

A decorative graphic consisting of three parallel, light blue chevron arrows pointing to the right, overlaid on a dark blue horizontal band.

# Fourth Quarter & Full Year 2019 Earnings Presentation

February 13, 2020



## Forward-Looking Statements:

This presentation includes "forward-looking statements" within the meaning of federal securities laws. Such forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond Antero Midstream Corporation's ("Antero Midstream" or "AM") control. All statements, other than historical facts included in this presentation, are forward-looking statements. All forward-looking statements speak only as of the date of this presentation and are based upon a number of assumptions. Without limiting the generality of the foregoing, forward-looking statements contained in this presentation specifically include 2020 and long-term financial and operational outlooks for AM and Antero Resources Corporation ("AR" or "Antero Resources"), impacts of natural gas price realizations, future plans and future business lines for processing plants and fractionators, AR's estimated production, AR's expected future growth and AR's ability to meet its drilling and development plan. Although AM believes that the plans, intentions and expectations reflected in or suggested by the forward-looking statements are reasonable, there is no assurance that the assumptions underlying these forward-looking statements will be accurate or the plans, intentions or expectations expressed herein will be achieved. For example, future acquisitions, dispositions, or other strategic transactions or initiatives with AR or with other third parties may materially impact the forecasted or targeted results described in this presentation. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecast in such statements. Nothing in this presentation is intended to constitute guidance with respect to AR.

AM cautions you that these forward-looking statements are subject to all of the risks and uncertainties incident to AM's business, most of which are difficult to predict and many of which are beyond the AM's control. These risks include, but are not limited to, AR's expected future growth, AR's ability to meet its drilling and development plan, commodity price volatility, ability to execute AM's business strategy, competition and government regulations, actions taken by third-party producers, operators, processors and transporters, inflation, environmental risks, drilling and completion and other operating risks, regulatory changes, the uncertainty inherent in projecting future rates of production, cash flows and access to capital, the timing of development expenditures, and the other risks described under "Risk Factors" in AM's and AR's Annual Reports on Form 10-K for the year ended December 31, 2019. Any forward-looking statement speaks only as of the date on which such statement is made, and AM does not undertake any obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

This presentation may include certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). These measures for AM include (i) Adjusted EBITDA, (ii) Free Cash Flow (iii) Distributable Cash Flow, (iv) Return on Invested Capital ("ROIC"), (v) Leverage, and (vi) Net Debt. Please see the appendix for the definition of each of these measures as well as certain additional information regarding these measures, including where available, the most comparable financial measures calculated in accordance with GAAP.

