



**HOLLY ENERGY PARTNERS®**

**INVESTOR PRESENTATION**

**MARCH 2021**

---



# Safe Harbor Disclosure Statement



HOLLY ENERGY PARTNERS

Statements made during the course of this presentation that are not historical facts are “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words such as “anticipate,” “project,” “expect,” “plan,” “goal,” “forecast,” “intend,” “should,” “would,” “could,” “believe,” “may,” and similar expressions and statements regarding our plans and objectives for future operations are intended to identify forward-looking statements. Forward-looking statements are inherently uncertain and necessarily involve risks that may affect the business prospects and performance of HollyFrontier Corporation (“HollyFrontier”) and/or Holly Energy Partners, L.P., and actual results may differ materially from those discussed during the presentation. These statements are based on management’s beliefs and assumptions using currently available information and expectations as of the date hereof, are not guarantees of future performance and involve certain risk and uncertainties. Such risks and uncertainties include, but are not limited to, the extraordinary market environment and effects of the COVID-19 pandemic, including a significant decline in demand for refined petroleum products in markets HollyFrontier and Holly Energy Partners serve, risks and uncertainties with respect to the actions of actual or potential competitive suppliers and transporters of refined petroleum products in HollyFrontier’s and Holly Energy Partners’ markets, the spread between market prices for refined products and market prices for crude oil, the possibility of constraints on the transportation of refined products, the possibility of inefficiencies, curtailments or shutdowns in refinery operations or pipelines, whether due to infection in the workforce or in response to reductions in demand, effects of current and future governmental regulations and policies, including the effects of current and future restrictions on various commercial and economic activities in response to the COVID-19 pandemic, the availability and cost of financing to HollyFrontier and Holly Energy Partners, the effectiveness of HollyFrontier’s and Holly Energy Partners’ capital investments and marketing strategies, HollyFrontier’s and Holly Energy Partners’ efficiency in carrying out and consummating construction projects, including HollyFrontier or Holly Energy Partners’ ability to complete announced capital projects, such as the conversion of the Cheyenne Refinery to a renewable diesel facility and the construction of the Artesia renewable diesel unit and pretreatment unit, on time and within budget; HollyFrontier or Holly Energy Partners’ ability to timely obtain or maintain permits, including those necessary for operations or capital projects; HollyFrontier’s ability to acquire refined or lubricant product operations or pipeline and terminal operations on acceptable terms and to integrate any existing or future acquired operations, the possibility of terrorist attacks and the consequences of any such attacks, pandemic or outbreak of infectious disease, the impact of recent or proposed changes in tax laws and regulations that affect master limited partnerships, general economic conditions, including uncertainty regarding the timing, pace and extent of an economic recovery in the United States; and continued deterioration in gross margins or a prolonged economic slowdown due to COVID-19 could result in an impairment of goodwill and / or additional long-lived asset impairments. Additional information on risks and uncertainties that could affect the business prospects and performance of HollyFrontier and Holly Energy Partners is provided in the most recent reports of HollyFrontier and Holly Energy Partners filed with the Securities and Exchange Commission. All forward-looking statements included in this presentation are expressly qualified in their entirety by the foregoing cautionary statements. The forward-looking statements speak only as of the date hereof and, other than as required by law, HollyFrontier and Holly Energy Partners undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



# Holly Energy Partners Company Profile



HOLLY ENERGY PARTNERS

## COMPANY OVERVIEW (NYSE: HEP)

- A system of petroleum product and crude pipelines, storage tanks, distribution terminals, loading racks and processing units located at or near HollyFrontier Corporation's refining assets in high growth markets
- Assets strategically located in core growth areas of Permian, Rockies, and Mid-Continent
- 57% owned by refining parent HollyFrontier Corporation (NYSE:HFC)

## STABLE EARNINGS

- Revenues are nearly 100% fee-based with de minimis commodity risk
- Customer base consisting of refining companies (contracts not with E&Ps)
- Minimum Volume Commitments (MVCs) comprise over 75% of total revenue<sup>1</sup>
- Substantially all MVC revenues tied to PPI and/or FERC

## FINANCIAL TARGETS & GUIDANCE

- Target distribution coverage of at least 1.3x (2x as of YE20)
- Target leverage: 3.0-3.5x (4x as of YE20)
- Self-funding model to cover all capital expenditures and distributions with cash flow from operations
- Maintain distribution of \$1.40 per unit for 2021

## BALANCE SHEET HIGHLIGHTS

- Maintain Balance Sheet flexibility
- Operate within free cash flow while reducing leverage
- HEP Corporate Credit Ratings: S&P BB+, Moody's Ba2, Fitch BB+

