

# Corporate Finance

**Colin Gruending**  
Executive Vice President & Chief Financial Officer



## Our 2018 – 2019 Accomplishments



<b>Strengthened the Balance Sheet</b>	✓	4.6x Debt-to-EBITDA 2019e Sale of ~\$8B of non-core assets
<b>Streamlined the Business</b>	✓	Completed buy-in of Sponsored Vehicles Simplified debt structure Amalgamated utilities
<b>Shifted to Self-funded Growth</b>	✓	DRIP suspended
<b>Strong Performance</b>	✓	2018 DCF/share at high end of guidance range 2019 DCF/share expected to exceed the mid-point of guidance range
<b>Issued a TCFD Report on Climate Strategy</b>	✓	Committed to transparent disclosure on resiliency of business

Solid execution of finance priorities; Strong financial position today

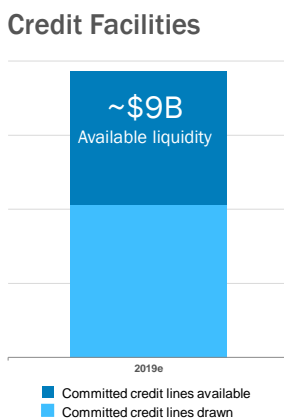
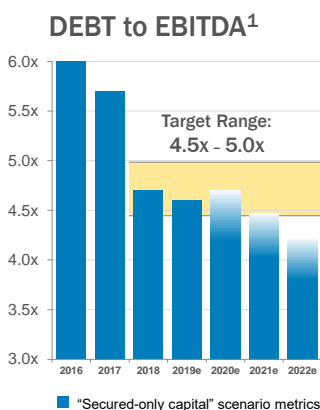
# Enduring Finance Priorities



Committed to a proven formula

## Financial Strength & Flexibility

# Strong Balance Sheet & Ample Liquidity



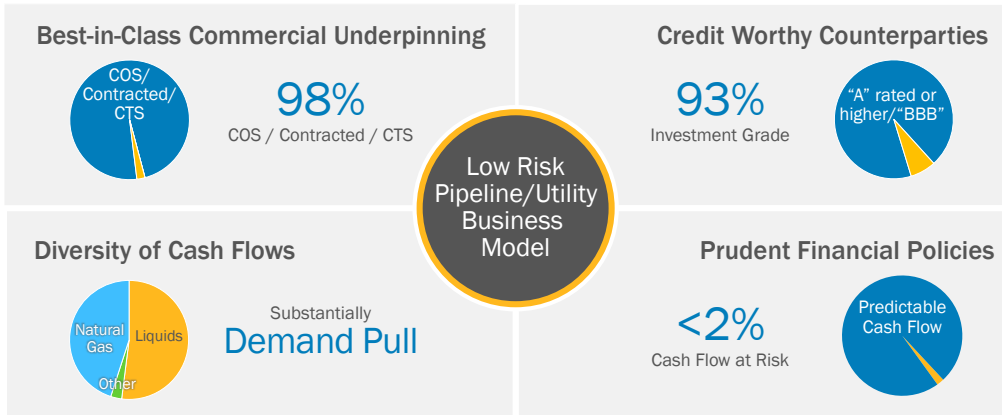
### Enbridge Inc. Sr. Unsecured Debt Ratings

Standard & Poors	BBB+ stable
Fitch	BBB+ stable
DBRS	BBB High stable
Moody's	Baa2 positive

Strong and flexible financial position to fund secured growth and future opportunities

