



# CIBC 7<sup>th</sup> Annual Calgary Fixed Income Conference

April 9, 2019

# Forward Looking Information

Certain statements contained in this presentation constitute forward-looking statements or forward-looking information (collectively, “forward-looking statements”). These statements relate to future events or the Company’s future performance. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this presentation should not be unduly relied upon. These statements speak only as of the date of this presentation. In particular, this presentation contains forward-looking statements pertaining to the following: expectations and plans for future growth, including expansion into existing and new markets and acquisition activities; expectations regarding the strengthening of leverage metrics over time; anticipated capital expenditures and rate base over the next five years; expectations regarding the advancement of LNG projects; expectations regarding arrangements in relation to the Kitimat to Summit Lake, British Columbia pipeline; expectations regarding opportunities to attract new customers and expand existing franchise areas; expectations regarding the availability of industry consolidation opportunities in the future; and expectations regarding future debt levels.

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In this presentation the Company uses certain supplementary measures, including “normalized EBITDA”, “normalized net income” and “adjusted normalized net income”, which are measures that do not have any standardized meaning as prescribed by U.S. GAAP. Accordingly, the Company’s use of such terms may not be comparable to similarly defined measures presented by other entities. Unless otherwise described herein, for a reconciliation of certain non-GAAP measures referred to herein to the corresponding measures which have standardized meanings as prescribed by U.S. GAAP, see “Non-GAAP Financial Measures” in the management’s discussion and analysis of the Company for the years ended December 31, 2017, 2016 and 2015 in Appendix “FS” – Financial Statements and Management’s Discussion and Analysis in the IPO Prospectus and in the 2018 Annual Report.

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# ACI at a Glance

ACI owns and/or operates assets with low risk stable earnings and cash flow

- Regulated natural gas distribution utilities
- Long-term contracted renewable power assets

Unique, diversified portfolio with strong barriers to entry

## General Information

<b>Ticker:</b>	TSX: ACI
<b>Shares Outstanding:</b>	30 MM
<b>Expected Annual Dividend</b>	\$0.95 per Common Share

## Asset Portfolio



**ACI is a unique, stable and predictable Canadian natural gas utility and renewable power business**

See "forward-looking information"

# ACI by the Numbers

**~\$886**

Million in  
Rate Base<sup>1</sup>

**132 MW**

of Net Renewable  
Generation

**\$102 million**

Normalized  
EBITDA<sup>1,2</sup>



**~130,000**

Natural Gas  
Utility Customers<sup>1</sup>

**431**

Employees

**\$40.5  
million**

Adjusted  
Normalized Net  
income<sup>1,2</sup>

Established operating business with meaningful scale, diversification, and very low-risk business model

(1) As at December 31, 2018

(2) Non-GAAP measure.

See "forward-looking information"

# Diversified Portfolio of High Quality Assets

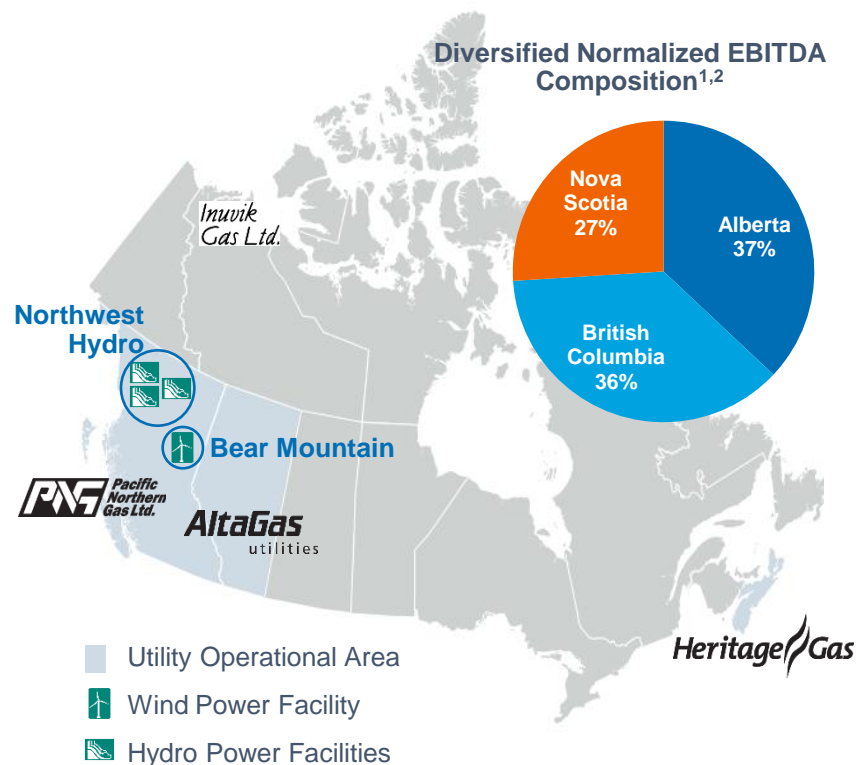
## Distinct Regulated Natural Gas Distribution Utilities

