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# SUNOCO LP

## INVESTOR UPDATE

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November 2014



# FORWARD-LOOKING STATEMENTS

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Some of the statements in this presentation constitute “forward-looking statements” about Sunoco LP and Energy Transfer Partners, L.P. and its affiliates that involve risks, uncertainties and assumptions, including without limitation, our discussion and analysis of our financial condition and results of operations. These forward-looking statements generally can be identified by use of phrases such as “believe,” “plan,” “expect,” “anticipate,” “intend,” “forecast” or other similar words or phrases in conjunction with a discussion of future operating or financial performance. Descriptions of our and our affiliates objectives, goals, targets, plans, strategies, costs, anticipated capital expenditures, expected cost savings and potential acquisitions are also forward-looking statements.

These statements represent our present expectations or beliefs concerning future events and are not guarantees. Such statements speak only as of the date they are made, and we do not undertake any obligation to update any forward-looking statement. Among other things, there can be no assurance that the pending Aloha Acquisition will be completed in the anticipated time frame, or at all, or that the anticipated benefits of the pending Aloha Acquisition will be realized. Further, although we expect ETP to contribute further assets to us in the future, ETP is under no obligation to offer additional assets to us, and there is no guarantee that we will be able to agree to any future contributions from ETP on economically acceptable terms or at all.

We caution that forward-looking statements involve risks and uncertainties and are qualified by important factors that could cause actual events or results to differ materially from those expressed or implied in any such forward-looking statements. For a discussion of these factors and other risks and uncertainties, please refer to our filings with the Securities and Exchange Commission (“the SEC”), including those contained in our October 21, 2014 amendment to our current Report on Form 8-K/A, along with our Annual Report on Form 10-K for our most recent fiscal year—all of which are available at the SEC’s website at [www.sec.gov](http://www.sec.gov).

# NON-GAAP MEASURES

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This document includes certain non-GAAP financial measures as defined under SEC Regulation G. A reconciliation of those measures to the most directly comparable GAAP measures is provided in the final slide to this presentation. We define EBITDA as net income before net interest expense, income tax expense and depreciation and amortization expense. Adjusted EBITDA further adjusts EBITDA to reflect certain other non-recurring and non-cash items. Distributable cash flow represents Adjusted EBITDA less cash interest expense, cash tax expense, maintenance capital expenditures, and other non-cash adjustments.

## PRESENTATION OF PRO-FORMA INFORMATION

This document describes certain information on a pro-forma basis for the recent MACS acquisition and pending Aloha acquisition (as described on Slide 8), as though the closing of both of those acquisitions had already been completed. For more information about these acquisitions and their pro-forma financial impact, please refer to our amended Current Report on Form 8-K/A filed on October 21, 2014.

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# BUSINESS UPDATES

# THE NEW SUNOCO LP

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## Ticker Symbol

NYSE: SUN

## Business

Distributor of motor fuel to convenience stores, independent dealers, commercial customers and distributors in 9 states, including more than 645 Stripes® and Sac-N-Pac™ convenience stores. Operator of more than 100 convenience stores.

## Org Structure

SUN is a publicly traded limited partnership (MLP). Our General Partner is a subsidiary of **Energy Transfer Partners, L.P.** (NYSE: ETP), a midstream MLP that also operates a retail business with a network of more than 5,500 company- or independently-operated retail fuel outlets and convenience stores through its wholly owned subsidiaries, Sunoco, Inc. and Stripes LLC.

## Market Cap (at 11/5/14)

\$1.6 billion

## Units Outstanding

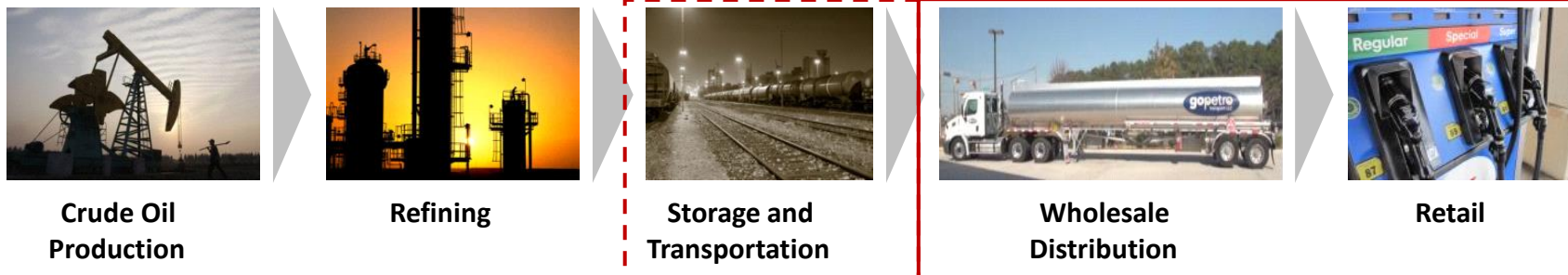
34 million

## Former Name

Susser Petroleum Partners LP (NYSE: SUSP)

