

General information

Ticker	NYSE:CVX
Company	Chevron Corporation
Industry	Energy
Primary	Integrated Oil and Gas

Price chart

Actual price:	112.9	Avg. price 3Y:	116.0
52-week low:	100.9	Avg. price 5Y:	105.2
52-week high:	134.9	Avg. price 10Y:	88.3

CVX currently trades at slightly above the 100 USD mark which held as a price resistance in 2011/12 at its 52-week low. Market fundamentals, in particular the supply / demand balance of oil is currently unclear, causing the stock to decrease on uncertainty. I expect some further declines, however I start to build up positions from here.

Dividend Yield & Payout Ratio

Actual yield:	3.8%	Avg. yield 5Y:	3.3%
Target yield:	4.0%	Div. CAGR 5Y:	9.5%
Payout ratio:	38%	Chowder Rule:	13.3%

Current dividend yield of 4.2% is very attractive, well above its 5 year average yield. A yield of 4.2% can be realized at a stock price of USD 102. CVX has no official dividend policy however is committed to 'larger' dividends / yield. Payout ratio of 54% is ok. Chowder score passed above 12%. All my growth criteria (>5%) are fulfilled.

Valuation (FY1 EV/EBITDA)

Actual FY1 EV/EBITDA:	6.1x
Avg. FY1 EV/EBITDA 5Y:	3.8x
Avg. FY1 EV/EBITDA 10Y:	3.9x

EBITDA FY1 valuation has come down recently to 5.1x . I consider 4.0x a long-term sustainable level, so, on the current level, CVX seems still to be overvalued by 1.0x FY1 EBITDA. However, the current EBITDA ratio is lower (4.5x) coming closer to the fair level of 4.0x, partly mitigating failure in 6. Valuation.

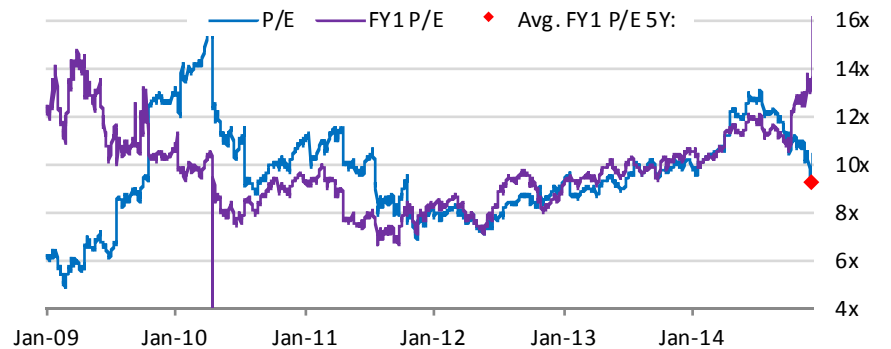
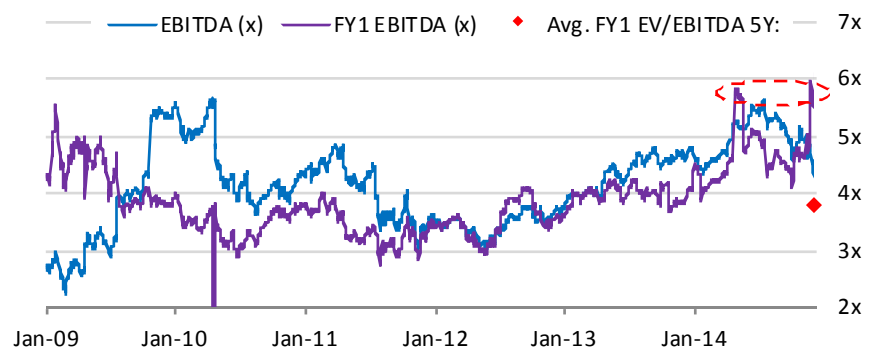
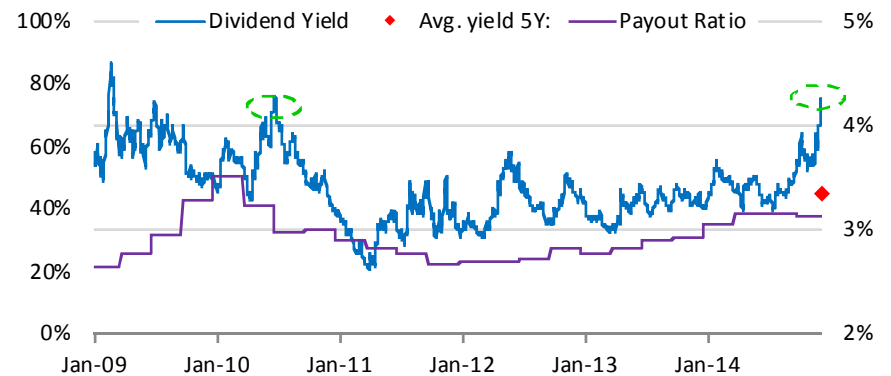
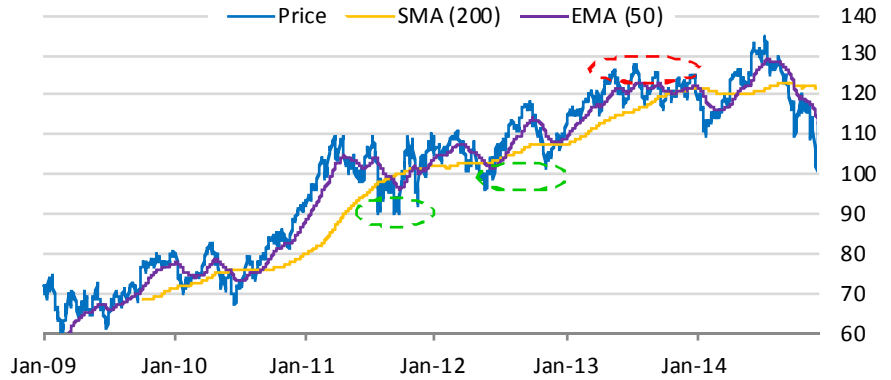
Valuation (FY1 P/E)

Actual FY1 P/E:	16.3x
Avg. FY1 P/E 5Y:	9.4x
Avg. FY1 P/E 10Y:	9.4x

CVX currently trades on its long-term current P/E ratio of 9.4x. However, its FY1 P/E is substantially above its 5yr average. I assume that recently lower analysts expectations along with the drop in oil price caused FY1 to spike.

Fulfillment of investment criteria

- | | | | |
|---------------------|--|--------------|--|
| 1. Dividends streak | PASS | 5. Growth | PASS |
| 2. Price / Yield | PASS | 6. Valuation | FAIL |
| 3. Chowder Score | PASS | 7. RSI | PASS |
| 4. Payout ratio | PASS | | |



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