equitrans Midstream | eqm midstream partners, lp

Strategic Bolt-on Acquisition

EQM to acquire 60% of Eureka Midstream and 100% of Hornet Midstream

March 14, 2019

Strategic Bolt-on Acquisition

Value-enhancing assets integrate with EQM's core Marcellus and Utica footprint

Expanding supply hub creates significant commercial opportunities

Increased scale reduces unit operating costs

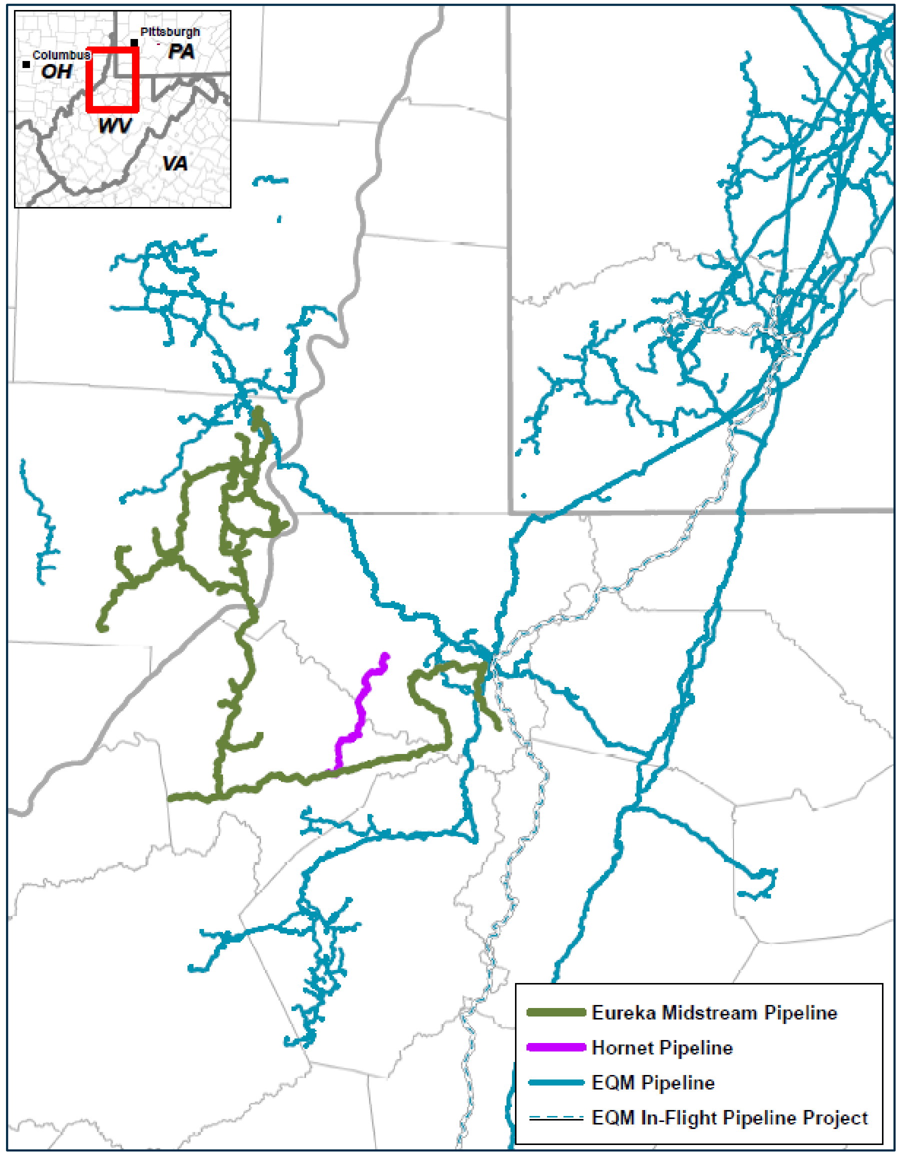
Accelerates water handling business opportunities

Diversifies producer customer mix

Increases exposure to wet Marcellus acreage

Creates capital synergy opportunities

Neutral to distributable cash flow during first 12 months, accretive thereafter



~$100 MM in EQM EBITDA forecast during first 12 months*

**Forecast reflects 60% interest in Eureka Midstream, 100% interest in Hornet Midstream, and additional commercial and water opportunities.*
See slide 10 for important information regarding the non-GAAP financial measures EBITDA and distributable cash flow.

