



**PROVIDING ENERGY. IMPROVING LIVES.**



# Value Creation in an Evolving Energy Landscape

**GREG GARLAND**

Chairman & Chief Executive Officer

Goldman Sachs Global Energy Conference  
January 2021



San Francisco Refinery  
RODEO, CA



# 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,” “continues,” “intends,” “will,” “would,” “objectives,” “goals,” “projects,” “efforts,” “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 included in this presentation are based on management’s expectations, estimates and projections as of the date they are made. These statements are not guarantees of future performance and you should not unduly rely on them as they 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 continuing effects of the COVID-19 pandemic and its negative impact on commercial activity and demand for refined petroleum products; the inability to timely obtain or maintain permits necessary for capital projects; changes to worldwide government policies relating to renewable fuels and greenhouse gas emissions that adversely affect programs like the renewable fuel standards program, low carbon fuel standards and tax credits for biofuels; 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; the level and success of drilling and production volumes around our Midstream assets; risks and uncertainties with respect to the actions of actual or potential competitive suppliers and transporters of refined petroleum products, renewable fuels or specialty 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; failure to complete construction of capital projects on time and within budget; the inability to comply with governmental regulations or make capital expenditures to maintain compliance; limited access to capital or significantly higher cost of capital related to illiquidity or uncertainty in the domestic or international financial markets; potential disruption of our operations due to accidents, weather events, including as a result of climate change, terrorism or cyberattacks; general domestic and international economic and political developments including armed hostilities, expropriation of assets, and other political, economic or diplomatic developments, including those caused by public health issues and international monetary conditions and exchange controls; changes in governmental policies relating to NGL, crude oil, natural gas, refined petroleum products, or renewable fuels pricing, regulation or taxation, including exports; changes in estimates or projections used to assess fair value of intangible assets, goodwill and property and equipment and/or strategic decisions with respect to our asset portfolio that cause impairment charges; investments required, or reduced demand for products, as a result of environmental rules and regulations; changes in tax, environmental and other laws and regulations (including alternative energy mandates); the operation, financing and distribution decisions of equity affiliates we do not control; the impact of adverse market conditions or other similar risks to those identified herein affecting PSXP, as well as the ability of PSXP to successfully execute its growth plans; 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.



# The energy future

The U.S. energy industry employs more than **10 million problem solvers** who are uniquely qualified to help meet the world's growing energy needs while tackling the climate challenge.



