

# Enbridge Inc. (ENB)



**Investment Community Presentation**  
September 2019

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## Non-GAAP Measures

This presentation makes reference to non-GAAP measures, including adjusted earnings before interest, income taxes, depreciation and amortization (adjusted EBITDA), adjusted earnings/(loss), adjusted earnings/(loss) per share, distributable cash flow (DCF) and DCF per share. Management believes the presentation of these measures gives useful information to investors and shareholders as they provide increased transparency and insight into the performance of Enbridge. Adjusted EBITDA represents EBITDA adjusted for unusual, non-recurring or non-operating factors on both a consolidated and segmented basis. Management uses adjusted EBITDA to set targets and to assess the performance of the Company. Adjusted earnings represent earnings attributable to common shareholders adjusted for unusual, non-recurring or non-operating factors included in adjusted EBITDA, as well as adjustments for unusual, non-recurring or non-operating factors in respect of depreciation and amortization expense, interest expense, income taxes, noncontrolling interests and redeemable noncontrolling interests on a consolidated basis. Management uses adjusted earnings as another reflection of the Company's ability to generate earnings. DCF is defined as cash flow provided by operating activities before changes in operating assets and liabilities (including changes in environmental liabilities) less distributions to non-controlling interests and redeemable non-controlling interests, preference share dividends and maintenance capital expenditures, and further adjusted for unusual, non-recurring or non-operating factors. Management also uses DCF to assess the performance and to set its dividend payout target. Reconciliations of forward looking non-GAAP financial measures to comparable GAAP measures are not available due to the challenges and impracticability with estimating some of the items, particularly with estimates for certain contingent liabilities, and estimating non-cash unrealized derivative fair value losses and gains and ineffectiveness on hedges which are subject to market variability and therefore a reconciliation is not available without unreasonable effort.

These measures are not measures that have a standardized meaning prescribed by generally accepted accounting principles in the United States of America (U.S. GAAP) and may not be comparable with similar measures presented by other issuers. A reconciliation of non-GAAP measures to the most directly comparable GAAP measures is available on Enbridge's website. Additional information on non-GAAP measures may be found in Enbridge's earnings news releases on Enbridge's website and on EDGAR at [www.sec.gov](http://www.sec.gov) and SEDAR at [www.sedar.com](http://www.sedar.com) under Enbridge's profile.

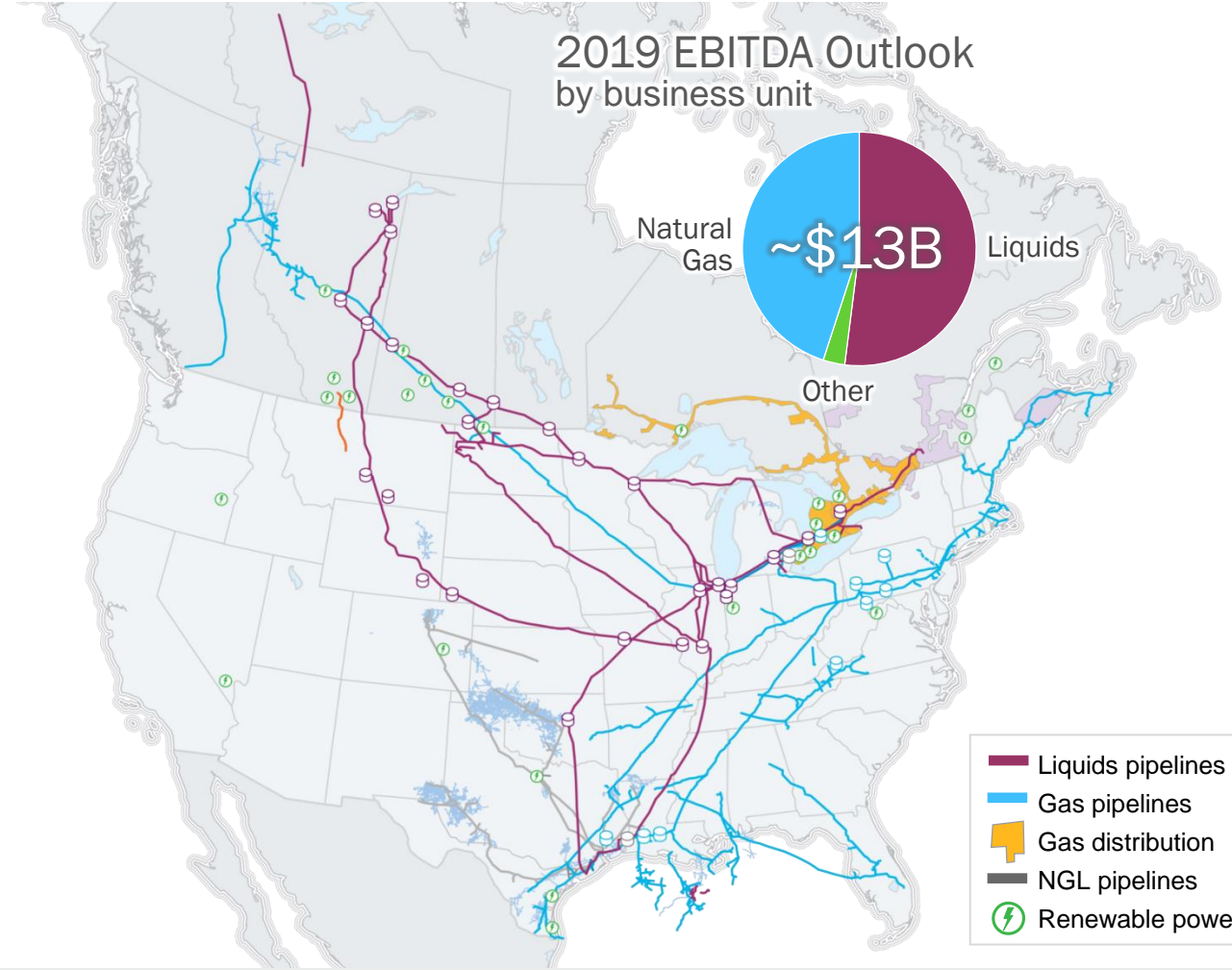
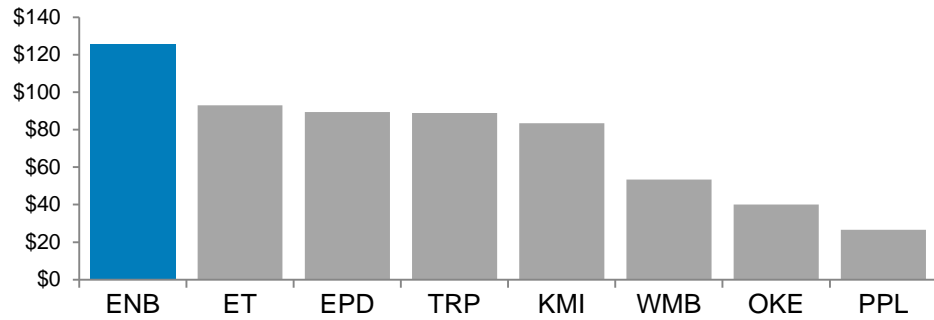
# Enbridge:

## A North American Bellwether Infrastructure Company



### Enterprise Value (North American Midstream Companies)

(US\$,B, Source: Factset, Sep 2019)



### Delivering North America's Energy

**~25%**  
of North America's  
Crude Oil Transported

**~20%**  
of Natural Gas  
consumed in U.S.

**~2 Bcf/d**  
of gas distributed  
in Ontario

Largest, low-risk diversified energy infrastructure company in North America

# Three Core Businesses



## Liquids Pipelines

- World's longest and most sophisticated crude oil and liquids transportation system
- Delivers over 3Mbd on Mainline and Express pipelines
- Full path connection from Canadian oil sands to US Gulf Coast
- Connected to 9MMbd of downstream refining capacity
- Stable, low-risk commercial underpinnings



## Gas Transmission

- Connects key North American supply basins to largest demand centers
- First mile and last mile advantage
- More than 192,000 miles of natural gas and NGL pipelines across N.A. and the Gulf of Mexico
- No direct commodity and minimal volume exposure



## Gas Utilities

- Largest natural gas utility in North American by send-out volumes
- >3.7 million customers and growing
- Incentive based regulatory model
- Primary infrastructure owner/ operator at Dawn storage hub, with additional cost of service gas transmission assets within the franchise area

Strategically positioned pipeline/utility assets support reliable cash flow and future growth

# Enbridge's Low Risk Business Model

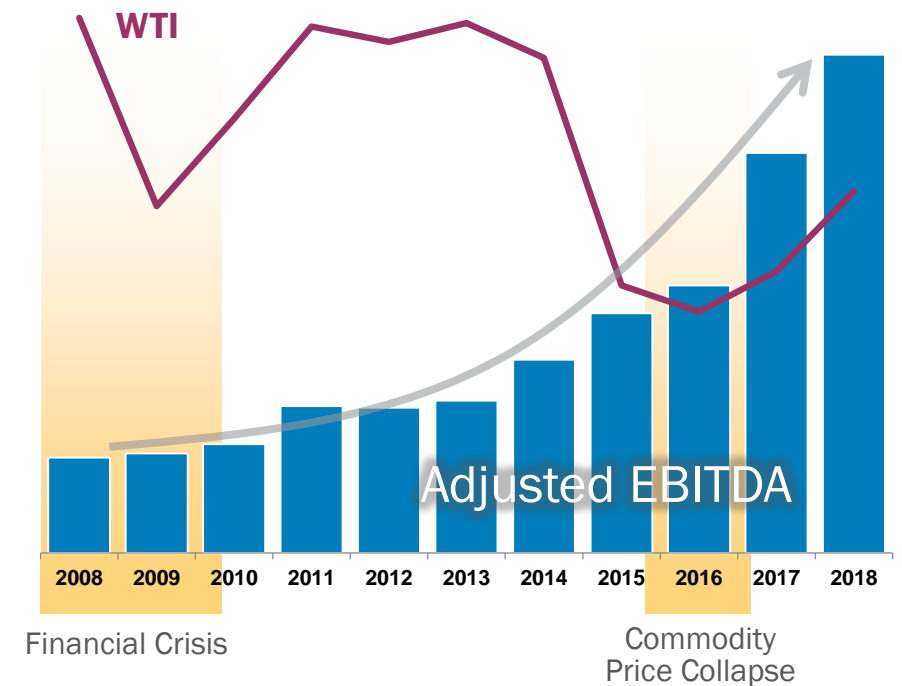


- ✓ Regulated “cost of service” contracts
- ✓ Long term contracts
- ✓ Interest rate / inflation protection
- ✓ Insignificant commodity risk
- ✓ Creditworthy counterparties
- ✓ Financial risk management

## 2019e EBITDA



## Resiliency in All Market Conditions



Low risk business model with highly predictable cash flows differentiates Enbridge from peers

# Major 2018 Accomplishments



## Priorities

## Actions

1	Deliver strong results	✓	Record DCF/share and EPS performance in 2018
2	Focus on low risk pipeline-utility model	✓	~\$8B of non-core asset sales
3	Accelerate de-leveraging	✓	4.7x Debt-to-EBITDA; DRIP suspended
4	Streamline the business	✓	<ul style="list-style-type: none"><li>• Sponsored vehicle buy-ins completed</li><li>• Utility amalgamation underway</li></ul>
5	Project execution	✓	~\$7B new projects brought into service
6	Extend growth	✓	Sanctioned ~\$2B of new extension/expansion projects

Significant progress made in 2018 to reposition the Company with a lower risk profile, stronger balance sheet and simplified structure

# 2019 Priorities



Priorities	YTD Status
1. Achieve 2019 DCF guidance range of \$4.30 – 4.60/share	<ul style="list-style-type: none"><li>• Strong operating performance across the businesses</li><li>• Expect to be around the midpoint of the range</li></ul>
2. Advance Line 3 Replacement	<ul style="list-style-type: none"><li>• Canadian segment to come into service Q4 2019</li><li>• Appeal court identified narrow EIS deficiency – MPUC to address</li><li>• Minnesota environmental permit work ongoing</li></ul>
3. Advance priority access on Mainline	<ul style="list-style-type: none"><li>• Completed extensive consultations with shippers</li><li>• Launched binding open season Aug 2 to secure contracts</li></ul>
4. Extend secured growth	<ul style="list-style-type: none"><li>• Secured \$2.5B of new growth capital projects</li></ul>
5. Maintain balance sheet strength & flexibility	<ul style="list-style-type: none"><li>• Q2 Debt:EBITDA of 4.6x on a 12-month trailing basis</li></ul>

Good progress being made on key strategic priorities for 2019

# Enterprise-wide Secured Growth Project Inventory



	Project	Expected ISD	Capital (\$B)
2019	AOC Lateral Acquisition	In-service	0.3 CAD
	Stratton Ridge	In-service	0.2 USD
	Generation Pipeline Acquisition	2H19	0.1 USD
	Hohe See Wind & Expansion – Germany	2H19	1.1 CAD
	Gray Oak Pipeline	4Q19	0.7 USD
	Line 3 Replacement – Canadian Portion	4Q19	5.3 CAD
	Utility Growth Capital	2019	0.7 CAD
	<b>2019 TOTAL</b>		<b>\$9B*</b>
2020+	Line 3 Replacement – U.S. Portion	2H20 <sup>1</sup>	2.9 USD
	Southern Access to 1,200 kbpd	2H20	0.4 USD
	PennEast	2020	0.2 USD
	Utility Reinforcement – Windsor & Owen Sound	2020	0.2 CAD
	Utility Growth Capital	2020	0.7 CAD
	Atlantic Bridge (Phased ISD)	2H19/2020	0.2 USD
	Spruce Ridge	2021	0.5 CAD
	T-South Expansion	2021	1.0 CAD
	Other expansions	2020/23	0.6 USD
	East-West Tie-Line	2021	0.2 CAD
	Dawn-Parkway Expansion	2021	0.2 CAD
	Saint-Nazaire Offshore Wind - France	2022	1.8 CAD <sup>2</sup>
	<b>2020+ TOTAL</b>		<b>\$10B*</b>
<b>TOTAL 2019+ Capital Program</b>			<b>\$19B*</b>



**Segments:**

- Liquids Pipelines
- Gas Transmission & Midstream
- Gas Distribution
- Renewable Power Generation & Transmission

**\$19B of secured, low-risk capital projects drives near term growth outlook**

\* Rounded, USD capital has been translated to CAD using an exchange rate of \$1 U.S. dollar = \$1.30 Canadian dollars.

<sup>1</sup> Update to project ISD under review.

