

PBF Energy Inc.
Form S-1/A
November 07, 2012
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As filed with the Securities and Exchange Commission on November 6, 2012

Registration Statement No. 333-177933

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 4
to
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

PBF ENERGY INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction)

2911
(Primary Standard Industrial

45-3763855
(I.R.S. Employer

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(Name, address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

(Classification Code Number)

(Identification Number)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer "

Accelerated Filer "

Non-accelerated Filer

Smaller Reporting Company "

(Do not check if a smaller reporting company)

The Registrant hereby amends this registration statement on such date as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Prospectus (Subject to completion)

Issued November 6, 2012

Shares

Class A Common Stock

PBF Energy Inc. is offering shares of its Class A common stock. We intend to use a significant portion of the net proceeds from this offering to purchase equity interests in our business from certain of our existing owners and certain of our employees. Prior to this offering, there has been no public market for our Class A common stock. The initial public offering price of our Class A common stock is expected to be between \$ and \$ per share.

Immediately following this offering, the holders of our Class A common stock will collectively own 100% of the economic interests in PBF Energy Inc., and have % of the voting power of PBF Energy Inc. The holders of our Class B common stock will have the remaining % of the voting power of PBF Energy Inc. As a result, we expect to be a controlled company within the meaning of the corporate governance standards of the New York Stock Exchange.

We have applied to list our Class A common stock on the New York Stock Exchange under the symbol PBF .

Investing in our Class A common stock involves risks. See Risk Factors beginning on page 16.

	Price \$	Per Share	
			Underwriting
			Discounts
			and
			Proceeds to
			Company
			Commissions
			Public
Per Share	\$	\$	\$
Total	\$	\$	\$

We have granted the underwriters a 30-day option to purchase up to _____ additional shares of Class A common stock on the same terms as set forth above. See the section of this prospectus entitled "Use of Proceeds" and "Underwriting."

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities nor passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares on or about _____, 2012.

Citigroup
Credit Suisse

Morgan Stanley
Deutsche Bank Securities

UBS Investment Bank

Barclays

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Until _____, 2012 (25 days after the commencement of this offering), all dealers that buy, sell or trade shares of our Class A common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

We have not authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so.

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For investors outside the United States: we have not and the underwriters have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of Class A common stock and the distribution of this prospectus outside the United States.

Unless otherwise indicated or the context otherwise requires, all financial data presented in this prospectus reflects the consolidated business and operations of PBF Energy Inc. and its consolidated subsidiaries, and has been prepared in accordance with generally accepted accounting principles in the United States of America, or GAAP.

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GLOSSARY OF SELECTED TERMS

Unless otherwise noted or indicated by context, the following terms used in this prospectus have the following meanings:

API gravity refers to American Petroleum Institute gravity.

ASCI refers to the Argus Sour Crude Index, a pricing index used to approximate market prices for sour, heavy crude oil.

Bakken refers to both a crude oil production region generally covering North Dakota, Montana and Western Canada, and the crude oil that is produced in that region.

barrel refers to a common unit of measure in the oil industry, which equates to 42 gallons.

blendstocks refers to various compounds that are combined with gasoline or diesel from the crude oil refining process to make finished gasoline and diesel; these may include natural gasoline, FCC unit gasoline, ethanol, reformat or butane, among others.

bpd refers to an abbreviation for barrels per day.

CAPP refers to the Canadian Association of Petroleum Producers.

catalyst refers to a substance that alters, accelerates, or instigates chemical changes, but is not produced as a product of the refining process.

CBOB refers to conventional blendstock for oxygenate blending.

coke refers to a coal-like substance that is produced from heavier crude oil fractions during the refining process.

complexity refers to the number, type and capacity of processing units at a refinery, measured by the Nelson Complexity Index, which is often used as a measure of a refinery's ability to process lower quality crude in an economic manner.

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crack spread refers to a simplified calculation that measures the difference between the price for light products and crude oil. For example, we reference (a) the 2-1-1 crack spread, which is a general industry standard that approximates the per barrel refining margin resulting from processing two barrels of crude oil to produce one barrel of gasoline and one barrel of heating oil or ULSD, and (b) the 4-3-1 crack spread, which is a benchmark utilized by our Toledo refinery that approximates the per barrel refining margin resulting from processing four barrels of crude oil to produce three barrels of gasoline and one-half barrel of jet fuel and one-half barrel of ULSD.