Phillips 66 Research Center Air Research Group  
BARTLESVILLE, OK



Freeport Marine Terminal  
FREEPORT, TX



Wood River Refinery  
ROXANA, IL

# Global energy demand

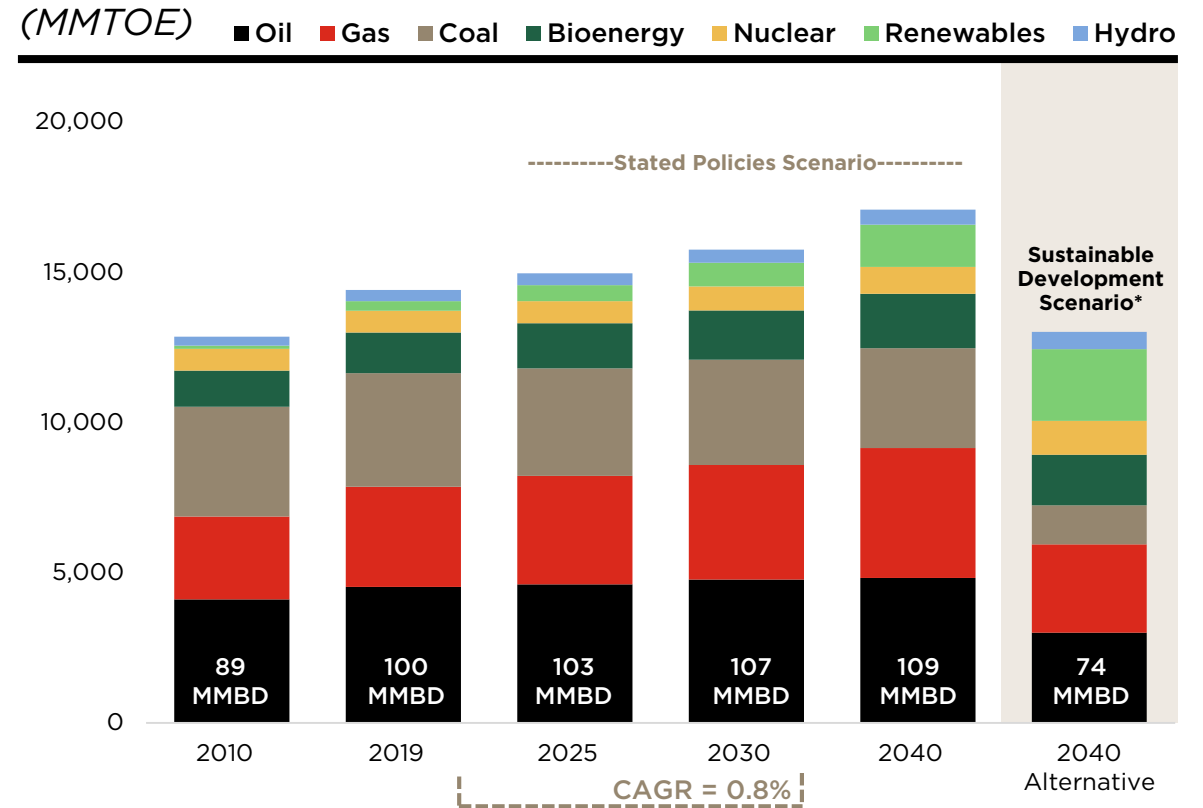
## Strong global energy fundamentals

**>50%** of global energy demand is met with oil and gas

### Long-term<sup>1</sup>:

- potential gains in efficiencies
- growth in renewables and gas demand
- increasing pressure to transition to a lower-carbon future

Global Energy Demand by Fuel



<sup>1</sup>) IEA Stated Policies Scenario  
 \*Aligned with Paris Agreement. See appendix for additional footnotes.





# Broad sustainability view

SUPPORTS LONG-TERM RESILIENCE

**Operating Excellence is foundational to sustainability**

.....

**Energy transition initiatives being pursued**

.....

**Innovative research and development capabilities**

.....

**Emphasis on adaptability and flexibility**

.....

**Inclusion and diversity in our workforce unlocks value**

**Sustainability for the greater good**

Operating Excellence

Environmental Stewardship (E)

Social Responsibility (S)

Governance (G)

Financial Performance

We believe operating excellence, environmental stewardship, social responsibility and financial performance deliver a sustainable business. Our company's strong governance, high ethics, safety focus and inclusive culture are based on our values of safety, honor and commitment.





# Executing the strategy



## Operating Excellence

Committed to safety, reliability and environmental stewardship while protecting shareholder value



## Growth

Enhancing our portfolio by capturing growth opportunities in Midstream and Chemicals



## Returns

Improving returns by maximizing earnings from existing assets and investing capital efficiently



## Distributions

Committed to financial strength, disciplined capital allocation, dividend growth and share repurchases



