



Shell Midstream Partners, L.P. (SHLX) Q1 2017 Results

May 5, 2017

John Hollowell
Chief Executive Officer

Definitions and Cautionary Note

This presentation includes various “forward-looking statements” within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management’s current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning management’s expectations, beliefs, estimates, forecasts, projections and assumptions. You can identify our forward-looking statements by words such as “anticipate”, “believe”, “estimate”, “budget,” “continue,” “potential,” “guidance,” “effort,” “expect”, “forecast”, “goals”, “objectives”, “outlook”, “intend”, “plan”, “predict”, “project”, “seek”, “target”, “begin”, “could”, “may”, “should” or “would” or other similar expressions that convey the uncertainty of future events or outcomes. In accordance with “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors, which could cause future outcomes to differ materially from those set forth in forward-looking statements. In particular, expressed or implied statements concerning future actions, future drop downs, volumes, capital requirements, conditions or events, future impact of prior acquisitions, future operating results or the ability to generate sales, the potential exposure of Shell Midstream Partners to market risks, and statements relating to expected EBITDA, future growth, income, cash flow and the amount of distributions are forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future actions, conditions or events and future results of operations may differ materially from those expressed in these forward-looking statements. Forward-looking statements speak only as of the date of this presentation, May 5, 2017 and we disclaim any obligation to update such statements for any reason, except as required by law. All forward-looking statements contained in this document are expressly qualified in their entirety by the cautionary statements contained or referred to in this paragraph. Many of the factors that will determine these results are beyond our ability to control or predict. These factors include the risk factors described in Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2016, as updated by our other filings with the SEC. If any of those risks occur, it could cause our actual results to differ materially from those contained in any forward-looking statement. Because of these risks and uncertainties, you should not place undue reliance on any forward-looking statement.



Summary

- **Delivered strong financial results**
 - Adjusted EBITDA up 3% over Q4 2016
 - Cash Available for Distribution up 9% over Q4 2016
 - 5.1% increase in quarterly distribution to \$0.291/LP unit (79.1% increase over MQD)
 - Coverage ratio of 1.4x
- **Maturing the MLP by extending reach into other businesses across Shell**
 - Acquisition of Shell Chemicals' Refinery Gas Pipelines
 - Highlighting the long runway of "mainstream midstream" assets across the Shell Group
- **Maintaining a diversified portfolio**
 - Deepening the onshore portfolio and corridor strategy
 - Well balanced portfolio across onshore and offshore



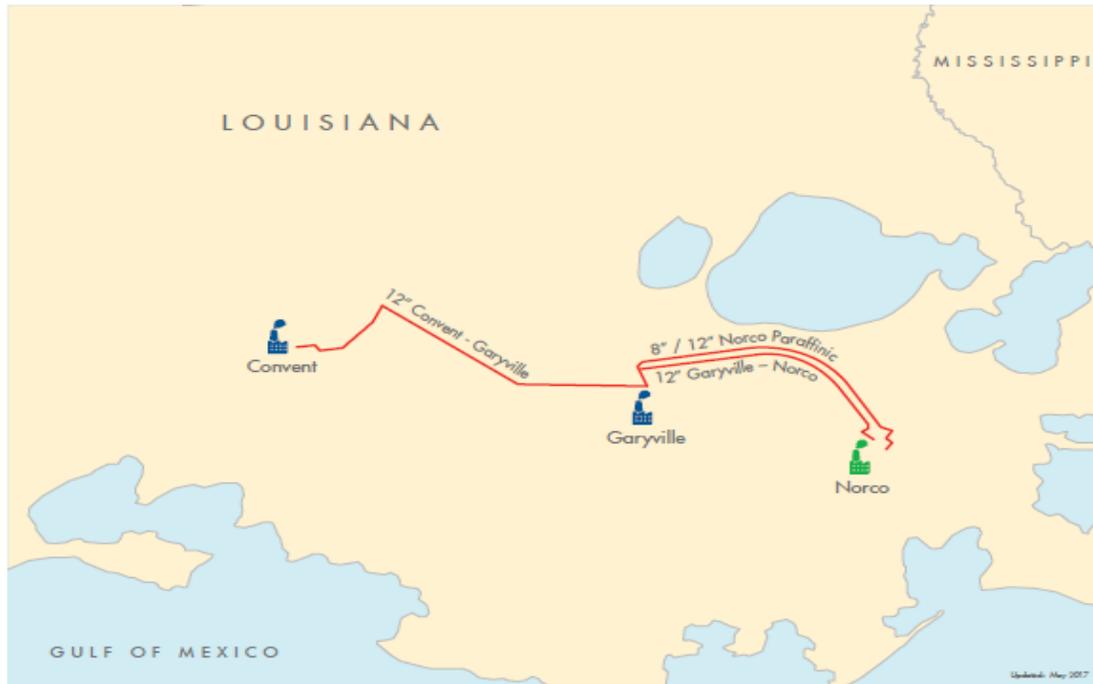
Acquisition of Strategic Onshore and Offshore Assets

