey. Thanks so much for the question. Maybe take it away from Upstream a little bit, because everything seems to be directionally consistent and in line there. I wanted to ask about a comment you made in the prepared remarks on the carbon business and the battery contribution and then it ties into lithium too. The lithium price environment is unfavorable but there's maybe some synergies or some relationship there with the carbon business. And I don't know, it even ties into lightweight materials and Proxxima™ chemicals too. So, I guess the question is what's exactly going on with this battery initiative? It seems like there's a lot of inputs here that could drive an interesting outcome.

Darren Woods: No. Yeah. Thank you, Sam. And I think you actually touched on one of the advantages of the work that we're doing and sticking to what I'd call is our hydrogen and carbon molecule business is a lot of the applications that we're developing, the new applications that we're developing, leveraging the same capabilities go into the products that we're currently serving with our traditional businesses. And so, there is a synergy that exists between the different elements of the technology that we're developing, but each of them are driven by a focus on the molecule side of the equation.

So on the battery equation is really around the recognition that the world is going long carbon. As we clean up products and focus on lowering emissions, carbon becomes a cheaper and cheaper feedstock. What can we make with carbon? Our Technology organization developed a molecule that has properties that really lend themselves to battery applications that result in these types of performance, step changes in performance with batteries.

Those are real. We've tested them here internally; we've tested them externally. We're working with OEMs, and there's a lot of optimism around that application. And of course, the challenge then is building at scale the production facilities, and to do that in a way that's very cost competitive and can compete with sources supply all around the world. And we feel really good about the progress we're making there, and we're continuing to advance that.

That goes into battery applications, obviously. Lithium, obviously, goes into battery applications. So, there's a synergy there. But we came at that again differently. It wasn't that we wanted to go into battery business. It was what products are going to be in demand that we think we can bring an advantage to and produce at a low cost of supply and realize a margin.

Lithium, I think, continues to hold promise, but there's work to be done around ensuring that we can put a process in place that brings lithium to market at a cost, very competitive with the cash cost of existing producers. And so that's a piece of work that we're doing or demoing that technology to convince ourselves that we can get the costs where we want them, so that we will have a robust, resilient business irrespective of where the pricing goes.

And then with Proxxima™, it too has a – it's got a lot of applications in terms of rebar that we're making, the coatings that we're using in the shipping business and the piping business, pipeline business, oil and gas business. And we can also use it in injection molding and to make battery holders.

And so, there's a lot of overlap here, but it's really a function of understanding where those applications can bring the most value, bring a value in use versus the incumbents, and then build those businesses up and sell into them. So, I think we're going to find that portfolio over time continues to grow. And we're working with a set of customers that, frankly, are leveraging each of those products in addition to our existing traditional products.

Sam Margolin: Thanks so much.

Darren Woods: You bet.

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

Jean Ann Salisbury: Hi. Good morning. ExxonMobil is a leader in carbon capture and storage. There have been conflicting things that I've read and heard about data center interest in using CCS as an offset to emissions. From your standpoint, is this interest real, and do you see this as being a potential material uplift for that segment?

Darren Woods: Yeah. Thanks, Jean Ann, for the question. I recognize your comment with respect to the ups and downs and conflicting information you may be reading. I think, like a lot of these things that start off with a lot of hype and enthusiasm, it takes time for the market to work through and land on or ground on the realities of the opportunity set out there. I think as the development of these data centers have progressed and the desire to have low carbon data centers and what opportunities exist, I think people have begun to realize that certainly in the time frame that our people are talking about today, the really only viable option at scale today here in the very near to medium term is gas fired power generation with carbon capture.

And we're uniquely positioned with respect to that, with the investment that we made in Denbury, and now today have the only [large] scale end-to-end carbon capture and sequestration system. And frankly, the only integrated set of capabilities that can follow the molecule from capture all the way down through the pipe and into the subsurface. And so that unique offering, I think, puts us in a position to have really substantive conversations with some of the hyperscalers.

