



# ENERGY TRANSFER

Acquisition of SemGroup Corporation  
September 16, 2019



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## Additional Information and Where to Find It

SECURITY HOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT AND PROXY STATEMENT/PROSPECTUS REGARDING THE TRANSACTION CAREFULLY WHEN IT BECOMES AVAILABLE. These documents (when they become available), and any other documents filed by Energy Transfer and SemGroup with the SEC, may be obtained free of charge at the SEC’s website, at [www.sec.gov](http://www.sec.gov). In addition, investors and security holders will be able to obtain free copies of the registration statement and the proxy statement/prospectus by phone, e-mail or written request by contacting the investor relations department of Energy Transfer or SemGroup.

## Participants in the Solicitation

Energy Transfer, SemGroup, and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies in connection with the proposed merger. Information regarding the directors and executive officers of Energy Transfer is contained in Energy Transfer’s Form 10-K for the year ended December 31, 2018, which was filed with the SEC on February 22, 2019. Information regarding the directors and executive officers of SemGroup is contained in SemGroup’s proxy statement relating to its 2019 Annual Meeting of Stockholders, which was filed with the SEC on April 12, 2019. Additional information regarding the interests of participants in the solicitation of proxies in connection with the proposed merger will be included in the proxy statement/prospectus.

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## KEY TRANSACTION HIGHLIGHTS

**Immediately Accretive  
Transaction With No Material  
Credit Impact**

Generates an Aggregate \$500MM of DCF  
Coverage 2020-2022

**Premier U.S. Gulf Coast  
Terminal With Stable, Take-  
or-Pay Cash Flows**

18.2 MMBbl Crude Storage Capacity &  
Export Capabilities



**Complementary Assets That  
Drive Commercial,  
Operational, Financial and  
Cost Synergies**

\$170MM+ Annual Run-rate

**Liquids-Focused  
Infrastructure With No Direct  
Commodity Price Exposure**

Primary Assets are Terminals & Long-  
Haul Pipelines

*Strategic Transaction Positions Energy Transfer for Continued Long-Term Success*



# ACQUISITION CREATES A UNIQUE COLLECTION OF SYNERGISTIC BUSINESSES THAT WILL DRIVE NEAR- AND LONG-TERM VALUE

## Strategic Rationale

- Strategic acquisition that significantly strengthens ET's crude oil transportation, terminalling and export capabilities
  - SEMG's franchise-quality, world-class Houston Ship Channel position will be connected by the proposed Ted Collins Pipeline to ET's Nederland terminalling facilities, optimizing optionality for customers
- Increased takeaway capacity from the North American liquids corridor
- Enhanced connectivity and increased footprint in the U.S. Gulf Coast
- Key liquids long-haul pipelines with stable take-or-pay cash flows from a diversified and primarily investment grade customer base
- Ability to leverage ET's operational expertise to unlock and realize the full potential of assets across SEMG's portfolio
- Complementary and integrated assets drive synergies, efficiencies and additional growth opportunities

## ET Stakeholders

- No material credit impact to ET as a result of the transaction
- The transaction is expected to be immediately accretive to DCF per unit for ET unitholders
  - Aside from the equity issued to finance the transaction, ET does not expect to issue additional common equity
- ET's strong financial position provides a path to realizing growth potential and unitholder value not achievable under standalone SEMG capital structure
- Increases ET's portion of fee-based cash flows from fixed-fee contracts

