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# INVESTOR UPDATE

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March 2015



# FORWARD-LOOKING STATEMENTS

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Some of the statements in this presentation constitute “forward-looking statements” about Sunoco LP (“SUN”) and Energy Transfer Partners, L.P. (“ETP”) and their respective 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 SUN’s and ETP’s – and their respective affiliates’ - objectives, goals, targets, plans, strategies, costs, anticipated capital expenditures, expected cost savings and potential acquisitions are also forward-looking statements.

These statements represent 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. Further, although we expect that ETP will contribute further assets to SUN in the future, ETP is under no obligation to offer additional assets to SUN, and there is no guarantee that either party will be able to agree to any future contributions 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 SUN’s and ETP’s filings with the Securities and Exchange Commission (“the SEC”), including those contained in SUN’s 2014 annual report on Form 10k which is available at the SEC’s website at [www.sec.gov](http://www.sec.gov).

# NON-GAAP MEASURES AND EXPLANATORY NOTE REGARDING PRESENTATION SCOPE AND FORMAT

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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 appendix 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.

The information in this presentation reflects the consolidated retail marketing segment of ETP, which includes the combined assets and operations of SUN, Sunoco, Inc. (R&M) (“Sunoco”) and Susser Holdings Corporation (“SUSS”). Although ETP has indicated it intends to contribute the retail and marketing assets of Sunoco and SUSS to SUN in a series of “drop-down” transactions. ETP does not have a contractual obligation to do so and SUN does not currently hold, or derive income or cash flows from, Sunoco’s or Susser’s assets and the completion of any of proposed drop-down transactions remain subject to market conditions, negotiations of terms and ETP and SUN board approvals and there can be no assurances that such transactions will be completed within the timeframe set forth herein or at all. Accordingly, statements referring to ETP’s business and operations on a ‘combined’ or ‘consolidated’ basis should be understood to refer to ETP’s retail marketing segment in its entirety, rather than the assets, business or operations of SUN, individually.

# JUMP STARTING TRANSFORMATION

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ETP acquires Susser Holdings, announces plan to drop SUSS and Sunoco Inc. businesses into Susser Petroleum Partners – now Sunoco LP (NYSE: SUN)



SUN closes new \$1.25 billion revolving credit facility that matures in September 2019



SUN acquires Mid-Atlantic Convenience Stores from ETP in a transaction valued at ~\$768 million



SUN issues 9.1 million common units - raising a net \$406 million



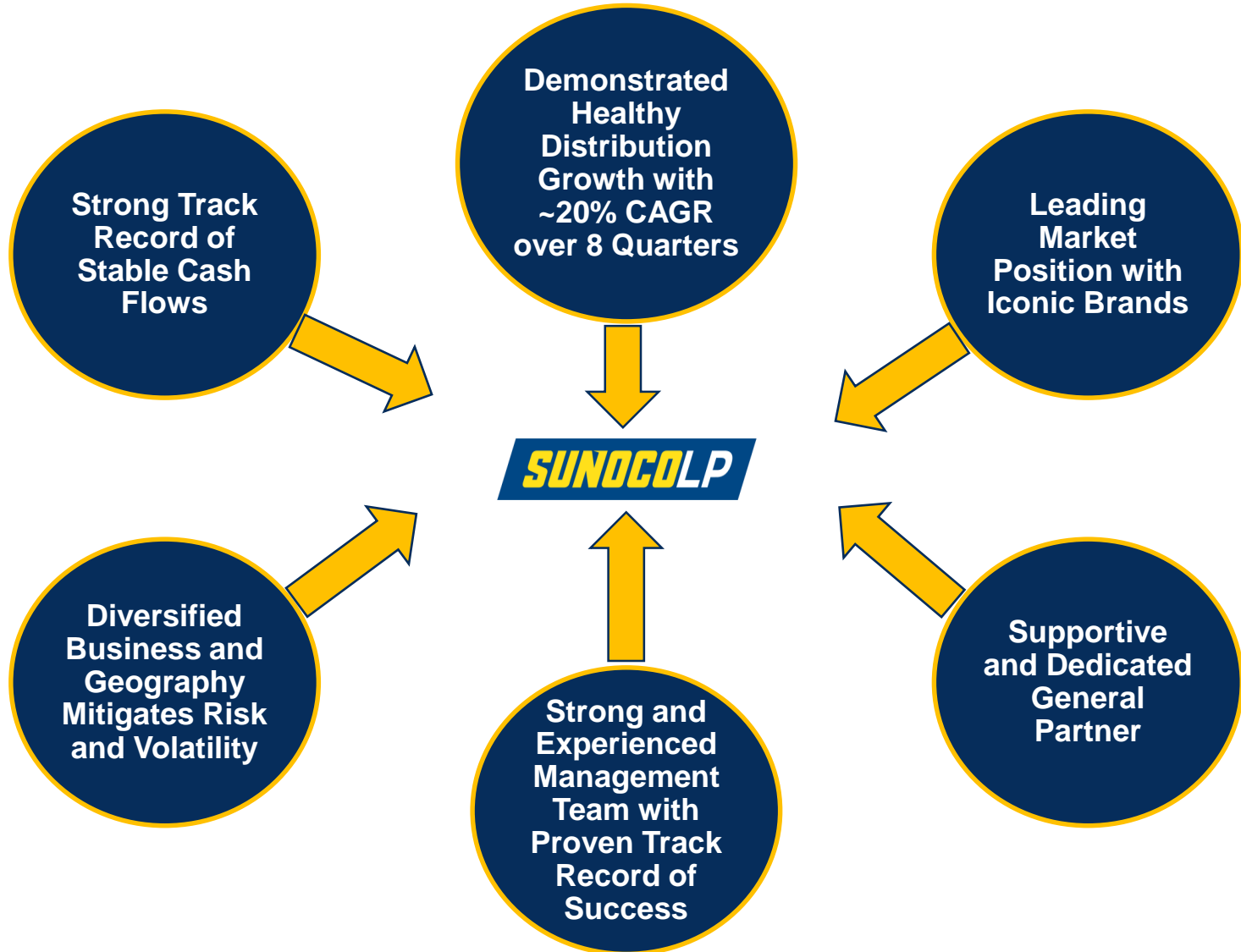
SUN acquires Honolulu-based Aloha Petroleum for approximately \$240 million in cash



ETP announces that it is already working on the second drop, a portion of the legacy Sunoco qualifying business, to SUN in 30 to 60 days

# INVESTMENT HIGHLIGHTS

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# GEOGRAPHICALLY DIVERSE PLATFORM FOR FUTURE DROP DOWN GROWTH AT SUN



SUN + MACS + Aloha

Potential Future Growth

ETP Retail Marketing Segment <sup>(1)</sup>

12/31/14 PF Motor Fuel Sales (MM Gallons): 2,491 <sup>(2)</sup>

5,273

7,764

12/31/14 PF Merchandise Sales: \$183

\$1,782

\$1,965

Total Sites (12/31/14): <sup>(3)</sup> 948 <sup>(4)</sup>

5,702

6,650

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 pro forma 2014 results for SUSS

