



VERESEN

Veresen Q1 2016 Earnings Call

May 5th, 2016

Forward-Looking and Non-GAAP Information Advisory

Certain information contained in this presentation constitutes forward-looking information under applicable Canadian securities laws. All information, other than statements of historical fact, which addresses activities, events or developments that we expect or anticipate may or will occur in the future, is forward-looking information. Forward-looking information typically contains statements with words such as "may", "estimate", "anticipate", "believe", "expect", "plan", "intend", "target", "project", "forecast" or similar words suggesting future outcomes or outlook. Forward-looking statements in this presentation include, but are not limited to, statements with respect to: the cost of the Saturn Phase II processing facility; the funding strategy and outlook, including sources and uses of capital, for 2016, 2017, and 2018; the forecast for distributable cash in 2016; and the ability of each of our businesses to generate distributable cash in 2016. The risks and uncertainties that may affect the operations, performance, development and results of our businesses include, but are not limited to, the following factors: our ability to successfully implement our strategic initiatives and achieve expected benefits; levels of oil and gas exploration and development activity; the status, credit risk and continued existence of contracted customers; the availability and price of capital; the availability and price of energy commodities; the availability of construction services and materials; fluctuations in foreign exchange and interest rates; our ability to successfully obtain regulatory approvals; changes in tax, regulatory, environmental, and other laws and regulations; competitive factors in the pipeline, NGL and power industries; operational breakdowns, failures, or other disruptions; and the prevailing economic conditions in North America. Additional information on these and other risks, uncertainties and factors that could affect our operations or financial results are included in our filings with the securities commissions or similar authorities in each of the provinces of Canada, as may be updated from time to time. Although we believe the expectations conveyed by the forward-looking information are reasonable based on information available to us on the date of preparation, we can give no assurances as to future results, levels of activity and achievements. Readers should not place undue reliance on the information contained in this presentation, as actual results achieved will vary from the information provided herein and the variations may be material. We make no representation that actual results achieved will be the same in whole or in part as those set out in the forward-looking information. Furthermore, the forward-looking statements contained herein are made as of the date hereof, and, except as required by law, we do not undertake any obligation to update publicly or to revise any forward-looking information, whether as a result of new information, future events or otherwise. We expressly qualify any forward-looking information contained in this presentation by this cautionary statement.

Certain financial information contained in this news release may not be standard measures under Generally Accepted Accounting Principles ("GAAP") in the United States and may not be comparable to similar measures presented by other entities. These measures are considered to be important measures used by the investment community and should be used to supplement other performance measures prepared in accordance with GAAP in the United States. US GAAP requires us to equity account for our investments in jointly-controlled businesses. However, we have chosen to provide some information on our jointly-controlled businesses on a proportionate basis to assist the reader. For further information on other non-GAAP financial measures used by Veresen see Management's Discussion and Analysis, in particular, the section entitled "Non-GAAP Financial Measures" contained in the annual Management Discussion and Analysis, filed by Veresen with Canadian securities regulators.

President's Message

Solid Quarter from Both an Operational and Financial Perspective

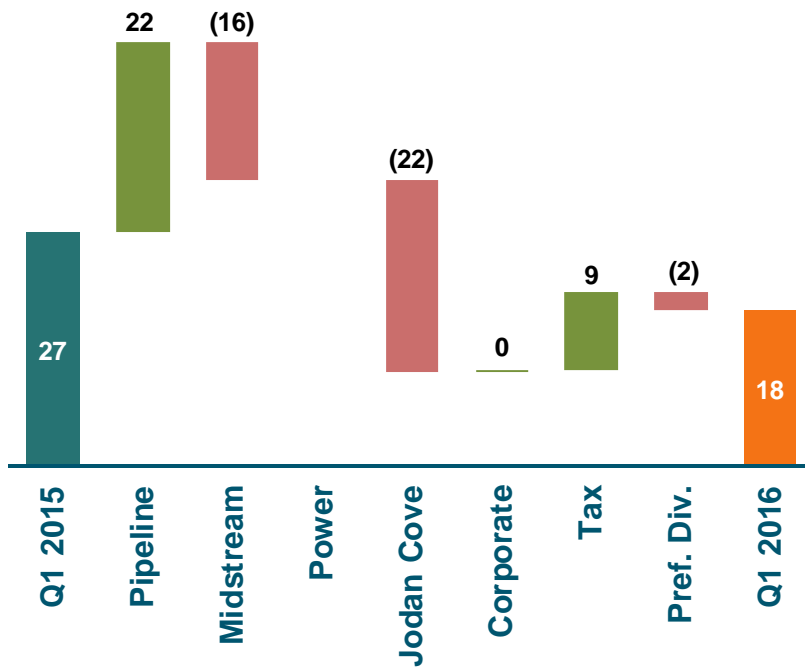
- Continue to successfully execute the business plan
- Strong performance from Alliance in first full quarter under new service model
- Strong volumes at Veresen Midstream with continued line of sight to growth
 - Cutbank Ridge Partnership sanctioned the \$930 million Saturn Phase II processing facility during the Quarter
- Continued commercial progress at Jordan Cove
 - Finalized key commercial terms with customers for at least 50% of the terminal's initial design capacity
 - Executed natural gas transportation service precedent agreements representing in excess of 75% of the rated capacity of the pipeline
- Filed a request for rehearing with FERC following March 11 denial