<sup>2</sup> Enbridge's equity contribution will be \$0.3B, with the remainder of the construction financed through non-recourse project level debt



# Post 2020 Future Growth Opportunities



## \$5-6B annual self-funding capability



- Mainline system optimizations and enhancements
- Market access extension/expansions
- USGC export infrastructure



- USGC market connections
- US S.E. and US N.E. expansions
- W. Canadian expansions
- Export markets: LNG, Mexico
- Modernization Capital



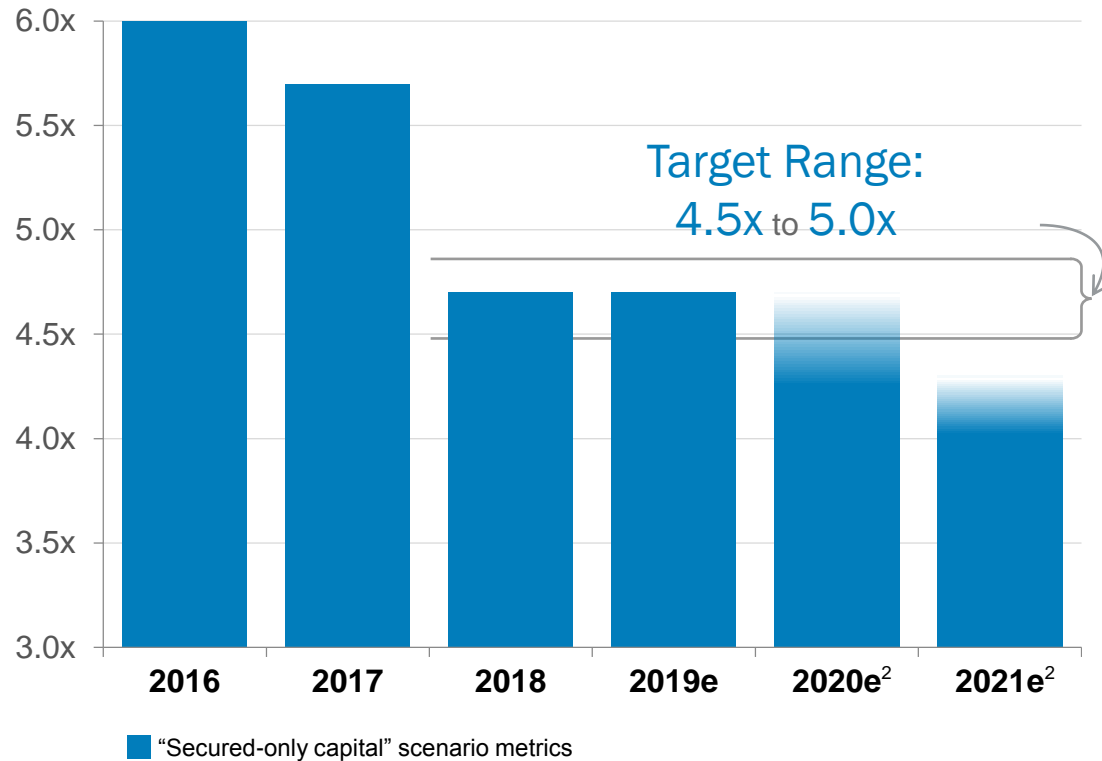
- Customer additions
- New Communities
- Dawn-Parkway expansions
- Ontario electricity transmission

Targeting \$5-6B of annual self-funded organic growth opportunities across the business

# Financial Strength & Flexibility



## Consolidated DEBT to EBITDA<sup>1</sup>



## Enbridge Inc. Sr. Unsecured Debt Ratings

Standard & Poors	<b>BBB+</b> stable
Fitch	<b>BBB+</b> stable
DBRS	<b>BBB High</b> stable
Moody's	<b>Baa2</b> positive

Upgraded Jan. '19

Significant reduction in leverage has been accomplished strengthening the balance sheet & credit profile

(1) Management methodology. Individual rating agency calculations will differ.  
 (2) Update to Line 3 project ISD under review

# Growth Outlook Summary



- Strong organic growth opportunities
- Low risk business model
- Self funded equity
- Prudent leverage levels
- Disciplined capital allocation

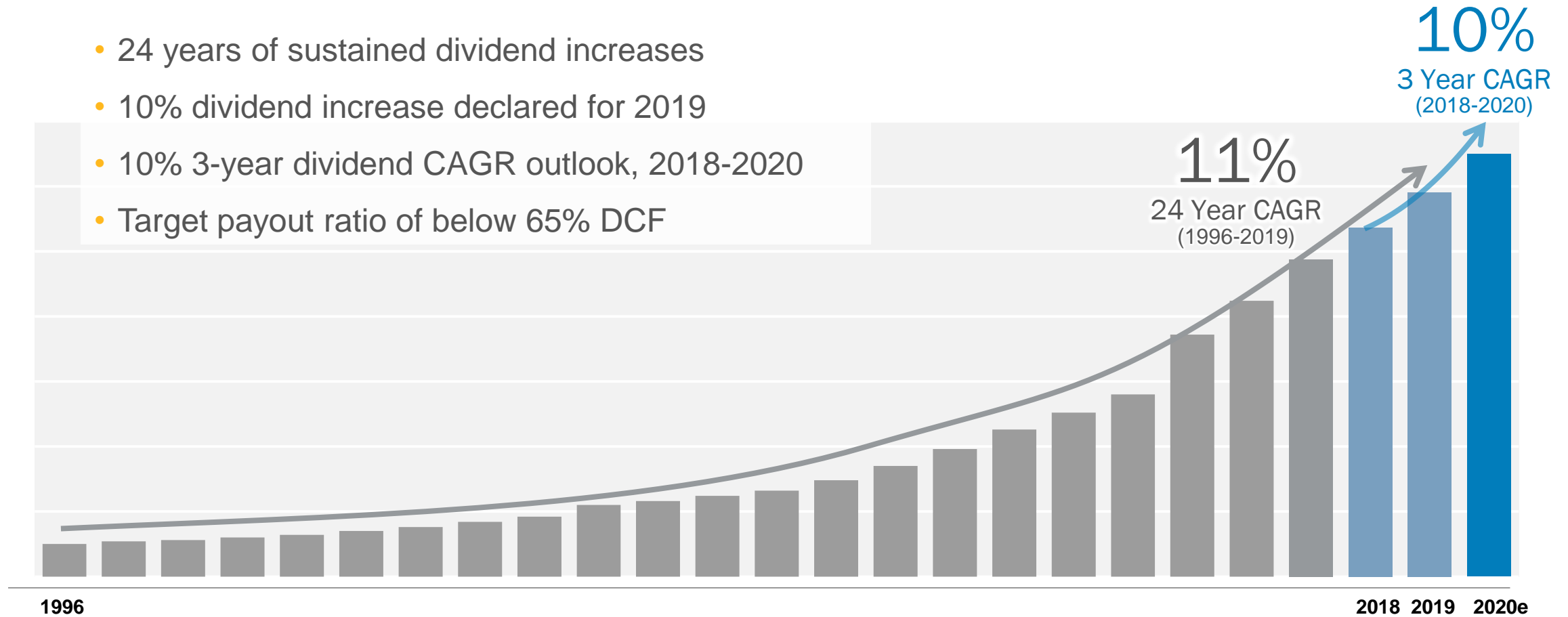


3 year dividend growth CAGR of 10% through 2020, then 5-7% DCF/share growth expected thereafter

# Dividend Growth Track Record



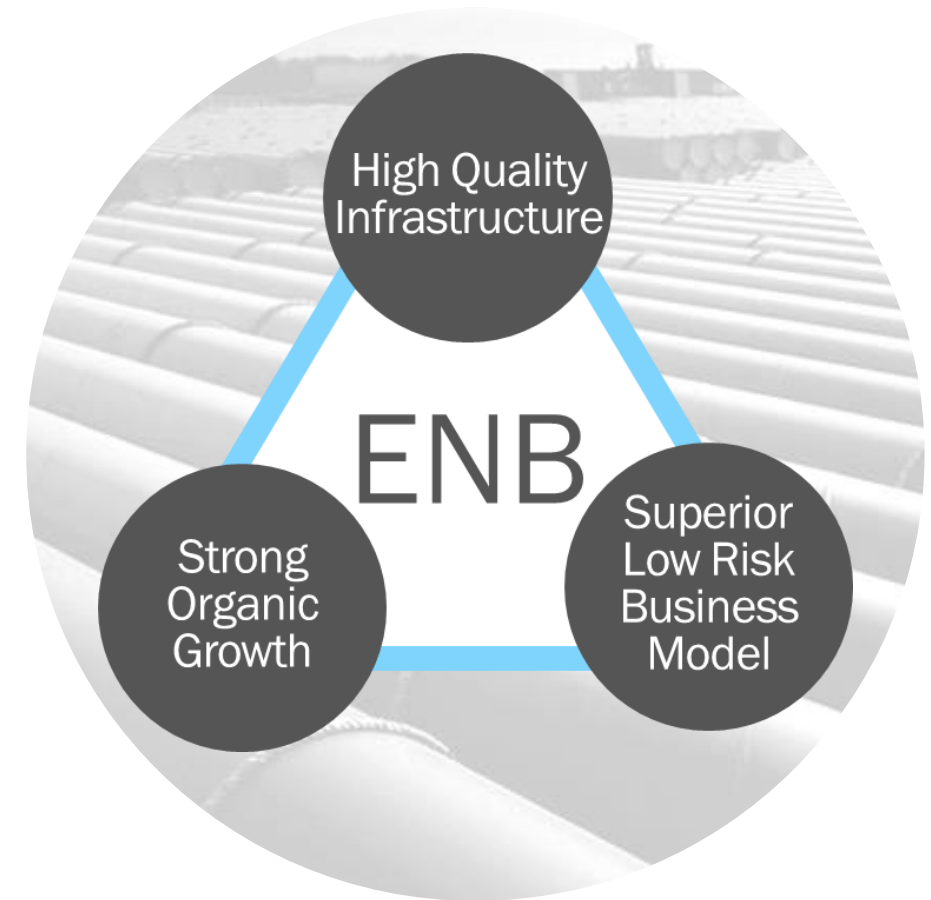
- 24 years of sustained dividend increases
- 10% dividend increase declared for 2019
- 10% 3-year dividend CAGR outlook, 2018-2020
- Target payout ratio of below 65% DCF



Long history of strong and sustainable dividend growth

# Enbridge's Value Proposition

- Leading energy infrastructure position
- Low-risk pipeline/utility business model
- Strong investment grade credit profile
- Long history of consistent dividend growth
- Attractive outlook for continued cash flow growth



Long-life attractive growing yield with lowest risk profile in the sector

# Appendix A

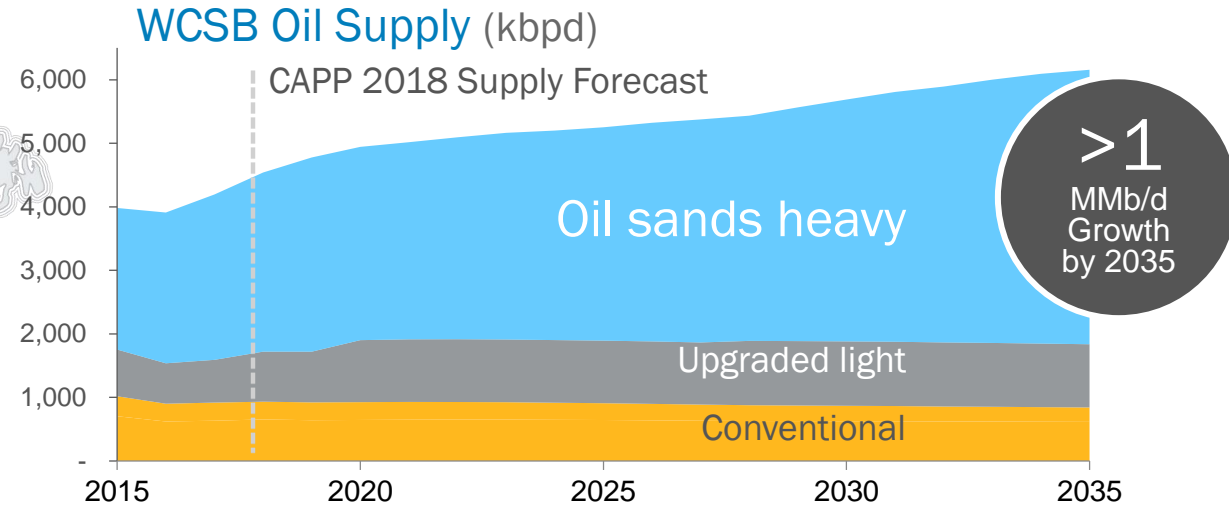
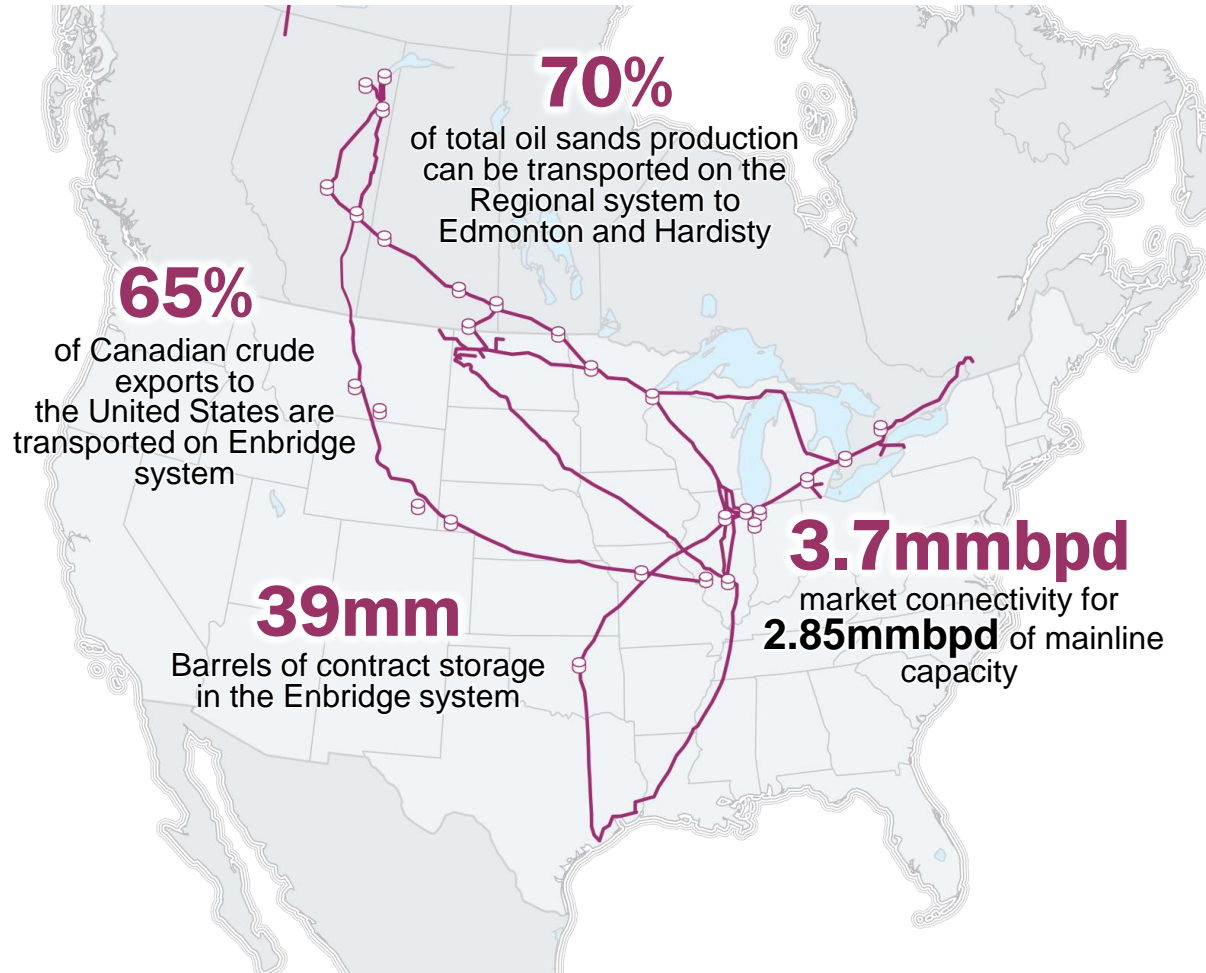
## Business Details

