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Keyera Corp. (TSX: KEY)

2022 Investor Day

www.keyera.com

Dan Cuthbertson

Director, Investor Relations, Keyera Corp.

Good morning, and welcome to Keyera's 2022 Investor Day.

My name is Dan Cuthbertson. I am the Director of Investor Relations for Keyera.

We're very pleased to share the materials that our team has put together for you today.

Over the next hour or so, we'll be diving deeper into the content of the news release we issued this morning.

Agenda

Here is the agenda for the event:

As we usually do at Keyera, we will kick off the meeting with a safety moment. That will be shared by Joanna Williams, our General Manager of Safety and Operational Excellence.

Following that, our president and CEO, Dean Setoguchi will set the stage with our vision and strategy.

Then, members of our senior leadership team will run-through the components of our strategy.

After some closing remarks by Dean, we'll open-up the floor to Q & A.

For analysts wishing to participate in the Q & A, there is an option on your screen to ask questions. Click the link and a concierge will allow you to pose your question.

I'll also note that we will post a more detailed, online version of the presentation once today's event has concluded.

Forward-Looking Information

Before we begin, I would like to remind everyone about the risk associated with the forward-looking statements.

Non-GAAP and Other Financial Measures

And non-GAAP measures included in this presentation.

Now it's my pleasure to invite Joanna Williams to the stage to share a safety moment with us.

Joanna Williams

General Manager, Safety and Operations Excellence, Keyera Corp.

Thanks Dan, let me take a moment to introduce myself.

I am a Professional Engineer with over 25 years of experience in sour gas processing and midstream.

My passion for safety began early in my career when I quickly realized that as a Chemical Engineer designing sour gas plants, any mistake I made in the design could result in someone getting seriously injured or worse.

As an engineer, I have always loved numbers and data and I quickly learned in my career to appreciate data driven, risk-based decision making. And then I started working at the operating facilities and realized this wasn't just a numbers game.

Every number translates to a person, a coworker, a friend, a father, a sister, a favorite aunt. Any number higher than zero is unacceptable when it comes to safety.

It All Starts with Safety

Let me speak to safety at Keyera - It All Starts with Safety

I was thrilled to join Keyera, where our leadership is committed to the goal of #1 in Safety Performance and more importantly, where our culture is rooted in Engage & Care. Our people want to do the right thing, the right way, every time.

We have all committed to the guiding philosophy that "Because of me, no one ever gets hurt at a Keyera workplace".

We recognize that we are not best in class, but we have a Safety Vision, including process safety, and tactical strategy to get us there. When I speak with our leaders and our front-line workers, it never fails to amaze me at how committed each person at Keyera is to doing better.

We have a cultural shift to get to where we need to go. What do I mean by "culture"? There are many definitions out there, but my favorite description of culture is "the way we do things around here".

How will we know we are successful on the safety front? When we can look around and say safety is just the way we do everything around here.

And we are set up for success with our Health and Safety management system which is rooted in Operational Excellence driving our continuous improvement. Each small change we make adds up to big impacts!

Since safety begins with each of us, I would like to share a safety tip with you today that you can take away to protect yourself and your family.

Safety Moment

ICE on Your Mobile Phone:

Have you ever thought about what might happen if you were in a bad fall, car accident or other emergency situation that left you unable to communicate with responders?

Well, there is a feature on your smartphone for just this type of emergency. "In Case of Emergency", ICE – accessible from your phone's lock screen or your phone settings which includes emergency contact information and other important medical information.

Go ahead and pull your phone out and access this feature; it only takes a minute, and it could just save your life one day! This allows rescue workers, police, or doctors to check your cell phone and reach the people you would want contacted if you're in an accident or other emergency.

Thank you for your time today, and please let me welcome to the stage our President and CEO, Dean Setoguchi.

Dean Setoguchi

President and Chief Executive Officer, Keyera Corp.

Good morning, everyone. Thanks for joining us today.

I would like to take this opportunity to acknowledge that we are speaking from the traditional territories of the people of the Treaty 7 region in Southern Alberta, which includes the Blackfoot Confederacy (comprising the Sik-sik-a, Pe-gun-e, and Ki-ni First Nations), as well as the SOOT-ih-na First Nation, and the Stoney Nakoda (including the Chin-i-kee, Bearspaw, and Wesley First Nations). The City of Calgary is also home to Métis Nation of Alberta, Region 3.

I'm going to start with a few opening remarks to provide the broader context for what we'll be covering today, after which you'll be hearing in more detail from other members of the team.

Speaking personally, when I think about the work that we do here at Keyera, one of the things that I'm passionate about is the way in which we can have an impact that improves people's lives. You can't have rising living standards without energy.

I also care about the planet. I think about my children and future grandchildren and want to make sure that we supply this energy in a way that's sustainable for their futures too.

Connecting Energy for Life

This brings me to our Mission of "Connecting Energy for Life". Obviously, the world is in turmoil right now. The events in Ukraine have raised issues about energy supply in Europe and the importance of having a reliable, secure supply of energy has never been greater.

Meanwhile, the majority of the world's population, who are in developing countries, rightly aspire to what they see in developed nations.

We need to supply their energy in ways which minimize the environmental impact. What we're already doing at Keyera and plan to do in the future can play a role in this.

Our Vision

Going on to the Vision.

We've always said that we don't necessarily want to be the largest, but we do want to be the best at what we do.

This means nobody gets hurt. A safe company is a reliable company.

That reliability ties into customer recognition. We've always been a very customer – focused company and we want to be their preferred service provider.

If you're good at safety and are customer-focused, it translates into value for shareholders.

This along with a focus on returns and growing DCF and dividends per share will provide best-in-class total shareholder returns.

Keyera is Positioned to Generate Strong Returns for Decades to Come

At the highest level, the underlying theme of today is that we're positioned to generate strong returns for decades to come.

The reasoning which underpins that is contained in three key messages:

Firstly, our base business is resilient and strong. Demand for responsibly produced hydrocarbons from Canada will be an essential part of the future global energy mix.

My second key message is that we can deliver on visible growth. We can enhance the profitability of our base business and you'll be hearing more on that from Jarrod.
We have projects already underway, including our KAPS pipeline project, that further enhance our integrated value chain.

Thirdly, we have a unique ability to create a very strong energy transition business. Demand for lower-carbon, responsibly produced energy has never been stronger. We are in a unique position to leverage our existing platform and provide low-carbon services. We can manage the pace of this investment, which will be driven by demand and economics.

Our Achievements Since Last Investor Day

I'm going to start by talking about some of our main achievements since the last investor Day in 2019.

As you'll see from the slide, there's a broad list, and you'll be able to read them all in the published version of the presentation deck, but I'm going to speak to a few.

Firstly, we recognize that we're not yet best-in-class on safety and reliability, but we've taken a significant step forward demonstrated by our 2021 TRIF which was 0.55 down from 0.82.

We delivered strong financial performance and demonstrated discipline throughout the very uncertain period of the Covid pandemic. You can see that:

- Our DCF per share grew about nine and a half per cent from 2019 to 2021
- Our conservative balance sheet was 2.4X net debt-to-EBITDA at the end of last year.
- We maintained our dividend and our payout ratio was around 60%.
- We also cut our DRIP in 2020, eliminating any further dilution

At our last Investor Day we rolled out an Optimization Plan. Our goals were:
- To improve our operating margin which we did, by $15 million.
- To get our south G&P utilization up to 65% and we're achieved this now. We see further opportunity to fill more of our white space in the future.

Lastly, on the ESG front:
- Over the 2017 - 2020 timeframe, we've reduced our emissions by 15% and our emissions intensity by 35%.
- We've issued our Climate and Sustainability reports.

- Going forward, we've recently published our future emissions intensity reduction targets.

What's New?

Moving to what's new today, I want to focus a few key items.

Firstly, an update on KAPS

We're going to be sharing with you a rich inventory of future growth opportunities across the integrated value chain.

Finally, in the longer term, we have a vision for a low carbon hub strategy in Alberta's Industrial Heartland. We'll be sharing some examples of how we look for strategic partnerships to create the most efficient solutions for industry.

Eileen will run-through the other items listed on this slide in her section.

A Pathway to Continued Shareholder Value Creation

For a long time, we've been all about adding value for our shareholders. You can see on this chart the history of our DCF per-share growth, which has an 8% CAGR.

It's important to note the resilience of our performance throughout significant market events: the financial crisis, the commodity price collapse and most recently, the COVID-19 pandemic. Throughout that time, we've consistently managed our balance sheet at or below our 2.5 - 3.0 net debt to EBITDA target ratio.

What you'll hear today is how we'll deliver DCF growth and shareholder value well into the future.

Dividend Growth Tied to DCF Per Share Growth

With the stable DCF that we've delivered, we've also returned a lot of capital to our shareholders in the form of the dividend.

I think this shows good discipline in the execution of our strategy and it's something we've always believed in, dating back to our public origin as a trust.

I'd also like to point out that, once again, through a lot of market turbulence, most recently in the pandemic, our payout ratio has remained in the conservative range of 60% of DCFPS over the last two years.

Our Strategy

The strategy that will enable us to continue this trajectory of growing DCF and dividends is anchored in four pillars.

Before I start, I want to emphasize that everything starts with safety.

- Demonstrate ESG Leadership, which Nancy will speak to later.

  Our company has always been a high integrity company and we have always strive to do the right things for the right reasons.

  This aligns well with many of the principles of ESG. We have always sought to treat our stakeholders with respect, and we are committed to continue to improve in all elements of our environmental, social and governance performance.

- Focus on financial discipline and Eileen will follow up on this pillar.

  We've always taken a rather conservative approach to our financial management and that has served us well.

  That includes our debt and payout ratios and also the return of capital in the form of dividends. And we are applying extra focus and discipline on capital investments and maximizing returns.

- Jarrod is going to be speaking to driving the competitiveness of our assets.

  Part of the bedrock of our business is an unrelenting focus on cost, reliability, customer service, leveraging our integrated platform and increasing margins.

  We also have opportunities to add capacity in areas where we have a competitive advantage.

- Finally, we're going to be showing you today, more than we ever have, the value of our integration, which is only going to be enhanced with the future projects that we have in store.

  Jamie will be covering the approach to enhancing our integrated value chain - one of the key differentiators that makes us unique in our basin.

  In the same way that telecommunication companies can offer a bundle of services to their customers - we are similarly one of only two companies that can provide a fully integrated, very efficient bundling of services for our customers.

