HF Sinclair (NYSE: DINO) - Q2 2026 Results, the Lubricants Spin & Valuation

Second quarter ended June 30, 2026. HF Sinclair is an independent downstream energy company across Refining, Renewables, Marketing, Lubricants & Specialties, and Midstream. Q2 earnings jumped as refining margins recovered; alongside results, the company announced plans to separate its Lubricants & Specialties segment into a new, independent public company (targeted H2 2027) and to retire its Mississauga, Ontario base-oil refinery.

A factual snapshot built from HF Sinclair's public filings and verified market data. It contains no Blackspear forecast, price target, or recommendation.

ADJUSTED EPS (Q2'26)	ADJUSTED EBITDA	REFINERY GROSS MARGIN	NET DEBT
$5.31	**$1.48B**	**$25.95**	**~$0.5B**
▲ vs $1.70 in Q2'25 GAAP $4.93	vs $665M in Q2'25 Refining ~69% of it	per barrel; +57% vs $16.50 in Q2'25	$2.77B debt less $2.26B cash

ADJUSTED EBITDA BY SEGMENT - Q2 2026 ($ MILLIONS)

SEGMENT	ADJ. EBITDA	% OF TOTAL	OP. INCOME
Refining	$1,023	69%	$877
Lubricants & Specialties	$207	14%	$181
Renewables	$123	8%	$30
Midstream	$112	8%	$87
Marketing	$28	2%	$20
Corporate & Other	$(11)	(1%)	$(27)
Total	**$1,482**	**100%**	**$1,168**

Refining is the swing factor: its adjusted EBITDA rose to $1,023M (from $476M in Q2'25) on higher realized margins ($25.95/bbl, up 57%) and volumes across the Mid-Continent and West. Adjusted EBITDA is the company's non-GAAP measure; the "Op. income" column is segment income from operations and foots to consolidated income from operations of $1,168M. Marketing is shown at reported EBITDA ($28M). Lubricants & Specialties benefited from a $46M FIFO inventory gain in the quarter.

OPERATING HIGHLIGHTS - Q2 2026

Refining crude charge (BPD)	639,680
Adjusted refinery gross margin ($/bbl)	$25.95
Renewables sales volumes (M gal)	60
Branded fuel sales (M gal)	387
Cash flow from operations	$1,510M
Capex / capital returned (Q2)	**$118M / $265M**

Operating cash flow ($1.5B) funded $265M returned to stockholders ($89M dividends plus $176M buybacks; repurchases were $179M including $3M excise tax) and grew cash to $2.26B, up $1.28B since year-end 2025.

HOW TO READ THE NUMBERS

- Refining crack spreads (the margin between crude cost and refined-product prices) are the dominant earnings driver and are volatile; the Q2 surge may not persist.
- Adjusted figures exclude special items (a $30M inventory charge, a $47M renewables impairment, and FIFO effects); GAAP diluted EPS was $4.93.
- The planned Lubricants & Specialties spin (targeted H2 2027) would split DINO into a downstream RemainCo and an independent lubricants company; it is intended to be tax-free but is subject to approvals.
- The stock is near multi-year highs; the low P/E reflects cyclically high refining earnings (see page 2).

CAPITAL ALLOCATION, BALANCE SHEET & STRATEGY - AS OF JUNE 30, 2026

A LOW-LEVERAGE, INVESTMENT-GRADE BALANCE SHEET PLUS A PLANNED TWO-COMPANY SEPARATION

TOTAL DEBT / CASH	CAPITAL RETURNED (Q2)	DIVIDEND (RAISED 5%)	L&S SEPARATION
$2.77B / $2.26B	**$265M**	**$2.10/yr**	**H2 2027**
net debt ~$0.5B; investment grade	$89M dividends + ~$176M buybacks	$0.525/qtr new rate; ~2.4% yield	new public company; Mississauga exit

The company targets a ~50% payout ratio through dividends and buybacks. The announced separation would create an independent Lubricants & Specialties company and a downstream RemainCo (refining, midstream, marketing, renewables) that intends to keep an investment-grade balance sheet; retiring the Mississauga base-oil refinery is meant to shift Lubricants to a supply model the company describes as more capital-light. The separation is subject to a private letter ruling, financing, regulatory and final board approvals, and may not be completed on the contemplated terms or timeline.