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# Liquids Pipelines

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# Liquids Pipelines System



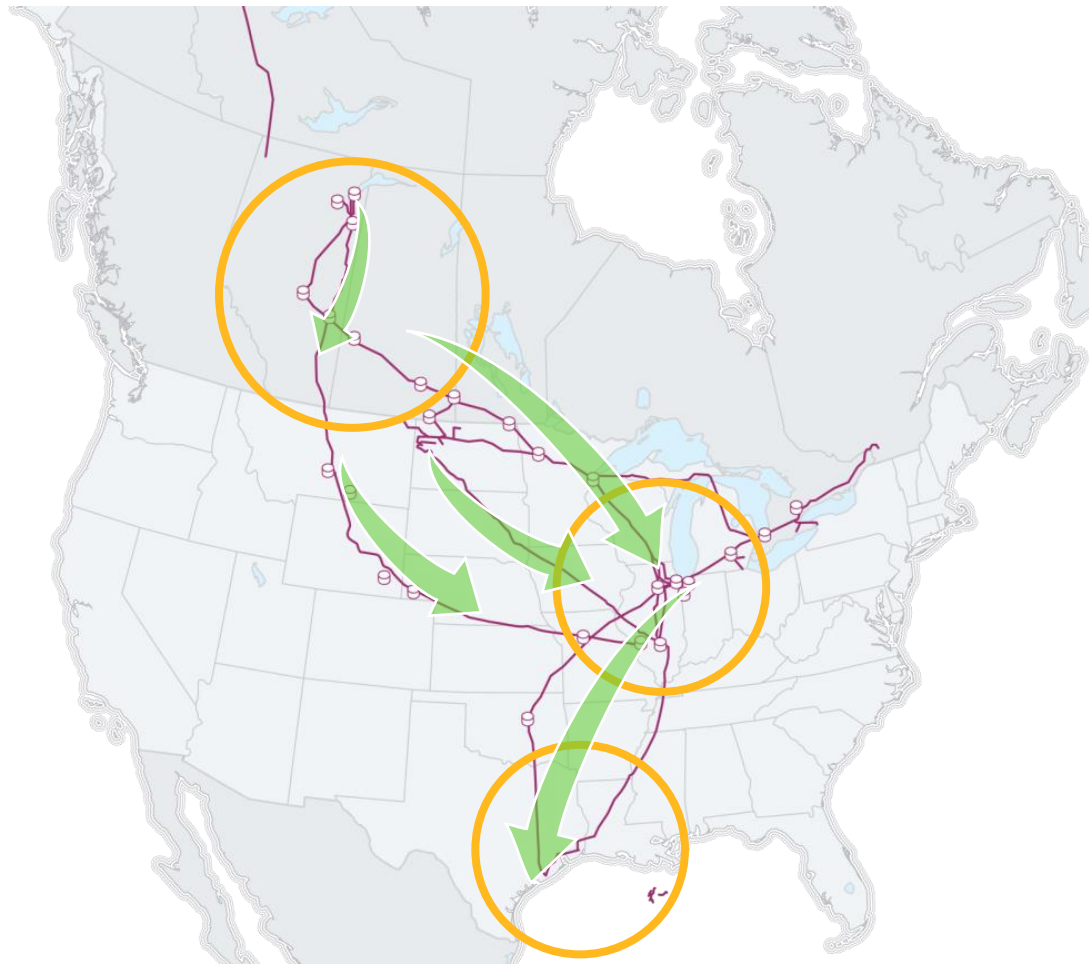
- 27,600 km of pipe serving high quality producing basins
- Competitive and stable tolls drive highest producer netbacks
- Unique service offerings and flexibility

Connecting growing supply with strong demand from premium markets



# Liquids Pipelines - Strategic Growth Prospects

- Critical link from WCSB to premium Midwest and USGC refining markets
- Leverage existing footprint to expand crude export capacity and develop integrated USGC platform



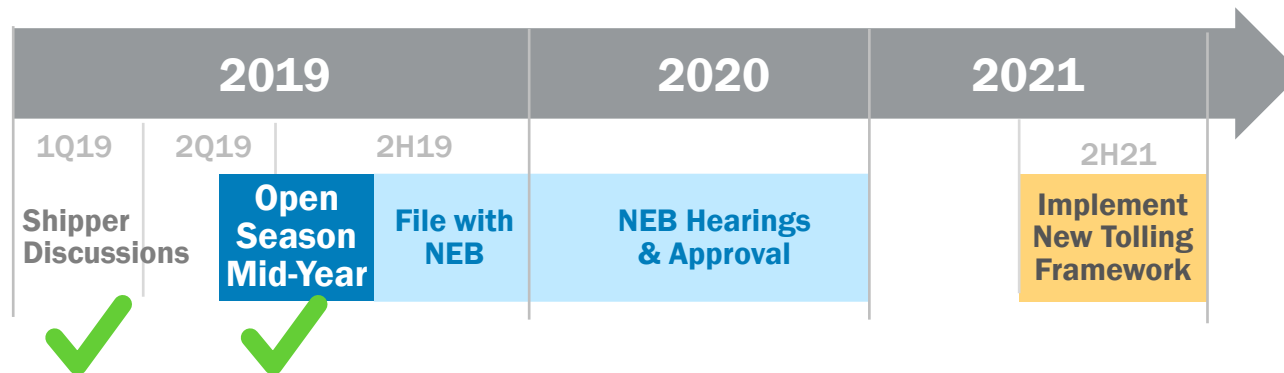
<p><b>2-3%</b> per year base business growth post-2020</p>	<ul style="list-style-type: none"><li>• Mainline toll framework</li><li>• Throughput optimization</li><li>• Toll indexing</li><li>• Efficiency &amp; productivity</li></ul>
<p><b>\$11B</b> Secured projects in execution</p>	<ul style="list-style-type: none"><li>• Line 3 replacement</li><li>• Southern Access Expansion</li><li>• AOC lateral (new)</li><li>• Gray Oak pipeline (new)</li></ul>
<p><b>~\$2B</b> per year future development opportunities post-2020</p>	<ul style="list-style-type: none"><li>• System optimizations and enhancements</li><li>• Market extension expansions</li><li>• Regional systems expansions</li><li>• USGC export infrastructure</li></ul>

# Mainline Contract Offering



## Mainline Contracting Timeline

- Open Season launched on Aug 2
- Offering open for 60 days
- File with NEB by end of 2019
- Target implementation July 1, 2021



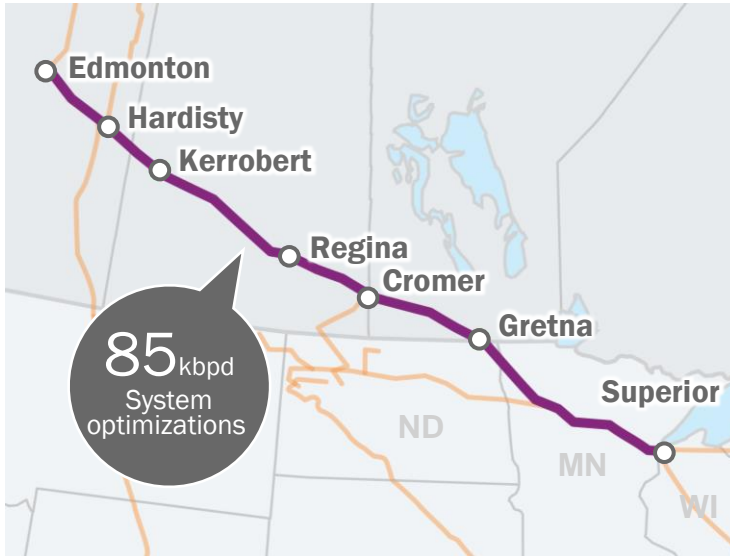
## Key Offering Features

- Priority access for contracted volume
- Contract terms 8 to 20 years
- Toll discounts for longer terms and high volume shippers
- Spot capacity reserve of 10%
- Equal access for small producers

Providing priority access to key markets along the Mainline in response to customer needs

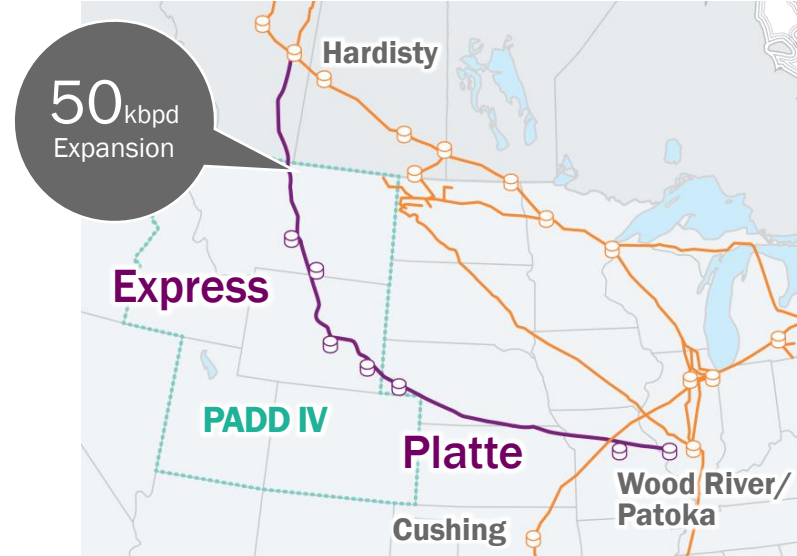
# Near-Term Optimizations/Expansions

## 2019 Mainline Optimizations



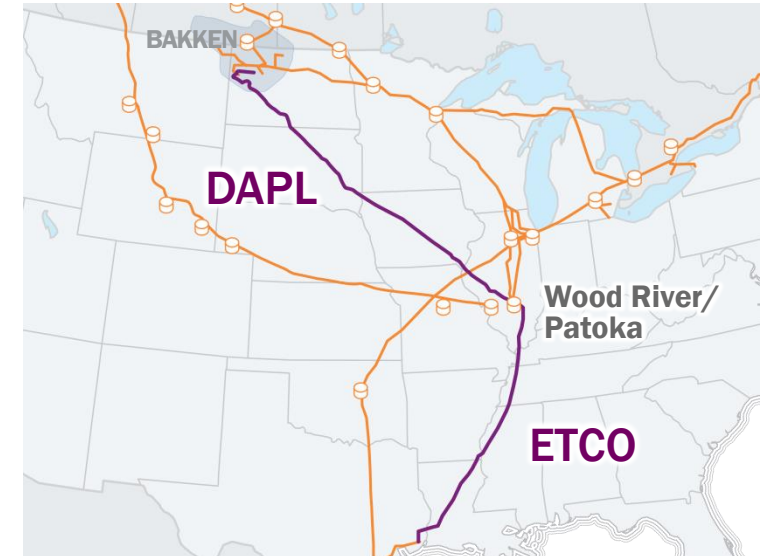
- Delivery and receipt point optimization
- Capacity recovery
- ISD: late 2019

## Express Pipeline Open Season



- Open season launched July 2
- DRA/Pump station expansion of up to 50 kbps
- ISD: Q1 2020

## Bakken Pipeline System Open Season



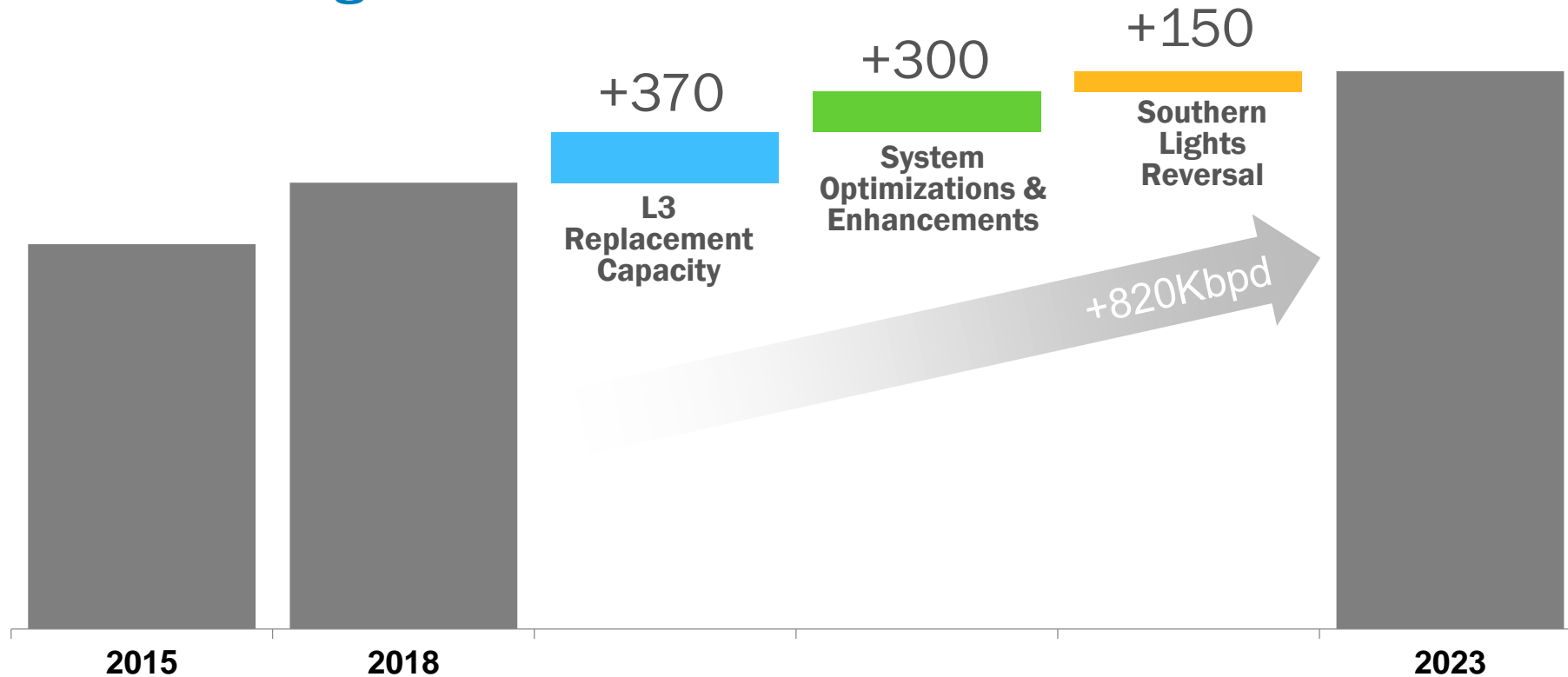
- Open season launched July 15
- Pump station modifications could increase throughput from 570 kbps up to 1.1 mbpd, subject to shipper commitments

