

Chevron Corporation

NYSE: CVX · Integrated Oil & Gas
Equity analysis in nine parts

Last price	\$208.60	-1.29% on the session
Market capitalisation	\$409.19B	EV \$437.74B
52-week range	\$146.49 – \$214.71	-2.8% from the high
TTM revenue	\$209.38B	net income \$20.59B
Forward P/E	13.20x	trailing 20.03x
Dividend	\$7.12 per share	3.41% yield, 68% payout
Consensus target	\$221.21	Buy, 25 analysts

Prepared 5 September 2026. Prices as at the close of 4 September 2026. All figures from Chevron SEC filings and quarterly results releases unless otherwise stated. Chevron's third quarter had not been reported at the time of writing.

01 · HOOK

One quarter that equalled a year

In the second quarter of 2026 Chevron earned \$12.1 billion. In the whole of fiscal 2025 it earned \$12.3 billion. Three months matched twelve.

Operating cash flow in that single quarter was \$22.6 billion, against \$8.6 billion in the same quarter a year earlier. Revenue rose from \$44.4 billion to \$67.2 billion. Free cash flow was \$18.1 billion. Production reached 4,070 thousand barrels of oil equivalent per day, a record. Reported and adjusted earnings were within \$100 million of each other, which means almost none of it was accounting.

Two things produced that quarter, and separating them is the entire analytical task. The first is structural: Chevron closed its \$53 billion acquisition of Hess in July 2025 and has since delivered \$1.5 billion of annual run-rate synergies, 50% above its own target, alongside \$3 billion of structural cost reductions achieved six months early. That is permanent. The second is a geopolitical accident: Strait of Hormuz disruption cut transit from 21.6 million barrels a day in late 2025 to 4.9 million in the second quarter of 2026, pushing Brent to \$105 in July.

The US Energy Information Administration expects Brent to average \$87 a barrel in 2026 and \$69 in 2027 — the same level as 2025. On the agency's own forecast, roughly a fifth of the price environment that produced this quarter is scheduled to disappear within eighteen months. The question for an investor at \$208.60 is how much of the windfall is being capitalised as though it were permanent.

The stock has responded accordingly: up 42% from its 52-week low and now within 3% of its 52-week high, at a market capitalisation of \$409 billion. It yields 3.41%, more than ExxonMobil or ConocoPhillips, and trades at 13.2 times forward earnings — in line with the peer group. Nothing about the valuation is stretched. Everything about the earnings that support it is cyclical.

02 · BUSINESS MODEL

Two businesses that hedge each other, badly

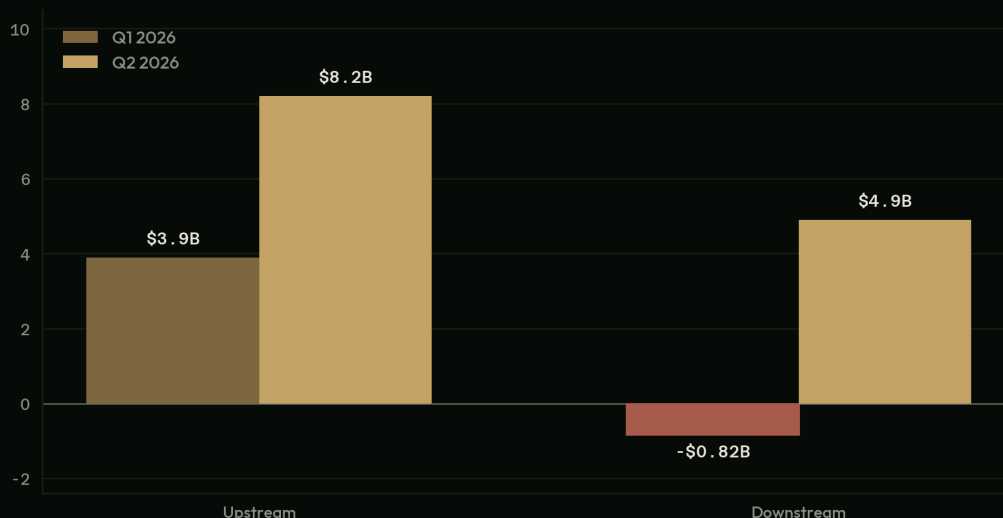
Chevron operates two reporting segments. Upstream finds and produces crude oil and natural gas, and earned \$8.2 billion in the second quarter of 2026 — \$3.5 billion in the United States and \$4.6 billion internationally. Downstream refines, markets and transports refined products and petrochemicals, and earned \$4.9 billion. Total worldwide production was 4,070 MBOED, split almost evenly between US (2,077) and international (1,993) operations.

