

EnLink Midstream LLC

EnLink Midstream LLC to Discuss 2020 Financial Guidance and Financial Strategy Conference Call

Thu Jan 16 2020 Guidance Call Transcript

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DALLAS Jan 16, 2020 (Thomson StreetEvents) -- Edited **Transcript** of **EnLink** Midstream LLC guidance conference call or presentation Thursday, January 16, 2020 at 2:00:00pm GMT

CORPORATE PARTICIPANTS

Barry E. Davis, EnLink Midstream, LLC - Chairman & CEO

Benjamin D. Lamb, EnLink Midstream, LLC - Executive VP & COO of EnLink Midstream Manager LLC

Eric David Batchelder, EnLink Midstream, LLC - Executive VP, CFO & Principal Accounting Officer of EnLink Midstream Manager LLC

Kate Walsh, EnLink Midstream, LLC - VP of IR & Tax

CONFERENCE CALL PARTICIPANTS

Christopher Paul Sighinolfi, Jefferies LLC, Research Division - MD and Equity Research Analyst

Praneeth Satish, Wells Fargo Securities, LLC, Research Division - Senior Equity Analyst

Rahul Krotthapalli, JP Morgan Chase & Co, Research Division - Analyst

Shneur Z. Gershuni, UBS Investment Bank, Research Division - Executive Director in the Energy Group and Analyst

Spiro Michael Dounis, Crédit Suisse AG, Research Division - Director

Torrey Joseph Schultz, RBC Capital Markets, Research Division - Co-Head & MD of Master Limited Partnership Franchise

PRESENTATION

Operator

Welcome to EnLink Midstream's 2020 Financial Guidance and Financial Strategy Call. (Operator Instructions) Please note that this call is being recorded today, Thursday, January 16, 2020 at 9:00 a.m. Eastern time.

I would now like to turn the meeting over to Kate Walsh, Vice President of Investor Relations and Tax. Please go ahead.

Kate Walsh, EnLink Midstream, LLC - VP of IR & Tax

Thank you, and good morning, everyone. Thank you for joining us today to discuss EnLink Midstream's 2020 Financial Guidance and Financial Strategy.

Participating on the call today are Barry Davis, Chairman and Chief Executive Officer; Eric Batchelder, Executive Vice President and Chief Financial Officer; and Ben Lamb, Executive Vice President and Chief Operating Officer.

To accompany today's call, we have posted our 2020 guidance press release and presentation to the Investor Relations section of our website. During this call, we will refer to certain slides included in our presentation. A replay of today's call will be made available on our website at www.enlink.com.

Today's discussion will include forward-looking statements, including expectations and predictions within the meaning of the federal securities laws. The forward-looking statements speak only as of the date of this call, and we undertake no obligation to update or revise. Actual results may differ materially from our projections, and a discussion of factors that could cause actual results to differ can be found in our press release, presentation and SEC filings.

This call also includes discussion pertaining to certain non-GAAP financial measures. Definitions of these measures as well as reconciliations of comparable GAAP measures are available in our press release and the appendix of our presentation. We encourage you to review the cautionary statements and other discussions made in our materials and SEC filings, including those under the heading Risk Factors.

We'll start the call today with a set of brief prepared remarks by Barry, Eric and Ben and then leave the remainder of the call open for questions and answers.

With that, I would now like to turn the call over to Barry Davis.

Barry E. Davis, EnLink Midstream, LLC - Chairman & CEO

Thank you, Kate, and good morning, everyone. Thank you for joining us today to discuss our 2020 financial guidance and our financial strategy going forward.

Let me begin by saying that we are pleased to report that we are wrapping up an operationally strong fourth quarter of 2019, which will be reflected in our fourth quarter adjusted EBITDA results and reported in late February. As expected, fourth quarter 2019 adjusted EBITDA will reflect the seasonal high for our natural gas liquids business. Consistent with what I said last quarter, we expect 2019 adjusted EBITDA to fall within our previously announced guidance range.

Now turning to 2020, which is the focus of our call today. We are forecasting modest growth in adjusted EBITDA as compared to our expected full year 2019 results. As you saw in our press release issued yesterday, we declared our fourth quarter common unit distribution of \$0.1875 per unit. While we evaluate the distribution quarterly, we currently expect to maintain a steady quarterly distribution at that level throughout 2020.