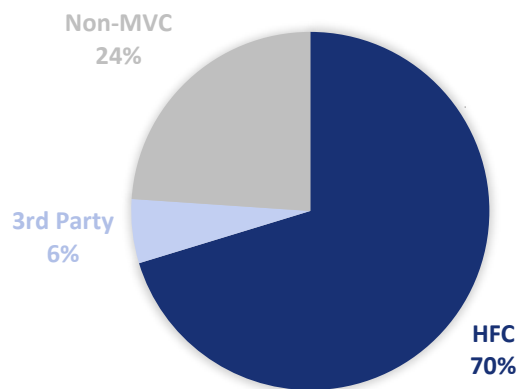


# Minimum Volume Commitments

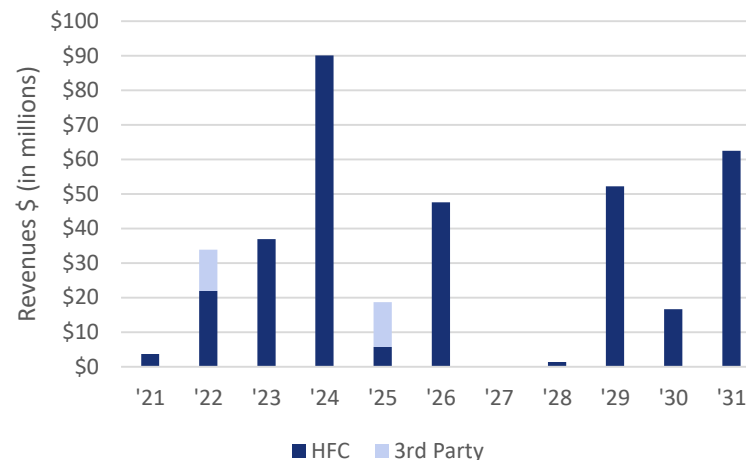


HOLLY ENERGY PARTNERS

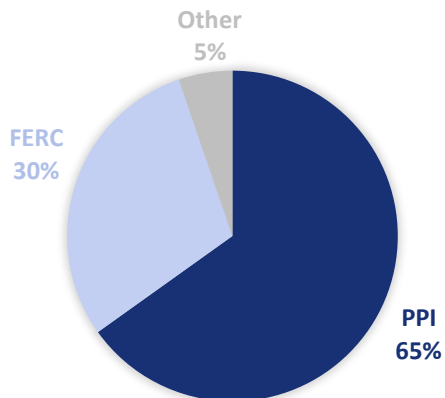
## MVCs as % of 2020 Total Revenue<sup>1</sup>



## MVC Contract Renewal Schedule<sup>2</sup>



## Inflation Escalators as % of Total Revenue<sup>1</sup>



## MVC Contract Profile

- 10-15 years = typical contract lengths with HFC
- 6 years = weighted-average remaining contract duration
- 2022 = next notable 3<sup>rd</sup> Party renewal on UNEV Pipeline (UNEV 3<sup>rd</sup> Party = 2% of 2020 Total Revenue)
- 80% of MVC contracts expire 2024 or later



Holly Energy Partners (NYSE: HEP)

1) Per HEP 2020 10-K, based on FY2020 total revenue of \$498 million.

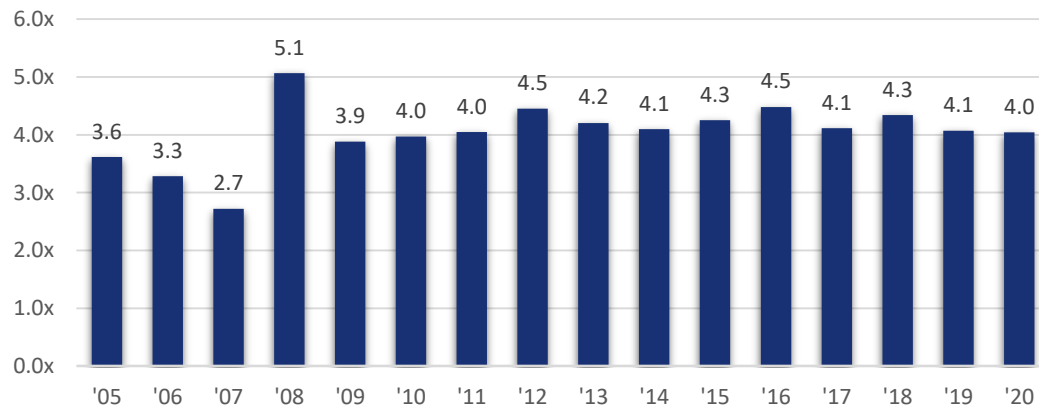
2) As of December 31, 2020.

# Historical Leverage and Coverage Ratios



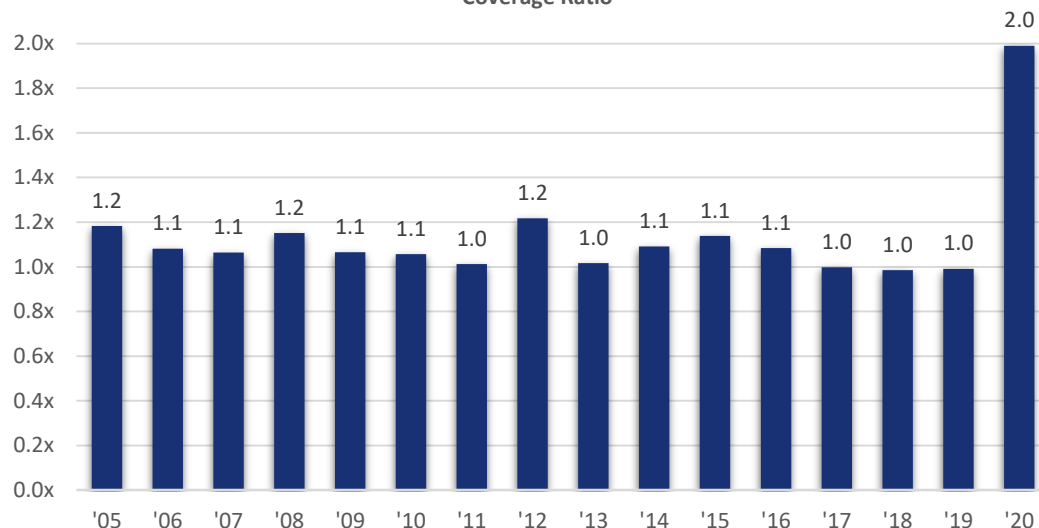
HOLLY ENERGY PARTNERS

Leverage Ratio



- Averaged 4.0x leverage since 2005
- Visible path to leverage target of 3.0-3.5x
- Conservative annual capital need (\$49-61 million in 2021)

Coverage Ratio



- Long-term coverage target of at least 1.3x
- Majority of contracts tied to MVCs provides coverage cushion
- Free cash flow after distributions<sup>1</sup> to fund maintenance and growth capex while deleveraging



# HEP Financial Strength



HOLLY ENERGY PARTNERS

## **HEP Capital Structure** (\$ millions) 12/31/2020

Revolver Capacity (matures 7/2022)	\$1,400
Revolver Borrowings	\$(914)
Revolver Availability	\$487

Cash	\$22
Total Liquidity	\$508

5.00% Senior Notes due 2028	\$500
Revolver Borrowings	\$914
Total HEP Debt	\$1,414

TTM Adjusted EBITDA <sup>1</sup>	\$346
----------------------------------	-------

Debt/TTM Adjusted EBITDA <sup>1</sup>	3.99x
---------------------------------------	-------

