

### Accessibility Menu (#)

▲ S&P 500 **+186%** | ▲ Stock Advisor **+913%** ([https://api.fool.com/infotron/infotrack/click?apikey=35527423-a535-4519-a07f-20014582e03e&impression=b9c0e4a5-8860-4b41-ad8c-5a71defa8073&url=https%3A%2F%2Fwww.fool.com%2Fmms%2Fmark%2Fe-foolcom-sa-top-nav-returns%3Faid%3D8867%26source%3Disaeditn0000028%26ftm\\_cam%3Dsa-bbn-evergreen%26ftm\\_veh%3Dfoolcom\\_supernav%26ftm\\_pit%3D14137](https://api.fool.com/infotron/infotrack/click?apikey=35527423-a535-4519-a07f-20014582e03e&impression=b9c0e4a5-8860-4b41-ad8c-5a71defa8073&url=https%3A%2F%2Fwww.fool.com%2Fmms%2Fmark%2Fe-foolcom-sa-top-nav-returns%3Faid%3D8867%26source%3Disaeditn0000028%26ftm_cam%3Dsa-bbn-evergreen%26ftm_veh%3Dfoolcom_supernav%26ftm_pit%3D14137))

62% off\* **AI Report Offer!** › ([https://api.fool.com/infotron/infotrack/click?apikey=35527423-a535-4519-a07f-20014582e03e&impression=643479f3-f232-4fd8-ac6c-2377dcccfc80&url=https%3A%2F%2Fwww.fool.com%2Fmms%2Fmark%2Fe-sa-foolcom-62-1ro%3Faid%3D11230%26source%3Disaeditn0000126%26ftm\\_cam%3Dsa-foolcom-flash-sales%26ftm\\_veh%3Dfoolcom\\_nav\\_button%26ftm\\_pit%3D19075](https://api.fool.com/infotron/infotrack/click?apikey=35527423-a535-4519-a07f-20014582e03e&impression=643479f3-f232-4fd8-ac6c-2377dcccfc80&url=https%3A%2F%2Fwww.fool.com%2Fmms%2Fmark%2Fe-sa-foolcom-62-1ro%3Faid%3D11230%26source%3Disaeditn0000126%26ftm_cam%3Dsa-foolcom-flash-sales%26ftm_veh%3Dfoolcom_nav_button%26ftm_pit%3D19075))

↓ **S&P 500** -0.8% (/quote/snpindex/^gspc/)   
 6,541.68 -50.22

↓ **DJI** -0.4% (/quote/djindices/^dji/)   
 46,235.46 -194.03

↓ **NASDAQ**   
 21,710.1

**FREE ARTICLE** Explore Premium Services (<https://www.fool.com/services/>)

EARNINGS CALL TRANSCRIPT

# Calumet (CLMT) Q4 2025 Earnings Call Transcript

By Motley Fool Transcribing (/author/20032/) – Feb 27, 2026 at 10:08AM EST

Follow us > (<https://profile.google.com/cp/CgkvbS8wNTc4bWs>)

Share

Summarize with AI ▾

AI Report Offer

Advertisement

## Date

Feb. 27, 2026 at 9 a.m. ET

## Call participants

- Chief Executive Officer – Todd Borgmann
- Chief Financial Officer – David A. Lunin
- Executive Vice President, Corporate Development – Bruce Fleming

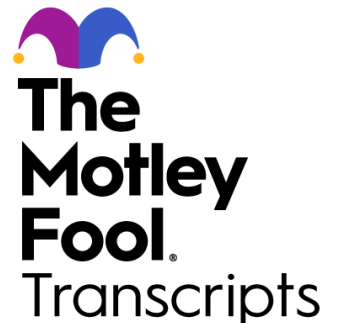
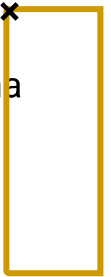


Image source: The Motley Fool.

- President, Specialties – Scott Obermeier
- Vice President, Investor Relations – John Kompa

## Takeaways

- **Adjusted EBITDA** -- \$293 million for the full year, representing nearly a 30% increase year over year.
- **Restricted debt reduction** -- Over \$220 million reduction for the year, eliminating 2026 and 2027 maturities.
- **Net recourse leverage** -- Improved to 4.9x from 8.2x, reflecting significant deleveraging.
- **DOE loan at Montana Renewables** -- Successfully closed, removing about \$80 million of annual cash interest expense.
- **Fixed cost reduction** -- System-wide reduction exceeding \$40 million; Montana Renewables water treatment costs down over \$20 million, and crude transportation costs in Specialties reduced by \$19 million.
- **Capital spending** -- Capital expenditures declined by approximately \$20 million due to improved reliability and fewer repairs.
- **Production increase** -- Total operations saw an increase of roughly 1.3 million barrels produced in the year.
- **Specialty sales volumes** -- Exceeded 20,000 barrels per day for every quarter; five consecutive quarters of record or near-record volume.
- **Specialty Products and Solutions (SPS) segment adjusted EBITDA** -- \$88.5 million for fourth quarter; \$291.8 million for the full year.
- **Specialty margin** -- Maintained above \$60 per barrel with a favorable product mix, despite softness in certain markets.



