BOSTON KOREA INVESTMENT GROUP

BKIG Research Team

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Hold

목표주가:	$180
현재주가(12/31):	$152.55
상승여력:	18%

NASDAQ (12/31)

PER	23.4
PBR	1.75
EV/EBITDA	8.97

Market Cap 3,300 (Billions of Dollars)

Shares Outstanding	2.01B
Current Ratio	1.16%

52-Week High / Low

$168.96/$132.04

Total Return (1M / 3M / 6M / 1Y)

–4.3% / –10% / +3% / –8%

Major Shareholders

Vanguard Group	7.8%
BlackRock, Inc	6.8%
State Street Global Advisors	4.1%
Wellington Management	3.7%

CVX

Chevron

Company Overview

Chevron Corporation, founded in 1879, is a U.S.-based global energy company and one of the world's largest integrated oil and gas majors. The company operates a vertically integrated business model encompassing Upstream (exploration and production), Downstream (refining and marketing), and Chemicals, with operations spanning more than 180 countries worldwide. Chevron is headquartered in San Ramon, California, and is listed on the New York Stock Exchange (NYSE).

Chevron's core business focuses on the exploration, development, and production of crude oil and natural gas, supported by a competitive asset portfolio that includes the Permian Basin, the Gulf of Mexico, Kazakhstan, and Australian LNG projects. The Upstream segment serves as the primary driver of earnings and exhibits high sensitivity to oil and gas price fluctuations, while the Downstream and Chemicals segments help stabilize the earnings structure through refining, fuel distribution, and chemical product manufacturing. Major peers include Exxon Mobil, Shell, and BP. Chevron continues to pursue shareholder-friendly capital allocation through conservative CAPEX management, supported by strong cash flows, enabling sustained dividend payments and share repurchases. In parallel, the company is gradually expanding investments related to the energy transition, including carbon capture and storage (CCS).

Valuation and Investment View

Chevron is strengthening its medium- to long-term growth foundation through the acquisition of Hess, expansion of energy supply agreements for data centers, and increased R&D investment in renewable energy. At the same time, a stable dividend policy underpinned by robust cash flow generation is expected to provide downside support for the stock.

However, the company's core earnings remain highly dependent on the Upstream segment, making performance sensitive to crude oil price fluctuations. Ongoing uncertainty surrounding oil price outlooks, along with persistent geopolitical and policy-related risks, is expected to limit near-term upside potential. Accordingly, BKIG sets a target price of $180 and assigns a Hold rating on Chevron.

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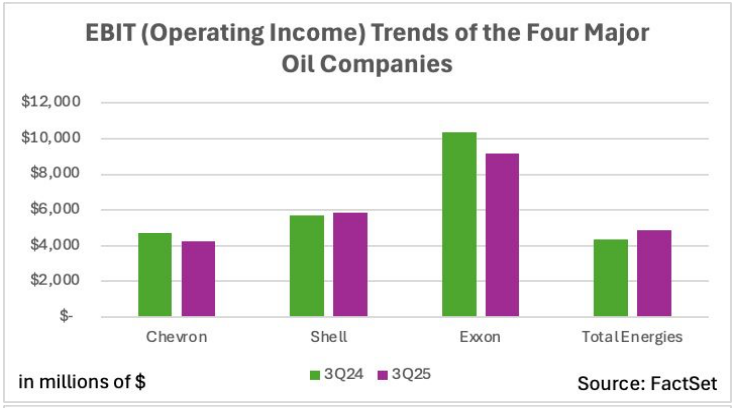
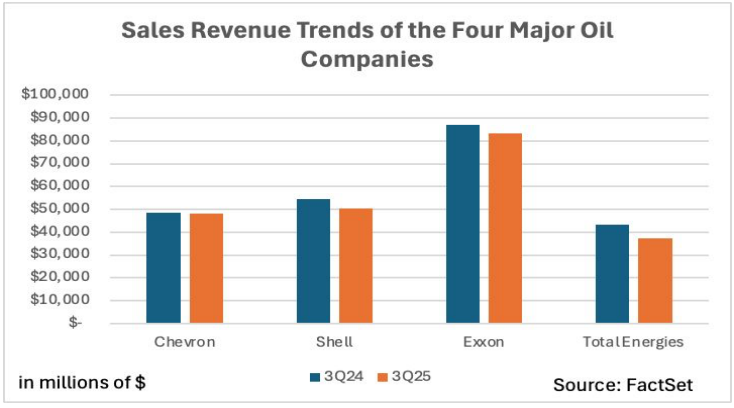
Brief Review

Chevron reported revenue of USD 48.17 billion in the third quarter of 2025, down 1.03% year over year, while EBIT declined by 10.2% to USD 4.23 billion. Although performance softened compared to the prior year, both revenue and operating income outperformed peers and were broadly in line with market expectations. The relatively limited revenue decline despite lower global oil prices and refining margins suggests that the slowdown was driven primarily by pricing factors rather than weakening demand. Management emphasized record-high production levels and a more stable asset portfolio following the Hess stake acquisition, supporting resilient cash flow generation in an uncertain environment. As industry headwinds had largely been priced in by the market, the results were not viewed as an earnings shock, and expectations for medium- to long-term portfolio strengthening remain in place.



