TC Energy

# Fourth quarter 2021 conference call

February 15, 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, the sustainability commitments and targets contained in our 2021 Report on Sustainability and our GHG Emissions Reduction Plan, as well as 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 uncertainty es 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, access or implement some or all of the technology necessary to efficiently and effectively achieve our sustainability commitments and targets, the commercial viability and scalability of GHG emission reduction strategies and related technology and products, the development and execution of implementing strategies to meet our sustainability commitments and targets, our ability to implement 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 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, and global health crises, such as pandemics and epidemics, including COVID-19 and the unexpected impacts related thereto. You can read more about these factors and others in the MD&A in our Fourth Quarter 2021 Financial Highlights news release and in other reports we have filed with Canadian securities regulators and the SEC, including the MD&A in our most recent Annual Report.

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. 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 Fourth Quarter 2021 Financial Highlights news release 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 About this document – Non-GAAP measures section of the MD&A in our 2021 Annual Report to Shareholders for more information about the non-GAAP measures we use, which section of the MD&A is incorporated by reference herein. The MD&A can be found on SEDAR (www.sedar.com) under TC Energy's profile. 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 Chief Executive Officer

FEBRUARY 15, 2022

# 2021 Accomplishments

- Produced strong operating and financial results, while prudently funding our capital program
- Placed $4.1 billion of projects into service, sanctioned ~$7 billion of new projects
- Progressed numerous energy transition growth initiatives in renewables, hydrogen and CCUS
- Strengthened organizational capabilities in Power & Storage, stakeholder relations and innovation
- Set goals for all ten sustainability commitments including tangible GHG emissions reduction targets

*Delivered significant total shareholder returns while seizing opportunities to grow sustainably and reduce emissions*


# Strong operating performance

## *Highlights*

### Canadian Natural Gas Pipelines

NGTL 2021 average export flows reached decade level highs

- Set an all-time high on intra-basin delivery of 8.1 Bcf/d on January 5, 2022

### U.S. Natural Gas Pipelines

Increased flows across majority of U.S. assets

- Set all-time send-out record of 34.9 Bcf on January 20, 2022

### Liquids Pipelines

Keystone system achieved record throughput of 602 Kb/d in 2021

- 6 per cent higher than 2020

### Power & Storage

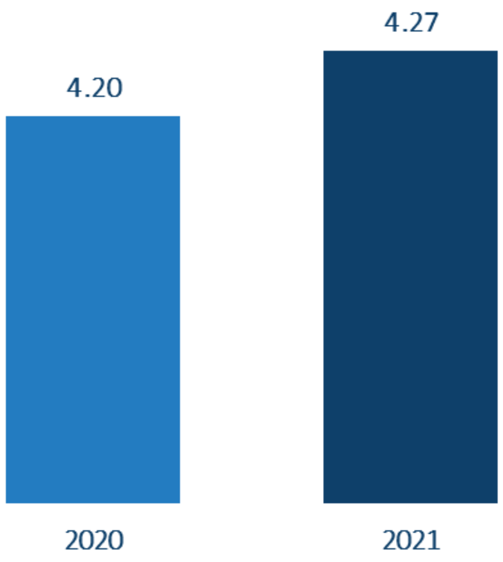
Bruce Power delivered 86 per cent plant availability

98.9 per cent peak availability on cogeneration assets through 2021 weather extremes

*The demand for our services and the operational performance of our assets remains strong*

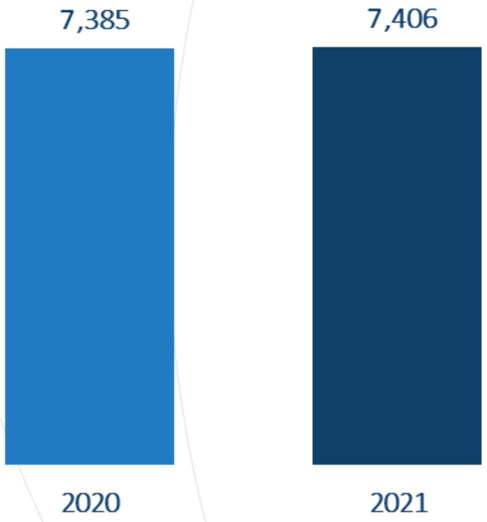
# Financial highlights[1] – year ended December 31

Comparable earnings
per common share[2] (dollars)




Comparable EBITDA[2]
(millions of dollars)