- **Fixed cost per barrel (Specialties)** -- Fell by more than \$1 per barrel year over year.
- **Montana Renewables operating cost** -- Averaged \$0.41 per gallon in the second half, a 60% improvement over two years ago.
- **Montana Renewables adjusted EBITDA** -- Negative \$5.4 million for the quarter; positive \$31.3 million for the year, with full-year results excluding \$8.4 million in additional PTCs realized post quarter-end.
- **Montana Renewables production tax credits monetized** -- Over \$90 million monetized, including \$65 million during the fourth quarter.
- **MaxSAF 150 expansion** -- Project bringing 120 million to 150 million gallons per year of SAF capacity online, commencing in March with completion targeted for late April.
- **SAF contracts** -- Roughly 100 million gallons of new, multiyear contracts signed at \$1 to \$2 per gallon premium over renewable diesel; portfolio diversified by contract structure.
- **Performance Brands segment adjusted EBITDA** -- \$5.4 million for the fourth quarter; \$47.9 million for the full year, after accounting for Royal Purple Industrial divestiture and associated insurance proceeds.
- **TruFuel product line** -- Achieved another record sales year, demonstrating strong consumer and first responder demand.
- **Capital expenditure outlook (2026)** -- Forecast at \$115 million to \$145 million, with \$70 million to \$90 million in the restricted group, largely due to scheduled heavy turnarounds at five facilities.
- **Montana Asphalt EBITDA guidance** -- Expected to deliver \$30 million to \$50 million on normalized differentials and competitive cost structure.

**Need a quote from a Motley Fool analyst? Email [pr@fool.com](mailto:pr@fool.com)**

## Risks

- Montana Renewables reported negative adjusted EBITDA of \$5.4 million in the quarter, with management attributing this to "disproportionate transaction costs related to the \$65 million of PTCs" sold during the quarter.
- Performance Brands segment experienced fourth-quarter customer destocking in retail, presenting short-term headwinds that could influence near-term segment performance.
- Heavy scheduled turnarounds in 2026 will increase capital expenditures by \$30 million to \$40 million above normal.

## Summary

**Calumet (CLMT (/quote/nasdaq/clmt/) +3.84%)** reported significant deleveraging and cost reductions, substantially strengthening its financial position and flexibility. The Specialty Products and Solutions segment sustained high-product margin performance, supported by stable production above 20,000 barrels per day and a reduction in fixed costs. Montana Renewables successfully closed a transformative Department of Energy loan, reducing annual cash interest and positioning the unit as a structural cost leader amid historically compressed industry margins. The segment also secured multiyear SAF contracts at indexed structural premiums, set to ramp production following the MaxSAF 150 expansion and operational turnaround targeted for completion in late April. Management indicated that heavy planned maintenance and investment in 2026 will temporarily increase capital expenditures but expects ongoing reliability improvements to drive incremental production across the company.

- Montana Renewables realized over \$90 million in production tax credits, with future monetization expected to become more ratable as regulatory normalization proceeds.
- Bruce Fleming said, "we capture more than 100% of the renewable diesel index margin, and that is because of our ability to shift gears quickly."

- Company leadership linked improvement in regulatory environment—including RVO and 45Z rule clarity—to anticipated margin enhancement and industry utilization.
- Specialties segment benefited from new crude oil chains, enhancing optionality and lowering logistics spend by \$19 million.
- Performance Brands overcame the impact of the Royal Purple Industrial divestiture, achieving year-over-year EBITDA growth on a continuing portfolio basis.
- Customer diversification in Specialties evidenced by more than half of buyers taking multiple product lines, and a high proportion of long-term relationships.

## Industry glossary

- **SAF (Sustainable Aviation Fuel):** Low-carbon jet fuel produced from renewable feedstocks, used as a direct substitute for conventional aviation fuels.
- **PTC (Production Tax Credit):** U.S. federal incentive providing per-gallon tax credits for renewable fuel production, monetized via third-party transactions.
- **RVO (Renewable Volume Obligation):** Federally mandated blending minimums for renewable fuels in the U.S., impacting overall industry utilization and margins.
- **MaxSAF 150:** Calumet's project to expand production capacity at Montana Renewables by 120 million to 150 million gallons per year of SAF via a process technology upgrade.
- **RD (Renewable Diesel):** Non-fossil diesel fuel alternative produced by hydrotreating renewable feedstocks, chemically indistinguishable from petroleum diesel.
- **Restricted group:** Debt-issuing units within a consolidated group, whose financials and leverage are evaluated for covenant reporting and lender compliance.

- **WCS (Western Canadian Select):** Benchmark Canadian heavy crude oil price, relevant for feedstock input and margin analysis.

## Full Conference Call Transcript

**Todd Borgmann:** Thanks, John. Good morning, and welcome to Calumet's fourth quarter 2025 earnings call. 2025 is a defining, high-impact year here at Calumet. We began the year with a credible plan and large potential amidst deep market uncertainty. Throughout the year, risk was aggressively managed and execution of our strategy turned Calumet's potential to actualized results. We opened the year with a mandate to demonstrate critical strategic objectives. First, we needed to demonstrate that our Specialties business would consistently generate durable free cash flow amidst large market uncertainty. Second, Montana Renewables needed to prove stand-alone financial resilience and a structural advantage. Third, we needed to receive the transformative DOE loan at Montana Renewables.

