TC Energy

# Second quarter 2022 conference call

JULY 28, 2022

# FORWARD LOOKING INFORMATION AND NON-GAAP MEASURES

This presentation includes certain forward looking information, including but not limited to, statements related to future dividend and earnings growth, future EBITDA growth, the future growth of our core businesses, our anticipated capital programs, the modernization of our business, expected energy demand levels, the sustainability commitments and targets contained in our 2021 Report on Sustainability and our GHG Emissions Reduction Plan, the installation, adoption and integration of new technologies into our business, including hydrogen production hubs, renewable natural gas transportation hubs and carbon transportation and sequestration systems, 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, including statements relating to energy transition. 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, intend 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 is based on certain key assumptions and is subject to risks and uncertainties, including but not limited to: realization of expected benefits from acquisitions and divestitures, our ability to successfully implement our strategic priorities and whether they will yield the expected benefits, our ability to develop a capital allocation strategy aligned with maximizing shareholder value, the operating performance of our pipeline, power and storage assets, amount of capacity sold and rates achieved in our pipeline businesses, the amount of capacity payments and revenues from our power generation assets due to plant availability, production levels within supply basins, construction and completion of capital projects, cost and availability of, and inflationary pressure on labour, equipment and materials, the availability and market prices of commodities, access to capital markets on competitive terms, interest, tax and foreign exchange rates, performance and credit risk of our counterparties, regulatory decisions and outcomes of legal proceedings, including arbitration and insurance claims, our ability to effectively anticipate and assess changes to government policies and regulations, including those related to the environment and COVID-19, our ability to realize the value of tangible assets and contractual recoveries, including those specific to the Keystone XL pipeline project, competition in the businesses in which we operate, unexpected or unusual weather, acts of civil disobedience, cyber security and technological developments, ESG related risks, impact of energy transition on our business, economic conditions in North America as well as globally, global health crises, such as pandemics and epidemics, including COVID-19 and the unexpected impacts related thereto. 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. You can read more about these factors and others in the MD&A in our most recent Quarterly Report to Shareholders and in other reports we have filed with Canadian securities regulators and the SEC, including the MD&A in our most recent Annual Report.

For additional information on the assumptions made, and the risks and uncertainties which could cause actual results to differ from the anticipated results, refer to our most recent quarterly report and 2021 Annual Report filed under TC Energy's profile on SEDAR at www.sedar.com and with the U.S. Securities and Exchange Commission at www.sec.gov and the "Forward-looking information" section of our 2021 Report on Sustainability and our GHG Emissions Reduction Plan which are available on our website at www.tcenergy.com.

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, and Comparable Funds Generated from Operations. The most directly comparable equivalent GAAP measures are, respectively, Net income attributable to common shares, Net income per common share, Segmented earnings and Net cash provided by operations. Reconciliations to the most directly comparable GAAP measures are included in this presentation. Refer to the MD&A in our most recent Quarterly Report for more information about the non-GAAP measures we use and reconciliations, which section of the MD&A is hereby incorporated by reference. Our Quarterly Report to Shareholders is filed with Canadian securities regulators and the SEC and available at www.tcenergy.com under Investors.

# FRANÇOIS POIRIER, PRESIDENT AND CEO

# REAFFIRMING OUR VALUE PROPOSITION

| Our unique value proposition | • **LONG-TERM VIEW –** Strategic outlook is grounded in **fundamentals**<br>• **DISCIPLINED APPROACH –** Adherence to **well-established**, **conservative** risk preferences<br>• **CAPITAL ALLOCATION –** Balances **sustainable** dividend **growth** and **reinvestment**<br>• **RESILIENCE –** Financial **strength** and **flexibility** at all points of the economic cycle |
|---|---|
| Our strong financial performance in Q2 reflects: | • The strength of our **utility-like business** model<br>• Our focus on **safety** and **operational excellence**<br>• The value of our **long-term relationships** and **partnerships**<br>• North America's **high demand** for our essential services |

*Leveraging our competitive strengths to move, generate and store the energy North America relies on in a secure and sustainable way.*

# COASTAL GASLINK ACHIEVES MILESTONE

*Revised agreements strengthen partnership with LNG Canada and provide certainty for the project*

**Provides clarity of cost and schedule**

- $11.2 billion revised cost estimate

**Allows for safe and timely execution**

- Mitigation of project funding and execution risk
- Mechanical in-service by end of 2023

**Remains economically viable and creates strong foundation for potential Phase 2**

- Potential future volumes up to 5 Bcf/d
- If sanctioned, anticipate enhanced TC Energy project returns


# COASTAL GASLINK IS A NATION-BUILDING PROJECT

*Construction now ~**70% complete***

**Delivering economic opportunities**

- **$1.4 billion+** in contracting and employment opportunities to date
- Up to **6,000 people** employed at peak construction this summer

