

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Act of 1934

November 3, 2021

Date of Report (Date of earliest event reported)

SUNOCO LP

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-35653

(Commission File Number)

30-0740483

(IRS Employer Identification No.)

8111 Westchester Drive, Suite 400

Dallas , Texas 75225

(Address of principal executive offices, including zip code)

(214) 981-0700

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Units Representing Limited Partner Interests	SUN	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

The following information is furnished under Item 2.02, “Results of Operations and Financial Condition.” This information, including the information contained in Exhibit 99.1 hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On November 3, 2021, Sunoco LP issued a news release announcing its results for the third fiscal quarter ended September 30, 2021 and providing access information for an investor conference call to discuss those results. A copy of the news release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is hereby incorporated by reference into this Item 2.02. The conference call will be available for replay approximately 365 days following the date of the call at www.SunocoLP.com.

Item 9.01. Financial Statements and Exhibits.**(d) Exhibits.**

In accordance with General Instruction B.2 of Form 8-K, the information set forth in the attached Exhibit 99.1 is deemed to be “furnished” and shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act.

<u>Exhibit Number</u>	<u>Exhibit Description</u>
99.1	Press Release of Sunoco LP, dated November 3, 2021
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 3, 2021

SUNOCO LP

By: Sunoco GP LLC, its general partner

By: */s/ Rick Raymer*

Rick Raymer

Vice President, Controller and Principal Accounting Officer



Sunoco LP Announces Third Quarter 2021 Financial and Operating Results

- Reports strong third quarter results generating net income of \$104 million, Adjusted EBITDA⁽¹⁾ of \$198 million and Distributable Cash Flow, as adjusted⁽¹⁾ of \$146 million
- Reaffirms full-year 2021 Adjusted EBITDA⁽¹⁾⁽²⁾ guidance of \$725 to \$765 million
- Completed the acquisition of eight refined product terminals from NuStar Energy L.P. and one refined product terminal from Cato, Incorporated

DALLAS, November 3, 2021 - Sunoco LP (NYSE: SUN) (“SUN” or the “Partnership”) today reported financial and operating results for the three-month period ended September 30, 2021.

Financial and Operational Highlights

For the three months ended September 30, 2021, net income was \$104 million versus net income of \$100 million in the third quarter of 2020.

Adjusted EBITDA⁽¹⁾ for the quarter was \$198 million compared with \$189 million in the third quarter of 2020. The increase in Adjusted EBITDA⁽¹⁾ reflects higher reported fuel volume and non motor fuel gross profit partially offset by lower fuel margins and slightly higher operating expenses⁽³⁾.

Distributable Cash Flow, as adjusted⁽¹⁾, for the quarter was \$146 million, compared to \$139 million a year ago.

The Partnership sold approximately 2 billion gallons of fuel in the third quarter of 2021. Fuel volumes sold during the quarter represent a 6.4% increase from the third quarter of 2020 and a 6.6% decline from the third quarter of 2019. Fuel margin for all gallons sold was 11.3 cents per gallon for the quarter compared to 12.1 cents per gallon a year ago.

Recent Accomplishments

- Completed the acquisition of eight refined product terminals from NuStar Energy L.P. (NYSE: NS) for approximately \$250 million and the acquisition of a single refined product terminal from Cato, Incorporated. The NuStar terminal acquisition closed on October 8, 2021 and the Cato terminal acquisition closed on September 24, 2021. The transactions were funded with cash on hand and amounts available under SUN’s revolving credit facility. These accretive acquisitions significantly expand SUN’s midstream business and enhance its platform for fuel distribution growth.
- Completed a private offering of \$800 million 4.500% Senior Notes due 2030 on October 12, 2021. SUN used the proceeds from the offering to fund the redemption of its \$800 million 5.500% Senior Notes due 2026.

Distribution and Coverage

On October 25, 2021, the Board of Directors of SUN’s general partner declared a distribution for the third quarter of 2021 of \$0.8255 per unit, or \$3.3020 per unit on an annualized basis. The distribution will be paid on November 19, 2021 to common unitholders of record on November 5, 2021. SUN’s current quarter cash coverage was 1.68 times and trailing twelve months coverage was 1.43 times.

Liquidity and Leverage

At September 30, 2021, SUN had \$250 million of borrowings against its revolving credit facility and other long-term debt of \$2.7 billion. The Partnership maintained ample liquidity of approximately \$1.2 billion at the end of the quarter under its \$1.5 billion revolving credit facility that matures in July 2023. SUN's leverage ratio of net debt to Adjusted EBITDA⁽¹⁾, calculated in accordance with its credit facility, was 4.05 times at the end of the third quarter.

