



Fourth Quarter 2018 Conference Call

February 21, 2019



TC PipeLines, LP

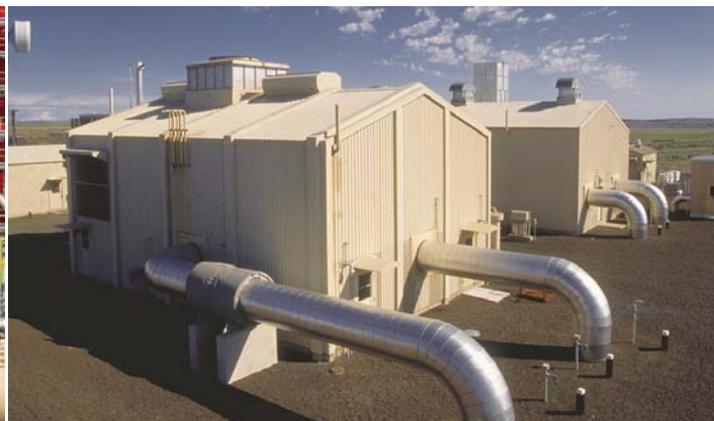
Fourth Quarter 2018 Conference Call

Nathan Brown, President

Janine Watson, VP and General Manager

Chuck Morris, Principal Financial Officer

Rhonda Amundson, Investor Relations



Forward Looking Information and Non-GAAP Measures

This presentation may include forward-looking statements regarding future events and the future financial performance of TC PipeLines, LP. Words such as “believes,” “expects,” “intends,” “forecasts,” “projects,” and similar expressions identify forward-looking statements. All forward-looking statements are based on the Partnership’s current beliefs as well as assumptions made by and information currently available to the Partnership. These statements reflect the Partnership’s current views with respect to future events. The Partnership assumes no obligation to update any such forward-looking statement to reflect events or circumstances occurring after the date hereof. Important factors that could cause actual results to materially differ from the Partnership’s current expectations include the impact of the Tax Cuts and Jobs Act of 2017 (the Tax Act) and the FERC orders issued on March 15, 2018 and July 18, 2018 (2018 FERC Actions) on our pipeline’s rates and the Partnership’s revenues, cash flow and cash available for distributions, debt payments and covenant compliance, ability to mitigate the impact of the Tax Act and 2018 FERC Actions, initiation of Section 5 proceedings or other acceleration of rate resets, availability of drop downs, non-renewal or replacement of expiring transportation agreements, ability to identify, negotiate and finance potential business opportunities, market conditions, and other risks inherent in an investment in us as discussed in the Partnership’s filings with the Securities and Exchange Commission, including the Partnership’s Annual Report on Form 10-K for the year ended December 31, 2018, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

We use the non-GAAP financial measures “Adjusted earnings”, “Adjusted earnings per common unit”, “EBITDA”, “Adjusted EBITDA” and “Distributable cash flow” as a supplement to our GAAP financial statements. “Adjusted earnings” are used to provide a more comparable earnings measure from quarter to quarter and exclude the impact of certain non-recurring items. “EBITDA” is an approximate measure of our operating cash flow during the current earnings period. “Distributable cash flow” provides a measure of distributable cash generated during the current earnings period. These measures are performance measures presented to assist investors in the evaluation of our business performance. We believe these measures provide additional meaningful information in evaluating our financial performance and cash generating capacity. These non-GAAP financial measures are provided as a supplement to GAAP financial results and are not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP. The reconciliations of these measures to the most directly comparable GAAP measure, Net Income, are available on our website under the supplemental schedules published as part of our quarterly earnings releases. These measures do not have any standardized meaning prescribed by GAAP. They are, therefore, considered to be non-GAAP measures and are unlikely to be comparable to similarly titled measures presented by other entities.

Fourth Quarter and Annual 2018 Highlights

- Net loss attributable to controlling interests of \$413 million for fourth quarter and \$182 million for the year after considering non-cash impairment charges partially offset by one-time revenue proceeds
- Adjusted earnings of \$86 million for fourth quarter and \$317 million for the year
- Adjusted EBITDA of \$140 million for fourth quarter and \$526 million for the year
- Distributable cash flow of \$95 million for fourth quarter and \$391 million for the year
- Cash distributions of \$47 million or \$0.65 per common unit paid in fourth quarter 2018 and \$218 million paid in 2018
- Declared 2018 fourth quarter cash distribution of \$0.65 per common unit
- Organic growth projects moving forward – Westbrook XPress progressing
- Regulatory progress across portfolio
- Debt repayments continue with leverage reduced to approximately 3.1 times
- Distribution sustainable at current level; solid distribution coverage of 2.1 times for fourth quarter

Operating and Regulatory Update

Continued solid performance from our portfolio of assets

- Continued strong contracting on GTN from higher flows out of Canada, partially offset by refund provision in settlement agreement
- Additional short-term firm transportation services sold by North Baja
- Consistent solid fourth quarter performance from Great Lakes and Northern Border
- PNGTS benefited from incremental contracting
- Continued stable performance from the remainder of our assets

