

Occidental Petroleum

4Q25 Post Mortem and Model Update: Necessity Is the Mother of Invention

JPM View: On the 3Q25 print, OXY provided soft 2026 guidance commentary, implying \$6.3 to \$6.7bn of capex to support 0-2% production growth, but the company went back to the drawing board amid macro wobbles to further streamline the budget between “wants and needs.” Ironically, the Cal26 WTI futures curve has increased from \$60 to \$65 per bbl since their 3Q25 print owing to geopolitical concerns, but we digress. The company reset its 2026 capex program to \$5.7bn at the mid-point with only a small impact on production, which is now expected to increase by 1%. In November, OXY articulated its plan to reallocate \$400mm of OxyChem sustaining capex into the Permian, but the updated guide now includes a \$400mm reduction in U.S. unconventional capex largely tied to lower well costs and efficiency gains as OXY expects to reduce its rig count by 2.5 and its frac count by 2 spreads. Other factors that support lower capex requirements include successful base production management and we suspect some chunky pricing concessions from their OFS partners. The company’s 2026 outlook was significantly better than expected, and is designed to be lean and flexible, anchored by short-cycle U.S. onshore (~70% of spend) and targeted mid-cycle projects that compress decline rates and extend asset life (notably the GoA waterflood and Permian EoR projects). On the conference call, the management team highlighted the company’s portfolio depth, which holds resource potential of ~16.5 BBoe at low break-evens. The company reported an organic reserve replacement ratio of 107% for 2025 and a three-year average of 116%. Importantly, the management team emphasized execution over expansion (no need for transformative M&A), and highlighted a through-cycle playbook focused on capital efficiency, decline mitigation, and optionality to dial activity up or down as fundamentals evolve. Looking ahead, OXY expects to deliver total production volumes of 1,450 MBoe/d (~730 MBoe/d of oil volumes) at ~\$5.70bn of capex. In terms of a quarterly cadence, we now forecast total production volumes of 1,404 MBoe/d in 1Q, 1,452 MBoe/d in 2Q, 1,467 MBoe/d in 3Q, and 1,488 MBoe/d in 4Q. On our revised numbers, we forecast \$4.7bn of FCF in 2026 (~7% FCF/EV yield) and ~\$1.03bn of cash return via base dividends. In conjunction with the 4Q25 print, the company raised its quarterly dividend by more than 8% to \$0.26 per share (~2% annual yield). The company intends to steadily accumulate cash on its balance sheet to redeem the preferred equity in August 2029.

- **Better than expected capital-efficient guide for 2026:** OXY’s 2026 capital plan of \$5.7bn was 12% below pre-call consensus estimates, but the company’s oil volume guidance was just -1%/-2% below prior STe/JPMe. The updated capex outlook was \$800mm below the company’s soft guidance commentary on the 3Q25 call, as the company has sharpened its capital allocation post the 3Q25 print amidst a challenging macro environment. Relative to 2025 levels, the company expects \$400mm of lower spend in U.S. unconventional due to continued efficiency gains and

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

See page 10 for analyst certification and important disclosures.

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Underweight

OXY, OXY US
Price (19 Feb 26):\$51.53

▲ **Price Target (Dec-26):\$49.00**
Prior (Dec-26):\$42.00

Oil & Gas Exploration & Production

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (\$)	0.86	1.78	105.7%
Adj. EPS - 27E (\$)	1.51	1.63	8.5%

Quarterly Forecasts (FYE Dec)

Adj. EPS (\$)	2025A	2026E	2027E
Q1	0.87	0.39	0.49
Q2	0.39	0.32	0.31
Q3	0.65	0.47	0.39
Q4	0.32	0.60	0.45
FY	2.22	1.78	1.63

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	63	61	59	71	80
Growth	65	68	69	12	88
Momentum	76	62	62	56	67
Quality	62	26	25	13	79
Low Vol	24	21	14	46	72
ESGQ	19	35	52	46	87

