News Release

For immediate release
May 11, 2021

Keyera Corp. Announces 2021 First Quarter Results

CALGARY, May 11, 2021 - Keyera Corp. (TSX:KEY) ("Keyera") announced its 2021 first quarter financial results today, the highlights of which are included in this news release. To view the MD&A and financial statements, visit either Keyera's website or Keyera's filings on SEDAR at www.sedar.com.

First Quarter Financial Highlights

- Adjusted earnings before interest, taxes, depreciation, and amortization ("adjusted EBITDA"[1]) was $225 million, compared to $327 million in Q1 2020. Distributable cash flow[1] ("DCF") was $165 million, compared to $253 million for the same period last year. The year-over-year decrease in both figures is mostly due to exceptional quarterly performance in the marketing segment in the prior year period.
- Net earnings were $86 million, equal to the same period in 2020.
- Trailing-twelve-month dividend payout ratio[1] of 67%, which is within the company's targeted range of 50% to 70%.
- Growth capital spending was $48 million and is expected to ramp up through the year as the construction of the KAPS project progresses, to reach the annual guidance range of $400 million to $450 million.
- In March, the company completed a $350 million hybrid note offering, in part to fund its proportional interest for the construction of the KAPS pipeline project.
- Keyera maintained its strong financial position with a net debt to adjusted EBITDA ratio[1,2] of 2.7x. The company has $1.5 billion in available liquidity with minimal near-term debt maturities.
- In the second half of 2021, Keyera plans to provide an environment, social and governance ("ESG") performance summary for the year 2020. The company also plans to release formal emissions reduction targets, and its first climate report, in-line with the recommendations from the Task Force on Climate-related Financial Disclosures ("TCFD") in 2021.

Increasing 2021 Marketing Segment Guidance

- For 2021, realized margin[3] for the Marketing segment is expected to range between $260 million and $290 million. This replaces the previous annual guidance range of between $180 million and $220 million. The increase is based on year-to-date performance and negotiations for natural gas liquids ("NGL") supply agreements for the contract year beginning April 1, 2021.
- Readers are referred to the section of the Q1 2021 MD&A titled, "Segmented Results: Marketing", for the assumptions associated with the updated 2021 guidance.
- 2021 maintenance capital guidance range is now expected to be $30 million to $40 million (previously $25 million to $35 million) to accommodate additional work being completed at the Alberta Envirofuels facility.

- All other previously disclosed guidance for 2021 remains unchanged.

First Quarter Business Segment Highlights

- The **Gathering and Processing** segment generated a realized margin of $79 million, compared to $64 million in the same period last year. This represents an increase of 23%, mostly attributable to increased processing volumes at the Wapiti gas plant and contributions from the Pipestone gas plant, which began operations in October 2020.
- The **Liquids Infrastructure** segment delivered a record quarterly realized margin of $105 million, compared to $103 million in the first quarter of 2020. This performance represents continued strong demand for Keyera's fractionation, condensate handling and storage services.
- The **Marketing** segment contributed realized margin of $61 million, compared to $165 million in the first quarter of 2021. The year-over-year decrease reflects exceptional performance in the marketing segment in the prior year period.

Growth project updates:

- The KAPS pipeline project is set to begin construction in the summer with completion expected in 2023. The clearing of the first 146 kilometers of right-of-way was completed in Q1 and pipe fabrication is underway.
- At the Wildhorse crude oil storage and blending terminal in Cushing Oklahoma, mechanical completion was declared on January 29, 2021 and commissioning activities are underway with the expectation to be operational in mid-2021.

---

[1] Keyera uses certain "Non-GAAP Measures" such as EBITDA, adjusted EBITDA, funds from operations, distributable cash flow, distributable cash flow per share, payout ratio and return on invested capital. See section titled "Non-GAAP Financial Measures", "Dividends: Funds from Operations and Distributable Cash Flow" and "EBITDA" of the MD&A for further details.