Dated Brent refers to Brent blend oil, a light, sweet North Sea crude oil, characterized by an API gravity of 38° and a sulfur content of approximately 0.4 weight percent that is used as a benchmark for other crude oils.

distillates refers primarily to diesel, heating oil, kerosene and jet fuel.

downstream refers to the downstream sector of the energy industry generally describing oil refineries, marketing and distribution companies that refine crude oil and sell and distribute refined products. The opposite of the downstream sector is the upstream sector, which refers to exploration and production companies that search for and/or produce crude oil and natural gas underground or through drilling or exploratory wells.

EPA refers to the United States Environmental Protection Agency.

ethanol refers to a clear, colorless, flammable oxygenated liquid. Ethanol is typically produced chemically from ethylene, or biologically from fermentation of various sugars from carbohydrates found in agricultural crops and cellulosic residues from crops or wood. It is used in the United States as a gasoline octane enhancer and oxygenate.

feedstocks refers to crude oil and partially refined petroleum products that are processed and blended into refined products.

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FCC refers to fluid catalytic cracking.

FCU refers to fluid coking unit.

FOB refers to free on board, a transportation term that pertains to the port of loading. The buyer assumes responsibility for the goods at the port of loading and is responsible for freight transport, insurance, and any other costs associated with moving goods to their final destination port.

GHG refers to greenhouse gas.

Group I base oils or lubricants refers to conventionally refined products characterized by a sulfur content less than 0.03% with a viscosity index between 80 and 120. Typically, these products are used in a variety of automotive and industrial applications.

heavy crude oil refers to a relatively inexpensive crude oil with a low API gravity characterized by high relative density and viscosity. Heavy crude oils require greater levels of processing to produce high value products such as gasoline and diesel.

KV refers to Kilovolts.

light crude oil refers to a relatively expensive crude oil with a high API gravity characterized by low relative density and viscosity. Light crude oils require lower levels of processing to produce high value products such as gasoline and diesel.

light products refers to the group of refined products with lower boiling temperatures, including gasoline and distillates.

light-heavy differential refers to the price difference between light crude oil and heavy crude oil.

LPG refers to liquefied petroleum gas.

Maya refers to Maya crude oil, a heavy, sour crude oil characterized by an API gravity of approximately 22° and a sulfur content of approximately 3.3 weight percent that is used as a benchmark for other heavy crude oils.

MLP refers to master limited partnership.

MMbbls refers to an abbreviation for million barrels.

MMBTU refers to million British thermal units.

MMSCFD refers to million standard cubic feet per day.

MSCG refers to Morgan Stanley Capital Group Inc.

MW refers to Megawatt.

Nelson Complexity Index refers to the complexity of an oil refinery as measured by the Nelson Complexity Index, which is calculated on an annual basis by the Oil and Gas Journal. The Nelson Complexity Index assigns a complexity factor to each major piece of refinery equipment based on its complexity and cost in comparison to crude distillation, which is assigned a complexity factor of 1.0. The complexity of each piece of refinery equipment is then calculated by multiplying its complexity factor by its throughput ratio as a percentage of crude distillation capacity. Adding up the complexity values assigned to each piece of equipment, including crude distillation, determines a refinery's complexity on the Nelson Complexity Index. A refinery with a complexity of 10.0 on the Nelson Complexity Index is considered ten times more complex than crude distillation for the same amount of throughput.

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NYH refers to the New York Harbor market value of petroleum products.

PADD 1 refers to the Petroleum Administration for Defense District 1 region of the United States, which covers the following states: Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia and West Virginia.

PADD 2 refers to the Petroleum Administration for Defense District 2 region of the United States, which covers the following states: Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee and Wisconsin.

Platts refers to Platts, a division of The McGraw-Hill Companies.

PPM refers to parts per million.