# WE ARE A KEY PLAYER IN THE MOTOR FUELS VALUE CHAIN

## Motor Fuels Value Chain



- SUN operates within the wholesale and retail distribution segments of the motor fuels value chain
  - Largely generating profit margin by distributing motor fuel to company-operated stores and third-party dealers as well as selling motor fuel to customers through retail sites
  - Historically stable margins and limited commodity exposure
- SUN is now a leading motor fuel distributor across the United States
  - Among the largest domestic distributors of Exxon, Mobil, Valero and Chevron branded motor fuel
  - Scale provides broad range of supply options across multiple geographies
- The recent acquisition of our parent company, Susser Holdings Corporation (SUSS), by ETP has opened the door for significant near term growth and unique long term opportunities
  - ETP also owns Sunoco, Inc. (Sunoco), an established wholesale and retail fuel distributor with approximately 5,000<sup>(1)</sup> branded sites along the East Coast and in the Southeast
  - ETP's Sunoco® and Susser's Stripes® brands have iconic brand recognition
  - ETP has publicly announced its intent to offer the SUSS and Sunoco assets to SUN
- Convenience stores represent an attractive segment with stable cash flows
  - Resilient growth – 2013 marked 11<sup>th</sup> consecutive year of industry-wide merchandise sales growth with ~\$700 billion in sales and 151,000+ stores in the U.S. <sup>(2)</sup>
  - Susser's Stripes brand has demonstrated 25 years of same store merchandise sales growth
- The proposed acquisition of Aloha Petroleum Ltd. expands SUN's offerings into the storage and transportation segment
  - Potential for SUN to further develop its storage and transportation business throughout the United States

(1) Includes company operated, dealer operated, and distributor operated

(2) Source: NACS State of the Industry Annual Report, 2013 data

# RECENT DEVELOPMENTS

## MACS Drop Down Acquisition

- On October 1, 2014, SUN closed the acquisition of Mid-Atlantic Convenience Stores, LLC from ETP in a transaction valued at ~\$768 million<sup>(1)</sup>
- Consideration paid by SUN consisted of 3,983,540 newly issued SUSP common units and \$556 million in cash
- The assets include a portfolio of Mid-Atlantic Convenience Stores (“MACS”) and Tigermarket locations which consist of the wholesale distribution of motor fuel and the retail sale of motor fuel and the operation of convenience stores in Virginia, Maryland, Tennessee and Georgia

## Aloha Acquisition

- SUN has also agreed to acquire Honolulu-based Aloha Petroleum, Ltd. for approximately \$240 million in cash, which is expected to close before year end
- Aloha is the leading gasoline distributor in Hawaii and one of the leading convenience store operators with retail, wholesale & fuel distribution, and fuel terminals
- Aloha operates or supplies fuel to approximately 98 retail locations and operates 6 fuel terminals across the four main islands
- Unique opportunity to acquire an integrated chain in Hawaii

## Company Update

- 8 million unit equity offering closed on 10/27/14, raising a net \$358.2 million after transaction expenses
- SUN has closed a new \$1.25 billion revolving credit facility that matures in September 2019
  - Additional liquidity available through \$250 million accordion
- Name and ticker change from Susser Petroleum Partners LP (NYSE: SUSP) to Sunoco LP (NYSE: SUN) completed 10/27/14. Sunoco traded on the NYSE for 87 years under the SUN ticker until acquired by ETP in 2012
- SUN will also pursue fuel re-branding to Sunoco® at certain convenience stores

(1) Based on 5-day volume weighted average unit price of \$53.22 as of 9/24/2014



# EVOLUTION OF SUSS / SUSP AND SUNOCO



1930s:  
SUSS starts as a small two store operation in Corpus Christi, TX

1988-2001:  
SUSS acquired over 326 retail stores and nearly 234 dealer sites

2012:  
Susser Petroleum Partners IPO; formed from SUSS wholesale business

2006:  
SUSS Initial Public Offering

2014:  
SUSS Acquired by ETP. ETP announced intent to drop SUSS and Sunoco assets to SUN

2014:  
SUN acquires MACS from ETP; Purchases Aloha; Formal name change to Sunoco LP (NYSE: SUN)



Today:  
SUN distributes fuel to 1,676 total sites covering 9 states <sup>(1)</sup>, including 645 Stripes® and Sac-N-Pac™ convenience stores. Additionally, SUN distributes fuel to approximately 1,900 commercial customers

## SUSS / SUSP – Past & Present



## Additional Source of Future Potential Drop Downs

1920:  
After getting its start in 1886, Sunoco opened its first service station in PA



1925:  
Sunoco becomes publicly traded on the NYSE

2012: Sunoco acquired by ETP

1950s:  
Sunoco began expanding north and south outside of Ohio and Pennsylvania

Today:  
Sunoco has over 870 owned operating sites and over 4,000 additional dealer and distributor sites



Today:  
Sunoco / Stripes co-branding underway with first store opened in Cleveland, TX on 10/13/14

(1) Pro Forma for MACS/Aloha acquisitions

# PROPOSED DROPDOWNS OF SUSS AND SUNOCO ARE EXPECTED TO CREATE A STRONGER AND MORE DIVERSIFIED PLATFORM

## Growth Opportunities from SUSS & Sunoco Expected to Deliver a Reliable and Growing Cash Flow Stream



- One of the largest retail footprints in the fast growing Southwest, capitalizing on the Stripes brand
- 645 company-operated C-stores and fuel distribution to 85 consignment locations
- Strong financial position and track record for same store sales growth
- Successful restaurant program of fresh food prepared onsite that drives sales and margin
- “Land bank” of attractive retail store locations provides pipeline for continued store development and organic growth



