bp midstream partners

2Q 2020
financial results

August 6, 2020

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partners

focused on safety

delivering financial stability

Brian Sullivan

Vice president, investor relations

Cautionary statement

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FORWARD-LOOKING STATEMENTS

This presentation includes various “forward looking statements” within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical fact, regarding BP Midstream Partners LP’s (“BP Midstream,” “we,” “us” or “our”) strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. These statements often include the words “could,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on BP Midstream's current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. In accordance with “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors, which could cause future outcomes to differ materially from those set forth in forward-looking statements. All statements other than statements of historical fact included in this presentation, regarding our strategy, future growth, future operations, future actions, the continued effects of the global COVID-19 pandemic on the demand, the effects of the continued volatility of commodity prices ad the related macroeconomic and political environment, volumes, capital requirements, conditions or events, future operating results or the ability to generate sales, our potential exposure to market risks, statements relating to the expected amount of cash available for distribution and level of distributions, financial position, estimated revenues and losses projected cost, prospects, plans and objectives of management are forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future actions, conditions or events and future results of operations may differ materially from those expressed in these forward-looking statements. Forward-looking statements speak only as of the date of this presentation, and we disclaim any obligation to update such statements for any reason, except as required by law. All forward-looking statements contained in this presentation are expressly qualified in their entirety by the cautionary statements contained or referred to in this paragraph. Many of the factors that will determine these results are beyond our ability to control or predict. These factors include the risk factors described in BP Midstream’s annual report for the year ended December 31, 2019 as filed with the Securities and Exchange Commission (the “SEC”) on February 27, 2020, as updated by our subsequent filings with the SEC including the Form 10-Q filed on May 8, 2020. If any of those risks occur, it could cause our actual results to differ materially from those contained in any forward-looking statement. Because of these risks and uncertainties, you should not place undue reliance on any forward-looking statement.

This presentation has been prepared by BP Midstream and includes market data and other statistical information from sources believed by BP Midstream to be reliable, including independent industry publications, government publications or other published independent sources. Some data are also based on BP Midstream’s good faith estimates, which are derived from its review of internal sources as well as the independent sources described above. Although BP Midstream believes these sources are reliable, it has not independently verified the information and cannot guarantee its accuracy and completeness.

NON-GAAP FINANCIAL MEASURES

BP Midstream has included the non-GAAP financial measures Adjusted EBITDA and cash available for distribution based on information in its financial statements. Adjusted EBITDA and cash available for distribution are supplemental financial measures that management and external users of BP Midstream’s financial statements, such as industry analysts, investors, lenders and rating agencies may use, to assess: (i) BP Midstream’s operating performance as compared to other publicly traded partnerships in the midstream energy industry, without regard to historical cost basis or, in the case of Adjusted EBITDA, financing methods; (ii) the ability of BP Midstream’s business to generate sufficient cash to support its decision to make distributions to its unitholders; (iii) BP Midstream’s ability to incur and service debt and fund capital expenditures; and (iv) the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

BP Midstream believes that the presentation of Adjusted EBITDA and cash available for distribution provides useful information to management and investors in assessing its financial condition and results of operations. The GAAP measures most directly comparable to Adjusted EBITDA and cash available for distribution are net income and net cash provided by operating activities. Adjusted EBITDA and cash available for distribution should not be considered as an alternative to GAAP net income or net cash provided by operating activities, respectively. Adjusted EBITDA and cash available for distribution have important limitations as analytical tools because they exclude some but not all items that affect net income and net cash provided by operating activities. Adjusted EBITDA or cash available for distribution should not be considered in isolation or as a substitute for analysis of results as reported under GAAP. Additionally, because Adjusted EBITDA and cash available for distribution may be defined differently by other companies in the industry, BP Midstream’s definition of Adjusted EBITDA and cash available for distribution may not be comparable to similarly titled measures of other companies, thereby diminishing its utility. For reconciliations of Adjusted EBITDA and cash available for distribution to their most directly comparable GAAP measures, see “Supplementary Information”.

The Partnership is unable to provide financial guidance for projected net income or net cash provided by operating activities without unreasonable effort, and, therefore, is unable to provide a reconciliation of its Adjusted EBITDA and cash available for distributions projections to net income or net cash provided by operating activities, the most comparable financial measures calculated in accordance with GAAP.

