

Providing Energy. Improving Lives.®

MARCH 2019

BANK OF AMERICA MERRILL LYNCH REFINING CONFERENCE

Robert A. Herman
Executive Vice President, Refining

CAUTIONARY STATEMENT

This presentation contains certain forward-looking statements. Words and phrases such as “is anticipated,” “is estimated,” “is expected,” “is planned,” “is scheduled,” “is targeted,” “believes,” “intends,” “objectives,” “projects,” “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 the operations of Phillips 66 and Phillips 66 Partners LP (including their respective joint venture operations) are based on management’s expectations, estimates and projections about these entities, their 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 can be found in filings that Phillips 66 and Phillips 66 Partners LP make with the Securities and Exchange Commission. Phillips 66 and Phillips 66 Partners LP are under no obligation (and expressly disclaim any such obligation) to update or alter these 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 the websites of Phillips 66 and Phillips 66 Partners LP.

DEMONSTRATED STRATEGY EXECUTION; 2017 – 2018 HIGHLIGHTS

OPERATING EXCELLENCE

- Industry leading safety
- Top-tier refining utilization

GROWTH

- $1.5+ B adjusted mid-cycle EBITDA from growth projects
- 31% increase in CPChem ethylene and polyethylene capacity
- 450 MBD growth in crude oil and NGL net pipeline capacity
- 8 MMB increase in net storage capacity at Beaumont Terminal and Clemens Caverns
- 45% expansion of export capability
- 30% five-year distribution CAGR achieved at PSXP

RETURNS

- Increased crude flexibility
- 25 MBD of additional clean product production
- ~2,600 reimaged U.S. branded sites since 2015

DISTRIBUTIONS

- $22.5 B total shareholder distributions since inception
- 30% initial shares outstanding repurchased or exchanged
- 27% dividend CAGR from September 2012

HIGH-PERFORMING ORGANIZATION

- Inclusive environment and diverse workforce
- Alignment with core values and company strategy



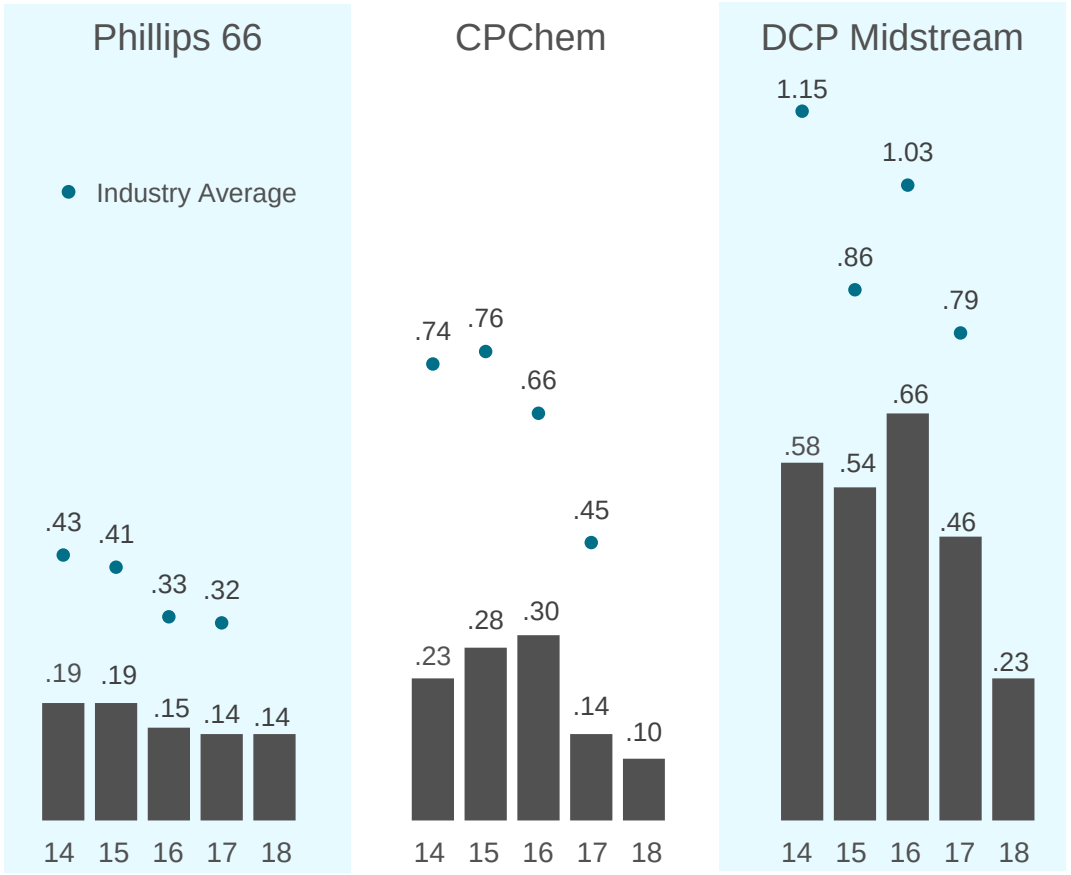
Vacuum Tower, Billings Refinery, Billings, MT

