
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **January 8, 2019**

ANTERO MIDSTREAM PARTNERS LP

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-36719
(Commission File Number)

46-4109058
(IRS Employer
Identification Number)

1615 Wynkoop Street
Denver, Colorado 80202
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, including Area Code **(303) 357-7310**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

On January 8, 2019, Antero Midstream Partners LP (“Antero Midstream”) and Antero Midstream GP LP (“AMGP”) issued a joint press release, a copy of which is attached hereto as Exhibit 99.1 and incorporated by reference herein, announcing Antero Midstream’s capital budget for the year ended December 31, 2019 and guidance. On January 8, 2019, Antero Midstream and AMGP also updated their monthly investor presentation. The updated investor presentation may be viewed on Antero Midstream’s website at www.anteromidstream.com, and a copy of the investor presentation is included as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated into this Item 7.01 by reference.

The information furnished in this Item 7.01 (including the exhibits) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

Item 8.01 Other Events.

To the extent required by law, the information in Item 7.01 of this Form 8-K is incorporated into this Item 8.01.

NO OFFER OR SOLICITATION

This Current Report, including the press release attached as an exhibit hereto, includes a discussion of a proposed business combination transaction (the “Transaction”) between Antero Midstream and AMGP. This communication is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, in any jurisdiction, pursuant to the Transaction or otherwise, nor shall there be any sale, issuance, exchange or transfer of the securities referred to in this document in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

IMPORTANT ADDITIONAL INFORMATION

In connection with the Transaction, AMGP has filed with the U.S. Securities and Exchange Commission (“SEC”) a registration statement on Form S-4, which includes a joint proxy statement of Antero Midstream and AMGP and a prospectus of AMGP. The registration statement on Form S-4 has not been declared effective by the SEC, and the definitive joint proxy statement/prospectus has not yet been delivered to Antero Midstream unitholders or AMGP shareholders. **INVESTORS AND SECURITY HOLDERS OF ANTERO MIDSTREAM AND AMGP ARE URGED TO READ THE REGISTRATION STATEMENT AND THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE TRANSACTION AND ALL OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE TRANSACTION AND RELATED MATTERS.**

Investors and security holders will be able to obtain free copies of the registration statement and the joint proxy statement/prospectus (when available) and all other documents filed or that will be filed with the SEC by AMGP or Antero Midstream through the website maintained by the SEC at <http://www.sec.gov>. Copies of documents filed with the SEC by Antero Midstream will be made available free of charge on Antero Midstream’s website at <http://investors.anteromidstream.com/investor-relations/AM>, under the heading “SEC Filings,” or by directing a request to Investor Relations, Antero Midstream Partners LP, 1615 Wynkoop Street, Denver, Colorado 75219, Tel. No. (303) 357-7310. Copies of documents filed with the SEC by AMGP will be made available free of charge on AMGP’s website at <http://investors.anteromidstreamgp.com/Investor-Relations/AMGP> or by directing a request to Investor Relations, Antero Midstream GP LP, 1615 Wynkoop Street, Denver, Colorado 75219, Tel. No. (303) 357-7310.

PARTICIPANTS IN THE SOLICITATION

AMGP, Antero Midstream, Antero Resources Corporation (“Antero Resources”) and the directors and executive officers of AMGP and Antero Midstream’s respective general partners and of Antero Resources may be deemed to be participants in the solicitation of proxies in respect to the Transaction.

Information regarding the directors and executive officers of Antero Midstream’s general partner is contained in Antero Midstream’s 2018 Annual Report on Form 10-K filed with the SEC on February 13, 2018, and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC’s website at <http://www.sec.gov> or by accessing Antero Midstream’s website at <http://www.anteromidstream.com>. Information regarding the executive officers and directors of AMGP’s general partner is contained in AMGP’s 2018 Annual Report on Form 10-K filed with the SEC on February 13, 2018 and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC’s website at www.sec.gov or by accessing AMGP’s website at <http://www.anteromidstreamgp.com>. Information regarding the executive officers and directors of Antero Resources is contained in Antero Resources’ 2018 Annual Report on Form 10-K filed with the SEC on February 13, 2018 and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC’s website at www.sec.gov or by accessing Antero Resources’ website at <http://www.anteroresources.com>.

Investors may obtain additional information regarding the interests of those persons and other persons who may be deemed participants in the Transaction by reading the joint proxy statement/prospectus regarding the Transaction when it becomes available. You may obtain free copies of this document as described above.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

| <u>Exhibits</u> | <u>Description</u> |
|-----------------|--|
| 99.1 | Antero Midstream Partners LP and Antero Midstream GP LP press release dated January 8, 2019. |
| 99.2 | Antero Midstream Partners LP and Antero Midstream GP LP January 2019 Investor Presentation. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ANTERO MIDSTREAM PARTNERS LP

By: Antero Midstream Partners GP LLC,
its general partner

By: /s/ Glen C. Warren, Jr.
Glen C. Warren, Jr.
President and Secretary

Dated: January 9, 2019



Antero Midstream Partners Announces 2019 Capital Budget and Guidance

Denver, Colorado, January 8, 2019—Antero Midstream Partners LP (NYSE: AM) (“Antero Midstream Partners” or “the Partnership”) today announced its 2019 capital budget and guidance. The dividend and DCF coverage ratio guidance included in this release assumes the simplification transaction between Antero Midstream Partners and Antero Midstream GP LP (NYSE: AMGP) (“AMGP”), pursuant to which Antero Midstream Partners will become an indirect, wholly owned subsidiary of Antero Midstream Corporation (“New AM” or “Antero Midstream”), closes during the first quarter of 2019, consistent with prior expectations. New AM will be the surviving publicly-traded midstream vehicle and will be listed on the New York Stock Exchange under the ticker symbol “AM”.

New AM 2019 Capital Budget and Guidance Highlights:

- **Forecasting net income of \$475 million to \$525 million in 2019**
- **Forecasting Adjusted EBITDA of \$870 to \$920 million in 2019**
- **Forecasting distributable cash flow of \$680 to \$730 million, resulting in 1.1x to 1.2x annual DCF coverage**
- **2019 dividend of \$1.23 to \$1.25 per share, representing 36% to 38% growth compared to status quo Antero Midstream Partners 2018 distribution guidance, assuming AM unitholders receive 100% equity in the simplification transaction, based on current trading levels (1)**
- **Represents 128% to 131% growth compared to AMGP 2018 distribution guidance**
- **Capital budget of \$750 to \$800 million, including \$710 million of expansion capital and \$65 million of maintenance capital at the midpoint of the range**
- **Flexible just-in-time organic project backlog of \$2.0 billion through 2022**
- **No equity issuance needed to fund capital expenditures from 2019 through 2022**
- **Guidance supported by Antero Resources’ 2019 consolidated drilling and completion capital budget of \$1.1 to \$1.25 billion, resulting in net production growth guidance of 17% to 20% with approximately 115 to 120 completions**
- **Targeting DCF growth at compound annual growth rates of 18% to 25% from 2020 to 2022**

(1) Based on the agreed exchange ratio of 1.635 shares of AMGP and \$3.415 cash consideration per AM public unit. Assuming a mixed election, cash consideration is assumed to be reinvested into New AM shares at AMGP’s closing price of \$13.01 per share as of January 7, 2019.

Commenting on Antero Midstream’s guidance, Paul Rady, Antero Midstream’s CEO, said, “As a result of Antero Resources’ double digit production growth guidance in 2019 and the assumed closing of our midstream simplification transaction, Antero Midstream expects to deliver peer-leading dividend growth of 37% in 2019 while maintaining DCF coverage in the 1.1x to 1.2x range. Antero Midstream will continue to invest “just-in-time” capital generating attractive rates of return and supporting the continued production growth of Antero Resources.”

For a discussion of the non-GAAP financial measures Adjusted EBITDA and Distributable Cash Flow, please see “Non-GAAP Financial Measures.”

The guidance and long-term outlook outlined herein reflects changes, and in some cases reductions, from information previously provided by the Partnership and AMGP in connection with the proposed simplification transaction to reflect the effects of changes in Antero Resources’ 2019 drilling and completion capital budget in response to recent oil and NGL price declines and AR’s long-term outlook.

2019 Guidance

Antero Midstream expects net income of \$475 million to \$525 million, Adjusted EBITDA of \$870 million to \$920 million and Distributable Cash Flow of \$680 million to \$730 million for 2019. New AM’s 2019 guidance includes approximately \$90 million of

distributions from its interests in the processing and fractionation joint venture with an affiliate of MPLX, LP (the “Joint Venture”) and in Stonewall Gathering LLC. As a result of the delay of full in-service capabilities at the Antero Clearwater Facility, Antero Midstream has risked the Adjusted EBITDA contribution from the Antero Clearwater Facility to \$15 to \$20 million in 2019 based on the assumption of treating approximately 25,000 Bbl/d in early 2019 increasing to 40,000 Bbl/d throughout the year.

New AM is forecasting a dividend of \$1.23 to \$1.25 per share in 2019, resulting in a DCF coverage ratio of 1.1x to 1.2x on an annual basis. This dividend per share range reflects growth of 128% to 131% from the midpoint of AMGP’s 2018 distribution guidance and 36% to 38% growth compared to the midpoint of Antero Midstream Partners’ 2018 distribution guidance, assuming AM unitholders receive 100% equity in the simplification transaction or unitholders receive mixed consideration and reinvest their cash in New AM units. Antero Midstream’s 2019 guidance excludes any impact from potential third-party volumes or transactions, consistent with prior guidance.

Below is a summary of Antero Midstream’s 2019 guidance:

| | 2019 | |
|--------------------------------|---------|---------|
| | Low | High |
| Net Income (\$MM) | \$ 475 | \$ 525 |
| Adjusted EBITDA (\$MM) | \$ 870 | \$ 920 |
| Distributable Cash Flow (\$MM) | \$ 680 | \$ 730 |
| Dividend Per Share | \$ 1.23 | \$ 1.25 |
| DCF Coverage Ratio | 1.1x | 1.2x |

Antero Midstream 2019 Capital Budget

During 2019, Antero Midstream plans to expand its existing Marcellus and Ohio Utica Shale gathering, compression and fresh water delivery systems, and the processing and fractionation capabilities of the Joint Venture, to accommodate Antero Resources’ development program. Today in a separate news release, Antero Resources announced its 2019 consolidated drilling and completion capital budget of \$1.1 to \$1.25 billion, which is forecast to generate production growth of approximately 17% to 20% over 2018 production guidance. Antero Resources’ release can be found at www.anteroresources.com.

Antero Midstream has budgeted a 2019 capital investment of \$750 million to \$800 million, including \$710 million in expansion capital and \$65 million in maintenance capital, respectively, at the midpoint of the range. The capital budget includes approximately \$400 million of investment in gathering and compression infrastructure primarily in the Marcellus Shale in West Virginia to support production growth in the liquids-rich regime. Antero Midstream has budgeted an investment of \$135 million for fresh water delivery infrastructure, including expansion capital for an additional withdrawal point and associated trunklines to support Antero Resources’ development in Tyler and Wetzel Counties, West Virginia.

Also included in the budget is an investment of \$200 million for its 50% interest in the Joint Venture, primarily for the construction of two additional processing plants adding an additional 400 MMcf/d of processing capacity. The 2019 Joint Venture budget also includes the election to participate in the Hopedale 4 Fractionation Plant adding an additional 20,000 Bbl/d of capacity, originally budgeted for 2018. Antero Midstream’s budget also includes approximately \$35 million for the final milestone payments related to the completion of Antero Clearwater Facility initially budgeted for 2018. Antero Midstream expects to fund all 2019 capital expenditures through cash flow from operations and available borrowing capacity under its existing \$2.0 billion bank credit facility.

