# CONE Midstream Partners LP

## MLPA Investor Conference

May 31 – June 2, 2017

CONE Midstream Partners LP

# Disclaimer – Forward Looking Statements and Non-GAAP Financial Measures

This presentation contains forward-looking statements within the meaning of the federal securities laws. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include the words “will,” “believe,” “expect,” “anticipate,” “intend,” “estimate,” “potential” and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict, and there can be no assurance that actual outcomes and results will not differ materially from those expected by our management. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include, among others: the effects of changes in market prices of natural gas, NGLs and crude oil on the drilling and development plans of our Sponsors, or their successors in interest, on our dedicated acreage and the volumes of natural gas and condensate that are produced on our dedicated acreage; changes in the drilling and development plans our Sponsors, or their successors in interest, in the Marcellus Shale and Utica Shale; the ability of our Sponsors, or their successors in interest, to meet their drilling and development plans in the Marcellus Shale and Utica Shale; the release of acreage from dedication by our Sponsors, or their successors in interest; transfers of acreage by our Sponsors in the right of first offer area, that are not subject to our right of first offer; non-performance or non-payment by counterparties to our gathering agreements; the demand for natural gas and condensate gathering services; changes in general economic conditions; competitive conditions in our industry; actions taken by third-party operators, gatherers, processors and transporters; our ability to successfully implement our business plan; and our ability to complete internal growth projects on time and on budget. You should not place undue reliance on our forward-looking statements. Although forward-looking statements reflect our good faith beliefs at the time they are made, forward-looking statements involve known and unknown risks, uncertainties and other factors, including the factors described under “Risk Factors” and “Forward-Looking Statements” in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, unless required by law.

This presentation also contains non-GAAP financial measures. A reconciliation of these measures to the most directly comparable GAAP measures is available in the appendix to this presentation.

# CONE Midstream Partners LP – A Brief History

- CONE Gathering LLC – a 50/50 midstream joint venture
  - Originally between CONSOL Energy Inc. (NYSE:CNX) and Noble Energy, Inc. (NYSE:NBL) (the "Sponsors")
  - Formed in 2011 to service their natural gas production in the Marcellus Shale
- CONE Midstream Partners LP (NYSE: CNNX) ("CONE") was formed in 2014 through the initial contribution of ownership interests in CONE Gathering's assets held in three distinct development companies:
  - 75% interest in Anchor Systems
  - 5% interest in Growth Systems
  - 5% interest in Additional Systems
- Sponsors have dedicated approximately 515,000 acres to CNNX for an initial term of 20 years
  - Dedication is in one of the most cost-advantaged, core development areas of the Marcellus Shale
  - CNNX has a right of first offer ("ROFO") on the Sponsors' remaining 186,000 net acres
- Initial Public Offering – September 2014
  - 20.125 million LP units (33.8% ownership interest) sold to public
  - Sponsors retained 38.2 million LP units (29.2 million are subordinated) and 2% GP interest
- CNNX acquired remaining 25% interest in Anchor Systems – November 2016
  - Total consideration of $248 million; $140 million cash + 5.2 million common units
  - Brought CNNX ownership in Anchors Systems to 100%
  - Sponsors own 43.4 million common and subordinated units following deal closing
- Sponsors separated upstream JV in 4Q 2016
  - Allows each Sponsor to independently advance their own development program

# Quantum Energy Poised to Replace Noble as CONE Sponsor

- May 2 - Noble announced agreement to sell its upstream acreage position to HG Energy, a portfolio company of Quantum Energy Partners
  - Acreage remains dedicated to CONE;  same terms and gathering rates apply
  - HG Energy may pursue more aggressive development plan on dedicated acreage
  - Transaction expected to close before end of Q2 with a January 1, 2017 effective date
- May 18 - Noble announced agreement to sell the holding company that owns its CONE related interests to Wheeling Creek Midstream, a Quantum Energy portfolio company .*  The holding company owns:
  - 50 percent interest in CONE Gathering which owns:
    - GP Interest in CNNX
    - Incentive Distribution Rights (IDRs) in CNNX
    - 95% interests in Growth Systems and Additional Systems
  - 21.7 million common and subordinated CNNX limited partnership units

  Transaction is expected to close during Q3 2017

* CONSOL has advised Noble that CONSOL disagrees with Noble's ability to sell indirectly its General Partnership interest in CONE without first offering it to CONSOL.