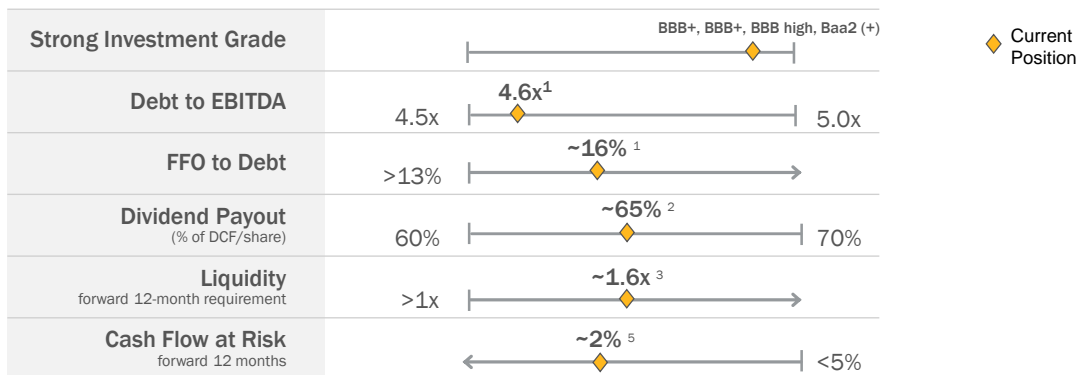
(1) Management methodology. Individual rating agency calculations will differ.

# Built for long-term resiliency



Prudent multi-faceted approach to managing business risk

# Prudent Financial Policies



Disciplined approach designed to preserve financial strength & flexibility

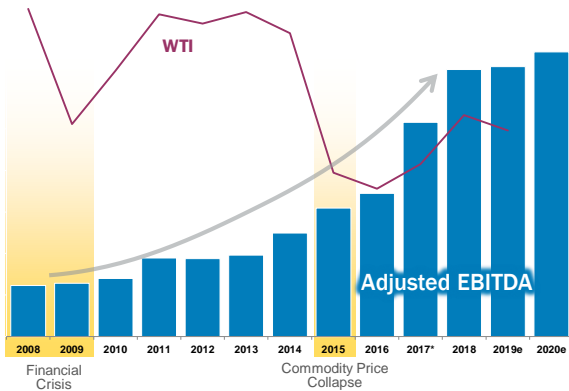
(1) Trailing twelve-month as at September 30, 2019. (2) Calculated based on Factset Enbridge 2019e consensus. (3) Management projection as of December 2019. (4) Current position, including impact of hedges. (5) Cash flow at risk measures the maximum cash flow loss that could result from adverse Market Price movements over a specified time horizon with a pre-determined level of statistical confidence under normal market conditions.

Low Risk Business Model

# Delivering Reliable Results



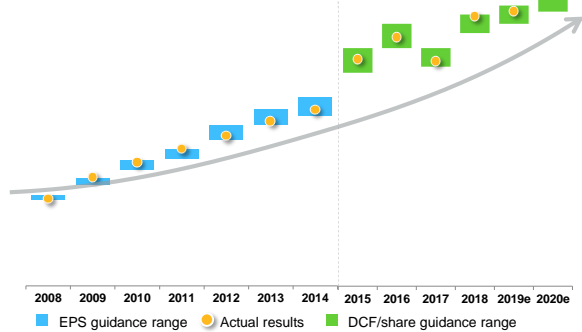
## Resilient business performance



## Highly predictable financial performance

Adjusted Earnings/share

DCF/share



Consistent business performance and growth through all market conditions

Disciplined Capital Allocation

# Our Capital Allocation Priorities



- 1

**Preserve Financial Strength**

  - Strong credit ratings (~BBB+)
  - 4.5-5.0x DEBT:EBITDA
  - Self-funding equity model
  - Further opportunistic asset sales to increase flexibility
- 2

