Keyera Corp. Announces Year End 2012 Results

February 14, 2013 - Keyera Corp. (TSX:KEY)(TSX:KEY.DB.A), announced their 2012 year end results today, the highlights of which are included in this press release. The entire press release can be viewed by visiting Keyera's website at www.keyera.com or, to view the MD&A and financial statements, visit either Keyera's website or the System for Electronic Document Analysis and Retrieval at www.sedar.com.

HIGHLIGHTS

- Keyera delivered solid results in 2012 from all segments of its business and kicked off a number of exciting new growth initiatives.
- Earnings before interest, taxes, depreciation and amortization[1,2] ("EBITDA") were $326.8 million in 2012, 28% higher than the $255.1 million posted in 2011.
- Net earnings in 2012 were $130.6 million ($1.71 per share), compared to $135.2 million ($1.91 per share) in 2011.
- Distributable cash flow[1,2] for 2012 was $199.9 million ($2.62 per share) compared to $202.2 million ($2.85 per share) in 2011, largely due to weaker propane margins and higher maintenance capital costs in 2012.
- Keyera's Gathering and Processing business delivered operating margin[3] of $150.9 million in 2012 compared to $152.7 million in 2011. In the NGL Infrastructure segment, operating margin[1] of $112.5 million was $43.6 million, or 63% higher than the prior year. Marketing operating margin[3] was $92.0 million in 2012 compared to $76.5 million in 2011.
- In the fourth quarter, Keyera announced plans to enhance recoveries of ethane and other NGLs at its Rimbey gas plant through the addition of a 400 million cubic feet per day turbo expander unit.
- Keyera also has a number of projects underway in its NGL Infrastructure segment. At its Fort Saskatchewan facility, construction began on a 30,000 barrel per day de-ethanizer, as well as additional underground NGL storage capacity and development of a new brine pond. To support deliveries of NGLs and crude oil to customers by rail, Keyera is developing rail terminals at South Cheecham, south of Fort McMurray, and at Hull, Texas.
- In December, Keyera added iso-octane rail loading capabilities at its Edmonton Terminal and loaded the first rail cars for delivery to customers on the Gulf Coast. Keyera expects to increase rail deliveries of iso-octane produced at Alberta EnviroFuels in 2013.
- Keyera increased the size of its unsecured revolving credit facility from $500 million to $750 million, with the potential to increase it to $1 billion, subject to certain conditions. In addition, the term has been extended to December 13, 2016.
- Total growth capital investment was $446 million in 2012, of which $281 million was acquisitions. Keyera expects its 2013 growth capital investment, excluding acquisitions, to be between $250 million and $300 million.[4]

[1] See "Non-GAAP Financial Measures" on page 47 of the MD&A.
[2] See page 35 and 36 of the MD&A for a reconciliation of distributable cash flow to cash flow from operating activities and EBITDA to net earnings.
[3] See Note 30 to the Financial Statements.
[4] See "Capital Expenditures and Acquisitions" on page 32 of the MD&A for further discussion of Keyera's capital investment program.

Summary of Key Measures (Thousands of Canadian dollars, except where noted)	Three months ended December 31, 2012	 2011	Twelve months ended December 31, 2012	 2011
Net earnings	**56,651**	(21,188)	**130,601**	135,218
Per share ($/share) – basic	**0.73**	(0.30)	**1.71**	1.91
Cash flow from operating activities	**26,053**	50,792	**237,979**	178,215
Distributable cash flow[1]	**74,396**	51,207	**199,873**	202,187
Per share ($/share)	**0.96**	0.72	**2.62**	2.85
Dividends declared	**41,104**	35,760	**157,095**	136,175
Per share ($/share)	**0.53**	0.50	**2.06**	1.92
Payout ratio %[1]	**55%**	70%	**79%**	67%
EBITDA[2]	**109,195**	26,810	**326,843**	255,091
Gathering and Processing:				
Gross processing throughput (MMcf/d)	**1,205**	1,189	**1,202**	1,159
Net processing throughput (MMcf/d)	**982**	911	**964**	883
NGL Infrastructure:				
Gross processing throughput (Mbbl/d)	**116**	102	**92**	89
Net processing throughput (Mbbl/d)	**39**	36	**35**	29
Marketing:				
Inventory value	**183,165**	136,827	**183,165**	136,827
Sales volumes (bbl/d)	**114,700**	89,400	**93,100**	76,600
Capital expenditures	**56,655**	70,676	**446,349**	170,780
Long-term debt			**619,666**	478,364
Credit facilities			**135,000**	241,000
Working capital surplus[3]			**(160,839)**	(186,507)
Net debt			**593,827**	532,857
Convertible debentures			**11,083**	15,519
Net debt (including debentures)			**604,910**	548,376
Common shares outstanding – end of period			**77,663**	71,601
Weighted average number of shares outstanding – basic			**76,186**	70,844
Weighted average number of shares outstanding – diluted			**76,884**	72,025

Notes:

1 Payout ratio is defined as dividends declared to shareholders divided by distributable cash flow. Payout ratio and distributable cash flow are not standard measures under GAAP. See page 35 for a reconciliation of distributable cash flow to its most closely related GAAP measure.

