



# PHILLIPS 66 THIRD QUARTER CONFERENCE CALL

October 30, 2015

# CAUTIONARY STATEMENT



This presentation contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. 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’s operations (including joint venture operations) are based on management’s expectations, estimates and projections about the company, 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 fluctuations in NGL, crude oil and natural gas prices, and petrochemical and refining margins; unexpected changes in costs for constructing, modifying or operating our facilities; unexpected difficulties in manufacturing, refining or transporting our products; lack of, or disruptions in, adequate and reliable transportation for our NGL, crude oil, natural gas and refined products; potential liability from litigation or for remedial actions, including removal and reclamation obligations, under environmental regulations; limited access to capital or significantly higher cost of capital related to illiquidity or uncertainty in the domestic or international financial markets; and other economic, business, competitive and/or regulatory factors affecting Phillips 66’s businesses generally as set forth in our filings with the Securities and Exchange Commission. Phillips 66 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.

This 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 “Investors” section of our website.



# EXECUTING STRATEGY



# OVERVIEW

## 3Q 2015



<b>Adjusted Earnings</b>	<b>\$1.6 B</b>
<b>Adjusted EPS</b>	<b>\$3.02</b>
<b>Operating cash flow excluding working capital</b>	<b>\$1.5 B</b>
<b>Capital expenditures and investments</b>	<b>\$1.0 B</b>
<b>Shareholder distributions</b>	<b>\$673 MM</b>
<b>Adjusted net debt-to-capital ratio</b>	<b>12%</b>
<b>Annualized adjusted YTD ROCE</b>	<b>15%</b>



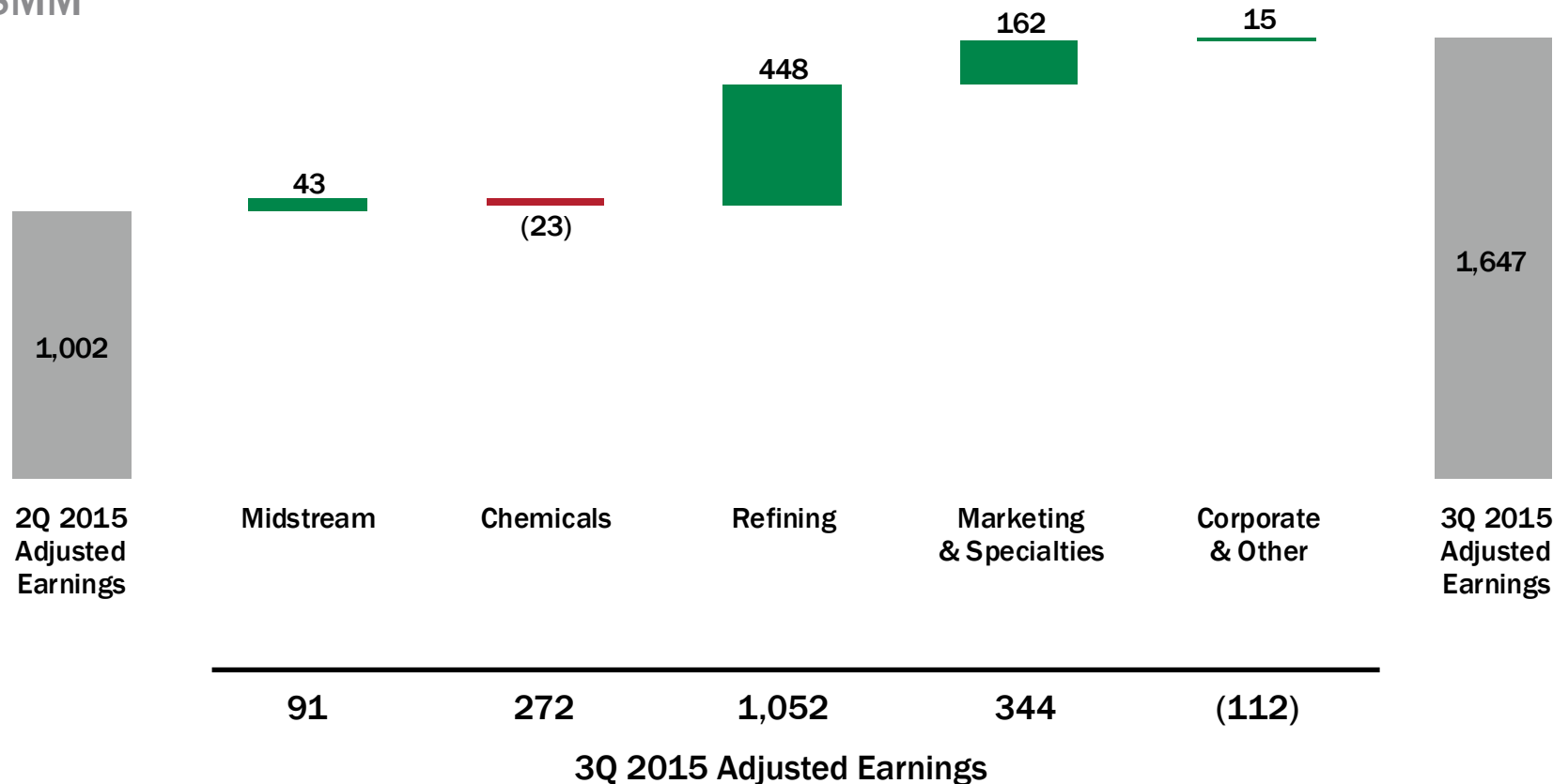
Shareholder distributions include dividends and share repurchases  
Adjusted net debt-to-capital ratio excludes the impacts of PSXP

# ADJUSTED EARNINGS

## 3Q 2015 VS. 2Q 2015



\$MM



# MIDSTREAM OVERVIEW

## 3Q 2015



Transportation	Higher volumes, lower operating costs
NGL	Strong margins
PSXP	Distributions up 7%
DCP Midstream	Improved marketing margins
ROCE	5%



