



# Pembina Pipeline Corporation

## Annual Meeting of Shareholders

May 8, 2015

TSX: PPL; NYSE: PBA





# Corporate Update

Mick Dilger, President & Chief Executive Officer

# Forward-looking statements & information



This presentation is for information purposes only and is not intended to, and should not be construed to constitute, an offer to sell or the solicitation of an offer to buy, securities of Pembina Pipeline Corporation ("Pembina"). This presentation and its contents should not be construed, under any circumstances, as investment, tax or legal advice. Any person accepting delivery of this presentation acknowledges the need to conduct their own thorough investigation into Pembina and its activities before considering any investment in its securities.

This presentation contains certain forward-looking statements and information that are based on Pembina's expectations, estimates, projections and assumptions in light of its experience and its perception of historical trends as well as current market conditions and perceived business opportunities. In some cases, forward-looking information can be identified by terminology such as "expects", "anticipates", "plans", "potential", "will", "continue", and similar expressions suggesting future events or future performance. In particular, this presentation contains forward-looking statements, including certain financial outlooks, pertaining to financial and business objectives, corporate strategy (capital expenditures, schedules, expected capacity, approval and contracting strategy and expectations with respect to current and potential projects), the timing of regulatory and environmental approvals, financial performance and future financing sources, the stability and sustainability of cash dividends, expansion and diversification opportunities, expectations regarding future commodity market supply,

demand and pricing and supply and demand for hydrocarbon services. Undue reliance should not be placed on these forward-looking statements and information as they are based on assumptions made by Pembina as of the date hereof regarding, among other things, industry conditions, the availability and sources of capital, operating costs, the ability to reach required commercial agreements, and the ability to obtain required regulatory or governmental approvals. While Pembina believes the expectations and assumptions reflected in these forward-looking statements are reasonable as of the date hereof, there can be no assurance that they will prove to be correct. Forward-looking statements are subject to known and unknown risks and uncertainties which may cause actual performance and financial results to differ materially from the results expressed or implied, including but not limited to: the impact of competitive entities and pricing; reliance on key alliances and agreements; the strength and operations of the oil and natural gas industry and related commodity prices; regulatory environment; fluctuations in operating results; the availability and cost of labour and other materials; the ability to finance projects on advantageous terms; and tax laws and tax treatment.

Additional information on these factors as well as other factors that could impact Pembina's operational and financial results are contained in Pembina's Annual Information Form and Management's Discussion and Analysis, and described in our public filings available in Canada at [www.sedar.com](http://www.sedar.com) and in the United States at [www.sec.gov](http://www.sec.gov). Readers are cautioned that this list of risk

factors should not be construed as exhaustive.

The forward-looking statements contained in this document speak only as of the date of this document. Except as expressly required by applicable securities laws, Pembina and its subsidiaries assume no obligation to update forward-looking statements and information should circumstances or management's expectations, estimates, projections or assumptions change. The forward-looking statements contained in this document are expressly qualified by this cautionary statement. Readers are cautioned that management of Pembina approved the financial outlooks contained herein as of the date of this presentation. The purpose of the financial outlooks contained herein is to give the reader an indication of the value of Pembina's current and anticipated growth projects. Readers should be cautioned that the information contained in the financial outlooks contained herein may not be appropriate for other purposes.

In this presentation, we refer to certain financial measures such as EBITDA, total enterprise value ("TEV"), adjusted cash flow from operating activities, cash flow from operating activities per common share, adjusted cash flow from operating activities per common share and operating margin that are not determined in accordance with International Financial Reporting Standards ("Canadian GAAP"). For more information about these non-GAAP and additional GAAP measures, see the Appendix to this presentation. All financial information is expressed in Canadian dollars unless otherwise specified.

# Pembina's identity



## Assets



Strategically located infrastructure serving long-life hydrocarbon reserves

## Growth



Sector leading growth portfolio: ~\$5.9 billion of committed opportunities

## Stable



Growing our highly contracted and stable cash flow; expect ~80% of operating margin to be fee-for-service in 2018

## Well-financed



Strong balance sheet, investment-grade credit rating and proven access to funding

## Responsible



Working for the interests of all Pembina's stakeholders

## Value



History of generating shareholder value and growing dividends and cash flow; 8.2% CAGR in ACFPS (2005 – 2014)

Doing the important things right to facilitate our objective of doubling EBITDA in 2018

# Where are we headed?



## NOW...

## IN 2018



### Conventional Pipelines

8,800 km network  
Fox Creek to Namao capacity at 260 mbpd



Largest conventional crude oil and NGL feeder system in Canada  
13% increase in km (~10,000 km with Phase III and lateral additions)  
162% increase in Fox Creek to Namao capacity (to 680 mbpd+)



### Midstream

73 mbpd fractionator  
13.9 MMbbl storage capacity at Redwater



Largest fractionation facility in Canada and handler of condensate  
187% increase in fractionation capacity (to 210 mbpd+)  
19% increase in storage capacity at Redwater (to 16.5 MMbbl+)  
One of the largest straddle plant and underground storage owners



### Gas Services

468 MMcf/d net natural gas processing capacity  
535 MMcf/d ethane-plus extraction capacity



One of the largest gas processors in Canada  
49% increase in field processing capacity (to 1.5 bcf/d)  
67% increase in ethane-plus extraction capacity (to 895 MMcf/d)



### Oil Sands & Heavy Oil

1650 km of pipeline with 880 mbpd capacity  
under contract



Long-life contracts continue to provide stable cash flows  
Investment-grade counterparties  
Second largest transporter of synthetic crude

Leader in energy infrastructure

# How did we progress towards 2018, in 2014?



- ✓ Secured \$1.4 billion in new capital opportunities and expanded committed capital to \$5.9 billion
- ✓ Increased common share dividend by 3.6% (increase of 5.2% in May 2015)
- ✓ No major safety incidents during the year, zero lost time employee incidents
- ✓ Raised \$1.4 billion in debt and equity markets and strengthened balance sheet<sup>(1)</sup>
- ✓ Brought \$900 million of new assets into service (overall on time and on budget and working in accordance with design scope)
- ✓ Continued development of in-house project expertise

Objective is to double 2014 EBITDA in 2018

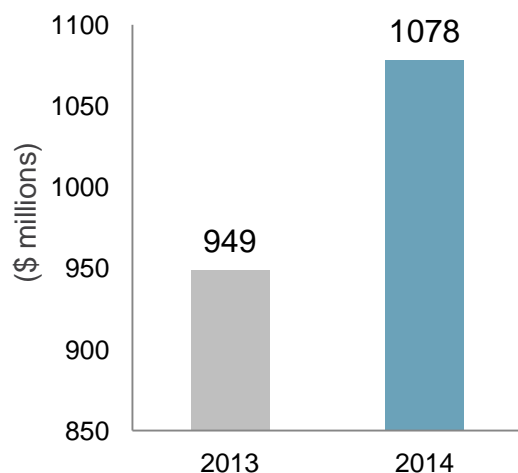
<sup>(1)</sup> Including Premium Dividend and Dividend Reinvestment Plan.  
See "Forward-looking statements & information."

