



# Advancing the Future of Energy

WITH CAPITAL DISCIPLINE, INNOVATION  
AND UNMATCHED EXECUTION

RELIABLE | AFFORDABLE | SUSTAINABLE ENERGY





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## REFINING

WORLD'S LARGEST INDEPENDENT REFINER



## RENEWABLE DIESEL

WORLD'S 2<sup>ND</sup> LARGEST RENEWABLE DIESEL PRODUCER



## ETHANOL

WORLD'S 2<sup>ND</sup> LARGEST CORN ETHANOL PRODUCER

### GROWTH PROJECTS FOCUSED ON COST CONTROL, OPTIMIZATION AND MARGIN EXPANSION



**15**

lowest cost producer refineries

**3.2**

million barrels per day of high-complexity throughput capacity

advantaged refining and logistics assets well positioned for feedstock and product optimization

stable wholesale supply of 1.2 million barrels per day or over 50% of our light products

**2020**  
BEST YEAR EVER FOR SAFETY

EXECUTING A VIABLE PATH TO REDUCE AND OFFSET GREENHOUSE GAS EMISSIONS

### HIGH RETURN PROJECTS WITH PRODUCTS PLACED INTO HIGH GROWTH, LOW CARBON MARKETS



**290**

million gallons per year

**1.2**

expanding to billion gallons per year

low carbon intensity renewable diesel produced from recycled animal fats, used cooking oil and inedible corn oil

up to **80%** reduction in GHG emissions

**100%**

compatible with existing engines and infrastructure

CONTINUE TO DEVELOP ADDITIONAL LOW CARBON GROWTH OPPORTUNITIES

### EVALUATING ECONOMIC PATHS TO FURTHER REDUCE CARBON INTENSITY



**13**

ethanol plants

**1.7**

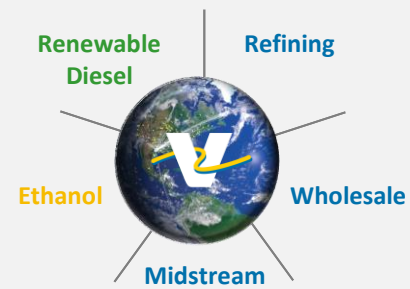
billion gallons per year production capacity

high-octane renewable fuel with lower CO<sub>2</sub> emissions

up to **30%** reduction in GHG emissions

existing logistics assets well positioned to support export growth

EVALUATING CARBON SEQUESTRATION



Best-in-class producer of fuels and products that are essential to modern life

# Advancing the Future of Energy with Capital Discipline, Innovation and Unmatched Execution

## Operations

### Unmatched Execution with a Proven History of Operations Excellence

- Safe, reliable, environmentally responsible operations have driven higher profitability and lower volatility through multiple commodity cycles
- The lowest cash operating cost among peer group while maintaining first quartile operating performance
- Applying our liquid fuels manufacturing expertise to optimize our renewable diesel business

## Earnings Growth

### Growth Through Innovation

- Growth projects focused on operating cost control, market expansion and margin improvement
- Leveraging our global liquid fuels platform to expand our long-term competitive advantage with investments in economic low-carbon projects
- 25% after-tax IRR hurdle rate for projects

## Capital Discipline

### Demonstrated Commitment to Stockholders

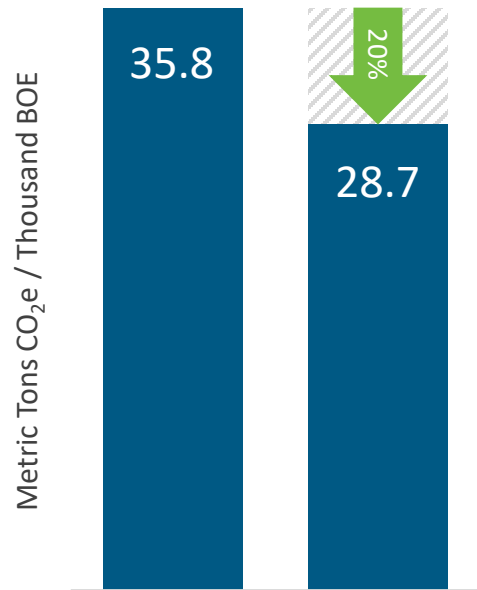
- Disciplined capital allocation with solid free cash flow and returns to stockholders across margin cycles
- Delivered on our target payout ratio of 40% to 50% every year under current management
- 13% average Return on Invested Capital from 2014 to 2019

Comprehensive liquid fuels strategy driving economic growth projects and providing a viable path to reduce and offset GHG emissions by 63% by 2025

Steadfast in the execution of our strategy, pursuing **excellence in operations, investing for earnings growth with lower volatility** and honoring our **commitment to stockholder returns**

# Comprehensive Roadmap to Further Reduce Emissions with Projects in Execution

## GHG Emissions Intensity Target (Scope 1 & 2)

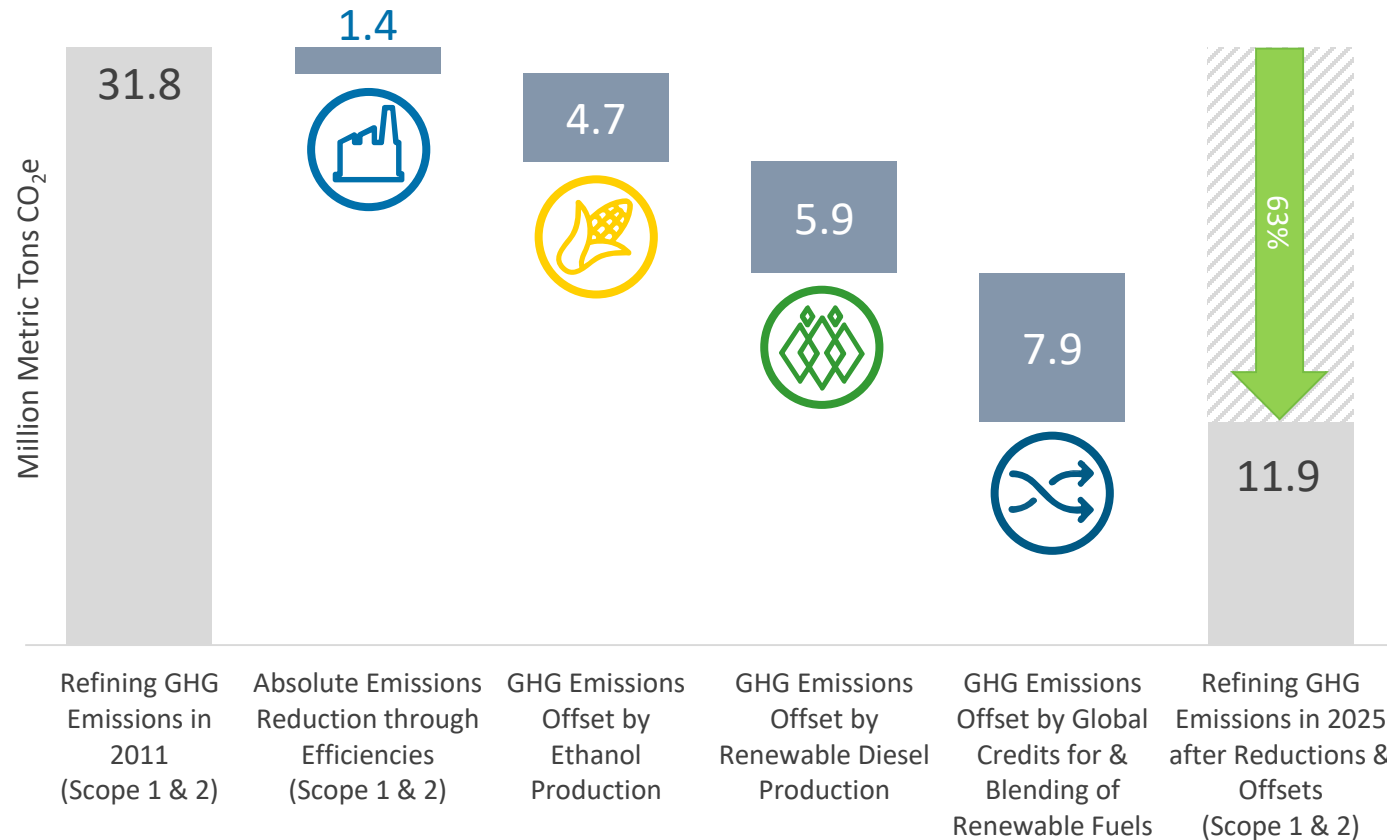


Metric Tons CO<sub>2</sub>e / Thousand BOE

2011 Base Year (Scope 1 & 2) 2025 Target (Scope 1 & 2)



## Absolute Reductions and Offsets through Existing Board Approved Projects



Million Metric Tons CO<sub>2</sub>e

Refining GHG Emissions in 2011 (Scope 1 & 2) Absolute Emissions Reduction through Efficiencies (Scope 1 & 2) GHG Emissions Offset by Ethanol Production GHG Emissions Offset by Renewable Diesel Production GHG Emissions Offset by Global Credits for & Blending of Renewable Fuels Refining GHG Emissions in 2025 after Reductions & Offsets (Scope 1 & 2)



Targeting to **reduce** and **offset** Refining GHG emissions by

**63%**

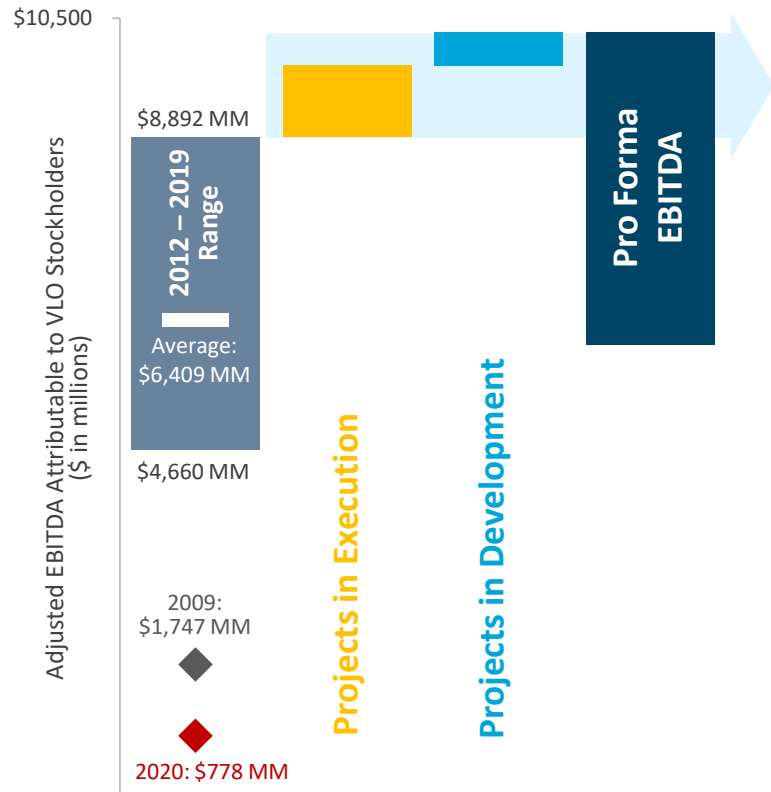
through investments in **Board approved projects**, with the potential to achieve

**72%**

by **2025** with projects under consideration subject to Board approval

# Expanding Our Long-term Competitive Advantage with Investments in Economic Low-carbon Transportation Fuels

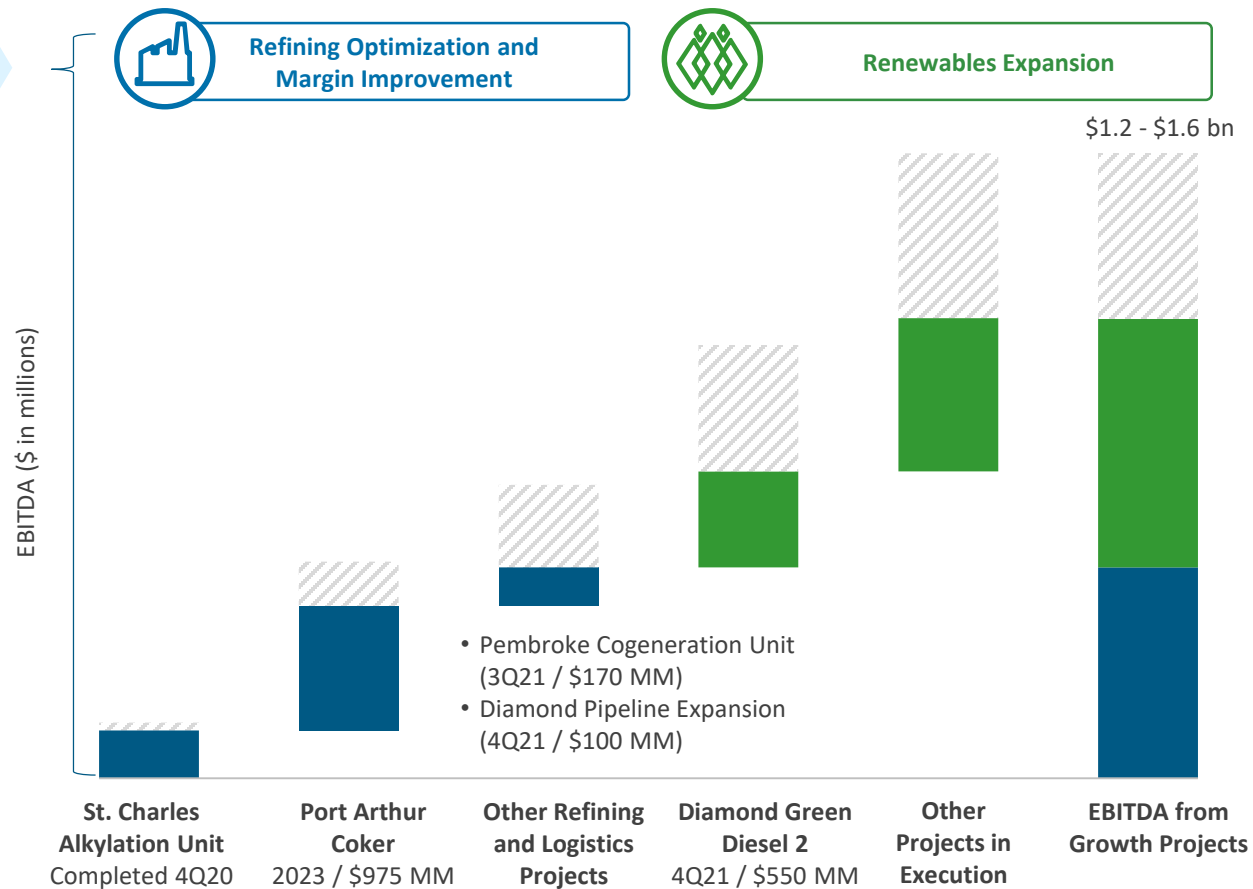
## Visibility to Earnings Growth



\$1.2 to \$1.6 billion in Annual EBITDA Contribution from Growth Projects

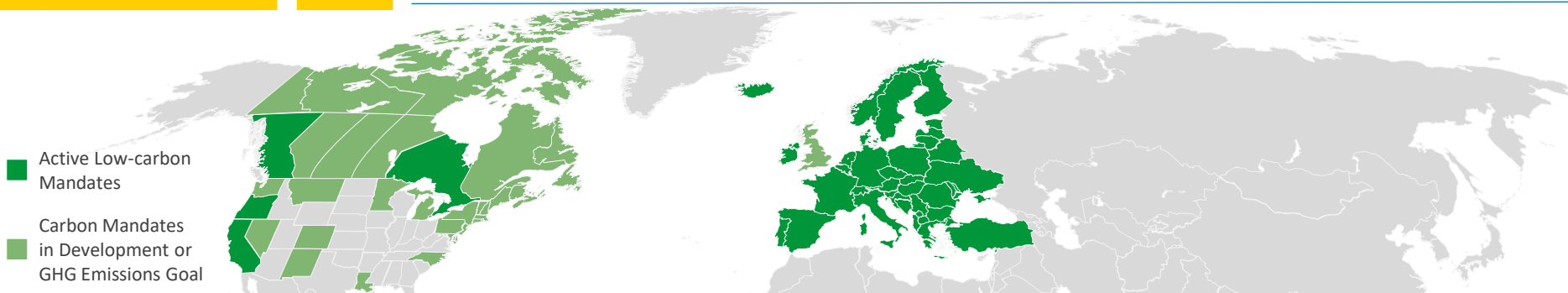
## \$1.2 to \$1.6 billion in Annual EBITDA from Growth Projects

(expected completion / project cost)

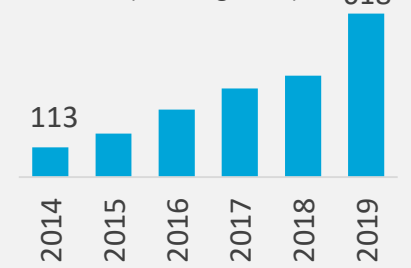


Reinvesting capital with diversification into **higher growth, higher return and lower carbon renewable fuels**

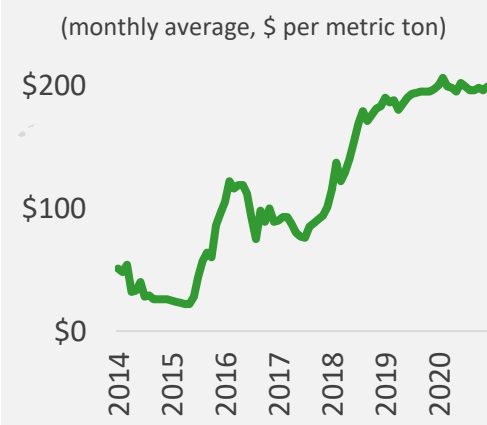
# Global Low-carbon Fuel Policies Driving Demand Growth for Renewable Diesel



**California Renewable Diesel Consumption**  
(million gallons)



**LCFS Credit Price**



Source: California Air Resources Board. LCFS credit price though December 2020.

