

Medford Spheres MEDFORD, OK

Phillips 66 Partners

Investor Update

MAY 2020

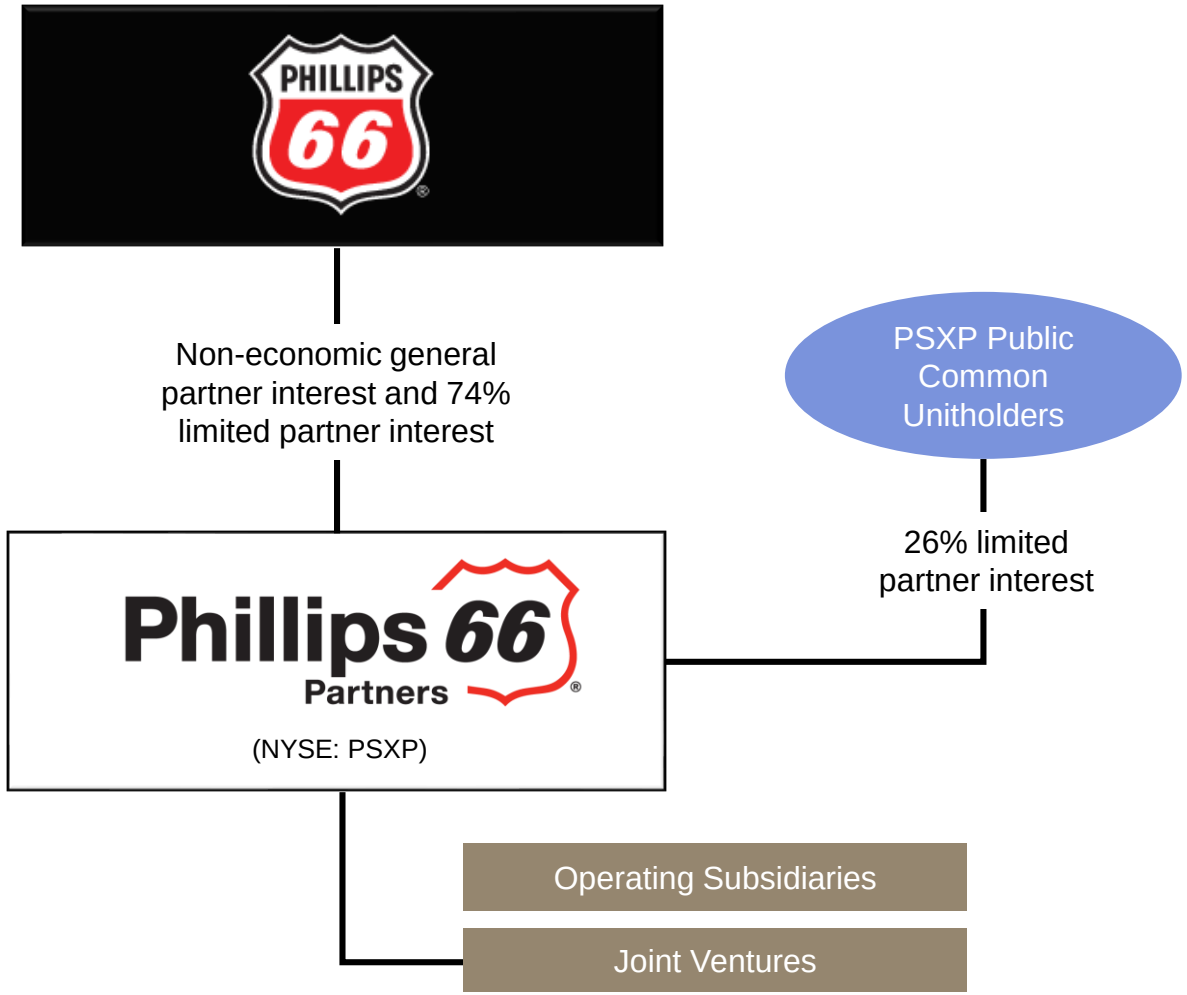
Cautionary Statement

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 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 joint ventures transport, fractionate, 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, 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; the failure to complete construction of announced and future capital projects in a timely manner and any cost overruns associated with such projects; general domestic and international economic and political developments including: armed hostilities; expropriation of assets; changes in governmental policies relating to crude oil, refined petroleum products or NGL pricing, regulation or taxation; and other political, economic or diplomatic developments, including those caused by public health issues and outbreaks; 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.