Overall, our 2020 financial guidance, distribution reset and broader financial strategy supports our modest adjusted EBITDA growth while self-funding our total capital expenditures, both growth and maintenance capital and distributions. Our expected 2020 results also enable us to generate further excess free cash flow above and beyond funding capital expenditures and distributions, which provides us the financial flexibility to invest in good growth projects while effectively managing leverage and returning capital to common unitholders.

Looking out further into 2021, we expect to continue to self-fund EBITDA growth with the expectation that capital expenditures needed to achieve modest growth will naturally trend lower relative to 2020 such that the excess free cash flow we generate will increase along with our financial flexibility.

Our financial strategy is supported by the 4 priorities of our execution plan, which are: one, enhancing the profitability of our existing business; two, strengthening our financial position, which we are taking action on today; three, positioning to capture long-term opportunities; and four, driving organizational efficiencies. We have made impressive strides on all 4 of these priorities to date, and that momentum will continue. At a high level, we see our expected performance in 2020 combined with actions we are taking as laying a strong foundation for EnLink's future, positioning the company for long-term value creation for all stakeholders.

At its core, EnLink is a large integrated midstream service provider in premier U.S. producing basins connected to key demand centers. It is a solid platform which delivers strong and stable cash flows. Additionally, our integrated platform feeds an attractive demand-based position in Louisiana, and the size, scale and reach of NGL and natural gas systems we operate in Louisiana provides us with significant competitive advantage. As we look to the future, we are excited to continue to build upon our proven track record of operational excellence and further develop our business with an emphasis on downstream opportunities provided by our premier Louisiana footprint.

With that, I will turn it over to Eric to give more details around our financial strategy.

Eric David Batchelder, EnLink Midstream, LLC - Executive VP, CFO & Principal Accounting Officer of EnLink Midstream Manager LLC

Thank you, Barry, and good morning, everyone. EnLink has completed a comprehensive analysis pertaining to what the right sustainable distribution for EnLink is going forward. Our financial strategy prioritizes 3 key objectives, and we are confident the distribution reset we have announced will allow us to successfully achieve all 3. Our first objective is to fully fund capital projects that will allow us to sustain and grow EBITDA with no external financing needed. We are taking a proactive step to fully fund our growth and maintenance capital expenditures with internally generated cash for 2020 eliminating any need for external financing or additional debt to execute our plan. Our second objective is to generate excess free cash flow, which we define as distributable cash flow less capital expenditures and distributions. Our third objective is to effectively manage leverage and provide a clear path to our target of less than 4x debt to adjusted EBITDA as calculated by our credit facility. We are committed to maintaining our strong balance sheet while continuing to return capital to unitholders.

As we expand our business and importantly grow excess free cash flow, we will allocate capital first to high-return projects around our core business, which allows us to efficiently grow and delever towards our long-term target of less than 4x debt to adjusted EBITDA. Second, we will evaluate proactive debt retirement and returning capital to unitholders via unit repurchases or resuming distribution growth based on the highest return opportunities and our financial objectives.

For 2020, we expect to deliver adjusted EBITDA of between \$1.07 billion and \$1.13 billion. The midpoint of that range, which is \$1.1 billion, represents modest growth from where we expect 2019 full year results to finish. Our outlook for 2020 growth capital expenditures remains unchanged from our previously announced guidance range of \$275 million to \$375 million and represents a decrease of approximately 50% from expected 2019 growth capital expenditures. It is important to note that we do not need to access the capital markets to fund our 2020 growth program as we have internally generated cash flow in excess of distributions to cover 100% of this program.

Our major capital project underway this year is the construction of our Tiger natural gas processing plant in the Delaware Basin and its associated infrastructure such as gathering lines and compression. Tiger is expected to be in service during the second half of 2020. We are also investing in our natural gas transportation network in Louisiana to connect Venture Global's Calcasieu Pass LNG facility to our system. The remainder of our growth capital program is dedicated to high-return, low-cost bolt-on projects such as capacity expansions in the Midland Basin, NGL system enhancements in Louisiana and well connections across our dedicated acreage. Maintenance capital for 2020 is expected to be around \$45 million. And when combined with the midpoint of our growth capital guidance range, we are expecting total capital expenditures for the year to be roughly \$370 million given the projects we've announced and the development we have underway to achieve growth in adjusted EBITDA during 2020.

