

Message from the President and CEO



When I joined AltaGas in 2018, I was certain that the company had tremendous potential to be one of North America's leading energy infrastructure companies. I also recognized that we had some work to do to regain our financial capability and renew investor confidence. That led us to the decision to focus on a strategy that would capitalize on the significant opportunities that existed in our Utilities and Midstream businesses. This approach was designed to optimize the value of our assets and position us to capture the potential of future growth opportunities.

I am proud of the work we accomplished in 2019. It was a transformational year that saw us achieve great strides towards our financial and operational goals. Through the continued execution of our strategy, we have established a unique competitive advantage – as a company positioned to deliver value to all of our stakeholders well into the future.

DELIVERING RESULTS IN 2019

In 2019 we moved swiftly and decisively to execute our asset sale program to reposition our company to regain our financial strength and flexibility and fund the largest growth capital program in the company's history.

In May, we celebrated the official grand opening of our Ridley Island Propane Export Terminal (RIPET), the first LPG export facility off the west coast of Canada and a cornerstone asset for our integrated Midstream strategy. Through RIPET, we offer our customers a unique and compelling value proposition, providing services across the energy value chain including access to export markets where demand is strong, and the value proposition remains robust. We expect this integrated, value added capability, to provide significant growth in our Midstream business over several years by attracting increasing volumes to our existing facilities with minimal additional capital investment.

In November, our Marquette Connector pipeline became operational, adding reliability, optionality and increased capacity to North America's diverse natural gas system for our SEMCO customers in the Michigan area. The pipeline connects the Northern Natural Gas Transmission system to the Great Lakes Gas Transmission pipeline, providing homes, businesses, hospitals and universities with the reliability needed to depend on natural gas availability to grow and thrive.

In December, we formally established our continued commitment towards sustainability by releasing our inaugural Environmental, Social and Governance (ESG) report. The report outlines our ongoing efforts to improve our operational performance, minimize our environmental footprint and deliver social value. We remain focused on balancing our social and environmental values with our ability to provide cleaner energy alternatives. We are positioned to help meet growing global demands for clean energy, while continuing to deliver sustainable benefits to all our stakeholders including our shareholders. We will relentlessly pursue the incorporation of transparent ESG metrics into our business practices and enhance our monitoring and reporting going forward.

The efforts of our talented teams across the company have been remarkable as we achieved solid financial results for the year, delivering Normalized EBITDA at the top end of our guidance range, representing a growth rate of 25 percent year-over-year. This was truly a significant achievement given the magnitude of asset sales that we closed in the year.

I am pleased to share, through the hard work this past year, that we are entering 2020 with significantly stronger financial footing and well positioned to drive results within our core businesses to capture the significant growth opportunities in front of us.

OUR STRATEGY

We believe that the combination of our higher growth Midstream assets with the strong and predictable cash flows of our Utilities business position us to create significant value for our stakeholders in the near and long term. Going forward, our strategy is to leverage our high-quality assets and the integrated footprint we have built in our Utilities and Midstream businesses to drive future growth. Utilizing our expertise along the energy value-chain, we will connect our customers to markets at home and abroad, continue to improve our operational excellence, innovate and enhance our capabilities as provider of exceptional, value creating services.

In our Utilities business, our strategy is centered on customer satisfaction, continued improvement of the integrity of our system, capital discipline, growing the rate base through accelerated replacement programs, and further solidifying our reputation within the regulatory environment. We expect that the proactive investment in our

distribution infrastructure, combined with a performance-based culture, and thoughtful approach to our rate cases, will all contribute to ROE expansion and earnings growth.

In our Midstream business, we will continue to capitalize on the unique structural advantage we have created with our integrated platform in the Montney, which is underpinned by RIPET and our LPG export strategy.

PURSUING OPERATIONAL EXCELLENCE IN OUR UTILITIES

Our team is laser-focused on enhancing our operational performance, updating aging infrastructure and improving our service offering. We plan to optimize every dollar spent on repairing and replacing aging pipe, to help reduce future leak remediation costs and improve our customer experience. Upgrading infrastructure and attracting new customers is expected to drive strong rate base growth of 8 – 10 percent.

We have clear sight on ample earnings growth at our Utilities well into the future as we modernize and expand our distribution footprint. We will continue to utilize accelerated rate recovery to ensure the timely recovery of this growth opportunity. This combination of higher overall returns combined with rate base growth opportunities, provides us the ability to drive earnings growth well into the future.