# Strong operating and financial performance in 2014



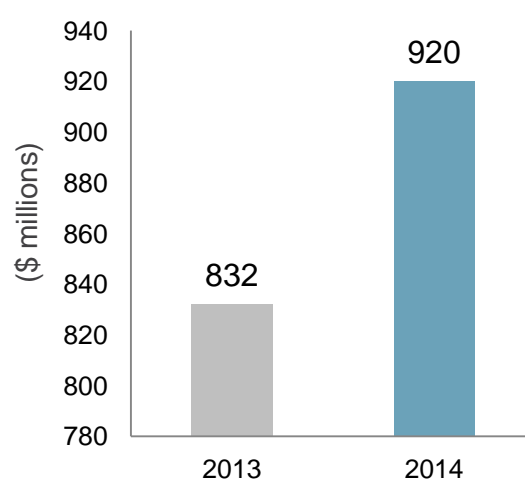
# 14%

increase in  
operating margin<sup>(1)</sup>



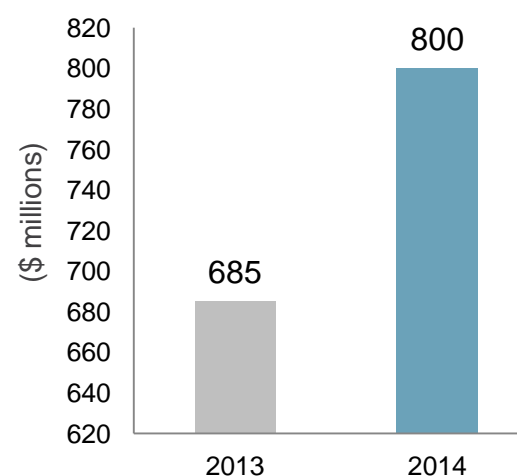
# 11%

increase in  
EBITDA<sup>(1)</sup>



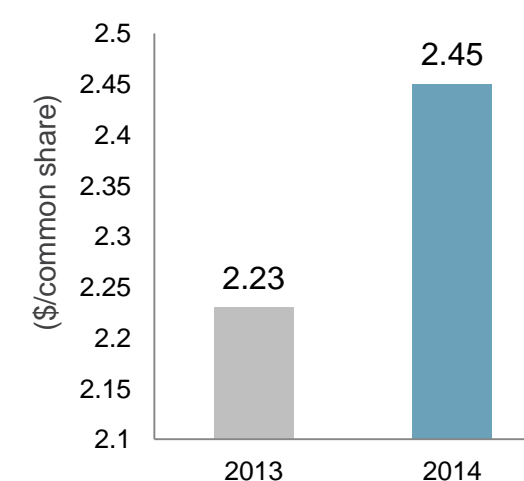
# 17%

increase in cash  
flow from operating  
activities



# 10%

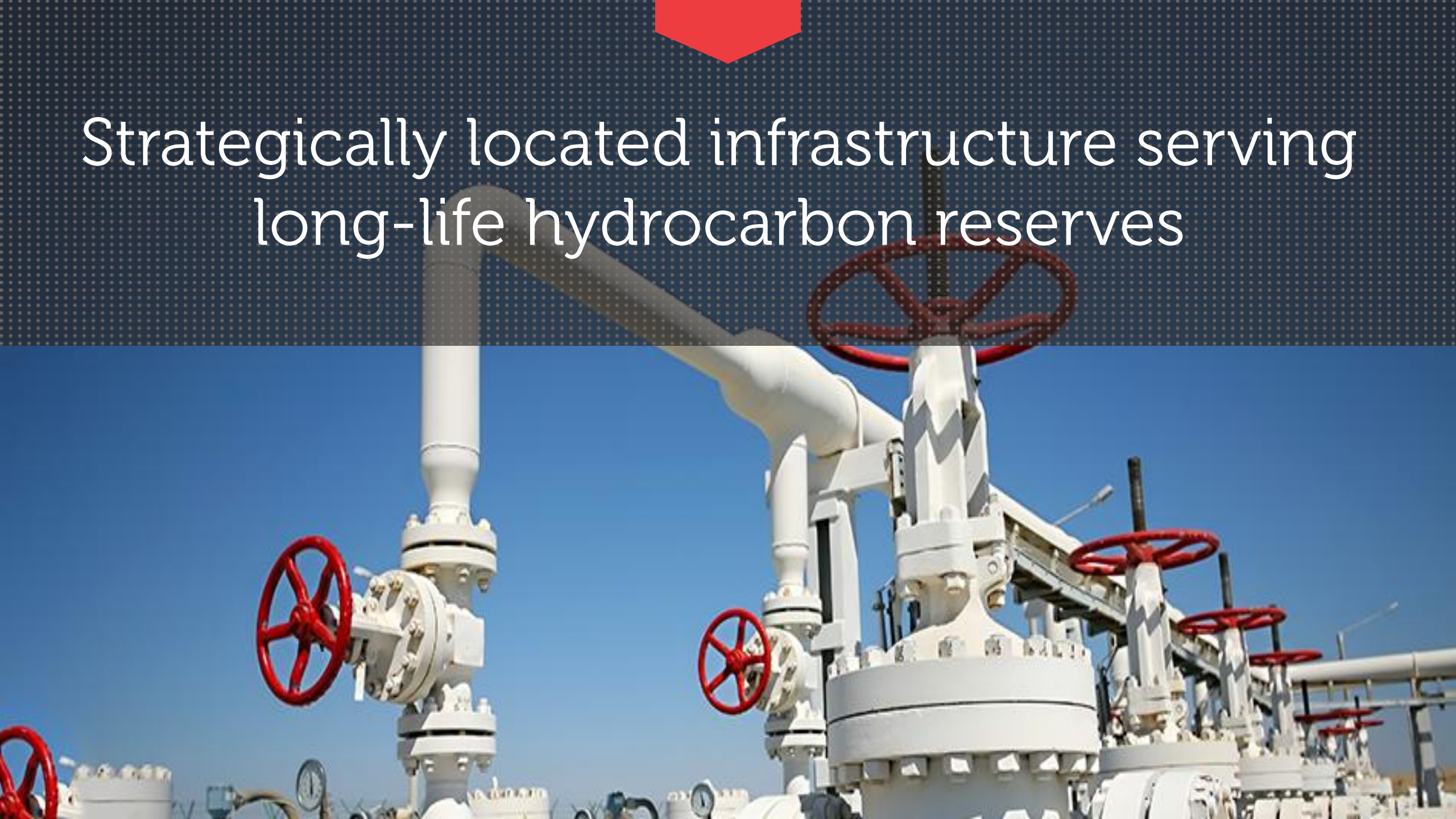
increase in cash  
flow from operating  
activities per  
common share<sup>(1)</sup>



Delivered record operating margin, EBITDA, cash flow from operating activities and CFPS

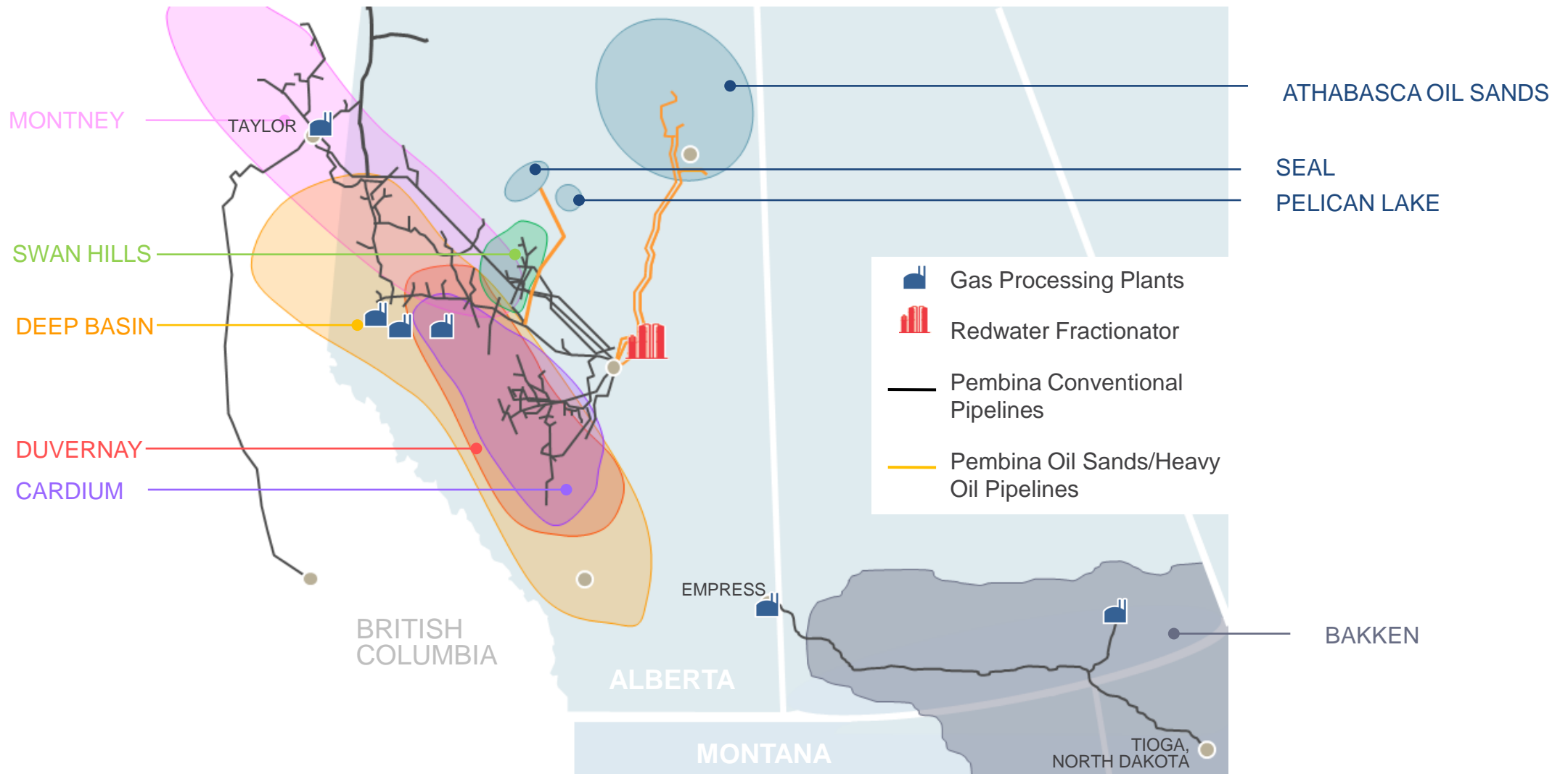
<sup>(1)</sup> See "Non-GAAP & additional GAAP measures."