And I would say that today we are engaged in very serious, substantive conversations with a number of the hyperscalers. There is a commitment to finding a competitive way to decarbonize these data centers. We have an offering with respect to a site and location that I think meets those needs. And we're working our way through the commercial construct. And my hope is and expectation is we should see that work manifest itself hopefully by year end with the project announcement, but I think it's serious right now.

Jean Ann Salisbury: Very clear. Thank you, Darren.

Darren Woods: Thank you.

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

Jim Chapman: Paul, do we have you? Not hearing you on this end.

Paul Cheng: Hi.

Jim Chapman: Oh, great. There you go.

Paul Cheng: Can you hear me okay?

Jim Chapman: Yep. Go ahead. Thanks.

Paul Cheng: All right. Thank you. Darren, I think over the past several years you guys have done a good job in managing the base due to, I think, both the asset mix as well as the technology application and all that. So, can you tell us that today what is your base underlying decline for your Upstream portfolio we should assume? And also in your manufacturing operation, whether it's refining or chemical? For the cycle, what is the expected needed downtime or your available uptime? And from that standpoint, if this is where you are, where you see is the biggest opportunity for the next five years to further improve on those. Thank you.

Darren Woods: Yeah. Thank you, Paul. What I would say is we're at the very beginning of what I think is the ultimate capture of the potential that we're unlocking with the transformation that we made, we're making here. And I would say, we're very early into bringing the weight and the power of our Technology organization to bear on the areas that you're talking about in terms of depletion rates and how quickly we can offset those, and the growth that we're bringing in.

If you look at, frankly, the plans that we've got out past 2030, we're continuing to grow production and therefore offsetting any depletion. And as we continue to do more work, bring technology on, use the supercomputer that we have and the algorithms we have to better understand the movement of the hydrocarbon underground and tap into those things, we're improving the recovery at very low cost.

So, I think we haven't reached the end of that string yet. There's still an opportunity there. And so, I don't know ultimately where we get to. But I can tell you that the organization is very motivated to continue to use the tools and the capabilities that we're unlocking to change the curve and to change the slope of that curve. And I'd tell you today, I can't give you an answer specifically what that's going to look like, because we haven't gotten to the end of that journey.

On our Product Solutions manufacturing facilities. Again, I would tell you, we just formed the beginning of this year, our Global Operations organization, where we bring together all of our operating organizations to basically work to and raise the standard and basically do what we've been doing in Supply Chain and Projects and in Technology.

We had prior to that had set up a Global Operations organization to support all of the businesses and to bring the best thinking, the best practices on reliability and safety. And even with this, centralized organizations bringing support to the existing operations that were embedded in the businesses, we saw material improvements and the cost of maintenance and improvements in reliability, improvements in safety. And so, we demonstrated to ourselves that the power of this collective thinking and taking the best of best, the best of all, is really bringing bottom-line value. This next step that we've taken with the operations organization is just going to enhance that and supercharge it.

So, I think we're going to see reliability and availability in uptime continue to improve across the portfolio, which ultimately brings down our cost, makes us a lower cost supplier, which allows us to manage through the cycles even better. And so, I think there continues to be a lot of upside with respect to those two areas that you mentioned.

And then I would just broadly say across the whole portfolio, and we're just getting warmed up on some of these centralized organizations, the Supply Chain organization, what we're doing in Procurement, what we're doing in our Business Solutions group. So, there's a lot of, I'd say, work going on now. And we have a very clear line of sight of how we're going to improve the effectiveness of the organization as well as the efficiency. So, I would just say we've got plans out to 2030 that reflect some of that. My view is we're going to improve upon those things as we actually learn more and mature these brand new organizations.

Paul Cheng: Hey. Darren, do you have a number you can share? What is the base decline rate at this point in your Upstream portfolio?

Darren Woods: No, Paul, I don't have a number for that. Sorry.

Paul Cheng: Okay. No problem.

Jim Chapman: Thank you, Paul. And operator, unfortunately, we have time for just one more question.

Operator: We have time for one more question. Our final question will be from Biraj Borkhataria of RBC.

Biraj Borkhataria: Hi. Thanks for taking my question. Squeezing me in. I wanted to ask about the chemical segment, base chemical segment. It's obviously been in a tough spot for a while now. Just from your global perspective, are you seeing any signs of green shoots in base chem, either on the supply or demand side, with your competitors? Thank you.

