Antero Midstream

First Quarter 2020 Earnings Presentation

April 30, 2020

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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.

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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. For AR, this include Free Cash Flow. Please see the appendix for the definition of each of these AR and AM 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, 2019 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.

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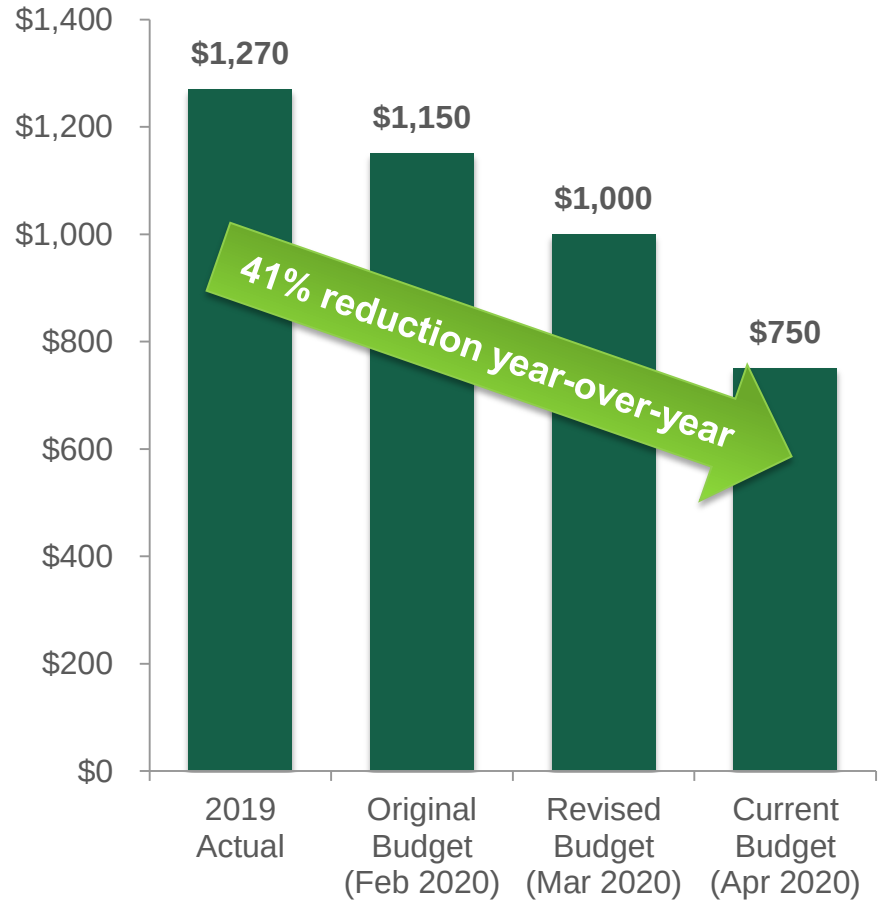
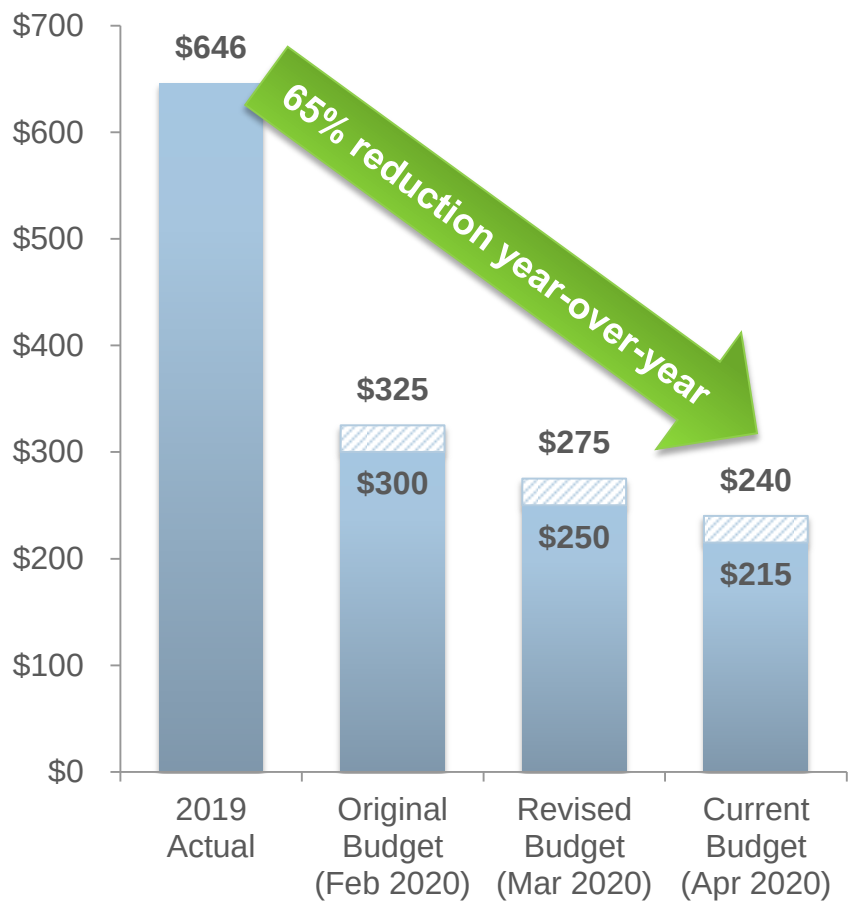
Flexible and Just-in-Time Capital Budgets

AM's competitive advantage during periods of uncertainty is its integrated planning, visibility into AR's development plan, and pure-play Appalachian focus

AR D&C Capex ($MM)



