

MESSAGE TO SHAREHOLDERS | 2018

BUILDING A BRAND NEW COMPANY



OUR OPERATIONS

LOW-RISK, LONG-TERM PROFITABLE GROWTH

ACI is a Canadian company with natural gas distribution utilities and renewable power generation assets. ACI serves approximately 130,000 customers, delivering low carbon energy, safely and reliably.

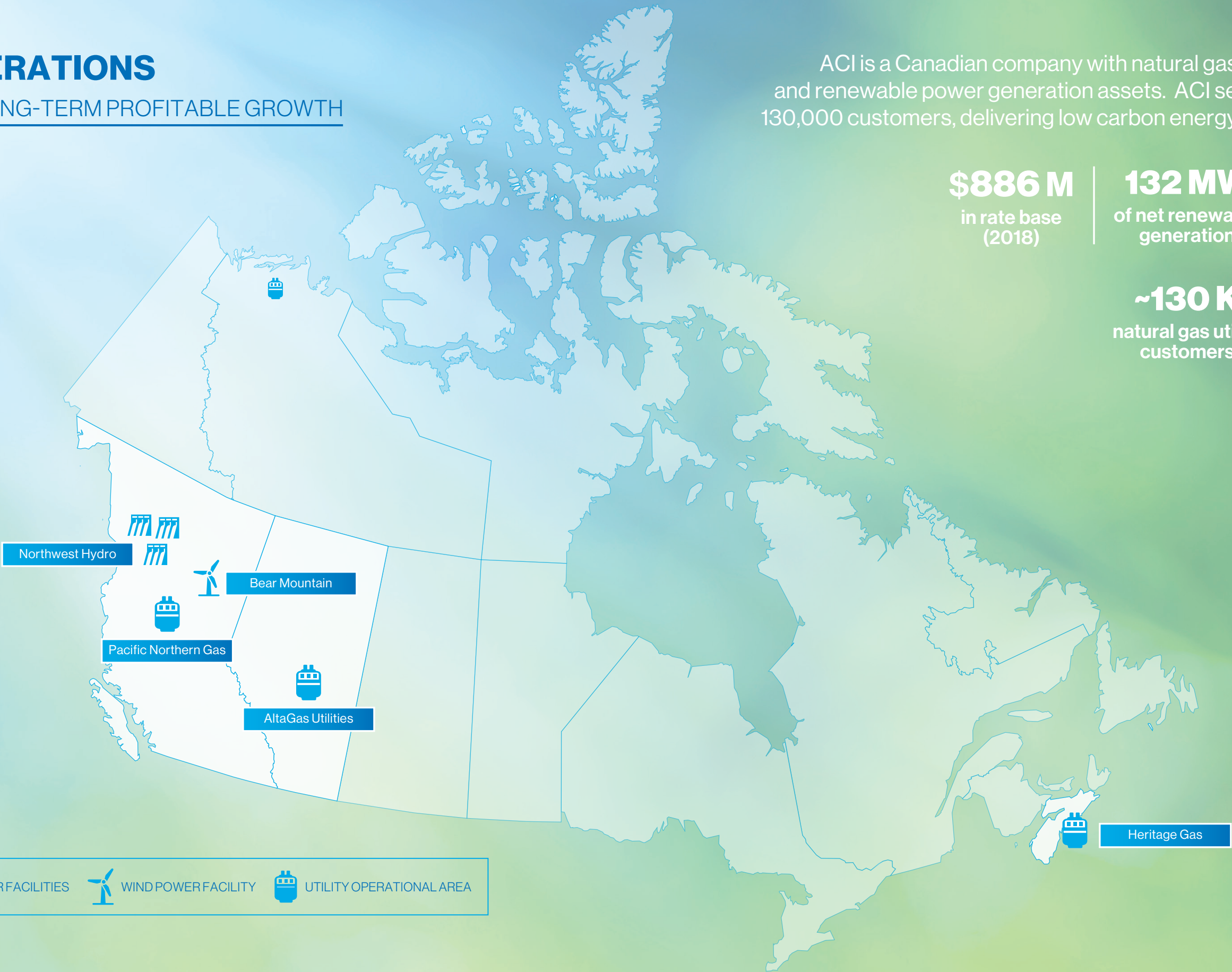
\$886 M
in rate base
(2018)

