

# ***SUNOCO***LP

## INVESTOR PRESENTATION



May 2017

# FORWARD-LOOKING STATEMENTS AND NON-GAAP MEASURES

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, statements regarding SUN’s proposed sale of a majority of its convenience store locations to 7-Eleven, Inc. (the “Retail Divestment”), 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. The following factors, among others, could cause actual results and events to differ materially from those expressed or implied in the forward-looking statements we make in this presentation: (1) the occurrence of any event, change or other circumstances that could give rise to the termination of the asset purchase agreement; (2) the inability to complete the Retail Divestment in a timely manner or at all, including due to the failure to obtain necessary regulatory approvals required to complete the transactions contemplated by the asset purchase agreement; (3) the risk of not fully realizing expected synergies in the timeframe expected or at all; (4) the risk that the proposed Retail Divestment disrupts current plans and operations, increases operating costs, results in management distraction and the potential difficulties in maintaining relationships with customers, suppliers and other third parties and employee retention as a result of the announcement and consummation of such transactions; (5) the outcome of any legal proceedings instituted against the company following announcement of the Retail Divestment and transactions contemplated thereby; and (6) the possibility that we may not be able to complete the sale of the remaining company-operated retail assets in a timely manner, or at all.

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 2016 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).

This presentation 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.

## **Investor Relations Contact Information:**

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

Patrick Graham  
Senior Analyst, Investor Relations & Finance  
(214) 840-5678  
[patrick.graham@sunoco.com](mailto:patrick.graham@sunoco.com)

# OVERVIEW OF SUNOCO LP

**Sunoco LP (NYSE: SUN)** is a master limited partnership with retail and wholesale operations spanning more than 30 states, headquartered in Dallas, TX and a part of the Energy Transfer family of companies

## Retail Segment

- Retail operations at ~1,355 locations
- Retail gallons of 2.5 billion sold in 2016
- Merchandise sales of \$2.3 billion in 2016
- ~480 Laredo Taco Company locations

## Wholesale Segment

- ~7,825 dealers, distributors and commercial customers
- Distributed 5.3 billion gallons of third party wholesale fuel during 2016

## Geographic and channel diversity



# SUN OFFERS COMPELLING INVESTMENT HIGHLIGHTS

## Leading Position in Attractive Industry

- SUN owns and represents some of the most iconic brands in the motor fuels industry
  - Sunoco is the only non-refiner wholesaler with its own fuel brand
  - The NASCAR partnership extends Sunoco's reach far beyond the current operating geography
- Continue to leverage volume growth and relationships with fuel suppliers to provide attractive motor fuel pricing to customers

## Strong Track Record of Stable Cash Flows

- Fuel margins have been resilient across numerous economic and commodity cycles
- Long-term fee-based wholesale motor fuel distribution provides stable cash flows for the partnership

## Diversified Business and Geography Mitigate Risk and Volatility

- Diversified sales channels, long-term fee-based contracts and significant real estate holdings provide a wide mix of revenue sources and provide an attractive business risk profile
- SUN has increased its presence into more than 30 states and diversified geographically

## Experienced Management Team and Supportive Parent

- SUN's senior management team has an average of 25 years of experience and an established history of integrating operations from acquisitions
- ETE and ETP own an approximate 46% limited partner interest, while ETE owns SUN's general partner, Series A Preferred units and receives incentive distribution rights

# HISTORY OF THE PARTNERSHIP

**1920:**

Sunoco opened its first service station in PA



**2012:**

Susser Petroleum Partners (SUSP) goes public as the first pure play fuel distribution master limited partnership

**2014:**

Susser Holdings Corp acquired by ETP

**2014:**

SUN is relisted on the NYSE

**1920s**

**2012**

**2014**

**2017**

**1925:**

Sunoco becomes listed on the NYSE

**2004:**

Sunoco becomes the official fuel of NASCAR

**2012:**

Sunoco acquired by ETP

**2016:**

Drop-down process completed – all retail and wholesale assets reside in SUN



**1930s:**

Susser started operations in Corpus Christi, TX

**2006:**

Susser Holdings Corp (SUSS) initial public offering



**2017:**

SUN announces strategic divestiture of company-operated convenience stores in the continental United States

**Today, SUN spans more than 30 states from Maine to Hawaii and operates in different channels of trade including Retail, Wholesale, Storage and Production**



# OVER \$700 MILLION OF DIVERSIFIED M&A SINCE DECEMBER 2014

## Retail Acquisitions

### Pico Petroleum

Acquired April 2015

8 c-stores

South Central, Texas

### Aziz Quick Stops

Acquired July 2015

27 c-stores

Hidalgo County, Texas

### Hawaii Sites

Acquired October 2015

6 c-stores, 2 quick serve restaurants

Hawaii

### Valentine Stores

Acquired June 2016

18 c-stores, 9 quick serve restaurants and underlying real estate

20 million gallons per year

Upstate New York

## Wholesale Acquisition

### Northeast Distributor

Acquired December 2015 from Alta East, Inc.