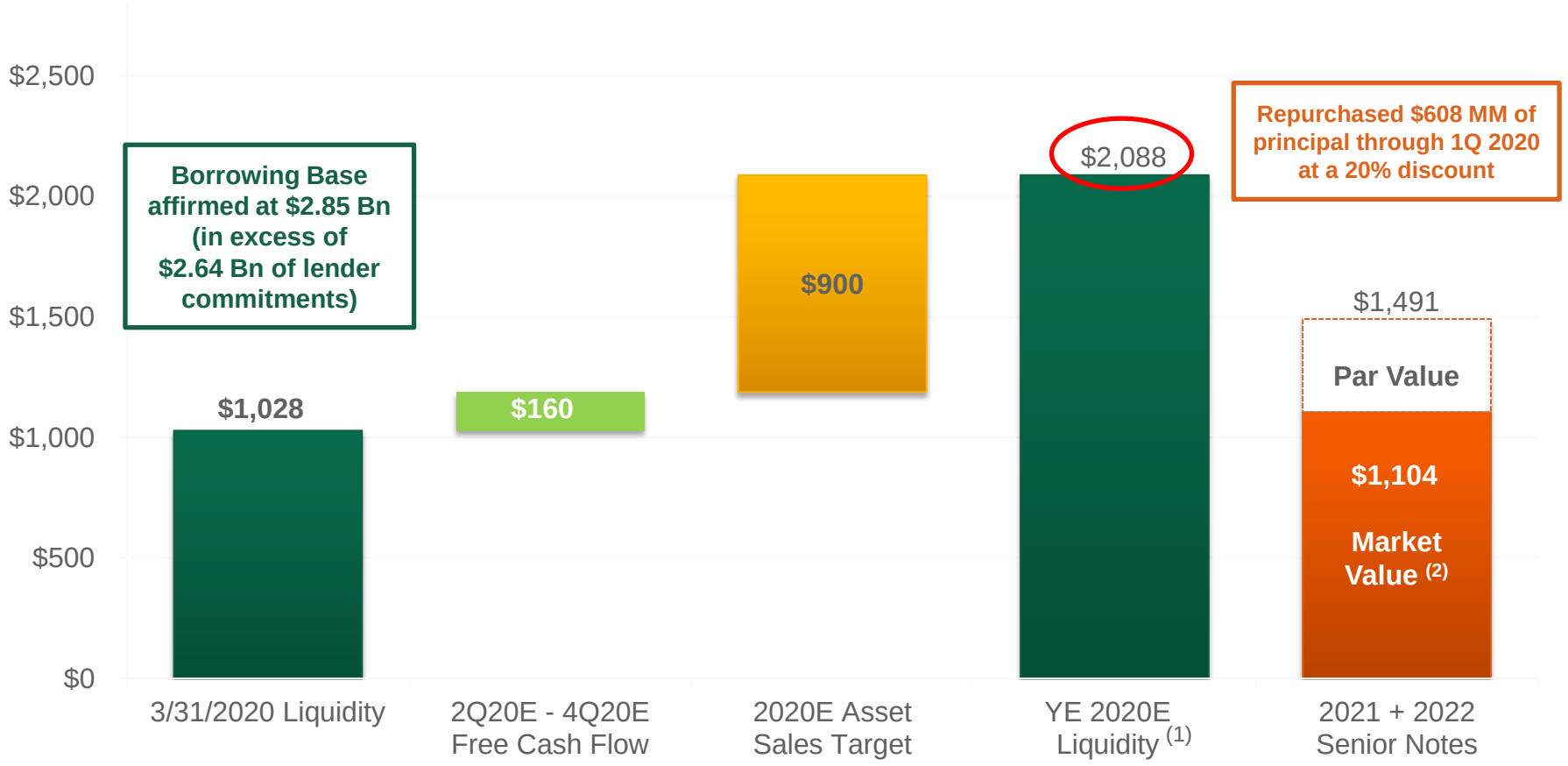
AM Infrastructure Capex ($MM)



Substantial Liquidity Enhancements at AR

Antero Resources plans to have substantial capacity to address its November 2021 and December 2022 bond maturities through asset sales and cost and activity reductions

AR 2020 Liquidity Outlook ($MM)



