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EnLink Midstream Partners LP (ENLK)

Q3 2015 Earnings Call



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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, and welcome to the EnLink Midstream Third Quarter 2015 Financial Results Conference Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation there will be an opportunity to ask questions. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference over to Jill McMillan of EnLink Midstream. Please go ahead.

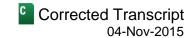
Jill McMillan

Vice President, Communications & Investor Relations

Thank you, Chad, and good morning, everyone. Thank you for joining us today to discuss EnLink Midstream's third quarter 2015 results. On the call today are Barry Davis, President and Chief Executive Officer; Mike Garberding, Executive Vice President and Chief Financial Officer; Steve Hoppe, Executive Vice President and President of the Gathering, Processing and Transportation Business; and Mac Hummel, Executive Vice President and President of the Natural Gas Liquids, Crude and Condensate Business.

We issued our third quarter 2015 earnings release this morning, and we will file the 10-Q later today. To accompany today's call, we have posted the earnings release on the Investor Relations portion of our website. If you'd like to listen to a recording of today's call, you can access the webcast replay on our website.

Q3 2015 Earnings Call



I will remind you that any statements about the future, including our expectations or predictions, should be considered forward-looking statements within the meaning of the federal securities laws. Forward-looking statements are subject to a number of assumptions and uncertainties that may cause our actual results to differ materially from those expressed in these statements. And we undertake no obligation to update or revise any forward-looking statements.

We will discuss certain non-GAAP financial measures and you'll find definitions of these measures as well as reconciliations of these non-GAAP measures to comparable GAAP measures in our earnings release. We encourage you to review the cautionary statements and other disclosures made in our SEC filings, specifically those under the heading, Risk Factors.

I will now turn the call over to Barry Davis.

Barry E. Davis

President, Chief Executive Officer & Director

Thank you, Jill. Good morning, everyone, and thank you for joining us on the call today. I'll begin with some high-level thoughts on the quarter and then we'll turn it over to our CFO, Mike Garberding to review the numbers. Then Steve and Mac will discuss operations performance for the quarter. Importantly, here are the four messages, I want you take away today. First, EnLink had a great third quarter with performance in-line with our expectations and we raised distributions at ENLK and ENLC for the sixth straight quarter.

Second, EnLink is stable. We're operating from a position of competitive strength, because we were purposely built to withstand challenging market conditions. We had good diversity of basins and services and we've stable cash flows from our contracts with Devon Energy and other high quality customers.

In fact, more than 85% of our gross margin – operating margins come from customers with investment grade credit ratings. Approximately 95% of our margins come from fee-based contracts and approximately 80% of our gross operating margins are supported by long term contracts with either firm transport agreements or minimum volume commitments.

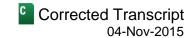
We also have a strong investment grade balance sheet with ample liquidity which enables us to fund our development plans and capitalize on strategic M&A opportunities.

Third, we have a strong partnership with Devon and are working together to support each other's development plans. As Devon mentioned yesterday in their third quarter operations report, they project EnLink to provide roughly \$270 million of distributions in 2015, and they are counting on EnLink to grow distributions in the future. Devon also reiterated that both the Access Pipeline and the NGPL Pipeline are dropdown candidates, with the Access Pipeline dropdown potentially as early as the first half of 2016.

And finally, EnLink is growing. We've executed on our growth plan and over the last year we completed approximately \$4.3 billion of dropdowns, acquisitions and growth projects that have positioned us well to capitalize on additional opportunities.

In October, we completed the acquisition of Matador's Delaware Basin system, which expanded our footprint in the Permian. We plan to replicate the successful organic growth strategy we executed in the Midland Basin to build out our crude oil gathering, transportation and marketing services in the Delaware Basin.

Q3 2015 Earnings Call



In Louisiana, we continue to see excellent growth prospects from our franchise natural gas and NGL platforms and we've executed on a number of near-term optimization and supply projects that came about due to our acquisition of Chevron Gulf Coast assets last year. We remain focused on long-term opportunities, including pipeline and storage conversion projects, supply opportunities for petrochemical and LNG expansion projects, as well as export opportunities. We are confident in our ability to execute on future growth opportunities from our diverse platform of assets and services.

Moving to our third quarter results, we had a strong third quarter and I'm proud of our overall business performance during the first nine months of 2015. We did what we said we were going to do and executed on our growth plan, while also growing distributions. We currently project to finish the year within 1% to 2% of our consolidated adjusted EBITDA target of approximately \$740 million, which we believe is excellent execution in the face of a challenging commodity environment.

As we look into next year, EnLink and Devon will provide detailed 2016 guidance in our year-end 2015 earnings call on February 17. Overall, we believe EnLink is uniquely positioned with competitive advantages that will allow us to continue weathering the market conditions and take advantage of growth opportunities we've created from a platform positions.

