# 2019 Financial Results & Business Update


ENBRIDGE

February 14, 2020

**Al Monaco**, Chief Executive Officer | **Colin Gruending**, Chief Financial Officer

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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.govand SEDAR at www.sedar.comunder Enbridge's profile.

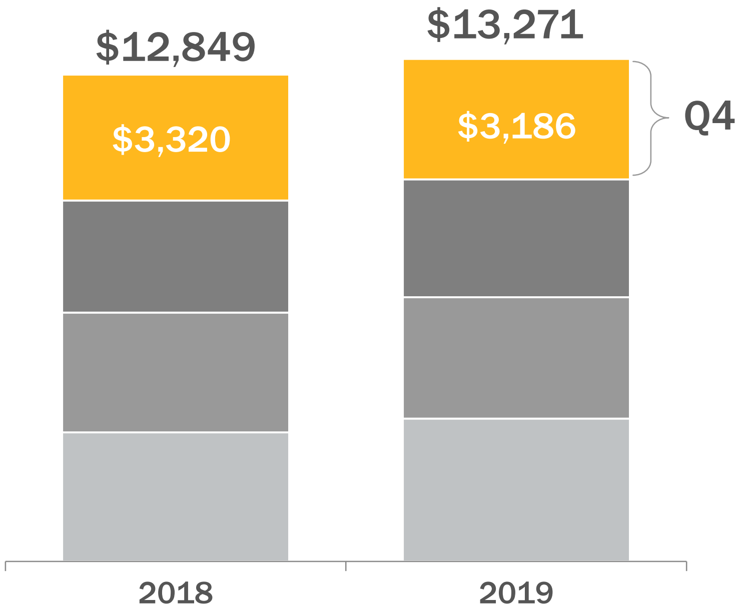
# Q4 Highlights

| | |
|---|---|
| **Delivered strong financial results & debt metric** | • Solid performance across all businesses<br>• Achieved $1.02 DCF/share ($4.57 FY); 4.5x Debt: EBITDA<br>• Closed $1.7B Midstream sale |
| **Optimized the base business** | • Delivered ~100 kbpd of Mainline throughput optimization<br>• Reached Texas Eastern rate settlement with customers<br>• Capturing utility synergies<br>• Filed Mainline contract application with CER |
| **Executed capital program** | • Placed ~$7B of new projects into service:<br>– Gray Oak, Hohe See & expansion, and Canadian segment of Line 3R |
| **Growing organically** | • USGC crude terminal and export facilities<br>• Agreements to acquire Rio Bravo pipeline and to serve Rio Grande LNG<br>• Reached agreement to serve Annova LNG |

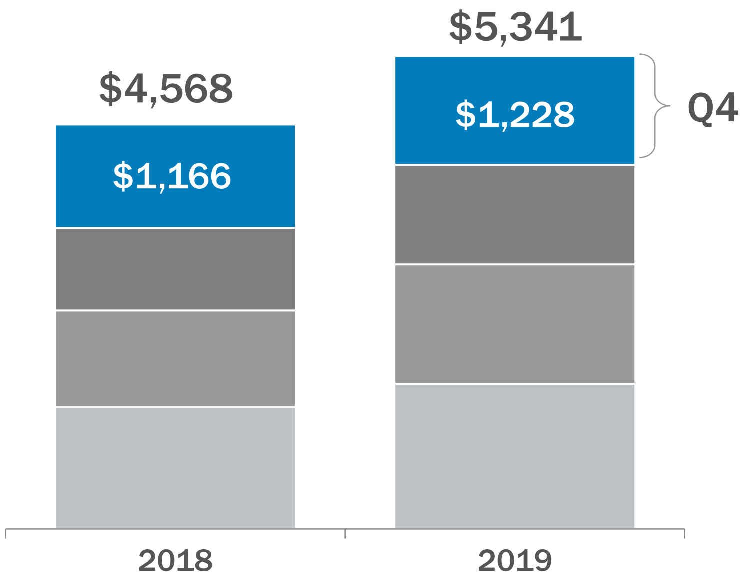
Increased 2020 dividend by 9.8%, supported by strong financial results & outlook

# 2019 Financial Results Summary ($ millions)

## Adjusted EBITDA

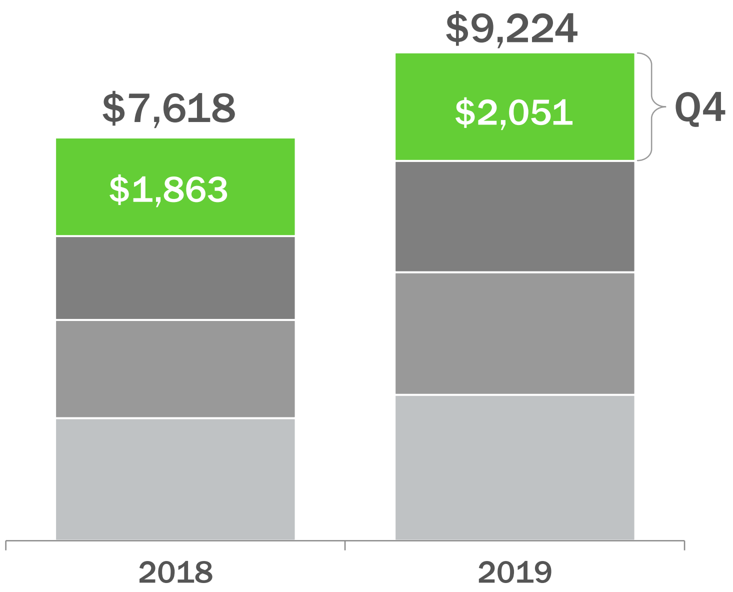



## Adjusted Earnings




| | 2018 | 2019 |
|---|---|---|
| Q4: | $0.65/ share | $0.61/ share |
| YTD: | $2.65/ share | $2.65/ share |

## Distributable Cash Flow




| | 2018 | 2019 |
|---|---|---|
| Q4: | $1.05/ share | $1.02/ share |
| YTD: | $4.42/ share | $4.57/ share |

**Strong results driven by solid operating performance across the entire asset base**

Adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA), Adjusted Earnings and Distributable Cash Flow (DCF) are non-GAAP measures. For more information on non-GAAP measures including reconciliations to GAAP measures, please refer to disclosure in the Q4 earnings release available at www.enbridge.com.

