

PHILLIPS 66 NYSE-PSX										RECENT PRICE	77.82	P/E RATIO	21.1	(Trailing: 13.5 Median: NMF)	RELATIVE P/E RATIO	1.11	DIV'D YLD	3.4%	VALUE LINE								
TIMELINESS	3	Lowered 6/10/16								High:	54.3	77.3	88.0	94.1	90.9					Target Price	2019	2020	2021				
SAFETY	3	Lowered 12/5/14								Low:	28.8	50.1	64.0	57.3	71.7												
TECHNICAL	4	Lowered 8/26/16																									
BETA	1.30	(1.00 = Market)																									
2019-21 PROJECTIONS																											
	Price	Gain	Ann'l Total																								
High	125	(+60%)	15%																								
Low	85	(+10%)	6%																								
Insider Decisions																											
	O	N	D	J	F	M	A	M	J																		
to Buy	0	0	0	0	0	0	0	0	1																		
Options	0	2	0	7	0	0	0	0	3																		
to Sell	0	2	0	0	0	1	0	0	3																		
Institutional Decisions																											
	3Q2015	4Q2015	1Q2016																								
to Buy	422	501	478																								
to Sell	505	469	527																								
Hld's(000)	388750	374760	383936																								
				Percent	15																						
				shares	10																						
				traded	5																						
Phillips 66 was formed through a spin off from ConocoPhillips on April 30, 2012. Under the terms of the transaction, each ConocoPhillips shareholder received one share of Phillips 66 stock for every two shares of ConocoPhillips stock held at the close of business on the record date of April 16, 2012. Pursuant to the separation agreement with ConocoPhillips, the company made a special cash distribution to ConocoPhillips of \$5.95 billion.										2006	2007	2008	2009	2010	2011 <sup>D</sup>	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC 19-21					
										--	--	--	--	--	--	287.81	290.75	295.05	186.95	153.30	178.20	Sales per sh	260.00				
										--	--	--	--	--	--	8.08	7.81	9.24	10.02	5.65	8.10	"Cash Flow" per sh	11.30				
										--	--	--	--	--	--	6.48	5.92	7.10	7.73	3.30	5.45	Earnings per sh <sup>A</sup>	8.00				
										--	--	--	--	--	--	.45	1.33	1.89	2.18	2.45	2.67	Div'ds Decl'd per sh <sup>B</sup>	3.35				
										--	--	--	--	--	--	2.76	3.01	6.91	10.89	7.50	8.45	Cap'l Spending per sh	10.45				
										--	--	--	--	--	--	33.32	37.19	39.51	43.63	43.70	43.55	Book Value per sh	50.00				
										--	--	--	--	--	--	623.55	590.18	546.38	529.41	515.00	505.00	Common Shs Outst'g <sup>C</sup>	500.00				
										--	--	--	--	--	--	6.4	10.5	11.1	10.3	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	13.0				
										--	--	--	--	--	--	.41	.59	.58	.52			Relative P/E Ratio	.80				
										--	--	--	--	--	--	1.1%	2.1%	2.4%	2.7%			Avg Ann'l Div'd Yield	3.2%				
CAPITAL STRUCTURE as of 6/30/16										--	--	--	--	--	--	196088	179460	171596	161212	98975	78960	90000	Sales (\$mill)	130000			
Total Debt \$8862 mill. Due in 5 Yrs 2015 mill.										--	--	--	--	--	--	9.1%	10.7%	10.3%	12.0%	19.8%	10.5%	16.0%	Operating Margin	20.0%			
LT Debt \$7330 mill. LT Interest \$430 mill. (24% of Cap'l)										--	--	--	--	--	--	908.0	913.0	947.0	995.0	1078.0	1165	1275	Depreciation (\$mill)	1650			
										--	--	--	--	--	--	4775.0	4124.0	3665.0	4056.0	4227.0	1735	2805	Net Profit (\$mill)	4000			
Pension Assets-12/15 \$2765 mill. Oblig. \$3703 mill.										--	--	--	--	--	--	27.8%	37.7%	33.4%	28.8%	29.2%	30.0%	31.0%	Income Tax Rate	35.0%			
										--	--	--	--	--	--	2.4%	2.3%	2.1%	2.5%	4.3%	2.2%	3.1%	Net Profit Margin	3.1%			
Pfd Stock None										--	--	--	--	--	--	1564.0	5480.0	6306.0	5602.0	4725.0	5000	5500	Working Cap'l (\$mill)	6000			
										--	--	--	--	--	--	361.0	6961.0	6131.0	7842.0	8843.0	7330	7300	Long-Term Debt (\$mill)	9000			
Common Stock 522,849,327 shs.										--	--	--	--	--	--	23264	20775	21950	21590	23100	22500	22000	Shr. Equity (\$mill)	25000			
MARKET CAP: \$40.7 billion (Large Cap)										--	--	--	--	--	--	20.2%	15.3%	13.5%	14.2%	13.7%	6.5%	10.5%	Return on Total Cap'l	12.5%			
										--	--	--	--	--	--	20.5%	19.9%	16.7%	18.8%	18.3%	7.5%	13.0%	Return on Shr. Equity	16.0%			
										--	--	--	--	--	--	20.5%	18.5%	13.0%	13.9%	13.2%	2.0%	6.5%	Retained to Com Eq	9.5%			
CURRENT POSITION										2014	2015	6/30/16				--	--	--	--	--	--	--	All Div'ds to Net Prof	42%			
(SMILL.)																											
