

Tidewater Midstream and Infrastructure Ltd. Announces Second Quarter 2019 Results and Operational Update

CALGARY, Aug. 13, 2019 /CNW/ - Tidewater Midstream and Infrastructure Ltd. ("**Tidewater**" or the "**Corporation**") (TSX: TWM) is pleased to announce that it has filed its condensed interim consolidated financial statements and Management's Discussion and Analysis ("**MD&A**") for the three and six-month period ended June 30, 2019.

SECOND-QUARTER 2019 FINANCIAL PERFORMANCE

Recent Highlights

- Adjusted EBITDA for the second quarter of 2019 was \$21.8 million or \$0.07 per share, compared to \$19.2 million or \$0.06 per share for the second quarter of 2018.
- Net loss attributable to shareholders was \$4.1 million or \$0.01 per share for the second quarter of 2019, compared to net income attributable to shareholders of \$3.2 million or \$0.01 per share for the second quarter of 2018.
- Net cash provided by operating activities totaled \$29.0 million for the second quarter of 2019, with distributable cash flow of \$11.3 million, maintaining a conservative payout ratio of 29% for the quarter and 24% for the six months ended June 30, 2019.
- Commissioning of Tidewater's 100 MMcf/day sour deep-cut gas processing complex (the "Pipestone Gas Plant") is currently underway with the sales pipeline fully commissioned. Tidewater expects to process first customer gas in September 2019. The project remains on-time and on-budget. Tidewater has received significant support for future gas processing and liquids handling expansions at Pipestone and is currently evaluating an expansion at the facility.
- Tidewater has completed construction of the Pioneer Pipeline, a 120km natural gas pipeline connecting Tidewater's Brazeau River Complex ("BRC") to TransAlta Corporation's generating units at Keephills, with an 11km lateral connecting to Sundance, in the second quarter of 2019, approximately four months ahead of schedule. The Pioneer Pipeline is currently flowing approximately 50 MMcf/day of natural gas during this start-up phase where initial flows may fluctuate depending on market conditions. Throughput of approximately 130 MMcf/day of natural gas is expected to be achieved in November, 2019.
- During the first quarter of 2019, Tidewater expanded its gas storage operations at Pipestone (the "Pipestone Gas Storage Facility") and completed a 24km, 30-inch natural gas pipeline connecting the facility to both the Alliance pipeline and TC Energy pipeline ("TCPL"). The pipeline allows for significant future optionality and egress at the Pipestone Gas Storage Facility and Pipestone Gas Plant. The Pipestone Storage Facility is now fully contracted with investment-grade counterparties over an average six-year contract term. Continued capital improvements to the facility during 2019, along with the completed 30-inch pipeline, will significantly increase future contracting capacity at the storage facility. The Pipestone Gas Storage Facility is held in a Limited Partnership, with the pipeline and facility expansion financed primarily through a capital contribution from a joint-venture equity partner as well as a non-recourse project finance credit facility.
- On August 8, 2019 Tidewater closed a \$75 million bought-deal financing (the "Convertible Debenture Financing") of five-year convertible unsecured subordinated debentures (the

"Debentures") with a syndicate of underwriters co-led by CIBC Capital Markets and National Bank Financial Inc. The Debentures have a coupon of 5.5 percent per annum and a conversion price of \$1.86 per Tidewater common share.

- In conjunction with the Convertible Debenture Financing, Tidewater entered into an agreement with Pipestone Energy Corp. ("Pipestone Energy") to acquire a 100% working interest in the Pipestone East Battery which will be located approximately 24km directly east of the Pipestone Gas Plant and will be a physical extension of existing Tidewater infrastructure servicing Pipestone Energy. Concurrently upon signing the Acquisition Agreement, Pipestone Energy has elected not to exercise its option to acquire a 20% working interest in the Pipestone Gas Plant and has entered into certain other commitment agreements with Tidewater for Tidewater's current and future projects in the Pipestone area.
- Tidewater also plans to invest an incremental \$25 million in liquids handling equipment in order to increase truck-in, stabilization, treating and storage capacity at the Pipestone Gas Plant due to increased demand in the area. The investment in additional liquids handling equipment is expected to generate additional Adjusted EBITDA of approximately \$4 million once complete.
- With the commissioning of the Pioneer Pipeline, expansion of the Pipestone Gas Storage facility, and commissioning of the Pipestone Gas Plant, Tidewater has transformed its customer and contract base through the addition of over ten new take-or-pay contracts ranging in term from five to fifteen years and including over five new investment-grade counterparties.
- Tidewater remains confident in its ability to execute its previously disclosed strategic plan where fourth quarter 2019 and fiscal year 2020 net income and Adjusted EBITDA are expected to increase by greater than 50%, compared to the fourth quarter and fiscal year 2018, respectively, once the Pipestone Gas Plant and Pioneer Pipeline are fully operational. Tidewater continues to evaluate additional strategic projects that address customer needs and the increasing demand for natural gas, NGLs and crude oil in North America.

