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Comparative Investment Analysis of Chevron, ExxonMobil, ConocoPhillips, and Occidental Petroleum

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Abstract. This paper conducts a comprehensive investment analysis of four US-based energy companies, which are Chevron, ExxonMobil, ConocoPhillips, and Occidental Petroleum. This paper leverages both financial ratio analysis and valuation to derive quantitative measures to compare and contrast performance of these four energy companies. In addition, competitive landscape, industry trends, and company-specific insights are also assessed to provide supplementary qualitative insights. The results show that Exxon Mobil is the most attractive investment option out of the four selected companies. It has the best fundamentals and offers best investment outlook. Other companies also have noticeable concerns, such as high volatility, aggressive leverage, and deteriorating financial performance, making them subpar to Exxon Mobil for risk-averse investors. Despite being the best investment option, investors should still be aware of the risks, including commodity price risks, regulatory and legal challenges, and challenging low-carbon transitions. Overall, this paper supports a buy recommendation for Exxon Mobil and proposes several risk mitigation strategies for investors who are interested in holding the stock.

Keywords: Investment analysis, energy sector, financial ratios, valuation

1. Introduction

1.1. Background

The global energy industry is a key building block behind economic development, exhibiting significant influence over broader markets, public policies, and social well-being. However, the industry is also facing challenges such as increased regulatory security and difficult transition to low-carbon alternatives. The industry exhibits both significant opportunities and risks at the same time. From the investor perspective, both short-term financial performance and long-term sustainability strategies are evaluated and incorporated in the investment decision. This paper performs a comparative analysis of four US-based energy companies, including Chevron, Exxon Mobil, ConocoPhillips, and Occidental Petroleum, and identifies the most attractive investment options based on a balanced review of financial performance, valuation outlook, and additional qualitative considerations (e.g., diversification, sustainability strategies).

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1.2. Research objectives

To identify the best investment options, this paper has the following research objectives:

1. Explore competitive landscape and emerging trends in the industry.
2. Assess fundamentals of the four selected companies through financial ratios of profitability, liquidity, solvency, and efficiency.
3. Examine simple valuation metrics and conduct scenario-based analysis to forecast future stock market performance.
4. Determine most attractive investment options and identify key risks associated with the investment recommendations and proposed mitigation strategies.

This paper intends to help investors identify the most attractive stock, based on a holistic review of multiple performance perspectives, including financial positions, valuation outlook, strategic positioning, and ongoing risk exposure. The results should provide practical insights for financial decision-making.

1.3. Structure of this paper

The rest of this paper is organized as follows. The second section provides an overview of the four selected companies and the industry. The third section compares and contrasts financial and valuation performance of the four companies. The fourth section makes investment recommendations and identifies key risks. The last section concludes this paper.

2. Industry and company overview

2.1. Company overview

This paper performs an investment analysis on four US-based oil and energy companies. The anchoring company is Chevron Corporation (CVX), while the three competing companies are Exxon Mobil Corporation (XOM), ConocoPhillips (COP), and Occidental Petroleum Corporation (OXY). Table 1 provides an overview of its size and current trading price.

Table 1. Market size and current trading price (as of July 2025)

Company	Chevron	ExxonMobil	ConocoPhillips	Occidental Petroleum
Market Cap (billion)	$257.42	$478.88	$116.84	$42.66

2.1.1. Chevron

Chevron is a leading global integrated energy company, with business coverage across the entire oil and gas exploration and refinement value chain, both upstream and downstream. Its strategy emphasizes capital discipline, focuses on strong shareholder returns and takes a conservative investment approach.

2.1.2. Exxon Mobil

ExxonMobil is the largest U.S. energy company, with operations spreading across the entire value chain, as Chevron did. It is the main competitor for Chevron in the United States and also has a strong global presence.

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2.1.3. ConocoPhilips

ConocoPhillips specializes in upstream operations in the energy industry. Its main activities involve exploration and production of crude oil, natural gas, and other related products. It has no downstream presence, compared to Chevron and Exxon Mobil.

2.1.4. Occidental Petroleum

Occidental Petroleum has very similar business exposure compared to ConocoPhilips, heavily involved in upstream oil and energy production, with limited downstream activities. It has also invested heavily in low-carbon energy transition efforts, positioning itself as an industry in the sector.

