

bp midstream partners

First quarter 2021 results

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partners



safe operations

financial stability

Geoff Carr

vp investor relations





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Cautionary statement

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,” the “Partnership”, “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 and 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, 2020, as filed with the Securities and Exchange Commission (the “SEC”) on February 25, 2021. 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 2021 because it cannot do so without unreasonable effort and any attempt to do so would be inherently imprecise.

Jack Collins

chief financial officer

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Investor proposition

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well-underpinned distribution

- Strong, investment grade-rated sponsor
- Conservative financial framework
- High quality assets with balance
- Portfolio of organic growth projects
- Continuing to look for inorganic growth opportunities within sponsor's portfolio
- Building cash
- Aiming to create unitholder value

unique investment proposition

>10%
distribution
yield¹

A-
sponsor's
credit rating²

98%
revenues with
sponsor³

+\$2.5m
increased
cash⁴

1) Calculated as cumulative declared distributions per unit for second quarter 2020 through first quarter 2021 divided by closing unit price on April 30, 2021 (\$13.06)

2) BP p.l.c long-term corporate credit rating by S&P as of January 26, 2021

3) Revenues from onshore pipelines generated from related parties of BP Midstream in 2020

4) Compared to the balance of cash and cash equivalents at December 31, 2020

Operational results

+12%
offshore
gross
throughput¹

offshore

Mars Cleopatra Endymion
Caesar Proteus Ursa

- > Absence of adverse weather impacting offshore producers in Gulf of Mexico in 4Q 2020
- > Slightly higher offshore producer maintenance

-2%
onshore
gross
throughput¹

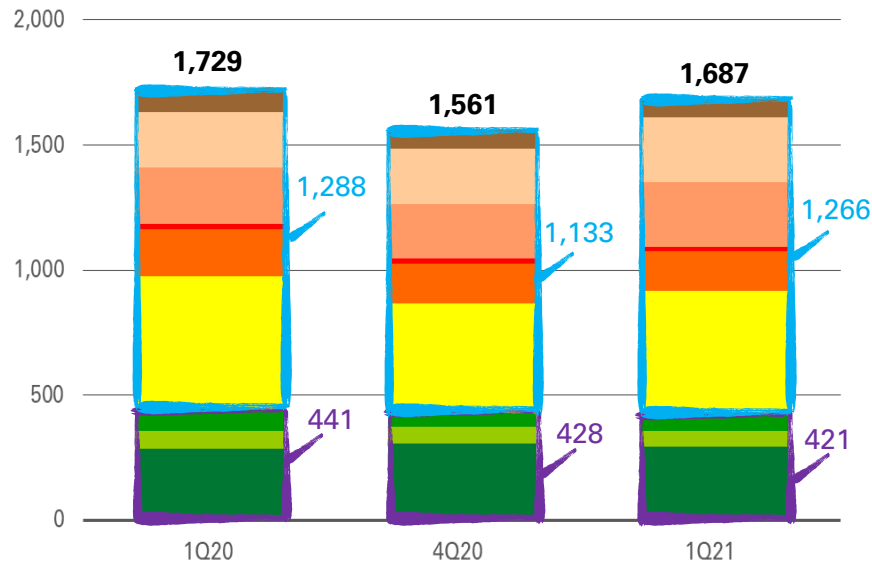
onshore

BP2 Diamondback
River Rouge

- > Seasonally higher diluent demand
- > Higher apportionment on Enbridge mainline
- > COVID impacts on refined products demand

Quarterly pipeline gross throughput²

Thousands, boed



1) Compared to fourth quarter 2020

2) Cleopatra gas volumes are converted to mboed by dividing mmscfd by 5.8

Financial results¹ (\$ million)

	1Q20	4Q20	1Q21
Revenue	30.7	33.0	29.6
Costs and expenses	11.1	11.3	11.0
Operating income	19.6	21.7	18.6
Income from equity method investments	31.3	25.1	30.3
Interest expense, net	3.4	1.1	1.1
Net income	47.5	45.7	47.8
Less: Net income attributable to non-controlling interests	5.8	4.9	5.8
Net income attributable to the Partnership	41.7	40.8	42.0
Adjusted EBITDA attributable to the Partnership	47.8	47.2	43.1
Cash available for distribution attributable to the Partnership	44.1	49.5	41.2

