



Investor Presentation

March 2020

Disclaimers

This presentation contains forward-looking statements made by Valero Energy Corporation (“VLO” or “Valero”) within the meaning of federal securities laws. These statements discuss future expectations, contain projections of results of operations or of financial condition or state other forward-looking information. You can identify forward-looking statements by words such as “believe,” “estimate,” “expect,” “forecast,” “could,” “may,” “will,” “targeting,” “illustrative” or other similar expressions that convey the uncertainty of future events or outcomes. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the control of Valero and are difficult to predict. These statements are often based upon various assumptions, many of which are based, in turn, upon further assumptions, including examination of historical operating trends made by the management of Valero. Although Valero believes that the assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies, which are difficult or impossible to predict and are beyond its control, Valero can not give assurance that it will achieve or accomplish its expectations, beliefs or intentions. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements contained in Valero’s filings with the Securities and Exchange Commission, including Valero’s annual reports on Form 10-K, quarterly reports on Form 10-Q, and other reports available on Valero’s website at www.valero.com. These risks could cause the actual results of Valero to differ materially from those contained in any forward-looking statement.

This presentation includes non-GAAP financial measures. Our reconciliations of GAAP financial measures to non-GAAP financial measures are located at the end of this presentation. These non-GAAP financial measures should not be considered as an alternative to GAAP financial measures.

Who We Are (NYSE: VLO)



Refining

- Premier assets and low cost operations
- 15 refineries, 3.2 million barrels per day (BPD) of high-complexity capacity
- Logistics assets, including approximately 3,100 miles of active pipelines, 130 million barrels of storage and over 50 docks
- Fuels marketing and distribution through bulk and wholesale channels



Renewable Diesel

- Advantaged feedstock and operating costs
- World's 2nd largest renewable diesel producer
 - Operator and 50% owner of Diamond Green Diesel JV
 - 275 million gallons per year production capacity
- Expanding to 675 million gallons annual production capacity
- Renewable diesel placed into premium low carbon markets

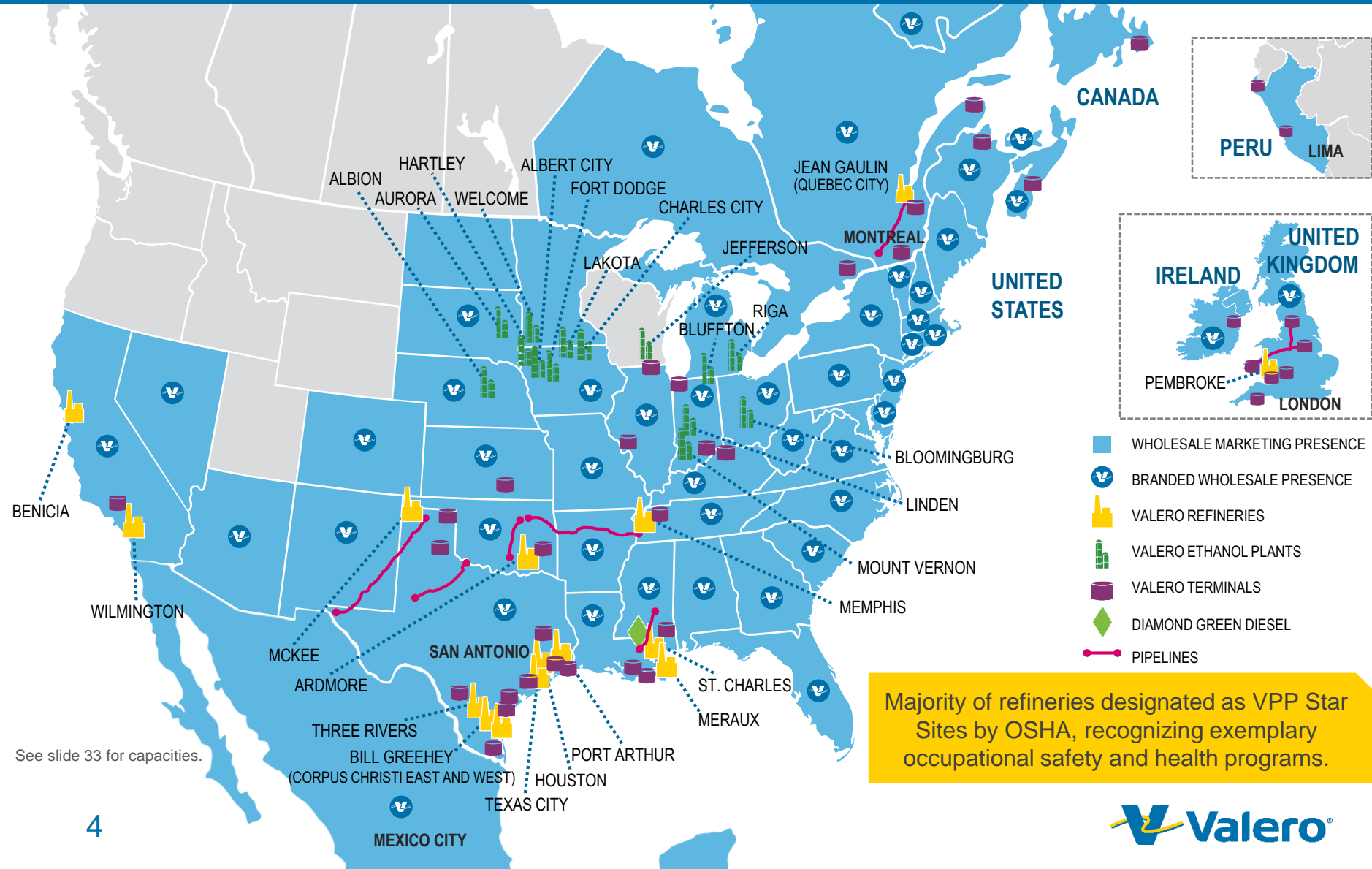


Ethanol

- Premier plants and low cost operations
- 14 plants with 1.73 billion gallons per year ethanol production capacity
- Plants convert corn into ethanol and distillers grains
- Existing logistics assets well-positioned to support export growth

The largest global independent refiner and the largest renewable fuels producer in North America.

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



Demonstrated Strategy for Value Creation

Demonstrated commitment to stockholders:

- Disciplined capital allocation with solid free cash flow and returns to stockholders
- Delivered on our target payout ratio of 40% to 50% every year under current management

Visibility to earnings growth:

- Steady pipeline of high return projects focused on operating cost control, market expansion and margin improvement
- 25% after-tax IRR hurdle rate for projects

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 costs among peer group

Texas City Refinery.

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⁽¹⁾

2

Non-Discretionary

Sustaining Capex

- 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⁽²⁾

3

Discretionary

Growth Capex

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

Acquisitions

- Evaluate versus alternative uses of cash

Cash Returns

- Targeting an annual payout ratio⁽³⁾ between 40% and 50% of adjusted net cash provided by operating activities
- Stock buyback program consists of ratable and opportunistic purchases

⁽¹⁾ Targeted debt-to-cap ratio based on total debt reduced by \$2 billion of cash.

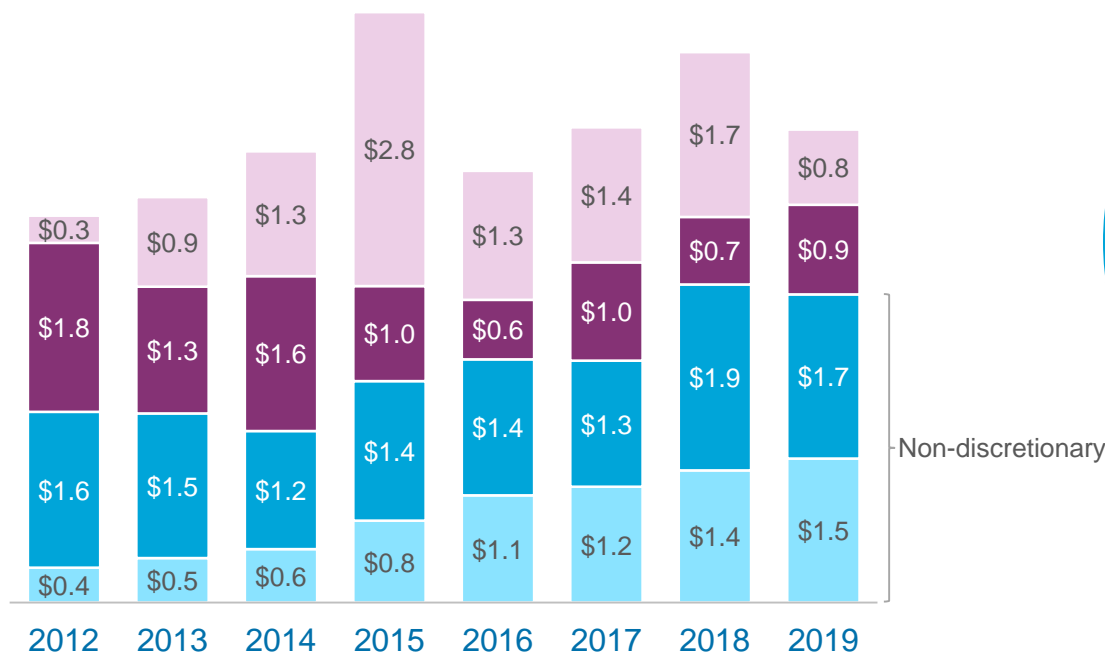
⁽²⁾ Peer group includes PSX, MPC, HFC, and PBF.

⁽³⁾ 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.