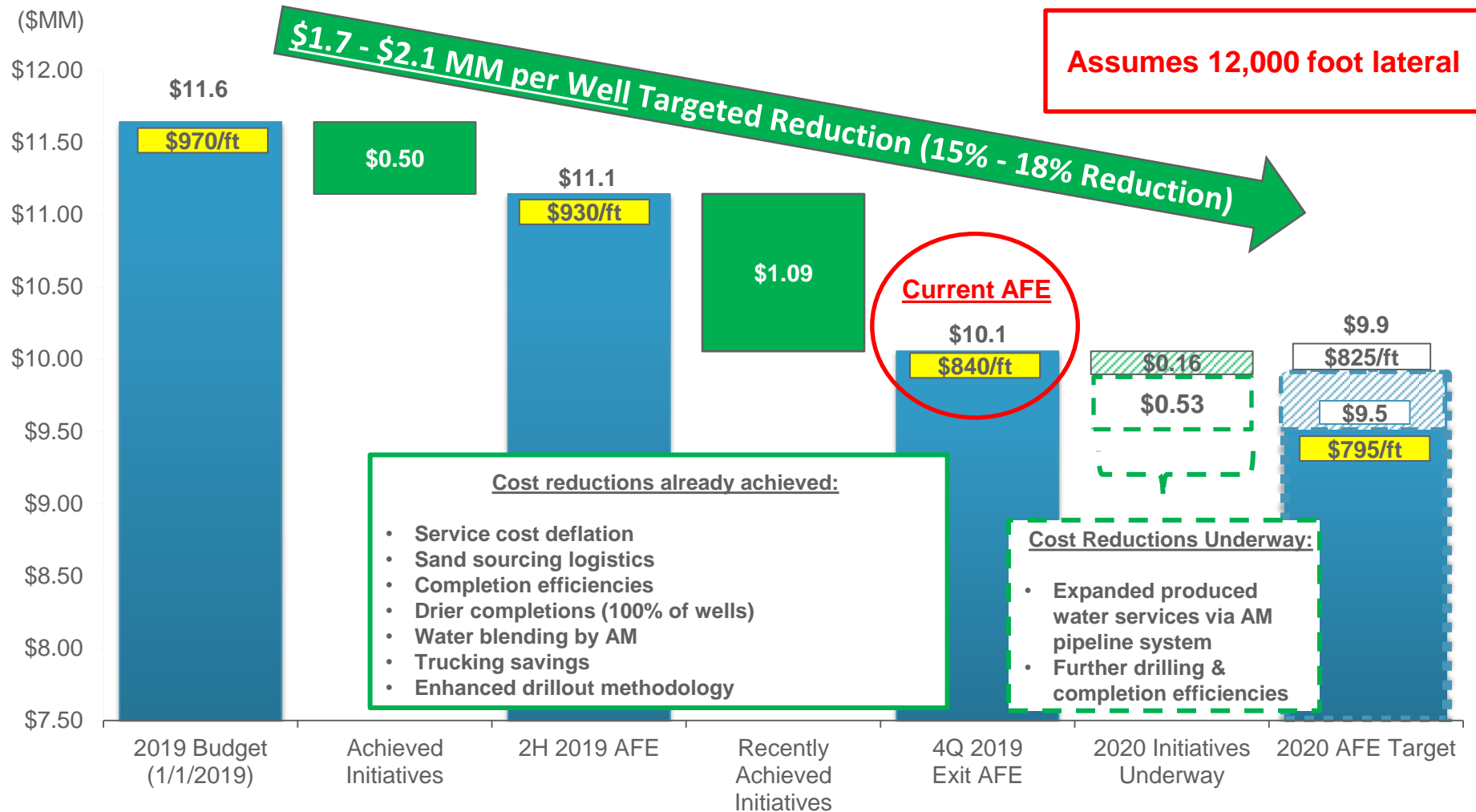
All 2019 non-GAAP measures of AM included in this presentation represent pro forma financial results of Antero Midstream Corporation and its subsidiaries, including Antero Midstream Partners and its subsidiaries, that reflect the applicable results as if the simplification transaction closed on January 1, 2018 unless otherwise noted. Data presented for periods prior to 2019 represent the results of legacy Antero Midstream Partners LP and its subsidiaries for comparison purposes.

Antero Resources specific slides are reproduced from a presentation published by AR, which is available on AR's website at [www.anteroresources.com](http://www.anteroresources.com). The information on those slides is included for reference, but AM does not take responsibility for the validity or completeness of such information. For more information regarding AR and the assumptions and qualifications of the statements made by it, please refer to its website and its filings with the SEC.

# Marcellus Well Cost Reductions

- Significant Reduction in Well Costs already “in-hand”
  - Targeting reduced well costs by ~17% (\$1.9 million per well)