Cash Assets										5207	3074	2232															
Receivables										6306	4411	4610															
Inventory (LIFO)										3397	3477	3993															
Other										1786	1294	1808															
Current Assets										16696	12256	12643															
Accts Payable										7488	5155	6319															
Debt Due										842	44	1532															
Other										2764	2332	2549															
Current Liab.										11094	7531	10400															
ANNUAL RATES										Past	Past	Est'd '13-'15															
of change (per sh)										10 Yrs.	5 Yrs.	to '19-'21															
Sales										--	--	Nil															
"Cash Flow"										--	--	4.0%															
Earnings										--	--	2.5%															
Dividends										--	--	11.0%															
Book Value										--	--	4.0%															
Cal-	QUARTERLY SALES (\$ mill.)					Full																					
endar	Mar.31	Jun.30	Sep.30	Dec.31		Year																					
2013	41211	43190	44146	43049		171596																					
2014	40283	45549	40417	34963		161212																					
2015	22778	28512	25792	21893		98975																					
2016	17409	21849	20000	19702		78960																					
2017	20000	26000	23000	21000		90000																					
Cal-	EARNINGS PER SHARE <sup>A</sup>					Full																					
endar	Mar.31	Jun.30	Sep.30	Dec.31		Year																					
2013	2.21	1.51	.85	1.34		5.92																					
2014	1.47	1.51	2.09	2.05		7.10																					
2015	1.79	1.84	2.90	1.20		7.73																					
2016	.72	.93	.90	.75		3.30																					
2017	1.10	1.55	1.78	1.02		5.45																					
Cal-	QUARTERLY DIVIDENDS PAID <sup>B</sup>					Full																					
endar	Mar.31	Jun.30	Sep.30	Dec.31		Year																					
2012	--	--	.20	.25		.45																					
2013	.313	.313	.313	.39		1.33																					
2014	.39	.50	.50	.50		1.89																					
2015	.50	.56	.56	.56		2.18																					
2016	.56	.63	.63																								
BUSINESS: Phillips 66 is a downstream energy company comprised of four units. The Refining division owns or has a stake in 14 refineries with a net crude oil capacity of 2.2 million barrels per day. The Marketing and Specialties segment includes wholesale and retail fuel marketing and power generation businesses. The Midstream unit holds a 50% interest in DCP Midstream, one of the big-										gest natural gas gatherers and processors in the U.S. Lastly, the Chemicals division consists of a 50% stake in Chevron Phillips Chemical, a top producer of olefins and polyolefins. Had an IPO for Phillips 66 Partners in 2013 (Phillips owns 73.7%). CEO: Greg C. Garland, Inc.: DE. Address: 2331 CityWest Blvd., Houston, TX 77042. Tel.: 281-293-6600. Internet: www.phillips66.com.																	
These are challenging days for Phillips 66. Indeed, through the first six months of 2016, earnings per share were \$1.65, relative to 2015's imposing tally of \$3.63. One detractor was the bread-and-butter Refining unit, given narrower market crack spreads (offset somewhat by higher volumes and lower controllable costs partly due to less turnaround activity). Moreover, results of the Chemicals division were constrained by diminished realized olefins and polyolefins margins, reflecting a drop in sales prices, plus decreased income from CPChem's SA&S (Specialties, Aromatics and Styrenics) equity affiliates. Elsewhere, the Marketing and Specialties unit was held back by a subpar showing from the lubricants segment, plus the absence of the deferred gain related to the sale of a power plant in Great Britain. But one bright spot for the Houston-headquartered company was the Midstream operation, which benefited from rising volumes within the transportation business.																											
We expect the bumpy ride to continue during the rest of this year. Consequently, 2016 share net may well plummet																											
over 55%, to \$3.30. Turning to next year, though, a partial recovery seems plausible, possibly to \$5.45 a share. That's assuming refining margins are better. Support should also be provided by new operations coming on stream and repurchases of common stock.																											
The shares are appropriate for total return-oriented investors. Long-term capital appreciation possibilities appear worthwhile at the recent quotation. Too, the equity offers a healthy dose of current dividend income. And our 2019-2021 projections indicate that additional, steady hikes will occur. Value Line expects the payout ratio over that period to range between 40% and 45%, which ought not put a substantial burden on the downstream energy firm.																											
Still, there are a couple of factors to take under consideration. The Beta coefficient of 1.30 shows that the stock tends to be a bit more volatile than the general market. Furthermore, PSX shares don't stand out for relative price performance in the coming six to 12 months (Timeliness rank 3: Average).																											
Frederick L. Harris, III September 2, 2016																											