Phillips 66 Partners

Fourth Quarter 2020 Earnings Call and Webcast

January 29, 2021



Sweeny Fractionator
OLD OCEAN, TX

Cautionary Statement

This presentation contains certain forward-looking statements as defined under the federal securities laws. 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 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: the continued ability of Phillips 66 to satisfy its obligations under our commercial and other agreements; the volume of crude oil, refined petroleum products and NGL we or our equity affiliates transport, fractionate, terminal and store; the tariff rates with respect to volumes transported through our regulated assets, which are subject to review and possible adjustment by federal and state regulators; fluctuations in the prices for crude oil, refined petroleum products and NGL; the continuing effects of the COVID-19 pandemic and its negative impact on the demand for refined products; changes in governmental policies relating to crude oil, refined petroleum products or NGL pricing, regulation, taxation, or exports; liabilities associated with the risks and operational hazards inherent in transporting, fractionating, terminaling and storing crude oil, refined petroleum products and NGL; curtailment of operations due to accidents, severe weather (including as a result of climate change) or natural disasters, riots, strikes or lockouts; the inability to obtain or maintain permits, in a timely manner or at all, and the possible revocation or modification of permits; our ability to successfully execute growth strategies; the operation, financing and distribution decisions of our equity affiliates; costs to comply with environmental laws and safety regulations; failure of information technology due to various causes, including unauthorized access or attacks; changes to the costs to deliver and transport crude oil, refined petroleum products and NGL; potential liability from litigation or for remedial actions, including removal and reclamation obligations under environmental regulations; the failure to complete construction of capital projects on time and within budget; general domestic and international economic and political developments including armed hostilities, expropriation of assets, and other political, economic or diplomatic developments, including those caused by public health issues; our ability to comply with our debt covenants and to incur additional indebtedness on favorable terms; changes in tax, environmental and other laws and regulations; and other economic, business, competitive and/or regulatory factors affecting Phillips 66 Partners' businesses generally as set forth in our filings with the Securities and Exchange Commission. Phillips 66 Partners 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.

Use of Non-GAAP Financial Measures. Today's 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 "Financial Information" section of our website.

