



# A NEW ENERGY

2022 Summary Annual Report





## About Us

Founded in 2001, Delek US Holdings Inc. is an integrated downstream energy company focused on petroleum refining; the transportation, storage and wholesale distribution of crude oil, intermediate and refined products; and convenience store retailing.

### REFINING SEGMENT

Delek US' subsidiaries own and operate refineries in Tyler and Big Spring, Texas; El Dorado, Arkansas; and Krotz Springs, Louisiana, with a combined nameplate crude throughput capacity of 302,000 barrels per day. Delek US' refining system processes primarily light crude oil sourced from the Permian Basin; Cushing, Oklahoma; East Texas; Gulf Coast and local production near the refinery locations.

### LOGISTICS SEGMENT

The logistics operations consist of Delek Logistics Partners, LP (NYSE:DKL) ("Delek Logistics"). Delek US and its affiliates own the general partner, and an approximate 79% limited partner, interest in Delek Logistics. Delek Logistics is a growth-oriented master limited partnership focused on owning and operating midstream energy infrastructure assets. Our Logistics segment reflects 100% of the performance of Delek Logistics Partners, LP. Adjustments for minority interest are made on a consolidated basis.

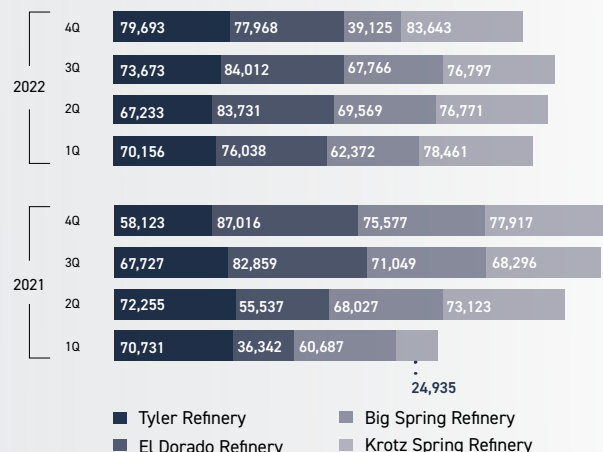
### RETAIL SEGMENT

The convenience store retail business operates approximately 250 convenience stores primarily in West Texas and New Mexico.

## Financial Highlights

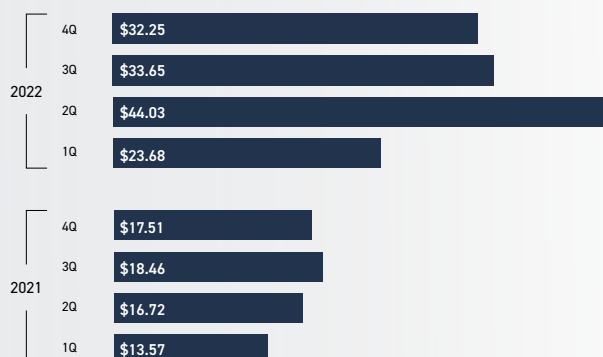
### TOTAL REFINING THROUGHPUTS

Barrels Per Day



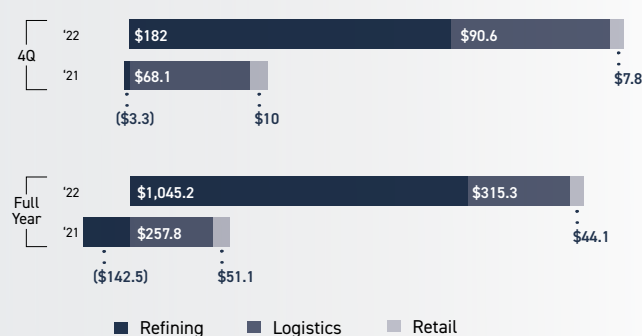
### ULSD 5-3-2 GULF COAST CRACK SPREAD

Dollars Per Barrel



### ADJUSTED EBITDA

Dollars in Millions





# FELLOW SHAREHOLDERS

We are very pleased with our strong results in 2022. As always, we strive to be an industry leader in safe, reliable and environmentally responsible operations, and we are proud to report we made notable progress on our commitments in 2022. This progress included our Krotz Springs refinery achieving a safety milestone of over 5 million man-hours worked without a lost time injury, and we accomplished a 34% reduction in the total recordable incident rate for our retail business.

