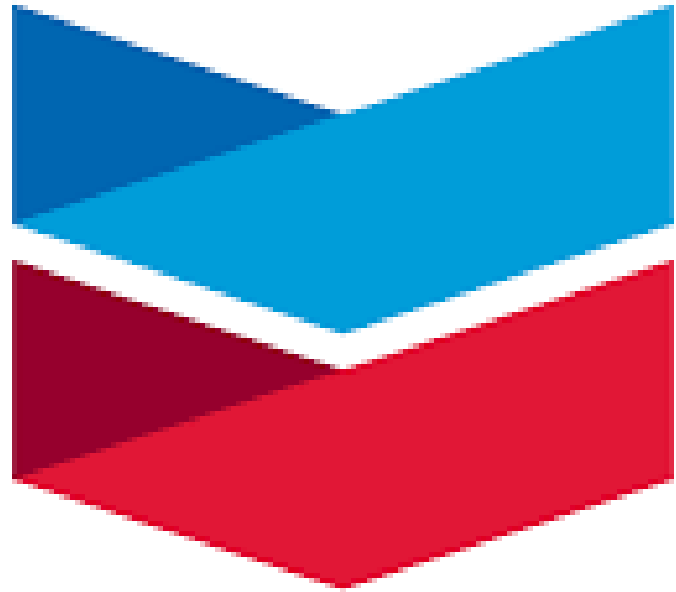


Chevron



DYLAN GERGELY, TREVOR
CARNOVSKY, AND SAM MACALPINE



Agenda

- **Company Overview**
- **Fund Strategy Overview**
- **Divestments**
- **SWOT Analysis**
- **Merger with Hess**
- **Ratio Analysis**
- **Valuation**
- **Final Recommendation**
- **Vote**





Overview

- Chevron is the second largest producer of standard oil in the U.S.
- They operate in more than 180 countries
- They are currently using their large size to invest in lower carbon intensity products

Fund Strategy

Celani

- We can successfully diversify our large-cap fund with a concentrated portfolio of roughly 20-25 holdings
- Currently 35 Holdings
- Fewer positions makes it easier to track performance of the fund and remain consistent with exit strategies.

Position Analysis

- Chevron(CVX) .38%, 71 Shares, \$11,000
- Huntsman(HUN) .38%, 550 Shares, \$11,000
- Phillip 66(PSX) .55%, 125 Shares, \$15,860

Divestments

Huntsman

- **Current position makes up .38% of Celani Fund**
- **550 shares**
- **\$11,000**

Phillips 66

- **Current position makes up .55% of Celani Fund**
- **125 shares**
- **\$15,860**

SWOT Analysis

Strengths:

- 2nd largest producer of oil and natural gas in the US (7th globally)
- Global Presence in 180 countries

Weaknesses:

- Dependence on Oil/Gas Prices
- Environmental Concerns
- Complex Regulatory Environment

Opportunities:

- Current Political Backing
- Energy Transition
- Carbon Capture technology
- Mergers and Acquisitions

Threats:

- Regulation
- Geopolitical Risks
- Energy Transition
- Economic Downturn

Merger With Hess

- **On September 30, 2024, the FTC approved Chevron's purchase of Hess for a total value of \$53 Billion**
- **This would give Chevron access to another oil company, specifically one with oil rigs in markets unavailable to Chevron currently (Guyana)**
- **Increases Chevron's estimated five-year production and free cash flow growth rates and expected to extend such growth into the next decade.**
- **Dividend and Share Buy-Backs will increase significantly with the Merger**

Ratio Analysis

Liquidity Ratios	CVX	COP	XOM
Current Ratio	1.27	1.43	1.48
Quick Ratio	.87	1.21	1.07
Cash Ratio	.25	.56	.48
Profitability Ratios			
Operating Margin	15.02%	29.01%	15.32%
Net Profit Margin	10.87%	19.52%	10.84%
EBITDA to Sales	23.82%	29.04%	21.31%
Leverage Ratios			
Times Interest Earned	100.02	20.90	86.48
Efficiency Ratios			
Cash Conversion Cycle	.75	(25.70)	(18.37)

DCF

- WACC of 11.18%
- Long term growth rate of .36%
- Fair Value per share of \$117.85
- Beta 1.05
- Overvalued by 24.9%

WACC	Long-Term Growth Rate					
	\$ 117.85	0.26%	0.36%	1%	1.50%	2.00%
9.18%	140	141	148	153	160	
10.18%	128	128	133	138	143	
11.18%	117	118	122	125.5	129	
12.18%	109	109	113	115	118	
13.18%	101	102	105	107	109	

Terminal Value	
Numerator	\$ 19,242
Denominator	10.83%
Terminal value	\$ 177,737
Present value of terminal value	\$ 104,607
Add first five years	\$ 119,834
Enterprise value	\$ 224,441
Less: Net debt	\$ (12,658)
Equity value	\$ 211,783
Value per share	\$ 117.85
Share price	\$156.93
% Undervalued	-24.90%

