

Valero Energy Reports 2019 Fourth Quarter and Full Year Results

- Reported net income attributable to Valero stockholders ~~1.1 billion~~, or ~~\$2.58~~ per share, for the fourth quarter ~~and \$2.4 billion~~, or \$5.84 per share, for the year.
- Reported ~~adjusted~~ net income attributable to Valero stockholders ~~673 million~~, or \$2.13 per share, for the fourth quarter and \$2.4 billion, or \$5.70 per share, for the year.
- Returned \$591 million in cash to stockholders through dividends and stock buybacks in the fourth quarter and \$2.3 billion in the year.
- Increased quarterly common stock dividend by ~~nine~~ percent to \$0.98 per share on January 23.

SAN ANTONIO, January 30, 2020 Valero Energy Corporation (NYSE: VLO, "Valero") today reported net income attributable to Valero stockholders ~~\$1.1 billion~~, or \$2.58 per share, for the fourth

Refining

The refining segment reported \$1.4 billion operating income for the fourth quarter of 2019 compared to \$1.5 billion for the fourth quarter of 2018.

“Our refineries operated well at 96% utilization, allowing us to take advantage of wider sour crude oil differentials and weakness in high sulfur residual feedstocks in the fourth quarter,” said [redacted].

Refinery throughput volumes averaged 60 million barrels per day in the fourth quarter of 2019, which is in line with the fourth quarter of 2018. For the full year 2019, the company processed record volumes of approximately 180 thousand barrels per day of Canadian heavy crude oil and 1.4 million barrels per day of North American sweet crude oil. The company exported an average of 343,000 barrels per day of gasoline and distillate in 2019.

Ethanol

The ethanol segment reported \$16 million of operating income for the fourth quarter of 2019, compared to a \$27 million operating loss for the fourth quarter of 2018. The increase in operating income was attributed primarily to higher ethanol prices. Ethanol production volumes averaged 4.3 million gallons per day in 2019.

\$868 million were \$57 million lower than in 2018 mainly due to adjustments to our environmental liabilities in 2018. The effective tax rate for 2019 was 26 percent.

Investing and Financing Activities

Capital investments totaled \$732 million in the fourth quarter of 2019, of which \$445 million was for sustaining the business, including costs for turnarounds, systems and regulatory compliance.

Valero returned \$591 million to stockholders in the fourth quarter of 2019, of which \$369 million was paid as dividends and \$222 million was for the purchase of approximately 26 million shares of common stock. In 2019, Valero returned \$2.3 billion to stockholders, or 47 percent of adjusted net cash provided by operating activities, consisting of \$777 million in stock buybacks and \$1.5 billion in dividends.

Net cash provided by operating activities in 2019 was \$5.5 billion. Included in this amount is a \$294 million non-cash adjustment for depreciation and amortization.

refineries are located in the United States (U.S.), Canada and the United Kingdom (U.K.), and the ethanol plants are located in the North America continent region of the U.S. Valero also is a joint venture partner in Diamond Green Diesel, which operates a renewable diesel plant in Norco, Louisiana. Diamond Green Diesel is North America's largest biomass-based diesel plant. Valero sells its products in the wholesale rack or bulk markets in the U.S., Canada, the U.K., Ireland and Latin America. Approximately 7,000 outlets carry Valero's brand names. Please visit www.valero.com for more information.

Valero Contacts

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Safe Harbor Statement

Statements contained in this release that state the company's management's expectations or predictions of the future are forward-looking statements intended to be covered by the safe harbor provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. The words "believe," "expect," "should," "estimates," "intend," "target," "will," "plans," and other similar expressions identify forward-looking statements. It is important to note that actual results could differ materially from those projected in such forward-looking statements based on numerous factors, including those outside of the company's control, such as delays in construction timing and other factors. For more information concerning factors that could cause actual results to differ from those expressed or forecasted, see Valero's annual reports on Form 10-K, quarterly reports on Form 10-Q, and other reports filed with the Securities and Exchange Commission and on Valero

