

# [***-Valero Energy Reports Third Quarter 2022 Results***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:66PR-6J21-JD3Y-Y1S6-00000-00&context=1516831)

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Release date- 25102022 - SAN ANTONIO - Valero Energy Corporation (NYSE: VLO, 'Valero') reported net income attributable to Valero stockholders of $ 2.8 billion, or $ 7.19 per share, for the third quarter of 2022, compared to $ 463 million, or $ 1.13 per share, for the third quarter of 2021. Excluding the adjustments shown in the accompanying earnings release tables, adjusted net income attributable to Valero stockholders was $ 2.8 billion, or $ 7.14 per share, for the third quarter of 2022, compared to $ 545 million, or $ 1.33 per share, for the third quarter of 2021.

'Refining fundamentals remain strong as product demand through our system has surpassed 2019 levels, while global product supply remains constrained due to capacity reductions and high natural gas prices in Europe are setting a higher floor on margins,' said Joe Gorder, Valero's Chairman and Chief Executive Officer. 'We continue to maximize refining utilization in a safe, reliable and environmentally responsible manner to provide essential products.'

Refining

The Refining segment reported operating income of $ 3.8 billion for the third quarter of 2022, compared to $ 835 million for the third quarter of 2021. Adjusted operating income for the third quarter of 2021 was $ 911 million. Refining throughput volumes averaged 3.0 million barrels per day in the third quarter of 2022, which was 141 thousand barrels per day higher than the third quarter of 2021. Refinery utilization rate was 95 percent in the third quarter of 2022, compared to 91 percent in the third quarter of 2021.

Renewable Diesel

The Renewable Diesel segment, which consists of the Diamond Green Diesel (DGD) joint venture, reported $ 212 million of operating income for the third quarter of 2022, compared to $ 108 million for the third quarter of 2021. Renewable diesel sales volumes averaged 2.2 million gallons per day in the third quarter of 2022, which was 1.6 million gallons per day higher than the third quarter of 2021. The higher sales volumes in the third quarter of 2022 were due to DGD 1 downtime in the third quarter of 2021 resulting from Hurricane Ida and the impact of additional volumes from DGD 2, which started up in the fourth quarter of 2021.

Ethanol

The Ethanol segment reported $ 1 million of operating income for the third quarter of 2022, compared to a $ 44 million operating loss for the third quarter of 2021. Adjusted operating income for the third quarter of 2021 was $ 4 million. Ethanol production volumes averaged 3.5 million gallons per day in the third quarter of 2022.

Corporate and Other

General and administrative expenses were $ 214 million in the third quarter of 2022, compared to $ 195 million in the third quarter of 2021. The effective tax rate for the third quarter of 2022 was 22 percent.

Investing and Financing Activities

Net cash provided by operating activities was $ 2.0 billion in the third quarter of 2022. Included in this amount was a $ 1.5 billion unfavorable change in working capital and $ 119 million of net cash provided by operating activities associated with the other joint venture member's share of DGD, excluding changes in DGD's working capital. Excluding these items, adjusted net cash provided by operating activities was $ 3.4 billion in the third quarter of 2022.

Capital investments totaled $ 602 million in the third quarter of 2022, of which $ 185 million was for sustaining the business, including costs for turnarounds, catalysts and regulatory compliance. Excluding capital investments attributable to the other joint venture member's share of DGD and those related to other variable interest entities, capital investments attributable to Valero were $ 479 million.

Valero further reduced its debt by $ 1.25 billion in September. This transaction, combined with a series of debt reduction and refinancing transactions completed since the second half of 2021, have collectively reduced Valero's debt by approximately $ 3.6 billion.

'Our strong balance sheet remains the cornerstone of our capital allocation framework,' said Gorder. 'We have significantly reduced our debt since the second half of 2021 and will continue to evaluate further reductions.'

Liquidity and Financial Position

Valero ended the third quarter of 2022 with $ 9.6 billion of total debt, $ 1.9 billion of finance lease obligations and $ 4.0 billion of cash and cash equivalents, compared to $ 13.0 billion of total debt, $ 1.6 billion of finance lease obligations and $ 2.3 billion of cash and cash equivalents at the end of the first quarter of 2021. As a result, the debt to capitalization ratio, net of cash and cash equivalents, was approximately 24 percent as of September 30, 2022, down from the pandemic high of 40 percent as of March 31, 2021.

Strategic Update

Refinery optimization projects that are expected to reduce costs and improve margin capture are progressing on schedule. The Port Arthur Coker project, which is expected to increase the refinery's throughput capacity, while also improving turnaround efficiency, is expected to be completed in the first half of 2023.

The DGD project adjacent to the Port Arthur refinery (DGD 3), which is expected to have renewable diesel production capacity of 470 million gallons per year, is currently in the start-up process and is expected to be operational in November. The total annual DGD production capacity is expected to increase to 1.2 billion gallons of renewable diesel and 50 million gallons of renewable naphtha upon commencement of DGD 3's operations.

BlackRock and Navigator's carbon sequestration project is still expected to begin startup activities in late 2024. Valero is expecting to be the anchor shipper with eight of its ethanol plants connected to this system, producing a lower carbon intensity ethanol product expected to be marketed in low-carbon fuel markets that should result in a higher product margin.

Conference Call

Valero's senior management will hold a conference call at 10 a.m. ET today to discuss this earnings release and to provide an update on operations and strategy.

About Valero

Valero Energy Corporation, through its subsidiaries (collectively, 'Valero'), is a multinational manufacturer and marketer of petroleum-based and low-carbon liquid transportation fuels and petrochemical products, and sells its products primarily in the United States ('U.S.'), Canada, the United Kingdom ('U.K.'), Ireland and Latin America. Valero owns 15 petroleum refineries located in the U.S., Canada and the U.K. with a combined throughput capacity of approximately 3.2 million barrels per day. Valero is a joint venture member in Diamond Green Diesel Holdings LLC, which through its subsidiary owns a renewable diesel plant in Norco, Louisiana with a production capacity of 700 million gallons per year, and Valero owns 12 ethanol plants located in the Mid-Continent region of the U.S. with a combined production capacity of approximately 1.6 billion gallons per year. Valero manages its operations through its Refining, Renewable Diesel, and Ethanol segments. Please visit [*www.investorvalero.com*](http://www.investorvalero.com) for more information.

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Safe-Harbor Statement

Statements contained in this release and the accompanying tables 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,' 'forecast,' and other similar expressions identify forward-looking statements. Forward-looking statements in this release and the accompanying tables include those relating to Valero's greenhouse gas ***emissions*** targets, expected timing of completion and performance of projects, future market and industry conditions, future operating and financial performance, and management of future risks. 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 legislative or political changes or developments, market dynamics, cyberattacks, weather events, and other matters affecting Valero's operations or the demand for Valero's products. These factors also include, but are not limited to, the uncertainties that remain with respect to the Russia-Ukraine conflict, the impact of inflation on margins and costs, economic activity levels, the COVID-19 pandemic, variants of the COVID-19 virus, governmental and societal responses thereto, and the adverse effects the foregoing may have on Valero's business or economic conditions generally. For more information concerning these and other factors that could cause actual results to differ from those expressed or forecasted, see Valero's annual report on Form 10-K, quarterly reports on Form 10-Q, and other reports filed with the Securities and Exchange Commission and available on Valero's website at [*www.valero.com*](http://www.valero.com).

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