  As you'll see, KAPS is a great example of how we're integrating our asset base.

Natural Gas: More Than a Bridge Fuel

I want to step back and spend a couple of minutes looking at the macro context in which our strategy is going to be delivered.

Building on my first key message, that our base business will remain strong and in high demand for decades to come.

The graph on the (right) is from the EIA, but any credible third-party forecast for global energy demand will look similar.

Renewables will absolutely grow, but all other sources of energy will be required to fulfill world demand, particularly natural gas. One of the biggest opportunities which the world must reduce carbon emissions is to replace coal with natural gas.

The increase in energy demand will be particularly driven by the developing world, where there's high population density and they are seeking affordable, reliable, and portable energy sources, which will also favour propane and butane.

There has already been a lot of investment in infrastructure to distribute base hydrocarbons, so this will be a system that will be difficult to replace for a long time.

Natural gas liquids are at the core of our business and everything I've talked about on this slide shows a bright future.

Canada's Energy Can Meet Rising Global Demand

Moving closer to home, it's logical for Canada to help supply the growing global need for energy.

We have world scale reserves here in Western Canada.

As you can see in the chart on the bottom left, these can be produced at a very competitive supply cost. This includes the Montney, Duvernay, Deep Basin and Cardium – All areas where our infrastructure is strategically positioned.

Our basin is gaining access to high value markets that Canada has been missing not only for oil and natural gas, but NGLs too. This is what drives future growth, as shown on the bottom right.

Canada's Responsibly Produced Energy

In a world where there's increased interest in what lies upstream of people's purchase decisions, there will be unrelenting pressure on hydrocarbon-based fuels to improve their ESG performance. There has been a paradigm shift, and this is not going away.

This is another reason why Canada is the logical supplier of energy to the world.

Canada ranks amongst the best in all three aspects of ESG. On top of that, as a company and as an industry, we are all striving to get better. You can see an example of that in the Oilsands Pathways initiative to get to net zero.

We also have a well-established framework of regulations and carbon taxes.

Simply put, if Canada produces less energy, demand will be met by less responsible sources This means that we're well placed to see increased demand for the fuels that we produce in a way that addresses the world's changing expectations.

Top Gas-Producers Positioned for Growth

As I lead into my second key message, which is that we have visible near and long-term growth, Canadian producers - our customers - have never been stronger:

- Because commodity prices have been depressed in Western Canada for the last 5+ years, it's really forced our producers to be very cost-efficient.
- So now, with rising commodity prices, they are more profitable than ever.

We're poised to benefit from this increased activity.

As you can see on the chart they are set to:

- Generate a lot of free cash flow, shown by the tall dark blue bars.
- Quickly repay debt, which is shown by the orange line going to zero next year.
- And they are anticipated to increase capex, shown in the light blue bars.
- This means they are able to return cash to shareholders and grow production.

Keyera Benefits from Resource Play Growth

As you can see the implications for expected strong supply growth from the Montney and Duvernay in the graph on the right side, where supply is expected to increase by about 20% in the period through to 2025.

Not only will be there be supply push, but we also expect an increased demand pull for NGLs. This is because of:

- Increasing export capacity.
- Expanding petrochemical demand.
- Increased use of solvent for oil sands.
- And the potential sanctioning of Dow's net zero Ethane cracker project.

All that being said, Keyera has the assets and expertise to manage increasing NGL supply and provide flexibility to access the highest value markets for NGL spec products.

There'll also be increased demand for our condensate services because of:

- Continued demand from oil sands with expanded egress from Line 3 and TMX at the end of next year.
- Increasing domestic supply.

We stand to benefit from the volume growth with our significant storage capabilities and extensive pipeline connectivity to receive and deliver condensate to the oil sands.

KAPS: A Game Changer for Keyera

This is why KAPS was the missing link in our value chain. It connects our Montney G&P business along with other third-party facilities to our highly profitable downstream frac, storage, logistics and marketing business.

When a molecule of energy flows through our system, we charge a fee as it touches each segment of our business.

Once this project is complete, it will:

- Meet strong customer demand for a competitive alternative.
- Be one of only two integrated pipeline solutions for NGL's from the Montney/Duvernay.

- It's a "basin asset" with high-barriers-to entry.

We're also working on an opportunity that we refer to as "Zone 4," which would connect KAPS to the BC border and to BC liquids gathering system, so that we could capture volumes along the entire Montney fairway in Alberta and BC.

It's clear that we see great long-term value in NGLs, it aligns with our core expertise and remains a strategic area of focus for us.

KAPS will also support our objective to add stable, long-term cash flows to support future dividend growth.

Growth Across Our Integrated Value Chain

You will also hear today about visible opportunities to enhance profitability from our existing asset base, opportunities to grow capacity and also extend our value chain. This fits well with our strategy of a carefully paced, self-funded model, while also meeting our rigorous capital allocation criteria.

Clear Pathway to Near-Term EBITDA Growth

Pulling all this together, you're going to hear more today about how we have clear visibility to deliver on future EBITDA growth, with no external equity funding.

It starts with enhancing the profitability of our base assets and complementing it with future projects. Eileen will be speaking to this more.

For the longer term, I'll move onto my third key message about how we have the unique ability to leverage of our existing platform and create a strong energy transition business.

Energy Paradigm Shift

This energy transition is happening within a paradigm shift of the world's expectations about the need for lower-carbon products.

We fully recognize in the near term, there's a lot of focus on energy security, but that is not going to change the direction and the momentum towards a lower carbon future.

This is being driven by several factors, such as world population growth, government commitments to reduce emissions, a rising interest in ESG and other factors.

We can already see demand in the Industrial Heartland where Keyera is well positioned:
- Alberta refiners have announced plans to produce low-carbon products.
- Canada LNG will be the lowest carbon LNG facility in the world.
- Dow is working on the world's first net zero ethane cracker.
- Foreign companies are also expressing interest in developing low carbon forms of energy because of our abundant availability of feedstock, a favourable business environment and opportunities to apply CCS technology.

We can create these low carbon solutions competitively right here in Alberta and Keyera is positioned to help enable that.

Building A Strong Energy Transition Business

We are very well positioned to keep pace with energy transition, and do it when it makes economic sense, as the market for low carbon fuels evolves.

We have the unique opportunity to create a competitive environment with really efficient industry solutions, which is why we're already working with companies like Shell who have carbon sequestration expertise along with hydrogen production and we have a complementary pipeline capable of distributing hydrogen along the Industrial Heartland.

The next step beyond that is that all of these low-carbon businesses are going to need low carbon feedstock, so we will need to reduce our carbon emissions, across our entire integrated value chain, to fulfill this demand.

We can leverage off our existing infrastructure and be at the front end of this emerging opportunity.

Jamie will be talking more about this later in our briefing.

Keyera is positioned to generate strong returns for decades to come

To wrap up.

We're positioned to generate strong returns for decades to come.

The reasons we can do this are:

- We have a strong existing base business that is resilient and will continue to be in high demand for a very long time.
- We can demonstrate visible growth.
  - o We are doing this by driving efficiencies of our existing assets and bringing on new projects like KAPS.
- And, we have all the makings of what it will take to build a very strong energy transition business.
  - o We can leverage our existing infrastructure and work with companies like Shell to create low carbon opportunities.

I'll now pass it over to Nancy who will take us through our approach towards demonstrating ESG leadership.

Nancy Brennan

SVP, Sustainability, External Affairs and General Counsel, Keyera Corp.

Thank you, Dean. Good morning, everyone and thank you for joining us.

My name is Nancy Brennan, and I am the SVP of Sustainability, External Affairs and General Counsel at Keyera. While I am formally educated as a lawyer, I have enjoyed a wide variety of roles during my 20+ year career, which, prior to joining Keyera, had been predominantly on the E&P side of the industry.

I joined Keyera in 2019, not long before our last Investor Day. Since that time, I have really enjoyed working as a part of this dynamic senior executive team and having a portfolio which has enabled me to collaborate with the deep bench of talent, we have at Keyera.

It is this collaborative and innovative spirit that has been integral to our progress to date and will enable us to capitalize on the exciting opportunities that we see ahead.

Demonstrate ESG Leadership

As Dean articulated, Demonstrating ESG Leadership is a key strategic pillar for Keyera.
Our recent ESG journey is the natural evolution of Keyera's longstanding commitment to living its Values, which include Integrity, Accountability, and Caring for People and our Planet.

With a renewed focus on sharing our story, today I will discuss the proactive steps we are taking to enhance the long-term resiliency of our business.

I will focus on three main points to explain our progress to date, and how we intend to move forward into the future.

- First, we take an intentional, principles-based approach to ESG. This is reflected in our progress so far, which has consisted of thoughtful, incremental action.

- Second, our approach has been purposefully designed to establish the solid foundation and credibility we believe is critical to proactively identify risks and capture opportunities well into the future.

- Third, now more than ever, we know that to be resilient, we must be open and responsive to the perspectives of our stakeholders. This means continuing to listen, build capacity, and evolve our approach.

We are proud of the progress we have made and are excited about the opportunities ahead for Keyera, which Jamie will speak to during his presentation.

Our Guiding Principles

So, let's start with our guiding principles. In 2020, our management team and the Board formalized the principles that would guide our ESG approach going forward. These principles are:

- Maintain Strong Corporate Governance.

- Prioritize our Emissions Management.
- Providing Transparent, Decision-Useful Disclosure.
- Engaging in effective Stakeholder Engagement.

It was against this backdrop in 2020 that we undertook an independent stakeholder engagement exercise to seek candid feedback and identify the most material ESG issues to us and to our stakeholders. This process resulted the identification of our six ESG Priorities, which are:

- Safety of our People and Operations.
- Emissions Management.
- Community and Indigenous Engagement.
- People and Culture.
- Water.
- Land Management.

With our Guiding Principles and ESG Priorities in place, we proceeded with alignment and clarity on our next steps.

Our ESG Journey

Since 2020, we have moved quickly both to share our story and advance our efforts.

- In late 2020, we released our inaugural ESG report, which featured our six ESG Priorities and anticipated role in the energy transition.

- In the same year, our Board added ESG-aligned performance metrics to our annual incentive bonus program, which are used to determine annual bonus awards for all employees, including our senior executive team.

- In 2021, we released our first Climate Report, which included new GHG emissions reduction targets.

- Also last year, we took further steps to integrate ESG factors into our core decision-making and risk identification processes, including:
    - Our capital investment process, stage-gate project delivery system and enterprise risk management framework.