(2) Includes 1,059 MM gallons supplied to Stripes convenience stores & Susser consignment sites by SUN

(3) Includes company owned / company operated, company owned / dealer operated, dealer and distributor operated

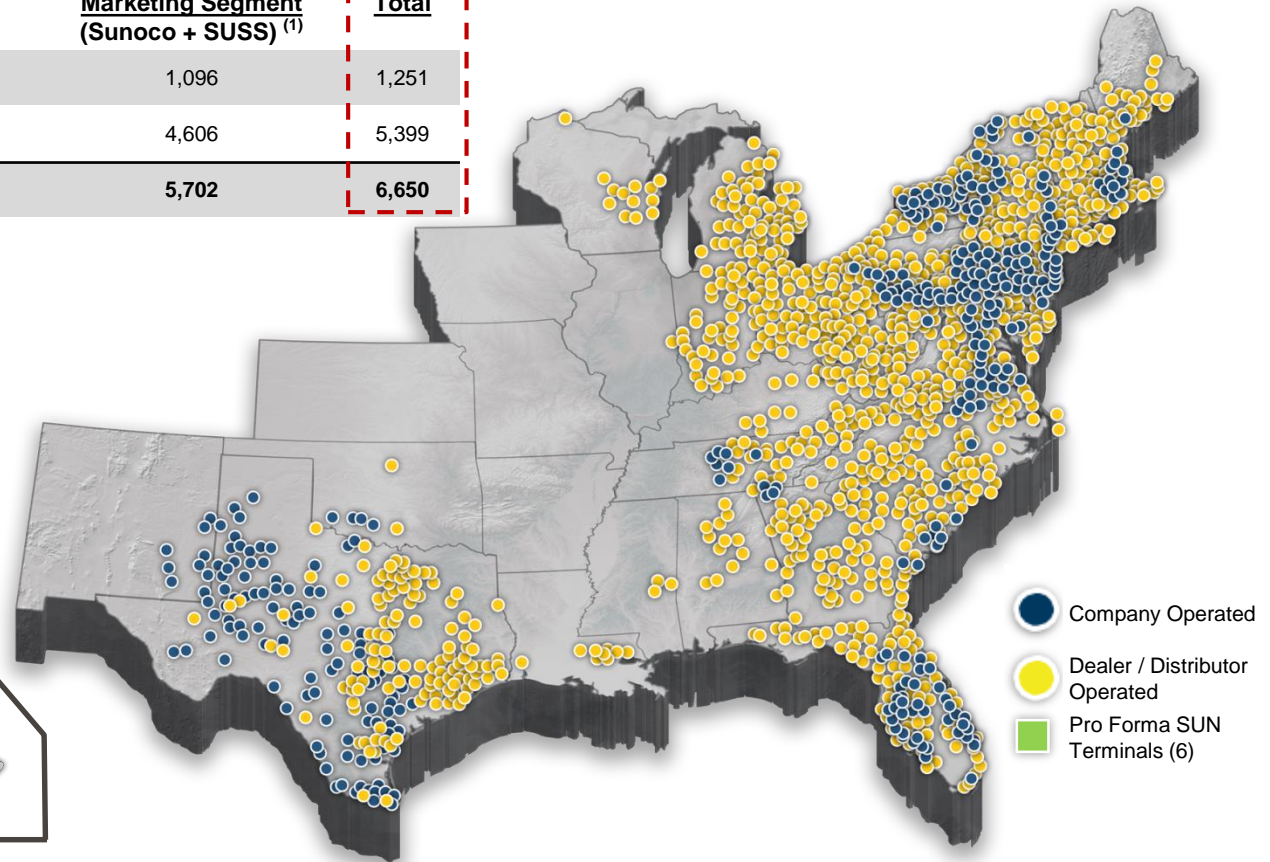
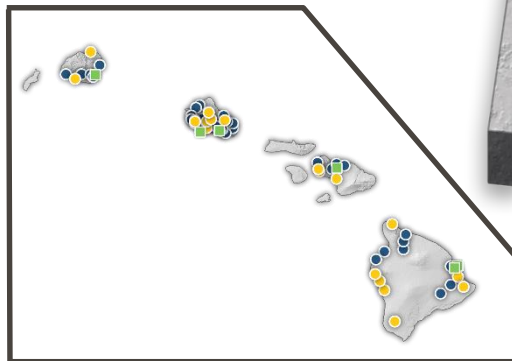
(4) Excludes 656 Stripes and 85 consignment locations currently supplied by SUN

# SIGNIFICANT ADDITIONAL SCALE OPPORTUNITY FOR SUN LP FROM OVER 5,700 SITES

Site Count as of December 31, 2014

	<u>SUN Sites</u> (SUSP + MACS / Tiger + Aloha)	<u>Remaining ETP Retail</u> <u>Marketing Segment</u> (Sunoco + SUSS) <sup>(1)</sup>	<u>Total</u>
Company Operated	155	1,096	1,251
Dealer & Distributor Operated	793	4,606	5,399
<b>Total Sites</b>	<b>948</b>	<b>5,702</b>	<b>6,650</b>