The natural hedge is real but unreliable

The textbook case for an integrated major is that upstream and downstream offset each other: when crude is expensive the producing business earns more, and when crude is cheap the refining business captures wider margins on cheaper feedstock. Chevron's own results this year show how loosely that holds. In the first quarter, downstream lost \$817 million while upstream earned \$3.9 billion. In the second, both segments earned heavily. The hedge did not smooth the outcome — it amplified it.

One quarter, two different companies

Chevron segment earnings, US\$ billions, first and second quarters of 2026.



Source: Chevron Q1 2026 and Q2 2026 results releases. Consolidated net income rose from \$2.2B to \$12.1B and operating cash flow from \$2.5B to \$22.6B across the same two quarters.

Upstream more than doubled and downstream swung from a loss to \$4.9 billion across a single quarter. An integrated structure did not dampen the cycle here; it delivered both legs of it simultaneously.

What Hess actually bought

The \$53 billion acquisition closed on 18 July 2025 after Chevron prevailed in arbitration against ExxonMobil over pre-emption rights, a dispute that had delayed the deal for more than a year. The central asset is a 30% interest in Guyana's Stabroek block, which holds more than 11 billion barrels of oil equivalent of discovered recoverable resource. Chevron also acquired 463,000 net acres in the Bakken, Gulf of America assets producing 31,000 boe/d, and Southeast Asian gas producing 57,000 boe/d.

This matters more than the headline price. Stabroek is among the lowest-cost, highest-return offshore developments discovered this century, and it extends Chevron's production and free cash flow growth into the 2030s at a time when most majors are struggling to replace reserves. Production grew roughly 18-20% year-over-year in the first half of 2026 — growth that a company of Chevron's size could not have generated organically.

The capital allocation contract

Chevron's proposition to shareholders is mechanical and explicit: produce hydrocarbons, spend a disciplined amount of capital replacing them, and return the remainder. In the second quarter it paid \$3.5 billion of dividends and repurchased \$3.1 billion of stock against \$4.5 billion of capital expenditure. In the first quarter — a far weaker one — it still returned \$6.0 billion, marking a sixteenth consecutive quarter above \$5 billion. The dividend is \$7.12 a share annually, a 3.41% yield at a 68% payout ratio.

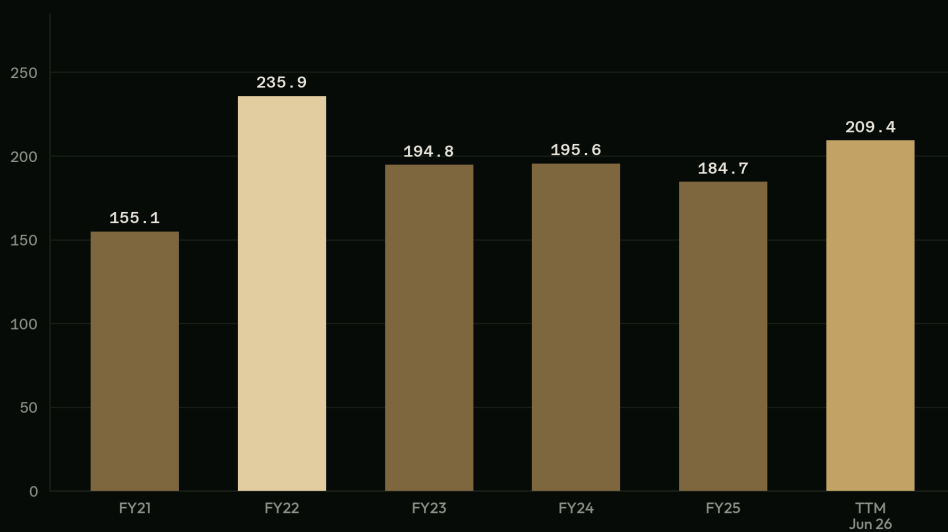
03 · FINANCIALS

A cyclical, measured across a cycle

Chevron's income statement is not a record of management performance. It is largely a record of the oil price, and any analysis that treats a single year as representative will be wrong in a predictable direction.

Revenue tracks the oil price, not the strategy

Chevron consolidated revenue, US\$ billions.