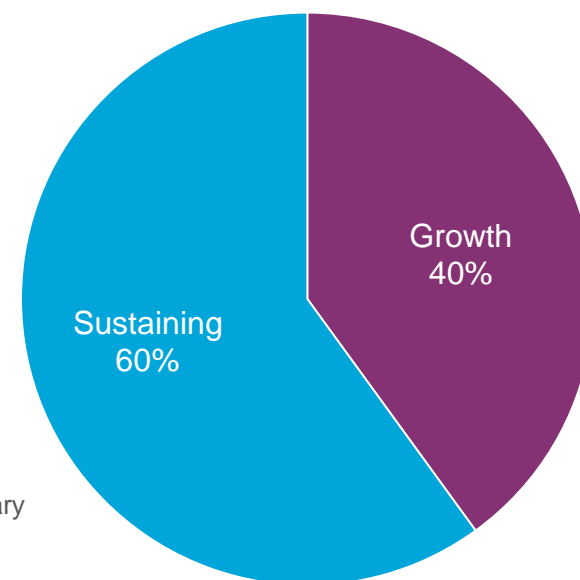
Demonstrated Discipline in Capital Allocation

Capital Allocation
(\$ billion)

Dividend Sustaining Growth Buybacks



Estimated Total Capex
\$2.5 Billion for 2020

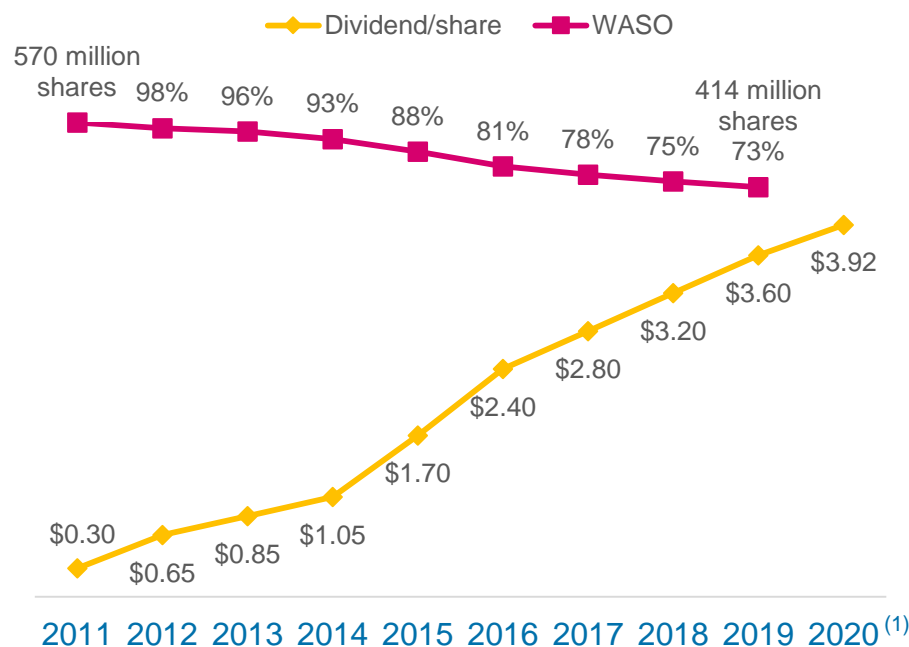


Steady investments in maintaining asset base and enhancing margin capability of portfolio.

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.

Delivering on our Commitment of Cash Returns to Stockholders

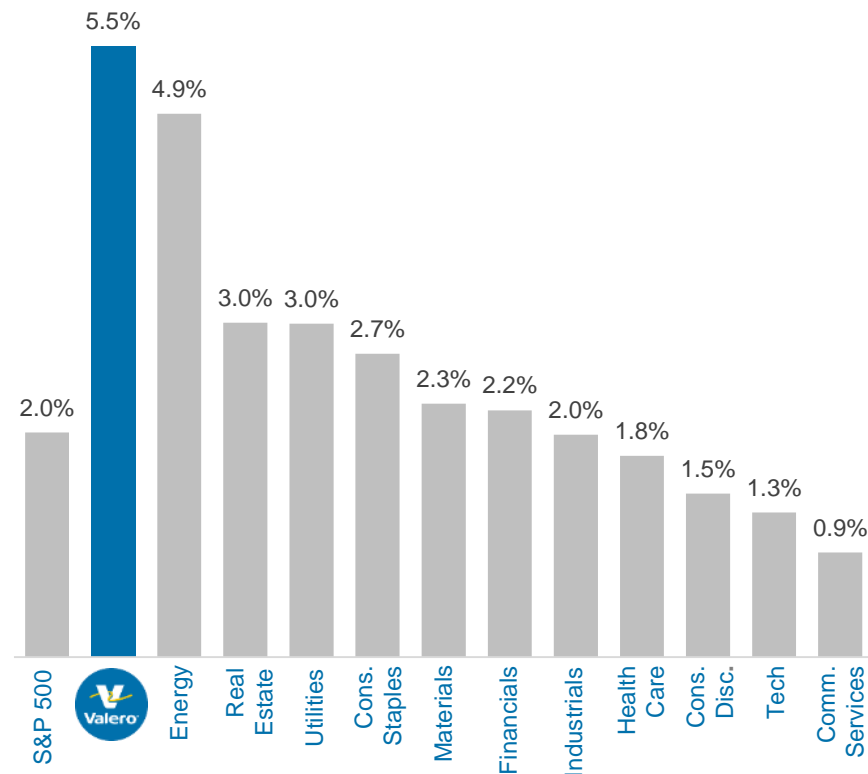
Annual Dividend Per Share and Weighted Average Shares Outstanding as a Percentage Relative to 2011



2011 2012 2013 2014 2015 2016 2017 2018 2019 2020⁽¹⁾

⁽¹⁾ Dividend per share annualized based on most recent quarterly dividend.

Annual Dividend Yield⁽²⁾

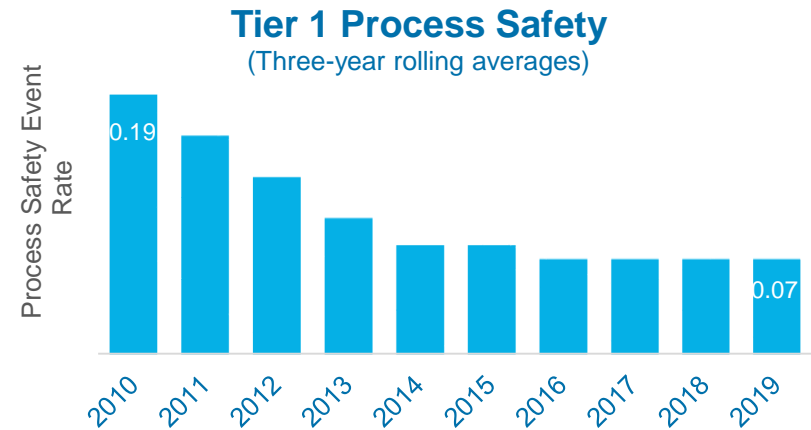


Source: Bloomberg as of February 26, 2020.

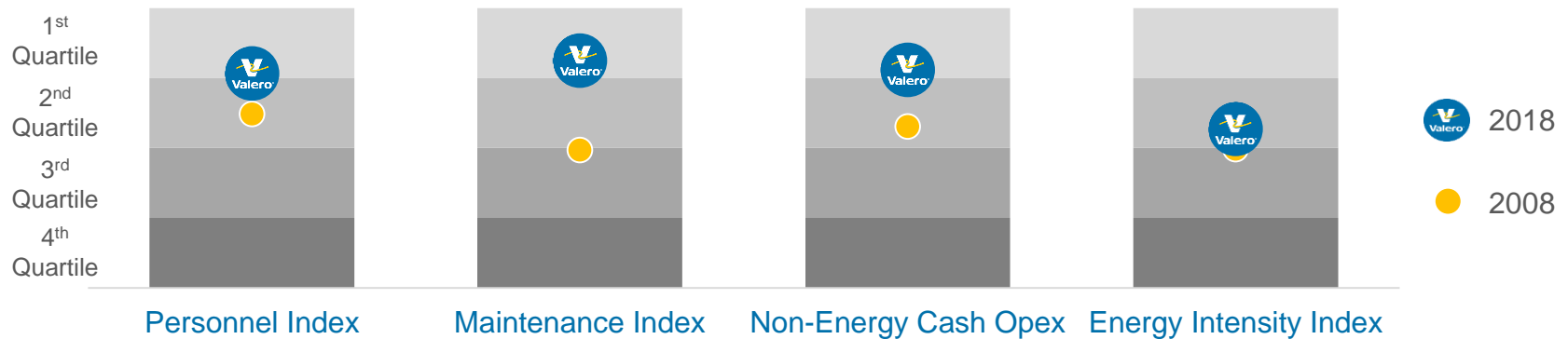
⁽²⁾ Dividend yield for sectors reflects the Index Yield of the respective SPDR exchange-traded fund (ETF).

Targeting continued buybacks and sustainable annual dividend growth.

Safety and Reliability are Imperative for Profitability



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

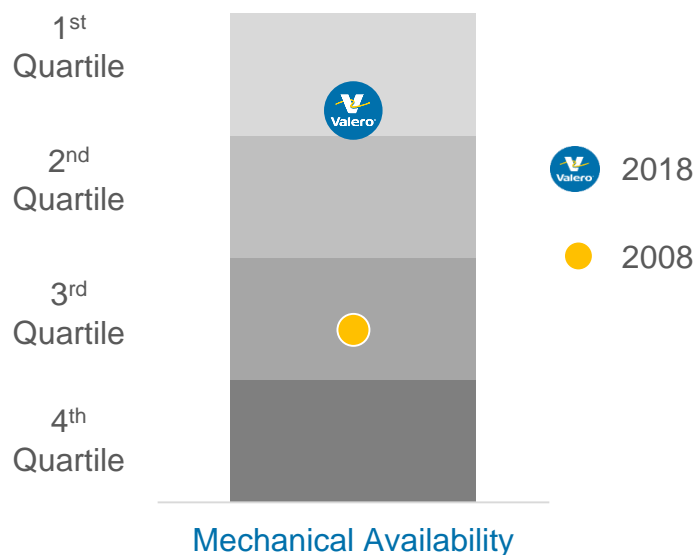


Investments in reliability have contributed to operations excellence. In 2019, we delivered our best year ever on employee safety performance and the lowest number of environmental events in company history.

See slide 22 for notes regarding this slide.

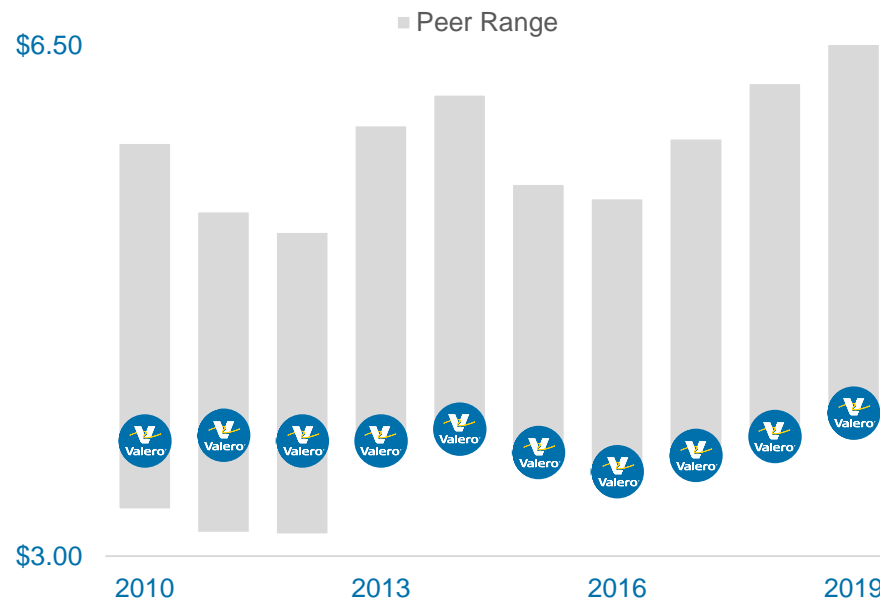
Increased Refinery Availability Has Driven Valero to be the Lowest Cost Producer

Improvement in Mechanical Availability Versus Industry Benchmarks



See slide 22 for notes regarding this slide.