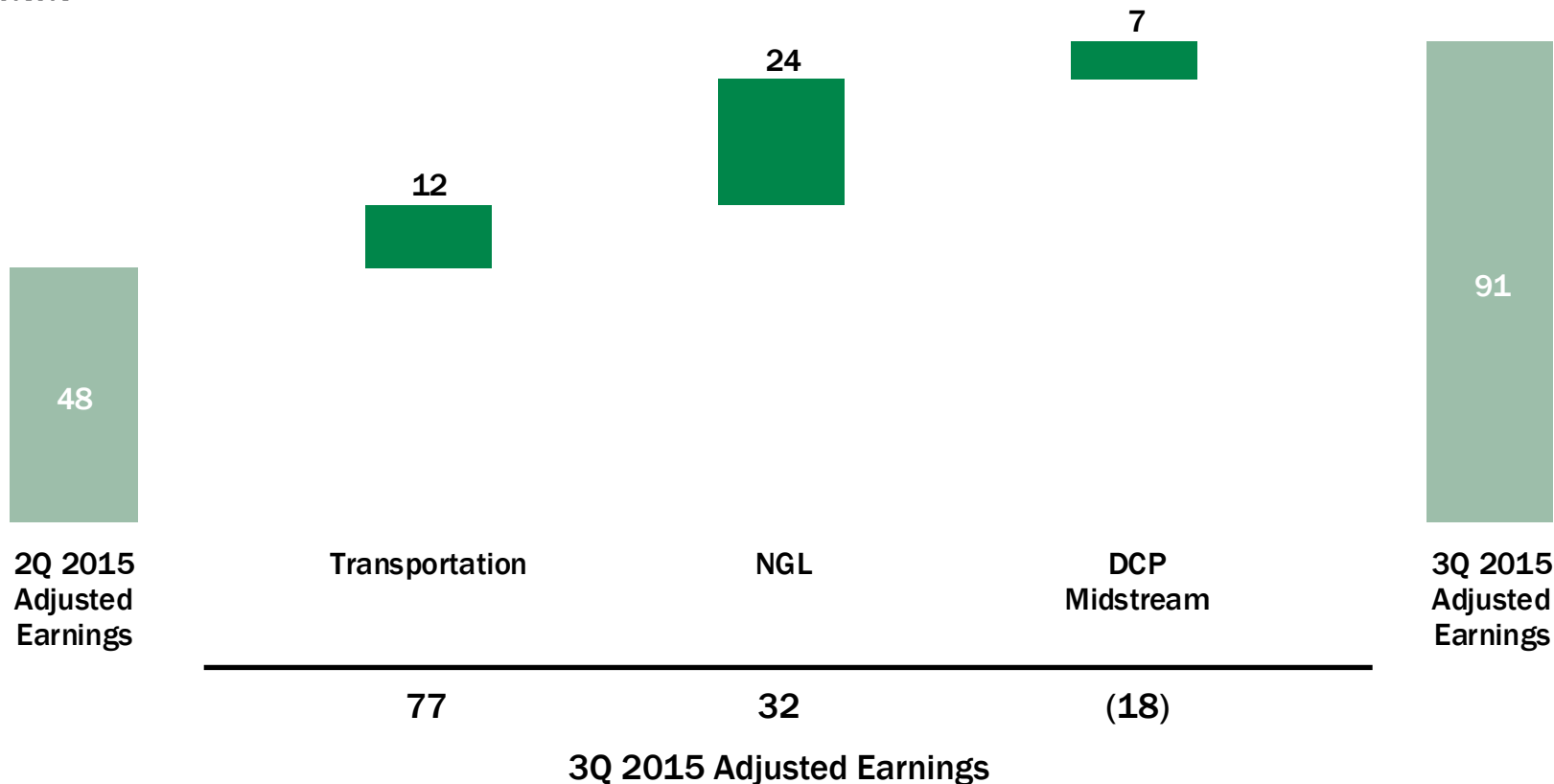
ROCE is annualized adjusted YTD

# MIDSTREAM

## 3Q 2015 VS. 2Q 2015



\$MM



**Olefins & Polyolefins**

**Higher volumes and lower costs**

**Specialties, Aromatics & Styrenics**

**Lower margins and volumes**

**ROCE**

**21%**



ROCE is annualized adjusted YTD

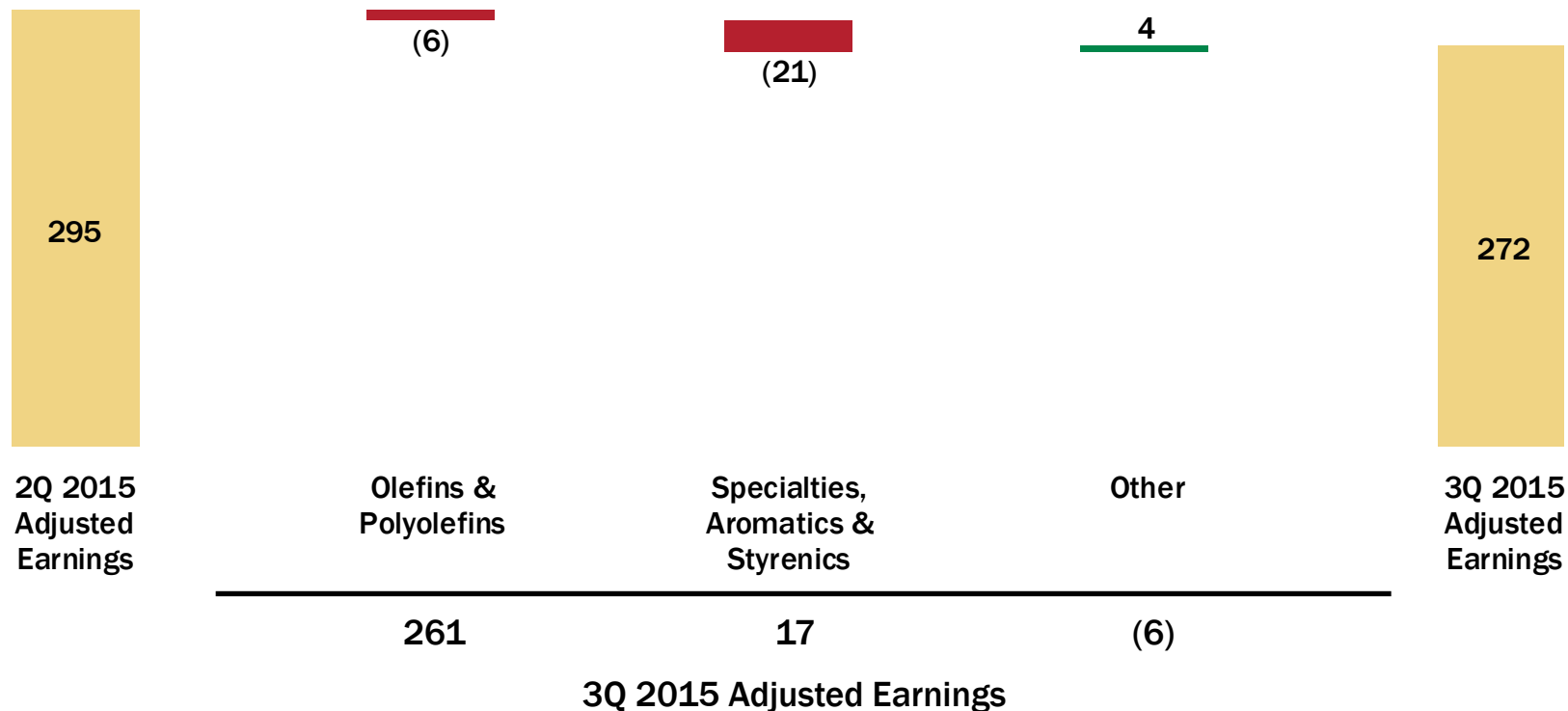


# CHEMICALS

## 3Q 2015 VS. 2Q 2015



\$MM



<b>Realized refining margin</b>	<b>\$13.96/BBL</b>
<b>Worldwide market capture</b>	<b>72%</b>
<b>Refining crude utilization</b>	<b>96%</b>
<b>Clean product yield</b>	<b>84%</b>
<b>ROCE</b>	<b>21%</b>



