

CONE Midstream Partners LP



3Q 2017 Earnings
November 2, 2017

Disclaimer – Forward Looking Statements

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” 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 our Sponsors’ drilling and development plans on our dedicated acreage and the volumes of natural gas and condensate that are produced on our dedicated acreage; changes in our Sponsors’ drilling and development plans in the Marcellus Shale and Utica Shale; our Sponsors’ ability to meet their drilling and development plans in the Marcellus Shale and Utica Shale; 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.

■ Quarterly Results In-Line with Expectations

- Operating expense savings offset modest volume underperformance
- Generated free cash flow for seventh quarter in a row
- As compared with 3Q2016
 - Net income increased 22%
 - Adjusted EBITDA⁽¹⁾ increased 28%
 - Distributable Cash Flow⁽¹⁾ increased 26%
- 10th consecutive quarterly cash distribution increase at targeted 15% annual growth rate

■ Financial Position Remains Strong

- Distribution coverage was 1.43x on an as-declared basis
- Net debt to trailing twelve months EBITDA⁽¹⁾ was 1.15x

■ Updated Development Plans Shows Increase in TILs

- Compared with December 2016 projection, net to MLP well connects:
 - Increase in the range of 15% - 40% in 2018
 - Increase in the range of 15% - 30% in 2019

■ Update on Capital Spending

- Reducing net-CNNX guidance for full year 2017 to \$48 - \$52 million
- Initial expectations for 2018 foresee capex levels in-line with original 2017 projections

■ Valuation Proposition

- CNNX yield is higher than distribution growing G&P peers
- CNNX EV/EBITDA multiple significantly below peers

⁽¹⁾Includes non-GAAP measures; see reconciliation to GAAP measures in Appendix

Projected Turn-In-Line Summary

Projected Marcellus Wells Turned in Line			
System	2017	2018	2019
DevCo 1 (“Anchor”)	16 - 22	40 - 48	52 - 58
DevCo 2 (“Growth”)	-	-	-
DevCo 3 (“Additional”)	34	6 - 12	6 - 12
Total	50 - 56	46 - 60	58 - 70
MLP Net – Current Plans	17.7 - 23.7	40.3 - 48.6	52.3 - 58.6
MLP Net – Dec. 2016		34.6	45.0
Increase in MLP Net		~15 - 40%	~15 - 30%