Antero Midstream Long-term Outlook

Antero Resources intends to continue to focus its development on Antero Midstream-dedicated acreage and has a clear path to compound annual production growth (“CAGR”) of 10% to 15% from 2020 to 2023. Antero Resources’ activity level and production growth will vary on an annual basis depending on natural gas, oil and NGL prices with the objective of maintaining stand-alone drilling and completion capital spending within stand-alone adjusted operating cash flow and maintaining a strong balance sheet. The strength of Antero Resources will ultimately support growth at New AM following the completion of the simplification transaction. Assuming flat \$50 per barrel WTI oil prices and \$2.85 per MMBtu NYMEX natural gas prices from 2020 through 2023, Antero Resources expects to grow production at the lower end of the production growth range. Assuming Wall Street analyst consensus commodity pricing of flat \$65 per barrel WTI oil and \$3.15 per MMBtu NYMEX natural gas prices from 2020 through 2023, Antero Resources expects to grow production at the high end of its production growth range.

Based on Antero Resources’ long-term outlook, New AM is targeting DCF growth at a CAGR range of 18% to 25% from 2020 to 2022. In addition, New AM expects a declining leverage profile into the mid 2x Net Debt to Adjusted EBITDA range by 2022. To the extent Antero’s production growth is at the higher end of its long-term outlook, New AM’s DCF CAGR is expected to be at the higher end of this range. Conversely, to the extent Antero’s production growth is at the lower end of its long-term outlook, New AM’s DCF CAGR is expected to be at the lower end of this range. This DCF growth and declining leverage profile has the ability to support the dividend growth targets previously communicated by Antero Midstream at the announcement of the simplification transaction, with reduced DCF coverage in the range of 1.0x to 1.2x over the corresponding period based on the DCF ranges. The actual DCF coverage and amount of future midstream dividends will be determined by New AM’s board of directors based on market conditions and Antero Resources’ development plan at that time.

Non-GAAP Financial Measures and Definitions

Antero Midstream uses Adjusted EBITDA as an important indicator of performance. Antero Midstream defines Adjusted EBITDA as net income before interest expense, impairment expense, gain on sale of assets, depreciation expense, accretion, equity-based compensation expense, excluding equity in earnings of unconsolidated affiliates and including cash distributions from unconsolidated affiliates.

Antero Midstream uses Adjusted EBITDA to assess:

- the financial performance of its assets, without regard to financing methods, capital structure or historical cost basis;
- its operating performance and return on capital as compared to other publicly traded partnerships in the midstream energy sector, without regard to financing or capital structure; and
- the viability of acquisitions and other capital expenditure projects.

Antero Midstream defines Distributable Cash Flow as Adjusted EBITDA less interest paid, income tax withholding payments and cash reserved for payments of income tax withholding upon vesting of equity-based compensation awards, cash reserved for bond interest and ongoing maintenance capital expenditures paid. Antero Midstream uses Distributable Cash Flow as a performance metric to compare the cash generating performance of Antero Midstream from period to period and to compare the cash generating performance for specific periods to the cash distributions (if any) that are expected to be paid to unitholders. Distributable Cash Flow does not reflect changes in working capital balances.

Adjusted EBITDA and Distributable Cash Flow are non-GAAP financial measures. The GAAP measure most directly comparable to Adjusted EBITDA and Distributable Cash Flow is Net Income. The non-GAAP financial measures of Adjusted EBITDA and Distributable Cash Flow should not be considered as alternatives to the GAAP measure of Net Income. Adjusted EBITDA and Distributable Cash Flow are not presentations made in accordance with GAAP and have important limitations as an analytical tool because they include some, but not all, items that affect Net Income and Adjusted EBITDA. You should not consider Adjusted EBITDA and Distributable Cash Flow in isolation or as a substitute for analyses of results as reported under GAAP. Antero Midstream’s definition of Adjusted EBITDA and Distributable Cash Flow may not be comparable to similarly titled measures of other partnerships.

Antero Midstream has not included a reconciliation of Adjusted EBITDA and Distributable Cash Flow to the nearest GAAP financial measure for 2019 because it cannot do so without unreasonable effort and any attempt to do so would be inherently imprecise. Antero Midstream is able to forecast the following reconciling items between Adjusted EBITDA and Distributable Cash Flow and net income (in thousands):

| | Twelve Months Ending December 31, 2019 | | | | |
|---|---|---------|------|----|---------|
| | Low | | High | | |
| Depreciation expense | \$ | 180,000 | — | \$ | 185,000 |
| Equity based compensation expense | | 48,000 | — | | 52,000 |
| Equity in earnings of unconsolidated affiliates | | 68,000 | — | | 73,000 |
| Distributions from unconsolidated affiliates | | 87,000 | | | 92,000 |

Antero Midstream cannot forecast interest expense due to the timing and uncertainty of debt issuances and associated interest rates. Additionally, Antero Midstream cannot reasonably forecast impairment expense as it is driven by a number of factors that will be determined in the future and are beyond Antero Midstream's control.

Antero Midstream is a limited partnership that owns, operates and develops midstream gathering, compression, processing and fractionation assets as well as integrated water assets that primarily service Antero Resources Corporation's properties located in West Virginia and Ohio. Holders of Antero Midstream common units will receive a Schedule K-1 with respect to distributions received on the common units.

AMGP is a Delaware limited partnership that has elected to be classified as an entity taxable as a corporation for U.S. federal income tax purposes. Holders of AMGP common shares will receive a Form 1099 with respect to distributions received on the common shares. AMGP owns the general partner of Antero Midstream and indirectly owns the incentive distribution rights in Antero Midstream.

This release includes "forward-looking statements" within the meaning of federal securities laws. Such forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond Antero Midstream's and AMGP's control. All statements, other than historical facts included in this release, are forward-looking statements. All forward-looking statements speak only as of the date of this release and are based upon a number of assumptions. Without limiting the generality of the foregoing, forward-looking statements contained in this press release specifically include the timing of consummation of the simplification transaction, if at all, statements regarding the transaction, future earnings, Adjusted EBITDA, dividends, DCF and future capital spending plans and expectations around the Antero Clearwater facility. Although Antero Midstream and AMGP each believe that the plans, intentions and expectations reflected in or suggested by the forward-looking statements are reasonable, there is no assurance that the assumptions underlying these forward-looking statements will be accurate or the plans, intentions or expectations expressed herein will be achieved. For example, future acquisitions, dispositions or other strategic transactions may materially impact the forecasted or targeted results described in this release. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecast in such statements. Antero Midstream and AMGP disclaim any obligation to and do not intend to publicly update or revise any forward-looking statements, including statements set forth in guidance. Nothing in this release is intended to constitute guidance with respect to Antero Resources. To the extent a forward-looking statement contained in this release speaks as of a period covered by prior guidance, the information in this release is intended to supersede, and investors should not rely on, such prior guidance.

Antero Midstream and AMGP caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond the Antero Midstream's and AMGP's control, incident to the gathering and processing and fresh water and waste water treatment businesses. These risks include, but are not limited to, the expected timing and likelihood of completion of the simplification, including the ability to obtain requisite unitholder and shareholder approval and the satisfaction of the other conditions to the consummation of the proposed transaction, risks that the proposed transaction may not be consummated or the benefits contemplated therefrom may not be realized, the cost savings, tax benefits and any other synergies from the transaction may not be fully realized or may take longer to realize than expected, Antero Resources' expected future growth, Antero Resources' ability to meet its drilling and development plan, commodity price volatility, ability to execute Antero Midstream's business strategy, competition and government regulations, actions taken by third-party producers, operators, processors and transporters, inflation, environmental risks, drilling and completion and other operating risks, regulatory changes, the uncertainty inherent in projecting future rates of production, cash flow and access to capital, the timing of development expenditures, and the other risks described under "Risk Factors" in Antero Midstream's Annual Report on Form 10-K for the year ended December 31, 2017 and subsequent Quarterly Reports on Form 10-Q.

No Offer or Solicitation

This communication discusses a previously announced proposed business combination transaction between Antero Midstream and AMGP. This communication is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, in any jurisdiction, pursuant to the transaction or otherwise, nor shall there be any sale, issuance, exchange or transfer of the securities referred to in this document in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Additional Information And Where To Find It

In connection with the transaction, AMGP has filed with the U.S. Securities and Exchange Commission ("SEC") a registration statement on Form S-4, that includes a joint proxy statement of Antero Midstream and AMGP and a prospectus of AMGP. The Transaction will be submitted to Antero Midstream's unitholders and AMGP's shareholders for their consideration. Antero Midstream and AMGP may also file other documents with the SEC regarding the transaction. The registration statement on Form S-4 has not been declared effective by the SEC, and the definitive joint proxy statement/prospectus has not yet been delivered to the shareholders of AMGP and unitholders of Antero Midstream. This communication is not a substitute for the registration statement and joint proxy statement/prospectus that has been filed with the SEC or any other documents that AMGP or Antero Midstream may file with the SEC or send to shareholders of AMGP or unitholders of Antero Midstream in connection with the transaction. INVESTORS AND SECURITY HOLDERS OF ANTERO MIDSTREAM AND AMGP ARE URGED TO READ THE REGISTRATION STATEMENT AND THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE TRANSACTION WHEN IT BECOMES AVAILABLE AND ALL OTHER RELEVANT

DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE TRANSACTION AND RELATED MATTERS.

Investors and security holders will be able to obtain free copies of the registration statement and the joint proxy statement/prospectus (when available) and all other documents filed or that will be filed with the SEC by AMGP or Antero Midstream through the website maintained by the SEC at <http://www.sec.gov>. Copies of documents filed with the SEC by Antero Midstream will be made available free of charge on Antero Midstream's website at <http://investors.anteromidstream.com/investor-relations/AM>, under the heading "SEC Filings," or by directing a request to Investor Relations, Antero Midstream Partners LP, 1615 Wynkoop Street, Denver, Colorado 75219, Tel. No. (303) 357-7310. Copies of documents filed with the SEC by AMGP will be made available free of charge on AMGP's website at <http://investors.anteromidstreamgp.com/Investor-Relations/AMGP> or by directing a request to Investor Relations, Antero Midstream GP LP, 1615 Wynkoop Street, Denver, Colorado 75219, Tel. No. (303) 357-7310.

Participants In The Solicitation

Antero Resources, AMGP, Antero Midstream and the directors and executive officers of AMGP and Antero Midstream's respective general partners and of Antero Resources may be deemed to be participants in the solicitation of proxies in respect to the proposed transaction.

Information regarding the directors and executive officers of Antero Midstream's general partner is contained in Antero Midstream's 2018 Annual Report on Form 10-K filed with the SEC on February 13, 2018, and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC's website at <http://www.sec.gov> or by accessing Antero Midstream's website at <http://www.anteromidstream.com>. Information regarding the executive officers and directors of AMGP's general partner is contained in AMGP's 2018 Annual Report on Form 10-K filed with the SEC on February 13, 2018 and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC's website at www.sec.gov or by accessing AMGP's website at <http://www.anteromidstream.com>. Information regarding the executive officers and directors of Antero Resources is contained in Antero Resources' 2018 Annual Report on Form 10-K filed with the SEC on February 13, 2018 and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC's website at www.sec.gov or by accessing Antero Resources' website at <http://www.anteroresources.com>.