- Total acquisition price of \$630 million
- 8.4x projected NTM Adjusted EBITDA
- Immediately accretive to unitholders
- Refinery Gas Pipelines:
 - Signals next phase of drop down strategy
 - Long-term contracts with take or pay provisions
 - Deepens robust onshore portfolio of assets
- Na Kika and Delta Pipelines:
 - Building on Gulf of Mexico corridor strategy
 - Located in active area of the Gulf of Mexico



Refinery Gas Acquisition

Louisiana Segments



Texas Segments

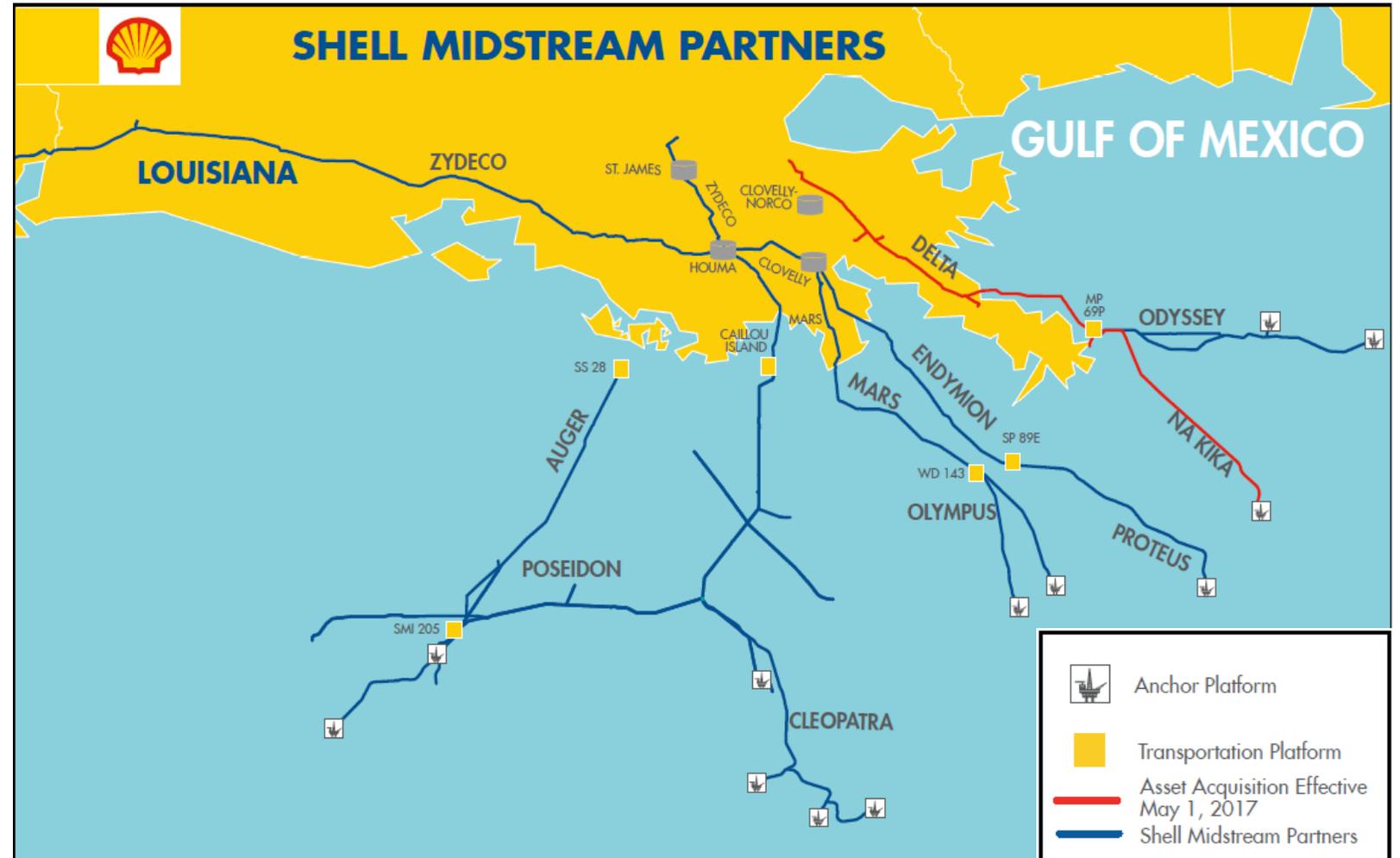


