Phillips 66 (PSX)

Updated February 10th, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	$157	**5 Year CAGR Estimate:**	2.6%	**Market Cap:**	$64 B
Fair Value Price:	$120	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date[1]:**	2/23/2026
% Fair Value:	131%	**5 Year Valuation Multiple Estimate:**	-5.2%	**Dividend Payment Date:**	3/4/2026
Dividend Yield:	3.1%	**5 Year Price Target**	$153	**Years Of Dividend Growth:**	13
Dividend Risk Score:	D	**Sector:** Energy		**Rating:**	Hold

Overview & Current Events

Phillips 66 was spun off from ConocoPhillips in 2012. Phillips 66 has a market capitalization of $64 billion and operates in four segments: refining, midstream, chemicals, and marketing. It is a diversified company with each of its segments behaving differently under various oil prices, in the absence of a severe recession. In most years, the refining segment is the most profitable segment of the company.

In early February, Phillips 66 reported (2/4/26) results for the fourth quarter of 2025. It achieved a strong refinery utilization rate of 99% and a record clean product yield of 88%. Refining margins improved but chemical margins contracted sequentially. As a result, earnings-per-share dipped -2%, from $2.52 to $2.47, though they exceeded the analysts' consensus by $0.32. After two years of blowout refining margins amid the Ukrainian crisis, refining margins have normalized. As a result, we do not expect Phillips 66 to return to the record profits it posted in 2022-2023.

On November 28th, 2023, activist investor Elliott Management announced the purchase of a $1 billion stake in Phillips 66. Elliott Management also stated that it sees upside up to $200 for the stock. Phillips 66 rallied 45% in the months following the announcement.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.92	$4.58	$11.85	$8.05	-$0.89	$5.70	$18.79	$15.81	$6.15	$6.44	***$10.00***	***$12.76***
DPS	$2.45	$2.73	$3.10	$3.50	$3.60	$3.62	$3.83	$4.20	$4.50	$4.75	***$4.80***	***$5.24***
Shares[2]	530	519	464	441	439	441	466	430	412	405	***400***	***370***

Growth projects in the oil industry take many years to start bearing fruit and hence there is a great lag between capital expenses and their resultant cash flows. Fortunately for the shareholders of Phillips 66, the company is in the positive phase of its cycle. While it has reduced its capital expenses in recent years, it has begun to reap the benefits from past investments. It is also likely to benefit from increased use of cheap Venezuelan oil in the upcoming years.

The pandemic greatly affected the results of Phillips 66 in 2020 but the company has fully recovered from that crisis. Moreover, Phillips 66 has many ongoing growth projects in its midstream segment. Furthermore, it thrived in 2022-2023 thanks to above average refining margins, which resulted from the Ukrainian crisis. However, due to their highly cyclical nature, refining margins have reverted towards normal levels in recent quarters. Thanks to the growth projects of Phillips 66 and the tailwind from Venezuelan oil, we expect 5.0% annual growth of earnings-per-share until 2031.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	27.7	18.5	8.9	12.4	---	13.6	4.8	6.8	22.3	19.4	***15.7***	***12.0***
Avg. Yld.	3.0%	3.2%	2.9%	3.5%	5.3%	4.7%	4.2%	3.9%	3.3%	3.8%	***3.1%***	***3.4%***

[1] Estimated date.
[2] In millions.
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Phillips 66 is currently trading at a price-to-earnings ratio of 15.7. This valuation level is higher than the 10-year average of 14.9 of the stock. However, in order to be conservative, we assume a fair earnings multiple of 12.0 for this stock. If Phillips 66 trades at our fair value estimate in five years, it will incur a -5.2% annualized drag in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

