The Henry Fund
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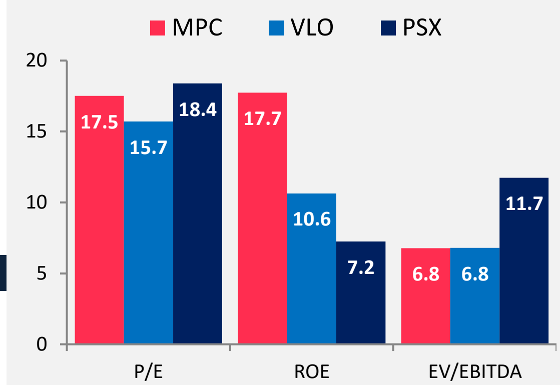
RESEARCH HenryFund.Org

Marathon Petroleum Corporation (MPC)

February 14, 2025

Energy – Oil and Gas Refining and Marketing

Stock Rating	HOLD
Target Price	$150-170
Henry Fund DCF	$162
Henry Fund DDM	$121
Relative Multiple	$213
Price Data	
Current Price	$156
52wk Range	$130 – 221
Consensus 1yr Target	$157
Key Statistics	
Market Cap (B)	$48
Shares Outstanding (M)	$312
Institutional Ownership	75%
Beta	0.73
Dividend Yield	2.4%
Est. 5yr Growth	4.6%
Price/Earnings (TTM)	14.7
Price/Earnings (FY1)	10.8
Price/Sales (TTM)	0.4
Price/Book (mrq)	2.6
Profitability	
Operating Margin	2.6%
Profit Margin	2.5%
Return on Invested Capital	6.2%
Return on Equity (TTM)	17.7%



Investment Thesis

We recommend a **HOLD** rating for Marathon Petroleum Corporation (MPC) with a target price range of **$150–$170** and a DCF-target price of **$162**, representing around a 4% upside from the current stock price.

Drivers of Thesis

- ***Improvement in Crack Spreads***
  In 2025, we forecast the crack spread to increase to $20.37 compared to 2024, which realized a $17.19 crack spread, driven by two major refineries closing in the US, and increased demand for refined products resulting in higher sales prices.
- ***Strong Outlook for Midstream Expansion and Performance***
  We expect Marathon Petroleum's midstream business (MPLX) to contribute an average 5% revenue growth, driven by significant investments in enhancing connectivity between the Permian and Marcellus Basins, and Gulf Coast LNG export terminals.
- ***Growth in Renewable Diesel***
  Demand for renewable diesel is expected to reach level highs in 2025, and with Marathon's new Martinez facility in California breaking a profit after two years, we expect this segment to be a steady source of growth for the company.

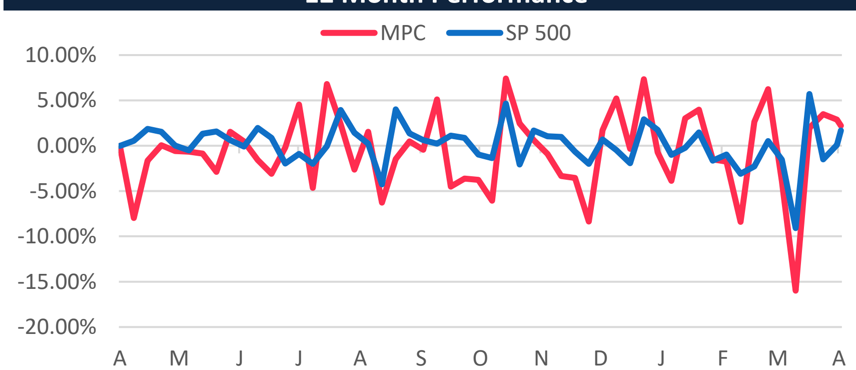
Risks to Thesis

- ***Increased Cost of Inputs due to Canadian Tariffs***
  If the Trump Administration implements a 10% tariff on Canadian oil imports, we anticipate refining crack spreads to weaken in Mid-Continent refineries, given that 23% of Marathon's oil is sourced from Canada.
- ***Policy Uncertainty for Renewable Diesel Segment***
  While the newly segmented renewable diesel operations holds promise, we forecast strains on profitability due to uncertainty with the IRA- 45Z Clean Fuel Production Credit and Renewable Identification Number Sales.

Earnings Estimates

Year	2022	2023	2024	2025E	2026E	2027E
EPS	$28.31	$23.73	$10.11	$6.62	$12.03	$14.72
HF est.				$9.92	$13.50	$14.15
Growth	*84.6%*	*-16.18%*	*-57.4%*	*-34.52%*	*81.72%*	*22.36%*

12 Month Performance



Company Description

Marathon Petroleum is a leading integrated downstream company in the U.S., specializing in refining and marketing crude oil, with a strong midstream presence through MPLX's pipeline network and storage terminals. The company has geographic exposure in the Mid-Continent, Gulf and West Coast regions with a combined refining capacity of 2.95 million barrels per day across 13 refineries. In line with its sustainability goals, Marathon has also expanded its renewable diesel division to enhance its low-carbon fuel offerings.

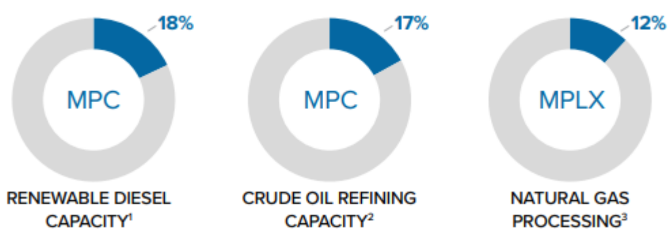
COMPANY DESCRIPTION

Marathon Petroleum Corporation, headquartered in Findlay, Ohio, is a leading integrated downstream company specializing in the refining, marketing, and transportation of petroleum products.

Originally part of Marathon Oil, Marathon Petroleum became an independent entity in 2011 enabling greater operational and financial efficiency. Since then, Marathon has seen tremendous success and today operates the largest refining system in the United States with a total refining capacity of 2.95 million barrels per day, in addition to 20,000 miles of pipeline ownership and control, and 8,300 retail locations. As seen below, Marathon contributes to 17% of the total US crude refining capacity and is only forecasted to grow as the company invests in increasing refinery capacity and efficiency.

The company has three primary operating segments – Refining and Marketing, Midstream (MPLX), and a newly established Renewable Diesel segment, previously part of the refining business.

MPC AND MPLX SHARE OF UNITED STATES:



Segment	2024 EBITDA	% of Total	Growth
Refining & Marketing	$ 5,703 mil	47%	- 58%
Midstream	$ 6,544 mil	54%	6%
Renewable Diesel	$ (150) mil	- 1%	134%

Source: MPC 10-K, MPLX Climate Report, 2024 Q4 Earnings

Refining and Marketing

Refining and marketing is the primary revenue generating segment in the MPC portfolio. Upon crude oil reaching one of the 13 refineries operated by MPC, the crude undergoes several purification processes such as distillation, catalytic cracking, and coking, to yield a variety of refined products such as gasoline and distillates, propane, and other petroleum-based feedstocks. These products are then sold to wholesale and retail customers domestically and internationally.

Marathon is well positioned to process a combination of sweet and sour crudes. In 2024, their basket consisted of 43% sour and 57% sweet crude throughput. This has been consistent over the years, but there has been a slight overall decrease in sour crude processing, which we forecast will continue to decline.

Marathon's refineries operate in three of the five US Petroleum Administration for Defense Districts (PADD's)- Mid-Continental, US Gulf Coast and West Coast, which allows them to strategically optimize production revenues by capturing different regional pricing.

Mid-Continent Refining Operations

Total Refining Capacity: 1,170 mb/d
Number of Refineries: 8
Proportion of MPC Capacity: 40%
Refining and Marketing Margin: $15.77 bbl
Sweet and Sour Crude Throughput: 76% / 24%

The Mid-Continent region benefits from strong connectivity to several major shale plays. Key domestic sources include the Bakken formation in North Dakota, Utica Shale in Ohio, and oil deposits across Utah, Colorado, and Wyoming. This access to diverse domestic crude sources enhances refining flexibility to sweet and sour crudes and efficiency in the region.

This PADD is the most susceptible to changes in the supply chain as Canadian oil is a major input in Midwest refineries. The Detroit refinery, connected to the Enbridge pipeline, transports just under 30% of Marathon's crude input and carries light Western Canadian Select (WCS) in addition to the Salt Lake City refinery processing Canadian Sand Crude. While the proposed tariffs will undoubtedly have a negative effect on the crack spread in this region, Marathon seems confident that the cost will primarily be borne by Canadian producers and will be reflected in heavier discounted differentials.

However, if these differentials do not adjust as expected, the potential increase in refined product prices could still support crack spreads. Although higher pump prices may slow retail demand, the overall impact on refining margins could remain positive due to stronger product pricing.

West Texas Intermediate prompt pricing is utilized in this region, while refined product sales are determined based on the Chicago CBOB gasoline and ultra-low sulfur distillate prices.

US Gulf Coast Refining Operations

Total Refining Capacity: 1,228 mb/d
Number of Refineries: 2
Proportion of MPC Capacity: 42%
Refining and Marketing Margin: $15.05 bbl
Sweet and Sour Crude Throughput: 44% / 56%

The USGC PADD, while only consisting of the Galveston Bay refinery in Texas and Garyville in Louisiana, contributes an impressive combined processing capacity, and are also the largest refineries in Marathon's portfolio. These refineries provide strategic access to export markets and extensive domestic pipeline networks.

With the Trump administration encouraging the development on LNG facilities in the Gulf Coast, we expect Marathon to greatly benefit from their proximity to the export terminals and forecast the USGC PADD to increase its overall proportion of MPC refining in this region in the coming years.

USGC refineries utilize the Magellan East Houston (MEH) prompt price as their crude input price, while the refined product sale prices are based on the USGC CBOB unleaded regular gasoline and USGC ultra-low sulfur diesel prices.

West Coast Refining Operations

Total Refining Capacity: 552 mb/d
Number of Refineries: 3
Proportion of MPC Capacity: 18%
Refining and Marketing Margin: $18.29 bbl
Sweet and Sour Crude Throughput: 39% / 61%

West Coast Operations provide a unique positioning for the company not only because of its heavier sour crude processing capabilities, but also from a sustainability perspective. Due to greater environmental regulation in California, the Los Angeles refinery is a major producer of California Air Resources Board (CARB) gasoline and diesel fuel, which is a cleaner burning alternative. This asset remains as one of the most competitive refineries in the region and by the end of 2025, Marathon expects a 20% rate of return from their expenditure on low-carbon refining.

However, this PADD also has risk exposure to Canadian tariffs. The Anacortes refinery based in Washington, processes crude from the Bakken formation and North Slope in addition to Western Canadian Select (WCS) crude through the Trans Mountain Pipeline (TMX). The proposed 10% energy tariff on Canadian oil will further squeeze on refining margins in this region.

The Kenai refinery in Alaska presents an interesting situation for Marathon. After purchasing it from ConocoPhillips in 2018, Marathon considered selling the asset within a year. The company ultimately decided to retain it in hopes of developing an LNG export terminal, which even gained approval from the Federal Energy Regulatory Commission (FERC). While there is some optimism fueled by the Trump administration for Gulf Coast LNG projects, prospects in Alaska appear less promising despite the meeting between President Trump and Prime Minister Ishiba of Japan for a $44 billion Alaska LNG project. The hesitation stems not just the delay in the project timeline, which is not expected to begin exports until 2031, but also because a similar project was proposed earlier and despite significant investment by Alaska, the project fell through. Kenai's LNG expansion plan has been pushed back to 2025, so it will be interesting to see if the company explores revamping the Alaka LNG export facility.