Strategically located infrastructure serving  
long-life hydrocarbon reserves





# Our assets and businesses operate in prolific geology



Strong franchise areas create competitive advantages



Sector leading growth portfolio:  
~\$5.9 billion of committed opportunities

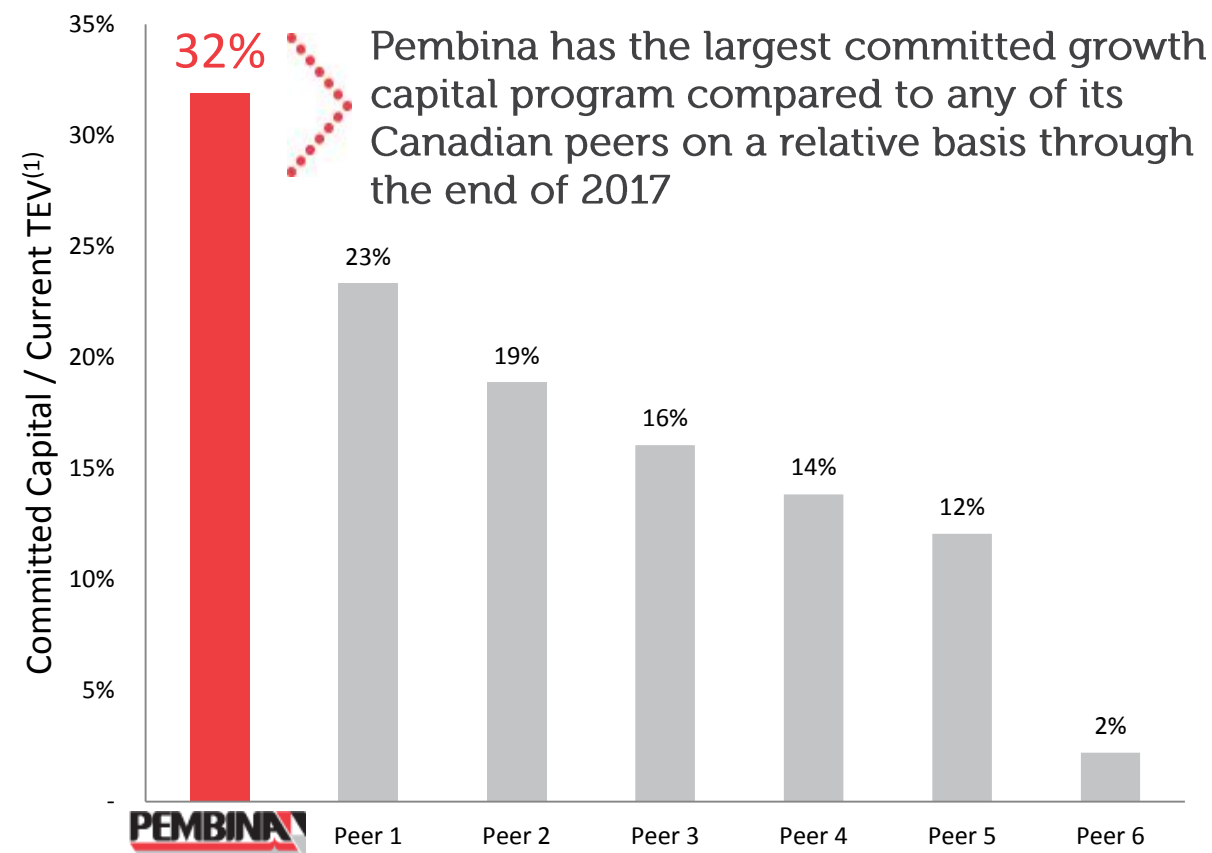


# We are pursuing a fee-for-service growth portfolio



Projects (all fee-for-service)		Capital (C\$MM)
Conventional Pipelines	Phase II NGL/Crude Expansions	\$ 695
	Phase III Pipeline Expansions <sup>(1)</sup>	\$ 2,440
	NEBC Expansion <sup>(1)</sup>	\$ 210
	Vantage Expansion <sup>(1)</sup>	\$ 85
	Laterals	\$ 155
<b>Subtotal</b>		<b>\$ 3,585</b>
Gas Services	Musreau III Facility	\$ 105
	SEEP	\$ 110
	Saturn II Facility	\$ 170
	Resthaven Expansion <sup>(2)</sup>	\$ 170
<b>Subtotal</b>		<b>\$ 555</b>
Midstream	Cavern Development	\$ 130
	Canadian Diluent Hub <sup>(1)</sup>	\$ 350
	Terminal and Hub Services	\$ 75
	RFS II Fractionator	\$ 415
	RFS III Fractionator	\$ 400
	Other <sup>(1)</sup>	\$ 400
<b>Subtotal</b>		<b>\$ 1,770</b>
<b>Committed Capital</b>		<b>\$ 5,910</b>

## Relative Growth Project Portfolio



Source: Company filings, Street Research (peers include: ALA, ENB, IPL, KEY, TRP, VSN).

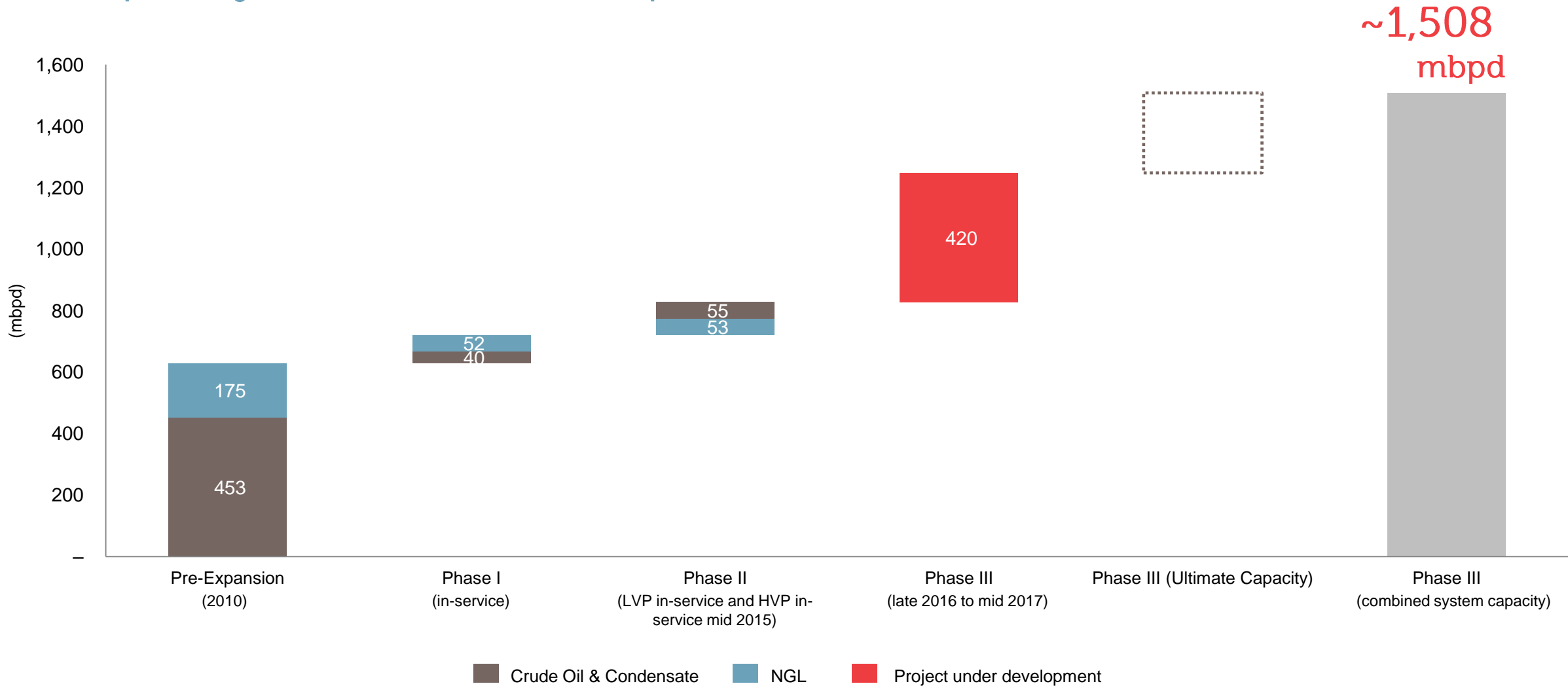
~\$5.9 billion in secured and committed projects underway

<sup>(1)</sup> Subject to regulatory and environmental approval.

