Par Pacific Holdings, Inc.

Second Quarter 2026 Earnings Call

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Corporate Participants

Jeff Hollis - Par Pacific Holdings, Inc., Senior Vice President, General Counsel & Secretary

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

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

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

Conference Call Participants

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

Alexa Breno – Goldman Sachs – Equity Research Analyst

Jason Gabelman – TD Cowen – Managing Director, Energy Equity Research

Management Discussion Section

Operator

Good day and welcome to the Par Pacific second-quarter 2026 earnings conference call. All participants will be in a listen-only mode. After today's presentation 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 Jeff Hollis, Senior Vice President, General Counsel and Secretary. Please go ahead.

Jeff Hollis

Thank you, Operator. Welcome to Par Pacific's Earnings Conference Call. Joining me today are Will Monteleone, President and CEO; Richard Creamer, EVP of Refining and Logistics; and Shawn Flores, CFO.

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 additional information. I'll now turn the call over to our President and CEO, Will Monteleone.

William Monteleone

Thank you, Jeff, and good morning, everyone.

We're pleased to report strong second-quarter financial results driven by excellent operational and commercial execution amidst extreme volatility. Each of our business units executed crisply and used the full commercial flexibility of our asset base to capture market conditions. System throughput ran at elevated levels through the peak margin window, and our commercial team optimized crude sourcing and product placement, generating excellent capture rates.

Refined product cracks remained materially above historical norms through the quarter. Our combined market index averaged approximately $33 per barrel, well above the 2025 average of $12.40 per barrel and exceeding the second quarter of 2022, when the Russia-Ukraine conflict was intensifying. Reduced Persian Gulf and Russian origin refined product exports, Asian refiners running conservatively to preserve crude supply-chain duration, and protectionist policies restricting free trade drove these favorable market conditions. Looking forward, global refined product inventories remain tight, and the structural factors supporting margins remain.

Turning to Retail, same-store fuel volumes declined by 0.8%, while in-store sales increased by 1% compared to the second quarter of 2025. Despite pressure on fuel margins and a higher price environment, the merchandising and food programs continue to advance, strengthening the underlying earnings power of the segment.

On the strategic front, our Hawaii renewables business made steady progress. Renewable diesel production ramped through the quarter, with June throughput reaching approximately 3,000 barrels per day before we commenced the Hawaii plant-wide turnaround. In addition, we completed first commercial renewable diesel sales during the quarter. Volumes were small and reflect the early-stage nature of the commercial ramp, but they established the operational pathway from production to sales.

On the capital allocation front, we meaningfully strengthened the balance sheet during the quarter, reducing our term debt balance by over 20% via the inaugural senior unsecured notes issuance. We ended the quarter with total liquidity of approximately $1.4 billion, placing our balance sheet in a very strong position to pursue growth and continue to allocate capital thoughtfully through cycles.

In closing, our through-cycle discipline on operations, commercial positioning, and capital allocation is what allowed us to convert an exceptional market environment into a durably stronger balance sheet and strong per-share earnings. We remain focused on maintaining that discipline as market conditions evolve.

With that, I'll hand the call to Richard, who will walk through our Refining and Logistics results.

Richard Creamer

Thank you, Will. I want to begin by congratulating the Wyoming and Montana teams for the safe and efficient completion of their scheduled outages in April. In addition, the Tacoma team achieved a new record quarterly production rate of 41,200 barrels per day, or 98.1% utilization, through the second quarter.

In Hawaii, second quarter throughput was 73,200 barrels per day and production costs were $6.43 per barrel. The lower production versus plan was the result of the refinery experiencing end-of-cycle conditions. The team delivered on all customer fuel requirements despite challenges associated with the ongoing conflict in the Middle East. The turnaround in Hawaii began in late June, and I'm pleased to report that the team executed the turnaround safely and cleanly while also delivering costs and schedules near target. At this point, the Hawaii turnaround is substantially complete, and major operations have been safely restarted.

Washington throughput set a new quarterly record at 41,200 barrels per day, and production costs were $4.21 per barrel, capturing market conditions following the Q1 planned outage.

Shifting to Wyoming, throughput was 14,000 barrels per day, and production costs were $15.28 per barrel, reflecting the April outage downtime and costs. Following the outage, the refinery shifted to routine operations supported by strong seasonal demand.

