



Shell Midstream Partners, L.P. (SHLX)
MEIC 2019 Fireside Chat
May 15, 2019

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This presentation includes various “forward-looking statements” within the meaning of the Securities Act of 1933, as amended, and 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, pending or 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, L.P. (the “Partnership”) 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, May 15-16, 2019, 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. More information on these risks and other potential factors that could affect the Partnership’s financial results is included in the Partnership’s filings with the U.S. Securities and Exchange Commission, including in the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of the Partnership’s most recently filed periodic reports on Form 10-K and subsequent filings. 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.

In addition, the Falcon Ethane Pipeline and Mattox Pipeline discussed in this presentation are both assets held by Royal Dutch Shell plc (“Shell”). We can provide no assurance as to if and when these assets or any other assets held by Shell may be offered to or acquired by the Partnership. Shell is under no obligation to offer any of these assets to the Partnership, and the Partnership is under no obligation to purchase any of these assets. Any transactions would be subject, among other things, to (a) requisite approvals and regulatory clearances, including approval by the Partnership’s Conflicts Committee and Board of Directors; (b) an agreement between us and Shell on the terms and conditions of any proposed transaction; and (c) favorable market, regulatory and tax conditions.

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Shell Midstream Partners: Same Strategy, Continued Delivery

RESILIENT FRAMEWORK

- Strong support from Shell
- Financial flexibility to maximize unitholder returns
- Maintaining strength despite market volatility

DIVERSIFIED PORTFOLIO

- High-quality assets complementing Shell's integrated footprint
- Building scale with drop downs, organic growth and 3rd party acquisitions

SUSTAINABLE GROWTH

- Strong and ratable cash flows
- Reliable distribution growth
- Access to dynamic runway of Shell's strategic assets