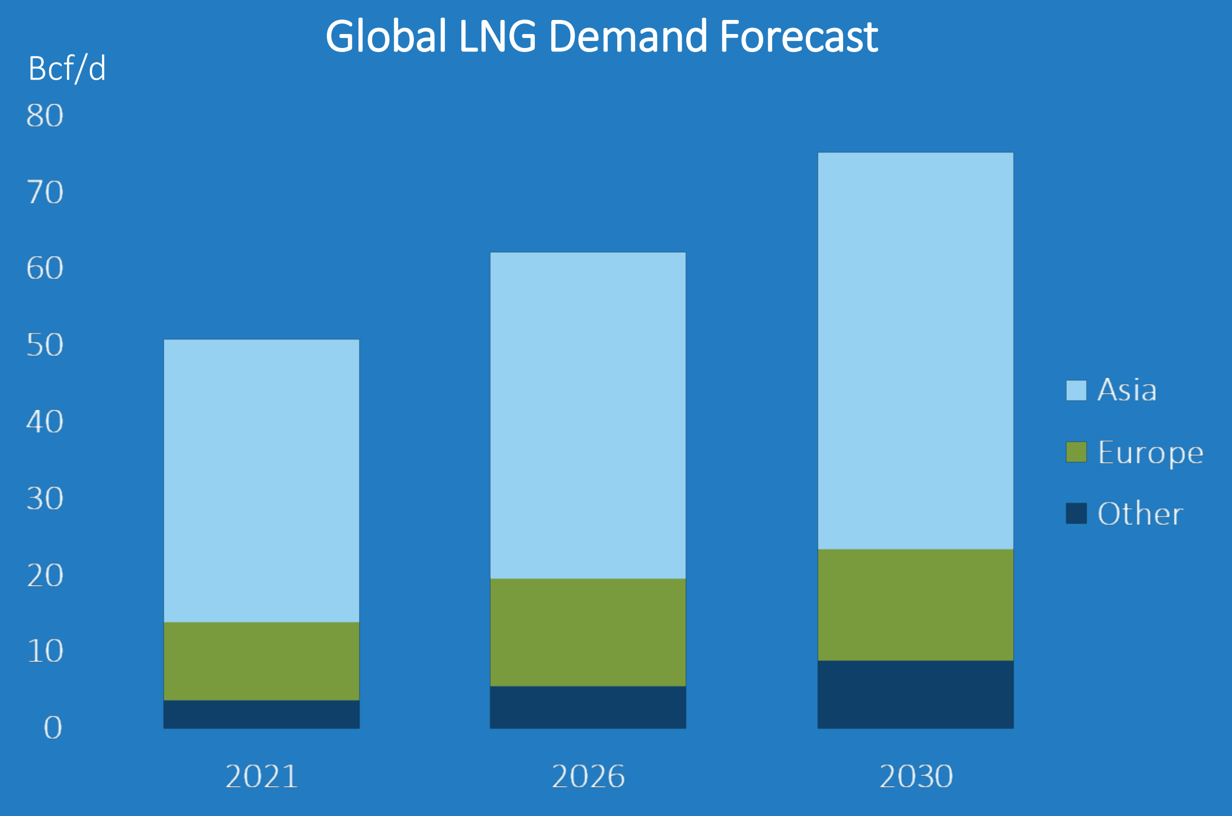
**Advancing Indigenous partnerships**

- Agreements with **20 First Nations** and historic equity option agreements to sell a **10 per cent equity interest**

**World class source of sustainable, secure, energy supply**

- Displacing coal-fired power and could reduce global GHG emissions by **60 to 90 million tonnes** per year

# STRATEGIC ALIGNMENT WITH RISING LNG DEMAND






## *By 2030…*

- Global LNG demand is forecast to reach nearly **75 Bcf/d**
- Asian and European LNG demand is forecasted to increase over **40%,** or **20 Bcf/d**