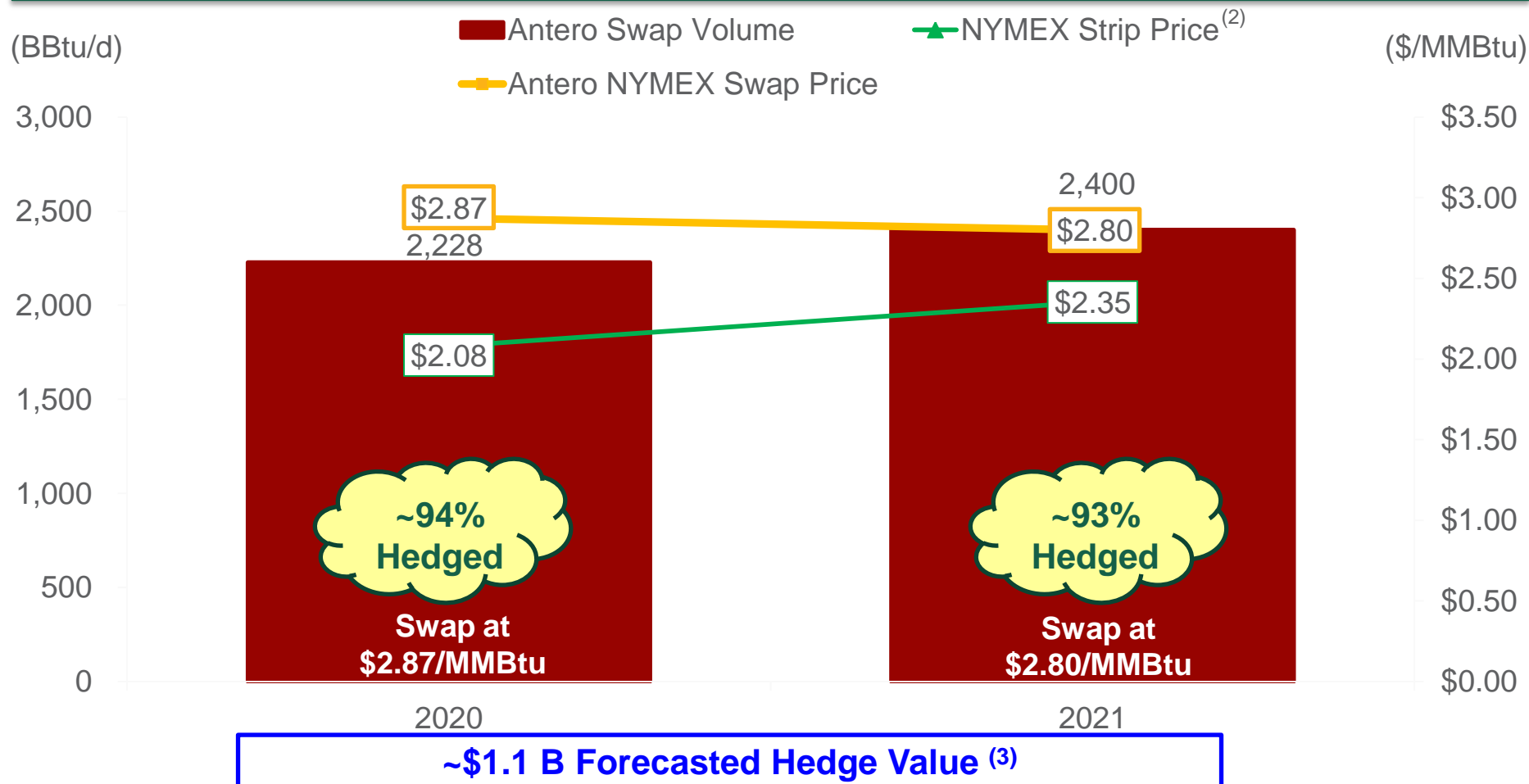
## Targeted Marcellus Well Cost Reductions (January 2019 AFE to 2020 Target)



# Well Protected From Near-Term Gas Pricing Weakness

- AR has hedged 94% and 93% of expected natural gas production in 2020 and 2021 at \$2.87/MMBtu and \$2.80/MMBtu, respectively
- Hedging provides sustainability to Antero's development program in a volatile price environment
  - Antero has realized \$4.7 billion of net cash hedge gains since 2008 <sup>(1)</sup>

## Antero Natural Gas Hedge Profile



Note: Percentage hedged represents percent of expected natural gas production hedged based on natural gas production guidance of 2.375 Bcf/d and 9% midpoint of targeted growth in 2021.

1) Includes total hedge gains through 2019.

2) Strip pricing as of 2/7/2020.

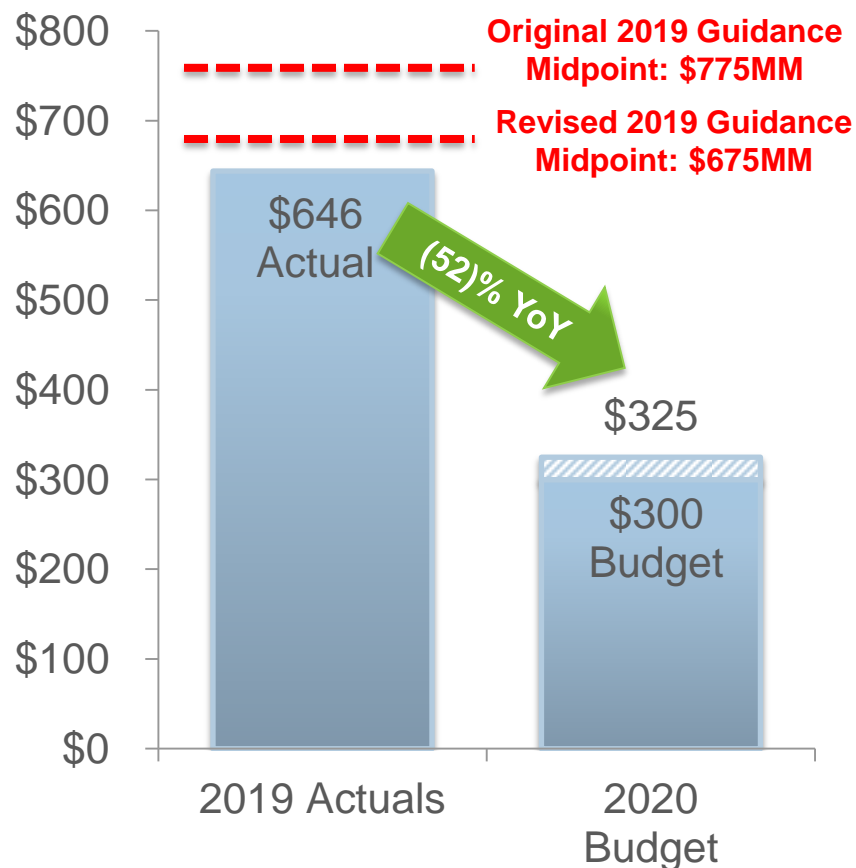
3) Mark-to-market based on current hedge position and strip pricing as of 2/7/2020, only for natural gas hedges (excludes liquids).



