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Market Intelligence

Delek US Holdings, Inc.

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Earnings Call

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Mark Hobbs

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Presentation

Operator

Thank you for standing by. My name is Jewel, and I will be your conference operator today. At this time, I would like to welcome everyone to the Delek U.S. second quarter earnings call. [Operator Instructions]

I would now like to turn the conference over to Robert Wright, Deputy Chief Financial Officer. You may begin.

Robert Wright

Senior VP, Deputy CFO & Chief Accounting Officer

Good morning, and welcome to the Delek US second quarter earnings conference call. Participants joining me on today's call will include Avigal Soreq, President and CEO; Joseph Israel, EVP, Operations; and Mark Hobbs, EVP and Chief Financial Officer.

Today's presentation material can be found on the Investor Relations section of the Delek U.S. website.

Slide 2 contains our safe harbor statement regarding forward-looking comments. Any forward-looking information shared during today's call will involve risks and uncertainties that may cause actual results to differ materially from today's comments. Factors that could cause actual results to differ are included here as well as within our SEC filings. The company assumes no obligation to update any forward-looking statements.

I will now turn the call over to Avigal for opening remarks. Avigal?

Avigal Soreq

President, CEO & Director

Thank you, Robert. Good morning and thank you for joining us today. Delek continued on its transformational journey during the second quarter by making progress on several key strategic initiatives. We have made excellent progress on our enterprise optimization plan. Given the progress we have made so far, we are increasing our guidance on EOP to \$130 million to \$170 million on a run rate basis. Sum of the Parts effort also continues to progress well.

During the quarter, we completed our intercompany agreement, worked on raising liquidity at DKL and made great progress in increasing the economic separation between DK and DKL. As I always do, I will give an update on our key long-term priorities in more detail.

First, safe and reliable operations. We have made further progress in improving the operations throughout our company and reported record throughput in the quarter. The Big Spring refinery had a strong quarter with a strong overall throughput and operational performance. We have continued to make reliability investments that will serve us well in the future. Tyler, El Dorado, and KS also had strong operations during the quarter. El Dorado has showed additional benefit from EOP improvements.

With most of our capital projects complete in the first half of the year, we look forward to capture the advantage of our operational EOP and strategic progress during the remainder of the year and beyond.

Now I would like to discuss the progress we have made on our EOP efforts. As a reminder, we started EOP with an aim to improve DK cash flow by \$80 million to \$120 million starting the second half of 2025, with focus on improving overall free cash flow generation through this cycle.

The basis of this EOP improvement was further cost reduction, but more importantly, by making structural changes in the way we run our company. These structural changes are tied to our cost base, the way we run our refineries, the way we buy our crude, and the way we sell our products.

During the quarter, we estimate approximately \$30 million of this EOP cash flow improvement have flowed through our P&L. As you can see, we have already achieved our prior target of \$120 million of run rate EOP benefits 1 quarter ahead of schedule.

Today, we are further increasing our range of EOP improvement to \$130 million to \$170 million on a run rate basis, starting the second half of this year. I'm extremely proud of the team for adopting a culture of continuous improvement.

While there is still more work ahead, I like the direction we are heading. We also continue to make progress towards our Sum of the Parts goals. With the commissioning of DKL Libby 2 plant and the completion of intercompany agreements, we are making great progress in making DK and DKL economically independent. During the quarter, we increased the financial liquidity at DKL through a very successful high-yield offering.

Both our intercompany agreements and the latest high-yield offering with over \$1 billion of liquidity at DKL. This financial flexibility will allow DKL to continue on its growth journey and complete the economic separation from DK.

As I've highlighted in the past, DKL has a strong runway of growth in both Midland and Delaware Basins. DKL is making great progress in developing its sour gas gathering and acid gas injection capabilities. These capabilities will provide DKL the ability to fully capitalize on all of its growth opportunities in the Delaware Basin. DKL is also having a lot of success increasing its crude gathering business, both in the Midland and Delaware Basins.