During 2022, we returned \$236 million to our shareholders. This was achieved by a number of shareholder-friendly practices. Our Board of Directors declared a special dividend of \$0.20 per share in June, and then in August, approved the reinstatement of a regular quarterly dividend of \$0.20 per share as well as an expansion of the share repurchase authorization. We provided further value by raising the dividend twice – first by 5% to \$0.21 per share and then by another 5% to \$0.22 per share.

Our team delivered net income of \$257.1 million and Adjusted EBITDA of \$1,185.8 million. This was a result of strong market conditions and solid operations.

Another highlight of the year was the acquisition and integration of 3 Bear Energy related to crude oil and gas gathering, processing and transportation businesses, as well as water disposal and recycling operations, in the Delaware Basin in New Mexico. This transaction offers third-party revenue, an expanded product mix, and geographic diversification to our Logistics segment. During 2022, we also continued to enhance our retail network, which provides diversification and stability to our other business segments.



**Avigal Soreq**

President and Chief Executive Officer

Looking ahead, our dedicated, high-quality assets and positive momentum give us confidence in the future. We believe we are well-positioned to capture opportunities in the market. In 2023, we will continue to focus on:

- **Leading in safety and reliability.**

A key initiative in 2023 is to reach the next level of safety and reliability. To further this commitment, we recently established the position of Senior Vice President, Safety. This new leadership role will be tasked with developing best-in-class systems and implementing next-generation innovations that enable a step change in our safety metrics. We will focus on fostering a culture of continuous improvement, a zero-incident mindset, individual ownership, organizational pride and innovative problem-solving. In this regard, we are off to a strong start. In early 2023, we finished a significant turnaround at our Tyler refinery with zero process and safety incidents. We look forward to building upon this achievement throughout the year.

## ■ Shareholder returns and capital allocation.

Our rigorous capital allocation framework is designed to create long-term value. Our key pillars are:

### **Invest**

In 2023, safety, maintenance and reliability remain the primary areas of focus of our capital allocation program; our sustaining capital includes a turnaround project at the Tyler refinery; and growth capital will largely be allocated toward expanding the gathering business in the Permian Basin.

### **Cash returns**

Provide a competitive cash return profile commensurate with underlying earnings power.

### **Growth**

Maintain financial strength and flexibility to support strategic growth objectives.

### **Enhance balance sheet**

Reduce net debt and/or opportunistically return additional cash to shareholders.

## ■ Executing our vision.

To create value for shareholders, our focus in 2023 is on effectively executing on our vision for Delek's future. We strengthened our leadership team to activate strategies that will enhance the value of Delek's existing business while identifying opportunities to scale our revenue streams. We developed a significant part of our strategic plan and are already in the execution phase.

## ■ Improving efficiency in cost structure and streamlining processes.

We launched a cost efficiency and process improvement effort that we expect will lower our costs by \$30 to \$40 million in 2023 and \$90 to \$100 million on an annual run rate basis once complete. We anticipate these savings to come in the form of both cost savings as well as margin improvement.

## Our Core Values

Our core values are the most fundamental pieces of our business and are critical to our company's success. We are committed to living these core values every day.

### **SAFETY**

We protect the health and well-being of our employees, the environment and the communities in which we operate.

### **MAXIMIZE VALUE**

We operate with intention and recognize that the ultimate measure of a company's success is the extent to which it enriches employees, customers and shareholders.

### **GROWTH ORIENTED**

We seize opportunities with agility to expand our business both organically and inorganically to achieve new heights.



### **COMMITMENT**

We are committed to our employees, the environment and communities in which we operate while delivering great products, services and other initiatives that impact our lives within and outside of the organization.

### **INNOVATION & EXCELLENCE**

We have a passion for winning by fostering a culture of curiosity, learning and operational excellence to achieve exceptional outcomes.

### **INTEGRITY**

We act with honesty and honor without compromising the truth.

We are proud of our progress on our environmental, social and governance (ESG) initiatives. Key highlights from our most recent Sustainability Report include:

■ **Environmental:**

Announced our first greenhouse gas reduction target to cut our Scope 1 and Scope 2 emissions by 34% by 2030.

■ **Social:**

Made progress to further diversity, equity and inclusion by setting our first diversity hiring target, reaching our diversity goal for our Board of Directors, and continuing our EEO-1 disclosures.

■ **Governance:**

Implemented broader Board of Director oversight of ESG matters. Achieved 78% independent directors on our Board.