Transaction Overview

Acquisition funding is secured

Acquisition Summary

EQM to acquire from a fund managed by Morgan Stanley Infrastructure Partners:

- ~60% interest in Eureka Midstream
- 100% interest in Hornet Midstream

Purchase price of $1.03 B

- ~$860 MM in cash
- ~$170 MM in assumed pro-rata debt*

EQM will operate acquired assets

Transaction expected to close on or about April 15, 2019

Financing Summary

Agreement in place for EQM to issue $1.1 B of Convertible Preferred Units

- 8.5% annual coupon for the first 5 years
- CP Unit count based on 20% premium to EQM 20-day VWAP prior to agreement signing
- Convertible on a 1-for-1 basis into EQM Common Units after 2 years
- Lead investors: BlackRock, GSO Capital Partners, and Magnetar Capital
- Supporting investors: The Carlyle Group and Foundation Infrastructure Partners in connection with Neuberger Berman Private Credit

Acquisition financing consistent with EQM leverage target

Expected to close simultaneously with the closing of the acquisition

**Based on 12/31/2018 debt balance at Eureka Midstream and Hornet Midstream.*

Asset Overview

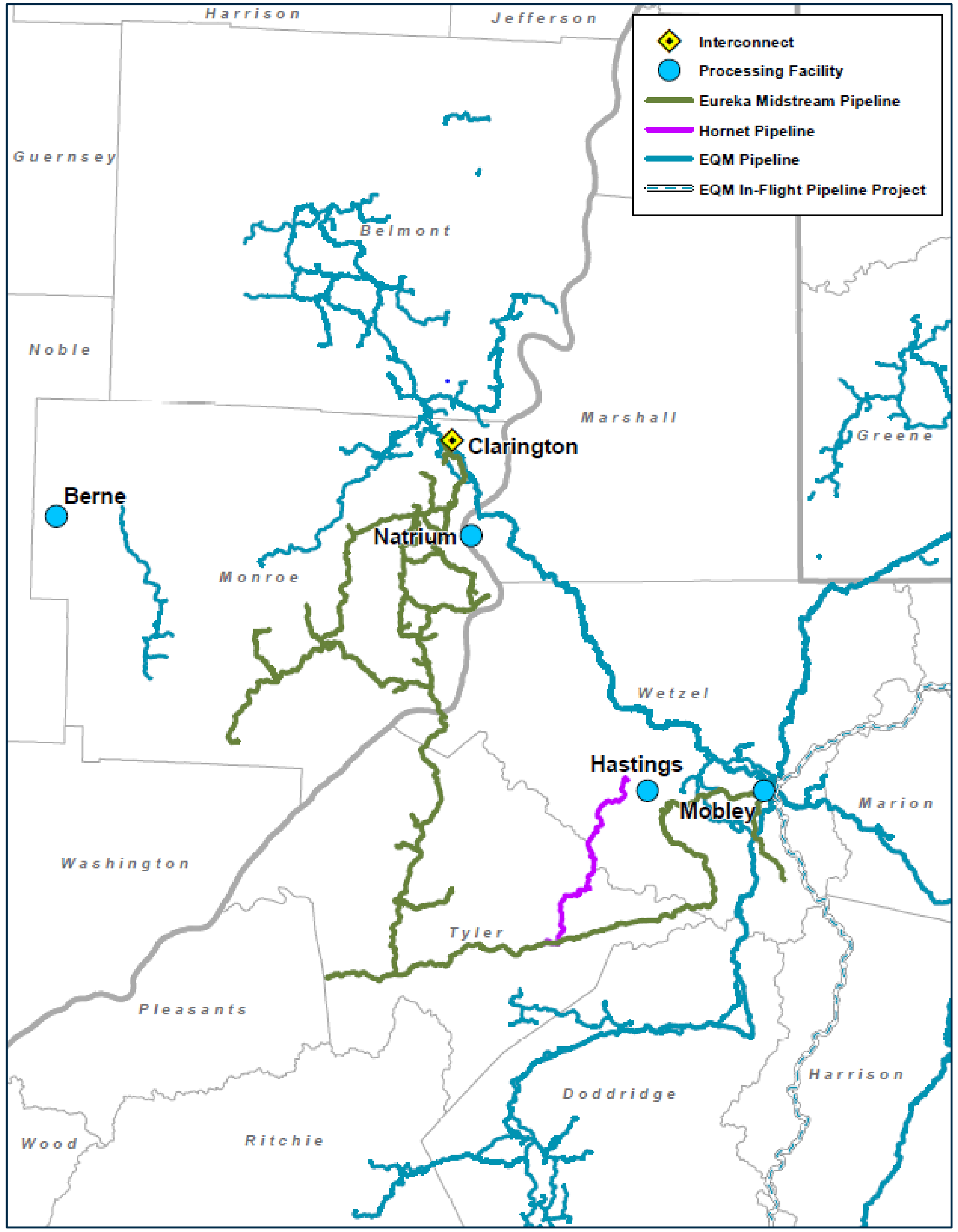
Building scale in the Appalachian Basin

Eureka Midstream

- 190-mile header system in core dry Utica / wet Marcellus
- Gathering mix: 67% dry and 33% wet
- Average gathered volume of ~1.6 Bcf/d*
- MVCs at 0.65 Bcf/d; growing to 1.16 Bcf/d in 2021
- Total system capacity of 3.0 Bcf/d
- ~200,000 dedicated, core Marcellus and Utica acres
- Interconnects with multiple interstate pipelines and provides access to four major processing plants
- Multiple producer customers with 17-year weighted average contract life

Hornet Midstream

- 15-mile, high-pressure pipeline in WV
- 150 MMcf/d under MVC



*For the three months ended December 31, 2018.