## High-Performing Organization

Building capability, pursuing excellence and doing the right thing



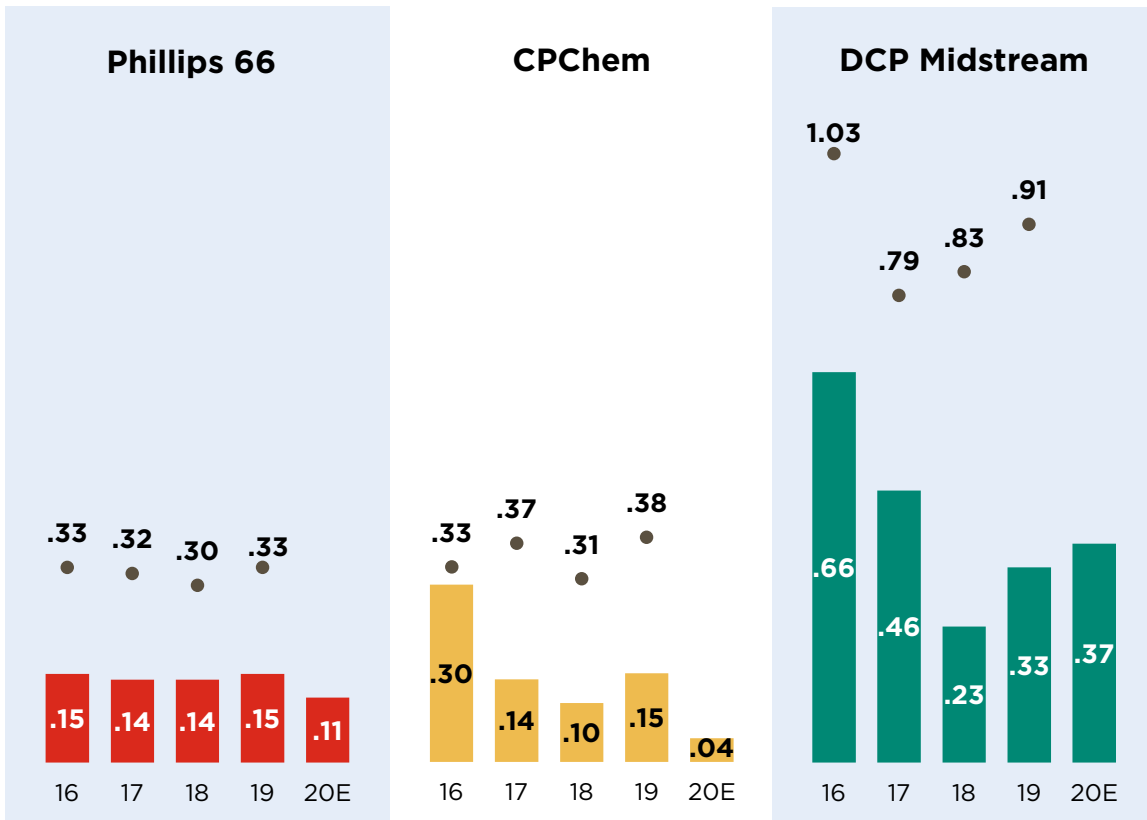
Sweeny Frac 3  
OLD OCEAN, TX



# Operating excellence

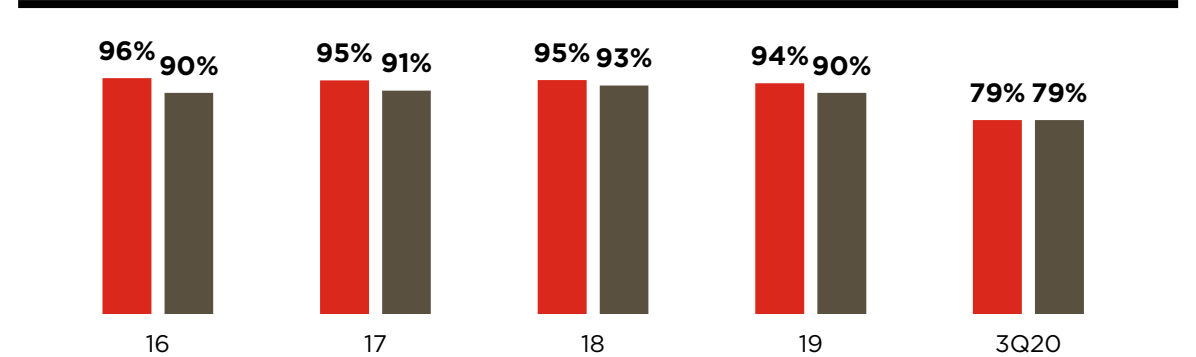
Total Recordable Rates  
(Incidents per 200,000 hours worked)