Regulatory response to FERC's 2018 Actions finalized

Estimated EBITDA impact of FERC Actions is approximately negative \$30 million on an annualized basis starting in 2019

Commercial Update and Outlook

Pipeline assets positioned to benefit from increasing natural gas flows out of Canada

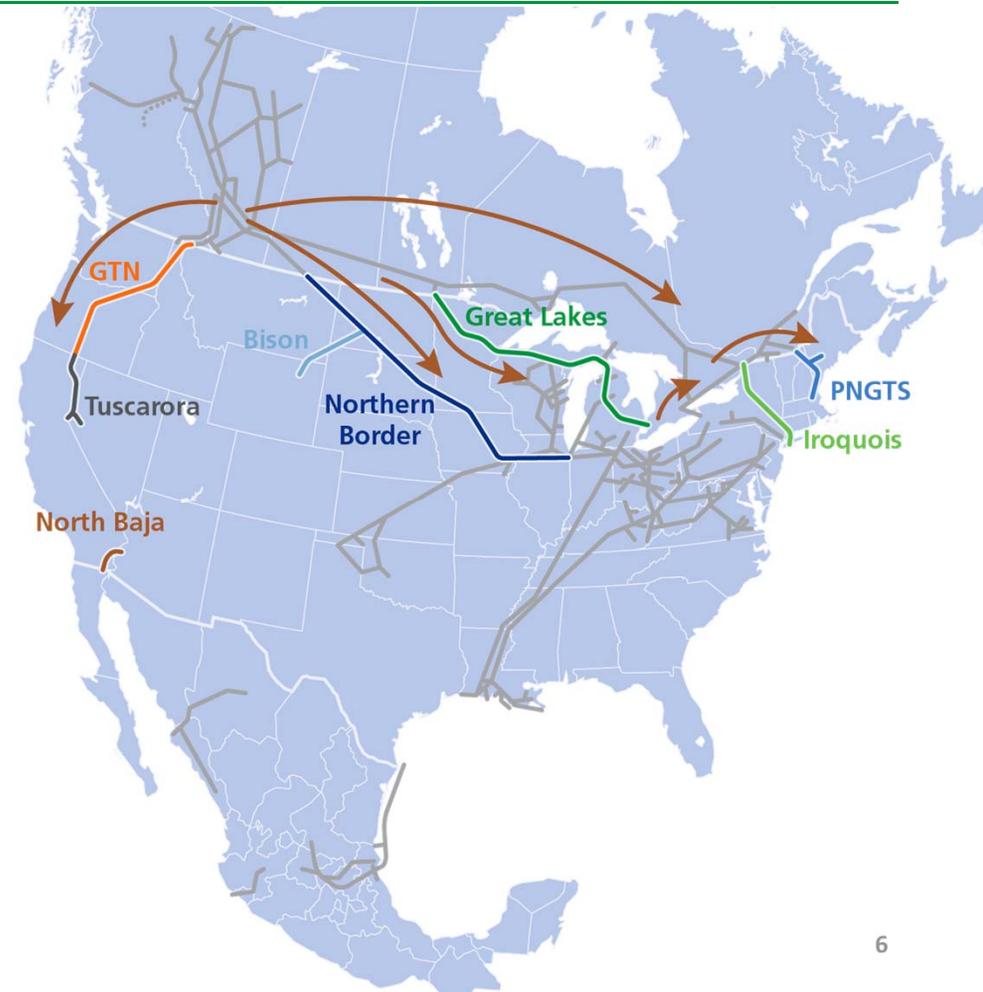
- TransCanada's NGTL system adding 3.2 Bcf/day of incremental delivery capacity by the end of 2022
- TransCanada's Canadian Mainline securing long-term contracts to serve eastern markets

Organic growth progressing

- Portland and Westbrook XPress are the type of value-adding projects we are pursuing across our footprint
- Positioned to fund future growth and maintain our credit metrics

Outlook

- Expect our assets to perform consistently due to high contract levels and ongoing market demand for natural gas transport from prolific supply basins
- Working on the next wave of growth opportunities



Fourth Quarter 2018 Financial Results

(unaudited, millions of dollars except per common unit amounts)

| | Three months ended | | Twelve months ended | |
|---|--------------------|--------|---------------------|--------|
| | 31-Dec | | 31-Dec | |
| | 2018 | 2017 | 2018 | 2017 |
| Net income (loss) attributable to controlling interests | (413) | 66 | (182) | 252 |
| Net income (loss) per common unit – <i>basic and diluted</i> ^(a) | (\$5.80) | \$0.77 | (\$2.68) | \$3.16 |
| Adjusted earnings ^(b) | 86 | 66 | 317 | 252 |
| Adjusted earnings per common unit – <i>basic and diluted</i> ^(b) | \$1.06 | \$0.77 | \$4.18 | \$3.16 |
| EBITDA ^(b) | (359) | 117 | 27 | 445 |
| Adjusted EBITDA ^(b) | 140 | 117 | 526 | 445 |
| Cash distributions paid | (47) | (74) | (218) | (284) |
| Class B distributions paid | - | - | (15) | (22) |
| Distributable cash flow ^(b) | 95 | 72 | 391 | 310 |
| Cash distributions declared per common unit | \$0.65 | \$1.00 | \$2.60 | \$3.94 |
| Weighted average common units outstanding (millions) ^(c) | 71.3 | 70.0 | 71.3 | 69.2 |
| Common units outstanding, end of period (millions) ^(c) | 71.3 | 70.6 | 71.3 | 70.6 |

(a) Net income per common unit is computed by dividing net income attributable to controlling interests, after deduction of net income attributable to PNGTS' former parent and amounts attributable to the General Partner and Class B units, by the weighted average number of common units outstanding.

