



## HollyFrontier Corporation Reports Quarterly Results

October 31, 2019

- Reported net income attributable to HollyFrontier stockholders of \$261.8 million, or \$1.58 per diluted share, and adjusted net income of \$278.0 million, or \$1.68 per diluted share, for the third quarter
- Reported EBITDA of \$521.7 million and adjusted EBITDA of \$523.1 million for the third quarter
- Returned \$259.5 million to shareholders through dividends and share repurchases in the third quarter

DALLAS--(BUSINESS WIRE)--Oct. 31, 2019-- HollyFrontier Corporation (NYSE:HFC) ("HollyFrontier" or the "Company") today reported third quarter net income attributable to HollyFrontier stockholders of \$261.8 million, or \$1.58 per diluted share, for the quarter ended September 30, 2019, compared to \$342.5 million, or \$1.93 per diluted share, for the quarter ended September 30, 2018.

The third quarter results reflect special items that collectively decreased net income by a total of \$16.2 million. These items include a lower of cost or market inventory valuation adjustment that decreased pre-tax earnings by \$34.1 million, a RINs cost reduction as a result of the small refinery exemptions granted to our Cheyenne and Woods Cross refineries for the 2018 calendar year of \$36.6 million and Sonneborn integration and regulatory costs of \$3.9 million. Excluding these items, net income for the current quarter was \$278.0 million (\$1.68 per diluted share) compared to \$350.7 million (\$1.98 per diluted share) for the third quarter of 2018, which excludes certain items that collectively decreased net income by \$8.3 million for the three months ended September 30, 2018. Total operating expenses for the quarter were \$345.6 million compared to \$317.2 million for the third quarter of last year.

HollyFrontier's President & CEO, George Damiris, commented, "HollyFrontier's solid third quarter results were driven by record throughput volumes and healthy gasoline and diesel margins across our refining system. We returned over \$259 million to shareholders through dividends and share repurchases, signaling our strong commitment to return free cash flow to our shareholders. We are currently undergoing turnarounds at our El Dorado and Cheyenne refineries and plan to return to normal operations later in the fourth quarter."

The Refining and Marketing segment reported adjusted EBITDA of \$424.6 million compared to \$507.2 million for the third quarter of 2018. This decrease was primarily driven by lower product margins and weaker laid-in crude advantage across our refining system which resulted in a consolidated refinery gross margin of \$17.23 per produced barrel, a 11% decrease compared to \$19.41 for the third quarter of 2018. Crude oil charge averaged 476,030 barrels per day ("BPD") for the current quarter compared to 441,990 BPD for the third quarter 2018.

Our Lubricants and Specialty Products segment reported EBITDA of \$38.0 million, compared to \$42.4 million in the prior year, despite improvements in base oil markets. Rack Forward EBITDA was \$51.3 million, compared to \$57.1 million in the prior year, driven by an unfavorable product sales mix and the impact of macroeconomic headwinds on end markets in the quarter.

Holly Energy Partners, L.P. ("HEP") reported EBITDA of \$123.1 million for the third quarter 2019 compared to \$86.9 million in the third quarter of 2018. Third quarter results reflected strong third-party volumes and higher spot revenues on its crude oil pipeline systems in Wyoming and Utah. Reported EBITDA in third quarter 2019 includes a \$35.2 million gain on sales-type leases that eliminates on HFC consolidation.

For the third quarter of 2019, net cash provided by operations totaled \$441.9 million. During the period, we declared and paid a dividend of \$0.33 per share to shareholders totaling \$54.5 million and spent \$205.0 million in stock repurchases. At September 30, 2019, our cash and cash equivalents totaled \$981.9 million, a \$67.3 million increase over cash and cash equivalents of \$914.6 million at June 30, 2019. Additionally, our consolidated debt was \$2,425.2 million. Our debt, exclusive of HEP debt, which is nonrecourse to HollyFrontier, was \$993.4 million at September 30, 2019.

The Company has scheduled a webcast conference call for today, October 31, 2019, at 9:30 AM Eastern Time to discuss third quarter financial results. This webcast may be accessed at: <https://event.on24.com/wcc/r/2080006/E990110BD66EA00A36965449876CB61E>. An audio archive of this webcast will be available using the above noted link through November 14, 2019.

HollyFrontier Corporation, headquartered in Dallas, Texas, is an independent petroleum refiner and marketer that produces high value light products such as gasoline, diesel fuel, jet fuel and other specialty products. HollyFrontier owns and operates refineries located in Kansas, Oklahoma, New Mexico, Wyoming and Utah and markets its refined products principally in the Southwest U.S., the Rocky Mountains extending into the Pacific Northwest and in other neighboring Plains states. In addition, HollyFrontier produces base oils and other specialized lubricants in the U.S., Canada and the Netherlands, and exports products to more than 80 countries. HollyFrontier also owns a 57% limited partner interest and a non-economic general partner interest in Holly Energy Partners, L.P., a master limited partnership that provides petroleum product and crude oil transportation, terminalling, storage and throughput services to the petroleum industry, including HollyFrontier Corporation subsidiaries.

The following is a "safe harbor" statement under the Private Securities Litigation Reform Act of 1995: The statements in this press release relating to matters that are not historical facts are "forward-looking statements" based on management's beliefs and assumptions using currently available information and expectations as of the date hereof, are not guarantees of future performance and involve certain risks and uncertainties, including those contained in our filings with the Securities and Exchange Commission. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that our expectations will prove correct. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecast in such statements. Any differences could be caused by a number of factors, including, but not limited to, risks and uncertainties with respect to the actions of actual or potential competitive suppliers of refined petroleum products in the Company's markets, the demand for and supply of crude oil and refined products, the spread between market prices for refined products and market prices for crude oil, the possibility of constraints on the transportation of refined products, the possibility of inefficiencies, curtailments or shutdowns in refinery operations or pipelines, effects of governmental and environmental regulations and policies, the availability and cost of financing to the

Company, the effectiveness of the Company's capital investments and marketing strategies, the Company's efficiency in carrying out construction projects, the ability of the Company to acquire refined product operations or pipeline and terminal operations on acceptable terms and to integrate any future acquired operations, the possibility of terrorist and cyber attacks and the consequences of any such attacks, general economic conditions and other financial, operational and legal risks and uncertainties detailed from time to time in the Company's Securities and Exchange Commission filings. The forward-looking statements speak only as of the date made and, other than as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## RESULTS OF OPERATIONS

### Financial Data (all information in this release is unaudited)

|   | Three Months Ended<br>September 30, |              | Change from 2018 |         |
|---|-------------------------------------|--------------|------------------|---------|
|   | 2019                                | 2018         | Change           | Percent |
| (In thousands, except per share data)   |                                     |              |                  |         |
| <b>Sales and other revenues</b>   | \$ 4,424,828                        | \$ 4,770,799 | \$ (345,971 )    | (7 )%   |
| <b>Operating costs and expenses:</b>  |                                     |              |                  |         |
| Cost of products sold:  |                                     |              |                  |         |
| Cost of products sold (exclusive of lower of cost or market inventory valuation adjustment) | 3,403,767                           | 3,752,234    | (348,467 )       | (9 )    |
| Lower of cost or market inventory valuation adjustment                                      | 34,062                              | 17,837       | 16,225           | 91      |
|   | 3,437,829                           | 3,770,071    | (332,242 )       | (9 )    |
| Operating expenses  | 345,578                             | 317,196      | 28,382           | 9       |
| Selling, general and administrative expenses  | 87,626                              | 71,130       | 16,496           | 23      |
| Depreciation and amortization   | 127,016                             | 108,885      | 18,131           | 17      |
| <b>Total operating costs and expenses</b>   | 3,998,049                           | 4,267,282    | (269,233 )       | (6 )    |
| <b>Income from operations</b>   | 426,779                             | 503,517      | (76,738 )        | (15 )   |
| <b>Other income (expense):</b>  |                                     |              |                  |         |
| Earnings of equity method investments   | 1,334                               | 1,114        | 220              | 20      |
| Interest income   | 6,164                               | 5,136        | 1,028            | 20      |
| Interest expense  | (36,027 )                           | (32,399 )    | (3,628 )         | 11      |
| Gain on foreign currency transactions   | 395                                 | 281          | 114              | 41      |
| Other, net  | 2,356                               | 741          | 1,615            | 218     |
|   | (25,778 )                           | (25,127 )    | (651 )           | 3       |

|  |            |            |              |        |
|--|------------|------------|--------------|--------|
| <b>Income before income taxes</b>                            | 401,001    | 478,390    | (77,389 )    | (16 )  |
| Income tax expense   | 103,021    | 116,258    | (13,237 )    | (11 )  |
| <b>Net income</b>  | 297,980    | 362,132    | (64,152 )    | (18 )  |
| Less net income attributable to noncontrolling interest      | 36,167     | 19,666     | 16,501       | 84     |
| <b>Net income attributable to HollyFrontier stockholders</b> | \$ 261,813 | \$ 342,466 | \$ (80,653 ) | (24 )% |