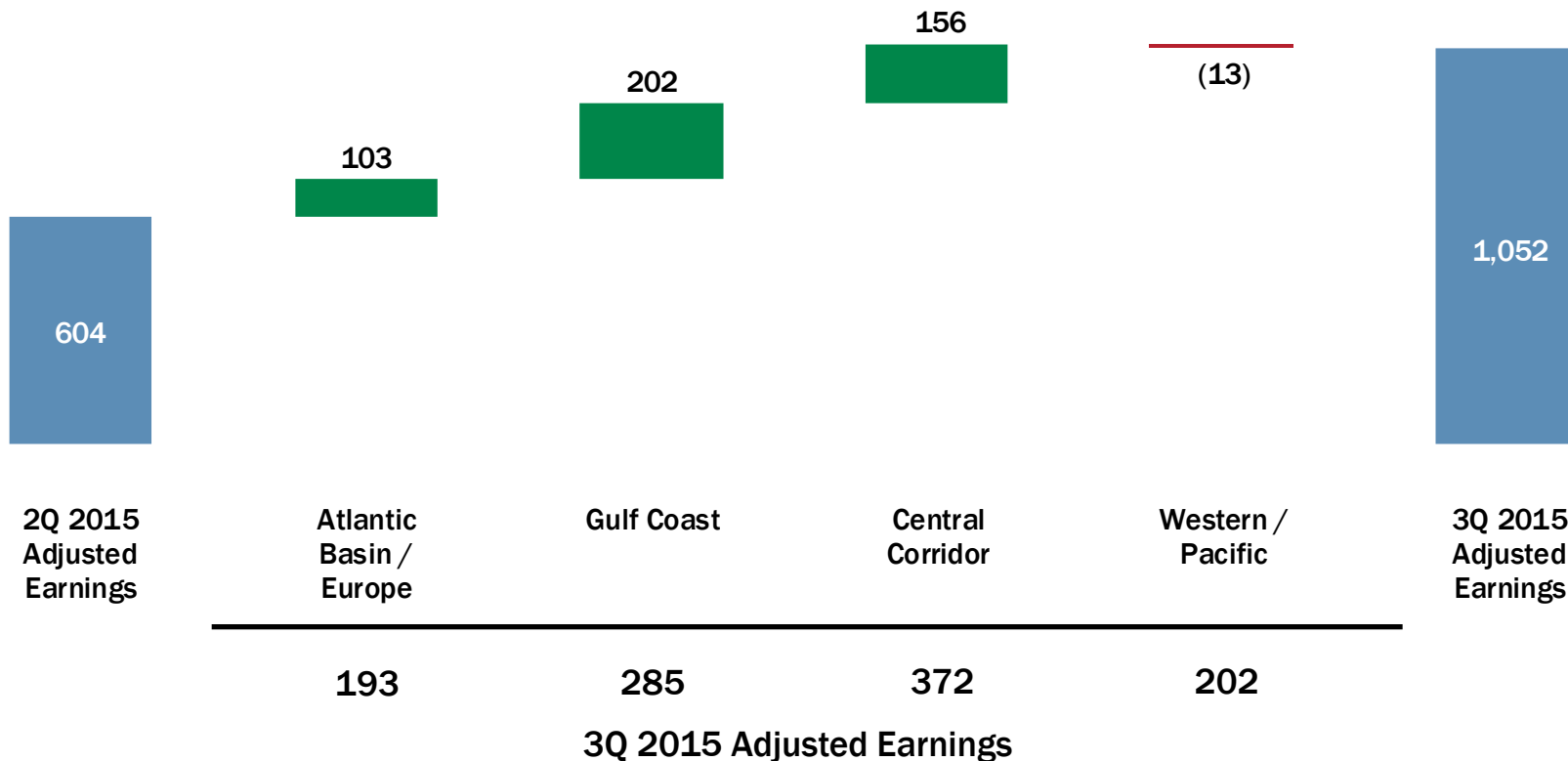
ROCE is annualized adjusted YTD

# REFINING

## 3Q 2015 VS. 2Q 2015



\$MM



# REFINING MARGINS – MARKET VS. REALIZED

## 3Q 2015



### WORLDWIDE REFINING \$/BBL



Avg Market Crude: \$49.54/BBL

96% Crude Capacity Utilization

72% Market Capture



# MARKETING AND SPECIALTIES OVERVIEW

## 3Q 2015



**Marketing**

**Higher global margins and volumes**

**Specialties**

**Strong lubricants margins**

**ROCE**

**33%**



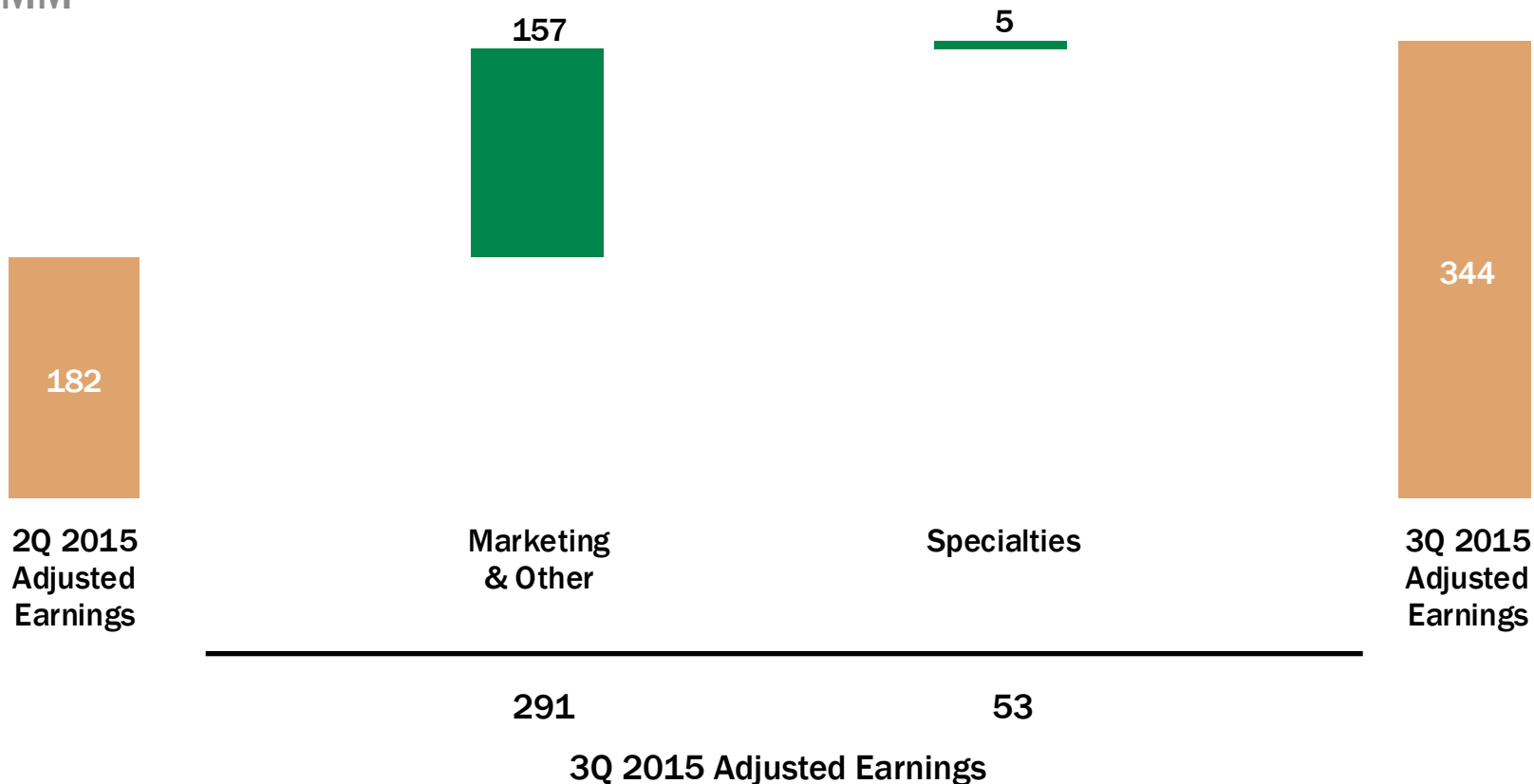
ROCE is annualized adjusted YTD

# MARKETING AND SPECIALTIES

## 3Q 2015 VS. 2Q 2015



\$MM



# CORPORATE AND OTHER

## 3Q 2015 VS. 2Q 2015



\$MM

2Q 2015  
Adjusted  
Net Loss



Net Interest  
Expense



Corporate  
Overhead



Other



3Q 2015  
Adjusted  
Net Loss

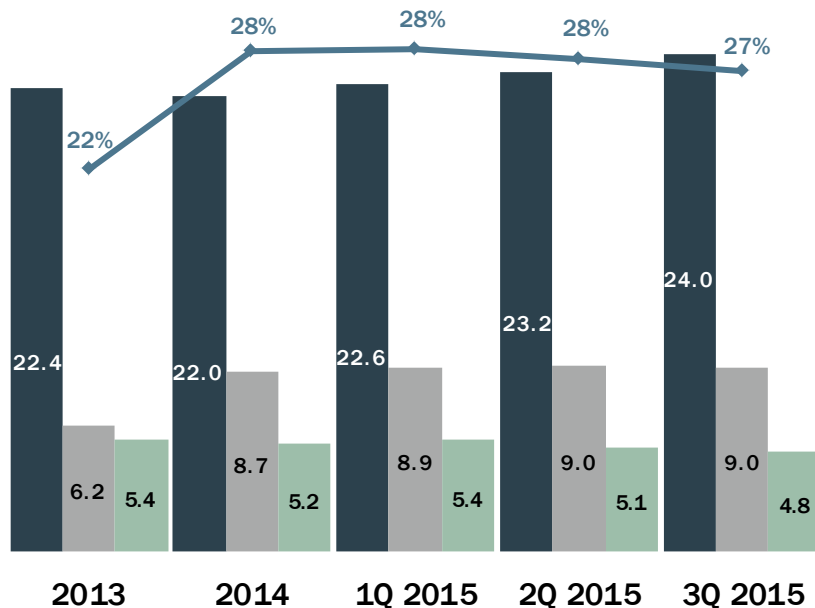


# CAPITAL STRUCTURE

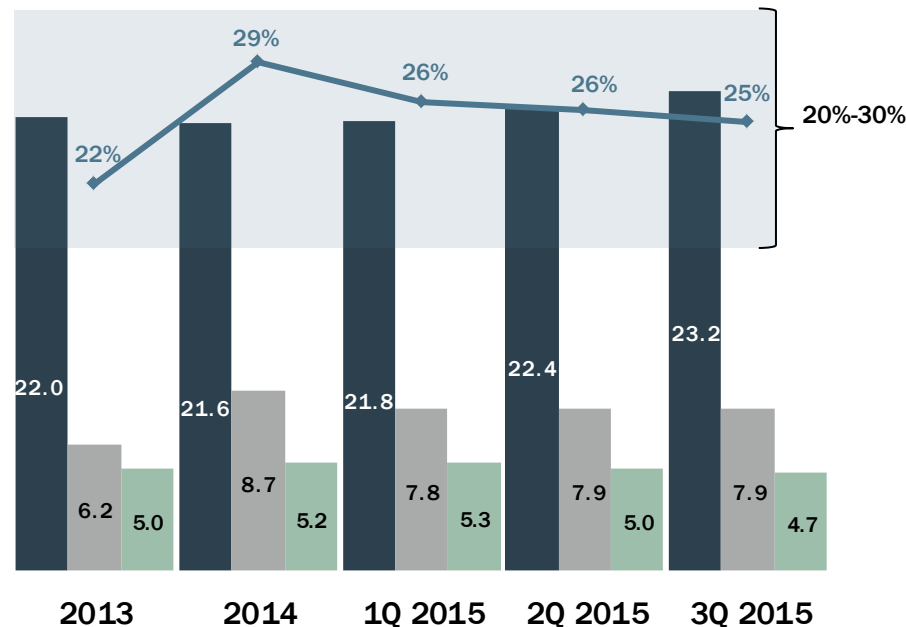
## 2013 – 3Q 2015



Consolidated PSX



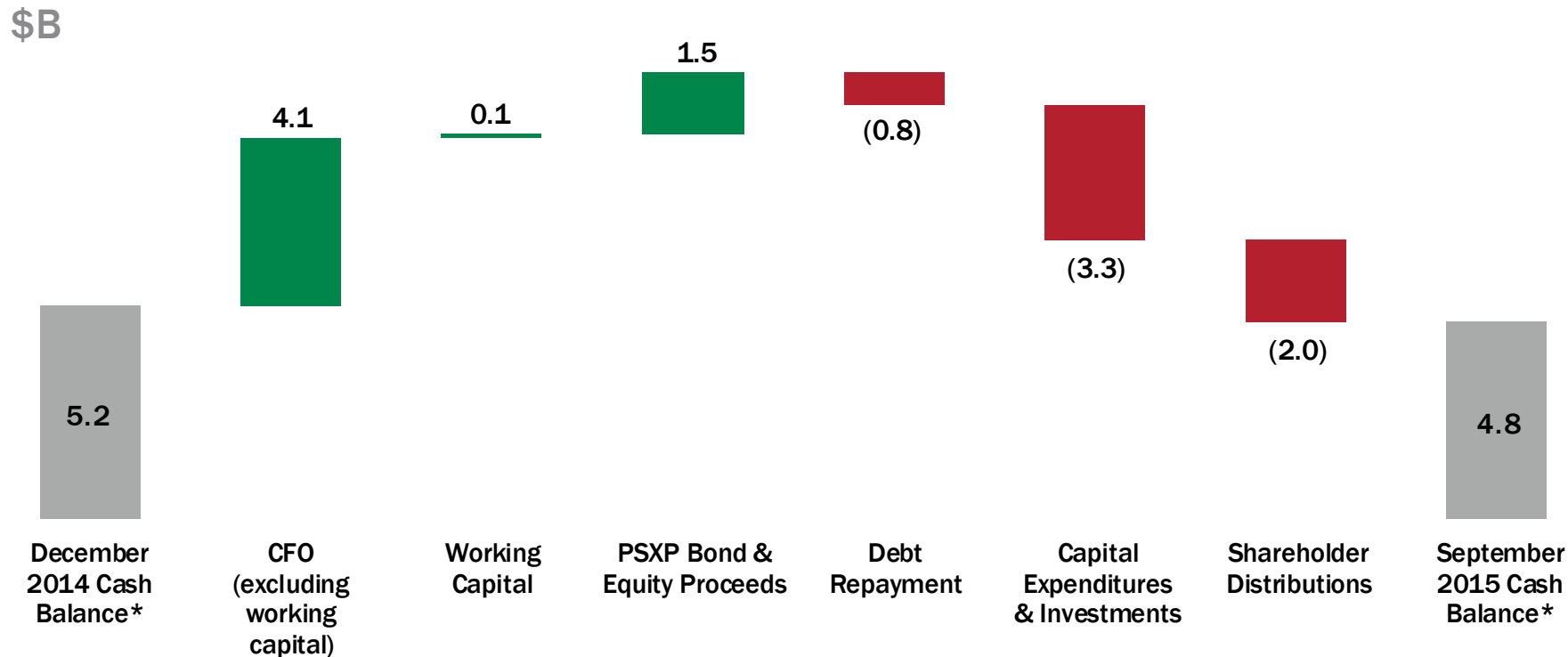
Excluding PSXP



Equity \$B
  Debt \$B
  Cash & Cash Equivalents \$B
  Debt-to-Capital



# CASH FLOW YTD 2015



\* Includes cash and cash equivalents

Global Olefins & Polyolefins utilization	Mid-90%
Refining crude utilization	Mid-90%
Refining turnaround expenses (pre-tax)	~\$150 MM