Selected financial and operating information is outlined below and should be read with Tidewater's consolidated financial statements and related MD&A as at and for the three and six-month period ended June 30, 2019 which are available at www.sedar.com and on our website at www.tidewatermidstream.com.

Financial Overview

Consolidated Financial Highlights

(in thousands of Canadian dollars except per share information)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Revenue	\$ 155,311	\$ 69,234	\$ 278,976	\$ 153,448
Net income (loss) attributable to shareholders	\$ (4,086)	\$ 3,224	\$ (11,221)	\$ 8,021
Basic and diluted net income (loss) attributable to shareholders per share	\$ (0.01)	\$ 0.01	\$ (0.03)	\$ 0.02
Adjusted EBITDA ⁽¹⁾	\$ 21,786	\$ 19,230	\$ 44,190	\$ 39,231
Adjusted EBITDA per common share - basic ⁽¹⁾	\$ 0.07	\$ 0.06	\$ 0.13	\$ 0.12
Net cash provided by (used in) operating activities	\$ 29,015	\$ 12,404	\$ 25,705	\$ (8,268)
Distributable cash flow ⁽²⁾	\$ 11,295	\$ 12,399	\$ 27,605	\$ 27,054
Distributable cash flow per common share - basic ⁽²⁾	\$ 0.03	\$ 0.04	\$ 0.08	\$ 0.08
Dividends declared	\$ 3,311	\$ 3,292	\$ 6,620	\$ 6,583
Dividends declared per common share	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.02
Total common shares outstanding (000s)	331,054	329,224	331,054	329,224
Payout ratio ⁽³⁾	29%	27%	24%	24%
Total assets	\$ 1,577,732	\$ 1,041,777	\$ 1,577,732	\$ 1,041,777
Net debt ⁽⁴⁾	\$ 437,457	\$ 229,360	\$ 437,457	\$ 229,360

Notes:

- 1 Adjusted EBITDA is calculated as net income before interest, taxes, depreciation, share-based compensation, unrealized gains/losses, non-cash items, transaction costs and items that are considered non-recurring in nature. Adjusted EBITDA per common share is calculated as Adjusted EBITDA divided by the weighted average number of common shares outstanding for the three and six-month period ended June 30, 2019. Adjusted EBITDA and Adjusted EBITDA per common share are not standard measures under GAAP. See "Non-GAAP Measures" in the Corporation's MD&A for a reconciliation of Adjusted EBITDA and Adjusted EBITDA per common share to their most closely related GAAP measures.
- 2 Distributable cash flow is calculated as net cash used in operating activities before changes in non-cash working capital and after any expenditures that use cash from operations. Distributable cash flow per common share is calculated as distributable cash flow over the weighted average number of common shares outstanding for the three and six-month period ended June 30, 2019. Distributable cash flow and distributable cash flow per common share are not standard measures under GAAP. See "Non-GAAP Measures" in the Corporation's MD&A for a reconciliation of distributable cash flow and distributable cash flow per common share to their most closely related GAAP measures.
- 3 Payout Ratio is calculated by expressing dividends declared to shareholders for the period as a percentage of distributable cash flow attributable to shareholders. This measure, in combination with other measures, is used by the investment community to assess the sustainability of the current dividends. Payout Ratio is not a standard measure under GAAP. See "Non-GAAP Financial Measures" in the Corporation's MD&A for a reconciliation of Payout Ratio to its most closely related GAAP measure.
- 4 Net debt is defined as bank debt plus notes payable, less cash. Net Debt is not a standard measure under GAAP. See "Non-GAAP Measures" in the Corporation's MD&A for a reconciliation of Net Debt to its most closely related GAAP measure.

