



## Shell Midstream Partners, L.P. (SHLX) Q4 2016 Results

February 23, 2017

John Hollowell  
Chief Executive Officer

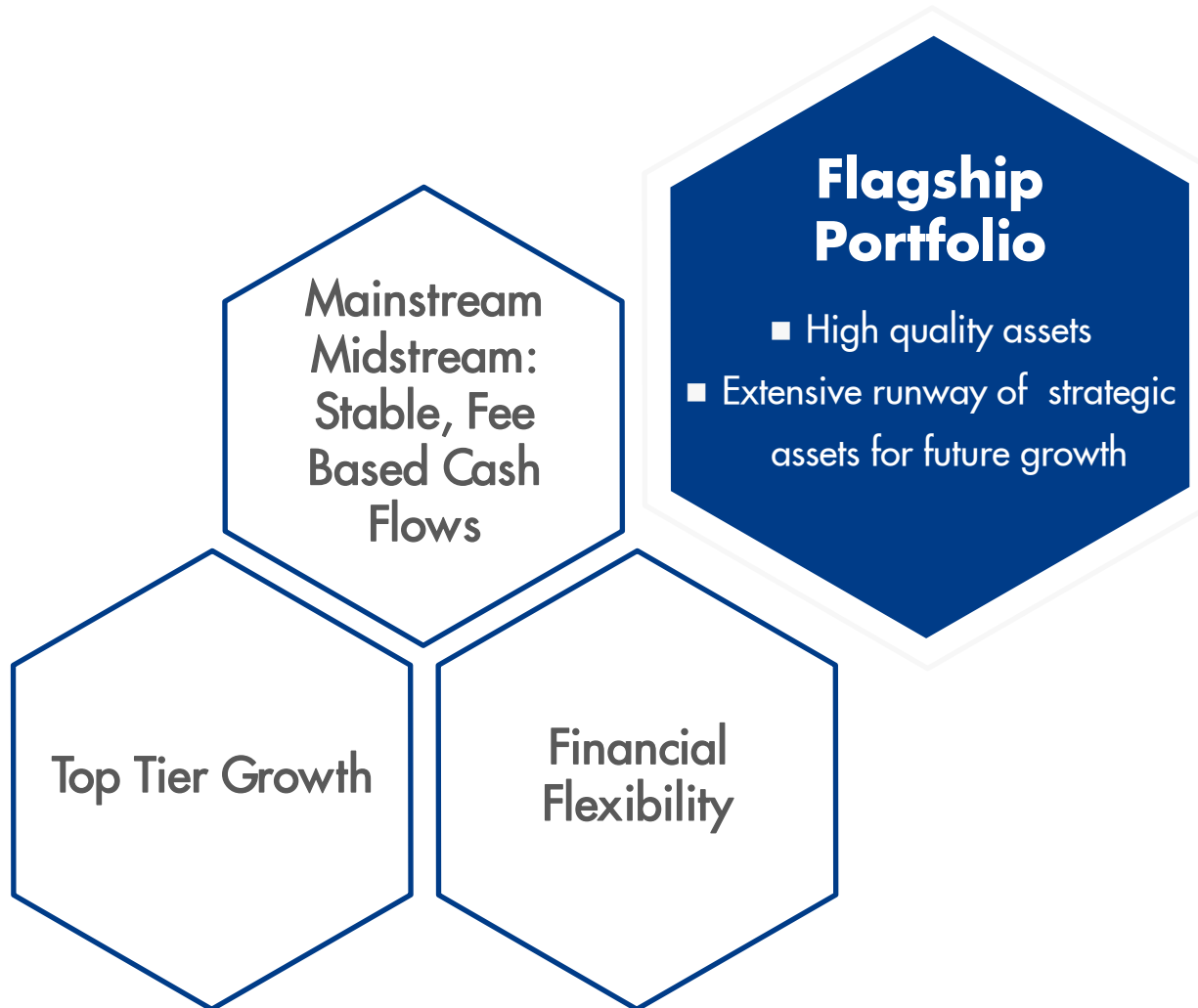
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## Definitions and Cautionary Note

