



Exxon Mobil Corporation (XOM)

Updated May 6th, 2025 by Aristofanis Papadatos

Key Metrics

Current Price:	\$103	5 Year CAGR Estimate:	0.0%	Market Cap:	\$458 B
Fair Value Price:	\$87	5 Year Growth Estimate:	-1.0%	Ex-Dividend Date:	5/15/2025
% Fair Value:	118%	5 Year Valuation Multiple Estimate:	-3.3%	Dividend Payment Date:	6/10/2025
Dividend Yield:	3.8%	5 Year Price Target	\$83	Years Of Dividend Growth:	42
Dividend Risk Score:	D	Sector: Energy		Rating:	Hold

Overview & Current Events

Exxon Mobil is a diversified energy giant with a market capitalization of \$458 billion. In 2024, the upstream segment generated 79% of the total earnings of Exxon while the downstream and chemical segments generated 13% and 8% of the total earnings, respectively.

On May 3rd, 2024, Exxon acquired Pioneer Natural Resources (PXD) for \$60 billion in an all-stock deal. As Pioneer is the largest oil producer in Permian, Exxon expects to more than double its Permian output, to 2.0 million barrels per day in 2027. As the stock of Exxon seems fully valued, we view the all-stock deal as attractive for Exxon.

In early May, Exxon reported (5/2/25) financial results for the first quarter of fiscal 2025. Production decreased -1% sequentially but the company benefited from higher gas prices. As a result, earnings-per-share grew 5% sequentially, from \$1.67 to \$1.76. However, the price of oil has plunged below \$60 lately, as OPEC has begun to unwind its production cuts and global economy has decelerated. As a result, we have lowered our forecast for earnings-per-share this year from \$7.60 to \$6.70. Moreover, Exxon repurchased \$49 billion of shares in 2022-2024. Unfortunately, as the share repurchases were executed at nearly all-time high prices and the stock is infamous for its cyclicality, we do not applaud this program. Exxon has made the same mistake in the past. We expect significantly lower earnings-per-share this year due to lower oil prices and thinner refining margins.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$3.85	\$1.88	\$3.24	\$4.88	\$2.44	-\$0.33	\$5.38	\$14.06	\$9.52	\$7.79	\$6.70	\$6.37
DPS	\$2.88	\$2.98	\$3.06	\$3.23	\$3.43	\$3.48	\$3.49	\$3.55	\$3.68	\$3.84	\$3.96	\$4.16
Shares¹	4,156	4,148	4,239	4,270	4,269	4,272	4,275	4,138	4,010	4,413	4,400	4,000

Cyclicality is the nature of Exxon's industry. The performance in 2019 and 2020 is a stern reminder that results are driven by commodity prices and hence they are highly volatile. Exxon previously expected to grow its production from 4.0 to 5.0 million barrels per day by 2025. It then changed its guidance to a flat output due to its commitment to its dividend, which would result in lower investment in growth projects. However, it has changed its guidance again, now expecting meaningful production growth until 2027 and a much lower breakeven point thanks to the addition of exceptionally low-cost barrels. The recent acquisition of Pioneer will be a major growth driver of Exxon, which now expects to reach production of about 2.0 million barrels per day in the Permian Basin by 2027. Guyana, one of the most exciting growth projects in the energy sector, is the other major growth project of Exxon. Exxon has more than tripled its estimated reserves in the area, from 3.2 billion barrels in early 2018 to about 11.0 billion barrels now. Management has stated that 90% of new reserves have a production cost of \$35 per barrel and thus it views the dividend as viable at Brent prices above \$45. Given our expectations for slightly lower oil prices in the upcoming years, we expect earnings-per-share to decline -1.0% per year on average over the next five years. Oil prices may rise in the event of a geopolitical incident but it is prudent not to base an investing thesis on such unforeseeable events.

¹ In millions.

Disclosure: This analyst has no position in the security discussed in this research report.



