ALTAGAS ENTERS AGREEMENT TO ACQUIRE PIPESTONE NATURAL GAS PROCESSING PLANTS AND NATURAL GAS STORAGE FACILITY

Transaction Strengthens AltaGas' Midstream Value Chain in the Alberta Montney; De-risks Midstream Commercial Profile; Financially and Leverage Accretive

Calgary, Alberta (August 31, 2023)

AltaGas Ltd. ("AltaGas" or the "Company") (TSX: ALA) has entered into a definitive agreement with Tidewater Midstream and Infrastructure Ltd. ("Tidewater") to acquire: 1) the Pipestone Natural Gas Processing Plant Phase I and Phase II expansion project (individually, "Pipestone Phase I" and "Pipestone Phase II"); 2) the adjacent Dimsdale Natural Gas Storage Facility ("Dimsdale Facility"); 3) the Pipestone condensate truck-in/truck-out terminal; and 4) the associated gathering pipeline systems required to operate these assets (collectively, the "Pipestone Assets") for total consideration of $650 million, or approximately 7.2x estimated run-rate normalized EBITDA, inclusive of synergies and the incremental capital that AltaGas will deploy to complete the Pipestone Phase II development project.

KEY INVESTMENT AND FINANCIAL HIGHLIGHTS

The Pipestone transaction strengthens AltaGas' midstream value chain through an expanded footprint in the Alberta Montney and provides meaningful long-term Liquified Petroleum Gas (LPG) supply for our global exports' platform. The transaction is expected to be five percent EPS accretive in 2025 forward while being 0.1x net debt to normalized EBITDA credit accretive in 2025 forward.

Key highlights from the transaction include:

1. **Strategic Fit:**
   - Supports AltaGas' long-term strategy by adding long-life infrastructure assets with meaningful financial accretion.
   - Strategic and complementary assets strengthen AltaGas' footprint in the Alberta Montney with low-risk assets that have long-term growth.
   - Expands the Midstream customer base with marquee independent producers, which will provide incremental growth opportunities.
   - Improves the scale of Midstream Business with a multi-year growth profile.
   - Provides processing and liquids handling growth that will augment global exports expansion in the coming years.
2. **Risk Accretion**
   - Reduces Midstream overall commodity price risk by increasing take-or-pay and fee-for-service revenue profile by six percent.
   - Diversifies AltaGas' customer base with multiple strong independent and investment grade customers.

- De-risks global exports by adding meaningful long-term LPG supply, including ~3,500 Bbls/d in 2024, ~6,500 Bbls/d in H2/2025, and the potential for 11,500 Bbls/d over the long-term through incremental processing capacity additions beyond Pipestone Phase II.

3. **Leverage and Balance Sheet**
   - Credit accretive financing structure reduces net debt to normalized EBITDA by 0.1x in 2025+.
4. **Financial and Asset Value**
   - Anticipated to deliver five percent EPS accretion in 2025+.

PIPESTONE PHASE II

The acquisition is contingent on Tidewater and AltaGas making a positive final investment decision (FID) for the Pipestone Phase II project. To facilitate reaching FID, AltaGas and Tidewater have entered into an agreement to create a new joint venture (the "Pipestone Joint Venture") to advance the final steps required to develop and construct the project. The terms of the Pipestone Joint Venture will permit the parties to continue to collaborate on the Pipestone Phase II project, even if the acquisition does not proceed.

The total consideration is $650 million, comprised of $325 million in cash and the issuance of approximately 12.5 million AltaGas common shares to Tidewater, which will be priced at $26.07, based on AltaGas' 10-day volume weighted average price (VWAP) as at August 30, 2023, with the shares to be issued and transferred to Tidewater at the time of closing and subject to typical closing adjustments. AltaGas plans to fund the transaction through a combination of short-term debt from the Company's current liquidity and with the issuance of common equity from treasury. The transaction is expected to be 0.1x leverage accretive in 2025 forward, aligning with AltaGas' ongoing leverage reduction targets of moving to 4.5x net debt to normalized EBITDA over the long-term. The transaction is anticipated to be modestly positive to EPS in 2024 and then be five percent accretive in 2025 forward. The transaction is subject to regulatory approvals and customary closing conditions and is expected to close prior to 2023 year-end.

The Pipestone acquisition is risk accretive to AltaGas. Over 90 percent of the Pipestone Assets' normalized EBITDA comes from take-or-pay or fee-for-service based contracts. With inclusion of the Pipestone Assets, AltaGas' take-or-pay and fee-for-service Midstream EBITDA mix will increase by an estimated six percent with a commensurate decrease in commodity/differential exposed EBITDA. The Pipestone Assets' customers are comprised of a combination of strong independent or investment grade counterparties, with a weighted average contract term of approximately 8.5 years.

