

INVESTOR RELATIONS

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# FOURTH QUARTER AND FULL YEAR 2017 REVIEW

February 16, 2018

# Cautionary Language Regarding Forward Looking Statements

This presentation contains forward-looking statements. Western Gas Partners, LP and Western Gas Equity Partners, LP believe that their 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 presentation. These factors include the ability to meet financial guidance or distribution-growth expectations; the ability to safely and efficiently operate WES's assets; the ability to obtain new sources of natural gas supplies; the effect of fluctuations in commodity prices and the demand for natural gas and related products; 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 and WGP's most recent Forms 10-K and Forms 10-Q filed with the Securities and Exchange Commission and in their other public filings and press releases. Western Gas Partners, LP and Western Gas Equity Partners, LP undertake no obligation to publicly update or revise any forward-looking statements. Please also see the attached Appendix and our earnings release, posted on our website at [www.westerngas.com](http://www.westerngas.com), for reconciliations of the differences between any non-GAAP financial measures used in this presentation and the most directly comparable GAAP financial measures.



# Strong 2017 Performance

(\$ in Millions)	Guidance <sup>1</sup>	2017 Actuals
Adjusted EBITDA	\$1,025 - \$1,075	\$1,061
Total Capital Expenditures	\$800 - \$850	\$792
Maintenance Capital Expenditures	\$50 - \$55	\$50
Coverage Ratio	At least 1.1x	1.13x
WES Distribution Growth	7%	7%
WGP Distribution Growth	12% - 19%	19%

1) Provided during the third-quarter 2017 earnings conference call



# 4Q17 vs 3Q17 Financial Performance

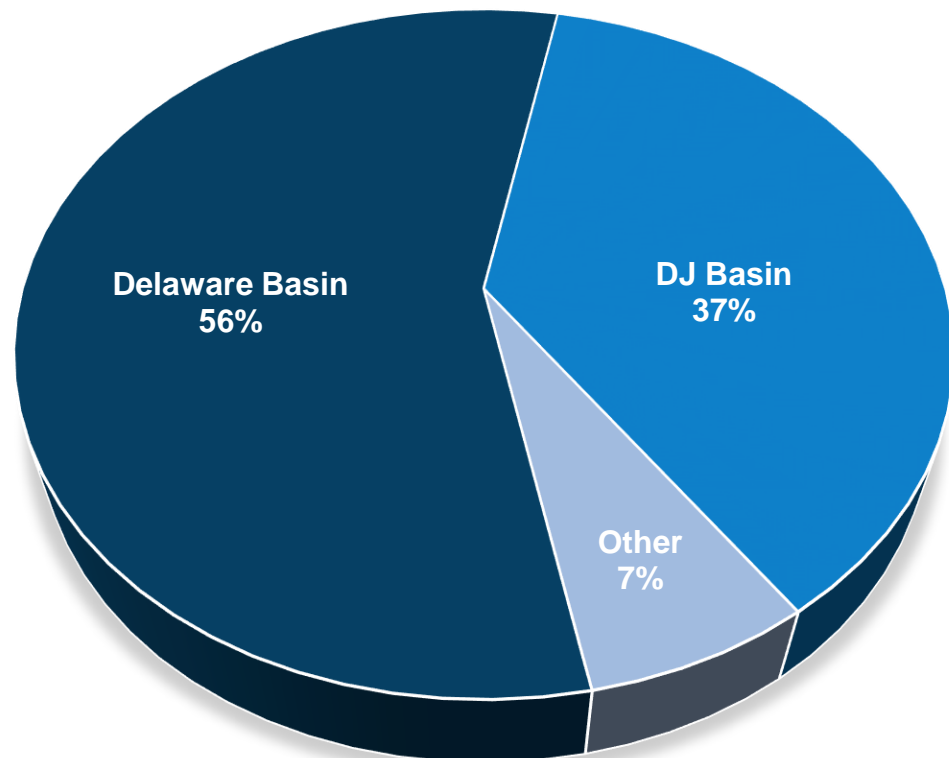
<i>(\$ in Millions)</i>	4Q17	3Q17
Adjusted EBITDA	\$273.3	\$257.8
Total Capital Expenditures	\$291.6	\$222.3
Maintenance Capital Expenditures	\$16.6	\$10.6
Distributable Cash Flow	\$233.4	\$231.9
Coverage Ratio	1.08x	1.09x