The size and scale of our Sponsor is a key enabler to execute our strategy

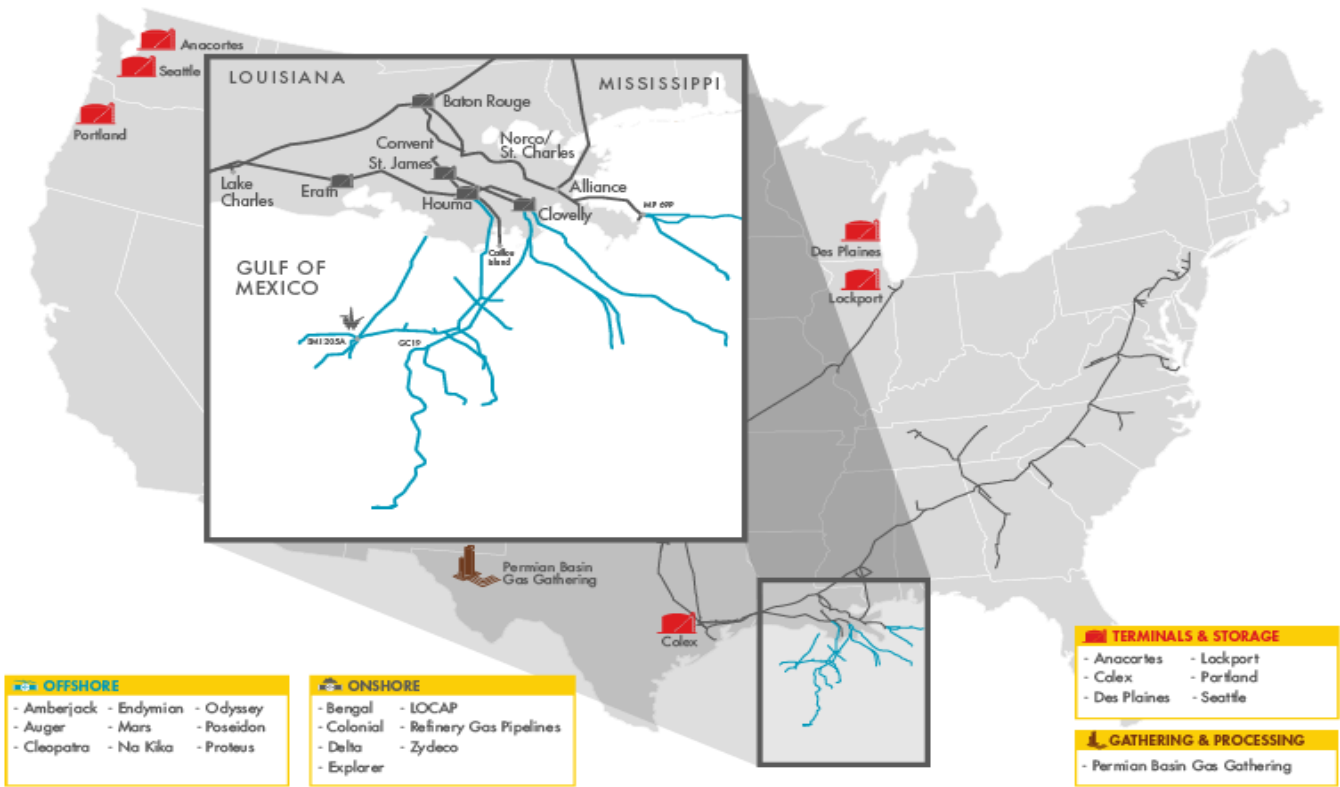




Building Scale with High Quality Midstream Assets



SHELL MIDSTREAM PARTNERS



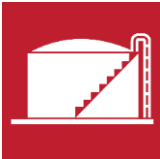
Hydrocarbon Transport and Storage



ONSHORE
PIPELINE
TRANSPORTATION



OFFSHORE
PIPELINE
TRANSPORTATION

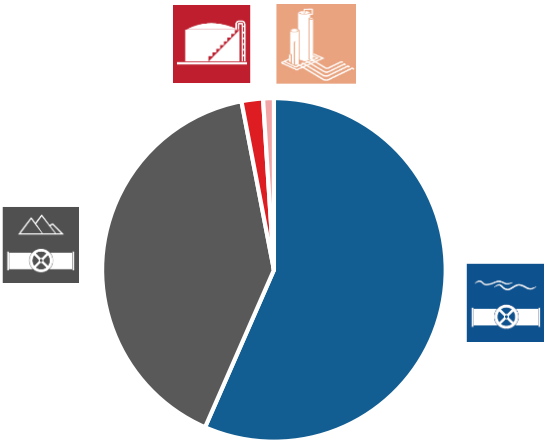


TERMINALS &
STORAGE



GATHERING &
PROCESSING

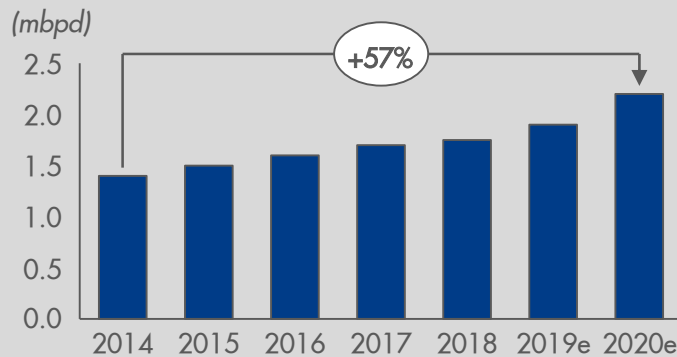
Run Rate Portfolio Mix



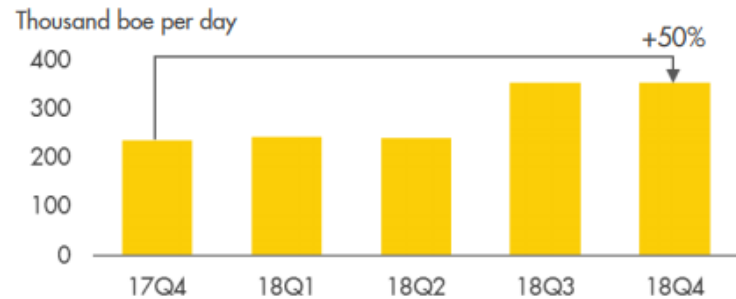
Gulf of Mexico – Resilient and growing¹

EIA Total US Gulf of Mexico Production

Latest forecasts indicate a record high of 2.1 mbpd in 2020

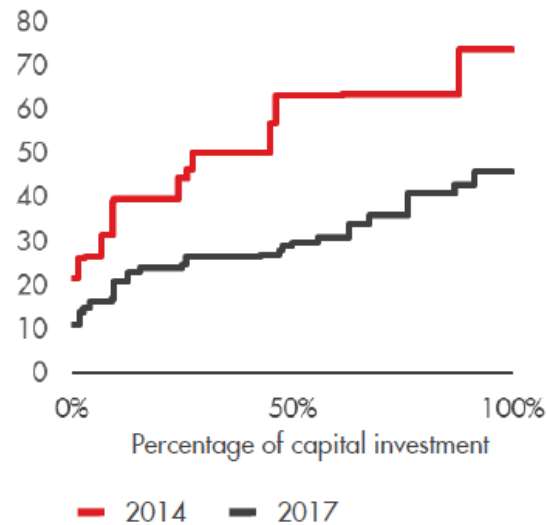


Gulf of Mexico production growth - Shell



Competitive growth - Shell

Pre-FID funnel break-even price \$ per barrel



- Pre-FID deep water project average forward looking BEP is <\$30 per barrel
- Efficient execution, competitive scoping and affordable technology
- Sponsor growth supports Shell Midstream Partners' corridor strategy
- Well-positioned to capture new volumes as Gulf continues to be developed





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 equity method distributions included in other income and income from equity investments. We define Adjusted EBITDA attributable to Shell Midstream Partners, L.P. as Adjusted EBITDA less Adjusted EBITDA attributable to noncontrolling interests and Adjusted EBITDA attributable to Parent. References to cash available for distribution refer to Adjusted EBITDA attributable to Shell Midstream Partners, L.P., less maintenance capital expenditures attributable to Shell Midstream Partners, L.P., net interest paid, cash reserves and income taxes paid, plus net adjustments from volume deficiency payments attributable to Shell Midstream Partners, L.P. and certain one-time payments not received in net income. Cash available for distribution will not reflect changes in working capital balances.