Risk Return Statistics

Before

Portfolio Statistics	3 Months		6 Months		Year To Date		1 Year (Custom)	
	Port	Bmrk	Port	Bmrk	Port	Bmrk	Port	Bmrk
Return								
Total Return	13.88	13.48	16.76	16.57	27.67	27.21	37.58	39.08
Maximum Return	3.05	2.57	3.05	2.57	3.05	2.57	3.05	2.57
Minimum Return	-1.19	-2.14	-2.69	-2.98	-2.69	-2.98	-2.69	-2.98
Mean Return (Annualized)	106.92	103.71	54.82	54.75	49.79	49.48	57.18	60.08
Mean Excess Return (Annualized)	1.58		0.05		0.21		-1.82	
Risk								
Standard Deviation (Annualized)	11.08	13.24	11.26	13.57	10.62	12.89	10.54	12.53
Downside Risk (Annualized)	7.10	9.54	7.84	10.16	7.56	9.45	7.54	9.15
Skewness	0.94	-0.17	0.15	-0.52	0.00	-0.36	-0.05	-0.34
VaR 95% (ex-post)	-0.87	-0.95	-1.00	-1.42	-0.98	-1.34	-0.98	-1.25
Tracking Error (Annualized)	6.68		7.91		7.39		7.23	
Risk/Return								
Sharpe Ratio	5.71	4.64	2.80	2.32	2.66	2.18	3.13	2.77
Jensen Alpha	18.89		10.31		9.31		9.05	
Information Ratio	0.17		0.00		0.02		-0.18	
Treynor Measure	0.88		0.47		0.42		0.48	
Beta (ex-post)	0.72		0.67		0.68		0.69	
Correlation	0.8637		0.8127		0.8194		0.8174	
Capture Ratio	0.69		0.53		0.55		0.63	

After

Portfolio Statistics	3 Months		6 Months		Year To Date		1 Year (Custom)	
	Port	Bmrk	Port	Bmrk	Port	Bmrk	Port	Bmrk
Return								
Total Return	13.86	13.48	16.11	16.57	27.06	27.21	36.92	39.08
Maximum Return	3.04	2.57	3.04	2.57	3.04	2.57	3.04	2.57
Minimum Return	-1.22	-2.14	-2.68	-2.98	-2.68	-2.98	-2.68	-2.98
Mean Return (Annualized)	106.66	103.71	52.46	54.75	48.60	49.48	56.10	60.08
Mean Excess Return (Annualized)	1.45		-1.49		-0.59		-2.49	
Risk								
Standard Deviation (Annualized)	10.94	13.24	11.16	13.57	10.46	12.89	10.40	12.53
Downside Risk (Annualized)	7.03	9.54	7.79	10.16	7.45	9.45	7.44	9.15
Skewness	0.94	-0.17	0.13	-0.52	-0.01	-0.36	-0.06	-0.34
VaR 95% (ex-post)	-0.91	-0.95	-1.00	-1.42	-0.98	-1.34	-0.98	-1.25
Tracking Error (Annualized)	6.78		8.05		7.50		7.32	
Risk/Return								
Sharpe Ratio	5.77	4.64	2.69	2.32	2.63	2.18	3.10	2.77
Jensen Alpha	19.50		9.20		8.97		8.84	
Information Ratio	0.15		-0.13		-0.06		-0.24	
Treynor Measure	0.89		0.45		0.42		0.48	
Beta (ex-post)	0.71		0.66		0.66		0.67	
Correlation	0.8595		0.8050		0.8133		0.8118	
Capture Ratio	0.63		0.47		0.47		0.56	

Multiples

Price Earnings

Using Exxon to Value Chevron	
Exxon Share Price	\$121.11
Exxon Earnings	37,354,000,000
Shares Outstanding	4,395,094,536
EPS	8.50
PE Multiple	14.25
Chevron Valuation	
Chevron Earnings	21,411,000,000
Shares Outstanding	1,797,091,325
EPS	11.91
Implied Share Price	\$169.78
Market Share Price	\$156.93
Company Undervalued	8.19%