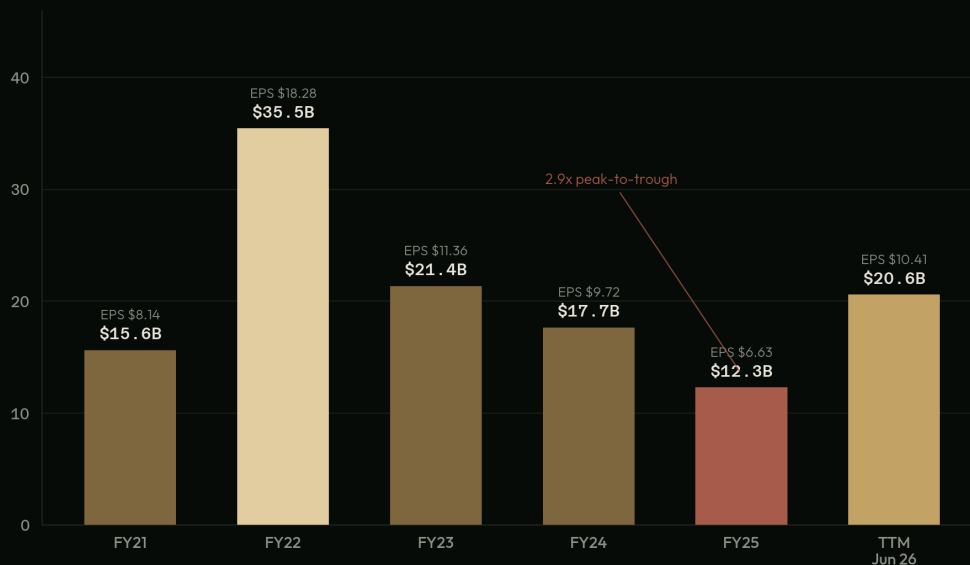


Source: Chevron annual reports; TTM to 30 June 2026 per StockAnalysis.com. The FY2022 peak coincides with the post-invasion oil price spike; the FY2025 trough with Brent averaging \$69 a barrel.

Revenue peaked in fiscal 2022 during the post-invasion price spike, troughed in fiscal 2025 with Brent averaging \$69, and has since recovered on a combination of the Hess acquisition and the 2026 price shock.

The cycle, measured in earnings

Chevron net income, US\$ billions, with diluted EPS.



Source: Chevron annual reports; TTM to 30 June 2026 per StockAnalysis.com. Net income fell from \$35.5B in FY2022 to \$12.3B in FY2025 and has since recovered to \$20.6B on a trailing basis.

The amplitude is the point. Net income fell from \$35.5 billion to \$12.3 billion across three years — a 65% decline — without any deterioration in the quality of the asset base.

The two quarters of 2026

Revenue	\$47.6B	\$67.2B
Net income (reported)	\$2.2B	\$12.1B
Diluted EPS (adjusted)	\$1.41	\$6.06
Upstream earnings	\$3.9B	\$8.2B
Downstream earnings	-\$0.82B	\$4.9B
Production (MBOED)	3,858	4,070
Operating cash flow	\$2.5B	\$22.6B
Capital expenditure	\$4.1B	\$4.5B
Free cash flow	-\$1.5B	\$18.1B
Returned to shareholders	\$6.0B	\$6.6B

The first quarter was depressed by hedging losses as prices rose and by an international downstream loss; the second captured the full price shock with a larger production base behind it. Neither quarter is a fair representation of Chevron's earning power. The trailing twelve months — \$209.4 billion of revenue, \$20.6 billion of net income, \$27.0 billion of free cash flow — is closer, and even that includes one shock quarter.

The balance sheet is the reason this is ownable

Chevron ended the second quarter with \$8.5 billion of cash against \$37.1 billion of total debt and \$195.6 billion of shareholders' equity, for a net debt ratio of 13.1%. Return on equity is 12.2%. That is a conservative structure by any standard and an unusually conservative one for a business with this much earnings volatility — which is precisely the point. Low leverage is what allows a cyclical company to keep paying and repurchasing through the trough rather than cutting at the bottom.