- And most recently, in 2022, the board took steps to align its corporate governance structure, through the creation of a new Governance & Sustainability Committee,

Looking forward, you can expect our next ESG Report later this year, which will provide an update on our progress against our ESG Priorities.

Recognition of Our Progress

We are pleased that our approach has been recognized by the market and other external stakeholders.

In particular, our ESG scores with key third party rating agencies have continued to improve since 2018.

It should be noted that ratings shown here do not include our 2021 activities, including our 2021 Climate Report and new GHG emissions targets. We look forward to seeing a continuation of this upward trend in our ratings for 2022.

Earlier this year, however, we were recognized by Scotiabank for having the best year-over-year improvement in ESG score in Canada, of any sector, according to their scoring framework.

Strong Corporate Governance

Having walked you through our progress to date, I will now turn to how we are performing and recent actions we have taken in respect of each of the E, S, G factors.

Let's begin with the "G".

First and foremost, we believe it all starts with good governance.

Keyera has a long history of strong corporate governance. Excluding our CEO, all of our directors are independent.

Average tenure is 6 years, which reflects our commitment to ongoing renewal and ensuring a fresh perspective among our board. And, from a diversity perspective, since 2017, 33 percent or more of our directors have been women.

Our board has been actively engaged in every step of our ESG journey. In 2022, this included appointment of our new Governance & Sustainability Committee, which will monitor our corporate governance practices, advancement of our ESG Priorities and oversee our stakeholder engagement practices.

Strong Pay-For-Performance Focus

A key element of good corporate governance is ensuring executive pay practices align with the interests and experience of shareholders.

Keyera has always been committed to pay for performance. For the past 9 years, we have held an annual Say on Pay vote, which has been approved on average by 98 percent of shares voted at our annual meeting of shareholders.

This Pay-for-Performance focus is also demonstrated by compensation for our CEO, which in 2021, consisted of 85 percent of performance-based elements.

In addition to our core financial metric (DCFPS), our annual bonus program also includes key safety, environmental and operational performance metrics which reflect our ESG Priorities.

Social Performance

I will now touch briefly on our Social performance.

Safety is at the core of everything we do. Nothing is more important than the health and safety of our people and the communities impacted by our activities. In the past 5 years, we have reduced our TRIF alone by 50 percent. Jarrod will speak in more detail about our safety approach.

Our people and culture are the foundation of our ability to achieve strong business performance. Our people-focused culture is reflected in our corporate values, which include a commitment to diversity and inclusion.

We have a highly diverse senior executive team, and in 2021, made meaningful strides to increase diversity, particularly among our next level leaders.

Our efforts to intentionally engage and collaborate with Indigenous peoples has increased significantly with our KAPS pipeline.

- Since inception of the project, we have engaged with 22 Indigenous communities.

- Working with our Indigenous neighbors, we have been able to incorporate traditional knowledge to determine pipeline routing, including to avoid sensitive areas.

- From an economic inclusion perspective, approximately 17 percent of construction spend to date has been completed by indigenous owned and/or affiliated businesses.

- That said, while we've made some progress, we know we still have more listening and learning to do. We are currently actively working on building our internal capacity to continue to enhance our collaboration with our stakeholders.

In 2022, we also realigned our Community Investment Program to our ESG focus – which is now focused on Environmental Innovation, Indigenous Reconciliation, and Community Resiliency.

Through collaboration, our programs and investment, we seek to contribute to the overall health and resiliency of the people and communities connected to our activities.

Keyera Energy Transition Strategy

Moving finally to the "E" – In 2021 we released our Climate Report. The focal point of this report was release of new targets to reduce our GHG intensity 25 percent by 2025, and 50 percent by 2035, relative to 2019 levels.

These targets enable what we call our "parallel path" to energy transition.

Our 2025 target is designed to build internal momentum to achieve our longer-term 2035 target.

This first path consists of leveraging our past success in reducing our emissions to continue to decarbonize and enhance the efficiency of our base operations. This not only reduces emissions; it also reduces operating costs and risks.

Some opportunities we're exploring include continued optimization, investing in technology and supporting renewables. This includes the use of solar power which, starting in 2023, under a solar power purchase agreement, will supply approximately 10 percent of our power needs.

We also continue to evaluate our use of carbon capture technologies, including acid gas injection, which is currently employed at six of our G&P facilities. Since our first acid gas injection efforts in 1996, we have sequestered more than 1MM tonnes of carbon dioxide, which is equal removing emissions from over 325,000 passenger vehicles

The second path, or our 2035 target, reflects our commitment to participate in economic opportunities arising from the energy transition, including offering customers lower carbon fuels, fuel feedstocks, and solvents.

We're also investigating enabling carbon capture and storage for ourselves and our customers and examining longer-term use of hydrogen, reflected in our recently announced strategic collaborations, which Jamie will speak to in greater detail.

Demonstrate ESG Leadership

So, to recap, while we are very proud of our progress to date, we know the journey ahead requires us to continue to actively listen and evolve our approach. In particular, we must

- Continue to take a principles-based approach to ESG to adapt to changing circumstances and expectations. This approach is reflected in our most recent Climate Report, and emissions reductions targets, and will be reflected in our 2021 ESG Report.

- Leverage our strong foundation to proactively identify risks and capture opportunities. We will achieve this through continuing to integrate ESG considerations into our core decision making and enterprise risk management framework, as well as the creation of our new board Governance & Sustainability Committee.

- Continue to focus on building our capacity to actively listen and respond to changing needs and perspectives of our stakeholders. We will achieve by engaging directly with our shareholders, and continuing to build our capacity to listen and collaborate with indigenous peoples and our and other stakeholders

Thank you everyone. I will now turn the presentation over to our CFO, Eileen Marikar who will discuss, our Strong Financial Discipline.

Eileen Marikar

SVP and Chief Financial Officer, Keyera Corp.

Good morning, everyone. My name is Eileen Marikar and I'm the Chief Financial Officer of Keyera. I am a CPA, CA by profession and have been with the company for a long time.

I grew up in Edmonton and started my career there. In 2005, when the oil & gas industry was booming and so was the city of Calgary, I took a job with Keyera as the manager of external reporting.

At the time, Keyera was a very small company that was not well known. My intention was to get some oil & gas experience, stay for 2-3 years and then move on. Well, that didn't happen because through those years I was given significant opportunities to develop and grow my career.

It has been amazing to see how we have grown, evolved and modernized our thinking as a company over the years.

Focus on Financial Discipline

Strong Financial discipline is something that has always been part of Keyera's DNA. Today as we look at the ever-changing world around us, THIS has never been more important.

We are focused on 3 key principles:
- Maintaining that long history of financial strength.
- Ensuring we have strong capital investment discipline.
- Generating cash returns for our shareholders.

Through the rest of the presentation, I will run through in more detail these three key principles.

Our Financial Framework

So, let's start with maintaining our financial strength. On this slide you can see our financial Framework that helps to guide our capital allocation decisions. Most of this is not new.

I'll go through some of the key pieces of the framework.

Starting with leverage and BS Strength.

Based on our business model today we like to keep our leverage in the 2.5-3.0 x as calculated by our bank covenant.

This leaves us with ample room to protect our investment grade ratings through various cycles. For 2021 – we ended the year with leverage was even lower than our target.

Next let’s move to Return on invested capital. Our target is to generate an after tax Corporate ROIC of >12%. We hold ourselves to a higher return target relative to peers because of the size of our Marketing segment.

That said, we generate superior returns because of our integrated value chain which include the premium cash flows consistently delivered by our marketing business.

For 2021, our after tax Corporate ROIC was 14%; exceeding our target.

When it comes to stability of cash flow, our goal is to generate >75% of our realized margin from Fee-for-Service businesses. For 2021 we were below our target at 69%.

In a few minutes I’ll review our investment criteria that shows how we think about improving our stability of cash flow. It’s not just Fee-for-Service but as we make new investments we are looking to underpin with higher proportion of -take or pay contracts.

So based on this financial framework, let’s take a look at how we expect to do over the next few years.

Clear Pathway to Near-Term EBITDA Growth

We expect to generate an Adjusted EBITDA annual growth rate of between 6-7% based on sanctioned projects shown on the left side of the slide.

This growth rate assumes a flat marketing contribution in 2025 relative to 2022.

So, what this means is that the growth in EBITDA is coming from our Fee-for-service business as we see incremental margin from KAPS as well as volume growth at both the Wapiti and Pipestone gas plants.

By growing our margins & EBITDA, this reinforces our ability to sustainably return capital to shareholders over the long-term.

Increasing Cash Flow Stability

Next let’s look at the Cash Flow Stability – The graph shows that with the incremental EBITDA from KAPS we expect to achieve our goal of >75% Fee-for-Service margin.

But more importantly, each KAPS contract has a 75% Take-or-Pay commitment contributing to that goal of improving stability of cash flow.

Preserving Balance Sheet Strength

And finally, the Balance Sheet.

We have a history of maintaining low leverage well within our targeted range of 2.5-3.0x. This year, we expect our leverage to increase outside of that range temporarily.

The key reasons for this:
- Funding of our KAPS project ramps up.

- The AEF turnaround in the second half of the year that reduces margin & increases maintenance capital expenditures.

As we move into 2023, KAPS begins to generate cash flow, and we reduce capital spending. We expect to bring the leverage within our target range.

To recap: we have talked about our first objective which is the framework that guides our financial strength and we've looked at how we are doing over the next few years.

Rigorous Investment Criteria

Now let's turn to our second principle which is to ensure we have strong capital investment discipline for the long-term:

In order to do so, we must have a rigorous investment criteria.

- Step 1: Is to ensure the project/investment fits within our 4 strategic pillars.

- Step 2: the investment is then scored against 3 key criteria
    - Returns – one measures is the 10-15% return on capital.
    - Stability of cash flow – Projects with higher Take-or-Pay, longer duration contracts with credit worthy counterparties will score well.
    - ESG factors – A project that is low carbon, low emissions will score higher. We also think about how the investment helps us meet our emission reduction targets.

- Step 3: We make an assessment of our capabilities to ensure we can deliver the project to expectation. The key factors we actively manage are safety as the key priority and then cost, schedule and ensuring the project is transitioned smoothly to operations.

Using this criteria, our KAPS Project fits well within these parameters as it:
- Significantly improves the competitiveness of our business.
- Improves the stability of our cash flow because of the high Take-or-Pay levels within each contract.
- We expect to generate the required returns by 2025 before considering downstream benefits.
- It fits well within our emission reduction targets.

