First quarter 2018 earnings call

Jeff Woodbury
Vice President, Investor Relations and Secretary
April 27, 2018
Cautionary statement

• **Forward-looking Statements.** Statements of future events or conditions in this presentation or the subsequent discussion period are forward-looking statements. Actual future results, including financial and operating performance; demand growth and mix; ExxonMobil’s volume/production growth and mix; the amount and mix of capital expenditures; resource recoveries; production rates; rates of return; development costs; project plans, timing, costs, and capacities; drilling programs and efficiency improvements; product sales and mix; dividend and share purchase levels; cash and debt balances; corporate and financing expenses; and the impact of technology could differ materially due to a number of factors including changes in oil or gas prices or other market or economic conditions affecting the oil, gas, and petrochemical industries and the demand for our products; reservoir performance; the outcome and timing of exploration and development projects; timely completion of construction projects; war and other political or security disturbances; changes in law or government regulation, including sanctions as well as tax and environmental regulations; the outcome of commercial negotiations; the impact of fiscal and commercial terms; opportunities for investments or divestments that may arise; the actions of competitors and customers; the outcome of future research efforts; unexpected technological developments; unforeseen technical difficulties; and other factors discussed here and under the heading "Factors Affecting Future Results" in the Investors section of our web site at exxonmobil.com. Any forward-looking statements regarding future earnings, cash flows, return on capital employed, or volumes are as of the March 7, 2018 Analyst Meeting except as specifically updated on this webcast. All forward-looking statements are based on management’s knowledge and reasonable expectations and we assume no duty to update these statements as of any future date.

• **Frequently Used Terms.** References to resources, oil-equivalent barrels, and other quantities of oil and gas include volumes that are not yet classified as proved reserves under SEC definitions but that we believe will likely be developed and moved into the proved reserves category in the future. Shareholder distributions mean cash dividends plus any shares purchased to reduce shares outstanding (excluding anti-dilutive purchases). For information, including information required by Reg. G, regarding free cash flow and 2017 earnings excluding impacts of U.S. tax reform and impairments as well as definitions of the terms “returns” and “projects” see the Supplemental Information at the end of this presentation and slide 6 with respect to cash from operations and asset sales. Additional definitions and information regarding terms used in this webcast are also included in the "Frequently Used Terms" posted on the Investors section of our web site. The Digital Annual Report on our web site shows ExxonMobil’s working interest in specific projects.
Headlines

First quarter earnings of $4.7 billion, cash flow\(^1\) of $10 billion

• Highest quarterly cash flow\(^1\) since 2014

• Positive U.S. Upstream earnings of $429 million

• Papua New Guinea resumed production; reduced earnings by $80 million, volumes by 25 koebd

• Progress on plans to deliver value-growth potential

\(^1\) Cash flow means Cash Flow from Operations and Asset Sales; see slide 6
First quarter 2018 financial results

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings</td>
<td>4.7</td>
</tr>
<tr>
<td>Earnings Per Share – Diluted (dollars)</td>
<td>1.09</td>
</tr>
<tr>
<td>Cash Flow from Operations and Asset Sales¹</td>
<td>10.0</td>
</tr>
<tr>
<td>Shareholder Distributions</td>
<td>3.3</td>
</tr>
<tr>
<td>CAPEX</td>
<td>4.9</td>
</tr>
<tr>
<td>Debt</td>
<td>40.6</td>
</tr>
<tr>
<td>Cash</td>
<td>4.1</td>
</tr>
</tbody>
</table>

Billions of dollars unless specified otherwise

¹ Includes Proceeds associated with Asset Sales of $1.4B; see slide 6
Quarterly business drivers

Upstream
- Strong liquids and natural gas realizations, dampened by widening WCS spread
- Volumes lower due to entitlements, downtime, and divestments
- Progressing growth activities
- Highgrading portfolio

Downstream
- Refining margins remained strong, especially in North America
- Seasonally lower demand for petroleum products
- Improved manufacturing reliability in the U.S., Joliet back to full capacity in March