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 “Financial Information” section of our website.

Phillips 66 Partners

OWNERSHIP STRUCTURE



As of March 31, 2020. Public also owns 13.8 MM convertible preferred units.

Phillips 66 Partners



Refineries owned by Phillips 66; Map is for informational purposes only and may not be to scale.

Phillips 66 Partners

Competitive cost of capital

Strong partnership fundamentals

- High distribution coverage
- Solid financial position

Midstream segment valuation transparency

Phillips 66 owns 74% of LP common units


Lake Charles Isomerization Unit LAKE CHARLES, LA

Phillips 66 Partners

FINANCIAL STRENGTH AND FLEXIBILITY

Maintain strong leverage and coverage ratios, with long-term targets:

- Up to 3.5x Debt / EBITDA
- Greater than 1.2x coverage ratio

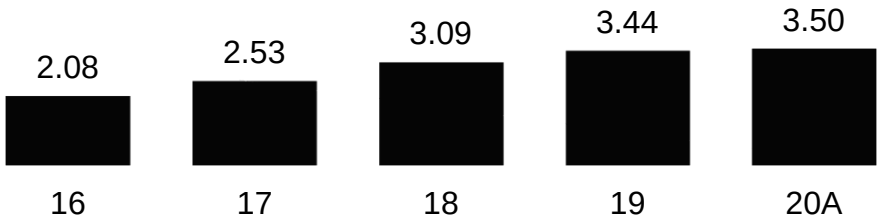
Investment grade credit rating

- BBB (S&P)
- Baa3 (Moody's)

