



Shell Midstream Partners, L.P. (SHLX) Q4 2019 Results

February 20, 2020

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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, L.P. (the “Partnership”) 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, February 20, 2020, 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. More information on these risks and other potential factors that could affect the Partnership’s financial results is included in the Partnership’s filings with the U.S. Securities and Exchange Commission, including in the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of the Partnership’s most recently filed periodic report on Form 10-K and subsequent filings. 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.

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Summary – 4Q 2019

- 4Q 2019 solid close out to the year:
 - Adjusted EBITDA \$187 million, CAFD \$164 million⁽¹⁾
 - Quarterly distributions increased to \$0.460 per unit, a 3.4% increase over prior quarter
- Operational Update:
 - Offshore volumes recovered from Hurricane Barry in 3Q, partially offset by planned turnaround activity
 - Zydeco continues to run at high utilization rates following re-contracting, demonstrating the continued competitiveness of the asset
- Demand in the Gulf of Mexico remains strong with announcement of Anchor dedication to Amberjack and continued progress on Mars expansion



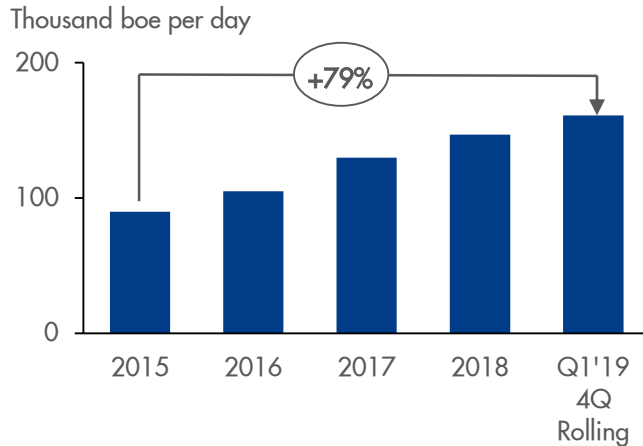
(1) Non-GAAP measures. See reconciliation to GAAP measures in Appendix 2



Gulf of Mexico: Resilient and Growing

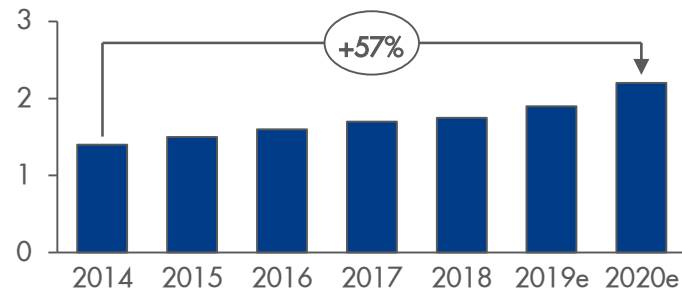
SHLX well positioned to capture growth

RDS Filling the Hubs: Mars Corridor



EIA Total US Gulf of Mexico Production

Record high of 2.1 mboe/d in 2020e

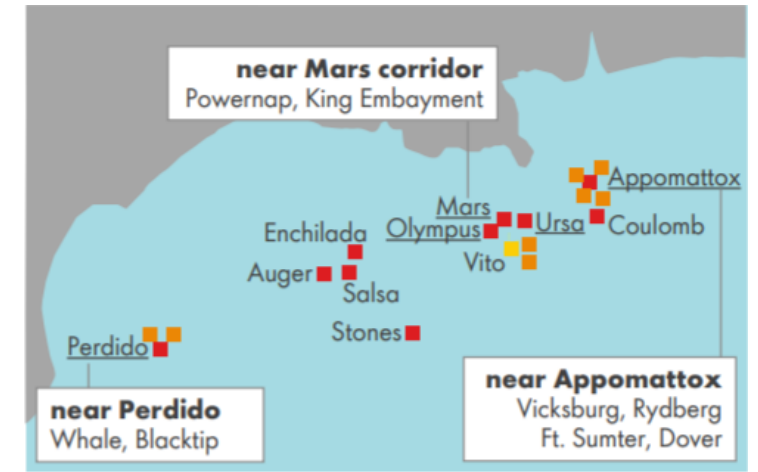


Online in 2021:

- BP Phase 2 Thunderhorse South, 50 kboe/d
- Shell Vito, 100 kboe/d
- Shell Powernap, 35 kboe/d

- Efficient execution, competitive scoping and affordable technology continues
- Pre-FID project average forward looking BEP is <\$30 per barrel

Shell Deepwater Exploration



■ Operating ■ Exploration or Appraisal ■ Under Construction

Continued Replenishment of the Funnel:

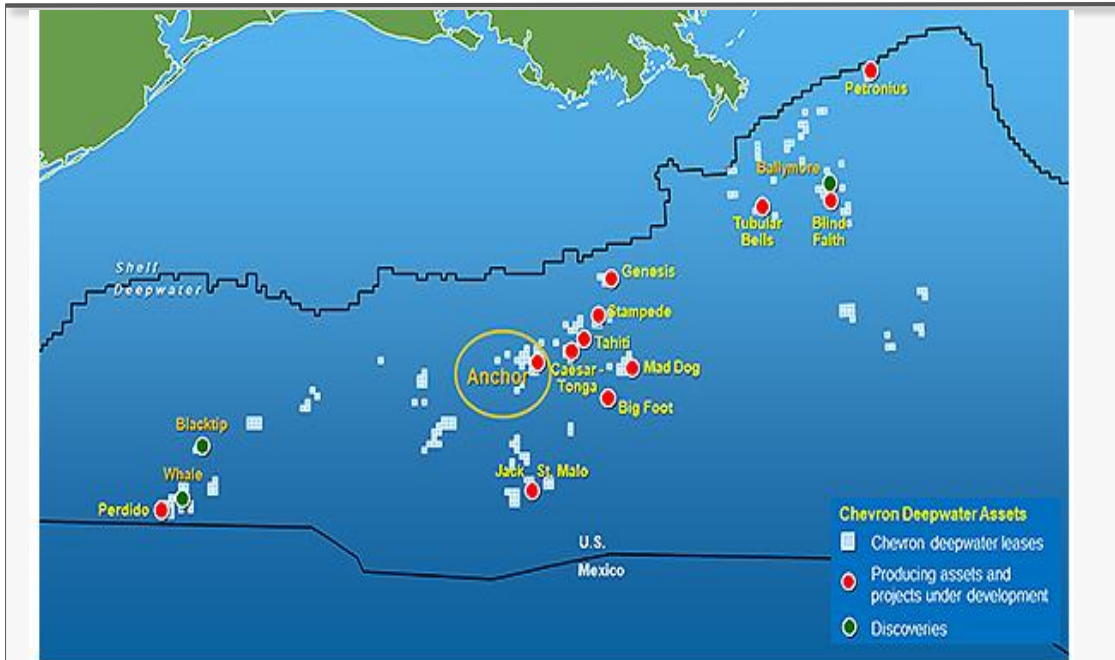
- Whale/Blacktip (Shell)
- Anchor/Ballymore (Chevron)
- Shenandoah/Buckskin (LLOG)
- Khaleesi-Mormont (Murphy)
- North Platte (Total)



Gulf of Mexico Corridor Strategy In Action

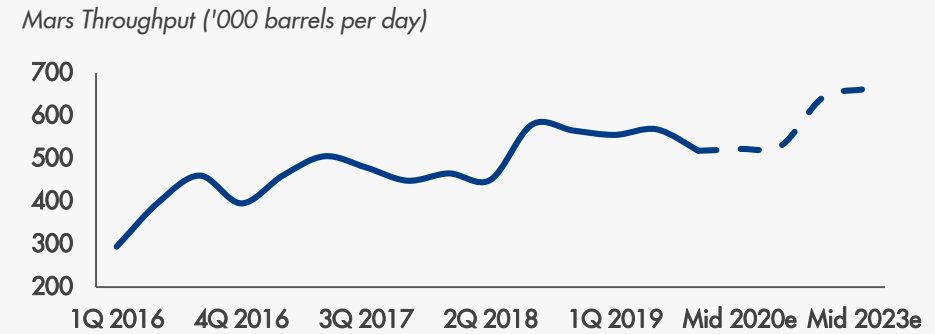
Anchor and Mars Negotiations for Expansion

Anchor Development Highlights:



- First high pressure deepwater development to take FID
- First oil expected 2024 and anticipated to produce up to 75,000 bbls/d oil at peak
- Amberjack provides unique flexibility to producers
- No capital expenditures required by SHLX to connect host