Chemical
- Growing to meet demand
  - Integration of Jurong Aromatics progressing as planned
  - Increasing polyethylene out of Mont Belvieu
- Planned turnarounds in Middle East and U.S. Gulf Coast successfully completed
First quarter 2018 sources of cash

<table>
<thead>
<tr>
<th>Source</th>
<th>Value (Billions of dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings</td>
<td>4.7</td>
</tr>
<tr>
<td>Depreciation</td>
<td>4.5</td>
</tr>
<tr>
<td>Working Capital</td>
<td>0.4</td>
</tr>
<tr>
<td>Other</td>
<td>(1.0)</td>
</tr>
<tr>
<td><strong>Cash Flow from Operations</strong></td>
<td><strong>8.6</strong></td>
</tr>
<tr>
<td>Proceeds associated with Asset Sales</td>
<td><strong>1.4</strong></td>
</tr>
<tr>
<td><strong>Cash Flow from Operations and Asset Sales</strong></td>
<td><strong>10.0</strong></td>
</tr>
</tbody>
</table>

**Key Themes**

- Higher earnings\(^1\) than fourth quarter 2017
- “Other” items reflect timing of equity company distributions
- Asset sales in Upstream and Downstream

\(^1\) Excluding the 4Q17 impact of U.S. tax reform and impairments; see Supplemental Information.
# First quarter 2018 sources and uses of cash

| Source/Use                        | Amount  
|-----------------------------------|---------
| Beginning Cash                    | 3.2     
| Cash Flow from Operations and Asset Sales | 10.0    
| Shareholder Distributions         | (3.3)   
| PP&E Adds / Investments and Advances\(^1\) | (3.3)   
| Debt / Other Financing            | (2.5)   
| Ending Cash                       | 4.1     

*Billions of dollars unless specified otherwise*

\(^1\) Includes PP&E Adds of ($3.3B)

## Key Themes

- Increased second quarter dividend 6.5%, marking 36\(^{th}\) consecutive year of dividend growth
- Lower PP&E adds reflect absence of acquisitions
- $1.9 billion debt reduction
- $0.4 billion in anti-dilutive share purchases
Total earnings – 1Q18 vs. 4Q17

Earnings increased $918 million¹

- Higher Upstream realizations
- Weaker refining margins
- Lower operating expenses
- Higher corporate and financing due to lower U.S. tax rate and higher pension expenses

¹ Excluding the 4Q17 impact of U.S. tax reform and impairments; see Supplemental Information
Total earnings – 1Q18 vs. 1Q17

Earnings increased $640 million

- Higher Upstream realizations
- Lower Downstream asset management gains
- Lower Chemical margins
- Higher corporate and financing due to lower U.S. tax rate and higher pension expenses

<table>
<thead>
<tr>
<th></th>
<th>1Q17</th>
<th>U/S</th>
<th>D/S</th>
<th>Chem</th>
<th>C&amp;F</th>
<th>1Q18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>4,010</td>
<td>1,245</td>
<td>(176)</td>
<td>(160)</td>
<td>(269)</td>
<td>4,650</td>
</tr>
</tbody>
</table>

Millions of Dollars
## Progressing growth plans

| Guyana exploration | • Pacora-1 discovery; seventh on Stabroek block  
|                    | • Second rig mobilized for Sorubim well and Liza Phase 1 development wells |
| PNG expansion      | • Increased P’nyang resource 84 percent to 4.36 TCF  
|                    | • Aligning on 3-train expansion, ~8 MTA |
| Tight oil ramping up | • 27 operated horizontal rigs in Permian; 4 operated rigs in Bakken  
|                    | • Permian / Bakken unconventional production up 18% year-over-year |
| Portfolio enhancement | • Adding 8 blocks offshore Brazil, 1 block each offshore Ghana and Namibia  
|                      | • Completed sale of Upstream and Downstream assets including Scarborough |
| Chemical growth    | • Commissioning ethane cracker in Baytown for mid-year startup |
Upstream earnings – 1Q18 vs. 4Q17