OUTLOOK AND CORPORATE UPDATE

With the commissioning of the Pioneer Pipeline, expansion of the Pipestone Gas Storage Facility and final commissioning of the Pipestone Gas Plant, Tidewater has transformed its customer and contract base through the addition of over ten new take-or-pay contracts ranging in term from five to fifteen years and including over five new investment-grade counterparties. Tidewater's recent investments in long-term midstream infrastructure add a significant stable cashflow base and help provide producers with egress solutions and improved pricing by developing and connecting its infrastructure to additional end markets.

Natural Gas Storage

Tidewater operates three storage reservoirs at two different facilities; Dimsdale Paddy A (Pipestone Gas Storage Facility), Brazeau Nisku F, and Brazeau Nisku A (Brazeau River Gas Storage Facility).

Tidewater injected record volumes under long-term fee-for-service contracts at the Pipestone Gas Storage Facility throughout the quarter, growing the cushion gas at the facility and increasing the injection and withdrawal capability of the storage reservoir.

The Pipestone Gas Storage Facility is fully contracted with multiple investment-grade counterparties with contracts over an average six-year term.

With the completion of the 21km, 30-inch pipeline connected to both Alliance and TCPL, and with the remaining facility expansion work nearing completion (wells and compression), the Pipestone Gas Storage Facility is positioned to deliver record withdrawals through the winter 2019/2020 months. Tidewater also expects the third quarter of 2019 to be a strong quarter for Pipestone Gas Storage and will begin receiving volume from the Pipestone Gas Plant, once fully commissioned, in September 2019.

At Brazeau, in addition to supporting producers at the BRC with an alternative egress option, storage will support the Pioneer Pipeline to TransAlta. With a connection to two markets, the storage facility has enhanced optionality for creating significant value.

Tidewater's gas storage projects remain well positioned to benefit from the low commodity price environment while acting as a natural hedge to Tidewater's core business, thereby achieving its goal of offering additional egress options and improved pricing to producers.

Crude Oil Infrastructure

Tidewater continues to grow its crude oil infrastructure and refined products business by delivering Canadian crude to various end-markets, including markets as close as North Dakota, and also increasing West Coast and Gulf Coast deliveries through the second quarter of 2019. Tidewater remains well positioned in the crude oil space with three pipeline connected oil batteries at Valhalla, Brazeau and Acheson, and continues to expand operational flexibility at the Acheson rail facility.

Tidewater continues to explore various market-access opportunities including storage, terminals and pipelines, including taking term capacity on third-party pipelines to access additional liquidity in crude markets. The majority of the agreements are for terms of less than 12 months; however, Tidewater remains committed to growing this business and negotiating longer term agreements with both existing and new customers. Contribution from the crude oil infrastructure remains in-line with Tidewater's previously disclosed forecasts.

Brazeau River Complex and Fractionation Facility

Throughput at the BRC was in-line with the first quarter of 2019 where Tidewater is working diligently with producers to improve netbacks by fully utilizing the BRC's facilities, including its three NGL pipeline connections, truck loading and offloading facilities, fractionation and natural gas storage facilities.

The Brazeau River Fractionation facility is fully contracted until March 2020, with two new investment-grade customers. Tidewater began accepting new volumes at the fractionation facility in April 2019 with liquids throughput at all-time highs.

The Brazeau River Complex remains a flagship asset for Tidewater, offering a full suite of services to producers, including C3, C4 and C5 pipeline connections, NGL fractionation capacity, sweet and sour deep-cut gas processing capability, and two gas egress solutions given the BRC's connection to TCPL and the Pioneer Pipeline.

CAPITAL PROGRAM

Tidewater is nearing the successful completion of three of the largest capital projects in the Corporation's history related to the Pioneer Pipeline, Pipestone Gas Plant and Pipestone Gas Storage Facility. The Pioneer Pipeline construction is complete and fully commissioned and delivering gas to TransAlta's generating units at Sundance and Keephills. The Pipestone Gas Plant is nearing mechanical completion, with commissioning operations having already commenced in July and August 2019. The Pipestone Gas Plant is expected to process first customer gas in September 2019 and is on-time and on-budget. Tidewater's expansion of its Pipestone Gas Storage Facility is also operational with its 30-inch sales pipeline fully commissioned and only minor facility expansion work remaining. These three projects are a milestone in Tidewater's history and will contribute significantly to Tidewater's cash flow profile and customer and contract base.

