

Phillips 66 Partners

SECOND QUARTER 2016
EARNINGS CALL AND WEBCAST

July 29, 2016

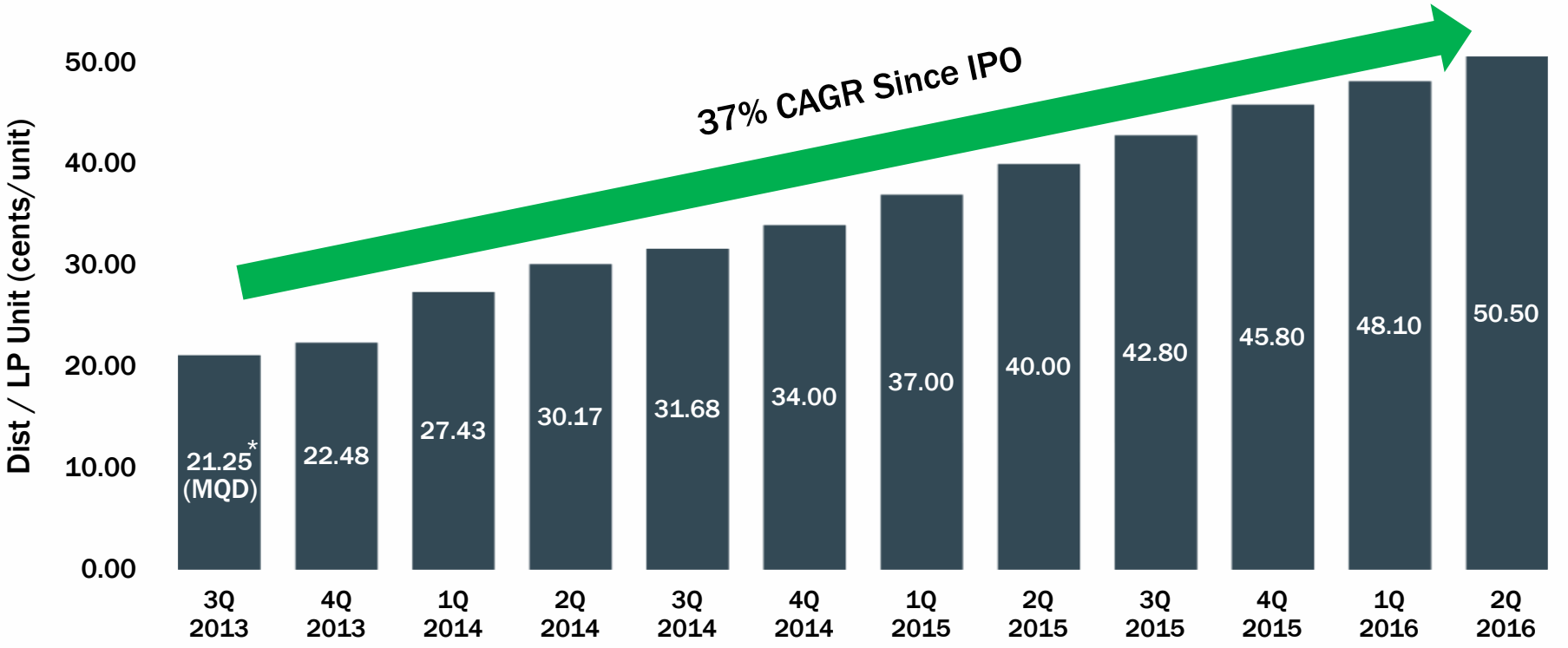
CAUTIONARY STATEMENT

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, 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; 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 Reports” section of our website.

This presentation includes forecasted EBITDA. This is a non-GAAP financial measure. Forecasted EBITDA is based on the Partnership’s projections for the acquired assets, including fractionation and storage fees expected to be paid by Phillips 66 under commercial agreements that were entered into in connection with the previous acquisition of the 25 percent interest in Sweeny Frac LLC. Forecasted EBITDA is included to help facilitate comparisons of operating performance of the Partnership with other companies in our industry, as well as help facilitate an assessment of our assets' projected ability to generate sufficient cash flow to make distributions to our partners. We are unable to present a reconciliation of forecasted EBITDA because certain elements of net income, including interest, depreciation and taxes, are not available. Together, these items generally result in EBITDA being significantly greater than net income.