- ACI owns and operates AUI, PNG, and Heritage Gas utilities
- Each utility operates in a distinct regulatory jurisdiction
- Utilities serve residential, rural, commercial, and industrial customers

## Hydro and Wind Renewable Power Assets

- ACI owns the 102 MW Bear Mountain Wind Park and a 10% indirect equity interest in the 303 MW Northwest Hydro Facilities
- The Northwest Hydro Facilities are comprised of three run-of-river hydro-electric facilities: Forrest Kerr, McLymont Creek and Volcano Creek, which provide stable returns through 60-year inflation indexed PPAs

## Asset Portfolio



Diversified operations across Canada that support a balanced normalized EBITDA profile for investors

(1) For the twelve month period ended December 31, 2018.

(2) Non-GAAP measure.

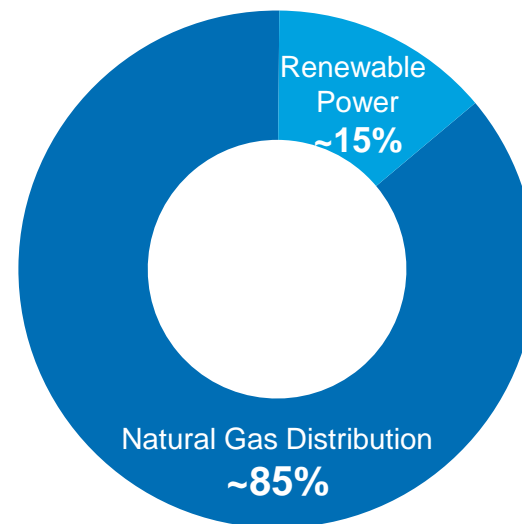
See "forward-looking information"

# Stable, Predictable Cash Flow Profile

## Underlying Assets Support Stable, Predictable Cash Flow Profile

- Natural gas distribution utilities are provincially regulated under cost-of-service and Performance Based Regulatory (PBR) frameworks
- Renewable power assets fully contracted with BC Hydro (Aaa-rated by Moody's)
  - Bear Mountain Wind Park 25-year PPA that is 50% indexed to CPI
  - Northwest Hydro Facilities with three separate 60-year PPAs that are 100% indexed to BC CPI

**100% EBITDA is Regulated or Long-Term Contracted<sup>1,2</sup>**



**Mixture of provincially regulated and long-term contracted earnings provides cash flow sustainability**

(1) For the twelve month period ended December 31, 2018.

(2) Non-GAAP measure.

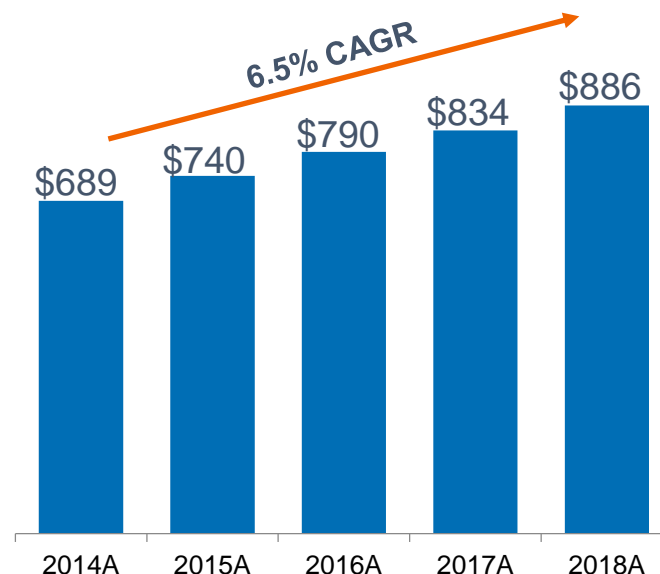
See "forward-looking information"

