



Independent Stock Idea

April 30, 2009

rating: buy
s&p 500: 873

Exxon Mobil Corporation (XOM) Strong Performer in Tough Times

<i>Symbol</i>	XOM	<i>Ebitda Next Twelve Months ending 3/31/10 (US\$m)</i>	47,200
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	3
<i>Price (\$/sh)</i>	66.67	<i>Natural Gas and Oil Production/Ebitda (%)</i>	72
<i>Pricing Date</i>	4/30/09	<i>Adjusted Reserves/Production NTM</i>	11.9
<i>Shares (mm)</i>	4959	<i>EV/Ebitda</i>	7.8
<i>Market Capitalization (\$mm)</i>	331,000	<i>PV/Ebitda</i>	10.2
<i>Debt (\$mm)</i>	36,000	<i>Undeveloped Reserves (%)</i>	36
<i>Enterprise Value (EV) (\$mm)</i>	367,000	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	23.50
<i>Present Value (PV) (\$mm)</i>	483,000	<i>Present Value Proven Reserves(\$/boe)</i>	16.60
<i>Net Present Value (\$/share)</i>	90	<i>Present Value Proven Reserves(\$/mcf)</i>	2.80
<i>Debt/Present Value</i>	0.08	<i>Earnings Next Twelve Months (US\$/sh)</i>	4.28
<i>McDep Ratio - EV/PV</i>	0.76	<i>Price/Earnings Next Twelve Months</i>	16
<i>Dividend Yield (%/year)</i>	2.4	<i>Indicated Annual Dividend (US\$/sh)</i>	1.60
Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.			
Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.			
Estimated present value presumes a long-term price for oil of US\$75 a barrel and natural gas, \$10 a million btu.			
For historical analysis of XOM since 2001 see www.mcdep.com/1xom.htm			

Summary and Recommendation

Buy-recommended **ExxonMobil (XOM)** offers unlevered appreciation potential of 32% to a McDep Ratio of 1.0 and levered appreciation potential of 35% to Net Present Value (NPV) of \$90 a share. During the first quarter, according to results released today, XOM generated cash from oil and gas production of about \$20 a barrel of oil equivalent as the difference between price of about \$43 and cash operating costs of about \$23. Unlevered cash flow (Ebitda) came close to expectations from three months ago with less in upstream and more in downstream than anticipated early in the year. We project gradual increases in Ebitda in the next few quarters (see table [Next Twelve Months Operating and Financial Estimates](#)). Our valuation capitalizes cash flow at unlevered multiples (PV/Ebitda) related to reserve life (Adjusted R/P) for natural gas and oil, and to an industry multiple for downstream (see table [Functional Cash Flow and Present Value](#)). By latest disclosures, oil and gas reserves, weighted by development, are concentrated 41% by heating value in natural gas outside the U.S. (see table [Production and Reserves, 2008](#)). Finally, pointing to expected oil price recovery, futures prices for the next six years averaged US\$66 a barrel recently (see chart [Six-Year Commodity Price Meter](#)).

