

The Outlook: Nov. 18, 2025

Fossilized sludge, today, instead of “AI Bubble!”

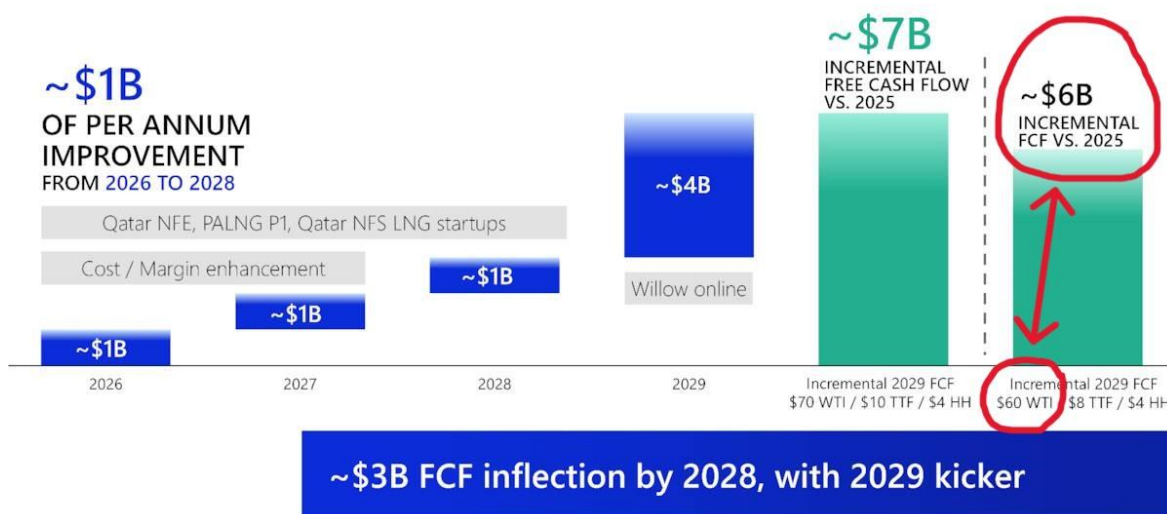
“Market Selloff Deepens!” “Tech Slumps!” “AI Bubble Bursts! We Told You So!”

Let’s ignore the carnage for the moment, and look at a company which is about as “Anti-AI” as it gets: Conoco, whose business is bringing ancient, fossilized sludge out of the ground so we can burn it for energy. It just might tell us something about the “carnage”, by the time we’re done. Theresa showed us this picture in her “Inside” report just the other day; and we looked at it a few months ago. We must like it!

Conoco Aims to Double Free Cash Flow in 5 Years

Unpacking Our Sector-Leading Free Cash Flow Growth

Major Projects, Cost Reductions and Margin Enhancement Incremental FCF Progression



Unless otherwise noted, incremental FCF from major projects and cost reductions/margin enhancements is calculated based on the difference between expected FCF in the year noted versus the prior year at \$70 WTI/\$10 TTF/\$4 HH. All FCF estimates are post-tax. FCF is a non-GAAP measure. Definitions and reconciliations are available on our website.

ConocoPhillips 8

\$7 billion in free cash flow today, at Conoco, is one big number. But \$14 billion in 2030 is almost as jaw-dropping—in a “black sludge out of the ground” way—as trillions of data center dollars, etc., from the Tech Kings. And, we might add, anyone named Microsoft, Amazon or Google can write a hundred billion dollar check to build data centers . . . but creating \$14 billion in free cash flow—sitting there ready to be handed back to us shareholders—is quite another thing.

Has the market crowd been impressed, yet? We know the answer. Here’s the picture.



There's Conoco today, around \$90, about 40% down in a year. Not exactly an Artificial Intelligence celebrity, is it? No . . . the betting crowd is divided between those who actively despise Conoco, and those who are merely bored silly by such an uninteresting company, seemingly doomed to wallow around for years at these levels, because the price of oil is stuck in the mud.

That, of course, is what the betting crowd does. It's in the short-term-killing business, which only works when most people are either thrilled or terrified by the daily headlines and their usual vague impressions. But as we've noted once or twice, that crowd has no choice at all about something: it must pay attention, eventually, to real facts about the achievements of real companies, when they come floating by.

Here is a question for us investors who've gotten to know Conoco and its CEO, Ryan Lance, over many years. "Would we bet a dollar against Conoco hitting that \$14 billion target?" Our answer: "Nope. We wouldn't bet a dime." Conoco will hit that target by 2030 or possibly earlier . . . and long before then, the likelihood that COP will still be wallowing around at \$90 will have approached zero. Like the rest of Main Street, Conoco is in the business of creating cold cash by its hard work and inventiveness. Just as the market crowd did after all those other green arrow lows, up there, it will recognize and reward Conoco's achievement . . . just as it will have to recognize and reward the achievements of the Tech Giants which it loves or hates every other week or so, at the moment.

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