

FIRST QUARTER 2015
EARNINGS CALL AND WEBCAST

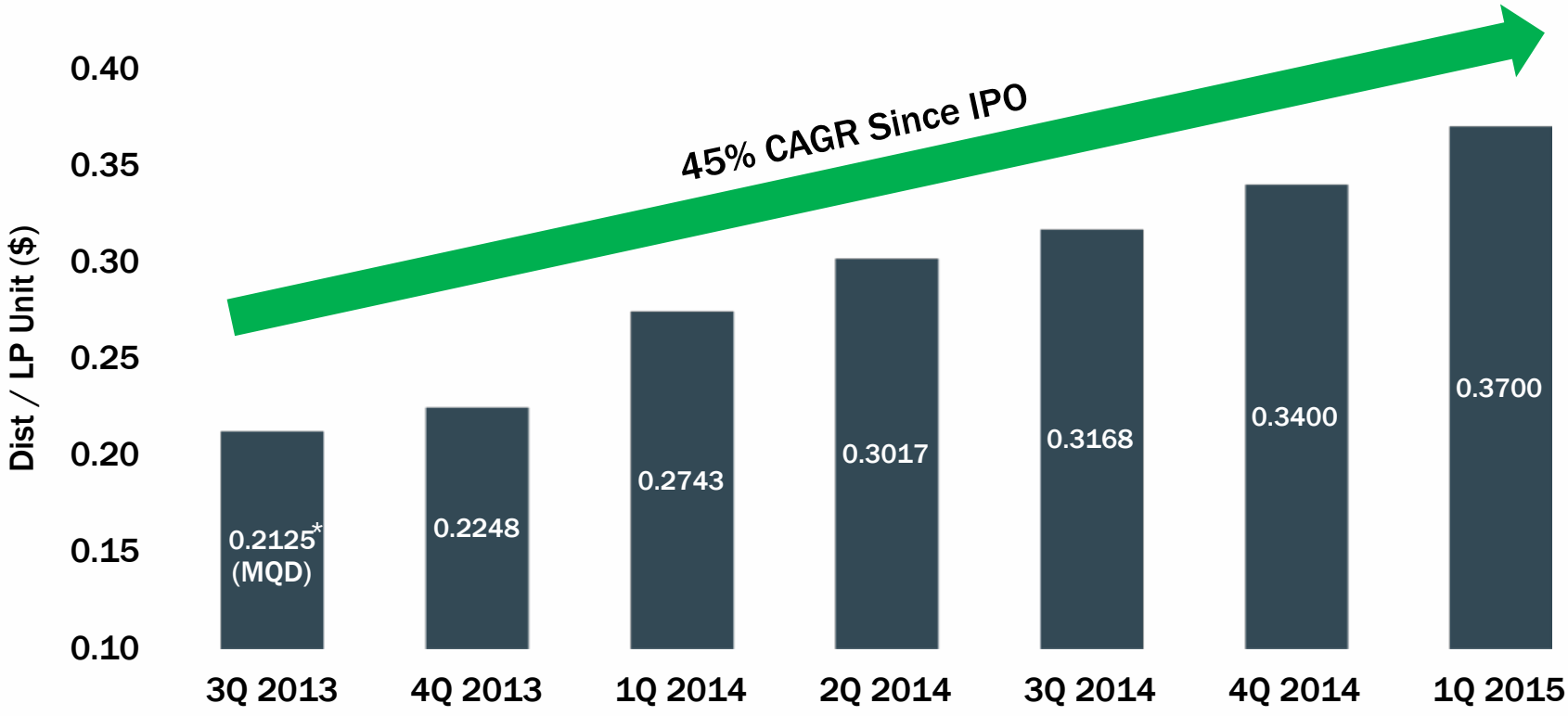
April 30, 2015

CAUTIONARY STATEMENT

This presentation contains certain forward-looking statements within the meaning of the federal securities laws. 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 operations of Phillips 66 Partners LP (“Phillips 66 Partners” or “PSXP”) and Phillips 66 (including joint venture operations) are based on management’s expectations, estimates and projections about Phillips 66 Partners, 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 agreements; the volume of crude oil, refined petroleum products, and NGLs we or our joint ventures transport; the tariff rates for volumes we transport through our regulated assets; changes in revenue we realize under the loss allowance provisions of our regulated tariffs; fluctuations in the prices for crude oil, refined products and NGLs; liabilities associated with the risks and operational hazards inherent in transporting, terminaling and storing crude oil, refined petroleum products and NGLs; curtailment of operations due to various causes; liabilities associated with laws and regulations relating to environmental protection and safety; and other economic, business, competitive and/or regulatory factors affecting our businesses generally as set forth under our filings with the Securities and Exchange Commission. We are under no obligation (and expressly disclaim any such obligation) to update or alter our 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 Reports” section of our website.