# ACI Operates in Stable Regulatory Environments

	Location	Rate Base <sup>1</sup>	Allowed ROE <sup>1</sup>	Deemed Equity <sup>1</sup>
<b>AltaGas</b> utilities	Alberta	~\$357MM	8.5%	39%
<b>PNG</b> Pacific Northern Gas Ltd.	British Columbia	~\$221MM	9.4% <sup>2</sup>	45% <sup>2</sup>
<b>Heritage</b> Gas	Nova Scotia	~\$308MM	11.0%	45%

- Alberta Utilities Commission regulates AUI under a PBR framework with a 5-year forecast period
- British Columbia Utilities Commission and the Nova Scotia Utility and Review Board use a traditional cost-of-service framework

## History of Delivering Rate Base Growth



Attractive historical rate base growth delivered under supportive regulatory environments

(1) As at December 31, 2018

(2) Weighted average between Northeast System and Western System  
See "forward-looking information"



# Asset Base with a Long Established Operating History



ACI's assets are well understood with a long history of reliability to support stable results

See "forward-looking information"



# Track Record of Operational Excellence

## Operational Excellence

- Each of the utilities demonstrated exceptional reliability above 99.99% in 2018, and have won a number of safety awards from the Canadian Gas Association
- Bear Mountain Wind Park has achieved average availability<sup>1</sup> of over 99%
- The Northwest Hydro Facilities achieved an average productivity<sup>2</sup> factor of 94% in 2018



**ACI's assets have a solid history of operational excellence, safety and reliability**

(1) Availability measures the percentage of maximum generation available over time as the fraction of net maximum generation that could be provided over a defined period of time; average availability from 2010 – 2018;

(2) Productivity factor measures the percentage of generation as a fraction of maximum generation of the facility given the available water supply over a defined period of time. Forrest Kerr 94%, McLymont Creek 90%, Volcano Creek 97% - Average = 94%

See "forward-looking information"



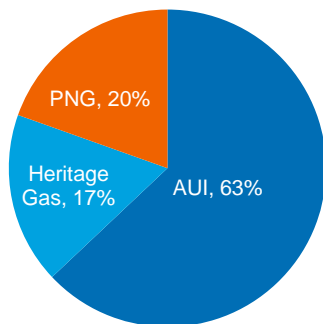
# Business and Growth Outlook



# Disciplined Capital Allocation Drives Rate Base Growth

## Cumulative Capital Expenditures

2019E – 2023E  
**~\$330 million**



## 2023 Estimated Rate Base

**+\$1 billion**

- ACI believes it is well positioned for significant ongoing growth through:
  - Approved capital expenditures adding to rate base
  - New customer additions
  - Expansion of ACI's existing asset base
- ACI has identified additional growth projects above the \$330 million:
  - Potential to expand PNG's transmission system
  - Potential to capture a higher percentage of the 21,400 residences and businesses in the Halifax Regional Municipality
  - Opportunities to capitalize on selective acquisitions and other energy infrastructure developments
  - Potential to have the \$10 million Etzikom lateral pipeline project included as Type 1 Capital

See "forward-looking information"

## Established Franchise Area with Meaningful Rate Base Growth

- Under the PBR-2 regime, AUI is authorized to invest approximately \$41 million per year over the 5 year plan term
- Capital encompasses normal business growth, routine system betterment, technology and general plant maintenance
- AUI has applied for additional extraordinary Type 1 Capital Tracker for its ~\$10 M Etzikom lateral pipeline project