Industry Average ●

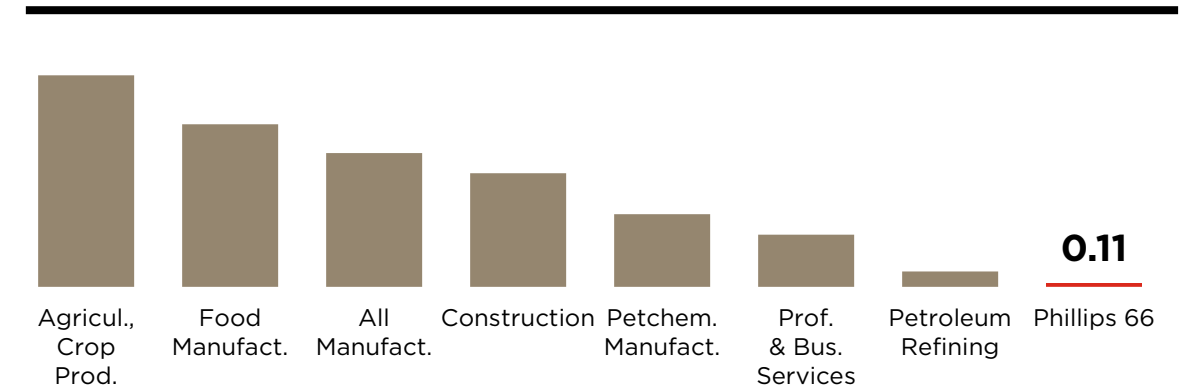


Refining Crude Capacity Utilization  
(%)

Phillips 66 ■  
U.S. Industry Average ■



Industry Safety Metrics  
(Incidents per 200,000 hours worked)






2020 industry data not yet available. See appendix for additional footnotes.

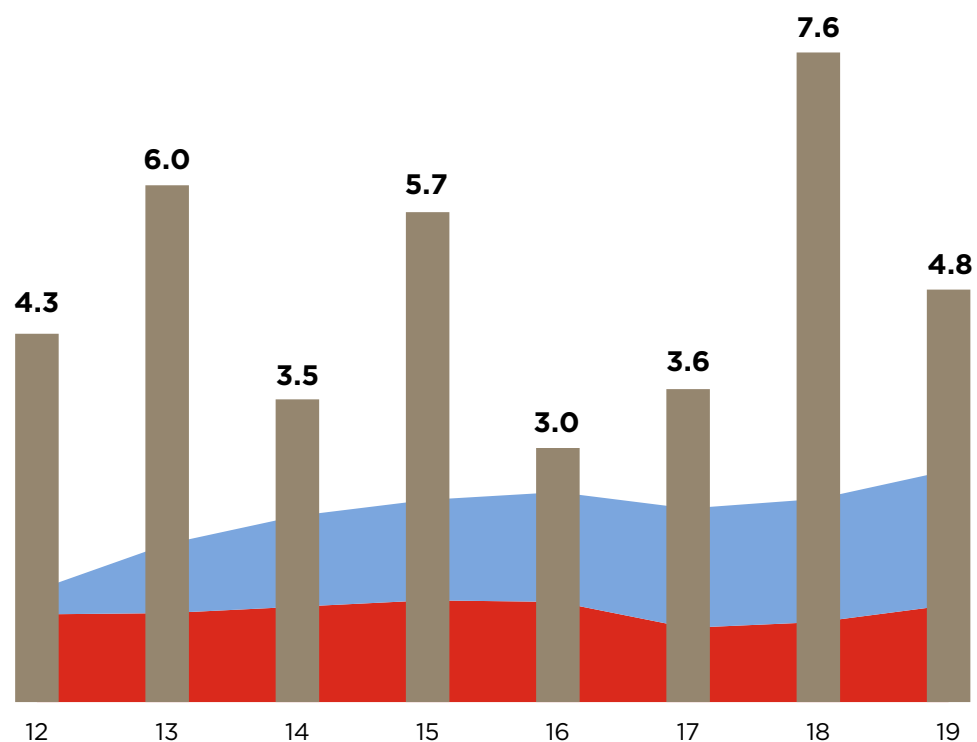






# Disciplined capital allocation

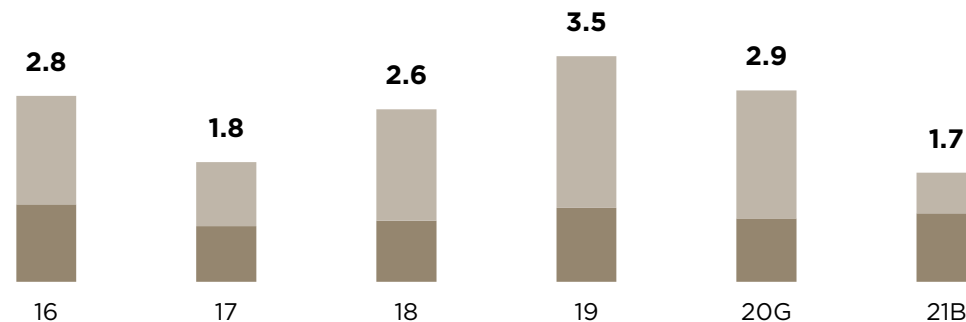
Historical Cash from Operations  
(\$B)