# Projects Placed Into Service in Q4

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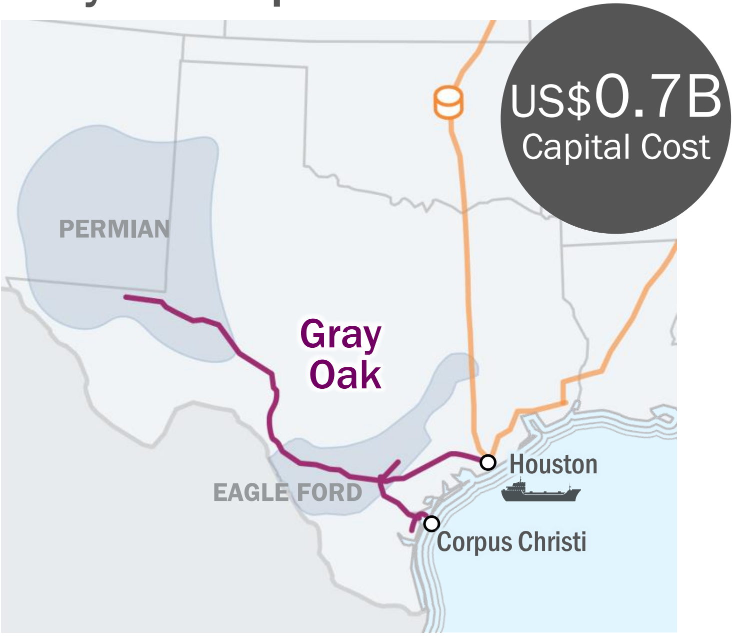
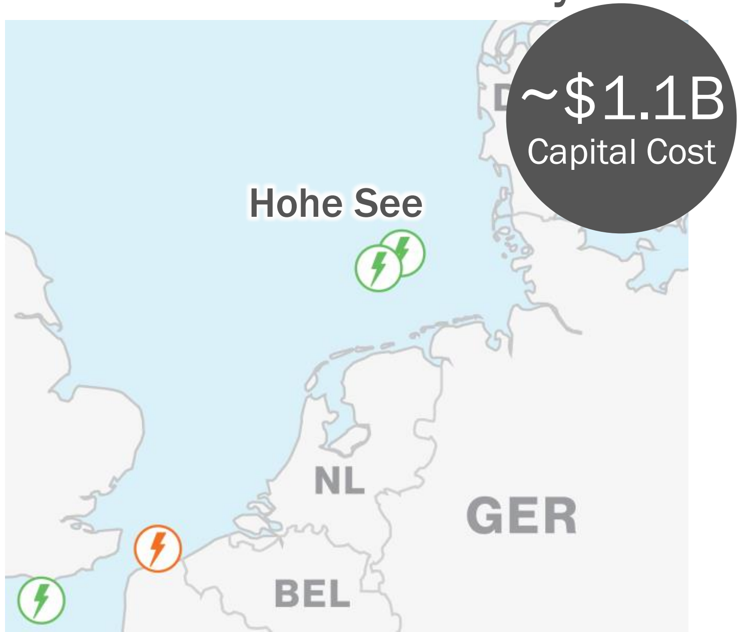
## Gray Oak Pipeline



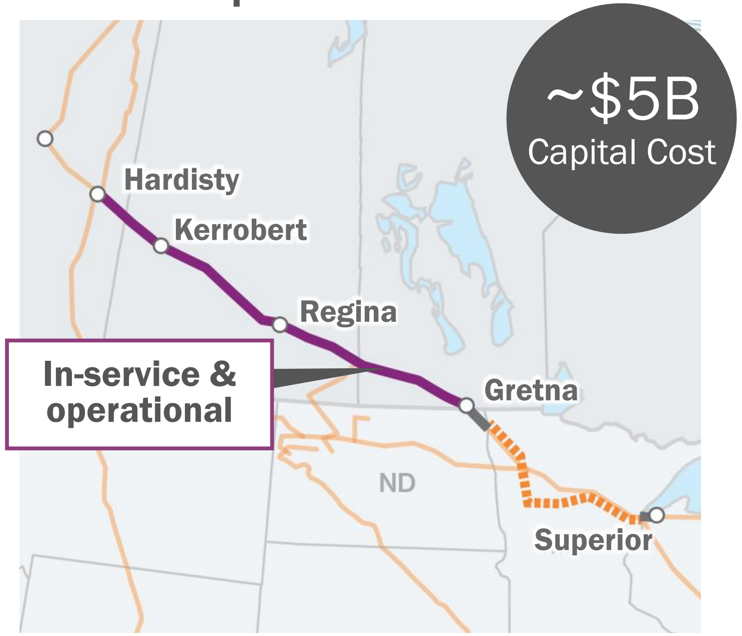

- 900 kbpd serving USGC
- Take-or-pay contracts
- Initial operations in 4Q; full service in 2Q20

## Offshore Wind - Germany




- 609MW Offshore wind project
- Placed into service Nov/Jan
- 20-year PPA

## Line 3 Replacement - Canada




- Immediately enhances safety and reliability
- Interim surcharge of US$0.20/bbl
- Placed into service Dec. 1

~$7B of projects placed into service in Q4 will generate DCF growth

# Line 3 Replacement Update - Minnesota

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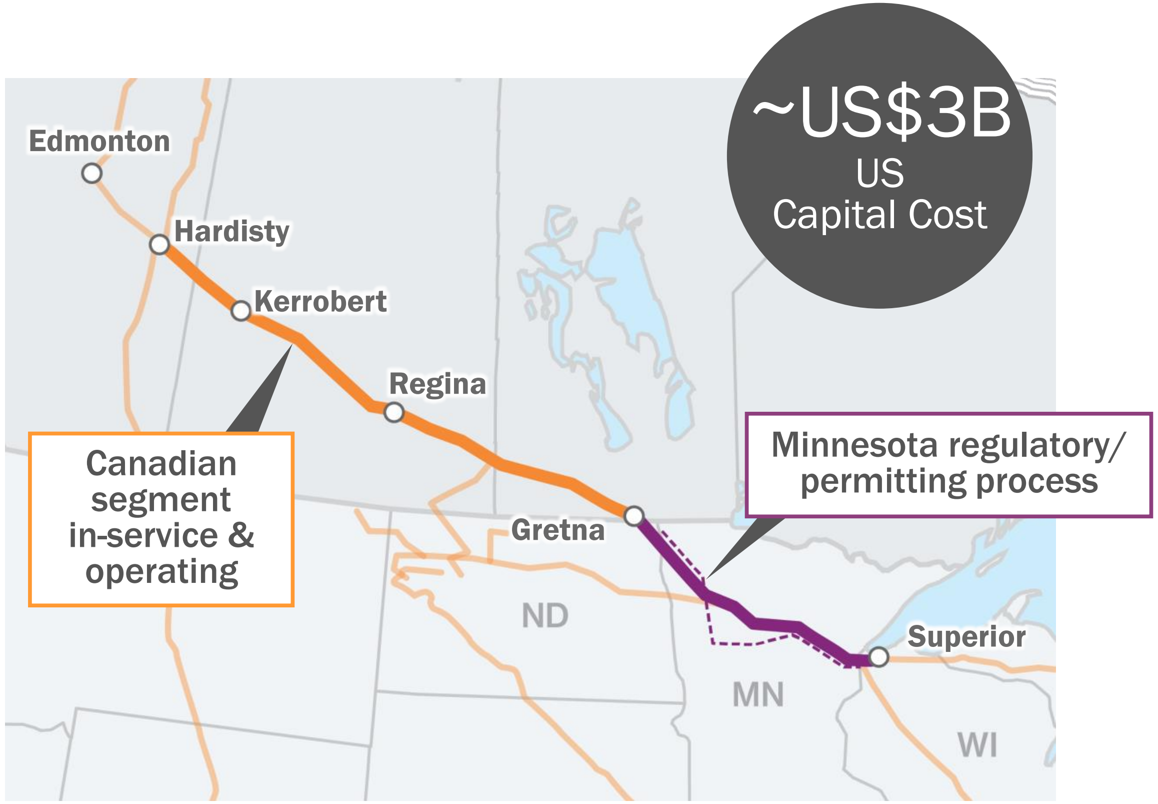
- Regulatory and permitting milestones
  - Feb 3: MPUC Public Hearing
    - Environmental Impact Statement deemed adequate
    - Certificate of Need and Route Permit reinstated
  - Permitting agency updates
    - Pollution Control Agency to issue draft permits Feb 26 followed by public comment period
    - U.S. Army Corps of Engineers initiated additional public consultation period Feb 4
    - Department of Natural Resources drafting permits




