



# Financial Overview Third Quarter 2005

November 2005

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# Forward-looking information

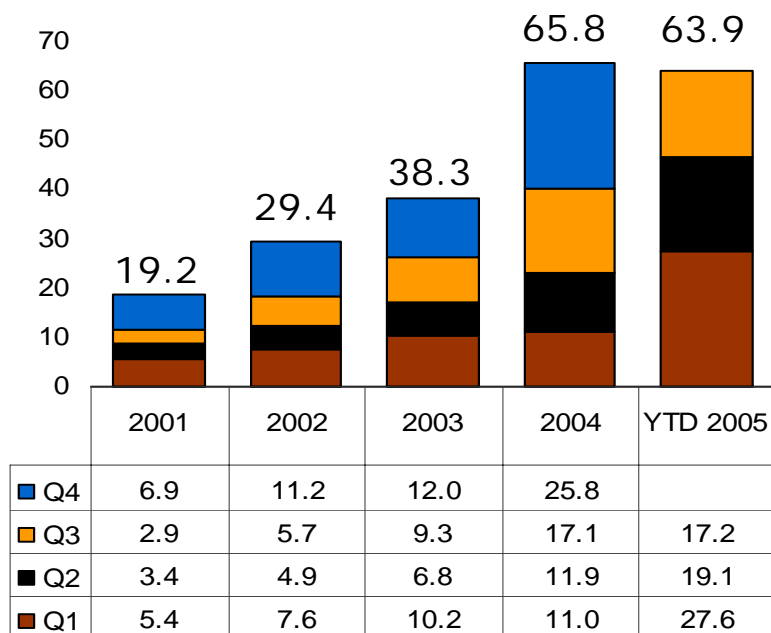


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# Net income



**Net income**  
(\$ millions)



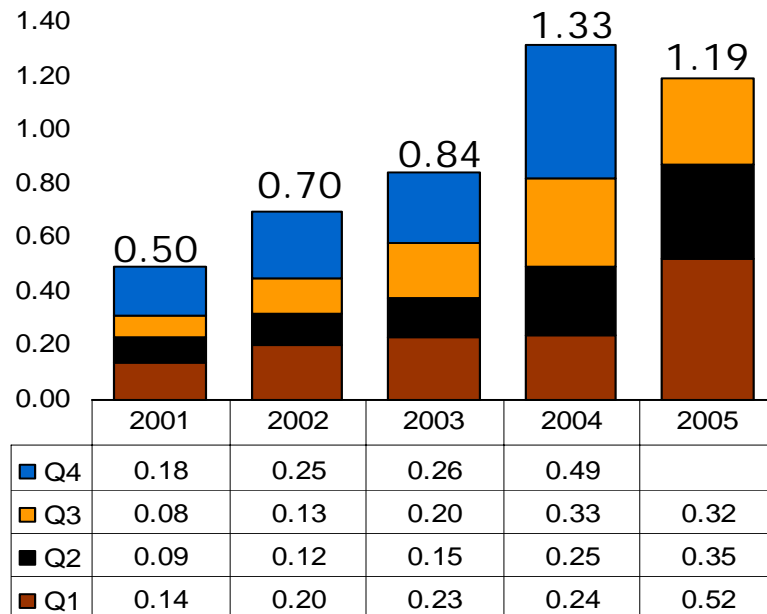
2001 ARO adjustment of \$0.6 million not allocated to each quarter

- **Third quarter 2005**
  - \$17.2 million vs \$17.1 million in Q3-04
  - \$63.9 million YTD, or 60% increase over 2004
  - Impact from PremStar and EEEP acquisitions
  - Turnaround and maintenance costs higher
  - Higher administrative costs due to CEO/CFO certification compliance
  - Gain related to Taylor investment in Q1

# Net income per unit



Net income per unit  
(\$)