Use of NonGAAP Financial Information

This earnings release and the accompanying earnings release tables include references to financial measures that are not defined under U.S. generally accepted accounting principles (GAAP). These non-GAAP measures include adjusted net income attributable to Valero stockholders, adjusted earnings per common share assuming dilution, refining margin, ethanol margin, renewable diesel margin, adjusted refining operating income, adjusted ethanol operating income, adjusted renewable diesel operating income, and adjusted net cash provided by operating activities. These non-GAAP financial measures have been included to help facilitate the comparison of operating results between periods. See the accompanying earnings release tables for a reconciliation of non GAAP measures to their most directly comparable U.S. GAAP measures. Note to the earnings li

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FINANCIAL HIGHLIGHTS BY SEGMENT (g)
millions of dollars)

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		E t a n R D i s l			C r p r a t a R d E l i m i n a t i o n		T t a l n i s n
Trm n ts n d d c n b r 31, 2019							
R							
R		\$ 26,637	\$ 958	\$ 284	\$ v	\$ 27,879	
I n t r s g m n t r		6	69	v 73	148)		
T t a l r		26,643v	1,027	357	148)	27,879 n	
C s t f s a l s :							
C s t f m a t r i a l s a n d t r a)		23,602	843	217)	148)	24,080	
O p r a t i n g x p n s s x c l a m r t i a t i n x p n s r f		11,092	c 126 d b l w)	21		u 1,239	
D p r c i a t i n a n d a m r t i a t 523 n x p 22 n s 12						557	
T t a l c s t f s a l s		25,217	991	184)	148)	25,876	
O t r p r a t i n g x p n s s b)		7				7	
G n r a l a n d a d m i n i s t r a t i d p r c i a t i n a n d a m r t i a t i n x p n s r f					v l c 243	243	t d
D p r c i a t i n a n d a m r t i a t i n x p n s					14	14	
O p r a t i n g i n c m b y S g m		\$ 1,419	\$ 36	\$ 541	\$ 257)	\$ 1,739	
Trm n ts n d d c n b r 31, 2018							
R							
R		\$ 27,722	\$ 803	\$ 204	\$ v l	\$ 28,730	
I n t r s g m n t r		5	54	v 67	126)		
T t a l r		27,727v	857	271	125)	28,730 n	
C s t f s a l s :							
C s t f m a t r i a l s a n d t r		24,671	729	140	125)	25,415	
O p r a t i n g x p n s s x c l a m r t i a t i n x p n s r f		11,097	c 134 d b l w)	20		u 1,251	
D p r c i a t i n a n d a m r t i a t 487 n x p 21 n s 10						518	
T t a l c s t f s a l s		26,255	884	170	125)	27,184	
O t r p r a t i n g x p n s s b)		4				4	
G n r a l a n d a d m i n i s t r a t i d p r c i a t i n a n d a m r t i a t i n x p n s r f					v l c 230	230	t d
D p r c i a t i n a n d a m r t i a t i n x p n s					13	13	
O p r a t i n g i n c m l s b y S g m		\$ 468	\$ t 27)	\$ 101	\$ 243)	\$ 1,299	

S O p r a t i n g H i g h l i g h t s b y S g m n t b g i n n i n g n T a
S N t s t E a r n i n g s R n i n g n l a s T a b l s b g i

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FINANCIAL HIGHLIGHTS BY SEGMENT (g)
millions of dollars)

Year ended December 31, 2019	Operating	Restructuring	Disposal	Other	Total
	\$ 103,746	\$ 3,606	\$ 970	\$ 2	\$ 108,324
Income	18	231	247	496	
Total	103,764	3,837	1,217	494	108,324
Costs:					
Cost of materials and travel	93,371	3,239	360	494	96,476
Operating expenses	14,289	504	75		4,868
Depreciation and amortization	2,062	90	50		2,202
Total selling expenses	99,722	3,833	485	494	103,546
Other operating expenses	20	1			21
General and administrative				868	868
Depreciation and amortization				53	53
Operating income	\$ 4,022	\$ 3	\$ 732	\$ 921	\$ 3,836
Year ended December 31, 2018					
	\$ 113,093	\$ 3,428	\$ 508	\$ 4	\$ 117,033
Income	25	210	170	405	
Total	113,118	3,638	678	401	117,033
Costs:					
Cost of materials and travel	101,866	3,008	262	404	104,732
Operating expenses	14,154	470	66		4,690
Depreciation and amortization	2,910	78	29		2,017
Total selling expenses	107,930	3,556	357	404	111,439
Other operating expenses	45				45
General and administrative				925	925
Depreciation and amortization				52	52
Operating income	\$ 5,143	\$ 82	\$ 321	\$ 974	\$ 4,572