ASSET VALUATION

AltaGas is valuing the current operating assets, including Pipestone Phase I and the Dimsdale Facility, at $525 million, with the Pipestone Phase II expansion project being valued at $125 million, inclusive of existing long-lead time capital assets that are currently owned by Tidewater, as well as regulatory approvals and other intangible assets. The valuation on the operating assets implies approximately 8.5x expected 2024 normalized EBITDA and approximately 7.0x long-term run-rate normalized EBITDA, inclusive of the operational and other synergies associated with Pipestone Phase II coming onstream in 2025.

The valuation on the Pipestone Phase II, inclusive of the $125 million value attributed to the assets as part of the purchase price and the remaining $355 million to $365 million of construction costs for the project, implies approximately 7.5x expected long-term run-rate normalized EBITDA, inclusive of synergies.

CEO MESSAGE

"We are excited that the Pipestone transaction will strengthen our Midstream value chain" said Vern Yu, AltaGas' President and CEO. "The acquisition is consistent with AltaGas' long-term strategy and provides us the opportunity to support industry-leading producers' growth plans in one of Canada's most prolific resource plays. The assets will deliver highly contracted take-or-pay and fee-for-service revenue that will also bring meaningful long-term LPG supply for AltaGas' global exports platform. The acquisition should also deliver stable and growing earnings and cash flows, which will deliver strong long-term value creation for our stakeholders while reducing risk and providing long-term credit accretion. We look forward to working with all key stakeholders to advance the final steps required to develop and construct the Pipestone II expansion project and support continued resource development in Western Canada.

"The Dimsdale Facility is a strategic natural gas storage asset that connects to the NGTL and Alliance pipeline systems and will provide Pipestone customers with egress certainty and the ability to manage pipeline maintenance and service disruptions in the years ahead. The Dimsdale Facility will also be one of only three facilities that will be able to serve the balancing needs of the Montney and Canadian LNG demand pulls mid-decade and will be the only integrated processing and storage facility in the Montney. The facility has current working storage capacity of 15 Bcf with the ability to more than quadruple effective capacity to 69 Bcf on attractive incremental capital investments."

ASSETS AND OPERATIONS

The Pipestone Assets are principally comprised of the following assets:

- ***Pipestone Phase I:*** The Pipestone Phase I facility is a modern sour deep-cut natural gas plant with 110 MMcf/d of processing capacity and 20,000 Bbls/d of liquids handling capacity located in the heart of the Alberta Montney. The facility is currently 100 percent contracted with approximately 85 percent of the volumes coming from long-term take-or-pay contracts with credit worthy customers. The facility includes 67 kms of natural gas gathering pipelines that are tied into key production regions and provides strategic egress connections to the NGTL and the Alliance pipeline systems. The facility also includes the Pipestone condensate truck-in/truck-out terminal for liquids handling and value maximization.
- ***Pipestone Condensate Terminal:*** Truck-in/truck-out terminal used to maximize value of Pipestone liquids.
- ***Pipestone Phase II***: Pipestone Phase II is a fully permitted, shovel-ready expansion project that will provide an additional 100 MMcf/d of sour deep-cut natural gas processing capacity and an additional 20,000 Bbls/d of liquids handling capabilities. Post FID, the project is expected to be fully committed under firm take-or-pay and fee-for-service service agreements. Pipestone Phase II is expected to reduce operating costs and enhance run-time efficiencies for the broader Pipestone complex.
- ***Dimsdale Gas Storage:*** Premier operational natural gas storage facility located east of the Pipestone I and II facilities. Current working gas capacity of 15 Bcf, which can be increased more than four-fold to 69 Bcf. Connected to Alliance and NGTL pipeline systems, the storage facility provides Pipestone customers with egress certainty and will be one of only three facilities able to serve the balancing needs of the Montney and Canadian LNG demand pulls mid-decade and will be the only integrated processing and storage facility in the Montney. The facility is located upstream of the James River bottleneck points.

INVESTOR PRESENTATION

Concurrent with this news release, AltaGas has published a presentation on the transaction, which can be found here.

ADVISORS

RBC Capital Markets are acting as financial advisors and Burnet Duckworth & Palmer LLP are acting as legal advisors to AltaGas on the transaction.

ABOUT ALTAGAS

AltaGas is a leading North American infrastructure company that connects customers and markets to affordable and reliable sources of energy. The Company operates a diversified, lower-risk, high-growth Utilities and Midstream business that is focused on delivering resilient and durable value for its stakeholders.