Refining Cash Operating Expenses Per Barrel of Throughput (Excludes Turnaround and D&A Expenses)

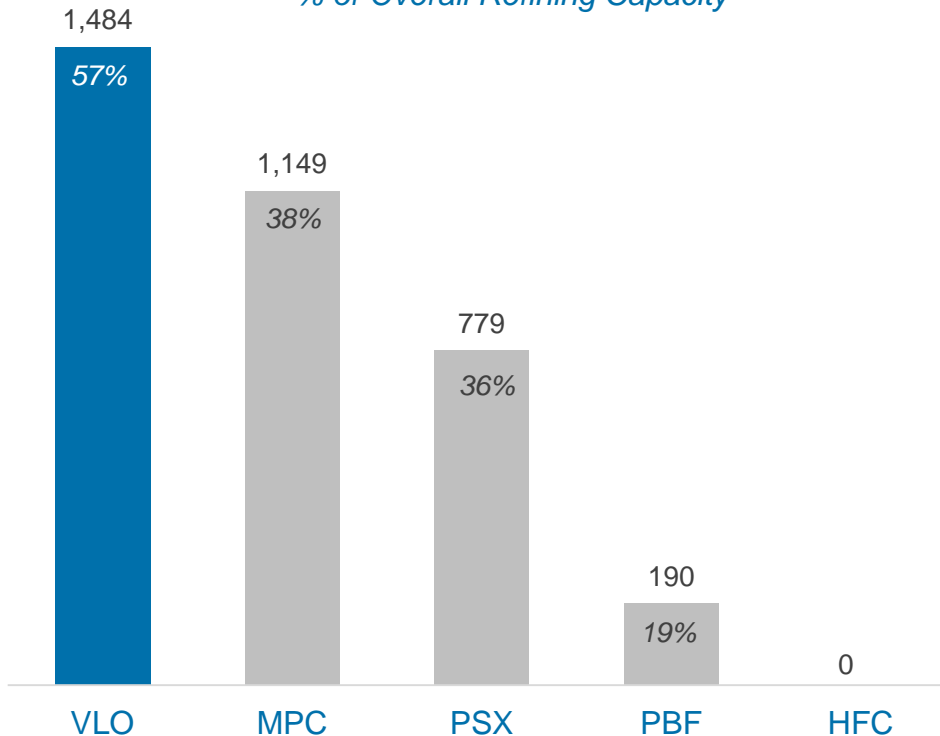


Peer group includes PSX, MPC, HFC, and PBF.

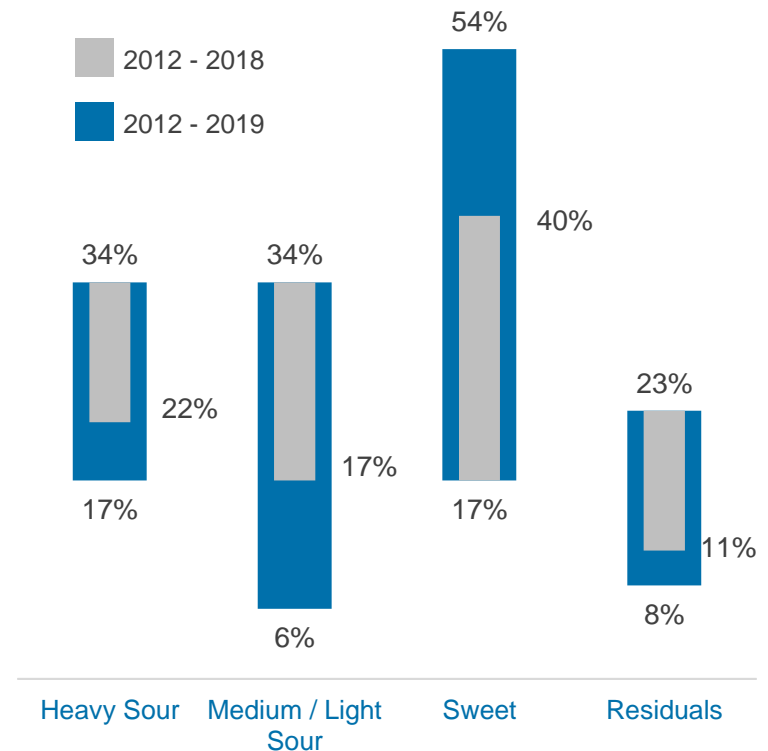
Advantaged Crude Supply in the U.S. Gulf Coast

Gulf Coast Refining Capacity⁽¹⁾

Thousand Barrels per Day (MBPD)
% of Overall Refining Capacity



Valero Gulf Coast Feedstock Ranges⁽²⁾

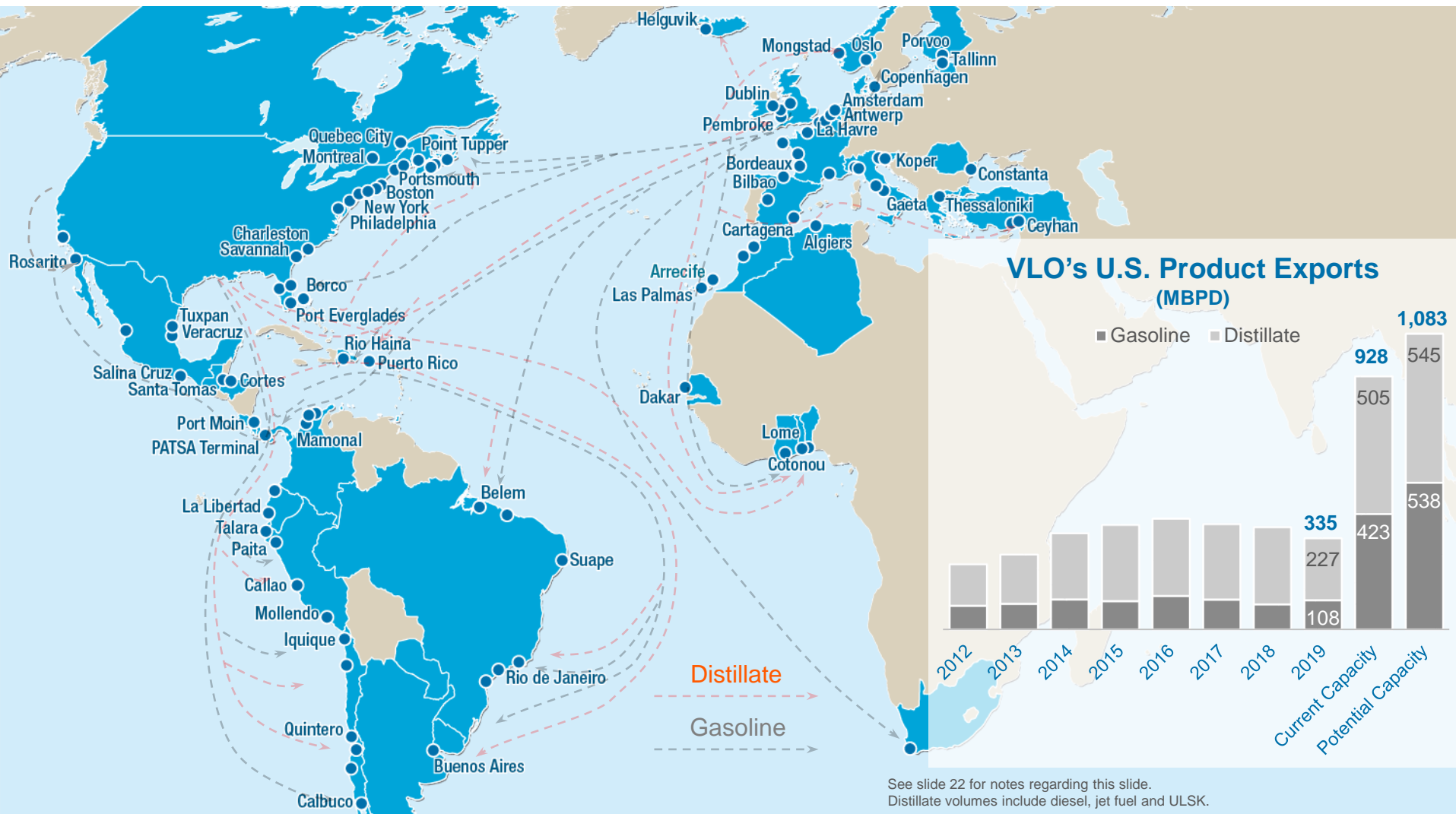


Valero's refineries have operational flexibility to process a wide range of feedstocks and access to a deep pool of skilled labor in the U.S. Gulf Coast.

⁽¹⁾ CDU capacity from EIA data and company presentations. See slide 33 for capacity and Nelson complexity by refinery.

⁽²⁾ Ranges represent average quarterly minimums and maximums of each feedstock category as a % of total feedstock. Ranges for monthly averages are wider.

Our Portfolio Facilitates Global Optimization of Product Exports



See slide 22 for notes regarding this slide.
Distillate volumes include diesel, jet fuel and ULSK.

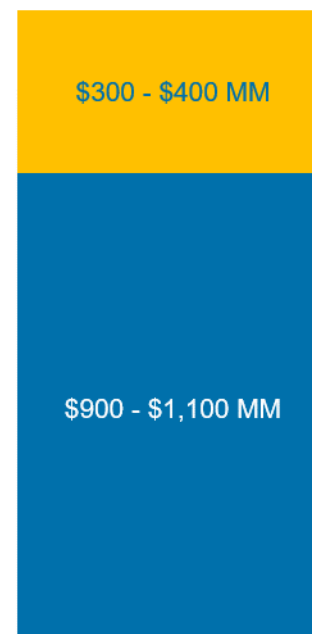
Visibility to Growth with a Steady Pipeline of High Return Projects

- Expect to spend approximately \$1 billion annually on growth investments
- Approximately \$350 MM of incremental EBITDA in 2019 from completed projects
 - Diamond Green Diesel expansion, Houston alkylation unit, Sunrise Pipeline and other optimization projects
- Projects in execution phase (by expected completion date)
 - Pasadena terminal (1Q20), \$410 MM cost⁽¹⁾
 - St. Charles alkylation unit (4Q20), \$400 MM cost
 - Pembroke cogeneration unit (4Q20), \$170 MM cost
 - Diamond pipeline expansion (2021), \$100 MM cost⁽¹⁾
 - Diamond Green Diesel train II (2021), \$550 MM cost⁽¹⁾
 - Port Arthur coker (2022), \$975 MM cost
- Other projects in development phases
 - Growing the renewable fuels business
 - Expanding product supply chain into Mexico and Latin America
 - Increasing light products yield and octane enhancement in U.S. Gulf Coast
 - Logistics for feedstock and product flexibility

⁽¹⁾ Represents Valero's share of total project cost.