Hawaii

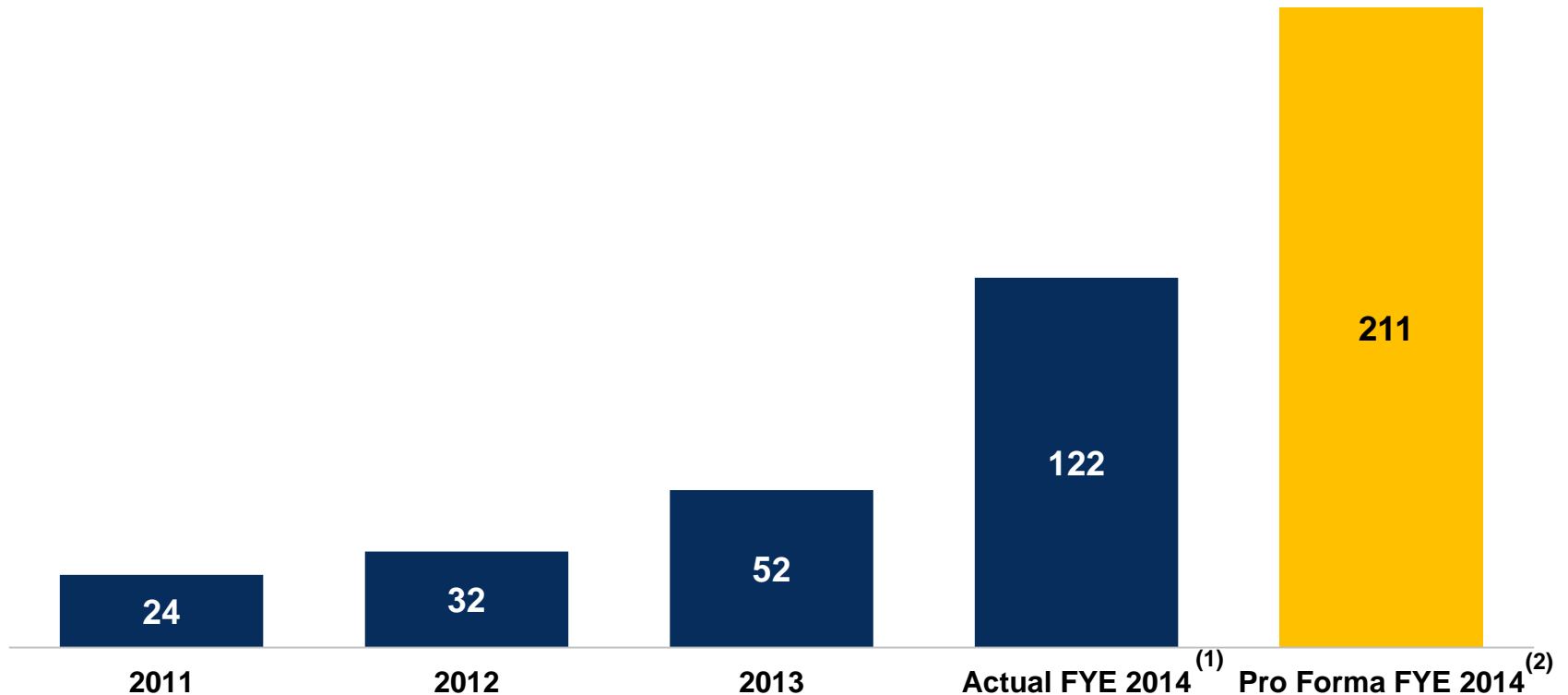


**ETP has One of the Largest and Most Diversified Fuel Distribution and Marketing Platforms in the U.S.**

(1) Includes sites which are currently part of ETP's Retail Marketing Segment that ETP expects to drop down to Sunoco LP  
 Note: Please read "Non-GAAP Measures and Explanatory Note Regarding Presentation Scope and Format."

# GROWTH THROUGH ACQUISITIONS AND DROPDOWNS HAS ALREADY ACCELERATED EBITDA GROWTH

## Adjusted EBITDA (\$MM)

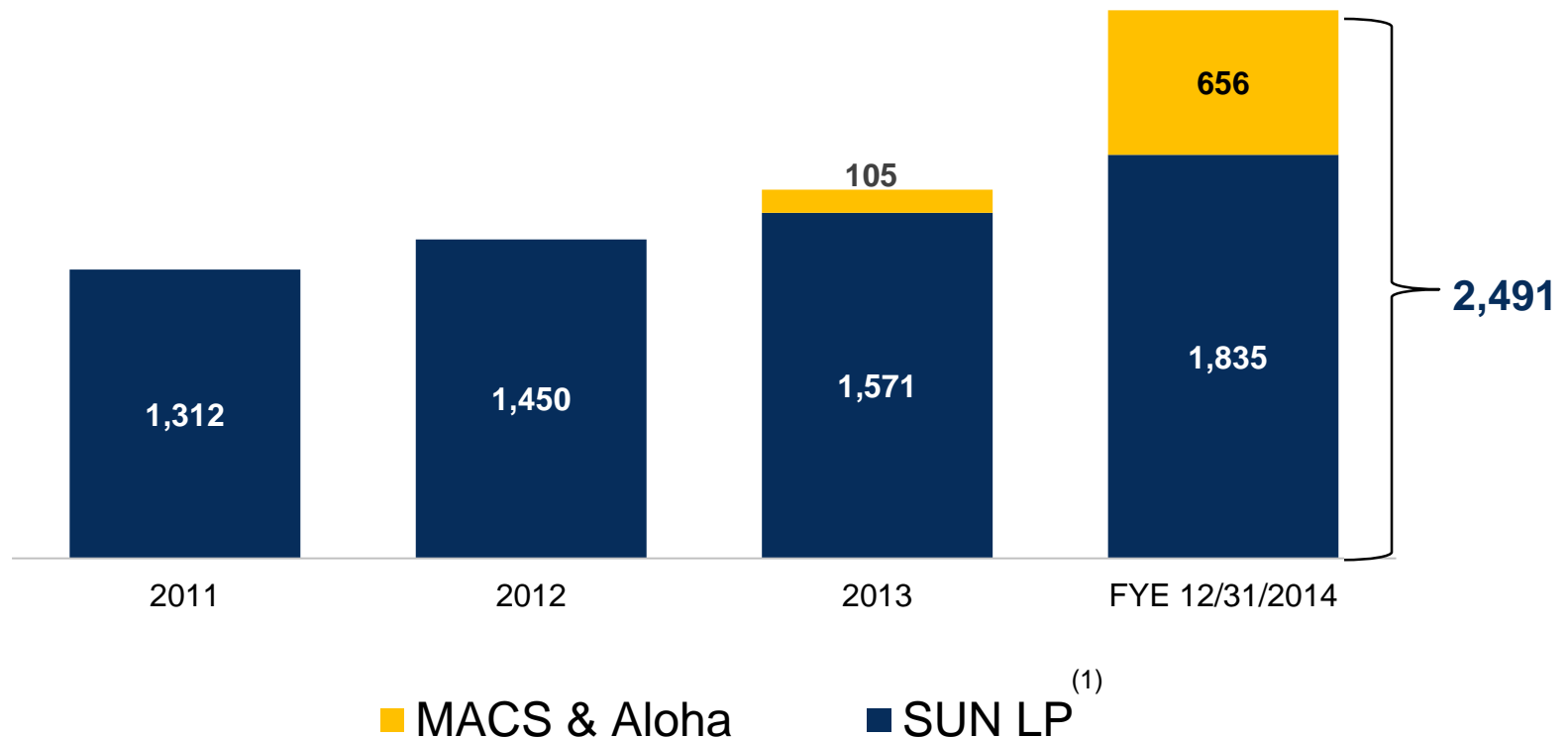


(1) Based on actual FYE 2014 results which include four months of MACS and two weeks of Aloha Petroleum

(2) Based on FYE 2014 pro forma results for combined SUN LP which includes twelve months of MACS and Aloha Petroleum

# GROWTH THROUGH ACQUISITIONS AND DROPDOWNS ADDS SCALE AND DIVERSITY

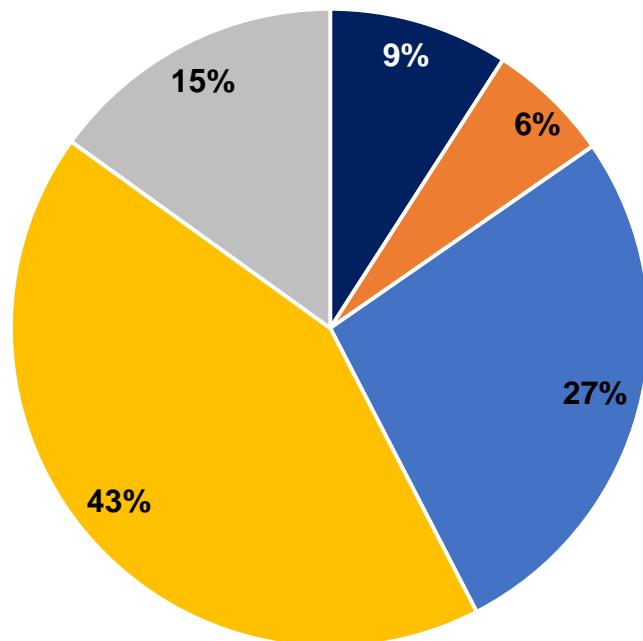
## Gallons Sold (MM)



