



PHILLIPS 66 THIRD QUARTER 2018 CONFERENCE CALL

October 26, 2018

CAUTIONARY STATEMENT



This presentation contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Words and phrases such as “is anticipated,” “is estimated,” “is expected,” “is planned,” “is scheduled,” “is targeted,” “believes,” “continues,” “intends,” “will,” “would,” “objectives,” “goals,” “projects,” “efforts,” “strategies” and similar expressions are used to identify such forward-looking statements. However, the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements relating to Phillips 66’s operations (including joint venture operations) are based on management’s expectations, estimates and projections about the company, its interests and the energy industry in general on the date this presentation was prepared. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements. Factors that could cause actual results or events to differ materially from those described in the forward-looking statements include fluctuations in NGL, crude oil, and natural gas prices, and petrochemical and refining margins; unexpected changes in costs for constructing, modifying or operating our facilities; unexpected difficulties in manufacturing, refining or transporting our products; lack of, or disruptions in, adequate and reliable transportation for our NGL, crude oil, natural gas, and refined products; potential liability from litigation or for remedial actions, including removal and reclamation obligations under environmental regulations; limited access to capital or significantly higher cost of capital related to illiquidity or uncertainty in the domestic or international financial markets; the impact of adverse market conditions or other similar risks to those identified herein affecting PSXP, as well as the ability of PSXP to successfully execute its growth plans; and other economic, business, competitive and/or regulatory factors affecting Phillips 66’s businesses generally as set forth in our filings with the Securities and Exchange Commission. Phillips 66 is under no obligation (and expressly disclaims any such obligation) to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

This presentation includes non-GAAP financial measures. You can find the reconciliations to comparable GAAP financial measures at the end of the presentation materials or in the “Investors” section of our website.

EXECUTING THE STRATEGY



New fractionation site and Sweeny Refinery, Old Ocean, Texas

OVERVIEW

3Q 2018



\$MM *(unless otherwise noted)*

Adjusted earnings	\$ 1,456
Adjusted EPS ¹	3.10
Operating cash flow excluding working capital	2,065
Capital expenditures and investments	779
Shareholder distributions ²	775
Adjusted YTD ROCE ³	14%