Our industry has never met a challenge it couldn't overcome, and EnLink has the right people, processes and assets in place to continue to do great things over the next year and beyond.

With that, let me turn the call over to Mike to the review financials.

Michael J. Garberding

Chief Financial Officer & Executive Vice President

Thanks, Barry, good morning everyone. EnLink had solid performance in the third quarter with consolidated adjusted EBITDA of approximately \$187 million which was in line with expectations. The partnership's distributable cash flow for the third quarter was approximately \$148 million which is up approximately \$14 million over the second quarter. We also raised distributions by \$0.5 at both ENLK and ENLC and achieved distribution coverage of 1.05 times at ENLK and 1.12 times at ENLC. We believe this is great performance given the current commodity environment.

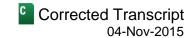
Turning to our balance sheet, EnLink ended the quarter with less than \$200 million drawn on the partnership's \$1.5 billion revolving credit facility. Our leverage remains low with debt-to-adjusted EBITDA of about 3.75 times at the end of the third quarter.

EnLink has excellent liquidity and we currently have no marketed equity needs in the foreseeable future other than what could be associated with a large scale acquisition or commercial development. Furthermore, our strong balance sheet is also supported by our general partner. A recent example of this is the announcement we made last week of ENLC purchasing approximately \$2.85 million ENLK units.

Proceeds from that unit offering were used to pay down ENLK's revolving credit facility which has been used to fund our recent growth projects. This is a great way to deploy a portion of the cash on ENLC's balance sheet into what we view as a very undervalued security in today's market.

We see the investment as a win-win for both ENLK and ENLC unitholders, because it provides additional liquidity to lower leverage in ENLK and provides an additional \$4.5 million a year of cash flows at ENLC based on the partnership's current yield.

Q3 2015 Earnings Call



With respect to 2015 full-year outlook, we expect to end the year within 1% to 2% of our approximate \$740 million consolidated adjusted EBITDA guidance. This means, we expect relatively flat performance in the fourth quarter and expect to end the year with a consolidated adjusted EBITDA around \$720 million to \$730 million range.

As there has been no meaningful recovery in the commodity prices so far this year and it's currently unclear when we are going to see an overall recovery, we think, it is the right decision to effectively manage the balance sheet, growth opportunities and business performances in this environment.

Therefore we expect to end the year with annual distribution growth at ENLK of around 5.5% and annual distribution growth at ENLC of around 15% which is consistent with what we guided towards in our last earnings call. We think having coverage greater than one-times in ENLK as we've had in the last two quarters, is very important in times like this.

Before I turn it over to Steve, I'm going to spend a minute highlighting the partnership's investment in Howard Energy Partners. EnLink has an approximate 30% ownership in the private partnership and it is treated as an equity investment on our balance sheet. We have a long history with Mike Howard, the Founder of Howard Energy and believe he and his team have created something special that we're excited to be part of.

We also believe that this investment is underappreciated in the marketplace. Since 2011, EnLink has invested approximately \$136 million in the company and received \$51 million in distributions. Howard has grown significantly since 2011 and currently operates more than 700 miles of pipelines in addition to treating, processing, crude stabilization and liquid storage in the Eagle Ford and a gas gathering system in the Utica-Marcellus.

In June, Howard announced the Nueva Era pipeline, an approximately 200 mile 30-inch pipeline that will transport over 500 million cubic feet of natural gas per day from Howard's Webb County Hub in South Texas directly to Nuevo León, Mexico.

The foundation shipper on the system will be in the CFE, a state-owned electric utility in Mexico, which will use the pipeline to help supply natural gas power plants in Monterrey under a 25-year contract.

We're excited about the great things Howard Energy is doing, and believe that its growth prospects add a lot of upside to our business. Overall, Howard has built a substantial business with total company estimated distributable cash flow of around \$100 million based upon our current quarterly distribution.

I will now turn the call over to Steve who will discuss about Gas Business Unit.

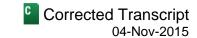
Steve J. Hoppe

EVP & President-Gas Gathering, Processing and Transportation Business

Thank you, Mike. And good morning, everyone. In the Permian Basin we've made progress executing on our growth strategy. The Permian continues to be one of the best oil and gas regions in North America with approximately 153 rigs operating in the North Midland and Delaware Basins which accounts for 20% of all rigs currently operating in North America. There are currently 35 rigs operating in Midland County alone which is the most of any county in North America.

Our Permian operations gathered 210,000 million BTUs per day and processed 267,000 million BTUs of gas – of gas volumes in the third quarter which generated \$17 million of gross operating margin slightly above the second

Q3 2015 Earnings Call



quarter. Volumes into our Coronado assets continue to increase and we expect by the end of the year that volumes will be 30% higher than when we acquired this system in March of this year.