See appendix for footnotes

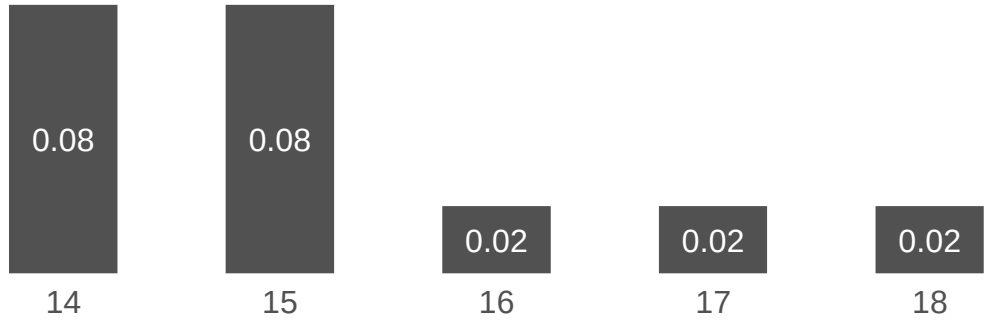
OPERATING EXCELLENCE

TOTAL RECORDABLE RATES

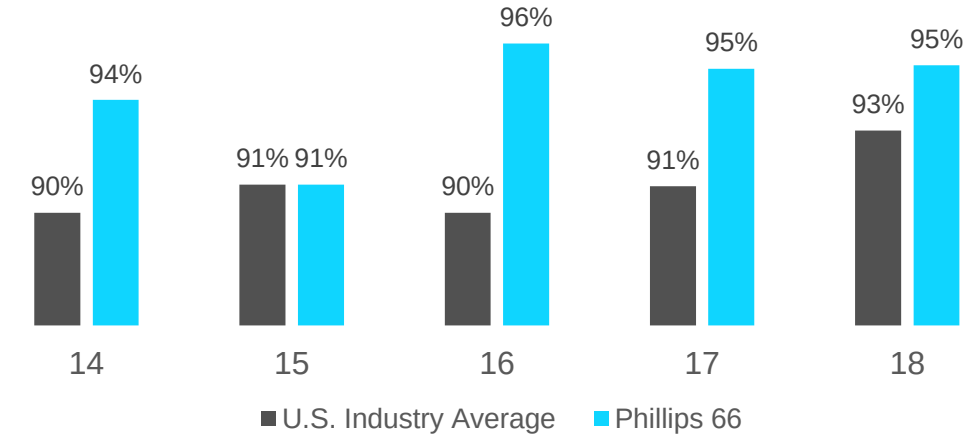
Incidents per 200,000 Hours Worked



REFINING TIER 1 PROCESS SAFETY EVENT RATE



REFINING CRUDE CAPACITY UTILIZATION



See appendix for footnotes

ENVIRONMENTAL, SOCIAL, GOVERNANCE

Board engaged in setting company ESG strategy

Independent lead director

Extensive ESG engagement

Industry leading safety performance

Low reportable environmental events

22% decline in emissions since 2012

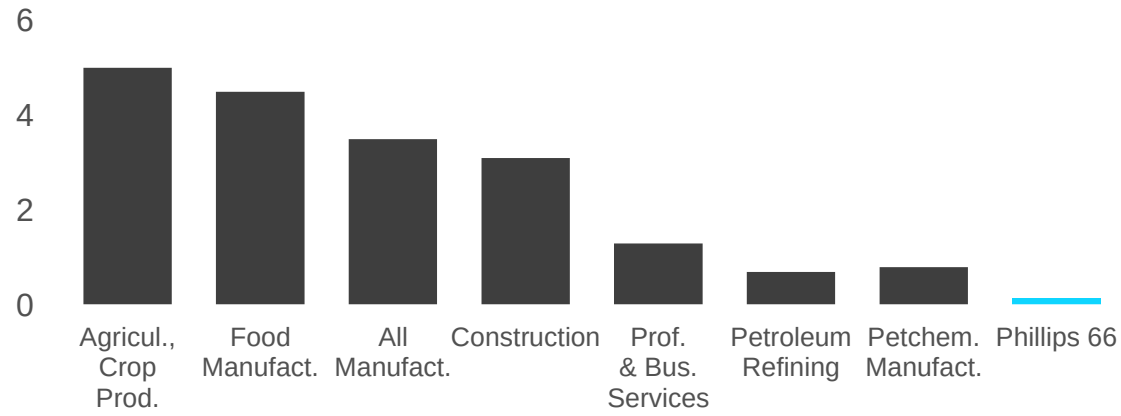
Investing in forward-looking research and development technology

Promoting inclusive and diverse workforce

Committed to corporate and local philanthropy

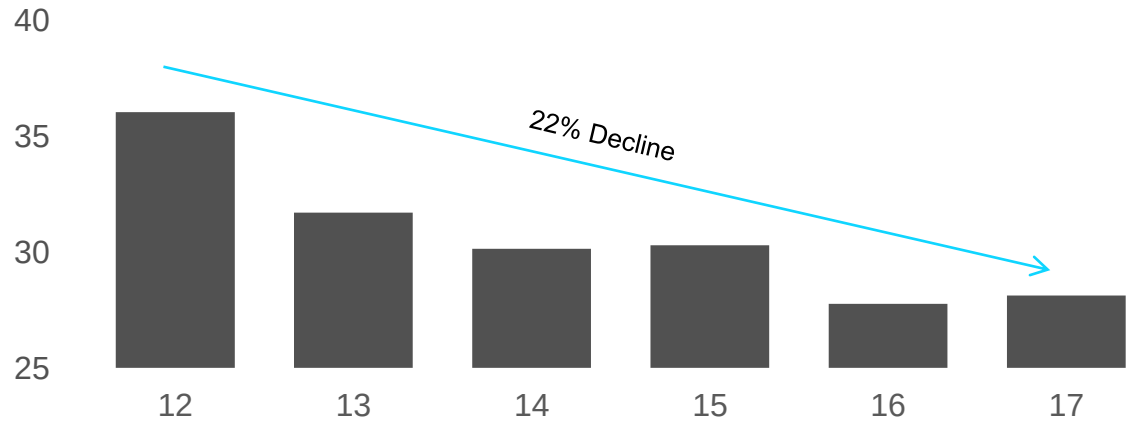
INDUSTRY SAFETY METRICS

Incidents per 200,000 hours worked



PHILLIPS 66 SOx, NOx, PM EMISSIONS / PROCESSED INPUTS

Tonnes per processed inputs (MB/year)



See appendix for footnotes

RENEWABLE FUELS

Project at Humber Refinery to process used cooking oil in the FCC unit

- 6 MBD; start-up in 2020

Long-term supply and offtake agreement with Ryze Renewables for two renewable diesel production facilities

- PSX will supply agriculture oils and animal fat feedstocks and market 11 MBD renewable diesel in West Coast markets

Proposed renewable diesel plant at Ferndale Refinery with Renewable Energy Group

- Feedstocks include waste fats, cooking oils and greases

- Expect FID in 2019; start-up in 2022



MIDSTREAM

Integrated with Refining, Marketing and Chemicals

Capital projects delivering EBITDA growth

PSXP integral to Midstream strategy

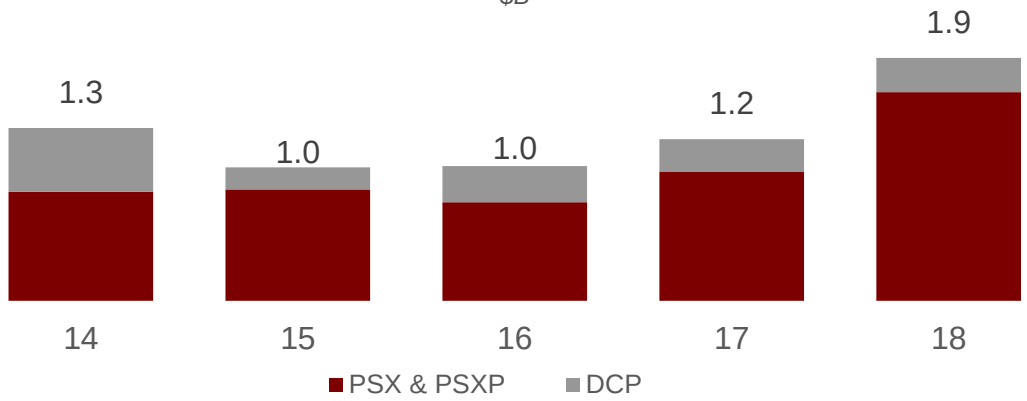
Crude and NGL pipelines from key shale basins to the Gulf Coast

Export capability from strategic Gulf Coast terminals

NGL value chain; integration with DCP Midstream and CPChem

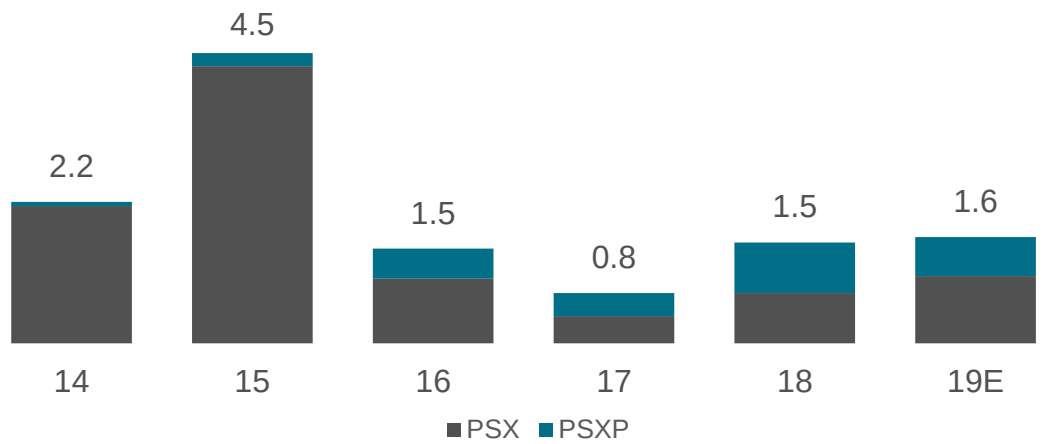
ADJUSTED EBITDA

$B



CAPITAL EXPENDITURES AND INVESTMENTS

$B



PHILLIPS 66 EXPORT CAPACITY[1]