Tidewater continues to move forward on the next phase of its growth with the completion of the Pipestone East Battery, additional liquids handling infrastructure at the Pipestone Gas Plant, and the evaluation of additional processing capacity at the Pipestone Gas Plant.

Tidewater expects to deploy approximately \$30 - \$50 million in the second half of 2019 to complete commissioning and routine construction site cleanup of its existing projects as well as capital related to its newly announced projects.

Pipestone Gas Plant

On October 18, 2018, Tidewater received approval from the Alberta Energy Regulator (the "AER") to construct and operate the Pipestone Gas Plant. The Pipestone Gas Plant is designed to process approximately 100 MMcf/day of natural gas. The project includes an acid gas injection well, salt water disposal well, and pipelines directly connected to the Pipestone Gas Storage Facility, as well as connections to both Alliance and TCPL. The Pipestone Project remains on time and on budget. The Pipestone Gas Plant is currently fully contracted, and Tidewater has significant support for future gas processing and liquids handling expansions at the facility.

In the first quarter of 2019, Tidewater divested the Pipestone Gas Plant's 32MW cogeneration units for cash proceeds of \$85 million. In conjunction with the divestiture, the Corporation entered into a

long-term energy services agreement whereby the purchaser, Kinetikor Resource Corp. ("Kinetikor"), will supply power to Tidewater's Pipestone Gas Plant once construction is complete in exchange for fixed energy fee payments. The Corporation also entered into an operating agreement, whereby Tidewater will manage the final construction of the cogeneration units and the day-to-day operations once in service. This will ensure that the cogeneration units, which will be highly integrated with the Pipestone Gas Plant, will be managed safely and efficiently for both Kinetikor and Tidewater.

Tidewater has begun the commissioning process at the Pipestone Gas Plant, with the sales pipeline fully commissioned and fuel gas brought into the plant distribution system on August 1, 2019. The power generation system was successfully tested in the first week of August, with commissioning continuing through the month and inlet, sales and gas compressor commissioning is complete. Tidewater expects the plant to be fully commissioned early to mid-September 2019.

Pipestone Liquids Handling and Pipestone Plant 2

Tidewater plans to invest an incremental \$25 million in liquids handling equipment ("Pipestone Liquids Handling") in order to increase truck-in, stabilization, treating and storage capacity at the Pipestone Gas Plant due to increased demand in the area. The investment in additional liquids handling equipment is expected to generate an Adjusted EBITDA multiple of approximately 6.0x once complete.

Tidewater continues to obtain significant commercial support for its proposed Pipestone Gas Plant expansion ("Pipestone Plant 2") where the economics of this second plant are expected to be equivalent to the Pipestone Gas Plant. The Corporation has received significant interest from multiple parties to finance the project on an attractive basis to Tidewater. Tidewater expects to reach a final investment decision on Pipestone Plant 2 in the next 90 days.

Pioneer Pipeline

On October 30, 2018, Tidewater received approval from the AER to construct and operate the 120km natural gas pipeline connecting Tidewater's BRC to TransAlta's generating units at Keephills, and subsequent approval for an 11km lateral connecting to Sundance. The Pioneer Pipeline will have initial capacity of 130 MMcf/day supported by a 15 year take-or-pay commitment from TransAlta, which may be expanded to approximately 440 MMcf/day. The Pipeline will allow TransAlta to increase the amount of natural gas it co-fires at its Sundance and Keephills coal-fired units, resulting in lower carbon emissions and costs.

On December 17, 2018 TransAlta exercised its 50% working interest option in the Pioneer Pipeline and in the second quarter of 2019 the transaction closed with the assets being contributed to a partnership that is jointly controlled by Tidewater and TransAlta.

The Pioneer Pipeline is now fully commissioned and flowing approximately 50 MMcf/day of natural gas during the start-up phase where initial flows may fluctuate depending on market conditions. Throughput of approximately 130 MMcf/day of natural gas is expected to commence flowing through the Pioneer Pipeline in November 2019.

Pipestone Gas Storage Facility

During 2017, Tidewater received regulatory approval to expand its existing Pipestone Gas Storage Facility as well as construct and operate a 24km, 30-inch natural gas pipeline with connections to both Alliance and TCPL.