During the third quarter, we see a material increase in volumes in both Midland and Delaware systems. Delek Logistics is on track to meet its 2025 EBITDA guidance of \$480 million to \$520 million. We continue to work on additional steps to unlock the value of approximately \$400 million in third-party EBITDA at DKL such that it's fully reflected in DK share price and DKL unit price. We'll complete the DK Sum of the Parts in methodical manner that will create value for both DK shareholders and DKL unitholders.

The final piece of our strategy is being shareholder friendly and having a strong balance sheet. During the quarter, we paid approximately \$16 million in dividends and bought back approximately \$13 million of our shares. Our strong balance sheet, improved reliability, and confidence in EOP has allowed us to continue the countercyclical buyback in 2025. We remain committed to a disciplined and balanced approach to capital allocation.

Now I would like to make a comment about small refinery exemptions. As you know, SRE petition are an important focus area for Delek as our pending petition are worth more than our current market cap. The Supreme Court and the D.C. Circuit Court have made it clear that the EPA must thoughtfully address this problem. We believe the EPA understands the issues small refiners like Delek face in the absence of clear policy around SRE.

As a reminder, since 2019, while our SRE petition has been pending, Delek has remained in full compliance. We are confident in a favorable outcome on our petitions based upon the principle laid in the RFS law, ruling from the D.C. Circuit Court, and the EPA understanding of the issues involved.

In closing, I would like to thank our entire team for their hard work and dedication. We are optimistic about DK trajectory in the second half of 2025 and beyond with a strong momentum and promising opportunities on the horizon.

I will now turn the call over to Joseph, who will provide additional color on our operations.

Joseph Israel

Executive VP and President of Refining & Renewables

Thank you, Avigal. Second quarter operations performance was strong from safety, reliability, and optimization standpoint.

Starting with reliability, record throughput results were set in Big Spring, Krotz Springs and for the entire system. With regards to optimization, our refining teams have been successful in debottlenecking,

improving liquid yield recovery, maximizing production value, and optimizing sulfur and benzene balances. Process efficiency improvement is well reflected in our numbers.

Our realized refining margins increased by \$0.96 per barrel compared to the second quarter of 2024, despite an \$0.18 per barrel decline in the benchmark net margin. Our commercial team has reworked contracts and optimized our new logistics to expand market optionality. Overall, we made good progress operationally, and we are well positioned to meet or exceed our European goals.

Starting with Tyler. Total throughput in the second quarter was 74,000 barrels per day. Our production margin was \$9.95 per barrel and operating expenses were \$4.58 per barrel. For the third quarter, our estimated total throughput in Tyler is in the 73,000 to 77,000 barrels per day range.

In El Dorado, total throughput in the second quarter was approximately 81,000 barrels per day. Our production margin was \$5.21 per barrel and operating expenses were \$4.38 per barrel. The El Dorado system is one of our top operational EOP priorities. In the second quarter, our estimated EOP impact on gross margin is \$1.45 per barrel, which is in line with our approximately \$2 per barrel run rate target. Plant throughput for the third quarter is in the 79,000 to 83,000 barrels per day range.

In Big Spring, total throughput in the second quarter was approximately 76,000 barrels per day, reflecting our progress with people, process, and equipment. Our production margin was \$9.65 per barrel and operating expenses were \$6.67 per barrel. In the third quarter, the estimated throughput is in the 69,000 to 72,000 barrels per day range.

In Krotz Springs, we continue to demonstrate improved capacity capabilities since the major turnaround. Total throughput in the second quarter was approximately 85,000 barrels per day. Our production margin was \$7.59 per barrel and operating expenses in the quarter were \$5.13 per barrel. Our plant throughput for the third quarter is in the 81,000 to 85,000 barrels per day range. Our implied system throughput target for the third quarter is in the 302,000 to 317,000 barrels per day range.

Moving on to the commercial front. In the second quarter, supply and marketing contributed a gain of \$26 million. Of that, approximately \$19 million was generated by wholesale marketing. Asphalt contributed a gain of approximately \$200,000. Both were positively impacted by seasonal trends and structural EOP improvements in our business. Approximately \$7 million gain was attributed to supply.

In summary, we delivered strong performance in the second quarter, driven by our operational excellence and strategic execution. We are well positioned to further enhance efficiency, while upholding our commitment to safe and reliable operations.