CHANGING THE PARADIGM IN THE CANADIAN MIDSTREAM SECTOR

The growing demand for energy in Asia will be a driving force behind our Canadian Midstream business. Our strategy is to leverage our 'first mover advantage' – as the only company exporting LPG off the west coast of Canada to Asia. We are uniquely positioned to obtain additional commitments through our processing and fractionation assets, increase the utilization of our existing asset base and position us for organic opportunities to build more assets, and attract a much larger customer base.

With RIPET, we have changed the relationship between midstream and producing companies by providing our customers with the unique ability to take full control of their product through tolling agreements. This ability to pass along the value our customers receive for their Canadian propane in international markets significantly enhances their drilling economics. We expect to maintain this advantage and access to premium pricing for our customers thanks to the structural shipping advantage RIPET has compared to the U.S.

GOING FORWARD

Building on positive 2019 momentum, in 2020 we move towards the next stage in AltaGas' strategy of becoming a



leading North American infrastructure company focused on execution and capturing the organic value within our core businesses.

As we continue to move this Company forward, our work is far from over. Our success will require an ongoing commitment to focus on operational excellence, capital discipline to maintain a strong balance sheet to invest in our opportunities, and increased returns to our shareholders. We must also continue to maintain and strengthen the many collaborative relationships we have established with local communities and our Indigenous partners, and solidify their trust through open communications, responsible operations and ongoing ESG reporting.

I truly believe we have the right combination of people, assets and strategies needed to succeed.

I would like to thank our Board of Directors for their continued guidance and support and all our dedicated employees. I also extend my thanks to you, our shareholders, for supporting AltaGas as it continues to deliver sustainable growth as a leading North American diversified energy infrastructure company.

Sincerely

Randy Crawford
President and Chief Executive Officer

“ Through the continued execution of our strategy, we have established a unique competitive advantage – as a company positioned to deliver value to our customers, business partners and shareholders well into the future. ”

FORWARD-LOOKING INFORMATION

This document contains forward-looking information (forward-looking statements). Words such as “approximately”, “will”, “expected”, “subject to”, “target”, “aim”, “continue” and similar expressions suggesting future events or future performance, as they relate to the Corporation or any affiliate of the Corporation, are intended to identify forward-looking statements. In particular, this news release contains forward-looking statements with respect to, among other things, business objectives, performance, business projects and opportunities and financial results. Specifically, such forward-looking statements in this document include, but are not limited to, statements with respect to the following: potential for significant growth in our Midstream business over several years by attracting increasing volumes to our existing facilities with minimal additional capital investment; the incorporation of ESG metrics into our business practices and enhancing our monitoring and reporting of ESG going forward; Midstream and Utilities business positioned to create significant value for customers and shareholders; our strategy of leveraging high-quality assets and the existing integrated footprint to drive future growth; strategy centered on customer satisfaction, continued improvement of the integrity of the Corporation’s system, capital discipline, growing the rate base through accelerated replacement programs, and reputation within the regulatory environment; contribution to ROE expansion and earnings growth from proactive investment in distribution infrastructure, a performance-based culture, and thoughtful approach to rate cases; expectation of optimizing every dollar spent on repairing and replacing aging pipe, to help reduce future leak remediation costs and improve customer experience; upgrading infrastructure and attracting new customers is expected to drive strong rate base growth of 8 – 10 percent; combination of higher overall returns combined with rate base growth opportunities to drive earnings growth well into the future; and growing demand for energy in Asia will be a driving force behind Canadian Midstream business. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events and achievements to differ materially from those expressed or implied by such statements. Such statements reflect AltaGas’ current expectations, estimates, and projections based on certain material factors and assumptions at the time the statement was made. AltaGas’ forward-looking statements are subject to certain risks and uncertainties which could cause results or events to differ from current expectations, including, without limitation the risk factors discussed under the heading “Risk Factors” in the Corporation’s Annual Information Form for the year ended December 31, 2019 (AIF) and set out in AltaGas’ other continuous disclosure documents. Many factors could cause AltaGas’ or any particular business segment’s actual results, performance or achievements to vary from those described in this document. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this document as intended, planned, anticipated, believed, sought, proposed, estimated, forecasted, expected, projected or targeted, and such forward-looking statements included in this document should not be unduly relied upon. The impact of any one assumption, risk, uncertainty, or other factor on a particular forward-looking statement cannot be determined with certainty because they are interdependent and AltaGas’ future decisions and actions will depend on management’s assessment of all information at the relevant time. Such statements speak only as of the date of this document. AltaGas does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this document are expressly qualified by these cautionary statements.