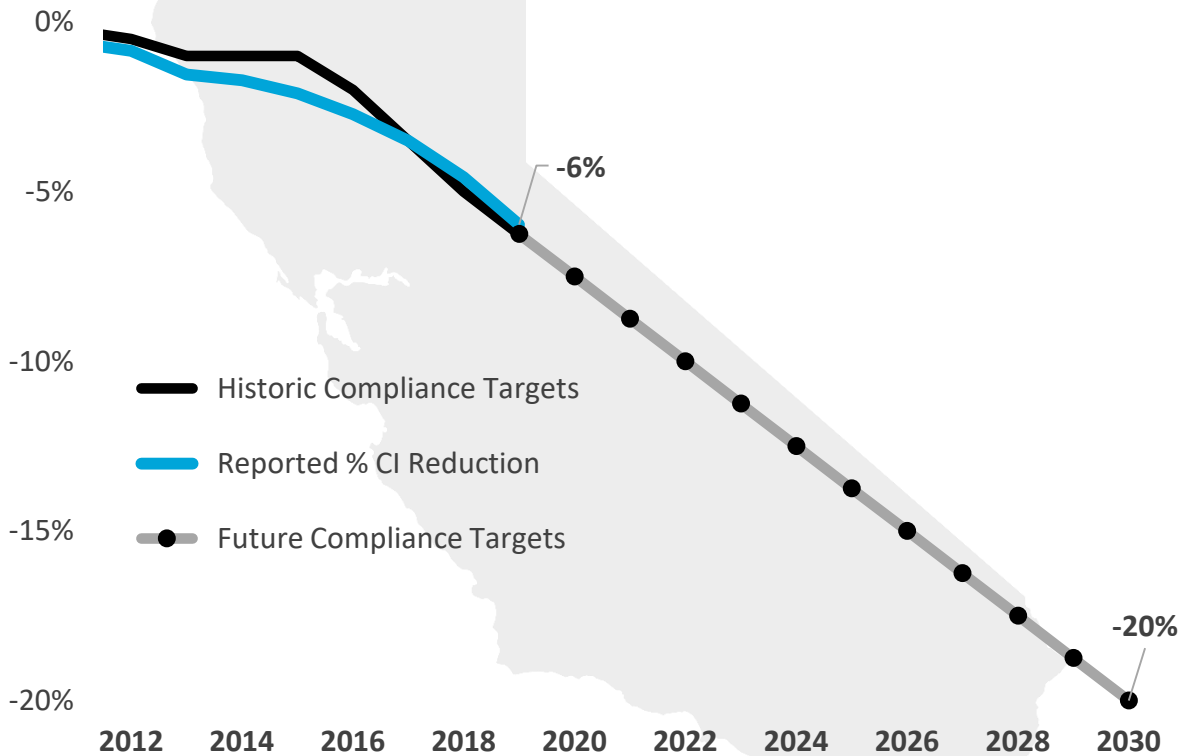
	2030 GHG Emissions Reduction Target	Net-Zero GHG Emissions Target	Primary Transportation Fuel Policy Mechanism	2030 Liquid Fuels Goal
<b>California</b>	40%	Net-zero by 2045	Low Carbon Fuel Standard (LCFS)	Reduce the carbon intensity of transportation fuels by at least 20%
<b>Canada</b>	30%	Net-zero by 2050	Clean Fuel Standard (CFS) – enforcement expected 2022	Reduce the carbon intensity of transportation fuels by 10-12%
<b>EU</b>	40%	Net-zero by 2050	Renewable Energy Directive II (RED II)	Replace 14% of transport fuels with biofuels
<b>Other Policies in Place</b>	<ul style="list-style-type: none"> <li>Oregon is matching California’s GHG reduction target and has an LCFS policy in place</li> <li>British Columbia and Ontario have existing low-carbon fuels policies</li> <li>Sweden is implementing a 21% GHG reduction mandate for diesel for 2020 and aims for 50% of transport fuels to be biofuels by 2030</li> <li>Finland aims for 30% of transport fuels to be biofuels by 2030</li> </ul>			
<b>Potential Policies</b>	<ul style="list-style-type: none"> <li>State of Washington continues to debate an LCFS with a 20% GHG reduction target by 2035</li> <li>New York introduced legislation that would require net-zero emissions by 2050 with the possibility of LCFS legislation</li> <li>Certain Midwest states and Colorado are exploring similar renewables mandates</li> </ul>			



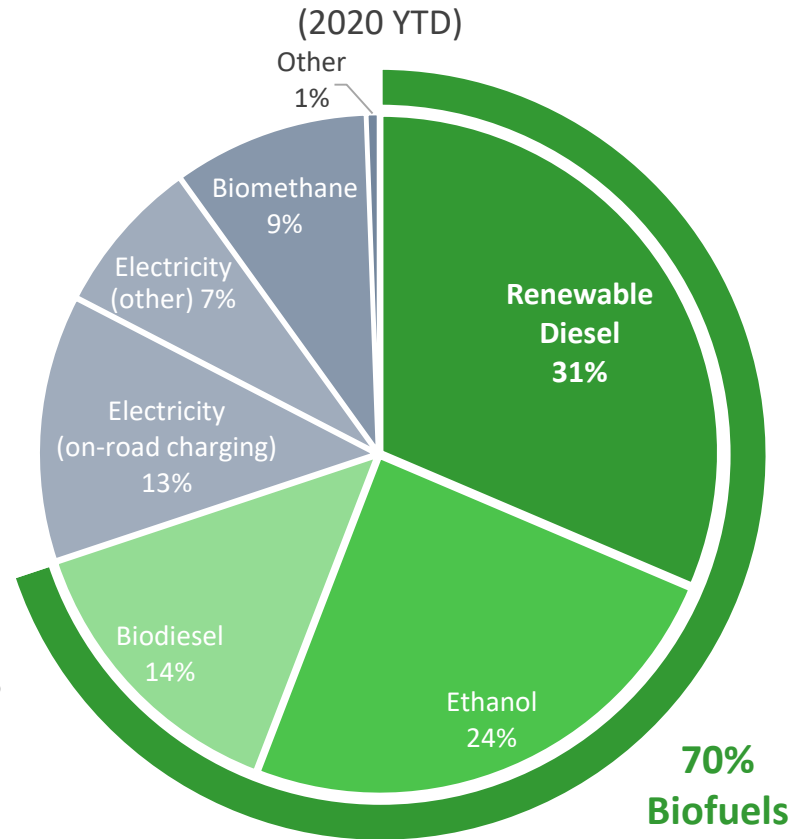
# Renewable Diesel Driving Low Carbon Results in California



**California LCFS Performance**  
(% reduction in carbon intensity)



**LCFS Credit by Fuel Type**  
(2020 YTD)



● ● ● ●

**Cost-effective fuel that can be used with existing vehicles**

**Does not require infrastructure investments**

**Over 2 billion gallons consumed since 2011**

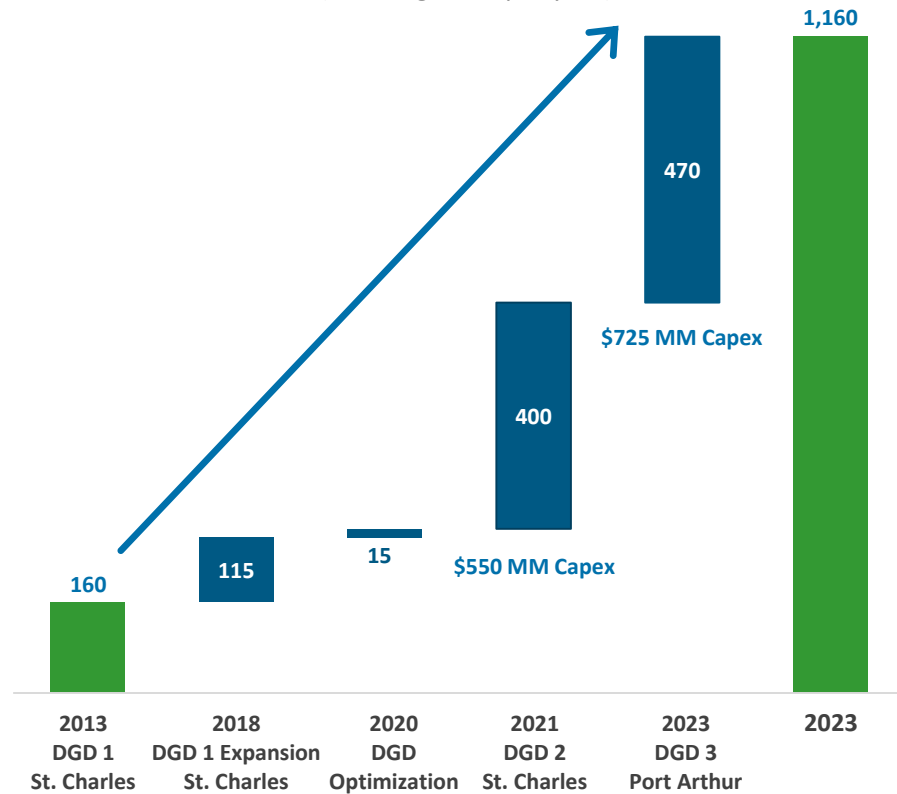


# Expansion into Low-carbon Renewable Fuels Underpinned by Higher Economic Returns



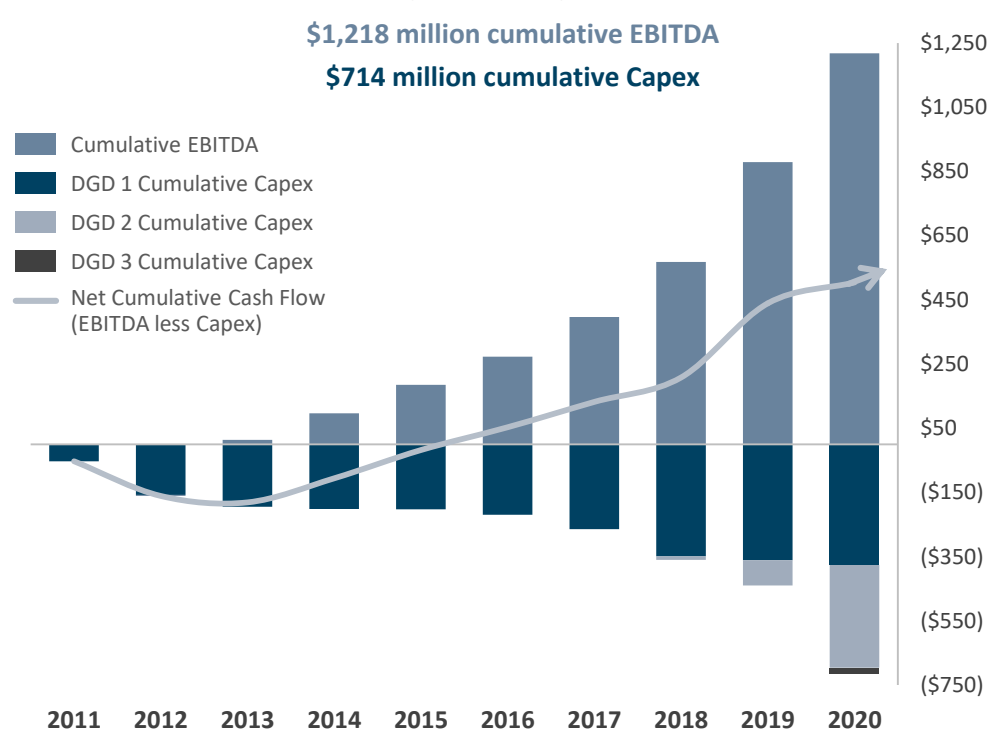
## Renewable Diesel Capacity

(million gallons per year)



## Renewable Diesel Realized Cash Flow Profile

(\$ in millions)



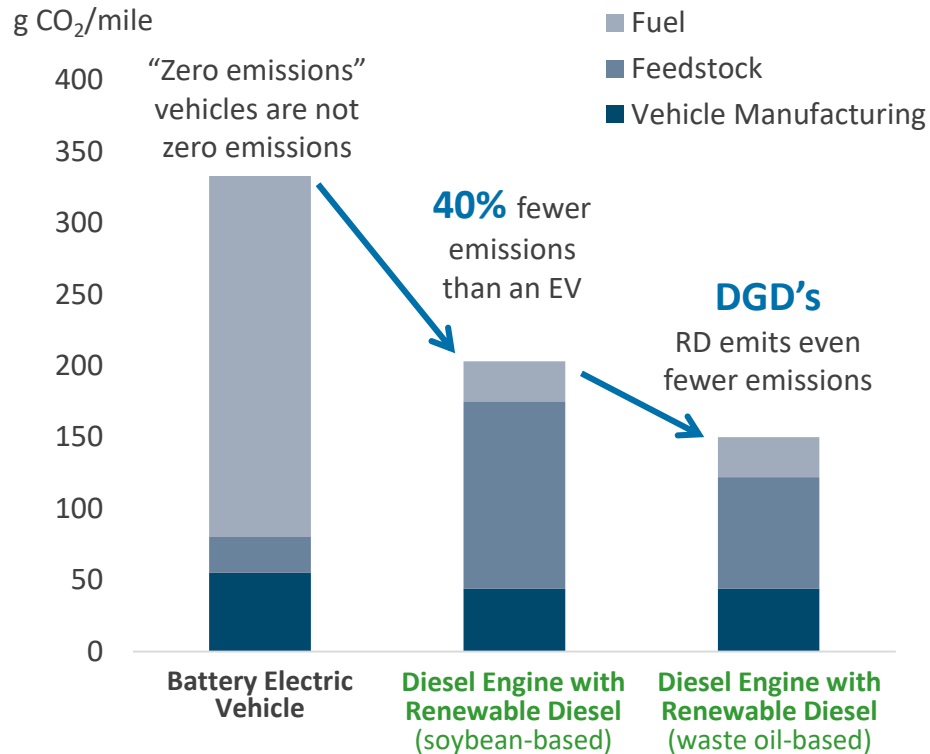
Mix shift to renewable fuels should drive higher Return on Invested Capital

# A Vehicle Running on Renewable Diesel Emits Over 40% Fewer Emissions than an Electric Vehicle



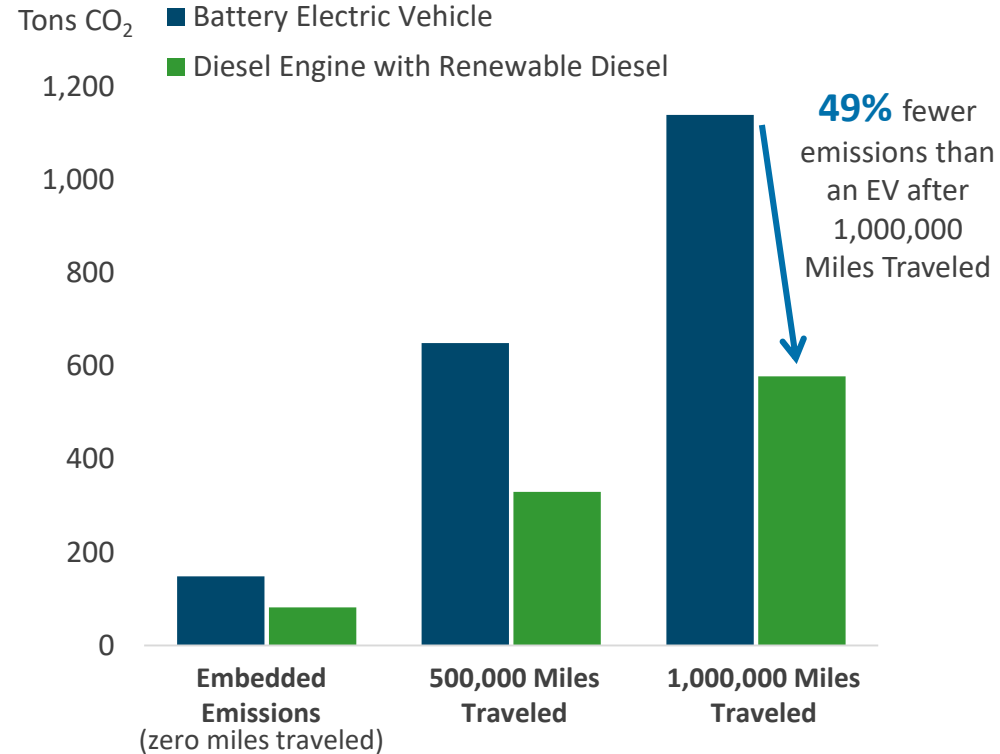
## U.S. Light-Duty Vehicle Life Cycle Emissions

Argonne National Laboratory Study



## U.S. Heavy-Duty Long-Haul Vehicle Life Cycle Emissions

Southwest Research Institute Study



A single light-duty vehicle running on renewable diesel emits **29 tons less CO<sub>2</sub> emissions** than an electric vehicle, an amount equal to planting **435 trees\***

A single heavy-duty long-haul vehicle running on renewable diesel emits **561 tons less CO<sub>2</sub> emissions** than an electric vehicle, an amount equal to planting **8,482 trees\***

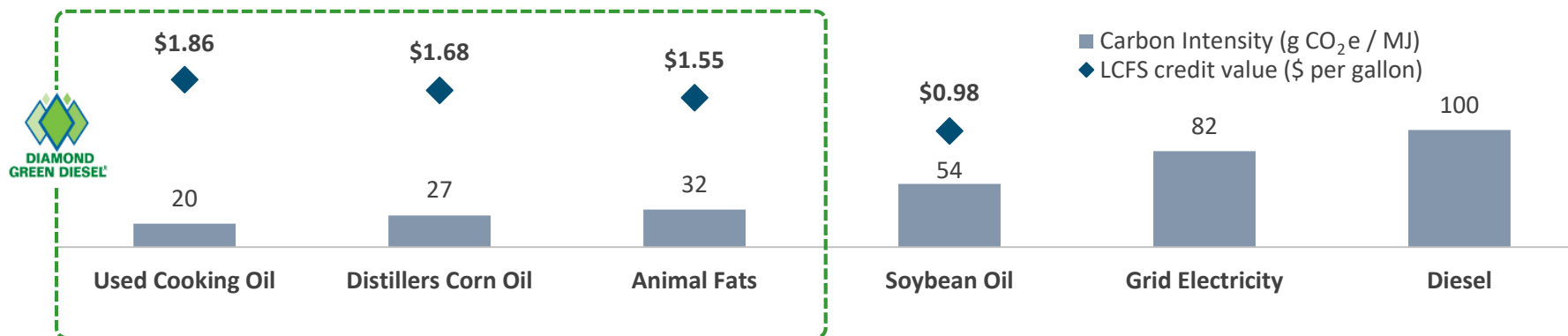


\*Estimated based on EPA's GHG Equivalencies calculator for urban tree seedlings grown for ten years.



