Marathon Petroleum Corp. (MPC)

Updated February 4th, 2026, by Aristofanis Papadatos

Key Metrics

Current Price:	$188	**5 Year CAGR Estimate:**	-0.3%	**Market Cap:**	$55 B
Fair Value Price:	$149	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date:**	2/18/2026
% Fair Value:	126%	**5 Year Valuation Multiple Estimate:**	-4.6%	**Dividend Payment Date:**	3/10/2026
Dividend Yield:	2.1%	**5 Year Price Target**	$164	**Years Of Dividend Growth:**	4
Dividend Risk Score:	D	**Sector:** Energy		**Rating:**	Hold

Overview & Current Events

Marathon Petroleum Corp. (MPC) was spun off from Marathon Oil Corp. (MRO) in 2011. After the acquisition of Andeavor Logistics in October of 2018, MPC has become the largest U.S. refiner, with 16 refineries and a refining capacity of 3.1 million barrels per day. It also has a marketing system that includes ~7,100 branded locations. In addition, MPC owns a midstream MLP (MPLX), which has gathering and processing assets as well as pipelines for crude oil and light products. Marathon Petroleum has a market capitalization of $55 billion.

In early February, Marathon Petroleum reported (2/3/26) results for Q4-2025. Realized refining margins greatly expanded, from $12.93 per barrel in the prior year's quarter to $18.65. As a result, earnings-per-share surged from $0.77 to $4.07, and exceeded the analysts' consensus by a massive $1.36. MPC has beaten estimates in 25 of the last 27 quarters. After two years (2022-2024) of sky-high refining margins, refining margins reverted towards normal levels last year, as the global oil market absorbed the effect of the Ukrainian crisis. However, refining margins have expanded again in recent months thanks to a tight global market of refined products.

Thanks to its blowout earnings, MPC has reduced its share count by a massive 57% in the last seven years and has another $4.4 billion for share repurchases, which can reduce the share count by 8%. Moreover, the 12.5% dividend raise of MPLX late last year means that MPC will be receiving $2.8 billion in annual distributions from MPLX or a 5% yield on its current market capitalization. As a result, it is not surprising that MPC recently raised its dividend by 10%.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.21	$3.77	$6.78	$4.94	-$3.44	$2.45	$26.16	$23.63	$9.51	$10.70	***$12.20***	***$13.47***
DPS	$1.36	$1.52	$1.84	$2.12	$2.32	$2.32	$2.49	$3.08	$3.37	$3.73	***$4.00***	***$4.44***
Shares[1]	528.0	486.0	704.0	653.0	650.0	609.0	465.0	377.0	321.0	300.0	***285.0***	***250.0***

MPC greatly benefits from the inland location of some of the refineries of Andeavor. Thanks to the oil supply glut under normal conditions, these refineries usually buy their crude oil at a deep discount to WTI, so they enjoy wide margins. Furthermore, refiners benefit from the new international marine rules, which have come into effect since January 1st, 2020. As per these rules, vessels that sail in international waters are forced to burn diesel or ultra-low sulfur fuel oil instead of heavy fuel oil. As the former are much more expensive than the latter, they boost refiner earnings. MPC is properly positioned to benefit from the new marine rules. Thanks to a series of past investments, the refiner can upgrade about 600,000 barrels per day of low-value residue to diesel. However, due to the somewhat high earnings this year and the sale of the Speedway business, we expect earnings-per-share to grow only 2.0% per year on average over the next five years.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	18.2	14.4	10.8	11.8	---	23.6	3.6	5.6	17.9	15.5	***15.4***	***12.2***
Avg. Yld.	3.4%	2.8%	2.5%	3.6%	6.2%	4.0%	2.6%	2.3%	2.0%	2.3%	***2.1%***	***2.7%***

[1] In millions of shares

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MPC is currently trading at 15.4 times its expected earnings-per-share. This valuation level is higher than the historical average of 12.2 of the stock. If the stock trades at its average earnings multiple in five years, it will incur a -4.6% annualized drag in its return.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	61.5%	40.3%	34.8%	42.9%	---	94.7%	9.5%	13.0%	35.4%	34.9%	***32.8%***	***32.9%***