Price Performance



	YTD	1m	3m	12m
Abs	25.3%	20.7%	24.3%	1.1%
Rel	25.1%	21.8%	21.0%	-10.6%

Company Data

Shares O/S (mn)	894
52-week range (\$)	52.58-34.78
Market cap (\$ mn)	46,057.51
Exchange rate	1.00
Free float (%)	72.8%
3M ADV (mn)	10.26
3M ADV (\$ mn)	440.1
Volatility (90 Day)	33
Index	S&P 500
BBG ANR (Buy Hold Sell)	8 19 4

Key Metrics (FYE Dec)

\$ in millions	FY25A	FY26E	FY27E
Financial Estimates			
Revenue	25,439	21,184	21,614
Adj. EBITDA	11,925	10,989	11,360
Adj. EBIT	4,584	3,702	3,668
Adj. net income	2,223	1,799	1,662
Adj. EPS	2.22	1.78	1.63
BBG EPS	2.10	0.86	1.68
Cashflow from operations	10,532	10,396	10,387
FCFF	2,690	2,969	2,746
Margins and Growth			
Revenue Growth Y/Y (%)	(5.4%)	(16.7%)	2.0%
EBITDA margin	46.9%	51.9%	52.6%
EBITDA Growth Y/Y (%)	(8.0%)	(7.9%)	3.4%
EBIT margin	18.0%	17.5%	17.0%
Net margin	8.7%	8.5%	7.7%
Adj. EPS growth	(36.1%)	(20.1%)	(8.0%)
Ratios			
Adj. tax rate	31.7%	32.1%	32.9%
Interest cover	10.9	13.5	14.6
Net debt/Equity	1.0	0.6	0.5
Net debt/EBITDA	2.4	1.6	1.3
ROCE	5.7%	4.5%	4.6%
ROE	8.3%	6.4%	5.7%
Valuation			
FCFF yield	5.2%	5.7%	5.2%
Dividend yield	1.9%	2.0%	2.0%
EV/Revenue	3.3	3.4	3.2
EV/EBITDA	7.0	6.6	6.1
Adj. P/E	23.2	29.0	31.5

Summary Investment Thesis and Valuation

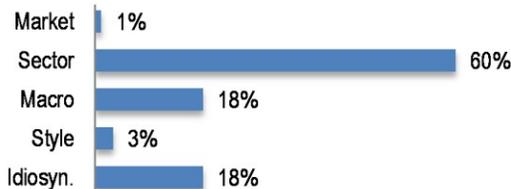
Investment Thesis

OXY has demonstrated good execution and success with its deleveraging program post the APC acquisition. While the company will achieve its targeted deleveraging goal of \$15bn of debt post the OxyChem sale, we believe that more work needs to be done on the balance sheet, as we estimate that the company's leverage ratio remains higher than the peer group average at strip pricing. Additionally, the company trades at a relative premium on FCF metrics at strip pricing.

Valuation

Our Dec 2026 price target is based on NYMEX strip pricing. Our NAV methodology begins with a DCF of the company's PDP reserves, adjusted for the company's operating costs, our commodity price assumptions, and balance sheet items. Our undeveloped valuation is based on a future development schedule. Our Dec 2026 price target is based on 80% of our NAV in order to account for our analysis of inventory quality and depth across our E&P coverage group as well as higher leverage than the peer group.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI US	0.32	0.27
Sect: Energy	0.91	0.85
Ind: Energy	0.91	0.85
Macro:		
Crude Oil	0.73	0.73
US 10yr Breakeven	0.42	0.38
Credit Spread	-0.41	-0.32
Quant Styles:		
Value	0.55	0.42
Growth	-0.55	-0.31
Momentum	-0.46	-0.31

lower activity, \$100m lower exploration capex (primarily in the GoA), an increased allocation to mid-cycle projects (+\$200mm), and \$250mm of lower LCV capex as Stratos construction winds down. Importantly, OXY noted that the previously contemplated ~\$400mm reallocation to U.S. onshore was made unnecessary by further cost savings and well productivity in the field.

