
**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): **February 13, 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 2.02 Results of Operations and Financial Condition

On February 13, 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 the financial and operational results of Antero Midstream and AMGP for the quarter and year ended December 31, 2018. The press release contains certain non-GAAP financial information. The reconciliation of such information to GAAP financial measures is included in the release.

The information in this Current Report, including Exhibit 99.1, is being furnished pursuant to Item 2.02 of Form 8-K and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to liabilities of that section, and is not incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act unless specifically identified therein as being incorporated therein by reference.

Item 8.01 Other Events

To the extent required by law, the information in Item 2.02 of this Form 8-K is incorporated into this Item 8.01.

NO OFFER OR SOLICITATION

The press release attached as an exhibit hereto includes a discussion of the previously announced transaction between Antero Midstream and AMGP and certain of their affiliates (the “Transaction”). 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 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 (the “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 became effective on January 30, 2019, and the definitive joint proxy statement/prospectus is being delivered to Antero Midstream unitholders and AMGP shareholders of record as of January 11, 2019. This document 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 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 are able to obtain free copies of the registration statement and the joint proxy statement/prospectus 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 80202, 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 80202, Tel. No. (303) 357-7310.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit Number | Description |
|---------------------------|--|
| 99.1 | Antero Midstream Partners LP and Antero Midstream GP LP press release dated February 13, 2019. |

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: February 13, 2019



Antero Midstream and AMGP Report Fourth Quarter and Full Year 2018 Financial and Operating Results

Denver, Colorado, February 13, 2019—Antero Midstream Partners LP (NYSE: AM) (“Antero Midstream” or the “Partnership”) and Antero Midstream GP LP (NYSE: AMGP) (“AMGP”) today released their fourth quarter and full year 2018 financial and operating results. The relevant consolidated financial statements are included in Antero Midstream’s and AMGP’s Annual Reports on Form 10-K for the year ended December 31, 2018, which have been filed with the Securities and Exchange Commission.

Antero Midstream Fourth Quarter 2018 Highlights Include:

- Net income increased to \$249 million, or \$1.10 per limited partner unit
- Adjusted net income increased by 63% to \$143 million compared to the prior year quarter (non-GAAP measure)
- Adjusted EBITDA increased by 36% to \$194 million compared to the prior year quarter (non-GAAP measure)
- Distributable Cash Flow increased by 43% to \$167 million resulting in DCF coverage of 1.3x (non-GAAP measure)
- Distributions increased by 29% to \$0.47 per unit compared to the prior year quarter and represented the Partnership’s sixteenth consecutive distribution increase since the November 2014 IPO

Antero Midstream Full Year 2018 Highlights Include:

- Announced midstream simplification transaction where AMGP will convert to a C-Corp and acquire all outstanding AM common units in a stock and cash transaction resulting in the elimination of the IDRs, expected to close in March of 2019
- Net income increased to \$586 million, or \$2.37 per limited partner unit
- Adjusted net income increased by 47% to \$485 million compared to the prior year (non-GAAP measure)
- Adjusted EBITDA increased by 36% to \$717 million compared to the prior year (non-GAAP measure)
- Distributable Cash Flow increased by 42% to \$596 million resulting in DCF coverage of 1.3x (non-GAAP measure)
- Debt to trailing twelve months Adjusted EBITDA was 2.3x at year-end 2018, with \$1.0 billion of liquidity

Antero Midstream GP LP Fourth Quarter 2018 Highlights Include:

- Distributions increased to \$0.164 per common share, a 119% increase compared to the prior year quarter and the sixth consecutive distribution increase since the May 2017 IPO

Commenting on the 2018 results and outlook for Antero Midstream, Paul Rady, Chairman and CEO said, “Antero Midstream delivered another successful year in 2018, achieving record gathering, compression, processing, fractionation, and fresh water delivery volumes. These record volumes drove a 36% year over year increase in Adjusted EBITDA and a 42% year-over-year increase in Distributable Cash Flow, resulting in strong DCF coverage of 1.3x.”

Mr. Rady further added, “We also had a successful year in terms of infrastructure buildout, adding 760 MMcf/d of compression capacity and 600 MMcf/d of processing capacity, respectively. The significant capacity and throughput growth during the fourth quarter provides tremendous momentum to deliver on our 2019 organic infrastructure plan, in turn supporting Antero Resources’ development.”

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

Recent Developments

Antero Midstream and AMGP previously announced that AMGP’s Registration Statement on Form S-4 relating to the simplification transaction between the two companies and certain of their affiliates has become effective under the Securities Act of 1933 as of January 30, 2019. AMGP and Antero Midstream have each filed a definitive proxy statement with the U.S. Securities and Exchange Commission (“SEC”) for the separate special meetings of the AMGP shareholders and Antero Midstream unitholders to vote on the

transaction on March 8, 2019. The special meeting of AMGP shareholders will be held on March 8, 2019, at 9:00 a.m. local time, at 1615 Wynkoop Street, Denver, Colorado 80202. The special meeting of Antero Midstream unitholders will be held on March 8, 2019, at 10:00 a.m. local time, at 1615 Wynkoop Street, Denver, Colorado 80202. All AMGP shareholders and Antero Midstream unitholders of record as of the close of business on January 11, 2019, which is the record date for the special meetings, will be entitled to vote the AMGP common shares and Antero Midstream common units, respectively, owned by them on the record date.

Under the terms of the documents governing the simplification transaction, each Antero Midstream unitholder, other than Antero Resources, has the opportunity to receive as consideration for each Antero Midstream common unit owned, at its election and subject to proration, one of (i) \$3.415 in cash without interest and 1.6350 shares of New AM common stock, (ii) 1.6350 shares of New AM common stock plus an additional number of shares of New AM common stock equal to the quotient of (A) \$3.415 and (B) the average of the 20-day volume-weighted average price per AMGP share prior to the Election Deadline (the "AMGP VWAP") or (iii) \$3.415 in cash without interest plus an additional amount of cash without interest equal to the product of (A) 1.6350 and (B) the AMGP VWAP. In order for an election to be properly made and effective, American Stock Transfer & Trust Company, LLC (the exchange agent in connection with the transaction) must receive a completed and signed election form and I.R.S. Form W-9 (or Form W-8, as applicable) no later than 5:00 p.m., New York City time, on March 4, 2019 (the "Election Deadline").