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# CNNX Overview

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# CNNX offers an attractive investment proposition

| | |
|---|---|
| **Strategic Location** | • Largest dedicated acreage position in core of lowest cost gas play provides multi-decade development horizon |
| **Visible Growth** | • Upstream development drives organic growth on existing system<br>• Large drop-down inventory from Sponsors' retained ownership interest<br>• Well positioned to service third-party business opportunities |
| **Stable Revenue Business Model** | • Long-term (20-year), fixed-fee gathering agreements<br>• No direct exposure to commodity price risk |
| **Collaborative Capex Strategy** | • CNNX is responsible for only its pro-rata share of capex in each system<br>• Project capability to internally fund 2017 net CNNX capital plan<br>• Significant portion of development capex retained by Sponsors |
| **Sustainability & Strength** | • Low levered balance sheet and significant liquidity<br>• High distribution coverage |

# Gathering Systems and Sponsor Acreage Overview

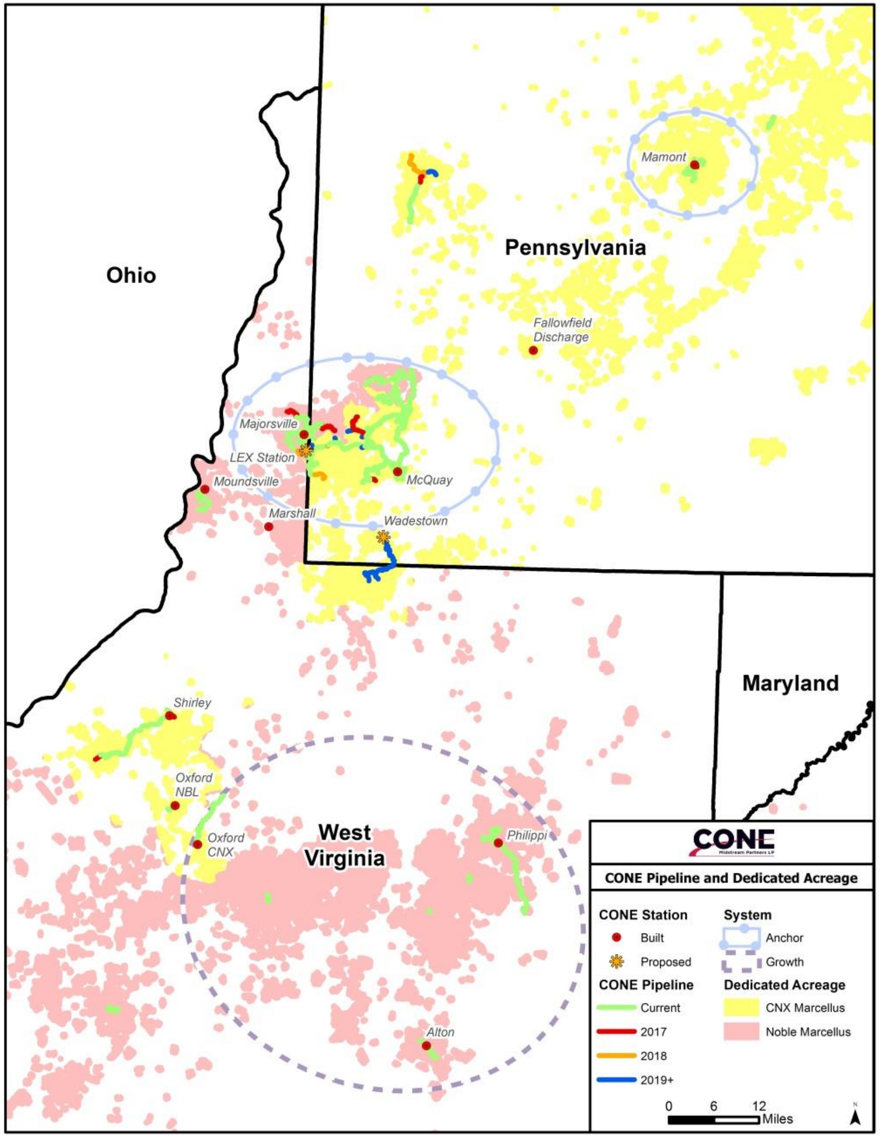
## Gathering System Information[1]

| System | Pipeline (Miles) | Capacity (BBtu/d) | Compression (HP) |
|---|---|---|---|
| Anchor | 175 | 1,429 | 75,150 |
| Growth | 31 | 860 | 6,700 |
| Additional | 48 | 545 | 9,480 |
| **Total** | **254** | **2,834** | **91,330** |

## Acreage and Production [2]

| | CONSOL | Noble | Total |
|---|---|---|---|
| **Production** (MMcfe/d) | 620 | 450 | 1,070 |
| **Acreage** (000's) | 306 | 363 | 669 |
| **DUC Inventory** | 53 | 22 | 75 |

(1) Data as of 12/31/2016
(2) Data as of separation of upstream acreage JV, per CNX investor presentation dated 10/31/2016. Noble acreage position under agreement to be acquired by HG Energy.