The Midland Basin remains a very active drilling and development area even in a low price commodity environment, which creates additional opportunities for EnLink.

For example, we saw two of our customers Diamondback and RSP Permian reinforce their commitment this area by adding to their acreage positions. In October, we established a position in Delaware Basin with the acquisition of a 35 million a day cryogenic gas processing plant and associated gathering pipelines in Loving County that included long term acreage dedications.

We're working with Matador and other producers on projects to expand the Loving County plant and the construction of additional gathering pipelines in Loving, Reeves counties in Texas and Eddy and Lea Counties in New Mexico. That will allow us to further expand our presence in the Delaware Basin similar to the successful organic growth strategy that we deployed in the Midland Basin.

And moving to North Texas, our focus remains on asset optimization. Offsetting the impact of inherent declines and supporting our customers' well performance enhancements and refrac programs.

Our third quarter results for North Texas were consistent with our expectations, where overall, we've seen about a 6.5% reduction in our volumes since the first of the year. We gathered approximately 2,600,000 MMBtus per day and processed just under 1 million MMBtus per day, generating about \$132 million of gross operating margin during the quarter.

We continue to work closely with Devon to optimize their production through pressure reductions, minimizing operational downtime, supporting artificial lift and refrac programs.

During 2015, Devon's gathered volumes have exceeded their minimum volume commitments or MVCs, and its process volumes were slightly below MVCs. But as a reminder, approximately 77% of our gross operating margin in North Texas comes from long-term contracts with Devon that include the MVCs through the end of 2018.

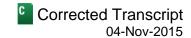
Devon continued to have success in its vertical refrac program, completing another 16 wells during the quarter with an average per well uplift of 725 Mcf per day, a 700% increase in per well production.

Devon also completed eight of its planned 25 horizontal refracs in 2015, and is now modeling initial production uplifts of 30-day IP of 1 million cubic feet per day and 2 billion cubic feet equivalent of additional reserves. The Barnett has tremendous upside opportunity for our customers from horizontal refracs. Devon alone operates more than 3,000 producing wells, horizontal wells in the most productive portions [ph] of the deal (16:14), and we expect Barnett producer will continue to enhance their fracking techniques, reduce costs and improve returns like they have done in so many other areas.

Oklahoma remains an area with significant growth potential for EnLink. While we have seen a slight decline in our third quarter gathered volumes, we expect the trend to reverse in the fourth quarter due to Devon's activity in the region. Devon is currently completing wells, drilled earlier in the year, and operating three rigs in the Cana-Woodford.

EnLink has connected 57 new wells through the third quarter, many of which are waiting to be completed. Because of this, we recently expanded our gathering system by 75 million cubic feet per day and we're expecting our volumes to increase 10% to 15% by the end of the year. In fact, Devon just tied in its first 14 wells from the

Q3 2015 Earnings Call



Gordon Row and expects to bring on 60 high-rate wells by the year end, 40 of which will be connected to our Cana system.

This creates significant growth for Devon and EnLink later this year. We believe our Cana gathering system has excellent long-term growth opportunities, because of our relationship with Devon. The strategic location of these assets in the best acreage of the Cana-Woodford and the continued expansion of the Meramec play. We see significant potential for Devon's growth in the Meramec where they now have 75,000 net acres in 500 risk locations, a portion of which are behind our Cana system.

During the third quarter, Devon participated in seven Meramec wells, five of those wells having at least 30 days of production history. Initial 30-day IP rates from these five appraisal wells averaged 1,430 BOE equivalent per day. We remain confident and are growing midstream platform in the region will be an integral part of EnLink's sustained success in the future.

With that, I'm going to turn the call over to Mac, who is going to give you an update on our Natural Gas Liquids, Crude and Condensate business.

McMillan Hummel

EVP & President-Natural Gas Liquids and Crude Oil Business

Thanks, Steve, and good morning everyone. We continue to be very excited about our market-driven Louisiana platform, because it is so well positioned in a growth area characterized by increasing demand for natural gas and natural gas liquids.

Our combined Louisiana platform allows us to capitalize on serving the need to new and expanded customers that we simply could have served before the acquisition of Chevron's Louisiana gas pipeline and storage assets.

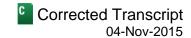
We are actively engaged in opportunities to further expand our business and only three days removed from the one-year anniversary of our ownership, we are pleased to report that we're seeing great results from the Chevron assets. As Barry mentioned, we are making investments in a number of smaller, organic projects with very attractive multiples and quick paybacks due to our extensive footprint, and on a longer term basis, we continue to explore a number of market opportunities that our franchised NGL and gas platform will create, including pipeline and storage conversions.

