



PHILLIPS 66

PROVIDING ENERGY. IMPROVING LIVES.

Investor Update

January 2024





Cautionary Statement

This presentation contains forward-looking statements within the meaning of the federal securities laws. Words such as “anticipated,” “estimated,” “expected,” “planned,” “scheduled,” “targeted,” “believe,” “continue,” “intend,” “will,” “would,” “objective,” “goal,” “project,” “efforts,” “strategies” and similar expressions that convey the prospective nature of events or outcomes generally indicate forward-looking statements. However, the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements included in this presentation are based on management’s expectations, estimates and projections as of the date they are made. These statements are not guarantees of future performance and you should not unduly rely on them as they 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, refined petroleum product and natural gas prices, and refining, marketing and petrochemical margins; changes in governmental policies or laws that relate to NGL, crude oil, natural gas, refined petroleum products, or renewable fuels that regulate profits, pricing, or taxation, or other regulations that limit or restrict refining, marketing and midstream operations or restrict exports; the effects of any widespread public health crisis and its negative impact on commercial activity and demand for refined petroleum products; our ability to timely obtain or maintain permits necessary for capital projects; changes to worldwide government policies relating to renewable fuels and greenhouse gas emissions that adversely affect programs including the renewable fuel standards program, low carbon fuel standards and tax credits for biofuels; our ability to achieve the expected benefits of the integration of DCP Midstream, LP (DCP), including the realization of synergies; the success of the company’s business transformation initiatives and the realization of savings and cost reductions from actions taken in connection therewith; unexpected changes in costs for constructing, modifying or operating our facilities; our ability to successfully complete, or any material delay in the completion of, asset dispositions or acquisitions that we my pursue; unexpected difficulties in manufacturing, refining or transporting our products; the level and success of drilling and production volumes around our midstream assets; risks and uncertainties with respect to the actions of actual or potential competitive suppliers and transporters of refined petroleum products, renewable fuels or specialty 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; failure to complete construction of capital projects on time and within budget; our ability to comply with governmental regulations or make capital expenditures to maintain compliance with laws; limited access to capital or significantly higher cost of capital related to illiquidity or uncertainty in the domestic or international financial markets, which may also impact our ability to repurchase shares and declare and pay dividends; potential disruption of our operations due to accidents, weather events, including as a result of climate change, acts of terrorism or cyberattacks; general domestic and international economic and political developments including armed hostilities (including the Russia-Ukraine war), expropriation of assets, and other political, economic or diplomatic developments; international monetary conditions and exchange controls; changes in estimates or projections used to assess fair value of intangible assets, goodwill and property and equipment and/or strategic decisions with respect to our asset portfolio that cause impairment charges; investments required, or reduced demand for products, as a result of environmental rules and regulations; changes in tax, environmental and other laws and regulations (including alternative energy mandates); political and societal concerns about climate change that could result in changes to our business or increase expenditures, including litigation-related expenses; the operation, financing and distribution decisions of equity affiliates we do not control; 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.

Non-GAAP Measures— This presentation includes non-GAAP financial measures, including “adjusted EBITDA,” “average adjusted EBITDA,” “adjusted ROCE,” “average adjusted ROCE,” “net debt-to-capital ratio,” “adjusted operating and SG&A expenses” and “adjusted capital expenditures and investments.” These are non-GAAP financial measures that are included to help facilitate comparisons of operating performance across periods and to help facilitate comparisons with other companies in our industry. Where applicable, these measures exclude items that do not reflect the core operating results of our businesses in the current period or other adjustments to reflect how management analyzes results. You can find reconciliations to, or further discussion of, the most comparable GAAP financial measures within or at the end of the presentation materials. References in the presentation to historical shareholder distributions or returns to shareholders refers to the sum of dividends paid to Phillips 66 stockholders and the amount of shares of Phillips 66 common stock repurchased on the open market or acquired via exchange transactions.

This presentation also includes the terms “sustaining capital,” “net debt-to-capital ratio,” “shareholder distributions or returns to shareholders,” “adjusted EBITDA,” “mid-cycle adjusted EBITDA,” “adjusted cash from operations (CFO),” “mid-cycle adjusted CFO,” and "adjusted operating and SG&A expense," which, as used in certain places herein, are forward looking non-GAAP financial measures. You can find further discussion of these measures, including the most comparable GAAP financial measures, within or at the end of the presentation materials. Sustaining capital is a component of total capital expenditures, which is the most directly comparable GAAP financial measure. Net debt to capital ratio represents the ratio between total debt and total equity, net of total cash. Shareholder distributions and returns to shareholders refers to the sum of dividends paid to Phillips 66 stockholders and proceeds used to repurchase shares of Phillips 66 common stock. EBITDA is defined as estimated net income plus estimated net interest expense, income taxes, depreciation and amortization. Adjusted EBITDA is defined as estimated EBITDA plus the proportional share of selected equity affiliates’ estimated net interest expense, income taxes, depreciation and amortization less the portion of estimated adjusted EBITDA attributable to noncontrolling interests. Net income is the most directly comparable GAAP financial measure for the consolidated company and income before income taxes is the most directly comparable GAAP financial measure for operating segments. Mid-cycle adjusted EBITDA is defined as the average adjusted EBITDA targeted over a complete economic cycle. Adjusted CFO represents estimated cash from operating activities less estimated distributions to noncontrolling interests. The most directly comparable GAAP financial measure to adjusted CFO is cash from operating activities. Mid-cycle adjusted CFO is defined as average adjusted CFO over a complete economic cycle.

Adjusted EBITDA, mid-cycle adjusted EBITDA, adjusted CFO, mid-cycle adjusted CFO, and adjusted operating and SG&A expenses are estimates that depend on future levels of revenues and/or expenses, including amounts that will be attributable to noncontrolling interests or related to joint ventures, which are not reasonably estimable at this time. Accordingly, we cannot provide a reconciliation between projected adjusted EBITDA and mid-cycle adjusted EBITDA to consolidated net income or segment income before income taxes, a reconciliation of project adjusted CFO or mid-cycle adjusted CFO to cash from operating activities, or a reconciliation of projected adjusted operating and SG&A expenses to consolidated or segment operating expenses or consolidated or SG&A expenses, without unreasonable effort.

Basis of Presentation— During the fourth quarter of 2022, we changed the internal financial information reviewed by our chief executive officer to evaluate results and allocate resources to reflect the realignment of certain businesses between segments and business lines. We determined this realignment resulted in a change in the composition of our operating segments. Accordingly, results for periods prior to the fourth quarter of 2022 have been recast for comparability. The primary effects of this realignment included moving the results of certain processing assets at our Sweeny and Lake Charles refineries, located in the Gulf Coast region, from the Midstream segment (NGL and Other) to the Refining segment. Additionally, commissions charged to the Refining segment by the Marketing and Specialties segment related to sales of specialty products were eliminated and the costs of the sales organization were reclassified from the Marketing and Specialties segment to the Refining segment. Additionally, we no longer present disaggregated business line results for our Chemicals and Marketing and Specialties segments.

Differentiated and Attractive Investment Opportunity

GROWING
Cash Generation

+$4 B mid-cycle adjusted EBITDA target increase (+40%) by 2025

75% of EBITDA growth outside refining

MAINTAINING
Capital Discipline

13% average adjusted ROCE since 2012

$0.3 B of sustaining capital efficiencies since 2021

LEADING
Financial Stability

A3 / BBB+ credit rating since 2014

25%-30% net debt-to-capital ratio target

INCREASING
Cash Distributions

>50% return of operating cash to shareholders target

10% TTM total shareholder distribution yield



Compelling Returns to Shareholders

See appendix for footnotes

Leading Downstream Integrated Energy Provider

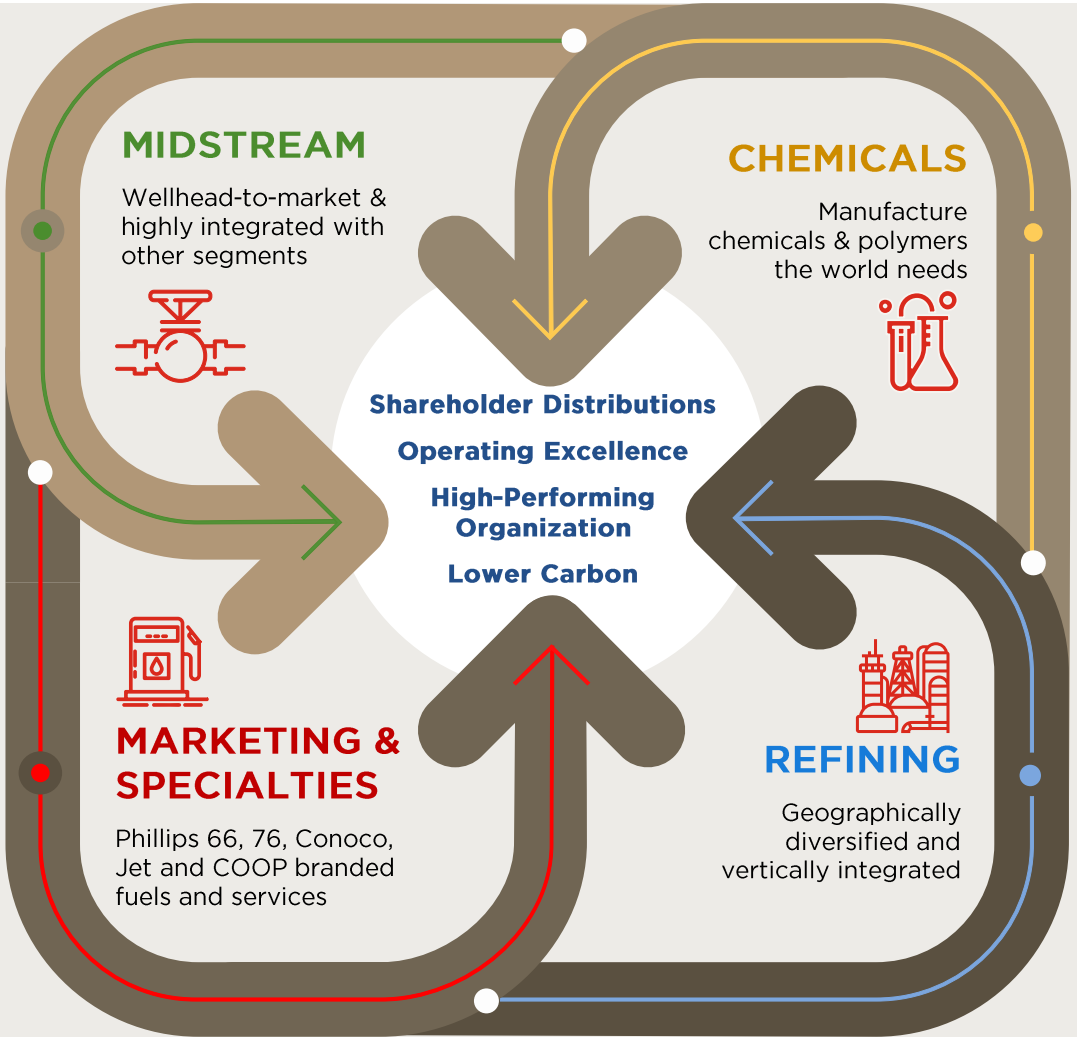
Positioned for Value Creation Through Economic Cycles

MIDSTREAM

- NGL wellhead-to-market value chain
- Crude oil & product pipelines and terminals
- 80% fee based
- 72,000 miles of U.S. pipeline systems

MARKETING & SPECIALTIES

- 7,200 sites in the U.S. and 1,670 International
- Expanding high-margin retail footprint
- Leading lubricants manufacturer in the United States



CHEMICALS

- 95% advantaged feedstock portfolio
- Proprietary technology and global marketing network

REFINING

- 10 refineries in U.S.; 2 in Europe
- 1.9 million BPD of crude capacity
- Increasing renewable diesel production to ~50,000 BPD

Providing Energy. Improving Lives.

Our Products Improve Lives and Make Modern Life Possible

Transportation Fuels
trucks, ships, planes



Roads
asphalt, paint



Agriculture
fertilizers, insecticide, irrigation pipe



Housing
roofing, carpet, insulation



Electric Vehicles
batteries, rubber tires, body parts



Food
food packaging, refrigerants



Personal Care/Clothing
sunscreen, hand soaps, body washes, cosmetics



Recreation
ATVs, bicycles, ice chests



Medical Equipment
respirators, surgical instruments, stethoscopes, hearing aids



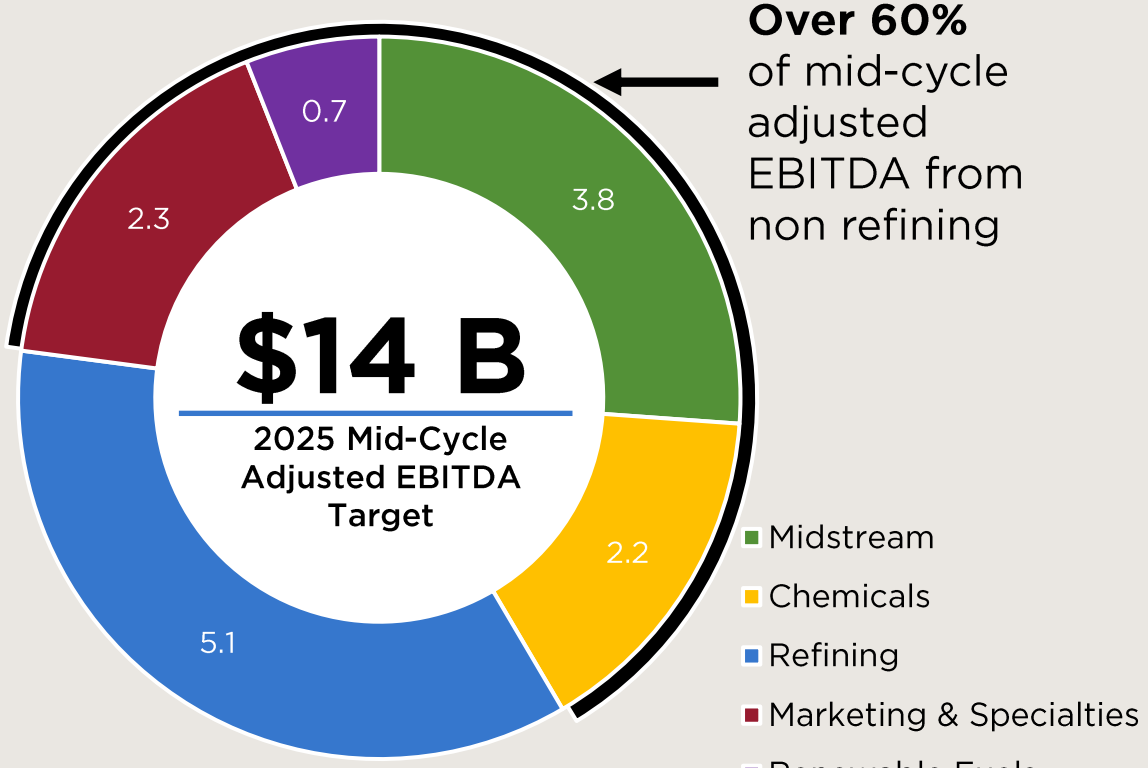
Technology
computers, TV, cell phone

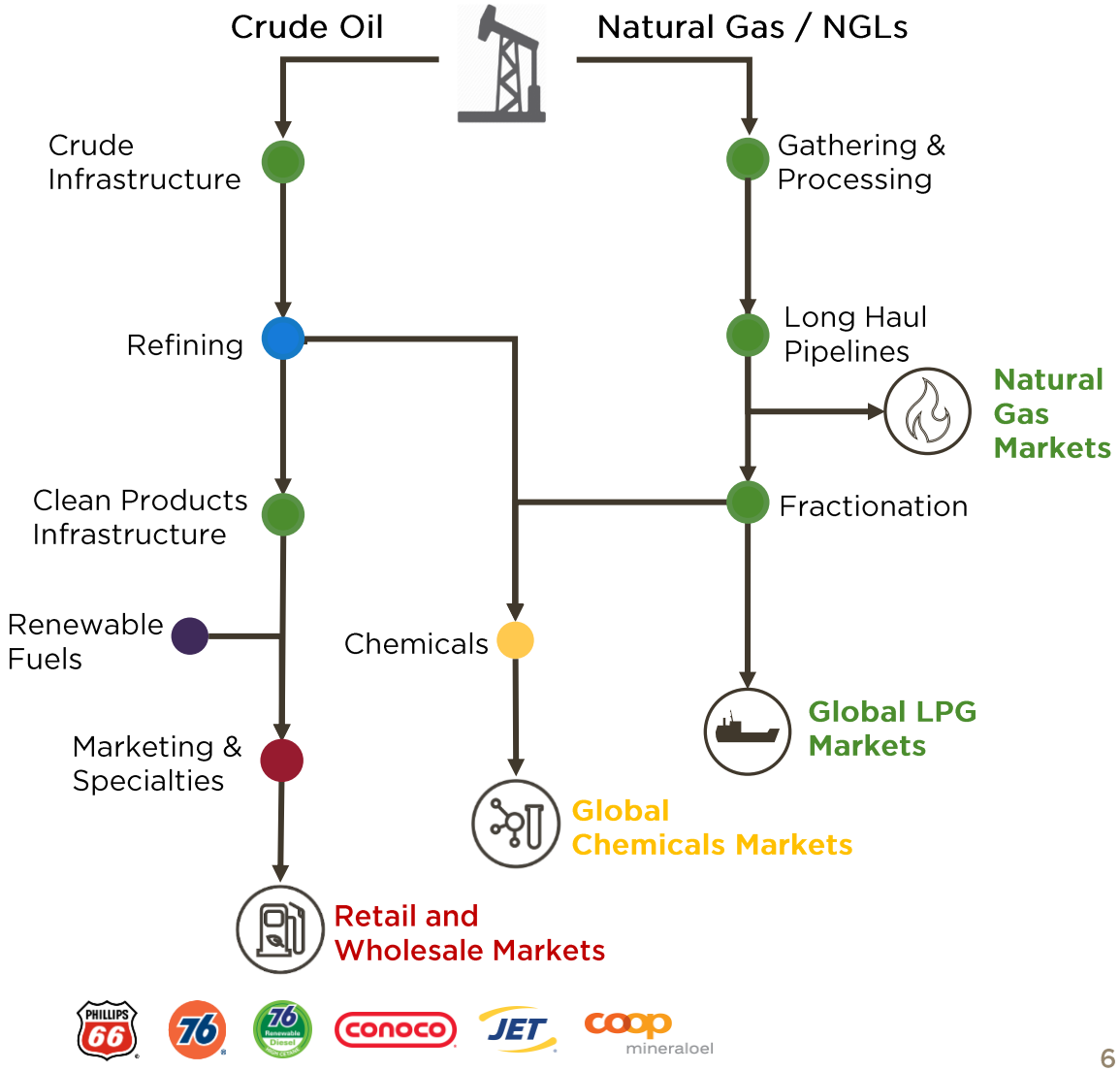


Integration Captures Value Across the Value Chain

Downstream Integration Creates Differentiated Optionality with Value Captured by a Global Commercial Supply and Trading Organization

2025 Mid-Cycle Adjusted EBITDA Target by Segment[1] ($B)





1. Corporate cost target of $0.2 B are reflected in the mid-cycle adjusted EBITDA target but are not presented on the chart.

