

Par Pacific Holdings, Inc.

Second Quarter 2025 Earnings Call

August 6, 2025

Corporate Participants

Ashimi Patel - Par Pacific Holdings, Inc., Vice President-Investor Relations & Sustainability

William Monteleone - Par Pacific Holdings, Inc., Director, President & Chief Executive Officer

Richard Creamer - Par Pacific Holdings, Inc., Executive Vice President-Refining and Logistics

Shawn Flores - Par Pacific Holdings, Inc., Chief Financial Officer & Senior Vice President

Conference Call Participants

Matthew Blair - Tudor, Pickering, Holt & Co. Securities, LLC, Research Division – Managing Director of Refiners, Chemicals & Renewable Fuels Research

Ryan Todd - Piper Sandler – Managing Director of Integrated Oils, E&P, Refining and Biofuels

Neil Mehta - Goldman Sachs – Head of Americas Natural Resources Equity Research

Michael Laupheimer - TD Cowen, Research Division – Analyst

Manav Gupta - UBS Investment Bank, Research Division – Analyst

Management Discussion Section

Operator

Good morning and welcome to the Par Pacific Second Quarter 2025 Earnings Call. All participants will be in listen-only mode. After today's remarks, there will be an opportunity to ask questions. Please note this event is being recorded.

I would now like to turn the conference over to Ashimi Patel, Vice President of Investor Relations. Please go ahead.

Ashimi Patel

Thank you, Jason. Welcome to Par Pacific's second-quarter earnings conference call. Joining me today are Will Monteleone, President and Chief Executive Officer; Richard Creamer, EVP of Refining and Logistics; and Shawn Flores, SVP and Chief Financial Officer.

Before we begin, note that our comments today may include forward-looking statements. Any forward-looking statements are subject to change and are not guarantees of future

performance or events. They are subject to risks and uncertainties, and actual results may differ materially from these forward-looking statements.

Accordingly, investors should not place undue reliance on forward-looking statements, and we disclaim any obligation to update or revise them. I refer you to our investor presentation on our website and to our filings with the SEC for non-GAAP reconciliations and additional information.

I'll now turn the call over to our President and Chief Executive Officer, Will Monteleone.

William Monteleone

Thank you, Ashimi, and good morning, everyone.

Second-quarter adjusted EBITDA was \$138 million, and adjusted net income was \$1.54 per share. Strong operations, combined with improving market conditions, enabled us to generate solid profits during the quarter.

We set a quarterly operational throughput record in Hawaii, and the commercial organization was well positioned to capture improving market conditions during the Montana turnaround. Product margins remain firm with a combined index of approximately \$13 per barrel so far in the third quarter, especially favoring our distillate-oriented yield profile. The Asian market outlook remains favorable with minimal increases in Chinese exports despite arbitrage opportunities to Europe. Each of our businesses is well positioned to maximize rates as we enter the third quarter.

Our Retail business continues to shine. Quarterly same-store fuel and in-store revenue increased by 1.8% and 3% compared to the second quarter of 2024. Underlying profitability also improved as demonstrated by our last 12 months, total adjusted EBITDA climbing to \$85 million.

We also made considerable progress on key objectives during the quarter, and we are well on our way towards achieving our strategic priorities for the year.

The Montana team delivered solid results, executing the largest turnaround in the site's history. The completion of this event marks the approximate two-year anniversary of the Montana acquisition. During this time, we addressed many of the higher-risk reliability items. As we've done in prior acquisitions, we will now shift our focus towards improving the profitability of the site through a series of low-capital, high-return projects.

The Hawaii and Renewables team progressed the SAF project and remain scheduled for start-up in the second half of the year, and we are nearing mechanical completion and commissioning of the pretreatment unit.

We're also pleased to announce the joint venture with Mitsubishi and ENEOS Corporations. Together, Mitsubishi and ENEOS will contribute \$100 million for a 36.5% equity interest in the joint venture, while Par Pacific will remain with a 63.5% controlling interest. This strategic partnership will strengthen our renewable fuels capabilities, including our partners' expertise in global feedstock procurement and product offtake. Following regulatory clearance, we expect to receive the \$100 million investment, which will cover the cost of our project. Despite policy uncertainty, our outlook remains constructive due to the flexibility and structural cost advantages of the project.