CFO   
Dividends   
Sustaining Capex<sup>1</sup> 





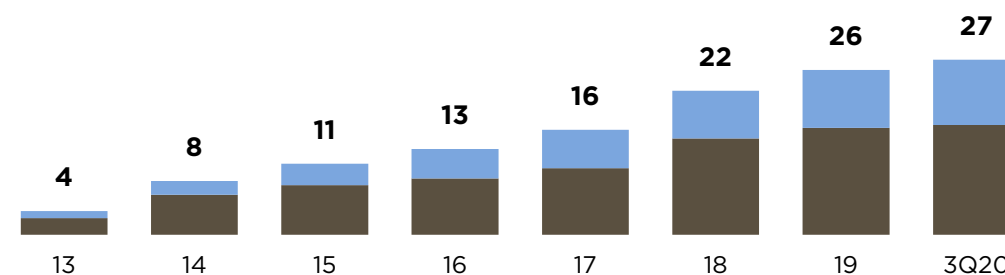
Adjusted Capital Spending  
(\$B)

Growth   
Sustaining 



Cumulative Distributions  
(\$B)

Share Repurchases and Exchanges   
Dividends 



CAGR = 21%

<sup>1</sup>) Excludes \$1.5 B in 2015 related to DCP Midstream contribution.  
Dividend CAGR calculated from initial dividend of \$0.20 per share in 3Q 2012 to \$0.90 per share in 3Q 2020. See appendix for additional footnotes.



# Emerging Energy

ENHANCING OUR BUSINESS MODEL FOR A SUSTAINABLE FUTURE



## STRATEGIC APPROACH

**New organization** dedicated to lower carbon opportunities, which will:

- Focus on core competencies and asset integration
- Leverage existing businesses for emerging energy growth
- Capitalize on technology and innovation resources
- Utilize global commercial and marketing expertise
- Build upon strong industry reputation
- Maintain **emphasis on returns**



# Renewable and alternative fuels



Renewable diesel in U.K. and U.S. West Coast



Solar energy projects at Rodeo and Ponca City



Green hydrogen and fueling stations in Europe



# Rodeo Renewed

TRANSFORMATION TO LARGE-SCALE RENEWABLE TRANSPORTATION FUELS PRODUCTION FACILITY



San Francisco Refinery  
RODEO, CA

**50+ MBD<sup>1</sup>**

Total renewable diesel  
production expected by 1Q 2024

**50%**

Reduction in greenhouse  
gas emissions

**\$750-800 MM**

Expected project capital cost

**>30%**

Forecasted returns



# Innovation at Phillips 66

Advancing solid oxide fuel cells, organic photovoltaic polymers, batteries and renewable fuels

Developing carbon mitigation, hydrogen and improved energy efficiency

Supporting a sustainable energy future through **AdvantEdge66:**

- deploying digital technology for data driven operations
- emphasis on end-to-end value chain optimization

Leveraging technology to automate tasks and improve efficiencies, delivery and consistency