MMBD

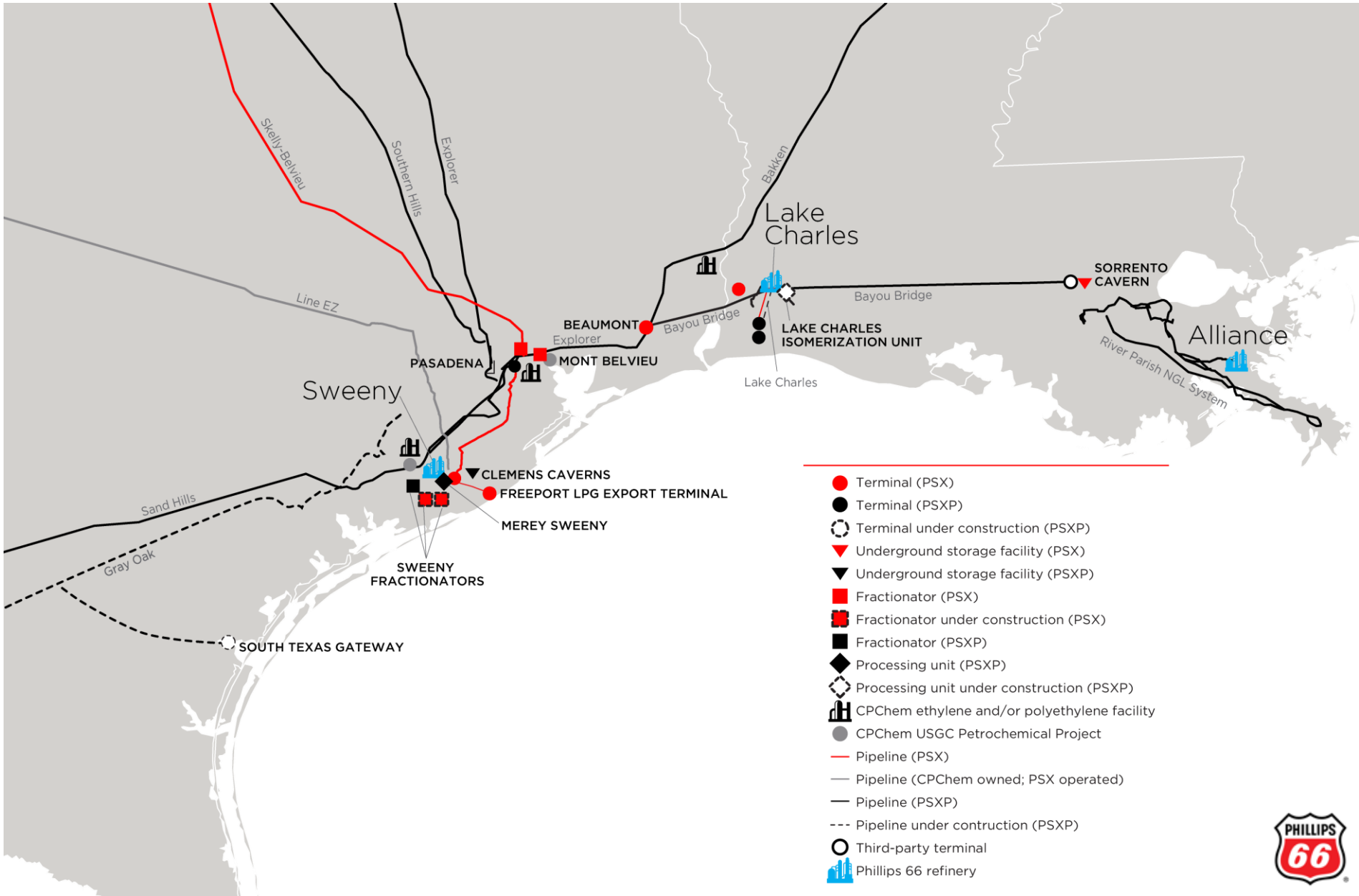


See appendix for footnotes

1) Export capacity as of December 31, 2018

MIDSTREAM GROWTH PROJECTS

- Gray Oak Pipeline
- Sweeny fractionators
- Clemens Caverns
- Beaumont Terminal
- South Texas Gateway Terminal
- Bakken Pipeline
- Sand Hills Pipeline
- Bayou Bridge Pipeline
- Lake Charles products pipeline
- Lake Charles isom unit



CHEMICALS

CPChem has a leading position in olefins and polyolefins with a feedstock advantaged portfolio

Operating excellence focus

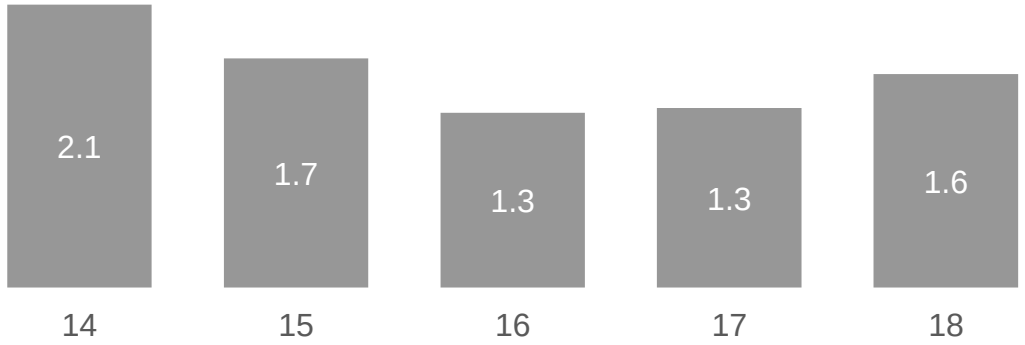
Strong free cash flow generation

USGC petrochemical assets operating above design capacity

Developing second USGC project for increased ethylene and derivative capacity; debottleneck opportunities

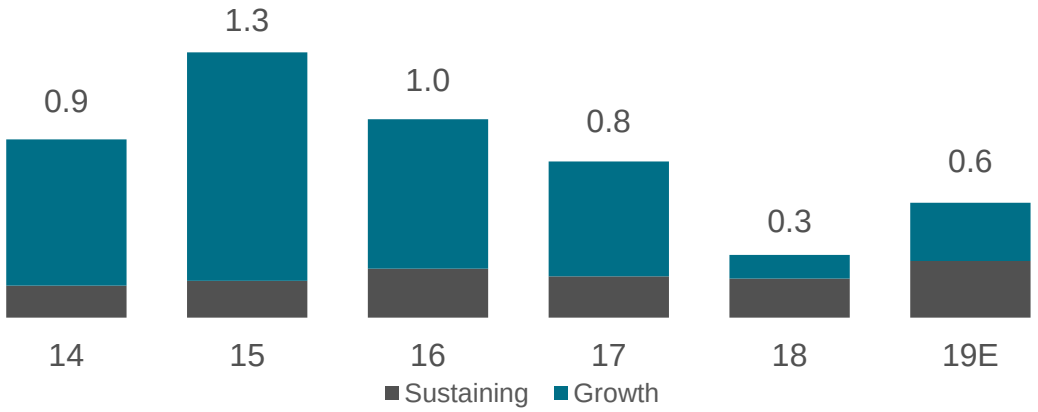
ADJUSTED EBITDA

$B



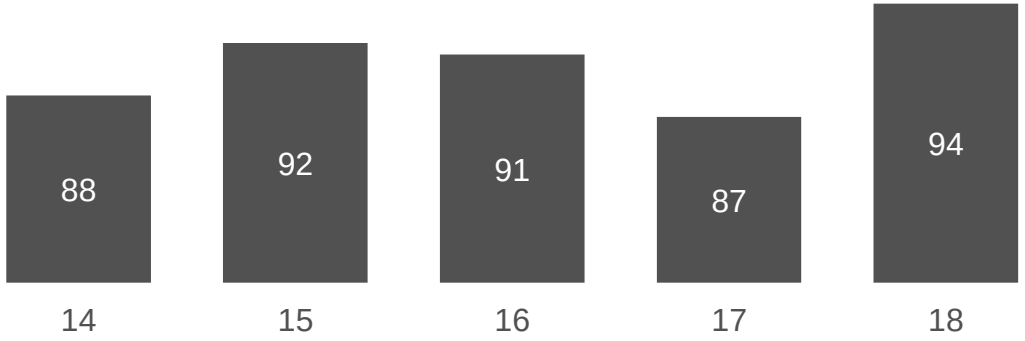
CAPITAL EXPENDITURES AND INVESTMENTS[1]