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# Additional Growth Opportunities – Dedicated Acreage, Utica Potential, System Capacity

| Dedicated Undeveloped Marcellus Acreage Growth Potential | | | |
|---|---|---|---|
| **DevCo** | **Potential wells within 1 mile of existing CONE infrastructure (low capital intensity)** | **Potential wells beyond 1 mile of existing CONE infrastructure (additional capital investment)** | **Total** |
| 1 | 249 | 322 | 571 |
| 2 | 211 | 1,525 | 1,736 |
| 3 | 142 | 1,248 | 1,391 |
| Total | 602 | 3,095 | 3,697 |

| Undedicated Undeveloped Utica Acreage Growth Potential | | | |
|---|---|---|---|
| | **Potential wells within 1 mile of existing CONE infrastructure (low capital intensity)** | **Potential wells beyond 1 mile of existing CONE infrastructure (additional capital investment)** | **Total** |
| Utica Wells | 445 | 1,756 | 2,201 |

| Interconnect Capacity and Utilization | | | | |
|---|---|---|---|---|
| **DevCo** | **Interconnect Capacity (BBtu/D)** | **1Q 2017 Utilization (BBtue/D)** | **Current Utilization** | **Available Interconnect Capacity** |
| 1 | 1,429 | 1,048 | 73% | 27% |
| 2 | 860 | 57 | 8% | 92% |
| 3 | 545 | 189 | 35% | 65% |

Source: CNNX estimates



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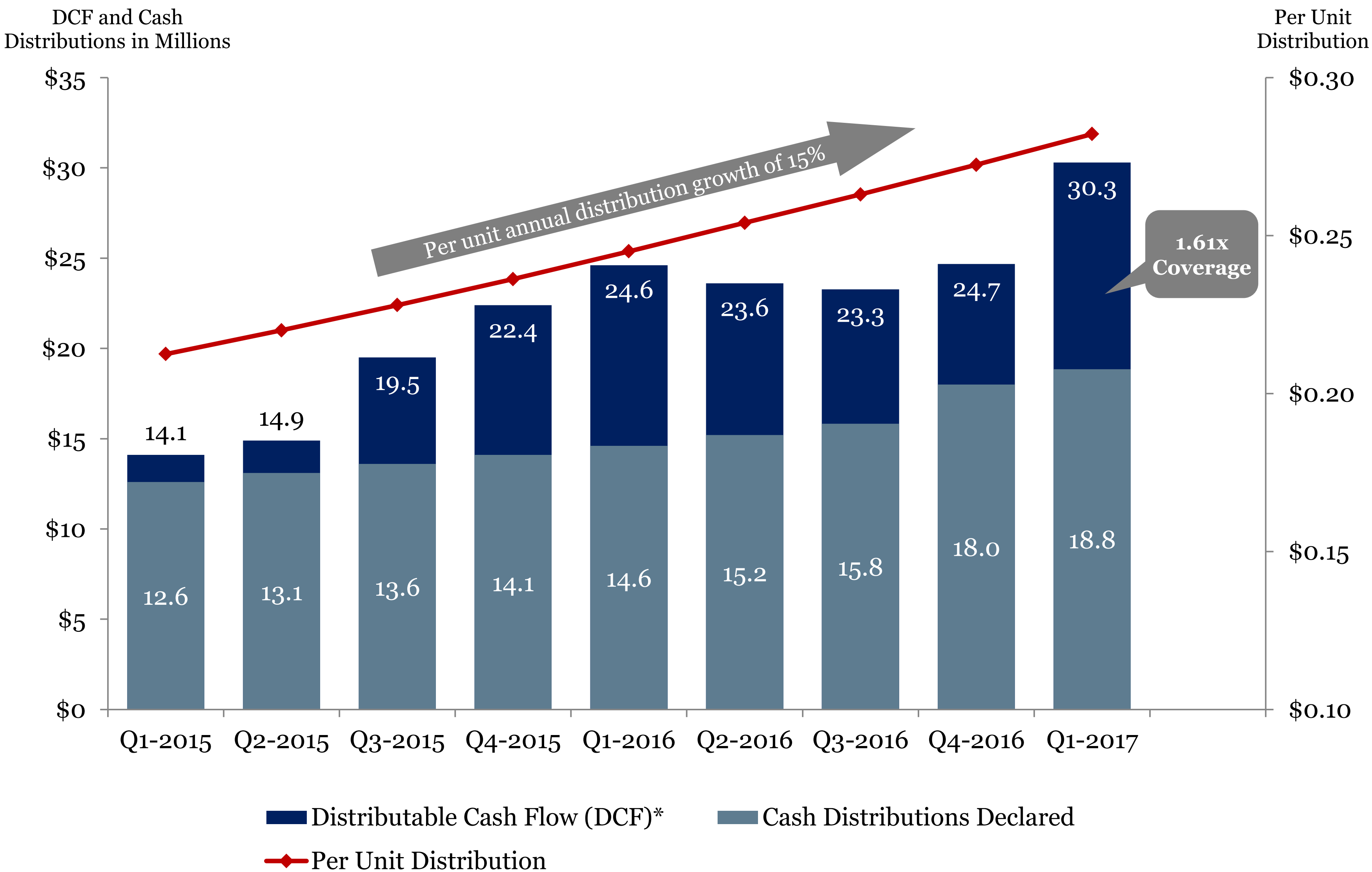
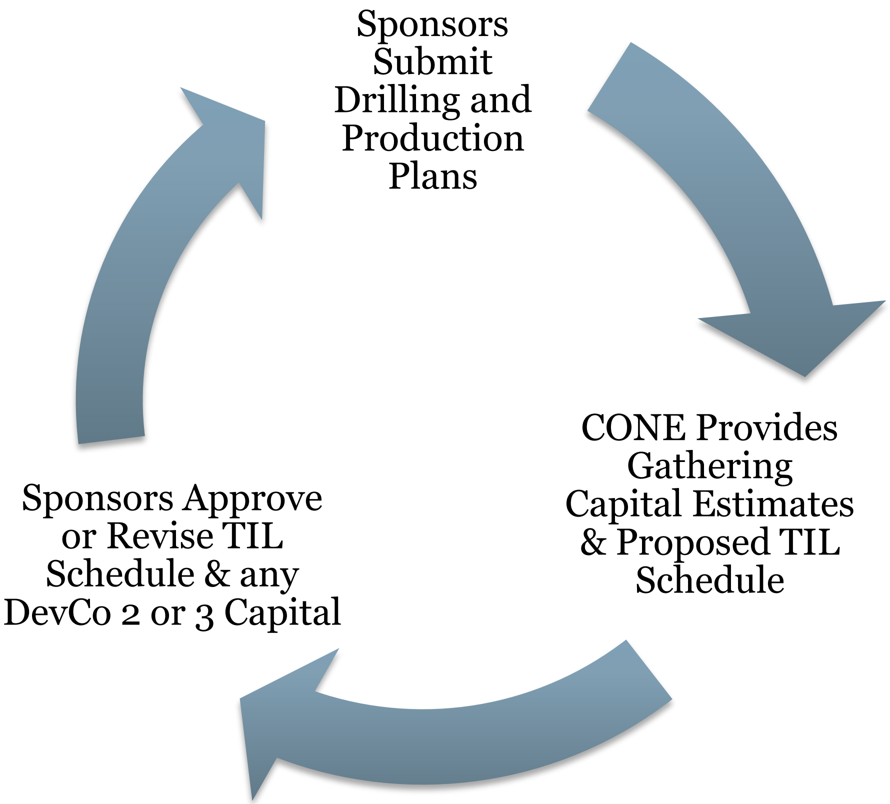
# Distributions and DCF – A track record of growth and robust coverage




