

Inside Conoco Phillips: Last Quarter's Progress

Nov. 14, 2025

Despite relatively weak oil prices and a volatile oil market the past three months, Conoco impressed this quarter with a 14% revenue growth. Its oil production exceeded expectations yet again, driven mostly from operational improvements as it incorporates assets from its Marathon purchase last year into its current operations. Conoco has also been focused on reducing costs during this weaker oil environment, and reduced its 2025 operating cost guidance for the second time this year.

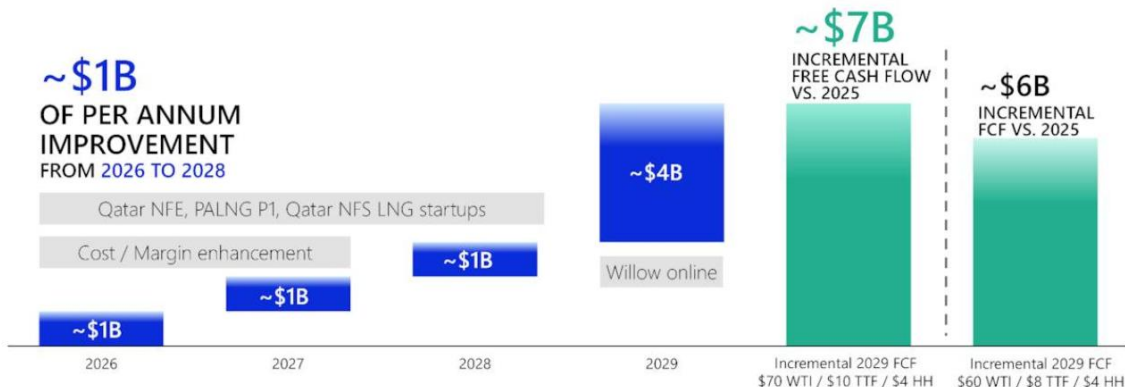
Conoco spent the majority of the earnings call talking about its major growth projects over the next 4 years. Three of the four are LNG (liquid natural gas projects) and the last is a conventional oil project in Alaska called Willow. Conoco is about 50% done with developing Willow, expecting first oil in 2029 (conventional oil projects take a long time to start up!). Management had to adjust its projected cost for development upwards roughly \$1 billion dollars due to inflation, both generally for labor and equipment but also locally in Alaska. Despite this rise in development costs, it won't affect the overall cost of production much, and Conoco plans on offsetting it by lowering costs for the three LNG projects and continuing to focus on operational improvement.

These 4 growth projects are expected to double free cash flow by 2030. As the three LNG projects start up over the next few years, they will add \$1 billion free cash flow throughout 2026 to 2028, and once Willow starts up in 2029, it will add an additional \$4 billion. Near term growth prospects as big as this are unheard of in the industry right now. Conoco's strategy of accumulating the lowest possible cost of supply assets and running its operations as efficiently as possible while constantly looking for ways to save money is working well for them during this weaker oil period. Its growth plan for the next 4 years is exciting. It raised its dividend another 8% recently, proving its commitment to return 45% of cash from operations back to shareholders. The market has had no interest in Conoco for a good while now. We're looking forward to watching Conoco prove the market wrong again, over the next few years.

Unpacking Our Sector-Leading Free Cash Flow Growth



Major Projects, Cost Reductions and Margin Enhancement Incremental FCF Progression



~\$3B FCF inflection by 2028, with 2029 kicker

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.