RBOB refers to reformulated blendstock for oxygenate blending.

refined products refers to petroleum products, such as gasoline, diesel and jet fuel, that are produced by a refinery.

sour crude oil refers to a crude oil that is relatively high in sulfur content, requiring additional processing to remove the sulfur. Sour crude oil is typically less expensive than sweet crude oil.

Sunoco refers to Sunoco, Inc. (R&M).

sweet crude oil refers to a crude oil that is relatively low in sulfur content, requiring less processing to remove the sulfur than sour crude oil. Sweet crude oil is typically more expensive than sour crude oil.

Syncrude refers to a blend of Canadian synthetic oil, a light, sweet crude oil, typically characterized by an API gravity between 30° and 32° and a sulfur content of approximately 0.1-0.2 weight percent.

throughput refers to the volume processed through a unit or refinery.

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turnaround refers to a periodically required shutdown and comprehensive maintenance event to refurbish and maintain a refinery unit or units that involves the inspection of such units and occurs generally on a periodic cycle.

ULSD refers to ultra-low-sulfur diesel.

WCS refers to Western Canadian Select, a heavy, sour crude oil blend typically characterized by an API gravity between 20° and 22° and a sulfur content of approximately 3.5 weight percent that is used as a benchmark for heavy Western Canadian crude oil.

WTI refers to West Texas Intermediate crude oil, a light, sweet crude oil, typically characterized by an API gravity between 38° and 40° and a sulfur content of approximately 0.3 weight percent that is used as a benchmark for other crude oils.

WTS refers to West Texas Sour crude oil, a sour crude oil characterized by an API gravity between 30° and 33° and a sulfur content of approximately 1.28 weight percent that is used as a benchmark for other sour crude oils.

yield refers to the percentage of refined products that is produced from crude oil and other feedstocks.

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PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus and may not contain all of the information that may be important to you. You should read this entire prospectus carefully, including the information set forth in Risk Factors and our financial statements and related notes included elsewhere in this prospectus before making an investment decision. In this prospectus, unless the context otherwise requires, references to the Company, we, our, us or PBF refer (1) prior to the consummation of the Offering Transactions described under Organizational Structure Offering Transactions, to PBF Energy Company LLC, or PBF LLC, and its consolidated subsidiaries, including PBF Holding Company LLC, or PBF Holding, and (2) after the Offering Transactions described under Organizational Structure Offering Transactions, to PBF Energy Inc., or PBF Energy, and, in each case, unless the context otherwise requires, its consolidated subsidiaries, including PBF LLC, PBF Holding, PBF Investments LLC, or PBF Investments, Toledo Refining Company LLC, or Toledo Refining, Paulsboro Refining Company LLC, or Paulsboro Refining, and Delaware City Refining Company LLC, or Delaware City Refining.

Our Company

We are one of the largest independent petroleum refiners and suppliers of unbranded transportation fuels, heating oil, petrochemical feedstocks, lubricants and other petroleum products in the United States. We were formed in 2008 to pursue acquisitions of crude oil refineries and downstream assets in North America. We currently own and operate three domestic oil refineries and related assets, which we acquired in 2010 and 2011. Our refineries have a combined processing capacity, known as throughput, of approximately 540,000 bpd, and a weighted average Nelson Complexity Index of 11.3.

Our three refineries are located in Toledo, Ohio, Delaware City, Delaware and Paulsboro, New Jersey. Our Midcontinent refinery at Toledo processes light, sweet crude, has a throughput capacity of 170,000 bpd and a Nelson Complexity Index of 9.2. The majority of Toledo's WTI based crude is delivered via pipelines that originate in both Canada and the United States. Since our acquisition of Toledo in 2011, we have added additional truck and rail crude unloading capabilities that provide feedstock sourcing flexibility for the refinery and enables Toledo to run a more cost-advantaged crude slate. Our East Coast refineries at Delaware City and Paulsboro have a combined refining capacity of 370,000 bpd and Nelson Complexity Indices of 11.3 and 13.2, respectively. These high conversion refineries process primarily medium and heavy, sour crudes and have historically received the bulk of their feedstock via ships and barges on the Delaware River. Importantly, in May 2012 we commenced crude shipments via rail into a newly developed crude rail unloading facility at our Delaware City refinery. Currently, crude delivered to this facility is consumed at our Delaware City refinery. In the future we plan to transport some of the crude delivered by rail from Delaware City via barge to our Paulsboro refinery. The Delaware City rail unloading facility allows our East Coast refineries to source WTI based crudes from Western Canada and the Midcontinent, which provides significant cost advantages versus traditional Brent based international crudes. We are in the process of expanding the rail crude unloading capacity at Delaware City from 40,000 bpd to more than 110,000 bpd by early 2013 and have entered into agreements to lease approximately 2,400 crude railcars (comprised of approximately 1,600 coiled and insulated railcars that are capable of transporting Western Canadian bitumen without diluent and approximately 800 general purpose railcars) that will be utilized to transport crude by rail to Delaware City.