Antero Midstream Fourth Quarter Financial Results

Low pressure gathering volumes for the fourth quarter of 2018 averaged 2,602 MMcf/d, a 52% increase as compared to the fourth quarter of 2017 and a 20% increase sequentially. Compression volumes for the fourth quarter of 2018 averaged 2,215 MMcf/d, a 63% increase as compared to the fourth quarter of 2017 and 26% increase sequentially. Compression capacity was 93% utilized during the fourth quarter of 2018. High pressure gathering volumes for the fourth quarter of 2018 averaged 2,569 MMcf/d, a 39% increase from the fourth quarter of 2017 and 18% increase sequentially. The increase in gathering and compression volume was driven by Antero Midstream connecting 73 wells and 38 wells to the gathering system in the third and fourth quarter of 2018, respectively. Low pressure gathering, compression, and high pressure gathering volumes for the fourth quarter of 2018 all were Antero Midstream records. Fresh water delivery volumes averaged 136 MBbl/d during the quarter, a 9% decrease as compared to the fourth quarter of 2017 due to fewer completions during the quarter as anticipated.

Gross processing volumes from our processing and fractionation joint venture with MarkWest (a wholly-owned subsidiary of MPLX) (the "Joint Venture"), averaged 796 MMcf/d, for the fourth quarter of 2018, an increase of 87% compared to the fourth quarter of 2017 and 31% increase sequentially. Gross Joint Venture fractionation volumes averaged 18,672 Bbl/d, a 105% increase compared to the fourth quarter of 2017 and 8% increase sequentially.

| Average Daily Volumes: | Three months ended December 31, | | | Years ended December 31, | | |
|---|------------------------------------|--------|-------------|-----------------------------|--------|-------------|
| | 2017 | 2018 | % Change | 2017 | 2018 | % Change |
| Low Pressure Gathering (MMcf/d) | 1,711 | 2,602 | 52% | 1,660 | 2,148 | 29% |
| Compression (MMcf/d) | 1,355 | 2,215 | 63% | 1,196 | 1,738 | 45% |
| High Pressure Gathering (MMcf/d) | 1,842 | 2,569 | 39% | 1,770 | 2,112 | 19% |
| Fresh Water Delivery (MBbl/d) | 149 | 136 | (9)% | 153 | 195 | 27% |
| Clearwater Treatment Volumes (MBbl/d) | — | 9 | * | — | 7 | * |
| Gross Joint Venture Processing (MMcf/d) | 425 | 796 | 87% | 267 | 622 | 133% |
| Gross Joint Venture Fractionation (Bbl/d) | 9,096 | 18,672 | 105% | 5,099 | 13,107 | 157% |

* Not meaningful or applicable.

For the three months ended December 31, 2018, the Partnership reported revenues of \$282 million, comprised of \$161 million from the Gathering and Processing segment and \$121 million from the Water Handling and Treatment segment. Revenues increased 34% compared to the prior year quarter, driven by growth in throughput volumes. Water Handling and Treatment segment revenues include \$70 million from wastewater handling and high rate water transfer services provided to Antero Resources, which are billed at cost plus 3%.

Direct operating expenses for the Gathering and Processing, and Water Handling and Treatment segments were \$13 million and \$79 million, respectively, for a total of \$92 million compared to \$70 million in direct operating expenses in the prior year quarter. The increase in operating expenses was driven primarily by an increase in throughput volumes. Water Handling and Treatment direct

operating expenses include \$67 million from wastewater handling and high rate water transfer services. General and administrative expenses including equity-based compensation were \$17 million, a \$2 million increase compared to the fourth quarter of 2017. General and administrative expenses excluding equity-based compensation were \$12 million during the fourth quarter of 2018, a \$4 million increase as compared to the fourth quarter of 2017. The increase in general and administrative expenses was driven primarily by financial and legal fees incurred during the fourth quarter of 2018 related to the midstream simplification transaction. Total operating expenses were \$27 million, including \$23 million of depreciation, \$106 million decrease from the change in fair value of contingent acquisition consideration related to the second earn-out payment, and \$1 million of accretion of contingent acquisition consideration. Depreciation decreased by \$8 million as compared to the fourth quarter of 2017 driven by a change in the estimated useful lives of the gathering systems and facilities. The change in fair value of contingent acquisition consideration is related to the second freshwater earn-out payment not anticipated to be achieved based on Antero Resource's current development plan.

Net income for the fourth quarter of 2018 was \$249 million. The increase in net income was driven by an increase in natural gas gathering and compression volumes and a \$105 million non-cash change in fair value of the contingent acquisition consideration related to the water drop-down transaction. Net income was \$1.09 per diluted limited partner unit. Adjusted net income excluding the impact from the non-cash change in fair value of the contingent acquisition consideration was \$143 million, a 63% increase compared to the prior year quarter. Adjusted EBITDA was \$194 million, a 36% increase compared to the prior year quarter. The increase in Adjusted EBITDA was primarily driven by increased natural gas throughput volumes and contribution from the Joint Venture. Adjusted EBITDA for the quarter included \$17 million in distributions from Stonewall Gathering LLC and the processing and fractionation Joint Venture. Cash interest paid was \$9 million. Cash reserved for bond interest during the quarter increased \$9 million and income tax withholding upon vesting of Antero Midstream equity-based compensation awards was \$1 million. Maintenance capital expenditures during the quarter totaled \$8 million and Distributable Cash Flow was \$167 million, resulting in a DCF coverage ratio of 1.3x.