Mark will now address the financial variance.

Mark Hobbs

Executive VP & CFO

Thank you, Joseph.

Referring to Slide 16. For the second quarter, Delek had a net loss of \$106 million or negative \$1.76 per share. Adjusted net loss was \$33 million or negative \$0.56 per share and adjusted EBITDA was \$170.2 million.

On Slide 18, the waterfall of adjusted EBITDA from the first quarter of 2025 to the second quarter shows that there were 2 main drivers for the increase in EBITDA. First, a \$141 million increase in refining was primarily driven by a higher margin environment in the second quarter relative to the first quarter, along with sequentially higher throughputs.

Second, in the Logistics segment, we continue to have another strong quarter, delivering approximately \$120 million in adjusted EBITDA, about a \$4 million increase over our previous record of quarterly adjusted EBITDA achieved in the first quarter. These improvements were mitigated by slightly higher costs in the Corporate segment of \$1 million compared to the prior period.

Moving to Slide 19, to discuss cash flow. Cash flow provided by operations was \$51 million. This includes our net loss for the period in addition to an inflow of approximately \$51 million of timing-related working capital movements, which includes the impact of our inventory intermediation agreement as well as an outflow of \$30 million of restructuring and other onetime charges.

Investing activities of \$163 million includes approximately \$115 million for growth projects, primarily at DKL. Financing activities of \$103 million reflects \$13 million in share repurchases, approximately \$16 million in dividend payments, and approximately \$22 million in DKL distribution payments to public unitholders.

On Slide 20, we show our actual progress under the 2025 capital program. Second quarter capital expenditures were \$164 million. Approximately \$119 million of this spend was in the Logistics segment. This includes the \$115 million in growth capital at DKL, of which \$48 million was associated with completing the Libby 2 gas plant.

Primarily all of the remaining capital spend during the quarter was in the Refining segment, addressing plant sustaining capital initiatives. Our DK Refining and Corporate Capital spending outlook for 2025 remains consistent with prior guidance.

Our net debt position is broken out between Delek and Delek Logistics on Slide 21. Excluding Delek Logistics, we spent approximately \$74 million on cash return to shareholders and capital expenditures in the second quarter, while our Delek standalone net debt remained relatively flat, around \$275 million at the end of the quarter.

Moving now to Slide 22, where we cover third quarter outlook items. In addition to the guidance Joseph provided, for the third quarter of 2025, we expect operating expenses to be between \$210 million and \$225 million. Our operating expense guidance for the third quarter incorporates both higher expected throughput across our Refining segment as well as increased operating expenses associated with the ramp-up of our new Libby 2 plant at DKL.

G&A to be between \$52 million and \$57 million. D&A is expected to be between \$100 million and \$110 million and net interest expense to be between \$85 million and \$95 million. With that, we will now open the call for questions.

Question and Answer

Operator

[Operator Instructions] Your first question comes from the line of Doug Leggate of Wolfe Research.

Keith T. Stanley

Wolfe Research, LLC

It's Keith Stanley, first player, on for Doug Leggate this morning. His schedule is outside the time. So our first question is going to start with the SRE. You guys have definitely expressed some confidence around what looks to be a favorable outcome. I want to know if you're kind of -- if your confidence has kind of picked up and increases as we get closer to a final decision?

And along with that, should you be granted the exemption, I guess, I was trying to form or understand what do you see as the best use of proceeds? And how could that allow DK to improve structurally on an operational level?

Avigal Soreq

President, CEO & Director

Yes, absolutely, Doug. Thank you for the question. Listen, we are very optimistic about the small refinery exemption. The law is in our side. The D.C. Circuit Court is in our side. We are the only public refiners that all of our assets can apply to small refinery exemption. We stay in full compliance during the last 6 years that our petition are pending. And as you can easily calculate, it's bigger than our market cap. So it's very clear around the economical harm that we're having because of that pending lingering issue. EPA understand the issue and we are confident in favorite outcome.

With one comment about the last part of your question about what is the proceed. I'm not going to comment around that. But I'm sure the EPA understands that we cannot compensate someone that stay in compliance, and we were in compliance. So I hope that, that comment makes a lot of sense to you.