Our Business

We produce a variety of products at each of our refineries, including gasoline, ULSD, heating oil, jet fuel, lubricants, petrochemicals and asphalt. We sell our products throughout the Northeast and Midwest of the United States, as well as in other regions of the United States and Canada, and are able to ship products to other international destinations. The majority of our finished products are sold through long-term offtake and supply agreements. For example, we sell the bulk of our gasoline, diesel and heating oil through long-term offtake agreements with MSCG and Sunoco.

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The following table provides summary operating information concerning each of our three refineries:

Refinery	Approximate Throughput Capacity (bpd)	Nelson Complexity Index	Estimated Replacement Cost	Benchmark Crack Spread
Toledo	170,000	9.2	\$ 2.4 billion	WTI (Chicago) 4-3-1
Delaware City	190,000	11.3	\$ 3.1 billion	Dated Brent (NYH) 2-1-1
Paulsboro	180,000	13.2	\$ 2.7 billion	Dated Brent (NYH) 2-1-1
Total	540,000	11.3 (weighted average)	\$ 8.2 billion	

For the year ended December 31, 2011 and the nine months ended September 30, 2012, we had (a) pro forma total revenues of \$ billion and \$ billion, respectively; (b) pro forma Adjusted EBITDA of \$ million and \$ million, respectively; and (c) pro forma net income of \$ million and \$ million, respectively. Our pro forma results for the year ended December 31, 2011 do not include any adjustments for Delaware City to reflect incremental revenue and operating expenses that we expect to generate in connection with the re-start because the refinery was not operational when it was acquired and the transaction was accounted for as an acquisition of assets, not a business combination. For a definition and reconciliation of pro forma Adjusted EBITDA to pro forma net income, see Summary Historical and Pro Forma Financial and Other Data.

Our History and Acquisitions

March 2008	PBF was formed.
June 2010	The idle Delaware City refinery and its related assets were acquired from Valero Energy Corporation, or Valero, for approximately \$220.0 million.
December 2010	The Paulsboro refinery was acquired from Valero for approximately \$357.7 million, excluding working capital.
March 2011	The Toledo refinery was acquired from Sunoco for approximately \$400.0 million, excluding working capital.
October 2011	Delaware City became operational.

Delaware City Acquisition and Re-Start. We acquired the idle Delaware City refinery and its related assets, including a petroleum product terminal, a petroleum products pipeline and an electric generation facility, on June 1, 2010 from affiliates of Valero for approximately \$220.0 million in cash. In the fourth quarter of 2009, due to, among other reasons, financial losses caused by one of the worst recessions in recent history, the prior owner shut down the refinery. We were therefore able to acquire the refinery at an attractive price. In addition, at the time of acquisition, we reached an agreement with the State of Delaware that provided for a five-year operating permit and up to approximately \$45.0 million of economic support to re-start the facility, and negotiated a new long-term contract with the relevant union at the refinery. We believe that the refinery's ability to process lower quality crudes will allow us to capture a higher margin as these lower quality crudes are typically priced at discounts to benchmark crudes, and to compete effectively in a region where product demand significantly exceeds refining capacity.