- Established East Coast and Southeast presence with approximately 5,000<sup>(1)</sup> branded sites and significant fee and leasehold interests
- Strategic expertise in supply & trading and retail marketing
- Iconic Sunoco brand with strong sponsorship presence
- Demonstrated capability to operate multiple brands and in multiple channels
- Track record of strong operations and capital management

(1) Includes company operated, dealer operated, and distributor operated

# GEOGRAPHICALLY DIVERSE PLATFORM FOR FUTURE GROWTH



SUN + MACS / Tiger + Aloha

Potential Future Growth

2013 PF Motor Fuel Sales (MM Gallons):	2,262	5,357	7,619
LTM 6/30/14 PF Motor Fuel Sales (MM Gallons):	2,400	5,389	7,789
Total Sites (9/30/14): <sup>(1)</sup>	945 <sup>(2)</sup>	5,650 <sup>(3)</sup>	6,595
Locations:	TX, NM, OK, LA, VA, TN, MD, GA, HI	26 States Across Eastern U.S.	30 States From Hawaii to Maine
Businesses:	Wholesale & Retail Motor Fuel Convenience Stores Fuel Supplier Arrangements Supply & Trading Terminals	Wholesale & Retail Motor Fuel Convenience Stores Supply & Trading Racing Fuels Biofuels	One of the largest and most diversified fuel distribution and marketing platforms in the U.S.

ETP has publicly announced its intent to offer the Susser and Sunoco, Inc. assets to SUN

(1) Includes company operated, dealer operated, and distributor operated. Pro forma for Aloha

(2) Pro forma for the acquisition of Aloha and excludes 645 Stripes and 85 consignment locations currently serviced by SUN

(3) Pro forma for the acquisition of Aloha and includes 645 Stripes and 85 consignment locations currently serviced by SUN

# MULTIPLE AVENUES FOR ORGANIC GROWTH

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## New to Industry (“NTI”)

- Targeted in high growth markets with favorable demographics
- NTI growth allows for more open and modern store designs to increase customer appeal
  - New stores typically produce 2-3x cash flows of legacy stores
- Carry a larger proportion of higher-margin food offerings and private-label products
- Foodservice drives higher-than-average gross margins and drives additional customer traffic
- Additional merchandise purchases in ~73% of transactions

## Wholesale Growth

- Entry of the Sunoco brand into Texas and neighboring states presents opportunities for additional margins through expansion of dealer and distribution channels
- Relationship with ExxonMobil and other brands provides opportunities in existing and new geographies
- Increased size and scope facilitates growth of unbranded business through economies in supply

## Raze & Rebuilds

- Increases returns on existing sites with attractive volume and customer traffic
- Frequently in established markets with predictable volumes
- Raze and rebuilds utilize existing locations, thereby eliminating the need to permit sites

## Same-Store Sales Growth

- Building merchandise and fuel volumes at existing stores through:
  - Experienced management team
  - Best in class technology
  - Strong merchandising
  - Prudent investment

# OPPORTUNITIES FOR PRUDENT GROWTH VIA ACQUISITIONS

## Acquisition Criteria

- SUN will continue to look to opportunistically acquire strong performing retail and wholesale businesses / assets in attractive markets
- We evaluate potential acquisitions through the following criteria:
  - Financial hurdles
  - Geography
  - Market margin history
  - Supply opportunities / advantages
  - Quality of the C-Stores / real estate
  - Opportunities for synergies with our existing business
  - C-store offerings, brand opportunities
  - Platform for additional growth opportunities
  - Attractive balance to underlying gasoline prices

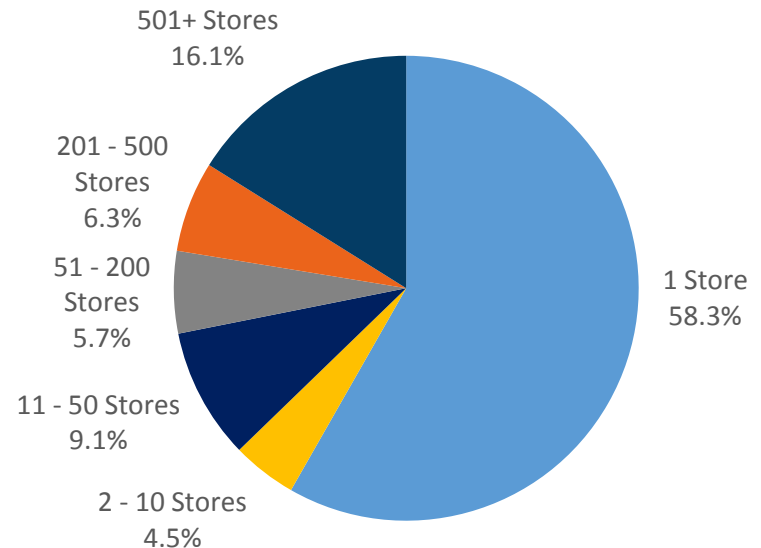
## Potential Dropdown Growth

- The dropdown of MACS / Tigermarket locations represent the first step in ETP's strategy outlined upon the acquisition of Susser
- Highly transparent inventory of assets expected to be contributed to SUN, subject to negotiation of terms and requisite approvals, anticipated to build scale and fuel distribution growth
- Potential dropdowns of the existing Sunoco and Stripes retail businesses into SUN provide a clear path for ETP to segregate its retail business into a dedicated vehicle with its own access to capital
- Minimal execution and integration risk given the familiarity of assets being dropped down