Illustrative Annual EBITDA Contribution from Projects (\$1.2 - \$1.5 billion)

■ Projects in Execution ■ Projects in Development



See slide 22 for notes regarding this slide.
EBITDA estimates are illustrative. Excludes potential M&A.

Investing to Improve Margins and Light Product Yields

Port Arthur Delayed Coker Unit.



Port Arthur Coker

- \$975 MM anticipated cost for 55 MBPD delayed coker and sulfur recovery unit, with expected startup in 2022
- 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)

Feeds

Crude	102
Resid	21
VGO	(47)

Products

Naphtha	3
Gasoline	15
Diesel	43
LPG	4

Investing to Increase Premium Renewable Fuels Production



Diamond Green Diesel Train 1.

Diamond Green Diesel Expansion

- Independent parallel renewable diesel plant and renewable naphtha finishing facility adjacent to existing St. Charles plant is expected to be completed in 2021
 - Expect increase in annual renewable diesel production capacity by 400 million gallons per year and enables recovery of renewable naphtha
 - Combined total production capacity is expected to be 675 million gallons per year after successful completion
- Valero's \$550 million portion of DGD II is expected to be funded from cash generated by DGD's operations
- Valero's 50% share of estimated annual EBITDA contribution is approximately \$250 MM at \$1.26/gallon historical average EBITDA⁽¹⁾
 - Margins expected to be supported by increasing renewable fuel mandates and carbon pricing
- DGD is also in an advanced engineering review phase for a potential new 400 million gallons per year renewable diesel plant in Port Arthur, Texas

⁽¹⁾ Historical average EBITDA includes the Blenders Tax Credit. Projected pro forma EBITDA estimate of \$1.26/gallon excludes the Blenders Tax Credit.

Ethanol

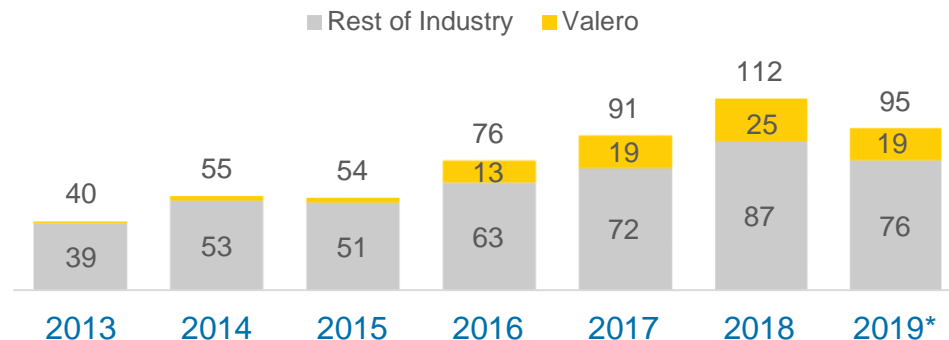
Ethanol plant in Aurora, South Dakota.



Operations

- 14 plants with 1.73 billion gallons annual production capacity
 - Dry mill production process, where corn is ground into flour and mixed with water before fermentation
 - Plants purchased for approximately 37% of replacement cost
 - Efficient plants with scale, located in corn belt
 - Operational best practices transferred from refining
- Plant capacity at 130% of original design
- Cost advantaged versus the industry

U.S. Fuel Ethanol Exports (MBPD)



Source: U.S. Energy Information Agency (EIA).

*2019 through November 30.

Outlook

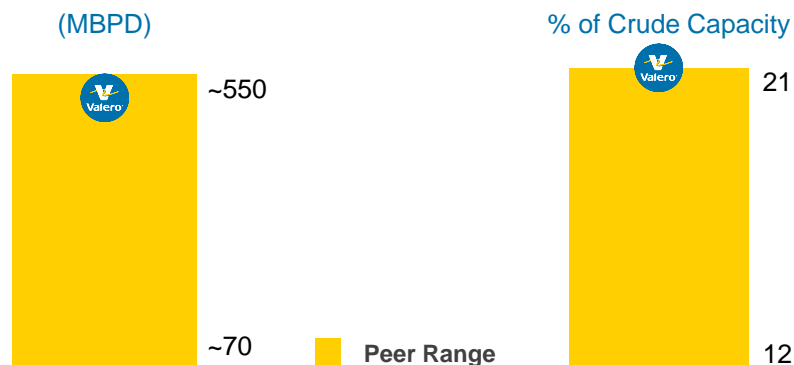
- Ethanol expected to remain in the U.S. gasoline pool and demand expected to grow with year-round E15 and CAFE standards
- 2019 exports impacted by trade barriers, higher domestic corn prices with the late corn crop, and lower gasoline prices which reduces blend economics
- Expect a rebound in export growth
 - U.S. corn-based ethanol is the most economic choice for export into global markets
 - Global mandates to reduce GHG emissions and favorable blend economics
 - Existing logistics assets well-positioned to support expected rebound in export growth

Valero is Well Positioned for IMO 2020

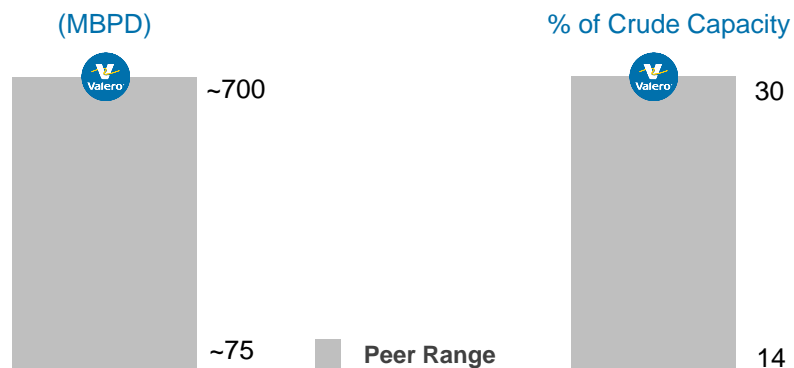
Expected Impacts to Crude and Products

- Sour crude oil and resid discounts are expected to widen as low complexity refineries switch to sweeter crude and feedstocks to reduce high sulfur fuel oil production
- Diesel demand and cracks are expected to increase as some distillate is blended into diesel-based marine gas oil (MGO) to meet the new low sulfur fuel oil specification
- Gasoline cracks are expected to improve as low sulfur vacuum gasoil feedstocks compete with other blendstocks into bunker fuel and refiners maximize distillate production

Peer Leading U.S. Resid Upgrading Capacity⁽¹⁾



Peer Leading U.S. Conversion Capacity to Maximize Distillate Yield⁽²⁾



Peer group includes PSX, MPC, HFC, and PBF.

⁽¹⁾ Source: EIA data as of January 1, 2019. U.S. conversion capacity as a percentage of CDU capacity. Conversion capacity includes delayed coking, fluid coking, resid hydrotreating, resid hydrocracking, and deasphalting.

⁽²⁾ Conversion capacity as a percentage of CDU capacity. Conversion capacity includes delayed coking, fluid coking, gasoil hydrocracking, and residual hydrocracking.

Delivered Solid Earnings and Free Cash Flow Even in a Low Margin Environment (2016)

Refining EBITDA Per Barrel of Throughput

\$4.62



Adjusted Earnings Per Share

\$3.72



Free Cash Flow

(\$mm)

(as a % of Avg. Market Cap)

\$1,844



7%



Average Free Cash Flow

(\$mm)

(as a % of Avg. Market Cap)

\$2,607



9%



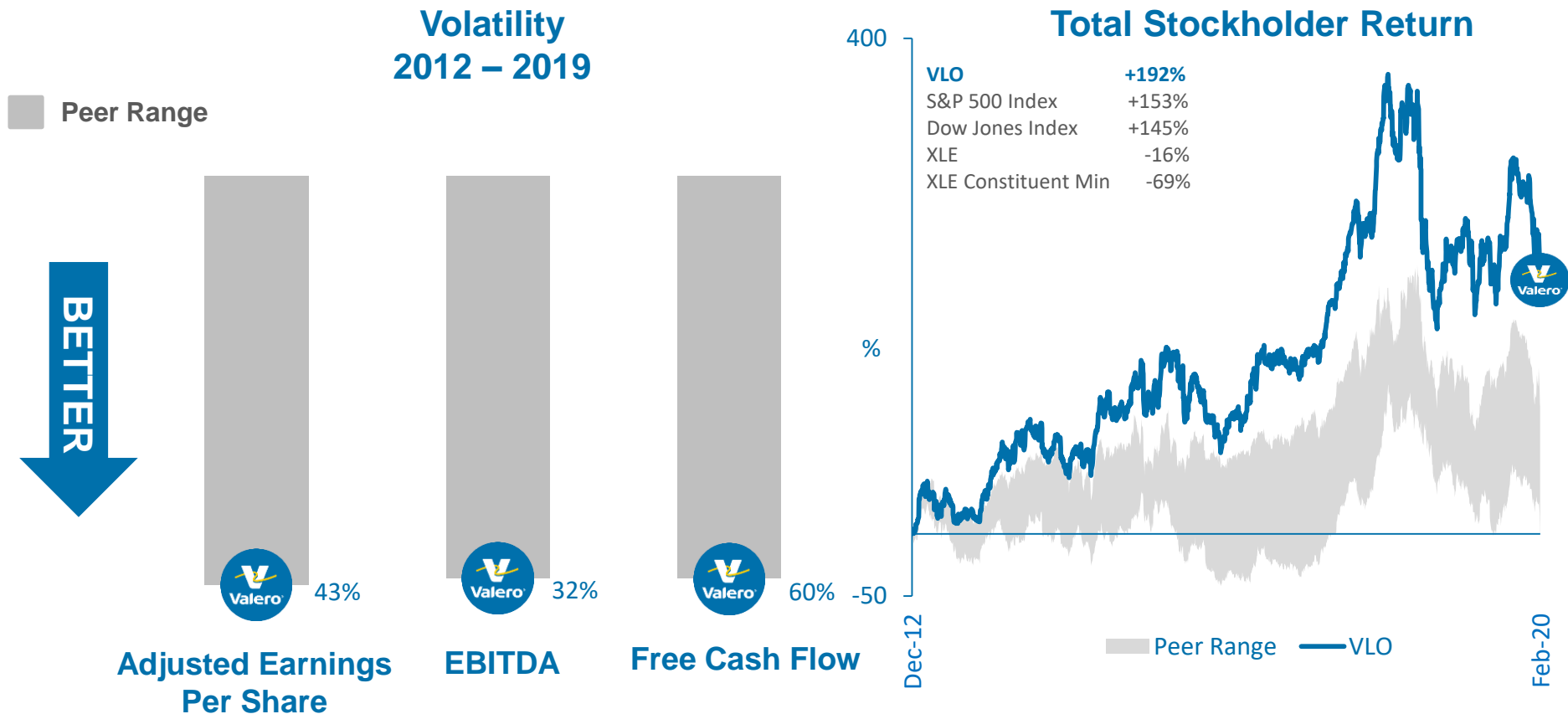
Peer Range

2016

2012 to 2019

2016 results are not a representation of management's expectations for 2020.
See slide 22 for notes regarding this slide. Peer group includes PSX, MPC, HFC, and PBF.
See slides 37 – 41 for non-GAAP disclosures.
Source: Bloomberg and company reports.