# 4Q17 vs 3Q17 Operational Performance

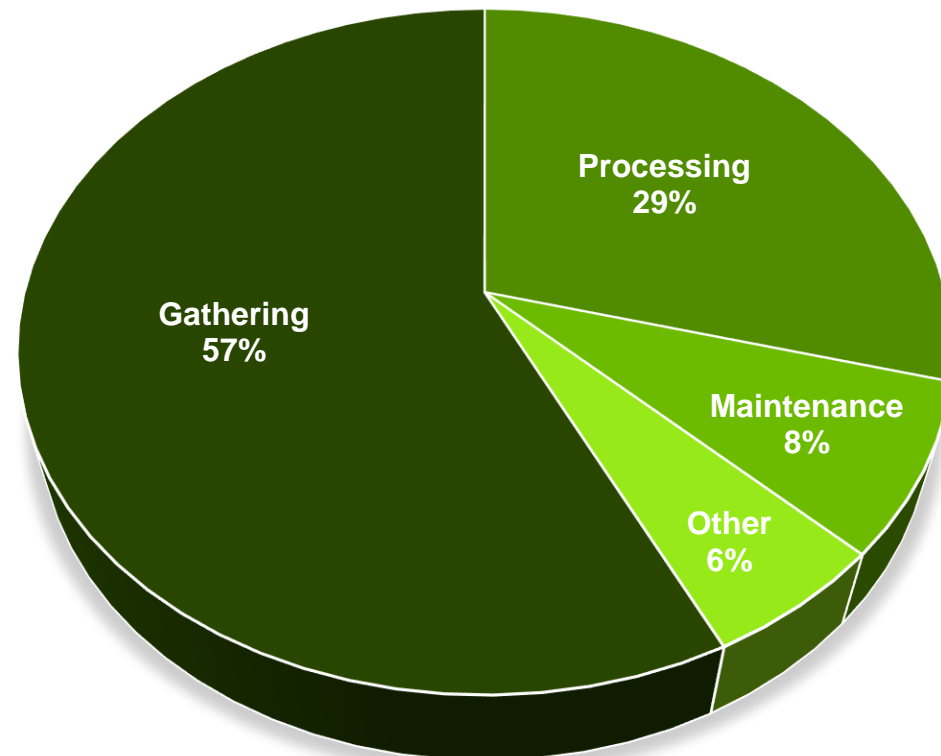
	4Q17	3Q17	Key Drivers
Natural Gas Throughput ( <i>Bcf/d</i> )	3.47	3.42	DJ Basin and DBM Complex Growth partially offset by Non-Cash DBJV Prior Period Volume Adjustment
Crude, NGL & Produced Water Throughput ( <i>MBbl/d</i> )	240	209	DBM Water Services Growth
Adjusted Gross Margin for Natural Gas Assets ( <i>\$/Mcf</i> )	\$1.00	\$0.97	Non-Cash DBJV Prior Period Volume Adjustment
Adjusted Gross Margin for Crude, NGL & Produced Water Assets ( <i>\$/Bbl</i> )	\$2.21	\$2.03	DBM Water Services One-Time Payment