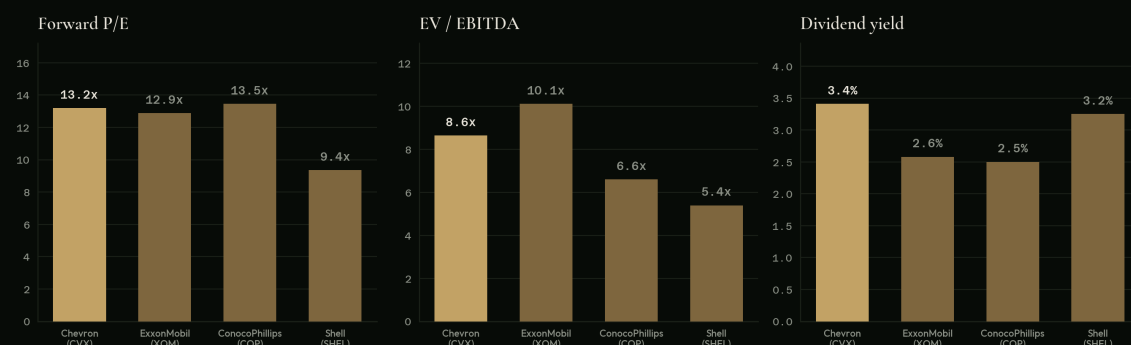
04 · VALUATION

Reasonably priced on unreasonable earnings

Chevron trades at 20.0 times trailing earnings and 13.2 times forward earnings, at an enterprise value of \$437.7 billion against 8.6 times EBITDA. On a standalone basis none of that is demanding. The complication is the denominator: forward estimates across the sector embed a 2026 price environment that the EIA forecasts will not persist.

Priced with the majors, yielding more than most

Forward P/E, EV/EBITDA and dividend yield, integrated oil majors, 4 September 2026.



Source: StockAnalysis.com company statistics, 4-5 September 2026. Forward estimates across the group embed the elevated 2026 price environment, which the EIA forecasts will not persist into 2027.

Chevron sits in the middle of the group on earnings multiples, carries the highest EV/EBITDA of the four, and offers the highest dividend yield. Shell screens cheapest on every measure, which is a persistent feature of the European majors rather than a Chevron-specific signal.

The normalisation question

The useful exercise for a cyclical is not to apply a multiple to peak earnings but to ask what the business earns across a cycle. Chevron's net income over the last five fiscal years ranged from \$12.3 billion to \$35.5 billion, averaging roughly \$20.5 billion — almost exactly its current trailing figure. On that mid-cycle basis the market capitalisation of \$409 billion represents about 20 times normalised earnings.

FY2022 peak	\$35.47B	Brent spike
FY2025 trough	\$12.30B	Brent \$69
Five-year average	~\$20.5B	rough mid-cycle
Trailing twelve months	\$20.59B	includes one shock quarter
Market capitalisation	\$409.19B	~20x mid-cycle earnings

Twenty times mid-cycle earnings is not cheap for a business with no secular growth and a commodity input it does not control. It is defensible for one with a 3.4% yield, a 13% net debt ratio and a newly acquired resource base that extends production growth into the next decade. The honest conclusion is that Chevron is fairly valued rather than mispriced — and that the forward multiple of 13.2 times makes it look cheaper than it is, because that estimate is anchored to a year the EIA does not expect to repeat.

Consensus sits at \$221.21, roughly 6% above the current price, with a Buy rating across 25 analysts. That is one of the narrower implied returns in this series and an appropriate one: after a 42% move off the low, the sell-side is signalling that the re-rating has largely happened.

05 · GROWTH CATALYSTS

What is structural rather than cyclical

Guyana is the asset that changes the decade

The 30% Stabroek interest carries more than 11 billion barrels of oil equivalent of discovered recoverable resource, at development costs among the lowest in global offshore. Unlike shale, which requires continuous reinvestment to hold production flat, deepwater developments of this quality produce for decades from a single capital cycle. This is the clearest source of non-price-dependent growth Chevron has, and it is why the company paid \$53 billion and fought a year of arbitration to secure it.

Synergies and cost reduction are ahead of schedule

Chevron reached \$1.5 billion of annual run-rate Hess synergies within a year of closing, 50% above its initial \$1 billion target, and delivered \$3 billion of structural cost reductions six months early — with more than 70% of that coming from operational efficiency rather than headcount. Cost reductions of this kind lower the corporate breakeven permanently, which raises free cash flow at every future oil price rather than only at high ones.

Production growth at scale

First-half 2026 production averaged 3.97 million boe/d, roughly 18-20% higher year-over-year, reaching a record 4,070 MBOED in the second quarter with record US upstream output and record refinery throughput. For a company of this size, double-digit production growth is rare and is almost entirely attributable to the Hess integration and Permian execution.