Commercial Opportunities

Strategically located assets enhance EQM system optionality

Increased system liquidity around Clarington Hub and Mobley Hub

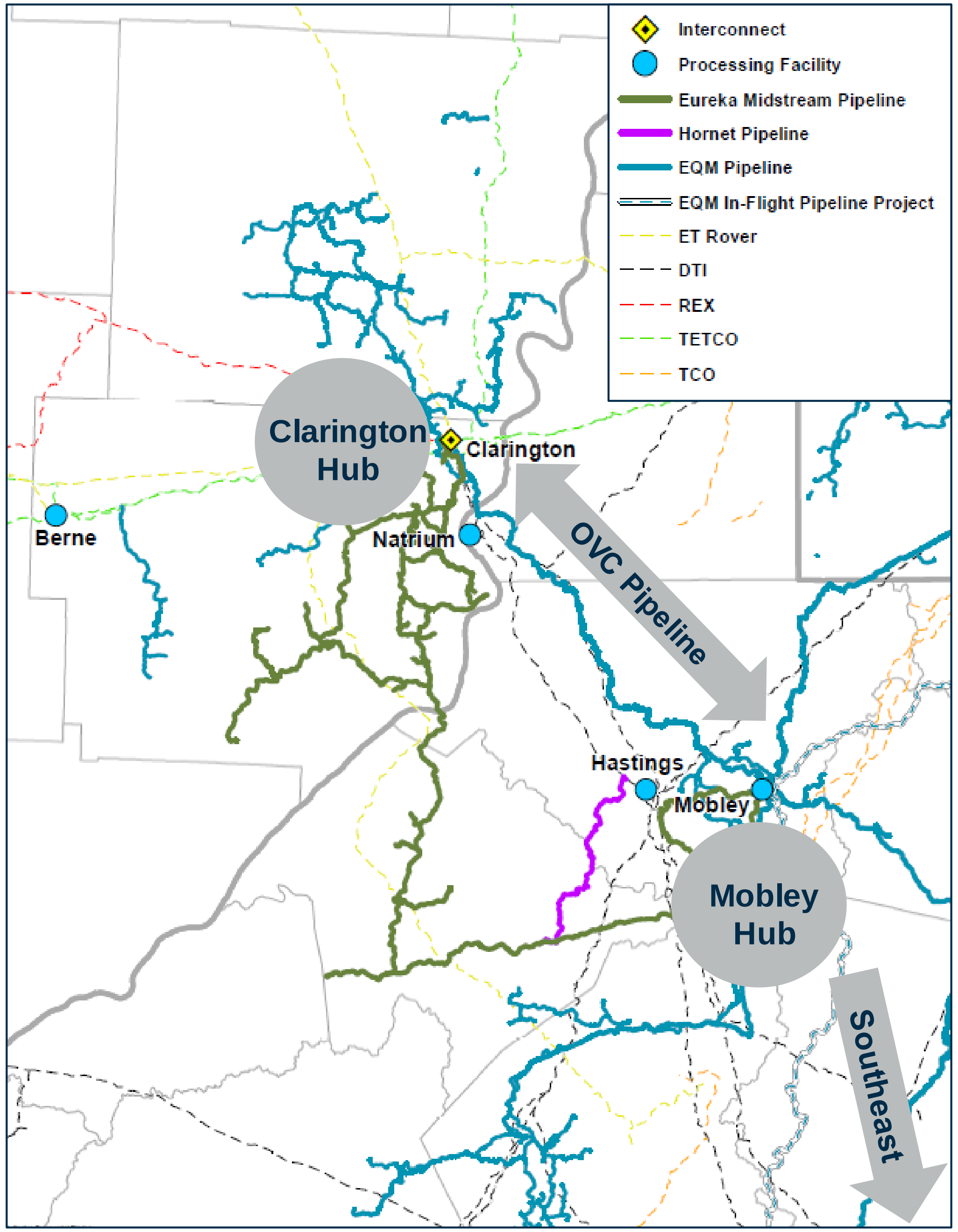
- Pro-forma EQM gathers ~8.6 Bcf/d*
- System interconnects with key interstate pipelines and provides access to major demand markets

Provides flexibility for customers

- OVC bi-directional capabilities can connect Utica supply with Southeast markets through MVP and MVP Southgate

Diversity of producer customers

- Customers are primarily publicly traded companies
- MVCs and acreage dedications support development



Extends reach into wet Marcellus

- Gathers production for core wet Marcellus development
- Accesses four major processing facilities

Benefits from integrating with existing EQM systems

- Capital avoidance of approximately $30 MM
- Increased scale helps to lower unit operating costs

Eureka Midstream volumes shown on 8/8ths basis.