## **Credit Ratings**

### **HEP Corporate**

- S&P BB+
- Moody's Ba2
- Fitch BB+

### **HFC Corporate Investment Grade Ratings**

- S&P BBB-
- Moody's Baa3
- Fitch BBB-

\*strong parent credit rating that represents significant revenues for HEP



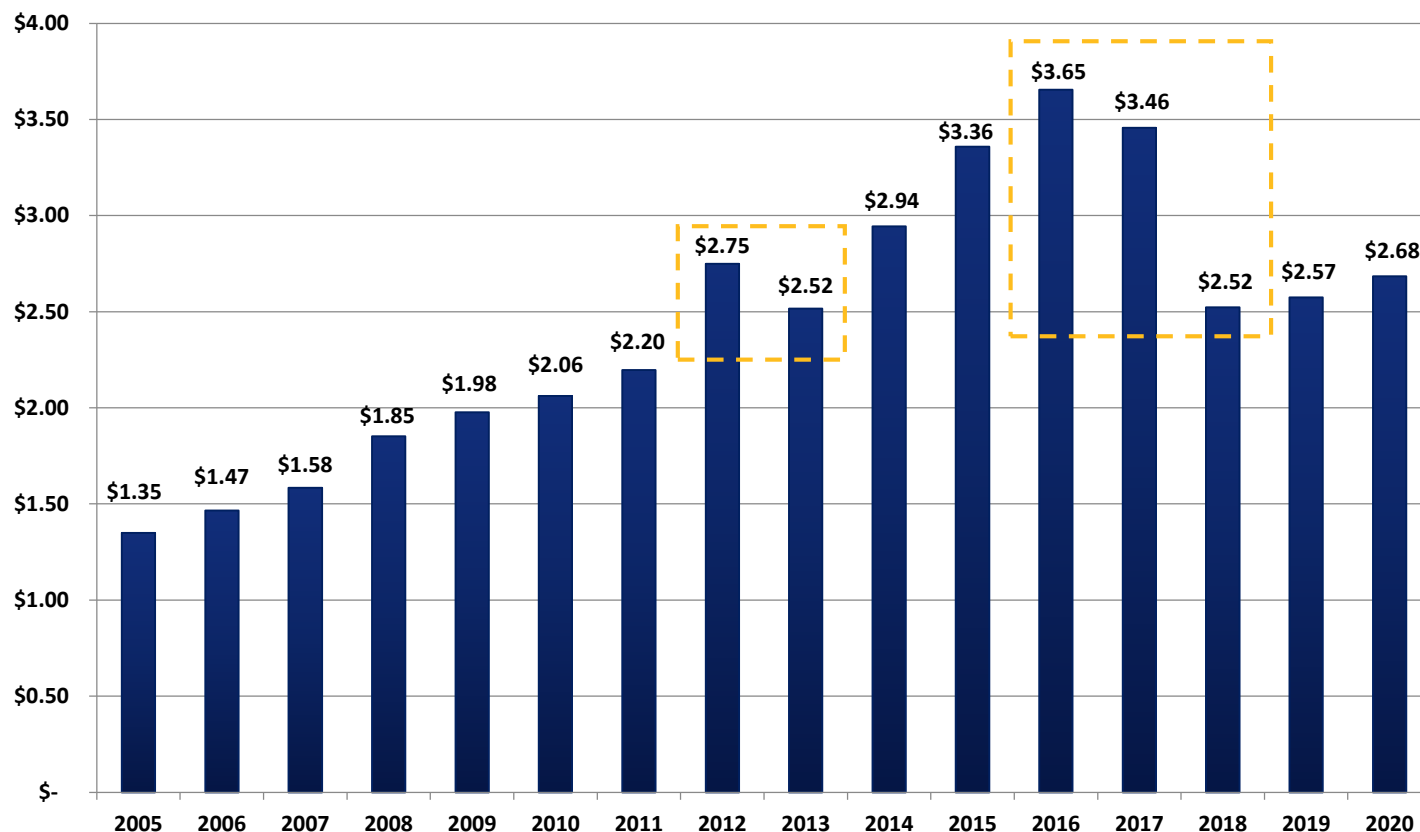
# Distributable Cash Flow / LP Unit Since Inception



HOLLY ENERGY PARTNERS

DCF/LP Unit

## Distributable Cash Flow per LP Unit<sup>1</sup>



LP Units Outstanding  
(in millions)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
30.8	32.2	32.2	32.6	36.6	44.2	45.7	55.7	58.2	58.7	58.7	59.9	70.3	105.0	105.4	

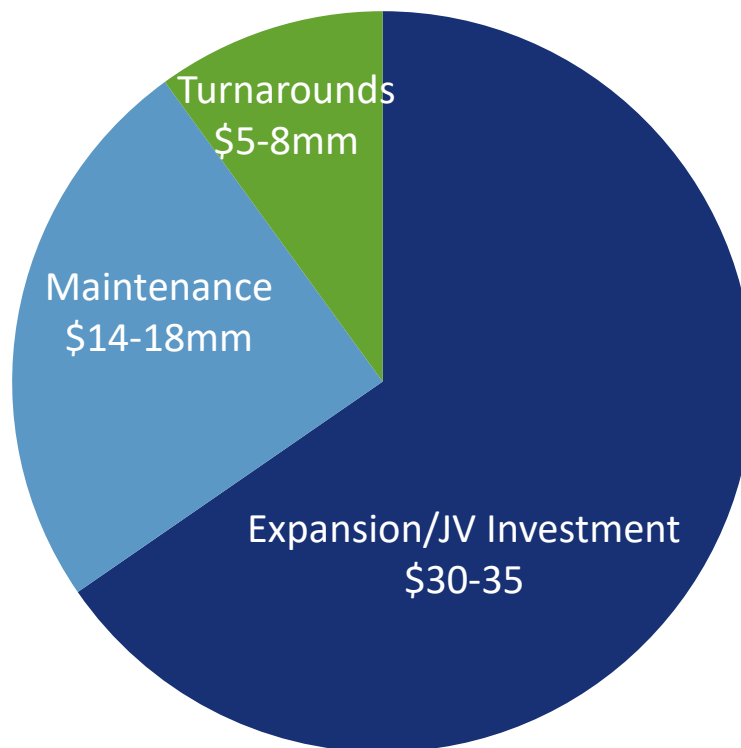
2013: public offering of HEP common units  
2017: IDR simplification  
2018: private offering of HEP common units



Holly Energy Partners (NYSE: HEP)

1) See definitions page in Appendix. LP units outstanding are split adjusted reflecting HEP's January 2013 two-for-one unit split. Amounts based on distributable cash flow earned during the period.