Building a culture of innovation with an emphasis on long-term value capture



# Total shareholder return

Operating Excellence

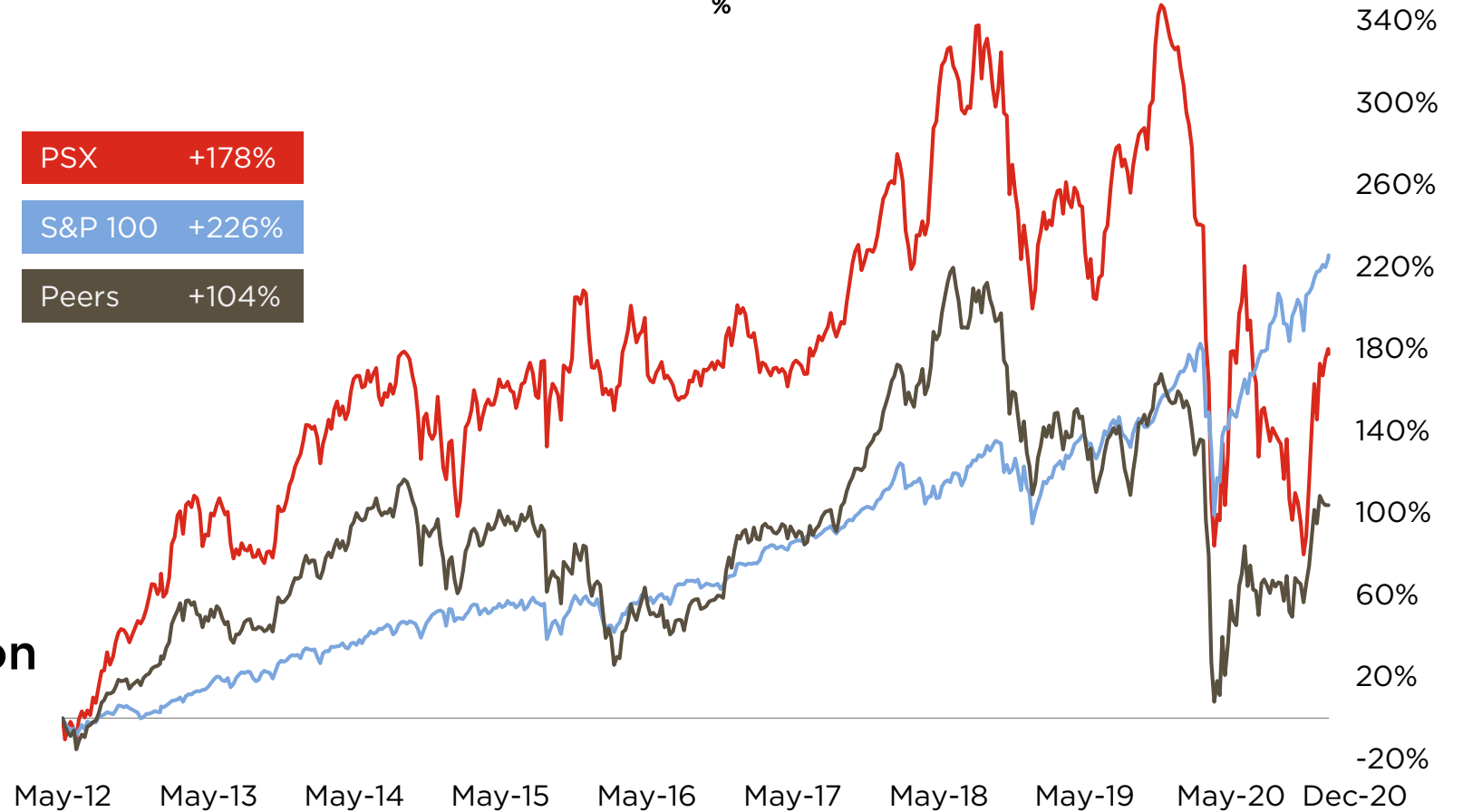
Growth

Returns

Distributions

High-Performing Organization

Total Shareholder Return Since IPO  
%



Share price as of December 31, 2020. See appendix for additional footnotes.