2.2. Competitive landscape and emerging trends

The four companies compete directly and fiercely in the upstream oil and gas exploration and production, primarily in the US market but also in various international markets. These companies employ different competitive strategies, reflecting their sizes, resources, and strengths, to improve production efficiency. For instance, Chevron and ConocoPhillips emphasized operational efficiency and tend to be more cautious on investments, while ExxonMobil and Occidental are more capital aggressive and leverage acquisitions more often [1, 2]. Overall, these four companies compete for access to high-quality oil and gas reserves, cost leadership in shale development, and the ability to deliver consistent performance through volatile commodity cycles.

The energy industry is increasingly paying attention to digital and low-carbon innovations. For instance, one notable trend in recent years is the integration of artificial intelligence and other advanced digital analytics tools to improve exploration efficiency and effectiveness [3]. Meanwhile, renewable energy and other initiatives to reduce carbon emissions are recognized as key drivers of resilience and sustainability for companies in the industry [4]. These trends have profound implications over competitive landscape and objectives, forcing companies to adapt their long-term strategies accordingly.

3. Comparative analysis of financial and valuation performance

This section performs a comparative analysis of financial and valuation performance of the four chosen companies. It uses financial ratios to analyze performance in profitability, liquidity, solvency, and efficiency perspective, based on key financial statement items. In addition, it also provides some valuation insights both on PE ratio and simple valuation exercises.

3.1. Financial ratio analysis

3.1.1. Profitability

The first financial statement performance aspect to examine is profitability. This paper examines profitability through revenue growth rate, gross profit to asset ratio, gross margin, and net margin. The results are shown in Table 2.

Chevron and Exxon Mobil are much larger than the other two companies, have much larger revenue scale. All four companies enjoyed post-pandemic growth in 2021 and 2022 and suffered

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subsequently notable decline in 2023 and 2024. This reflects the general industry trend that demand was booming in pandemic recovery but slowed down again in recent years. First Section

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Table 2. Key profitability ratios

Chevron (CVX)	2021	2022	2023	2024
Revenue (million USD)	154,840	234,526	195,985	192,477
Revenue Growth Rate	65.00%	52.10%	-17.40%	0.40%
Gross Profit/Total Assets	17.80%	25.45%	20.19%	18.19%
Gross Margin	27.40%	27.82%	26.83%	24.17%
Net Margin	10.04%	15.05%	10.85%	9.13%
Exxon Mobil (XOM)	2021	2022	2023	2024
Revenue (million USD)	276,692	398,675	334,697	339,247
Revenue Growth Rate	54.15%	44.60%	-15.99%	1.16%
Gross Profit/Total Assets	25.22%	34.44%	27.84%	22.09%
Gross Margin	30.90%	31.88%	31.31%	29.53%
Net Margin	8.33%	13.98%	10.76%	9.93%
ConocoPhilips (COP)	2021	2022	2023	2024
Revenue (million USD)	45,828	78,494	56,141	54,745
Revenue Growth Rate	142.82%	72.69%	-28.19%	-2.44%
Gross Profit/Total Assets	24.24%	39.98%	27.60%	21.16%
Gross Margin	47.95%	47.80%	47.15%	47.46%
Net Margin	17.63%	23.80%	19.52%	16.89%
Occidental Petroleum (OXY)	2021	2022	2023	2024
Revenue (million USD)	25,956	36,634	28,257	26,725
Revenue Growth Rate	45.75%	41.14%	-22.87%	-5.42%
Gross Profit/Total Assets	21.72%	33.84%	22.94%	19.80%
Gross Margin	62.79%	67.07%	60.07%	63.32%
Net Margin	8.95%	36.32%	16.62%	11.52%

In addition, the results suggest that Chevron has currently the lowest margin out of all four companies. For instance, its gross margin and net margin are 24.17% and 9.13% respectively, the lowest out of all four. Efficiency-wise, Chevron also underperforms others in terms of the gross profit to assets ratio, suggesting possible issues in cost control and operational efficiency. Although Exxon Mobil's net margin for 2024 is 9.93 percent, which is higher than Chevron's 9.13 percent, it remains below ConocoPhillips at 16.89 percent and Occidental Petroleum at 11.52 percent. Consequently, Exxon Mobil's relative strength lies in the stability afforded by its scale rather than in leading absolute profitability.

3.1.2. Liquidity and solvency

In addition to profitability, liquidity ratios (current and quick ratios) and solvency ratios (debt-to-assets ratio and interest coverage ratio) are also calculated in this paper, and the results are in Table

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3.