## 2021 Capex Budget \$49-61mm



# HEP Avenues for Growth



HOLLY ENERGY PARTNERS

## ORGANIC

- Leverage HEP's existing footprint to capitalize on commercial opportunities
- Contractual PPI/FERC escalators
- Replace incumbent HFC service providers with HEP

Example: Frontier Pipeline Expansion

## EXTERNAL TRANSACTIONS

- Pursue logistics assets in HEP's current geographic region
- Replace incumbent HFC service providers with HEP
- Leverage HFC refining and commercial footprint
- Participate in expected MLP sector consolidation

Example: Cushing Connect JV

## DROPDOWNS FROM HFC

- Partnering with HFC to build and/or acquire new assets / businesses
- Target high tax basis assets with durable cash flow characteristics that also add to HFC EBITDA

Example: El Dorado Processing Unit



# Cushing Connect Joint Venture



HOLLY ENERGY PARTNERS

## Asset Description

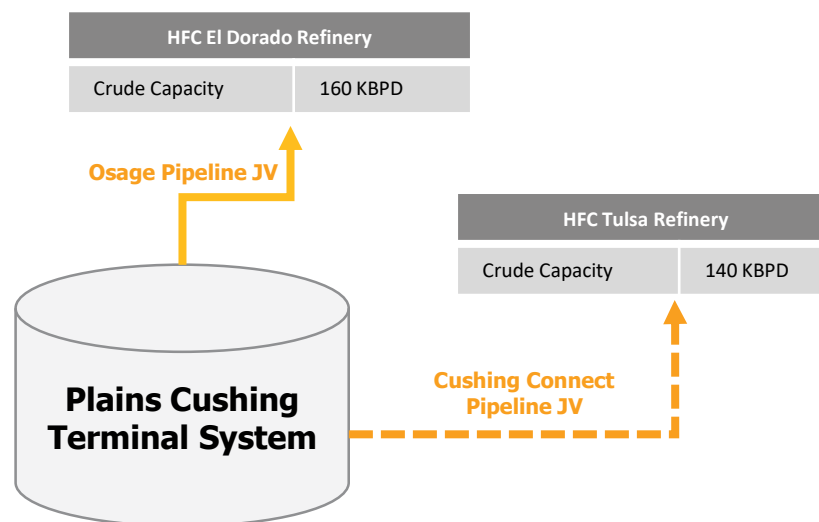
- HEP formed a 50/50 JV with Plains All American Pipeline, L.P. (PAA) consisting of:
  - New build, 50-mile, 160 KBPD common carrier crude pipeline from Cushing to Tulsa
  - 1.5 million barrels of crude storage in Cushing
- Terminal in-service 2Q2020
- Pipeline anticipated in-service 2Q2021

## Deal Highlights

- JV estimated total capital of \$130 million with expected initial EBITDA<sup>1</sup> multiple of 8x-9x.
- HEP to build and operate pipeline, PAA to build terminal connections and operate terminal
- HFC entered into 15 year minimum volume commitment of 100 KBPD with HEP, which will commence upon completion of pipeline

## Strategic Rationale

- Generates HEP growth while providing long term control of a strategic asset
- Insources HFC's logistics spend to HEP
- New pipeline provides capability to supply 100% of HFC's Tulsa Refinery crude throughput