[2] Ratio is calculated in accordance with the covenant test calculations related to the company's credit facility and senior note agreements and excludes hybrid notes.

[3] Realized margin is not a standard measure under GAAP and excludes the effect of $8 million in non-cash losses from commodity-related risk management contracts. See "Non-GAAP Financial Measures" in the MD&A.

Summary of Key Measures

(Thousands of Canadian dollars, except where noted)

	Three months ended March 31,	
	2021	2020
Net earnings	**85,825**	85,608
Per share ($/share) – basic	**0.39**	0.39
Cash flow from operating activities	**268,429**	316,684
Funds from operations[1]	**181,065**	286,348
Distributable cash flow[1]	**164,751**	253,039
Per share ($/share)[1]	**0.75**	1.16
Dividends declared	**106,091**	105,212
Per share ($/share)	**0.48**	0.48
Payout ratio %[1]	**64%**	42%
Adjusted EBITDA[2]	**224,830**	327,115
Gathering and Processing		
Gross processing throughput[3] (MMcf/d)	**1,402**	1,386
Net processing throughput[3] (MMcf/d)	**1,193**	1,142
Liquids Infrastructure		
Gross processing throughput[4] (Mbbl/d)	**154**	163
Net processing throughput[4] (Mbbl/d)	**85**	80
AEF iso-octane production volumes (Mbbl/d)	**15**	14
Marketing		
Inventory value	**159,007**	57,710
Sales volumes (Bbl/d)	**173,500**	171,000
Acquisitions	**—**	—
Growth capital expenditures	**48,028**	210,614
Maintenance capital expenditures	**3,905**	8,208
Total capital expenditures	**51,933**	218,822
Weighted average number of shares outstanding – basic and diluted	**221,023**	218,860
	As at March 31,	
	2021	2020
Long-term debt[5]	**3,281,982**	2,587,197
Credit facility	**—**	70,000
Working capital (surplus) deficit[6]	**(224,779)**	101,476
Net debt	**3,057,203**	2,758,673
Common shares outstanding – end of period	**221,023**	219,905

Notes:

1 Payout ratio is defined as dividends declared to shareholders divided by distributable cash flow. Payout ratio, funds from operations, and distributable cash flow are not standard measures under Generally Accepted Accounting Principles ("GAAP"). See the section titled, "Dividends: Funds from Operations and Distributable Cash Flow", for a reconciliation of funds from operations and distributable cash flow to the most closely related GAAP measure.

2 Adjusted EBITDA is defined as earnings before finance costs, taxes, depreciation, amortization, impairment expenses, unrealized gains/losses and any other non-cash items such as gains/losses on the disposal of property, plant and equipment. EBITDA and adjusted EBITDA are not standard measures under GAAP. See section of the MD&A titled "EBITDA" for a reconciliation of adjusted EBITDA to its most closely related GAAP measure.

3 Includes gas volumes and the conversion of liquids volumes handled through the processing facilities to a gas volume equivalent. Net processing throughput refers to Keyera's share of raw gas processed at its processing facilities.

4 Fractionation throughput in the Liquids Infrastructure segment is the aggregation of volumes processed through the fractionators and the de-ethanizers at the Keyera and Dow Fort Saskatchewan facilities.

5 Long-term debt includes the total value of Keyera's hybrid notes which receive 50% equity treatment by Keyera's rating agencies. The hybrid notes are also excluded from Keyera's covenant test calculations related to the company's credit facility and senior note agreements.

6 Working capital is defined as current assets less current liabilities.

Message to Shareholders

It was about this time last year, following the historic occurrence of negative crude oil prices, that global energy markets were facing unprecedented uncertainty. Throughout this time, Keyera remained resilient, delivering record annual distributable cash flow in 2020 and maintaining balance sheet strength. One year later, energy markets appear to have stabilized and there are many reasons to be encouraged by the opportunities that lie ahead. Our 2021 first quarter results reflect strong performance across all three business segments.