(1) Gallons based on FYE 2014 results for pro forma combined SUN LP which includes MACS and Aloha Petroleum

# DIVERSIFIED SOURCES OF CASH FLOW

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



- Company Operated - Retail
- Consignment - Retail
- Third Party - Wholesale (Dealer and Distributor)
- Wholesale Affiliate
- Commercial - Wholesale

## Channel Description

### Retail

Sale of retail fuel and merchandise through “company-operated” sites

- **“Company Operated”** - Operate convenience store and sell fuel
- **“Consignment”** - Sell fuel at dealer-operated site and pay commission to dealer. Real estate can be controlled by us or third-party

### Wholesale

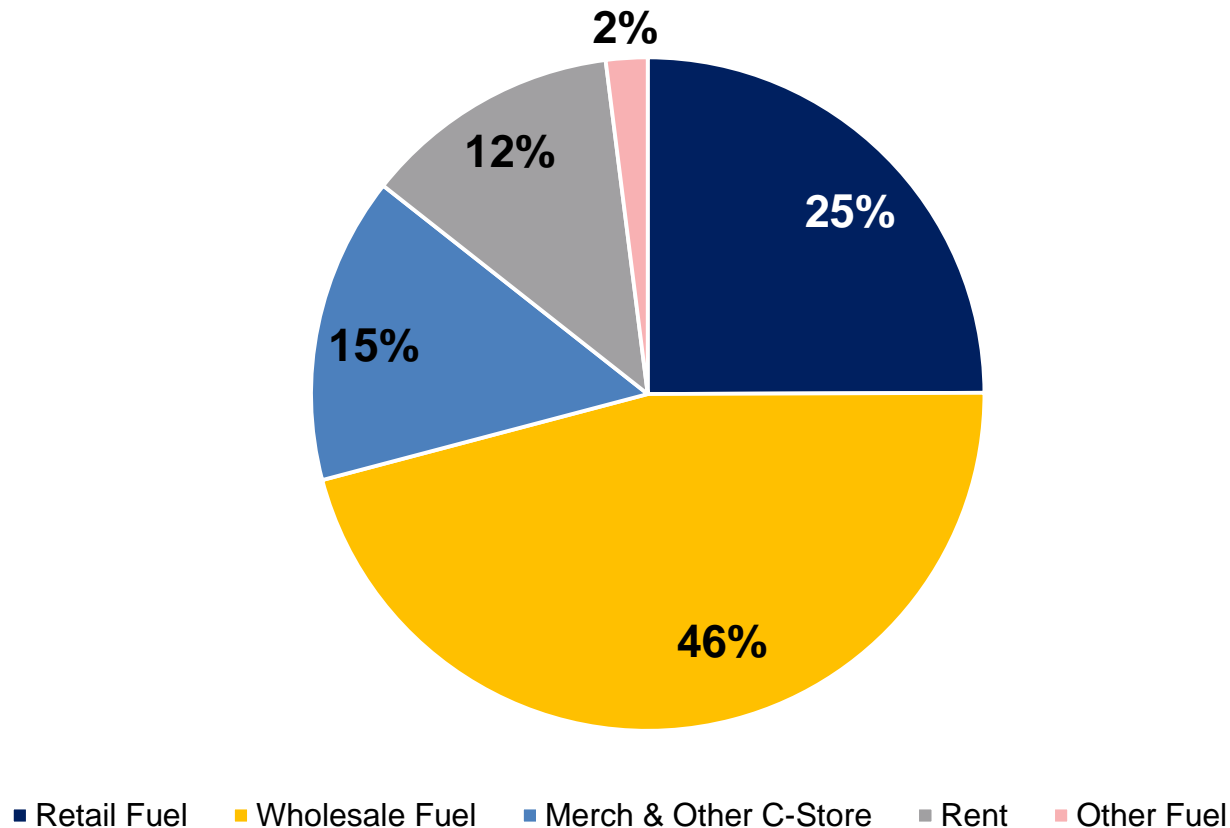
Sale of motor fuel to dealers, distributors and other commercial customers through various arrangements:

- **“Company Owned / Dealer Operated”** - Earn fuel margin and rental income from long-term fuel supply and lease arrangement. Fuel supply priced based on our established posting or formula based. Dealer operates under Sunoco or other major fuel brand. Dealer may operate a branded C-store, for which we collect royalties
- **“Dealer Owned / Dealer Operated”** - Earn fuel margin through long-term supply arrangement based on our established postings or formula based. Dealer operates under Sunoco or other major fuel brand
- **“Distributor”** - Earn fuel margin through long-term supply arrangement, typically to multiple sites operated by a single distributor. Fuel pricing is based on terminal rack postings. Substantially all distributors are currently branded Sunoco
- **“Commercial”** - Wholesale sale of motor fuel to customers, typically under contracts of one year or less or, on spot basis
- **“Affiliate”** - Wholesale sale of motor fuel to Stripes LLC

(1) Gallons based on FYE 2014 results for pro forma combined SUN LP which includes MACS and Aloha Petroleum

# SUN LP GENERATES STABLE CASH FLOWS FROM DIVERSIFIED LINES OF BUSINESS

## Gross Profit Contribution From Segment (FYE 12/31/14)<sup>(1)</sup>



(1) Includes FYE 2014 results for pro forma combined SUN LP which includes MACS and Aloha Petroleum

# Q4 2014 UPDATE

## Sunoco LP

	QTD Dec 2013	QTD Dec 2014	% Change	YTD Dec 2013	YTD Dec 2014	% Change
Total Fuel Gallons	416	607	46%	1,571	2,012	28%
Average Fuel Margin cents/gallon	3.8	13.0	242%	3.7	7.0	89%
Merchandise Sales	0	10	N/A	-	83	N/A
Adjusted EBITDA	\$14	\$65	366%	\$52	\$122	136%
Retail Outlets Supplied	1,170	1,689				
Commercial Customers Supplied	~1,900	~2,000				

