

Sweeny Fractionator
Sweeny, TX

July 26, 2019

Second Quarter 2019 Earnings Call and Webcast

Phillips 66 Partners

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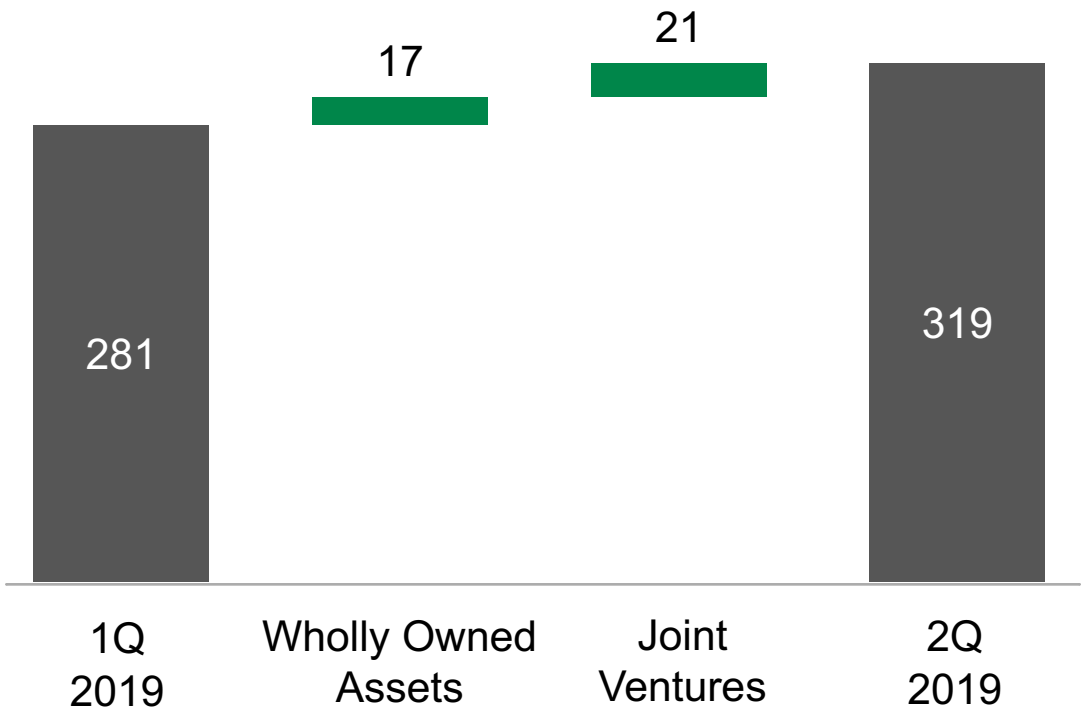
Use of Non-GAAP Financial Measures. Today’s presentation includes non-GAAP financial measures. You can find the reconciliations to comparable GAAP financial measures at the end of the presentation materials or in the “Financial Information” section of our website.

EXECUTING THE STRATEGY



FINANCIAL HIGHLIGHTS

ADJUSTED EBITDA
$MM



DISTRIBUTABLE CASH FLOW
$MM



FINANCIAL FLEXIBILITY AND LIQUIDITY

$MM (Unless Otherwise Noted)

2Q 2019

Cash and cash equivalents	$	130
Total debt		3,324
Revolving credit facility availability		749
Debt-to-EBITDA ratio[1]		2.8x
Coverage ratio		1.44x

1) Leverage ratio estimated on credit facility covenant basis.



Clifton Ridge Marine Terminal
Lake Charles, LA

INCENTIVE DISTRIBUTION RIGHTS ELIMINATION

Reinforces PSXP as a premier MLP

Reduces cost of capital

Simplifies capital structure

Aligns GP and LP economic interests

Strong partnership fundamentals

- Robust growth profile
- High distribution coverage
- Solid financial position



Propylene Storage Sphere
Medford, OK

INCENTIVE DISTRIBUTION RIGHTS ELIMINATION: TRANSACTION OVERVIEW

101 million – common units exchanged

75% – PSX ownership of PSXP[(1)]