$B



CPCHEM O&P CAPACITY UTILIZATION

%



1) Represents Phillips 66's proportional share of CPChem's capital expenditures and investments

REFINING

Complex, integrated refining system focused on safe and reliable operations

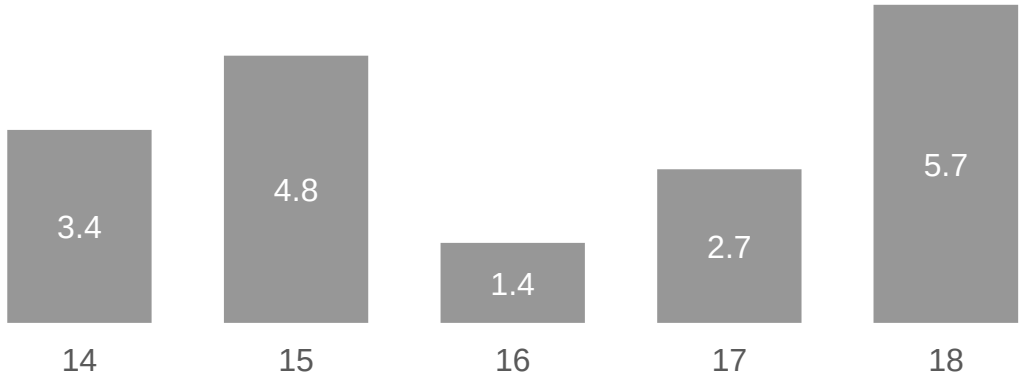
Infrastructure network enables strong market capture; access to advantaged inland crude feedstocks

Cost and capital discipline; robust free cash flow

Investing in high-return capital projects to improve clean product yield and run advantaged crude feedstock

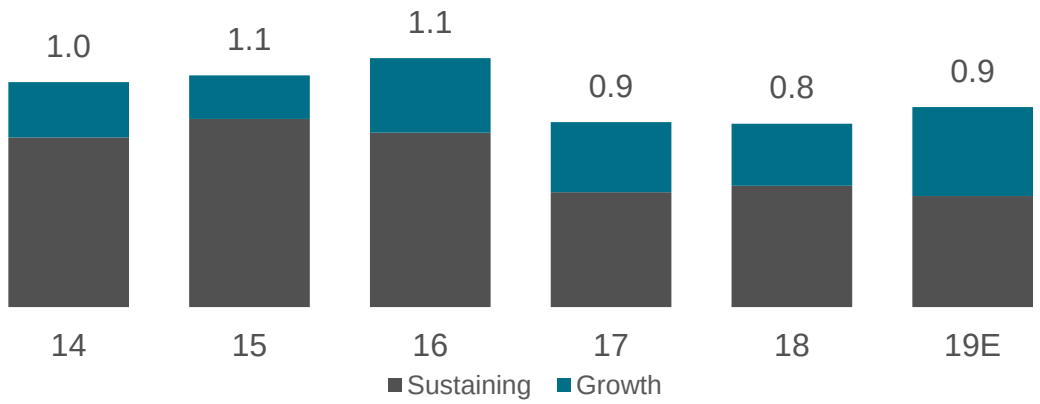
ADJUSTED EBITDA

$B



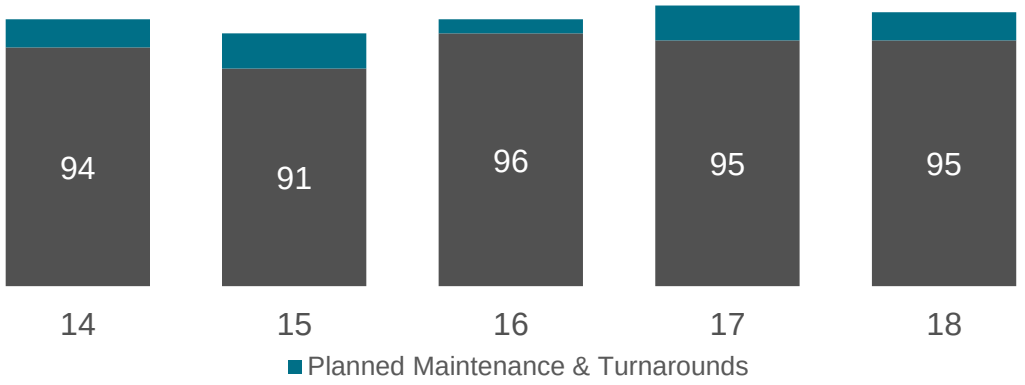
CAPITAL EXPENDITURES AND INVESTMENTS

$B



REFINING CAPACITY UTILIZATION

%



REFINING PORTFOLIO COMPETITIVENESS

Industry leading coking capacity and heavy crude processing capability

Largest purchaser of advantaged Canadian crude oils

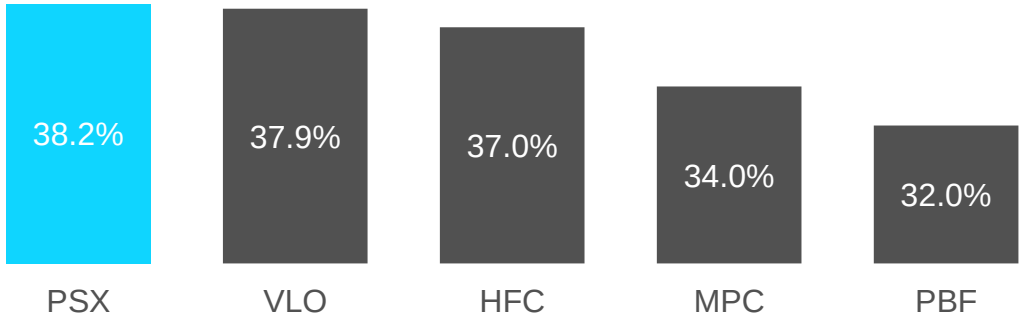
High distillate yield

Low yield of high sulfur fuel oil

Well positioned for IMO 2020 regulation

DISTILLATE PRODUCTION

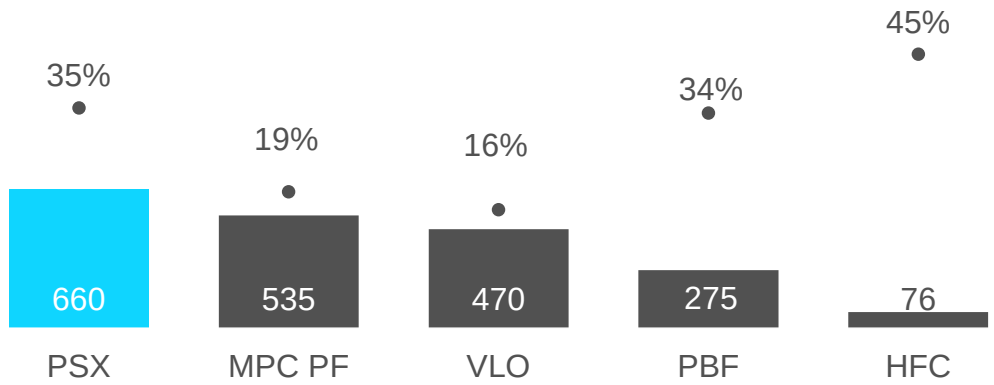
% TOTAL THROUGHPUT



Source: company disclosures. Calculated using distillate yield and total throughput for FY 2018.