In 2022, we also continued working to uphold our commitment to the communities where our employees live and work. Since founding the Delek Fund for Hope in 2008, we have supported nearly 2,000 unique charitable organizations and awarded over \$21 million in grants. Our charitable giving is local, focused and impactful with giving decisions directed by employee-run committees.

We take our commitments to our customers, employees, communities and shareholders seriously, and we intend to continue delivering on those in the year ahead. None of what we have accomplished this year would be possible without the hard work and tremendous effort of employees across our organization. I would like to recognize the dedication of our team and thank them for their passion and commitment to safe, reliable operations.

To our shareholders, thank you for your continued investment in our company and the trust you place in us each day.



**Avigal Soreq**

President and Chief Executive Officer  
Delek US Holdings, Inc.

## VISION

Creating long-term value through sustainable energy solutions in an evolving world.

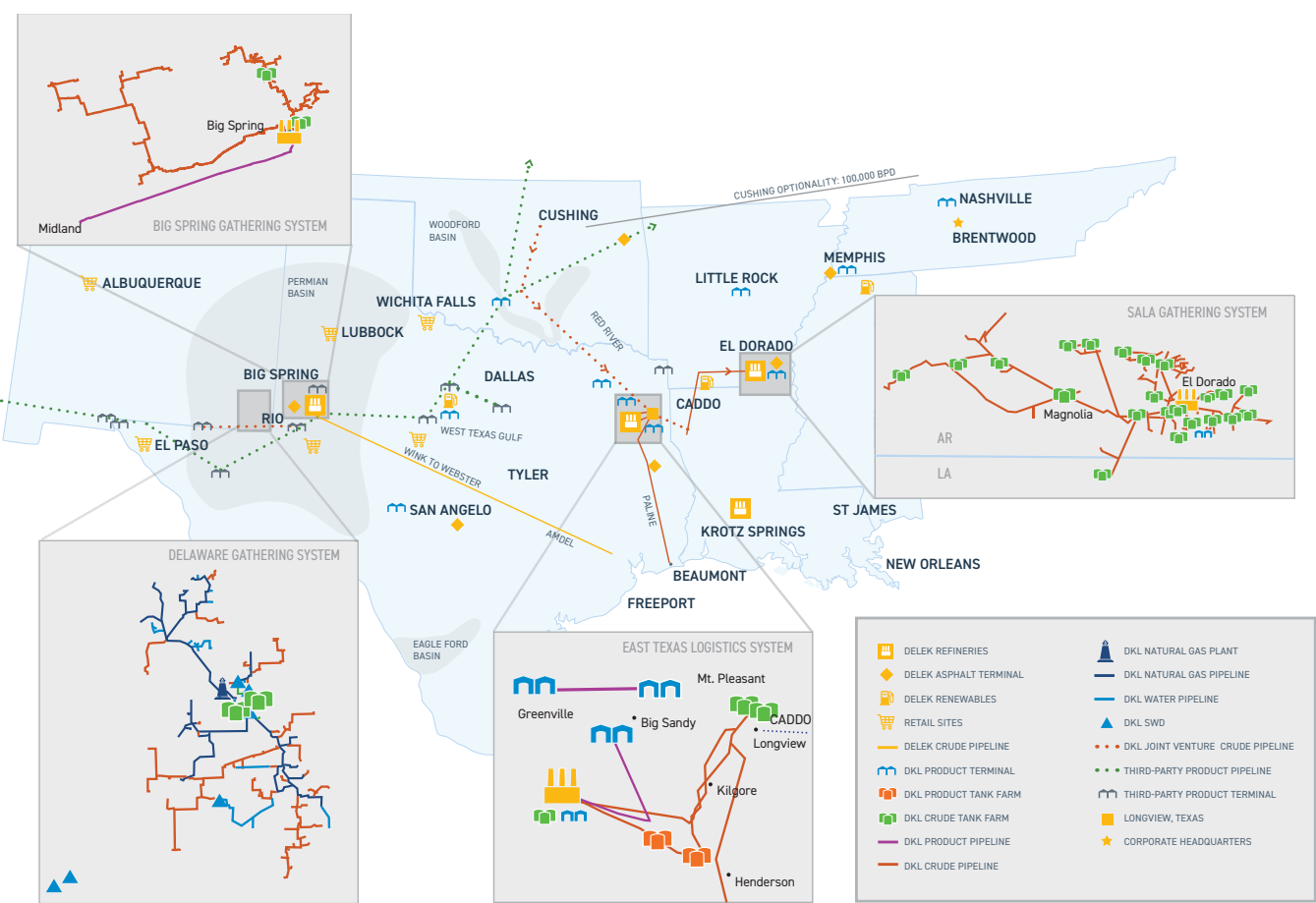
## MISSION

We are a company led by innovation, committed to safety leadership, diversity and the pursuit of growth and excellence for the benefit of all of our stakeholders.





