

Phillips 66 Partners

FOURTH QUARTER 2016
EARNINGS CALL AND WEBCAST

February 3, 2017

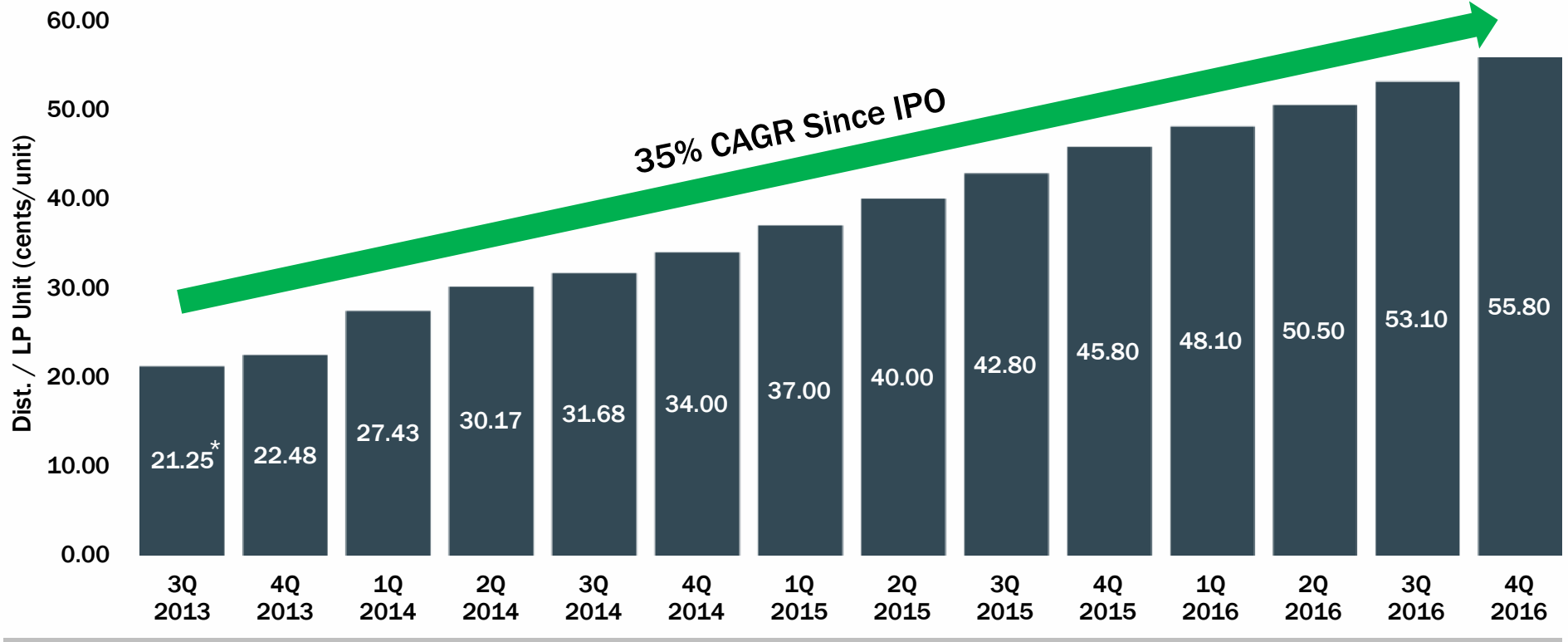
CAUTIONARY STATEMENT

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.

Run-rate EBITDA is a forecast of future EBITDA, and is based on the Partnership’s projections of annual EBITDA inclusive of both currently owned assets ($600 million) and future potential acquisitions by the Partnership ($1.1 billion). Run-rate EBITDA is included to demonstrate the historical growth of the Partnership through the end of 2016, as well as management’s intention of future growth through acquisitions and organic projects. We are unable to present a reconciliation of run-rate EBITDA to net income, which is the nearest GAAP financial measure, because certain elements of net income, including interest, depreciation and taxes, were not used in the forecasts and are therefore not available. Together, these items generally result in run-rate EBITDA being significantly greater than net income. In 2016, the Partnership’s depreciation was $96 million and interest expense was $52 million.

