

**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

Date of Report (Date of Earliest Event Reported):
May 10, 2018 (May 9, 2018)

Commission file number: 001-35653

SUNOCO LP
(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*

30-0740483
*(IRS Employer
Identification No.)*

8020 Park Lane, Suite 200
Dallas, TX 75231
(Address of principal executive offices, including zip codes)

Registrant's telephone number, including area code: (832) 234-3600

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

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 May 9, 2018, Sunoco LP issued a news release announcing its financial results for the first fiscal quarter ended March 31, 2018 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 60 days following the date of the call at www.SunocoLP.com.

Item 7.01. Regulation FD Disclosure.

The following information is furnished under Item 7.01, “Regulation FD Disclosure.” This information 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, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On May 9, 2018, the Partnership posted an investor presentation to its website. The presentation is available at www.SunocoLP.com in the Investor Relations section under Events & Presentations. A copy of the presentation is furnished and attached as Exhibit 99.2 hereto and incorporated by reference herein.

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	News Release of Sunoco L.P. dated May 9, 2018
99.2	Investor Presentation, dated May 9, 2018

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: May 10, 2018

SUNOCO LP

By: Sunoco GP LLC, its general partner

By: /s/ Leta McKinley

Leta McKinley

Vice President, Controller and Principal Accounting Officer



Sunoco LP Announces First Quarter Financial and Operating Results

- Executed business transformation
 - Closed on divestiture of company-operated sites to 7-Eleven, Inc. with 15-year take-or-pay fuel distribution contract
 - Converted 207 West Texas company-operated sites to commission agent channel
 - Completed refinancing and equity repurchase initiatives
- Current quarter cash coverage of 1.00 times and trailing twelve months coverage of 1.22 times with leverage of 3.82 times at the end of the first quarter of 2018
 - Generated first quarter Net Loss of \$315 million, Adjusted EBITDA ⁽¹⁾ of \$109 million and Distributable Cash Flow ⁽¹⁾, as adjusted, of \$85 million
- Utilized scale to grow fuel distribution and logistics business
 - In April 2018, SUN acquired 26 retail sites from 7-Eleven and converted into commission agent channel
 - In April 2018, SUN acquired the wholesale fuel distribution business and terminal assets from Superior Plus Corporation

Conference Call Scheduled for 9:30 a.m. CT (10:30 a.m. ET) on Thursday, May 10

DALLAS, May 9, 2018 - Sunoco LP (NYSE: SUN) ("SUN" or the "Partnership") today announced financial and operating results for the three-month period ended March 31, 2018.

Revenue totaled \$3.7 billion, an increase of 33.5 percent, compared to \$2.8 billion in the first quarter of 2017. The increase was the result of the average selling price of fuel being higher than last year.

Total gross profit increased to \$296 million, compared to \$256 million in the first quarter of 2017, as a result of higher motor fuel gross profits.

Loss from continuing operations was \$78 million, including a \$109 million loss on extinguishment of debt and other, versus income of \$12 million in the first quarter of 2017.

Loss from discontinued operations, net of income taxes, was \$237 million versus a loss from discontinued operations, net of income taxes, of \$11 million in the first quarter of 2017.

Net loss was \$315 million, or \$3.74 per diluted unit, versus a net income of \$1 million, or (\$0.22) per diluted unit, in the first quarter of 2017.

Adjusted EBITDA for the quarter totaled \$109 million, compared with \$155 million in the first quarter of 2017.

Distributable Cash Flow, as adjusted, was \$85 million, compared to \$77 million a year ago. This year-over-year increase reflects lower cash interest expense and a decrease in maintenance capital spend.

On a weighted-average basis, fuel margin for all gallons sold was 10.5 cents per gallon, compared to 14.5 cents per gallon in the first quarter of 2017. The 4.0 cent per gallon decrease was attributable to a shift in volumes away from the retail segment to the wholesale segment and the adoption of revenue recognition.