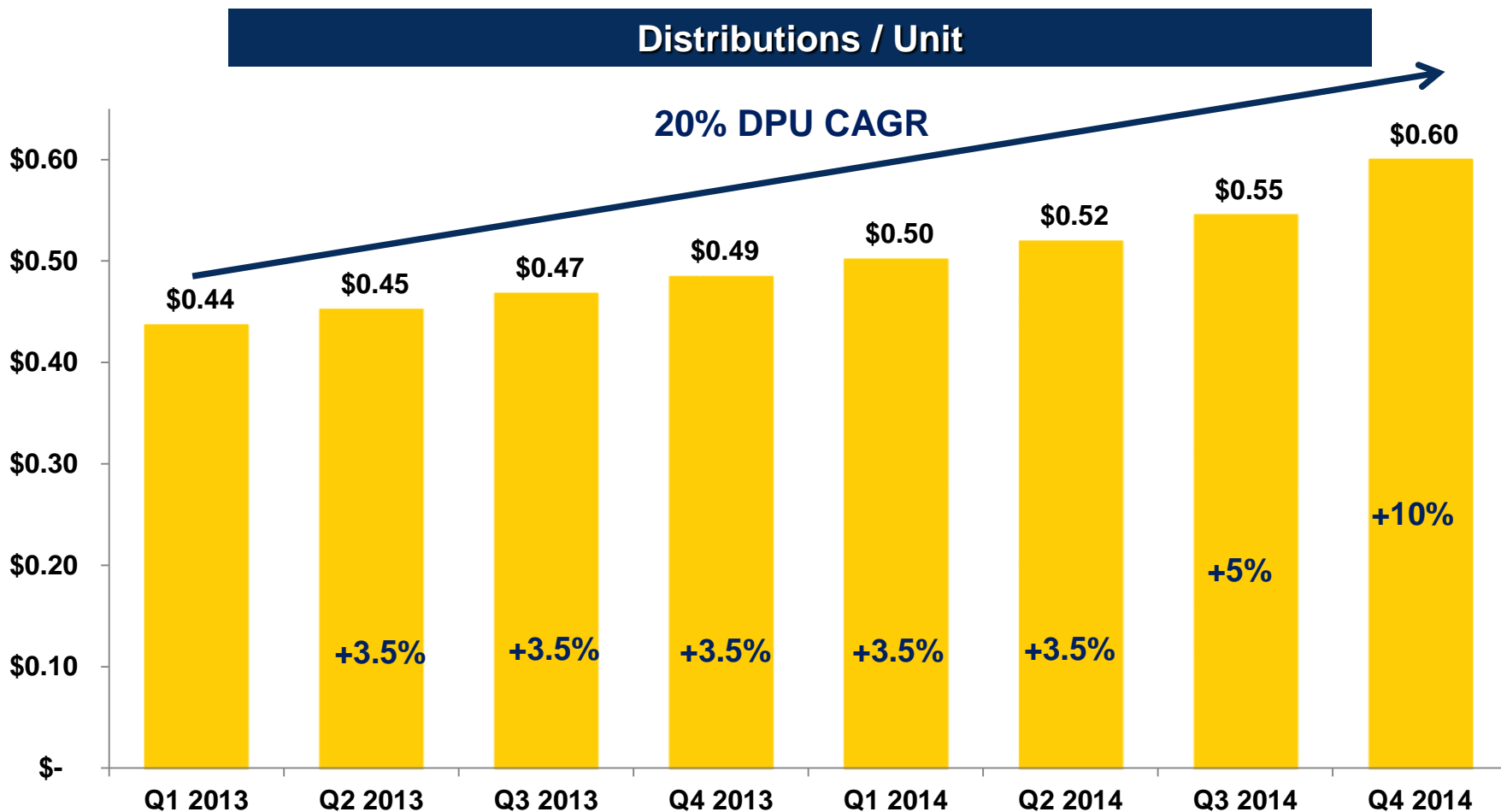
- Grew Q4 Distribution by 24% from \$.49 in 2013 to \$.60 in 2014
- Closed \$1.25 Billion Revolver – September 2014
- Acquisition of MACS & Tigermarket from ETP – October 2014
- Completed \$406 Million follow-on public equity offering – October 2014
- Acquisition of Aloha Petroleum – December 2014

**Sunoco LP Saw Strong Operating and Financial Performance Improvement from 2013 to 2014**

Note: All dollars and gallons in millions



# SUN HAS CONSISTENTLY GROWN DISTRIBUTIONS SINCE 2012 IPO



Future Distribution Growth Will Be Fueled By Anticipated Dropdowns and Other Growth Opportunities

# SUN LP CAPITAL STRUCTURE

	12/31/13	12/31/14
Cash	\$ 8,150	\$ 67,151
Debt <sup>(1)</sup>		
Revolver	156,210	683,378
Term Loan	25,866	-
Notes Payable	4,075	3,552
Capital Lease Obligations	-	493
Total Debt	186,151	687,423
Unitholder's Equity	79,693	1,142,376
Total Capitalization	265,844	1,829,799
Net Debt	178,001	620,272
<b>Total Liquidity</b>	<b>\$ 251,940</b>	<b>\$ 621,973</b>

**Current capital structure designed to provide leverage-driven growth and access to liquidity for M&A opportunities**

(1) Excludes variable interest entity debt of \$56.5M and sale leaseback financing obligation totaling \$126.6M

# SUN WILL LOOK TO DELIVER UNITHOLDER VALUE WHILE INCREASING SCALE

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- SUN will continue to use multiple avenues to execute its growth strategy:
  - Drop down growth
  - Wholesale growth
  - Same-store sales growth
  - New store growth
  - Third party acquisition opportunities
- Growth expected to be achieved in a manner that is both accretive to unitholders as well as supportive of an improving credit profile
- Growth expected to contribute to increased stability from geographic and business diversification

## RETAIL MARKETING ASSET DROP DOWNS

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- ETP previously announced its intent to drop down the existing Sunoco and SUSS retail marketing businesses into SUN in a series of synchronized drop down transactions for newly issued SUN common units and cash
  - Dropdowns of the existing Sunoco and SUSS 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
  - Highly transparent inventory of assets expected to be contributed to SUN, building scale and fueling distribution growth
  - The dropdown of MACS / Tigermarket locations in October 2014 represents the first step in ETP's strategy outlined upon the acquisition of Susser
  - Remaining businesses expected to be dropped over the next 18-30 months, subject to market conditions and ETP and SUN board approvals
- Working towards the next drop down
  - Consideration for drop downs will be structured to optimize pro forma impact and tax consequences
  - Future drops expected to be funded in a manner resulting in a balanced long-term capital structure

Note: Please read "Non-GAAP Measures and Explanatory Note Regarding Presentation Scope and Format."

