



VERESEN

Veresen Fourth Quarter & Full Year 2016 Conference Call

March 1, 2017

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: Veresen's funding strategy and outlook, including sources and uses of Capital for 2016, 2017 and 2018; the amount of distributable cash to be realized by Veresen in 2016; and the planned sale of Veresen's power business. 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.

Strong Delivery in 2016

Solid operating and financial results with significant progress on growth strategy

- ✓ Full year distributable cash 14% higher than initial 2016 guidance mid-point
- ✓ Impressive performance at Alliance in first year under new service model driven by the best operating performance in its history and a substantial decrease in overhead and operating costs
- ✓ Dividend entirely underpinned with take-or-pay contracts
- ✓ Suspended DRIP to eliminate dilution and ensure growth on per share basis
- ✓ Secured additional \$1.1 billion of projects net to Veresen
- ✓ Successful divestiture of power business fully funds existing projects, reduces leverage and increases flexibility to fund future growth

Momentum To Continue

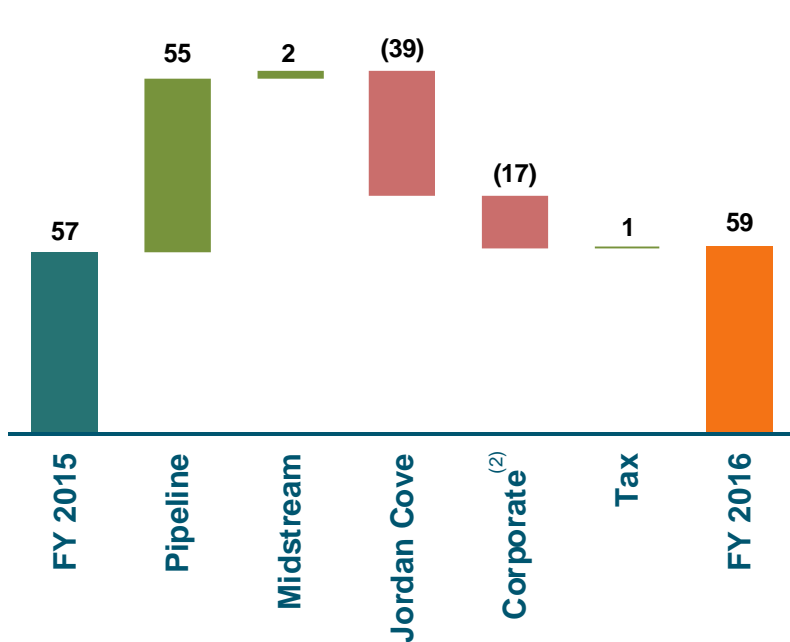
Significant milestones over next several quarters; expect to secure additional growth

- Major processing facilities at Veresen Midstream on schedule and below budget
 - Tower and Sunrise in service Q4 2017; Saturn Phase II in H1 2018
- Leverage 1.5bcf/d platform at Veresen Midstream to drive incremental growth
 - Expect to sanction an average of \$200 – \$400MM in projects per year for next several years; potential for \$1 billion or more
 - Secure 3rd party processing and liquids handling volumes
- Alliance has initiated discussions with shippers to extend contracts
 - Could enable optimizing capital structure or considering future expansions
- Will continue to pursue Jordan Cove as a significant long-term option
 - Focus in 2017 on securing additional off-takers