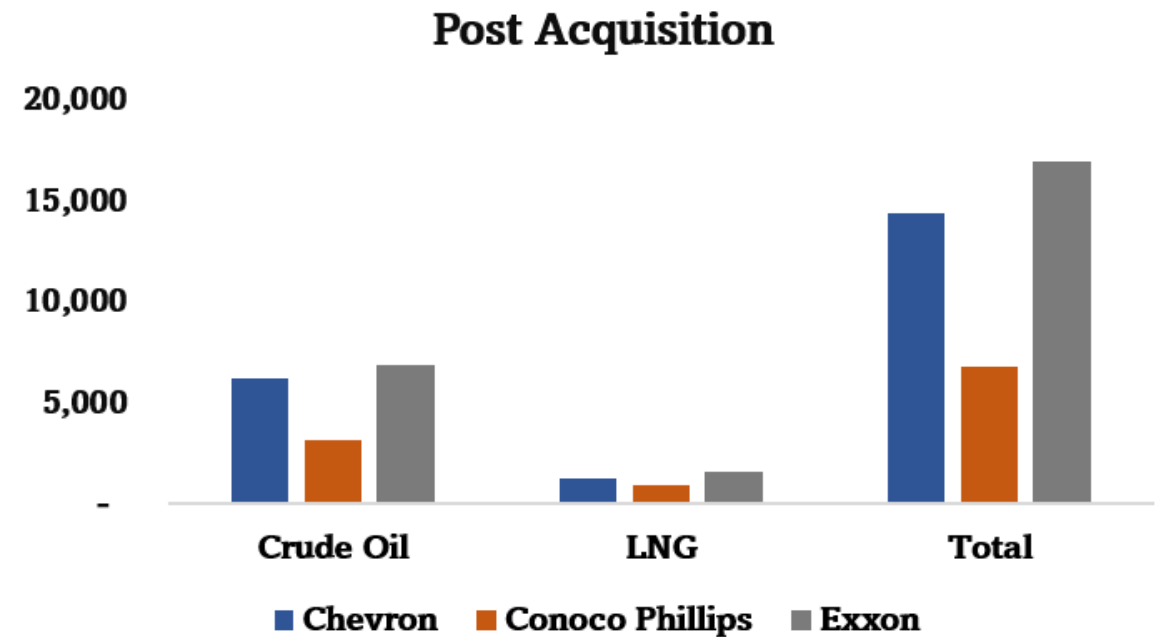
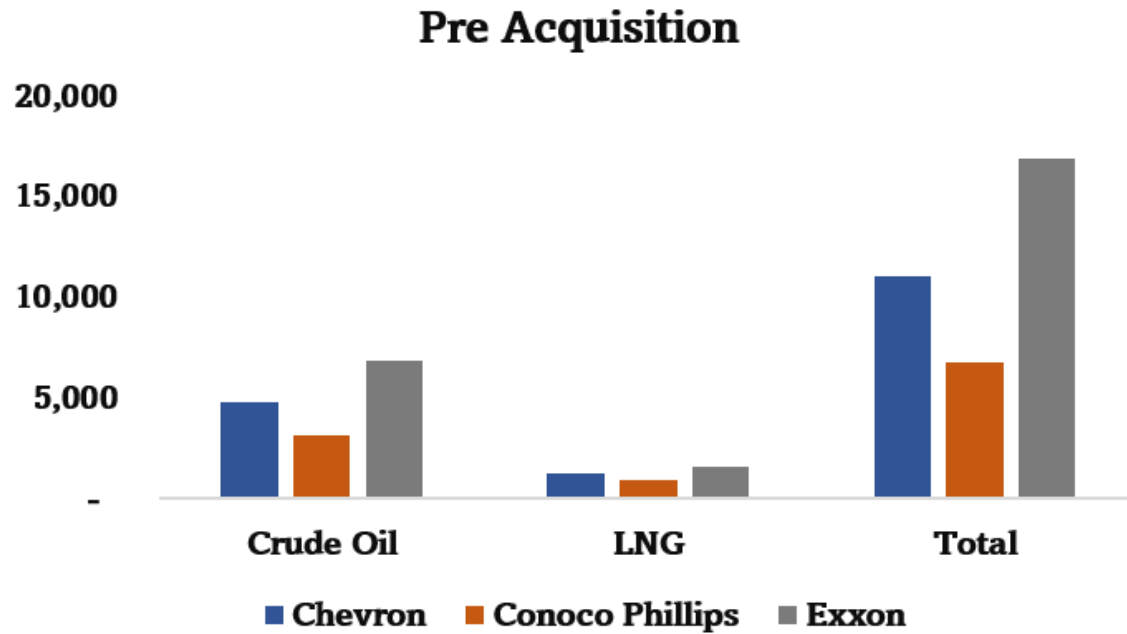
EV to EBITDA

Using Exxon to Value Chevron	
EV/EBITDA Multiple	7.82
EBIT	29,584,000,000
Add: Depreciation and Amortization	17,326,000,000
EBITDA	46,910,000,000
Enterprise Value	366,636,366,911
Less: Total Debt	45,062,000,000
Equity Value	321,574,366,911
Shares Outstanding	1,797,091,325
Implied Price Per Share	\$178.94
Market Price Per Share	\$156.93
Company Undervalued	14.03%

Price to Cashflow

Using Exxon to Value Chevron	
Cash Flow Exxon	55,369,000,000
Shares Outstanding	4,395,094,536
Cash Flow Per Share	12.60
Share Price	121.11
Price to Cash Flow Multiple	9.61
Chevron Valuation	
Cash Flow Chevron	35,609,000,000
Shares Outstanding	1,797,091,325
Cash Flow Per Share	19.81
Implied Share Price	\$190.49
Market Share Price	\$156.93
Company Undervalued	21.39%

Reserves & Hess Acquisition



Final Recommendation

Purchase 865 shares, \$146,000 to Establish a 5% position in the fund

Sell 125 shares of PSX to raise \$15,992

Sell 550 shares of HUN to raise \$11,000



Celani Fund



Vote