



Chevron Corporation (CVX)

Updated February 3rd, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	\$174	5 Year CAGR Estimate:	-2.1%	Market Cap:	\$345 B
Fair Value Price:	\$104	5 Year Growth Estimate:	3.0%	Ex-Dividend Date:	2/17/26
% Fair Value:	168%	5 Year Valuation Multiple Estimate:	-9.9%	Dividend Payment Date:	3/10/26
Dividend Yield:	4.1%	5 Year Price Target	\$120	Years Of Dividend Growth:	39
Dividend Risk Score:	F	Sector:	Energy	Rating:	Hold

Overview & Current Events

Chevron is the fourth-largest oil major in the world based on its market cap of \$345 billion, behind only Saudi Aramco, Shell (SHEL) and ExxonMobil (XOM). In 2021, 2022, 2023, 2024 and 2025, Chevron generated 84%, 79%, 74%, 92% and 81% of its earnings from its upstream segment, respectively. While close industry peers BP and Total produce crude oil and natural gas at approximately equal ratios, Chevron is more leveraged to the oil price, with a 72/28 production ratio. Moreover, as Chevron prices some natural gas volumes based on the oil price, nearly 75% of its output is priced based on the oil price. As a result, Chevron is more leveraged to the oil price than the other oil majors.

On July 18th, 2025, Chevron completed the acquisition of Hess (HES) for \$53 billion in an all-stock deal. Thanks to this deal, Chevron purchased the highly profitable Stabroek block in Guyana and Bakken assets and thus it will greatly enhance its output and free cash flow. As Chevron is fully valued, we view the all-stock deal as attractive for Chevron.

In late January, Chevron reported (1/30/26) financial results for the fourth quarter of 2025. Production surged 21% over the prior year's quarter, to a new all-time high, primarily thanks to the acquisition of Hess. However, the company was hurt by lower oil prices. As a result, earnings-per-share decreased -26%, from \$2.06 to \$1.52. The price of oil has declined to 4-year lows in recent months, as OPEC has begun to restore its output aggressively. The strategy of OPEC is likely to cause a huge global oil surplus of about 2.0 million barrels per day this year. Overall, we do not see any upside catalyst for oil prices on the horizon.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	-\$0.27	\$3.79	\$7.74	\$6.19	-\$0.20	\$8.13	\$18.83	\$13.13	\$10.05	\$7.29	\$7.40	\$8.58
DPS	\$4.29	\$4.32	\$4.48	\$4.76	\$5.16	\$5.31	\$5.68	\$6.04	\$6.52	\$6.84	\$7.12	\$7.30
Shares¹	1892	1905	1914	1872	1911	1922	1920	1868	1777	1997	1950	1900

Chevron invested heavily in growth projects for years but failed to grow its output for an entire decade, as oil projects take several years to start bearing fruit. However, Chevron is now in the positive phase of its investing cycle.

Chevron grew its output by 5% in 2017, 7% in 2018, 4% in 2019, 1% in 2020 due to the pandemic and 0.5% in 2021. Its output dipped -3% in 2022 but it grew 4% in 2023 and 7% in 2024 thanks to sustained growth in the Permian Basin and the acquisition of PDC Energy. It also grew 12% in 2025 thanks to the acquisition of Hess. Chevron has more than doubled the value of its assets in the Permian in the last seven years thanks to new discoveries and technological advances. Chevron also learned its lesson from the previous downturn and now invests most of its funds in projects that begin delivering cash flows within two years. In addition, thanks to the high grading of its asset portfolio, Chevron has become much more profitable at modest oil prices than it was in the past and can fund its dividend even at an oil price of \$40. The recent acquisition of Hess is likely to be a major growth driver in terms of output and earnings in the years ahead. We expect 3% average annual growth of earnings-per-share over the next five years. Nevertheless, investors should not forget the dramatic cyclical of the oil industry.