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Since our acquisition, we have invested more than \$500.0 million in turnaround and re-start projects at Delaware City, as well as in the recent strategic development of a crude rail unloading facility. The re-start process

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included the decommissioning of the gasifier unit located on the property which allowed us to decrease emissions and improve the reliability of the refinery. We made significant operating improvements in the first year of operations by modifying the crude slate and product yield, changing operations of the conversion units and re-starting certain units. Through these capital investments and by restructuring certain operations, we have lowered the annual operating expenses of the Delaware City refinery relative to its pre-acquisition operating expense levels by more than 40%. During the first years of the refinery's operations we anticipate saving in excess of \$100.0 million in capital expenditures we otherwise would have expected to make if not for our reconfiguration of the refinery and the terms of our environmental operating agreement issued by the State of Delaware. In 2012, we are spending approximately \$57.0 million, \$20.0 million of which has been spent as of September 30, 2012, to expand and upgrade the existing on-site rail infrastructure, including the expansion of the crude rail unloading facilities that will be capable of discharging approximately 110,000 bpd.

Paulsboro Acquisition. We acquired the Paulsboro refinery (including an associated natural gas pipeline) on December 17, 2010 from Valero for approximately \$357.7 million, excluding working capital. The purchase price excludes inventory purchased on our behalf by MSCG and Statoil Marketing & Trading (US) Inc., or Statoil.

Toledo Acquisition. We acquired the Toledo refinery on March 1, 2011 from Sunoco for approximately \$400.0 million, excluding working capital. We also purchased refined and certain intermediate products in inventory for approximately \$299.6 million, and MSCG purchased the refinery's crude oil inventory on our behalf. Additionally, included in the terms of the sale is a five-year participation payment of up to \$125.0 million payable to Sunoco based upon post-acquisition earnings of the refinery, of which \$103.0 million was paid in 2012. We currently anticipate paying the balance of the participation payment in April 2013. See Management's Discussion and Analysis of Financial Condition and Results of Operations Pro Forma Contractual Obligations and Commitments for additional information regarding the terms of the participation payment to Sunoco.

Industry Overview and Market Outlook

The United States has historically been the largest consumer of petroleum-based products in the world. According to the U.S. Energy Information Administration's, or EIA's, 2012 Refinery Capacity Report, there were 134 operating oil refineries in the United States in January 2012, with a total refining capacity of approximately 16.7 million bpd. Of the total operating refining capacity in the United States, approximately 55.2%, or 9.2 million bpd, is currently owned and operated by independent refining companies compared to 2002 when approximately 31.6%, or 5.1 million bpd, was owned by independent refining companies. The remaining capacity is controlled by integrated oil companies. Because of this trend, the refining industry increasingly must rely on its own operations for its profitability.

We believe our three refineries currently benefit from secular growth in North American crude production because of our ability to access lower cost WTI price based crudes. According to a recent EIA publication, average United States crude oil production in 2013 is expected to grow by more than 1.3 million bpd, to 6.9 million bpd from 5.6 million bpd in 2011, an increase of more than 23%. This level of United States crude oil production would represent the highest level since 1993. In addition, CAPP projects that Canadian crude oil production will increase by 800,000 bpd, from 3.0 million bpd in 2011 to 3.8 million bpd in 2015. As a result of the recent and projected growth in North American crude production, the United States has reduced its reliance on imported crude. The EIA estimates that crude imported from foreign sources (crude from outside North America) since 2008 has declined by approximately 1.3 million bpd or 12.8%, to 8.5 million bpd as of September 30, 2012 and is forecasted to decline by an additional 500,000 bpd by 2013. With the addition of our crude rail unloading facilities at Delaware City and our investment in a crude railcar fleet, we expect our East Coast refineries to capitalize on the growth in both Canadian and United States crude oil production, while maintaining the flexibility to source waterborne crude.

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Supply and demand dynamics can vary by region, creating differentiated margin opportunities at any given time for refiners depending on the location of their facilities. Our Toledo refinery is located in the Midcontinent (PADD 2) and our Delaware City and Paulsboro refineries are both located on the East Coast (PADD 1). In both of these regions, product demand exceeds refinery capacity. We expect that this demand/capacity imbalance may continue. For example, since 2009 16 refineries representing approximately 2.6 million bpd of refining capacity have been closed or idled in the Atlantic Basin (which includes PADD 1). This Atlantic Basin reduction has occurred across the United States, Europe and the Caribbean and directly affects our East Coast refineries because we compete with operating refineries in these markets.