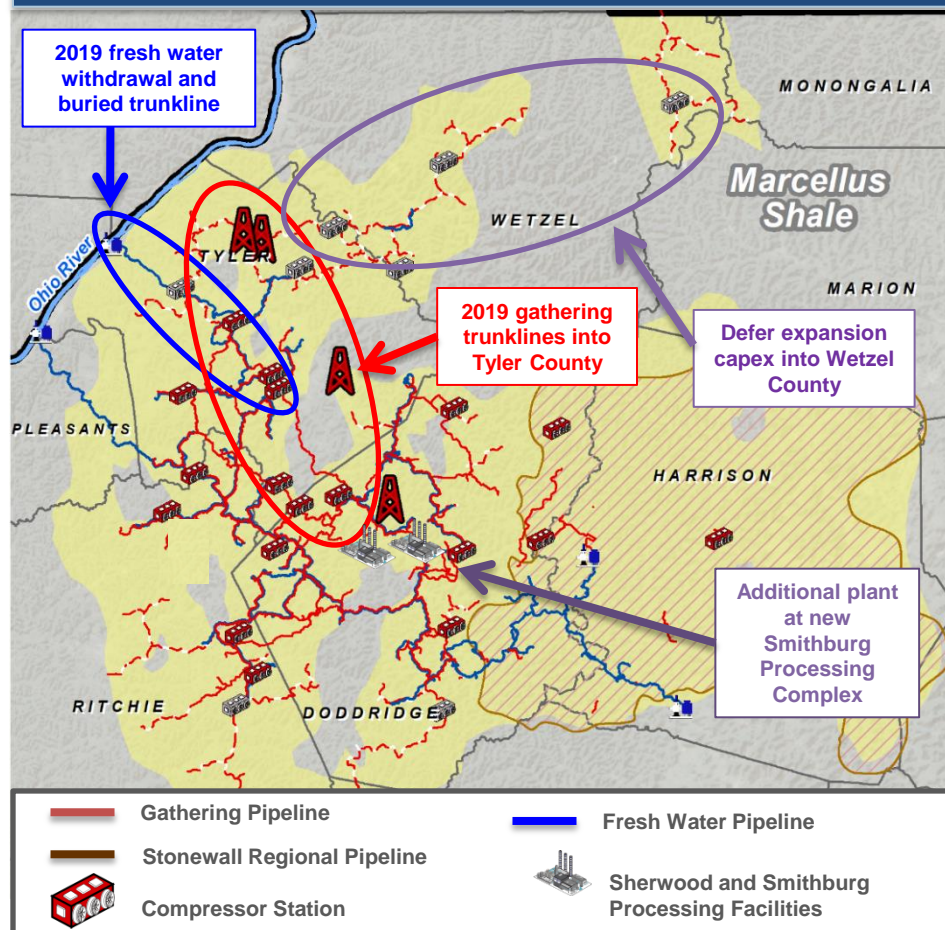
# 2020 Capital Budget

AM's just-in-time capital investment philosophy adjusts to AR's plan and results in a 52% decrease in 2020 as compared to 2019

## Capital Expenditures (\$MM)



## Marcellus Project Map



Note: Grey compressor stations and dashed gathering lines represent future build-out of infrastructure through 2024. AR rigs as of 2/12/20.