Millions of Dollars

<table>
<thead>
<tr>
<th></th>
<th>4Q17 Ex-U.S. Tax Reform &amp; Impairments</th>
<th>Realization</th>
<th>Vol/Mix</th>
<th>Other</th>
<th>1Q18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>8,352</td>
<td>2,518</td>
<td>640</td>
<td>(130)</td>
</tr>
</tbody>
</table>

Earnings increased $979 million

• Crude realizations +$3.00/bbl
• Natural gas realizations +$0.80/kcf
• Volumes/mix driven by downtime and lower entitlements partly offset by gas demand
• Lower operating expenses
• Positive net asset sales
• 1Q18 earnings of $10.30 per barrel

1 Excluding the 4Q17 impact of U.S. tax reform and impairments; see Supplemental Information
2 Excluding the impact of non-controlling interest volumes
Upstream volumes – 1Q18 vs. 4Q17

Volumes down 3%

- Liquids -35 kbd
- Natural gas -403 mcfd
- Lower entitlements with higher prices
- Sale of Norway operated assets in 4Q17
- Project volumes and higher gas demand offset by higher downtime (Canada, PNG)
Upstream earnings – 1Q18 vs. 1Q17

Earnings increased $1.2 billion

- Crude realizations +$10.80/bbl
- Natural gas realizations +$0.90/kcf
- Volume/mix impacts from lower entitlements and PNG downtime, partly offset by growth
- Positive net asset sales offset by higher operating expenses

Millions of Dollars

<table>
<thead>
<tr>
<th>1Q17</th>
<th>Realization</th>
<th>Vol/Mix</th>
<th>Other</th>
<th>1Q18</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,252</td>
<td>1,430</td>
<td>(190)</td>
<td>10</td>
<td>3,497</td>
</tr>
</tbody>
</table>
Upstream volumes – 1Q18 vs. 1Q17

Volumes down 6%
- Liquids -117 kbd
- Natural gas -870 mcfd
- Lower entitlements with higher prices
- Sale of Norway operated assets in 4Q17
- Higher downtime in Canada, PNG
- Base decline partly offset by project volumes

1Q17
- Entitlements: 4,151
- Divestments: (73)
- Growth/Other: (53)
- Price, Spend, & Other: -70
- Net interest: -3

1Q18
- Entitlements: 3,889
- Divestments: (136)
- Growth/Other: 
- Liquids: -27
- Gas: -109

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Responding to Papua New Guinea earthquake

- Operations safely shut down at the LNG plant, gas conditioning plant, and well pads
- Engaged with Government, agencies, and community to support relief effort
- Inspections confirmed facilities withstood the event very well
- LNG production resumed ahead of expectations, ramping up to full capacity
Brazil: high-quality resource potential

- > 2 BBO gross discovered resource with near-term development plan
- Multi-billion-barrel, pre-salt prospects
- ExxonMobil operates > 60% of acreage position
  - Application of leading, proprietary technology
- > 19,000 km² 3D seismic in 2018
- Multiple wells planned for 2018 and 2019

Source: Wood Mackenzie
Includes BM-S-8; targeting close of BM-S-8 farm-in by mid-2018
### Downstream earnings – 1Q18 vs. 4Q17

<table>
<thead>
<tr>
<th></th>
<th>Millions of Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4Q17</strong></td>
<td>1,564</td>
</tr>
<tr>
<td><strong>4Q17 Ex-</strong></td>
<td></td>
</tr>
<tr>
<td><strong>U.S. Tax Reform</strong></td>
<td>952</td>
</tr>
<tr>
<td><strong>&amp; Impairments</strong></td>
<td>(200)</td>
</tr>
<tr>
<td><strong>Margin</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Vol/Mix</strong></td>
<td>(40)</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>230</td>
</tr>
<tr>
<td><strong>1Q18</strong></td>
<td>940</td>
</tr>
</tbody>
</table>