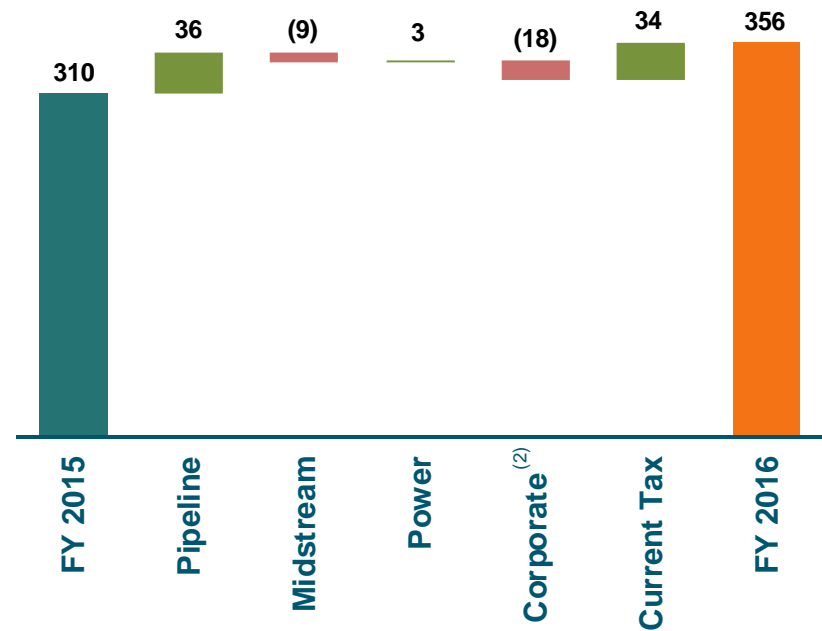
Full Year Results

Comparisons of Adjusted Net Income and Distributable Cash to 2015

**Adjusted Net Income⁽¹⁾
2015 vs 2016
(\$mm)**



**Distributable Cash
2015 vs 2016
(\$mm)**

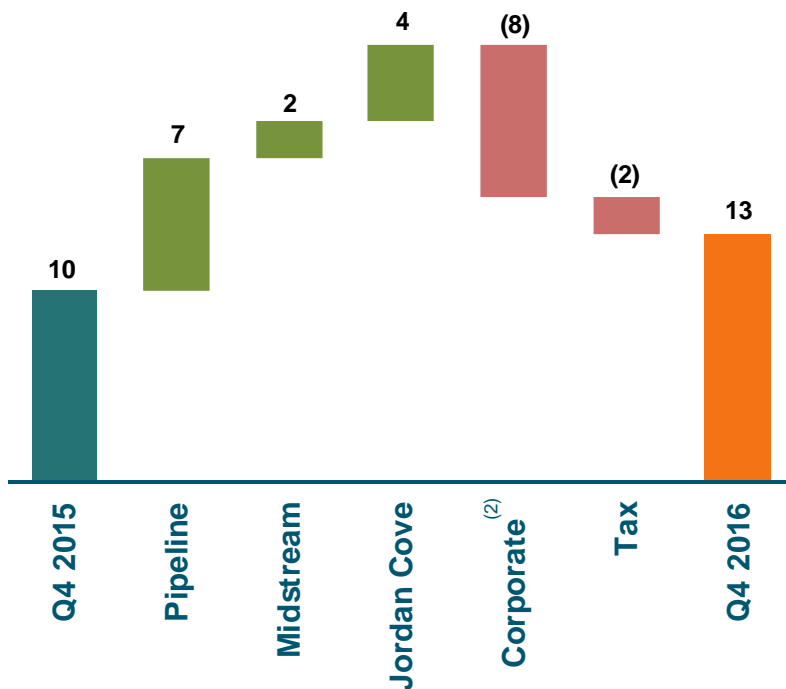


(1) Adjusted Net Income excludes Power, which has been classified as Discontinued Operations
 (2) Corporate includes preferred dividends

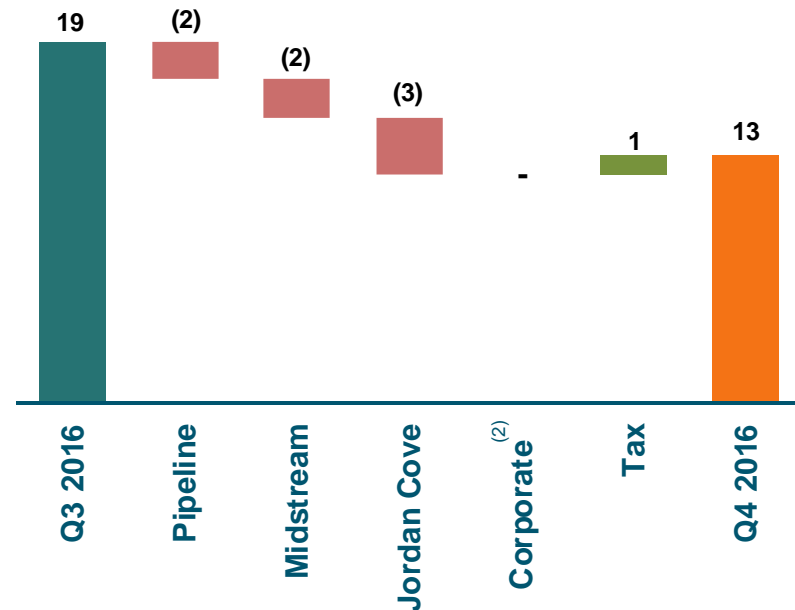
Adjusted Net Income from Continuing Operations