The following table reconciles net income to adjusted net income, Adjusted EBITDA and Distributable Cash Flow as used in this release (in thousands):

| | Three months ended December 31, | | Years ended December 31, | |
|--|------------------------------------|-------------------|-----------------------------|-------------------|
| | 2017 | 2018 | 2017 | 2018 |
| Net income | \$ 64,155 | \$ 248,609 | \$ 307,315 | \$ 585,944 |
| Impairment of property and equipment | 23,431 | — | 23,431 | 5,771 |
| Change in fair value of contingent acquisition consideration | — | (105,872) | — | (105,872) |
| Adjusted Net Income | \$ 87,586 | \$ 142,737 | \$ 330,746 | \$ 485,843 |
| Interest expense, net | 10,395 | 18,993 | 37,557 | 61,906 |
| Depreciation | 30,958 | 22,692 | 119,562 | 130,013 |
| Accretion of contingent acquisition consideration | 3,804 | 1,012 | 13,476 | 12,853 |
| Accretion of asset retirement obligation | — | 34 | — | 135 |
| Equity-based compensation | 6,847 | 4,467 | 27,283 | 21,073 |
| Equity in earnings of unconsolidated affiliates | (7,307) | (12,448) | (20,194) | (40,280) |
| Distributions from unconsolidated affiliates | 10,075 | 16,755 | 20,195 | 46,415 |
| Gain on sale of assets — Antero Resources | — | — | — | (583) |
| Adjusted EBITDA | \$ 142,358 | \$ 194,242 | \$ 528,625 | \$ 717,375 |
| Interest paid | (4,136) | (9,268) | (46,666) | (62,844) |
| Decrease (increase) in cash reserved for bond interest (1) | (8,734) | (8,734) | 291 | — |
| Income tax withholding upon vesting of Antero Midstream Partners LP equity-based compensation awards | (514) | (1,029) | (5,945) | (5,529) |
| Maintenance capital expenditures(2) | (12,063) | (7,988) | (55,159) | (52,729) |
| Distributable Cash Flow | \$ 116,911 | \$ 167,223 | \$ 421,146 | \$ 596,273 |
| Distributions Declared to Antero Midstream Holders | | | | |
| Limited partners | 68,231 | 88,045 | 247,132 | 320,915 |
| Incentive distribution rights | 23,772 | 43,492 | 69,720 | 142,906 |
| Total Aggregate Distributions | \$ 92,003 | \$ 131,537 | \$ 316,852 | \$ 463,821 |
| DCF coverage ratio | 1.27x | 1.27x | 1.33x | 1.29x |

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- 1) Cash reserved for bond interest expense on Antero Midstream's 5.375% senior notes outstanding during the period that is paid on a semi-annual basis on March 15th and September 15th of each year.
 - 2) Maintenance capital expenditures represent the portion of our estimated capital expenditures associated with (i) the connection of new wells to our gathering and processing systems that we believe will be necessary to offset the natural production declines Antero Resources will experience on all of its wells over time, and (ii) water delivery to new wells necessary to maintain the average throughput volume on our systems.

Gathering and Processing — Antero Midstream placed online the 240 MMcf/d East Mountain compressor station in the Marcellus during the fourth quarter of 2018. For the full year 2018, Antero Midstream increased its compression capacity by 760 MMcf/d to a total of 2.5 Bcf/d in the Marcellus and Utica combined. Antero Midstream connected 38 wells to its gathering system during the fourth quarter of 2018 and 168 wells during the full year. Antero Resources is currently operating five drilling rigs on Antero Midstream dedicated acreage.

Water Handling and Treatment — Antero Midstream's Marcellus and Utica fresh water delivery systems serviced 30 well completions during the fourth quarter of 2018, a 7% decrease from the prior year quarter. Antero Resources is currently operating four completion crews on Antero Midstream dedicated acreage.

Balance Sheet and Liquidity

As of December 31, 2018, Antero Midstream had \$990 million drawn on its \$2.0 billion bank credit facility, resulting in approximately \$1.0 billion of liquidity. Antero Midstream's total debt and net debt to trailing twelve months Adjusted EBITDA was 2.3x as of December 31, 2018. For a reconciliation of net debt to total debt, the most comparable GAAP measure, please read "Non-GAAP Financial Measures."

Commenting on the balance sheet and credit strength, Michael Kennedy, CFO of Antero Midstream said, "Antero Midstream's organic growth investments continued to generate peer leading Distributable Cash Flow growth and resulted in 1.3x DCF coverage for the fourth quarter and full year 2018. In addition, Antero Midstream's strong balance sheet with debt to trailing twelve months Adjusted EBITDA of 2.3x at year-end 2018 positions it to deliver on its organic growth investment opportunity set without the need for external equity financing."

Capital Investments

Capital expenditures, excluding investments in the processing and fractionation joint venture, were \$129 million in the fourth quarter of 2018 as compared to \$143 million in the fourth quarter of 2017. Capital invested in gathering systems and related facilities was \$109 million and capital invested in water handling and treatment assets was \$20 million. Investments in unconsolidated affiliates for the Joint Venture were \$45 million during the quarter.

AMGP Fourth Quarter 2018 Financial Results

AMGP's equity in earnings from Antero Midstream, which reflects the cash distributions from Antero Midstream, was \$43 million for the fourth quarter of 2018. Net income for the quarter was \$21 million. AMGP's cash distributions from Antero Midstream were \$41 million, net of \$2 million of total cash reserved for and distributed to holders of Series B units of Antero IDR Holdings LLC. General and administrative expenses were \$3 million, including \$3 million of special committee and legal advisory fees. The provision and reserve for income taxes was \$10 million, resulting in cash available for distribution of \$31 million.

The following table reconciles cash distributions from Antero Midstream and AMGP cash distribution per common share as presented in this release (in thousands):

| | Three Months Ended December 31, 2018 |
|--|--|
| Cash distributions from Antero Midstream Partners LP | \$ 43,492 |
| Cash reserved for distributions to unvested Series B units of IDR LLC | (710) |
| Cash distribution to vested Series B units of IDR LLC | (1,419) |
| Cash distributions to Antero Midstream GP LP | \$ 41,363 |
| General and administrative expenses | (3,184) |
| Interest expense, net | (55) |
| Provision and reserve for income taxes | (10,240) |
| Conflicts committee legal and advisory fees included in G&A expense(1) | 2,753 |
| Cash available for distribution | \$ 30,637 |
| DCF coverage ratio | 1.0x |
| Common shares outstanding | 186,236 |
| Cash distribution per common share | \$ 0.164 |

(1) Represents non-recurring accrued legal and advisory fees associated with the ongoing conflicts committee process as disclosed on February 26, 2018.