Finally, in Montana, second quarter throughput was 53,000 barrels per day, and production costs were $10.16 per barrel. The team executed the April crude outage safely, on time, and on budget. In May and June, Montana set new monthly throughput and OPEX-per-barrel records of approximately 62,000 barrels per day at $7.56 per barrel.

Looking ahead to the third quarter, we expect Hawaii conventional throughput between 59,000 and 65,000 barrels per day and renewable throughput between 1,500 and 2,000 barrels per day, reflecting the turnaround event in July through early August. In the mainland, Washington is expected between 40,000 and 42,000 barrels per day, Wyoming between 17,000 and 20,000 barrels per day, and Montana between 56,000 and 61,000 barrels per day. The Montana coker was down in July for routine maintenance and is expected to return to service by mid-August. From today's date, there is no significant planned downtime for the balance of the year. Q3 midpoint throughput guidance is 182,000 barrels per day.

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

Shawn Flores

Thank you, Richard. Second quarter adjusted EBITDA was $571 million, and adjusted net income was $499 million, or $10.10 per share. Our Refining segment reported adjusted EBITDA of $552 million in the second quarter, compared to $69 million in the first quarter, reflecting a sharp step-up in market conditions driven by disruptions in crude and refined product supply. Our combined refining index averaged approximately $33 per barrel, an increase of roughly $14 per barrel compared to the first quarter. System-wide refining capture was 125%, or 112% on a normalized basis after adjusting for Hawaii price lag and Wyoming FIFO impacts.

Starting in Hawaii, the Singapore 3.1.2 averaged approximately $50 per barrel, and our landed crude differential was $3.93, resulting in a Hawaii index of approximately $46 per barrel. Hawaii capture was 124%, including a net price lag benefit of approximately $77 million, or $11.49 per barrel. Normalized for the price lag impact, Hawaii capture was 99%.

In Montana, the second quarter index averaged $25.76 per barrel with margin capture of 144%. Capture was well above our target range, driven by favorable clean product-to-asphalt sales mix and refined product inventory drawdowns that sustained volumes during the April outage.

In Wyoming, the second quarter index averaged $28.73 per barrel. Margin capture was 118%, including the benefit of refined product inventory draws during the April outage, partially offset by a $3 million FIFO headwind from declining crude oil prices.

In Washington, our index averaged $20.27 per barrel. Margin capture was 100%, supported by continued jet/diesel strength on the West Coast.

Turning to the Logistics segment, adjusted EBITDA was $30 million in the second quarter, compared to $32 million in the first quarter, reflecting reduced crude imports ahead of the Hawaii turnaround.

In the Retail segment, adjusted EBITDA was $17 million, compared to $15 million in the first quarter. The sequential improvement was driven by a partial recovery in fuel margins and continued growth in food-service sales in both regions.

Moving to cash flow, second quarter cash from operations totaled $614 million, excluding working capital outflows of $312 million and deferred turnaround costs of $19 million. The working capital outflows were primarily driven by building refined product inventories ahead of the Hawaii turnaround and higher commodity prices, which increased the value of hydrocarbon inventories. We expect a substantial portion of these working capital outflows to reverse as inventory levels normalize after the Hawaii turnaround and commodity prices stabilize.

Second quarter capital expenditures, including deferred turnaround costs, totaled approximately $59 million during the quarter.

We continued to benefit from our excess RIN inventories associated with the prior period small refinery exemptions. As a reminder, our adjusted EBITDA and adjusted net income reflect full RIN expense at current period RIN prices, which does not reflect the benefit of our excess RIN position. Our GAAP results, by contrast, include approximately a $35 million gain in the quarter, representing the difference between current RIN prices and the book value of our RIN assets on our balance sheet.

Shifting to the balance sheet, we completed a $500 million offering of senior unsecured notes, reducing gross term debt by more than $130 million during the quarter. We also reduced ABL borrowings by $78 million, resulting in total net debt reduction of over $220 million. Given the heightened market volatility during the period, we moderated our opportunistic share repurchase activity in favor of strengthening the balance sheet through debt reduction. Year-to-date through the second quarter, we have repurchased approximately $48 million of common stock, including cash-settled options. As of June 30, total liquidity was approximately $1.4 billion, and our cash balance was $185 million.