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

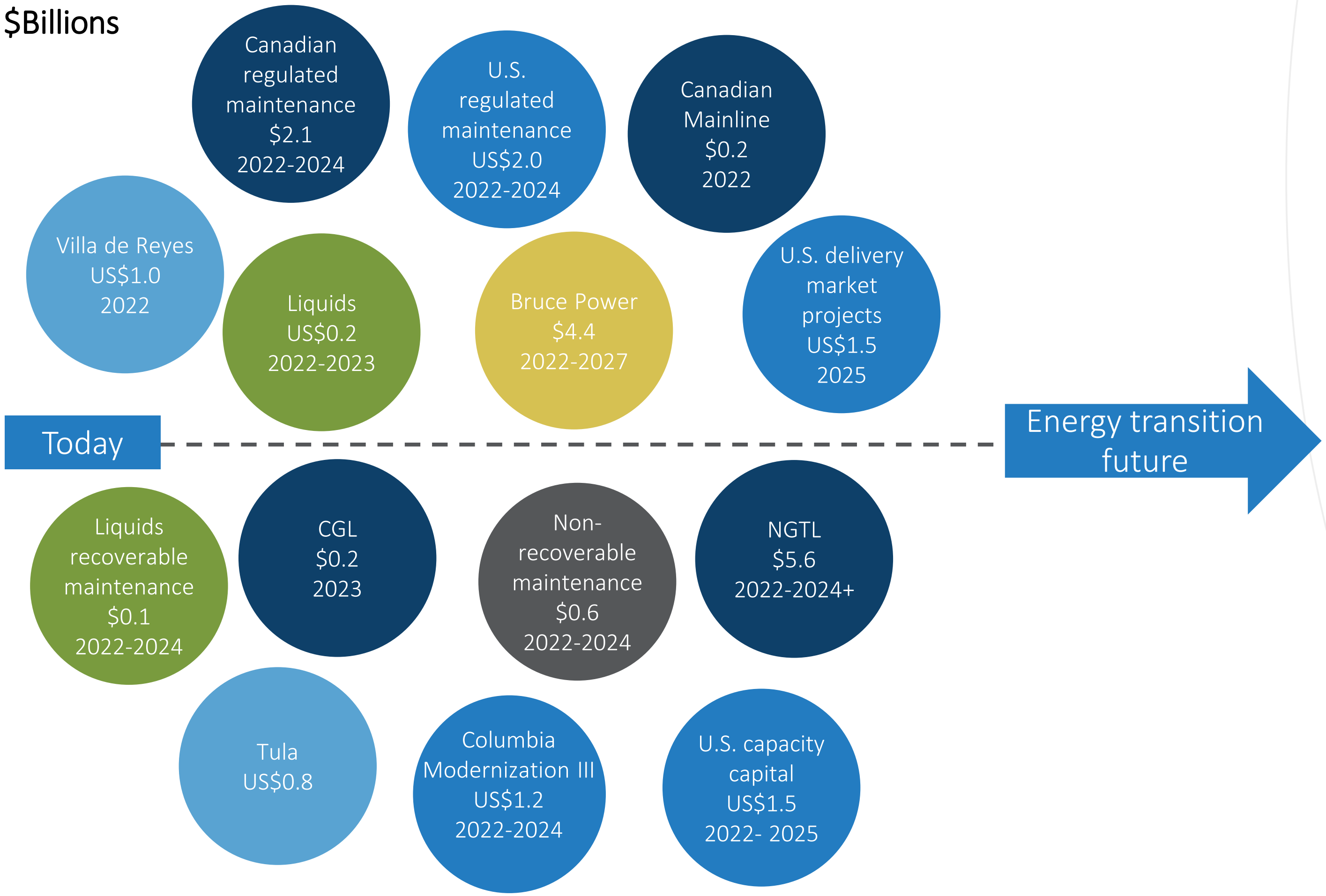



*Performance underpinned by strong demand for our services and constant focus on operational excellence*

*(1) Refer to Appendix A for these financial highlights 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.*

# Advancing $24 billion secured capital program

## Includes ~$7 billion of new projects sanctioned in 2021




**$18.2 billion of Natural Gas Pipelines projects**

- Reinforced by cost-of-service regulation and/or long-term, take-or-pay contracts

**$4.4 billion of Power and Storage projects**

- Underpinned by a contract with the Ontario IESO that extends to 2064

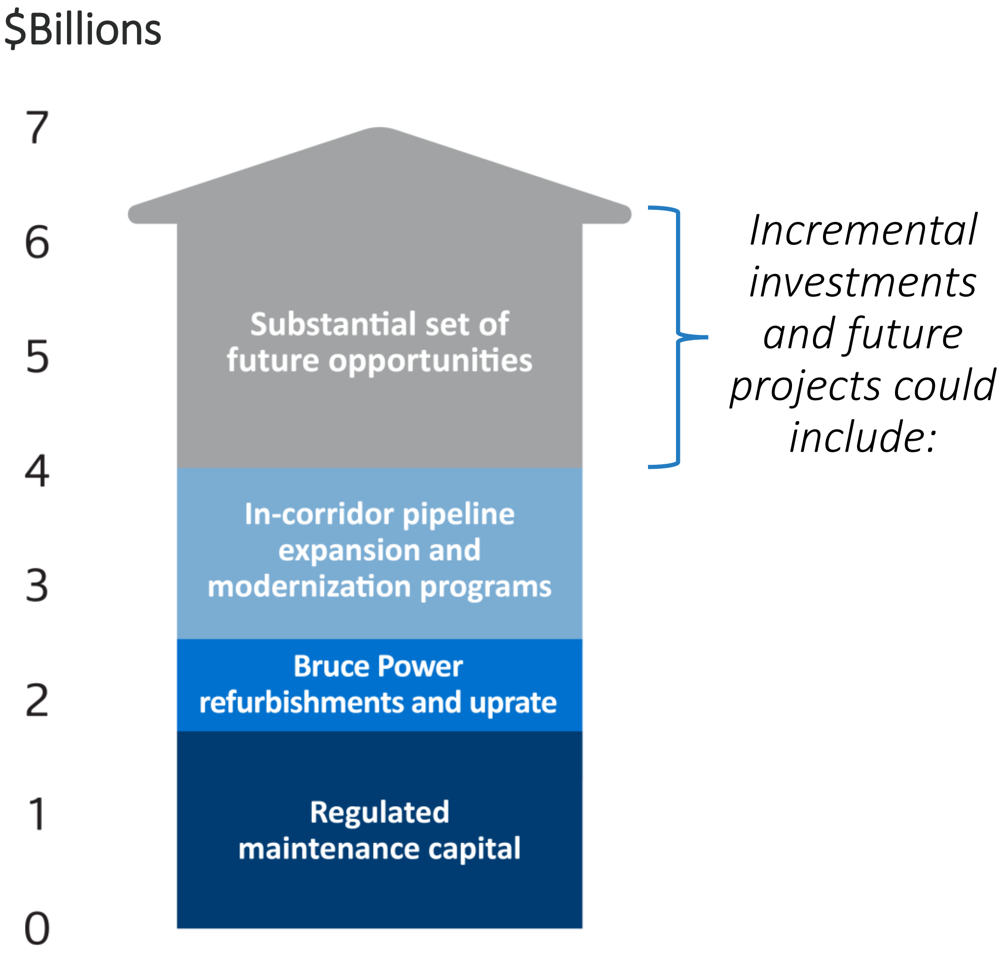
**$0.4 billion of Liquids Pipelines projects**

