ExxonMobil Second Quarter 2025 Earnings Call Transcript

This transcript presents ExxonMobil's second quarter 2025 earnings call held on August 1, 2025

Jim Chapman: Good morning, everyone. Welcome to ExxonMobil's second-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, and I'm joined by Darren Woods, Chairman and Chief Executive Officer. Kathy Mikells, our Senior Vice President and CFO, is not on the call today as she is recovering from a planned medical procedure. We wish her a speedy recovery.

This quarter's presentation and prerecorded remarks are available on the Investors section of our website. They're meant to accompany the second-quarter earnings press 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 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 thank you for joining us. This quarter, once again, proved the value of our strategy and our competitive advantages. They continue to deliver for our shareholders, no matter the market conditions or geopolitical developments. We built our strategy to take maximum advantage of ExxonMobil's uniquely diversified business across multiple markets and products —

products that exist today and new products that our groundbreaking technology will enable for the future.

In our Upstream business, we achieved the highest second-quarter production since the merger of Exxon and Mobil more than 25 years ago. But it's not just about the volume. We're growing production from assets that deliver the most value. More than half of our oil and natural gas volume comes from high-return, advantaged assets. We expect that number to climb to more than 60% by the end of the decade.

One of our most important advantaged assets is Guyana, where we recently marked the 10-year anniversary of our first oil discovery. With nearly 11 billion barrels of resource, it's industry's biggest oil discovery in the past 15 years.

We have three major developments online producing roughly 650,000 gross barrels per day in total – considerably above our investment basis. Our fourth development, and the largest to date, Yellowtail, is next in line and anticipated to achieve first oil next week – delivered 4 months ahead of schedule and under budget. By 2030, we expect to have total production capacity of 1.7 million oil-equivalent barrels per day from eight developments. The success of these projects has established Guyana as the world's fastest-growing economy. It's also one of the reasons, I believe, the Guyana development will prove to be one of the most successful deepwater developments of all time.

Regarding the recent arbitration decision, I admit, the ruling was a surprise. We were highly confident in our position, and so was CNOOC. This dispute was about protecting our contractual rights. The sanctity of contracts among governments, investors and co-venturers is critical for the Upstream industry. Without it, confidence in large capital investments is undermined. Having co-written the contract with Shell, we understood its intent and believed the contractual language conveyed it. Unfortunately, the tribunal interpreted it differently. While disappointed, we respect the

process and the ruling. As we move forward, I hope our investors take comfort in the length we will go to in protecting the value our employees create for the company and our shareholders. With respect to the continuing development of Guyana, the arbitrators' decision changes nothing for us and we welcome Chevron to the Stabroek Block.

Moving to the Permian Basin, during the quarter we produced roughly 1.6 million oil-equivalent barrels per day, which was another record for us. Nowhere is our emphasis on technology and innovation paying off more clearly and immediately than in the Permian, where we have the largest inventory of Tier-1 acreage. Last year, we increased the total resource from 16 to 18 billion oil-equivalent barrels with the successful development of new technologies.

Our team is making great progress on my challenge to double recovery from the industry average of roughly 7%. We continue to make progress on the deployment of lightweight proppant – a patented material made at very low cost with petroleum coke from our refineries. It is proving to be more effective at keeping fractures open, allowing us to extract more oil and gas from each well. On a 10,000-lateral-foot equivalent basis, we've deployed this in over 100 Permian wells and are seeing improved recoveries up to 20%. That's up 5 percentage points from what we announced last December. By year-end we expect deployments to reach roughly 150 more wells. We're also leveraging our advantage of contiguous acreage to drill four-mile laterals without losing any productivity. Others are drilling wells half that length, at far greater cost, resulting in much lower capital efficiency.

So, while some operators in the Permian are talking about peak production, our current plans grow Permian production from about 1.6 million oil-equivalent barrels to 2.3 million by 2030. And with the deep portfolio of technologies we're developing, we have the industry-unique opportunity to drive capital-efficient, high-return growth well beyond that.

Turning to our Product Solutions project startups, we're continuing to ramp up operations at the China Chemical Complex. This facility supplies China's growing domestic market – the largest in the world – with high-value, consumer-oriented chemical products used in household appliances, hygiene products, and safe food packaging.

We're also starting up our Singapore Resid Upgrade project, deploying new-to-the-world technology that converts the lowest-value molecules at the bottom of the barrel into some of the highest-value products we offer. With this new technology, we've introduced a new lubricant basestock, which we've sold out, and have essentially sold out the incremental 20,000 barrels per day of production.

We've started up our Fawley hydrofiner project in the U.K., converting high-sulfur gasoil exports to domestic ultra-low sulfur diesel sales.

And, we're now producing renewable diesel at Strathcona in Canada for the first time. This is a key part of our lower-emissions fuel strategy – growing production where policy and economics are supportive of cost-effectively reducing the carbon intensity of essential products.

Lastly, we expanded operations at our new Proxxima™ systems blending facility in Texas, a critical step to more than tripling production capacity this year. We also signed an MOU with a leading building materials and construction company based in the Middle East to manufacture and distribute rebar made with Proxxima™. These are important steps in establishing this new business.