*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 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, February 23, 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, 2015, 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.*



# Shell Midstream Partners Strategy



# Building on our Offshore Corridor Strategy



Acquisition from BP creates a corridor line from the Appomattox platform to onshore markets



# Diversified Asset Base



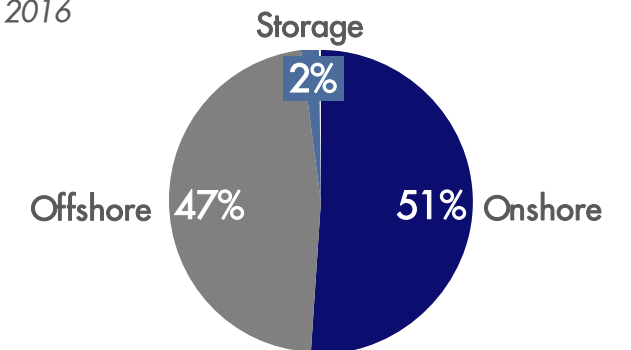
## Portfolio of Assets

As of December 31, 2016

Offshore Pipelines	Ownership %	Onshore Pipelines	Ownership %
Auger	100.0%	Bengal	50.0%
Cleopatra	1.0%	Colonial	6.0%
Endymion	10.0%	Explorer	2.6%
Mars	48.6%	Zydco	92.5%
Odyssey	49.0%		
Poseidon	36.0%	<b>Storage</b>	<b>Ownership %</b>
Proteus	10.0%	Lockport	100.0%