**Earnings per share attributable to HollyFrontier stockholders:**

|   |         |         |            |        |
|---|---------|---------|------------|--------|
| Basic   | \$ 1.60 | \$ 1.95 | \$ (0.35 ) | (18 )% |
| Diluted   | \$ 1.58 | \$ 1.93 | \$ (0.35 ) | (18 )% |
| <b>Cash dividends declared per common share</b> | \$ 0.33 | \$ 0.33 | \$ —       | — %    |

**Average number of common shares outstanding:**

|                        |            |            |              |        |
|------------------------|------------|------------|--------------|--------|
| Basic                  | 163,676    | 175,097    | (11,421 )    | (7 )%  |
| Diluted                | 165,011    | 176,927    | (11,916 )    | (7 )%  |
| <b>EBITDA</b>          | \$ 521,713 | \$ 594,872 | \$ (73,159 ) | (12 )% |
| <b>Adjusted EBITDA</b> | \$ 523,082 | \$ 612,709 | \$ (89,627 ) | (15 )% |

| <b>Nine Months Ended<br/>September 30,</b> |             | <b>Change from 2018</b> |                |
|--|-------------|-------------------------|----------------|
| <b>2019</b>                                | <b>2018</b> | <b>Change</b>           | <b>Percent</b> |

(In thousands, except per share data)

|   |               |               |               |       |
|---|---------------|---------------|---------------|-------|
| <b>Sales and other revenues</b>   | \$ 13,104,690 | \$ 13,370,462 | \$ (265,772 ) | (2 )% |
| <b>Operating costs and expenses:</b>  |               |               |               |       |
| Cost of products sold:  |               |               |               |       |
| Cost of products sold (exclusive of lower of cost or market inventory valuation adjustment) | 10,307,856    | 10,695,275    | (387,419 )    | (4 )  |
| Lower of cost or market inventory valuation adjustment                                      | (150,483 )    | (192,927 )    | 42,444        | (22 ) |
|   | 10,157,373    | 10,502,348    | (344,975 )    | (3 )  |
| Operating expenses  | 1,010,422     | 933,699       | 76,723        | 8     |
| Selling, general and administrative expenses  | 260,977       | 204,469       | 56,508        | 28    |

|   |                     |                     |                      |               |
|---|---------------------|---------------------|----------------------|---------------|
| Depreciation and amortization   | 375,345             | 323,605             | 51,740               | 16            |
| Goodwill impairment   | 152,712             | —                   | 152,712              | —             |
| <b>Total operating costs and expenses</b>                             | <b>11,956,829</b>   | <b>11,964,121</b>   | <b>(7,292 )</b>      | <b>—</b>      |
| <b>Income from operations</b>   | <b>1,147,861</b>    | <b>1,406,341</b>    | <b>(258,480 )</b>    | <b>(18 )</b>  |
| <b>Other income (expense):</b>  |                     |                     |                      |               |
| Earnings of equity method investments                                 | 5,217               | 4,127               | 1,090                | 26            |
| Interest income   | 17,127              | 10,660              | 6,467                | 61            |
| Interest expense  | (106,938 )          | (97,446 )           | (9,492 )             | 10            |
| Gain on foreign currency transactions                                 | 4,873               | 5,516               | (643 )               | (12 )         |
| Other, net  | 3,005               | 3,451               | (446 )               | (13 )         |
|   | (76,716 )           | (73,692 )           | (3,024 )             | 4             |
| <b>Income before income taxes</b>                                     | <b>1,071,145</b>    | <b>1,332,649</b>    | <b>(261,504 )</b>    | <b>(20 )</b>  |
| Income tax expense  | 279,862             | 318,742             | (38,880 )            | (12 )         |
| <b>Net income</b>   | <b>791,283</b>      | <b>1,013,907</b>    | <b>(222,624 )</b>    | <b>(22 )</b>  |
| Less net income attributable to noncontrolling interest               | 79,500              | 57,843              | 21,657               | 37            |
| <b>Net income attributable to HollyFrontier stockholders</b>          | <b>\$ 711,783</b>   | <b>\$ 956,064</b>   | <b>\$ (244,281 )</b> | <b>(26 )%</b> |
| <b>Earnings per share attributable to HollyFrontier stockholders:</b> |                     |                     |                      |               |
| Basic   | \$ 4.23             | \$ 5.42             | \$ (1.19 )           | (22 )%        |
| Diluted   | \$ 4.20             | \$ 5.37             | \$ (1.17 )           | (22 )%        |
| <b>Cash dividends declared per common share</b>                       | <b>\$ 0.99</b>      | <b>\$ 0.99</b>      | <b>\$ —</b>          | <b>— %</b>    |
| <b>Average number of common shares outstanding:</b>                   |                     |                     |                      |               |
| Basic   | 167,935             | 175,865             | (7,930 )             | (5 )%         |
| Diluted   | 169,125             | 177,557             | (8,432 )             | (5 )%         |
| <b>EBITDA</b>   | <b>\$ 1,456,801</b> | <b>\$ 1,685,197</b> | <b>\$ (228,396 )</b> | <b>(14 )%</b> |
| <b>Adjusted EBITDA</b>  | <b>\$ 1,451,864</b> | <b>\$ 1,413,620</b> | <b>\$ 38,244</b>     | <b>3 %</b>    |

## Balance Sheet Data

September 30, December 31,

2019 2018

(In thousands)

|                           |               |               |
|---------------------------|---------------|---------------|
| Cash and cash equivalents | \$ 981,856    | \$ 1,154,752  |
| Working capital           | \$ 1,827,420  | \$ 2,128,224  |
| Total assets              | \$ 12,191,328 | \$ 10,994,601 |
| Long-term debt            | \$ 2,425,234  | \$ 2,411,540  |
| Total equity              | \$ 6,541,363  | \$ 6,459,059  |

## Segment Information

Our operations are organized into three reportable segments, Refining, Lubricants and Specialty Products and HEP. Our operations that are not included in the Refining, Lubricants and Specialty Products and HEP segments are included in Corporate and Other. Intersegment transactions are eliminated in our consolidated financial statements and are included in Eliminations. Corporate and Other and Eliminations are aggregated and presented under Corporate, Other and Eliminations column.

The Refining segment includes the operations of our El Dorado, Tulsa, Navajo, Cheyenne and Woods Cross refineries and HollyFrontier Asphalt Company LLC ("HFC Asphalt") (aggregated as a reportable segment). Refining activities involve the purchase and refining of crude oil and wholesale and branded marketing of refined products, such as gasoline, diesel fuel and jet fuel. These petroleum products are primarily marketed in the Mid-Continent, Southwest and Rocky Mountain regions of the United States. HFC Asphalt operates various terminals in Arizona, New Mexico and Oklahoma.

The Lubricants and Specialty Products segment involves Petro-Canada Lubricants Inc.'s ("PCLI") production operations, located in Mississauga, Ontario, that include lubricant products such as base oils, white oils, specialty products and finished lubricants and the operations of our Petro-Canada Lubricants business that includes the marketing of products to both retail and wholesale outlets through a global sales network with locations in Canada, the United States, Europe and China. Additionally, the Lubricants and Specialty Products segment includes specialty lubricant products produced at our Tulsa refineries that are marketed throughout North America and are distributed in Central and South America, the operations of Red Giant Oil, one of the largest suppliers of locomotive engine oil in North America and the operations of Sonneborn, a producer of specialty hydrocarbon chemicals such as white oils, petrolatums and waxes with manufacturing facilities in the United States and Europe.