And last, accomplish material deleveraging of the balance sheet. As we reflect on 2025 today, I believe Calumet achieved each of these strategic milestones. Over the course of the year, we reduced financial risk, expanded our structural earnings power, and repositioned Calumet for long-term value creation. Let me walk you through some of the highlights, and we will start with the balance sheet. We ended 2024 with restricted group leverage standing above 8x. We faced near-term maturities and elevated cash interest costs. Montana Renewables was awaiting DOE funding and the broad equity markets were hesitant to engage with fundamental value plays like ours. Today, that picture is very different.

For full year 2025, we delivered \$293 million of adjusted EBITDA with tax attributes, nearly a 30% increase year over year. We reduced restricted debt by more than \$220 million. Net recourse leverage improved from 8.2x to 4.9x. We eliminated our 2026 and 2027 debt maturities, and Montana Renewables successfully closed its DOE loan, removing roughly \$80 million of annual cash debt service while also improving its leadership position in this industry. The outcome was a fundamental shift in financial durability. This outcome was driven by structural improvements. Across

the system, we dramatically reduced costs and drove increased reliability. Fixed costs were down over \$40 million.

Water treatment costs at Montana Renewables were down over \$20 million, as were our crude transportation costs in the Specialty business, greatly enhancing feed flexibility and our ability to dial in specific specialty products for our customers. And as a result of improved reliability and fewer repairs, capital spending was also reduced by roughly \$20 million. At the same time, our ops team increased production by roughly 1.3 million barrels on the year. Results like this come from an entire organization working towards a common goal.

And I thank our employees for accepting the challenge to responsibly attack costs, including our 900-plus teammates in the field; our ops excellence team, which is relatively small but pound-for-pound exceptional; our finance team that made a step change in partnering with our sites and making information readily available; and, more broadly, everyone who leaned in to owning and accomplishing this company-changing priority. Looking ahead, I believe there is more opportunity on both cost and reliability. Our company has been operating the current asset base for a little over three years, and during each of these, our team has delivered stronger production and lower operating costs.

We expect that to continue in 2026, despite what is going to be a very heavy turnaround year. Let us turn to slide four. The operational improvements we just discussed are more than just volume and costs. Layering that capability on top of our leading commercial platform that has been built out over decades provides our sales team more volume and flexibility to support customers. We produced record levels of product in our Specialty Products and Solutions segment in 2025, and our commercial engine more than kept up, as we sustained material margins above historic norms despite softer macro conditions in the broader specialty chemicals industry. Our team places material successfully to new homes consistently.

Specialty sales volumes exceeded 20,000 barrels per day during every quarter of the year. The continued results in this business reflect years of investment, commercial

excellence, culture and talent, integration of Performance Brands, targeted reliability and mix improvement initiatives, and disciplined capital deployment. Our integrated asset network and ability to dynamically shift production into the highest value markets continues to be an advantage. And our extremely high customer experience scores are the result of a differentiated passion for customers, which is a core Calumet value. Turning to slide five, we see that Montana Renewables also enters 2026 in a much different position than a year ago.

Throughout last year, we reached a new level of operational reliability and cost competitiveness, demonstrating a financial leadership position in one of the most compressed renewable diesel margin environments on record. Operating costs averaged \$0.41 per gallon in the second half of the year, a 60% improvement over two years ago. Further, we monetized more than \$90 million of production tax credits, which was essentially everything we made, and we are pleased to see the 45Z regulations progress in early 2026. On a strategic front, two quarters ago, we announced our streamlined MaxSAF 150 expansion would be bringing 120 to 150 million gallons of annual SAF capacity online at a fraction of the originally contemplated cost.

In last quarter's remarks, we mentioned roughly 100 million gallons of new SAF contracts at \$1 to \$2 per gallon premium over renewable diesel in final review with the DOE. These contracts are now complete, with more in process that will lay in to support our volume ramp. These contracts are all multiyear and they include increased take-or-pay volumes from existing customers, new physical SPK off-takers, book-and-claim, and blended SAF off-takes combined with contracts for scope 1 and scope 3 credits, which opens up premium renewable markets globally that complement the strong local markets we serve in Illinois, Minnesota, the Rockies, Canada, the Pacific Northwest, and California.

Montana Renewables will begin its turnaround and MaxSAF 150 project next week and remain down through late April, at which point we will rebuild inventories and begin ramping up SAF production and serving these new customers. The regulatory environment for biofuels also continues to improve. I mentioned the 45Z rules are

now clarified out for final comment. Further, and with plenty of press, the new Renewable Volume Obligation is expected imminently. We anticipate that a stronger RVO will improve industry utilization and margin improvement as idle facilities are expected to be required to restart to meet increased mandates.

Restarting production to meet demand volume is a very different and much improved market dynamic than one where companies are hanging on at variable costs while waiting for the rules to shift. In fact, we have already seen improvement in the index margin on both the back of this expectation and the 2024 RIN carry-forward overhang drifting into history. An increased base level of industry RD margins would be a welcome change for all. At Montana Renewables, we are excited to stack on top of that the added margin from increased SAF as we complete our project in the second quarter. With that, I will turn the call over to David. Thanks, Todd. Turning to slide six.