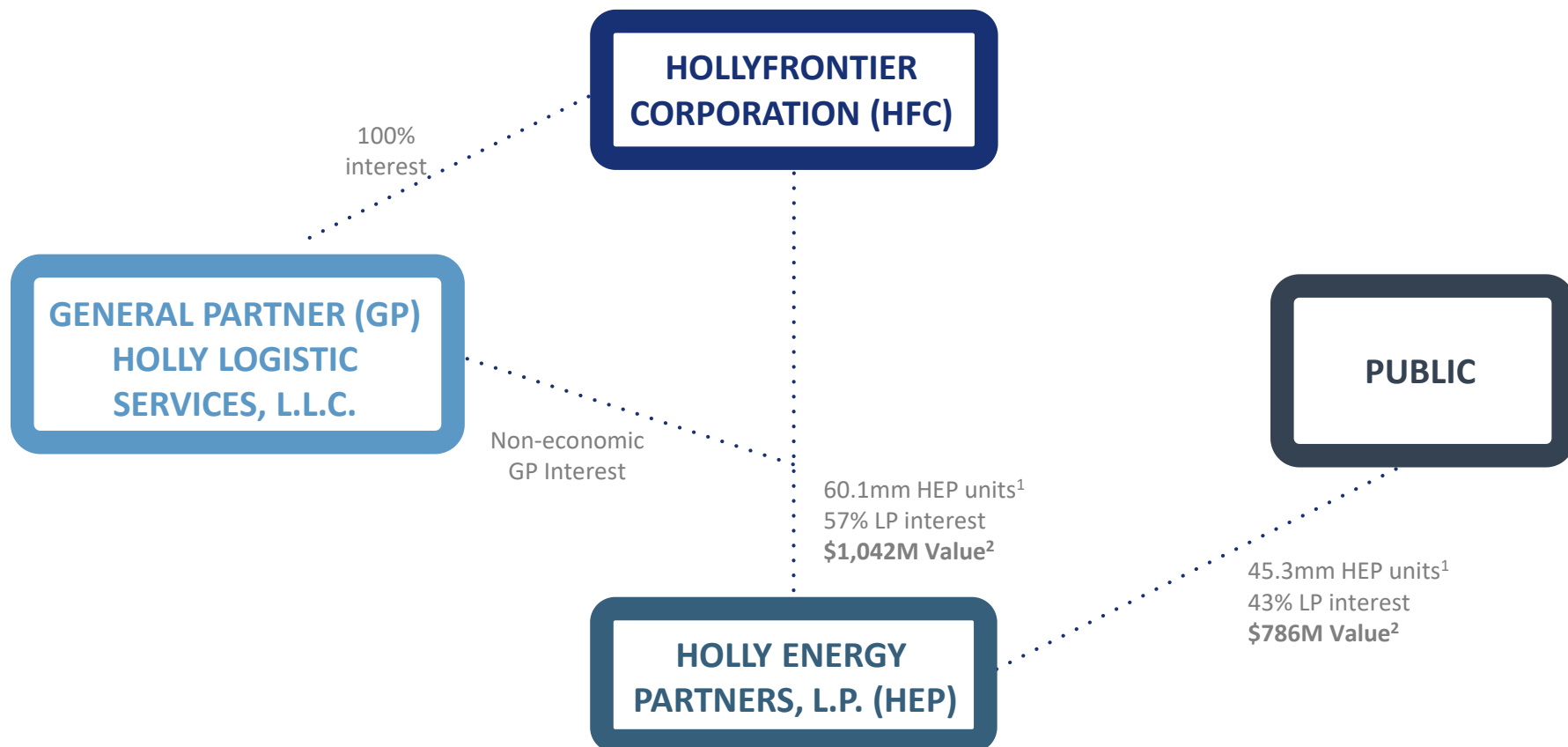


# HEP Ownership Structure



HOLLY ENERGY PARTNERS

Eliminated IDR in 2017 to simplify structure



Holly Energy Partners (NYSE: HEP)

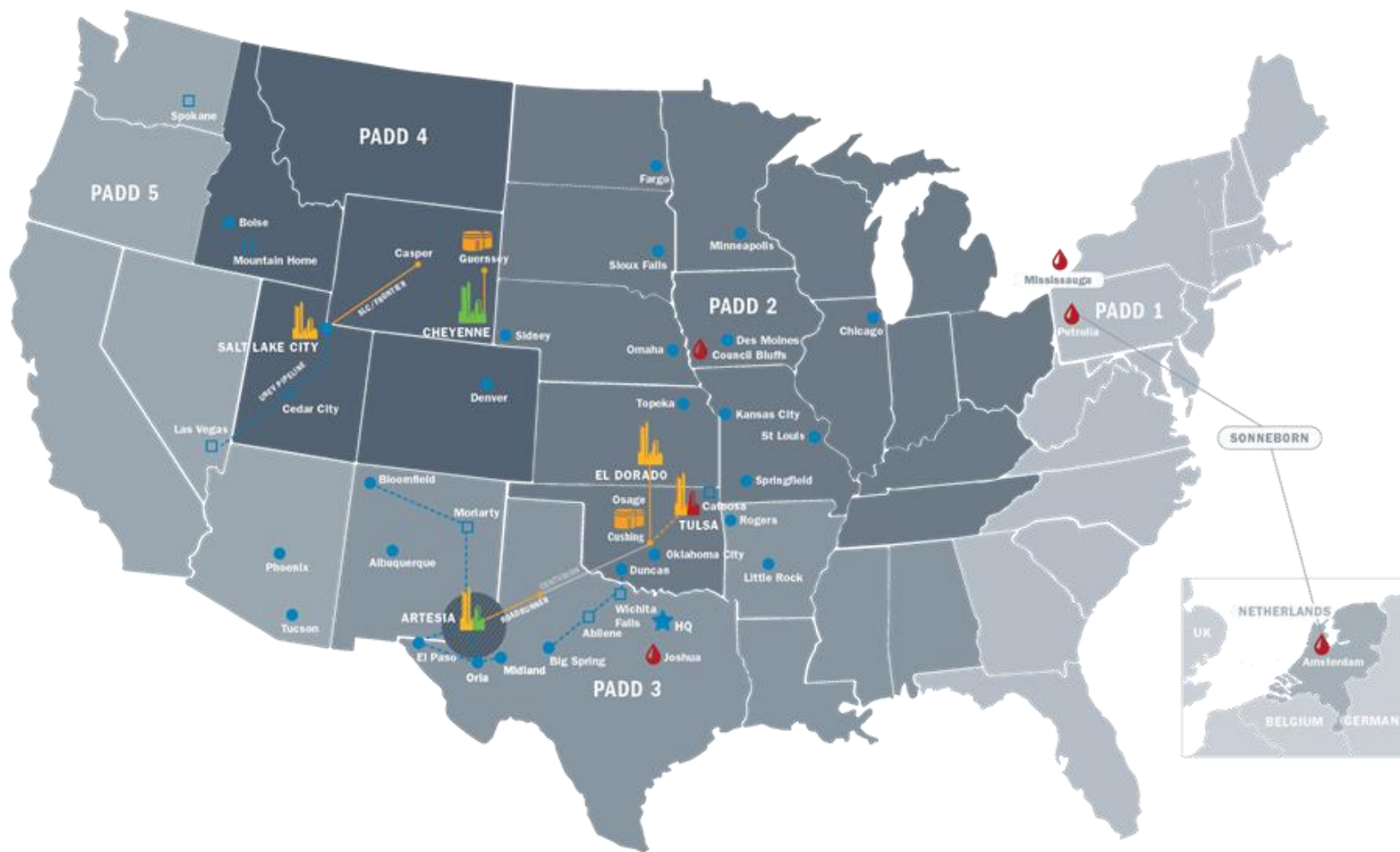
1) Unit Count as of December 31, 2021.

2) Based on HEP unit closing price on February 25, 2021.