HEAVY CRUDE PROCESSED

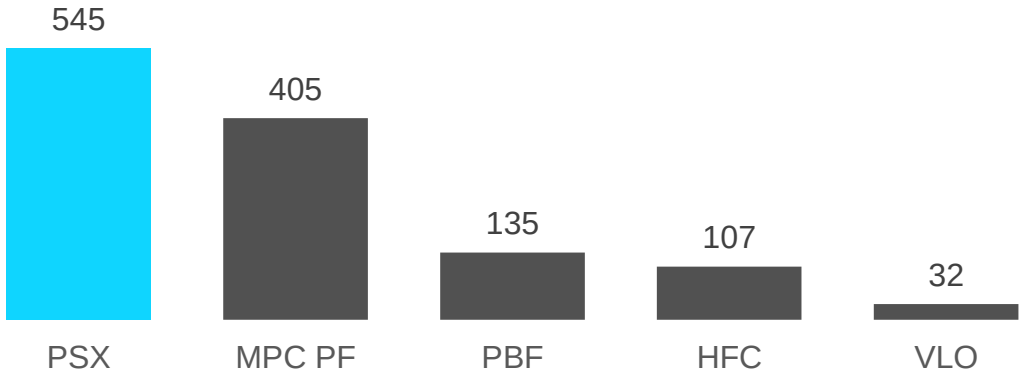
MBD AND AS % CDU



Source: 2018 Oil and Gas Journal and company disclosures. MPC PF reflects pro forma capacity with Andeavor acquisition

2018 AVERAGE CANADIAN IMPORTS

MBD



Source: E.I.A, through November 2018. MPC PF reflects pro forma capacity and production with Andeavor acquisition, including Western Refining.

MARKETING AND SPECIALTIES

High-return, low capital intensity business; optimize placement of Refining production

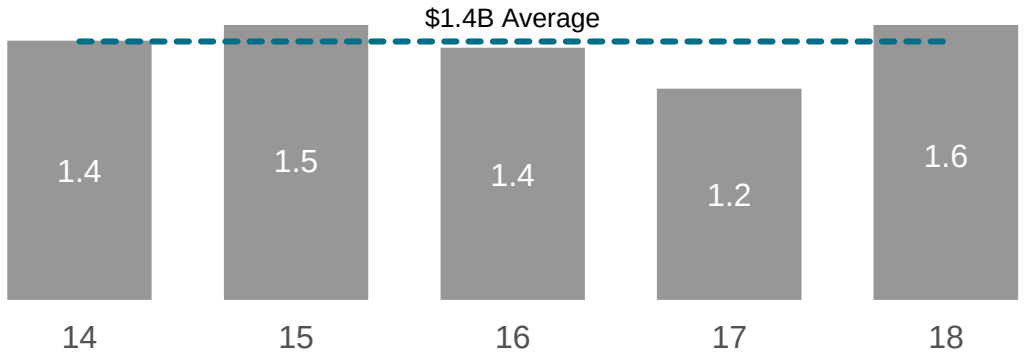
Enhancing US fuels brands; growing and reimage European sites

Pursuing renewable fuels opportunities

Lubricants increasing value through integration, optimization and product innovation