In the Gathering and Processing segment, we are encouraged to see the increase in drilling activity and volumes from our customers. Gas processing throughput at our Pipestone and Wapiti gas plants continue to reach new highs and we are seeing interest to further utilize our available capacity. In the South region, volumes have stabilized, and we see the potential for volume growth from financially stronger producers who are focused on increasing drilling activity.

The Liquids Infrastructure segment delivered a new quarterly record for operating margin with strong deliveries from our condensate system as oil sands production continued to ramp up, and our storage and fractionation assets remained highly utilized. These assets provide essential services to a wide range of customers throughout the basin and continue to deliver the best returns in our portfolio with stable, contracted cash flow. Therefore, we will continue to allocate capital toward growing this segment. This includes the KAPS project which will serve to strengthen these positive attributes.

Current fundamentals for our Marketing segment are strong. This combined with our disciplined risk management program has led us to increase our 2021 realized margin contribution guidance for this segment.

We continue to progress the KAPS project, a great example of a made-in-Alberta story. The clearing work involved five different local Indigenous-affiliated contractors and pipeline manufacturing is currently underway in Camrose, Alberta. The project is highly desired by industry and provides a much-needed alternative transportation solution for condensate and natural gas liquids from the growing Montney and Duvernay plays in northwestern Alberta to the liquids hub in Fort Saskatchewan.

More broadly, a number of supportive developments are occurring within the Canadian energy industry. Pipeline export capacity for both oil and natural gas is expanding, and for the first time in many years, capacity will soon be able to adequately meet industry needs. Demand trends for natural gas liquids, like propane, are also encouraging with increasing local demand from the petrochemical industry and increased connectivity to overseas markets. We have also seen increased consolidation amongst producers, which is creating financially stronger customers.

Growing Distributable Cash Flow Through Efficiency Gains

We continue to focus on being the most efficient operator for our customers and connecting their products to the highest value markets. Across our organization we continue to focus on reducing costs, improving efficiency and ultimately increasing profitability. This includes the $45 to $65 million in annual optimization and cost reduction efforts announced last year. We are pleased with the results of these efforts so far, with most of the run-rate benefit expected to materialize by the end of this year.

Going forward, we see an opportunity to apply technology and innovation to enable our operations and corporate functions to deliver better solutions resulting in higher margins, lower costs and greater reliability. We have formalized a team that is dedicated to focus on advancing this opportunity.

Emissions Reductions

Our mission is "Connecting Energy for Life", and we will do so in a sustainable and responsible manner. The world is undergoing a transition toward a lower carbon future with investor momentum and government policy further enabling this transition. Keyera is well positioned to adapt to these changes, which will bring new opportunities with them. When considering these opportunities, we want to ensure we remain focused on generating returns for shareholders and leveraging our existing core competencies and asset base.

We continue to look at ways to reduce the emissions produced by the facilities we operate. This includes our current optimization initiative which will drive higher utilization to reduce emissions on both an absolute and intensity basis, acid gas injection which we currently conduct at several of our facilities, and other carbon capture and sequestration technologies. We also look for options to reduce the emissions from the power we use at our facilities, including the use of solar, cogeneration or wind. Lastly, we are seeking out ways to help our customers reduce their emissions. Later this year, we will set emissions reduction targets that will take into account some of these efforts.

Keyera's value proposition continues to be the delivery of a sustainable dividend, underpinned by low debt leverage and a rich inventory of investment opportunities aimed at expanding distributable cash flow per share.

On behalf of Keyera's board of directors and management team, I would like to thank our employees, customers, shareholders and other stakeholders for their continued support.

Dean Setoguchi
President and Chief Executive Officer
Keyera Corp.

