



Fourth quarter 2019 conference call

February 20, 2020



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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, 2019, 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 2019 highlights

- Net income attributable to controlling interests of \$76 million for fourth quarter and \$280 million for 2019
- EBITDA of \$119 million for fourth quarter and \$460 million for the year
- Distributable cash flow of \$76 million for fourth quarter and \$340 million for the year
- Cash distributions of \$47 million or \$0.65 per common unit paid in fourth quarter 2019 and \$189 million paid in 2019
- Declared 2019 fourth quarter cash distribution of \$0.65 per common unit
- Organic growth projects progressing across our portfolio – GTN, Tuscarora and PNGTS
- Advancing projects in development – North Baja XPress and Iroquois ExC
- Bank leverage ratio approximately 3.4 times
- Solid distribution coverage of 1.6 times for fourth quarter
- Committed to responsible environmental, social and governance practices

Commercial update

Continued solid performance from our portfolio of assets

- Continued robust contracting at GTN
 - Higher natural gas flows out of Canada persist
- Northern Border operated at very high levels of throughput
- Great Lakes continues to be a steady performer
- Overall, continued stable performance across our assets largely mitigating regulatory rate reductions

Expect consistent performance going forward

- High contract levels and ongoing market demand for natural gas transportation from prolific supply basins

Optimizing existing assets

- High utilization rates on our pipelines

Key focus areas and future opportunities

Executing near-term growth program

- Began work on GTN XPress and Tuscarora XPress
- Portland and Westbrook XPress continue to advance
- Positioned to fund future growth and maintain our credit metrics

Securing the next wave of growth opportunities

Projects in Development*

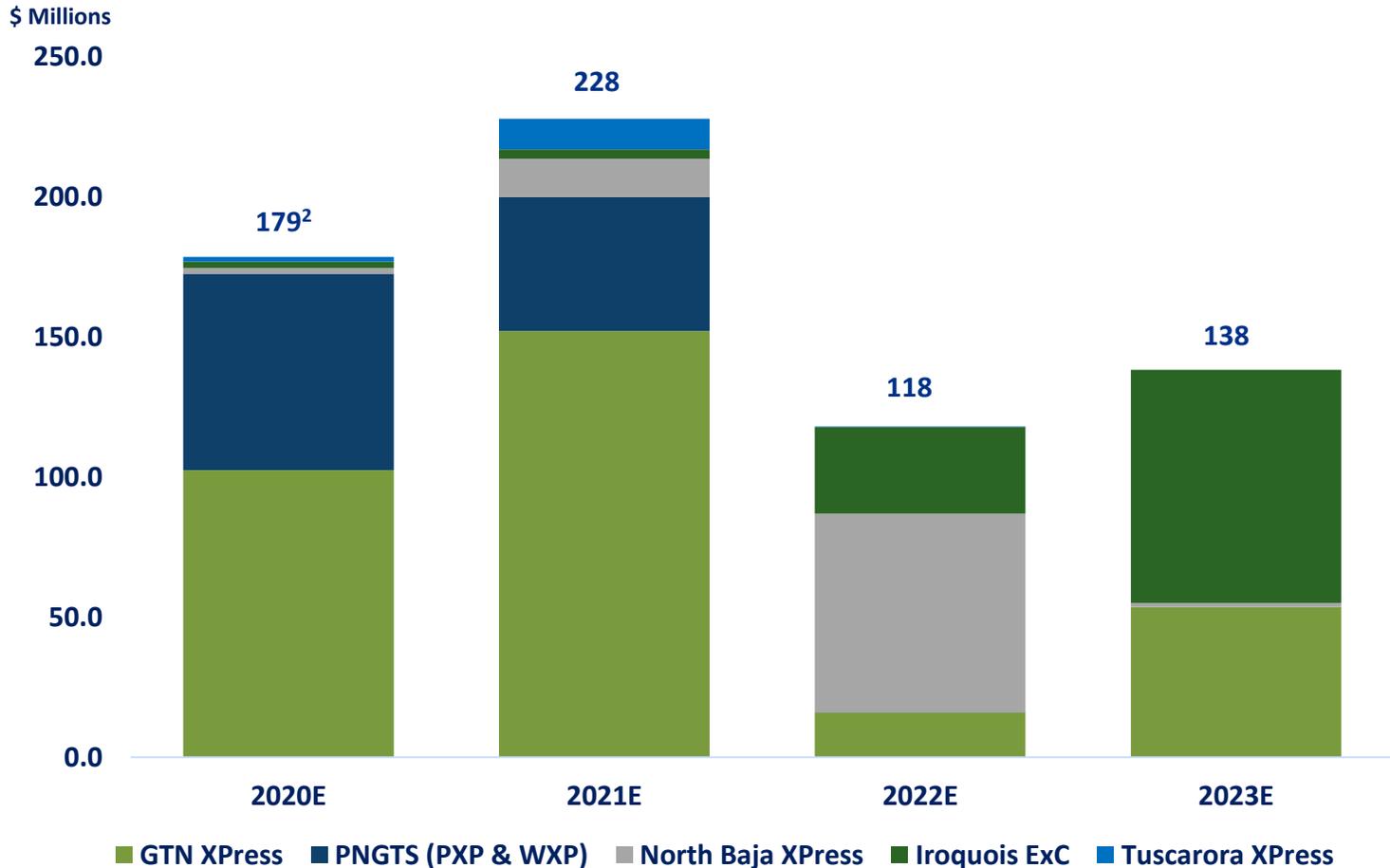
- 1 North Baja XPress
- 2 Iroquois ExC
- 3 Bakken Solutions
- 4 Incremental Market Access for WCSB

