

Western Midstream Announces First-Quarter 2019 Results

HOUSTON, April 30, 2019 /PRNewswire/ -- Western Midstream Partners, LP (NYSE: WES) ("WES" or the "Partnership") today announced first-quarter 2019 financial and operating results. Net income (loss) available to limited partners for the first quarter of 2019 totaled \$118.7 million, or \$0.30 per common unit (diluted), with first-quarter 2019 Adjusted EBITDA⁽¹⁾ of \$428.3 million and first-quarter 2019 Distributable cash flow⁽¹⁾ of \$340.2 million. Financial and operational information has been recast to include the financial position and results attributable to the assets acquired from Anadarko Petroleum Corporation in February 2019 (the "Anadarko Midstream Assets" or "AMA") as if WES had owned them for all periods presented.

FIRST-QUARTER 2019 HIGHLIGHTS

- Completed simplification and acquisition transactions
- Closed 30% acquisition of Red Bluff Express gas pipeline
- Commenced processing through second train at Mentone gas plant
- Increased gas throughput by approximately 5%, or 200 MMcf/d, sequentially
- Increased produced water throughput by approximately 25%, or 100 MBbls/d, sequentially

WES previously declared a quarterly distribution of \$0.610 per unit for the first quarter of 2019. This distribution represented a 1% increase over the prior quarter's distribution and a 7% increase over the first-quarter 2018 distribution. The first-quarter 2019 Coverage ratio⁽¹⁾ of 1.23 times includes a net increase to Distributable cash flow⁽¹⁾ from a one-time \$7.4 million cash receipt related to legacy commodity swaps and \$6.3 million associated with revenue recognition accounting standard ASC 606.

⁽¹⁾Please see the tables at the end of this release for a reconciliation of GAAP to non-GAAP measures and calculation of the Coverage ratio.

"We are very pleased with our first-quarter results and the start-up of the second train at our Mentone gas processing facility in the Delaware basin," said Chief Executive Officer, Robin Fielder. "With the recent acquisition of the highly complementary liquids assets in the Delaware and DJ Basins, WES is better positioned to provide integrated midstream services to our customers and fee-based distribution growth to our unitholders."

Total throughput attributable to WES for natural gas assets⁽¹⁾ for the first quarter of 2019 averaged 4.2 Bcf/d, which was a 5% sequential increase and a 13% increase from the first quarter of 2018. Total throughput attributable to WES for crude oil, NGLs and produced water assets⁽¹⁾ for the first quarter of 2019 averaged 1,102 MBbls/d, which was a 10% sequential increase and a 123% increase from the first quarter of 2018.

Capital expenditures attributable to WES, including equity investments but excluding acquisitions and

capitalized interest, totaled \$416.5 million on a cash basis during the first quarter of 2019, with maintenance capital expenditures on a cash basis of \$35.7 million.

ADDITIONAL INFORMATION

In light of Anadarko Petroleum Corporation's entry into an agreement and plan of merger with Chevron Corporation on April 11, 2019, and subsequent related announcements, WES will not host the previously announced first-quarter 2019 earnings conference call scheduled for May 1, 2019. For additional details on WES's financial and operational performance, please refer to the earnings slides and updated investor presentation available at www.westernmidstream.com.

ABOUT WESTERN MIDSTREAM

Western Midstream Partners, LP ("WES") is a Delaware master limited partnership formed by Anadarko Petroleum Corporation to acquire, own, develop and operate midstream assets. With midstream assets located in the Rocky Mountains, North-central Pennsylvania, Texas and New Mexico, WES is engaged in the business of gathering, compressing, treating, processing and transporting natural gas; gathering, stabilizing and transporting condensate, natural gas liquids and crude oil; and gathering and disposing of produced water for Anadarko, as well as for third-party customers. In addition, in its capacity as a processor of natural gas, WES also buys and sells natural gas, NGLs and condensate on behalf of itself and as agent for its customers under certain of its contracts.

For more information about Western Midstream Partners, LP, please visit www.westernmidstream.com.

Excludes the 25% interest in Chipeta held by a third-party member and the 2.0% limited partner interest in (1)WES Operating held by a subsidiary of Anadarko, which collectively represent WES's noncontrolling interests as of March 31, 2019.