Operating Highlights by Segment
Notes to Financial Statements

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	Tr M n ts E n d		Yr E n d	
	D c mbr 31, D		c mbr 31,	
	2019	2018	2019	2018
U.S. G				
Ex c l				
B l n drs tax c rdita)	11		2	5
Oprati n g xp n ss x c l	610c)	616b)w)	2,436)	2,326)
amrtiati n xp n sr f l	325)	292n)	1,279)	1,157)
lpr c iati n a n d amrtiati	5)	3)	13)	42)
Otr prati n g xp n ss b)				
R	<u>\$ 1,635</u>	<u>\$ n 1,410</u>	<u>\$ 5,214</u>	<u>\$ 5,848</u>
U.S. G				
Ex c l				
B l n drs tax c rdita)	11		2	5
Otr prati n g xp n ss b)	5)	3)	13)	42)
Adj	<u>\$ 700</u>	<u>\$ 502</u>	<u>\$ 1,496</u>	<u>\$ 2,365</u>
U.S. Mid-C n ti n n trgi n g)				
Ex c l				
B l n drs tax c rdita)	3			2
Oprati n g xp n ss x c l	164c)	164b)w)	632)	632)
amrtiati n xp n sr f l	82h)	78n)	308)	291)
lpr c iati n a n d amrtiati				
Otr prati n g xp n ss b)			2)	
R	<u>\$ 494</u>	<u>\$ n 658</u>	<u>\$ 2,484</u>	<u>\$ 2,409</u>
U.S. Mid-C n ti n n trgi n g)				
Ex c l				
B l n drs tax c rdita)	3			2
Otr prati n g xp n ss b)			2)	
Adj	<u>\$ 248</u>	<u>\$ 416</u>	<u>\$ 1,244</u>	<u>\$ 1,486</u>

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Tr M n ts E n d Yr E n d d
) c br 31,) c br 31,
 2019 2018 2019 2018

R
 r f i n i n g m a r g i n b y r g i n), a n d r c i l i a t i n f
 r f i n i n g s g m n t p r a t i n g i n c) i c t a d j n
 s g n t p r a t i n g i n c b y r g i n) i c n t i n
 N r t A t l a n t i c r g i n
 R \$ 314 i \$ n i n g p r a t i n g i n

[Redacted]

[Redacted]

[Redacted]

[Redacted]

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[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Tr	u	Tr M n ts E n d Yr E n d d		mbr 31, D c mbr 31,	
		2019	2018	2019	2018
Fdst	cs:				
Ha	v	329	445	394	469
Mdi	u	242	408	272	418
Swt	cr	1,676	1,464	1,581	1,410
	R sid	236	229	215	232
Otr	fdst c ks	157	124	153	127
Ttal	fdst c ks	2,640	2,670	2,615	2,656
Bl n	dst c ks a n d tr	378	343	337	330
Ttal tr		<u>3,018</u>	<u>3,013</u>	<u>2,952</u>	<u>2,986</u>
Yildst	u				
Gasli	n san dbl n dst c	1,511	1,484	1,423	1,443
Distillats		1,136	1,126	1,126	1,133
Otr prd		405	442	433	449
Ttal ylds		<u>3,052</u>	<u>3,052</u>	<u>2,982</u>	<u>3,025</u>
Oprati n g	statisti c s g)) k)				
	R	\$ 3,026	\$ 3,056	\$ 2,979	\$ 3,244
Adj	u	\$ 1,411	\$ 1,472	\$ 4,040	\$ 5,180
Tr	u	<u>3,018</u>	3,013	<u>2,952</u>	<u>2,986</u>
	R	\$ 10.90	\$ 11.03	\$ 13.65	\$ 10.32
Lss:					
Oprati n g	xp n ss x c l				
amrtiati n xp n sr f l		3.93	3.96	3.98	3.82
Dpr tr	ciati n a n d amrtiati n xp n s pr barr l f	1.89	1.76	1.92	1.75
Adj	u	\$ 5.08	\$ 5.31	\$ 3.75	\$ 4.75