Investors may obtain additional information regarding the interests of those persons and other persons who may be deemed participants in the proposed transaction by reading the joint proxy statement/prospectus regarding the proposed transaction when it becomes available. You may obtain free copies of this document as described above.

For more information, contact Michael Kennedy — CFO of Antero Midstream and AMGP at (303) 357-6782 or mkenedy@anteroresources.com.



Partnership Overview

JANUARY 2019



No Offer or Solicitation

This presentation discusses a previously announced proposed business combination transaction between Antero Midstream Partners LP ("Antero Midstream") and Antero Midstream GP LP ("AMGP"). This presentation is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, in any jurisdiction, pursuant to the transaction or otherwise, nor shall there be any sale, issuance, exchange or transfer of the securities referred to in this document in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Additional Information And Where To Find It

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Investors and security holders will be able to obtain free copies of the registration statement and the joint proxy statement/prospectus (when available) and all other documents filed or that will be filed with the SEC by AMGP or Antero Midstream through the website maintained by the SEC at <http://www.sec.gov>. Copies of documents filed with the SEC by Antero Midstream will be made available free of charge on Antero Midstream's website at <http://investors.anteromidstream.com/investor-relations/AM>, under the heading "SEC Filings," or by directing a request to Investor Relations, Antero Midstream Partners LP, 1615 Wynkoop Street, Denver, Colorado 75219, Tel. No. (303) 357-7310. Copies of documents filed with the SEC by AMGP will be made available free of charge on AMGP's website at <http://investors.anteromidstreamgp.com/Investor-Relations/AMGP> or by directing a request to Investor Relations, Antero Midstream GP LP, 1615 Wynkoop Street, Denver, Colorado 75219, Tel. No. (303) 357-7310.

Participants In The Solicitation

Antero Resources Corporation ("Antero Resources"), AMGP, Antero Midstream and the directors and executive officers of AMGP's and Antero Midstream's respective general partners and of Antero Resources may be deemed to be participants in the solicitation of proxies in respect to the proposed transaction.

Information regarding the directors and executive officers of Antero Midstream's general partner is contained in Antero Midstream's 2018 Annual Report on Form 10-K filed with the SEC on February 13, 2018, and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC's website at <http://www.sec.gov> or by accessing Antero Midstream's website at <http://www.anteromidstream.com>. Information regarding the executive officers and directors of AMGP's general partner is contained in AMGP's 2018 Annual Report on Form 10-K filed with the SEC on February 13, 2018 and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC's website at www.sec.gov or by accessing AMGP's website at <http://www.anteromidstream.com>. Information regarding the executive officers and directors of Antero Resources is contained in Antero Resources' 2018 Annual Report on Form 10-K filed with the SEC on February 13, 2018 and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC's website at www.sec.gov or by accessing Antero Resources' website at <http://www.anteroresources.com>.

Investors may obtain additional information regarding the interests of those persons and other persons who may be deemed participants in the proposed transaction by reading the joint proxy statement/prospectus regarding the proposed transaction when it becomes available. You may obtain free copies of this document as described above.



This presentation contains forward-looking statements. All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that Antero Midstream Partners LP, and its subsidiaries (collectively, the "Partnership") or Antero Midstream GP LP and its subsidiaries other than the Partnership (collectively, "AMGP") as applicable expect, believe or anticipate will or may occur in the future are forward-looking statements. The words "believe," "expect," "anticipate," "plan," "intend," "estimate," "project," "foresee," "should," "would," "could," or other similar expressions are intended to identify forward-looking statements. However, the absence of these words does not mean that the statements are not forward-looking. Without limiting the generality of the foregoing, forward-looking statements contained in this presentation specifically include 2019 and long-term financial and operational outlook, the timing of the consummation of the transaction, if at all, expectations of plans, strategies, objectives, and anticipated financial and operating results, the Partnership and Antero Resources Corporation ("Antero Resources"). These statements are based on certain assumptions made, the Partnership and Antero Resources based on management's experience and perception of historical trends, current conditions, anticipated future developments and other factors believed to be appropriate.

The Partnership cautions you that these forward-looking statements are subject to risks and uncertainties that may cause these statements to be inaccurate, and readers are cautioned not to place undue reliance on such statements. These risks include, but are not limited to, the expected timing and likelihood of completion of the transaction, including the ability to obtain requisite regulatory, unitholder and shareholder approval and the satisfaction of the other conditions to the consummation of the proposed transaction, risks that the proposed transaction may not be consummated or the benefits contemplated therefrom may not be realized, the cost savings, tax benefits and any other synergies from the transaction may not be fully realized or may take longer to realize than expected, Antero Resources' expected future growth, Antero Resources' ability to meet its drilling and development plan, commodity price volatility, inflation, environmental risks, drilling and completion and other operating risks, regulatory changes, the uncertainty inherent in projecting future rates of production, cash flow and access to capital, the timing of development expenditures, and the other risks discussed or referenced under the heading "Item 1A. Risk Factors" in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2016 and in the Partnership's subsequent filings with the SEC.

The Partnership's ability to make future distributions is substantially dependent upon the development and drilling plan of Antero Resources, which itself is substantially dependent upon the review and approval by the board of directors of Antero Resources of its capital budget on an annual basis. In connection with the review and approval of the annual capital budget by the board of directors of Antero Resources, the board of directors will take into consideration many factors, including expected commodity prices and the existing contractual obligations and capital resources and liquidity of Antero Resources at the time.

Any forward-looking statement speaks only as of the date on which such statement is made, and neither AMGP or the Partnership undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

This presentation includes certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). These measures include (i) Adjusted EBITDA, (ii) Distributable Cash Flow, (iii) Free Cash Flow and (iv) Return on Invested Capital. Please see the appendix for the definition of each of these measures as well as certain additional information regarding these measures, including the most comparable financial measures calculated in accordance with GAAP.

Antero Midstream At A Glance – Status Quo



AM Highlights

| | |
|--|-----------------|
| Market Cap..... | \$4.6B |
| Enterprise Value..... | \$6.1B |
| LTM Adjusted EBITDA ⁽¹⁾ | \$665 MM |
| % Gathering/Compression... | 65% |
| % Water..... | 35% |
| Net Debt/LTM EBITDA..... | 2.3x |
| Corporate Debt Rating..... | Ba2 / BB+ /BBB- |

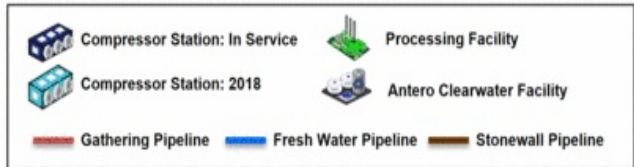
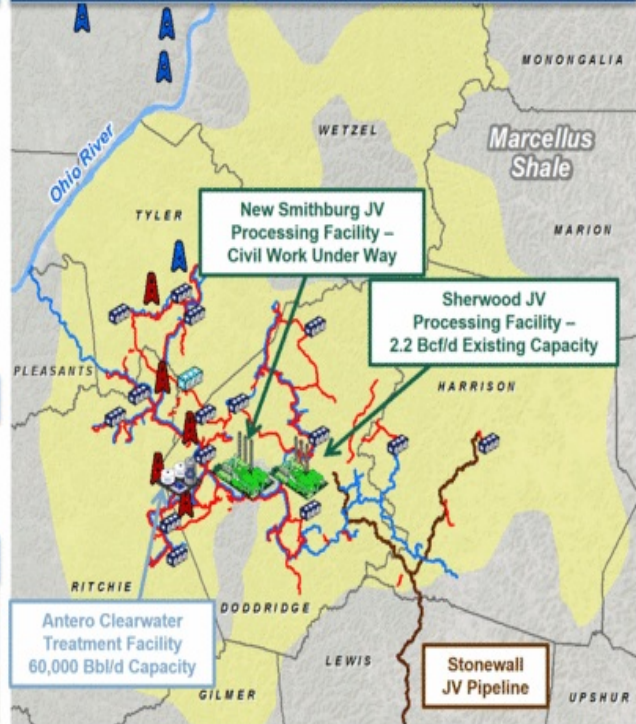
AMGP Highlights

| | |
|--------------------------|--------|
| Market Cap..... | \$2.4B |
| Net Debt/LTM EBITDA..... | – |

Antero Midstream Utica Assets



Antero Midstream Marcellus Assets



Note: Equity market data as of 01/07/2019. Balance sheet data as of 9/30/2018.

1. LTM Adjusted EBITDA as of 9/30/18. Adjusted EBITDA is a non-GAAP measure. For additional information regarding this measure, please see "Antero Midstream Non-GAAP Measures" in the Appendix.



| Guidance | 2019 Guidance |
|--------------------------------------|-----------------|
| Net Income (\$MM) | \$475 – \$525 |
| Adjusted EBITDA (\$MM) | \$870 – \$920 |
| DCF (\$MM) | \$680 – \$730 |
| Dividend per Share | \$1.23 – \$1.25 |
| DCF Coverage | 1.1x – 1.2x |
| Maintenance Capex at Midpoint (\$MM) | \$65 |
| Growth Capex at Midpoint (\$MM) | \$710 |
| Total Capex (\$MM) | \$750 – \$800 |

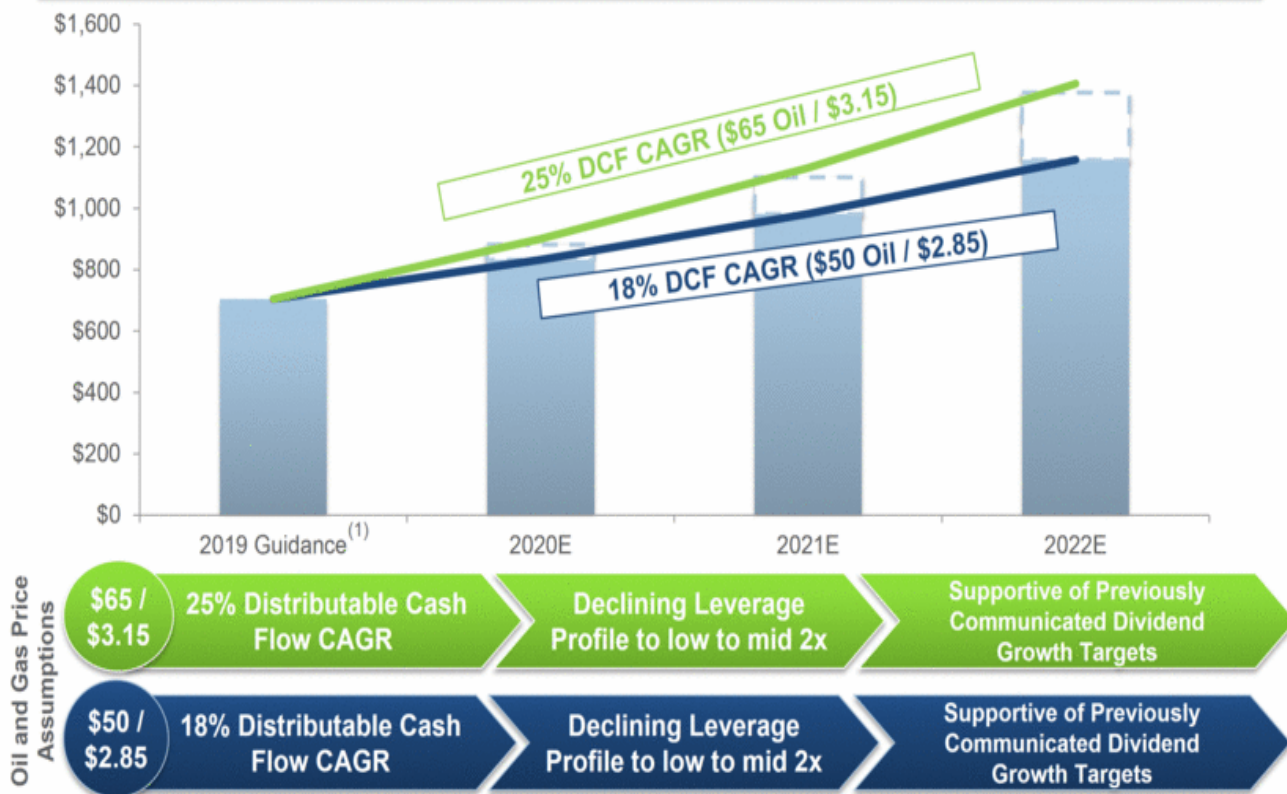
Adjusted EBITDA and Distributable Cash Flow are non-GAAP measures. For additional information regarding these measures, please see "Antero Midstream Non-GAAP Measures" in the Appendix.