By growing our adjusted EBITDA in 2020, significantly reducing our capital program and resetting our common unit distribution, we expect to generate between \$10 million and \$70 million of excess free cash flow this year or approximately \$40 million at the midpoint. We expect most of the excess free cash flow to be generated in the second half of 2020. And as Barry mentioned, we see excess free cash flow continuing to grow throughout 2021. As previously mentioned, we will evaluate the highest-return opportunities available to deploy that excess free cash flow.

Effectively managing leverage is one of the 3 key objectives of our financial strategy. For 2020, we are expecting a debt-to-adjusted EBITDA range of 4.0 to 4.3x as calculated by our credit facility. Given our projections for excess free cash flow, we envision reaching our long-term leverage target of below 4x during 2021.

Finally, I would like to briefly remind people of our tax position. Based on our projections, we do not foresee ourselves incurring cash outlays related to corporate federal income taxes over the next 3 years. In terms of our common unit distribution projections, we expect that 100% of our common unit distributions for the next 3 years will be characterized as return of capital for tax purposes.

With that, I'll turn it over to Ben to give an overview of our segment outlook for 2020.

Benjamin D. Lamb, EnLink Midstream, LLC - Executive VP & COO of EnLink Midstream Manager LLC

Thank you, Eric, and good morning, everyone. I'll start with the Permian where we're coming off a strong year of growth in 2019 and are projecting another strong year of growth for 2020.

Segment profit is expected to range from \$200 million to \$220 million in 2020 with growth expected to be primarily driven by strong producer activity in both the Delaware and Midland Basins. As Eric mentioned, our Tiger plant in the Delaware Basin is expected to be in service during the second half of 2020. And coupled with other capacity enhancements we're making in the Midland Basin, our total natural gas processing capacity in the Permian Basin will be just over 1.1 billion cubic feet per day by the end of 2020. The Permian is expected to generate approximately 20% of EnLink's aggregate segment profit during 2020 with approximately 70% of EnLink's total capital expenditures being allocated to the Permian. We see a long runway of growth ahead for our assets in the Permian underpinned by strong producer activity.

Turning now to Louisiana. Segment profit is expected to range from \$300 million to \$320 million with growth driven primarily by our natural gas liquids business. Results in Louisiana will benefit from a full year of contribution from the Cajun-Sibon expansion, which came online during the second quarter of 2019, as well as further system upgrades and throughput enhancements we are completing this year. Similar to what we experienced in 2019, we expect to see seasonally stronger results in the first and fourth quarters and seasonally lower results in the second and third quarters of 2020.

As many of you know, Devon Energy recently announced the sale of their North Texas position to BKV Oil and Gas Capital Partners in December of 2019. And as part of that transaction, we expect to enter into amendments of existing commercial arrangements that will enhance EnLink's NGL value chain in exchange for a modest processing fee reduction on North Texas volumes. Louisiana is expected to represent approximately 25% of EnLink's aggregate segment profit in 2020 with approximately 15% of total capital expenditures expected to be allocated to Louisiana. Louisiana is expected to generate significant segment free cash flow during 2020.

Moving on to Oklahoma. Segment profit is expected to range from \$435 million to \$455 million, with results forecast to be nearly unchanged compared to our expectation for full year 2019. We expect to experience some level of volumetric decline across our Oklahoma assets, but because of a minimum volume commitment we have with Devon in the STACK, we expect segment profit for the year to be roughly in line with 2019. As you've likely seen, Devon recently announced a joint venture with Dow to continue development in the STACK with the drilling of the first 18 wells expected to commence during mid-2020. Given the timing of the drilling activity, volumes from these new wells are not forecast to benefit our system until 2021.

Oklahoma is expected to represent approximately 35% of EnLink's aggregate segment profit in 2020 with approximately 10% of total capital expenditures expected to be allocated to the segment. Given the current commodity environment, Oklahoma is transitioning from a growth area to one that will contribute significant segment free cash flow for us.

I will round out the discussion with our position in North Texas where segment profit is expected to range from \$240 million to \$260 million. We're expecting a reduction in segment profit as compared to expected full year 2019 results due to natural volumetric decline in this mature basin along with changes in business mix and the reduction in processing fees charged to BKV as they transition into Devon's ownership position. This reduction in processing fees is expected to be more than offset by enhancements to our NGL value chain.