I'm pleased to say that this quarter also marks the one-year anniversary of our Cajun-Sibon pipeline and fractionations facilities being in full service. We are seeing strong volume performance across that system which we expect to continue. The Cajun-Sibon pipeline operated at full capacity during the third quarter with volumes up approximately 128,000 barrels per day and our Louisiana fractionation volumes despite being burdened by a significantly heavier inlet feed stream than was originally expected, continued to perform very well with volumes of approximately 139,000 barrels per day.

In our Louisiana gas business, transmission volumes for the third quarter were approximately 1.5 million MMBtu per day, up over 100,000 MMBtu from the second quarter, due in large part to the near term optimization projects that we have already executed and new exposure to the power generation market. Processing volumes were 509,000 MMBtu per day which was relatively flat compared to the second quarter.

We continue to make good progress in expanding our crude and condensate capabilities. In September, we completed the expansion of our South Texas assets namely the VEX system. Overall, crude and condensate volumes were roughly unchanged from the second quarter at approximately 147,000 barrels per day. Volumes

Q3 2015 Earnings Call



attributable to the VEC system increased by 12,000 per day to approximately 46,000 barrels per day. Our entry into the Permian crude business, LTC continues to outperform our volume and financial expectations with third quarter volumes of approximately 70,000 barrels per day, which are down 5,000 barrels per day on a very strong second quarter.

As a reminder, we continued LPC to be an – we considered LPC to be an entry point for our Permian crude business, not a destination. And while – we're pleased that LPC continues to outperform our volume and financial expectations, just as importantly it is creating substantially greater Permian deal flow, deal flow which we expect to execute on over time to create and even more meaningful Permian crude business.

When we started the year back in January, we handled no crude volumes for Devon. Today, we handle Devon volumes across our crude and condensate business of approximately 45,000 barrels per day. Just as in our gathering and processing business that Steve covered, we greatly appreciate Devon as the largest customer of our Crudes and Condensate business.

I will now turn the call back over the Barry for concluding remarks. Barry?

Barry E. Davis

President. Chief Executive Officer & Director

Thank you, Mac. Before I turn it over to Q&A, I want to take a moment to reiterate that EnLink was purposefully built to weather market conditions like these. We will continue to execute our strategy from a position of financial strength and flexibility while generating stable cash flows and growing our business to the benefit of our customers and shareholders alike.

With that, Chad, you may open the lines for questions and I ask that we limit the amount of questions to one per caller, please.

Thank you.

QUESTION AND ANSWER SECTION

Operator: Thank you, sir. We will now begin the question-and-answer session. [Operator Instructions] The first question comes today from T. J. Schultz with RBC Capital. Please go ahead.

TJ Schultz

RBC Capital Markets LLC

Great. Thanks. Good morning. Maybe just first in Louisiana, it sounds like some quick paybacks on some of the initial smaller organic projects, I don't know, Barry or Mac, if you could just provide a little bit more color on how the business development process to attract some of the potential conversion projects in geologistics or exports is going? And when some of these larger scale specific projects could maybe firm up a little bit more?

McMillan Hummel

EVP & President-Natural Gas Liquids and Crude Oil Business

Well, T. J., thank you for the question first of all. The conversions or the business development efforts around our Louisiana business continue to go very, very well, and as I mentioned, we have executed on a number of projects that had very quick payback in the range of zero to three years to four years payback. And so, very, very accretive, very, very attractive projects to us. Those are the kind of projects that we expected to execute on, when we did this acquisition. We are also continuing to work on some of the larger opportunities that you mentioned the conversion projects. Those by their very nature are more complicated, they're more complex and they're longer lead.

So, what I could tell you is that we do actively continue to work on those. Our expectation is, is that we'll be in the hunt to execute on those when the timing is right, with both us and the customers and we're excited about our prospects as we look forward.

Barry E. Davis

President, Chief Executive Officer & Director

Thank you, T. J. for the question, and this is Barry. Yes, we — we continue to believe that Louisiana is one of our greatest areas of strength from our franchise position. I think everyone knows that in this environment projects are taking longer and we're talking about long-lead time projects, so we're still very confident in the opportunities there. Thank you.

TJ Schultz

RBC Capital Markets LLC

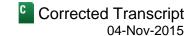
Great. And maybe if I can just squeeze one more in and maybe from Mike, you hit on the ENLC purchases of ENLK units, if you could just expand on the decision to buy ENLK units versus some of the other potential opportunities you have for that cash? And then you also spent some time on Howard, which I thought was interesting, if you could just kind of give us your long term strategic plan with that investment? Thanks.

Barry E. Davis

President, Chief Executive Officer & Director

Yes, thanks for the question, T. J. I'll start with the second one first, but I think Howard, we wanted to just walk through and give people a good picture of what we think Howard is doing and how they're creating a great long term business down there that we've been a part of really since day one, partnering with them. We think it's very

Q3 2015 Earnings Call



underappreciated not only in the sense that the market knowing about them, but also the market valuing them within us, so we're trying to give a perspective of what they have truly built in a pretty short period of time. The last thing I said was, they've created a business that has about cumulative run-rate EBITDA or DCF about \$100 million that were 30% [ph] up (27:14), so very substantial business and again very underappreciated with what we're doing.