<sup>(2)</sup> If Resthaven partners participate in expansion, Pembina's capital will decrease to \$145 million.

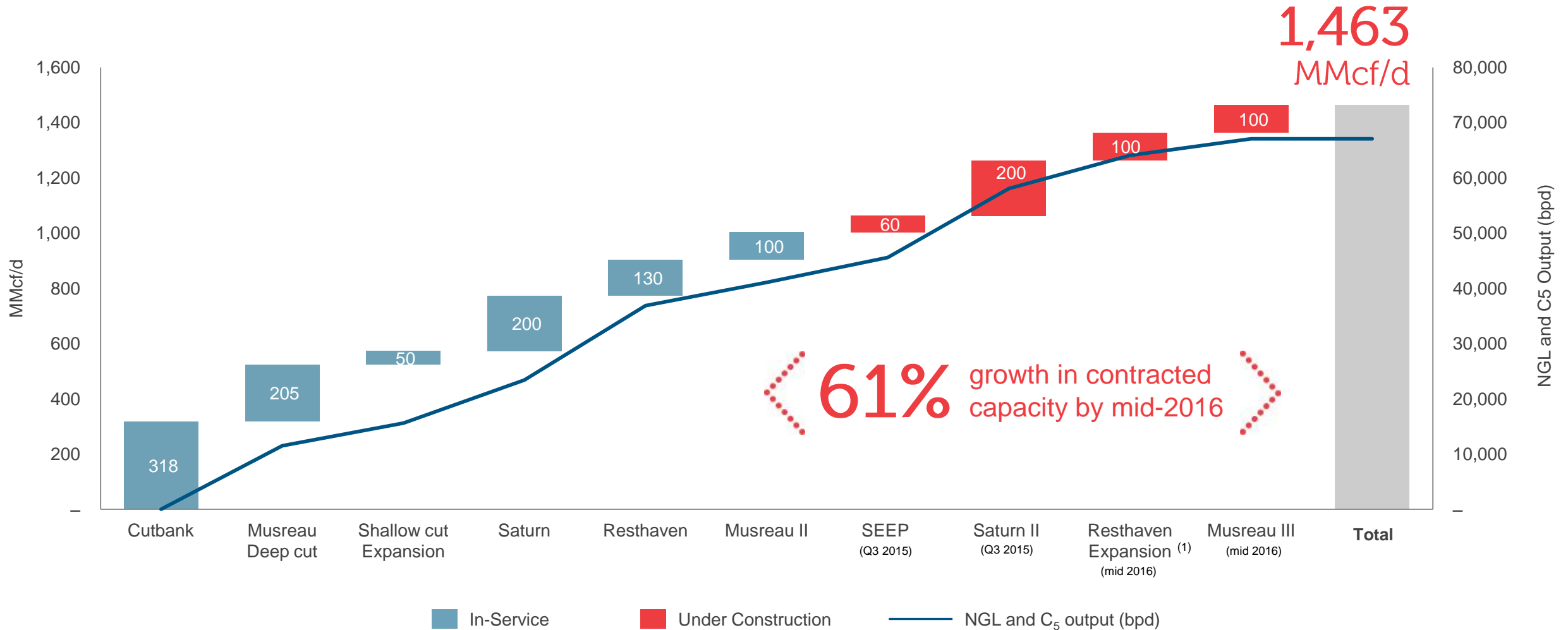
See "Forward-looking statements & information" and "Non-GAAP & additional GAAP measures."

# Conventional Pipeline expansions could bring Alberta capacity to ~1.5 million bpd



Visibility to almost tripling capacity on conventional pipelines

# Field processing capacity expanding to meet customer demand



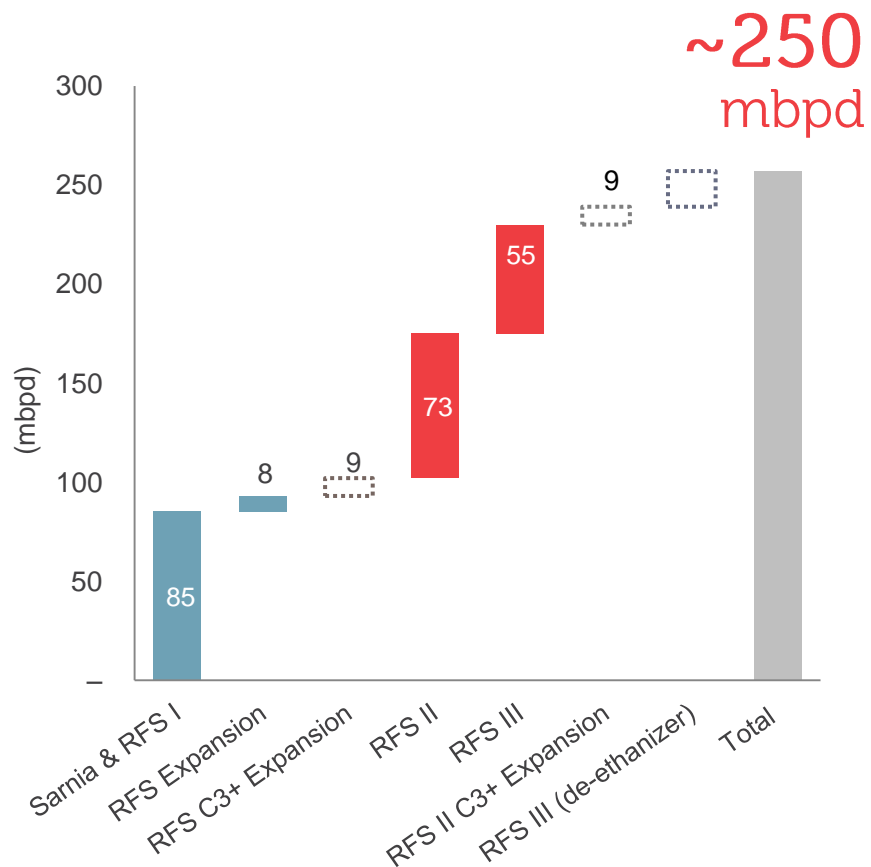
Predicted to become Canada's largest third party gas processing company

<sup>(1)</sup> If partners participate in Resthaven expansion, Pembina's net capacity will be reduced to 69 MMcf/d. See "Forward-looking statements & information."

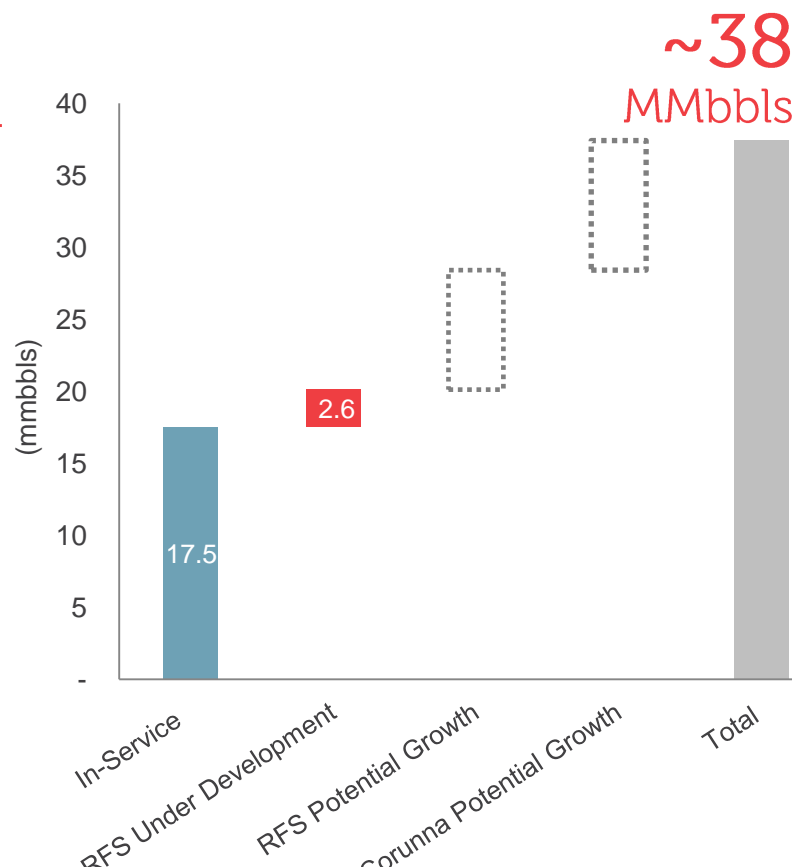
# Our crude & NGL midstream business continues to grow



