Summit Midstream Partners, LP Provides Preliminary Fourth Quarter 2020 Results and Full Year 2021 Financial Guidance

February 16, 2021

- Expect fourth quarter 2020 net income of $119 million to $121 million and adjusted EBITDA of $61 million to $63 million, resulting in full year 2020 adjusted EBITDA of $251.5 million to $253.5 million

- Providing full year 2021 adjusted EBITDA guidance of $210 million to $230 million

- Providing full year 2021 capital expenditure guidance of $20 million to $35 million, including approximately $10 million of maintenance capital expenditures

- SMLP's 2021 investment in Double E expected to be fully financed by previously announced $175 million of new, non-recourse senior secured credit facilities at Summit Permian Transmission, LLC

- Expect to generate sufficient cash in 2021, after interest expense and all capital expenditures, to reduce outstanding indebtedness by approximately $130 million to $150 million

HOUSTON, Feb. 16, 2021 /PRNewswire/ -- Summit Midstream Partners, LP (NYSE: SMLP) ("Summit," "SMLP," or the "Partnership") announced today preliminary financial and operating results for the three months ended December 31, 2020 and also provided full year 2021 financial guidance. The Partnership expects fourth quarter 2020 net income of $119 million to $121 million and adjusted EBITDA of $61 million to $63 million. Net income for the quarter was primarily driven by approximately $124 million of gain on the early extinguishment of debt from the Partnership's open market repurchase of its senior unsecured notes and the consensual debt discharge and restructuring of a subsidiaries' $155.2 million term loan ("GP Term Loan Restructuring"), partially offset by an approximate $5 million asset impairment charge for an $8 million sale of compressor equipment completed in January 2021. Financial guidance for full year 2021 includes $210 million to $230 million of adjusted EBITDA, and $20 million to $35 million of total capital expenditures.

Heath Deneke, President, Chief Executive Officer and Chairman of SMLP commented, "We expect our fourth quarter 2020 financial and operating results to be moderately ahead of our third quarter financial results and in-line with the expectations we outlined during our November earnings call. Fourth quarter results were positively impacted by a combination of factors during the quarter, including 7 new wells that were connected behind our Summit Utica system in late September and 8 new wells connected behind our Williston liquids system in October and November, together with the return of substantially all of the temporarily shut-in production behind the Ohio Gathering system, and continued cost reductions across our back-office and field operations. Consequently, we expect fourth quarter 2020 adjusted EBITDA in the range of $61 million to $63 million, natural gas volume throughput on our operated systems of 1.4 to 1.5 Bcf/d and liquids volume throughput of 70 Mbbl/d to 72 Mbbl/d. Total outstanding indebtedness, net of cash on hand, totaled approximately $1.34 billion as of December 31, 2020, which will result in a total leverage ratio of approximately 5.1x, and reflects a reduction in total outstanding recourse net indebtedness of more than $132 million since December 31, 2019. Our focus on simplifying our organizational structure, reducing outstanding net indebtedness and other fixed capital obligations occurred despite significant cash outflows during the year, including the $35 million acquisition of our general partner in 2Q 2020 and our $27 million cash payment to facilitate the GP Term Loan Restructuring in 4Q 2020. We expect to continue to focus on maximizing free cash flow in 2021 and re-allocating free cash towards aggressive debt reduction efforts going forward."

"Our liability management strategy during the fourth quarter of 2020 included a series of transactions which resulted in the retirement of more than $350 million face value of fixed capital obligations with recourse to SMLP, and fully extinguishing our GP's $155.2 million term loan, all at substantial discounts to face value. We also successfully completed an amendment to our revolving credit facility during the quarter, including a new $400 million junior lien debt basket, which provides us with additional flexibility to address our 2022 bond maturities, and a less restrictive 5.75x total leverage covenant."