Corporate & Other costs (after-tax)	\$110 MM - \$120 MM
Effective income tax rate	Mid-30%
2015 full year consolidated capital expenditures	\$4.3 B
DCP equity contribution	\$1.5 B





# PHILLIPS 66 THIRD QUARTER 2015 CONFERENCE CALL

Questions and Answers



# PHILLIPS 66 THIRD QUARTER 2015 CONFERENCE CALL

Appendix



# ESTIMATED SENSITIVITIES 2015



## Annual Net Income \$MM

### Midstream - DCP (net to Phillips 66)

10¢/Gal Increase in NGL price	30
\$1/MMBtu Increase in Natural Gas price	25
\$10/BBL Increase in WTI price	15

### Chemicals - CPChem (net to Phillips 66)

1¢/Lb Increase in Chain Margin (Ethylene, Polyethylene, NAO)	35
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### Worldwide Refining

\$1/BBL Increase in Gasoline Margin	220
\$1/BBL Increase in Distillate Margin	200

Impacts due to Actual Crude Feedstock Differing from Feedstock Assumed in Market Indicators:

\$1/BBL Widening LLS / Maya Differential (LLS less Maya)	50
\$1/BBL Widening WTI / WCS Differential (WTI less WCS)	40
\$1/BBL Widening WTI / WTS Differential (WTI less WTS)	15
\$1/BBL Widening LLS / Medium Sour Differential (LLS less Medium Sour)	15
\$1/BBL Widening ANS / WCS Differential (ANS less WCS)	10
10¢/MMBtu Increase in Natural Gas price	(10)