(Source: BKIG Research Team)



(Source: BKIG Research Team)

Industry Overview

1. Energy Transfer LP – Lake Charles LNG Project

Chevron entered into a 20-year long-term LNG sales and purchase agreement (SPA) with Energy Transfer LNG Export, LLC, securing an additional 1 million tonnes per annum (mtpa) of LNG from the Lake Charles LNG export terminal. This agreement follows a previously signed 2 mtpa contract in December 2024, bringing Chevron's total contracted LNG volume to 3 mtpa.

1-1. Key Contract Details

Under the 20-year long-term SPA with Energy Transfer LNG Export, LLC, Chevron secured an additional 1 mtpa of LNG supply from the Lake Charles LNG export terminal, expanding its total contracted LNG volume to 3 mtpa following the earlier 2 mtpa agreement signed in December 2024. The contract is structured on an FOB basis with pricing linked to Henry Hub and a fixed liquefaction fee. Assuming a margin of approximately USD 3 per MMBtu, the total contract value is estimated at approximately USD 9.4 billion over the 20-year term. Through this agreement, Chevron is expected to strengthen its global LNG portfolio while further expanding its long-term gas trading capabilities.

2. Engine No. 1 & GE Vernova – U.S. Data Center Power Supply Project

Chevron established a joint venture with Engine No. 1 and GE Vernova on January 28, 2025, to supply electricity to AI data centers in the United States. The project aims to deliver up to 4 GW of power using U.S.-sourced natural gas, an amount sufficient to supply electricity to approximately 3.0–3.5 million households.

2-1. Key Project Details

The project is expected to be built around seven GE 7HA gas turbines and is targeted to commence operations by the end of 2027. Total investment is estimated at approximately USD 8 billion. Through this initiative, Chevron is expected to expand its business scope beyond its traditional upstream-focused model into the AI infrastructure–driven power generation market, while increasing the utilization of lower-carbon natural gas and further diversifying its overall business portfolio.

Industry Overview

3. Israel–Egypt Nitzana Gas Pipeline Project

In September 2025, Chevron announced the construction of the Nitzana gas pipeline connecting Israel and Egypt in collaboration with Israel Natural Gas Lines Ltd., Israel's state-owned gas transmission operator. The project represents an infrastructure expansion aimed at increasing exports of natural gas produced from the Leviathan gas field in Israel.

3-1. Key Project Details

The total project cost is estimated at approximately USD 610 million, involving the construction of a 36-inch diameter pipeline with a total length of 67 kilometers. Upon completion, the pipeline is expected to enable additional gas exports of up to 6 billion cubic meters per year, while the EPC contract value is estimated at approximately USD 285 million. The project is expected to strengthen Chevron's gas export capabilities in the Eastern Mediterranean, while contributing to an expanded regional energy presence and enhanced energy supply stability in the Middle East.

Company Overview

Analysis Points

1 - High Sensitivity to Oil Prices Due to an Upstream-Focused Business Structure

One of the most defining characteristics of Chevron's business structure is its heavy reliance on the Upstream (exploration and production) segment, which accounts for a substantial share of total operating profit. The company conducts large-scale oil and gas production across major regions, including the Permian Basin in the United States, Kazakhstan, West Africa, and Australia, with the Permian Basin in particular regarded as a core asset due to its low production costs and stable reserves.

This structure provides strong earnings leverage during periods of rising oil prices, as higher production volumes translate into rapid revenue and profit growth, supporting improved cash flow generation, dividend capacity, and share repurchase activity. Chevron has consistently generated operating cash flows above the industry average during periods of strong oil prices, reinforcing its financial stability.

Conversely, a high dependence on the Upstream segment also implies increased earnings volatility during periods of declining oil prices. Following the COVID-19 pandemic, downturns in global oil prices led to revenue contractions that translated directly into profit declines, while the company's relatively high fixed and depreciation costs made margin deterioration difficult to avoid. Moreover, Chevron's comparatively lower exposure to the Downstream segment suggests greater sensitivity to commodity price fluctuations than more diversified peers.

As a result, Chevron demonstrates strong earnings generation in high oil price environments but exhibits more limited downside protection during low-price cycles, contributing to relatively conservative valuation multiples and pronounced share price volatility across oil price cycles.

Analysis Points

2 - Strategic Significance of the Hess Acquisition and Chevron's Long-Term Growth Outlook

In 2023, Chevron announced the acquisition of Hess Corporation for approximately USD 53 billion, marking a significant turning point in its long-term growth strategy. The strategic rationale behind the transaction extends beyond scale expansion and instead focuses on securing high-quality reserves and enhancing the stability of long-term cash flows. Among the acquired assets, Hess's 30% interest in the Stabroek offshore block in Guyana is regarded as the most critical component of the transaction.