The HEP segment involves all of the operations of HEP, a consolidated variable interest entity, which owns and operates logistics assets consisting of petroleum product and crude oil pipelines, terminals, tankage, loading rack facilities and refinery process units in the Mid-Continent, Southwest and Rocky Mountain regions of the United States. The HEP segment also includes a 75% interest in UNEV Pipeline, LLC (an HEP consolidated subsidiary), and a 50% ownership interest in each of Osage Pipeline Company, LLC and Cheyenne Pipeline LLC. Revenues from the HEP segment are earned through transactions with unaffiliated parties for pipeline transportation, rental and terminalling operations as well as revenues relating to pipeline transportation services provided for our refining operations. Due to certain basis differences, our reported amounts for the HEP segment may not agree to amounts reported in HEP's periodic public filings.

|  | Refining | Lubricants<br>and Specialty<br>Products | HEP | Corporate,<br>Other and<br>Eliminations | Consolidated<br>Total |
|--|----------|---|-----|---|-----------------------|
|--|----------|---|-----|---|-----------------------|

(In thousands)

## Three Months Ended September 30, 2019

Sales and other revenues:

|                                  |              |            |           |           |              |
|----------------------------------|--------------|------------|-----------|-----------|--------------|
| Revenues from external customers | \$ 3,865,399 | \$ 529,561 | \$ 29,868 | \$ —      | \$ 4,424,828 |
| Intersegment revenues            | 81,571       | 8,157      | 106,027   | (195,755) | —            |

|  |              |            |            |               |              |
|--|--------------|------------|------------|---------------|--------------|
|  | \$ 3,946,970 | \$ 537,718 | \$ 135,895 | \$ (195,755 ) | \$ 4,424,828 |
| Cost of products sold (exclusive of lower of cost or market inventory) | \$ 3,177,167 | \$ 397,926 | \$ —       | \$ (171,326 ) | \$ 3,403,767 |
| Lower of cost or market inventory valuation adjustment                 | \$ 34,062    | \$ —       | \$ —       | \$ —          | \$ 34,062    |
| Operating expenses   | \$ 276,869   | \$ 57,974  | \$ 44,924  | \$ (34,189 )  | \$ 345,578   |
| Selling, general and administrative expenses                           | \$ 31,707    | \$ 43,875  | \$ 2,714   | \$ 9,330      | \$ 87,626    |
| Depreciation and amortization  | \$ 76,765    | \$ 22,700  | \$ 24,121  | \$ 3,430      | \$ 127,016   |
| Income (loss) from operations  | \$ 350,400   | \$ 15,243  | \$ 64,136  | \$ (3,000 )   | \$ 426,779   |
| Income before interest and income taxes <sup>(1)</sup>                 | \$ 350,400   | \$ 15,325  | \$ 100,778 | \$ (35,639 )  | \$ 430,864   |
| Net income attributable to noncontrolling interest                     | \$ —         | \$ —       | \$ 1,004   | \$ 35,163     | \$ 36,167    |
| Capital expenditures   | \$ 53,506    | \$ 8,697   | \$ 6,076   | \$ 6,310      | \$ 74,589    |

### Three Months Ended September 30, 2018

#### Sales and other revenues:

|  |              |            |            |               |              |
|--|--------------|------------|------------|---------------|--------------|
| Revenues from external customers                                       | \$ 4,270,835 | \$ 474,260 | \$ 25,596  | \$ 108        | \$ 4,770,799 |
| Intersegment revenues  | 101,334      | 1,626      | 100,188    | (203,148 )    | —            |
|  | \$ 4,372,169 | \$ 475,886 | \$ 125,784 | \$ (203,040 ) | \$ 4,770,799 |
| Cost of products sold (exclusive of lower of cost or market inventory) | \$ 3,572,593 | \$ 359,742 | \$ —       | \$ (180,101 ) | \$ 3,752,234 |
| Lower of cost or market inventory valuation adjustment                 | \$ 17,837    | \$ —       | \$ —       | \$ —          | \$ 17,837    |
| Operating expenses   | \$ 262,010   | \$ 40,288  | \$ 35,995  | \$ (21,097 )  | \$ 317,196   |
| Selling, general and administrative expenses                           | \$ 30,394    | \$ 33,514  | \$ 2,498   | \$ 4,724      | \$ 71,130    |
| Depreciation and amortization  | \$ 70,793    | \$ 11,139  | \$ 24,367  | \$ 2,586      | \$ 108,885   |
| Income (loss) from operations  | \$ 418,542   | \$ 31,203  | \$ 62,924  | \$ (9,152 )   | \$ 503,517   |
| Income before interest and income taxes                                | \$ 418,542   | \$ 31,262  | \$ 64,076  | \$ (8,227 )   | \$ 505,653   |
| Net income attributable to noncontrolling interest                     | \$ —         | \$ —       | \$ 751     | \$ 18,915     | \$ 19,666    |
| Capital expenditures   | \$ 47,088    | \$ 8,094   | \$ 9,541   | \$ 5,214      | \$ 69,937    |

|  |                 |  |            |  |                               |
|--|-----------------|--|------------|--|-------------------------------|
|  | <b>Refining</b> | <b>Lubricants<br/>and Specialty<br/>Products</b> | <b>HEP</b> | <b>Corporate,<br/>Other and<br/>Eliminations</b> | <b>Consolidated<br/>Total</b> |
|--|-----------------|--|------------|--|-------------------------------|

(In thousands)

**Nine Months Ended September 30, 2019**

Sales and other revenues:

|  |               |               |            |               |               |
|--|---------------|---------------|------------|---------------|---------------|
| Revenues from external customers                                       | \$ 11,446,841 | \$ 1,568,241  | \$ 89,388  | \$ 220        | \$ 13,104,690 |
| Intersegment revenues  | 244,799       | 8,157         | 311,755    | (564,711 )    | —             |
|  | \$ 11,691,640 | \$ 1,576,398  | \$ 401,143 | \$ (564,491 ) | \$ 13,104,690 |
| Cost of products sold (exclusive of lower of cost or market inventory) | \$ 9,598,539  | \$ 1,202,296  | \$ —       | \$ (492,979 ) | \$ 10,307,856 |
| Lower of cost or market inventory valuation adjustment                 | \$ (150,483 ) | \$ —          | \$ —       | \$ —          | \$ (150,483 ) |
| Operating expenses   | \$ 794,081    | \$ 170,655    | \$ 123,045 | \$ (77,359 )  | \$ 1,010,422  |
| Selling, general and administrative expenses                           | \$ 88,322     | \$ 125,681    | \$ 7,322   | \$ 39,652     | \$ 260,977    |
| Depreciation and amortization  | \$ 227,405    | \$ 65,891     | \$ 72,192  | \$ 9,857      | \$ 375,345    |
| Goodwill impairment  | \$ —          | \$ 152,712    | \$ —       | \$ —          | \$ 152,712    |
| Income (loss) from operations  | \$ 1,133,776  | \$ (140,837 ) | \$ 198,584 | \$ (43,662 )  | \$ 1,147,861  |
| Income before interest and income taxes <sup>(1)</sup>                 | \$ 1,133,776  | \$ (140,518 ) | \$ 238,910 | \$ (71,212 )  | \$ 1,160,956  |
| Net income attributable to noncontrolling interest                     | \$ —          | \$ —          | \$ 3,524   | \$ 75,976     | \$ 79,500     |
| Capital expenditures   | \$ 129,167    | \$ 25,887     | \$ 23,828  | \$ 16,175     | \$ 195,057    |