*Enhanced capital discipline while
building on momentum for growth*



* Still subject to various conditions including corporate and regulatory approvals and final contracting or investment decisions

Capital expenditure outlook for major projects¹



- Capex will be funded through asset level debt and TC PipeLines contributions
- TC PipeLines has the capacity to make contributions from cash from operations and our revolving senior credit facility – no new equity issuances are anticipated
- In 2020, we also expect to invest approximately \$113 million into maintenance of existing assets³. All capex, including maintenance, is expected to be recovered through fixed negotiated rate contracts and/or recourse rates over time

¹ Estimated as at Jan. 31, 2020 and exclusive of AFUDC; values represent TC PipeLines' proportionate share of estimated capex based on ownership and are subject to change as projects are developed. All projects are subject to customary regulatory approvals, North Baja XPress is also subject to shipper Final Investment Decision and Iroquois ExC is subject to certain other additional approvals.

² Estimated growth capex in 2020 includes \$102 million related to Phase I costs of GTN XPress and excludes capex for smaller projects across our portfolio of assets.

³ Represents TC PipeLines' proportionate share of total expected maintenance capex in 2020 of \$152 million.

Fourth quarter 2019 financial results

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

	Three months ended 31-Dec		Twelve months ended 31-Dec	
	2019	2018	2019	2018
Net income (loss) attributable to controlling interests	76	(413)	280	(182)
Net income (loss) per common unit – <i>basic and diluted</i> ^(a)	\$0.95	(\$5.80)	\$3.74	(\$2.68)
Adjusted earnings ^(b)	76	86	280	317
Adjusted earnings per common unit – <i>basic and diluted</i> ^{(a)(b)}	\$0.95	\$1.06	\$3.74	\$4.18
EBITDA ^(b)	119	(359)	460	27
Adjusted EBITDA ^(b)	119	140	460	526
Cash distributions paid	(47)	(47)	(189)	(218)
Class B distributions paid	-	-	(13)	(15)
Distributable cash flow ^(b)	76	95	340	391
Cash distributions declared per common unit	\$0.65	\$0.65	\$2.60	\$2.60
Weighted average common units outstanding (millions)	71.3	71.3	71.3	71.3
Common units outstanding, end of period (millions)	71.3	71.3	71.3	71.3

(a) Net income (loss) per common unit is computed by dividing net income attributable to controlling interests, after deduction of amounts attributable to TC PipeLines GP, Inc. (the General Partner) and Class B units, by the weighted average number of common units outstanding. Adjusted earnings per common unit is computed by dividing Adjusted earnings, after deduction of 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 comparable GAAP measures are available on our website under the supplemental schedules published as part of our fourth quarter earnings release.