DISTRIBUTION GROWTH

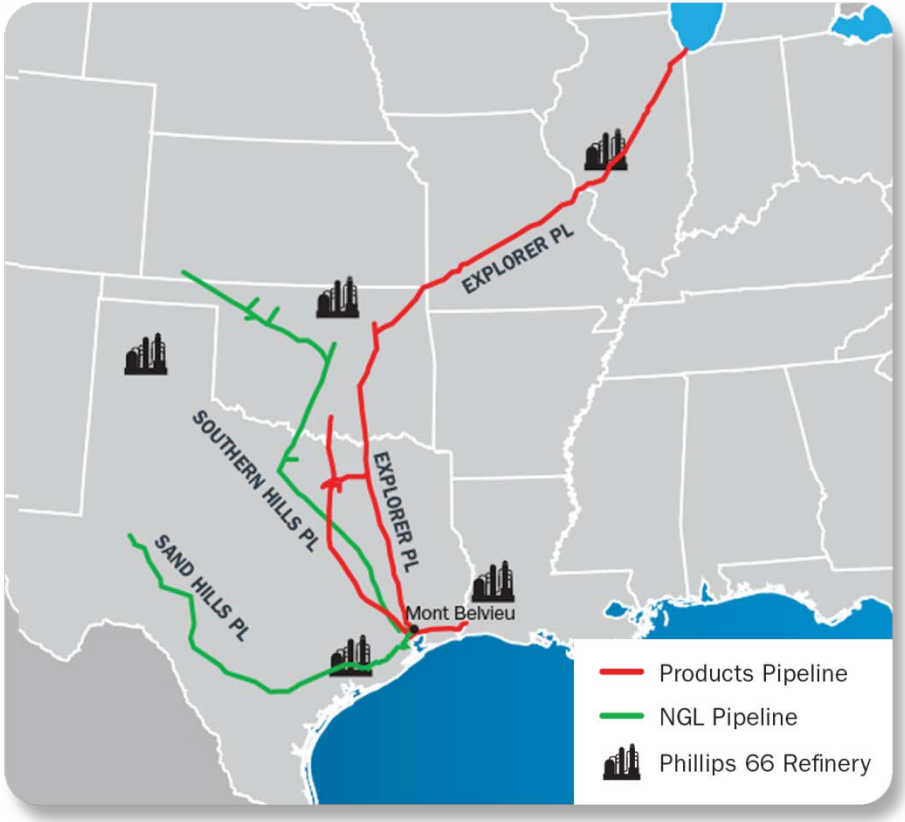


Coverage Ratio	1.13x	1.10x	1.10x	1.44x	1.32x	1.28x	1.14x

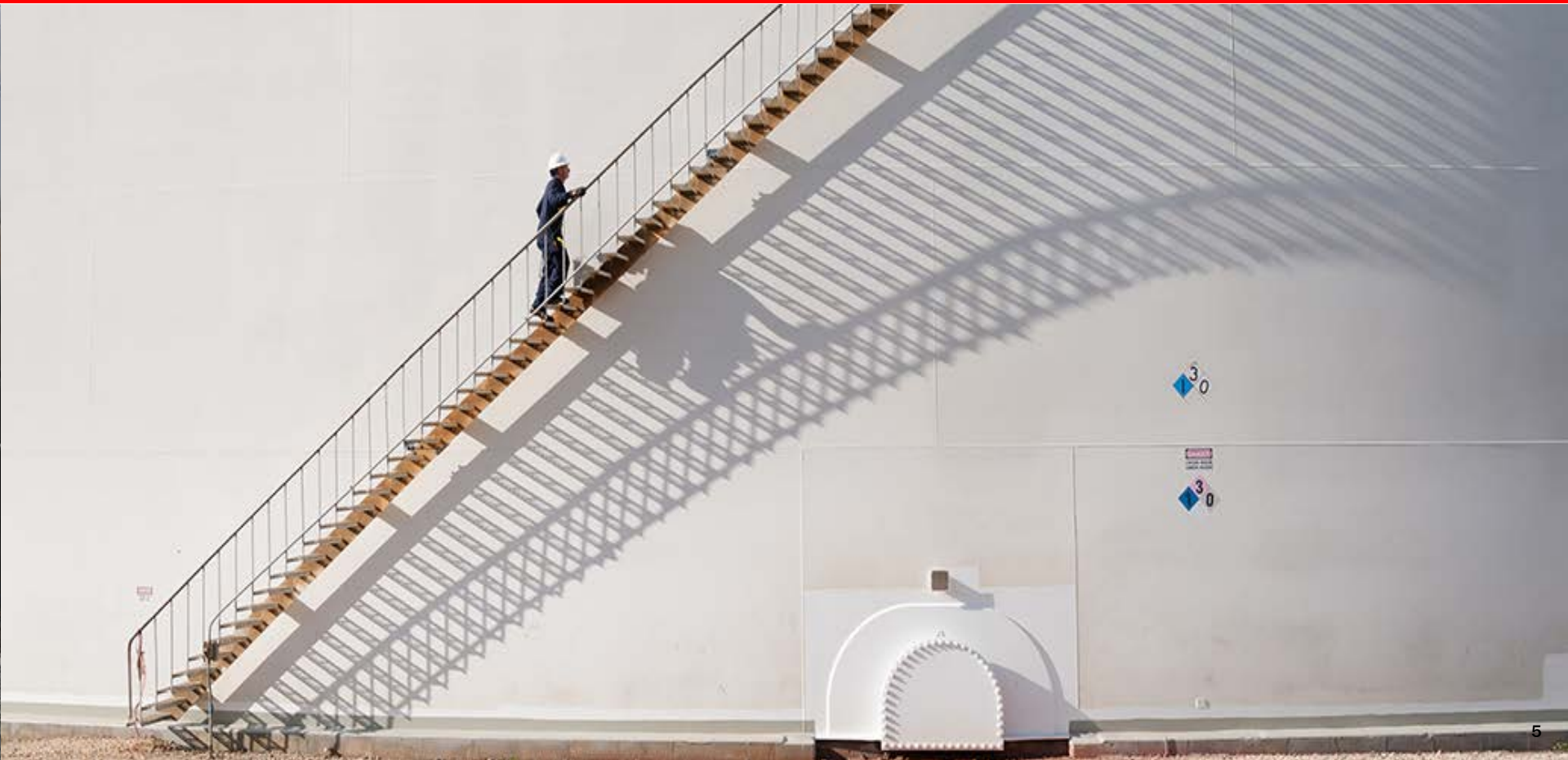
*Represents the minimum quarterly distribution for 3Q 2013, actual distribution $0.1548 equal to MQD prorated

1Q 2015 ACQUISITION OVERVIEW

- **Dropdown assets**
  - 33.3% interest in Sand Hills NGL pipeline
  - 33.3% interest in Southern Hills NGL pipeline
  - 19.5% interest in Explorer refined products pipeline
- **Public equity issuance of $396 MM**
  - $200 MM consideration for drop
  - $196 MM used for growth and revolver paydown
- **Public debt issuance of $1.1 B**
  - $680 MM consideration for drop
  - Repaid $412 MM of sponsor loans
  - Investment grade credit ratings (BBB / Baa3)
- **Total consideration of $1.1 B**
  - 9.5x multiple on 2015E EBITDA of $115 MM
- **Closed March 2, 2015**



PSXP HIGHLIGHTS - 1Q 2015



HARTFORD TERMINAL PIPELINE RELEASE

- Diesel fuel released from product transfer line into Cahokia Canal in Hartford, Illinois on Friday, April 17
- Spill volume estimated at 900 - 1,200 barrels
- Release halted same day and remediation efforts underway
- Estimated 2Q 2015 impact of $3 MM - $5 MM
- Property and third-party insurance retention - $5 MM

ORGANIC GROWTH OUTLOOK

- Eagle Ford crude gathering and Bakken JVs on schedule
- Cross-Channel Connector third-party connections expected to be complete 3Q 2015
- ~$235 MM total organic growth capital for 2015
  - Includes additional 2015 growth capital for recently acquired equity interests

