Par Pacific Holdings, Inc.

Third Quarter 2026 Earnings Call

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Corporate Participants

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

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

Jerry Stumbo - Par Pacific Holdings, Inc., President, Executive Vice President-Refining & Logistics

Richard Creamer - Par Pacific Holdings, Inc., Senior Advisor

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

John Royall – Piper Sandler – Senior Equity Research Analyst

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

Josiah Knight – Goldman Sachs – Equity Research Analyst

Management Discussion Section

Operator

Good day and welcome to the Par Pacific Third Quarter 2026 Earnings Conference Call. All participants will be in 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 Ashimi Vitter, Vice President of Investor Relations. Please go ahead.

Ashimi Vitter

Thank you, Sarah. Welcome to Par Pacific's third quarter earnings conference call. Joining me today are Will Monteleone, Richard Creamer, Shawn Flores, and Jerry Stumbo.

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. Before I turn to results, I want to note a leadership transition in our Refining and Logistics organization. After many years of outstanding contributions, Richard Creamer is transitioning to a senior advisor role ahead of his retirement next spring, and Jerry Stumbo has joined us as Executive Vice President of Refining and Logistics. Richard built a reliable, disciplined operating organization that is a significant part of the results we are reporting today, and we are fortunate to retain his counsel through the transition.

Richard will walk through our operational results on today's call, and Jerry will take that role beginning next quarter. I'm excited to welcome Jerry to the team and believe his experience, character and resilience will be critical ingredients to drive our operations to the next level. I couldn't be more excited to work side-by-side with him to build an even stronger business.

Turning to the quarter, strong financial results were driven by solid reliability and commercial execution from our core operations. Third quarter adjusted net income was $10.70 per share. Adjusted EBITDA was $646 million, including a small refinery exemption benefit of $222 million. We safely and successfully completed Hawaii's plant-wide turnaround and returned the facility to full operations, and our mainland refineries ran well during the peak summer margin environment.

The refined product market environment strengthened through the quarter, and our combined market index averaged a quarterly record of $38.45 per barrel, nearly three times the 2025 average of $12.40 per barrel. Constrained Persian Gulf and Russian refined product exports, restricted Asian refiner throughput, and continued trade protectionism remained critical factors that limited refined product supply. Demand remained resilient.

Looking forward, global refined product inventories remain tight and structural factors supporting refining margins remain intact. Overall, Asian refinery runs remain constrained as the ability to run long-haul import/export refineries in an elevated freight rate environment faces pressure. Increasing waterborne LNG prices are also major factors for both Europe and Asia as we head into winter. The value of local manufacturing is going up in a more volatile world.

Turning to Retail, same-store fuel volumes and in-store sales increased by 2.1% and 1.9%, respectively, compared to the third quarter of 2025, reflecting continued momentum. Our enhanced food offering remains a key driver of in-store performance, with food sales growing 11% over the same period and now representing more than 10% of total in-store sales. There is plenty of room to grow this valuable revenue stream. We're also encouraged by the early performance of our most recent new-to-industry location, which is exceeding underwriting expectations and demonstrating the value of our differentiated food and merchandising strategies.

On the strategic front, our Hawaii renewables business reached an inflection, generating a profit during the quarter. Renewable diesel production ramped quickly following July's turnaround, with September throughput of approximately 3,700 barrels per day. Just as encouraging, the business is operating at a competitive operating expense per gallon, which is central to the long-term durability of the platform.

Separately, the sale of Laramie Energy remains on track to close in the fourth quarter, subject to customary closing conditions. We expect to receive approximately $120 million in cash proceeds at closing, with additional fixed and natural gas price-based consideration over the following five years.

Our balance sheet is in the strongest position in the company's history. We ended the quarter with total liquidity of approximately $2.4 billion, and for the first time, the company is in a net cash position. This is a meaningful milestone and a major strategic asset for a cyclical business. Our focus remains on day-to-day reliability, executing low capital, high return growth projects and opportunistically repurchasing shares.

In closing, continued operational discipline, commercial execution and capital allocation are translating a constructive market into durably stronger free cash flow per share.

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

Richard Creamer

Thank you, Will, and good morning. Let me begin by welcoming Jerry to the team. I'm excited that he's here, and I look forward to the very bright future for him and Par Pacific. Hawaii had a busy quarter, and I want to recognize the Logistics team for their excellent hurricane preparation and response, along with the well-executed change-out of the single-point mooring system. In addition, the Refining team successfully executed their turnaround, ending with a quality one-time refinery restart. We're very proud of the Hawaii team and their efforts to reliably support the entire island community.