DISTRIBUTION GROWTH



Coverage Ratio	1.13x	1.10x	1.10x	1.44x	1.32x	1.28x	1.14x	1.15x	1.40x	1.44x	1.15x	1.21x

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

OPERATIONAL HIGHLIGHTS

	2Q 2016	1Q 2016
Pipeline Volumes (mbd)		
Crude Oil	287	281
Refined Products	606	520
Total	893	801
Terminaling and Storage Volumes (mbd)		
Crude Oil	559	502
Refined Products	450	427
Total	1,009	929
Average Pipeline Revenue ($/bbl)	$ 0.48	$ 0.46
Average Terminaling and Storage Revenue ($/bbl)	$ 0.38	$ 0.40

Excludes predecessor results

PSXP GROWTH

- Acquired remaining 75% interest in Sweeny Fractionator and Clemens Caverns as well as the Standish Pipeline
  - $656 MM net proceeds from successful equity offering used to finance the acquisition
- Agreed to increase ownership interest in Explorer Products Pipeline
- Commenced operations on the 1st segment of Bayou Bridge Pipeline to Lake Charles, LA and continued progress on 2nd segment, connecting to St. James, LA market
- Sacagawea Pipeline startup expected in 3Q 2016

FINANCIAL RESULTS

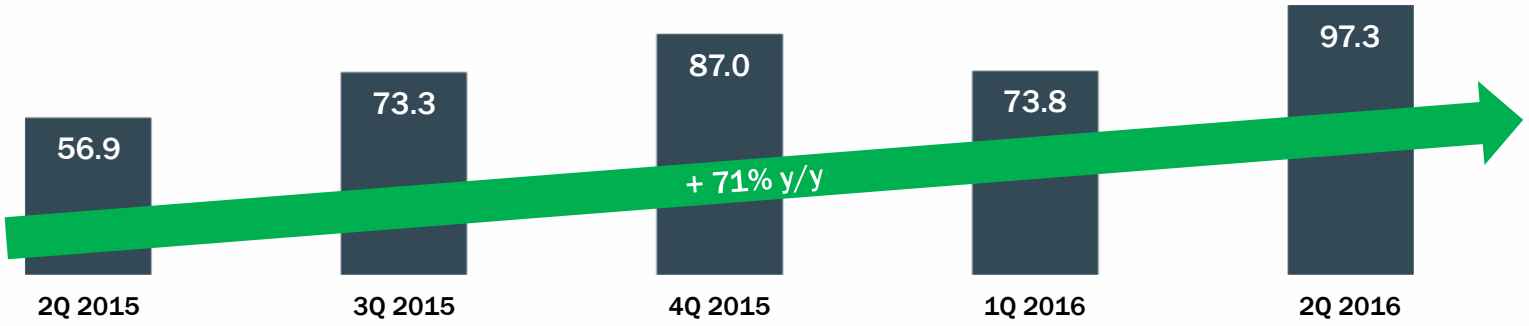
$ MM	2Q 2016	1Q 2016
Revenues and other income	$ 138.8	$ 103.3
Costs and expenses	66.6	47.8
Income before income taxes	72.2	55.5
Net Income	71.8	55.3
Less: Noncontrolling interests	4.3	3.0
Net income attributable to PSXP	67.5	52.3
Adjusted EBITDA	97.3	73.8
Distributable Cash Flow	84.4	64.1
Quarterly Distribution (cents/unit)	50.5	48.1

Excludes predecessor results

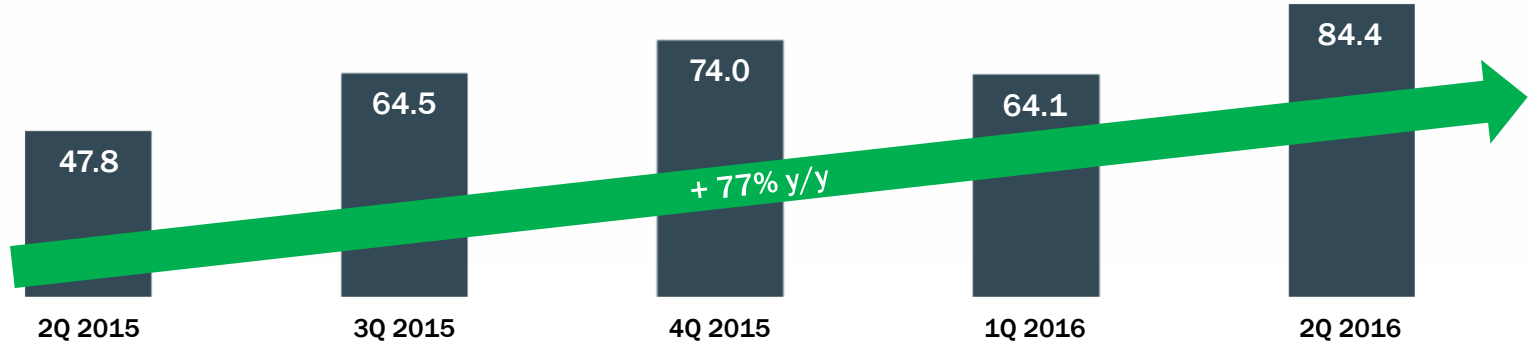


FINANCIAL PERFORMANCE

Adjusted EBITDA



Distributable Cash Flow



Values in $MM, attributable to PSXP

2Q 2016 ADJUSTED EBITDA AND DISTRIBUTABLE CASH FLOW

	$ MM
Adjusted EBITDA	97.3
Plus:	
Deferred revenue impacts	1.3
Less:	
Net interest	10.9
Income taxes paid	0.3
Maintenance capital expenditures	3.0
Distributable Cash Flow	$ 84.4
Total Cash Distribution Declared	$ 69.8
Coverage Ratio	1.21x