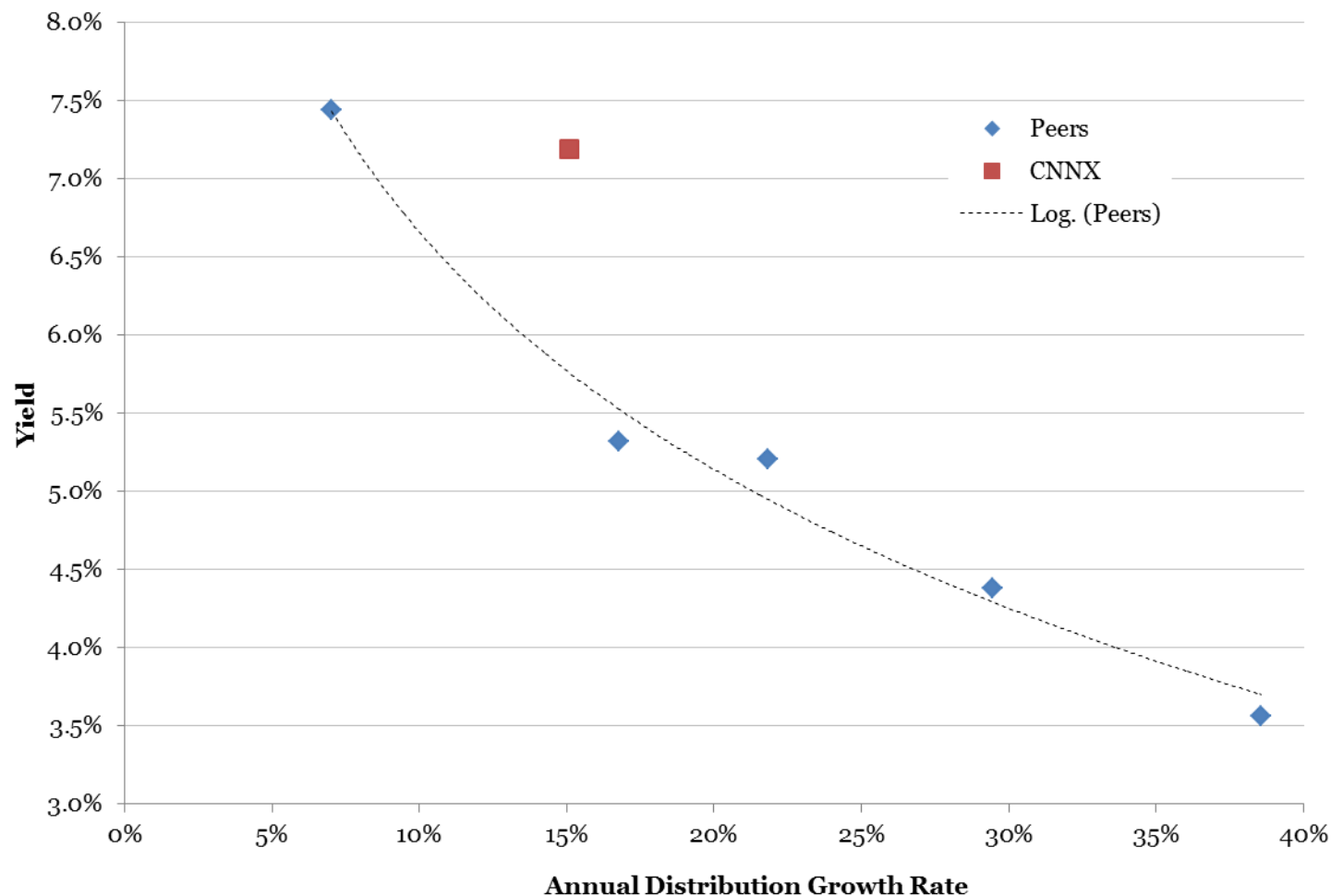
Note:

Projected turn in lines represent consolidated totals from most recently received shipper development activity reports. Does not include potential Utica wells. Shipper activity reports are updated quarterly and are subject to change. Timing of well connections are also subject to change, and acceleration or delays in well connections, particularly those scheduled in the first and fourth quarters, may impact annual totals.

CNNX owns interests in Development Companies (“DevCos”) as follows: 100% in DevCo 1, 5% in DevCo 2 and 5% in DevCo 3. MLP Net TILs are calculated using respective CNNX ownership interest percentages.

Most recent shipper development reports show increases in projected Marcellus TILs in the range of 15% - 30% or more

CNNX Comparative Yield



Comparison to G&P peers with annualized Q2 distribution growth >0: AM, EQM, NBLX, RMP, WES

CNNX has been trading at an approximate 150 basis point discount to its distribution growing G&P peers

CNNX Comparative Valuation Metrics

Amounts in millions except as noted

			G&P MLP Names Covered Average 2017 EV/EBITDA	
CNNX Unit Price (\$s)	\$	17.00	Wells Fargo (10/5)	12.5x
Units Outstanding (millions)		<u>63.6</u>		
Market Cap	\$	1,081.0	Citi (10/20)	12.1x
Debt outstanding (9/30/17)		<u>157.0</u>		
Enterprise Value	\$	1,238.0	BAML (Midstream names) (9/11)	12.4x
TTM Adjusted EBITDA ⁽¹⁾ net to CNNX	\$	132.9	JP Morgan (10/22)	11.5x
EV Multiple		9.3x	Barclays (10/23)	12.0x
Annualized Q32017 Adjusted EBITDA ⁽¹⁾ net to CNNX	\$	136.6	Morgan Stanley (10/18)	13.5x
EV Multiple		9.1x	Goldman Sachs (2018 EBITDA) (10/17)	11.3x
2017 EBITDA Guidance ^{(1)*}	\$	133.0	Average	12.2x
EV Multiple		9.3x		