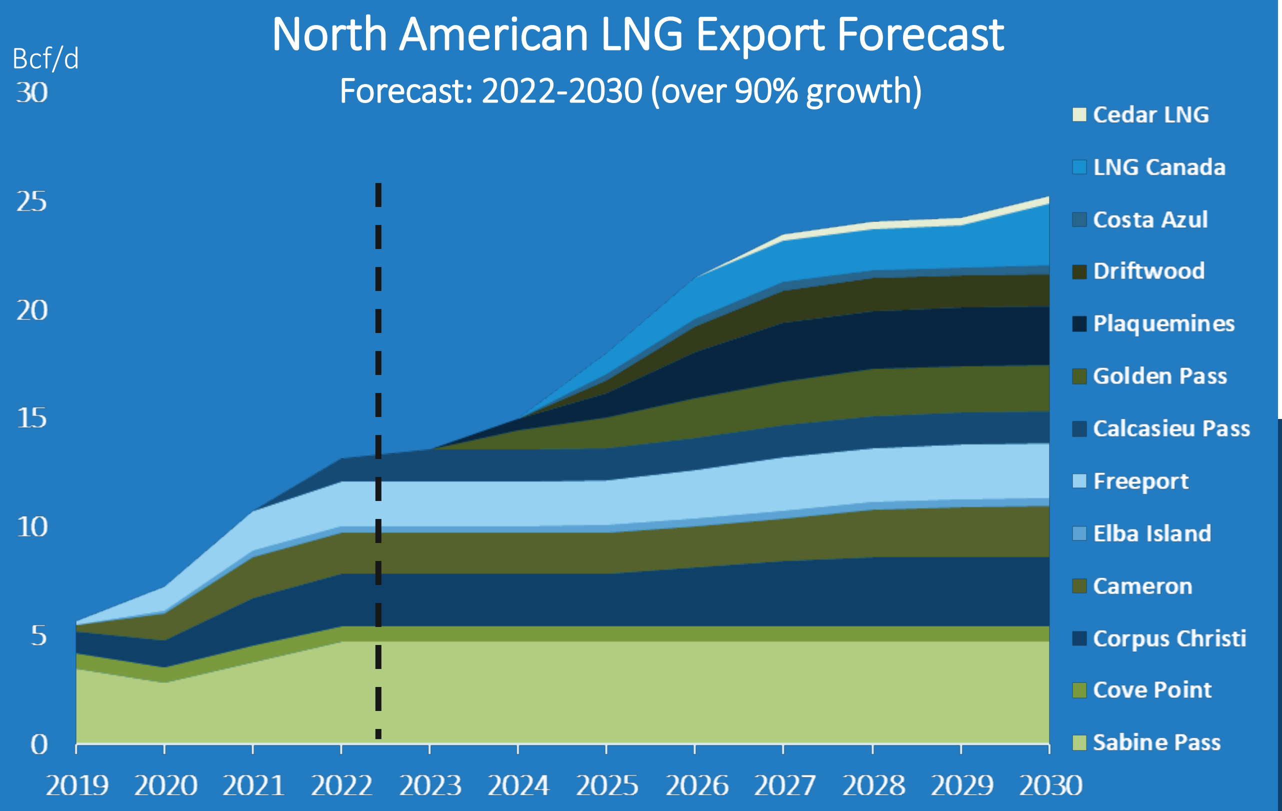
---

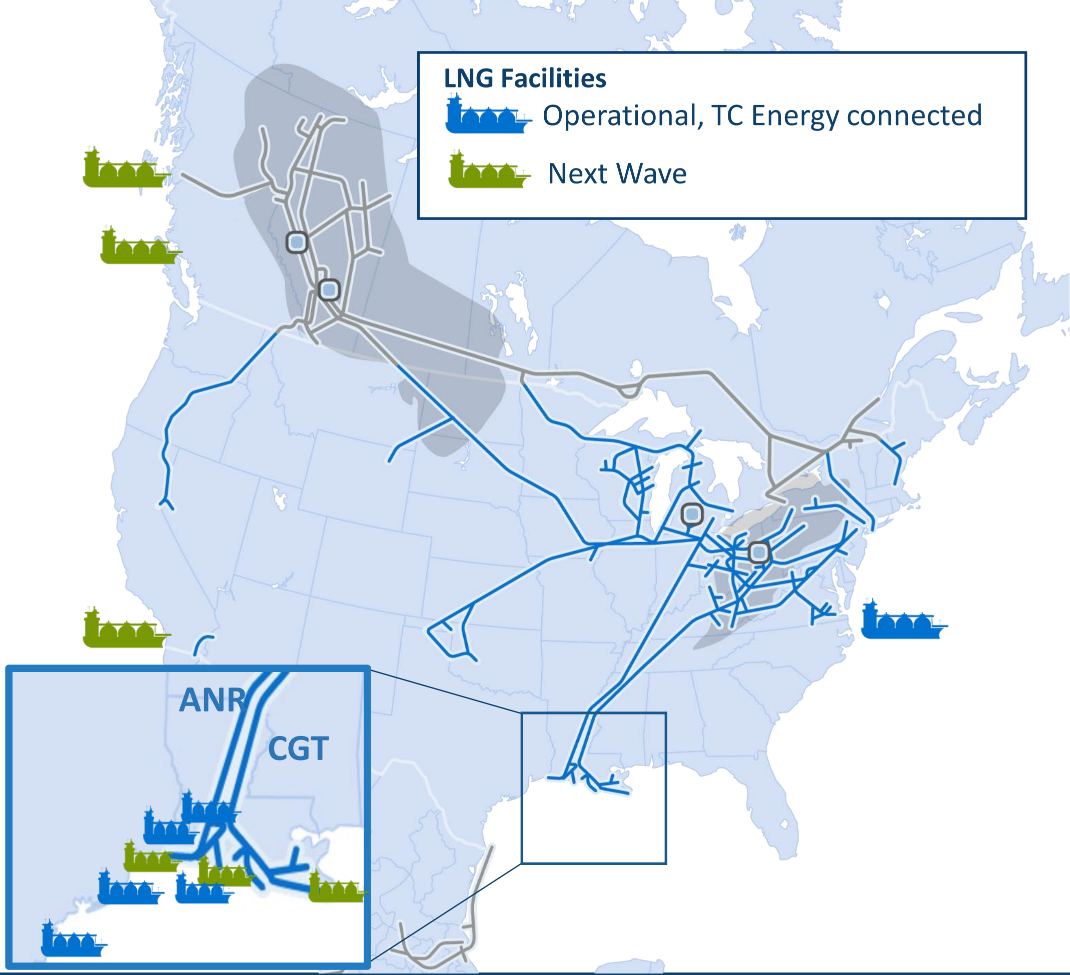
Growth underpinned by energy security concerns, reorientation of energy mix in Europe and growing economies in Asia

*TC Energy's unparalleled footprint will play a critical role in securing the global energy supply*

# NEXT WAVE OF LNG DRIVING SIGNIFICANT OPPORTUNITIES

*Today, TC Energy safely and reliably connects ~25% of volumes destined for U.S. LNG exports*




## TC Energy LNG affiliated projects

- In service – Grand Chenier XPress (1.1 Bcf/d)
- Progressing – Louisiana XPress (0.8 Bcf/d)
- Progressing – Alberta XPress (~0.2 Bcf/d)
- Progressing – North Baja XPress (0.5 Bcf/d)
- FERC approval received – East Lateral XPress (0.7 Bcf/d)
- Progressing – Coastal GasLink (2.1 Bcf/d)

# STRONG UTILIZATION AND RELIABILITY ACROSS OUR SYSTEMS

## Q2 Operational highlights

### NATURAL GAS PIPELINES

**U.S. Natural Gas Pipelines**

- Averaged **25.4 Bcf/d**, up over **3%** compared to Q2 2021

**Canadian Natural Gas Pipelines**

- Total system deliveries on the NGTL System averaged **12.8 Bcf/d, up 9%** compared to last year

### POWER & STORAGE

**Bruce Power**

- Planned outages completed **ahead of schedule**
- Results further augmented by ~$10/MWh **increase in contracted power price** received on April 1, 2022

### LIQUIDS PIPELINES

**Keystone Pipeline System**

- Safely reached nearly **610,000 Bbl/d**
- Placed **30%** of the 2019 Open Season contracts **into service**

# 2022 PRIORITIES AND PROGRESS

- Safely deliver the energy people need, every day
- Increase return on capital invested in existing assets
- Place $6.5 billion of assets in service
- Sanction $5+ billion of high-quality growth opportunities
- Maintain financial strength & flexibility
- Progress sustainability commitments, including reducing GHG emissions intensity
- Enhance organizational capabilities to position for continued success

## Q2 Highlights

Keystone Pipeline System brought **30 per cent** of the 2019 Open Season contracts into service

Finalized contracts for **580 MW and 240 MW** from **wind** energy and **solar** projects, respectively

Placed **$1.6 billion** of projects into service year-to-date

Progressing towards sanctioning **$5 billion** of high-quality growth opportunities in 2022

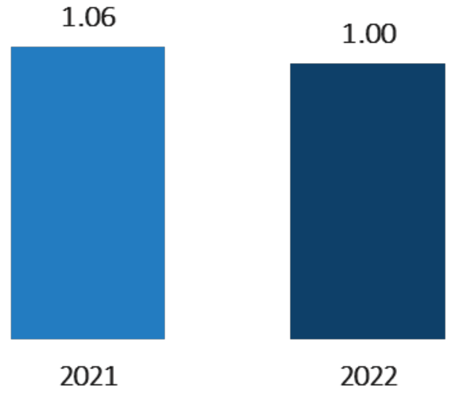
Joined the **UN Global Compact** and the **Taskforce on Nature-related Financial Disclosures (TNFD) Forum**

# JOEL HUNTER, EXECUTIVE VICE-PRESIDENT AND CFO

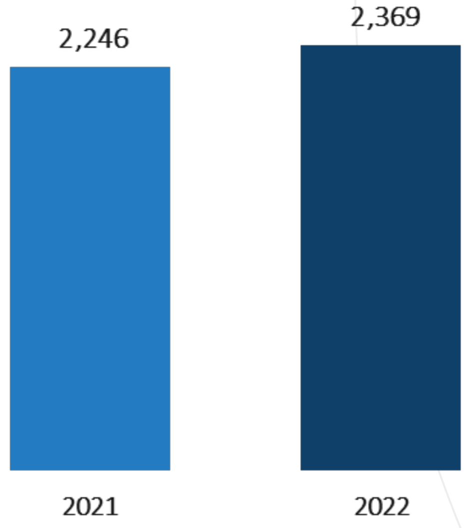
# DEMONSTRATING CONSISTENCY IN FINANCIAL RESULTS[1]