* See Appendix for reconciliation of DCF to our most closely comparable GAAP measure

# Development Planning Process is Iterative and Updated Quarterly

- Gathering agreements require each shipper to update production plans quarterly
  - Submission includes detailed two year plan and more general ten year program
  - Anticipate HG Energy will submit first plan following close of acreage acquisition from Noble
- CONE develops/updates midstream infrastructure plan to accommodate Sponsor gathering requirements including:
  - Proposed gathering system schedule
  - Estimated Sponsor midstream capital calls
- Shippers have opportunity to revise drilling plans and anticipated gathering needs to optimize:
  - Total capital (upstream + midstream) outlays
  - Timing of well connections/TILs



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# Business Outlook

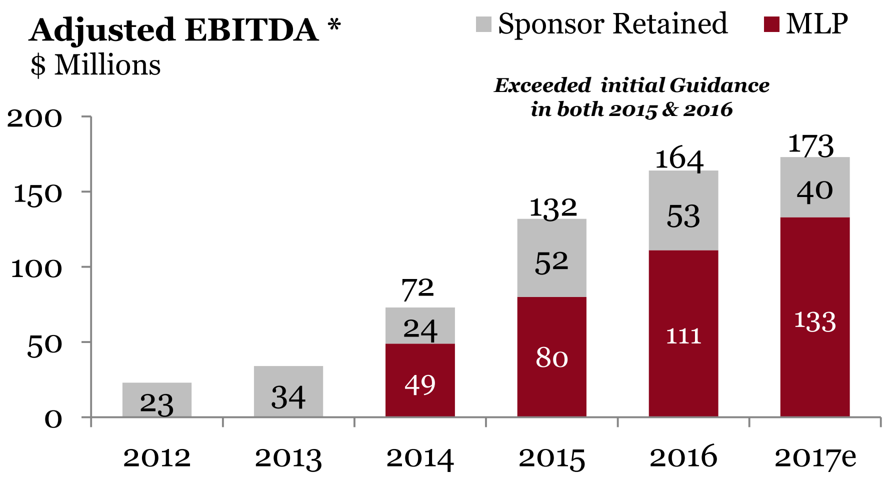
# Business Strategy Focused on Sustainable Value Growth