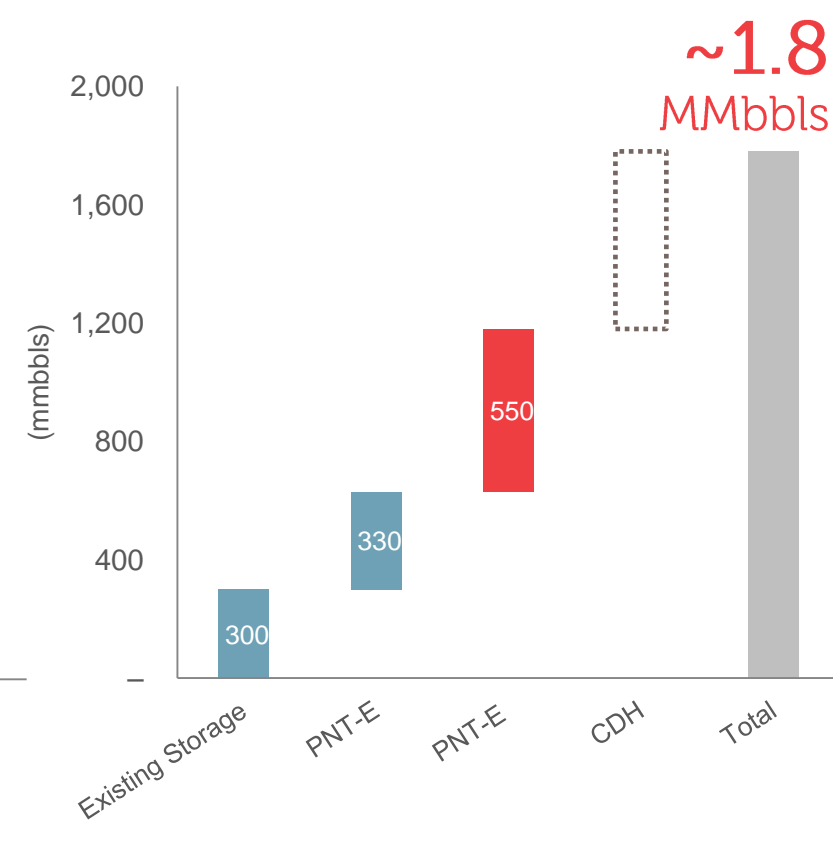
## NGL Fractionation Capacity Growth



## Below Ground Storage Potential



## Above Ground Storage Potential



■ In-service assets    
 ■ Projects under development    
   Uncommitted projects

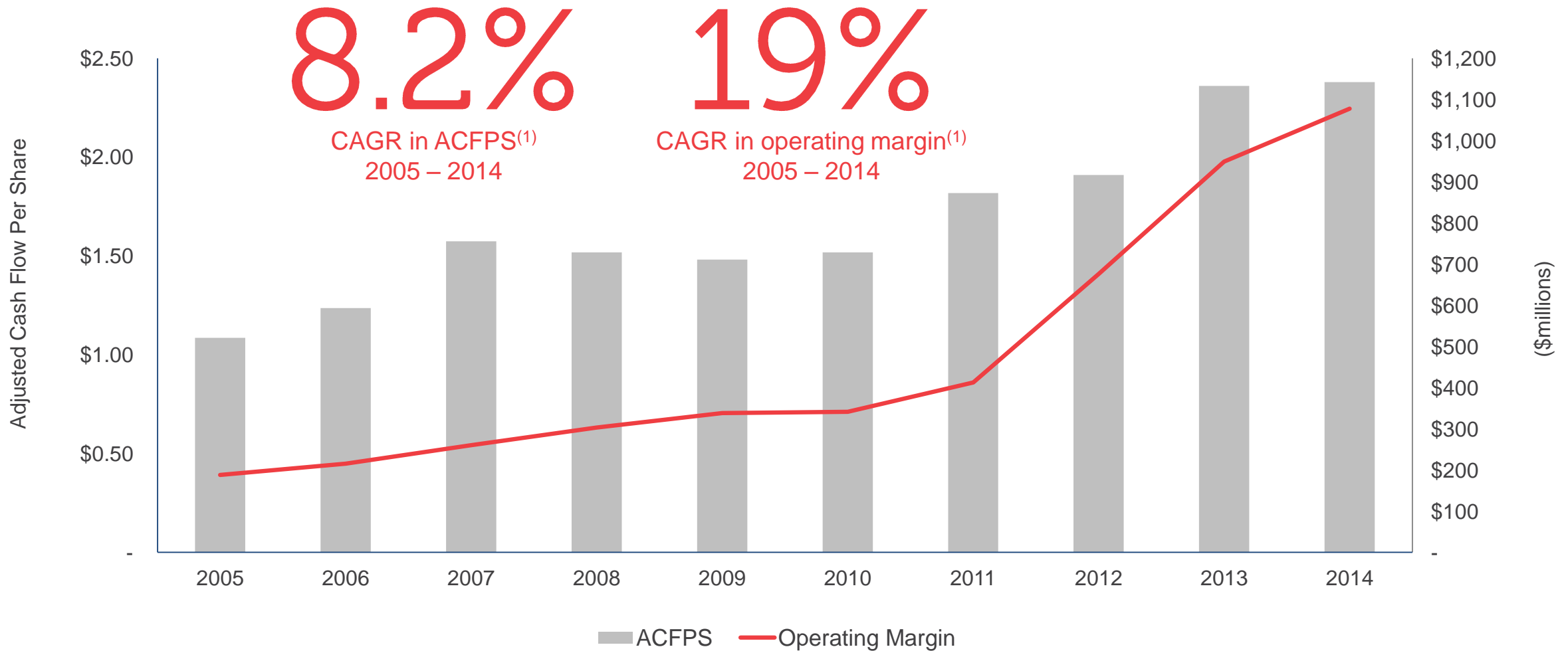
Aim to triple Pembina's fractionation capacity at Redwater with RFS III