*As at December 31, 2018*

<b>Customers</b>	~80,400
<b>Communities Served</b>	90
<b>Distribution System</b>	~21,000 km
<b>Rate Base</b>	~\$357MM
<b>Allowed ROE</b>	8.5%
<b>Allowed Common Equity</b>	39%
<b>2019E – 2023E Approved Capital</b>	~\$209MM



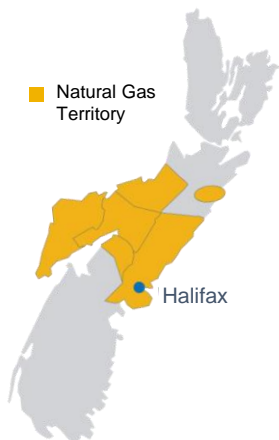
**Well established natural gas distribution utility business with predictable and secured growth**



## Heritage Gas to Target Thousands of New Customers

- Heritage Gas Franchise has exclusive rights to distribute natural gas to all or part of seven counties in Nova Scotia
- Heritage Gas is well positioned to capture customers choosing to adopt natural gas as a more reliable, cleaner, and lower cost energy fuel source for heating
  - 21,400 potential customers in Halifax Regional Municipality who have direct access to natural gas today

### NOVA SCOTIA



As at December 31, 2018

<b>Customers</b>	~7,300
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<b>2018 Customer Growth</b>	~6%
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<b>Rate Base</b>	~\$308MM
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<b>Allowed ROE</b>	11.0%
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<b>Allowed Common Equity</b>	45%
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<b>2019E – 2023E Planned Capital</b>	~\$60MM
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Opportunity to capitalize on gasification of Nova Scotia and provide clean energy to thousands of new customers

See “forward-looking information”



## Positioned to Benefit from Potential New Energy Export Activity on Canada's West Coast

- PNG franchise area surrounds key west coast export terminals and key energy production and mining areas; poised to benefit from enhanced economic activity through these areas
- PNG also owns **the only natural gas pipeline** that runs from Canada's prolific Montney resource play to Canada's west coast with connections to Prince Rupert and Kitimat
- PNG is working through an open season process to firm up commitments to potentially re-activate and expand its existing system

As at December 31, 2018

<b>Customers</b>	~42,000
<b>Communities Served</b>	15
<b>Rate Base</b>	~\$221MM
<b>Allowed ROE</b>	9.4% <sup>(1)</sup>
<b>Allowed Common Equity</b>	45% <sup>(1)</sup>
<b>2019E – 2023E Planned Capital</b>	~\$65MM



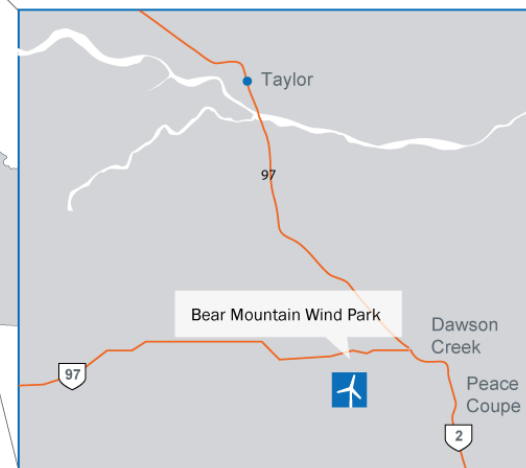
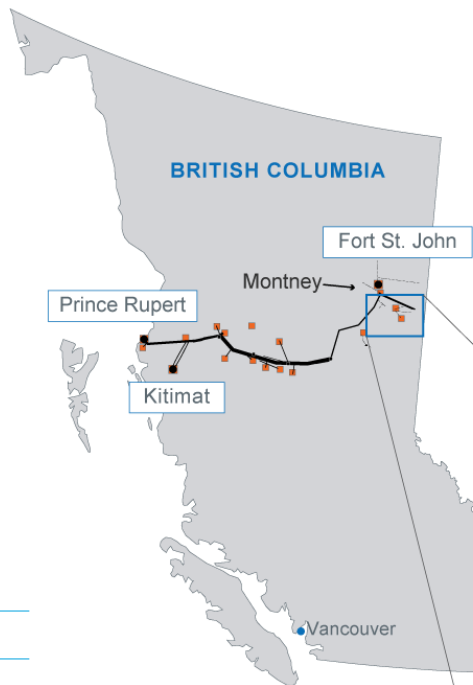
**Established transmission and distribution system right through the Montney and energy export corridor**