STRONG FINANCIAL FLEXIBILITY AND LIQUIDITY

$ MM	2Q 2016
Cash and cash equivalents	36
Total assets	2,773
Debt	1,343
Revolving credit facility availability	460
Debt to EBITDA ratio*	3.0x

*Leverage ratio estimated on credit facility covenant basis.





QUESTIONS AND ANSWERS
EARNINGS CALL AND WEBCAST

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APPENDIX

FINANCIAL RESULTS (CONSOLIDATED)

$ MM	2Q 2016	1Q 2016
Revenues and other income	$ 140.4	$ 126.2
Costs and expenses	66.8	61.3
Income before income taxes	73.6	64.9
Net Income	0.4	64.7
Less: Net income attributable to Predecessors	5.7	12.4
Net income attributable to PSXP	67.5	52.3
Adjusted EBITDA	97.3	73.8
Distributable Cash Flow	84.4	64.1
Quarterly Distribution (cents/unit)	50.5	48.1



NON-GAAP RECONCILIATION

	$ MM				
	2Q 2016	1Q 2016	4Q 2015	3Q 2015	2Q 2015
Net Income	$ 73.2	$ 64.7	$ 60.5	$ 50.9	$ 42.0
Plus:					
Depreciation	14.5	13.9	9.4	6.1	5.4
Net interest expense	10.9	9.7	9.2	9.1	9.5
Provision for (benefit from) income taxes	0.4	0.2	0.1	0.1	(0.1)
EBITDA	99.0	88.5	79.2	66.2	56.8
Distributions in excess of equity earnings	2.2	4.1	6.6	4.6	0.2
Expenses indemnified or prefunded by Phillips 66	3.9	0.1	0.5	1.1	-
Transaction costs associated with acquisitions	0.7	1.0	0.4	0.4	-
EBITDA attributable to Predecessors	(8.3)	(19.9)	0.3	1.0	(0.1)
Adjusted EBITDA	97.3	73.8	87.0	73.3	56.9
Plus:					
Deferred revenue impacts	1.3	1.4	(1.6)	2.5	2.3
Less:					
Net interest	10.9	9.9	9.2	9.1	9.5
Income taxes paid (refunded)	0.3	-	(0.1)	-	0.4
Maintenance capital expenditures	3.0	1.2	2.3	2.2	1.5
Distributable Cash Flow	84.4	64.1	74.0	64.5	47.8

NON-GAAP RECONCILIATION

	$ MM				
	2Q 2016	1Q 2016	4Q 2015	3Q 2015	2Q 2015
Net cash provided by operating activities	$ 94.6	$ 71.4	$ 97.0	$ 49.1	$ 64.6
Plus:					
Net interest expense	10.9	9.7	9.2	9.1	9.5
Provision for (benefit from) income taxes	0.4	0.2	0.2	0.1	(0.1)
Changes in working capital	(1.8)	14.4	(16.4)	13.8	(15.0)
Undistributed equity earnings	1.7	(0.6)	(2.6)	(0.9)	(2.2)
Accrued environmental costs	0.1	-	(0.2)	(0.5)	(0.1)
Other	(6.9)	(6.6)	(7.8)	(4.5)	0.1
EBITDA	99.0	88.5	75.8	66.2	56.8
Distributions in excess of equity earnings	2.2	4.1	6.6	4.6	0.2
Expenses indemnified or prefunded by Phillips 66	3.9	0.1	0.5	1.1	-
Transaction costs associated with acquisitions	0.7	1.0	0.4	0.4	-
EBITDA attributable to Predecessors	(8.5)	(19.9)	0.3	1.0	(0.1)
Adjusted EBITDA	97.3	73.8	87.0	73.3	56.9
Plus:					
Deferred revenue impacts	1.3	1.4	(1.6)	2.5	2.3
Less:					
Net interest	10.9	9.9	9.2	9.1	9.5
Income taxes paid (refunded)	0.3	-	(0.1)	-	0.4
Maintenance capital expenditures	3.0	1.2	2.3	2.2	1.5
Distributable Cash Flow	84.4	64.1	74.0	64.5	47.8