


# SECOND QUARTER 2018
# EARNINGS CALL AND WEBCAST

July 27, 2018

# CAUTIONARY STATEMENT

This presentation includes 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 Phillips 66 Partners (including our joint venture operations) are based on management’s expectations, estimates and projections about the Partnership, its interests and the energy industry in general on the date this presentation was prepared. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements. Factors that could cause actual results or events to differ materially from those described in the forward-looking statements include 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 joint ventures transport, fractionate, process, terminal and store; the tariff rates with respect to volumes that we transport through our regulated assets, which rates are subject to review and possible adjustment by federal and state regulators; fluctuations in the prices for crude oil, refined petroleum products and NGL; liabilities associated with the risks and operational hazards inherent in transporting, fractionating, processing, terminaling and storing crude oil, refined petroleum products and NGL; potential liability from litigation or for remedial actions, including removal and reclamation obligations under environmental 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.

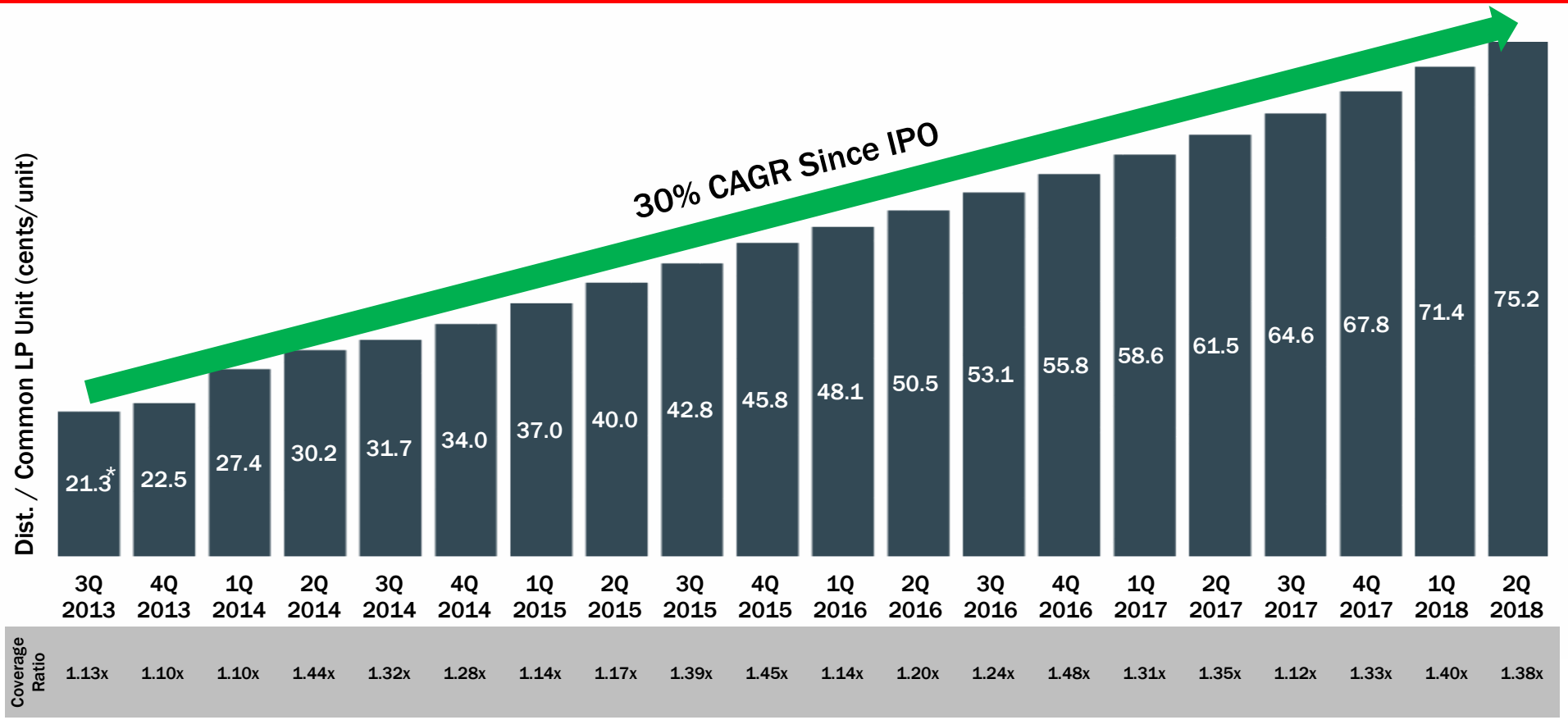
Use of Non-GAAP Financial Measures. Today’s presentation includes non-GAAP financial measures. You can find the reconciliations to comparable GAAP financial measures at the end of the presentation materials or in the “Financial Information” section of our website.