The capital return machine

Sixteen consecutive quarters of returning more than \$5 billion to shareholders, a 3.41% yield and continuing buybacks at \$3.1 billion a quarter. With a 68% payout ratio and a 13.1% net debt ratio, the distribution is covered with room to spare at current prices and defensible on the balance sheet even at materially lower ones.

Near-term price support

The EIA expects global inventories to draw a further 3.8 million barrels a day in the third quarter and prices to remain elevated until Hormuz flows normalise and stocks rebuild. Its 3Q26 Brent estimate of roughly \$85 was revised up \$11 from the prior forecast. The windfall has not ended yet.

06 · RISKS

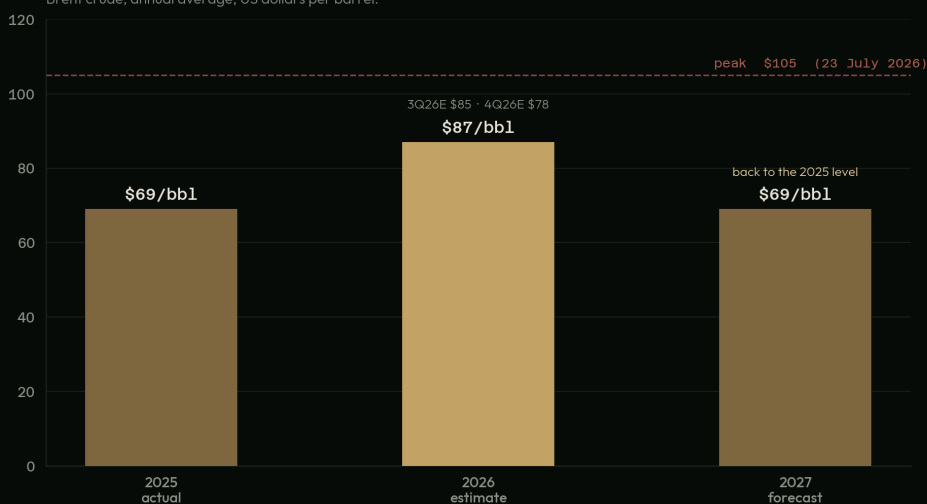
What the current earnings conceal

The base rate. Chevron's net income has ranged from \$12.3 billion to \$35.5 billion over five years on essentially the same asset base. Nothing management does controls the single largest variable in the income statement. Any purchase made at a cyclical high in the commodity has historically been a poor entry point regardless of the quality of the company.

The forecast reversal is the central risk

The windfall the EIA expects to reverse

Brent crude, annual average, US dollars per barrel.



Source: US Energy Information Administration Short-Term Energy Outlook, August 2026. Prices rose on Strait of Hormuz disruption, which cut transit from 21.6 million b/d in late 2025 to 4.9 million b/d in 2Q26.

The EIA's own base case has Brent returning to \$69 in 2027 — precisely the level that produced Chevron's \$12.3 billion trough year. This is not a bear-case scenario; it is the reference forecast of the agency that publishes it.

If Brent averages \$69 in 2027, the arithmetic works against every figure in this report's third section. Chevron's larger production base and lower cost structure mean a repeat of 2025 earnings is unlikely — Hess and the \$3 billion of structural savings are real offsets. But the direction is unambiguous, and a forward multiple built on 2026 estimates will look considerably less attractive against 2027 results.

The disruption could resolve faster than expected

Hormuz transit collapsed from 21.6 million to 4.9 million barrels a day on geopolitical events, and 5.5 million barrels a day of production was shut in during July. Prices had already fallen to \$69 on 2 July following a US-Iran memorandum before rebounding to \$105 three weeks later. A durable diplomatic resolution would compress the price — and Chevron's earnings — far faster than the EIA's gradual glidepath implies.

Downstream is genuinely volatile

The refining segment lost \$817 million in the first quarter and earned \$4.9 billion in the second. Refining margins depend on crack spreads, product demand and turnaround schedules, none of which move reliably with crude. Investors treating downstream as a stabiliser should note that in 2026 it has been the more volatile of the two segments in percentage terms.