From a pricing standpoint, the West Coast PADD utilizes the Alaska North Slope (ANS) prompt price, while refined product prices are based on LA CARBOB gasoline and diesel prices. This region generally observes higher crude and refined product prices, driven by limited distribution connectivity compared to the Mid-Continent and Gulf Coast regions, which benefit from more extensive pipeline infrastructure.

Midstream

Marathon's midstream segment, MPLX, is a master limited partnership that gathers, stores and transports hydrocarbons and related products, and serves primarily for Marathon's refining business. This business spun off from MPC in 2012, but maintains a 64% ownership in the company.

MPLX's midstream infrastructure includes pipelines for both crude oil and refined products, inland marine terminals, storage tanks and terminals, and gathering systems for oil and natural gas. The company comprises two operating segments- crude oil and products logistics, and natural gas and NGL services.

Crude Oil and Products Logistics

This segment operates a variety of logistics infrastructure including pipelines, refining logistics, fuels distribution, storage terminals, crude gathering facilities, marine operations, and rail and truck transportation. MPLX includes a combination of wholly owned and joint venture partnerships for their midstream assets that appear on MPC's balance sheet as equity method investments.

As of 2024, this segment contributed to 65% of MPLX's nearly $7 billion EBITDA. In 2025, $250 million is being allocated to capital expenditure of their crude oil logistics.

Natural Gas and NGL Services

While MPLX's natural gas and NGL segment accounts for a smaller share of its EBITDA at 35%, the company anticipates significant growth in this area. Its geographically diverse gathering systems are strategically connected to major U.S. basins, including the Marcellus, Utica, Southern Appalachia, Southwest, Rockies, and Bakken formation.

$1.45 billion is being invested into this segment in 2025 as part of the company's NGL wellhead to water strategy, estimated to fully commence in 2028. This project will be a significant driver of growth for both MPC and MPLX. As the Permian basin continues growing to becoming one of the most prolific oil and gas-producing regions in the US, Marathon's infrastructure will play a crucial role in transporting hydrocarbons to the Gulf Coast for export. One of the key challenges in the Permian today is the lack of sufficient transportation capacity for natural gas, leading to significantly discounted WAHA gas prices compared to the benchmark Henry Hub. Additionally, with two new NGL fractionators coming online, Marathon is well-positioned to becoming a key supplier for LNG export terminals in the Gulf Coast.

Renewable Diesel

The renewable diesel segment is a new operating division that was previously part of Refining & Marketing. In 2024, Marathon Petroleum decided to separate this business to improve peer comparison and provide better visibility into its renewable and biofuels portfolio, which has experienced significant growth. As part of this strategy, Marathon converted two of its petroleum refineries- Dickinson in North Dakota and Martinez in California, into renewable fuel production facilities.

Marathon has also formed several joint ventures, including a partnership at the Martinez plant, such as the Green Bison Soy Processing Facility and LF Bioenergy plant, along with various ethanol plants and pretreatment facilities. These facilities not only help Marathon advance its sustainability goals through carbon offsetting, but they also generate Renewable Identification Numbers (RINs) and Low Carbon Fuel Standard (LCFS) credits from renewable diesel sales.

The renewable diesel segment, despite its promising future growth, still faces some uncertainty due to the political climate, which poses a risk to profits. The 45Z clean fuels production credit, part of the Inflation Reduction Act, is currently under threat of repeal by Republican lawmakers. However, renewable diesel and biofuels are expected to reach the highest demand levels ever seen.

We believe renewable diesel will gradually grow within Marathon's portfolio, as many agricultural states are likely to push back against the repeal. Additionally, corn and soybeans, which are key feedstocks for biofuels, are heavily influenced by ethanol prices, which further incentivize farmers and leaders within those states to support the industry. That being said, the company based on their 4Q 2024 earnings call, does not intend to invest in this segment in the near future. This signals that the company, while optimistic about the segment, might wait until the industry reaches political stability.

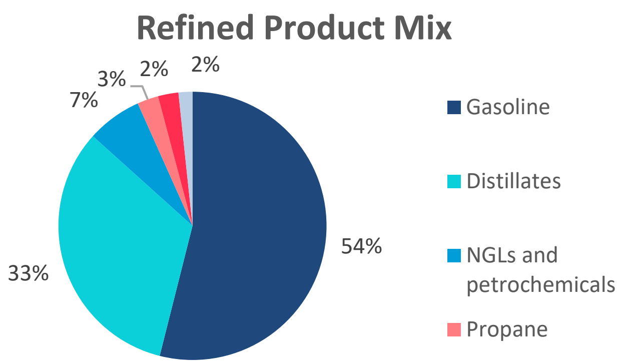
Revenue and Cost Structure

Sales and Operating Revenue

Historically, around 96% of Marathon's sales are driven by refined products and the rest from the midstream business. Product yields have stayed consistent over the years, which is primarily due to the chemical composition of crude oil. There is a limited range of flexibility in deriving refined products although gasoline and distillates have the highest sale prices and demand.

Additionally, production yields in refining often fall short of sales quantities. This is common in the downstream industry due to the logistical challenges of transporting oil. Upstream oil producers submit nominations for sales to refiners based on their expected production for the month, but these predictions are not always accurate. Pipelines also batch their oil supply, meaning refineries physically receive a barrel of oil that was sold to them in a previous month, much later, as a lag batch. To fulfill these gaps in their supply contracts, refineries often purchase crude from storage terminals. For Marathon, this gap has averaged around 16% over the past three years, and we expect similar levels in the future as well.

Marathon reports an average refined products sales price in their 10-k. As mentioned earlier, while each PADD recognizes different regional prices, this average sales price is based on the Chicago CBOB gasoline and ultra-low sulfur distillate prices. These prices have near to a 96% correlation with oil prices and in our forecast computed futures sales prices to reflect that.



Source: MPC 10-K

Cost of Revenues

For petroleum refineries, the most significant cost driver is the cost of their input- crude oil. There are different prompt prices based on the PADD and their crude supply source, but Marathon also computes a blended prompt price that reflects a crude price based on their refining capabilities by location- 40% Mid-continent, 42% Gulf Coast and 18% West Coast.

Over the next four years, our forecast for oil prices ranges in the mid $60's to low $70's due to higher US oil production and a greater emphasis from the government encouraging producers to lower oil prices through supply.

In 2025, we forecast a blended oil price for Marathon at $67.45 resulting in a crack spread of $20.37 which is almost a 20% improvement over the previous year. On average, this contributes to 91% of Marathon's total revenue.

Capital Structure

Debt Financing

Marathon's capital structure enables them to leverage debt financing due to their consistent positive operating cash flows. In February 2025, the company announced a $2 billion senior notes offering intended to repay its outstanding notes due in May of 2025. $1.1 billion or 55% of the notes are due in 2030 and the other 45% in 2035 with a 5.15% and 5.7% rate respectively.
Marathon has a BBB debt rating, which is comparable to its peers.

Fiscal Year	Payment
2025	$ 2,950 mil
2026	$ 2,249 mil
2027	$ 2,000 mil
2028	$ 1,750 mil
2029 and beyond	$ 17,950 mil

Source: FactSet DCS

Equity Financing

As of Q3 of 2024, Marathon has an $8.3 billion share buyback authorization, which it plans on carrying out incrementally. In the span of 4 years, the company's weighted average shares outstanding has gone from 634 million to 340 million in 2024, which is over a 45% decrease. In the 2024 Q4 Earnings call, the company emphasized their commitment to shareholder value generation and mentioned that MPLX cash distributions will go towards dividends and MPC's capital expenditures, expected to be around $1.25 billion based on guidance.

ESG Analysis

Marathon has been actively prioritizing initiatives and practices centered on emission reduction, safety, and sustainability not only in its operations, but also in the communities they operate and serve in.

According to their Climate Report, 40% of 2024 capital expenditure is attributed to their low-carbon projects such as their Los Angeles refinery producing fuel compliant with California Air Resources Board (CARB) standards, and NOx emission regulations. Marathon's renewable diesel and fuel production is also a step in the right direction for the company long-term. By 2035, the company is aiming for a 38% scope 1 and 2 emissions reduction as well as reducing water usage by 20%. Marathon has a medium ESG risk, which is the lowest among its peers.

Company	ESG Score	Risk
Marathon Petroleum	**27.1**	**Medium**
Exxon Mobil	43.7	Severe
HF Sinclair	36.6	High
PBF Energy	46.4	Severe
Phillips 66	33.0	High
Valero Energy	30.5	High

Source: MorningStar – Sustainalytics

RECENT DEVELOPMENTS

2024 Q-4 Earnings Announcement

On February 7, 2025, Marathon announced its Q4 2024 earnings, surpassing EPS consensus estimates by $0.75 per share despite a weaker quarter. Refining margins declined 27% year-over-year, driven by lower crack spreads in the Mid-Continent PADD and margins returning from the high's resulting from oil supply shortages from Russia. However, strong performance in MPLX helped offset some of the losses from refining. Additionally, the renewable diesel segment made a profit in Q4 after 2 years of losses. Marathon intends to let this segment stabilize in the near future before investing more capital into it.

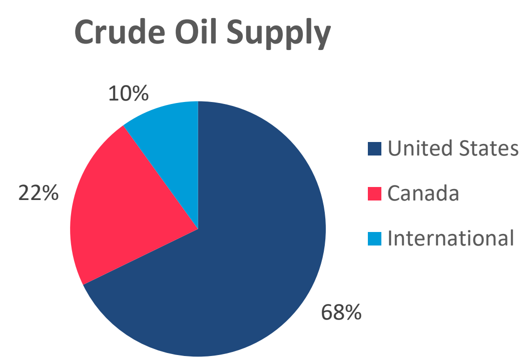
Management Guidance

In 2025, Marathon plans on investing heavily into its midstream operations. Primarily the two fractionation plants along the gulf coast and NGL gathering system to support LNG exports, expected to begin operations in 2028 and 2029.

In addition to the $2 billion investment in MPLX, MPC is investing into their Los Angeles refinery to improve its competitiveness with environmental standards, the Robinson refinery in Illinois to increase jet fuel yields, and the Galveston refinery in Texas to increase ultra-low sulfur diesel yield and increase refining capacity by 90 mb/d to increase refining capacity.

Canada Tariffs

One of the biggest risks for Marathon Petroleum is the impact of tariffs on Canadian oil imports. In 2024, over 22% of the company's crude feedstocks were imported from Canada, primarily supplying their Mid-Continent refineries, with some minor exposure in the West Coast as well. While the administration initially proposed a 25% tariff on all imports, energy tariffs were later reduced to 15%. Despite a month-long delay, the administration looks like it will move forward with implementing these tariffs and will likely put additional pressure on refining margins.



Source: MPC 10-K

Policy Uncertainty Around Clean Energy

Under the Biden administration, clean energy initiatives were strongly supported through incentives like the Inflation Reduction Act, which provided significant tax credits for renewable fuels. However, with the new administration prioritizing fossil fuel production, there is a growing risk that these tax credits could be repealed.

Since 2023, Marathon has made investments in renewable diesel and biofuels. While the potential loss of these incentives could pressure profitability, the demand for biofuels is still expected to grow in 2025 and 2026. Additionally, several Republican-led agricultural states have opposed the repeal, as it could majorly impact corn and soybean production and prices, which are key inputs for biofuels.

LNG Exports

Liquefied natural gas (LNG) exports have significantly increased following the Russian war, as the European energy grid, heavily dependent on Russian natural gas, shifted to seek alternative sources of energy. While the effects of the supply cuts have stabilized, the Trump administration is very much in favor of developing LNG export facilities and terminals along the Gulf Coast- namely Texas and Louisiana.