(1) Dollars per share

(2) Shareholder distributions include dividends and share repurchases

(3) Annualized, after-tax

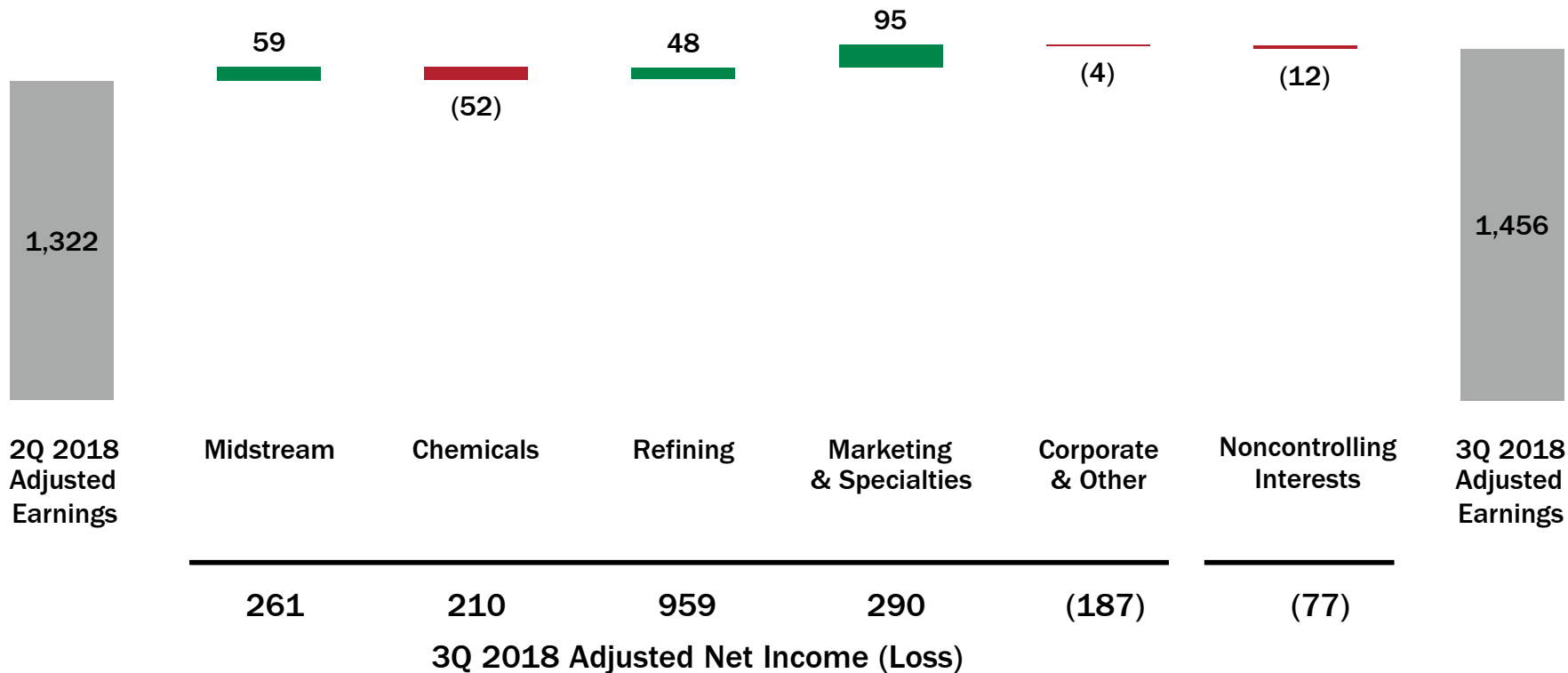


ADJUSTED EARNINGS

3Q 2018



\$MM



MIDSTREAM

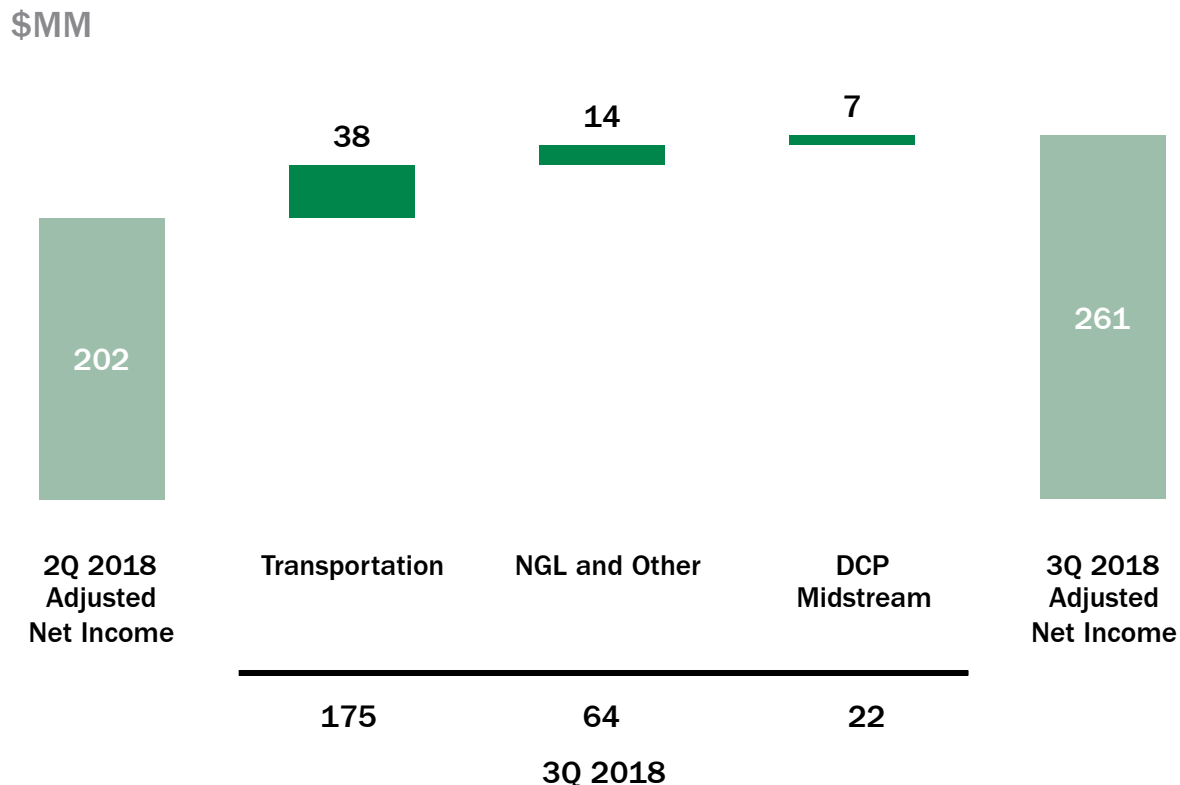
3Q 2018



Record Midstream net income

Higher transportation volumes on wholly owned and joint venture pipelines

Record volumes on Sand Hills and Southern Hills NGL pipelines



CHEMICALS

3Q 2018



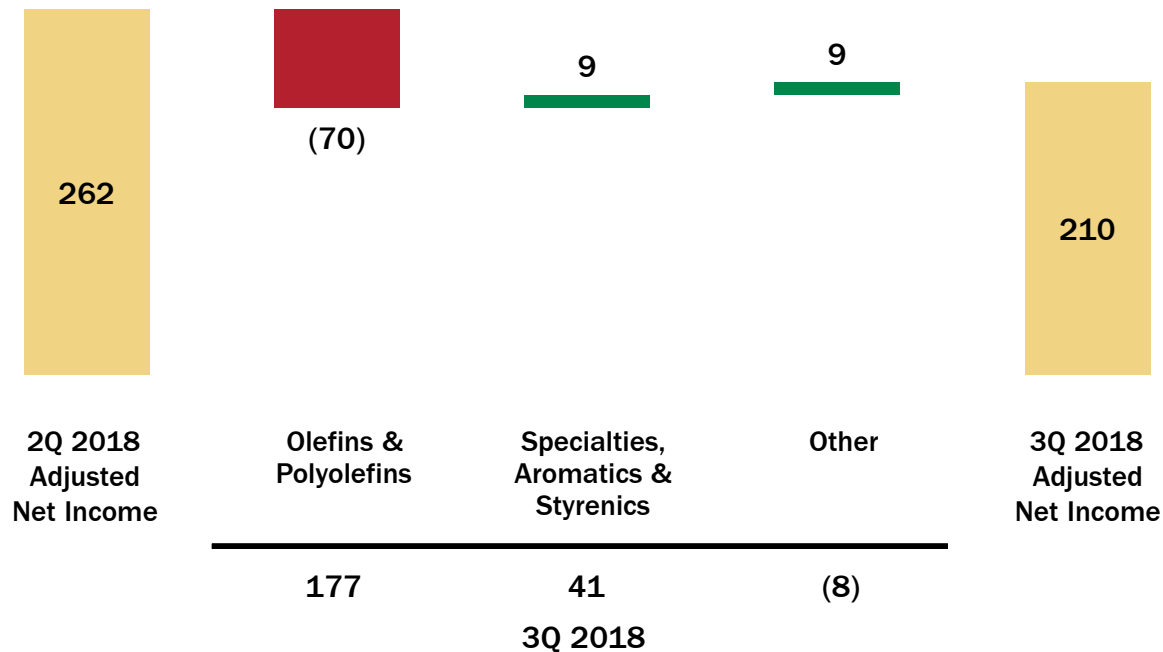
91% O&P capacity utilization

Strong polyethylene volumes

Higher ethane prices reduced O&P margins

Continued strong cash distributions

\$MM



REFINING

3Q 2018

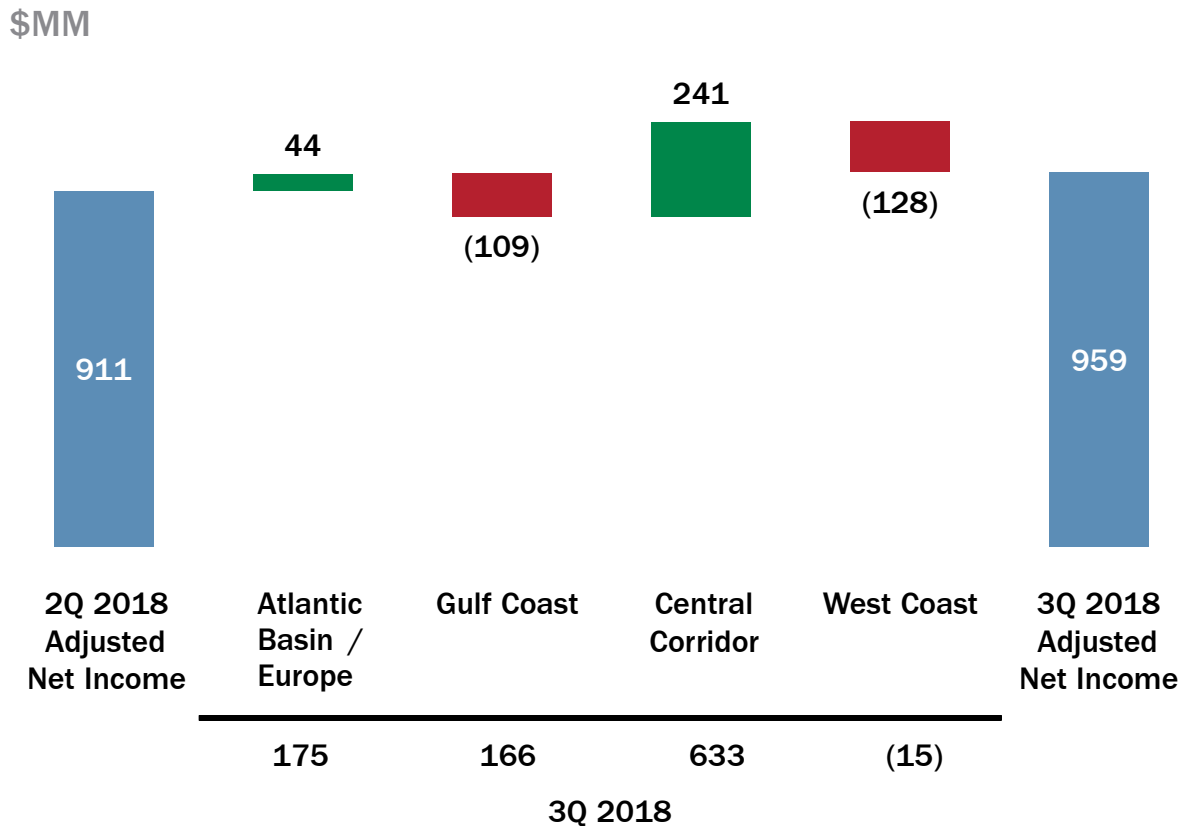


93% crude utilization

84% clean product yield

\$13.36/BBL realized margin

\$55 MM pre-tax turnaround costs