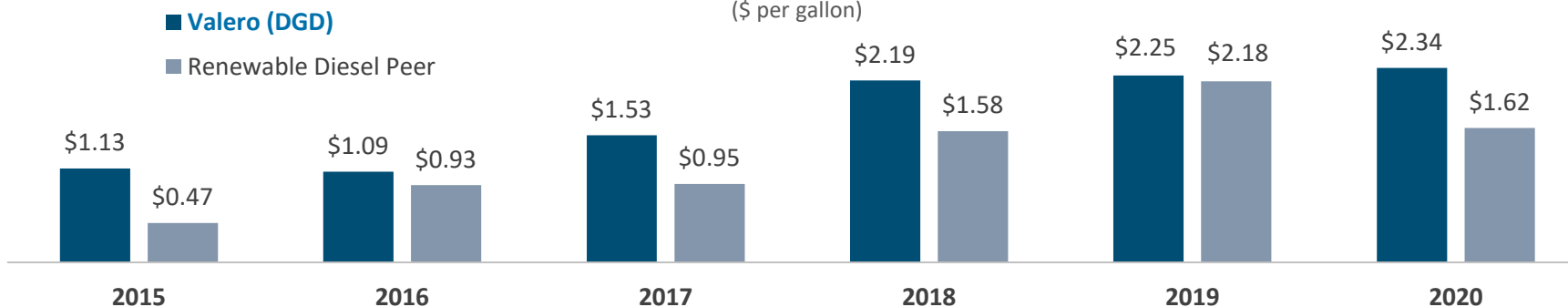
# Our Competitive Advantage with Diamond Green Diesel (DGD)

## DGD is Designed to Process Low Carbon Feedstocks for Higher Product Value



## Higher EBITDA Margin

(\$ per gallon)



Applying our liquid fuels manufacturing expertise to optimize our renewable diesel business





**SIZE, SCALE AND GLOBAL REACH**  
EXTENSIVE CONNECTIVITY AND GLOBAL OPTIMIZATION

**LOWEST COST PRODUCER**  
TOP QUARTILE OPERATIONS

**DISCIPLINED INVESTMENTS**  
GROWTH WITH LOWER VOLATILITY

**PREMIER REFINING PORTFOLIO THAT IS RESILIENT EVEN IN A CARBON-CONSTRAINED SCENARIO**



**SIZE, SCALE AND GLOBAL REACH**

high complexity coastal system with **extensive connectivity** to inland and imported crudes

**operational flexibility** to process a wide range of feedstocks

**ratable wholesale** supply of 1.2 million barrels per day or over 50% of our light products

**global** operations support **optimization** of product exports  
one of the largest light products importers into Mexico



**LOWEST COST PRODUCER WHILE ACHIEVING TOP QUARTILE OPERATIONS**

**safety** and **reliability** are imperative for profitability

top quartile mechanical availability minimizes unplanned downtime and costs

access to cheap natural gas and a deep pool of skilled labor on the U.S. Gulf Coast



**INVESTMENTS IN EFFICIENCY, MARKET EXPANSION AND HIGHER MARGIN CAPTURE**

**reducing cost and improving margin capture**

- Wilmington and Pembroke cogens
- St. Charles and Port Arthur hydrocrackers
- Port Arthur coker
- Houston and St. Charles alkylation units

**improving feedstock flexibility, cost and crude quality**

- Diamond, Sunrise and Red River pipelines
- connectivity in Corpus Christi
- Line 9 into Quebec
- Houston and Corpus Christi toppers

**growing market share into higher netback markets**

- Central Texas pipelines and terminals
- MVP Pasadena terminal
- expansion into Latin America with investments in Mexico and Peru



**Long-term, sustainable competitive advantage**

\$2,213



**Highest Free Cash Flow within Peer Group**

Peer Range  
Average Free Cash Flow 2012 – 2020

\$0

(\$ in millions)

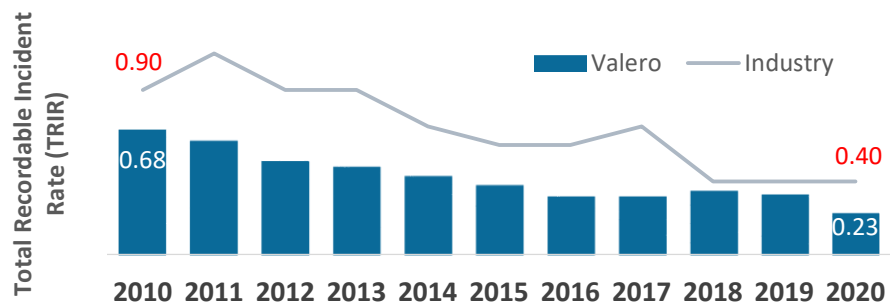


# Safety and Reliability are Imperative for Profitability

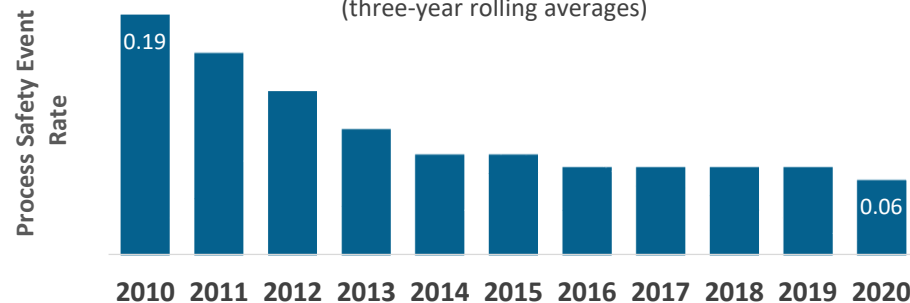
**2020**  
BEST YEAR EVER FOR  
**SAFETY**

In 2020, we delivered our **best year ever on safety performance** and had the lowest number of environmental events in company history

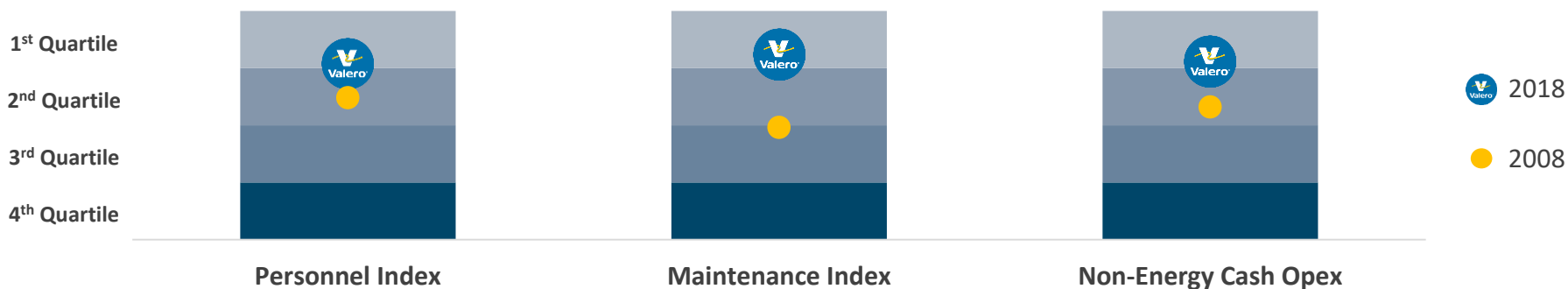
## Personnel Safety



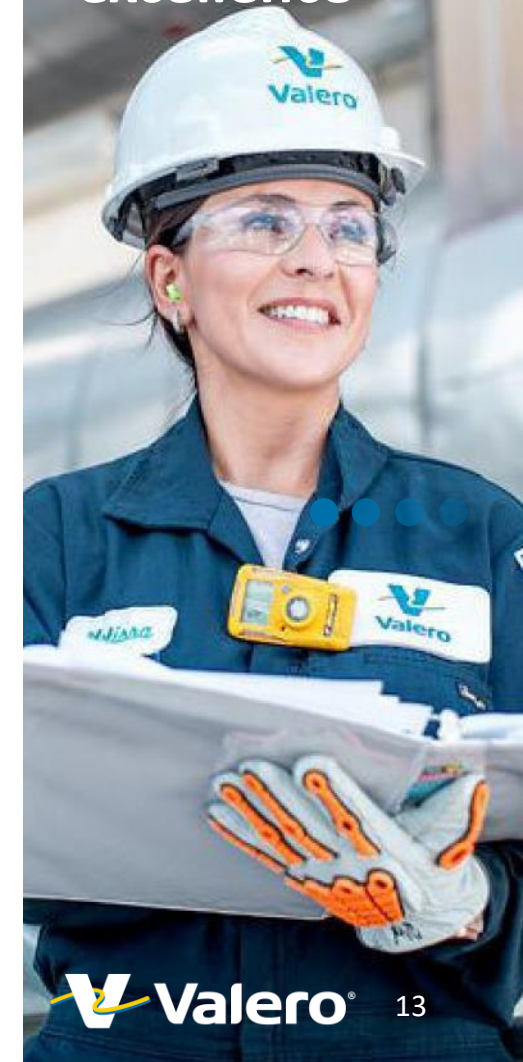
## Tier 1 Process Safety



## Improvement Versus Industry Benchmarks Leads to Greater Margin Capture, Lower Operating Expenses and Better Efficiency

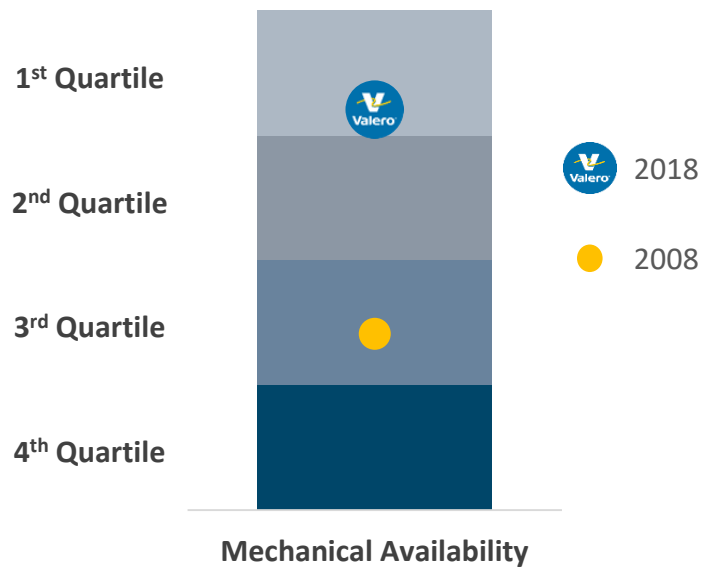


Investments in reliability have contributed to operations excellence

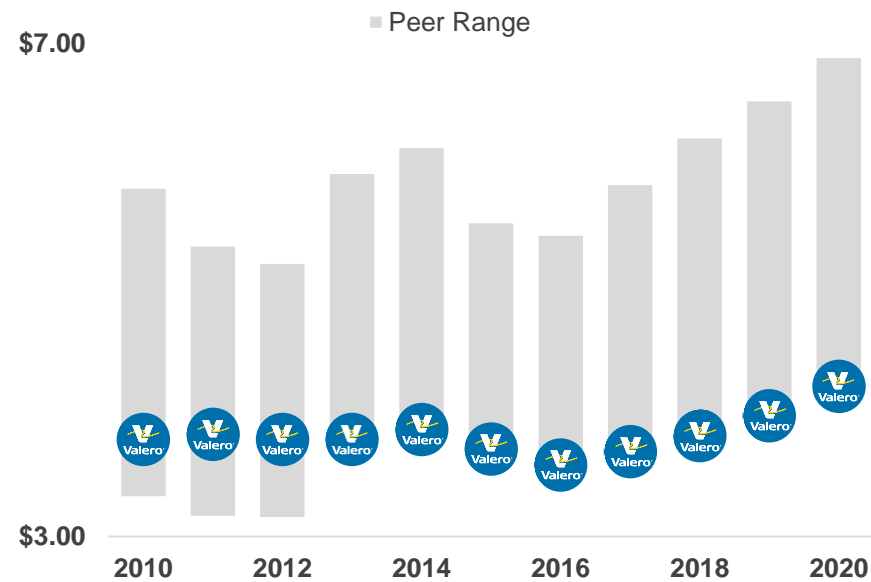


# Increased Refinery Availability Has Driven Valero to be the Lowest Cost Producer

Improvement in Mechanical Availability Versus Industry Benchmarks



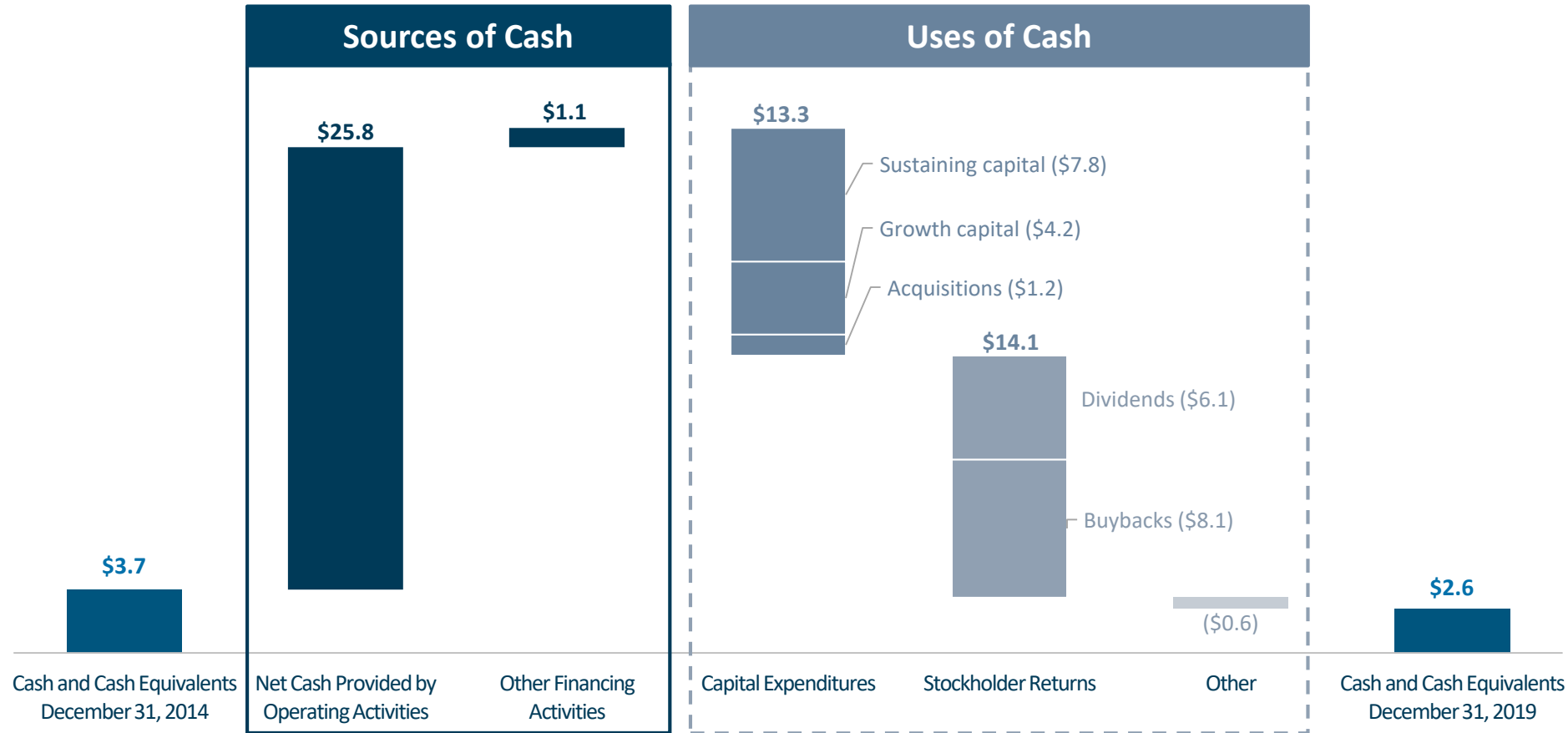
Refining Cash Operating Expenses Per Barrel of Throughput (excludes turnaround and D&A expenses)





# Refining Business Generates Significant Cash to Support Growth and Stockholder Returns

Sources and Uses of Cash – Cumulative Five Years: December 31, 2014 to December 31, 2019  
(\$ in billions)



# Disciplined Capital Management is a Constant in Our Strategy

## 1 Maintain Strong Balance Sheet

Maintain investment grade credit rating

Target 20% to 30% debt-to-cap ratio

## 2 Non-Discretionary

### Sustaining Capex

- Target approximately \$1.5 billion annually
- Key to safe and reliable operations

### Dividend

- Commitment to stockholders
- Targeting a sustainable and growing dividend with a payout that is at the high end of our peer group

## 3 Discretionary

### Growth Capex

- 25% after-tax IRR hurdle rate for projects
- Refining projects focused on operating cost control, market expansion and margin improvement
- Renewable fuels expansion

### Acquisitions

- Evaluate versus alternative uses of cash

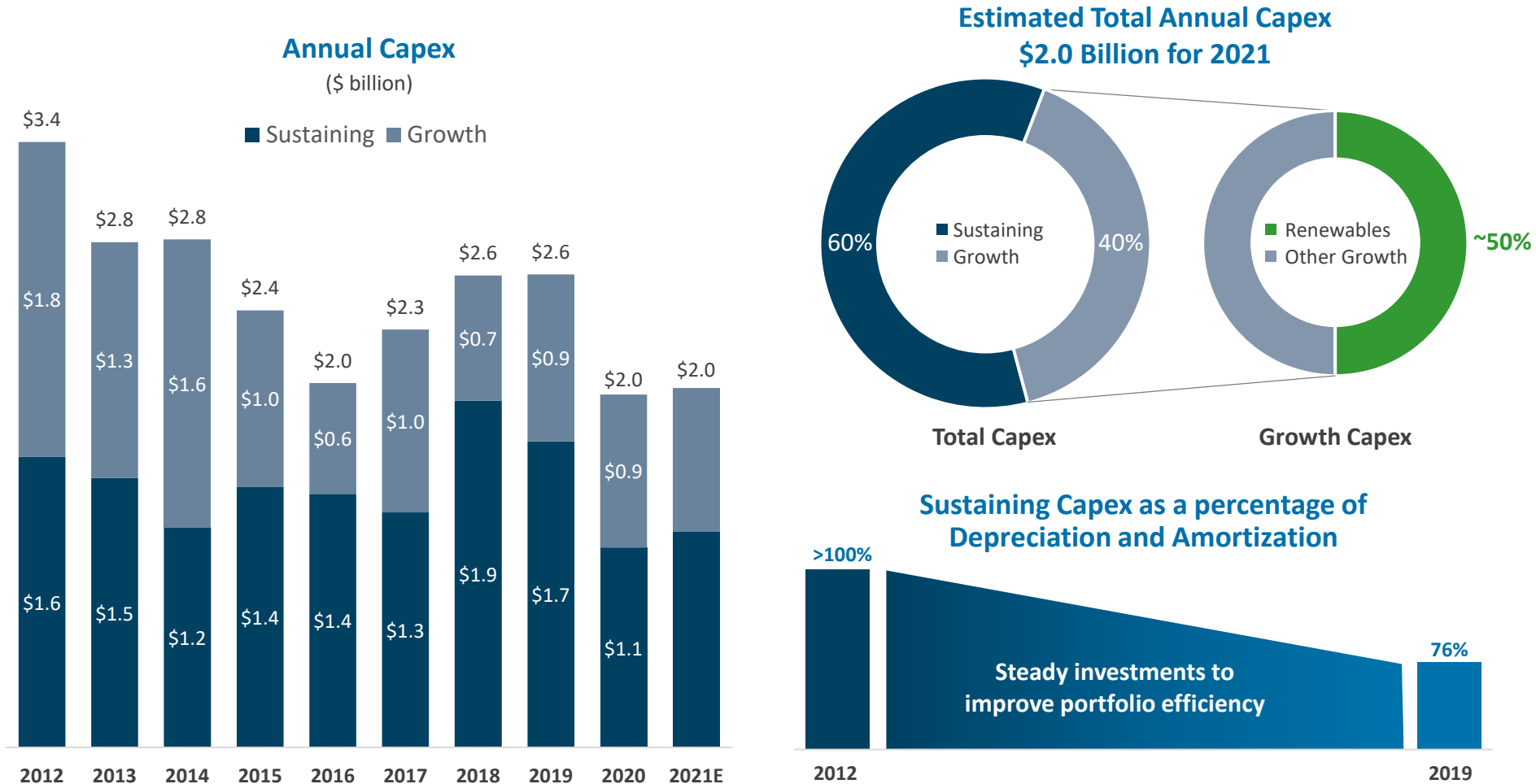
### Buybacks

- Targeting an annual payout ratio between 40% and 50% of adjusted net cash provided by operating activities
- Stock buyback program consists of ratable and opportunistic purchases