This is advantageous for Marathon as they are investing heavily into increasing their pipeline connectivity to the export market and building two fractionation complexes in the region as well. The pipeline, connected to the Permian basin, is a key source of natural gas for export markets and will position Marathon to capitalize on this growth. Marathon also could see further benefits from this in their Kenai refinery to export LNG to Japan, however, there is still a lot of uncertainty around that project.

INDUSTRY ANALYSIS

The petroleum refining industry is dominated by a select group of companies due to high barriers of entry. This capital-intensive business requires significant investment in infrastructure and strict compliance with health, safety, and environmental regulations.

Additionally, due to the fungibility of refined products, the real competitive advantage for downstream refiners comes from their low refining margins and efficiency.

Companies in this industry generally fall into two categories: vertically integrated oil majors such as ExxonMobil, Chevron, and BP, which leverage their upstream operations for a steady crude supply, and independent refiners like Marathon Petroleum, Valero Energy, and HF Sinclair, while smaller, focus on select geographic regions and operate with high efficiency to remain competitive.

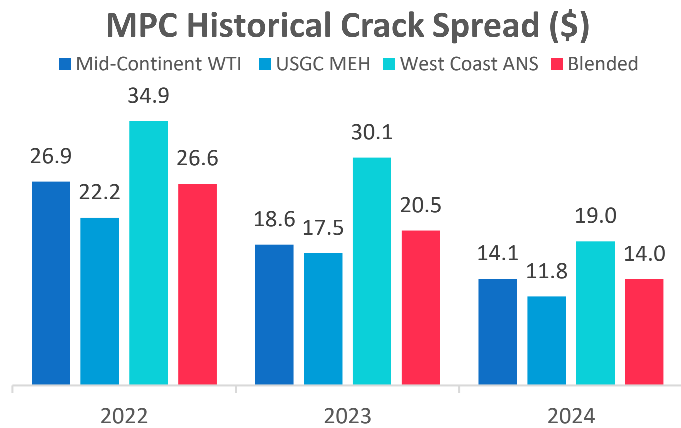
Crack Spread

Refining margins, also known as the crack spread, indicates the price difference between a barrel of crude oil and the derived refined product yields. The most common crack spread is the 3:2:1 crack spread, which implies that for every 3 barrels of crude oil, 2 barrels of gasoline and 1 barrel of diesel is produced. Higher crack spreads are ideal as it indicates greater profitability.

An important factor to note is that crack spreads are indicative of the overall industry's performance and not a metric that determines an individual refiner's profitability.

Marathon computes a crack spread for each of its PADD's, but also utilizes a blended crack spread for reporting purposes. Despite lower crack spreads in 2024, Marathon is optimistic about improved margins in 2025.

We forecast, that the crack spread over the next four years will be $20.37, $21.54, $22.01, and $22. Due to greater political uncertainty in 2025, we do not expect the spread to be as high as it could be.



Source: MPC 10-K

Crude Inventory Levels

Inventory levels provide insight into supply levels in the market. When inventories are high, there is an oversupply of oil, pushing prices down and this lowers overall refining margins if demand does not adjust as well.

On the other hand, when inventories are low, prices are driven higher, which also has a negative impact on margins as the cost of inputs for the refinery is higher.

Due to the global connectivity of oil markets, the supply of oil is not just influenced by US production, but also from OPEC+ countries and other major producers like China, Canada, and Russia.

Demand Fluctuations

Demand for refined products tends to follow seasonal patterns. Gasoline consumption peaks in the summer due to increased travel, while winter sees higher demand for heating oil in residential and commercial properties.

Beyond seasonality, macroeconomic factors also play a significant role in influencing demand. During periods of economic growth, increased industrial activity and higher energy consumption drive greater demand for refined products, specifically in the transportation and manufacturing industries. During recessions or slow economic growth periods, reduced industrial activity and lower consumer spending lead to a decline in fuel demand.

Energy Transition

Over the years, the energy transition to renewable and carbon-free sources of fuel has been growing in importance, however the shift is likely to be slower than anticipated. Refineries have been increasing their competitiveness through establishing a renewable diesel or biofuel segment and producing cleaner burning fuels like CARB gas in California.

While this is an important long-term growth strategy, we anticipate increased policy uncertainty around the tax credits and incentives such as the 45Z Clean Fuel Production Credit and RIN sales that drives revenue in this segment.

PEER COMPARISONS

Key Players

Exxon Mobil

Total Refining Capacity: 5000 mb/d
Number of Refineries: 21
Locations: US, Singapore, and Canada

HF Sinclair

Total Refining Capacity: 678 mb/d
Number of Refineries: 7
Locations: Rockies, Mid-Continent, Southwest

PBF Energy

Total Refining Capacity: 1,000 mb/d
Number of Refineries: 6
Locations: East Coast, Mid-Continent, Gulf Coast

Philllips 66

Total Refining Capacity: 2,200 mb/d
Number of Refineries: 11
Locations: US, UK Germany

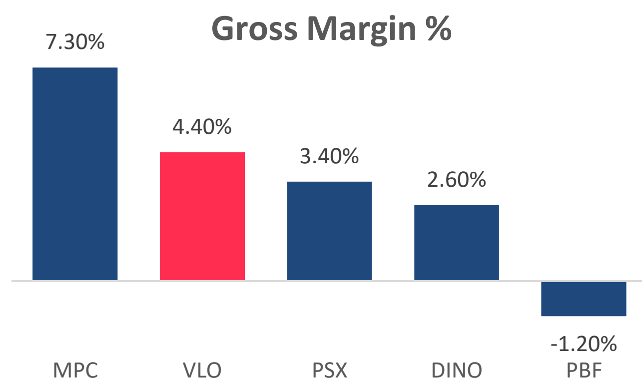
Valero Energy

Total Refining Capacity: 3,200 mb/d
Number of Refineries: 15
Locations: US, UK and Canada

Comparison Metrics

Gross Margin

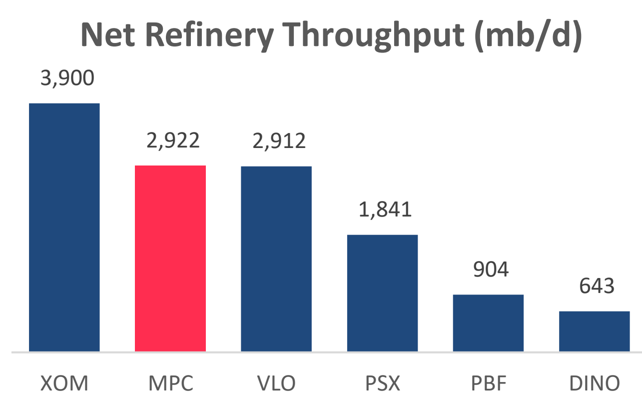
Gross margin is a key indicator in the petroleum refining segment as it reflects the profitability of converting crude oil into refined products. Higher gross margins indicate that a refiner is able to generate more revenue per barrel processed, which is an important component of competitive advantage in refining. In 2024, Marathon Petroleum ranked first among its peers in gross margin, due to its high refinery utilization rates and differentials.



Source: FactSet

Throughput

Refinery throughput refers to the quantity of crude oil that is being processed everyday. Marathon in 2024 had a refinery throughput of 2,933 mb/d, which was slightly higher than their refinery utilization in 2023. It ranked second among its peers in 2024, and very close to Valero Energy although Valero had a much higher throughput than Marathon in 2023.

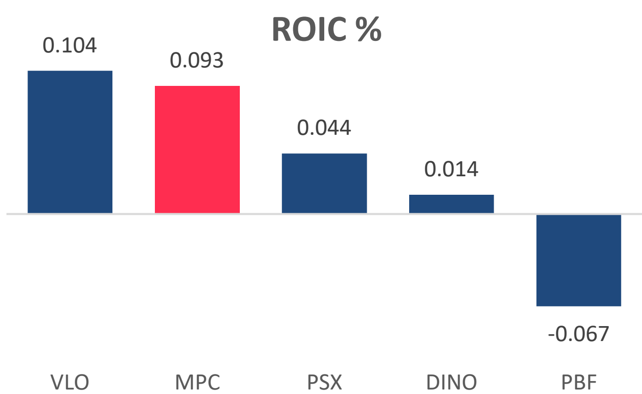


Source: Factset

Return on Invested Capital

Marathon ranked second among its peers in ROIC which indicates that the company is able to efficiently allocate its capital and generate strong returns on their investments. This is a particularly important metric for Marathon as they are investing heavily into their refineries and midstream segment to improve yields and refining margins.

Valero Energy's high ROIC could be attributed to the company's heavy investment in their renewable biofuel segment. Their joint venture investment with Diamond Green Diesel into sustainable aviation fuel (SAF) became fully operational in 2024 and positioned the company to become a leader in the industry.



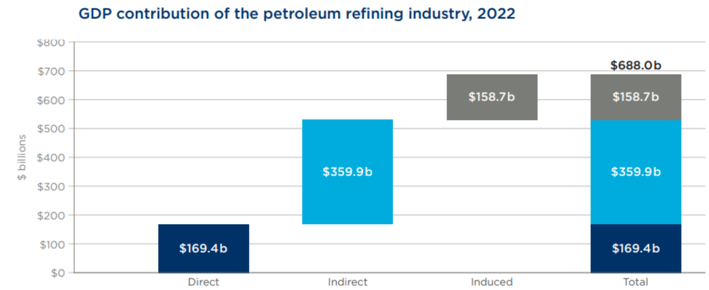
Source: MPC 10-K, Facset

ECONOMIC OUTLOOK

GDP Growth

GDP growth is a strong indicator of demand for refined products due to greater industrial activity. The Henry Fund projects an average GDP growth of 2.63% over the next two years, signaling steady demand for transportation fuels and industrial feedstocks. This growth supports our forecasts for strong refinery utilization rates and refining sales prices.

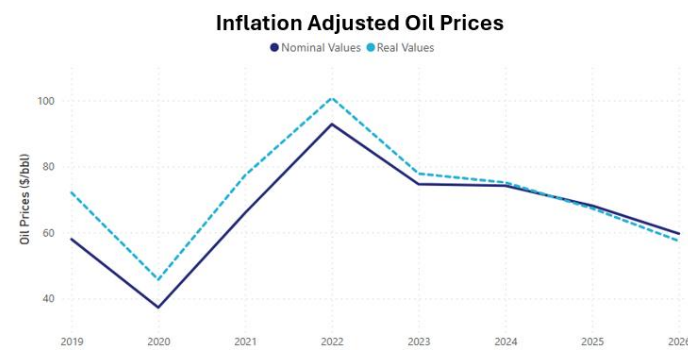
The refining industry is also a major contributor to the GDP. In 2022, the industry contributed a total of $688 billion and that number is likely to have increased within the past two years. The American Fuel and Petrochemical Manufacturers states that for every $1 of GDP generated by the refining industry, there is a $3 increase in GDP indirectly through increased economic activity, employment, and tax revenue.