	Tr M n ts E n d Yr E n d d		mbr 31, D c mbr 31,	
	2019	2018	2019	2018
Oprati n g statisti c s) k)				
Eta n l margi n f r m Tab l Pag 5)	\$ 184	\$ 128	\$ 598	\$ 630
Adj	\$ 36	\$ 27	\$ 4	\$ 82
Prd	4,321	4,251	4,269	4,109
Eta n l margi n pr gall n f	\$ 0.46	\$ 0.33	\$ 0.38	\$ 0.42
Lss:				
Oprati n g xp n ss x c l	0.32	0.34	0.32	0.31
amrtiati n xp n sr f l c	0.06	0.06	0.06	0.06
lpr c iati n a n d amrtiati n	0.06	0.06	0.06	0.06
Adj	\$ 0.08	\$ 0.07	\$	\$ 0.05

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 R E N E W A B L E D I E S E L S E G M E N T O P E R A T I N G S
 m i l l i o n s o f d o l l a r s , x c e p t p r g a l l o n a m o u n t

	T r a n s a c t i o n s E n d e d		Y e a r E n d e d	
	M o n t h s E n d e d		M o n t h s E n d e d	
	M a r c h 3 1 ,		D e c e m b e r 3 1 ,	
	2 0 1 9	2 0 1 8	2 0 1 9	2 0 1 8
O p e r a t i n g s (i n c l u d i n g d e p r e c i a t i o n a n d a m o r t i z a t i o n)	\$ 1,220	\$ 1,197	\$ 701	\$ 442
A d j u s t m e n t s	\$ 187	\$ 167	\$ 576	\$ 317
S a l e s	844	720	760	431
R e s u l t s	\$ 1,284	\$ 1,296	\$ 1,237	\$ 790
L s s :				
O p e r a t i n g e x p e n s e s	0.27	0.29	0.27	0.41
D e p r e c i a t i o n a n d a m o r t i z a t i o n	0.15	0.16	0.18	0.18
A d j u s t m e n t s	\$ 2.42	\$ 2.51	\$ 2.08	\$ 2.01

S e e N o t e 5 f o r d e t a i l s o f e a r n i n g s R e s u l t s I n f o r m a t i o n I n T a b l e 1 o f A p p e n d i x B

		Tr M n ts E n d Yr E n d d	
		mbr 31,) c mbr 31,	
		2019	2018
U.S. Gulf of Mexico			
Operating statistics by region			
Revenue	\$	1,635	1,410
Adjusted revenue	\$	700	502
Transaction		1,762	1,797
Revenue	\$	10.08	8.53
Adjusted revenue	\$	1.08	0.94
Less:			
Operating expenses		3.76	3.73
Depreciation and amortization		2.01	1.76
Adjusted	\$	4.31	3.04
U.S. Mid-Continent			
Revenue	\$	494	658
Adjusted revenue	\$	248	416
Transaction		463	450
Revenue	\$	11.60	15.89
Adjusted revenue	\$	3.17	2.17
Less:			
Operating expenses		3.84	3.95
Depreciation and amortization		1.90	1.89
Adjusted	\$	5.86	10.05