Capital Spending

SUN's total capital expenditures for the third quarter were \$44 million, which included \$34 million for growth capital and \$10 million for maintenance capital. For the full-year 2021, SUN continues to expect maintenance capital expenditures of approximately \$45 million and growth capital expenditures of \$150 million.

2021 Business Outlook

Excluding any impact in 2021 from the recently closed acquisitions, the Partnership continues to expect full-year 2021 Adjusted EBITDA⁽¹⁾⁽²⁾ of \$725 to \$765 million. SUN expects 2021 fuel volumes of 7.25 to 7.75 billion gallons, and fuel margins of 11.0 to 12.0 cents per gallon. The Partnership expects lower operating expenses⁽³⁾ of \$425 to \$435 million verses prior guidance of \$440 to \$450 million.

SUN's segment results and other supplementary data are provided after the financial tables below.

(1) Adjusted EBITDA and Distributable Cash Flow, as adjusted, are non-GAAP financial measures of performance that have limitations and should not be considered as a substitute for net income. Please refer to the discussion and tables under "Reconciliations of Non-GAAP Measures" later in this news release for a discussion of our use of Adjusted EBITDA and Distributable Cash Flow, as adjusted, and a reconciliation to net income.

(2) A reconciliation of non-GAAP forward looking information to corresponding GAAP measures cannot be provided without unreasonable efforts due to the inherent difficulty in quantifying certain amounts due to a variety of factors, including the unpredictability of commodity price movements and future charges or reversals outside the normal course of business which may be significant.

(3) Operating expenses include general and administrative, other operating and lease expenses.

Earnings Conference Call

Sunoco LP management will hold a conference call on Wednesday, November 3, at 9:00 a.m. Central Time (10:00 a.m. Eastern Time) to discuss results and recent developments. To participate, dial 877-407-6184 (toll free) or 201-389-0877 approximately 10 minutes before the scheduled start time and ask for the Sunoco LP conference call. The call will also be accessible live and for later replay via webcast in the Investor Relations section of Sunoco's website at www.SunocoLP.com under Webcasts and Presentations.

Sunoco LP (NYSE: SUN) is a master limited partnership with core operations that include the distribution of motor fuel to approximately 10,000 convenience stores, independent dealers, commercial customers and distributors located in more than 30 states as well as refined product transportation and terminalling assets. SUN's general partner is owned by Energy Transfer LP (NYSE: ET).

Forward-Looking Statements

This news release may include certain statements concerning expectations for the future that are forward-looking statements as defined by federal law. Such forward-looking statements are subject to a variety of known and unknown risks, uncertainties, and other factors that are difficult to predict and many of which are beyond management's control. An extensive list of factors that can affect future results are discussed in the Partnership's

Annual Report on Form 10-K and other documents filed from time to time with the Securities and Exchange Commission. In addition to the risks and uncertainties previously disclosed, the Partnership has also been, or may in the future be, impacted by new or heightened risks related to the COVID-19 pandemic and the recent instability in commodity prices, and we cannot predict the length and ultimate impact of those risks. The Partnership undertakes no obligation to update or revise any forward-looking statement to reflect new information or events.

The information contained in this press release is available on our website at www.SunocoLP.com

Contacts

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– Financial Schedules Follow –

SUNOCO LP
CONSOLIDATED BALANCE SHEETS
(Dollars in millions)
(unaudited)

	September 30, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 88	\$ 97
Accounts receivable, net	540	295
Receivables from affiliates	9	11
Inventories, net	493	382
Other current assets	126	62
Total current assets	1,256	847
Property and equipment	2,275	2,231
Accumulated depreciation	(888)	(806)
Property and equipment, net	1,387	1,425
Other assets:		
Finance lease right-of-use assets, net	9	3
Operating lease right-of-use assets, net	515	536
Goodwill	1,568	1,564
Intangible assets	894	894
Accumulated amortization	(349)	(306)
Intangible assets, net	545	588
Other noncurrent assets	172	168
Investment in unconsolidated affiliate	133	136
Total assets	\$ 5,585	\$ 5,267
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 611	\$ 267
Accounts payable to affiliates	63	79
Accrued expenses and other current liabilities	306	282
Operating lease current liabilities	19	19
Current maturities of long-term debt	6	6
Total current liabilities	1,005	653
Operating lease noncurrent liabilities	519	538
Revolving line of credit	250	—
Long-term debt, net	2,672	3,106
Advances from affiliates	127	125
Deferred tax liability	108	104
Other noncurrent liabilities	104	109
Total liabilities	4,785	4,635
Commitments and contingencies		
Equity:		
Limited partners:		
Common unitholders (83,352,123 units issued and outstanding as of September 30, 2021 and 83,333,631 units issued and outstanding as of December 31, 2020)	800	632
Class C unitholders - held by subsidiaries (16,410,780 units issued and outstanding as of September 30, 2021 and December 31, 2020)	—	—
Total equity	800	632
Total liabilities and equity	\$ 5,585	\$ 5,267

