

# Western Midstream Announces First-Quarter 2020 Distribution, Revised Capital Guidance, Cost Reductions, And Earnings Conference Call

HOUSTON, April 20, 2020 /PRNewswire/ -- Today Western Midstream Partners, LP (NYSE: WES) ("WES" or the "Partnership") announced that the board of directors of its general partner declared a quarterly cash distribution of \$0.311 per unit for the first quarter of 2020, which represents a 50-percent decrease from the fourth-quarter 2019 per-unit distribution. This distribution decrease was undertaken to protect, restore, and strengthen WES's balance sheet as the COVID-19 worldwide pandemic, declining economic activity and energy demand, and depressed commodity prices continue to underpin broad-based market uncertainty. WES's first-quarter 2020 distribution is payable May 14, 2020, to unitholders of record at the close of business May 1, 2020.

"In recent weeks, WES implemented a number of initiatives to protect the health and safety of our employees, their families, our customers, and the communities in which we live and operate during this worldwide pandemic," said Chief Executive Officer, Michael Ure. "General economic uncertainty and sharp declines in commodity prices and producer activity mandated a meaningful reduction to our quarterly distribution. Cutting our quarterly distribution and significantly reducing our 2020 cash capital, operating, and other costs will allow WES to generate free cash flow after distributions in this most-challenging environment. Our enhanced financial profile is supported by a best-in-class asset portfolio which we expect will continue generating attractive and durable asset-based returns, which in turn enables us to maintain focus on prioritizing leverage reduction to increase our balance sheet strength. Management will monitor 2020 and 2021 producer activity continually and reassess future distribution levels with WES's board, should producer activity deviate significantly from current expectations."

## **2020 GUIDANCE UPDATE**

WES's previously announced guidance is withdrawn, except as follows:

- WES expects 2020 capital expenditures between \$450-\$550 million, representing a 45-percent reduction to prior guidance. This reduction results from deferred producer activity in all basins and the elimination of associated capital expenditures, other than those expenditures that are necessary to support proper maintenance and long-term asset integrity.
- WES expects to achieve other cost reductions of approximately \$75 million through operating and maintenance and general and administrative expense cost-saving initiatives. These cost reductions include savings attributable to Mr. Ure's

# voluntarily election to reduce his 2020 year-over-year cash compensation by at least 45 percent.

"The announced distribution cut and anticipated cash-cost reductions decrease our 2020 aggregate cash outflows by approximately \$1.0 billion, which positions us to generate meaningful free cash flow after distributions in 2020. Pivoting in this manner underscores our continued focus on capital efficiency, our commitment to transition rapidly to a free-cash-flow-generating enterprise, and our ability to moderate spending during cyclical downturns," said Chief Financial Officer, Mike Pearl. "Creating and sustaining long-term value for all of our stakeholders requires that free-cash-flow generation and debt reduction remain priorities so that we are positioned to manage through the cycle from a financial-flexibility standpoint while safely and responsibly operating as a premier midstream provider. Additional 2020 guidance details will be disclosed with our first-quarter 2020 results, which we expect will be consistent with our pre-COVID-19 expectations. Our current-quarter distribution cut takes into account our expectations regarding the limited impact of COVID-19 on our first-quarter 2020 results and our expectations for producer activity throughout the balance of 2020 and into 2021."

WES's enhanced liquidity profile, including its largely undrawn \$2.0 billion revolving credit facility maturing in 2025, coupled with the successful execution of a \$3.5 billion bond offering in January 2020 results in no near-term need for WES to access the capital markets. "As WES's largest unitholder, Occidental commends the WES board for its decisive action during such a challenging time for the entire industry," said Vicki Hollub, President and CEO of Occidental. "We continue to see long-term value from our ownership interest in WES and will continue to collaborate with WES to drive value-enhancing opportunities for both companies."

The Partnership plans to report its first-quarter 2020 results after market close Tuesday, May 5, 2020. Management will host a conference call Wednesday, May 6, 2020, at 1 p.m. CDT (2 p.m. EDT) to discuss WES's quarterly results and to provide additional 2020-guidance updates. The full text of the release announcing the results will be available on the Partnership's website at [www.westernmidstream.com](http://www.westernmidstream.com).

**First-Quarter 2020 Results**  
**Wednesday, May 6, 2020**  
**1 p.m. CDT (2 p.m. EDT)**  
**Dial-in number: 877-883-0383**  
**International dial-in number: 412-902-6506**  
**Participant access code: 2731323**

To participate in WES's scheduled first-quarter earnings call, refer to the above-listed dial-in number and participant access code. To access the [live audio webcast](#) of the conference call, please visit the investor relations section of the Partnership's website at [www.westernmidstream.com](http://www.westernmidstream.com). A replay of the conference call also will be available on the website for two weeks following the call.

## **ABOUT WESTERN MIDSTREAM**

Western Midstream Partners, LP ("WES") is a Delaware master limited partnership formed 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, NGLs, and crude oil; and gathering and disposing of produced water for its 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 and Western Midstream Flash Feed updates, please visit [www.westernmidstream.com](http://www.westernmidstream.com).

*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 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 ultimate impact of efforts to fight COVID-19 on the global economy and the timeline for a recovery in commodity demand and prices; our ability to meet financial guidance or distribution-growth expectations; our ability to safely and efficiently operate WES's assets; our 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 filed with the Securities and Exchange Commission and other public filings and press releases. WES undertakes no obligation to publicly*

update or revise any forward-looking statements.

*Note regarding Non-United States Investors: This release is intended to be a qualified notice under Treasury Regulation Section 1.1446-4(b). Brokers and nominees should treat one hundred percent (100.0%) of Western Midstream Partners, LP's distributions to non-U.S. investors as being attributable to income that is effectively connected with a United States trade or business. Accordingly, Western Midstream Partners, LP's distributions to non-U.S. investors are subject to federal income tax withholding at the highest applicable effective tax rate.*

#### **WESTERN MIDSTREAM CONTACTS**

Kristen Shults  
Vice President, Investor Relations and Communications  
[Kristen.Shults@westernmidstream.com](mailto:Kristen.Shults@westernmidstream.com)  
832.636.6000

Abby Dempsey  
Investor Relations  
[Abby.Dempsey@westernmidstream.com](mailto:Abby.Dempsey@westernmidstream.com)  
832.636.6000



SOURCE Western Midstream Partners, LP

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