



Second quarter 2019 conference call

August 1, 2019



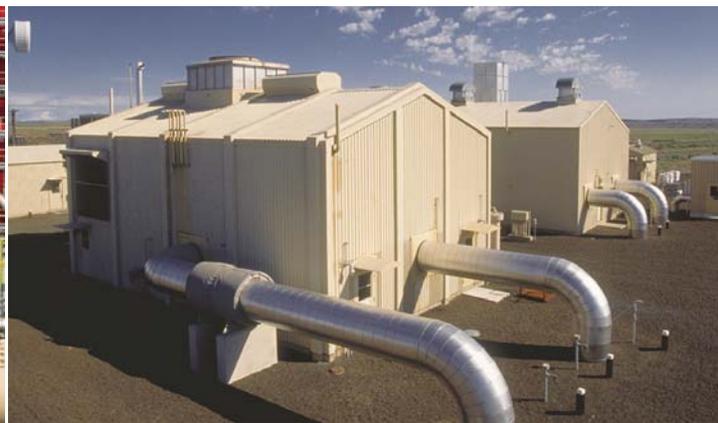
Second quarter 2019 conference call

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 “EBITDA” and “Distributable cash flow” as a supplement to our GAAP financial statements. “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.

Second quarter highlights

- Net income attributable to controlling interests of \$55 million
- EBITDA of \$99 million
- Distributable cash flow of \$70 million
- Cash distributions of \$47 million
- Declared cash distribution of \$0.65 per common unit
- Organic growth projects progressing – Portland XPress and Westbrook XPress
- Reduced long-term debt balance by \$83 million
- Bank leverage ratio reduced to approximately 2.8 times
- Solid distribution coverage of 1.5 times for second quarter
- S&P credit rating upgraded to BBB/Stable

Commercial update

Continued solid performance from our portfolio of assets

- Revenues lower at GTN due to scheduled rate decrease in settlement agreement partially offset by continued strong contracting on GTN from higher flows out of Canada
- Lower revenue on PNGTS due to expiry of legacy contracts partially offset by additional revenue from Phase 1 of PNGTS' Portland XPress project
- Scheduled rate reductions on Northern Border, Great Lakes and Iroquois
- Continued stable performance from the remainder of our assets

Expect our assets to perform consistently

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

Optimizing existing assets

- High utilization rates on our pipelines
- Maintenance and other capital spending sets up our assets for long-term value

Key focus areas and future opportunities

Execution of near-term growth program

- 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 GTN XPress
- 5 Incremental Market Access for WCSB

Building on momentum for growth



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

Second quarter 2019 financial results

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

	Three months ended 30-June	
	2019	2018
Net income	57	75
Net income attributable to controlling interests	55	73
Net income per common unit – <i>basic and diluted</i> ^(a)	\$0.75	\$1.00
EBITDA ^(b)	99	124
Cash distributions paid	(47)	(47)
Distributable cash flow ^(b)	70	101
Cash distributions declared per common unit	\$0.65	\$0.65
Weighted average common units outstanding (millions) ^(c)	71.3	71.3
Common units outstanding, end of period (millions) ^(c)	71.3	71.3

(a) Net income per common unit is computed by dividing net income attributable to controlling interests, after deduction of net income attributable to the General Partner, by the weighted average number of common units outstanding.

(b) Distributable cash flow and EBITDA 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 second quarter earnings release.

(c) Under the ATM program, no common units were issued during the three months ended June 30, 2019 (June 30, 2018 – nil).

Second quarter 2019 financial results

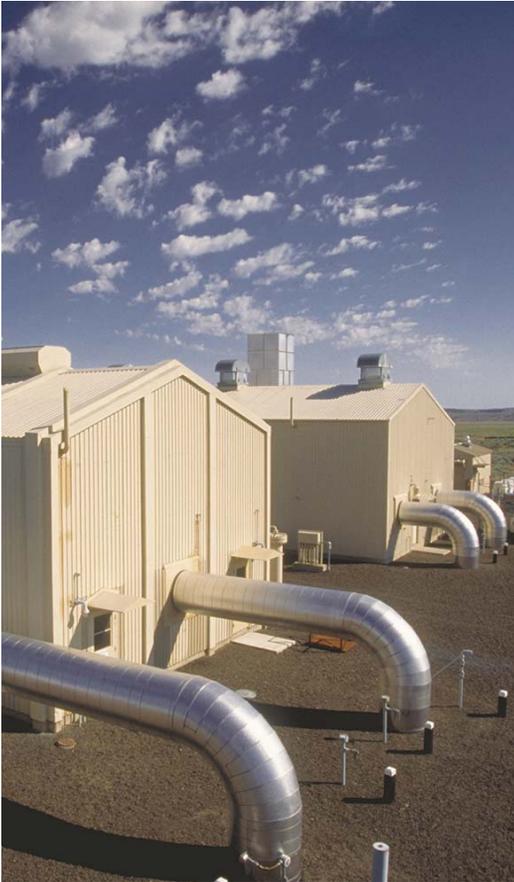
(unaudited, millions of dollars)

	Three months ended	
	30-June	
	2019	2018
Transmission revenues	93	111
Equity earnings	30	36
Operating, maintenance and administrative	(25)	(25)
Depreciation	(19)	(24)
Financial charges and other	(21)	(23)
Net income before taxes	58	75
Income taxes	(1)	-
Net income attributable to non-controlling interests	2	2
Net income attributable to controlling interests	55	73

Solid financial position

Investor Focus	Action
Stronger balance sheet	<ul style="list-style-type: none"> ✓ Solid capital structure indicative of quality assets within portfolio ✓ Recently upgraded to BBB/Stable by S&P
Self-funding growth	<ul style="list-style-type: none"> ✓ Reduced debt by \$115 million in 2019 year-to-date ✓ Bank leverage ratio reduced to approximately 2.8 times ✓ Continue to pay 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 1.5 times for second quarter 2019
Execute growth program	<ul style="list-style-type: none"> ✓ Portland and Westbrook XPress projects continue to advance
Find new opportunities	<ul style="list-style-type: none"> ✓ Sourcing new expansion opportunities ✓ North Baja XPress, Iroquois ExC and other potential near-term projects

TC PipeLines, LP – Key takeaways



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

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 with low IDRs
- Self-fund growth – no need to access equity capital markets

Delivering significant growth across our portfolio

- “Steel-in-the-ground” advantage provides a strong platform for future growth
- Visible growth from current projects, Portland XPress and Westbrook XPress
- Line of sight to additional organic growth opportunities

Moving forward with organic growth

Question & answer period



Nathan Brown
President



Janine Watson
VP and General Manager



Chuck Morris
Principal Financial Officer



Rhonda Amundson
Investor Relations



Second quarter 2019 conference call

August 1, 2019