Systems well positioned to provide low cost optimizations to support much needed incremental export capacity

# Additional Long-Term Throughput Enhancements



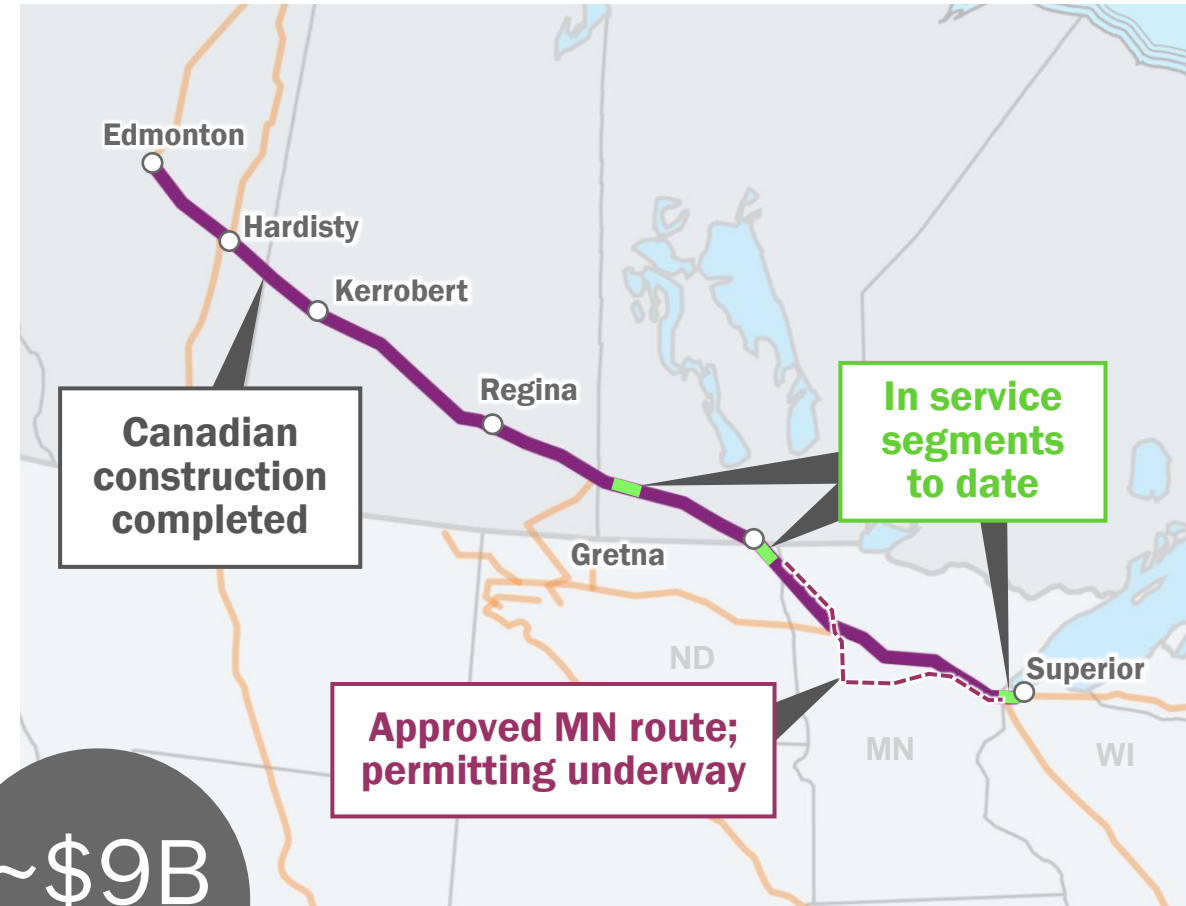
## Ex-WCSB Egress



Staged and achievable incremental throughput initiatives to support WCSB egress

# Line 3 Replacement Project

- Critical energy infrastructure replacement
- Canadian construction complete and interim agreement reached with shippers to bring into service in Q4 2019
- Wisconsin segment complete and in-service
- North Dakota regulatory and permitting complete
- Minnesota project update:
  - Appeal Court found one deficiency in EIS (June 2019)
  - Supreme Court to decide whether to hear further appeals (expected in September 2019)
  - MPUC to determine process/timeline to remediate EIS (post Supreme Court decision)
  - Update to project ISD subject to Supreme Court decision and MPUC process determination



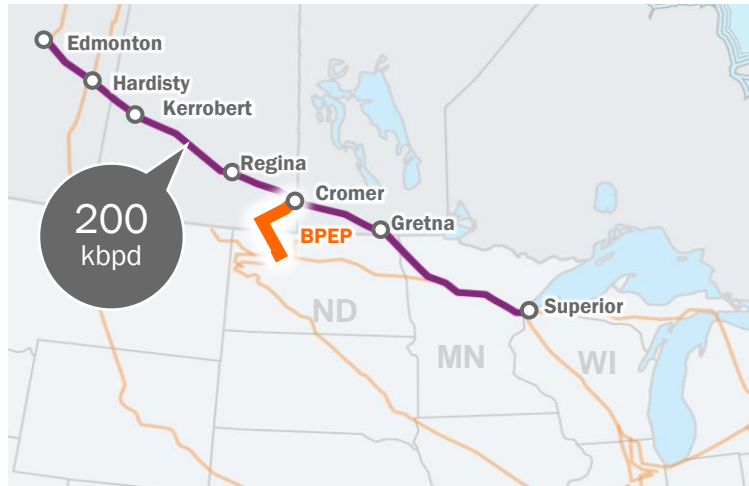
~\$9B  
Capital cost

# Mainline Optimization and Enhancement Opportunities

## Ex-WCSB Egress

**\$3B**  
in opportunities

### 2020-21 Mainline Optimizations



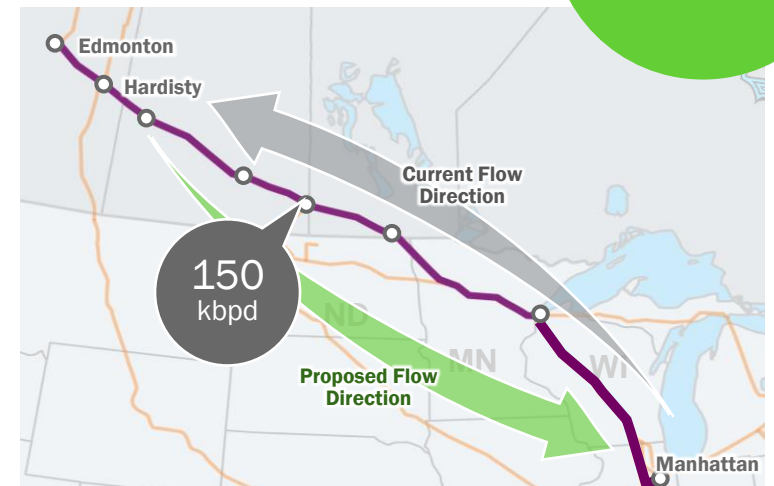
- Full Bakken Pipeline (BPEP) Idle
- System Optimization – crude slate/DRA
- Line 4 Restoration

### 2022+ Mainline Optimizations



- System optimization & enhancements

### Southern Lights Reversal



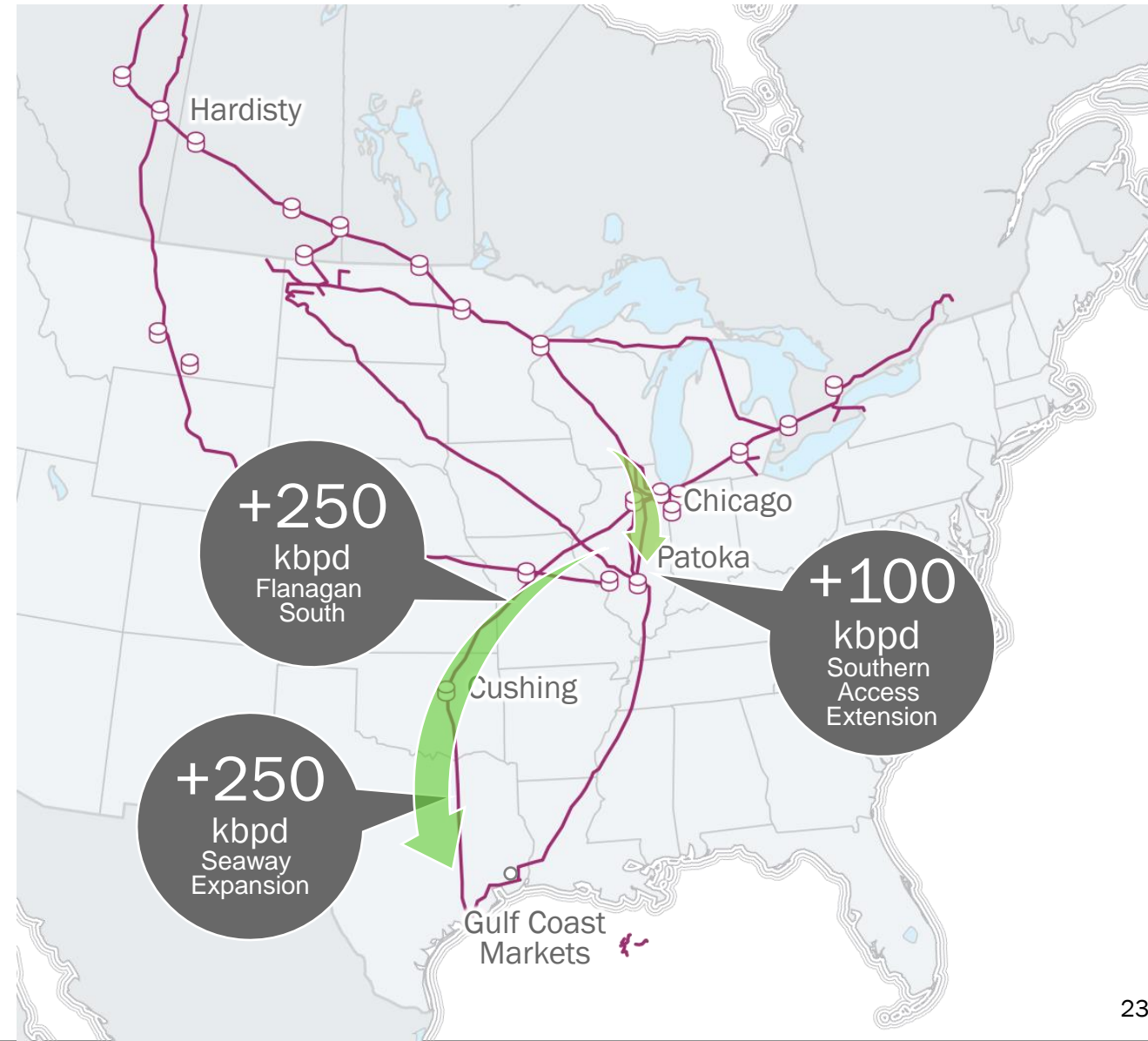
- Condensate supply /demand fundamentals in WCSB expected to reduce requirement for imported supply
- Developing commercial proposal to reverse the line and place into light crude service
- Limited, manageable regulatory permitting

# Market Access - Downstream Expansion Opportunities



- Mainline optimizations provide an opportunity to increase market access pipelines by up to 350kbpd
  - Flanagan South expansion of 250kbpd along with corresponding Seaway expansion
  - Southern Access Extension expansion of 100kbpd to Patoka region
- ISD tied to Mainline optimizations

**\$1-2B**  
in opportunities



# USGC - Secured Growth



## Gray Oak Pipeline

- 22.8% joint venture interest
- Partners include P66 and Marathon
- Crude oil transportation from the Permian and Eagle Ford basins to destinations in Corpus Christi and Freeport
- Capacity of 900,000 barrels per day with strong customer commitments
- In service by the end of 2019