Rich Inventory of High-Quality Growth Projects

A recent example of putting this investment criteria to work is related to the Pipestone capacity expansion shown at the top of this chart.

This project essentially unlocks 25-30% of additional capacity for ~$35-$40 million of capital.

The majority of this capacity has been contracted under long-term agreements (10 year+) with high proportion of Take-or-Pay and a return on capital that far exceeds 15%.

While this is a small project, it's an example of how we are looking at new investments and generating long-term value.

The projects shaded in light blue are unsanctioned/potential projects many of which Jamie will speak to in a few minutes.

Based on our forecasts today, we have approximately $300 million in each of 2024 and 2025 that can be used to fund high quality projects that meet our financial framework.

Marketing Segment Provides Significant Cash Flow

Next, I want to turn to our Marketing segment because this business has consistently delivered premium cash flows that contribute to our corporate ROIC.

Over the past 3 years Marketing has delivered close to 1 billion in realized margin that has helped to fund our infrastructure investments, including KAPS.

These premium cash flows are underpinned by:
- A prudent risk management program.
- Access to our infrastructure assets, terminals, pipelines, rail &storage that provide us with the flexibility to move physical product to the highest value markets.

With that, I'm excited to announce a new Base Marketing margin guidance. The new range is between $250M and $280M relevant for the years 2023-2025.

This is up from $180 to $220M. So, what's changed? The key factors that led to the higher base guidance is:
- The Marketing team's successful efforts to unlock value, particularly for iso-octane as new markets have been captured that garner higher premiums and reduce transportation costs. Jamie will speak to this a little more in his section.
- We have added new assets in the US- GP and Wildhorse.
- Improved commodity prices, we have assumed WTI to be in the US$65-US$75 range.

For 2022 – our expected realized margin guidance is between $250 - $280 million and the key assumptions are noted on the slide.

To recap again – We've talked about our financial framework and our commitment to strong capital investment discipline.

A Pathway to Continued Shareholder Value Creation

This now bring us to our third objective – Generate Cash returns for our shareholders.

From this slide, you can see that we have a long history of growing DCF on a per share basis.

You can also see that our focus on financial discipline have protected us from the various cycles & market crashes.

Investing in assets that improve our competitiveness and strengthen our existing value chain will result in strong returns and cash flow growth.

Dividend Growth Tied to DCF Per Share Growth

As Dean noted earlier, we also have a long history of steadily growing the dividend.

Our current dividend is covered by our Fee-for-Service DCF or in other words it is not dependent on the Marketing cash flows.

Our marketing business does however help to fund high quality infrastructure investments which in turns helps us grow Cash flow per share.

The way we think about growing the dividend is:
- Grow DCF per share.
- Maintain a low payout ratio to ensure the dividend is sustainable and can withstand the various cycles. just like it did during the onset of the pandemic in 2020.

Capital Allocation Priorities

To summarize our Capital allocation priorities:
- 2022: Simple fund KAPS.
- 2023: Bring our debt back into our conservative target range and that will mean reduced capital spending in this year.
- 2024/2025: it will be a balance of priorities between growth capital, dividend increases, or share buy backs.

All with the mindset of maximizing shareholder value for the long term.

Focus on Financial Discipline

To close: A recap of our 3 key financial principles:
- Maintain the long history of financial strength by adhering to our financial framework
- Ensure we have strong capital investment discipline. By adhering to a more rigorous criterion.
- Finally, by doing these things well we can then generate cash returns for our shareholders.

Jarrod Beztilny

SVP and Operations & Engineering, Keyera Corp.

Thanks Eileen and good morning, everyone.

I'll start with a bit about myself since I'm new to my current role, though not new to Keyera.

I have been here since 2004 starting in business development then progressing through various operations leadership roles in both Liquids Infrastructure and Gathering & Processing, so I've had connection with every asset in our fleet.

Going way back I actually began my career in the energy industry as an engineering co-op student at what is now our Fort Saskatchewan fractionation and storage facility.

Driving Competitiveness of Our Assets

We're here to maximize value for our customers by offering a full range of services and access to high value markets. To do that competitively we need to be the most efficient operator.

Today I'll speak to how we can improve our returns by increasing the competitiveness of our entire suite of assets.

We will do this by:

- Operating safely, driving high reliability, and ensuring effective cost management.
- Maximizing returns from our asset base.
- Investing in technology and operational efficiency.

Safety Is Foundational

Before we go any further, I want to talk about why safety is so foundational at Keyera.

Joanna talked about the cultural shift we're undertaking and that is supported by these four pillars:

- Accountability means taking ownership at all levels for our personal safety and the safety of those around us. Everyone needs to be able to say, "because of me, no one ever gets hurt at a Keyera workplace."
- We must be unwavering and diligent in applying our procedures for critical tasks where consequences can be serious.
- We explicitly mandate non-negotiable safety expectations to reduce risk and prevent incidents.
- Leaders must be engaged and participate with frontline workers to create opportunities for open safety dialogue.

It all starts with safety. We made good progress in 2021 and have more to do, and we are on our journey to be #1 in Safety.

Driving Reliability Through Operational Excellence

I believe that a safe plant is a reliable plant, and a reliable plant is a safe plant, which feeds directly into our focus on reliability.

Operational excellence is the management system that defines how we operate. It is critical in driving higher reliability so we can provide better service for our customers.

Our focus areas include:

- Greater standardization across facility designs and processes.

- Leveraging technology for improved data gathering to measure and optimize asset performance.

- Learning from past experiences to always get better.

- And consistent performance. Taking deliberate steps to do the right thing, the right way, every time. That is the hallmark of Operational Excellence.

- In 2021, we were very intentional about how we addressed reliability challenges at our key assets.

- An independent assessment was completed at Wapiti and third-party reviews of our maintenance programs at AEF and Rimbey were undertaken.

- We saw meaningful results from these efforts. AEF achieved record annual production which coupled with improved reliability at Wapiti allowed our assets to deliver an incremental $45mm in EBITDA in 2021.

We still have more to do to meet the expectations of our customers and we're excited to continue applying the learnings to all areas of our business.

Effective Cost Management

Cost management is a very important focus area for us. This is even more relevant in today's environment of increasing inflationary pressure. I'll point you to some of our highlights:

- For maintenance capital this includes:
    - A deliberate focus on upfront work planning and scheduling for more efficient utilization of our maintenance resources.
    - Leveraging data to optimize Turnaround intervals, ultimately transitioning from Time Based Inspections to Risk Based Inspections.

- On the Resource and Labor side we're looking to leverage people and technology to drive efficiencies.
    - We've done this by centralizing resources where we have several assets in a geographical area.
    - Expanding our use of process simulators to train operators and build competencies.

- To manage our utility costs, we've taken a portfolio approach which, in addition to reduction opportunities, includes:

    - A variety of purchase agreements, including hedges, and later this year we will begin sourcing about 10% of our power needs through a 3rd party solar provider.
    - Increasingly, we're looking at introducing more vertical integration by producing our own power. In fact, we already have our own generation at the Cynthia, Wapiti, and Rimbey plants.

- Managing the compliance cost of emissions is becoming increasingly important and will be key over the long-term.
    - At the asset level we are looking at modernization of equipment, optimizing fuel consumption and where possible supplementing with low carbon power alternatives.

- Capital Projects make up a significant component of our spend and quality Project Development and Execution leads to better results. Improvements in this area include:
    - Greater focus on front end loading.
    - Leveraging third party expertise to gain assurance on the strength of our execution plans.
    - Enhancing our Business Readiness process to ensure smooth transitions from construction to operation.

- Lastly, maturing our Supply Chain Management processes to leverage our scale and build relationships with major suppliers is key, to more effectively manage spend on both existing assets and new projects.

Leveraging Existing Footprint to Provide Margin Upside

Moving to my second key message, the next few slides focus on how we will use our existing asset base to its maximum earning potential.

We operate a fully integrated value chain for natural gas and natural gas liquids, from well-head to end-customer and we have multiple margin growth opportunities across this value chain.

The first bucket of these opportunities is those centered on driving higher utilization of our available capacity to maximize operating leverage.

- We are a volume driven business. So, higher utilization leads to lower per-unit costs and better emissions intensity. These initiatives drive stronger returns for little incremental spend. Some examples on this slide are:
    - Significant available capacity in our G & P segment.
    - Existing storage capacity and new capacity coming online shortly.
    - During the turnaround at AEF later this year, we'll take the opportunity to de-bottleneck that facility creating approximately 5% of additional capacity.

- In the second bucket are the growth investments that leverage the existing asset footprint to further enhance our ability to generate returns.

The most obvious example is the KAPS pipeline project. Dean already spoke about the strategic importance of this asset. It captures liquid volumes from one of the highest growth areas in North America and points them directly at our hubs in Edmonton and Fort Saskatchewan.

As these volumes work their way down our value chain, they unlock even further growth opportunities.

For example:

- The potential for a new fractionation unit at KFS.
- Additional storage and terminaling opportunities.
- New opportunities to connect commodities to rail.
- Added opportunities to supply the petrochemical sector.

Let's walk through the some of the opportunities in both buckets in more detail.

Gathering & Processing South Region

Starting with our G & P segment.

We successfully completed the optimization program in our south region last year. This meant shutting down less efficient assets and re-directing those volumes to our most efficient assets. As a result, we:

- Increased utilization in this region from 50% to over 65%.
- This has led to a decrease in emissions for this segment by 12%.
- An increase in operating margin of approximately $15M/year.

These assets are now among the most utilized, when compared to peers in their areas. This is driving higher customer netbacks, which allows these assets to attract even more volumes.

After years of declines we are seeing volumes in this region level out and our assets are well positioned.

- We are encouraged by growth in select areas as lands switch hands to new entrants that see these areas as core to their business.

There is still more that can be done here to bring about better returns as our optimization program was just the first step in making our southern assets more competitive.

Gathering & Processing North Region

Moving now to the North Region.

This is a key growth area for us because the assets sit on top of some of the best geology in North America, capturing volumes from the Montney and Duvernay.

We have strong operating leverage available at Wapiti and Simonette.

- We're focused on filling both plants; and
- Are excited as lands in the area change hands and activity ramps up.

The bigger growth story is in the North Region is the potential expansion of the Pipestone plant.

I'll remind you that this is a bolt-on type of growth investment that provides an efficient use of capital compared to greenfield projects.

Strong Integration Across Downstream Liquids Assets

Before we go into the growth opportunities in our Liquids infrastructure business, it's important to note just how competitively advantaged this business already is.