- **Thoughts on 2027 capex:** The management team refrained from providing any formal outlook for 2027, but framed its 2026 program as a credible baseline with potential for modest production growth driven by well productivity and the performance of new wells. In terms of capex specifically, the company noted that U.S. onshore spend in 2026 could be viewed as sustaining, while GoA capital should step up in 2027 to drill both Horn Mountain waterflood injection wells. The company's international capex is expected to be roughly flat, and exploration capex could normalize in the ~\$200mm range. As a result of the completion of construction of Stratos in 2026, the management team expects its LCV capex to decline in 2027. After updating our model, we forecast a capex program of \$5.9bn in 2027.
- **Solid update on GoA:** OXY continues to advance on a multi-year GoA decline mitigation and margin expansion program, which is centered around its waterflood projects and higher production reliability from current operations. The company expects initial injection at the Horn Mountain waterflood project in 2H27, with a production uplift in late 2027. The company anticipates peak production uplift of ~20 Mboe/d from the project and 40–50% after-tax IRR at \$60 WTI, while pulling asset declines from ~20% toward <10% by 2030 and below 5% thereafter. At the portfolio level, OXY projects average GoA declines falling to ~12% with a path to lower decline rates to below 7% as additional floods are brought online.
- **Driving costs lower:** OXY continues to drive efficiency gains in the field, with new well capital costs declining by ~15% y/y in 2025 on its U.S. onshore assets (Permian unconventional down 16%; Rockies down 13%). For 2026, the management team anticipates an incremental ~\$500mm of sustainable savings via ~7% lower well costs, ~5% lower facility costs, and ~4% lower domestic operating expenses.
- **Estimate revision:** We are revising our estimates to incorporate 4Q25 actuals and updated company guidance. Our 2026/2027 EPS estimate moves to \$1.78/\$1.63 from \$0.86/\$1.51, while our 2026/2027 CFPS estimate moves to \$10.27/\$10.21 from \$9.34/\$9.92. Our model is based on 2026/2027 oil and gas prices of \$61.08/60.34 per bbl and \$4.26/\$3.72 per Mcf versus \$57.81/\$57.74 per bbl and \$3.38/\$3.79 per Mcf in our prior model. We raise our Dec-26 price target to \$49 per share (from \$42 per share) to reflect lower capex.

Figure 1: OXY Operating Summary

Occidental Petroleum (OXY) JP Morgan Research Estimates	2026E					2027E				
	1Q	2Q	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Operating Summary										
Benchmark Prices										
Natural Gas (\$/Mcf)	\$4.97	\$3.71	\$4.02	\$4.36	\$4.26	\$4.33	\$3.24	\$3.49	\$3.86	\$3.72
Crude Oil (WTI)--(\$/Bbl)	\$60.85	\$61.80	\$61.14	\$60.55	\$61.08	\$60.18	\$60.26	\$60.39	\$60.53	\$60.34
NGLs (\$/Bbl)	\$22.26	\$22.40	\$22.72	\$23.53	\$22.73	\$23.47	\$22.03	\$22.10	\$22.79	\$22.60
Realized Prices (including hedges)										
Natural Gas (\$/Mcf)	\$2.15	\$1.33	\$1.97	\$2.72	\$2.04	\$2.73	\$1.75	\$2.09	\$2.38	\$2.23
Crude Oil (\$/Bbl)	\$61.08	\$61.96	\$61.24	\$60.65	\$61.23	\$60.03	\$60.11	\$60.25	\$60.40	\$60.20
NGLs (\$/Bbl)	\$19.09	\$19.22	\$19.41	\$19.97	\$19.43	\$19.91	\$18.85	\$18.90	\$19.40	\$19.26
Daily Production										
Natural Gas (MMcf/d)	2,302	2,391	2,379	2,389	2,365	2,421	2,421	2,427	2,439	2,427
NGL (Mbb/d)	323	328	328	333	328	338	340	342	344	341
Crude Oil (Mbb/d)	698	726	742	757	731	759	752	745	745	750
Total Production (MBoe/d)	1,404	1,452	1,467	1,488	1,453	1,500	1,495	1,491	1,495	1,495
Production Sales Summary										
Natural Gas (Bcf)	207	218	219	220	863	218	220	223	224	886
Crude Oil + NGLs (MMBo)	92	96	98	100	386	99	99	100	100	398
Total Production Sales (MMBoe)	126	132	135	137	530	135	136	137	138	546
% Gas	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%
% Liquids	73%	73%	73%	73%	73%	73%	73%	73%	73%	73%

Source: J.P. Morgan estimates, Company data.