"2020 was a challenging year for the oil and gas industry, both for our customers and for Summit, with the prolonged global COVID-19 pandemic, commodity price volatility, wide-spread temporary production curtailments, an uptick in certain of our customers filing for bankruptcy protection, and tempered drilling and completion activity collectively weighing on our financial and operating metrics. Summit cannot predict the timing or the extent of a recovery, but we did anticipate that this recovery would take time, which was a key consideration in aggressively pursuing our liability management initiatives in 2020. Based on the latest feedback from our customers, we currently anticipate 45 to 75 new wells will be connected to our systems in 2021, which compares to 104 new wells in 2020, and 262 new wells in 2019. We believe that the recent pullback in drilling and completion activity will have a self-correcting impact on both commodity prices and increased future drilling and completion activity. The recent uptick in commodity prices, thawing of the capital markets, and successful restructuring proceedings of several key customers, are encouraging developments that should facilitate a recovery in late 2021 and into 2022."

"Our 2021 adjusted EBITDA guidance range of $210 million to $230 million reflects what we believe is a conservative outlook, and includes a material amount of risking to customer-provided plans. The lower end of our guidance represents further well-completion schedule delays to our already conservative outlook and the higher end of our guidance represents a scenario where our customers meet their stated schedules. We expect total 2021 capital expenditures of $20 million to $35 million, with approximately $10 million planned for maintenance capex. While we expect up to approximately $150 million of capital contributions for our 70% proportionate share of the Double E Pipeline in 2021, we plan to finance it completely with the previously announced commercial bank financing at Summit Permian Transmission. We continue to progress the Double E Pipeline project towards our expected Q4 2021 in-service date and have commenced construction related activities, including environmental and civil construction surveys."

"We expect that this financial guidance, together with $8 million of compressor asset sales completed in January 2021, and $3.5 million of customer-reimbursements for certain development projects, will provide the Partnership with adequate liquidity in 2021 and an ability to reduce outstanding net indebtedness between $130 million and $150 million in 2021."

Expected Select 4Q 2020 Financial Results

The following provides a preliminary range of adjusted EBITDA for the three months ended December 31, 2020 and a reconciliation to net income.

	Three Months Ended December 31, 2020	
	Low	**High**
	($ in millions)	
Reconciliation of net income or loss to adjusted EBITDA:		
Net income (loss)	$ 119	$ 121
Add:		
Interest expense	15	13
Depreciation and amortization (1)	30	28
Proportional adjusted EBITDA for equity method investees (2)	9	7
Loss (gain) on early extinguishment of debt	(123)	(125)
Other, net (3)	11	19
Adjusted EBITDA (4)	**$ 61**	**$ 63**

(1) Includes the amortization expense associated with our favorable gas gathering contracts as reported in other revenues.

(2) Reflects SMLP's proportionate share of Ohio Gathering adjusted EBITDA, subject to a one-month lag.

(3) Includes various items such as, but not limited to, income tax benefits and expenses, adjustments related to MVC shortfall payments that recognize the earnings from MVC shortfall payments ratably over the term of the associated MVC, adjustments related to capital reimbursement activity which represent contributions in aid of construction revenue recognized in accordance with Accounting Standards Update No. 2014-09 Revenue from Contracts with Customers ("Topic 606"), unit-based and noncash compensation, net loss or gain on asset sales, long-lived asset impairment, income or loss from equity method investees and items of income or loss that we characterize as unrepresentative of our ongoing operations, including restructuring expenses.

(4) Adjusted EBITDA is a non-GAAP financial measure. For a definition of adjusted EBITDA, see "Use of Non-GAAP Financial Measures" at the end of this release.

2021 Financial Guidance

SMLP is providing financial guidance for 2021, which is summarized in the table below. These projections are subject to risks and uncertainties as described in the "Forward-Looking Statements" section at the end of this press release.

	2021 Financial Guidance Range		
($ in millions)	**Low**		**High**
Natural Gas Throughput (MMcf/d)			
Core Focus Areas	625	–	725
Legacy Areas	835	–	855
Total	**1,460**	**–**	**1,580**
Liquids Throughput (Mbbl/d)	**67**	**–**	**71**
Adjusted EBITDA			
Core Focus Areas	$115	–	$130
Legacy Areas	$125	–	$130
Unallocated G&A, Other	($30)	–	($30)
Total	**$210**	**–**	**$230**
Capital Expenditures			
Growth Capital Expenditures	$10	–	$25
Maintenance Capital Expenditures	$10	–	$10
Total	**$20**	**–**	**$35**

