



## Peters & Co. 22<sup>nd</sup> Annual Energy Conference

September 12, 2018

Karl Johansson, President, Canada and Mexico Natural Gas Pipelines and Energy



# Forward Looking Information and Non-GAAP Measures

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This presentation includes certain forward looking information, including future oriented financial information or financial outlook, which is intended to help current and potential investors understand management's assessment of our future plans and financial outlook, and our future prospects overall. Statements that are forward-looking are based on certain assumptions and on what we know and expect today and generally include words like anticipate, expect, believe, may, will, should, estimate or other similar words.

Forward-looking statements do not guarantee future performance. Actual events and results could be significantly different because of assumptions, risks or uncertainties related to our business or events that happen after the date of this presentation. Our forward-looking information in this presentation includes statements related to: future dividend growth and the future growth of our core businesses.

Our forward looking information is based on certain key assumptions and is subject to risks and uncertainties, including but not limited to: our ability to successfully implement our strategic priorities and whether they will yield the expected benefits, the operating performance of our pipeline and energy assets, amount of capacity sold and rates achieved in our pipeline businesses, the availability and price of energy commodities, the amount of capacity payments and revenues from our energy business, regulatory decisions and outcomes, including those related to recent FERC policy changes, outcomes of legal proceedings, including arbitration and insurance claims, performance and credit risk of our counterparties, changes in market commodity prices, changes in the regulatory environment, changes in the political environment, changes in environmental and other laws and regulations, competitive factors in the pipeline and energy sectors, construction and completion of capital projects, costs for labour, equipment and materials, access to capital markets, including the economic benefit of asset drop downs to TC PipeLines, LP, interest, tax and foreign exchange rates, including the impact of U.S. Tax Reform, weather, cyber security, technological developments, economic conditions in North America as well as globally. You can read more about these risks and others in our August 1, 2018 Quarterly Report to Shareholders and 2017 Annual Report filed with Canadian securities regulators and the SEC and available at [www.transcanada.com](http://www.transcanada.com).

As actual results could vary significantly from the forward-looking information, you should not put undue reliance on forward-looking information and should not use future-oriented information or financial outlooks for anything other than their intended purpose. We do not update our forward-looking statements due to new information or future events, unless we are required to by law.

This presentation contains reference to certain financial measures (non-GAAP measures) that do not have any standardized meaning as prescribed by U.S. generally accepted accounting principles (GAAP) and therefore may not be comparable to similar measures presented by other entities. These non-GAAP measures may include Comparable Earnings, Comparable Earnings per Common Share, Comparable Earnings Before Interest, Taxes, Depreciation and Amortization (Comparable EBITDA), Funds Generated from Operations, Comparable Funds Generated from Operations, Comparable Distributable Cash Flow (DCF) and Comparable DCF per Common Share. Reconciliations to the most closely related GAAP measures are included in this presentation and in our August 1, 2018 Quarterly Report to Shareholders filed with Canadian securities regulators and the SEC and available at [www.transcanada.com](http://www.transcanada.com).

# TransCanada Today

## One of North America's Largest Natural Gas Pipeline Networks

- 91,900 km (57,100 mi) of pipeline
- 653 Bcf of storage capacity
- 23 Bcf/d; ~25% of continental demand