Figure 2: OXY Income Statement Summary

Occidental Petroleum (OXY) JP Morgan Research Estimates	2026E					2027E				
	1Q	2Q	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Summary Income Statement										
Oil & Gas	\$4,837	\$4,954	\$5,199	\$5,434	\$20,424	\$5,299	\$5,079	\$5,191	\$5,286	\$20,854
Chemical	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Midstream & Marketing	\$240	\$240	\$240	\$240	\$960	\$240	\$240	\$240	\$240	\$960
Other	(\$50)	(\$50)	(\$50)	(\$50)	(\$200)	(\$50)	(\$50)	(\$50)	(\$50)	(\$200)
Total Revenue	\$5,027	\$5,144	\$5,389	\$5,624	\$21,184	\$5,489	\$5,269	\$5,381	\$5,476	\$21,614
Costs and Expenses										
Oil & Gas LOE	\$1,119	\$1,146	\$1,159	\$1,174	\$4,598	\$1,152	\$1,162	\$1,172	\$1,176	\$4,662
Transportation	\$384	\$380	\$378	\$384	\$1,526	\$379	\$381	\$384	\$385	\$1,528
Chemical/Midstream	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SG&A	\$242	\$242	\$238	\$243	\$965	\$239	\$241	\$243	\$244	\$967
DD&A	\$1,804	\$1,892	\$1,931	\$1,959	\$7,587	\$1,981	\$1,993	\$2,007	\$2,011	\$7,992
Exploration	\$100	\$60	\$65	\$65	\$290	\$90	\$90	\$90	\$90	\$360
Taxes other than income	\$236	\$241	\$255	\$269	\$1,001	\$262	\$249	\$254	\$259	\$1,024
Other	\$428	\$378	\$357	\$352	\$1,515	\$356	\$354	\$352	\$351	\$1,413
Total	\$4,312	\$4,340	\$4,383	\$4,447	\$17,481	\$4,459	\$4,469	\$4,502	\$4,516	\$17,946
Operating Income (EBIT)	\$715	\$804	\$1,006	\$1,178	\$3,702	\$1,029	\$800	\$878	\$960	\$3,668
Interest expense	\$222	\$199	\$197	\$195	\$814	\$195	\$195	\$194	\$194	\$779
Other	(\$335)	(\$158)	(\$137)	(\$133)	(\$763)	(\$144)	(\$142)	(\$160)	(\$159)	(\$605)
Total Other (Income) Expense	(\$113)	\$41	\$60	\$62	\$51	\$51	\$53	\$35	\$35	\$174
Pre-tax income	\$827	\$763	\$946	\$1,115	\$3,651	\$978	\$747	\$844	\$925	\$3,494
Less: Income taxes	262	264	304	340	1,171	311	261	279	298	1,150
Less: Preferred dividends	0	0	0	0	0	0	0	0	0	0
Less: NCI	171	171	171	171	682	171	171	171	171	682
Plus: Discontinued operations	0	0	0	0	0	0	0	0	0	0
Reported net income	\$395	\$328	\$471	\$605	\$1,799	\$497	\$316	\$394	\$456	\$1,662
Less: Discontinued operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Special items (after-tax)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Net Income	\$395	\$328	\$471	\$605	\$1,799	\$497	\$316	\$394	\$456	\$1,662
Adjusted EPS (Diluted)	\$0.39	\$0.32	\$0.47	\$0.60	\$1.78	\$0.49	\$0.31	\$0.39	\$0.45	\$1.63
Basic Shares	996	999	1002	1005	1001	1008	1011	1014	1017	1013
Diluted Shares	1011	1011	1012	1014	1012	1015	1016	1017	1020	1017

Source: J.P. Morgan estimates, Company data.

