

# HOLLYFRONTIER CORP. NYSE-HFC

RECENT PRICE **30.33**

P/E RATIO **5.3** (Trailing: 4.7 Median: NMF)

RELATIVE P/E RATIO **0.37**

DIV'D YLD **2.0%**

VALUE LINE

TIMELINESS — D  
SAFETY **3** New 9/9/11  
TECHNICAL — D  
BETA NMF (1.00 = Market)

LEGENDS  
... Relative Price Strength  
2-for-1 split 9/11  
Options: Yes  
Shaded areas indicate recessions

High: 38.9  
Low: 21.1  
36.4  
24.0  
2-for-1

Target Price Range  
2015 2016 2017

2015-17 PROJECTIONS  
Ann'l Total  
Price Gain Return  
High 70 (+130%) 25%  
Low 45 (+50%) 12%

Insider Decisions  
J A S O N D J F M  
to Buy 0 0 2 0 2 0 0 0 1  
Options 0 0 0 0 0 0 0 0 0  
to Sell 1 1 1 0 0 0 1 0 7

U.S. Institutional Decisions  
2Q2011 3Q2011 4Q2011  
to Buy 166 201 181  
to Sell 176 178 163  
Hld's(000) 201642 197560 176521

Percent 36  
shares 24  
traded 12

% TOT. RETURN 4/12  
THIS STOCK VL ARITH. INDEX  
1 yr. 9.3 -3.7  
3 yr. 215.4 89.5  
5 yr. 7.3 27.3

HollyFrontier Corporation was formed with the merger of two independent publicly-traded refiners based in the United States. Holly Corporation and Frontier Oil merged on July 1, 2011. On this date, Frontier stockholders received .4811 Holly shares for each unit of Frontier owned. The combined entity then began trading under the ticker symbol HFC.

CAPITAL STRUCTURE as of 3/31/12  
Total Debt \$1312.0 mill. Due in 5 Yrs \$618.3 mill.  
LT Debt \$1285.8 mill. LT Interest \$110.0 mill.  
(18% of Cap'l)

Pfd Stock None

Common Stock 206,799,816 shs.  
as of 4/30/12, adj. for 2-for-1 stock split

MARKET CAP: \$6.3 billion (Large Cap)

CURRENT POSITION	2010	2011	3/31/12 (\$MILL.)
Cash Assets	--	1790.5	1901.5
Receivables	--	1447.2	733.1
Inventory (LIFO)	--	1114.6	1345.2
Other	--	306.8	147.8
Current Assets	--	4659.1	4127.6
Accounts Payable	--	2243.1	1641.1
Debt Due	--	--	26.2
Other	--	386.0	451.1
Current Liab.	--	2629.1	2118.4

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Sales	--	--	11.5%
"Cash Flow"	--	--	7.5%
Earnings	--	--	2.0%
Dividends	--	--	17.5%
Book Value	--	--	7.5%

Cal-endar	QUARTERLY SALES (\$ mill.) <sup>E</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	--	--	--	--	--
2010	--	--	--	--	--
2011	2326.6	2967.1	5173.4	4972.4	15439.5
2012	4931.7	5000	5100	4968.3	20000
2013	5150	5250	5300	5300	21000

Cal-endar	EARNINGS PER SHARE <sup>A E</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	--	--	--	--	--
2010	--	--	--	--	--
2011	.79	1.79	2.48	1.06	6.42
2012	1.16	1.70	1.80	1.09	5.75
2013	1.20	1.80	1.90	1.20	6.10

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B E</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	--	--	--	--	--
2009	--	--	--	--	--
2010	--	--	--	--	--
2011	--	.075	.075	.088	.24
2012	.10	.10	.150	--	--