Comparisons to Q4 2015 and Q3 2016

Q4 2015 vs Q4 2016⁽¹⁾
(\$mm)



Q3 2016 vs Q4 2016⁽¹⁾
(\$mm)

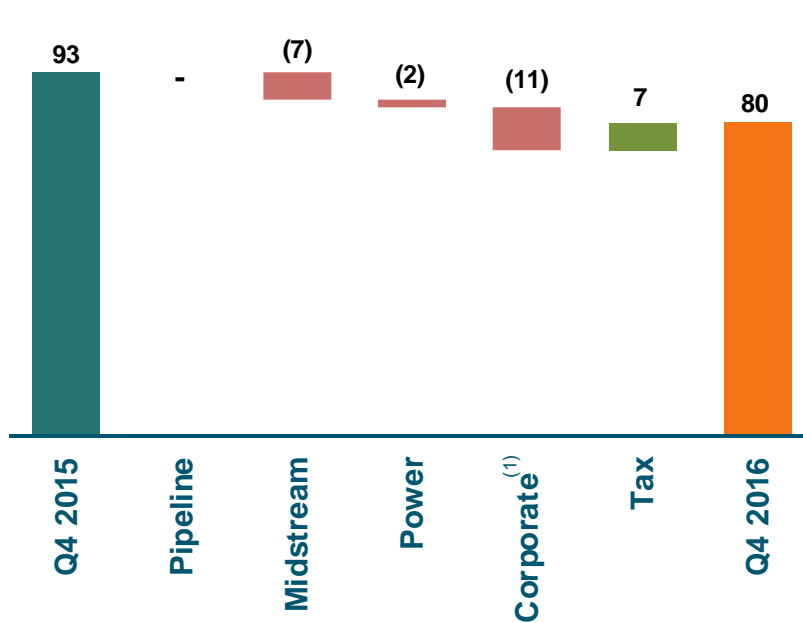


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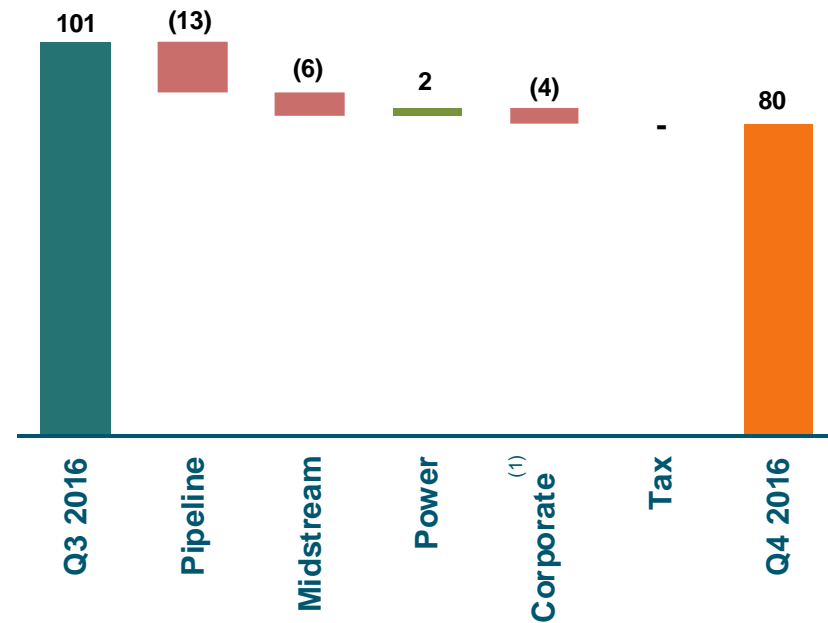
Distributable Cash