# Demonstrated Discipline in Capital Allocation



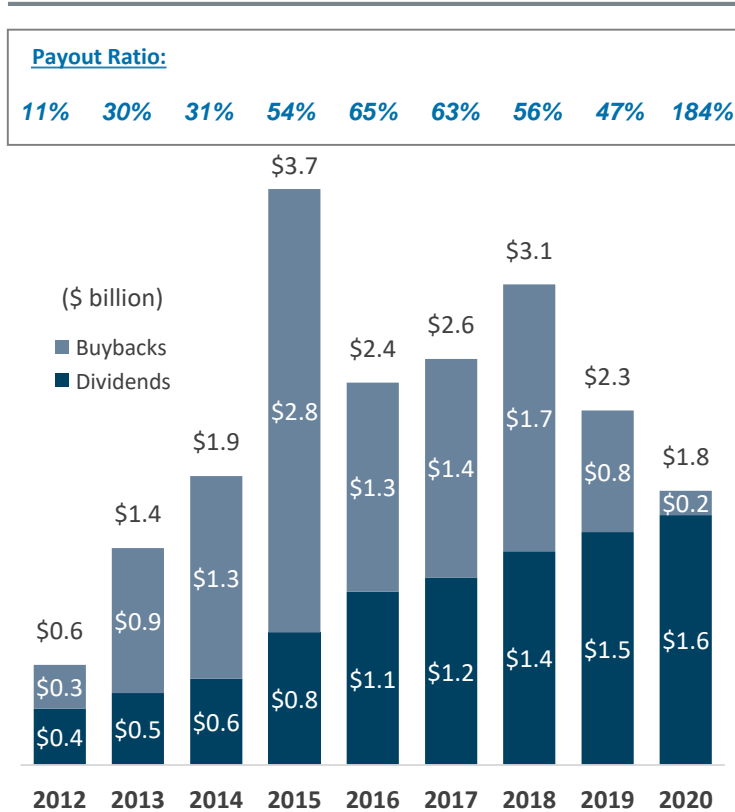
Sustaining capex includes costs for turnarounds and catalysts and regulatory compliance. Growth capex includes joint-venture investments but excludes acquisitions. Sustaining and growth capex excludes 50% of DGD's sustaining and growth capex attributable to our joint venture partner and those related to other variable interest entities. Renewables reflects DGD and ethanol.

Steady investments to maintain a **safe and reliable asset base** and **enhance the margin capability** of our portfolio

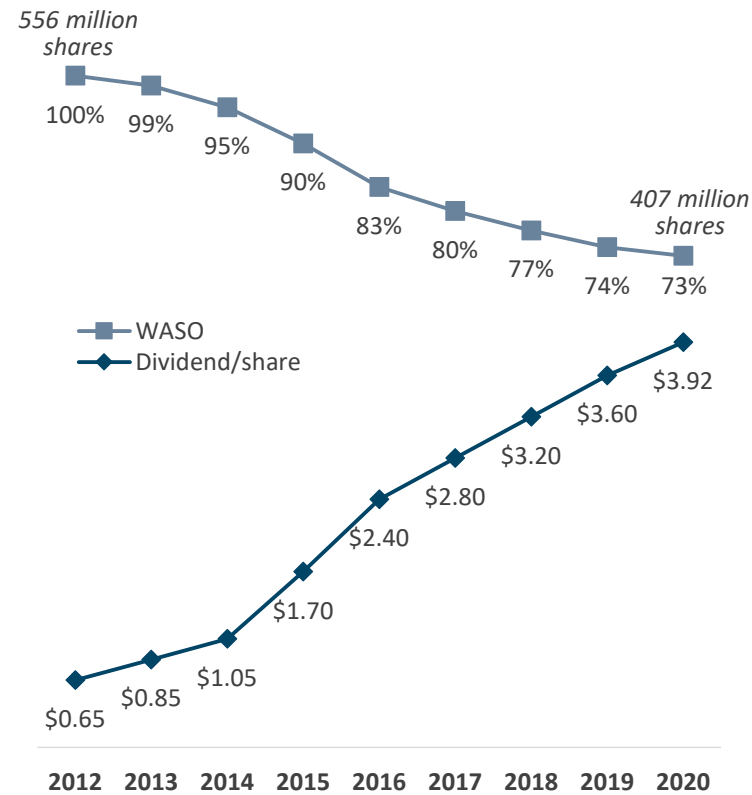
Almost **50% of growth capex** is allocated to **renewables**

# Delivering on Our Commitment of Cash Returns to Stockholders

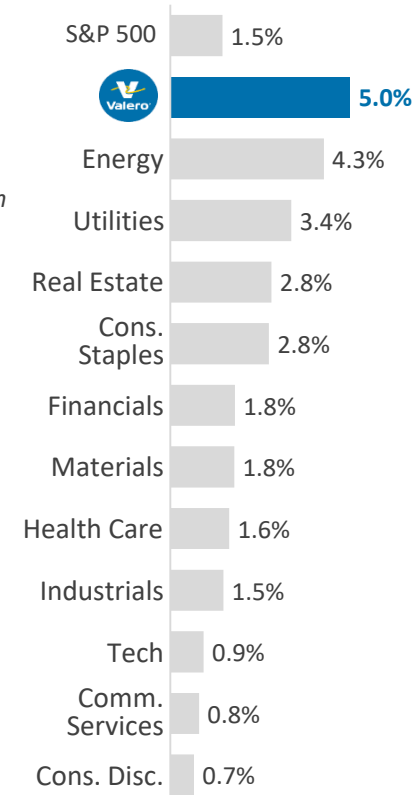
## Stockholder Returns



## Annual Dividend Per Share and Weighted Average Shares Outstanding as a Percentage Relative to 2012



## Annual Dividend Yield<sup>(1)</sup>

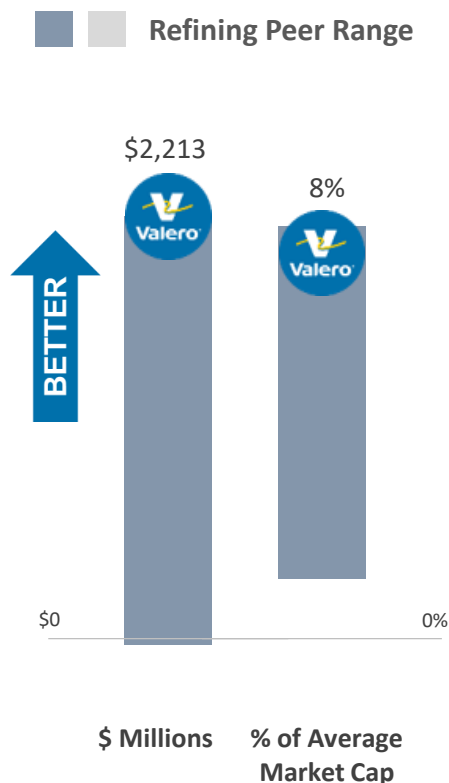


Delivering cash returns through **sustainable dividend growth** and **discretionary buybacks**

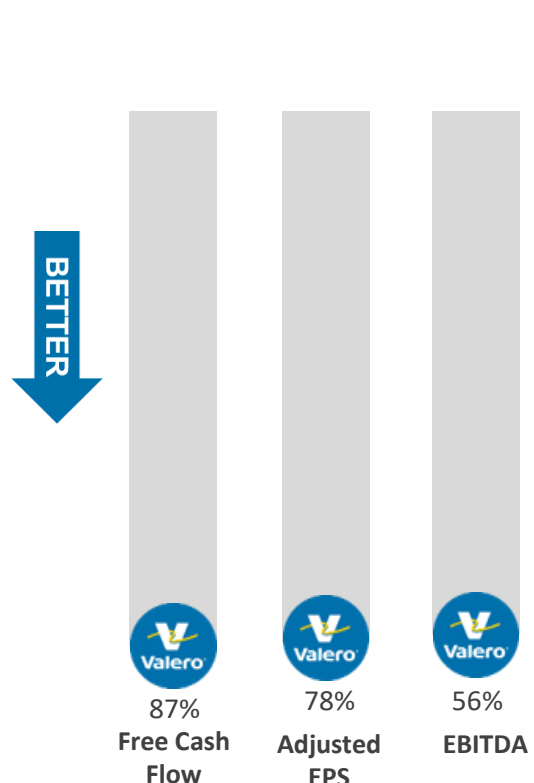
Source: Bloomberg as of February 24, 2021. See slides 42-49 for non-GAAP disclosures.  
<sup>(1)</sup> Dividend yield for sectors reflects the Index Yield of the respective SPDR exchange-traded fund (ETF).

# Demonstrated Lower Volatility in Earnings and Free Cash Flow

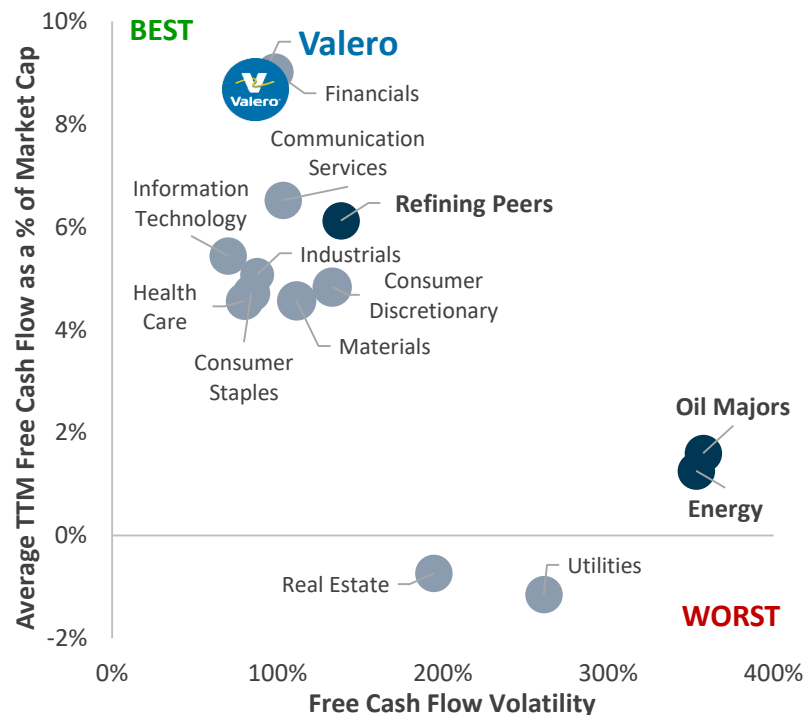
Average Free Cash Flow  
2012 – 2020



Volatility  
2012 – 2020



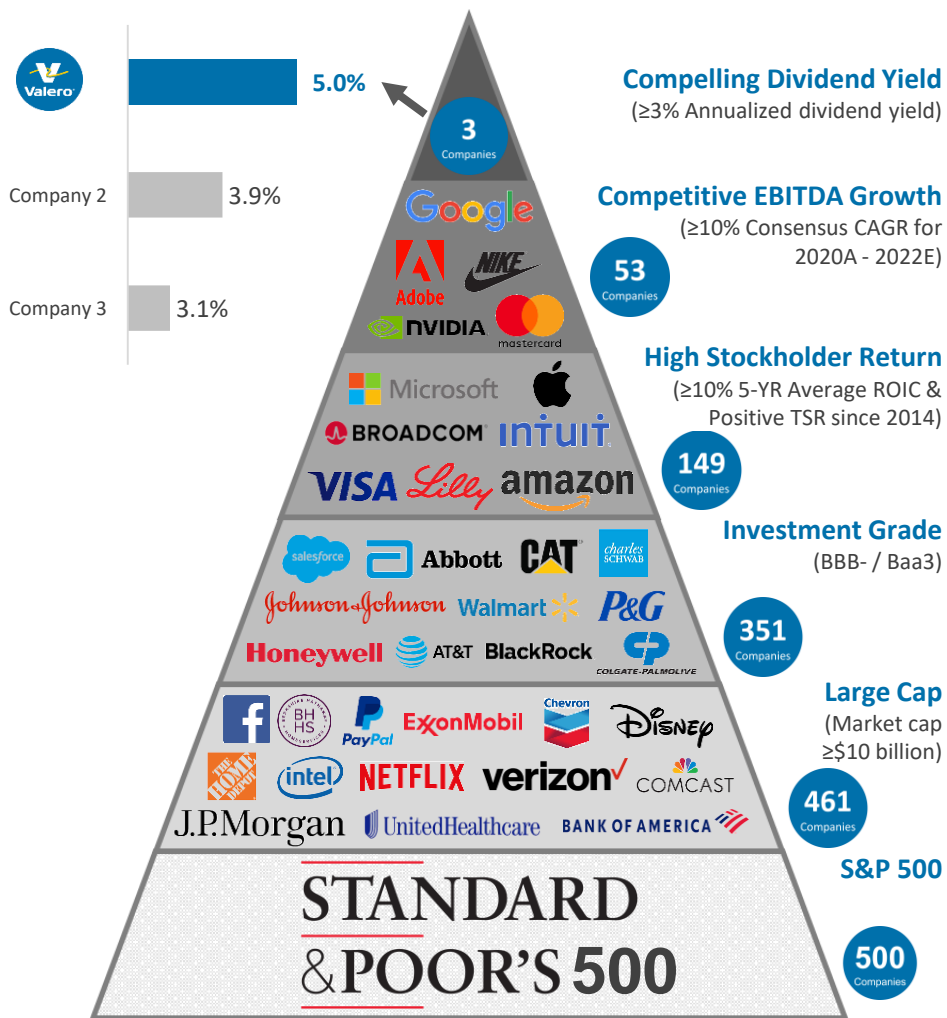
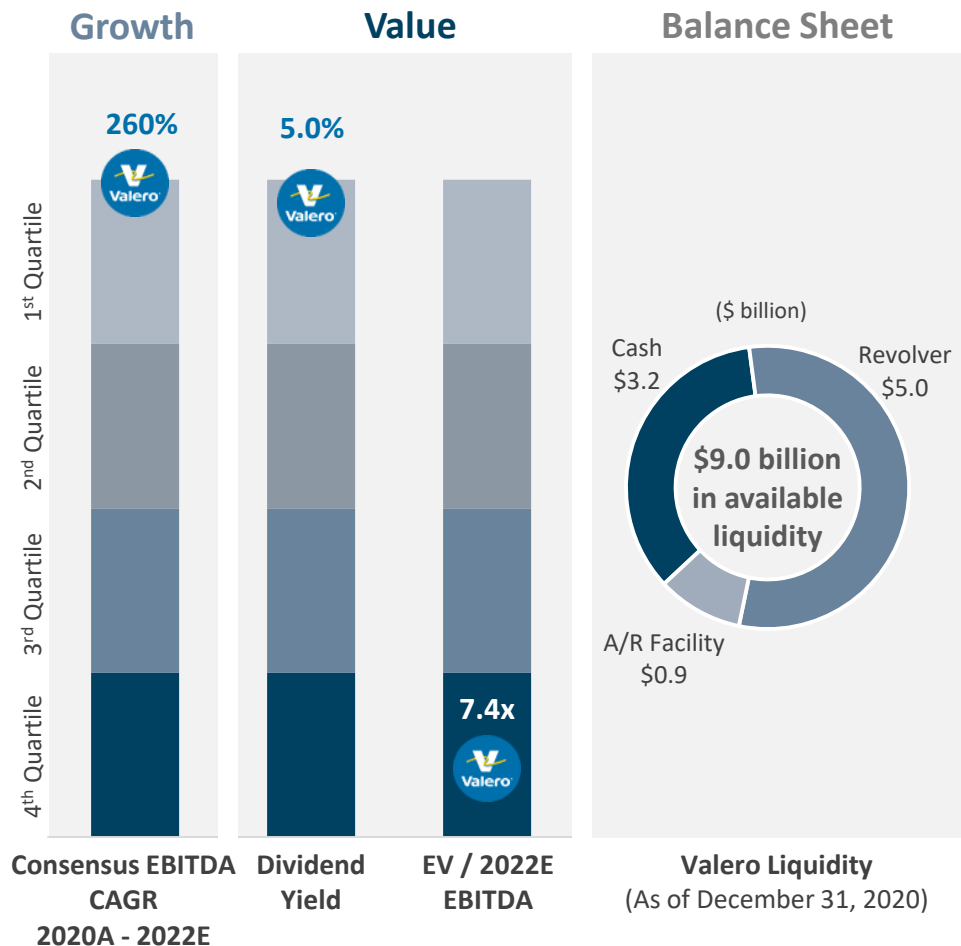
S&P 500 Free Cash Flow Volatility and Return Profile  
2012 – 2020



Valero has demonstrated **lower volatility in earnings and free cash flow** than other refiners, integrated energy companies and most S&P 500 sectors



# Valero's Positioning Relative to the S&P 500 Index



- Premier Refining portfolio that is resilient even in a carbon-constrained scenario
- Lowest cost producer
- Growth through innovation in Renewables
- Committed to Stockholder returns with a target payout ratio of 40% to 50%
- Comprehensive roadmap to reduce emissions through investments in Board approved projects

# Appendix Contents

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# Notes

## Payout Ratio

Payout Ratio is the sum of dividends and stock buybacks divided by adjusted net cash provided by operating activities. Adjusted net cash provided by operating activities excludes changes in working capital and 50% of DGD's operating cash flow (excluding the change in its working capital) attributable to our joint venture partner.