Unique Among Energy Peers: Integrated Downstream

Integration provides for Higher Returns and Reduced Volatility



Integration is a **Competitive Advantage**

Select Large Cap Energy and Chemicals Companies

Peer[1]	Midstream	Refining	Retail	Chemicals	Renewable Fuels	Upstream
A	✓			✓		
B	✓					
C	✓					
D	✓	✓			✓	
E	✓	✓			✓	
F		✓			✓	
G		✓		✓		
H				✓		
I						✓
J	✓			✓		✓
K	✓	✓	✓	✓	✓	✓
L	✓	✓	✓	✓	✓	✓
PHILLIPS 66	✓	✓	✓	✓	✓	✗

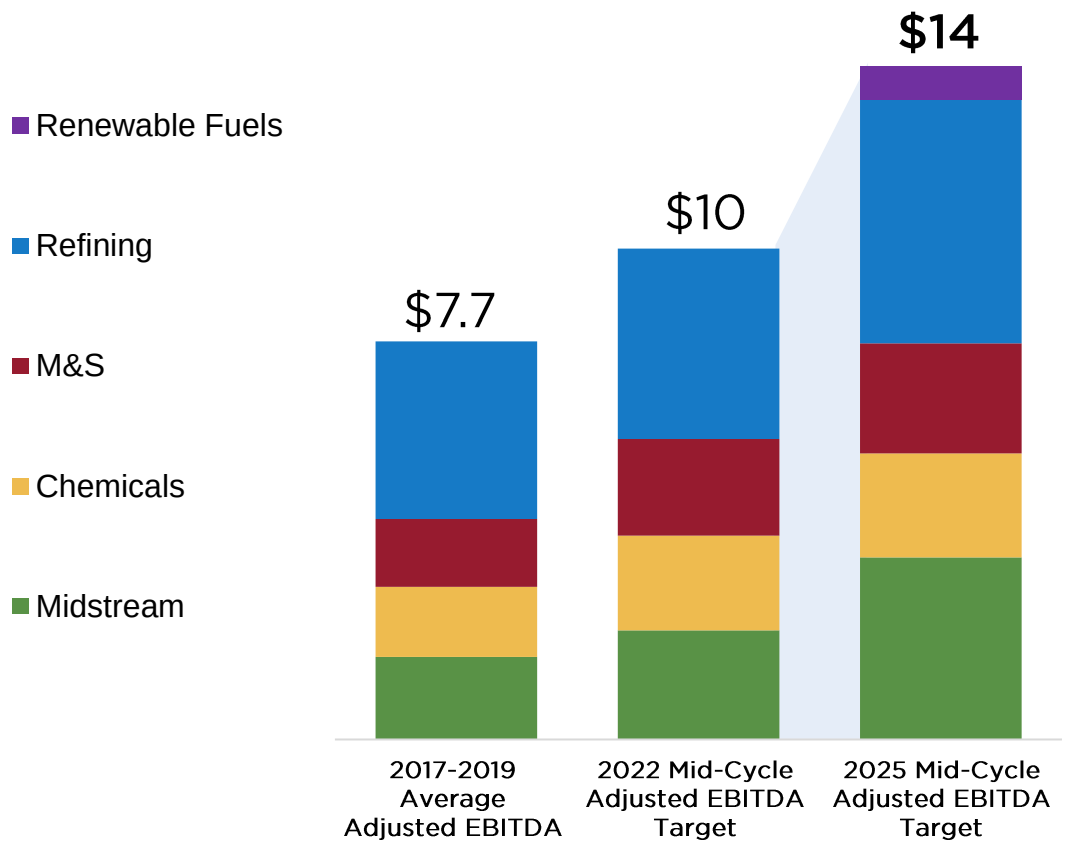
Phillips 66 has **no exposure to historically higher risk, lower returns upstream** exploration and production

1. Peers include: CVX, DINO, DOW, EOG, EPD, ET, LYB, MPC, VLO, OXY, WMB, XOM

Executing Strategic Priorities to Drive Growth With Capital Discipline

- Execute Business Transformation
- Improve Refining Performance
- Capture Value from Wellhead to Market
- Drive Disciplined Growth and Returns
- Maintain Financial Strength & Flexibility
- Deliver Shareholder Returns

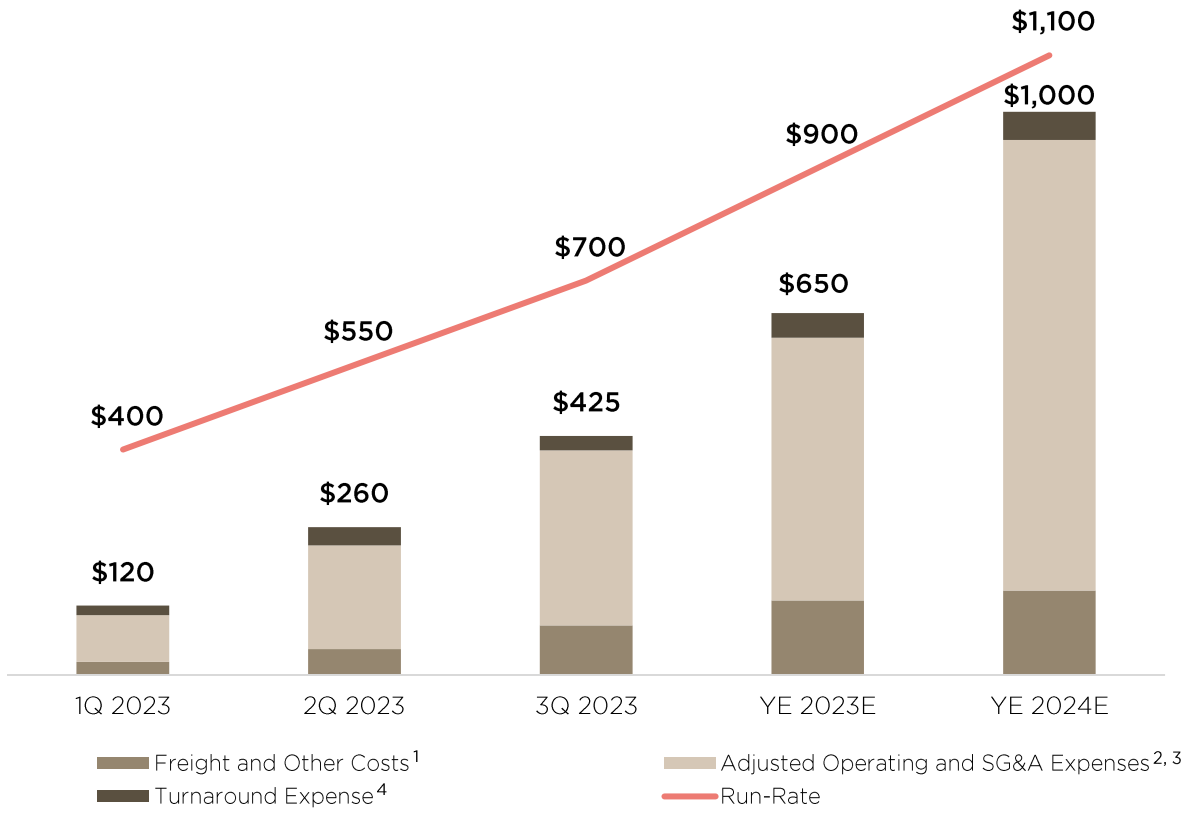
Adjusted EBITDA by Segment[1] ($B)



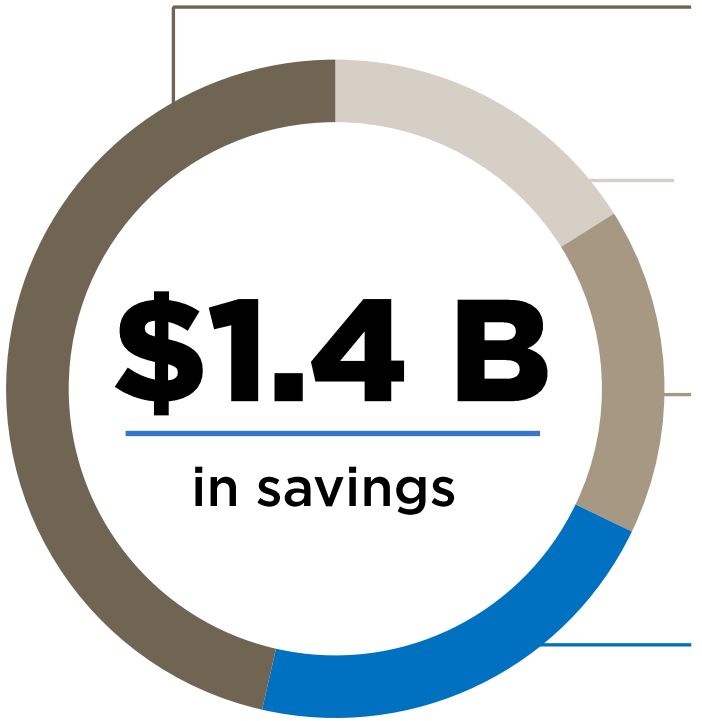
1. Corporate costs are reflected in the total but are not presented on the chart.

Reducing Costs to Sustain Higher Cash Generation

Cost Reductions ($MM)



Target



Refining Adjusted Operating and SG&A Expenses[2] $650 MM

Other Segment Operating and SG&A Expenses $225 MM[2]

Freight and Other Costs $225 MM[1]

Sustaining Capital $300 MM

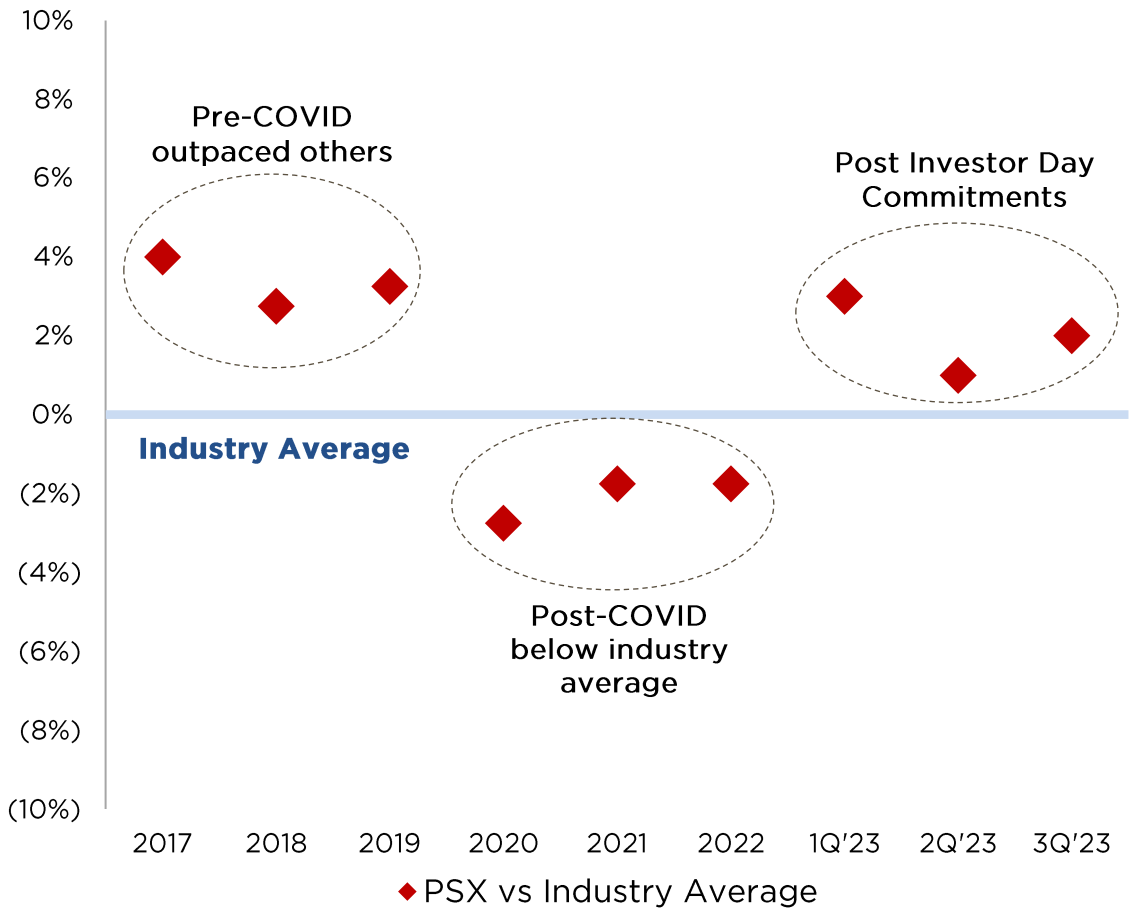
Historical and projected savings presented above are cumulative

1. Savings related to Freight and Other costs are a component of purchased crude oil and product costs, which is a component of segment realized margins.
2. Includes our share of cost savings of an operated, unconsolidated equity affiliate. Savings on costs attributed to this equity affiliate are reported as a component of equity in earnings of affiliates and not as part of our consolidated operating and SG&A expenses.
3. Excludes turnaround expense, which is reported as a component of our operating expenses
4. Turnaround expense is reported as part of our operating expenses. Turnaround expense savings are measured against the Solomon benchmark.