Corridor Strategy is Working:



- Mars Pipeline Utilization Rates: ~90% of capacity⁽¹⁾
- Increased volumes driven by tie-backs and aggressive in-field drilling
- Anticipated near-term growth (online in 2021):
 - Shell Vito, 100 kboe/d
 - Shell Powernap, 35 kboe/d
 - Mars Expansion expected to provide cost effective organic expansion to meet growing demand

Source: (1) Actuals represent SHLX Reported Throughput; Estimates are based on expected production profiles of dedicated projects



Onshore - Zydeco

■ Zydeco

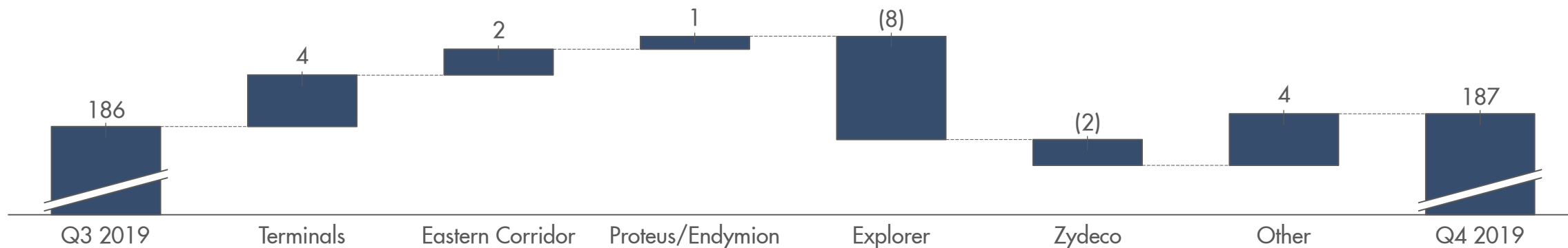
- Strategic pipeline providing direct connectivity from Houston to St. James or Loop
- Flexibility provided with ability to batch and deliver various grades to the Southeast Louisiana market
- Moving forward we will be working to leverage connections to Loop, which is the only current port capable of loading VLCC's



Financial Results from Operations

(\$ million)	Three Months Ended	
	December 31, 2019	September 30, 2019
Revenue	\$126	\$125
Cost and Expenses	73	76
Operating Income	53	49
Income from Equity Method Investments	108	115
Other Income	8	8
Net Income	144	146
Net Income Attributable to SHLX	140	141
Adjusted EBITDA Attributable to SHLX ⁽¹⁾	187	186
Cash Available for Distribution ⁽¹⁾	\$164	\$153

Adjusted EBITDA Q4 2019 versus Q3 2019



(1) Non-GAAP measures. See reconciliation to GAAP measures in Appendix 2



Non-GAAP Financial Metrics

(\$ million except per unit amount)	Three Months Ended	
	December 31, 2019	September 30, 2019
Adjusted EBITDA Attributable to SHLX ⁽¹⁾	\$187	\$186
Less:		
Net Interest Paid Attributable to SHLX	25	26
Maintenance Capital Attributable to SHLX	7	7
Plus:		
Adjustments from Minimum Volume Commitments	-	-
Reimbursements from Parent included in Partners' Capital	9	-
Cash Available for Distribution Attributable to SHLX ⁽¹⁾	\$164	\$153
Total Cash Distribution Declared	\$162	\$140
Cash Distribution per LP Unit	\$0.460	\$0.445
Coverage Ratio ⁽²⁾	1.0x	1.1x

(1) Non-GAAP measures. See reconciliation to GAAP measures in Appendix 2.