Net loss for the wholesale segment was \$58 million compared to net income of \$38 million a year ago. Adjusted EBITDA was \$80 million, versus \$91 million in the first quarter of last year. Total wholesale gallons sold were 1,612 million, compared to 1,313 million in the first quarter of 2017, an increase of 22.8 percent. The Partnership earned 8.4 cents per gallon on these volumes, compared to 10.6 cents per gallon a year earlier.

Net loss for the retail segment was \$257 million compared to a net loss of \$37 million a year ago. Adjusted EBITDA was \$29 million, versus \$64 million in the first quarter of last year. Total retail gallons sold were 245 million, down from 595 million gallons a year ago as volumes migrated to the wholesale segment. The Partnership earned 24.4 cents per gallon on these volumes, compared to 23.1 cents per gallon a year earlier.

SUN's recent accomplishments include the following:

- Closed the strategic divestiture of company-operated sites in the continental United States to 7-Eleven, Inc. on January 23, 2018 for gross proceeds of approximately \$3.2 billion
- Completed the following refinancing and equity repurchase initiatives:
 - Closed the private offering of \$2.2 billion of new senior notes on January 23, 2018, comprised of \$1.0 billion in aggregate principal amount of 4.875% senior notes due 2023, \$800 million in aggregate principal amount of 5.500% senior notes due 2026 and \$400 million in aggregate principal amount of 5.875% senior notes due 2028. Proceeds from this offering were used to redeem in full amounts owed under existing senior notes
 - Repaid in full and terminated the term loan agreement and paid down all outstanding amounts owed under the revolving credit facility
 - Redeemed \$300 million of Series A Preferred Units held by Energy Transfer Equity for an aggregate redemption amount of approximately \$313 million
 - Repurchased 17,286,859 Sunoco common units owned by Energy Transfer Partners for aggregate cash consideration of approximately \$540 million at a 10-day volume weighted average price of \$31.2376 per unit

Following the conversion of sites to the commission agent channel through April 2018, SUN operates 21 company-operated sites along the New Jersey turnpike and 54 retail sites in Hawaii.

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

Distribution

On April 26, 2018, the Board of Directors of SUN's general partner declared a distribution for the first quarter of 2018 of \$0.8255 per unit, which corresponds to \$3.3020 per unit on an annualized basis. The distribution will be paid on May 15, 2018 to common unitholders of record on May 7, 2018.

SUN's distribution coverage ratio for the first quarter was 1.00 times. The distribution coverage ratio on a trailing 12-month basis was 1.22 times.

Liquidity

At March 31, SUN had no borrowings against its revolving line of credit and other long-term debt of \$2.3 billion. In the first quarter of 2018, SUN did not issue any common units through its at-the-market equity program. The leverage ratio of debt to Adjusted EBITDA, calculated in accordance with SUN's credit facility, was 3.82 times at the end of the first quarter.

- (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.

Earnings Conference Call

Sunoco LP management will hold a conference call on Thursday, May 10, at 9:30 a.m. CT (10:30 a.m. ET) to discuss first quarter results and recent developments. To participate, dial 877-407-6184 (toll free) or 201-389-0877 approximately 10 minutes early 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 Events and Presentations. An investor presentation accompanying the earnings call will be available in the Investor Relations section of Sunoco's website at www.SunocoLP.com under Events and Presentations.

Sunoco LP (NYSE: SUN) is a master limited partnership that distributes motor fuel to approximately 9,200 convenience stores, independent dealers, commercial customers and distributors located in more than 30 states. SUN's general partner is owned by Energy Transfer Equity, L.P. (NYSE: ETE).

Forward-Looking Statements

This press 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. 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

Qualified Notice

This release is intended to be a qualified notice under Treasury Regulation Section 1.1446-4(b). Brokers and nominees should treat 100 percent of Sunoco LP's distributions to non-U.S. investors as being attributable to income that is effectively connected with a United States trade or business. Accordingly, Sunoco LP's distributions to non-U.S. investors are subject to federal income tax withholding at the highest applicable effective tax rate.