## Light Products

Light products is the combined volume of gasoline and distillate. Gasoline volume includes blendstocks and distillate volume includes ULSD, jet fuel, kerosene, and ULSK.

## Slide 5

Valero's SASB Report aligns its performance data with the recommendations of the Sustainable Accounting Standards Board (SASB) framework in the Oil and Gas – Refining and Marketing industry standard. A copy of Valero's SASB report and related disclosures can be found on Valero's investor relations website at [Investorvalero.com](http://Investorvalero.com).

## Slide 6, Slide 9 and Slide 35

Amounts shown represent targeted EBITDA growth. Valero is unable to provide a reconciliation of such forward-looking targets because certain information needed to make a reasonable forward-looking estimate is difficult to estimate and dependent on future events, which are uncertain or outside of its control, including with respect to unknown financing terms, project timing and costs, and other potential variables. Accordingly, a reconciliation is not available without unreasonable effort.

## Slide 10

U.S. Light-Duty Vehicle Life Cycle Emissions study conducted by Argonne National Laboratory (DOE) – "Cradle-to-Grave Lifecycle Analysis of U.S. Light-Duty Vehicle-Fuel Pathways: A Greenhouse Gas Emissions and Economic Assessment of Current (2015) and Future (2025-2030) Technologies." Study focused on the midsize sedan, assumed 15 year vehicle life of vehicle, renewable diesel emissions are based on 100% renewable diesel blend, electricity based on 2014 EIA average mix, no battery replacement for 210 mile range electric vehicle, DGD waste oil feedstock CI's have at least 40% less emissions than soybean based renewable diesel.

U.S. Heavy-Duty Long-Haul Vehicle Life Cycle Emissions study conducted by Southwest Research Institute – "Class 8 Truck Life Cycle Analysis" (2020). Class 8 heavy-duty truck with a one-million mile (~15 years) lifetime; electric truck with a 500-mile battery range, electricity based on GREET Distributed U.S. Mix Variable 2020-2035, no battery replacement; 15L diesel engine running on 100% renewable diesel, renewable diesel carbon intensity based on CARB's 2019 LCFS Quarterly Data Summary.

## Slide 11

California LCFS credit values are for 2021, assuming \$200 per metric ton carbon price. Renewable diesel peer reflects Neste Corporation.





# Notes

## Slide 13

Industry total recordable incident rate from U.S. Bureau of Labor Statistics. Valero TRIR includes employee and contractor data. Tier 1 three-year rolling averages of process safety events per 200,000 work hours. Tier 1 defined within API Recommended Practice 754. Industry benchmarking and Valero's performance statistics from Solomon Associates and Valero.

## Slide 14

Industry benchmarking and Valero's performance statistics from Solomon Associates and Valero. Valero's refining operations typically consume approximately 905,000 MMBtu/day of natural gas, of which 66% is operating expense and the balance is cost of goods sold.

## Slide 16

Targeted debt-to-cap ratio based on total debt reduced by balance sheet cash. Peer group includes PSX, MPC, HFC, and PBF. Payout ratio is the sum of dividends and stock buybacks divided by adjusted net cash provided by operating activities. Adjusted net cash provided by operating activities excludes changes in working capital and 50% of DGD's operating cash flow (excluding the change in its working capital) attributable to our joint venture partner.

## Slide 19

Free cash flow is defined as net cash provided by operating activities less capital expenditures, deferred turnaround and catalyst cost expenditures, investments in joint ventures, and changes in current assets and liabilities. Average free cash flow reflects 2012 through the most recent annual filing. Average free cash flow for PBF reflects years 2013 to 2020 due to its December 2012 IPO. Volatility expressed as coefficient of variance, or the standard deviation divided by the mean, of the respective metric on a quarterly basis from the first quarter of 2012 through the most recent filing. EBITDA is defined as net income plus income tax, net interest and depreciation and amortization. Refining peer group includes PSX, MPC, HFC, and PBF. Oil majors include XOM, CVX, COP and EOG.

## Slide 20

TSR from December 31, 2014 through February 24, 2021 includes stock price appreciation and dividends paid. EV / EBITDA based on 2022 consensus estimates.

## Slide 28

Ranges represent average quarterly minimums and maximums of each feedstock category as a % of total feedstock. Ranges for monthly averages are wider.

## Slide 30

VLO U.S. product exports reflect Valero's actual U.S. gasoline and distillate export volumes. Distillate volume includes diesel, jet fuel and ULSK. Map shows destinations for products exported from Valero's refineries in the U.S., Canada and the U.K.



# VLO Guidance

## 1Q21<sup>(1)</sup>

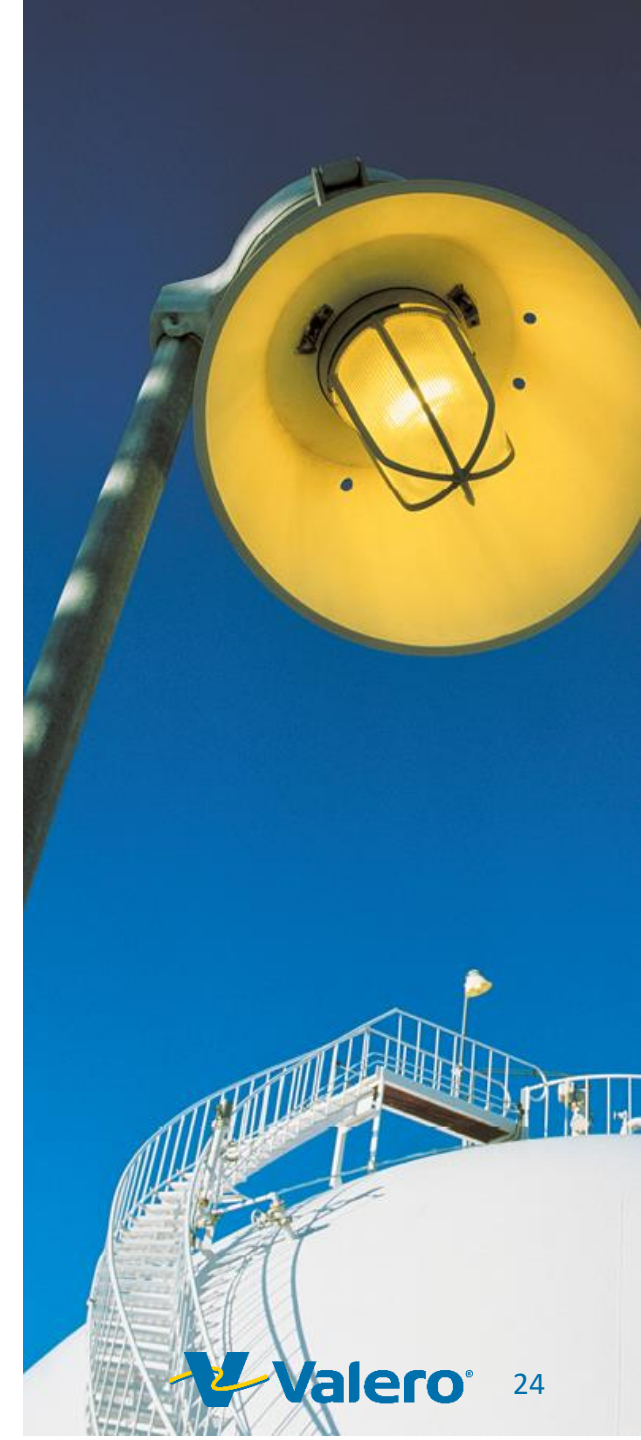
• Throughput (MBPD)	
– U.S. Gulf Coast	1,490 to 1,540
– U.S. Mid-Continent	410 to 430
– North Atlantic	245 to 265
– U.S. West Coast	170 to 190
• Refining cash operating expense per barrel of throughput	\$4.75
• Ethanol	
– Production (millions of gallons per day)	3.7
– Operating expense per gallon of production	\$0.39
• Cash opex	\$0.33
• Non-cash opex	\$0.06
• Depreciation and amortization expense (\$MM)	\$575
• Net interest expense (\$MM)	\$155

## Full-Year 2021<sup>(1)</sup>

• Renewable Diesel	
– Sales volume (thousands of gallons per day)	790
– Operating expense per gallon of production	\$0.50
• Cash opex	\$0.35
• Non-cash opex	\$0.15
• Payout ratio <sup>(2)</sup> of adjusted net cash provided by operating activities	40 to 50%
• General and administrative expense (\$MM)	\$850
• Annual capital expenditures (\$MM)	\$2,000
– Sustaining	60%
– Growth	40%

<sup>(1)</sup> Unless otherwise stated, guidance as provided on the 4Q20 earnings call and is included here for informational purposes only.

<sup>(2)</sup> Payout ratio is the sum of dividends and stock buybacks divided by adjusted net cash provided by operating activities. Adjusted net cash provided by operating activities excludes changes in working capital and 50% of DGD's operating cash flow (excluding the change in its working capital) attributable to our joint venture partner.



# We are Committed to Protecting the Environment

E

## ENVIRONMENTAL

Refining

### Reduction of GHG Emissions

Targeting to **reduce and offset 63%** of global refining GHG emissions by 2025



Cogeneration systems offset enough to power more than 400,000 homes



### Recycling, Reusing, Reclaiming, and Reducing

In 2019, we **recycled more than 17 times the amount of fresh water** consumed in refining operations

50 megawatt wind farm **avoided ~830,000 metric tons of carbon dioxide emissions** since 2009



### Carbon Capture

Our Port Arthur refinery became **the first industrial site** in the U.S. to **host a large scale carbon capture project**, with **more than one million metric tons captured each year**



Renewables

Renewable Diesel and Ethanol **reduce life cycle GHG emissions up to 80%<sup>(1)</sup> and 30%**, respectively, which along with blending and credits **offset more than 10 million metric tons** of GHG emissions in 2019



Diamond Green Diesel **processes recycled** animal fats, used cooking oil, and inedible corn oil **to produce a low carbon intensity renewable diesel**

Assessing the feasibility of **carbon capture at our Ethanol plants** that may provide **an economic path to further reduce carbon intensity** of our Ethanol production











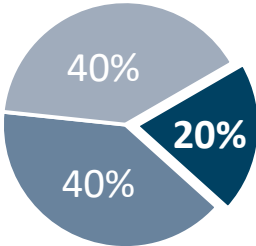

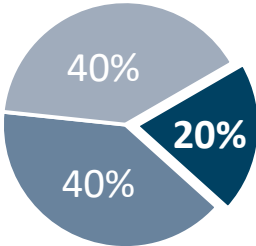




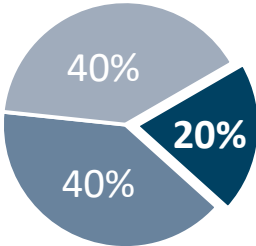

## Environmental Management Systems

A **proprietary systematic approach**, Commitment To Excellence Management System (CTEMS), adheres to a **“plan-do-check-act”** model to achieve excellence, driving **safe, reliable and predictable operations**, while minimizing impacts on communities and the environment

Our Fuels Compliance and Environmental Excellence and Risk Assessment programs assure focus on product quality and going beyond regulations



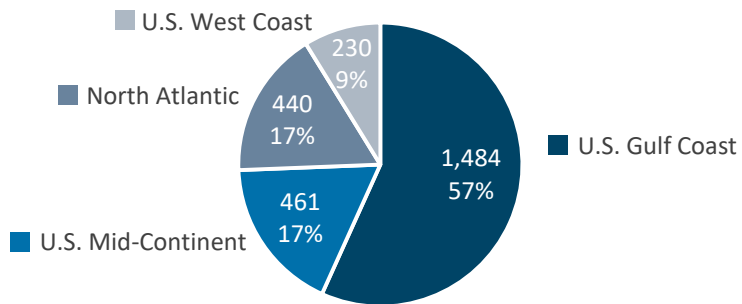
# Sharing Our Success with the Communities where we Operate with Strong Governance and Ethical Standards

S SOCIAL	G GOVERNANCE							
<p><b>Diversity and Inclusion</b></p> <p><b>35%</b> of our U.S. workforce are minorities</p> <p><b>29%</b> of our professional employees are women</p> 	<p><b>Board of Directors</b></p> <p><b>5 of 11</b> directors represent diversity of race or gender</p> <p><b>10</b> members are independent</p> <p><b>3 of 11</b> are women</p> <p><b>3</b> fully independent committees</p> <p>Board and Committee oversight of risks and compliance, including climate change risks</p>							
<p><b>Community Investments</b></p> <p>Surpassed <b>\$58 million</b> in 2020, with more than <b>\$12 million</b> for COVID-19-related support distributed as follows:</p> <table border="0"> <tr> <td> Basic Needs <b>52%</b></td> <td> Education <b>33%</b></td> <td> Health Care <b>15%</b></td> </tr> </table>	 Basic Needs <b>52%</b>	 Education <b>33%</b>	 Health Care <b>15%</b>	<table border="1"> <thead> <tr> <th data-bbox="1184 771 1847 871">Stakeholder Engagement</th> <th data-bbox="1847 771 2484 871">All-Employee Bonus</th> </tr> </thead> <tbody> <tr> <td data-bbox="1184 871 1847 1328">  </td> <td data-bbox="1847 871 2484 1328">  <ul style="list-style-type: none"> <li>• ESG Efforts &amp; Improvement</li> <li>• Stockholder Returns</li> <li>• Capital Discipline</li> <li>• Operational Excellence</li> <li>• Organizational Excellence</li> </ul> </td> </tr> </tbody> </table>	Stakeholder Engagement	All-Employee Bonus		 <ul style="list-style-type: none"> <li>• ESG Efforts &amp; Improvement</li> <li>• Stockholder Returns</li> <li>• Capital Discipline</li> <li>• Operational Excellence</li> <li>• Organizational Excellence</li> </ul>
 Basic Needs <b>52%</b>	 Education <b>33%</b>	 Health Care <b>15%</b>						
Stakeholder Engagement	All-Employee Bonus							
	 <ul style="list-style-type: none"> <li>• ESG Efforts &amp; Improvement</li> <li>• Stockholder Returns</li> <li>• Capital Discipline</li> <li>• Operational Excellence</li> <li>• Organizational Excellence</li> </ul>							
<p><b>Community Engagement</b></p> <p>Valero has been named to The Civic 50 most community minded list each year since 2013</p> 								

# Strong Presence in Advantaged U.S. Gulf Coast and Mid-Continent

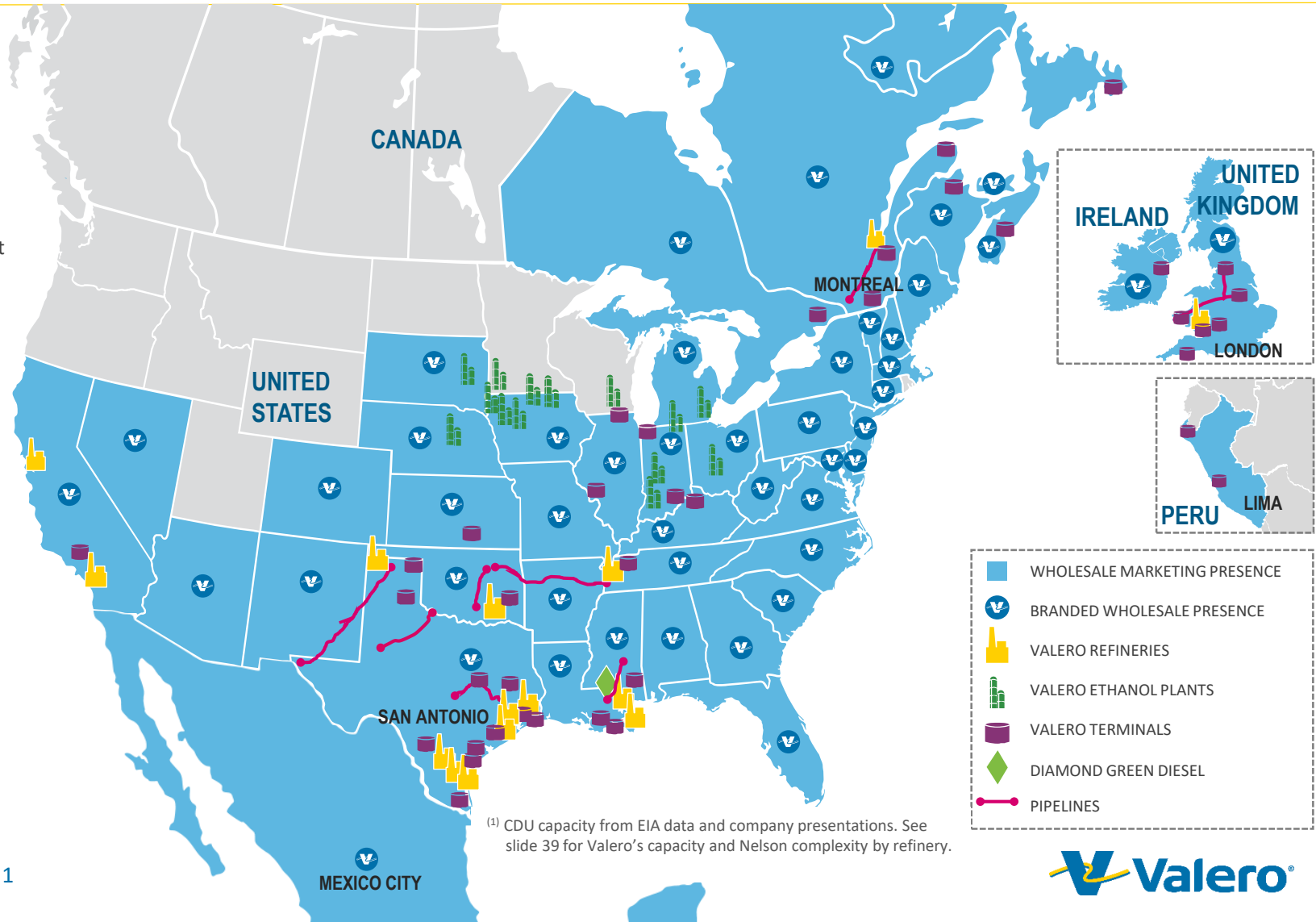
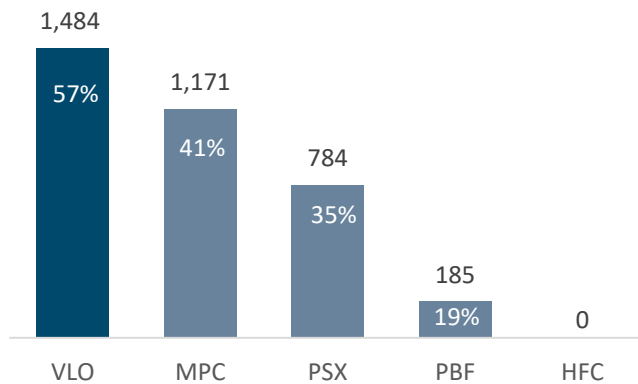
## 2.6 mmbpd Refining Capacity<sup>(1)</sup>