Third quarter Refining throughput was 174,000 barrels per day.

In Hawaii, throughput was 57,000 barrels per day and production costs were $8.45 per barrel. The lower throughput was related to extended turnaround discovery work. The refinery is now positioned for a five-year run and is benefiting from several project completions that support improved onstream reliability and annualized capacity.

Hawaii renewables throughput was 78,000 gallons per day and production costs were $0.38 per gallon. Following the turnaround, we saw strong throughput rates and continue to broaden and prove out our feedstock flexibility. In Q3, we successfully processed canola, yellow grease and tallow feedstocks. Now our forward focus shifts to sustaining reliable operations and optimizing the pre-treatment and hydrotreater units.

Shifting to Washington, throughput was 40,000 barrels per day and production costs were $4.58 per barrel.

In Wyoming, throughput was 19,000 barrels per day, and production costs were $9.27 per barrel.

In Montana, throughput was a quarterly record 58,400 barrels per day, and production costs were $10.41 per barrel. Excluding $6 million of OpEx related to coker maintenance, routine production costs were $9.29 per barrel.

It's worth a moment to reflect on the progress we've made at Billings since the acquisition. Prior to our ownership, the refinery operated at approximately 50,000 barrels per day, with production costs exceeding $12 per barrel. Through disciplined reliability investments and consistent execution, we've increased throughput to 56,000 barrels per day year-to-date, while reducing production costs to below $10 per barrel. With the stronger operating foundation in place, we are shifting our focus to the next phase of high-return growth projects and logistics improvements to further enhance the refinery's earnings potential.

Moving to the fourth quarter, with our planned maintenance events behind us, Refining throughput guidance reflects strong Q4 demand. We expect Hawaii between 85,000 and 89,000 barrels per day, Washington between 39,000 and 42,000 barrels per day, Wyoming between 16,000 and 18,000 barrels per day, and Montana between 53,000 and 57,000 barrels per day, resulting in a system-wide midpoint of 200,000 barrels per day. Hawaii renewables throughput is expected between 2,800 and 3,400 barrels per day, reflecting continued feedstock optimization and operating flexibility.

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

Shawn Flores

Thank you, Richard. Third quarter adjusted EBITDA was $646 million and adjusted net income was $531 million, or $10.70 per share.

Our third quarter results include a gain related to the 2025 small refinery exemptions of $222 million in adjusted EBITDA and $187 million in adjusted net income. These amounts reflect the expected pre- and post-tax cash benefits based on September 30 RIN prices. For comparability, the following Refining segment commentary will exclude the impact of these SRE benefits.

The Refining segment generated third quarter adjusted EBITDA of $396 million, compared to $561 million in the second quarter.

Our third quarter combined refining index was $38.45 per barrel, an increase of approximately $5.50 per barrel compared to the second quarter. System-wide capture was 86%, reflecting the impacts of Hawaii contractual price lag and turnaround activities. Excluding these items, normalized capture was approximately 98%.

Starting in Hawaii, margin capture was 54%, including a net price lag headwind of $52 million, or $10 per barrel. Capture was also impacted by June turnaround downtime, with the associated margin effects recognized in the third quarter. Normalizing for these items, Hawaii capture was 97%.

In the Rockies, combined capture was 109%, supported by strong seasonal demand in Montana and a $9 million FIFO benefit in Wyoming.

In Washington, capture was 89%, reflecting a normalization of West Coast jet-to-diesel spreads compared to the first half of the year.

Shifting to our newly created Renewables segment, Renewables adjusted EBITDA was $5 million, reflecting supportive environmental credit prices and renewable diesel margins. Due to downtime associated with the refinery turnaround, third quarter renewable throughput and sales volumes were approximately half of what we would expect at normalized operating rates.

Turning to Logistics, adjusted EBITDA was $31 million in the third quarter, partially impacted by lower asset utilization during the Hawaii turnaround.

Our Retail segment reported adjusted EBITDA of $19 million in the third quarter, compared to $17 million in the second quarter, reflecting improved fuel margins during the first half of the quarter.

Moving to cash flow, cash from operations was $839 million, including a $387 million working capital inflow and $50 million of turnaround expenditures.