# 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

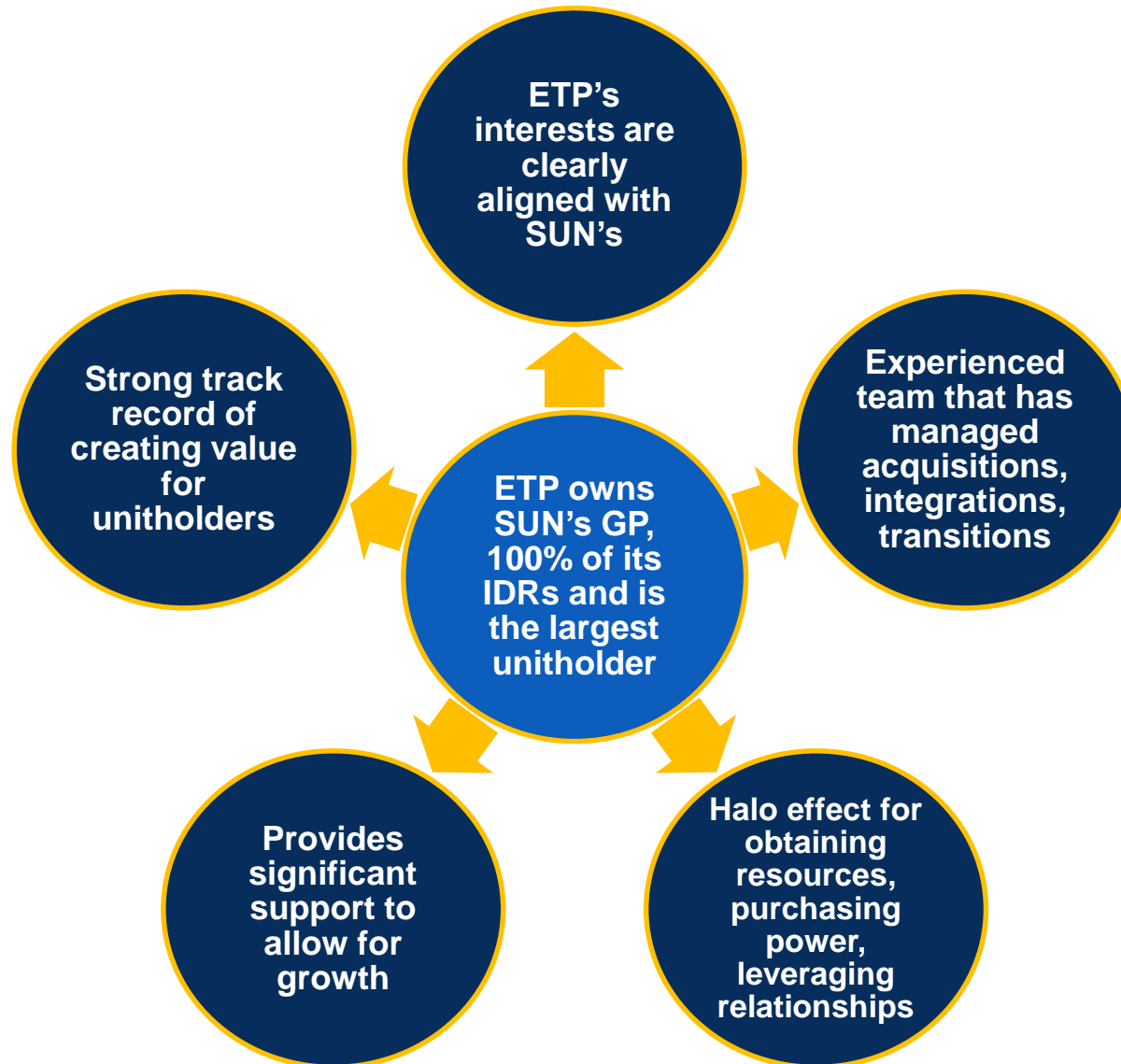
## SUN WILL TARGET PRUDENT GROWTH VIA ACQUISITIONS

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- 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 operations / 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

# LEVERAGING THE RELATIONSHIP WITH ENERGY TRANSFER

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# KEY INVESTMENT HIGHLIGHTS



## Stability

- Significant amount of long-term, fee-based contracts
- Historical stability of fuel margins
- Strong and resilient industry fundamentals
- Large-cap investment grade sponsor
- Significant real estate value
- Prudent investment to drive organic growth



## Visible Growth

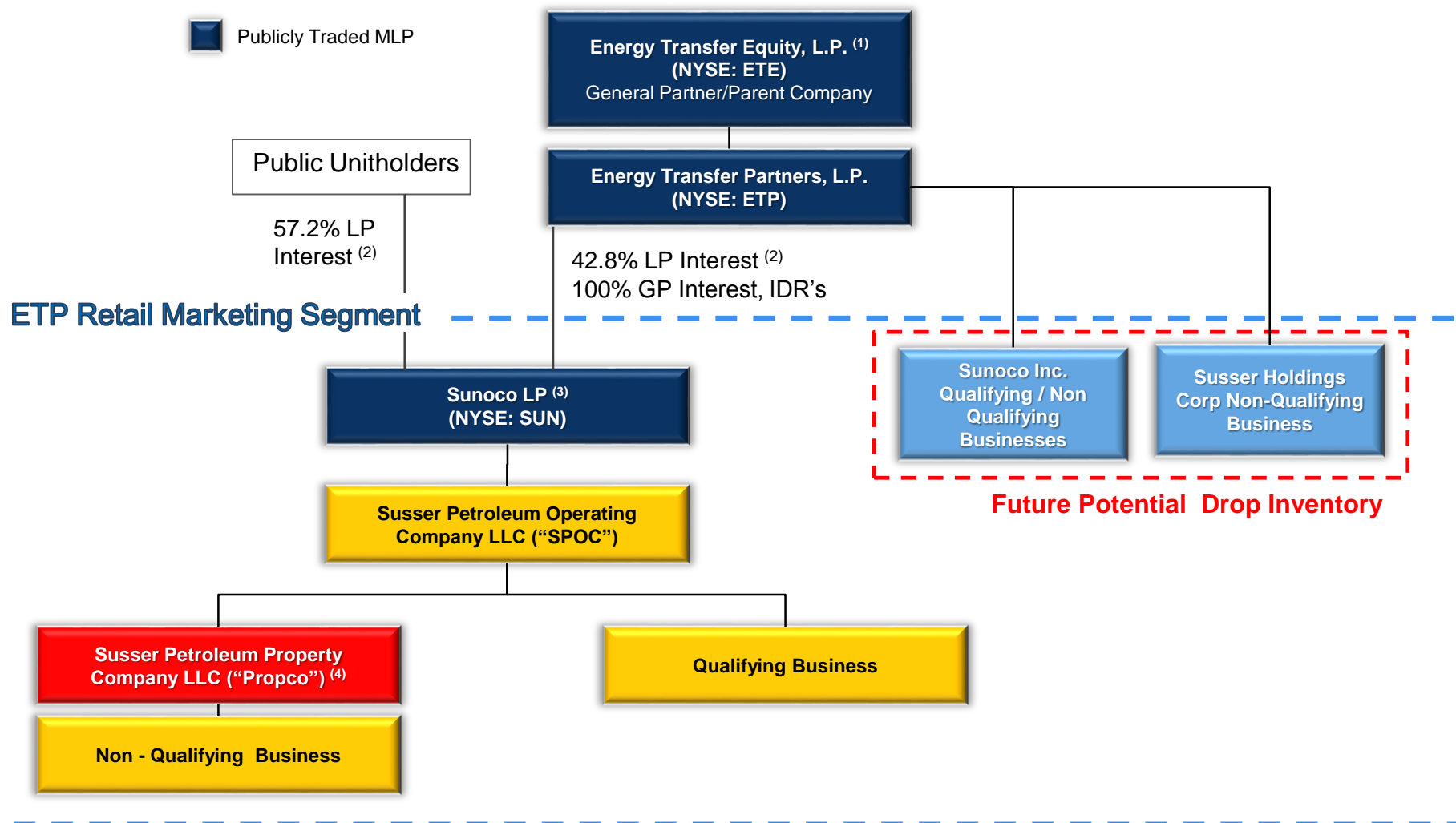
- Meaningful growth achievable through significant inventory of drops from ETP
- Ability to pursue combined retail / wholesale asset acquisitions in highly attractive markets
- Financial capacity to execute long-term growth strategy

# APPENDIX

# SIMPLIFIED SUN ORG STRUCTURE



Publicly Traded MLP



(1) Excludes other subsidiaries.