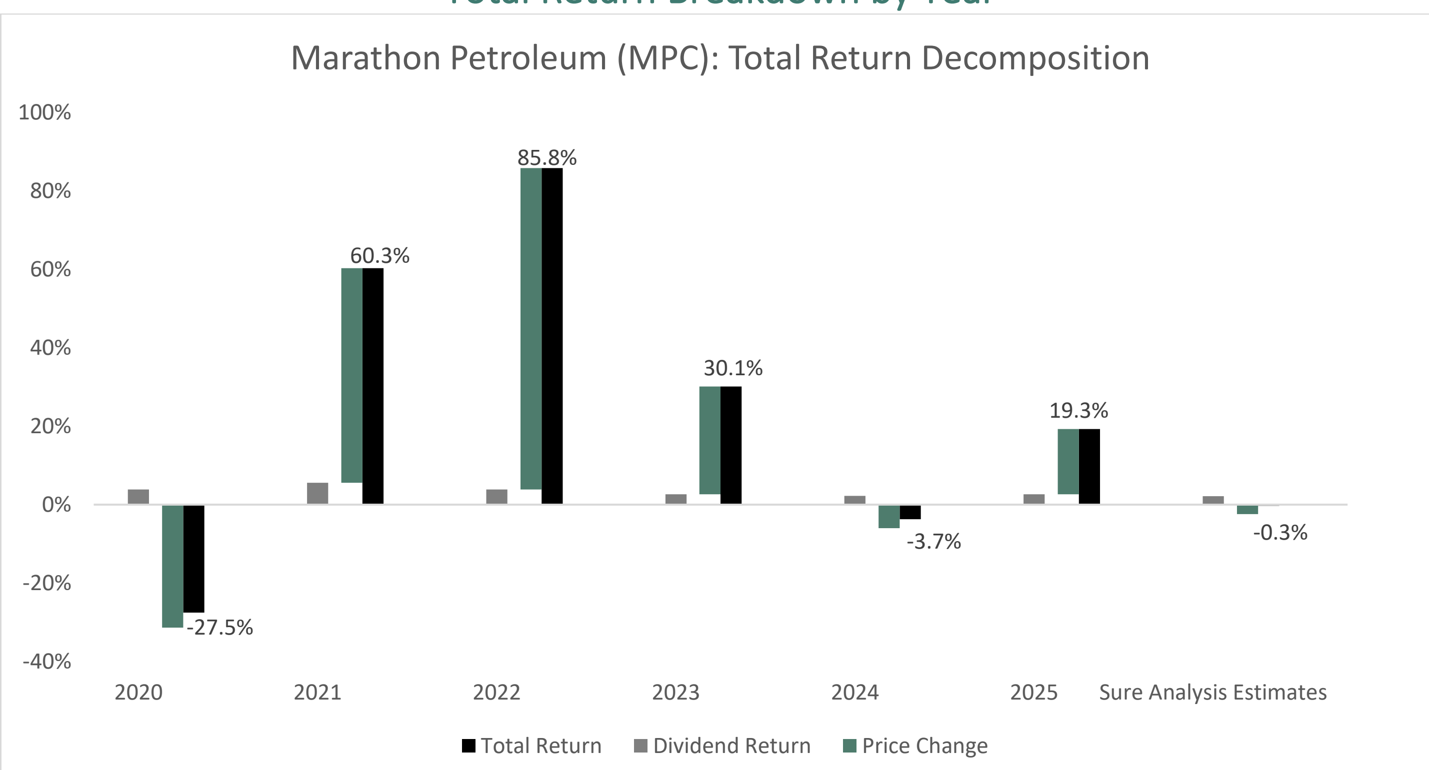
The acquisition of Andeavor has greatly enhanced the geographic diversification of Marathon and its potential to take advantage of fluctuations in price spreads among different types of crude oil and the dynamics of export markets. The acquisition will increase the earnings of the company and its resilience during downturns in the long run.