132 MW
of net renewable
generation

100%
regulated/
contracted

~130 K
natural gas utility
customers

431
employees
across Canada



HYDRO POWER FACILITIES



WIND POWER FACILITY



UTILITY OPERATIONAL AREA



2018 MESSAGE TO SHAREHOLDERS

My fellow shareowners,

In writing this inaugural letter to you, we find ourselves in the fortunate position that we have seen strong share price performance since the close of our Initial Public Offering on October 25, 2018. The market is beginning to realize the value of AltaGas Canada (ACI). This is a testament to the solid asset base we have brought together and our vision of building this brand new company.

As a new Canadian natural gas distribution utility company with key renewable power assets, we are focused on safe, reliable operations and delivering value to our shareholders. As we go forward, our strategy will be centered on:

Delivering safe, reliable, clean and cost effective solutions to our customers

Maintaining strong relationships with our regulators

Delivering low-risk, stable and predictable earnings and cash flows

Achieving long-term profitable growth

I am passionate about this strategy and believe in our business and our people. I have been part of our utility assets now for the better part of 15 years and I am proud of what they have accomplished and excited about what is to come.

When I first started at AltaGas Ltd. back in 2004, AltaGas Utilities Inc. ended the year with a rate base of approximately \$94 million. Today, through building a strong reputation with both customers and regulators, AUJ has more than tripled in size and now has a rate base of over \$330 million. Similarly, Heritage Gas has grown from serving its first customer in 2003 to over \$300 million of rate base in just 15 years, while Pacific Northern Gas has built up a rate base of almost \$220 million.

The success at each of our utilities has come through integrity, dedication, hard work, discipline and financial prudence. We look to add measured, steady, stable and profitable growth which in this business is how long-term value is created. ACI is new – but the track record of our utilities is not.

With ACI, we complement our utilities with strong renewable power assets. We chose to have renewables in our portfolio

because they help provide diversity and strength to our portfolio and are a key part of our strategy of providing clean, cost effective solutions to our customers. I cannot emphasize enough how important it is to offer clean energy solutions in today's world.

While ACI's 2018 results were predominantly attributable to AltaGas Ltd. our assets once again demonstrated strong operational performance.

At the three utilities, the combined rate base grew approximately six percent and delivered solid year-over-year returns. The renewable assets, although operationally available, were impacted by very low renewable resources throughout the year. One can never tell exactly what Mother Nature has in store; however, there is often mean reversion when it comes to weather and renewables.

As we turn the page to 2019, which will be our first full year as a brand new company, we are very excited about our future. We have a \$330 million five-year capital program which is predominantly approved by our regulators. We will be prudent in our execution of this capital program and in ensuring we deliver the growth we committed to. But we won't stop here either. We have a number of great opportunities we continue to pursue to do even better. From re-activating the PNG transmission pipeline in British Columbia, to identifying and capturing new opportunities in Alberta and Nova Scotia, each and every one of ACI's 431 dedicated employees is focused on delivering safe, reliable service to our customers, and low-risk rate regulated growth and value for all of our stakeholders. Solid total returns with growth in net income, growth in cash flows, and a solid dividend – this is what we will strive to deliver to shareowners.

We are excited about our future – and thank you for putting your trust in us.

Sincerely,

[signature]

JARED GREEN
President and Chief Executive Officer

Steady Growth Moving Forward

\$330M capital expenditures 2019E – 2023E
+1 billion 2023 estimated rate base



BOARD OF DIRECTORS



DAVID W. CORNHILL
Chair of the Board of Directors, Non-Independent Director



CORINE R.K. BUSHFIELD
Non-Independent Director ⁽³⁾



JARED GREEN
President and Chief Executive Officer, Non-Independent Director ⁽³⁾



GREGORY A. AARSEN
Independent Lead Director ⁽³⁾



JUDITH ATHAIDE
Independent Director ⁽¹⁾ ⁽²⁾ ⁽³⁾



AMIT CHAKMA
Independent Director ⁽¹⁾ ⁽²⁾



WILLIAM J. DEMCOE
Independent Director ⁽¹⁾ ⁽²⁾

(1) Member of Audit Committee, chaired by Mr. Demcoe.
(2) Member of Compensation and Governance Committee, chaired by Mr. Chakma.
(3) Member of Environment, Health and Safety Committee, chaired by Ms. Athaide.