Contacts

Investors:

Scott Grischow, Senior Director - Investor Relations and Treasury
(214) 840-5660, scott.grischow@sunoco.com

Derek Rabe, CFA, Senior Analyst - Investor Relations and Finance
(214) 840-5553, derek.rabe@sunoco.com

Media:

Alyson Gomez, Director - Communications
(214) 840-5641, alyson.gomez@sunoco.com

Jeamy Molina, Senior Manager - PR & Communications
(214) 840-5594, jeamy.molina@sunoco.com

- Financial Schedules Follow -

SUNOCO LP
CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2018	December 31, 2017
	<i>(in millions, except units)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 98	\$ 28
Accounts receivable, net	451	541
Receivables from affiliates	160	155
Inventories, net	434	426
Other current assets	71	81
Assets held for sale	6	3,313
Total current assets	1,220	4,544
Property and equipment, net	1,522	1,557
Other assets:		
Goodwill	1,430	1,430
Intangible assets, net	656	768
Other noncurrent assets	91	45
Total assets	<u>\$ 4,919</u>	<u>\$ 8,344</u>
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 416	\$ 559
Accounts payable to affiliates	178	206
Accrued expenses and other current liabilities	759	368
Current maturities of long-term debt	5	6
Liabilities associated with assets held for sale	—	75
Total current liabilities	1,358	1,214
Revolving line of credit	—	765
Long-term debt, net	2,283	3,519
Advances from affiliates	85	85
Deferred tax liability	124	389
Other noncurrent liabilities	137	125
Total liabilities	<u>3,987</u>	<u>6,097</u>
Commitments and contingencies (Note 14)		
Equity:		
Limited partners:		
Series A Preferred unitholder - affiliated (no units issued and outstanding as of March 31, 2018 and 12,000,000 units issued and outstanding as of December 31, 2017)	—	300
Common unitholders (82,492,008 units issued and outstanding as of March 31, 2018 and 99,667,999 units issued and outstanding as of December 31, 2017)	932	1,947
Class C unitholders - held by subsidiary (16,410,780 units issued and outstanding as of March 31, 2018 and December 31, 2017)	—	—
Total equity	<u>932</u>	<u>2,247</u>
Total liabilities and equity	<u>\$ 4,919</u>	<u>\$ 8,344</u>

SUNOCO LP
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(unaudited)

	For the Three Months Ended March 31,	
	2018	2017
	<i>(in millions, except unit and per unit amounts)</i>	
Revenues:		
Retail motor fuel	\$ 445	\$ 353
Wholesale motor fuel sales to third parties	3,094	2,244
Wholesale motor fuel sales to affiliates	12	21
Merchandise	135	131
Rental income	22	22
Other	41	37
Total revenues	3,749	2,808
Cost of sales:		
Retail motor fuel cost of sales	401	317
Wholesale motor fuel cost of sales	2,945	2,143
Merchandise cost of sales	93	88
Other	14	4
Total cost of sales	3,453	2,552
Gross profit	296	256
Operating expenses:		
General and administrative	35	32
Other operating	98	92
Rent	15	20
Loss on disposal of assets	3	2
Depreciation, amortization and accretion	49	54
Total operating expenses	200	200
Operating income	96	56
Other expenses:		
Interest expense, net	34	58
Loss on extinguishment of debt and other	109	—
Loss from continuing operations before income taxes	(47)	(2)
Income tax expense (benefit)	31	(14)
Income (loss) from continuing operations	(78)	12
Loss from discontinued operations, net of income taxes	(237)	(11)
Net income (loss) and comprehensive income (loss)	\$ (315)	\$ 1
Net loss per limited partner unit - basic:		
Continuing operations - common units	\$ (1.11)	\$ (0.11)
Discontinued operations - common units	(2.63)	(0.11)
Net loss - common units	\$ (3.74)	\$ (0.22)
Net loss per limited partner unit - diluted:		
Continuing operations - common units	\$ (1.11)	\$ (0.11)
Discontinued operations - common units	(2.63)	(0.11)
Net loss - common units	\$ (3.74)	\$ (0.22)
Weighted average limited partner units outstanding:		
Common units - basic	89,753,950	98,609,608
Common units - diluted	90,271,751	98,715,958
Cash distribution per unit	\$ 0.8255	\$ 0.8255

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. We operate our business in two primary operating divisions, wholesale and retail, both of which are included as reportable segments.