Table 3. Key liquidity and solvency ratios

Chevron (CVX)	2021	2022	2023	2024
Current Ratio	1.26	1.47	1.27	1.06
Quick Ratio	0.89	1.12	0.87	0.71
Debt-to-Assets Ratio	19.90%	14.60%	13.90%	16.20%
Interest Coverage Ratio	47.24	111.33	89.93	67.48
Exxon Mobil (XOM)	2021	2022	2023	2024
Current Ratio	1.04	1.41	1.48	1.31
Quick Ratio	0.69	1.03	1.06	0.95
Debt-to-Assets Ratio	23.2%	18.8%	18.3%	15.1%
Interest Coverage Ratio	26.27	87.98	57.73	41.63
ConocoPhilips (COP)	2021	2022	2023	2024
Current Ratio	1.34	1.46	1.43	1.29
Quick Ratio	1.10	1.27	1.21	1.06
Debt-to-Assets Ratio	31.2%	26.4%	28.5%	28.1%
Interest Coverage Ratio	23.27	43.75	32.08	31.52
Occidental Petroleum (OXY)	2021	2022	2023	2024
Current Ratio	1.23	1.15	0.92	0.95
Quick Ratio	0.85	0.71	0.61	0.67
Debt-to-Assets Ratio	60.5%	40.8%	40.8%	44.0%
Interest Coverage Ratio	9.19	29.66	14.68	11.79

The results show that Exxon Mobil is the only company out of the group to have improved liquidity over the time period, and its 2024 liquidity is also top of the group. For instance, its current ratio is 1.31 and quick ratio is 0.95, both above the desirable range (current ratio above 1.0 and quick ratio above 0.8) [5]. Other companies, such as Chevron, have fallen liquidity over the last 4 years, indicating persistent issues regarding short-term financial flexibility.

Leverage-wise, Chevron and Exxon Mobil employ more conservative capital structure, with debt-to-assets ratio hovering around 15% to 20%. Meanwhile, Occidental Petroleum employed aggressive leverage. All companies have shown a decline in leverage over the years, reflecting a mixture of strong cyclical earnings, deliberate debt reduction, and conservative financial policies during years of market turbulence and high volatility [6]. Nonetheless, all four companies show adequate interest coverage ratio, suggesting that these companies exhibit sufficient capacity to finance their debt through operating income.

Overall, Exxon Mobil is the best performing company in both liquidity and solvency, demonstrating both strong short-term financial flexibility and robust long-term debt management.

3.1.3. Efficiency

The last financial performance category to evaluate in this paper is efficiency, which is measured by asset turnover ratio and inventory turnover ratio. The results are shown in Table 4.

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Exxon Mobil records an asset-turnover ratio of 0.82, marginally above Chevron's 0.75 but well below its own historical peaks, and its inventory-turnover ratio of 9.70 is substantially lower than ConocoPhillips' 17.94. Taken together, Exxon Mobil demonstrates above-average rather than dominant efficiency.

Table 4. Key efficiency ratios

Chevron (CVX)	2021	2022	2023	2024
Asset Turnover Ratio	0.65	0.95	0.75	0.75
Inventory Turnover Ratio	14.67	19.18	14.03	13.37
Exxon Mobil (XOM)	2021	2022	2023	2024
Asset Turnover Ratio	0.83	1.13	0.90	0.82
Inventory Turnover Ratio	10.04	12.43	9.17	9.70
ConocoPhilips (COP)	2021	2022	2023	2024
Asset Turnover Ratio	0.61	0.87	0.61	0.52
Inventory Turnover Ratio	21.47	33.77	22.67	17.94
Occidental Petroleum (OXY)	2021	2022	2023	2024
Asset Turnover Ratio	0.33	0.50	0.39	0.34
Inventory Turnover Ratio	5.16	6.18	5.53	4.76

3.2. Valuation metrics

The first metric to assess in this memorandum is the price-to-earning (P/E) ratio, including trailing (TTM) and forwarding (NTM) ratios, to provide a more holistic view on market sentiment toward corporate valuation. Typically, a high P/E might suggest stronger past performance and strong investor expectations on future growth but also might signal overvaluation and/or overoptimism [7].

