Hess Midstream Partners LP Announces 2019 Guidance

December 13, 2018

2019 Guidance Highlights Include:

- ***Net Income of $415—$440 million.***
- ***Adjusted EBITDA[1] of $550—$575 million, of which $108—$113 million is attributable to Hess Midstream Partners LP.***
- ***DCF[1] of Hess Midstream Partners LP of $103—$108 million.***
- ***Gas gathering volumes of 280—290 million standard cubic feet per day (MMscf/d).***
- ***Gas processing volumes of 265—275 million standard cubic feet per day (MMscf/d).***
- ***Crude oil gathering volumes of 105—115 thousand barrels of oil per day (Mbo/d).***
- ***Crude oil terminaling volumes of 120—130 thousand barrels of oil per day (Mbo/d).***
- ***Capital guidance, including equity investments, of $275—$300 million gross, $55—$60 million net to Hess Midstream Partners LP.***
- ***Annual Minimum Volume Commitments (MVCs) under long-term contracts with Hess Corporation increasing for substantially all throughputs for 2019 and 2020, new MVCs provided for 2021.***
- ***Hess Midstream Partners LP is targeting long-term 15% annual distribution growth per unit with at least a 1.1x distribution coverage ratio.***
- ***Planned expansion of the Tioga Gas Plant of at least 50 MMscf/d in 2020-2021.***

HOUSTON--(BUSINESS WIRE)--Dec. 12, 2018-- Hess Midstream Partners LP (NYSE: HESM) ("Hess Midstream") today provided 2019 guidance and announced its 2019 Capital budget.

John Hess, Chairman and CEO of Hess Midstream, said: "Hess Corporation has an industry leading acreage position in the Bakken with more than a 15-year inventory of high return drilling locations. The Bakken's production growth outlook of 20 percent per year through 2021 supports Hess Midstream's continued infrastructure buildout, throughput growth and annual distribution growth target of 15 percent."

Full Year 2019 Guidance

Full year 2019 volumes are anticipated to grow significantly versus 2018, driven by planned production growth from Hess Corporation and the start-up of the Little Missouri 4 (LM4) gas processing plant, which is expected to occur during the second quarter of 2019.

In 2019, gas gathering volumes are anticipated to average 280 to 290 MMscf/d and gas processing volumes are expected to average 265 to 275 MMscf/d. Growth in gas volumes is anticipated to be weighted to the second half of 2019, aligned with the ramp up of processing volumes at the LM4 plant.

Crude oil gathering volumes are anticipated to average 105 to 115 Mbo/d in 2019, and crude oil terminaling volumes are expected to average 120 to 130 Mbo/d on continued growth in Hess Corporation's and third-party production.

Hess Midstream financial guidance incorporates the outcomes of the end year tariff rate recalculation and nomination process conducted with Hess Corporation under Hess Midstream's commercial agreements with Hess Corporation.

Hess Midstream anticipates increased revenues in 2019 compared to full year 2018 guidance, driven by a forecasted double-digit percentage increase in throughputs, partly offset by additional fees associated with the LM4 gas processing plant and higher electricity pass-through expenses for which we recognize revenues in an amount equal to the costs.

Hess Midstream anticipates 2019 net income of between $415 million and $440 million and Adjusted EBITDA of between $550 million and $575 million. Adjusted EBITDA attributable to Hess Midstream is estimated to be $108 million to $113 million. Hess Midstream estimates Distributable Cash Flow for the full year 2019 to range between $103 million and $108 million.

Hess Midstream anticipates a distribution coverage ratio closer to its 1.1x long-term target in the first half of 2019, followed by higher coverage in the second half of the year, in line with the expected volume ramp-up of the LM4 gas processing plant.

2019 Capital Guidance

Hess Midstream's 2019 capital expenditures, including equity investments associated with the joint venture with Targa Resources Corp., is expected to be between $275 million and $300 million gross, $55 million and $60 million net to Hess Midstream. The 2019 capital program is primarily focused on continued expansion of gas compression capacity in the Bakken, completion of construction and commissioning of the LM4 gas processing plant and associated gathering pipelines, and preliminary engineering work on a planned expansion of the Tioga Gas Plant. The balance of 2019 expenditures are expected to be allocated to system build outs to service Hess Corporation and third-party customers, gathering system well connects, and maintenance activities. Approximately $265 million to $285 million gross, $53 million to $57 million net to Hess Midstream, of the total 2019 capital budget is allocated to expansion expenditures, including equity investments associated with the joint venture with Targa Resources Corp., with an estimated $10 million to $15 million gross, $2 million to $3 million net to Hess Midstream, allocated to maintenance expenditures.

Gas Compression Expansion

Approximately $140 million to $150 million gross, $28 million to $30 million net to Hess Midstream, of the 2019 capital program is expected to be allocated to continued expansion of gas compression capacity. This expansion supports Hess Corporation's recently announced and increased long-term production outlook and enables the delivery of increasing volumes to our gas processing facilities. Activities in 2019 include construction and commissioning of new compression facilities, expansion of existing facilities and associated infrastructure, and engineering work on planned future compression expansions.

Gas Processing Expansion

Approximately $40 million to $50 million gross, $8 million to $10 million net to Hess Midstream, of the 2019 capital program is expected to be deployed in respect of expanding our gas processing capacity. Activities are focused upon the completion of the LM4 gas processing plant, a 200 MMscf/d plant to be located south of the Missouri River near Watford City, North Dakota, and engineering work for a planned expansion of the Tioga Gas Plant. Construction activities at both the LM4 gas processing plant and related pipeline infrastructure are well advanced and start-up is expected in the second quarter of 2019.