On the other hand, refining is a highly cyclical business and hence refiners are vulnerable to recessions. This was evident in the Great Recession, when the demand for oil products deteriorated and refining margins plunged. MPC was caught with a significant amount of debt in the downturn caused by the pandemic due to its acquisition of Andeavor. The company solved the problem with the sale of Speedway. Also given the ongoing recovery of global demand for refined products, the dividend is unlikely to be cut in the absence of a severe downturn.

Final Thoughts & Recommendation

Refining margins have expanded lately thanks to a tight global market of oil products. However, due to its rich valuation and its high cyclicality, MPC remains unattractive from a long-term perspective. We expect it to offer a -0.3% average annual return over the next five years, as 2% growth of earnings-per-share and a 2.1% dividend may be offset by a -4.6% valuation headwind. We rate the stock as a hold. Investors should keep the highly cyclical nature of the refining business in mind. Whenever the refining industry faces its next downturn, such as a recession, MPC will have material downside from its current level.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	63,339	74,733	86,086	111,148	69,779	119,983	177,453	148,379	138,864	132,542
Gross Profit	4,523	5,530	6,869	8,695	671	6,611	22,567	16,506	9,287	9,845
Gross Margin	7.1%	7.4%	8.0%	7.8%	1.0%	5.5%	12.7%	11.1%	6.7%	7.4%
SG&A Exp.	1,597	1,694	2,276	3,192	2,710	2,537	2,772	3,039	3,221	---
D&A Exp.	2,001	2,114	2,170	3,225	3,375	3,364	3,215	3,307	3,337	---
Operating Profit	2,669	3,702	4,385	5,069	(2,589)	3,821	18,970	12,586	5,248	6,496
Op. Margin	4.2%	5.0%	5.1%	4.6%	-3.7%	3.2%	10.7%	8.5%	3.8%	4.9%
Net Profit	1,174	3,432	2,780	2,637	(9,826)	9,738	14,516	9,681	3,445	5,878
Net Margin	1.9%	4.6%	3.2%	2.4%	-14.1%	8.1%	8.2%	6.5%	2.5%	4.4%
Free Cash Flow	1,125	3,880	2,979	4,631	(368)	2,896	13,941	12,227	6,132	---
Income Tax	609	(460)	764	784	(2,430)	264	4,491	2,817	890	1,137

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	44,413	49,047	92,940	98,556	85,158	85,373	89,904	85,987	80,353	---
Cash & Equivalents	887	3,011	1,687	1,393	415	5,291	8,625	5,443	3,210	3,672
Acc. Receivable	3,617	4,695	5,853	7,233	5,760	11,034	13,477	11,619	11,145	---
Inventories	5,656	5,550	9,837	9,804	7,999	8,055	8,827	9,317	9,568	---
Goodwill & Int.	3,587	4,217	23,498	18,456	10,616	10,391	8,244	8,244	9,947	---
Total Liabilities	24,210	28,219	48,891	56,417	55,906	51,792	54,817	54,588	55,847	---
Accounts Payable	5,593	8,297	9,366	11,222	7,803	13,700	15,312	13,761	13,906	---
Long-Term Debt	10,572	12,946	27,524	28,724	31,584	25,539	26,700	27,283	28,341	32,876
Total Equity	13,557	14,033	35,175	33,694	22,199	26,206	27,715	24,404	17,744	24,086
LTD/E Ratio	0.78	0.92	0.78	0.85	1.42	0.97	0.96	1.12	1.62	1.36

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	2.7%	7.3%	3.9%	2.8%	-10.7%	11.4%	16.6%	11.0%	6.0%	---
Return on Equity	8.8%	24.9%	11.3%	7.7%	-35.2%	40.2%	53.8%	29.1%	18.1%	24.2%
ROIC	3.8%	10.6%	5.3%	3.7%	-14.9%	16.1%	24.0%	16.1%	8.9%	10.7%
Shares Out.	528	486	704	653	650	609	516	409	341	306
Revenue/Share	119.51	145.96	163.66	167.39	107.52	188.06	343.90	362.78	406.21	433.14
FCF/Share	2.12	7.58	5.66	6.97	(0.57)	4.54	27.02	29.89	17.98	---

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.