FINANCIAL RESULTS

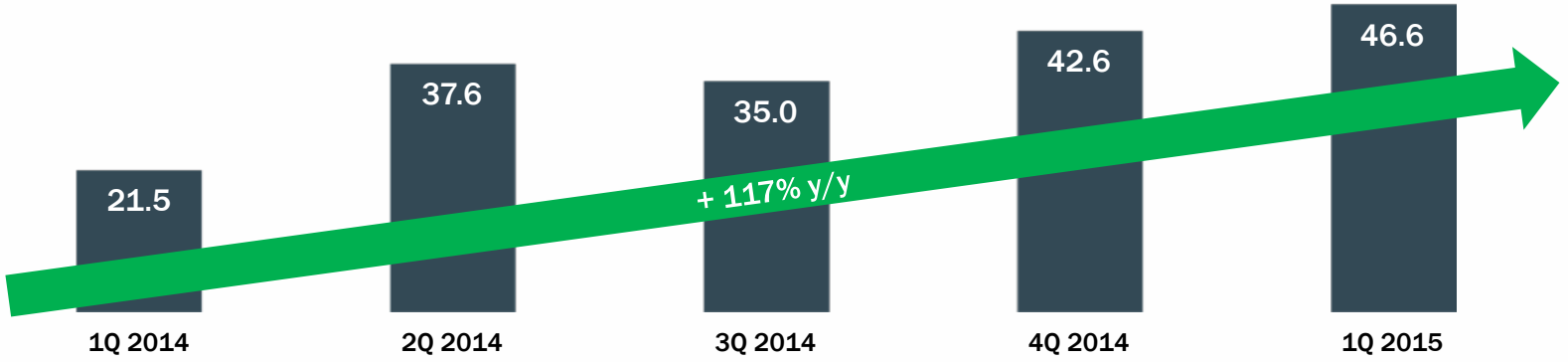
$ MM	1Q 2015	4Q 2014*
Revenues	$ 70.1	$ 62.7
Costs and expenses	34.5	26.3
Income before income taxes	35.6	36.4
Net income	35.4	36.2
Adjusted EBITDA	46.6	42.6
Distributable cash flow	41.9	37.2
Quarterly distribution ($/unit)	0.37	0.34

*Excludes predecessor results

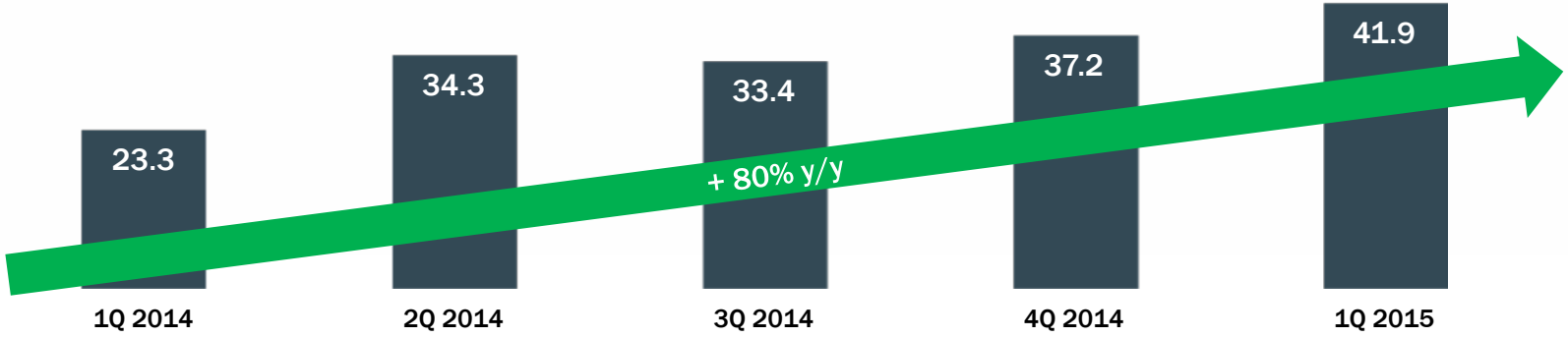


FINANCIAL PERFORMANCE

Adjusted EBITDA



Distributable Cash Flow



Values in $ MM, attributable to PSXP

1Q 2015 EBITDA AND DISTRIBUTABLE CASH FLOW

	$ MM
Adjusted EBITDA	$ 46.6
Plus:	
Adjustments related to minimum volume commitments	1.1
Phillips 66 prefunded projects and indemnities	0.3
Transaction costs associated with acquisitions	1.4
Distributions in excess of equity earnings	0.7
Less:	
Net interest	6.5
Maintenance capital expenditures	1.7
Distributable Cash Flow*	$ 41.9
Total Cash Distribution Declared	$ 36.7
Coverage Ratio	1.14x

*1Q 2015 distributable cash flow included $5.8 million of equity earnings for which the associated distributions from the equity affiliates are expected to be received in 2Q 2015. Distributable cash flow excluding these amounts would be $36.1 million.