# FRAGMENTED CONVENIENCE STORE INDUSTRY OFFERS ATTRACTIVE ACQUISITION OPPORTUNITIES

- Industry is highly fragmented with almost 60% of the industry comprising single-store owners
- We continually evaluate acquisition opportunities
- Significant synergy opportunities:
  - Expanded buying power
  - Geographic synergies / diversification
  - Density in new market
  - G&A synergies
  - Capital and real estate optimization can lead to higher returns
  - Platform for additional organic/franchise growth
  - Leverage brand strength
- MLP units can be an attractive currency for acquisitions

## Ownership of ~ 155,000 Convenience Stores Selling Fuel <sup>(1)</sup>

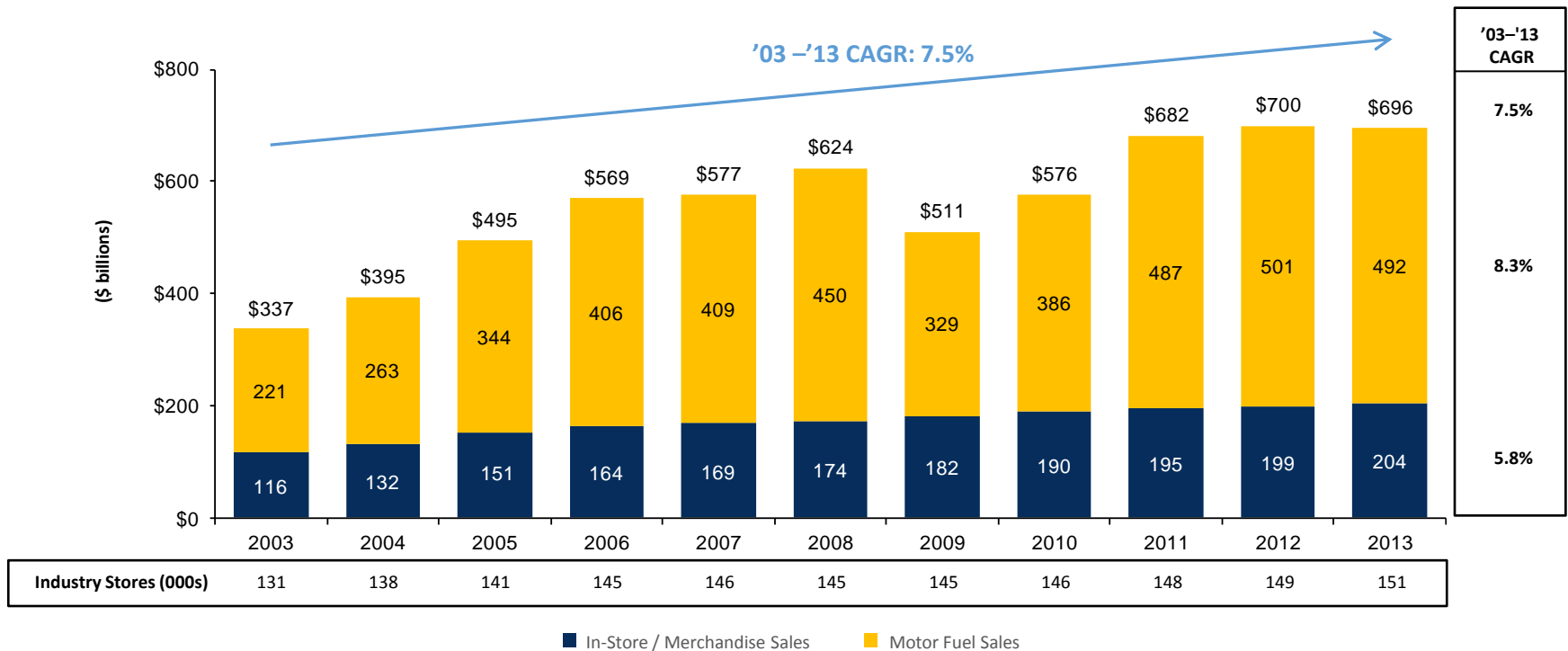


(1) Source: NACS/Nielsen 2013 Convenience Industry Store Count

# THE PROPOSED COMBINED PLATFORM WILL HAVE A LEADERSHIP POSITION IN A STABLE & THRIVING C-STORE INDUSTRY

- Resilient industry growth – 2013 marks the 11<sup>th</sup> consecutive year of industry-wide merchandise sales growth
- Increasing demand for convenience and improved foodservice offerings continues to drive merchandise sales growth and profitability

## Attractive U.S. C-Store Industry Sales and Growth



# **DROPDOWN OF NON-QUALIFYING INCOME TO PROPCO<sup>(1)</sup> ALLOWS SUN TO MAINTAIN >90% QUALIFYING INCOME**

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## **Qualifying**

- Wholesale supply of fuel to related party, independent dealers or lessee dealers, and most 3rd parties
- Real property rental income from unaffiliated lessees
- Interest income
- Dividends
- Gains from commodities, futures, forwards, and options

## **Non-Qualifying**

- Sales of fuel products to retail customers
- Merchandise sales
- Rental income from affiliated leases