This news release contains forward-looking statements. WES's management believes that its expectations are based on reasonable assumptions. No assurance, however, can be given that such expectations will prove to have been correct. A number of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this news release. These factors include the ability to meet financial guidance or distribution growth expectations; the ability to safely and efficiently operate WES's assets; the supply of, demand for, and price of oil, natural gas, NGLs and related products or services; the ability to meet projected in-service dates for capital growth projects; construction costs or capital expenditures exceeding estimated or budgeted costs or expenditures; and the other factors described in the "Risk Factors" section of WES's most recent Form 10-K and Form 10-Q filed with the Securities and Exchange Commission and in its other public filings and press releases. Western Midstream Partners, LP undertakes no obligation to publicly update or revise any forward-looking statements.

WESTERN MIDSTREAM CONTACT

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Western Midstream Partners, LP RECONCILIATION OF GAAP TO NON-GAAP MEASURES

Below are reconciliations of (i) net income (loss) (GAAP) to WES's Distributable cash flow (non-GAAP), (ii) net income (loss) (GAAP) and net cash provided by operating activities (GAAP) to Adjusted EBITDA attributable to Western Midstream Partners, LP ("Adjusted EBITDA") (non-GAAP), and (iii) operating income (loss) (GAAP) to Adjusted gross margin attributable to Western Midstream Partners, LP ("Adjusted gross margin") (non-GAAP), as required under Regulation G of the Securities Exchange Act of 1934. Management believes that WES's Distributable cash flow, Adjusted EBITDA, Adjusted gross margin, and Coverage ratio are widely accepted financial indicators of WES's financial performance compared to other publicly traded partnerships and are useful in assessing its ability to incur and service debt, fund capital expenditures and make distributions. Distributable cash flow, Adjusted EBITDA, Adjusted gross margin and Coverage ratio, as defined by WES, may not be comparable to similarly titled measures used by other companies. Therefore, WES's Distributable cash flow, Adjusted EBITDA, Adjusted gross margin and Coverage ratio should be considered in conjunction with net income (loss) attributable to Western Midstream Partners, LP and other applicable performance measures, such as operating income (loss) or cash flows from operating activities.

WES defines "Distributable cash flow" as Adjusted EBITDA, plus interest income and the net settlement amounts from the sale and/or purchase of natural gas, condensate and NGLs under WES Operating's commodity price

swap agreements to the extent such amounts are not recognized as Adjusted EBITDA, less Service revenues – fee based recognized in Adjusted EBITDA (less than) in excess of customer billings, net cash paid (or to be paid) for interest expense (including amortization of deferred debt issuance costs originally paid in cash, offset by non-cash capitalized interest), maintenance capital expenditures, and income taxes and excluding Distributable cash flow attributable to noncontrolling interests to the extent such amounts are not excluded from Adjusted EBITDA.

WES defines Adjusted EBITDA as net income (loss), plus distributions from equity investments, non-cash equity-based compensation expense, interest expense, income tax expense, depreciation and amortization, impairments, and other expense (including lower of cost or market inventory adjustments recorded in cost of product), less gain (loss) on divestiture and other, net, income from equity investments, interest income, income tax benefit, and other income and excluding the noncontrolling interests owners' proportionate share of revenues and expenses.

WES defines Adjusted gross margin as total revenues and other (less reimbursements for electricity-related expenses recorded as revenue), less cost of product, plus distributions from equity investments, and excluding the noncontrolling interests owners' proportionate share of revenues and cost of product.