## Quarter ended June 30

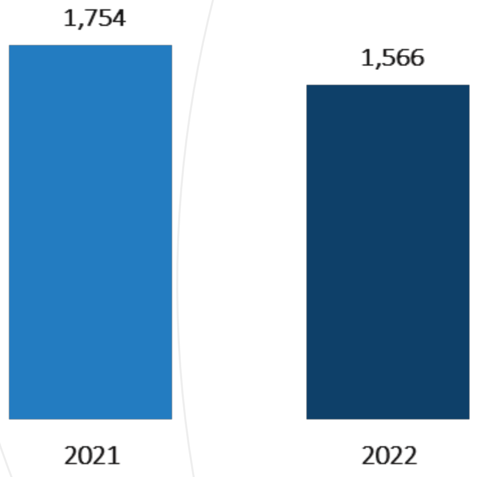
Comparable earnings per common share[2] (dollars)




Comparable EBITDA[2] (millions of dollars)




Comparable funds generated from operations[2] (millions of dollars)




*Executing an opportunity-rich portfolio while supplying the growing demand for energy*



*(1) Refer to Appendix A for these financial results presented with reference to the most directly comparable GAAP measures.*
*(2) 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.*

# CONSOLIDATED RESULTS OF OPERATIONS

(millions of dollars, except per share amounts)

| | Three months ended June 30 | |
|---|---|---|
| | 2022 | 2021 |
| Net income attributable to common shares | 889 | 975 |
| Specific items (net of tax): | | |
| Settlement of Mexico prior years' income tax assessments | 2 | - |
| Keystone XL asset impairment charge and other | - | 2 |
| Keystone XL preservation and other | 3 | 16 |
| Gain on sale of Ontario natural gas-fired power plants | - | (13) |
| Bruce Power unrealized fair value adjustments | 9 | - |
| Risk management activities | 76 | 58 |
| Comparable earnings[(1)] | 979 | 1,038 |
| Net income per common share | $0.90 | $1.00 |
| Specific items (net of tax): | | |
| Settlement of Mexico prior years' income tax assessments | - | - |
| Keystone XL asset impairment charge and other | - | - |
| Keystone XL preservation and other | 0.01 | 0.01 |
| Gain on sale of Ontario natural gas-fired power plants | - | (0.01) |
| Bruce Power unrealized fair value adjustments | 0.01 | - |
| Risk management activities | 0.08 | 0.06 |
| Comparable earnings per common share[(1)] | $1.00 | $1.06 |
| Weighted average basic common shares outstanding (millions) | 983 | 979 |

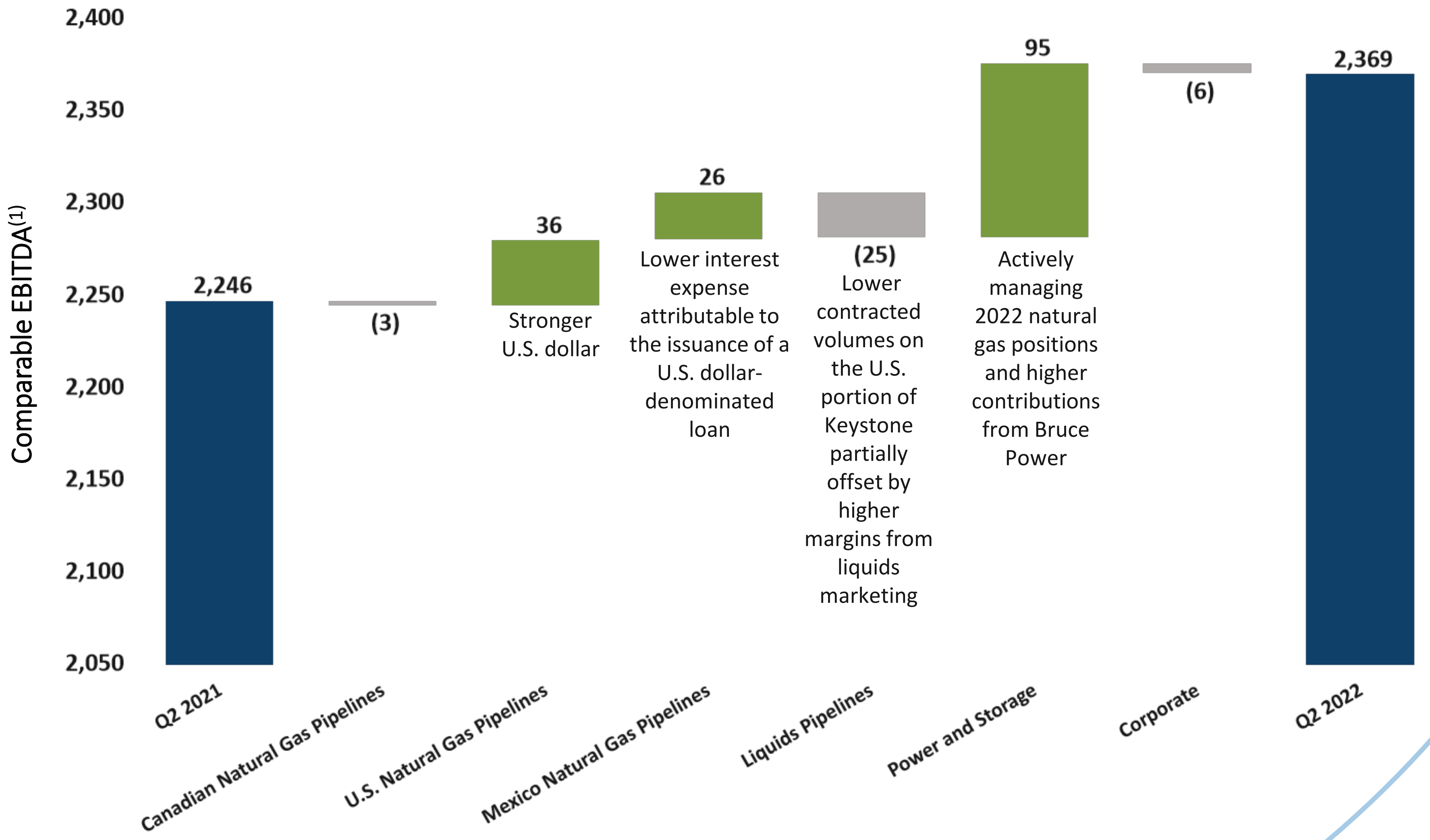


*(1) Non-GAAP measures. See the forward-looking information and non-GAAP measures slide at the front of this presentation for more information.*