| | |
|---|---|
| **Guiding Principle** | **Sustainable growth through disciplined capital investment and conservative financial profile**<br>▪ Target leverage ratio < 3.0x<br>▪ Target distribution coverage > 1.15x<br>▪ Adequate liquidity to quickly pursue growth opportunities |
| **Growth Drivers** | **Core Growth**<br>▪ Organic build-out for our Sponsors' Marcellus development<br>  ▪ +570 Marcellus drilling locations identified within Anchor Systems dedicated area<br>**Supplemental Growth**<br>▪ Drop down acquisitions from sponsors, executed when gathering projects are largely de-risked<br>  ▪ ~75% of DUCS on Additional System acreage<br>  ▪ Extensive water business with third party contracts in place<br>▪ + 600 Utica drilling locations within Anchor Systems operating footprint<br>▪ Utilize asset scale and scope to capture third-party volumes |
| **Anchor System Drop Down** | ▪ Immediately accretive to LP unit holders<br>  ▪ +19% DCF available to LP accretion<br>▪ Confirms multi-year visibility on distribution growth<br>▪ 100% organic investment and growth on core Marcellus and dry Utica acreage<br>  ▪ MLP captures high IRR projects of connecting highly productive pads to established gathering systems<br>▪ Contains high portion of third party opportunities for organic investment<br>▪ Leverage remains in industry top quartile position post Anchor dropdown |