# HollyFrontier and Holly Energy Partners Footprint



HOLLY ENERGY PARTNERS



HFC REFINERIES



RENEWABLE DIESEL  
FACILITY  
Expected 1022



HFC REFINERY +  
LUBE PRODUCTION



HFLS  
LUBRICANTS FACILITY



HEP TERMINAL/HFC  
PRODUCT MARKETS



HFC PRODUCT  
MARKETS



HEP PRODUCT  
PIPELINES



HEP CRUDE  
PIPELINES

CUSHING CONNECT PIPELINE  
Expected 2021



CRUDE HUB



CRUDE GATHERING



Holly Energy Partners (NYSE: HEP)

# HollyFrontier Business Segment Highlights



HOLLY ENERGY PARTNERS

## Financially Strong Investment Grade Parent Positioned for Value Creation Across all Segments



### REFINING

- Inland merchant refiner
- 4 refineries in the Mid-Continent, and West regions
- Flexible refining system with fleet wide discount to WTI
- Premium niche product markets versus Gulf Coast
- Organic initiatives to drive growth and enhance returns
- Disciplined capital structure & allocation



### MIDSTREAM

- Operate crude and product pipelines, loading racks, terminals and tanks in and around HFC's refining assets
- HFC owns 57% of the LP Interest in HEP and the non-economic GP interest
- Eliminated IDRs in 2017 to simplify structure
- Over 75% of revenues tied to long term contracts and minimum volume commitments



### SPECIALTY LUBRICANTS

- Integrated specialty lubricants producer with 34,000 barrels per day of production capacity
- Sells finished lubricants & products in >80 countries under Petro-Canada Lubricants, Sonneborn, Red Giant Oil & HollyFrontier product lines
- Production facilities in Mississauga, Ontario; Tulsa, Oklahoma; Petrolia, Pennsylvania; & the Netherlands
- One of the largest North American white oil & group III base oil producers



### RENEWABLES

- Construction of 9,000 BPD Renewable Diesel Unit at Artesia, NM Refinery expected to be completed in Q1 2022
- Construction of 6,000 BPD Renewable Diesel Unit at Cheyenne, WY Refinery expected to be completed in Q1 2022
- Construction of Pre-Treatment Unit providing feedstock flexibility expected to be completed in the first half of 2022

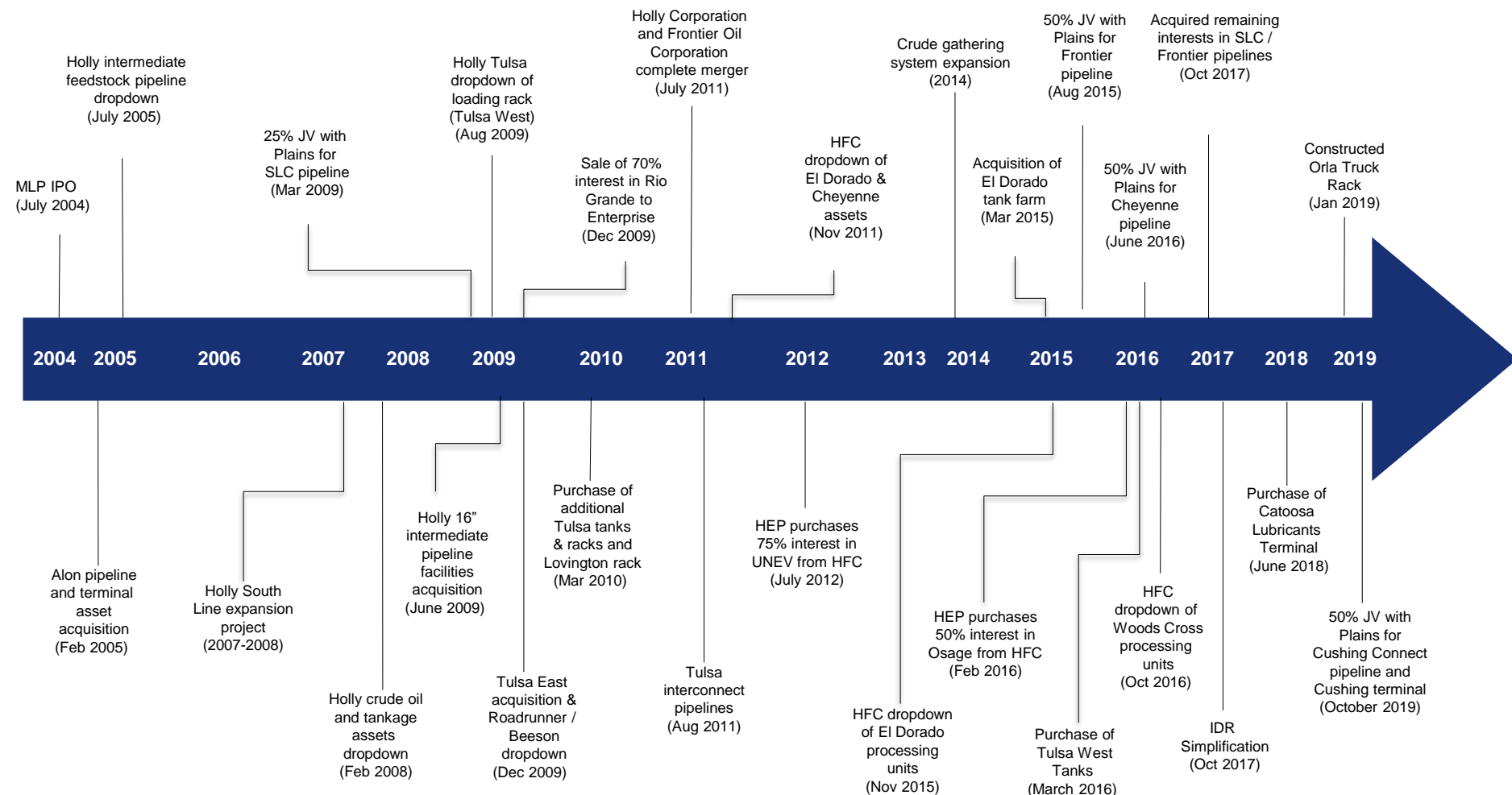


# HEP Historical Growth



HOLLY ENERGY PARTNERS

## Committed to Continuing Successful Track Record of Growth



Holly Energy Partners (NYSE: HEP)

# HFC Environmental, Social, and Governance (ESG)



HOLLY ENERGY PARTNERS



## Environmental

### Reduction in GHG emissions

- Significant investment in 2 Renewable Diesel Projects: Artesia, New Mexico and Cheyenne, Wyoming. Renewable diesel produces cleaner burning fuel with 50% lower GHG emissions than conventional diesel