## Strategic Fit

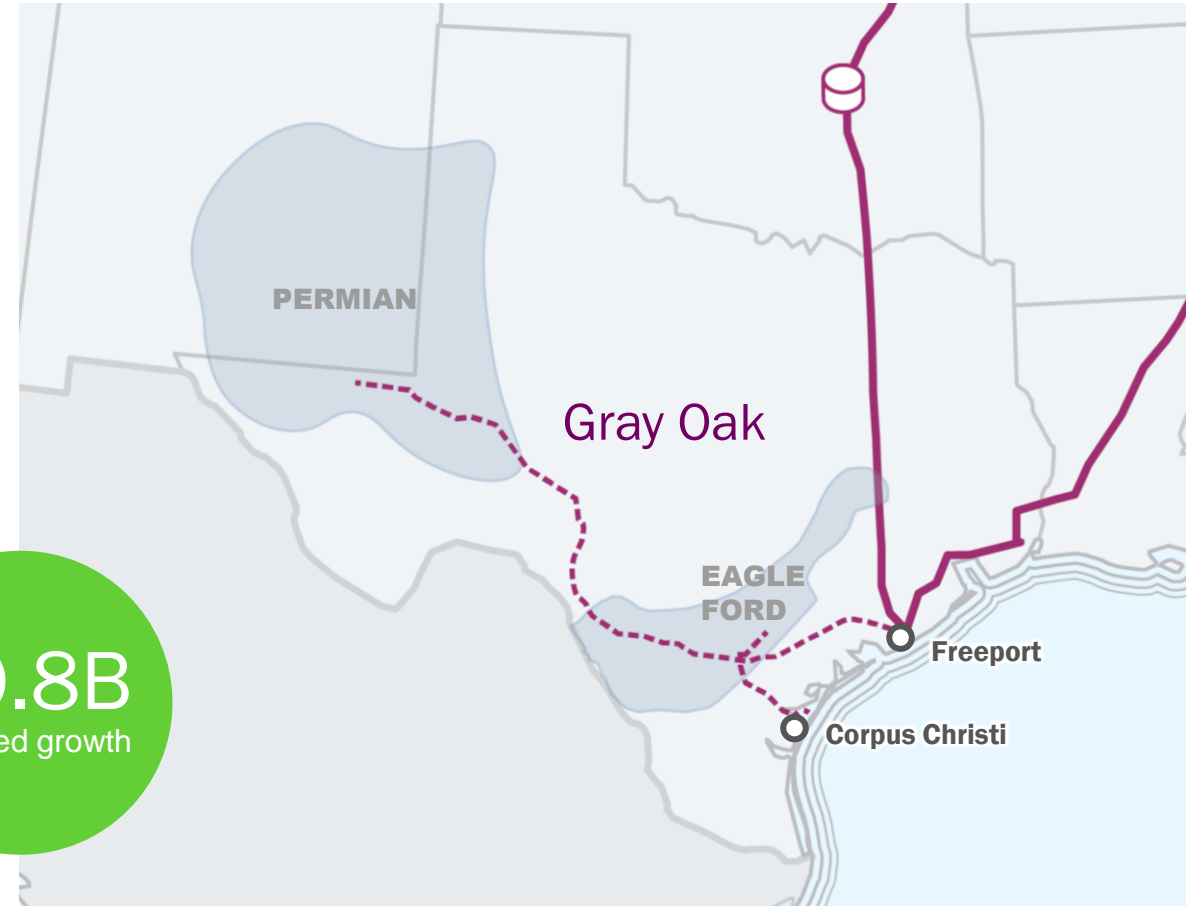
Permian Connection



USGC Exports



**\$0.8B**  
Secured growth



Premier export pipeline from the Permian and Eagle Ford Basins



# USGC - Export Development Opportunity



## Texas COLT Offshore Loading Terminal

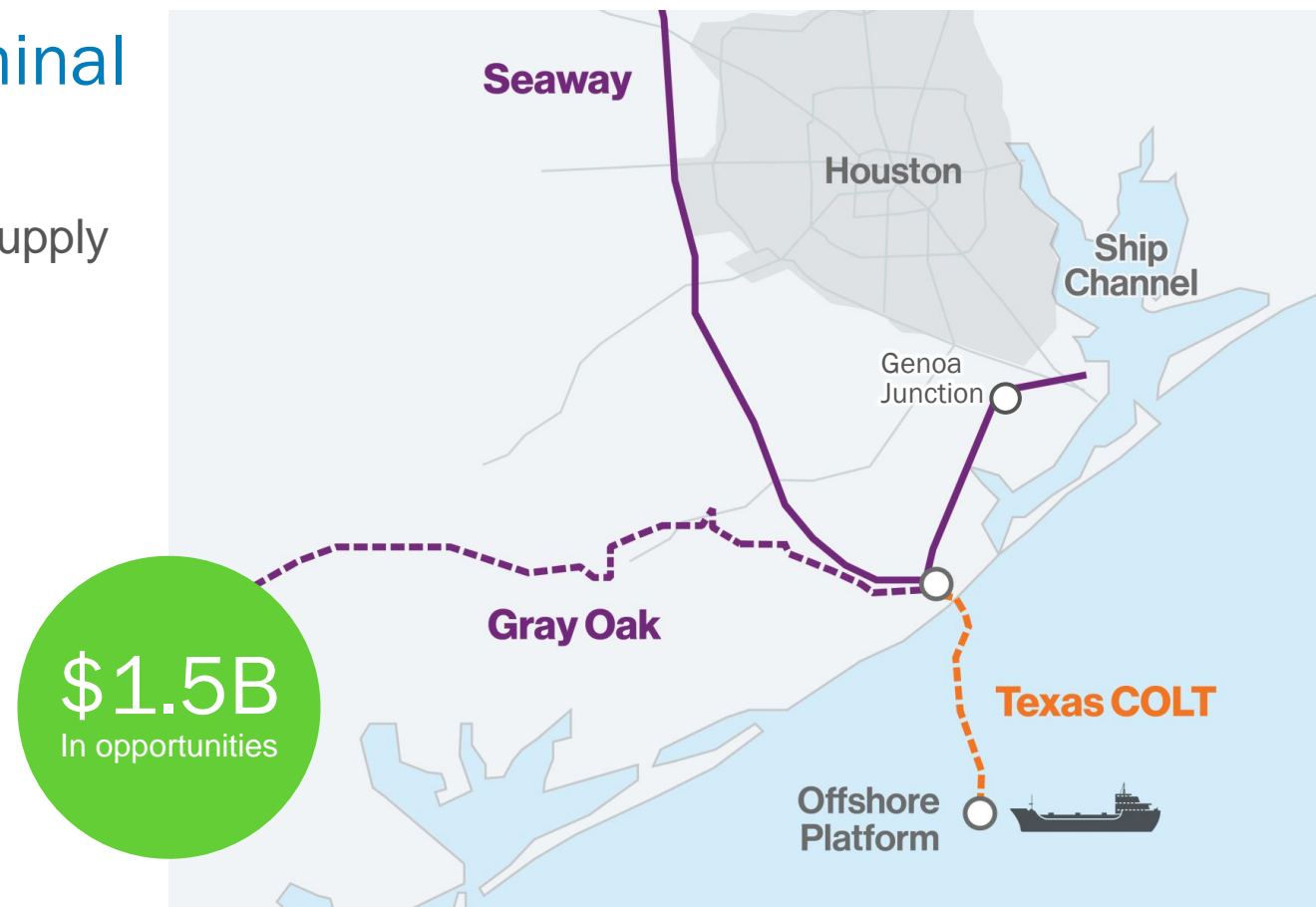
- Direct full loading of VLCCs from Freeport, TX
- Superior connectivity to all key North American supply basins via Enbridge systems and others
- Strong interest from a broad base of potential customers
- In service late 2021/early 2022

### Strategic Fit

Permian Connection



USGC Exports

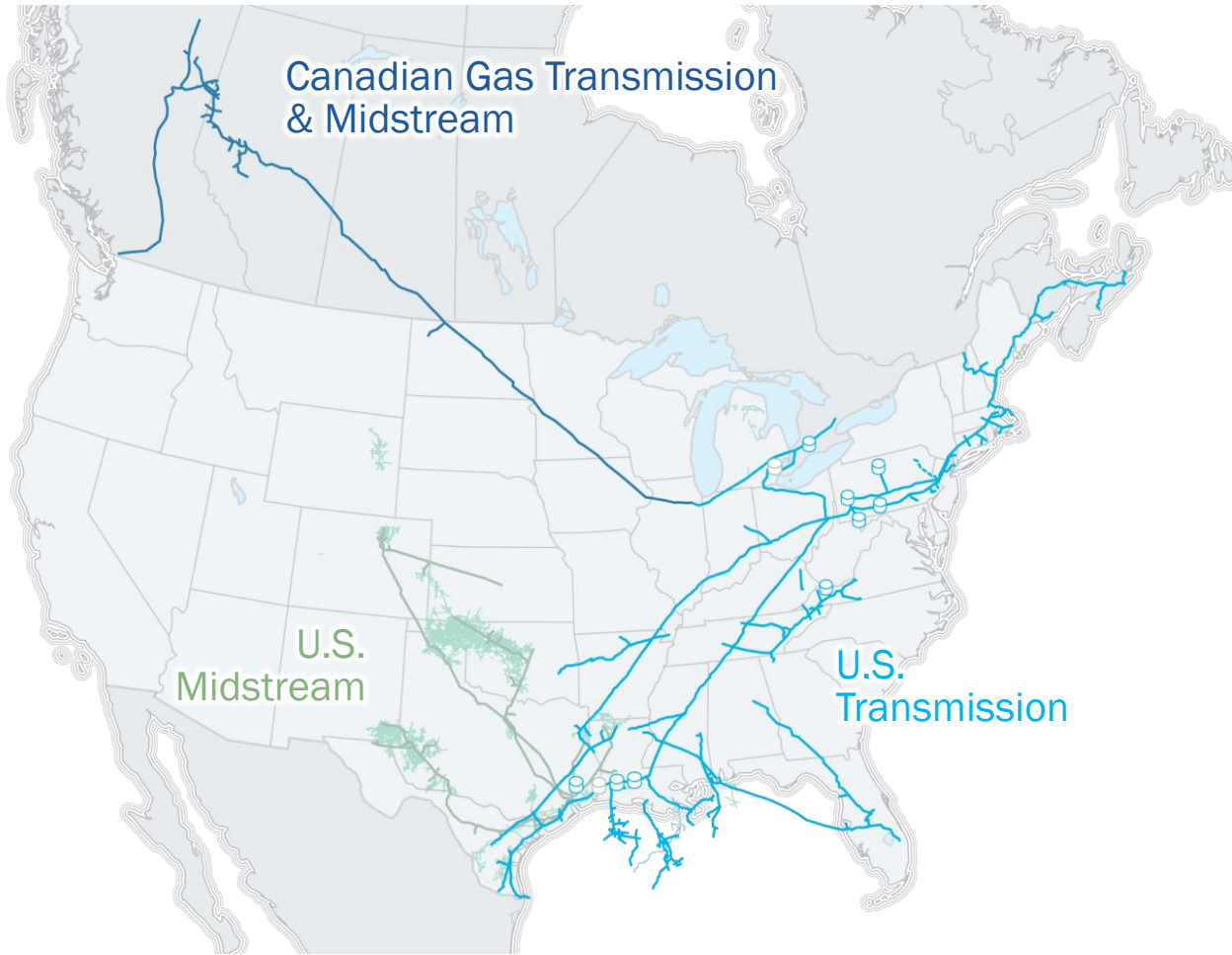


Superior supply access and low cost export solution with VLCC loading capability

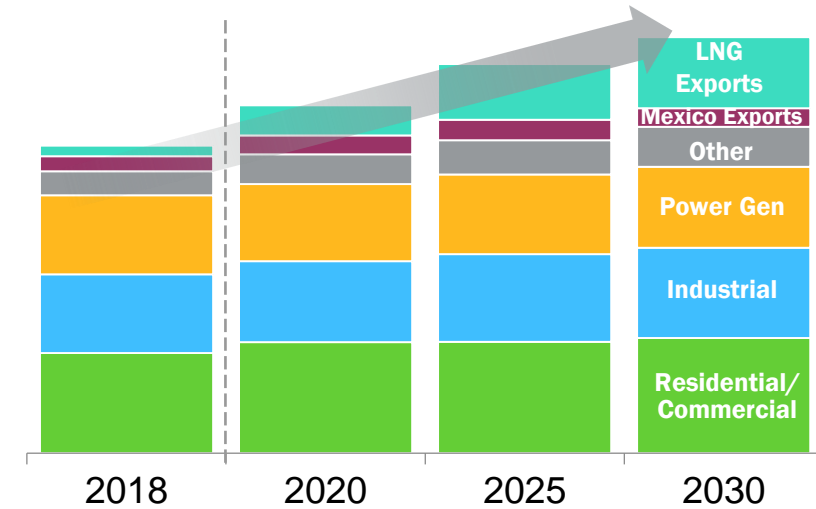
# Gas Transmission

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# Gas Transmission System



Natural Gas Demand by Sector (N. America, Bcf/d)



Source: Wood Mac, PIRA

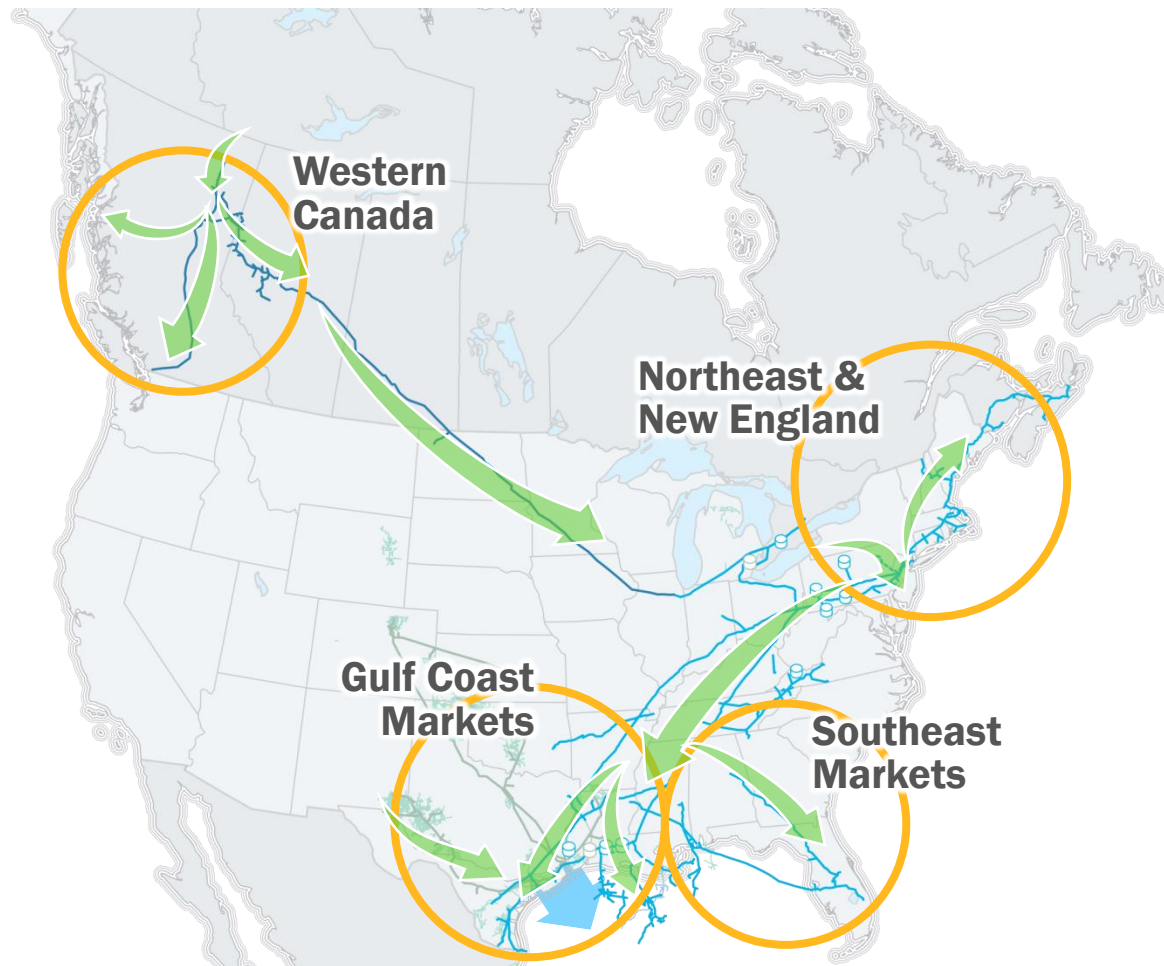
- Strategically located assets
- Regulated cost of service or negotiated rate contracts
- Primarily LDCs and producers with consistent high renewal rates

