



# Third Quarter 2017 Results

Earnings Conference Call

*November 9, 2017*



# Non-GAAP Financial Measures

SemGroup's non-GAAP measure, Adjusted EBITDA, is not a GAAP measure and is not intended to be used in lieu of GAAP presentation of net income (loss), which is the most closely associated GAAP measure. Adjusted EBITDA represents earnings before interest, taxes, depreciation and amortization, adjusted for selected items that SemGroup believes impact the comparability of financial results between reporting periods. In addition to non-cash items, we have selected items for adjustment to EBITDA which management feels decrease the comparability of our results among periods. These items are identified as those which are generally outside of the results of day to day operations of the business. These items are not considered non-recurring, infrequent or unusual, but do erode comparability among periods in which they occur with periods in which they do not occur or occur to a greater or lesser degree. Historically, we have selected items such as gains on the sale of NGL Energy Partners LP common units, costs related to our predecessor's bankruptcy, significant business development related costs, significant legal settlements, severance and other similar costs. Management believes these types of items can make comparability of the results of day to day operations among periods difficult and have chosen to remove these items from our Adjusted EBITDA. We expect to adjust for similar types of items in the future. Although we present selected items that we consider in evaluating our performance, you should be aware that the items presented do not represent all items that affect comparability between the periods presented. Variations in our operating results are also caused by changes in volumes, prices, mechanical interruptions and numerous other factors. We do not adjust for these types of variances.

This measure may be used periodically by management when discussing our financial results with investors and analysts and is presented as management believes it provides additional information and metrics relative to the performance of our businesses. This non-GAAP financial measure has important limitations as an analytical tool because it excludes some, but not all, items that affect the most directly comparable GAAP financial measures. You should not consider non-GAAP measures in isolation or as substitutes for analysis of our results as reported under GAAP. Management compensates for the limitations of our non-GAAP measures as analytical tools by reviewing the comparable GAAP measures, understanding the differences between the non-GAAP measure and the most comparable GAAP measure and incorporating this knowledge into its decision-making processes. We believe that investors benefit from having access to the same financial measures that our management uses in evaluating our operating results. Because all companies do not use identical calculations, our presentations of non-GAAP measures may be different from similarly titled measures of other companies, thereby diminishing their utility.

SemGroup does not provide guidance for net income, the GAAP financial measure most directly comparable to the non-GAAP financial measure Adjusted EBITDA, because Net Income includes items such as unrealized gains or losses on derivative activities or similar items which, because of their nature, cannot be accurately forecasted. We do not expect that such amounts would be significant to Adjusted EBITDA as they are largely non-cash items.

# Forward-Looking Information

Certain matters contained in this Presentation include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995.

All statements, other than statements of historical fact, included in this presentation including the prospects of our industry, our anticipated financial performance, our anticipated annual dividend growth rate, management's plans and objectives for future operations, planned capital expenditures, business prospects, outcome of regulatory proceedings, market conditions and other matters, may constitute forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Factors that might cause actual results to differ include, but are not limited to, our ability to generate sufficient cash flow from operations to enable us to pay our debt obligations and our current and expected dividends or to fund our other liquidity needs; any sustained reduction in demand for, or supply of, the petroleum products we gather, transport, process, market and store; the effect of our debt level on our future financial and operating flexibility, including our ability to obtain additional capital on terms that are favorable to us; our ability to access the debt and equity markets, which will depend on general market conditions and the credit ratings for our debt obligations and equity; the failure to realize the anticipated benefits of our acquisition of HFOTCO LLC doing business as Houston Fuel Oil Terminal Company (“HFOTCO”); our ability to pay the second payment related to our HFOTCO acquisition and the consequences of our failing to do so; the loss of, or a material nonpayment or nonperformance by, any of our key customers; the amount of cash distributions, capital requirements and performance of our investments and joint ventures; the consequences of any divestitures of non-strategic operating assets or divestitures of interests in some of our operating assets through partnerships and/or joint ventures; the amount of collateral required to be posted from time to time in our commodity purchase, sale or derivative transactions; the impact of operational and developmental hazards and unforeseen interruptions; our ability to obtain new sources of supply of petroleum products; competition from other midstream energy companies; our ability to comply with the covenants contained in our credit agreements, continuing covenant agreement, and the indentures governing our notes, including requirements under our credit agreements and continuing covenant agreement to maintain certain financial ratios; our ability to renew or replace expiring storage, transportation and related contracts; the overall forward markets for crude oil, natural gas and natural gas liquids; the possibility that the construction or acquisition of new assets may not result in the corresponding anticipated revenue increases; any future impairment of goodwill resulting from the loss of customers or business; changes in currency exchange rates; weather and other natural phenomena, including climate conditions; a cyber attack involving our information systems and related infrastructure, or that of our business associates; the risks and uncertainties of doing business outside of the U.S., including political and economic instability and changes in local governmental laws, regulations and policies; costs of, or changes in, laws and regulations and our failure to comply with new or existing laws or regulations, particularly with regard to taxes, safety and protection of the environment; the possibility that our hedging activities may result in losses or may have a negative impact on our financial results; general economic, market and business conditions; as well as other risk factors discussed from time to time in our each of our documents and reports filed with the SEC.

Readers are cautioned not to place undue reliance on any forward-looking statements contained in this press release, which reflect management's opinions only as of the date hereof. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements.

We use our Investor Relations website and social media outlets as channels of distribution of material company information. Such information is routinely posted and accessible on our Investor Relations website at [ir.semgrouppcorp.com](http://ir.semgrouppcorp.com).

