ENERGY TRANSFER

ENERGY TRANSFER

Second Quarter 2020 Earnings

August 5, 2020

ET LISTED NYSE

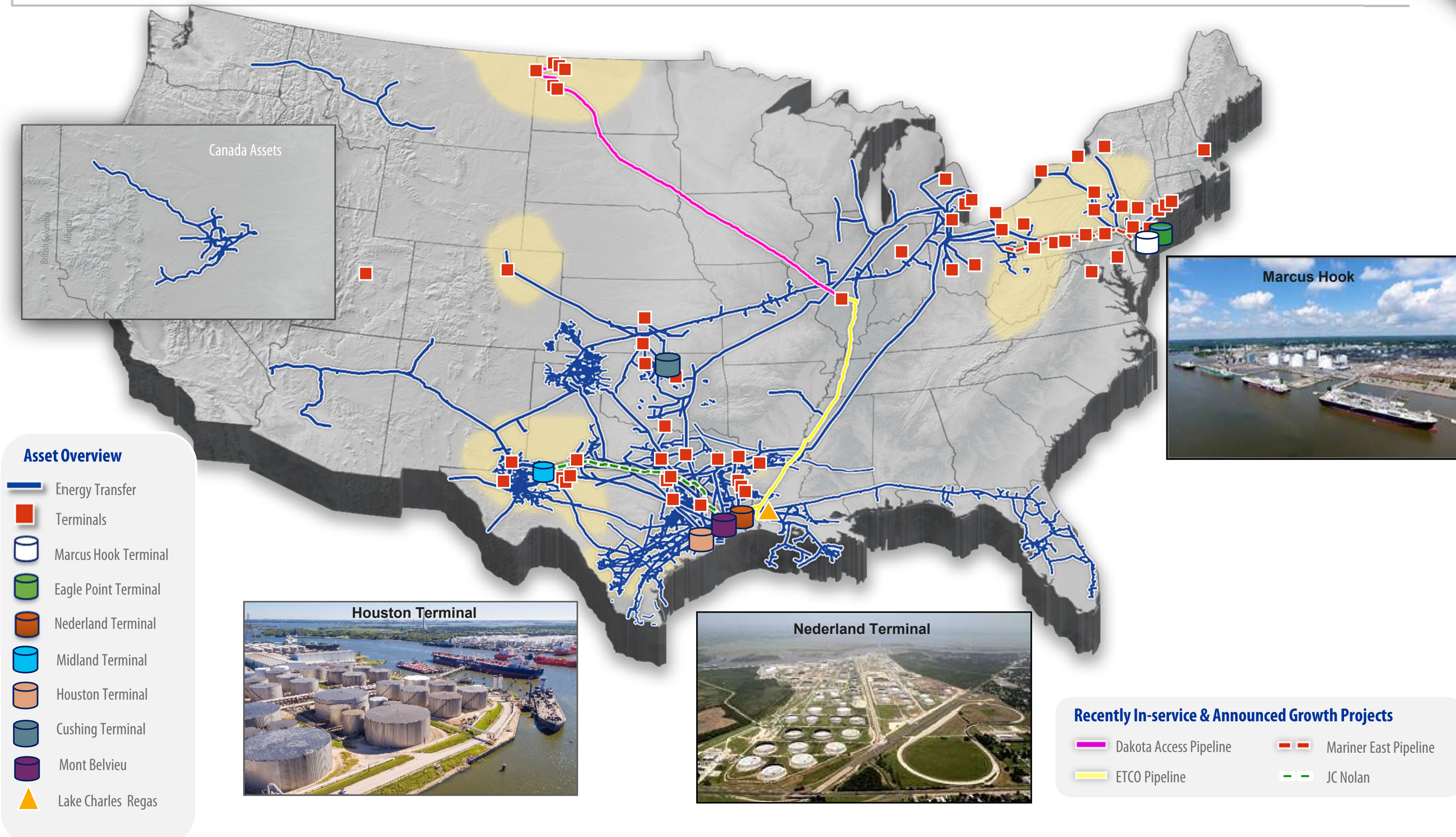
FORWARD-LOOKING STATEMENTS / LEGAL DISCLAIMER

