

# *SUNOCO*LP

## INVESTOR PRESENTATION



February 2018



# FORWARD-LOOKING STATEMENTS

Some of the statements in this presentation constitute “forward-looking statements” about Sunoco LP (“SUN”, “we”, “our, and “us”) that involve risks, uncertainties and assumptions, including, without limitation, the expected future performance of SUN (including expected results of operations and financial guidance), and SUN’s future financial condition, operating results, strategy and plans. 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 its affiliates’ objectives, goals, targets, plans, strategies, costs, anticipated capital expenditures, expected cost savings, potential acquisitions and related financial projections 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.

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 filings with the Securities and Exchange Commission (the “SEC”), including those contained in SUN’s 2017 Annual Report on Form10-K and Quarterly Reports on Form10-Q which are available at the SEC’s website at [www.sec.gov](http://www.sec.gov).

## **Investor Relations Contact Information:**

Scott Grischow  
Senior Director, Treasury & Investor Relations  
(214) 840-5660  
[scott.grischow@sunoco.com](mailto:scott.grischow@sunoco.com)

Derek Rabe, CFA  
Senior Analyst, Investor Relations & Finance  
(214) 840-5553  
[derek.rabe@sunoco.com](mailto:derek.rabe@sunoco.com)

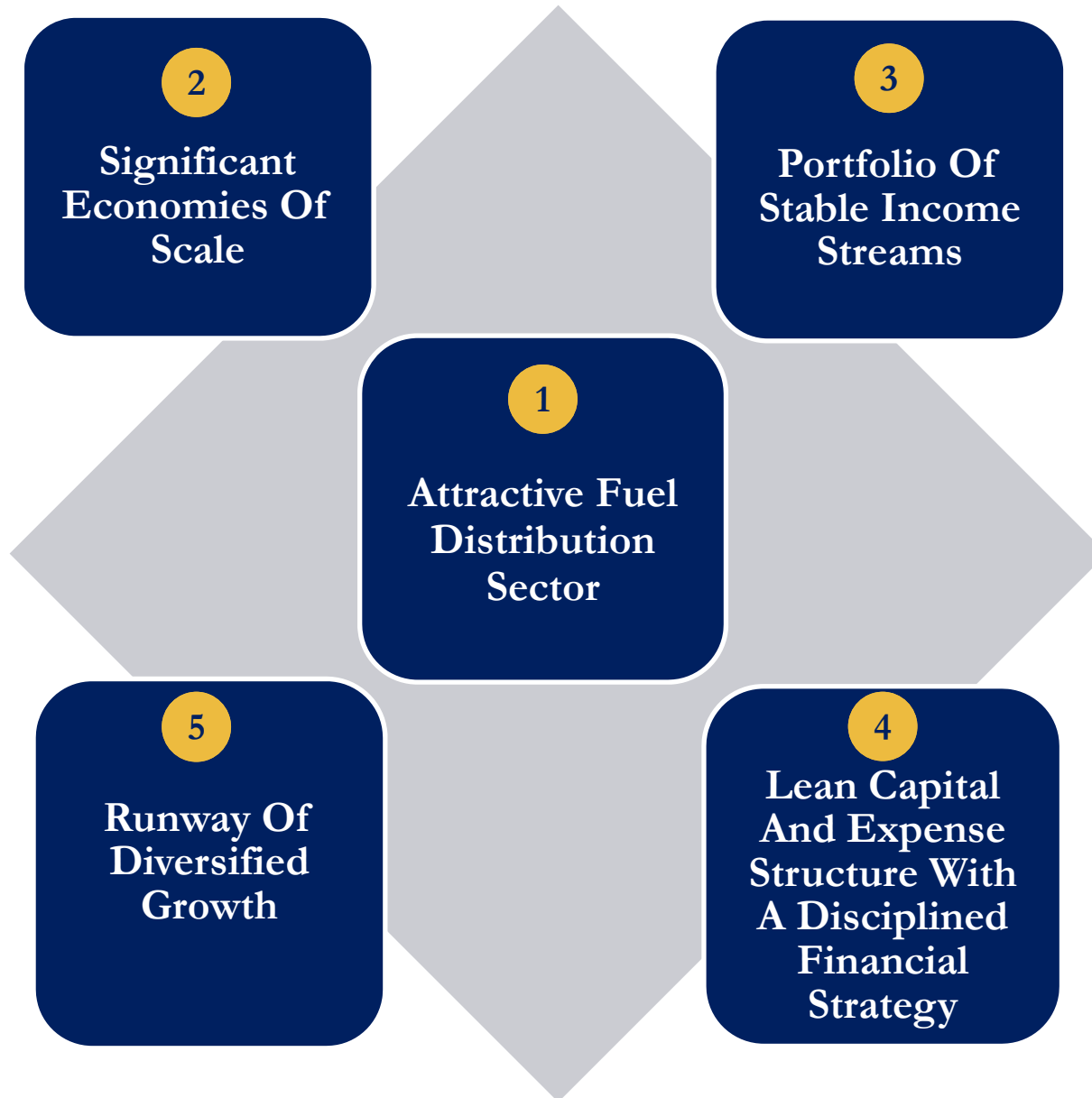
# LAYING THE FOUNDATION FOR THE FUTURE

- **Change in strategic focus from convenience stores to fuel logistics and distribution**
  - Divested the majority of company-operated retail operations to 7-Eleven
    - Includes ~2 billion gallons sold under a 15-year, take-or-pay fuel supply agreement that grows an additional 500 million gallons over four years
