Stephen Littleton

Good morning, everyone. Welcome to our 2021 corporate plan update. We appreciate your continued interest in ExxonMobil. I am Stephen Littleton, Vice President of Investor Relations.

Joining me today are Darren Woods, Chairman and Chief Executive Officer, and Kathy Mikells, our Senior Vice President and Chief Financial Officer.
Before Darren makes his introductory comments I would like to draw your attention to the cautionary statement on slide 2, and to the supplemental information at the end of the presentation slides on the website. With that I will hand over to Darren.
Thanks Stephen. It’s a pleasure to share the details of our corporate plan today.

Our plan is designed to deliver industry-leading financial, safety, and operating performance.

It leverages our core capabilities and competitive advantages – technology, scale, integration, functional excellence, and people. The plan supports our continuing focus to reduce our emissions, and advance affordable, lower-emission product alternatives for our customers, while continuing to provide the essential energy people need.

We built the plan from the ground up, with strong business-line ownership and a commitment to deliver results.

It is flexible and it can be adjusted to adverse market conditions or changes in the pace of the energy transition.

We’re maintaining discipline, keeping Capex within the range of $20 to $25 billion each year, which includes $15 billion in lower-emissions investments.

As a result of the improvements we’re making in our businesses, including enhancing expense and capital efficiency, substantially improving our portfolio through advantaged investments, and our use of technology, we expect to double earnings and cash flow potential by 2027 versus 2019 on a flat price basis.
We’re allocating $15 billion toward lower-emissions investments over the next six years. This will enable us to pursue deeper emission reductions across our operations and accelerate the growth of our Low Carbon Solutions business.

We anticipate meeting our 2025 greenhouse gas emission-reduction plans this year – four years ahead of schedule. As a result, we’ve set aggressive new plans through 2030 that are consistent with the goals of the Paris Agreement, the Global Methane Pledge, and the World Bank initiative for zero routine flaring.

Overall, the plan strikes a strong balance across our capital allocation priorities, drives continued efficiencies, and significantly grows earnings and cash flow, while competitively positioning us for a wide range of future scenarios, including net-zero pathways.

I’ll hand it over to Kathy to walk through details of the plan to sustainably grow shareholder value with significantly improved earnings and cash flow potential.
Kathy Mikells

Thank you Darren.

In the Upstream, the foundation of our plan is our robust pipeline of high-value, lower cost-of-supply future developments. The investments we’re making over the next six years prioritize assets that achieve the highest returns, are resilient across the price cycle, and have a lower emissions intensity.

This slide shows the cumulative Upstream capital spend to develop resources, from 2022 extended to 2027, against the oil price required for the investment to generate a better than 10% rate of return.

More than 90% of our Upstream Capex through 2027 generates better than a 10% rate of return at a cost-of-supply below $35 per barrel. We continue to look to optimize all of our projects as we progress to final investment decisions to ensure strong returns and consistency with our emission reduction goals.

Approximately 70% of our Upstream capital is targeted toward strategic advantaged opportunities, including:

- Guyana, where we expect more than 750,000 barrels per day by 2026.
- Permian with approximately 700,000 oil-equivalent barrels per day, net, expected by 2025.
- Phase 1 of Brazil’s Bacalhau development, which is expected to produce 220,000 oil-equivalent barrels per day in 2024.
- And, LNG sales of about 26 million tonnes per year after the 2022 start-up of the Coral offshore facility in Mozambique and the 2024 start-up of Golden Pass in the U.S.

With these lower-emissions intensity developments, alongside efforts to reduce emissions from our existing operations, we expect greenhouse gas intensity of our Upstream operations to be 40-50% lower by 2030 versus 2016.
The projects I just mentioned are contributing to the improving competitiveness of our Upstream business. Post-2020 project start-ups will contribute approximately 50% of our volumes in 2027, predominantly from Guyana and Permian. And, we are leveraging both our Global Projects organization and our technology group to find even more capital efficiencies.

