

SHELL MIDSTREAM PARTNERS, L.P. (SHLX)

Q4 RESULTS
ANNOUNCEMENT

February 24, 2015



Shell Midstream Partners





This presentation includes various “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of 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 the potential exposure of Shell Midstream Partners, L.P. to market risks and statements expressing management’s expectations, beliefs, estimates, forecasts, projections and assumptions. You can identify our forward-looking statements by words such as “anticipate”, “believe”, “estimate”, “expect”, “forecast”, “goals”, “objectives”, “outlook”, “intend”, “plan”, “predict”, “project”, “risks”, “schedule”, “seek”, “target”, “could”, “may”, “will”, “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, conditions or events, future operating results or the ability to generate sales, income or cash flow or to make 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 press release, February 24, 2015, 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 under “Risk Factors” in our prospectus related to the initial public offering of Shell Midstream Partners, L.P. dated and filed with the SEC on October 29, 2014. 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.

INITIAL PUBLIC OFFERING

Initial public offering of 46,000,000 common units, which included full exercise of underwriter's overallotment

Represents 33.4 percent publicly owned interest

"SHLX" began trading on the NYSE on October 29, 2014

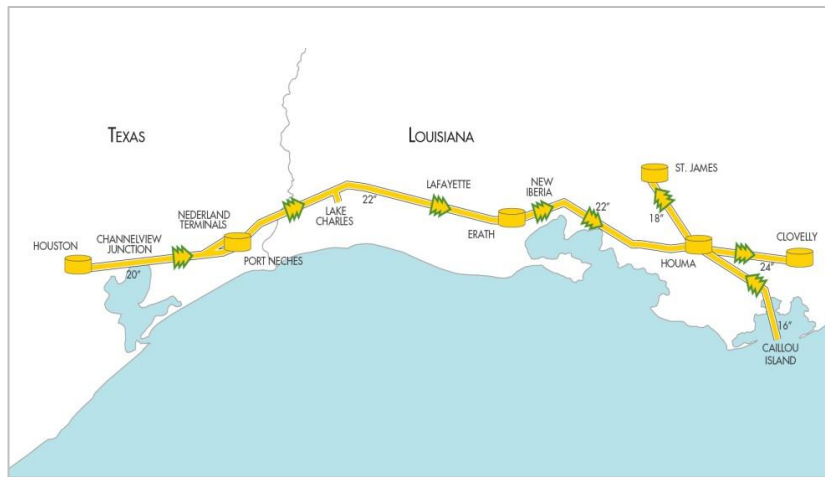
Total gross proceeds of \$1.058 billion, of which \$100 million retained at the partnership level

Strategically located assets with crude connectivity and refined product off-take capabilities