During the first quarter of 2019, Tidewater commenced and completed construction of the 24km, 30-inch natural gas pipeline to Alliance and TCPL as well as several pipeline connections to the Pipestone Gas Plant. Tidewater plans to complete the remaining facility expansion work, consisting

of additional compression and injection/withdrawal wells, in the third quarter of 2019.

Total project costs are expected to be approximately \$70 - \$75 million, of which \$55 million has been funded by way of \$25 million non-recourse subordinated debenture from a joint venture partner, as well as a \$30 million non-recourse project finance credit facility. As part of the financing arrangement, Tidewater contributed its existing Pipestone Gas Storage Assets into a limited partnership whereby Tidewater will retain 85% of the cashflows generated from the partnership, after interest and debenture payments, while maintaining operatorship.

On August 2, 2019, Tidewater closed the \$25 million subordinated debenture portion of the financing, and the \$30 million non-recourse project finance credit facility. At closing, Tidewater contributed the project assets, including the 30-inch pipeline and facility expansion work, and its existing Pipestone Gas Storage assets (which include the reservoir, existing wells and related compression and equipment) to the limited partnership. Tidewater's total investment in the partnership is approximately \$55 million (\$110 million total partnership assets) which includes the contribution to the gas storage expansion as well as the existing reservoir and related wells and compression.

The Pipestone Gas Storage Facility is fully contracted on a six-year take-or-pay basis with multiple investment-grade counterparties. The project is a significant step forward in Tidewater's fee-for-service gas storage business and offers producers at the Pipestone Gas Plant significant optionality where the plant has three egress solutions in TCPL, Alliance and gas storage.

Tidewater remains fully funded with its existing credit facility and net cash provided by operations to fund its capital program through the end of 2019.

Pipestone East Battery Acquisition and Construction

Subsequent to June 30, 2019, Tidewater entered into an agreement with Pipestone Energy to acquire a 100% working interest in the Pipestone East Battery (the "Acquisition Agreement") which will be located approximately 24km east of the Pipestone Gas Plant and will be a physical extension of existing Tidewater infrastructure servicing Pipestone Energy. The total cash consideration payable under the Acquisition Agreement is up to \$30 million consisting of an initial cash payment by Tidewater of approximately \$14 million to purchase existing compression, power generation, water handling infrastructure and facility equipment, with a commitment to fund up to \$16 million to finalize the design, construction and commissioning of the Pipestone East Battery, which is expected to be completed over the next 12 to 18 months.

Concurrently upon signing the Acquisition Agreement, Pipestone Energy has elected not to exercise its option to acquire a 20% working interest in the Pipestone Gas Plant and has entered into certain other commitment agreements with Tidewater for Tidewater's current and future projects in the Pipestone area, including:

- a 10-year take-or-pay agreement for compression, separation and liquids handling at the Pipestone East Battery;
- an extension of Pipestone Energy's current 30 MMcf/day take-or-pay commitment at the Pipestone Gas Plant from a 5-year term to a 10-year term;
- a 10-year, 20 MMcf/d take-or-pay commitment for Tidewater's proposed Pipestone Plant 2 project, subject to the project receiving final investment decision by Tidewater on or before year-end 2019 and the proposed Pipestone Plant 2 being commissioned by Tidewater on or before the end of the second quarter of 2022; and
- a 10-year dedication of an existing Pipestone Energy facility to Tidewater's liquids handling expansion project

Once the Pipestone East Battery is complete, it is expected to improve the strategic position that Tidewater has in the Pipestone area, provide additional Adjusted EBITDA to Tidewater of

approximately \$4 million per year, and further increase the average contract life of Tidewater's infrastructure assets in the greater Pipestone area.

SECOND QUARTER 2019 EARNINGS CALL

In conjunction with this earnings release, investors will have the opportunity to listen to Tidewater senior management review its second quarter results of fiscal 2019 via conference call on Tuesday, August 13th at 11:00 am MDT.

To access the conference call by telephone, dial 647-427-7450 (local / international participant dial in) or 1-888-231-8191 (North American toll free participant dial in). A question and answer session for analysts will follow management's presentation.

A live audio webcast of the conference call will be available by following this link:

<https://event.on24.com/wcc/r/2054100/9C564F679042E1460EE659317D970AC1> and will also be archived there for 90 days.

For those accessing the call via Cision's investor website, we suggest logging in at least 15 minutes prior to the start of the live event. For those dialing in, participants should ask to be joined into the Tidewater Midstream and Infrastructure Ltd. earnings call.