These assets in the Heartland are well connected to key outlets and markets, built up over decades, and they would be nearly impossible for a new entrant to replicate.

- As a result, our strongest returns come from this segment.

- These are franchise assets that command a meaningful share in each of their respective markets. You can see this reflected in the pie charts at the bottom of the slide.

- In our fractionation business, strong connectivity to key markets gives us a solid advantage, as it provides customers with premier downstream access for their spec products.

- With more than 17 million barrels of capacity, our cavern storage is unmatched.

- Again, here the connectivity to key inlets and outlets provides certainty of supply and operational flexibility to our customers.

- Our AEF facility is the single biggest consumer of butane in western Canada.

- Because we have this asset, we can leverage our integrated network including our logistics expertise and downstream market access to maximize returns.

And our condensate system touches 70% of all diluents supplied to the oilsands. This is because:

- We're connected to all major oilsands receipt and delivery points.

- We offer flexibility for customers to access 5 million barrels of condensate storage; and

- We're in the main trading hub for diluent.

These are competitive advantages that we want to further entrench. Here's some food for thought. What if we could offer all the services you see on this slide – about 40% of Keyera's margins today – in a no-carbon or low-carbon way? Jamie will speak more about that later on.

Further Enhancing Competitiveness

When we look at increasing the competitiveness of the Liquids Infrastructure segment, the 4 franchise assets on this slide are the ones we focus on first.

And there are several projects on the horizon that will have meaningful impact.

- Our fractionators at KFS have had consistently high utilization for the past several years. This shows the value of our downstream service offerings with access to high value markets.
    - We have space for additional Frac and are actively engaged with our customers to try and achieve appropriate contracting to sanction that project.

- We continue to build out our cavern storage position.

- We have KFS Cavern 18 scheduled to come online later in 2022, Cavern 19 can be restarted quickly when the timing is right, and we have significant salt rights associated with our 1,300 acres land position adjacent to our Josephburg site.

- At Alberta EnviroFuels we've greatly improved our reliability in the past year.

- This fall we will complete a maintenance turnaround that will ensure the continued reliable operation of the facility and complete work to increase capacity by approximately 5%.

- KAPS will connect directly into our condensate system in 2023 and will provide benefits for each of these franchise assets.

KAPS: A Platform for Growth

I want to reinforce the importance of KAPS.

This project will be instrumental in fueling the pipeline of growth opportunities we will have in the Heartland.

- It really was the missing link in our value chain that will allow us to be even more creative in offering solutions to our customers.

- This is a basin asset that will enhance the competitiveness of our core asset base for decades to come.

In a few minutes Jamie will kick off his section with an overview of how we're doing on the commercial aspects of KAPS.

Driving Competitiveness of Our Assets

In closing, I want to note how well positioned we are to improve returns by increasing the competitiveness of our assets.

To bring it back to my opening comments, to be the most efficient operator and to offer customers a full range of services and market access so we can maximize value, we will focus on:

- Safety, reliability, and effective cost management.
- Maximizing the utilization at our existing assets; and
- Making the investments required to increase the competitiveness for the long-term.

I'll now invite Jamie to the stage to discuss how we can further strengthen and grow our integrated value chain.

Jamie Urquhart

SVP and Chief Commercial Officer, Keyera Corp.

Thanks Jarrod, and good morning, everyone.

My name is Jamie Urquhart. I have been with Keyera for 17 years and have held a variety of leadership roles over the years including leading Keyera's Corporate Development, Business Development, Operations and Marketing teams. Currently I am Keyera's CCO.

A little-known fact about myself is that I started my career in the electric power generation industry and I was at one point the COO of a renewable power company. As a result, I have a passion for renewable power however I do believe that low carbon fuels will play a key role in keeping the lights on for many years to come.

Strengthen Integrated Value Chain

I am going to focus my presentation on three key areas:

My first two focus areas fall under the heading Acquire and Construct High Barrier to Entry Assets as shown on the right.

First, to supplement Jarrod's presentation, I will update the contracting progress for our KAPS project. This update includes progress on contracting discussions necessary to sanction our proposed Zone 4 extension from Pipestone to Gordondale.

Second, illustrate that the volume growth through KAPS unlocks economic investment opportunities in our downstream assets. The best example of this is the construction of a proposed third fractionation train at Keyera Fort Saskatchewan (KFS)

Lastly, under "Expand Services, including Low Carbon Energy Services," I'll speak to our vision to execute a Low-Carbon hub strategy in the Industrial Heartland.

I will provide more detail on how we have positioned ourselves to be the service provider of choice in this area. The strategy enables us to both de-carbonize our own operations, plus enable others to reduce their emissions as well.

KAPS: A Platform for Growth

Let's get started by discussing our KAPS project, its ability to generate strong returns PLUS create a platform for Keyera's future DCF/share growth.

The chart on the right illustrates forecast condensate and NGL mix growth over the next few years.

The value proposition of KAPS for customers is clear. It provides customers with a much-needed competing transportation alternative resulting in improved overall reliability plus a competitive fee offering.

The value proposition of KAPS for customers is clear. It provides customers with a much-needed competing transportation alternative resulting in improved overall reliability plus a competitive fee offering.

KAPS Expected to Meet Targeted Returns

We've been busy engaging with customers, resulting in more volume commitments to KAPS.

Examples of our recent success include:
- An existing founding shipper increasing its volume commitment.
- A new shipper committing volumes behind Keyera's Pipestone gas plant; plus
- We expect to have definitive agreements executed shortly for the majority of the volumes necessary to satisfy our rate of return requirements and thus sanction Zone 4. We continue to anticipate sanction of Zone 4 to occur later this year.

Zone 4 volumes will be transported the entire length of the pipeline thus providing maximum incremental fee revenue to the project.

I would like to remind everyone that our noted Zones 1-3 return expectation does NOT include operating margin resulting from increased utilization of Keyera's existing downstream assets.

Frac (C3+) Demand Expected to Outpace Capacity

My second key message is that: incremental KAPS volumes unlocks economic investment opportunities in our downstream assets.

The best example to illustrate this opportunity is the sanctioning of a fractionation expansion at our Fort Saskatchewan asset (Frac 3)

As illustrated on the right-hand side of this slide, frac demand growth is forecast to outpace existing frac capacity.

Frac 3 is best positioned to allow us to accommodate the forecast demand growth while maintaining or growing our proportionate market share.

Best Positioned to Meet Frac Demand Growth

Keyera's current frac capacity is highly utilized as a result of KFS' superior connectivity to each of the C3, C4 and C5 markets.

In addition, we will be able to expand our frac capacity at KFS utilizing existing storage capabilities.

Finally, we have available land on our KFS site to cost effectively facilitate this expansion.

Accessing Higher Value Markets

We have focused over the past couple of years on finding higher value markets for the specification products that we create.

Although not directly tied to my three key messages, I thought I would share a couple of examples of our recent focus to “Enhance and Extend our Integrated Assets to Access High Value Markets.”

One impactful example is accessing higher value markets for our iso-octane sales.

As Eileen identified during her discussion, this has enabled us, in part, to increase its Marketing guidance moving forward.

Increased operating margin has resulted by developing new iso octane sales relationships with refineries in the US Rockies and Midwest.

These new sales were historically made to export markets out of the Gulf of Mexico. The benefit is twofold.

- The volatility of the octane premiums received in these new markets is reduced
- The transportation costs to service these new markets is lower.

Next is an example of an opportunity that we believe will create meaningful upside opportunity for butane and propane in the future is supplying solvents to the Oilsands.

This will create opportunity for collecting a fee to safely and reliably transport solvents to our Oil Sands customers.

The use of solvents will also be a component of the Oil Sands producers need to reduce their absolute CO_2 emissions while being able to cost effectively increase their production.

Opportunities to Reduce Canada’s GHG Emissions

Moving on to my 3rd key message; we are well positioned to execute a low carbon hub strategy in the Industrial Heartland.

Our view is that Western Canada can, and will, play an important role in Canada’s and the World’s transition to a low carbon economy.

The takeaways from this slide are twofold.

- As shown on the left, various forms of carbon emission abatement are forecast to be implemented over the coming decades to meet the world’s carbon emissions reduction targets. Alberta is well positioned to compete for the development of the majority of these technologies. Alberta’s unique combination of:
  - Access to low priced natural gas.
  - Suitable CO_2 storage geology.
  - Existing infrastructure.
  - World class operating expertise.
  - Access to world markets.

  Makes it a preferred location for low carbon development.

- Alberta contributes over 35% of Canada's total CO_2 emissions. In addition, the graphic on the right illustrates the high concentration of large CO_2 emitters in Alberta located in the Industrial Heartland area.

Our Infrastructure Positioned to Decarbonize

Recognizing that the Industrial Heartland provides an attractive environment to pursue Energy Transition opportunities,

Our existing land position plus existing pipeline infrastructure between Fort Saskatchewan and Edmonton enables us to provide a competitive, fullsome Energy Transition service offering similar to that shown in the schematic on the right.

We believe that our unique ability to either:
- Deliver low carbon H_2 to the front end of our or other's processes.
- Capture, transport and store CO_2 off the back end of our and other's processes will differentiate our service offering in this region.

Building A Strong Energy Transition Business

The focal point of our Low Carbon hub strategy is our Josephburg lands as shown on the right.

Our lands are uniquely positioned to build a cost competitive energy transition midstream business, anchored by long-term agreements with strong, strategic counterparties.

It's important to touch on what makes our location so valuable and unique.

- The majority of industry's key product pipelines either run adjacent or through our land.
- It would be cost prohibitive, from other land locations, to replicate this connectivity.
- CO_2 transportation and storage capabilities should be readily accessible to our lands.
- Based on access to CO_2 storage, low carbon H_2 manufacturing will be enabled on our lands or in close proximity.
- Access to both railroads to ensure our customers have access to the highest value markets for low carbon hydrocarbons and H_2 derivative sales.

It is because of these unique characteristics that we have been able to work with large industrial players to enable the support services necessary to pursue our Energy Transition strategy.

Strategic Relationship With Shell

Having the assets and the land is one thing, what differentiates us is another.

As we've previously announced, we've entered into a strategic relationship with Shell.

- This relationship aligns with the vision of our low carbon hub strategy to decarbonize our own assets, and also help decarbonize the assets of other industry participants.
- It also aligns with Shell's vision to integrate its Scotford refinery complex into its own Energy Transition strategy.