  - West Texas company operated sites to be converted to commission agent model at the end of 1<sup>st</sup> quarter of 2018
    - Retain material fuel distribution revenue and stable rental income
- **Completed refinancing and equity repurchase initiatives**
  - Reduced debt by over \$2 billion
  - Refinanced \$2.2 billion of senior notes
  - Repurchased over 17 million common limited partner units
  - Redeemed \$300 million of Series A Preferred units

# GUIDANCE ON THE NEW BUSINESS MODEL

Operating Expenses	G&A Expenses	Rent Expenses	Cents Per Gallon	Maintenance Capital	Growth Capital
~\$325 million	~\$140 million	~\$75 million	8.0 to 9.5 range	~\$40 million	~\$90 million
<ul style="list-style-type: none"> <li>We expect a significant reduction to our run rate expenses with the exit of the retail business</li> </ul>	<ul style="list-style-type: none"> <li>The elimination of back office support required to run the retail business reduces run rate G&amp;A expenses</li> </ul>	<ul style="list-style-type: none"> <li>We expect rent expense for leased wholesale locations to be consistent over the long run</li> </ul>	<ul style="list-style-type: none"> <li>Our range reflects the new business model with a significant fixed-fee contract</li> <li>The range represents potential quarterly fluctuations but we expect to be at the high end of our range on an annual basis</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance capital will be focused on ensuring quality of operations</li> </ul>	<ul style="list-style-type: none"> <li>Growth capital will be focused on profitably growing wholesale volumes</li> <li>The exit of the retail business eliminates new-to-industry builds</li> </ul>

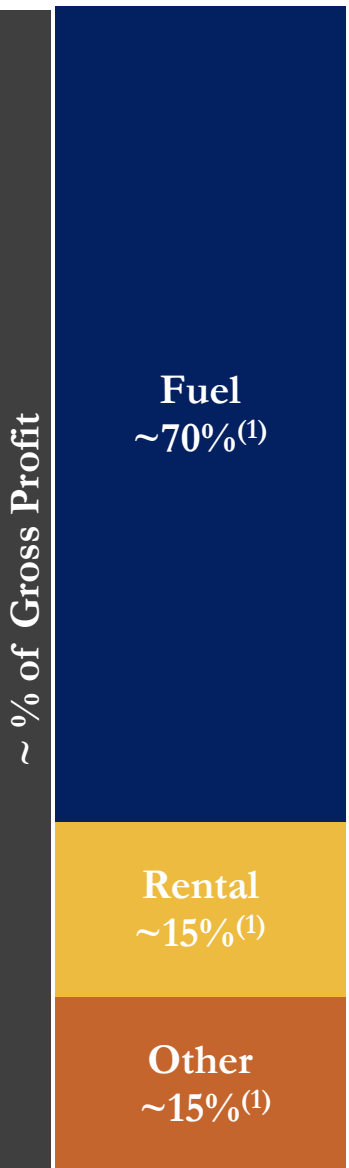
# KEY INVESTMENT HIGHLIGHTS OF THE NEW BUSINESS MODEL