**David A. Lunin:** Overall, our quarter and full year results were strong both financially and strategically. We generated \$69.3 million of adjusted EBITDA with tax attributes in the quarter and \$293.3 million for the full year 2025. Each segment contributed meaningfully to our financial results. We saw continued momentum and record production both in our SPS segment and Montana Renewables, as well as continued outperformance and growth in our Performance Brands segment. Our strong earnings results during the quarter also allowed us to reduce restricted group indebtedness by nearly \$80 million in addition to the \$220 million that was reduced for the full year 2025. Before I get into more details, I wanted to highlight our planned capital expenditures for 2026.

We are forecasting total CapEx of \$115 million to \$145 million for all of Calumet, of which \$70 million to \$90 million is in the restricted group. This is \$30 million to \$40 million higher than normal, primarily due to a heavy turnaround year, which is scheduled maintenance at Shreveport, Cotton Valley, Princeton, Karnes City, and Great Falls. Despite this, we expect total company production to increase year over year on the reliability improvements implemented over the past few years.

Looking at our Specialty Products and Solutions segment on slide seven, both our quarterly and full year results reflected the continued benefits of our commercial excellence initiatives and totaled \$88.5 million for the quarter and \$291.8 million for the full year. The team continues to leverage the inherent optionality in our manufacturing network to place volumes where they can generate the most value while serving our diversified customer base. In fact, more than 50% of our customers buy more than one product line from Calumet, and many are long-term customers because of our unique ability to meet their product specifications. Both our quarter and full year reflect a favorable product mix.

Even with certain specialty markets demonstrating some softness, our sales team has continued to place our products at over \$60 per barrel margin. The benefits of our past reliability investments can also be seen in our strong operations, as we have had five consecutive quarters of specialty volume greater than 20,000 barrels per day. It was also the second consecutive quarter of record production. With our cost reduction initiatives and increased production, our fixed cost per barrel declined by over \$1 per barrel versus the prior-year period. Finally, our steady production environment again enabled us to capture a stronger crack environment as fuel margins increased significantly year over year, which we view as upside to our integrated model.

As I mentioned last quarter, we gained access to a new crude oil chain earlier this year, including the ability to target specific segregated or blended crudes in Cushing and further north in the DJ Basin, and at the same time, reduce our pipeline count. In 2025, this improvement drove about a \$19 million decrease in transportation costs and provides even further ability to dial in our assets and feed to a specific use. In our Performance Brands segment on slide eight, we also saw the benefit of our commercial excellence initiatives, strong and growing brands, and integration capabilities. Adjusted EBITDA was \$5.4 million for the quarter and \$47.9 million for the full year 2025.

Keep in mind that fiscal year 2024 includes a full year of Royal Purple Industrial results and that the Royal Purple Industrial business was sold in 2025. Adjusting for

the divestiture and insurance proceeds received, 2025 was the third consecutive year of growth in the segment as we offset the lost contribution from RPI through growth and cost reduction. One of our standout product lines is once again our TruFuel business, which posted another record year.

This ready-to-use fuel engineered for outdoor power equipment is available for four-cycle and two-cycle engines, and the product continues to resonate with consumers and first responders considering its proven ability to protect small engines from the corrosive nature of ethanol while ensuring peak performance of the equipment. Moving to slide nine, our Montana Renewables fourth quarter 2025 adjusted EBITDA with tax attributes was negative \$5.4 million and positive \$31.3 million for the full year 2025. On the MRL side, the company worked through tough renewable fuel industry conditions for most of the year and also the quarter was burdened with disproportionate transaction costs related to the \$65 million of PTCs that we sold during the quarter.

We expect to monetize our production tax credits more ratably as the market is now normalized. On a full year 2025 basis, adjusted EBITDA with tax attributes for MR\_ was nearly breakeven even as margins remained compressed by the low 2025 RVO, offset by our significant cost reduction efforts. Notably, the full year results do not reflect an additional \$8.4 million of 2025-generated PTCs, which occurred after final regulations were posted after quarter end. Our MaxSAF 150 plans remain unchanged, and we are set to begin the project as we head into March and combine the required changes to our kit with a turnaround.

We expect to complete the expansion in the second quarter and then steadily ramp volumes moving into the third quarter to meet new customer contracts, including the notable agreement we announced recently with World Energy, the previously announced contract with EPIC, and an increase in offtake with Shell, amongst others. Finally, on the Montana Asphalt side, both the fourth quarter and fiscal year results improved on the strength of improved asphalt margins and cost reduction initiatives following years of site reconfiguration. Further, we are seeing a widening of the WCS differential into 2026.

With the site back at a reasonable cost level and more normalized WCS, we expect the site to continue producing in the \$30 million to \$50 million of EBITDA range we have discussed routinely. Let me now turn the call back to Todd for his concluding remarks.

**Todd Borgmann:** Thanks, David. We are entering 2026 with the same high level of energy and excitement as a year ago, but with a much improved underlying fundamental. In Specialties, we expect the cost discipline embedded over the past two years to be durable, along with our continued commercial leadership position. While 2025 was another step change in operational excellence, we believe further opportunity remains to expand earnings through incremental reliability gains and customer-focused growth. In addition to that, David mentioned a heavy turnaround year, and I will highlight that turnaround excellence is the next step in our evolution.