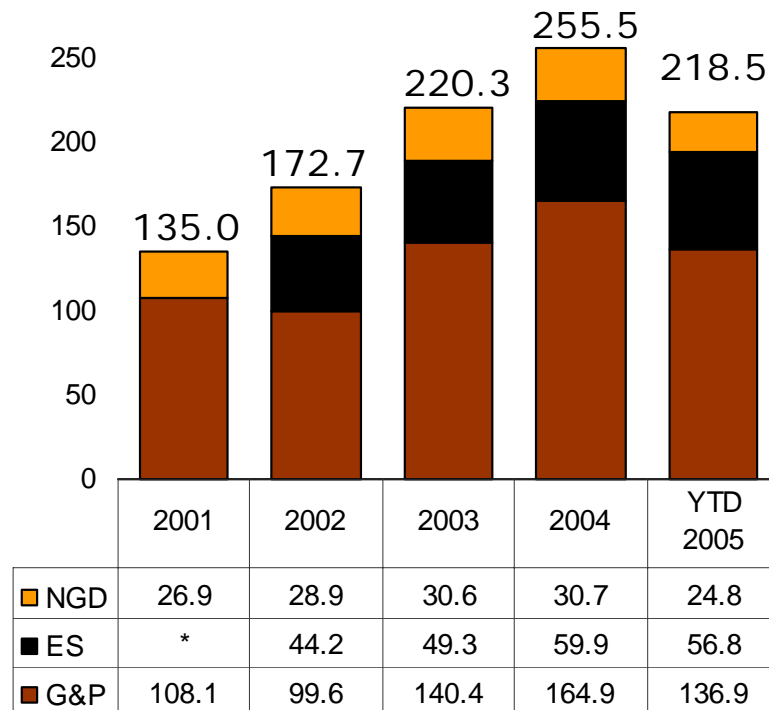
2001 & 2004 - rounding

- **Third quarter 2005**
  - \$0.31 per unit from \$0.32 per unit in Q3-04
  - Weighted average units outstanding 54.3 million compared to 51.7 million in Q3-04
  - YTD increase of 45% over 2004

# Net revenue by segment



**Net revenue by segment**  
(\$ Millions)



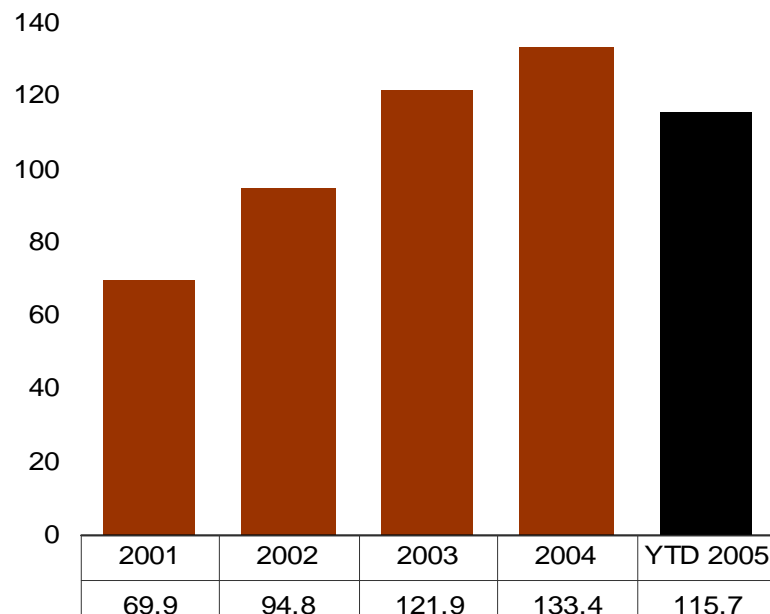
- Energy Services results combined with Gathering and Processing in 2001
- Does not include intersegment eliminations

- **Gathering and Processing**
  - Acquisition of EEEP
  - Gains related to Taylor investment (Q1)
- **Energy Services**
  - PremStar acquisition
  - Increased margins for power services
- **Natural Gas Distribution**
  - Anticipated rate increase
  - Warmer weather in 2005

# EBITDA



**EBITDA**  
(\$ Millions)

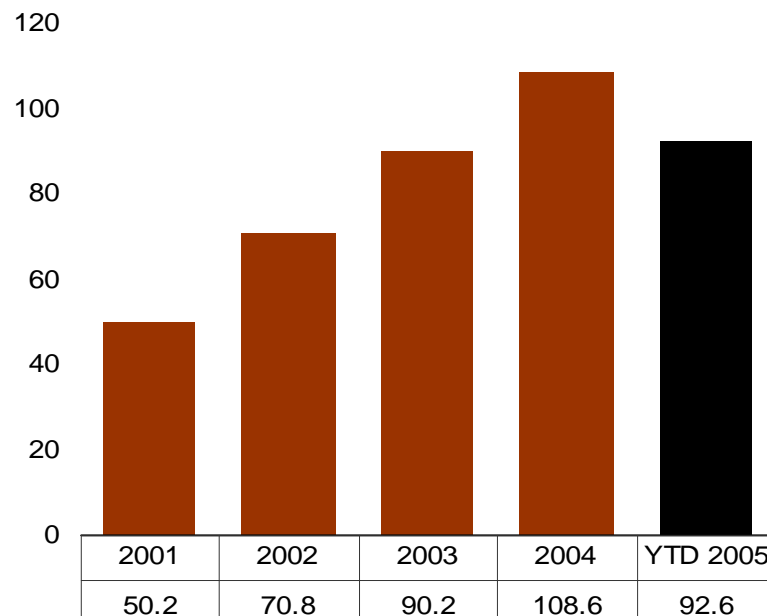


- **Third quarter 2005**
  - \$35.3 million or 4% increase over Q3-04
  - \$115.7 million or 25% increase over YTD 2004
  - \$106.5 million or 15% increase over YTD 2004 - excluding Q1 gains from reduction in ownership of Taylor