Improving Refining Performance to Capture Additional Value

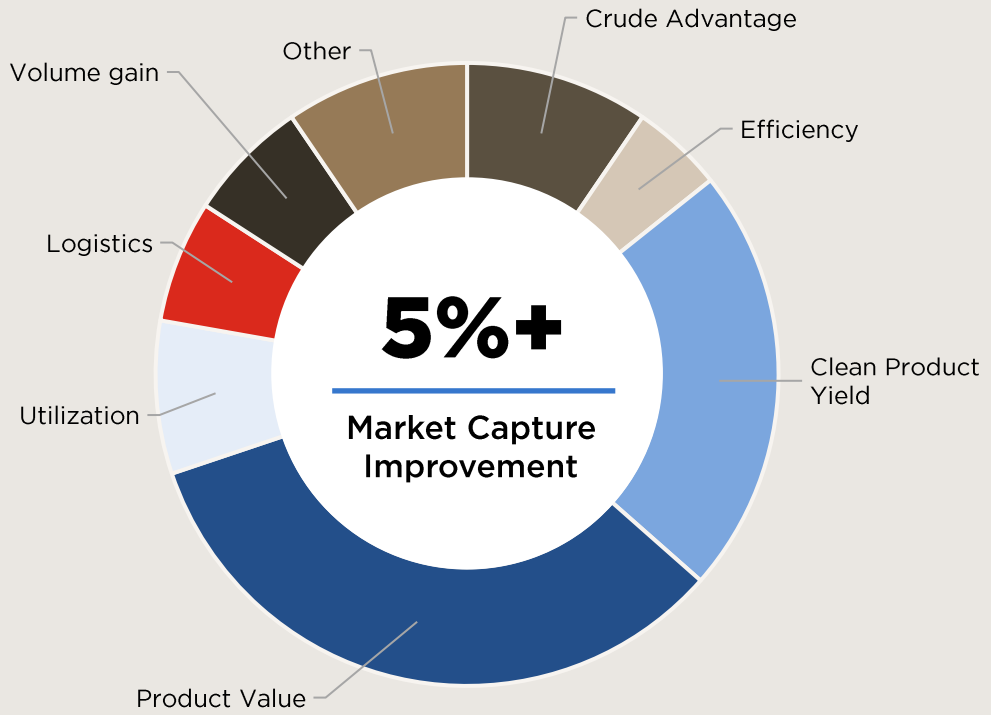
Assets Positioned to Ensure Long-Term Competitiveness

Refining Crude Capacity Utilization vs. Industry Average



Planned Market Capture Improvement from 2022-2025

Over 60 high-return, low-capital projects to improve market capture

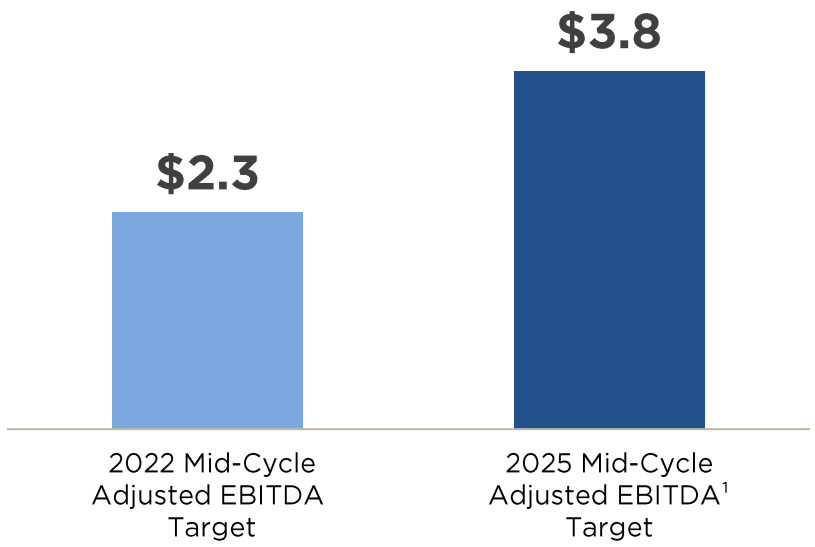


Growing Midstream Earnings: Wellhead-to-Market Integration

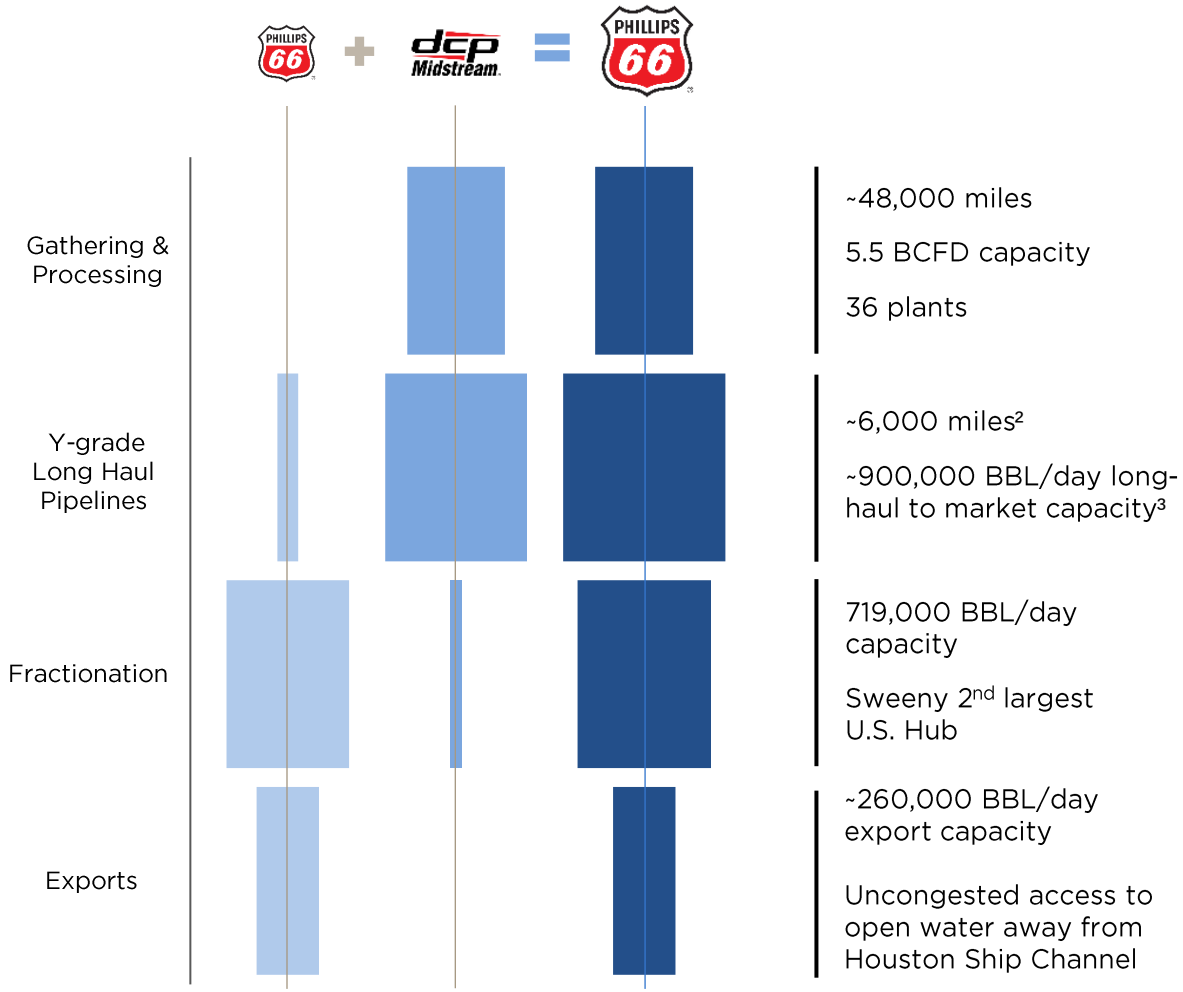
Midstream Mid-Cycle Adjusted EBITDA ($B)

+$1.0B DCP ADJUSTED EBITDA

+$0.4B SYNERGIES



Balanced Wellhead-to-Market NGL Portfolio

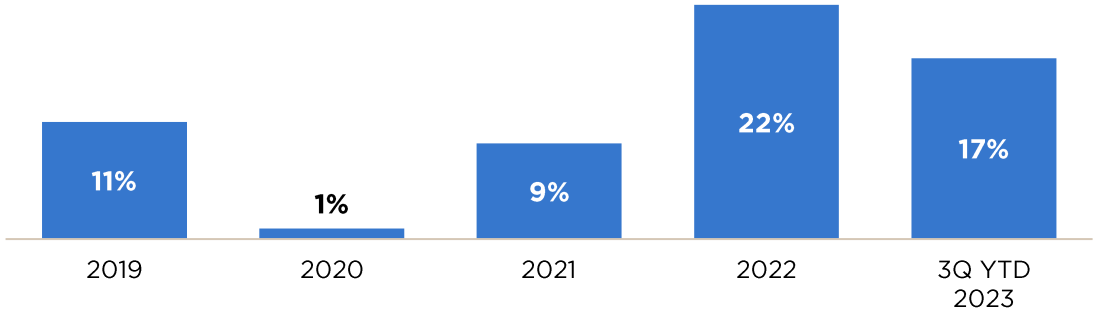


1. Includes $0.1B of allocated Business Transformation savings
2. Includes NGL pipelines within NGL and Other business.
3. Represents long-haul y-grade pipelines to Conway, Sweeny, and Mont Belvieu fractionators.

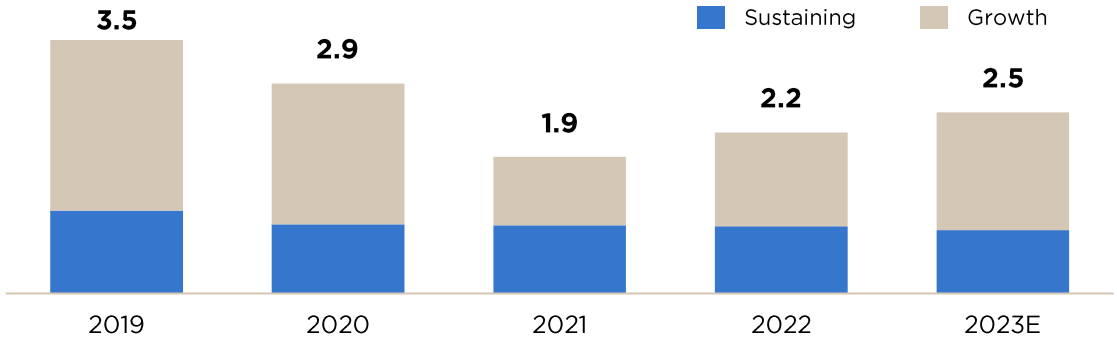
Delivering Durable Returns through Capital Discipline

Steady Investments Drive Strong Returns

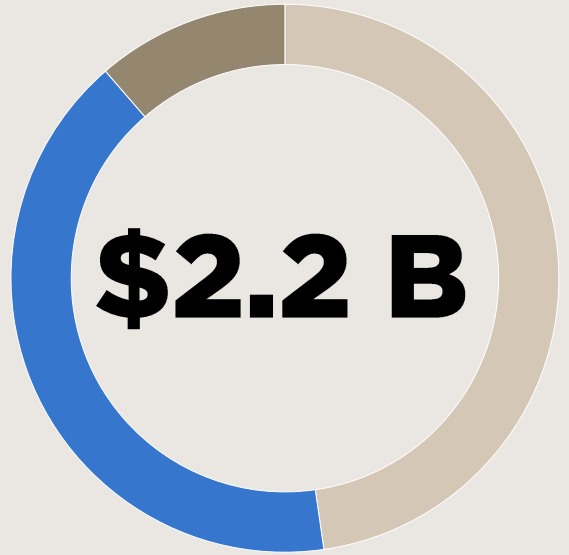
Adjusted ROCE (% After-Tax)



Adjusted Capital Expenditures and Investments ($B)



2024 Capital Budget ($B)



$0.9 B Sustaining

$0.4 Midstream

$0.4 Refining

$0.1 Marketing & Other

$1.3 B Growth

$0.6 Midstream Wellhead-to-Market & JV debt repayment[1]

$0.65 Refining – Rodeo Renewed and Market Capture Projects

$0.1 Marketing & Other

1. Midstream growth capital includes $250 million related to the repayment of the company's 25% share of the Bakken Pipeline joint venture's debt due in 2024.

Industry Leading Financial Stability

LOW
Net Debt-to-Capital

33%
As of 3Q 2023

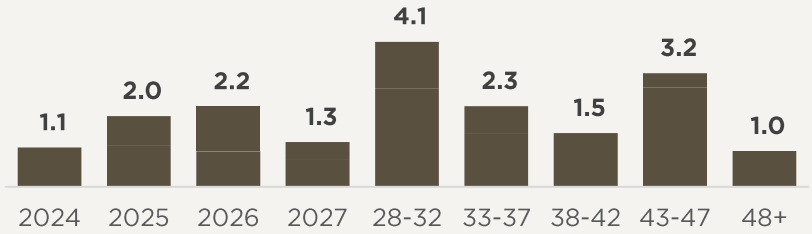
SIGNIFICANT
Liquidity

$9.8 B[1]
As of 3Q 2023

STRONG
Credit Ratings Through Cycles

A3 / BBB+
since 2014

BALANCED
Debt Maturity Profile ($B)

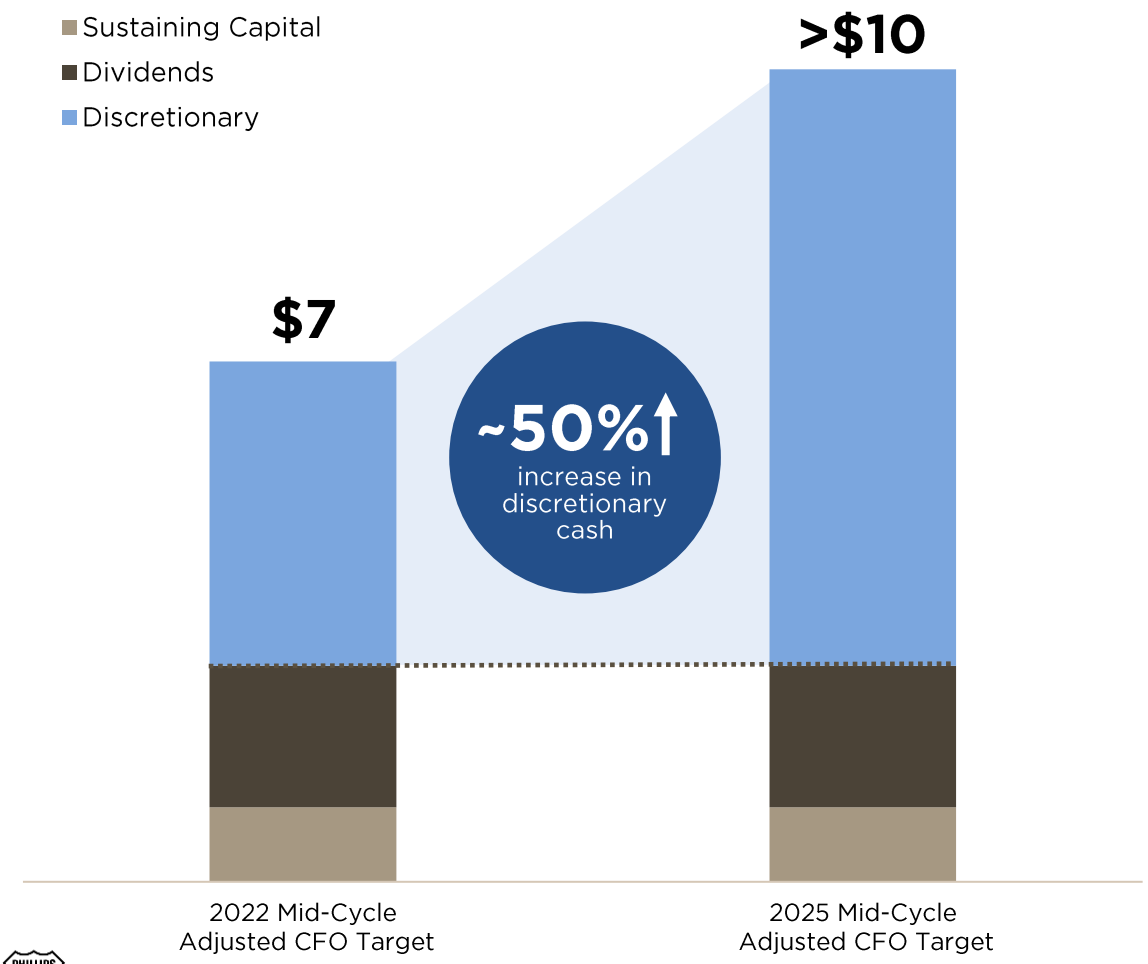




1. Comprised of $3.5 billion of cash and cash equivalents and $6.3 billion of committed capacity available under credit facilities at September 30, 2023.