Executing the Strategy



South Texas Gateway Terminal
INGLESIDE, TX

2020 Highlights

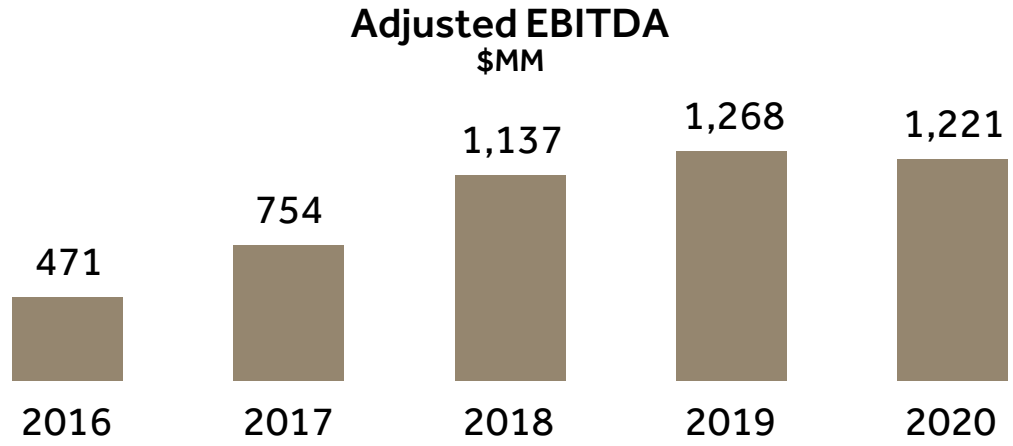
Operated safely and reliably

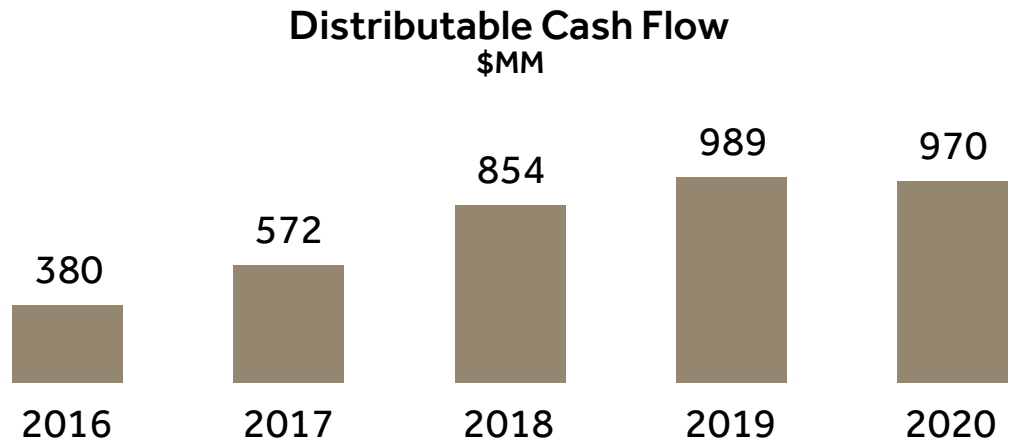
Demonstrated strength of fee-based portfolio while weathering economic downturn

Maintained strong leverage and coverage ratios

Advanced organic growth projects:

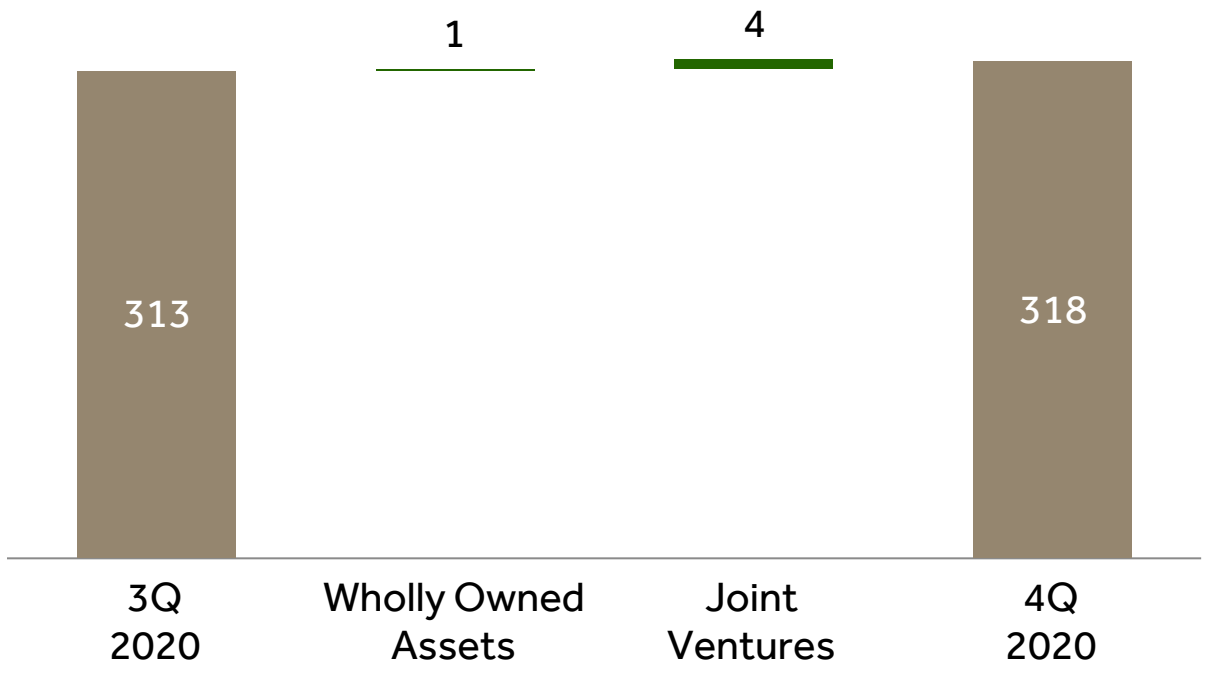
- Full operations of Gray Oak Pipeline
- Completion of second dock and 7.7 MMbbls of storage capacity at South Texas Gateway Terminal
- Addition of 7.5 MMbbls storage capacity at Clemens Caverns
- Continued construction of C2G Pipeline