30 third party dealers and underlying real estate

55 million gallons per year of branded and unbranded fuel

Upstate New York

## Hybrid Acquisitions

### Rattlers Stores & Kolkhorst Petroleum

Acquired June 2016

14 c-stores and 38 third party sites

46 million gallons per year

Operations in greater Austin, Houston and Waco markets

### Denny Oil

Acquired October 2016

6 c-stores and 134 third party sites

91 million gallons per year from retail, third party dealer and commercial businesses

East Texas and Louisiana

## Midstream Acquisitions

### Aloha Petroleum

Acquired December 2014

44 c-stores and 50 third party sites

6 terminals

Hawaii-based

### Fuels Business

Acquired August 2016 from Emerge Energy Services, LP (NYSE: EMES)

2 transmix processing plants, both with attached storage facilities and a wholesale fuels business

Beachhead for future SUN diversification through addition of qualified midstream income

Birmingham and Dallas-Fort Worth Metroplex

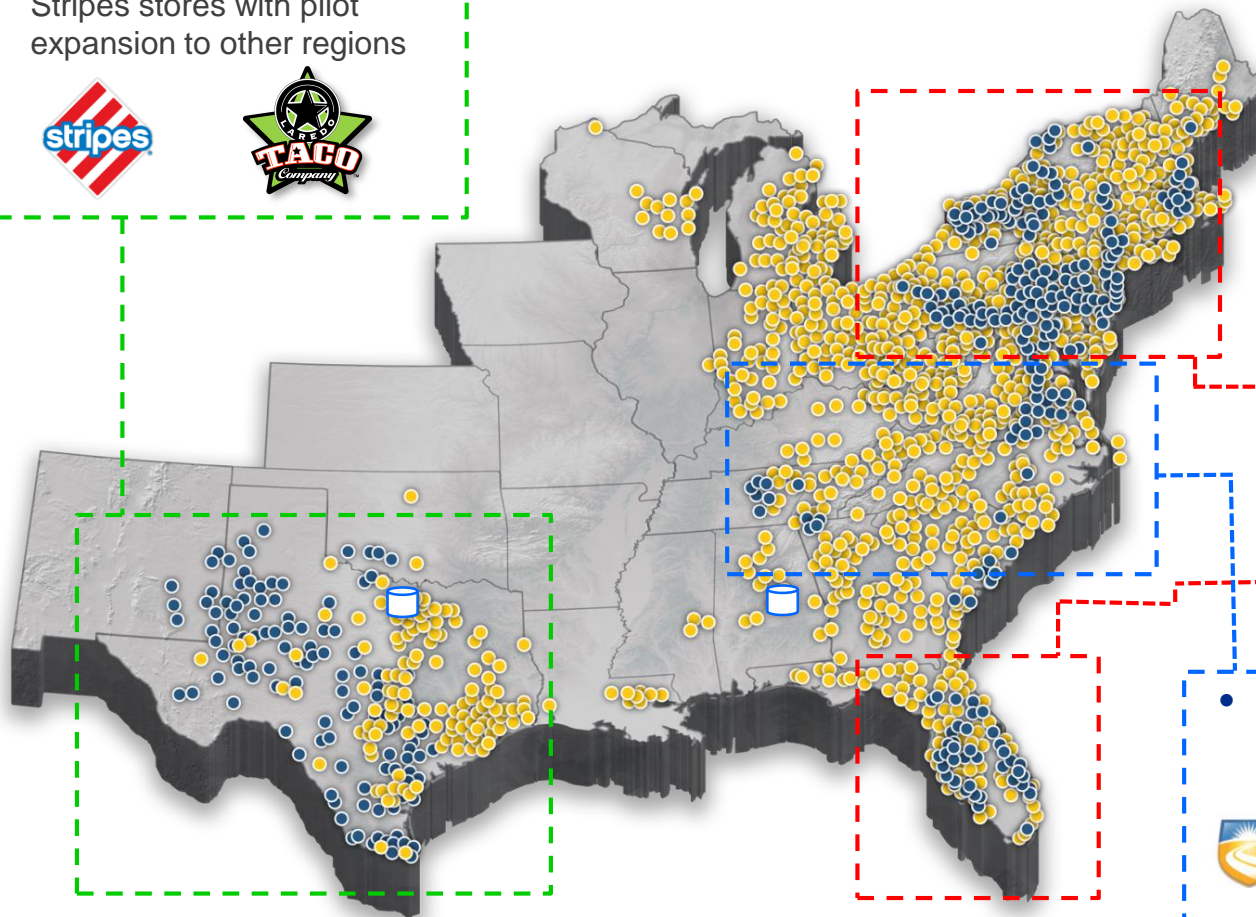
SUN's balanced acquisition activity has diversified income streams

# SUN'S BUSINESS HAS SIGNIFICANT OPERATING & GEOGRAPHIC DIVERSITY

- ~750 Stripes locations
- ~480 Laredo Taco locations in Stripes stores with pilot expansion to other regions



## Mainland U.S. Locations



- ~450 locations along the East Coast and Mid-Atlantic regions
  - Generally, higher real estate cost and higher fuel margins