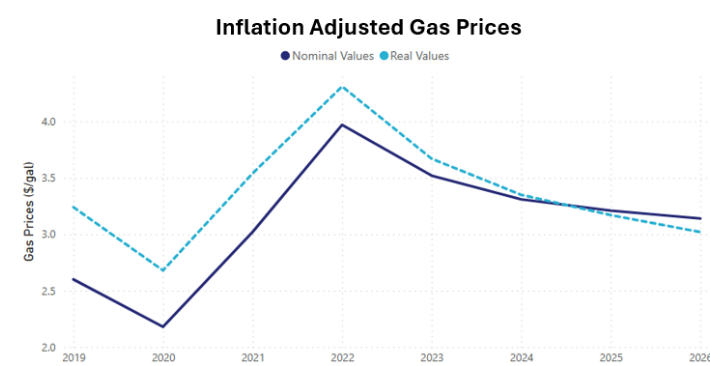


Source: Oxford Economics – AFPM

Inflation

Inflation plays a role in realizing crack spreads as it influences both input crude oil costs and refined product sales prices. Higher inflation can drive up oil prices, labor costs, and operational expenses, which are determinants of profitability and competitive advantage within the refining industry. The Henry Fund estimates a 3.06% Consumer price index (CPI) inflation rate over the next two years. Typically, refined product sale prices tend to adjust accordingly to movements in oil prices, so the impacts of inflation are corrected.





Source: EIA

VALUATION

WACC

We calculated a weighted average cost of capital (WACC) of 7.04% incorporating the reported 2024 balance sheet debt weights, a 10-year Treasury bond yield of 4.34% as the risk-free rate, a 0.73 raw 2-year beta, a 6.82% pre-tax cost of debt, and a 5% equity risk premium. We chose a shorter beta time frame to better capture the company's post-COVID performance and account for the ongoing geopolitical conflicts in Russia and the Middle East.

DCF and EP Model

We computed a target price of $162 for Marathon Petroleum based on our DCF and EP model. This reflects nearly a 4% upside from what the stock is currently trading. This model aligns with our assumptions in growth in the renewable diesel and midstream segments and captures the company's long-term expansion potential.

DDM Model

We arrived at a target price of $121 based on our dividend discount model which implies a 20% discount. Given Marathon's consistent earnings distribution to shareholders, we did give a sizeable weight to this model in our final price target recommendation. This model better reflects that refining margins will improve, but it will be more gradual in recovery.

Relative Valuation

Our relative valuation model yielded a $213 price for 2025 which reflects a significant premium over the current price as we compared Marathon among its peer group – Exxon Mobil, HF Sinclair, PBF Energy, Phillips 66 and Valero Energy. Due to the competitive nature of the refining industry and the importance of maintaining strong margins relative to peers, we believe this model provides a meaningful assessment of Marathon's valuation but does overinflate the value as Marathon has the highest EPS among its peer group in 2025 and 2026.

Analyst Price Targets

Comparing our three valuation models to the average consensus stock price of $157 among a range of $134 to $183, we believe that our assumptions are in line with the market. While we anticipate growth in the refining industry and for Marathon, driven by its investments in renewable diesel and midstream expansion, we recognize that refining margins, which form the core operations for Marathon, will take time to fully recover.

Sensitivity Test

We evaluated our model price against various pre-tax cost of debt inputs and risk-free rates to determine how sensitive Marathon's pricing is to these variables. We found that the stock price is significantly impacted by a high-risk free rate as investors are more likely to invest in bonds over stocks, which would require a much higher return to make it an attractive investment.

Pre-Tax Cost of Debt \ Risk Free Rate							
161.87	4.28%	4.30%	4.32%	4.34%	4.36%	4.38%	4.40%
6.73%	164.53	163.97	163.41	162.86	162.31	161.76	161.22
6.76%	164.19	163.64	163.08	162.53	161.98	161.44	160.89
6.79%	163.86	163.30	162.75	162.20	161.65	161.11	160.57
6.82%	163.52	162.97	162.42	161.87	161.33	160.79	160.25
6.85%	163.19	162.64	162.09	161.54	161.00	160.46	159.93
6.88%	162.86	162.31	161.76	161.22	160.68	160.14	159.61
6.91%	162.53	161.98	161.44	160.89	160.36	159.82	159.29

KEYS TO MONITOR

Overall, we anticipate Marathon Petroleum to perform steadily over the next few years, which is why our recommendation is HOLD on the stock. The main sources of concern stem from higher crude costs driven by Canadian tariffs in place, and concerns over the renewable biofuel tax credits, which drive profitability in the sector through the sale of Renewable Identification Numbers (RIN).

On the flip side, we expect strong growth in the midstream sector due to their infrastructure investment into expanding Permian oil connectivity to LNG export markets and steady performance from the renewable diesel segment.

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11. Ethanol Producer
12. Circle of Blue
13. Resource Wise
14. Farm Doc Daily
15. Biomass Magazine
16. Biodiesel Magazine
17. Sustainalytics
18. FactSet
19. Valero
20. HF Sinclair
21. Exxon Mobil
22. Chevron
23. Phillips 66
24. PBF Energy

DISCLAIMER

Marathon Petroleum Corporation (MPC)
Revenue Decomposition

Fiscal Years Ending Dec. 31	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Refined Product Yields (Production)														
Gasoline														
mb/d	1,446	1,494	1,526	1,490	1,580	1,598	1,622	1,641	1,670	1,693	1,718	1,743	1,769	1,795
% of Total	51.01%	50.08%	51.68%	50.35%	51.27%	51.10%	51.10%	50.95%	51.10%	51.06%	51.06%	51.04%	51.07%	51.06%
Distillates														
mb/d	965	1,079	1,047	1,070	1,096	1,117	1,137	1,150	1,168	1,186	1,202	1,220	1,238	1,256
% of Total	34.04%	36.17%	35.46%	36.16%	35.56%	35.73%	35.82%	35.70%	35.75%	35.75%	35.73%	35.75%	35.75%	35.74%
Propane														
mb/d	52	70	66	67	69	70	71	72	73	75	76	77	78	79
% of Total	1.83%	2.35%	2.24%	2.26%	2.24%	2.25%	2.25%	2.24%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
NGLs and petrochemicals														
mb/d	250	178	182	192	193	197	202	203	207	210	213	216	219	222
% of Total	8.82%	5.97%	6.16%	6.49%	6.26%	6.30%	6.35%	6.31%	6.32%	6.33%	6.32%	6.32%	6.32%	6.32%
Heavy fuel oil														
mb/d	31	73	52	59	62	60	63	63	64	65	66	67	68	69
% of Total	1.09%	2.45%	1.76%	1.99%	2.01%	1.92%	1.98%	1.97%	1.96%	1.97%	1.96%	1.96%	1.96%	1.96%
Asphalt														
mb/d	91	89	80	81	82	85	86	87	88	89	91	92	93	95
% of Total	3.21%	2.98%	2.71%	2.74%	2.66%	2.70%	2.70%	2.69%	2.70%	2.69%	2.69%	2.69%	2.69%	2.69%
Total	**2,835**	**2,983**	**2,953**	**2,959**	**3,082**	**3,127**	**3,173**	**3,220**	**3,268**	**3,316**	**3,365**	**3,414**	**3,464**	**3,515**
Refined Product Sales														
Gasoline														
mb/d	1,834	1,870	1,933	1,922	1,984	2,020	2,042	2,075	2,106	2,136	2,168	2,200	2,232	2,265
% of Total	53.55%	53.31%	54.67%	53.61%	53.86%	54.05%	53.84%	53.92%	53.93%	53.90%	53.92%	53.92%	53.91%	53.91%
Distillates														
mb/d	1,089	1,169	1,144	1,187	1,213	1,226	1,249	1,266	1,284	1,304	1,322	1,342	1,362	1,382
% of Total	31.80%	33.32%	32.35%	33.11%	32.93%	32.80%	32.95%	32.89%	32.88%	32.90%	32.89%	32.89%	32.90%	32.89%
Propane														
mb/d	76	93	90	104	99	101	105	105	107	109	110	112	114	115
% of Total	2.22%	2.65%	2.55%	2.90%	2.70%	2.72%	2.77%	2.73%	2.74%	2.75%	2.74%	2.74%	2.74%	2.74%
NGLs and petrochemicals														
mb/d	293	221	230	231	236	241	244	248	252	255	259	263	267	271
% of Total	8.55%	6.30%	6.50%	6.44%	6.42%	6.45%	6.44%	6.44%	6.44%	6.44%	6.44%	6.44%	6.44%	6.44%
Heavy fuel oil														
mb/d	39	66	57	59	63	62	63	65	65	66	67	68	69	70
% of Total	1.14%	1.88%	1.61%	1.65%	1.71%	1.66%	1.67%	1.68%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%
Asphalt														
mb/d	94	89	82	82	88	87	88	90	91	93	94	95	97	98
% of Total	2.74%	2.54%	2.32%	2.29%	2.38%	2.33%	2.33%	2.35%	2.34%	2.34%	2.34%	2.34%	2.34%	2.34%
Total	**3,425**	**3,508**	**3,536**	**3,585**	**3,683**	**3,737**	**3,792**	**3,848**	**3,905**	**3,962**	**4,021**	**4,080**	**4,140**	**4,201**
Refined Product Export Sales														
Gasoline														
mb/d	115	105	119	116	126	122	125	125	129	130	132	134	136	138
% of Total	41.52%	33.33%	35.10%	31.35%	35.33%	33.78%	33.89%	33.59%	34.15%	33.85%	33.87%	33.86%	33.93%	33.88%
Distillates														
mb/d	121	158	156	199	173	180	182	188	187	191	194	197	199	202
% of Total	43.68%	50.16%	46.02%	53.78%	48.41%	49.59%	49.45%	50.31%	49.44%	49.70%	49.73%	49.79%	49.66%	49.72%
Other														
mb/d	41	52	64	55	58	60	61	60	62	63	64	65	66	67
% of Total	14.80%	16.51%	18.88%	14.86%	16.26%	16.63%	16.66%	16.10%	16.41%	16.45%	16.41%	16.34%	16.40%	16.40%
Total	**277**	**315**	**339**	**370**	**357**	**362**	**368**	**373**	**378**	**384**	**390**	**395**	**401**	**407**
Crude Oil Benchmark Prices ($/bbl)														
WTI (sweet)	68.11	94.33	77.60	75.76	66.00	68.64	70.01	71.41	71.00	72.00	71.00	70.00	69.00	68.00
Crude Differentials ($/bbl)														
Sweet	(0.47)	0.21	(0.48)	(1.09)	(0.48)	(0.48)	(0.48)	(0.48)	(0.48)	(0.48)	(0.48)	(0.48)	(0.48)	(0.48)
Sour	(4.05)	(6.81)	(6.31)	(4.45)	(6.31)	(6.31)	(6.31)	(6.31)	(6.31)	(6.31)	(6.31)	(6.31)	(6.31)	(6.31)
Refined Products Benchmark Prices ($/gal)														
Chicago CBOB unleaded regular gaso	2.02	2.87	2.33	2.14	1.95	2.06	2.10	2.11	2.10	2.13	2.10	2.07	2.04	2.01
Chicago ultra-low sulfur diesel	2.06	3.43	2.61	2.32	2.31	2.41	2.47	2.50	2.48	2.52	2.48	2.45	2.41	2.38
USGC CBOB unleaded regular gasolir	2.01	2.76	2.34	2.13	1.94	2.01	2.05	2.09	2.08	2.11	2.08	2.05	2.02	2.00
USGC ultra-low sulfur diesel	2.01	3.46	2.72	2.36	2.19	2.28	2.32	2.37	2.35	2.39	2.35	2.32	2.29	2.26
LA CARBOB	2.20	3.29	2.81	2.46	2.28	2.37	2.41	2.46	2.44	2.48	2.44	2.41	2.38	2.35
LA CARB diesel	2.10	3.51	2.91	2.44	2.31	2.40	2.44	2.49	2.48	2.51	2.48	2.44	2.41	2.38
Average Refined Product Sales Price ($/g	2.04	3.00	2.47	2.23	2.13	2.24	2.29	2.31	2.29	2.33	2.29	2.26	2.23	2.20
Crack Spread by Crude Oil (3-2-1)														
Mid-Continent WTI	17.29	34.05	24.18	16.64	21.02	22.78	23.37	22.74	22.61	22.93	22.61	22.29	21.97	21.66
USGC MEH	15.41	29.53	24.52	15.33	17.51	18.20	18.56	18.92	18.81	19.07	18.81	18.55	18.29	18.03
USGC LLS														
West Coast ANS	20.44	42.28	37.01	22.73	25.60	26.56	27.05	27.56	27.41	27.77	27.41	27.05	26.69	26.32
Blended	17.17	33.89	26.88	17.19	20.37	21.54	22.01	22.00	21.88	22.18	21.88	21.58	21.28	20.97