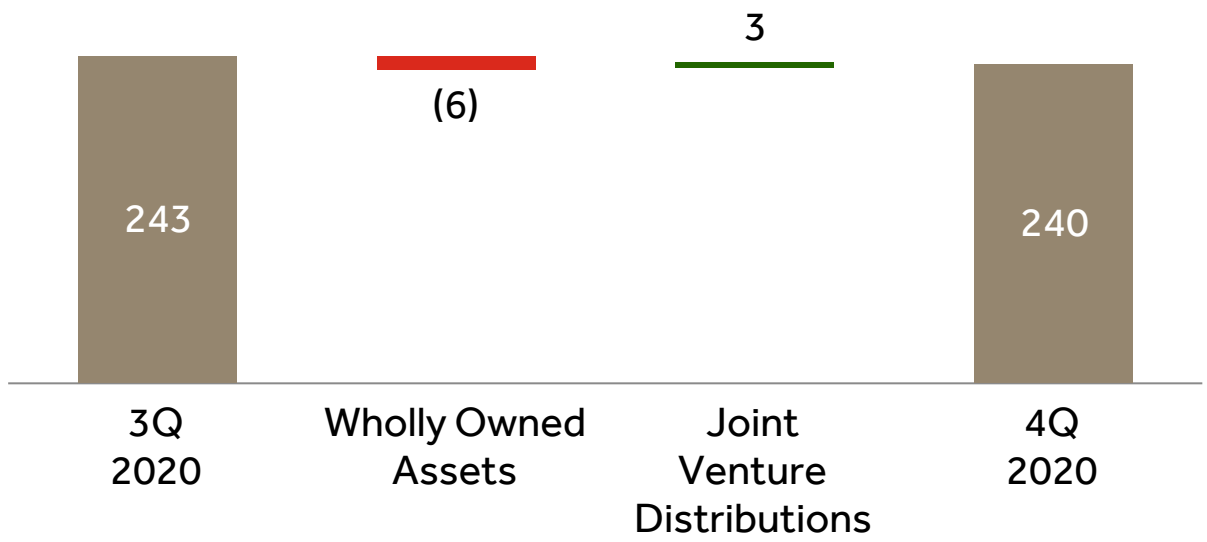


4Q 2020 Financial Highlights

Adjusted EBITDA
$MM



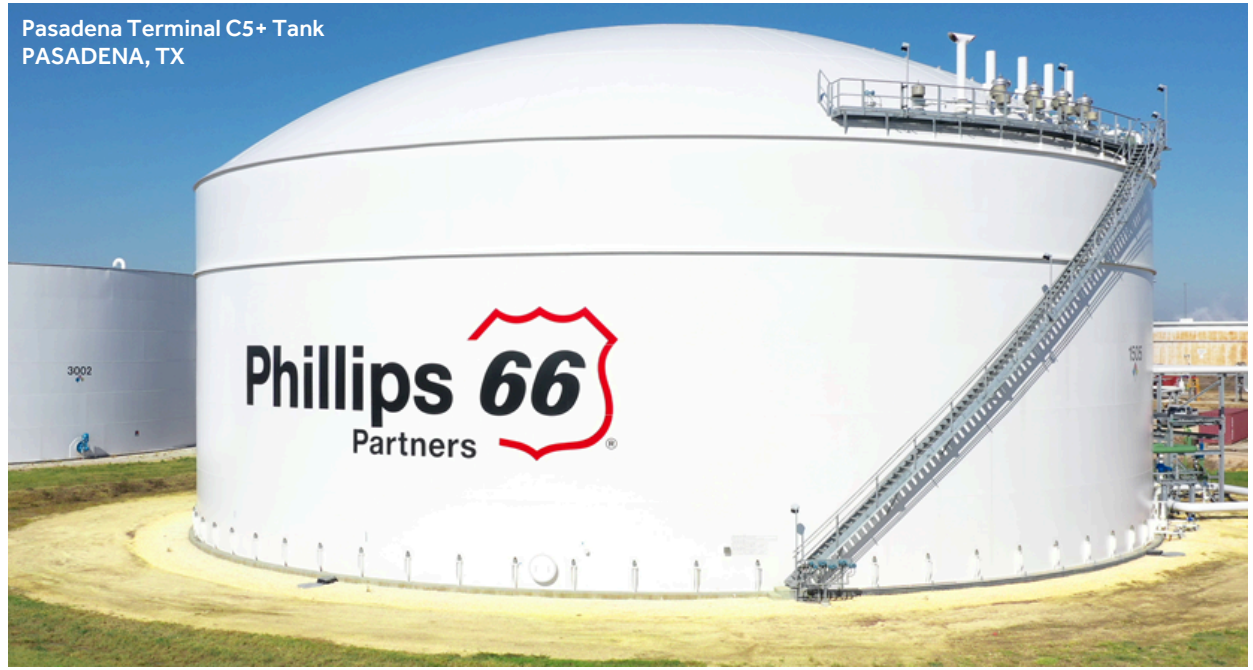
Distributable Cash Flow
$MM



4Q 2020 Overview

$MM (UNLESS OTHERWISE NOTED)

Cash and cash equivalents	$	7
Total debt		3,909
Revolving credit facility availability		334
Debt-to-EBITDA ratio[1]		2.9
Coverage ratio		1.20



1) Leverage ratio estimated on credit facility covenant basis.

Projects Update



Gray Oak Pipeline Zena Lateral Mentone Terminal
MENTONE, TX

Appendix



Non-GAAP Reconciliations

	Millions of Dollars				
	2016	2017	2018	2019	2020
Net income attributable to the Partnership	301	461	796	923	791
Plus:					
Net income attributable to Predecessors	107	63	—	—	—
Net income attributable to noncontrolling interest	—	—	—	—	17
Net income	408	524	796	923	808
Plus:					
Depreciation	96	116	117	120	135
Net interest expense	52	99	114	105	120
Income tax expense	2	4	4	3	3
EBITDA	558	743	1,031	1,151	1,066
Plus:					
Proportional share of equity affiliates' net interest, taxes, depreciation and amortization, and impairments	45	66	101	116	172
Expenses indemnified or prefunded by Phillips 66	6	8	1	1	2
Transaction costs associated with acquisitions	4	4	4	—	1
Impairments	—	—	—	—	96
Less:					
Gain from equity interest transfer	—	—	—	—	84
Adjusted EBITDA attributable to Predecessors	142	67	—	—	—
Adjusted EBITDA attributable to noncontrolling interest	—	—	—	—	32
Adjusted EBITDA	471	754	1,137	1,268	1,221
Plus:					
Deferred revenue impacts*†	11	6	(6)	(6)	8
Less:					
Equity affiliate distributions less than proportional adjusted EBITDA	28	29	64	56	—
Maintenance capital expenditures†	22	50	62	74	97
Net interest expense	52	100	114	105	120
Preferred unit distributions	—	9	37	37	41
Income taxes paid	—	—	—	1	1
Distributable cash flow	380	572	854	989	970