The Partnership has not included a reconciliation of projected cash available for distribution 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.

Rip Zinsmeister

Chief executive officer

Agenda

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Results

- Operational results
- Financial results

2020 guidance

Q&A

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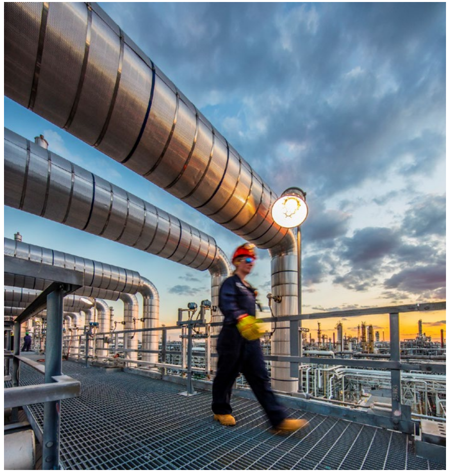
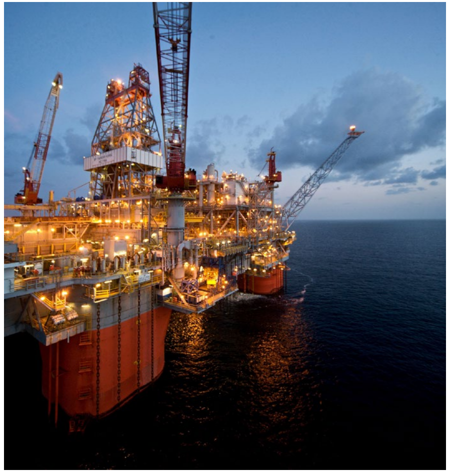
COVID-19 response