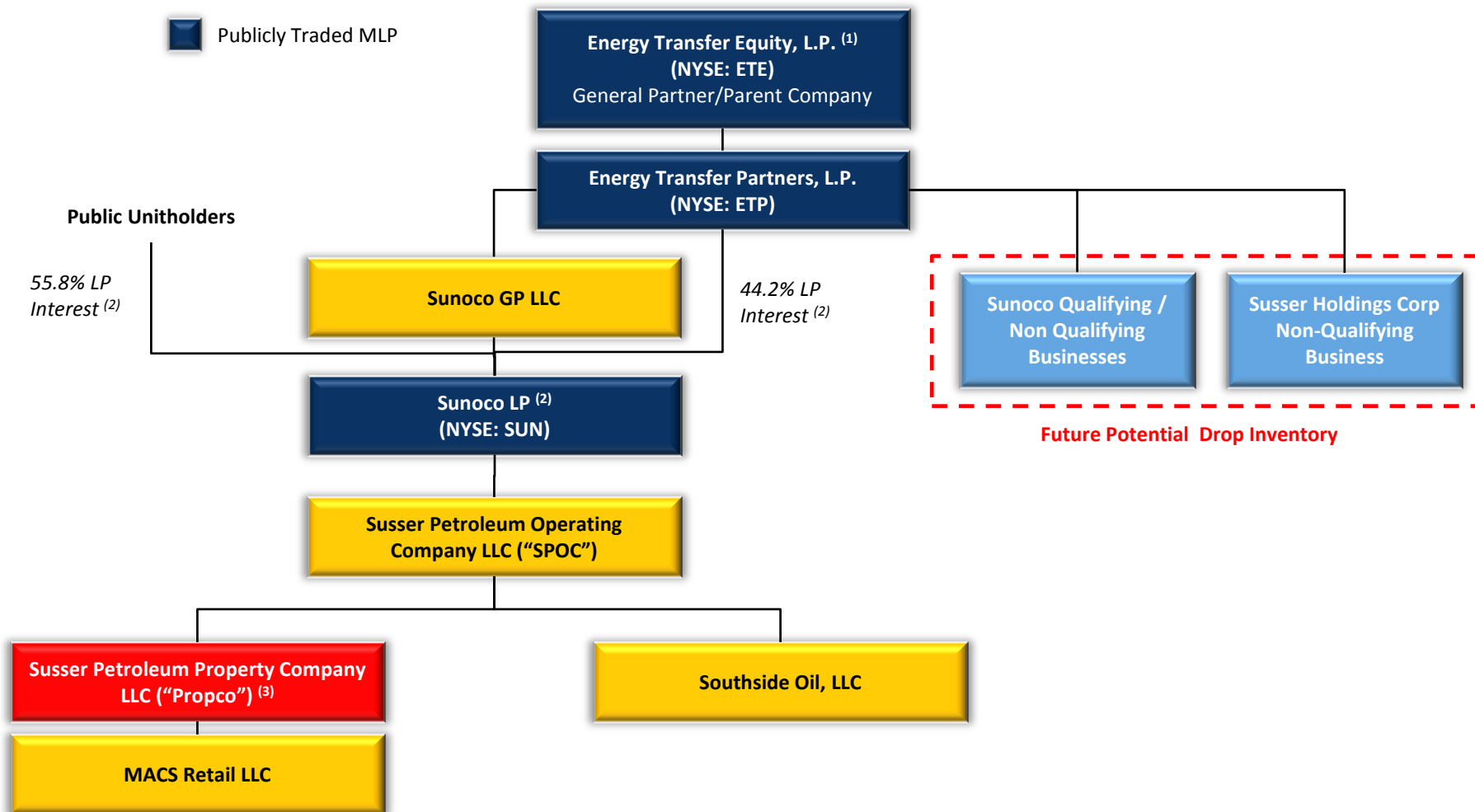
**Most of Operations Generating Non-Qualifying Income Conducted  
Through Corporate Subsidiary (“Propco”)<sup>(1)</sup>**

(1) Susser Petroleum Property Company LLC, a wholly-owned subsidiary that will hold the Susser and Sunoco non-qualifying businesses



# BUSINESS OVERVIEW

# SIMPLIFIED SUN ORG STRUCTURE



(1) Excludes other subsidiaries

(2) After the closing of MACS acquisition, pro forma for the October 2014 equity offering (excludes the additional purchase option)

(3) Propco is organized as a limited liability company but elects to be treated as a corporation for tax purposes

# SUNOCO LP OVERVIEW – PRO FORMA FOR MACS DROP DOWN AND ALOHA ACQUISITION

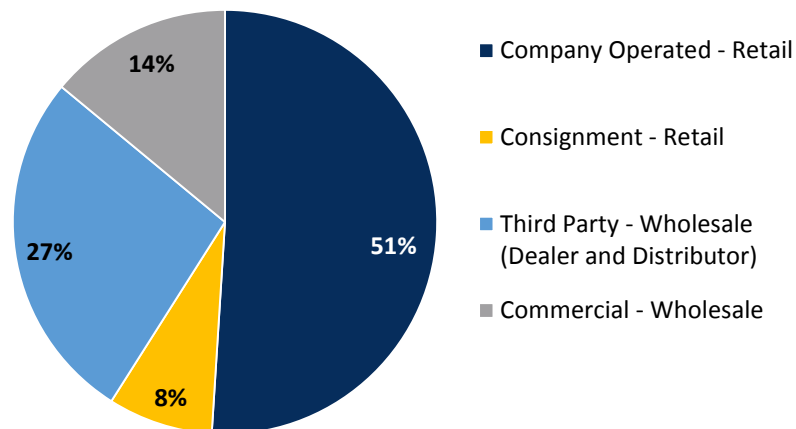
## Stability

- Significant amount of long-term, fee-based contracts
- Historical stability of fuel margins
- De minimis direct commodity risk
- Strong and resilient industry fundamentals
- Large-cap investment grade sponsor in ETP