North Texas is expected to represent 20% of EnLink's aggregate segment profit in 2020 with less than 5% of total capital expected to be allocated to the segment. Similar to Oklahoma, North Texas is expected to generate significant segment free cash flow during 2020.

Before I turn the call back to Barry, I'll give an update on how we're progressing with the \$75 million of adjusted EBITDA contributions that we expect to capture in 2020 as part of our plan to enhance the profitability of our current business and to drive organizational efficiency. The EnLink team has done a tremendous job of completing dozens of initiatives which will optimize fuel costs and reduce corporate, general and administrative expenses throughout the year. The team has also had impressive success securing new dedicated acreage in the Permian and negotiating multiyear deals across our assets that will be positive for EnLink going forward. The actions taken to date are expected to achieve the full \$75 million target during 2020 and effectively reset the cost structure for our business. The full \$75 million enhancement is reflected in the 2020 guidance discussed today.

Barry, back to you.

Barry E. Davis, EnLink Midstream, LLC - Chairman & CEO

Thank you, Ben. Before we open the call up for questions, I'll summarize where we are by saying this: EnLink is a strong midstream company generating over \$1 billion of adjusted EBITDA. We are entering a new chapter where our priorities center on generating excess free cash flow and running a highly efficient profitable business in the areas where we are today. We are focused on operational excellence and being a best-in-class midstream provider. We believe the actions we are taking in 2020 will lay the foundation for prudent multiyear growth and outsized shareholder returns for years to come.

With that, you may now open the call for questions.

QUESTIONS AND ANSWERS

Answer – Operator: (Operator Instructions) The first question will come from TJ Schultz of RBC Capital.

Answer – Torrey Joseph Schultz: I think just first on the Oklahoma outlook for 2020, you've said before, if activity levels this year were half that of 2019, you'd have slight declines in segment margin. Now the guide is for flat segment margin, but your spending is really low. I think you said at 10% of total CapEx, so looks like a better outcome. Just as you've talked with more producers, if you can kind of lay out the current assumptions for rig activity and volume trajectory and how much of that segment profit comes from support from some of the MVCs.

Answer – Benjamin D. Lamb: It's Ben, yes. A lot to unpack there. So as far as the activity level, you're right. What we said in the third quarter call was in a scenario where we saw half the activity in 2020 that we saw in 2019, we would expect to see a high-single digit volumetric decline and a low-single digit segment profit decline. So now we're saying we see Oklahoma approximately unchanged, that's not inconsistent with flat to a low-single digit segment profit decline. So the activity level we see is about that halfway level in 2020 compared to 2019, and we expect to see again flat to small single-digit segment profit decline result.

The question that you asked about the MVC level, we expect that to be at about \$50 million for the year, and it will increase each quarter as the year goes along because the commitment level that underlies it increases as the year goes along. Then remember, in 2021, we start to get the benefit of the Dow JV, the first wells, first 18 wells drilling in the middle of this year. So to anticipate the next question, what does that mean for 2021 segment profit? It's likely to be lower in Oklahoma than it is in 2020 but not likely to be lower by yet another \$50 million because we start to see

the benefit of the Devon-Dow JV. And to go one step further, we expect that growth in the other segments will more than offset that such that in 2021, we'll again see modest EBITDA growth across EnLink as a whole.

Answer – Torrey Joseph Schultz: Okay. Good. Makes sense. Just moving over to the distribution, you laid out some of the objectives to get to that \$0.75 distribution level. Can you just expand on how you balanced out at that level versus cutting more to accelerate some of those objectives? And then, Barry, I'm assuming you continue to work with GIP on different options. Are there other measures, whether they're asset sales, JVs or other things, that the market may not be anticipating that you're potentially working on?

Answer – Barry E. Davis: Thank you, TJ, and I'll take both of those questions. First of all, as you know and many of you on the phone know, this has been something that we've been very deliberate about, and that is the decision on what we did with the -- what to do with the distribution. And it really started with having clarity around the 2020 forecast and beyond and, from that, really determining what was best for our business and best for our stakeholders.