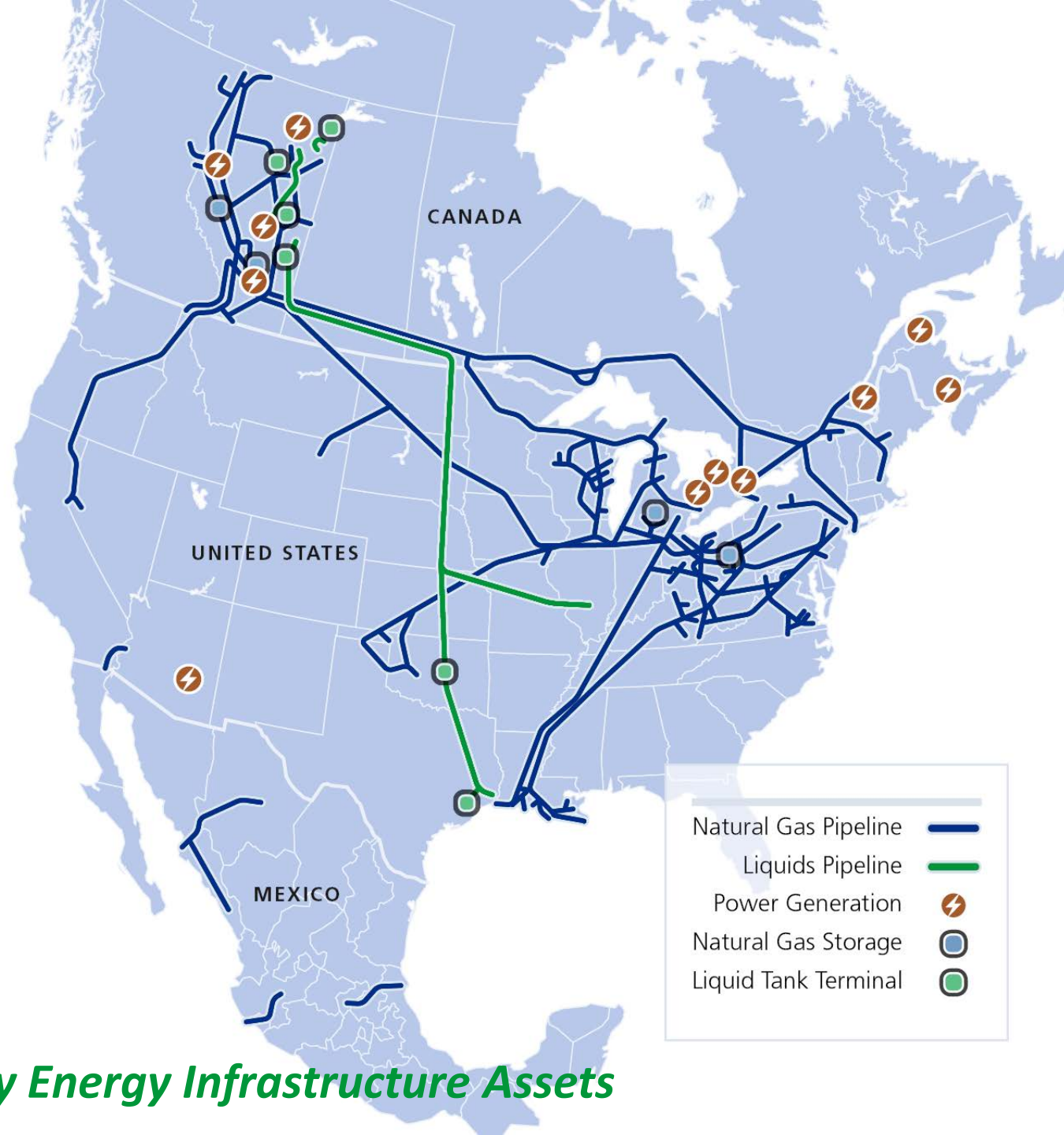
## Premier Liquids Pipeline System

- 4,900 km (3,000 mi) of pipeline
- 555,000 bbl/d Keystone System transports ~20% of Western Canadian exports

