Phillips 66 (NYSE: PSX) - Q2 2026 Results, Capital Returns & Valuation

Second quarter ended June 30, 2026. Phillips 66 is a diversified downstream energy company across Refining, Midstream, Chemicals (the 50%-owned CPChem joint venture), Marketing & Specialties, and Renewable Fuels. Q2 earnings jumped as refining margins recovered; the company also reduced debt and returned capital to shareholders.

A factual snapshot built from Phillips 66's public filings and verified market data. It contains no Blackspear forecast, price target, or recommendation.

ADJUSTED EPS (Q2'26)	ADJUSTED EBITDA	REFINING REALIZED MARGIN	NET DEBT
$9.41	**$5.9B**	**$24.08**	**$16.5B**
▲ vs $2.38 in Q2'25 GAAP $9.55	vs $1.2B in Q1'26 Refining ~56% of it	per barrel; vs $10.11 in Q1 (crack recovery)	total debt cut $6.6B in the quarter

ADJUSTED EBITDA BY SEGMENT - Q2 2026 ($ MILLIONS)

SEGMENT	ADJ. EBITDA	% OF TOTAL	ADJ. PRE-TAX INC.
Refining	$3,307	56%	$3,086
Midstream	$1,046	18%	$785
Marketing & Specialties	$580	10%	$514
Renewable Fuels	$568	10%	$544
Chemicals (CPChem JV)	$528	9%	$404
Corporate & Other	$(138)	(2%)	$(407)
Total (pre-tax)	**$5,891**	**100%**	**$4,926**

Segment adjusted pre-tax income of $4,926M less income taxes ($1,106M) and noncontrolling interests ($32M) reconciles to adjusted net income of $3,788M (adjusted EPS $9.41). Refining is the swing factor: adjusted EBITDA rose from $1.2B (Q1) to $5.9B (Q2) mainly on higher realized refining margins ($10.11 to $24.08/bbl). Beginning October 2025 results include 100% of the Wood River and Borger refineries (following the acquisition of the remaining 50% of WRB), which affects year-over-year comparability.

OPERATING HIGHLIGHTS - Q2 2026

Refining crude utilization	96%
Refining clean product yield	86%
NGL fractionated (MBD)	1,020
Chemicals global O&P utilization	91%
Renewable fuels produced (MBD)	53
Cash flow from operations	$7,259M
Capex & investments / capital returned	**$726M / $887M**

Operating cash flow ($7.3B) funded both debt reduction and $887M of capital returns (dividends $508M plus buybacks $379M).

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 (asset-disposition gains, legal accruals, inventory adjustments); GAAP diluted EPS was $9.55.
- Chemicals is the 50%-owned Chevron Phillips Chemical (CPChem) joint venture, reported on the equity method.
- The stock is at all-time highs; the low P/E reflects cyclically high refining earnings (see page 2).

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

DELEVERAGING PLUS CAPITAL RETURNS IN THE QUARTER

TOTAL DEBT REDUCED	NET DEBT-TO-CAPITAL	CAPITAL RETURNED (Q2)	DIVIDEND
$6.6B	**33%**	**$887M**	**$5.08/yr**
to $20.6B; net debt $16.5B	down from 43% at Q1	$508M dividends + $379M buybacks	$1.27/qtr; 2.25% yield

Cash and cash equivalents were $4.1B with $6.4B of committed capacity available under credit facilities. Debt reduction was funded by operating cash flow and asset sales as part of an ongoing portfolio-simplification and shareholder-return effort.

VALUATION SNAPSHOT - AT ALL-TIME HIGHS (EARLY-TO-MID AUGUST 2026)

Share price (recent, record high)	**~$225.58**	P / E (trailing, GAAP)	**~12.9x**
Market capitalization (~399M sh.)	**~$90.0B**	Fwd P / E (FY26E EPS ~$25.52)	**~8.8x**
Net debt / noncontrolling interests	**~$16.5B / ~$1.2B**	EV / EBITDA (TTM ~$11.6B)	**~9.3x**
Enterprise value (incl. NCI)	**~$107.7B**	Net debt-to-capital	**33%**
Dividend ($5.08/yr) & yield	**2.25%**	Debt-to-capital	**39%**
52-week range	**$118.64-$225.58**	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 (~9x forward) and EV/EBITDA (~9x) 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 (~$25.52 consensus) would be a record. EV includes ~$1.2B of noncontrolling interests; TTM EBITDA is on a broad market basis (PSX's own Q2 adjusted EBITDA was $5.9B).