# REFINING MARGINS – MARKET VS. REALIZED

## 3Q 2015



ATLANTIC BASIN / EUROPE \$/BBL

Brent: \$50.26/BBL

97% Crude Capacity Utilization

56% Market Capture



Market 3:2:1 – Dated Brent / Gasoline 83.7 RBOB NYH / Diesel 15ppm NYH

# REFINING MARGINS – MARKET VS. REALIZED

## 3Q 2015



### GULF COAST \$/BBL

LLS: \$50.13/BBL

100% Crude Capacity Utilization

80% Market Capture



Market 3:2:1 – LLS / Gasoline 85 CBOB / Diesel 61 8ppm

# REFINING MARGINS – MARKET VS. REALIZED

## 3Q 2015

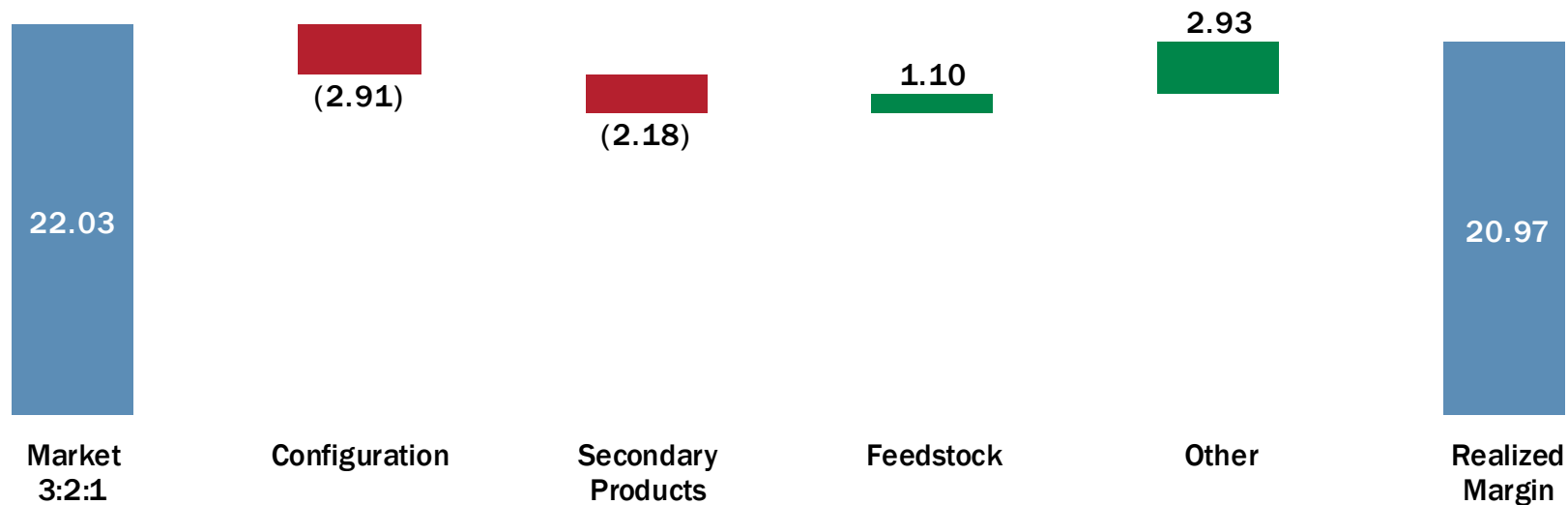


### CENTRAL CORRIDOR \$/BBL

WTI: \$46.37/BBL

91% Crude Capacity Utilization

95% Market Capture



Market 3:2:1 – WTI / Gasoline Unl Sub Octane Group 3 / ULSD Group 3



# REFINING MARGINS – MARKET VS. REALIZED

## 3Q 2015



WESTERN / PACIFIC \$/BBL

ANS: \$51.44/BBL

96% Crude Capacity Utilization

60% Market Capture



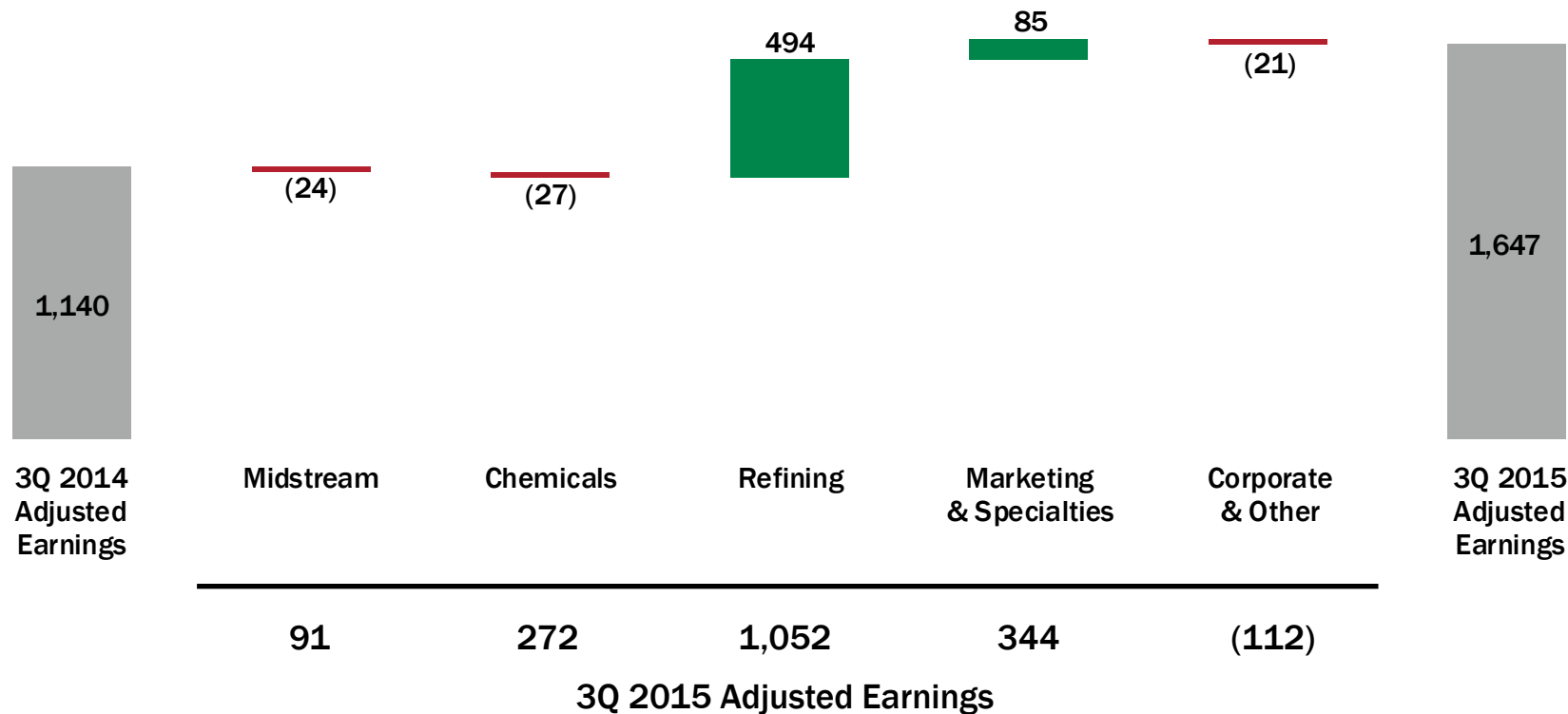
Market 3:2:1 – ANS Spot / Los Angeles CARBOB / Los Angeles No. 2 CARB