Critical integrity project enhancing safety and reliability

# Line 3 Replacement - Minnesota Project Milestones

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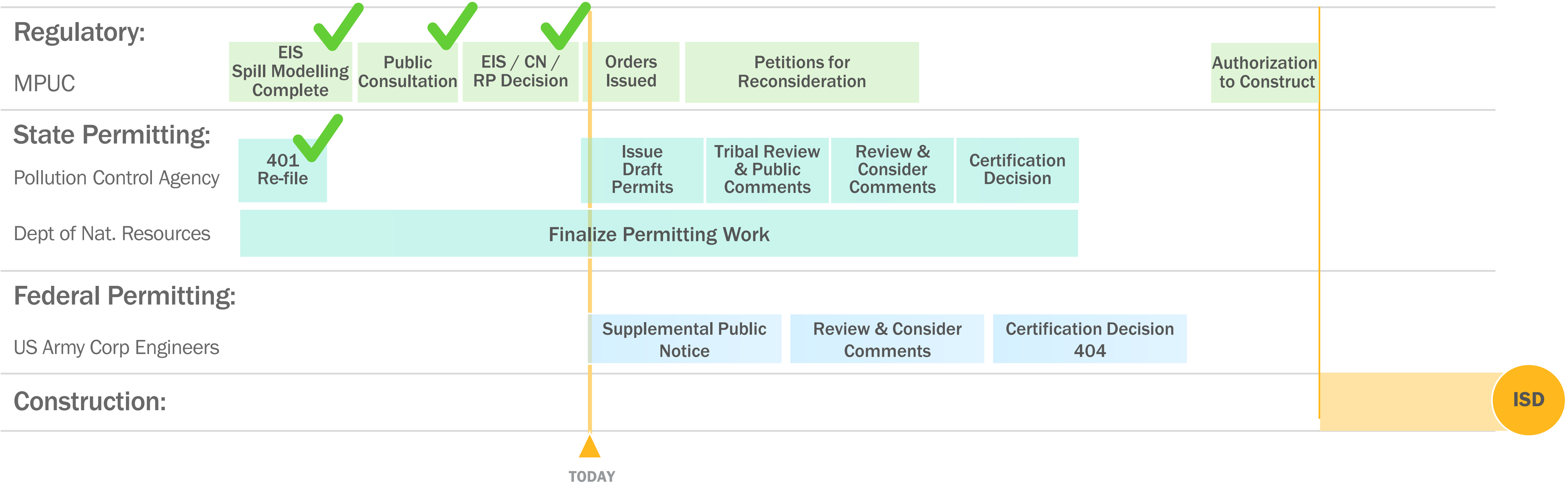
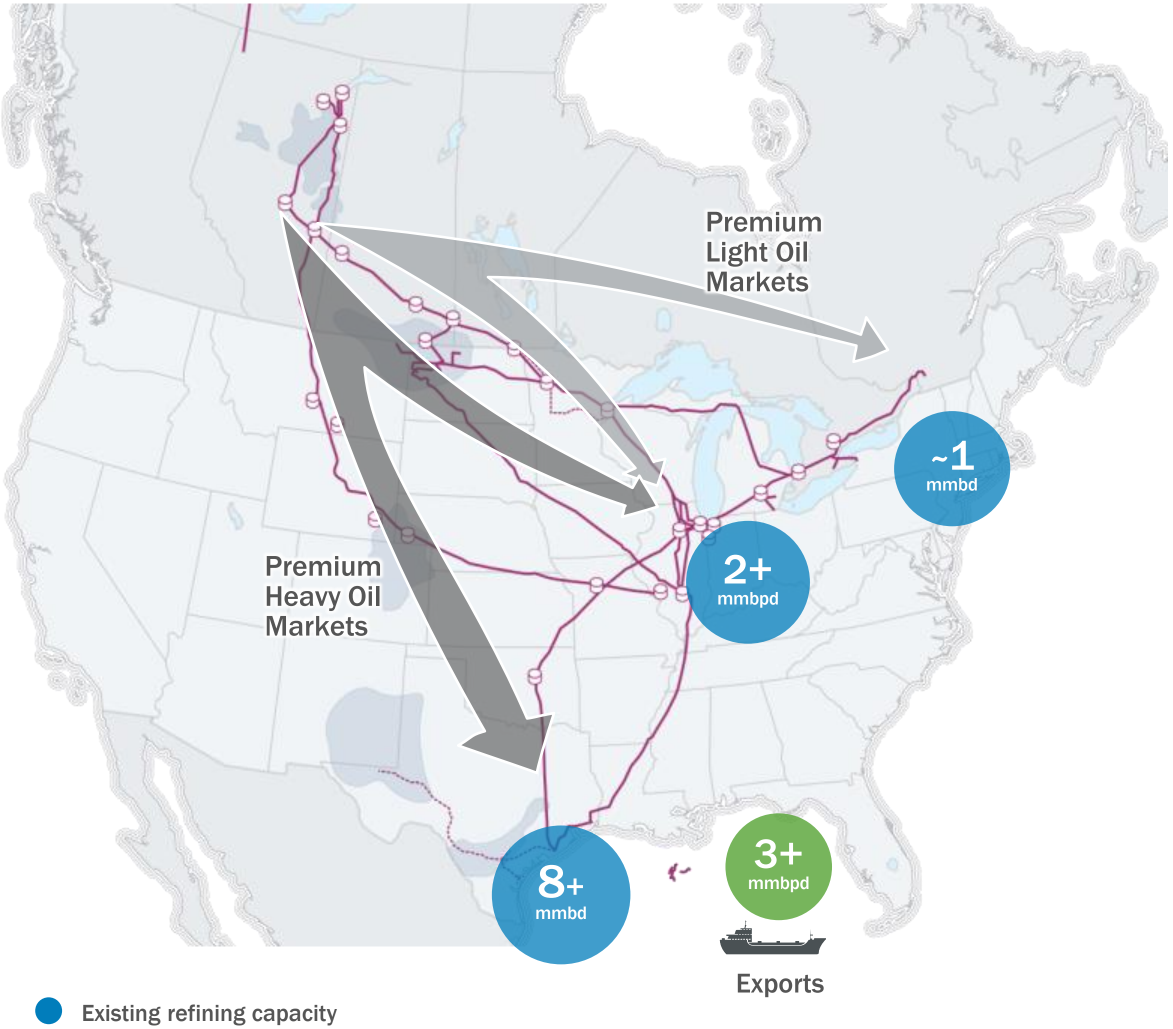
## Anticipated Sequence of Milestones




Achieved positive regulatory decisions, clearing path for permitting

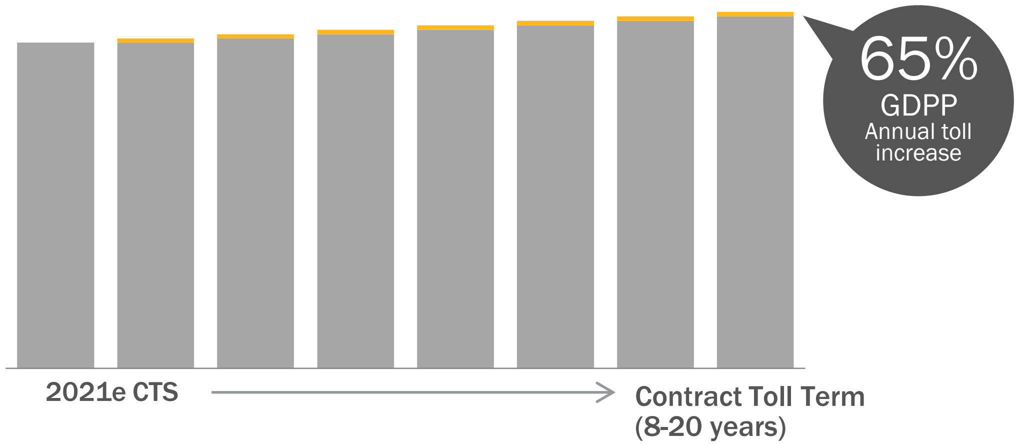
# Mainline Contracting




## Shipper & Public Interest Benefits

1. Competitive & stable tolls to the best markets
2. Open access for all shippers
3. Secures long-term demand for WCSB
4. Establishes framework for future growth