# 2Q 2018 OVERVIEW

| | |
|---|---|
| Adjusted EBITDA | $276 MM |
| Net Income | $186 MM |
| Distributable Cash Flow* | $204 MM |
| Distribution per Common LP Unit | $0.752 |

**Distributable cash flow is net of distributions to Series A Preferred equity*

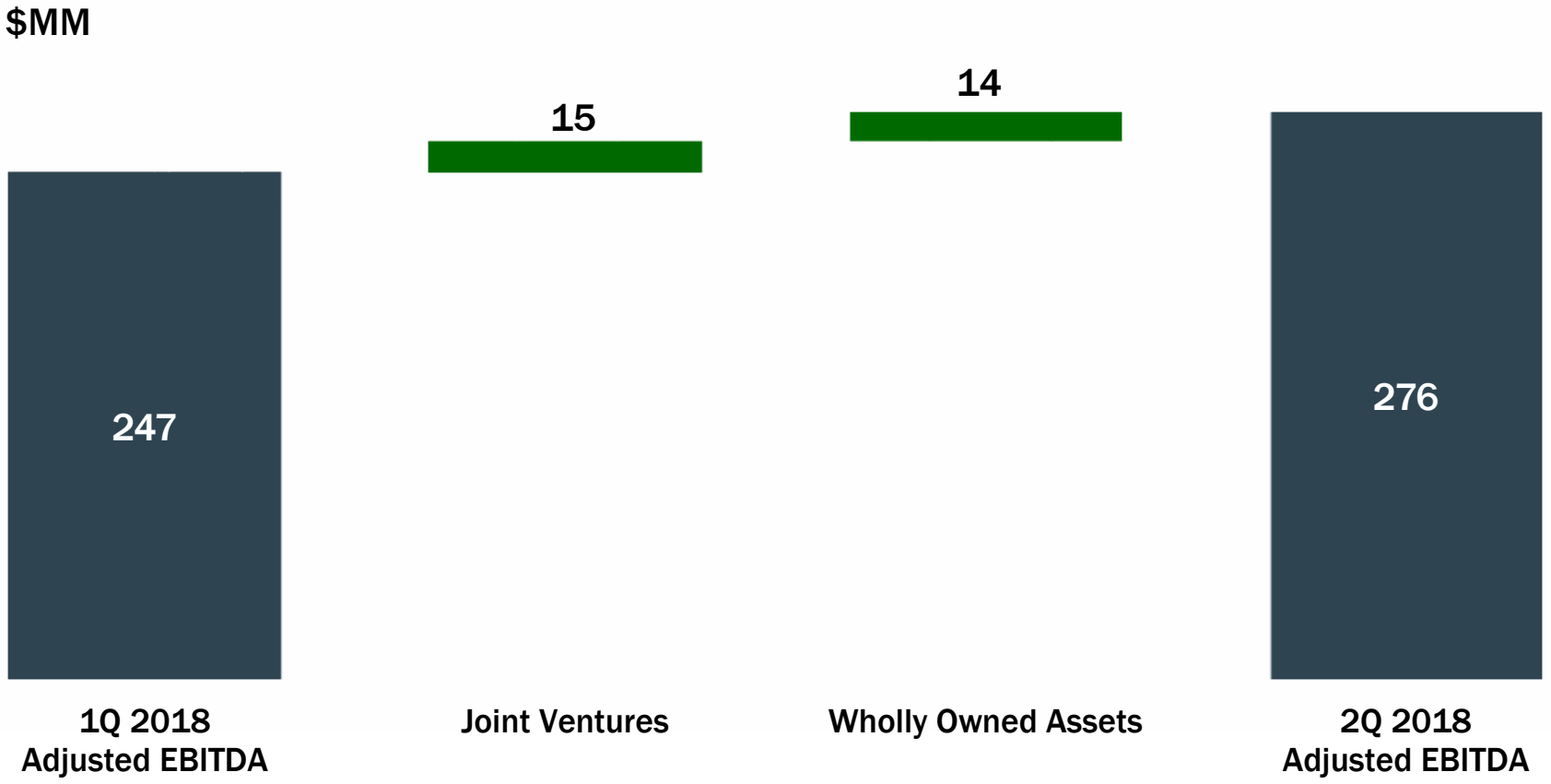
# DISTRIBUTION GROWTH




| Coverage Ratio | 1.13x | 1.10x | 1.10x | 1.44x | 1.32x | 1.28x | 1.14x | 1.17x | 1.39x | 1.45x | 1.14x | 1.20x | 1.24x | 1.48x | 1.31x | 1.35x | 1.12x | 1.33x | 1.40x | 1.38x |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