Adjusted Net Income

Comparisons to Q1 2015 and Q4 2015

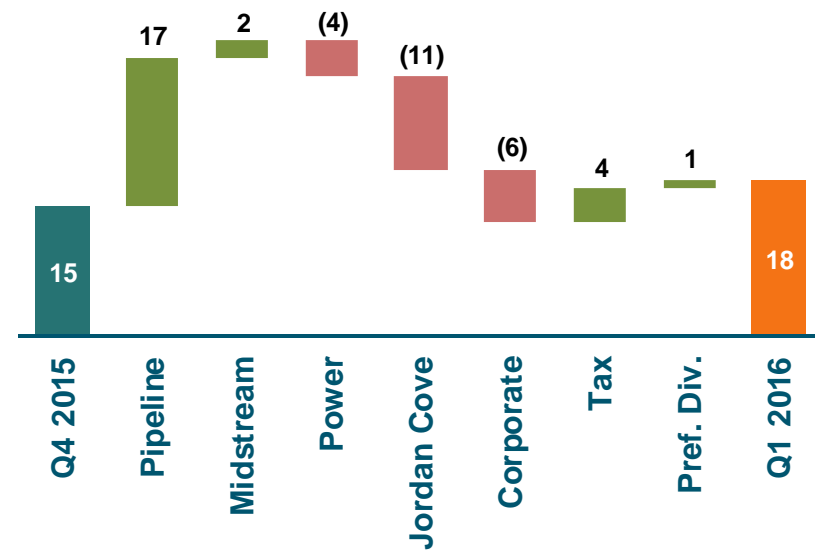
Q1 2015 vs Q1 2016

C\$ millions



Q4 2015 vs Q1 2016

C\$ millions

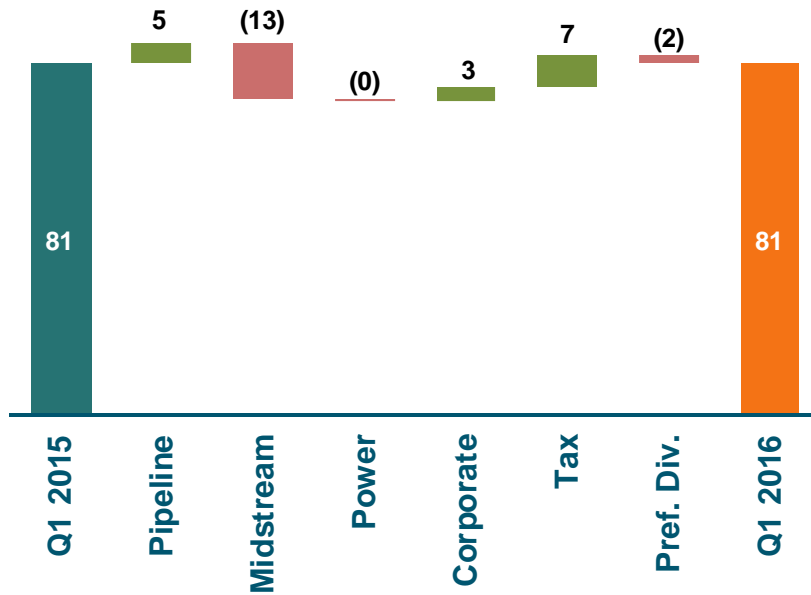


Distributable Cash

Comparisons to Q1 2015 and Q4 2015

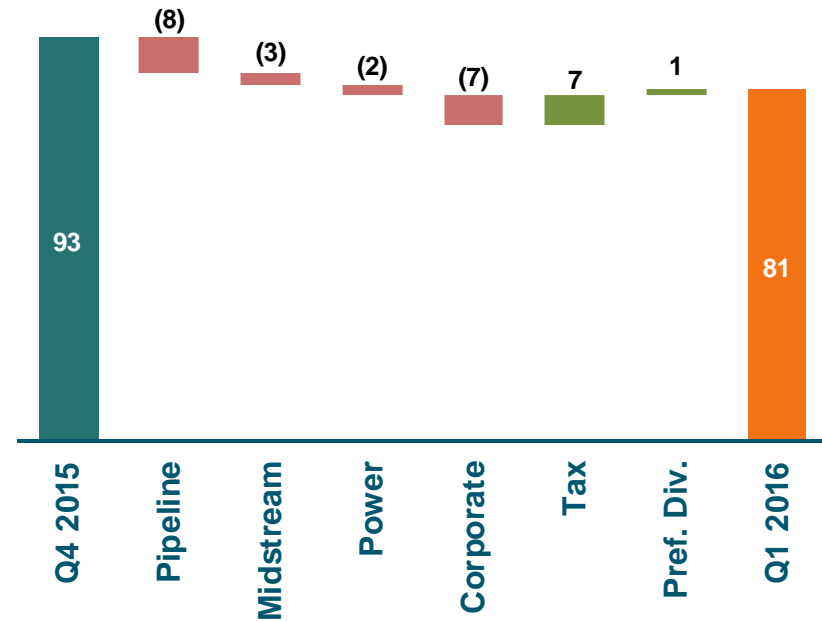
Q1 2015 vs Q1 2016

C\$ millions



Q4 2015 vs Q1 2016

C\$ millions



Proportionate Consolidation⁽¹⁾

First Quarter 2016

Segment	Pipeline			Midstream			Corporate	Total
	Alliance ⁽¹⁾	Ruby ⁽²⁾	AEGS	Veresen Midstream	Aux Sable	Power		
EBITDA ⁽³⁾	82	52	6	18	3	25	(9)	177
Interest	(13)	(16)	(1)	(5)	-	(5)	(7)	(47)
Principal Repayment	(22)	(12)	(1)	(1)	-	(4)	-	(40)
Maintenance Capex	(2)	-	-	-	(1)	(2)	-	(5)
Other ⁽³⁾	(5)	7	-	3	(1)	(2)	(6)	(4)
Distributable Cash ⁽⁴⁾	40	31	4	15	1	12	(22)	81
Senior Debt	768	729	81	547	-	389	975	3,489
Growth Capital ⁽³⁾	-	-	-	69	15	-	6	90

(1) This table contains non-GAAP measures. Balances for our jointly controlled businesses represent our proportional share based on our ownership interest, and includes consolidation adjustments.

(2) Approximately 53% of Alliance EBITDA was earned in C\$.

(3) Ruby EBITDA presented as a 50% proportionate share with benefit of preferred distribution structure reflected in "other".

(4) Corporate EBITDA and growth capital do not include \$40 million of Jordan Cove project development spend expensed during the quarter.