# Consistency of Returns and Capital Resiliency



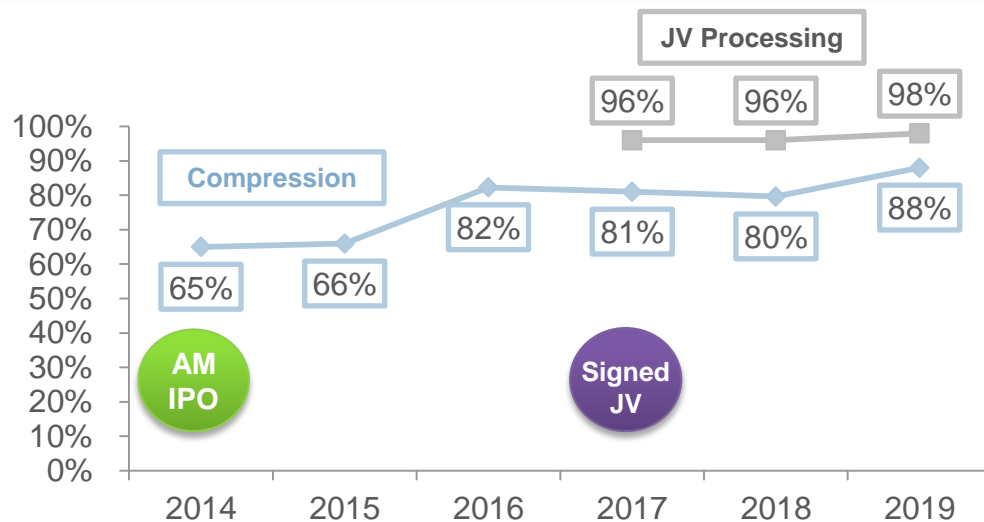
## Capital Investment Overview:

- G&P capital returns are much more consistent than E&P single well economics; volumetric risk at this point in shale development in Appalachia is low (i.e. consistent, predictable reserves per well)
- AM's unlevered G&P project economics range from 15% to 40% and appropriately matches risk profile (i.e. risk-adjusted rates of return)

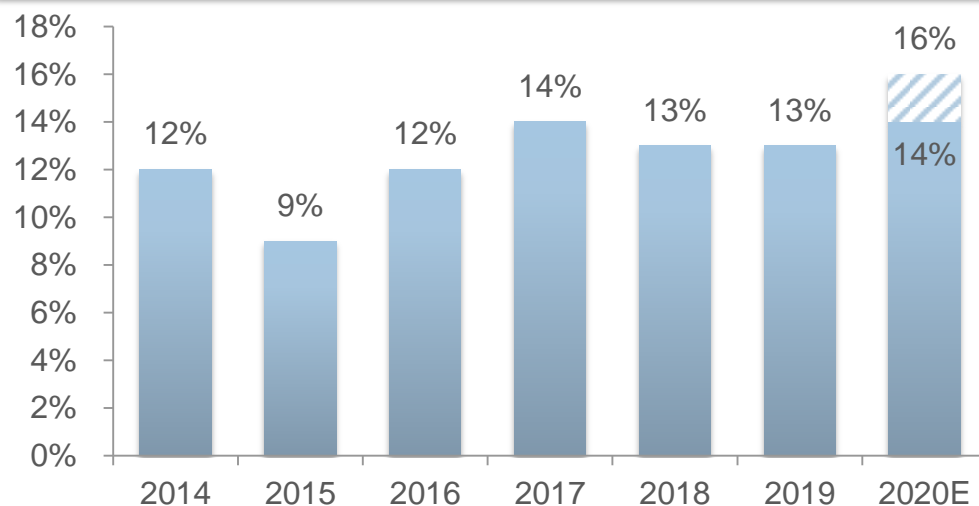
## Why AM's strategy is differentiated:

- AM's just-in-time capital investment philosophy is non-speculative and appropriately sizes infrastructure to match visible production profile
- Significant visibility into AR's development plan drives high asset utilization rates
- Future AR acreage dedicated to AM for midstream services not already provided/dedicated
- Consistent and rising ROIC into the mid-teens