## Cash Available for Distribution by Asset Class

Q4 2016





# Corridor Strategy

Corridor pipelines throughput stable to increasing over time

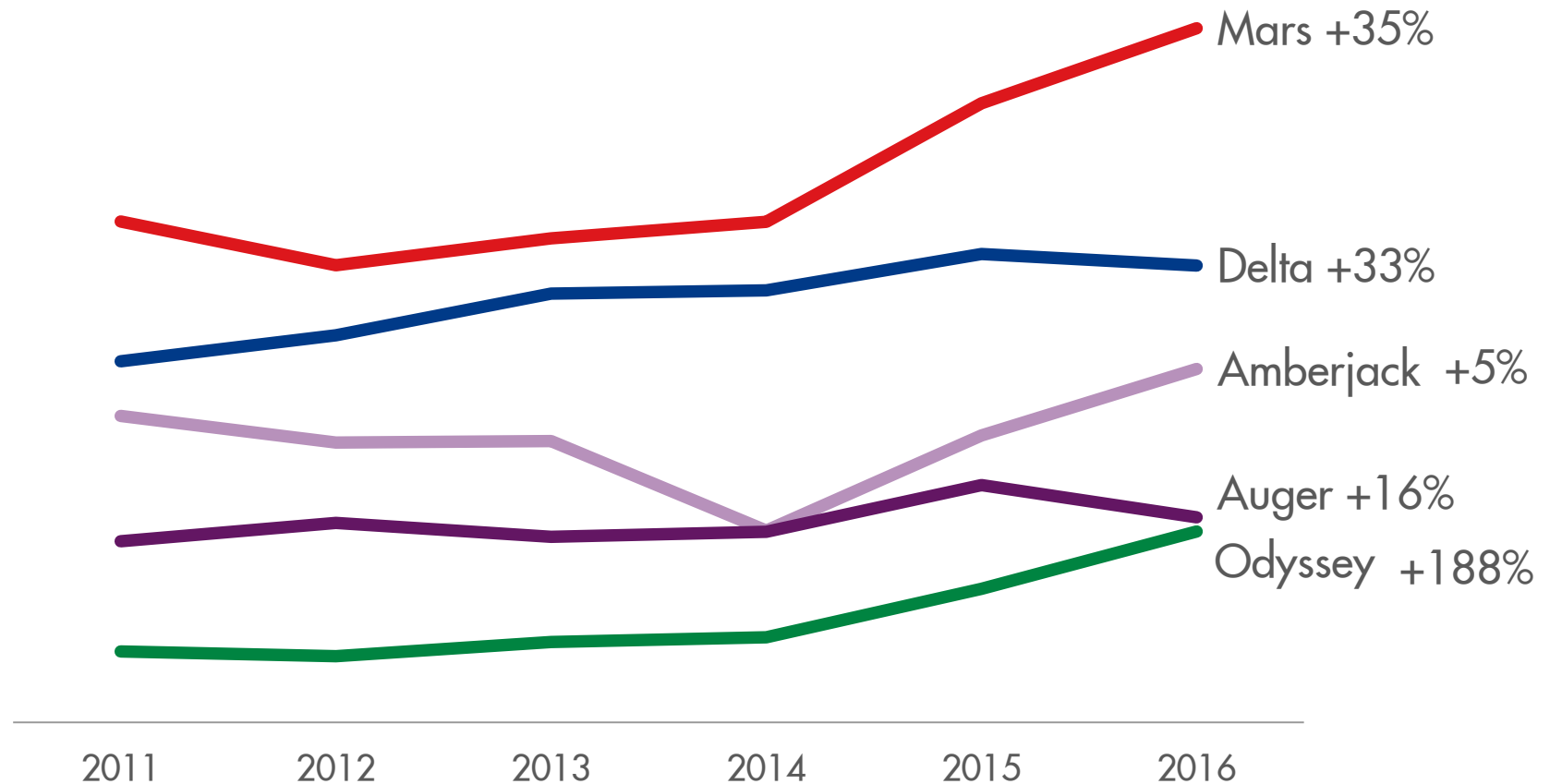
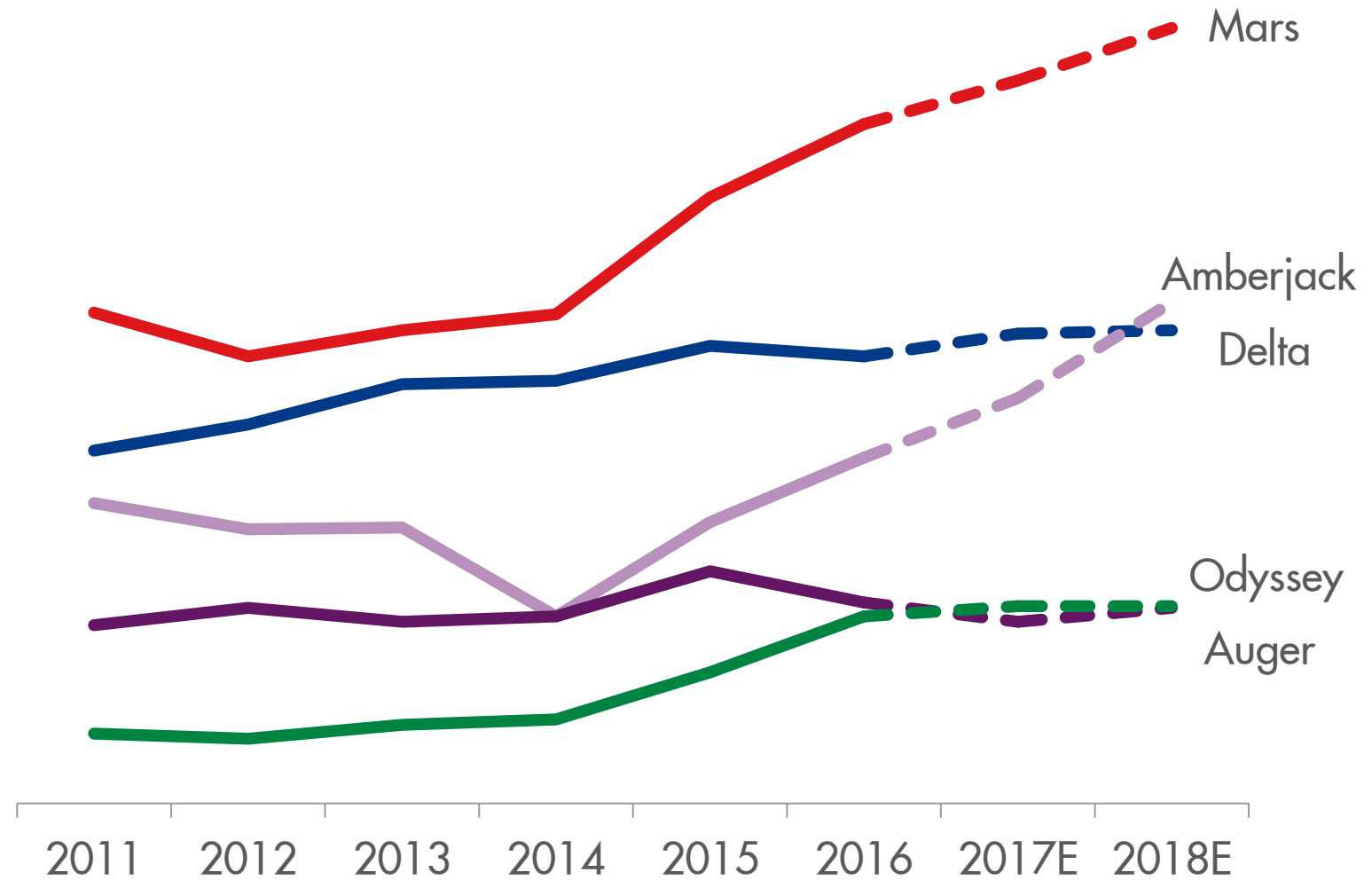