Long-Term Outlook – New AM



Based on AR's long-term outlook, AM is targeting an 18% - 25% DCF CAGR from 2020 to 2022 while maintaining its ability to support dividend growth targets previously communicated by New AM

New AM Distributable Cash Flow Growth Scenarios (2020 – 2022)



Note: DCF CAGR ranges apply to midpoint of 2019 production guidance.
 1) Based on the midpoint of 2019 distributable cash flow guidance.

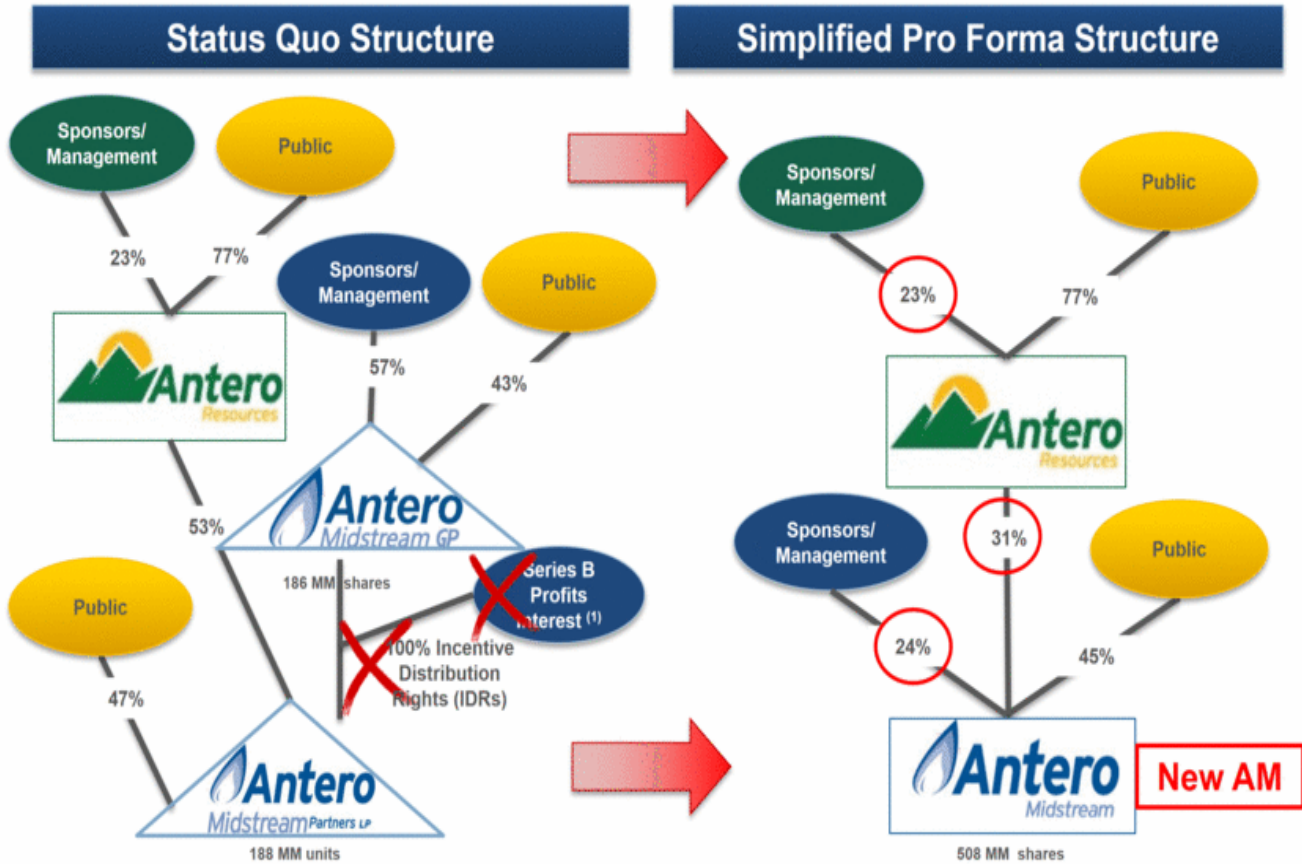


Announced on 10/09/2018

- 1 Simplifies midstream structure and aligns all Antero equity holders**
 - Converts to C-Corp structure without IDRs
 - Potentially broadens investor base and creates opportunity for inclusion in major equity indices
- 2 Tax efficient and eliminates ~\$375 MM of expected taxes through 2022**
 - Taxable to AM unitholders; however, pro forma entity benefits from tax shield provided by basis step-up resulting in increased pro forma dividends and accretion
- 3 Mutually beneficial and immediately accretive to both AMGP and AM DCF/Unit**
 - AM public unitholders receive up front premium and increased distributions on same growth profile in 2019
 - Highest DCF growth among midstream C-Corps
- 4 Improves cost of capital to pursue additional growth opportunities**
 - Elimination of IDRs lowers cost of capital and structure enhances trajectory towards investment grade ratings
- 5 Enhances governance and shareholder rights**
 - Elected Board with C-corp governance and majority of independent directors
- 6 Cash consideration results in further deleveraging at AR**
 - Minimum of ~\$300MM cash consideration depending on elections by public unitholders of AM
- 7 Expected to close in 1Q 2019**

Antero Family Simplified Pro Forma Structure

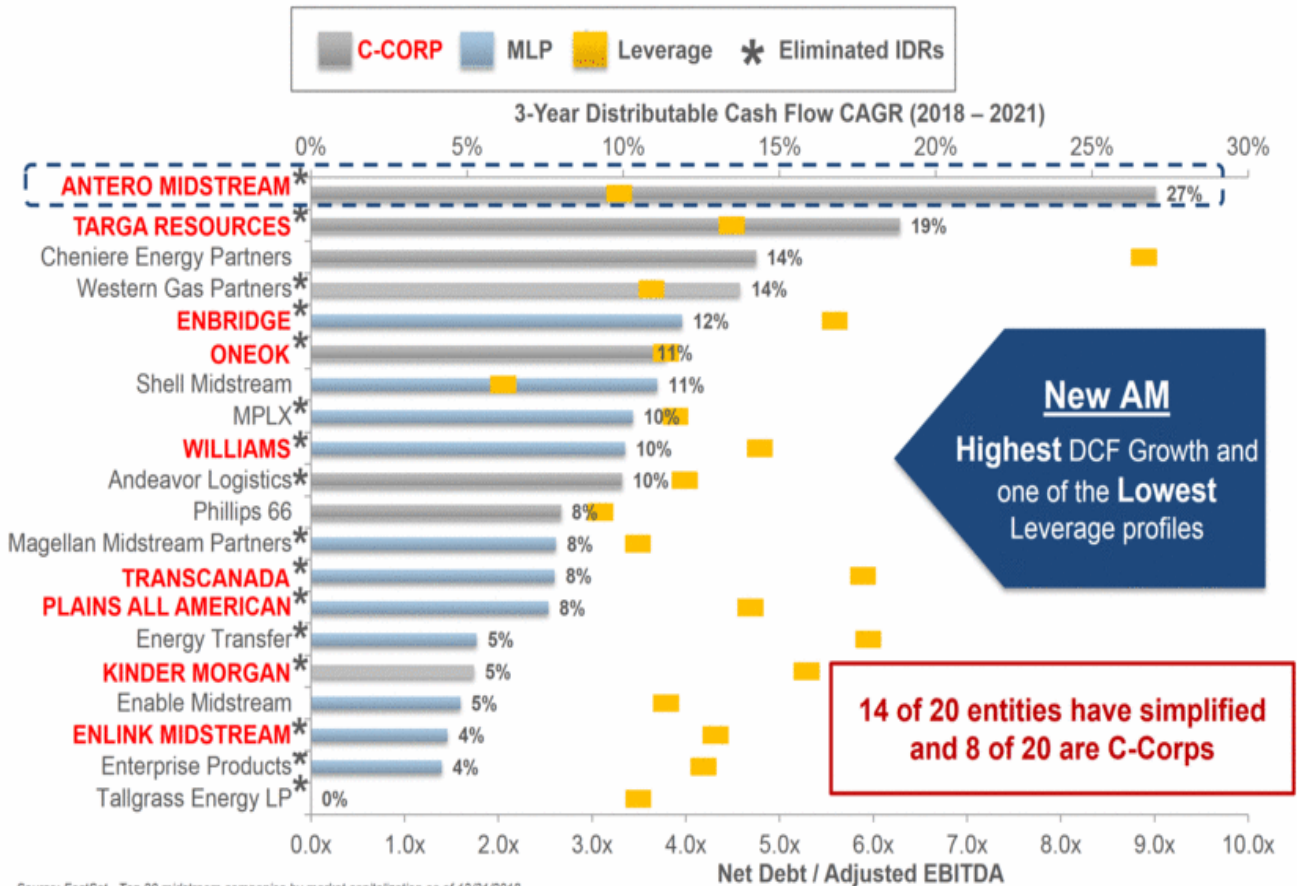
Midstream simplification transaction results in one publicly traded midstream infrastructure corporation with no IDRs and AR as its largest shareholder



1) Series B profits interest held by Antero management. Note: Rectangle denotes corporation and triangle denotes partnership.