**Nine Months Ended September 30, 2018**

Sales and other revenues:

|  |               |              |            |               |               |
|--|---------------|--------------|------------|---------------|---------------|
| Revenues from external customers                                       | \$ 11,915,797 | \$ 1,376,531 | \$ 77,799  | \$ 335        | \$ 13,370,462 |
| Intersegment revenues  | 284,538       | 11,884       | 295,629    | (592,051 )    | —             |
|  | \$ 12,200,335 | \$ 1,388,415 | \$ 373,428 | \$ (591,716 ) | \$ 13,370,462 |
| Cost of products sold (exclusive of lower of cost or market inventory) | \$ 10,179,509 | \$ 1,040,414 | \$ —       | \$ (524,648 ) | \$ 10,695,275 |
| Lower of cost or market inventory valuation adjustment                 | \$ (192,927 ) | \$ —         | \$ —       | \$ —          | \$ (192,927 ) |
| Operating expenses   | \$ 764,415    | \$ 125,101   | \$ 106,731 | \$ (62,548 )  | \$ 933,699    |
| Selling, general and administrative expenses                           | \$ 82,966     | \$ 99,425    | \$ 8,293   | \$ 13,785     | \$ 204,469    |
| Depreciation and amortization  | \$ 210,957    | \$ 30,023    | \$ 74,117  | \$ 8,508      | \$ 323,605    |

|  |              |           |            |             |                |
|--|--------------|-----------|------------|-------------|----------------|
| Income (loss) from operations                      | \$ 1,155,415 | \$ 93,452 | \$ 184,287 | \$ (26,813) | ) \$ 1,406,341 |
| Income before interest and income taxes            | \$ 1,155,415 | \$ 94,377 | \$ 188,485 | \$ (18,842) | ) \$ 1,419,435 |
| Net income attributable to noncontrolling interest | \$ —         | \$ —      | \$ 3,115   | \$ 54,728   | \$ 57,843      |
| Capital expenditures                               | \$ 132,050   | \$ 23,138 | \$ 41,111  | \$ 12,779   | \$ 209,078     |

(1) HEP segment includes a \$35.2 million gain due to new throughput agreements on specific HEP assets that meet the definition of sales-type leases. This gain is eliminated in HFC consolidation.

|  | Refining | Lubricants<br>and Specialty<br>Products | HEP | Corporate,<br>Other and<br>Eliminations | Consolidated<br>Total |
|--|----------|---|-----|---|-----------------------|
|--|----------|---|-----|---|-----------------------|

(In thousands)

#### September 30, 2019

|                           |              |              |              |            |               |
|---------------------------|--------------|--------------|--------------|------------|---------------|
| Cash and cash equivalents | \$ 21,443    | \$ 170,116   | \$ 7,469     | \$ 782,828 | \$ 981,856    |
| Total assets              | \$ 7,321,741 | \$ 2,139,092 | \$ 2,089,110 | \$ 641,385 | \$ 12,191,328 |
| Long-term debt            | \$ —         | \$ —         | \$ 1,431,869 | \$ 993,365 | \$ 2,425,234  |

#### December 31, 2018

|                           |              |              |              |              |               |
|---------------------------|--------------|--------------|--------------|--------------|---------------|
| Cash and cash equivalents | \$ 7,236     | \$ 80,931    | \$ 3,045     | \$ 1,063,540 | \$ 1,154,752  |
| Total assets              | \$ 6,465,155 | \$ 1,506,209 | \$ 2,142,027 | \$ 881,210   | \$ 10,994,601 |
| Long-term debt            | \$ —         | \$ —         | \$ 1,418,900 | \$ 992,640   | \$ 2,411,540  |

#### Refining Segment Operating Data

The following tables set forth information, including non-GAAP (Generally Accepted Accounting Principles) performance measures about our refinery operations. Refinery gross and net operating margins do not include the non-cash effects of lower of cost or market inventory valuation adjustments and depreciation and amortization. Reconciliations to amounts reported under GAAP are provided under "Reconciliations to Amounts Reported Under Generally Accepted Accounting Principles" below.

#### Three Months Ended September 30, Nine Months Ended September 30,

|  | 2019 | 2018 | 2019 | 2018 |
|--|------|------|------|------|
|--|------|------|------|------|

#### Mid-Continent Region (El Dorado and Tulsa Refineries)

|   |         |         |         |         |
|---|---------|---------|---------|---------|
| Crude charge (BPD) <sup>(1)</sup>                       | 294,380 | 262,550 | 257,590 | 260,150 |
| Refinery throughput (BPD) <sup>(2)</sup>                | 307,720 | 276,560 | 272,440 | 274,330 |
| Sales of produced refined products (BPD) <sup>(3)</sup> | 290,930 | 255,840 | 260,780 | 259,890 |



|  |          |   |          |   |          |   |          |   |
|--|----------|---|----------|---|----------|---|----------|---|
| Refinery utilization <sup>(4)</sup>                              | 113.2    | % | 101.0    | % | 99.1     | % | 100.1    | % |
| Average per produced barrel <sup>(5)</sup>                       |          |   |          |   |          |   |          |   |
| Refinery gross margin  | \$ 14.61 |   | \$ 16.43 |   | \$ 14.55 |   | \$ 12.99 |   |
| Refinery operating expenses <sup>(6)</sup>                       | 5.05     |   | 5.48     |   | 5.48     |   | 5.18     |   |
| Net operating margin   | \$ 9.56  |   | \$ 10.95 |   | \$ 9.07  |   | \$ 7.81  |   |
|  |          |   |          |   |          |   |          |   |
| Refinery operating expenses per throughput barrel <sup>(7)</sup> | \$ 4.77  |   | \$ 5.07  |   | \$ 5.25  |   | \$ 4.90  |   |
|  |          |   |          |   |          |   |          |   |
| Feedstocks:  |          |   |          |   |          |   |          |   |
| Sweet crude oil  | 59       | % | 59       | % | 56       | % | 54       | % |
| Sour crude oil   | 21       | % | 21       | % | 23       | % | 24       | % |
| Heavy sour crude oil   | 16       | % | 15       | % | 16       | % | 17       | % |
| Other feedstocks and blends                                      | 4        | % | 5        | % | 5        | % | 5        | % |
| Total  | 100      | % | 100      | % | 100      | % | 100      | % |
|  |          |   |          |   |          |   |          |   |
| Sales of produced refined products:                              |          |   |          |   |          |   |          |   |
| Gasolines  | 49       | % | 49       | % | 51       | % | 51       | % |
| Diesel fuels   | 34       | % | 34       | % | 32       | % | 33       | % |
| Jet fuels  | 6        | % | 6        | % | 7        | % | 6        | % |
| Fuel oil   | 1        | % | 1        | % | 1        | % | 1        | % |
| Asphalt  | 4        | % | 4        | % | 3        | % | 3        | % |
| Base oils  | 4        | % | 4        | % | 4        | % | 4        | % |
| LPG and other  | 2        | % | 2        | % | 2        | % | 2        | % |
| Total  | 100      | % | 100      | % | 100      | % | 100      | % |

Three Months Ended September 30, Nine Months Ended September 30,

|  | 2019     |   | 2018     |   | 2019     |   | 2018     |   |
|--|----------|---|----------|---|----------|---|----------|---|
| <b>Southwest Region (Navajo Refinery)</b>                        |          |   |          |   |          |   |          |   |
| Crude charge (BPD) <sup>(1)</sup>                                | 106,860  |   | 109,560  |   | 107,330  |   | 109,200  |   |
| Refinery throughput (BPD) <sup>(2)</sup>                         | 117,250  |   | 117,880  |   | 117,660  |   | 118,300  |   |
| Sales of produced refined products (BPD) <sup>(3)</sup>          | 116,890  |   | 122,210  |   | 120,760  |   | 120,900  |   |
| Refinery utilization <sup>(4)</sup>                              | 106.9    | % | 109.6    | % | 107.3    | % | 109.2    | % |
| Average per produced barrel <sup>(5)</sup>                       |          |   |          |   |          |   |          |   |
| Refinery gross margin  | \$ 18.61 |   | \$ 22.60 |   | \$ 19.35 |   | \$ 17.84 |   |
| Refinery operating expenses <sup>(6)</sup>                       | 5.25     |   | 4.53     |   | 4.90     |   | 4.63     |   |
| Net operating margin   | \$ 13.36 |   | \$ 18.07 |   | \$ 14.45 |   | \$ 13.21 |   |
| Refinery operating expenses per throughput barrel <sup>(7)</sup> |          |   |          |   |          |   |          |   |
|  | \$ 5.23  |   | \$ 4.69  |   | \$ 5.03  |   | \$ 4.73  |   |
| Feedstocks:  |          |   |          |   |          |   |          |   |
| Sweet crude oil  | 22       | % | 28       | % | 21       | % | 31       | % |
| Sour crude oil   | 69       | % | 65       | % | 70       | % | 61       | % |
| Other feedstocks and blends                                      | 9        | % | 7        | % | 9        | % | 8        | % |
| Total  | 100      | % | 100      | % | 100      | % | 100      | % |
| Sales of produced refined products:                              |          |   |          |   |          |   |          |   |
| Gasolines  | 50       | % | 49       | % | 51       | % | 50       | % |
| Diesel fuels   | 40       | % | 41       | % | 39       | % | 40       | % |
| Fuel oil   | 3        | % | 3        | % | 3        | % | 3        | % |
| Asphalt  | 5        | % | 5        | % | 5        | % | 4        | % |
| LPG and other  | 2        | % | 2        | % | 2        | % | 3        | % |