Figure 3: OXY Cash Flow Statement & Balance Sheet Summary

Occidental Petroleum (OXY) JP Morgan Research Estimates	2026E					2027E				
	1Q	2Q	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Summary Cash Flow Statement										
Discretionary Cash Flow										
Net Income from Continuing Operations	\$565	\$499	\$642	\$775	\$2,481	\$667	\$486	\$564	\$627	\$2,344
DD&A	\$1,804	\$1,892	\$1,931	\$1,959	\$7,587	\$1,981	\$1,993	\$2,007	\$2,011	\$7,992
Exploration expense/Impairments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred income taxes	\$65	\$63	\$89	\$112	\$328	\$15	\$10	\$12	\$13	\$51
Other Non Cash Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Discretionary Cash Flow from Operations	\$2,434	\$2,454	\$2,662	\$2,846	\$10,396	\$2,664	\$2,489	\$2,583	\$2,651	\$10,387
Changes in working capital	(750)	250	250	250	0	(750)	250	250	250	0
Net Cash Provided By Operating Activities	\$1,684	\$2,704	\$2,912	\$3,096	\$10,396	\$1,914	\$2,739	\$2,833	\$2,901	\$10,387
CAPEX	(\$1,310)	(\$1,470)	(\$1,368)	(\$1,564)	(\$5,713)	(\$1,475)	(\$1,475)	(\$1,475)	(\$1,475)	(\$5,901)
Free Cash Flow	\$374	\$1,234	\$1,544	\$1,532	\$4,683	\$439	\$1,264	\$1,358	\$1,426	\$4,485
Free Cash Flow (pre-WC)	\$1,124	\$984	\$1,294	\$1,282	\$4,683	\$1,189	\$1,014	\$1,108	\$1,176	\$4,485
Discretionary cash flow per share	\$2.41	\$2.43	\$2.63	\$2.81	\$10.27	\$2.62	\$2.45	\$2.54	\$2.60	\$10.21
EBITDAX	\$2,543	\$2,681	\$2,927	\$3,127	\$11,279	\$3,025	\$2,808	\$2,900	\$2,986	\$11,720
EBITDA	\$2,443	\$2,621	\$2,862	\$3,062	\$10,989	\$2,935	\$2,718	\$2,810	\$2,896	\$11,360
Condensed Balance Sheet										
Cash	\$4,382	\$4,748	\$5,742	\$6,794	\$6,794	\$6,864	\$7,759	\$8,700	\$9,756	\$9,756
Total Assets	\$78,856	\$78,550	\$78,731	\$79,138	\$79,138	\$79,452	\$79,580	\$79,739	\$80,009	\$80,009
Total Debt	\$25,070	\$24,570	\$24,388	\$24,276	\$24,276	\$24,276	\$24,276	\$24,228	\$24,228	\$24,228
Total Shareholder Equity	\$36,252	\$36,383	\$36,658	\$37,065	\$37,065	\$37,364	\$37,481	\$37,677	\$37,933	\$37,933
Net Debt	\$20,688	\$19,822	\$18,646	\$17,482	\$17,482	\$17,412	\$16,517	\$15,528	\$14,472	\$14,472
Debt-To-Equity	69%	68%	67%	65%	65%	65%	65%	64%	64%	64%
Net Debt-To-Equity	57%	54%	51%	47%	47%	47%	44%	41%	38%	38%
Debt-to-Cash Flow (Annualized)	3.7x	2.3x	2.1x	2.0x	2.3x	3.2x	2.2x	2.1x	2.1x	2.3x
Net Debt-to-Cash Flow (Annualized)	3.1x	1.8x	1.6x	1.4x	1.7x	2.3x	1.5x	1.4x	1.2x	1.4x
Debt-to-EBITDAX (Annualized)	2.5x	2.3x	2.1x	1.9x	2.2x	2.0x	2.2x	2.1x	2.0x	2.1x
Net Debt-to-EBITDAX (Annualized)	2.0x	1.8x	1.6x	1.4x	1.5x	1.4x	1.5x	1.3x	1.2x	1.2x

Source: J.P. Morgan estimates, Company data.