## AM Capacity Utilization



## AM Return on Invested Capital (ROIC)

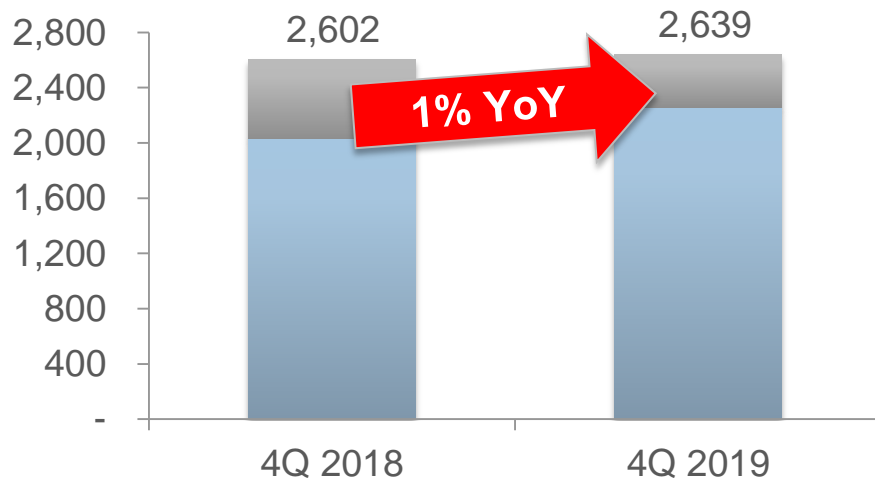


# Year-Over-Year Midstream Throughput



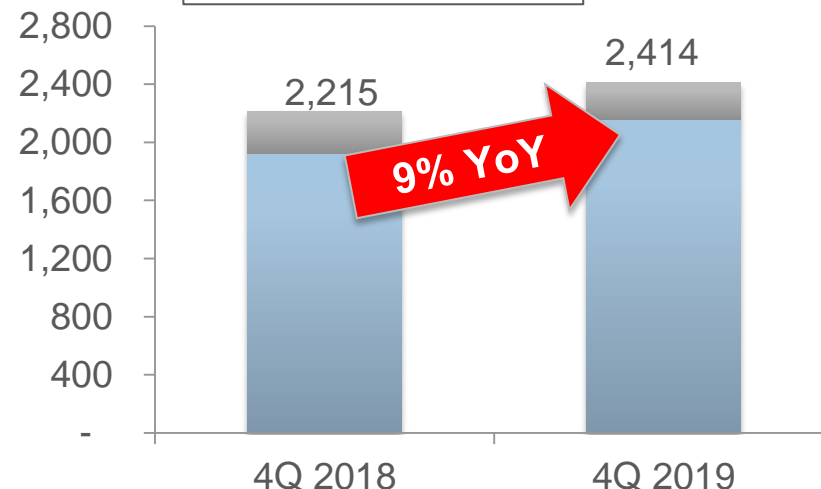
## Low Pressure Gathering (MMcf/d)

