

# [***-Valero Energy Reports 2019 Fourth Quarter Results***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5Y3R-2K41-JD3Y-Y0XY-00000-00&context=1516831)

ENP Newswire

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**Body**

SAN ANTONIO - Valero Energy Corporation (NYSE: VLO, 'Valero') today reported net income attributable to Valero stockholders of $ 1.1 billion, or $ 2.58 per share, for the fourth quarter of 2019 compared to $ 952 million, or $ 2.24 per share, for the fourth quarter of 2018.

For the year ended December 31, 2019, net income attributable to Valero stockholders was $ 2.4 billion, or $ 5.84 per share, compared to $ 3.1 billion, or $ 7.29 per share, for 2018.

'We delivered another year of steady earnings despite a challenging ***environment*** for the refining business during 2019,' said Joe Gorder, Valero Chairman and Chief Executive Officer. 'We ran our business well by delivering the best year ever on employee safety performance along with the lowest number of environmental events in company history.'

Refining

The refining segment reported $ 1.4 billion of operating income for the fourth quarter of 2019 compared to $ 1.5 billion for the fourth quarter of 2018.

'Our refineries operated well at 96% utilization, allowing us to take advantage of wider sour crude oil differentials and weakness in high sulfur residual feedstocks in the fourth quarter,' Gorder said.

Refinery throughput volumes averaged 3.0 million barrels per day in the fourth quarter of 2019, which is in line with the fourth quarter of 2018. For the full year 2019, the company processed record volumes of approximately 180 thousand barrels per day of Canadian heavy crude oil and 1.4 million barrels per day of North American sweet crude oil. The company exported an average of 343,000 barrels per day of gasoline and distillate in 2019.

Ethanol

The ethanol segment reported $ 36 million of operating income for the fourth quarter of 2019, compared to a $ 27 million operating loss for the fourth quarter of 2018. The increase in operating income was attributed primarily to higher ethanol prices. Ethanol production volumes averaged 4.3 million gallons per day in the fourth quarter of 2019, which is in line with the fourth quarter of 2018.

Renewable Diesel

The renewable diesel segment reported $ 541 million of operating income for the fourth quarter of 2019, compared to $ 101 million for the fourth quarter of 2018. After adjusting for the retroactive blender's tax credit recorded in the fourth quarter of 2019, adjusted renewable diesel operating income was $ 187 million in the fourth quarter of 2019, compared to $ 167 million in the fourth quarter of 2018. Renewable diesel sales volumes averaged 844 thousand gallons per day in the fourth quarter of 2019, an increase of 124 thousand gallons per day versus the fourth quarter of 2018.

Corporate and Other

General and administrative expenses were $ 243 million in the fourth quarter of 2019 compared to $ 230 million in the fourth quarter of 2018. For 2019, general and administrative expenses of $ 868 million were $ 57 million lower than in 2018 mainly due to adjustments to our environmental liabilities in 2018. The effective tax rate for 2019 was 20 percent.

Investing and Financing Activities

Capital investments totaled $ 722 million in the fourth quarter of 2019, of which $ 445 million was for sustaining the business, including costs for turnarounds, catalysts and regulatory compliance.

Valero returned $ 591 million to stockholders in the fourth quarter of 2019, of which $ 369 million was paid as dividends and $ 222 million was for the purchase of approximately 2.3 million shares of common stock. In 2019, Valero returned $ 2.3 billion to stockholders, or 47 percent of adjusted net cash provided by operating activities, consisting of $ 777 million in stock buybacks and $ 1.5 billion in dividends.

Net cash provided by operating activities in 2019 was $ 5.5 billion. Included in this amount is a $ 294 million favorable impact from working capital and our joint venture partner's share of Diamond Green Diesel's (DGD) net cash provided by operating activities, excluding changes in its working capital. Excluding these items, adjusted net cash provided by operating activities was $ 4.8 billion.

Valero continues to target a total payout ratio between 40 and 50 percent of adjusted net cash provided by operating activities for 2020. Valero defines total payout ratio as the sum of dividends and stock buybacks divided by net cash provided by operating activities adjusted for changes in working capital and DGD's net cash provided by operating activities, excluding changes in its working capital, attributable to our joint venture partner's ownership interest in DGD.

On January 23, the company announced a nine percent increase in its quarterly common stock dividend from $ 0.90 per share to $ 0.98 per share, payable on March 4, 2020, to holders of record on February 12, 2020.

Liquidity and Financial Position

Valero ended the fourth quarter of 2019 with $ 9.7 billion of total debt and $ 2.6 billion of cash and cash equivalents. The debt to capital ratio, net of $ 2 billion in cash, was 26 percent.

Strategic Update

In 2019, Valero successfully started up the Houston Alkylation Unit, which upgrades lower value natural gas liquids and refinery olefins to a premium, high octane alkylate product. Valero also completed the Central Texas Pipelines and Terminals project, which reduces secondary costs and extends the supply chain from the U.S. Gulf Coast to a growing inland market.

Several growth projects, including the Pasadena Terminal, St. Charles Alkylation Unit and Pembroke Cogeneration Unit, are on track to be completed in 2020. The Diamond Pipeline expansion should be completed in 2021. The company expects the DGD expansion and Port Arthur Coker to be completed in 2021 and 2022, respectively.

Valero, with its ethanol and renewable diesel businesses, is already the largest renewable fuels producer in North America and it continues to explore growth opportunities in renewable fuels. As previously announced, Valero and its joint venture partner in DGD have initiated an advanced engineering and development cost review for a new renewable diesel plant at Valero's Port Arthur, Texas facility. If the project is approved, operations would commence in 2024, resulting in DGD production capacity increasing to over 1.1 billion gallons annually.

Valero continues to expect to invest approximately $ 2.5 billion of capital in 2020, of which approximately 60 percent is for sustaining the business and approximately 40 percent is for growth projects.

About Valero

Valero Energy Corporation, through its subsidiaries (collectively, 'Valero'), is an international manufacturer and marketer of transportation fuels and petrochemical products. Valero is a Fortune 50 company based in San Antonio, Texas, and it operates 15 petroleum refineries with a combined throughput capacity of approximately 3.1 million barrels per day and 14 ethanol plants with a combined production capacity of approximately 1.73 billion gallons per year. The petroleum refineries are located in the United States (U.S.), Canada and the United Kingdom (U.K.), and the ethanol plants are located in the Mid-Continent region of the U.S. Valero also is a joint venture partner in Diamond Green Diesel, which operates a renewable diesel plant in Norco, Louisiana. Diamond Green Diesel is North America's largest biomass-based diesel plant. Valero sells its products in the wholesale rack or bulk markets in the U.S., Canada, the U.K., Ireland and Latin America. Approximately 7,000 outlets carry Valero's brand names.

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Safe-Harbor Statement

Statements contained in this release that state the company's or management's expectations or predictions of the future are forward-looking statements intended to be covered by the safe harbor provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. The words 'believe,' 'expect,' 'should,' 'estimates,' 'intend,' 'target,' 'will,' 'plans,' and other similar expressions identify forward-looking statements. It is important to note that actual results could differ materially from those projected in such forward-looking statements based on numerous factors, including those outside of the company's control, such as delays in construction timing and other factors.

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