(mmbpd, % of overall crude capacity)



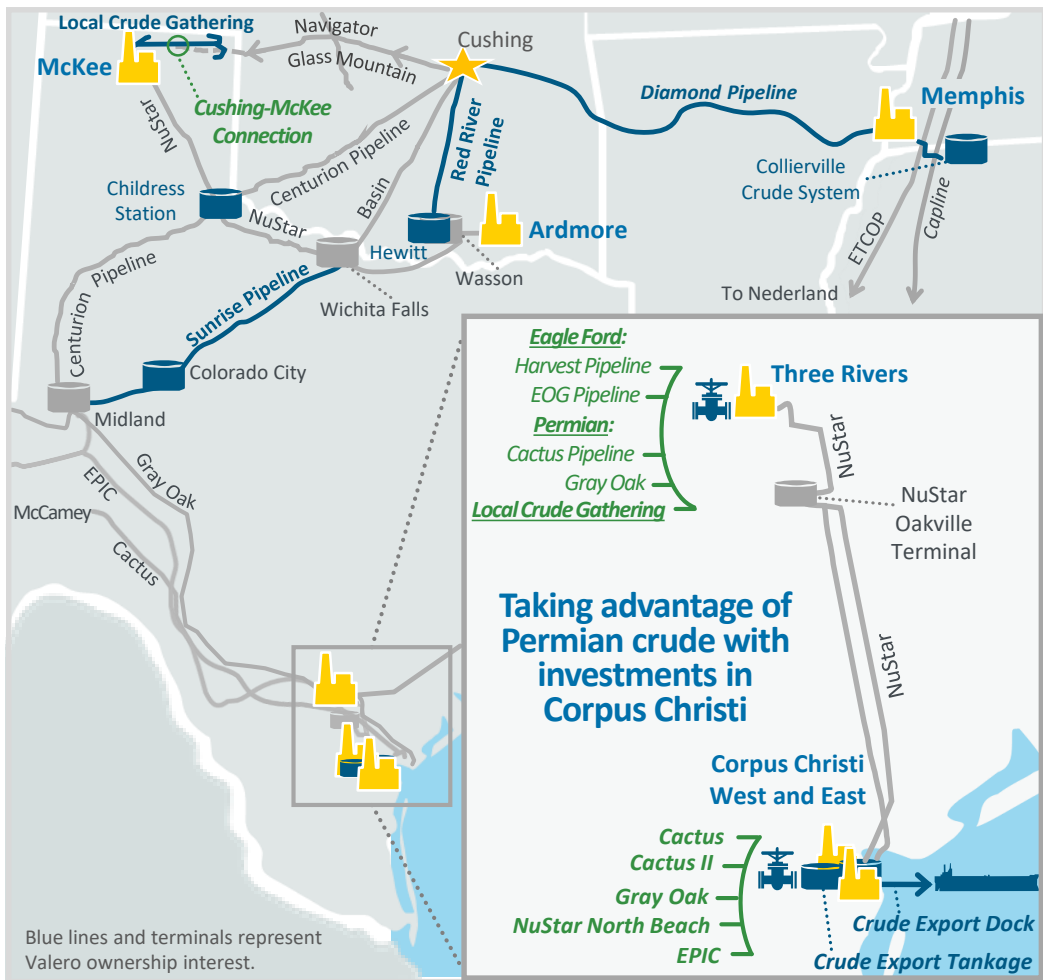
## Gulf Coast Refining Capacity<sup>(1)</sup>

(mmbpd, % of overall crude capacity)

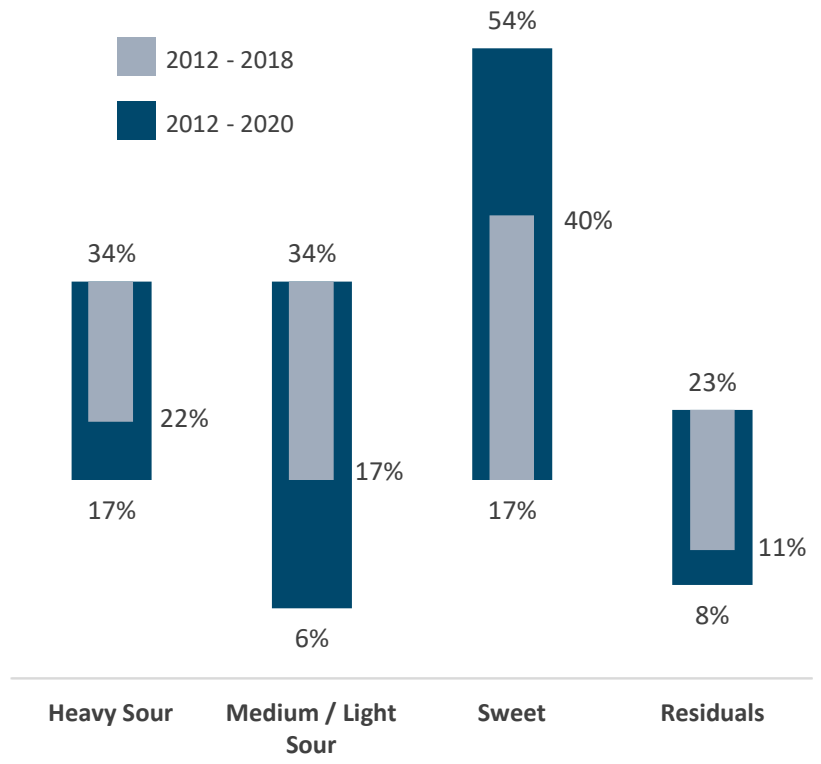


<sup>(1)</sup> CDU capacity from EIA data and company presentations. See slide 39 for Valero's capacity and Nelson complexity by refinery.

# Crude Supply Advantage in the Gulf Coast and Mid-Continent



Valero Gulf Coast Feedstock Ranges



Valero's refineries have operational flexibility to process a wide range of feedstocks and access to a deep pool of skilled labor in the U.S. Gulf Coast





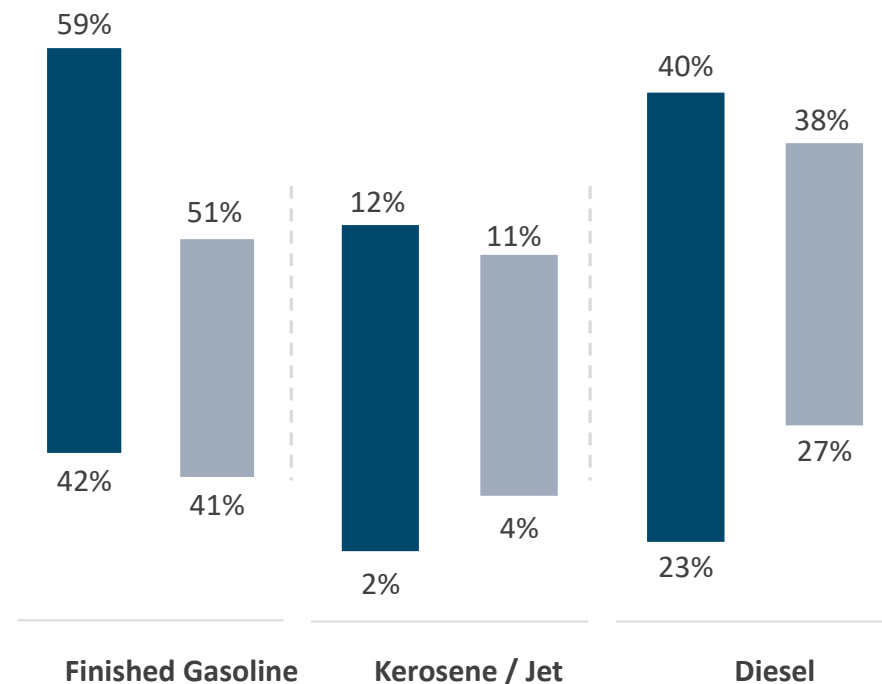
# Operational Flexibility and Refinery Optimization Provide Competitive Advantage

- Our operational flexibility and optimization to quickly shift light product yields as market conditions signal move from “max gasoline” to “max distillate” enables higher margin capture
- Demand impacts from COVID-19 drove yields to swing between both extremes within a few months
- VLO has demonstrated a wider range of yields for gasoline, kerosene, jet fuel, and diesel versus the industry

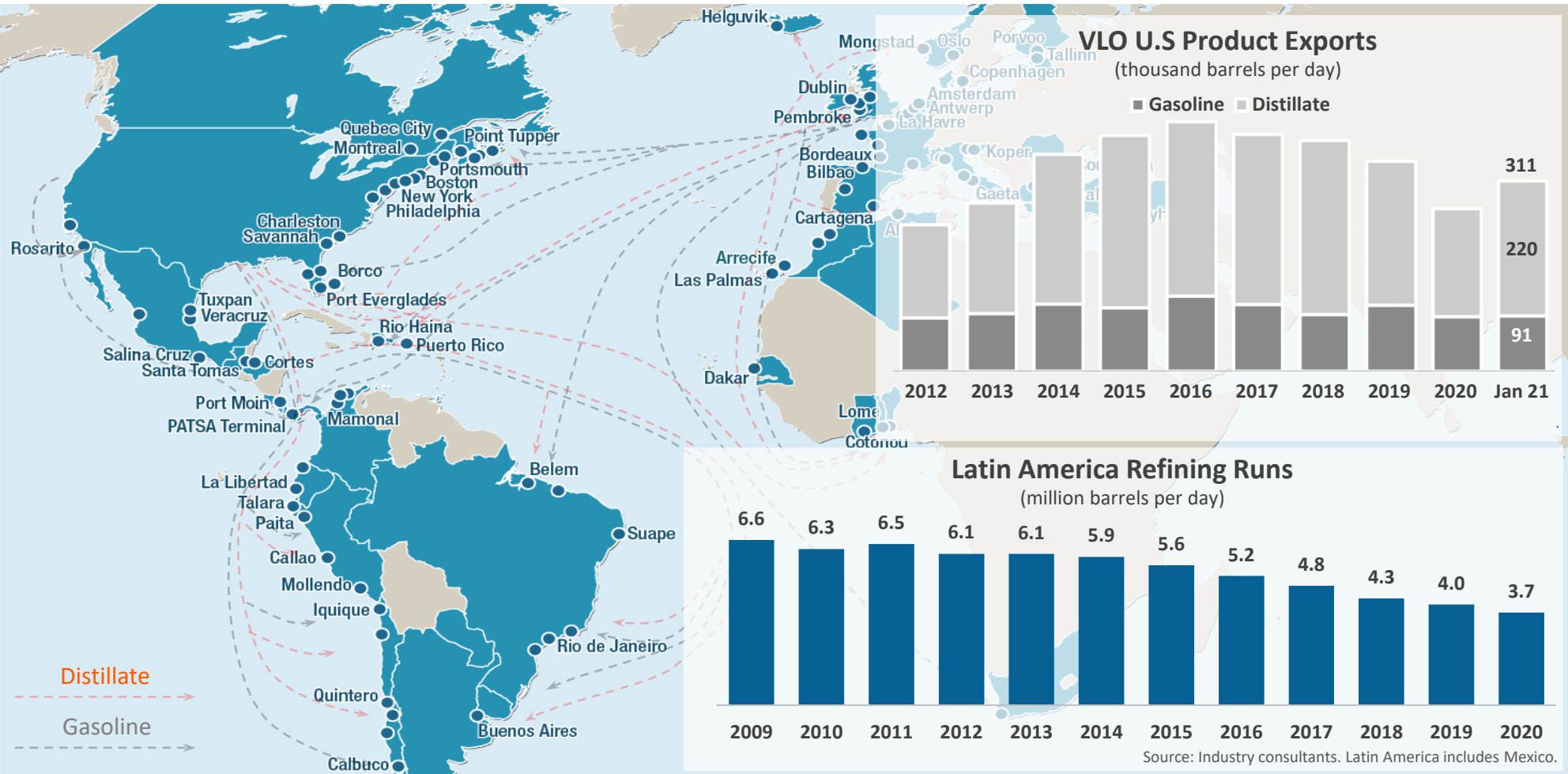
2012 - 2020 Refinery Product Yield Ranges

(monthly averages)

■ VLO ■ Industry



# Competitive Global Light Products Supply

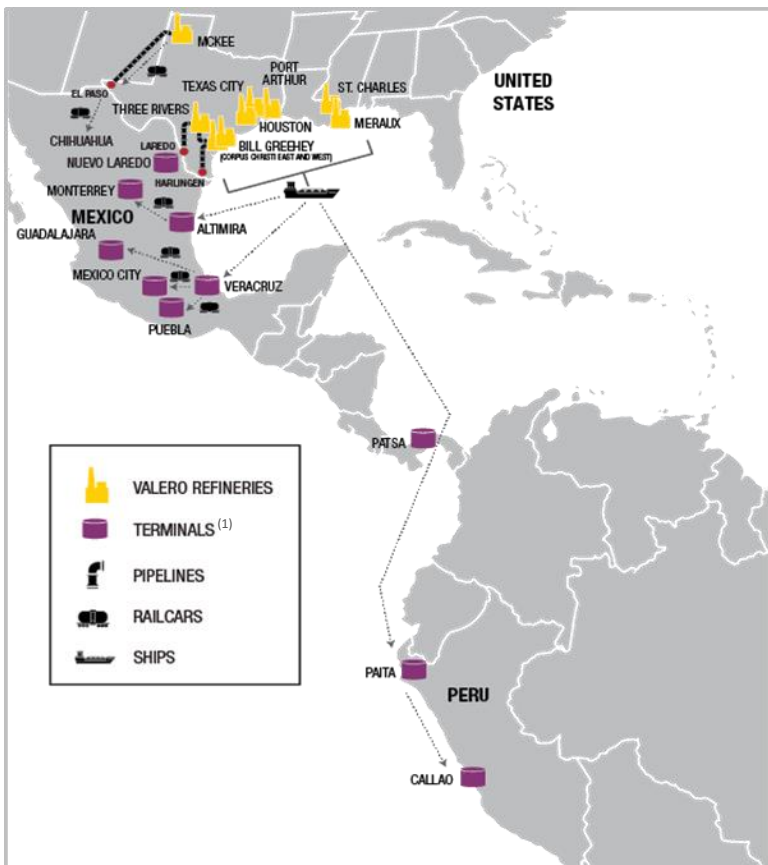


Product shortages in Latin America, Eastern Canada, Europe, and Africa expected to drive U.S. export demand growth



# Investing to Grow Product Exports into Higher Netback Markets

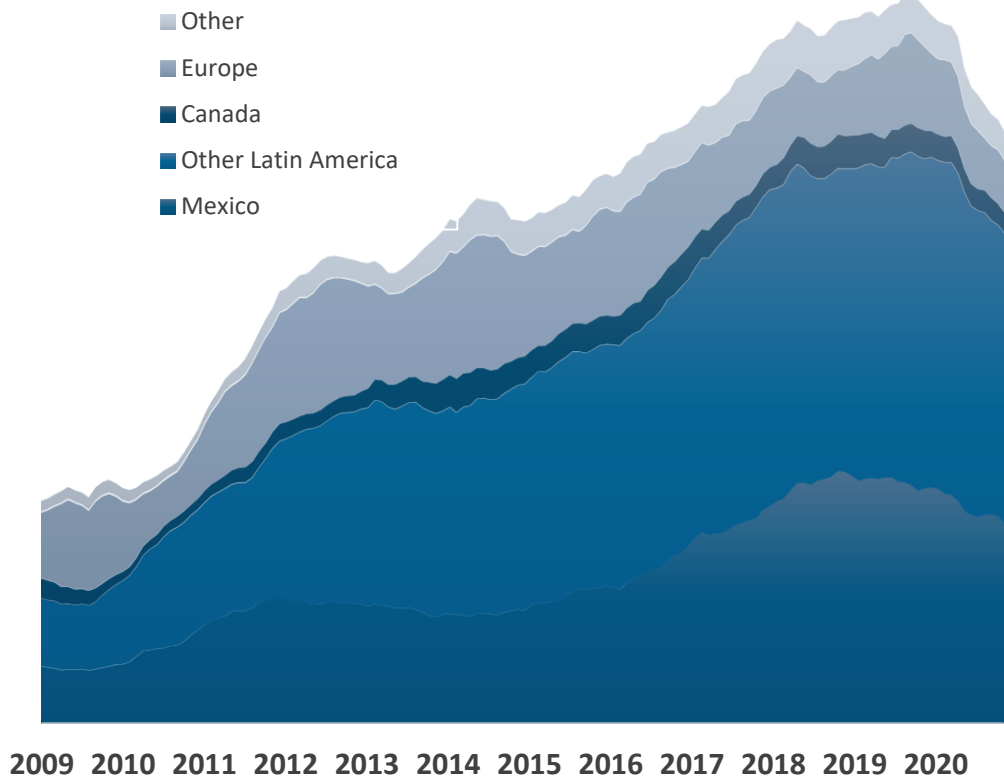
## Advantaged Refineries and Logistics



<sup>(1)</sup> Includes terminals owned or leased by Valero.

## U.S. Product Exports

(12-month moving average, mbpd)



Exports to Latin America make up 90% of total U.S. product exports

## Total Gasoline<sup>(2)</sup> and Diesel

Source: DOE Petroleum Supply Monthly data through November 2020.

<sup>(2)</sup> Gasoline represents all finished gasoline plus all blendstocks (including ethanol, MTBE and other oxygenates).

Expansion of supply chain to high demand growth markets provides a **ratable product outlet** and **improves margin capture**

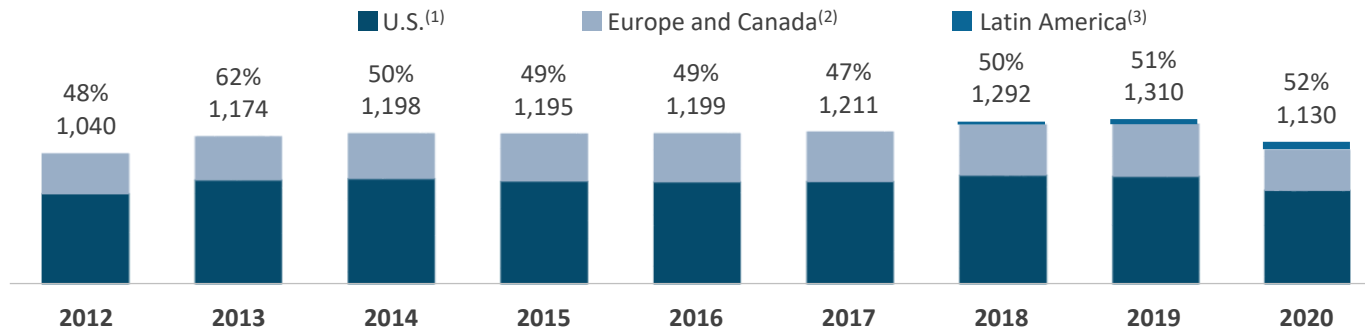




# Ratable Global Wholesale Supply Through an Extensive Marketing Network

## Wholesale Volumes

(% of total light products production, mbpd)



(1) U.S. volumes exclude jet rack sales.