The Guyana fields represent one of the most productive new oil developments globally, characterized by a low breakeven cost of approximately USD 25–30 per barrel and recoverable reserves estimated at 11 billion barrels of oil equivalent. With production expected to expand steadily over the coming decades, the acquisition provides Chevron with a durable long-term production base. From a strategic perspective, this also enables Chevron to diversify its geographic and asset portfolio beyond its historical reliance on the Permian Basin, thereby strengthening its long-term growth profile.

In addition, the acquisition of Hess carries significant implications for Chevron from a reserve replacement perspective. As energy companies inherently deplete reserves through ongoing production, securing new reserves is essential to sustaining long-term corporate value. By the end of 2024, Chevron maintained approximately 980 million barrels of reserves, while its reserve replacement ratio declined sharply to around 45%, roughly half of its historical average of approximately 88% over the past decade. This represented the lowest reserve level since 2015 and implied a reserve life of roughly eight years, compared to peers that had secured reserves sufficient for nearly ten years of production. Through the Hess acquisition, Chevron was able to secure high-quality, immediately deployable reserves without bearing significant exploration risk, thereby alleviating concerns regarding future production declines.

However, the acquisition may also pose short-term financial challenges. Increased leverage associated with the transaction, integration costs, and legal and political risks surrounding the Guyana project, including potential conflicts of interest with Exxon, could introduce near-term uncertainty. Nevertheless, from a long-term perspective, the acquisition is viewed as a strategic investment that enhances the quality of Chevron's resource portfolio and is likely to contribute to stronger cash flow generation and improved production stability over time.

Analysis Points

3 - Earnings Stability Through the Downstream Segment and the Transition to Lower-Carbon Operations

Chevron’s Downstream segment consists of refining, fuel distribution, lubricants, and petrochemical businesses, with global refining capacity of approximately 1.8 million barrels per day. Supported by established global brands such as Texaco and Caltex, the segment maintains a stable sales network and plays a key role in mitigating earnings volatility from the Upstream segment, particularly during periods of declining oil prices through improvements in refining margins. While the contribution of the Downstream segment to total operating profit varies depending on the oil price environment, it has historically accounted for a stable 20–30% of overall operating income on average. This diversified earnings structure is regarded as a structural strength that helps cushion the company’s performance against fluctuations in crude oil prices.Meanwhile, Chevron is expanding investments in low-carbon and new energy businesses in response to the global energy transition. The company has announced plans to invest approximately USD 10 billion in low-carbon initiatives by 2028, with key focus areas including hydrogen, biofuels, carbon capture and storage (CCS), and geothermal energy. In particular, Chevron is advancing CCS projects with annual storage capacity of several million tons, while in the biofuels segment it aims to achieve long-term carbon reduction targets through expanded renewable diesel production. However, the contribution of low-carbon businesses to total revenue and earnings remains limited, accounting for only a single-digit percentage, and these investments are primarily positioned as long-term portfolio stabilization measures rather than near-term earnings drivers.

Overall, Chevron secures short-term earnings stability through its Downstream segment while addressing long-term energy transition risks through investments in low-carbon businesses. Compared to peers such as BP and Shell, Chevron has adopted a more conservative pace in renewable energy expansion, which supports stable cash flow generation but may also result in a more limited growth profile from an ESG perspective.

Risk

Risk

1 - Heightened Volatility in Global Oil Prices

The most critical variable influencing Chevron's operating performance and corporate valuation is global crude oil prices. Given the company's high exposure to the Upstream segment, even a USD 5–10 change in oil prices can result in multi-billion-dollar fluctuations in EBIT, reflecting a highly leveraged earnings structure. In the near term, geopolitical factors such as tensions in the Middle East, OPEC+ production cuts, and supply uncertainties related to Russia may provide support for oil prices. However, these factors are counterbalanced by downward pressures stemming from rising U.S. shale production, a global economic slowdown, and increasing inventory levels, making the direction of oil prices inherently difficult to predict. The coexistence of these opposing forces places Chevron among companies for which long-term cash flow forecasting is particularly challenging.

From a discounted cash flow perspective, oil prices represent a decisive input variable, as even modest changes of 5–10% in price assumptions can lead to substantial shifts in valuation outcomes. Although Chevron employs some degree of portfolio diversification and hedging, exposure to oil price risk cannot be structurally eliminated. Moreover, the company's capital-intensive cost structure, characterized by a high proportion of fixed costs, amplifies the negative impact of oil price declines beyond simple revenue effects. Oil price dynamics directly influence capital expenditure capacity, dividend and share repurchase policies, and debt repayment plans, while also indirectly affecting downstream refining margins, thereby increasing volatility across the entire business portfolio.