## One of the Largest Private Sector Power Generators in Canada

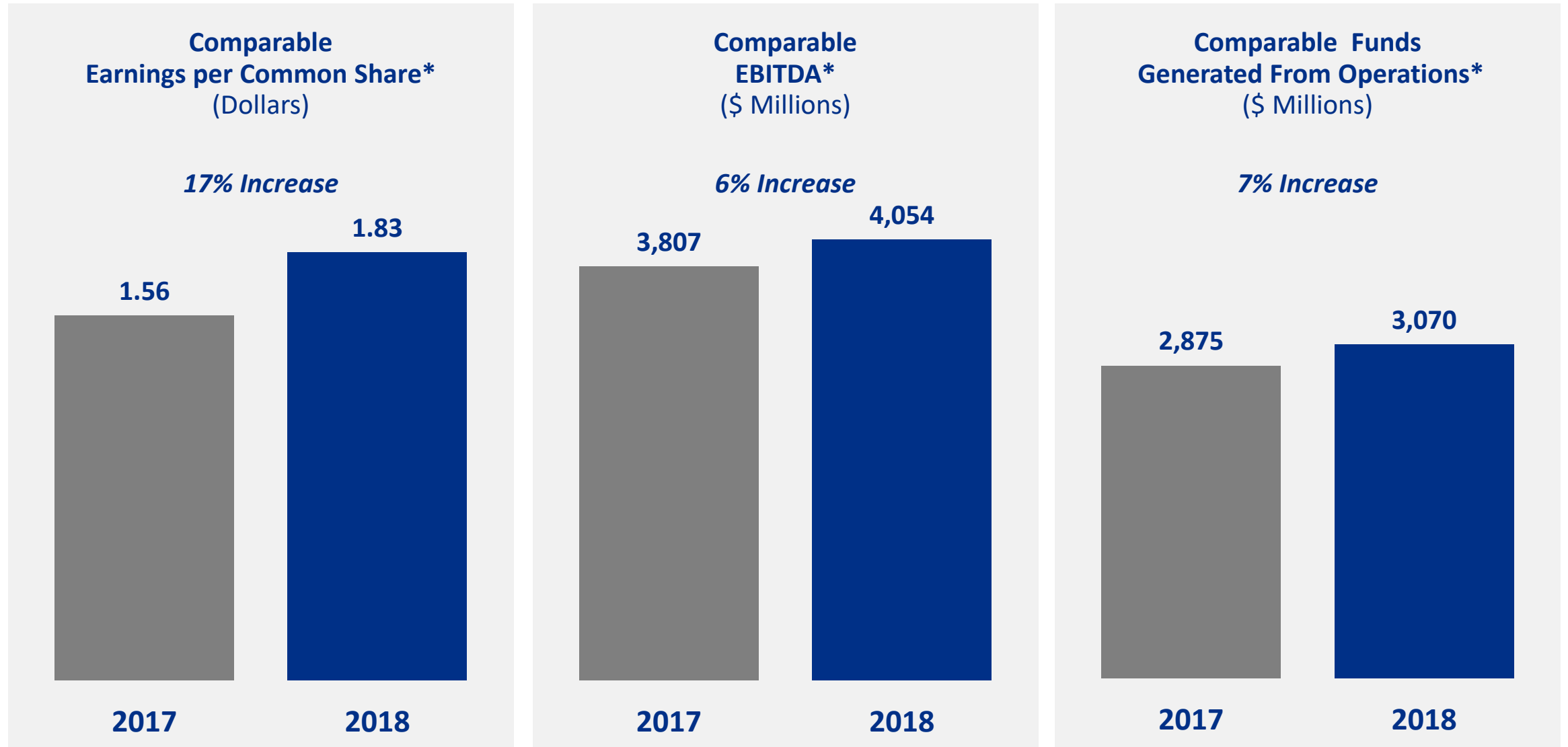
- 11 power plants, 6,100 MW
- Primarily long-term contracted assets

**Enterprise Value ~\$100 billion**



***Portfolio of Complementary Energy Infrastructure Assets***

# Financial Highlights – Six Months Ended June 30 (Non-GAAP)



\* Comparable Earnings per Common Share, Comparable EBITDA and Comparable Funds Generated from Operations are non-GAAP measures. See the forward looking information and non-GAAP measures slide at the front of this presentation for more information.