VALUATION SNAPSHOT - NEAR MULTI-YEAR HIGHS (EARLY-TO-MID AUGUST 2026)

Share price (recent)	**~$87.19**	P / E (trailing, GAAP TTM ~$10.42)	**~8.4x**
Market capitalization (~178M sh.)	**~$15.5B**	Fwd P / E (FY26E EPS ~$13.50)	**~6.5x**
Total debt / cash	**~$2.77B / ~$2.26B**	EV / EBITDA (TTM ~$3.5B)	**~4.6x**
Enterprise value (incl. net debt)	**~$16.0B**	Net debt-to-capital	**~5%**
Dividend ($2.10/yr) & yield	**~2.4%**	Cash flow from ops (Q2)	**$1.51B**
52-week range	**~$44-$94.22**	FY2026E EPS is a cyclical peak	**yes**

Multiples move with both the share price and the refining cycle, refresh before relying on them. The low P/E (~6.5x forward) and EV/EBITDA (~4.6x TTM) sit on **cyclically high refining earnings**: refining margins are volatile and mean-reverting, so on mid-cycle margins these multiples would be materially higher. FY2026E EPS (~$13.50 consensus) would be a cyclical-record level. The planned Lubricants & Specialties separation could change the sum-of-parts framing before it closes.

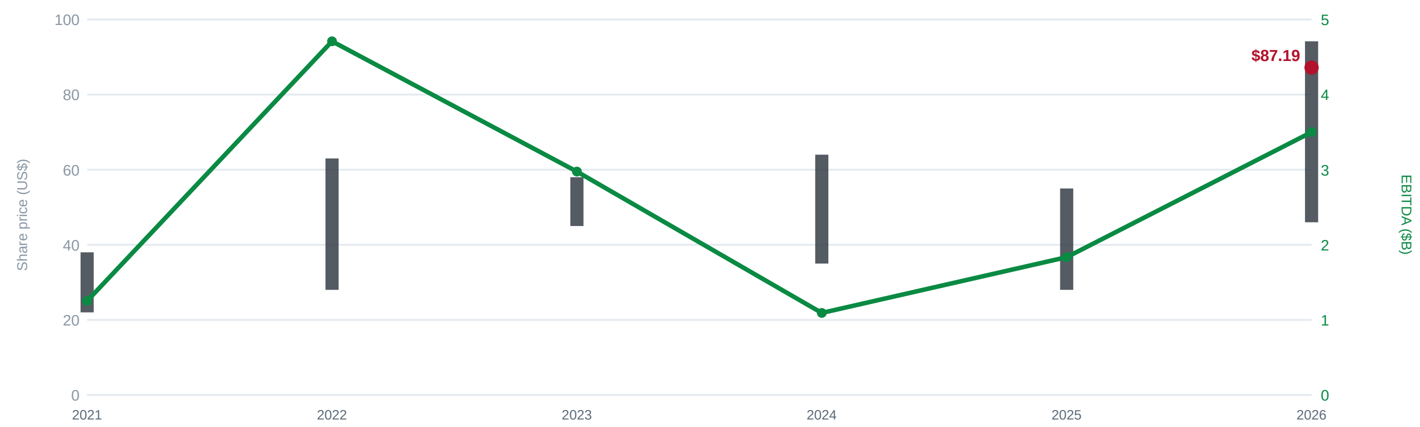
Full Excel model - linked tabs (segment build, margin sensitivity, deleveraging bridge, sum-of-parts, source tie-outs) - available on request. Email **info@blackspearllc.com** for a copy.

HF Sinclair (NYSE: DINO) - Valuation, the Cycle & Key Risks

A refining-led cyclical near multi-year highs on cyclically high earnings, with a planned Lubricants & Specialties spin as a potential catalyst. The optically low multiples (~6.5x forward earnings, ~4.6x TTM EV/EBITDA) rest on elevated refining margins; the debate is whether a low-leverage, potentially simplified portfolio can hold higher mid-cycle earnings, or whether margins mean-revert.