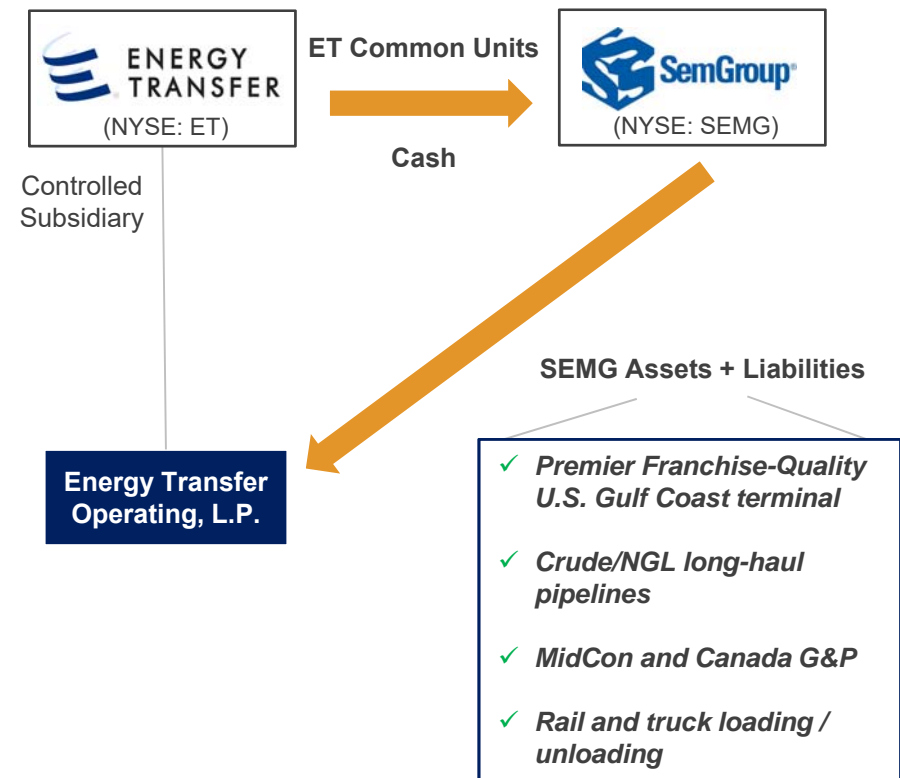


# TRANSACTION OVERVIEW

## Overview of Merger Terms

- Energy Transfer has executed a definitive agreement to acquire SemGroup for \$17.00 per share of Class A Common Stock of SEMG
  - Offer price represents a 65% premium to the closing price of SEMG shares on September 13, 2019
  - The merger consideration consists of 40% cash (\$6.80 per SEMG share) and 60% ET common units (0.7275 ET units)
- Total transaction value of approximately \$5 billion represents a 9.0x multiple of 2019E EBITDA, adjusted to reflect annual run-rate synergies<sup>(1)</sup>
- Post-closing, it is expected that the SEMG assets will be contributed to Energy Transfer Operating, L.P.
- The transaction is expected to be accretive to DCF per unit for ET unitholders and have no material impact to ET leverage
  - Aside from the equity issued to finance the transaction, ET does not expect to need to issue additional common equity

## Transaction Structure



**Transaction is expected to generate commercial, operational, financial and cost synergies of ~\$170MM+ annual run-rate and additional growth opportunities**

1. Annual run-rate synergies of \$120 million (excluding financial savings) applied to 2019E EBITDA based on midpoint of SEMG management's guidance of \$443 million.



## OFFER PRICE RELATIVE TO SEMG HISTORICAL SHARE PRICE

\$ per Share



*Compelling value proposition for ET unitholders at this time*



## CONSISTENT WITH CORE STRATEGY

### Adds Complementary Assets

- Expect \$170MM+ annual run-rate synergies, including commercial, operational, financial and cost synergies
- Enhances ET's value proposition by adding a world class crude terminal in the Houston Ship Channel
- Integrated assets allow ongoing commercial synergies (crude/gas/ NGLs) and operational efficiencies
- Expanded footprint drives additional investment opportunities

### Provides Balanced Growth

- Bolt-on M&A with incremental value from organic growth projects
- Adds strategic growth platform in deep-water port on the Houston Ship Channel
- Expands connectivity and increases reach into currently underserved regions
- Facilitates investment in the Ted Collins Pipeline