# Advancing \$28 Billion Near-Term Capital Program



Project	Estimated Capital Cost*	Invested to Date*	Expected In-Service Date*
Canadian Mainline	0.2	-	2018-2021
NGTL System	0.6	0.4	2018
WB XPress	US 0.9	US 0.6	2018
Mountaineer XPress	US 3.0	US 1.4	2018
Gulf XPress	US 0.6	US 0.4	2018
Sur de Texas**	US 1.3	US 1.2	2018
Napanee	1.5	1.3	2018
Bruce Power Life Extension**	0.9	0.3	Up to 2020
Canadian Natural Gas Pipelines Regulated Maintenance	2.5	0.2	2018-2020
U.S. Natural Gas Pipelines Regulated Maintenance	US 1.9	US 0.2	2018-2020
Liquids Pipelines Recoverable Maintenance	0.1	-	2018-2020
Non-recoverable Maintenance	0.7	0.1	2018-2020
Modernization II	US 1.1	US 0.3	2018-2020
Other U.S. Gas**	US 0.3	US 0.1	2018-2020
Villa de Reyes	US 0.8	US 0.6	2019
White Spruce	0.2	0.1	2019
NGTL System	2.6	0.5	2019
Tula	US 0.7	US 0.5	2020
Buckeye XPress	US 0.2	-	2020
NGTL System	1.7	0.1	2020
NGTL System	2.5	-	2021+
Foreign Exchange Impact (1.31 exchange rate)	3.3	1.6	-
<b>Total Canadian Equivalent</b>	<b>27.6</b>	<b>9.9</b>	

\*Billions of dollars. Certain projects are subject to various conditions including corporate and regulatory approvals. \*\*Our proportionate share.

# Natural Gas Pipelines

## Canadian Natural Gas Pipelines

- Advancing \$7.4 billion of NGTL expansion projects
- Received NEB approval for NGTL's 2018-2019 Revenue Requirement Settlement
- Coastal GasLink project continues to progress – LNG Canada expected to make FID by year-end

## U.S. Natural Gas Pipelines

- Progressing US\$6.1 billion of expansion projects
- 2018 FERC Actions not expected to have material financial impact to TransCanada