REFINING MARGINS – MARKET VS. REALIZED

3Q 2018



WORLDWIDE REFINING \$/BBL



Avg Market Crude: \$73.70/BBL

94% Market Capture

MARKETING AND SPECIALTIES

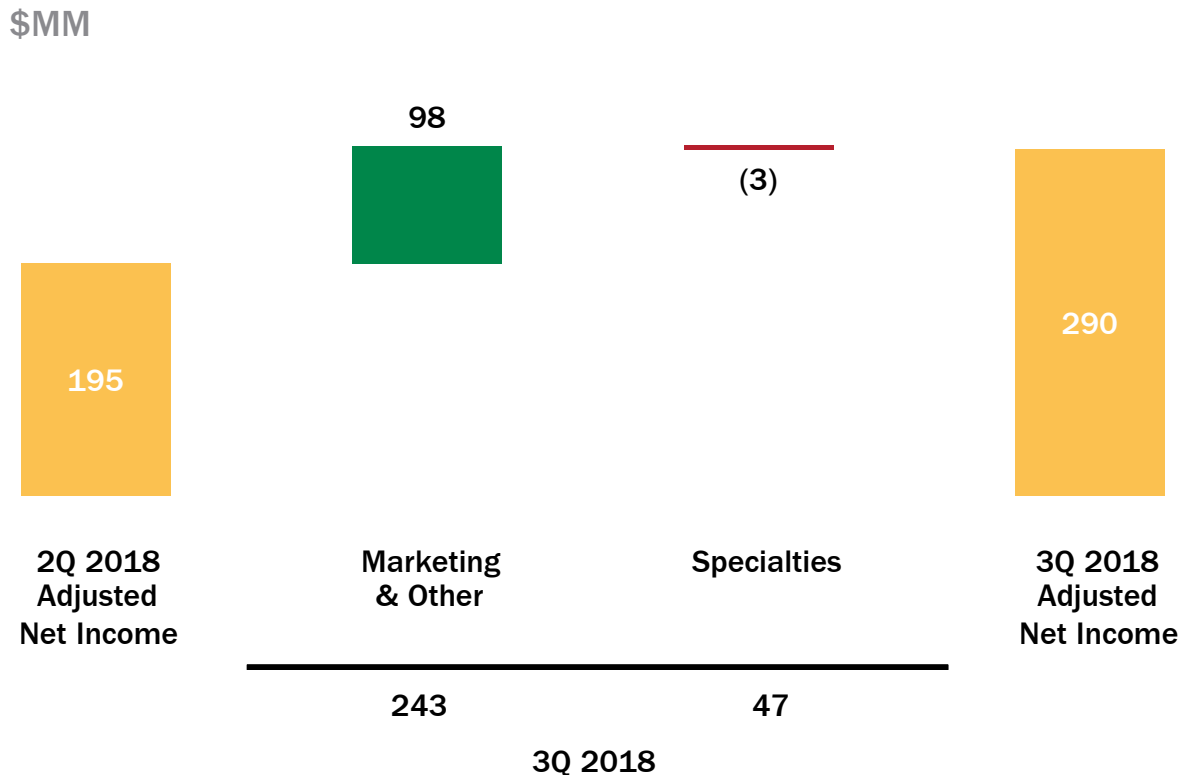
3Q 2018



U.S. branded marketing volumes increased 2% compared with 2Q

Re-imaged 384 marketing sites

Refined products exports of 190,000 BPD



CORPORATE AND OTHER

3Q 2018



\$MM

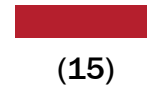
2Q 2018
Adjusted
Net Loss



Net Interest
Expense



Corporate
Overhead
& Other



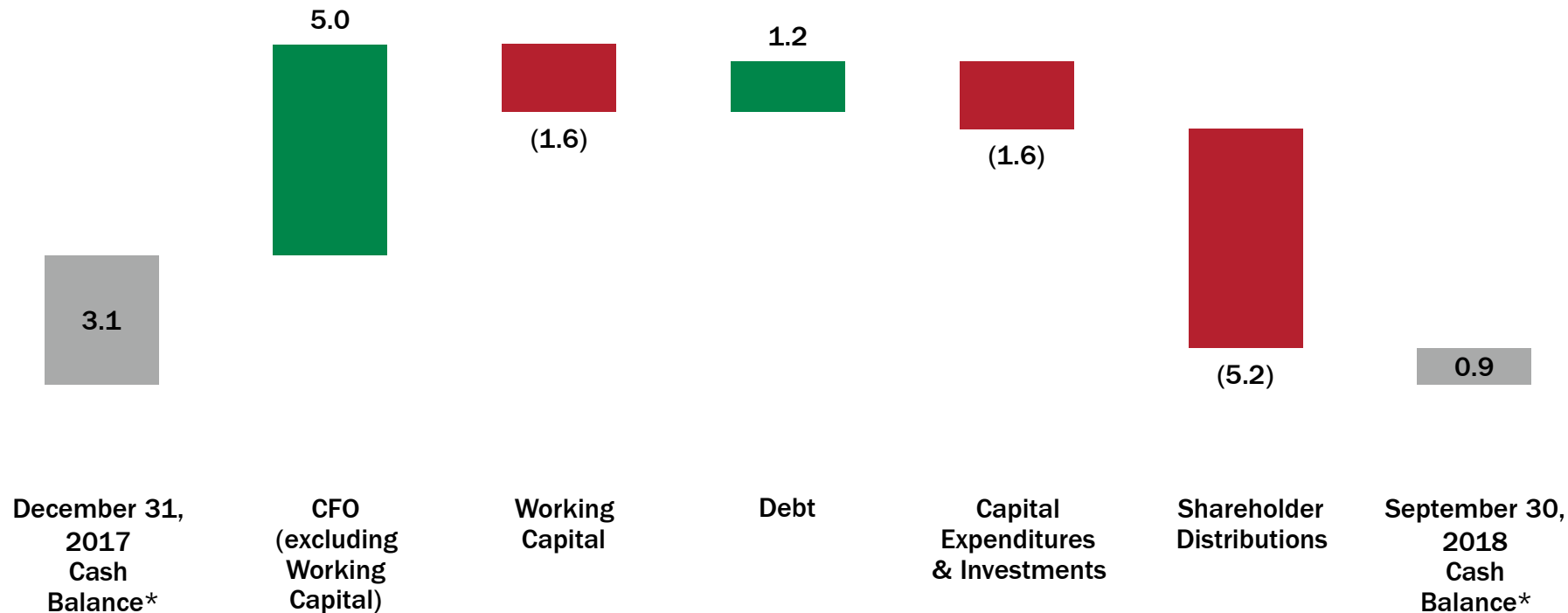
3Q 2018
Adjusted
Net Loss



CASH FLOW YTD 2018



\$B



* Includes cash and cash equivalents

OUTLOOK

4Q 2018



Global Olefins & Polyolefins utilization

Mid-90%

Refining crude utilization

Mid-90%

Refining turnaround expenses (pre-tax)

\$110 MM - \$130 MM

Corporate & Other costs (after-tax)