2 - Energy Transition and Regulatory Risk

As the global energy industry undergoes a structural transition toward carbon neutrality, Chevron faces increasing pressure on its traditional oil- and gas-centric business model. The introduction of carbon taxes in the United States and Europe, rising emissions compliance costs, and tightening environmental regulations may constrain not only operating costs but also the economic viability and approval prospects of new projects. While Chevron has expanded investments in low-carbon areas such as carbon capture and storage, biofuels, and hydrogen, these businesses currently represent only a small portion of total revenue and remain at an early stage of commercial development. In addition, the growing aversion of ESG-focused investors toward fossil fuel assets, along with social opposition to oil and gas projects, raises the likelihood of valuation discounts over the long term. These structural pressures represent key risks to Chevron's long-term competitiveness, independent of short-term oil price cycles.

Risk

Furthermore, the accelerated adoption of electric vehicles, declining costs of renewable energy, and increasing decarbonization demands from corporate customers may contribute to a sustained slowdown in fossil fuel demand. This trend heightens the risk of existing hydrocarbon assets becoming stranded, potentially valued below their carrying or replacement costs. At the same time, shifts in national energy policies, regulatory uncertainty, and stricter ESG requirements from institutional investors may limit Chevron's strategic flexibility and materially affect capital allocation decisions. If the company fails to respond effectively to these dynamics, it risks falling behind peers in the pace of low-carbon transition, which could adversely affect long-term profitability, growth prospects, and competitive positioning.

3 - Weakening Refining Margins (Crack Spreads) and Declining Downstream Earnings

Chevron's downstream profitability is directly driven by refining margins, commonly measured by crack spreads. During 2022–2023, refining margins reached unusually high levels as post-pandemic demand recovery coincided with supply constraints. However, margins have since entered a normalization phase amid global refinery capacity expansions, the commissioning of new refineries in Asia and the Middle East, and a slowdown in demand growth. As refining margins compress, downstream EBITDA declines almost immediately, placing direct pressure on Chevron's overall cash flow stability. In particular, weaker refining margins represent a structural challenge that is difficult to offset through cost reductions alone and are largely determined by external factors beyond the company's control, thereby increasing risk exposure. These margin dynamics also have tangible implications for shareholder return policies, including dividend sustainability and the scale of share repurchases, and therefore constitute a material consideration from a valuation perspective.

Looking ahead, while global refining demand appears to be approaching a mature phase, continued additions of new refining capacity raise the risk of structurally persistent oversupply. In such an environment, refining margins may struggle to recover to prior cyclical peaks, increasing the likelihood that Chevron's downstream operations will continue to generate subdued profitability. Furthermore, improvements in process efficiency and pricing competitiveness among Asian refiners, changes in transportation costs, and weaker product-specific spreads may further erode margins over time. If these trends persist, the downstream segment may remain a source of heightened volatility and profitability pressure within Chevron's overall business portfolio, representing a longer-term structural risk.

Risk

4 - Long-Term Financial Burden from a Capital-Intensive CAPEX Structure

Chevron operates a business model that requires substantial and continuous capital expenditures for large-scale, long-term projects across upstream, LNG, and refining operations. These projects typically involve extended investment payback periods, and returns can deteriorate rapidly in the event of project delays, technical challenges, or increases in input and construction costs. Major developments such as the Gorgon LNG project have experienced repeated cost overruns and schedule delays, which can translate into weaker cash flow generation, higher leverage, and potential reductions in dividends and share repurchase activity. In a high interest rate environment, the financial burden associated with elevated CAPEX becomes more pronounced, further compressing free cash flow. This capital expenditure leverage creates a pro-cyclical structure in which financial risk intensifies during periods of declining oil prices, while cash flows improve sharply during price upcycles, thereby amplifying Chevron’s overall earnings and valuation volatility.

In addition, large-scale energy projects are highly exposed to external factors such as regulatory changes, environmental permitting delays, and local political conditions, which reduce predictability and increase execution risk. Project underperformance or failure is likely to be reflected directly in corporate valuation and may, over time, raise investors’ required return, effectively increasing the company’s cost of capital and WACC. Moreover, given Chevron’s structurally high reinvestment requirements, even temporary recoveries in oil prices may not translate into sustained free cash flow accumulation, highlighting a structural limitation inherent in its capital-intensive operating model.

Valuation-DCF

Valuation - DCF Model

Enterprise Valuation Using the Discounted Cash Flow (DCF) Model

To estimate Chevron's enterprise value, the Discounted Cash Flow (DCF) model was applied. Under the DCF framework, free cash flows expected to be generated from the company's operating activities are first projected and then discounted to their present value using the weighted average cost of capital (WACC). In this analysis, future cash flows are estimated based on assumptions reflecting Chevron's long-term profitability and capital structure stability, and these projections are used to assess the company's intrinsic value. The valuation is conducted as of 2025, with the end of 2024 set as the discount base date (t = 0). Accordingly, FCFF for the period 2025–2029, as well as the terminal value at the end of 2029, are discounted to derive enterprise value.

