

# ETRN Structure Simplification Plan



- Acquiring 100% Ownership of EQGP
- Exchanging Incentive Distribution Rights for EQM Units

November 30, 2018

# Cautionary Statements



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 of 1933, as amended. 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 EQGP Holdings, LP (EQGP) and EQM Midstream Partners, LP (EQM), including guidance regarding ETRN's expected dividend growth rate and EQM's expected distribution growth rate pro-forma for the simplification transactions; the timing and the expected terms, including forms of consideration, of the simplification transactions; ETRN's intention to exercise the limited call right under EQGP's partnership agreement; the expected review of the proposed incentive distribution right exchange transaction by the conflicts committee of the board of directors of EQM's general partner; ETRN's expected ownership of EQM pro-forma for the simplification transactions; the expected benefits of paid-in-kind EQM units; expected distribution coverage and leverage; and liquidity and financing sources, including funding sources and availability. 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 has based these forward-looking statements on current expectations and assumptions about future events. While ETRN considers 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 beyond the control of ETRN. The risks and uncertainties that may affect the operations, performance and results of ETRN's, EQGP's and EQM's business and forward-looking statements include, but are not limited to, those set forth under Item 1A, "Risk Factors" of EQGP's Form 10-K for the year ended December 31, 2017 as filed with the Securities and Exchange Commission (SEC), Item 1A, "Risk Factors" of EQM's Form 10-K for the year ended December 31, 2017 as filed with the SEC, in each case as may be updated by any subsequent Form 10-Qs, and Item 1A, "Risk Factors" of ETRN's Form 10 as filed with the SEC on October 24, 2018. Any forward-looking statement speaks only as of the date on which such statement is made, and ETRN does not intend to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise.



## ETRN Private Purchases and Exercising the Limited Call Right

- ETRN entered into private purchase agreements to acquire certain public EQGP common units for \$20.00 per unit in cash
- After the closing of the private purchases on or about December 31, 2018, ETRN will own more than 95% of the outstanding EQGP Common Units
- EQGP's partnership agreement allows ETRN to exercise the Limited Call Right once ownership exceeds 95%
- ETRN intends to exercise the Limited Call Right and purchase the remaining public common units for \$20.00 per unit in cash
- ETRN plans to finance these transactions with cash proceeds from a newly issued Term Loan B

## EQM Incentive Distribution Rights Proposal

- ETRN proposes to exchange the IDRs and economic GP interest for 95 million EQM units and a non-economic GP interest in EQM
- ETRN expects a portion of the EQM units to be in the form of Payment-In-Kind (PIK) Units
- The PIK Units will convert on a one-to-one basis to EQM Common Units at a date to be determined
- The IDR proposal is contingent upon the execution of the EQGP common unit purchases and subject to negotiation with the EQM board of directors or its conflicts committee
- Transaction is expected to close in the first quarter of 2019

# Transaction Highlights

*Efficient path to eliminating structural overhang & providing key benefits for shareholders*



- Increases ownership in EQM to approximately 61%\*
- Ability to fund EQGP unit purchases through cash proceeds from term loan



- Purchase price represents 17.5% premium to November 29, 2018 close price
- Provides liquidity event for unitholders
- Does not require unitholder vote
- Taxable transaction