STRONG FINANCIAL FLEXIBILITY AND LIQUIDITY

$ MM	1Q 2015
Cash and cash equivalents	138
Total assets	1,454
Debt	1,100
Revolving credit facility availability	500
Debt to EBITDA ratio*	4.2x

*Leverage ratio estimated on credit facility covenant basis, further adjusted for JV depreciation.





QUESTIONS AND ANSWERS
EARNINGS CALL AND WEBCAST

April 30, 2015



APPENDIX

EBITDA AND DISTRIBUTABLE CASH FLOW RECONCILIATION TO NET INCOME

	$ MM				
	1Q 2015	4Q 2014	3Q 2014	2Q 2014	1Q 2014
Net Income	$ 35.4	$ 36.3	$ 30.0	$ 30.9	$ 27.2
Plus:					
Depreciation	5.1	4.5	4.2	3.9	3.6
Net interest expense	5.8	2.1	1.4	1.3	0.4
Amortization of deferred rentals	0.1	0.1	0.1	0.1	0.1
Provision for income taxes	0.2	0.2	0.1	0.2	0.3
EBITDA	46.6	43.2	35.8	36.4	31.6
Less: EBITDA attributable to predecessors	-	0.6	0.8	(1.2)	10.1
Adjusted EBITDA	46.6	42.6	35.0	37.6	21.5
Plus:					
Adjustments related to minimum volume commitments	1.1	(2.4)	1.4	(0.7)	2.3
Phillips 66 prefunded projects and indemnities	0.3	0.2	0.7	1.1	1.5
Transaction costs associated with acquisitions	1.4	1.0	0.2	-	1.5
Distributions in excess of equity earnings	0.7	-	-	-	-
Less:					
Net interest	6.5	1.4	1.7	0.1	-
Income taxes paid	-	-	-	0.2	-
Maintenance capital expenditures	1.7	2.8	2.2	3.4	3.5
Distributable Cash Flow	41.9	37.2	33.4	34.3	23.3

1Q 2015 distributable cash flow included $5.8 million of equity earnings for which the associated distributions from the equity affiliates are expected to be received in 2Q 2015. Distributable cash flow excluding these amounts would be $36.1 million.

RECONCILIATION TO NET CASH FROM OPERATING ACTIVITIES

	$ MM				
	1Q 2015	4Q 2014	3Q 2014	2Q 2014	1Q 2014
Net cash from operating activities	$ 31.4	$ 47.7	$ 35.5	$ 34.6	$ 24.6
Plus:					
Net interest expense	5.8	2.1	1.4	1.3	0.4
Provision for income taxes	0.2	0.2	0.1	0.2	0.3
Changes in working capital	4.1	(6.5)	(0.5)	0.3	6.4
Undistributed equity earnings	5.8	-	-	-	-
Other	(0.7)	(0.3)	(0.7)	-	(0.1)
EBITDA	46.6	43.2	35.8	36.4	31.6
Less: EBITDA attributable to predecessors	-	0.6	0.8	(1.2)	10.1
Adjusted EBITDA	46.6	42.6	35.0	37.6	21.5
Plus:					
Adjustments related to minimum volume commitments	1.1	(2.4)	1.4	(0.7)	2.3
Phillips 66 prefunded projects and indemnities	0.3	0.2	0.7	1.1	1.5
Transaction costs associated with acquisitions	1.4	1.0	0.2	-	1.5
Distributions in excess of equity earnings	0.7	-	-	-	-
Less:					
Net interest	6.5	1.4	1.7	0.1	-
Income taxes paid	-	-	-	0.2	-
Maintenance capital expenditures	1.7	2.8	2.2	3.4	3.5
Distributable Cash Flow	41.9	37.2	33.4	34.3	23.3

1Q 2015 distributable cash flow included $5.8 million of equity earnings for which the associated distributions from the equity affiliates are expected to be received in 2Q 2015. Distributable cash flow excluding these amounts would be $36.1 million.

RECONCILIATION OF ESTIMATED EBITDA TO ESTIMATED NET INCOME

Projected Twelve Months Ended February 29, 2016	$ MM
Estimated Net Income	$ 82
Plus:	
Depreciation	20
Interest Expense	4
Provision for income taxes	9
Estimated EBITDA	115