** Represents the minimum quarterly distribution for 3Q 2013, actual distribution of 15.48 cents equal to MQD prorated*

# FINANCIAL HIGHLIGHTS



# FINANCIAL FLEXIBILITY AND LIQUIDITY

| $MM *(unless otherwise noted)* | 2Q 2018 |
|---|---|
| Cash and cash equivalents | $ 151 |
| Total assets | 5,506 |
| Total liabilities | 3,173 |
| Revolving credit facility availability | 750 |
| Debt-to-EBITDA ratio* | 2.9x |

**Leverage ratio estimated on credit facility covenant basis.*



# GROWTH UPDATE

Gray Oak pipeline project

South Texas Gateway terminal project

Clemens Caverns expansion project

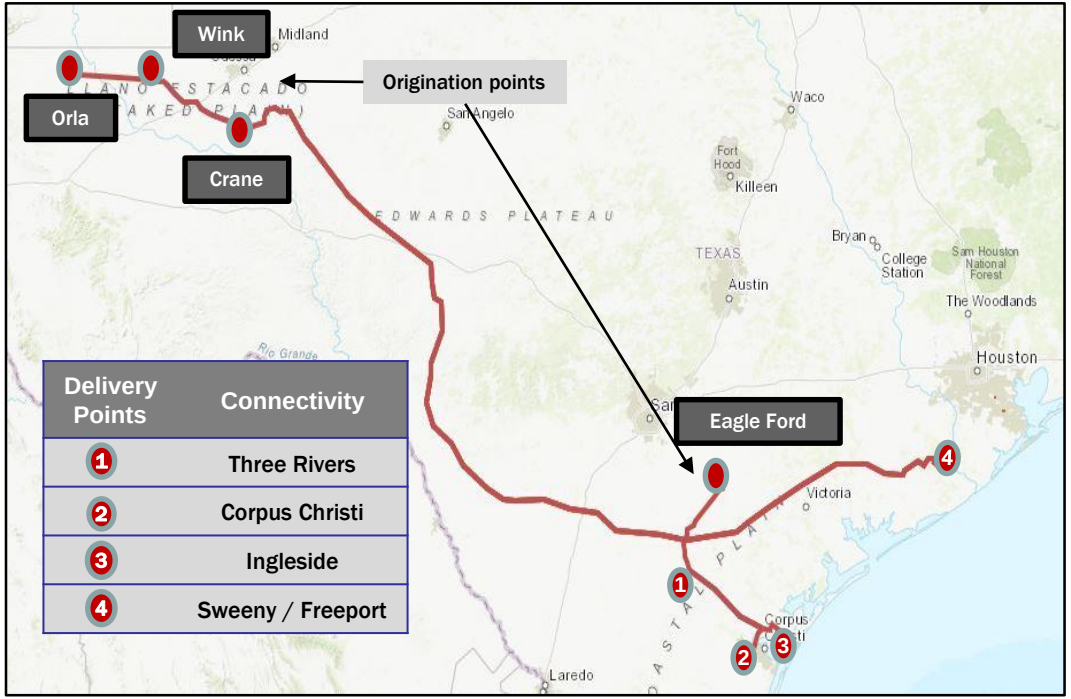
Sand Hills pipeline expansion

Bayou Bridge pipeline extension

Lake Charles pipeline project

Lake Charles isomerization unit

## Gray Oak Pipeline






# QUESTIONS AND ANSWERS
# EARNINGS CALL AND WEBCAST

July 27, 2018



# APPENDIX

# FINANCIAL RESULTS (CONSOLIDATED)

| $MM *(unless otherwise noted)* | 2Q 2018 | 1Q 2018 |
|---|---|---|
| Revenues and other income | $ 354 | $ 355 |
| Costs and expenses | 168 | 181 |
| Income before income taxes | 186 | 174 |
| Income tax expense | - | 2 |
| Net Income | 186 | 172 |
| Less: Net income attributable to Predecessors | - | - |
| Net Income attributable to PSXP | 186 | 172 |
| Adjusted EBITDA | 276 | 247 |
| Distributable Cash Flow | 204 | 194 |
| Quarterly Distribution (cents/unit) | 75.2 | 71.4 |