The analysis that we completed, as I said earlier or Eric said in the prepared remarks, was very targeted on fully funding our capital projects and -- that would allow us to sustain and grow EBITDA with no external funding or needs for additional borrowing. That was number one. Secondly, generating excess free cash flow was an absolute target for us, and we believe this distribution level allows us to do that after all of our capital expenditures and distributions to have excess cash flow. Thirdly, and we know the market is very focused on this, we wanted to provide a clear path to our target level of leverage below 4x. And as we communicated in the prepared remarks, we believe that is doable in 2021. So those were our primary objectives, and we believe this is the right level of distributions to achieve those objectives.

As it relates to working with GIP, as we've said on all occasions, we work very closely with GIP and our full Board on all of these activities. Relative to opportunities, we are constantly in communication with GIP about things they are seeing in the marketplace as well as what we're seeing in the marketplace that they could be helpful in terms of evaluating and ultimately executing on. So a very close relationship around growth and all aspects or operational aspects of the business.

Answer – Operator: The next question will come from Shneur Gershuni of UBS.

Analyst: Shneur Z. Gershuni, UBS Investment Bank, Research Division - Executive Director in the Energy Group and Analyst

Question – Shneur Z. Gershuni: Maybe just to follow up on TJ's questions a little bit here, when I think about the context of the size of the distribution cuts, seems that you're effectively targeting free cash flow and you're ultimately trying to get into a specific leverage range. And I think that's the right way to think about it. So sort of taking it a step further, then it's ultimately premised on you hitting the EBITDA targets to justify the size of the cuts one way or another. Can you give us some details about how you stress-tested your EBITDA projections? How many rigs is it dependent on? Does the Barnett have slower declines? The impact on the T&F opportunity in Louisiana, just what kind of declines are baked in? What kind of rig counts are you expecting in each of the specific areas? And how you can give us confidence that hitting the midpoint is very stress-tested and there's the potential to actually hit the eyepoint, so any color around that would be greatly appreciated.

Answer – Barry E. Davis: Yes. Shneur, this is Barry. I'll start with saying you know how deliberate we've been on our projections for 2020. We've been talking to you for months and others about what we were doing in order to get in position to really come up with the right financial strategy. So we have been very deliberate. I'd point out just the diversity of our assets. When you look at the 4 core areas, we have very different dynamics in each of those areas. And I think what we're seeing as a result of our projections of modest growth is really a testament to the diversity and the difference in the way that those operate: Louisiana being a very stable, demand-facing business; Permian being a high-growth area; and then today North Texas and Oklahoma being more of a flattish and really pretty easy to project because of the level of activity that we're seeing there. So I'll pass it over to Ben to see if he's got any additional comments on that.

Answer – Benjamin D. Lamb: Yes. Shneur, maybe I'll give a few specifics just to back that up. When you look at Oklahoma and my previous comment that we expect to see roughly half the number of wells this year that we saw last year, I would add on that about 1/3 of those wells have already been drilled. They were drilled last year and are waiting on completion this year. So you go into it with that tailwind. When I look in the Permian, we've had robust levels of activity on both sides of the basin that provide the momentum that we expect to see going into 2020. When I look at North Texas, as Barry says, at this point, it is fairly straightforward to forecast. We've been in decline mode there for a few years now, and so it's fairly straightforward exercise volumetrically. And in Louisiana where the growth is driven largely by the NGL system operating at higher levels on average over the course of the year than it did last year, if the full year benefit from the pump stations that we put in service in the second quarter, and we've seen that system consistently capable of running at these levels, so we go into the year with a lot of confidence around this guidance.

As to how things can move, there's a reason there's a range, right? Because we've talked about the sawtooth nature of the GIP businesses in particular before. And sometimes something that you thought was going to happen in the second quarter slides to the third quarter or maybe it slides forward to the first. That's why there's a range.

Answer – Barry E. Davis: Yes. And I would add to, Ben, your comment on 1/3 of the wells being drilled and will be completed in 2020. We would expect the same thing as we go into 2021. When you look at the Dow-Devon joint venture, many of those wells will be drilled in the second half, and then we'll -- so we'll have a DUC inventory generally at the end of the year that would look like what we have this year. So that's not unique.