Key operating metrics set forth below are presented as of and for the three months ended March 31, 2018 and 2017 and have been derived from our historical consolidated financial statements.

The accompanying footnotes to the following two key operating metrics tables can be found immediately preceding our capital spending discussion.

	For the Three Months Ended March 31,					
	2018			2017		
	Wholesale	Retail	Total	Wholesale	Retail	Total
<i>(dollars and gallons in millions, except gross profit per gallon)</i>						
Revenues:						
Retail motor fuel	\$ —	\$ 445	\$ 445	\$ —	\$ 353	\$ 353
Wholesale motor fuel sales to third parties	3,094	—	3,094	2,244	—	2,244
Wholesale motor fuel sale to affiliates	12	—	12	21	—	21
Merchandise	—	135	135	—	131	131
Rental income	19	3	22	19	3	22
Other	14	27	41	13	24	37
Total revenues	\$ 3,139	\$ 610	\$ 3,749	\$ 2,297	\$ 511	\$ 2,808
Gross profit:						
Retail motor fuel	\$ —	\$ 44	\$ 44	\$ —	\$ 36	\$ 36
Wholesale motor fuel	161	—	161	122	—	122
Merchandise	—	42	42	—	43	43
Rental and other	29	20	49	28	27	55
Total gross profit	\$ 190	\$ 106	\$ 296	\$ 150	\$ 106	\$ 256
Income (loss) from continuing operations	(58)	(20)	(78)	38	(26)	12
Loss from discontinued operations, net of taxes	—	(237)	(237)	—	(11)	(11)
Net income (loss) and comprehensive income (loss)	\$ (58)	\$ (257)	\$ (315)	\$ 38	\$ (37)	\$ 1
Adjusted EBITDA (2)	\$ 80	\$ 29	\$ 109	\$ 91	\$ 64	\$ 155
Distributable cash flow, as adjusted (2)			\$ 85			\$ 77
Operating Data:						
Total motor fuel gallons sold:						
Retail (3)		245	245		595	595
Wholesale	1,612		1,612	1,313		1,313
Motor fuel gross profit cents per gallon (1):						
Retail (3)		24.4¢	24.4¢		23.1¢	23.1¢
Wholesale	8.4¢		8.4¢	10.6¢		10.6¢
Volume-weighted average for all gallons (3)			10.5¢			14.5¢
Retail merchandise margin (3)		29.7%			31.6%	

The following table presents a reconciliation of net income to EBITDA, Adjusted EBITDA and distributable cash flow:

	For the Three Months Ended March 31,					
	2018			2017		
	Wholesale	Retail	Total	Wholesale	Retail	Total
	<i>(in millions)</i>					
Net income (loss) and comprehensive income (loss)	\$ (58)	\$ (257)	\$ (315)	\$ 38	\$ (37)	\$ 1
Depreciation, amortization and accretion (3)	28	21	49	22	65	87
Interest expense, net (3)	19	17	36	20	44	64
Income tax expense (benefit) (3)	1	203	204	1	(18)	(17)
EBITDA	\$ (10)	\$ (16)	\$ (26)	\$ 81	\$ 54	\$ 135
Non-cash compensation expense (3)	—	3	3	—	4	4
Loss on disposal of assets (3)	3	23	26	2	5	7
Loss on extinguishment of debt and other (3)	109	20	129	—	—	—
Unrealized gain on commodity derivatives (3)	—	—	—	(5)	—	(5)
Inventory adjustments (3)	(25)	(1)	(26)	13	1	14
Other non-cash adjustments	3	—	3	—	—	—
Adjusted EBITDA	\$ 80	\$ 29	\$ 109	\$ 91	\$ 64	\$ 155
Cash interest expense (3)			34			60
Current income tax expense (3)			468			—
Transaction-related income taxes (4)			(480)			—
Maintenance capital expenditures (3)			3			18
Distributable cash flow			\$ 84			\$ 77
Transaction-related expenses (3)			3			—
Series A Preferred distribution			(2)			—
Distributable cash flow, as adjusted			\$ 85			\$ 77

(1) Includes other non-cash adjustments and excludes the impact of inventory fair value adjustments consistent with the definition of Adjusted EBITDA.