Highest DCF Growth Among Top 20 Midstream

New AM will be a unique midstream vehicle with scale, low leverage and high distributable cash flow growth all in a C-corp structure



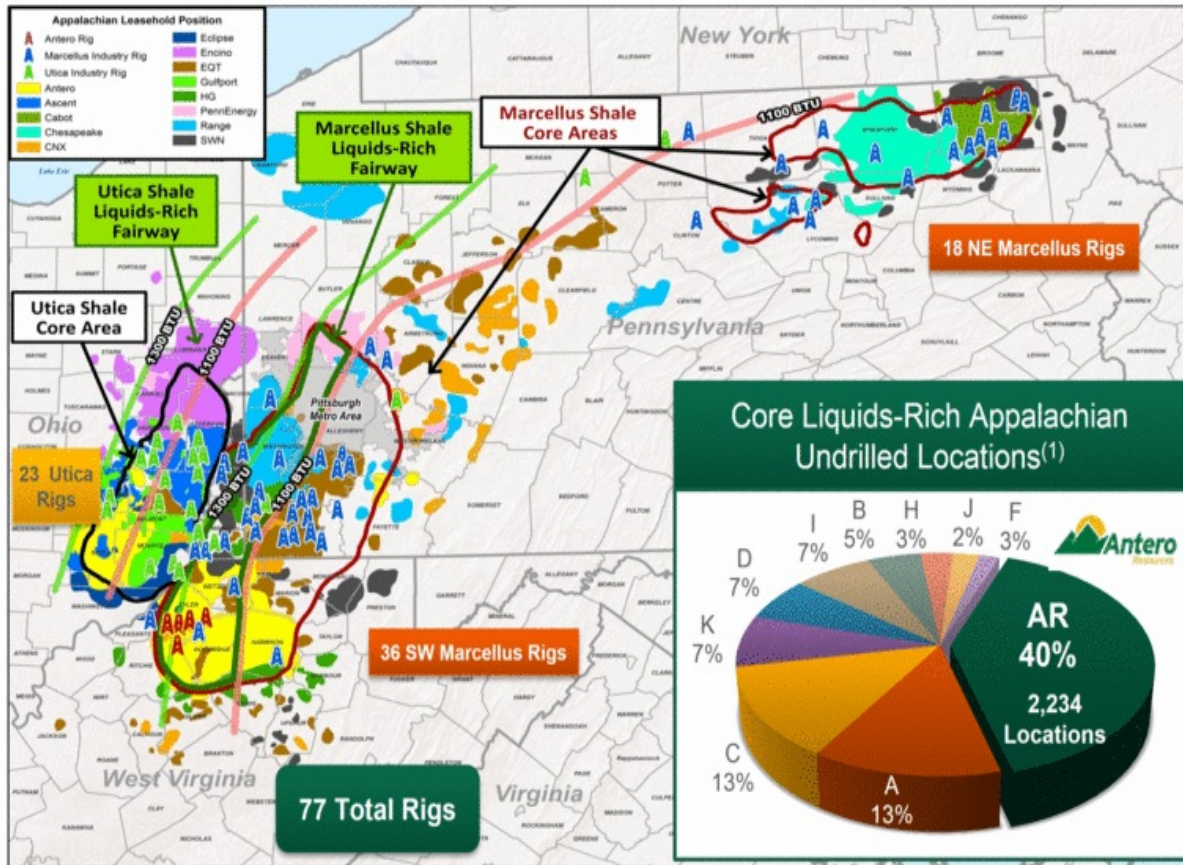
Source: FactSet. Top 20 midstream companies by market capitalization as of 12/31/2018. Pro forma for announced combination or simplification transactions including Cheniere, Enbridge, Energy Transfer, Western Gas, EnLink and AMGP/AM.

The image features a background of a construction site in a wooded area. A long, narrow trench has been dug into the earth, with a blue pipe or cable running down its length. In the foreground, a yellow excavator is positioned on a dirt path, surrounded by mounds of brown soil. The scene is framed by a blue border. The Antero logo, a stylized blue water drop, is positioned to the left of the company name. The text 'Antero' is in a large, bold, white font, and 'Midstream Partners LP' is in a smaller, white font below it. A semi-transparent blue banner with white text is overlaid across the middle of the image. A white double-line graphic element is located on the left side, extending horizontally across the banner.

Antero
Midstream Partners LP

Strong, Growing & Supportive Sponsor

Largest Core Liquids-Rich Inventory in Appalachia



40% of Core Undrilled Liquids-Rich Locations are Held by Antero

Note: Core outlines are based upon Antero geologic interpretation, well control, drilling activity, well economics and peer acreage positions; undrilled location count net of acreage allocated to publicly disclosed joint ventures. Rig information per RigData as of 1/4/2019.

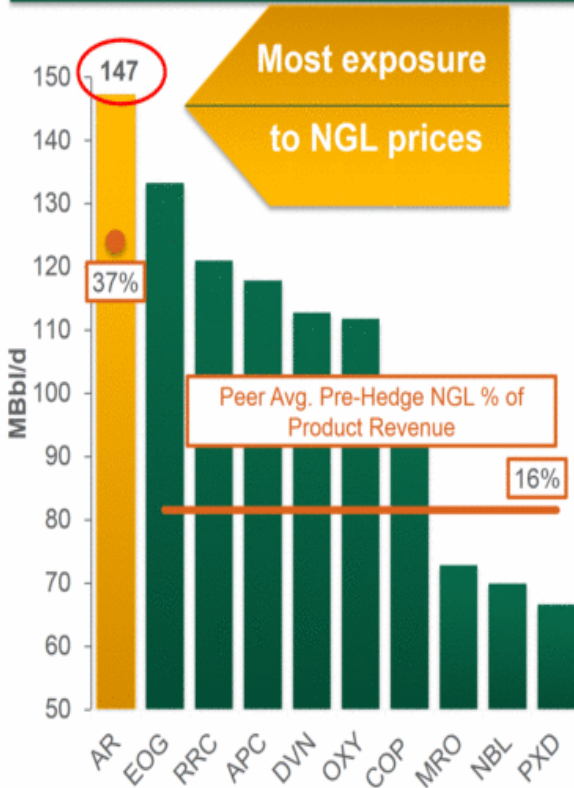
(1) Peers include Ascent, CNX, COG, CVX, Encino, EQT, GPOR, HG, RRC and SWN.

Largest NGL Producer

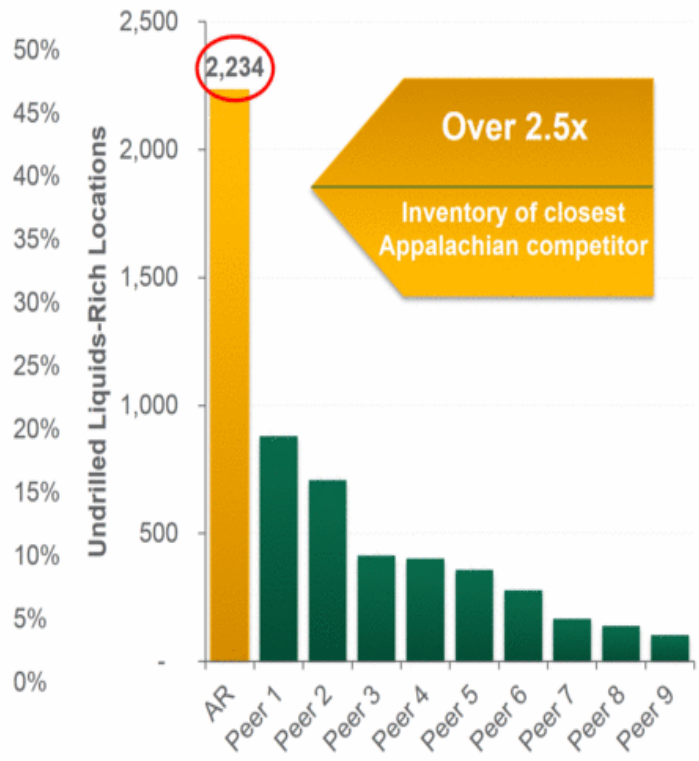


Antero is the largest NGL producer in the U.S. and controls **40%** of the core undrilled liquids-rich locations in Appalachia

Top U.S. C2+ NGL Producers - 2019E⁽²⁾



Undrilled Core Liquids-rich Inventory⁽¹⁾



(1) Based on Antero analysis of undeveloped acreage in the core of the Marcellus and Utica plays. Peers include Ascent, CHK, CNX, CVX, EQT, GPOR, HG, RRC and SWN.
 (2) Consensus as of 1/2/2019. Percentage of pre-hedge commodity revenues based on 3Q 2018 actuals.




Premier Integrated Appalachian
Midstream Assets

Antero Midstream's Premier Asset Footprint



Antero Midstream provides a customized full value chain midstream solution in the lowest cost natural gas and liquids basins: the Marcellus and Utica Shale



Gathering and Compression

- Integrated system in the core of the Marcellus and Utica Shales delivering wellhead gas directly to key processing plants and long haul pipelines



Processing and Fractionation

- Joint Venture with MPLX (NYSE: MPLX) aligns the largest liquids-rich resource base with the dominant processing and fractionation footprint in Appalachia



Fresh Water Delivery

- Largest freshwater delivery system in Appalachia that has a 100% track record of timely fresh water deliveries to AR's completions



Wastewater Handling and Treatment

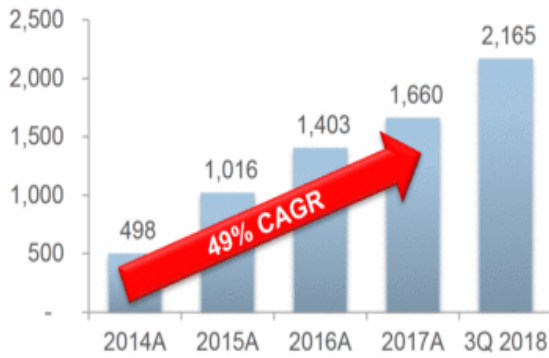
- Largest wastewater treatment facility in the world for shale oil and gas operations

High Growth Midstream Throughput



AM high growth throughput driven by AR development plan and resource base

Low Pressure Gathering (MMcf/d)



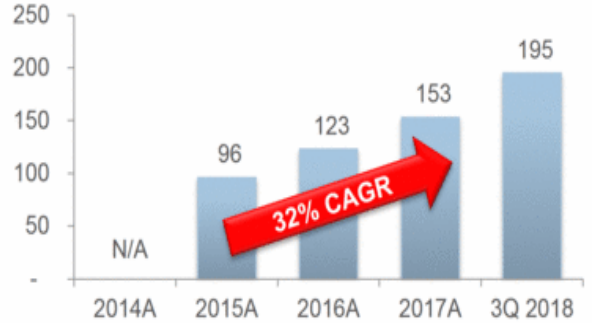
Compression (MMcf/d)



Gas Processing (MMcf/d)