$750 MM revolving credit facility

Distribution Per Common LP Unit

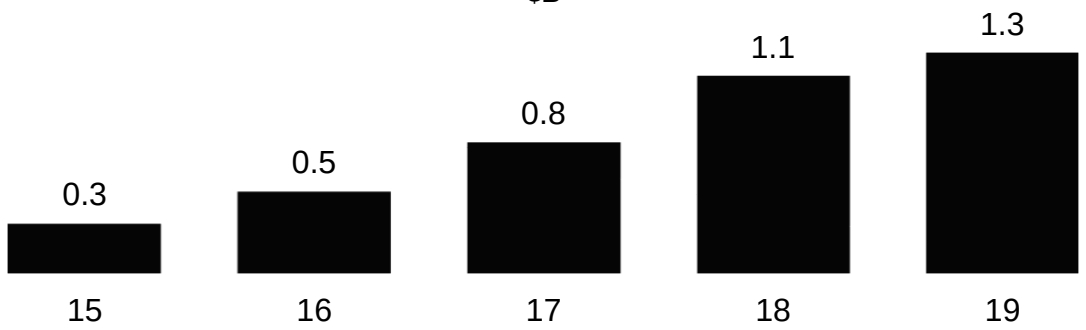
$



1.28x	1.27x	1.38x	1.32x	1.35x	Coverage
3.8x	3.2x	2.8x	2.9x	2.9x	Debt / EBITDA

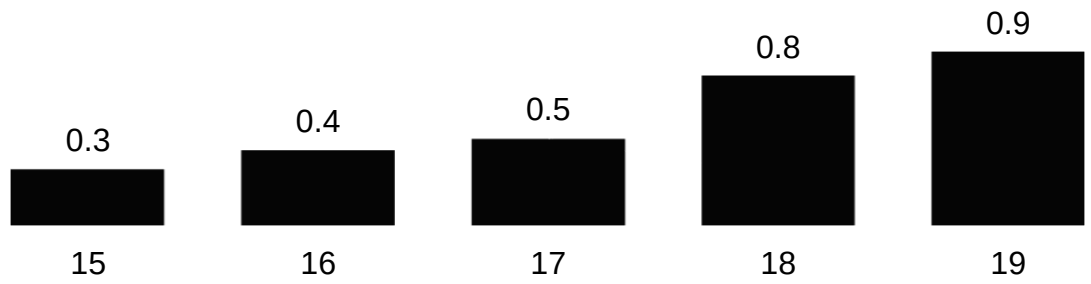
Adjusted EBITDA

$B



Net Income

$B



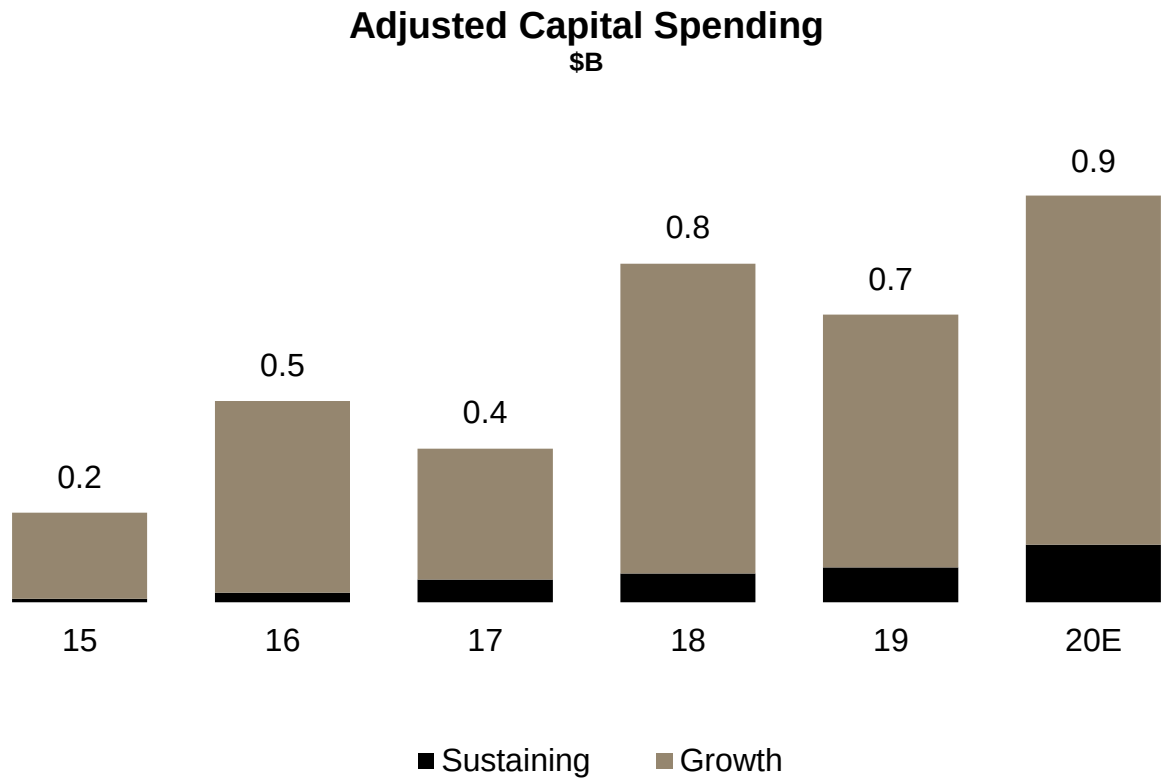
Adjusted EBITDA as shown is attributable to PSXP. Debt-to-EBITDA ratio is calculated on a credit facility covenant basis, which requires certain adjustments to total debt and EBITDA. Coverage ratio estimated on credit facility covenant basis. 2020 coverage ratio guidance of 1.1-1.2x. 20A coverage and Debt-to-EBITDA ratios are as of 1Q20 (not annualized).