First Quarter 2021 Results Conference Call and Webcast

Keyera will be conducting a conference call and webcast for investors, analysts, brokers and media representatives to discuss the financial results for the first quarter 2021 at 8:00 a.m. Mountain Time (10:00 a.m. Eastern Time) on Wednesday, May 12, 2021. Callers may participate by dialing 888-231-8191 or 647-427-7450. A recording of the call will be available for replay until 10:00 p.m. Mountain Time (12:00 a.m. Eastern Time) on May 26, 2021 by dialing 855-859-2056 or 416-849-0833 and entering pass code 7849407.

Internet users can listen to the call live on Keyera's website at www.keyera.com/news/events. Shortly after the call, an audio archive will be posted on the website for 90 days.

About Keyera Corp.

Keyera Corp. (TSX:KEY) operates an integrated Canadian-based energy infrastructure business with extensive interconnected assets and depth of expertise in delivering energy solutions. Its predominantly fee-for-service based business consists of natural gas gathering and processing; natural gas liquids processing, transportation, storage and marketing; iso-octane production and sales; and an industry-leading condensate system in the Edmonton/Fort Saskatchewan area of Alberta. Keyera strives to provide high quality, value-added services to its customers across North America and is committed to conducting its business ethically, safely and in an environmentally and financially responsible manner.

Forward-Looking Information

In order to provide readers with information regarding Keyera, including its assessment of future plans and operations, its financial outlook and future prospects overall, this press release contains certain statements that constitute "forward-looking information" within the meaning of applicable Canadian securities legislation (collectively, "forward-looking information"). Forward-looking information is typically identified by words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "plan", "intend", "believe", and similar words or expressions, including the negatives or variations thereof. All statements other than statements of historical fact contained in this document are forward-looking information, including, without limitation, statements regarding:

- target payout and net debt to adjusted EBITDA ratios;
- future capital expenditures and cash taxes, including the anticipated costs of the KAPS pipeline system;
- industry, market and economic conditions and any anticipated effects on Keyera;
- Keyera's future financial position and operational performance and future financial contributions and margins from its business segments including, but not limited to, Keyera's expectation that its Marketing business will contribute realized margin between $260 million and $290 million in 2021, and on average, a "base realized margin" of between $180 million and $220 million annually;
- estimated costs and benefits associated with reductions in operating and G&A expenses and optimization of gas plants, estimated maintenance and turnaround costs and estimated decommissioning expenses;
- expected costs, in-service dates and schedules for capital projects (including projects under construction/development and proposed projects) and sources of funding for such projects; and
- Keyera's financial priorities and ESG initiatives.

All forward-looking information reflects Keyera's beliefs and assumptions based on information available at the time the applicable forward-looking information is made and in light of Keyera's current expectations. Forward-looking information does not guarantee future performance. Management believes that its assumptions and expectations reflected in the forward-looking information contained herein are reasonable based on the information available on the date such information is provided and the process used to prepare the information. However, it cannot assure readers that these expectations will prove to be correct. All forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results, events, levels of activity and achievements to differ materially from those anticipated in the forward-looking information.

Readers are cautioned that they should not unduly rely on the forward-looking information included in this press release. Further, readers are cautioned that the forward-looking information contained herein is made as of the date of this press release. Unless required by law, Keyera does not intend and does not assume any obligation to update any forward-looking information. All forward-looking information contained in this press release is expressly qualified by this cautionary statement.

Further information about the assumptions, risks, uncertainties and other factors affecting the forward-looking information contained in this press release is available in filings made by Keyera with Canadian provincial securities commissions, including under "*Forward-Looking Information*" in Keyera's management's discussion and analysis for the year ended December 31, 2020 and Keyera's annual information form for the year ended December 31, 2020, each of which is available on the company's SEDAR profile at www.sedar.com.

Additional Information

For more information about Keyera Corp., please visit our website at www.keyera.com or contact:

Dan Cuthbertson, Director, Investor Relations
Calvin Locke, Manager, Investor Relations

Email: ir@keyera.com
Telephone: 403.205.7670
Toll free: 888.699.4853