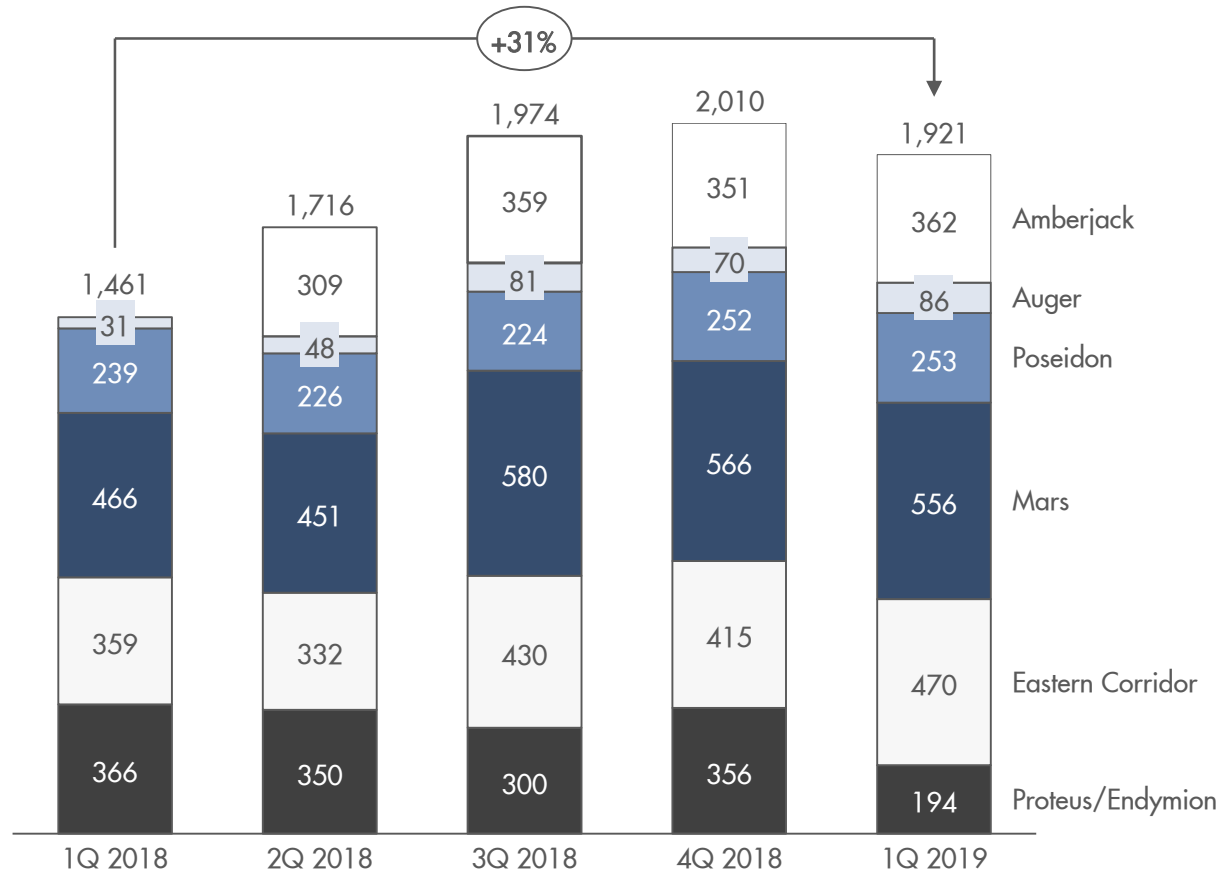


Offshore



Operational Update - Offshore

Offshore Throughput Volume, kbpd



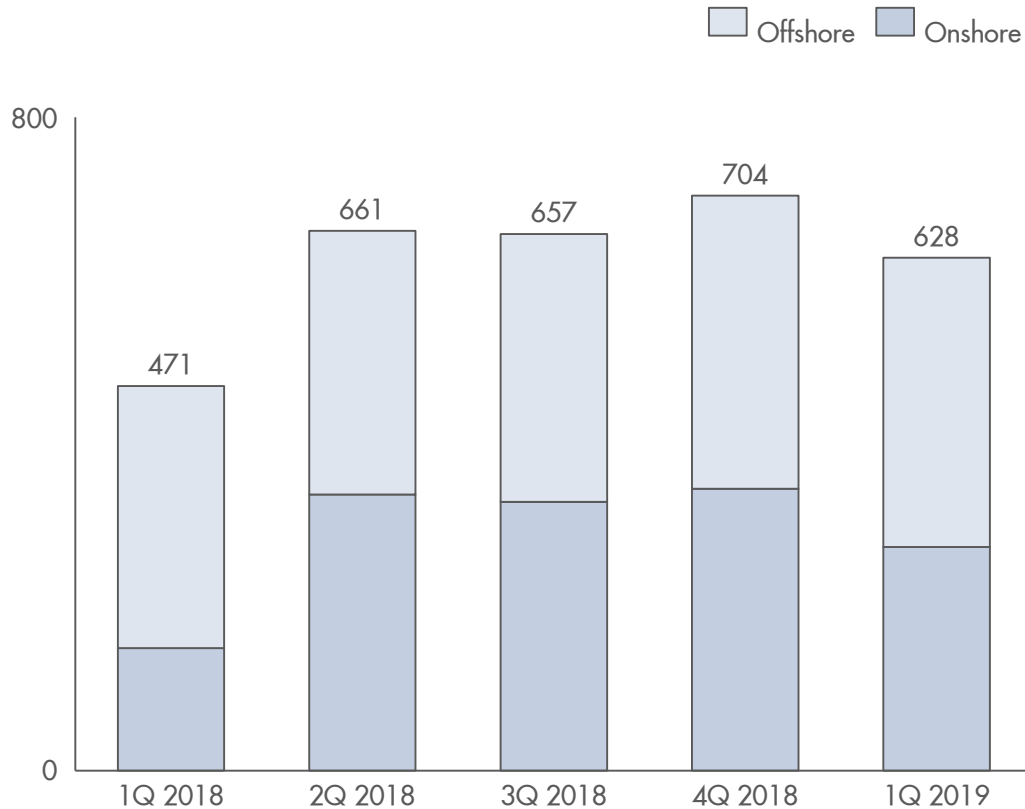
Operational Highlights

- Amberjack growth of 17% in 3 quarters since acquisition
- Mars volumes remain robust driven by in-field development – 19% organic growth from 1Q 2018
- Overall volumes slightly down – due to Proteus and Endymion turnaround in 1Q to connect to Mattox Pipeline – stands ready for Appomattox first oil