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
Sales per sh	--	--	--	--	--	--	--	--	--	73.76	100.00	107.15		140.55
"Cash Flow" per sh	--	--	--	--	--	--	--	--	--	5.65	7.00	7.40		8.75
Earnings per sh <sup>A</sup>	--	--	--	--	--	--	--	--	--	6.42	5.75	6.10		7.25
Div'ds Decl'd per sh <sup>B</sup>	--	--	--	--	--	--	--	--	--	.34	.50	.60		.90
Cap'l Spending per sh	--	--	--	--	--	--	--	--	--	1.79	2.00	2.30		2.95
Book Value per sh	--	--	--	--	--	--	--	--	--	24.86	27.00	29.60		37.85
Common Shs Outst'g <sup>C</sup>	--	--	--	--	--	--	--	--	--	209.33	200.00	196.00		185.00
Avg Ann'l P/E Ratio	--	--	--	--	--	--	--	--	--	4.8	<i>Bold figures are Value Line estimates</i>			8.0
Relative P/E Ratio	--	--	--	--	--	--	--	--	--	.30				.55
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	--	1.1%				1.6%
Sales (\$mill)	--	--	--	--	--	--	--	--	--	15440	20000	21000		26000
Operating Margin	--	--	--	--	--	--	--	--	--	12.2%	11.5%	11.5%		11.0%
Depreciation (\$mill)	--	--	--	--	--	--	--	--	--	159.7	220	230		260
Net Profit (\$mill)	--	--	--	--	--	--	--	--	--	1023.4	1180	1220		1360
Income Tax Rate	--	--	--	--	--	--	--	--	--	35.5%	35.0%	35.0%		35.0%
Net Profit Margin	--	--	--	--	--	--	--	--	--	6.6%	5.9%	5.8%		5.2%
Working Cap'l (\$mill)	--	--	--	--	--	--	--	--	--	2030.0	2250	2500		3200
Long-Term Debt (\$mill)	--	--	--	--	--	--	--	--	--	1214.7	1400	1600		2000
Shr. Equity (\$mill)	--	--	--	--	--	--	--	--	--	5204.0	5400	5800		7000
Return on Total Cap'l	--	--	--	--	--	--	--	--	--	16.6%	18.0%	17.5%		16.0%
Return on Shr. Equity	--	--	--	--	--	--	--	--	--	19.7%	22.0%	21.0%		19.5%
Retained to Com Eq	--	--	--	--	--	--	--	--	--	14.8%	20.0%	19.0%		17.0%
All Div'ds to Net Prof	--	--	--	--	--	--	--	--	--	25%	8%	10%		12%

**BUSINESS:** HollyFrontier Corporation is one of the largest independent petroleum refiners in the United States. Formed through the merger of Holly Corporation and Frontier Oil, 7/11. Produces and markets gasoline, diesel, jet fuel, asphalt, and specialty lubricant products. Operates five complex refineries with 443,000 barrels per day of crude oil processing capacity. Refining operations located in Wyoming, Kansas, New Mexico, Oklahoma, and Utah. Owns a 42% interest in Holly Energy Partners, and a 75% interest in the UNEV pipeline. Executive Chairman: Matthew Clifton. President and CEO: Michael Jennings. Incorporated: Delaware. Address: 2828 N. Harwood, Suite 1300, Dallas, Texas 75201. Telephone: (214) 871-3555. Internet: www.hollyfrontier.com.

**HollyFrontier Corporation reported healthy results for the first quarter.** The company benefited from strong product margins and improved heavy crude oil differentials. Robust price differentials between inland and coastal crude oils also boosted results.

**Solid performance ought to continue going forward.** HollyFrontier should continue to benefit from greater scale (following last year's merger of Holly and Frontier Oil) and profitable refining margins. Though upcoming pipeline reversals and expansion projects may well compress crude oil spreads, increasing crude oil production in North America should continue to provide the company with advantaged feedstock pricing compared to coastal markets. Regardless, share earnings in the second and third quarters may fall short of the impressive levels reached in the prior-year periods on unimpressive product demand.

**The company appears committed to enhancing shareholder value.** The board of directors recently approved a 50% dividend increase. Beginning with the July payout, the quarterly dividend is now

\$0.15 per share. In addition, a special dividend of \$0.50 per share was paid in early June. These moves mark the third regular dividend increase and fourth special dividend paid since August of 2011. Moreover, the company has been buying back stock. The board authorized a \$350 million share-repurchase program early in the year, and the company spent over \$62 million on this front in the first quarter. Buybacks should continue going forward. **This equity remains unranked for year-ahead relative price performance,** owing to its short trading history. From the recent quotation, this issue has solid appreciation potential for the pull to 2015-2017. This depends on decent growth in sales and earnings per share in the coming years. We think HollyFrontier will benefit from incremental demand and increasing refinery production in those years, though our long-term projections remain somewhat tentative. Patient investors looking for exposure to the refining business may find something to like here, though more-conservative accounts may prefer to look elsewhere.

Michael Napoli, CFA June 8, 2012

(A) Diluted earnings. Earnings may not sum due to change in shares outstanding. Next earnings report due early August.

(B) Dividends historically paid January, April,

July, and October. Excludes special dividends of \$0.50 per share paid in August and December of 2011, and in March and June of 2012.

(C) In millions, adjusted for split. (D) Unranked

due to short trading history. (E) Includes unconsolidated data from Holly Corporation for the six-month period ending 6/30/11.

Company's Financial Strength B++  
Stock's Price Stability NMF  
Price Growth Persistence NMF  
Earnings Predictability NMF

To subscribe call 1-800-833-0046.