(2) EBITDA is defined as earnings before net interest expense, income taxes, depreciation, amortization and accretion expense. Adjusted EBITDA further adjusts EBITDA to reflect certain other non-recurring and non-cash items. We define Adjusted EBITDA to also include adjustments for unrealized gains and losses on commodity derivatives and inventory fair value adjustments. We define distributable cash flow as Adjusted EBITDA less cash interest expense, including the accrual of interest expense related to our long-term debt that is paid on a semi-annual basis, Series A Preferred distribution, current income tax expense, maintenance capital expenditures, and other non-cash adjustments. Further adjustments are made to distributable cash flow for certain transaction-related and non-recurring expenses that are included in net income.

We believe EBITDA, Adjusted EBITDA and distributable cash flow 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 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.

EBITDA, Adjusted EBITDA and distributable cash flow 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. EBITDA, Adjusted EBITDA and distributable cash flow 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 term loan;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect cash requirements for such replacements; and
- as not all companies use identical calculations, our presentation of EBITDA, Adjusted EBITDA and distributable cash flow may not be comparable to similarly titled measures of other companies.

(3) Includes amounts from discontinued operations.

(4) Transaction-related income taxes primarily related to the 7-Eleven Transaction.

Capital Spending

SUN's gross capital expenditures for the first quarter were \$19 million, which included \$16 million for growth capital and \$3 million for maintenance capital.

Excluding acquisitions, SUN expects to spend approximately \$90 million on growth capital and approximately \$40 million on maintenance capital for the full year 2018.

SUNOCO LP

INVESTOR PRESENTATION



May 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.

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 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

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



LAYING THE FOUNDATION FOR THE FUTURE

- **Executed business transformation**

- Divested the majority of company-operated retail sites to 7-Eleven
 - Includes ~2 billion gallons sold under 15-year, take-or-pay fuel supply agreement that grows an additional 500 million gallons over four years
- Converted 207 West Texas company-operated retail sites to our commission agent channel
 - Retained material fuel distribution income and stable rental income
- Completed refinancing and equity repurchase initiatives
 - Extended maturity profile by approximately four years and lowered cost of fixed rate debt by approximately 100 basis points
 - 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

- **Utilized scale to grow core fuel distribution business and logistics business in April**

- Acquired the wholesale fuel distribution business and terminal assets from Superior Plus Corporation
- Acquired 26 company-operated retail sites from 7-Eleven and converted into commission agent channel

Q1 2018 CONTINUING OPERATIONS RECONCILIATION

Reconciliation of Net Income To Adjusted EBITDA		
<i>(\$ in millions)</i>	Q1 2018 Consolidated Operations ⁽¹⁾	Q1 2018 Continuing Operations ⁽²⁾
Income (loss) from continuing operations	(\$78)	(\$78)
Loss from discontinued operations, net of income taxes	(237)	
Net income (loss) and comprehensive income (loss) ⁽³⁾	(\$315)	(\$78)
Depreciation, amortization and accretion	49	49
Interest expense, net	36	34
Income tax expense (benefit)	204	31
EBITDA	(\$26)	\$36
Non-cash compensation expense	3	3
Loss on disposal of assets and impairment charges	26	3
Loss on extinguishment of debt and other	129	109
Unrealized loss on commodity derivatives	0	0
Inventory adjustments	(26)	(25)
Other non-cash adjustment	3	3
Adjusted EBITDA	\$109	\$129

(1) Financial information presented reflects continuing and discontinued operations