- Supported by a 25-year take-or-pay contract

*Segmented amounts exclude non-recoverable maintenance capital of $0.6 billion*

*Portfolio expected to deliver a weighted average unlevered after-tax IRR of ~8 per cent*

# Substantial suite of opportunities to extend our growth horizon




**Electrification of our pipeline network**
Using renewables to power a portion of our pipeline network

**Other in-corridor growth**
Capital-light investments and enhanced returns on existing assets

**Canyon Creek and Ontario pumped hydro storage**
On-demand, flexible, clean energy

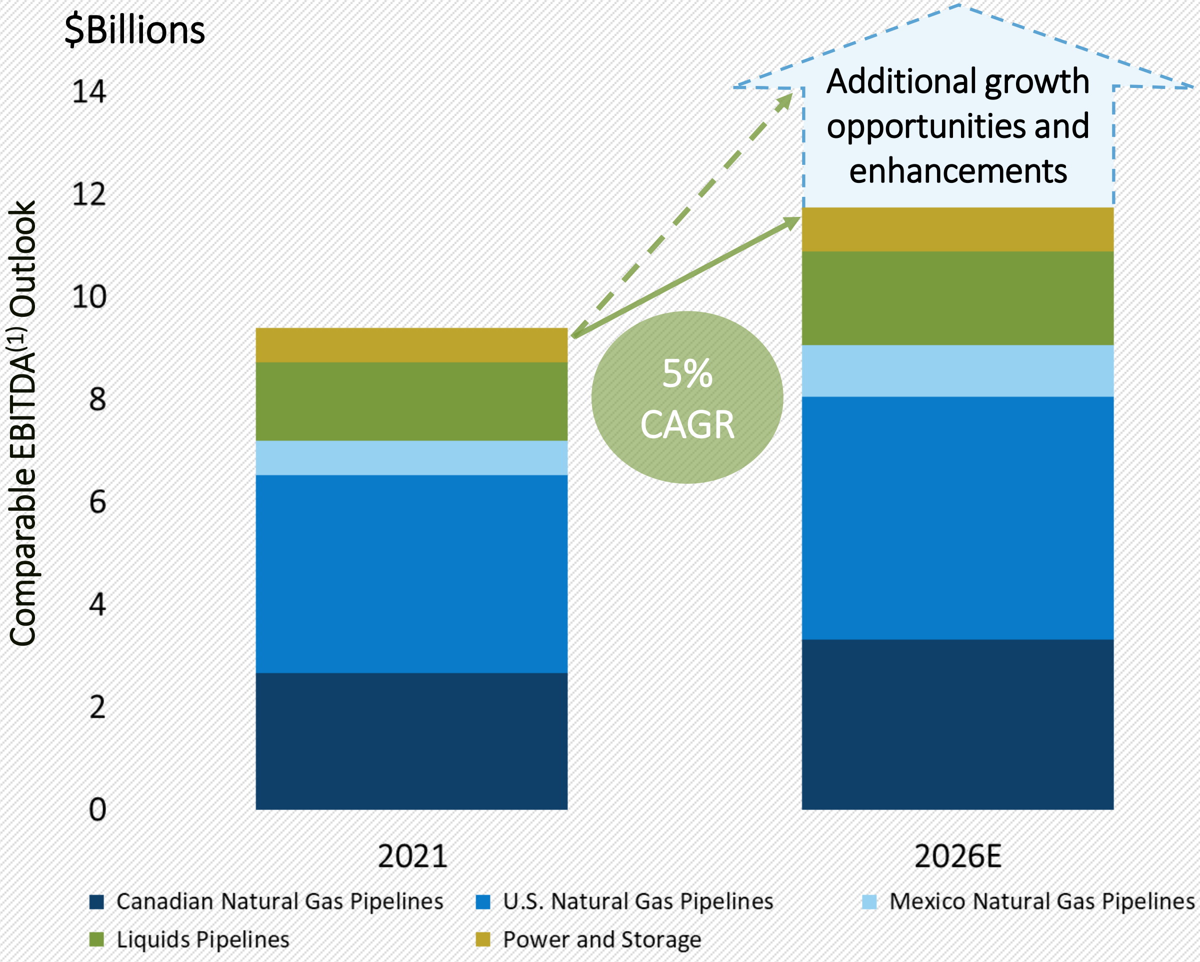
**Alberta Carbon Grid in partnership with Pembina**
World-scale carbon transportation and sequestration system