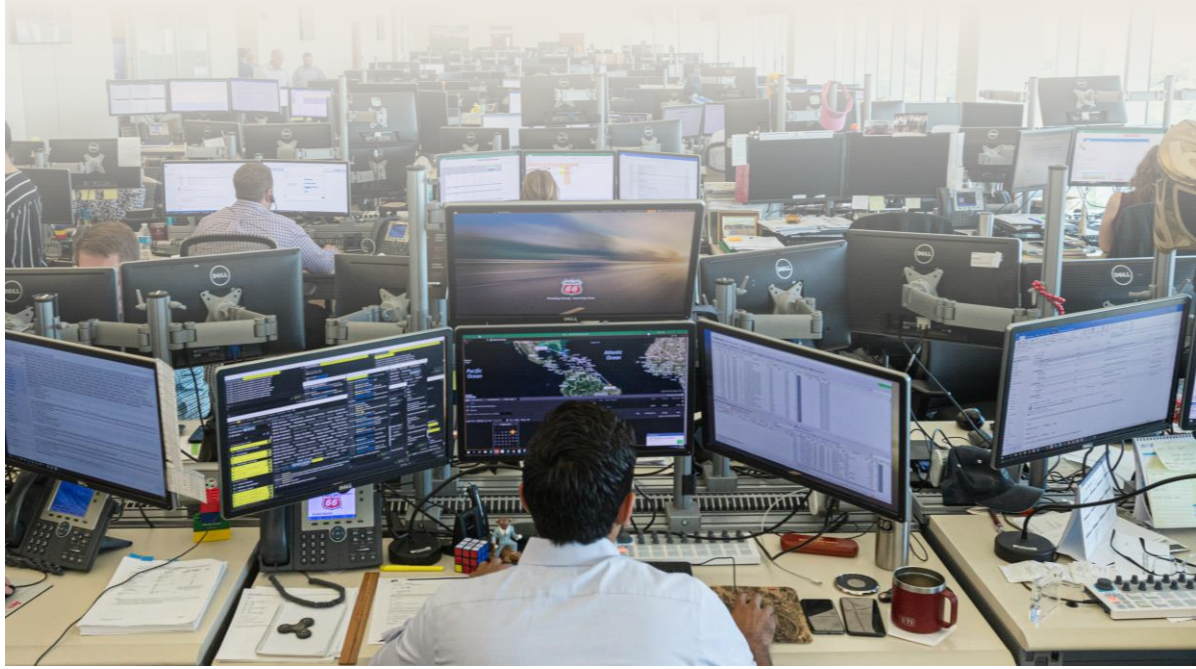
Improved Cash Generation for Increased Shareholder Returns

Mid-Cycle Adjusted CFO Capital Allocation ($B)



Expect to return more than half of operating cash to shareholders

>50%

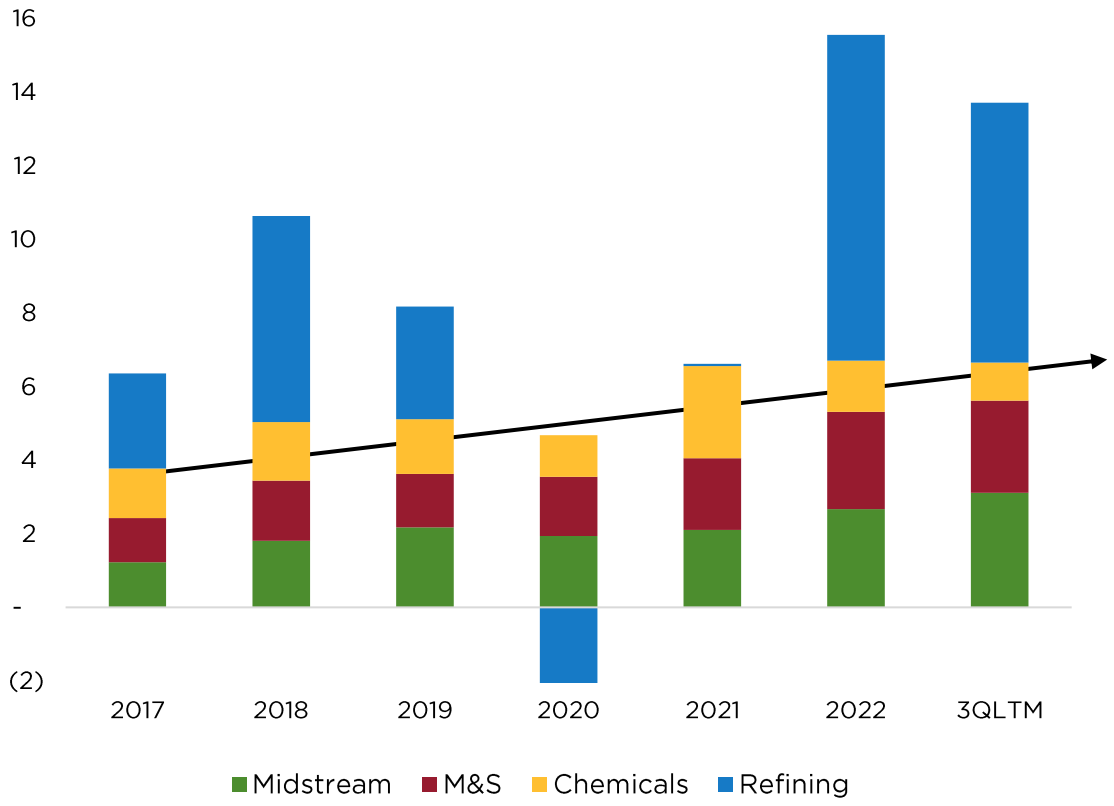


See appendix for footnotes

Integrated Portfolio Provides Excess Cash Flow Through the Economic Cycles

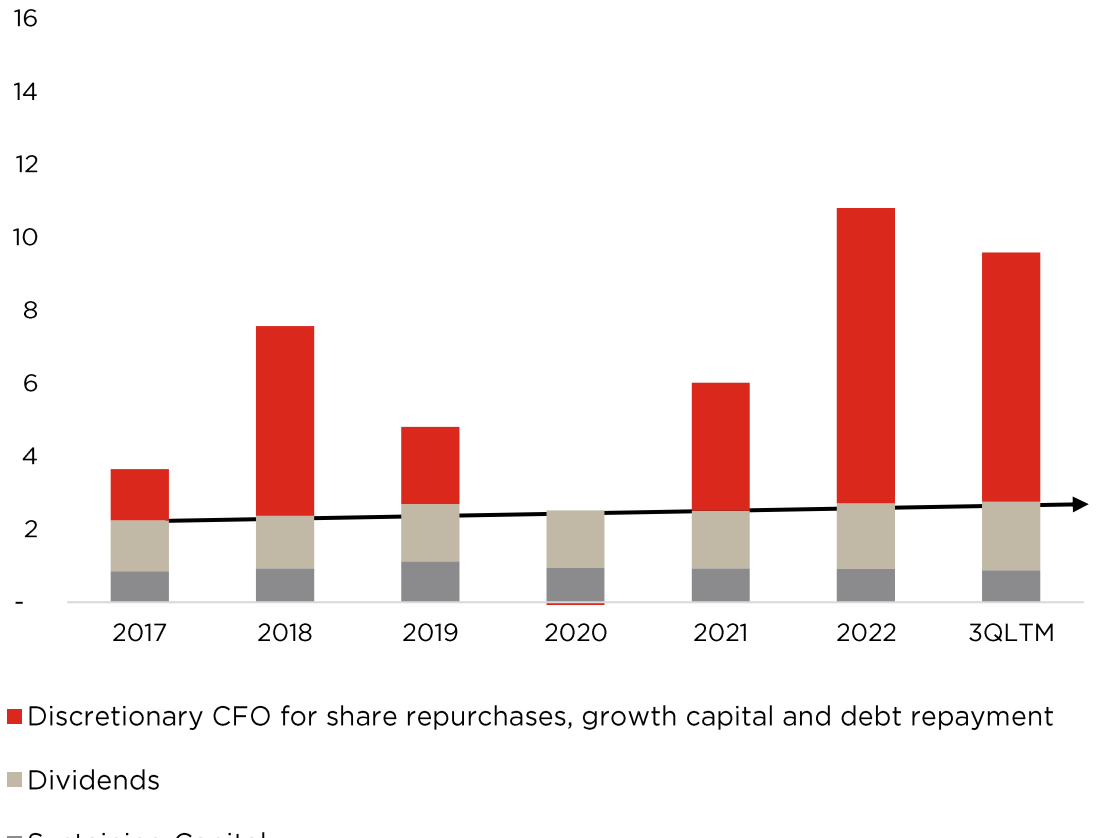
Adjusted EBITDA by Segment[1] ($B)

Stable, growing earnings from non-refining segments



Cash from Operating Activities vs Select Cash Uses ($B)

>60% of cash flow available for share repurchases and other discretionary uses after paying dividends and sustaining capital

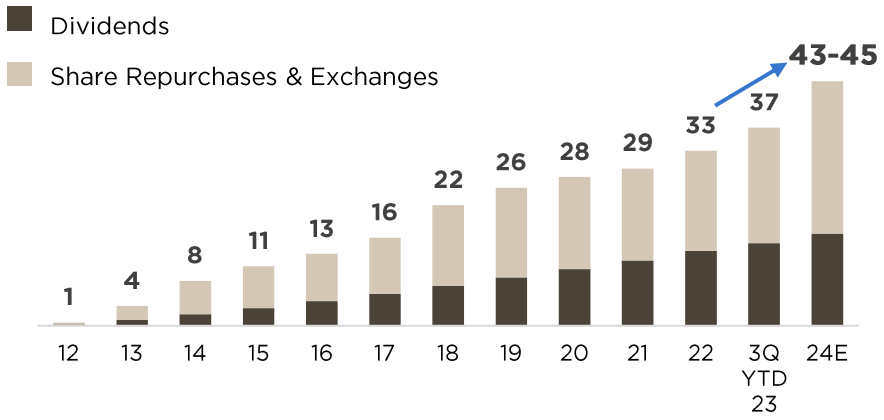


1. Chart excludes Corporate costs.

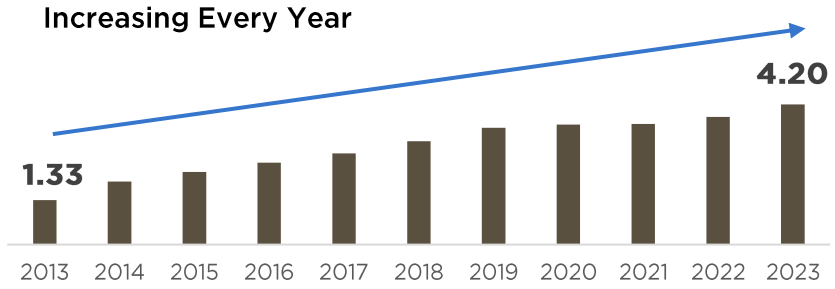
Compelling Value Proposition

Competitive Return Profile Across Industries

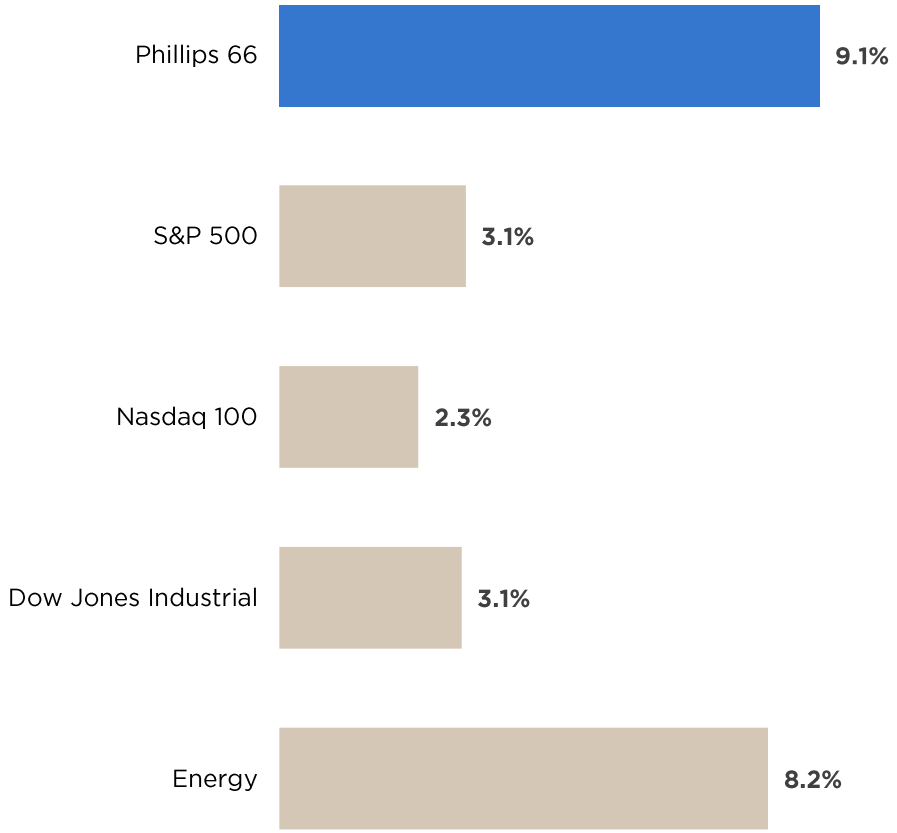
Cumulative Shareholder Distributions ($B)



Annual Dividend ($ per share)



Total Shareholder Distribution Yield[1]



Since 2012 Spin

$37 B
shareholder distributions

16%
dividend CAGR[2]

30%
shares outstanding repurchased

185%
Returned of initial market cap

1. Total Shareholder Distribution Yield includes TTM common dividends and share repurchases over current market cap of the respective indices and S&P 500 sectors as December 29, 2023
2. Dividend CAGR calculated from initial dividend of $0.20 per share in 3Q 2012 to $1.05 per share in 3Q 2023

Strong ESG Oversight and Performance Leads to Sustainable Results

Making progress on our GHG goals

Achieved an 8% reduction in Scope 1 & 2 emissions intensity and 3% reduction in Scope 3 emissions intensity from 2019 levels

Renewable fuels a core part of our growth strategy

Our Rodeo Renewed Project will convert our San Francisco Refinery into one of the world's largest renewable fuels facilities

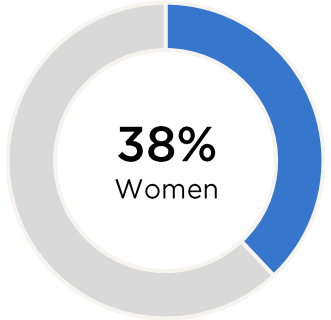
Achieved best-ever safety performance

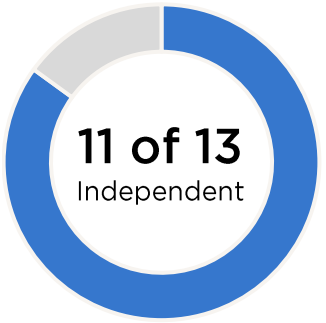
Our combined Total Recordable Rate (TRR) in 2022 was tied for our best-ever

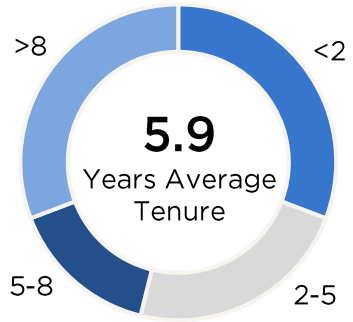
'AA' ESG rating from MSCI

Recognized for our performance with MSCI's second-highest ESG rating

Continuous Board refreshment to foster diverse perspectives:







Differentiated and Attractive Investment Opportunity

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Cash Generation

+$4 B mid-cycle adjusted EBITDA target increase (+40%) by 2025

75% of EBITDA growth outside refining

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Capital Discipline

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Compelling Returns to Shareholders

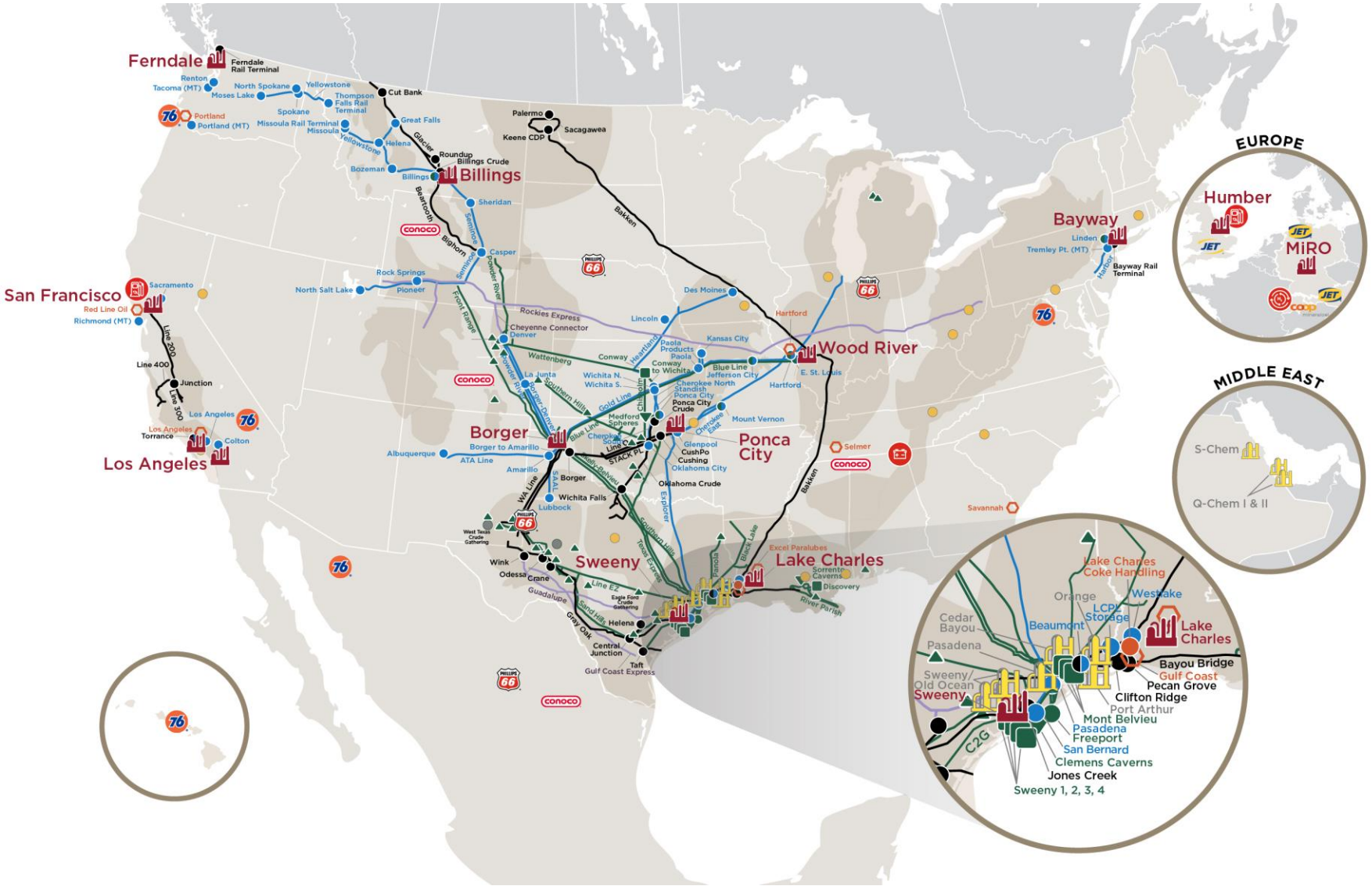
See appendix for footnotes

Appendix



Beaumont Terminal Dock 4 NEDERLAND, TX

Uniquely Integrated and Diversified Asset Portfolio



GLOBAL ASSETS MAP LEGEND

- Batteries*
- Coke Facility
- CPChem
- CPChem Facility (O&P)
- Crude Terminal/Pipeline
- Fractionator
- Gas Plant/Office
- Hydrogen Fueling*
- Lubricants Facility
- NGL/LPG Terminal/Pipeline
- NGL/LPG Underground Storage Facility
- Natural Gas Pipeline
- Products Terminal/Pipeline
- Refinery
- Renewable Fuel Production*
- Shale Basin