Monitoring and adapting



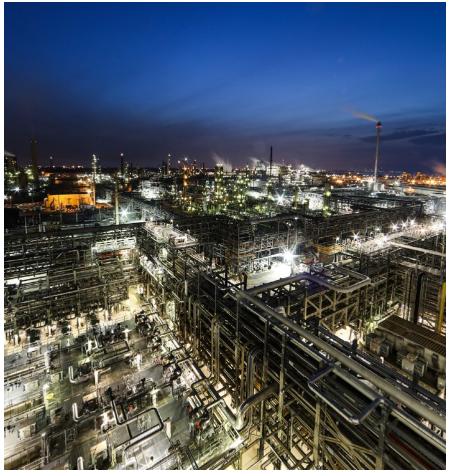
2020 guidance

Unchanged



MVC arrangements

Progressing with sponsor



Craig Coburn

Chief financial officer

Operational results

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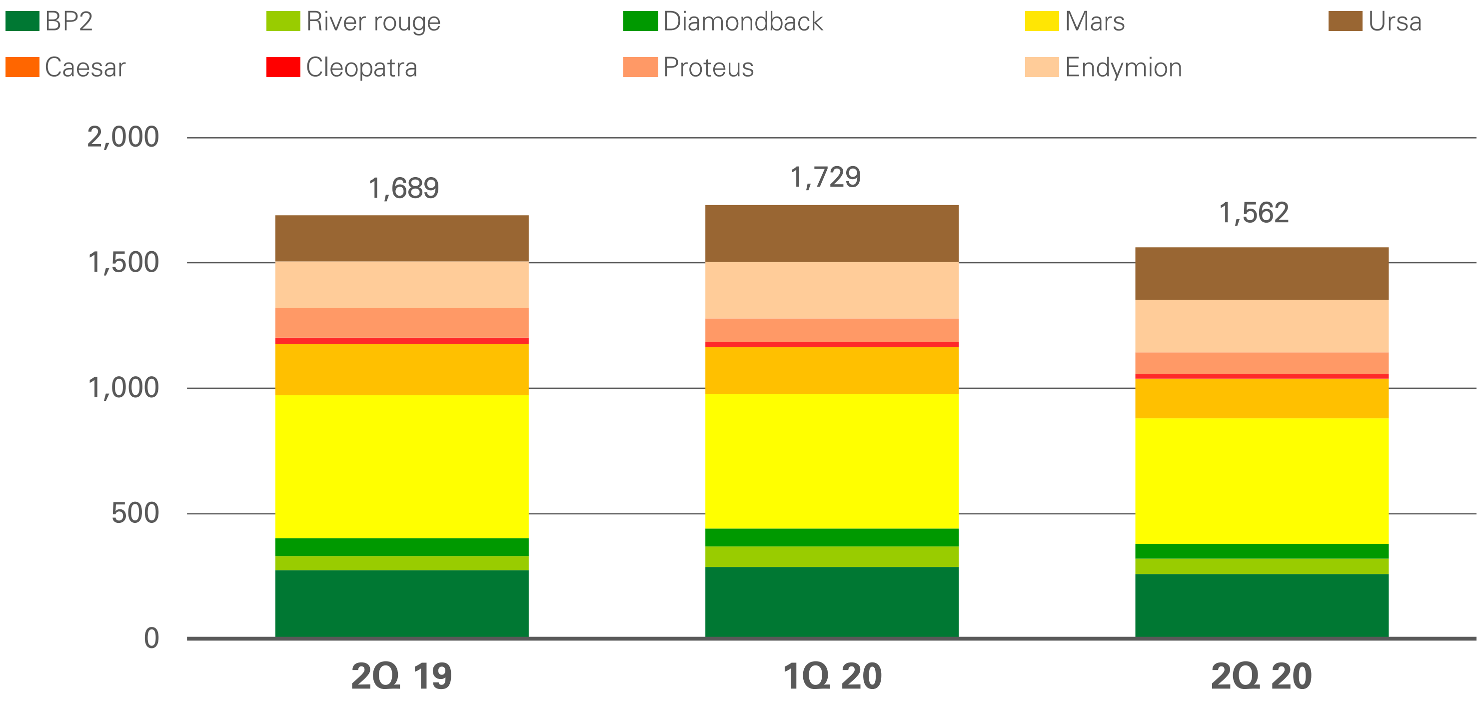
Quarterly pipeline gross throughput[1]

Thousands, boed



1) *Cleopatra gas volumes are converted to mboed by dividing mmscfd by 5.8.*

Financial results[1] ($ million)

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	2Q19	1Q20	2Q20
Revenue	**28.6**	**30.7**	**31.5**
Costs and expenses	11.5	11.1	11.0
Operating income	**17.1**	**19.6**	**20.5**
Income from equity method investments	28.8	31.3	26.8
Interest expense, net	3.8	3.4	1.9
Net income	**42.1**	**47.5**	**45.4**
Less: Net income attributable to non-controlling interests	4.8	5.8	4.8
Net income attributable to the Partnership	**37.3**	**41.7**	**40.6**
Adjusted EBITDA attributable to the Partnership	45.6	47.8	47.4
Cash available for distribution attributable to the Partnership	42.9	44.1	43.2

1) *Rounding convention has been modified to ensure key line items sum correctly.*

2020 Guidance

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Full year 2020 guidance

Guidance is unchanged

Adjusted EBITDA	$190-200m
Cash available for distribution	$180-190m
Distribution growth	5% vs 2019[1]

3Q20 guidance[2]

Higher gross throughput
- Higher throughput on River Rouge
- Higher offshore volumes

Broadly flat Adjusted EBITDA
- Increased revenues offset by absence of deficiency revenue at the level that was recognized in 2Q

Higher Cash available for distribution

Factors impacting guidance

Reflected in guidance
- Reduced FLA revenues
- Lower onshore asset throughput
- Reduced financing costs
- Additional storage revenue at LOOP
- Operational & maintenance cost reductions[3]

Not included in guidance
- Lower than expected offshore volumes
- Delays to offshore major project construction timelines

1) *5% growth is cumulative 2020 distribution over cumulative distribution 2019, while previous guidance of ~10% distribution growth was 4Q2020 over 4Q2019.*

2) *Compared to the second quarter 2020.*

3) *Cost reductions that do not impact safety or compliance, i.e. waiver by bp of increase in omnibus fee.*

Rip Zinsmeister

Chief executive officer

Q&A

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Craig Coburn
Chief financial officer

Rip Zinsmeister
Chief executive officer

Brian Sullivan
Vice president, investor relations

Supplementary information

Reconciliation of Adjusted EBITDA and CAFD to Net Income[1]

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($ million)