With regard to ENLC, you know ENLC cash was up there related to EMH drop, which discussed in the last quarter call and how we think about the relationship between ENLC and ENLK is really ENLC is enabling ENLK to grow in this market. To have ENLC which had about north of \$50 million cash on its balance sheet provide the capital for the growth we're doing at ENLK, which then thereby supports ENLC we think is a great signal from a marketplace of how we're working together to continue to grow effectively in this environment. We also think from an investment standpoint, investing in a security with a 9% return represents a great investment for ENLC from a cash standpoint.

TJ Schultz RBC Capital Markets LLC	Q
Great. Thank you guys.	
Barry E. Davis President, Chief Executive Officer & Director	A
Thank you, T.J. appreciate it.	
Operator : The next question comes from Darren Horowitz with	Raymond James.
Barry E. Davis President, Chief Executive Officer & Director	A
Good morning, Darren.	

Good morning. Mac, quick question for you. Now that you've got some successful vertical and horizontal refrac results and you're heading in to the end of the year, how much of that legacy North Texas volume decline do you think is going to be offset by those incremental refrac production increases? I think you've previously quoted maybe about a 25% legacy decline offset. I'm curious if that's changed and I'm also curious if there has been any shift around the timing of some of those interconnects, especially with Devon recently raising their year-end production guidance?

Steve J. Hoppe EVP & President-Gas Gathering, Processing and Transportation Business

So this is, Steve. First of all, I think we're – the refrac – Devon's success that you've seen in the vertical wells has improved significantly and also started to replicate that with the horizontal refracs. I believe that last quarter we talked about a 25% offset and right now when you look at our plants for North Texas, it includes not only the refrac program, but pressure reduction and other stimulation and optimization work that we have going on with Devon. So we're well aligned with Devon on doing that, and right now when you look at the numbers we had in this quarter, what we're estimating is that our decline between now and the first of the year in totaling, North Texas is running about that 6.5%. So, we've definitely seen the benefit of all that work and we also think that we haven't seen the full benefit of the horizontal refracs and that potential opportunity could be very good.

Q3 2015 Earnings Call



Devon continues that program, we got to look at it though with a longer term program into a number of years, it's starting now and will go into 2016, but we're very excited about that opportunity and we think it's going to have a significant contribution to our North Texas volumes in offsetting decline.

Now, you don't expect that you'll see big changes in volumes because it's a multi-year long-term approach that Devon is taking, and that's just further supports the stability that we have in this asset – it's a long-term growth – long-term contracts that we have with Devon and we're very well aligned with them on that and I think it just continues to support the relationship that we have with them and the work that we're doing together.

Barry E. Davis President, Chief Executive Officer & Director	A
Thank you, Darren.	
Operator : The next question comes from Shneur Gershuni with U	BS.
Shneur Z. Gershuni UBS Securities LLC	Q
Hi. Good morning, guys.	
Barry E. Davis President, Chief Executive Officer & Director	A
Hi.	
Shneur Z. Gershuni	Q

I was wondering, if we can talk about cost-to-capital. I'm sure, you're not happy with where the units are trading today and when you think about it as an acquisition currency perspective, it does create some challenges in the context of dropdown. So, I guess kind of a two-part question since I am limited to one. Is there any interest in slowing distribution growth to or sacrifice growth for the sake of increasing coverage that you have retained DCF to help with finance growth? It seems the market's rewarding those types of sacrifices these days. And then secondly, how do you think of dropdown multiples? Does it change in the current market environment or does Devon's need for capital limit the opportunity for some GP support. I was wondering if you can talk about those concepts?

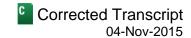
Barry E. Davis

President, Chief Executive Officer & Director

Yes, Shneur, thanks for the question. There is a lot in there and I'm going to probably start a little more broadly even than your question and that is, do we think we can be competitive in a growth environment particularly in the M&A area today? And the answer is yes. We have very strategically positioned this business across our platforms in the right places for growth.

Steve highlighted the rig activity that's happening in the Permian, similarly what we're seeing in the Midcontinent is a terrific growth around our asset base and we are very much in the business of growing organically as well as through acquisition and consolidation of the positions and we think this market is going to deliver opportunities. In fact, we think there's opportunities in all cycles. We just shift a little bit the way that we're thinking about it. So today, we're spending more time in the area of acquisition and consolidation in this environment and we fully

Q3 2015 Earnings Call



expect that our cost of capital will be constructive and allow us to do things in this market. So Mike, if you want to speak specifically to the cost of capital?