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	21.5	45.8	25.3	14.0	30.2	---	10.8	6.5	11.4	14.6	15.4	13.0
Avg. Yld.	3.5%	3.5%	3.7%	4.7%	4.7%	7.8%	6.0%	3.9%	3.4%	3.4%	3.8%	5.0%

During the past decade, Exxon has traded at an average price-to-earnings ratio of 20.0, but this includes “artificial” years when profits dropped dramatically while the share price held up much better. During 2009-2015, the average multiple was closer to 13 or 14 times earnings. This is a number we view as fair. Exxon is currently trading at a price-to-earnings ratio of 15.4. If it trades at a price-to-earnings ratio of 13.0 in five years, it will incur a -3.3% annualized drag.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	75%	159%	94%	66%	141%	---	64.9%	25.2%	38.7%	49.3%	59.1%	65.3%

Exxon’s competitive advantage is its unparalleled scale and its enviable expertise in the energy sector. The standard technical procedures followed by most oil companies have been written by Exxon. It is also impressive that other oil companies drilled about 40 dry holes in Guyana whereas Exxon has a nearly 90% success rate in this area.

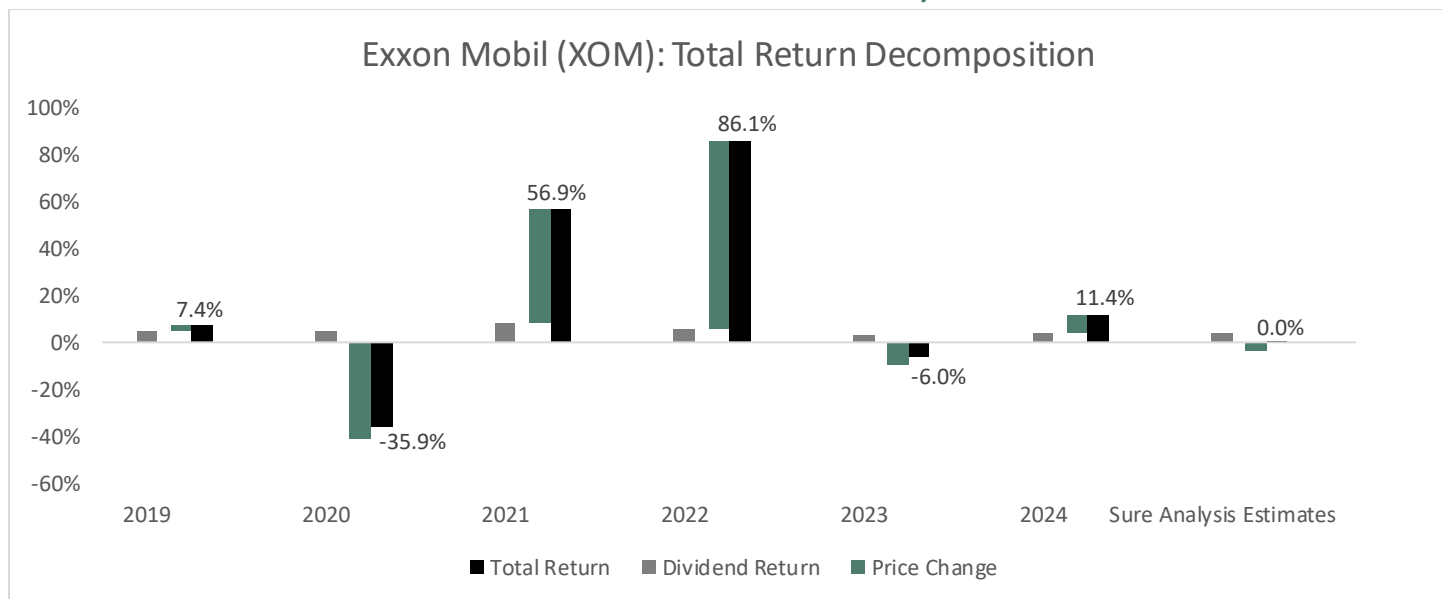
Exxon’s diversified business model has shown exceptional fortitude in good times and bad. When commodity prices are high, Exxon takes full advantage on the upstream side. When prices are low, the downstream and chemical segments usually offer a good deal of ballast. Exxon is much more defensive than most oil majors during recessions and downturns of the energy sector, but it rallies less than its peers during good times. Overall, it is a defensive energy stock.