Cash flows secured by long-term contracts with take or pay provisions



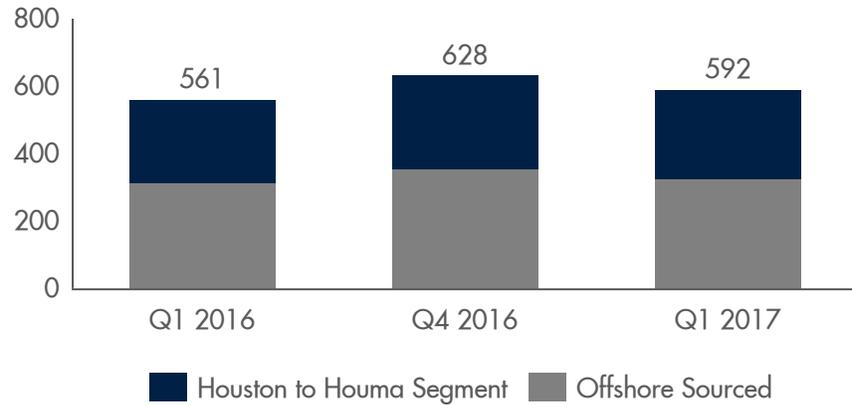
Delta & Na Kika Acquisition

- Strategic acquisition to complete the Eastern Corridor connecting offshore production to onshore markets
- Delta Pipeline:
 - Services two core market hubs and two refineries
 - Aggregates volume from five GOM pipelines, including Odyssey and Na Kika
- Na Kika Pipeline:
 - Shell and BP production provide long-term sustainable throughput
 - 75 miles in length, 160 kbpd capacity