Management of Energy Transfer LP (ET) will provide this presentation in conjunction with ET's 2nd quarter earnings conference call. On the call, members of management may make statements about future events, outlook and expectations related to Panhandle Eastern Pipe Line Company, LP (PEPL), Sunoco LP (SUN), USA Compression Partners, LP (USAC), Energy Transfer Operating, L.P. (ETO) and ET (collectively, the Partnerships), and their subsidiaries and this presentation may contain statements about future events, outlook and expectations related to the Partnerships and their subsidiaries all of which statements are forward-looking statements. Any statement made by a member of management of the Partnerships on the earnings call and any statement in this presentation that is not a historical fact will be deemed to be a forward-looking statement. These forward-looking statements rely on a number of assumptions concerning future events that members of management of the Partnerships believe to be reasonable, but these statements are subject to a number of risks, uncertainties and other factors, many of which are outside the control of the Partnerships. While the Partnerships believe that the assumptions concerning these future events are reasonable, we caution that there are inherent risks and uncertainties in predicting these future events that could cause the actual results, performance or achievements of the Partnerships and their subsidiaries to be materially different. These risks and uncertainties are discussed in more detail in the filings made by the Partnerships with the Securities and Exchange Commission (SEC), copies of which are available to the public. In addition to the risks and uncertainties disclosed in our SEC filings, the Partnership have also been, or may in the future be, impacted by new or heightened risks related to the COVID-19 pandemic and the recent sharp declines in commodity prices, and we cannot predict the length and ultimate impact of those risks. The Partnerships expressly disclaim any intention or obligation to revise or publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.

This presentation includes certain forward looking non-GAAP financial measures as defined under SEC Regulation G, including estimated adjusted EBITDA. Due to the forward-looking nature of the aforementioned non-GAAP financial measures, management cannot reliably or reasonably predict certain of the necessary components of the most directly comparable forward-looking GAAP measures without unreasonable effort. Accordingly, we are unable to present a quantitative reconciliation of such forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures.

All references in this presentation to capacity of a pipeline, processing plant or storage facility relate to maximum capacity under normal operating conditions and with respect to pipeline transportation capacity, is subject to multiple factors (including natural gas injections and withdrawals at various delivery points along the pipeline and the utilization of compression) which may reduce the throughput capacity from specified capacity levels.

FULLY INTEGRATED FRANCHISE FROM WELLHEAD TO WATER



Diversified midstream platform enhances ability to offer wide range of services to both domestic and international markets

Q2 2020 HIGHLIGHTS

Operational

- Record NGL fractionation volumes at Mont Belvieu facilities
- Record transportation volumes on the Mariner East System and strong volumes on Texas NGL pipelines
- Gathering and processing volumes reached new highs in Midland Basin near the end of the second quarter

Financial

- Adjusted EBITDA: $2.44B
- DCF: $1.27B
- Growth Capital spend YTD: ~$1.8B
- YTD recognized cost savings of $200mm in G&A and Opex
  - Expect to double by YE'20
- Distribution coverage ratio: 1.54x
- Distributable cash flow in excess of distributions of $448mm

Strategic

- Significant progress on capital projects to be placed in service by year-end
- Focus on extending existing contracts under longer terms
- Leverage ET's extensive infrastructure to drive operational efficiencies and optimize asset base

Exited the second quarter of 2020 with upward trend in volumes across the majority of ET's oil, natural gas and NGL assets