In total, our 2025 project startups are expected to drive more than $3 billion of earnings in 2026, at constant prices and margin. This goes a long way towards derisking our plans to achieve 20/30 by 2030 – that's $20 billion of additional earnings and $30 billion of cash flow versus 2024, on a constant price and margin basis.

In our Low Carbon Solutions business, our first third-party carbon capture and storage project is now in operation. The project uses our CO_2 transport and storage network - the world's only large-scale system - to store up to 2 million metric tons of CO_2 per year that otherwise would have been emitted to the atmosphere.

We also recently announced our seventh CCS customer contract. This brings total third-party CO_2 offtake to nearly 10 million metric tons per year. In addition, the U.S. Environmental Protection Agency issued the draft Class VI permit for our Rose CO_2 storage facility in Texas. We expect Rose to be the first of many storage sites linked to our CO_2 transport pipeline.

Turning to the status of our Baytown Hydrogen plant, the world's largest low-carbon hydrogen project – we've seen mixed progress. As we've said, this is a complicated project that requires simultaneous development of supply, demand, and policy. We were disappointed that, under the recently approved 45V tax credit, timing for start of construction was shortened from 2033 to the beginning of 2028. While our project can meet this timeline, we're concerned about the development of a broader market, which is critical to transition from government incentives. If we can't see an eventual path to a market-driven business, we won't move forward with the project.

We're now working to determine if the combination of 45Q, and a shortened 45V, will provide the support needed to catalyze a broader low-carbon hydrogen market. Beyond that, we're working to translate heads-of-agreements into firm sales contracts – including exports of ammonia to Asia and Europe and domestic hydrogen sales.

We knew that helping to establish a brand-new product, in a brand-new market, initially driven by government policy, would not be easy or advance in a straight line. It's why we've focused on low-carbon opportunities aligned with our existing capabilities and advantages. Our strategy provides

optionality and flexibility, which is critically important in this dynamic and often uncertain world. I'm pleased to see that it's working.

We're strengthening and extending advantages our competitors can't match – with: a focused portfolio of advantaged assets, operated to the highest standards; world-class execution of large-scale, high-return projects; captured cost savings that exceed all other IOCs combined since 2019; and driving superior earnings and cash flow growth potential – irrespective of the market environment or geopolitical uncertainty.

It's why we believe, and more importantly, are demonstrating, that we are in a league of our own. Thank you, and we're happy to answer your questions.

Jim Chapman: All right. Thank you, Darren. Before we move to Q&A, I want to highlight that we will be publishing our annual Global Outlook later this month that, as usual, contains our latest views on global energy demand and supply through 2050, which forms the basis of our business planning.

So with that, we can move to Q&A.

As a reminder, we ask each participant to keep it to one question. And 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 Devin McDermott of Morgan Stanley.

Devin McDermott: A lot of good stuff to dive into in the release, but I actually wanted to ask, Darren, about some comments you recently made in an interview around M&A. I'm paraphrasing a bit but just

talking about seeing opportunities and working to bring some of that to fruition, let me just unpack that a bit.

If you think about your portfolio, you have a really strong organic opportunity ahead. And I imagine that creates a very high bar. And then at the same time, you've also talked a lot about the technology you bring to bear, like the uplift highlighting in the release on the Permian. And that may be able to create value in assets that others can't. So, when you put these factors together, high bar differentiated technology, differentiated scale, how does that influence your thoughts on further acquisitions and M&A for Exxon – are there asset types or regions where you see the biggest opportunity?

Darren Woods: Yeah. Good morning, Devin, and thanks for the question. I think you're touching on, frankly, what is the core of our strategy here, which was to focus on building a unique set of capabilities and competitive advantages that we can then leverage to grow organic value, importantly, which is what we've been very focused on, as you know, but also use those advantages and apply them to other opportunities inorganically to grow and create value and create more value than, frankly, the combination of two entities would normally give.

So, it's kind of the 1 plus 1 has to equal 3 or more, which we've talked about for some time. We saw that play out, I think, and are continuing to see it play out with the Pioneer acquisition, where we're making really good progress at growing the synergies. We started off with $2 billion. We announced we're up to $3 billion per year on average over the next 10 years.

My expectation, as we go into the corporate plan discussion at the end of this year, is that we'll update that number even further. So very, very pleased with what we're seeing there. And that opens us up to looking at additional opportunities to do the same thing, where we stay very focused on value deals. We're not really interested in buying volumes. We're interested in building value and

building volumes. And that's what we've been doing in Pioneer and what we look for another opportunities.

If you look at Pioneer, the advantages that we brought there was leading technology and scale. We also, in that transaction, took advantage of accretive talent acquisition and leadership acquisition. So, we're not looking at – G&A is one part of the equation. But as you know, with Pioneer, it was a very small part. Our expectation is that would be true as we go forward. Not looking to buy companies and then strip all the people out of them. Instead, we're looking to buy companies with talented folks where we learn from them, and they learn from us. So, that's a really important part of our acquisition strategy.