(2) Financial information presented reflects continuing operations of the wholesale segment and Q1 retail operations including 207 West Texas company-operated sites and 75 company-operated sites in Hawaii and along the New Jersey turnpike

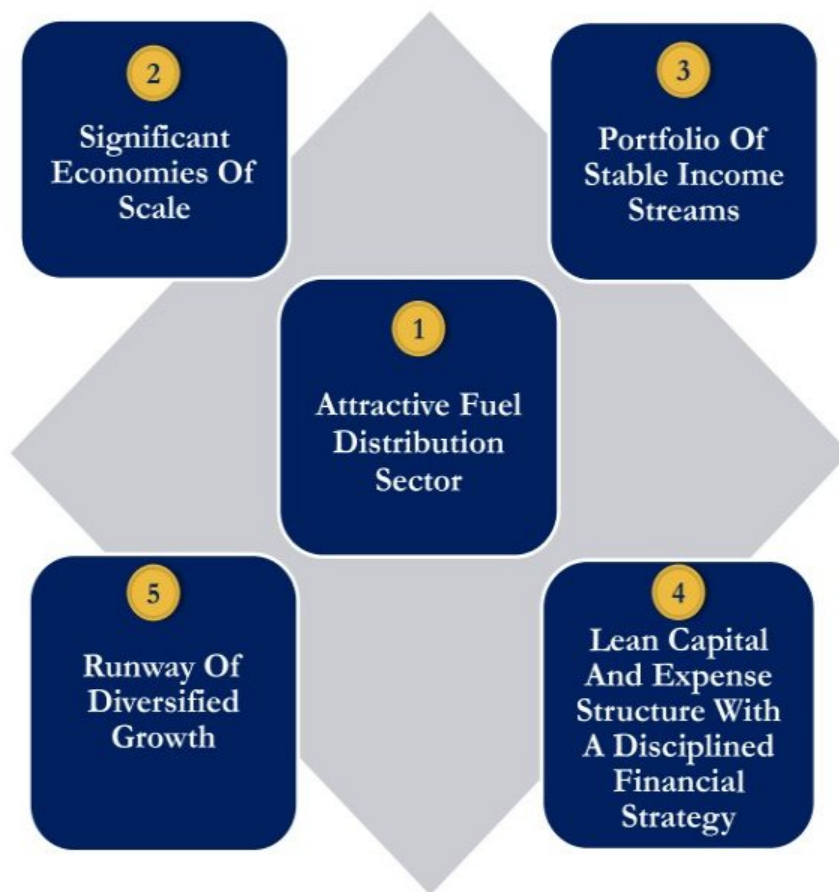
(3) Includes transition and transaction related expenses related to the sale of our retail assets to 7-Eleven and the conversion of our West Texas locations to commission agent sites

SUNOCO LP

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"> We expect a significant reduction to our run rate expenses with the exit of the retail business 	<ul style="list-style-type: none"> The elimination of back office support required to run the retail business reduces run rate G&A expenses 	<ul style="list-style-type: none"> We expect rent expense for leased wholesale locations to be consistent over the long run 	<ul style="list-style-type: none"> Our range reflects the new business model with a significant fixed-fee contract The range represents potential quarterly fluctuations but we expect to be at the high end of our range on an annual basis 	<ul style="list-style-type: none"> Maintenance capital will be focused on ensuring quality of operations 	<ul style="list-style-type: none"> Growth capital will be focused on profitably growing wholesale volumes The exit of the retail business eliminates new-to-industry builds