UPDATED 2020 ADJUSTED EBITDA OUTLOOK

2020E Adjusted EBITDA ~$10.2-$10.5 billion

Reflects revised expectations, including slower pace of recovery

2019 to 2020 Drivers

+ SEMG integration/synergies

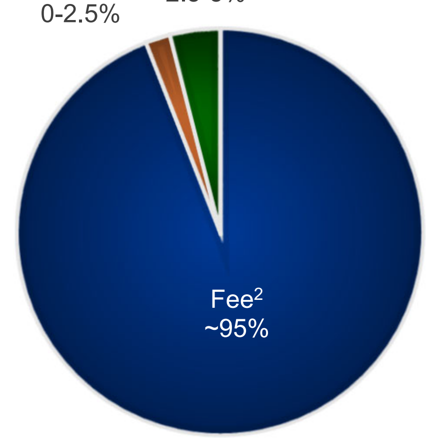
- Legacy contracts/renewals

- Crude/gas spreads

- Economic slow down/volumes

+Organic Projects
- +Mariner East system
- +Fractionation plants (VI, VII)
- +PE4 Pipeline
- +Lone Star Express Expansion
- +Permian processing plants
- +JC Nolan Diesel Pipeline
- +Red Bluff Express Pipeline

2020E Adjusted EBITDA Breakout

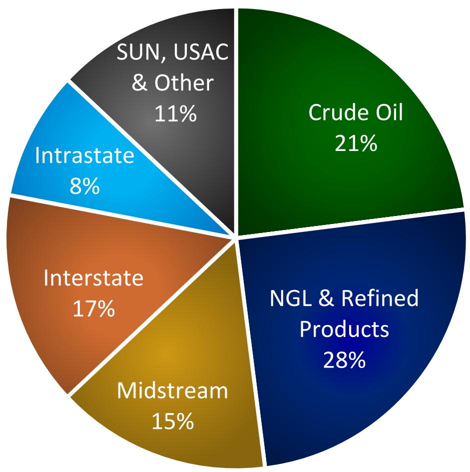


- ➢ Increased operating efficiencies from lower cost structure
- ➢ Pricing and spread assumptions based on current futures markets

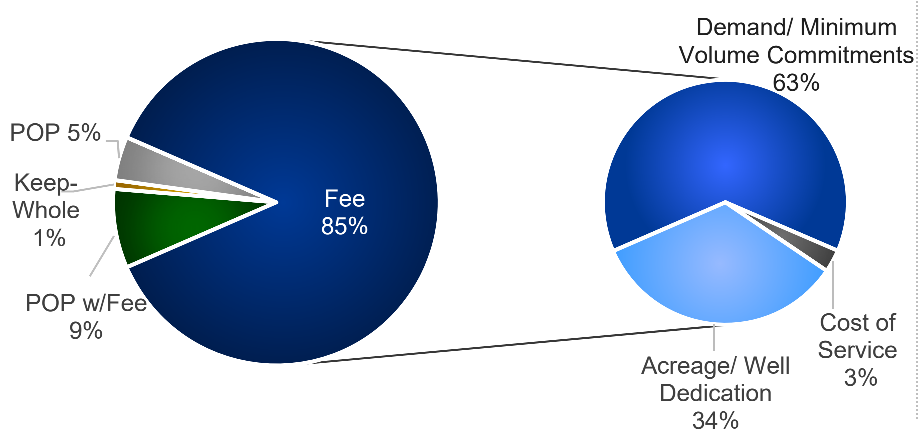
1. *Spread margin is pipeline basis, cross commodity and time spreads*
2. *Fee margins include transport and storage fees from affiliate customers at market rates*

EARNINGS SUPPORTED BY PREDOMINANTLY FEE-BASED CONTRACTS

Q2 2020 Adjusted EBITDA by Segment[1]