Marathon Petroleum Corporation (MPC)

Income Statement

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenues and other income:													
Sales and other operating revenues	177,453	148,379	138,864	135,076	143,120	148,286	151,802	153,094	157,445	157,615	157,725	157,855	157,929
Income from equity method investments	655	742	1,048	1,056	949	1,018	1,007	991	1,005	1,001	999	1,002	1,001
Net gain on disposal of assets	1,061	217	28	121	121	120	119	118	116	114	111	109	106
Other income	783	969	472	910	924	937	951	965	979	994	1,008	1,023	1,038
Total revenues and other income	**179,952**	**150,307**	**140,412**	**137,163**	**145,113**	**150,361**	**153,879**	**155,168**	**159,545**	**159,723**	**159,844**	**159,989**	**160,075**
Costs and expenses:													
Cost of revenues	151,671	128,566	126,240	124,178	130,621	135,396	141,918	143,066	147,488	147,310	147,096	146,842	146,550
Impairment expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	3,215	3,307	3,337	3,100	3,099	3,084	3,058	3,021	2,976	2,924	2,867	2,804	2,737
Selling, general and administrative expenses	2,772	3,039	3,221	2,670	2,829	2,931	3,001	3,026	3,112	3,115	3,118	3,120	3,122
Restructuring expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Other taxes	825	881	818	935	949	963	977	992	1,006	1,021	1,036	1,052	1,067
Total costs and expenses	**158,483**	**135,793**	**133,616**	**130,883**	**137,497**	**142,374**	**148,954**	**150,105**	**154,583**	**154,372**	**154,116**	**153,818**	**153,475**
Income from continuing operations	21,469	14,514	6,796	6,280	7,615	7,986	4,925	5,063	4,962	5,352	5,728	6,172	6,599
- Net interest and other financial costs	1,000	525	839	531	504	504	509	512	478	481	474	496	481
Income from operations before income taxes	20,469	13,989	5,957	5,750	7,111	7,482	4,416	4,551	4,484	4,871	5,254	5,675	6,118
- Provision for income taxes on operations	4,491	2,817	890	1,322	1,636	1,721	1,016	1,047	1,031	1,120	1,208	1,305	1,407
Income from continuing operations, net of tax	15,978	11,172	5,067	4,427	5,476	5,761	3,400	3,504	3,453	3,750	4,045	4,370	4,711
+ Income from discontinued operations, net of tax	72	-	-	-	-	-	-	-	-	-	-	-	-
Net income	**16,050**	**11,172**	**5,067**	**4,427**	**5,476**	**5,761**	**3,400**	**3,504**	**3,453**	**3,750**	**4,045**	**4,370**	**4,711**
Less net income attributable to:													
Redeemable noncontrolling interest	88	94	27	78	72	59	70	67	65	67	66	66	67
Noncontrolling interests	1,446	1,397	1,595	1,074	1,074	1,291	1,313	1,291	1,273	1,219	1,243	1,272	1,268
Net income attributable to MPC	**14,516**	**9,681**	**3,445**	**3,275**	**4,330**	**4,411**	**2,018**	**2,147**	**2,115**	**2,464**	**2,736**	**3,032**	**3,376**
Per share data													
Basic:													
Continuing operations	28.17	23.73	10.11	9.92	13.50	14.15	6.65	7.27	7.35	8.79	10.00	11.35	12.94
Discontinued operations	0.14	-	-	-	-	-	-	-	-	-	-	-	-
Net income per share (EPS)	28.31	23.73	10.11	9.92	13.50	14.15	6.65	7.27	7.35	8.79	10.00	11.35	12.94
Dividends per share	2.49	3.09	4.04	1.91	2.60	2.72	1.28	1.40	1.42	1.69	1.93	2.19	2.49
Total dividends paid	1,277.13	1,258.02	1,373.96	630.91	834.03	849.65	388.70	413.47	407.31	474.61	526.92	584.01	650.25
Weighted average shares outstanding	512.00	407.00	340.00	330.12	320.77	311.82	303.32	295.26	287.63	280.39	273.54	267.05	260.90

Marathon Petroleum Corporation (MPC)
Balance Sheet

Fiscal Years Ending Dec. 31	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Assets													
Cash and cash equivalents	8,625	5,443	3,210	1,912	2,702	4,024	3,491	1,388	1,071	817	2,325	2,203	4,802
Short-term investments	3,145	4,781	-	-	-	-	-	-	-	-	-	-	-
Receivables, less allowance for doubtful account	13,477	11,619	11,145	11,025	11,681	12,103	12,390	12,495	12,850	12,864	12,873	12,884	12,890
Inventories	8,827	9,317	9,568	8,169	8,656	8,968	9,181	9,259	9,522	9,532	9,539	9,547	9,551
Other current assets	1,168	971	524	529	535	540	546	552	557	563	569	575	581
Total current assets	35,242	32,131	24,447	21,635	23,573	25,635	25,607	23,693	24,001	23,776	25,306	25,209	27,824
Equity method investments	6,466	6,260	6,857	7,913	8,862	9,879	10,887	11,878	12,883	13,885	14,884	15,886	16,887
Property, plant and equipment, net	35,657	35,112	35,028	35,016	34,850	34,553	34,142	33,636	33,048	32,394	31,683	30,928	30,191
Goodwill	8,244	8,244	8,244	8,244	8,244	8,244	8,244	8,244	8,244	8,244	8,244	8,244	8,244
Right of use assets	1,214	1,233	1,300	1,300	1,293	1,282	1,267	1,248	1,227	1,202	1,176	1,148	1,120
Other noncurrent assets	3,081	3,007	**2,982**	**3,083**	**3,187**	**3,295**	**3,406**	**3,521**	**3,640**	**3,763**	**3,890**	**4,022**	**4,158**
Total assets	**89,904**	**85,987**	**78,858**	**77,190**	**80,010**	**82,889**	**83,553**	**82,221**	**83,043**	**83,264**	**85,183**	**85,436**	**88,423**
Liabilities													
Accounts payable	15,312	13,761	13,906	12,570	13,318	13,799	14,126	14,246	14,651	14,667	14,677	14,690	14,696
Payroll and benefits payable	967	1,115	1,096	961	1,018	1,055	1,080	1,089	1,120	1,121	1,122	1,123	1,123
Accrued taxes	1,140	1,221	1,204	1,200	1,195	1,191	1,187	1,183	1,179	1,175	1,170	1,166	1,162
Debt due within one year	1,066	1,954	3,049	2,950	2,249	2,000	1,750	750	1,500	-	1,000	1,100	1,650
Operating lease liabilities	368	454	417	430	428	424	419	413	406	398	389	380	371
Other current liabilities	1,167	1,645	1,155	1,182	1,209	1,237	1,266	1,295	1,326	1,356	1,388	1,420	1,453
Liabilities held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	20,020	20,150	20,827	19,292	19,418	19,706	19,828	18,976	20,181	18,717	19,746	19,878	20,455
Long-term debt	25,634	25,329	24,432	23,176	23,854	24,375	24,776	24,033	23,414	24,573	24,710	23,836	24,966
Deferred income taxes	5,904	5,834	5,771	5,766	5,761	5,756	5,751	5,746	5,741	5,736	5,731	5,726	5,721
Defined benefit postretirement plan obligations	1,114	1,102	1,157	1,041	937	843	759	683	615	553	498	448	403
Long-term operating lease liabilities	841	764	860	874	870	863	852	840	825	809	791	772	754
Deferred credits and other liabilities	1,304	1,409	1,305	1,337	1,371	1,405	1,440	1,476	1,513	1,550	1,589	1,628	1,669
Total liabilities	**54,817**	**54,588**	**54,352**	**51,486**	**52,211**	**52,948**	**53,406**	**51,754**	**52,289**	**51,938**	**53,066**	**52,289**	**53,969**
Redeemable noncontrolling interest	968	895	203	281	353	412	481	548	613	680	746	813	879
Equity													
Common Equity	33,412	33,475	33,634	33,644	33,654	33,664	33,674	33,684	33,694	33,704	33,714	33,724	33,734
Held in treasury	(31,841)	(43,502)	(52,623)	(54,185)	(55,746)	(57,306)	(58,867)	(60,427)	(61,988)	(63,549)	(65,109)	(66,670)	(68,230)
Retained earnings	26,142	34,562	36,848	39,493	42,989	46,550	48,179	49,912	51,620	53,609	55,818	58,266	60,991
Accumulated other comprehensive income (loss)	2	(131)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)
Total MPC stockholders' equity	27,715	24,404	17,745	18,838	20,783	22,794	22,872	23,055	23,212	23,650	24,309	25,206	26,381
Noncontrolling interests	6,404	6,100	6,558	6,585	6,663	6,735	6,794	6,863	6,930	6,995	7,062	7,128	7,195
Total equity	**34,119**	**30,504**	**24,303**	**25,423**	**27,446**	**29,529**	**29,666**	**29,918**	**30,142**	**30,646**	**31,371**	**32,334**	**33,576**
Total liabilities, and equity	**89,904**	**85,987**	**78,858**	**77,190**	**80,010**	**82,889**	**83,553**	**82,221**	**83,043**	**83,264**	**85,183**	**85,436**	**88,423**