|  |          |   |          |   |          |   |          |   |
|--|----------|---|----------|---|----------|---|----------|---|
| Total  | 100      | % | 100      | % | 100      | % | 100      | % |
| <b>Rocky Mountain Region (Cheyenne and Woods Cross Refineries)</b> |          |   |          |   |          |   |          |   |
| Crude charge (BPD) <sup>(1)</sup>                                  | 74,790   |   | 69,880   |   | 78,530   |   | 71,000   |   |
| Refinery throughput (BPD) <sup>(2)</sup>                           | 81,830   |   | 76,120   |   | 85,300   |   | 78,410   |   |
| Sales of produced refined products (BPD) <sup>(3)</sup>            | 77,680   |   | 69,720   |   | 77,890   |   | 74,850   |   |
| Refinery utilization <sup>(4)</sup>                                | 77.1     | % | 72.0     | % | 81.0     | % | 73.2     | % |
| Average per produced barrel <sup>(5)</sup>                         |          |   |          |   |          |   |          |   |
| Refinery gross margin  | \$ 24.97 |   | \$ 24.75 |   | \$ 19.73 |   | \$ 24.95 |   |
| Refinery operating expenses <sup>(6)</sup>                         | 11.95    |   | 12.80    |   | 11.39    |   | 11.97    |   |
| Net operating margin   | \$ 13.02 |   | \$ 11.95 |   | \$ 8.34  |   | \$ 12.98 |   |
| Refinery operating expenses per throughput barrel <sup>(7)</sup>   | \$ 11.34 |   | \$ 11.72 |   | \$ 10.40 |   | \$ 11.42 |   |
| Feedstocks:  |          |   |          |   |          |   |          |   |
| Sweet crude oil  | 38       | % | 24       | % | 36       | % | 25       | % |
| Heavy sour crude oil   | 30       | % | 44       | % | 33       | % | 44       | % |
| Black wax crude oil  | 23       | % | 24       | % | 23       | % | 22       | % |
| Other feedstocks and blends  | 9        | % | 8        | % | 8        | % | 9        | % |
| Total  | 100      | % | 100      | % | -        | % | 100      | % |

**Three Months Ended September 30, Nine Months Ended September 30,**

**2019                      2018                      2019                      2018**

**Rocky Mountain Region (Cheyenne and Woods Cross Refineries)**

Sales of produced refined products:

|               |     |   |     |   |     |   |     |   |
|---------------|-----|---|-----|---|-----|---|-----|---|
| Gasolines     | 54  | % | 54  | % | 53  | % | 56  | % |
| Diesel fuels  | 32  | % | 34  | % | 34  | % | 33  | % |
| Fuel oil      | 4   | % | 2   | % | 4   | % | 3   | % |
| Asphalt       | 5   | % | 7   | % | 5   | % | 5   | % |
| LPG and other | 5   | % | 3   | % | 4   | % | 3   | % |
| Total         | 100 | % | 100 | % | 100 | % | 100 | % |

**Consolidated**

|   |         |   |         |   |         |   |         |   |
|---|---------|---|---------|---|---------|---|---------|---|
| Crude charge (BPD) <sup>(1)</sup>                       | 476,030 |   | 441,990 |   | 443,450 |   | 440,350 |   |
| Refinery throughput (BPD) <sup>(2)</sup>                | 506,800 |   | 470,560 |   | 475,400 |   | 471,040 |   |
| Sales of produced refined products (BPD) <sup>(3)</sup> | 485,500 |   | 447,770 |   | 459,440 |   | 455,640 |   |
| Refinery utilization <sup>(4)</sup>                     | 104.2   | % | 96.7    | % | 97.0    | % | 96.4    | % |

Average per produced barrel <sup>(5)</sup>

|  |          |  |          |  |          |  |          |  |
|--|----------|--|----------|--|----------|--|----------|--|
| Refinery gross margin  | \$ 17.23 |  | \$ 19.41 |  | \$ 16.69 |  | \$ 16.25 |  |
| Refinery operating expenses <sup>(6)</sup>                       | 6.20     |  | 6.36     |  | 6.33     |  | 6.15     |  |
| Net operating margin   | \$ 11.03 |  | \$ 13.05 |  | \$ 10.36 |  | \$ 10.10 |  |
| Refinery operating expenses per throughput barrel <sup>(7)</sup> | \$ 5.94  |  | \$ 6.05  |  | \$ 6.12  |  | \$ 5.94  |  |

Feedstocks:

|                             |    |   |    |   |    |   |    |   |
|-----------------------------|----|---|----|---|----|---|----|---|
| Sweet crude oil             | 47 | % | 45 | % | 44 | % | 43 | % |
| Sour crude oil              | 29 | % | 29 | % | 30 | % | 30 | % |
| Heavy sour crude oil        | 14 | % | 16 | % | 15 | % | 17 | % |
| Black wax crude oil         | 4  | % | 4  | % | 4  | % | 4  | % |
| Other feedstocks and blends | 6  | % | 6  | % | 7  | % | 6  | % |

|                                     |     |   |     |   |     |   |     |   |
|-------------------------------------|-----|---|-----|---|-----|---|-----|---|
| Total                               | 100 | % | 100 | % | 100 | % | 100 | % |
| Sales of produced refined products: |     |   |     |   |     |   |     |   |
| Gasolines                           | 50  | % | 50  | % | 51  | % | 52  | % |
| Diesel fuels                        | 35  | % | 36  | % | 35  | % | 35  | % |
| Jet fuels                           | 4   | % | 3   | % | 4   | % | 3   | % |
| Fuel oil                            | 2   | % | 2   | % | 2   | % | 2   | % |
| Asphalt                             | 4   | % | 5   | % | 4   | % | 4   | % |
| Base oils                           | 2   | % | 2   | % | 2   | % | 2   | % |
| LPG and other                       | 3   | % | 2   | % | 2   | % | 2   | % |
| Total                               | 100 | % | 100 | % | 100 | % | 100 | % |

(1) Crude charge represents the barrels per day of crude oil processed at our refineries.

(2) Refinery throughput represents the barrels per day of crude and other refinery feedstocks input to the crude units and other conversion units at our refineries.

(3) Represents barrels sold of refined products produced at our refineries (including HFC Asphalt) and does not include volumes of refined products purchased for resale or volumes of excess crude oil sold.

(4) Represents crude charge divided by total crude capacity ("BPSD"). Our consolidated crude capacity is 457,000 BPSD.

(5) Represents average amount per produced barrel sold, which is a non-GAAP measure. Reconciliations to amounts reported under GAAP are provided under "Reconciliations to Amounts Reported Under Generally Accepted Accounting Principles" below.

(6) Represents total refining segment operating expenses, exclusive of depreciation and amortization, divided by sales volumes of refined products produced at our refineries.

(7) Represents total refining segment operating expenses, exclusive of depreciation and amortization, divided by refinery throughput.

#### ***Lubricants and Specialty Products Segment Operating Data***

We acquired our Sonneborn business on February 1, 2019. For the nine months ended September 30, 2019 our lubricants and specialty product operating results reflect the operations of our Sonneborn business for the period February 1, 2019 through September 30, 2019.