We are present on Twitter and LinkedIn: SemGroup [Twitter](#) and [LinkedIn](#)

# Executing on Strategic Plan

## ▶ Third Quarter Results

- 40% Adjusted EBITDA increase over second quarter
  - Maurepas Pipeline fully online and cash flowing
  - HFOTCO contribution commenced mid-July, following transaction close
  - Base business relatively flat, absent second quarter one-time items

## ▶ Strategic Focus

- EBITDA growth with increased security of cash flows
- Core geographic regions
  - Canada
  - Mid-Continent
  - Gulf Coast

## ▶ Capital Raise Initiative

- HFOTCO \$600 million 2nd payment progress
  - Progress underway to fully pay by end of 1Q 2018, capturing the early payment discount
  - Executed accretive transaction to sell Glass Mountain Pipeline interest for \$300 million, expected close by year-end 2017
- Balance Sheet focus
  - Evaluating additional opportunities to raise capital and reduce leverage, including asset sales, joint ventures and structured equity

# Key Projects Update

- ▶ Maurepas Pipeline ~ \$500 million<sup>(1)</sup>
  - 24" crude pipeline operational and cash flowing late July
  - 6" and 12" product pipelines operational and cash flowing in mid-September
- ▶ STACK Crude Omega Pipeline ~ \$30 million<sup>(2)</sup>
  - Expected completion year-end 2017
  - Included in Glass Mountain Pipeline sale
- ▶ STACK SemGas Canton Pipeline ~ \$60 million<sup>(1)</sup>
  - Expected completion year-end 2017
  - Positive discussions continue with producers
- ▶ Wapiti Gas Plant ~ \$225-250 million<sup>(1)</sup>
  - Expected completion 2Q 2019
  - Positive discussions continue with producers
- ▶ HFOTCO Projects ~ \$120 million<sup>(3)</sup>
  - Ship Dock #5 and 1.45 mmbbls crude oil storage
  - Backstopped by long-term contract with credit-worthy counterparty
  - Expected completion mid-2018

***Projects remain on budget...several coming online during 2018***

1) Expected total project spend

2) Expected total project spend; reflects SemGroup's 50% of capital contributions to the joint venture

3) Expected SemGroup project spend on HFOTCO projects; excludes ~\$65 million spent prior to close

# Third Quarter 2017 Results

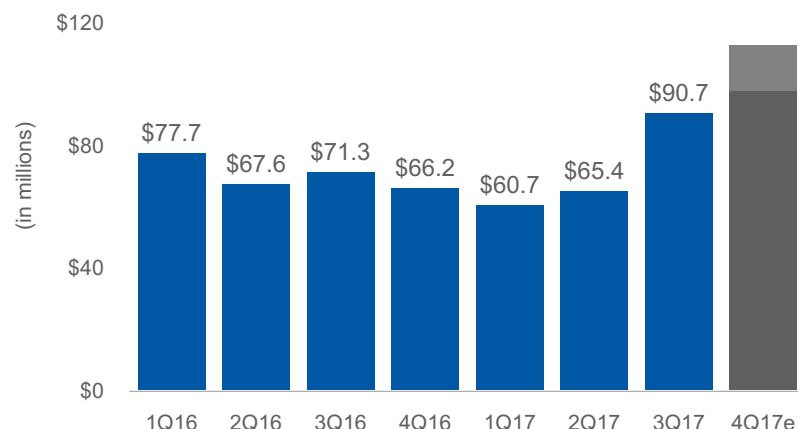
As Reported (in millions, excluding EPS, unaudited)	3Q 2017	2Q 2017
Net income (loss) attributable to SemGroup	\$(19.1)	\$9.6
Net income (loss) per share - diluted	\$(0.25)	\$0.15
EBITDA <sup>(1)</sup>	\$26.5	\$52.3
Selected Non-Cash Items and Other Items Impacting Comparability <sup>(1)</sup>	\$64.2	\$13.1
Adjusted EBITDA <sup>(1)</sup>	\$90.7	\$65.4
Dividend per Share	\$0.45	\$0.45

Segment Adjusted EBITDA	3Q 2017	2Q 2017
Crude - Transportation	\$32.0	\$25.2
Crude - Facilities	8.5	8.9
Crude - Supply and Logistics	(2.3)	(3.5)
HFOTCO	25.4	—
SemGas	13.2	17.0
SemCAMS	12.2	15.9
SemLogistics	2.7	3.1
SemMaterials Mexico	2.3	1.9
Corporate and Other	(3.3)	(3.1)
	<b>\$90.7</b>	<b>\$65.4</b>

- ▶ Crude Transportation - increased ~\$7 million primarily due to Maurepas Pipeline completion
- ▶ HFOTCO contribution, following mid-July close, performed as expected
- ▶ SemGas - decreased primarily due to the absence of a \$2.5 million one-time contractual true-up in 2Q
- ▶ SemCAMS - decreased nearly \$4 million due to the absence of take-or-pay true-ups recorded in 2Q

# Updated 2017 Adjusted EBITDA Guidance

**2017 FY Adjusted EBITDA \$315 million - \$330 million<sup>(1)</sup>**



**Take-or-Pay Gross Margin Increased to 58%<sup>(3)</sup>**

## Crude

- Average Cushing storage rate: \$0.33/barrel/month
- Maurepas Pipeline: completed
- Transportation volumes<sup>(2)</sup>: flat year over year
- White Cliffs Pipeline volumes: 100-110k bpd
- Glass Mountain Pipeline volumes: 75-80k bpd

## SemGas

- N. Oklahoma processing volumes: 260-280 mmcf/d

## SemCAMS

- Processing volumes: 400-420 mmcf/d
- K3 plant turnaround - completed 2Q 2017

## HFOTCO

- Contributing ~\$55 million of Adjusted EBITDA to SemGroup during 2017 based on the timing of the transaction close and related closing adjustments
- Full-year 2017 Adjusted EBITDA ~\$115 million, as forecasted<sup>(4)</sup>

## Cash Taxes

- Approximately \$5 million, related to foreign subs

1) Updated Adjusted EBITDA guidance range due to the timing of contributions from HFOTCO and Maurepas Pipeline, as well as weaker than expected Crude margins