The working capital inflow primarily reflected the reversal of elevated receivables and equity-funded product inventory from the second quarter. Despite the large inflow, our year-to-date working capital change remains an outflow of over $110 million, which we would expect to unwind as commodity prices decline.

Separately, during the quarter, we sold approximately $200 million of excess RINs associated with our 2025 small refinery exemptions. Approximately half of the cash proceeds settled during the third quarter, with the balance expected in the fourth quarter.

Third quarter capital expenditures, including turnaround costs, totaled $87 million, bringing our year-to-date spending to $205 million. With our major maintenance activities behind us, we expect full-year capital and turnaround costs to finish slightly above our 2026 guidance range.

Shifting to the balance sheet and capital allocation, we fully repaid our ABL borrowings of $243 million and repurchased $10 million of common stock during the third quarter. As of September 30, total liquidity was $2.4 billion, including a cash balance of $731 million.

As part of our ongoing efforts to optimize our capital structure, we expect to terminate our Hawaii crude intermediation facility in the near term. We plan to use approximately $150 million of cash on hand to repurchase the related inventory and transition the collateral to our ABL facility, reducing annual working capital funding costs by approximately $14 million.

Finally, we expect to fully utilize our remaining federal NOLs this year. We entered 2026 with approximately $775 million of NOLs, providing a significant cash tax benefit of over $160 million. With these NOLs fully utilized, we anticipate becoming a regular federal cash taxpayer going forward.

Looking to the fourth quarter, our combined refining index averaged $41.34 per barrel in October, or $3 per barrel above the third quarter average.

In Hawaii, we expect our fourth quarter crude differential to land between $9 and $11 per barrel, reflecting crude purchases made during the third quarter. Quarter-to-date, Hawaii capture is supported by higher clean product freight pass-through rates and wider West Coast to Singapore distillate spreads.

Across our mainland system, we're well-positioned to benefit from the widened Brent-to-WTI spreads and heavy crude differentials, particularly in Washington and Montana, where our combined heavy crude throughput averages 50,000 barrels per day, or 25% of our system-wide feedstock mix.

Overall, we enter the fourth quarter with a strong outlook and significant financial flexibility. Looking ahead to 2027, we see attractive opportunities to compound recent earnings through our organic growth investments, while maintaining an opportunistic approach to share repurchases.

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

Question and Answer Section

Operator

Thank you. Your first question comes from Matthew Blair with Tudor, Pickering, Holt. Your line is open.

Question – Matthew Blair

Great. Thanks, and good morning, and congrats on the strong results. Hoping you can talk a little bit more about the impact of rising tanker rates on your business. You provided that $9 to $11 per barrel Hawaii crude diff in Q4. Is there any idea where Q1 is trending so far on that metric? And clean rates are also moving up; can you talk about how that supports you in the Hawaii product market? Thank you.

Answer – Shawn Flores

Hey, Matthew. Good morning. Thanks for the question. I'll start by giving some context on Q4. We typically don't give guidance out beyond the upcoming quarter, but I think I can set the stage for what we're seeing in the prompt market. As I mentioned, the fourth quarter Hawaii crude diff is guiding between $9 and $11 per barrel, which is actually softer relative to the third quarter. Keep in mind, we're typically buying crude two to three months in advance, so that's indicative of crude we bought in the early part of Q3. Since then, dirty freight and market structure have widened materially. The best proxy to look at is delivered ANS differentials to the West Coast, and over the last two to three months those differentials have widened by $10 to $15 per barrel, which gives you a sense of the types of crude we're competing against in the market.

But keep in mind, we have meaningful offsets to the dirty freight exposure. On the revenue side, all of our contracts include clean product freight pass-through rates, and over the same period those rates are up $6 to $8 per barrel. We also have a fair amount of exposure to West Coast pricing, and when you look at LA versus Singapore spreads, particularly on the distillate side, those have been averaging $30 to $40 per barrel relative to about $5 per barrel in the third quarter. So those are meaningful offsets that we expect to support capture in Hawaii, though they may not materialize in exactly the same quarter — the clean product freight comments and West Coast spreads are a prompt comment, whereas we have a lag on the crude side.

The other thing I'd remind you of is our exposure to the heavy Canadian crude differential on the mainland — we run about 50,000 barrels a day of heavy crude, and we've seen those differentials widen out by $15 per barrel over the last month or so. Overall, our system provides a really natural balance between Hawaii and the mainland, and we're able to offset much of the waterborne freight and Brent-to-WTI spreads that you're seeing in the market.