* Difference between cash receipts and revenue recognition

† Excludes Merey Sweeny capital reimbursements and turnaround impacts

Non-GAAP Reconciliations

	Millions of Dollars				
	2016	2017	2018	2019	2020
Net cash provided by operating activities	492	724	892	1,016	955
Plus:					
Net interest expense	52	99	114	105	120
Income tax expense	2	4	4	3	3
Changes in working capital	28	(30)	(20)	34	15
Undistributed equity earnings	(1)	1	5	3	(7)
Impairments	—	—	—	—	(96)
Gain from equity interest transfer	—	—	—	—	84
Deferred revenues and other liabilities	(9)	(43)	42	(5)	4
Other	(6)	(12)	(6)	(5)	(12)
EBITDA	558	743	1,031	1,151	1,066
Plus:					
Proportional share of equity affiliates' net interest, taxes, depreciation and amortization, and impairments	45	66	101	116	172
Expenses indemnified or prefunded by Phillips 66	6	8	1	1	2
Transaction costs associated with acquisitions	4	4	4	—	1
Impairments	—	—	—	—	96
Less:					
Gain from equity interest transfer	—	—	—	—	84
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Adjusted EBITDA attributable to noncontrolling interest	—	—	—	—	32
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Distributable cash flow	380	572	854	989	970

* Difference between cash receipts and revenue recognition

† Excludes Merey Sweeny capital reimbursements and turnaround impacts

Non-GAAP Reconciliations

	Millions of Dollars	
	Q4 2020	Q3 2020
Net income attributable to the Partnership	104	206
Plus:		
Net income attributable to noncontrolling interest	7	10
Net income	111	216
Plus:		
Depreciation	39	35
Net interest expense	32	31
Income tax expense	1	1
EBITDA	183	283
Plus:		
Proportional share of equity affiliates' net interest, taxes, depreciation and amortization, and impairments	54	45
Expenses indemnified or prefunded by Phillips 66	1	1
Impairments	96	—
Less:		
Adjusted EBITDA attributable to noncontrolling interest	16	16
Adjusted EBITDA	318	313
Plus:		
Deferred revenue impacts*†	4	(3)
Less:		
Equity affiliate distributions less than proportional adjusted EBITDA	5	4
Maintenance capital expenditures†	33	21
Net interest expense	32	31
Preferred unit distributions	12	10
Income taxes paid	—	1
Distributable cash flow	240	243

* Difference between cash receipts and revenue recognition

† Excludes Merey Sweeny capital reimbursements and turnaround impacts

Non-GAAP Reconciliations

	Millions of Dollars	
	Q4 2020	Q3 2020
Net cash provided by operating activities	170	296
Plus:		
Net interest expense	32	31
Income tax expense	1	1
Changes in working capital	75	(45)
Undistributed equity earnings	2	—
Impairments	(96)	—
Deferred revenues and other liabilities	1	1
Other	(2)	(1)
EBITDA	183	283
Plus:		
Proportional share of equity affiliates' net interest, taxes, depreciation and amortization, and impairments	54	45
Expenses indemnified or prefunded by Phillips 66	1	1
Impairments	96	—
Less:		
Adjusted EBITDA attributable to noncontrolling interest	16	16
Adjusted EBITDA	318	313
Plus:		
Deferred revenue impacts*†	4	(3)
Less:		
Equity affiliate distributions less than proportional adjusted EBITDA	5	4
Maintenance capital expenditures†	33	21
Net interest expense	32	31
Preferred unit distributions	12	10
Income taxes paid	—	1
Distributable cash flow	240	243

* Difference between cash receipts and revenue recognition

† Excludes Merey Sweeny capital reimbursements and turnaround impacts

Non-GAAP Reconciliations

	Millions of Dollars
	2021
Capital Program	
Expansion/Growth	165
Maintenance	135
Adjusted capital program	300
Growth capital expected to be cash funded by joint venture partners	5
Capital program	305