Valero Energy Reports Third Quarter 2015 Results and 25 Percent Dividend Increase

- Earnings per share of $2.79
- 25 percent increase in the regular quarterly dividend to $0.50 per share
- Record volume of gasoline and diesel exports for a third quarter

SAN ANTONIO, October 28, 2015 – Valero Energy Corporation (NYSE: VLO, “Valero”) today reported net income from continuing operations attributable to Valero stockholders of $1.4 billion, or $2.79 per share, in the third quarter of 2015 compared to $1.1 billion, or $2.00 per share, in the third quarter of 2014.

Valero also reported that its Board of Directors approved a 25 percent increase in the regular quarterly cash dividend on common stock from $0.40 per share to $0.50 per share, effective with the quarterly dividend payable on December 17, 2015 to holders of record at the close of business on November 23, 2015. The increase in the dividend raises the company’s annualized cash dividend to $2.00 per share.

“So far this year, we’ve invested $1.7 billion into our business, increased our dividend over 80 percent, and more than doubled our buyback total,” said Joe Gorder, Valero Chairman, President and Chief Executive Officer. “We had solid operations and made great strides on strategic investments including the crude topper projects at Corpus Christi and Houston.”

The company expects the Corpus Christi and Houston topper projects to be complete in the fourth quarter of 2015, and the first half of 2016, respectively.

**Refining**
The refining segment generated third quarter 2015 operating income of $2.3 billion compared to $1.7 billion in the third quarter of 2014. The $631 million increase in operating income primarily resulted from a $2.57 increase in throughput margin per barrel from $11.81 in the third quarter of 2014 to $14.38 in the third quarter of 2015, driven mainly by stronger gasoline and other product margins. Partially offsetting these factors were lower distillate margins and discounts for most sweet and sour crude oils relative to Brent crude oil.

Third quarter 2015 refining throughput volumes averaged 2.8 million barrels per day, which was in line with the third quarter of 2014. Valero’s refineries operated at 96 percent throughput capacity utilization in the third quarter of 2015. The company delivered export volumes of 330 thousand barrels per day, a record for a third quarter.
“With strong product margins and healthy demand, we delivered solid results this quarter,” said Gorder. “We are seeing good seasonal demand for our products in the fourth quarter.”

**Ethanol**
The ethanol segment generated third quarter 2015 operating income of $35 million compared to $198 million in the third quarter of 2014. The $163 million decrease in operating income was mainly due to lower gross margin per gallon driven primarily by a decline in ethanol prices. Average ethanol production volumes were 3.9 million gallons per day in the third quarter of 2015, an increase of 297,000 gallons per day versus the third quarter of 2014, primarily due to incremental production volumes from the Mount Vernon plant, which was acquired in 2014 and began operating in August 2014.

**Corporate and Other**
General and administrative expenses totaled $179 million in the third quarter of 2015 compared to $180 million in the third quarter of 2014. The effective tax rate was 32.4 percent in the third quarter of 2015.

**Capital Allocation**
Capital spending was $467 million in the third quarter of 2015, of which $109 million was for turnarounds and catalyst.

Valero returned a total of $1.3 billion in cash to stockholders in the third quarter of 2015, of which $199 million was paid in dividends and $1.1 billion was used to purchase 17.2 million shares of Valero common stock. Year to date, dividends and stock buybacks totaled $2.7 billion.

Valero is on target to reach a payout ratio of 75 percent for 2015, with a year-to-date ratio of 73 percent. The company defines total payout ratio as the sum of dividends plus stock buybacks divided by net income from continuing operations attributable to Valero stockholders.

**Liquidity and Financial Position**
Valero ended the third quarter of 2015 with $7.4 billion in total debt and $5.3 billion of cash and temporary cash investments, of which $51 million was held by Valero Energy Partners LP (“VLP”). Valero’s debt-to-capital ratio, net of $2 billion in cash, was approximately 20 percent.

**Strategic Update**
With the drop-down transaction that occurred on October 1, 2015, Valero has completed a total of $1.14 billion of drop-down transactions to VLP in 2015, exceeding its $1 billion goal for the year. This latest drop down puts VLP on track to increase its quarterly
distribution to the level needed to achieve the top tier of incentive distributions to the general partner (Valero) by early 2016. The company remains committed to growing VLP through drop-down transactions with an estimated $1 billion of potentially MLP-eligible EBITDA related to existing assets.

“We continue to fuel VLP’s growth through drop-down transactions with supportive financing arrangements that benefit both parties,” said Gorder.

Capital expenditures are expected to be within prior guidance of approximately $2.65 billion for 2015 and consistent with prior guidance for 2016 at approximately $2.4 billion. These estimates exclude the St. Charles methanol project that remains under evaluation.

**Conference Call**

Valero’s senior management will hold a conference call at 11 a.m. ET today to discuss this earnings release and to provide an update on company operations and strategy.

**About Valero**

Valero Energy Corporation, through its subsidiaries, is an international manufacturer and marketer of transportation fuels, other petrochemical products and power. Valero subsidiaries employ approximately 10,000 people, and its assets include 15 petroleum refineries with a combined throughput capacity of approximately 2.9 million barrels per day, 11 ethanol plants with a combined production capacity of 1.3 billion gallons per year, a 50-megawatt wind farm, and renewable diesel production from a joint venture. Through subsidiaries, Valero owns the general partner of Valero Energy Partners LP (NYSE: VLP), a midstream master limited partnership. Approximately 7,400 outlets carry the Valero, Diamond Shamrock, Shamrock, and Beacon brands in the United States and the Caribbean; Ultramar in Canada; and Texaco in the United Kingdom and Ireland. Valero is a Fortune 500 company based in San Antonio. Please visit [www.valero.com](http://www.valero.com) for more information.

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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,” 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. For more information concerning factors that could cause actual results to differ from those expressed or forecasted, see Valero's annual reports on Form 10-K and quarterly reports on Form 10-Q, filed with the SEC and on Valero's website at www.valero.com, and VLP's annual reports on Form 10-K and quarterly reports on Form 10-Q, filed with the SEC and on VLP's website at www.valeroenergypartners.com.