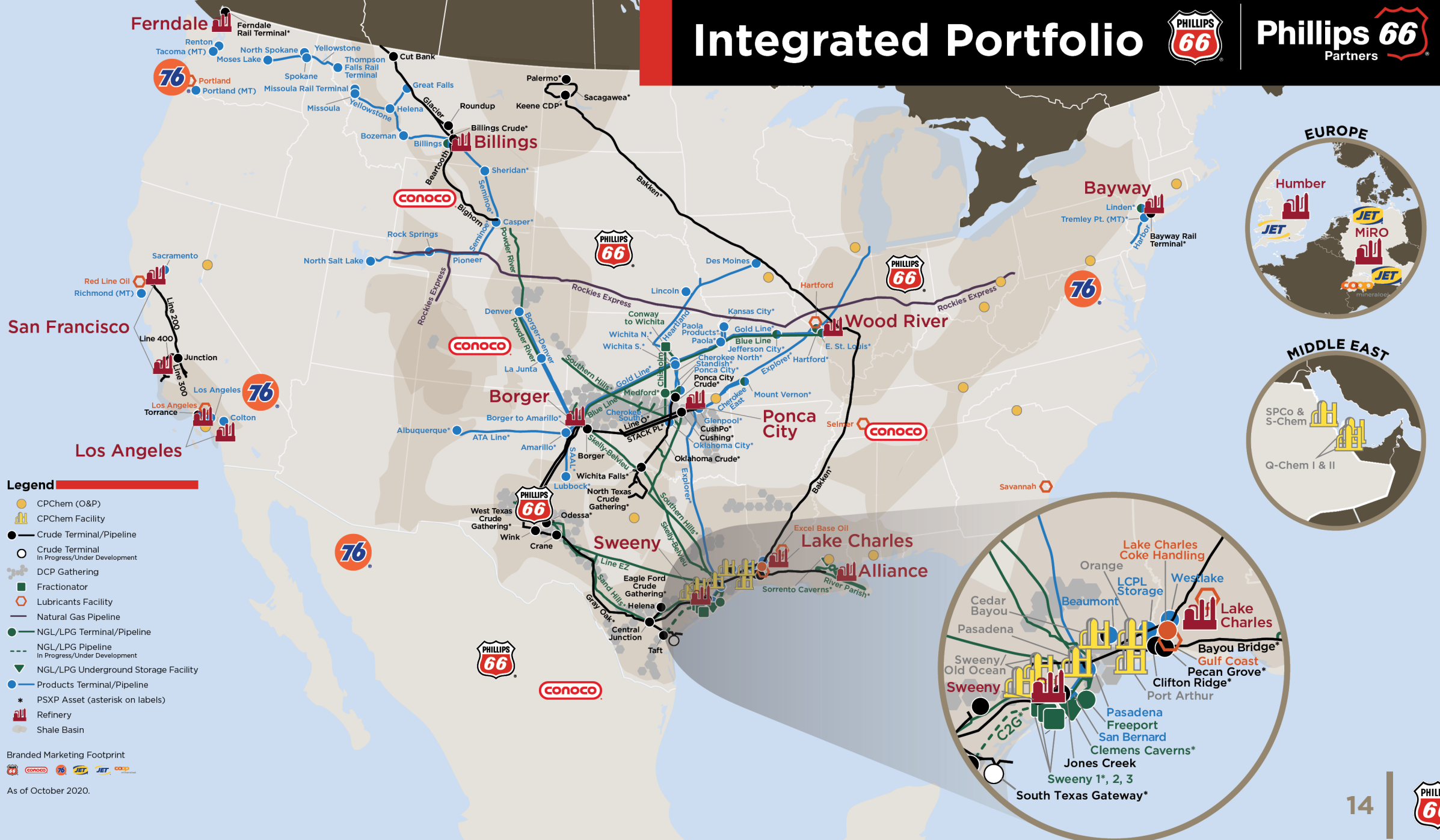




# Integrated Portfolio



**Phillips 66**  
Partners

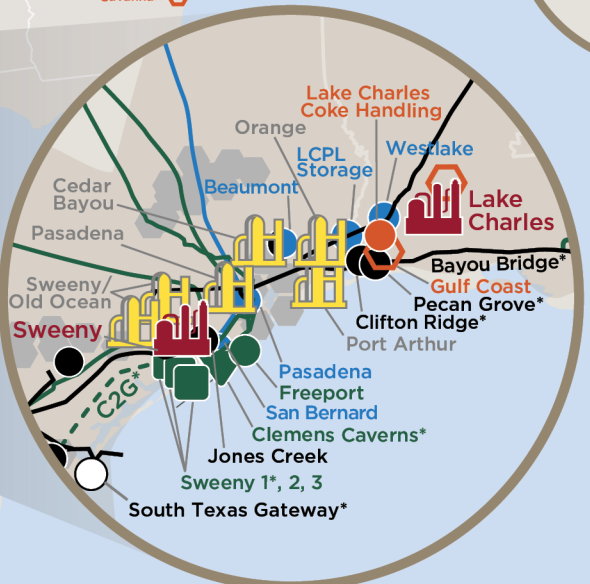
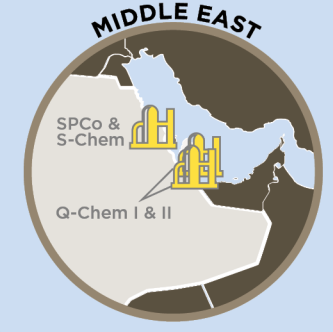