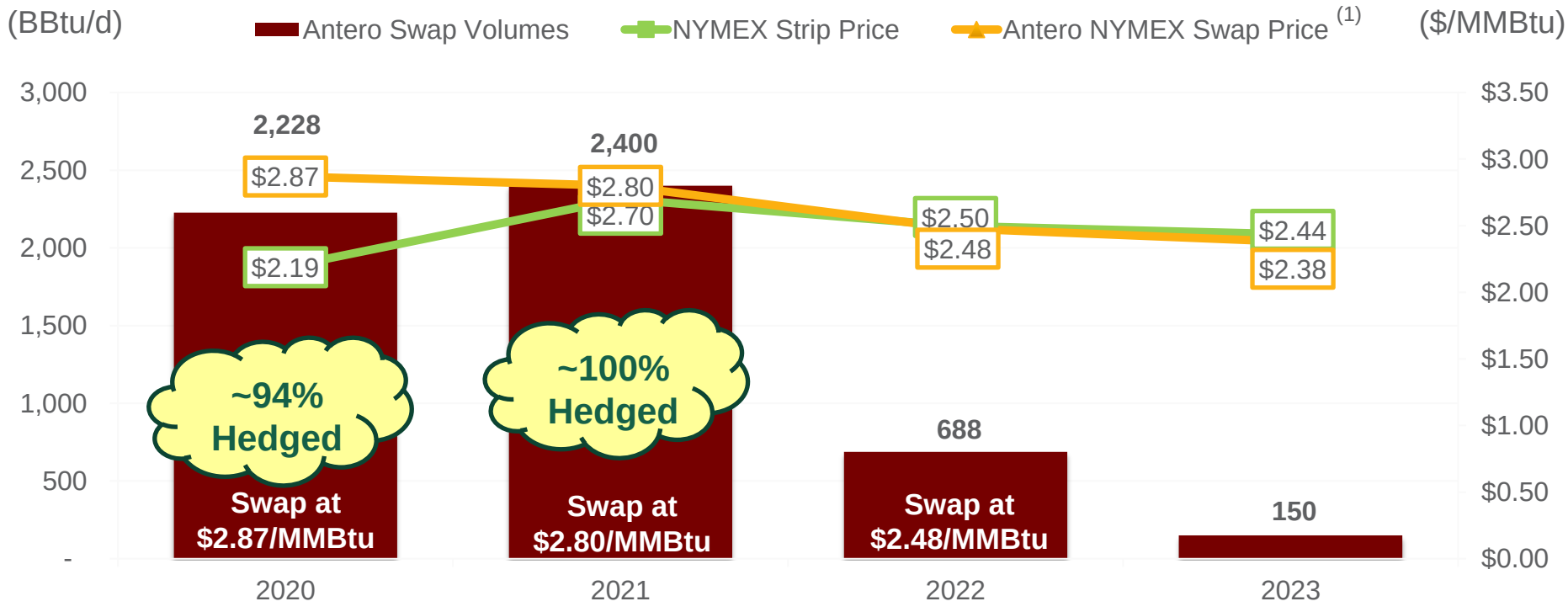
Note: Liquidity represents borrowing availability under AR's credit facility based on $2.64 Bn of lender commitments, $730 million of letters of credit and $882 million of borrowings as of 03/31/2020. Free Cash Flow is a non-GAAP term. Represents Cash Flow from Operations, less Drilling and Completion capital and leasehold capital. Includes AM cash dividends payable to AR, plus the $125 million earnout payment expected from AM associated with the water drop down transaction that occurred in 2015. 2Q – 4Q 2020E Free Cash Flow estimate excludes 1Q 2020 Free Cash Flow of ~$15 million.

1) *Forecasted year-end 2020 liquidity assumes no change in bank credit facility.*
2) *Market value based on bond pricing as of 4/29/2020 of $85 for the senior notes due in 2021 and $63.50 for the senior notes due in 2022.*

Enhanced Natural Gas Hedge Position

AR continued its consistent hedging program during 1Q20, adding 688 MMBtu/d to its 2022 hedge position (previously unhedged) at a price of $2.48/MMBtu

Antero Natural Gas Hedge Profile



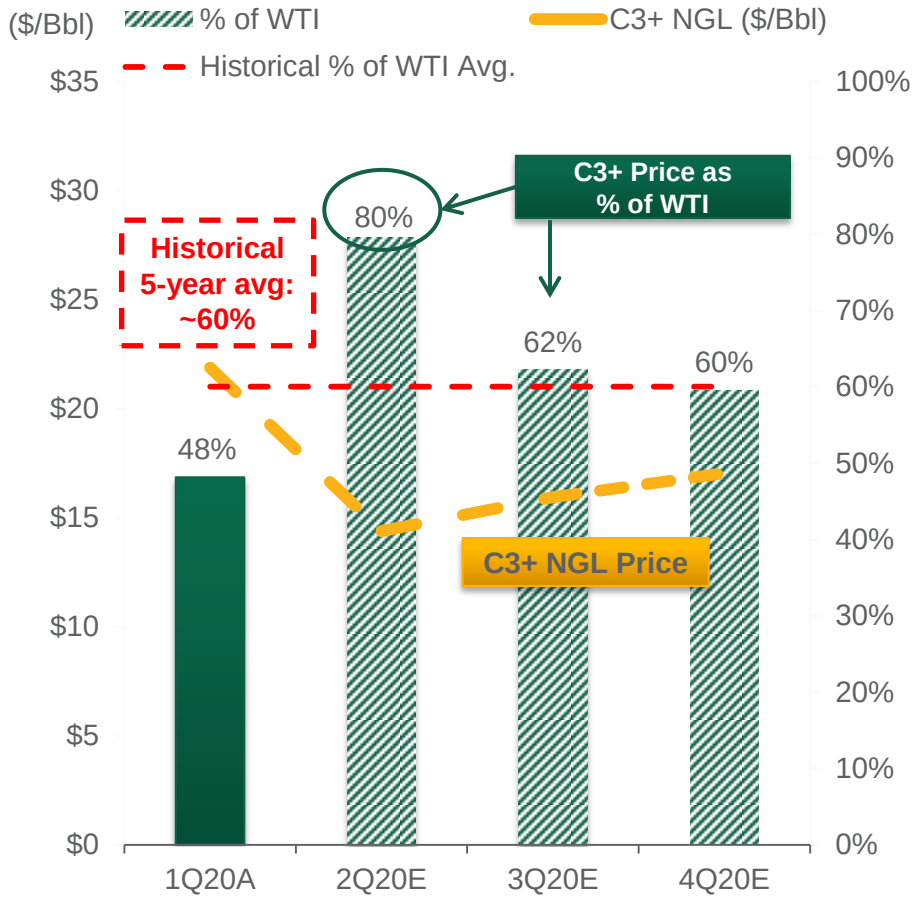
~$825 MM Forecasted Hedge Value (1)

Note: Percentage hedged represents percent of expected natural gas production hedged based on natural gas production guidance of 2.375 Bcf/d in 2020.
1) Strip pricing and hedge position as of 3/31/2020 (only for natural gas hedges - excludes liquids).