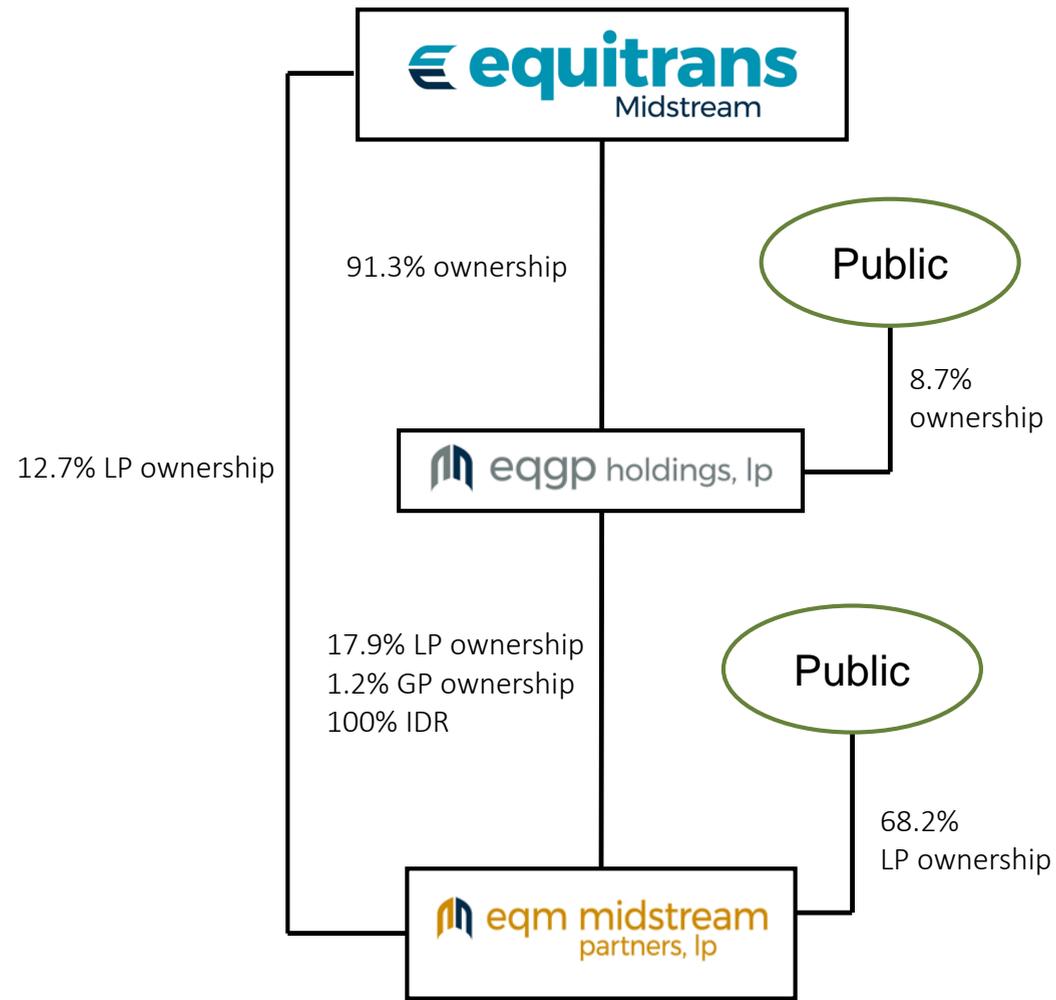


- Transactions do not result in distribution cut for unitholders
- Improves cost of capital
- PIK Units provide balance sheet and coverage support
- No equity issuance required to fund capital projects for the next several years

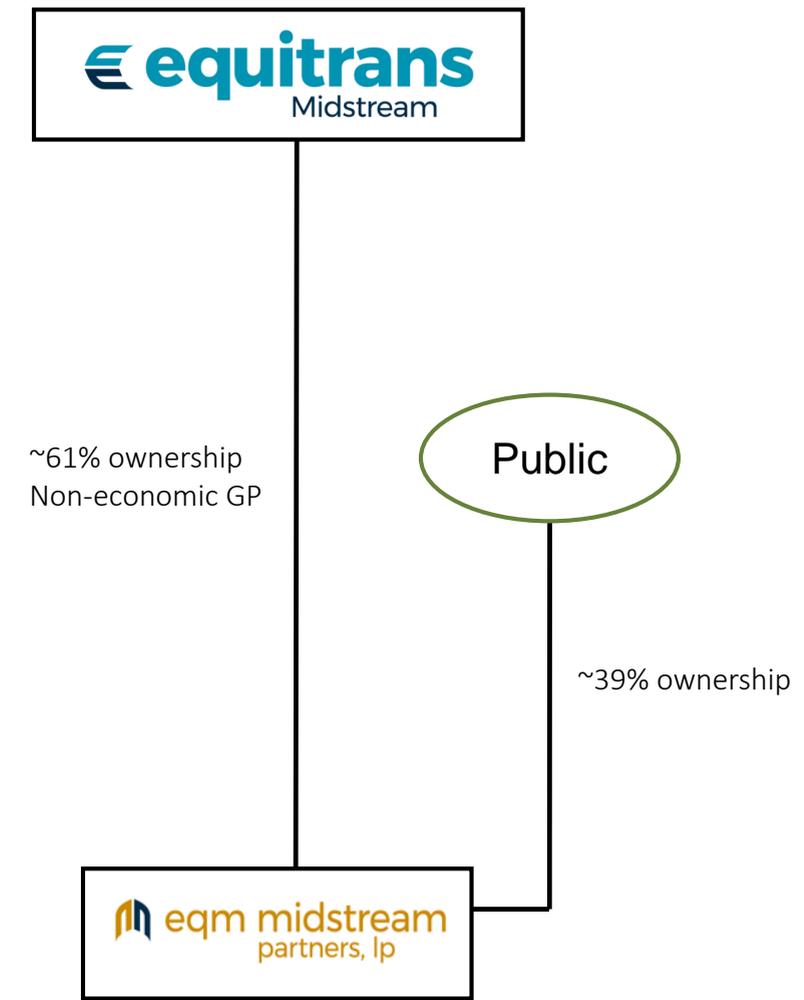
# Corporate Structure



## Current



## Pro-Forma\*



*Simplification expected to be complete in the first quarter of 2019*

\*Pro-Forma structure for the Proposed IDR Transaction

# Pro-Forma EQM Highlights

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Transactions do not result in a distribution cut for unitholders

Targeting 6% - 8% annual distribution growth beginning in 2019

2019 distribution coverage in excess of 1.0x

Long-term distribution coverage target in excess of 1.2x beginning in 2020

Long-term debt to EBITDA target of 3.5x – 4.0x beginning in 2020

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