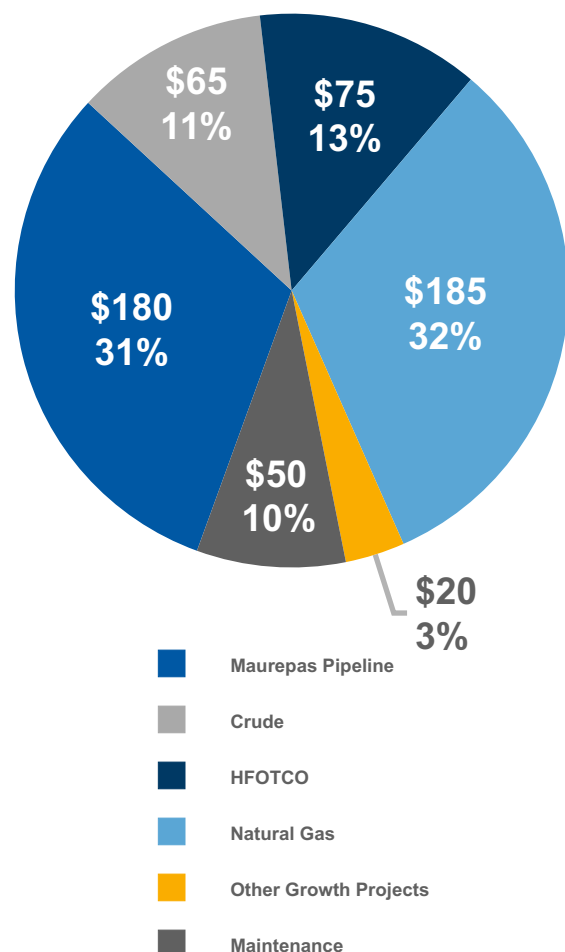
2) Transportation volumes excludes Maurepas Pipeline and JV assets (White Cliffs and Glass Mountain Pipeline)

3) Details on slide 12

4) June 6, 2017, HFOTCO acquisition announcement presentation

# 2017 Capital Expenditure Guidance

**\$575 million Capex Spend on Strategic Projects**



## Key Committed Projects

### Crude Projects

- Maurepas Pipeline ~ completed: \$180 million
- Cushing 20" Pipeline ~ completion 4Q 2017: \$35 million
- STACK Crude Omega Pipeline ~ completion year-end 2017: \$30 million<sup>(1)</sup>

### Natural Gas Projects

- Wapiti Sour Gas Plant ~ completion 2Q 2019: \$80 million
- KA Plant projects: \$25 million
- N. Oklahoma gathering projects: \$20 million
- STACK SemGas Canton Pipeline ~ completion year-end 2017: \$60 million

### HFOTCO<sup>(2)</sup>

- Ship Dock #5: \$35 million ~ completion mid-2018
- 1.45 mmbbls crude storage: \$20 million ~ completion mid-2018

### Maintenance

- Reduced by \$10 million due to timing

Note: 2017 Capex Guidance has not been adjusted to reflect the anticipated sale of GMPL, expected to close by year-end 2017



# Leverage and Liquidity

- ▶ Consolidated
  - Consolidated net leverage 5.7x
  - Consolidated available liquidity ~ \$736 million

## Targeting consolidated leverage of 5.0x or lower

- ▶ SEMG Standalone
  - SEMG covenant net leverage 4.4x
  - SEMG available liquidity ~ \$682 million
  - CFR Ratings: B2 / B+ (stable)

In September, SEMG issued \$300 million of senior unsecured notes to term out the revolver balance

- ▶ HFOTCO Standalone
  - HFOTCO covenant net leverage 6.9x
  - HFOTCO available liquidity ~ \$54 million
  - CFR Ratings: Ba3 / BB- (stable)

# Executing on Strategic Plan

- ▶ Looking ahead to 2018 and beyond our focus remains
  - Canada
  - Mid-Continent
  - Gulf Coast
- ▶ Expect to fully pay HFOTCO second payment by end of 1Q 2018
- ▶ Focused execution
  - Reducing debt
  - Increasing return on capital
  - Enhancing SemGroup's ability to capitalize on attractive opportunities



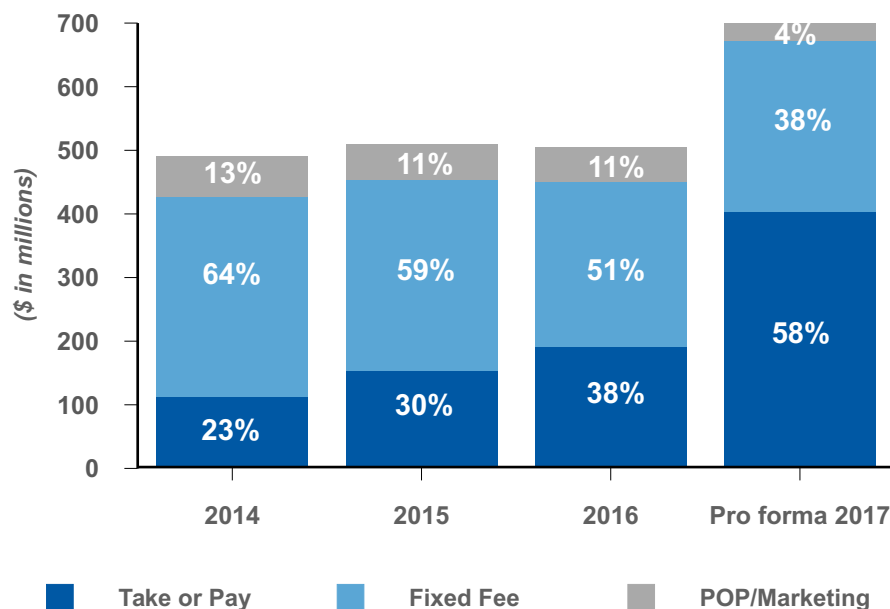
# Appendix



# Company Strengths

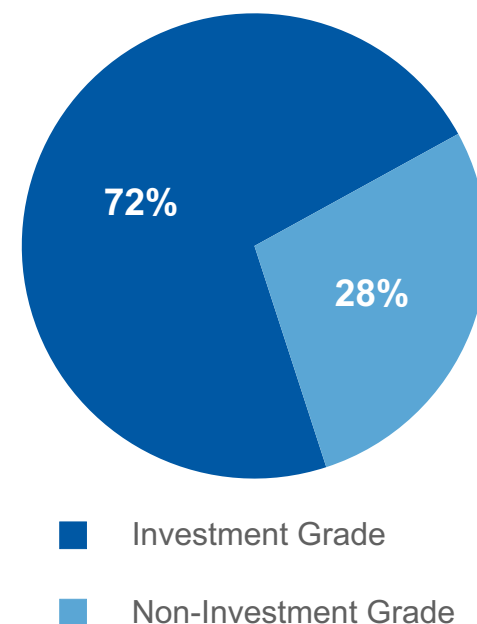
## Stable Cash Flows<sup>(1)</sup>

Over 95% of total LTM gross margin from fee based cash flows



## Counterparty Strength<sup>(2)</sup>

Over 70% of SemGroup's pro forma revenue is derived from investment grade counterparties