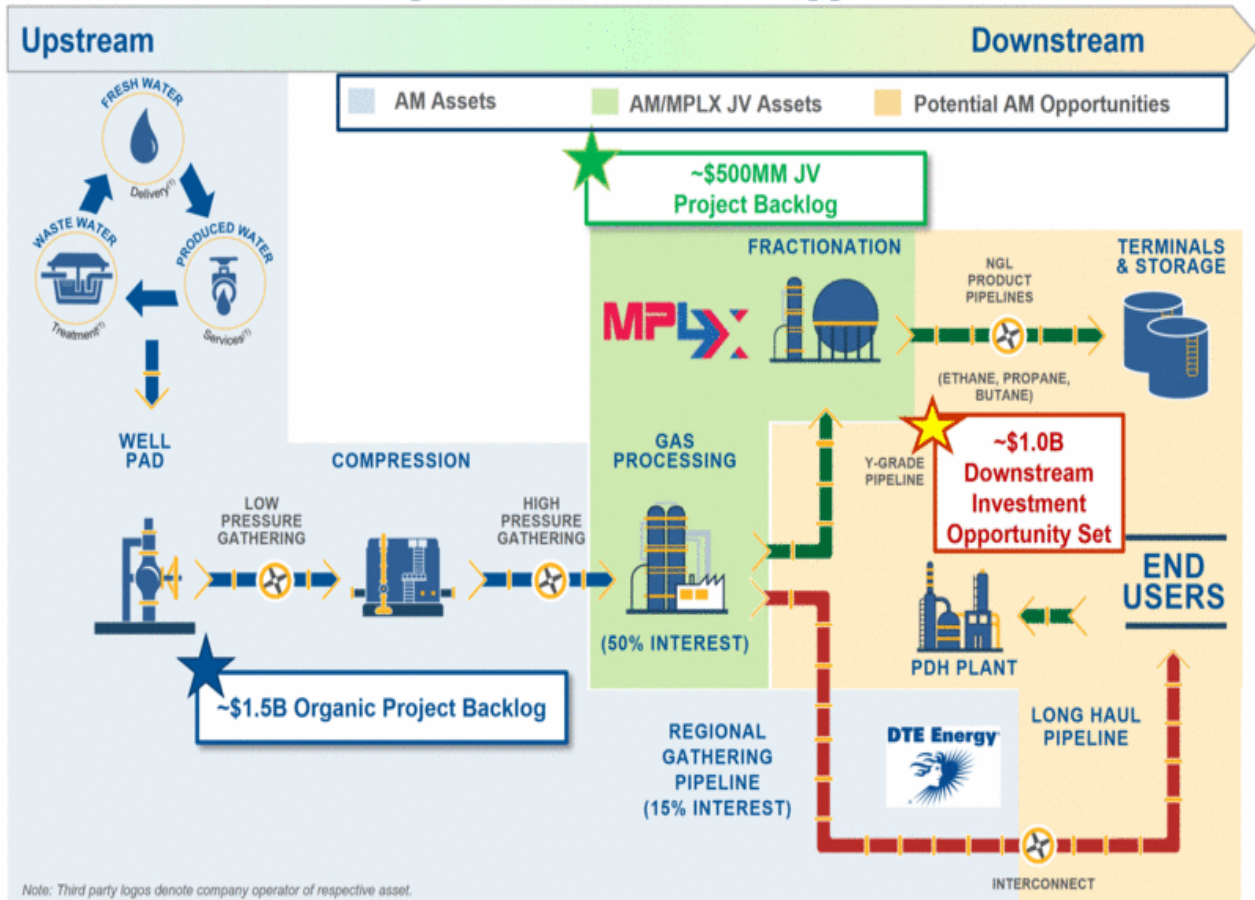
Fresh Water Delivery (MBbl/d)



Note: CAGRs represent 2014-2017 growth period where applicable.

Driving Northeast Value Chain Buildout

4-year identified project inventory of \$2.0B plus an additional ~\$1.0B of potential downstream opportunities



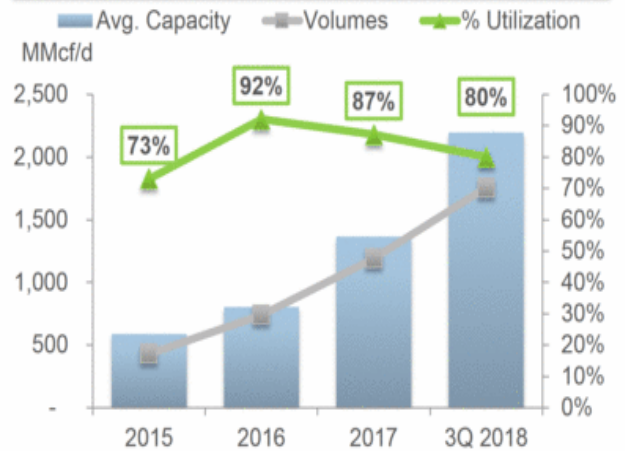


Significant long-term volumetric visibility from AR supports efficient gathering and compression infrastructure buildout and attractive project returns

Asset Strategy

- “Just-in-time” capital investment philosophy appropriately sizing infrastructure buildout for visible production growth from AR
- Eliminate “gas waiting on pipe”
- Target high asset utilization rates and continued focus on expense reduction strategies
- 100% fixed fee revenues & MVC's

Historical Compression Utilization



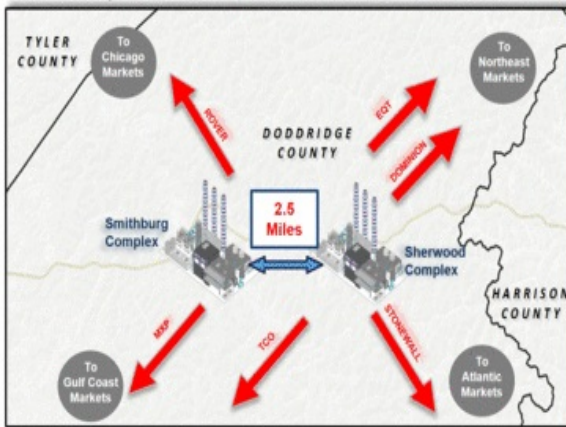
2019 Gathering & Compression Projects

| Gathering Pipelines | Miles | Size (Inch) | In-Service | Compressor Station | Location | Capacity (MMcf/d) | In-Service |
|---------------------------|-------|-------------|------------|--------------------|-----------|-------------------|------------|
| Tyler/Wetzel Connector | 15 | 30 | 3Q19 | Ferrell | Marcellus | 240 | 1Q19 |
| Tyler/Wetzel LP Gathering | 15 | 20 | Ongoing | Ferrell Expansion | Marcellus | 120 | 3Q19 |
| Total New Projects | | | | | | 360 | |

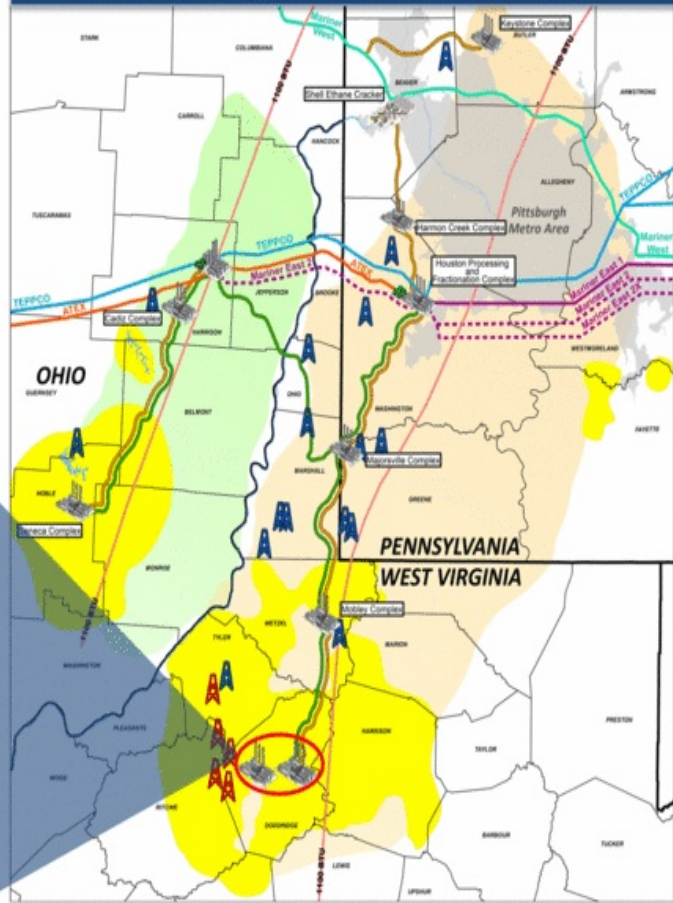


New Processing Site

- AM and MPLX are beginning civil construction on a new JV processing site named "Smithburg" in Doddridge County, WV
- Strategically located 2.5 miles west of Sherwood Facility with interconnectivity
- Site layout for 6 plants with 1.2 Bcf/d of processing capacity
- Integrated with MPLX's dominant NGL infrastructure footprint
- Connects to major long-haul pipelines including Rover, MXP, TCO, Stonewall, and local firm transportation



Northeast Processing & Fractionation



Processing and Fractionation Assets & Strategy

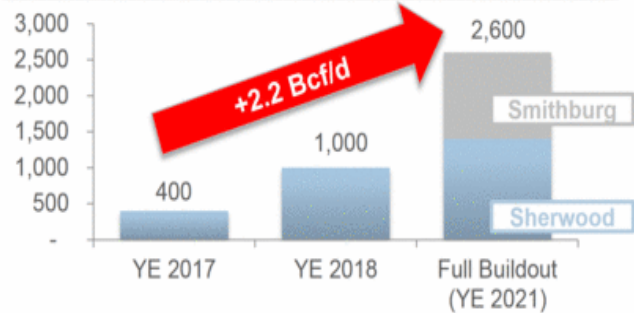


Joint Venture with MPLX (subsidiary of Marathon) aligns the largest core liquids-rich resource base with largest processing and fractionation footprint in Appalachia

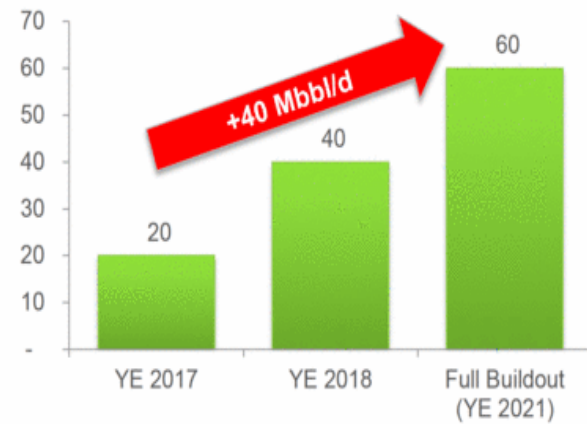
Asset Strategy

- Support rich-gas and C3+ NGL volume growth at AR, investing “Just-in-time” capital along side MPLX
- Sherwood is the largest processing facility in the U.S
- Sherwood 10 was placed in service 10/31/18
- 100% fixed-fee supported by MVC’s

Cumulative JV Processing Capacity (Bcf/d)



Cumulative JV Fractionation Capacity (MBbl/d)



Processing and Fractionation Projects

| Committed Growth Projects | Capacity (MMcf/d) | In-Service |
|------------------------------|-------------------|------------|
| Sherwood 12 Processing Plant | 200 | 2Q19 |
| Sherwood 13 Processing Plant | 200 | 3Q19 |
| Smithburg 1 Processing Plant | 200 | 1Q20 |

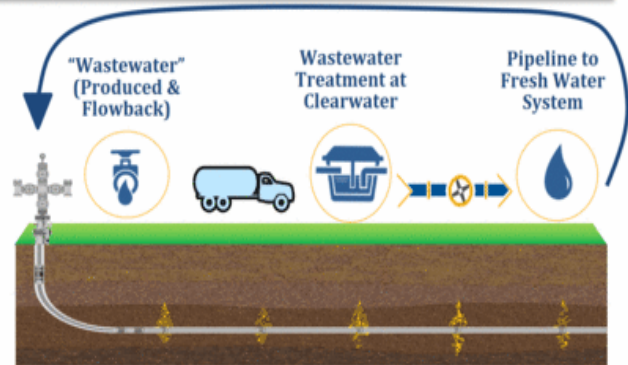
Water Handling and Treatment Assets & Strategy

Due to the reliability of AM's buried fresh water pipeline system, AM has a 100% track record of timely fresh water deliveries to AR's completions

Asset Strategy

- Provide timely service to allow AR to maintain its development pace and flexibility
- Sustainable "Closed loop" system for providing freshwater, recycling wastewater for re-use
 - Eliminates >620,000 truck trips and 42,000 tons of CO2 emissions per year
- 100% fixed fees for delivery and treatment at Antero Clearwater Facility
- AM's firm water service at the pad saves AR an estimated \$0.50 per barrel for fresh water compared to trucking