Western Midstream Partners, LP
RECONCILIATION OF GAAP TO NON-GAAP MEASURES (CONTINUED)

Distributable Cash Flow

| <i>thousands except Coverage ratio</i> | Three Months Ended March 31, | |
|---|---|----------------------------|
| | 2019 | 2018 ⁽¹⁾ |
| Reconciliation of Net income (loss) to Distributable cash flow and calculation of the Coverage ratio | | |
| Net income (loss) | \$ 211,979 | \$ 181,010 |
| Add: | | |
| Distributions from equity investments | 62,013 | 40,426 |
| Non-cash equity-based compensation expense | 1,798 | 2,152 |
| Income tax (benefit) expense | 10,092 | 10,884 |
| Depreciation and amortization | 113,946 | 84,790 |
| Impairments | 390 | 200 |
| Above-market component of swap agreements with Anadarko | 7,407 | 14,282 |
| Other expense | 35,213 | 143 |
| Less: | | |
| Recognized Service revenues – fee based (less than) in excess of customer billings | (6,258) | 1,400 |
| Gain (loss) on divestiture and other, net | (590) | 116 |
| Equity income, net – affiliates | 57,992 | 30,229 |
| Cash paid for maintenance capital expenditures | 35,691 | 21,228 |
| Capitalized interest | 6,205 | 6,962 |
| Cash paid for (reimbursement of) income taxes | 96 | (87) |
| Other income | — | 817 |
| Distributable cash flow attributable to noncontrolling interests ⁽²⁾ | 9,534 | 9,134 |
| Distributable cash flow | \$ 340,168 | \$ 264,088 |
| Distributions declared | | |
| Distributions from WES Operating | \$ 277,604 | |
| Less: Cash reserve for the | | |

| | | |
|---|-------------------|----------|
| proper conduct of WES's business | 1,280 | |
| Distributions to WES unitholders ⁽³⁾ | \$ 276,324 | |
| Coverage ratio | 1.23 | x |

- (1) Financial information has been recast to include the financial position and results attributable to AMA.
- (2) For all periods presented, includes (i) the 25% interest in Chipeta held by a third-party member and (ii) the 2.0% limited partner interest in WES Operating held by a subsidiary of Anadarko, which collectively represent WES's noncontrolling interests as of March 31, 2019.
- (3) Reflects a cash distribution of \$0.61000 per unit declared for the three months ended March 31, 2019.

Western Midstream Partners, LP
RECONCILIATION OF GAAP TO NON-GAAP MEASURES (CONTINUED)

Adjusted EBITDA

| <i>thousands</i> | Three Months Ended March 31, 2019 | 2018 ⁽¹⁾ |
|---|--|----------------------------|
| Reconciliation of Net income (loss) to Adjusted EBITDA | | |
| Net income (loss) | \$ 211,979 | \$ 181,010 |
| Add: | | |
| Distributions from equity investments | 62,013 | 40,426 |
| Non-cash equity-based compensation expense | 1,798 | 2,152 |
| Interest expense | 65,876 | 38,015 |
| Income tax expense | 10,092 | 10,884 |
| Depreciation and amortization | 113,946 | 84,790 |
| Impairments | 390 | 200 |
| Other expense | 35,213 | 143 |
| Less: | | |
| Gain (loss) on divestiture and other, net | (590) | 116 |
| Equity income, net - affiliates | 57,992 | 30,229 |
| Interest income - affiliates | 4,225 | 4,225 |
| Other income | — | 817 |
| Adjusted EBITDA attributable to noncontrolling interests ⁽²⁾ | 11,350 | 10,093 |
| Adjusted EBITDA | \$ 428,330 | \$ 312,140 |
| Reconciliation of Net cash provided by operating activities to Adjusted EBITDA | | |
| Net cash provided by operating activities | \$ 343,073 | \$ 300,151 |
| Interest (income) expense, net | 61,651 | 33,790 |
| Uncontributed cash-based compensation awards | (570) | 522 |
| Accretion and amortization of long-term obligations, net | (1,511) | (2,103) |
| Current income tax (benefit) expense | 6,027 | (13,335) |
| Other (income) expense, net ⁽³⁾ | (432) | (817) |
| Distributions from equity investments in excess of cumulative earnings - affiliates | 7,792 | 8,850 |
| Changes in assets and liabilities: | | |
| Accounts receivable, net | (9,486) | 29,632 |
| Accounts and imbalance payables and accrued liabilities, net | 55,529 | (28,904) |
| Other items, net | (22,393) | (5,553) |
| Adjusted EBITDA attributable to noncontrolling interests ⁽²⁾ | (11,350) | (10,093) |
| Adjusted EBITDA | \$ 428,330 | \$ 312,140 |
| Cash flow information | | |
| Net cash provided by operating activities | \$ 343,073 | \$ 300,151 |
| Net cash used in investing activities | (2,515,732) | (524,219) |
| Net cash provided by (used in) financing activities | 2,180,564 | 668,166 |