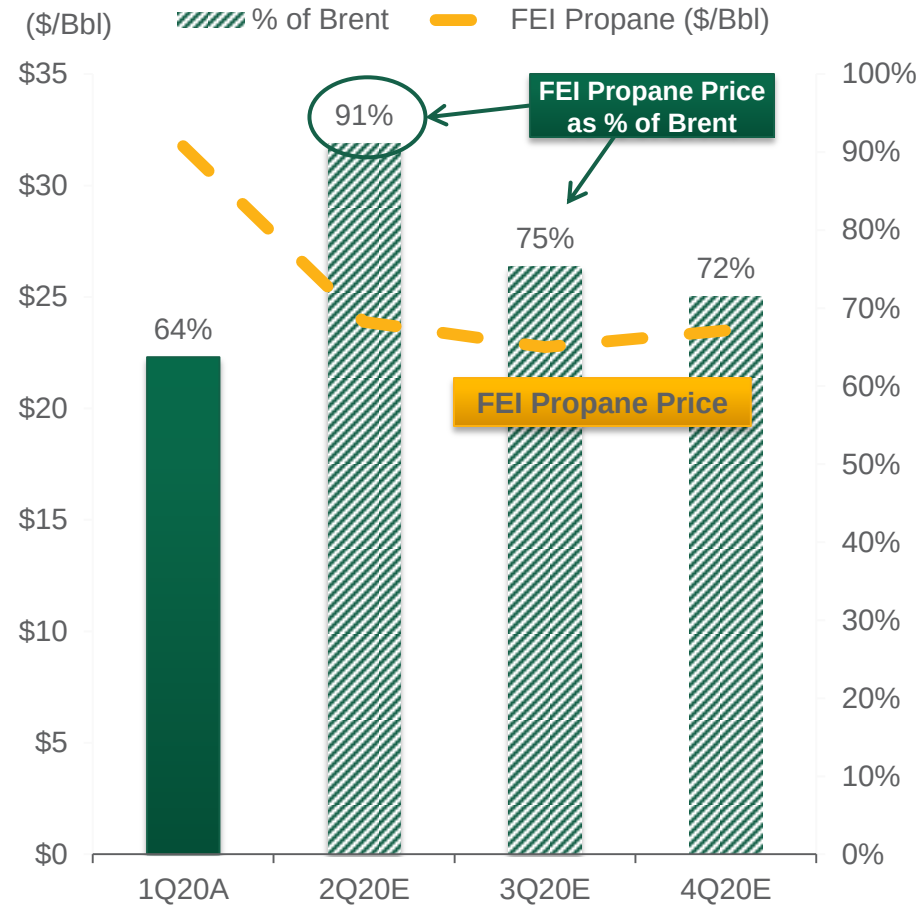
NGL Price Recovery Expected

Domestic and international LPG prices are improving on a relative basis to crude oil, driven by inelastic global demand from petrochemicals and res/comm

C3+ NGL Prices & % of WTI (1)



FEI Propane Prices & % of Brent



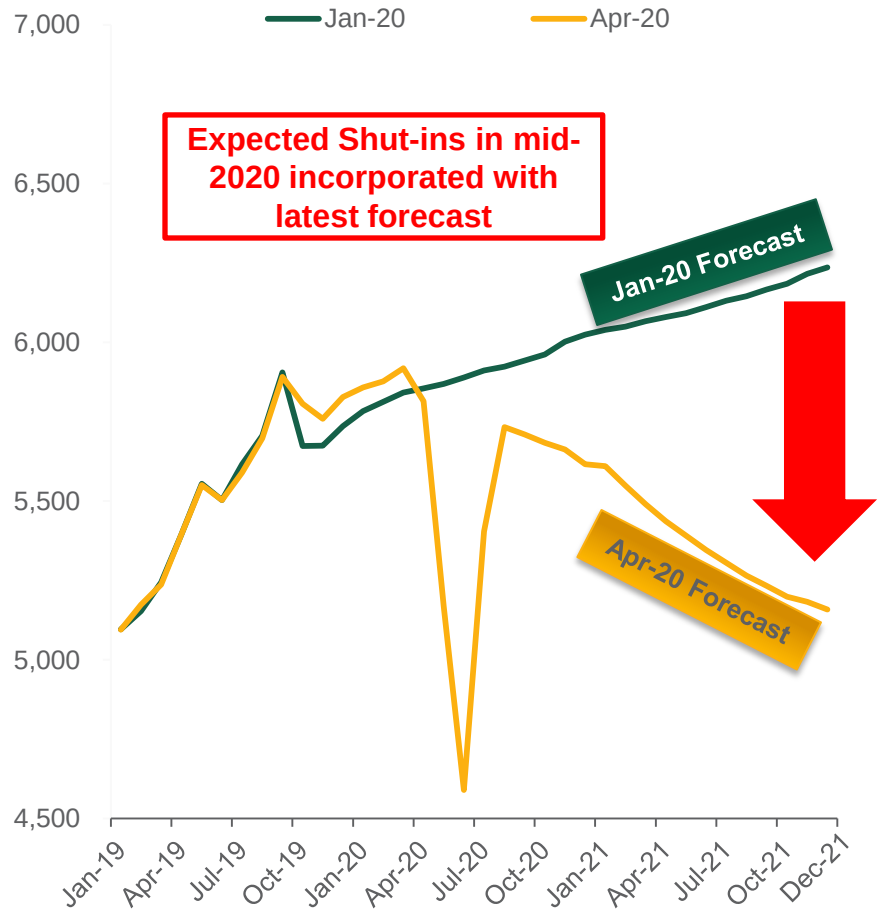
Source: ICEdata Mont Belvieu strip pricing as of 4/24/2020

1) Based on Antero C3+ NGL component barrel consists of 56% C3 (propane), 10% isobutane (Ic4), 17% normal butane (Nc4) and 17% natural gasoline (C5+).