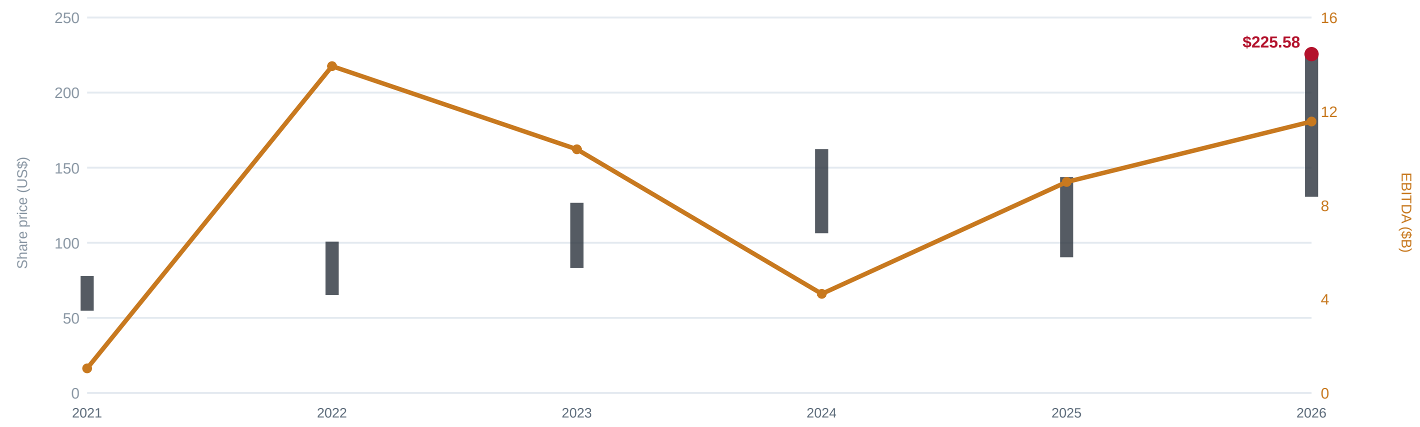
Full Excel model - linked tabs (segment build, margin sensitivity, deleveraging bridge, valuation, source tie-outs) - available on request. Email **info@blackspearllc.com** for a copy.

Phillips 66 (NYSE: PSX) - Valuation, the Cycle & Key Risks

A refining-led cyclical trading at all-time highs on cyclically high earnings. The optically low multiples (~9x earnings, ~9x EV/EBITDA) rest on elevated refining margins; the debate is whether a deleveraged, simplified portfolio can hold higher mid-cycle earnings, or whether margins mean-revert.

History from PSX 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 $225.58 — EBITDA ($B, annual) (right axis) 2026 price = year-to-date; EBITDA 2026 = trailing 12 months

FWD P/E (FY26E)	EV / EBITDA (TTM)	TOTAL DEBT CUT (Q2)	DIVIDEND YIELD
~8.8×	**~9.3×**	**$6.6B**	**2.25%**
on ~$25.52 (peak-cycle)	on ~$11.6B, elevated	net debt/cap 43%→33%	$5.08/yr; plus buybacks

VALUATION & THE CYCLE

Recent price (record high)	**~$225.58**
Market cap / EV (incl. NCI)	**~$90.0B / ~$107.7B**
Trailing P/E (GAAP)	**~12.9×**
Forward P/E (FY26E ~$25.52)	**~8.8×**
EV / EBITDA (TTM ~$11.6B)	**~9.3×**
Refining realized margin (Q1 → Q2)	**$10.11 → $24.08**
EPS range (2024/25 trough → 2026E)	**~$5 → ~$25.52**
Net debt-to-capital / dividend yield	**33% · 2.25%**

CHEAP ON PEAK EARNINGS, OR VALUE?

A CYCLICAL AT RECORD HIGHS

Low multiples, but on peak-cycle earnings

PSX trades near all-time highs at ~9× forward earnings and ~9× EV/EBITDA, which look cheap only because refining margins are near cyclical highs (realized margin $24/bbl, up from $10 in Q1). Bulls argue a deleveraged, simplified, higher-return portfolio (net debt cut to $16.5B, heavy capital returns) can sustain mid-cycle earnings above prior cycles. 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 at record 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 $24/bbl realized may not persist, and a margin downturn would sharply cut earnings and cash flow.
- **Leverage and capital access.** Despite deleveraging to $16.5B net debt, the company still carries ~$20.6B of debt; credit-market access and interest costs matter, and heavy capital returns compete with reinvestment.
- **Execution, portfolio and activist dynamics.** Large projects (Zeus and Dos Picos gas plants, CPChem polymers), the WRB consolidation, asset sales, and activist-shareholder actions carry execution and strategy risk.
- **Commodity and feedstock prices.** NGL, crude, natural gas, refined-product and renewable-fuel prices, plus lower-of-cost-or-market inventory swings, drive results and are outside the company's control.
- **Regulation, environment and fuels policy.** Emissions rules, low-carbon and biofuel standards and tax credits, permitting, litigation, and environmental remediation obligations can raise costs or curb demand for refined products.
- **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 and Form 10-Q. The FY2026 EPS figure (~$25.52) is third-party analyst consensus and would be a cyclical-record year. The chart's EBITDA line and the EV/EBITDA multiple use an annual/trailing EBITDA on a broad market basis (~$11.6B TTM); Phillips 66's own "adjusted EBITDA" (which adds the proportional share of equity-affiliate items and excludes special items) was $5,891M in Q2. EV includes ~$1.2B of noncontrolling interests. 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.