Conference Call

A joint conference call for Antero Midstream and AMGP is scheduled on Thursday, February 14, 2019 at 10:00 am MT to discuss the quarterly and full year results. A brief Q&A session for security analysts will immediately follow the discussion of the results for the quarter. To participate in the call, dial in at 1-888-347-8204 (U.S.), 1-855-669-9657 (Canada), or 1-412-902-4229 (International) and reference "Antero Midstream". A telephone replay of the call will be available until Wednesday, February 21, 2019 at 10:00 am MT at 1-844-512-2921 (U.S.) or 1-412-317-6671 (International) using the passcode 10114473.

Presentation

To access the live webcast and view the related earnings conference call presentation, visit Antero Midstream's website at www.anteromidstream.com or AMGP's website at www.anteromidstreamgp.com. The webcast will be archived for replay on Antero Midstream's website and AMGP's website until Wednesday, February 21, 2019 at 10:00 am MT. Information on Antero Midstream's website and AMGP's website does not constitute a portion of this press release.

Investor Access to 2018 10-K

Pursuant to Section 203.01 of the New York Stock Exchange Listed Company Manual, Antero Midstream and AMGP today announced that their respective Annual Reports on Form 10-K (the "10-Ks") for the fiscal year ended December 31, 2018, were filed with the Securities and Exchange Commission on February 13, 2019. A copy of Antero Midstream's 10-K, which includes the Partnership's complete audited financial statements, may be found on Antero Midstream's website, www.anteromidstream.com, by selecting the "Investors" tab, then "SEC Filings." A copy of AMGP's 10-K, which includes AMGP's complete audited financial statements, may be found on AMGP's website, www.anteromidstreamgp.com, by selecting the "Investors" tab, then "SEC Filings." Antero Midstream unitholders may receive hard copies of these documents free of charge by sending a written request to Antero Midstream Partners LP, 1615 Wynkoop Street, Denver, Colorado, 80202. AMGP's shareholders may receive hard copies of these documents free of charge by sending a written request to Antero Midstream GP LP, 1615 Wynkoop Street, Denver, Colorado, 80202.

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, gain on sale of assets, depreciation expense, impairment expense, accretion and change in fair value of contingent acquisition consideration, accretion of asset retirement obligations, 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.

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.

The Partnership defines adjusted net income as net income plus impairment expense and change in fair value of contingent acquisition consideration. The Partnership believes that adjusted net income is useful to investors in evaluating operational trends of the Partnership and its performance relative to other partnerships. Adjusted net income is not a measure of financial performance under GAAP and should not be considered in isolation or as a substitute for net income as an indicator of financial performance.

The Partnership defines net debt as total debt less cash and cash equivalents. Antero Midstream views net debt as an important indicator in evaluating the Partnership's financial leverage.

The following table reconciles consolidated total debt to net debt as used in this release (in thousands):

| | December 31, 2018 |
|-------------------------------------|------------------------------|
| Bank credit facility | \$ 990,000 |
| 5.375% AM senior notes due 2024 | 650,000 |
| Net unamortized debt issuance costs | (7,853) |
| Total debt | \$ 1,632,147 |
| Cash and cash equivalents | — |
| Net debt | \$ 1,632,147 |

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 the Partnership'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 proposed simplification transaction, if at all, and statements regarding the transaction. Although the Partnership 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. Nothing in this release is intended to constitute guidance with respect to Antero Resources.

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 Partnership'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 proposed simplification transaction, 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 the Partnership'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, 2018.

No Offer or Solicitation

This communication includes a discussion of a 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 unitholders and AMGP 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 became effective on January 30, 2019, and the definitive joint proxy statement/prospectus is being sent to the shareholders of AMGP and unitholders of Antero Midstream of record as of January 11, 2019. This document 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 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 are able to obtain free copies of the registration statement and the joint proxy statement/prospectus 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 80202, 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 80202, Tel. No. (303) 357-7310.

ANTERO MIDSTREAM PARTNERS LP
Consolidated Balance Sheets
December 31, 2017 and 2018
(In thousands)

| | December 31, | |
|---|---------------------|------------------|
| | 2017 | 2018 |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 8,363 | — |
| Accounts receivable—Antero Resources | 110,182 | 115,378 |
| Accounts receivable—third party | 1,170 | 1,544 |
| Other current assets | 670 | 21,513 |
| Total current assets | <u>120,385</u> | <u>138,435</u> |
| Property and equipment, net | 2,605,602 | 2,958,415 |
| Investments in unconsolidated affiliates | 303,302 | 433,642 |
| Other assets, net | 12,920 | 15,925 |
| Total assets | <u>\$ 3,042,209</u> | <u>3,546,417</u> |
| Liabilities and Partners' Capital | | |
| Current liabilities: | | |
| Accounts payable—Antero Resources | \$ 6,459 | 4,141 |
| Accounts payable—third party | 8,642 | 21,372 |
| Accrued liabilities | 106,006 | 72,121 |
| Asset retirement obligations | — | 1,817 |
| Other current liabilities | 209 | 235 |
| Total current liabilities | <u>121,316</u> | <u>99,686</u> |
| Long-term liabilities: | | |
| Long-term debt | 1,196,000 | 1,632,147 |
| Contingent acquisition consideration | 208,014 | 114,995 |
| Asset retirement obligations | — | 5,791 |
| Other | 410 | 2,290 |
| Total liabilities | <u>1,525,740</u> | <u>1,854,909</u> |
| Partners' capital: | | |
| Common unitholders—public (88,059 and 88,452 units issued and outstanding at December 31, 2017 and 2018 respectively) | 1,708,379 | 1,792,011 |
| Common unitholder—Antero Resources (98,870 units issued and outstanding at December 31, 2017 and 2018) | (215,682) | (143,995) |
| General partner | 23,772 | 43,492 |
| Total partners' capital | <u>1,516,469</u> | <u>1,691,508</u> |
| Total liabilities and partners' capital | <u>\$ 3,042,209</u> | <u>3,546,417</u> |