And I guess the other example to point to in terms of that integration and taking advantage of the talent and leadership, the former CEO of Pioneer is now running all of our Permian business, so contributing at a very high level. And then frankly, we got to have the right cultural fit. As you bring folks into the organization, an intense focus on safety and environmental care, focus on efficiency and performance. And then the quality and commitment of people – we've often talked about in our company. We have averaged 10 years or 30 years. We like companies where their employees are committed to the company and the work that they're doing.

So, those are the things that we're looking for. I would argue that we've got fairly high standards in looking at opportunities, but I think it's what's required to really build the volume/value proposition rather than just a consolidation of volume. But as I said in the interview, we think there are opportunities out there and across all of our sectors, frankly, not just in the Upstream, but across all the areas that we do business. We have a very active activity set where we're looking at opportunities. And that's really what I meant in my comments is we're continuing to keep a really close eye on the waterfront, see where the opportunities are, do a good job of understanding what that unique value creation opportunity looks like and then see if we can't find something that we can

then eventually land. But that's an ongoing and long-term process. So that's the process that we're in today, and we feel pretty good about that.

Devin McDermott: Makes a lot of sense. Thanks for the thoughts, Darren.

Darren Woods: You bet.

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

Neil Mehta: Yeah. Thanks, Darren, for the comments. I wanted to drill down on slide 7, where you provided some new disclosure about the Permian production potential. There's been a lot that's been said about peak Permian production across the basin. Do you have a different view given your technology upside? Certainly, it seems like you do for your portfolio. And in that context, on the back of Devin's question about M&A, is it logical to think that this is the right space for you to be the consolidator in?

Darren Woods: Yeah. Thank you, Neil. And your first part of the question is, are we different, have a different view. And I think the answer to that is absolutely yes. You may recall from very early days, when we came into the unconventional space, the challenge at the time that I kind of put into a baseball analogy was we're a long ball hitter; everybody in the unconventional space is playing the short game. So what's long ball look like in unconventional? And that led us into the cube development discussions that we've talked about in the past that initially were, I think discounted, but now have become the industry standard. And it led to the challenge of, given how early we are in the technical development of unconventional resources, to really push hard on the technology envelope. And I set a stretched target of doubling that recovery, frankly, as a starting point because as we all know, the recovery levels are fairly low compared to other resource types. And that's our technology organization and the changes that we've made have resulted in a very promising portfolio of technologies that we see some significant potential and are early in the stages of deploying those

and getting results. We talked about on that slide, the fact that the lightweight proppant that we shared with all of you in December that we're actually seeing better results than we had even talked about then, a 20% improvement in recoveries.

That's just one of many in the portfolio that we're continuing to deploy. And we've gotten very aggressive at getting enough of the technology development done and then quickly deploying it to see empirically what are the results that we get as we continue in parallel to develop that.

So that work, the early evidence that we're seeing, which, frankly from an external standpoint, will be very difficult to see given the size of our business there and how early we are in these deployments, but that has led us to have growing confidence that the projections that we have past 2030 is an upward vector and will continue to grow. And frankly, we're still – and I would tell you the technology organization is very committed to delivering on doubling recovery, if not more. And I think that's going to be within our grasp at some point in the future. Not there today, but I really like the work that the team is doing and the fact that they now own that challenge.

So, your point then is given that unique capabilities, does that create opportunities for the one plus one equals three? And I say it absolutely does. I think it is a function of finding the right resource base, the acreage that we can deploy that technology on, and then these are the criteria that I just went through with Devon. And that's, I think, a huge opportunity for us.

We've also got unique technology that we're deploying in the lubricants business. We've also got unique in the chemical business. And so as you go across the portfolio, our technology organization is frankly driving developments across our whole portfolio of businesses. That will lead to better performance in our base case assets and then potentially open up different types of opportunities for inorganic acquisitions.

Neil Mehta: Thanks, Darren.

Darren Woods: You bet. Thank you, Neil.

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

Doug Leggate: Good morning, everyone. Thank you for taking my questions. Good morning, Darren.

Darren Woods: Good morning, Doug.

Doug Leggate: I hate to beat on the Permian, but I'm going to ask the question again, but a little differently. Slide 7 suggests you have a 20-year inventory. I'm not quite sure what the definition of that is. Is it today's production? Or is it, the 2.3 million oil-equivalent barrels per day – I mean, in terms of sustaining the 2.3 million oil-equivalent barrels per day by 2030. And of course, the arrow is up and to the right. My question is this, obviously, you're on a treadmill in the Permian, and it's going to be 40% of your production. And you basically are a dividend company.

So, it seems to us at least, that you're pushing the company towards or skewing the company towards higher decline, higher sustaining capital and presumably shrinking inventory life as you grow the production, which is a big part of the free cash presumably contributing to your dividend. So, how do you think about risk profile, putting that much of a high-decline asset into a long-term dividend visibility anchor to your stock?

Darren Woods: Well, I think, Doug, that the way we think about it is this is just one part of a big portfolio. We've always been faced in the Upstream with the challenge of depletion and finding barrels to replace the depletion rate in the production that we bring online, and so that's not a new challenge for the company.

We don't think the best way of addressing that challenge is by inventorying value. Our view is you got to strike the right balance between – frankly, the pace at which we develop this is balanced with

the progress we're making in technical developments and making sure that we give ourselves the time to develop the technology to improve the capital efficiency and the cost to bring more on.