Amidst the solid operational and strategic execution, we repurchased an additional \$28 million of stock at a weighted average price of \$17.36, bringing the year-to-date share count down by nearly 8%. Our current share count is approaching 50 million shares, and we continue to measure our financial performance by evaluating our free cash flow on a per-share basis.

Our balance sheet is in good shape with ending liquidity of nearly \$650 million, providing flexibility to pursue our strategic objectives and opportunistically repurchase shares. Looking forward, strong market conditions, reduced capital spending requirements, and the expected receipt of the JV proceeds position us to drive strong cash generation.

I'll now turn the call over to Richard to discuss our Refining and Logistics operations.

Richard Creamer

Thank you, Will.

Second-quarter combined throughput was 187,000 barrels per day.

In Hawaii, throughput was a record 88,000 barrels per day, and production costs were \$4.18 per barrel. Hawaii delivered strong results due to reliable operations, which enabled the site to run near nameplate capacity throughout the quarter. This record is a result of focus and effort by our team to sustainably de-constrain Hawaiian operations over the last 18 months.

Washington throughput was 41,000 barrels per day, and production costs were \$3.73 per barrel, which highlights the site's low-cost and efficient refining structure.

Shifting to Wyoming, throughput was 13,000 barrels per day, and production costs were \$14.50 per barrel, impacted by lower throughput and an incremental \$4 million due to the crude heater outage. The refinery returned to full production capacity in April, and we expect to return to our normal OpEx run rate in the third quarter.

Finally, in Montana, second-quarter throughput was 44,000 barrels per day, and production costs were \$14.18 per barrel, reflecting lower throughput related to the successful

completion of the FCC and alkylation unit turnaround. As Will said, we are pleased with the team's performance and their solid execution of the site's largest ever turnaround.

Looking ahead to the third quarter, we expect Hawaii throughput between 78,000 and 81,000 barrels per day with July runs impacted by weather-driven crude delivery delays. Despite this, Hawaii downstream conversion units remain fully utilized through the consumption of intermediate inventory. Shifting to the mainland, we expect Washington throughput to be between 39,000 and 41,000 barrels per day, Wyoming between 18,000 and 19,000, and Montana between 54,000 and 56,000, resulting in a system-wide throughput between 190,000 and 205,000 barrels per day.

I'll now turn the call over to Shawn to cover the financial results.

Shawn Flores

Thank you, Richard.

Second quarter adjusted EBITDA and adjusted earnings were \$138 million and \$78 million or \$1.54 per share.

Our Refining segment reported adjusted EBITDA of \$108 million in the second quarter compared to a loss of \$14 million in the first quarter.

Starting in Hawaii, the Singapore 3.1.2 averaged \$13.56 per barrel and our crude differential was \$4.99, resulting in a Hawaii Index of \$8.57 per barrel. Hawaii margin capture was 119%, including a combined \$4 million headwind from price lag and product crack hedging. Excluding these items, margin capture was 125%, reflecting favorable yield and reduced product imports driven by record quarterly throughput rates. Looking ahead to the third quarter, we expect our Hawaii crude differential to land between \$5.75 and \$6.25 per barrel.

In Montana, our index averaged \$20.29 per barrel. Margin capture was 110%, highlighting our ability to maintain strong, clean product sales through strategic inventory drawdowns, despite lower throughput rates during the turnaround. Looking ahead, our Montana indicator averaged \$15.13 per barrel in July, supported by strong distillate margins across the Northern Rockies, offset by tighter heavy crude differentials.

In Wyoming, our index averaged \$21.41 per barrel. Margin capture was 87% impacted by the recent outage as we resumed full throughput rates in late April. Under FIFO accounting, we continued to expense high-cost purchased products into May, which reduced second-quarter gross margin by approximately \$8 million. Looking to the third quarter, we've returned to normal operations and expect OpEx to revert to prior run rate levels.