Demonstrated Lower Volatility in Earnings and Free Cash Flow

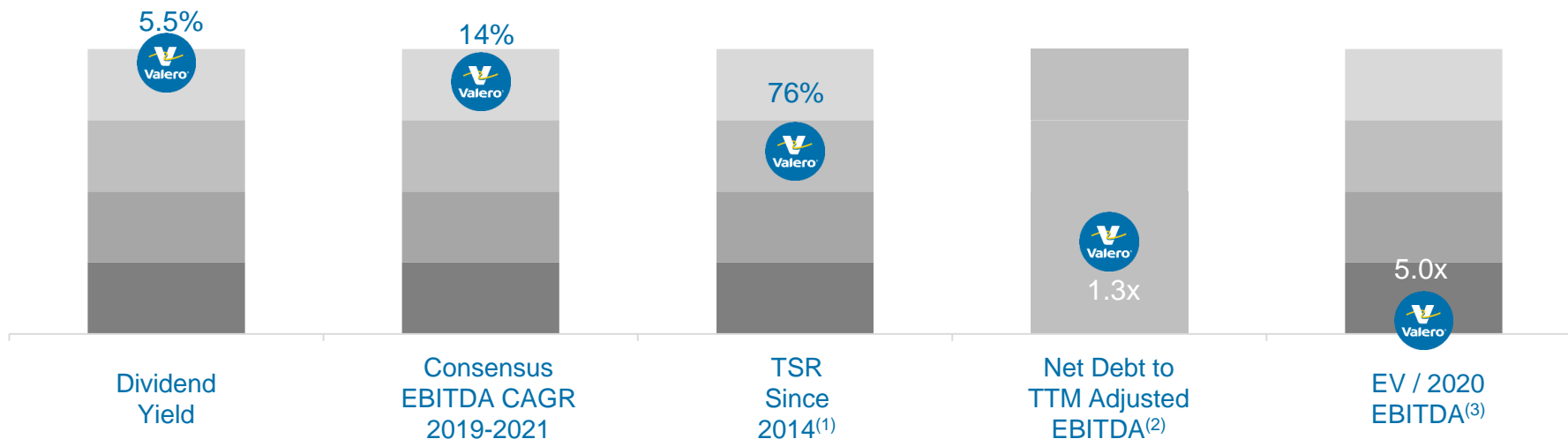


Valero has demonstrated lower volatility in earnings and free cash flow than refining and diversified peers, while delivering higher total stockholder return.

See slide 22 for notes regarding this slide. Peer group includes PSX, MPC, HFC, and PBF.
Source: Bloomberg and company reports.
See slides 37 – 41 for non-GAAP disclosures.

We Believe Valero is a Compelling Investment

VLO Percent Rank Versus S&P 500 Constituents



• Premier asset portfolio and operations

• Managed risks

- Proven operations excellence with the lowest cash operating costs among peer group⁽⁴⁾
- Strong financial position
- Demonstrated lower volatility in earnings and free cash flow than refining and diversified peers, while delivering higher total stockholder return.

• Disciplined growth strategy

- Invest in high return projects focused on operating cost control, market expansion and margin improvement
- 25% after-tax IRR hurdle rate for projects
- Generate solid cash flow across margin cycles

• Delivered on our target payout ratio of 40% to 50% every year under current management

- Sustainable annual dividend growth
- Target continued buybacks

Source: Bloomberg as of February 26, 2020. ⁽¹⁾ TSR from December 31, 2014 through February 26, 2020 includes stock price appreciation and dividends paid. ⁽²⁾ Net debt to adjusted EBITDA for 12 months ended December 31, 2019. ⁽³⁾ EV / EBITDA based on 2020 consensus estimates. See slides 37 – 41 for non-GAAP disclosures. ⁽⁴⁾ Peer group includes PSX, MPC, HFC, and PBF.

Appendix Contents

Topic	Pages
Notes	22
Guidance	23
Environmental, Social and Governance (ESG)	24
Macro Environment Themes	25
Logistics Investments to Improve Feedstock Flexibility, Cost & Crude Quality	26
Valero Logistics Assets	27
Investing to Grow Product Placement into Higher Netback Markets	28
Project Price Set Assumptions	29
Projects in Execution Phase or Recently Completed	30 – 32
Refining Capacity and Nelson Complexity	33
Natural Gas Cost Sensitivity	34
Total Stockholder Return	35
A Shift In Refining Valuation	36
Non-GAAP Disclosures	37 – 41
Investor Relations Contacts	42

Notes

Slide 9

Contractor total recordable incident rate from U.S. Bureau of Labor Statistics. Tier 1 three-year rolling averages of process safety events per 20,000 work hours. Tier 1 defined within API Recommended Practice 754. Industry benchmarking and Valero's performance statistics from Solomon Associates and Valero.

Slide 10

Industry benchmarking and Valero's performance statistics from Solomon Associates and Valero.

Slide 12

Valero's actual U.S. gasoline and distillate export volumes and current and potential future gasoline and distillate export capacities are shown in the chart. Potential future gasoline and distillate export capacities are based upon expansion opportunities identified at the St. Charles (gasoline and distillate) refinery. Potential capacity also includes Pasadena terminal currently under construction. Map shows destinations for products exported from Valero's refineries in the U.S., Canada and the U.K.

Slide 13

Amounts shown represent targeted EBITDA growth. We are 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 our 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 18

Refining EBITDA per barrel of throughput is defined as refining margin less operating expenses (excluding depreciation and amortization expenses) divided by total throughput volumes. VLO defines refining margin as refining operating income excluding operating expenses (excluding depreciation and amortization expense), depreciation and amortization expense, lower cost or market inventory valuation adjustment, and asset impairment loss. Earnings per share are adjusted to exclude special or nonrecurring items further described on slide 38. 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 2019 due to its December 2012 IPO.

Slide 19

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. TSR from December 31, 2012 through February 26, 2020. TSR includes stock price appreciation and dividends paid.

VLO Guidance

1Q20⁽¹⁾

• Throughput (MBPD)	
– U.S. Gulf Coast	1,630 to 1,680
– U.S. Mid-Continent	410 to 430
– North Atlantic	470 to 490
– U.S. West Coast	230 to 250
• Refining cash operating expense per barrel of throughput	\$4.15
• Ethanol	
– Production (millions of gallons per day)	4.2
– Operating expense per gallon of production	\$0.37
• Cash opex	\$0.32
• Non-cash opex	\$0.05
• Depreciation and amortization expense (\$MM)	\$560
• Net interest expense (\$MM)	\$113

2020⁽¹⁾

• Renewable Diesel	
– Sales volume (thousands of gallons per day)	750
– Operating expense per gallon of production	\$0.50
• Cash opex	\$0.30
• Non-cash opex	\$0.20
• Payout ratio ⁽²⁾ of adjusted net cash provided by operating activities	40 to 50%
• Effective tax rate	22%
• General and administrative expense (\$MM)	\$860
• RINs expense (\$MM)	\$300 to \$400
• Capital expenditures (\$MM)	\$2,500
– Sustaining	60%
– Growth	40%

⁽¹⁾ Unless otherwise stated, guidance as provided on the 4Q19 earnings call and is included here for informational purposes only.

⁽²⁾ 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.



Environmental, Social and Governance (ESG)



Environmental

- Largest renewable fuels producer in North America
- Significant investment in renewable fuels of \$2.6 billion⁽¹⁾
- An industry safety leader
- Record low environmental events driven by improvements in process safety and reliability with growing throughput capacity
 - 21% reduction in refining GHG emissions since 2010
 - 99% flaring-free refinery operations
 - 44% reduction in criteria emissions⁽²⁾ since 2007
- 22% reduction in refinery energy use since 2008



Social

- With 10,000 employees, we foster a culture that supports diversity and inclusion
- Safe, healthy and rewarding work environment with opportunities for growth
- Recognized as one of America's best large employers
- Member of the Civic 50 list of America's most community-minded major companies by Points of Light
- More than \$60 million charitable donations generated in 2019
- ~150,000 volunteer hours companywide in 2019



Governance

- Independent and diverse Board of Directors
 - 3 fully independent committees
 - 10 of 11 members are independent
 - 3 of 11 members are women
- Robust governance, regulatory compliance and high ethical standards
- Alignment of executive pay to company performance
- Board Committee provides oversight of climate-related risks
- Committed to ESG engagement

⁽¹⁾ Total investment includes \$1.7 billion in ethanol since 2009 and Valero's renewable diesel investment estimated at \$900 million.

⁽²⁾ As defined by the U.S. Environmental Protection Agency. Includes carbon monoxide, lead, nitrogen oxides, particulate matter, ground-level ozone and sulfur oxide.

Supportive Macro Environment Expected



FEEDSTOCK SUPPLY

- Abundant and growing supply of crude oil and natural gas
- Expanding North American logistics capacity continues to add efficiency to crude oil movements, particularly in the U.S. Gulf Coast



PRODUCT DEMAND



- Economic growth continues to generate rising product demand
- Price environment remains favorable for healthy product demand
- Bunker fuel specification change expected to increase distillate demand
- Product shortages in Latin America, Eastern Canada, Europe and Africa



REGULATORY AND GEOPOLITICAL



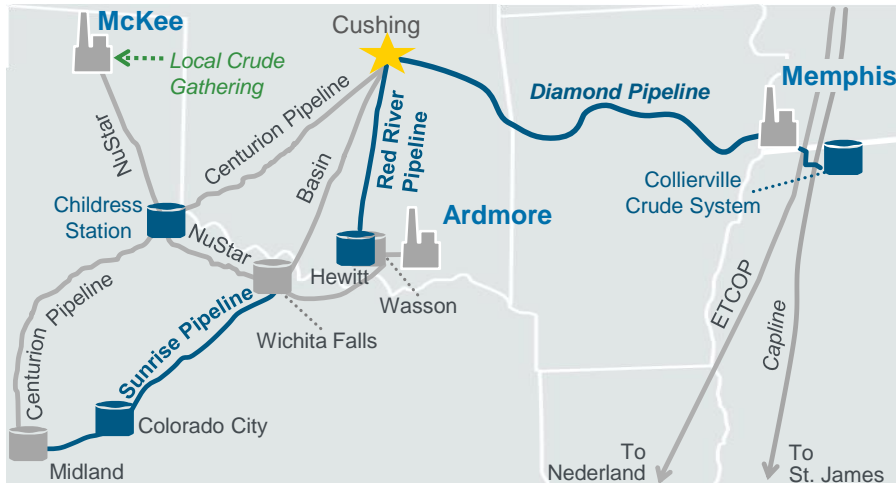
- Evolving U.S. legislative and regulatory landscape
- Emerging global developments

Positive fundamentals continue to drive global transportation fuels growth.