Expecting top tier distribution growth rates



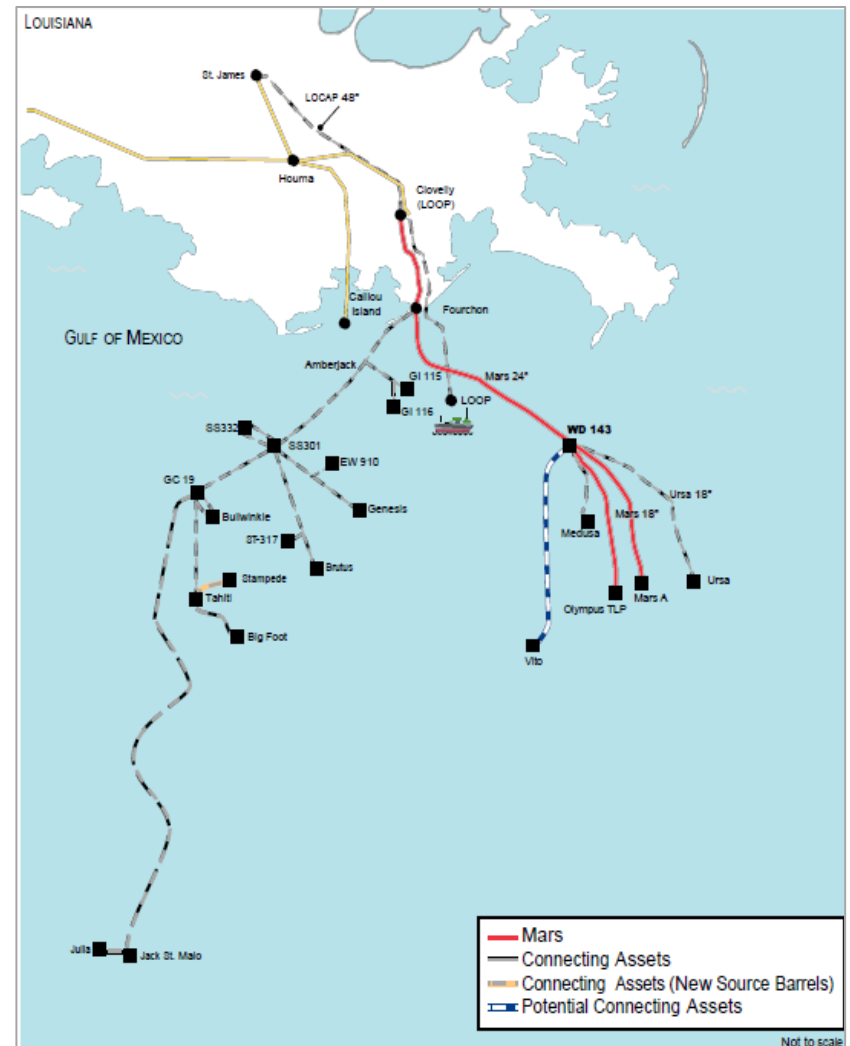
Zydeco



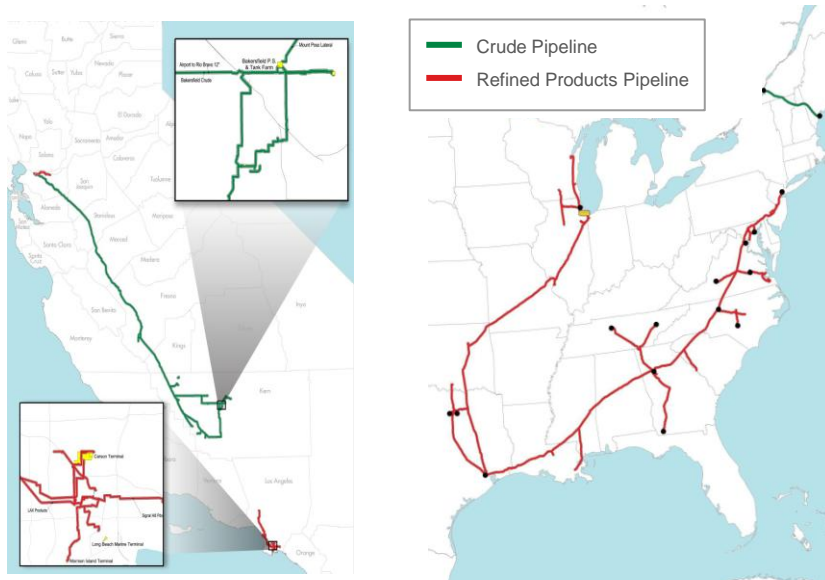
Highlights

- Mars: new volumes from Jack St. Malo, Olympus, Powerball, and Coelacanth currently ramping up
- Mars: new volumes from Big Foot and Stampede expected in 2015-2018
- Zydeco: mainline volume ramp up, new tankage, and additional connections