Michael J. Garberding

Chief Financial Officer & Executive Vice President

That's a great point, but you have to look at the projects and the dropdown, Shneur, and think about that right. So the Access Pipeline is a terrific example of how Devon and ourselves can work together on an opportunity, very long-lived asset, very stable cash flows supported by a very good contract with an investment grade counterparty. That is the perfect asset to fit in a business like us. So good assets, good financed.

When we think about coverage, you can see that we have been looking at coverage. We think that's important in a commodity cycle like you see today. We also think there's opportunities to use both of our entities in the actions that Barry is talking about and that gives us the competitive advantage. Just go back a couple of years ago in the Devon transaction, and it really enabled us to get that transaction done with [ph] both instances (33:29). So for us, we do still believe that's a good strategic opportunity for us and we do believe good projects will continue to get financed in this marketplace.

Shneur Z. Gershuni

UBS Securities LLC

And just sort of – in trying to understand your responses, so you're saying you're looking at coverage, but I mean should we assume that where you're at now is where it stays or do you want to build it a little bit? And then secondly, do you think the dropdown multiples will change at all from what you'd previously modeled?

Barry E. Davis

President, Chief Executive Officer & Director

Well, you got to remember that it's a different relationship between us and Devon and how we're working together is the right answer for all this. So we'll be productive from both sides when we think about dropdowns, as far as what makes sense for both parties and come up with the best answer to both parties.

With regard to coverage, you can see that we've still increased distributions likely till the market would expect to increase distributions in the second quarter and have built little coverage. Do we think it makes sense expanding that coverage? When we come out with 2016 guidance, you'll see our thoughts around that and there's just a lot of things that goes into that. So, do we believe that there is going to be a market where it is like today from a financing standpoint, long term? No, we don't. Do we believe we can get capital that's effective for growth? Yes, we do.

Shneur Z. Gershuni

UBS Securities LLC

Cool. Thank you very much, guys. Really appreciate the color.

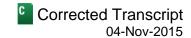
Barry E. Davis

President, Chief Executive Officer & Director

Thank you, Shneur.

Operator: Our next question is from John Edwards with Credit Suisse.

Q3 2015 Earnings Call



Barry E. Davis

President, Chief Executive Officer & Director

А

Good morning, John.

John Edwards

Credit Suisse Securities (USA) LLC (Broker)

Q

Good morning everybody, and congrats on a nice quarter. Just, Barry and Mike, I'm wondering how are you thinking about — you'd laid out kind of the long-term goal to double EBITDA by 2017 and just given the pretty tight relationship with Devon, how are you thinking about maybe accelerating dropdowns in order to achieve that or are you backing off from that goal a little bit? Maybe a little bit of color on that would be great.

Barry E. Davis

President, Chief Executive Officer & Director



Sure. John, let me start by saying that we're really proud of the way that we've executed the plan. That first laid out our growth targets by the end of 2017. Having completed a significant part of that roadmap that you will recall we laid out to-date about \$4.3 billion in acquisitions and in growth across the different — the four different avenues so we're proud of that.

We also are still very confident in our ability to continue to grow, because each step of our execution, we believe has really set up a multiple steps of future execution, the move into the Permian, the expansions that we're continuing to see in the Mid-Continent and the Eagle Ford, our position in Louisiana. So we're still very confident about our growth going forward. I think the environment that we've seen evolve over the last 24 months, really drives your question, is it realistic to see that growth by 2017? And what I would tell you is that we're still committed to that same, I would say, pace of growth and we still believe that doubling from where we were in 2014 when we started EnLink, is still possible.

It looks very different if that happens. It probably involves more acquisition, more M&A than it would have maybe at that time when we set it up. But we're still very confident in our ability to grow. More importantly, John, what we're saying today is we want to be one of the top midstream companies in the marketplace. Top midstream companies not only grow, but they continue to provide the best services which we do and continue to really set up the future for long-term success. So, we feel really good about where we are in all that.

John Edwards

Credit Suisse Securities (USA) LLC (Broker)



Okay. That's great. And in terms of understanding that so to help achieve that in terms of – do you think Devon would be more supportive of perhaps accelerating any dropdowns that then perhaps might be otherwise the case?

Barry E. Davis

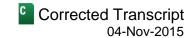
President, Chief Executive Officer & Director

Well, we have two identified dropdown targets with Devon and they are very near term. If you look at it, we've said that we believe in the first half of 2016 both the Access and the NGPL dropdowns would – that would be the right timing. So that's very near term.

Secondly, let me just emphasize again one of the things that maybe we didn't make clear was that opportunities to do things with Devon wasn't going to come on a ratable basis, where you would see us consistently every quarter delivering something that we were doing with Devon. I think it's going to come in big chunks. I think you're going to see opportunities because of the collaboration and the strategic alignment that we have with Devon which is

Q3 2015 Earnings Call

Jeff Birnbaum
Wunderlich Securities, Inc.



increasing every day. Today, we are so far advanced from where we were 18 months ago, in terms of working with Devon strategically to the benefit of both of our – both companies, EnLink and Devon. I predict that we will continue to see great opportunities to benefit from the sponsorship and relationship with Devon.