**Irving Oil agreement**
Joint development of clean energy projects

**Nikola and Hyzon hydrogen agreements**
Hubs producing up to 150+ tonnes of hydrogen per day

*Expect to sanction $5+ billion of new growth projects in each of the next several years consistent with our risk and return preferences*

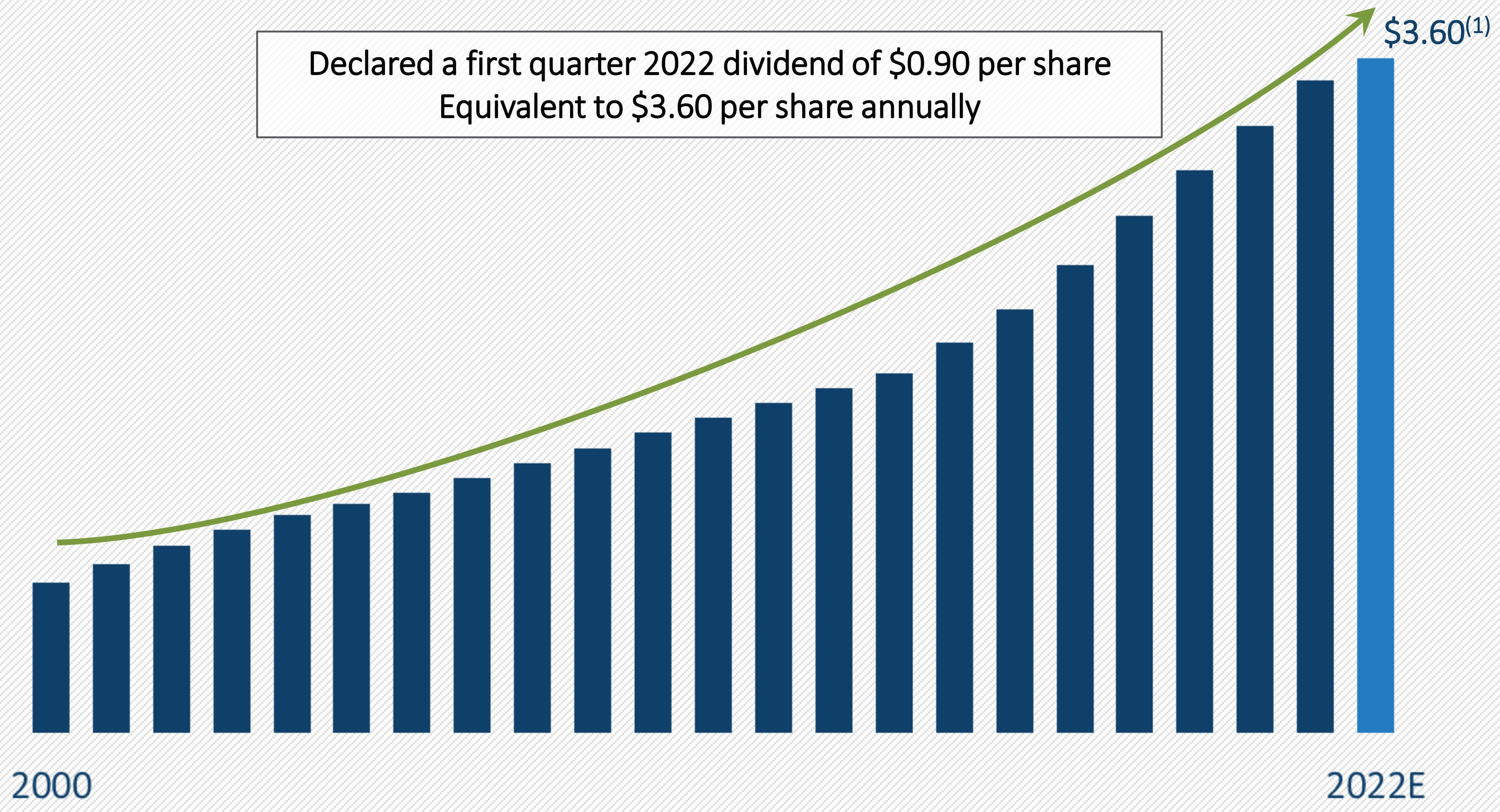
# We are confident in our ability to grow




*We have a sustainable competitive advantage*

*(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.*

# Common share dividend increased 3.4 per cent




*Twenty-two consecutive years of common share dividend increases with 3-5% expected future growth per annum*

*(1) Annualized based on first 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.*

# 2022 Priorities

- **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** and flexibility
- Progress sustainability targets, including **reducing GHG emissions** intensity
- Enhance organizational capabilities to position for **continued success**

*Our vision is to be the premier energy infrastructure company in North America, now and in the future*

# Joel Hunter

Executive Vice-President and Chief Financial Officer

FEBRUARY 15, 2022

# Consolidated results of operations

(millions of dollars, except per share amounts)