(1) Weighted average between Northeast System and Western System  
See "forward-looking information"

# Bear Mountain Wind Park

- Bear Mountain Wind Park is a 102 MW facility, located near Dawson Creek, and is British Columbia's first fully-operational wind park
- Commissioned and fully connected to the British Columbia power grid in 2009
- PPA pricing is 50% indexed to CPI, offering inflation protection
- The Bear Mountain Wind Park features a single row of thirty-four 3 MW ENERCON E-82 wind turbine generators

<b>Location</b>	▪ Dawson Creek, British Columbia
<b>Capacity</b>	▪ 102 MW
<b>ACI Ownership</b>	▪ 100%
<b>COD</b>	▪ 2009
<b>PPA Contract</b>	▪ Through 2034



**High quality, long-term contracted wind facility with a proven operating history and wind resource**

See "forward-looking information"



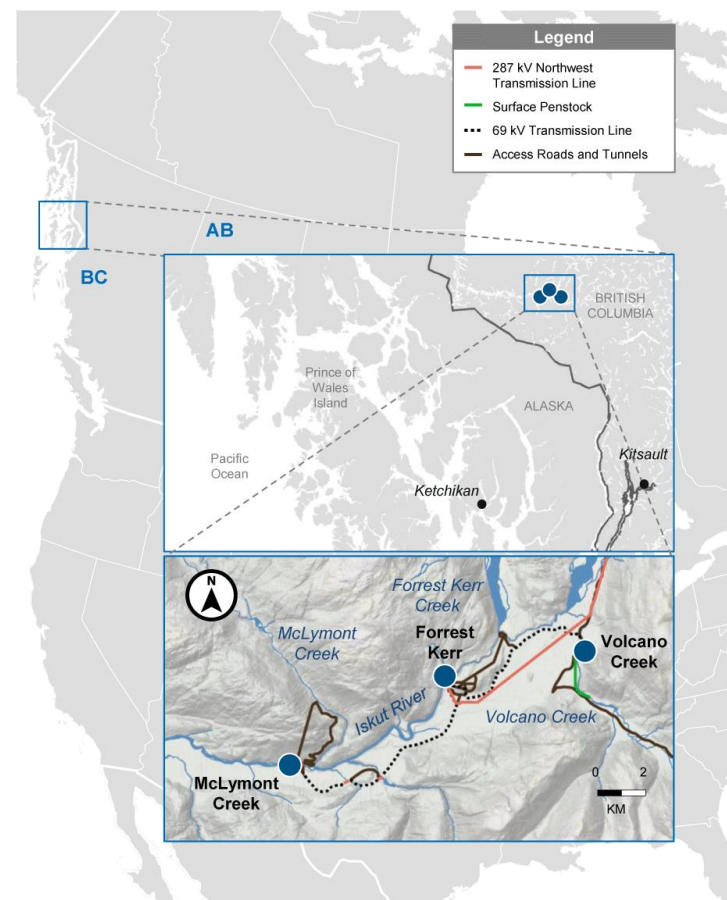
# 10 Percent Equity Ownership in Northwest Hydro Facilities<sup>1</sup>

## Low-Risk PPAs with Inflation Escalation

- Low-risk 60-year PPAs with a Aaa rated counterparty
- Minimal maintenance capital
- No direct commodity risk on contracted power (firm and non-firm power based on an escalating fixed price)
- PPA pricing is 100% indexed to BC CPI, offering inflation protection over the long remaining life of the contracts



	Forrest Kerr	McLymont Creek	Volcano Creek
<b>COD</b>	Oct. 2014	Oct. 2015	Dec. 2014
<b>Design Capacity</b>	214 MW	72 MW	17 MW
<b>2017A Productivity Factor<sup>2</sup></b>	95%	90%	97%
<b>PPA Expiry</b>	Oct. 2074 (~57 years)	Oct. 2075 (~58 years)	Dec. 2074 (~57 years)
<b>PPA Pricing</b>	Contracted price per MWh generated (100% BC CPI escalation) for 100% of energy commitments sold to BC Hydro (Aaa rated)		