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



Balance Sheet and Liquidity

(\$ million)	As of December 31, 2019
Cash and Cash Equivalents	\$290
Total Debt Outstanding	2,692
Total Credit Facility Capacity (Inc. Zydeco)	3,590



2020 Updates

- 2Q 2020 Planned producer turnarounds of approximately \$10 million
- 2020 Expected Capex
 - Growth \$12 million primarily related to Permian Gas Gathering
 - Maintenance \$34 million



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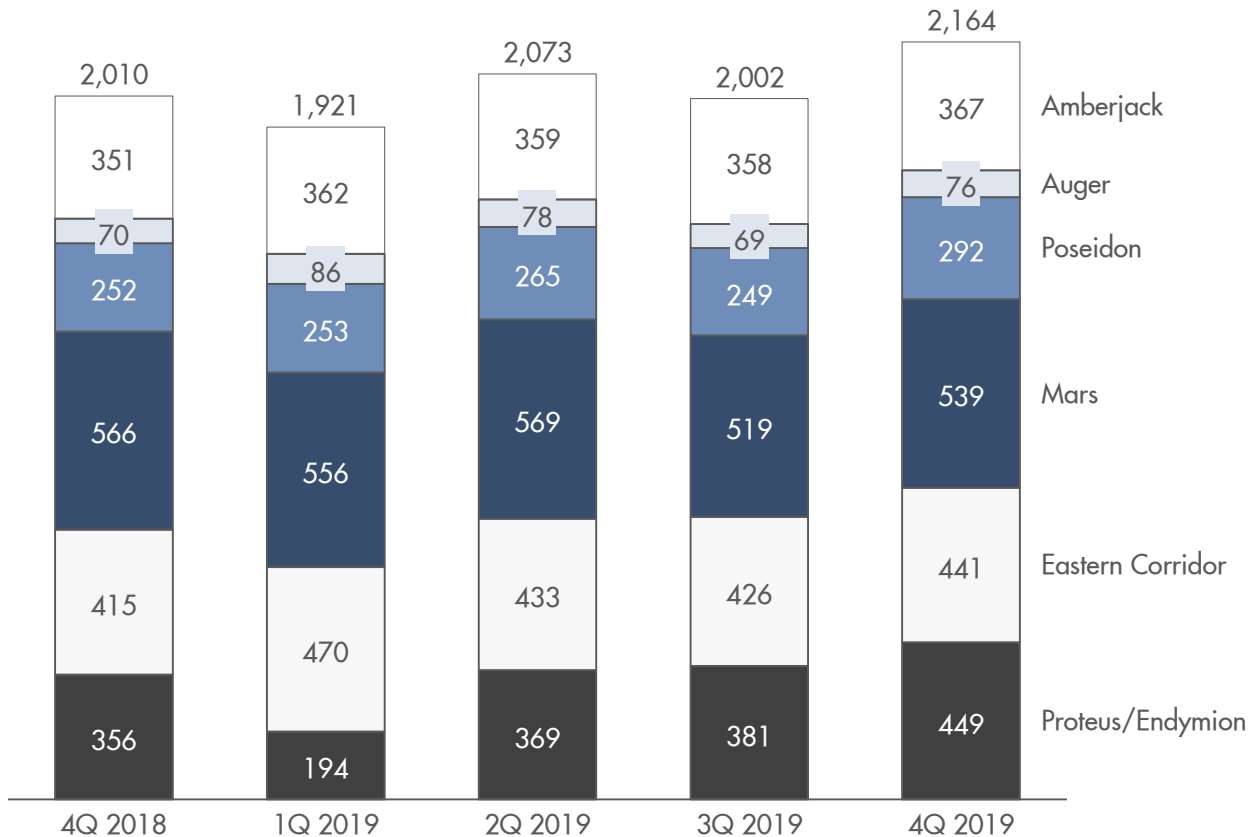
Q&A