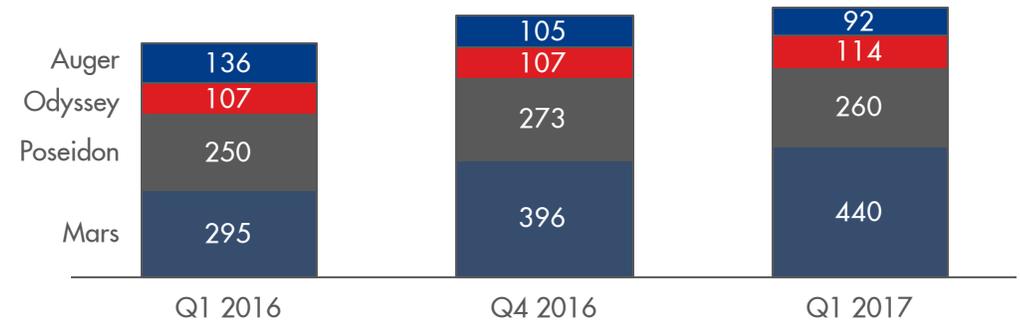


Operational Results: Stable Throughputs Across the Portfolio

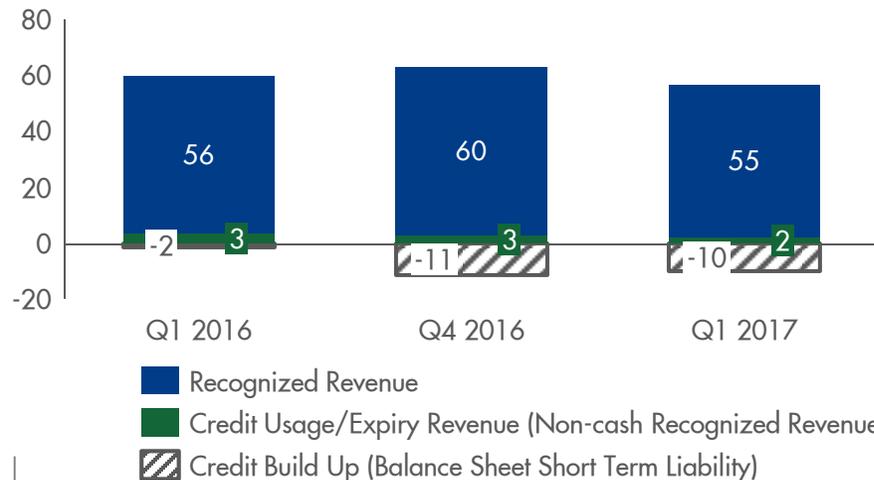
Zydeco Mainline Throughput Volume, kbpd



Offshore Throughput Volume, kbpd



Zydeco Revenue by Component, \$million



Operational Highlights

- Overall operational results stable quarter over quarter
- Mars: increased volumes from Amberjack and Olympus
- Zydeco: slightly lower committed volume due to market dynamics
- Odyssey: increased volumes from production ramp up
- Auger: lower volume due to well issues and market dynamics



Q2 CAFD Outlook

- Acquisition Effective May 1
- Zydeco Interplant Line Sale
 - 22" line connecting Port Neches Terminal to Port Arthur Refinery
 - Approximately 5.5 miles in length
 - Transaction Price \$21 million, equates to \$19.4 million SHLX share
- Planned Maintenance Activity: total expected impact \$9-\$12 million higher than Q1
 - Auger: two planned producer turnaround impacting throughput
 - Zydeco: ~\$10 million maintenance projects, up \$5.5 million from Q1
 - Other small projects across the portfolio

Zydeco Interplant Line



Financial Results from Operations

(\$ million)	Three Months Ended	
	March 31, 2017	December 31, 2016
Revenue	70.2	75.6
Cost and Expenses	38.4	34.2
Operating Income	31.8	41.4
Income from Equity Investments	38.7	30.9
Dividend Income	7.3	4.5
Net Income	73.0	72.3
Net Income Attributable to SHLX	70.8	69.5
Adjusted EBITDA Attributable to SHLX ⁽¹⁾	86.6	84.3
Cash Available for Distribution ⁽¹⁾	90.5	82.7



(1) Non-GAAP measures. See reconciliation to GAAP measures in Appendix 1



Non GAAP Financial Metrics

(\$ million except per unit amount)	Three Months Ended	
	March 31, 2017	December 31, 2016
Adjusted EBITDA Attributable to SHLX ⁽¹⁾	86.6	84.3
Less:		
Net Interest Paid	4.8	4.5
Maintenance Capital Attributable to SHLX	5.2	6.2
Plus:		
Adjustments from Minimum Volume Commitments	7.5	7.9
Reimbursements from Parent included in Partners Capital	6.4	1.2
Cash Available for Distribution Attributable to SHLX ⁽¹⁾	90.5	82.7
Total Cash Distribution Declared	63.6	58.6
Cash Distribution per Unit	0.2910	0.2770
Coverage Ratio ⁽²⁾	1.4x	1.4x

(1) Non-GAAP measures. See reconciliation to GAAP measures in Appendix 1.