DISTRIBUTION GROWTH



	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016
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

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

PSXP GROWTH

- Acquired crude, refined products and NGL logistics assets from Phillips 66 for $1.3 billion
- Finalized the acquisition of an NGL pipeline and storage system in southeast Louisiana
- Started up the Sacagawea Pipeline
- Continued development of Bayou Bridge Pipeline from Lake Charles to St. James, Louisiana

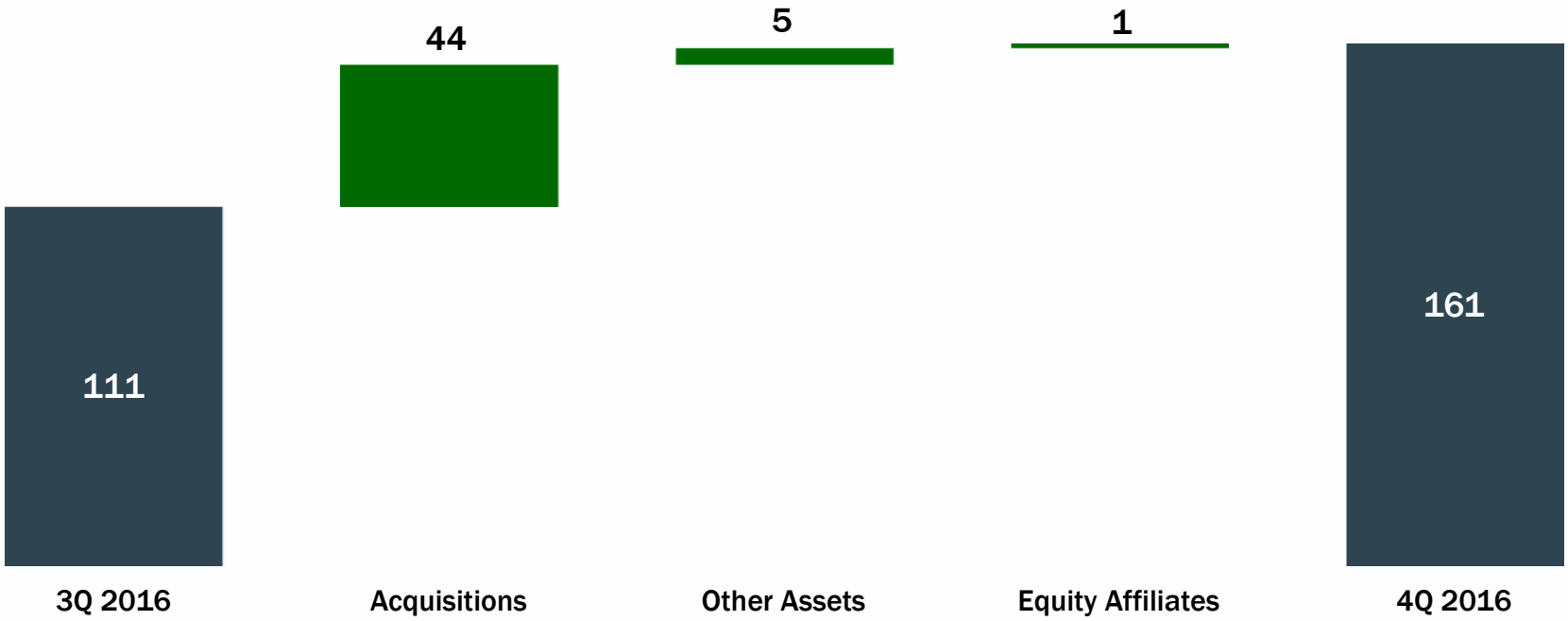
OPERATIONAL HIGHLIGHTS

	4Q 2016	3Q 2016
Pipeline Volumes (mbd)		
Crude Oil	899	257
Refined Products and NGL	929	619
Total	1,828	876
Terminal and Storage Volumes (mbd)		
Crude Oil	561	541
Refined Products and NGL	847	442
Total	1,408	983
Average Pipeline Revenue ($/bbl)	$ 0.59	$ 0.46
Average Terminal and Storage Revenue ($/bbl)	$ 0.40	$ 0.39