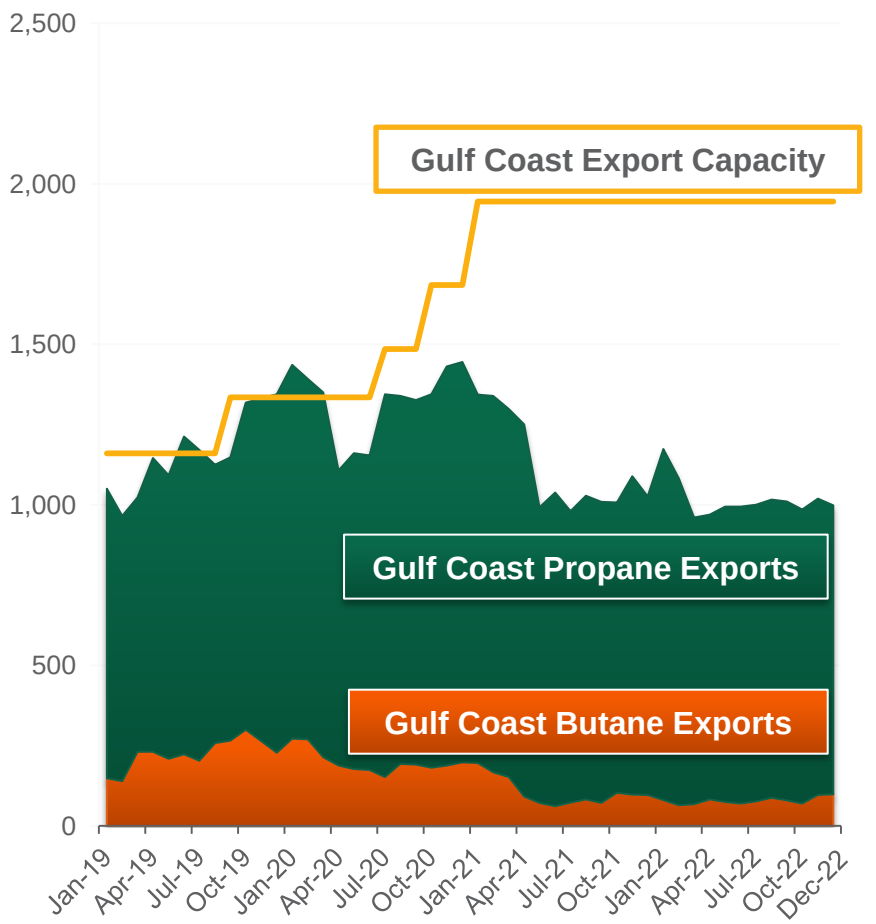
Significant Impact from Associated NGL Production

Oil prices are expected to have an even more pronounced impact on NGL supply where two thirds of the supply comes from oil shale plays

Wellhead NGL Production Forecast (MBbl/d)



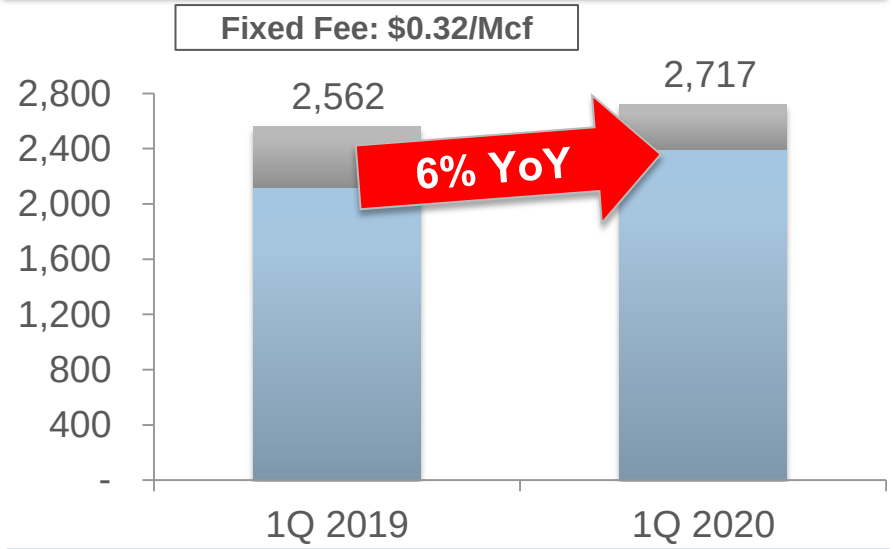
LPG Export Capacity



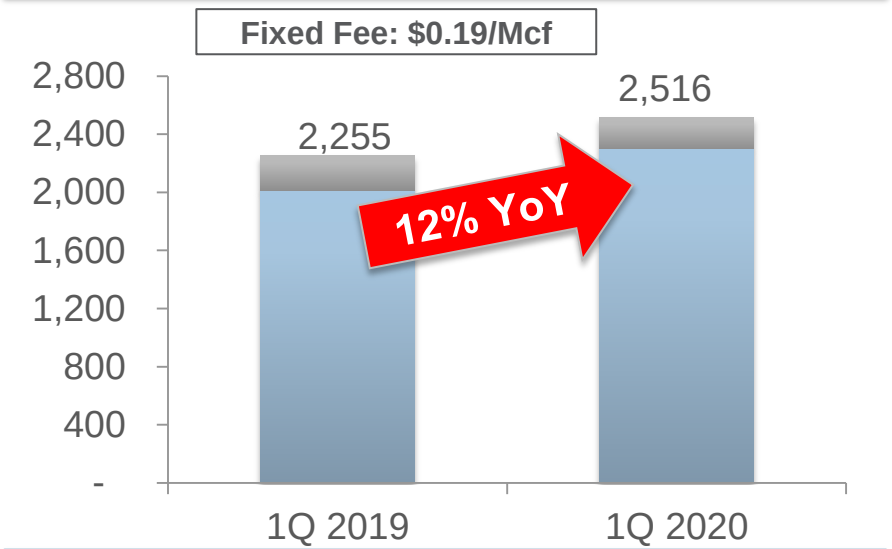
Note: Represents Platts Analytics data as of April 24, 2020.
1) Based on Baker Hughes rig data.