Water Services Business

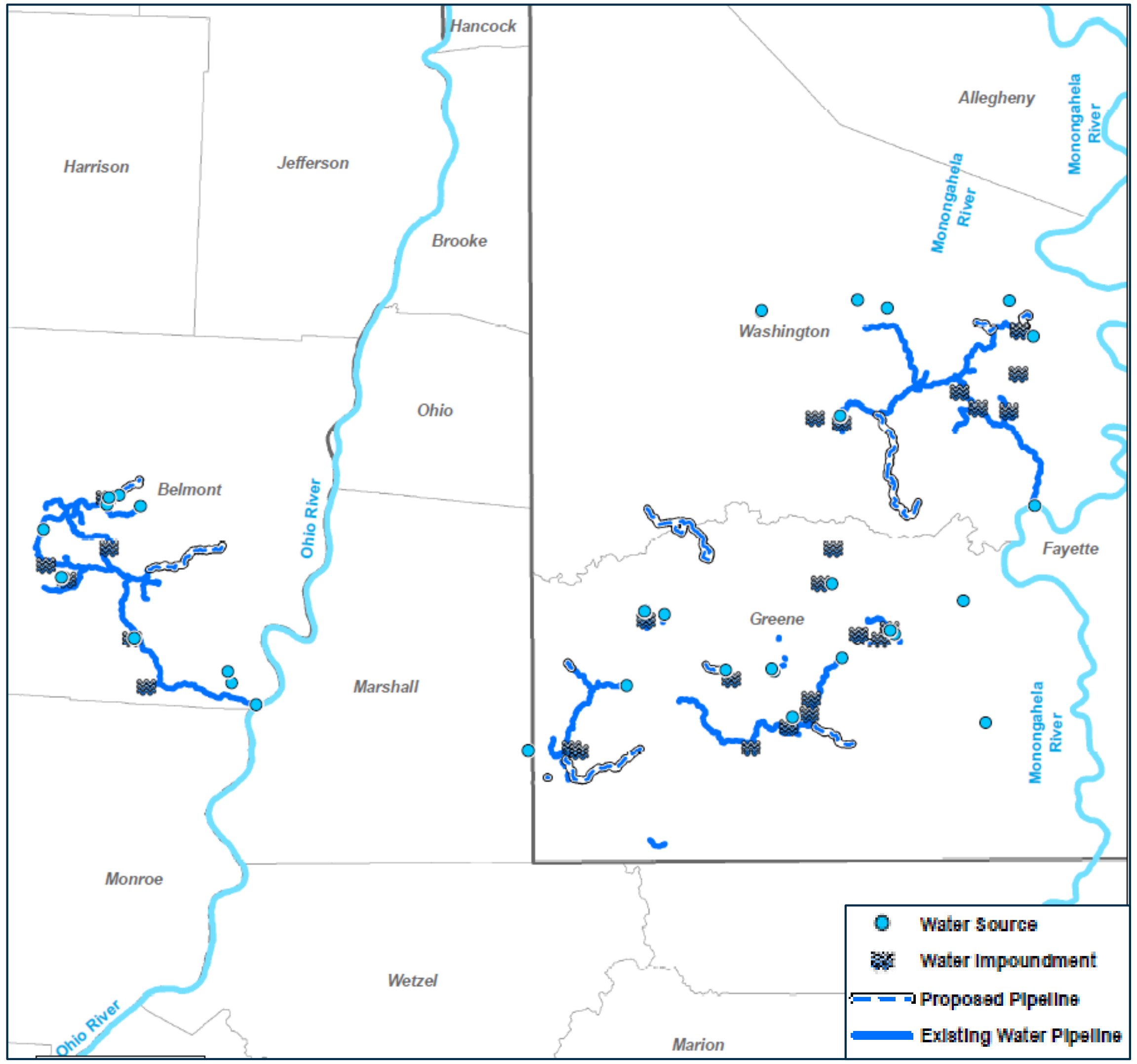
Footprint builds upon EQM's growing water services business

Opportunity to expand EQM's fresh water services to new producer customer base

- **Producers currently sourcing water primarily via trucking**
- **Water delivery via pipeline lowers producers' per unit costs, reduces environmental emissions, and is more safe**
- **Rights-of-way access enhances ability to serve existing gas gathering customers**

Produced water solution upside opportunity

- **Produced water currently handled primarily via trucking**
- **Pipeline solution provides significant cost, safety and environmental advantages**
- **EQM initiating produced water service plan in 2019**