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		Tr M n ts E n d Yr E n d d		mbr 31, D c mbr 31,	
		2019	2018	2019	2018
Oprati n g statisti c s byrg i n i) c n t i n					
NrtAtla n t i c rgi n) k)					
	R	f\$ 523	\$n 732	n\$ 851	\$ 1,951
Adj		u\$ 316	\$ 516	\$ 1,045	\$ 1,136
Tr	u	510	500	492	466
	R	f\$ 11.14	\$n 15i91	n\$ 10.21	\$ 11.46
Lss:					
Oprati n g xp n ss x c l		u	3.29	3.53	3.30
amrt iati n xp n sr f l		u	1.12	1.15	1.19
Adj		u\$ 6.73	\$ 11.23	\$ 5.82	\$ 6.68
U.S. Wst Cast rgi n) k)					
	R	f\$ 374	\$n 256	n\$ 145	\$ 1,036
Adj		u\$ 147	\$ 38	\$ 255	\$ 193
Tr	u	283	266	266	282
	R	f\$ 14.37	\$n 10i47	n\$ 11.30	\$ 10.06
Lss:					
Oprati n g xp n ss x c l		u	6.30	6.30	6.47
amrt iati n xp n sr f l		u	2.45	2.60	2.71
Adj		u\$ 5.62	\$ 1.57	\$ 2.62	\$ 1.88

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	Tr M D	ts E c	n d mbr 31, D	Year E c	n d mbr 31,
	2019	2018	2019	2018	
R f i n i n g					
Fdst c ks d l lars pr barr l)					
Br n t c r	\$ 62.49	\$ 68.46	\$ 64.18	\$ 71.62	
Br n t lss Wst Txas I n trnd i at WTI)	5.51	r 9.38	7.15	6.71	
Br n t lss Alaska Nrt S l p ANS) c	r 1.92)	0.18)	0.86)	0.31	u
Br n t lss L	1.67	u 1.94	1.47	1.72	
Br n t lss Arg	4.72	u 5.15	3.56	5.20	
Br n t lss Max c r	9.56	4.76	6.57u	9.22	
LLS c r	60.82	66.52	62.71	69.90	
LLS lss ASCI c r	3.05	3.21	u 2.09	3.48	
LLS lss Max c r	7.89	2.82	u 5.10	7.50	
WTI c r	56.98	69.08	57.03	64.91	
Nat u 2.26 3.86 2.47 3.23ral gas d l lars					
Prd u c					
U.S. G u l f n					
C n gas l i n lss Br n t	v 3.79	2.60)	4.37	4.81	
Ultra-lws	15.92	14.91	14.90	14.02	l
Prpy n lss Br n t	24.54)	3.55)	22.31)	2.86)	
CBOB gas l i n lss LLS	5.46	0.66)	5.84	6.53	
ULS disl lss LLS	17.59	16.85	16.37	15.74	
Prpy n lss LLS	22.87)	1.61)	20.84)	1.14)	
U.S. Mid-C n t i n n t:					
CBOB gas l i n lss WTI	10.73	8.60	13.62	13.70	
ULS disl lss WTI	22.31	26.66	22.77	22.82	
Nrt Atla n t i c :					
CBOB gas l i n lss Br n t	7.33	0.68	7.20	7.59	
ULS disl lss Br n t	19.42	18.43	17.22	16.29	
U.S. Wst Cast:					
Cal i f r n i a R f r m	14.84	17.05	16.28	18.05	87 gas l i n
Cal i f r n i a Air	21.50	18.69	19.30	18.13	
CA R BOB 87 g 23.27 n 16.6lss WTI	24.29			19.45	
CA R B disl 28.9WTI	28.25		27.31	24.53	

	Tr M D	n c	ts E mbr 31,	n D	Year E c	n d d mbr 31,
	2019	2018	2019	2018		
Eta n l						
Ci c ag Bard f Trad CBO\$)	3.81	c\$ 3.70	\$	3.81	\$	3.68
NwYrk Harbr ta n l d l lars pr gall n)	1.62	1.38		1.53		1.48
R n wabl dis l						
NwYrk Mr c a n til Ex c a n g ULS dis l d l lars pr gall n)	1.95	2.06		1.94		2.09
Bidisl R n wabl Id n ti f i d l lars pr R	10.56	0.40		0.48		0.53
Cal i f r n ia Lw-Carb n F	206.04	191.63		196.82		168.24 u
CBOT spa n i l d l lars pr p	0.31	0.28		0.29		0.30