\$170 MM - \$190 MM





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Questions and Answers



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Appendix

ESTIMATED SENSITIVITIES

2018

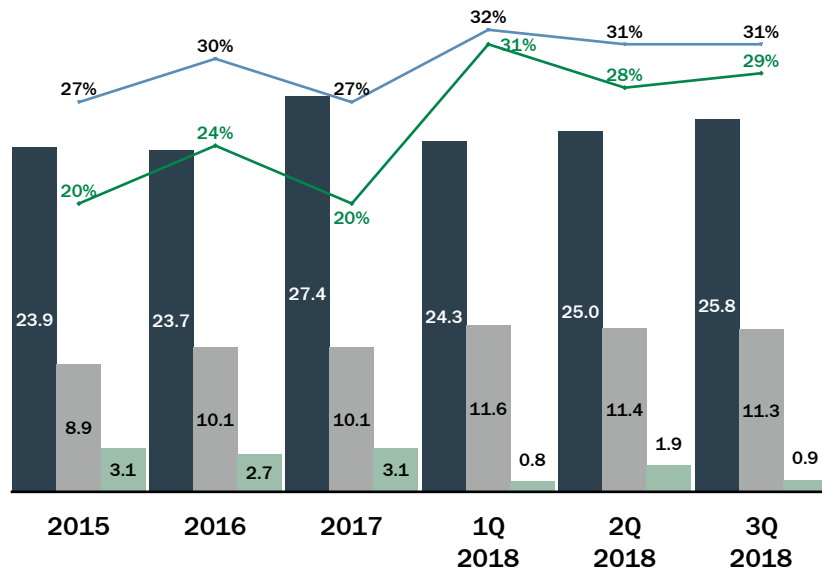


	Annual Net Income \$MM
Midstream - DCP (net to Phillips 66)	
10¢/Gal Increase in NGL price	5
10¢/MMBtu Increase in Natural Gas price	1
\$1/BBL Increase in WTI price	1
Chemicals - CPChem (net to Phillips 66)	
1¢/Lb Increase in Chain Margin (Ethylene, Polyethylene, NAO)	45
Worldwide Refining	
\$1/BBL Increase in Gasoline Margin	260
\$1/BBL Increase in Distillate Margin	230
Impacts due to Actual Crude Feedstock Differing from Feedstock Assumed in Market Indicators:	
\$1/BBL Widening WTI / WCS Differential (WTI less WCS)	50
\$1/BBL Widening LLS / Maya Differential	40
\$1/BBL Widening LLS / Medium Sour Differential	30
\$1/BBL Widening LLS / WCS Differential	25
\$1/BBL Widening WTI / WTS Differential	15
\$1/BBL Widening LLS / WTI Differential	10
\$1/BBL Widening ANS / WTI Differential	10
10¢/MMBtu Increase in Natural Gas price	(15)
1.0% Increase in Clean Product Yield	140

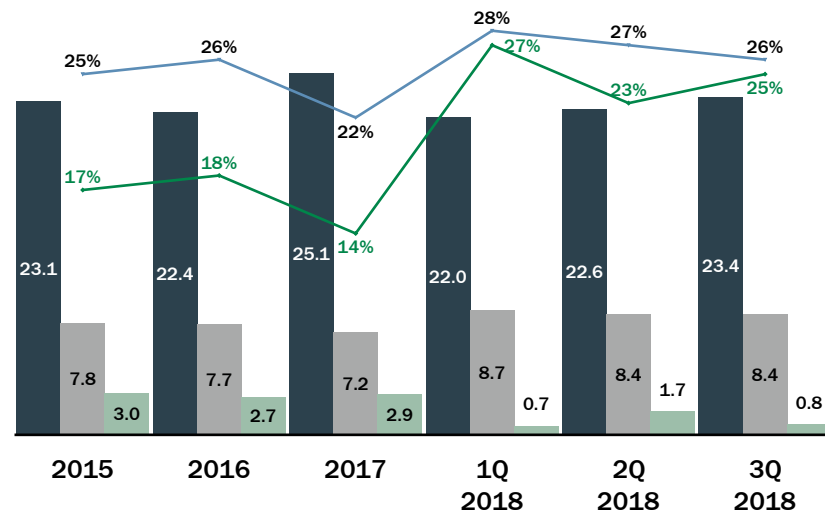
CAPITAL STRUCTURE 2015 – 2018



Consolidated PSX



Excluding PSXP



Equity \$B
 Debt \$B
 Cash & Cash Equivalents \$B
 Debt-to-Capital
 Net-Debt-to-Capital