# Funds from operations



**Funds from operations**  
(\$ Millions)

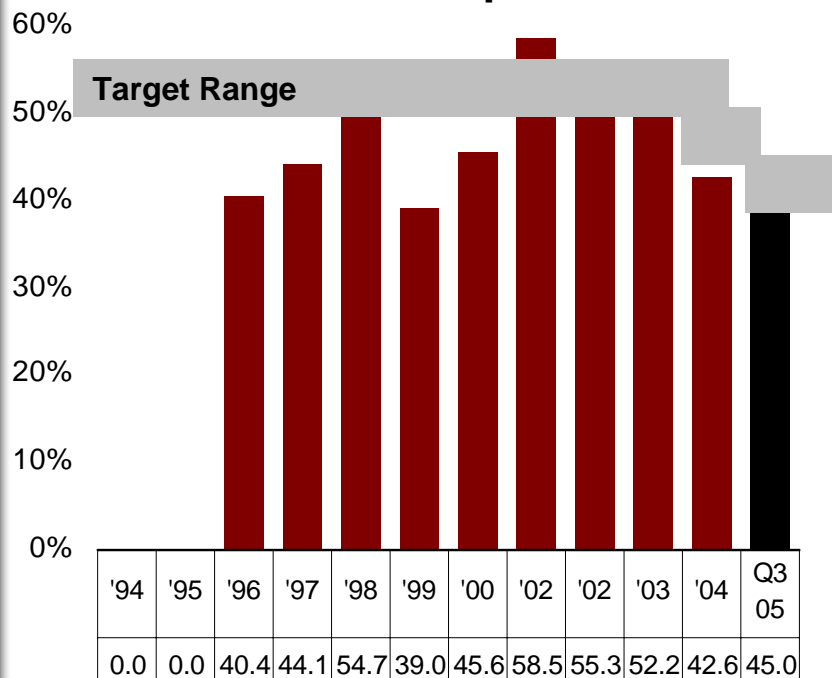


- **Third quarter 2005**
  - \$31.1 million or 9% increase over Q3-04
  - \$92.6 million YTD or 24% increase over 2004
  - Excludes proceeds on disposition of Taylor units (\$12.8 million)
  - Distributable cash for Q3-05 \$29.6 million, up from \$26.6 million for Q3-04
  - YTD distributable cash \$87.2 million, up from \$70.4 million in 2004

# 2005 financial structure



Debt as a percentage of total capital \*



\* As at period end

- Committed to investment grade rating
- Trust stability rating
  - S&P: SR-3
  - DBRS: STA-3 (middle)
- Rating on medium-term notes
  - S&P: BBB-
  - DBRS: BBB (low)
- Capital structure
  - September 30, 2005 – 45.0%
  - Trust target: 45 - 50%
  - Trust target after spin-out: 40-45%
  - Historical target: 50 - 55%
- **\$100 million MTN issue**
  - 4.4% coupon, down from 7.3%
  - September 1, 2010 maturity

# Capital expenditures



- **\$17.4 million in capital expenditures in Q3-05**
  - \$15.1 million growth
  - \$0.8 million administration
  - \$1.5 million maintenance
- **\$33.2 million in capital expenditures YTD 2005**
  - \$25.4 million growth
  - \$2.4 million administration
  - \$5.4 million maintenance
- **Target growth initiatives - \$40 million for 2005**
  - Achieved in early Q4

# 2005 outlook



- **Full-year impacts of late 2004 acquisitions**
- **Power pricing:**
  - Favourable pricing on hedged power volumes and spot prices higher
- **Growth initiatives – iQ2, 59 Mmcf/d new processing capacity**
- **High rates of customer contract renewals in ECNG retail services business**
- **Spin-out of gas distribution assets closing expected November 17, 2005**
- **Disciplined and focused acquisition strategy**

# 2006 outlook



- **Stronger forward market power prices for 2006 compared to 2005**
- **Continued high drilling activity**
- **Disciplined and focused acquisition strategy**
- **EPU growth high single digits from reported 2005 earnings**

# Opportunities to increase EBITDA



- **Strong industry fundamentals provide opportunities for prudent increases in EBITDA**

- **Gathering and Processing**

- Strong exploration and production activity in WCSB supports continued internal growth
- Increased facility utilization with low capital investment

- **Energy Services**

- Upcoming PPA auctions
- Energy value chain optimization with other components
- Continue to grow customer base

- **Accretive acquisitions at reasonable valuations in all segments**



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