Growing our highly contracted and  
stable cash flow



# We have an established track record

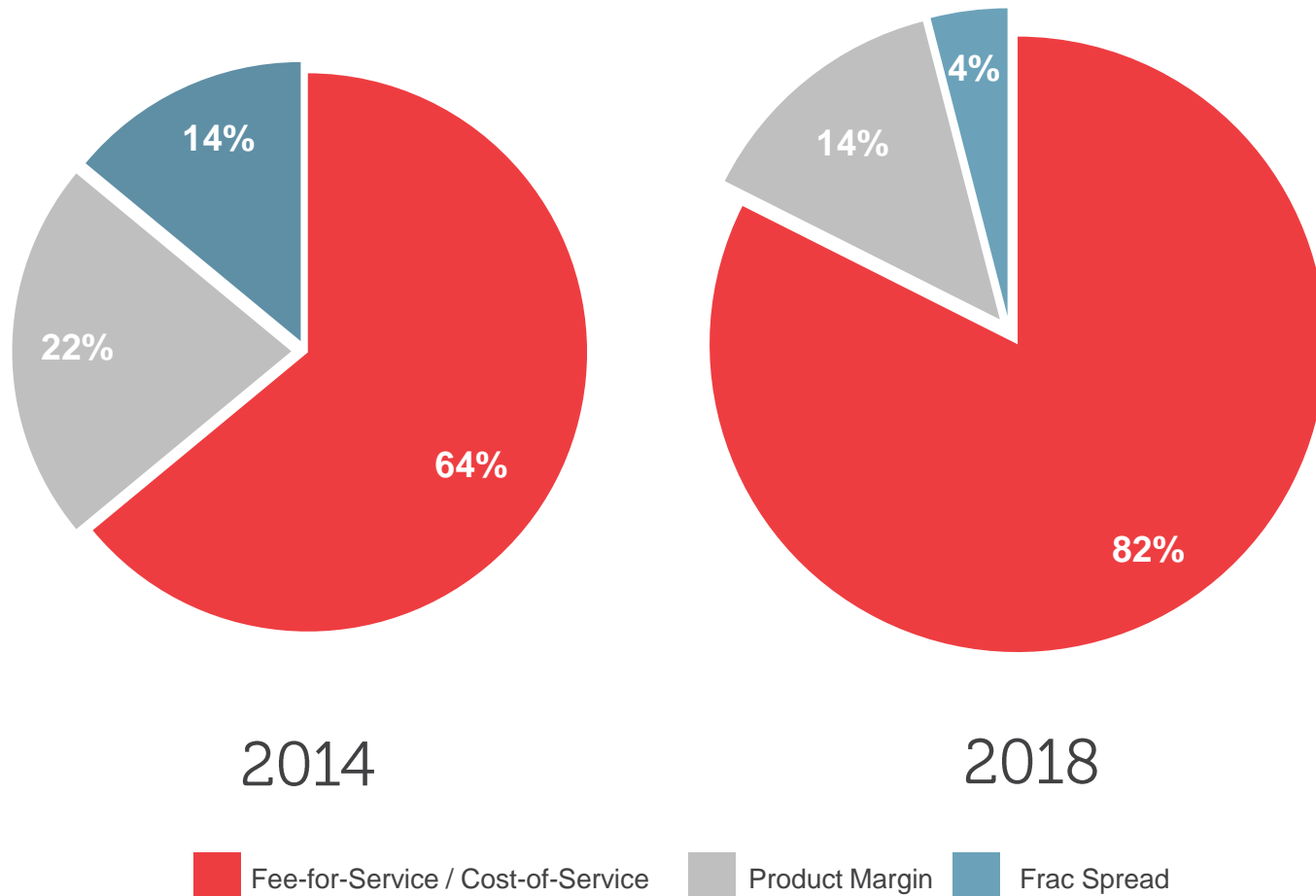


Strong history of growing adjusted cash flow and operating margin

<sup>(1)</sup> See "Non-GAAP & additional GAAP measures."



# We are continuing to de-risk our business



**\$700 to \$1,000 MILLION**

Of potential incremental EBITDA generated per year on a run-rate basis once Pembina's committed projects are all in-service\*

**In excess of 80% of operating margin is expected to be generated from fee-for-service contracts in 2018**

\* Based on approximately \$6 billion of committed capital projects with in-service dates between end of 2014 and end of 2017. Upper end of range depending on utilization above take-or-pay levels. See "Forward-looking statements & information" and "Non-GAAP & additional GAAP measures."



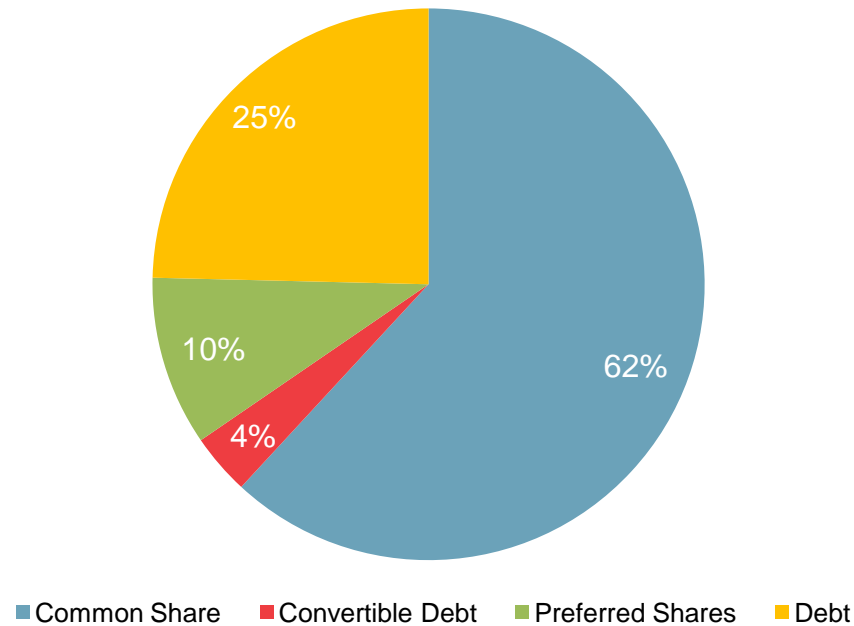
Strong balance sheet, investment-grade  
credit rating and proven access to funding



# Funding plan and capital structure equipped for growth

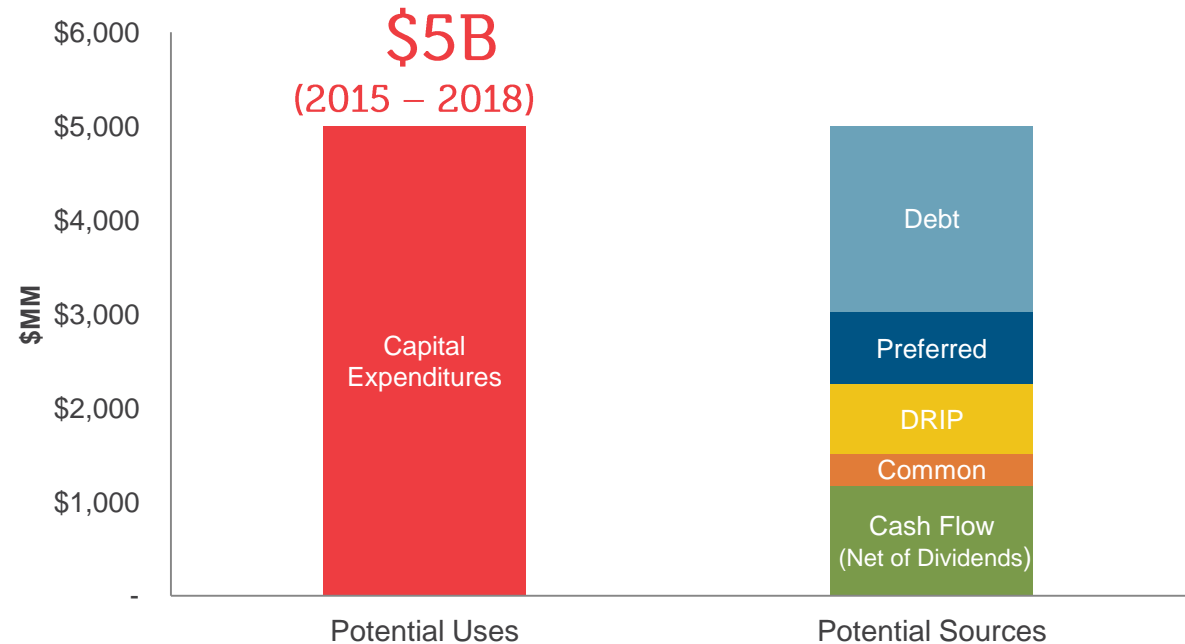


## Capital Structure at April 30, 2015<sup>(1)</sup>



- Proven ability to access numerous sources of capital at attractive rates
- Senior debt to total capital ~28%

## Funding Plan through 2017

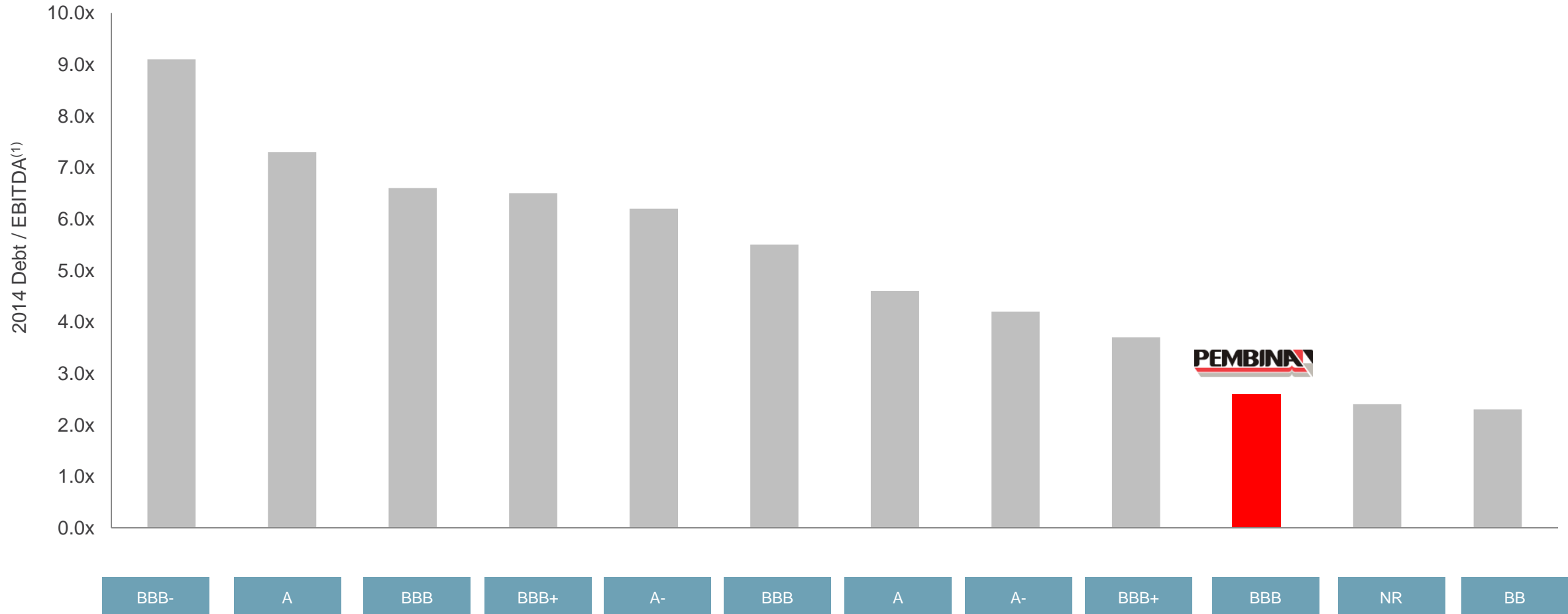


- Nominal financing target for projects & acquisitions of 50% (debt) / 50% (equity)

Committed to financial discipline

<sup>(1)</sup> Capital structure is based on book value.  
See "Forward-looking statements & information."