The following table sets forth information about our lubricants and specialty products operations.

|   | <b>Three Months Ended September 30, Nine Months Ended September 30,</b> |             |             |             |
|---|---|-------------|-------------|-------------|
|   | <b>2019</b>   | <b>2018</b> | <b>2019</b> | <b>2018</b> |
| <b><i>Lubricants and Specialty Products</i></b> |   |             |             |             |
| Throughput (BPD)                                | 23,190  | 21,410      | 19,920      | 20,530      |
| Sales of produced products (BPD)                | 36,160  | 31,970      | 34,740      | 21,340      |

Sales of produced products:

|                   |     |   |     |   |     |   |     |   |
|-------------------|-----|---|-----|---|-----|---|-----|---|
| Finished products | 50  | % | 49  | % | 50  | % | 48  | % |
| Base oils         | 24  | % | 28  | % | 27  | % | 31  | % |
| Other             | 26  | % | 23  | % | 23  | % | 21  | % |
| Total             | 100 | % | 100 | % | 100 | % | 100 | % |

Our Lubricants and Specialty Products segment includes base oil production activities, by-product sales to third parties and intra-segment base oil sales to rack forward, referred to as "Rack Back." "Rack Forward" includes the purchase of base oils and the blending, packaging, marketing and distribution and sales of finished lubricants and specialty products to third parties. Supplemental financial data attributable to our Lubricants and Specialty Products segment is presented below:

|  |                      |                         |                         | <b>Total</b>                                 |
|--|----------------------|-------------------------|-------------------------|--|
|  | <b>Rack Back (1)</b> | <b>Rack Forward (2)</b> | <b>Eliminations (3)</b> | <b>Lubricants and<br/>Specialty Products</b> |
|  | (In thousands)       |                         |                         |  |
| <b>Three months ended September 30, 2019</b>   |                      |                         |                         |  |
| Sales and other revenues                       | \$ 196,355           | \$ 477,261              | \$ (135,898 )           | \$ 537,718                                   |
| Cost of products sold                          | \$ 175,976           | \$ 357,848              | \$ (135,898 )           | \$ 397,926                                   |
| Operating expenses                             | \$ 27,825            | \$ 30,149               | \$ —                    | \$ 57,974                                    |
| Selling, general and administrative expenses   | \$ 5,862             | \$ 38,013               | \$ —                    | \$ 43,875                                    |
| Depreciation and amortization                  | \$ 11,390            | \$ 11,310               | \$ —                    | \$ 22,700                                    |
| Income (loss) from operations                  | \$ (24,698 )         | \$ 39,941               | \$ —                    | \$ 15,243                                    |
| Income (loss) before interest and income taxes | \$ (24,698 )         | \$ 40,023               | \$ —                    | \$ 15,325                                    |
| EBITDA   | \$ (13,308 )         | \$ 51,333               | \$ —                    | \$ 38,025                                    |
| <b>Three months ended September 30, 2018</b>   |                      |                         |                         |  |
| Sales and other revenues                       | \$ 197,226           | \$ 424,386              | \$ (145,726 )           | \$ 475,886                                   |
| Cost of products sold                          | \$ 177,748           | \$ 327,720              | \$ (145,726 )           | \$ 359,742                                   |
| Operating expenses                             | \$ 26,748            | \$ 13,540               | \$ —                    | \$ 40,288                                    |
| Selling, general and administrative expenses   | \$ 7,439             | \$ 26,075               | \$ —                    | \$ 33,514                                    |

|  |              |           |      |           |
|--|--------------|-----------|------|-----------|
| Depreciation and amortization                  | \$ 6,345     | \$ 4,794  | \$ — | \$ 11,139 |
| Income (loss) from operations                  | \$ (21,054 ) | \$ 52,257 | \$ — | \$ 31,203 |
| Income (loss) before interest and income taxes | \$ (21,054 ) | \$ 52,316 | \$ — | \$ 31,262 |
| EBITDA   | \$ (14,709 ) | \$ 57,110 | \$ — | \$ 42,401 |

**Total**

**Rack Back (1) Rack Forward (2) Eliminations (3) Lubricants and Specialty Products**

(In thousands)

**Nine months ended September 30, 2019**

|  |               |              |               |               |
|--|---------------|--------------|---------------|---------------|
| Sales and other revenues                       | \$ 486,035    | \$ 1,428,786 | \$ (338,423 ) | \$ 1,576,398  |
| Cost of products sold                          | \$ 453,519    | \$ 1,087,200 | \$ (338,423 ) | \$ 1,202,296  |
| Operating expenses                             | \$ 87,970     | \$ 82,685    | \$ —          | \$ 170,655    |
| Selling, general and administrative expenses   | \$ 25,707     | \$ 99,974    | \$ —          | \$ 125,681    |
| Depreciation and amortization                  | \$ 32,991     | \$ 32,900    | \$ —          | \$ 65,891     |
| Goodwill impairment                            | \$ 152,712    | \$ —         | \$ —          | \$ 152,712    |
| Income (loss) from operations                  | \$ (266,864 ) | \$ 126,027   | \$ —          | \$ (140,837 ) |
| Income (loss) before interest and income taxes | \$ (266,864 ) | \$ 126,346   | \$ —          | \$ (140,518 ) |
| EBITDA   | \$ (233,873 ) | \$ 159,246   | \$ —          | \$ (74,627 )  |

**Nine months ended September 30, 2018**

|  |              |              |               |              |
|--|--------------|--------------|---------------|--------------|
| Sales and other revenues                       | \$ 546,300   | \$ 1,248,886 | \$ (406,771 ) | \$ 1,388,415 |
| Cost of products sold                          | \$ 482,842   | \$ 964,343   | \$ (406,771 ) | \$ 1,040,414 |
| Operating expenses                             | \$ 82,729    | \$ 42,372    | \$ —          | \$ 125,101   |
| Selling, general and administrative expenses   | \$ 22,146    | \$ 77,279    | \$ —          | \$ 99,425    |
| Depreciation and amortization                  | \$ 17,986    | \$ 12,037    | \$ —          | \$ 30,023    |
| Income (loss) from operations                  | \$ (59,403 ) | \$ 152,855   | \$ —          | \$ 93,452    |
| Income (loss) before interest and income taxes | \$ (59,403 ) | \$ 153,780   | \$ —          | \$ 94,377    |

EBITDA \$ (41,417 ) \$ 165,817 \$ — \$ 124,400

(1) Rack Back consists of the PCLI base oil production activities, by-product sales to third parties and intra-segment base oil sales to rack forward.

(2) Rack Forward activities include the purchase of base oils from rack back and the blending, packaging, marketing and distribution and sales of finished lubricants and specialty products to third parties.

(3) Intra-segment sales of Rack Back produced base oils to rack forward are eliminated under the “Eliminations” column.

**Reconciliations to Amounts Reported Under Generally Accepted Accounting Principles**

**Reconciliations of earnings before interest, taxes, depreciation and amortization (“EBITDA”) and EBITDA excluding special items (“Adjusted EBITDA”) to amounts reported under generally accepted accounting principles (“GAAP”) in financial statements.**

Earnings before interest, taxes, depreciation and amortization, referred to as EBITDA, is calculated as net income attributable to HollyFrontier stockholders plus (i) interest expense, net of interest income, (ii) income tax expense, and (iii) depreciation and amortization. Adjusted EBITDA is calculated as EBITDA plus or minus (i) lower of cost or market inventory valuation adjustments, (ii) goodwill impairment, (iii) acquisition integration and regulatory costs, (iv) incremental cost of products sold attributable to our Sonneborn inventory value step-up, (v) RINs cost reduction related to our Cheyenne and Woods Cross small refinery exemptions, (vi) Woods Cross refinery outage damages and (vii) Woods Cross refinery estimated insurance claims on outage damages.

EBITDA and Adjusted EBITDA are not calculations provided for under accounting principles generally accepted in the United States; however, the amounts included in these calculations are derived from amounts included in our consolidated financial statements. EBITDA and Adjusted EBITDA should not be considered as alternatives to net income or operating income as an indication of our operating performance or as an alternative to operating cash flow as a measure of liquidity. EBITDA and Adjusted EBITDA are not necessarily comparable to similarly titled measures of other companies. These are presented here because they are widely used financial indicators used by investors and analysts to measure performance. EBITDA and Adjusted EBITDA are also used by our management for internal analysis and as a basis for financial covenants.