(2) Reflects common units representing limited partner interests in SUN issued to the public in the October 2014 secondary equity offering (8 million units) and subsequent partial greenshoe exercise (~1.1 million units) in November 2014.

(3) Formerly Susser Petroleum Partners LP (SUSP).

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

# 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 approximately 4 million newly issued SUN 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

- On December 16, 2014, SUN closed the acquisition of Honolulu-based Aloha Petroleum, Ltd. for approximately \$240 million in initial cash consideration
- 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

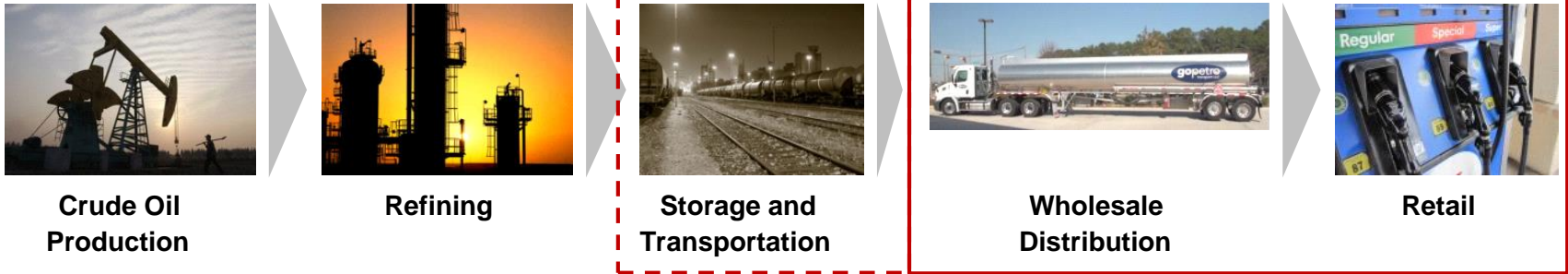
## Partnership Update

- 8 million unit equity offering closed on 10/27/14, raising a net \$358.2 million after transaction expenses. A partial greenshoe option (~1.1 million units) was exercised and closed on 11/26/14 raising an additional \$47.1 million
- 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 has begun 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

# SUNOCO LP IS A KEY PLAYER IN THE MOTOR FUELS VALUE CHAIN

## Motor Fuels Value Chain

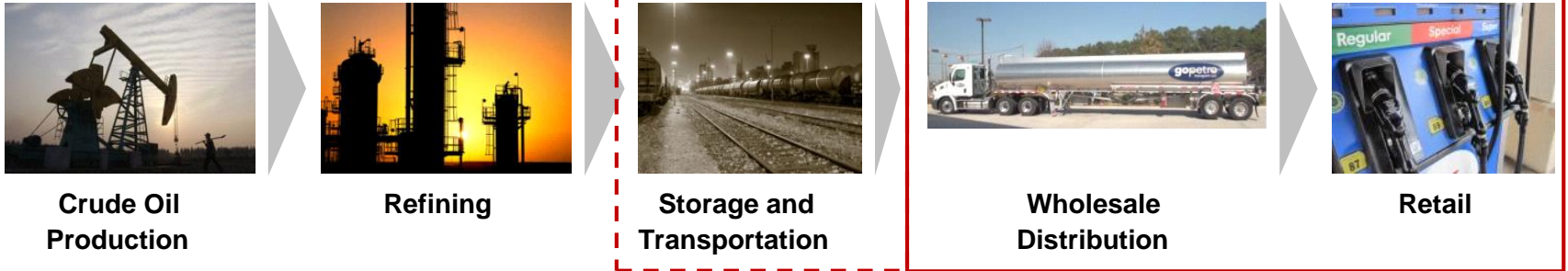


- SUN operates within the wholesale and retail distribution segments of the motor fuels value chain
  - Largely generating profit margin by distributing motor fuel to company-operated stores and third-party dealers as well as selling motor fuel to customers through retail sites
  - Historically stable 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
  - ETP has publicly announced its intent to offer the SUSS and Sunoco assets to SUN

Note: Please read “Non-GAAP Measures and Explanatory Note Regarding Presentation Scope and Format.”

# SUNOCO LP IS A KEY PLAYER IN THE MOTOR FUELS VALUE CHAIN (CONT.)

## Motor Fuels Value Chain



- The recent acquisition of SUSS by ETP has opened the door for significant near term growth and unique long term opportunities
  - ETP also owns Sunoco Inc., 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
- 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 128,000+ stores in the U.S. <sup>(2)</sup>
  - Susser's Stripes brand has demonstrated 26 years of same store merchandise sales growth
- The 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

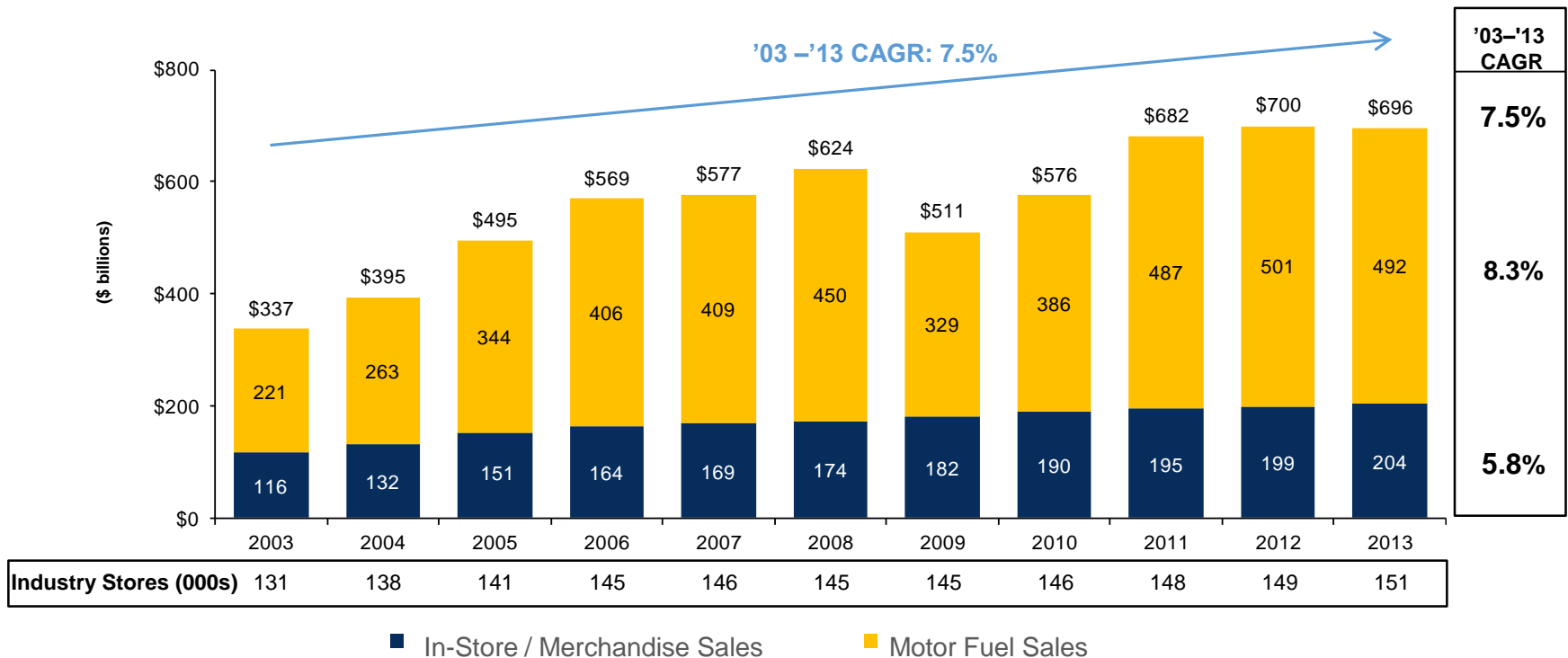
(1) Includes company owned / company operated, company owned / dealer operated, dealer and distributor operated

