

FOURTH QUARTER 2015
EARNINGS CALL AND WEBCAST

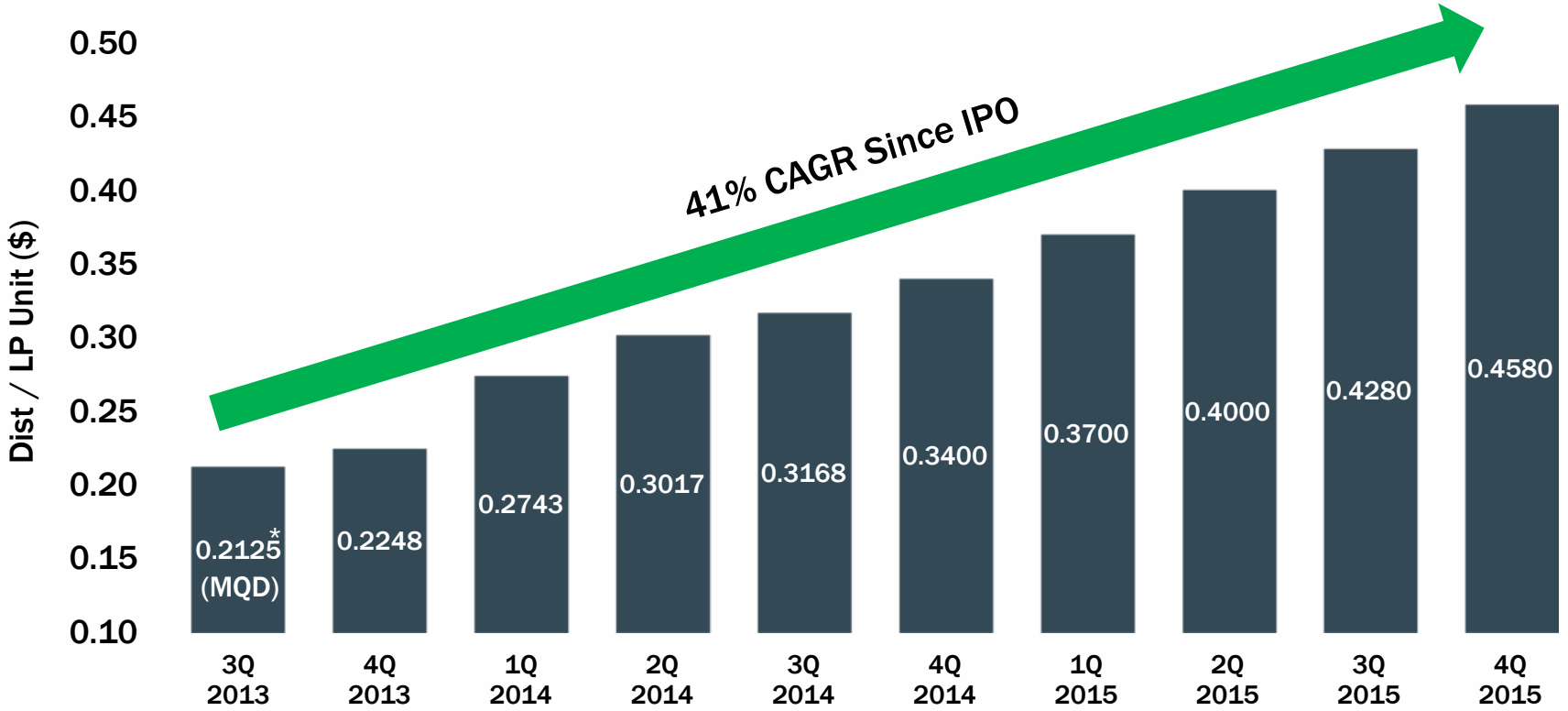
January 29, 2016

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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	1.15x	1.40x	1.44x