Year-Over-Year Midstream Throughput Growth

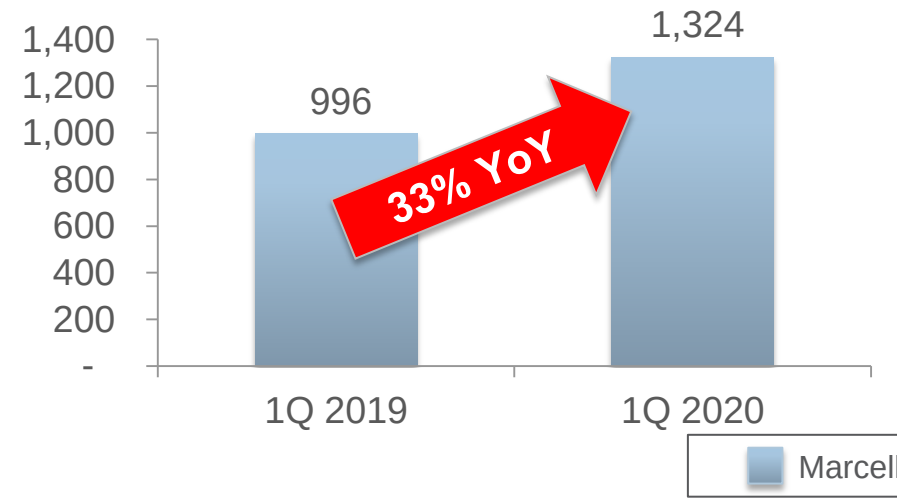
Low Pressure Gathering (MMcf/d)



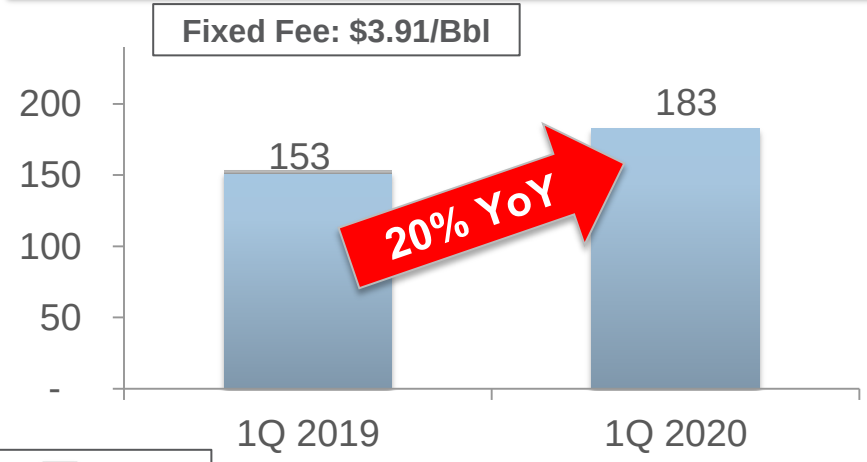
Compression (MMcf/d)



Processing Volumes (MMcf/d)



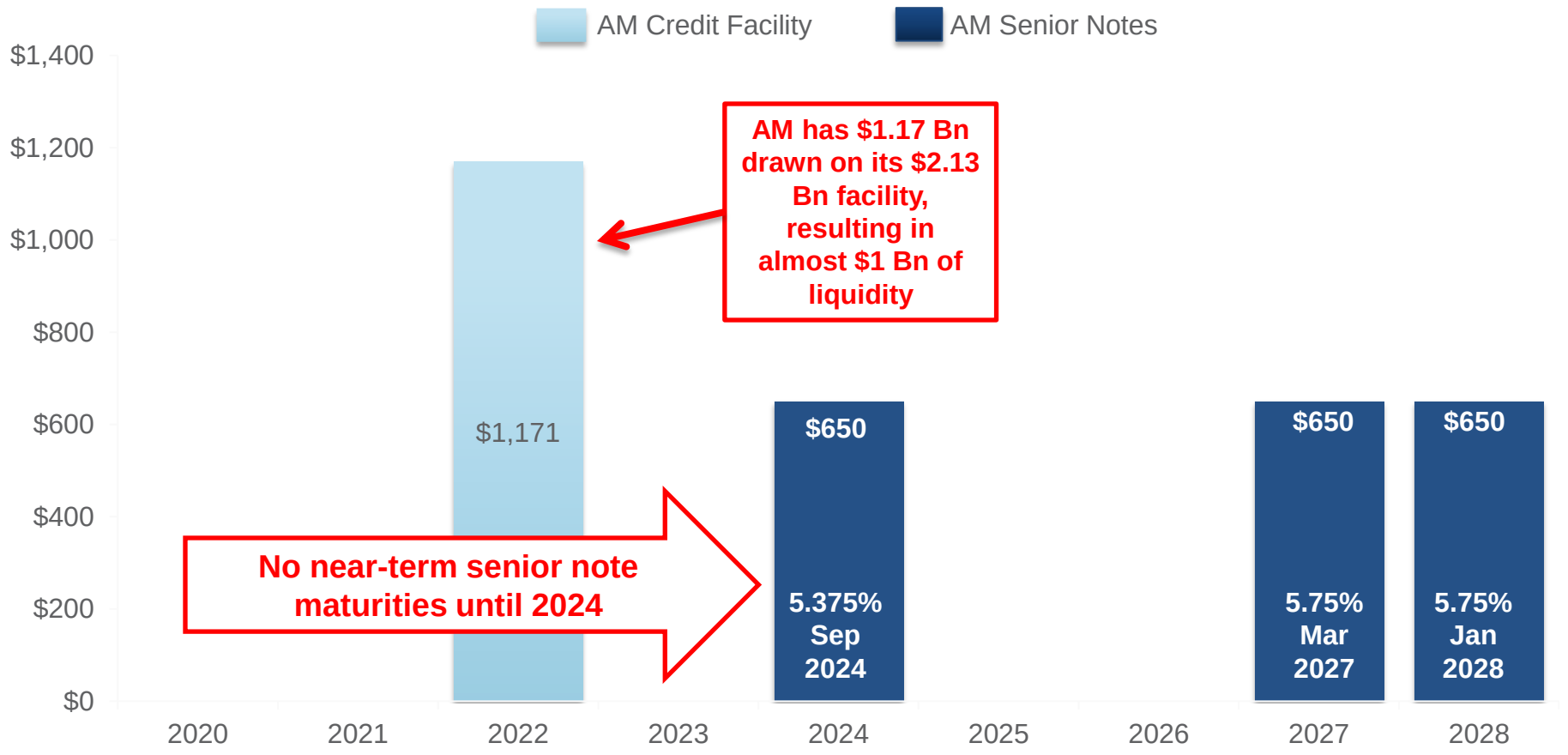
Fresh Water Delivery (MBbl/d)