Integration and concentration risk in Guyana

Stabroek is operated by ExxonMobil, not Chevron — the company Chevron defeated in arbitration to acquire the stake. Chevron holds a 30% non-operated interest, which means it does not control development pace, capital commitments or operating decisions on its single most important growth asset. Guyana also carries the sovereign and border-dispute considerations attached to any concentrated position in a small producing state.

Energy transition and terminal value

The long-term risk to any integrated major is not next year's oil price but whether the reserves on the balance sheet are produced at economic prices over their full life. Chevron's response has been to prioritise low-cost, long-life barrels — which is the correct response — but it does not eliminate the possibility that terminal demand assumptions embedded in a 20-times mid-cycle multiple prove optimistic.

Capital discipline is a promise, not a structure

Every oil cycle in living memory has ended with majors over-investing at the top. Chevron's current capital expenditure of roughly \$4.5 billion a quarter against \$22.6 billion of operating cash flow is exemplary restraint. The risk is that sustained high prices erode it — and the \$53 billion Hess acquisition, however strategically sound, demonstrates the company's willingness to write very large cheques.

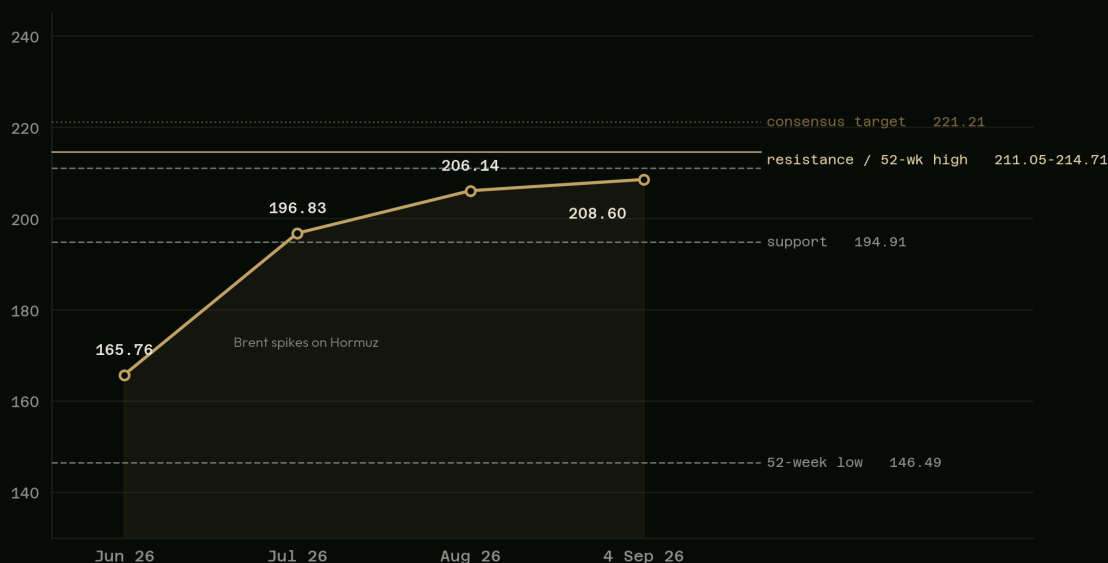
07 · TECHNICAL ANALYSIS

Strong trend, extended position

Chevron closed at \$208.60 on 4 September 2026, down 1.29%. The stock sits 2.8% below its 52-week high of \$214.71 and 42.4% above its 52-week low of \$146.49 — the strongest positioning of any name examined in this series.

Within 3% of the high, after a 26% summer

CVX month-end closes, June to September 2026, US\$, with key levels.



Source: month-end closes, 52-week range and consensus target from StockAnalysis.com (4 Sep 2026); support and resistance from Stockinvest.us. The stock has risen 42% from its 52-week low.

The move is tightly coupled to the commodity: the June-to-July advance of 18.7% coincides almost exactly with Brent's rise on Hormuz disruption. August and September have flattened as the price gain decelerated.

The structure is constructive

Both the short-term and long-term moving averages carry buy signals, with the short-term average above the long-term — a bullish crossover and the cleanest trend structure in this series. Technical services describe the stock as being in a wide and strong rising trend and rate it a Buy Candidate. Against that, price occupies the upper portion of its channel, the three-month MACD carries a sell signal, and a pivot top registered on 2 September has produced a 1.53% decline since.