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Exxon Mobil Corporation									
Next Twelve Months Operating and Financial Estimates									
	Q1	Q4	Year	Q1	Q2E	Q3E	Q4E	Year	Next Twelve Months
	3/31/08	12/31/08	2008	3/31/09	6/30/09	9/30/09	12/31/09	2009E	3/31/10
Volume									
Natural Gas (mmcf)									
North America	2,000	1,832	1,894	1,882	1,882	1,882	1,882	1,882	1,882
Overseas	8,246	8,017	7,221	8,313	6,522	6,023	8,017	7,215	7,215
Total	10,246	9,849	9,115	10,195	8,404	7,905	9,899	9,097	9,097
Days	91	92	366	90	91	92	92	365	365
Oil (mbd)	2,474	2,472	2,407	2,475	2,475	2,475	2,475	2,475	2,475
Total gas & oil (mmb)	381	378	1,436	376	353	349	379	1,457	1,457
Total gas & oil (mbd)	4,182	4,114	3,922	4,174	3,876	3,793	4,125	3,991	3,991
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	8.02	6.95	9.04	4.90	3.42	3.62	4.57	4.13	4.30
U.S.	7.95	5.57	8.33	4.38	3.05	3.24	4.08	3.69	3.85
International	9.28	9.90	9.77	8.29	7.14	7.52	7.96	7.78	7.78
Total	9.02	9.09	9.47	7.57	6.22	6.50	7.22	6.93	6.97
Oil (\$/bbl)									
WTI Cushing	97.94	58.45	99.59	42.96	49.97	52.66	55.70	50.32	54.12
Worldwide	93.14	50.98	93.10	41.01	47.71	50.27	53.18	48.08	51.66
Total gas & oil (\$/bbl)	77.20	52.41	79.10	42.80	43.96	46.36	49.24	45.61	47.91
NY Harbor 3-2-1 (\$/bbl)	7.57	5.10	9.86	9.18	8.11	6.98	3.00	6.82	5.74
Revenue (\$mm)									
Natural Gas									
U.S.	1,447	939	5,757	742	523	561	707	2,533	2,642
International	6,964	7,302	25,760	6,202	4,236	4,168	5,869	20,476	20,489
Total	8,410	8,241	31,517	6,944	4,760	4,729	6,576	23,009	23,131
Oil	20,968	11,593	82,034	9,136	10,745	11,447	12,109	43,437	46,669
Other	87,475	64,862	363,808	47,948	47,948	47,948	47,948	191,792	191,792
Total	116,854	84,696	477,359	64,028	63,452	64,125	66,633	258,239	261,592
Expense (\$mm)									
Production	13,471	8,879	52,032	8,492	7,907	8,250	9,529	34,179	35,598
Other	83,065	60,116	343,108	44,872	44,843	44,595	44,470	178,781	178,781
Ebitda (\$mm)									
Exploration and Production	15,908	10,955	61,519	7,588	7,597	7,927	9,156	32,268	34,202
Other	4,410	4,747	20,700	3,076	3,105	3,353	3,478	13,012	13,012
Total Ebitda	20,318	15,701	82,219	10,664	10,702	11,280	12,633	45,279	47,214
Exploration	338	376	1,457	350	350	350	350	1,400	1,400
Deprec., Deplet., & Amort.	3,104	3,177	12,379	3,177	3,177	3,177	3,177	12,708	12,708
Other non cash			-				-	-	-
Ebit	16,876	12,148	68,383	7,137	7,175	7,753	9,106	31,171	33,106
Interest	130	118	673	118	118	118	118	472	472
Ebt	16,746	12,030	67,710	7,019	7,057	7,635	8,988	30,699	32,634
Income Tax	5,861	4,211	23,698	2,457	2,470	2,672	3,146	10,745	11,422
Net Income (\$mm)									
Exploration and Production	8,758	5,634	33,755	3,503					
Other	2,194	2,569	11,108	1,483					
Unallocated	(67)	(383)	(852)	(424)					
Total	10,885	7,820	44,011	4,562	4,587	4,963	5,842	19,955	21,212
Shares (millions)									
Per share (\$)	2.03	1.55	8.44	0.92	0.93	1.00	1.18	4.02	4.28
Ebitda Margin (E&P)	54%	55%	54%	47%	49%	49%	49%	49%	49%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%