(b) Distributable cash flow, EBITDA, Adjusted EBITDA, Adjusted earnings and Adjusted earnings per common unit are non-GAAP financial measures. The reconciliations of these measures to the most directly comparable GAAP measure, Net Income, are available on our website under the supplemental schedules published as part of our fourth quarter earnings release.

(c) Under the ATM program, the Partnership issued 732,973 units during the twelve months ended December 31, 2018 (all units were issued during the first quarter ended March 31, 2018).

Fourth Quarter 2018 Financial Results

(unaudited, millions of dollars)

| | Three months ended | | Twelve months ended | |
|--|--------------------|-----------|---------------------|------------|
| | 31-Dec | | 31-Dec | |
| | 2018 | 2017 | 2018 | 2017 |
| Transmission revenues, net | 220 | 109 | 549 | 422 |
| Equity earnings | 44 | 37 | 173 | 124 |
| Impairment of long-lived assets | (537) | - | (537) | - |
| Impairment of goodwill | (59) | - | (59) | - |
| Operating, maintenance and administrative | (28) | (29) | (101) | (103) |
| Depreciation | (24) | (24) | (97) | (97) |
| Financial charges and other | (23) | (23) | (92) | (82) |
| Net income (loss) before taxes | (406) | 70 | (164) | 264 |
| Income taxes | - | - | (1) | (1) |
| Net income attributable to non-controlling interests | 7 | 4 | 17 | 11 |
| Net income (loss) attributable to controlling interests | (413) | 66 | (182) | 252 |

Solid Financial Position

Investment grade credit ratings

- Solid capital structure
- Indicative of quality assets within portfolio

Liquidity and flexibility

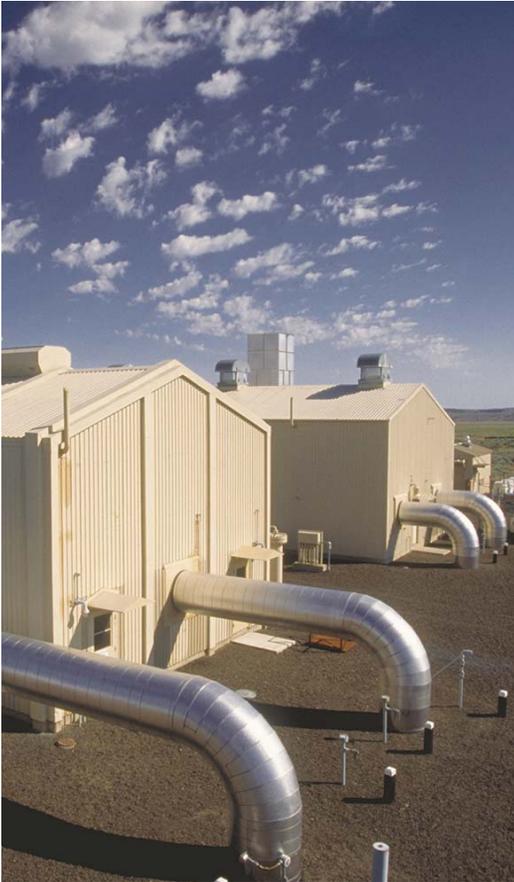
- Credit facility of \$500 million; \$475 million available as at February 21, 2019
- Leverage approximately 3.1 times

Solid distribution coverage

- 2.1 times for the quarter and the year ending December 31, 2018



TC PipeLines, LP – Key Takeaways



Critical Energy Infrastructure Assets Generate Strong Cash Flows

- Current distributions stable due to geographically diverse portfolio of assets substantially backed by long-term, ship-or-pay contracts with creditworthy shippers
- Strong competitive position

Healthy Financial Position Maximizes Value Over the Long Term

- Leverage ratio targeted in the low 4.0 times range
- Distribution coverage ratio trending to approximately 1.5 times
- Investment-grade with low IDRs
- No plans to access equity capital markets

Organic Growth Opportunities

- Portfolio of solid pipeline assets provides “steel-in-the-ground” advantage in critical markets and serves as a strong platform for future growth
- Assets highly connected to TransCanada’s asset portfolio and benefit from TransCanada projects upstream and downstream
- Working to secure the next wave of organic growth opportunities

Disciplined approach to growth with goal to self-fund near-term opportunities

Question & Answer Period



Nathan Brown
President



Janine Watson
VP and General Manager



Chuck Morris
Principal Financial Officer



Rhonda Amundson
Investor Relations



Fourth Quarter 2018 Conference Call

February 21, 2019