## Visible Growth

- Embedded growth potential through significant inventory of potential drops from ETP
- Multiple avenues for organic growth
- History of strong growth in Stripes® gallons
- Numerous acquisition opportunities in highly fragmented and attractive markets
- Ability to pursue combined retail/wholesale asset acquisitions
- Significant financial capacity for growth at both MLP and ETP

## Pro Forma Gallons Sold by Channel <sup>(1)</sup>



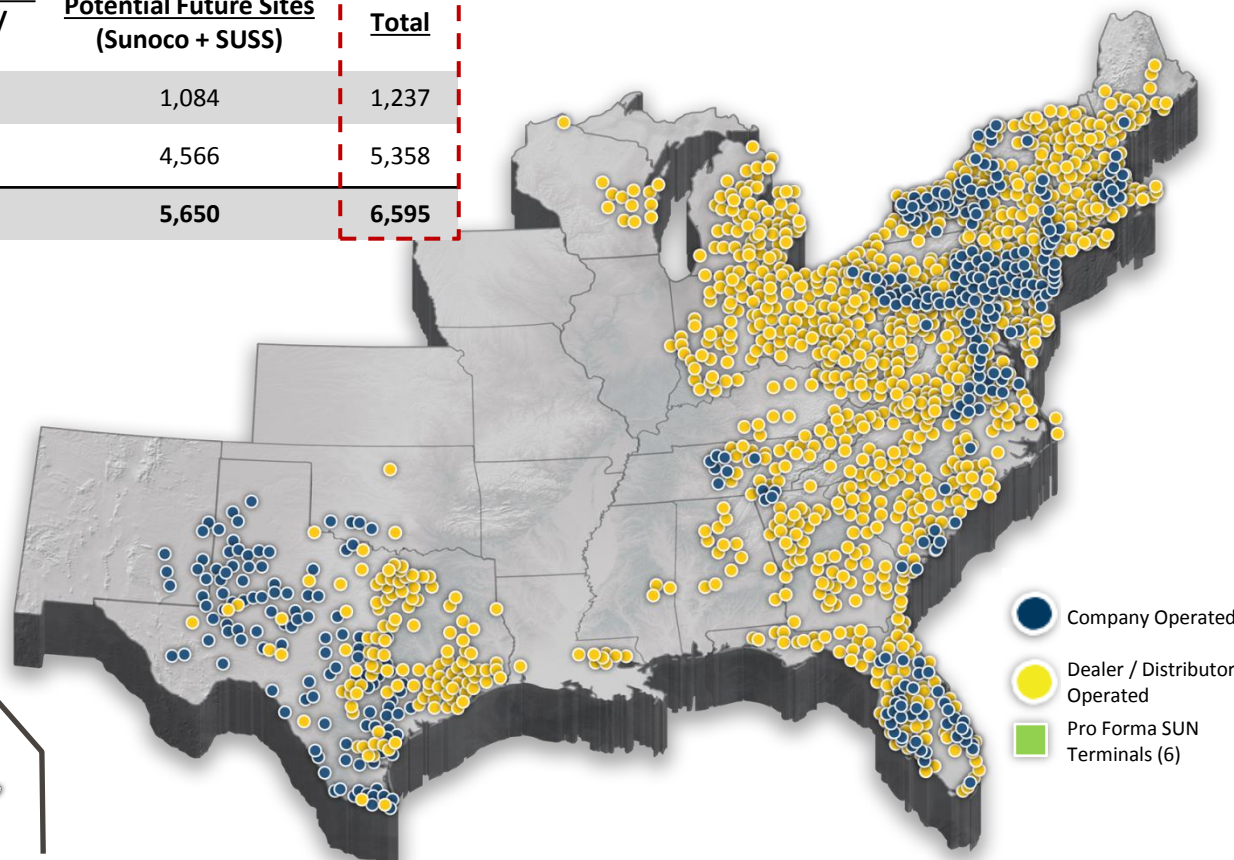
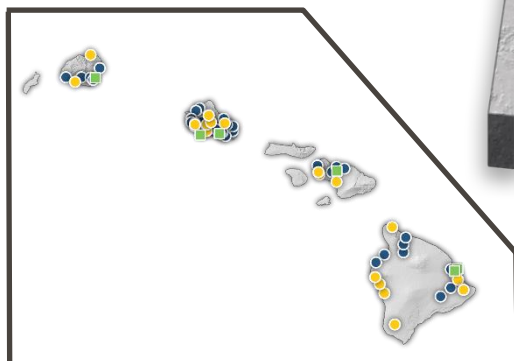
(1) Gallons based on LTM Q2 2014 results (period ending June 30, 2014). Pro forma for MACS and Aloha only