We are also improving our existing base assets, driving structural cost reductions including workforce and maintenance program efficiencies. And we continue to pursue opportunities to highgrade the portfolio based on strategic fit, materiality, and growth potential. We expect to close the sale of our North Sea upstream asset this year, and we’re continuing to market other non-core assets, transacting when the economics are favorable.

These low cost-of-supply developments and base improvements will account for approximately a 60% increase to our cash flow potential by 2027 versus 2019 at $60 per barrel.

This strategy positions us well to consider additional investment opportunities where they are competitive with our existing portfolio and where we can leverage our competitive advantages to capture incremental value.
In the Downstream and Chemical businesses, we are focused on growing high-value, high-performance products that our customers need. These products have lower life-cycle emissions, and they help to improve mobility, efficiency, and productivity.

- Global chemical demand is projected to grow at 1.5 times GDP driven by a growing middle class. Many of our products help customers reduce their emissions – from lightweight material for automobiles, including electric vehicles, to packaging that minimizes food waste.
- Growing demand for lower-emission fuels is driven by the need for energy-dense liquid fuel for heavy trucking, marine, and aviation.
- Lubricants are expected to be resilient through the energy transition with both traditional and new lower-carbon industries, such as wind turbines and electric vehicles, demanding high-quality lubrication.

Our competitive advantages in manufacturing scale, integration, and technology underpin our ability to deliver differentiated performance chemicals and lubricants at competitive cost. Our plans double the sales of these high-value, high-performance products between 2019 and 2027. In 2027, these products will comprise roughly 10% of our total portfolio by volume and will account for approximately 40% of earnings potential.

Similar to the Upstream, we are continuously improving our portfolio competitiveness through advantaged projects and targeted divestments and terminal conversions, which enable lower cost-of-supply. Strategic investments in the U.S. Gulf Coast, Singapore, and China are expected to have better than 30% returns.
Across Downstream and Chemical, we are lowering Scope 1 and Scope 2 emissions while planning to start up eight strategic developments to grow products that support our customers’ desires to lower their emissions. Plus, our plan is to offset the emissions from these new facilities by using carbon capture and storage, hydrogen fuel switching, and other technologies.

Our relentless focus on driving greater Opex efficiencies, combined with growth in high-value, lower-life-cycle emission products, is expected to approximately triple earnings potential from 2019 to 2027, positioning us as the leader in Downstream and Chemical among the IOCs.
Our focus is on building lower-emission value chains, which address the hard-to-decarbonize sectors, which account for approximately 80% of CO₂ emissions.

A broad suite of solutions is required and we’re applying the same core capabilities and competitive advantages that are the foundation of our current businesses to grow our Low Carbon Solutions businesses. Focusing initially on CCS, hydrogen, and biofuels where we can bring our experience and expertise to bear, and leveraging our position as the world’s leader in carbon capture and long history in deploying technologies to reduce emissions.

We are well positioned to expand strategic positions in large addressable markets with high-return potential.
Our global portfolio and plans provide flexibility and optionality to pursue those markets at a pace consistent with advances in technology and policy.

We plan to invest $15 billion over the next six years on lower-emission initiatives, reflecting the growing portfolio of attractive opportunities and the increased support we are seeing from private and public investment, partnership opportunities, and policies.

Our near-term projects are focused where supportive policies are in place and are expected to generate strong double-digit returns. Longer term, we are seeding investments and working with stakeholders and potential partners to advance large-scale carbon capture and storage hub projects that will be well positioned as policy evolves.

We’re leveraging our leading experience in CCS, recently signing five MOUs to advance potential carbon capture and storage technology in Scotland, Russia, France, Indonesia, and Malaysia; adding to previously announced large-scale projects in the ports of Rotterdam and Antwerp. Additionally, we’ve been studying the concept of placing CO₂ capture hubs in Houston and Southeast Asia, where there is abundant suitable storage capacity near large sources of concentrated industrial emissions.