| | Three months ended December 31 | | Year ended December 31 | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Net income attributable to common shares | 1,118 | 1,124 | 1,815 | 4,457 |
| Specific items (net of tax): | | | | |
| Keystone XL asset impairment charge and other | (60) | - | 2,134 | - |
| Gain on partial sale of Northern Courier | (19) | - | (19) | - |
| Voluntary Retirement Program | (7) | - | 48 | - |
| Keystone XL preservation and other | 10 | - | 37 | - |
| Loss/(gain) on sale of Ontario natural gas-fired power plants | 6 | 81 | (7) | 283 |
| Gain on partial sale of Coastal GasLink LP | - | - | - | (402) |
| Income tax valuation allowance releases | - | (18) | - | (299) |
| Gain on sale of Columbia Midstream assets | - | (18) | - | (18) |
| Risk management activities | (13) | (89) | 145 | (76) |
| Comparable earnings(1) | 1,035 | 1,080 | 4,153 | 3,945 |
| Net income per common share | $1.14 | $1.20 | $1.87 | $4.74 |
| Specific items (net of tax): | | | | |
| Keystone XL asset impairment charge and other | (0.06) | - | 2.19 | - |
| Gain on partial sale of Northern Courier | (0.02) | - | (0.02) | - |
| Voluntary Retirement Program | (0.01) | - | 0.05 | - |
| Keystone XL preservation and other | 0.01 | - | 0.04 | - |
| Loss/(gain) on sale of Ontario natural gas-fired power plants | 0.01 | 0.08 | (0.01) | 0.30 |
| Gain on partial sale of Coastal GasLink LP | - | - | - | (0.43) |
| Income tax valuation allowance releases | - | (0.02) | - | (0.32) |
| Gain on sale of Columbia Midstream assets | - | (0.02) | - | (0.02) |
| Risk management activities | (0.01) | (0.09) | 0.15 | (0.07) |
| Comparable earnings per common share(1) | $1.06 | $1.15 | $4.27 | $4.20 |
| Weighted average basic common shares outstanding (millions) | 980 | 940 | 973 | 940 |

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

# Business segment results(1)

(millions of dollars)

| | Three months ended December 31 | | Year ended December 31 | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Comparable EBITDA(2) | | | | |
| Canadian Natural Gas Pipelines | 674 | 682 | 2,675 | 2,566 |
| U.S. Natural Gas Pipelines | 1,032 | 919 | 3,856 | 3,638 |
| Mexico Natural Gas Pipelines | 151 | 166 | 666 | 786 |
| Liquids Pipelines | 380 | 408 | 1,526 | 1,700 |
| Power and Storage | 177 | 161 | 683 | 677 |
| Corporate | (10) | (13) | (24) | (16) |
| Total | 2,404 | 2,323 | 9,382 | 9,351 |

Fourth quarter 2021 Comparable EBITDA increased by $81 million compared to the same period in 2020. Aside from the negative currency translation impact as a result of a weaker U.S. dollar in 2021 versus 2020, principal variances included:

- Canadian Natural Gas Pipelines – Decreased primarily due to lower flow-through depreciation and financial charges, partially offset by higher incentive earnings and the elimination of the TC Energy contribution on the Canadian Mainline
- U.S. Natural Gas Pipelines – Increased earnings primarily from higher Columbia Gas transportation rates effective February 1, 2021 as a result of the subsequently uncontested rate case settlement, lower operating costs across a number of pipelines and improved earnings from our mineral rights business
- Mexico Natural Gas Pipelines – Decreased primarily as a result of lower equity income from Sur de Texas
- Liquids Pipelines – Decreased due to lower volumes on the U.S. Gulf Coast section of the Keystone Pipeline System, partially offset by increased contributions from liquids marketing activities reflecting higher margins and volumes
- Power and Storage – Increased as a result of greater Canadian Power earnings due to contributions from trading activities and higher realized margins, as well as increased earnings from Bruce Power due to higher volumes resulting from fewer outage days

*(1) For more information see our Fourth Quarter 2021 Financial Highlights release. Please refer to Appendix B for business segment results presented with the most directly comparable GAAP measures; (2) 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.*

# Other income statement items[1]

(millions of dollars)