Phillips 66 Partners

Organic Projects

- Gray Oak Pipeline
- South Texas Gateway Terminal
- C2G Pipeline
- Clemens Caverns expansion
- Sweeny to Pasadena capacity expansion

Continued sponsor support with backlog of opportunities



Phillips 66 Partners

PIPELINE AND TERMINAL PROJECTS

Gray Oak Pipeline – 42.25% PSXP effective ownership

- Crude oil pipeline from Permian and Eagle Ford to Texas Gulf Coast
- Project completed in 2Q 2020
- 900 MBD West Texas crude capacity

South Texas Gateway Terminal – 25% PSXP ownership

- Two deep water docks with up to 800 MBD throughput capacity
- Expected startup 3Q 2020
- 8.5 MMB storage capacity



Gray Oak Pipeline Conan Station Commencing Line Fill
LOVING COUNTY, TX

Phillips 66 Partners

SWEENY HUB INFRASTRUCTURE GROWTH

C2G Pipeline

- New 16 inch ethane pipeline to Gregory, Texas, near Corpus Christi, Texas
- Expected start up in mid-2021
- Supplies Corpus Christi area petrochemical facilities

Clemens Caverns Expansion

- Increasing Clemens storage from 9 MMB to 16.5 MMB by 4Q 2020 in connection with Phillips 66 NGL fractionation capacity increase

Sweeny to Pasadena capacity expansion

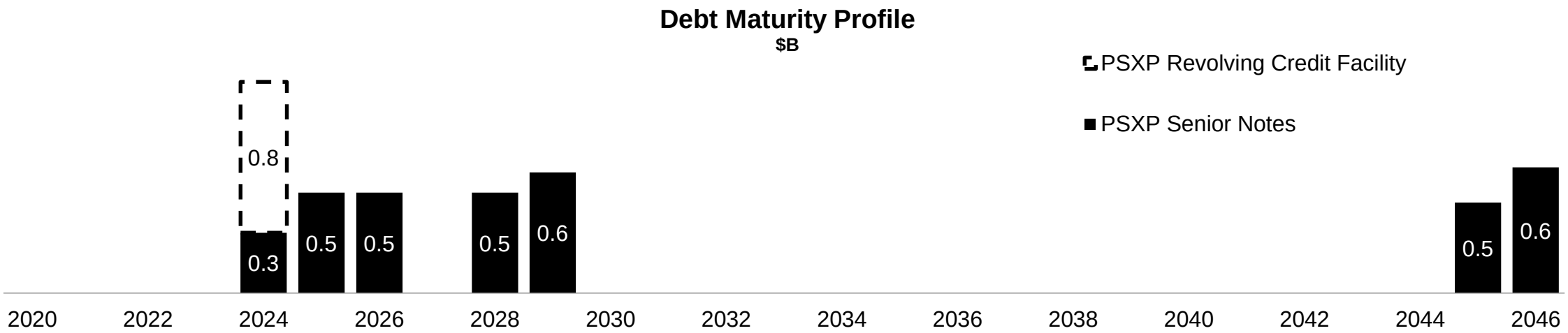
- Adding 80 MBD of pipeline capacity, providing additional naphtha offtake from the Sweeny fractionators
- Expected start up in 3Q 2020


Sweeny Complex OLD OCEAN, TX

As of May 18, 2020.

Phillips 66 Partners

DEBT PROFILE



$3.5 B Total Debt as of March 31, 2020

- $3.5 B Senior Notes, weighted-average cost of 3.81%
- $75 MM Merey Sweeny Tax-exempt Bonds
- $0 MM borrowing on $750 MM revolving credit facility

Senior Notes
$MM

Year Due	Principal	Coupon
PSXP 2024	$300	2.450%
PSXP 2025	500	3.605%
PSXP 2026	500	3.550%
PSXP 2028	500	3.750%
PSXP 2029	600	3.150%
PSXP 2045	450	4.680%
PSXP 2046	625	4.900%
Total	**$3,475**	**3.812%**

Weighted average cost excludes revolving credit facility. Total debt is net of $34 MM unamortized discounts and debt issuance costs. At March 31, 2020, no amount had been directly drawn under our $750 MM revolving credit facility; however, $3 MM in letters of credit had been issued under this facility at March 31, 2020.