Excludes predecessor results

FINANCIAL HIGHLIGHTS

Adjusted EBITDA ($ MM)

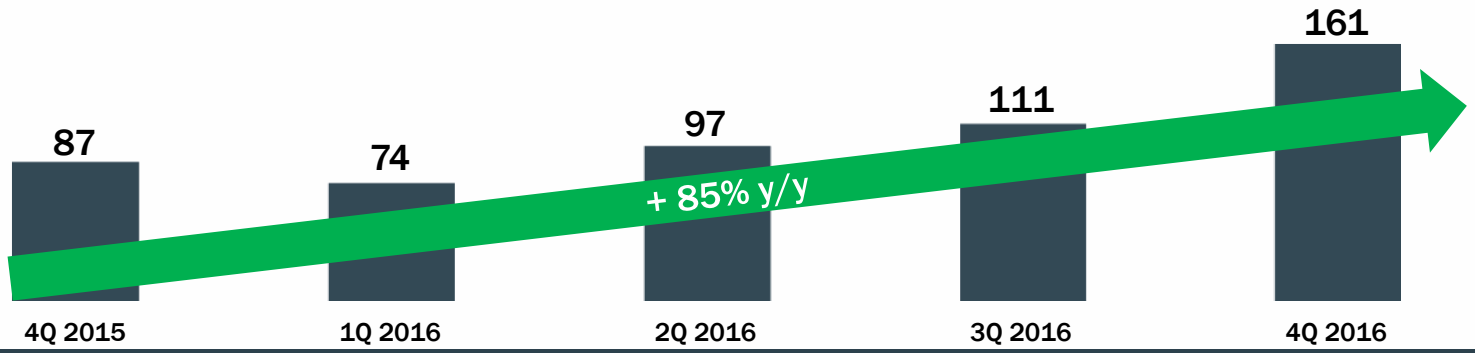


ADJUSTED EBITDA AND DISTRIBUTABLE CASH FLOW

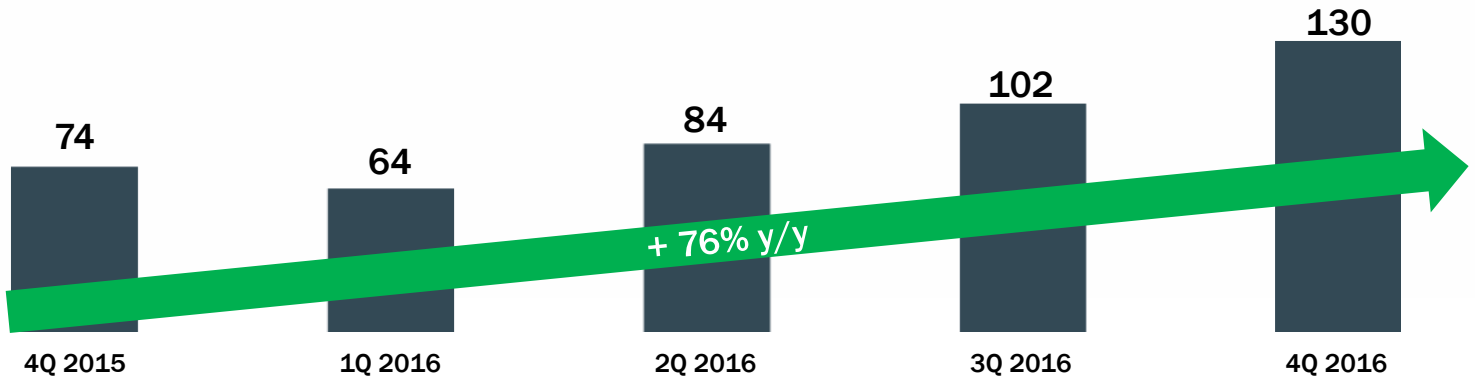
$ MM *(unless otherwise noted)*	4Q 2016
Adjusted EBITDA	161
Plus:	
Deferred revenue impacts	4
Less:	
Net interest	21
Maintenance capital expenditures	14
Distributable Cash Flow	$ 130
Total Cash Distribution Declared	$ 88
Coverage Ratio	1.48x