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FORWARD-LOOKING INFORMATION

This news release contains forward-looking information (forward-looking statements). Words such as "may", "can", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "aim", "seek", "propose", "contemplate", "estimate", "focus", "strive", "forecast", "expect", "project", "target", "potential", "objective", "continue", "outlook", "vision", "opportunity" 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. Specifically, such forward-looking statements included in this document include, but are not limited to, statements with respect to the following: the expectation that the assets will strengthen AltaGas' midstream value chain and provide long-term LPG supply for global exports; advancement of AltaGas' global export strategy; the expectation that AltaGas and Tidewater will make a positive FID on Pipestone Phase II; expected closing date of the transaction; expectations regarding long-term run-rate EBITDA inclusive of synergies; valuation of current operating assets and Pipestone Phase II, including implied 2024 EBITDA and long-term run rate EBITDA of the current operating assets and the implied expected long term EBITDA and construction costs related to Pipestone Phase 2; amount of incremental capital AltaGas will deploy to complete Pipestone Phase II; the terms of the Pipestone Joint Venture; potential additional asset sales improving credit metrics including achieving the medium-term leverage ratio target; expected handling capacity for Pipestone Phase II and the expectation that it will be fully contracted; the strategic rationale and anticipated benefits to the Corporation of the transaction; opportunity to increase working gas capacity of Dimsdale Gas Storage; expected accretive effect and the transaction supporting AltaGas' long-term strategy; expected de-risk of long-term global exports supply and diversification of AltaGas customer base; expected incremental growth opportunities through an expanded midstream customer base; expected processing and liquids handling growth and the effect on global exports; expected incremental processing capacity additions beyond Pipestone Phase II; the positive impact of Pipestone Phase II on operating costs, run-time efficiencies and customer outcomes; expectations regarding the expansion of the Dimsdale Gas Storage facility and the timing thereof; planned funding for the transaction; and expectation that the transaction will provide the opportunity for cost reductions. 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. Material assumptions include: AltaGas and Tidewater will make a positive FID on Pipestone Phase II; effective tax rates, the U.S./Canadian dollar exchange rate, financing initiatives, the performance of the businesses, commodity prices, weather, frac spread, access to capital, timing and receipt of regulatory approvals, planned and unplanned facility outages, acquisition and divestiture activities, operational expenses and returns on investments.

The forward-looking statements in this news release are based on certain assumptions that AltaGas has made in respect thereof, and such assumptions include, among other things the consummation of the transaction and AltaGas' ability to successfully integrate the purchased assets into its existing operations on the anticipated timeline; achievement of conditions to closing the transaction, including receipt of all required regulatory and stock exchange approvals; commodity prices; production rates; the receipt of regulatory and other required approvals; anticipated Pipestone handling capacity; interest rates and foreign exchange rates; royalty regimes and future royalty rates; future capital expenditure levels and general and administrative costs; future transportation costs; ability to obtain equipment and services in a timely manner to carry out development activities; current and future industry conditions; that AltaGas and Tidewater will make a positive FID on Pipestone Phase II; valuation of current operating assets and Pipestone Phase II, including implied 2024 EBITDA and long-term run rate EBITDA of the current operating assets and the implied expected long term EBITDA and construction costs related to Pipestone Phase 2; effect of the transaction on the business and operations of the Corporation; effective tax rates; financing initiatives; future performance of the purchased assets; frac spread; access to capital, timing and receipt of regulatory and stock exchange approvals; planned and unplanned facility outages; acquisition and divestiture activities; operational expenses and returns on investments; future operating costs; effect of the transaction on run-time efficiencies; the implementation of additional processing capacity and liquids handling infrastructure; extension by customers of Phase I contracts to match Phase 2 commitments; potential future asset transactions; expected processing and liquids handling growth and the effect on global exports; the impact of Pipestone Phase II on operating costs, run-time efficiencies and customer outcomes; the potential expansion of the Dimsdale Gas Storage facility and the timing thereof; anticipated funding for the transaction; and that AltaGas will have sufficient cash flow, debt or equity sources or other financial resources.