# POTENTIAL COMBINED PLATFORM WILL HAVE A DOMINANT NATIONAL FOOTPRINT WITH OVER 6,500 SITES

Site Count as of September 30, 2014

	<u>SUN Pro Forma Sites</u> (SUSP + MACS / Tiger+ Aloha)	<u>Potential Future Sites</u> (Sunoco + SUSS)	<u>Total</u>
Company Operated	153	1,084	1,237
Dealer & Distributor Operated	792	4,566	5,358
<b>Total Sites</b>	<b>945</b>	<b>5,650</b>	<b>6,595</b>

Hawaii



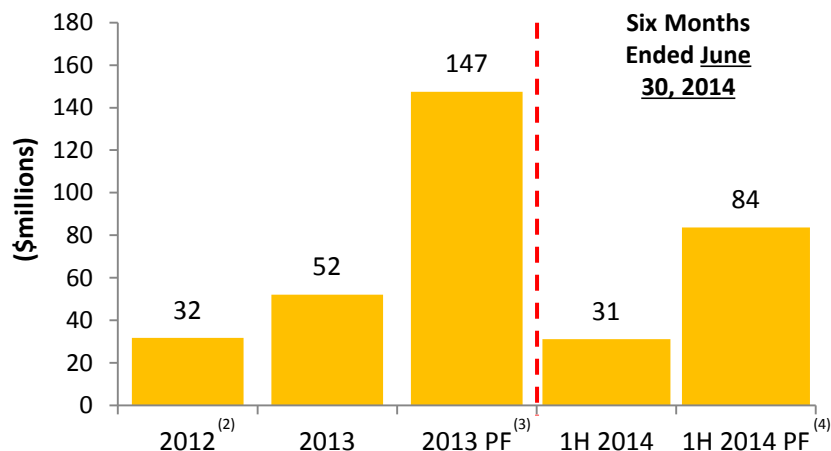
- Company Operated
- Dealer / Distributor Operated
- Pro Forma SUN Terminals (6)

One of the Largest and Most Diversified Fuel Distribution and Marketing Platforms in the U.S.

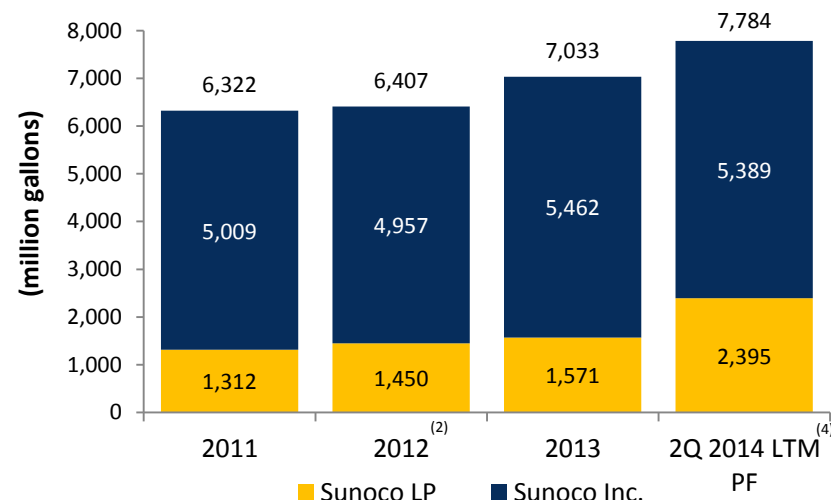
# FINANCIAL OVERVIEW

# STRONG FINANCIAL AND OPERATING PERFORMANCE

## SUN Adjusted EBITDA <sup>(1)</sup>



## SUN Fuel Volumes + Sunoco, Inc. Drop Down Potential <sup>(1)</sup>



## Stable Average Motor Fuel Margin – Cents Per Gallon

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>1H 2014</u>
SUN Standalone <sup>(5)</sup>	3.4	3.5	3.7	3.8
SUN Pro Forma for MACS / Aloha <sup>(6)</sup>	8.6	8.5	8.6	8.3

(1) Results before any synergies. Pro Forma adjusted for drop of MACS and acquisition of Aloha

(2) SUN predecessor SUSP went public in September 2012, includes results for SUSP or its predecessors through 2012

(3) Reflects FY 2013 SUSP Adjusted EBITDA inclusive of MACS and Aloha but excluding Tigermarket