## Competitive and Stable Tolls



# Mainline Contracting – Benefits for all Shippers

## Striking a Balance

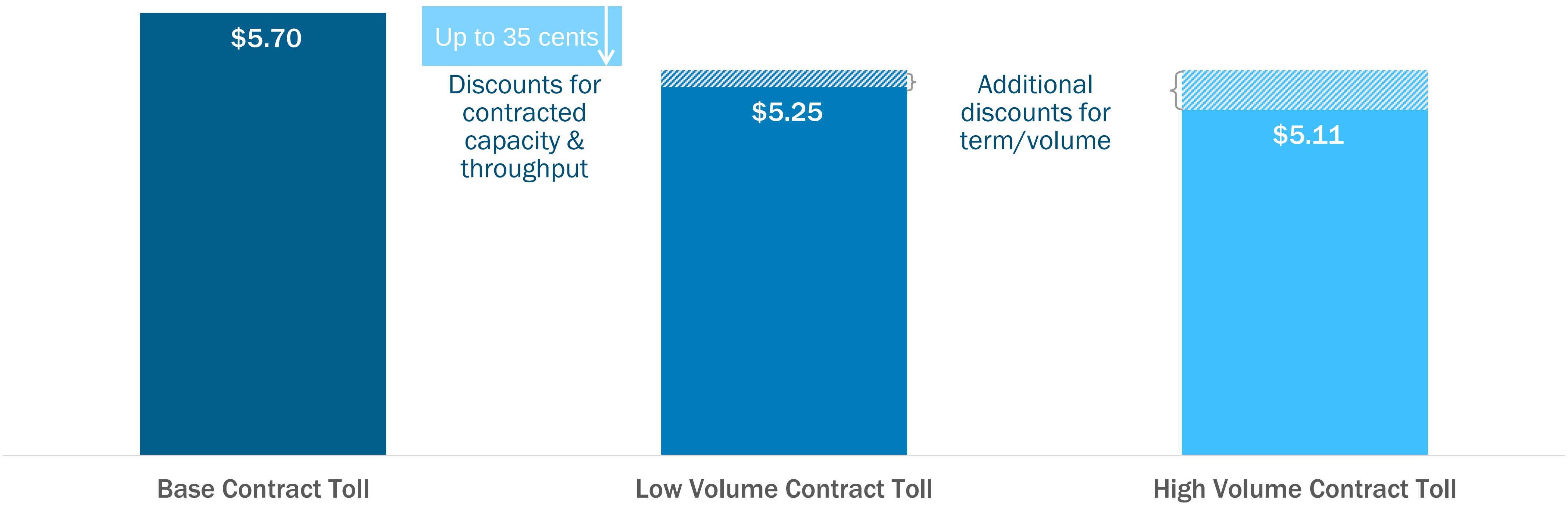
| Benefit | Producer | Refiner / Integrated Producer |
|---|---|---|
| Secures Supply/Demand for WCSB production | ✔ | ✔ |
| Stable and Competitive Tolls | ✔ | ✔ |
| Flexible Contracts | ✔ | ✔ |
| Priority Access | ✔✔ | ✔✔ |
| Improves WCSB Netback | ✔ | ✖ |

- Mainline contract offering balances the diverse interests of our customers
  - **Producers:** Flexible contracts with economic tolls strengthen competitive position and support the best netbacks
  - **Refiners & Integrated Producers:** Secure reliable access to WCSB supply at competitive and stable tolls
- Supports future expansion and further spot capacity additions

An attractive and competitive offering with greater than 70% support from current shippers

# Mainline Contracting – Competitive and Stable Tolls

## Hardisty to Chicago Heavy (US$/bbl)




Toll offering in line with or below CTS exit toll

* If the open season success fully reaches 90% of capacity, all contract shippers can receive up to a $0.05 discount; In addition, if Mainline throughput exceeds a threshold of at least 2.75 million barrels per day, all contract shippers can receive up to a $0.30 per barrel discount

# Mainline Contracting – Next Steps

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## Estimated Process Timeline:

Dec 19, 2019

2Q 2021

**Regulatory:**

Filed Application with CER

CER Hearings & Decisions

Public Comment Period (Feb 7)

Hearing Orders Issued

Information Requests

Oral Hearing

Decision

**Commercial:**

Mainline Open Season

New Framework in Effect

Enbridge remains committed to contracting the Mainline; expects a thorough regulatory process

# USGC Strategy – Fundamentals

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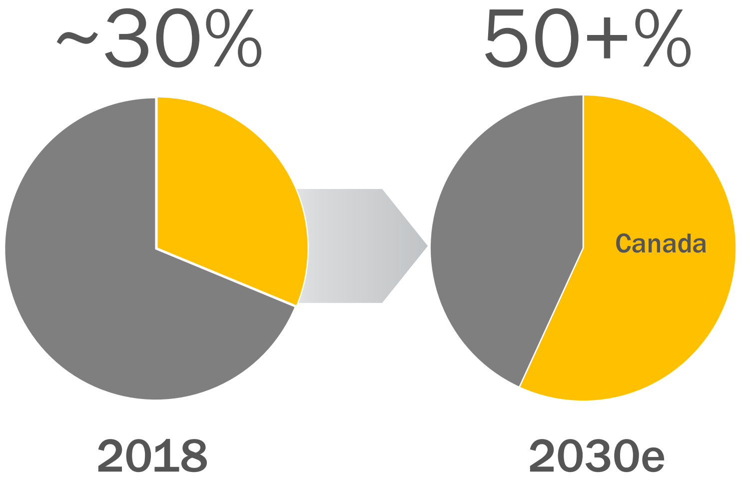
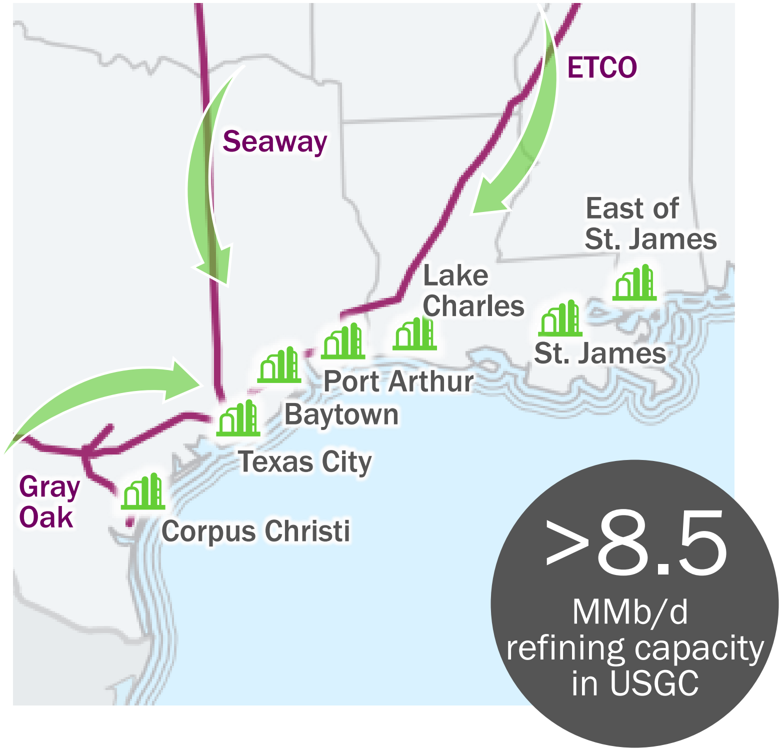
## USGC Heavy Supply