# Financial Outlook: Base View Excludes 3rd Party Business and Dry Utica Potential

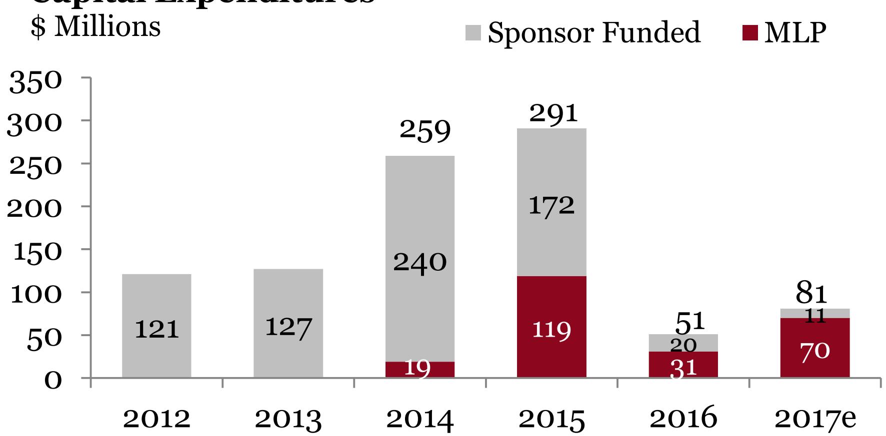
## Financial Highlights

### Adjusted EBITDA *
$ Millions




***+39% net EBITDA CAGR since 2014***

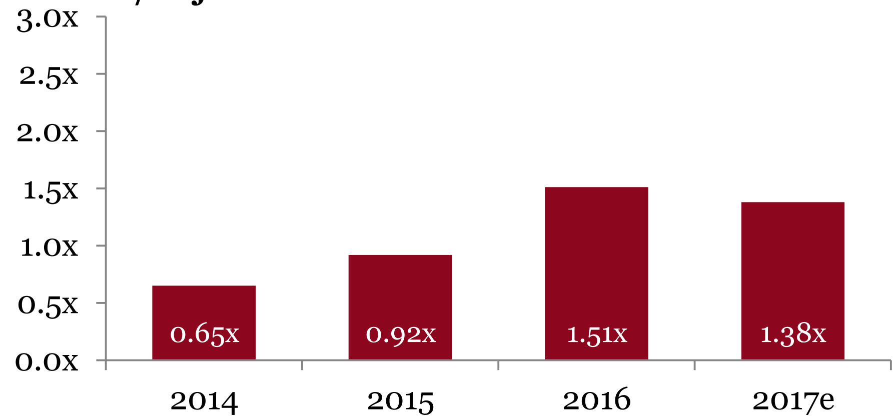
### Capital Expenditures
$ Millions




***Well-capitalized drop down inventory continues to grow***

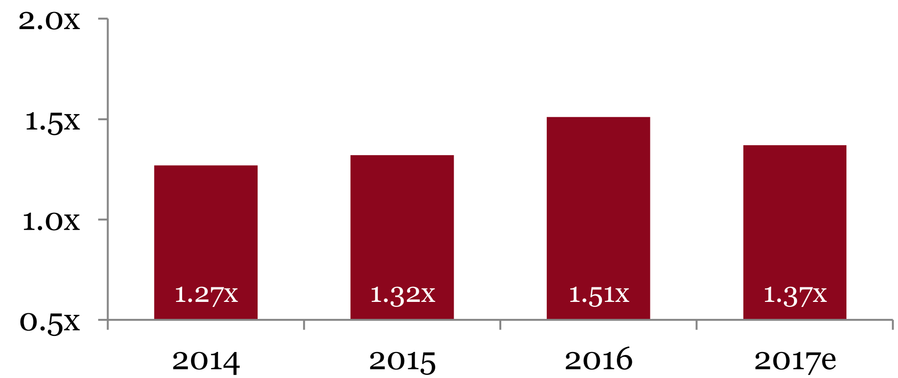
## Balance Sheet and Coverage

### Debt/Adjusted EBITDA Attributable to CNNX




***Ample borrowing capacity for growth opportunities***

### Distribution Coverage*
At continued 15% Distribution/LP Unit CAGR




***Line-of-sight on continued distribution growth***

*Note: 2012 and 2013 capital represents CONE Gathering's investment. 2014 EBITDA assumes CNNX ownership structure in place at IPO for full year. 2014 MLP Adjusted EBITDA and Distribution Coverage represents post IPO period only. Financial figures reflect 25% Anchor System drop effective November 16th, 2016. Sponsor EBITDA represents retained CONE Gathering only and excludes jointly-owned water business. Future distributions have not been declared and are subject to CNNX Board discretion and approval. Assumes 63.55mm LP units outstanding at year end 2017. *See Appendix for a reconciliation of Adjusted EBITDA and Distribution Coverage Ratio to their most closely comparable GAAP measures.*



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# Potential Upside Factors to Near-Term Outlook

- Acceleration of Organic Activity by New Sponsor
  - DUCs and top-holed wells provide most visible opportunity for near-term activity addition
  - Sunk capital potentially translates into attractive returns on incremental investment
  - Midstream infrastructure already in place or under development for many well pads
- Additional Development Activity in Utica
- Incremental Cost Containment and Asset Optimization
- Well Performance Exceeds Type Curves
- Additional Debottlenecking Opportunities
- Asset Dropdowns or Acquisitions
- Third Party Business

# DUC and Top Hole Inventory

### Wells Drilled but Uncompleted

| DevCo | CONSOL | Noble | Total |
|---|---|---|---|
| **Anchor** | 7 | 5 | 12 |
| **Additional** | 36 | 7 | 43 |
| **Other** | - | 2 | 2 |
| **Total** | 43 | 14 | 57 |

### Wells Top-Hole Drilled Only

| DevCo | CONSOL | Noble | Total |
|---|---|---|---|
| **Anchor** | 10 | - | 10 |
| **Growth** | - | 14 | 14 |
| **Additional** | 4 | - | 4 |
| **Total** | 14 | 14 | 28 |

Data as of 5/23/2017



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# A more active Sponsor has the potential to drive increased organic growth

**Baseline[1] Noble-op Assumption**

| | 2017 | 2018 | 2019 |
|---|---|---|---|
| Rigs | 0 Horizontal Rigs | | ~1 Horizontal Rig |
| TILs | 15 TILS | 5 TILS | 18 TILS |
| Incremental Cumulative Net Volumes | 27 mmcf/d | 57 mmcf/d | 117 mmcf/d |

**Illustrative Scenario[2]**

| | 2017 | 2018 | 2019 |
|---|---|---|---|
| Rigs | 0 Horiz. Rigs | 1 Horizontal Rig | |
| | | 1 Horizontal Rig | |
| TILs | 15 TILS | 20-24 TILS | 38-48 TILS |

