

Marathon Petroleum: America's largest refinery- & energy infrastructure network¹

Company:	Marathon Petroleum (MPC)	Market Cap:	\$71bn (\$241)
Industry:	Oil refinery, pipelines	Net current assets:	\$2bn
Country:	US	Revenue:	\$135bn*
Date:	28 th April 2026	Adj. EBITDA:	\$12.9bn (18%)*
Div/buyback:	\$4.62bn (6.5%)*	Free cash flow:	\$3.9bn (5.4%)*
Entry:	\$67.5bn (\$29)	Target:	\$100bn (+41%)

*based on Q4 25 report

Why Marathon Petroleum?

- Marathon Petroleum owns the largest US refinery network with over 3mbpd in throughput
- The 3-2-1 crack spread is near 2022 levels², when the company made \$15bn in free cash flow³
- The 64% ownership in MPLX represents a growing business that processed 10bcf of natural gas a day and over 6mbpd of oil in pipeline throughput in 2025⁴
- Considering the Middle East and Ukraine/Russia conflict, the US becomes the one and only large and stable energy supplier of choice
- For as long as oil is being released from the SPR, 3-2-1 crack spreads should remain elevated, as the SPR releases are entirely exported – to a large degree as products⁵

¹ all assumptions and observations are based on internal modelling and data analysis

² <https://rbnenergy.com/market-data/3-2-1-crack-spread>

³

³ [https://www.marathonpetroleum.com/content/documents/Investors/Annual_Report/2022 MPC Annual Report and 10K.pdf](https://www.marathonpetroleum.com/content/documents/Investors/Annual_Report/2022_MPC_Annual_Report_and_10K.pdf) p. 75

⁴ <https://ir.marathonpetroleum.com/investor/news-releases/news-details/2026/Marathon-Petroleum-Corp--Reports-Fourth-Quarter-and-Full-Year-2025-Results/default.aspx>

⁵ <https://x.com/JKempEnergy/status/2049797566942851328>

Risks

- Half of the current SPR release is a loan⁶, which is due to be paid back between 1 November 2026 and 30 September 2028 – this will mean less oil available to refine, and reduces refining margins⁷
- A deal to reopen the Strait of Hormuz could change the outlook quickly

Marathon Petroleum

Marathon Petroleum can be split into two businesses: MPC and MPLX. MPC, with around 3m bpd in refining throughput⁸, owns the largest refining network in the US⁹. MPC also owns 64% of the separately listed MPLX¹⁰, which is one of the largest owners of pipelines (>6mbpd), terminals (>3.1mbpd), gathering systems (>6.7mbpd) and natural gas processing facilities in the US (>9.8BCF)¹¹. Marathon Petroleum reports its revenues and profits as if it owns the entire 100% of MPLX and deducts the 36% non-ownership in MPLX from its profits as non-controlling interests. Therefore, one can split the valuation of Marathon Petroleum up by its refining business (MPC) and its pipelines (MPLX). When the 64% of shares in MPLX (= \$36.5bn valuation as of 1st May 2026), which MPC (Marathon Petroleum) owns, are deducted from MPC's valuation of \$72bn as of 1st May 2026, you get a valuation for MPC as a standalone of \$35.5bn – slightly less than the MPLX valuation and around half of competitor Valero Energy. Yet in 2022, MPC's refineries achieved over \$19bn in EBITDA vs. \$5.8bn EBITDA at MPLX¹². Right now, the 3-2-1 crack spread, i.e. the difference in price of 3 barrels of crude oil and 2 barrels of gasoline and 1 barrel of distillates, is at a similar spread to that in 2022¹³. The profit windfall of 2022/23 has enabled the company to buy back over \$36bn in shares between 2022 and 2025 (equivalent to over 50% of today's valuation and equal to MPC's standalone valuation). Therefore, if the current Middle East crisis is as bad and long lasting as the

⁶ <https://www.opis.com/resources/energy-market-news-from-opis/doe-says-half-of-planned-172-million-bbl-spr-release-will-be-loaned-to-buyers/>

⁷ <https://www.argusmedia.com/en/news-and-insights/latest-market-news/2804363-us-starts-emergency-crude-release-from-spr>

⁸ <https://ir.marathonpetroleum.com/investor/news-releases/news-details/2026/Marathon-Petroleum-Corp--Reports-Fourth-Quarter-and-Full-Year-2025-Results/default.aspx>

