



## Hess Midstream LP Announces 2025 Guidance, Extends Return of Capital Program Through 2027

January 29, 2025

### *2025 and Long-Term Throughput Volumes Guidance*

- Hess Midstream LP expects throughput volumes in 2025 to increase by approximately 10% across oil and gas systems compared with 2024.
- Hess Midstream LP expects continued growth in oil and gas throughput volumes beyond 2025 with approximately 10% growth in gas throughput volumes in 2026, followed by approximately 5% growth in 2027, and approximately 5% growth in oil throughput volumes in each of 2026 and 2027.

### *2025 Financial Guidance*

- Hess Midstream LP expects \$715 - \$765 million of net income and \$1,235 - \$1,285 million of Adjusted EBITDA<sup>1</sup> in 2025, representing an approximate 11% increase in Adjusted EBITDA, at the midpoint of guidance, compared with 2024 supported by growing revenues.
- Hess Midstream LP expects total capital expenditures of approximately \$300 million in 2025 and expects to generate approximately \$135 million of Adjusted Free Cash Flow<sup>1</sup> after distributions at the midpoint of guidance.
- Hess Midstream LP expects its leverage to decrease to below its long-term target of 3x Adjusted EBITDA by the end of 2025.

### *Long-Term Financial Guidance*

- Hess Midstream LP expects at least 10% growth in net income and Adjusted EBITDA in 2026, followed by at least 5% growth in 2027.
- Hess Midstream LP expects capital expenditures of \$250 - \$300 million per year through 2027, relatively stable compared with 2025 levels.
- Adjusted Free Cash Flow is expected to grow by greater than 10% in 2026 and by greater than 5% in 2027.
- Hess Midstream LP continues to prioritize financial strength and extends its long-term leverage target of 3x Adjusted EBITDA through 2027, with leverage expected to be below 2.5x Adjusted EBITDA by the end of 2026 and to continue below this level in 2027.

### *Return of Capital*

- Hess Midstream LP is extending its Return of Capital framework through 2027:
  - Targeting annual distribution per Class A share growth of at least 5% through 2027, expected to be fully funded from Adjusted Free Cash Flow.
  - Greater than \$1.25 billion of financial flexibility through 2027 for incremental shareholder returns, including potential unit repurchases, expected to be funded from excess free cash flow beyond targeted distribution growth and leverage capacity compared with our long-term target of 3x Adjusted EBITDA.

HOUSTON--(BUSINESS WIRE)--Jan. 29, 2025-- Hess Midstream LP (NYSE: HESM) ("Hess Midstream") today provided financial and operational guidance and expectations.

"We continue to successfully execute our strategy of focused investments to capture increasing volumes in the Bakken," said John Gatling, President and Chief Operating Officer of Hess Midstream. "Our growth is underpinned by Hess' planned development activity and continuing to provide quality midstream services to our customers in the basin. We are starting construction of a gas processing plant north of the river, which, when online in 2027, will support growth for Hess Midstream through the end of the decade."

### **Full Year 2025 Guidance**

Hess Midstream expects full year 2025 net income of between \$715 million and \$765 million and Adjusted EBITDA of between \$1,235 million and \$1,285 million. Gross Adjusted EBITDA Margin<sup>1</sup> is targeted to be approximately 75% in 2025.

In 2025, Hess Midstream expects to generate Adjusted Free Cash Flow of between \$735 million and \$785 million and approximately \$135 million at the midpoint of guidance after funding distributions that are targeted to grow at least 5% per annum on a distribution per Class A share basis. Hess Midstream expects its leverage to decrease to below its long-term target of 3x Adjusted EBITDA by the end of 2025, before any potential unit repurchases as part of Hess Midstream's Return of Capital Framework.

In 2025, full year gas gathering volumes are anticipated to average between 475 to 485 million cubic feet ("MMcf") of natural gas per day and gas processing volumes are expected to average 455 to 465 MMcf of natural gas per day, reflecting Hess' four-rig program in the Bakken.

Crude oil gathering volumes are anticipated to average 120 to 130 thousand barrels ("MBbl") per day of crude oil in 2025, and crude oil terminaling volumes are expected to average 130 to 140 MBbl of crude oil per day.