Transaction Guidance

Financial Summary

Approximately $100 MM of expected EQM EBITDA during the first 12 months*

Forecast greater than 20% EBITDA growth per year for several years

Stable cash flow profile underpinned by significant MVC contracts

Growth Capital

Eureka header system largely built-out over last few years

Modest incremental EQM growth capex forecast over next three years

- $90 MM in 2019, $130 MM in 2020, $80 MM in 2021

Growth & Leverage Targets Affirmed

Acquisition supports current growth and financial targets

- EQM – 6% annual distribution per unit growth
- ETRN – 8% annual dividend per share growth
- Long-term leverage target of 3.5x – 4.0x at EQM
- Long-term coverage target above 1.2x at EQM

Acquisition is neutral to EQM distributable cash flow over first 12 months and accretive thereafter

**Forecast reflects 60% interest in Eureka Midstream, 100% interest in Hornet Midstream, and additional commercial and water opportunities.*
See slide 10 for important information regarding the non-GAAP financial measures EBITDA and distributable cash flow.

Recent Strategic Focus

Continued progress towards building a top-tier midstream company

E-Train Initiatives

- Simplified midstream IDR structure
- Project execution – MVP, Hammerhead, and MVP Southgate
- Solidify MVP expansion and additional MVP Southgate opportunities
- Optimize and integrate the Pennsylvania gathering systems
- Strategic focus on scale and scope growth opportunities
- Develop & implement a produced water pipeline solution across Appalachian Basin footprint

Cautionary Statement

The Convertible Preferred Units to be sold in the private placement have not been registered under the Securities Act of 1933, as amended (Securities Act), or applicable state securities laws, and accordingly may not be offered or sold in the United States except pursuant to an effective registration statement or an applicable exemption from the registration requirements of the Securities Act and such applicable state securities laws. This presentation does not constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities in any state or jurisdiction in which the offer, solicitation or sale of these securities would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

Disclosures in this presentation contain certain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Statements that do not relate strictly to historical or current facts are forward-looking. Without limiting the generality of the foregoing, forward-looking statements contained in this presentation specifically include the expectations of plans, strategies, objectives and growth and anticipated financial and operational performance of Equitrans Midstream Corporation (ETRN) and its subsidiaries, including EQM Midstream Partners, LP (EQM), including guidance regarding EQM's gathering and water services revenue and volume growth; projected revenue and expenses; infrastructure programs (including the timing, cost, capacity, and sources of funding with respect to gathering and water projects); the cost, capacity, timing of regulatory approvals, and anticipated in-service dates of current projects; EQM's ability to provide produced water handling services and realize expansion and optimization opportunities; acquisitions and other strategic transactions, including the proposed acquisition of interests in Eureka Midstream Holdings, LLC (Eureka) and Hornet Midstream Holdings, LLC (Hornet), and EQM's ability to complete the proposed acquisition, effectively integrate the proposed acquisition and achieve anticipated synergies and accretion associated with the proposed acquisition, including, through increased scale, EQM's ability to access new customers for its water services business associated with the proposed acquisition; the expected timing of the closing of the proposed transaction and related financing (and the amount thereof); the expected accretion from the proposed transaction; the expected ratings impact, if any, associated with the proposed acquisition; the expected cash flows and minimum volume commitments related to the acquired assets; capital commitments, projected capital contributions and capital and operating expenditures, including the amount and timing of reimbursable capital expenditures, capital budget and sources of funds for capital expenditures; liquidity and financing requirements, including funding sources and availability; dividend and distribution amounts, timing, rates and growth; projected adjusted EBITDA, projected EBITDA, projected EBITDA of the acquired assets, projected leverage, and projected coverage ratio; the effects of government regulation, tariffs and litigation; and tax position. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from projected results. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. ETRN and EQM have based these forward-looking statements on current expectations and assumptions about future events. While ETRN and EQM consider these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks and uncertainties, many of which are difficult to predict and are beyond ETRN's and/or EQM's control. The risks and uncertainties that may affect the operations, performance, and results of ETRN's and EQM's business and forward-looking statements include, but are not limited to, those set forth under Item 1A, "Risk Factors" of ETRN's Form 10-K for the year-ended December 31, 2018 as filed with the Securities and Exchange Commission (SEC), and Item 1A, "Risk Factors" of EQM's Form 10-K for the year-ended December 31, 2018 as filed with the SEC, in each case as may be updated by any subsequent Form 10-Qs. Any forward-looking statement speaks only as of the date on which such statement is made, and neither ETRN nor EQM intends to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise.