(2) Source: NACS State of the Industry Annual Report, 2013 data & NACS/Nielsen 2015 Convenience Industry Store Count (See Slide 28)

# SUN LP POISED TO HOLD A LEADING POSITION IN A STABLE & THRIVING C-STORE INDUSTRY

- Resilient industry growth – 2013 marked 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

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

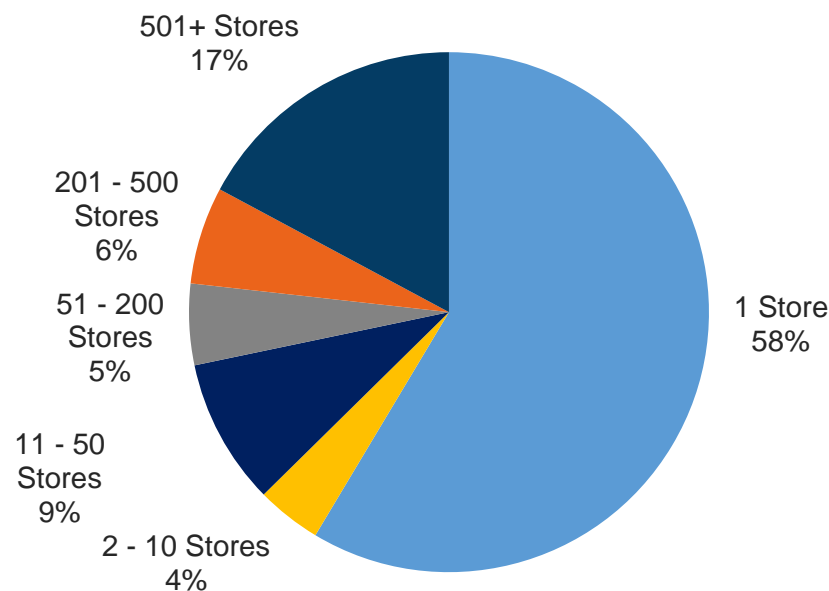


Source: NACS/Nielsen 2013 Convenience Industry Store Count

# 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
  - G&A synergies
  - Capital and real estate optimization can lead to higher returns
  - Platform for additional organic/franchise growth
  - Leverage brand strength through density in new markets

## Ownership of ~ 128,000 Convenience Stores Selling Fuel <sup>(1)</sup>



(1) Source: NACS/Nielsen 2015 Convenience Industry Store Count

# BRAND PORTFOLIO WITH POWERFUL REACH AND STRENGTH



- Brand equity and presence spans fuel, food service and convenience store platforms
- Sunoco ranks in the top 100 U.S. brands in both familiarity and favorability <sup>(1)</sup>
  - 2nd among fuel brands
  - Unique sponsorships provide a powerful growth platform
    - Official fuel of NASCAR
    - Official fuel of NHRA
- Powerful local brands continue to drive customer traffic and sales

**For More than 125 Years, the Sunoco Brand has been Synonymous with Quality and Performance**

(1) CoreBrand Top 100 BrandPower Rankings 2012

## REAL ESTATE SUMMARY AS OF DECEMBER 31, 2014

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### Properties Controlled by SUN

	<b>Fee</b>	<b>Leased</b>	<b>Total</b>
Retail	67	88	155
Wholesale	207 <sup>(1)</sup>	110	317
Total Operating Sites	274	198	472

(1) Includes 66 Stripes Stores dropped down to SUN LP in sale leaseback transactions

## 2014 & 2015 CAPEX OUTLOOK

\$ in millions	2014 Actual	2015 Estimate	
		<u>Low</u>	<u>High</u>
Sunoco Maintenance	\$5	\$15	\$25
Sunoco Growth	168	165	215
<b>Sunoco Total Capex <sup>(1)</sup></b>	<b>\$173</b>	<b>\$180</b>	<b>\$250</b>

- Maintenance capex includes non-revenue adding improvements to equipment and infrastructure
- Growth capex includes new customer contracts, income improvements and new to industry builds
- 2015 growth capex estimate assumes 35 – 40 new retail store builds. 30 – 35 of these are expected to be either constructed by ETP Retail Marketing and sold to Sunoco LP and leased back, or constructed by Sunoco LP directly

(1) Includes current Sunoco LP operations, including MACS, and Aloha. 2014 spending does not include acquisition cost of MACS or Aloha of \$768 million and \$240 million, respectively. 2015 Sunoco LP does not include impact of any additional dropdowns or acquisitions.

# FUEL DISTRIBUTION PRODUCES SIGNIFICANT QUALIFYING INCOME

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## Qualifying

- Wholesale supply of fuel to related party, independent dealers or lessee dealers, and most 3<sup>rd</sup> 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

**Substantially All of Operations Generating Non-Qualifying Income Conducted Through Corporate Subsidiary (“Propco”)**

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

(\$ in Thousands)

	Predecessor			Successor	Pro Forma
	Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2012	Fiscal Year Ended December 31, 2013	Combined Actual Results for the Twelve Months Ended December 31, 2014	Combined Results for the Twelve Months Ended December 31, 2014 <sup>(1)</sup>
Net income (loss)	\$ 10,598	\$ 17,570	\$ 37,027	\$ 57,786	\$ 90,767
Depreciation, amortization and accretion	6,090	7,031	8,687	26,955	57,467
Interest expense, net	324	809	3,471	14,329	28,306
Income tax expense	6,039	5,033	440	2,352	12,158
EBITDA	25,051	30,443	49,625	101,422	188,698
Non-cash unit based compensation	707	911	1,936	6,080	6,080
Unrealized gains on commodity derivatives				(1,433)	(1,433)
Inventory fair value adjustments				13,613	14,021
Loss (gain) on disposal of assets and impairment charge	221	341	324	2,631	3,167
<b>Adjusted EBITDA</b>	<b>\$23,979</b>	<b>\$ 31,695</b>	<b>\$ 51,885</b>	<b>\$ 122,313</b>	<b>\$ 210,533</b>

(1) Reflects pro forma results including full year of operations of MACS and Aloha as reflected in the Partnership's Current Report on Form 8-K filed March 2, 2015