Strategically positioned with the first and last mile advantage

# Gas Transmission - Strategic Growth Prospects



- Premier demand-pull driven asset base serving key regional markets
- Positioned for significant growth in 4 key regions



**1-2%**  
per year  
base business  
growth  
post-2020

- Rate cases
- System modernization

**\$3B**  
Secured projects  
in execution

- T-South expansion
- T-North expansions
- Vito offshore pipelines (new)
- Cameron Lateral (new)

**\$2-3B**  
per year future  
development  
opportunities  
post-2020

- USGC & Canadian LNG connections
- Further W. Canadian expansions

# Rate Case Proceedings

## Texas Eastern:

- Section 4 Rate Case filed Nov 2018
- Potential for revenue enhancement with updated cost of service factors
- Settlement discussions are ongoing



## East Tennessee:

- Filed Section 5 Rate Case settlement agreement
- Section 4 filing likely to be undertaken next year to incorporate updates to all rate making determinants



## Algonquin:

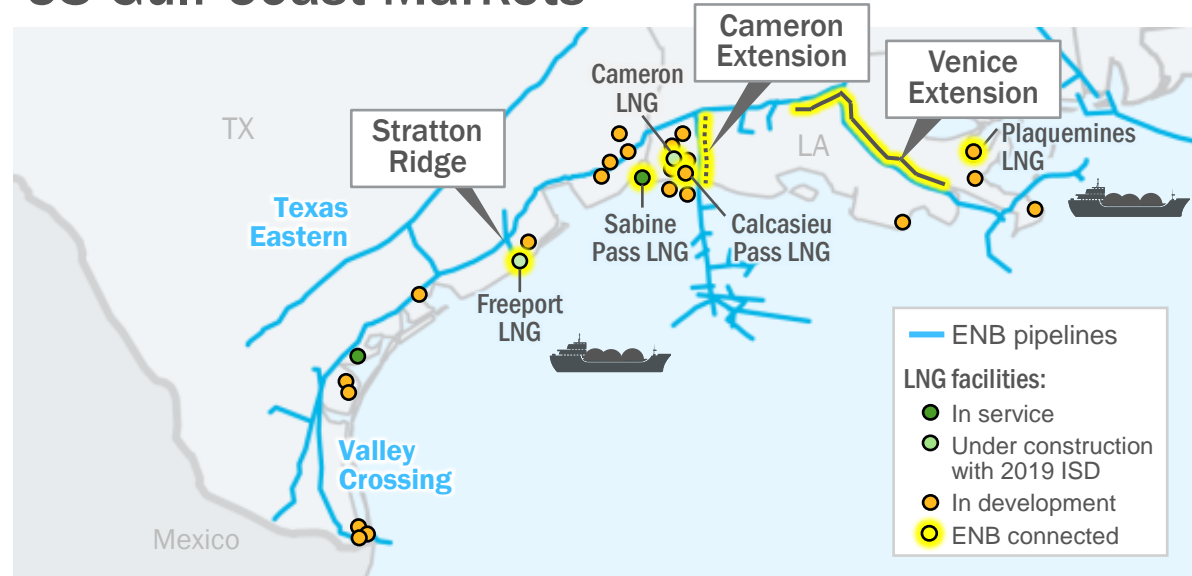
- Commenced early stage rate discussions, with expectation of a settlement agreement



Priority to actively manage rate undertakings to ensure timely and fair return on current and future capital

# LNG – US Gulf Coast Growth Opportunities

## US Gulf Coast Markets

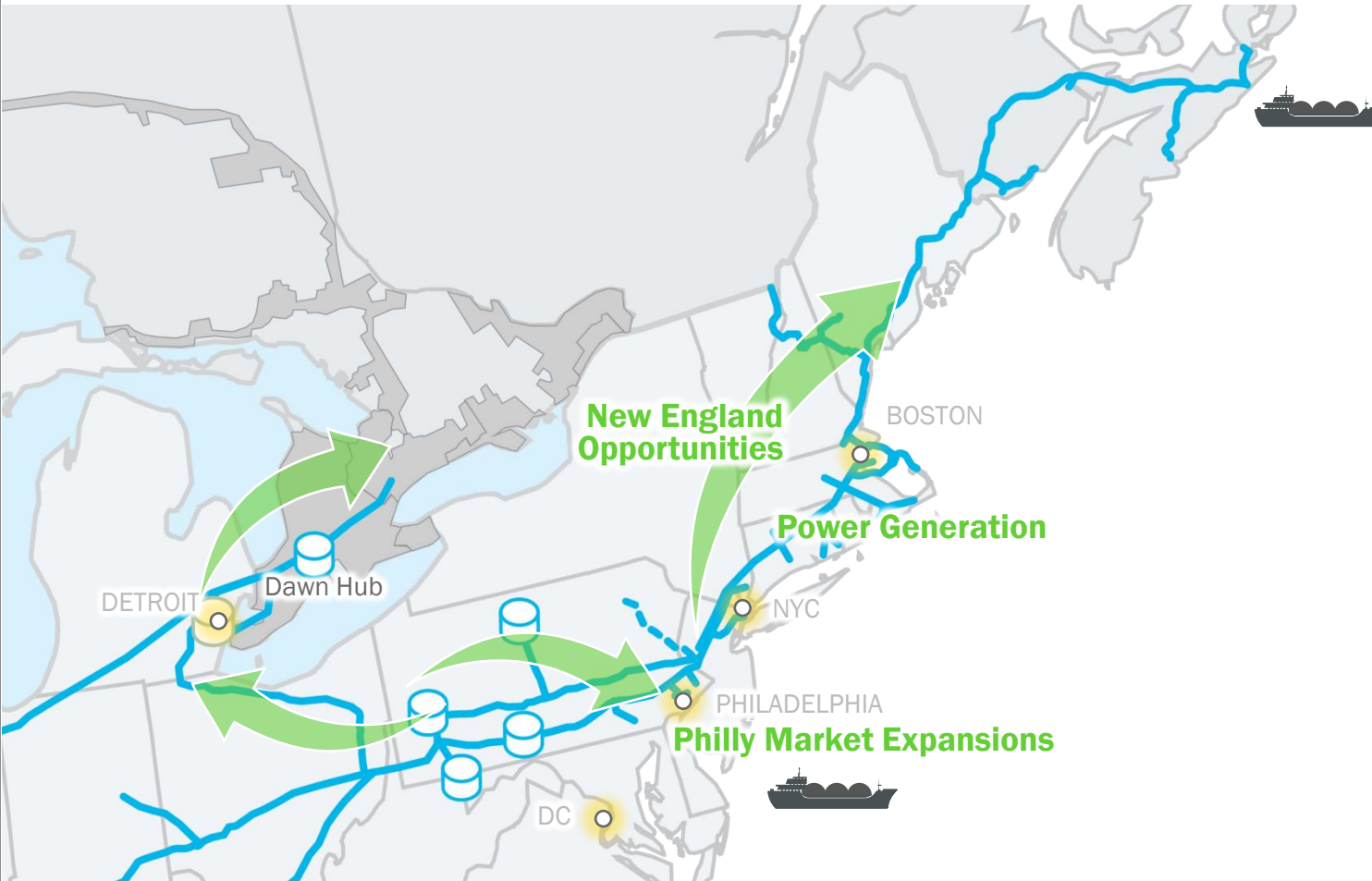


- Leveraging our footprint
- Serving existing and developing LNG facilities
- 1 project recently placed in service; US\$0.6B in-execution

<b>Stratton Ridge</b>	<ul style="list-style-type: none"> <li>• Texas Eastern mainline – in service Q2</li> <li>• Access to Freeport LNG</li> </ul>	US\$0.2B
<b>Cameron Extension</b>	<ul style="list-style-type: none"> <li>• Texas Eastern expansion – in execution</li> <li>• To serve Calcasieu Pass LNG</li> </ul>	US\$0.2B
<b>Venice Extension</b>	<ul style="list-style-type: none"> <li>• Reversal of Texas Eastern’s Venice lateral – in execution</li> <li>• To serve Plaquemines LNG</li> </ul>	US\$0.4B

Advancing commercial opportunities across our North American footprint

# Northeast & New England - Potential Growth



## Northeast / New England

- Continued commercial / residential load growth
- Proven approach to bring affordable natural gas to the region

## Power Generation Market

- Incremental demand market will drive Marcellus gas expansion opportunities

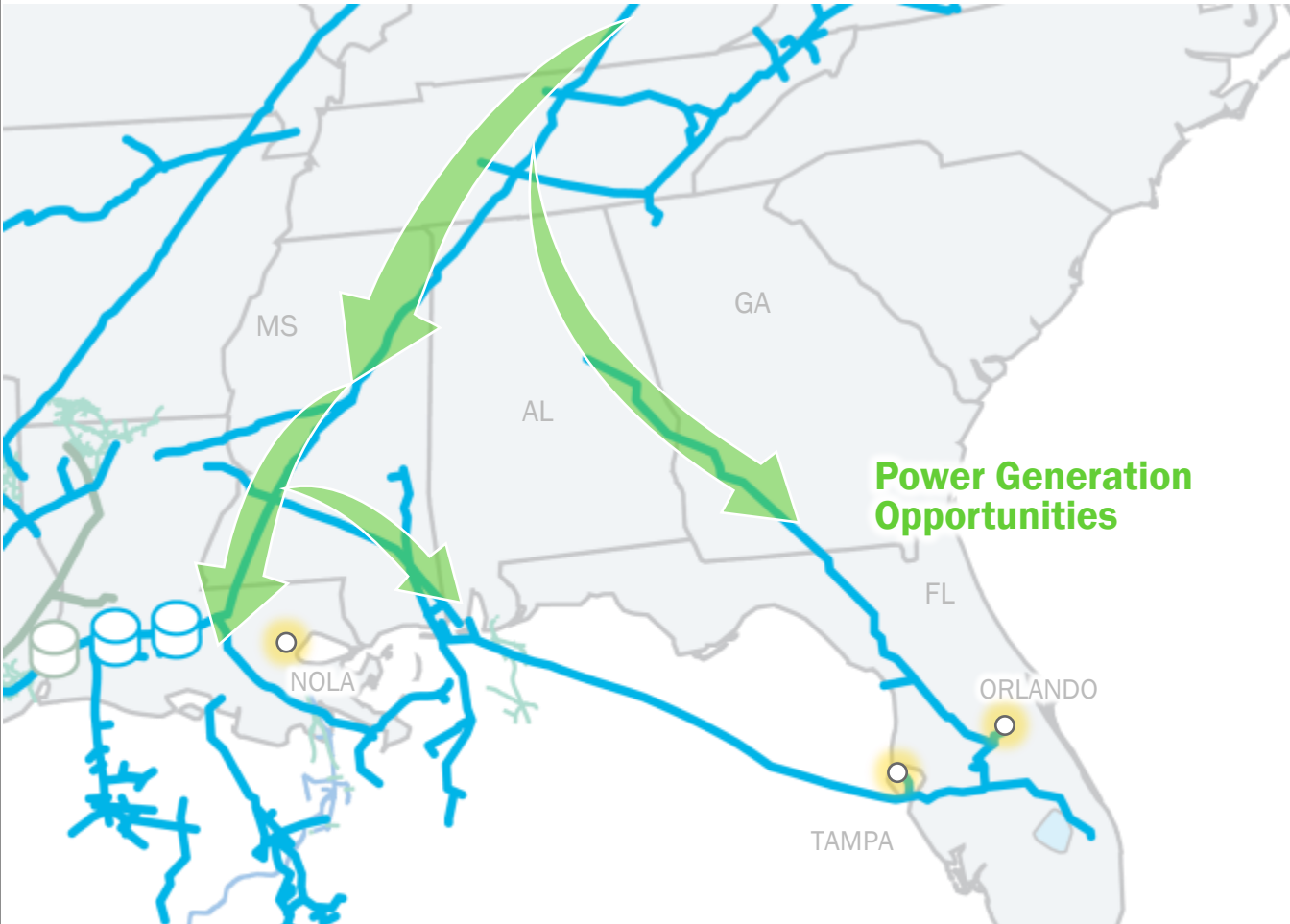
## LNG

- Well positioned to serve LNG export opportunities
- Opportunity to optimize existing LNG import facilities to deliver flexible services