1. Free Cash Flow to the Firm (FCFF) Estimation and Key Assumptions

	2020	2022	2024	2025e	2027e	2029e
EBIT	(6,756)	50,190	28,100	21,333	22,960	24,122
After-Tax EBIT	(5,040)	35,978	18,117	14,990	16,421	17,367
Depreciation	19,508	16,319	17,282	18,997	19,765	20,563
CAPEX	(8,922)	(11,974)	(16,448)	(16,133)	(17,788)	(18,507)
Change in NWC	(1,652)	2,125	1,211	(3,600)	0	0
FCFF	3,894	42,456	20,155	21,454	18,393	19,424

Chevron's free cash flow to the firm (FCFF) is calculated by starting with EBIT, deriving after-tax operating income, adding back depreciation, and subtracting capital expenditures (CapEx) and changes in working capital. In 2020, EBIT turned negative due to the pandemic and the sharp contraction in global energy demand, resulting in temporarily distorted FCFF levels. As global economic conditions recovered and energy prices rebounded, cash generation improved significantly in 2021 and 2022.

From 2023 onward, as energy prices normalized, EBIT adjusted to more stable levels, and FCFF followed a pattern of gradual moderation from peak levels before stabilizing. Depreciation remains elevated throughout the period, reflecting Chevron's capital-intensive business model, and functions as a non-cash add-back that supports operating cash flow in the FCFF calculation. Capital expenditures are assumed to increase gradually to sustain long-term production capacity and ongoing project investments; while CapEx represents a near-term cash outflow, it is regarded as a necessary investment to preserve the company's long-term cash flow generation base.

Valuation - DCF Model

With respect to changes in working capital, historical periods exhibit year-to-year volatility driven by fluctuations in revenue and inventory levels. However, during the forecast period (2026–2029), no additional structural increase in working capital is assumed, reflecting the characteristics of a mature enterprise. Under these assumptions, FCFF enters a stable growth trajectory after 2025, indicating that despite operating in a cyclical industry, Chevron is capable of generating relatively predictable long-term cash flows.

2. Estimation of the Weighted Average Cost of Capital (WACC) for Enterprise Valuation

In this analysis, the weighted average cost of capital (WACC) is applied as the discount rate for valuing Chevron's enterprise value. As Chevron is a mature integrated energy company, it is assumed that the firm prioritizes maintaining a stable capital structure rather than pursuing aggressive leverage expansion; accordingly, equity and debt are estimated based on a target capital structure approach. Equity is projected to grow at a conservative annual rate of 2%, reflecting long-term nominal economic growth, while debt is assumed to remain at approximately 17% of equity throughout the forecast period. The cost of equity is derived using the Capital Asset Pricing Model (CAPM) and is fixed at 7.5%, reflecting Chevron's long-term average risk profile. The cost of debt is set at 4.25%, consistent with the company's investment-grade credit standing. The corporate tax rate is normalized to approximately 28% to remove short-term volatility and reflect a long-term average level. Based on these assumptions, Chevron's WACC is estimated to remain stable at approximately 6.8% over the 2026–2029 period.

	2020	2022	2024	2025	2027	2029
Equity	131,688	159,282	152,318	110,822	159,083	165,510
Debt	44,315	23,339	24,541	23,049	27,044	28,137
Total Capital	176,003	182,621	176,859	133,871	186,127	193,647
Cost of Equity	8	8	8	6	6	8
Cost of Debt	4	4	4	3	3	5
Tax Rate	0	0	0	0	0	0
WACC	6.41%	6.93%	6.84%	6.86%	6.85%	6.85%

Valuation - DCF Model

3. Terminal Value Estimation and Perpetual Growth Assumptions

In this analysis, terminal value is estimated using the Gordon Growth Model in order to capture enterprise value beyond the explicit forecast period. Chevron is assessed as a mature integrated energy company that is more likely to maintain stable cash flow generation over the long term rather than sustain growth rates exceeding the industry average. Accordingly, a conservative perpetual growth rate of 1.5% is applied, reflecting long-term real economic growth and inflation.

This growth assumption incorporates structural moderation in global energy demand, the expansion of energy transition policies, and Chevron's large-scale, capital-intensive business structure. In order to exclude the effects of short-term oil price volatility and economic cycles, it is assumed that FCFF enters a stable low-growth phase beyond the explicit forecast period, representing sustainable long-term cash flow generation. Applying a growth rate that remains sufficiently below the discount rate (WACC) also reflects a conservative approach aimed at preventing the terminal value from accounting for an excessive proportion of total enterprise value.