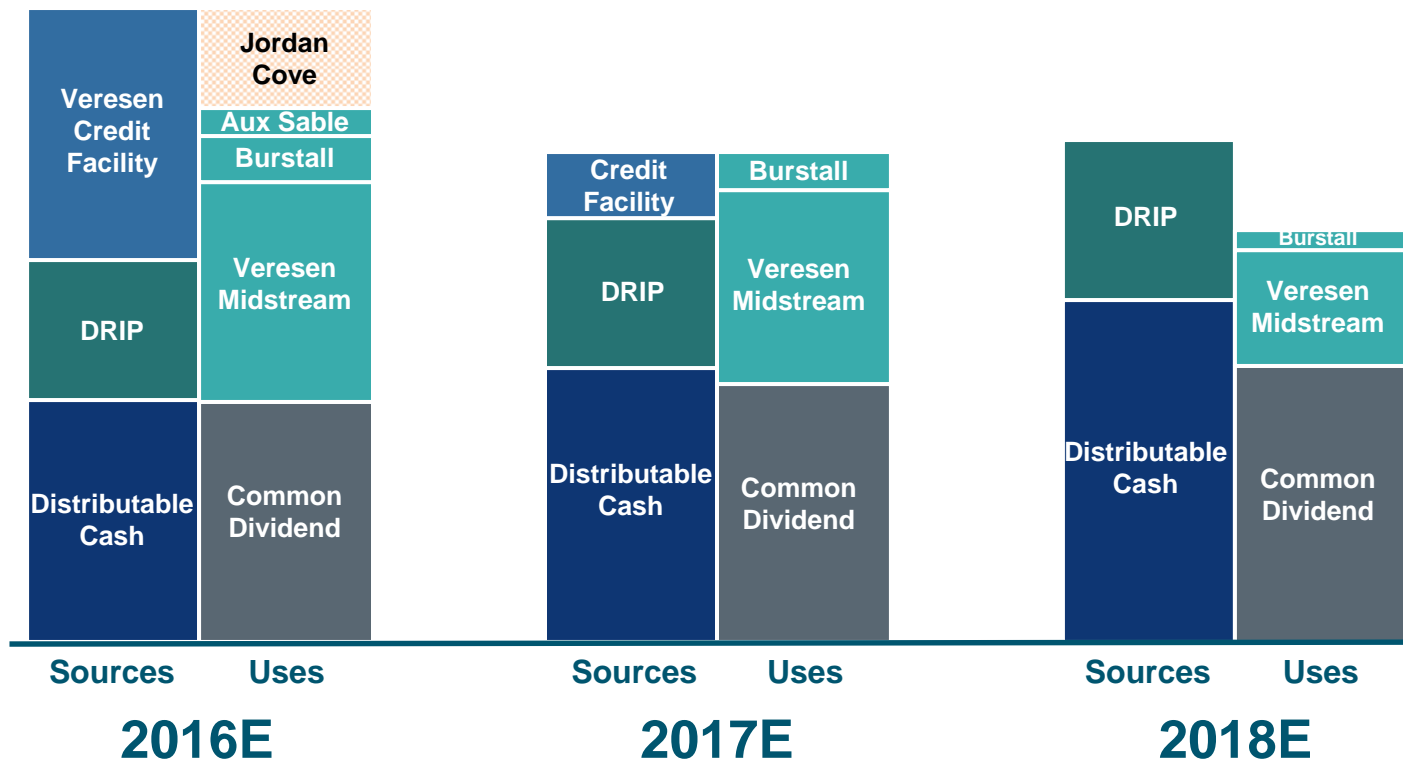
(5) Corporate "other" includes preferred share dividends of \$6 million.

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Funding Strategy

Fully Funded Without Need to Access Equity Beyond DRIP

Illustrative Veresen Funding Outlook
 (Net of Amounts Funded with Veresen Midstream Non-Recourse Debt)



Reaffirming 2016 Guidance

Continue to Expect Distributable Cash of \$0.94 – \$1.08 per Share

	2016 Forecast ⁽¹⁾			
	C\$ per Share		C\$ millions	
	Low	High	Low	High
Alliance Distributions	0.47	0.53	146	163
Ruby Distributions	0.38	0.40	117	123
AEGS	0.06	0.06	18	20
Veresen Midstream Distributions	0.20	0.20	62	62
Aux Sable Distributions, net of support payments				
Fixed	0.13	0.14	41	43
Variable	(0.18)	(0.09)	(56)	(28)
Power	0.15	0.17	47	54
General and Administrative	(0.10)	(0.09)	(32)	(30)
Debt Service (Principals & Interest)	(0.12)	(0.11)	(37)	(36)
Taxes	0.00	0.00	0	0
Preferred Share Dividends	(0.09)	(0.09)	(26)	(26)
Total	0.94	1.08	294	335
Cdn/U.S. Exchange Rate - Average	1.29	1.35		
Average Number of Common Shares Outstanding (MM)	313	310		



(1) The low and high estimates applicable to each line item are not intended to be additive and therefore will not add to the low and high forecast distributable cash



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Q&A