Macro environment themes represent industry consultant views.

Logistics Investments to Improve Feedstock Flexibility, Cost and Crude Quality

Competitive Supply in the Mid-Continent

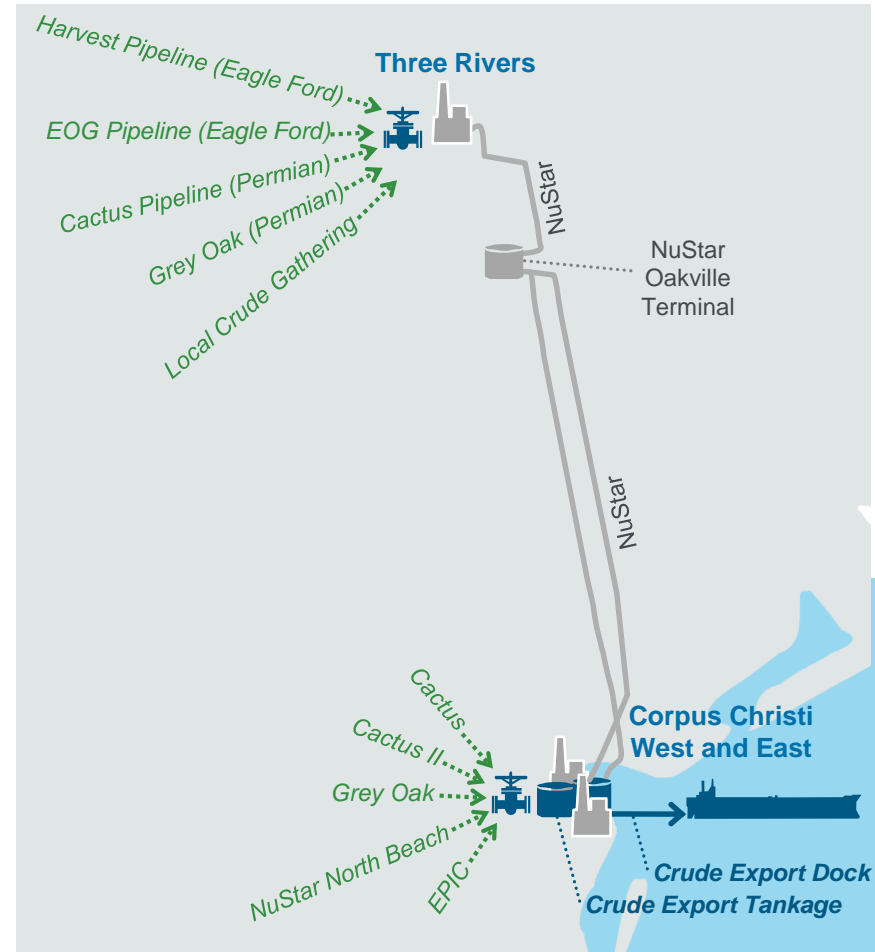


Crude Supply Flexibility for Quebec



Blue lines and terminals represent Valero ownership interest.

Taking Advantage of Increasing Permian Production with Investments in Corpus Christi



Valero Logistics Assets



Pipelines⁽¹⁾

- Approximately 3,100 miles of active pipelines
- Central Texas Pipeline started up in September 2019
- Sunrise Pipeline expansion in Permian started up in November 2018



Racks, Terminals and Storage⁽¹⁾

- Approximately 130 million barrels of active shell capacity for crude oil and products
- Over 200 truck rack bays



Rail

- Approximately 5,250 purchased railcars
- Expected to serve long-term needs of ethanol, asphalt, aromatics, and other products



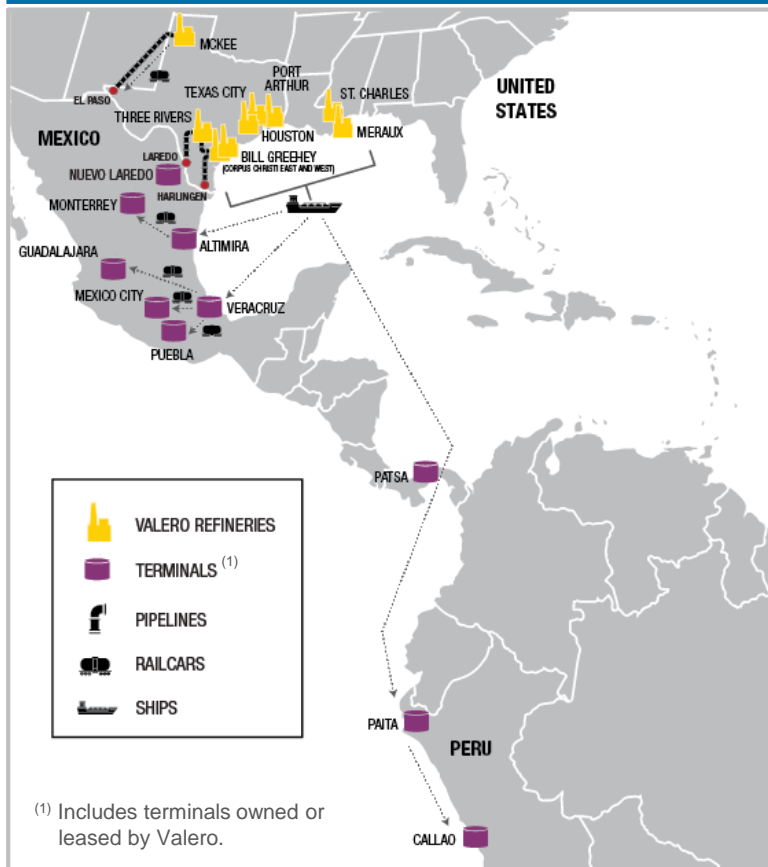
Marine⁽¹⁾

- Over 50 docks
- Two Panamax class vessels (joint venture)

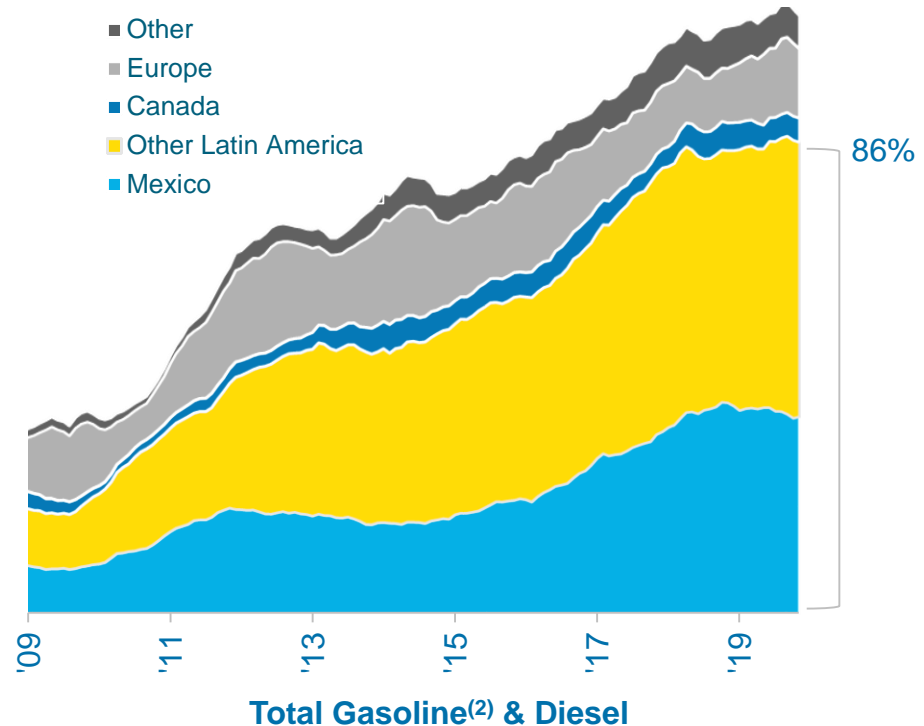
⁽¹⁾ Includes assets that have other joint venture or minority interests. Does not include ethanol assets.

Investing to Grow Product Placement into Higher Netback Markets

Advantaged Refineries and Logistics



U.S. Product Exports 12 Month Moving Average (MBPD)



Source: DOE Petroleum Supply Monthly data through November 2019.

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

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

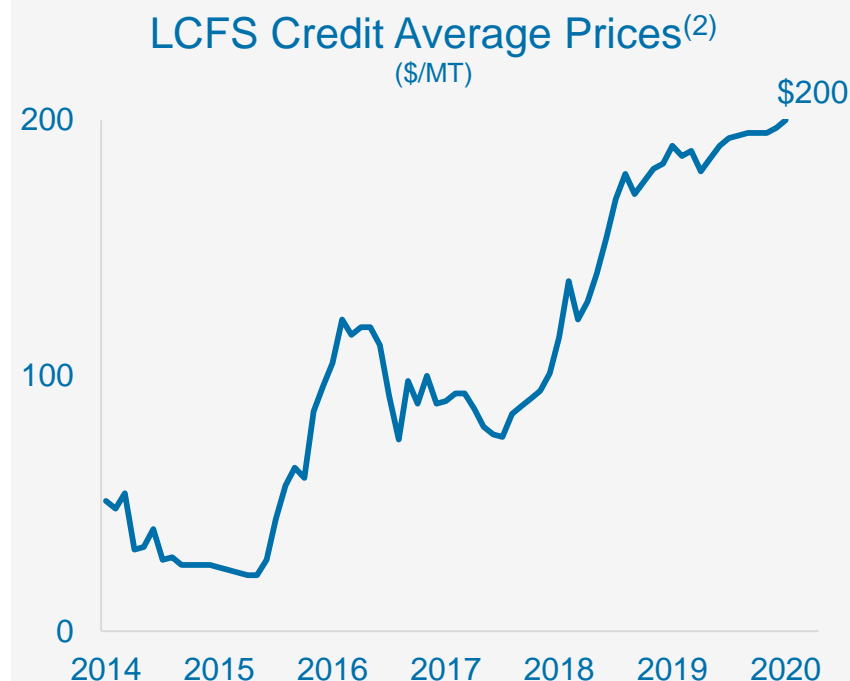
Project Price Set Assumptions

Port Arthur Coker Project

Driver (\$/bbl)	2018 Average ⁽¹⁾
ICE Brent	71.56
ICE Brent – WCS Houston	9.41
HSVGO – ICE Brent	6.03
3.5%S Fuel Oil – ICE Brent	(10.39)
USGC CBOB – ICE Brent	4.85
USGC ULSD – ICE Brent	14.05
Naphtha – ICE Brent	(1.38)
LPG – ICE Brent	(34.77)

⁽¹⁾ Source: 2018 average prices from ICE, Argus, Platts, and OPIS.