Looking to the third quarter, our July consolidated refining index was $31.34 per barrel, or approximately $1.60 below the Q2 average. In Hawaii, the financial impact of the refinery turnaround will be concentrated in the third quarter. Increased refined product imports are expected to hold capture below our typical guidance range. Our third quarter Hawaii crude differential is expected to land between $11.50 and $13.50 per barrel, reflecting higher freight costs and steeper backwardation. Across our mainland system, distillate margins have remained firm, and seasonal demand has been strong quarter-to-date.

As Richard mentioned, Montana will complete its annual coker maintenance during the third quarter, resulting in roughly $6 million to $8 million of incremental OPEX and a heavier asphalt sales mix. In Renewables, we expect a gradual ramp in third-party sales volumes and earnings contribution as we restart the units following the Hawaii turnaround.

Overall, the second quarter demonstrated the significant earnings power of our business in a favorable market. Our strong balance sheet and liquidity position will provide financial flexibility to invest in strategic growth opportunities while maintaining an opportunistic approach to share repurchases.

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

Question and Answer Section

Operator

We will now begin the question-and-answer session. Our first question comes from Matthew Blair with Tudor, Pickering, and Holt.

Question – Matthew Blair: Thank you, and good morning, and congrats on the strong results. I was hoping you could talk a little more about the moving parts in Hawaii for the third quarter. You mentioned that with the turnaround in July, capture would likely be below typical guidance. I think you also mentioned that you've been building inventory, so is it reasonable to assume you're monetizing inventory throughout July to help offset the impact of the turnaround? Also, is there any increase in OPEX from the turnaround? And finally, should we expect a timing headwind based on Q3 quarter-to-date prices so far in Hawaii?

Answer – Shawn Flores: Matt, I'll take your last question first. I think it's too early to call the price lag impacts. As you know, it really comes down to the last month of each quarter, so you look at Singapore distillate prices and watch September Singapore pricing relative to June.

On capture, I referred to it in the prepared remarks. We're expecting a more concentrated impact from the turnaround activities in Q3. We built refined products through imports late in Q2, but from a costing perspective, most of those imported barrels will be costed in Q3, so I'd expect capture to come in below the typical normalized guidance of 100% to 110%.

On OPEX, I'd say a marginal increase. Most of the expenditures incurred during the turnaround are capitalized.

Answer – William Monteleone: And just lower total crude throughputs, Matt, right, as you think about as the plant comes back online, it won't be at full rates for the entire quarter.

Question – Matthew Blair: Okay, sounds good. And Will, could you share any insight on the Singapore market? We've seen China refinery utilization pick up a little bit over the past month — still relatively low, but there have been reports that China has been increasing product exports. Have you seen any of that? Singapore inventory is at new five-year highs, but what are the moving parts you're seeing in the Singapore market?

Answer – William Monteleone: Sure, Matt. I think we continue to watch Chinese behavior closely — it obviously moves month to month. Despite some announcements and potentially some increases in crude throughputs, we've not seen any material change in exports of refined product, looking at July and even the forward planning we've seen through August. The data out of China is opaque, and the best thing to do is watch vessel movements, and what we're seeing is limited increases in waterborne refined exports at this point.

As a reminder, we've followed Chinese policy over the last decade, and there's been a focus on internalizing their capabilities for many years. I think you're seeing that behavior play out amidst this shock, and that internal focus is probably the primary objective. That's something to continue to watch over the course of years rather than months, but certainly it's the behavior we're seeing right now.

Question – Matthew Blair: Great, thanks for your comments.

Operator

Our next question comes from Alexa Breno with Goldman Sachs.

Question – Alexa Breno: Hey, good morning, team, and thanks for taking our question. Are you able to give us any more color on the Hawaii turnaround status from an operational perspective — how it's tracking, anything that surprised on the upside or downside — and on the substantially-complete piece, what specific units are left and any thoughts on timeline?

Answer – Richard Creamer: Sure, Alexa, this is Richard. The turnaround was scheduled for 30 to 45 days, with 30 being the return of some of the early equipment, and we tracked pretty well against that, with the crude unit and reforming unit producing gasoline on that 30-day window, out on the outer edge of that.

The 45-day window is really centered around the hydrocracker. The mechanical work is completed on it, and it's in the middle of catalyst activation and startup at this point. That's the status of the major equipment — cost and schedule all came in close to target, so no significant issues there.