Table 5. Key valuation metrics

Companies	Chevron	Exxon Mobil	ConocoPhillips	Occidental Petroleum
Price	143.45	108.34	89.87	42.19
TTM EPS	9.3	7.49	7.83	3.7
NTM EPS	7.77	6.54	5.8	2.47
TTM P/E	15.42	14.46	11.48	11.40
NTM P/E	18.46	16.57	15.49	17.08

The Table 5 shows that Chevron's trailing-twelve-month P/E of 15.42 and next-twelve-month P/E of 18.46 are the highest among the four companies, indicating heightened market expectations but also elevated valuation risk. Exxon Mobil's slightly lower multiples should be evaluated alongside underlying earnings quality rather than taken as an unconditional endorsement. Meanwhile, it is worth nothing that the NTM P/E ratios are quite close among all four companies, reflecting an overly optimistic outlook for the industry. This optimism partly reflects expectations surrounding the "One Big Beautiful Bill Act", passed on July 3rd, which proposes substantial support for United States fossil-fuel producers and reduced incentives for renewable alternatives. Because the Act is subject to judicial review and possible amendment, the associated valuation premium could be reversed quickly [8].

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As mentioned above, higher PE ratios might not necessarily indicate better investment prospects. It is important to evaluate the metrics along with other fundamentals, such as revenue growth and profitability. A closer look at EPS and the gross revenue growth rate reveals more information. All four companies are expected to have declining EPS, despite improving gross revenue. This industry shift can be mostly attributed to retreat from pandemic highs. Chevron and Exxon Mobil show more resilience and stability for the industry shift, as it shows both moderate gross revenue growth and EPS decline at the same time, while ConocoPhillips and Occidental Petroleum shows much greater volatility.

Another analysis conducted in the paper is the scenario analysis on the four companies on EPS and P/E ratio, which is shown in table 4. The key assumptions are provided at the end of the table.

Table 6. Scenario analysis

Companies	Chevron	Exxon Mobil	ConocoPhillips	Occidental Petroleum
Current stock price	143.45	108.34	89.87	42.19
TTM EPS	9.3	7.49	7.83	3.7
NTM EPS	7.77	6.54	5.8	2.47
Year 3-5 EPS growth rate	5.25%	5.00%	6.00%	5.75%
Year 2 EPS	8.18	6.87	6.15	2.61
Year 3 EPS	8.18	6.87	6.15	2.61
Year 4 EPS	8.18	6.87	6.15	2.61
Year 5 EPS	8.18	6.87	6.15	2.61
Year 5 P/E	17.50	17.00	15.50	17.00
Year 5 stock price	143.11	116.74	95.29	44.40
5-year return	-0.23%	7.75%	6.04%	5.25%

The Table 6 shows that Exxon Mobil has the highest 5-year holding period growth, at 7.75%, while Chevron, ConocoPhillips, and Occidental Petroleum yield -0.23%, 6.04%, and 5.25%, respectively. Chevron's return is highly dependent on the maintaining high P/E ratio, which it struggles to maintain by its fundamentals, while ConocoPhillips and Occidental Petroleum, despite fast growth and expansion, fail to keep up with efficiency and cost control. Whether Exxon Mobil can sustain a terminal price-to-earnings ratio of 17-times will depend on continued improvement in return on invested capital and disciplined capital allocation rather than on scale alone. Failure to deliver such improvements could lead to rapid compression of any perceived industry-leader premium. After accounting for all these factors and historical performance analyzed so far, the scenario analysis determines that Exxon Mobil is the most attractive stock option out of the four selected stocks.

4. Investment thesis and risk analysis

4.1. Recommendation

Based on the analysis, this paper recommends Exxon Mobil out of the four chosen stocks, due to tis stable financial performance, moderate future outlook, and stronger industry integration. Exxon Mobil exhibits the most balanced and consistent financial performance across all four financial aspects evaluated. It has demonstrated strong profit margins, outstanding liquidity, strong solvency,

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and stable efficiency. In addition, the scenario valuation analysis reveals that it can achieve the highest 5-year return at 7.75%, making it the highest out of all companies and the most attractive option.

In addition, Exxon Mobil is also better positioned in the industry to capture emerging opportunities and reallocate sources on market trends such as value chain integration, global diversification, and low-carbon initiatives. Other companies also exhibit notable concerns of volatile growth and weak fundamentals, making Exxon Mobil the best risk-adjusted options for investors with medium-to-long term investment horizon. Therefore, this paper issues a “buy” recommendation on the stocks of Exxon Mobile.

4.2. Key risks and mitigation strategies

Despite the buy recommendation, it is still important to acknowledge some potential risks associated with Exxon Mobil and possible mitigation strategies.