Marathon Petroleum Corporation (MPC)
Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024
Operating activities:						
Net income	$ 3,255	$ (9,977)	$ 11,001	$ 16,050	$ 11,172	5,067
Adjustments to reconcile net income to net cash						
provided by operating activities:						
Amortization of deferred financing costs and debt discount	33	69	79	50	(78)	(31)
Impairment expense	1,197	8,426	-	-	-	-
Depreciation and amortization	3,225	3,375	3,364	3,215	3,307	3,337
Pension and other postretirement benefits, net	(68)	220	(499)	172	(191)	59
Deferred income taxes	807	(241)	(169)	290	(28)	(124)
Net gain on disposal of assets	(278)	(70)	(21)	(1,061)	(217)	(28)
Income from equity method investments	(312)	935	(458)	(655)	(742)	(1,048)
Distributions from equity method investments	569	577	652	772	941	1,215
Income from discontinued operations	(806)	(1,205)	(8,448)	(72)	-	-
Changes in income tax receivable	(358)	(1,807)	2,089	(555)	135	-
Changes in the fair value of derivative instruments	(8)	45	16	(147)	70	71
Changes in:						
Current receivables	(1,717)	1,465	(5,299)	(2,315)	1,972	1,117
Inventories	(362)	1,750	(33)	(787)	(489)	(270)
Current accounts payable and accrued liabilities	2,453	(2,927)	6,260	1,909	(1,316)	(438)
Right of use assets and operating lease liabilities net	(9)	(19)	3	-	(7)	(10)
All other, net	355	191	(153)	(547)	(412)	(252)
Cash provided by operating activities - continuing operations	7,976	807	8,384	16,319	14,117	8,665
Cash provided by (used in) operating activities - discontinued op	1,465	1,612	(4,024)	42	-	-
Net cash provided by operating activities	**9,441**	**2,419**	**4,360**	**16,361**	**14,117**	**8,665**
Investing activities:						
Additions to property, plant and equipment	(4,810)	(2,787)	(1,464)	(2,420)	(1,890)	(2,533)
Acquisitions, net of cash acquired	(129)	-	-	(413)	(246)	(688)
Disposal of assets	47	150	153	90	36	35
Investments - acquisitions and contributions	(1,064)	(485)	(210)	(405)	(480)	(509)
- redemptions, repayments, return of capitals	98	137	39	515	275	161
Purchases of short-term investments	-	-	(12,498)	(6,023)	(8,622)	(2,949)
Sales of short-term investments	-	-	1,544	1,296	2,082	3,295
Maturities of short-term investments	-	-	5,406	7,159	5,048	4,526
All other, net	81	63	513	824	702	196
Cash provided by (used in) investing activities - continuing opera	(5,777)	(2,922)	(6,517)	623	(3,095)	1,534
Cash provided by investing activities - discontinued operations	(484)	(335)	21,314	-	-	-
Net cash provided by (used in) investing activities	**(6,261)**	**(3,257)**	**14,797**	**623**	**(3,095)**	**1,534**
Financing activities:						
Commercial paper - issued	-	2,055	7,414	-	-	
- repayments	-	(1,031)	(8,437)	-	-	
Long-term debt - borrowings	14,274	17,082	12,150	3,379	1,589	1,631
- repayments	(13,073)	(15,380)	(17,400)	(2,280)	(1,079)	(1,984)
Debt issuance costs	(22)	(50)	-	(39)	(15)	(15)
Issuance of common stock	10	11	106	243	62	25
Common stock repurchased	(1,950)	-	(4,654)	(11,922)	(11,572)	(9,189)
Dividends paid	(1,398)	(1,510)	(1,484)	(1,279)	(1,261)	(1,154)
Distributions to noncontrolling interests	(1,245)	(1,244)	(1,449)	(1,214)	(1,281)	(1,377)
Contributions from noncontrolling interests	97	-	-	-	-	-
Repurchases of noncontrolling interests	-	(33)	(630)	(491)	-	(326)
Redemption of noncontrolling interests - preferred units	-	-	-	-	(600)	-
All other, net	(69)	(35)	(35)	(44)	(50)	(45)
Net cash used in financing activities	**(3,376)**	**(135)**	**(14,419)**	**(13,647)**	**(14,207)**	**(12,434)**
Net change in cash, cash equivalents and restricted cash	**(196)**	**(973)**	**4,738**	**3,337**	**(3,185)**	**(2,235)**
Cash, cash equivalents and restricted cash balances:						
Continuing operations - beginning of year	1,519	1,395	416	5,294	8,631	5,446
Discontinued operations - beginning of year	206	134	140	-	-	-
Less: Discontinued operations - end of year	134	140	-	-	-	-
Continuing operations - end of year	**1,395**	**416**	**5,294**	**8,631**	**5,446**	**3,211**

Marathon Petroleum Corporation (MPC)

Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Operating Activities											
Net Income	$ 3,445	$ 3,275	$ 4,330	$ 4,411	$ 2,018	$ 2,147	$ 2,115	$ 2,464	$ 2,736	$ 3,032	$ 3,376
Depreciation and amortization	3,337	3,100	3,099	3,084	3,058	3,021	2,976	2,924	2,867	2,804	2,737
Accrued income taxes	(17)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Deferred income taxes	(63)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Changes in working capital:											
Receivables, less allowance for doubtful accounts	474	120	(657)	(422)	(287)	(105)	(355)	(14)	(9)	(11)	(6)
Inventories	(251)	1,399	(486)	(312)	(213)	(78)	(263)	(10)	(7)	(8)	(4)
Other current assets	447	(5)	(5)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
Accounts payable	145	(1,336)	749	481	327	120	405	16	10	12	7
Payroll and benefits payable	(19)	(135)	57	37	25	9	31	1	1	1	1
Other current liabilities	(490)	27	27	28	29	29	30	31	31	32	33
Defined benefit postretirement plan obligations	55	(116)	(104)	(94)	(84)	(76)	(68)	(61)	(55)	(50)	(45)
Operating lease liabilities	(37)	13	(2)	(4)	(5)	(6)	(7)	(8)	(9)	(9)	(9)
Long-term operating lease liabilities	96	14	(4)	(7)	(10)	(13)	(15)	(16)	(18)	(19)	(18)
Deferred credits and other liabilities	(104)	32	33	34	35	36	37	38	39	40	41
Net cash provided by operating activities	**7,018**	**6,379**	**7,027**	**7,221**	**4,878**	**5,069**	**4,870**	**5,349**	**5,571**	**5,809**	**6,096**
Investing activities:											
Short-term investments	4,781	-	-	-	-	-	-	-	-	-	-
Equity method investments	(597)	(1,056)	(949)	(1,018)	(1,007)	(991)	(1,005)	(1,001)	(999)	(1,002)	(1,001)
Property, plant and equipment	(3,253)	(3,088)	(2,933)	(2,786)	(2,647)	(2,515)	(2,389)	(2,270)	(2,156)	(2,048)	(2,000)
Right of use assets	(67)	0	6	11	15	19	22	24	26	28	27
Goodwill	-	-	-	-	-	-	-	-	-	-	-
Other noncurrent assets	25	(101)	(104)	(108)	(111)	(115)	(119)	(123)	(127)	(131)	(136)
Net cash provided by (used in) investing activities	**889**	**(4,244)**	**(3,980)**	**(3,901)**	**(3,751)**	**(3,602)**	**(3,492)**	**(3,370)**	**(3,256)**	**(3,154)**	**(3,109)**
Financing activities:											
Debt due within one year	1,095	(99)	(701)	(249)	(250)	(1,000)	750	(1,500)	1,000	100	550
Long-term debt	(897)	(1,256)	679	520	401	(742)	(619)	1,159	138	(875)	1,130
Common equity	159	10	10	10	10	10	10	10	10	10	10
Held in treasury	(9,121)	(1,562)	(1,561)	(1,561)	(1,561)	(1,561)	(1,561)	(1,561)	(1,561)	(1,561)	(1,561)
Dividends paid	(1,374)	(631)	(834)	(850)	(389)	(413)	(407)	(475)	(527)	(584)	(650)
Noncontrolling interests	458	27	78	72	59	70	67	65	67	66	66
Other comprehensive income	17	-	-	-	-	-	-	-	-	-	-
Redeemable noncontrolling interest	(692)	78	72	59	70	67	65	67	66	66	67
Net cash used in financing activities	**(10,355)**	**(3,433)**	**(2,257)**	**(1,998)**	**(1,660)**	**(3,570)**	**(1,695)**	**(2,234)**	**(807)**	**(2,777)**	**(388)**
Net change in cash, cash equivalents and restricted cash	**(2,448)**	**(1,298)**	**790**	**1,322**	**(533)**	**(2,103)**	**(316)**	**(255)**	**1,508**	**(122)**	**2,598**
Continuing operations - beginning of year	5,443	3,210	1,912	2,702	4,024	3,491	1,388	1,071	817	2,325	2,203
Continuing operations - end of year	**$ 2,995**	**$ 1,912**	**$ 2,702**	**$ 4,024**	**$ 3,491**	**$ 1,388**	**$ 1,071**	**$ 817**	**$ 2,325**	**$ 2,203**	**$ 4,802**

Marathon Petroleum Corporation (MPC)
Common Size Income Statement

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenues and other income:													
Sales and other operating revenues	98.61%	98.72%	98.90%	98.48%	98.63%	98.62%	98.65%	98.66%	98.68%	98.68%	98.67%	98.67%	98.66%
Income from equity method investments	0.36%	0.49%	0.75%	0.77%	0.65%	0.68%	0.65%	0.64%	0.63%	0.63%	0.63%	0.63%	0.63%
Net gain on disposal of assets	0.59%	0.14%	0.02%	0.09%	0.08%	0.08%	0.08%	0.08%	0.07%	0.07%	0.07%	0.07%	0.07%
Other income	0.44%	0.64%	0.34%	0.66%	0.64%	0.62%	0.62%	0.62%	0.61%	0.62%	0.63%	0.64%	0.65%
Total revenues and other income	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Costs and expenses:													
Cost of revenues	84.28%	85.54%	89.91%	90.53%	90.01%	90.05%	92.23%	92.20%	92.44%	92.23%	92.02%	91.78%	91.55%
Impairment expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	1.79%	2.20%	2.38%	2.26%	2.14%	2.05%	1.99%	1.95%	1.87%	1.83%	1.79%	1.75%	1.71%
Selling, general and administrative expenses	1.54%	2.02%	2.29%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
Restructuring expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Other taxes	0.46%	0.59%	0.58%	0.68%	0.65%	0.64%	0.64%	0.64%	0.63%	0.64%	0.65%	0.66%	0.67%
Total costs and expenses	88.07%	90.34%	95.16%	95.42%	94.75%	94.69%	96.80%	96.74%	96.89%	96.65%	96.42%	96.14%	95.88%
Income from continuing operations	11.93%	9.66%	4.84%	4.58%	5.25%	5.31%	3.20%	3.26%	3.11%	3.35%	3.58%	3.86%	4.12%
- Net interest and other financial costs	0.56%	0.35%	0.60%	0.39%	0.35%	0.34%	0.33%	0.33%	0.30%	0.30%	0.30%	0.31%	0.30%
Income from continuing operations before income taxes	11.37%	9.31%	4.24%	4.19%	4.90%	4.98%	2.87%	2.93%	2.81%	3.05%	3.29%	3.55%	3.82%
- Provision for income taxes on continuing operations	2.50%	1.87%	0.63%	0.96%	1.13%	1.14%	0.66%	0.67%	0.65%	0.70%	0.76%	0.82%	0.88%
Income from continuing operations, net of tax	8.88%	7.43%	3.61%	3.23%	3.77%	3.83%	2.21%	2.26%	2.16%	2.35%	2.53%	2.73%	2.94%
+ Income from discontinued operations, net of tax	0.04%	-	-	-	-	-	-	-	-	-	-	-	-
Net income	8.92%	7.43%	3.61%	3.23%	3.77%	3.83%	2.21%	2.26%	2.16%	2.35%	2.53%	2.73%	2.94%
Less net income attributable to:													
Redeemable noncontrolling interest	0.05%	0.06%	0.02%	0.06%	0.05%	0.04%	0.05%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
Noncontrolling interests	0.80%	0.93%	1.14%	0.78%	0.74%	0.86%	0.85%	0.83%	0.80%	0.76%	0.78%	0.79%	0.79%
Net income attributable to MPC	8.07%	6.44%	2.45%	2.39%	2.98%	2.93%	1.31%	1.38%	1.33%	1.54%	1.71%	1.90%	2.11%

Marathon Petroleum Corporation (MPC)

Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Assets													
Cash and cash equivalents	9.59%	6.33%	4.07%	2.48%	3.38%	4.85%	4.18%	1.69%	1.29%	0.98%	2.73%	2.58%	5.43%
Short-term investments	3.50%	5.56%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Receivables, less allowance for doubtful accounts	14.99%	13.51%	14.13%	14.28%	14.60%	14.60%	14.83%	15.20%	15.47%	15.45%	15.11%	15.08%	14.58%
Inventories	9.82%	10.84%	12.13%	10.58%	10.82%	10.82%	10.99%	11.26%	11.47%	11.45%	11.20%	11.17%	10.80%
Other current assets	1.30%	1.13%	0.66%	0.69%	0.67%	0.65%	0.65%	0.67%	0.67%	0.68%	0.67%	0.67%	0.66%
Total current assets	39.20%	37.37%	31.00%	28.03%	29.46%	30.93%	30.65%	28.82%	28.90%	28.56%	29.71%	29.51%	31.47%
Equity method investments	7.19%	7.28%	8.70%	10.25%	11.08%	11.92%	13.03%	14.45%	15.51%	16.68%	17.47%	18.59%	19.10%
Property, plant and equipment, net	39.66%	40.83%	44.42%	45.36%	43.56%	41.69%	40.86%	40.91%	39.80%	38.90%	37.19%	36.20%	34.14%
Goodwill	9.17%	9.59%	10.45%	10.68%	10.30%	9.95%	9.87%	10.03%	9.93%	9.90%	9.68%	9.65%	9.32%
Right of use assets	1.35%	1.43%	1.65%	1.68%	1.62%	1.55%	1.52%	1.52%	1.48%	1.44%	1.38%	1.34%	1.27%
Other noncurrent assets	3.43%	3.50%	3.78%	3.99%	3.98%	3.97%	4.08%	4.28%	4.38%	4.52%	4.57%	4.71%	4.70%
Total assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Liabilities													
Accounts payable	17.03%	16.00%	17.63%	16.28%	16.65%	16.65%	16.91%	17.33%	17.64%	17.62%	17.23%	17.19%	16.62%
Payroll and benefits payable	1.08%	1.30%	1.39%	1.24%	1.27%	1.27%	1.29%	1.32%	1.35%	1.35%	1.32%	1.31%	1.27%
Accrued taxes	1.27%	1.42%	1.53%	1.55%	1.49%	1.44%	1.42%	1.44%	1.42%	1.41%	1.37%	1.37%	1.31%
Debt due within one year	1.19%	2.27%	3.87%	3.82%	2.81%	2.41%	2.09%	0.01	0.02	-	0.01	0.01	0.02
Operating lease liabilities	0.41%	0.53%	0.53%	0.56%	0.53%	0.51%	0.50%	0.50%	0.49%	0.48%	0.46%	0.44%	0.42%
Other current liabilities	1.30%	1.91%	1.46%	1.53%	1.51%	1.49%	1.52%	1.58%	1.60%	1.63%	1.63%	1.66%	1.64%
Liabilities held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	22.27%	23.43%	26.41%	24.99%	24.27%	23.77%	23.73%	23.08%	24.30%	22.48%	23.18%	23.27%	23.13%
Long-term debt	28.51%	29.46%	30.98%	30.02%	29.81%	29.41%	29.65%	29.23%	28.19%	29.51%	29.01%	27.90%	28.23%
Deferred income taxes	6.57%	6.78%	7.32%	7.47%	7.20%	6.94%	6.88%	6.99%	6.91%	6.89%	6.73%	6.70%	6.47%
Defined benefit postretirement plan obligations	1.24%	1.28%	1.47%	1.35%	1.17%	1.02%	0.91%	0.83%	0.74%	0.66%	0.58%	0.52%	0.46%
Long-term operating lease liabilities	0.94%	0.89%	1.09%	1.13%	1.09%	1.04%	1.02%	1.02%	0.99%	0.97%	0.93%	0.90%	0.85%
Deferred credits and other liabilities	1.45%	1.64%	1.65%	1.73%	1.71%	1.69%	1.72%	1.79%	1.82%	1.86%	1.87%	1.91%	1.89%
Total liabilities	60.97%	63.48%	68.92%	66.70%	65.26%	63.88%	63.92%	62.95%	62.97%	62.38%	62.30%	61.20%	61.03%
Redeemable noncontrolling interest	1.08%	1.04%	0.26%	0.36%	0.44%	0.50%	0.58%	0.67%	0.74%	0.82%	0.88%	0.95%	0.99%
Equity													
Common Equity	37.16%	38.93%	42.65%	43.59%	42.06%	40.61%	40.30%	40.97%	40.57%	40.48%	39.58%	39.47%	38.15%
Held in treasury	-35.42%	-50.59%	-66.73%	-70.20%	-69.67%	-69.14%	-70.45%	-73.49%	-74.65%	-76.32%	-76.43%	-78.03%	-77.16%
Retained earnings	29.08%	40.19%	46.73%	51.16%	53.73%	56.16%	57.66%	60.71%	62.16%	64.38%	65.53%	68.20%	68.98%
Accumulated other comprehensive income (loss)	0.00%	-0.15%	-0.14%	-0.15%	-0.14%	-0.14%	-0.14%	-0.14%	-0.14%	-0.14%	-0.13%	-0.13%	-0.13%
Total MPC stockholders' equity	30.83%	28.38%	22.50%	24.40%	25.98%	27.50%	27.37%	28.04%	27.95%	28.40%	28.54%	29.50%	29.83%
Noncontrolling interests	7.12%	7.09%	8.32%	8.53%	8.33%	8.13%	8.13%	8.35%	8.34%	8.40%	8.29%	8.34%	8.14%
Total equity	37.95%	35.48%	30.82%	32.94%	34.30%	35.62%	35.51%	36.39%	36.30%	36.81%	36.83%	37.85%	37.97%
Total liabilities, redeemable noncontrolling interest and equity	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Marathon Petroleum Corporation (MPC)
Value Driver Estimation

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
NOPLAT:													
Sales and other operating revenues	177,453	148,379	138,864	135,076	143,120	148,286	151,802	153,094	157,445	157,615	157,725	157,855	157,929
Other income	783	969	472	910	924	937	951	965	979	994	1,008	1,023	1,038
Interest on operating leases	83	84	89	89	88	87	86	85	84	82	80	78	76
Net operating income	**178,319**	**149,432**	**139,425**	**136,075**	**144,132**	**149,311**	**152,839**	**154,144**	**158,508**	**158,690**	**158,814**	**158,957**	**159,044**
Costs and expenses:													
Cost of revenues	151,671	128,566	126,240	124,178	130,621	135,396	141,918	143,066	147,488	147,310	147,096	146,842	146,550
Impairment expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	3,215	3,307	3,337	3,100	3,099	3,084	3,058	3,021	2,976	2,924	2,867	2,804	2,737
Selling, general and administrative expenses	2,772	3,039	3,221	2,670	2,829	2,931	3,001	3,026	3,112	3,115	3,118	3,120	3,122
Other taxes	825	881	818	935	949	963	977	992	1,006	1,021	1,036	1,052	1,067
Total costs and expenses	**158,483**	**135,793**	**133,616**	**130,883**	**137,497**	**142,374**	**148,954**	**150,105**	**154,583**	**154,372**	**154,116**	**153,818**	**153,475**
EBITA	**19,836**	**13,639**	**5,809**	**5,192**	**6,635**	**6,936**	**3,885**	**4,039**	**3,925**	**4,319**	**4,698**	**5,139**	**5,569**
Income Tax Provision	4,491	2,817	890	1,322	1,636	1,721	1,016	1,047	1,031	1,120	1,208	1,305	1,407
+ Tax shield on implied lease interest	19	19	20	20	20	20	20	20	19	19	18	18	18
+ Tax shield on interest expense	230	121	193	122	116	116	117	118	110	111	109	114	111
- Tax shield on income from equity method investments	(151)	(171)	(241)	(243)	(218)	(234)	(232)	(228)	(231)	(230)	(230)	(230)	(230)
- Tax shield on other income	(180)	(223)	(109)	(209)	(212)	(216)	(219)	(222)	(225)	(229)	(232)	(235)	(239)
- Tax shield on gain on disposal of assets	(244)	(50)	(6)	(28)	(28)	(28)	(27)	(27)	(27)	(26)	(26)	(25)	(24)
Total adjusted taxes	4,165	2,514	747	985	1,314	1,380	675	707	678	765	849	947	1,042
Change in deferred taxes	266	(70)	(63)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
NOPLAT	**15,937**	**11,055**	**4,998**	**4,202**	**5,316**	**5,552**	**3,205**	**3,327**	**3,242**	**3,549**	**3,844**	**4,187**	**4,522**
Invested Capital (IC):													
Normal cash	1,082	904	844	825	872	904	925	933	959	960	961	962	962
Accounts receivable	13,477	11,619	11,145	11,025	11,681	12,103	12,390	12,495	12,850	12,864	12,873	12,884	12,890
Inventories	8,827	9,317	9,568	8,169	8,656	8,968	9,181	9,259	9,522	9,532	9,539	9,547	9,551
Other current assets	1,168	971	524	529	535	540	546	552	557	563	569	575	581
Total Operating Current Assets	**24,554**	**22,811**	**22,081**	**20,548**	**21,744**	**22,515**	**23,042**	**23,239**	**23,889**	**23,920**	**23,942**	**23,967**	**23,984**
Accounts payable	15,312	13,761	13,906	12,570	13,318	13,799	14,126	14,246	14,651	14,667	14,677	14,690	14,696
Payroll and benefits payable	967	1,115	1,096	961	1,018	1,055	1,080	1,089	1,120	1,121	1,122	1,123	1,123
Accrued taxes	1,140	1,221	1,204	1,200	1,195	1,191	1,187	1,183	1,179	1,175	1,170	1,166	1,162
Other current liabilities	1,167	1,645	1,155	1,182	1,209	1,237	1,266	1,295	1,326	1,356	1,388	1,420	1,453
Total Operating Current Liabilities	**18,586**	**17,742**	**17,361**	**15,912**	**16,741**	**17,282**	**17,659**	**17,814**	**18,275**	**18,319**	**18,357**	**18,399**	**18,435**
Operating working capital	**5,968**	**5,069**	**4,720**	**4,636**	**5,003**	**5,233**	**5,383**	**5,425**	**5,614**	**5,601**	**5,585**	**5,569**	**5,549**
Property, plant and equipment, net	35,657	35,112	35,028	35,016	34,850	34,553	34,142	33,636	33,048	32,394	31,683	30,928	30,191
Right of use assets	1,214	1,233	1,300	1,300	1,293	1,282	1,267	1,248	1,227	1,202	1,176	1,148	1,120
Invested Capital	**42,839**	**41,414**	**41,048**	**40,951**	**41,147**	**41,068**	**40,792**	**40,309**	**39,889**	**39,197**	**38,444**	**37,644**	**36,861**
Free Cash Flow (FCF):													
NOPLAT	15,937	11,055	4,998	4,202	5,316	5,552	3,205	3,327	3,242	3,549	3,844	4,187	4,522
Change in IC	532	(1,425)	(365)	(97)	196	(79)	(276)	(483)	(421)	(692)	(753)	(799)	(783)
FCF	**15,405**	**12,481**	**5,364**	**4,299**	**5,120**	**5,630**	**3,482**	**3,810**	**3,663**	**4,241**	**4,597**	**4,987**	**5,305**
Return on Invested Capital (ROIC):													
NOPLAT	15,937	11,055	4,998	4,202	5,316	5,552	3,205	3,327	3,242	3,549	3,844	4,187	4,522
Beginning IC	42,307	42,839	41,414	41,048	40,951	41,147	41,068	40,792	40,309	39,889	39,197	38,444	37,644
ROIC	**37.67%**	**25.81%**	**12.07%**	**10.24%**	**12.98%**	**13.49%**	**7.81%**	**8.16%**	**8.04%**	**8.90%**	**9.81%**	**10.89%**	**12.01%**
Economic Profit (EP):													
Beginning IC	42,307	42,839	41,414	41,048	40,951	41,147	41,068	40,792	40,309	39,889	39,197	38,444	37,644
x (ROIC - WACC)	30.63%	18.77%	5.03%	3.20%	5.94%	6.46%	0.77%	1.12%	1.01%	1.86%	2.77%	3.86%	4.97%
EP	**12,960**	**8,041**	**2,084**	**1,314**	**2,434**	**2,656**	**316**	**457**	**406**	**742**	**1,086**	**1,482**	**1,873**