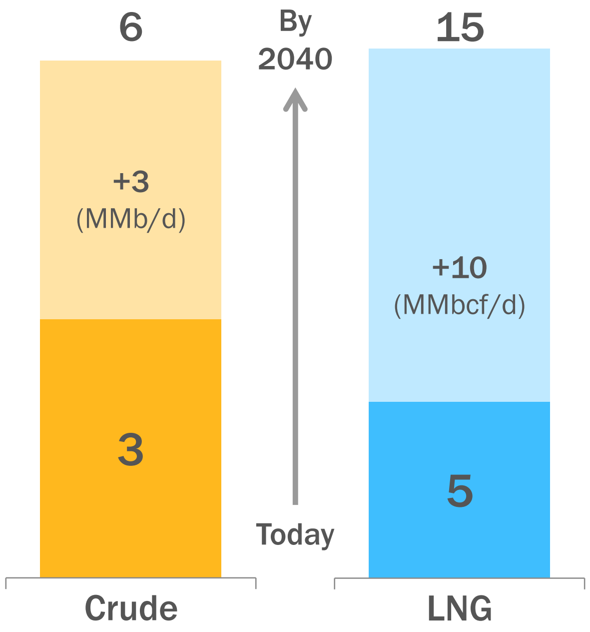

Opportunity for Canadian heavy to fulfill strong USGC demand, in light of falling heavy imports

## USGC Refining Capacity




## Exports: Crude & LNG

(Canada & US)

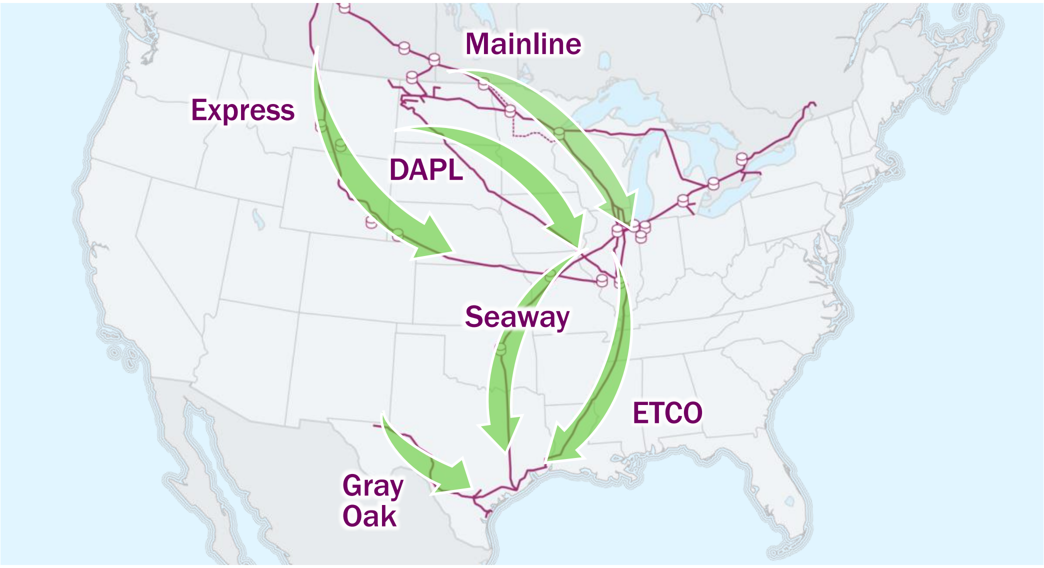



Strong USGC fundamentals support further infrastructure investments

Liquids and natural gas supply forecasts: IEA 2019 WEO - Stated Policies Scenario; current LNG export updated for 2019.
Export forecasts: Enbridge internal view

# USGC Strategy – Liquids

## Expanding Access to U.S. Gulf Coast




- **Seaway Pipeline** – open season underway
- **Bakken Pipeline System –** open season underway

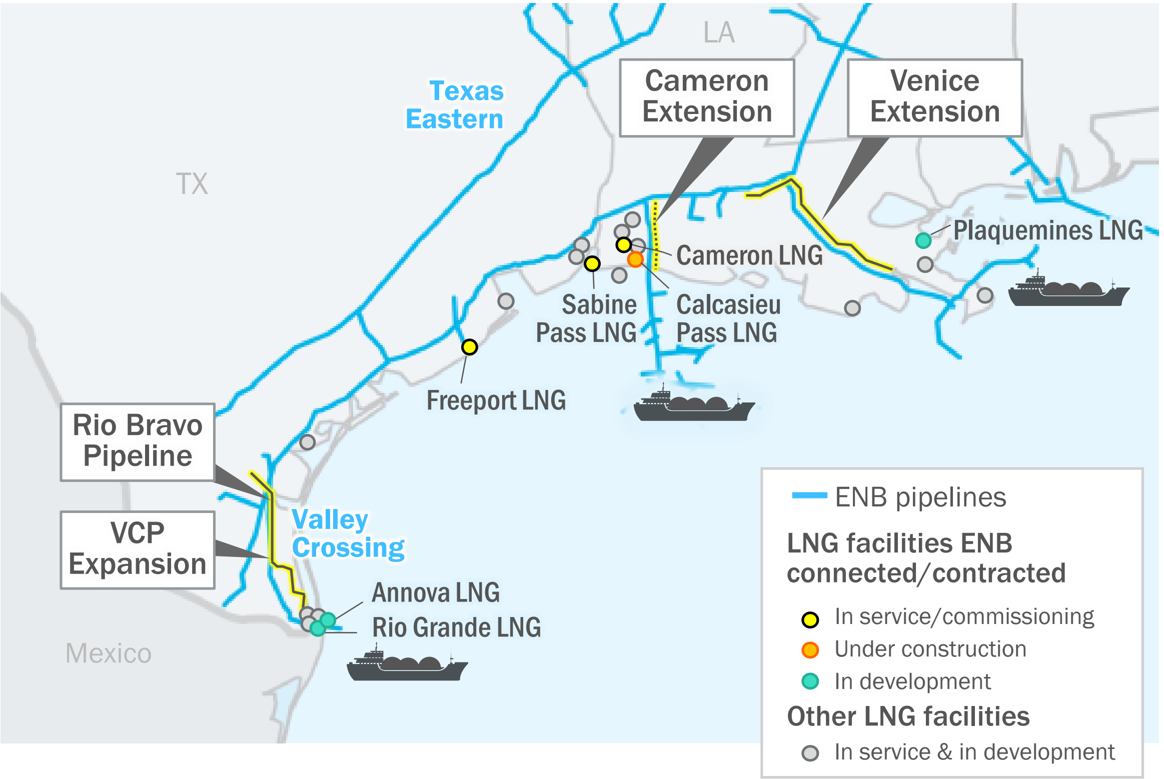
## Enbridge Houston Oil Terminal/SPOT


- **Houston Oil Terminal** –
  - 15 MMBbl of storage with access to all major NA basins, fully integrated with Seaway distribution network
  - Directly feeds into 13 refineries in the Houston area and Nederland/Beaumont
- **SPOT** – jointly market VLCC
- **COLT** – position for future development

Expansion of value chain into USGC terminals and export loading facilities

# USGC Strategy – Natural Gas/LNG

## U.S. Gulf Coast




- Texas Eastern and Valley Crossing well-positioned along the U.S. Gulf Coast
- Connected to 3 LNG facilities and 4 projects at various stages of construction and development

### In-development

| | | |
|---|---|---|
| **Cameron Extension** | • New Texas Eastern lateral<br>• Calcasieu Pass LNG | **US$0.2B** |
| **Venice Extension** | • Reversal of Texas Eastern Venice Lateral<br>• Plaquemines LNG, pending FID | **US$0.4B** |
| **Rio Bravo Pipeline** | • Construct Rio Bravo pipeline<br>• Rio Grande LNG, pending FID | **US$1.2B** |
| **Valley Crossing Extension** | • Expansion of Valley Crossing<br>• Annova LNG, pending FID | **US$0.5B** |