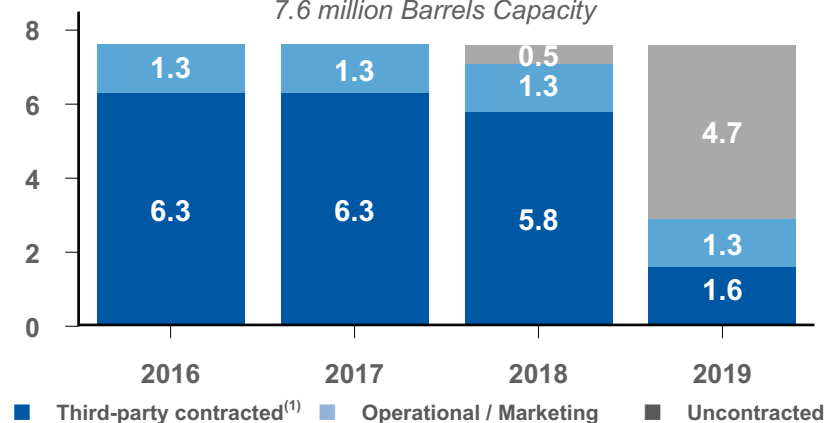


**SemGroup derives a significant portion of cash flows from fixed-fee, contracted arrangements from credit-worthy counterparties**

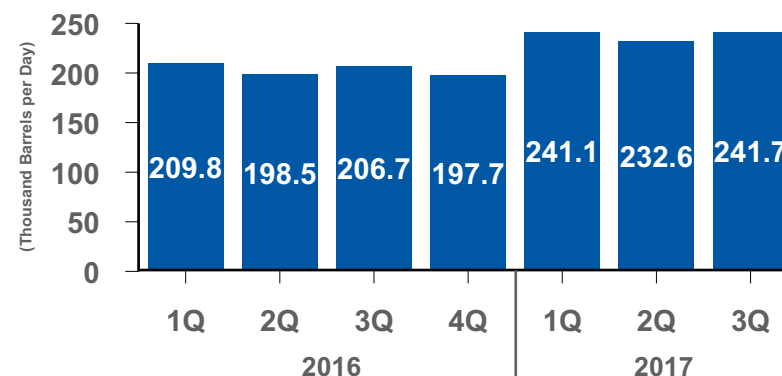
# Crude Key Performance Metrics

## Facilities - Cushing Storage

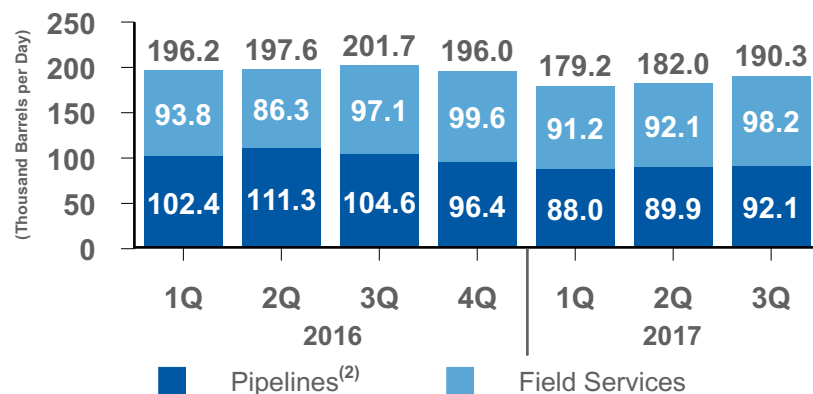
7.6 million Barrels Capacity



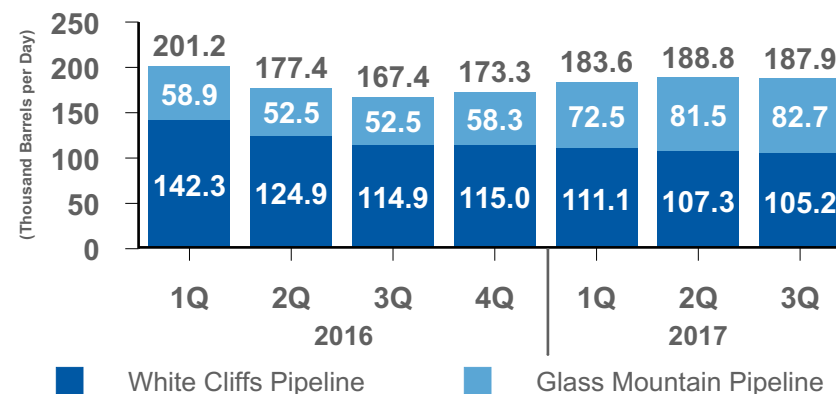
## Supply and Logistics Volumes



## Transportation Volumes



## Joint Venture Transportation Volumes<sup>(3)</sup>



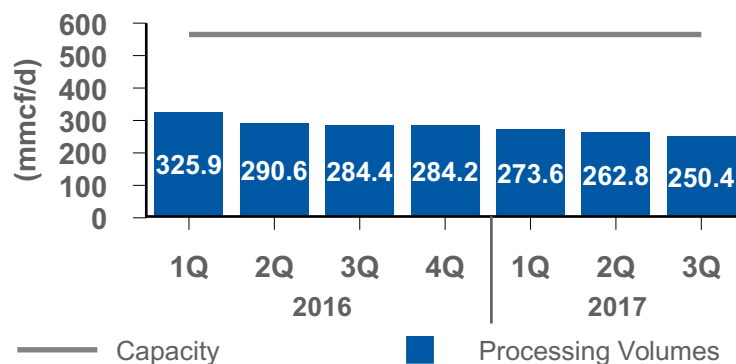
1) Weighted average term of storage contracts