Branded Marketing Footprint

*Includes Emerging Energy opportunities projected to begin in marked locations
As of August 2023

Midstream Provides Connectivity Across the Value Chain

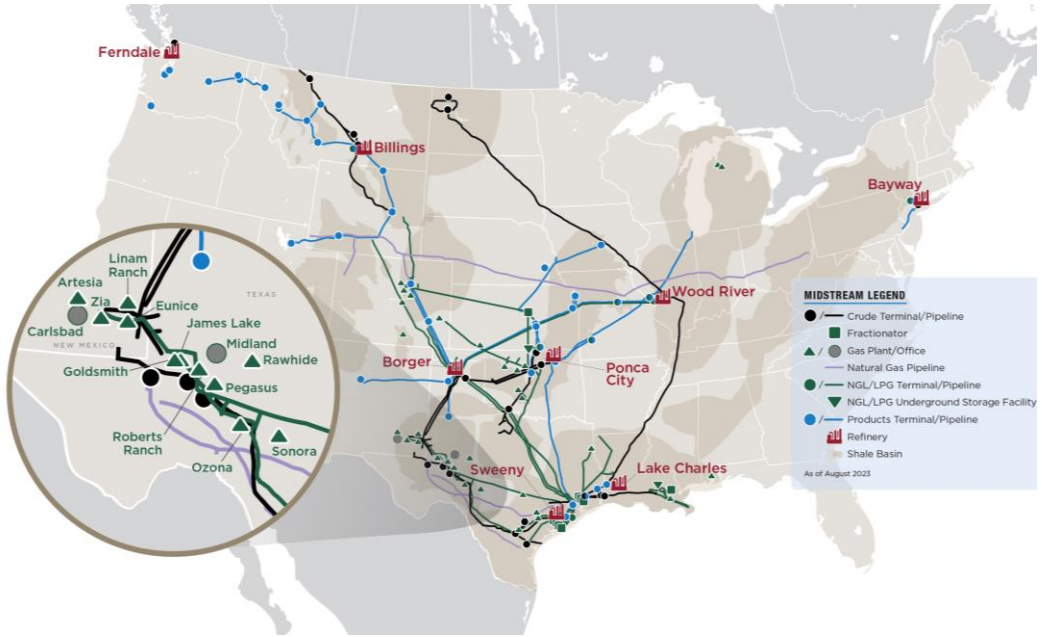
With crude, clean products, and NGL infrastructure, Midstream is linked to our Refining, Marketing and Chemicals Businesses

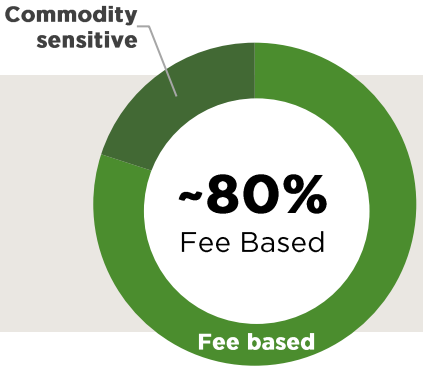
72

Thousand miles of U.S. pipeline systems

719

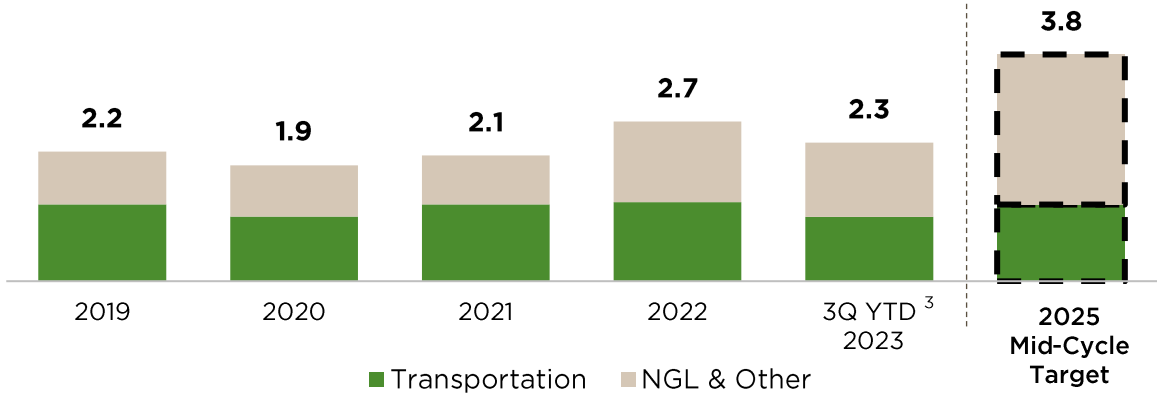
Thousand BPD of Fractionation Capacity



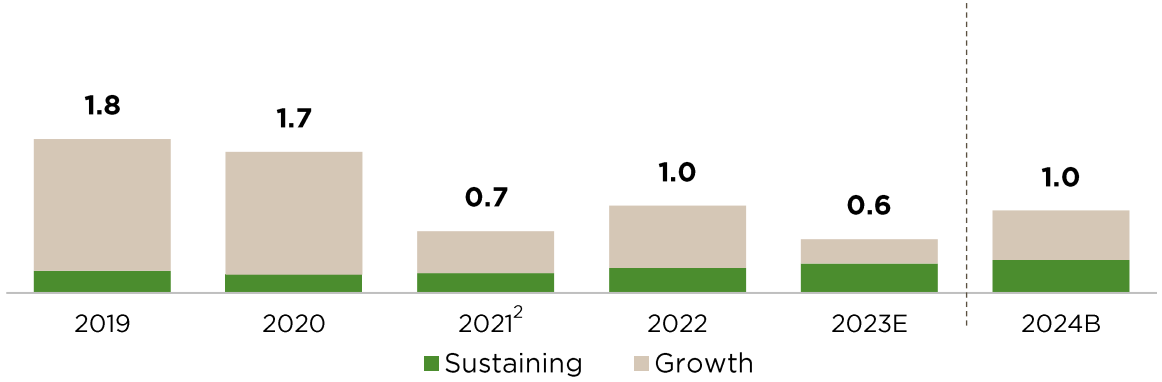


Provides crude oil and refined product transportation, terminaling and processing services, as well as natural gas and NGL transportation, storage, fractionation, gathering and processing and marketing services, mainly in the United States.

Adjusted EBITDA ($B)[1]



Adjusted Capital Expenditures & Investments ($B)

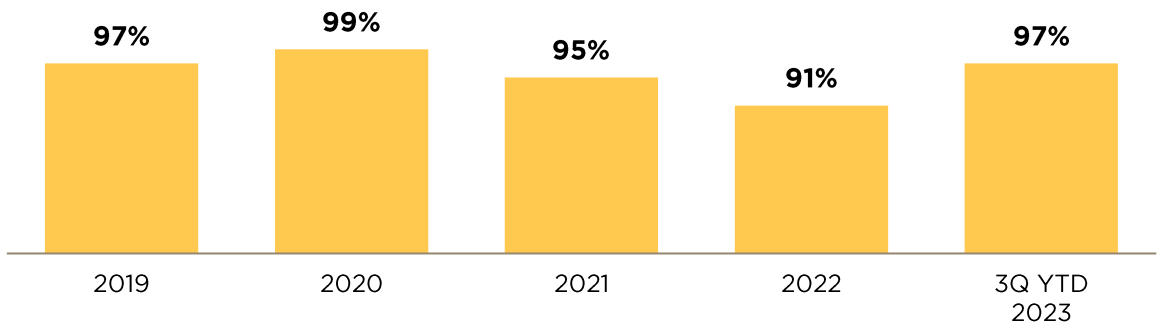


1. Excludes changes in fair value of our investment in NOVONIX
2. Includes a $150 million investment in NOVONIX
3. On June 15, 2023, acquired all publicly held common units of DCP for $3.8 B. As a result of the transaction, Phillips 66 increased its economic interest in DCP from ~43% to ~87%.

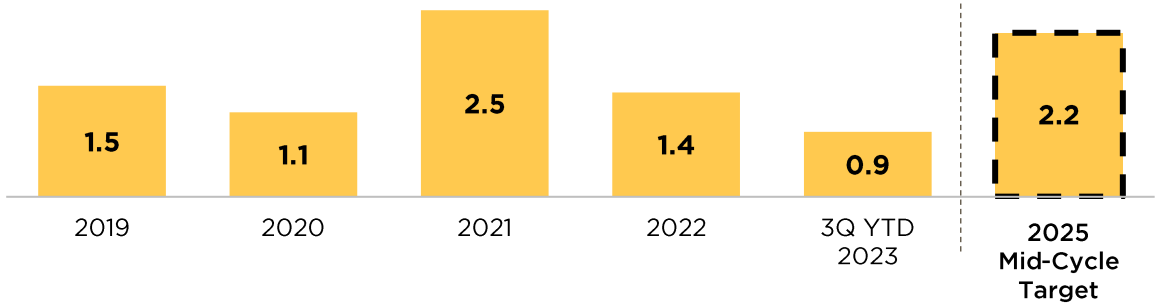
Chemicals Positioned to Perform in any Market

Leading feedstock positions in North America and the Middle East ensure competitiveness

Olefins and Polyolefins Capacity Utilization (%)



Adjusted EBITDA[1] ($B)



28 Global Manufacturing Facilities

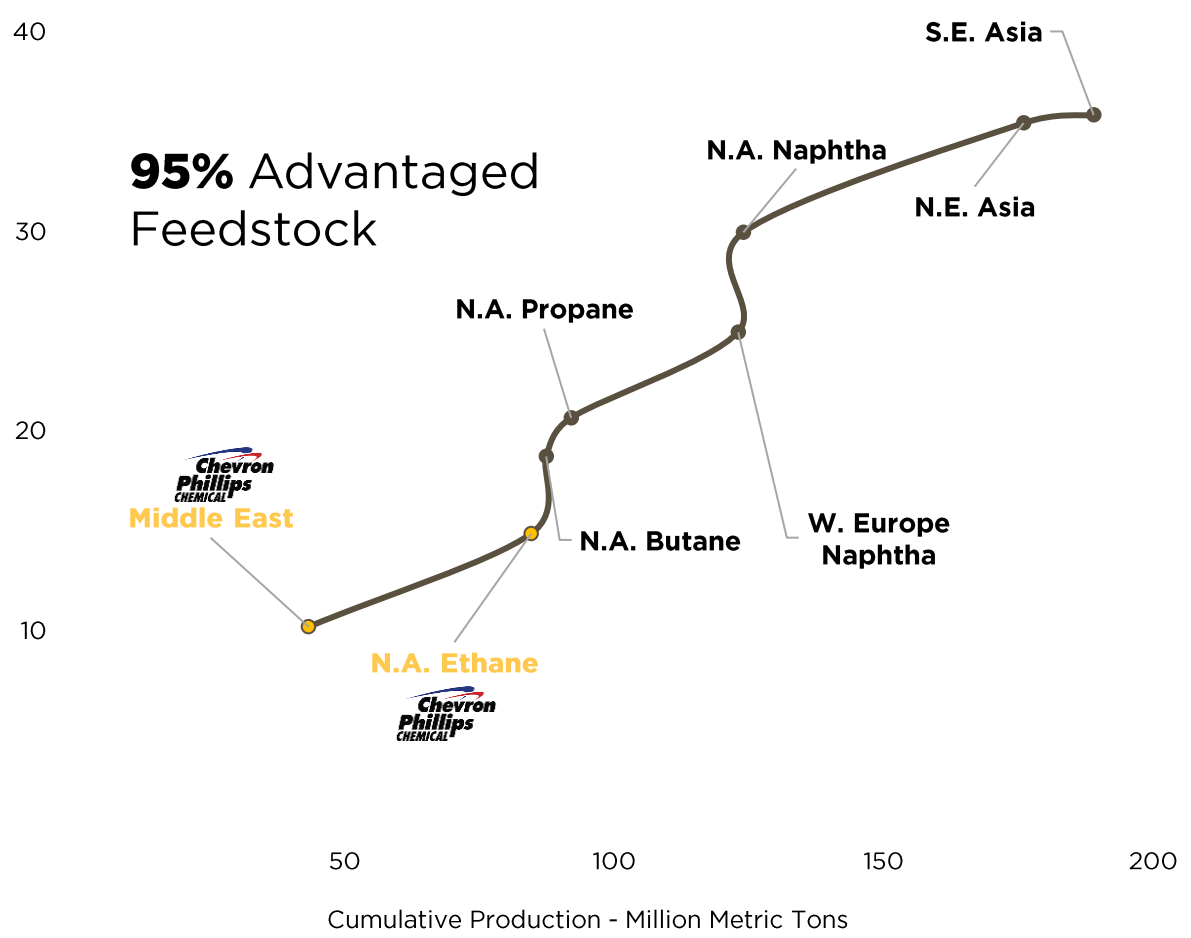
2 Research and Development Centers in the U.S.

Consists of our 50% joint venture interest in CPChem, which manufactures and markets petrochemicals and plastics worldwide. CPChem has cost-advantaged assets concentrated in North America and the Middle East.