Well-positioned to support growing natural gas supply to LNG export terminals

# USGC Strategy – LNG Pipeline Opportunities

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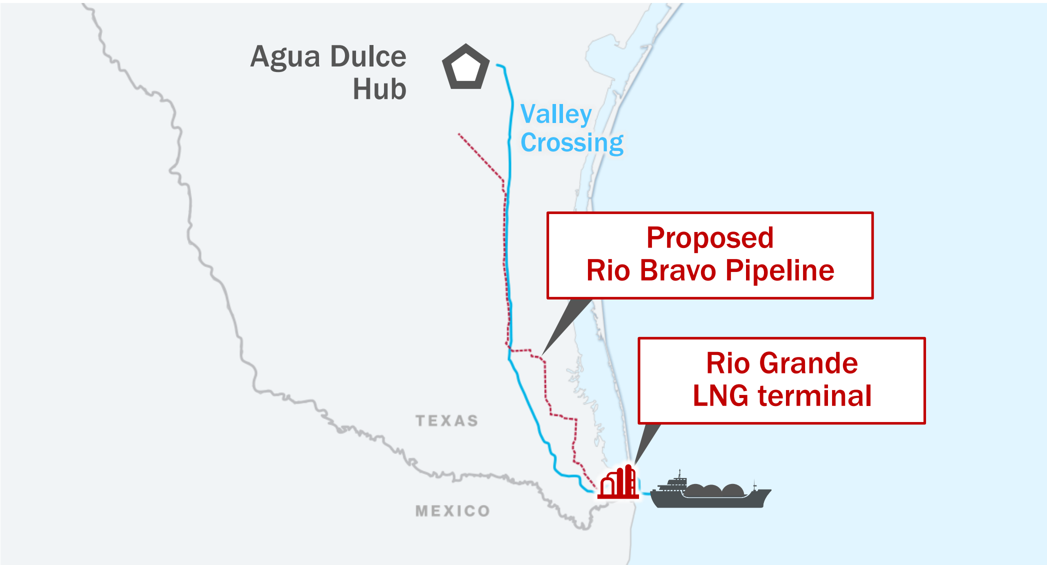
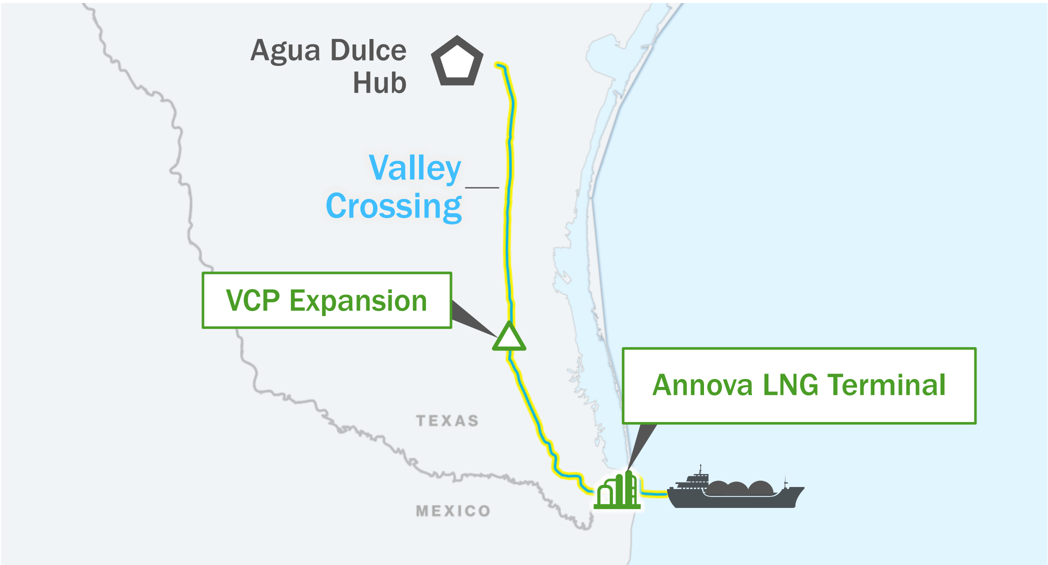
## Rio Bravo Pipeline




New pipeline to supply the Rio Grande LNG project

- US$1.2B investment plus expansion opportunities
- 20 year take-or-pay contract
- Subject to LNG plant FID

## Valley Crossing Expansion




Compression-based expansion of Valley Crossing to supply the Annova LNG facility

- US$0.5B investment
- 20 year take-or-pay contract
- Subject to LNG plant FID

Leveraging Valley Crossing footprint to meet growing demand from LNG exports

# Gas Transmission – System Modernization

## Opportunities across footprint

- Ongoing investment to upgrade existing infrastructure
- Maintain long-term resiliency of asset base as demand for natural gas grows
- Recovered through periodic rate proceedings
- 2020: US$0.8B of investment


**Compressor station upgrades**

**System enhancements and integrity work**

Actively managing rate case filings to ensure timely and fair return on current and future capital

# Utility Business Update

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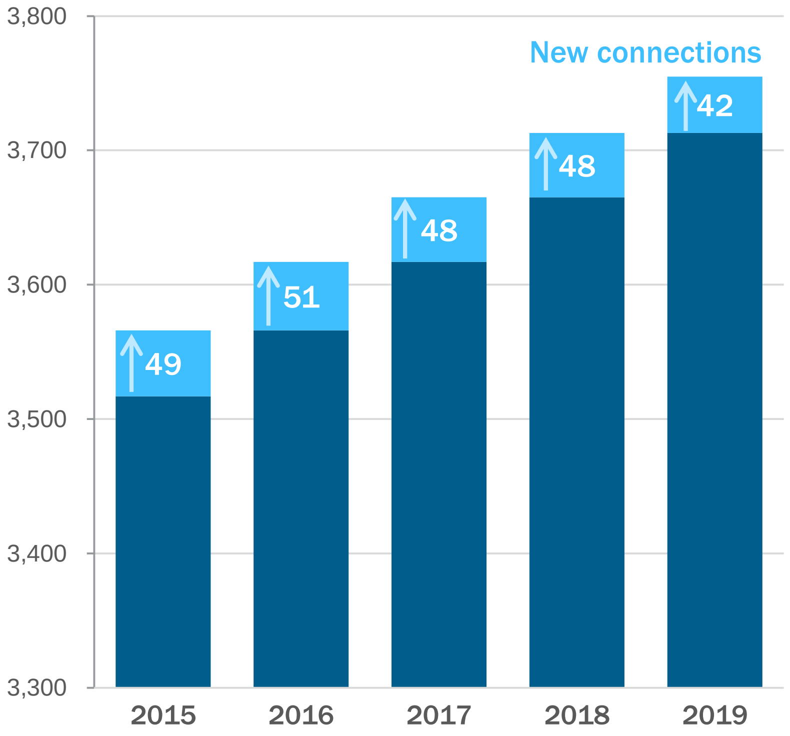
## Executing Secured Capital

| Secured Projects | ISD | Capital ($B) |
|---|---|---|
| **Dawn Parkway Expansion** | 2021 | $0.2 |
| **Windsor Line Replacement** | 2020 | $0.1 |
| **Owen Sound Reinforcement** | 2020 | $0.1 |
| **Normal Course Connections & Modernization** | Annual | ~ $0.5 |
| **TOTAL** | | **~$0.9B** |

## Reliable Demand Growth

**Total EGI Connections** (in 1,000s)




## Resilient Customer Base

- 12.7 million customers served
- Supportive policies to expand natural gas distribution service to 50+ new communities in Ontario
- Favorable natural gas cost

Strong utility rate base growth

# 2019 Adjusted EBITDA

| ($ Millions, except per share amounts) | 4Q18 | 4Q19 | FY 18 | FY 19 | 4Q19 vs. 4Q18 |
|---|---|---|---|---|---|
| Liquids Pipelines | 1,728 | 1.720 | 6,617 | 7,041 | ↑ Mainline throughput & tolls; Strong downstream pipeline volume<br>↓ Avg. FX hedge rates on Canadian Mainline |
| Gas Transmission & Midstream | 952 | 948 | 4,068 | 3,868 | ↑ Valley Crossing & Nexus in service late 2018<br>↓ Late 2018 asset monetizations |
| Gas Distribution and Storage | 452 | 481 | 1,726 | 1,819 | ↑ Rate base and customer growth<br>↓ Warmer weather |
| Renewable Power Generation | 98 | 119 | 435 | 424 | ↑ New projects placed into service |
| Energy Services | 73 | (22) | 167 | 269 | ↓ Narrowing basis differentials |
| Eliminations and Other | 17 | (60) | (164) | (150) | ↑ Higher realized FX hedge rates; Timing of O&A recoveries |
| **Adjusted EBITDA** | 3,320 | **3,186** | 12,849 | **13,271** | |

Adjusted EBITDA is a non-GAAP measure. Reconciliations to GAAP measures can be found in the Q4 earnings release available at www.enbridge.com.