Lastly, our Washington Index averaged \$15.37 per barrel, an improvement of approximately \$11 from the prior quarter, driven by tight distillate supplies in the PNW. Margin capture

was 75%, below our guidance range of 85% to 95%, primarily due to a higher sales mix of asphalt and intermediate products during the summer demand season. In July, our Washington indicator averaged \$13.74 per barrel, remaining well supported by strong clean product margins.

Turning to the Logistics segment, second quarter adjusted EBITDA came in at \$30 million, consistent with our mid-cycle run-rate guidance. In Wyoming, Logistics volumes began to recover following the restart of the refinery in April. Across the rest of our Logistics system, we saw strong utilization on our pipelines and truck racks, supported by seasonal strength in sales volumes.

In the Retail segment, we reported second quarter adjusted EBITDA of \$23 million, up from \$19 million in the first quarter. The improvement was driven by higher fuel margins, same-store sales growth, and lower operating costs.

Corporate expenses in adjusted EBITDA totaled \$24 million for the second quarter. We remain on track to achieve our company-wide cost reduction initiatives, targeting \$30 million to \$40 million in annual savings relative to last year. Excluding the Wyoming repair costs, year-to-date consolidated operating expenses were \$412 million, reflecting a \$24 million reduction compared to the prior-year period.

Moving to cash flows. Cash from operations during the second quarter totaled \$83 million, excluding working capital inflows of \$123 million and deferred turnaround expenditures of \$72 million. We expect a partial reversal of the working capital inflow in the third quarter, primarily driven by the timing of derivative cash settlements and a return to typical accounts payable levels.

Cash used in investing activities totaled \$46 million, driven by capital expenditures. As Will noted, we expect CapEx to decline meaningfully during the second half of the year. Through June 30, accrued CapEx and turnaround costs totaled \$173 million, with our full-year outlook trending toward the upper end of our guidance of \$240 million.

Turning to capital allocation, we repurchased \$28 million, or 1.6 million shares, of common stock during the second quarter. Year-to-date, we've bought back 5.2 million shares at an average price of \$15, reducing our basic shares outstanding by 8%.

Moving to the balance sheet, gross term debt as of June 30 was \$641 million, or 3x our trailing 12-month Retail and Logistics EBITDA, at the low end of our 3x to 4x leverage target. With record LTM EBITDA of \$211 million, our growing Retail and Logistics cash flow comfortably supports our leverage profile.

Total liquidity increased 23% during the second quarter to \$647 million, supported by strong operating cash flows and expanding capacity under our ABL facility. Our solid

financial position, combined with an improved market backdrop, positions us well to advance our strategic priorities moving forward.

This concludes our prepared remarks. Operator, we'll turn it back to you for Q&A.

Question and Answer Section

Thank you. We'll now begin the question-and-answer session. And our first question comes from Matthew Blair from TPH. Please go ahead.

Question – Matthew Blair: Thank you and good morning. Could you talk a little bit about the drivers behind the strong capture rates in Hawaii in the second quarter? I believe your overall capture was 119% of your indicator. And I think you mentioned that areas like price lag and the hedging were actually headwinds in the quarter. So, what was on the other side of the tailwinds provided that enabled such a strong capture figure?

Answer – Shawn Flores: Yeah, Matt, this is Shawn. You're correct. Our reported capture was 119%. And excluding the nonrecurring events of the price lag and crack hedging, it was 125%. Over the last two or three years, our average capture in Hawaii has been 120%. So, I think we've shown that we can outperform our stated guidance of 110% capture, and that's primarily driven by elevated clean product freight rates, which is included in our sales contracts. And then as you see throughput rates move higher, closer to nameplate capacity, our yield expense improves materially on a barrel-for-barrel basis. So, I think as long as we sustain throughput rates in the mid-80s and continue to see elevated clean product freight, I fully expect capture rates to continue to outperform our guidance.

Answer – William Monteleone: Yeah, Matt, this is Will. I think that what I'd point out here is just that 88,000-barrel-per-day throughput rate, again, this reflects, I would say, over 18 months of work by the Hawaii team in really de-constraining and just improving overall heater efficiency inside the plant. The yield profile on those last barrels produced is very attractive.