### Maintains Solid Financial Position

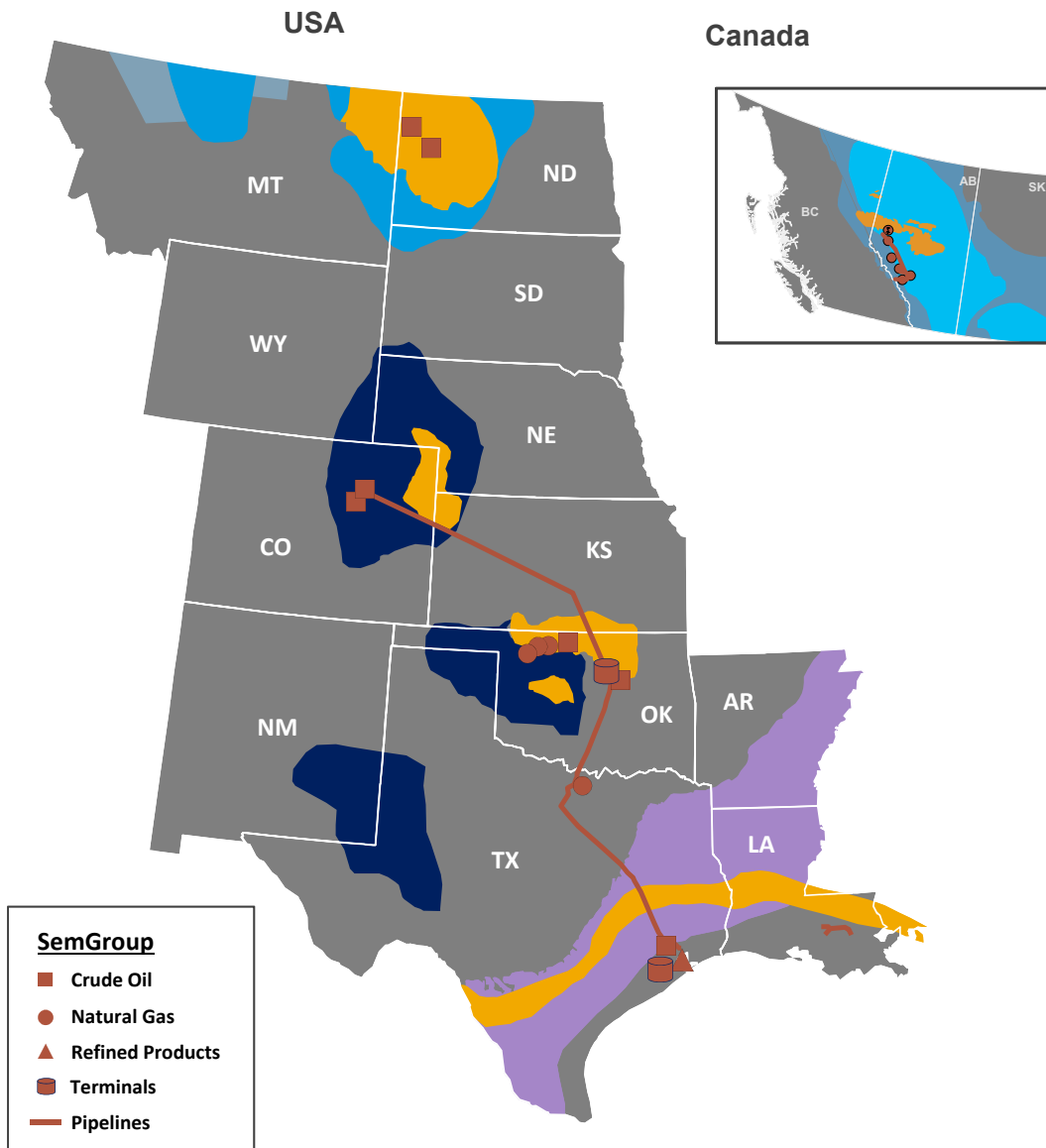
- No material impact on credit statistics
- Strong and improving balance sheet
- Supports strong cash flow position
- Accretive to DCF per unit
- No common equity issuances needed