Under these assumptions, the estimated terminal value is discounted alongside forecast-period FCFF and incorporated into the overall enterprise valuation. This framework enables an intrinsic value assessment centered on Chevron's long-term business stability and the sustainability of its cash flows.

fd	Value
FCFF(2029E)	19,424
Terminal Growth Rate (g)	1.50%
WACC	6.80%
WACC - G	5.30%
Terminal Value (TV)	368,197
Present Value of Terminal Value	264,294

Valuation - DCF Model

4. DCF Valuation Conclusion

Based on the results of the DCF analysis, Chevron's intrinsic value per share is estimated at approximately USD 170.6. This level is broadly comparable to the prevailing market price at the time of analysis, suggesting that the market is reasonably reflecting Chevron's long-term cash flow generation capability and financial structure. The valuation follows a standard FCFF-based DCF framework, in which enterprise value is derived from discounted free cash flows and subsequently converted into equity value through the deduction of net debt.

In particular, the analysis applies conservative assumptions consistent with Chevron's profile as a mature integrated energy company, including a WACC of approximately 6.8% and a constrained perpetual growth rate of 1.5%. The valuation is conducted as of 2025, with the end of 2024 set as the discount base date (t = 0), and both FCFF for the explicit forecast period (2025–2029) and the terminal value at the end of 2029 are discounted accordingly. The fact that the resulting intrinsic value closely aligns with the current market price under these conservative assumptions indicates that Chevron's shares are likely trading near fair value rather than being materially overvalued or undervalued.

Overall, despite operating in an industry exposed to short-term oil price volatility and economic cycles, Chevron is assessed as a company with a business model and financial stability that support sustainable long-term free cash flow generation. Accordingly, the DCF results suggest that Chevron's stock is trading at a reasonable valuation from a long-term investment perspective, while future share price performance is likely to be influenced by external factors such as oil price conditions, capital expenditure intensity, and the pace of the global energy transition.

	Value
Intrinsic Value per Share	170.58
Current Share Price (Dec 1, 2025)	151.75
Upside Potential	12.41%

	Value
Enterprise Value (EV)	343,674
Net Debt	-17,760
Equity Value	325,914

Valuation-DDM

Valuation - DDM Model

Dividend Per Share (DPS) Estimation

Methodology for Estimating Dividends Per Share

To estimate dividends per share (DPS) for application in the Dividend Discount Model (DDM), the analysis first establishes an earnings outlook and then applies a consistent dividend policy assumption.

1. Earnings-Based Framework (Diluted Earnings Per Share)

Diluted EPS figures are taken directly from the projected income statement and serve as the foundation for dividend estimation. The company's earnings generation capacity is expected to exhibit a clear growth trend, with diluted EPS projected to increase from USD 13.52 in FY 2025 to USD 19.64 in FY 2028. This trajectory reflects an expansion in operating scale and improved profitability, indicating a strengthening of Chevron's core earnings power.

2. Dividend Policy Assumptions

The analysis assumes a fixed payout ratio of 50%, reflecting a shareholder-return–oriented capital allocation strategy typical of mature companies. This assumption implies that while a substantial portion of earnings is returned to shareholders, sufficient earnings are retained to support ongoing operations and strategic investments.

3. Calculation of Dividends Per Share

DPS for each year is calculated by applying the 50% payout ratio to the corresponding diluted EPS. As a result, DPS is projected to increase gradually from USD 6.76 in FY 2025 to USD 9.82 in FY 2028, demonstrating a stable and sustainable cash dividend profile aligned with earnings growth.

	Actuals			Projections			
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Diluted EPS	-	-	-	13.52	17.78	18.8	19.64
Payout Ratio	-	-	-	50%	50%	50%	50%
DPS	5.68	6.04	6.52	6.76	8.89	9.4	9.82

figure 1

Valuation - DDM Model

Dividend Discount Model (DDM) Valuation

Using the estimated DPS presented in Figure 1, the present value of dividends per share for each forecast year was calculated (Figure 2). The cost of equity was estimated at 7.52% using the Capital Asset Pricing Model (CAPM), based on a beta of 0.67, a risk-free rate of 4.10%, and a market risk premium of 5.10% (Figure 3). Applying this discount rate, the present value of DPS was calculated as USD 6.29 for FY 2025, USD 7.69 for FY 2026, USD 7.56 for FY 2027, and USD 7.35 for FY 2028 (Figure 2).

The terminal value was estimated using the Gordon Growth Model, assuming a perpetual growth rate of 2.80%. After applying the growth rate to the FY 2028 dividend and discounting the resulting terminal value, the present value of the terminal component was calculated at USD 160.15 (Figure 4). By summing the present values of annual DPS and the discounted terminal value, the intrinsic value per share under the DDM framework was derived at USD 189.04 (Figure 4).