Water Services Provided



2019 Fresh Water Projects

| Growth Projects | Miles/ Capacity | In- Service |
|------------------------------------|--------------------|----------------|
| Ohio River to Pioneer Buried Line | 10 miles | 4Q19 |
| Ohio River Withdrawal Facility | 80 Bbl/Min | 4Q19 |
| Tyler/Wetzel Surface Line Connects | - | Ongoing |

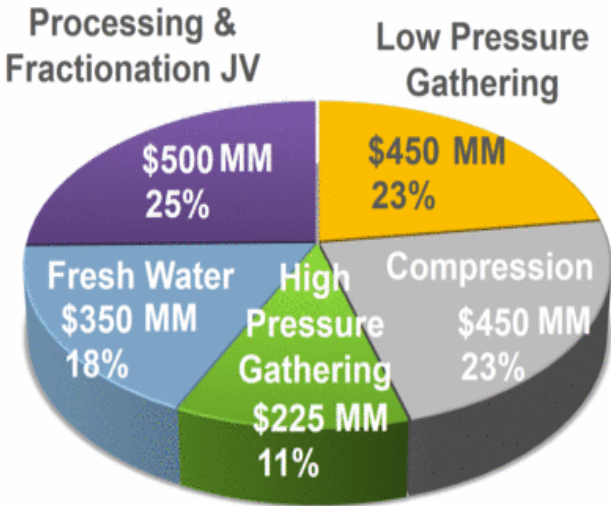
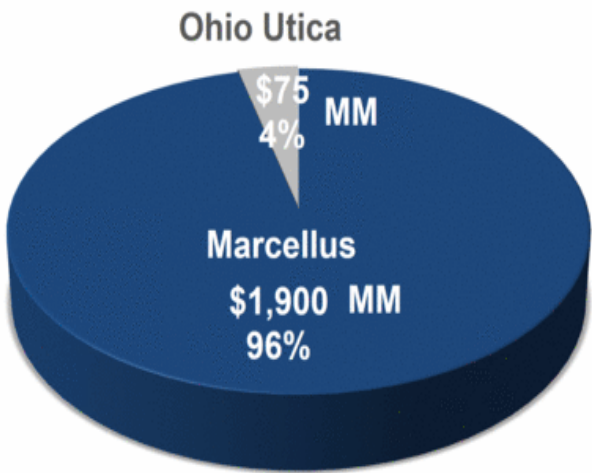
4-year Organic Project Backlog: 2019 - 2022

“High-graded” organic project backlog of \$2.0B through 2022

Primary focus on rich gas Marcellus infrastructure

\$2.0B Project Backlog – By Area

\$2.0B Project Backlog – By Function



4-year identified project inventory of \$2.0B

Note: Processing and fractionation JV includes \$200MM of capital incremental to original \$800MM investment for additional processing facilities constructed in the 5-year plan.

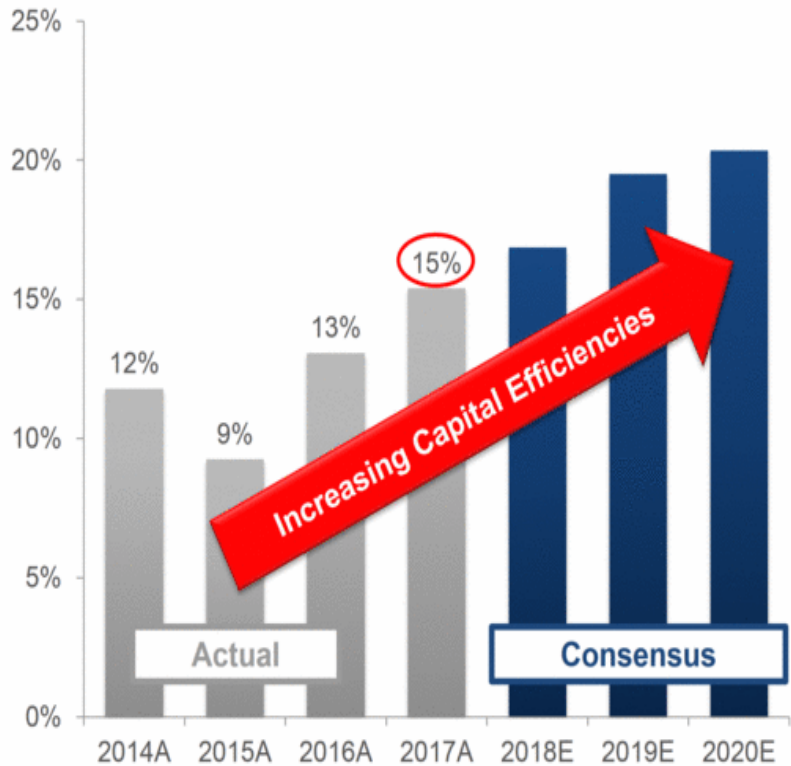


2017 ROIC of 15% in only fourth year of AM operations

Future organic growth capital leverages existing trunklines and major gathering arteries

Fewer pads to service reduces capital with same throughput

AM Return on Invested Capital (ROIC)



Source: Factset consensus estimates. See appendix for ROIC calculation

Return on invested capital is a non-GAAP measure. For additional information regarding this measure, please see "Antero Midstream Non-GAAP Measures" in the Appendix.



Appendix



Simplification Transaction Overview



On October 9th, Antero Midstream GP LP (“AMGP”) announced that it will acquire Antero Midstream Partners LP (“AM”) to be renamed “Antero Midstream Corporation” (NYSE: AM) or “New AM”

| | |
|-------------------------------------|--|
| Key Deal Terms | <ul style="list-style-type: none"> • AMGP to acquire 100% of outstanding common units of AM, including common units owned by AR • Elimination of incentive distribution rights (“IDRs”) and Series B profits interest • All-in consideration to AM public unitholders valued at \$31.41/unit consisting of 1.635 AMGP shares and \$3.415/unit in cash based on 10/8/18 AMGP share price (1.832x equivalent exchange ratio)⁽¹⁾ • All-in consideration to AR owned AM units valued at \$30.43/unit consisting of 1.6023 AMGP shares and \$3.00/unit in cash (1.776x equivalent exchange ratio assuming all equity consideration)⁽²⁾ • Total aggregate cash consideration of \$598 MM • AM public unitholder consideration represents a 7% premium to the October 8, 2018 close and 19% premium to the unaffected AM unit price prior to the formation of the Special Committees on 2/23/2018 |
| Structure | <ul style="list-style-type: none"> • Pro forma entity will convert to a C-corp for tax and governance purposes and will be renamed Antero Midstream Corporation (“New AM”) • New AM will trade on the NYSE and will retain the “AM” ticker symbol • Streamlined governance and Board of Directors composition with majority of independent directors |
| Taxes | <ul style="list-style-type: none"> • Taxable to all AM common unitholders and New AM receives the benefit of a tax basis “step-up” • Not expected to pay any material federal or state income taxes through at least 2024 • PV-10 savings of approximately \$800 million to New AM from tax basis step-up |
| Dividends & DCF Coverage | <ul style="list-style-type: none"> • New AM dividend targets increase AM unitholders distribution targets through the previously communicated period from 2019 through 2022 |
| Financing | <ul style="list-style-type: none"> • Transaction to be financed through borrowings on New AM’s revolving credit facility • AM exercised its accordion feature, increasing borrowing capacity to \$2.0 Billion • Maintains trajectory towards investment grade credit profile |
| Voting & Close | <ul style="list-style-type: none"> • Subject to majority of minority vote at AMGP and AM and expected to close in the first quarter of 2019 |

(1) Represents exchange ratio assuming 100% equity election (based on 1.635 equity exchange, plus \$3.415 cash converted at 20-day AMGP VWAP).

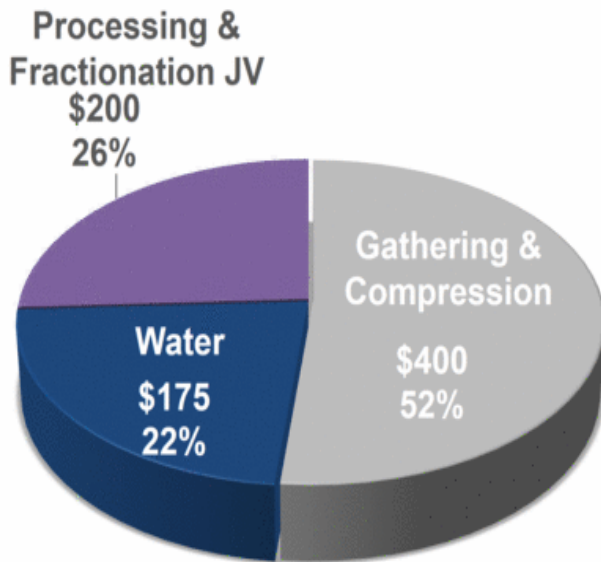
(2) Assuming AM unitholders elect 100% equity consideration (based on 1.6023 equity exchange, plus \$3.00 cash converted at 20-day AMGP VWAP) . 3) Dividends are subject to Board approval.



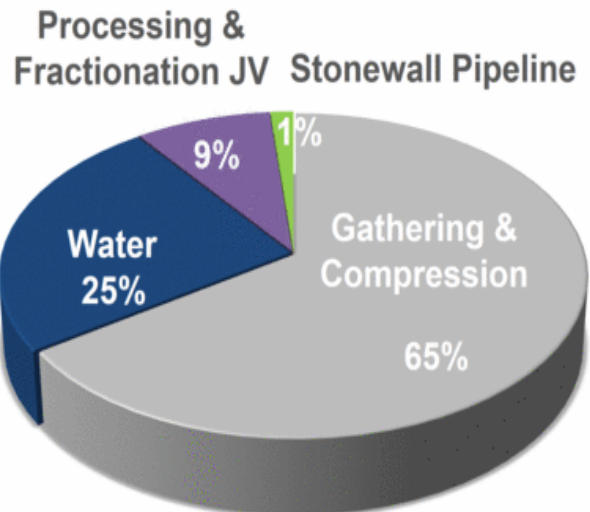
2019 organic capital budget fully funded with retained cash flow and credit facility borrowings, no need for equity financing

Capital Expenditures (\$MM)

Adjusted EBITDA (\$MM)