ANTERO MIDSTREAM PARTNERS LP
Consolidated Statements of Operations and Comprehensive Income
Three Months Ended December 31, 2017 and 2018
(In thousands, except per unit amounts)

| | Three months ended December 31, | |
|--|---------------------------------|----------------|
| | 2017 | 2018 |
| Revenue: | | |
| Gathering and compression—Antero Resources | \$ 105,527 | 161,051 |
| Water handling and treatment—Antero Resources | 104,805 | 120,431 |
| Water handling and treatment—third party | — | 269 |
| Total revenue | 210,332 | 281,751 |
| Operating expenses: | | |
| Direct operating | 69,646 | 92,069 |
| General and administrative (including \$6,847 and \$4,467 of equity-based compensation in 2017 and 2018, respectively) | 15,250 | 16,662 |
| Impairment of property and equipment | 23,431 | — |
| Depreciation | 30,958 | 22,692 |
| Accretion and change in fair value of contingent acquisition consideration | 3,804 | (104,860) |
| Accretion of asset retirement obligations | — | 34 |
| Total operating expenses | 143,089 | 26,597 |
| Operating income | 67,243 | 255,154 |
| Interest expense, net | (10,395) | (18,993) |
| Equity in earnings of unconsolidated affiliates | 7,307 | 12,448 |
| Net income and comprehensive income | 64,155 | 248,609 |
| Net income attributable to incentive distribution rights | (23,772) | (43,492) |
| Limited partners' interest in net income | \$ 40,383 | 205,117 |
| Net income per limited partner unit—basic | \$ 0.22 | 1.10 |
| Net income per limited partner unit—diluted | \$ 0.22 | 1.09 |
| Weighted average limited partner units outstanding: | | |
| Basic | 186,788 | 187,194 |
| Diluted | 187,122 | 187,525 |

ANTERO MIDSTREAM PARTNERS LP
Consolidated Statements of Operations and Comprehensive Income
Years Ended December 31, 2017 and 2018
(In thousands, except per unit amounts)

| | Year Ended December 31, | |
|--|-------------------------|-----------|
| | 2017 | 2018 |
| Revenue: | | |
| Gathering and compression—Antero Resources | \$ 396,202 | 520,566 |
| Water handling and treatment—Antero Resources | 376,031 | 506,449 |
| Gathering and compression—third party | 264 | — |
| Water handling and treatment—third party | — | 924 |
| Gain on sale of assets—Antero Resources | — | 583 |
| Total revenue | 772,497 | 1,028,522 |
| Operating expenses: | | |
| Direct operating | 232,538 | 316,423 |
| General and administrative (including \$27,283 and \$21,073 of equity-based compensation in 2017 and 2018, respectively) | 58,812 | 61,629 |
| Impairment of property and equipment | 23,431 | 5,771 |
| Depreciation | 119,562 | 130,013 |
| Accretion and change in fair value of contingent acquisition consideration | 13,476 | (93,019) |
| Accretion of asset retirement obligations | — | 135 |
| Total operating expenses | 447,819 | 420,952 |
| Operating income | 324,678 | 607,570 |
| Interest expense, net | (37,557) | (61,906) |
| Equity in earnings of unconsolidated affiliates | 20,194 | 40,280 |
| Net income and comprehensive income | 307,315 | 585,944 |
| Net income attributable to incentive distribution rights | (69,720) | (142,906) |
| Limited partners' interest in net income | \$ 237,595 | 443,038 |
| Net income per limited partner unit—basic | \$ 1.28 | 2.37 |
| Net income per limited partner unit—diluted | \$ 1.28 | 2.36 |
| Weighted average limited partner units outstanding: | | |
| Basic | 185,630 | 187,048 |
| Diluted | 186,083 | 187,398 |

ANTERO MIDSTREAM PARTNERS LP
Consolidated Results of Segment Operations
Three Months Ended December 31, 2017 and 2018
(In thousands)

| (in thousands) | Gathering and Processing | Water Handling and Treatment | Consolidated Total |
|--|-----------------------------|------------------------------------|-----------------------|
| Three months ended December 31, 2017 | | | |
| Revenues: | | | |
| Revenue—Antero Resources | \$ 105,527 | 104,805 | 210,332 |
| Total revenues | <u>105,527</u> | <u>104,805</u> | <u>210,332</u> |
| Operating expenses: | | | |
| Direct operating | 10,655 | 58,991 | 69,646 |
| General and administrative (excluding equity-based compensation) | 5,365 | 3,038 | 8,403 |
| Equity-based compensation | 4,793 | 2,054 | 6,847 |
| Impairment of property and equipment | 23,431 | — | 23,431 |
| Depreciation | 22,599 | 8,359 | 30,958 |
| Accretion and change in fair value of contingent acquisition consideration | — | 3,804 | 3,804 |
| Total expenses | <u>66,843</u> | <u>76,246</u> | <u>143,089</u> |
| Operating income | <u>\$ 38,684</u> | <u>28,559</u> | <u>67,243</u> |
| Segment and consolidated Adjusted EBITDA | \$ 99,582 | 42,776 | 142,358 |
| Three months ended December 31, 2018 | | | |
| Revenues: | | | |
| Revenue—Antero Resources | \$ 161,051 | 120,431 | 281,482 |
| Revenue—third-party | — | 269 | 269 |
| Total revenues | <u>161,051</u> | <u>120,700</u> | <u>281,751</u> |
| Operating expenses: | | | |
| Direct operating | 13,153 | 78,916 | 92,069 |
| General and administrative (excluding equity-based compensation) | 9,029 | 3,166 | 12,195 |
| Equity-based compensation | 3,440 | 1,027 | 4,467 |
| Depreciation | 9,748 | 12,944 | 22,692 |
| Accretion and change in fair value of contingent acquisition consideration | — | (104,860) | (104,860) |
| Accretion of asset retirement obligations | — | 34 | 34 |
| Total expenses | <u>35,370</u> | <u>(8,773)</u> | <u>26,597</u> |
| Operating income | <u>\$ 125,681</u> | <u>129,473</u> | <u>255,154</u> |
| Segment and consolidated Adjusted EBITDA | \$ 155,624 | 38,618 | 194,242 |