(2) Coverage Ratio is equal to Cash Available for Distribution Attributable to SHLX divided by Total Cash Distribution Declared.



Balance Sheet

(\$ million)	As of March 31, 2017
Cash and Cash Equivalents	154.6
Total Debt Outstanding	685.3
Total Credit Facilities (Inc. Zydeco)	1,390
Liquidity Available (Cash + Debt Capacity)	857.7



Diversified Asset Base



Portfolio of Assets

As of May 1, 2017

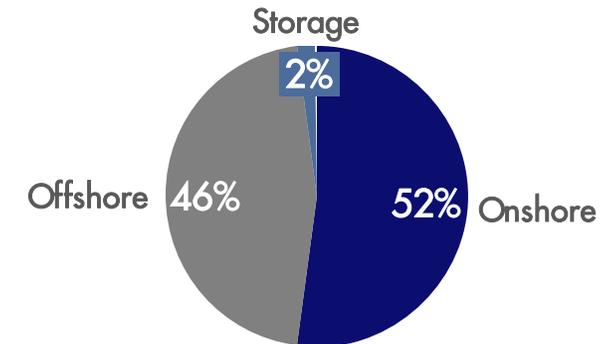
Offshore Pipelines	Ownership %
Auger	100.0%
Cleopatra	1.0%
Endymion	10.0%
Mars	48.6%
Na Kika	100.0%
Odyssey	49.0%
Poseidon	36.0%
Proteus	10.0%

Onshore Pipelines	Ownership %
Bengal	50.0%
Colonial	6.0%
Delta	100.0%
Explorer	2.6%
Refinery Gas	100.0%
Zydeco	92.5%

Storage	Ownership %
Lockport	100.0%

Cash Available for Distribution by Asset Class

Q1 2017



Questions and Answers

For further questions, please contact
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Q&A





Appendix 1 – Non GAAP Financial Measures

This presentation includes the terms Adjusted EBITDA and cash available for distribution. Adjusted EBITDA and cash available for distribution are non-GAAP supplemental financial measures that management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies, may use to assess:

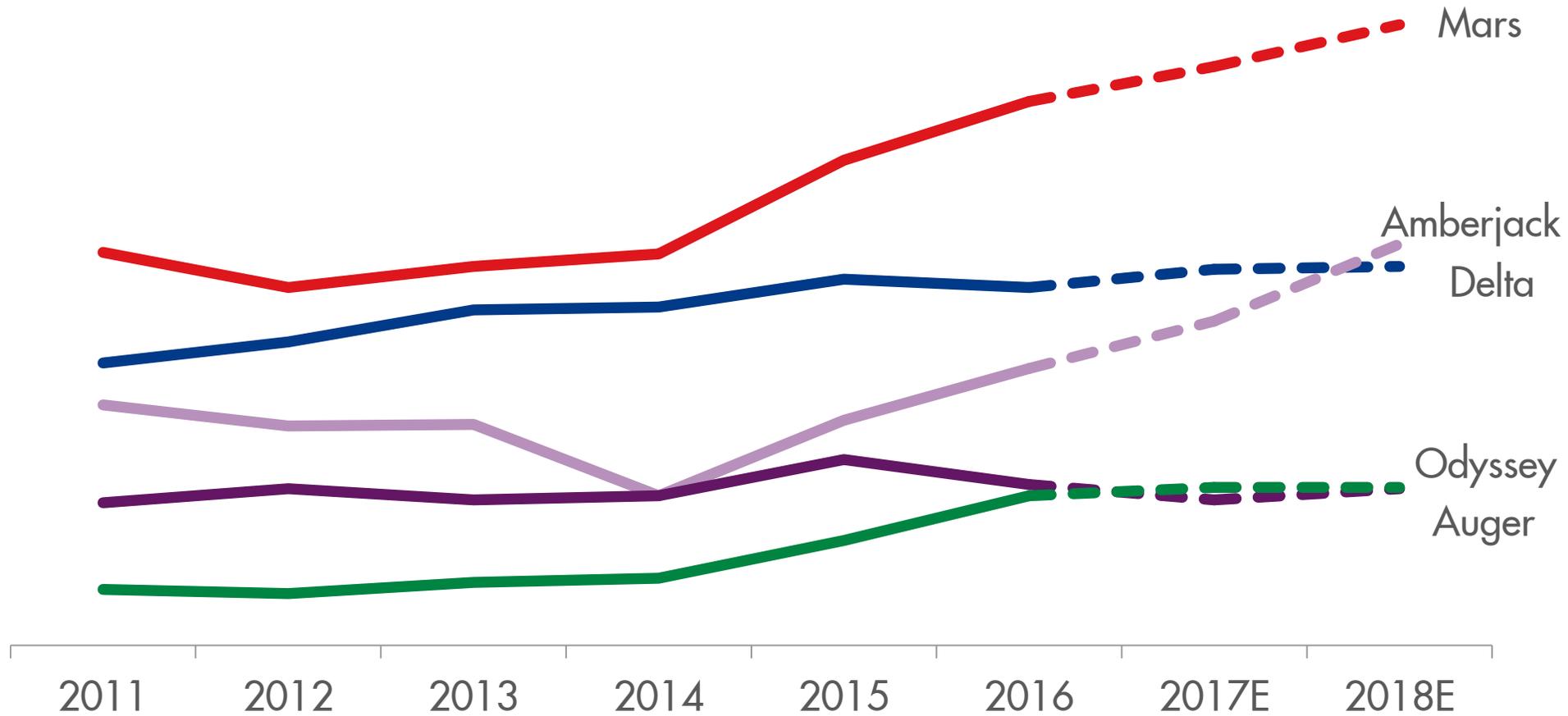
- our operating performance as compared to other publicly traded partnerships in the midstream energy industry, without regard to historical cost basis or, in the case of Adjusted EBITDA, financing methods;*
- the ability of our business to generate sufficient cash to support our decision to make distributions to our unitholders;*
- our ability to incur and service debt and fund capital expenditures; and*
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.*

We believe that the presentation of Adjusted EBITDA and cash available for distribution provides useful information to management and investors in assessing our financial condition and results of operations. The GAAP measures most directly comparable to Adjusted EBITDA and cash available for distribution are net income and net cash provided by operating activities. These non-GAAP measures should not be considered as alternatives to GAAP net income or net cash provided by operating activities. Adjusted EBITDA and cash available for distribution have important limitations as analytical tools because they exclude some but not all items that affect net income and net cash provided by operating activities. They should not be considered in isolation or as substitutes for analysis of our results as reported under GAAP. Additionally, because Adjusted EBITDA and cash available for distribution may be defined differently by other companies in our industry, our definition of Adjusted EBITDA and cash available for distribution may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

References in this presentation to Adjusted EBITDA refer to net income before income taxes, net interest expense, gain or loss from disposition of fixed assets, allowance oil reduction to net realizable value, and depreciation, accretion and amortization, plus cash distributed to Shell Midstream Partners, L.P. from equity investments for the applicable period, less income from equity investments. We define Adjusted EBITDA attributable to Shell Midstream Partners as Adjusted EBITDA less Adjusted EBITDA attributable to noncontrolling interests. References to cash available for distribution refer to Adjusted EBITDA attributable to Shell Midstream Partners, less maintenance capital expenditures attributable to Shell Midstream Partners, net interest paid, cash reserves and income taxes paid, plus net adjustments from volume deficiency payments attributable to Shell Midstream Partners and certain one-time payments not received in net income. Cash available for distribution will not reflect changes in working capital balances.



Forecasted Offshore Volume Growth Rates 2017-2018



Source: Producers' internal projections, public filings and presentations. Projected volumes may be materially more than actual realized volumes
 Amberjack and Delta are not currently owned by Shell Midstream Partners and there is no guarantee Shell Midstream Partners will acquire any of such assets



Shell Midstream Partners Strategy