ABOUT TIDEWATER

Tidewater is traded on the TSX under the symbol "TWM". Tidewater's business objective is to build a diversified midstream and infrastructure company in the North American natural gas and natural gas liquids ("NGL") and crude oil space. Its strategy is to profitably grow and create shareholder value through the acquisition and development of oil and gas infrastructure. Tidewater plans to achieve its business objective by providing customers with a full service, vertically integrated value chain through the acquisition and development of oil and gas infrastructure including: gas plants, pipelines, railcars, trucks, export terminals and storage facilities.

Additional information relating to Tidewater is available on SEDAR at www.sedar.com and at www.tidewatermidstream.com.

Advisory Regarding Forward-Looking Statements

FORWARD-LOOKING INFORMATION

Certain statements contained in this press release constitute forward-looking statements and forward-looking information (collectively, "forward-looking statements"). Such forward-looking statements relate to possible events, conditions or financial performance of the Corporation based on future economic conditions and courses of action. All statements other than statements of historical fact are forward-looking statements. The use of any words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "will likely result", "are expected to", "will continue", "is anticipated", "believes", "estimated", "intends", "plans", "projection", "outlook" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes there is a reasonable basis for the expectations reflected in the forward-looking statements, however no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this press release should not be unduly relied upon by investors.

Specifically, this press release contains forward-looking statements relating to but not limited to the planned commissioning of Tidewater's Pipestone Gas Plant and timing thereof as well as projections with respect to contracting capacity, optionality and egress opportunities, net income to be derived therefrom, projected capital and operating costs and Adjusted EBITDA contribution estimates; future supply of power to the Pipestone Gas Plant; plans for future gas processing and liquids handling expansions at the Pipestone Gas Plant; projected throughput on the Pioneer Pipeline; projected timing to construct and commission the Pipestone East Battery and projected EBITDA to be generated; future optionality, egress and contracting capacity at the Pipestone Storage Facility and projected capital costs of such project; anticipated closing of the Pipestone East Battery Acquisition; projected net income and Adjusted EBITDA into the fourth quarter of 2019 and 2020; projections regarding future delivery of crude oil to end markets, impact of crude oil infrastructure business to net income and Adjusted EBITDA in 2019, plans to explore various market access opportunities including storage, terminals and pipelines; future growth of Tidewater's crude oil infrastructure business and expectations regarding longer term agreements with existing and new customers; and projected plans and benefits of the Corporation's crude oil and refined products infrastructure business including with respect to future earnings and incremental Adjusted EBITDA.

Such forward-looking statements of information are based on a number of assumptions which may prove to be incorrect. In addition to other assumptions identified in this document, assumptions have been made regarding, among other things, oil and gas industry expectation and development activity levels and the geographic region of such activity; the success of the Corporation's operations; anticipated timelines and budgets being met in respect of the Corporation's projects and operations; future natural gas, crude oil and NGL prices; that proposed transactions will close as expected; the ability to obtain additional financing on satisfactory terms; the availability of capital to fund future capital requirements relating to existing assets and projects; the ability of Tidewater to successfully market its products; the Corporation's future debt levels and the ability of the Corporation to repay its debt when due; that any third-party projects relating to the Corporation's growth projects will be sanctioned and completed as expected; that all required regulatory and environmental approvals for capital projects can be obtained on the necessary terms and in a timely manner.

Actual results achieved will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors including, but not limited to, general economic, political, market and business conditions, including fluctuations in interest rates, foreign exchange rates and stock market volatility; activities of producers and customers and overall industry activity levels; the regulatory environment and decisions and First Nations and landowner consultation requirements; the ability to secure land and water, including obtaining and maintaining land access rights; operational matters, including potential hazards inherent in the Corporation's operations and the effectiveness of health, safety, environmental and integrity programs; fluctuations in commodity prices, inventory levels and supply/demand trends; actions by governmental authorities, including changes in government regulation, tariffs and taxation; changes in operating and capital costs, including fluctuations in input costs; changes in environmental and other regulations; activities of other facility owners, including access to third-party facilities; environmental risks and hazards, including risks inherent in the transportation of NGLs which may create liabilities to the Corporation in excess of the Corporation's insurance coverage, if any; the possibility that the Corporation fails to formalize agreements with counterparties; construction and engineering variables associated with capital projects, including the availability of contractors, engineering and construction services, accuracy of estimates and schedules, and the performance of contractors; the availability of capital on acceptable terms; and risks and liabilities associated with the transportation of dangerous goods; risks and liabilities resulting from derailments; competitive action by other companies.