Set forth below is our calculation of EBITDA and adjusted EBITDA.

|   | <b>Three Months Ended September 30,</b> |             | <b>Nine Months Ended September 30,</b> |              |
|---|---|-------------|--|--------------|
|   | <b>2019</b>                             | <b>2018</b> | <b>2019</b>                            | <b>2018</b>  |
|   | (In thousands)                          |             |  |              |
| Net income attributable to HollyFrontier stockholders                                   | \$ 261,813                              | \$ 342,466  | \$ 711,783                             | \$ 956,064   |
| Add interest expense  | 36,027                                  | 32,399      | 106,938                                | 97,446       |
| Subtract interest income  | (6,164 )                                | (5,136 )    | (17,127 )                              | (10,660 )    |
| Add income tax expense  | 103,021                                 | 116,258     | 279,862                                | 318,742      |
| Add depreciation and amortization   | 127,016                                 | 108,885     | 375,345                                | 323,605      |
| EBITDA  | \$ 521,713                              | \$ 594,872  | \$ 1,456,801                           | \$ 1,685,197 |
| Add (subtract) lower of cost or market inventory valuation adjustment                   | 34,062                                  | 17,837      | (150,483 )                             | (192,927 )   |
| Add goodwill impairment   | —                                       | —           | 152,712                                | —            |
| Add acquisition integration and regulatory costs  | 3,887                                   | —           | 20,076                                 | 3,595        |
| Add incremental cost of products sold attributable to Sonneborn inventory value step-up | —                                       | —           | 9,338                                  | —            |
| Subtract RINs cost reduction  | (36,580 )                               | —           | (36,580 )                              | (96,971 )    |



|  |            |            |              |              |
|--|------------|------------|--------------|--------------|
| Add Woods Cross refinery outage damages                                    | —          | —          | —            | 24,566       |
| Subtract Woods Cross refinery estimated insurance claims on outage damages | —          | —          | —            | (9,840 )     |
| Adjusted EBITDA  | \$ 523,082 | \$ 612,709 | \$ 1,451,864 | \$ 1,413,620 |

EBITDA and Adjusted EBITDA attributable to our Refining segment is presented below:

| Refining Segment   | Three Months Ended September 30, |            | Nine Months Ended September 30, |              |
|--|----------------------------------|------------|---------------------------------|--------------|
|  | 2019                             | 2018       | 2019                            | 2018         |
|  | (In thousands)                   |            |                                 |              |
| Income from operations <sup>(1)</sup>                                      | \$ 350,400                       | \$ 418,542 | \$ 1,133,776                    | \$ 1,155,415 |
| Add depreciation and amortization  | 76,765                           | 70,793     | 227,405                         | 210,957      |
| EBITDA   | 427,165                          | 489,335    | 1,361,181                       | 1,366,372    |
| Add (subtract) lower of cost or market inventory valuation adjustment      | 34,062                           | 17,837     | (150,483 )                      | (192,927 )   |
| Subtract RINs cost reduction   | (36,580 )                        | —          | (36,580 )                       | (96,971 )    |
| Add Woods Cross refinery outage damages                                    | —                                | —          | —                               | 24,566       |
| Subtract Woods Cross refinery estimated insurance claims on outage damages | —                                | —          | —                               | (9,840 )     |
| Adjusted EBITDA  | \$ 424,647                       | \$ 507,172 | \$ 1,174,118                    | \$ 1,091,200 |

(1) Income from operations of our Refining segment represents income plus (i) interest expense net of interest income and (ii) income tax provision.

EBITDA and Adjusted EBITDA attributable to our Lubricants and Specialty Products segment is set forth below.

| Lubricants and Specialty Products Segment                     | Total Lubricants and Specialty Products |              |           |
|---|---|--------------|-----------|
|   | Rack Back                               | Rack Forward |           |
|   | (In thousands)                          |              |           |
| <b>Three months ended September 30, 2019</b>                  |   |              |           |
| Income (loss) before interest and income taxes <sup>(1)</sup> | \$ (24,698 )                            | \$ 40,023    | \$ 15,325 |
| Add depreciation and amortization                             | 11,390                                  | 11,310       | 22,700    |
| EBITDA  | \$ (13,308 )                            | \$ 51,333    | \$ 38,025 |

**Three months ended September 30, 2018**

|   |              |           |           |
|---|--------------|-----------|-----------|
| Income (loss) before interest and income taxes <sup>(1)</sup> | \$ (21,054 ) | \$ 52,316 | \$ 31,262 |
| Add depreciation and amortization                             | 6,345        | 4,794     | 11,139    |
| EBITDA  | \$ (14,709 ) | \$ 57,110 | \$ 42,401 |

**Nine months ended September 30, 2019**

|   |               |            |               |
|---|---------------|------------|---------------|
| Income (loss) before interest and income taxes <sup>(1)</sup>                           | \$ (266,864 ) | \$ 126,346 | \$ (140,518 ) |
| Add depreciation and amortization   | 32,991        | 32,900     | 65,891        |
| EBITDA  | \$ (233,873 ) | \$ 159,246 | \$ (74,627 )  |
| Add goodwill impairment   | 152,712       | —          | 152,712       |
| Add incremental cost of products sold attributable to Sonneborn inventory value step-up | —             | 9,338      | 9,338         |
| Adjusted EBITDA   | \$ (81,161 )  | \$ 168,584 | \$ 87,423     |

**Nine months ended September 30, 2018**

|   |              |            |            |
|---|--------------|------------|------------|
| Income (loss) before interest and income taxes <sup>(1)</sup> | \$ (59,403 ) | \$ 153,780 | \$ 94,377  |
| Add depreciation and amortization                             | 17,986       | 12,037     | 30,023     |
| EBITDA  | \$ (41,417 ) | \$ 165,817 | \$ 124,400 |

<sup>(1)</sup> Income (loss) from operations of our Lubricants and Specialty Products segment represents income (loss) plus (i) interest expense net of interest income and (ii) income tax provision.

**Reconciliations of refinery operating information (non-GAAP performance measures) to amounts reported under generally accepted accounting principles in financial statements.**

Refinery gross margin and net operating margin are non-GAAP performance measures that are used by our management and others to compare our refining performance to that of other companies in our industry. We believe these margin measures are helpful to investors in evaluating our refining performance on a relative and absolute basis. Refinery gross margin per produced barrel sold is total refining segment revenues less total refining segment cost of products sold, exclusive of lower of cost or market inventory valuation adjustments, divided by sales volumes of produced refined products sold. Net operating margin per barrel sold is the difference between refinery gross margin and refinery operating expenses per produced barrel sold. These two margins do not include the non-cash effects of lower of cost or market inventory valuation adjustments or depreciation and amortization. Each of these component performance measures can be reconciled directly to our consolidated statements of income. Other companies in our industry may not calculate these performance measures in the same manner.

Below are reconciliations to our consolidated statements of income for refinery net operating and gross margin and operating expenses, in each case averaged per produced barrel sold. Due to rounding of reported numbers, some amounts may not calculate exactly.

Reconciliation of average refining segment net operating margin per produced barrel sold to refinery gross margin to total sales and other revenues

|   |  |
|---|--|
| <b>Three Months Ended September<br/>30,</b> | <b>Nine Months Ended September<br/>30,</b> |
|---|--|

**2019                      2018                      2019                      2018**

(Dollars in thousands, except per barrel amounts)

**Consolidated**

|  |              |              |               |               |
|--|--------------|--------------|---------------|---------------|
| Net operating margin per produced barrel sold                          | \$ 11.03     | \$ 13.05     | \$ 10.36      | \$ 10.10      |
| Add average refinery operating expenses per produced barrel sold       | 6.20         | 6.36         | 6.33          | 6.15          |
| Refinery gross margin per produced barrel sold                         | \$ 17.23     | \$ 19.41     | \$ 16.69      | \$ 16.25      |
| Times produced barrels sold (BPD)                                      | 485,500      | 447,770      | 459,440       | 455,640       |
| Times number of days in period   | 92           | 92           | 273           | 273           |
| Refining segment gross margin  | \$ 769,595   | \$ 799,592   | \$ 2,093,379  | \$ 2,021,333  |
| Subtract rounding  | 208          | (16          | ) (278        | ) (507        |
| Total refining segment gross margin                                    | 769,803      | 799,576      | 2,093,101     | 2,020,826     |
| Add refining segment cost of products sold                             | 3,177,167    | 3,572,593    | 9,598,539     | 10,179,509    |
| Refining segment sales and other revenues                              | 3,946,970    | 4,372,169    | 11,691,640    | 12,200,335    |
| Add lubricants and specialty products segment sales and other revenues | 537,718      | 475,886      | 1,576,398     | 1,388,415     |
| Add HEP segment sales and other revenues                               | 135,895      | 125,784      | 401,143       | 373,428       |
| Subtract corporate, other and eliminations                             | (195,755     | ) (203,040   | ) (564,491    | ) (591,716    |
| Sales and other revenues   | \$ 4,424,828 | \$ 4,770,799 | \$ 13,104,690 | \$ 13,370,462 |