* Using midpoint of guidance

⁽¹⁾ Includes non-GAAP measures; see reconciliation to GAAP measures in Appendix

CNNX's recent valuation has been several EBITDA multiples lower than averages for comparable MLPs

Selected Balance Sheet Data

(\$Millions)	9/30/17	12/31/16	12/31/15	12/31/14
PP&E - Gross	953.8	930.7	897.9	639.7
Total Assets	911.6	918.6	924.4	686.8
Credit Facility Balance	157.0	167.0	73.5	31.3
Net Debt/TTM EBITDA ⁽¹⁾	1.15x	1.5x	0.9x	

Note: Funded cash consideration of \$140 million associated with the acquisition of the remaining 25% interest in the Anchors Systems in 4Q2016.

⁽¹⁾Includes non-GAAP measures; see reconciliation to GAAP measures in Appendix

CONE Midstream has funded significant growth in assets and financed the Anchor Systems “dropdown” while maintaining very low leverage metrics

A photograph of an industrial construction site. In the foreground, a large, horizontal, cylindrical metal vessel is being positioned by a white crane. The vessel has several flanges and pipes attached. To the right, another large vertical vessel is visible. The background shows a clear blue sky and some trees. The word "Appendix" is overlaid in a large, black, serif font.

Appendix

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 that other companies may use.

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 presentation 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 that other companies may use.

Reconciliation to GAAP Measures

	(Amounts in \$ Millions)	<u>2017</u>	<u>2016</u>
		<u>Q3</u>	<u>Q3</u>
Net Income		\$ 33.5	\$ 36.4
Add: Interest Expense		1.2	0.3
Add: Depreciation Expense		5.6	5.4
Add: Non-Cash Unit Based Compensation		<u>0.2</u>	<u>0.2</u>
Adjusted EBITDA		40.5	42.3
Less: Net Income Attributable to Noncontrolling Interest		4.6	12.8
Less: Depreciation, Interest Expense, non-cash comp. Attributable to Noncontrolling Interest		<u>1.8</u>	<u>2.8</u>
Adjusted EBITDA Attributable to General and Limited Partner Ownership Interest in CONE Midstream Partners LP		<u>\$ 34.2</u>	<u>\$ 26.8</u>
Less: Interest Expense, Net		\$ 1.2	\$ 0.2
Less: Ongoing Maintenance Capital Expenditures, Net of Expected Reimbursements		<u>3.6</u>	<u>3.3</u>
Distributable Cash Flow		<u>\$ 29.4</u>	<u>\$ 23.3</u>

Note: Totals may not foot due to rounding.

Non-GAAP Financial Measures (continued)

Reconciliation to GAAP Measures (continued)

	(Amounts in \$ Millions)		TTM	Guidance Midpoint
	12 Months Ended 12/31/15	12/31/16	9/30/17	2017e
Net Income	\$ 115.5	\$ 130.1	\$ 128.4	\$ 137.4
Add: Interest Expense	0.8	1.8	4.1	5.4
Add: Depreciation Expense	15.1	21.2	22.8	23.2
Add: Non-Cash Unit Based Compensation	0.4	0.8	1.1	0.8
Add: Inventory revaluation/loss on asset sale	-	10.1	3.9	-
Adjusted EBITDA	131.8	164.0	160.3	166.8
Less: Net Income Attributable to Noncontrolling Interest	44.3	33.6	15.6	17.4
Less: Depreciation, Interest Expense, non-cash comp. and Inventory revaluation Attributable to Noncontrolling Interest	7.2	19.8	11.8	16.2
Adjusted EBITDA Attributable to General and Limited Partner Ownership Interest in CONE Midstream Partners LP	<u>\$ 80.3</u>	<u>\$ 110.5</u>	<u>\$ 132.9</u>	<u>\$ 133.2</u>
Balance on Revolving Credit Facility	73.5	167.0	157.0	
Cash	<u>0.2</u>	<u>6.4</u>	<u>3.8</u>	
Net Debt	73.3	160.6	153.2	
Net Debt / Adjusted EBITDA	0.9x	1.5x	1.15x	

Note: Totals may not foot due to rounding.