# OPERATIONAL HIGHLIGHTS

| | 2Q 2018 | 1Q 2018 |
|---|---|---|
| **Wholly Owned Operating Data** | | |
| Pipelines | | |
| Pipeline revenue ($ MM) | 111 | 102 |
| Pipeline volumes (MBD) | | |
| Crude oil | 1,020 | 947 |
| Refined products and NGL | 920 | 798 |
| Total | 1,940 | 1,745 |
| Average pipeline revenue per barrel ($'s) | 0.63 | 0.65 |
| Terminals | | |
| Terminal revenues ($ MM) | 38 | 39 |
| Terminal throughput (MBD) | | |
| Crude oil[1] | 471 | 483 |
| Refined products | 806 | 719 |
| Total | 1,277 | 1,202 |
| Average terminaling revenue per barrel ($'s) | 0.33 | 0.36 |
| Storage, processing and other revenues ($ MM) | 105 | 115 |
| Total operating revenues ($ MM) | 254 | 256 |
| **Joint-Venture Operating Data[2]** | | |
| Crude oil, refined products and NGL (MBD) | 638 | 603 |

Note: excludes predecessor results

1. Bayway and Ferndale rail rack volumes included in crude oil terminals
2. Proportional share of total pipeline and terminal volumes of joint ventures consistent with recognized equity in earnings of affiliates

# NON-GAAP RECONCILIATION

| | $MM | | | | |
|---|---|---|---|---|---|
| | 2Q 2018 | 1Q 2018 | 4Q 2017 | 3Q 2017 | 2Q 2017 |
| Net income attributable to the partnership | 186 | 172 | 162 | 99 | 103 |
| Plus: | | | | | |
| Net Income attributable to Predecessors | - | - | 2 | 32 | 16 |
| Net income | 186 | 172 | 164 | 131 | 119 |
| Plus: | | | | | |
| Depreciation | 29 | 28 | 28 | 32 | 28 |
| Net interest expense | 29 | 29 | 29 | 24 | 23 |
| Income tax expense | - | 2 | 2 | 1 | 1 |
| EBITDA | 244 | 231 | 223 | 188 | 171 |
| Proportional share of equity affiliates' net interest, taxes and depreciation | 28 | 15 | 29 | 13 | 12 |
| Expenses indemnified by Phillips 66 | 1 | - | 1 | 4 | - |
| Transaction costs associated with acquisitions | 3 | 1 | 1 | 2 | - |
| EBITDA attributable to Predecessors | - | - | - | (36) | (17) |
| Adjusted EBITDA | 276 | 247 | 254 | 171 | 166 |
| Plus: | | | | | |
| Deferred revenue impacts*† | (5) | 5 | (3) | 1 | 4 |
| Less: | | | | | |
| Equity affiliate distributions less than proportional EBITDA | 18 | 10 | 22 | 3 | (4) |
| Maintenance capital expenditures† | 10 | 10 | 19 | 10 | 10 |
| Net interest expense | 29 | 29 | 29 | 23 | 24 |
| Preferred unit distributions | 10 | 9 | 9 | - | - |
| Distributable cash flow | 204 | 194 | 172 | 136 | 140 |

** Difference between cash receipts and revenue recognition*

*† Excludes MSLP capital reimbursements and turnaround impacts*

# NON-GAAP RECONCILIATION

| | $MM | | | | |
|---|---|---|---|---|---|
| | 2Q 2018 | 1Q 2018 | 4Q 2017 | 3Q 2017 | 2Q 2017 |
| Net cash provided by operating activities | 226 | 171 | 238 | 195 | 136 |
| Plus: | | | | | |
| Net interest expense | 29 | 29 | 29 | 24 | 23 |
| Provision for income taxes | - | 2 | 2 | 1 | 1 |
| Changes in working capital | (10) | (17) | - | (19) | 8 |
| Undistributed equity earnings | (1) | 8 | 1 | (9) | 5 |
| Deferred revenue and other liabilities | 5 | 38 | (45) | 2 | - |
| Other | (5) | - | (2) | (6) | (2) |
| EBITDA | 244 | 231 | 223 | 188 | 171 |
| Proportional share of equity affiliates' net interest, taxes and depreciation | 28 | 15 | 29 | 13 | 12 |
| Expenses indemnified by Phillips 66 | 1 | - | 1 | 4 | - |
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