Darren Woods: Yeah. Thanks, Biraj. I think, like all of our businesses, there's a tale of two halves. From a demand standpoint, I would say continue to see very robust strong demand across the world for the chemical products. The challenge with respect to the margins that are out there is obviously from the supply side of the equation. So, despite record levels of demand and very good growth in demand, there continues to be a lot of capacity that comes on that suppresses the margins.

So, I think as you look at the landscape out there, that's the challenge. A good, healthy market, a good demand for the product, good applications that continue to grow. Our focus has been within that context, again, with the cost efficiencies that we've been capturing, with the effectiveness that we've been driving, and our focus on high-value products is trying to differentiate ourselves with respect to the marginal supplier that's setting the price out there to get an advantage and to get an improved margin. I think that's been working in our favor, in addition to the feed advantages that we've got with the locations that we have.

And so, our focus continues to be the same. Sell into high-value products, continue to drive costs down, be efficient, take advantage of every lever that you've got to pull, lean heavily into the centralized organizations to help improve the efficiency of what you're doing, and the effectiveness of our supply chains. I think all those are paying off. It allows us to be more competitive and deliver better results than many of our competitors are able to do in this space today. But the ultimate – how this resolves itself from a market standpoint, I think, hard to judge just based on the competitive dynamics that are out there. Thanks for your question.

Well, listen, we've reached the end of the call, and I want to, I guess, thank all of you for the recognition that you've given Kathy. And I wouldn't want to end the call without adding to the comments that many of you made.

Kathy, I want to thank you for everything you've done for the company. Kathy came in at a very unique time in the company at a level in the company that, frankly, we've never brought somebody in from the outside, and I think became an instant partner to the rest of the Management Committee. I have benefited greatly by having her at my side and engaged in discussions over the last five years. So, it's been a great ride.

Appreciate your commitment and the hard work that you've made, and particularly over the last year, as you struggled to overcome some of your personal challenges – never missed a beat and never compromised on the contributions that you're making to the company. And so, you're definitely going to be missed. But we're really looking forward to you accelerating your recovery. Wishing you and Ed and your family just a really long, healthy, and happy retirement.

I will say that we're happy that one of the first things that Kathy got engaged in when she stepped in was to make sure that we had a very robust succession plan, and happy to have Neil, who we've been training here for several years, and now bring back into the mix. I think we're all real confident that Neil's going to do a great job stepping into the big shoes that Kathy has left behind. And fortunate for Neil, they're not high heels, so I think he got an advantage there, Neil. But thank you, Kathy. Thanks for everything.

Kathy Mikells: Thanks very much, Darren. Listen, I'm humbled and honored by having the opportunity to have worked here at ExxonMobil. And I've hugely appreciated your support, Darren, the support of the Management Committee, and the Board. And hopefully, I leave things in a better place than when I first came here. I'm going to miss our people the most. Our people are amazing. And I'm incredibly proud of what they've accomplished over the last five years.

And finally, I just say, I'm thrilled to have Neil Hansen stepping in my place. He has a little bit of experience, 25 years at the company, most of that actually in the finance organization. So, he's just the right person at the right time. And it's really terrific to have such a smooth transition. And he's here with us. I don't know if you want to say a couple words.

Neil Hansen: Absolutely. Yeah. Thank you, Darren. And thank you, Kathy. We wish you the very best. Your positive impact on ExxonMobil will be long-lasting, and we are all truly grateful for everything that you've done for us. And personally, I'm very excited to step into the role as CFO and build on really the strong, unmatched foundation that we have in place as a company. And I look forward to connecting again with the investment community, getting to catch up with those of you that I already know, and then getting to meet those who I have not met yet, hopefully sometime in the near future.

Jim Chapman: Okay. Thank you, Neil. Thank you, Darren. Thank you, in particular, Kathy, and thanks to all of you for joining today and for your questions. We'll post the transcript of this webcast on the Investor section of our website next week. And that concludes today's call. Have a good weekend.