# Focused 2018 Capital Program

## CAPITAL BY REGION

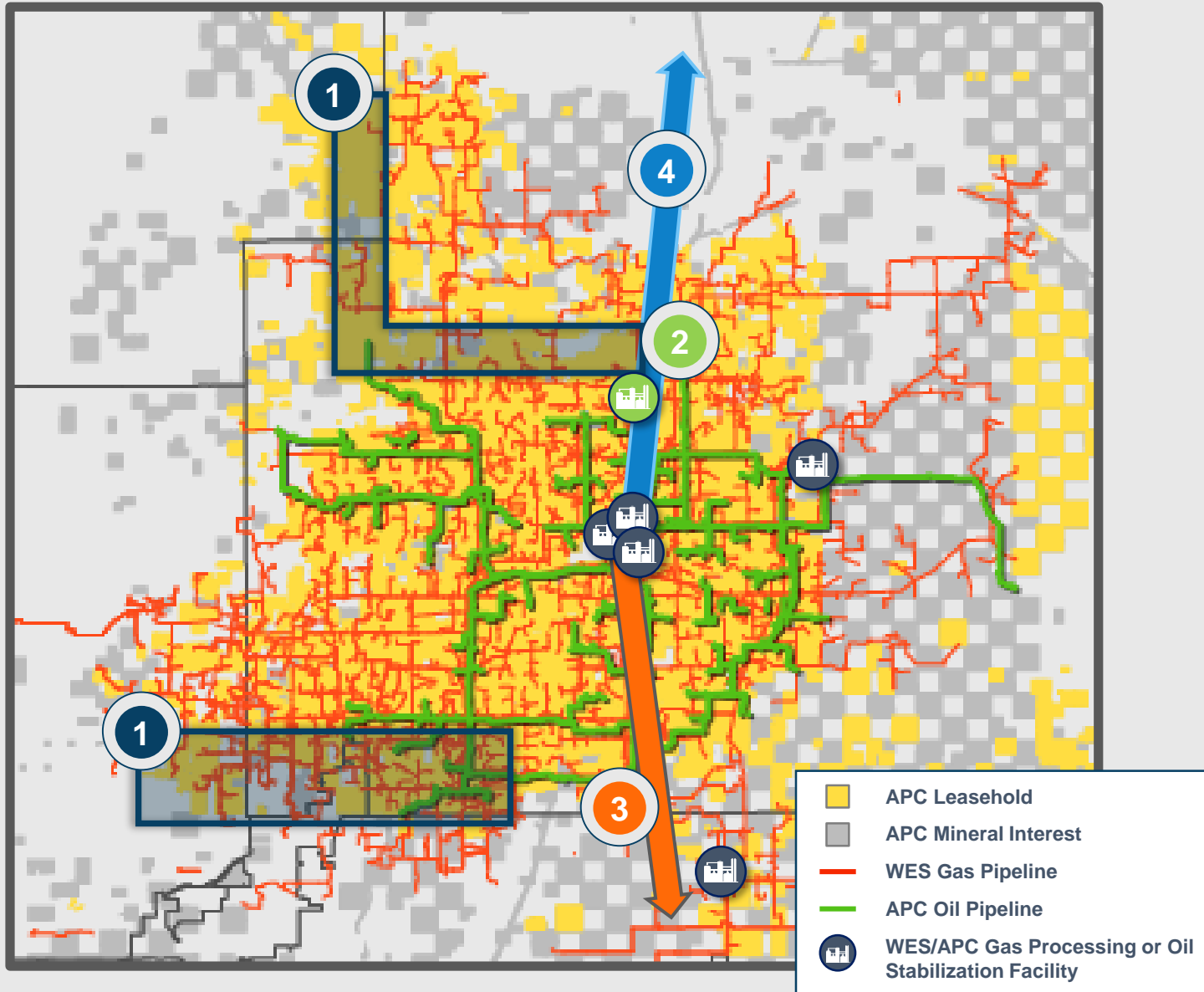


## CAPITAL BY FUNCTION



***Total Capital: \$1.0 to \$1.1 Billion***

# DJ Basin: Supporting Continued Drilling Activity

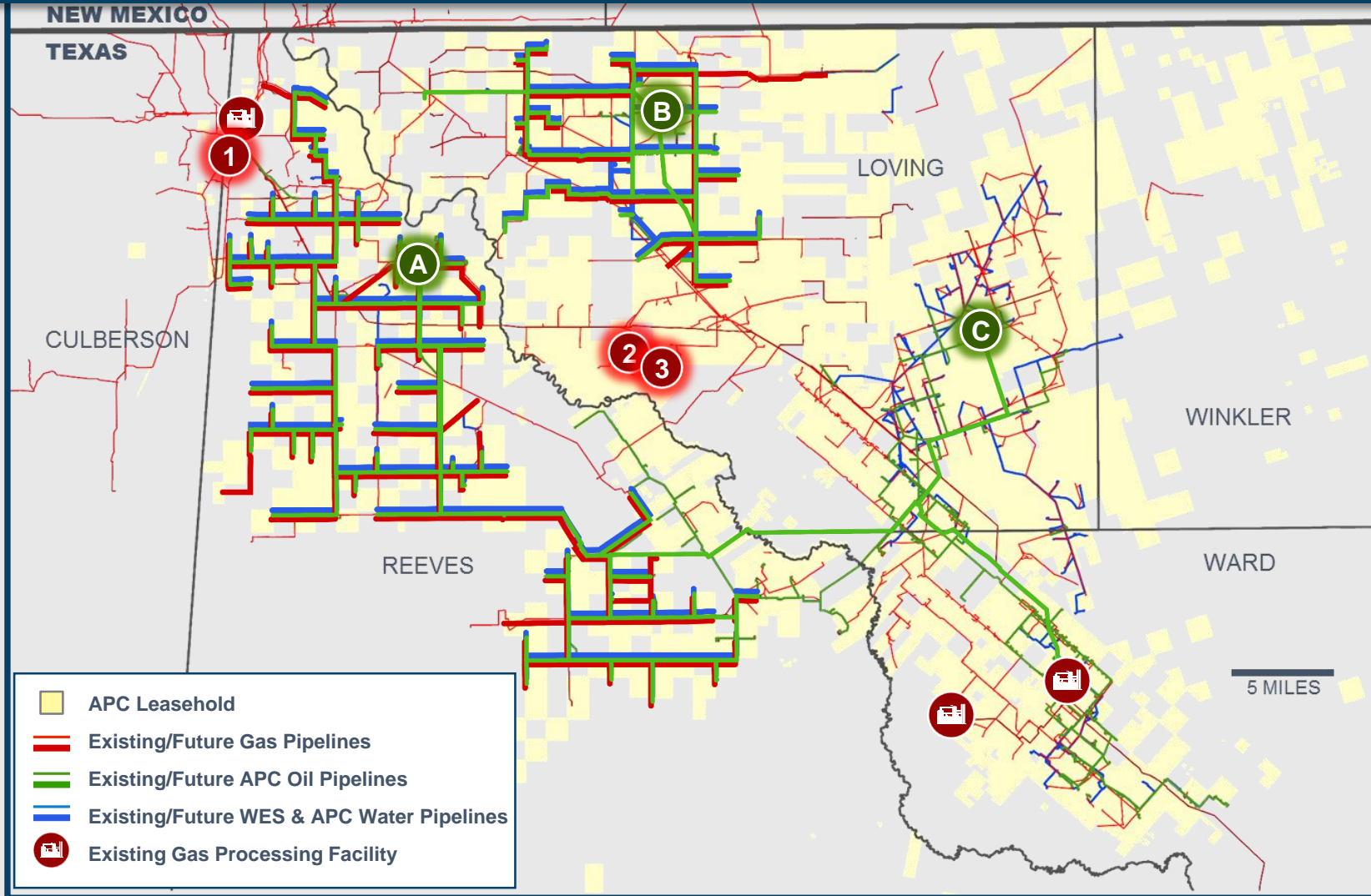


## FOCUS AREAS

- 1 Gas Gathering System Buildout
- 2 Latham Gas Plant (400 MMcf/d)
- 3 Potential Front Range Pipeline Expansion
- 4 Residue Gas Pipeline Investment Option