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

OPERATIONAL HIGHLIGHTS

	4Q 2015	3Q 2015
Pipelines Volumes (mbd)		
Crude Oil	283	306
Refined Products	522	438
Total	805	744
Terminaling and Storage Volumes (mbd)		
Crude Oil	464	536
Refined Products	443	441
Total	907	977
Average Pipeline Revenue ($/bbl)	$ 0.51	$ 0.45
Average Terminaling and Storage Revenue ($/bbl)	$ 0.42	$ 0.39

ORGANIC GROWTH PLANS

- Closed on the acquisition of Phillips 66 interest in Bayou Bridge crude pipeline project; first section to Lake Charles expected to be operational by the end of 1Q 2016
- Palermo Rail Terminal commenced operations in December
- Sacagawea Pipeline expected startup in 3Q 2016
- Sand Hills capacity expansion continues

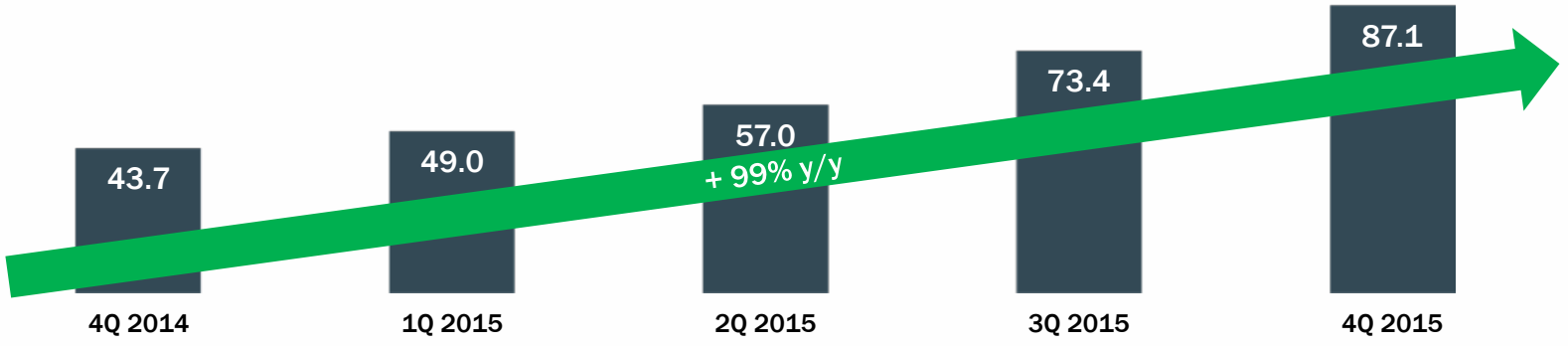
FINANCIAL RESULTS

$ MM	4Q 2015	3Q 2015
Revenues and other income	$ 102.8	$ 91.4
Costs and expenses	38.2	39.0
Income before income taxes	64.6	52.4
Net income	64.5	52.3
Adjusted EBITDA	87.1	73.4
Distributable cash flow	74.0	64.5
Quarterly distribution ($/unit)	0.4580	0.4280

