



Exxon Mobil Corporation (XOM)

Updated February 3rd, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	\$138	5 Year CAGR Estimate:	-1.7%	Market Cap:	\$579 B
Fair Value Price:	\$91	5 Year Growth Estimate:	3.0%	Ex-Dividend Date:	2/12/2026
% Fair Value:	152%	5 Year Valuation Multiple Estimate:	-8.0%	Dividend Payment Date:	3/10/2026
Dividend Yield:	3.0%	5 Year Price Target	\$105	Years Of Dividend Growth:	43
Dividend Risk Score:	C	Sector:	Energy	Rating:	Hold

Overview & Current Events

Exxon Mobil is a diversified energy giant with a market capitalization of \$579 billion. In 2025, the upstream segment generated 74% of the total earnings of Exxon while the downstream and chemical segments generated 23% and 3% 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 was fully valued at the time of the deal, the all-stock deal appeared attractive for Exxon.

In late January, Exxon reported (1/30/26) financial results for the fourth quarter of fiscal 2025. Production grew 5% sequentially thanks to the start-up of many projects but the price of oil decreased significantly. As a result, earnings-per-share decreased -9% sequentially, from \$1.88 to \$1.71. The price of oil has remained below \$70 in the last six months, as OPEC has begun to unwind its production cuts and global economy has decelerated. Consequently, annual earnings-per-share declined -10%. Exxon repurchased \$69 billion of shares in 2022-2025 and intends to repurchase \$20 billion of shares this year. Unfortunately, as the share repurchases have been executed at nearly all-time high prices and the stock is infamous for its cyclicity, we do not applaud this program. Exxon has made the same mistake in the past.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$1.88	\$3.24	\$4.88	\$2.44	-\$0.33	\$5.38	\$14.06	\$9.52	\$7.79	\$6.99	\$7.00	\$8.11
DPS	\$2.98	\$3.06	\$3.23	\$3.43	\$3.48	\$3.49	\$3.55	\$3.68	\$3.84	\$4.00	\$4.12	\$4.33
Shares¹	4,148	4,239	4,270	4,269	4,272	4,275	4,138	4,010	4,413	4,238	4,150	4,000

Cyclicity 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. Indeed, Exxon has become much more profitable at modest oil prices than it was in the past. Thanks to production growth and share repurchases, we expect earnings-per-share to grow 3.0% per year on average over the next five years. Oil prices may rise in the event of a geopolitical incident and enhance earnings growth 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	45.8	25.3	14.0	30.2	---	10.8	6.5	11.4	14.6	15.9	19.7	13.0
Avg. Yld.	3.5%	3.7%	4.7%	4.7%	7.8%	6.0%	3.9%	3.4%	3.4%	3.6%	3.0%	4.1%

During the past decade, Exxon has traded at an average price-to-earnings ratio of 19.4, but this includes “artificial” years when profits plunged 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 nearly 5-year high price-to-earnings ratio of 19.7. If it trades at a price-to-earnings ratio of 13.0 in five years, it will incur an -8.0% annualized drag.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	159%	94%	66%	141%	---	64.9%	25.2%	38.7%	49.3%	57.2%	58.9%	53.4%

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.

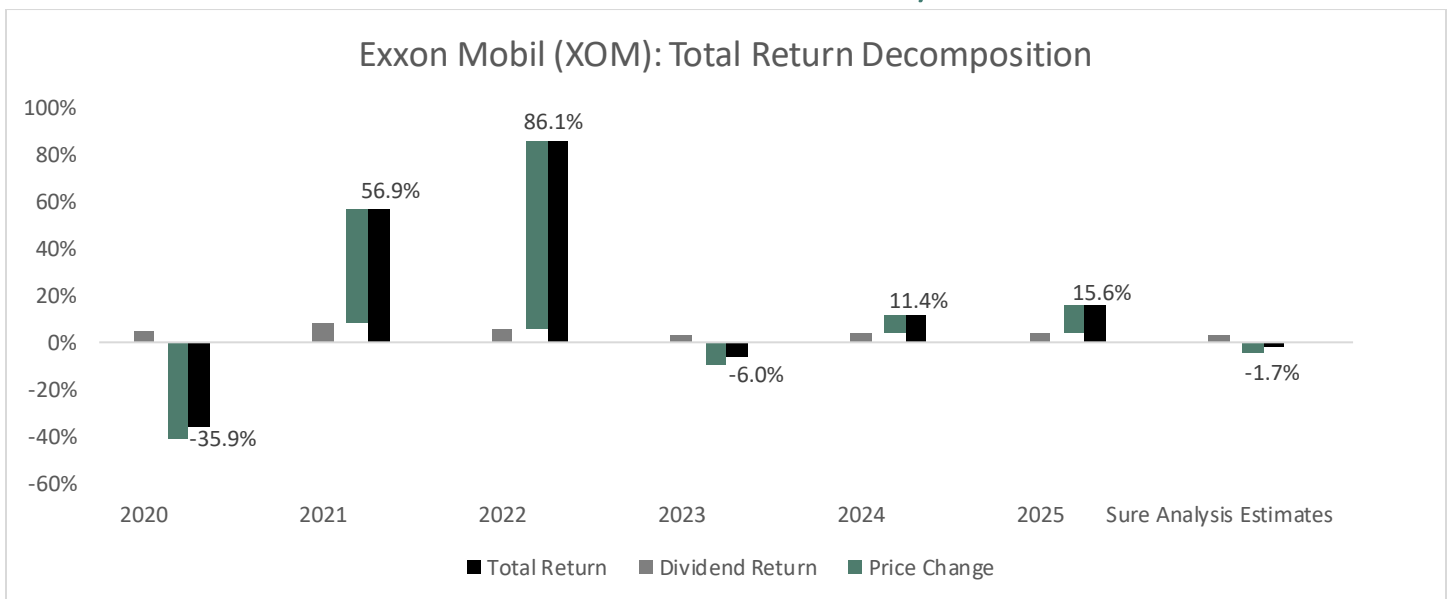
Exxon’s diversified business model has shown exceptional fortitude in good times and bad. When commodity prices are high, Exxon takes full advantage on the upstream side. When prices are low, the downstream and chemical segments usually offer a good deal of ballast. Exxon is much more defensive than 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 43 consecutive annual dividend raises. It raised its dividend by 4% in 2025. However, it paid the same dividend for ten consecutive quarters and struggled to defend its dividend during the pandemic.

