

# [***Phillips 66 Announces 2021 Capital Program; Commitment to Disciplined Capital Allocation***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:61HG-WRR1-JBG1-825H-00000-00&context=1516831)

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**Body**

Phillips 66 (NYSE: PSX), a diversified energy manufacturing and logistics company, announces its 2021 capital budget of $1.7 billion, which includes $0.3 billion at Phillips 66 Partners.

"Our 2021 capital budget is supported by our diversified portfolio, strong financial position and capital discipline," said Greg Garland, chairman and CEO of Phillips 66. "We continue to focus on reducing capital expenditures as market conditions remain challenged. We are prioritizing completion of in-progress projects, as well as advancing our investments in renewable fuels. Phillips 66 is committed to financial flexibility, enabled by our balance sheet and strong investment grade credit ratings. We continue to execute our strategy with a focus on disciplined capital allocation and long-term value creation for our shareholders, including a secure, competitive, growing dividend."

In Midstream, the company plans to invest $610 million, including $300 million of Phillips 66 Partners adjusted capital spending. The budget is directed toward completing near-term committed and optimization projects, focusing on pipeline operations and progressing construction of Sweeny Frac 4 and the C2G Pipeline. In addition, the Midstream budget includes sustaining capital to enhance asset integrity and reliability.

The Refining capital budget includes $521 million of sustaining capital for reliability, safety and environmental projects. The Refining budget will also include $255 million to fund high-return, quick-payout projects to enhance margins by improving clean product yields and reducing feedstock costs, as well as investments to competitively position the company for a lower carbon future. The Refining budget includes pre-construction engineering and design costs related to the company's plans to reconfigure its San Francisco Refinery in Rodeo, California, to produce renewable fuels. Upon expected completion in early 2024, the facility would have over 50,000 barrels per day, or 800 million gallons per year, of renewable fuel production capacity, making it one of the world's largest facilities of its kind. The conversion is expected to reduce the facility's greenhouse gas ***emissions*** by 50% and help California meet its low carbon objectives.

The Marketing and Specialties budget primarily reflects the development and improvement of our international retail sites.

The Corporate and Other capital budget will primarily fund digital transformation projects.

Phillips 66's proportionate share of capital spending by joint ventures Chevron Phillips Chemical Company LLC (CPChem), WRB Refining LP (WRB) and DCP Midstream, LLC (DCP Midstream) is expected to be $707 million. Capital spending by CPChem and DCP Midstream is expected to be self-funded.

CPChem's growth capital will fund expansion of its normal alpha olefins production, optimization and debottleneck opportunities in the olefins and polyolefins chains, as well as continuing development of world-scale petrochemicals projects in the U.S. Gulf Coast and Qatar.

WRB's capital spending will be directed to sustaining projects, crude flexibility and distillate yield enhancement.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Millions of Dollars | | | | | |
|  |  | Sustaining | |  | Growth |  | Capital |
|  |  | Capital | |  | Capital |  | Program |
| Adjusted Capital Program1 |  |  | |  |  |  |  |
| Midstream |  |  | |  |  |  |  |
| Phillips 66 |  | $ | 160 |  | 150 |  | 310 |
| Phillips 66 Partners1 |  |  | 135 |  | 165 |  | 300 |
|  |  |  | 295 |  | 315 |  | 610 |
| Chemicals |  |  | - |  | - |  | - |
| Refining |  |  | 521 |  | 255 |  | 776 |
| Marketing and Specialties |  |  | 65 |  | 51 |  | 116 |
| Corporate and Other2 |  |  | 166 |  | - |  | 166 |
| Phillips 66 Consolidated3 |  |  | 1,047 |  | 621 |  | 1,668 |
|  |  |  | |  |  |  |  |
| DCP Midstream |  |  | 30 |  | 25 |  | 55 |
| CPChem |  |  | 196 |  | 214 |  | 410 |
| WRB |  |  | 84 |  | 158 |  | 242 |
| Selected Equity Affiliates |  |  | 310 |  | 397 |  | 707 |
|  |  |  | |  |  |  |  |
| Total Adjusted Capital Program |  | $ | 1,357 |  | 1,018 |  | 2,375 |
| 1) - Phillips 66 Partners adjusted capital spending excludes $5 million of growth capital expected to be cash funded by joint venture partners. | | | | | | | |
| 2) - Excludes non-cash finance leases of $32 million. | | | | | | | |
| 3) - Total consolidated capital spending inclusive of cash funded by joint venture partners is expected to be $1,673 million in 2021. | | | | | | | |

About Phillips 66

Phillips 66 is a diversified energy manufacturing and logistics company. With a portfolio of Midstream, Chemicals, Refining, and Marketing and Specialties businesses, the company processes, transports, stores and markets fuels and products globally. Phillips 66 Partners, the company's master limited partnership, is integral to the portfolio. Headquartered in Houston, the company has 14,500 employees committed to safety and operating excellence. Phillips 66 had $54 billion of assets as of Sept. 30, 2020. For more information, visit [*www.phillips66.com*](https://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.phillips66.com&esheet=52346702&newsitemid=20201214005096&lan=en-US&anchor=www.phillips66.com&index=1&md5=a0d8d25ff9cd32f9a3dd4c6e9fc13164) or follow us on Twitter [*@Phillips66Co*](https://cts.businesswire.com/ct/CT?id=smartlink&url=https%3A%2F%2Ftwitter.com%2FPhillips66Co&esheet=52346702&newsitemid=20201214005096&lan=en-US&anchor=%40Phillips66Co&index=2&md5=03a2de9acd84ec79e1f7159f6fb5f145) .

CAUTIONARY STATEMENT FOR THE PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This news release 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 news release 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.

Use of Non-GAAP Financial Information -This news release uses the terms "adjusted capital spending" and "adjusted capital program." These are non-GAAP financial measures that are derived by reducing the company's budgeted capital spending by that portion expected to be cash funded by joint venture partners, thereby demonstrating the amount of capital spending attributable to Phillips 66. The disaggregation of capital spending between sustaining and growth is not a distinction recognized under generally accepted accounting principles in the United States. The company provides such disaggregated information to demonstrate management's return expectations with respect to capital spending.

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