\$43.1m
Adjusted
EBITDA²

\$41.2m
Cash available
for distribution²

1.1
Distribution
coverage ratio

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

2) Attributable to the partnership; amount for the first quarter 2021

2021 guidance

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unchanged

Full year 2021 guidance¹

Adjusted EBITDA

Broadly
consistent
with 2020²

Cash available for
distribution

Broadly
consistent
with 2020²

Distribution
coverage ratio³

Top end of
target range
of 1.1 – 1.2

2021 guidance⁴

Broadly consistent gross throughput

Higher Adjusted EBITDA and Cash
available for distribution

Distribution coverage ratio
comfortably within 1.1 to 1.2 times⁵

1) As presented in BP Midstream's fourth quarter and full year 2020 results on February 25, 2021
2) Compared to the full year 2020 actual result
3) Assuming a quarterly distribution during 2021 consistent with the level of distribution for the fourth quarter of 2020

4) Compared to the first quarter 2021
5) Assuming a quarterly distribution for the second quarter 2021 that is consistent with the level of distribution for the first quarter 2021

Q&A

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Jack Collins
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Geoff Carr
vp investor relations

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Supplementary information

Reconciliation of Adjusted EBITDA and CAFD to Net Income¹

(\$ million)

	1Q20	4Q20	1Q21
Net income	47.5	45.7	47.8
Add:			
Depreciation	0.7	0.5	0.7
Interest expense, net	3.4	1.1	1.1
Cash distributions received from equity method investments ²	34.2	32.1	30.2
Less:			
Income from equity method investments	31.3	25.1	30.3
Adjusted EBITDA	54.5	54.3	49.5
Less:			
Adjusted EBITDA attributable to non-controlling interests	6.7	7.1	6.4
Adjusted EBITDA attributable to the Partnership	47.8	47.2	43.1

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 Income¹

Continues from previous slide

(\$ million)

	1Q20	4Q20	1Q21
Adjusted EBITDA attributable to the Partnership	47.8	47.2	43.1
Add:			
Net adjustments from volume deficiency agreements	0.1	3.7	0.2
Maintenance capital recovery ²	0.6	0.4	0.1
Less:			
Net interest paid/(received)	7.2	1.2	1.1
Maintenance capital expenditures	0.7	0.6	0.8
Cash reserves ³	(3.5)	-	0.3
Cash available for distribution attributable to the Partnership	44.1	49.5	41.2

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 Activities¹

(\$ million)

	1Q20	4Q20	1Q21
Net cash provided by operating activities	48.9	42.1	48.0
Add:			
Interest expense, net	3.4	1.1	1.1
Distributions in excess of earnings from equity method investments	2.8	5.6	1.9
Less:			
Change in operating assets and liabilities	0.5	(5.5)	1.4
Non-cash adjustments	0.1	-	0.1
Adjusted EBITDA	54.5	54.3	49.5
Less:			
Adjusted EBITDA attributable to non-controlling interests	6.7	7.1	6.4
Adjusted EBITDA attributable to the Partnership	47.8	47.2	43.1

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

Reconciliation of Adjusted EBITDA and CAFD to Net Cash Provided by Operating Activities¹

Continues from previous slide

(\$ million)

	1Q20	4Q20	1Q21
Adjusted EBITDA attributable to the Partnership	47.8	47.2	43.1
Add:			
Net adjustments from volume deficiency agreements	0.1	3.7	0.2
Maintenance capital recovery ²	0.6	0.4	0.1
Less:			
Net interest paid/(received)	7.2	1.2	1.1
Maintenance capital expenditures	0.7	0.6	0.8
Cash reserves ³	(3.5)	-	0.3
Cash available for distribution attributable to the Partnership	44.1	49.5	41.2

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 Partnership¹

(\$ million)

	1Q20	4Q20	1Q21
Gross debt	468.0	468.0	468.0
Annualized Adjusted EBITDA attributable to the Partnership ²	191.2	188.8	172.4
Gross Debt to annualized Adjusted EBITDA attributable to the partnership ratio²	2.4	2.5	2.7

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

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