OPERATIONS MAP



# Corporate and Shareholder Information

## BOARD OF DIRECTORS

### EZRA UZI YEMIN

Executive Chairman

### AVIGAL SOREQ

President and Chief Executive Officer

### SHLOMO ZOHAR

Lead Independent Director

### GARY M. SULLIVAN, JR.

### LAURIE Z. TOLSON

### LEONARDO MORENO

### RICHARD MARCOGLIESE

### VICKY SUTIL

### WILLIAM J. FINNERTY

## OTHER INFORMATION

### HEADQUARTERS

Delek US Holdings, Inc.  
310 Seven Springs Way  
Suite 500  
Brentwood, TN 37027

### STOCK EXCHANGE LISTING

New York Stock Exchange  
Ticker Symbol: DK

### ANNUAL MEETING

Annual Meeting of Stockholders to be held May 3, 2023

### AUDITORS

Ernst & Young, LLP  
Nashville, TN

### TRANSFER AGENT

American Stock Transfer & Trust Company  
6201 15th Ave.  
Brooklyn, NY 11219

### FORM 10-K

The Company's annual report on Form 10-K, which is filed with the Securities and Exchange Commission, is available upon request and may be obtained by contacting the Company's investor relations department.

### INVESTOR RELATIONS

Rosy Zuklic  
VP, Investor Relations  
Direct: 615.767.4344  
Email: [rosy.zuklic@delekus.com](mailto:rosy.zuklic@delekus.com)

## RECONCILIATION OF NET INCOME (LOSS) ATTRIBUTABLE TO DELEK TO ADJUSTED EBITDA

*\$ in millions (unaudited)*

### Reported net (loss) income attributable to Delek

Interest expense, net  
Income tax expense (benefit)  
Depreciation and amortization

EBITDA attributable to Delek

### Adjusting items

Net inventory LCM valuation (benefit) loss  
Other inventory impact <sup>(2)</sup>  
Business Interruption insurance recoveries <sup>(2)</sup>  
El Dorado refinery fire losses, net of related insurance recoveries  
Unrealized hedging (gain) loss where the hedged item is not yet recognized in the financial statements  
Non-cash change in fair value of S&O Obligation associated with hedging activities  
Non-operating litigation accrual related to pre-Delek/Alon Merger shareholder action  
Contract termination recoveries in excess of amounts that have or will impact EBITDA  
Transaction related expenses <sup>(2)</sup>  
Restructuring costs <sup>(2)</sup>  
Net income attributable to non-controlling interest

Total Adjusting items

### Adjusted EBITDA

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021 <sup>(2)</sup>	2022	2021 <sup>(2)</sup>
\$	(118.7)	\$ (13.4)	\$ 257.1	\$ (128.3)
	62.6	36.7	195.3	136.7
	(43.6)	(3.0)	63.9	(42.0)
	77.8	69.0	287.0	264.6
	(21.9)	89.3	803.3	231.0
	(17.2)	8.2	1.9	8.5
	193.6	(61.6)	331.1	(218.1)
	(5.2)	(9.9)	(31.1)	(9.9)
	-	4.0	-	7.8
	50.1	(5.5)	24.1	6.7
	-	-	-	(6.9)
	-	-	-	6.5
	-	-	-	(20.9)
	-	-	10.6	-
	12.5	-	12.5	-
	9.0	8.3	33.4	33.0
	242.8	(56.5)	382.5	(193.3)
\$	220.9	\$ 32.8	\$ 1,185.8	\$ 37.7

<sup>(1)</sup> Adjusted to reflect the retrospective change in accounting policy from LIFO to FIFO for certain inventories.

<sup>(2)</sup> See further discussion in the Q4 2022 Earnings Release.