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Balance sheet data	December 31,	
	2019	2018
Current assets	\$ 18,969	\$ 17,675
Cash and cash equivalents	2,583	2,982
Accounts receivable	7,013	6,532
Accounts payable	13,160	10,724
Prepaid expenses	494	238
Deferred income taxes	9,178	8,871
Total current assets	26,727	29,609
Value of equity	21,803	21,667

Reconciliation	December 31, 2019		December 31, 2018	
	2019	2018	2019	2018
Net equity	\$ 1,708	\$ 1,678	\$ 5,531	\$ 4,371
Equity				
Cash	434	123	294	1,297
Disposal LLCs (DD) adj				
Other	277	56	390	175
Adj	\$ 1,865	\$ 1,745	\$ 4,847	\$ 5,493
Div	\$ 0.90	\$ 0.80	\$ 3.60	\$ 3.20

a) Cost of materials and direct materials used in production, 2019 is \$449 million. This amount is included in the cost of goods sold for 2019. The cost of materials and direct materials used in production, 2018 is \$449 million. This amount is included in the cost of goods sold for 2018.

	Disl	R	Ttal
2019 bl n drs tax c rdit:			
Ni n m n ts 30, 2019 d S p t m b:	\$ 13	\$ 198	\$ 211
Tr m n ts n d d B1, 2019 c	3	77	80
Ttal 2019 bl n drs tax c rdit	16	275	291
2018 bl n drs tax c rdit:			
Ni n m n ts 30, 2018 d S p t m b:	2	90	92
Tr m n ts n d d B1, 2018 c		66	66
Ttal 2018 bl n drs tax c rdit	2	156	158
Ttal r c g n iz i n \$ 2019	\$ 431	\$ 449	

Other income, net of income taxes, 2019 is \$215 million. This amount is included in the other income, net of income taxes, 2019.

Cost of materials and direct materials used in production, 2018 is \$449 million. This amount is included in the cost of goods sold for 2018. The cost of materials and direct materials used in production, 2017 is \$449 million. This amount is included in the cost of goods sold for 2017.

b) Other operating expenses, net of income taxes, 2019 is \$160 million. This amount is included in the other operating expenses, net of income taxes, 2019. The other operating expenses, net of income taxes, 2018 is \$160 million. This amount is included in the other operating expenses, net of income taxes, 2018.

Cost of materials and direct materials used in production, 2018 is \$449 million. This amount is included in the cost of goods sold for 2018.

d) Other income, net of income taxes, 2019 is \$215 million. This amount is included in the other income, net of income taxes, 2019. The other income, net of income taxes, 2018 is \$215 million. This amount is included in the other income, net of income taxes, 2018.

e) Other income, net of income taxes, 2017 is \$215 million. This amount is included in the other income, net of income taxes, 2017. The other income, net of income taxes, 2016 is \$215 million. This amount is included in the other income, net of income taxes, 2016.

Income tax expense, 2019 is \$160 million. This amount is included in the income tax expense, 2019. The income tax expense, 2018 is \$160 million. This amount is included in the income tax expense, 2018.

January, 2019

Warrant dated January 2, 2019, issued by Valero Energy Corporation, a Delaware corporation, to the holders of the warrants.

Notwithstanding to the extent of the above, the warrants shall be exercisable only if the underlying shares are not subject to a restriction on transfer.

Adjusted attributable to Valero Energy Corporation stockholders - Warrants

n t rprs n t c as g n ratd by
 a c t i v
DGDs adjusted net cash provided by operating activities attributable to our joint venture partners
ownership interest in DGD - War a 50/50 j i n t
 f i n a n c i a l s t a t m e n t s
 c a s f l w) i s i n c l

DGDs part n rs u
 liability) t f u
 N
 f DGDs prati n g c v as f l w s
 Tr f r, w a v
 prati n g c as f l w attrib v
 t a t i t m r a c c
 a c t i m i l l i n s) : v u