We believe our 2021 financial guidance reflects a conservative, yet appropriate, level of risking to the most recent drill schedules and volume forecasts provided by our customers. Our 2021 capital expenditure guidance is presented on a gross basis and does not include asset sales or capital reimbursements related to specific development projects with certain customers. The mid-point of our guidance incorporates an approximate 40% reduction in new well connects on our systems in 2021, as compared to 2020; however, approximately 75% of the new wells that are included in our forecast in 2021 are either drilled or are currently being drilled. The remaining new wells that are expected in our 2021 forecast either have active permits or have recently been affirmed by our customers to be included in their 2021 capital programs. We currently expect limited activity in 2021 behind our systems in the DJ, Permian and Williston basins, which are basins that will benefit from a continued increase in oil prices. Our 2021 financial guidance also includes the estimated impact of approximately $10 million of contractual MVC shortfall payment step-downs relative to 2020, primarily from customers in the Piceance and Williston basins.

Capital Expenditures

- Expected growth capital expenditures of $10 million to $25 million, focused primarily on pad connections to accommodate near-term volume growth in the Utica Shale and Williston Basin segments;
- Growth capital expenditures guidance does not include any investments in Double E, which is expected to be fully funded by third-party commercial bank financing (see below in the "Investment in Double E" section);
- Expected maintenance capital expenditures of approximately $10 million;

Investment in Double E

- Expect to utilize the previously announced $175 million of senior secured credit facilities, consisting of a $160 million delayed draw term loan facility and $15 million working capital facility, to fund all of SMLP's approximately $150 million of capital contributions for Double E in 2021

Note Regarding Preliminary Results

The preliminary financial information included in this release is subject to completion of the Partnership's year-end close procedures and further financial review. Actual results may differ from these estimates as a result of the completion of the Partnership's year-end closing procedures, review adjustments and other developments that may arise between now and the time such financial information for the period is finalized. As a result, these estimates are preliminary, may change and constitute forward-looking information and, as a result, are subject to risks and uncertainties. These preliminary estimates should not be viewed as a substitute for full interim financial statements prepared in accordance with United States generally accepted accounting principles (GAAP), and they should not be viewed as indicative of our results for any future period. Neither our independent registered public accounting firm nor any other independent registered public accounting firm has audited, reviewed or compiled, examined or performed any procedures with respect to the preliminary results, nor have they expressed any opinion or any other form of assurance on the preliminary results.

About Summit Midstream Partners, LP

SMLP is a value-driven limited partnership focused on developing, owning and operating midstream energy infrastructure assets that are strategically located in unconventional resource basins, primarily shale formations, in the continental United States. SMLP provides natural gas, crude oil and produced water gathering services pursuant to primarily long-term and fee-based gathering and processing agreements with customers and counterparties in six unconventional resource basins: (i) the Appalachian Basin, which includes the Utica and Marcellus shale formations in Ohio and West Virginia; (ii) the Williston Basin, which includes the Bakken and Three Forks shale formations in North Dakota; (iii) the Denver-Julesburg Basin, which includes the Niobrara and Codell shale formations in Colorado and Wyoming; (iv) the Permian Basin, which includes the Bone Spring and Wolfcamp formations in New Mexico; (v) the Fort Worth Basin, which includes the Barnett Shale formation in Texas; and (vi) the Piceance Basin, which includes the Mesaverde formation as well as the Mancos and Niobrara shale formations in Colorado. SMLP has an equity investment in Double E Pipeline, LLC, which is developing natural gas transmission infrastructure that will provide transportation service from multiple receipt points in the Delaware Basin to various delivery points in and around the Waha Hub in Texas. SMLP also has an equity investment in Ohio Gathering, which operates extensive natural gas gathering and condensate stabilization infrastructure in the Utica Shale in Ohio. SMLP is headquartered in Houston, Texas.