- (1) Financial information has been recast to include the financial position and results attributable to AMA.
- (2) For all periods presented, includes (i) the 25% interest in Chipeta held by a third-party member and (ii) the 2.0% limited partner interest in WES Operating held by a subsidiary of Anadarko, which collectively represent WES's noncontrolling interests as of March 31, 2019.
- (3) Excludes the non-cash loss on interest-rate swaps of \$35.6 million for the three months ended March 31, 2019.

Western Midstream Partners, LP
RECONCILIATION OF GAAP TO NON-GAAP MEASURES (CONTINUED)

Adjusted Gross Margin

| <i>thousands</i> | Three Months Ended March 31, | |
|---|---|----------------------------|
| | 2019 | 2018 ⁽¹⁾ |
| Reconciliation of Operating income (loss) to Adjusted gross margin | | |
| Operating income (loss) | \$ 318,928 | \$ 224,867 |
| Add: | | |
| Distributions from equity investments | 62,013 | 40,426 |
| Operation and maintenance | 142,829 | 96,795 |
| General and administrative | 22,844 | 15,829 |
| Property and other taxes | 16,285 | 14,600 |
| Depreciation and amortization | 113,946 | 84,790 |
| Impairments | 390 | 200 |
| Less: | | |
| Gain (loss) on divestiture and other, net | (590) | 116 |
| Equity income, net - affiliates | 57,992 | 30,229 |
| Reimbursed electricity-related charges recorded as revenues | 16,589 | 15,457 |
| Adjusted gross margin attributable to noncontrolling interests ⁽²⁾ | 15,550 | 12,871 |
| Adjusted gross margin | \$ 587,694 | \$ 418,834 |
| Adjusted gross margin for natural gas assets | \$ 412,428 | \$ 335,614 |
| Adjusted gross margin for crude oil, NGLs and produced water assets | 175,266 | 83,220 |

- (1) Financial information has been recast to include the financial position and results attributable to AMA.
- (2) For all periods presented, includes (i) the 25% interest in Chipeta held by a third-party member and (ii) the 2.0% limited partner interest in WES Operating held by a subsidiary of Anadarko, which collectively represent WES's noncontrolling interests as of March 31, 2019.

Western Midstream Partners, LP
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| <i>thousands except per-unit amounts</i> | Three Months Ended March 31, | |
|--|---|----------------------------|
| | 2019 | 2018 ⁽¹⁾ |
| Revenues and other | | |
| Service revenues - fee based | \$ 579,974 | \$ 393,773 |
| Service revenues - product based | 19,379 | 23,423 |
| Product sales | 72,133 | 83,625 |
| Other | 397 | 233 |
| Total revenues and other | 671,883 | 501,054 |
| Equity income, net - affiliates | 57,992 | 30,229 |
| Operating expenses | | |

| | | |
|---|-------------------|------------|
| Cost of product | 114,063 | 94,318 |
| Operation and maintenance | 142,829 | 96,795 |
| General and administrative | 22,844 | 15,829 |
| Property and other taxes | 16,285 | 14,600 |
| Depreciation and amortization | 113,946 | 84,790 |
| Impairments | 390 | 200 |
| Total operating expenses | 410,357 | 306,532 |
| Gain (loss) on divestiture and other, net | (590) | 116 |
| Operating income (loss) | 318,928 | 224,867 |
| Interest income - affiliates | 4,225 | 4,225 |
| Interest expense | (65,876) | (38,015) |
| Other income (expense), net ⁽²⁾ | (35,206) | 817 |
| Income (loss) before income taxes | 222,071 | 191,894 |
| Income tax expense (benefit) | 10,092 | 10,884 |
| Net income (loss) | 211,979 | 181,010 |
| Net income (loss) attributable to noncontrolling interests | 93,319 | 49,483 |
| Net income (loss) attributable to Western Midstream Partners, LP | \$ 118,660 | \$ 131,527 |
| Limited partners' interest in net income (loss): | | |
| Net income (loss) attributable to Western Midstream Partners, LP | \$ 118,660 | \$ 131,527 |
| Pre-acquisition net (income) loss allocated to Anadarko | (29,116) | (30,522) |
| Limited partners' interest in net income (loss) | \$ 89,544 | \$ 101,005 |
| Net income (loss) per common unit - basic and diluted | \$ 0.30 | \$ 0.46 |
| Weighted-average common units outstanding - basic and diluted | 299,556 | 218,933 |