¹ In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	---	29.4	14.1	19.3	---	12.8	8.4	12.2	15.2	20.7	23.5	14.0
Avg. Yld.	4.3%	3.9%	4.0%	4.0%	5.8%	5.1%	3.6%	3.8%	4.3%	4.5%	4.1%	6.1%

Chevron's stock valuation has fluctuated wildly over the past decade. This reflects the underlying volatility of its business model and profitability. When oil prices rise and Chevron's profits increase, its valuation multiple shrinks. Conversely, periods of falling oil prices result in a ballooning price-to-earnings ratio. Chevron is now trading at a 5-year high price-to-earnings ratio of 23.5, which is much higher than the 10-year average of 14.0 of the stock. We expect Chevron to trade at an earnings multiple around 14.0 in five years. In such a case, the stock will incur a -9.9% annualized valuation drag.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	---	114%	57.9%	76.9%	---	65.3%	30.2%	46.0%	64.9%	93.8%	96.2%	85.1%

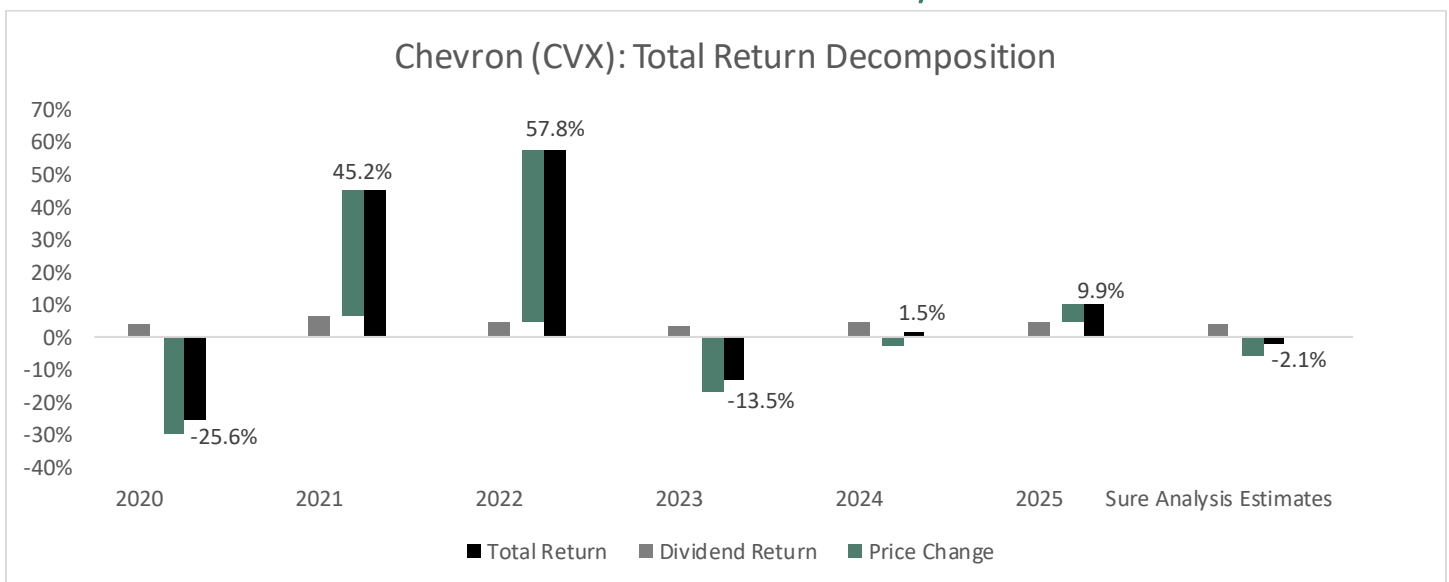
As a commodity producer, Chevron is vulnerable to any downturn in the price of oil, particularly given that it is the most leveraged oil major to the oil price. The oil major issued debt in 2020 to defend its dividend amid the pandemic but it has recovered strongly from that crisis and the payout ratio has become sustainable again.