2019 Midstream Segment Contract Mix By Volume



Segment[1]	Contract Structure	Strength
Crude Oil	Fees from dedicated acreage, take-or-pay and throughput-based transportation, terminalling and storage	More than 9,500 miles connecting Permian, Bakken and Midcon Basins to U.S. markets, including Nederland terminal
NGL & Refined Products	Fees from plant dedications and take-or-pay transportation contracts, storage fees and fractionation fees, which are primarily frac-or-pay structures	~60 facilities connected to ET's NGL pipelines, and benefit from recent frac expansions at the Mont Belvieu complex
Interstate Transport & Storage	Fees based on reserved capacity, take-or-pay contacts	Connected to all major U.S. supply basins and demand markets, including exports
Midstream	Minimum volume commitment (MVC), acreage dedication, utilization-based fees and percent of proceeds (POP)	Significant acreage dedications, including assets in Permian, Eagle Ford, and Marcellus/Utica Basins
Intrastate Transport & Storage	Reservation charges and transport fees based on utilization	Largest intrastate pipeline system in the U.S. with interconnects to TX markets, as well as major consumption areas throughout the US

1. *Energy Transfer Operating Segments*

REVISED CAPEX – FOCUSED ON CAPITAL DISCIPLINE

2020E Growth Capital: ~$3.4 billion

15% reduction from original estimate[1]

		% of 2020E[2]
NGL & Refined Products	• Lone Star Express Expansion • Mariner East system (ME2, ME2X) • Nederland LPG facilities • Fractionation plant VII (placed in service in February) • Orbit Export facilities (Nederland and Mt. Belvieu) • Multiple projects < $50mm	70-75%
Midstream	• Gathering and processing projects primarily in West Texas, the Northeast, and Eagle Ford (slowed pace of development in accordance with demand)	10-15%
Crude Oil	• Bakken pipeline optimization • Ted Collins Link • Multiple projects < $50mm	5-10%

2021E Growth Capital: ~$1.3 billion

28% reduction from original estimate[1]

2022E and 2023E Growth Capital: ~$500-700 million per year

Expect to be free cash flow positive in 2021, after growth capital and equity distributions

1. *As provided in February 2020*
2. *Intra/Inter and other segments estimated at ~5%*