EQM Midstream Partners, LP Non-GAAP Measures

For the purposes of this presentation, EBITDA means net income before interest expense, income tax expense, depreciation and amortization of the assets to be acquired.

As used in this presentation, distributable cash flow means EQM adjusted EBITDA (defined as net (loss) income attributable to EQM plus net interest expense, depreciation, amortization of intangible assets, impairment of goodwill, income tax expense, payments on EQM's preferred interest in EQT Energy Supply, LLC (Preferred Interest), non-cash, long-term compensation expense and transaction costs less equity income, AFUDC-equity, pre-acquisition capital lease payments for Allegheny Valley Connector, LLC and adjusted EBITDA of assets prior to acquisition) less net interest expense, excluding interest income on Preferred Interest, capitalized interest and AFUDC-debt, and ongoing maintenance capital expenditures net of reimbursements. Distributable cash flow should not be viewed as indicative of the actual amount of cash that EQM has available for distributions from operating surplus or that EQM plans to distribute.

EBITDA and distributable cash flow are a non-GAAP supplemental financial measures that management and external users of ETRN's and EQM's consolidated financial statements, such as industry analysts, investors, lenders and rating agencies, use to assess:

- in the case of EBITDA, the potential contribution of the assets to be acquired to ETRN's and EQM's future operating performance and cash flows and, in the case of distributable cash flow, EQM's operating performance as compared to other publicly traded partnerships in the midstream energy industry without regard to historical cost basis;
- the ability of EQM's assets to generate sufficient cash flow to make distributions to EQM unitholders, including ETRN;
- EQM's ability to incur and service debt and fund capital expenditures; and
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

ETRN and EQM believe that EBITDA and distributable cash flow provide useful information to investors in assessing ETRN's and EQM's results of operations and financial condition. EBITDA and distributable cash flow should not be considered as alternatives to EQM's net income, operating income, net cash providing by operating activities, or any other measure of financial performance or liquidity presented in accordance with GAAP. EBITDA and distributable cash flow have important limitations as analytical tools because they exclude some, but not all, items that affect net income. Additionally, because EBITDA and distributable cash flow may be defined differently by other companies in its industry, EQM's definitions of EBITDA and distributable cash flow may not be comparable to similarly titled measures of other companies, thereby diminishing the utility of the measures.

ETRN and EQM have not provided projected net income from the assets to be acquired, the most comparable financial measure calculated in accordance with GAAP, or a reconciliation of projected EBITDA to projected net income of the assets to be acquired. ETRN and EQM do not control the assets to be acquired or prepare the related financial statements. ETRN and EQM are unable to provide projected net income of the assets to be acquired or a reconciliation of the projected EBITDA of the assets to be acquired to projected net income from those assets because the calculation of projected EBITDA was based on projected volume growth and rate information combined with high-level, cash operating cost assumptions related to the assets to be acquired. As such, ETRN and EQM do not have sufficient information to project net income from the assets to be acquired such as the book value of the assets, the depreciable lives of the assets and any interest incurred in respect of the assets, nor does ETRN or EQM have sufficient information regarding all of the reconciling items that may exist between projected EBITDA and projected net income for the assets to be acquired. Therefore, projected net income of the assets to be acquired and a reconciliation of projected EBITDA of the assets to projected net income from those assets are not available without unreasonable effort.

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