News Release

For immediate release
Aug 5, 2021

Keyera Corp. Announces 2021 Second Quarter Results

CALGARY, Aug 5, 2021 - Keyera Corp. (TSX:KEY) ("Keyera") announced its 2021 second 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.

Second Quarter Financial Highlights

- Adjusted earnings before interest, taxes, depreciation, and amortization ("adjusted EBITDA"[1]) was $224 million, compared to $182 million in Q2 2020.
    - The year-over-year increase was due to record margin contributions from the Gathering and Processing segment and higher contributions from the Marketing segment.
    - This was partially offset by a $20 million non-cash accrual related to long-term compensation and lower margin contribution from the Liquids Infrastructure segment related in part to planned maintenance.
- Distributable cash flow[1] ("DCF") was $148 million, compared to $158 million for the same period last year. The year-over-year decrease takes into account the same items as adjusted EBITDA, noted above, and higher maintenance capital spending compared to Q2 2020.
- Net earnings were $79 million, compared to $18 million for the same period in 2020.
- Growth capital spending was $80 million in the second quarter, and $128 million year-to-date. Spending is expected to ramp up in the second half of the year to reach the annual guidance range of $400 million to $450 million, as construction of the KAPS project ramps up.
- Keyera maintained its strong financial position with a net debt to adjusted EBITDA ratio[2]of 2.7x. The company ended the quarter with $1.5 billion in available liquidity and 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, which is in line with the recommendations from the Task Force on Climate-related Financial Disclosures ("TCFD") in 2021.

Second Quarter Business Segment Highlights

- The **Gathering and Processing** ("G&P") segment generated a record quarterly realized margin[3] of $86 million. Overall G&P processing volumes are up over 10% compared to the end of 2020. This includes an increase of approximately 25% for operated gas plants in the North region with Wapiti reaching new highs and the Pipestone facility averaging 74% utilization in the quarter, well ahead of expectations.
- The **Liquids Infrastructure** segment delivered a quarterly realized margin[3] of $96 million. Results include the impact of a planned maintenance outage at Keyera's Fort Saskatchewan complex in June and seasonally lower propane loading activity.

- The **Marketing** segment contributed realized margin[3] of $79 million, compared to $54 million in the second quarter of 2020.

Guidance Update

- Continued strength in commodities markets, as well as Keyera's disciplined risk management program provides the foundation for 2021 to be a strong marketing year. Realized margin for this segment is now expected to be at the high-end of the previously guided range of $260 million to $290 million.
- As a result of strong year-to-date performance and expectations for the remainder of the year, 2021 cash taxes are now expected to range between $30 million to $40 million. This replaces the previous guidance range of $20 million to $30 million.

Project Updates

- Construction on the KAPS pipeline project is now underway with the majority of line pipe continuing to be milled in Alberta. Costs for the project, including steel and labour are fully contracted with costs remaining on track. The project's expected completion date is early 2023.
- The Wildhorse crude oil storage and blending terminal in Cushing, Oklahoma, commenced operations at the end of July. The new terminal includes 12 above-ground tanks with 4.5 million barrels of working storage capacity; it is connected by pipeline to two existing storage terminals in Cushing.

Corporate Developments

- Senior Vice President and Chief Operating Officer, Bradley Lock will retire from Keyera effective November 1, 2021. Mr. Lock has 34 years of experience in the oil and gas sector and has been at Keyera for the past 17 years. He has held key senior executive roles including Senior Vice President of our Gathering and Processing business unit as well as our Liquids Infrastructure business unit.
- Succeeding Brad will be Jarrod Beztilny, who has been appointed Senior Vice President, Operations and Engineering. Mr. Beztilny has over 20 years of experience in the oil and gas sector and has been at Keyera since 2004. He is currently Vice President, Operations, Gathering and Processing, and prior to that, was Vice President, Operations for the Liquids business unit. Mr. Beztilny holds a Bachelor of Science degree in Chemical Engineering from the University of Alberta.

---

[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 $27 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 June 30,** **2021**	2020	**Six months ended June 30,** **2021**	2020
Net earnings	**78,595**	17,763	**164,420**	103,371
Per share ($/share) – basic	**0.36**	0.08	**0.74**	0.47
Cash flow from operating activities	**112,071**	159,647	**380,500**	476,331
Funds from operations[1]	**181,346**	177,366	**362,411**	463,714
Distributable cash flow[1]	**147,940**	157,649	**312,691**	410,688
Per share ($/share)[1]	**0.67**	0.71	**1.41**	1.87
Dividends declared	**106,091**	106,091	**212,182**	211,303
Per share ($/share)	**0.48**	0.48	**0.96**	0.96
Payout ratio %[1]	**72%**	67%	**68%**	51%
Adjusted EBITDA[2]	**223,701**	182,159	**448,531**	509,274
Gathering and Processing				
Gross processing throughput[3] (MMcf/d)	**1,448**	1,261	**1,426**	1,323
Net processing throughput[3] (MMcf/d)	**1,218**	1,029	**1,206**	1,085
Liquids Infrastructure				
Gross processing throughput[4] (Mbbl/d)	**146**	144	**150**	154
Net processing throughput[4] (Mbbl/d)	**75**	66	**80**	73
AEF iso-octane production volumes (Mbbl/d)	**15**	12	**15**	13
Marketing				
Inventory value	**207,240**	102,336	**207,240**	102,336
Sales volumes (Bbl/d)	**145,500**	134,800	**159,400**	152,900
Acquisitions	**11,165**	1,630	**11,165**	1,630
Growth capital expenditures	**80,149**	127,082	**128,177**	337,696
Maintenance capital expenditures	**21,917**	6,213	**25,822**	14,421
Total capital expenditures	**113,231**	134,925	**165,164**	353,747
Weighted average number of shares outstanding – basic and diluted	**221,023**	220,851	**221,023**	219,855