Answer – Will Monteleone

I'd just add — keep in mind that the delivered all-in crude cost to Hawaii is really made up of three factors: the origin-point or FOB differential, crude freight, and market structure. What we're seeing is that regions which are exporters of crude and an extended distance from their typical markets are having to discount the FOB crude in order to clear into the market. Over the same period, we've seen FOB crude differentials move from plus $3 to $5 to minus $5 to $8 in certain markets. So, there are a number of variables moving to ensure crude clears the market, and I think the delivered ANS values Shawn referenced are the best proxy for where the market is today.

Question – Matthew Blair

Thank you.

Operator

Your next question comes from John Royall with Piper Sandler. Your line is open.

Question – John Royall

Hi. Good morning. Thanks for taking my question. My first question is just on potential M&A. We've seen some activity out in the market across the size spectrum for independent refiners. Can you just update us on how you're thinking about refinery M&A more broadly, post-Billings, and if there's any geographic whitespace you'd like to fill in?

Answer – William Monteleone

Sure, John. It's Will. Broadly, there's not a lot that's changed in our M&A framework. We continue to be focused in areas where we'd have significant synergies, and ultimately that's principally in the Western United States, plugging into our existing network. That said, we're not in a rush to get things done, and I'd recognize that we're in a very attractive margin environment, which typically is a challenging environment for buyer and seller to come together, notwithstanding recent activity.

Question – John Royall

That makes sense. My follow-up is on the balance sheet — having the ABL at zero and over $700 million of cash on the balance sheet is a great position to be in. Do you expect to keep the ABL at zero and finance working capital with cash from here, or should we expect those balances to move back up a bit?

Answer – William Monteleone

Hey, John, it's Will again. On broader capital allocation, I'd say our framework remains consistent — first and foremost, we're a growth company focused on building shareholder value over the next five to ten years, and in a cyclical business, maintaining excess capital after a period of near-record margins is particularly valuable.

We've seen this time and again in the Refining business — balance sheet strength affords us flexibility to be prepared to act when the cycle inevitably changes. In terms of priority, we're always going to challenge ourselves and rethink our position, and I'd point you to the past to understand how we're dynamically thinking about things and ensuring we're deploying capital in the most effective, risk-adjusted manner.

Since 2023, we've repurchased shares and found that to be a particularly valuable allocation, deploying nearly $360 million and reducing our share count by 20%. At other times you've seen us active on the M&A side, it's difficult to predict when those opportunities emerge, and at other times you've seen us execute organic capital projects, like the approximately $100 million opportunity at Hawaii renewables. I give you that context because it gives you a sense of how we think, and I'd also say we don't rest on our past — we remind ourselves that we're only as good as our next capital deployment decision.

Question – John Royall

Okay. Thank you, Will.

Operator

Your next question comes from Jason Gabelman with TD Cowen. Your line is open.

Question – Jason Gabelman

Yeah, hey, thanks for taking my questions. You mentioned in your prepared comments that you're shifting to high-growth projects in Montana, and you've increased capacity in Hawaii out of the turnaround. Wondering if you could walk through some of the details on that. Any color on potentially increasing crude flexibility and/or the future ability to increase capacity at the sites?

Answer – William Monteleone

Yeah, sure, Jason. It's Will. In Hawaii, the opportunities we're pursuing are really to increase our ability to run lighter crudes. It's early, but we're encouraged by the rates we're seeing out of Hawaii post-turnaround — there are times we've been able to get over 90,000 barrels per day. It's too early to call that consistent, but we're encouraged by the results. In Montana, it's a mix of crude flexibility and product yield flexibility.

We've got a number of projects that we think will expand our capability to run a range of inland crudes, plus a number of debottlenecking projects underway — probably less than $10 million projects that will allow us to expand our diesel or jet production by up to 1,000 barrels per day, and other projects inside the alkylation units that will allow us to debottleneck that unit by 10% to 20%. So there's a lot of low-hanging fruit in Montana, and we're excited to have a stronger operating foundation to execute on some of these projects.

Question – Jason Gabelman

Great. And my other question is on the SRE disclosure — once you monetize these $200 million worth of RINs, will you still be current on your RIN compliance?

Answer – Shawn Flores

Hey, Jason, it's Shawn. That's correct. Our purchase cadence remains consistent with how we've approached it in the past. The RINs we've sold, the $200 million I referenced, are truly excess RINs, and we like to maintain assets that fully offset the potential obligation in the future.