⁹ <https://www.eia.gov/energyexplained/oil-and-petroleum-products/refining-crude-oil-refinery-rankings.php>

¹⁰ <https://www.marketscreener.com/quote/stock/MPLX-LP-11799319/company/>

¹¹ <https://www.mplx.com/Investors/> throughput figures are from Marathon Petroleum 2025 annual report

¹²

[https://www.marathonpetroleum.com/content/documents/Investors/Annual_Report/2022 MPC Annual Report and 10K.pdf](https://www.marathonpetroleum.com/content/documents/Investors/Annual_Report/2022_MPC_Annual_Report_and_10K.pdf)

¹³ <https://rbnenergy.com/market-data/3-2-1-crack-spread>

2022 energy shock (by most measures it is already far worse than that), the company should in theory have an equally prosperous future as it had in 2022.

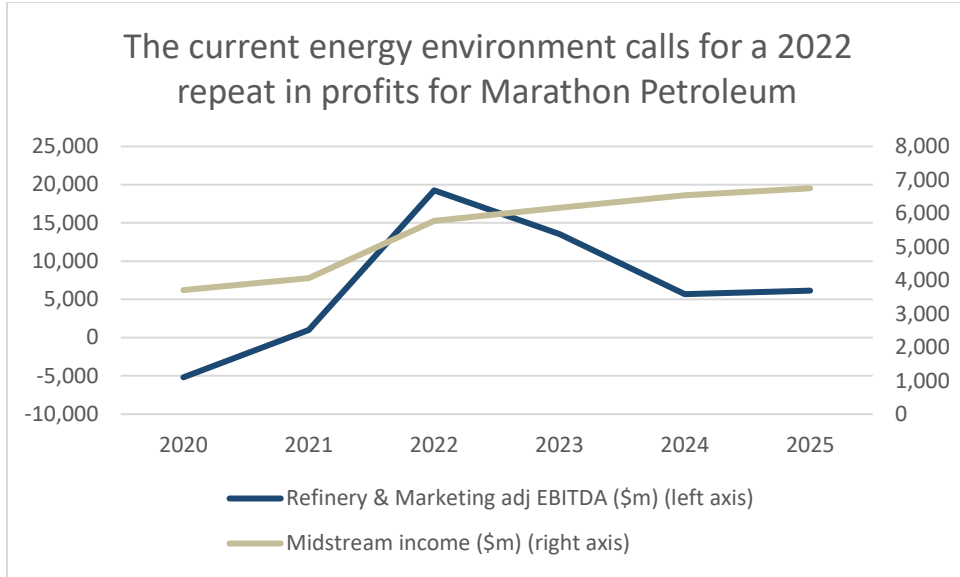
MPC appears undervalued when compared to MPLX

Marathon Petroleum (in % or \$ m)		
Business	MPLX	MPC
Ownership	64%	100%
Valuation	57,000	72,000
Valuation 64% MPLX, deducted from MPC	36,480	35,520
Debt	25,653	7,223
EV	62,133	42,743
2025 EBITDA	6,750	6,138
2022 EBITDA	5,772	19,261

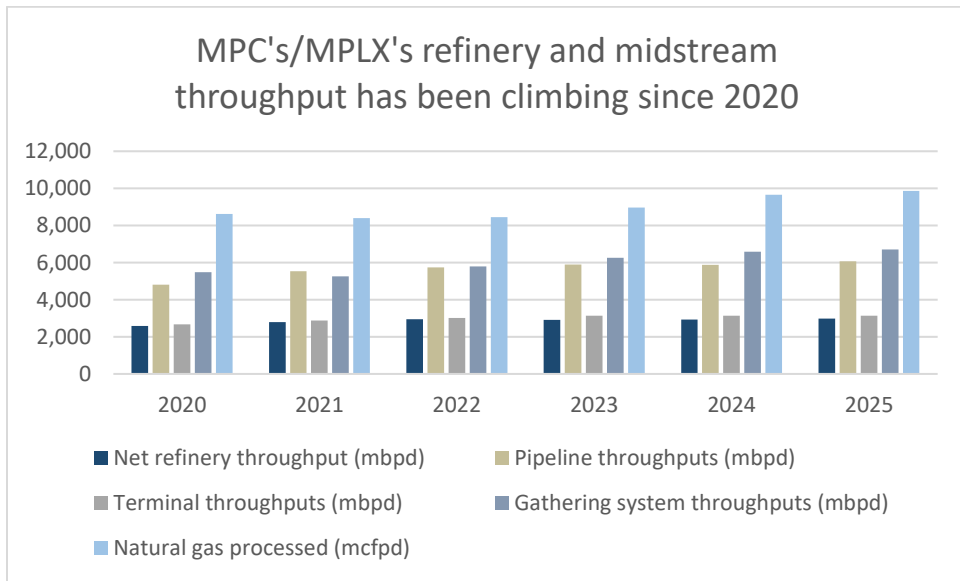
Source: Annual reports from Marathon Petroleum and MPLX