CORPORATE GOVERNANCE

The members of the Board of Directors of AltaGas Canada Inc. (ACI) are responsible for overseeing the management and the business and affairs of ACI. It is the responsibility of the Board of Directors to act in the best interests of the Company, taking into account the interests of shareholders and other stakeholders are properly represented. To that end, the Board of Directors has assumed responsibility for the stewardship of, and accountability at, ACI and developed standards and procedures for its operations that meet a high standard of governance. The Board of Directors regularly reviews ACI's activities, with a view to ensuring its business affairs are conducted appropriately, with the honesty, integrity, transparency and accountability that shareholders expect. The Board of Directors is committed to continuously meeting those high standards.

The annual meeting offers shareholders the chance to hear first-hand from management and to understand ACI's strategy for seeking to continually increase shareholder value and grow the Company. The Board of Directors and ACI's management team encourage you to attend the annual meeting of shareholders, either in person in Calgary or through the live webcast that can be viewed at www.altagascanada.ca

THE ANNUAL MEETING WILL BE HELD AT 3:00 P.M. MDT ON MAY 9, 2019 AT
THE METROPOLITAN CONFERENCE CENTRE, 333 – 4 AVENUE SW, CALGARY, ALBERTA.

CORPORATE INFORMATION

LEADERSHIP TEAM

Jared Green
President and Chief Executive Officer

Shaun Toivanen
Executive Vice President, Chief Financial Officer and Corporate Secretary

Leigh Ann Shoji-Lee
Executive Vice President Utility Operations and President Pacific Northern Gas Ltd.

Mark Lowther
President, AltaGas Utilities Inc.

John Hawkins
President, Heritage Gas Limited

AUDITORS

Ernst & Young LLP
Calgary, Alberta, Canada

TRANSFER AGENT

Computershare Trust Company of Canada
Calgary, Alberta, Canada
toll free: 1.800.564.6253
email: service@computershare.com

Investors are encouraged to contact Computershare for information concerning their security holdings

STOCK EXCHANGE LISTING

Toronto Stock Exchange
TSX : ACI

FORWARD LOOKING INFORMATION

This document contains forward-looking information (forward-looking statements). Words such as “may”, “can”, “would”, “could”, “should”, “will”, “intend”, “plan”, “anticipate”, “believe”, “expect”, “project”, “target”, “potential”, “objective”, “continue”, “outlook”, “opportunity” and similar expressions suggesting future events or future performance, as they relate to ACI or any affiliate of ACI, are intended to identify forward-looking statements. In particular, this document contains forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results. Specifically, such forward-looking statements included in this document include, but are not limited to: the focus of ACI's strategy; growth capital program with expected expenditures of approximately \$330 million at its utilities between 2019 and 2023; expected rate base growth to over \$1 billion between 2019 and 2023; and reactivation of the PNG transmission pipeline.

ACI's forward-looking statements are subject to certain risks and uncertainties which could cause results or events to differ from current expectations, including, without limitation: legislative and regulatory environment; demand for natural gas; access to and use of capital markets; market value of ACI's securities; ACI's ability to pay dividends; ACI's ability refinance its debt; prevailing economic conditions; the potential for service interruptions and physical damage to infrastructure; natural gas supply; ability of the Company to maintain, replace and expand its regulated assets; and impact of labour relations and reliance on key personnel. Applicable risk factors are discussed more fully under the heading “Risk Factors” in ACI's MD&A as at and for the period ended December 31, 2018, which is available on www.sedar.com.

Many factors could cause ACI's actual results, performance or achievements to vary from those described in this news release, including, without limitation, those listed above and the assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this news release as intended, expected, projected or targeted and such forward-looking statements included in this news release, should not be unduly relied upon. The impact of any one assumption, risk, uncertainty or other factor on a particular forward-looking statement cannot be determined with certainty because they are interdependent and ACI's future decisions and actions will depend on management's assessment of all information at the relevant time. Such statements speak only as of the date of this news release. ACI does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this news release are expressly qualified by these cautionary statements.

For shareholder relations enquiries contact

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email: shareholder.relations@altagascanada.ca

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