# COMPARABLE EBITDA(1) UP FIVE PER CENT YEAR-OVER-YEAR

## Business segment results(2)

(millions of dollars)






*(1) Comparable EBITDA is a non-GAAP measure. See the forward-looking information and non-GAAP measures slide at the front of this presentation for more information.*

*(2) For more information see our most recent Quarterly Report to Shareholders. Please refer to Appendix B for business segment results presented with the most directly comparable GAAP measures*

# OTHER INCOME STATEMENT ITEMS(1)

(millions of dollars)

| | Three months ended June 30 | |
|---|---|---|
| | 2022 | 2021 |
| Comparable EBITDA(2) | 2,369 | 2,246 |
| Depreciation and amortization | (635) | (633) |
| Comparable EBIT(2) | 1,734 | 1,613 |
| Interest expense(3) | (620) | (577) |
| Allowance for funds used during construction | 63 | 64 |
| Interest income and other included in comparable earnings(3) | 17 | 158 |
| Income tax expense included in comparable earnings(3) | (173) | (175) |
| Net income attributable to non-controlling interests | (9) | (6) |
| Preferred share dividends | (33) | (39) |
| Comparable earnings(2) | 979 | 1,038 |

**Principal variances between second quarter 2022 and the same period in 2021 include:**

Interest expense

Increased primarily due to higher long-term debt and junior subordinated note issuances, net of maturities, the foreign exchange impact of a stronger U.S. dollar in 2022 and higher interest rates on increased levels of short-term borrowings

Interest income and other(3)

Lower mainly as a result of realized losses in 2022 compared to realized gains in 2021 on derivatives used to manage our net exposure to foreign exchange rate fluctuations on U.S. dollar-denominated income

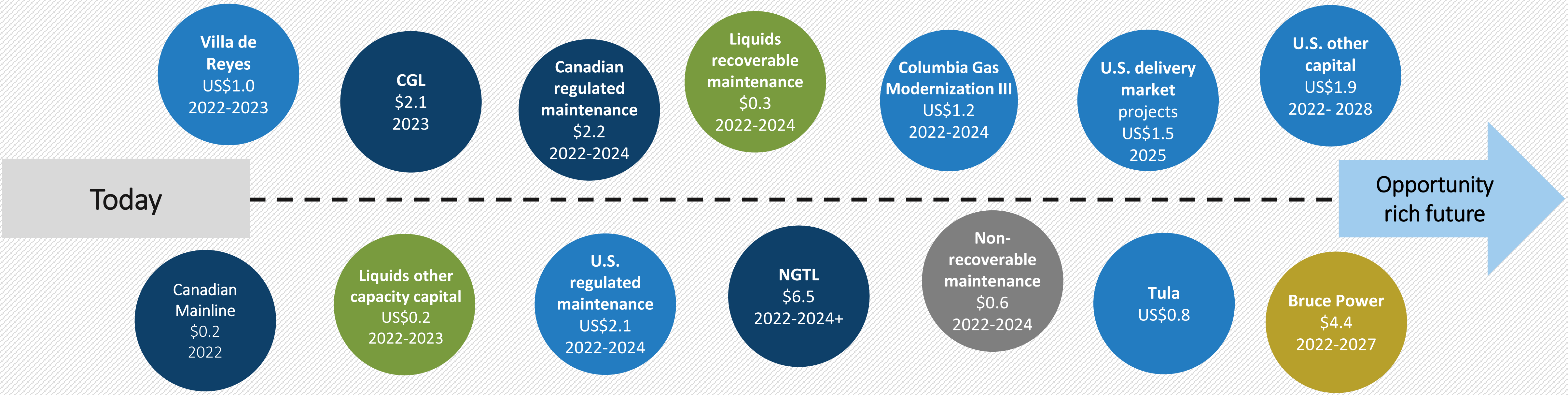


*(1) For more information see our most recent Quarterly Report to Shareholders. Please refer to Appendix B and C for business segment results presented with the most directly comparable GAAP measures.*
*(2) Non-GAAP measure and excludes specific items. See the forward-looking information and non-GAAP measures slide at the front of this presentation for more information.*
*(3) Excludes specific items to arrive at amount included in comparable earnings.*