Figure 4: OXY NAV Summary

Net Asset Value Estimate After-Tax											
Oil & Gas Properties		Liquids	Gas	Total	NYMEX			JPM Deck			
Proved Developed Reserves		(MMBbls)	(Bcf)	(MMBoe)	% Liquids	(\$/Boe)	(\$MM)	(\$/Share)	(\$/Boe)	(\$MM)	(\$/Share)
United States		1,956	4,168	2,651	74%	\$16.58	\$43,957	\$43.80	\$16.32	\$43,261	\$43.1
International		398	1,469	643	62%	\$3.19	\$8,457	\$8.40	\$3.13	\$8,299	\$8.3
Total Proved Developed Reserves				3,293			\$52,414	\$52.20		\$51,560	\$51.4
Undeveloped / Unproven Reserves		(MMBbls)	(Bcf)	(MMBoe)	% Liquids	(\$/Boe)	(\$MM)	(\$/Share)	(\$/Boe)	(\$MM)	(\$/Share)
Delaware		1,933	4,261	2,643	73%	\$4.03	\$10,644	\$10.60	\$3.99	\$10,542	\$10.50
Midland		968	2,153	1,327	73%	\$2.88	\$3,820	\$3.80	\$2.83	\$3,758	\$3.70
DJ		1,103	6,378	2,166	51%	\$2.87	\$6,221	\$6.20	\$2.87	\$6,206	\$6.20
PRB		166	311	218	76%	\$3.94	\$858	\$0.90	\$3.88	\$846	\$0.80
International											
Total Undeveloped / Unproven Reserves							\$21,543	\$21.50		\$21,352	\$21.2
Other Assets		EBITDA				(\$MM)	(\$/Share)	(\$MM)	(\$/Share)		
Midstream (WES Ownership)						\$7,586	\$7.60	\$7,586	\$7.60		
Midstream							\$0.00		\$0.00		
Total Other Assets						\$7,586	\$7.60	\$7,586	\$7.60		
Balance Sheet						(\$MM)	(\$/Share)	(\$MM)	(\$/Share)		
Long-Term Debt						\$16,783	\$16.70	\$16,783	\$16.7		
Cash & Equivalents						(\$4,382)	(\$4.40)	(\$4,342)	(\$4.3)		
Preferred Equity						\$8,287	\$8.30	\$8,287	\$8.3		
Total Balance Sheet & Other						\$20,688	\$20.60	\$20,728	\$20.70		
Total Net Asset Value						\$60,855	\$60.70	\$59,769	\$59.50		

Diluted Shares Out. (MM)

Last Price	\$51.5
Price-to-NAV	85%
NAV	\$61

Source: J.P. Morgan estimates, Company data.

Investment Thesis, Valuation and Risks

Occidental Petroleum *(Underweight; Price Target: \$49.00)*

Investment Thesis

OXY has demonstrated good execution and success with its deleveraging program post the APC acquisition. While the company will achieve its targeted deleveraging goal of \$15bn of debt post the OxyChem sale, we believe that more work needs to be done on the balance sheet, as we estimate that the company's leverage ratio remains higher than the peer group average at strip pricing. Additionally, the company trades at a relative premium on FCF metrics at strip pricing. Based on our analysis, we think an UW rating is warranted given the above-average leverage and lower return of capital yields at peers at strip pricing.

Valuation

Our Dec 2026 price target is based on NYMEX strip pricing. Our NAV methodology begins with a DCF of the company's PDP reserves, adjusted for the company's operating costs, our commodity price assumptions, and balance sheet items. Our undeveloped valuation is based on a future development schedule. Our Dec 2026 price target is based on 80% of our NAV in order to account for our analysis of inventory quality and depth across our E&P coverage group as well as higher leverage than the peer group.

Risks to Rating and Price Target

Common E&P risks: All E&P companies face the same general risks, including commodity price volatility, infrastructure constraints, oil field service cost inflation upon accelerating activity/prices, and unexpected geologic irregularities. Furthermore, type curves and proved reserve/resource potential remain underpinned by numerous assumptions subject to uncertainty that can materially change. Any improvement in type curves could result in a deviation in the company's stock price relative to our target.

The primary upside risks to our UW rating and price target include higher oil prices, faster-than-expected deleveraging of the balance sheet, higher returns of capital to shareholders, production growth exceeding expectations, and better-than-expected performance from the Midstream segment.