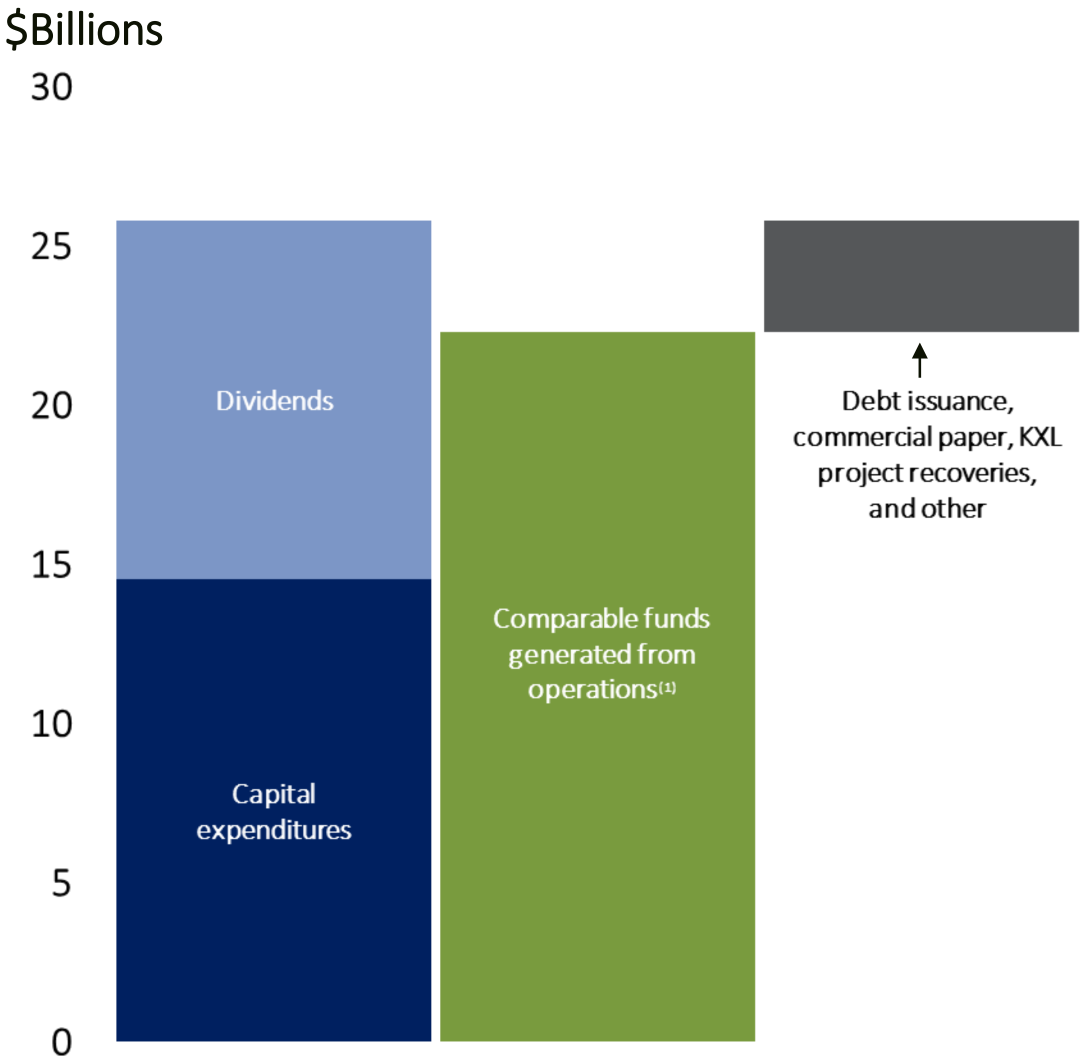
| | Three months ended December 31 | | Year ended December 31 | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Comparable EBITDA[2] | 2,404 | 2,323 | 9,382 | 9,351 |
| Depreciation and amortization | (634) | (652) | (2,522) | (2,590) |
| Comparable EBIT[2] | 1,770 | 1,671 | 6,860 | 6,761 |
| Interest expense included in comparable earnings[3] | (611) | (530) | (2,354) | (2,228) |
| Allowance for funds used during construction | 72 | 95 | 267 | 349 |
| Interest income and other included in comparable earnings[3] | 103 | 86 | 444 | 173 |
| Income tax expense included in comparable earnings[3] | (259) | (134) | (833) | (654) |
| Net income attributable to non-controlling interests | (8) | (69) | (91) | (297) |
| Preferred share dividends | (32) | (39) | (140) | (159) |
| Comparable earnings[2] | 1,035 | 1,080 | 4,153 | 3,945 |

In addition to the currency translation effect as a result of a weaker U.S. dollar in 2021 versus 2020, principal variances between fourth quarter 2021 and the same period in 2020 included:

- **Depreciation and amortization** – Lower primarily due to one section of the Canadian Mainline being fully depreciated in 2021, partially offset by new projects placed into service in U.S. Natural Gas Pipelines and certain fourth quarter 2021 adjustments related to the Columbia Gas uncontested rate case settlement
- **Interest expense –** Higher primarily due to lower capitalized interest as a result of its cessation for the Keystone XL pipeline project
- **AFUDC –** Lower primarily due to suspension of recording AFUDC on the Villa de Reyes project effective January 1, 2021, partially offset by NGTL System expansion projects under construction
- **Interest income and other[3] –** Higher mainly due to higher realized gains in 2021 compared to 2020 on derivatives used to manage our net exposure to foreign exchange rate fluctuations on U.S. dollar-denominated income
- **Income tax expense[3] –** Increased primarily due to the impact of lower foreign tax rate differentials, Mexico inflationary adjustments and increased flow-through income taxes on Canadian rate-regulated pipelines
- **Non-controlling interests –** Decreased following the acquisition of all outstanding common units of TC PipeLines, LP not beneficially owned by TC Energy

*(1) For more information see our Fourth Quarter 2021 Financial Highlights news release 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.*

# Funding program outlook 2022-2024E




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

- $2.1 billion in the fourth quarter, $7.4 billion in 2021
- Reflects the resiliency and criticality of our energy infrastructure portfolio

**Financial strength and flexibility underpinned by:**

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

**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.*

# 2022 Outlook

*Comparable EBITDA[1]*

| | | |
|---|---|---|
| ↑ | Canadian Natural Gas Pipelines | Higher driven by continued NGTL System expansion and recovery of flow-through items, partially offset by the reduction of flow-through depreciation in the Canadian Mainline |
| ↔ | U.S. Natural Gas Pipelines | Consistent with 2021 due to an expected increase in transportation rates on ANR subject to the outcome of the Section 4 rate case, the completion of expansion projects on the ANR and Columbia Gulf systems, partially offset by higher operational costs and an anticipated increase in property taxes from capital projects placed in service. |
| ↑ | Mexico Natural Gas Pipelines | Higher as a result of the anticipated settlement of the disputed contract terms with the CFE and the expected in-service of Villa de Reyes during 2022. |
| ↓ | Liquids Pipelines | Decreased as a result of continuing lower volumes on the U.S. Gulf Coast section of the Keystone Pipeline System and reduced margins in the liquids marketing business. |
| ↔ | Power and Storage | Consistent with 2021 as the impact of Bruce Power's contract price increase for the Unit 3 MCR program is expected to be offset by greater non-MCR planned outage days and operating costs. |