Source: <https://rbnenergy.com/market-data/3-2-1-crack-spread>



Source: Marathon Petroleum annual reports



Source: Marathon Petroleum annual reports

Why SPR releases lead to wider refinery margins

The closure of the Strait of Hormuz has led to a reduction of 8mbpd of oil from 15mbpd to 7mbpd and a further 3mbpd of refined products according to Kpler¹⁴. Whilst the maximum daily drawdown capability of the US SPR is 4.4mbpd¹⁵, the run rate is currently around 1.43mbpd¹⁶, of which half is being refined in the US before being exported, as per chart below. Therefore, the more oil is being refined in the US, the higher the utilization rate of the refineries, hence the higher the crack-spread should be, for as long as the supply of refined products from the Middle East is shut in and the market remains undersupplied. The SPR release is a total of 172m barrels and takes 120 days to release¹⁷. With the first oil buybacks back into the SPR due to happen on 1 November 2026¹⁸, days ahead of Midterm elections, there is a question that if no peace deal with Iran is reached, whether these buybacks will end up happening, or whether instead more oil is being released into the Midterm Elections. If we now compare how the current energy crisis compares to historic energy crises, we are right in between the 1990 Kuwait invasion and the 2022 Ukraine invasion when measured by indexing oil prices at 100 around 2 months ahead of the start of the conflict, as per chart below. Finally, if you take a look at the number of ships passing the Bab el-Mandeb Strait since the Houthis started their attacks in late 2023 as per chart below¹⁹, it becomes clear that despite no Houthi attacks since October 2025²⁰, volumes in the Strait of Hormuz could remain at lower levels for years to come. For these reasons, I believe that refining margins will remain elevated and could lead to substantial profits for the refinery business that MPC owns, but also the midstream business of MPLX due to higher volumes.

¹⁴ <https://www.kpler.com/blog/iran-war-and-the-strait-of-hormuz-oil-market-implications-six-weeks-in>

¹⁵ <https://www.energy.gov/hgeo/opr/spr-quick-facts>

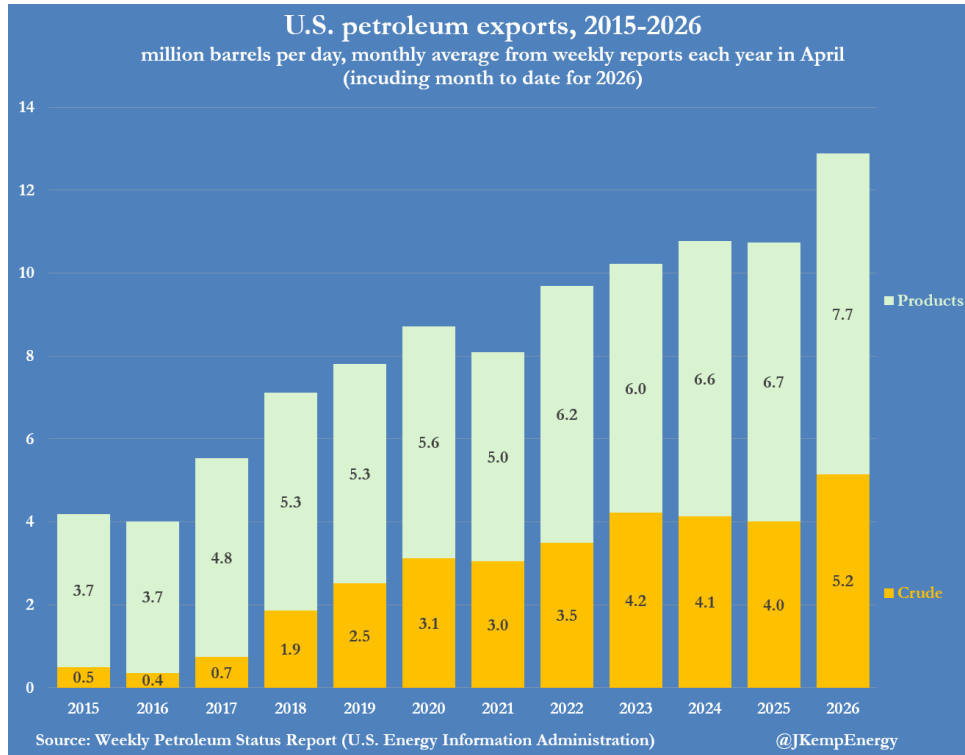
¹⁶ <https://www.energy.gov/articles/united-states-release-172-million-barrels-oil-strategic-petroleum-reserve>