NON-GAAP RECONCILIATION

Energy Transfer LP
Reconciliation of Non-GAAP Measures

	Full Year 2018 [b]	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019 YTD	2020 Q1	2020 Q2	2020 YTD
Net income [a]	$ 3,420	$ 1,118	$ 1,209	$ 1,187	$ 1,311	$ 4,825	$ (964)	$ 672	$ (292)
(Income) loss from discontinued operations	265	-	-	-	-	-	-	-	-
Interest expense, net	2,055	590	578	579	584	2,331	602	579	1,181
Impairment losses	431	50	-	12	12	74	1,325	4	1,329
Income tax expense (benefit) from continuing operations	4	126	34	54	(19)	195	28	99	127
Depreciation, depletion and amortization	2,859	774	785	784	804	3,147	867	936	1,803
Non-cash compensation expense	105	29	29	27	28	113	22	41	63
(Gains) losses on interest rate derivatives	(47)	74	122	175	(130)	241	329	3	332
Unrealized (gains) losses on commodity risk management activities	11	(49)	23	(64)	95	5	(51)	48	(3)
Losses on extinguishments of debt	112	18	-	-	-	18	62	-	62
Inventory valuation adjustments	85	(93)	(4)	26	(8)	(79)	227	(90)	137
Impairment of investment in unconsolidated affiliates									
Equity in (earnings) losses of unconsolidated affiliates	(344)	(65)	(77)	(82)	(78)	(302)	7	(85)	(78)
Adjusted EBITDA related to unconsolidated affiliates	655	146	163	161	156	626	154	157	311
Adjusted EBITDA from discontinued operations	(25)	-	-	-	-	-	-	-	-
Other, net	(21)	17	(37)	(47)	13	(54)	27	74	101
Adjusted EBITDA (consolidated)	9,565	2,735	2,825	2,812	2,768	11,140	2,635	2,438	5,073
Adjusted EBITDA related to unconsolidated affiliates	(655)	(146)	(163)	(161)	(156)	(626)	(154)	(157)	(311)
Distributable Cash Flow from unconsolidated affiliates	407	93	107	107	108	415	113	112	225
Interest expense, net	(2,057)	(590)	(578)	(579)	(584)	(2,331)	(602)	(579)	(1,181)
Preferred unitholders' distributions	(170)	(53)	(64)	(68)	(68)	(253)	(89)	(96)	(185)
Current income tax (expense) benefit	(472)	(28)	7	(2)	45	22	14	(15)	(1)
Transaction-related income taxes	470	-	-	-	(31)	(31)	-	-	-
Maintenance capital expenditures	(510)	(92)	(170)	(178)	(215)	(655)	(103)	(136)	(239)
Other, net	49	18	19	18	30	85	22	18	40
Distributable Cash Flow (consolidated)	6,627	1,937	1,983	1,949	1,897	7,766	1,836	1,585	3,421
Distributable Cash Flow attributable to Sunoco LP (100%)	(445)	(97)	(101)	(132)	(120)	(450)	(159)	(122)	(281)
Distributions from Sunoco LP	166	41	41	41	42	165	41	41	82
Distributable Cash Flow attributable to USAC (100%)	(148)	(55)	(54)	(55)	(58)	(222)	(55)	(58)	(113)
Distributions from USAC	73	21	21	24	24	90	24	24	48
Distributable Cash Flow attributable to PennTex Midstream Partners, LP (100%)									
Distributions from PennTex Midstream Partners, LP									
Distributable Cash Flow attributable to noncontrolling interests in other non-wholly-owned subsidiaries	(875)	(251)	(293)	(283)	(286)	(1,113)	(290)	(209)	(499)
Distributable Cash Flow attributable to the partners of ET - pro forma for ETO merger	5,398	1,596	1,597	1,544	1,499	6,236	1,397	1,261	2,658
Transaction-related adjustments	52	(2)	5	3	8	14	20	10	30
Distributable Cash Flow attributable to the partners of ET, as adjusted - pro forma for ETO merger	$ 5,450	$ 1,594	$ 1,602	$ 1,547	$ 1,507	$ 6,250	$ 1,417	$ 1,271	$ 2,688

Notes

(a) Effective January 1, 2020, the Partnership elected to change its accounting policy related to certain barrels of crude oil that were previously accounted for as inventory. Under the revised accounting policy, certain amounts of crude oil that are not available for sale have been reclassified from inventory to non-current assets. The results for prior periods have been adjusted to reflect this change in accounting policy.

(b) The closing of the ETO Merger impacted the Partnership's calculation of Distributable Cash Flow attributable to partners, as well as the number of ET Common Units outstanding and the amount of distributions to be paid to partners. In order to provide information on a comparable basis for pre-ETO Merger and post-ETO Merger periods, the Partnership has included certain pro forma information. Pro forma Distributable Cash Flow attributable to partners reflects the following ETO Merger related impacts:

- ETO is reflected as a wholly-owned subsidiary and pro forma Distributable Cash Flow attributable to partners reflects ETO's consolidated Distributable Cash Flow (less certain other adjustments, as follows).
- Distributions from Sunoco LP and USAC include distributions to both ET and ETO.
- Distributions from PennTex are separately included in Distributable Cash Flow attributable to partners.
- Distributable Cash Flow attributable to noncontrolling interest in our other non-wholly-owned subsidiaries is subtracted from consolidated Distributable Cash Flow to calculate Distributable Cash Flow attributable to partners.

Pro forma distributions to partners include actual distributions to legacy ET partners, as well as pro forma distributions to legacy ETO partners. Pro forma distributions to ETO partners are calculated assuming (i) historical ETO common units converted under the terms of the ETO Merger and (ii) distributions on such converted common units were paid at the historical rate paid on ET Common Units. Pro forma Common Units outstanding include actual Common Units outstanding, in addition to Common Units assumed to be issued in the ETO Merger, which are based on historical ETO common units converted under the terms of the ETO Merger.