Question – Matthew Blair: Sounds good. And then the SAF JV looks like a total home run for Par. Could you talk a little bit about how that deal came about, the benefits to Par from that deal? And then, is there an update on the start-up timing, and when you would expect the EBITDA contribution to begin to flow through the Par financials?

Answer – William Monteleone: Sure, Matt. Yeah, these discussions have been ongoing for an extended period of time. And I think the key thing that's driven the partnership here is the relatively attractive elements of our project. And so, we've been mentioning this, but I'll reiterate, at the end of the day, we see our SAF project as very attractive relative to the industry, driven by our operating expense. Given that it's inside the fence line of the plant, on a per-gallon basis, we'd expect it to be very attractive and highly competitive.

Second is Logistics. We expect over time to sell the vast majority of our products locally in Hawaii. That allows us to leverage our existing proprietary distribution system. And then the capital efficiency of the project is the other piece that we've been touting. And so, when you look at all those factors, it's kind of the key ingredients for bringing in a partner of the quality of Mitsubishi and ENEOS. Ultimately, it was definitely not a two plus two equals four. It's a great opportunity for us to expand our distribution capabilities on the West Coast. Mitsubishi and ENEOS have access into the California market, which complements our position in Washington and just expands the flexibility that we're going to have and the overall renewable fuels business.

So, long story short, I see this being an attractive long-term partnership that unlocks the value of the renewables business and then also brings to bear a larger global scale that Mitsubishi and ENEOS have. So, again, very pleased with this and it helps shine a light on the attractive elements of the project that we've been working on.

And in terms of start-up, we're targeting second half this year. We're intending to bring online the pretreatment unit first, as I've referenced and go through the commissioning process there. I wouldn't expect to start to see financial contributions from the JV until the first quarter of 2026. Keep in mind, we'll be in commissioning and really getting through the credit pathway establishment. It's going to take us a quarter or two before we get to the right CI scores and, ultimately, to the run-rate contributions for that business.

Question – Matthew Blair: Great. Thanks for your comments.

Operator

The next question comes from Ryan Todd from Piper Sandler. Please go ahead.

Question – Ryan M. Todd: Great. Thanks. I wanted to talk about the Rockies. Obviously, really strong performance in Montana and Wyoming in the quarter. Some of that due to excess inventory sales. Can you talk about maybe how much was due to the excess inventory sales and what you're seeing on broader dynamics in the region as you look forward from here?

Answer – Shawn Flores: Yeah, Ryan, I'll take excess inventory, sort of impacts on cash there, and we'll turn it to Will to talk about sort of the PADD IV market in general. The market environment that we're operating in in the second quarter supported our capture guidance range of 90% to 100%. What drove capture closer to the 110% was our ability to draw down diesel and gasoline inventories. It's just a function of sales volume versus throughput. Looking ahead, I'd just reiterate our guidance of 90% to 100% into Q3.

Answer – William Monteleone: Ryan, on the broader market, the PADD V and PADD IV distillate markets are particularly tight. Big picture, I think you saw the export market open up in the PADD V market as you saw global distillate inventory start to draw down well

below historical averages. And that opened up attractive netbacks for exporting diesel. On top of that, I think you've seen production of biodiesel and renewable diesel come off materially. I should also say imports of diesel and renewable diesel come off materially as you saw the blenders tax credit expire. And so, you've had both export of conventional diesel and then reductions in renewable barrels available as we kind of work into the second quarter. So, the market and supply position there is tight, and I think that's really reflective of a globally tight distillate market. So, those are the key drivers, and I'd broadly say a pretty typical driving season in terms of demand and fundamentals on the gasoline side is what we've seen so far.

Question – Ryan M. Todd: Great. Thank you. And then maybe turning to use of cash and shareholder returns, you've been pretty active in the first half of the year in terms of share buybacks. You've got \$100 million coming in the door from proceeds from the JV, a CapEx budget that's rolling off pretty materially, as you highlighted here in the second half of the year. But you've also talked in the past about being opportunistic in shareholder returns. So, how do you think about those dynamics as you look at the second half of the year?

Answer – William Monteleone: Sure. Yeah. I mean, what I would say is really our historical framework still holds today. When we're in an excess capital position like we are today and like we expect to improve, and we get the chance to repurchase our shares below intrinsic value, we seize that opportunity.