Final Thoughts & Recommendation

Exxon has surged 15% this year thanks to a spike in gas prices amid severe weather and thus it is now trading at a markedly rich valuation level. Due to the high cyclicality of Exxon, we still view the stock as unattractive from a long-term perspective. Exxon could offer an average annual return of -1.7%, as 3.0% growth of earnings-per-share and a 3.0% dividend could be offset by an -8.0% 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)	200.63	237.16	279.33	255.58	178.57	276.69	398.68	334.70	339.25	323.91
Gross Profit (\$B)	43.70	56.36	67.73	55.96	8.13	64.89	103.07	841.42	767.42	702.33
Gross Margin	21.8%	23.8%	24.2%	21.9%	4.6%	23.5%	25.9%	25.1%	22.6%	21.7%
SG&A Exp.	10443	10649	11480	11398	10168	9,574	10,095	10,633	9,976	---
Operating Profit	2771	13819	22124	12766	-29,448	24,019	64,028	43,747	39,652	33,938
Op. Margin	1.4%	5.8%	7.9%	5.0%	-16.5%	8.7%	16.1%	13.1%	11.7%	10.5%
Net Profit	7840	19710	20840	14340	-22,440	23,040	55,740	36,010	33,680	29,764
Net Margin	3.9%	8.3%	7.5%	5.6%	-12.6%	8.3%	14.0%	10.8%	9.9%	9.2%
Free Cash Flow	5919	14664	16440	5355	-2,614	36,053	58,390	33,450	30,716	23,612
Income Tax	-406	-1174	9532	5282	-5,632	7,636	20,176	15,429	13,810	11,504

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets (\$B)	330.31	348.69	346.20	362.60	332.75	338.24	369.07	376.32	453.48	448.98
Cash & Equivalents	3,657	3,177	3,042	3,089	4,364	6,802	29,640	31,539	23,029	10,681
Acc. Receivable	16,033	21,274	19,638	21,100	16,339	26,883	41,749	38,015	43,681	44,562
Inventories	15,080	16,992	18,958	18,528	18,850	18,780	24,435	25,120	23,524	26,302
Total Liab. (\$B)	156.48	154.19	147.67	163.66	168.62	163.24	166.59	163.78	182.87	182.35
Accounts Payable	17801	21701	21063	24694	17499	26623	63197	58037	61297	60911
Long-Term Debt	41537	41009	36493	45250	65960	45943	41193	41573	41710	34241
Total Equity (\$B)	167.33	187.69	191.79	191.65	157.15	168.58	195.05	204.80	263.71	259.39
LTD/E Ratio	0.25	0.22	0.19	0.24	0.42	0.27	0.21	0.20	0.16	0.17

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	2.4%	5.8%	6.0%	4.0%	-6.5%	6.9%	15.7%	9.7%	8.1%	6.6%
Return on Equity	4.6%	11.1%	11.0%	7.5%	-12.9%	14.1%	30.7%	18.0%	13.9%	11.1%
ROIC	3.6%	8.7%	8.9%	6.0%	-9.5%	10.2%	24.0%	14.6%	12.0%	9.5%
Shares Out.	4,148	4,239	4,270	4269	4272	4275	4205	4052	4298	4305
Revenue/Share	48.03	55.72	65.42	59.86	41.81	64.72	94.81	82.60	78.93	75.24
FCF/Share	1.42	3.45	3.85	1.25	-0.61	8.43	13.89	8.26	7.15	5.48

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

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