Beyond carbon capture and storage, we’re pursuing opportunities for fuel switching to hydrogen. Initially, we are looking to utilize blue hydrogen to reduce emissions in our own facilities and manufacturing processes. Additionally, we are looking for opportunities to commercialize and grow this business with third parties.

We’re progressing multiple lower-emission fuels ventures to produce low-emission biofuels. These include re-purposing existing refinery units, co-processing bio feeds, and purchase agreements. In Strathcona, Canada, for example, our affiliate is looking to produce 20,000 barrels per day of renewable...
diesel, utilizing locally grown plant-based feedstock and hydrogen with carbon capture and storage as part of the manufacturing process. And we’ve completed a successful trial to co-process bio feed across our existing refining circuit.

We’re also directing investments toward reducing the carbon intensity of our own operations with a focus on Scope 1 and 2 emissions. We are in the process of building abatement curves for our facilities, which enable us to prioritize discrete projects to get the biggest benefit for our investment as we seek to reduce the emissions from our assets. These investments form the basis of our new emission reduction plans shown on the next slide.
As we shared with you during our third quarter earnings call, we are on track to meet our 2025 emission-intensity reduction plans by year-end 2021.

So today, we are announcing more aggressive reduction plans through 2030. These plans are consistent with Paris-aligned pathways and with the U.S. and European Union’s Global Methane Pledge and the U.S. Methane Emissions Reduction Action Plan.

Compared to 2016 levels, our 2030 plans include:

- A 70-80% reduction in corporate-wide methane intensity
- A 60-70% reduction in corporate-wide flaring intensity
- A 40-50% reduction in Upstream greenhouse gas intensity

These plans enable us to achieve a 20-30% reduction in corporate-wide greenhouse gas intensity. They also enable us to achieve the World Bank Zero Routine Flaring by no later than 2030; and in terms of absolute emissions, the plans would reduce total corporate greenhouse gases by approximately 20%.

These emission reduction plans cover Scope 1 and Scope 2 emissions from our operated assets and for our non-operated assets we work with our equity partners to achieve comparable results.
Another key component of our plan is continuing to drive further efficiencies, effectiveness, and cost savings across the business.

Many of our actions were put into motion some time ago through a series of strategic priorities and initiatives that are still ongoing. This included better organizing our business to improve visibility and accountability across value chains, which in turn improved decision making, speed, and end-to-end ownership of results.

Our cash operating expenses are shown here.

Of the $5 billion reduction from 2019 to 2020, 60% was structural, driven by reduced overhead and operational efficiencies. The remaining reductions were temporary, driven by lower production and activity deferrals.

In 2021, we’ve achieved a further $1.5 billion of structural efficiencies on top of the $3 billion achieved last year. As a result, we are on pace to exceed $6 billion of structural cost savings per year by 2023 versus 2019.

Through 2023, we expect our structural cost reductions – shown in the green bars – to more than offset the increased costs associated with returning activity, future growth, and market factors, including inflation, which are shown in the red bars above.
In 2020, we responded quickly to reduce capital spending in uncertain market conditions. This year, we further reduced Capex, again demonstrating our flexibility to preserve value while maintaining our strong dividend. This flexibility will continue to be critical to respond to adverse market conditions or changes in policy and technology for lower emissions.

This year we expect total capital expenditures to be near the low end of the $16—19 billion range.

The jump next year reflects acceleration of investments in our highest-value Upstream assets I mentioned earlier and the resumption of activity in the Downstream and Chemical projects paused during the pandemic.

Looking ahead, we expect $20 to $25 billion of annual Capex investment and will continue to prioritize high-return projects that are resilient across a wide range of future energy transition scenarios.
The improvements I've just walked through are expected to drive sustained structural cost savings, higher-returning assets, and profitable growth fundamentally upgrading the earnings capacity of our businesses.