John Edwards Credit Suisse Securities (USA) LLC (Broker)	C		
Okay, great. I'll leave it there. Thank you very much.			
Barry E. Davis President, Chief Executive Officer & Director	Α		
Thanks, John.			
Operator : The next question is from Jeff Birnbaum with Wunder	lich.		
Barry E. Davis President, Chief Executive Officer & Director	Α		
Hello, Jeff.			

Hey, Barry sorry about that. Good morning everyone. So, just following up on that dropdown conversation, I know it's a little early and perhaps sort of a difficult topic to kind of get into in detail. But can you at least kind of comment on what sort of conversations you're having with Devon about sort of how the drops next year might be structured or financed or perhaps the range of options that are being discussed there?

Barry E. Davis
President, Chief Executive Officer & Director

You know, Jeff, I don't think we're going to make a lot of comments other than to say that we are very well connected and the conversations are extensive. Mike, do you want to comment on financing?

Michael J. Garberding
Chief Financial Officer & Executive Vice President

No. Again, I think the key takeaway here Jeff is that, we are bolt on the room together solving for what's right for both of us. It's not one party thing, hey, go do this; it's everything Barry talked about the collaboration, as far as the learning of the asset as far as the learning of the opportunity together. So, I think we feel well positioned and we both understand the market we're in and we'll come up with a great productive solution for that. So, again, as Barry talked earlier, we expect both these dropdown opportunities have a good chance of happening really in the next six months – excuse me, the first half of next year.

Jeff Birnbaum
Wunderlich Securities, Inc.

Okay. And then, Mac, I apologize if I missed this in the prepared remarks, but at least on the wording of the release, it seem like crude and condensate operating – gross operating profit was down sequentially by probably about \$20 million or so. I think you walked through some of the puts and takes in the quarter, but can you just kind of go back to perhaps what were the biggest drivers of that change?

Q3 2015 Earnings Call



Michael J. Garberding

Chief Financial Officer & Executive Vice President

Yes. This is Mike. So, if you remember, in the last quarter we did announce that we had a settlement of a contract that went into the second quarter of about – I mean I think it provided additional margin of about \$10 million. So, if you compare run rate, second quarter/third quarter, if you pull that contract out, it looks sequentially about the same.

I WD: I	
Jeff Birnbaum Wunderlich Securities, Inc.	Q
Got it, yes. Thank you very much.	
Operator : The next question is from Jeremy Tonet with JPMorg	gan.
Jeremy B. Tonet JPMorgan Securities LLC	Q
Good morning. Congratulations on the strong quarter.	
Barry E. Davis President, Chief Executive Officer & Director	A
Thank you, Jeremy.	
Jeremy B. Tonet JPMorgan Securities LLC	Q

I was just wondering, if you could refresh us as far as – it seems like you have some very attractive low-hanging fruit as far as some of these smaller bolt-on projects with very accretive multiples. I was just wondering if you could give us a sense of how big this opportunity set could be if you start pulling them all together in and how meaningful that could be for you guys?

McMillan Hummel

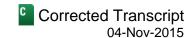
EVP & President-Natural Gas Liquids and Crude Oil Business

Well, Jeremy, this is Mac Hummel. I think it's a little bit difficult to tell you how big it is. But, suffice it to say that we think it is very significant to our business. If you look at really what drives the State of Louisiana versus maybe some of the other areas where we do business, it's really a market-driven opportunity as opposed to a supply-driven opportunity. We continue to see industrial customers, we continue to LNG producers, look for opportunities to construct the facility and/or expand a facility in the State of Louisiana. We've got the perfect platform to be able to do that. In fact, we continue to say that we've got the premier platform in the State of Louisiana to do that. And so, we're going to continue to see those opportunities. The ones that we've executed on have been primarily on the supply side of the equation. So they've been projects that have been oriented more towards getting us access to better supply, cheaper supply or supply that's more oriented around processing value. Those were quick hits, we did them and as you mentioned, they've got great returns associated with them.

We're now moving more into a phase, where I see the predominant – the predominant opportunities for us being more market oriented. And so, we're evolving that approach to pick up more of the market side. I think we're going to continue to see the same thing as we have on the supply side, on the market side and that is, there are going to be projects for us that are very, very accretive. We're going to have to put in very little capital in order to

Q3 2015 Earnings Call

Barry E. Davis



serve the new or expanded markets. And so, there is a lot of those out in front of us and I think the impact can be very meaningful to our business.