Water gathering volumes are expected to average 120 to 130 MBbl of water per day for full year 2025.

(1) Adjusted EBITDA, Gross Adjusted EBITDA Margin and Adjusted Free Cash Flow are non-GAAP measures. Definitions and reconciliations of these non-GAAP measures to GAAP reporting measures appear in the following pages of this release.

### Full Year 2025 Capital Guidance

Hess Midstream expects 2025 capital expenditures of approximately \$300 million. Approximately \$125 million of the 2025 capital budget is allocated to ongoing capital expenditures for gathering system well connects to service Hess and third-party customers and maintenance. Approximately \$175 million of the 2025 capital budget is allocated to project based capital expenditures including gas gathering system and compression expansions, with activities focused on the continued construction of greenfield high-pressure gathering pipeline infrastructure and the completion of two new compressor stations, which are expected to initially provide, in aggregate, an additional 85 MMcf per day of gas compression capacity when brought online in 2025, and are expandable to 140 MMcf per day, further enhancing gas capture capability and supporting increasing gas volumes. 2025 project capital also includes expenditures for the commencement of construction and fabrication of a gas processing plant with capacity of approximately 125 MMcf per day expected to be online in 2027.

Full year 2025 guidance is summarized below:

	<b>Year Ending December 31, 2025</b>	
	<b>(Unaudited)</b>	
<b>Financials (in millions)</b>		
Net income	\$	715 – 765
Adjusted EBITDA	\$	1,235 - 1,285
Capital expenditures	\$	300
Adjusted free cash flow	\$	735 – 785

	<b>Year Ending December 31, 2025</b>	
	<b>(Unaudited)</b>	
<b>Throughput volumes</b>		
Gas gathering - MMcf of natural gas per day		475 – 485
Crude oil gathering - MBbl of crude oil per day		120 – 130
Gas processing - MMcf of natural gas per day		455 – 465
Crude terminals - MBbl of crude oil per day		130 – 140
Water gathering - MBbl of water per day		120 – 130

### Long-Term Throughput Volumes and Minimum Volume Commitments

Hess Midstream expects continued growth in oil and gas throughput volumes with approximately 10% growth in gas throughput volumes in 2026, followed by approximately 5% growth in 2027, which includes the impact of planned regulatory inspections and maintenance at the Tioga Gas Plant of approximately 10 MMcf per day. The growth in gas throughput volumes includes Hess and additional third-party volumes and supports incremental gas processing capacity of approximately 125 MMcf per day expected to be online in 2027. Oil throughput volumes are expected to grow by approximately 5% in each of 2026 and 2027.

As part of the annual nomination process set forth in our long-term commercial contracts with Hess, MVCs were reviewed and updated based on Hess' volume nominations, which are based on Hess' expectations of its own volumes and third-party throughput volumes contracted through Hess. MVCs are set annually at 80% of Hess' nomination for the three years following each nomination. Once set, MVCs for each year can only be increased and not reduced.

	<b>Hess Minimum Volume Commitments</b>		
	<b>2025</b>	<b>2026</b>	<b>2027</b>
Gas Gathering Agreement- MMcf of natural gas per day	382	418	418
Crude Oil Gathering Agreement- MBbl of crude oil per day	103	110	112
Gas Processing and Fractionation Agreement - MMcf of natural gas per day	364	396	404
Terminals and Export Services Agreement - MBbl of crude oil per day	111	118	124
Water Services Agreement - MBbl of water per day	104	102	98

### Long-Term Financial Metrics

Supported by growth in physical volumes across oil and gas systems from 2025 through 2027, Hess Midstream expects at least 10% growth in net income and Adjusted EBITDA in 2026, followed by at least 5% growth in 2027. Gas processing and gathering is expected to represent approximately 75% of total affiliate revenues in 2026 and 2027, excluding pass-through revenues. Gross Adjusted EBITDA Margin is targeted to be approximately 75% during this period. Hess Midstream expects to pay non-material cash taxes in 2026 and 2027.