Exxon is a Dividend Aristocrat, with 42 consecutive annual dividend raises. However, the oil major paid the same dividend for ten consecutive quarters and struggled to defend its dividend during the pandemic.

Final Thoughts & Recommendation

Exxon has shed -12% in the last 12 months and thus it has significantly underperformed the S&P 500, which has gained 9%. Nevertheless, due to the high cyclicity of Exxon, we still view the stock as unattractive from a long-term perspective. Exxon could offer an average annual return of 0.0%, as its 3.8% dividend could be offset by a -1.0% annual decline of earnings-per-share and a -3.3% valuation headwind. The stock receives a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue (\$B)	239.85	200.63	237.16	279.33	255.58	178.57	276.69	398.68	334.70	339.25
Gross Profit (\$B)	56.22	43.70	56.36	67.73	55.96	8.13	64.89	103.07	841.42	767.42
Gross Margin	23.4%	21.8%	23.8%	24.2%	21.9%	4.6%	23.5%	25.9%	25.1%	22.6%
SG&A Exp.	11501	10443	10649	11480	11398	10168	9,574	10,095	10,633	9,976
Operating Profit	12883	2771	13819	22124	12766	-29,448	24,019	64,028	43,747	39,652
Op. Margin	5.4%	1.4%	5.8%	7.9%	5.0%	-16.5%	8.7%	16.1%	13.1%	11.7%
Net Profit	16150	7840	19710	20840	14340	-22,440	23,040	55,740	36,010	33,680
Net Margin	6.7%	3.9%	8.3%	7.5%	5.6%	-12.6%	8.3%	14.0%	10.8%	9.9%
Free Cash Flow	3854	5919	14664	16440	5355	-2,614	36,053	58,390	33,450	30,716
Income Tax	5415	-406	-1174	9532	5282	-5,632	7,636	20,176	15,429	13,810

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets (\$B)	336.76	330.31	348.69	346.20	362.60	332.75	338.24	369.07	376.32	453.48
Cash & Equivalents	3,705	3,657	3,177	3,042	3,089	4,364	6,802	29,640	31,539	23,029
Acc. Receivable	13,243	16,033	21,274	19,638	21,100	16,339	26,883	41,749	38,015	43,681
Inventories	16,245	15,080	16,992	18,958	18,528	18,850	18,780	24,435	25,120	23,524
Total Liab. (\$B)	159.95	156.48	154.19	147.67	163.66	168.62	163.24	166.59	163.78	182.87
Accounts Payable	18074	17801	21701	21063	24694	17499	26623	63197	58037	61297
Long-Term Debt	37449	41537	41009	36493	45250	65960	45943	41193	41573	41710
Total Equity (\$B)	170.81	167.33	187.69	191.79	191.65	157.15	168.58	195.05	204.80	263.71
LTD/E Ratio	0.22	0.25	0.22	0.19	0.24	0.42	0.27	0.21	0.20	0.16

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.7%	2.4%	5.8%	6.0%	4.0%	-6.5%	6.9%	15.7%	9.7%	8.1%
Return on Equity	9.4%	4.6%	11.1%	11.0%	7.5%	-12.9%	14.1%	30.7%	18.0%	13.9%
ROIC	7.6%	3.6%	8.7%	8.9%	6.0%	-9.5%	10.2%	24.0%	14.6%	12.0%
Shares Out.	4,156	4,148	4,239	4,270	4269	4272	4275	4205	4052	4298
Revenue/Share	57.16	48.03	55.72	65.42	59.86	41.81	64.72	94.81	82.60	78.93
FCF/Share	0.92	1.42	3.45	3.85	1.25	-0.61	8.43	13.89	8.26	7.15

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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