# Infrastructure Development Drives Volumetric Growth...

## DELAWARE BASIN: COMBINED WES AND APC MIDSTREAM INFRASTRUCTURE



### KEY INFRASTRUCTURE ADDITIONS

#### GAS PROCESSING

①	Ramsey VI 200 MMcf/d	4Q17 ✓
②	Mentone I 200 MMcf/d	3Q18
③	Mentone II 200 MMcf/d	4Q18

#### OIL TREATING

Ⓐ	Reeves 60 MBOPD	2Q18
Ⓑ	N. Loving 60 MBOPD	3Q18
Ⓒ	Haley 60 MBOPD	2019

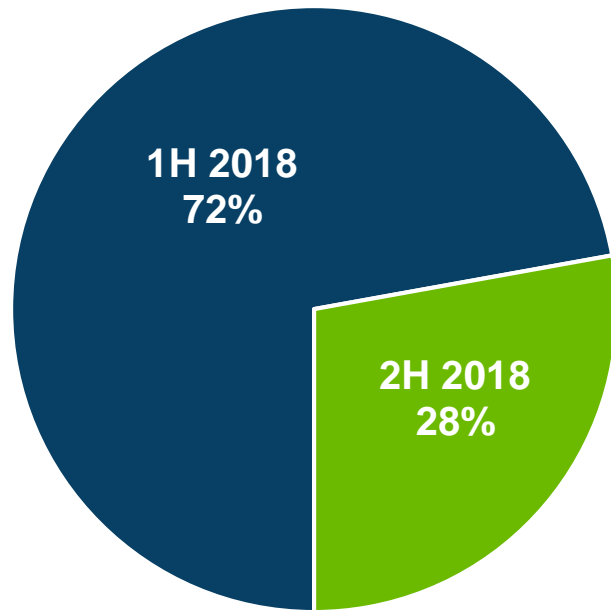
Source: Anadarko Petroleum Corporation Investor Presentation