Fixed Fee: \$0.32/Mcf

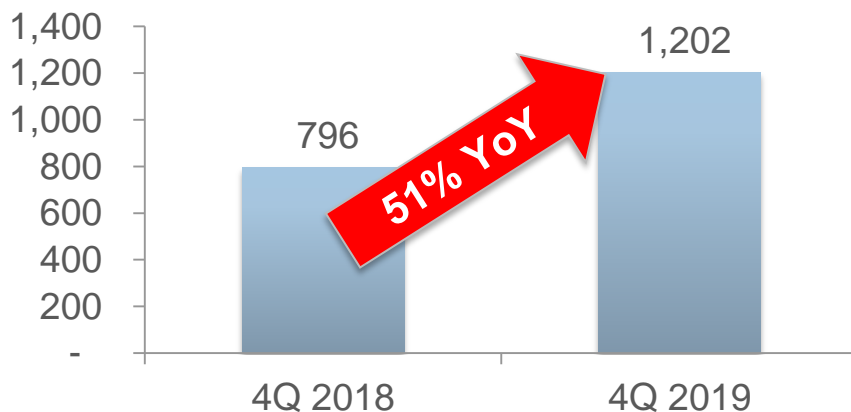


## Compression (MMcf/d)

Fixed Fee: \$0.19/Mcf

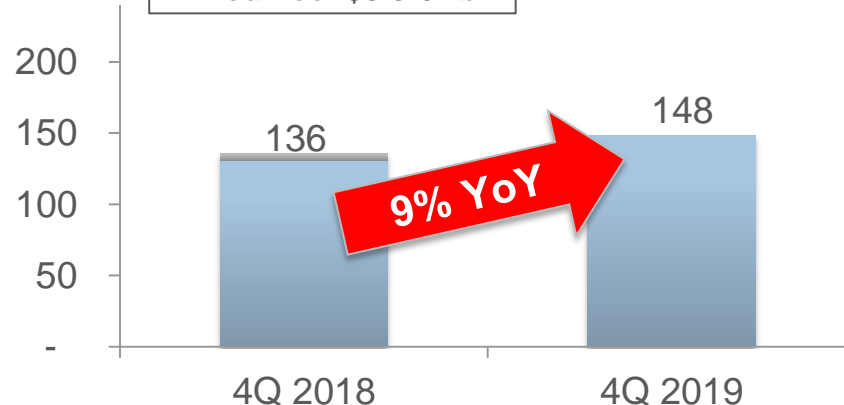


## Processing Volumes (MMcf/d)









## Fresh Water Delivery (MBbl/d)

Fixed Fee: \$3.91/Bbl



Marcellus Utica

# Strategy Delivers Consistent Results Across Cycles

2014 Actuals (MLP IPO)	6 Years 	2020E (C-Corp)	% Change
➤ \$4.41/MMbtu	NYMEX Natural Gas Price (\$/MMBtu)	➤ \$2.08/MMBtu <sup>(1)</sup>	 (53)%
➤ \$67 MM	Adjusted EBITDA (\$MM)	➤ \$850 - 900 MM	 1,206%
➤ \$554 MM	Capital Expenditures (\$ MM)	➤ \$300 - 325 MM	 (44)%
➤ 12%	Return on Invested Capital (ROIC %)	➤ 14% - 16%	 3%
➤ \$0.36/unit <sup>(2)</sup>	Return of Capital To Shareholders	➤ \$1.23/share (in addition to \$125MM of shares repurchased in 2019)	 242%

Note: Adjusted EBITDA and Return on Invested Capital are Non-GAAP measures. 2020E based on AM guidance provided on 2/12/20. Please see appendix for additional disclosures and definitions  
 1. Strip pricing as of 2/07/2020. 2) Based on \$0.17/unit 4Q14 minimum quarterly distribution annualized divided by 1.8926x exchange ratio for AMGP/AM acquisition assuming 100% equity consideration.



A decorative graphic on the left side of the page, consisting of three white chevron shapes pointing to the right, set against a dark blue background.

# APPENDIX



## Non-GAAP Financial Measures and Definitions

Antero Midstream uses certain non-GAAP financial measures. Antero Midstream defines Adjusted Net Income as net income plus amortization of customer contracts and impairment expenses. Antero Midstream uses Adjusted Net Income to assess the operating performance of its assets. Antero Midstream defines Adjusted EBITDA as net income before amortization of customer relationships, impairment expense, interest expense, provision for income taxes (benefit), depreciation expense, accretion, equity-based compensation expense, excluding equity in earnings of unconsolidated affiliates, and including cash distributions from unconsolidated affiliates.

Antero Midstream uses Adjusted EBITDA to assess:

- the financial performance of Antero Midstream's assets, without regard to financing methods, capital structure or historical cost basis;
- its operating performance and return on capital as compared to other publicly traded companies in the midstream energy sector, without regard to financing or capital structure; and
- the viability of acquisitions and other capital expenditure projects.

Antero Midstream defines Free Cash Flow as Adjusted EBITDA less interest expense less capital expenditures before dividend payments or share repurchases. Antero Midstream uses Free Cash Flow as a performance metric to compare the cash generating performance of Antero Midstream from period to period. Free Cash Flow does not reflect changes in working capital balances.

Antero Midstream's defines Distributable Cash Flow as Adjusted EBITDA less interest paid, decrease in cash reserved for bond interest, income tax withholding upon vesting of Antero Midstream Partners LP equity-based compensation awards, AMGP general and administrative expenses, and ongoing maintenance capital expenditures paid. Antero Midstream uses Distributable Cash Flow as a performance metric to compare the cash generating performance of Antero Midstream from period to period and to compare the cash generating performance for specific periods to the cash dividends (if any) that are expected to be paid to shareholders. Distributable Cash Flow does not reflect changes in working capital balances.

Adjusted EBITDA, Adjusted Net Income, Free Cash Flow and Distributable Cash Flow are non-GAAP financial measures. The GAAP measure most directly comparable to such measures is Net Income. Such non-GAAP financial measures should not be considered as alternatives to the GAAP measure of Net Income. The presentations of such measures are not made in accordance with GAAP and have important limitations as analytical tools because they include some, but not all, items that affect Net Income and, as applicable, Adjusted EBITDA. You should not consider any or all such measures in isolation or as a substitute for analyses of results as reported under GAAP. Antero Midstream's definitions of such measures may not be comparable to similarly titled measures of other companies.

Antero Midstream defines Net Debt as consolidated total debt less cash and cash equivalents. Antero Midstream views Net Debt as an important indicator in evaluating Antero Midstream's financial leverage.

Leverage is defined as LTM Adjusted EBITDA divided by net debt.