Operational Update - Onshore

Zydeco Mainline Throughput Volume, kbpd



Operational Highlights

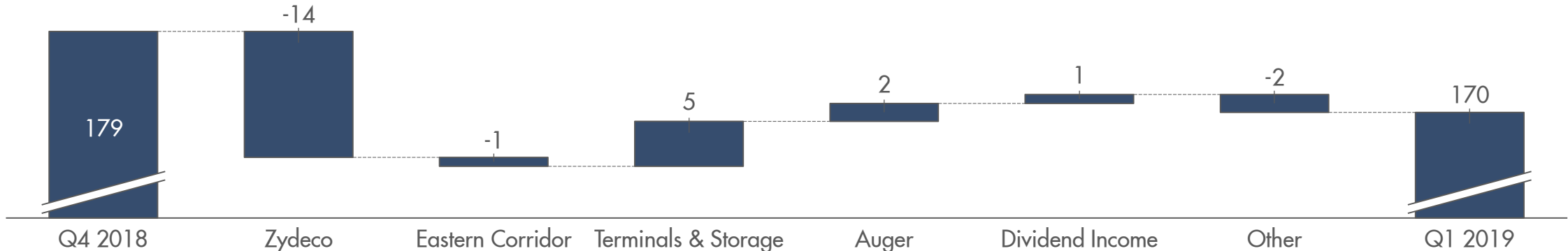
- Terminals & Storage: Improved performance in revenue and cost
- Open Season underway on Zydeco, closes May 31
- Volume impacts due to two Zydeco contracts rolling off



Financial Results from Operations

	Three Months Ended	
(\$ million)	March 31, 2019	December 31, 2018
Revenue	\$131	\$142
Cost and Expenses	66	69
Operating Income	65	73
Income from Equity Method Investments	70	74
Dividend Income	14	14
Other Income	8	7
Net Income	137	148
Net Income Attributable to SHLX	132	141
Adjusted EBITDA Attributable to SHLX ⁽¹⁾	170	179
Cash Available for Distribution ⁽¹⁾	\$140	\$156

Adjusted EBITDA Q4 2018 versus Q1 2019



(1) Non-GAAP measures. See reconciliation to GAAP measures in Appendix 2



Non-GAAP Financial Metrics

(\$ million except per unit amount)	Three Months Ended	
	March 31, 2019	December 31, 2018
Adjusted EBITDA Attributable to SHLX ⁽¹⁾	170	179
Less:		
Net Interest and Income Taxes Paid	20	20
Maintenance Capital Attributable to SHLX	8	7
Plus:		
Adjustments from Minimum Volume Commitments	(9)	-
Reimbursements from Parent included in Partners' Capital	7	4
Cash Available for Distribution Attributable to SHLX ⁽¹⁾	140	156
Total Cash Distribution Declared	119	129
Cash Distribution per LP Unit	0.415	0.400
Coverage Ratio ⁽²⁾	1.2x	1.2x

(1) Non-GAAP measures. See reconciliation to GAAP measures in Appendix 2.

(2) Coverage Ratio is equal to Cash Available for Distribution Attributable to SHLX divided by Total Cash Distribution Declared.



Balance Sheet and Liquidity

(\$ million)	As of March 31, 2019
Cash and Cash Equivalents	226
Total Debt Outstanding	2,091
Total Credit Facility Capacity (Inc. Zydeco)	2,990



Appendix 2

Reconciliation of Adjusted EBITDA and Cash Available for Distribution to Net Income

	For the Three Months Ended	
	March 31, 2019	December 31, 2018
Net income	\$ 137	\$ 148
Add:		
Loss (gain) from revision of asset retirement obligation	2	(3)
Allowance oil reduction to net realizable value	—	6
Depreciation, amortization and accretion	12	11
Interest expense, net	20	20
Income tax expense	—	—
Cash distribution received from equity method investments	83	84
Less:		
Equity method distributions included in other income	8	7
Income from equity method investments	70	74
Adjusted EBITDA	176	185
Less:		
Adjusted EBITDA attributable to noncontrolling interests	6	6
Adjusted EBITDA attributable to the Partnership	170	179
Less:		
Net interest paid attributable to the Partnership ⁽¹⁾	20	20
Income taxes paid attributable to the Partnership	—	—
Maintenance capex attributable to the Partnership	8	7
Add:		
Net adjustments from volume deficiency payments attributable to the Partnership	(9)	—
Reimbursements from Parent included in partners' capital	7	4
Cash available for distribution attributable to the Partnership	\$ 140	\$ 156

⁽¹⁾ Amount represents both paid and accrued interest attributable to the period.