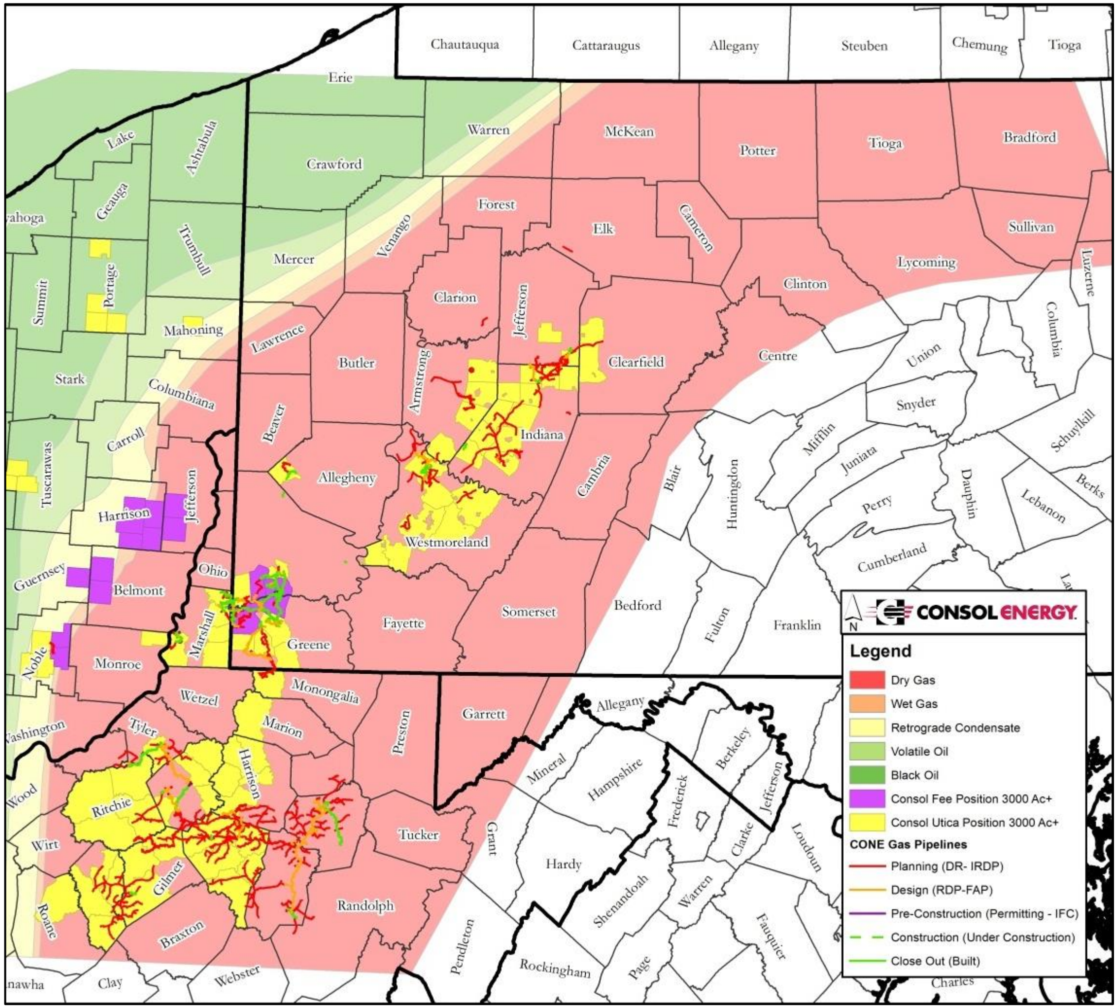
**+2.5x near-term TILS**

(1) The "Baseline Noble-operating Assumption" is an estimate of projected well connections ("TILs" or "turn-in-lines") derived from Noble's investor presentations.

(2) The "Illustrative Scenario" is a purely hypothetical estimation of the potential impact of the addition of new rigs drilling on Marcellus acreage dedicated to CONE using typical rig productivity assumptions. The timing and number of rig additions, rig productivity, and estimated well productivity is purely speculative; neither HG Energy nor Quantum Energy has publicly announced or privately provided to CONE Midstream any plan, general intention or indication of proposed activity on the acreage dedicated CONE that is under agreement to be acquired from Noble Energy.

# CNNX is Positioned to Service CONSOL's "Stacked" Utica Position

**CONSOL has approximately 197,000 net prospective Utica Shale acres in PA and WV.**
**PA/WV Dry Utica well EURs are estimated at 3.0 Bcfe / 1000 feet of lateral**




Note: CONSOL's Utica acreage is not dedicated to CONE Midstream
Source: CONSOL Energy Fourth Quarter 2015 Earnings Presentation, January 29, 2016 w/CONE Midstream System Overlay

# Appendix

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# Non-GAAP Financial Measures

**EBITDA and Adjusted EBITDA**

We define EBITDA as net income (loss) before net interest expense, depreciation and amortization, and Adjusted EBITDA as EBITDA adjusted for non-cash items which should not be included in the calculation of distributable cash flow. EBITDA and Adjusted EBITDA are used as supplemental financial measures by management and by external users of our financial statements, such as investors, industry analysts, lenders and ratings agencies, to assess:

- our operating performance as compared to those of other companies in the midstream energy industry, without regard to financing methods, historical cost basis or capital structure;
- the ability of our assets to generate sufficient cash flow to make distributions to our partners;
- 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 EBITDA and Adjusted EBITDA provides information that is useful to investors in assessing our financial condition and results of operations. The GAAP measures most directly comparable to EBITDA and Adjusted EBITDA are net income and net cash provided by operating activities. EBITDA and Adjusted EBITDA should not be considered alternatives to net income, net cash provided by operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. EBITDA and Adjusted EBITDA exclude some, but not all, items that affect net income or net cash, and these measures may vary from those of other companies. As a result, EBITDA and Adjusted EBITDA as presented herein may not be comparable to similarly titled measures of other companies.

**Distributable Cash Flow**

We define distributable cash flow as Adjusted EBITDA less net income attributable to noncontrolling interest, cash interest paid and maintenance capital expenditures, each net to the Partnership. Distributable cash flow does not reflect changes in working capital balances.

Distributable cash flow is used as a supplemental financial measure by management and by external users of our financial statements, such as investors, industry analysts, lenders and ratings agencies, to assess:

- the ability of our assets to generate cash sufficient to support our indebtedness and make future cash distributions to our unitholders; and
- the attractiveness of capital projects and acquisitions and the overall rates of return on alternative investment opportunities.

We believe that the presentation of distributable cash flow in this release provides information useful to investors in assessing our financial condition and results of operations. The GAAP measures most directly comparable to distributable cash flow are net income and net cash provided by operating activities. Distributable cash flow should not be considered an alternative to net income, net cash provided by operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Distributable cash flow excludes some, but not all, items that affect net income or net cash, and these measures may vary from those of other companies. As a result, our distributable cash flow may not be comparable to similarly titled measures of other companies.