**\$1-3B**  
in opportunities

Natural gas fired generation is replacing retiring generation

# Southeast Markets - Potential Growth



## Southeast Markets

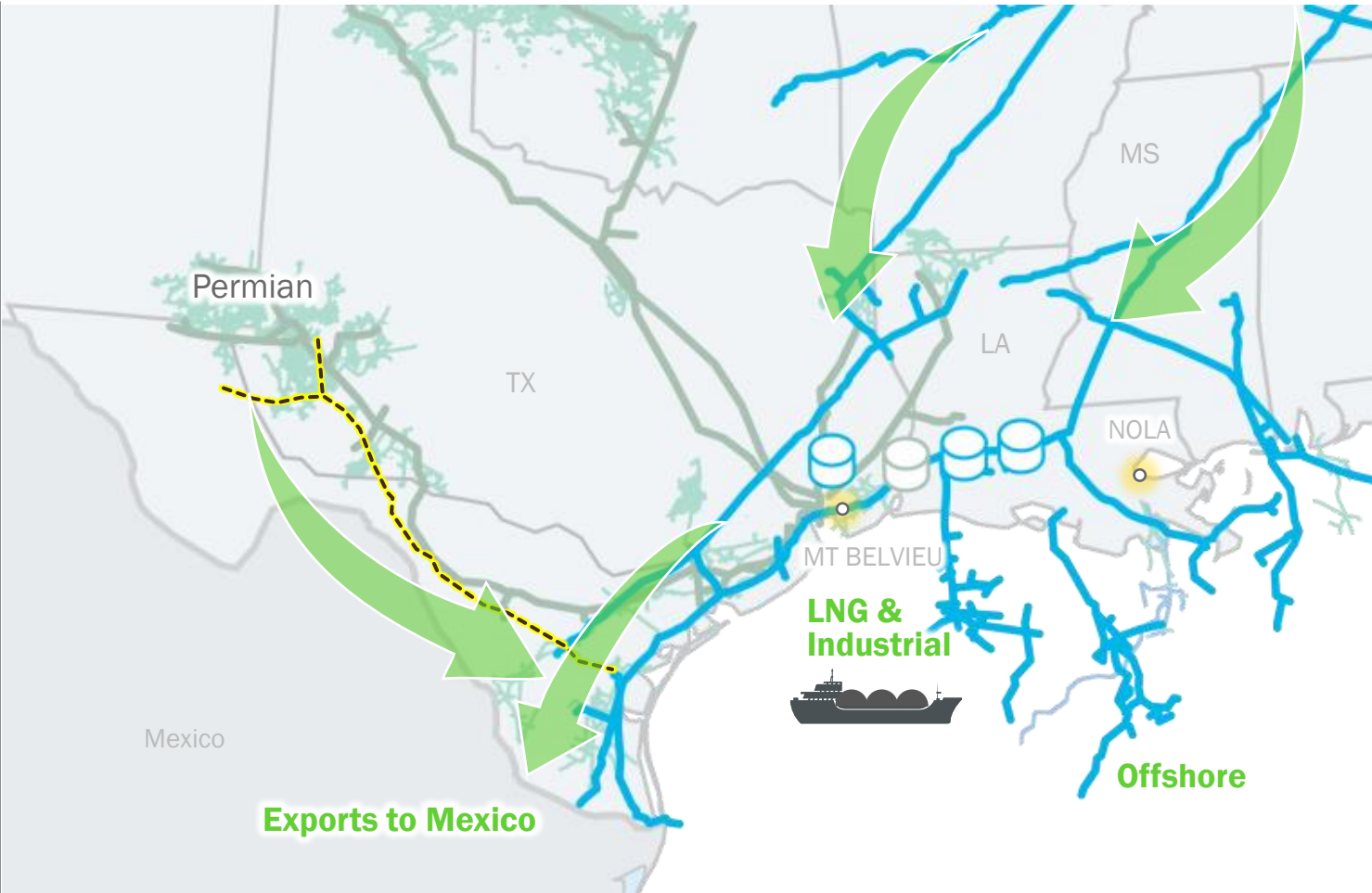
- Generating capacity in Florida is expected to grow by 15+% by 2026
- Majority of this growth is projected to be natural gas-fired generation

**\$1-2B**  
in opportunities

Continued growth in natural gas fired power generation



# Gulf Coast Markets - Potential Growth



## Exports to Gulf Coast & Mexico

- Texas Eastern, Brazoria Interconnector Gas and Valley Crossing assets well connected to deliver to Gulf Coast LNG and Mexico markets

## Permian

- Expanding Permian supply pushing to feed growing Gulf Coast export markets, including LNG and Mexico

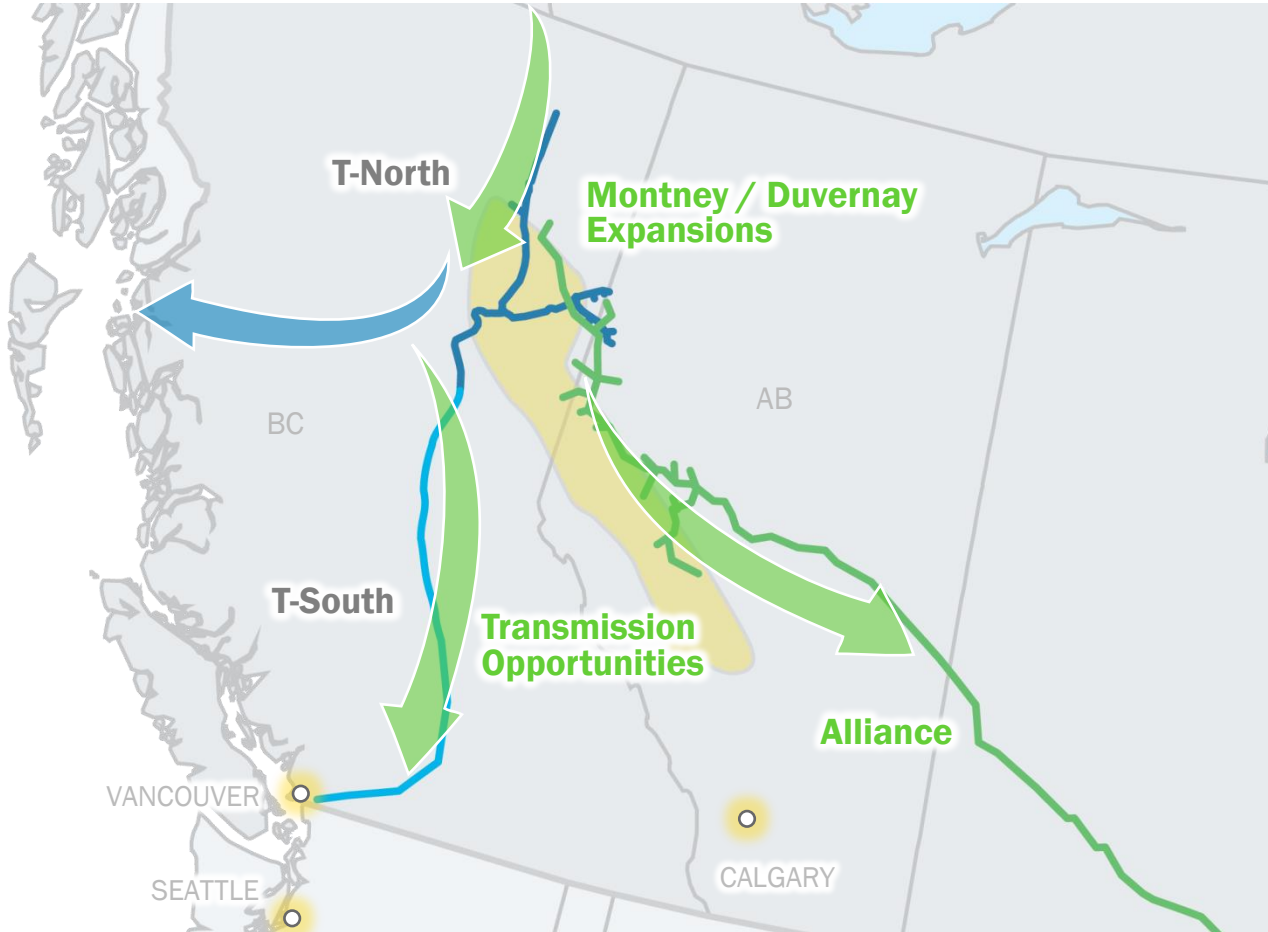
## Offshore

- Continue pursuing offshore opportunities for attractive incremental investments in the U.S. Gulf Coast

**\$2-4B**  
in opportunities

New Gulf Coast natural gas demand drives solid growth opportunities

# Western Canada - Potential Growth



## Western Canada

- Growing supply presents many infrastructure opportunities to support Montney and Duvernay:
  - Pipeline expansions: T-North, T-South, Alliance
  - NGL infrastructure solutions
  - Greenfield LNG

**\$4-6B**  
in gas & NGL  
pipeline  
opportunities

**\$5-10B**  
in LNG specific  
opportunities

Enbridge ideally positioned to capture opportunities

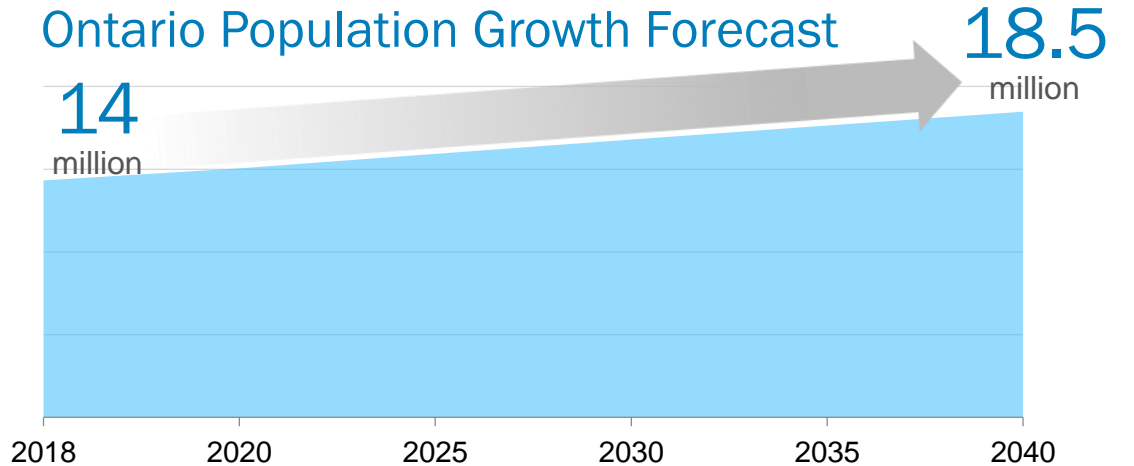
# Utilities

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# Utilities Business



## Ontario Population Growth Forecast



Source: Ontario Ministry of Finance

- Largest volume and fastest growing franchise
- Infrastructure positioned to serve growing supply basins and growing end use markets
- 280 bcf of Dawn Storage with growth potential
  - Dawn-Parkway Transmission connects multiple supply basins with strategic growth markets

Largest and fastest growing natural gas utilities in North America

# Utilities - Strategic Growth Prospects

- Largest and fastest growing gas utility franchise in North America
- Steady annual growth opportunities through new customer additions and system expansions



**1-2%**  
per year  
base business  
growth  
post-2020

- Amalgamation synergies
- Cost management
- Revenue escalators
- Storage & transportation optimization

**\$2B**  
Secured projects  
in execution

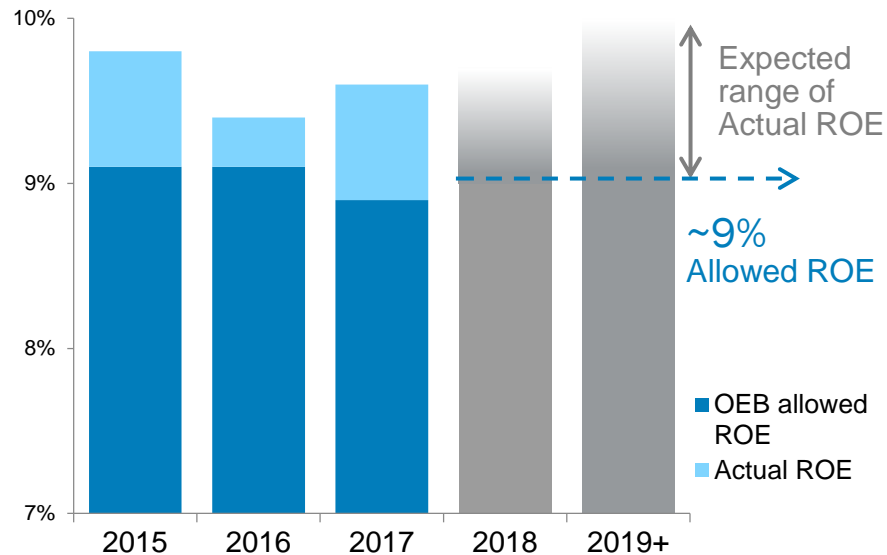
- Rate base additions driven by customer growth
- Dawn-Parkway expansion
- Utility reinforcement - Windsor & Owen Sound

**~\$1B**  
per year future  
development  
opportunities  
post-2020

- Post-2020 customer additions
- Community expansions
- Dawn-Parkway expansions
- RNG/CNG growth
- Ontario electricity transmission

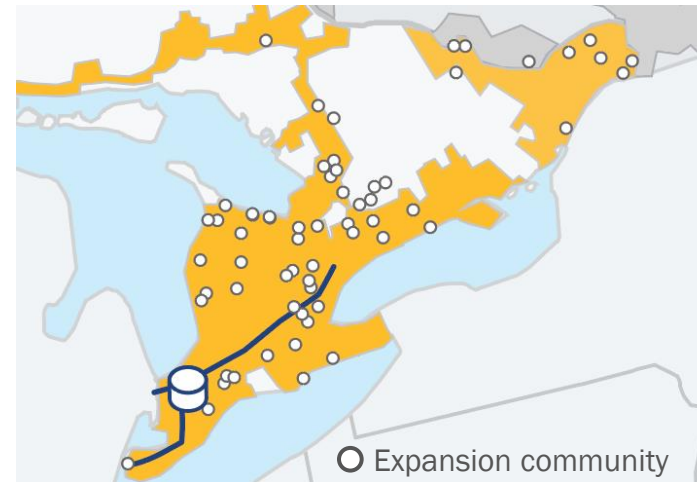
# Utility Growth Outlook

## Incentive Rate Structure



- Potential to earn over 100 bps of excess earnings during 5 year term

## Growth through community expansions



- Utility growth through new community expansion
  - Supportive new legislation in place
  - 50-70 new expansion communities

## In-franchise expansion and modernization



- Modernization and reinforcement work in Windsor and Owen Sound, Ontario
- Expansion of Dawn to Parkway system providing ~75 mmcf/d of incremental capacity

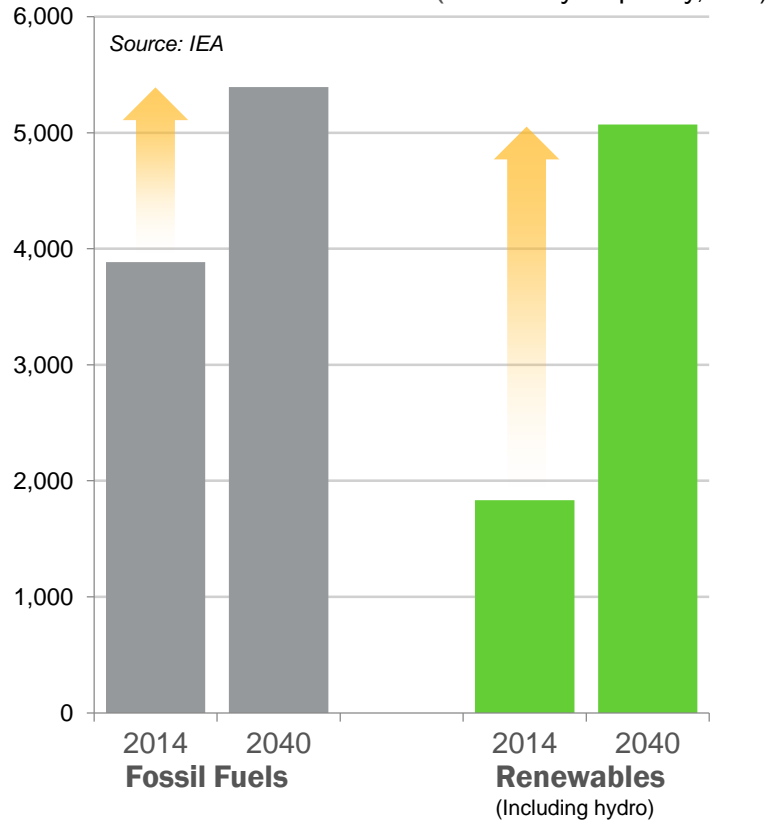
Low risk regulated business with attractive transparent growth opportunities