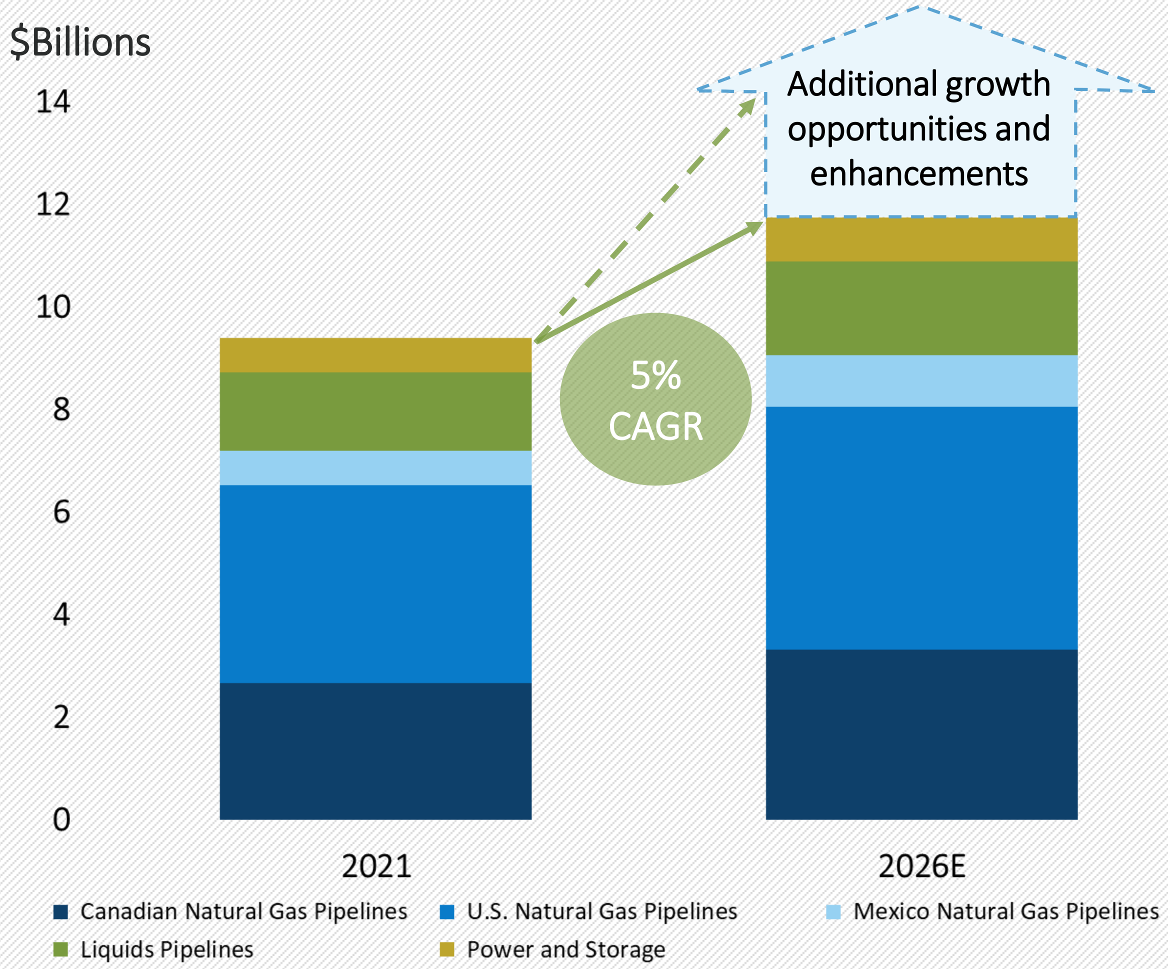
| | |
|---|---|
| Other items impacting comparable EPS[1] | Lower average foreign exchange hedge rate on our 2022 U.S. dollar-denominated earnings and higher anticipated interest expense as a result of long-term debt issuances, net of maturities. |

| | |
|---|---|
| Capital spending outlook[2] | ~$6.5 billion largely related to spending on NGTL System expansions, U.S. Natural Gas Pipeline projects, the Bruce Power life extension program and normal course maintenance capital expenditures. |

***Comparable EBITDA is expected to be modestly higher than 2021 while comparable earnings per share is expected to be consistent with 2021***

*(1) Comparable EBITDA and comparable earnings per share are non-GAAP measures. See the forward-looking information and non-GAAP measures slide at the front of this presentation for more information.*
*(2) Includes growth projects, maintenance capital expenditures and contributions to equity investments*

# Comparable EBITDA[1] outlook 2021-2026E




Reflects current portfolio of high-quality, long-life assets and secured projects expected to enter service by 2026

~95% from regulated and long-term contracted assets

Additional growth expected from:

- Ongoing in-corridor expansions, extensions and modernization programs
- Energy transition opportunities

*(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.*

# Delivering long-term shareholder value

## Track record

13% average annual total shareholder return since 2000

## Visible growth

$24 billion secured capital program through 2027

Vast opportunity set emanating from irreplaceable footprint and organizational capabilities

## Attractive dividend

5.4% yield

Long track record of consecutive annual dividend increases

## Solid financial position

Numerous levers available to fund future growth

Simple, understandable corporate structure

*Proven resilience of our critical energy infrastructure portfolio will continue to drive value*