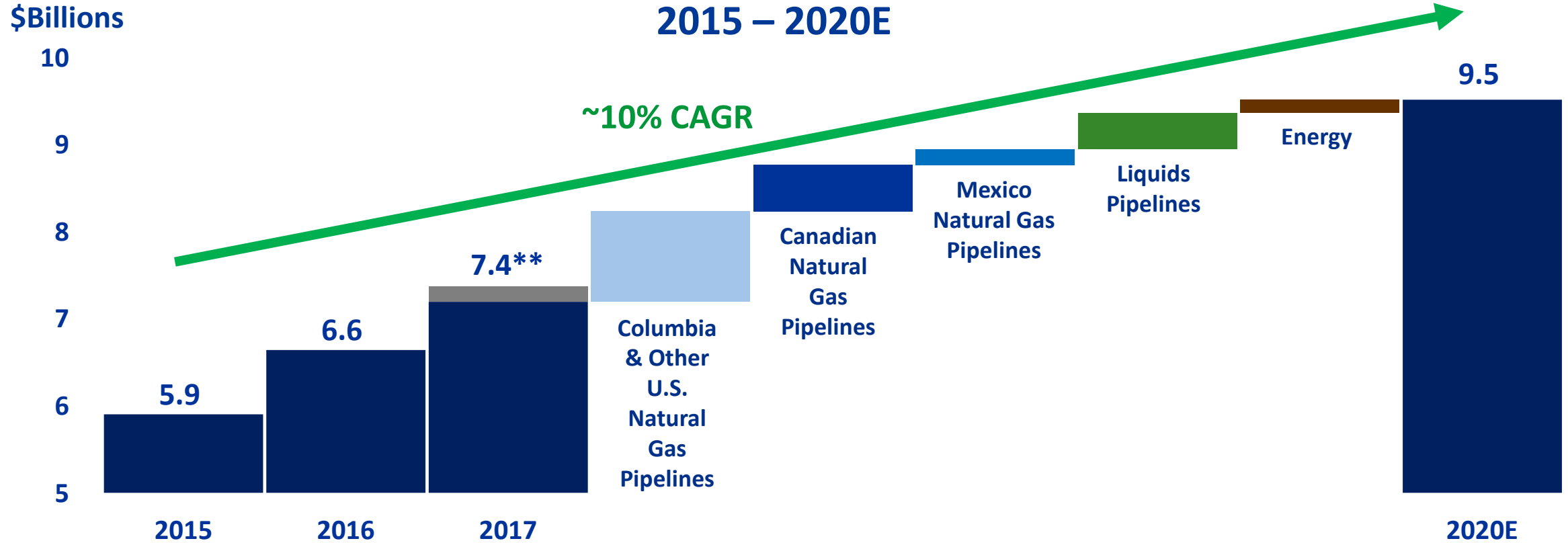
## Mexico Natural Gas Pipelines

- Advancing US\$2.8 billion capital program
- Completed offshore construction of Sur de Texas, expected in-service late 2018
- CFE commenced payments for Tula and Villa de Reyes projects
- Topolobampo placed into physical service



# \$28 Billion of Near-Term Projects Drive Significant Growth

## Comparable EBITDA Outlook\* 2015 – 2020E



**Progressing Over \$20 Billion of Additional Projects  
that could Extend Growth Beyond 2020**

\* Includes existing assets, non-controlling interests in U.S. Natural Gas Pipelines and \$28 billion of near-term projects and maintenance capital expenditures subject to various conditions including corporate and regulatory approvals. Does not include potential impact of 2018 FERC Final Rule or asset sales. Comparable EBITDA is a non-GAAP measure. See the non-GAAP measures slide at the front of this presentation for more information. \*\*Grey bar indicates EBITDA from Energy assets sold.

# Visibility to Growth Beyond 2020

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## Natural Gas Pipelines

- NGTL/Columbia/Mexico expansions
- Coastal GasLink

## Liquids Pipelines

- Keystone XL
- Grand Rapids Phase II
- Heartland Pipeline
- Keystone Hardisty Terminal

## Energy

- Bruce Power Life Extension
- Pursue growth in contracted power

***Over \$20 Billion of Future Growth Opportunities***



# Dividend History and Growth Outlook Through 2021

Annual Growth at the Upper End of 8 to 10 Percent Expected to End of Decade  
Further 8 to 10 Percent Growth Anticipated in 2021



*Supported by Expected Growth in Earnings and Cash Flow  
and Continued Strong Coverage Ratios*

\*Annualized based on most recent quarterly declaration

# Delivering Long-Term Shareholder Value

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## Track Record

**13% average annual  
total shareholder  
return since 2000**

## Visible Growth

**\$28 billion to 2021  
Advancing over  
\$20 billion of  
additional medium  
to longer-term  
projects**

## Attractive, Growing Dividend

**Dividend raised 10.4%  
in February 2018  
5.0% yield  
8-10% expected CAGR  
through 2021**

## Strong Financial Position

**Numerous levers  
available to fund  
future growth  
Simple,  
understandable  
corporate structure**

***Performance Highlights Diversified, Low Risk Business Strategy***



## Appendix

# Appendix – Reconciliation of Non-GAAP Measures

(unaudited) (millions of dollars, except per share amounts)