The foregoing lists are not exhaustive. Additional information on these and other factors which could affect the Corporation's operations or financial results are included in the Corporation's most recent AIF and in other documents on file with the Canadian Securities regulatory authorities.

The above summary of assumptions and risks related to forward-looking statements in this press release is intended to provide shareholders and potential investors with a more complete perspective on Tidewater's current and future operations and such information may not be appropriate for other purposes. There is no representation by Tidewater that actual results achieved will be the same in whole or in part as those referenced in the forward-looking statements and Tidewater does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities law.

Future Oriented Financial Information

Any financial outlook or future-oriented financial information, as defined by applicable securities legislation, has been approved by management of Tidewater as of August 12, 2019. Financial outlook or future-oriented financial information is provided for the purpose of providing information about management's current expectations and goals relating to the future of Tidewater. Readers are cautioned that reliance on such information may not be appropriate for other purposes. The purpose of the future oriented financial information contained herein including but not limited to future periods of net income and Adjusted EBITDA is to assist investors, shareholders, and others in understanding certain financial metrics relating to expected future financial results for the purpose of evaluating the performance of Tidewater's business for future periods. This information may not be appropriate for other purposes. The results and conclusions of these assessments, along with the known and unknown risks, uncertainties and other factors referred to above, could impact Tidewater's estimates and the information related to such future periods contained herein and any such impact could be material.

Non-GAAP Measures

This news release refers to "Adjusted EBITDA" which do not have any standardized meaning prescribed by generally accepted accounting principles in Canada ("GAAP"). Adjusted EBITDA is calculated as income or loss before interest, taxes, depreciation, share-based compensation, unrealized gains/losses, non-cash items, transaction costs and items that are considered non-recurring in nature.

Tidewater Management believes that Adjusted EBITDA provide useful information to investors as they provide an indication of results generated from the Corporation's operating activities prior to financing, taxation and non-recurring/non-cash impairment charges occurring outside the normal course of business. Management utilizes Adjusted EBITDA to set objectives and as a key performance indicator of the Corporation's success. In addition to its use by Management, Tidewater also believes Adjusted EBITDA is a measure widely used by security analysts, investors and others to evaluate the financial performance of the Corporation and other companies in the midstream industry. Investors should be cautioned that Adjusted EBITDA should not be construed as alternatives to earnings, cash flow from operating activities or other measures of financial results determined in accordance with GAAP as an indicator of the Corporation's performance and may not be comparable to companies with similar calculations.

"Distributable cash flow" is a non-GAAP financial measure and is calculated as net cash used in operating activities before changes in non-cash working capital plus transaction costs, non-recurring expenses and after any expenditures that use cash from operations. Changes in non-cash working capital are excluded from the determination of distributable cash flow because they

are primarily the result of seasonal fluctuations or other temporary changes and are generally funded with short term debt or cash flows from operating activities. Deducted from distributable cash flow are maintenance capital expenditures, including turnarounds as they are ongoing recurring expenditures. Transaction costs are added back as they vary significantly quarter to quarter based on the Corporation's acquisition and disposition activity. It also excludes non-recurring transactions that do not reflect Tidewater's ongoing operations. Distributable cash flow also excludes cash outflows related to the purchase of linefill on pipelines and tank bottoms for storage tanks, whereby Tidewater transports oil on third-party pipelines for which it is required to supply linefill or tank bottoms for storage. As these pipelines/storage tanks are owned by third parties, the linefill is not considered to be a component of the Corporation's property and equipment. The linefill is classified as a non-current inventory asset and an operating cash outflow, however linefill is not a principal revenue-producing activity and therefore is considered an investment to gain access as a shipper on the pipeline.

Management of the Corporation believes distributable cash flow is a useful metric for investors when assessing the amount of cash flow generated from normal operations and to evaluate the adequacy of internally generated cash flow to fund dividends.

For more information with respect to financial measures which have not been defined by GAAP, including reconciliations to the closest comparable GAAP measure, see the "Non-GAAP Measures" section of Tidewater's most recent MD&A which is available on SEDAR.

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