Projections				
$ in millions	FY 2025	FY 2026	FY 2027	FY 2028
DPS	6.76	8.89	9.4	9.82
Return on Equity	1.075	1.156	1.243	1.336
PV	6.287	7.690	7.563	7.349

figure 2

Return on Equity	
Beta	0.67
Risk Free Rate	4.10%
Market Risk Premium	5.10%
Return on Euqity	7.52%

figure 3

Terminal Value: Perpetuity Growth	
Terminal Growth Rate	2.80%
2028 Dividend * (1+g)	10.09
Terminal Value in 2028	214.01
PV of Terminal Value	160.15
Implied Share Price	189.04

figure 4

Valuation - DDM Model

Dividend Discount Model Sensitivity Analysis

This sensitivity analysis illustrates how the intrinsic share price derived from the DDM framework varies with changes in the cost of equity and the terminal growth rate (Figure 5).

The results indicate that as the cost of equity increases, the discounting effect intensifies, leading to a consistent decline in the intrinsic share price. Conversely, higher terminal growth rates increase the value of long-term cash flows, resulting in higher intrinsic valuations.

		Cost of Equity				
		6.50%	7.00%	7.50%	8.00%	8.50%
Terminal Growth	1.5%	$184.56	$136.27	$126.94	$118.79	$111.59
	2.0%	$202.62	$165.46	$151.45	$139.61	$129.45
	2.5%	$225.20	$182.08	$165.27	$151.27	$139.42
	3.0%	$281.23	$252.92	$230.20	$211.56	$195.98
	3.5%	$292.95	$222.16	$197.21	$177.25	$160.93

figure 5

Conclusion

Conclusion

Chevron's successful acquisition of Hess, the expansion of energy supply agreements targeting data centers, and continued R&D investment in renewable energy may serve as long-term growth catalysts. However, the company's core revenue driver—the Upstream segment—remains highly dependent on crude oil price movements, and the lack of a clear outlook for oil prices limits earnings visibility. In addition, political and geopolitical uncertainties surrounding the global energy market, along with ongoing regulatory risks, continue to pose challenges. In this environment, and in the absence of clear evidence of a structural improvement in the oil price outlook, there is insufficient justification to adopt an aggressive buying stance.

Accordingly, based on the aforementioned outlook and valuation analysis, this report sets a target price of **USD 180** per share and assigns a **Hold** investment rating.

Financial Statement

Financial Statement

Incomestatement	2024	2023	2022	2021	2020
Sales and other operating revenues	193,414	196,913	235,717	155,606	94,471
Income (loss) from equity affiliates	4,596	5,131	8,585	5,657	(472)
Other Income (loss)	4,782	(1,095)	1,950	1,202	693
Total Revenues and Other Income	202,792	200,949	246,252	162,465	94,692
Cost and Other Deductions					
Purchased crude oil and products	119,206	119,196	145,416	92,249	52,148
Operating, selling, general and administrative expenses	32,298	29,028	29,026	24,740	24,536
Exploration expense	995	914	974	549	1,537
Depreciation, depletion and amortization	17,282	17,326	16,319	17,925	19,508
Taxes other than on income	4,716	4,220	4,032	3,963	2,839
Interest and debt expense	594	469	516	712	697
Other components of net periodic benefit costs	195	212	295	688	880
Total Costs and Other Deductions	175,286	171,365	196,578	140,826	102,145
Income before tax expense	202,792	200,949	246,252	21639	-7453
Income Tax expense (benefit)	9,757	8,173	14,066	5,950	(1,892)
Net Income (loss)	17,749	21,411	35,608	(5,950)	1,892
Less: Net income (loss) attributable to noncontrolling interest	88	42	143	64	(18)
Net Income (loss) Attributable to Chevron Corporation	17,661	21,369	35,465	(6,014)	1,910
Per Share of Common Stock					
Net Income (loss) Attributable to Chevron Corporation - Basic	9.76	11.41	18.36	8.15	(2.96)
Net Income (loss) Attributable to Chevron Corporation - Diluted	9.72	11.36	18.28	8.14	(2.96)

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Financial Statement

Balancesheet	2024	2023	2022	2021	2020
Assets					
Cash and Cash equivalents	6,781	8,178	17,678	5,640	5,596
Time deposits	4	-	-		-
Marketable securities	-	45	223	35	31
Accounts and notes receivable	20,684	19,921	20,456	18,419	11,471
Inventories:					
Crude oil and products	6,490	6,059	5,866	4,248	3,576
Chemicals	502	406	515	565	457
Materials	2,082	2,147	1,866	1,492	1,643
Total inventories	9,074	8,612	8,247	6,305	5,676
Prepaid expenses and other current assets	4,368	4,372	3,739	3,339	3,304
Total current assets	4,368	41,128	38,357	33,738	20,402
Long term reveibables, net	877	942	1,069	603	589
Investments and advances	47,438	46,812	45,238	40,696	39,052
PP&E	345,933	346,081	327,785	336,045	345,232
Accumulated Depreciation&Amortization	(198,134)	(192,462)	(184,194)	189,084	(188,614)
PPE, net	147,799	153,619	143,591	146,961	156,618
Deferred charges and other assets	14,854	13,734	12,310	12,384	11,950
Goodwill	4,578	4,722	4,722	4,385	4,402
Assets held for sale	481	675	436	768	1,101
Total assets	220,395	261,632	257,709	239,535	234,114