So, my perspective is that we're going to see continued improvements in 1) our ability to the capital that we have to spend to access the resource; and then 2) the recovery that we're getting with that capital. And so, I think you're extrapolating from, I'd say, a paradigm of today. Our view is the paradigm of the future will be different. But on top of that, you're going to open up new space with these technologies that, as we just talked about, provide inorganic opportunities. That's a critical aspect of this.

We're going to open up new space where other types of resource around the world will benefit from the technologies that we're tapping into. And so, it all comes back fundamentally to focusing on core capabilities, growing that capability and then applying it to opportunities that we continue to grow the business. And our expectation and the challenge that we've given all of our business is continued cash flow and earnings growth. And I would couple those two things. It's not good enough to grow cash flow without the earnings. That to me says you're just spending too much for the cash.

So, our plans that we're putting together, the ones that we'll talk to you about in December, and the ones that we're building beyond 2030, are going to drive towards this earnings and cash flow growth well into the future, explicitly comprehending the development plans that we have here in the Permian. The 20 years of inventory, that is basically the number of wells we're bringing on every year, wells to sales. That's how we think about that.

Doug Leggate: Thank you, Darren.

Darren Woods: Thank you, Doug.

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

Stephen Richardson: Hi, good morning. Darren, I was wondering if you could talk a little bit about some of the downstream projects. Obviously, you've had great success bringing on a number of these major projects this year, but I was wondering if you could talk maybe about lessons learned, Strathcona and Singapore. And then if you could also talk a little bit about maybe some of your future growth ambitions in refinery – in refining? How do you think about the next wave of opportunities? And are they as fruitful as what the last five years has proven in the downstream specifically?

Darren Woods: Sure. I appreciate the question. It is – we've had, I would tell you, extremely good success in bringing up these large product solution projects. In fact, if you go back in time, historically, before we formed a centralized projects organization, we had very mixed results across the portfolio of bringing large projects online. And it was a function of the fact that we had distributed capabilities and weren't always bringing the best skillset and capability set to some of our hardest challenges. With the project organization that we put in place, and then with the way we reshape the business and the venture organizations that we put in there, there is – we've had tremendous success in building these projects at very – basically leading capital efficiency. And amazingly, have brought these projects on in less time with less challenges than we've ever done in our history. And so, I'm extremely proud of how the organization has brought some of these on the China Chemical Complex is by far one of the largest, most complicated grassroots starts we've done for decades, and we brought that up in record time and got on to production very, very quickly.

I'm really proud to say I just found out this morning that Singapore Resid Upgrade project just produced on-spec basestock, which, if you remember, that is taking resid bottom of barrel and converting it to lubricant basestocks, which has never been done before. Brand new to the world technology at huge scale, very complicated process and the organization has successfully brought all that online and got on grade here.

So, really proud of what they're doing. And what we're seeing in all these is the opportunity to take very low-value molecules, convert them into high-value molecules and do it in facilities where we take advantage of the existing utilities and equipment that we already have there, so very low cost of capital, incremental cost of capital. That's, I would just say is the formula going forward. And so, my expectation is we look – we've been concentrating our refinery and manufacturing footprint down to the facilities where we feel like we've got these integrated capability sets that are making a variety of high-value products.

I would count on seeing us continue to find opportunities to shift the production make in those refineries and move them up the value curve, dispose of the lower-value products and bring in the higher-value products. My expectation is that's where you'll see our investments in the refining.

And I would tell you that the organization today has got some very developed plans and thinking through what some of those next steps might be. So, our view is we need to get these up and running and lined out and running successfully for some time, but we are thinking about what comes next and then after that.

We've also got opportunities in biofuels and using these facilities to – as the demand for that or as regulation demands it – begin to shift feeds and produce more biofuels with lower emissions. We've got more opportunities to recycle plastics. So, there's just a lot of things we can do with these facilities. And it's been a – we broke the paradigm of thinking about these as transportation fuel or purely chemical manufacturing facilities and just have started thinking about them as a manufacturing facility with deployed technology and what can we do and what can we make with these things.

And my expectation is we'll continue to develop new products of higher value. I think the lessons learned is the project organization was a damn good idea and is delivering. And we've really allowed,

by taking that responsibility off the organization, we've allowed the businesses and the operations to focus on making sure we can bring these facilities up smoothly and quickly and get on grade quickly. And frankly, all that seems to be working very, very well. So, we don't have a lot of scabs to pick at in that area right now.

Stephen Richardson: Certainly sounds like it. Thanks.

Darren Woods: Thank you.

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

Betty Jiang: Good morning. Thank you for taking my question. I may be pivoting a bit to the low-carbon businesses. It's interesting to see the contrast from the Big Beautiful Bill that between the rollback in the hydrogen incentive, but arguably enhancement in the carbon capture incentive. Just curious on your thoughts on how do you see the low-carbon business opportunity set and CapEx evolving versus what was laid out in the December analyst day?

And specifically on CCS, that 10 million-ton per annum is no small feat. So, as the credit now is putting carbon utilization and sequestration at parity, does that further open up the opportunity set for projects? Thanks.