Refining is primarily a margin-based business where both the feedstock (primarily crude oil) and refined petroleum products are commodities with fluctuating prices. Refiners create value by selling refined petroleum products at prices higher than the costs of acquiring crude oil and other feedstocks, and by managing operating costs. Refining is an industry that historically has seasonal influences as a result of differentiated consumer demand for key refined products during certain months of the year. Most importantly, demand for gasoline is generally higher during the summer months than during the winter months due to seasonal increases in highway traffic and construction work. Decreased demand during the winter months can lower gasoline prices. Consequently, refining margins and profitability have historically generally been stronger in the second and third calendar quarters of each year relative to the first and fourth calendar quarters.

Our Competitive Strengths

We believe that we have the following competitive strengths:

Strategically located refineries with cost and supply advantages. Our Midcontinent Toledo refinery advantageously sources a substantial portion of its WTI based crude slate from sources in Canada and throughout the Midcontinent. The balance of the crude oil is delivered by truck from local sources and by rail to a nearby terminal. Recent increases in production volumes of crudes from Western Canada and the Midcontinent combined with limitations on takeaway capacity in the Midcontinent, including at Cushing, Oklahoma where WTI is priced, have resulted in a price discount for WTI based crudes compared to Brent based crudes. We believe that our access to WTI based crudes at Toledo provides us with a cost advantage versus facilities that do not have similar access to such crudes and must process Brent based feedstocks.

Our Delaware City and Paulsboro refineries have similar supply advantages given that they have the flexibility to source crudes from around the world via the Delaware River, and can source currently price advantaged WTI based crudes from Western Canada and the Midcontinent through our Delaware City crude rail unloading facility and through third party rail unloading terminals on the East Coast. The 2,400 crude railcars that we have entered into agreements to lease will enable us to transport this crude to each of our refineries. This transportation flexibility allows our East Coast refineries to process the most cost advantaged crude available.

Future crude supply may emerge from the development of other crude oil producing basins, including the Utica Shale play (located in portions of the Appalachian Basin and Canada), which could potentially bring significant oil production online in regional proximity to all three of our refineries, providing an attractive feedstock source with low associated transportation cost.

Complex assets with a valuable product slate located in high-demand regions. Our refinery assets are located in regions where product demand exceeds refining capacity. Our refineries have a weighted average Nelson Complexity Index of 11.3, which allows us the flexibility to process a variety of crudes. Our East Coast refineries have the highest Nelson Complexity Indices on the East Coast, allowing them to process lower cost, heavier, more sour crude oils and giving us a cost advantage over other refineries in the same region. The complexity of our refining assets allows us to produce a higher percentage of more valuable light products. For example, our East Coast refineries produce a greater percentage of distillates versus gasoline than other East

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Coast refineries and have 100% of the East Coast's heavy coking capacity. In addition, our Paulsboro refinery produces Group I base oils which are typically priced at a premium to both gasoline and distillates. Similarly, our Toledo refinery is a high conversion refinery with high gasoline and distillate yields and also produces high-value petrochemical products.

Significant scale and diversification. We currently operate three refineries with a combined crude throughput of 540,000 bpd making us the fifth largest independent refiner in the United States. Our refineries provide us diversification through crude slates, end products, customers and geographic locations. Our scale provides us buying power advantages, and we benefit from the cost efficiencies that result from operating three large refineries.

Recent capital investments and restructuring initiatives to improve financial returns. Since 2006, over \$2.8 billion of capital has been invested in our three refineries to improve their operating performance, to meet environmental and regulatory standards, and to minimize the need for near-term capital expenditures. For example, since our acquisition of Delaware City, we have invested more than \$500.0 million in turnaround and re-start projects that will improve the cost structure and profitability of the refinery, as well as in the recent strategic development of a crude rail unloading facility. In addition, we are spending approximately \$57.0 million to expand and upgrade the rail unloading infrastructure that will allow us to discharge more than 110,000 bpd of cost advantaged, WTI based crudes for both our Delaware City and Paulsboro refineries by the first quarter of 2013. In conjunction with the re-start of Delaware City in 2011, we undertook a significant restructuring of the operations to improve its operating cost position, including reductions in labor costs compared to operations before shutdown by Valero, reductions in energy costs and reductions in other ongoing operating and maintenance expenses. Management estimates that the Delaware City restructuring has reduced the refinery's annual operating expenses by over \$200.0 million relative to pre-acquisition operating expense level (without including the rail upgrades). We made significant operating improvements in the first year of operations by modifying the crude slate and product yield, changing operations of the conversion units and re-starting certain units.