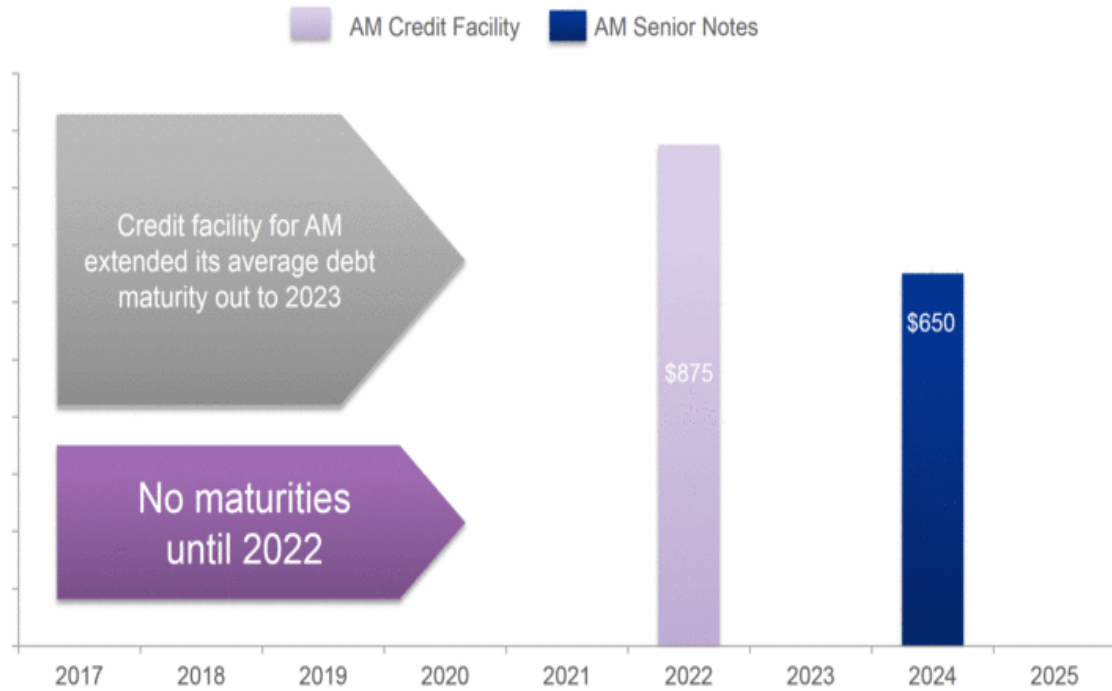
Capital Budget: \$775MM



Adjusted EBITDA Guidance: \$870- 920MM



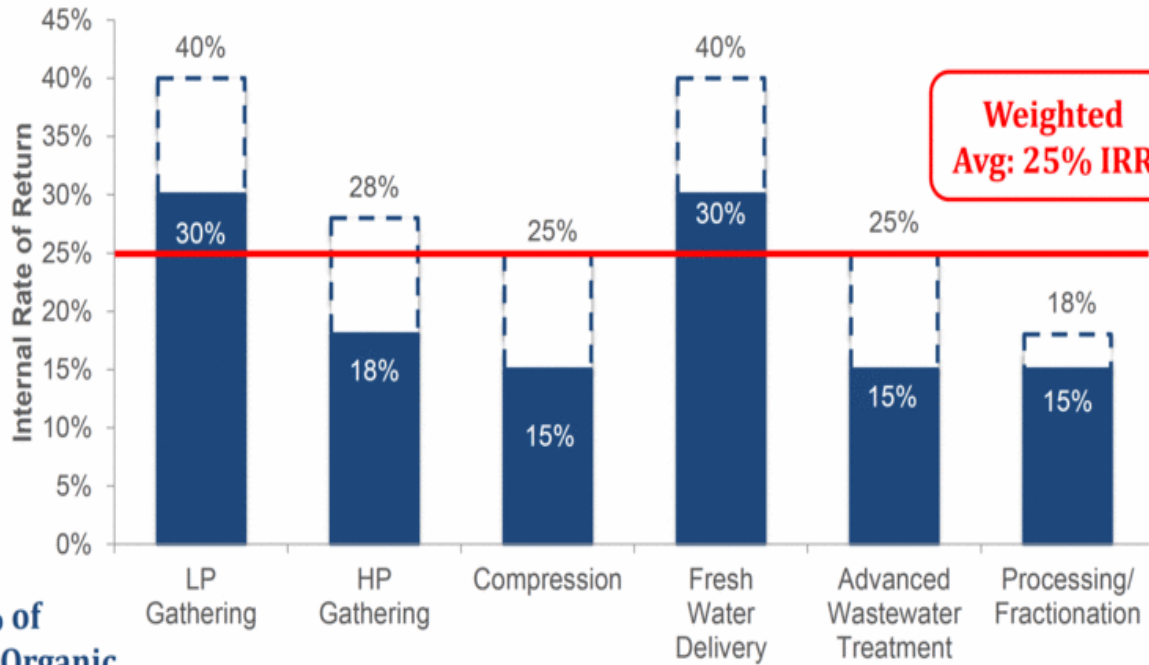
9/30/2018 Debt Maturity Profile





“Just-in-time” capital investment philosophy drives attractive project IRR’s

AM Project Economics by Investment



**Weighted
Avg: 25% IRR**

**% of
4-year Organic
Project
Backlog**

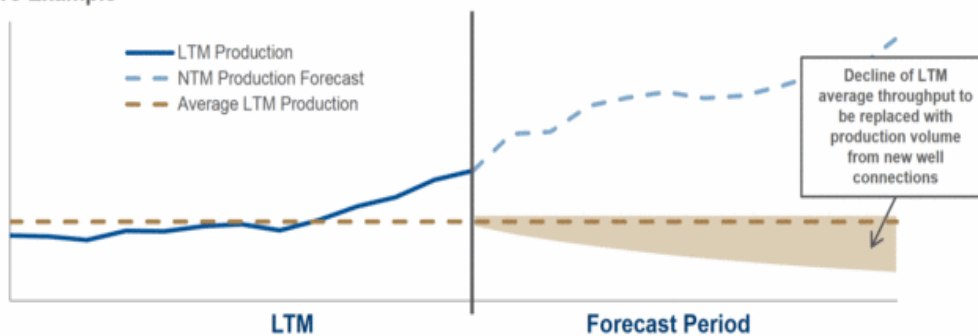
| | | | | | |
|------------|------------|------------|------------|----------|------------|
| 17% | 12% | 29% | 12% | - | 30% |
|------------|------------|------------|------------|----------|------------|



- **Maintenance Capital Calculation Methodology – Low Pressure Gathering**
 - Estimate the number of new well connections needed during the forecast period in order to offset the natural production decline and maintain the average throughput volume on our system over the LTM period
 - (1) Compare this number of well connections to the total number of well connections estimated to be made during such period, and
 - (2) Designate an equal percentage of our estimated low pressure gathering capital expenditures as maintenance capital expenditures
- **Maintenance Capital Calculation Methodology – Fresh Water Distribution**
 - Estimate the number of wells to which we would need to distribute fresh water during the forecast period in order to maintain the average fresh water throughput volume on our system over the LTM period
 - (1) Compare this number of wells to the total number of new wells to which we expect to distribute fresh water during such period, and
 - (2) Designate an equal percentage of our estimated water line capital expenditures as maintenance capital expenditures

Maintenance capital expenditures are cash expenditures (including expenditures for the construction or development of new capital assets or the replacement, improvement or expansion of existing capital assets) made to maintain, over the long term, our operating capacity or revenue

• **Illustrative Example**





Non-GAAP Financial Measures and Definitions

Antero Midstream views Adjusted EBITDA as an important indicator of the Partnership's performance. Antero Midstream defines Adjusted EBITDA as Net Income before interest expense, depreciation expense, impairment expense, accretion of contingent acquisition consideration, equity-based compensation expense, excluding equity in earnings of unconsolidated affiliates and including cash distributions from unconsolidated affiliates.

Antero Midstream uses Adjusted EBITDA to assess:

- the financial performance of the Partnership's assets, without regard to financing methods in the case of Adjusted EBITDA, capital structure or historical cost basis;
- its operating performance and return on capital as compared to other publicly traded partnerships in the midstream energy sector, without regard to financing or capital structure; and
- the viability of acquisitions and other capital expenditure projects.

The Partnership defines Distributable Cash Flow as Adjusted EBITDA less interest paid, income tax withholding payments and cash reserved for payments of income tax withholding upon vesting of equity-based compensation awards, cash reserved for bond interest and ongoing maintenance capital expenditures paid. Antero Midstream uses Distributable Cash Flow as a performance metric to compare the cash generating performance of the Partnership from period to period and to compare the cash generating performance for specific periods to the cash distributions (if any) that are expected to be paid to unitholders. Distributable Cash Flow does not reflect changes in working capital balances.

The Partnership defines Free Cash Flow as cash flow from operating activities before changes in working capital less capital expenditures. Management believes that Free Cash Flow is a useful indicator of the Partnership's ability to internally fund infrastructure investments, service or incur additional debt, and assess the company's financial performance and its ability to generate excess cash from its operations. Management believes that changes in operating assets and liabilities relate to the timing of cash receipts and disbursements and therefore may not relate to the period in which the operating activities occurred.

The Partnership defines Return on Invested Capital as net income plus interest expense divided by average total liabilities and partners' capital, excluding current liabilities. Management believes that Return on Invested Capital is a useful indicator of the Partnership's return on its infrastructure investments.

Antero Resources non-GAAP measures and definitions are included in the Antero Resources analyst day presentation, which can be found on www.anteroresources.com.



Adjusted EBITDA and Distributable Cash Flow are non-GAAP financial measures. The GAAP measure most directly comparable to Adjusted EBITDA and Distributable Cash Flow is Net Income. The non-GAAP financial measures of Adjusted EBITDA and Distributable Cash Flow should not be considered as alternatives to the GAAP measure of Net Income. Adjusted EBITDA and Distributable Cash Flow are not presentations made in accordance with GAAP and have important limitations as an analytical tool because they include some, but not all, items that affect Net Income and Adjusted EBITDA. You should not consider Adjusted EBITDA and Distributable Cash Flow in isolation or as a substitute for analyses of results as reported under GAAP. Antero Midstream's definition of Adjusted EBITDA and Distributable Cash Flow may not be comparable to similarly titled measures of other partnerships.

Antero Midstream has not included a reconciliation of Adjusted EBITDA and Distributable Cash Flow to their nearest GAAP financial measure for 2019 because it cannot do so without unreasonable effort and any attempt to do so would be inherently imprecise. Antero Midstream is able to forecast the following reconciling items between Adjusted EBITDA and Distributable Cash Flow and net income (in thousands):

| | Twelve Months Ending December 31, 2019 | | | |
|---|---|---------|------|------------|
| | Low | | High | |
| Depreciation expense | \$ | 180,000 | — | \$ 185,000 |
| Equity based compensation expense | | 48,000 | — | 52,000 |
| Equity in earnings of unconsolidated affiliates | | 68,000 | — | 73,000 |
| Distributions from unconsolidated affiliates | | 87,000 | | 92,000 |

The Partnership cannot forecast interest expense due to the timing and uncertainty of debt issuances and associated interest rates. Additionally, Antero Midstream cannot reasonably forecast impairment expense as the impairment is driven by a number of factors that will be determined in the future and are beyond Antero Midstream's control currently.

Antero Midstream Non-GAAP Measures



The following table reconciles consolidated total debt to consolidated net debt ("Net Debt") as used in this presentation (in thousands):

| | <u>September 30, 2018</u> | |
|-------------------------------------|---------------------------|------------------|
| Bank credit facility | \$ | 875,000 |
| 5.375% AM senior notes due 2024 | | 650,000 |
| Net unamortized debt issuance costs | | (8,146) |
| Consolidated total debt | \$ | 1,516,854 |
| Cash and cash equivalents | | — |
| Consolidated net debt | \$ | 1,516,854 |

The following table reconciles net income to Adjusted EBITDA for the twelve months ended September 30, 2018 as used in this presentation (in thousands):

| | <u>Twelve Months Ended September 30, 2018</u> | |
|---|---|----------------|
| Net income | \$ | 401,491 |
| Interest expense | | 53,307 |
| Impairment of property and equipment expense | | 29,202 |
| Depreciation expense | | 138,279 |
| Accretion of contingent acquisition consideration | | 15,644 |
| Accretion of asset retirement obligations | | 101 |
| Equity-based compensation | | 23,453 |
| Equity in earnings of unconsolidated affiliate | | (35,139) |
| Distributions from unconsolidated affiliates | | 39,735 |
| Gain on sale of asset – Antero Resources | | (583) |
| Adjusted EBITDA | \$ | 665,490 |