# ADJUSTED EARNINGS

## 3Q 2015 VS. 3Q 2014



\$MM

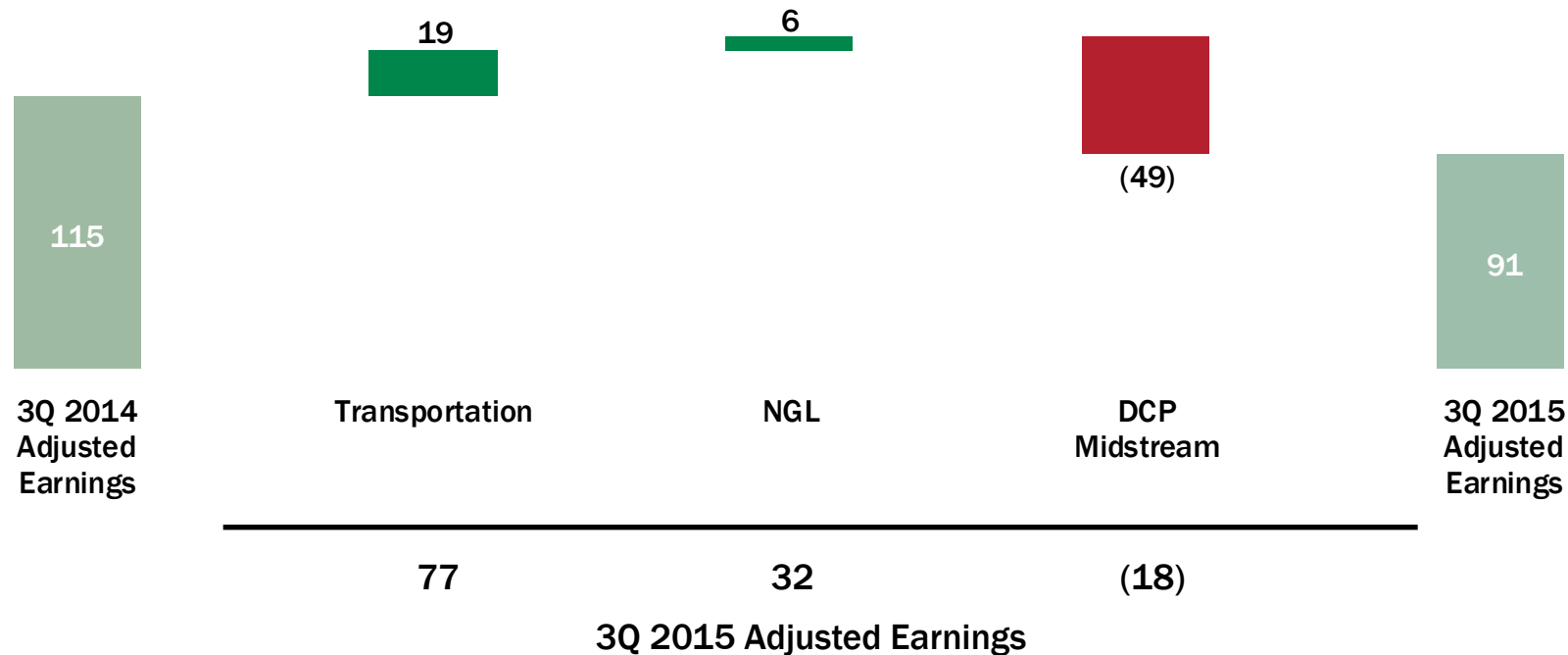


# MIDSTREAM

## 3Q 2015 VS. 3Q 2014



\$MM

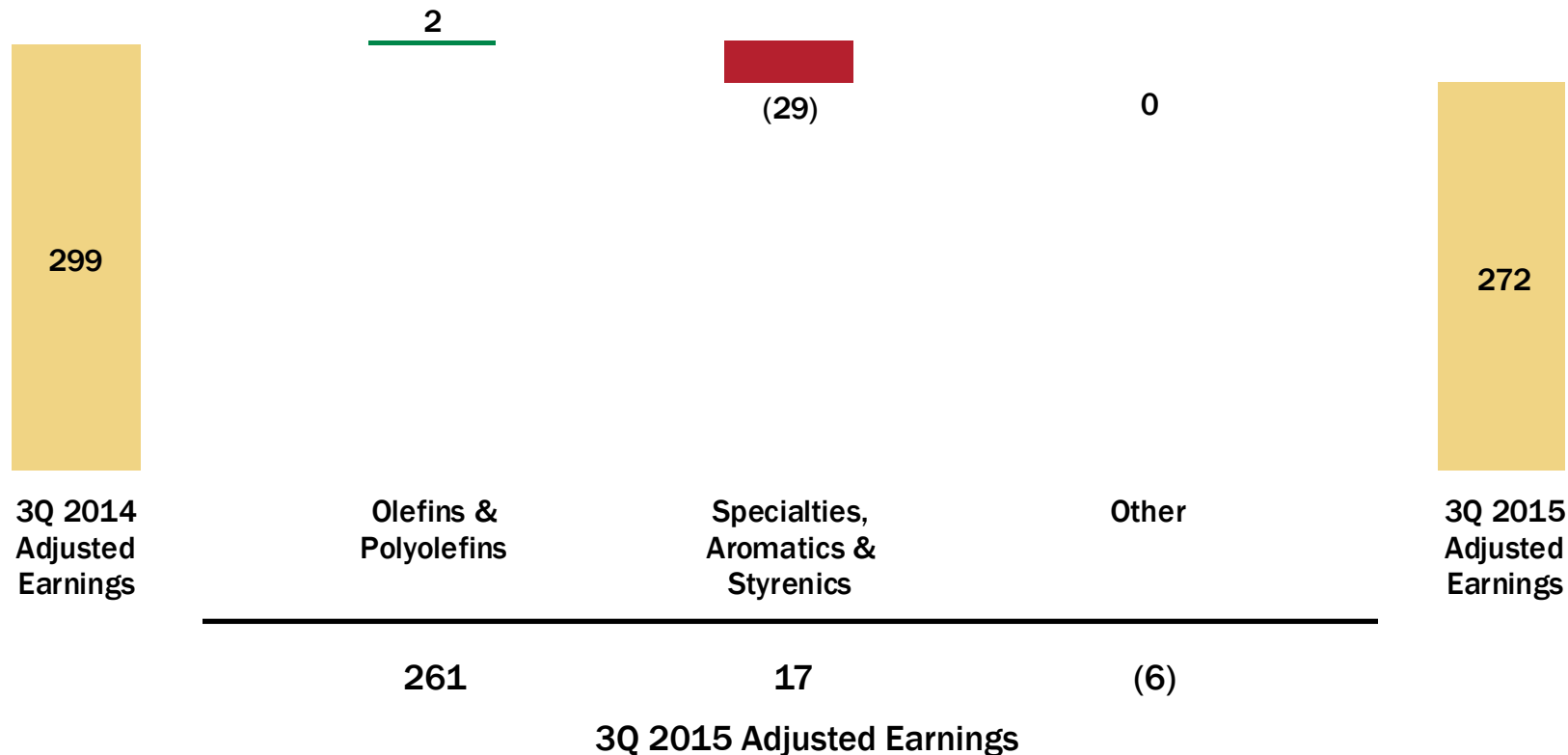


# CHEMICALS

## 3Q 2015 VS. 3Q 2014



\$MM

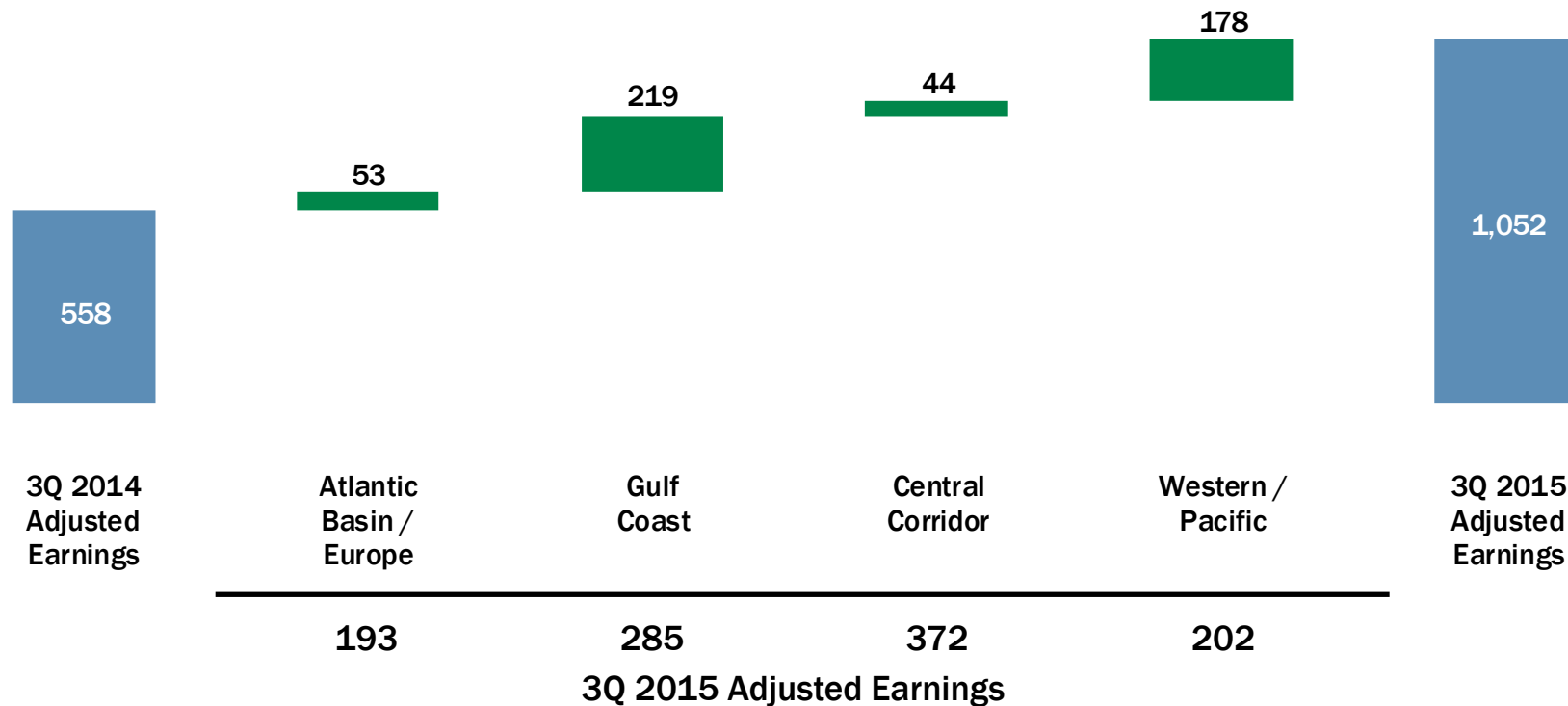


# REFINING

## 3Q 2015 VS. 3Q 2014



\$MM

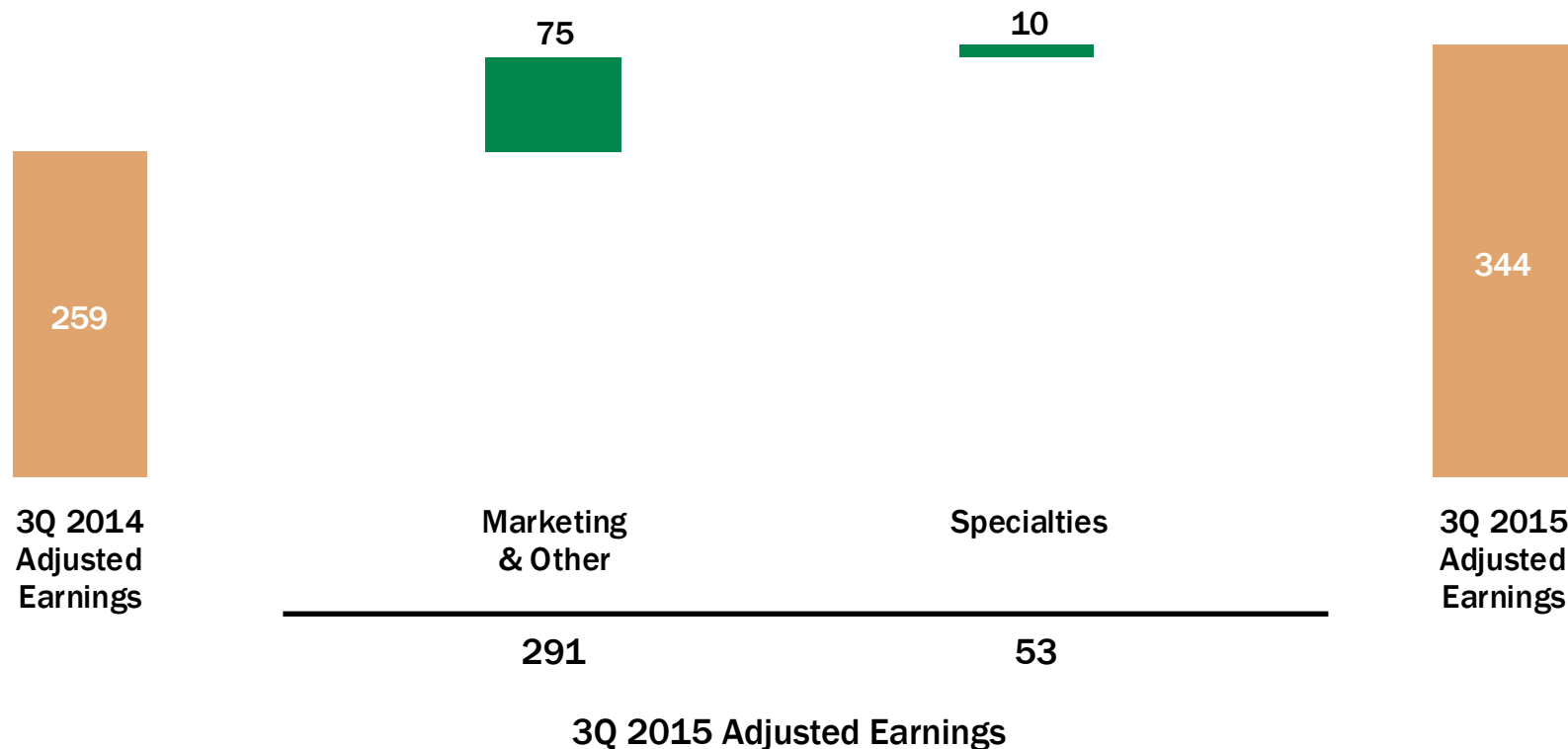


# MARKETING AND SPECIALTIES

## 3Q 2015 VS. 3Q 2014



\$MM



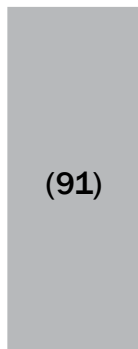
# CORPORATE AND OTHER

## 3Q 2015 VS. 3Q 2014



\$MM

3Q 2014  
Adjusted  
Net Loss



(91)

Net Interest  
Expense



(7)

Corporate  
Overhead



(1)

Other



(13)

3Q 2015  
Adjusted  
Net Loss



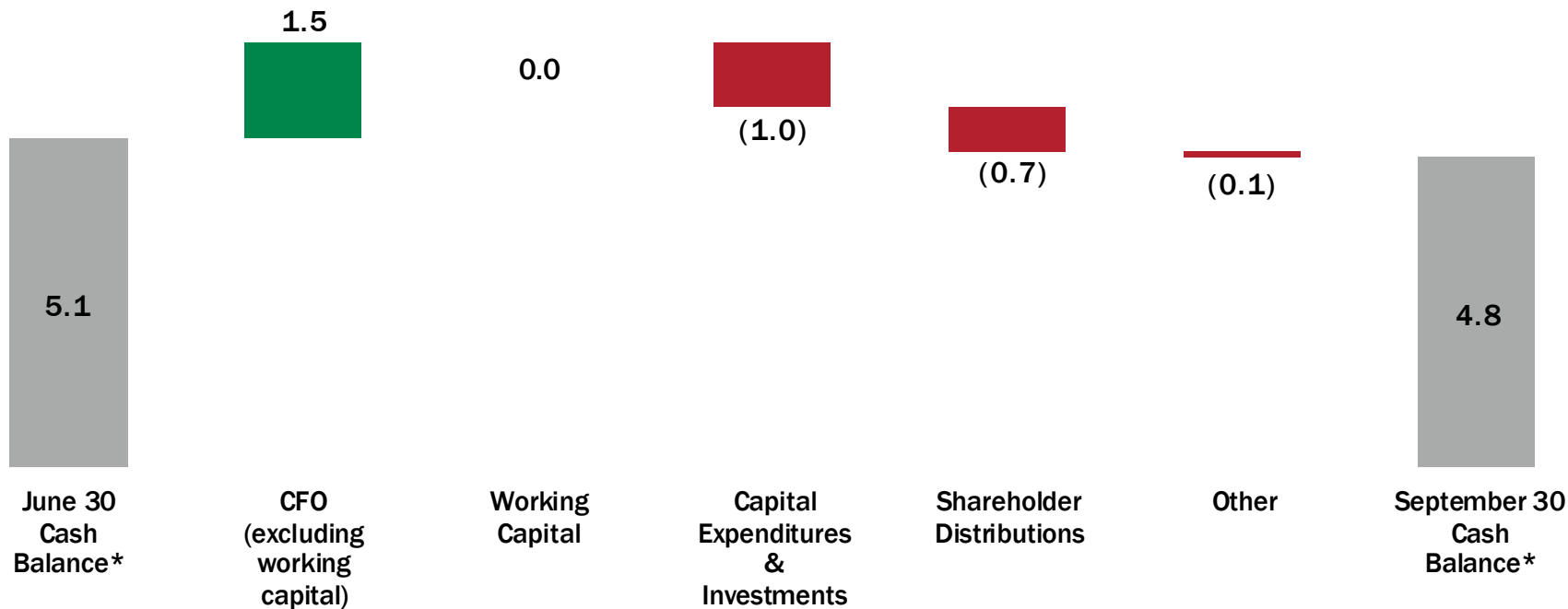
(112)

# CASH FLOW

## 3Q 2015



\$B



\* Includes cash and cash equivalents



# NON-GAAP RECONCILIATIONS



	Millions of Dollars Except as Indicated					
	2015			2014		
	Sep YTD	3Q	2Q	Sep YTD	3Q	
<b>Phillips 66</b>						
Net Income (Loss) Attributable to Phillips 66	\$ 3,577	\$ 1,578	\$ 1,012	\$ 3,615	\$ 1,180	
Adjustments:						
Asset dispositions	(265)	(18)	(132)	(109)	(109)	
Pension settlement expense	46	46	-	-	-	
Impairments by equity affiliates	148	22	126	69	69	
Pending claims and settlements	(23)	19	(4)	-	-	