Experienced management team with a demonstrated track record of acquiring, integrating and operating refining assets. Our management team is led by our Executive Chairman of the Board of Directors, Thomas D. O'Malley, who has more than 30 years experience in the refining industry and has led the acquisition of more than 20 refineries during his career. In addition, our executive management team, including our Chief Executive Officer, Thomas J. Nimbley, our President, Michael D. Gayda, and our head of Commercial Operations, Donald F. Lucey, has a proven track record of successfully operating refining assets. Our core management team has significant experience working together, including while at Tosco Corporation and Premcor Inc. These executives have a long history of acquiring refineries at attractive prices and integrating these operations into a single, consolidated platform. For example, we believe we acquired the Paulsboro, Delaware City and Toledo refineries at or near the bottom of the refining cycle at a small fraction of replacement cost. These acquisitions were made at lower prices on a per barrel basis and significantly lower prices on a complexity barrel basis than other comparable acquisitions over the past five years.

Support from strong financial sponsors and management with a substantial investment. Our financial sponsors, funds affiliated with The Blackstone Group L.P., or Blackstone, and First Reserve Management, L.P., or First Reserve, have a long history of successful investments across the energy industry. Together, our financial sponsors and management have invested substantial equity in PBF LLC to date, with management investing over \$23.5 million. In addition, Thomas D. O'Malley, our Executive Chairman of the Board of Directors, certain of his affiliates and family members, and certain of our other executives, purchased \$25.5 million aggregate principal amount of senior secured notes in the notes offering described under Management's Discussion and Analysis of Financial Condition and Results of Operations Factors Affecting Comparability Senior Secured Notes Offering.

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Our Business Strategy

Our primary goal is to create stockholder value by improving our market position as one of the largest independent refiners and suppliers of petroleum products in the United States. We intend to execute the following strategies to achieve our goal:

Maintain efficient refinery operations. We intend to operate our refineries as reliably and efficiently as possible and further improve our operations by maintaining our costs at competitive levels, seeking to optimize utilization of our refinery asset base, and making focused high-return capital improvements designed to generate incremental profits.

We are continuously looking for ways to improve our overall operating efficiencies. For example, our refineries in Paulsboro and Delaware City are located approximately 30 miles apart from one another on the Delaware River. Both refineries have the capability to process heavy, sour crudes and have complementary operating units, and we exchange certain feedstocks and intermediates between the refineries in an effort to optimize profitability. We are able to recognize cost savings associated with the sharing of crude oil shipments for these refineries. In addition to allowing us to share crude cargoes transported to our East Coast refineries via water, the construction of our new crude rail unloading facility at Delaware City will also help us realize better crude economics, because we will be able to deliver crude via rail through our own facilities and process WTI based crudes at both Paulsboro and Delaware City. We employ a small, centralized corporate staff that provides capital control and oversight and have experienced managers making operational decisions at our refineries.

Continue to grow through acquisitions and internal projects. We believe that we will encounter attractive acquisition opportunities as a result of the continuing strategic divestitures by major integrated oil companies and the rationalization of specific refinery assets. In selecting future acquisitions and internal projects, we intend to consider, among other things, the following criteria: performance through the cycle, access to advantageous crude supplies, attractive refined product end market fundamentals, access to storage, distribution and logistics infrastructure, acquisition price and our ability to maintain a conservative capital structure, and synergies with existing assets. In addition, we own a number of energy-related logistical assets that qualify for the favorable tax treatment that is permitted through an MLP structure. We continue to evaluate our strategic alternatives for these assets.

Promote operational excellence in reliability and safety. We will continue to devote significant time and resources toward improving the reliability and safety of our operations. We will seek to improve operating performance through our commitment to our preventive maintenance program and to employee training and development programs. We will continue to emphasize safety in all aspects of our operations. We believe that a superior reliability record, which can be measured and managed like all other aspects of our business, is inherently tied to safety and profitability.