**Reconciliation to GAAP Measures**

(Amounts in $ Millions)

| | Actual | | | | | Guid. MP |
|---|---|---|---|---|---|---|
| | **2012** | **2013** | **2014** | **2015** | **2016** | **2017e** |
| Net Income | $ 19.9 | $ 28.1 | $ 64.8 | $ 115.5 | $ 130.1 | $ 143.2 |
| Add: Interest Expense | - | - | 0.0 | 0.8 | 1.8 | 5.8 |
| Add: Depreciation Expense | 3.4 | 5.8 | 7.3 | 15.1 | 21.2 | 22.4 |
| Add: Non-Cash Unit Based Compensation | - | - | - | 0.4 | 0.8 | 1.1 |
| Add: Inventory revaluation | - | - | - | - | 10.1 | 0.7 |
| Adjusted EBITDA | 23.4 | 33.9 | 72.2 | 131.8 | 164.0 | 173.2 |
| Less: Net Income Attributable to Noncontrolling Interest | - | - | 7.9 | 44.3 | 33.6 | 31.2 |
| Less: Depreciation, Interest Expense, non-cash comp. and Inventory revaluation Attributable to Noncontrolling Interest | - | - | 0.9 | 7.2 | 19.8 | 9.0 |
| Adjusted EBITDA Attributable to General and Limited Partner Ownership Interest in CONE Midstream Partners LP | $ 23.4 | $ 33.9 | $ 63.5 | $ 80.3 | $ 110.5 | $ 133.0 |
| Less: Interest Expense, Net | $ - | $ - | $ 0.0 | $ 0.4 | $ 1.3 | $ 5.5 |
| Less: Ongoing Maintenance Capital Expenditures, Net of Expected Reimbursements | 2.6 | 3.4 | 6.0 | 9.0 | 13.1 | 17.5 |
| Distributable Cash Flow | $ 20.8 | $ 30.5 | $ 57.4 | $ 70.9 | $ 96.2 | $ 110.0 |
| Distributions Declared | | | 12.8 | 53.4 | 63.6 | |
| Distribution Coverage Ratio - Declared Basis | | | 4.49x | 1.33x | 1.51x | |

Note: Totals may not foot due to rounding.



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# Non-GAAP Financial Measures (continued)

**Reconciliation to GAAP Measures (continued)**

| (Amounts in $ Millions) | 2015 | | | | 2016 | | | | 2017 |
|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| Net Income | $ 21.2 | $ 24.9 | $ 33.6 | $ 35.8 | $ 37.3 | $ 24.5 | $ 36.4 | $ 32.0 | $ 33.2 |
| Add: Interest Expense | 0.1 | 0.0 | 0.2 | 0.6 | 4.8 | 5.2 | 5.4 | 5.8 | 1.0 |
| Add: Depreciation Expense | 3.0 | 3.7 | 3.8 | 4.6 | 0.4 | 0.4 | 0.3 | 0.7 | 5.7 |
| Add: Non-Cash Unit Based Compensation | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.3 |
| Add: Inventory revaluation | - | - | - | - | - | 10.1 | - | - | 0.7 |
| Adjusted EBITDA | 24.4 | 28.7 | 37.7 | 41.1 | 42.7 | 40.3 | 42.3 | 38.7 | 40.9 |
| Less: Net Income Attributable to Noncontrolling Interest | 7.0 | 10.0 | 14.0 | 13.3 | 12.5 | 1.3 | 12.8 | 7.1 | 3.2 |
| Less: Depreciation, Interest Expense, non-cash comp. and Inventory revaluation Attributable to Noncontrolling Interest | 1.2 | 1.7 | 1.8 | 2.6 | 2.5 | 12.1 | 2.8 | 2.4 | 2.6 |
| Adjusted EBITDA Attributable to General and Limited Partner Ownership Interest in CONE Midstream Partners LP | $ 16.2 | $ 17.0 | $ 21.9 | $ 25.2 | $ 27.7 | $ 26.9 | $ 26.8 | $ 29.1 | $ 35.2 |
| Less: Interest Expense, Net | $ 0.0 | $ 0.0 | $ 0.1 | $ 0.2 | $ 0.2 | $ 0.3 | $ 0.2 | $ 0.6 | $ 1.0 |
| Less: Ongoing Maintenance Capital Expenditures, Net of Expected Reimbursements | 2.0 | 2.1 | 2.3 | 2.6 | 2.8 | 3.1 | 3.3 | 3.8 | 3.9 |
| Distributable Cash Flow | $ 14.1 | $ 14.9 | $ 19.5 | $ 22.4 | $ 24.6 | $ 23.6 | $ 23.3 | $ 24.7 | $ 30.3 |
| Distributions Declared | | | | | | | | | $ 18.8 |
| Distribution Coverage Ratio - Declared Basis | | | | | | | | | 1.61x |

Note: Totals may not foot due to rounding.



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