In 2019, Hess Midstream also expects to progress engineering for a planned expansion at the Tioga Gas Plant to meet increasing demand for gas processing from both Hess and third-party customers. Subject to satisfactory completion of project evaluations, Hess Midstream currently anticipates increasing total gas processing capacity to at least 400 MMscf/d, through a planned Tioga Gas Plant expansion of at least 50 MMscf/d that is expected to be in service in the 2020-2021 timeframe.

System Build Outs for Hess Corporation and Third Parties, Well Connects

Approximately $85 million gross, $17 million net to Hess Midstream, of the 2019 capital budget is estimated to be spent on undertaking key system build outs to meet Hess Corporation and third-party oil and gas volumes, including connecting wells to our expanding gathering system.

Maintenance Activities

Approximately $10 million to $15 million gross, $2 million to $3 million net to Hess Midstream, of the 2019 capital budget is allocated to maintenance expenditures. No major maintenance activities are planned for 2019.

	Year Ending December 31, 2019 (Unaudited)
Financials (millions)	
Consolidated Adjusted EBITDA	$ 550 - 575
Adjusted EBITDA attributable to Hess Midstream Partners LP	$ 108 - 113
DCF of Hess Midstream Partners LP	$ 103 - 108
Expansion capital, net	$ 53 - 57
Maintenance capital, net	$ 2 - 3

	Year Ending December 31, 2019 (Unaudited)
Throughput volumes (thousands)	
Gas gathering - Mcf of natural gas per day	280 - 290
Crude oil gathering - bopd	105 - 115
Gas processing - Mcf of natural gas per day	265 - 275
Crude oil terminaling - bopd	120 - 130

Minimum Volume Commitments

As part of the annual nomination process set forth in our long-term commercial contracts, Hess Corporation's minimum volume commitments (MVCs) were reviewed and updated, based upon the nomination of Hess Corporation and third-party throughputs contracted through Hess Corporation. MVCs are set annually at 80% of Hess Corporation's nomination for the three years following each nomination. Once set, MVCs for each year can only be increased and not reduced.

Hess Corporation's Minimum Volume Commitment

	2019	2020	2021
Throughput volumes (thousands)			
Gas gathering - Mcf of natural gas per day	251	303	304
Crude oil gathering - bopd	113	126	126
Gas processing - Mcf of natural gas per day	229	265	290
Crude oil terminaling - bopd	127	143	153

About Hess Midstream

Hess Midstream Partners LP is a fee-based, growth oriented traditional master limited partnership that was formed to own, operate, develop and acquire a diverse set of midstream assets to provide services to Hess Corporation and third-party customers. Hess Midstream's assets 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.

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 additional non-GAAP measures to facilitate comparisons of past performance and future periods. Hess Midstream uses two non-GAAP financial measures in this earnings release. "Adjusted EBITDA" presented in this release is defined as reported net income (loss) plus net interest expense, income tax expense and 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 other income and other non-cash, non-recurring items, if applicable. We define Adjusted EBITDA attributable to Hess Midstream Partners LP as Adjusted EBITDA less Adjusted EBITDA attributable to Hess Infrastructure Partners LP retained interests in our joint interest assets. "Distributable Cash Flow" ("DCF") is defined as Adjusted EBITDA attributable to Hess Midstream Partners LP less cash paid for interest and maintenance capital expenditures. Distributable cash flow does not reflect changes in working capital balances. 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 partnerships 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 unitholders. These measures are not, and should not be viewed as, a substitute for U.S. GAAP net income or cash flow from operating activities and should not be considered in isolation. A reconciliation of net income attributable to Hess Midstream Partners LP (GAAP) to Adjusted EBITDA and Distributable Cash Flow is provided below.

(in millions)	Guidance Year Ending December 31, 2019 (Unaudited)
Reconciliation of Adjusted EBITDA attributable to Hess Midstream Partners LP and Distributable Cash Flow attributable to Hess Midstream Partners LP to net income:	
Net income	$ 415 - 440
Plus:	
Depreciation expense	132
Interest expense, net	3
Adjusted EBITDA	550 - 575
Less: Adjusted EBITDA attributable to noncontrolling interest[(a)]	442 - 462
Adjusted EBITDA attributable to Hess Midstream Partners LP	108 - 113
Less:	
Cash interest paid, net and maintenance capital expenditures	5
Distributable cash flow attributable to Hess Midstream Partners LP	$ 103 - 108

(a) *Reflects Hess Infrastructure Partners LP 80% noncontrolling economic interest in the net income of Hess North Dakota Pipelines Operations LP, Hess TGP Operations LP and Hess North Dakota Export Logistics LP.*

Forward-looking Statements

This press release may include forward-looking statements within the meaning of the federal securities laws. Generally, the words "anticipate," "estimate," "expect," "forecast," "guidance," "could," "may," "should," "believe," "intend," "project," "plan," "predict," "will" and similar expressions identify forward-looking statements, which generally are not historical in nature. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results and current projections or expectations. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in Hess Midstream's annual report on Form 10-K for the year ended December 31, 2017, and in other reports we file with the Securities and Exchange Commission. Hess Midstream undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after this press release. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release.

[1] Adjusted EBITDA and DCF are non-GAAP measures. Definitions and reconciliations of these non-GAAP measures to GAAP reporting measures

appear in the following pages of this release.

View source version on businesswire.com: https://www.businesswire.com/news/home/20181212005775/en/

Source: Hess Midstream Partners LP

For Hess Midstream Partners LP
Investors:
Jennifer Gordon
(212) 536-8244

Media:
Robert Young
(346) 319-8783