Create an organization highly motivated to maintain earnings and improve return on capital. We have created an organization in which employees are highly motivated to maintain earnings and improve return on capital. Our cash incentive compensation plan, which covers all non-unionized employees, is solely based on achieving earnings above designated levels. Our equity incentive plan provides participating employees with an equity stake in us and aligns their interests with our investors' interests.

Risk Factors

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An investment in our Class A common stock involves a number of risks, including changes in industry-wide refining margins and crude oil price differentials, competition and other material factors, that could materially affect our business, financial condition and results of operations, and cause the trading price of our Class A

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common stock to decline. For a discussion of these risks and other considerations that could negatively affect us, including risks related to this offering and our Class A common stock, see [Risk Factors](#) and [Forward-Looking Statements](#).

Corporate Structure and Financial Sponsors

Following this offering we will be a holding company and our sole asset will be an equity interest in PBF LLC. See [Organizational Structure](#) on page 39.

We will be the sole managing member of PBF LLC and operate and control all of the business and affairs and consolidate the financial results of PBF LLC and its subsidiaries. PBF LLC is a holding company for the companies that directly or indirectly own and operate our business. Prior to this offering, each of Blackstone and First Reserve owned approximately 48% of the outstanding capital interests in PBF LLC (which we refer to as the PBF LLC Series A Units), and Mr. O Malley, our other executive officers and directors and certain employees beneficially owned the remaining outstanding PBF LLC Series A Units (we refer to all of the holders of the PBF LLC Series A Units as our existing owners). In addition, certain of our officers hold interests in PBF LLC, which are profits interests (which we refer to as the PBF LLC Series B Units) and certain of our existing owners and other employees hold options and warrants to purchase PBF LLC Series A Units.

Immediately prior to this offering, the limited liability company agreement of PBF LLC will be amended and restated to, among other things, designate PBF Energy as the sole managing member of PBF LLC and establish a new series of membership interests (which we refer to as the PBF LLC Series C Units) which will be held by PBF Energy. Profits and losses of PBF LLC will be allocated, and all distributions generally will be made, pro rata to the holders of PBF LLC Series A Units (subject, under certain circumstances, to the rights of the holders of PBF LLC Series B Units) and PBF LLC Series C Units. The PBF LLC Series A Units and the PBF LLC Series C Units are generally identical in all respects, except that the PBF LLC Series B Units share in the allocations of income and distributions that would otherwise be made to our financial sponsors, and therefore do not dilute the interests of the PBF LLC Series A Units held by our management and certain directors, the holder of PBF LLC Series C Units (PBF Energy) or the direct holders of our Class A common stock.

We also will enter into an exchange agreement pursuant to which our existing owners will have the right to cause PBF LLC to exchange their PBF LLC Series A Units for shares of our Class A common stock on a one-for-one basis, subject to equitable adjustments for stock splits, stock dividends and reclassifications, and further subject to the rights of the holders of PBF LLC Series B Units to share in a portion of the profits realized by our financial sponsors upon the sale of the shares of Class A common stock received by them upon such exchange.

Blackstone. Blackstone is one of the world's leading investment and advisory firms and is an experienced and active investor in the energy and natural resources sector. Blackstone has substantial prior experience as an acquirer and owner of petroleum refineries, having acquired Premcor in 1997 and overseen several acquisitions and capital projects to expand and upgrade refining capacity of that company until its acquisition by Valero in 2005 for total consideration of approximately \$6.9 billion. Blackstone has a long-standing relationship with Thomas D. O Malley, having recruited him to serve as Chairman and Chief Executive Officer of Premcor in early 2002. Blackstone seeks to create positive economic impact and long-term value for its investors, the companies it invests in, the companies it advises and the broader global economy. Blackstone does this through the commitment of its extraordinary people and flexible capital. Blackstone's alternative asset management businesses include the management of private equity funds, real estate funds, hedge fund solutions, credit-oriented funds and closed-end mutual funds. Through its different investment businesses, as of September 30, 2012, Blackstone had total assets under management of

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