2) Volumes on 100% owned pipelines, excludes Maurepas Pipeline

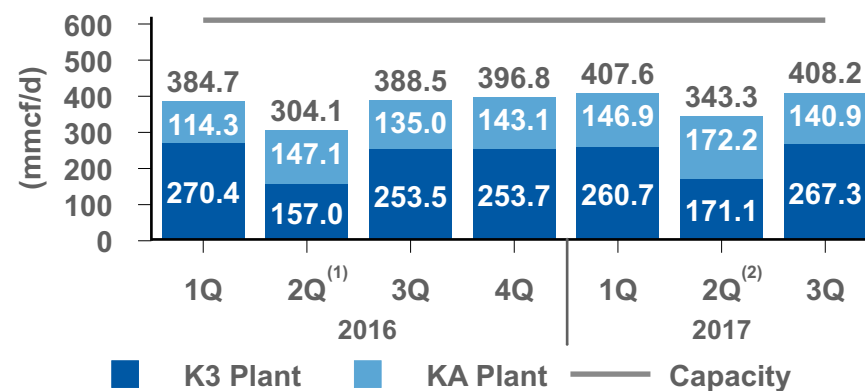
3) Reflects 100% throughput on joint venture pipelines

# Natural Gas Key Performance Metrics

## SemGas Northern OK Avg Processed Volume



## SemCAMS Average Throughput Volume





# Leverage and Liquidity

(in millions, unaudited)	9/30/2017
SemGroup (B2 / B+) <sup>(1)</sup>	
Revolving Credit Facility - \$1.0 Billion due 2021	\$ 332
5.625% Senior unsecured notes due 2022	400
5.625% Senior unsecured notes due 2023	350
6.375% Senior unsecured notes due 2025	325
7.250% Senior unsecured notes due 2026	300
<b>Total SEMG Debt</b>	<b>\$ 1,707</b>
HFOTCO (Ba3 / BB-) <sup>(1)</sup>	
Revolving Credit Facility - \$75 Million due 2019	25
Term Loan due 2021	534
Hurricane Ike Bonds due 2050	225
<b>Total HFOTCO Debt</b>	<b>\$ 784</b>
Leverage Metrics	
SEMG Covenant Net Leverage Ratio (max 5.5x) <sup>(2)</sup>	4.4x
HFOTCO Covenant Net Leverage Ratio (max 7.5x) <sup>(3)</sup>	6.9x
<b>Consolidated Net Leverage Ratio<sup>(4)</sup></b>	<b>5.7x</b>
<b>Consolidated Available Liquidity<sup>(5)</sup></b>	<b>\$ 736</b>

1) Corporate Family Rating

2) Calculated per SEMG revolving credit agreement definitions which includes material project adjustments and HFOTCO distributions

3) Calculated per HFOTCO revolving credit agreement definition

4) Calculated as consolidated net debt to consolidated covenant EBITDA which includes material project adjustments

5) Available liquidity excludes SemMaterials Mexico cash and is reduced for outstanding letters of credit

# Consolidated Balance Sheets

(in thousands, unaudited, condensed)

	September 30, 2017	December 31, 2016
ASSETS		
Current assets	\$ 698,894	\$ 635,874
Property, plant and equipment, net	3,394,035	1,762,072
Goodwill and other intangible assets	675,789	185,208
Equity method investments	433,805	434,289
Other noncurrent assets, net	162,402	57,529
Total assets	<u>\$ 5,364,925</u>	<u>\$ 3,074,972</u>
LIABILITIES AND OWNERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 5,529	\$ 26
Other current liabilities	559,986	488,329
Total current liabilities	<u>565,515</u>	<u>488,355</u>
Long-term debt, excluding current portion	3,009,429	1,050,918
Other noncurrent liabilities	96,090	89,734
Total liabilities	<u>3,671,034</u>	<u>1,629,007</u>
Total owners' equity	1,693,891	1,445,965
Total liabilities and owners' equity	<u>\$ 5,364,925</u>	<u>\$ 3,074,972</u>



# Consolidated Statements of Operations and Comprehensive Income (Loss)

(in thousands, except per share amounts, unaudited, condensed)

	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2017	2016	2017	2017	2016
Revenues	\$ 545,922	\$ 327,764	\$ 473,089	\$ 1,475,111	\$ 929,992
Expenses:					
Costs of products sold, exclusive of depreciation and amortization shown below	398,252	218,503	340,107	1,087,357	592,292
Operating	62,666	52,636	73,346	188,095	157,537
General and administrative	35,210	20,583	26,752	83,606	62,419
Depreciation and amortization	50,135	24,922	25,602	100,336	74,028
Loss (gain) on disposal or impairment, net	41,625	1,018	(234)	43,801	16,010
Total expenses	587,888	317,662	465,573	1,503,195	902,286
Earnings from equity method investments	17,367	15,845	17,753	52,211	55,994
Loss on issuance of common units by equity method investee	—	—	—	—	(41)
Operating income (loss)	(24,599)	25,947	25,269	24,127	83,659
Other expenses, net	31,753	18,684	12,033	77,425	87,250
Income (loss) from continuing operations before income taxes	(56,352)	7,263	13,236	(53,298)	(3,591)
Income tax expense (benefit)	(37,249)	11,898	3,625	(33,529)	(4,851)
Income (loss) from continuing operations	(19,103)	(4,635)	9,611	(19,769)	1,260
Loss from discontinued operations, net of income taxes	—	—	—	—	(1)
Net income (loss)	(19,103)	(4,635)	9,611	(19,769)	1,259
Less: net income attributable to noncontrolling interests	—	225	—	—	11,167
Net income (loss) attributable to SemGroup Corporation	(19,103)	(4,860)	9,611	(19,769)	(9,908)
Net income (loss) attributable to SemGroup Corporation	(19,103)	(4,860)	9,611	(19,769)	(9,908)
Other comprehensive income (loss), net of income taxes	9,230	(7,051)	8,952	24,215	(4,569)
Comprehensive income (loss) attributable to SemGroup Corporation	\$ (9,873)	\$ (11,911)	\$ 18,563	\$ 4,446	\$ (14,477)
Net income (loss) per common share:					
Basic	\$ (0.25)	\$ (0.09)	\$ 0.15	\$ (0.29)	\$ (0.21)
Diluted	\$ (0.25)	\$ (0.09)	\$ 0.15	\$ (0.29)	\$ (0.21)
Weighted average shares (thousands):					
Basic	75,974	52,642	65,749	69,149	47,269
Diluted	75,974	52,642	66,277	69,149	47,269