Question – Shneur Z. Gershuni: Okay. And maybe as a follow-up question, when I look on Slide 7 and you have your capital allocation in the order of priority, number one is fund high-return, low-cost growth projects, and number two is manage leverage, not the other way around. I was just wondering if you can give us some -- a little bit of color. I mean you did talk about the processing plant that you're finishing up as the big expenditure this year. But can you confirm that anything else that you're going to spend money on is very low cost in nature? Have your return targets moved at all? Is the hurdle higher, for example, if you move from a 5 to 7x return target to, let's say, a 3 to 4x? Just a little bit more color about the discipline about how you're going to spend capital and whether it's really just focused on brownfield smaller-type projects or are there larger projects that we should be aware of?

Answer – Eric David Batchelder: It's Eric. Thanks for joining this morning, and thanks for your question. I would say yes, I will confirm that outside of things like the Tiger plant and Venture Global, which actually is a little bit brownfield as well, mostly it is small projects, quick to cash, low multiple, consistent with what we've done through the back half of last year and brownfield right around our system. So I think it provides very attractive risk-adjusted returns to us across the system. And outside of the ones that I mentioned, everything else is relatively small dollar.

Question – Shneur Z. Gershuni: Great. And just one last question, and this should be a quick one. How should we think about lower STACK volumes? And could it impact your frac volumes?

Answer – Benjamin D. Lamb: Yes. On the frac, I'll just remind everybody that we have a portfolio both of supply sources for NGLs and for fractionation of those NGLs. So on the supply side, while Oklahoma is a very big element, the Permian is roughly as big in our equity volumes. We also get a contribution even from our North Texas business for frac volumes.

On the disposition side, we have not only our own Louisiana fracs, we have our space, the Gulf Coast fractionators, and we also have term arrangements with third-party fractionators. And so manage both sides of that in a dynamic way. But where we sit today, I don't -- I'm not concerned about frac volumes in our Louisiana fractionators in 2020.

Answer – Operator: The next question comes from Jeremy Tonet of JPMorgan.

Analyst: Rahul Krotthapalli, JP Morgan Chase & Co, Research Division - Analyst

Question – Rahul Krotthapalli: This is Rahul on for Jeremy. So firstly, I just wanted to check on the longer term, what level of total CapEx on average is needed to sustain the EBITDA going forward like post-2020?

Answer – Eric David Batchelder: It's Eric. Look, as we've shown here today, we've got modest growth expected in 2020, which will create excess cash flow for us. I think Barry mentioned in the call, we expect that to grow again in 2021 with capital continuing to trend lower. So if you look at the 2020 capital program, and this is some of the stuff that I was talking with Shneur about just a minute ago, there's some chunky things in there as it relates to Tiger. Venture Global is another project and some brownfield projects around NGL, all of which we expect to benefit us beyond 2020. So that's not capital that's really supporting the 2020 growth. That's supporting 2020 and beyond growth. So we think we'll be in a position to continue to maintain and grow EBITDA with manageable capital needs as shown for 2020 and our expectations for 2021.

Question – Rahul Krotthapalli: Understood. That's helpful. And then -- and thanks for the color on Oklahoma earlier. I just wanted to dig a bit deeper here. Like on what portion of the 2020 volumes are from Devon and are underpinned by MVCs? And also, how should we think about this outlook post-2020 inclusive of the Dow plan? And also if you can help us reconcile with the less than \$50 million decline you were talking about post-2020.

Answer – Benjamin D. Lamb: It's Ben. As to the percentage that's Devon, it's roughly 40%, but only a portion of that is protected by the volumetric commitment. Less than half of it is subject to the volumetric commitment.

To reiterate a little bit on the post-2020 comment, so if our guide today is to midpoint segment profit of \$445 million, and that includes \$50 million of MVCs, then without that, we'd be guiding to \$395 million, right? So then one could logically say, "Ah, well, perhaps they'll be down yet another \$50 million in 2021." We don't expect that. We expect we'll be down in 2021 because we have the onetime expiration of the MVC, but we don't see it as just going into consistent decline partly because we have the benefit of the Dow-Devon JV starting this year with volumes to show up in 2021. Can't really go much further than that and give you a specific number on Oklahoma in '21 other than to say with

everything we know right now, we expect to more than offset that onetime MVC expiration with growth in the other segments.