- ~110 retail locations in Virginia, Maryland, Tennessee and Georgia



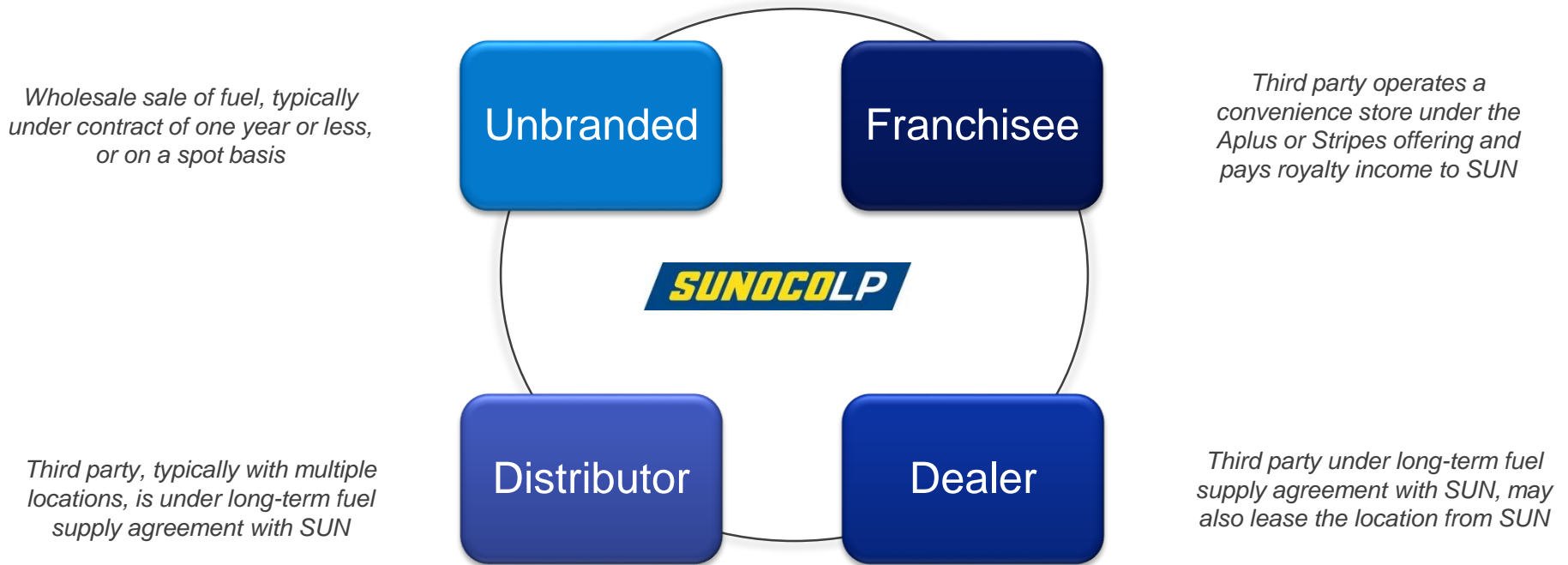
● Company Operated

● Dealer / Distributor Operated

□ SUN Transmix / Terminal facility

# MULTI-CHANNEL WHOLESALE OPERATIONS

**SUN supplies nearly 8 billion gallons annually to all customers**

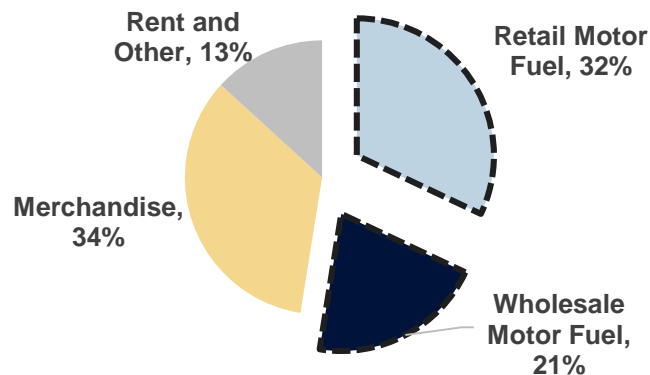


**SUN's multi-channel operation allows for participation throughout the motor fuel value chain making the partnership a unique and powerful platform**



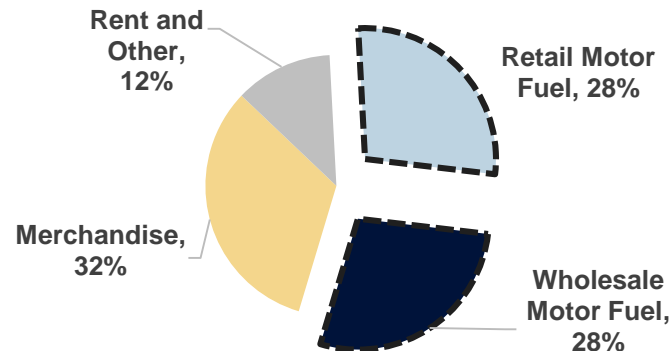
# FINANCIAL AND OPERATIONAL METRICS

**Full Year 2015  
Gross Profit**



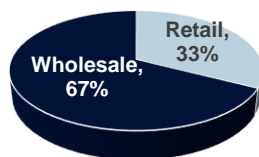
Total = \$1,984 million

**Full Year 2016  
Gross Profit**



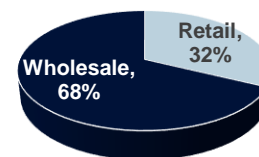
Total = \$2,219 million

**Full Year 2015  
Gallons Sold**



Total = 7,642 million gallons

**Full Year 2016  
Gallons Sold**

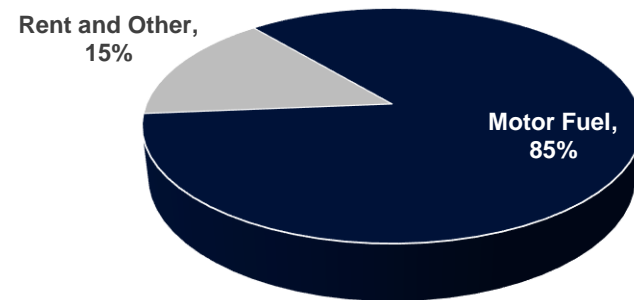


Total = 7,805 million gallons

# WHOLESALE SEGMENT OVERVIEW

- **Wholesale operates through 7,825 customers** along the East Coast, the Southwest and Hawaii
  - ~5,660 wholesale locations, consisting of independent dealers or distributors
  - ~2,165 commercial customers, including unbranded stores and commercial customers
- The wholesale segment represents locations where SUN supplies fuel to a third party dealer or distributor under long-term supply agreements or commercial customers on a short-term or spot basis
- Over 65% of wholesale gallons are Sunoco branded, another 18% of wholesale gallons are unbranded
- SUN may also lease or sublease locations to third party operators
- The wholesale segment also includes supply & trading, race fuel manufacturing, transmix production and SUN's terminals
  - SUN operates terminals in Hawaii (6), Birmingham, AL (1) and the Dallas-Fort Worth Metroplex (1)