Keith T. Stanley

Wolfe Research, LLC

And my follow-up is going to be around EOP. Of course, you kind of talked about this last quarter and it looked like there was some definitely opportunity to revise to the upside, and that definitely tended to be the case in this quarter.

So my question is, I mean, I guess, I'll ask again, is there any continued room to the upside and some opportunities there? What were the drivers that you guys were able to identify that moved the guide forward? And the last part of that question is whether you see sustaining capital for refining now at the -- should you be able to execute on this target of between \$130 million and \$170 million?

Avigal Soreq

President, CEO & Director

Yes, Doug, that's very nice of you to ask that question because we are extremely, extremely proud of the EOP focus and the momentum we have here in our shop. EOP is not a project. It's a lifestyle. And when I'm saying it's a lifestyle, we have a weekly meeting about that. We have an [indiscernible] project.

We have -- we are auditing that, internal audit, external audit, and have accounting look over that. So it's a very tight process that allows everyone to take a part and they are contributing for that. The whole essence of EOP is free cash flow, and below mid-cycle and reduce our breakeven. And we are very proud of that.

As you probably saw on our press release and also on my prepared remark, we increased the guidance of EOP from \$120 million prior to this call to \$130 million to \$170 million. And the reason that we were 1

quarter ahead of time, and we see more projects coming in the queues for the EOP. So we are extremely optimistic and see a lot of value in it. Mohit, do you want to chime in?

Mohit Bhardwaj

Senior Vice President of Strategy & Growth

Yes. Thanks, Avigal. So all I would say on EOP, as Avigal just mentioned, it's a free cash flow improvement exercise for the company. If you look at the second quarter, \$30 million flowed through our financials, and that allows us to have a \$120 million run rate. And I just want to remind everybody that we started with the \$80 million to \$120 million guidance.

Now to your specific question around where is this improvement or higher confidence and then the higher rate is coming from? So if you remember, the \$120 million had 2 components to it. One was cost and the other one was margin. And our confidence in our margin improvement is increasing, and that is where most of the increase has come from. So if you look at the \$150 million at the midpoint of the enhanced increased guidance that we have provided today.

Operator

Your next question comes from the line of Alexa Petrick of Goldman Sachs.

Alexa Petrick

Goldman Sachs Group, Inc., Research Division

I wanted to ask, there's been great progress in EOP free cash flow generation. How do we then think about the allocation of that cash? Can you remind us of your strategy there, how you're balancing between capital returns and balance sheet efforts?

Avigal Soreq

President, CEO & Director

Yes, absolutely, Alexa. Thank you for that question. We are very consistent with our capital allocation program. You can see that, first of all, we said that we're going to maintain dividend throughout the cycle. We can definitely check that box very nicely. Then we said that we have a balanced approach between balance sheet and buyback. We have done that as well. So we are very consistent and confident around those abilities. We have done buyback in Q1 countercyclical. We have done buyback Q2. We have done a buyback Q3. As we see -- you can see, in the last 12 months, we have more of around \$150 million of total return to shareholders, and we are #1 versus in our peers around return to investors in terms of capital return to investors. So we are very proud and consistent about the way we look at capital, and we plan to maintain it. So thank you for that question.

Alexa Petrick

Goldman Sachs Group, Inc., Research Division

And then maybe just as a follow-up, I know it's a bit early, but how is Q3 shaping up? What demand trends are you seeing? What's your view for crude differentials going forward? Any thoughts around the quarter ahead would be great.

Avigal Soreq

President, CEO & Director

Yes, absolutely. We just seen a DOE, I think, like 54 minutes ago, and we see still a positive trend in terms of diesel. Diesel, it's in 5 years low, and we see a decent demand on diesel and gasoline. Gasoline had a [drop] of 1.2, you saw that as well. So in terms of inventory, we're in a good shape.

In terms of supply, we've seen more closures than we actually expected even in the last couple of weeks, shaking out to around 900 during 2025, which balance the openings that we have seen, but doesn't compensate for increase in demand. So when we are putting all of that together, we see a pretty structural, constructive market ahead of us in the short-term and also in the midterm, all the way

probably until the end of the decade. We do not see the demand of gasoline and diesel coming off as people first fear.