3-month projection	\$227.29 – \$253.68	+19.2% central case
Consensus target	\$221.21	sell-side anchor
52-week high	\$214.71	cycle high
Resistance	\$211.05	accumulated volume
Last close	\$208.60	-1.29%
Fibonacci support	\$207.46 / \$205.76	shallow retracement
Support	\$194.91	first structural level
52-week low	\$146.49	cycle low

The gap between the technical projection and the fundamental setup is the notable feature here. The chart projects \$227 to \$254 over three months; consensus sits at \$221; and the EIA expects the commodity underpinning both to fall through 2027. Momentum and mean reversion are pointing in opposite directions on different timeframes.

08 · CONCLUSION

For the swing trader

A clean uptrend running into resistance three dollars overhead, with the commodity that drives it still elevated. The trade is a breakout, and the invalidation is unusually well defined.

Price is compressed between \$211.05 resistance and the 52-week high at \$214.71 — a band roughly 1.2% wide sitting immediately above the market. Beneath, the Fibonacci cluster at \$207.46 and \$205.76 offers only shallow support before the first genuine structural level at \$194.91, some 6.6% lower. That asymmetry — a narrow ceiling against a wide air pocket — defines the risk.

What the levels mean in practice

A sustained close above \$214.71 clears the 52-week high with no overhead supply and opens the technical projection toward \$227 and beyond, with the consensus anchor at \$221.21 as the first waypoint. A break below \$205.76 puts \$194.91 in play and would likely coincide with crude giving back part of the Hormuz premium. Between those two levels the stock is simply tracking Brent.

The driver is not on the earnings calendar

Unlike the other names in this series, Chevron's near-term price action is unlikely to be resolved by a company event. Third-quarter results are due in late October, but the operative variable is the oil price, which moves on Hormuz transit volumes, OPEC+ decisions, inventory data and diplomatic headlines — none of which follow a reporting schedule. A trader positioned here is trading crude with an equity wrapper and a 3.4% carry.

Framework, not a recommendation. \$214.71 is the level that would confirm the breakout; \$205.76 is the level that would end it. The trend structure is the strongest in this series and the position within the range is the most extended — which argues for trading the breakout rather than anticipating it.

09 · CONCLUSION

For the long-term investor

Chevron is the only company in this series that is currently over-earning rather than under-earning. That inverts the usual question: not whether the business can improve, but how much of today's result is real.

The structural case is genuinely strong and does not depend on the oil price. Hess delivered a 30% interest in one of the highest-quality offshore resources discovered this century, over 11 billion barrels of recoverable resource that

will produce into the 2030s. Synergies came in 50% above target within a year. Three billion dollars of structural cost reduction arrived six months early, which lowers the breakeven at every future price rather than only at high ones. Production is growing at double digits at a scale where that is close to unheard of.

What the price already assumes

Against that, the entry point is unattractive on the one variable that matters most. The stock is 42% off its low and 2.8% from its high because Brent went from \$69 to \$105 on a shipping-lane disruption. The EIA's reference forecast has Brent back at \$69 in 2027 — the exact level that produced Chevron's \$12.3 billion trough year. At roughly 20 times mid-cycle earnings, the valuation does not obviously compensate for that.

What would have to be true

For the shares to work from here on a multi-year view, one of three things is needed. Either the Hormuz disruption proves more durable than the EIA expects and prices hold above the forecast path; or Guyana and the cost programme raise mid-cycle earnings power enough that \$20.5 billion becomes the floor rather than the average; or the market re-rates integrated energy upward on scarcity of low-cost supply. The second is the only one management controls, and it is the one with the strongest evidence behind it.

Position, not prediction

The balance sheet makes this ownable through a downturn rather than merely into one. A 13.1% net debt ratio, \$195.6 billion of equity and a 68% payout ratio mean the dividend is defensible well below current prices, and Chevron has kept returning more than \$5 billion a quarter for sixteen consecutive quarters across a period that included a trough year. For an investor whose objective is income and inflation exposure rather than capital growth, that durability is the product being bought — and it argues for accumulating on commodity weakness rather than commodity strength.

The honest summary: this is a high-quality cyclical at a full price on inflated earnings. The Hess acquisition and the cost programme are real, permanent and underappreciated — they raise what Chevron earns at any given oil price. But a quarter that matched a full prior year was produced by a shipping-lane disruption, and the agency forecasting that commodity expects it to reverse within eighteen months. The business deserves ownership; the entry point deserves patience. An investor buying at \$208.60 is paying a mid-cycle multiple at a cyclical high, which is the opposite of how this asset class has historically rewarded buyers.

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