REFINING MARGINS – MARKET VS. REALIZED

3Q 2018



ATLANTIC BASIN / EUROPE \$/BBL

Brent: \$75.27/BBL

87% Crude Capacity Utilization

83% Market Capture



Market 3:2:1 – Dated Brent / Gasoline 83.7 RBOB NYH / Diesel 15ppm NYH

REFINING MARGINS – MARKET VS. REALIZED

3Q 2018



GULF COAST \$/BBL

LLS: \$74.31/BBL

87% Crude Capacity Utilization

83% Market Capture



Market 3:2:1 – LLS / Gasoline 85 CBOB / Diesel 62 10ppm

REFINING MARGINS – MARKET VS. REALIZED

3Q 2018



CENTRAL CORRIDOR \$/BBL

WTI: \$69.71/BBL

108% Crude Capacity Utilization

126% Market Capture



Market 3:2:1 – WTI / Gasoline Unl Sub Octane Group 3 / ULSD Group 3

REFINING MARGINS – MARKET VS. REALIZED

3Q 2018

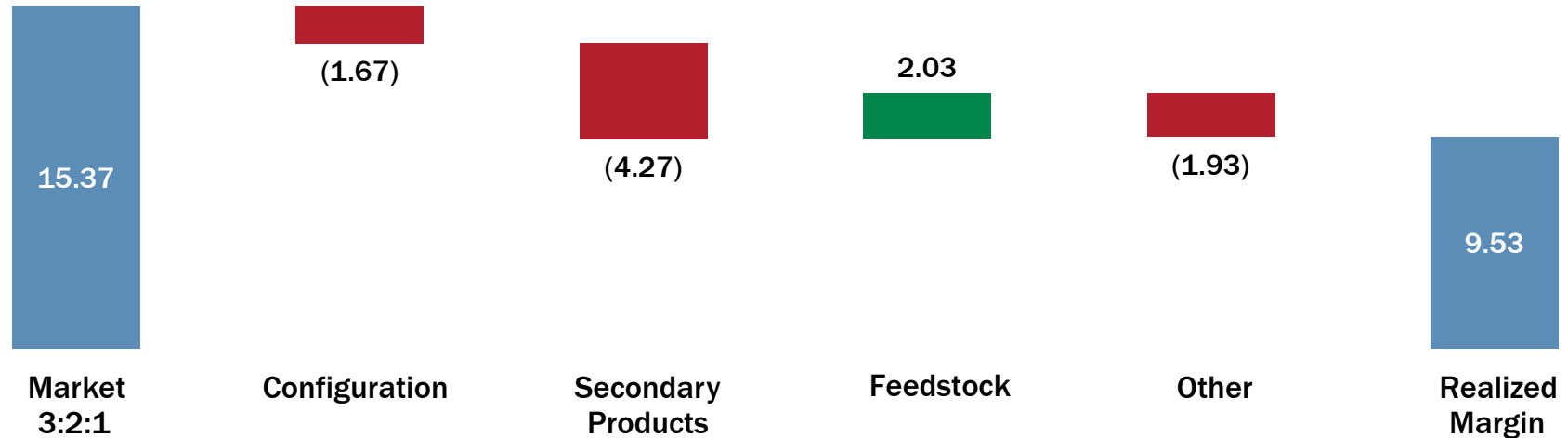


WEST COAST \$/BBL

ANS: \$75.55/BBL

97% Crude Capacity Utilization

62% Market Capture



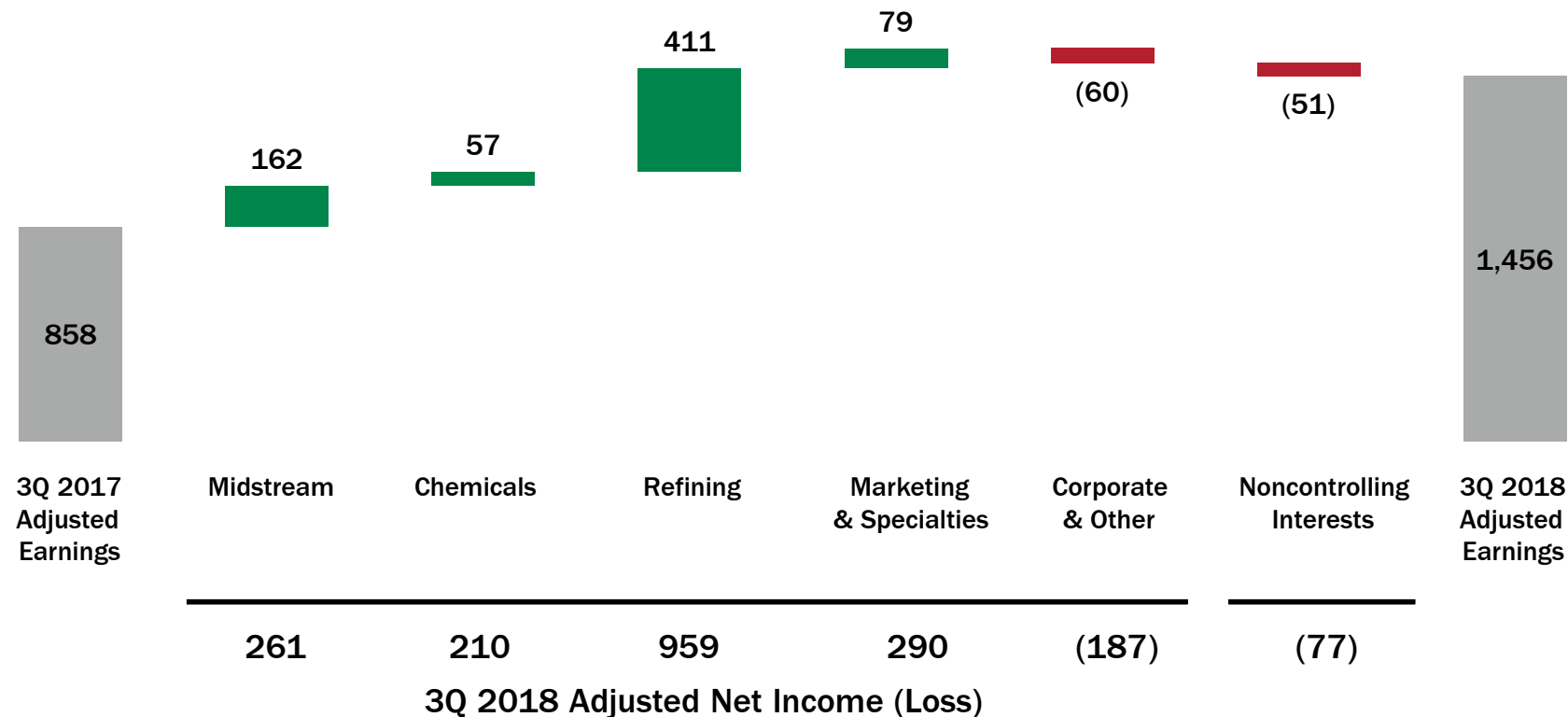
Market 3:2:1 – ANS / Los Angeles CARBOB / Los Angeles No. 2 CARB