2016 GROWTH

Adjusted EBITDA



Distributable Cash Flow



Values in $MM, attributable to PSXP

STRONG FINANCIAL FLEXIBILITY AND LIQUIDITY

$ MM *(unless otherwise noted)*	4Q 2016
Cash and cash equivalents	2
Total assets	4,109
Debt	2,411
Revolving credit facility availability	540
Debt to EBITDA ratio*	3.8x

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





QUESTIONS AND ANSWERS
EARNINGS CALL AND WEBCAST

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APPENDIX

FINANCIAL RESULTS (CONSOLIDATED)

$ MM *(unless otherwise noted)*	4Q 2016	3Q 2016
Revenues and other income	$ 228	$ 222
Costs and expenses	125	110
Income before income taxes	103	112
Provision for income taxes	1	-
Net Income	102	112
Less: Net income attributable to Predecessors	4	29
Net income attributable to PSXP	98	83
Adjusted EBITDA	161	111
Distributable Cash Flow	130	102
Quarterly Distribution (cents/unit)	55.8	53.1



NON-GAAP RECONCILIATION

	$ MM				
	4Q 2016	3Q 2016	2Q 2016	1Q 2016	4Q 2015
Net Income	102	112	100	94	95
Plus:					
Depreciation	25	25	23	23	19
Net interest expense	21	10	11	10	9
Provision for income taxes	1	-	1	-	-
EBITDA	149	147	135	127	123
Distributions in excess of equity earnings	10	1	2	4	7
Expenses indemnified or prefunded by Phillips 66	2	-	4	-	1
Transaction costs associated with acquisitions	-	2	1	1	-
EBITDA attributable to Predecessors	-	(39)	(45)	(58)	(44)
Adjusted EBITDA	161	111	97	74	87
Plus:					
Deferred revenue impacts	4	4	2	1	(2)
Less:					
Net interest	21	10	11	10	9
Maintenance capital expenditures	14	3	4	1	2
Distributable Cash Flow	130	102	84	64	74

NON-GAAP RECONCILIATION

	$ MM				
	4Q 2016	3Q 2016	2Q 2016	1Q 2016	4Q 2015
Net cash provided by operating activities	121	128	132	111	134
Plus:					
Net interest expense	21	10	11	10	9
Provision for income taxes	1	-	1	-	-
Changes in working capital	12	8	(5)	13	(10)
Undistributed equity earnings	(5)	3	2	(1)	(3)
Accrued environmental costs	(1)	-	-	-	-
Other	-	(2)	(6)	(6)	(7)
EBITDA	149	147	135	127	123
Distributions in excess of equity earnings	10	1	2	4	7
Expenses indemnified or prefunded by Phillips 66	2	-	4	-	1
Transaction costs associated with acquisitions	-	2	1	1	-
EBITDA attributable to Predecessors	-	(39)	(45)	(58)	(44)
Adjusted EBITDA	161	111	97	74	87
Plus:					
Deferred revenue impacts	4	4	2	1	(2)
Less:					
Net interest	21	10	11	10	9
Income taxes paid (refunded)	-	-	-	-	-
Maintenance capital expenditures	14	3	4	1	2
Distributable Cash Flow	130	102	84	64	74