# 2019 Distributable Cash Flow

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| ($ Millions, except per share amounts) | 4Q18 | 4Q19 | FY 2018 | FY 2019 | 4Q19 vs. 4Q18 |
|---|---|---|---|---|---|
| **Adjusted EBITDA** | 3,320 | **3,186** | 12,849 | **13,271** | ↓ Adjusted EBITDA drivers (previous slide) |
| Cash distributions in excess of equity earnings | 51 | 107 | 318 | 534 | ↑ Stronger equity distributions and new JV assets (Nexus & DAPL) |
| Maintenance Capital | (361) | (342) | (1,144) | (1,083) | |
| Financing costs | (771) | (800) | (3,099) | (3,099) | |
| Current income tax | (156) | (81) | (384) | (386) | ↓ Timing; FY in-line with guidance |
| Distributions to NCI* | (281) | (54) | (1,182) | (204) | ↑ Lower distributions to NCI due to Sponsored Vehicles buy-in |
| Other | 61 | 35 | 260 | 191 | |
| **DCF** | 1,863 | **2,051** | 7,618 | **9,224** | |
| Weighted Average Shares Outstanding (Millions) | 1,806 | 2,018 | 1,724 | 2,017 | ↓ Incremental shares issued in December 2018 to buy in Sponsored Vehicles |
| **DCF per share** | $1.03 | **$1.02** | $4.42 | **$4.57** | |

DCF per share results in top of full year guidance range

Adjusted EBITDA, DCF and DCF per share are a non-GAAP measures. Reconciliations to GAAP measures can be found in the Q4 earnings release available at www.enbridge.com.
*Distributions to NCI and redeemable NCI.

# Monetized $8B of Non-Core Assets

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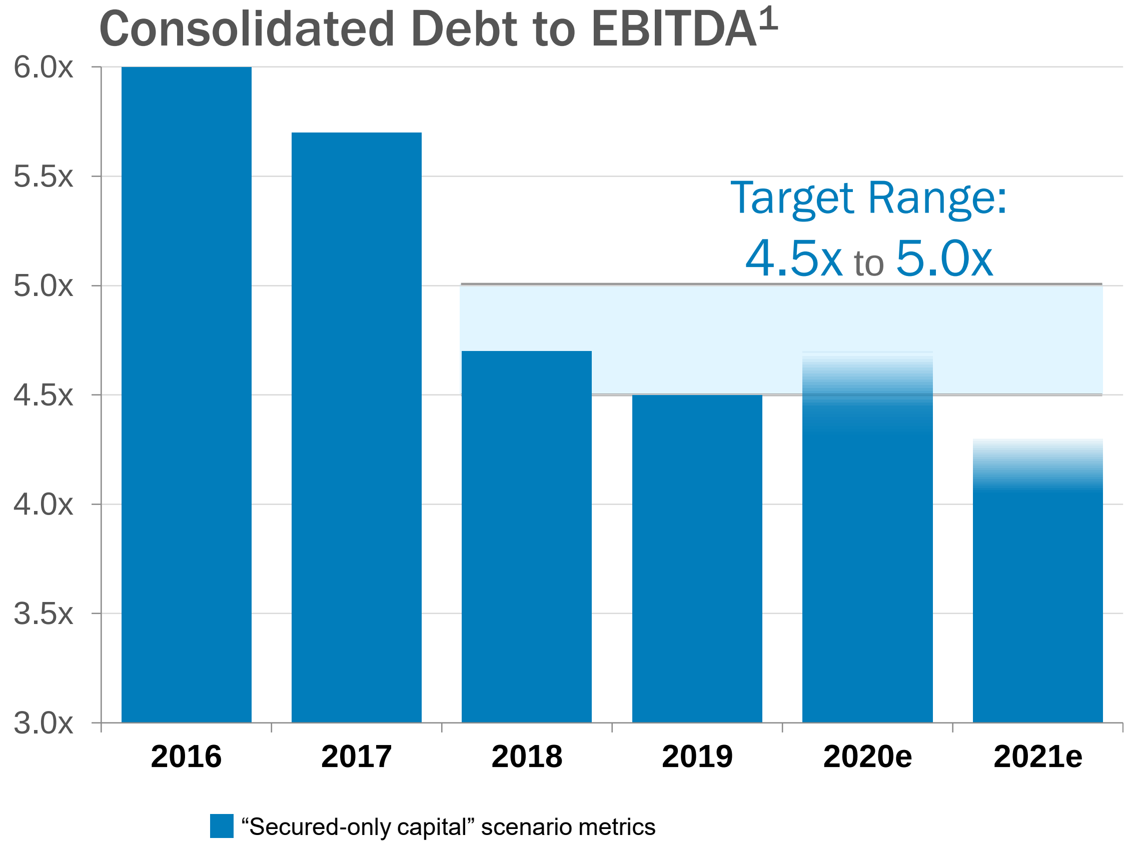
| | Proceeds ($B) | Closed | |
|---|---|---|---|
| Midcoast G&P Business | $1.5 (US$1.1B) | Aug. 1, 2018 | ✓ |
| North American Renewables | 1.7 | Aug. 1, 2018 | ✓ |
| Canadian G&P Business (BC regulated) | 2.5 | Oct. 1, 2018 | ✓ |
| Enbridge Gas New Brunswick | 0.3 | Oct. 1, 2019 | ✓ |
| St Lawrence Gas | 0.1 | Nov. 1, 2019 | ✓ |
| Canadian G&P Business (CER regulated) | 1.7 | Dec. 31, 2019 | ✓ |
| Montana-Alberta Tie Line | 0.2 | Q1 2020 | |

**Total Proceeds** ~$8B




Exceeded asset sale expectations; Balance sheet metrics well-within target range

(1) Adjusted EBITDA is a non-GAAP measure. Reconciliations to GAAP measures can be found in the Q4 earnings release available at www.enbridge.com.