4.2.1. Commodity price volatility

Global oil & gas prices are highly volatile, and can be particularly vulnerable to geopolitical conflicts, OPEC+ decisions, and demand uncertainties. For instance, many net exporters of oil are located in high-tension areas (i.e., Middle East), and geopolitical tensions can significantly restrain oil supply, incurring greater risks on Exxon Mobil.

Investors should monitor the hedging strategies employed by Exxon Mobil and production portfolio across low-risk geographies. Existing studies have identified that price hedging and portfolio diversification are effective methods to reduce risks for energy companies and reduce stock price volatility, delivering better values to the shareholders [9]. Alternatively, investors can self-construct a hedging portfolio to offset potential fluctuation in Exxon Mobil, though this requires higher financial skills.

4.2.2. Regulatory and legal risks

Exxon Mobil, as a global giant and industry leader, is facing increasing regulatory scrutiny and legal challenges. For instance, Exxon was involved in lawsuits from multiple US cities over climate change [10]. Even though many lawsuits are currently dismissed, new lawsuits and regulatory changes can emerge and significantly affect operations of the company.

Investors need to be aware of key environmental challenges faced by Exxon Mobil and assess their solutions to address these challenges. For example, referring to the climate lawsuits being promoted by the EU and California, if Exxon Mobil loses a lawsuit, it may need to pay a one - time compensation of $5 million, which is about 0.01% of its market value. Existing studies found out that companies with stronger environmental disclosure mechanisms tend to have better compliance and less regulatory risks [11]. Exxon Mobil has a comprehensive ESG and sustainability report each year, and investors should evaluate updates of the company’s environmental strategies and regulatory preparedness, since they can reveal key information on risk management and compliance.

4.2.3. Transition risk from renewables

Exxon Mobil also faces increasing competition from renewable energy competitors. Major economies like the EU and China are scaling renewable capacity, while EV adoption continues to accelerate, which all reduce demand for fossil-based fuels. To quantify this risk: assume that by

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2030, the global electric vehicle penetration rate reaches 35%, and the corresponding annual demand for oil products will drop by 8%. If Exxon Mobil fails to make up for this deficit through businesses such as chemicals and carbon capture, its cash flow could decline by 12%, and the stock value could drop by $5 per share. This shift can undermine the bottom line of the company.

Investors should understand the ongoing and new renewable energy initiatives of Exxon Mobil. It is important for energy companies to integrate sustainable innovation to expand their business operations, comply with global decarbonization objectives, and gain stakeholder support [12]. These would be key competitive advantages for energy companies in the coming decades

5. Conclusion

To sum up, this paper conducts a comprehensive financial and valuation analysis of four US-based energy companies, which are Chevron, Exxon Mobil, ConocoPhillips, and Occidental Petroleum. The analysis covers financial ratios on key performance perspectives, valuation metrics, and scenario-based forecasting. The results suggest that Exxon Mobil clearly stands out from the group and is the most attractive investment option due to its strong fundamentals, solid market position, and positive outlook. Other companies also have major issues, such as significant volatility, and aggressive leverage, discouraging risk-adjusted investment. This study issues a buy recommendation on Exxon Mobil, but investors need to be aware of potential commodity price, regulatory, and renewable transition risks.

Despite the depth of this paper, several limitations still exist:

The analysis relies heavily on historical and publicly available data (e.g., financial ratio calculation), which might not fully capture the changing market contexts and shift in outlooks.

This paper relies mostly on quantitative metrics (e.g., profitability ratios, scenarios forests) and supplements the results with some qualitative analysis. In reality, non-financial dimensions such as corporate governance can significantly affect corporate performance and can offer valuable insights.

This paper uses scenario analysis to value the companies, which, while intuitive, tends to oversimplify key assumptions. More sophisticated methods, such as discounted cash flow model, can better capture complex market conditions and produce more robust and accurate results.

In some parts of the analysis, assumptions made in the scenario analysis may not fully align with the observed market trends. For example, the assumption of constant growth rates in EPS may not account for potential disruptions in the energy market. Future studies should ensure that assumptions are rigorously tested against real-world data and market conditions.

Future studies can perform more sophisticated valuation analysis using the discounted cash flow model to incorporate the changing macroeconomic conditions and evolving market trends. Additionally, more analysis can be focused on the non-financial dimensions, such as corporate governance and ESG commitments, to provide additional insights into risk management, resiliency, and long-term sustainability of the companies. Finally, future research should ensure logical consistency by rigorously testing assumptions against real-world data and market conditions.

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