2019–2022 Ethylene Production Cost Curve

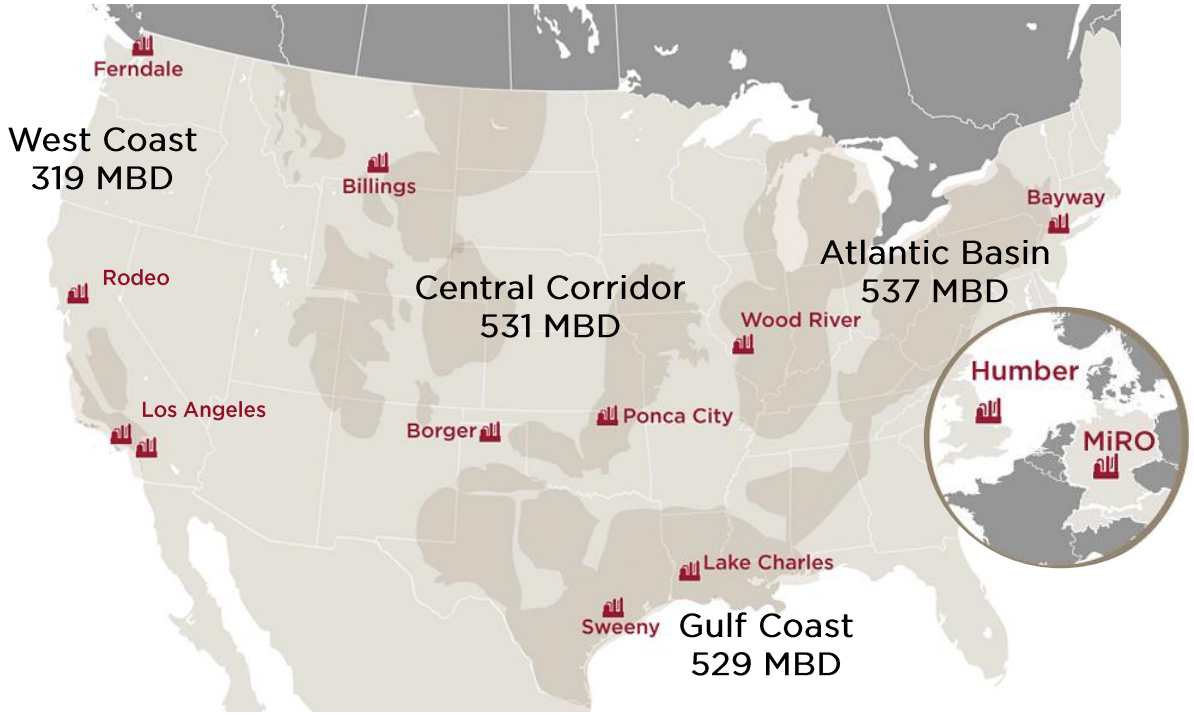
(Cents per pound)

N.A. = North America



1. Phillips 66 50% share of CPChem
Source: IHS Markit. Conversion; 1 million metric tons = 2.2 million pounds

Refining Maintains Competitive Positions with Market Access

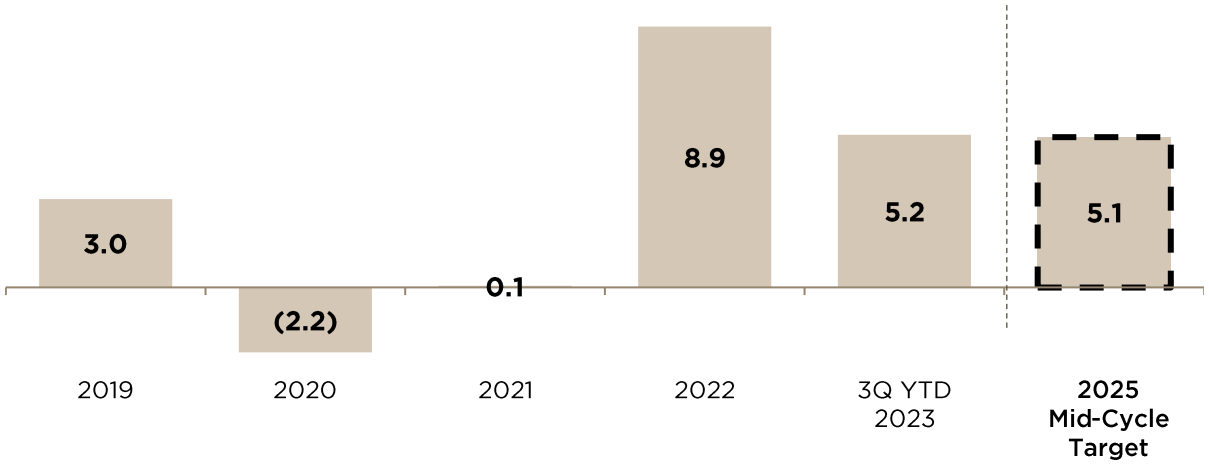


1.9 Million BPD of Crude throughout capacity

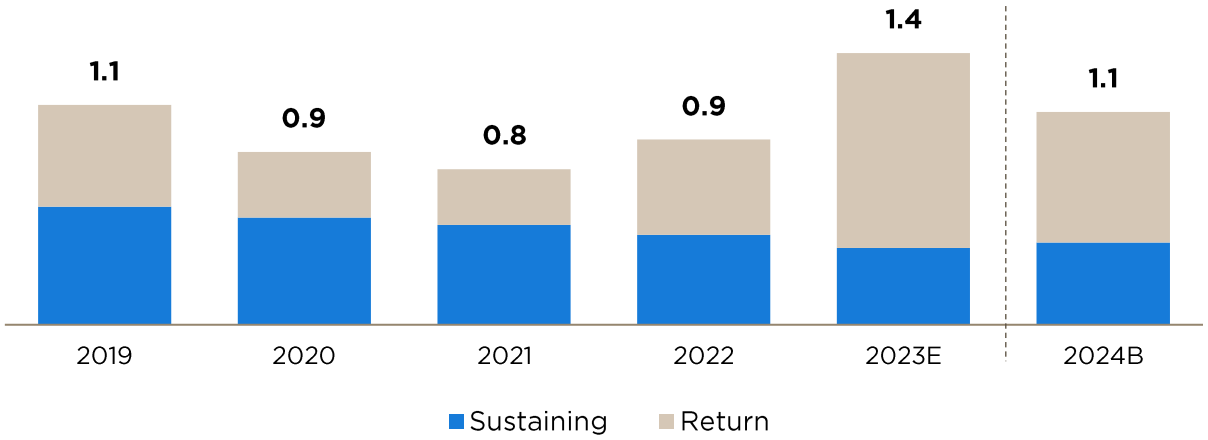
2 Global Facilities Producing Renewable Fuels

Refines crude oil and other feedstocks into petroleum products such as gasoline, distillates, and aviation fuels at 12 refineries in the United States and Europe.

Adjusted EBITDA ($B)



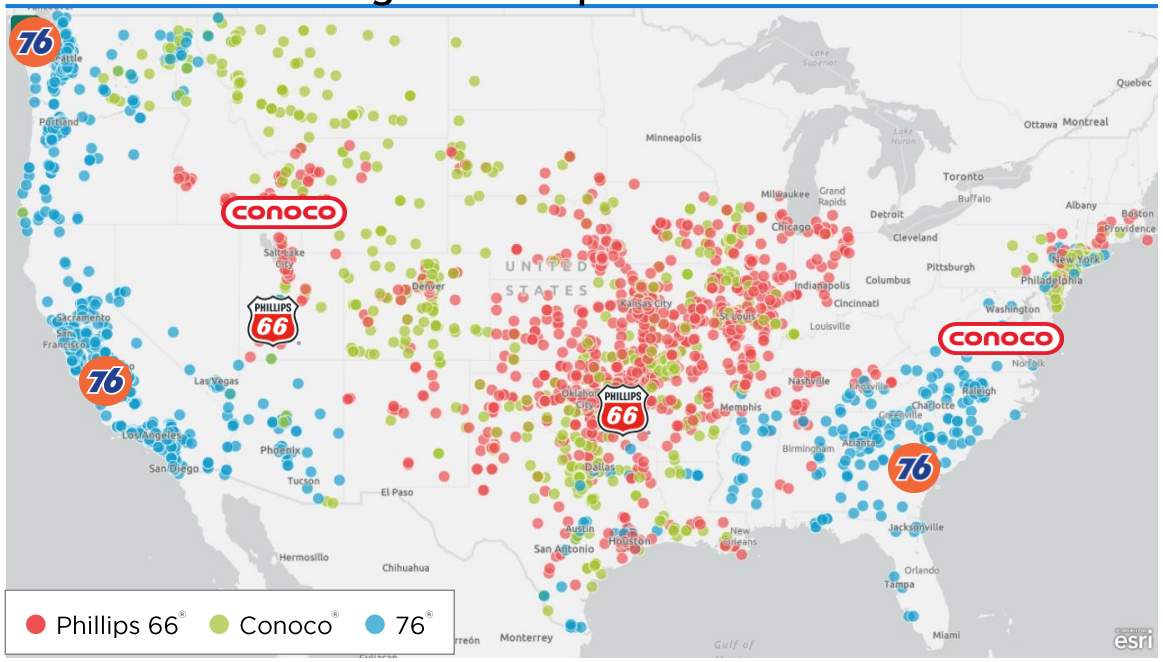
Capital Expenditures and Investments ($B)



Marketing & Specialties: Stable Cash Flow, Strong Returns

Optimizes refined product placement

Domestic Marketing Asset Map

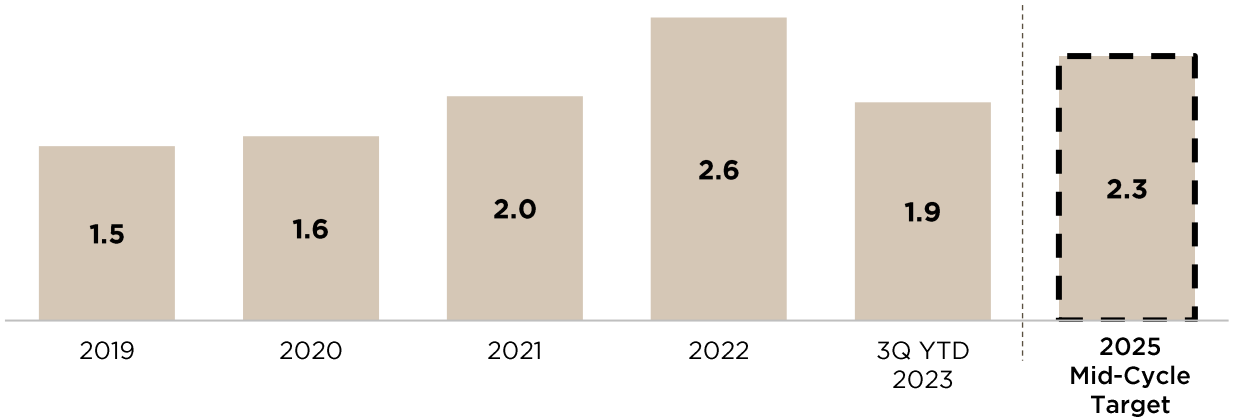


7,200 Branded U.S. Outlets

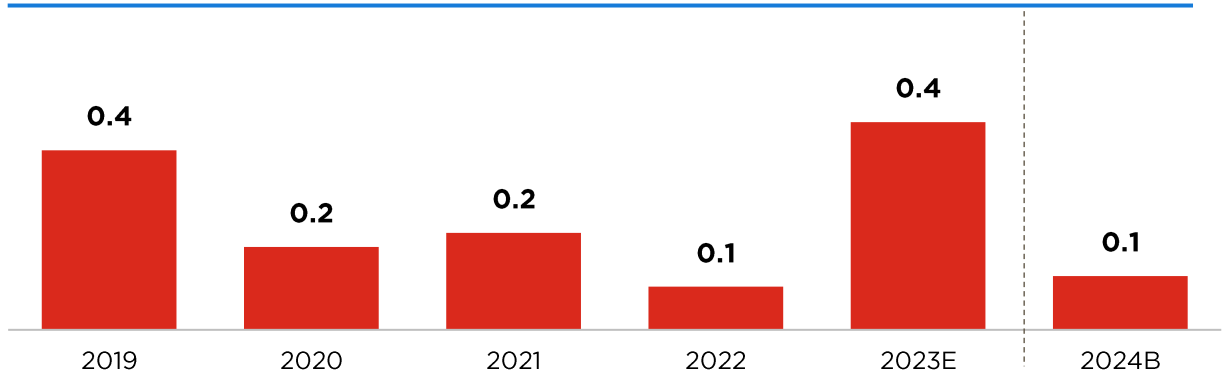
1,670 Branded Intl. Outlets

Markets refined petroleum products and renewable fuels, mainly in the United States and Europe. The segment also includes the manufacturing and marketing of specialty products such as base oils and lubricants.

Adjusted EBITDA ($B)



Capital Expenditures and Investments ($B)



A Case Study in Value Creation

Rodeo Renewed, San Francisco, CA



Leading Scale
800 million gallons per year

Efficient Capital Cost
$1.60 per gallon

High Return
$700MM EBITDA

One of the World's Largest Renewable Fuels facilities expected to produce 50 MBD and begin operations in late 1Q 2024

Capital efficient, repurposing existing hydro-processing units and constructing new pre-treatment units

Strong returns in current market environment

Leading Commercial organization with global offices in Houston, London, Calgary and Singapore

Optionality to produce renewable jet

Leverages existing transportation infrastructure with marine terminal and rail rack for feedstock flexibility

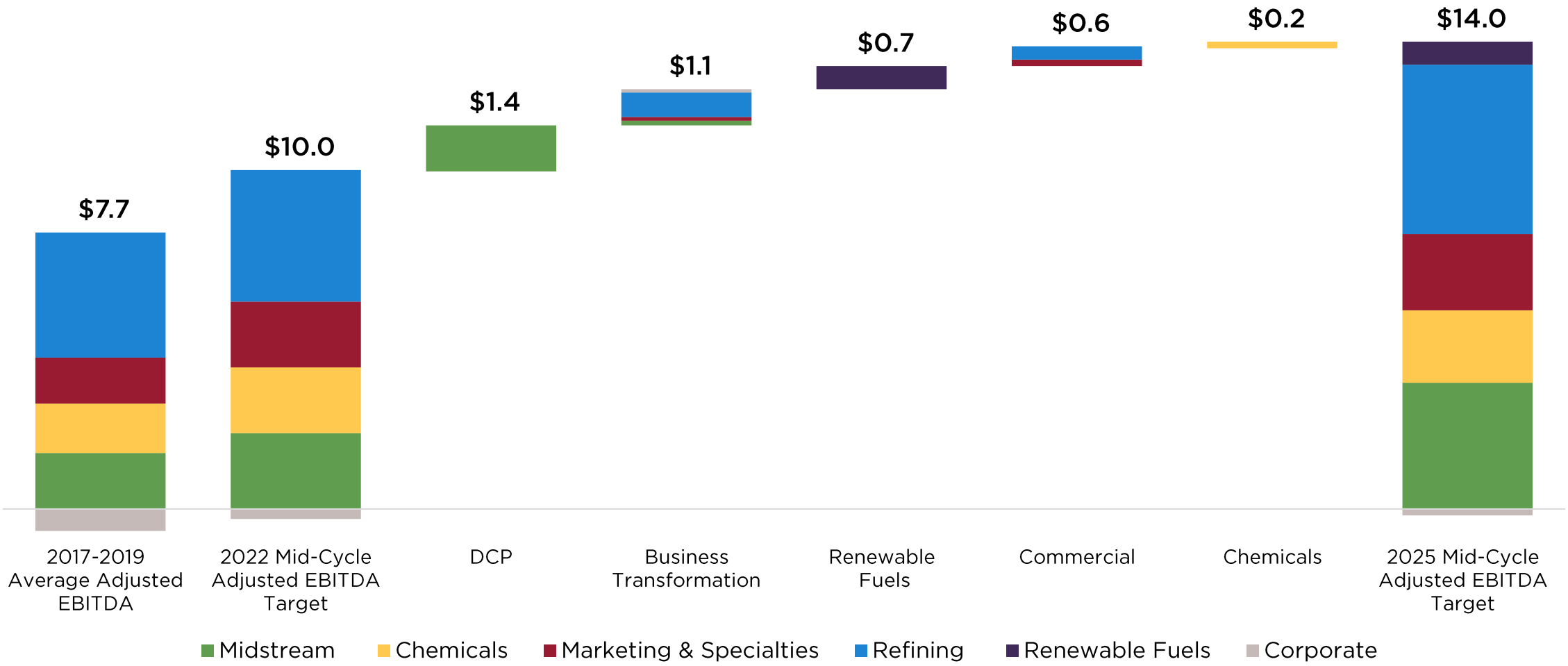
Placement into Domestic and International Marketing distribution channels

Conversion reduces emissions from the facility and produces lower-carbon transportation fuels

Executing the Strategy

Transformational efforts increase cash flow, earnings, and value

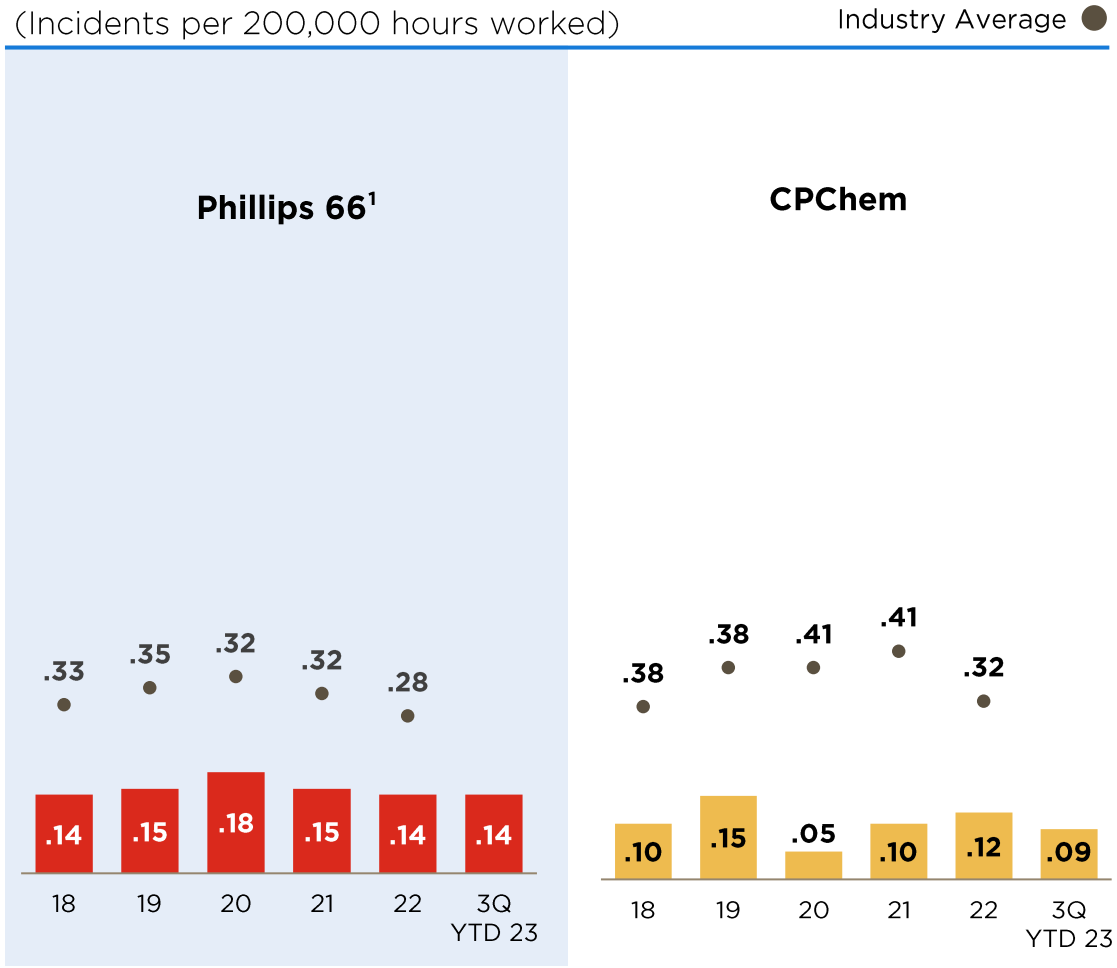
Adjusted EBITDA by Segment ($B)