ANTERO MIDSTREAM PARTNERS LP
Consolidated Results of Segment Operations
Years Ended December 31, 2017 and 2018
(In thousands)

| (in thousands) | Gathering and Processing | Water Handling and Treatment | Consolidated Total |
|--|-----------------------------|------------------------------------|-----------------------|
| Year ended December 31, 2017 | | | |
| Revenues: | | | |
| Revenue—Antero Resources | \$ 396,202 | 376,031 | 772,233 |
| Revenue—third-party | 264 | — | 264 |
| Total revenues | <u>396,466</u> | <u>376,031</u> | <u>772,497</u> |
| Operating expenses: | | | |
| Direct operating | 39,251 | 193,287 | 232,538 |
| General and administrative (excluding equity-based compensation) | 20,607 | 10,922 | 31,529 |
| Equity-based compensation | 19,730 | 7,553 | 27,283 |
| Impairment of property and equipment | 23,431 | — | 23,431 |
| Depreciation | 86,372 | 33,190 | 119,562 |
| Accretion and change in fair value of contingent acquisition consideration | — | 13,476 | 13,476 |
| Total expenses | <u>189,391</u> | <u>258,428</u> | <u>447,819</u> |
| Operating income | <u>\$ 207,075</u> | <u>117,603</u> | <u>324,678</u> |
| Segment and consolidated Adjusted EBITDA | \$ 356,803 | 171,822 | 528,625 |
| Year ended December 31, 2018 | | | |
| Revenues: | | | |
| Revenue—Antero Resources | \$ 520,566 | 506,449 | 1,027,015 |
| Revenue—third-party | — | 924 | 924 |
| Gain on sale of assets—Antero Resources | 583 | — | 583 |
| Total revenues | <u>521,149</u> | <u>507,373</u> | <u>1,028,522</u> |
| Operating expenses: | | | |
| Direct operating | 49,256 | 267,167 | 316,423 |
| General and administrative (excluding equity-based compensation) | 30,091 | 10,465 | 40,556 |
| Equity-based compensation | 16,518 | 4,555 | 21,073 |
| Impairment of property and equipment | 5,771 | — | 5,771 |
| Depreciation | 83,250 | 46,763 | 130,013 |
| Accretion and change in fair value of contingent acquisition consideration | — | (93,019) | (93,019) |
| Accretion of asset retirement obligations | — | 135 | 135 |
| Total expenses | <u>184,886</u> | <u>236,066</u> | <u>420,952</u> |
| Operating income | <u>\$ 336,263</u> | <u>271,307</u> | <u>607,570</u> |
| Segment and consolidated Adjusted EBITDA | \$ 487,634 | 229,741 | 717,375 |

ANTERO MIDSTREAM PARTNERS LP
Selected Operating Data
Three Months Ended December 31, 2017 and 2018
(In thousands)

| (\$ in thousands, except realized fees) | Three Months Ended December 31, | | Amount of | Percentage |
|--|---------------------------------|----------------|-------------------------|------------|
| | 2017 | 2018 | Increase or Decrease | Change |
| Revenue: | | | | |
| Revenue—Antero Resources | \$ 210,332 | 281,482 | 71,150 | 34% |
| Revenue—third-party | — | 269 | 269 | * |
| Total revenue | <u>210,332</u> | <u>281,751</u> | <u>71,419</u> | 34% |
| Operating expenses: | | | | |
| Direct operating | 69,646 | 92,069 | 22,423 | 32% |
| General and administrative (excluding equity-based compensation) | 8,403 | 12,195 | 3,792 | 45% |
| Equity-based compensation | 6,847 | 4,467 | (2,380) | (35)% |
| Impairment of property and equipment | 23,431 | — | (23,431) | * |
| Depreciation | 30,958 | 22,692 | (8,266) | (27)% |
| Accretion and change in fair value of contingent acquisition consideration | 3,804 | (104,860) | (108,664) | * |
| Accretion of asset retirement obligations | — | 34 | 34 | * |
| Total operating expenses | <u>143,089</u> | <u>26,597</u> | <u>(116,492)</u> | (81)% |
| Operating income | 67,243 | 255,154 | 187,911 | 279% |
| Interest expense | (10,395) | (18,993) | (8,598) | 83% |
| Equity in earnings of unconsolidated affiliates | 7,307 | 12,448 | 5,141 | 70% |
| Net income | <u>\$ 64,155</u> | <u>248,609</u> | <u>184,454</u> | 288% |
| Adjusted EBITDA | <u>\$ 142,358</u> | <u>194,242</u> | <u>51,884</u> | 36% |
| Operating Data: | | | | |
| Gathering—low pressure (MMcf) | 157,373 | 239,392 | 82,019 | 52% |
| Gathering—high pressure (MMcf) | 169,464 | 236,332 | 66,868 | 39% |
| Compression (MMcf) | 124,654 | 203,740 | 79,086 | 63% |
| Fresh water delivery (MBbl) | 13,745 | 12,514 | (1,231) | (9)% |
| Treated water (MBbl) | — | 782 | 782 | * |
| Other fluid handling (MBbl) | 4,227 | 5,406 | 1,179 | 28% |
| Wells serviced by fresh water delivery | 32 | 30 | (2) | (6)% |
| Gathering—low pressure (MMcf/d) | 1,711 | 2,602 | 891 | 52% |
| Gathering—high pressure (MMcf/d) | 1,842 | 2,569 | 727 | 39% |
| Compression (MMcf/d) | 1,355 | 2,215 | 860 | 63% |
| Fresh water delivery (MBbl/d) | 149 | 136 | (13) | (9)% |
| Treated water (MBbl/d) | — | 9 | 9 | * |
| Other fluid handling (MBbl/d) | 46 | 59 | 13 | 28% |
| Average realized fees: | | | | |
| Average gathering—low pressure fee (\$/Mcf) | \$ 0.32 | 0.32 | — | —% |
| Average gathering—high pressure fee (\$/Mcf) | \$ 0.19 | 0.19 | — | —% |
| Average compression fee (\$/Mcf) | \$ 0.19 | 0.19 | — | —% |
| Average fresh water delivery fee (\$/Bbl) | \$ 3.71 | 3.78 | — | —% |
| Average treated water fee (\$/Bbl) | \$ — | 4.64 | 4.64 | * |
| Joint Venture Operating Data: | | | | |
| Processing—Joint Venture (MMcf) | 39,124 | 73,260 | 34,136 | 87% |
| Fractionation—Joint Venture (MBbl) | 837 | 1,718 | 881 | 105% |
| Processing—Joint Venture (MMcf/d) | 425 | 796 | 371 | 87% |
| Fractionation—Joint Venture (MBbl/d) | 9 | 19 | 10 | 111% |

* Not meaningful or applicable.