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Financial Statement

Liabilities and Equity					
Short-term debt	4,406	529	1,964	256	1,548
Accounts payable	22,079	20,423	18,955	16,454	10,950
Accured liabilities	8,486	7,655	7,486	6,972	7,812
Federal and other taxes on income	1,872	1,863	4,381	1,700	921
Other taxes payable	1,715	1,788	1422	1,409	952
Total Current Liabilities	38558	32258	34208	26791	22183
Long Term debt	20,135	20,307	21,375	31,113	42,767
Deffered creduts and other noncurrent obligati	22,094	24,226	20,396	20,778	20,328
Noncurrent deferred income taxes	19,137	18,830	17,131	14,665	12,569
Noncurrend employee benfit plans	3,857	4,082	4,357	6,248	9,217
Total Liabilities	103,781	99,703	97,467	99,595	107,064
Preferred stock	-	-	-	-	-
Common stock	1,832	1,832	1,832	1,832	1,832
Capital in excess of par value	21,671	21,365	18,660	17,282	16,829
Retained earnings	205,852	200,025	190,024	165,546	160,377
Acuumulated other comprehensive losses	(2,760)	(2,960)	(2,798)	(3,889)	(5,612)
Defrred compensation and benefit plan trust	(240)	(240)	(240)	(240)	(240)
Treasury stock, at cost	(74,037)	(59,065)	(48,196)	(41,464)	(41,498)
Total Chevron Corp Stockholder's equity	152318	160957	159282	139067	131688
Noncontrolling interests	839	972	960	873	1,038
Total Equity	153,157	161,929	160,242	139,940	132,726
Total Liabilities and Equity	256,938	261,632	257,709	239,535	239,790

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Financial Statement

Cashflow Statement	2024	2023	2022	2021	2020
Net Income(Loss)	17,749	21,411	35,608	15,689	-5,561
Adjustment					
Depreciation, depletion and amortization	17,282	17,326	16,319	17,925	19,508
Dry hole expense	429	436	486	118	1,036
Distributions more (less) than income from equity affiliates	(366)	(885)	(4,730)	(1,998)	2,015
Net before-tax gains on asset retirements and sales	(1,685)	(138)	(550)	(1,021)	(760)
Net foreign currency effects	(629)	578	(412)	(7)	619
Deferred income tax provision	1,240	298	2,124	700	(3,604)
Net decrease (increase) in operating working capital	1,211	(3,185)	2,125	(1,361)	(1,652)
Decrease (increase) in long-term receivables	114	150	153	21	296
Net decrease (increase) in other deferred charges	(1,225)	(300)	(212)	(320)	(248)
Cash contributions to employee pension plans	(844)	(1,120)	(1,322)	(1,751)	(1,213)
Other	(1,784)	1,038	13	1,192	141
Net Cash Provided by Operating Activities	31492	35,609	49,602	29,187	10,577
Investing Activities					
Acquisition of businesses, net of cash received	-	55	(2,862)	-	373
Capital expenditures	(16,448)	(15,829)	(11,974)	(8,056)	(8,922)
Proceeds and deposits related to asset sales and returns of investment	7,704	669	2,635	1,791	2,968
Net maturities of (investments in) time deposits	(4)				-
Net sales(purchases) of marketable securities	45	175	117	(1)	35
Net repayment (borrowing) of loans by equity affiliates	(233)	(302)	(24)	401	(1,419)
Net Cash Used for Investing Activities	(8,936)	(15,232)	(12,108)	(5,865)	(6,965)
Financing activities					
Net borrowings(repayments) of short-term obligations	4,868	135	263	(5,572)	651
Proceeds from issuances of long-term debt	478	150	-	-	12,308
Repayments of lonh-term debt and other financing obligations	(1,778)	(4,340)	(8,742)	(7,364)	(5,489)
Cash dividends - common stock	(11,801)	(11,336)	(10,968)	(10,179)	(9,651)
Net contributions from (distributions to) noncontrolling interests	(195)	(40)	(114)	(36)	(24)
Net sales (purchases) of treasury shares	(15,044)	(14,678)	(5,417)	38	(1,531)
Net Cash Provided by (Used for) Financing Activities	(23,472)	(30,109)	(24,978)	(23,113)	(3,736)
Effect of Exhange Rate Changes on Cash, Cash Equivalents and Restricted Cash	(97)	(114)	(190)	(151)	(50)
Net Change in Cash, Cash Equivalents and Restricted Cash	(1,013)	(9,846)	12,326	58	(174)
Cash, Cash Equivalents and Restricted Cash at January 1	9,275	19,121	6,795	6,737	6,911
Cash, Cash Equivalents and Restricted Cash at December 31	8,262	9,275	19,121	6,795	6,737