Decarbonizing Our Core Business

Our vision of a low carbon hub not only provides services to our customers, but it also enables us to decarbonize our own assets in the Heartland.

Building off our expertise, and customer relationships, our strategy enables us to transition a significant portion of our core assets to manufacture low carbon products when it makes economic sense to do so. We will use co-generation as the platform to execute this strategy at AEF and KFS.

Simply put, as North American and World demand for low carbon products materialize, our low carbon hub strategy has the potential to create a long runway of economic investment opportunities to fuel our future growth.

Strengthen Integrated Value Chain

To summarize, Keyera is well positioned to realize meaningful growth by Strengthening Our Integrated Value Chain. We are focused in 3 areas to do so:

- Contract incremental volume commitments on KAPS, including sanctioning zone 4.
- Incremental KAPS volumes will enable economic investment opportunities built off of our existing asset base.
- Progress a low carbon hub strategy to position us to be able to pursue economic investment opportunities to:
  - Decarbonize our existing core assets and
  - Offer competitive fee for service offerings to enable 3rd party customers' energy transition requirements.

I'll now turn things back over to Dean for some concluding comments.

Dean Setoguchi

President and Chief Executive Officer, Keyera Corp.

Keyera is Positioned to Generate Strong Returns for Decades to Come

Thanks Jamie.

In closing, I'll leave you again with my three key messages:

- Our base business will remain strong.
  - The types of energy we move through our integrated system will be in demand for a long time.
  - And you heard from Jarrod all of things we are doing to enhance the profitability of our base business.

- We have visible growth.
  - With new projects including KAPS that will help drive the growth in EBITDA and DCF that Eileen spoke to.

- As Jamie just described, we have unique advantages to leverage our existing asset base, that will allow us to keep pace with the energy transition as it makes economic sense.

And overarching all of this is the focus on long-term risk management through alignment with stakeholders. And that is what the ESG program Nancy spoke to will deliver.

On behalf of Keyera's board of directors and our management team, I'd like to take this opportunity to especially thank our employees who have demonstrated exceptional care and dedication throughout the pandemic, and also our shareholders and all stakeholders for your continued support.

We will now take a brief pause to setup for the Q&A session.

Q&A SESSION

Dan Cuthbertson

Thank you, everybody. This is Dan Cuthbertson speaking now. I'll be moderating the Q&A portion of the session. Looks like first up, we've got a question from Robert Hope from Scotiabank. Please go ahead, Robert.

Robert Hope

Yes. Hi. Good morning, everyone. I just want to get a sense on how you're thinking about the allocation of capital. It looks like 2023 will be a bit of a lighter year in terms of capital spend. Is that being driven by the need to fix the balance sheet or is it just the pace of the projects? And maybe I guess the second part of the question would be if you do some non-core asset sales to strengthen the balance sheet, could you accelerate some of the growth projects if you do see demand for them?

Dean Setoguchi

Good morning, Rob. I'll just turn that over to Eileen.

Eileen Marikar

Thanks, Robert. From a capital allocation perspective, yeah, absolutely. The top priority is to bring the net debt to EBITDA back into our targeted range. That remains the priority. And to answer your question, yeah, we do see some modest, you know, capital spending in 2023. But I do think that based on the projects we see on the horizon, that really most of that we can pace it. A lot of that really begins to ramp up more in 2024, assuming they are sanctioned.

With regards to your second question, you know, sale of non-core assets, again, you know, when we talk about our net debt to EBITDA coming down back into the targeted range, that's just happens on its own. As we start to see that EBIT come back, we see the, you know, the KAPS incremental margin and then now we're and we're also through the AEF outage this year. So again, it's not something we have to do, but non-core sales are always just good part of business. So it's something that's always part of our strategy.

Robert Hope

All right. Thank you for that. And then maybe just some thoughts on, you know, the second half of KAPS. You know, your partners and Pembina and KKR have stated that they're looking to potentially sell that stake there. How are you thinking about, you know, potentially acquiring that? Do you need that? Or is the view that you're happy with 50% and you're going to get all the downstream benefits?

Dean Setoguchi

Hi Robert, we've been asked that question a lot lately. And, you know, obviously, KAPS is a great project for us. It integrates our upstream G&P business with our downstream frac storage, logistics and marketing business. But what's really important to note is that we own 50% of it and we have operatorship. So that means that we drive this project from a commercial, operational and engineering construction perspective. So, you know, we believe that we have what we need. It's not a must have to have the other 50%.

We're certainly good at working with other partners. And I guess for us overall, I mean, it's not that we wouldn't consider it, but it would have to fulfill all of our financial priorities that you heard from Eileen earlier and also be accretive for our shareholders. And so anyway, it's not a must have, but we'll just apply our rigorous capital allocation criteria to that and any other acquisition that we would consider.

Robert Hope

All right. That's it for me. Thank you.

Dan Cuthbertson

Thank you, Robert. Next up, we have Linda Ezergailis from TD. Go ahead. Linda.

Linda Ezergailis

Thank you. Good morning. I apologize. And some of my questions might have been covered. I had a few text glitches, as many of you can appreciate. Maybe just thinking about your energy transition and the pace. Obviously, there's some constraints around policy, technology, etc.. But I'm wondering how you think about Keyera's ability to potentially accelerate the operate the opportunities and mitigate some of the potential challenges by considering new partnerships or acquisitions, whether it be to gain new capabilities, new platforms, enabling certain technologies or operations, entering new geographies, have new relationships, etc.. Would that be a lever potentially? And under what conditions might you trigger that?

Dean Setoguchi

Hi. Good morning, Linda. And great question. Let's it's a lot to ask. You know what, overall? You know, again, we see that energy transition and the demand for the downstream demand for low carbon products is happening. And what we want to do is leverage off of our existing expertise and our asset base. And we think our most significant advantage advantages in the industrial heartland, where, as you know, we have a tremendous footprint already, largely anchored by our AEF and our KFS facilities.

But we also have a number of other facilities and a lot of people and talent in that area already. So, you know, we're always trying to look for the most efficient solutions for industry. And so we're always looking for a win win opportunities. We've done a number of those types of partnerships already. Shell's just a great example of how they're already demonstrated a lot of expertise that carbon sequestration and also they have proprietary technology with the manufacture of hydrogen.

So it's just one example of how we think we can leverage off of some of their expertise with ours and our infrastructure with again, we have a pipeline capable of distributing hydrogen along the industrial heartland from Fort Saskatchewan down to Edmonton. We have cavern storage expertise which could come into play for a larger, you know, sort of a hydrogen hub development. We have good logistics expertise to export those types of products. So again, you know, Shell's one example, but we think there's other opportunities to partner with other companies that have complementary expertise that we can leverage together.

Jamie, is there anything you want to add?

Jamie Urquhart

Yeah, no.

That's pretty much sums it up.

Dean Setoguchi

Okay. Yeah.

Linda Ezergailis

Thank you. And just as just as a follow up, maybe when you think about maximizing netbacks for your customers and maybe your marketing business. Just wondering what sort of opportunities might exist in terms of value chain extension into petrochemical investments, maybe new investments in end markets, as you've done, had some toehold established already. And your thoughts on exports off the West Coast and how geopolitics might inform and evolve some of your thoughts around that?

Dean Setoguchi

Yeah, I mean, first of all, with respect to exports overall, as you would have heard earlier, we really believe that Canada should be the supplier of energy to the world and energy security is more important than ever. I mean, I think everyone knew the risk exists. But when you see the situation in Ukraine and overall in Europe, it underscores the real importance of having that energy security. And you know what? I think the ESG theme is always going to continue to grow.

And we should care where and where our energy is produced and how it's produced. And we should be very proud of what we do in Canada. So I really believe that Canada or should be a growing supplier to the world for energy.

You know, when you when you think about sort of overall netbacks for customers, our system, we've always tried to provide a lot of flexibility for our customers so they can access highest value markets. And we think some of that high value market is going to continue to develop in the Fort Saskatchewan area and in the industrial heartland where we think there'll be more petrochemical developments and also low carbon fuels. So we don't want to totally step out of the box.

We think that a lot of our existing expertise and assets in the area that can help leverage and enable that type of development. And so, again, a lot of that includes our pipelines, our real logistics capabilities, you know, we have we have truck offloads that at a number of our facilities in our area. Cavern storage is really big above ground and below ground storage, I should say. And so we have a lot of integrated facilities in the area. So we want to help enable it, but we don't want to out step where we're actually building petrochemical facilities because that's not that's not our core expertise.

Jaime is there anything else you want to add?

Jamie Urquhart

No, I think you've nailed it.

Dean Setoguchi

Okay. Thank you.

Dan Cuthbertson

Thank you very much, Linda. Next up is Robert Catellier from CIBC. Go ahead, Robert.

Robert Catellier

Thank you. And good morning, everyone. And thank you for today's presentation, especially the focus on safety. You've spent, I think, the majority of the presentation really on the liquids business unit and energy transition. Before I jump into those, can you just provide a baseline expectation of what you're expecting for the gathering processing volume growth in your EBITDA guidance, notably the 6 to 7% CAGR?

Dean Setoguchi

Yeah. You know, first of all, you know, we're very we're very optimistic with what we see in our G&P business. Both in the north where our assets are very well situated and also in the south where we're starting to see increasing volumes. But maybe I'll just turn that over to Jamie and he can speak to that further.

Jamie Urquhart

Yeah, well, I guess first I'd like to fully understand the question, Robert. Is it what we expect from our G&P business with respect to the contribution to our CAGR that we communicated?

Robert Catellier

You know, really what fundamentals and growth rate do you see in the G&P business that contributes to that 6 to 7% growth rate?

Jamie Urquhart

Right. Well, you know, we can't get into necessarily specifics with respect to relative contributions of our business with respect to that communicated growth rate. But as Dean said, you know, fundamentally, you know, a lot of very positive developments with respect to all suite of commodities that that we that we deal with. And certainly our assets we view having the ability to be able to take deeper cuts out of natural gas and ultimately get natural gas liquids. And the demand not only in North American soil, but worldwide, is certainly a differentiator in our minds. The fundamentals around natural gas and NGLs, to be a little bit repetitive, really do speak to an expectation that we're going to start to or continue to see increased utilization within our gathering and processing assets. So, you know, I think over the coming months, we expect to see some continued growth in that segment of our business.