ANTERO MIDSTREAM PARTNERS LP
Selected Operating Data
Years Ended December 31, 2017 and 2018
(In thousands)

| (\$ in thousands, except realized fees) | Year Ended December 31, | | Amount of Increase or Decrease | Percentage Change |
|--|-------------------------|------------------|--------------------------------|-------------------|
| | 2017 | 2018 | | |
| Revenue: | | | | |
| Revenue—Antero Resources | \$ 772,233 | 1,027,015 | 254,782 | 33% |
| Revenue—third-party | 264 | 924 | 660 | 250% |
| Gain on sale of assets—Antero Resources | — | 583 | 583 | * |
| Total revenue | 772,497 | 1,028,522 | 256,025 | 33% |
| Operating expenses: | | | | |
| Direct operating | 232,538 | 316,423 | 83,885 | 36% |
| General and administrative (excluding equity-based compensation) | 31,529 | 40,556 | 9,027 | 29% |
| Equity-based compensation | 27,283 | 21,073 | (6,210) | (23)% |
| Impairment of property and equipment | 23,431 | 5,771 | (17,660) | (75)% |
| Depreciation | 119,562 | 130,013 | 10,451 | 9% |
| Accretion and change in fair value of contingent acquisition consideration | 13,476 | (93,019) | (106,495) | * |
| Accretion of asset retirement obligations | — | 135 | 135 | * |
| Total operating expenses | 447,819 | 420,952 | (26,867) | (6)% |
| Operating income | 324,678 | 607,570 | 282,892 | 87% |
| Interest expense | (37,557) | (61,906) | (24,349) | 65% |
| Equity in earnings of unconsolidated affiliates | 20,194 | 40,280 | 20,086 | 99% |
| Net income | \$ 307,315 | 585,944 | 278,629 | 91% |
| Adjusted EBITDA(1) | \$ 528,625 | 717,375 | 188,750 | 36% |
| Operating Data: | | | | |
| Gathering—low pressure (MMcf) | 605,719 | 784,079 | 178,360 | 29% |
| Gathering—high pressure (MMcf) | 646,054 | 770,910 | 124,856 | 19% |
| Compression (MMcf) | 436,695 | 634,303 | 197,608 | 45% |
| Fresh water delivery (MBbl) | 55,892 | 71,180 | 15,288 | 27% |
| Treated water (MBbl) | — | 2,544 | 2,544 | * |
| Other fluid handling (MBbl) | 14,549 | 18,848 | 4,299 | 30% |
| Wells serviced by fresh water delivery | 142 | 162 | 20 | 14% |
| Gathering—low pressure (MMcf/d) | 1,660 | 2,148 | 488 | 29% |
| Gathering—high pressure (MMcf/d) | 1,770 | 2,112 | 342 | 19% |
| Compression (MMcf/d) | 1,196 | 1,738 | 542 | 45% |
| Fresh water delivery (MBbl/d) | 153 | 195 | 42 | 27% |
| Treated water (MBbl/d) | — | 7 | 7 | * |
| Other fluid handling (MBbl/d) | 40 | 52 | 12 | 30% |
| Average realized fees: | | | | |
| Average gathering—low pressure fee (\$/Mcf) | \$ 0.32 | 0.32 | — | —% |
| Average gathering—high pressure fee (\$/Mcf) | \$ 0.19 | 0.19 | — | —% |
| Average compression fee (\$/Mcf) | \$ 0.19 | 0.19 | — | —% |
| Average fresh water delivery fee (\$/Bbl) | \$ 3.71 | 3.78 | 0.07 | 2% |
| Average treated water fee (\$/Bbl) | \$ — | 4.72 | 4.72 | * |
| Joint Venture Operating Data: | | | | |
| Processing—Joint Venture (MMcf) | 97,276 | 227,113 | 129,837 | 133% |
| Fractionation—Joint Venture (MBbl) | 1,861 | 4,784 | 2,923 | 157% |
| Processing—Joint Venture (MMcf/d) | 267 | 622 | 355 | 133% |
| Fractionation—Joint Venture (MBbl/d) | 5 | 13 | 8 | 160% |

* Not meaningful or applicable.

ANTERO MIDSTREAM PARTNERS LP
Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2018
(In thousands)

| | Year Ended December 31, | |
|---|-------------------------|------------------|
| | 2017 | 2018 |
| Cash flows provided by operating activities: | | |
| Net income | \$ 307,315 | 585,944 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 119,562 | 130,013 |
| Accretion and change in fair value of contingent acquisition consideration | 13,476 | (93,019) |
| Accretion of asset retirement obligations | — | 135 |
| Impairment of property and equipment | 23,431 | 5,771 |
| Equity-based compensation | 27,283 | 21,073 |
| Equity in earnings of unconsolidated affiliates | (20,194) | (40,280) |
| Distributions from unconsolidated affiliates | 20,195 | 46,415 |
| Amortization of deferred financing costs | 2,888 | 2,879 |
| Gain on sale of assets—Antero Resources | — | (583) |
| Gain on sale of assets—third-party | — | — |
| Changes in assets and liabilities: | | |
| Accounts receivable—Antero Resources | (41,043) | (10,196) |
| Accounts receivable—third party | 70 | 648 |
| Prepaid expenses | (141) | (153) |
| Accounts payable—Antero Resources | 3,266 | (1,804) |
| Accounts payable—third party | 3,003 | 7,670 |
| Accrued liabilities | 16,685 | 3,047 |
| Net cash provided by operating activities | <u>475,796</u> | <u>657,560</u> |
| Cash flows used in investing activities: | | |
| Additions to gathering systems and facilities | (346,217) | (446,270) |
| Additions to water handling and treatment systems | (195,162) | (88,674) |
| Investments in unconsolidated affiliates | (235,004) | (136,475) |
| Proceeds from sale of assets—Antero Resources | — | 4,470 |
| Proceeds from sale of assets—third party | — | 1,680 |
| Change in other assets | (3,435) | (3,591) |
| Change in other liabilities | — | 2,273 |
| Net cash used in investing activities | <u>(779,818)</u> | <u>(666,587)</u> |
| Cash flows provided by financing activities: | | |
| Distributions to unitholders | (283,950) | (426,452) |
| Issuance of senior notes | — | — |
| Borrowings on bank credit facilities, net | 345,000 | 435,000 |
| Issuance of common units, net of offering costs | 248,956 | — |
| Payments of deferred financing costs | (5,520) | (2,169) |
| Employee tax withholding for settlement of equity compensation awards | (5,945) | (5,529) |
| Other | (198) | (186) |
| Net cash provided by financing activities | <u>298,343</u> | <u>664</u> |
| Net (decrease) in cash and cash equivalents | <u>(5,679)</u> | <u>(8,363)</u> |
| Cash and cash equivalents, beginning of period | <u>14,042</u> | <u>8,363</u> |
| Cash and cash equivalents, end of period | <u>\$ 8,363</u> | <u>—</u> |
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the period for interest | \$ 46,666 | 62,844 |
| Increase (decrease) in accrued capital expenditures and accounts payable for property and equipment | \$ 16,338 | (32,563) |