**Return Capital to Shareholders**

  - Sustainable shareholder returns through dividends
- 3

**Organically Grow the Business**

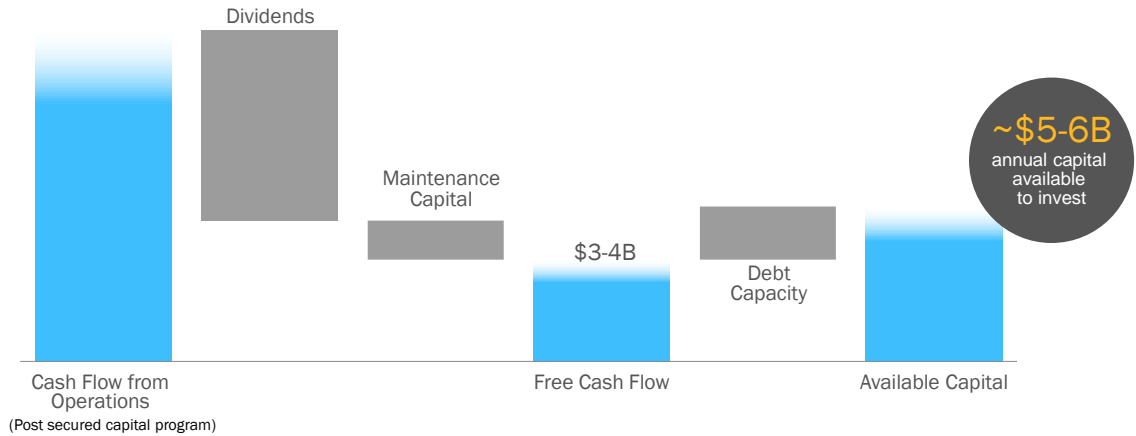
  - Optimize the business
  - Execute on secured growth
  - In-franchise, capital-efficient new growth
  - Small-scale asset purchases to fill in strategies

Priorities reflect our commitment to creating value and returning capital to shareholders

Disciplined Capital Allocation



# Long-Term Financial Capacity



Enbridge will generate \$5-6B annually for continued reinvestment

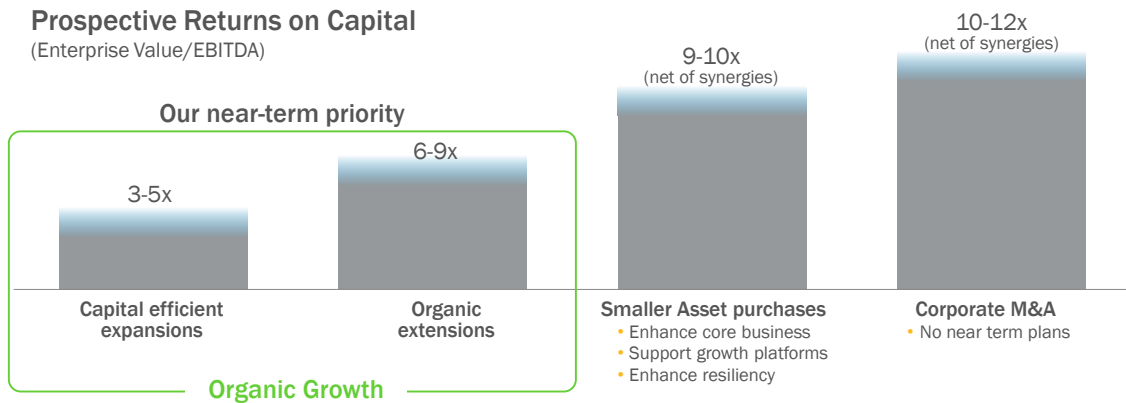
Disciplined Capital Allocation



# Capital Allocation Preferences

## Prospective Returns on Capital

(Enterprise Value/EBITDA)



Maximizing shareholder value through capital-efficient growth

# Strict Investment Review Processes



Rigorous stage-gate reviews ensure prudent capital allocation decision-making

## 2020 Plan Assumptions

- **Base Business:**
  - Embedded revenue growth
  - Cost management
- **Capital Projects:**
  - Core rate base growth
  - Secured projects only
  - 2020 includes L3 U.S. capital spend
    - No L3 U.S. cash flows in 2020
- **Funding:**
  - Cash from operations and term debt
  - Equity self-funded