**Full Year 2016  
Gross Profit**



**2016 Highlights**

Gallons Sold	5.3 billion
CPG Margin	9.8

# BRAND PORTFOLIO WITH POWERFUL REACH AND STRENGTH



- Sunoco ranks in the top 50 U.S. brands in both familiarity and favorability <sup>(1)</sup>
  - Second among only two fuel brands in the top 100
  - Unique sponsorships provide a powerful growth platform
    - Official fuel of NASCAR
    - Official fuel of NHRA
    - Official Fuel of over 500 American race tracks, including the Indianapolis Motor Speedway
    - Largest manufacturer of racing gasoline in the world
  - Growing Grocery Store Partnerships
- Sunoco has a significant presence on major turnpikes and tollroads from New York through Indiana

For more than 125 years, the Sunoco brand has been synonymous with quality and performance

# SUN LIQUIDITY AND CAPITAL STRUCTURE

(\$ in Millions)

	As Reported 12/31/16	As Reported 3/31/17
Revolver Capacity	\$1,500	\$1,500
Less: Total Borrowings	(\$1,000)	(\$761)
Less: Letters of Credit Outstanding	(\$22)	(\$21)
<b>Total Liquidity <sup>(1)</sup></b>	<b>\$477</b>	<b>\$718</b>
Revolver Size	\$1,500	\$1,500
Revolver Utilization <sup>(2)</sup>	69%	51%

- ~\$240 million increase in liquidity from Q4 2016 to Q1 2017 largely driven by debt repayment from Preferred Equity Offering proceeds

	Maturity	Ratings <sup>(3)</sup>		Balance as of 3/31/2017	As of 5/4/17	
		Corporate Mdy's/S&P	Facility/Issue Mdy's/S&P		Current Bid	Yield to Worst
\$1.5bn Revolver	Sep-19	Ba3/BB-	NR/BB	761.0		
\$2.035bn Term Loan A	Oct-19	Ba3/BB-	NR/BB	1,243.0		
Other Debt	-	Ba3/BB-	-	140.1		
<b>Total Secured Debt</b>				<b>\$ 2,144.2</b>		
5.500% Senior Notes	Aug-20	Ba3/BB-	B1/B+	600.0	103.433	2.38%
6.250% Senior Notes	Apr-21	Ba3/BB-	B1/B+	800.0	104.836	4.22%
6.375% Senior Notes	Apr-23	Ba3/BB-	B1/B+	800.0	106.380	4.32%
<b>Total Debt</b>				<b>\$ 4,344.2</b>		
Market Capitalization as of March 31, 2017				2,403.7		
<b>Enterprise Value</b>				<b>\$ 6,747.9</b>		

(1) Excludes cash reported on balance sheet

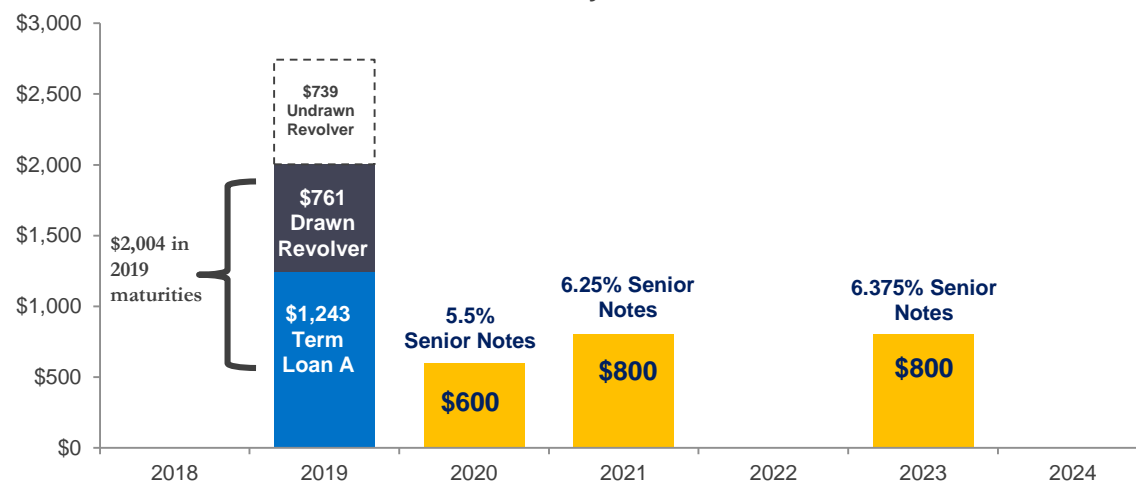
(2) Balance of outstanding standby letters of credit included in revolver utilization %

(3) Credit Ratings Outlook: Moody's: Stable | S&P: Negative

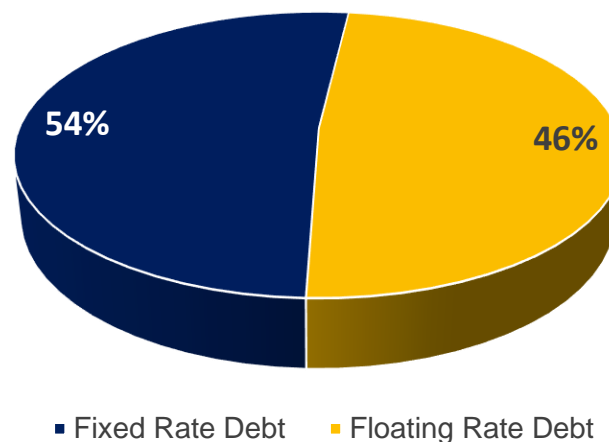
# DEBT MATURITY & INTEREST RATE EXPOSURE