Reconciliation of average refining segment operating expenses per produced barrel sold to total operating expenses

**Three Months Ended September 30,    Nine Months Ended September 30,**

**2019                      2018                      2019                      2018**

(Dollars in thousands, except per barrel amounts)

**Consolidated**

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| Average operating expenses per produced barrel sold | \$ 6.20    | \$ 6.36    | \$ 6.33    | \$ 6.15    |
| Times produced barrels sold (BPD)                   | 485,500    | 447,770    | 459,440    | 455,640    |
| Times number of days in period                      | 92         | 92         | 273        | 273        |
| Refining segment operating expenses                 | \$ 276,929 | \$ 261,999 | \$ 793,954 | \$ 764,997 |

|  |            |   |            |              |            |   |
|--|------------|---|------------|--------------|------------|---|
| Add (subtract) rounding  | (60        | ) | 11         | 127          | (582       | ) |
| Total refining segment operating expenses                        | 276,869    |   | 262,010    | 794,081      | 764,415    |   |
| Add lubricants and specialty products segment operating expenses | 57,974     |   | 40,288     | 170,655      | 125,101    |   |
| Add HEP segment operating expenses                               | 44,924     |   | 35,995     | 123,045      | 106,731    |   |
| Subtract corporate, other and eliminations                       | (34,189    | ) | (21,097    | )            | (77,359    | ) |
| Operating expenses (exclusive of depreciation and amortization)  | \$ 345,578 |   | \$ 317,196 | \$ 1,010,422 | \$ 933,699 |   |

Reconciliation of net income attributable to HollyFrontier stockholders to adjusted net income attributable to HollyFrontier stockholders

Adjusted net income attributable to HollyFrontier stockholders is a non-GAAP financial measure that excludes non-cash lower of cost or market inventory valuation adjustments, goodwill impairment, acquisition integration and regulatory costs, incremental cost of products sold due to Sonneborn inventory value step-up, RINs cost reductions and refinery outage damages and related estimated insurance claims. We believe this measure is helpful to investors and others in evaluating our financial performance and to compare our results to that of other companies in our industry. Similarly titled performance measures of other companies may not be calculated in the same manner.

|  | Three Months Ended September 30,         |      | Nine Months Ended September 30, |      |
|--|--|------|---------------------------------|------|
|  | 2019                                     | 2018 | 2019                            | 2018 |
|  | (In thousands, except per share amounts) |      |                                 |      |

**Consolidated**

**GAAP:**

|   |            |            |              |              |
|---|------------|------------|--------------|--------------|
| Income before income taxes                              | \$ 401,001 | \$ 478,390 | \$ 1,071,145 | \$ 1,332,649 |
| Income tax expense                                      | 103,021    | 116,258    | 279,862      | 318,742      |
| Net income  | 297,980    | 362,132    | 791,283      | 1,013,907    |
| Less net income attributable to noncontrolling interest | 36,167     | 19,666     | 79,500       | 57,843       |
| Net income attributable to HollyFrontier stockholders   | 261,813    | 342,466    | 711,783      | 956,064      |

**Non-GAAP adjustments to arrive at adjusted results:**

|   |         |        |          |         |          |         |   |
|---|---------|--------|----------|---------|----------|---------|---|
| Lower of cost or market inventory valuation adjustment                              | 34,062  | 17,837 | (150,483 | )       | (192,927 | )       |   |
| Goodwill impairment   | —       | —      | 152,712  | —       |          |         |   |
| Acquisition integration and regulatory costs  | 3,887   | —      | 20,076   | 3,595   |          |         |   |
| Incremental cost of products sold attributable to Sonneborn inventory value step-up | —       | —      | 9,338    | —       |          |         |   |
| RINs cost reduction   | (36,580 | )      | —        | (36,580 | )        | (96,971 | ) |

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| Woods Cross refinery outage damages   | —          | —          | —          | 24,566     |
| Woods Cross refinery estimated insurance claims on outage damages                               | —          | —          | —          | (9,840 )   |
| Total adjustments to income before income taxes   | 1,369      | 17,837     | (4,937 )   | (271,577 ) |
| Adjustment to income tax expense <sup>(1)</sup>   | (14,818 )  | 9,554      | (36,553 )  | (62,386 )  |
| Total adjustments, net of tax   | 16,187     | 8,283      | 31,616     | (209,191 ) |
| Adjusted results - Non-GAAP:  |            |            |            |            |
| Adjusted income before income taxes   | 402,370    | 496,227    | 1,066,208  | 1,061,072  |
| Adjusted income tax expense <sup>(2)</sup>  | 88,203     | 125,812    | 243,309    | 256,356    |
| Adjusted net income   | 314,167    | 370,415    | 822,899    | 804,716    |
| Less net income attributable to noncontrolling interest   | 36,167     | 19,666     | 79,500     | 57,843     |
| Adjusted net income attributable to HollyFrontier stockholders                                  | \$ 278,000 | \$ 350,749 | \$ 743,399 | \$ 746,873 |
| Adjusted earnings per share attributable to HollyFrontier stockholders - diluted <sup>(3)</sup> | \$ 1.68    | \$ 1.98    | \$ 4.39    | \$ 4.19    |
| Average number of common shares outstanding - diluted   | 165,011    | 176,927    | 169,125    | 177,557    |

(1) Represents adjustment to GAAP income tax expense to arrive at adjusted income tax expense, which is computed as follows:

**Three Months Ended September 30, Nine Months Ended September 30,**

**2019                      2018                      2019                      2018**

(In thousands)

|  |              |            |              |              |
|--|--------------|------------|--------------|--------------|
| Non-GAAP income tax expense <sup>(2)</sup> | \$ 88,203    | \$ 125,812 | \$ 243,309   | \$ 256,356   |
| Subtract GAAP income tax expense           | 103,021      | 116,258    | 279,862      | 318,742      |
| Non-GAAP adjustment to income tax expense  | \$ (14,818 ) | \$ 9,554   | \$ (36,553 ) | \$ (62,386 ) |

Non-GAAP income tax expense is computed by a) adjusting HFC's consolidated estimated Annual Effective Tax Rate ("AETR") for GAAP (2) purposes for the effects of the above Non-GAAP adjustments, b) applying the resulting Adjusted Non-GAAP AETR to Non-GAAP adjusted income before income taxes and c) adjusting for discrete tax items applicable to the period.

(3) Adjusted earnings per share attributable to HollyFrontier stockholders - diluted is calculated as adjusted net income attributable to HollyFrontier stockholders divided by the average number of shares of common stock outstanding assuming dilution.

Reconciliation of effective tax rate to adjusted effective tax rate

**Three Months Ended September 30, Nine Months Ended September 30,**

**2019                      2018                      2019                      2018**

(Dollars in thousands)

**GAAP:**

|  |            |            |              |              |   |
|--|------------|------------|--------------|--------------|---|
| Income before income taxes                       | \$ 401,001 | \$ 478,390 | \$ 1,071,145 | \$ 1,332,649 |   |
| Income tax expense                               | \$ 103,021 | \$ 116,258 | \$ 279,862   | \$ 318,742   |   |
| Effective tax rate for GAAP financial statements | 25.7       | % 24.3     | % 26.1       | % 23.9       | % |

**Adjusted - Non-GAAP:**

|   |      |        |        |        |   |
|---|------|--------|--------|--------|---|
| Effect of Non-GAAP adjustments          | (3.8 | )% 1.1 | % (3.3 | )% 0.3 | % |
| Effective tax rate for adjusted results | 21.9 | % 25.4 | % 22.8 | % 24.2 | % |

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Source: HollyFrontier Corporation

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