SUNOCO LP
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Dollars in millions, except per unit data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues:				
Motor fuel sales	\$ 4,666	\$ 2,711	\$ 12,321	\$ 7,869
Non motor fuel sales	79	60	218	185
Lease income	34	34	103	103
Total revenues	4,779	2,805	12,642	8,157
Cost of sales and operating expenses:				
Cost of sales	4,472	2,497	11,631	7,383
General and administrative	28	28	79	87
Other operating	70	68	192	219
Lease expense	15	16	44	46
(Gain) loss on disposal of assets	(4)	(1)	(12)	7
Depreciation, amortization and accretion	45	50	135	142
Total cost of sales and operating expenses	4,626	2,658	12,069	7,884
Operating income	153	147	573	273
Other income (expense):				
Interest expense, net	(40)	(43)	(124)	(131)
Equity in earnings of unconsolidated affiliate	1	1	3	3
Loss on extinguishment of debt	—	—	(7)	—
Income before income taxes	114	105	445	145
Income tax expense	10	5	21	16
Net income and comprehensive income	\$ 104	\$ 100	\$ 424	\$ 129
Net income per common unit:				
Basic	\$ 1.01	\$ 0.97	\$ 4.38	\$ 0.85
Diluted	\$ 1.00	\$ 0.96	\$ 4.33	\$ 0.84
Weighted average common units outstanding:				
Basic	83,352,123	83,056,365	83,348,540	83,033,556
Diluted	84,549,277	83,770,034	84,364,321	83,668,835
Cash distributions per unit	\$ 0.8255	\$ 0.8255	\$ 2.4765	\$ 2.4765

Key Operating Metrics

The following information is intended to provide investors with a reasonable basis for assessing our historical operations, but should not serve as the only criteria for predicting our future performance.

The key operating metrics by segment and accompanying footnotes set forth below are presented for the three months ended September 30, 2021 and 2020 and have been derived from our historical consolidated financial statements.

	Three Months Ended September 30,					
	2021			2020		
	Fuel Distribution and Marketing	All Other	Total	Fuel Distribution and Marketing	All Other	Total
	<i>(dollars and gallons in millions, except gross profit per gallon)</i>					
Revenues:						
Motor fuel sales	\$ 4,499	\$ 167	\$ 4,666	\$ 2,600	\$ 111	\$ 2,711
Non motor fuel sales	21	58	79	14	46	60
Lease income	33	1	34	30	4	34
Total revenues	\$ 4,553	\$ 226	\$ 4,779	\$ 2,644	\$ 161	\$ 2,805
Gross profit (1):						
Motor fuel sales	\$ 216	\$ 15	\$ 231	\$ 224	\$ 13	\$ 237
Non motor fuel sales	12	30	42	11	26	37
Lease	33	1	34	30	4	34
Total gross profit	\$ 261	\$ 46	\$ 307	\$ 265	\$ 43	\$ 308
Net income (loss) and comprehensive income (loss)	\$ 104	\$ —	\$ 104	\$ 107	\$ (7)	\$ 100
Adjusted EBITDA (2)	\$ 186	\$ 12	\$ 198	\$ 177	\$ 12	\$ 189
Operating Data:						
Total motor fuel gallons sold			1,971			1,853
Motor fuel gross profit cents per gallon (3)			11.3 ¢			12.1 ¢

The following table presents a reconciliation of Adjusted EBITDA to net income and Adjusted EBITDA to Distributable Cash Flow, as adjusted, for the three months ended September 30, 2021 and 2020:

	Three Months Ended September 30,	
	2021	2020
<i>(in millions)</i>		
Adjusted EBITDA		
Fuel distribution and marketing	\$ 186	\$ 17
All other	12	1
Total Adjusted EBITDA	198	18
Depreciation, amortization and accretion	(45)	(5)
Interest expense, net	(40)	(4)
Non-cash unit-based compensation expense	(5)	(1)
Gain on disposal of assets	4	-
Unrealized gain (loss) on commodity derivatives	(2)	-
Inventory adjustments	9	1
Equity in earnings of unconsolidated affiliate	1	-
Adjusted EBITDA related to unconsolidated affiliate	(3)	(1)
Other non-cash adjustments	(3)	(1)
Income tax expense	(10)	(1)
Net income and comprehensive income	\$ 104	\$ 10
Adjusted EBITDA (2)	\$ 198	\$ 18
Adjusted EBITDA related to unconsolidated affiliate	(3)	(1)
Distributable cash flow from unconsolidated affiliate	3	-
Cash interest expense	(39)	(4)
Current income tax expense	(4)	(1)
Maintenance capital expenditures	(10)	(1)
Distributable Cash Flow	145	12
Transaction-related expenses	1	-
Distributable Cash Flow, as adjusted (2)	\$ 146	\$ 12
Distributions to Partners:		
Limited Partners	\$ 69	\$ 6
General Partners	18	1
Total distributions to be paid to partners	\$ 87	\$ 8
Common Units outstanding - end of period	83.4	83
Distribution coverage ratio (4)	1.68x	1.6

(1) Excludes depreciation, amortization and accretion.

(2) Adjusted EBITDA is defined as earnings before net interest expense, income taxes, depreciation, amortization and accretion expense, allocated non-cash compensation expense, unrealized gains and losses on commodity derivatives and inventory adjustments, and certain other operating expenses reflected in net income that we do not believe are indicative of ongoing core operations, such as gain or loss on disposal of assets and non-cash impairment charges. We define Distributable Cash Flow, as adjusted, as Adjusted EBITDA less cash interest expense, including the accrual of interest expense related to our long-term debt which is paid on a semi-annual basis, current income tax expense, maintenance capital expenditures and other non-cash adjustments.

We believe Adjusted EBITDA and Distributable Cash Flow, as adjusted, are useful to investors in evaluating our operating performance because:

- Adjusted EBITDA is used as a performance measure under our revolving credit facility;
- securities analysts and other interested parties use such metrics as measures of financial performance, ability to make distributions to our unitholders and debt service capabilities;
- our management uses them for internal planning purposes, including aspects of our consolidated operating budget, and capital expenditures; and

- Distributable Cash Flow, as adjusted, provides useful information to investors as it is a widely accepted financial indicator used by investors to compare partnership performance, and as it provides investors an enhanced perspective of the operating performance of our assets and the cash our business is generating.
- Adjusted EBITDA and Distributable Cash Flow, as adjusted, are not recognized terms under GAAP and do not purport to be alternatives to net income (loss) as measures of operating performance or to cash flows from operating activities as a measure of liquidity. Adjusted EBITDA and Distributable Cash Flow, as adjusted, have limitations as analytical tools, and one should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Some of these limitations include:
- they do not reflect our total cash expenditures, or future requirements for capital expenditures or contractual commitments;
 - they do not reflect changes in, or cash requirements for, working capital;
 - they do not reflect interest expense or the cash requirements necessary to service interest or principal payments on our revolving credit facility or senior notes;
 - although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect cash requirements for such replacements; and
 - as not all companies use identical calculations, our presentation of Adjusted EBITDA and Distributable Cash Flow, as adjusted, may not be comparable to similarly titled measures of other companies.

Adjusted EBITDA reflects amounts for the unconsolidated affiliate based on the same recognition and measurement methods used to record equity in earnings of unconsolidated affiliate. Adjusted EBITDA related to unconsolidated affiliate excludes the same items with respect to the unconsolidated affiliate as those excluded from the calculation of Adjusted EBITDA, such as interest, taxes, depreciation, depletion, amortization and other non-cash items. Although these amounts are excluded from Adjusted EBITDA related to unconsolidated affiliate, such exclusion should not be understood to imply that we have control over the operations and resulting revenues and expenses of such affiliate. We do not control our unconsolidated affiliate; therefore, we do not control the earnings or cash flows of such affiliate. The use of Adjusted EBITDA or Adjusted EBITDA related to unconsolidated affiliate as an analytical tool should be limited accordingly. Inventory adjustments that are excluded from the calculation of Adjusted EBITDA represent changes in lower of cost or market reserves on the Partnership's inventory. These amounts are unrealized valuation adjustments applied to fuel volumes remaining in inventory at the end of the period.

- (3) Excludes the impact of inventory adjustments consistent with the definition of Adjusted EBITDA.
- (4) The distribution coverage ratio for a period is calculated as Distributable Cash Flow attributable to partners, as adjusted, divided by distributions expected to be paid to partners of Sunoco LP in respect of such a period.