



# VERESEN

## 2017 Guidance & Supplementary Information

December 5, 2016

# Forward-Looking and Non-GAAP Information Advisory

The 2017 guidance information contained herein relating to Veresen and its businesses constitutes forward-looking information under applicable securities laws. The following discussion is intended to identify certain factors, although not necessarily all factors, which could cause future outcomes to differ materially from those set forth in the forward-looking information. 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: the ability of Veresen to successfully implement its strategic initiatives and achieve expected benefits; the status, credit risk and continued existence of contracted customers; the availability and price of energy commodities; fluctuations in foreign exchange and interest rates; the regulatory environment; competitive factors in the pipeline, midstream and power industries; and the prevailing economic conditions in North America. The reader is cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate by Veresen at the time of preparation, may prove to be incorrect or may not occur. Accordingly, readers are cautioned that the actual results achieved will vary from the information provided herein and the variations may be material. Readers are also cautioned that the foregoing list of factors and risks is not exhaustive. Additional information on these and other risks, uncertainties and factors that could affect Veresen's 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. There is no representation by Veresen 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 Veresen does 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. Any forward-looking information contained herein is expressly qualified by this cautionary statement.

Certain financial information contained herein 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. For further information on non-GAAP financial measures used by Veresen and the reconciliation of distributable cash to cash from operating activities see Management's Discussion and Analysis, in particular, the section entitled "Non-GAAP Financial Measures" contained in the Management Discussion and Analysis, filed by Veresen with Canadian securities regulators.

# 2017 Distributable Cash Guidance & Supporting Details

		EBITDA		Interest		Principal		Maint. Capex	Other		Distributable Cash <sup>(1)</sup>	
		Low	High	Low	High	Low	High		Low	High	Low	High
<b>Pipelines</b>												
Alliance	\$mm	\$255	\$276	(\$44)	(\$46)	(\$65)	(\$66)		\$36	\$38	\$183	\$203
Ruby <sup>(2)</sup>	\$mm	\$177	\$204	(\$46)	(\$49)	(\$45)	(\$49)		\$29	\$18	\$115	\$124
AEGS	\$mm	\$27	\$28	(\$4)	(\$4)	(\$4)	(\$4)				\$19	\$20
Total Pipelines	\$mm	\$459	\$508	(\$94)	(\$99)	(\$114)	(\$119)		\$65	\$56	\$317	\$347
Veresen Midstream <sup>(3)</sup>	\$mm	\$69	\$79	(\$18)	(\$18)	(\$4)	(\$4)		\$19	\$9	\$66	\$66
Aux Sable	\$mm	\$9	\$35					(\$7)	(\$10)	\$0	(\$7)	\$28
<b>Total Asset Level</b>	<b>\$mm</b>	<b>\$537</b>	<b>\$622</b>	<b>(\$112)</b>	<b>(\$117)</b>	<b>(\$118)</b>	<b>(\$123)</b>	<b>(\$7)</b>	<b>\$74</b>	<b>\$65</b>	<b>\$376</b>	<b>\$441</b>
<b>Corporate</b>												
Administration	\$mm	(\$35)	(\$33)								(\$35)	(\$33)
Debt Service	\$mm			(\$38)	(\$36)						(\$38)	(\$36)
Current Tax	\$mm											
Pref. Share Dividends	\$mm								(\$26)	(\$26)	(\$26)	(\$26)
<b>Total Excl. Power <sup>(4)</sup></b>	<b>\$mm</b>	<b>\$502</b>	<b>\$589</b>	<b>(\$150)</b>	<b>(\$153)</b>	<b>(\$118)</b>	<b>(\$123)</b>	<b>(\$7)</b>	<b>\$48</b>	<b>\$39</b>	<b>\$291</b>	<b>\$337</b>
<b>Per Share <sup>(5)</sup></b>	<b>\$/share</b>										<b>\$0.93</b>	<b>\$1.07</b>
<b>Power <sup>(6)</sup></b>	<b>\$mm</b>	<b>\$49</b>	<b>\$51</b>	<b>(\$12)</b>	<b>(\$12)</b>	<b>(\$9)</b>	<b>(\$9)</b>	<b>(\$3)</b>	<b>(\$1)</b>	<b>(\$1)</b>	<b>\$24</b>	<b>\$26</b>
<b>Total Incl. Power <sup>(4,7)</sup></b>	<b>\$mm</b>	<b>\$550</b>	<b>\$650</b>	<b>(\$160)</b>	<b>(\$165)</b>	<b>(\$125)</b>	<b>(\$130)</b>	<b>(\$10)</b>	<b>\$45</b>	<b>\$40</b>	<b>\$315</b>	<b>\$356</b>
<b>Per Share <sup>(5)</sup></b>	<b>\$/share</b>										<b>\$1.00</b>	<b>\$1.14</b>

(1) Assumes exchange rate of C\$1.30/US\$, AECO – Chicago Citygate Basis of US\$0.61 - \$1.11, USGC ethane margin of US \$0.02 to US\$0.04/gal and USGC propane plus margin of US\$0.17 to US\$0.47/gal

(2) Ruby's fixed distributions represent Veresen's dividends received on the convertible preferred interest held in Ruby Pipeline LLC

(3) In 2017, Veresen Midstream will pay fixed distributions of \$116 million, of which Veresen's share is \$66 million. The PIK structure will allow Veresen to receive approximately 57% of 2017 cash distributions while it will record approximately 47% of 2017 net income

(4) 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 totals

(5) Assumes 313.6mm shares outstanding

(6) Assumes Jun 30, 2017 sale

(7) Distributable cash guidance sensitivities on a pre-tax, annualized basis are: +/- \$0.01 change in C\$/US\$ exchange rate of +/- \$2mm, +/- US\$0.15/mmbtu change in Chicago – AECO basis differential of +/- \$5mm, and +/- US\$0.05/gal change in propane plus frac spread of +/- \$7mm

**VERESEN**

# 2017 Outlook – Supplementary Information

	Growth Capital Expenditures <sup>(1)</sup> (Proportionately Consolidated)			Volumes <sup>(2)</sup>		
		Low	High	Low	High	Units
<b>Pipelines</b>						
Alliance				1.640	1.720	bcf/d
Ruby	\$mm	\$1	\$3	1.1	1.1	bcf/d
AEGS				285	300	mdbl/d
<b>Veresen Midstream</b>	\$mm	\$450	\$500			
Hythe/Steepprock				378	382	mmcf/d
Dawson				680	720	mmcf/d
<b>Aux Sable</b>	\$mm	\$1	\$3			
Ethane				25	47	mdbl/d
Propane Plus				46	60	mdbl/d
<b>Burstall</b>	\$mm	\$20	\$30			
<b>Total Growth Capital Expenditures <sup>(3)</sup></b>	<b>\$mm</b>	<b>\$475</b>	<b>\$525</b>			
<hr/>						
<b>Equity Contributions to Veresen Midstream</b>	<b>\$mm</b>	<b>\$325</b>	<b>\$375</b>			
<b>Project Development</b>	<b>US\$mm</b>	<b>~US\$30</b>				



- (1) Guidance capital expenditures are shown on a proportionately consolidated basis and are based on Veresen's ownership interest in jointly held, majority controlled, and wholly-owned businesses
- (2) Throughput volumes for Ruby and Hythe/Steepprock represent take-or-pay volume commitments
- (3) 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 totals