Chart represents throughput volume in kbpd



# Forecasted Offshore Volume Growth Rates 2017-2018



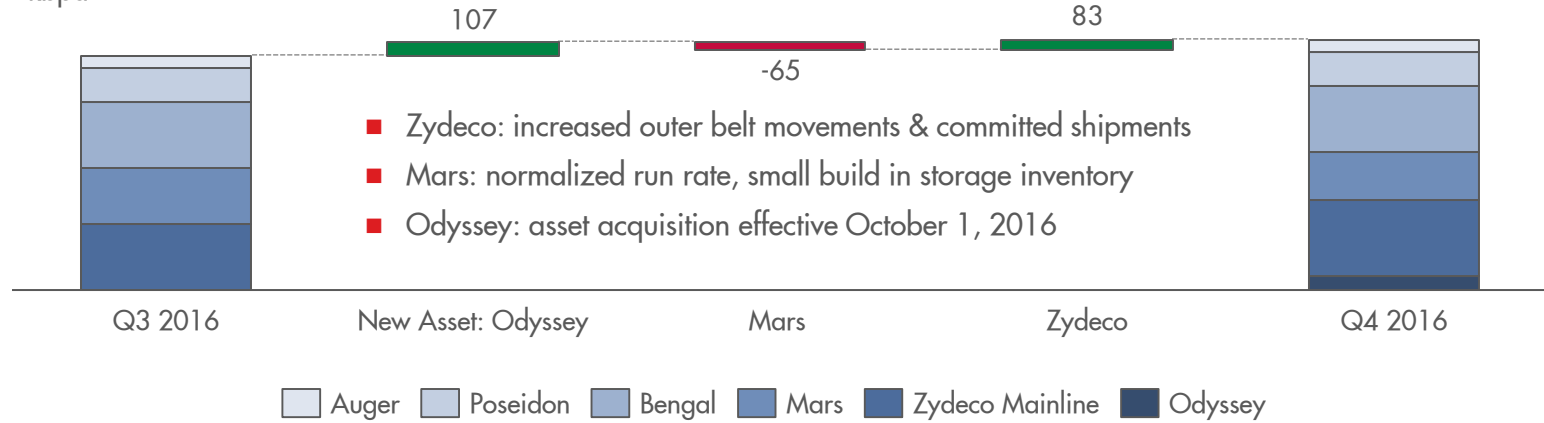
Growth continues to be a theme across the Offshore portfolio