## RECONCILIATION OF SEGMENT EBITDA ATTRIBUTABLE TO DELEK TO ADJUSTED SEGMENT EBITDA

\$ in millions (unaudited)

### Segment EBITDA Attributable to Delek

#### Adjusting items

Net inventory LCM valuation (benefit) loss	(17.1)	(0.1)	-	-	(17.2)
Other inventory impact <sup>(2)</sup>	193.6	-	-	-	193.6
Unrealized inventory/commodity hedging (gain) loss where the hedged item is not yet recognized in the financial statements	38.7	-	-	0.3	39.0
Unrealized RINs and other hedging (gain) loss where the hedged item is not yet recognized in the financial statements	11.1	-	-	-	11.1
Total unrealized hedging (gain) loss where the hedged item is not yet recognized in the financial statements	49.8	-	-	0.3	50.1
Restructuring costs <sup>(2)</sup>	-	-	-	12.5	12.5
Business Interruption insurance recoveries <sup>(2)</sup>	(5.2)	-	-	-	(5.2)
Net income attributable to non-controlling interest	-	-	-	9.0	9.0
Total Adjusting items	221.1	(0.1)	-	21.8	242.8
<b>Adjusted Segment EBITDA</b>	<b>\$ 182.0</b>	<b>\$ 90.6</b>	<b>\$ 7.8</b>	<b>\$ (59.5)</b>	<b>\$ 220.9</b>

### Three Months Ended December 31, 2022

Refining	Logistics	Retail	Corporate, Other and Eliminations	Consolidated
\$ (39.1)	\$ 90.7	\$ 7.8	\$ (81.3)	\$ (21.9)
(17.1)	(0.1)	-	-	(17.2)
193.6	-	-	-	193.6
38.7	-	-	0.3	39.0
11.1	-	-	-	11.1
49.8	-	-	0.3	50.1
-	-	-	12.5	12.5
(5.2)	-	-	-	(5.2)
-	-	-	9.0	9.0
221.1	(0.1)	-	21.8	242.8
\$ 182.0	\$ 90.6	\$ 7.8	\$ (59.5)	\$ 220.9

\$ in millions (unaudited)

### Segment EBITDA Attributable to Delek

#### Adjusting items

Net inventory LCM valuation (benefit) loss	8.0	0.2	-	-	8.2
Other inventory impact <sup>(2)</sup>	(61.6)	-	-	-	(61.6)
Unrealized inventory/commodity hedging (gain) loss where the hedged item is not yet recognized in the financial statements	(6.0)	-	-	-	(6.0)
Unrealized RINs and other hedging (gain) loss where the hedged item is not yet recognized in the financial statements	0.5	-	-	-	0.5
Total unrealized hedging (gain) loss where the hedged item is not yet recognized in the financial statements	(5.5)	-	-	-	(5.5)
El Dorado refinery fire losses	4.0	-	-	-	4.0
Business Interruption insurance recoveries <sup>(2)</sup>	(9.9)	-	-	-	(9.9)
Net income attributable to non-controlling interest	-	-	-	8.3	8.3
Total Adjusting items	(65.0)	0.2	-	8.3	(56.5)
<b>Adjusted Segment EBITDA</b>	<b>\$ (3.3)</b>	<b>\$ 68.1</b>	<b>\$ 10.0</b>	<b>\$ (42.0)</b>	<b>\$ 32.8</b>

### Three Months Ended December 31, 2021, As Adjusted <sup>(1)</sup>

Refining <sup>(1)</sup>	Logistics	Retail	Corporate, Other and Eliminations	Consolidated <sup>(1)</sup>
\$ 61.7	\$ 67.9	\$ 10.0	\$ (50.3)	\$ 89.3
8.0	0.2	-	-	8.2
(61.6)	-	-	-	(61.6)
(6.0)	-	-	-	(6.0)
0.5	-	-	-	0.5
(5.5)	-	-	-	(5.5)
4.0	-	-	-	4.0
(9.9)	-	-	-	(9.9)
-	-	-	8.3	8.3
(65.0)	0.2	-	8.3	(56.5)
\$ (3.3)	\$ 68.1	\$ 10.0	\$ (42.0)	\$ 32.8