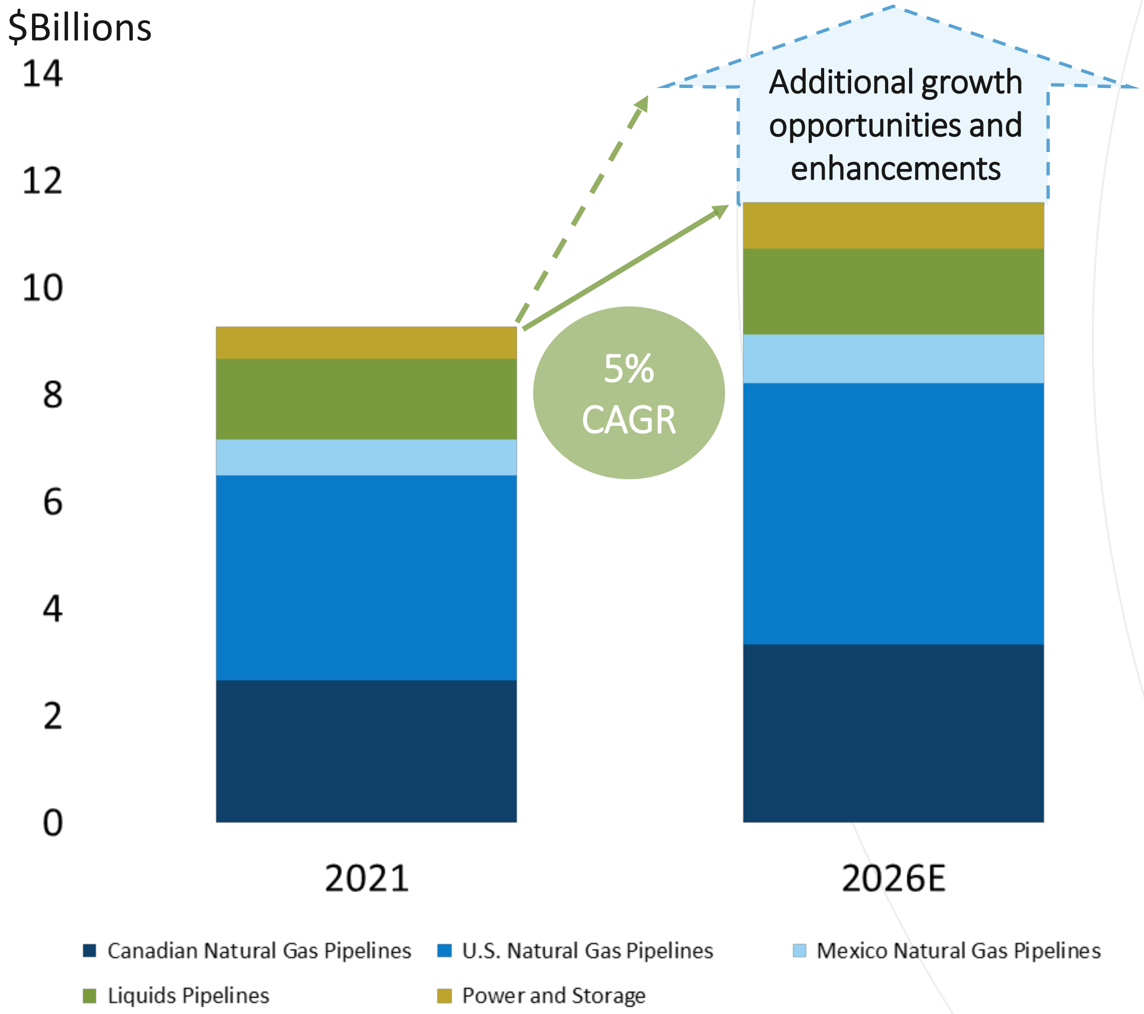
# INDUSTRY LEADING $28 BILLION SECURED CAPITAL PROGRAM

*Portfolio expected to deliver a weighted average unlevered after-tax IRR of 7-9 per cent*

$Billions



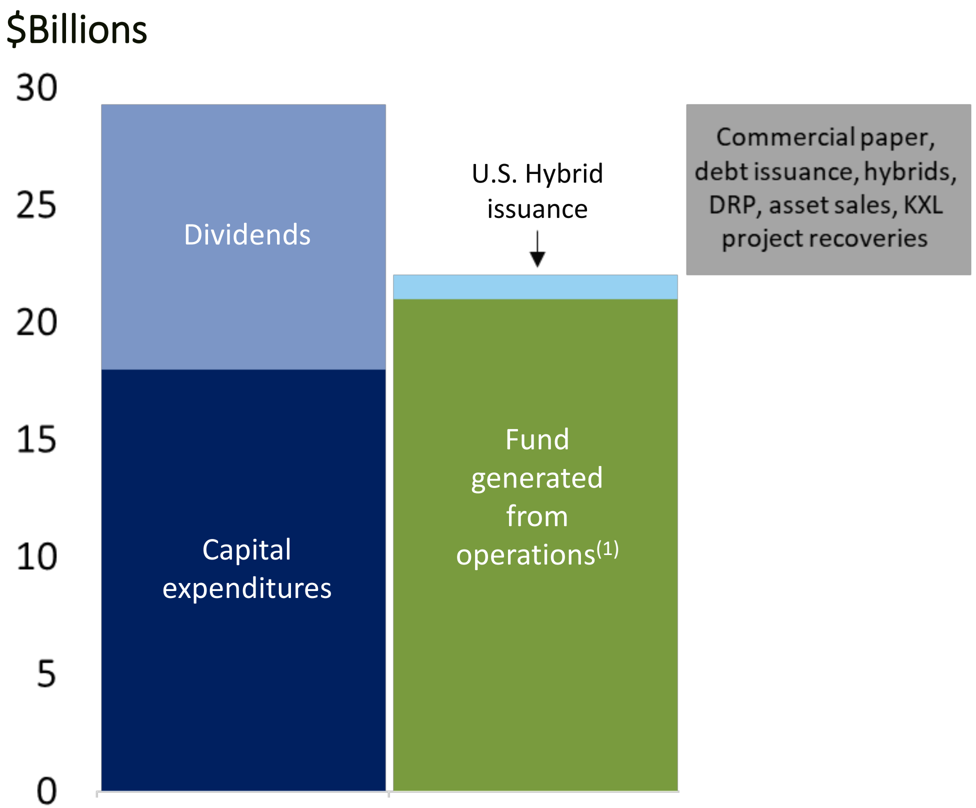
# REITERATING COMPARABLE EBITDA(1) OUTLOOK 2021-2026E






*(1) Comparable EBITDA is a non-GAAP measure. See the forward-looking information and non-GAAP measures slide at the front of this presentation for more information.*

# FUNDING PROGRAM OUTLOOK 2022-2024E




**Comparable funds generated from operations[1] expected to remain robust**

- Reflects the resiliency and criticality of our energy infrastructure portfolio

**Financial strength and flexibility underpinned by:**

- Resilient, predictable cash flow from operations
- Access to capital markets on compelling terms
- Expected Keystone XL project recoveries
- Portfolio management, if and as deemed appropriate

**Growth capital funded by:**

- The reinstated issuance of common shares from treasury at a two per cent discount under our DRP commencing with dividends declared on July 27, 2022

**Coastal GasLink revised cost estimate**

- $1.6 billion expansion of existing project-level credit facilities
- $1.9 billion equity contribution in recognition of the revised project agreements