- (1) Financial information has been recast to include the financial position and results attributable to AMA.
- (2) Includes the non-cash loss on interest-rate swaps of \$35.6 million for the three months ended March 31, 2019.

Western Midstream Partners, LP
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

| <i>thousands except number of units</i> | March 31, 2019 | December 31, 2018 ⁽¹⁾ |
|--|---------------------------|---|
| Current assets | \$335,942 | \$340,362 |
| Note receivable - Anadarko | 260,000 | 260,000 |
| Net property, plant and equipment | 8,629,999 | 8,410,353 |
| Other assets | 2,571,054 | 2,446,490 |
| Total assets | \$11,796,995 | \$11,457,205 |
| Current liabilities | \$2,518,854 | \$637,477 |
| Long-term debt | 5,208,411 | 4,787,381 |
| APCWH Note Payable | — | 427,493 |
| Asset retirement obligations | 311,716 | 300,024 |
| Other liabilities | 166,473 | 412,147 |
| Total liabilities | 8,205,454 | 6,564,522 |
| Equity and partners' capital | | |
| Common units (452,990,862 and 218,937,797 units issued and outstanding at March 31, 2019, and December 31, 2018, respectively) | 3,437,922 | 951,888 |
| Net investment by Anadarko | — | 1,388,018 |
| Noncontrolling interests | 153,619 | 2,552,777 |
| Total liabilities, equity and partners' capital | \$11,796,995 | \$11,457,205 |

- (1) Financial information has been recast to include the financial position and results attributable to AMA.

Western Midstream Partners, LP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

| <i>thousands</i> | Three Months Ended | |
|--|---------------------------|----------------------------|
| | March 31, | 2018 ⁽¹⁾ |
| | 2019 | |
| Cash flows from operating activities | | |
| Net income (loss) | \$211,979 | \$181,010 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities and changes in assets and liabilities: | | |
| Depreciation and amortization | 113,946 | 84,790 |
| Impairments | 390 | 200 |
| (Gain) loss on divestiture and other, net | 590 | (116) |
| Change in other items, net | 16,168 | 34,267 |
| Net cash provided by operating activities | \$343,073 | \$300,151 |
| Cash flows from investing activities | | |
| Capital expenditures | \$(386,144) | \$(533,185) |
| Acquisitions from affiliates | (2,007,501) | — |
| Acquisitions from third parties | (93,303) | — |
| Investments in equity affiliates | (36,543) | — |
| Distributions from equity investments in excess of cumulative earnings - affiliates | 7,792 | 8,850 |
| Proceeds from the sale of assets to third parties | (33) | 116 |
| Net cash used in investing activities | \$(2,515,732) | \$(524,219) |
| Cash flows from financing activities | | |
| Borrowings, net of debt issuance costs | \$2,430,750 | \$1,444,082 |
| Repayments of debt | (467,595) | (630,000) |
| Increase (decrease) in outstanding checks | (5,890) | (6,684) |
| Registration expenses related to the issuance of Partnership common units | (855) | — |
| Distributions to WES unitholders | (131,910) | (120,140) |
| Distributions to Chipeta noncontrolling interest owner | (1,935) | (3,353) |
| Distributions to noncontrolling interest owners of WES Operating | (100,999) | (94,272) |
| Net contributions from (distributions to) Anadarko | 451,591 | 64,251 |
| Above-market component of swap agreements with Anadarko | 7,407 | 14,282 |
| Net cash provided by (used in) financing activities | \$2,180,564 | \$668,166 |
| Net increase (decrease) in cash and cash equivalents | \$7,905 | \$444,098 |
| Cash and cash equivalents at beginning of period | 92,142 | 79,588 |
| Cash and cash equivalents at end of period | \$100,047 | \$523,686 |

⁽¹⁾ Financial information has been recast to include the financial position and results attributable to AMA.