Attractive Term Debt Structure & Liquidity Profile

Antero Midstream has ~$1 billion of liquidity, leverage of 3.7x (~1x below G&P peer average leverage of 4.7x) and no senior note maturities until 2024

03/31/2020 Debt Term Structure ($MM)

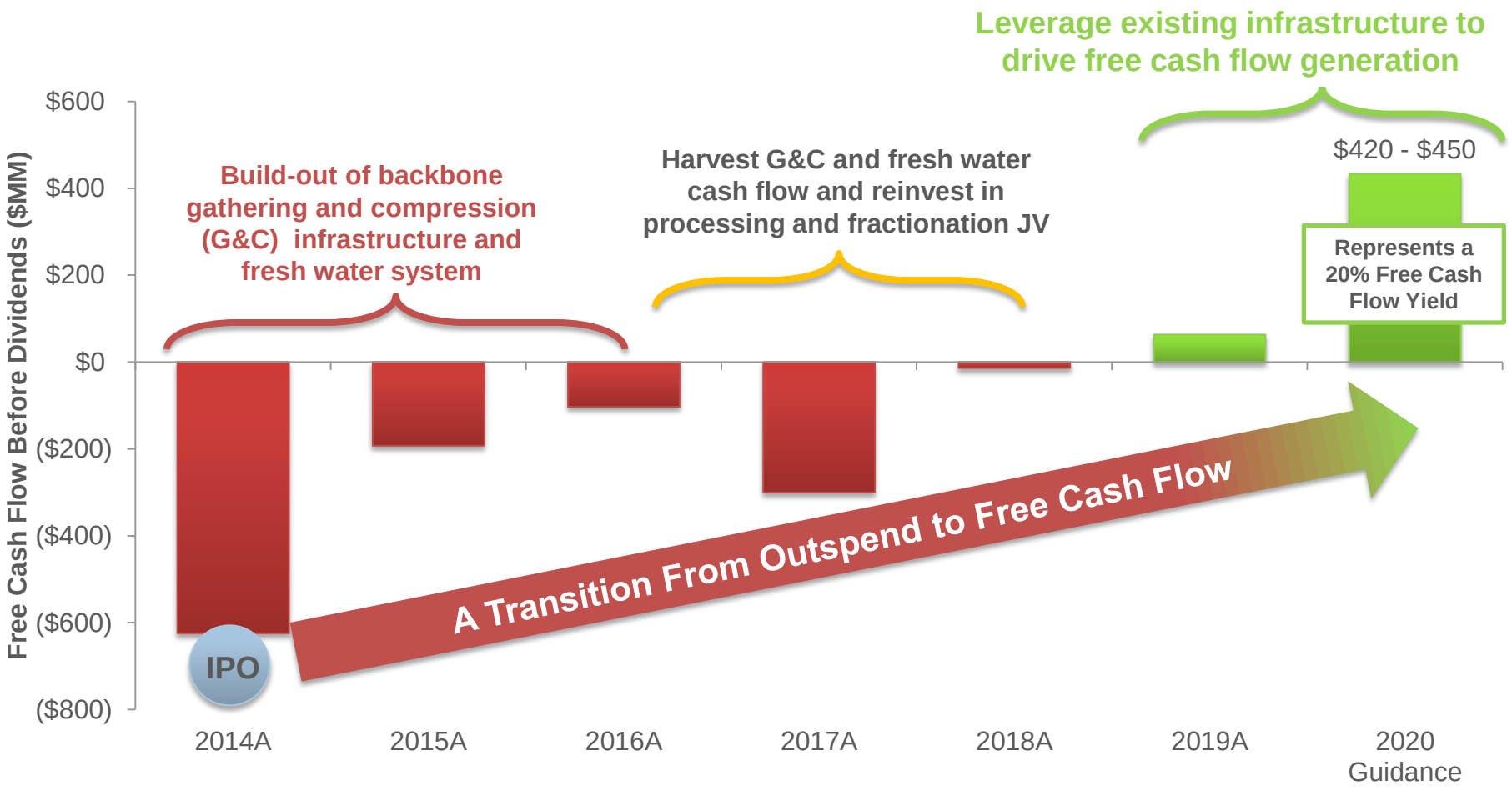


Source: FactSet peer data. Peer average includes CEQP, CNXM, DCP, ENBL, ENLC, HESM, MPLX, NBLX, SMLP, WES, ETRN.
Note: Leverage is a Non-GAAP measure. Please see appendix for additional disclosures and definitions

Inflection Point of Generating Free Cash Flow

Through its just-in-time capital investment philosophy and capital discipline, AM has achieved scale and is at an inflection point of free cash flow generation in 2020

Free Cash Flow Before Dividends & Changes in Working Capital ($MM)



Note: Free Cash Flow is a Non-GAAP metric – please see appendix for definition. Free cash flow yield is defined as free cash flow divided by market capitalization (data a of 4/29/20).