Comparisons to Q4 2015 and Q3 2016

Q4 2015 vs Q4 2016 (\$mm)



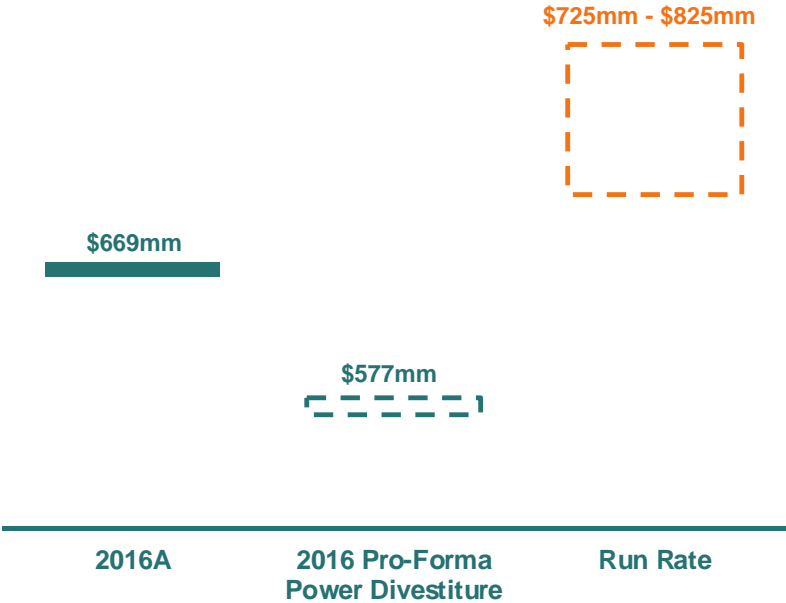
Q3 2016 vs Q4 2016 (\$mm)



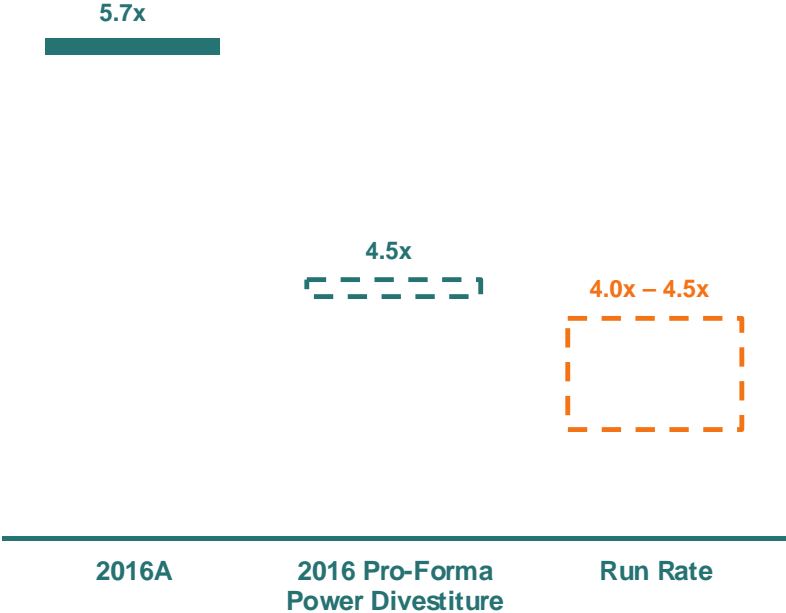
Growth into the Future

Expect significant EBITDA growth, driving down leverage levels

Forecasted Run-Rate EBITDA⁽¹⁾ (\$mm)
(Proportionately Consolidated)



Forecasted Debt/EBITDA⁽¹⁾ (x)
(Proportionately Consolidated)



(1) Future run rate assumes all capital projects are completed and operating at full capacity and only includes sanctioned capital projects

2017 Guidance Maintained

Distributable cash of \$1.00 to \$1.14 per share, assuming power sale closes Jun 30, 2017

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

- (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) 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

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Q&A