History from DINO disclosures and public market data; forward EPS is analyst consensus; multiples are Blackspear calculations. Nothing here is a Blackspear price target or recommendation.

SHARE PRICE VS. EBITDA - THE REFINING CYCLE, 2021-2026



Annual share-price range · ● current $87.19 — EBITDA ($B, annual) (right axis) 2026 price = year-to-date; EBITDA 2026 = trailing 12 months

FWD P/E (FY26E)	EV / EBITDA (TTM)	NET DEBT	DIVIDEND YIELD
~6.5×	**~4.6×**	**~$0.5B**	**~2.4%**
on ~$13.50 (peak-cycle)	on ~$3.5B, elevated	net debt/cap ~5%	$2.10/yr; plus buybacks

VALUATION & THE CYCLE

Recent price	**~$87.19**
Market cap / EV	**~$15.5B / ~$16.0B**
Trailing P/E (GAAP TTM)	**~8.4×**
Forward P/E (FY26E ~$13.50)	**~6.5×**
EV / EBITDA (TTM ~$3.5B)	**~4.6×**
Refinery gross margin (Q2'25 → Q2'26)	**$16.50 → $25.95**
EBITDA (2024 trough → TTM)	**~$1.1B → ~$3.5B**
Net debt-to-capital / dividend yield	**~5% · ~2.4%**

CHEAP ON PEAK EARNINGS, OR VALUE?

A CYCLICAL NEAR MULTI-YEAR HIGHS, WITH A PLANNED BREAKUP

Low multiples, but on peak-cycle earnings

DINO trades near multi-year highs at ~6.5× forward earnings and ~4.6× EV/EBITDA, which look cheap largely because refining margins are near cyclical highs (gross margin $25.95/bbl, up from $16.50 a year ago). Bulls point to a near-cash-neutral balance sheet (~$0.5B net debt), heavy capital returns, and the planned Lubricants & Specialties spin as a potential value-unlock. Bears note refining margins are volatile and mean-reverting, so on mid-cycle earnings the same price implies a much higher multiple, and the stock is near multi-year highs late in a strong margin cycle. This frames both sides; it is not a Blackspear view.

TOP RISK FACTORS - SUMMARIZED FROM THE COMPANY'S FILINGS

- **Refining-margin cyclicality.** Earnings are dominated by refining crack spreads, which are volatile and mean-reverting; the Q2 surge to $25.95/bbl realized may not persist, and a margin downturn would sharply cut earnings and cash flow.
- **Commodity and feedstock prices.** Crude, natural gas, refined-product and renewable-fuel prices, plus lower-of-cost-or-market inventory swings, drive results and are largely outside the company's control.
- **Operations and single-asset events.** Unplanned outages, turnarounds, accidents or supply disruptions at the refineries or pipelines can materially reduce throughput and margins in any given quarter.
- **Separation and asset-retirement execution.** The planned Lubricants & Specialties spin and Mississauga base-oil retirement depend on a private letter ruling, financing, regulatory and board approvals; they may not close on the contemplated terms or timeline, and may incur costs or dis-synergies.
- **Regulation, renewables and fuels policy.** RINs, the Producer's Tax Credit, biofuel and low-carbon standards, emissions rules, permitting and remediation obligations can swing renewables economics and raise refining costs.
- **Demand and the energy transition.** Long-term demand for refined products faces the energy transition, EV adoption, and climate policy, with potential asset impairments and stranded-asset risk.

On the numbers. Reported results and segments are from the Q2 2026 release, investor presentation, and Form 10-Q. The FY2026 EPS figure (~$13.50) is third-party analyst consensus and would be a cyclical-record level. The chart's EBITDA line uses annual/trailing EBITDA (2021-2025 annual; 2026 is trailing twelve months, ~$3.5B); annual share-price ranges are approximate calendar-year highs and lows. EV of ~$16.0B is market cap plus ~$0.5B net debt. P/E and EV/EBITDA are on cyclically high refining earnings; on mid-cycle margins the multiples would be materially higher. All are mechanical Blackspear calculations, not estimates, price targets, or recommendations.