# Non-GAAP Adjusted EBITDA Calculation

(in thousands, unaudited)

	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2017	2016	2017	2017	2016
<b>Reconciliation of net income to Adjusted EBITDA:</b>					
Net income (loss)	\$ (19,103)	\$ (4,635)	\$ 9,611	\$ (19,769)	\$ 1,259
Add: Interest expense	32,711	18,517	13,477	60,055	54,105
Add: Income tax expense (benefit)	(37,249)	11,898	3,625	(33,529)	(4,851)
Add: Depreciation and amortization expense	50,135	24,922	25,602	100,336	74,028
EBITDA	26,494	50,702	52,315	107,093	124,541
Selected Non-Cash Items and Other Items Impacting Comparability	64,239	20,588	13,095	109,717	92,044
Adjusted EBITDA	<u>\$ 90,733</u>	<u>\$ 71,290</u>	<u>\$ 65,410</u>	<u>\$ 216,810</u>	<u>\$ 216,585</u>
<b>Selected Non-Cash Items and Other Items Impacting Comparability</b>					
Loss (gain) on disposal or impairment, net	\$ 41,625	\$ 1,018	\$ (234)	\$ 43,801	\$ 16,010
Loss from discontinued operations, net of income taxes	—	—	—	—	(1)
Foreign currency transaction loss (gain)	(747)	659	(1,011)	(1,758)	3,671
Remove NGL equity losses (earnings) including loss on issuance of common units	5	38	(6)	(4)	(2,153)
Remove loss on sale or impairment of NGL units	—	—	—	—	30,644
NGL cash distribution	—	—	—	—	4,873
M&A transaction related costs	14,886	3,269	5,453	20,339	3,269
Pension plan curtailment gain	(3,097)	—	—	(3,097)	—
Employee severance and relocation expense	104	534	312	974	1,629
Unrealized loss (gain) on derivative activities	1,833	6,167	(928)	932	6,096
Depreciation and amortization included within equity earnings	6,673	7,283	6,698	20,083	20,960
Non-cash equity compensation	2,957	1,620	2,803	8,517	7,046
Loss on early extinguishment of debt	—	—	8	19,930	—
Selected Non-Cash items and Other Items Impacting Comparability	<u>\$ 64,239</u>	<u>\$ 20,588</u>	<u>\$ 13,095</u>	<u>\$ 109,717</u>	<u>\$ 92,044</u>

# Non-GAAP Financial Data Reconciliations

## Crude - Transportation Segment

(in thousands, unaudited)

	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2017	2016	2017	2017	2016
Net income (loss)	\$ (24,191)	\$ 13,052	\$ 13,520	\$ 1,571	\$ 44,141
Add: Interest expense (income)	(1,804)	154	(1,470)	(4,579)	611
Add: Depreciation and amortization expense	11,170	6,309	6,498	23,595	18,343
EBITDA	(14,825)	19,515	18,548	20,587	63,095
Selected Non-Cash Items and Other Items Impacting Comparability	46,834	8,334	6,683	62,305	23,894
Adjusted EBITDA	<u>\$ 32,009</u>	<u>\$ 27,849</u>	<u>\$ 25,231</u>	<u>\$ 82,892</u>	<u>\$ 86,989</u>

### Selected Non-Cash Items and Other Items Impacting Comparability

Loss (gain) on disposal or impairment, net	\$ 40,161	\$ 1,018	\$ (15)	\$ 42,107	\$ 2,799
Employee severance and relocation expense	—	33	—	115	135
Depreciation and amortization included within equity earnings	6,673	7,283	6,698	20,083	20,960
Selected Non-Cash items and Other Items Impacting Comparability	<u>\$ 46,834</u>	<u>\$ 8,334</u>	<u>\$ 6,683</u>	<u>\$ 62,305</u>	<u>\$ 23,894</u>

# Non-GAAP Financial Data Reconciliations

## Crude - Facilities Segment

(in thousands, unaudited)

	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2017	2016	2017	2017	2016
Net income	\$ 6,270	\$ 7,697	\$ 6,690	\$ 19,844	\$ 22,852
Add: Interest expense	169	—	165	468	—
Add: Depreciation and amortization expense	2,058	1,982	2,022	6,024	5,785
EBITDA	8,497	9,679	8,877	26,336	28,637
Selected Non-Cash Items and Other Items Impacting Comparability	—	2	—	54	6
Adjusted EBITDA	\$ 8,497	\$ 9,681	\$ 8,877	\$ 26,390	\$ 28,643

### Selected Non-Cash Items and Other Items Impacting Comparability

Employee severance expense	\$ —	\$ 2	\$ —	\$ 54	\$ 6
Selected Non-Cash items and Other Items Impacting Comparability	\$ —	\$ 2	\$ —	\$ 54	\$ 6

# Non-GAAP Financial Data Reconciliations

## Crude - Supply and Logistics Segment

(in thousands, unaudited)