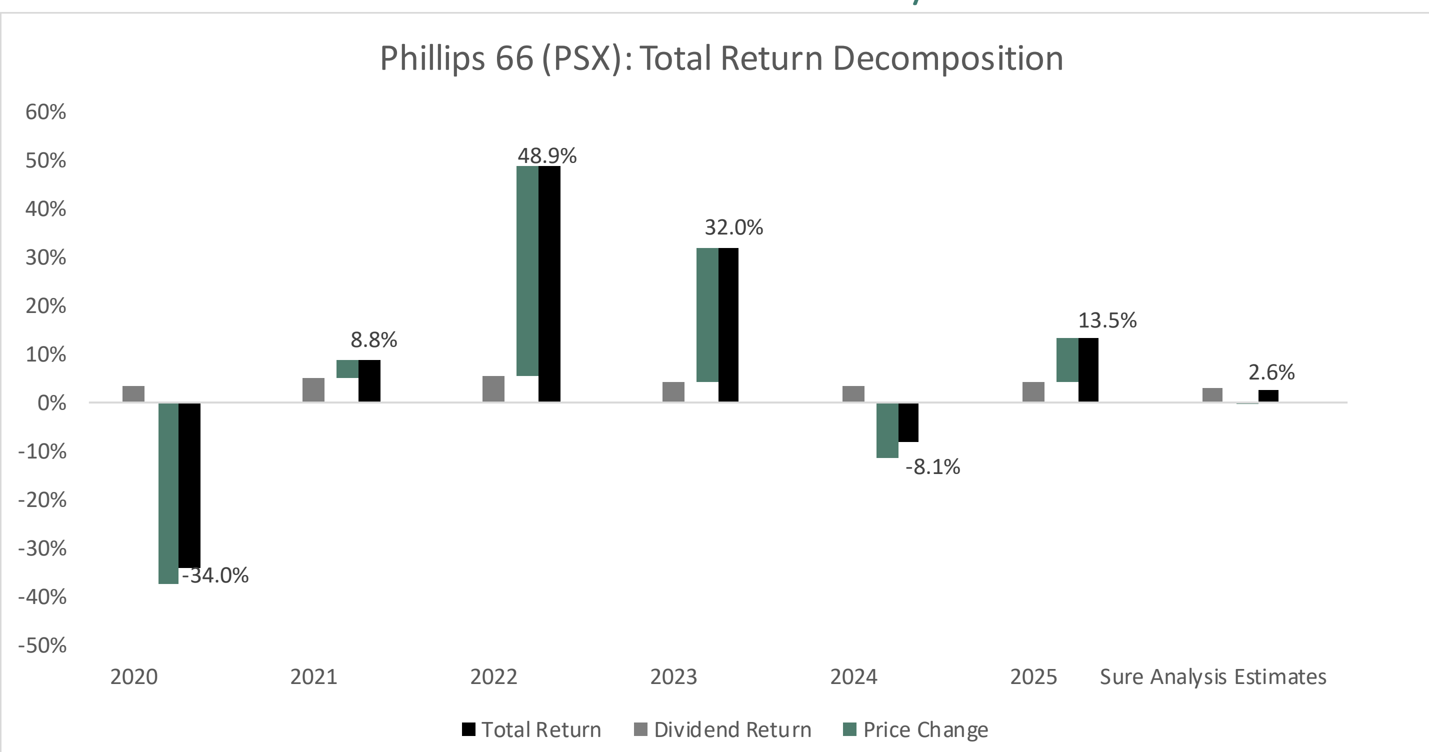
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	83.9%	59.6%	26.2%	43.5%	---	63.5%	20.4%	26.6%	73.2%	73.8%	***48.0%***	***41.1%***

Phillips 66 has a significant competitive advantage, namely the discipline of its management to invest only in high-return projects. Nevertheless, the company is cyclical, just like most oil companies. In the downturn of the oil sector between mid-2014 and 2017, low oil prices resulted in high refining margins thanks to healthy underlying economic growth. However, in the Great Recession, the price of oil products plunged along with the price of oil and resulted in low refining margins. The downturn from the pandemic was much fiercer than the downturn in 2014-2017; it forced Phillips 66 to post its first annual loss in its 13-year history. Nevertheless, the minor loss of -$0.89 per share in 2020 is a testament to the diversified business model of Phillips 66 and its superior resilience to downturns when compared to its peers.