Darren Woods: Yeah. Good morning, Betty. So, I think the way, you recall when we talked about the CapEx that we had this base level of CapEx, we had early stage, some of these major projects that were very early stage in our thinking, we kind of broke that level out. And then we had this policy new business broken out. And the intent there was to really reflect, frankly, the challenge of predicting the technology developments that we're putting into some of those projects, but then also the pace at which demand would pick up, the pace at which policy would evolve. And so, lot of uncertainty in how we mapped out that CapEx. And so we put it in that separate bucket so that all of you would

know that while we've got plans in place, they've got a lot more variables than maybe some of our traditional businesses and so a lot more uncertainty.

That, I would say, on the carbon capture side of the equation, we've made great progress. The team has got a lot of additional opportunities in sight. I wouldn't say it's changed dramatically with the additional incentive or the parity. Our plans in the base case were to sequester them. So, bringing up the EOR piece of the equation doesn't materially change the plans that we had in place there. But I think really good, continued progress and a lot of interest in that space. And of course, we're very advantaged with this large-scale end-to-end transportation system and storage system.

I think the good news is the administration is really helping with permitting. We're anxious to get the Rose permit in place, and then we'll have – continue to add more sites particularly as states get primacy. So, I think that business feels like it's in a good place and is on the front end of a growing demand profile for a technology in a carbon-reduction opportunity that, frankly, in the portfolio, what could be done is some of the lowest cost in the country. So, we feel good about that. So, I expect that will – the spending that we had in that profile will – it was an aggressive pace in the plan, I expect we'll continue on that and aren't looking at a lot of big changes there.

The blue hydrogen one, which is obviously a very large spend. That's a more challenge, as I said in my prepared remarks, not only from the fact that they've shortened the time to develop the industry, but it's a product that's got an alternative in the market today. And so, cost and the cost of production and the price of the product is a big variable with respect to buyers, and many buyers are working their way through that number. And I would tell you today, that's – we haven't landed that. We haven't FID'd it, and we're not going to until we've got secured off-takers so that we have a lot of confidence in the returns that we're going to generate. And so that one, we may see slip versus the original timing. It's a little early to tell, but that's, I think, is certainly a strong possibility.

And then I'd say to finish up on carbon capture piece of the equation, low-carbon data centers, as you all know, huge appetite in that space. We are uniquely positioned that if the hyperscalers want low-carbon power, and they want it in a expeditious timeframe, we're really the only available option today. And so, we'll see how that plays out. I think there is some talk now of maybe gas first, unabated gas, and then ultimately, decarbonization later. So, that may end up slipping as well. We'll have to see how that piece of it matures. But the good news is we've got a proposition that's available for the market and are working with all the serious players there looking at building data centers.

And then finally, I would just say on the lithium side of the equation, we're continuing to work the lithium technology piece of the equation, very focused on getting that cost down and making sure that when we bring that on to market, that from a cost of supply standpoint, we are very competitive, including competing with the Chinese, and that work is going on. That may take longer than we had anticipated just to get our costs down. So, that's how that portfolio is shaping up.

But again, I would just emphasize, we recognize that when we talked about it as part of the plan and the reason why we broke that capital out – so you could see the less certainty in that spend profile. Everything is still – I think we still see good value propositions there.

But as I said in my prepared remarks, these things don't all move in a straight line. And so, my suspicion, we'll see some of that moving around a little bit. Too early to tell exactly what that that looks like, but as we update that and when we get into the plan update in December, I would expect to give you some more details on that.

Betty Jiang: Great. Thank you. Super helpful.

Darren Woods: Thank you, Betty.

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

Paul Cheng: Thank you. Good morning.

Darren Woods: Good morning, Paul.

Paul Cheng: Darren, Exxon has always been a great technology company. And in your prepared remarks, you're talking about how the $18 billion of the cost-saving target by 2030 and new technology may be able to bring in more opportunity and beyond that. So from that standpoint, I mean, two of the biggest rapidly advanced technologies, AI and robotic. And so, can you help us understand that where are the biggest opportunities for Exxon in those two areas and how will it change your workflow processes or your ability? I mean, are able to do things that you previously would not be able to do. And that – how much is the potential incremental benefit cost synergy or efficiency gains beyond what you already built in into your current target that you could see potentially that is out there? And why that you think Exxon is better than others in the oil industry, be able to really take advantage on that. Thank you.

Darren Woods: Yeah. Thank you, Paul. You've touched on obviously a very topical technology subject. And frankly, the way that we've reorganized has really put us in a great position to take advantage of that new technology with a centralized technology organization and an organization that has information technology married with the other traditional forms of technology. There's very close collaboration amongst that whole group. So, we're taking a very consistent approach across technology vectors as we think about them across the whole company.

One thing that we're doing, I think, that differentiates us and will give us an advantage in this space is a corporate-wide ERP solution, where historically, our company had very fragmented systems across the different businesses that we have established over the years. We have been in the process of converting all that into a corporate-wide ERP system, coming up with a consistent data

architecture. So, we will have a platform that makes all of our data across the entire corporation and all of our historical data basically available for use and AI-type applications.