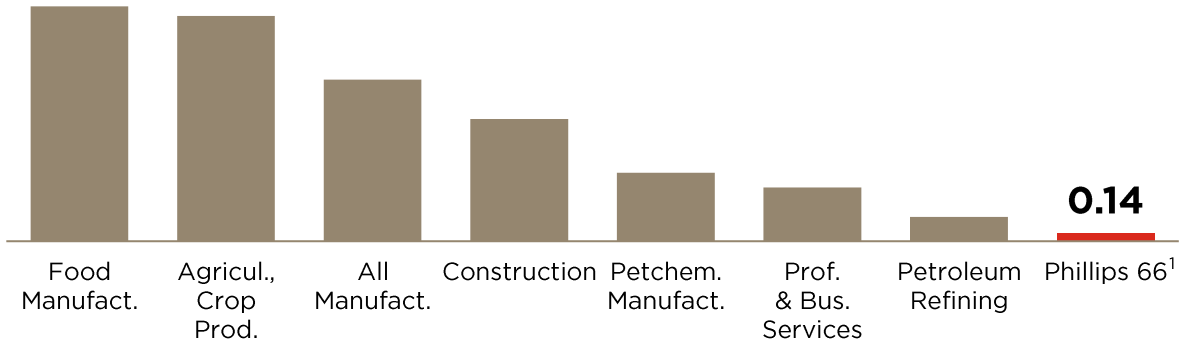
Operating Excellence

Safety improves availability, utilization and market capture

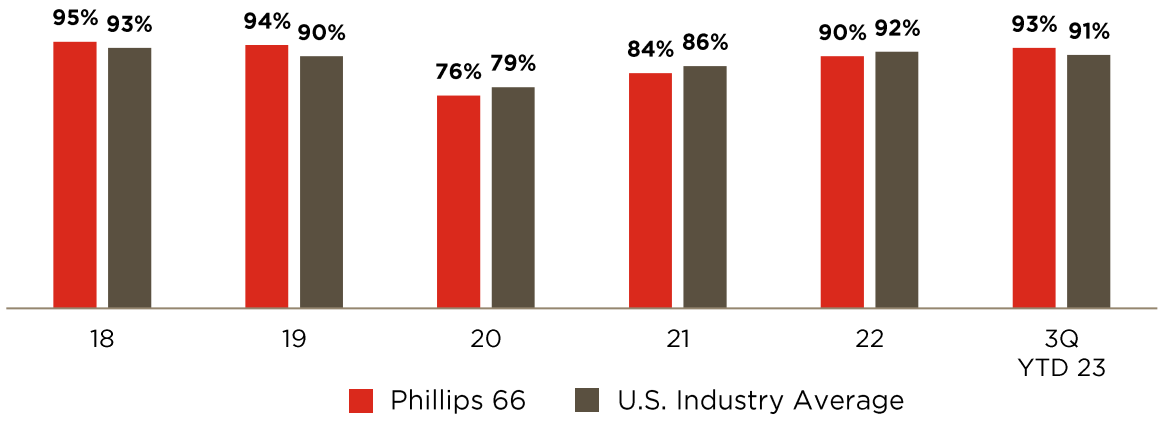
Total Recordable Rates
(Incidents per 200,000 hours worked)



2022 Industry Safety Metrics
(Incidents per 200,000 hours worked)



Refining Crude Capacity Utilization (%)



1. Combined TRR rate for Phillips 66 and DCP Midstream, LP. Restated Phillips 66 historical information with combined TRR rate of Phillips 66 and DCP Midstream, LP.
See appendix for footnotes

2023 Sensitivities

	Annual EBITDA $MM [1]
Midstream [2]	
10¢/Gal Increase in NGL price	100
10¢/MMBtu Increase in Natural Gas price	6
$1/BBL Increase in WTI price	5
Chemicals - CPChem (net to Phillips 66)	
1¢/Lb Increase in Chain Margin (Ethylene, Polyethylene, NAO)	65
Worldwide Refining	
$1/BBL Increase in Gasoline Margin	320
$1/BBL Increase in Distillate Margin	285
Impacts due to Actual Crude Feedstock Differing from Feedstock Assumed in Market Indicators:	
$1/BBL Widening WTI / WCS Differential (WTI less WCS)	100
$1/BBL Widening LLS / Maya Differential (LLS less Maya)	75
$1/BBL Widening LLS / WTI Differential (LLS less WTI)	25
$1/BBL Widening WTI / WTS Differential (WTI less WTS)	30
10¢/MMBtu Increase in Natural Gas price	15

1. Sensitivities shown above are independent and are only valid within a limited range.
2. Midstream includes 13% economic interest attributable to non controlling interest in DCP Midstream LP.

Publications



[2023 Sustainability Report]

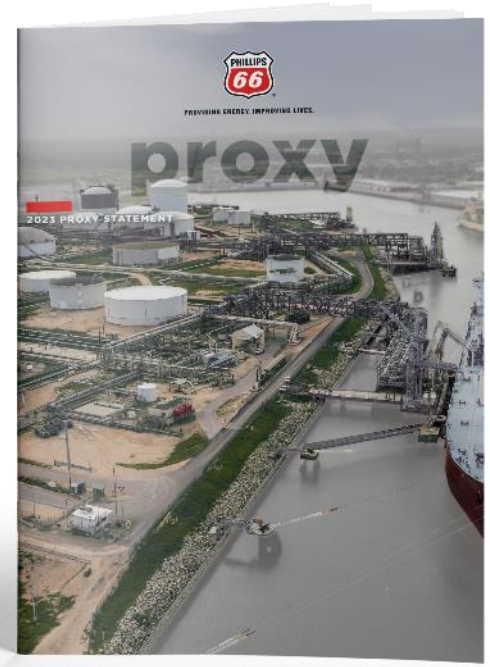
[2022 Human Capital Management]





[2022 Year In Review]

[2023 Proxy Statement]



Footnotes

General

Information disclosed is as of September 30, 2023, unless noted otherwise.

Numbers may not appear to tie due to rounding.

Chevron Phillips Chemical may be abbreviated as CPChem.

Marketing and Specialties may be abbreviated as M&S.

Date Conventions

22 is as of December 31, 2022, or the twelve-month period ended December 31, 2022, as applicable; except as otherwise noted.

2022 is as of December 31, 2022, or the twelve-month period ended December 31, 2022, as applicable; except as otherwise noted.

3Q YTD 2023 is as of September 30, 2023, or the nine-month period ended September 30, 2023, as applicable;

except as otherwise noted.

2023B represents previously announced Budget.

2023E represents 2023 Estimate

2024E represents 2024 Estimate

LTM represents last twelve months

TTM represents trailing twelve months

Maps

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

Footnotes

Reducing Costs to Sustain Higher Cash Generation
Cost Savings Targets are expected to be reflected in either operating expenses, selling, general and administrative expenses, depreciation and amortization expenses, purchased crude oil and products costs or equity in earnings of affiliates line items on our consolidated statement of income.

Compelling Value Proposition
Cumulative distributions represents dividends paid to Phillips 66 shareholders plus treasury shares repurchased or exchanged

Improved Cash Generation for Increased Shareholder Returns
2022 mid-cycle adjusted CFO represents targeted mid-cycle adjusted CFO that we presented at our November 2022 Investor Day and our 2025 mid-cycle adjusted CFO represents our updated target mid-cycle CFO by 2025. The 2022 mid-cycle adjusted CFO target was based on our 2022 mid-cycle adjusted EBITDA target less estimated distributions to noncontrolling interests and our 2025 mid-cycle adjusted CFO target was based on our 2025 mid-cycle adjusted EBITDA target less estimated distributions to noncontrolling interests. See further discussion below regarding our 2022 and 2025 mid-cycle adjusted EBITDA targets. 2022 and 2025 mid-cycle adjusted CFO involves forward-looking estimates and therefore a reconciliation cannot be provided without unreasonable effort.

Operating Excellence
Industry averages are from: Phillips 66 – American Fuel & Petrochemical Manufacturers (AFPM) refining data, Chevron Phillips Chemical LLC (CPChem) – American Fuel & Petrochemical Manufacturers (AFPM) chemicals data, DCP Midstream, LLC (DCP Midstream) – Gas Processors Association (GPA).
Phillips 66, CPChem and DCP Midstream safety metrics as of June 30, 2023.
Industry safety metrics as of 2022. Source: Bureau of Labor Statistics.
Phillips 66 refining crude capacity utilization excludes Alliance Refinery beginning in fourth quarter 2021.
Industry refining crude capacity utilization through June 30, 2023. Source: EIA.

Executing the Strategy: Mid-Cycle Adjusted EBITDA by Segment
2022 mid-cycle adjusted EBITDA represented targeted mid-cycle adjusted EBITDA that we presented at our November 2022 Investor Day. This mid-cycle adjusted EBITDA target was based on historical average adjusted EBITDA for our Refining and Chemicals operating segments and adjusted 2021 EBITDA for our Midstream and M&S operating segments and for our corporate expenses. 2020 and 2021 adjusted EBITDA excluded due to COVID-19 impacts. The historical adjusted EBITDA amounts were further adjusted for estimated EBITDA from the completion of operating segment growth projects, expected cost savings from our Business Transformation, current operating capacities and certain other anticipated market impacts.
2025 mid-cycle adjusted EBITDA represents our 2022 mid-cycle adjusted EBITDA target updated to reflect estimated EBITDA from completion of operating segment growth projects, incremental earnings from Business Transformation cost savings and commercial initiatives, incremental DCP synergies, expected operating capacities and other anticipated market impacts.
The most directly comparable GAAP performance measure to mid-cycle adjusted EBITDA for the consolidated company is net income and the most directly comparable GAAP performance measure for a segment is income before income taxes. 2022 and 2025 mid-cycle adjusted EBITDA involves forward-looking estimates and therefore a reconciliation cannot be provided without unreasonable effort.

Non-GAAP Reconciliation

	Millions of Dollars						
	2017	2018	2019	2020	2021	2022	3QLTM 23
Reconciliation of Phillips 66 Net Income (Loss) to Adjusted EBITDA							
Phillips 66 net income (loss)	$ 5,248	5,873	3,377	(3,714)	1,594	11,391	7,966
Plus:							
Income tax expense (benefit)	(1,693)	1,572	801	(1,250)	146	3,248	2,289
Net interest expense	407	459	415	485	583	537	611
Depreciation and amortization	1,318	1,356	1,341	1,395	1,605	1,629	1,961
Phillips 66 EBITDA[1]	**$ 5,280**	**9,260**	**5,934**	**(3,084)**	**3,928**	**16,805**	**12,827**
Special Item Adjustments (pre-tax):							
Impairments by equity affiliates	64	28	47	15	—	—	—
Pending claims and settlements	(57)	21	(21)	(37)	—	—	—
Certain tax impacts	(23)	(119)	(90)	(6)	(11)	—	—
Gain on consolidation of business	(423)	—	—	—	—	—	—
Net gain on asset dispositions	—	—	(17)	(93)	—	—	(123)
Impairments	—	—	853	4,241	1,496	—	—
Lower-of-cost-or-market inventory adjustments	—	—	65	(55)	—	—	—
Pension settlement expense	83	67	—	81	77	—	—
Hurricane-related costs (recovery)	210	—	—	43	45	(21)	(14)
Winter-storm-related costs	—	—	—	—	51	20	—
Alliance shutdown-related costs[2]	—	—	—	—	31	70	—
Regulatory compliance costs	—	—	—	—	(88)	—	—
Business transformation restructuring costs[3]	—	—	—	—	—	159	205
Change in inventory method for acquired business	—	—	—	—	—	—	(46)
DCP integration restructuring costs[4]	—	—	—	—	—	18	35
Merger transaction costs	—	—	—	—	—	13	—
Gain related to merger of businesses	—	—	—	—	—	(3,013)	—
Legal accrual	—	—	—	—	—	—	30
U.S. tax reform	—	(16)	—	—	—	—	—
Total Special Item Adjustments (pre-tax)	(146)	(19)	837	4,189	1,601	(2,754)	87
Change in Fair Value of NOVONIX Investment[5]	—	—	—	—	(370)	442	47

Continued on next page

Non-GAAP Reconciliation

	Millions of Dollars						
	2017	2018	2019	2020	2021	2022	3QLTM 23
Reconciliation of Phillips 66 Net Income (Loss) to Adjusted EBITDA (cont'd)							
Phillips 66 EBITDA, Adjusted for Special Items and Change in Fair Value of NOVONIX Investment[1]	**$ 5,134**	**9,241**	**6,771**	**1,105**	**5,159**	**14,493**	**12,961**
Other Adjustments (pre-tax)[1]:							
Proportional share of selected equity affiliates income taxes	105	128	114	77	182	143	123
Proportional share of selected equity affiliates net interest	128	171	182	226	242	175	92
Proportional share of selected equity affiliates depreciation and amortization	624	781	799	816	812	788	747
Adjusted EBITDA attributable to joint venture partners' noncontrolling interests	—	—	—	(37)	(81)	(427)	(617)
Adjusted EBITDA attributable to public ownership interest in PSXP[6]	(238)	(369)	(413)	(353)	(393)	(82)	—
Phillips 66 Adjusted EBITDA[1]	**$ 5,753**	**9,952**	**7,453**	**1,834**	**5,921**	**15,090**	**13,306**

2017-2019 Average Adjusted EBITDA	**$ 7,719**

1. Refer to changes in Basis of Presentation discussion on pg 2.
2. Costs related to the shutdown of the Alliance Refinery totaled $192 million in 2021. Shutdown-related costs recorded in the Refining segment include pre-tax charges for asset retirements of $91 million recorded in depreciation and amortization expense, and severance and other exist costs of $31 million. Shutdown-related costs in the Midstream segment include asset retirements of $70 million pre-tax recorded in depreciation and amortization expense. Costs related to the shutdown of the Alliance Refinery totaled $26 million pre-tax in 2022. Shutdown-related costs recorded in the Refining segment include pre-tax charges for the disposal of material and supplies of $20 million and asset retirement charges of $6 million recorded in depreciation and amortization expense.
3. Restructuring costs, related to Phillips 66's multi-year business transformation efforts, are primarily due to consulting fees.. Additionally, 2022 included a held-for-sale asset impairment of $45 million.
4. Restructuring costs, related to the integration of DCP Midstream, primarily reflect severance costs. A portion of these costs are attributable to noncontrolling interests.
5. Represents change in fair value of investment in NOVONIX Ltd. made in September of 2021.
6. On March 9, 2022, Phillips 66 Partners LP became a wholly owned subsidiary of Phillips 66.

Non-GAAP Reconciliation

	Millions of Dollars						
	2017	2018	2019	2020	2021	2022	3QLTM 23
Reconciliation of Midstream Pre-Tax Income (Loss) to Adjusted EBITDA							
Midstream pre-tax income (loss)	$ 615	1,088	597	(116)	1,500	4,734	2,674
Plus:							
Interest revenue	(1)	—	—	—	—	—	—
Depreciation and amortization	298	310	291	313	425	568	914
Midstream EBITDA[1]	**$ 912**	**1,398**	**888**	**197**	**1,925**	**5,302**	**3,588**
Special Item Adjustments (pre-tax):							
Pending claims and settlements	(37)	21	—	—	—	—	—
Impairments	—	—	853	1,461	208	—	—
Impairments by equity affiliates	—	28	47	—	—	—	—
Hurricane-related costs	10	—	—	4	4	—	—
Winter-storm-related costs	—	—	—	—	2	—	—
Lower-of-cost-or-market inventory adjustments	—	—	—	1	—	—	—
Net gain on asset dispositions	—	—	—	(84)	—	—	(137)
Pension settlement expense	12	9	—	9	8	—	—
Merger transaction costs	—	—	—	—	—	13	—
Gain related to merger of business	—	—	—	—	—	(3,013)	—
Change in inventory method for acquired business	—	—	—	—	—	—	(46)
DCP integration restructuring costs[2]	—	—	—	—	—	18	53
Total Special Item Adjustments (pre-tax)	(15)	58	900	1,391	222	(2,982)	(130)
Change in Fair Value of NOVONIX Investment[3]	—	—	—	—	(370)	442	47
EBITDA, Adjusted for Special Items and Change in Fair Value of NOVONIX Investment[1,4]	**$ 897**	**1,456**	**1,788**	**1,588**	**1,777**	**2,762**	**3,505**

Continued on next page

Non-GAAP Reconciliation

	Millions of Dollars						
	2017	2018	2019	2020	2021	2022	3QLTM 23
Reconciliation of Midstream Pre-Tax Income (Loss) to Adjusted EBITDA (Cont'd.)							
EBITDA, Adjusted for Special Items and Change in Fair Value of NOVONIX Investment[1]	**$ 897**	**1,456**	**1,788**	**1,588**	**1,777**	**2,762**	**3,505**
Other Adjustments (pre-tax):							
Proportional share of selected equity affiliates income taxes	15	4	12	9	14	13	16
Proportional share of selected equity affiliates net interest	125	133	138	161	169	119	51
Proportional share of selected equity affiliates depreciation and amortization	189	216	237	224	229	209	164
Adjusted EBITDA attributable to joint venture partners' noncontrolling interests	—	—	—	(37)	(81)	(427)	(617)
Midstream Adjusted EBITDA[1]	**$ 1,226**	**1,809**	**2,175**	**1,945**	**2,108**	**2,676**	**3,119**

2017-2019 Average Adjusted EBITDA	**$ 1,737**

1. Refer to "Changes in Basis of Presentation" discussion on pg 2.
2. Restructuring costs, related to the integration of DCP Midstream, primarily reflect severance costs and consulting fees. A portion of these costs are attributable to noncontrolling interests.
3. Represents change in fair value of investment in NOVONIX, Ltd., which we made in September 2021.