	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2017	2016	2017	2017	2016
Net income (loss)	\$ (4,617)	\$ (3,248)	\$ (2,941)	\$ (11,519)	\$ 15,583
Add: Interest expense	313	186	327	897	508
Add: Depreciation and amortization expense	103	46	78	243	126
EBITDA	(4,201)	(3,016)	(2,536)	(10,379)	16,217
Selected Non-Cash Items and Other Items Impacting Comparability	1,833	6,167	(928)	1,075	6,323
Adjusted EBITDA	<u>\$ (2,368)</u>	<u>\$ 3,151</u>	<u>\$ (3,464)</u>	<u>\$ (9,304)</u>	<u>\$ 22,540</u>

### Selected Non-Cash Items and Other Items Impacting Comparability

Loss on disposal or impairment, net	\$ —	\$ —	\$ —	\$ —	\$ 227
Employee severance expense	—	—	—	143	—
Unrealized loss (gain) on derivative activities	1,833	6,167	(928)	932	6,096
Selected Non-Cash items and Other Items Impacting Comparability	<u>\$ 1,833</u>	<u>\$ 6,167</u>	<u>\$ (928)</u>	<u>\$ 1,075</u>	<u>\$ 6,323</u>

# Non-GAAP Financial Data Reconciliations

## HFOTCO

(in thousands, unaudited)

	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2017	2016	2017	2017	2016
Net loss	\$ (5,293)	\$ —	\$ —	\$ (5,293)	\$ —
Add: Interest expense	11,603	—	—	11,603	—
Add: Income tax expense	166	—	—	166	—
Add: Depreciation and amortization expense	19,300	—	—	19,300	—
EBITDA	25,776	—	—	25,776	—
Selected Non-Cash Items and Other Items Impacting Comparability	(328)	—	—	(328)	—
Adjusted EBITDA	<u>\$ 25,448</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 25,448</u>	<u>\$ —</u>

### Selected Non-Cash Items and Other Items Impacting Comparability

Loss on disposal or impairment, net	\$ 1,486	\$ —	\$ —	\$ 1,486	\$ —
M&A transaction related costs	1,283	—	—	1,283	—
Pension plan curtailment gain	(3,097)	—	—	(3,097)	—
Selected Non-Cash items and Other Items Impacting Comparability	<u>\$ (328)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (328)</u>	<u>\$ —</u>

# Non-GAAP Financial Data Reconciliations

## SemGas Segment

(in thousands, unaudited)

	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2017	2016	2017	2017	2016
Net income (loss)	\$ 540	\$ 3,750	\$ 4,459	\$ 8,672	\$ (10,049)
Add: Interest expense	3,265	3,367	3,096	9,510	10,353
Add: Depreciation and amortization expense	9,114	9,079	9,099	27,140	27,204
EBITDA	12,919	16,196	16,654	45,322	27,508
Selected Non-Cash Items and Other Items Impacting Comparability	248	125	347	913	13,772
Adjusted EBITDA	<u>\$ 13,167</u>	<u>\$ 16,321</u>	<u>\$ 17,001</u>	<u>\$ 46,235</u>	<u>\$ 41,280</u>

### Selected Non-Cash Items and Other Items Impacting Comparability

Loss on disposal or impairment, net	\$ —	\$ —	\$ —	\$ 21	\$ 13,051
Employee severance expense	5	—	45	50	13
Non-cash equity compensation	243	125	302	842	708
Selected Non-Cash items and Other Items Impacting Comparability	<u>\$ 248</u>	<u>\$ 125</u>	<u>\$ 347</u>	<u>\$ 913</u>	<u>\$ 13,772</u>

# Non-GAAP Financial Data Reconciliations

## SemCAMS Segment

(in thousands, unaudited)

	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2017	2016	2017	2017	2016
Net income	\$ 4,057	\$ 5,080	\$ 6,652	\$ 14,215	\$ 10,681
Add: Interest expense	1,829	2,175	2,111	6,102	5,812
Add: Income tax expense	1,270	1,573	2,267	4,961	2,989
Add: Depreciation and amortization expense	4,727	4,239	4,434	13,657	12,484
EBITDA	11,883	13,067	15,464	38,935	31,966
Selected Non-Cash Items and Other Items Impacting Comparability	344	124	429	1,705	888
Adjusted EBITDA	<u>\$ 12,227</u>	<u>\$ 13,191</u>	<u>\$ 15,893</u>	<u>\$ 40,640</u>	<u>\$ 32,854</u>

### Selected Non-Cash Items and Other Items Impacting Comparability

Loss (gain) on disposal or impairment, net	\$ (22)	\$ —	\$ —	\$ 423	\$ —
Foreign currency transaction loss (gain)	(25)	—	(12)	(29)	5
Employee severance expense	16	1	1	17	1
Non-cash equity compensation	375	123	440	1,294	882
Selected Non-Cash items and Other Items Impacting Comparability	<u>\$ 344</u>	<u>\$ 124</u>	<u>\$ 429</u>	<u>\$ 1,705</u>	<u>\$ 888</u>



# Non-GAAP Financial Data Reconciliations

## SemLogistics Segment

(in thousands, unaudited)

	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2017	2016	2017	2017	2016
Net income (loss)	\$ 835	\$ 948	\$ 1,040	\$ 3,160	\$ (745)
Add: Interest expense	622	456	561	1,705	1,185
Add: Income tax expense (benefit)	(96)	(601)	372	657	(815)
Add: Depreciation and amortization expense	1,967	1,880	1,901	5,683	5,823
EBITDA	3,328	2,683	3,874	11,205	5,448
Selected Non-Cash Items and Other Items Impacting Comparability	(612)	686	(772)	(1,448)	2,935
Adjusted EBITDA	<u>\$ 2,716</u>	<u>\$ 3,369</u>	<u>\$ 3,102</u>	<u>\$ 9,757</u>	<u>\$ 8,383</u>

### Selected Non-Cash Items and Other Items Impacting Comparability

Foreign currency transaction (gain) loss	\$ (741)	\$ 647	\$ (914)	\$ (1,914)	\$ 2,548
Non-cash equity compensation	129	39	142	466	387
Selected Non-Cash items and Other Items Impacting Comparability	<u>\$ (612)</u>	<u>\$ 686</u>	<u>\$ (772)</u>	<u>\$ (1,448)</u>	<u>\$ 2,935</u>