(2) Europe volumes include jet fuel. Canada volumes include jet fuel and some bulk sales.

(3) Latin America volumes include Mexico and Peru volumes. Mexico volumes include delivered rail sales. Peru volumes include jet fuel and bulk sales.

**1.2** million barrels per day of ratable wholesale supply

**>50%** of our light products production

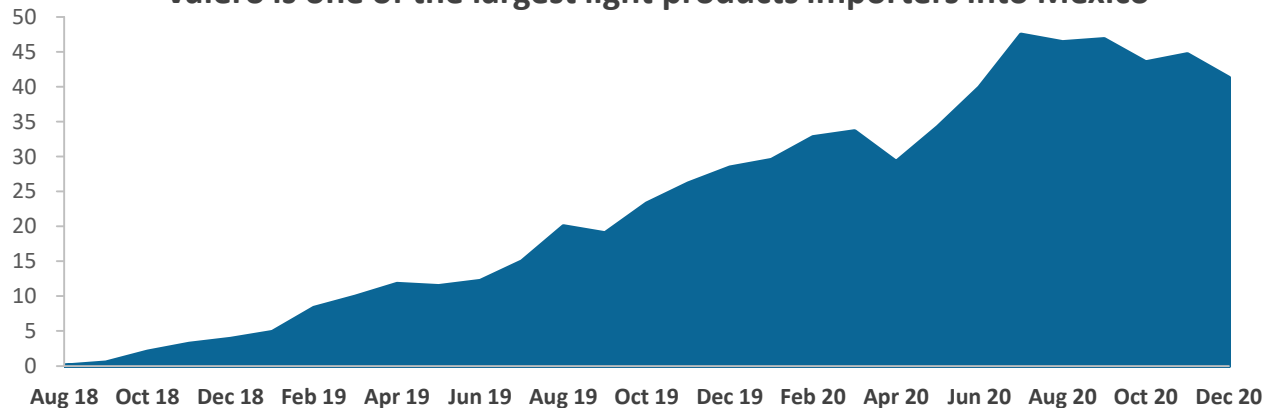
**7,000** outlets carry our brand names



## Valero Mexico Volume Growth<sup>(3)</sup>

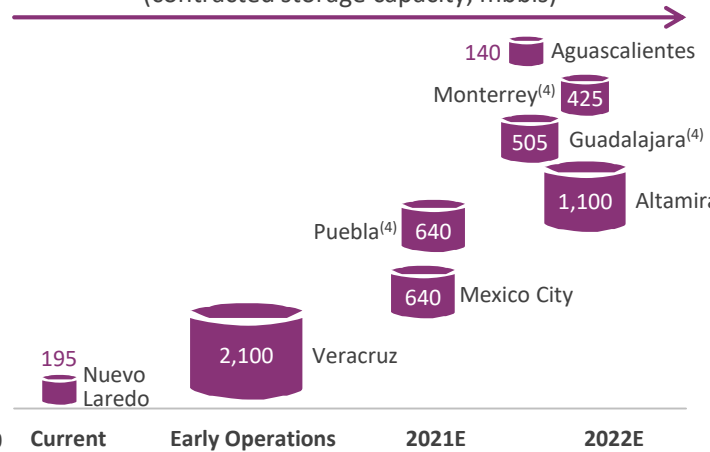
(mbpd)

Valero is one of the largest light products importers into Mexico



## Mexico Growth Projects

(contracted storage capacity, mbbbls)



(4) Currently selling product in Puebla, Monterrey and Guadalajara via rail-to-truck transloading.

Stable branded and unbranded demand

Rack blending generates RINs, partially offsetting our RVO compliance costs

Mexico wholesale business supported by a growing, flexible logistics supply system



Pipelines<sup>(1)</sup>



Racks, Terminals and Storage<sup>(1)</sup>



Rail



Marine<sup>(1)</sup>

## Valero's Logistics Assets



- **Over 3,000 miles of active pipelines**
  - Diamond Pipeline expansion to be operational in 2021
  - Central Texas Pipeline started up in 2019
  - Sunrise Pipeline expansion started up in 2018
- **Over 130 million barrels** of active **shell capacity** for crude oil and products
  - **Over 200 truck rack bays**
  - Pasadena terminal completed in 2020
- **Approximately 5,200 railcars**
  - Expected to serve long-term needs of ethanol, asphalt, aromatics, and other products
- **Over 50 docks**
  - **Two Panamax class vessels** (joint venture)





## Operations



## Outlook

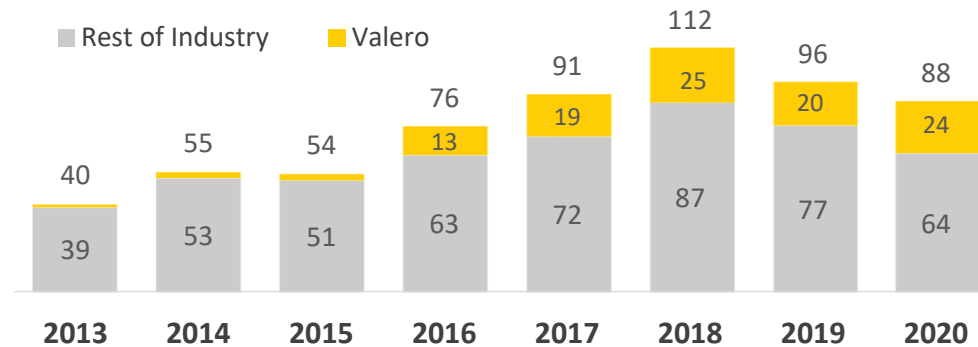


- 13 plants with **1.7 billion gallons** annual production capacity
  - Dry mill production process, where corn is ground into flour and mixed with water before fermentation
  - **Efficient plants with scale**, located in the corn belt
  - Operational best practices transferred from refining
- **Cost advantaged** versus the industry

## Ethanol



**U.S. Fuel Ethanol Exports**  
(mbpd)



- Ultimately, global renewable fuel mandates should **drive export growth**
  - U.S. corn-based ethanol is the **most economic choice for export** into global markets
  - Existing logistics assets **well-positioned** to support export growth
  - Expect to see incremental demand as a result of fuel efficiency standards and year-round E-15 sales in the U.S.
- Evaluating **carbon sequestration projects**
  - **45Q Tax Credit** provides economic incentive
  - **LCFS value** for the **lower carbon intensity ethanol**



# Investing to Improve Margins and Light Product Yields

## Port Arthur Coker

- \$975 MM anticipated cost for **55 MBPD delayed coker and sulfur recovery unit**, with expected startup in 2023
- Creates two independent CDU-VDU-coker trains, which should **improve turnaround efficiency** and **reduce maintenance-related lost margin opportunity**
- Design enables **full utilization of existing CDU** capacity, **reduces VGO purchases**, and **increases heavy sour crude and resid processing capability** and light products yield
- Estimated **\$420 MM annual EBITDA contribution** at 2018 average prices (\$325 MM at mid-cycle prices)

Incremental Volumes (MBPD)	
<b>Feeds</b>	
Crude	102
Resid	21
VGO	(47)
<b>Products</b>	
Naphtha	3
Gasoline	15
Diesel	43
LPG	4



# Investing to Upgrade Product Value

## Houston and St. Charles Alkylation Units

- **Octane demand expected to grow** due to Tier 3 sulfur regulations and CAFE standards
- Abundant, low cost North American NGL supply provides advantage for Gulf Coast capacity additions
- Both units **upgrade low value isobutane and amylenes into high value alkylate**
  - High octane, low vapor pressure component enables the blending of incremental butane and low octane naphtha

13  
MBPD

Capacity at Houston refinery  
started up in June 2019

17  
MBPD

Capacity at St. Charles refinery  
started up in the fourth quarter of 2020





# Investing to Improve Access to North American Crude and Lower Refinery Operating Cost Structure

## GROWTH PROJECTS FOCUSED ON OPTIMIZATION AND MARGIN CAPTURE

Completed **Diamond Pipeline** project with 200 MBPD capacity **connecting Memphis to Cushing**, and **Sunrise Pipeline** 100 MBPD undivided interest **connecting Midland to Wichita Falls**

**200 MBPD expansion and extension of Diamond** (\$100 MM cost<sup>(1)</sup>) expected to be completed in 2021

Provides **additional Mid-Continent crude access** to our McKee, Ardmore and Memphis refineries

**Improves** crude oil **supply flexibility, efficiency and blend quality**

**Red River Pipeline** 74 MBPD undivided interest **connecting Ardmore to Cushing**

Provides **additional Mid-Continent crude flexibility** to the Ardmore refinery

Navigator **Glass Mountain Pipeline Connection** with 45 MBPD capacity **connecting McKee to Cushing**

**Reversal and extension** expected in service in 2021

Provides **Mid-Continent crude flexibility and security of supply** to the McKee refinery

## GROWTH PROJECTS FOCUSED ON COST CONTROL AND MARGIN EXPANSION

**Wilmington cogeneration** unit started up in November 2017

**Pembroke cogeneration** unit (£130 MM or \$170 MM cost) **scheduled to be completed in 2021**

Expect to **reduce costs and improve supply reliability** for power and steam

<sup>(1)</sup> Project cost for Valero's 50% share of Diamond.



**Diamond and Sunrise Pipelines**

Diamond Pipeline



**Cogeneration Plants**

Wilmington Cogeneration Plant



# Investing to Supply Higher Demand Markets and Expand Product Export and Biofuels Blending Capabilities

## Central Texas pipelines and terminals to supply high-growth refined products market

- Started up in September 2019
- Approximately 205 miles of pipe<sup>(1)</sup>, 960 thousand barrels of total storage capacity, and a truck rack

## Pasadena refined products terminal joint venture with Magellan Midstream Partners, L.P.

- Completed in the first quarter of 2020 at a cost of approximately \$410 MM
- **5 MM barrels of storage capacity** with butane blending, two ship docks and a three-bay truck rack

Projects **expected to improve product margins**, reduce secondary costs, provide opportunity for third-party revenues, and increase capability for biofuels blending

<sup>(1)</sup> Valero owns ~70 mile pipeline from Hearne to Williamson County and 40% undivided interest in 135 mile pipeline from Houston to Hearne.



Extending product supply chain in **Central Texas** and the **U.S. Gulf Coast**

# Our Refining Capacity and Nelson Complexity

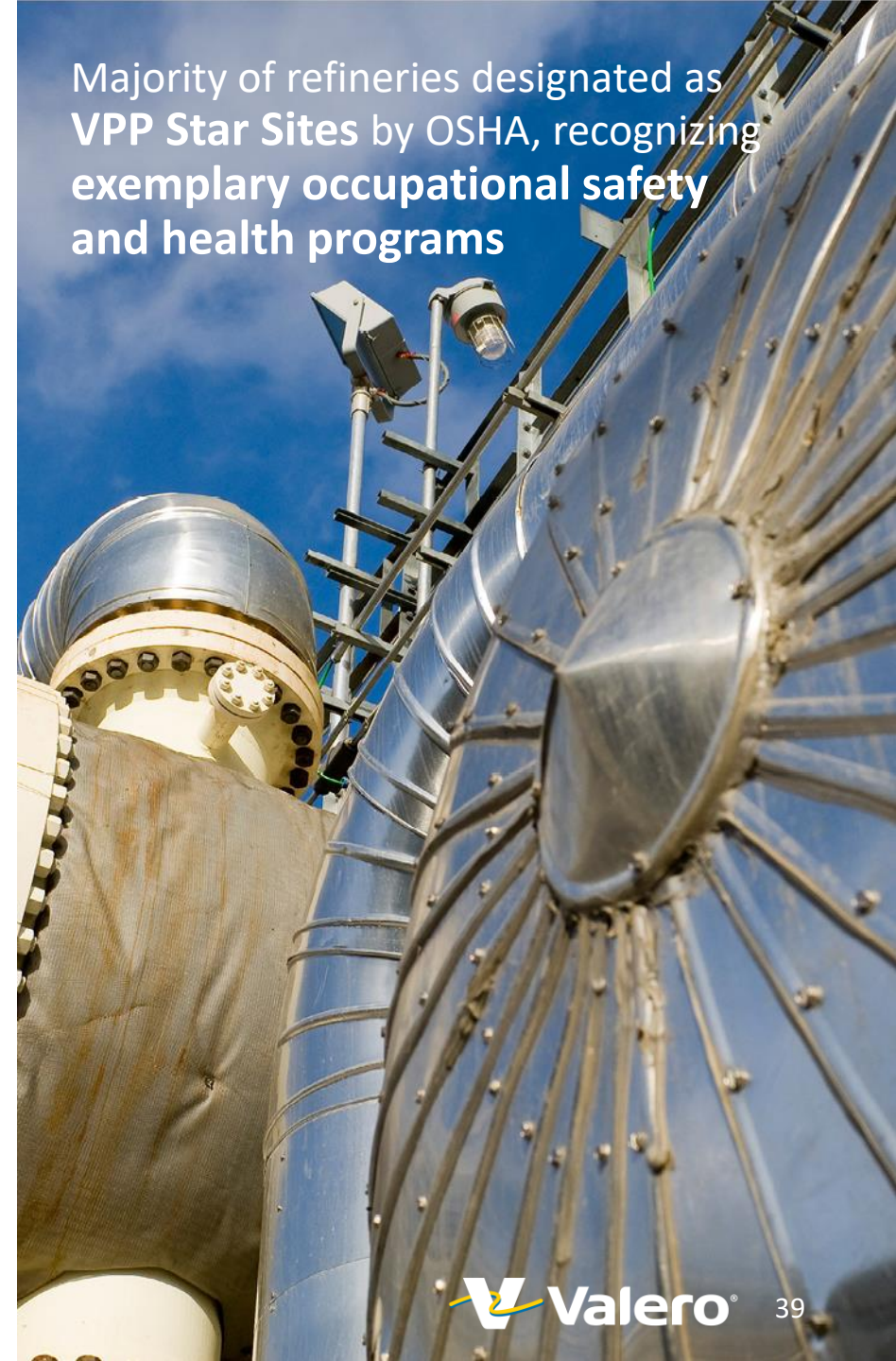
Refinery	Capacities (mbpd) <sup>(1)</sup>		Nelson Complexity Index
	Throughput	Crude	
Corpus Christi <sup>(2)</sup>	370	290	14.4
Houston	255	205	8.0
Meraux	135	125	9.7
Port Arthur	395	335	12.7
St. Charles	340	215	17.4
Texas City	260	225	11.1
Three Rivers	100	89	13.2
<b>U.S. Gulf Coast</b>	<b>1,855</b>	<b>1,484</b>	<b>12.6<sup>(3)</sup></b>
Ardmore	90	86	12.1
McKee	200	195	8.3
Memphis	195	180	7.9
<b>U.S. Mid-Continent</b>	<b>485</b>	<b>461</b>	<b>8.9<sup>(3)</sup></b>
Pembroke	270	210	10.1
Quebec City	235	230	7.7
<b>North Atlantic</b>	<b>505</b>	<b>440</b>	<b>8.8<sup>(3)</sup></b>
Benicia	170	145	16.1
Wilmington	135	85	15.8
<b>U.S. West Coast</b>	<b>305</b>	<b>230</b>	<b>16.0<sup>(3)</sup></b>
<b>Total</b>	<b>3,150</b>	<b>2,615</b>	<b>11.6<sup>(3)</sup></b>

<sup>(1)</sup> Capacities and Nelson complexity indices as of December 31, 2020.

<sup>(2)</sup> Represents the combined capacities of two refineries—Corpus Christi East and Corpus Christi West.

<sup>(3)</sup> Weighted average.