Final Thoughts & Recommendation

Phillips 66 is a well-managed company, properly positioned for most scenarios of oil prices. The stock has surged 22% this year thanks to the enthusiasm of the market over an expected increase in the use of cheap Venezuelan oil in the refineries of the company. As a result, the stock has become unattractive. Phillips 66 could offer a 2.6% average annual return over the next five years, as 5% growth of earnings-per-share and a 3.1% dividend may be partly offset by a -5.2% annualized valuation headwind. While Phillips 66 is one of the highest-quality oil companies, it is somewhat richly valued right now thanks to positive market sentiment. As a result, the stock receives a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue ($B)	84.3	102.4	111.4	107.3	64.1	111.5	170.0	147.4	143.2	132.4
Gross Profit	21,811	22,945	13,531	11,764	5,027	7,769	18,429	17,336	10,828	6,562
Gross Margin	25.9%	22.4%	12.1%	11.0%	7.8%	7.0%	10.8%	11.8%	7.6%	5.0%
SG&A Exp.	1,638	1,695	1,677	1,681	1,544	1,744	2,168	2,525	2,814	2,437
D&A Exp.	1,168	1,318	1,356	1,341	1,395	1,605	1,629	1,977	2,363	3,298
Operating Profit	1,098	1,838	5,209	3,335	(1,492)	468	9,620	7,950	1,746	3,334
Op. Margin	1.3%	1.8%	4.7%	3.1%	-2.3%	0.4%	5.7%	5.4%	1.2%	2.5%
Net Profit	1,555	5,106	5,595	3,076	(3,975)	1,315	11,024	7,015	2,117	4,528
Net Margin	1.8%	5.0%	5.0%	2.9%	-6.2%	1.2%	6.5%	4.8%	1.5%	2.5%
Free Cash Flow	119	1,816	4,934	935	(809)	4,157	8,619	4,611	2,332	2,729
Income Tax	547	(1,693)	1,572	801	(1,250)	146	3,248	2,230	500	892

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	51,653	54,371	54,302	58,720	54,721	55,594	76,442	75,501	72,582	---
Cash & Equivalents	2,711	3,119	3,019	1,614	2,514	3,147	6,133	3,323	1,738	1,116
Acc. Receivable	6,397	7,506	6,173	8,510	6,522	7,470	10,985	11,730	11,033	---
Inventories	3,150	3,395	3,543	3,776	3,893	3,394	3,276	3,750	3,995	---
Goodwill & Int.	4,158	4,146	4,139	4,139	2,268	2,297	2,317	2,470	2,736	---
Total Liabilities	27,928	26,943	27,149	31,551	33,198	33,957	42,336	43,851	44,119	---
Accounts Payable	7,061	8,027	6,586	8,575	5,549	8,461	11,323	10,901	10,304	---
Long-Term Debt	10,138	10,110	11,160	11,763	15,629	14,158	17,190	19,359	20,062	19,716
Total Equity	22,390	25,085	24,653	24,910	18,984	19,166	29,494	30,583	27,408	---
D/E Ratio	0.45	0.40	0.45	0.47	0.82	0.74	0.58	0.63	0.73	0.65

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	3.1%	9.6%	10.3%	5.4%	-7.0%	2.4%	16.7%	9.2%	2.9%	---
Return on Equity	6.8%	21.5%	22.5%	12.4%	-18.1%	6.9%	45.3%	21.3%	7.0%	15.4%
ROIC	4.7%	14.3%	14.8%	8.0%	-10.5%	3.6%	25.2%	13.7%	4.3%	9.1%
Shares Out.	530	519	464	441	439	441	474	453	422	408
Revenue/Share	159.00	197.40	235.13	236.39	145.90	253.15	358.83	325.23	339.32	324.41
FCF/Share	0.22	3.50	10.41	2.06	(1.84)	9.44	18.19	10.17	5.53	6.69

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