

PBF Energy Inc. (PBF)

A demonstrably stronger company and a still highly cyclical earnings stream

FQ3 2026 Earnings Review
Period ended 2026-09-30
Reported 2026-10-29

1 | KEY RESULTS VS. CONSENSUS

Metric	Reported	Year Ago	vs. Year Ago
Revenue	\$12.13 billion	\$7.65 billion	+58.6%
Adjusted EBITDA	\$2.30 billion	\$152.8 million	+1405.2%
Diluted EPS	\$12.54	\$1.45	+764.8%

2 | GUIDANCE AND OUTLOOK

Q4 throughput guidance is 925,000-985,000 barrels per day. PBF reaffirmed 2026 capital expenditure guidance of \$825 million-\$875 million, excluding the Martinez rebuild, unchanged from July. The year-end refinery improvement target of more than \$350 million in annualized benefits was reaffirmed. Management expects at least \$130 million lower interest expense in 2027. Chalmette and Toledo turnarounds were deferred into 2027, which will carry heavier maintenance than most years. October was strong, but management provided no numerical Q4 earnings or margin guidance.

3 | EARNINGS ANALYSIS

MARGINS DROVE THE BEAT. Adjusted EPS reached \$12.78 against Bloomberg consensus of \$11.12. Realized refining margin increased to \$34.56 per barrel from \$23.40 sequentially, while throughput remained slightly below the prior guidance midpoint. West Coast throughput exceeded guidance as Martinez returned to full operations; its volume recovery exceeded the consolidated year-over-year increase. East Coast throughput missed guidance during Paulsboro maintenance. The earnings acceleration was therefore margin-driven with improved asset availability, not an aggregate throughput surprise.

CASH QUALITY NEEDS ADJUSTMENTS. Operating cash flow was \$1.878 billion, with only a \$56 million working-capital benefit. Reported and adjusted EPS were relatively close, and the quarter contained neither an insurance recovery gain nor an inventory valuation adjustment. Implementation costs excluded from adjusted results remain an economic cost of the improvement program. Torrance hydrogen ownership improves maintenance coordination, but moving payments from operating leases to a promissory note can improve EBITDA and operating cash flow without initially lowering total cash outflow.

FAVORABLE AVAILABILITY IS NOT CERTAINTY. Completed Martinez and Paulsboro turnarounds improve the operating opportunity, not the certainty of sequential earnings growth. Product scarcity may outlast crude normalization, but a permanent higher refining cycle is unproven. Better utilization elsewhere, changing trade flows and demand adjustment can compress margins before inventories recover. Wider quoted heavy-crude discounts must be assessed against delivered freight costs, processing constraints and product yields.

NET LIQUIDITY IMPROVED SUBSTANTIALLY. Quarter-end cash was \$2.54 billion against \$2.12 billion of debt, producing \$425.9 million of net cash. Gross debt increased during the quarter; deleveraging was principally a net-liquidity improvement. The subsequent \$800 million redemption consumes cash and must not be counted again as net-debt reduction. Advance material purchases for deferred turnarounds remain in current capital guidance, so lower spending is not entirely a permanent efficiency gain.

SAVINGS REQUIRE A CLEAN BRIDGE. The improvement program includes capital savings as well as operating reductions; only the latter directly increase EBITDA. Operating expense savings were approximately \$8 million-\$10 million short of plan, while capital reductions outperformed. The exit run rate is not savings recognized throughout the year. Energy prices and hydrogen reclassification must be separated from physical efficiency gains. Normalized comprehensive maintenance cash requirements remain unresolved.

STRONGER COMPANY, STILL CYCLICAL EARNINGS. The quarter does not establish a sustainable earnings baseline or valuation discount. The next major underwriting event is the 2027 budget: heavier maintenance and greater cash taxes qualify the favorable outlook. Confirmation requires actual savings and yield-project cash returns after full costs, not annualizing exceptional quarterly earnings.

4 | KEY READ-THROUGHS

PRODUCT SCARCITY CAN OUTLAST CRUDE-OIL NORMALIZATION
Marathon Petroleum (MPC), Valero Energy (VLO), Phillips 66 (PSX) | Positive | High for refining earnings

Crude transportation can normalize before refinery availability, lowering feedstock costs without equivalent declines in product prices. Management estimated more than 5 million barrels per day of global refining capacity was offline. PBF's New York Harbor benchmark was approximately \$65 per barrel versus \$26 a year earlier. Reliable complex US refiners can also capture heavy-crude discounts and domestic gas advantages. Demand destruction and faster supply restoration are the principal limitations. Peer margins depend on crude slates, maintenance and compliance costs; current cracks should not be capitalized as permanent.

AIRLINE FUEL RELIEF CAN LAG A DECLINE IN CRUDE
United Airlines Holdings (UAL), Delta Air Lines (DAL) | Negative; comparatively less negative for Delta | High

Delivered jet fuel includes refining margins, freight and local supply conditions, so lower crude may deliver less relief than expected. United does not financially hedge expected consumption and disclosed approximately \$116 million of projected annual fuel-expense sensitivity per \$1 per barrel. Delta disclosed approximately \$40 million annually per \$0.01 per gallon and has a partial physical offset through its Trainer refinery, unlike United. Delta is comparatively better positioned for a refining-margin shock, not an overall beneficiary of expensive fuel.

HIGH FREIGHT RATES SUPPORT SPOT-EXPOSED PRODUCT TANKERS
Scorpio Tankers (STNG) | Positive | High for near-term operating cash flow

Higher net time-charter-equivalent revenue benefits exposed vessel days against a comparatively stable cost base. Scorpio disclosed Q4 LR2 pool and spot bookings of approximately \$181,000 per day on 44% coverage and MR bookings of approximately \$56,000 per day on 47% coverage. These are partial-quarter bookings, not full-quarter fleet averages; fixed time charters earned materially lower rates. PBF corroborates already disclosed freight strength rather than a new catalyst. Outages can reduce cargo availability; no PBF-Scorpio charter relationship was identified.

STRONGER US RENEWABLE-DIESEL ECONOMICS FAVOR DARLING
Darling Ingredients (DAR), Valero Energy (VLO) | Positive | High for the renewable-fuel business

Stronger renewable-fuel selling economics and credit realization relative to feedstock costs support Diamond Green Diesel, owned 50% each by Darling and Valero. Darling reported 314.9 million gallons of Q3 DGD shipments and standalone adjusted EBITDA of \$1.30 per gallon. The read-through matters more to Darling than to Valero's larger conventional-refining portfolio. PBF corroborates supportive common market inputs, not an independent guarantee of a peer earnings beat. Higher credit values can be competed away through feedstock prices; benefits must not be double counted.