**60-year long-term contracted run-of-river hydro facilities 100% indexed to BC CPI**

(1) ACI owns a 10% indirect equity interest in the Northwest Hydro Facilities which will be accounted for as an equity investment and equity income under U.S. GAAP

(2) Productivity Factor defined as total actual generation / total theoretical generation (based on design capacity of 277 MW)

See "forward-looking information"

# Summary of Growth Outlook

## Poised for Incremental Growth

- Meaningful amount of low risk, organic growth given large quantum of approved capital associated with the utility businesses
- Over and above the forecast growth, ACI is well positioned to capture incremental growth in each of its operating regions
  - Greater market penetration rates in the Halifax area and associated customer growth at Heritage Gas
  - Exposure to increasing industrial activity in British Columbia driving customer growth in both coastal downstream markets and upstream markets adjacent to the Montney
    - Opportunity to capitalize on increased economic activity of Coastal GasLink
  - Opportunity to capitalize on PNG pipeline expansion associated with specific small-scale LNG projects
- Given ACI's scale, there is tremendous upside potential from relatively small new growth opportunities
  - Very low risk growth from ongoing, routine betterment initiatives at AUI



See "forward-looking information"

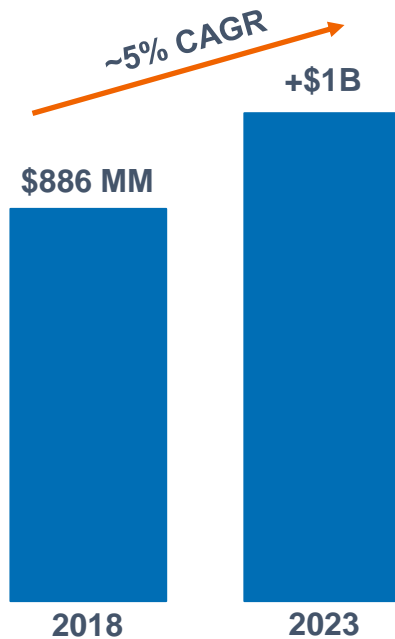




# Financial Overview

# Strong forecasted growth

**Rate Base Growth**



**Adjusted Normalized Net Income (\$MM)<sup>1</sup>**



(1) Non-GAAP measure.  
See "forward-looking information"