# Offshore Wind

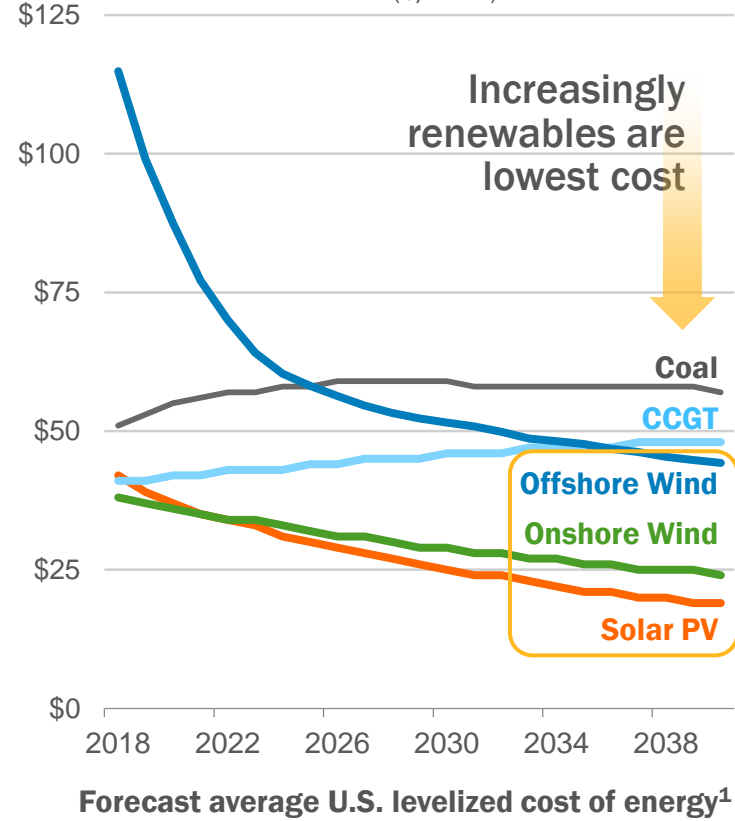
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# Offshore Wind Business Update

## Renewable Power Fundamentals (Electricity Capacity, GW)



## Declining Costs for Renewables (\$/KWh)



## Aligns with Enbridge Value Proposition

	Liquids & Gas	Offshore Wind
Attractive low risk returns	✓	✓
Strong commercial underpinnings	✓	✓
Scalable platform for growth	✓	✓
Minimal commodity price risk	✓	✓
Manageable capital cost risk	✓	✓

Scalable platform with strong returns and reliable cash flows

<sup>1</sup>Source: BNEF NEO 2018. Levelized cost of energy (LCOE) numbers are for U.S. new-build generation allowing for average capacity factors, and do not include any carbon tax or PTC/ITC subsidies. The LCOE for offshore wind is a global average number.

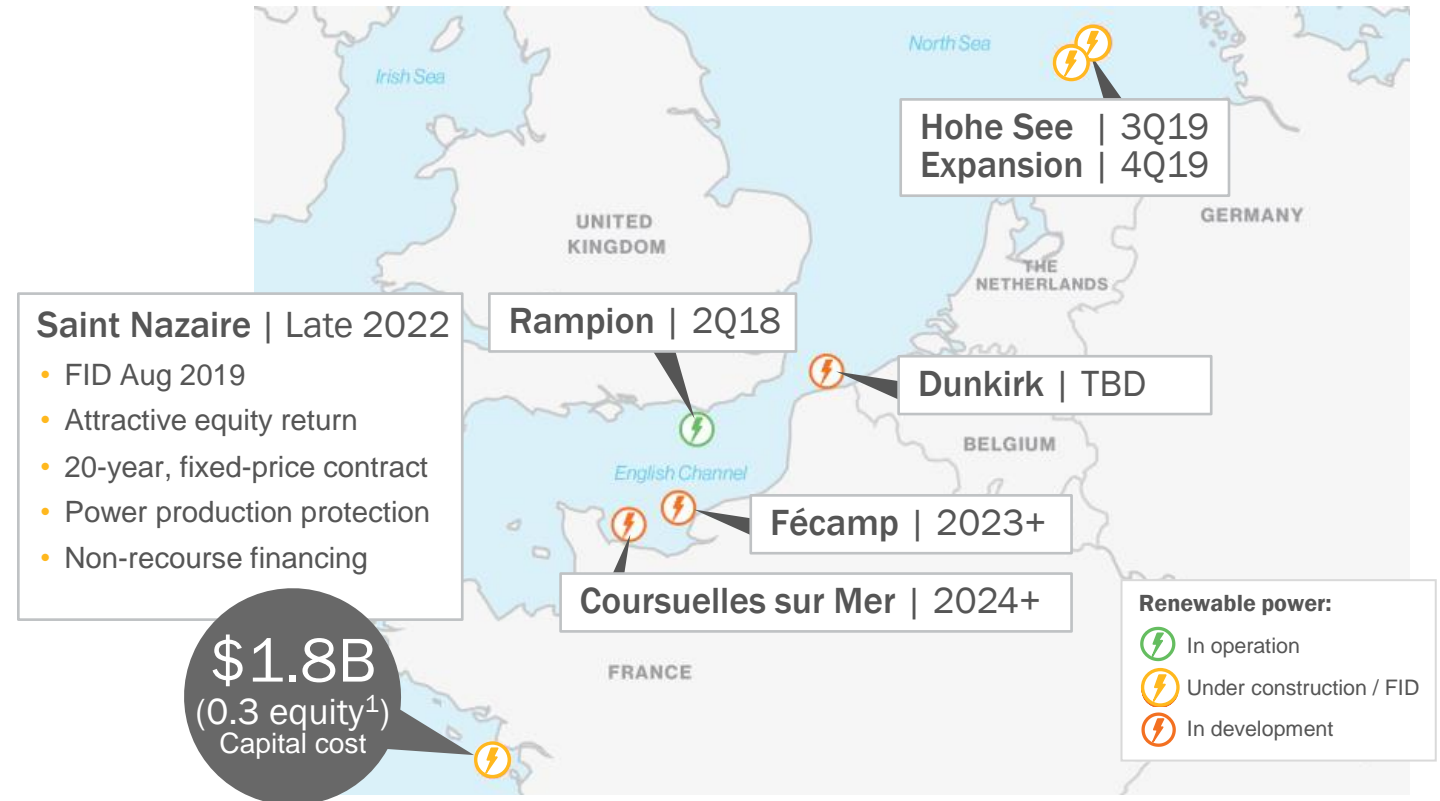


# European Offshore Wind Projects

## European Fundamentals

- ✓ Higher barriers to entry
- ✓ Few well-capitalized players
- ✓ Mega-scale projects
- ✓ Contracted offtake, double digit returns
- ✓ Strong government commitment
- ✓ Strong partnerships: ENBW, EDF
- ✓ Development pipeline expertise

## Growing Asset Footprint (facility | est. ISD)



Saint-Nazaire project reaches FID; Dunkirk project added to development backlog

<sup>1</sup> Enbridge's equity contribution will be \$0.3B, with the remainder of the construction financed through non-recourse project level debt

# Appendix B

## Financial Guidance

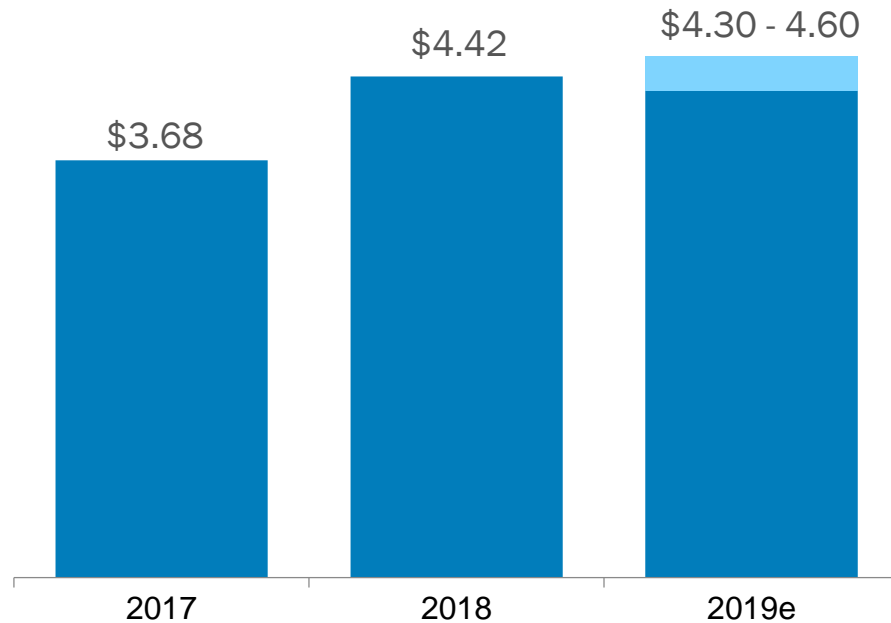
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# Financial Outlook<sup>1,2</sup>

## 2019 Distributable Cash Flow (DCF)



### Consolidated DCF/share



(\$MM, except per share amounts)

### 2019 Guidance

<b>Adjusted EBITDA</b>	~\$13,000
Maintenance capital	~(1,200)
Current income taxes <sup>3</sup>	~(400)
Financing costs	~(3,000)
Distributions to non-controlling interests	~(200)
Cash distributions in excess of equity earnings	~500
Other non-cash adjustments	~200
<b>DCF</b>	~\$8,900
<b>DCF/Share Guidance</b>	\$4.30 - 4.60

### 2019 DCF Sensitivities - after hedging

Market Prices Movements	Annualized Base Plan Assumption	DCF/ Share
+/- .25% Interest Rates	Current market rates <sup>4</sup>	~\$0.005
+/- \$.01 CAD/USD	\$1.30	~\$0.01

(1) Guidance provided December 11, 2018 at 2018 Annual Investor Day assuming a Line 3 Replacement Project ISD of November 1, 2019. The Company is currently developing a revised construction plan for the project to accommodate a longer than anticipated permitting schedule and the project ISD is currently under review. The Company is not changing its 2019 guidance as a result of the change in permitting schedule.

(2) 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).

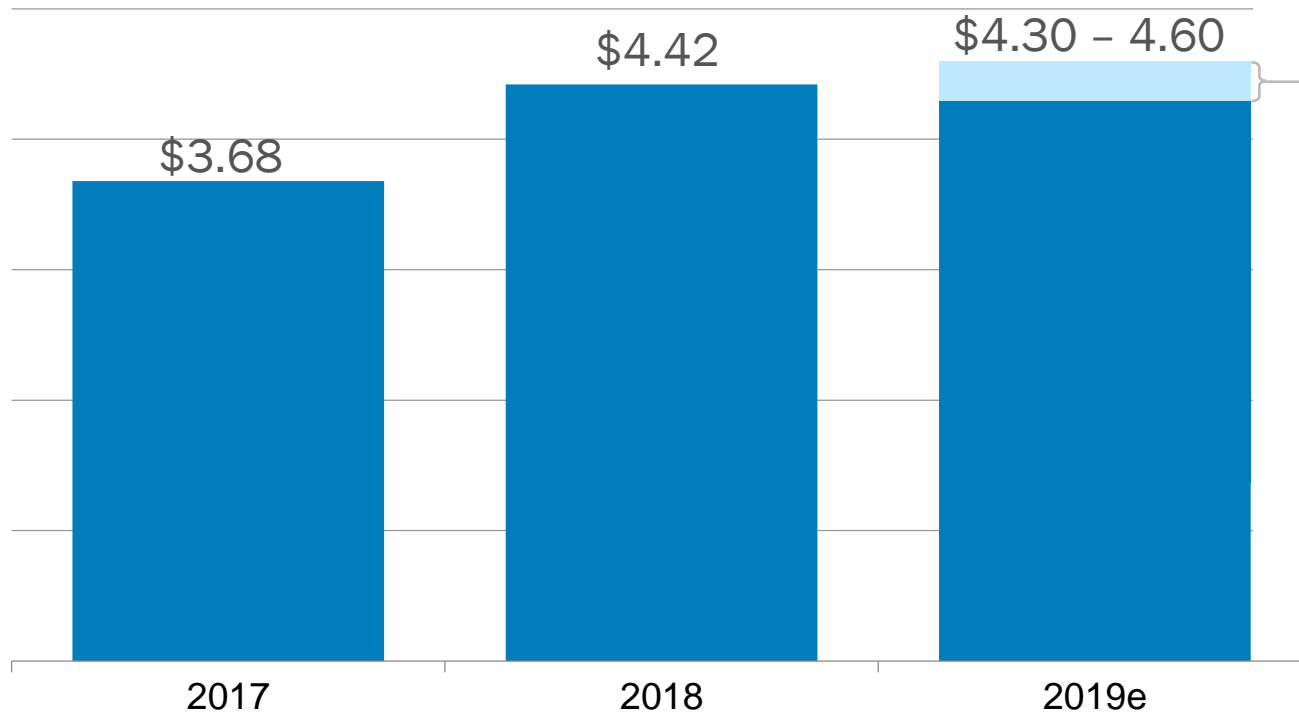
(3) Book income tax rate forecast of 20%.

(4) 3M CDOR: 2.4%; 3M LIBOR 3.0%; 10Y GoC 2.7%; 10Y UST: 3.2%.

# Re-affirming 2019 Financial Outlook



## 2019 Distributable Cash Flow (Consolidated DCF/share<sup>1</sup>)



### Q1-Q2 STRENGTH

- Energy Services
- Liquids Pipelines
- Gas Distribution

### Q3-Q4 GUIDANCE VARIANCES:

- Line 3 delay
- GTM integrity expense
- O&A timing
- Moderating Energy Services margins



Strong start to 2019, reiterating 2019 guidance range of \$4.30 – \$4.60/share

(1) DCF/share is a non-GAAP measure. Reconciliations to GAAP measures can be found at [www.enbridge.com](http://www.enbridge.com).