Our operations team has been planning these for some time, and during these events, we are making critical improvements that will underpin the next step change in operational performance. At Montana Renewables, our objectives are clear. First, execute MaxSAF 150 safely, on time, and on budget in the second quarter. Second, continue improving our already strong cost levels. And third, continue to leverage our early-mover advantage in SAF as we grow. We expect that accomplishing these will drive a step-change financial improvement even in past trough market conditions, and will be increasingly exciting if the market's growing assumptions surrounding an improved RVO play out as expected.

Last, on the back of these key items, we will continue to evaluate strategic pathways and unlock long-term value as the platform demonstrates sustained performance. Across Calumet, our capital allocation priorities remain disciplined and consistent. We expect to continue to drive durable free cash flow that underpins enhanced deleveraging. We plan to grow both our Specialties, widening our competitive moat, and execute our MaxSAF 150 strategy at Montana Renewables. And we plan to execute this strategy and continually develop it with an eye towards mid-term shareholder value creation. With that, thank you for your time today. I will turn the call back to the operator and see if we have any questions. Operator?

**Operator:** Ladies and gentlemen, we will begin the question-and-answer session. If you are using a speakerphone, we do ask that you please pick up your handset before pressing the keys to ensure the best sound quality. At any time your question has been addressed, to withdraw your questions, you may press 2. Our first question today comes from Alexa Petrick from Goldman Sachs. Please go ahead with your question.

**Alexa Petrick:** Hey. Good morning, team, and thank you for taking our question. We wanted to ask two parts, maybe. First, can you talk about the macro setup from here? There is still, you know, some uncertainties, but we got a bit of an update yesterday. And then from there, talk about what you are doing at an operational level. What are the gating items at MaxSAF? And what should we expect from here?

**Bruce Fleming:** Oh, hey, Alexa. It is Bruce. Look, the regulatory uncertainty, as a lot of us call it, is just a feature of the landscape. You know, the global energy transition is a regulated market. But it is collective governments, many, many governments acting directionally. And, you know, we feel like that is a very robust framework. We also feel like it adds the equivalent of a lot of margin volatility on top of kind of the base energy. So with that said, you know, if you want to survive in that environment, be a low-cost provider, be well positioned, be able to shift gears quickly, and we think we are all three.

**Todd Borgmann:** And, Alexa, it is Todd. Maybe I will pile on a little bit. One of the things that we think is so important and exciting about our MaxSAF project at Montana Renewables is that it adds an element of, you know, just durability on top of the RD margin volatility that Bruce mentioned. So you can kind of think about it a lot like our Specialties business relative to fuels in the other half of Calumet.

So, you know, we have contracted volumes with meaningful margin in them that, even if we kind of rewind the clock to last year, were generating pretty meaningful free cash flow at Montana Renewables with the addition of the SAF volume and the contracts that we have. So, you know, like Bruce said, then you get to layer on the improvements that we are expecting from the RVO, and it creates a really nice

dynamic. But there is kind of the risk-reward; I would say both sides of that coin are really improved with the SAF project. So thanks for the question.

**Alexa Petrick:** Thank you. That is very helpful. Sounds like a good setup. I will turn it back.

**Operator:** The next question comes from Conor James Fitzpatrick from Bank of America. Please go ahead with your question.

**Conor James Fitzpatrick:** Good morning, everybody. It looks like we are in the phase of the RINs market and demand step-up progressing where we should sometime soon begin to see producers ramp utilization. And I think one way to glean that is from moves in feed prices. And they have gone up, but a lot of that is raw soybean cost pass-through the crush spread. So I was just wondering, there has not been a lot of press releases of idled plants coming back online. There is not a ton of evidence of utilization coming back within the overall market.

I was wondering if your views are similar or different as it relates to—and it is particularly important to our views of the cost of producing RINs at 2026 demand levels.

**Bruce Fleming:** Hey, Connor, it is Bruce. Thank you for the question. Let me answer with a concept of time scale. So we think the industry is running at variable margin now. People are not covering fixed costs. And the half of the group that is in the high-cost structure have been closing. We have been running full. So you have got to be tactical on where you stand in the supply stack exactly. So that ghost capacity, which exists in biodiesel plants that can come back quickly, and renewable diesel plants that are online and can speed up, that is available, but it is not going to be called into the market until we see the RVO come out.

We are all waiting for that. We feel good about what we are hearing, and, you know, let us see what the facts are shortly, we hope.

**Todd Borgmann:** Yeah, and I would add, Connor, it is Todd. The likelihood that people turn back on, you know, when they are covering fixed costs by a penny after some of the decisions made more broadly in the industry over the past couple of years, we think is very favorable to the market. And I have talked about this kind of the couple quarters in the prepared comments, but like Bruce said, as we float on variable margin, you know, you do not incur—our normal kind of supply stack does not govern today, because people are not making long-term rational economic decisions.

They are hanging on based on expectations that they are going to recover the investments in the fixed-cost losses in the near term. As we see people have to restart and make that decision to restart to cover increased demand, we do not think that they are going to do that for a penny. We think that people are going to be very thoughtful and cautious and, you know, it creates quite a constructive outlook if you believe that. So, you know, we will see what the final RVO is. I know there is a lot of rumors going around out there. When we do, we do not think that the industry just kind of ramps up overnight.

We think it is going to be kind of a very thoughtful volume ramp-up over time that will be beneficial to those who are in and operating every day.