Discontinued Operations	-	-	-	(706)	-	
Adjusted Net Income (Loss) Attributable to Phillips 66	<u>\$ 3,483</u>	<u>\$ 1,647</u>	<u>\$ 1,002</u>	<u>\$ 2,869</u>	<u>\$ 1,140</u>	
Net Income (Loss) Attributable to Phillips 66 Per Share of Common Stock (dollars)	\$ 6.52	\$ 2.90	\$ 1.84	\$ 6.28	\$ 2.09	
Adjusted Net Income (Loss) Attributable to Phillips 66 Per Share of Common Stock (dollars)	\$ 6.34	\$ 3.02	\$ 1.83	\$ 4.98	\$ 2.02	

# NON-GAAP RECONCILIATIONS



	Millions of Dollars Except as Indicated					
	2015			2014		
	Sep YTD	3Q	2Q	Sep YTD	3Q	
<b>Midstream</b>						
Net Income (Loss) Attributable to Phillips 66	\$ 90	\$ 101	\$ (78)	\$ 411	\$ 115	
Adjustments:						
Pension settlement expense	6	6	-	-	-	
Impairments by equity affiliates	128	2	126	-	-	
Asset dispositions	(18)	(18)	-	-	-	
Adjusted Net Income (Loss) Attributable to Phillips 66	<u>\$ 206</u>	<u>\$ 91</u>	<u>\$ 48</u>	<u>\$ 411</u>	<u>\$ 115</u>	
<b>Chemicals</b>						
Net Income (Loss) Attributable to Phillips 66	\$ 750	\$ 252	\$ 295	\$ 870	\$ 230	
Adjustments:						
Impairments by equity affiliates	20	20	-	69	69	
Adjusted Net Income (Loss) Attributable to Phillips 66	<u>\$ 770</u>	<u>\$ 272</u>	<u>\$ 295</u>	<u>\$ 939</u>	<u>\$ 299</u>	