The forward-looking statements contained herein 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, including, without limitation: failure to receive all required regulatory and stock exchange approvals for the transaction; risk that a party is unable to meet all required conditions to closing of the transaction; risks related to integration of the purchased assets into AltaGas' existing operations; costs to develop or operate the purchased assets and Pipestone Phase II; risks that AltaGas may not achieve the anticipated benefits including the anticipated synergies from the transaction when anticipated or at all; risks to the Dimsdale Gas Storage's status as one of only three facilities to serve as a balancing hub for Montney production and the only integrated processing and storage option in the Montney; failure to obtain equipment and services in a timely manner to carry out development activities; that AltaGas and Tidewater *do not make a positive FID on Pipestone Phase II; the Corporation's valuation of current operating assets and Pipestone Phase II, including certain metrics and construction costs are different than anticipated; customers of Phase I contracts do not extend such contracts to match Phase 2 commitments; failure to expand the Dimsdale Gas Storage facility on the timing anticipated or at all; that AltaGas does not have sufficient cash flow, debt or equity sources or other financial resources; risks related to conflict in Eastern Europe; health and safety risks; operating risks; natural gas supply risks; volume throughput; service interruptions; risks related to the transportation of petroleum products; market risk; inflation; general economic conditions; risks related to cyber security, information and control systems; climate-related risks; environmental regulation risks; regulatory risks; risks related to litigation; changes in law; Indigenous and treaty rights; dependence on certain partners; political uncertainty and civil unrest; decommissioning, abandonment and reclamation costs; reputation risk; weather data; capital market and liquidity risks; fluctuations in natural gas demand and prices; interest rates; internal credit risk; foreign exchange risk; debt financing, refinancing and debt service risk; counterparty and supplier risk; risks related to technical systems and processes incidents; growth strategy risk; construction and development risks; risks related to underinsured and uninsured losses; impact of competition in AltaGas' businesses; counterparty credit risk; composition risk; changes in the market value of the common shares and other securities of the Corporation; variability of dividends; potential sales of additional common shares and the potential for dilution; loss of key personnel; risk management costs and limitations; the risk that AltaGas may have less liquidity upon closing of the transaction than anticipated; risks related to pandemics, epidemics or disease outbreaks, including COVID-19; and the other factors discussed under the heading "Risk Factors" in the Corporation's Annual Information Form for the year ended December 31, 2022 (AIF) and set out in AltaGas' other continuous disclosure documents available through SEDAR+ at www.sedarplus.ca, which documents are not incorporated by reference herein.*

Many factors could cause AltaGas' or any particular business segment's actual results, performance or achievements to vary from those described in this news release, including, without limitation, those listed above and the assumptions upon which they are based proving incorrect. 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 news release as intended, planned, anticipated, believed, sought, proposed, estimated, forecasted, expected, projected or targeted and such forward-looking statements included in this news release, 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 news release. 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 news release are expressly qualified by these cautionary statements.

Information contained in this news release about prospective financial performance, financial position, or cash flows may be considered a financial outlook under applicable securities laws and is based on assumptions about future events and financial metrics, including economic conditions and proposed courses of action, royalty rates, operating costs, transportation costs, debt levels, and capital expenditures based on AltaGas management's (Management) assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this news release is subject to numerous assumptions, risk factors, limitations and qualifications, including those set forth in the above paragraphs. The actual results of operations and financial results of the Corporation and the benefits to be achieved from the transaction will vary from that forth in this news release and such variations may be material. This information has been provided for illustration only and with respect to future periods are based on budgets and forecasts that are speculative and are subject to a variety of contingencies and may not be appropriate for other purposes. Accordingly, these estimates are not to be relied upon as indicative of future results. Except as required by applicable securities laws, the Corporation undertakes no obligation to update such financial outlook. The financial outlook contained in this news release was made as of the date of this news release and was provided for the purpose of providing further information about the Corporation's potential future business and operations and the anticipated benefits to be achieved from the transaction. Readers are cautioned that the financial outlook contained in this news release is not conclusive, is subject to change and should not be used for purposes other than for which it is disclosed herein.

Additional information relating to AltaGas, including its quarterly and annual management's discussion and analysis (MD&A) and consolidated financial statements, annual information form, and press releases are available through AltaGas' website at www.altagas.ca or through SEDAR+ at www.sedarplus.ca.

SPECIFIED FINANCIAL MEASURES

Throughout this news release and in other documents disclosed by the Corporation, AltaGas discloses certain measures to analyze financial performance, financial position, and cash flow. These non-GAAP and other financial measures do not have any standardized *meaning prescribed under International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similar measures presented by other entities. These non-GAAP measures provide additional information that management believes is meaningful regarding operational performance, liquidity and capacity to fund dividends, capital expenditures, and other investing activities. The specified financial measures should not be construed as alternatives or considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as EBITDA, Net Debt, Funds from Operations (FFO), Expected 2024 EBITDA, FFO per share accretion and Net Debt to EBITDA as indicators of AltaGas' performance.*

Several of the non-GAAP measures and their reconciliations to IFRS financial measures are shown in AltaGas' MD&A as at and for the period ended June 30, 2023 ("Q2 MD&A") which can be found on AltaGas' website at www.altagas.ca or through SEDAR+ at www.sedarplus.ca.