*Enhances position throughout integrated asset franchise*





# SEMGROUP ACQUISITION



## Expands Crude Oil Asset Footprint

- Strategic franchise-quality position on the Houston Ship Channel
- Enhanced connectivity along the U.S. Gulf Coast and throughout ET's system
- Increases reach into the DJ basin where ET does not have a presence

## Expands Logistical Optionality

- Provides additional outlets for Permian, Rockies and Mid-Continent producers
- Offers deep-water marine access
- DJ Basin infrastructure optionality

## Generates Synergies

- Increases utilization rates on existing assets (i.e. Houston Fuel Oil Terminal ("HFOTCO") docks closer to full capacity)
- Expanded presence in new markets generates opportunities for other aspects of portfolio (i.e. Houston Ship Channel, DJ Basin)
- Integrates assets with ET's Nederland terminal and U.S. Gulf Coast assets
- Cost efficiencies with combined operations
- \$170MM+ annual run-rate synergies including commercial, operational, financial and cost synergies





# FURTHER DEVELOPING A LEADING CRUDE HANDLING PORTFOLIO



## Presence in Key Liquids Basins

- Entry into the DJ Basin through SEMG's established asset base of:
  - 90+MBbl/d Crude and 90+MBbl/d NGL White Cliffs Pipelines<sup>(1)</sup>
  - Wattenberg Oil Trunkline and 360MMBbl associated storage
  - 350MMBbl Platteville storage terminal
- Strengthens existing portfolio of Southwest and Midwest crude gathering systems, long haul pipelines and ~33MMBbls of crude oil terminal capacity

## Crude Corridor to the Coast

- Greatly increases crude oil and NGL transportation businesses in the Rockies and Mid-Continent and will complement Energy Transfer's existing businesses in the Permian Basin
- Provides path to the water from key hubs in Cushing and the Permian Basin

## Nederland - HFOTCO

- Commercial synergies driven by improved utilization at HFOTCO as a result of the proposed Ted Collins Pipeline which will flow ET volumes from Nederland to HFOTCO and optimize optionality

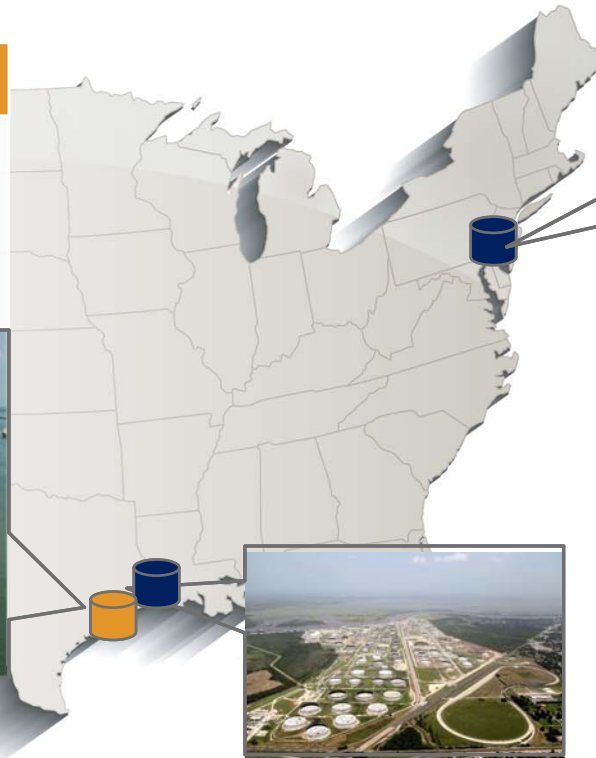
1. Crude to NGL conversion to be completed in Q4 2019.