I think we're going to have a systems construct that is very much aligned with what AI needs to truly make a difference at a corporate level. And I think we're going to have access to a set of data that is far beyond what any other company in the industry has access to. So, I think those will be two enduring advantages that will help us take advantage of the technology to find new and better ways of doing things.

I will tell you that in this space, it's very early on the technology curve. We've spent a lot of time talking about how best to, in this early stage where resources are limited, prioritize the work that we're doing in AI. We have taken – we have put the cost efficiency side as a second priority. We understand it's an important one, and it will deliver value, but we think a bigger value lever is frankly on the effectiveness side of the equation.

So, we're looking better at how we can take advantage of AI to, frankly, make the products that we make at a much lower cost and with much better performance parameters, find oil cheaper, you can just kind of go through the list of things that we do to produce the products that we make. We think they're coupled with this data that I talked about, huge opportunities to improve upon that. That will be the first order of business.

Obviously, as we implement these things, we're finding efficiencies. But I would tell you, in the first stage of this, the efficiencies we find is to free our people up from doing a lot of lower-value work and allow them to focus on higher-value work, so we can bring more value to the bottom line, and that's kind of where we're at in that journey, but we recognize it will be an evolution. We're at the early stage of that evolution. We're being very thoughtful about how we approach this, and we're

doing it on a corporate-wide basis so that we're making sure that we take those limited resources and put them on the highest-value opportunity set. Thanks for the question.

Paul Cheng: Thank you.

Operator: The next question is from Biraj Borkhataria with RBC.

Biraj Borkhataria: Hi. Thanks for taking my question. Just a quick one on the corporate cost guidance. Just noticed over the last few quarters, it's been creeping up with – the 2025 run rate looks like it's about double 2024 levels. And just if you could help me understand what is driving that increase and how we should think about it into 2026. That'd be really helpful.

Jim Chapman: Yeah, Biraj, it's Jim. Thanks for the question. That – the expense line you're referring to is driven, I think, largely in 2025 by the very large slate of new projects we have coming online, which, as Darren has just walked through is very much on track, on schedule and on budget.

The additional item there would be in DD&A. Where, of course, this year versus last, we would expect a higher level of non-cash DD&A given the full year of Pioneer in our numbers and given the growth in our production volume and the same – very same new projects.

So, I think to the extent going into 2026, we will revisit that as part of our corporate plan in the fourth quarter. But to the extent additional new projects, which will be more marginal next year compared to this, and increased production, which will drive that DD&A, we'd expect continued increase in line with our activity set and production level.

That said, an offset to our expenses is always our success in continuing on our path of realizing structural cost savings. This year to date, we've added $1.4 billion to that total. We expect to

continue that to get to our $18 billion target by 2030 off of 2019 basis, and we see that as effective in offsetting some of the increased expense levels, which is largely activity driven.

Darren Woods: Yeah, I would add to that. If you look at the – in 2019, our cash OpEx and look at where we're at today, ex-energy cost and ex-production taxes, we're actually still lower than we were in 2019, on our operating expenses. So, we've offset all the inflation and all the growth that we put into business with the savings that we've been driving here since that time. So, I'm not sure anybody else could give you the same track record that we've delivered in that space.

Biraj Borkhataria: Thank you both. I'll follow up offline. Thanks.

Jim Chapman: Thank you.

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

Jean Ann Salisbury: Hey, good morning. Since Liberation Day, there has been a massive influx of interest in U.S. LNG contracting. And it looks like many more U.S. projects may move forward versus initially anticipated. Do you view this as a structural shift in the market? And does it affect, I guess, either your interest in getting into more U.S. LNG or the timeline for your pre-FID international LNG projects?

Darren Woods: Yeah. Good morning, Jean Ann. The short answer is no. I think – the way I kind of think about this is the tariffs and one – frankly, the countries that sign up are going to sign up for energy that meets the demand for their economies. And unless the tariff agreements result in a step change in economic activity, the demand that's out there around the world is going to be driven by the fundamental base economy and economic activity.

And so, this is – the way I'm thinking about it, is just how does that demand get met and from what sources of supply does it come? And so I'm not sure that – and we haven't seen all the details of it. So haven't done all the math here, but my initial reaction is what we're going to do is see trade flows maybe change, but ultimately, the world's round and there's still a level of demand that has to be met, and there's still the sources of supply that can meet it. So, I don't know that it changes the rate or pace of how much new supply comes on, given the demand that's out there.

For us, in particular, we tend to contract up the sales for the capacity that we're bringing on. And so, if you look at what we're doing in Papua or Mozambique, as we develop those projects, where at the same time, our LNG organization is securing sales outlets for those so that when we FID those projects, we have secured sales and we – that are linked to crude, so we've got a good understanding of what the economics are going to look like and what the opex is going to look like. And so these short-term things don't really impact how we think about the long-term fundamentals in these long-term investments that we're making.

Jean Ann Salisbury: Very clear. Thanks, Darren.

Darren Woods: You bet. Thank you.

Operator: The next question is from Jason Gabelman of TD Cowen.

Jason Gabelman: Yeah. Hey, morning. Thanks for taking my question. I wanted to ask on Guyana production. And at the corporate update in December, you talked about lower production and capacity due to production falling off plateau levels. Can you remind us when we should start to see that production plateau start to come off? And then also remind us activities that you're pursuing to arrest those declines that we should be on the lookout for?