¹⁷ <https://www.energy.gov/articles/united-states-release-172-million-barrels-oil-strategic-petroleum-reserve>

¹⁸ <https://www.argusmedia.com/en/news-and-insights/latest-market-news/2804363-us-starts-emergency-crude-release-from-spr>

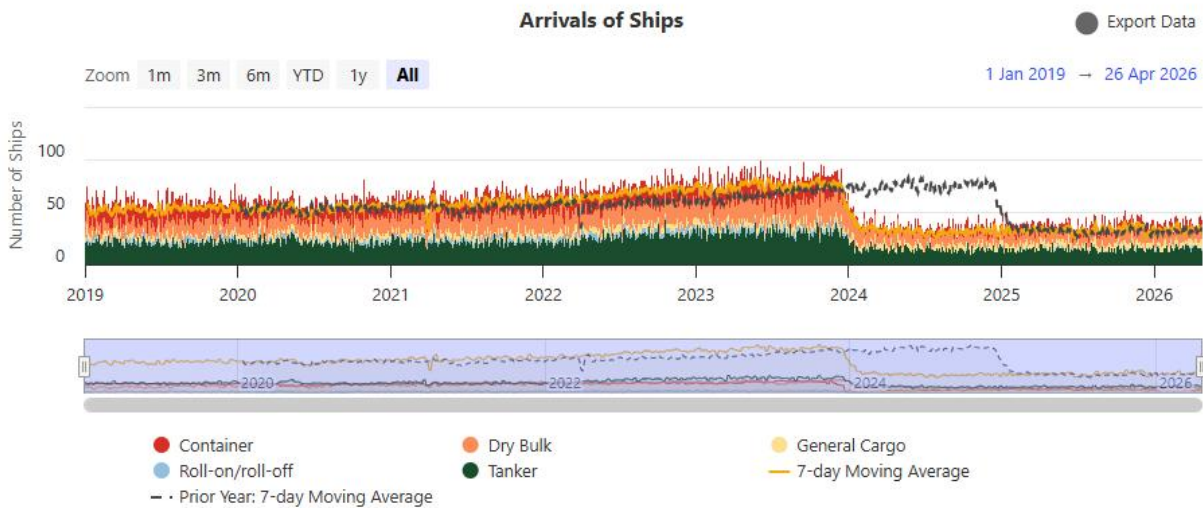
¹⁹ <https://portwatch.imf.org/pages/chokepoint4>