ADJUSTED EARNINGS

3Q 2018 VS. 3Q 2017



\$MM

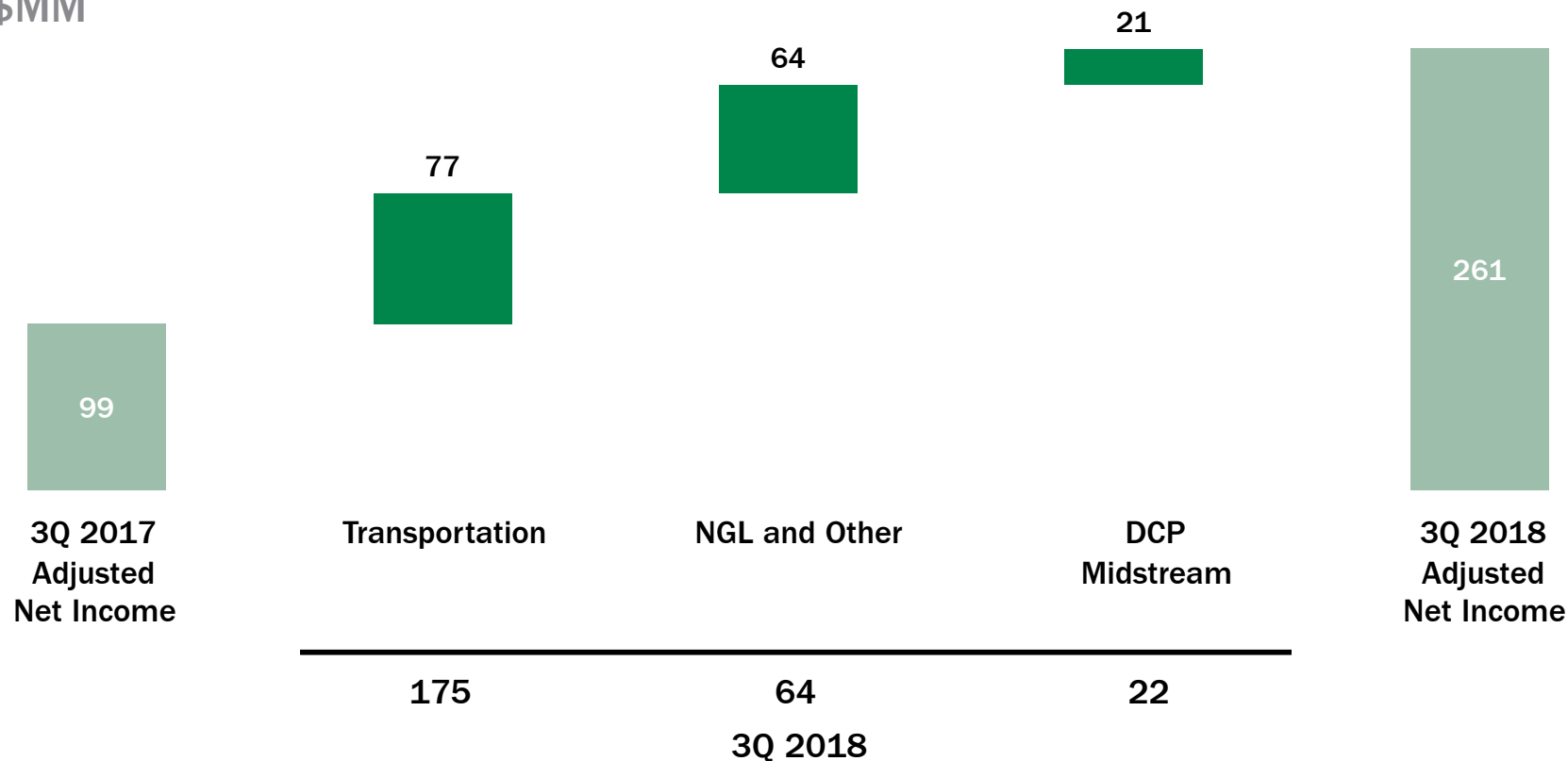


MIDSTREAM

3Q 2018 VS. 3Q 2017



\$MM

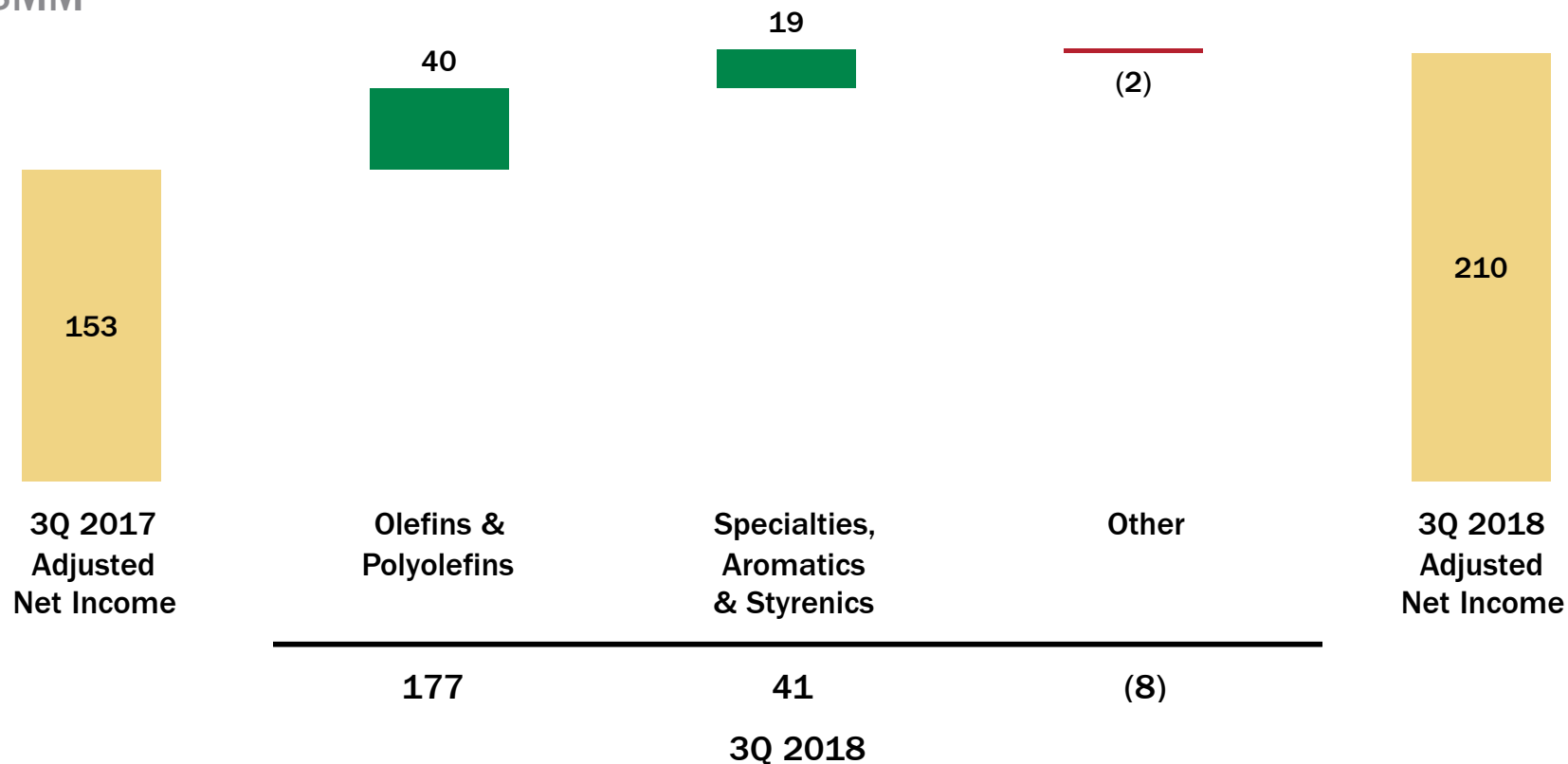


CHEMICALS

3Q 2018 VS. 3Q 2017



\$MM

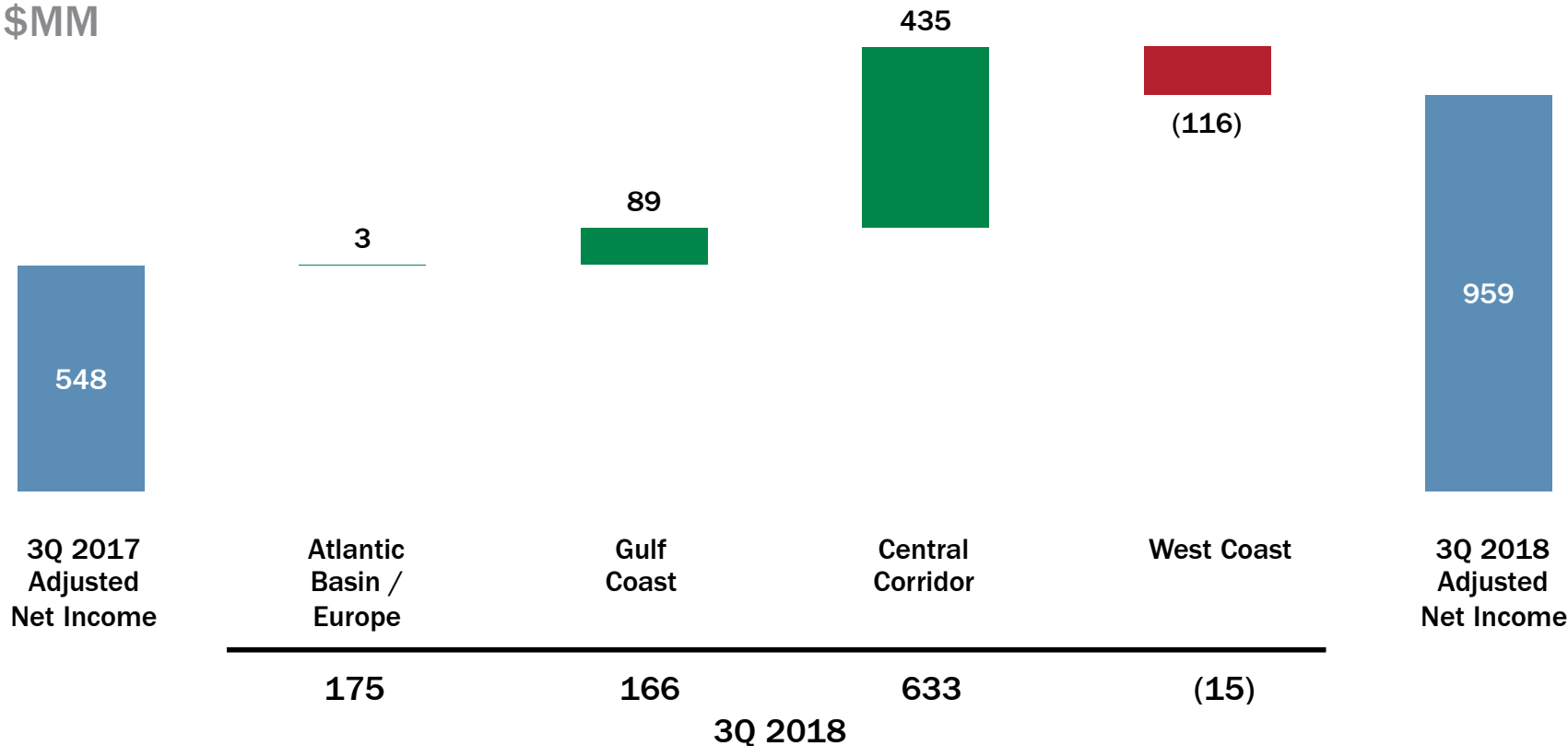


REFINING

3Q 2018 VS. 3Q 2017



\$MM

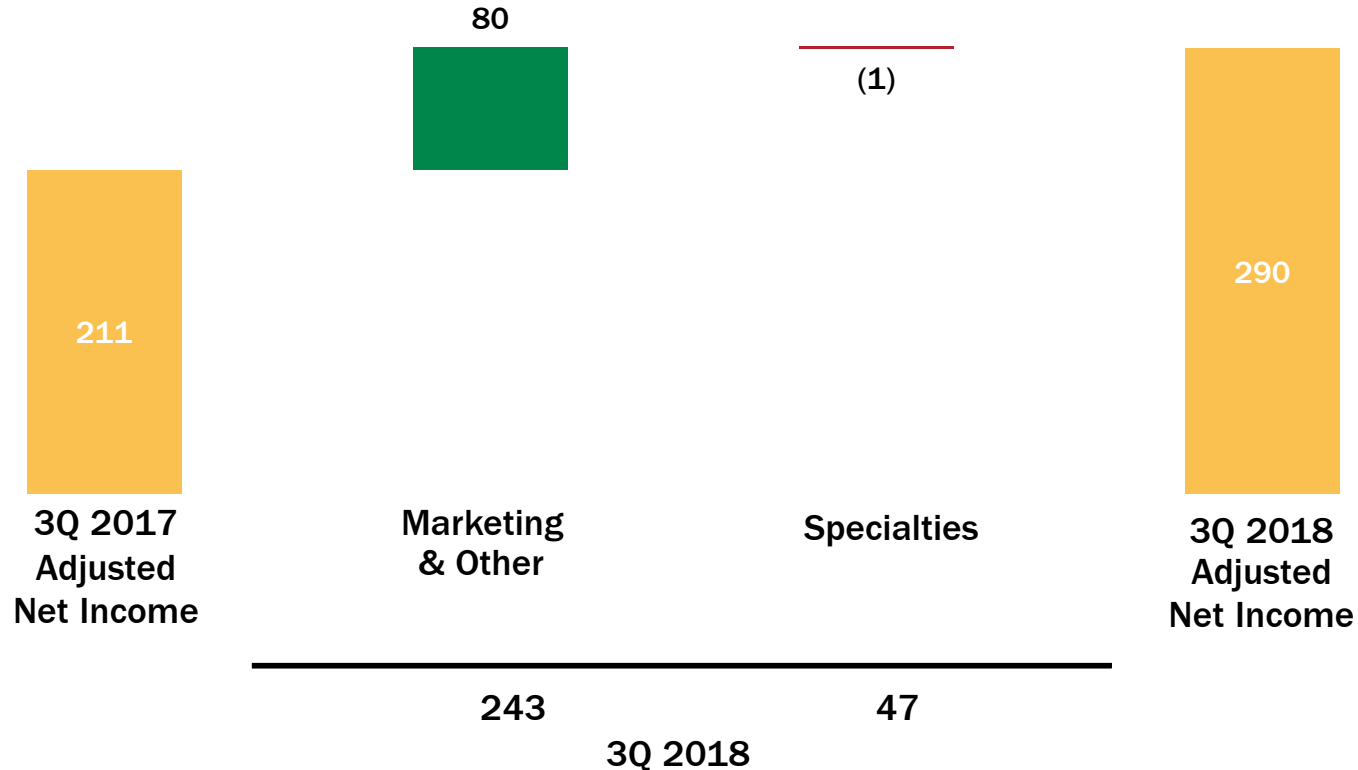


MARKETING AND SPECIALTIES

3Q 2018 VS. 3Q 2017



\$MM



CORPORATE AND OTHER

3Q 2018 VS. 3Q 2017



\$MM

3Q 2017
Adjusted
Net Loss



Net Interest
Expense



(21)

Corporate
Overhead
& Other



(39)

3Q 2018
Adjusted
Net Loss



NON-GAAP RECONCILIATIONS



	Millions of Dollars Except as Indicated				
	2018			2017	
	Sep YTD	3Q	2Q	Sep YTD	3Q
Phillips 66					
Consolidated Earnings	\$ 3,355	1,492	1,339	1,908	823
Pre-tax Adjustments:					
Pending claims and settlements	21	21	—	(60)	(36)
Pension settlement expense	49	49	—	76	21
Impairments by equity affiliates	—	—	—	33	—
Certain tax impacts	(115)	(45)	(55)	—	—
Gain on consolidation of business	—	—	—	(423)	—
Hurricane-related costs	—	—	—	70	70
Tax impact of adjustments *	11	(6)	14	117	(20)
U.S. tax reform	(32)	(49)	24	—	—
Other tax impacts	(5)	(5)	—	—	—
Noncontrolling interests	6	(1)	—	—	—
Adjusted Earnings	\$ 3,290	1,456	1,322	1,721	858
 Earnings Per Share of Common Stock (dollars) **	 \$ 7.03	 3.18	 2.84	 3.66	 1.60
Adjusted Earnings Per Share of Common Stock (dollars) **	\$ 6.89	3.10	2.80	3.30	1.66

* We generally tax effect taxable U.S.-based special items using a combined federal and state statutory income tax rate of approximately 25 percent beginning in 2018, and approximately 38 percent for periods prior to 2018. Taxable special items attributable to foreign locations likewise use a local statutory income tax rate. Nontaxable events reflect zero income tax. These events include, but are not limited to, most goodwill impairments, transactions legislatively exempt from income tax, transactions related to entities for which we have made an assertion that the undistributed earnings are permanently reinvested, or transactions occurring in jurisdictions with a valuation allowance.

** Weighted-average diluted shares outstanding and income allocated to participating securities, if applicable, in the adjusted earnings per share calculation are the same as those used in the GAAP diluted earnings per share calculation.

NON-GAAP RECONCILIATIONS



	Millions of Dollars Except as Indicated					
	2018			2017		
	Sep YTD	3Q	2Q	Sep YTD	3Q	
Midstream						
Net Income	\$ 675	240	202	325	117	
Pre-tax Adjustments:						
Pending claims and settlements	21	21	—	(37)	(37)	
Pension settlement expense	7	7	—	11	3	