Darren Woods: Yeah. I know this has been something that we've gone back and forth on. The organization, what we said was we're going to have 1.7 million barrels per day of gross capacity by 2030. And that we thought our production would be about 1.3 million barrels per day, and that was reflecting the best estimates of, kind of how declines are working and the steps that are being taken.

I would just tell you as a planning basis, based on our experience in history, that's a reasonable basis to project what we're going to see. But I would also tell you that there is nobody on that Guyana team that will be satisfied without – not keeping our boats full. So, there's a lot of work around infill drilling and how do you – optimization. And so – and they're never going to completely offset the physical nature of depletion, but there's a lot of effort going into it.

And I say that to really, I guess, defer on answering the question, which is I don't know the answer to the question. We have a plan. We've shared that plan with you with respect to our production levels vis-a-vis the capacity, but the organization is looking for every opportunity they can to beat that. And frankly, I'm betting on them.

Jason Gabelman: Understood. Thanks.

Darren Woods: You bet.

Operator: The next question is from Arun Jayaram from JP Morgan.

Arun Jayaram: Yeah, good morning. I actually have a follow-up and a little bit of a detailed question on Guyana as well. Looking at the data, both Liza 2 and Payara have recently been running around 270 kbd per day versus nameplates at 220 and 250. So, I was wondering if you could talk about some of the debottlenecking efforts you've been doing there and if you view that as a sustainable run rate? And maybe just a follow-up as we have seen output at the Liza-1 ship kind of come down more

recently in that 130 to 140 range versus, call it, 160 kbd in 2024, and thoughts on an infill program to maybe sustain the rate back at full capacity there?

Darren Woods: Yeah. So, I think on the broader question around the effort the organization goes through to really make sure we're taking advantage of the capital that we put in. Obviously, have a design basis, you work through what you think it's capable of delivering. And then as you get it up and running, you've got our technology organization, operations organization, all very focused on making sure that we're maximizing the value of the capital that we put in the ground without compromising any of the necessary integrity and safety parameters. They've done a really good job of that.

We frankly do that with all our facilities around the world. I think with the concentrated, the focused technology organization that we now have, that's a big aid in doing that.

So, my view is we're going to continue to see that with every new project that comes on. I would also tell you that as we find those debottlenecking opportunities and we think they're applicable to the next project, we build that into the basis, so that we have a clear understanding of what capital is needed to deliver on the volume.

And so, we're continuing to update the bases – the investment and the design based on what we've learned through debottlenecking. And then obviously, you've got new kit and the team gets started at it again, and we debottleneck.

So, in theory, you ought to see less capacity creep with time because we keep building that in. But what – the counter set to that is the innovation of the organization and their desire to continue to demonstrate maximum use of the capital.

And so those two are kind of in competition with one another. And again, I would bet on our organization winning that race and continuing to deliver debottlenecking opportunities as we go

forward. But we give you guys the design basis, that's our best estimate. And then we hope for the upside based on the capability and quality of the folks we are getting after that every hour of every day.

With respect to – I don't have any data on Liza-1, so I can't answer that specifically. I mean I could say on a macro basis: our expectation is you see some of that with natural decline, that's one of the reasons why we've got this difference out in 2030. And so, the teams are always working at development plans. Nobody is satisfied to have spare capital on the ground. So, there's a lot of work going on to make sure that we maximize the utilization of the kit we've already invested in. That's the cheapest – that's the highest-margin barrel is the ones that you bring online with capital that's already in the ground.

Arun Jayaram: Great. Thanks.

Darren Woods: You bet.

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

Ryan Todd: Hey, thanks. Maybe a question on the chemical side. Your earnings have been fairly resilient to the bottom here, even with lower margins sequentially this quarter. Can you talk about what has worked well, including the contribution that you're seeing from the China Chemical Complex? And then maybe your thoughts on where the chemical outlook goes from here?

Darren Woods: Yeah. Well, I mean, I'll start at the back end and work forward. I think clearly, really good demand for chemical products around the world but a lot of supply chasing that demand, which has led to these very challenging margins that you see kind of everywhere and that are challenging companies in the industry.

That, my expectation, is going to be with us for longer than anybody would like. And we've got to basically – either capacity has got to come off, which we're seeing some of that, but that's usually slow to happen and then demand has got to grow. And if it grows faster, we'll get out of the hole that we're in that much faster.

Frankly, we don't count on that as a strategy. And we've never banked on calling the market as a basis for running the business. Our focus has really been on making sure that when we're in these bottom-of-cycle conditions that we've built the business, and we've invested in the projects that make us successful.

I think what you're seeing today with our results, while not where we'd like them to be, I think we feel pretty good about where they are given the margin environment that we're in and vis-à-vis our competition. So – and I think what's driven that is a lot of focus on the design of the kit that we put in place, the feed flexibility that we have and the ability to optimize feedstock to maximize the margin on any one day. It's obviously the locations that we've picked and the structural advantages associated with feed availability.

It's the high-value products that we have been purposely focused on and growing and continuing to upgrade production to get to the high-value products, that's a huge driver here. And then we've taken a ton of structural cost out of the business – very, very focused on making sure that we're spending only what we have to, to continue to grow the value and to move the product.