Phillips 66 Partners

VALUE PROPOSITION

Supports Phillips 66 Midstream growth

Premier MLP with competitive cost of capital

Portfolio of highly integrated assets

Stable and predictable cash flows

Competitive and growing distribution

Scale and financial strength

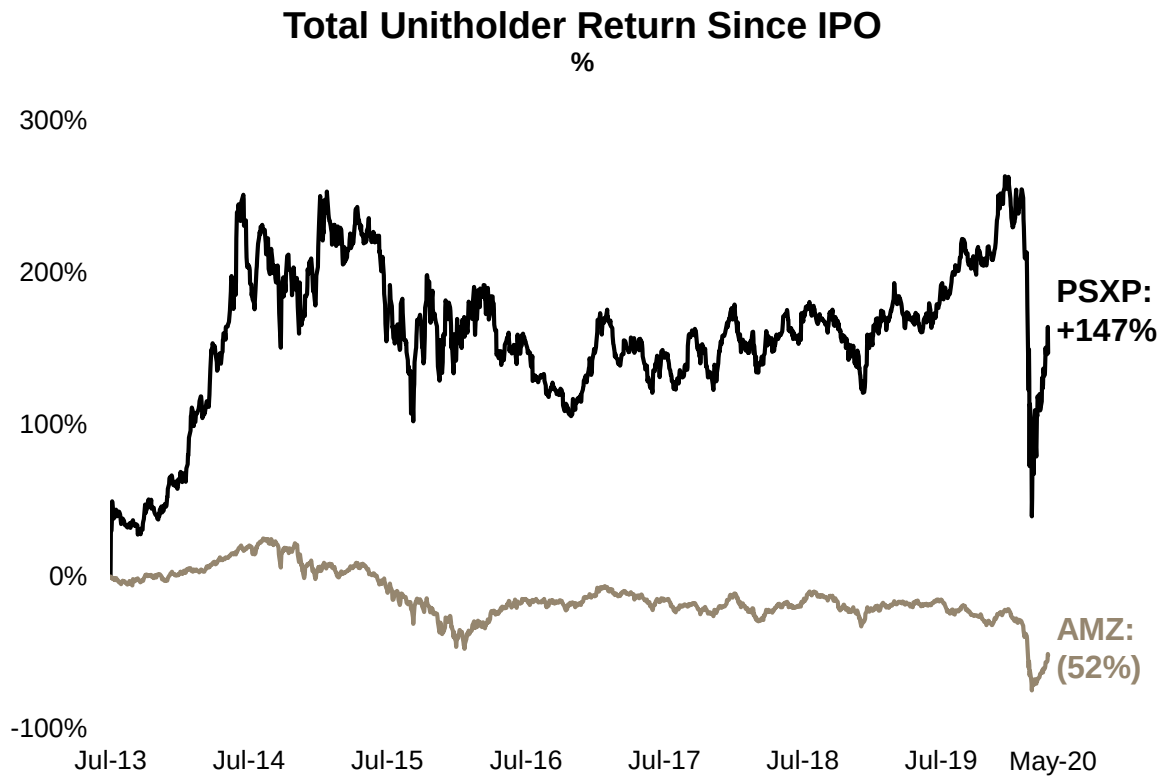


Chart reflects total unitholder return from July 22, 2013, to April 30, 2020. Distributions assumed to be reinvested in units. PSXP compared against Alerian MLP Index (AMZ). Source: Bloomberg.