Q4 Operational Update: ~8% Throughput Growth Year Over Year

Offshore Throughput Volume, kbpd



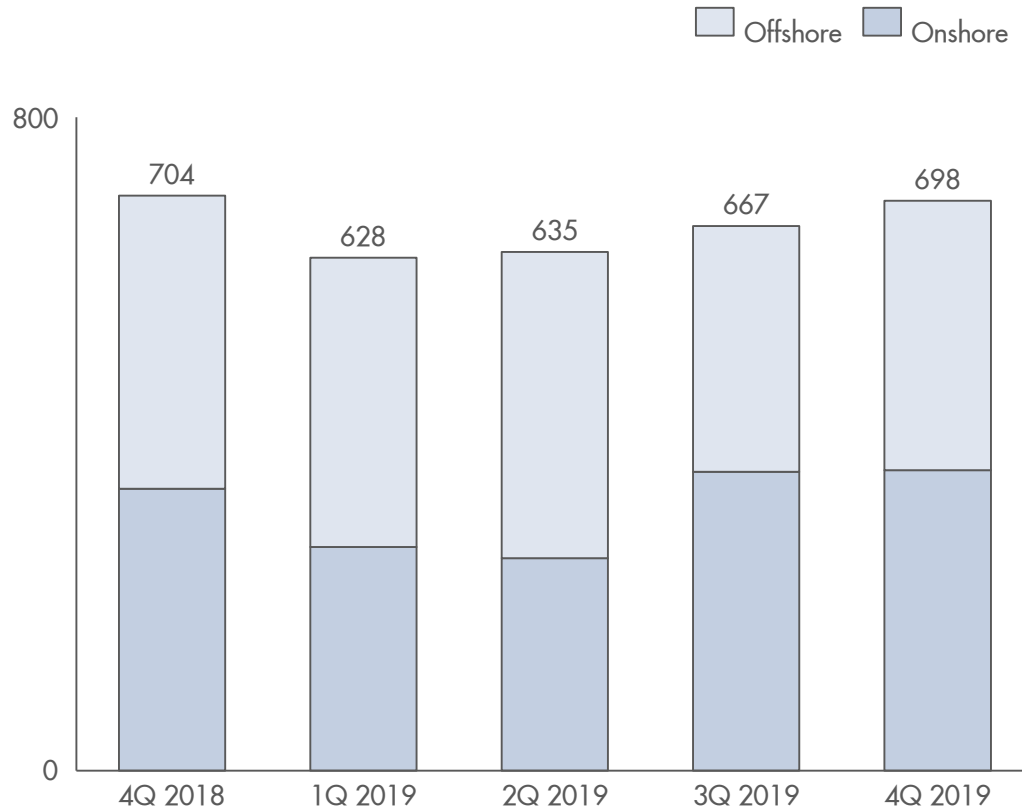
Highlights

- Continued volume growth as corridors recover from 3Q Hurricane Barry impact
 - Mars continues to see strong producer activity, with one new Olympus well online in the current quarter
 - Eastern Corridor tie-back story continues with two new wells
 - Proteus/Endymion increase driven by Appomattox ramp up



Q4 Zydeco Operational Update: Leveraging Capabilities

Zydeco Mainline Throughput Volume, kbpd



Highlights

- Increased volumes driven by robust Texas and offshore demand
- Unique capabilities with a competitive and efficient export route



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, loss from revision of asset retirement obligation and depreciation, accretion and amortization, plus cash distributed to Shell Midstream Partners, L.P. from equity investments for the applicable period, less equity method distributions included in other income and income from equity investments. We define Adjusted EBITDA attributable to Shell Midstream Partners, L.P. as Adjusted EBITDA less Adjusted EBITDA attributable to noncontrolling interests and Adjusted EBITDA attributable to Parent. References to cash available for distribution refer to Adjusted EBITDA attributable to Shell Midstream Partners, L.P., less maintenance capital expenditures attributable to Shell Midstream Partners, L.P., net interest paid, cash reserves and income taxes paid, plus net adjustments from volume deficiency payments attributable to Shell Midstream Partners, L.P., reimbursements from Parent included in partners' capital and certain one-time payments received. Cash available for distribution will not reflect changes in working capital balances.



Appendix 2

Reconciliation of Adjusted EBITDA and Cash Available for Distribution to Net Income

(in millions of dollars)	For the Three Months Ended	
	December 31, 2019	September 30, 2019
Net income	\$ 144	\$ 146
Add:		
Allowance oil reduction to net realizable value	—	1
Depreciation, amortization and accretion	13	12
Interest expense, net	25	26
Cash distribution received from equity method investments	125	130
Less:		
Equity method distributions included in other income	8	8
Income from equity method investments	108	115
Adjusted EBITDA	191	192
Less:		
Adjusted EBITDA attributable to noncontrolling interests	4	6
Adjusted EBITDA attributable to the Partnership	187	186
Less:		
Net interest paid attributable to the Partnership ⁽¹⁾	25	26
Maintenance capex attributable to the Partnership	7	7
Add:		
Net adjustments from volume deficiency payments attributable to the Partnership	—	—
Reimbursements from Parent included in partners' capital	9	—
Cash available for distribution attributable to the Partnership	\$ 164	\$ 153

⁽¹⁾ Amount represents both paid and accrued interest attributable to the period.

