

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.

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

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).

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

| DELEVERAGING PLUS CAPITAL RETURNS IN THE QUARTER                                                                                                                                                                                                          |                                                                              |                                                                                                  |                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| <div>TOTAL DEBT REDUCED</div> <div>\$6.6B</div> <div>to \$20.6B; net debt \$16.5B</div>                                                                                                                                                                   | <div>NET DEBT-TO-CAPITAL</div> <div>33%</div> <div>down from 43% at Q1</div> | <div>CAPITAL RETURNED (Q2)</div> <div>\$887M</div> <div>\$508M dividends + \$379M buybacks</div> | <div>DIVIDEND</div> <div>\$5.08/yr</div> <div>\$1.27/qtr; 2.25% yield</div> |
| 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](mailto:info@blackspearllc.com) for a copy.

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## 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



### VALUATION & THE CYCLE

|                                      |                      |
|--------------------------------------|----------------------|
| Recent price (record high)           | ~\$225.58            |
| Market cap / EV (incl. NCI)          | ~\$90.0B / ~\$107.7B |
| Trailing P/E (GAAP)                  | ~12.9x               |
| Forward P/E (FY26E ~\$25.52)         | ~8.8x                |
| EV / EBITDA (TTM ~\$11.6B)           | ~9.3x                |
| 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 ~9x forward earnings and ~9x 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.

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