**Conor James Fitzpatrick:** Thanks. That is good color. And for what it is worth, you know, if you look historically at the changing marginal producer back in time, that producer tends to earn, like, \$0.20 to \$0.30 per gallon, just if you do some rough math on it. And then I guess my follow-up question was just moving parts for fourth quarter Montana Renewables margin. There were some—and market margins were pretty fluctuant; they were up for some weeks and down for other weeks. I was wondering just how that translated into margin capture for the business and operations?

**Bruce Fleming:** So we are—Connor, it is Bruce again. We are pretty good at shifting gears there. Our inbound and outbound supply chains are pretty short in terms of days of shipping. And, you know, we do track capture. We do not publish it, but I will

tell you that we capture more than 100% of the renewable diesel index margin, and that is because of our ability to shift gears quickly. Now, it is worth noting the fourth quarter managed to hit the lowest renewable diesel index margin ever recorded in the history of the world. And we are very much looking forward to the current administration restoring, you know, reasonable industry structure through their proposed RVO.

We are bullish on that, and I think that is going to break things back to historical. Remember that these margins were \$2 to \$3 a gallon on an index basis as recently as three years ago. You know? So we just need to resume that kind of environment and we are going to have an entirely different view of, you know, our success here.

**Conor James Fitzpatrick:** Thanks. That is all I have.

**Operator:** Our next question comes from Samir Yoshi from C. Wainwright. Please go ahead with your question.

**Samir Yoshi:** Hey, good morning. Thanks for taking my questions. So this capacity expansion that I think Todd said will start next week and is likely to complete by late April. When should we see capacity ramp up at full scale? And does this bring along with it, of course, capacity expansion, but also operational savings? Like, would you be lower than 41 gallons—sorry, \$0.41 per gallon?

**Todd Borgmann:** Hey, Sudhir. It is Todd. Good questions. I think we are on—on—I will start at the end. On the cost curve, we are obviously heading in the right direction and just continue to, almost every quarter, see improvement over the previous. So we expect to just continue the incremental improvement there. We are going to keep getting more efficient over time and, yes, as we increase our volume, then, you know, we will see more unit efficiencies drop to the bottom line as we progress. So I do not think there is anything in this specific MaxSAF project that would say, hey, there is a major, major cost out. But we are certainly going to be making more margins.

We continue to look to improve our costs regardless of the project, just in a steady state. And to the extent that we are ramping up volume, like I said, it helps kind of at

the unit level on the bottom line. So that is, you know, probably one side of your question. I guess the other on the ramp-up: We have previously guided to 120 to 150 million gallons annually, and that is where we expect to stay.

So we are not naive enough to say that everything goes perfect and we come out of this thing in May and the very first day we are producing at a 150 million gallons, but we also do not have too technically challenging of a turnaround. This is pretty well controlled, it is pretty well designed, and it is implementing and expanding equipment that we know a lot about and is not a major kind of risk, I would say, like the last major project that we have going on. So I think what you will see is coming online, we will have a really nice strong volume. We will ramp up accordingly.

Exactly how long it takes us to get to the, you know, 120–150 million gallons run rate, we do not think it is going to be too long. So we will come up in May and keep everybody up to speed on where we are, and I am thinking the second half of the year that we are going to be at that level.

**Samir Yoshi:** Got it. Thanks for that color. And then I think you mentioned 100 million gallons of contracts with multiyear contracts, and they are indexed at \$1 to \$2 premium over RD premium. Will you help us or remind us how does the feedstock pricing play into this, and how is that likely to impact pricing—I mean, profitability?

**Bruce Fleming:** Here is the merits first. So it is worth noting that we are performing now under the SAF contracts, but until we deconstrain the unit during this upcoming turnaround, we cannot get our rate up to where we want it. So we are going to have the acceleration Todd mentioned. As we lean into that, the book of business that our marketing guys have created is very interesting. We have intentionally executed contracts one by one which are different than the other contracts. In other words, we are trying to have a portfolio that is robust to some of the dynamics we talked about with Alexa a minute ago.

And, you know, with that in mind, I think the expectation should be that all of that feathers in. If we can hit the high end of the engineering ranges, you know, then we

will get towards the 150. And if we hit the lower end, it will be towards the 120. But the contract volume, the differential that you asked about, that is in, and we have had those folks lifting already.

**Todd Borgmann:** And I would add a little bit more, Samir, on the feedstock you asked about. We have been pretty successful linking those to the contracts. So, again, we are in a location in Great Falls where we have access to a broad range of feedstocks, including all of the low CI ones that the SAF market typically wants. So we have been pretty successful landing those on long-term contracts as well. And we feel quite confident in our ability to both continually add offtake and volume as we ramp up, but to match that with contracts on the feed side just given kind of robustness around the number of options that we have in the region.

**Samir Yoshi:** Sounds good. Thanks for that color. Congrats on the progress operationally and as well as deleveraging. Thank you.

**Todd Borgmann:** Thank you.

**Operator:** To withdraw your questions, you may press 2. Our next question comes from Jason Daniel Gabelman from TD Cowen. Please go ahead with your question.

**Jason Daniel Gabelman:** Yes. Hey, good morning. Thanks for taking my questions. Shifting over to the base business, the specialty margin was strong once again, above \$60 a barrel. What is going on in the business that is enabling you to sustain those higher levels, and do you see that to continue to move higher over time? And then, conversely, if you could just comment on the Performance Brands weakness in the quarter.