### 34% reduction in NO<sub>x</sub>, SO<sub>2</sub>, CO, PM<sub>2.5</sub> and VOC emissions since 2011

- Investments in reverse osmosis water conservation at Navajo refinery
- Wetland cultivation and conservation at El Dorado refinery converting waste to energy at Tulsa refinery
- Solar-Powered LNAPL Recovery System at Tulsa refinery
- PCLI became first white oils, specialty base oils and lubricants refiner and manufacturer in the world to achieve newest International Organization of Standardization (ISO) 14001:2015 environmental certification



## Social

### Annual Corporate Citizenship Report highlighting ESG efforts<sup>1</sup>

- 34% reduction in Tier 1 & 2 process safety incidents since 2017
- 26% reduction in Refining (employee and contractor) OSHA injury rate vs 2018

### “One HFC Culture” program instilled at every level with focus and commitment to safety, integrity, teamwork, and ownership

- Active volunteering and philanthropic involvement in communities where we operate
- Commitment to creating a diverse workforce and implemented strategically focused efforts on increasing number of minority employees by introducing diversity awareness programming



## Governance

### Board leadership provides significant industry expertise, alongside diverse business, financial and EHS expertise

- Environmental, Health, Safety, and Public Policy Committee at HFC Board level
- 9 of 10 HFC directors independent, including chair
- 2 female HFC board members
- Long standing commitment to ethical behavior is inherently tied to how we do business
- Code of Business Conduct and Ethics among governing principles

### Executive compensation strongly aligned with shareholders and long-term performance

- ROCE, TSR, Operational Efficiency, and Safety drive performance pay





# Appendix



# 2020 Highlights



HOLLY ENERGY PARTNERS

Demonstrated strength and resiliency of fee-based business model and strong customer base despite challenging macro conditions in 2020

Improved DCF and Leverage ratios

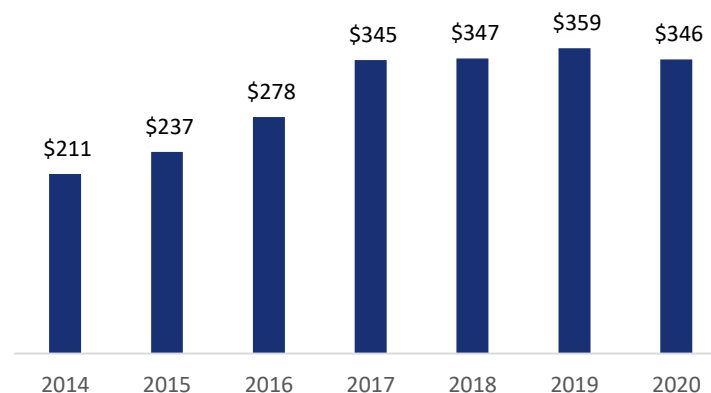
- DCF from 1.0x to 2.0x YoY
- Leverage from 4.1x to 4.0x YoY

Opportunistically refinanced \$500 million of 6% Senior Notes due 2024 with new issuance of 5% Senior Notes due 2028

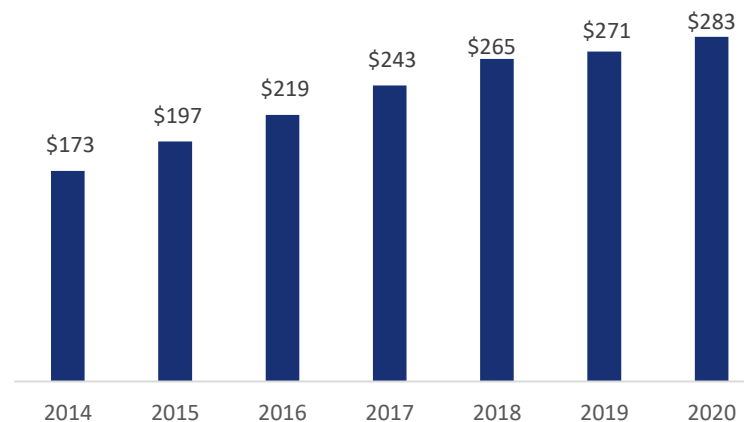
Organic Growth Projects:

- Completed Cushing Connect Terminal Project
- Advanced Cushing Connect Pipeline
- Announced expansion of Frontier Aspen Pipeline
- Announced construction of Navajo Tanks project at HFC's Navajo Refinery

Adjusted EBITDA (\$mm)<sup>1</sup>



Distributable Cash Flow (\$mm)<sup>1</sup>



**Holly Energy Partners owns and operates substantially all of the refined product pipeline and terminaling assets that support HollyFrontier's refining and marketing operations in the Mid-Continent, Southwest and Rocky Mountain regions of the United States**



- Approximately 3,400 miles of crude oil and petroleum product pipelines
- Approximately 15 million barrels of refined product and crude oil storage with 9 terminals and 7 loading rack facilities in 9 western and mid-continent states
- Refinery processing units in Woods Cross, Utah and El Dorado, Kansas
- 75% joint venture interest in UNEV Pipeline, LLC – the owner of a 400-mile refined products pipeline system connecting Salt Lake area refiners to the Las Vegas product market
- 50% joint venture interest in Cheyenne Pipeline LLC – the owner of an 87-mile crude oil pipeline from Fort Laramie, Wyoming to Cheyenne, Wyoming.
- 50% joint venture interest in Osage Pipe Line Company, LLC – the owner of a 135-mile crude oil pipeline from Cushing, Oklahoma to El Dorado, Kansas
- 50% joint venture interest in Cushing Connect Pipeline & Terminal LLC – the owner of a 160,000 barrel per day crude oil pipeline from Cushing, Oklahoma to Tulsa, Oklahoma and 1.5 million barrels of crude oil storage in Cushing, Oklahoma