# Clean balance sheet



Pembina continues to employ significantly less leverage than its peers

(1) Source: RBC Capital Markets research report as of May 1, 2015. See "Non-GAAP & additional GAAP measures."

Working for the interests of all  
Pembina's stakeholders



# Our priority is on safety



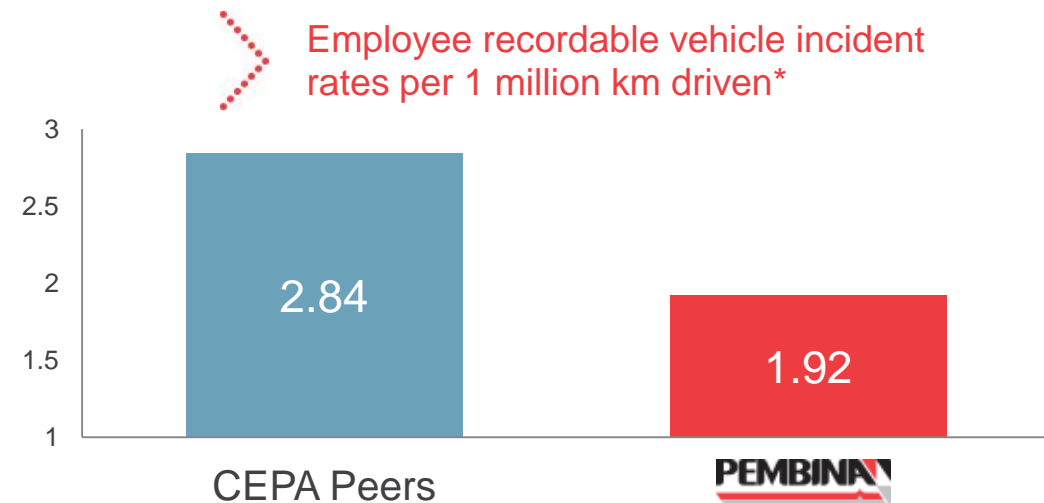
## Employee Safety

- Employee near-miss reporting increased by 45% in 2014
- Employees achieved zero lost-time and zero recordable injury incidents in 2014, while working 24% more hours (total man hours = over 2.3 million in 2014)



## Safe Driving

- Employees drove over 14.5 million kilometres in 2014
- Mandatory AMA Collision Avoidance program for employees who drive Pembina Registered vehicles on public roadways



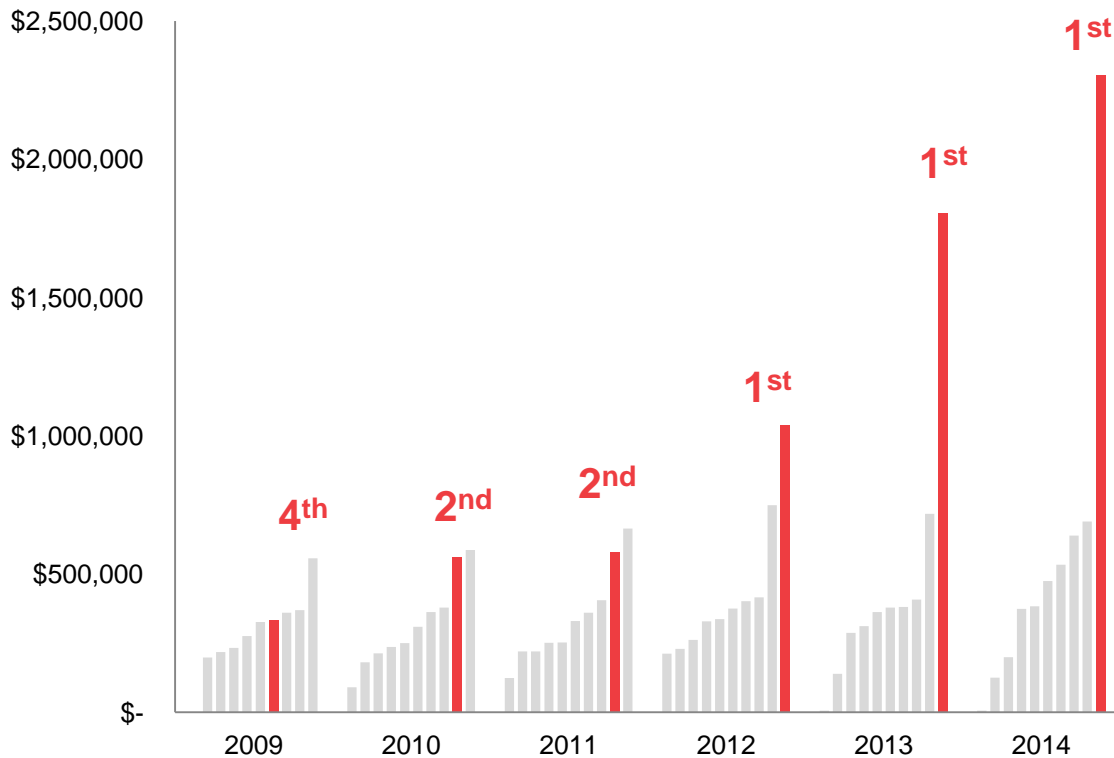
Since start of 2014, over 1,100 employees worked over 3 million hours without a lost time or recordable injury

\* CEPA and Pembina data reflect 2014 annual results.

# Committed to corporate social responsibility



## Pembina is a United Way Leader Comparison of the Top 10 Companies in the Energy Division



- Invested over \$3 million in our communities in 2014, spread over 140 organizations
- PATH (Pembina Actions That Help) employee-giving program matches employee donations and supports team building and volunteering
- Dedicated to building on and improving relationships with communities, stakeholders and Aboriginals
- Developed Aboriginal training and full-time employment program
- Committed to environmental stewardship and responsible development to minimize impact on air, water, land, biodiversity