Mohit, do you want to chime in?

Mohit Bhardwaj

Senior Vice President of Strategy & Growth

Yes, Avigal. I just want to add, Alexa, if you look at where PADD II specific inventories are. We've seen PADD distillate inventories are way below their 5-year averages, which is a very relevant metric for us. And if you look at the utilization in PADD II has been very, very high. So despite very high utilization, we see inventories remaining low, and we expect demand to pick up as the Ag season starts, and you would also see some turnarounds going forward. So as far as PADD II specific inventories are concerned, I think the outlook remains very optimistic, especially on the diesel side.

Operator

Your next question comes from the line of Matthew Blair of PTH.

Matthew Robert Lovseth Blair

Tudor, Pickering, Holt & Co. Securities, LLC, Research Division

You mentioned some of the positive drivers in supply and marketing in Q2. I think the wholesale side, in particular was quite strong. Could you talk about how supply and marketing is trending so far in the third quarter? And do you think a positive EBITDA contribution is likely in Q3?

Avigal Soreq

President, CEO & Director

Thank you, Matt. Thank you for that question. Obviously, the line of supply and marketing is part of the EOP effort. We have improved that with a better logistics around it. We got to gain market access to new market, and we made a long-term contract that allow us to over time make that line better and better. So we're obviously enjoying that. We have some seasonal helping us in Q2, and we are extremely optimistic about the way the markets are positioning.

And I don't know, Mohit, if you want to chime in and give some more color specifically.

Mohit Bhardwaj

Senior Vice President of Strategy & Growth

No, I think, Avigal, you're right. And Matt, if you look at our overall commercial strategy, DKTS or what we call DK Trading & Supply, which is the line item that you're talking about. Our commercial strategy is flowing through. But during the quarter, as you know, Q2 and Q3 are also seasonally stronger. So we did get some help from the market.

But Avigal rightly described what our strategy is as far as our commercial operations are concerned. As we have said in the past, this has 3 components to it. First is wholesale, second is asphalt, and third is supply. And we are making sure all 3 businesses, the ones that we can control, the parts of these 3 businesses that we can control are doing better through contract renegotiations to improved markets to enhanced market access and through our refineries making new products that we can sell in these markets through this refined and enhanced market access. And these results are showing through, and we look forward to continue doing -- improving this business going forward.

Matthew Robert Lovseth Blair

Tudor, Pickering, Holt & Co. Securities, LLC, Research Division

Sounds good. And then just on the Sum of the Parts monetization, Slide 12 lists some various avenues and options for you. What do you think are like the more likely options? And what are the less likely options? And then as far as timing, do you think investors can expect or hope for an economic separation of DKL by the end of 2025? Or is that looking more likely 2026 or even later?

Avigal Soreq*President, CEO & Director*

Yes. So Matt, that's another great question for us. We are working on steps of Sum of the Parts as we speak. So we are not standing still even for 1 second, and more to come. And I will leave it to that. With that said, I can -- we can just take one step back and say what we did in the last 12 months, right? The last 12 months, we saw retail allow us to maintain strong balance sheet and to do countercyclical buyback.

On the midstream side, we are making DKL economically independent, grew the EBITDA from below \$400 million to \$500 million of EBITDA 2025 guidance midpoint, increased third-party business from 40% to 80%, which is a huge achievement. I don't think that many companies like us have done that in the past. Increase -- and while we are doing all of that, we reduced our ownership from 79% to the low 60%, but increased the distribution DK gets. So that's another thing we are very, very proud of.

In the end of the day, we see that there is not many midsize midstream company left, which give a lot of merit for DKL, and we see the opportunities flowing to us as we speak. On the intrinsic value, another very important point to watch is what is the intrinsic value of the assets in DKL. We have just seen the Medallion system sold in a very good multiply. It's a sister system to our DPG that what we mentioned, we see volume going up in the prepared remarks.

And we have just seen last week, Northwind sold for also a very nice multiply as well, and that's a sister system to our DPG. So going forward, we've said many, many times in the past, the 4 outlets that we have to complete Sum of the Parts. We are doing that as we speak and more to come. Thank you for that question.