Occidental Petroleum: Summary of Financials

Income Statement - Annual					Income Statement - Quarterly					
	FY24A	FY25A	FY26E	FY27E	FY28E	1Q26E	2Q26E	3Q26E	4Q26E	
Revenue	26,880	25,439	21,184	21,614	-	5,027	5,144	5,389	5,624	
SG&A	(1,062)	(1,078)	(965)	(967)	-	(242)	(242)	(238)	(243)	
Adj. EBITDAX	13,239	12,174	11,279	11,720	-	2,543	2,681	2,927	3,127	
Exploration expense	(275)	(249)	(290)	(360)	-	(100)	(60)	(65)	(65)	
Adj. EBITDA	12,964	11,925	10,989	11,360	-	2,443	2,621	2,862	3,062	
D&A	(7,371)	(7,873)	(7,587)	(7,992)	-	(1,804)	(1,892)	(1,931)	(1,959)	
Adj. EBIT	4,383	4,584	3,702	3,668	-	715	804	1,006	1,178	
Net Interest	(1,175)	(1,096)	(814)	(779)	-	(222)	(199)	(197)	(195)	
Adj. PBT	4,070	3,642	3,651	3,494	-	827	763	946	1,115	
Tax	(1,174)	(1,154)	(1,171)	(1,150)	-	(262)	(264)	(304)	(340)	
Minority Interest	(22)	(43)	0	0	-	0	0	0	0	
Adj. Net Income	3,366	2,223	1,799	1,662	-	395	328	471	605	
Reported EPS	2.46	1.65	1.78	1.63	-	0.39	0.32	0.47	0.60	
Adj. EPS	3.48	2.22	1.78	1.63	-	0.39	0.32	0.47	0.60	
DPS	0.88	0.96	1.02	1.04	-	0.24	0.26	0.26	0.26	
Payout ratio	35.8%	58.3%	57.4%	63.6%	-	61.4%	80.1%	55.8%	43.6%	
Shares outstanding	967	1,000	1,012	1,017	-	1,011	1,011	1,012	1,014	
Balance Sheet & Cash Flow					Ratio Analysis					
	FY24A	FY25A	FY26E	FY27E	FY28E	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	2,132	1,968	6,794	9,756	-	14.1%	8.3%	6.4%	5.7%	-
Accounts receivable	3,526	2,575	2,575	2,575	-	4.2%	2.6%	2.2%	2.1%	-
Inventories	2,095	1,823	1,823	1,823	-	6.7%	5.7%	4.5%	4.6%	-
Other current assets	1,317	2,461	2,461	2,461	-	0.9	1.0	0.6	0.5	-
Current assets	9,070	8,827	13,653	16,615	-	0.5	0.5	0.3	0.3	-
PP&E	69,378	63,643	53,769	51,679	-	11.0	10.9	13.5	14.6	-
LT investments	3,159	2,475	2,475	2,475	-					-
Other non current assets	3,838	9,241	9,241	9,241	-	P/E (x)	14.8	23.2	29.0	31.5
Total assets	85,445	84,186	79,138	80,009	-	P/OCF	4.2	4.9	5.0	5.0
Short term borrowings	1,138	1,773	1,773	1,773	-	EV/EBITDA (x)	6.1	7.0	6.6	6.1
Payables	3,753	3,285	3,285	3,285	-	EV/DACF	6.3	7.4	6.6	6.4
Other short term liabilities	4,630	4,370	4,370	4,370	-	EV/EBITDAX (x)	5.9	6.9	6.4	5.9
Current liabilities	9,521	9,428	9,428	9,428	-	Dividend yield	1.7%	1.9%	2.0%	2.0%
Long-term debt	24,978	20,623	14,216	14,168	-	Tax rate	28.8%	31.7%	32.1%	32.9%
Other long term liabilities	16,466	17,537	17,865	17,916	-					-
Total liabilities	50,965	47,588	41,509	41,512	-	Sector data				
Shareholders' equity	25,872	27,747	28,778	29,646	-	FY24A	FY25A	FY26E	FY27E	FY28E
Minority interests	321	564	564	564	-	Natural gas price - \$/mcf	2.27	3.43	4.26	3.72
Total liabilities & equity	85,445	84,186	79,138	80,009	-	Crude oil (WTI) -\$/bbl	75.79	64.99	61.08	60.34
BVPS	28.38	28.45	28.76	29.28	-	Daily production (mboed)	-	-	-	-
y/y Growth	14.9%	0.2%	1.1%	1.8%	-	Refining throughput (mbpd)	-	-	-	-
Net debt/(cash)	23,984	28,715	17,482	14,472	-	Utilization rate	-	-	-	-
Cash flow from operating activities	11,739	10,532	10,396	10,387	-	EBITDAX margin	49.3%	47.9%	53.2%	54.2%
o/w Depreciation & amortization	7,371	7,873	7,587	7,992	-	CFFO ex WC	-	-	-	-
o/w Changes in working capital	22	(1,091)	0	0	-	CFFO ex WC/share	-	-	-	-
Cash flow from investing activities	(14,590)	(5,799)	2,287	(5,901)	-					-
o/w Capital expenditure	(7,018)	(7,202)	(5,713)	(5,901)	-					-
as % of sales	26.1%	28.3%	27.0%	27.3%	-					-
Cash flow from financing activities	3,544	(4,844)	(7,857)	(1,524)	-					-
o/w Dividends paid	(1,446)	(1,594)	(1,714)	(1,740)	-					-
o/w Net debt issued/(repaid)	5,098	(3,754)	(6,407)	(48)	-					-
Net change in cash	693	(111)	4,826	2,962	-					-
Adj. Free cash flow to firm	3,453	2,690	2,969	2,746	-					-
y/y Growth	(16.0%)	(22.1%)	10.4%	(7.5%)	-					-