Hess Midstream expects capital expenditures of between \$250 million and \$300 million in each of 2026 and 2027, relatively stable compared with 2025 levels. This includes ongoing capital expenditures of approximately \$125 million and project capital expenditures of between \$125 million to \$175

million each year to support increasing gas volumes. Project capital expenditures include ongoing investments in gas compression projects and greenfield high-pressure gathering lines, as well as the construction of a gas processing plant with capacity of approximately 125 MMcf per day expected to be online in 2027.

Adjusted Free Cash Flow is expected to grow by greater than 10% in 2026 and by greater than 5% 2027, which is more than sufficient to fully fund targeted distribution growth. Long-term targeted leverage continues to be 3x Adjusted EBITDA and leverage is expected to decrease to below 2.5x Adjusted EBITDA by the end of 2026 and to continue below this level through 2027, before any potential unit repurchases as part of Hess Midstream's Return of Capital framework.

### Return of Capital Framework

Hess Midstream is extending its Return of Capital framework through 2027:

1. Targeting annual distribution per Class A share growth of at least 5% through 2027, expected to be fully funded from Adjusted Free Cash Flow.
2. Greater than \$1.25 billion of financial flexibility through 2027 for incremental shareholder returns, including potential unit repurchases, expected to be funded from excess free cash flow beyond targeted distribution growth and leverage capacity compared with our long-term target of 3x Adjusted EBITDA.

### About Hess Midstream

Hess Midstream LP is a fee-based, growth-oriented midstream company that operates, develops and acquires a diverse set of midstream assets to provide services to Hess and third-party customers. Hess Midstream owns oil, gas and produced water handling assets that are primarily located in the Bakken and Three Forks Shale plays in the Williston Basin area of North Dakota. More information is available at [www.hessmidstream.com](http://www.hessmidstream.com).

### Reconciliation of U.S. GAAP to Non-GAAP Measures

In addition to our financial information presented in accordance with U.S. generally accepted accounting principles ("GAAP"), management utilizes certain additional non-GAAP measures to facilitate comparisons of past performance and future periods. "Adjusted EBITDA" presented in this release is defined as reported net income (loss) before net interest expense, income tax expense, depreciation and amortization, as further adjusted to eliminate the impact of certain items that we do not consider indicative of our ongoing operating performance, such as transaction costs, other income and other non-cash and non-recurring items, if applicable. We define "Adjusted Free Cash Flow" as Adjusted EBITDA less net interest, excluding amortization of deferred financing costs, cash paid for federal and state income taxes, capital expenditures and ongoing contributions to equity investments. We define "Gross Adjusted EBITDA Margin" as the ratio of Adjusted EBITDA to total revenues, less passthrough revenues. We believe that investors' understanding of our performance is enhanced by disclosing these measures as they may assist in assessing our operating performance as compared to other publicly traded companies in the midstream energy industry, without regard to historical cost basis or, in the case of Adjusted EBITDA, financing methods, and assessing the ability of our assets to generate sufficient cash flow to make distributions to our shareholders. These measures are not, and should not be viewed as, a substitute for GAAP net income or cash flow from operating activities and should not be considered in isolation. Reconciliations of Adjusted EBITDA and Adjusted Free Cash Flow to reported net income (GAAP) are provided below. Hess Midstream is unable to project net cash provided by operating activities with a reasonable degree of accuracy because this metric includes the impact of changes in operating assets and liabilities related to the timing of cash receipts and disbursements that may not relate to the period in which the operating activities occur. Therefore, Hess Midstream is unable to provide projected net cash provided by operating activities, or the related reconciliation of projected Adjusted Free Cash Flow to projected net cash provided by operating activities without unreasonable effort. Hess Midstream is unable to project passthrough revenues with a reasonable degree of accuracy. Therefore, Hess Midstream is unable to provide a reconciliation of Gross Adjusted EBITDA Margin without unreasonable effort.