Fourth quarter 2019 financial results

(unaudited, millions of dollars)

	Three months ended		Twelve months ended	
	31-Dec		31-Dec	
	2019	2018	2019	2018
Transmission revenues	104	220	403	549
Equity earnings	45	44	160	173
Impairment of long-lived assets	-	(537)	-	(537)
Impairment of goodwill	-	(59)	-	(59)
Operating, maintenance and administrative	(29)	(28)	(105)	(101)
Depreciation and amortization	(20)	(24)	(78)	(97)
Financial charges and other	(20)	(22)	(83)	(92)
Net income (loss) before taxes	80	(406)	297	(164)
Income tax benefit (expense)	2	-	1	(1)
Net income attributable to non-controlling interests	6	7	18	17
Net income (loss) attributable to controlling interests	76	(413)	280	(182)

Solid financial position

Investor Focus	Action
Strong balance sheet	<ul style="list-style-type: none"> ✓ Solid capital structure indicative of quality assets within portfolio ✓ Upgraded to BBB/Stable by S&P
Self-funding growth	<ul style="list-style-type: none"> ✓ Significantly reduced debt in 2019 ✓ Bank leverage ratio approximately 3.4 times ✓ Paying down debt with available cash in order to create capacity to self-fund future growth
Prudent distribution level	<ul style="list-style-type: none"> ✓ Right-sized distribution in 2018 and maintained in 2019
Solid distribution coverage	<ul style="list-style-type: none"> ✓ Coverage of 1.6 times for fourth quarter 2019
Executing growth program	<ul style="list-style-type: none"> ✓ Initiated work on GTN XPress and Tuscarora XPress projects ✓ Portland and Westbrook XPress projects continue to advance
Finding new opportunities	<ul style="list-style-type: none"> ✓ Sourcing new expansion opportunities ✓ North Baja XPress, Iroquois ExC and other potential near-term projects

Healthy financial metrics – well positioned to self-fund growth

TC PipeLines, LP – Key takeaways

Strong cash flows



Healthy financial metrics

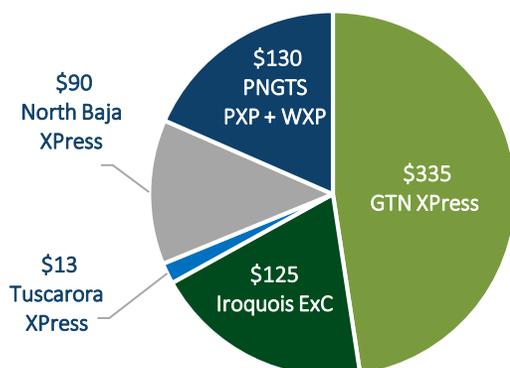
1.6x

2019 Q4 Distribution coverage

3.4x

Dec 31/19 Bank leverage ratio

Approximately \$700 million of growth projects



Confident that our high quality assets will generate strong cash flows

- EBITDA derived from stable assets substantially backed by long-term, ship-or-pay contracts
- Strong competitive position

Capital discipline – healthy balance sheet maximizes value over the long term

- Bank leverage ratio targeted in the high 3 to low 4 times range
- Distribution coverage ratio targeted at approximately 1.3 to 1.4 times
- Investment grade credit rating
- Self-fund growth – no need to access equity capital markets

Delivering significant growth across our portfolio

- Existing infrastructure provides a strong platform for low-impact future growth
- Visible growth from current projects, Portland, Westbrook, GTN and Tuscarora XPress
- Line of sight to additional organic growth opportunities

Moving forward with organic growth

Question & answer period



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President



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