(\$ in Millions)

Debt Maturity Schedule



Current Interest Rate Exposure



- Debt maturity schedule has no current maturities through 2018
- 54% fixed versus 46% floating interest rate profile
  - *Weight will shift more towards fixed as SUN repays Term Loan A with proceeds from retail asset divestiture*
- Average debt maturity: 4 Years
- Weighted average interest rate: 5.1%



# FULL YEAR | QUARTERLY HIGHLIGHTS AND OPERATING PERFORMANCE

- **March 31, 2016:** Completed the final drop-down from Energy Transfer Partners (NYSE: ETP)
  - All retail and wholesale marketing assets now reside at SUN
- **August 31, 2016:** Completed the acquisition of the Fuels Business from Emerge Energy Services (NYSE: EMES)
  - A beachhead into storage in the mainland United States

	Full Year 2016	Full Year 2015	1Q 2017	1Q 2016
<b>Gallons Sold (millions)</b>				
Retail	2,517	2,488	595	608
Wholesale	5,288	5,154	1,313	1,233
Total Gallons	7,805	7,642	1,908	1,841
<b>Motor Fuel Gross Profit (cents / gallon)</b>				
Retail	24.0	26.4	23.1	21.3
Wholesale	9.8	9.4	10.6	11.4
Volume-Weighted Average	14.4	14.9	14.5	14.7
<b>Merchandise (\$MM)</b>				
Sales	2,272	2,178	540	524
Margin	719	680	170	166
Margin %	31.6%	31.2%	31.6%	31.7%
<b>Adjusted EBITDA (\$MM)</b>	665	715	155	159
<b>Distributable Cash Flow (\$MM)</b>	390	272	77	112



**SUNOCO**LP

APPENDIX

APPENDIX

FUELING VICTORIES

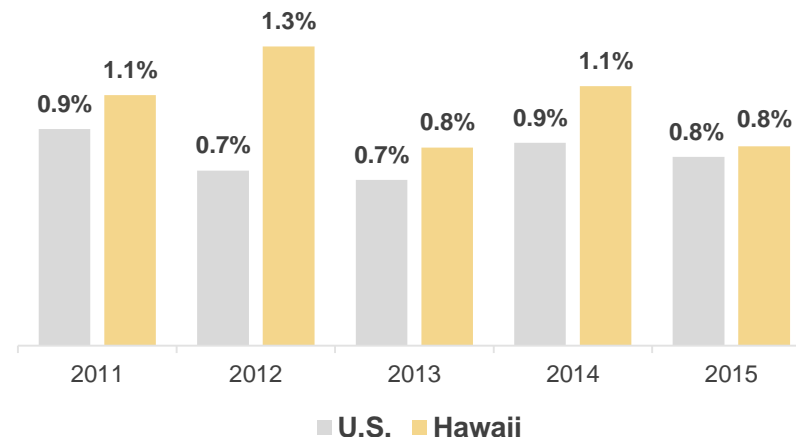
# HAWAII OPERATIONS: ALOHA PETROLEUM, LTD.

- Aloha operates a unique integrated business model in the State of Hawaii, comprised of three core businesses and an attractive portfolio of real estate:
  - Retail: ~50 Company-operated retail fuel locations including 40 C-stores under proprietary Aloha Island Mart brand
  - ~50 Wholesale fuel locations; fleet of 27 tanker trucks and trailers
  - Fuel Terminals: Six fuel terminals across the islands, connected to both major ports and refineries with storage capacity over 1 million barrels
- Aloha is the leading gasoline distributor in Hawaii and one of the leading convenience store operators with presence across the four main islands
- Owner of the Dunkin Donuts franchise in the state of Hawaii
- Regularly ranked as one of the top employers in the state

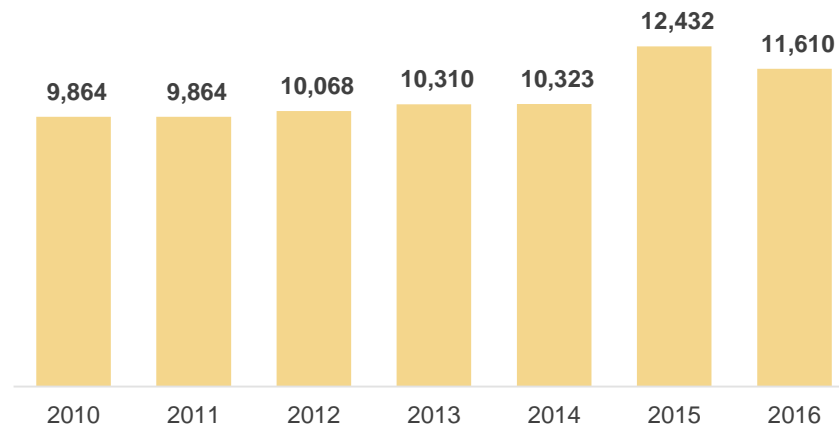


● Company Operated    
 ● Dealer / Distributor Operated    
 ■ SUN Terminals

## Population Growth Outpacing U.S. Total



## Vehicle Miles Traveled Growth



# REAL ESTATE PORTFOLIO SUMMARY AS OF 3/31/2017

	Fee	Leased	Total
<b>Retail</b>	864	490	1,354
<b>Wholesale</b>	473	219	692
<b>Terminal</b>	5	3	8
<b>Total <sup>(1)</sup></b>	1,342	712	2,054