	<b>Guidance</b>
	<b>Year Ending</b>
	<b>December 31, 2025</b>
	<b>(Unaudited)</b>
<i>(in millions)</i>	
<b>Reconciliation of Adjusted EBITDA and Adjusted Free Cash Flow to net income:</b>	
Net income	\$ 715 – 765
Plus:	
Depreciation expense	210
Interest expense, net	210
Income tax expense	100
Adjusted EBITDA	<u>\$ 1,235 – 1,285</u>
Less:	
Interest, net	200
Capital expenditures	300
Adjusted free cash flow	<u>\$ 735 - 785</u>

### Cautionary Note Regarding Forward-looking Information

This press release contains "forward-looking statements" within the meaning of U.S. federal securities laws. Words such as "anticipate," "estimate," "expect," "forecast," "guidance," "could," "may," "should," "would," "believe," "intend," "project," "plan," "predict," "will," "target" and similar expressions identify forward-looking statements, which are not historical in nature. Our forward-looking statements may include, without limitation: our future financial and operational results; our business strategy; our industry; our expected revenues; our future profitability; our maintenance or expansion projects; our projected budget and capital expenditures and the impact of such expenditures on our performance; future economic and market conditions in the oil and gas industry; expected timing and completion of Hess' proposed merger with Chevron Corporation ("Chevron"); and our ability to execute future accretive opportunities, including incremental return of capital to shareholders.

Forward-looking statements are based on our current understanding, assessments, estimates and projections of relevant factors and reasonable assumptions about the future. Forward-looking statements are subject to certain known and unknown risks and uncertainties that could cause actual results to differ materially from our historical experience and our current projections or expectations of future results expressed or implied by these forward-looking statements. The following important factors could cause actual results to differ materially from those in our forward-looking statements: the ability of Hess and other parties to satisfy their obligations to us, including Hess' ability to meet its drilling and development plans on a timely basis or at all, its ability to deliver its nominated volumes to us, and the operation of joint ventures that we may not control; our ability to generate sufficient cash flow to pay current and expected levels of distributions; reductions in the volumes of crude oil, natural gas, natural gas liquids ("NGLs") and produced water we gather, process, terminal or store; the actual volumes we gather, process, terminal or store for Hess in excess of our MVCs and relative to Hess' nominations; fluctuations in the prices and demand for crude oil, natural gas and NGLs; changes in global economic conditions and the effects of a global economic downturn or inflation on our business and the business of our suppliers, customers, business partners and lenders; our ability to comply with government regulations or make capital expenditures required to maintain compliance, including our ability to obtain or maintain permits necessary for capital projects in a timely manner, if at all, or the revocation or modification of existing permits; our ability to successfully identify, evaluate and timely execute our capital projects, investment opportunities and growth strategies, whether through organic growth or acquisitions; costs or liabilities associated with federal, state and local laws, regulations and governmental actions applicable to our business, including legislation and regulatory initiatives relating to environmental protection and health and safety, such as spills, releases, pipeline integrity and measures to limit greenhouse gas emissions and climate change; our ability to comply with the terms of our credit facility, indebtedness and other financing arrangements, which, if accelerated, we may not be able to repay; reduced demand for our midstream services, including the impact of weather or the availability of the competing third-party midstream gathering, processing and transportation operations; potential disruption or interruption of our business due to catastrophic events, such as accidents, severe weather events, labor disputes, information technology failures, constraints or disruptions and cyber-attacks; any limitations on our ability to access debt or capital markets on terms that we deem acceptable, including as a result of weakness in the oil and gas industry or negative outcomes within commodity and financial markets; liability resulting from litigation; risks and uncertainties associated with Hess' proposed merger with Chevron; and other factors described in Item 1A—Risk Factors in our Annual Report on Form 10-K and any additional risks described in our other filings with the Securities and Exchange Commission.

As and when made, we believe that our forward-looking statements are reasonable. However, given these risks and uncertainties, caution should be taken not to place undue reliance on any such forward-looking statements since such statements speak only as of the date when made and there can be no assurance that such forward-looking statements will occur and actual results may differ materially from those contained in any forward-looking statement we make. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20250129811625/en/): <https://www.businesswire.com/news/home/20250129811625/en/>

**For Hess Midstream LP**

**Investor Contact:**

Jennifer Gordon  
(212) 536-8244

**Media Contact:**

Lorrie Hecker  
(212) 536-8250

Source: Hess Midstream LP