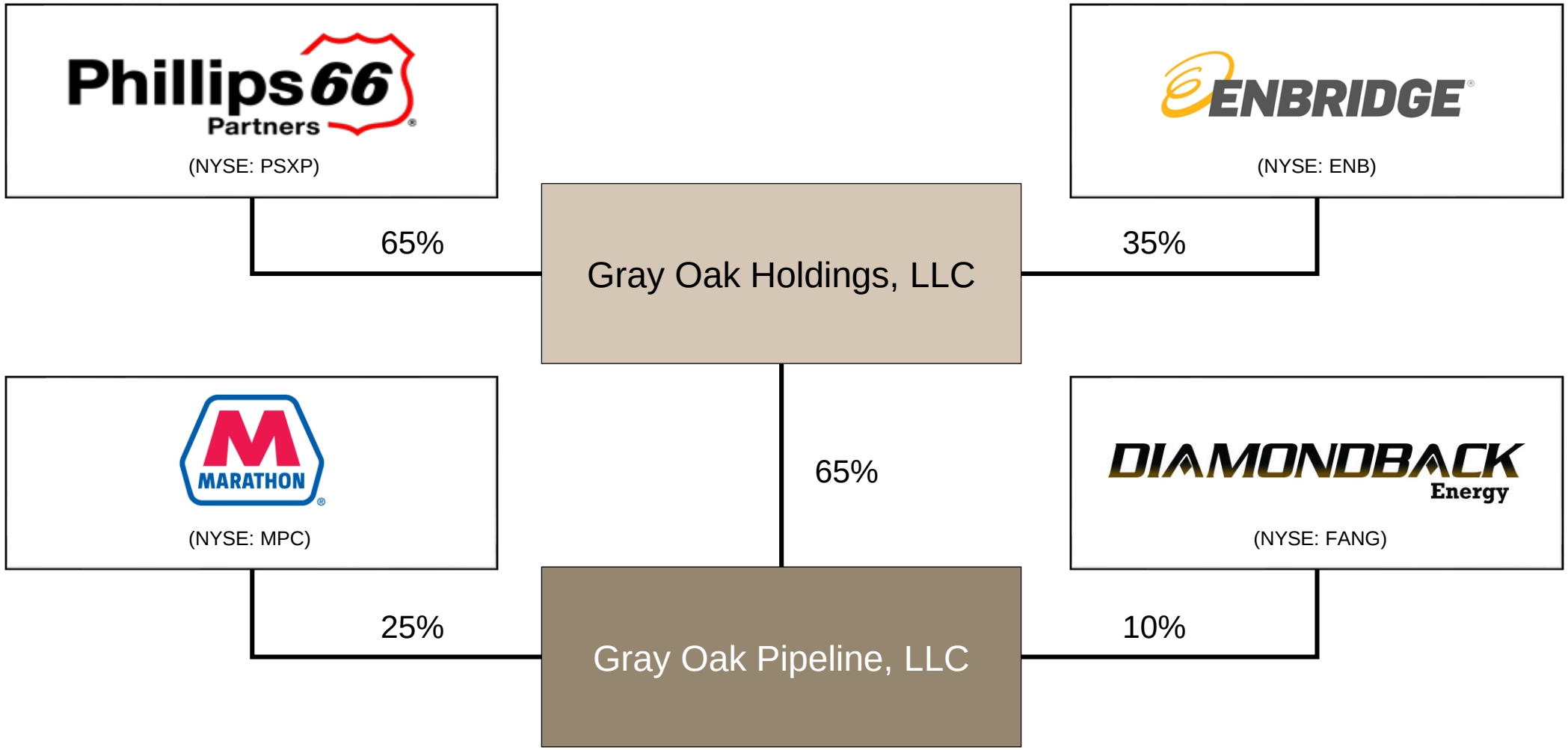
Organic Growth

PSXP PROJECT	START-UP	CAPACITY	GROSS CAPITAL ($MM)	OWNERSHIP (%)
Sweeny to Pasadena capacity expansion[1]	3Q 2020	80 MBD	95	100
South Texas Gateway Terminal[2]	3Q 2020	8.5 MMB	625	25
Clemens Caverns expansion[3]	4Q 2020	7.5 MMB	150	100
C2G Pipeline	Mid 2021	240 MBD	335	100
Liberty Pipeline	Deferred	400 MBD	1,600	50