Diamond Green Diesel Project



At \$200 per ton carbon price, the carbon value of a 25 CI renewable diesel fuel in California is \$1.76 per gallon.

⁽²⁾ Source: Monthly average prices from California Air Resources Board as of January 2020.

Investing to Improve Margins

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 amylenees 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 (\$300 MM cost) started up in June 2019
- 17 MBPD capacity at St. Charles refinery (\$400 MM cost) expected to start up in 4Q20



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



Diamond and Sunrise Pipelines

- Diamond 200 MBPD capacity connecting Memphis to Cushing (\$460 MM cost⁽¹⁾), and Sunrise 100 MBPD undivided interest connecting Midland to Wichita Falls (\$135 MM cost⁽¹⁾)
- 200 MBPD expansion and extension of Diamond (\$100 MM cost⁽¹⁾) 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

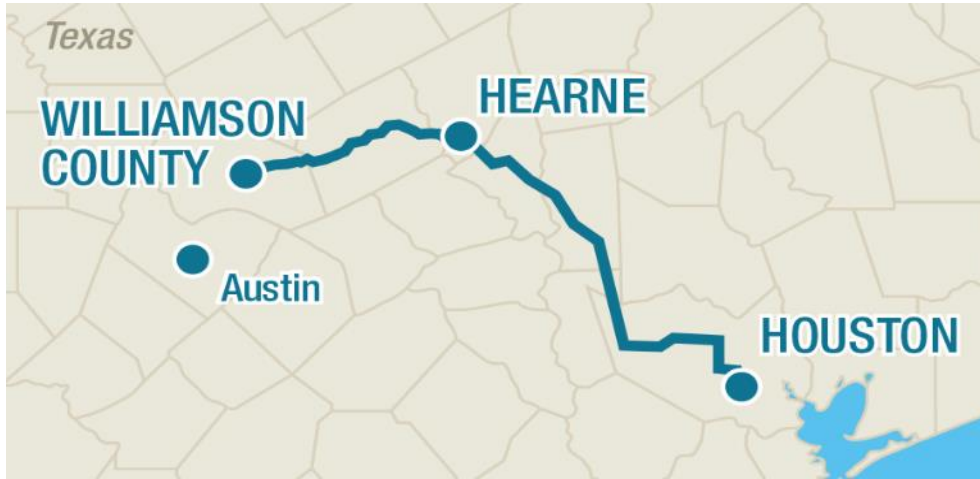
⁽¹⁾ Project cost for Valero's 50% share of Diamond and 20% undivided interest in Sunrise.



Cogeneration Plants

- Wilmington facility (\$110 MM cost) started up in November 2017
- Pembroke plant (£130 MM or \$170 MM cost) scheduled to be completed in 4Q20
- Expect to reduce costs and improve supply reliability for power and steam

Investing to Improve Margins, Product Export Capability and Biofuels Blending



Extending Product Supply Chain in Central Texas and the U.S. Gulf Coast

- Central Texas pipelines and terminals to supply high-growth refined products market
 - Started up in September 2019
 - Approximately 205 miles of pipe⁽¹⁾, 960 thousand barrels of total storage capacity, and a truck rack
- Pasadena refined products terminal joint venture with Magellan Midstream Partners, L.P. (NYSE: MMP)
 - Initially includes 5 MM barrels of storage capacity with butane blending, two ship docks and a three-bay truck rack
 - 1 MM barrels of storage capacity and one ship dock currently operational
 - Anticipated Valero costs of \$410 MM, with completion expected in 1Q20
- Projects expected to improve product margins, reduce secondary costs, provide opportunity for third-party revenues, and increase capability for biofuels blending

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

Our Refining Capacity and Nelson Complexity

Refinery	Capacities (MBPD) ⁽¹⁾		Nelson Complexity Index
	Throughput	Crude	
Corpus Christi ⁽²⁾	370	290	14.4
Houston	255	205	8.0
Meraux	135	125	9.7
Port Arthur	395	335	12.7
St. Charles	340	215	16.1
Texas City	260	225	11.1
Three Rivers	100	89	13.2
U.S. Gulf Coast	1,855	1,484	12.4⁽³⁾
Ardmore	90	86	12.1
McKee	200	195	8.3
Memphis	195	180	7.9
U.S. Mid-Continent	485	461	8.9⁽³⁾
Pembroke	270	210	10.1
Quebec City	235	230	7.7
North Atlantic	505	440	8.8⁽³⁾
Benicia	170	145	16.1
Wilmington	135	85	15.8
U.S. West Coast	305	230	16.0⁽³⁾
Total	3,150	2,615	11.5⁽³⁾

⁽¹⁾ Capacities and Nelson complexity indices as of December 31, 2019.

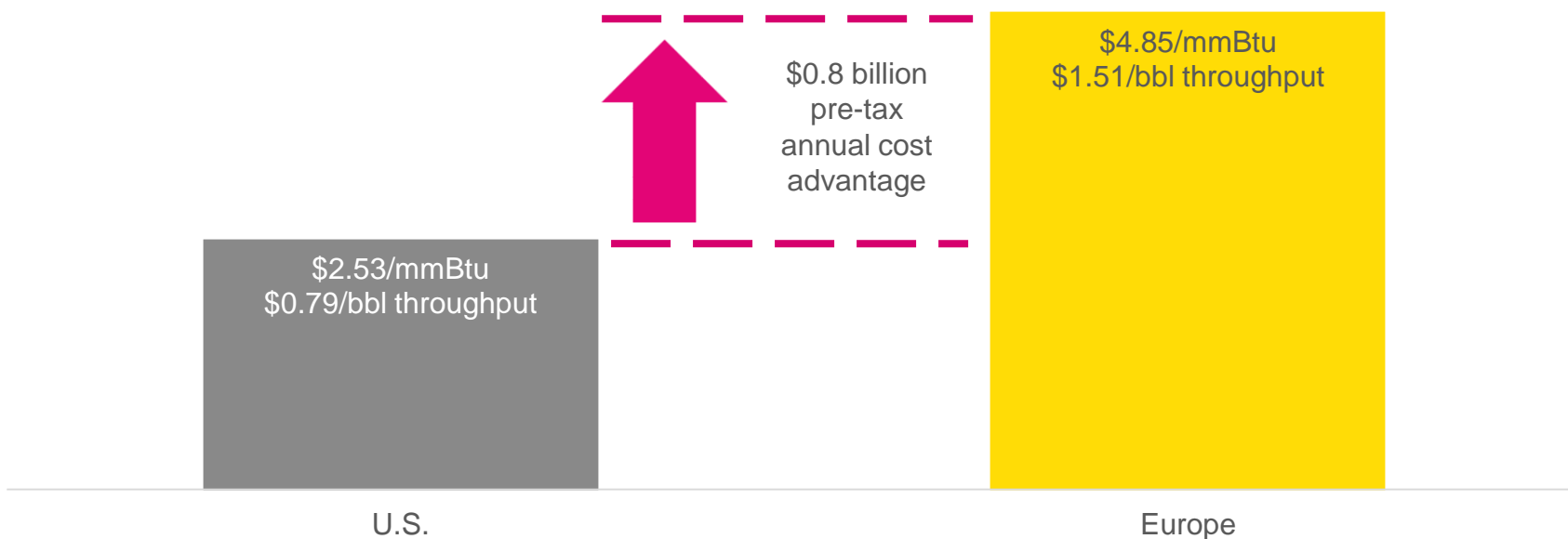
⁽²⁾ Represents the combined capacities of two refineries—Corpus Christi East and Corpus Christi West.

⁽³⁾ Weighted average.

U.S. Natural Gas Provides Opex and Feedstock Cost Advantages

- Our refining operations consume approximately 920,000 mmBtu/day of natural gas, of which 63% is operating expense and the balance is cost of goods sold
- Significant annual pre-tax cost savings compared to refiners in Europe
- Prices expected to remain low and disconnected from global oil and gas markets

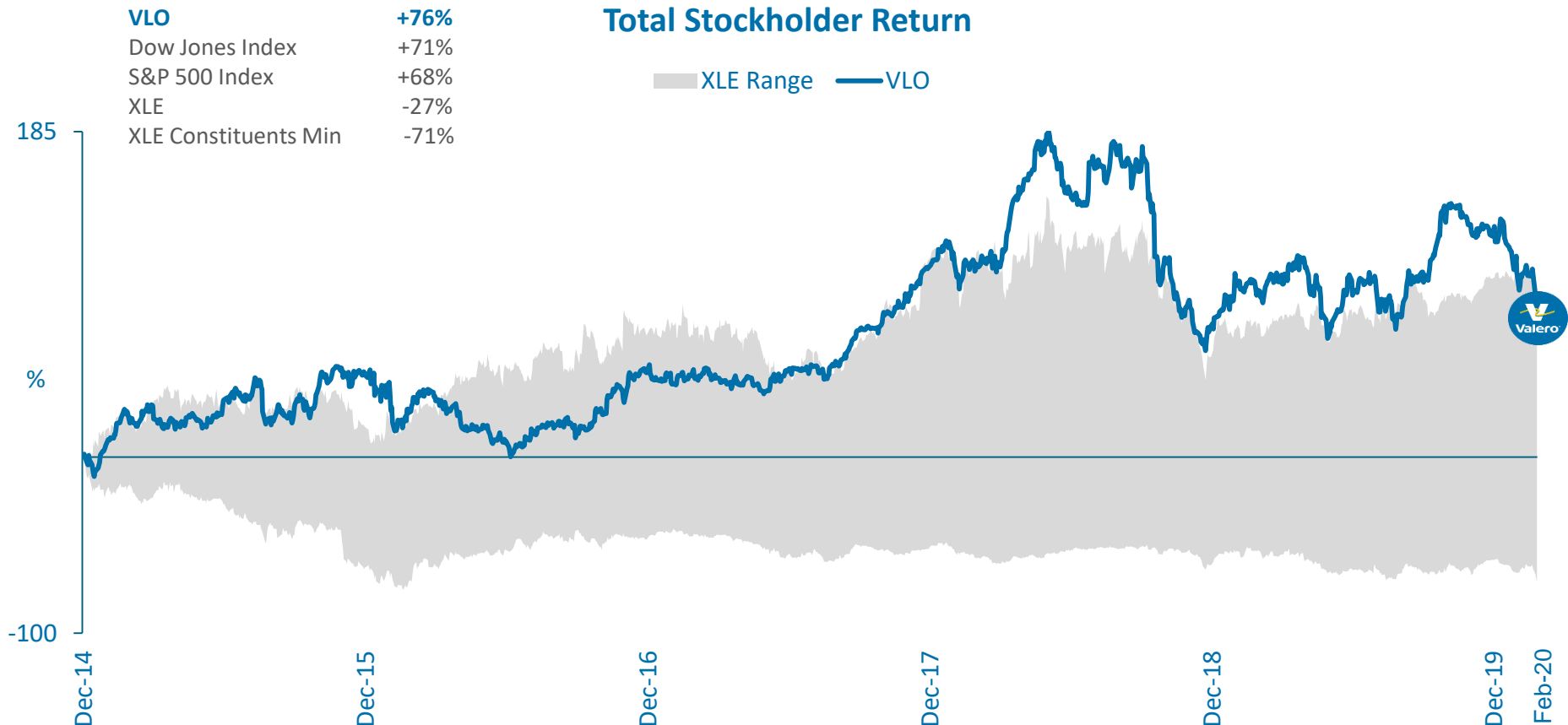
Natural Gas Cost Sensitivity for Valero's Refineries