Operator

Your next question comes from the line of Joe Laetsch of Morgan Stanley.

Joseph Gregory Laetsch*Morgan Stanley, Research Division*

So I wanted to ask a couple on the refining side. And Big Spring, you mentioned it had record throughputs and capture rates also look like they're pretty strong there as well. Could you talk to what you're seeing from that asset post the turnaround in the first quarter? And then as part of that, could you also talk to the path to achieving the -- I think it was \$5.50 per barrel OpEx goal at that refinery?

Avigal Soreq*President, CEO & Director*

Yes, absolutely. So thank you for the question. I'm extremely proud of the Big Spring progress we have done throughput and margin, and I will let Joseph that is very close to it, take the credit here.

Joseph Israel*Executive VP and President of Refining & Renewables*

Yes. Big Spring has been on a very positive journey, as you all know. We focused first on the risk mitigation and reliability with very good results. Going from '23 to 2024, to remind you, throughput increased by 10% and the favorable trends continue in '25 with a record high throughput here in the second quarter.

So safe and reliable operations really allow us to focus now on process efficiency and commercial optimization. And to be more specific, maximizing liquid yield recovery and product value in Big Spring, really mainly going after the high octane, Arizona specs type of gasoline and improving asphalt grades. We also optimize benzene and sulfur balances. All of that is very visible in our gross margin improvement. So considering the leadership team, capabilities, and execution thus far, we are very bullish about the plant forward outlook.

Joseph Gregory Laetsch*Morgan Stanley, Research Division*

And then shifting to El Dorado. It had a nice step up quarter-over-quarter in capture rates from a throughput margin perspective, but still lags some of the other refineries within the system. Could you expand a bit on Slide 9, which shows margin improvements? And then between logistics, cost improvements, and product yield, where are you in that improvement process? And is there more to go there?

Joseph Israel

Executive VP and President of Refining & Renewables

It's very similar to the Big Spring story as far as EOP and structural improvements. It's all about liquid yield recovery and product value. In El Dorado, we are going after jet fuel, which is a new product over there, high octane gasoline component after replacing a couple of units catalyst and really premium asphalt is a big deal for El Dorado. So we are expecting the trends to continue, and we like the outlook of the plant.

Operator

Your next question comes from the line of Jean Ann Salisbury of Bank of America.

Jean Ann Salisbury

BofA Securities, Research Division

I wanted to ask about the net crack metric that I think is new here and how it's constructed and if that's a metric that you'll continue to track yourselves against.

Avigal Soreq

President, CEO & Director

Yes, absolutely. Mohit, do you want to take it?

Mohit Bhardwaj

Senior Vice President of Strategy & Growth

Yes, Jean Ann, thanks for the question. So the way we define a net crack, and we can obviously talk offline as well, but the way we define a net crack is take Gulf Coast 532 on a WTI basis, and we take out RVO and we take out backwardation, the CMA impact on it, and we also take out Midland Cushing to get to our net margin number, which is the right way to look at our business because we are a completely inland refiner, and we are run mostly TI-exposed crudes.

Jean Ann Salisbury

BofA Securities, Research Division

And then I kind of wanted to go back to a comment that was made earlier. But do you think that the recent sale of Northwind is a good read across to your assets, especially the AGI capability that you're building? And I guess on that, do you think that once you have the AGI capability up and running, that's kind of what it takes to make it attractive for sale?

Avigal Soreq

President, CEO & Director

Yes. So as we said many times in the past, all options are on the table, and we are very much committed to make sure that our unitholders and shareholders get the full value of what they have. Obviously, we are working very hard in order to complete all of that and maximizing the value over there. But that just show the investor the full potential in our asset.

So it's having always your neighbor selling a high price, it's a good thing if you are living next door, and we were very happy about it. Mohit, do you want to chime in?

Mohit Bhardwaj

Senior Vice President of Strategy & Growth

Yes, Jean Ann, and I know that you understand the midstream business well. So I'll just say this that as far as Northwind is concerned, Northwind is primarily a treating operation. We have a much more comprehensive operation in our DKL, which includes gathering, treating, processing. So we have a much more comprehensive full suite product over there as far as gas is concerned. So we think it's a very good benchmark, but we also have a better business.