KEY INVESTMENT HIGHLIGHTS OF THE NEW BUSINESS MODEL



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

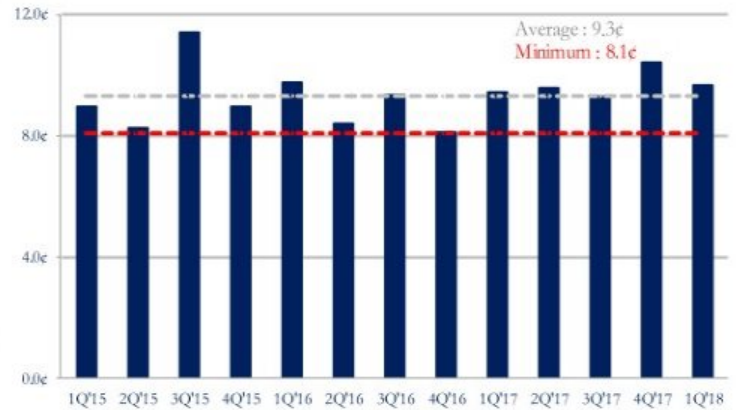
- **Fuel distribution sector remains robust**
 - Fuel distribution margins have been attractive and stable
 - 2016 and 2017 U.S. gasoline demand was highest on record at 9.3 MBD ⁽¹⁾
- **SUN is well positioned to capitalize on sector opportunities**
 - Scale: Over 8 billion gallons a year
 - Purchase 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
- Other fuel sales (Aloha, turnpikes)



Fuel margins⁽¹⁾ 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, terminals, and ethanol processing

4 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
Target ~4.5x – 4.75x Leverage Ratio	Target ~1.1x Distribution Coverage	Invest In Projects That Support Leverage And Coverage Targets	Maintain Cost Efficient Model Through Growth	Maintain Credit Facility Availability And Secured Capacity
<ul style="list-style-type: none"> • Expect leverage to reach target range in 2018 • Maintain leverage within the target range on a go forward basis 	<ul style="list-style-type: none"> • Expect to maintain current distribution level on a go forward basis 	<ul style="list-style-type: none"> • Projects evaluated using a ~50/50 capital structure • Investments must be NPV positive and accretive to distributable cash flow while maintaining leverage 	<ul style="list-style-type: none"> • Maintenance capital requirements reduced by ~50% for 2018 • G&A costs reduced by ~50% for 2018 	<ul style="list-style-type: none"> • Reduced reliance on secured debt provides greater financing flexibility • Monitor credit facility capacity and access to capital markets

5 RUNWAY OF DIVERSIFIED GROWTH

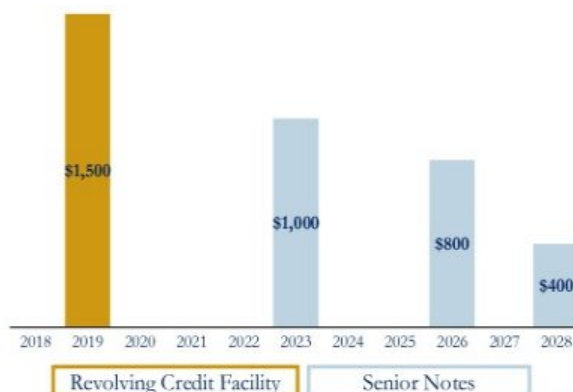
Grow Core Fuels Logistics And Distribution Business	Manage Organic Growth	Expand Into Adjacent Sectors
<ul style="list-style-type: none"> • Consolidation opportunities in a highly fragmented sector • The sector trades at reasonable acquisition multiples • Leverage scale to quickly realize material synergies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

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⁽¹⁾

(\$ 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 four 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 ⁽¹⁾	As of 5/9/18	
			Current Bid	Yield to Worst
\$1.5bn Revolver	Sep-19	\$0		
Other Debt	-	113		
Total Secured Debt		\$113		
4.875% Senior Notes	Jan-23	1,000	97.89	5.36%
5.500% Senior Notes	Feb-26	800	96.51	6.07%
5.875% Senior Notes	Mar-28	400	96.48	6.32%
Total Debt		\$2,313		
(Less) Cash and Cash Equivalents		(98)		
Net Debt		\$2,215		
Market Capitalization as of close on May 9, 2018		2,212		
Enterprise Value		\$4,427		



(1) Reflects Revolving Credit Facility 2019 maturity balance of \$0 as of the end of Q1 2018; excludes \$8 million in standby letters of credit outstanding