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

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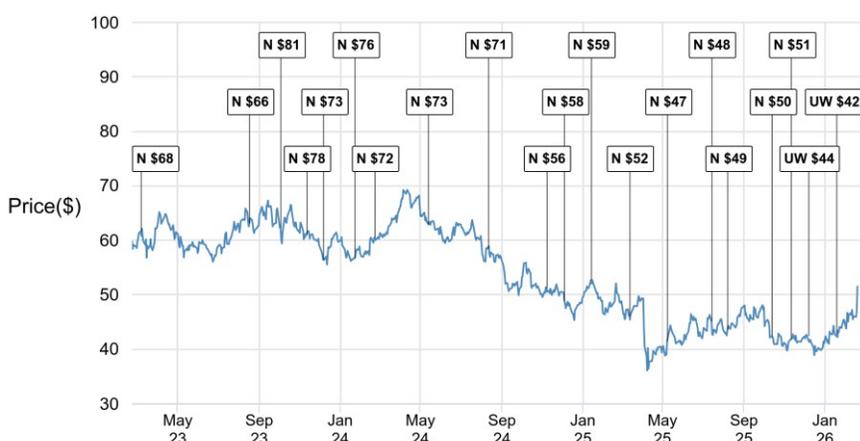
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Occidental Petroleum (OXY, OXY US) Price Chart



Date	Rating	Price (\$)	Price Target (\$)
07-Mar-23	N	61.68	68
18-Aug-23	N	63.16	66
04-Oct-23	N	62.46	81
12-Nov-23	N	60.98	78
08-Dec-23	N	56.40	73
24-Jan-24	N	56.73	76
23-Feb-24	N	60.53	72
14-May-24	N	62.91	73
12-Aug-24	N	58.41	71
08-Nov-24	N	51.21	56
05-Dec-24	N	48.90	58
14-Jan-25	N	52.68	59
13-Mar-25	N	46.10	52
09-May-25	N	41.44	47
15-Jul-25	N	45.07	48
08-Aug-25	N	43.59	49
14-Oct-25	N	42.42	50
12-Nov-25	N	41.85	51
08-Dec-25	UW	42.43	44
20-Jan-26	UW	42.70	42

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends. Initiated coverage Jul 03, 2002. All share prices are as of market close on the previous business day.

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