# GROWING UNIQUE EXPORT CAPABILITIES

## Houston Fuel Oil Terminal

- 330 acre site on the Houston Ship Channel
- >18 MMBbls crude storage capacity
- Deep water port with five ship and seven barge docks
- Rail and truck unloading capabilities



## Marcus Hook Industrial Complex

- ~800 acre site: inbound and outbound pipeline along with truck, rail and marine capabilities
- >325 MBbl/d of combined NGL and ethane export capacity, approaching 400 MBbl/d in 2020
- ~2 MMBbls underground NGL storage; 3 MMBbls above-ground NGL storage; ~1 MMBbls crude storage capacity
- Four export docks accommodate Very Large Crude Carrier sized vessels



## Nederland Terminal

- ~1,200 acre site on U.S. Gulf Coast
- ~1.5 MMBbl/d crude export capacity
- ~200 MBbls propane/butane export capacity
- ~28 MMBbls crude storage capacity
- ~1.2 MMBbls refrigerated propane/butane storage capacity
- Five ship docks and four barge docks accommodate Suez Max sized ships
- Rail and truck unloading capabilities
- 800 MBbls refrigerated ethane storage under construction

Only logistics provider with export facilities on both the U.S. Gulf Coast and U.S. East Coast, providing optionality and security of supply for customers via world-class terminals



# TED COLLINS PIPELINE - A STRATEGIC CONNECTION ON THE U.S. GULF COAST



- ~75-mile pipeline connecting the Houston Ship Channel and ET's Nederland Terminal
- Provides best-in-class access to multiple markets
  - Houston
  - Beaumont/Port Arthur
  - St. James
- Initial capacity of 500 MBbl/d+
- Provides immediate access to 1,000 MBbl/d+ of export capacity with plans to double
- Expected to be in service in 2021

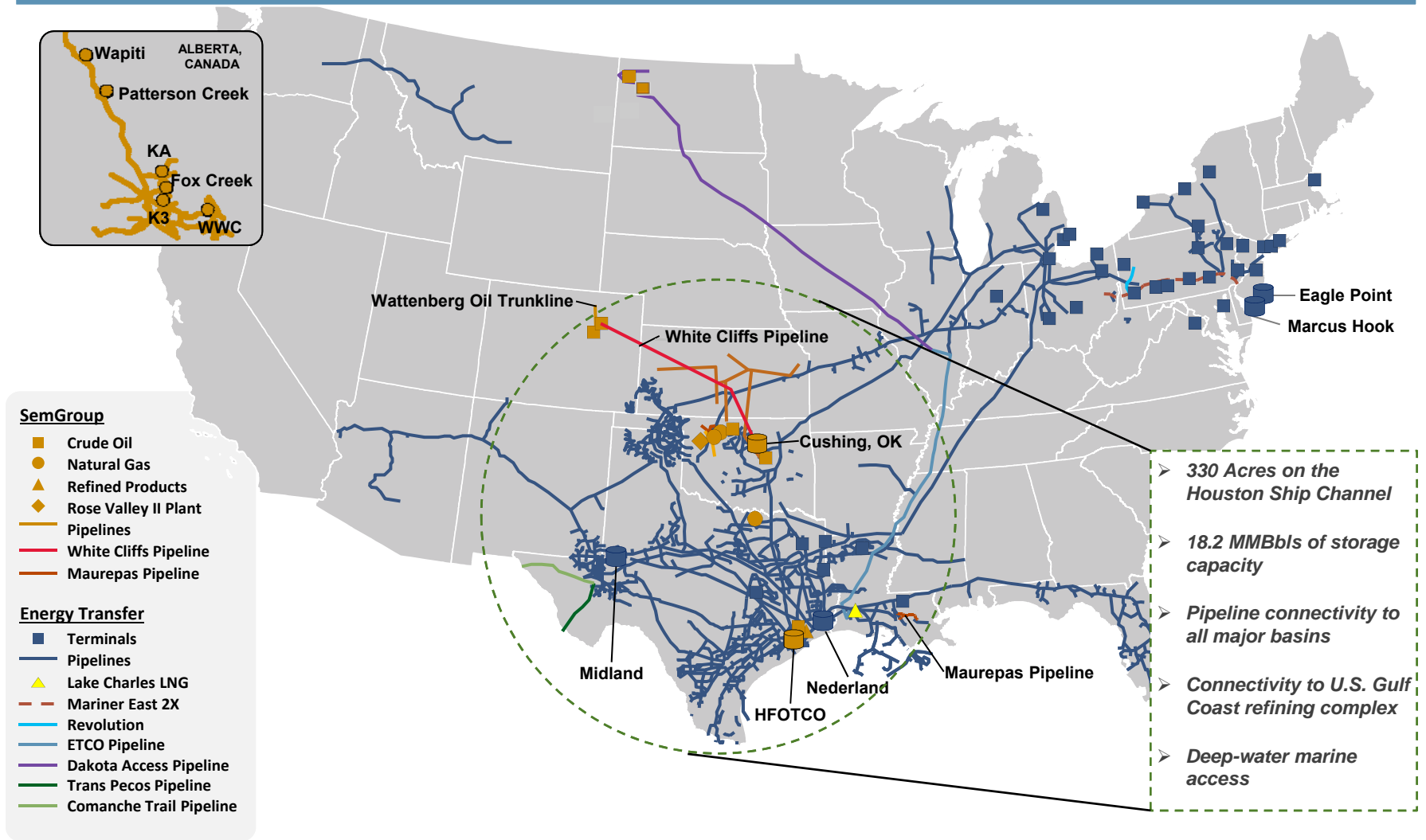
***Strategic new pipeline provides increased optionality and enhances value of the Nederland Terminal and Houston Ship Channel assets***