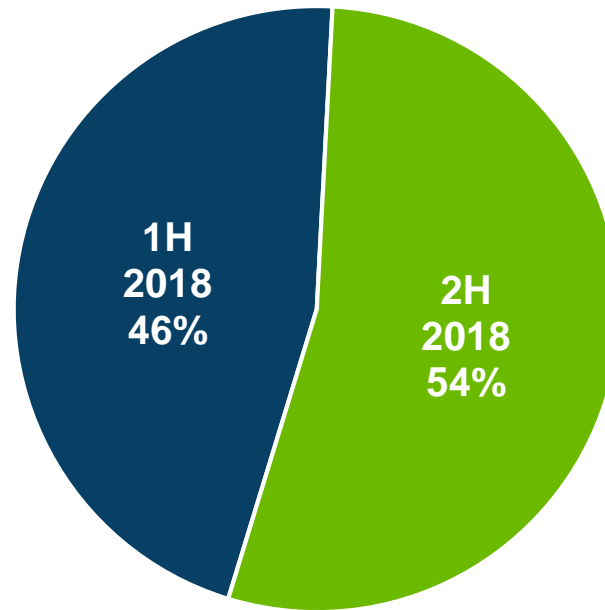


# ...That Drives 2H 2018 Performance

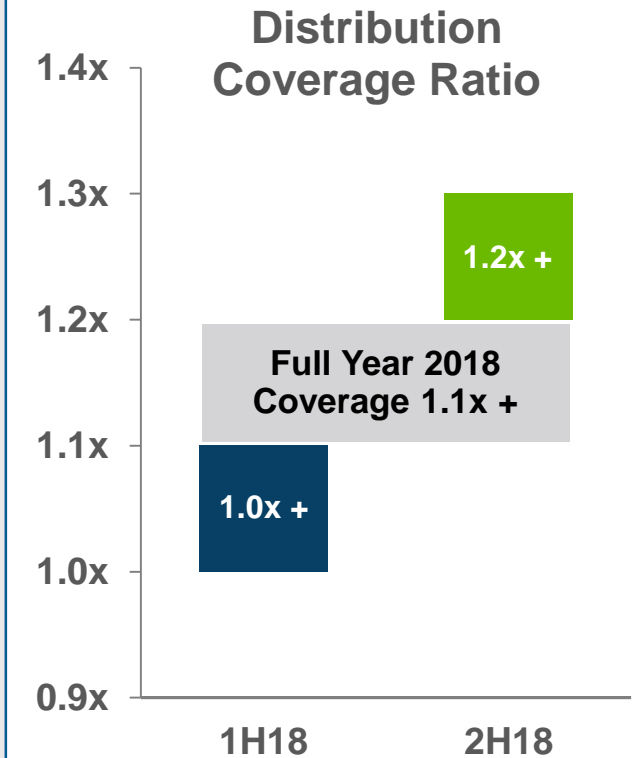
## First Half Weighted Capital



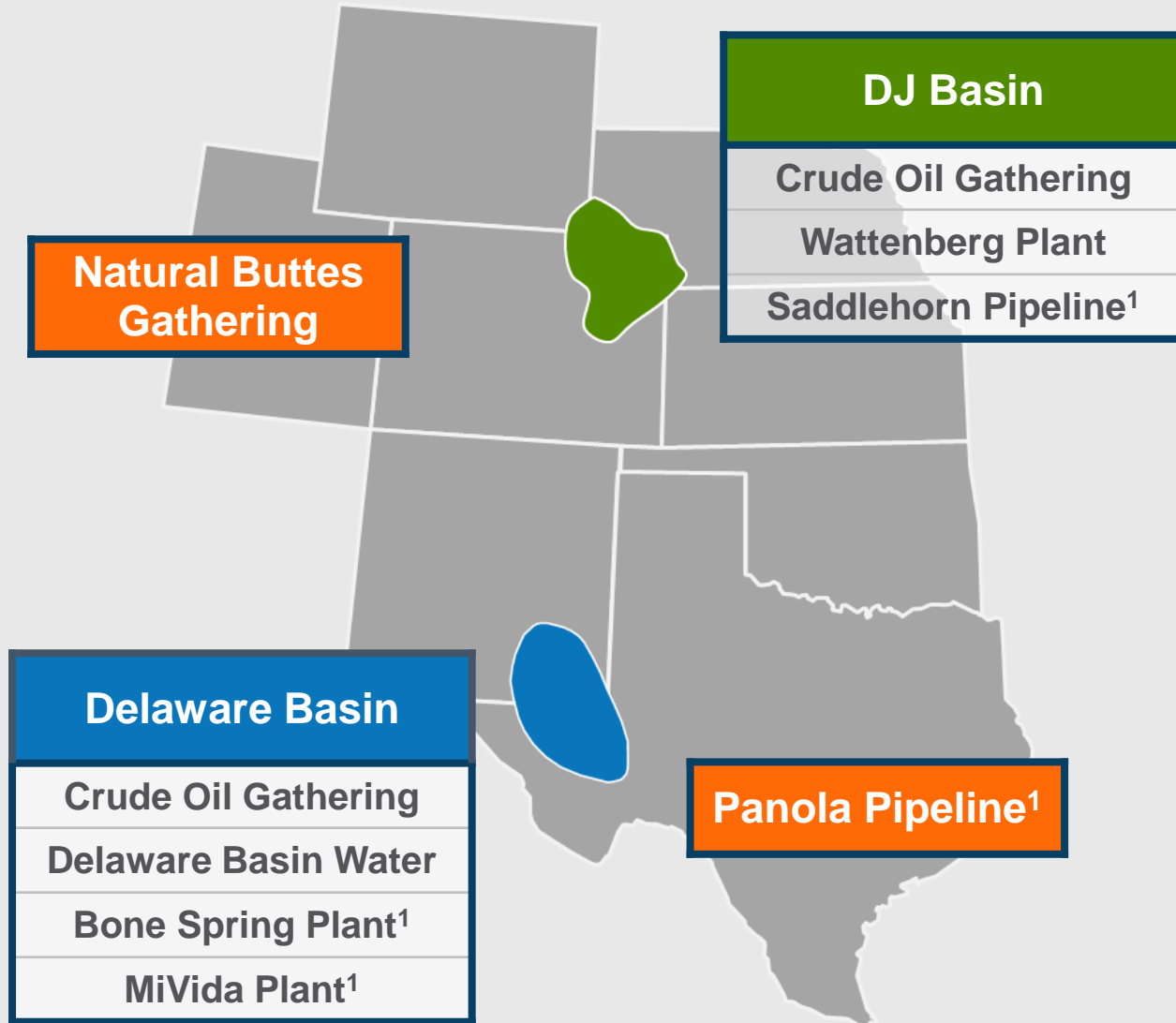
## Second Half Weighted EBITDA



## Expanded Coverage Ratio



# APC Dropdown Inventory Continues to Grow



**~\$550MM**  
2018E APC Midstream Capital

**\$300MM+**  
2018E APC Midstream EBITDA

**95% of Dropdown EBITDA**  
Located in Delaware and DJ Basins

1) Anadarko owns a non-operated interest

# 2018 Outlook

(\$ in Millions)

	2018
WES Adjusted EBITDA <sup>1</sup>	\$1,150 - \$1,250
WES Total Capital Expenditures	\$1,000 - \$1,100
WES Maintenance Capital Expenditures	\$80 - \$90
WES 2018 & 2019 Distribution Growth	1.5 cents/quarter
WGP 2018 & 2019 Annual Distribution Growth	9 - 12% <sup>2</sup>

1) A reconciliation of the Adjusted EBITDA range to net cash provided by operating activities and net income is not provided because the items necessary to estimate such amounts are not reasonably accessible or estimable at this time.

2) Based on the expected 2018 and 2019 WES distribution growth and assuming no WES equity issuances.



# Appendices



# WES Non-GAAP Reconciliation

## “Adjusted EBITDA”

WES defines Adjusted EBITDA as net income (loss) attributable to Western Gas Partners, LP, plus distributions from equity investees, 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.

<i>thousands</i>	<u>Year Ended</u> <u>December 31, 2017</u>
<b>Reconciliation of Net income (loss) attributable to Western Gas Partners, LP to Adjusted EBITDA attributable to Western Gas Partners, LP</b>	
Net income (loss) attributable to Western Gas Partners, LP	\$ 567,483
Add:	
Distributions from equity investments	110,465
Non-cash equity-based compensation expense	4,947
Interest expense	142,386
Income tax expense	4,905
Depreciation and amortization <sup>(1)</sup>	288,087
Impairments	178,374
Other expense <sup>(1)</sup>	145
Less:	
Gain (loss) on divestiture and other, net	132,388