# Antero Midstream Non-GAAP Reconciliation



The following reconciles net income to Adjusted EBITDA:

\$ in Thousands	2014		2014	2015	2016	2017
	G&C Only					
Net income	\$	16,832	\$ 127,875	159,105	236,703	307,315
Interest expense, net		4,620	6,183	8,158	21,893	37,557
Impairment of property and equipment			—	—	—	23,431
Depreciation		36,789	53,029	86,670	99,861	119,562
Accretion and change in fair value of contingent acquisition consideration			—	3,333	16,489	13,476
Accretion of asset retirement obligations			—	—	—	—
Equity-based compensation		8,619	11,618	22,470	26,049	27,283
Equity in earnings of unconsolidated affiliates			—	—	-485	-20,194
Distributions from unconsolidated affiliates			—	—	7,702	20,195
Gain on sale of assets—Antero Resources			—	—	—	—
Gain on sale of assets—third-party	\$	\$	—	—	-3,859	—
Adjusted EBITDA		66,860	198,705	279,736	404,353	528,625
Pre-IPO net income attributed to parent			-98,219	—	—	—
Pre-IPO depreciation attributed to parent			-43,419	—	—	—
Pre-IPO equity-based compensation attributed to parent			-8,697	—	—	—
Pre-IPO interest expense attributed to parent			-5,358	—	—	—
Pre-Water Acquisition net income attributed to parent			-22,234	-40,193	—	—
Pre-Water Acquisition depreciation attributed to parent			-3,086	-18,767	—	—
Pre-Water Acquisition equity-based compensation attributed to parent			-654	-3,445	—	—
Pre-Water Acquisition interest expense attributed to parent			-359	-2,326	—	—
Adjusted EBITDA Attributable to the Partnership	\$	66,860	\$ 16,679	215,005	404,353	528,625



The following table reconciles consolidated total debt to consolidated net debt ("Net Debt") as used in this presentation (in thousands):

	December 31, 2019
Bank credit facility	\$959,500
5.375% senior notes due 2024	652,600
5.75% senior notes due 2027	653,250
5.75% senior notes due 2028	650,000
Net unamortized debt issuance costs	(23,101)
Consolidated total debt	\$2,892,249
Cash and cash equivalents	(1,235)
Consolidated net debt	\$2,891,014

The following table reconciles pro forma net income to pro forma Adjusted EBITDA for the twelve months ended December 30, 2019 as used in this presentation (in thousands):

		12 months ended December 31, 2019
Net income	\$	(285,076)
Amortization of customer relationships		70,874
Impairment expense		768,942
Adjusted Net Income		554,740
Interest expense		130,518
Provision for income tax expense (benefit)		(79,120)
Depreciation expense		120,363
Accretion and change in fair value of contingent acquisition consideration		10,254
Equity-based compensation		75,994
Equity in earnings of unconsolidated affiliates		(62,394)
Distributions from unconsolidated affiliates		76,925
Conflicts committee legal & advisory fees		2,278
Adjusted EBITDA	\$	829,558

# Antero Midstream Non-GAAP Measures



Antero Midstream has not included a reconciliation of Adjusted EBITDA to the nearest GAAP financial measure for 2020 because it cannot do so without unreasonable effort and any attempt to do so would be inherently imprecise. Antero Midstream is able to forecast the following 2020 reconciling items between such measures and Net Income (in thousands):

\$ in Millions	Low		High
Depreciation Expense	\$110	—	\$120
Equity based compensation expense	10	—	20
Interest expense	160	—	170
Amortization of customer relationships	65	—	75
Distributions from unconsolidated affiliates	95	—	105

ROIC is defined as earnings before interest and taxes excluding amortization of customer relationships divided by average total liabilities and partners capital, excluding goodwill and intangible assets in order to derive an operating asset driven ROIC calculation. The following calculates Antero Midstream's return on invested capital (\$ in thousands):

	<u>2014A</u>	<u>2015A</u>	<u>2016A</u>	<u>2017A</u>	<u>2018 PF</u>	<u>2019PF</u>
Adjusted Net Income	\$128	\$159	\$237	\$311	\$329	\$555
+ Interest Expense	\$6	\$8	\$22	\$41	\$62	\$131
+ Taxes and Provision for Income Taxes	\$0	\$0	\$0	\$0	\$110	(\$79)
= Adjusted Earnings Before Interest and Taxes	\$134	\$167	\$259	\$352	\$500	\$606
Total Liabilities and Partners Capital	\$1,817	\$1,980	\$2,350	\$2,829	\$4,850	\$4,617
- Current Liabilities	\$80	\$99	\$82	\$82	\$117	\$242
= Invested Capital	\$1,737	\$1,881	\$2,268	\$2,747	\$4,733	\$4,375
Adjusted Earnings Before Interest and Taxes	\$134	\$167	\$259	\$352	\$500	\$606
/ Average Invested Capital	\$1,137	\$1,809	\$2,075	\$2,508	\$3,740	\$4,554
<b>= Return on Invested Capital</b>	<b>12%</b>	<b>9%</b>	<b>12%</b>	<b>14%</b>	<b>13%</b>	<b>13%</b>

Note: 2018 and 2019 pro forma for Simplification Transaction.