(1) Excludes warehouses, offices, and other facilities that fall outside of the standard "retail", "wholesale" and "terminal" categories

# RECONCILIATION OF ADJUSTED EBITDA TO NET INCOME

(\$ in millions)

	Fiscal Year Ended,		Three Months Ended,	
	December 31, 2016	December 31, 2015	March 31, 2017	March 31, 2016
Net income (loss)	\$ (406)	\$ 194	\$ 1	\$ 62
Depreciation, amortization and accretion	319	278	87	78
Interest expense, net	189	88	64	28
Income tax expense	(31)	52	(17)	2
<b>EBITDA</b>	<b>71</b>	<b>612</b>	<b>135</b>	<b>170</b>
Non-cash unit based compensation	13	8	4	3
Loss (gain) on disposal of assets and impairment charges	680	(1)	7	1
Unrealized gains on commodity derivatives	5	2	(5)	(3)
Inventory fair value adjustments	(104)	98	14	(12)
<b>Adjusted EBITDA</b>	<b>\$ 665</b>	<b>\$ 719</b>	<b>\$ 155</b>	<b>\$ 159</b>
EBITDA attributable to non-controlling interest	-	4	-	-
<b>Adjusted EBITDA attributable to Sunoco LP</b>	<b>\$ 665</b>	<b>\$ 715</b>	<b>\$ 155</b>	<b>\$ 159</b>



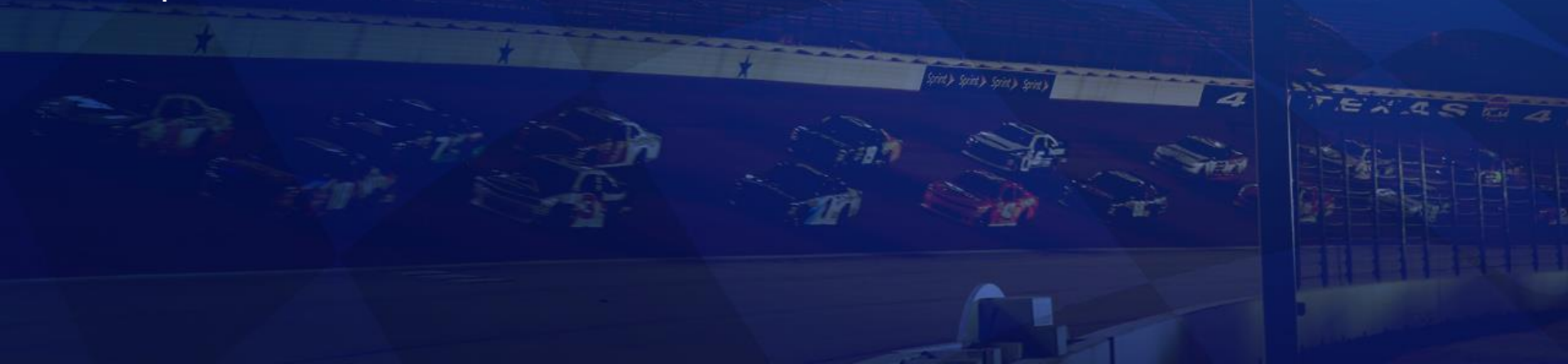
# ***SUNOCO*LP**

INVESTOR CONFERENCE CALL

## DIVESTITURE OF RETAIL OPERATIONS IN CONTINENTAL U.S.



April 6, 2017



# DEAL TERMS OVERVIEW

- Sunoco LP (“SUN”) entered into a definitive agreement to sell approximately 1,110 convenience stores to 7-Eleven, Inc. (“7-Eleven”) for a purchase price of \$3.3 billion in cash, plus fuel, merchandise, supplies and other inventories at close
- Assets divested: Approximately 1,110 convenience stores in 19 regions mainly along the East Coast and in Texas
  - Includes trademarks and intellectual property of the Laredo Taco Company and Stripes
  - Excludes APlus trade name
  - **Excludes** approximately 200 convenience stores in North and West Texas, New Mexico and Oklahoma
    - Aloha Petroleum will remain a part of Sunoco
    - No impact to APlus franchisee-operated stores
- Existing retail gallons will be supplied to 7-Eleven through a long-term, fixed-rate take-or-pay fuel supply agreement. The agreement will have required growth components to deliver expanding volumes in future years
  - Structured around base volumes of 2.2 billion gallons per year
  - Provides for committed growth of a half a billion gallons over the first four years with a focus on continuing to build a long-term strategic partnership
  - Maintains Sunoco branded fuel at all current Sunoco branded locations
- Estimated completion: By Q4 2017, subject to regulatory clearances and closing conditions
- Use of proceeds: Debt repayment and general partnership purposes

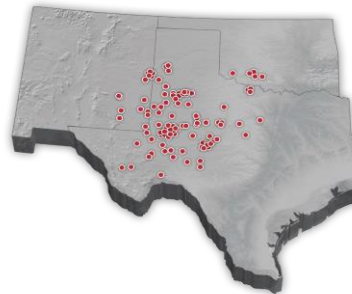
# FIRST STEP IN STRATEGIC DECISION TO DIVEST CONVENIENCE STORES IN CONTINENTAL U.S.