Dean Setoguchi

Yeah, Robert. And maybe, maybe if I can just add, we want to emphasize that we see a lot of growth in our basin over the next five years. And again, you know, I think people forget about just how much market access that either been built or is getting built now. And specifically with natural gas. Again, you look at the coal to gas switching in Alberta, more export capacity into the US and then LNG off the West Coast. And I think there's a lot more demand beyond the first two trains, which is 2 Bcf of demand.

But when you add it all up, it translates to growth and a lot that's going to happen in the deep basin and also the Montney where we're, we're well situated. We, we are a volume based business. So as the volume so as we see more growth in our in our basin, we expect to see increased volumes through our gas plants. And again, the discussions that we're having with our customers are sort of aligned with that, that view. And in some of our plants, as utilization increases it, it also probably creates an opportunity to increase our per unit margins as well. So I think those are two reasons why we feel more optimistic over the next several years of our G&P business.

Robert Catellier

Great. That's helpful. And this next question is really a follow up to Linda's line of questioning. Yeah, I'd like to understand a little bit more how you feel Keyera's position with respect to supplying some of your chemical products. You know, you touched on the Dow ethylene cracker, and I think in the category, you don't really have an appetite for investing in a cracker itself. But there are other types of infrastructure you can supply. So even though these are longer dated products, can you characterize what you're seeing as the potential upside, either on the amount of capital you could spend or the contribution these types of initiatives can make to the business over the longer term.

Dean Setoguchi

I think it would be probably premature to speculate what that could be. But if you look at the map that we're showing earlier, you can just see how well our assets are positioned in areas of development. And Dow is just one or an example where they are situated between our KFS site and our Josephburg site. They're sandwiched in between. And then we have also our big 1300 acres of developable land to the north of that. So we already have we'll have ten pipes that run between KFS right through Dow to the other side of our property at Josephburg.

So those pipes we can we can transport a number of products, including hydrogen and CO_2 through them. I mean, that's what they're rated for in addition to a variety of spec products. So are we already positioned to be able to help supply services for an example for Dow? Absolutely. It's too premature to say, you know, what that might look like or what, you know, but we're very well positioned. So we think that'll be part of our future once you start looking at 2025 and beyond.

Robert Catellier

Yeah. I appreciate it. It's a little bit early to have a full grasp on it, but it seems almost inevitable that you'll benefit to some degree. So final question for me before I pass it on. Just with the rapid rise in inflation, you know, does that change how you look at pricing strategy, maybe what to include more flow through operating costs and any new commercial agreements you might strike?

Dean Setoguchi

Yeah. I mean, that's a that's a good question, Robin. Absolutely. And, you know, as the capacity starts to fill up and obviously the commodity price environment is much stronger. So I think the types of contracts that we can do today are going to be much different than what we would have done a year or a year and a half ago in the middle of the pandemic. So we do think there's more opportunities to the structure of contracts to reduce or reduce our exposure to cost. We are seeing some inflation, but I think our team has done a remarkable job in terms of managing that exposure.

And, you know, definitely and I should say a lot of our contracts already have flow through provision where we do flow through the cost to our customer and where we have fixed fees. A lot of those contracts have escalator provisions in them as well. So, you know, we are already protected in a number of ways, but certainly it's front of mind as we look at new contracts going forward.

Dan Cuthbertson

Thank you very much.

Robert Catellier

Thanks for those answers. I'll turn it over.

Dan Cuthbertson

Thank you, Robert. And then moving on now to Robert Kwan from RBC. Go ahead, Robert.

Robert Kwan

That's great. Good morning. You've talked about seeking a higher degree of long term take or pay contracting. So just as you think about going into sanctioning a new project, can you elaborate what higher degree means or is it a percentage threshold that you're looking for? Possibly just a framework where you want to make sure that you're meeting your return target via take or pay. And anything that's variable really just drives upside to the return.

Dean Setoguchi

Yeah. Good morning, Robert. That's a great question. And, you know, overall, we just looked at our we look at our risk adjusted returns. And, you know, we want to make sure that most, if not all of it is gets us into our base threshold range that 10 to 15% return on capital unlevered. And so yeah, we are trying to target to get into that range. It's not to say that we wouldn't sanction a project that would be slightly below that, but it would have to have a tremendous amount of upside that that we would have clear visibility to.

So, you know, it's just part of our overall discipline on how we're allocating capital today. And, you know, the projects that we're looking for looking at now and, you know, looking to sanction in the future, we think that, you know, we should be able to meet those that investment criteria going forward.

Robert Kwan

Right. And if I can turn to a question on guidance, so previously the base guidance range was described as being something akin to a P90 type range, high likelihood of exceeding that. And frankly, that's exactly what the company has done in recent years by significant margin. So just to make sure you did note that this new range you have a high degree of confidence in, would you be approaching it in a very kind of similar apples to apples with respect to conservatism as the old base range?

Dean Setoguchi

Just want to confirm that's for marketing you're speaking to, is that right or marketing? Is that right?

Robert Kwan

Yeah.

Dean Setoguchi

I'll let Eileen speak to that.

Eileen Marikar

Sure. Thanks, Robert. Yeah. Again, it's based on a high degree of confidence, just like the old guidance was as well. I think, you know, overall, we just see a higher there's just many factors that go into the marketing business. I think overall, the marketing team has done a great job in unlocking value, especially for ISO Octane. And there's there are many, many factors. But overall, you know, this is what we believe we can deliver over the next three years.

Robert Kwan

And then just with that, for Galena Park and Wildhorse and particularly for a Wildhorse, would you still have a high degree of confidence in that range if we don't see any improvement in either of those businesses?

Eileen Marikar

Yes.

Robert Kwan

Okay. If I can just finish with one last question. Just on the growth CapEx as you go further out, the $300 million number. Can you just talk about if you're spending $300 million know, is that in your in your plan, self-funded? It keeps leverage in in your targeted range. And I guess just using the 10 to 15% return targets, that only drives about 3 to 4% EBITDA growth.

So is that the messaging or the long term growth rate shakes out or do you see a lot of other just general improvements in that business that can get you closer to that 6-7% that your planning for?

Eileen Marikar

Yeah. Well, one thing to note is that the 6 to 7% is already based on sanctioned projects. Very much so. So that's the, you know, extra volumes at Pipestone as well as Wapiti and KAPS already coming online. So I think that's where the 6 to 7% is coming from. The 300 million, as you said, is what we can do. You know, what we feel makes sense based on the projects that we see and the spacing. So that's what we believe we can fund on an equity self-funding basis.

I think what's really important to note is that the 10 to 15% one we're targeting toward the higher end of that, but it doesn't include the downstream benefits. So that's what gets us that extra value, right? So we're just looking at an infrastructure project at that 10 to 15, but there's all the additional benefits and that's the value of that integrated value chain.

Robert Kwan

So. So longer term. So on a pass this range, you still think you can grow it at 6 to 7, spending the 300 million and getting the downstream benefits.

Eileen Marikar

again, that's yeah, it's part of the whole integrated value chain. There's going to be the infrastructure returns. But on top of that, the marketing piece, which is so critical to the overall value chain.

Robert Kwan

That's great. Thank you.

Dean Setoguchi

Just maybe to add to your question, though, it does involve the growth rate does involve some growth from investments that we've already made. So Wapiti would be an example where we don't feel like Wapiti is at its peak EBITDA kind of generation? So that would be one example where we think that's going to be continued growth there. Projects like what we're doing in Pipestone are very strong returns because we're just tweaking a brownfield facility or doing a brownfield sort of expansion.

So, you know, I think we have opportunities to sort of perform above or invest above our 10 to 15% range. But we're also filling some of what we have already.

Robert Kwan

Great. Thanks very much.

Dan Cuthbertson

Thank you very much, Robert. I'll now turn it over to Ben Pham from BMO.

Ben Pham

Okay. Thanks. Maybe start off on KAPS. More specific question. I'm not sure I understand what percentage have contracted on KAPS. And I'm also curious with that that the costs trending higher. Are you able to tweak your tolls? And I know the first round you couldn't, but is there ability to revise tolls?

Dean Setoguchi

Yeah. Good morning, Ben. And you know, maybe to your second question first is that, you know, our tolls have to be competitive. So, you know, we don't have provisions to change the fee structures that we've already contracted with existing shippers for the cost. But overall, we still believe that this is going to be a very strong project from a return perspective, not only just for KAPS for, but also what it does for our whole downstream business from storage, logistics, marketing.

To your first question, which sorry, it was the first question again on overall contracting, you know, our policy is not to update our are sort of percentage contracting on a on a regular basis. But I do want to emphasize what we said earlier is that we are very optimistic about where we're sitting today and the discussions we're having with our producers. And again, it's just the overall macro view of what we see in terms of growth in our in our basin.

And a lot of that growth is going to be in the Montney and we're one of only two fully integrated systems that can deliver NGLs into the frac storage complex into that at Fort Saskatchewan. So you know, on top of that, our producers have never been stronger as you saw in the graphs there, quickly paying down debt. They have a lot of free cash flow to return capital to their investors and they also have the opportunity to grow. So what that's translated to is we've added more contracts from existing producers and also new producers along zones 1 to 3.

And we're also very encouraged about the prospect of sanctioning zone 4 later this year. The same reason why there was a need and industry need for competition in a and a competitive alternative for an NGL transportation solution in Alberta that seems need exists in B.C.. So you know as you heard from Jamie earlier, we we've we expect in the near term to have the majority of contracted volume to sanction that project here and very shortly and also expect a sanctioning decision later this year.

Ben Pham

Great and I needed my second question on a KKR transaction recently. Curious to hear your thoughts and implications for the industry for Keyera. And you did mention capital recycling on a Q4 call. Would you ever be interested in creating a similar structure such as this and a bit of financial engineering and returns on capital?

Dean Setoguchi

I'm not sure I fully understand the question. Sorry. First of all, over on the KKR Pembina announcement, they've both been public about their intentions to sell the other 50%. And as I said earlier, you know, we already have the operatorship. So from a commercial, operational and engineering construction perspective, we drive the project. So, you know, when we think about the other half, we'll work with whoever the partner is. And, you know, would we consider to buy the other half? You know, we consider a lot of different acquisition opportunities, but it has to fit within our financial priorities that Eileen laid out. And also just overall rigorous capital allocation criteria. So, you know, I guess that's about all I can say about it, but it's not a it's not a must have.

Ben Pham

And the second part of that question was really at. It's just seeing that transaction and it seems like there's is a private equity interest in the mainstream sector, what they're willing to pay. And I'm trying it was what you said about capital recycling on the last call. Would you be more specific where you carve out assets, whether it's KAPS or gas processing and you bring in the private equity partner lever up the entity, you get cash out of that and as I would you would you be more I guess sounded like more smaller asset sales are my interpretation but yeah. With the KKR deal are you more willing to consider something made more meaningful like the second part of that question that.