Marathon Petroleum Corporation (MPC)
Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:		*ASSUMPTIONS:*
Risk-Free Rate	4.34%	*10 Year Treasury Yield Curve*
Beta	0.73	
Equity Risk Premium	5.00%	*Henry Fund Consensus*
Cost of Equity	**7.99%**	
Cost of Debt:		
Risk-Free Rate	4.34%	*10 Year Treasury Yield Curve*
Implied Default Premium	2.48%	
Pre-Tax Cost of Debt	6.82%	*FacstSet Yield Curve*
Marginal Tax Rate	23%	
After-Tax Cost of Debt	**5.25%**	

Market Value of Common Equity:		**MV Weights**
Total Shares Outstanding	340	
Current Stock Price	$156.06	
MV of Equity	**53,060.40**	65.18%
Market Value of Debt:		
Short-Term Debt	-	
Current Portion of LTD	3,049	
Long-Term Debt	24,432	
PV of Operating Leases	860	
MV of Total Debt	**28,341.00**	34.82%
Market Value of the Firm	**81,401.40**	100.00%

Estimated WACC	**7.04%**

Marathon Petroleum Corporation (MPC)
Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:	
CV Growth of NOPLAT	2.50%
CV Year ROIC	12.01%
WACC	7.04%
Cost of Equity	7.99%

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
DCF Model:										
Free Cash Flow (FCF)	4,299.25	5,120.34	5,630.28	3,481.59	3,810.09	3,663.10	4,240.78	4,597.06	4,986.58	
Continuing Value (CV)										78,926.42
PV of FCF	4,016.62	4,469.25	4,591.28	2,652.46	2,711.91	2,435.88	2,634.64	2,668.24	2,704.05	42,799.10
Value of Operating Assets:	**71,683.44**									
Non-Operating Adjustments:										
Excess Cash	2,365.88									
Short-term investments	-									
Equity method investments	6,857.00									
Other noncurrent assets	2,982.00									
Debt due within one year	3,049.00									
Long-term debt	24,432.00									
Defined benefit postretirement plan obligations	1,157.00									
Long-term operating lease liabilities	860.00									
Redeemable noncontrolling interest	203.00									
Employee stock option plans	47.54									
Value of Equity	54,139.79									
Shares Outstanding	340.00									
Intrinsic Value of Last FYE	$ 159.23									
Implied Price as of Today	$ 161.87									
EP Model:										
Economic Profit (EP)	1,314.10	2,434.49	2,656.25	315.71	456.77	406.04	742.12	1,086.01	1,482.18	
Continuing Value (CV)										41,282.01
PV of EP	1,227.71	2,124.93	2,166.08	240.53	325.12	270.01	461.05	630.34	803.74	22,385.82
Total PV of EP	30,635.33									
Invested Capital (last FYE)	41,048.12									
Value of Operating Assets:	**71,683.44**									
Non-Operating Adjustments:										
Excess Cash	2,365.88									
Short-term investments	-									
Equity method investments	6,857.00									
Other noncurrent assets	2,982.00									
Debt due within one year	3,049.00									
Long-term debt	24,432.00									
Defined benefit postretirement plan obligations	1,157.00									
Long-term operating lease liabilities	860.00									
Redeemable noncontrolling interest	203.00									
Employee stock option plans	47.54									
Value of Equity	54,139.79									
Shares Outstanding	340.00									
Intrinsic Value of Last FYE	$ 159.23									
Implied Price as of Today	$ 161.87									

Marathon Petroleum Corporation (MPC)

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
EPS	$ 9.92	$ 13.50	$ 14.15	$ 6.65	$ 7.27	$ 7.35	$ 8.79	$ 10.00	$ 11.35	$ 12.94
Key Assumptions										
CV growth of EPS	2.50%									
CV Year ROE	28.55%									
Cost of Equity	7.99%									
Future Cash Flows										
P/E Multiple (CV Year)										16.62
EPS (CV Year)										$ 12.94
Future Stock Price										$ 215.05
Dividends Per Share	1.91	2.60	2.72	1.28	1.40	1.42	1.69	1.93	2.19	
Discounted Cash Flows	1.77	2.23	2.16	0.94	0.95	0.89	0.99	1.04	1.09	107.67
Intrinsic Value as of Last FYE	$ 119.75									
Implied Price as of Today	**$ 121.73**									

Marathon Petroleum Corporation (MPC)

Relative Valuation Model

Ticker	Company	Price	EPS 2025E	EPS 2026E	P/E 25	P/E 26
MPC	**Marathon Petroleum**	**$ 156.06**	**$ 9.92**	**$ 13.50**	**15.7**	**11.6**
PSX	Philips 66	$ 128.04	$ 4.59	$ 11.61	27.90	11.03
VLO	Valero Energy	$ 135.31	$ 6.58	$ 10.92	20.56	12.39
PBF	PBF Energy	$ 23.20	$ (5.69)	$ 0.69	(4.08)	33.62
XOM	Exxon Mobil	$ 108.24	$ 6.92	$ 8.38	15.64	12.92
CVX	Chevron	$ 155.34	$ 8.52	$ 10.87	18.23	14.29
DINO	HF Sinclair	$ 38.01	$ 1.24	$ 3.25	30.65	11.70
				Average	**21.45**	**14.25**

Implied Relative Value:

P/E (EPS25)	**$ 212.85**
P/E (EPS25)	**$ 192.34**

Marathon Petroleum Corporation (MPC)
Key Management Ratios

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Liquidity Ratios:													
Current Ratio (current assets / current liabilities)	1.76	1.59	1.17	1.12	1.21	1.30	1.29	1.25	1.19	1.27	1.28	1.27	1.36
Quick Ratio (current assets -inventory / current liabilities)	1.32	1.13	0.71	0.70	0.77	0.85	0.83	0.76	0.72	0.76	0.80	0.79	0.89
Cash Ratio (cash / total liabilities)	0.16	0.10	0.06	0.04	0.05	0.08	0.07	0.03	0.02	0.02	0.04	0.04	0.09
Asset-Management Ratios:													
Asset Turnover Ratio (net sales / avg. total assets)	1.38	2.05	1.82	1.80	1.75	1.78	1.81	1.86	1.88	1.92	1.90	1.87	1.84
Inventory Turnover Ratio (COGS / avg. inventory)	17.97	14.17	13.37	14.00	15.53	15.37	15.64	15.52	15.71	15.46	15.43	15.39	15.35
Days in Sales Inventory Ratio (365 / inventory turnover)	20.31	25.76	27.30	26.07	23.51	23.76	23.34	23.52	23.24	23.61	23.66	23.72	23.78
Financial Leverage Ratios:													
Debt to Equity Ratio (total debt / total equity)	1.61	1.79	3.06	2.03	1.90	1.79	1.80	1.73	1.73	1.69	1.69	1.62	1.61
Debt to Asset Ratio (total debt / total assets)	0.61	0.63	0.69	0.67	0.65	0.64	0.64	0.63	0.63	0.62	0.62	0.61	0.61
Interest Coverage Ratio (EBITA / interest expense)	5.81	9.89	7.91	13.07	7.70	8.01	7.71	8.43	9.82	10.68	11.74	-	-
Profitability Ratios:													
Return on Equity (net income / total equity)	47.04%	36.62%	28.55%	17.41%	19.95%	19.51%	11.46%	11.71%	11.45%	12.24%	12.90%	13.51%	14.03%
Return on Assets (net income / beg. total assets)	17.00%	10.77%	4.01%	4.15%	5.61%	5.51%	2.43%	2.57%	2.57%	2.97%	3.29%	3.56%	3.95%
Gross Profit Margin (gross profit / sales)	11.93%	9.66%	4.84%	4.58%	5.25%	5.31%	3.20%	3.26%	3.11%	3.35%	3.58%	3.86%	4.12%
Payout Policy Ratios:													
Dividend Payout Ratio (Dividend/EPS)	8.81%	13.03%	39.97%	19.26%	19.26%	19.26%	19.26%	19.26%	19.26%	19.26%	19.26%	19.26%	19.26%
Total Payout Ratio ((Divs. + Repurchases)/NI)	0.08%	0.12%	0.34%	0.28%	0.22%	0.21%	0.37%	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%

Marathon Petroleum Corporation (MPC)

Valuation of Options Granted under ESOP

Current Stock Price	$156.06
Risk Free Rate	4.34%
Current Dividend Yield	2.44%
Annualized St. Dev. of Stock Returns	29.35%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	506,060	$ 57.50	3.90	$ 93.93	$ 47.54
Total	506,060	$ 57.50	3.90	$ 107.87	**$ 47.54**

Marathon Petroleum Corporation (MPC)
Sensitivity Tables

Equity Risk Premium (columns) / Beta (rows)

161.87	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%
0.67	186.56	180.90	175.53	170.42	165.56	160.92	156.50
0.69	183.65	177.98	172.60	167.49	162.63	157.99	153.58
0.71	180.82	175.14	169.75	164.64	159.78	155.15	150.74
0.73	178.06	172.37	166.98	161.87	157.02	152.39	147.99
0.75	175.37	169.68	164.29	159.18	154.33	149.72	145.33
0.77	172.75	167.06	161.67	156.56	151.72	147.11	142.73
0.79	170.20	164.50	159.11	154.01	149.18	144.59	140.22

CV Growth of NOPLAT (columns) / WACC (rows)

161.87	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%	3.25%
6.92%	156.66	159.75	163.16	166.96	171.22	176.02	181.47
6.96%	155.17	158.17	161.49	165.19	169.32	173.97	179.25
7.00%	153.70	156.62	159.85	163.44	167.45	171.96	177.08
7.04%	152.25	155.10	158.24	161.72	165.62	169.99	174.95
7.08%	150.82	153.59	156.65	160.04	163.82	168.06	172.86
7.12%	149.42	152.11	155.09	158.38	162.05	166.17	170.82
7.16%	148.03	150.66	153.55	156.75	160.31	164.31	168.81

Risk Free Rate (columns) / Pre-Tax Cost of Debt (rows)

161.87	4.28%	4.30%	4.32%	4.34%	4.36%	4.38%	4.40%
6.73%	164.53	163.97	163.41	162.86	162.31	161.76	161.22
6.76%	164.19	163.64	163.08	162.53	161.98	161.44	160.89
6.79%	163.86	163.30	162.75	162.20	161.65	161.11	160.57
6.82%	163.52	162.97	162.42	161.87	161.33	160.79	160.25
6.85%	163.19	162.64	162.09	161.54	161.00	160.46	159.93
6.88%	162.86	162.31	161.76	161.22	160.68	160.14	159.61
6.91%	162.53	161.98	161.44	160.89	160.36	159.82	159.29

DDM

Dividend Payout Ratio (columns) / CV Growth of EPS (rows)

121.73	14.64%	15.64%	16.64%	17.64%	18.64%	19.64%	20.64%
1.75%	108.40	109.04	109.68	110.31	110.95	111.59	112.22
2.00%	111.57	112.21	112.85	113.48	114.12	114.76	115.40
2.25%	115.02	115.66	116.30	116.93	117.57	118.21	118.85
2.50%	118.78	119.42	120.06	120.70	121.33	121.97	122.61
2.75%	122.91	123.54	124.18	124.82	125.46	126.09	126.73
3.00%	127.44	128.08	128.72	129.35	129.99	130.63	131.26
3.25%	132.45	133.09	133.73	134.37	135.00	135.64	136.28