Equity income, net – affiliates	85,194
Interest income – affiliates	16,900
Other income <sup>(1)</sup>	1,283
Income tax benefit	39
<b>Adjusted EBITDA attributable to Western Gas Partners, LP</b>	<b>\$ 1,060,988</b>

1) Includes WES’s 75% share of depreciation and amortization; other expense; and other income attributable to Chipeta.

# WES Non-GAAP Reconciliation

## “Adjusted EBITDA”

WES defines Adjusted EBITDA as net income (loss) attributable to Western Gas Partners, LP, plus distributions from equity investees, 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.

<i>thousands</i>	<u>Year Ended</u> <u>December 31, 2017</u>
<b>Reconciliation of Net cash provided by operating activities to Adjusted EBITDA attributable to Western Gas Partners, LP</b>	
Net cash provided by (used in) operating activities	\$ 901,495
Interest (income) expense, net	125,486
Uncontributed cash-based compensation awards	25
Accretion and amortization of long-term obligations, net	(4,254)
Current income tax (benefit) expense	2,408
Other (income) expense, net	(1,299)
Distributions from equity investments in excess of cumulative earnings – affiliates	23,085
Changes in operating working capital:	
Accounts receivable, net	16,127
Accounts and imbalance payables and accrued liabilities, net	6,930
Other	4,491
Adjusted EBITDA attributable to noncontrolling interest	(13,506)
Adjusted EBITDA attributable to Western Gas Partners, LP	\$ 1,060,988
<b>Cash flow information of Western Gas Partners, LP</b>	
Net cash provided by operating activities	\$ 901,495
Net cash used in investing activities	(763,604)
Net cash provided by (used in) financing activities	(417,002)

# WES Non-GAAP Reconciliation

## “Distributable Cash Flow”

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’s commodity price swap agreements to the extent such amounts are not recognized as Adjusted EBITDA, less 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, Series A Preferred unit distributions and income taxes.