# NON-GAAP RECONCILIATIONS



	Millions of Dollars Except as Indicated				
	2015			2014	
	Sep YTD	3Q	2Q	Sep YTD	3Q
<b>Refining</b>					
Net Income (Loss) Attributable to Phillips 66	\$ 2,145	\$ 1,003	\$ 604	\$ 1,254	\$ 558
Adjustments:					
Asset dispositions	(5)	-	-	-	-
Pension settlement expense	30	30	-	-	-
Pending claims and settlements	(19)	19	-	-	-
Adjusted Net Income (Loss) Attributable to Phillips 66	<u>\$ 2,151</u>	<u>\$ 1,052</u>	<u>\$ 604</u>	<u>\$ 1,254</u>	<u>\$ 558</u>
<b>Marketing &amp; Specialties</b>					
Net Income (Loss) Attributable to Phillips 66	\$ 956	\$ 338	\$ 314	\$ 667	\$ 368
Adjustments:					
Asset dispositions	(242)	-	(132)	(109)	(109)
Pension settlement expense	6	6	-	-	-
Adjusted Net Income (Loss) Attributable to Phillips 66	<u>\$ 720</u>	<u>\$ 344</u>	<u>\$ 182</u>	<u>\$ 558</u>	<u>\$ 259</u>
<b>Corporate and Other</b>					
Net Income (Loss) Attributable to Phillips 66	\$ (364)	\$ (116)	\$ (123)	\$ (293)	\$ (91)
Adjustments:					
Pension settlement expense	4	4	-	-	-
Pending claims and settlements	(4)	-	(4)	-	-
Adjusted Net Income (Loss) Attributable to Phillips 66	<u>\$ (364)</u>	<u>\$ (112)</u>	<u>\$ (127)</u>	<u>\$ (293)</u>	<u>\$ (91)</u>

# NON-GAAP RECONCILIATIONS



	Millions of Dollars Except as Indicated					
	2015			2014		
	Sep YTD	3Q	2Q	Sep YTD	3Q	
<b>Midstream - Transportation</b>						
Net Income (Loss) Attributable to Phillips 66	\$ 207	\$ 77	\$ 65	\$ 180	\$ 58	
Adjustments:						
Adjusted Net Income (Loss) Attributable to Phillips 66	<u>\$ 207</u>	<u>\$ 77</u>	<u>\$ 65</u>	<u>\$ 180</u>	<u>\$ 58</u>	
<b>Midstream - NGL</b>						
Net Income (Loss) Attributable to Phillips 66	\$ 48	\$ 26	\$ 8	\$ 84	\$ 26	
Adjustments:						
Pension settlement expense	6	6	-	-	-	
Adjusted Net Income (Loss) Attributable to Phillips 66	<u>\$ 54</u>	<u>\$ 32</u>	<u>\$ 8</u>	<u>\$ 84</u>	<u>\$ 26</u>	
<b>Midstream - DCP Midstream</b>						
Net Income (Loss) Attributable to Phillips 66	\$ (165)	\$ (2)	\$ (151)	\$ 147	\$ 31	
Adjustments:						
Impairments by equity affiliates	128	2	126	-	-	
Asset dispositions	(18)	(18)	-	-	-	
Adjusted Net Income (Loss) Attributable to Phillips 66	<u>\$ (55)</u>	<u>\$ (18)</u>	<u>\$ (25)</u>	<u>\$ 147</u>	<u>\$ 31</u>	

# NON-GAAP RECONCILIATIONS



	Millions of Dollars Except as Indicated					
	2015			2014		
	Sep YTD	3Q	2Q	Sep YTD	3Q	
<b>Refining - Atlantic Basin / Europe</b>						
Net Income (Loss) Attributable to Phillips 66	\$ 383	\$ 180	\$ 90	\$ 141	\$ 140	
Adjustments:						
Pension settlement expense	8	8	-	-	-	
Pending claims and settlements	(33)	5	-	-	-	
Adjusted Net Income (Loss) Attributable to Phillips 66	<u>\$ 358</u>	<u>\$ 193</u>	<u>\$ 90</u>	<u>\$ 141</u>	<u>\$ 140</u>	
<b>Refining - Gulf Coast</b>						
Net Income (Loss) Attributable to Phillips 66	\$ 423	\$ 269	\$ 83	\$ 263	\$ 66	
Adjustments:						
Pension settlement expense	10	10	-	-	-	
Pending claims and settlements	6	6	-	-	-	
Adjusted Net Income (Loss) Attributable to Phillips 66	<u>\$ 439</u>	<u>\$ 285</u>	<u>\$ 83</u>	<u>\$ 263</u>	<u>\$ 66</u>	

# NON-GAAP RECONCILIATIONS



	Millions of Dollars Except as Indicated				
	2015			2014	
	Sep YTD	3Q	2Q	Sep YTD	3Q
<b>Refining - Central Corridor</b>					
Net Income (Loss) Attributable to Phillips 66	\$ 771	\$ 360	\$ 216	\$ 785	\$ 328
Adjustments:					
Pension settlement expense	7	7	-	-	-
Pending claims and settlements	5	5	-	-	-
Adjusted Net Income (Loss) Attributable to Phillips 66	<u>\$ 783</u>	<u>\$ 372</u>	<u>\$ 216</u>	<u>\$ 785</u>	<u>\$ 328</u>
<b>Refining - Western / Pacific</b>					
Net Income (Loss) Attributable to Phillips 66	\$ 568	\$ 194	\$ 215	\$ 65	\$ 24
Adjustments:					
Pension settlement expense	5	5	-	-	-
Pending claims and settlements	3	3	-	-	-
Asset dispositions	(5)	-	-	-	-
Adjusted Net Income (Loss) Attributable to Phillips 66	<u>\$ 571</u>	<u>\$ 202</u>	<u>\$ 215</u>	<u>\$ 65</u>	<u>\$ 24</u>

# NON-GAAP RECONCILIATIONS



	Millions of Dollars Except as Indicated					
	2015			2014		
	Sep YTD	3Q	2Q	Sep YTD	3Q	
<b>Marketing &amp; Specialties - Marketing &amp; Other</b>						
Net Income (Loss) Attributable to Phillips 66	\$ 805	\$ 285	\$ 266	\$ 537	\$ 325	
Adjustments:						
Asset dispositions	(242)	-	(132)	(109)	(109)	
Pension settlement expense	6	6	-	-	-	
Adjusted Net Income (Loss) Attributable to Phillips 66	<u>\$ 569</u>	<u>\$ 291</u>	<u>\$ 134</u>	<u>\$ 428</u>	<u>\$ 216</u>	
<b>Marketing &amp; Specialties - Specialties</b>						
Net Income (Loss) Attributable to Phillips 66	\$ 151	\$ 53	\$ 48	\$ 130	\$ 43	
Adjustments:						
Adjusted Net Income (Loss) Attributable to Phillips 66	<u>\$ 151</u>	<u>\$ 53</u>	<u>\$ 48</u>	<u>\$ 130</u>	<u>\$ 43</u>	

# NON-GAAP RECONCILIATIONS



2015 YTD	Phillips 66	Midstream	Chemicals	Refining	Marketing & Specialties
<b>Numerator (\$MM)</b>					
Net Income	3,614	132	750	2,145	956
After-tax interest expense	153	-	-	-	-
GAAP ROCE earnings	3,767	132	750	2,145	956
Special Items	(94)	116	20	6	(236)
Adjusted ROCE earnings	3,673	248	770	2,151	720
<b>Denominator (\$MM)</b>					
GAAP average capital employed*	31,853	6,104	4,883	13,637	2,933
2015 Annualized Adjusted YTD ROCE	15%	5%	21%	21%	33%
2015 Annualized GAAP YTD ROCE	16%	3%	20%	21%	43%

\* Total equity plus total debt



# NON-GAAP RECONCILIATIONS



	Millions of Dollars		
	2015		
	3Q		
	Phillips 66 Consolidated	Phillips 66 Partners	Adjusted Phillips 66
Total Debt	\$ 8,951	\$ 1,100	\$ 7,851
Total Equity	\$ 24,032	\$ 805	\$ 23,227
Debt-to-Capital Ratio	27%		25%
Total Cash	\$ 4,822	\$ 73	\$ 4,749
Net-Debt-to-Capital Ratio	15%		12%

# NON-GAAP RECONCILIATIONS



	Millions of Dollars	
	2015	
	3Q	
Effective Tax Rates		
Income before taxes	\$	2,359
Special items	\$	99
Adjusted income before taxes	\$	2,458
Provision for taxes	\$	767
Special items	\$	30
Adjusted provision for taxes	\$	797
GAAP effective tax rate		33%
Adjusted effective tax rate		32%