## RECONCILIATION OF SEGMENT EBITDA ATTRIBUTABLE TO DELEK TO ADJUSTED SEGMENT EBITDA (CONTINUED)

Year Ended December 31, 2022					
	Refining	Logistics	Retail	Corporate, Other and Eliminations	Consolidated
<i>\$ in millions (unaudited)</i>					
<b>Segment EBITDA Attributable to Delek</b>	<b>\$ 719.1</b>	<b>\$ 304.8</b>	<b>\$ 44.1</b>	<b>\$ (264.7)</b>	<b>\$ 803.3</b>
<b>Adjusting items</b>					
Net inventory LCM valuation (benefit) loss	2.0	(0.1)	-	-	1.9
Other inventory impact <sup>(2)</sup>	331.1	-	-	-	331.1
Unrealized inventory/commodity hedging (gain) loss where the hedged item is not yet recognized in the financial statements	8.1	-	-	-	8.1
Unrealized RINs and other hedging (gain) loss where the hedged item is not yet recognized in the financial statements	16.0	-	-	-	16.0
Total unrealized hedging (gain) loss where the hedged item is not yet recognized in the financial statements	24.1	-	-	-	24.1
Restructuring costs <sup>(2)</sup>	-	-	-	12.5	12.5
Transaction related expenses	-	10.6	-	-	10.6
Business Interruption insurance recoveries <sup>(2)</sup>	(31.1)	-	-	-	(31.1)
Net income attributable to non-controlling interest	-	-	-	33.4	33.4
Total Adjusting items	326.1	10.5	-	45.9	382.5
<b>Adjusted Segment EBITDA</b>	<b>\$ 1,045.2</b>	<b>\$ 315.3</b>	<b>\$ 44.1</b>	<b>\$ (218.8)</b>	<b>\$ 1,185.8</b>

Year Ended December 31, 2021, As Adjusted <sup>(1)</sup>					
	Refining <sup>(1)</sup>	Logistics	Retail	Corporate, Other and Eliminations	Consolidated <sup>(1)</sup>
<i>\$ in millions (unaudited)</i>					
<b>Segment EBITDA Attributable to Delek</b>	<b>\$ 69.2</b>	<b>\$ 258.0</b>	<b>\$ 51.1</b>	<b>\$ (147.3)</b>	<b>\$ 231.0</b>
<b>Adjusting items</b>					
Net inventory LCM valuation (benefit) loss	8.4	0.1	-	-	8.5
Other inventory impact <sup>(2)</sup>	(218.1)	-	-	-	(218.1)
Unrealized inventory/commodity hedging (gain) loss where the hedged item is not yet recognized in the financial statements	6.7	(0.3)	-	-	6.4
Unrealized RINs and other hedging (gain) loss where the hedged item is not yet recognized in the financial statements	0.3	-	-	-	0.3
Total unrealized hedging (gain) loss where the hedged item is not yet recognized in the financial statements	7.0	(0.3)	-	-	6.7
El Dorado refinery fire losses	7.8	-	-	-	7.8
Business Interruption insurance recoveries <sup>(2)</sup>	(9.9)	-	-	-	(9.9)
Non-cash change in fair value of S&O Obligation associated with hedging activities	(6.9)	-	-	-	(6.9)
Non-operating litigation accrual related to pre-Delek/Alon Merger shareholder action	-	-	-	6.5	6.5
Contract termination recoveries in excess of amounts that have or will impact EBITDA	-	-	-	(20.9)	(20.9)
Net income attributable to non-controlling interest	-	-	-	33.0	33.0
Total Adjusting items	(211.7)	(0.2)	-	18.6	(193.3)
<b>Adjusted Segment EBITDA</b>	<b>\$ (142.5)</b>	<b>\$ 257.8</b>	<b>\$ 51.1</b>	<b>\$ (128.7)</b>	<b>\$ 37.7</b>

<sup>(1)</sup> Adjusted to reflect the retrospective change in accounting policy from LIFO to FIFO for certain inventories.

<sup>(2)</sup> See further discussion in the Q4 2022 Earnings Release.

### FORWARD-LOOKING STATEMENTS:

This letter contains "forward-looking statements" within the meaning of federal securities laws which are based on current estimates, expectations and projections about future results, performance, prospects, opportunities, plans, actions and events. These statements can be identified by words such as "possible," "believe," "should," "could," "would," "predict," "plan," "estimate," "intend," "may," "anticipate," "will," "if," "potential," "expect" or similar expressions, as well as statements in the future tense, and include statements regarding cost reductions, growth, the return of cash to shareholders and capital allocation. Forward-looking statements should not be read as a guarantee of future performance or results. Investors are cautioned that forward-looking statements are subject to risks and uncertainties that could cause actual performance or results to differ materially, including risks described in Delek's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other filings with the U.S. Securities and Exchange Commission. Delek undertakes no obligation to update or revise any such forward-looking statements to reflect events or circumstances that occur, or which Delek becomes aware of, after the date hereof, except as required by applicable law or regulation.



DELEK US HOLDINGS

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