# Capital Allocation Priorities

1 **Preserve Financial Strength**
Target 4.5x to <5.0x DEBT to EBITDA and maintain BBB+ credit rating

2 **Return Capital to Shareholders**
Sustainable dividend growth

3 **Efficiently Grow the Business**
Execute secured growth program and pursue in-franchise, capital-efficient organic growth on an equity self-funded basis

## Secured Growth Inventory

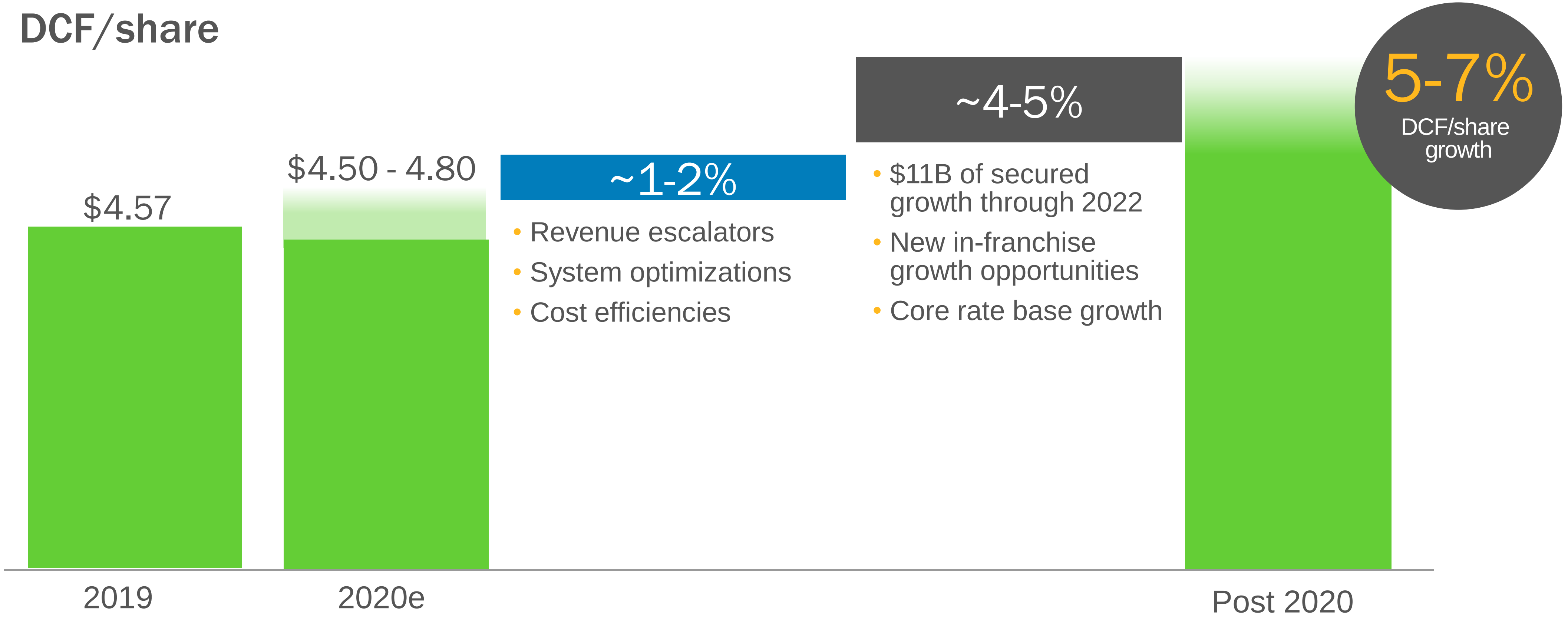
| | Project | Expected ISD | Capital ($B) |
|---|---|---|---|
| 2020+ | Line 3 Replacement – U.S. Portion | TBD[1] | 2.9 USD |
| | Southern Access to 1,200 kbpd | 2H20 | 0.5 USD |
| | Other Liquids | 2H20 | 0.1 USD |
| | PennEast | 2021+ | 0.2 USD |
| | Utility Reinforcement | 2020 | 0.2 CAD |
| | Utility Growth Capital | 2020 | 0.5 CAD |
| | Atlantic Bridge (Phase 2) | 2020 | 0.1 USD |
| | GTM Modernization Capital | 2020 | 0.8 USD |
| | 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[2] |
| | **TOTAL 2020+ Capital Program** | | **$11B*** |

**Segments:** Liquids Pipelines; Gas Transmission & Midstream; Gas Distribution & Storage; Renewable Power Generation

$11B 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.
[1] Update to project ISD under review.
[2] Enbridge's equity contribution will be $0.3B, with the remainder of the construction financed through non-recourse project level debt

# Financial Outlook




**Growth of 5-7% DCF per share supported by optimizing the base and executing secured capital program**

(1) DCF and DCF/share are non-GAAP measures. Reconciliations to GAAP measures can be found in the Q4 earnings release available at www.enbridge.com.

# 2020 Priorities

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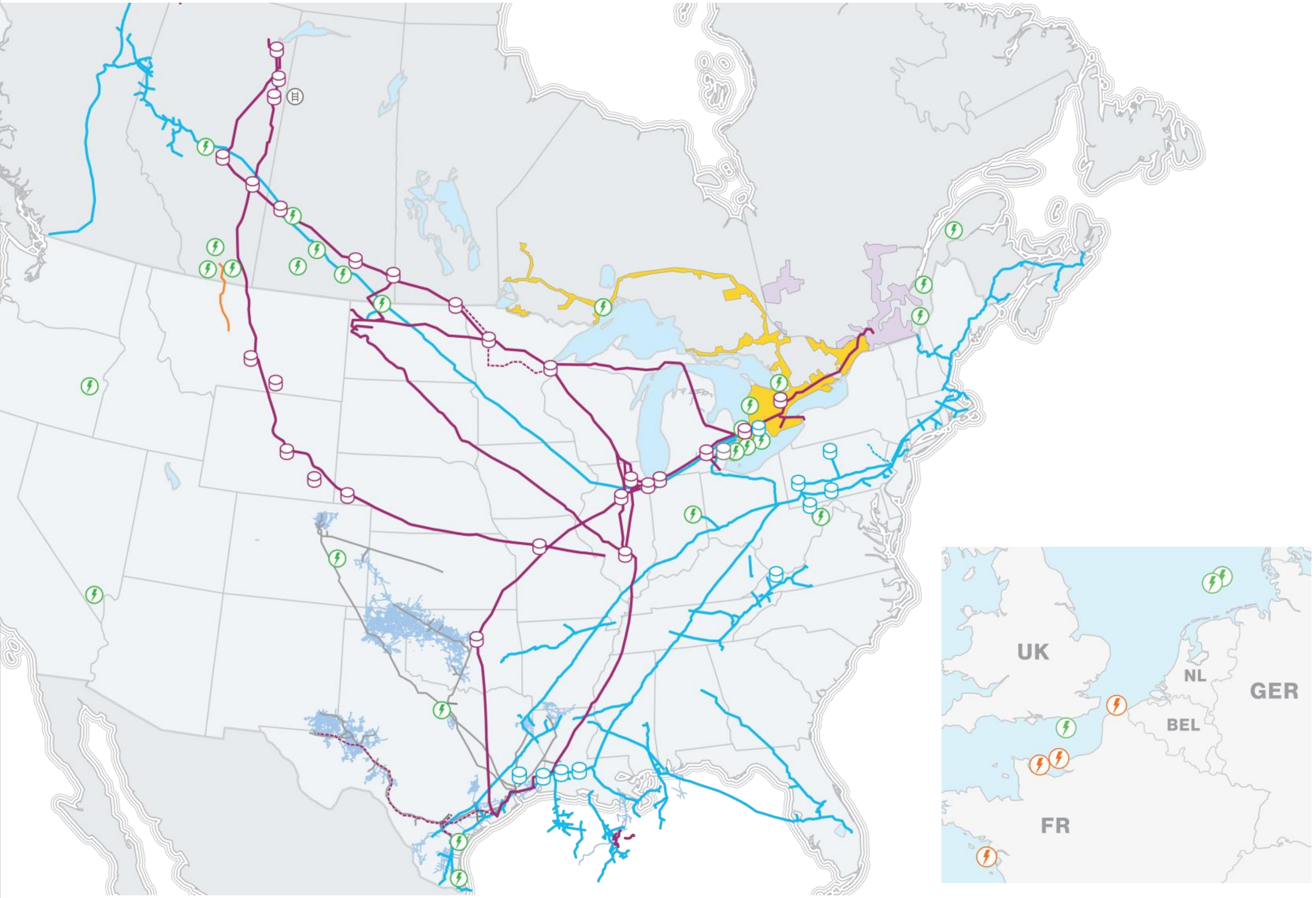


- Execute secured capital program
- Optimize the base business
- Grow organically
- Disciplined capital allocation
- Balance sheet strength & flexibility

Maximizing shareholder value through low-risk pipeline-utility model

# Q&A