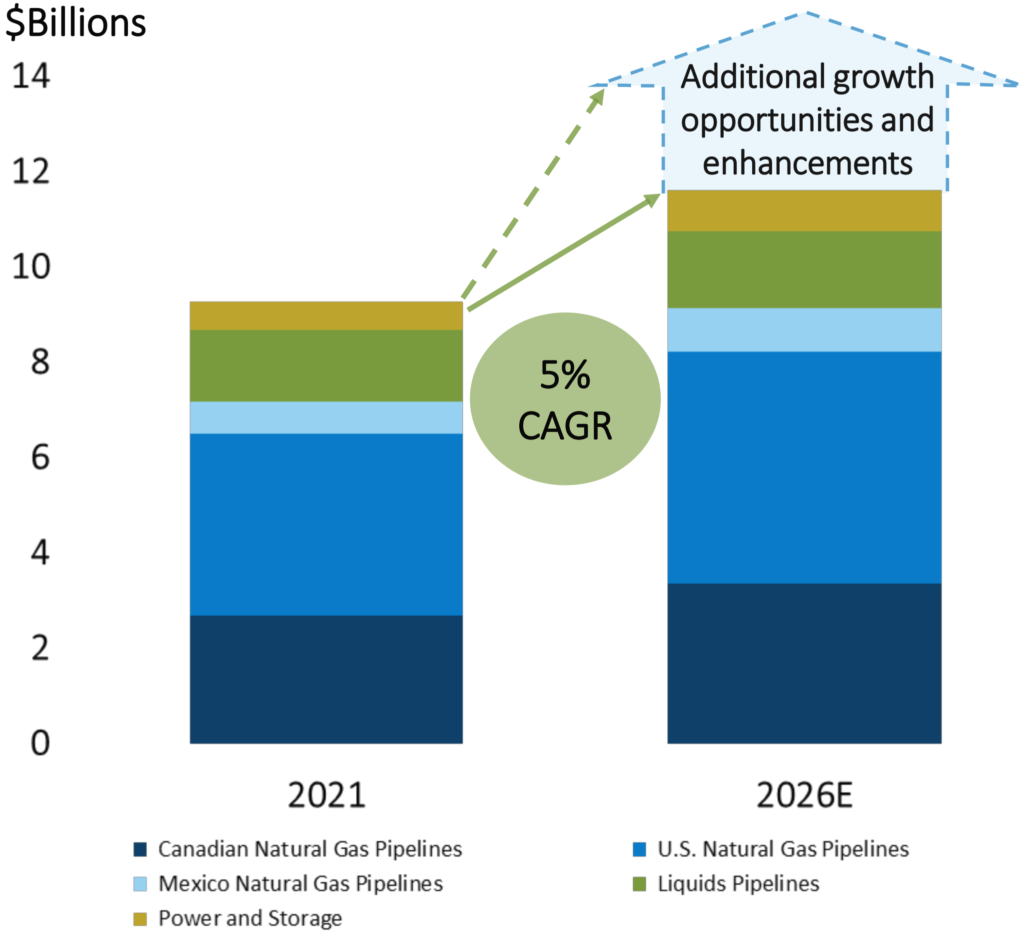
**Excludes normal-course refinancing of scheduled debt maturities**



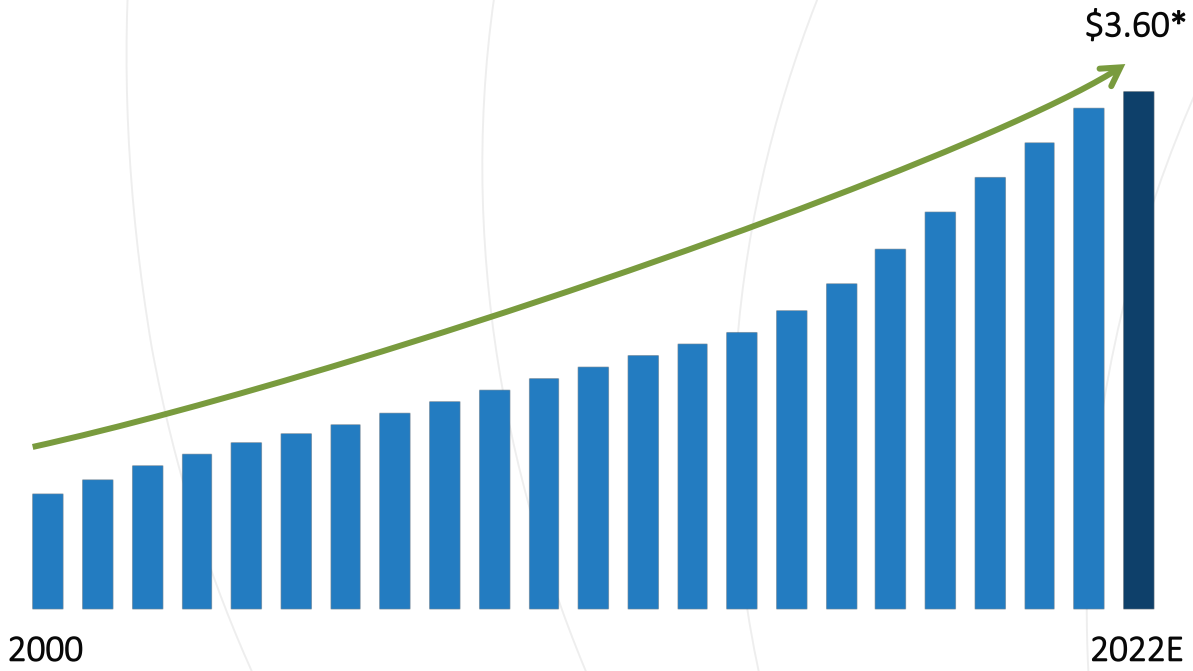
*(1) Comparable funds generated from operations is a non-GAAP measure. Please refer to Appendix D for the most directly comparable GAAP measures; See the forward-looking information and non-GAAP measures slide at the front of this presentation for more information.*

# REAFFIRMING OUTLOOK AND MAINTAINING DIVIDEND GROWTH

Comparable EBITDA[1]




Declared a third quarter 2022 dividend of $0.90 per share equivalent to $3.60 per share annually




(1) Comparable EBITDA is a non-GAAP measure. See the forward-looking information and non-GAAP measures slide at the front of this presentation for more information.

*Annualized based on third quarter dividend declared of $0.90 per share
See the forward-looking information and non-GAAP measures slide at the front of this presentation for more information.