Majority of refineries designated as VPP Star Sites by OSHA, recognizing exemplary occupational safety and health programs





# Now vs. Then – A Shift In Valuation

## In the Past

### INDUSTRY/MACRO

- Majority of the U.S. refining capacity operated by large integrated oil companies
- Range bound industry wide EV/EBITDA multiple +/- 4.5x
- Peer group fragmented with smaller scale, less efficient refiners
- U.S. importing crude and products to meet domestic shortage
- Higher interest rates (10-yr Treasury ~5%)

- Marginal operations
  - Third quartile operating performance impacted by M&A integration
  - Disadvantaged East Coast and Caribbean operations
- Less disciplined M&A and capital project execution
  - Frequent acquisitions
  - Focused on volume growth
  - Approximately \$3.5 billion annual capex
- Volatile cash flow profile and lower stockholder returns
  - 1% to 2% dividend yield (\$0.32/share annually)
  - Approximately \$5 billion of liquidity
  - >570 million shares outstanding
- Volatile stock price

VALERO

## New Paradigm

### INDUSTRY/MACRO

- Majority of the U.S. refining capacity operated by independent refiners
- EV/EBITDA multiple expansion and dispersion by company
- Peer group of larger scale, efficient and complex refiners
- Abundant supply of domestic crude oil and natural gas providing feedstock advantage
  - U.S. exporting products to higher growth markets
  - Lower interest rates (10-yr Treasury <2%)

VALERO

- Expanding our long-term competitive advantage with investments in economic low-carbon projects
  - First quartile operating performance amid stable, upgraded portfolio with the lowest cash operating expense
  - Advantaged operations and scale
- Disciplined capital investment and growth strategy
  - Rigorous M&A targeting and screening process
  - 25% after-tax IRR hurdle rate for projects focused on operating cost reduction, margin enhancement and market expansion. \$2.0 to \$2.5 billion annual capex.
- Distinctive free cash flow and higher stockholder returns
  - Annualized dividend of \$3.92/share
  - \$9.0 billion of liquidity as of December 31, 2020
  - Approximately 409 million shares outstanding as of February 2021
- Lower volatility in earnings and free cash flow

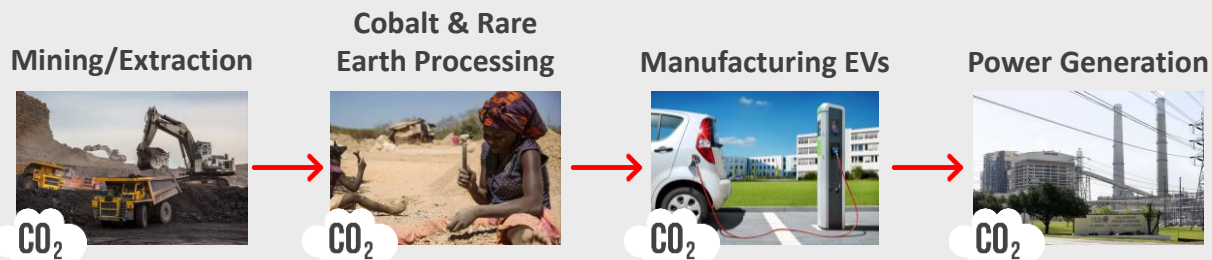




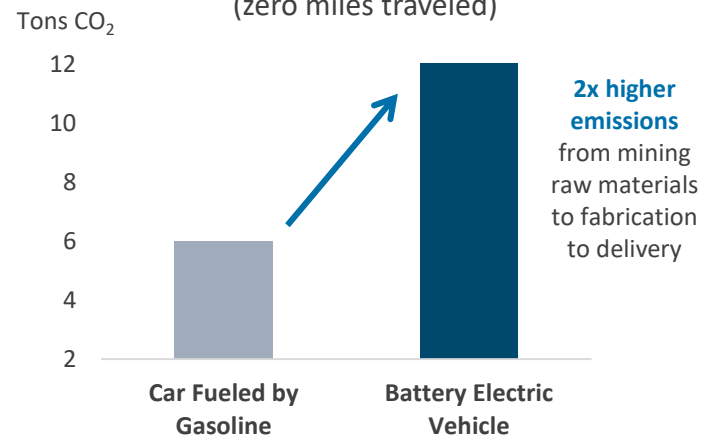
# Electric Vehicle (EV) Myth: Zero Emissions



## Fact: Significant Emissions from EV Life Cycle



**Embedded CO<sub>2</sub> Emissions**  
(zero miles traveled)



Before it leaves the showroom, an EV emits twice the CO<sub>2</sub> emissions compared to a car fueled by gasoline

- Life cycle of emissions from EVs is significant – from mining raw materials to fabrication to delivery to the showroom
  - 2 times as much CO<sub>2</sub> emissions are generated compared to cars fueled by gasoline
  - Before it leaves the showroom, 12 tons of CO<sub>2</sub> emissions have already been generated vs. 6 tons of CO<sub>2</sub> emissions from cars fueled by gasoline
- 25 tons of CO<sub>2</sub> emissions are needed to make an EV that can drive similar range as a car fueled by gasoline
- *“The problem is that batteries are big and heavy. The more weight you’re trying to move, the more batteries you need to power the vehicle. But the more batteries you use, the more weight you add—and the more power you need. Even with big breakthroughs in battery technology, electric vehicles will probably never be a practical solution for things like 18-wheelers, cargo ships, and passenger jets. Electricity works when you need to cover short distances, but we need a different solution for heavy, long-haul vehicles”* – GatesNotes
- Southwest Research Institute Ted Talk, presented by Graham Conway

# Non-GAAP Disclosures

## Return on Invested Capital (ROIC)

VLO defines return on invested capital (ROIC) as adjusted net income attributable to VLO before adjusted net interest expense after-tax divided by average invested capital. VLO defines adjusted net income attributable to VLO as net income attributable to VLO stockholders adjusted to reflect the after-tax effect of special items that VLO believes are not indicative of its core operating performance and that may obscure VLO's underlying business results and trends. VLO defines adjusted net interest expense as "interest and debt expense, net of capitalized interest" adjusted to exclude "interest and debt expense, net of capitalized interest" attributable to non-controlling interests. The income tax effect of adjusted net interest expense is estimated based on the U.S. statutory income tax rate for the respective annual period. Average invested capital is defined as the average of total invested capital for the current annual period and total invested capital for the prior annual period. VLO defines total invested capital as debt attributable to VLO plus VLO stockholders' equity less cash and cash equivalents. Debt attributable to VLO is defined as the current portion of debt and finance lease obligations, plus "debt and finance lease obligations, less current portion", less debt attributable to non-controlling interests. Debt attributable to VLO for the year ended December 31, 2014 includes an adjustment to reflect the retrospective adoption of ASU No. 2015-15 subtopic 835-30, which resulted in the reclassification of certain debt issuance costs from "deferred charges and other assets, net" to "debt and finance lease obligations, less current portion."

## Adjusted EBITDA

VLO defines EBITDA as net income (loss) before depreciation and amortization expense, "interest and debt expense, net of capitalized interest", income tax expense (benefit), and income (loss) from discontinued operations. VLO defines adjusted EBITDA as EBITDA further adjusted to reflect the effect of special items that VLO believes are not indicative of its core operating performance and that may obscure VLO's underlying business results and trends. VLO believes that the presentation of adjusted EBITDA provides useful information to investors to assess its ongoing financial performance because when reconciled to net income, it provides improved comparability between periods. The U.S. generally accepted accounting principles (GAAP) measures most directly comparable to adjusted EBITDA are net income and net cash provided by operating activities.

## Renewable Diesel Net Cumulative Cash Flow

VLO defines renewable diesel net cumulative cash flow as DGD's cumulative adjusted EBITDA attributable to VLO, less DGD's cumulative capital expenditures attributable to VLO. VLO defines DGD's adjusted EBITDA attributable to VLO as fifty percent (VLO's ownership interest) of DGD's operating income (loss) plus depreciation and amortization expense, and adjusted for 2017-2019 blender's tax credit (BTC). VLO defines DGD's capital expenditures attributable to VLO as fifty percent (VLO's ownership interest) of DGD's capital investments. Because DGD's net cash flow is effectively attributable to each partner, only 50 percent of DGD's EBITDA and capital expenditures should be attributed to VLO's renewable diesel cash flow. Therefore, renewable diesel cash flow has been adjusted for the portion of DGD's EBITDA and capital expenditures attributable to VLO's joint venture partner's ownership interest because VLO believes that it more accurately reflects cash flow generated by its renewable diesel segment.





# Non-GAAP Disclosures

## Renewable Diesel Adjusted EBITDA

Renewable diesel adjusted EBITDA is defined as DGD's operating income adjusted to reflect the blender's tax credit and excluding depreciation and amortization expense. Operating income is adjusted to reflect the blender's tax credit in the proper period. The blender's tax benefit recognized in 2019 is attributable to volumes blended during 2019 and 2018 and was recognized in December 2019 because the U.S. legislation authorizing the credit was passed and signed into law in that month. The benefit recognized in 2018 is attributable to volumes blended during 2017 and was recognized in February 2018 because the U.S. legislation authorizing the credit was passed and signed into law in that month. VLO believes adjusting for these items provides improved comparability between periods. Renewable diesel EBITDA per gallon is renewable diesel adjusted EBITDA divided by DGD's renewable diesel sales volume for the period. Sales volumes are calculated by multiplying sales volumes per day by the number of days in the applicable period.

## Free Cash Flow

VLO defines free cash flow as net cash provided by operating activities less capital expenditures, deferred turnaround and catalyst cost expenditures, investments in joint ventures, and changes in current assets and liabilities. VLO believes that the presentation of free cash flow provides useful information to investors in assessing VLO's ability to cover ongoing costs and VLO's ability to generate cash returns to stockholders. The GAAP measures most directly comparable to free cash flow are net cash provided by operating activities and net cash used in investing activities.

## Adjusted Net Cash Provided by Operating Activities

Defined as net cash provided by (used in) operating activities excluding the items noted below. VLO believes adjusted net cash provided by operating activities is an important measure of its ongoing financial performance to better assess its ability to generate cash to fund VLO's investing and financing activities. The basis for VLO's belief with respect to each excluded item is provided below.

- Changes in current assets and current liabilities – Current assets net of current liabilities represents VLO's operating liquidity. VLO believes that the change in its operating liquidity from period to period does not represent cash generated by VLO's operations that is available to fund VLO's investing and financing activities.
- DGD's adjusted net cash provided by operating activities attributable to VLO's joint venture partner's ownership interest in DGD – VLO is a 50/50 joint venture partner in DGD and consolidate DGD's financial statements; as a result, all of DGD's net cash provided by operating activities (or operating cash flow) is included in VLO's consolidated net cash provided by operating activities.
- DGD's partners use DGD's operating cash flow (excluding changes in its current assets and current liabilities) to fund its capital investments rather than distribute all of that cash to themselves. Nevertheless, DGD's operating cash flow is effectively attributable to each partner and only 50 percent of DGD's operating cash flow should be attributed to VLO's net cash provided by operating activities. Therefore, net cash provided by operating activities has been adjusted for the portion of DGD's operating cash flow attributable to VLO's joint venture partner's ownership interest because VLO believes that it more accurately reflects the operating cash flow available to VLO to fund VLO's investing and financing activities.





# Non-GAAP Disclosures:

## Return on Invested Capital (ROIC)

### RETURN ON INVESTED CAPITAL (ROIC) (unaudited, in millions)

	Year Ended December 31,					
	2014	2015	2016	2017	2018	2019
<b>Numerator:</b>						
Net income attributable to VLO stockholders		\$3,990	\$2,289	\$4,065	\$3,122	\$2,422
Total effect of special items after-tax		624	(565)	(1,783)	113	(61)
Adjusted net income attributable to VLO		\$4,614	\$1,724	\$2,282	\$3,235	\$2,361
Plus: adjusted net interest expense after-tax		281	288	299	362	357
Adjusted net income attributable to VLO before adjusted net interest expense after-tax (A)		\$4,895	\$2,012	\$2,581	\$3,597	\$2,718
<b>Denominator:</b>						
Current portion of debt	\$606	\$127	\$115	\$122	\$238	\$494
Debt and finance leases, less current portion	5,780	7,208	7,886	8,750	8,871	9,178
Less: debt issue costs - non-bank debt (ASU 2015-15)	(33)	-	-	-	-	-
Less: debt attributable to non-controlling interests	(14)	(58)	(176)	(260)	(384)	(366)
Debt attributable to VLO	\$6,339	\$7,277	\$7,825	\$8,612	\$8,725	\$9,306
VLO stockholders' equity	20,677	20,527	20,024	21,991	21,667	21,803
Less: cash and cash equivalents	(3,689)	(4,114)	(4,816)	(5,850)	(2,982)	(2,583)
Total invested capital	\$23,327	\$23,690	\$23,033	\$24,753	\$27,410	\$28,526
Average invested capital (B)		\$23,509	\$23,362	\$23,893	\$26,082	\$27,968
ROIC (A / B)		21%	9%	11%	14%	10%
ROIC (5-year average)						13%

# Non-GAAP Disclosures: Adjusted EBITDA

## RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA (Unaudited, in Millions)

	Year Ended December 31,									
	2009	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net income (loss)	(\$1,982)	\$2,080	\$2,728	\$3,711	\$4,101	\$2,417	\$4,156	\$3,353	\$2,784	(\$1,107)
Plus: Depreciation and amortization expense	1,361	1,549	1,720	1,690	1,842	1,894	1,986	2,069	2,255	2,351
Plus: Interest and debt expense, net of capitalized interest	416	314	365	397	433	446	468	470	454	563
Plus: Income tax expense (benefit)	(43)	1,626	1,254	1,777	1,870	765	(949)	879	702	(903)
Less: Income (loss) from discontinued operations	(1,709)	(1,034)	6	(64)	-	-	-	-	-	-
EBITDA	\$1,461	\$6,603	\$6,061	\$7,639	\$8,246	\$5,522	\$5,661	\$6,771	\$6,195	\$904
Adjustments:										
Aruba (discontinued operations)	64	-	-	-	-	-	-	-	-	-
Asset impairment loss	222	86	-	-	-	56	-	-	-	-
Blender's tax credits	-	-	-	-	-	-	170	(12)	(158)	-
Environmental reserve adjustments	-	-	-	-	-	-	-	108	-	-
Gain on disposition of retained interest in CST Brands, Inc.	-	-	(325)	-	-	-	-	-	-	-
LCM inventory valuation adjustment (gain) loss	-	-	-	-	790	(747)	-	-	-	(19)
LIFO liquidation adjustment (gain) loss	-	-	-	(233)	-	-	-	-	-	224
Loss on early redemption of debt	-	-	-	-	-	-	-	38	22	-
Texas City Refinery fire expenses	-	-	-	-	-	-	-	17	-	-
EBITDA attributable to noncontrolling interest	-	3	(8)	(108)	(144)	(171)	(218)	(283)	(313)	(331)
Adjusted EBITDA attributable to VLO stockholders	\$1,747	\$6,692	\$5,728	\$7,298	\$8,892	\$4,660	\$5,613	\$6,639	\$5,746	\$778
Total Adjusted EBITDA attributable to VLO stockholders, 2012-2019										\$51,268
Number of Years, 2012-2019										8
Average Adjusted EBITDA attributable to VLO stockholders, 2012-2019										\$6,409

# Non-GAAP Disclosures: Renewable Diesel Net Cumulative Cash Flow

## RECONCILIATION OF DGD OPERATING INCOME AND TOTAL CAPITAL INVESTMENTS TO RENEWABLE DIESEL NET CUMMULATIVE CASH FLOW (unaudited, in millions)

	Year Ended December 31,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
DGD's cumulative adjusted EBITDA attributable to VLO:										
Operating income (loss)		(\$5)	\$24	\$145	\$157	\$147	\$57	\$319	\$728	\$630
Plus: depreciation and amortization expense		-	9	18	20	28	29	29	51	45
EBITDA		(\$5)	\$33	\$163	\$177	\$175	\$86	\$348	\$779	\$675
Adjustments:										
EBITDA BTC adjustments (2018-2019)		-	-	-	-	-	-	156	(156)	-
EBITDA BTC adjustments (2017-2018)		-	-	-	-	-	160	(160)	-	-
DGD adjusted EBITDA		(\$5)	\$33	\$163	\$177	\$175	\$246	\$344	\$623	\$675
Our ownership interest		50%	50%	50%	50%	50%	50%	50%	50%	50%
DGD's adjusted EBITDA attributable to VLO		(\$3)	\$17	\$82	\$89	\$88	\$123	\$172	\$312	\$338
DGD's cumulative adjusted EBITDA attributable to VLO (A)		(\$3)	\$14	\$96	\$185	\$273	\$396	\$568	\$880	\$1,218
DGD's cumulative capital investments attributable to VLO:										
Total DGD #1 Capital Investment	\$106	\$210	\$74	\$14	\$2	\$34	\$88	\$170	\$24	\$31
Total DGD #2 Capital Investment	-	-	-	-	-	-	-	22	136	481
Total DGD #3 Capital Investment	-	-	-	-	-	-	-	-	-	36
Total DGD Capital Investments	\$106	\$210	\$74	\$14	\$2	\$34	\$88	\$192	\$160	\$548
Our ownership interest	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
DGD's capital investments attributable to Valero	\$53	\$105	\$37	\$7	\$1	\$17	\$44	\$96	\$80	\$274
DGD's cumulative capital investments attributable to VLO (B)	\$53	\$158	\$195	\$202	\$203	\$220	\$264	\$360	\$440	\$714
DGD's net cumulative cash flow attributable to VLO (A-B)	(\$53)	(\$161)	(\$181)	(\$106)	(\$18)	\$53	\$132	\$208	\$440	\$504



# Non-GAAP Disclosures: Renewable Diesel Adjusted EBITDA Margin

## RECONCILIATION OF DGD OPERATING INCOME TO DGD'S ADJUSTED EBITDA PER GALLON (unaudited, in millions except for per gallon amounts)

	Year Ended December 31,					
	2015	2016	2017	2018	2019	2020
Operating income	\$157	\$147	\$57	\$319	\$728	\$630
Plus: Depreciation and amortization expense	20	28	29	29	51	45
EBITDA	\$177	\$175	\$86	\$348	\$779	\$675
Adjustments:						
EBITDA BTC adjustments (2018-2019)	-	-	-	156	(156)	-
EBITDA BTC adjustments (2017-2018)	-	-	160	(160)	-	-
DGD adjusted EBITDA	\$177	\$175	\$246	\$344	\$623	\$675
DGD renewable diesel sales volume (million gallons)	157	161	161	157	277	288
DGD adjusted EBITDA per gallon	\$1.13	\$1.09	\$1.53	\$2.19	\$2.25	\$2.34

# Non-GAAP Disclosures: Free Cash Flow

## RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES UNDER GAAP TO FREE CASH FLOW (unaudited, in millions)

	Year Ended December 31,								
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net cash provided by operating activities	\$ 5,270	\$ 5,564	\$ 4,241	\$ 5,611	\$ 4,820	\$ 5,482	\$ 4,371	\$ 5,531	\$ 948
Less: Capital expenditures	2,931	2,121	2,153	1,618	1,278	1,353	1,628	1,769	1,537
Less: Deferred turnaround and catalyst cost expenditures	479	634	649	673	718	523	915	780	648
Less: Investments in joint ventures	57	76	14	141	4	406	181	164	54
Less: Changes in current assets and current liabilities	(302)	922	(1,810)	(1,306)	976	1,289	(1,297)	294	(345)
Free cash flow	\$ 2,105	\$ 1,811	\$ 3,235	\$ 4,485	\$ 1,844	\$ 1,911	\$ 2,944	\$ 2,524	(\$946)

Total free cash flow, 2012 – 2020	\$19,913
Number of years	9
Average free cash flow, 2012 – 2020	\$2,213

# Non-GAAP Disclosures: Payout Ratio

## RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO ADJUSTED NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES (unaudited, in millions)

	Year Ended December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Net cash provided by operating activities	\$5,270	\$5,564	\$4,241	\$5,611	\$4,820	\$5,482	\$4,371	\$5,531	\$948	
Exclude:										
Changes in current assets and current liabilities	(302)	922	(1,810)	(1,306)	976	1,289	(1,297)	294	(345)	
DGD's adjusted net cash provided by operating activities attributable to our joint venture partner's ownership interest in DGD	(3)	11	70	81	83	41	175	390	338	
Adjusted net cash provided by (used in) operating activities (A)	\$5,575	\$4,631	\$5,981	\$6,836	\$3,761	\$4,152	\$5,493	\$4,847	\$955	

## RECONCILIATION OF PURCHASES OF COMMONS STOCK FOR TREASURY AND COMMON STOCK DIVIDENDS TO PAYOUT RATIO (unaudited, in millions)

	Year Ended December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Purchases of common stock for treasury	\$281	\$928	\$1,296	\$2,838	\$1,336	\$1,372	\$1,708	\$777	\$156	
Common stock dividends	360	462	554	848	1,111	1,242	1,369	1,492	1,600	
Total payout (B)	\$641	\$1,390	\$1,850	\$3,686	\$2,447	\$2,614	\$3,077	\$2,269	\$1,756	
Payout ratio (B/A)	11%	30%	31%	54%	65%	63%	56%	47%	184%	





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Our products **fuel modern life**  
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