Question – Rahul Krotthapalli: Understood. That's great color. And then lastly, on how much of deficiency fees are incorporated in the guidance across -- for 2020?

Answer – Benjamin D. Lamb: The only one of any size is the Devon STACK MVC of \$50 million approximately.

Answer – Operator: The next question will come from Spiro Dounis of Crédit Suisse.

Answer – Spiro Michael Dounis: Just want to get back to the 2020 CapEx maybe and then just specifically focus on that range of \$100 million. I guess how much of that would you say is maybe producer activity-driven that's kind of out of your control? And for the portion that, I guess, you would deem as maybe discretionary for you, to the extent you forgo any projects, do you feel like that would be revenue lost forever? Or are these projects you can sort of pick back up and defer into 2021?

Answer – Benjamin D. Lamb: Yes. Spiro, I'll start, and then Eric and Barry may want to add on. The range really is driven primarily by producer activity levels. So if we see higher levels, then we'll expect to spend a bit more, and that will bode well for 2021 and forward. If we see lower activity, then we'll adjust the spending accordingly. I would say another element in there is if we find opportunities to create ongoing additional cost savings or system efficiencies by making very efficient expenditures of capital. So things like enhancements to the NGL system, things like low-cost expansion to the processing facilities, those are the sorts of things that may push us toward the higher side or the lower side as could potentially pull-forwards of activity from '21 into '20 or vice versa. So those are the kinds of things that make us move in that range.

Answer – Spiro Michael Dounis: Okay. That's helpful. And then going back to the '21 growth potential, I think a lot of the discussion so far is focused kind of in and around Oklahoma. But of course, there's a lot of moving pieces there between the cost savings initiatives, the optimizations that you're going through, the centralization, Permian growth. So I guess as we think about modeling into '21 and all those factors coming together, to the extent we sort of look at 2020 sort of ending the year on a strong note, and it sounds like it's back half weighted, do we annualize that fourth quarter EBITDA? Does that get us close to the pin? Or are there any sort of major offsets you feel like we got to consider there?

Answer – Benjamin D. Lamb: Make sure I understand, you're saying if you annualize...

Answer – Spiro Michael Dounis: Fourth quarter '20 exit rate EBITDA just as a proxy for '21, does that seem like a reasonable approach? Or are there offsets there that we got to consider?

Answer – Benjamin D. Lamb: No, there's offsets there you'd have to consider, and the biggest one would be the Devon-Dow JV volume. So no, I wouldn't -- like as you say, there's a lot of moving pieces. And I would caution against annualizing a quarter to try to get to a year.

Answer – Spiro Michael Dounis: Understood. Last one if I could. Just with respect to the BKV deal, any other opportunities out there to re-contracts like you did to uplift the value of the downstream utilization?

Answer – Benjamin D. Lamb: I think the BKV, just in terms of the size of the position that they're stepping into, is a little bit unique. But what I would say is our interest in making that -- entering into that negotiation is indicative of our interest in taking full advantage of our NGL platform and our desire to grow downstream. And so if we see another opportunity, we would be quick to act on it. But BKV was a bit unique because it was a situation where all 3 parties to the negotiation got to win. Devon got to realize a higher purchase price because there was a lower burden on the asset from the processing fees. BKV gets the benefit not only today but also if they choose to develop the asset in the future of ongoing lower processing fees. And we get the benefit of being able to use our NGL platform. So it was a win-win-win situation.

Answer – Operator: The next question will come from Praneeth Satish of Wells Fargo.

Analyst: Praneeth Satish, Wells Fargo Securities, LLC, Research Division - Senior Equity Analyst

Question – Praneeth Satish: I was just wondering, just back on BKV, just providing more information in terms of how much NGLs you'll be moving for them, will this extend to frac as well? And do you expect this to happen immediately? Or will it be as existing contracts expire?

Answer – Benjamin D. Lamb: Yes. It's Ben. I'm not going to go super deep on the details of our commercial arrangements, but what I'll say is we will have the right to fractionate certain volumes and market certain volumes in a way that we expect will more than offset the modest processing fee reduction that we agreed to. That will be

beginning immediately upon the close of the transaction, which Devon and BKV expect will happen sometime in the second quarter.

Question – Praneeth Satish: Got it. And then just my only other question, just on cash taxes. So should we assume that cash taxes start to increase gradually 3 years from now? Or will it be more of a larger onetime step-up?