ANTERO MIDSTREAM GP LP
Consolidated Balance Sheets
December 31, 2017 and 2018
(In thousands, except number of shares and units)

| | December 31, | |
|---|--------------|----------|
| | 2017 | 2018 |
| Assets | | |
| Current assets: | | |
| Cash | \$ 5,987 | 2,822 |
| Prepaid expenses and other current assets | — | 87 |
| Total current assets | 5,987 | 2,909 |
| Investment in Antero Midstream Partners LP | 23,772 | 43,492 |
| Deferred tax asset | — | 1,304 |
| Total assets | \$ 29,759 | 47,705 |
| Liabilities and Partners' Capital | | |
| Current liabilities: | | |
| Accounts payable—affiliate | 57 | 731 |
| Accounts payable and accrued liabilities | 236 | 435 |
| Taxes payable | 13,858 | 15,678 |
| Total current liabilities | 14,151 | 16,844 |
| Partners' capital: | | |
| Common shareholders—public (186,181,975 shares and 186,219,438 shares issued and outstanding at December 31, 2017 and 2018, respectively) | (19,866) | (41,969) |
| IDR LLC Series B units (32,875 and 65,745 units vested at December 31, 2017 and 2018, respectively) | 35,474 | 72,830 |
| Total partners' capital | 15,608 | 30,861 |
| Total liabilities and partners' capital | \$ 29,759 | 47,705 |

ANTERO MIDSTREAM GP LP
Consolidated Statements of Operations and Comprehensive Income
Three Months Ended December 31, 2017 and 2018
(In thousands, except per share amounts)

| | Three Months Ended December 31, | |
|--|--|-------------|
| | 2017 | 2018 |
| Equity in earnings of Antero Midstream Partners LP | \$ 23,772 | 43,492 |
| Total income | 23,772 | 43,492 |
| General and administrative expense | 279 | 3,183 |
| Equity-based compensation | 8,662 | 8,792 |
| Total operating expenses | 8,941 | 11,975 |
| Operating income | 14,831 | 31,517 |
| Interest expense, net | — | (54) |
| Income before income taxes | 14,831 | 31,463 |
| Provision for income taxes | (8,924) | (10,075) |
| Net income and comprehensive income | 5,907 | 21,388 |
| Net income attributable to vested Series B units | (784) | (3,719) |
| Net income attributable to common shareholders | \$ 5,123 | 17,669 |
| Net income per common share—basic | \$ 0.03 | 0.10 |
| Weighted average number of common shares outstanding—basic and diluted | 186,181 | 186,218 |

ANTERO MIDSTREAM GP LP
Consolidated Statements of Operations and Comprehensive Income
Years Ended December 31, 2017 and 2018
(In thousands, except per share amounts)

| | Years ended December 31, | |
|--|--------------------------|----------|
| | 2017 | 2018 |
| Equity in earnings of Antero Midstream Partners LP | \$ 69,720 | 142,906 |
| Total income | 69,720 | 142,906 |
| General and administrative expense | 6,201 | 8,740 |
| Equity-based compensation | 34,933 | 35,111 |
| Total operating expenses | 41,134 | 43,851 |
| Operating income | 28,586 | 99,055 |
| Interest expense, net | — | (136) |
| Income before income taxes | 28,586 | 98,919 |
| Provision for income taxes | (26,261) | (32,311) |
| Net income and comprehensive income | 2,325 | 66,608 |
| Net income attributable to vested Series B units | (784) | (5,236) |
| Pre-IPO net income attributed to parent | 4,939 | — |
| Net income attributable to common shareholders | \$ 6,480 | 61,372 |
| Net income per common share—basic and diluted | \$ 0.03 | 0.33 |
| Weighted average number of common shares outstanding—basic and diluted | 186,176 | 186,203 |

ANTERO MIDSTREAM GP LP
Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2018
(In thousands)

| | <u>Years Ended December 31,</u> | |
|--|---------------------------------|-----------------|
| | <u>2017</u> | <u>2018</u> |
| Cash flows provided by operating activities: | | |
| Net income | \$ 2,325 | 66,608 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Equity in earnings of Antero Midstream Partners LP | (69,720) | (142,906) |
| Distributions received from Antero Midstream Partners LP | 53,491 | 123,186 |
| Amortization of deferred financing costs | — | 148 |
| Equity-based compensation | 34,933 | 35,111 |
| Deferred income taxes | — | (1,304) |
| Changes in current assets and liabilities: | | |
| Prepaid expenses and other current assets | — | (5) |
| Accounts payable—affiliate | 57 | 674 |
| Accounts payable and accrued liabilities | (190) | 199 |
| Taxes payable | 7,184 | 1,820 |
| Net cash provided by operating activities | <u>28,080</u> | <u>83,531</u> |
| Cash flows from investing activities | | |
| Net cash used in investing activities | — | — |
| Cash flows used in financing activities | | |
| Distributions to Antero Resources Investment LLC | (15,691) | — |
| Distributions to shareholders | (16,011) | (84,166) |
| Distributions to Series B unitholders | — | (2,300) |
| Payments of deferred financing costs | — | (230) |
| Net cash used in financing activities | <u>(31,702)</u> | <u>(86,696)</u> |
| Net increase (decrease) in cash | (3,622) | (3,165) |
| Cash, beginning of period | 9,609 | 5,987 |
| Cash, end of period | <u>\$ 5,987</u> | <u>2,822</u> |
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the period for taxes | \$ (19,077) | \$ (31,795) |