# Strong Investment Grade Balance Sheet and Liquidity



**BBB  
(high)**

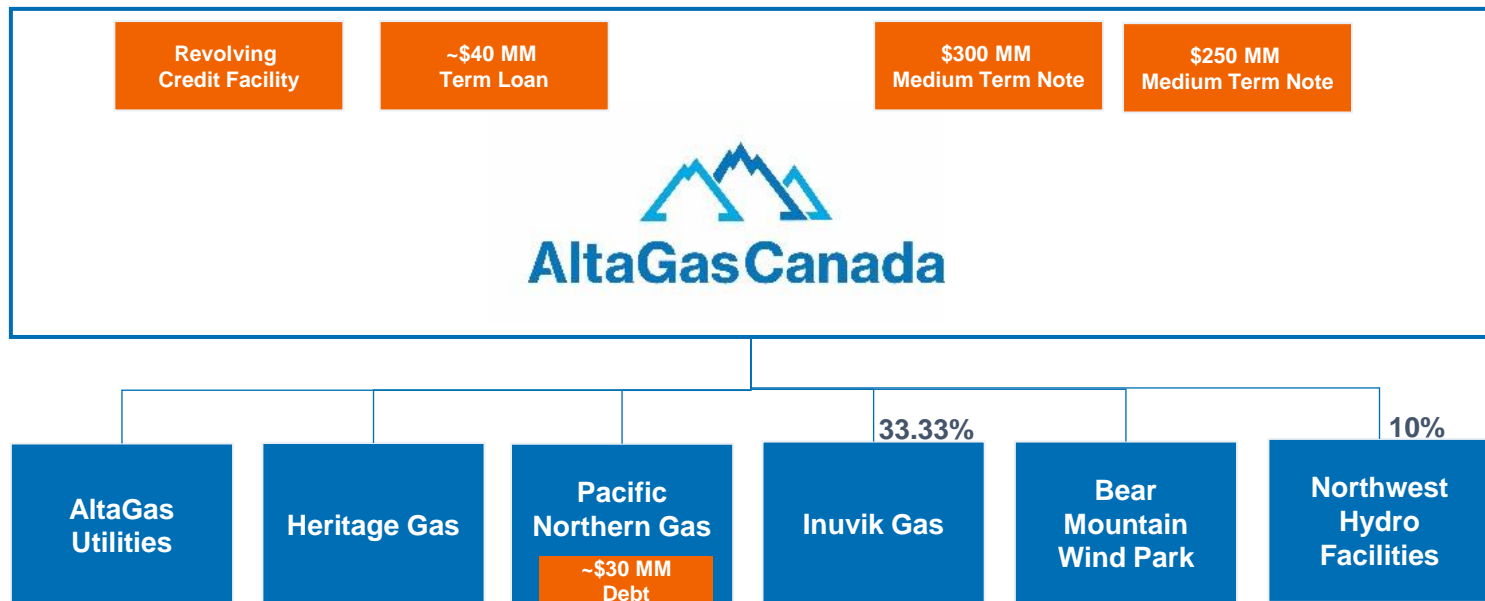
ACI	
Long-term Debt (\$MM) <sup>1</sup>	~\$639

**\$285  
million**

- ACI has received an Issuer Credit Rating from DBRS of BBB (high) with Stable trend
- Supportive of strong ongoing access to debt capital at attractive rates to fund growth
  - Successfully issued \$300 million, 10-year senior unsecured MTNs at 4.26% in December, 2018
  - Successfully issued \$250 million 7-year senior unsecured MTNs at 3.15% on April, 2019
- Committed to maintaining investment grade credit rating
- Committed credit facilities:
  - ACI - \$200 million Revolving Credit Facility
  - PNG - \$50 million PNG Bank Credit Facilities
  - ACI - \$35 million LC Facility