I think that opportunities might come and go based on the many variables that impact our business and markets as a whole. So really, I think a nimble approach is critical. We live in an evolving world, and things are changing quickly. What I would say is, as a management team, what we're focused on is really actively weighing our growth prospects. That's both the internal growth capital projects that we're generating, as well as any M&A opportunities against those opportunities to repurchase stock and other capital allocation alternatives. I'll just say it a little differently. We really do just want the most options on the table that we can execute at any point in time so that we can adapt quickly to how quickly the world is changing.

Question – Ryan M. Todd: Great. Thank you.

Operator

And our next question comes from Neil Mehta from Goldman Sachs. Please go ahead.

Question – Neil Mehta: Yeah. Good morning, Will, and team. Just want your perspective on small refinery exemptions. Where do you think we are in terms of the timeline? And then any advice in helping us to size what this could mean for Par's cash flow?

Answer – William Monteleone: Sure. Hey, Neil, good morning. So, I think, broadly, on small refinery exemptions, our expectation is that the EPA will follow the law. And from our

perspective, that means that they'd go through a rigorous kind of refinery-by-refinery DOE scoring process to assess each plant. To give you some context, in the past, I would say all three of our mainland refineries have qualified and received small refinery exemptions in the past. And so, I think that's really our expectation of the process.

In terms of the timing, I won't even hazard a guess, Neil. I think this is a highly politicized effort on all sides. And unfortunately, that would just be speculation to try and say that we know what the timeline is because it's been difficult for them to maintain a schedule.

In terms of sizing of the opportunity, I'll turn it to Shawn just to talk about the overall RIN positioning for us as a whole and what it means. Before I do that, I just want to clarify, any exemptions and return of RINs would be upside to us. We have a balanced RIN asset and liability position today.

Answer – Shawn Flores: Hey, Neil, this is Shawn. To Will's point there, we've covered our obligations going back to 2019 through 2024. So, any retroactive receipt of small refinery exemptions would be direct cash proceeds in terms of getting RINs back and selling those at market prices. I think when you think about our exposure on a go-forward basis, the mainland refineries have about 140 million RIN unit gross exposure. And so, I think that's the best way to size up, given that those three refineries received SREs in the past.

Question – Neil Mehta: Okay, that makes sense. Just talking about the Singapore market, Hawaii is – I would characterize it as at or maybe even above mid-cycle. So, that happened really quick. It's great to see, but just the sustainability of it. And there's some moving pieces here, right? Asia demand. Chinese oil demand is not that good. India, there's some debate around tariff impacts out there. And then we have this potential for the Chinese to ramp up product exports. So, how do you think about some of those moving pieces and risks as you assess the path forward for Singapore margins?

Answer – William Monteleone: Yeah. We watch the Singapore market closely and I think really have for the last 12 years. The theme that we continue to see is that the overall Chinese refining fleet remains focused on meeting internal demand. That's one theme we see. The second is really just deeper and deeper integration between the refining fleet and the petrochemical complex. They really are internalizing demand and then also shifting product yields to the lighter-end products so that they can internalize their pet-chem complex.

Those are the kind of, the key policy pieces that we watch in terms of the, I'll call it, export relief valve. It seems like that's been relatively well contained. And I wouldn't say we see anything right now that suggests that there's a material change coming in the future on Chinese exports, given their stated policy objectives. So, I think that's sort of the incremental supply point that we see.

And I think, big picture, demand in the Asia-Pacific market remains steady, and a fair amount of, I'll just say, arbitrage barrels are still needed to clear from the Middle East and India and even potentially into – from North Asia all the way into Europe to kind of keep the Atlantic basin balanced for distillate. So, that's kind of the key thing we're watching, and I think we don't see a major shift there.

Question – Neil Mehta: Thanks, Will.

Operator

The next question comes from Michael Laupheimer from TD Cowen. Please go ahead.

Question – Michael Laupheimer: Hey, guys, it's Mike here on for Jason Gabelman. Thanks for taking my call. First, could you just talk about how your niche markets in the Rockies and Pacific Northwest are shaping up quarter-to-date? Markets like Portland, for example, have been pretty elevated for quite some time now. So, I'm just trying to get a handle on the durability of those margins.