Portfolio improvement and growth is driven by mix improvement across all of our businesses – high-value Chemical performance products, lower-emission fuels and lower cost-of-supply barrels, Upstream volume growth in our strategic advantaged assets, and price inflation.

This chart breaks down how these components contribute to the efforts to double earnings potential between 2019 and 2025, with another 20% increase between 2025 and 2027.

The end result is a substantial improvement in earnings potential that drives stronger return on capital employed, which grows to 17% in 2027.
The same is true for cash flow potential compared to 2019, with the structural cost reduction and portfolio improvements and growth increasing value over the six-year period.
The impact is even more impressive on a cumulative basis.

The bar on the left shows cash flow from operations and divestments. We illustrate the real Brent price at $50 and $60 per barrel and assume 10-year average Downstream and Chemical margins throughout the period.

At $50 per barrel real Brent, we expect cash flow from operations and asset sales of approximately $270 billion between 2022 and 2027. At $60 per barrel real Brent, cash flow increases to about $310 billion.

The cumulative impact from our divestment program does not materially affect cash balances. Risked asset sale proceeds are included over the period, but are partially offset by forgone operating cash flow.

As you move to the right, you can see the uses of cash. The property, plant, and equipment and net investments and advances bar shows the cash impact of our capital program range of $20-25 billion per year.

At $60 per barrel real Brent, we can generate about $200 billion of free cash flow at the midpoint of the Capex range. This is sufficient to cover dividend payments at the existing level of about $15 billion per year and leave about $100 billion available over the period to continue to reduce debt and to increase shareholder distributions. At year-end, we expect to be comfortably within our debt-to-capital range of 20% to 25%, and we announced a $10 billion share repurchase program that will begin in 2022.

This chart also highlights the increased resiliency of the portfolio. Even at Brent prices as low as about $35 per barrel and average Downstream and Chemical margins throughout the period, we would expect to generate enough cash flow to fund the existing dividend and our plan Capex levels. In a market downturn we could drive breakeven prices even lower by leveraging the flexibility highlighted in our capital program earlier in the presentation.

Now, I’ll go ahead and turn it over to Darren to conclude.
Darren Woods

Thank you Kathy.

We believe the company plan laid out today strikes the right balance between helping society move closer to a net-zero future while providing the products people need for modern living.

Our fundamental strategy is intended to apply our unique capabilities and skills to ensure our core businesses continue to deliver essential products with lower or no emissions, while leveraging these same capabilities to help other segments of society do the same.

Where there are no practical alternatives, people will continue to need the products we produce for decades to come. And so we’ll continue to responsibly meet people’s needs for energy, consumer products, and other advanced materials. Our goal is to produce these products and solutions with lower or in some cases no emissions.

We also believe the core capabilities and competitive advantages we’ve developed over decades can support the industrial and energy transition now underway. Through our Low Carbon Solutions business, we intend to play an industry leadership role in these transitions, applying our unique set of capabilities to help lower emissions in the highest-emitting sectors of the economy.

The investments we’re making help strike this important balance.

I’m very pleased that the work that we started back in 2018, to structurally reduce cost and enhance capital efficiency, allowed us to manage through the pandemic. Today, the benefits of the structural changes we’ve made are paying dividends and will continue to well into the future.
We’re a fundamentally stronger company today. We’re well down the path to restoring our balance sheet strength and as we look forward to 2022 we’re accelerating investment in our advantaged projects to sustainably grow shareholder value.

About 50% of Upstream volumes in 2027 will come from post-2020 start-ups which transform the mix of our asset base with higher-value barrels. In Chemical and Downstream, key investments in the U.S. Gulf Coast, Singapore, and China are enabling us to roughly double the volume of high-value, lower-emission products. Our Low Carbon Solutions business investment is aimed at establishing and expanding strategic positions in high-return solutions with large addressable markets.

All of this is being done as we continue our work to drive down emissions and identify additional opportunities for even greater reductions, consistent with the Paris-aligned pathways.

Thank you for your time today.