**Scott Obermeier:** Hey, Jason. Scott here. So a few answers. You know, in terms of the strength of the specialty piece within SPS, you know, this has not just been, like, a one-quarter or one-year high performance. I think if you—you have covered us for a while, you have seen the progression over the past, you know, five years and, frankly, the transformation of the business. Todd talked about it in the prepared remarks. You know, really, at the end of the day, our commercial excellence focus and the

initiatives that we have done over the years, and couple that with our integration and the optionality, has proven to be highly successful, highly durable for really almost any type of market.

And then the improving production reliability as well as adding the volumes to it. So we remain, you know, really positive and constructive overall within that piece of the business. As we look heading into the early part of this year, you know, we expect our high performance to continue. Certainly, we have got some headwind early on in 2026 with the crude oil run-up, some short-term headwind. But overall, we feel really good about the business and the work that has been done in that business that is going to continue to outperform the market. I think on the Performance Brands, we are really pleased with the year.

You know, we think we are essentially at a place now, Jason, where we have essentially offset—even as we said that we would do—offset the Royal Purple Industrial sale and the margin that went away with that. So feel really good about the year overall. We did see in the fourth quarter, though, as you pointed out, a lot of the customer base, retail in particular, that really destocked late in the year. So some challenges there, but we are feeling good about the start of this year and the orders that we are seeing. So we are optimistic about the '26 results.

**Jason Daniel Gabelman:** Got it. And just on the '26 outlook, you mentioned the turnarounds, but you should have higher volumes despite that. Is there any impact to the margin outlook given those turnarounds and perhaps having to produce a different slate of products than you typically do?

**Scott Obermeier:** Yeah. I would say the simple answer is no. There should not be much of an impact despite turnarounds and some of the volatility going on.

**Jason Daniel Gabelman:** Got it. And my follow-up is just going back to the SAF contracts because I think one of the items we struggle with is just the confidence around that \$1 to \$2 per gallon premium that you have cited. And so I was hoping you could just clarify kind of how the contracts are structured. Is it—when you talk about a premium over renewable diesel, are you indexing the contract to the

renewable diesel margin including, you know, the RIN, the LCFS credit, the PTC, or is it more nuanced than that?

**Bruce Fleming:** Hey, Jason. Bruce. I will give you a framework for that. Great question. Looking backwards, it was fully indexed. I mentioned earlier we were intentionally diversifying the contract structures. Collectively, we want them to be different. So, for example, FEG is a scope 1 and 3 emissions certificate that we pull off. So that means we take that SAF, we sell it, we get all of the credits, you know, RIN, LCFS, etc., producer's tax credit. And on top of that, we get the certificate. So that stacks up a little differently. And, you know, I could go around the table, and as I said, each one is intentionally designed to act differently in different market conditions.

We think the portfolio will be more robust and more stable to, you know, prospective regulatory changes and evolution. So with that said, you know, the guidance—we really do not want to start identifying specifics here. But the guidance has held for a long time, and one of the reasons for that is real simple. SAF is an excellent renewable diesel blend component—super high-quality properties—and it cannot go into the market below RD. It cannot. Every once in a while, I pick up some publication where somebody calculated—you know, we used to call this dry lab back in the chemistry class—somebody calculated that SAF is lower than diesel, and that is crazy.

Because the operator is going to take the SAF tank, pump it into the diesel tank, and capture that arb this afternoon on the day shift. Right? So it is always more, and we are just arguing how much.

**Todd Borgmann:** And I think if I could add just a little bit, to your question around, can we just depict that, are the underlying components similar? Like Bruce said, we are intentionally diversifying. At the same time, we are quite confident in the \$1 to \$2 per gallon range just because of how these contracts come together. So a little more color on that: our largest customers—now, your question around underlying

the premium—if you looked at their contracts underlying the premium, it looks a lot like RD contracts plus the fixed premium on top of that.

So in that group, we are quite excited to have the exposure to the upside on the RD plus a fixed premium, which you were kind of alluding to earlier. That fixed premium plays out even in scenarios—if we were going back to last year and looked at kind of trough index margin environments. And then the other thing I would say is, like Bruce highlighted on the scope 1 and scope 3 credit sales, there is a naturally quite a correlation. We want diversification.

We want exposure to those markets, and I think I have said in the past, we see it a lot like our Specialties business where we can do some things that others probably do not want to when we are transacting in truckload volumes, controlling quality, and, you know, transloading and doing those types of things that require a little bit more hands-on service. So it fits us really well. That being said, there is obviously a high correlation between the value of those credits and the fixed premium that other customers are willing to pay.

So it is no coincidence that as we look at both of those, they lie comfortably in the \$1 to \$2 per gallon range we have talked about. And I will highlight these are fixed contracts. Right? And I think that was probably part of your question. But, you know, this is not a spot gasoline rack. These are contracts. They are multiyear contracts. They have commitments to perform on both sides, and, you know, we are quite confident in the ability to capture that margin.

**Jason Daniel Gabelman:** Great. Thanks. I appreciate all the color.

**Todd Borgmann:** Thank you.

**Operator:** With that, we will be concluding today's question-and-answer session. I would like to turn the floor back over to John Kompa for closing remarks.