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

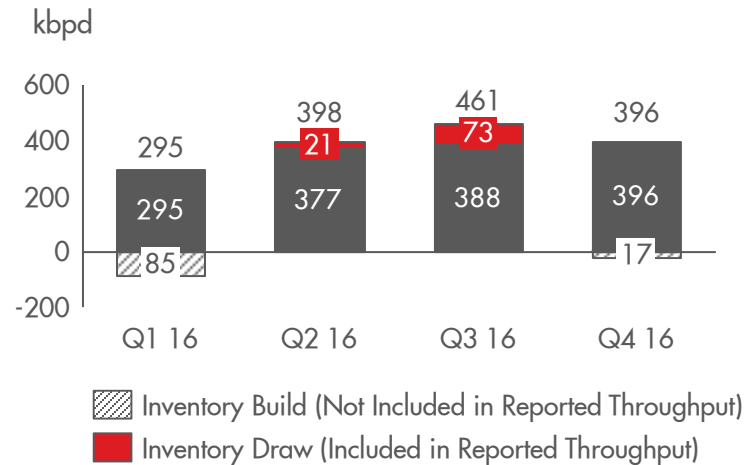


# Operational Results: Throughputs Across the Portfolio

Throughput volume, Q4 16 vs Q3 16<sup>(1)</sup>  
kbpd



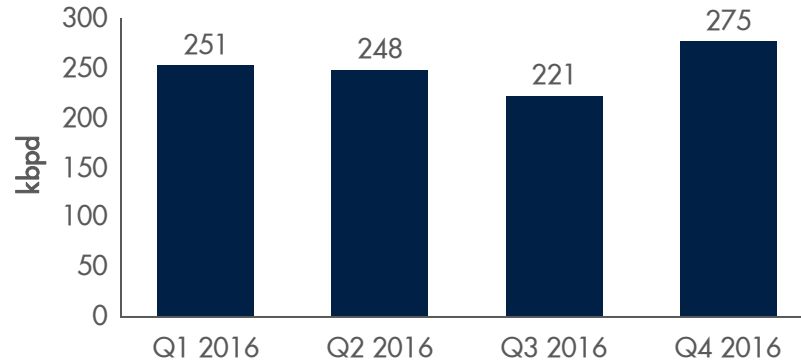
Mars Throughput Volumes, 2016  
kbpd



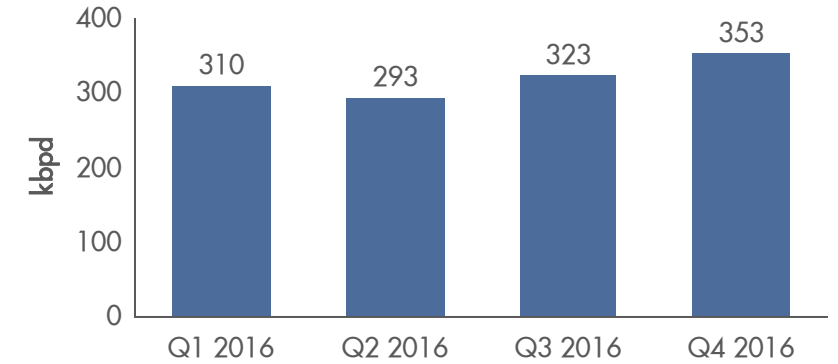


# Deep Dive: Zydeco Pipeline Throughput & Revenue

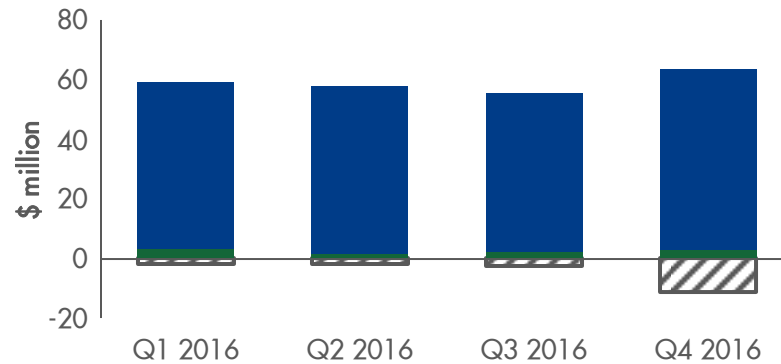
Throughput Volume, Houston to Houma Mainline



Throughput Volume, Offshore Sourced Volumes

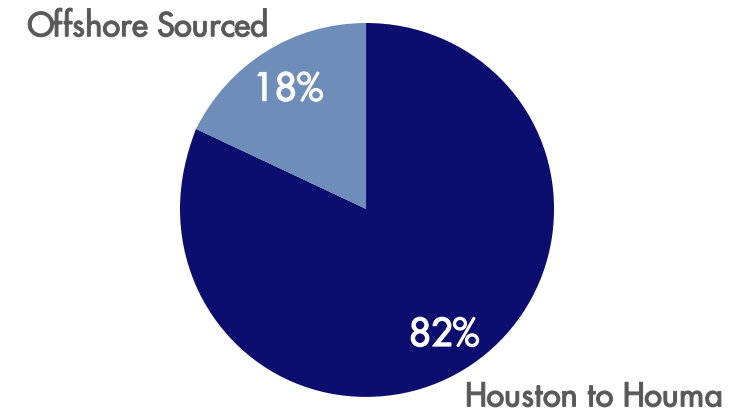


Zydeco Revenue by Component



- Recognized Revenue
- Credit Usage/Expiry Revenue (Non-cash Recognized Revenue)
- Credit Build Up (Balance Sheet Short Term Liability)

Zydeco Cash Received by Origin Point, Q4 2016



# Financial Results from Operations

(\$ million)	Three Months Ended	
	December 31, 2016	September 30, 2016
Revenue	75.6	67.9
Cost and Expenses	34.2	31.9
Operating Income	41.4	36.0
Income from Equity Investments	30.9	21.4
Dividend Income	4.5	4.2
Net Income	72.3	58.8
Net Income Attributable to SHLX	69.5	56.3
Adjusted EBITDA Attributable to SHLX <sup>(1)</sup>	84.3	68.0
Cash Available for Distribution <sup>(1)</sup>	82.7	61.1



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



# Non GAAP Financial Metrics

(\$ million except per unit amount)	Three Months Ended	
	December 31, 2016	September 30, 2016
Adjusted EBITDA Attributable to SHLX <sup>(1)</sup>	84.3	68.0
Less:		
Net Interest Paid	4.5	1.8
Maintenance Capital Attributable to SHLX	6.2	7.0
Plus:		
Adjustments from Minimum Volume Commitments	7.9	0.8
Reimbursements from Parent included in Partners Capital	1.2	1.1
Cash Available for Distribution Attributable to SHLX <sup>(1)</sup>	82.7	61.1
Total Cash Distribution Declared	58.6	53.9
Cash Distribution per Unit	0.2770	0.26375
Coverage Ratio <sup>(2)</sup>	1.4x	1.1x

(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 December 31, 2016
Cash and Cash Equivalents	122
Total Debt Outstanding	686
Pro Forma Credit Facilities (Inc. Zydeco)	1,390
Pro Forma Liquidity Available (Cash + Debt Capacity)	826



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# 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.*