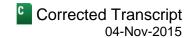
And let's not forget before we finish up on this question, to just step back and think about what the Chevron acquisition did for us. It really created the opportunity for us to utilize that collection of assets we've got, not only to do these smaller projects and to do gas projects, but it gave us the opportunity really to free the system up in a way that we could provide a step change opportunity to our earnings power by doing some of these conversions we've talked about. And again, they're complex, they are complicated, they are longer-term in nature, but we're continuing to be focused on them.

President, Chief Executive Officer & Director		
Jeremy, let me finish with a thought that, bolt-on organic growth from platforms come by having assets in right places where there's activity and we do. We have strong activity across our asset base and one of the core execution things we're thinking about every day is how we grow the assets that we hold and currently operate. And so, it's a major component of what we're doing and I think the opportunities are significant there. As, Mac outlined for Louisiana, those same types of opportunities exist across our asset base.		
Jeremy B. Tonet JPMorgan Securities LLC	Q	
Great. Thanks for the color.		
Barry E. Davis President, Chief Executive Officer & Director	A	
Thank you, Jeremy.		
Operator : The next question comes from Mirek Zak with Citi.		
Mirek Zak Citigroup Global Markets, Inc. (Broker)	Q	
Hi. Good morning, everyone.		
Barry E. Davis President, Chief Executive Officer & Director	A	
Good morning, Mirek.		
Michael J. Garberding Chief Financial Officer & Executive Vice President	A	
Good morning.		
Mirek Zak Citigroup Global Markets, Inc. (Broker)	Q	
Hi. My question pertains to the non-Devon owned interest and Acces	s Pipeline which is on the market. Would you	

guys have a desire and capacity to acquire that portion of the pipe along with the dropdown of Devon's interest or would perhaps the possible market cost of that portion and your cost of capital make it uneconomic for you right

now?

Q3 2015 Earnings Call



Steve J. Hoppe

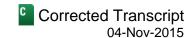
EVP & President-Gas Gathering, Processing and Transportation Business

Good question. So, again I think when we look at the Access Pipeline in Devon's piece, we're incredibly excited because of the contract, the counter party and the relationship we have with Devon. The nice thing is with Devon's relationship with that asset, Devon has a right to look at whatever Meg is going to do on that. So, we'll have an opportunity to look at that and if it is the right counter party or right structure, it is something we'll think about, just because that asset is so different. I mean, you can really think of it as sort of the super highway because you don't have the reserve decline. And as Devon talked through today on their earnings call, basically all three pieces of their oil field project are up and running really well today. So, again we have the options to look at it and we'll have to determine that point in time to see if it does make sense for someone like us.

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re that directly?
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Yes. That's what we're hoping for, is that, that NGPL is the first phase of a multi-phase project. It lets us start on that Southern end of Oklahoma bring outside of the Scoop area into North Texas, and then the next phases would be to expand that line up into the Stack in the Cana-Woodford areas. From there, we have an interconnected system with both North Texas and Oklahoma, and I think one of the big drivers behind that is just how quickly those areas are going to grow and develop. But the other thing that we see is, we think we've got a little bit of a competitive advantage in that North Texas, right now has capacity, it's got better access to markets, it's got better net backs for NGL and gas price, so we think that's going to further support the projects that we're looking at to bring gas out of Oklahoma into that area.

Q3 2015 Earnings Call



Craig K. Shere

Tuohy Brothers Investment Research, Inc.

So, what - with what you're seeing right now, how would you handicap the timing of the second phase of that?

Steve J. Hoppe

EVP & President-Gas Gathering, Processing and Transportation Business

I think it's very difficult to say on timing. Probably, late 2016, 2017 is what we're looking at, right now.

Craig K. Shere

Tuohy Brothers Investment Research, Inc.

Okay. But – and that was what maybe another \$300 million or \$400 million investment?

Steve J. Hoppe

EVP & President-Gas Gathering, Processing and Transportation Business

Yes, probably within that range. It kind of really depends on how far we go and what opportunities that we see, but I think that's probably a reasonable range to use.

Craig K. Shere

Tuohy Brothers Investment Research, Inc.

Okay. Thank you very much.

Barry E. Davis

President, Chief Executive Officer & Director

Thank you, Craig.

Operator: Ladies and gentlemen, this concludes our question-and-answer portion of the call. I would like to turn the conference back over to Barry Davis for any closing remarks.

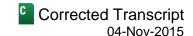
Barry E. Davis

President, Chief Executive Officer & Director

Thank you, Chad. Everyone on the phone, in closing, we are well-positioned to execute in this current market environment for a number of reasons. We remind you that we have a strong platform for long-term sustainable growth in key basins. Our relationship with Devon continues to create abundant opportunities. We have strong business relationships with our key customers that make us a provider of choice and we have the right people. We thank you for joining us on the call today and for your support. We look forward to communicating with you in the days ahead. Thank you. Have a great day.

Operator: The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.

Q3 2015 Earnings Call



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