Note: Pipeline route shown is for illustrative purposes.



# ET & SEMG COMPLEMENTARY ASSETS

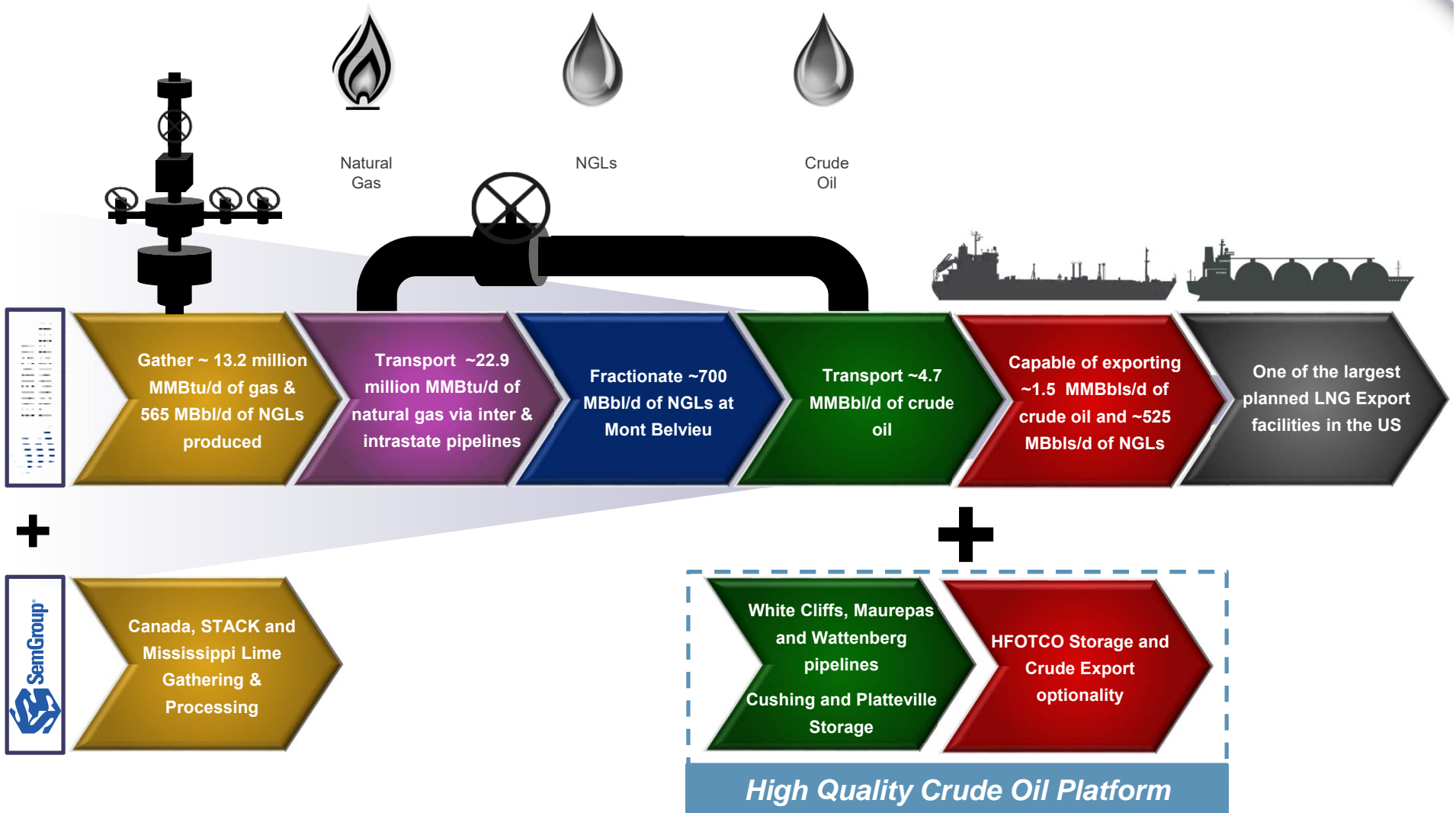
Fully-integrated midstream platform enhances ability to offer wide range of services to both domestic and international markets