Pembina is striving to become a leader in supporting our stakeholders



# History of generating shareholder value and growing dividends



We continue driving shareholder value



5.1%

CAGR IN DIVIDENDS PER SHARE\*  
\*2005-2014

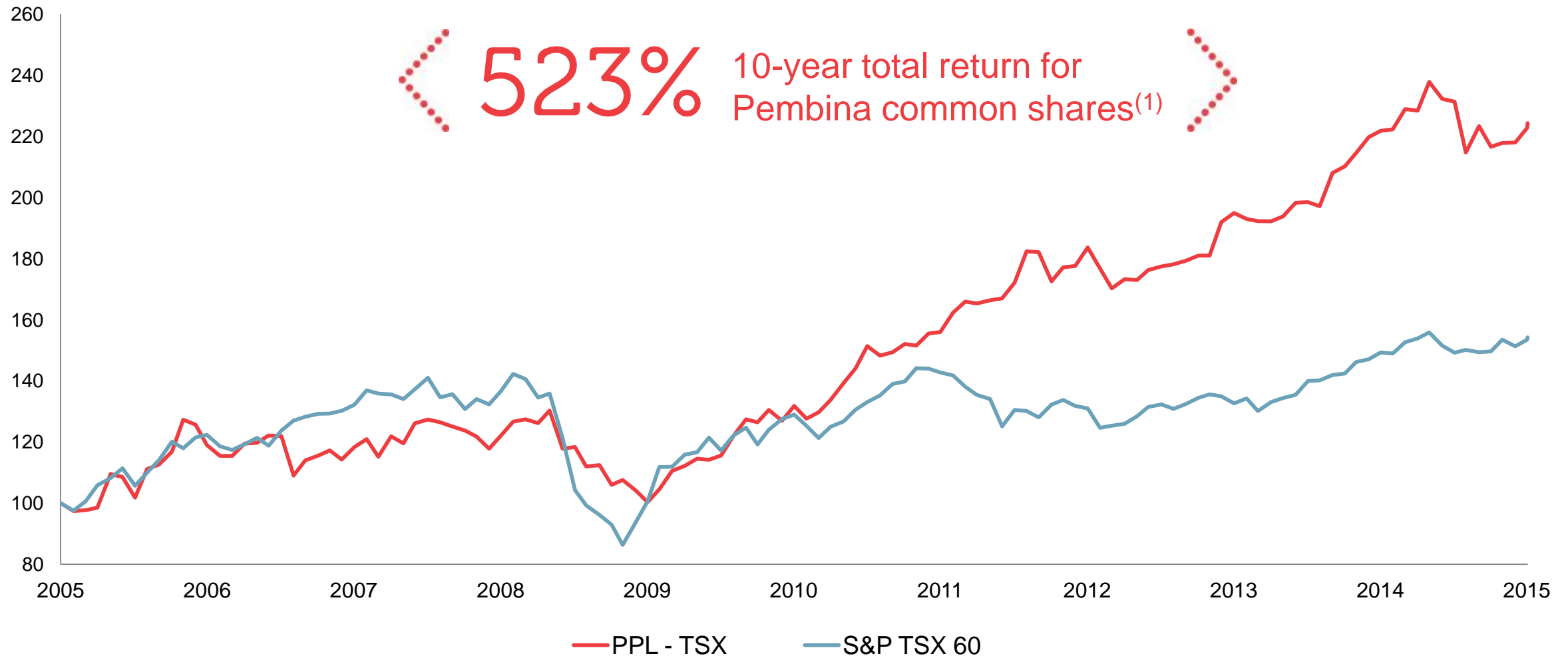
\$3.4

BILLION IN DIVIDENDS PAID SINCE INCEPTION\*  
\*To December 2014, Pembina began paying dividends in 1997

17%

AVERAGE COMPOUND ANNUAL RETURN\*  
\*Jan 1, 2005 – Dec 31, 2014, inclusive of dividends reinvested

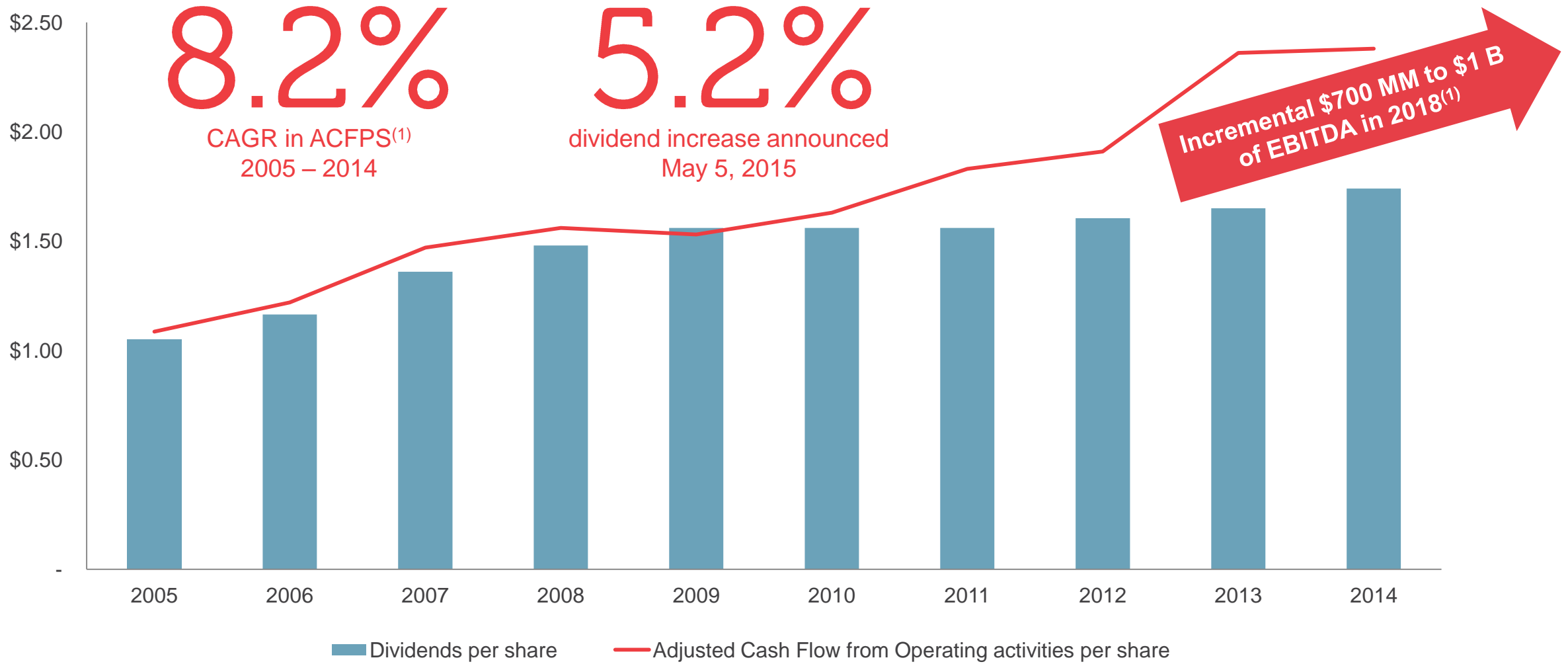
# We've had strong market return



Pembina has performed significantly better than the S&P TSX 60 over the last 10 years

<sup>(1)</sup> From April 29, 2005 – April 30, 2015, inclusive of dividends reinvested. Index based on April 29, 2005 = 100

# Dividend growth supported by growing cash flow



Strong history of growing Pembina's dividend and adjusted cash flow per share

<sup>(1)</sup> See "Forward-looking statements and information" and "Non-GAAP & additional GAAP measures." Incremental EBITDA based on approximately \$6 billion of committed capital projects with in-service dates between end of 2014 and end of 2017. Upper end of range depending on utilization above take-or-pay levels.

# Thank You!

to our employees, Board of Directors,  
communities, service providers  
and shareholders.



# Questions & Answers

# Non-GAAP and additional GAAP measures



This presentation uses certain terms that are not defined by GAAP but are used by management of Pembina to evaluate Pembina's performance. Non-GAAP and additional GAAP financial measures do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies. Pembina uses the non-GAAP terms "total enterprise value" (market value of Pembina's common shares plus preferred shares and convertible debentures plus senior debt less cash and cash equivalents), EBITDA (results from operating activities plus share of profit from equity accounted investees (before tax, depreciation and amortization) plus depreciation and amortization (included in operations and general and administrative expense) and unrealized gains or losses on commodity-related derivative financial instruments), adjusted cash flow from operating activities (cash flow from operating activities plus the change in non-cash

working capital and excluding preferred share dividends and acquisition-related expenses), cash flow from operating activities per common share, adjusted cash flow from operating activities per common share and the additional GAAP term "operating margin" (gross profit before depreciation and amortization included in operations and unrealized gain/loss on commodity-related derivative financial instruments). Financial ratios are used to demonstrate financial leverage (extent to which debt is used in a company's capital structure) which include Total Debt (Total Senior Debt outstanding plus face value of Convertible Debentures as per the financial statements of the corresponding reporting year), Interest Coverage (EBITDA divided by Net Interest Paid (interest paid plus interest received)), Total Debt to Total Capitalization (Total Debt divided by Total Equity less non-controlling interest) and Funds From Operations to Total Debt (Adjusted Cash Flow from Operating Activities divided by

Total Debt). Management believes these non-GAAP measures provide an indication of the results generated by Pembina's business activities and the value those businesses generate. Investors should be cautioned that these non-GAAP measures should not be construed as an alternative to net earnings, cash flow from operating activities or other measures of financial performance determined in accordance with GAAP as an indicator of Pembina's performance. For additional information with respect to financial measures which have not been identified by GAAP, including reconciliations to the closest comparable GAAP measure, see Pembina's Management's Discussion and Analysis for the fiscal year ended December 31, 2014, available on SEDAR at [www.sedar.com](http://www.sedar.com) or in Pembina's annual report on Form 40-F for the fiscal year ended December 31, 2014 available on EDGAR at [www.sec.gov](http://www.sec.gov).

# CONTACT US

## Pembina Pipeline Corporation

Suite 4000 – 585 8<sup>th</sup> Avenue S.W.

Calgary, Alberta T2P 1G1

[www.pembina.com](http://www.pembina.com)

[investor-relations@pembina.com](mailto:investor-relations@pembina.com)

Toll free: 1.855.880.7404

Phone: 403.231.3156