Question – Alexa Breno: Okay, that's helpful. And then just a follow-up — can you talk about your latest thoughts on capital allocation priorities, whether that's around capital returns or potential bolt-on M&A or any other considerations?

Answer – William Monteleone: Sure, Alexa, this is Will. I think what I'd say on capital allocation is that it continues to be dynamic, and our past history is a pretty good indicator of the framework we deploy. If you look back, at times we've found that M&A is the most attractive capital deployment; at other times we've invested in growth inside the business, like our renewable fuels project; and there have been other times where we've seen the opportunity to repurchase our own shares at attractive discounts to our view of intrinsic value.

These opportunities come and go and are based on many different variables, and ultimately our focus is a disciplined view on creating long-term value on a per-share basis. Right now, we're spending a fair amount of effort developing internal small-scale projects — I describe them as singles and doubles — that give us flexibility to achieve unlevered returns in the low 20s for refining logistics projects. Those are within our control, whereas these other opportunities involve a lot of external market forces. Being prepared and ready to move is a significant strategic asset, so I think our historical framework is the best guide to how we think about the future.

Operator

Our next question comes from Jason Gabelman with TD Cowen.

Question – Jason Gabelman: Yeah, hey, thanks for taking my questions. I was hoping to get an update on how much of the NOL is left, when do you expect that to be exhausted given the very strong earnings we've seen, and updated guidance on where the tax rate can go once that's exhausted.

Answer – Shawn Flores: Hey, Jason, it's Shawn. The beginning-of-year NOL balance was around $700 million, and given year-to-date performance, I'd expect us to utilize a substantial portion of that NOL this year. If current margins persist, we'll likely transition to a more typical federal tax position beginning in 2027.

Question – Jason Gabelman: Okay, understood. And maybe I could get your updated thoughts on small refinery exemptions — any sense of when you can expect to hear on your 2025 petitions, and the outlook for what that could mean from a cash standpoint?

Answer – William Monteleone: Sure, Jason. Any specific dates would be complete speculation. As you know from watching this, there are deadlines and legal obligations, and those rarely seem to be binding on behalf of the EPA. The key date we're watching is clearly the September 1st compliance deadline for 2025 — it's early August, so we'd certainly hope to hear with adequate time ahead of that deadline. As a reminder, we're in a favorable position with respect to the 2025 RVO positioning at this juncture, and I'll let Shawn go into the dollar magnitudes across different scenarios.

Answer – Shawn Flores: Jason, our mainland RVO is about 140 million units for 2025. A full exemption across all three of our refineries at current RIN prices would be about $300 million, and a partial exemption would be half of that.

Question – Jason Gabelman: Got it. Maybe a follow-up on the Hawaii turnaround and the outlook — I know you mentioned some of the working capital headwind in Q2 was related to Hawaii. Could you disclose what proportion of that headwind we should expect to come back once Hawaii is back online? And based on what you're seeing in the market, do you anticipate landed crude costs normalizing beyond Q3?

Answer – Shawn Flores: Jason, I'll take the first part. Roughly half of the outflow this quarter was directly related to building up refined product inventories in Hawaii. The balance is mostly related to higher flat price and inventory values.

Answer – William Monteleone: Jason, on the crude side — the waterborne crude market has been volatile, as you'd imagine. Amid the peak concerns on crude supply, we saw ANS for June crude deliveries — which would have traded in the April/May timeframe — trade as high as ICE Brent plus $18. Then, the moment the Straits appeared to open, and did open for periods of time, we saw substantial excess waterborne crude become available, and ANS deliveries for September delivery dropped to minus $6. So that's almost a $25-per-barrel swing over the span of three months, which expresses the kind of volatility we're seeing.

That said, despite the conflict re-intensifying, we're not seeing crude differentials at peak levels like we saw in the early stage of the conflict in the March/April timeframe.

Question – Jason Gabelman: All right, thanks for that color. I'll turn it back.

Operator

This concludes the question-and-answer session. I will now turn the call over to Will for closing remarks.

William Monteleone

Great — this quarter represents an example of what strong execution can deliver against a favorable market backdrop. Looking forward, our focus remains on disciplined execution as the durable path to growing earnings and free cash flow per share over time. Thank you to the entire Par Pacific team for your focused efforts throughout the quarter, and thank you all for joining us today.

Operator

This concludes today's conference call. Thank you for joining. You may now disconnect.