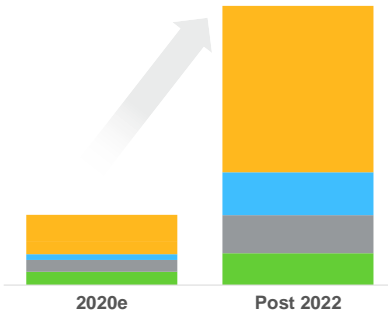


# Secured Growth Inventory



Project	Expected ISD	Capital (\$B)
Line 3 Replacement – U.S. Portion	2H20 <sup>1</sup>	2.9 USD <sup>2</sup>
Southern Access to 1,200 kbpd	2H20	0.5 USD
Other Liquids	2H20	0.1 USD
PennEast	2020 <sup>1</sup>	0.2 USD
Atlantic Bridge (phase 2)	2020	0.1 USD
GTM Modernization Capital	2020	0.8 USD
Utility Reinforcement -Windsor/Owen Sound	2020	0.2 CAD
Utility Growth Capital	2020	0.5 CAD
<b>2020 TOTAL</b>		<b>\$7B*</b>
Spruce Ridge	2021	0.5 CAD
T-South Expansion	2021	1.0 CAD
Other expansions	2020/23	0.6 USD
Dawn-Parkway Expansion	2021	0.2 CAD
East-West Tie-Line	2021	0.2 CAD
Saint-Nazaire Offshore Wind - France	2022	1.8 CAD <sup>3</sup>
<b>2021+ TOTAL</b>		<b>\$4B*</b>
<b>TOTAL 2019+ Capital Program</b>		<b>\$11B*</b>

## Cumulative EBITDA Growth from Secured Projects (C\$ billions)



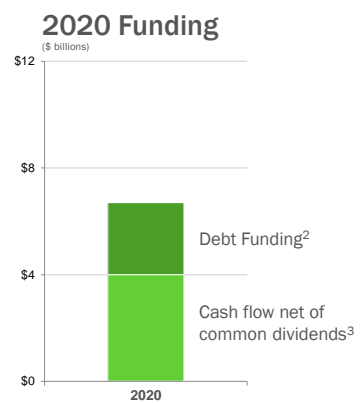
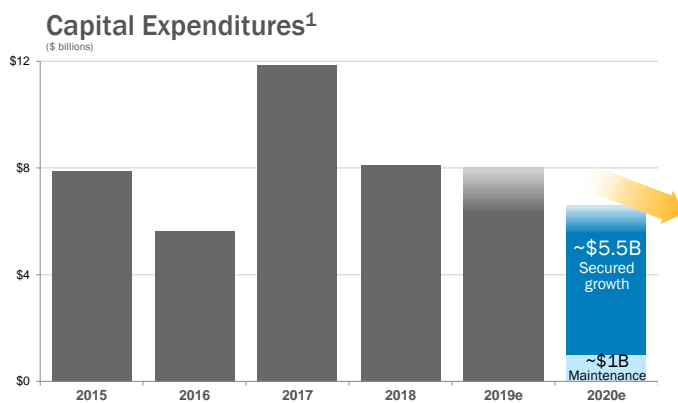
Secured growth supported by low risk commercial agreements

Segments:   
■ Liquids Pipelines ■ Gas Transmission   
■ Gas Distribution ■ Renewable Power Generation & Transmission

\$11 billion of secured capital should generate significant cash flow growth

\* Rounded, USD capital has been translated to CAD using an exchange rate of \$1 U.S. dollar = \$1.30 Canadian dollars. (1) Update to project ISD under review. (2) Cumulative expenditures incurred from inception of project up to Sep 30, 2019 of US\$1.2B. (3) Enbridge's equity contribution will be \$0.3B, with the remainder of the construction financed through non-recourse project level debt

# 2020 Funding Plan



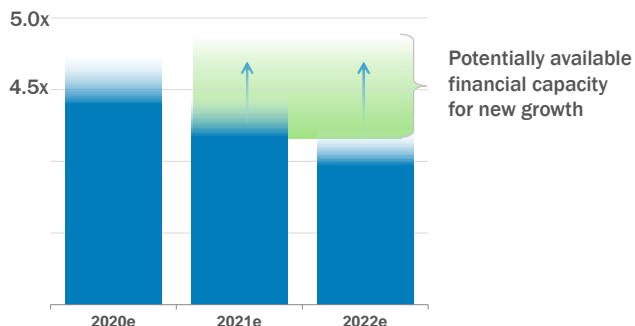
Capital returning to historic levels; will be self-funded through operating cashflows and balance sheet capacity