Use of Non-GAAP Financial Measures

We report financial results in accordance with U.S. generally accepted accounting principles ("GAAP"). We also present adjusted EBITDA, a non-GAAP financial measure. We define adjusted EBITDA as net income or loss, plus interest expense, income tax expense, depreciation and amortization, our proportional adjusted EBITDA for equity method investees, adjustments related to MVC shortfall payments, adjustments related to capital reimbursement activity, unit-based and noncash compensation, impairments, items of income or loss that we characterize as unrepresentative of our ongoing operations and other noncash expenses or losses, less interest income, income tax benefit, income (loss) from equity method investees and other noncash income or gains. Because adjusted EBITDA may be defined differently by other entities in our industry, our definition of this non-GAAP financial measure may not be comparable to similarly titled measures of other entities, thereby diminishing its utility.

Management uses adjusted EBITDA in making financial, operating and planning decisions and in evaluating our financial performance. Furthermore, management believes that adjusted EBITDA may provide external users of our financial statements, such as investors, commercial banks, research analysts and others, with additional meaningful comparisons between current results and results of prior periods as they are expected to be reflective of our core ongoing business.

Adjusted EBITDA is used as a supplemental financial measure by external users of our financial statements such as investors, commercial banks, research analysts and others.

Adjusted EBITDA is used to assess:

- the ability of our assets to generate cash sufficient to make future potential cash distributions and support our indebtedness;
- the financial performance of our assets without regard to financing methods, capital structure or historical cost basis;

- our operating performance and return on capital as compared to those of other entities in the midstream energy sector, without regard to financing or capital structure;
- the attractiveness of capital projects and acquisitions and the overall rates of return on alternative investment opportunities; and
- the financial performance of our assets without regard to (i) income or loss from equity method investees, (ii) the impact of the timing of minimum volume commitments shortfall payments under our gathering agreements or (iii) the timing of impairments or other income or expense items that we characterize as unrepresentative of our ongoing operations.

Adjusted EBITDA has limitations as an analytical tool and investors should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. For example:

- certain items excluded from adjusted EBITDA are significant components in understanding and assessing an entity's financial performance, such as an entity's cost of capital and tax structure;
- adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs; and
- although depreciation and amortization are noncash charges, the assets being depreciated and amortized will often have to be replaced in the future, and adjusted EBITDA does not reflect any cash requirements for such replacements.

We compensate for the limitations of adjusted EBITDA as an analytical tool by reviewing the comparable GAAP financial measures, understanding the differences between the financial measures and incorporating these data points into our decision-making process.

We do not provide the GAAP financial measures of net income or loss or net cash provided by operating activities on a forward-looking basis because we are unable to predict, without unreasonable effort, certain components thereof including, but not limited to, (i) income or loss from equity method investees and (ii) asset impairments. These items are inherently uncertain and depend on various factors, many of which are beyond our control. As such, any associated estimate and its impact on our GAAP performance and cash flow measures could vary materially based on a variety of acceptable management assumptions.

Forward-Looking Statements
This press release includes certain statements concerning expectations for the future that are forward-looking within the meaning of the federal securities laws. Forward-looking statements include, without limitation, any statement that may project, indicate or imply future results, events, performance or achievements and may contain the words "expect," "intend," "plan," "anticipate," "estimate," "believe," "will be," "will continue," "will likely result," and similar expressions, or future conditional verbs such as "may," "will," "should," "would," and "could." In addition, any statement concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies and possible actions taken by us or our subsidiaries are also forward-looking statements. Forward-looking statements also contain known and unknown risks and uncertainties (many of which are difficult to predict and beyond management's control) that may cause SMLP's actual results in future periods to differ materially from anticipated or projected results. An extensive list of specific material risks and uncertainties affecting SMLP is contained in its 2019 Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 9, 2020, Quarterly Report on Form 10-Q for the three months ended March 31, 2020 filed with the SEC on May 8, 2020, Quarterly Report on Form 10-Q for the three months ended June 30, 2020 filed with the SEC on August 10, 2020 and Quarterly Report on Form 10-Q for the three months ended September 30, 2020 filed with the SEC on November 6, 2020, each as amended and updated from time to time. Any forward-looking statements in this press release are made as of the date of this press release and SMLP undertakes no obligation to update or revise any forward-looking statements to reflect new information or events.

Ross Wong, Senior Director, Corporate Development & Finance, 832-930-7512, ir@summitmidstream.com