Chevron's main competitive advantage is its size and industry position. The company achieved record free cash flows in 2021-2023. Chevron just raised its dividend by 4% and is likely to keep raising its dividend in the upcoming years, albeit at a modest pace. Chevron is a member of the exclusive Dividend Aristocrats list thanks to its 39 consecutive years of dividend increases. The only other Dividend Aristocrat in the oil industry is Exxon Mobil.

Final Thoughts & Recommendation

Chevron is one of the highest quality energy stocks. However, it has rallied 14% this year, mostly thanks to a spike in gas prices amid cold weather and euphoria over the return of the company in Venezuela. We still view the stock as unattractive from a long-term perspective. We expect the stock to offer a -2.1% average annual return over the next five years, as its 4.1% dividend and 3.0% annual growth of earnings-per-share may be offset by a -9.9% annualized valuation headwind. The stock receives a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue (\$B)	110.22	134.67	158.90	139.87	94.47	155.61	235.7	196.9	193.4	184.4
Gross Profit	31437	39560	44905	30534	24475	48309	73982	60391	56926	21591
Gross Margin	28.5%	29.4%	28.3%	21.8%	25.9%	31.0%	31.4%	30.7%	29.4%	11.7%
SG&A Exp.	4305	4110	3838	4143	4213	4014	4312	4141	4834	---
Operating Profit	-5471	3128	14446	100	-6977	16180	39655	26229	18722	16361
Op. Margin	-5.0%	2.3%	9.1%	0.1%	-7.4%	10.4%	16.8%	13.3%	9.7%	8.9%
Net Profit	-497	9195	14824	2924	-5543	15625	35465	21369	17661	12485
Net Margin	-0.5%	6.8%	9.3%	2.1%	-5.9%	10.0%	15.0%	10.9%	9.1%	6.8%
Free Cash Flow	-5419	6934	16826	13198	1700	21131	37600	19780	15100	16600
Income Tax	-1729	-48	5715	2691	-1892	5950	14066	8173	9757	7258

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets (\$B)	260.08	253.81	253.86	237.43	239.79	239.54	257.7	261.6	256.9	324.0
Cash & Equivalents	6988	4813	9342	5686	5596	5640	17678	8178	6781	6297
Acc. Receivable	14092	15353	15050	13325	1147	18419	20456	19921	20684	---
Inventories	5419	5585	5704	5848	5676	6305	8247	8612	9074	---
Goodwill & Int.	4581	4531	4518	4463	4402	4,385	4722	4722	4578	---
Total Liab. (\$B)	113.36	104.49	98.22	92.22	107.06	99.60	97.47	99.70	256.9	---
Accounts Payable	13986	14565	13953	14103	10950	16454	18955	20423	22079	---
Long-Term Debt	46033	38763	34459	26973	43870	30920	23339	20262	23937	40758
Total Equity (\$B)	145.56	148.12	154.55	144.21	131.7	139.07	159.3	161.0	152.3	---
LTD/E Ratio	0.32	0.26	0.22	0.19	0.33	0.22	0.15	0.13	0.16	0.22

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	-0.2%	3.6%	5.8%	1.2%	-2.3%	6.5%	14.3%	8.2%	6.8%	4.3%
Return on Equity	-0.3%	6.3%	9.8%	2.0%	-4.0%	11.5%	23.8%	13.3%	11.2%	7.2%
ROIC	-0.3%	4.8%	7.8%	1.6%	-3.7%	9.0%	21.4%	11.7%	10.5%	6.0%
Shares Out.	1892	1905	1914	1872	1911	1922	1940	1880	1817	1856
Revenue/Share	58.84	70.96	83.02	73.81	50.52	81.04	121.5	104.7	106.5	99.4
FCF/Share	-2.89	3.65	8.79	6.96	0.91	11.01	19.38	10.5	8.3	8.9

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

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