	As at June 30, **2021**	2020
Long-term debt[5]	**3,276,826**	2,968,703
Credit facility	**—**	—
Working capital surplus[6]	**(173,022)**	(109,362)
Net debt	**3,103,804**	2,859,341
Common shares outstanding – end of period	**221,023**	221,023

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.

CEO's Message to Shareholders

Keyera delivered solid performance in the first half of 2021. The recovery in commodity prices, along with the actions we've been taking to drive further efficiencies and improve our competitive position, are having a positive effect.

There are several reasons to be optimistic about continued volume growth in the products we handle. For natural gas, LNG off the west coast of Canada and major gas pipeline expansions will enable more exports to key growth markets. Fundamentals for natural gas liquids are looking strong with more connectivity to overseas markets and increasing local demand from the petrochemical and oil sands industries. Condensate demand continues to climb as oil sands customers grow into expanding oil pipeline export capacity. The current pricing environment and renewed optimism has incented many producers to increase drilling activity throughout the basin.

In our **Gathering and Processing** segment, we set a new quarterly record for realized margin. Our optimization efforts combined with our ability to utilize available capacity at little to no incremental capital cost are driving higher margins.

In the North region, the Pipestone and Wapiti plants continued to reach new highs. Starting in mid-2022, a second customer will begin filling the remaining uncontracted capacity at the Pipestone plant on a long-term, take-or-pay basis. At Wapiti, we also reached new volume highs. Given the continued demand from producers in these areas, we are exploring options to interconnect our three North region gas plants, which would provide customers with higher reliability, more flexibility and optimize operating efficiencies.

In the South region, the optimization program is ongoing, driving volumes to our most efficient plants. Overall, volumes in the South region are up about 7% this year. Of note, is the year-to-date increase in volumes at our Alder Flats plant following a project to interconnect it to other South region plants. We are also seeing an increase in drilling activity by stronger, better-capitalized producer customers.

The **Liquids Infrastructure** segment continues to experience strong demand for its services. We saw new record monthly deliveries from our condensate system as oil sands customers ramped up production. Our storage and fractionation assets also remained highly utilized.

The assets and services within this segment deliver some of the best returns in Keyera's portfolio with predictable, long-term contracted cash flow. For that reason, we continue to allocate capital to grow our liquids business; this includes progressing the KAPS pipeline project. KAPS is a strategic asset for Keyera because it physically integrates our North region Gathering and Processing assets to our liquids hub in Fort Saskatchewan. That allows us to provide customers with a much-needed competitive alternative for transporting natural gas liquids from the growing Montney and Duvernay plays to key demand markets. The project also adds meaningful future growth opportunities across our integrated system as those two resource plays continue to develop.

Fundamentals for our **Marketing** segment strengthened throughout the quarter, with overall commodity prices trending upwards. We will continue to employ a disciplined risk management program to lock in stable cash flows when those opportunities exist, especially in the context of funding our share of the capital spend for the KAPS project.

We are proud of our bench strength and succession planning, which allows for smooth leadership transitions. I'd like to acknowledge the retirement of Senior Vice President and Chief Operating Officer, Bradley Lock on November 1, after 17 years in various senior executive roles. We thank Brad and wish him well in his retirement. We welcome his successor, Jarrod Beztilny, to the role of Senior Vice President, Operations and Engineering. Jarrod is currently Vice President Operations for the Gathering and Processing business unit and has been with Keyera since 2004.

Our mission, "Connecting Energy for Life", is our commitment to deliver energy in a sustainable and responsible manner. We see a great opportunity to play a pivotal role in the transition to a low carbon future while ensuring we continue to generate value for shareholders.

We are committed to delivering a sustainable dividend, underpinned by low debt leverage, and investing in projects that generate strong returns that contribute to 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.

Second 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 second quarter 2021 at 8:00 a.m. Mountain Time (10:00 a.m. Eastern Time) on Thursday, August 5, 2021. Callers may participate by dialing 888-664-6392 or 416-764-8659. A recording of the conference call will be available for replay until 10:00 PM Mountain Time (12:00 AM Eastern Time) August 19, 2021 by dialing 888-390-0541 or 416-764-8677 and entering passcode 139733.

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 for the period ended June 30, 2021, and in 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