**John Kompa:** Thank you, Jamie. On behalf of Todd and the entire management team, I would like to thank everyone for their interest today in Calumet. Have a great

rest of the day. Thanks.

**Operator:** The conference has now concluded. We do thank you for attending today's presentation. You may now disconnect your lines.

## Read Next



Feb 27, 2026 • Eric Volkman (/author/4067/)

Why Calumet Stock Flopped on Friday (/investing/2026/02/27/why-calumet-stock-flopped-on-friday/)



Mar 26, 2026 • Motley Fool Transcribing (/author/20032/)

REX (REX) Q4 2025 Earnings Call Transcript (/earnings/call-transcripts/2026/03/26/rex-rex-q4-2025-earnings-call-transcript/)



Mar 26, 2026 • Motley Fool Transcribing (/author/20032/)

H.B. Fuller (FUL) Q1 2026 Earnings Call Transcript (/earnings/call-transcripts/2026/03/26/hb-fuller-ful-q1-2026-earnings-call-transcript/)



Mar 26, 2026 • Motley Fool Transcribing (/author/20032/)

Designer Brands (DBI) Q4 2025 Earnings Transcript (/earnings/call-transcripts/2026/03/26/designer-brands-dbi-q4-2025-earnings-transcript/)



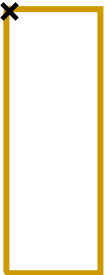
Mar 26, 2026 • Motley Fool Transcribing (/author/20032/)

Worthington Steel (WS) Q3 2026 Earnings Transcript (/earnings/call-transcripts/2026/03/26/worthington-steel-ws-q3-2026-earnings-transcript/)



Mar 26, 2026 • Motley Fool Transcribing (/author/20032/)

Cytosorbents (CTSO) Q4 2025 Earnings Transcript (/earnings/call-transcripts/2026/03/26/cytosorbents-ctso-q4-2025-earnings-transcript/)



*This article is a transcript of this conference call produced for The Motley Fool. While we strive for our Foolish Best, there may be errors, omissions, or inaccuracies in this transcript. Parts of this article were created using Large Language Models (LLMs) based on The Motley Fool's insights and investing approach. It has been reviewed by our AI quality control systems. Since LLMs cannot (currently) own stocks, it has no positions in any of the stocks mentioned. As with all our articles, The Motley Fool does not assume any responsibility for your use of this content, and we strongly encourage you to do your own research, including listening to the call yourself and reading the company's SEC filings. Please see our Terms and Conditions (<https://www.fool.com/legal/terms-and-conditions/fool-rules>) for additional details, including our Obligatory Capitalized Disclaimers of Liability.*

*The Motley Fool has no position in any of the stocks mentioned. The Motley Fool has a disclosure policy (<https://www.fool.com/legal/fool-disclosure-policy/>).*



**ABOUT THE MOTLEY FOOL**

[About Us \(/about/\)](#)  
[Careers \(https://careers.fool.com/\)](https://careers.fool.com/)  
[Research \(/research/\)](#)  
[Newsroom \(/contact/newsroom/\)](#)  
[Contact \(/legal/contact-us/\)](#)  
[Advertise \(mailto:adinquiries@fool.com\)](mailto:adinquiries@fool.com)

**OUR SERVICES**

[All Services \(/services/\)](#)  
[Stock Advisor \(/services/stock-advisor/\)](#)  
[Epic \(/services/epic/\)](#)  
[Epic Plus \(/services/epic-plus/\)](#)  
[Fool Portfolios \(/services/fool-portfolios/\)](#)  
[Fool One \(/services/one/\)](#)  
[Motley Fool Money \(/money/\)](#)

**AROUND THE GLOBE**

[Fool UK \(https://www.fool.co.uk/\)](https://www.fool.co.uk/)  
[Fool Australia \(https://www.fool.com.au/\)](https://www.fool.com.au/)  
[Fool Canada \(https://www.fool.ca\)](https://www.fool.ca)

**FREE TOOLS**

[CAPS Stock Ratings \(https://caps.fool.com/\)](https://caps.fool.com/)  
[Discussion Boards \(https://discussion.fool.com/\)](https://discussion.fool.com/)  
[Calculators \(/calculators/index/\)](#)  
[Financial Dictionary \(/terms/\)](#)

**AFFILIATES & FRIENDS**

[Motley Fool Asset Management \(/affiliates/mfam/\)](#)  
[Motley Fool Wealth Management \(/affiliates/mfwm/\)](#)  
[Motley Fool Ventures \(/affiliates/ventures/\)](#)  
[Fool Community Foundation \(/affiliates/foundation/\)](#)  
[Become an Affiliate Partner \(/affiliates/\)](#)

[Terms of Use \(/legal/terms-and-conditions/fool-rules/\)](#)

[Privacy Policy \(/legal/privacy-statement/\)](#)

[Disclosure Policy \(/legal/fool-disclosure-policy/\)](#)

[Accessibility Policy \(/legal/accessibility-policy/\)](#)

[Copyright, Trademark and Patent Information \(/legal/stuff-we-own/\)](#)

[Terms and Conditions \(/legal/terms-and-conditions/\)](#)

[Do Not Sell My Personal Information \(/data-protection/ccpa-update/\)](#)