2019 average natural gas prices for U.S. and Europe.

Estimated cost is derived using 920,000 mmBtu/day of natural gas consumption and a throughput of 3.0 MMBPD (12-month rolling average).

Outperformed the Dow Jones Index, the S&P 500 Index and the XLE Index⁽¹⁾ on TSR Since 2014



History of energy sector and broader market outperformance under current leadership team.

⁽¹⁾ XLE includes refining peers PSX, MPC, HFC, and 25 other energy companies such as XOM, CVX, SLB, COP, EOG, OXY, and KMI.

⁽²⁾ TSR from December 31, 2014 through February 26, 2020. TSR includes stock price appreciation and dividends paid.

Now vs. Then – A Shift In Refining Valuation

In the Past

INDUSTRY/MACRO

- Range bound industry wide EV/EBITDA multiple +/- 4.5x
- Peer group fragmented with smaller scale, less efficient refiners
- U.S. importing products to meet domestic product shortage
- Stock prices driven by seasonal refining trading cycles
- Higher interest rates (10-yr Treasury ~5 percent)

VALERO

- Marginal operations (+/- 85% utilization)
 - 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
 - 1-2 percent dividend yield (\$0.32/share annually)
 - Approximately \$5 billion of liquidity
 - >570 million shares outstanding
- Volatile stock price

New Paradigm

INDUSTRY/MACRO

- EV/EBITDA multiple expansion and dispersion by company
- Peer group of larger scale, efficient and complex refiners
- Tight global product market expected to continue
 - Economic growth and price environment remains favorable for healthy product demand
- Abundant supply of domestic crude oil and natural gas providing feedstock advantage
- Lower interest rates (10-yr Treasury <2 percent)

VALERO

- Premier operations (+/- 95% utilization)
 - 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 market expansion, margin enhancement and operating cost reduction
 - Approximately \$2.5 billion annual capex
- Distinctive free cash flow and higher stockholder returns
 - Annualized dividend of \$3.92/share
 - Approximately \$7.9 billion of liquidity as of December 31, 2019
 - Approximately 409 million shares outstanding as of January 31, 2020
- Higher lows and less volatility in stock price with support from dividend and long-only investors

Non-GAAP Disclosures

Adjusted EBITDA and Net Debt-to-Adjusted EBITDA

VLO defines EBITDA as net income before income tax expense, interest and debt expense, net of capitalized interest, and depreciation and amortization expense. VLO defines net debt-to-adjusted EBITDA as the ratio of total debt, net of cash, divided by adjusted EBITDA, which is defined as EBITDA further adjusted for deferred turnaround and catalyst cost expenditures, blender's tax credit and loss on early redemption of debt. VLO believes that the presentation of adjusted EBITDA provides useful information to investors to assess our ongoing financial performance because, when reconciled to net income, it provides improved comparability between periods through the exclusion of certain items that VLO believes are not indicative of our core operating performance and that may obscure our underlying business results and trends. VLO believes that the presentation of net debt-to-adjusted EBITDA provides useful information to investors to assess VLO's ability to incur and service debt. The GAAP measures most directly comparable to adjusted EBITDA are net income and net cash provided by operating activities. Adjusted EBITDA should not be considered an alternative to net income or net cash provided by operating activities presented in accordance with GAAP. Adjusted EBITDA has important limitations as an analytical tool because it excludes some, but not all, items that affect net income or net cash provided by operating activities. Adjusted EBITDA should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Additionally, because adjusted EBITDA may be defined differently by other companies in our industry, VLO's definition of adjusted EBITDA may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

Refining EBITDA Per Barrel of Throughput

VLO defines refining EBITDA per barrel of throughput as refining margin less operating expenses (excluding depreciation and amortization expenses) divided by total throughput volumes. VLO defines refining margin as refining operating income excluding operating expenses (excluding depreciation and amortization expense), depreciation and amortization expense, lower cost or market inventory valuation adjustment, and asset impairment loss. VLO believes refining EBITDA provides useful information to investors to assess our ongoing financial performance because, when reconciled to refining operating income, it provides improved comparability between periods through the exclusion of certain items that VLO believes are not indicative of our core operating performance and that may obscure our underlying business results and trends. The GAAP measure most directly comparable to refining EBITDA is refining operating income. Refining EBITDA should not be considered an alternative to refining operating income presented in accordance with GAAP. Refining EBITDA has important limitations as an analytical tool because it excludes some, but not all, items that affect refining operating income. Refining EBITDA should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Additionally, because refining EBITDA may be defined differently by other companies in our industry, VLO's definition of refining EBITDA may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

Non-GAAP Disclosures (continued)

Adjusted Earnings Per Common Share – assuming dilution

VLO defines adjusted earnings per common share – assuming dilution as earnings per common share – assuming dilution excluding the lower of cost or market inventory valuation adjustment and its related income tax effect, asset impairment losses and the income tax benefit from the Aruba disposition. VLO believes this measure is useful to assess our ongoing financial performance because, when reconciled to earnings per common share – assuming dilution, it provides improved comparability between periods through the exclusion of certain items that VLO believes are not indicative of our core operating performance and that their exclusion results in an important measure of our ongoing financial performance to better assess our underlying business results and trends. The GAAP measures most directly comparable to adjusted earnings per common share – assuming dilution are earnings per common share – assuming dilution. Adjusted earnings per common share – assuming dilution should not be considered an alternative to earnings per common share – assuming dilution presented in accordance with GAAP. Adjusted earnings per common share – assuming dilution has important limitations as an analytical tool because it excludes some, but not all, items that affect earnings per common share – assuming dilution. Adjusted earnings per common share – assuming dilution should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Additionally, because adjusted earnings per common share – assuming dilution may be defined differently by other companies in our industry, VLO's definition of adjusted earnings per common share – assuming dilution may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

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 our ability to cover ongoing costs and our 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. Free cash flow should not be considered an alternative to net cash provided by operating activities or net cash used in investing activities presented in accordance with GAAP. Free cash flow has important limitations as an analytical tool because it excludes some, but not all, items that affect net cash provided by operating activities or net cash used in investing activities. Free cash flow should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Additionally, because free cash flow may be defined differently by other companies in our industry, VLO's definition of free cash flow may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

Non-GAAP Disclosures:

Adjusted EBITDA and Net Debt-to-Adjusted EBITDA

RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA AND NET DEBT-TO-ADJUSTED EBITDA (Unaudited, in Millions, Except Ratio Amount)

	Year Ended December 31, 2019
Net income	\$ 2,784
Less: Deferred turnaround and catalyst cost expenditures	780
Less: Blender's tax credit	158
Plus: Loss on early redemption of debt	22
Plus: Depreciation and amortization expense	2,255
Plus: Interest and debt expense, net of capitalized interest	454
Plus: Income tax expense	702
Adjusted EBITDA	\$ 5,279
	December 31, 2019
Debt and finance lease obligations, less current portion	\$ 9,178
Current portion of debt and finance lease obligations	494
Cash and cash equivalents	(2,583)
Total debt net of cash	\$ 7,089
Net Debt-to-Adjusted EBITDA = \$7,089 / \$5,279:	1.3x

Non-GAAP Disclosures:

Refining EBITDA Per Barrel of Throughput

RECONCILIATION OF REFINING EBITDA PER BARREL OF THROUGHPUT (Unaudited, in Millions, Except Per Barrel Amount)

	Year Ended Dec 31, 2016
Refining operating income	\$ 3,730
Plus: Operating expenses (excluding depreciation and amortization expense reflected below)	3,740
Plus: Depreciation and amortization expense	1,734
Plus: Lower of cost or market inventory valuation adjustment	(697)
Plus: Asset impairment loss	56
Refining margin	\$ 8,563
Less: Operating expenses (excluding depreciation and amortization expense)	3,740
Refining EBITDA	\$ 4,823
Total throughput volumes (thousand barrels per day)	2,855
Refining EBITDA per barrel of throughput	\$ 4.62

Non-GAAP Disclosures:

Adjusted Earnings Per Share and Free Cash Flow

RECONCILIATION OF EARNINGS PER COMMON SHARE – ASSUMING DILUTION, TO ADJUSTED EARNINGS PER COMMON SHARE – ASSUMING DILUTION (Unaudited)

	Year Ended December 31, 2016
Earnings per common share – assuming dilution	\$ 4.94
Exclude adjustments:	
Lower of cost or market inventory valuation adjustment, net of taxes	1.25
Asset impairment loss	(0.12)
Income tax benefit on Aruba Disposition	0.09
Total adjustments	1.22
Adjusted earnings per common share – assuming dilution	\$ 3.72

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

Total free cash flow, 2012 – 2019	\$20,859
Number of years	8
Average free cash flow, 2012 – 2019	\$2,607

Investor Relations Contacts

For more information, please contact:

Homer Bhullar

Vice President, Investor Relations
210.345.1982

Homer.Bhullar@Valero.com

Eric Herbort

Senior Manager, Investor Relations
210.345.3331

Eric.Herbort@Valero.com

Gautam Srivastava

Manager, Investor Relations
210.345.3992

Gautam.Srivastava@Valero.com