# Non-GAAP Financial Data Reconciliations

## SemMaterials México Segment

(in thousands, unaudited)

	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2017	2016	2017	2017	2016
Net income	\$ 716	\$ 1,491	\$ 633	\$ 1,755	\$ 3,374
Add: Interest expense	53	43	—	53	43
Add: Income tax expense	360	349	525	1,102	1,150
Add: Depreciation and amortization expense	1,070	932	1,022	3,029	2,822
EBITDA	2,199	2,815	2,180	5,939	7,389
Selected Non-Cash Items and Other Items Impacting Comparability	125	72	(281)	235	686
Adjusted EBITDA	<u>\$ 2,324</u>	<u>\$ 2,887</u>	<u>\$ 1,899</u>	<u>\$ 6,174</u>	<u>\$ 8,075</u>

### Selected Non-Cash Items and Other Items Impacting Comparability

Gain on disposal of long-lived assets, net	\$ —	\$ —	\$ (211)	\$ (228)	\$ (67)
Foreign currency transaction (gain) loss	20	30	(84)	188	439
Non-cash equity compensation	105	42	14	275	314
Selected Non-Cash items and Other Items Impacting Comparability	<u>\$ 125</u>	<u>\$ 72</u>	<u>\$ (281)</u>	<u>\$ 235</u>	<u>\$ 686</u>

# Non-GAAP Financial Data Reconciliations

## Corporate & Other Segment

(in thousands, unaudited)

	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2017	2016	2017	2017	2016
Net income (loss)	\$ 2,580	\$ (33,405)	\$ (20,442)	\$ (52,174)	\$ (84,578)
Add: Interest expense	16,661	12,136	8,687	34,296	35,593
Add: Income tax expense (benefit)	(38,949)	10,577	461	(40,415)	(8,175)
Add: Depreciation and amortization expense	626	455	548	1,665	1,441
EBITDA	(19,082)	(10,237)	(10,746)	(56,628)	(55,719)
Selected Non-Cash Items and Other Items Impacting Comparability	15,795	5,078	7,617	45,206	43,540
Adjusted EBITDA	<u>\$ (3,287)</u>	<u>\$ (5,159)</u>	<u>\$ (3,129)</u>	<u>\$ (11,422)</u>	<u>\$ (12,179)</u>

**Selected Non-Cash Items and Other Items Impacting Comparability**

Gain on disposal or impairment, net	\$ —	\$ —	\$ (8)	\$ (8)	\$ —
Loss from discontinued operations, net of income taxes	—	—	—	—	(1)
Foreign currency transaction (gain) loss	(1)	(18)	(1)	(3)	679
Remove NGL equity losses (earnings) including loss on issuance of common units	5	38	(6)	(4)	(2,153)
Remove loss on impairment or sale of NGL units	—	—	—	—	30,644
NGL cash distribution	—	—	—	—	4,873
M&A transaction related costs	13,603	3,269	5,453	19,056	3,269
Employee severance and relocation expense	83	498	266	595	1,474
Non-cash equity compensation	2,105	1,291	1,905	5,640	4,755
Loss on early extinguishment of debt	—	—	8	19,930	—
Selected Non-Cash items and Other Items Impacting Comparability	<u>\$ 15,795</u>	<u>\$ 5,078</u>	<u>\$ 7,617</u>	<u>\$ 45,206</u>	<u>\$ 43,540</u>

# Reconciliation of Net Income to Adjusted EBITDA

(in thousands, unaudited)

	2016				2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net income (loss)	\$ (4,893)	\$ 10,787	\$ (4,635)	\$ 12,003	\$ (10,277)	\$ 9,611	\$ (19,103)
Add: Interest expense	17,577	18,011	18,517	8,545	13,867	13,477	32,711
Add: Income tax expense (benefit)	(21,407)	4,658	11,898	16,119	95	3,625	(37,249)
Add: Depreciation and amortization expense	24,051	25,055	24,922	24,776	24,599	25,602	50,135
EBITDA	15,328	58,511	50,702	61,443	28,284	52,315	26,494
Selected Non-Cash Items and Other Items Impacting Comparability	62,339	9,119	20,588	4,765	32,383	13,095	64,239
Adjusted EBITDA	\$ 77,667	\$ 67,630	\$ 71,290	\$ 66,208	\$ 60,667	\$ 65,410	\$ 90,733

## Selected Non-Cash Items and Other Items Impacting Comparability

Loss (gain) on disposal or impairment, net	\$ 13,307	\$ 1,685	\$ 1,018	\$ 38	\$ 2,410	\$ (234)	\$ 41,625
Loss from discontinued operations, net of income taxes	1	—	—	—	—	—	—
Foreign currency transaction (gain) loss	1,469	1,543	659	1,088	—	(1,011)	(747)
Remove NGL equity gain (losses) including gain on issuance of common units	(2,191)	—	38	6	(3)	(6)	5
Remove gain (loss) on sale or impairment of NGL units	39,764	(9,120)	—	—	—	—	—
NGL cash distribution	4,873	—	—	—	—	—	—
Pension curtailment gain	—	—	—	—	—	—	(3,097)
Employee severance and relocation expense	259	836	534	499	558	312	104
Unrealized loss (gain) on derivative activities	(4,548)	4,477	6,167	(5,107)	27	(928)	1,833
M&A transaction related costs	—	—	3,269	—	—	5,453	14,886
Depreciation and amortization included within equity earnings	6,539	7,138	7,283	5,071	6,712	6,698	6,673
Non-cash equity compensation	2,866	2,560	1,620	3,170	2,757	2,803	2,957
Loss on early extinguishment of debt	—	—	—	—	19,922	8	—
Selected Non-Cash Items and Other Items Impacting Comparability	\$ 62,339	\$ 9,119	\$ 20,588	\$ 4,765	\$ 32,383	\$ 13,095	\$ 64,239