²⁰ <https://news.usni.org/2025/10/02/houthis-attack-dutch-ship-in-the-red-sea>

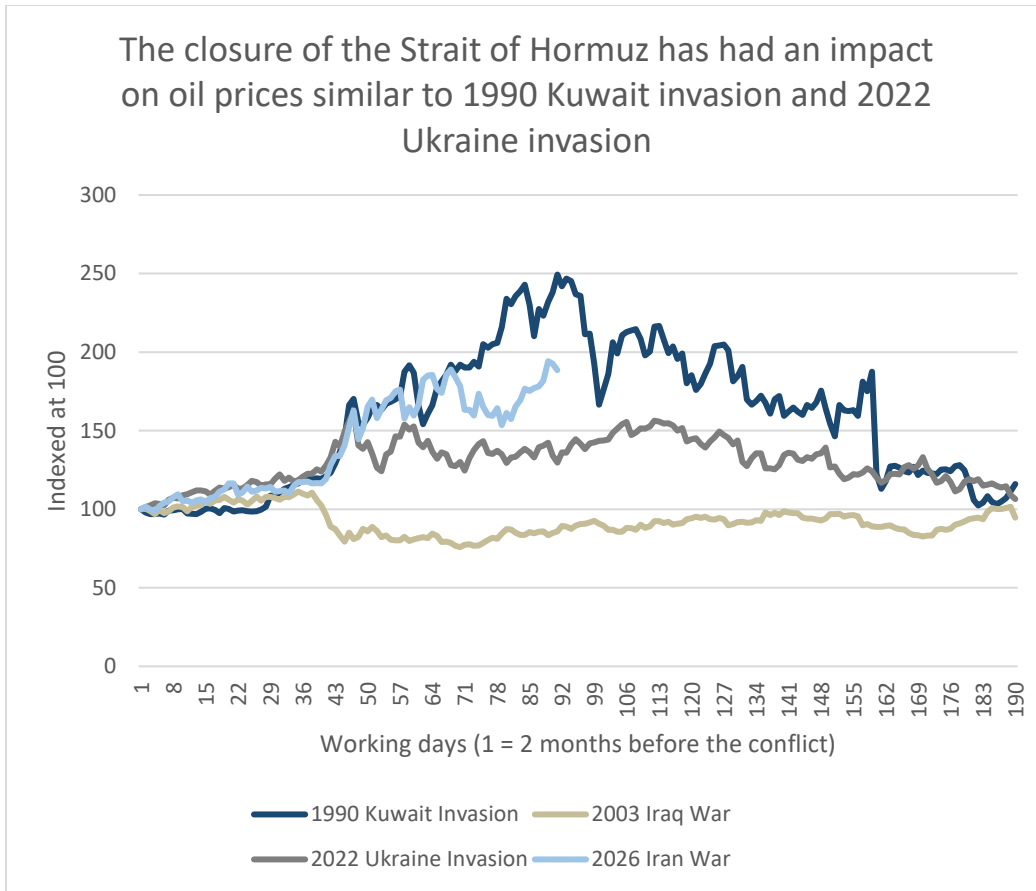


Source: <https://x.com/JKempEnergy/status/2049797566942851328/photo/1>

Bab el-Mandeb Strait still has only half of the volume of ships now compared to before Houthi attacks



Source: <https://portwatch.imf.org/pages/chokepoint4>

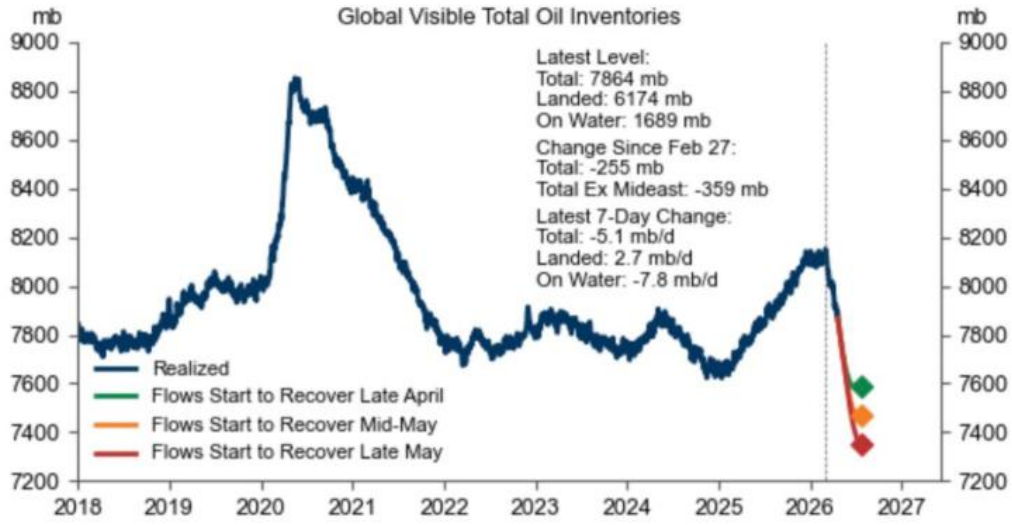


Source: <https://www.investing.com/currencies/xbr-usd-historical-data>

Conclusion

The Ukraine war, the struggles with China and now the Middle East crisis – the hyperglobalisation of the 1990-2020 period appears to be over. Over time, I believe, supply chains will be further localized, and this benefits those companies with strong infrastructure in the US the most. Refineries in Russia and the Middle East have become an unreliable source of supply. Marathon Petroleum, therefore, appears to be well positioned to benefit from these macro drivers due to the largest daily refinery throughput in the USA.