# SIGNIFICANT ECONOMIES OF SCALE TO THRIVE IN AN ATTRACTIVE FUEL DISTRIBUTION SECTOR

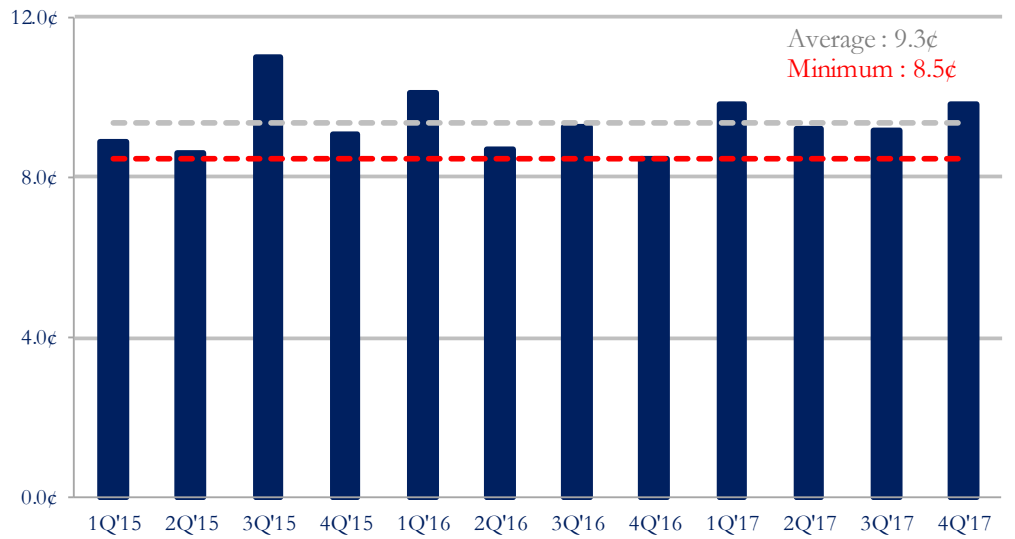
- **Fuel distribution sector remains robust**
  - Fuel distribution margins have been attractive and stable
  - 2016 U.S. gasoline demand was highest on record at 9.3 MBD and 2017 just as strong
- **SUN is well positioned to capitalize on sector opportunities**
  - Scale: Over 8 billion gallons a year
    - Purchase the majority of fuel at bulk and sell at branded prices
  - Brand Power and Options: Continue to sign up new Sunoco-branded dealers and distributors
    - Also one of largest distributors of Exxon, Chevron and Valero brands in U.S.
- **Focus on fuel distribution makes SUN a compelling investment in a rising, flat or declining fuel demand environment**
  - Rising
    - Higher fuel demand equates to more gallons sold and more opportunities
  - Flat or Declining
    - Growing excess of U.S. refining capacity provides support for fuel distribution...we are short in a long market
    - Fragmentation provides synergetic acquisition opportunities and allows SUN to further increase our market share

# 3 PORTFOLIO OF STABLE INCOME STREAMS



## Portfolio of Diversified Channels

- 7-Eleven: 15-year take or pay
- Dealers
- Commission agents
- Distributors
- Commercial accounts
- Transmix operations
- Terminals
- Other fuel sales (Aloha, turnpikes)



Fuel margins<sup>(1)</sup> show stability over the past ~3 years

## Rental Income

- SUN leases, or subleases, locations to third-party operators
- Stable, long-term income

## Other Income

- Includes merchandise income, franchise revenue, credit card services, and ethanol processing

(1) Adjusted for impact of final terms of retail divestiture and the West Texas commission agent arrangement

# LEAN CAPITAL AND EXPENSE STRUCTURE WITH A DISCIPLINED FINANCIAL STRATEGY

Maintain Disciplined Leverage Profile	Distribution Coverage	Balanced Financing Strategy	Capital And Overhead Light Model	Liquidity
<p>Target ~4.5x – 4.75x Leverage Ratio</p>	<p>Target ~1.1x Distribution Coverage</p>	<p>Invest In Projects That Support Leverage And Coverage Targets</p>	<p>Maintain Cost Efficient Model Through Growth</p>	<p>Maintain Credit Facility Availability And Secured Capacity</p>
<ul style="list-style-type: none"> <li>• Expect leverage to reach target range in 2018</li> <li>• Maintain leverage within the target range on a go forward basis</li> </ul>	<ul style="list-style-type: none"> <li>• Expect to maintain current distribution level on a go forward basis</li> </ul>	<ul style="list-style-type: none"> <li>• Projects evaluated using a ~50/50 capital structure</li> <li>• Investments must be NPV positive and accretive to distributable cash flow while maintaining leverage</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance capital requirements reduced by ~50% for 2018</li> <li>• G&amp;A costs reduced by ~50% for 2018</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced reliance on secured debt provides greater financing flexibility</li> <li>• Monitor credit facility capacity and access to capital markets</li> </ul>