Mars

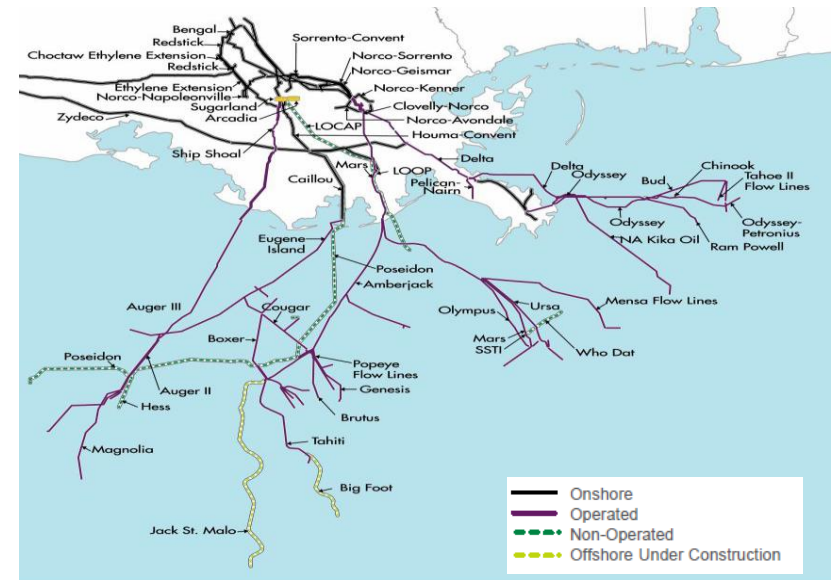


Shell Pipeline Company Onshore



- Major pipeline systems in California
- Key product systems supplying the Midcontinent and East Coast

Shell Pipeline Company Offshore



- Ownership in 16 offshore pipelines representing over 1,800 miles of pipe
- Operate the major pipeline corridors to shore – Auger, Amberjack, Eugene Island, Mars and Odyssey
- SPLC pipelines provide connectivity to key onshore assets – LOOP, LOCAP, Ship Shoal, and Zydeco pipelines, Arcadia and Sugarland terminals

FINANCIAL RESULTS FROM OPERATIONS

Shell Midstream Partners



	Pro Forma	IPO Forecast
\$MM	Three Months Ended December 31, 2014	Three Months Ended December 31, 2014
Revenue (Zydeco only)	55.6	52.0
Cost and Expenses (Zydeco only)	27.0	23.1
Operating Income (Zydeco only)	28.6	28.9
Income from Equity Investments	10.0	9.0
Dividend Income	1.3	1.2
Net Income	39.4	39.0
Net Income Attributable to SHLX	21.3	20.4
Adjusted EBITDA Attributable to SHLX	27.3	21.0
Cash Available for Distribution	27.5	24.2



NON-GAAP FINANCIAL METRICS

Shell Midstream Partners



Attributable to Shell Midstream Partners (\$MM)

November 3, 2014 –
December 31, 2014

Adjusted EBITDA	17.0
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Less:

Net Interest Paid	0.6
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Zydeco Maintenance Capital Attributable to SHLX	0.3
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Plus:

Adjustments from Minimum Volume Commitments	0.4
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Cash Available for Distribution	16.5
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Total Cash Distributed	14.4
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Cash Distribution per Unit	.1042
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Coverage Ratio	1.15x
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BALANCE SHEET

Shell Midstream Partners



\$MM

As of December 31, 2014

Cash and Cash Equivalents

150

Total Debt

0

Revolving Credit Facility Availability

300



The background of the slide is a photograph of an industrial facility. It features large, white, cylindrical pipes with yellow flanges, a white storage tank with a metal walkway and stairs, and a chain-link fence in the distance under a clear blue sky.

For further questions, please contact
Courtney L. Mason
+1 713 241 1513
Courtney.Mason@Shell.com



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 combined 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 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 attributable to Shell Midstream Partners, L.P. 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 press release to Adjusted EBITDA refer to net income before taxes, net interest expense, gain or loss from disposition of fixed assets, allowance oil reduction to net realizable value, and depreciation 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. Cash available for distribution will not reflect changes in working capital balances.