Hurricane-related costs	—	—	—	4	4	
Tax impact of adjustments	(7)	(7)	—	9	12	
Adjusted Net Income	\$ 696	261	202	312	99	
Chemicals						
Net Income	\$ 704	210	262	498	121	
Pre-tax Adjustments:						
Impairments by equity affiliates	—	—	—	33	—	
Hurricane-related costs	—	—	—	53	53	
Tax impact of adjustments	—	—	—	(34)	(21)	
Adjusted Net Income	\$ 704	210	262	550	153	

NON-GAAP RECONCILIATIONS



	Millions of Dollars Except as Indicated				
	2018			2017	
	Sep YTD	3Q	2Q	Sep YTD	3Q
Refining					
Net Income	\$ 1,937	936	910	1,033	550
Pre-tax Adjustments:					
Pending claims and settlements	—	—	—	(51)	(30)
Gain on consolidation of business	—	—	—	(423)	—
Certain tax impacts	(2)	(1)	1	—	—
Pension settlement expense	32	32	—	48	13
Hurricane-related costs	—	—	—	12	12
Tax impact of adjustments	(8)	(8)	—	160	3
Adjusted Net Income	<u>\$ 1,959</u>	<u>959</u>	<u>911</u>	<u>779</u>	<u>548</u>
Marketing & Specialties					
Net Income	\$ 739	318	237	563	208
Pre-tax Adjustments:					
Pension settlement expense	6	6	—	10	3
Hurricane-related costs	—	—	—	1	1
Certain tax impacts	(113)	(44)	(56)	—	—
Tax impact of adjustments	27	10	14	(4)	(1)
Adjusted Net Income	<u>\$ 659</u>	<u>290</u>	<u>195</u>	<u>570</u>	<u>211</u>

NON-GAAP RECONCILIATIONS



	Millions of Dollars Except as Indicated				
	2018			2017	
	Sep YTD	3Q	2Q	Sep YTD	3Q
Corporate and Other					
Net Loss	\$ (498)	(136)	(207)	(426)	(147)
Pre-tax Adjustments:					
Pending claims and settlements	—	—	—	28	31
Pension settlement expense	4	4	—	7	2
Tax impact of adjustments	(1)	(1)	—	(14)	(13)
U.S. tax reform	(32)	(49)	24	—	—
Other tax impacts	(5)	(5)	—	—	—
Adjusted Net Loss	<u>\$ (532)</u>	<u>(187)</u>	<u>(183)</u>	<u>(405)</u>	<u>(127)</u>

NON-GAAP RECONCILIATIONS



	Millions of Dollars Except as Indicated				
	2018			2017	
	Sep YTD	3Q	2Q	Sep YTD	3Q
Midstream - Transportation					
Net Income	\$ 448	175	137	271	119
Pre-tax Adjustments:					
Pending claims and settlements	—	—	—	(37)	(37)
Hurricane-related costs	—	—	—	3	3
Tax impact of adjustments	—	—	—	13	13
Adjusted Net Income	<u>\$ 448</u>	<u>175</u>	<u>137</u>	<u>250</u>	<u>98</u>
Midstream - NGL and Other					
Net Income	\$ 166	43	50	23	(3)
Pre-tax Adjustments:					
Pending claims and settlements	21	21	—	—	—
Pension settlement expense	7	7	—	11	3
Hurricane-related costs	—	—	—	1	1
Tax impact of adjustments	(7)	(7)	—	(4)	(1)
Adjusted Net Income	<u>\$ 187</u>	<u>64</u>	<u>50</u>	<u>31</u>	<u>—</u>
Midstream - DCP Midstream					
Net Income	\$ 61	22	15	31	1
Pre-tax Adjustments:					
Tax impact of adjustments	—	—	—	—	—
Adjusted Net Income	<u>\$ 61</u>	<u>22</u>	<u>15</u>	<u>31</u>	<u>1</u>