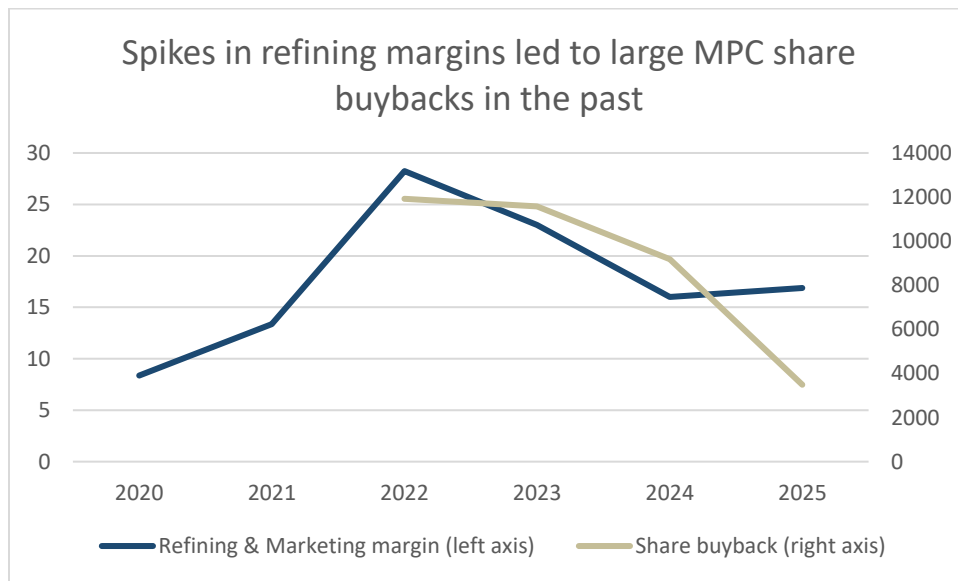
Exhibit 1: Global Visible Total Oil Inventories Have Declined by 255mb Since the Start of the Conflict and Are Likely to Reach All-Time Lows Even if the Strait Reopens by Late April



Total Ex Mideast stocks is the sum of landed Mideast stocks and floating storage from the Persian Gulf.

We assume the pace of visible inventory draws equals its April 1-15 -7.6mb/d average pace while the Strait remains effectively shut, and that this pace linearly converges to zero (i.e. stable global visible inventory levels) over an 8-week period starting when Hormuz flows start to recover.

Source: IEA, Kpler, DOE, Euroilstocks, ARA PJK, PAJ, Haver, Goldman Sachs Global Investment Research



Source: Marathon Petroleum annual reports



Legal Disclaimer

The contents of this publication have been prepared solely for the purpose of providing information about AozoraStep Capital LLP and the services and products it intends to offer, which are targeted at professional investors only. The opinions and views expressed are those of AozoraStep Capital LLP, may change without notice and should not be construed as investment, tax, legal or other advice. AozoraStep Capital LLP does not guarantee the completeness and accuracy of the information provided and all content can become out of date. Products or services mentioned in this publication are subject to legal and regulatory requirements in applicable jurisdictions and may not be available in all jurisdictions. Accordingly, people are required to inform themselves and observe any such restrictions. In respect to investments described in this document, past performance is not a guide to future performance. The value of investments and the income of any financial instruments mentioned in this document may fall as well as rise and may have tax consequences. The performance of the investment strategy of AozoraStep Capital LLP is based on a personal track record of its managing partner and approved by Sedulo for the time period Q1 2019 - Q1 2021 and by HiCloud Accounting for the time period 2020 - 2025, only with further examinations being done on an occasional basis. AozoraStep Capital LLP is currently not authorized and regulated by the FCA and therefore is not allowed to provide financial products and services. AozoraStep Capital LLP is registered in England and Wales with registered number OC436835. Registered Office: 21 Knightsbridge, London SW1X 7LY, United Kingdom. Reproduction or distribution of any material obtained in this publication or linking to this publication without written permission is prohibited.