# Prudent Capital Structure and Fully Unencumbered Assets

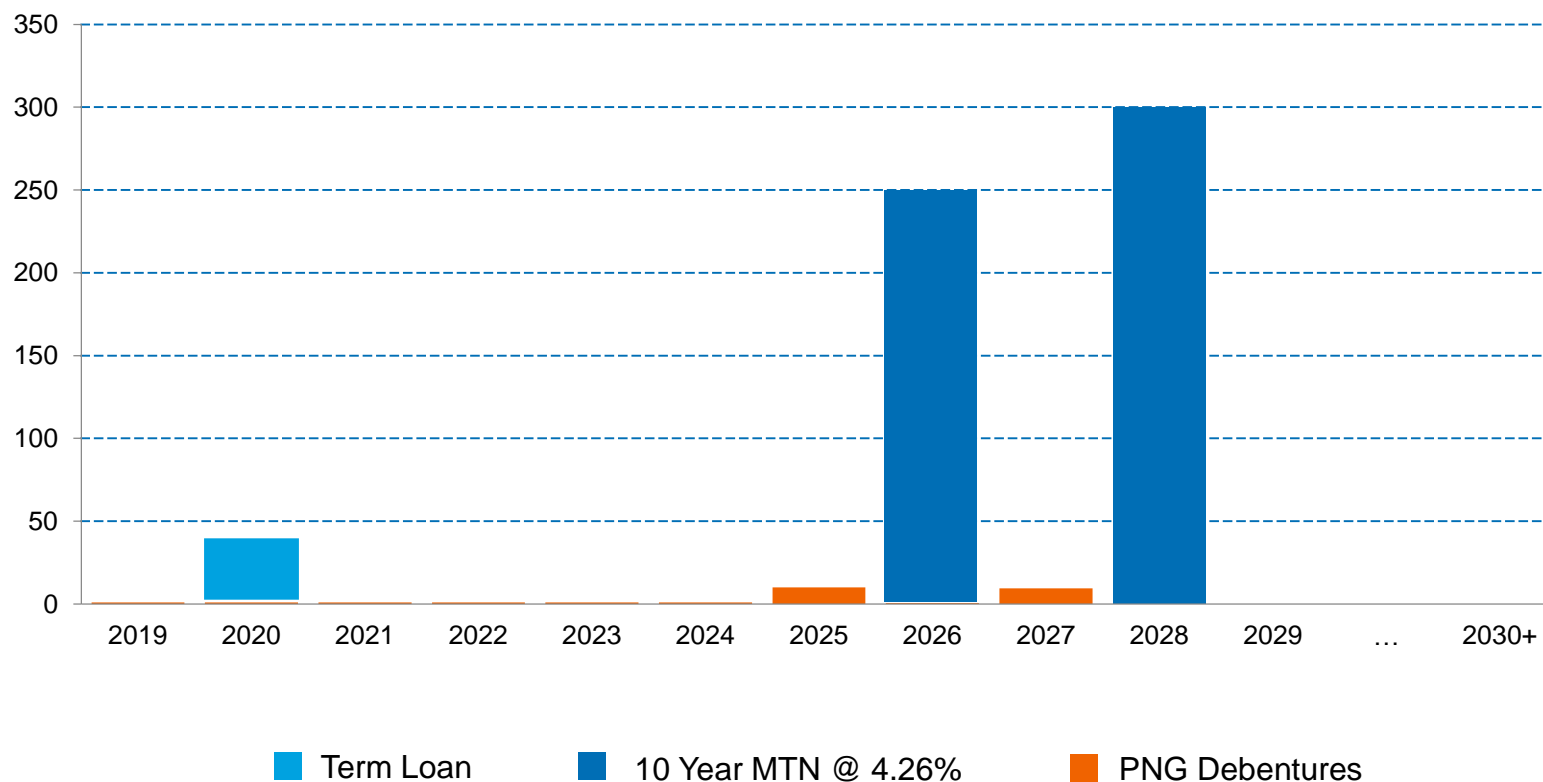
- ACI's credit profile benefits from the diversity of its assets



See "forward-looking information"

# Debt Maturity Profile

\$ Millions



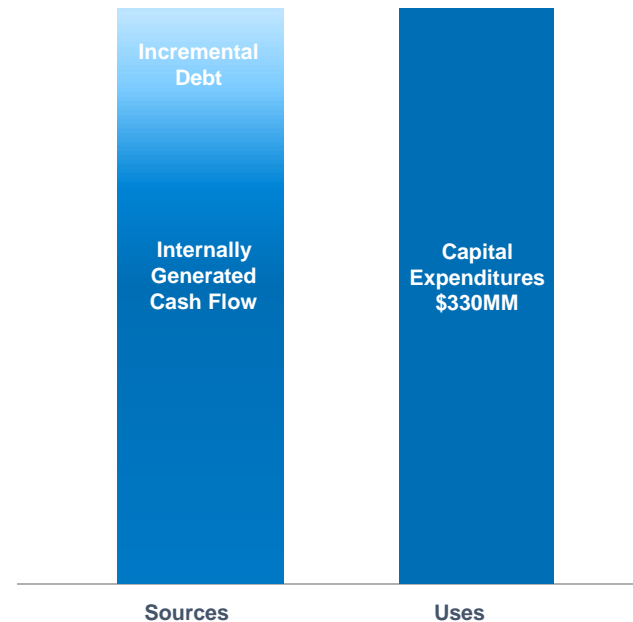
See "forward-looking information"



# Self-Funded Financing Model

- ACI has significant internally generated cash flow (after dividends) to fund growth
- ACI anticipates further strengthening in its leverage metrics over time
- Growth plan does not require external equity financing
- ACI executed a \$200 million Revolving Credit Facility on October 25, 2018 which, in addition to the \$50 million PNG Bank Credit Facilities and the \$35 million LC Facility, provides financial flexibility and supports incremental liquidity requirements

## Sources & Uses Over 5-Year Plan



**Strong organic growth outlook with strengthening leverage metrics and no external equity requirements**



**AltaGas Canada**

Questions?