

SPOTLIGHT

A Joint Venture by
RBN Energy and East Daley Capital



EnLink Midstream Partners

Strong Anadarko and Permian Growth Should Offset Barnett Decline



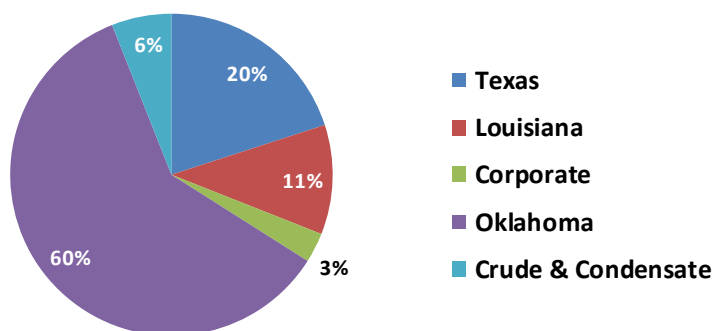
- EnLink's strategic plan is to focus on growth in the STACK play in Oklahoma and the Permian Basin to offset the impact of declines in its Barnett Shale sector.
- Cash flow has barely covered distributions, which have not increased in nine quarters, as the company has prioritized capital investment.
- Oklahoma segment profit is expected to nearly double from 2017 to 2021, driving a 26% increase in total corporate profit.
- Texas segment profit will decline 13% by 2021 as Permian growth will not offset lower Barnett returns.
- EnLink's Louisiana natural gas and NGL assets will generate modest growth over the next four years.
- The company will also benefit from new crude oil gathering systems in the STACK and the Permian's Delaware Basin.

1. Introduction

Master limited partnership (MLP) EnLink Midstream Partners LP was formed in 2013 through the combination of Devon Energy's midstream assets with Crosstex Energy LP. The company's initial core positions were in the Barnett Shale in North Texas, the Arkoma-Woodford Shale in southeastern Oklahoma, and natural gas and NGL infrastructure in southern Louisiana. Subsequently, the company added a major position in the STACK play in central Oklahoma, expanded infrastructure in the Permian's Midland Basin and formed a new joint venture in the Permian's Delaware Basin.

EnLink's strategic goal has been to generate growth in the expanding Oklahoma and Permian plays to offset continuing declines in the Barnett Shale, which will contribute more than one-third of 2017 profitability. To support this strategy, EnLink has set a growth capital budget of \$590-\$790 million, which translates to a net \$505-\$645 million to the company after the contribution from its general partner and others. As shown in the figure below, approximately 60% of total investment is being directed toward Oklahoma, with the rest allocated in order of the company's strategic priorities.

EnLink 2017 Growth Capital Spending



The level of investment required has left the company struggling to fully fund its distributions to unit holders, which have not increased for nine consecutive quarters. The lack of distribution growth and minimal (1X) distribution coverage has resulted in the share price drifting along at a price about half of its 2014 high. However, recently the company has reported strong volume growth in Oklahoma and the Permian and predicts higher returns and distributions in 2018.

In this Spotlight report, we provide detailed analysis of the company's strategy and portfolio to provide in depth insights on the likely future performance of this midstream MLP.

This Spotlight Report from RBN Energy and East Daley Capital is available for individual purchase or as part of RBN's Backstage Pass premium content service at rbnenergy.com.

For more information on individual or group subscriptions, send an email to info@rbnenergy.com or call 888-613-8874.

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2. Spotlight Reports from RBN Energy and East Daley Capital

2.1 What is Spotlight?

Spotlight reports provide a deep dive into the fundamentals that shape the outlook for midstream energy companies. In each report we “Spotlight” a midstream energy firm, usually one operating within an MLP structure. Our goal is to provide a comprehensive, fundamental based view of our Spotlight companies based on a bottoms-up analysis of their assets and operations. We tear apart their asset structure to reveal what volumes are flowing, what rates are (and can be) charged, how they are exposed to commodity price risk, how their assets fit together, and what aspects of their operations provide competitive advantages in today’s extremely volatile energy marketplace.

Spotlight is a joint venture of RBN Energy LLC and East Daley Capital Advisors Inc. We have joined together with the support of Oil & Gas Financial Analytics LLC to provide a comprehensive, detailed insight into the companies we select for our analysis. We use publicly available data, combined with the deep experience of our combined teams to get to the answers that can be overlooked in the more high-level assessments that are in the marketplace today. Instead of such a high-level approach, we get into the micro-level detail,

integrating fundamentals data, market data and company data in a comprehensive model that provides a clear picture of the company and its prospects.

As with all energy fundamental analysis, Spotlight reports rely on estimates and approximations of volumes, throughputs and fees. No non-public data from the subject company or any other source has been used in the preparation of this report.

2.2 *How can I get Spotlight?*

Spotlight is available to RBN Backstage Pass subscribers. Non-subscribers may purchase individual company Spotlight reports separately. For more information about Spotlight, go to rbnenergy.com/spotlight.