## Legend

- CPChem (O&P)
- CPChem Facility
- Crude Terminal/Pipeline
- Crude Terminal In Progress/Under Development
- DCP Gathering
- Fractionator
- Lubricants Facility
- Natural Gas Pipeline
- NGL/LPG Terminal/Pipeline
- - - NGL/LPG Pipeline In Progress/Under Development
- ▼ NGL/LPG Underground Storage Facility
- Products Terminal/Pipeline
- \* PSXP Asset (asterisk on labels)
- Refinery
- Shale Basin

Branded Marketing Footprint

As of October 2020.



# Our business

PHILLIPS 66 IS A DIVERSIFIED ENERGY MANUFACTURING AND LOGISTICS COMPANY

## Midstream .....



Integrated Midstream network  
Fee-based assets backed by MVCs  
Pursue organic and M&A opportunities

**22,000**  
miles of U.S. pipeline systems

## Refining .....



Complex, integrated system  
Investing in quick-payout projects  
Footprint offers opportunities for  
Midstream growth

**2.2**  
million BPD of crude  
throughput capacity

## Chemicals .....



50% interest in CPChem  
Location-advantaged asset portfolio  
Long-term growth opportunities

**28**  
global manufacturing facilities

## Marketing and Specialties .....



Stable, high-return businesses  
Enhancing fuels brands  
Adding new sites in Europe

**7,540**  
branded U.S. outlets  
**1,600**  
branded international outlets





# Footnotes

## **Date Conventions**

3Q20 is as of September 30, 2020, or the nine-month period ended September 30, 2020, as applicable, except as otherwise noted.

20E represents full year 2020 estimate.

20G represents previously announced 2020 guidance.

21B represents previously announced 2021 budget.

## **Slide 3**

Source: American Petroleum Institute (API).

## **Slide 4**

IEA Source: World Energy Outlook 2020, Nov. 2020. CAGR calculation based on MMTOE of global energy demand (all fuels).

## **Slide 7**

Industry averages are from: Phillips 66 – American Fuel & Petrochemical Manufacturers (AFPM) refining data, Chevron Phillips Chemical Company LLC (CPChem) – American Fuel & Petrochemical Manufacturers (AFPM) chemicals data, DCP Midstream, LLC (DCP Midstream) – Gas Processors Association (GPA).

2020 TRR for Phillips 66, CPChem, and DCP Midstream are estimates through December 31, 2020.

Phillips 66 safety metrics estimated as of December 31, 2020. Industry safety metrics as of 2019. Source: Bureau of Labor Statistics.

Phillips 66 and industry refining crude capacity utilization through September 30, 2020. Source: EIA.

# Footnotes

## Slide 8

Cash from operations includes working capital impacts.

2019 consolidated capital spending inclusive of \$0.4 B of growth capital funded by joint venture partners was \$3.9 B.

20G consolidated capital spending inclusive of \$0.1 B of growth capital funded by joint venture partners is expected to be \$3.0 B.

## Slide 13

Chart reflects total shareholder return May 1, 2012, to December 31, 2020. Dividends assumed to be reinvested in stock. Source: Bloomberg.

Peer average includes Delek US Holdings, Inc., HollyFrontier Corporation, Marathon Petroleum Corporation, PBF Energy Inc., Valero Energy Corporation, Enterprise Products Partners L.P., ONEOK, Inc., Targa Resources Corp., Celanese Corporation, Eastman Chemical Company, Huntsman Corporation, LyondellBasell Industries, and Westlake Chemical Corporation.