(1) Includes maintenance capital and secured growth capital (2) Net of debt maturities that will be refinanced (3) Before maintenance capital

# Near-Term Financial Capacity



## DEBT-to-EBITDA Outlook



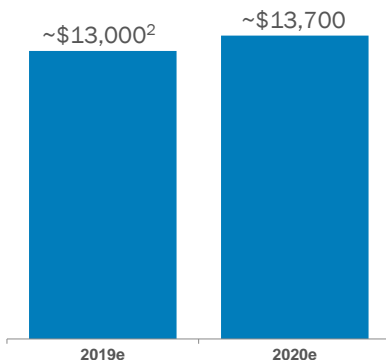
- EBITDA growth from secured projects and optimizing the base business creates capacity
- Maintain Debt-to-EBITDA <5.0x
- Disciplined approach to capital allocation

Near-term secured plan provides financial capacity for further investment

# EBITDA Guidance



## EBITDA<sup>1</sup> (\$MM)



## 2020 EBITDA Guidance 2020e (\$MM) Growth drivers: 2020e vs 2019

Liquids Pipelines	~7,500	<ul style="list-style-type: none"> <li>↑ Line 3 Canada surcharge</li> <li>↑ System optimizations</li> <li>↑ Gray Oak in service</li> </ul>
Gas Transmission	~3,700	<ul style="list-style-type: none"> <li>↑ TETCO rate case settlement</li> <li>↓ 2018/2019 asset monetizations</li> </ul>
Gas Distribution	~1,800	<ul style="list-style-type: none"> <li>↑ Amalgamation synergies</li> <li>↑ Rate base growth</li> <li>↓ Normal weather</li> </ul>
Power	~500	<ul style="list-style-type: none"> <li>↑ 2019 projects placed into service</li> </ul>
Energy Services	~125	<ul style="list-style-type: none"> <li>↓ Narrowing differentials</li> <li>↑ Continued arbitrage opportunities</li> </ul>
Eliminations & Other	~75	<ul style="list-style-type: none"> <li>↑ Cost containment</li> </ul>
<b>EBITDA<sup>1</sup>:</b>	<b>~\$13,700</b>	

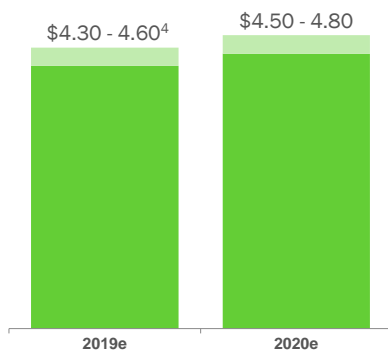
(1) Adjusted EBITDA is a non-GAAP measure. Reconciliations to GAAP measures can be found at [www.enbridge.com](http://www.enbridge.com).  
 (2) Based on guidance provided at 2018 Enbridge Day.



# Distributable Cash Flow (DCF) Guidance



## DCF per share<sup>1</sup>



## 2020 DCF Guidance (\$MM, except per share amounts)

Adjusted EBITDA <sup>1</sup>	~\$13,700
Cash distributions in excess of equity earnings	~600
Maintenance capital	~(1,000)
Current income taxes <sup>2</sup>	~(450)
Financing costs	~(3,300)
Distributions to non-controlling interests	~(300)
Other non-cash adjustments	~150
<b>DCF<sup>1</sup></b>	<b>~\$9,400</b>
<b>DCF/Share Guidance<sup>1</sup></b>	<b>\$4.50 - 4.80</b>