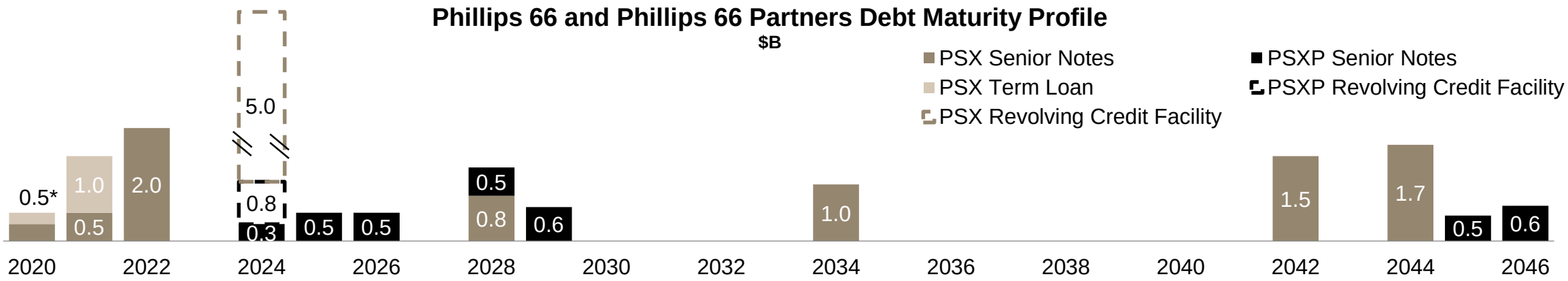
As of May 18, 2020.
1) 300 MB storage and 80 MBD pipeline capacity expansion 2) 8.5 MMB storage and up to 800 MBD export capacity, includes two deepwater VLCC docks 3) Expanding from 9 MMB to 16.5 MMB.

Gray Oak Pipeline Ownership Structure

PSXP HAS A 42.25% EFFECTIVE OWNERSHIP IN THE GRAY OAK PIPELINE



Debt and Liquidity



Phillips 66 Partners (PSXP)

$3.5 B Total Debt as of March 31, 2020

$0.8 B Total liquidity ($0.7 B RCF + $0.1 B Cash)

BBB / Baa3 Credit Rating

Phillips 66, excluding PSXP

$9.5 B Total Debt as of March 31, 2020

$6.2 B Total liquidity ($5.0 B RCF + $1.2 B Cash)

BBB+ / A3 Credit Rating

Total debt includes capital leases, commercial paper and is net of unamortized discounts and debt issuance costs

On April 6, 2020 Phillips 66 exercised its option to increase the capacity available under the 2021 Term Loan from $1 B to $2 B, with $1 B of capacity remaining undrawn

On April 9, 2020 Phillips 66 closed on a public offering of $500 MM Senior Notes due 2023 and $500 MM Senior Notes due 2025

* In April 2020, Phillips 66 repaid the $300 MM outstanding principal balance of its notes due April 2020 and the $200 MM outstanding principal balance of its term loan facility due April 2020

Footnotes

General

Information disclosed is as of March 31, 2020, unless noted otherwise.

Numbers may not appear to tie due to rounding.

Date Conventions

19 is as of December 31, 2019; or the twelve-month period ended December 31, 2019, as applicable; except as otherwise noted.

1Q20 is as of March 31, 2020, or the three-month period ended March 31, 2020 as applicable; except as otherwise noted.

20A represents 1Q20 annualized.

20E represents previously announced Guidance as of March 24, 2020.