NON-GAAP RECONCILIATIONS



	Millions of Dollars Except as Indicated				
	2018			2017	
	Sep YTD	3Q	2Q	Sep YTD	3Q
Refining - Atlantic Basin / Europe					
Net Income	\$ 228	170	131	228	171
Pre-tax Adjustments:					
Pending claims and settlements	—	—	—	(7)	(2)
Certain tax impacts	(1)	(1)	—	—	—
Pension settlement expense	8	8	—	13	4
Tax impact of adjustments	(2)	(2)	—	(3)	(1)
Adjusted Net Income	\$ 233	175	131	231	172
Refining - Gulf Coast					
Net Income	\$ 434	158	275	448	67
Pre-tax Adjustments:					
Pending claims and settlements	—	—	—	(9)	(2)
Gain on consolidation of business	—	—	—	(423)	—
Pension settlement expense	11	11	—	16	4
Hurricane-related costs	—	—	—	12	12
Tax impact of adjustments	(3)	(3)	—	156	(4)
Adjusted Net Income	\$ 442	166	275	200	77

NON-GAAP RECONCILIATIONS



	Millions of Dollars Except as Indicated					
	2018			2017		
	Sep YTD	3Q	2Q	Sep YTD	3Q	
Refining - Central Corridor						
Net Income	\$ 1,222	627	392	286	197	
Pre-tax Adjustments:						
Pending claims and settlements	—	—	—	(7)	(2)	
Pension settlement expense	7	7	—	11	3	
Tax impact of adjustments	(1)	(1)	—	(1)	—	
Adjusted Net Income	<u>\$ 1,228</u>	<u>633</u>	<u>392</u>	<u>289</u>	<u>198</u>	
Refining - West Coast						
Net Income (Loss)	\$ 53	(19)	112	71	115	
Pre-tax Adjustments:						
Pending claims and settlements	—	—	—	(28)	(24)	
Certain tax impacts	(1)	—	1	—	—	
Pension settlement expense	6	6	—	8	2	
Tax impact of adjustments	(2)	(2)	—	8	8	
Adjusted Net Income (Loss)	<u>\$ 56</u>	<u>(15)</u>	<u>113</u>	<u>59</u>	<u>101</u>	

NON-GAAP RECONCILIATIONS



	Millions of Dollars Except as Indicated				
	2018			2017	
	Sep YTD	3Q	2Q	Sep YTD	3Q
Marketing & Specialties - Marketing & Other					
Net Income	\$ 597	271	187	465	160
Pre-tax Adjustments:					
Certain tax impacts	(113)	(44)	(56)	—	—
Pension settlement expense	6	6	—	10	3
Hurricane-related costs	—	—	—	1	1
Tax impact of adjustments	27	10	14	(4)	(1)
Adjusted Net Income	<u>\$ 517</u>	<u>243</u>	<u>145</u>	<u>472</u>	<u>163</u>
Marketing & Specialties - Specialties					
Net Income	\$ 142	47	50	98	48
Pre-tax Adjustments:					
Tax impact of adjustments	—	—	—	—	—
Adjusted Net Income	<u>\$ 142</u>	<u>47</u>	<u>50</u>	<u>98</u>	<u>48</u>

NON-GAAP RECONCILIATIONS



	Millions of Dollars				
	2018				
	3Q				
	Atlantic Basin/	Gulf Coast	Central Corridor	West Coast	Worldwide
Realized Refining Margins					
Net income (loss)	\$ 170	158	627	(19)	936
Plus:					
Income tax expense (benefit)	39	52	212	(7)	296
Taxes other than income taxes	13	23	10	26	72
Depreciation, amortization and impairments	50	69	34	60	213
Selling, general and administrative expenses	16	13	7	11	47
Operating expenses	217	317	124	264	922
Equity in (earnings) losses of affiliates	2	1	(300)	—	(297)
Other segment (income) expense, net	(3)	1	4	—	2
Proportional share of refining gross margins contributed by equity	16	—	472	—	488
Special items:					
Certain tax impacts	(1)	—	—	—	(1)
Realized refining margins	\$ 519	634	1,190	335	2,678
Total processed inputs (thousands of barrels)	45,233	69,745	26,778	35,132	176,888
Adjusted total processed inputs (thousands of barrels)*	45,233	69,745	50,410	35,132	200,520
Net income (dollars per barrel)**	\$ 3.76	2.27	23.41	(0.54)	5.29
Realized refining margins (dollars per barrel)***	\$ 11.48	9.09	23.61	9.53	13.36

* Adjusted total processed inputs include our proportional share of processed inputs of an equity affiliate.

** Net income divided by total processed inputs.

*** Realized refining margins per barrel, as presented, are calculated using the underlying realized refining margin amounts, in dollars, divided by adjusted total processed inputs, in barrels. As such, recalculated per barrel amounts using the rounded margins and barrels presented may differ from the presented per barrel amounts due to rounding.

NON-GAAP RECONCILIATIONS



2018 September YTD	Phillips 66
Numerator (\$MM)	
Net Income	\$ 3,557
After-tax interest expense	303
GAAP ROCE earnings	\$ 3,860
After-tax Special items	(71)
Adjusted ROCE earnings	\$ 3,789
Denominator (\$MM)	
GAAP average capital employed*	\$ 37,336
2018 Annualized GAAP ROCE	14%
2018 Annualized Adjusted ROCE	14%

* Capital employed is total equity plus total debt

NON-GAAP RECONCILIATIONS



	Millions of Dollars		
	2018		
	3Q		
	Phillips 66 Consolidated	Phillips 66 Partners *	Adjusted Phillips 66
Total Debt	\$ 11,337	2,922	8,415
Total Equity	25,795	2,440	23,355
Debt-to-Capital Ratio	31%		26%
Total Cash & Cash Equivalents	\$ 924	100	\$ 824
Net-Debt-to-Capital Ratio	29%		25%

* Phillips 66 Partners' third-party debt and Phillips 66's noncontrolling interest attributable to Phillips 66 Partners

NON-GAAP RECONCILIATIONS



Millions of Dollars		
2018		
3Q		
Growth	Sustaining	Total

Capital Expenditures and Investments

Midstream	\$	447	56	503
Refining		65	135	200
Marketing & Specialties		25	12	37
Corporate and Other		—	39	39
Total	\$	537	242	779

Millions of Dollars			
2018			
September YTD			
Growth	Sustaining		Total
\$	850	128	978
	165	360	525
	37	28	65
	4	73	77
\$	1,056	589	1,645

NON-GAAP RECONCILIATIONS



PSX Effective Tax Rate:

	Millions of Dollars	
	2018	
	3Q	
Effective Tax Rates		
Income before taxes	\$	1,975
Special items		25
Adjusted income before taxes	\$	2,000
Income tax expense	\$	407
Special items		60
Adjusted provision for taxes	\$	467
GAAP effective tax rate		20.6%
Adjusted effective tax rate		23.4%

PSXP Run-Rate EBITDA:

PSXP's run-rate EBITDA is a forecast of future EBITDA, and is based on the Partnership's projections of annual EBITDA inclusive of both currently owned assets and future potential acquisitions by the Partnership. Run-rate EBITDA is included to demonstrate the historical growth of the Partnership, as well as management's intention of future growth through acquisitions and organic projects. We are unable to present a reconciliation of run-rate EBITDA to net income, which is the nearest GAAP financial measure, because certain elements of net income, including interest, depreciation and taxes, were not used in the forecasts and are therefore not available. Together, these items generally result in run-rate EBITDA being significantly greater than net income.