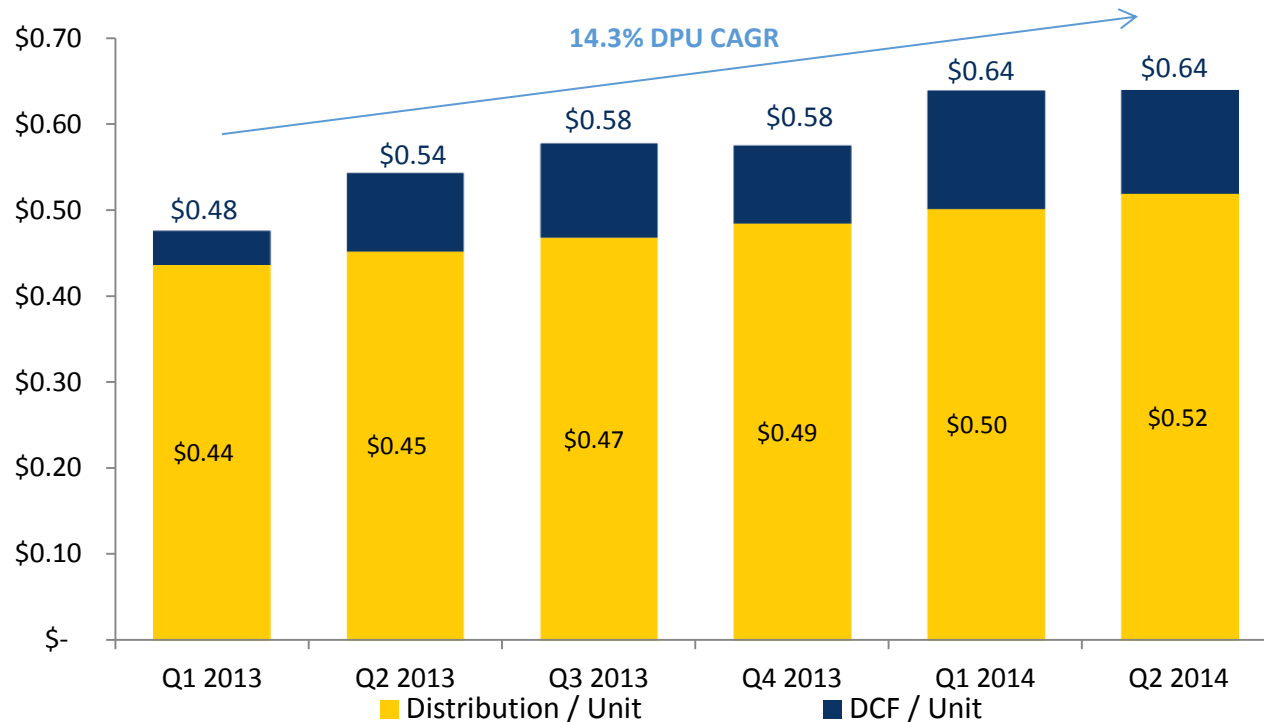
(4) Reflects ownership of Tigermarket since date of acquisition on May 6, 2014

(5) Pro forma wholesale fuel margins for the Parent distribution contract and application of this contract to Stripes & consignment volumes for all historic periods shown prior to IPO. Actual SUSP results following IPO

(6) Pro forma including MACS and Aloha actual retail and wholesale fuel margins

# SUN HAS CONSISTENTLY GROWN DISTRIBUTIONS SINCE IPO

## DCF and Distributions / Unit



Long-Term Annual Target Coverage of ~1.1x

# KEY INVESTMENT HIGHLIGHTS

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## Stability

- Significant amount of long-term, fee-based contracts
- Minimal direct commodity risk
- Historical stability of fuel margins
- Strong and resilient industry fundamentals
- Large-cap, investment grade sponsor

## Visible Growth

- Meaningful growth achievable through significant inventory of drops from sponsor
- Organic growth through same-store sales, new distribution channels and margin improvement
- Ability to pursue combined retail / wholesale asset acquisitions amidst highly attractive markets
- Financial capacity to execute long-term growth strategy



# APPENDIX

# REAL ESTATE SUMMARY AS OF SEPTEMBER 30, 2014

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## Properties Controlled by SUN <sup>(1)</sup>

<b>Operating</b>	<b><u>Fee</u></b>	<b><u>Leased</u></b>	<b><u>Total</u></b>
Retail	68	85	153
Wholesale	167	89	256
Total Operating Sites	235	174	409

(1) Reflects current operating locations for SUN including sites associated with the MACs drop down and Aloha Petroleum acquisitions

# SUN RECONCILIATION OF NET INCOME TO EBITDA, ADJUSTED EBITDA AND DISTRIBUTABLE CASH FLOW

	Historical					Pro Forma	
	Fiscal Year Ended			Six Months Ended		Year Ended	Six Months
	December 31,			June 30,		December 31,	Ended
	2011 <sup>(1)</sup>	2012 <sup>(1)</sup>	2013	2013	2014	2013	June 30, 2014
<i>(in thousands)</i>							
Net income	\$ 10,598	\$ 17,570	\$ 37,027	\$ 17,907	\$ 19,727	\$ 65,779	\$ 37,814
Depreciation, amortization and accretion	6,090	7,031	8,687	3,658	6,659	35,253	29,165
Interest expense, net	324	809	3,471	1,449	3,276	37,058	12,292
Income tax expense	6,039	5,033	440	153	127	5,553	2,684
EBITDA	23,051	30,443	49,625	23,167	29,789	143,643	81,955
Non-cash unit based compensation	707	911	1,936	806	1,484	1,936	1,484
Loss on disposal of assets and impairment charge	221	341	324	94	(36)	1,835	223
Adjusted EBITDA	<u>\$ 23,979</u>	<u>\$ 31,695</u>	<u>\$ 51,885</u>	<u>\$ 24,067</u>	<u>\$ 31,237</u>	<u>\$ 147,414</u>	<u>\$ 83,662</u>
Cash interest expense			3,090	1,258	3,050	35,750	11,628
State franchise tax expense (cash)			302	141	173	3,103	5,216
Maintenance capital expenditures			814	328	324	7,981	2,559
Distributable cash flow			<u>\$ 47,679</u>	<u>\$ 22,340</u>	<u>\$ 27,690</u>	<u>\$ 100,580</u>	<u>\$ 64,259</u>

(1) Reflects predecessor results prior to September 2012 SUSP IPO