	<u>Year Ended</u>	
	<u>December 31, 2017</u>	
<i>thousands except Coverage ratio</i>		
<b>Reconciliation of Net income (loss) attributable to Western Gas Partners, LP to Distributable cash flow and calculation of the Coverage ratio</b>		
Net income (loss) attributable to Western Gas Partners, LP	\$	567,483
Add:		
Distributions from equity investments		110,465
Non-cash equity-based compensation expense		4,947
Non-cash settled interest expense, net <sup>(1)</sup>		71
Income tax (benefit) expense		4,866
Depreciation and amortization <sup>(2)</sup>		288,087
Impairments		178,374
Above-market component of swap agreements with Anadarko		58,551
Other expense <sup>(2)</sup>		145
Less:		
Gain (loss) on divestiture and other, net		132,388
Equity income, net – affiliates		85,194
Cash paid for maintenance capital expenditures <sup>(2)</sup>		49,684
Capitalized interest		6,826
Cash paid for (reimbursement of) income taxes		1,194
Series A Preferred unit distributions		7,453
Other income <sup>(2)</sup>		1,283
Distributable cash flow	\$	928,967
<b>Distributions declared <sup>(3)</sup></b>		
Limited partners – common units	\$	538,244
General partner		286,624
Total	\$	824,868
Coverage ratio		1.13 x

1) Includes amounts related to the Deferred purchase price - Anadarko.

2) Includes WES’s 75% share of depreciation and amortization; other expense; cash paid for maintenance capital expenditures; and other income attributable to Chipeta.

3) Reflects cash distributions of \$3.590 per unit declared for the year ended December 31, 2017.



# WES Non-GAAP Reconciliation

“Adjusted Gross Margin Attributable to Western Gas Partners, LP”

WES defines Adjusted gross margin as total revenues and other, less cost of product and reimbursements for electricity-related expenses recorded as revenue, plus distributions from equity investments and excluding the noncontrolling interest owner’s proportionate share of revenue and cost of product.

<i>thousands</i>	Year Ended	
	December 31, 2017	
<b>Reconciliation of Operating income (loss) to Adjusted gross margin attributable to Western Gas Partners, LP</b>		
Operating income (loss)	\$	707,271
Add:		
Distributions from equity investments		110,465
Operation and maintenance		315,994
General and administrative		47,796
Property and other taxes		46,818
Depreciation and amortization		290,874
Impairments		178,374
Less:		
Gain (loss) on divestiture and other, net		132,388
Proceeds from business interruption insurance claims		29,882
Equity income, net – affiliates		85,194
Reimbursed electricity-related charges recorded as revenues		56,823
Adjusted gross margin attributable to noncontrolling interest		16,827
<b>Adjusted gross margin attributable to Western Gas Partners, LP</b>	<b>\$</b>	<b>1,376,478</b>
Adjusted gross margin attributable to Western Gas Partners, LP for natural gas assets	\$	1,222,632
Adjusted gross margin for crude, NGL and produced water assets		153,846



# WES Non-GAAP Reconciliation

## “Adjusted EBITDA”

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<i>thousands</i>	Three Months Ended	
	December 31, 2017	September 30, 2017
<b>Reconciliation of Net income (loss) attributable to Western Gas Partners, LP to Adjusted EBITDA attributable to Western Gas Partners, LP</b>		
Net income (loss) attributable to Western Gas Partners, LP	\$ 148,637	\$ 143,506
Add:		
Distributions from equity investments	29,897	29,145
Non-cash equity-based compensation expense	1,468	1,258
Interest expense	35,592	35,544
Income tax expense	—	510
Depreciation and amortization <sup>(1)</sup>	73,874	71,812
Impairments	8,295	2,159
Other expense <sup>(1)</sup>	5	—
Less:		
Gain (loss) on divestiture and other, net	(2,629)	72
Equity income, net – affiliates	22,486	21,519
Interest income – affiliates	4,225	4,225
Other income <sup>(1)</sup>	323	283
Income tax benefit	39	—
<b>Adjusted EBITDA attributable to Western Gas Partners, LP</b>	<b>\$ 273,324</b>	<b>\$ 257,835</b>

1) Includes WES’s 75% share of depreciation and amortization; other expense; and other income attributable to Chipeta.