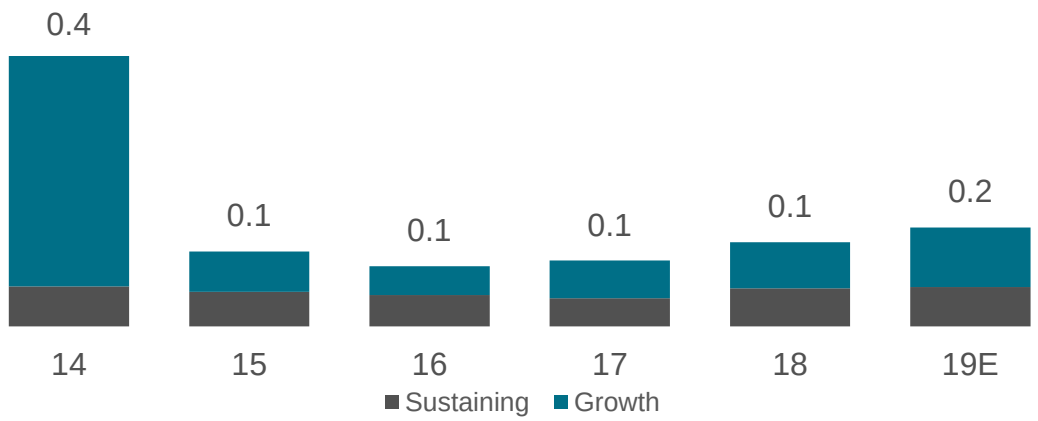
ADJUSTED EBITDA

$B

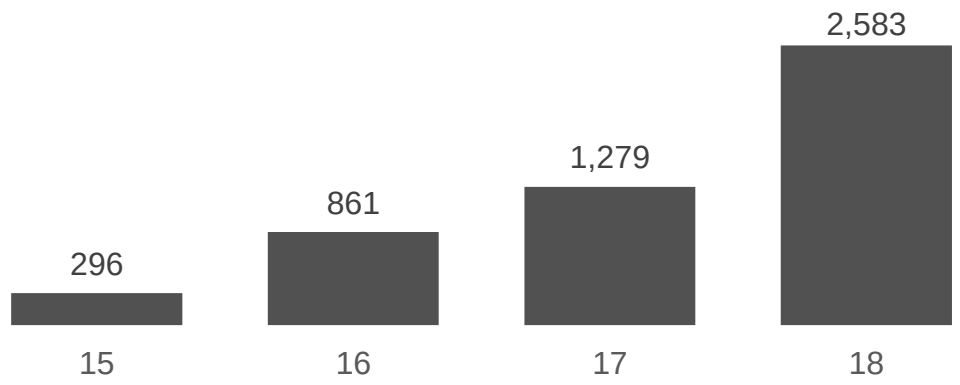


CAPITAL EXPENDITURES AND INVESTMENTS

$B



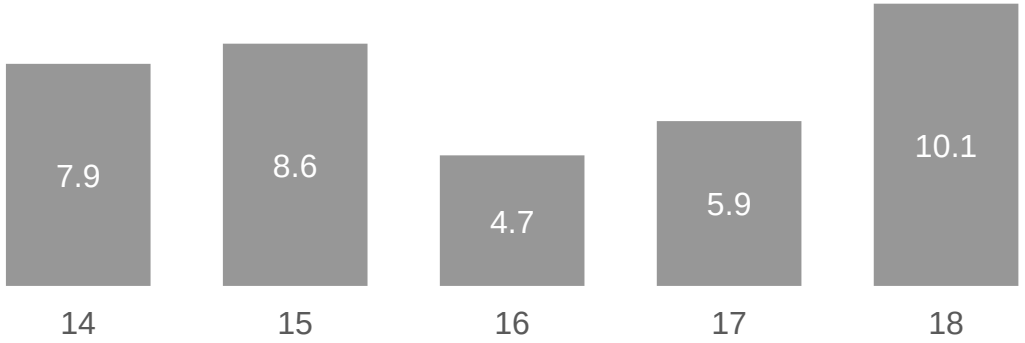
CUMULATIVE U.S. SITES REIMAGED



EARNINGS AND CAPITAL STRUCTURE

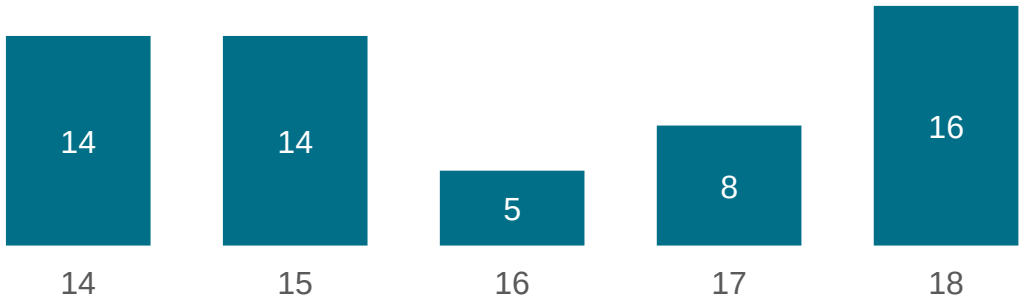
ADJUSTED EBITDA

$B

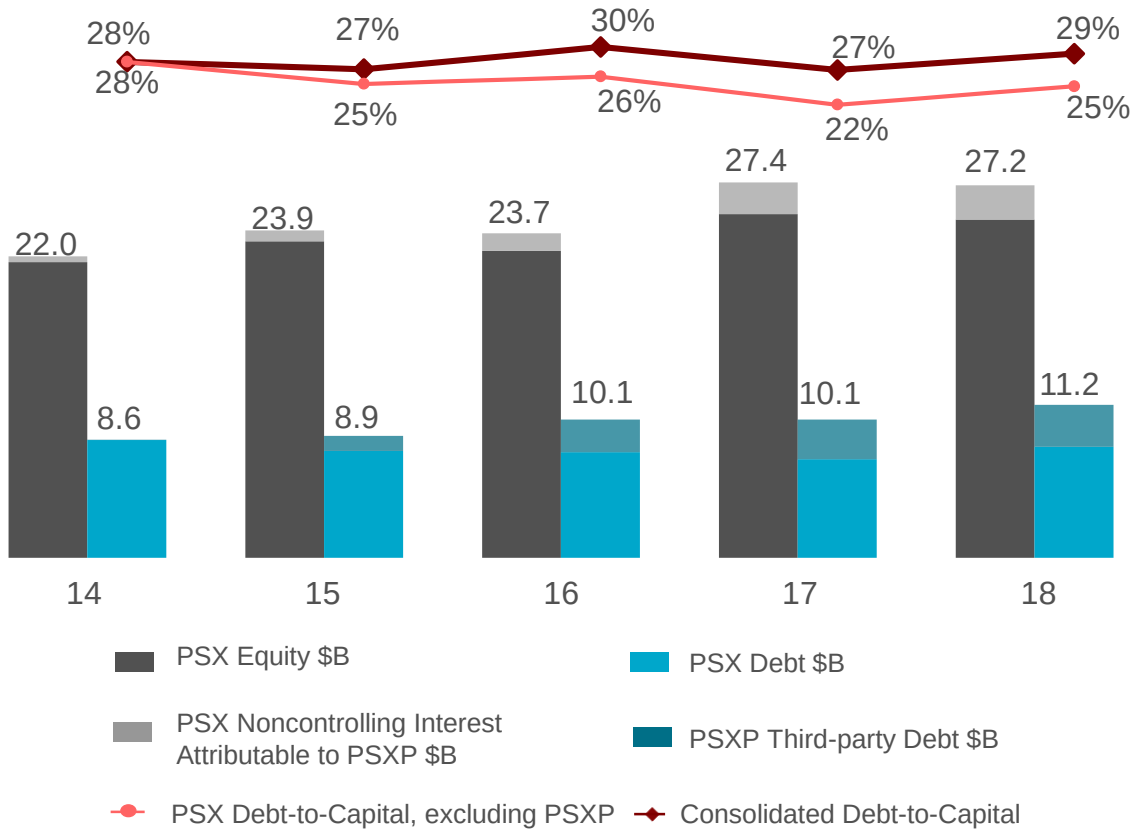


ADJUSTED RETURN ON CAPITAL EMPLOYED

% AFTER-TAX



EQUITY AND DEBT



CAPITAL ALLOCATION

Disciplined capital allocation

Fund sustaining capital to maintain asset integrity

Committed to a secure, competitive and growing dividend

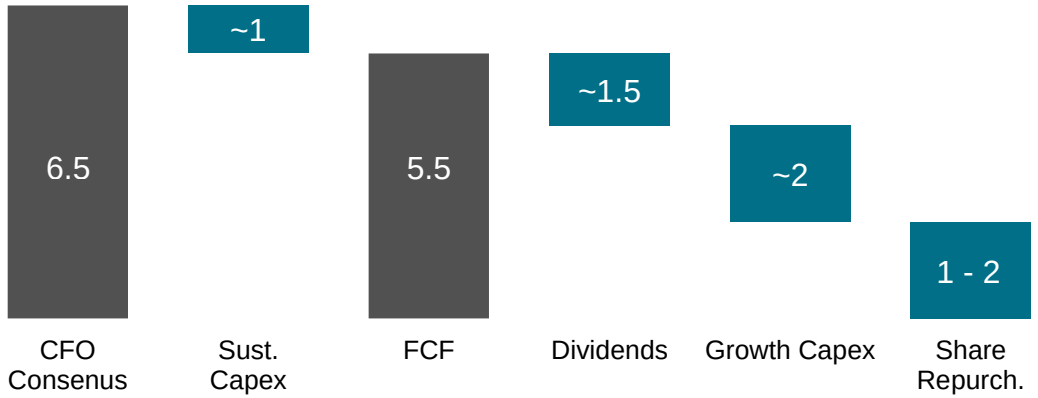
Investing in growth projects with attractive returns

Intrinsic value approach to share repurchases

Long-term: 60% reinvestment and 40% shareholder distributions

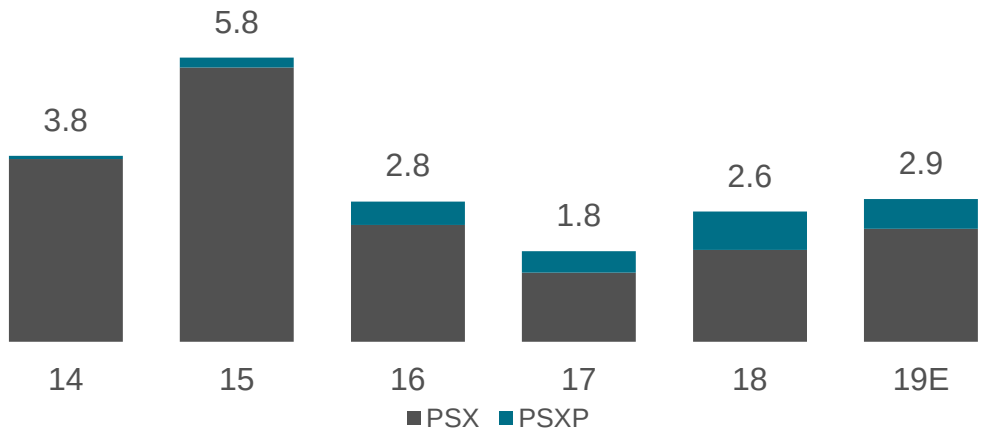
SOURCES AND USES OF CASH

$B



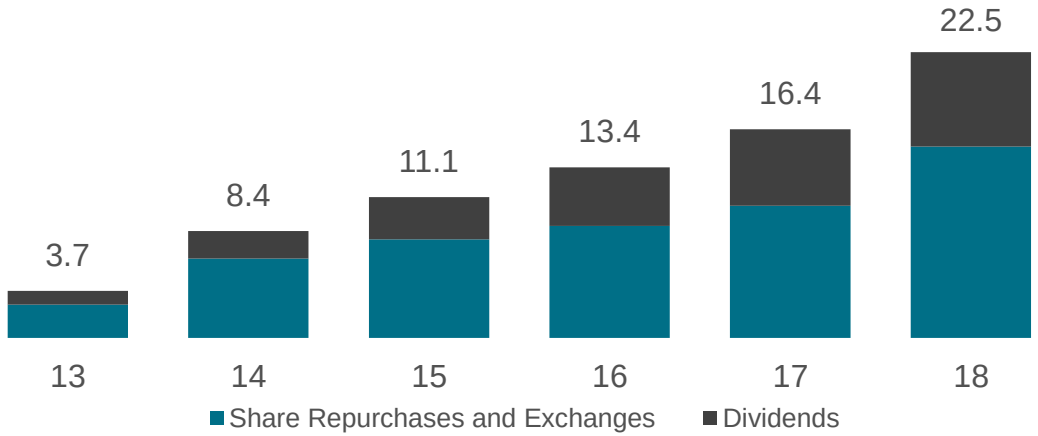
CAPITAL EXPENDITURES AND INVESTMENTS

$B



CUMULATIVE DISTRIBUTIONS

$B



2015 consolidated capital expenditures includes $1.5 B investment in DCP Midstream. See appendix for additional footnotes.