Note: Includes growth projects under construction.



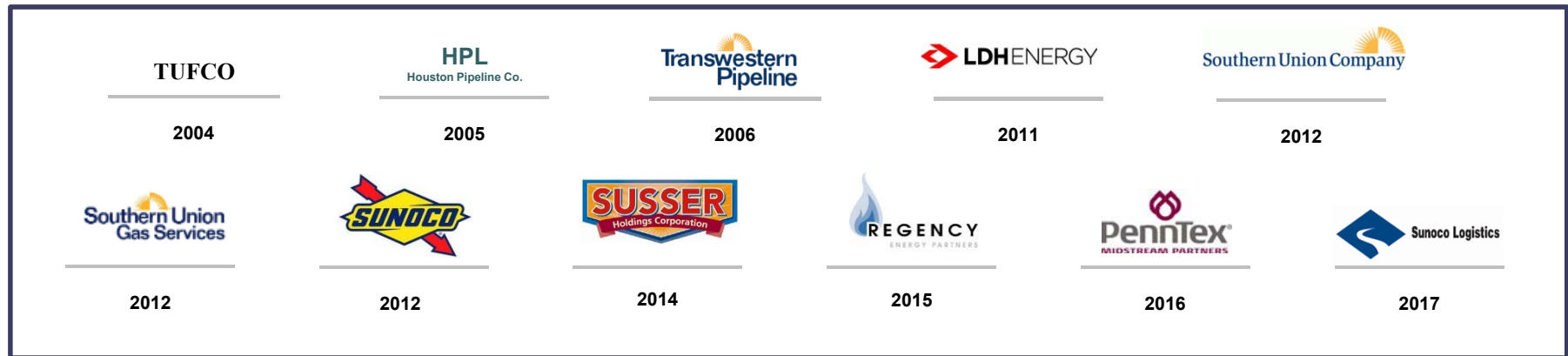
# FROM THE WELLHEAD TO THE WATER







## SUCCESSFUL ACQUISITION TRACK RECORD



- ET Management has a proven track record of successfully integrating acquisitions
- Knowledge of respective assets and businesses facilitates integrations of:
  - Operations
  - Commercial
  - Risk Management
  - Finance / Accounting
  - Information Technology
- Integration plan expected to be substantially complete by the time transaction closes



## TRANSACTION TIMELINE

### September 2019

- Sign Agreement
- Announce Transaction
- Begin drafting Proxy / registration statement
- Begin regulatory approval process

### October – November 2019

- Proxy statement / S-4 registration statement declared effective by the SEC and file definitive proxy statement with the SEC

### Late 2019 / Early 2020

- SEMG shareholder vote
- Transaction Close