## 2020 DCF Sensitivities - after hedging<sup>5</sup>

Market Prices Movements	Base Plan Assumption	DCF/ Share
+/- .25% Interest Rates	Current market rates <sup>3</sup>	~\$0.007
+/- \$.01 CAD/USD	\$1.30	~\$0.01

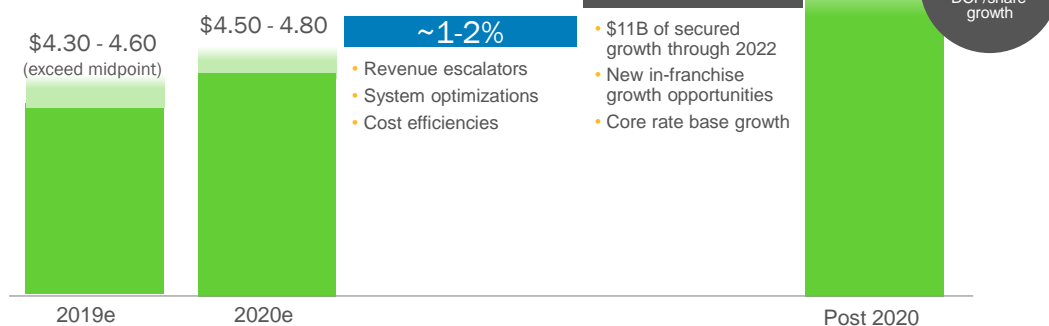
(1) Adjusted EBITDA, DCF and DCF/share are non-GAAP measures. Reconciliations to GAAP measures can be found at [www.enbridge.com](http://www.enbridge.com). (2) Book income tax rate forecast of 20%. (3) 3M CDOR: 1.8%; 3M LIBOR 1.6%; 10Y GoC 1.6%; 10Y UST: 1.82% (4) Based on guidance provided at 2018 Enbridge Day. 2019 Guidance expected to exceed midpoint. (5) Average 2020 FX hedge rate: 1.25 CAD/USD

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# Post 2020 Growth Outlook



## DCF/share



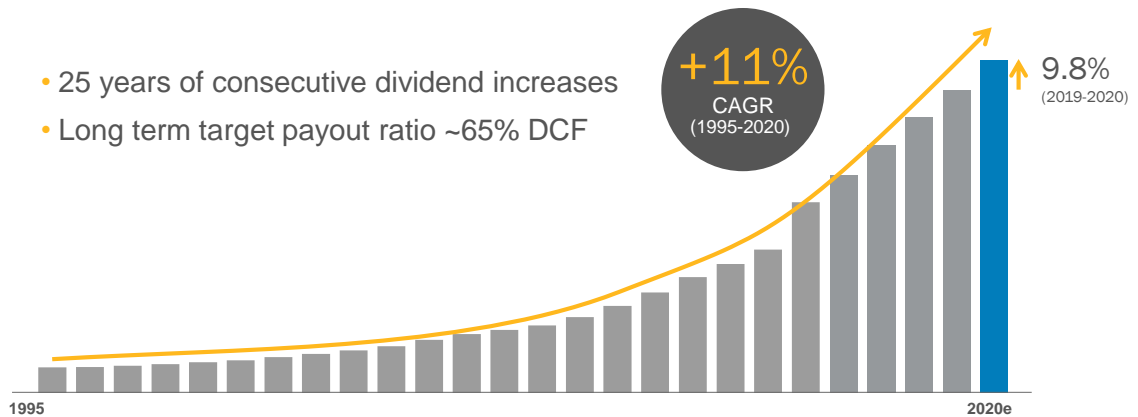
Long-term growth of 5-7% DCF per share supported by Strategic Plan priorities

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# Dividend Growth



- 25 years of consecutive dividend increases
- Long term target payout ratio ~65% DCF



Long history of sustainable dividend growth and shareholder value creation

# Summary



- Robust business fundamentals
- Capital efficient organic growth
- Low risk business model
- Financial strength and flexibility
- Disciplined capital allocation
- Reliable and predictable results



Proven formula to maximize shareholder value

# Q&A

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