# Question & answer period

TC Energy

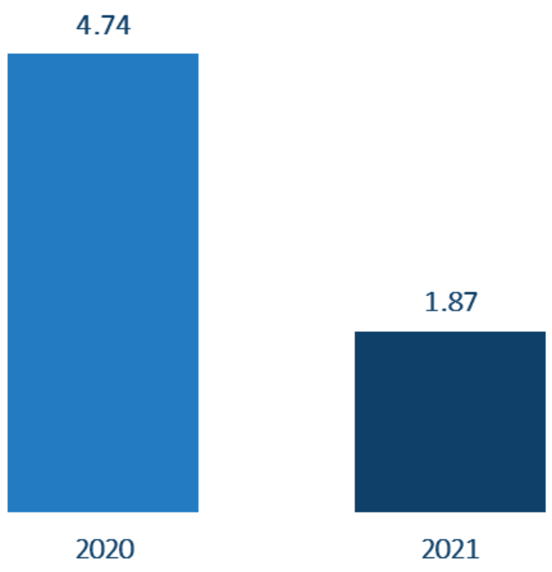
# Fourth quarter 2021 conference call

February 15, 2022

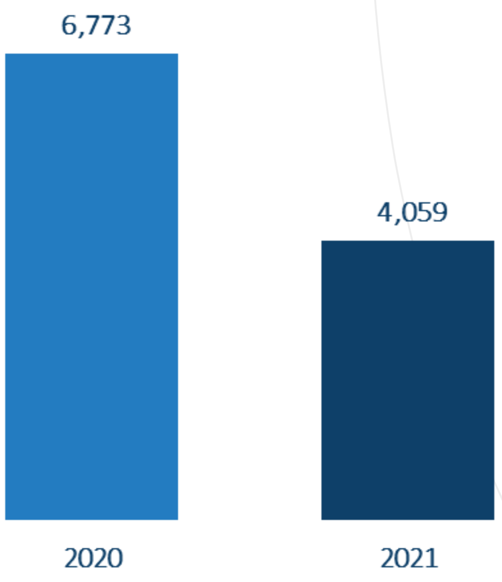
# Appendix A – Financial highlights comparable GAAP measures

Year ended December 31, 2021

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 December 31 | | Year ended December 31 | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Segmented Earnings | | | | |
| Canadian Natural Gas Pipelines | 389 | 350 | 1,449 | 1,657 |
| U.S. Natural Gas Pipelines | 818 | 730 | 3,071 | 2,837 |
| Mexico Natural Gas Pipelines | 123 | 137 | 557 | 669 |
| Liquids Pipelines | 373 | 300 | (1,600) | 1,359 |
| Power and Storage | 191 | 43 | 628 | 181 |
| Corporate | (6) | (150) | (46) | 70 |
| Total | 1,888 | 1,410 | 4,059 | 6,773 |
| Interest expense | (611) | (530) | (2,360) | (2,228) |
| Allowance for funds used during construction | 72 | 95 | 267 | 349 |
| Interest income and other | 87 | 373 | 200 | 213 |
| Income before incomes taxes | 1,436 | 1,348 | 2,166 | 5,107 |
| Income tax expense | (278) | (116) | (120) | (194) |
| Net income | 1,158 | 1,232 | 2,046 | 4,913 |

# Appendix C – Comparable EBITDA and comparable earnings comparable GAAP measure

(millions of dollars)

| | Three months ended December 31 | | Year ended December 31 | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Comparable EBITDA[1] | 2,404 | 2,323 | 9,382 | 9,351 |
| Depreciation and amortization | (634) | (652) | (2,522) | (2,590) |
| Interest expense included in comparable earnings | (611) | (530) | (2,354) | (2,228) |
| Allowance for funds used during construction | 72 | 95 | 267 | 349 |
| Interest income and other included in comparable earnings | 103 | 86 | 444 | 173 |
| Income tax expense included in comparable earnings | (259) | (134) | (833) | (654) |
| Net income attributable to non-controlling interests | (8) | (69) | (91) | (297) |
| Preferred share dividends | (32) | (39) | (140) | (159) |
| Comparable Earnings[1] | 1,035 | 1,080 | 4,153 | 3,945 |
| Specific items (net of tax): | | | | |
| Keystone XL asset impairment charge and other | 60 | - | (2,134) | - |
| Gain on partial sale of Northern Courier | 19 | - | 19 | - |
| Voluntary Retirement Program | 7 | - | (48) | - |
| Keystone XL preservation and other | (10) | - | (37) | - |
| Loss/(gain) on sale of Ontario natural gas-fired power plants | (6) | (81) | 7 | (283) |
| Gain on partial sale of Coastal GasLink LP | - | - | - | 402 |
| Income tax valuation allowance releases | - | 18 | - | 299 |
| Gain on sale of Columbia Midstream assets | - | 18 | - | 18 |
| Risk management activities | 13 | 89 | (145) | 76 |
| Net Income Attributable to Common Shares | 1,118 | 1,124 | 1,815 | 4,457 |

*(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 December 31 | | Year ended December 31 | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Net Cash Provided by Operations | 1,801 | 1,939 | 6,890 | 7,058 |
| Increase in operating working capital | 255 | 140 | 287 | 327 |
| Funds Generated from Operations[(1)] | 2,056 | 2,079 | 7,177 | 7,385 |
| Specific items: | | | | |
| Keystone XL preservation and other | 14 | - | 49 | - |
| Current income tax expense on Keystone XL asset impairment charge, preservation and other | 11 | - | 131 | - |
| Voluntary Retirement Program | (8) | - | 63 | - |
| Current income tax recovery on Voluntary Retirement Program | - | - | (14) | - |
| Comparable Funds Generated from Operations[(1)] | 2,073 | 2,079 | 7,406 | 7,385 |

*(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.*