EXECUTING STRATEGY

OPERATING EXCELLENCE

Safe and reliable operations

Technology driven cost efficiencies

GROWTH

Pipelines from key shale basins to Gulf Coast

Crude export capability

NGL value chain – transportation, fractionation and exports

CPChem USGC ethylene and derivative capacity

CPChem debottleneck projects

RETURNS

Refinery yield projects and clean product export capability

Reimaging branded sites and growing European footprint

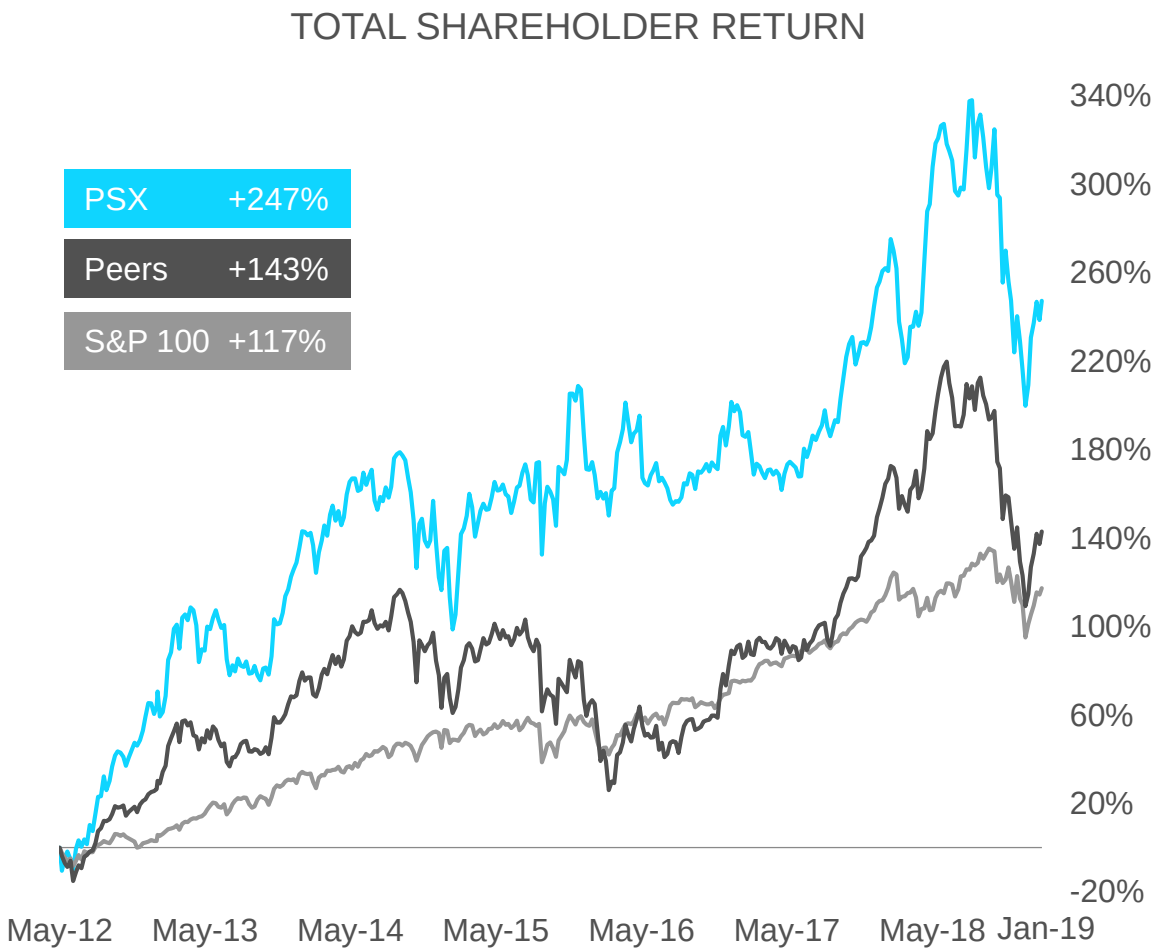
DISTRIBUTIONS

Secure, competitive and growing dividend

Commitment to share repurchases

HIGH-PERFORMING ORGANIZATION

Culture. Capability. Performance.



See appendix for footnotes



Freeport Clipper

APPENDIX

FOOTNOTES

Slide 3

Total share repurchases and exchanges include the PSPI share exchange in 2014. Dividend CAGR calculated from initial dividend of $0.20 per share in 3Q 2012 to last increase of $0.80 per share in 2Q 2018. $1.5 B reflects estimated mid-cycle run-rate adjusted EBITDA contributions from projects that came online in 2017 and 2018.

Slide 4

Industry averages are from: Phillips 66 – American Fuel & Petrochemical Manufacturers (AFPM) refining data, Chevron Phillips Chemical Company LLC (CPChem) – American Chemistry Council (ACC), DCP Midstream, LLC (DCP Midstream) – Gas Processors Association (GPA).

Industry capacity utilization through November 2018. Source: EIA.

Slide 5

Industry safety metrics as of 2017. Source: Bureau of Labor Statistics. Sulfur oxides (SOx), nitrous oxides (NOx) and particulate matter (PM).

Slide 7

PSXP 2019 Adjusted Capital Budget excludes $303 MM of growth capital expected to be cash funded by noncontrolling interests and reflects JV-level financing to fund a portion of the Gray Oak Pipeline construction. Capital expenditures are attributable to the Partnership and exclude predecessor capital spending.

Slide 14

Consensus cash from operations based on average of 2019 and 2020 consensus as of 1/23/2019.

PSXP 2019 Adjusted Capital Budget excludes $303 MM of growth capital expected to be cash funded by noncontrolling interests and reflects JV-level financing to fund a portion of the Gray Oak Pipeline construction. Capital expenditures are attributable to the Partnership and exclude predecessor capital spending.

2014 share repurchases/exchanges include the PSPI share exchange.

FOOTNOTES

Slide 15

Chart reflects total shareholder return May 1, 2012 to January 31, 2019. Dividends assumed to be reinvested in stock. Source: Bloomberg.

Peer average includes Delek US Holdings, Inc., HollyFrontier Corporation, Marathon Petroleum Corporation, PBF Energy Inc., Valero Energy Corporation, Enterprise Products Partners L.P., ONEOK, Inc., Targa Resources Corp., Celanese Corporation, Eastman Chemical Company, Huntsman Corporation, LyondellBasell Industries, and Westlake Chemical Corporation.

18

18 is as of December 31, 2018, or the twelve-month period ended December 31, 2018, as applicable; except as otherwise noted.

Forecasted and Estimated EBITDA and Maps

We are unable to present reconciliations of various forecasted and estimated EBITDA included in this presentation, because certain elements of net income, including interest, depreciation and income taxes, are not reasonably available. Together, these items generally result in EBITDA being significantly greater than net income.

Maps, images, and drawings are for informational purposes only and may not be to scale.

General

Information disclosed is as of December 31, 2018 unless otherwise noted.