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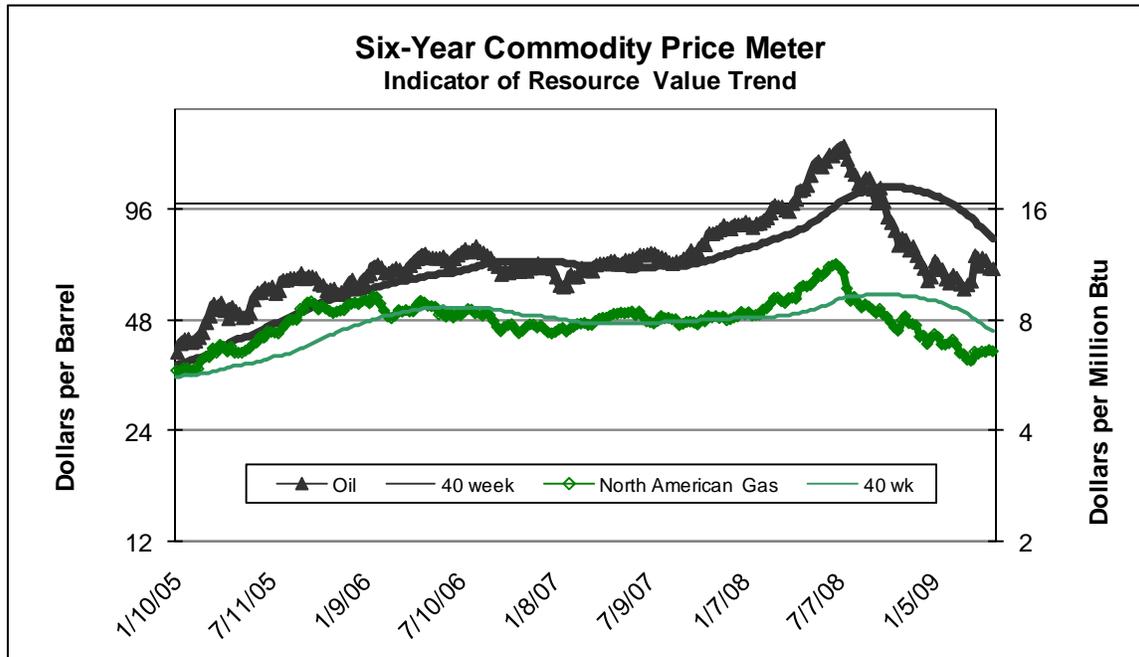
Exxon Mobil Corporation					
Functional Cash Flow and Present Value					
	<i>NTM</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>Ebitda</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
North American Natural Gas	1,290	16.3	22.5	29,000	6%
Rest of World Natural Gas	10,040	16.4	10.4	104,000	22%
Oil	22,870	9.2	10.3	235,000	49%
Downstream	13,010		8.8	114,000	24%
	47,210	11.9	10.2	482,000	100%
Debt					36,000
Net Present Value (\$mm)					446,000
Shares					4,959
Net Present Value - Standard Estimate (US\$/sh)					90
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					88

Exxon Mobil Corporation									
Production and Reserves, 2008									
			<i>12/31/2008 Proven Reserves</i>			<i>Weighted</i>	<i>NTM</i>		
		<i>2008 Production</i>	<i>Developed</i>	<i>Undeveloped</i>	<i>Weighted</i>	<i>Life Index</i>	<i>Adjusted</i>		
		<i>(daily)</i>	<i>(annual)</i>	<i>(bcf or mmb)</i>	<i>(bcf or mmb)</i>	<i>(bcf or mmb)</i>	<i>(years)</i>	<i>R/P</i>	
								<i>(years)</i>	
North American Natural Gas									
	U.S.	1,246	456	7,931	3,959	9,911	21.7		
	Canada (100%)	640	234	1,148	235	1,266	5.4		
	Total	1,886	690	9,079	4,194	11,176	16.2	16.3	
Rest of World Natural Gas									
	Europe	3,949	1,445	13,710	3,574	15,497	10.7		
	Africa	32	12	738	180	828	70.7		
	Asia Pacific/Middle Ea	3,114	1,140	17,996	14,146	25,069	22.0		
	Russia/Caspian	115	42	1,226	1,036	1,744	41.4		
	Total	7,210	2,639	33,670	18,936	43,138	16.3	16.4	
Oil									
	U.S.	367	134	1,521	450	1,746	13.0		
	Canada	292	107	580	232	696	6.5		
	Europe	428	157	419	141	490	3.1		
	Africa	652	239	1,284	853	1,711	7.2		
	Asia Pacific/Middle Ea	506	185	1,964	1,108	2,518	13.6		
	Russia/Caspian	160	59	715	868	1,149	19.6		
	Total	2,405	880	6,483	3,652	8,309	9.4	9.2	
	Total Oil Equivalent	3,921	1,435	13,608	7,507	17,361	12.1	11.9	
Weighted Life Index counts undeveloped reserves at half stated value and is computed on latest calendar year volume.									
NTM Adjusted R/P also counts undeveloped reserves at half and is computed on next twelve months production.									



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