And so those things – and we worked on that even when margins were very high, I can tell you that at the time the business was very focused on getting more efficient with a view that, ultimately, the market is going to come back around, will end up in a long period. And so those things are all paying off hugely. And it's a tremendous credit to the people in that business, their ability to upgrade the feedstock and upgrade the products to high-value products and do it at lower cost. That's a real hat

trick there that lot of organizations struggle to accomplish, but the chemical business that we've got and the people running have done an excellent job in that space.

With respect to China, I would just say we're still in the early days of starting that up. We feel good about the production. And as I said earlier, it's come on real well, and we're basically selling into that market. But that will be – we're – we still haven't got it running up at full rates. And when you got that kind of capital in the ground, you need to get full utilization. So, I would say that's a continuing journey. And our expectation is by the end of this year and getting into next year, we'll then be up and running full and that will be contributing at its full potential. Thanks for the question.

Operator: The next question is from Alastair Syme with Citi.

Alastair Syme: Thanks very much. Good morning, Darren.

Darren Woods: Good morning.

Alastair Syme: Darren, I wonder if I could return – wonder if I could return to the very first question on M&A because it's quite an important comment, I think you made. I mean might take your point that volume is not a criteria. Do you feel limited by scale? I'm trying to ascertain whether you'll sort of talk about bolt-on transactions or something larger in your perspective? Thank you.

Darren Woods: Yeah. No, scale, obviously, is important, but it's got to be the right kind of scale. And I think the point I was trying to make is, if you're going after volume for scale and you're paying for that volume, then you really aren't doing your shareholders – you're not creating any real advantage and you're not creating any value for your shareholders. And so, what may help from a scale standpoint, if you can leverage, integrate that organization into your existing one and find significant efficiencies. But beyond that, in our view, that always should be minor to the opportunity set to

actually create some unique value, and that's really what we're focused on. So, I'm not – don't want to discount the value of scale. I just think from a value-creation standpoint, you often pay for that.

And so, what we're really looking to do is say, where can we uniquely contribute so that what we bring to the opportunity results in an outcome for both sets of shareholders that was more than either one could achieve independently. That's, in my mind, the magic of successful acquisitions and what we're looking for.

Jim Chapman: Hey, Alastair, just to add to that, a lot of interest in this topic this morning. We set out, as you know, in December a plan through 2030 to grow earnings $20 billion and cash flow $30 billion - that's flat price constant margin. Just for the avoidance of doubt, that plan doesn't reflect and it certainly doesn't rely on any M&A. So, this is certainly an opportunistic additional category.

Darren Woods: Yes, a good point, Jim.

Alastair Syme: Great. Thank you, Darren and Jim. Thank you.

Operator: We have time for one more question. Our final question will be from Lloyd Byrne from Jefferies.

Lloyd Byrne: Hey, Darren, good morning. I was wondering if you can just run through kind of how you're thinking about North American gas today? I mean, you have a lot of vertical integration already. Maybe it goes back to an initial question, but would power ever fit into that? And then maybe just any comment on Golden Pass taking first commissioning gas would be great.

Darren Woods: Yeah, sure. Thank you, Lloyd. I think again, starting with the end of your question, Golden Pass, I feel really good about how that organization, that venture has recovered from the bankruptcy and the progress that they're making on the construction, and we still expect them to deliver first gas

sometime at the back end of this year or early next year. So that's kind of in that border at year-end. So – but I feel really good about that progress and how that group has, kind of, rallied around and come together and recovered from the challenge of the bankruptcy. So, I don't think we've changed any of our outlooks with respect to what we've communicated there before.

More broadly, on your question about power, we're not – that's, in my mind, developing a demand sink for gas is not really a value driver for us. And if you look at our capability set, I don't think when we look at what we do and what we do well and what we can do uniquely, power generation isn't on that list. We're certainly capable of doing it. And in fact, we've done it all over the world in many of our facilities to enable the things that we do that – where we think we create a unique value.

So, we're not interested in the power-gen business. We have talked about low carbon data centers and having a power aspect to that. That's really an enabler to the carbon capture and storage. We're interested in data centers, not from the power standpoint, but for our ability to decarbonize. And to the extent that these hyperscalers want decarbonized power. And that was, really when we introduced that in December and started talking about it, was a function of a stated commitment by many of the hyperscalers to reduce their emissions, while at the same time trying to aggressively grow the data centers.

And so, with that construct or that objective statements, we thought we could bring a solution set that would facilitate that and do it at the lowest cost available in the marketplace today and in the timeframe that they were looking at. That's why we are interested in the low-carbon data centers and obviously, power is a piece of that. But if there's no decarbonization that goes along with that or no potential decarbonization that goes along with that, I wouldn't see us getting into that business.

Lloyd Byrne: Great. Makes sense. Thank you.

Darren Woods: All right. Thank you, Lloyd.

Jim Chapman: Thanks, Lloyd. All right. Thanks, everybody, for joining the call and thanks for your questions. We'll post a transcript of this call to the Investors section of our website by early next week. That concludes today's call. I hope everyone has a good weekend.