Definitions

Adjusted EBITDA, Distributable Cash Flow and distribution coverage ratio are non-GAAP financial measures used by industry analysts, investors, lenders and rating agencies to assess the financial performance and the operating results of ET's fundamental business activities and should not be considered in isolation or as a substitute for net income, income from operations, cash flows from operating activities, or other GAAP measures. There are material limitations to using measures such as Adjusted EBITDA, Distributable Cash Flow and distribution coverage ratio, including the difficulty associated with using either as the sole measure to compare the results of one company to another, and the inability to analyze certain significant items that directly affect a company's net income or loss or cash flows. In addition, our calculations of Adjusted EBITDA, Distributable Cash Flow and distribution coverage ratio may not be consistent with similarly titled measures of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP, such as segment margin, operating income, net income and cash flow from operating activities.

We define Adjusted EBITDA as total partnership earnings before interest, taxes, depreciation, depletion, amortization and other non-cash items, such as non-cash compensation expense, gains and losses on disposals of assets, the allowance for equity funds used during construction, unrealized gains and losses on commodity risk management activities, inventory valuation adjustments, non-cash impairment charges, losses on extinguishments of debt and other non-operating income or expense items. Adjusted EBITDA reflects amounts for less than wholly-owned subsidiaries based on 100% of the subsidiaries' results of operations. Adjusted EBITDA reflects amounts for unconsolidated affiliates based on the same recognition and measurement methods used to record equity in earnings of unconsolidated affiliates. Adjusted EBITDA related to unconsolidated affiliates 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 affiliates, such exclusion should not be understood to imply that we have control over the operations and resulting revenues and expenses of such affiliates. We do not control our unconsolidated affiliates; therefore, we do not control the earnings or cash flows of such affiliates.

Distributable Cash Flow is used by management to evaluate our overall performance. Our partnership agreement requires us to distribute all available cash, and Distributable Cash Flow is calculated to evaluate our ability to fund distributions through cash generated by our operations. We define Distributable Cash Flow as net income, adjusted for certain non-cash items, less distributions to preferred unitholders and maintenance capital expenditures. Non-cash items include depreciation, depletion and amortization, non-cash compensation expense, amortization included in interest expense, gains and losses on disposals of assets, the allowance for equity funds used during construction, unrealized gains and losses on commodity risk management activities, inventory valuation adjustments, non-cash impairment charges, losses on extinguishments of debt and deferred income taxes. For unconsolidated affiliates, Distributable Cash Flow reflects the Partnership's proportionate share of the investee's distributable cash flow.

On a consolidated basis, Distributable Cash Flow includes 100% of the Distributable Cash Flow of ET's consolidated subsidiaries. However, to the extent that noncontrolling interests exist among the Partnership's subsidiaries, the Distributable Cash Flow generated by our subsidiaries may not be available to be distributed to our partners. In order to reflect the cash flows available for distributions to the partners of ET, the Partnership has reported Distributable Cash Flow attributable to the partners of ET, which is calculated by adjusting Distributable Cash Flow (consolidated), as follows:

- For subsidiaries with publicly traded equity interests, other than ETO, Distributable Cash Flow (consolidated) includes 100% of Distributable Cash Flow attributable to such subsidiary, and Distributable Cash Flow attributable to the our partners includes distributions to be received by the parent company with respect to the periods presented.
- For consolidated joint ventures or similar entities, where the noncontrolling interest is not publicly traded, Distributable Cash Flow (consolidated) includes 100% of Distributable Cash Flow attributable to such subsidiaries, but Distributable Cash Flow attributable to the partners reflects only the amount of Distributable Cash Flow of such subsidiaries that is attributable to our ownership interest.

For Distributable Cash Flow attributable to partners, as adjusted, certain transaction-related and non-recurring expenses that are included in net income are excluded.

Distribution coverage ratio for the three months ended June 30, 2020 is calculated as Distributable Cash Flow attributable to partners, as adjusted, divided by distributions expected to be paid to the partners of ET in respect of the second quarter of 2020, which expected distributions total $823 million.