# Question & answer period

## *Call participants*

François Poirier - *President and Chief Executive Officer*

Joel Hunter - *Executive Vice-President and Chief Financial Officer*

Stanley G. Chapman, III - *Executive Vice-President and President, U.S. and Mexico Natural Gas Pipelines*

Corey Hessen - *Executive Vice-President and President, Power, Storage and Origination*

Bevin Wirzba - *Executive Vice-President, Strategy and Corporate Development and Group Executive, Canadian Natural Gas Pipelines and Liquids Pipelines*

Greg Grant - *President, Canadian Natural Gas Pipelines*

Glenn Menuz - *Vice-President and Controller*

Gavin Wylie - *Vice-President, Investor Relations*

TC Energy

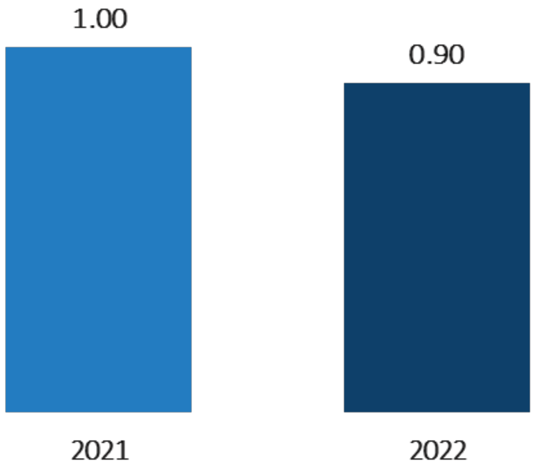
# Second quarter 2022 conference call

JULY 28, 2022

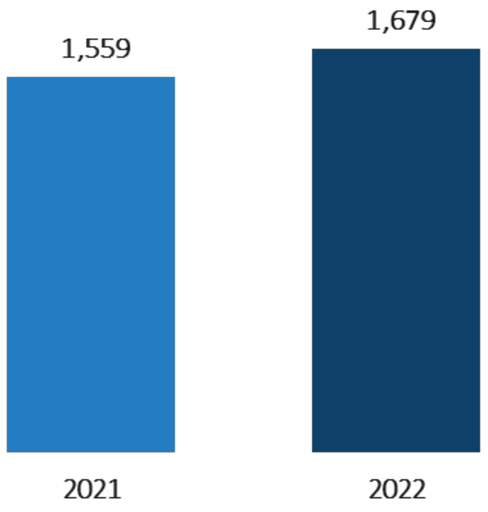
# APPENDIX A – FINANCIAL HIGHLIGHTS COMPARABLE GAAP MEASURES

Quarter ended June 30, 2022

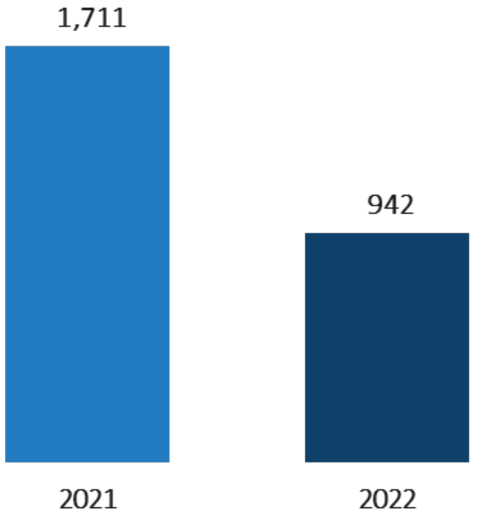
Net Income per Common Share
(dollars)




Segmented Earnings
(millions of dollars)




Net Cash Provided by Operations
(millions of dollars)



# APPENDIX B – BUSINESS SEGMENT RESULTS COMPARABLE GAAP MEASURE

(millions of dollars)

| | Three months ended June 30 | |
|---|---|---|
| | 2022 | 2021 |
| Segmented earnings | | |
| Canadian Natural Gas Pipelines | 385 | 361 |
| U.S. Natural Gas Pipelines | 711 | 688 |
| Mexico Natural Gas Pipelines | 162 | 138 |
| Liquids Pipelines | 261 | 250 |
| Power and Storage | 170 | 158 |
| Corporate | (10) | (36) |
| Total | 1,679 | 1,559 |
| Interest expense | (620) | (583) |
| Allowance for funds used during construction | 63 | 64 |
| Interest income and other | (43) | 127 |
| Income before incomes taxes | 1,079 | 1,167 |
| Income tax (expense)/recovery | (148) | (147) |
| Net income | 931 | 1,020 |

# APPENDIX C – COMPARABLE EBITDA AND COMPARABLE EARNINGS COMPARABLE GAAP MEASURE

(millions of dollars)

| | Three months ended June 30 | |
|---|---|---|
| | 2022 | 2021 |
| Comparable EBITDA[(1)] | 2,369 | 2,246 |
| Depreciation and amortization | (635) | (633) |
| Interest expense | (620) | (577) |
| Allowance for funds used during construction | 63 | 64 |
| Interest income and other included in comparable earnings | 17 | 158 |
| Income tax expense included in comparable earnings | (173) | (175) |
| Net income attributable to non-controlling interests | (9) | (6) |
| Preferred share dividends | (33) | (39) |
| Comparable earnings[(1)] | 979 | 1,038 |
| Specific items (net of tax): | | |
| Settlement of Mexico prior years' income tax assessments | (2) | - |
| Keystone XL impairment charge and other | - | (2) |
| Keystone XL preservation and other | (3) | (16) |
| Gain on sale of Ontario natural gas-fired power plants | - | 13 |
| Bruce Power unrealized fair value adjustments | (9) | - |
| Risk management activities | (76) | (58) |
| Net income attributable to common shares | 889 | 975 |



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

## APPENDIX D – FUNDS GENERATED FROM OPERATIONS AND COMPARABLE FUNDS GENERATED FROM OPERATIONS COMPARABLE GAAP MEASURE

(millions of dollars)

| | Three months ended June 30 | |
|---|---|---|
| | 2022 | 2021 |
| Net cash provided by operations | 942 | 1,711 |
| Increase in operating working capital | 618 | 27 |
| Funds generated from operations(1) | 1,560 | 1,738 |
| Specific items: | | |
| Settlement of Mexico prior years' income tax assessments | 2 | - |
| Keystone XL preservation and other | 5 | 21 |
| Current income tax (recovery)/expense on Keystone XL asset impairment charge, preservation and other | (1) | (5) |
| Comparable funds generated from operations(1) | 1,566 | 1,754 |



*(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.*