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
<b>Net Income Attributable to Common Shares</b>	<b>785</b>	<b>881</b>	<b>1,519</b>	<b>1,524</b>
Specific items (net of tax):				
U.S. Northeast power marketing contracts	11	-	5	-
Net gain on sales of U.S. Northeast power generation assets	-	(265)	-	(255)
Integration and acquisition related costs - Columbia	-	15	-	39
Keystone XL asset costs	-	4	-	11
Keystone XL income tax recoveries	-	-	-	(7)
Risk management activities	(28)	24	108	45
<b>Comparable Earnings<sup>(1)</sup></b>	<b>768</b>	<b>659</b>	<b>1,632</b>	<b>1,357</b>
<b>Net Income Per Common Share</b>	<b>\$0.88</b>	<b>\$1.01</b>	<b>\$1.70</b>	<b>\$1.76</b>
Specific items (net of tax):				
U.S. Northeast power marketing contracts	0.01	-	0.01	-
Net gain on sales of U.S. Northeast power generation assets	-	(0.30)	-	(0.29)
Integration and acquisition related costs - Columbia	-	0.02	-	0.04
Keystone XL asset costs	-	-	-	0.01
Keystone XL income tax recoveries	-	-	-	(0.01)
Risk management activities	(0.03)	0.03	0.12	0.05
<b>Comparable Earnings Per Common Share<sup>(1)</sup></b>	<b>\$0.86</b>	<b>\$0.76</b>	<b>\$1.83</b>	<b>\$1.56</b>
<b>Weighted Average Basic Common Shares Outstanding (millions)</b>	<b>896</b>	<b>870</b>	<b>892</b>	<b>868</b>

(1) Non-GAAP measure. See the non-GAAP measures slide at the front of this presentation for more information.

# Appendix – Reconciliation of Non-GAAP Measures continued

(unaudited) (millions of dollars)

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
<b>Comparable EBITDA<sup>(1)</sup></b>	<b>1,991</b>	<b>1,830</b>	<b>4,054</b>	<b>3,807</b>
Depreciation and amortization	(570)	(516)	(1,105)	(1,026)
<b>Comparable EBIT<sup>(1)</sup></b>	<b>1,421</b>	<b>1,314</b>	<b>2,949</b>	<b>2,781</b>
Specific items:				
Foreign exchange gain/(loss) – inter-affiliate loan	87	(8)	8	(8)
U.S. Northeast power marketing contracts	(15)	-	(7)	-
Net gain on sales of U.S. Northeast power generation assets	-	492	-	481
Integration and acquisition related costs - Columbia	-	(20)	-	(59)
Keystone XL asset costs	-	(5)	-	(13)
Risk management activities	99	(91)	(10)	(147)
<b>Segmented Earnings</b>	<b>1,592</b>	<b>1,682</b>	<b>2,940</b>	<b>3,035</b>

(1) Comparable EBITDA and Comparable EBIT are non-GAAP measures. See the non-GAAP measures slide at the front of this presentation for more information.

# Appendix – Reconciliation of Non-GAAP Measures continued

(unaudited) (millions of dollars)

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
<b>Net Cash Provided by Operations</b>	<b>1,805</b>	<b>1,353</b>	<b>3,217</b>	<b>2,655</b>
<b>(Decrease)/increase in operating working capital</b>	<b>(361)</b>	<b>(17)</b>	<b>(154)</b>	<b>138</b>
<b>Funds Generated from Operations<sup>(1)</sup></b>	<b>1,444</b>	<b>1,336</b>	<b>3,063</b>	<b>2,793</b>
<b>Specific items:</b>				
U.S. Northeast power marketing contracts	15	-	7	-
Integration and acquisition related costs - Columbia	-	20	-	52
Keystone XL asset costs	-	5	-	13
Net loss on sales of U.S. Northeast power generation assets	-	6	-	17
<b>Comparable Funds Generated from Operations<sup>(1)</sup></b>	<b>1,459</b>	<b>1,367</b>	<b>3,070</b>	<b>2,875</b>

(1) Funds Generated from Operations and Comparable Funds Generated from Operations are non-GAAP measures. See the non-GAAP measures slide at the front of this presentation for more information.



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