Earnings decreased $12 million$^1$

- Weaker refining margins
- Volumes down with lower seasonal demand and higher maintenance activity
- Lower operating expenses
- Absence of Norway retail divestment

$^1$ Excluding the 4Q17 impact of U.S. tax reform and impairments; see Supplemental Information
### Downstream earnings – 1Q18 vs. 1Q17

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<thead>
<tr>
<th></th>
<th>1Q17</th>
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</thead>
<tbody>
<tr>
<td>Margin</td>
<td>1,116</td>
<td>940</td>
</tr>
<tr>
<td>Vol/Mix</td>
<td>(30)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>(60)</td>
<td>(90)</td>
</tr>
</tbody>
</table>

**Earnings decreased $176 million**

- Weaker non-U.S. margins, offset by higher U.S. margins
- Reduced volumes due to higher U.S. maintenance activity, mainly Joliet
- Lower asset management gains

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Chemical earnings – 1Q18 vs. 4Q17

Earnings increased $76 million\(^1\)

- Weaker margins due to higher feedstock costs
- Reduced volumes due to turnaround activity
- Lower operating expenses
- Favorable forex effects

\(^1\) Excluding the 4Q17 impact of U.S. tax reform; see Supplemental Information
Chemical earnings – 1Q18 vs. 1Q17

Earnings decreased $160 million

- Weaker margins on higher feedstock costs
- Volumes up due to Singapore acquisition, Mont Belvieu start-up and strong demand
- Higher expenses from growth initiatives
- Favorable forex effects
Summary

Key Themes

- Solid financial performance
- More than covered net investments and dividends
- Strengthening Upstream portfolio
- Progressing Downstream and Chemical investments
- Reliably growing dividend

<table>
<thead>
<tr>
<th>Earnings</th>
<th>4.7</th>
</tr>
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<tr>
<td>Cash Flow from Operations and Asset Sales</td>
<td>10.0</td>
</tr>
<tr>
<td>Upstream production (MOEBD)</td>
<td>3.9</td>
</tr>
<tr>
<td>CAPEX</td>
<td>4.9</td>
</tr>
<tr>
<td>Free cash flow(^1)</td>
<td>6.7</td>
</tr>
<tr>
<td>Shareholder distributions</td>
<td>3.3</td>
</tr>
</tbody>
</table>

\(^1\) See Supplemental Information

Billions of dollars unless specified otherwise
## Supplemental Information

<table>
<thead>
<tr>
<th><strong>Cash Flow from Operations</strong></th>
<th>8.6</th>
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<tr>
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<tr>
<td>PP&amp;E Adds / Net Investments &amp; Advances</td>
<td>(3.3)</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>6.7</td>
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*Billions of dollars unless specified otherwise*
Supplemental Information

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<thead>
<tr>
<th></th>
<th>4Q17 Earnings</th>
<th>Earnings Impact from U.S. Tax Reform and Impairments</th>
<th>4Q17 Earnings Excluding U.S. Tax Reform and Impairments</th>
</tr>
</thead>
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<tr>
<td>Upstream</td>
<td>8,352</td>
<td>5,834</td>
<td>2,518</td>
</tr>
<tr>
<td>Downstream</td>
<td>1,564</td>
<td>612</td>
<td>952</td>
</tr>
<tr>
<td>Chemical</td>
<td>1,270</td>
<td>335</td>
<td>935</td>
</tr>
<tr>
<td>Corporate and Financing</td>
<td>(2,806)</td>
<td>(2,133)</td>
<td>(673)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,380</strong></td>
<td><strong>4,648</strong></td>
<td><strong>3,732</strong></td>
</tr>
</tbody>
</table>
Supplemental Information

Definitions

Project. The term “project” as used in this presentation can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports.

Returns, investment returns, project returns. Unless referring specifically to ROCE, references to returns, investment returns, project returns, and similar terms mean discounted cash flow returns based on current company estimates. Future investment returns exclude prior exploration and acquisition costs.