	2Q19	1Q20	2Q20
Net income	**42.1**	**47.5**	**45.4**
Add:			
Depreciation	0.7	0.7	0.6
Interest expense, net	3.8	3.4	1.9
Cash distributions received from equity method investments[2]	33.8	34.2	31.8
Less:			
Income from equity method investments	28.8	31.3	26.8
Adjusted EBITDA	**51.6**	**54.5**	**52.9**
Less:			
Adjusted EBITDA attributable to non-controlling interests	6.0	6.7	5.5
Adjusted EBITDA attributable to the Partnership	**45.6**	**47.8**	**47.4**

1) *Rounding convention has been modified to ensure key line items sum correctly.*

2) *These amounts represent 100% of the cash distributions from Mars, Ursa, KM Phoenix and Mardi Gras joint ventures prior to distribution to non-controlling interests.*

Reconciliation of Adjusted EBITDA and CAFD to Net Income[1]

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Continues from previous slide

($ million)

	2Q19	1Q20	2Q20
Adjusted EBITDA attributable to the Partnership	**45.6**	47.8	**47.4**
Add:			
Net adjustments from volume deficiency agreements	1.0	0.1	(1.7)
Maintenance capital recovery[2]	-	0.6	-
Less:			
Net interest paid/(received)	3.7	7.2	0.8
Maintenance capital expenditures	0.1	0.7	0.5
Cash reserves[3]	(0.1)	(3.5)	1.2
Cash available for distribution attributable to the Partnership	**42.9**	**44.1**	**43.2**

1) *Rounding convention has been modified to ensure key line items sum correctly.*
2) *Relates to the portion of maintenance capital for Griffith Station Incident reimbursable by insurance.*
3) *Reflects cash reserved due to timing of interest payment(s).*

Reconciliation of Adjusted EBITDA and CAFD to Net Cash Provided by Operating Activities[1]

($ million)

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	2Q19	1Q20	2Q20
Net cash provided by operating activities	**50.3**	**48.9**	**50.6**
Add:			
Interest expense, net	3.8	3.4	1.9
Distributions in excess of earnings from equity method investments	3.4	2.8	2.5
Less:			
Change in operating assets and liabilities	4.9	0.5	2.1
Impairment and other, net[2]	1.0	-	-
Non-cash adjustments	-	0.1	-
Adjusted EBITDA	**51.6**	**54.5**	**52.9**
Less:			
Adjusted EBITDA attributable to non-controlling interests	6.0	6.7	5.5
Adjusted EBITDA attributable to the Partnership	**45.6**	**47.8**	**47.4**

1) *Rounding convention has been modified to ensure key line items sum correctly.*

2) *This includes $3.1 million of costs related to the Griffith Station Incident (impairment charge of $2.3 million and $0.8 million for response expense), net of $(2.1) million in offsetting insurance receivable. The net charge of $1.0 million reflects our insurance deductible.*

Reconciliation of Adjusted EBITDA and CAFD to Net Cash Provided by Operating Activities[1]

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Continues from previous slide

($ million)

	2Q19	1Q20	2Q20
Adjusted EBITDA attributable to the Partnership	**45.6**	**47.8**	**47.4**
Add:			
Net adjustments from volume deficiency agreements	1.0	0.1	(1.7)
Maintenance capital recovery[2]	-	0.6	-
Less:			
Net interest paid/(received)	3.7	7.2	0.8
Maintenance capital expenditures	0.1	0.7	0.5
Cash reserves[3]	(0.1)	(3.5)	1.2
Cash available for distribution attributable to the Partnership	**42.9**	**44.1**	**43.2**

1) *Rounding convention has been modified to ensure key line items sum correctly.*
2) *Relates to the portion of maintenance capital for Griffith Station Incident reimbursable by insurance.*
3) *Reflects cash reserved due to timing of interest payment(s).*

Gross Debt to annualized Adjusted EBITDA attributable to the Partnership[1]

($ million)

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	2Q19	1Q20	2Q20
Gross debt	468.0	468.0	468.0
Annualized Adjusted EBITDA attributable to the Partnership[2]	182.4	191.2	189.6
Gross Debt to annualized Adjusted EBITDA attributable to the partnership ratio[2]	**2.6**	2.4	2.5

1) Rounding convention has been modified to ensure key line items sum correctly.

2) Calculated by multiplying Adjusted EBITDA for the quarter by 4.