Question – Jason Gabelman

Got it. If I could squeeze one last one in — there have obviously been product pipelines announced going West by some of your peers. As you look at inorganic and logistics opportunities in the Western region, are those potential projects that could fit in your portfolio?

Answer – William Monteleone

Yeah, Jason, I'd say we look at lots of different opportunities, including on the Logistics side. Generally, we're trying to find opportunities with a build multiple that would be attractive for our cost of capital. I'd expect they'll probably be smaller opportunities that fit within our core markets, rather than adding on to some of those long-haul pipes that are more focused on clearing Mid-Con barrels to the West Coast.

Question – Jason Gabelman

All right. I'll leave it there. Thanks.

Operator

Your next question comes from Josiah Knight with Goldman Sachs. Your line is open.

Question – Josiah Knight

Hey, good morning, team. Thanks for taking my question. First on China — we see some reports of refined products coming out of the region, or more coming out of the region. Can you talk about what you're seeing in real time, and how you see this evolving over the near to medium term?

Answer – William Monteleone

Sure. This is Will, Josiah. Thanks for the question. Big picture, our view of Chinese policy and approach is really unchanged. I'd characterize it broadly as refined product exports being flat to down over the last five years as they've rationalized their approach, internally focusing on serving the Chinese market for petrochemicals as well as transportation fuels. We believe that framework remains the same.

It will be volatile quarter to quarter based on the timing and frequency of export quotas, and that's really the main release valve we're monitoring. We did see some increase in exports during parts of the third quarter, and it looks like there's increased quota volume available in the fourth quarter. That said, Northeast Asian product balances are dynamic — China is clearly a factor, but a number of refineries that operate in Northeast Asia have long-haul freight on crude and are export-oriented, so they have to pay the clean product freight outbound to clear refined products in the market. Given the dynamics on both the dirty freight and clean freight side, it's a more challenging environment if you're export-oriented in Asia.

Question – Josiah Knight

Got it, that makes sense. And a follow-up on renewable diesel — you broke out the segment and it was positive EBITDA, which is nice to see. Can you walk us through how you plan to continue ramping the segment from a volume perspective, and any color on how you think about mid-cycle profitability for the segment?

Answer – Shawn Flores

Yeah, Josiah, it's Shawn. Richard provided our fourth quarter guidance midpoint of around 3,000 barrels a day. Our nameplate capacity there is closer to 4,000, so we'll continue making progress getting it up closer to nameplate over the coming quarters.

When we underwrote this project, we underwrote it at a 40% IRR, which implies about a $35 million a year EBITDA contribution. We did $5 million in Q3, with volumes about half of what we'd expect in normal operating conditions, so that gives you a sense of the margin potential in this type of margin environment. I think the historical framework of $35 million a year is the right one to go off of for now, and I'd note that the current margin environment is probably better than our underwriting case.

Question – Josiah Knight

Got it. Makes a lot of sense. I'll turn it back. Thank you.

Operator

Your next question is a follow-up from Matthew Blair of Tudor, Pickering, Holt. Please go ahead.

Question – Matthew Blair

Hi. Thanks for taking the follow-up. Do you have a baseline on what we should think about for SREs for next year? Essentially, for the 2026 SRE applications that you'd potentially receive in 2027, should investors pencil in zero here because absolute refining profitability was so strong in 2026, or is it more of a relative calculation, such that smaller refineries would still have a case to receive SREs? Thank you.

Answer – William Monteleone

Yeah, thanks for that easy question, Matthew, I appreciate it. It's very difficult to predict the approach we'll be taking on a year-to-year basis. Our current baseline would be that the law and the approach the DOE and EPA take remain consistent, and the scoring frameworks are relative. Ultimately, that's probably the best way to evaluate the baseline. You've got two years of history to use as your best guide for the future. There's nothing we've seen in the law or in the approach being taken that suggests a different approach going forward.

Question – Matthew Blair

Thanks for your comments.

Operator

There are no further questions at this time. I will now turn the call back to Will Monteleone for closing remarks.

William Monteleone

Thank you all for joining today. The third quarter was a strong continuation of a year defined by execution: notably the successful completion of our Hawaii turnaround, our Renewables business turning profitable in its first full quarter of operations, and reaching a net cash position for the first time in the company's history. Our focus remains on disciplined execution as a durable path to growing earnings and free cash flow per share over time. Thank you to our employees for their focused effort through 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.