Updated 2020 Guidance Summary

2020 Original Guidance		2020 Updated Guidance	% Change
➢ $300 - $325	Capital Expenditures ($ MM)	➢ $215 - $240	(27)%
➢ $850 - $900	Adjusted EBITDA ($MM)	➢ $800 - $830	(7)%
➢ $375 - $425	Free Cash Flow ($MM) (Before return of capital & changes in working Capital)	➢ $420 - $450	9%
➢ 14% - 16%	Return on Invested Capital Target (ROIC)	➢ 14% - 16%	No Change
➢ $625 - $675	Distributable Cash Flow ($MM)	➢ $590 - $620	(7)%

Note: Adjusted EBITDA, Free Cash Flow, Distributable Cash Flow and Return on Invested Capital are Non-GAAP measures. Please see appendix for additional disclosures and definitions.

Antero Midstream

APPENDIX

Antero Midstream Non-GAAP Measures

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 minus effective tax rate impacts from net operating loss carryforwards under CARES Act and tax effect of reconciling items. 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 paid, decrease in cash reserved for bond interest and capital expenditures. Free Cash Flow is before dividend payments, share repurchases and changes in working capital. 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 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.

Antero Midstream defines Return on Invested Capital ("ROIC") 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.

Adjusted EBITDA, Adjusted Net Income, Free Cash Flow, Distributable Cash Flow and ROIC are non-GAAP financial measures. The GAAP measure most directly comparable to such measures (other than ROIC) 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, Adjusted EBITDA and invested capital, as applicable. 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. Antero Midstream defines leverage as net debt divided by LTM Adjusted EBITDA.

Antero Resources Non-GAAP Measures

Free Cash Flow is a measure of financial performance not calculated under GAAP and should not be considered in isolation or as a substitute for cash flow from operating, investing, or financing activities, as an indicator of cash flow, or as a measure of liquidity. Antero Resources defines Free Cash Flow as Cash Flow from Operations, less drilling and completion capital and leasehold capital and earnout payments.

Antero Resources has not provided projected Cash Flow from Operations or reconciliations of Free Cash Flow to projected Cash Flow from Operations, the most comparable financial measure calculated in accordance with GAAP. AR is unable to project Cash Flow from Operations for any future period because this metric includes the impact of changes in operating assets and liabilities related to the timing of cash receipts and disbursements that may not relate to the period in which the operating activities occurred. AR is unable to project these timing differences with any reasonable degree of accuracy without unreasonable efforts. However, AR is able to forecast 2020 drilling and completion capital of $750 million and leasehold capital of $45 million. Targeted 2020 Free Cash Flow also includes the $125 million earnout payment received from Antero Midstream in January 2020 associated with the water drop down transaction that occurred in 2015. Targeted 2020 Free Cash Flow is based on current strip pricing and assumes that dividends from Antero Midstream remain flat for the year for aggregate annual dividends from Antero Midstream of $171 million in 2020. Today, Antero Midstream announced that in light of the uncertain market conditions impacting the energy industry, Antero Midstream will continue to evaluate its capital budget as well as the appropriate amount of capital that is returned to shareholders through dividends and share repurchases in order to maintain its financial profile.

Free Cash Flow is a useful indicator of the AR's ability to internally fund its activities and to service or incur additional debt. There are significant limitations to using Free Cash Flow as a measure of performance, including the inability to analyze the effect of certain recurring and non-recurring items that materially affect the AR's net income, the lack of comparability of results of operations of different companies and the different methods of calculating Free Cash Flow reported by different companies. Free Cash Flow does not represent funds available for discretionary use because those funds may be required for debt service, land acquisitions and lease renewals, other capital expenditures, working capital, income taxes, exploration expenses, and other commitments and obligations.

Antero Midstream Non-GAAP Measures

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

	March 31, 2020
Bank credit facility	$1,170,500
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	(22,588)
Consolidated total debt	$3,103,762
Cash and cash equivalents	-
Consolidated net debt	$3,103,762

The following table reconciles pro forma net income to pro forma Adjusted EBITDA for the twelve months ended March 31, 2020 as used in this presentation (in thousands):

		12 months ended March 31, 2020
Net Income (Loss)	$	**(757,487)**
Amortization of customer relationships		**70,709**
Impairment expense		**1,426,504**
Interest expense		**141,816**
Provision for income tax expense (benefit)		**(244,804)**
Depreciation expense		**116,870**
Accretion and change in fair value of contingent acquisition consideration		**7,246**
Equity-based compensation		**65,432**
Equity in earnings of unconsolidated affiliates		**(67,316)**
Distributions from unconsolidated affiliates		**83,173**
Conflicts committee legal & advisory fees		**2,278**
Adjusted EBITDA	$	**844,421**

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	—	25
Interest expense	150	—	160
Amortization of customer relationships	70	—	75
Distributions from unconsolidated affiliates	90	—	100

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):

	2014A	2015A	2016A	2017A	2018 PF	2019PF
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
= Return on Invested Capital	**12%**	**9%**	**12%**	**14%**	**13%**	**13%**

Note: 2018 and 2019 pro forma for Simplification Transaction.