# WES Non-GAAP Reconciliation

## “Adjusted EBITDA”

WES defines Adjusted EBITDA as net income (loss) attributable to Western Gas Partners, LP, plus distributions from equity investees, 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.

<i>thousands</i>	Three Months Ended	
	December 31, 2017	September 30, 2017
<b>Reconciliation of Net cash provided by operating activities to Adjusted EBITDA attributable to Western Gas Partners, LP</b>		
Net cash provided by (used in) operating activities	\$ 256,396	\$ 211,947
Interest (income) expense, net	31,367	31,319
Uncontributed cash-based compensation awards	119	78
Accretion and amortization of long-term obligations, net	(1,060)	(1,055)
Current income tax (benefit) expense	1,385	395
Other (income) expense, net	(330)	(286)
Distributions from equity investments in excess of cumulative earnings – affiliates	6,830	7,034
Changes in operating working capital:		
Accounts receivable, net	(30,845)	56,335
Accounts and imbalance payables and accrued liabilities, net	10,937	(45,982)
Other	1,426	3,181
Adjusted EBITDA attributable to noncontrolling interest	(2,901)	(5,131)
Adjusted EBITDA attributable to Western Gas Partners, LP	\$ 273,324	\$ 257,835

# WES Non-GAAP Reconciliation

## “Distributable Cash Flow”

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’s commodity price swap agreements to the extent such amounts are not recognized as Adjusted EBITDA, less 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, Series A Preferred unit distributions and income taxes.

<i>thousands except Coverage ratio</i>	Three Months Ended	
	December 31, 2017	September 30, 2017
<b>Reconciliation of Net income (loss) attributable to Western Gas Partners, LP to Distributable cash flow and calculation of the Coverage ratio</b>		
Net income (loss) attributable to Western Gas Partners, LP	\$ 148,637	\$ 143,506
Add:		
Distributions from equity investments	29,897	29,145
Non-cash equity-based compensation expense	1,468	1,258
Income tax (benefit) expense	(39)	510
Depreciation and amortization <sup>(1)</sup>	73,874	71,812
Impairments	8,295	2,159
Above-market component of swap agreements with Anadarko	11,832	18,049
Other expense <sup>(1)</sup>	5	—
Less:		
Gain (loss) on divestiture and other, net	(2,629)	72
Equity income, net – affiliates	22,486	21,519
Cash paid for maintenance capital expenditures <sup>(1)</sup>	16,569	10,591
Capitalized interest	2,835	2,115
Cash paid for (reimbursement of) income taxes	1,005	—
Other income <sup>(1)</sup>	323	283
Distributable cash flow	\$ 233,380	\$ 231,859
<b>Distributions declared <sup>(2)</sup></b>		
Limited partners – common units	\$ 140,394	\$ 138,105
General partner	76,192	73,933
Total	\$ 216,586	\$ 212,038
Coverage ratio	1.08 x	1.09 x

1) Includes WES’s 75% share of depreciation and amortization; other expense; cash paid for maintenance capital expenditures; and other income attributable to Chipeta.

2) Reflects cash distributions of \$0.920 per unit and \$0.905 per unit declared for the three months ended December 31, 2017, and September 30, 2017, respectively.



# WES Non-GAAP Reconciliation

“Adjusted Gross Margin Attributable to Western Gas Partners, LP”

WES defines Adjusted gross margin as total revenues and other, less cost of product and reimbursements for electricity-related expenses recorded as revenue, plus distributions from equity investments and excluding the noncontrolling interest owner’s proportionate share of revenue and cost of product.

<i>thousands</i>	Three Months Ended	
	December 31, 2017	September 30, 2017
<b>Reconciliation of Operating income (loss) to Adjusted gross margin attributable to Western Gas Partners, LP</b>		
Operating income (loss)	\$ 181,815	\$ 179,456
Add:		
Distributions from equity investments	29,897	29,145
Operation and maintenance	86,550	79,536
General and administrative	12,394	12,158
Property and other taxes	11,385	11,215
Depreciation and amortization	74,602	72,539
Impairments	8,295	2,159
Less:		
Gain (loss) on divestiture and other, net	(2,629)	72
Equity income, net – affiliates	22,486	21,519
Reimbursed electricity-related charges recorded as revenues	14,485	14,323
Adjusted gross margin attributable to noncontrolling interest	3,638	5,878
<b>Adjusted gross margin attributable to Western Gas Partners, LP</b>	<b>\$ 366,958</b>	<b>\$ 344,416</b>
Adjusted gross margin attributable to Western Gas Partners, LP for natural gas assets	\$ 318,012	\$ 305,337
Adjusted gross margin for crude, NGL and produced water assets	48,946	39,079