Non-GAAP Reconciliation

		Millions of Dollars				
		2015	2016	2017	2018	2019
Phillips 66 Partners Reconciliation of Adjusted EBITDA and Distributable Cash Flow to Net Income						
Net income attributable to Phillips 66 Partners	**$**	**194**	**301**	**461**	**796**	**923**
Plus:						
Net income attributable to Predecessors		112	107	63	—	—
Net income		**306**	**408**	**524**	**796**	**923**
Plus:						
Depreciation		61	96	116	117	120
Net interest expense		34	52	99	114	105
Income tax expense		—	2	4	4	3
EBITDA		**401**	**558**	**743**	**1,031**	**1,151**
Proportional share of equity affiliates' net interest, taxes and depreciation and amortization		31	45	66	101	116
Expenses indemnified or prefunded by Phillips 66		2	6	8	1	1
Transaction costs associated with acquisitions		2	4	4	4	—
EBITDA attributable to Predecessors		(151)	(142)	(67)	—	—
Adjusted EBITDA		**285**	**471**	**754**	**1,137**	**1,268**
Plus:						
Deferred revenue impacts*†		4	11	6	(6)	(6)
Less:						
Equity affiliate distributions less than proportional EBITDA		19	28	29	64	56
Maintenance capital expenditures†		8	22	50	62	74
Net interest expense		34	52	100	114	105
Preferred unit distributions		—	—	9	37	37
Income taxes paid		—	—	—	—	1
Distributable cash flow	**$**	**228**	**380**	**572**	**854**	**989**

* Difference between cash receipts and revenue recognition

† Excludes Merey Sweeny capital reimbursements and turnaround impacts

Non-GAAP Reconciliation

	Millions of Dollars				
	2015	2016	2017	2018	2019
Phillips 66 Partners Reconciliation of Adjusted EBITDA and Distributable Cash Flow to Net Cash Provided by Operating Activities					
Net cash provided by operating activities*	**$ 392**	**492**	**724**	**892**	**1,016**
Plus:					
Net interest expense	34	52	99	114	105
Income tax expense	—	2	4	4	3
Changes in working capital	(12)	28	(30)	(20)	34
Undistributed equity earnings	—	(1)	1	5	3
Deferred revenues and other liabilities	(11)	(9)	(43)	42	(5)
Other	(2)	(6)	(12)	(6)	(5)
EBITDA	**401**	**558**	**743**	**1,031**	**1,151**
Proportional share of equity affiliates' net interest, taxes and depreciation and amortization	31	45	66	101	116
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Preferred unit distributions	—	—	9	37	37
Income taxes paid	—	—	—	—	1
Distributable cash flow	**$ 228**	**380**	**572**	**854**	**989**

* Phillips 66 Partners' coverage ratio is calculated as distributable cash flow divided by total cash distributions and is used to indicate Phillips 66 Partners' ability to pay cash distributions from current earnings. Net cash provided by operating activities divided by total cash distributions was 2.24x, 1.66x, 1.61x, 1.44x and 1.36x at 2015, 2016, 2017, 2018 and 2019, respectively.

** Difference between cash receipts and revenue recognition

† Excludes Merey Sweeny capital reimbursements and turnaround impacts

Non-GAAP Reconciliation

	Millions of Dollars					
	2015	2016	2017	2018	2019	2020 Guidance[1]
Phillips 66 Partners Capital Expenditures and Investments						
Capital Expenditures and Investments	$ 895	557	434	776	1,082	932
Capital Expenditures Attributable to Predecessors	(690)	(96)	(82)	—	—	—
Capital Spending Funded by Certain Joint Venture Partners	—	—	—	—	(423)	(69)
Adjusted Capital Spending	$ 205	461	352	776	659	863
Expansion/Growth	$ 197	439	300	710	579	731
Maintenance/Sustaining	8	22	52	66	80	132

1) As previously announced on March 24, 2020. Phillips 66 Partners capital spending guidance excludes amounts associated with acquisition of assets from Phillips 66.