Answer – Eric David Batchelder: Yes. Thanks. It's gradual. And I think that as we get there, we'll continue to refine it. Obviously, depreciation has a big hand in that, and so over time, we'll see how that shakes out. But I would say it's a gradual progression. It's not like there's a huge cliff or anything.

Answer – Operator: The next question will come from Chris Sighinolfi of Jefferies.

Analyst: Christopher Paul Sighinolfi, Jefferies LLC, Research Division - MD and Equity Research Analyst

Question – Christopher Paul Sighinolfi: Ben, if I could just follow up, I just want to make sure I'm clear about what you're embedding. I know there have been a couple of questions on MVCs, and I just want to make sure that I'm squared up on what you're including. Obviously, we go through regulatory filings, but you bucket that together with firm commitments. So it's not entirely clear what's there per period. It sounds like it's just the \$50 million in Oklahoma with Devon. And I think that you mentioned that that's in place just for 2020 remaining, and then there's no MVC protection that you're embedding beyond that. Do I just -- I guess what I'm just talking about is, do I have all of that correct?

Answer – Benjamin D. Lamb: You have all of that correct.

Question – Christopher Paul Sighinolfi: Okay. And then as a clarification point, was there anything drawn under that MVC in the 2019 period? And then maybe you can't speak to 4Q, but I guess up until 3Q, will you -- were they already deficient on part of this?

Answer – Benjamin D. Lamb: They were. It was a small amount, and going from memory, I think it was about \$5 million. And if you go back and look in the Q, it's disclosed in there. And as you say, the number for the fourth quarter we can't share today, but you'll see it when we issue the K in late February.

Question – Christopher Paul Sighinolfi: Okay. And then I guess separately, you and Barry and Eric had talked about the efficiency initiatives in the summertime, I think. And you're now saying full \$75 million amount you think will be achievable and embedded in 2020. I'm just curious, given that you gave segment-specific guidance for each region, is that something that you're able to share like where that was maybe more concentrated than elsewhere? Or is that in a corporate line? Or I guess where might we see that reflected the most?

Answer – Benjamin D. Lamb: Yes, let's talk a bit about that. So of the \$75 million, it's roughly 1/3 each operational savings, G&A savings and commercial success. Not exactly 1/3, a bit more commercial success than that but in rough figures. In terms of the commercial success, not surprisingly, the biggest share of that happened in the Permian, though a significant amount was also in Oklahoma, to a lesser extent in the other 2 segments. In terms of the operational cost savings, not surprisingly, the biggest factor was Oklahoma. And that's part of why we're guiding to a little bit stronger Oklahoma segment profit than I think people expected us to. And then about 1/3 of it or so is in the G&A component, so that hits in the corporate line item. And much of that is driven by an approximate 10% headcount reduction that we made in the fourth quarter.

Question – Christopher Paul Sighinolfi: Okay. Perfect. Just taking some notes, okay. And then I guess final question for me, I know there was a question earlier about just maybe a more normalized CapEx range. I'm just, I guess, hoping for my own edification, just to clarify that. So there's the Tiger plant spending, which is obviously punctuating the 2020 spend relative to what you might spend on just bread-and-butter field activities. And Eric, can you just remind me, what is, I guess, the amount remaining to be spent in the 2020 period on that? And then if you think about ex any plant additions or export enhancements or anything else that you might do, and it's more of just what you'd need to satisfy under your contracts arrangements with the producers, what level of spend do you see on that front?

Answer – Eric David Batchelder: Yes. So I would say the Tiger plant this year will be 20% to 25% of the overall capital. And then to your question, that sort of regular weight field-level stuff this year, it's about \$150 million to \$200 million.

Answer – Operator: And this concludes our question-and-answer session. I would now like to turn the conference back over to Barry Davis for any closing remarks.

Answer – Barry E. Davis: Thank you, Carrie, for facilitating our call this morning. And for everyone on the call today, thank you for your participation. As always, we appreciate your continued interest and investment in EnLink. And we look forward to updating you with our fourth quarter and full year 2019 results in late February. Have a great day.

Answer – Operator: Thank you, sir. The conference is now concluded. Thank you all for attending today's presentation. You may now disconnect your lines. Have a great day.