Answer – William Monteleone: Sure. Yeah, I think I referenced this, that our July combined index is about \$13, so far, which kind of aggregates all of our markets, and that's pretty flat to where we were in June. And so, I think the overall story there is probably very similar to what we saw in the back half of the second quarter in terms of the distillate market being strong. And I commented on this previously, which is I think principally driven by an open export market and reduced supply of biodiesel and renewable diesel, both for domestically produced as well as imported, given the changes in the recent PTC, the production tax credit. So, I think those are the factors that are influencing the distillate side of the barrel. I think we see strong demand. I think in particular, strong diesel demand globally. And so, all those pieces are kind of pulling on the distillate barrel.

And the gas side of the equation, I would call it broadly probably a mid-cycle market condition. And then I think the biggest thing to watch in the future is really the changes in the California refining fleet. And to the extent that we do see the two competitor refiners there in Los Angeles and San Francisco cease operations in the fourth quarter and the first quarter next year. I think it really further shifts the kind of import/export parity balance over time, which I think, practically speaking, just puts you more into a position where you're deeply reliant on renewables and biodiesel to balance the market.

Question – Michael Laupheimer: All right, great. And then my last one is just how are you thinking about your excess cash position? I think in the past you've mentioned that the business is comfortable around \$300 million of liquidity. So, is that still the right range to think about? And then as your stock has run up a bit, just how your appetite for M&A would be with that excess cash? Thanks.

Answer – Shawn Flores: Yeah. I think we've stated that our minimum liquidity target is \$250 million to \$300 million. So, we're certainly in an excess capital position today. And as Will mentioned in the earlier Q&A, I think we're going to continue to think about capital allocation in the same light and measure our opportunistic buybacks with pursuing our strategic growth priorities.

Answer – William Monteleone: And on the M&A front, I would just say it's still a challenging market from a bid-and-ask perspective. We're, today, principally focused on trying to find and develop internal opportunities, or sort of smaller-scale bolt-on solutions that help advance us principally on the cost-reduction side, but certainly on other elements of market access that could improve our business, particularly on the mainland.

Operator

The next question comes from Manav Gupta from UBS. Please go ahead.

Question – Manav Gupta: I apologize, guys. I was having some technical difficulties, so couldn't join in time. So, if this question has been asked, I apologize. But just wanted your views on global quality discounts out there. How do you see heavier sour and other kinds of barrels in the global markets trade versus the light sweet barrels? If you could talk a little bit about that.

Answer – William Monteleone: Sure. I would say – big picture, I'll say the future incremental supply looks like it should add pressure and expand the heavy-light diff as we head into the winter. I would tell you that we're not seeing signs of that in the prompt market, and that probably goes all the way out into the September-October timeframe. We continue to see ANS and grades like that trade at some pretty elevated premiums to Brent, and so, while incremental supply should help kind of bring quality differentials or expand quality differentials, I have not seen that emerge at this point.

Question – Manav Gupta: You are seeing some tightening on the WCS side. Any comments you would like to make on that? I think WCS has now dropped to like 13 to WTI, but if you could – because you do use a lot of WCS in the system. So, if you could talk about – a little bit about the WCS market also?

Answer – William Monteleone: Yeah. I mean, I think it's certainly been tighter than we would expect. I'll say almost in the high single digits at points in time here. And I think a little bit of incremental supply coming back on from Latin America and probably some reduced runs here as you get to the turnaround season in the fourth quarter, are setting the stage there for a bit wider differentials. So, those would be kind of the incremental changes that we've seen; nothing earth-shattering there probably to what you've heard in the market from other parties.

Question – Manav Gupta: Thank you so much for taking my questions.

Operator

There are no more questions in the queue. This concludes our question-and-answer session. I'd like to turn the conference back over to Will Monteleone for any closing remarks.

Will Monteleone

Thank you. We're encouraged by the improving market backdrop and remain focused on executing on our key objectives, the key to driving our shareholder value. Thank you for joining us today.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.