- 7-Eleven is a logical buyer of majority of SUN's retail assets in the continental U.S.
- SUN has retained J.P. Morgan to market the remaining convenience stores in the continental U.S., including assets in North and West Texas, New Mexico and Oklahoma
- Aloha Petroleum continues as a highly-efficient, integrated, standalone operation within SUN

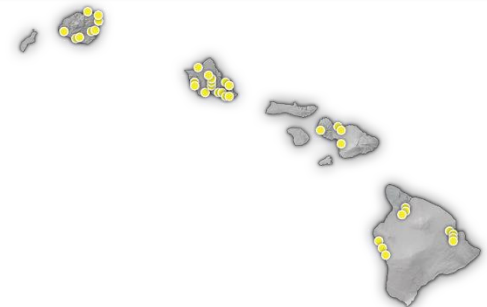
## Convenience Stores Sold To 7-Eleven



## Convenience Stores To Be Sold



## Convenience Stores To Be Retained



### Convenience Stores

To Be Sold	
West Texas/New Mexico	182
Oklahoma/North Texas	25
Subtotal	207

To Be Retained	
Hawaii	54

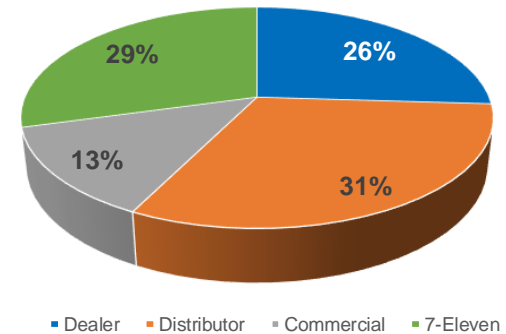
Pivotal first step in transformation to a premier nationwide fuel supplier

# FINISHED PRODUCT COMPANY WITHIN THE ENERGY TRANSFER FAMILY

## Highlights of the Wholesale Business

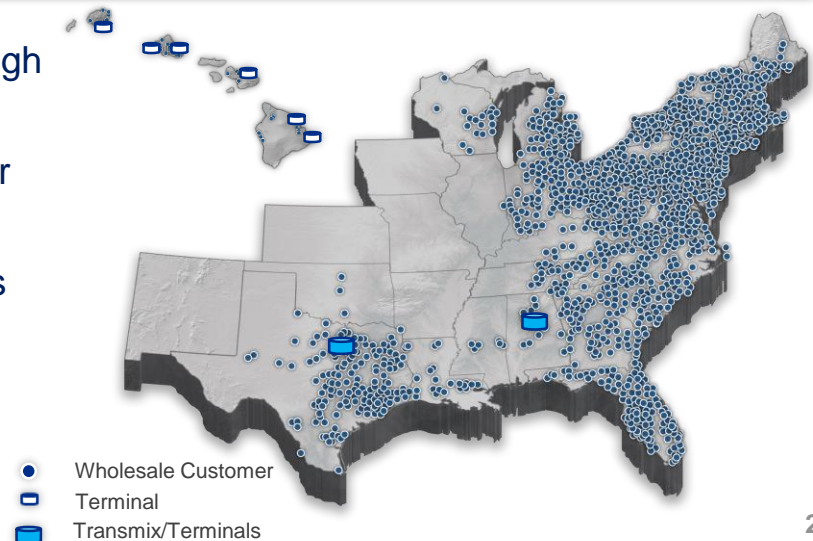
- Limited direct commodity risk given fixed-fee nature
- Long-term contracts with blue-chip counterparties provide enhanced and stable cash flows
- Reliability of supply
- Less capital intensive business model
- Economies of scale

Pro Forma Wholesale Volume by Channel



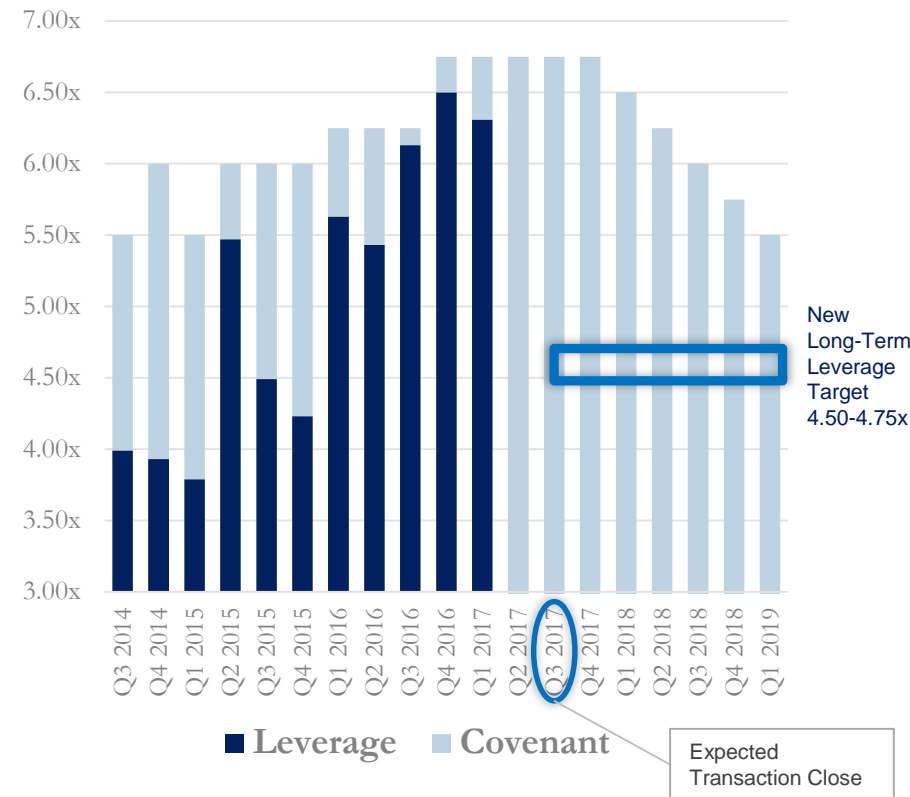
## Attractiveness of SUN Iconic Fuel Brand And Growth Opportunities