Non-GAAP Reconciliation

		Millions of Dollars						
		2017	2018	2019	2020	2021	2022	3QLTM 23
Reconciliation of Midstream - Transportation Pre-Tax Income to Adjusted EBITDA								
Midstream - Transportation pre-tax income	$	530	770	947	508	678	1,176	1,213
Plus:								
Interest revenue		(1)	—	—	—	—	—	—
Depreciation and amortization		158	166	151	159	234	174	167
Midstream - Transportation EBITDA[1]	**$**	**687**	**936**	**1,098**	**667**	**912**	**1,350**	**1,380**
Special Item Adjustments (pre-tax):								
Impairments		—	—	—	300	208	—	—
Hurricane-related costs		—	—	—	4	—	—	—
Winter-storm-related costs		—	—	—	—	1	—	—
Net gain on asset dispositions		—	—	—	(84)	—	—	(137)
Gain related to merger of business		—	—	—	—	—	(182)	—
Total Special Item Adjustments (pre-tax)		—	—	—	220	209	(182)	(137)
Midstream Transportation EBITDA, Adjusted for Special Items[1]	**$**	**687**	**936**	**1,098**	**887**	**1,121**	**1,168**	**1,243**
Other Adjustments (pre-tax)[2]:								
Proportional share of selected equity affiliates income taxes		15	4	12	9	14	12	16
Proportional share of selected equity affiliates net interest		60	71	61	75	84	69	51
Proportional share of selected equity affiliates depreciation and amortization		84	106	118	152	150	136	107
Adjusted EBITDA attributable to joint venture partners' noncontrolling interests		—	—	—	(37)	(81)	(59)	(15)
Midstream - Transportation Adjusted EBITDA[1]	**$**	**846**	**1,117**	**1,289**	**1,086**	**1,288**	**1,326**	**1,402**

1. Refer to "Changes in Basis of Presentation" discussion on pg 2.

Non-GAAP Reconciliation

		Millions of Dollars						
		2017	2018	2019	2020	2021	2022	3QLTM 23
Reconciliation of Midstream - NGL & Other Pre-Tax Income (Loss) to Adjusted EBITDA								
Midstream pre-tax income (loss)	$	85	318	(350)	(624)	452	4,000	1,508
Plus:								
Depreciation and amortization		139	144	140	154	191	394	747
Midstream - NGL & Other EBITDA[1]	**$**	**223**	**462**	**(210)**	**(470)**	**643**	**4,394**	**2,255**
Special Item Adjustments (pre-tax):								
Pending claims and settlements		(37)	21	—	—	—	—	—
Impairments		—	—	853	1,161	—	—	—
Impairments by equity affiliates		—	28	47	—	—	—	—
Hurricane-related costs		10	—	—	—	4	—	—
Winter-storm-related costs		—	—	—	—	1	—	—
Lower-of-cost-or-market inventory adjustments		—	—	—	1	—	—	—
Pension settlement expense		12	9	—	9	8	—	—
Merger transaction costs		—	—	—	—	—	13	—
Gain related to merger of business		—	—	—	—	—	(2,831)	—
Change in inventory method for acquired business		—	—	—	—	—	—	(46)
DCP integration restructuring costs[2]		—	—	—	—	—	18	53
Total Special Item Adjustments (pre-tax)		(15)	58	900	1,171	13	(2,800)	7
Midstream – NGL and Other EBITDA, Adjusted for Special Items[1]	**$**	**208**	**520**	**690**	**701**	**656**	**1,594**	**2,262**
Other Adjustments (pre-tax):								
Proportional share of selected equity affiliates income taxes		—	—	—	—	—	1	—
Proportional share of selected equity affiliates net interest		65	62	77	86	85	50	—
Proportional share of selected equity affiliates depreciation and amortization		106	110	119	72	79	73	57
Adjusted EBITDA attributable to joint venture partners' noncontrolling interests		—	—	—	—	—	(368)	(602)
Midstream - NGL and Other Adjusted EBITDA[1]	**$**	**379**	**692**	**886**	**859**	**820**	**1,350**	**1,717**

1. Refer to "Changes in Basis of Presentation" discussion on pg 2.
2. Restructuring costs, related to the integration of DCP Midstream, primarily reflect severance costs and consulting fees. A portion of these costs are attributable to noncontrolling interests.

Non-GAAP Reconciliation

		Millions of Dollars						
		2017	2018	2019	2020	2021	2022	3QLTM 23
Reconciliation of Chemicals Pre-Tax Income to Adjusted EBITDA								
Chemicals pre-tax income	$	716	1,025	879	635	1,844	856	546
Plus:								
None		—	—	—	—	—	—	—
Chemicals EBITDA	**$**	**716**	**1,025**	**879**	**635**	**1,844**	**856**	**546**
Special Item Adjustments (pre-tax):								
Impairments by equity affiliates		64	—	—	15	—	—	—
Pension settlement expense		—	—	—	21	22	—	—
Hurricane-related costs		175	—	—	3	1	—	—
Winter-storm-related costs		—	—	—	—	32	—	—
Lower-of-cost-or-market inventory adjustments		—	—	65	(57)	—	—	—
Chemicals EBITDA, Adjusted for Special Items	**$**	**955**	**1,025**	**944**	**617**	**1,899**	**856**	**546**
Other Adjustments (pre-tax):								
Proportional share of selected equity affiliates income taxes		68	100	79	47	144	104	82
Proportional share of selected equity affiliates net interest		4	38	40	44	48	26	4
Proportional share of selected equity affiliates depreciation and amortization		317	432	425	423	411	411	410
Chemicals Adjusted EBITDA	**$**	**1,344**	**1,595**	**1,488**	**1,131**	**2,502**	**1,397**	**1,042**

2017-2019 Average Adjusted EBITDA	**$**	**1,476**

Non-GAAP Reconciliation

	Millions of Dollars						
	2017	2018	2019	2020	2021	2022	3QLTM 23
Reconciliation of Refining Pre-Tax Income (Loss) to Adjusted EBITDA							
Refining pre-tax income (loss)	$ 2,099	4,628	2,132	(6,022)	(2,353)	7,816	6,092
Plus:							
Depreciation and amortization	823	849	867	896	984	866	841
Refining EBITDA[1]	**$ 2,922**	**5,477**	**2,999**	**(5,126)**	**(1,369)**	**8,682**	**6,933**
Special Item Adjustments (pre-tax):							
Pending claims and settlements	(51)	—	(21)	—	—	—	—
Certain tax impacts	(23)	(6)	—	(6)	(11)	—	—
Hurricane-related costs (recovery)	24	—	—	33	40	(21)	(14)
Winter-storm-related costs	—	—	—	—	17	—	—
Gain on consolidation of business	(423)	—	—	—	—	—	—
Net (gain) loss on asset dispositions	—	—	(17)	—	—	—	14
Impairments	—	—	—	2,755	1,288	—	—
Lower-of-cost-or-market inventory adjustments	—	—	—	—	—	—	—
Pension settlement expense	53	43	—	41	37	—	—
Alliance shutdown-related costs[2]	—	—	—	—	31	20	—
Legal	—	—	—	—	—	—	30
Regulatory compliance costs	—	—	—	—	(88)	70	—
Refining EBITDA, Adjusted for Special Items[1]	**$ 2,502**	**5,514**	**2,961**	**(2,303)**	**(55)**	**8,751**	**6,963**

Continued on next page

Non-GAAP Reconciliation

	Millions of Dollars						
	2017	2018	2019	2020	2021	2022	3QLTM 23
Reconciliation of Refining Pre-Tax Income (Loss) to Adjusted EBITDA (Cont'd)							
Refining EBITDA, Adjusted for Special Items[1]	**$ 2,502**	**5,514**	**2,961**	**(2,303)**	**(55)**	**8,751**	**6,963**
Other Adjustments (pre-tax):							
Proportional share of selected equity affiliates income taxes	1	1	—	(2)	—	2	2
Proportional share of selected equity affiliates net interest	(3)	(6)	(3)	3	9	6	(5)
Proportional share of selected equity affiliates depreciation and amortization	82	94	97	105	103	92	95
Refining Adjusted EBITDA[1]	**$ 2,582**	**5,603**	**3,055**	**(2,197)**	**57**	**8,851**	**7,055**

2017-2019 Average Adjusted EBITDA	**$ 3,747**

1. Refer to changes in Basis of Presentation discussion on pg 2.
2. Costs related to the shutdown of the Alliance Refinery totaled $192 million in 2021. Shutdown-related costs recorded in the Refining segment include pre-tax charges for asset retirements of $91 million recorded in depreciation and amortization expense, and severance and other exist costs of $31 million. Shutdown-related costs in the Midstream segment include asset retirements of $70 million pre-tax recorded in depreciation and amortization expense. Costs related to the shutdown of the Alliance Refinery totaled $26 million pre-tax in 2022. Shutdown-related costs recorded in the Refining segment include pre-tax charges for the disposal of material and supplies of $20 million and asset retirement charges of $6 million recorded in depreciation and amortization expense.

Non-GAAP Reconciliation

	Millions of Dollars						
	2017	2018	2019	2020	2021	2022	3QLTM 23
Reconciliation of Marketing & Specialties Pre-Tax Income to Adjusted EBITDA							
Marketing and Specialties pre-tax income	$ 1,020	1,556	1,374	1,421	1,723	2,402	2,242
Plus:							
Depreciation and amortization	112	114	103	103	113	110	113
Marketing & Specialties EBITDA[1]	**$ 1,132**	**1,670**	**1,477**	**1,524**	**1,836**	**2,512**	**2,355**
Special Item Adjustments (pre-tax):							
Pending claims and settlements	—	—	—	(37)	—	—	—
Lower-of-cost-or-market inventory adjustments	—	—	—	1	—	—	—
Certain tax impacts	—	(113)	(90)	—	—	—	—
Hurricane-related costs	1	—	—	3	—	—	—
Pension settlement expense	11	9	—	6	6	—	—
Marketing & Specialties EBITDA, Adjusted for Special Items[1]	**$ 1,144**	**1,566**	**1,387**	**1,497**	**1,842**	**2,512**	**2,355**
Other Adjustments (pre-tax):							
Proportional share of selected equity affiliates income taxes	21	23	23	23	24	24	18
Proportional share of selected equity affiliates net interest	2	6	7	18	16	24	42
Proportional share of selected equity affiliates depreciation and amortization	36	39	40	64	69	76	78
Marketing & Specialties Adjusted EBITDA[1]	**$ 1,203**	**1,634**	**1,457**	**1,602**	**1,951**	**2,636**	**2,493**

2017-2019 Average Adjusted EBITDA	**$ 1,431**

1. Refer to changes in Basis of Presentation discussion on pg 2.

Non-GAAP Reconciliation

	Millions of Dollars						
	2017	2018	2019	2020	2021	2022	3QLTM 23
Reconciliation of Corporate & Other Pre-Tax Loss to Adjusted EBITDA							
Corporate and Other pre-tax loss	$ (895)	(853)	(804)	(881)	(974)	(1,169)	(1,299)
Plus:							
Net interest expense	408	459	415	485	583	537	611
Depreciation and amortization	86	82	80	82	83	85	93
Corporate & Other EBITDA	**$ (401)**	**(312)**	**(309)**	**(314)**	**(308)**	**(547)**	**(595)**
Special Item Adjustments (pre-tax):							
Impairments	—	—	—	25	—	—	—
Asset dispositions	—	—	—	(9)	—	—	—
Pending claims and settlements	31	—	—	—	—	—	—
U.S. tax reform	—	(16)	—	—	—	—	—
Pension settlement expense	7	6	—	4	4	—	—
Business transformation restructuring costs[1]	—	—	—	—	—	159	187
Corporate & Other EBITDA, Adjusted for Special Items	**$ (363)**	**(322)**	**(309)**	**(294)**	**(304)**	**(388)**	**(408)**
Other Adjustments (pre-tax):							
None	—	—	—	—	—	—	—
Corporate & Other Adjusted EBITDA	**$ (363)**	**(322)**	**(309)**	**(294)**	**(304)**	**(388)**	**(408)**

1. Restructuring costs related to Phillips 66's multi-year business transformation efforts are primarily due to consulting fees. Additionally, 2022 included a held-for-sale asset impairment of $145 million.

Non-GAAP Reconciliation

	Millions of Dollars (Except as Indicated)											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD Sept 2023
Phillips 66 ROCE												
Numerator												
Net income (loss)	$ 4,131	3,743	4,797	4,280	1,644	5,248	5,873	3,377	(3,714)	1,594	11,391	5,954
After-tax interest expense	160	178	173	201	220	285	398	362	394	459	489	537
GAAP ROCE earnings (loss)	4,291	3,921	4,970	4,481	1,864	5,533	6,271	3,739	(3,320)	2,053	11,880	6,491
After-tax special items	1,263	(83)	(980)	(34)	(57)	(2,837)	(51)	581	3,598	1,257	(2,113)	65
Adjusted ROCE earnings	$ 5,554	3,838	3,990	4,447	1,807	2,696	6,220	4,320	278	3,310	9,767	6,556
Denominator												
GAAP average capital employed*	$ 25,732	28,163	29,634	31,749	33,344	35,700	37,925	38,621	38,174	36,751	43,691	51,365
Discontinued operations	—	(191)	(96)	—	—	—	—	—	—	—	—	—
Adjusted averaged capital employed	$ 25,732	27,972	29,538	31,749	33,344	35,700	37,925	38,621	38,174	36,751	43,691	51,365
GAAP ROCE (percent)	17 %	14 %	17 %	14 %	6 %	15 %	17 %	10 %	(9)%	6 %	27 %	17 %
Adjusted ROCE (percent)	22 %	14 %	14 %	14 %	5 %	8 %	16 %	11 %	1 %	9 %	22 %	17 %

*Total equity plus debt.

Average GAAP ROCE (2022 - YTD Sept 2023)	**13 %**
Average Adjusted ROCE (2022 - YTD Sept 2023)	**13 %**

Non-GAAP Reconciliation

	Millions of Dollars					
	2019	2020	2021	2022	2023E	2024 Budget
Phillips 66 Capital Expenditures and Investments						
Midstream[1,2]						
Growth	$ 1,549	1,471	501	744	292	593
Sustaining	251	204	232	299	350	392
Total	1,800	1,675	733	1,043	642	985
Refining[2]						
Growth	464	328	280	477	977	654
Sustaining	606	499	504	451	384	412
Total	1,070	827	784	928	1,361	1,066
Marketing & Specialties[2]						
Growth	299	114	147	48	389	61
Sustaining	75	59	55	41	44	51
Total	374	173	202	89	433	112
Corporate & Other						
Growth	7	4	1	7	—	—
Sustaining	199	180	140	127	87	68
Total	206	184	141	134	87	68
Total Consolidated						
Growth	2,319	1,917	929	1,276	1,658	1,308
Sustaining	1,131	942	931	918	865	923
Adjusted Capital Expenditures and Investments	3,450	2,859	1,860	2,194	2,523	2,231
Growth Capital Expenditures Funded by Certain Joint Venture Partners (Midstream)	423	61	—	—		—
Total Capital Expenditures and Investments	$ 3,873	2,920	1,860	2,194	2,523	2,231

1. Includes 100% of DCP Midstream, LP, DCP Sand Hills Pipeline, LLC, and DCP Southern Hills Pipeline, LLC, capital expenditures and investments from August 18, 2022, forward, net of acquired cash. 2024 Budget includes 100% of DCP Midstream, LP, DCP Sand Hills Pipeline, LLC, and DCP Southern Hills Pipeline, LLC, capital expenditures and investments.
2. Refer to Change in Basis of Presentation discussion on pg 2.