Operator

Your next question comes from the line of Jason Gabelman of TD Cowen.

Jason Daniel Gabelman

TD Cowen, Research Division

I wanted to first go back to the EOP program. And I'm just trying to understand a couple of things. One, how much was actually reflected in 2Q results? I know you kind of referenced a run rate exiting the quarter, but wondering how much on a gross basis was kind of realized in 2Q? And then how should we think about the amount of the margin capture uplift that's captured in the supply line versus the site unit margins that you referenced? Or should we think about that kind of moving back and forth depending on how the environment shapes up?

Avigal Soreq

President, CEO & Director

Yes. Thank you. That's a very nice question of you. Obviously, EOP, we said it very clearly in order to make it easier for everyone, the \$30 million benchmark, and we are very proud of the progress we are doing.

As you well know, Jason, that pretty much agnostic to market, the \$30 million we outlined it. We obviously had one slide to make it easier for everyone to calculate on a similar market environment. You can easily see that in our presentation. So that's even make it easier to calculate how that flows through, and that's a very, very simple way on a very similar market environment to see the improvement on the capture rate and on trading and supply. And obviously, the other part of the business. Other part of the business is very easy to see, is the G&A. You see that we are in the low 50s versus low 60s in Q2 of 2024. I think that answered most of the question. But if you have anything, Mohit, do you want to chime in, so please.

Mohit Bhardwaj

Senior Vice President of Strategy & Growth

Yes. I think, Avigal, I'll just reiterate what you said. So Jason, for the second quarter, \$30 million were actually included in our financials. So the entire \$30 million flowed through it, through second quarter financials. And as Joseph mentioned, \$10 million of that was at El Dorado and rest was distributed between our DKTS, the trading and supply line item and the cost improvements that we have made.

Jason Daniel Gabelman

TD Cowen, Research Division

And then my follow-up is hopefully a quick one, just on financing cash flows, which were a benefit in the quarter. You referenced a number of outflows from that bucket, but wondering what contributed to the net inflow from the financing cash flow line item?

Avigal Soreq

President, CEO & Director

Yes. So Jason, in reality, what the story here is very simple. EOP is all about improving the free cash flow. And that's a very, very important part in our equation, and I will let Mark chime in.

Mark Hobbs

Executive VP & CFO

Yes, yes. Thanks, Avigal. Jason, I want to step back and talk about just because you're focusing in on kind of EOP and kind of where you can see that in our results. And so I want to be very clear that, as Avigal mentioned, that we're seeing this already show up in our results. I want to be pretty specific around this.

And so despite a slightly lower margin environment versus the second quarter of last year, our EBITDA has increased to over \$170 million this quarter versus only \$107 million last quarter, and our cash flow from operation was approximately \$100 million higher than what we generated in the second quarter of last year. And keep in mind that of the \$164 million of CapEx in the second quarter, about \$115 million of that was growth CapEx, largely a DKL for high return projects like Libby 2, which will benefit us going forward. And so, and as Avigal mentioned in his prepared remarks, this year, our CapEx in 2025 is very much first half weighted. And so as we go through the year with lower CapEx and even more EOP benefits coming through, we feel very good about how we're positioned as we move through the remainder of the year.

And as you talk about the financing on the cash flow statement, keep in mind, we've done some things to improve our balance sheet on a consolidated basis. We had a successful high yield offering at DKL, which allowed us to pay down our revolver because we made the Gravity acquisition. We've been investing \$100 million in the Libby 2 gas plant thus far in the first half of the year.

And so we added critical liquidity to the balance sheet by doing a very successful oversubscribed high yield offering at a very good rate, and it was an 8-year piece of paper. So we're very happy with that.

Operator

That concludes our Q&A session. I'll now turn the conference back over to Avigal Soreq for closing remarks.

Avigal Soreq

President, CEO & Director

Yes. So I want to thank my friends around the table, our Board of Directors, our investors, and most importantly, our employees that make our company unique and great as it is. And we'll talk again in the next quarter. Thank you.

Operator

This concludes today's conference call. You may now disconnect.

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