# 5 RUNWAY OF DIVERSIFIED GROWTH

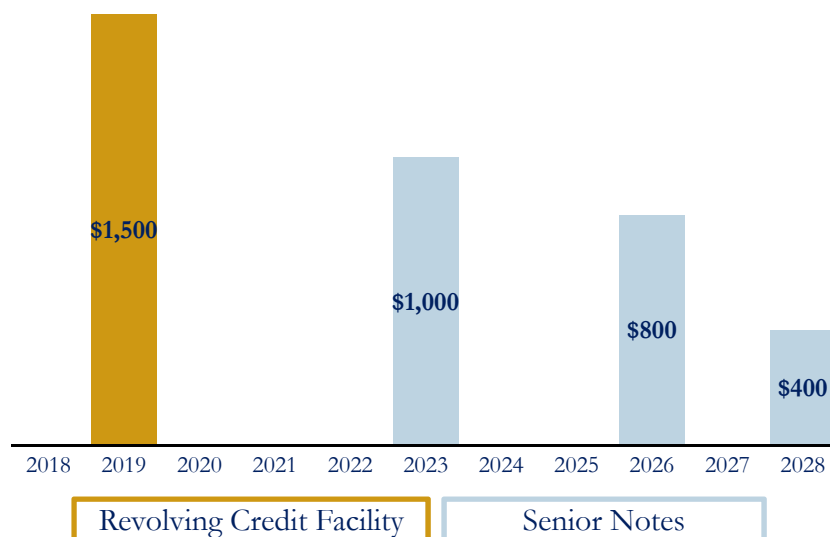
<p align="center"><b>Grow Core Fuels Logistics And Distribution Business</b></p>	<p align="center"><b>Manage Organic Growth</b></p>	<p align="center"><b>Expand Into Adjacent Sectors</b></p>
<ul style="list-style-type: none"> <li>• Consolidation opportunities in a highly fragmented sector</li> <li>• The sector trades at reasonable acquisition multiples</li> <li>• Leverage scale to quickly realize material synergies</li> <li>• Utilize multi-channel strategy to optimize returns on acquired assets</li> </ul>	<ul style="list-style-type: none"> <li>• Obtain incremental business from existing customers</li> <li>• Leverage Sunoco brand as well as other major fuel brands to sign up new customers</li> </ul>	<ul style="list-style-type: none"> <li>• Diversify into adjacent sectors to drive further income stability</li> <li>• Capitalize on current large fuel distribution business to realize synergies through acquisition of logistics assets (e.g., product terminals)</li> </ul>

A long runway of growth while maintaining a disciplined financial strategy within our coverage and leverage targets

# LIQUIDITY AND CAPITAL STRUCTURE

## Pro Forma Maturity Profile<sup>(1)</sup>

(\$ in millions)



- Strong liquidity position: \$1.5 billion of undrawn commitments under revolving credit facility
- January 2018 refinancing activity strengthened balance sheet
  - Extended maturity profile by 4 years and lowered cost of fixed rate debt by almost 100 basis points
- Reduced variable rate and secured debt
- Strengthened credit profile reflected in recent credit ratings upgrades by S&P and Fitch

	Maturity	Balance <sup>(1)</sup>	As of 2/23/18	
			Current Bid	Yield to Worst
\$1.5bn Revolver	Sep-19	\$0		
Other Debt <sup>(2)</sup>	-	116		
<b>Total Secured Debt</b>		<b>\$116</b>		
4.875% Senior Notes	Jan-23	1,000	99.62	4.96%
5.500% Senior Notes	Feb-26	800	100.65	5.35%
5.875% Senior Notes	Mar-28	400	101.06	5.70%
<b>Total Debt</b>		<b>\$2,316</b>		
(Less) Cash and Cash Equivalents		(28)		
<b>Net Debt</b>		<b>\$2,288</b>		
Market Capitalization as of close on February 23, 2018		2,514		
<b>Enterprise Value</b>		<b>\$4,802</b>		

(1) Reflects Revolving Credit Facility 2019 maturity balance of \$0 as of January 31, 2018 after proceeds from the retail divestiture were used to repay all outstanding borrowings under the Revolving Credit Facility; excludes \$9 million in standby letters of credit outstanding; pro forma maturity schedule of the Senior Notes issued in a private offering completed on January 23, 2018; and cash balance as of December 31, 2017

(2) Reflects continuing operations other debt balance as of December 31, 2017