Dean Setoguchi

Yeah, overall, I mean we're trying to get more focused on our, our largest larger facilities. I mean, we're trying to consider the size of carries out and where we're going to drive our company in terms of the future and making sure that we're focusing on the most meaningful parts of our of our business and assets. We'll always consider different alternatives of that with the intention of adding value for our shareholders. That's our number one focus overall. So, you know, would we consider opportunities to partner with others if it meant, you know, we could we can invest in higher value projects, opportunities that make us more competitive, you know, provider overall, better service make us more efficient. Absolutely. We consider a lot of different types of opportunities, but the basis always has to tie back to adding value for our shareholders.

Ben Pham

Great, thanks for the presentation.

Dean Setoguchi

Thank you.

Dan Cuthbertson

Thank you very much, Ben. Next up, we have Matt Taylor from Tudor, Pickering. Go ahead, Matt.

Matt Taylor

Hey, everyone. Thanks for taking my questions here. I want to start first, maybe on your new investment criteria and wondering maybe just provide context is this criteria is in place a couple of years ago, investments like Wildhorse, Galena Park and even maybe approaching KAPS. Would you do that a bit differently or is it a matter of the backdrop and environment you were dealing with a couple years ago, as opposed to what you're seeing today or a year away from being in KAPS and service? And, you know, you have line of sight to downstream on term contracts in assets.

Dean Setoguchi

Yeah, that's a very good that's a really good question, Matt. I'm curious why I didn't turn on your video. Maybe you're sitting in your shorts today, but.

Matt Taylor

Yeah. I mean, you don't want to see me today.

Dean Setoguchi

No, that's a good question. You know, I think that, you know, we invested in some projects that we definitely wouldn't invest in today. We want to be a lot more focused. Part of it is that we see a lot more clarity, too, in Western Canada in terms of growth that didn't exist three years ago. And I think it also the fact that we're sort of self funded drives a lot more discipline and making sure that absolute every dollar counts.

I mean, we've always tried to do it, but I think it was just another layer of discipline to make that make sure that happens. So, you know, what it means today is that, you know, we have a lot of opportunities, but they get filtered and high graded a lot. And so the number of projects that actually move forward are absolutely the best ones. You know, specifically with respect to KAPS, we just think that this is a project that makes our company a lot more valuable overall. And again, to have that fully integrated system. Right, right. From the Montney all the way down through our liquids infrastructure marketing business, we think it's going to pay a lot of dividends and drive a lot of growth in all parts of our business in the future as well.

Matt Taylor

Okay. Great. Thanks for that. And then I wanted to finish off. It's a two part question first. Now, that was assuming that the KKR deal closes in those energy transfer volumes in a move into the different operatorship. Can you can you talk strategically how those volumes and that customer base, and that part of the basin was included in your in your KAPS, guidance? And then I guess the second question to that, as you're thinking about Zone 4, it pushes up beyond where your existing G&P asset base is today. So should investors be thinking about, you know, customers are going to grow into that expansion or you might see some M&A to help secure volumes on your side or would it be diverting volumes from a competing, competing transportation system?

Dean Setoguchi

Yeah, I think that what's important to note for both of your questions, Matt, is that this is like a basin asset. So the volumes don't have to come from our gas plants. In fact, a lot of the volumes are going to come from third party gas plants that we're going to tie into. So, you know, whether that's in zones 1-3, whether it's, you know, the ETC's, you know, gas plants or other third party gas plants or in zone 4, we can compete with them just like just like our competitor again. And that's a great thing about having a basin asset. So we feel pretty good about, you know, again, the discussions that we're having with producers. And again, a lot of those are outside of facilities that are that we're not owned that aren't owned by here on the G&P side.

Matt Taylor

Okay. Thanks for taking my questions.

Dean Setoguchi

Thanks, Matt.

Dan Cuthbertson

Thank you very much, Matt. And the last question is coming from Pat Kenny from National Bank Financial. Go ahead, Pat.

Pat Kenny

Thanks and good morning. Appreciate the presentation. On the CCS front I know you're focused on the opportunity here with Shell in the Edmonton Fort Saskatchewan region, but just given Entropy's announcement yesterday reaffirming the economic viability of post combustion projects in the field at $40 a ton, curious where Keyera is at in terms of developing and implementing similar technology across your G&P portfolio, either on your own or via partnership?

Dean Setoguchi

Patrick, good morning. And we are looking at different types of technology. We're not a we're not sort of a technology company where we try to go and develop our own proprietary technology necessarily. But we think this is an opportunity, though, where we can leverage off of someone else's expertise. And so we think it's great that companies like Entropy are, you know, have some technology and I know others are have different technologies as well as well that are advancing. So we're just evaluating what would be best for our facilities and the most economic. And, you know, when the right one emerges, we will, you know, we'll announce it and move forward. But we fully believe that the carbon tax regime will continue to increase. And so that will make projects like that more economic overall. Jamie, I don't know if you want to add anything on that.

Jamie Urquhart

Yeah. Dean, Thanks. You know, Pat, I think the one thing I would say and leverage off of what Deane said is we have identified we have assets that that are well-suited for the carbon capture technology in our in our suite of assets, and that we're really being deliberate and patient with respect to making sure that technologies are proven before we actually implement them at our facilities, you know, such that we're, you know, we're going to allow our shareholders to see the maximum value of that potential.

Pat Kenny

Yeah. Got it. Thanks.

Dean Setoguchi

Patrick. Maybe just to get a little more specific, we do actually think there's an opportunity at some of our gas plants. Six of our gas plants have acid gas injection. So, you know, we're looking at ways where we can capture more carbon and minimize the amount of capital costs associated with making that happen. So if you can use some of your existing downhole sequestration assets that we have already in place, that would be that would require the least amount of capital. So we see some opportunities there, but it's still too early to speak in any further detail about it.

Pat Kenny

All right. And I guess as you maybe think about the commercial construct here, I mean, let's just take the Shell partnership just with respect to percent fee for service, whether or not you envision marketing or creating any carbon credits. Maybe you can also speak to what return thresholds you might be willing to accept on this type of investment moving forward just relative to your legacy business. Again, just given the qualitative or ESG benefits related to the investment in the Shell partnership.

Dean Setoguchi

Yeah. I mean, I think it's too premature to get into a lot of detail of commercially how that's all going to work. I mean, we have a lot of work. First of all, we have to see if Shell's awarded the pore space rights in in the industrial heartland. And that should happen here in the next several weeks. I expect it on top of that. You know, we have a long ways to go to actually work out a deal with Shell so that, you know, I think we're a ways away from that to be able to speak in any detail. What I would say, though, overall in the returns is that we it has to be profitable for our investors. You know, we want to do great things, but we our shareholders also need us to generate a return that drives our dividend growth. And so, you know, we expect to generate returns within our thresholds on all of our investments.

Pat Kenny

Perfect. If you switch over to potentially sanctioning the zone 4 here on KAPS. And I guess just related to the Frac III expansion. Shooting for that 2025 in-service date. Just wanted to confirm if, you know, the commercial contracts for Zone 4 effectively underpin the Frac III factory expansion. And also, if you can maybe comment on how Zone four might set you up for other potential upstream infrastructure opportunities, perhaps more on the B.C. side of the border.

Dean Setoguchi

Yeah. Maybe I'll, I'll answer part of that and I can turn over to Jamie. But you know, we think that'd be a great opportunity for us to sanction zone 4. But again, we have to have the contracts to back it. And, you know, again, we're seeing a lot of momentum on that front. But to have access to the entire BC Montney fairway and offer that competitive alternative with a brand new pipe for our customers, we think that's great for industry. When we look at trends overall, especially in B.C., it's really been dominated now by a very few players. And really the reason why midstream companies exist is that you're providing a solution for industry overall. If, a lot of the developments are really driven by one or two producers in any given area, you know, they might be better off just to build their own gas plants and then they can just feed their liquids into our system, you know, through KAPS, through our frac storage, logistics and marketing business, you know, downstream. So, you know, overall, we don't feel like it's a must have to invest in all the upstream G&P business that the basin assets that we're focused on.

Pat Kenny

Great. And I know we're running late on time here, but this last one for me on the self-funding front, maybe for Eileen. So shooting for that BBB mid credit rating. Maybe you can just speak to the remaining capacity you might have on the balance sheet for preferred shares, hybrid debt, and whether or not you expect to utilize any of those levers to reach the leverage target and achieve the credit rating by the end of 2023.

Eileen Marikar

Thanks, Pat. With regards to your first question, I think it was on the investment grade credit rating. I think, you know, obviously, our goal is to get our S&P back to that BBB mid. And the two factors that really influence that are improving competitiveness of your business and continuing to add that take or pay. So that's where KAPS does significantly improve that picture as we talked about, KAPS really does improve the competitiveness of our overall business. So those are the things that S&P in particular looks at. So I think, you know, we have to continue to have those conversations with them to, you know, to have them see that long term, you know, kind of confidence in the competitiveness for our business. And I can't remember what the second question was.

Pat Kenny

Capacity for further, you know, preferred share hybrid structures.

Eileen Marikar

Right. Based on our balance sheet today and our structure today, we are, you know, more or less tapped out on how much more hybrids are preferred so that we can get we can do in order to get that preferential 50% equity treatment. So, again, you know, stepping back that 300 million is really based on, yeah, equity self-funding, but also what makes sense of the projects that we see on the horizon that we feel are more likely over the next few years.

Dean Setoguchi

And maybe just add on to what Eileen said. You know, you're asking about just getting our debt divided back in the two and a half times range, two and a half to three times range. It's just based on our business, you know, the growth we see in our EBITDA. Keeping in mind that, you know, 20, 2022 is a unique year with our, you know, four, four year turnaround at AEF So, you know, we certainly think with the cash flow that we'll be generating a lighter capital expenditure profile, that that's what's really going to drive our balance sheet into that two and a half to three times range, not the issuance of other kind of securities.

Pat Kenny

It's great. Thanks a lot, everybody. Appreciate it.

Dan Cuthbertson

Thank you very much, Pat. And with that, that wraps up the Q&A session and also wraps up the Investor Day event. So I just want to thank everyone for taking the time to join with us today. The investor relations team at KARE will be on standby for the rest of the day and feel free to reach out in the coming days for any questions. Thank you very much.