# Contract Renewal Schedule



HOLLY ENERGY PARTNERS

2021 MVC (revenue in millions)					
Renewal Year	HFC MVC	3rd Party MVC	Total MVC	Tariff	MVC as % of 2020 Total Revenue <sup>1</sup>
2021	4	0	4	FERC	1%
2022	22	12	34	PPI (5%), FERC (93%)	7%
2023	37	0	37	PPI (88%), FERC (10%)	7%
2024	90	0	90	PPI (89%), FERC (11%)	18%
2025	6	13	19	PPI	4%
2026	48	0	48	PPI	10%
2028	1	0	1	PPI	0%
2029	52	0	52	PPI	10%
2030	17	0	17	PPI	3%
2031	63	0	63	PPI	13%
2036	1	0	1	PPI	0%
	<b>\$340</b>	<b>\$25</b>	<b>\$365</b>		<b>73%</b>



**CAGR:** The compound annual growth rate is calculated by dividing the ending value by the beginning value, raise the result to the power of one divided by the period length, and subtract one from the subsequent result. CAGR is the mean annual growth rate of an investment over a specified period of time longer than one year.

**DISTRIBUTABLE CASH FLOW:** Distributable cash flow (DCF) is not a calculation based upon U.S. generally accepted accounting principles ("GAAP"). However, the amounts included in the calculation are derived from amounts separately presented in our consolidated financial statements, with the exception of excess cash flows over earnings of SLC Pipeline, maintenance capital expenditures and distributable cash flow from discontinued operations. Distributable cash flow should not be considered in isolation or as an alternative to net income or operating income as an indication of our operating performance or as an alternative to operating cash flow as a measure of liquidity. Distributable cash flow is not necessarily comparable to similarly titled measures of other companies. Distributable cash flow is presented here because it is a widely accepted financial indicator used by investors to compare partnership performance. We believe that this measure provides investors an enhanced perspective of the operating performance of our assets and the cash our business is generating. Our historical distributable cash flow for the past five years is reconciled to net income in footnote 3 to the table in "Item 6. Selected Financial Data" of HEP's 2020 10-K. Historical distributable cash flow for prior years and fiscal quarters is reconciled to net income in a footnote to the table in "Item 6. Selected Financial Data" in HEP's 10-Ks and in a footnote to the "Income, Distributable Cash Flow and Volumes" table in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations in HEP's 10-Qs, available on our website, [www.hollyenergy.com](http://www.hollyenergy.com).

**EBITDA:** Earnings before interest, taxes, depreciation and amortization which is calculated as net income plus (i) interest expense net of interest income and (ii) depreciation and amortization. EBITDA is not a calculation based upon GAAP. However, the amounts included in the EBITDA calculation are derived from amounts included in our consolidated financial statements. EBITDA should not be considered as an alternative to net income or operating income, as an indication of our operating performance or as an alternative to operating cash flow as a measure of liquidity. EBITDA is not necessarily comparable to similarly titled measures of other companies. EBITDA is presented here because it is a widely used financial indicator used by investors and analysts to measure performance. EBITDA is also used by our management for internal analysis and as a basis for compliance with financial covenants. Our historical EBITDA for the past five years is reconciled to net income in footnote 2 to the table in "Item 6. Selected Financial Data" of HEP's 2020 10-K. Historical EBITDA for prior years and fiscal quarters is reconciled to net income in a footnote to the table in "Item 6. Selected Financial Data" in HEP's 10-Ks and in a footnote to the "Income, Distributable Cash Flow and Volumes" table in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations in HEP's 10-Qs, available on our website, [www.hollyenergy.com](http://www.hollyenergy.com).

**ADJUSTED EBITDA:** EBITDA plus adjustments for extraordinary items, other unusual or non-recurring items, each as determined in accordance with GAAP and identified in the financial statements, such as loss on early extinguishment of debt, goodwill or long-lived asset impairments, gain on sales-type leases, pipeline tariffs not included in revenues due to impacts from lease accounting for certain pipeline tariffs or pipeline lease payments not included in operating costs and expenses. Adjusted EBITDA is not a calculation based upon GAAP. However, the amounts included in the Adjusted EBITDA calculation are derived from amounts included in our consolidated financial statements. Adjusted EBITDA should not be considered as an alternative to net income or operating income, as an indication of our operating performance or as an alternative to operating cash flow as a measure of liquidity. Adjusted EBITDA is not necessarily comparable to similarly titled measures of other companies. Adjusted EBITDA is presented here because it is a widely used financial indicator used by investors and analysts to measure performance. Adjusted EBITDA is reconciled to net income in a footnote to the table in "Item 6. Selected Financial Data" in HEP's 10-Ks, in a footnote to the "Income, Distributable Cash Flow and Volumes" table in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" in HEP's 10-Qs or in a footnote to the "Income, Distributable Cash Flow and Volumes" table in HEP's quarterly earnings releases, available on our website, [www.hollyenergy.com](http://www.hollyenergy.com).

**FREE CASH FLOW AFTER DISTRIBUTIONS:** Free cash flow after distributions is calculated by taking operating cash flow and subtracting capital expenditures and distributions to HEP unitholders. Free cash flow after distributions is not based upon GAAP. Free cash flow after distributions should not be considered in isolation or as an alternative to net income or operating income as an indication of our operating performance or as an alternative to operating cash flow as a measure of liquidity. Free cash flow after distributions is not necessarily comparable to similarly titled measures of other companies. Free cash flow after distributions is presented here because it is a widely accepted financial indicator used by investors to compare partnership performance. We believe that this measure provides investors an enhanced perspective of the operating performance of our assets and the cash our business is generating.

**KBPD:** Thousand barrels per day.

**NON GAAP MEASUREMENTS:** We report certain financial measures that are not prescribed or authorized by GAAP. We discuss management's reasons for reporting these non-GAAP measures below. Although management evaluates and presents these non-GAAP measures for the reasons described below, please be aware that these non-GAAP measures are not alternatives to revenue, operating income, income from continuing operations, net income, or any other comparable operating measure prescribed by GAAP. In addition, these non-GAAP financial measures may be calculated and/or presented differently than measures with the same or similar names that are reported by other companies, and as a result, the non-GAAP measures we report may not be comparable to those reported by others.

**TTM:** Trailing Twelve Months.