- Third parties are attracted to the Sunoco brand through the NASCAR partnership
- Optionality of brands – SUN is also a large distributor of Exxon, Chevron and Valero fuel brands
- SUN will look to grow its existing wholesale channels targeting its core markets as well as seeking opportunities to diversify geographically in qualifying businesses



# IMPROVED FINANCIAL STATE WITH NEW LONG-TERM LEVERAGE TARGET

- Transaction proceeds will allow SUN to reduce leverage, placing it within a range of 4.50-4.75x, and to target a long-term distribution coverage ratio of 1.1x
  - Year 1 will be impacted by transaction-related expenses
- Capital-light model, relative to retail, reduces capital needs overall by ~50% of 2017 guidance of ~\$290 million
- Simplified business model further reduces costs beyond the previously stated goal of ~\$75 million
- SUN will target funding M&A and growth capital through a 50% debt and 50% equity combination

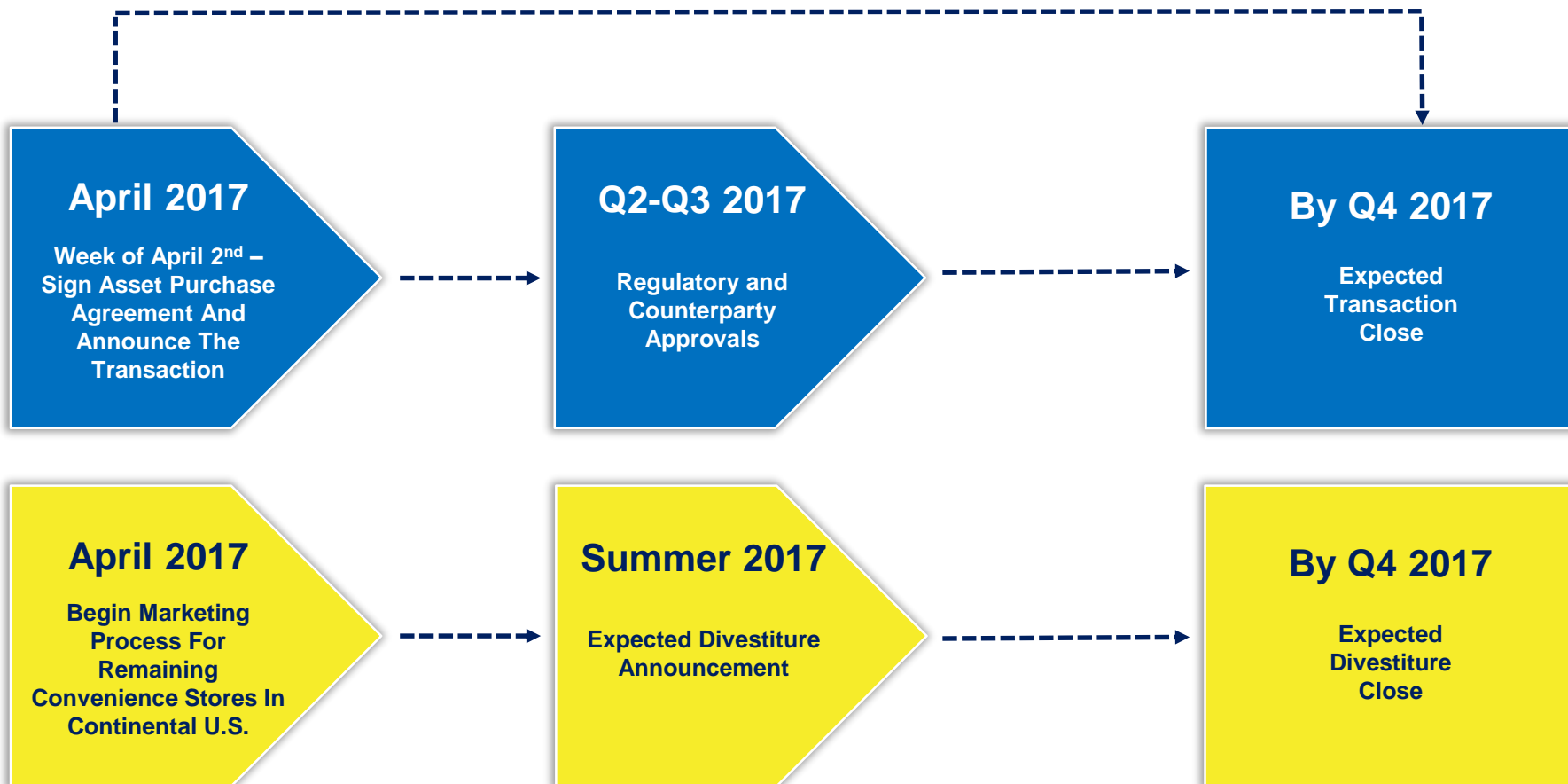


**Leverage position improves substantially with sale;  
Focus turns to right-sizing cost structure combined with opportunistic M&A along  
with high-return organic growth**



# ILLUSTRATIVE TIMING AND STEPS

Expected Timing From Announcement To Closing: 3 – 6 Months



By year end, SUN will be a focused, MLP qualifying business