Western Midstream Partners, LP
OPERATING STATISTICS
(Unaudited)

| | Three Months Ended | |
|---|---------------------------|----------------------------|
| | March 31, | |
| | 2019 | 2018 ⁽¹⁾ |
| Throughput for natural gas assets (MMcf/d) | | |
| Gathering, treating and transportation | 527 | 508 |
| Processing | 3,471 | 3,101 |
| Equity investment ⁽²⁾ | 377 | 294 |
| Total throughput for natural gas assets | 4,375 | 3,903 |
| Throughput attributable to noncontrolling interests for natural gas assets ⁽³⁾ | 176 | 172 |
| Total throughput attributable to Western Midstream Partners, LP for | 4,199 | 3,731 |

| | | |
|--|----------------|---------|
| natural gas assets | | |
| Throughput for crude oil, NGLs and produced water assets (MBbls/d) | | |
| Gathering, treating, transportation and disposal | 820 | 350 |
| Equity investment ⁽⁴⁾ | 304 | 155 |
| Total throughput for crude oil, NGLs and produced water assets | 1,124 | 505 |
| Throughput attributable to noncontrolling interests for crude oil, NGLs and produced water assets ⁽³⁾ | 22 | 10 |
| Total throughput attributable to Western Midstream Partners, LP for crude oil, NGLs and produced water assets | 1,102 | 495 |
| Adjusted gross margin per Mcf for natural gas assets ⁽⁵⁾ | \$ 1.09 | \$ 1.00 |
| Adjusted gross margin per Bbl for crude oil, NGLs and produced water assets ⁽⁶⁾ | 1.77 | 1.87 |

- (1) Throughput and Adjusted gross margin have been recast to include the results attributable to AMA.
- (2) Represents the 14.81% share of average Fort Union throughput, 22% share of average Rendezvous throughput, 50% share of average Mi Vida throughput, 50% share of average Ranch Westex throughput and 30% share of average Red Bluff Express throughput.
- (3) For all periods presented, includes (i) the 25% interest in Chipeta held by a third-party member and (ii) the 2.0% limited partner interest in WES Operating held by a subsidiary of Anadarko, which collectively represent WES's noncontrolling interests as of March 31, 2019.
- (4) Represents the 10% share of average White Cliffs throughput, 25% share of average Mont Belvieu JV throughput, 20% share of average TEG and TEP throughput, 33.33% share of average FRP throughput, 20% share of average Whitethorn throughput, 15% share of average Panola throughput and 20% share of average Saddlehorn throughput.
- (5) Average for period. Calculated as Adjusted gross margin for natural gas assets, divided by total throughput (MMcf/d) attributable to Western Midstream Partners, LP for natural gas assets.
- (6) Average for period. Calculated as Adjusted gross margin for crude oil, NGLs and produced water assets, divided by total throughput (MBbls/d) attributable to Western Midstream Partners, LP for crude oil, NGLs and produced water assets.

| | Three Months Ended March 31, | | | | | |
|--------------------|-------------------------------------|-------------|-----------------------------|-------------|-----------------------|-------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | Natural gas | | Crude oil & NGLs | | Produced water | |
| | (MMcf/d) | | (MBbls/d) | | (MBbls/d) | |
| Delaware Basin | 1,178 | 919 | 145 | 111 | 518 | 78 |
| DJ Basin | 1,258 | 1,107 | 102 | 102 | — | — |
| Equity investments | 377 | 294 | 304 | 155 | — | — |
| Other | 1,562 | 1,583 | 55 | 59 | — | — |
| Total throughput | 4,375 | 3,903 | 606 | 427 | 518 | 78 |



SOURCE Western Midstream Partners, LP

<https://investors.westernmidstream.com/2019-04-30-Western-Midstream-Announces-First-Quarter-2019-Results>