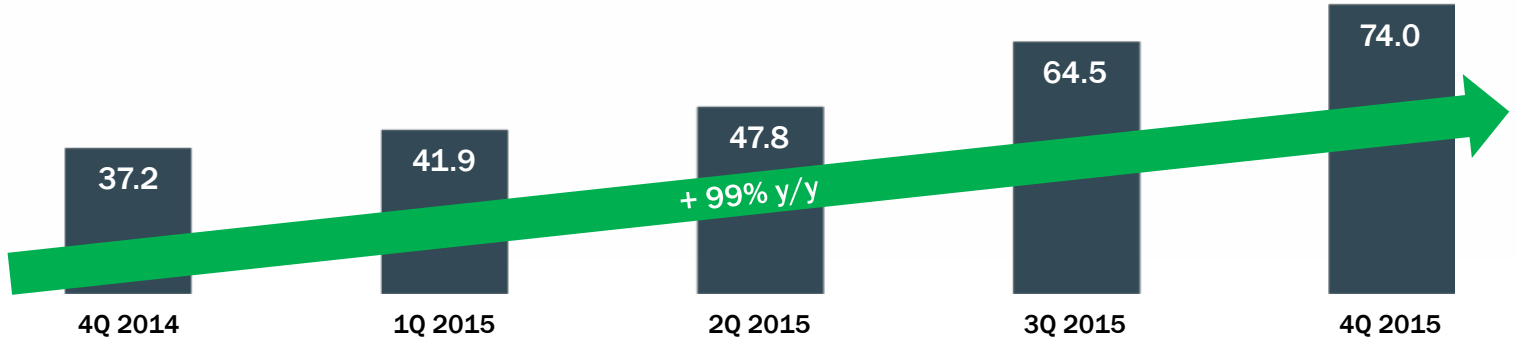


FINANCIAL PERFORMANCE

Adjusted EBITDA



Distributable Cash Flow



Values in $MM, attributable to PSXP

4Q 2015 ADJUSTED EBITDA AND DISTRIBUTABLE CASH FLOW

	$ MM
Adjusted EBITDA	87.1
Plus:	
Adjustments related to minimum volume commitments	(1.7)
Less:	
Net interest	9.2
Income taxes refunded	(0.1)
Maintenance capital expenditures	2.3
Distributable Cash Flow	$ 74.0
Total Cash Distribution Declared	$ 51.4
Coverage Ratio	1.44x

STRONG FINANCIAL FLEXIBILITY AND LIQUIDITY

$ MM	4Q 2015
Cash and cash equivalents	48
Total assets	1,523
Debt	1,100
Revolving credit facility availability	500
Debt to EBITDA ratio*	3.8x

*Leverage ratio estimated on credit facility covenant basis.





QUESTIONS AND ANSWERS
EARNINGS CALL AND WEBCAST

January 29, 2016



APPENDIX

NON-GAAP RECONCILIATION TO NET INCOME

	$ MM				
	4Q 2015	3Q 2015	2Q 2015	1Q 2015	4Q 2014
Net Income	$ 64.5	$ 52.3	$ 42.0	$ 35.4	$ 36.3
Plus:					
Depreciation	5.7	5.7	5.3	5.1	4.5
Net interest expense	9.2	9.1	9.5	5.8	2.1
Amortization of deferred rentals	0.1	0.1	0.1	0.1	0.1
Provision for (benefit from) income taxes	0.1	0.1	(0.1)	0.2	0.2
EBITDA	79.6	67.3	56.8	46.6	43.2
Distributions in excess of equity earnings	6.6	4.6	0.2	0.7	-
Expenses indemnified or prefunded by Phillips 66	0.5	1.1	-	0.3	0.1
Transaction costs associated with acquisitions	0.4	0.4	-	1.4	1.0
EBITDA attributable to Predecessors	-	-	-	-	(0.6)
Adjusted EBITDA	87.1	73.4	57.0	49.0	43.7
Plus:					
Adjustments related to minimum volume commitments	(1.7)	2.4	2.2	1.1	(2.4)
Phillip 66 prefunded maintenance capital expenditures	-	-	-	-	0.1
Less:					
Net interest	9.2	9.1	9.5	6.5	1.4
Income taxes paid (refunded)	(0.1)	-	0.4	-	-
Maintenance capital expenditures	2.3	2.2	1.5	1.7	2.8
Distributable Cash Flow	74.0	64.5	47.8	41.9	37.2

NON-GAAP RECONCILIATION TO CASH PROVIDED BY OPERATING ACTIVITIES

	$ MM				
	4Q 2015	3Q 2015	2Q 2015	1Q 2015	4Q 2014
Net cash provided by operating activities	$ 86.9	$ 46.1	$ 65.4	$ 31.4	$ 47.7
Plus:					
Net interest expense	9.2	9.1	9.5	5.8	2.1
Provision for (benefit from) income taxes	0.1	0.1	(0.1)	0.2	0.2
Changes in working capital	(13.1)	14.6	(15.9)	4.1	(6.5)
Undistributed equity earnings	(2.6)	(0.9)	(2.2)	5.8	-
Accrued environmental costs	(0.2)	(0.5)	(0.1)	-	-
Other	(0.7)	(1.2)	0.2	(0.7)	(0.3)
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