NON-GAAP RECONCILIATION (SLIDE 7)

		Millions of Dollars				
		2014	2015	2016	2017	2018
Reconciliation of Midstream Pre-Tax Income to Adjusted EBITDA						
Midstream pre-tax income	$	851	147	402	638	1,181
Plus:						
Interest revenue		—	—	—	(1)	—
Depreciation and amortization		91	127	215	299	320
Midstream EBITDA		**942**	**274**	**617**	**936**	**1,501**
Special Item Adjustments (pre-tax):						
Pending claims and settlements		—	—	(45)	(37)	21
Impairments by equity affiliates		—	366	6	—	28
Hurricane-related costs		—	—	—	10	—
Lower-of-cost-or-market inventory adjustments		2	—	—	—	—
Asset disposition		—	(30)	—	—	—
Equity affiliate ownership restructuring		—	—	33	—	—
Pension settlement expense		—	9	—	12	9
Midstream EBITDA, Adjusted for Special Items		**944**	**619**	**611**	**921**	**1,559**
Other Adjustments (pre-tax):						
Proportional share of selected equity affiliates income taxes		3	(2)	2	1	1
Proportional share of selected equity affiliates net interest		165	176	170	121	131
Proportional share of selected equity affiliates depreciation and amortization		207	225	244	191	207
Midstream Adjusted EBITDA	**$**	**1,319**	**1,018**	**1,027**	**1,234**	**1,898**

NON-GAAP RECONCILIATION (SLIDE 9)

		Millions of Dollars				
		2014	2015	2016	2017	2018
Reconciliation of Chemicals Pre-Tax Income to Adjusted EBITDA						
Chemicals pre-tax income	$	1,632	1,315	839	716	1,025
Plus:						
None		—	—	—	—	—
Chemicals EBITDA		**1,632**	**1,315**	**839**	**716**	**1,025**
Special Item Adjustments (pre-tax):						
Impairments by equity affiliates		88	24	89	64	—
Hurricane-related costs		—	—	—	175	—
Lower-of-cost-or-market inventory adjustments		3	—	—	—	—
Chemicals EBITDA, Adjusted for Special Items		**1,723**	**1,339**	**928**	**955**	**1,025**
Other Adjustments (pre-tax):						
Proportional share of selected equity affiliates income taxes		111	91	77	68	100
Proportional share of selected equity affiliates net interest		9	7	8	4	38
Proportional share of selected equity affiliates depreciation and amortization		258	264	285	307	422
Chemicals Adjusted EBITDA	**$**	**2,101**	**1,701**	**1,298**	**1,334**	**1,585**

NON-GAAP RECONCILIATION (SLIDE 10)

		Millions of Dollars				
		2014	2015	2016	2017	2018
Reconciliation of Refining Pre-Tax Income to Adjusted EBITDA						
Refining pre-tax income	$	2,467	3,659	436	2,076	4,535
Plus:						
Depreciation and amortization		704	738	769	821	840
Refining EBITDA		**3,171**	**4,397**	**1,205**	**2,897**	**5,375**
Special Item Adjustments (pre-tax):						
Pending claims and settlements		23	30	(70)	(51)	—
Certain tax impacts		—	—	(32)	(23)	(6)
Hurricane-related costs		—	—	—	24	—
Gain on consolidation of business		—	—	—	(423)	—
Recognition of deferred logistics commitments		—	—	30	—	—
Railcar lease residual value deficiencies and related costs		—	—	40	—	—
Asset dispositions		(145)	(8)	—	—	—
Impairments		131	—	—	—	—
Lower-of-cost-or-market inventory adjustments		40	53	—	—	—
Pension settlement expense		—	53	—	53	43
Refining EBITDA, Adjusted for Special Items		**3,220**	**4,525**	**1,173**	**2,477**	**5,412**
Other Adjustments (pre-tax):						
Proportional share of selected equity affiliates income taxes		3	(3)	—	1	1
Proportional share of selected equity affiliates net interest		(19)	—	—	(3)	(6)
Proportional share of selected equity affiliates depreciation and amortization		245	252	257	268	272
Refining Adjusted EBITDA	**$**	**3,449**	**4,774**	**1,430**	**2,743**	**5,679**

NON-GAAP RECONCILIATION (SLIDE 12)

		Millions of Dollars				
		2014	2015	2016	2017	2018
Reconciliation of Marketing and Specialties Pre-Tax Income to Adjusted EBITDA						
Marketing and Specialties pre-tax income	$	1,475	1,652	1,261	1,020	1,557
Plus:						
Interest revenue		—	(2)	—	—	—
Depreciation and amortization		95	97	107	112	114
Marketing and Specialties EBITDA		**1,570**	**1,747**	**1,368**	**1,132**	**1,671**
Special Item Adjustments (pre-tax):						
Asset dispositions		(125)	(242)	—	—	—
Pending claims and settlements		(44)	—	—	—	—
Exit of a business line		—	—	—	—	—
Certain tax impacts		—	—	—	—	(113)
Hurricane-related costs		—	—	—	1	—
Pension settlement expense		—	11	—	11	9
Marketing and Specialties EBITDA, Adjusted for Special Items		**1,401**	**1,516**	**1,368**	**1,144**	**1,567**
Other Adjustments (pre-tax):						
Proportional share of selected equity affiliates income taxes		—	—	—	—	—
Proportional share of selected equity affiliates net interest		6	6	—	1	4
Proportional share of selected equity affiliates depreciation and amortization		11	11	12	11	11
Marketing and Specialties Adjusted EBITDA	**$**	**1,418**	**1,533**	**1,380**	**1,156**	**1,582**

NON-GAAP RECONCILIATION (SLIDE 13)

		Millions of Dollars				
		2014	**2015**	**2016**	**2017**	**2018**
Reconciliation of Phillips 66 Pre-Tax Income to Adjusted EBITDA						
Phillips 66 pre-tax income	$	5,745	6,044	2,191	3,555	7,445
Plus:						
Net interest expense		246	283	321	407	459
Depreciation and amortization		995	1,078	1,168	1,318	1,356
Phillips 66 EBITDA		**6,986**	**7,405**	**3,680**	**5,280**	**9,260**
Special Item Adjustments (pre-tax):						
Impairments by equity affiliates		88	390	95	64	28
Pending claims and settlements		(21)	30	(115)	(57)	21
Certain tax impacts		—	—	(32)	(23)	(119)
Gain on consolidation of business		—	—	—	(423)	—
Equity affiliate ownership restructuring		—	—	33	—	—
Recognition of deferred logistics commitments		—	—	30	—	—
Railcar lease residual value deficiencies and related costs		—	—	40	—	—
Asset dispositions		(270)	(280)	—	—	—
Impairments		131	—	—	—	—
Lower-of-cost-or-market inventory adjustments		45	53	—	—	—
Pension settlement expense		—	80	—	83	67
Hurricane-related costs		—	—	—	210	—
U.S. tax reform		—	—	—	—	(16)
Phillips 66 EBITDA, Adjusted for Special Items		**6,959**	**7,678**	**3,731**	**5,134**	**9,241**
Other Adjustments (pre-tax):						
Proportional share of selected equity affiliates income taxes		117	86	79	70	102
Proportional share of selected equity affiliates net interest		161	189	178	123	167
Proportional share of selected equity affiliates depreciation and amortization		721	752	798	777	912
EBITDA attributable to Phillips 66 noncontrolling interests		(45)	(73)	(132)	(229)	(361)
Phillips 66 Adjusted EBITDA	**$**	**7,913**	**8,632**	**4,654**	**5,875**	**10,061**

NON-GAAP RECONCILIATION (SLIDE 13)

	Millions of Dollars				
	2014	2015	2016	2017	2018
Phillips 66 ROCE					
Numerator					
Net income	$ 4,797	4,280	1,644	5,248	5,873
After-tax interest expense	173	201	220	285	398
GAAP ROCE earnings	4,970	4,481	1,864	5,533	6,271
Special items	(980)	(34)	(57)	(2,837)	(51)
Adjusted ROCE earnings	$ 3,990	4,447	1,807	2,696	6,220
Denominator					
GAAP average capital employed*	$ 29,595	31,749	33,344	35,700	37,925
Discontinued operations	(96)	—	—	—	—
Adjusted average capital employed*	$ 29,499	31,749	33,344	35,700	37,925

*Total equity plus debt.

GAAP ROCE (percent)	17%	14%	6%	15%	17%
Adjusted ROCE (percent)	14%	14%	5%	8%	16%