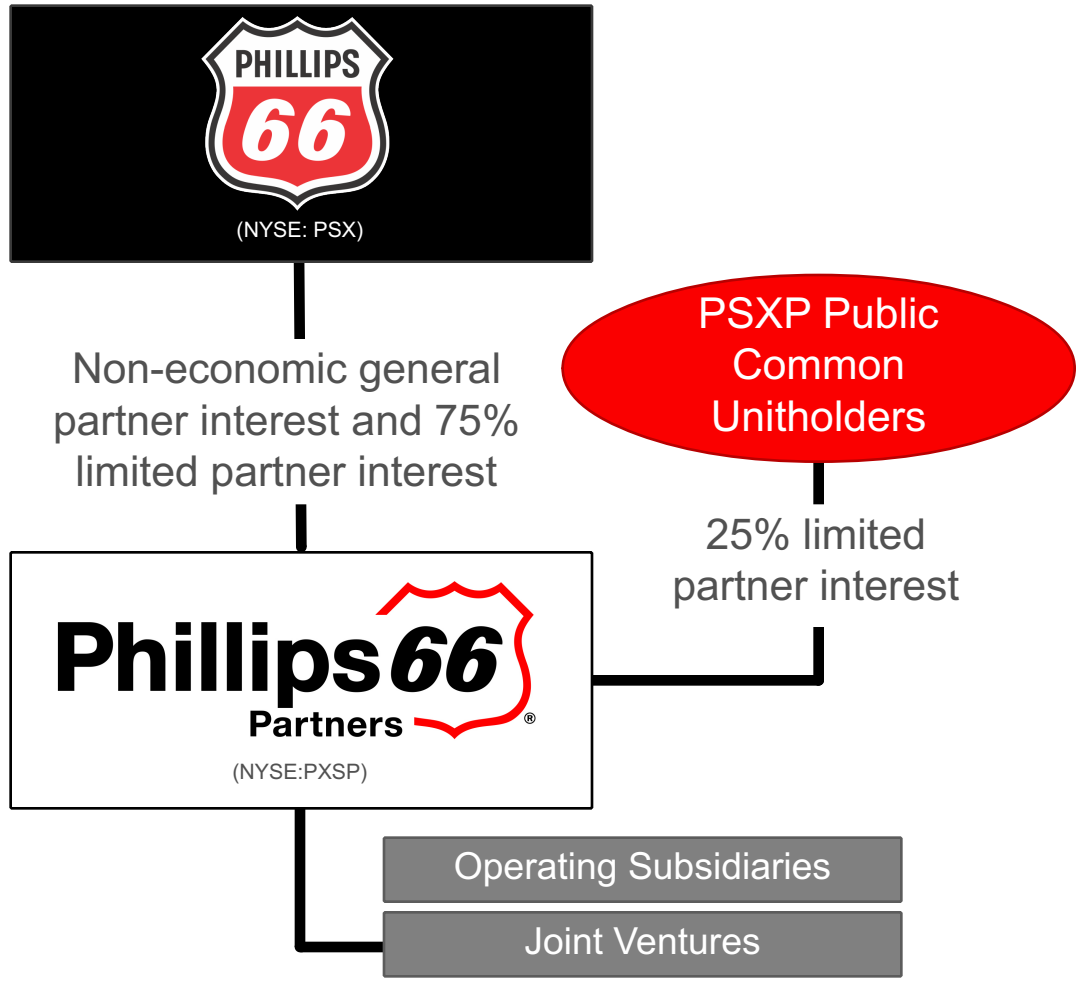
$5.4 / $5.2 billion – transaction value[(2)]

16.7x / 15.8x – multiple on 2020 GP distributions[(2)]

Accretive to PSXP LP DCF on a per unit basis by the fourth quarter of 2020

Transaction is expected to close August 1, 2019

Pro Forma Structure



Note: Does not include 13.8 million PSXP convertible preferred units held by unitholders unaffiliated with PSX

(1) PSX's percentage ownership of PSXP's common LP units
(2) $5.4 B / 16.7x based on closing price of $53.95 on July 25, 2019. $5.2 B / 15.8x based on 30-day volume weighted average price of $51.18

ORGANIC GROWTH

PROJECT	EXPECTED COMPLETION	GROSS CAPITAL ($MM)	PXSP OWNERSHIP (%)
Lake Charles products pipeline	Completed	25	100
Lake Charles isomerization unit	3Q 2019	200	99
Gray Oak Pipeline	4Q 2019	2,700	42.25
Sweeny to Pasadena products expansion	2Q 2020	70	100
South Texas Gateway Terminal	Mid 2020	500	25
Clemens Caverns expansion	4Q 2020	150	100
C2G Pipeline (Clemens to Gregory)	Mid 2021	335	100

Projects expected to have typical Midstream EBITDA build multiples (6x – 8x)

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Appendix



NON-GAAP RECONCILIATIONS

	Millions of Dollars	
	Q2 2019	Q1 2019
Net income	233	198
Plus:		
Depreciation	29	29
Net interest expense	26	27
Income tax expense	1	1
EBITDA	289	255
Proportional share of equity affiliates' net interest, taxes and depreciation and amortization	29	26
Expenses indemnified or prefunded by Phillips 66	1	—
Transaction costs associated with acquisitions	—	—
Adjusted EBITDA	319	281
Plus:		
Deferred revenue impacts*†	(4)	—
Less:		
Equity affiliate distributions less than proportional EBITDA	13	9
Maintenance capital expenditures†	12	9
Net interest expense	26	27
Preferred unit distributions	9	10
Income taxes paid	1	—
Distributable cash flow	254	226

* Difference between cash receipts and revenue recognition
† Excludes Merey Sweeny capital reimbursements and turnaround impacts

NON-GAAP RECONCILIATIONS

	Millions of Dollars	
	Q2 2019	Q1 2019
Net cash provided by operating activities	276	205
Plus:		
Net interest expense	26	27
Income tax expense	1	1
Changes in working capital	(11)	34
Undistributed equity earnings	(1)	(2)
Deferred revenues and other liabilities	1	(9)
Other	(3)	(1)
EBITDA	289	255
Proportional share of equity affiliates' net interest, taxes and depreciation and amortization	29	26
Expenses indemnified or prefunded by Phillips 66	1	—
Transaction costs associated with acquisitions	—	—
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