2 EBITDA is defined as earnings (including unrealized gains/losses from financial contracts relating to the Liquids Business Unit) before interest, taxes, depreciation, amortization, accretion, impairment expenses and any other non-cash items such as gains/losses on the disposal of property, plant and equipment. EBITDA is not a standard measure under GAAP. See section titled “EBITDA” on page 36 of the MD&A for a reconciliation of EBITDA to its most closely related GAAP measure.

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

Message to Shareholders

Continued demand for services in all business segments underpinned Keyera's solid results in 2012. Keyera benefitted from the acquisition of the Alberta EnviroFuels facility in January, and from contribution from several growth projects we have been developing over the past year or two. We were successful in securing a number of new growth projects in 2012 that are now under development and are expected to provide value added services to our customers in the future. These projects, together with other new business opportunities currently under evaluation, are anticipated to provide our shareholders with continued value growth in the future.

EBITDA in 2012 was $326.8 million, 28% higher than in 2011. Net earnings were $130.6 million ($1.71 per share), compared to $135.2 million ($1.91 per share) the previous year. Distributable cash flow was $199.9 million ($2.62 per share) in 2012, compared to $202.2 million ($2.85 per share) in 2011. Distributable cash flow in 2012 was affected by higher maintenance capital costs, primarily due to the extensive turnaround completed in October at Alberta EnviroFuels, weak propane results in the early part of the year and unscheduled repairs at certain facilities.

Effective with the November 2012 dividend that was paid to shareholders on December 17, 2012, we increased our dividend by 5.9% to 18 cents per share per month, or $2.16 per share annually. This was Keyera's tenth dividend increase since going public in 2003, representing a 7.5% compound annual growth rate in dividends per share.

Throughput at our Gathering and Processing plants remained steady in 2012, as producers continued to focus on drilling liquids-rich gas. On a net basis, throughput increased by 9% compared to 2011, largely the result of acquiring additional plant ownership interests and higher throughputs at certain facilities. Remediation costs related to the Cranberry pipeline and repairs made at the Strachan gas plant offset strong performance elsewhere, resulting in operating margin of $150.9 million in 2012, $1.8 million less than the previous year.

The NGL Infrastructure business grew significantly in 2012 due to the addition of Alberta EnviroFuels, higher NGL production in western Canada and growing demand for fractionation, storage and handling services. As a result, activity levels have increased significantly in this segment of our business. Keyera's NGL fractionators operated at full capacity for most of the year, with demand for service exceeding available capacity. Diluent deliveries increased throughout the year at the Alberta Diluent Terminal, where we moved to 24-hour a day operations in the fourth quarter. Demand for storage resulted in higher utilization levels and higher fees. As a result, operating margin for NGL Infrastructure in 2012 was $112.5 million, 63% higher than in 2011.

In our Marketing segment, physical sales of butane and condensate were solid throughout the year and Keyera's crude oil midstream business also delivered good results. Iso-octane markets were strong in 2012 and demand for product was evident in both traditional and new markets across North America. Marketing margins were affected by lower sales of iso-octane due to the scheduled maintenance turnaround at Alberta EnviroFuels in the fall and weak propane results in the first three quarters of the year. Despite these factors, Marketing recorded operating margin of $92.0 million in 2012, 20% higher than in 2011.

Continued producer activity in west central Alberta is driving a number of new initiatives at Keyera's gas plants. Producers continue to seek additional services at the Rimbey gas plant to support active drilling programs in the Glauconite and Duvernay geological zones. Gross throughput at Rimbey averaged 319 million cubic feet per day in the fourth quarter of 2012, up 17% from the same period in 2011, and NGL handling facilities at the plant were running near capacity. In September, we announced that we were constructing a 400 million cubic feet per day turbo expander at Rimbey to extract up to 20,000 barrels per day of ethane, as well as incremental propane, butane and condensate. Supporting the project is a long-term sales agreement with a large ethane consumer in Alberta and a long-term fee-for-service processing agreement with a large producer. Discussions are ongoing regarding the construction of a pipeline to deliver gas to Rimbey from lands west of the plant, where several producers are drilling Duvernay wells.

In the fourth quarter, Keyera purchased a newly constructed producer-built pipeline connected to the Strachan North gathering system and started receiving volumes at the Strachan gas plant. Keyera also entered into an agreement with a producer in the Minnehik Buck Lake area to purchase a pipeline currently under construction. The purchase will occur upon the completion of construction, which is expected in the first half of 2013. A similar agreement is in place to purchase a producer-built pipeline that will connect to the Carlos pipeline. Construction of the pipeline is expected in 2013.

Keyera continues to work on the commercial terms necessary for an expansion of the Simonette gas plant. In the fourth quarter, several multi-national energy companies licensed wells in the lands adjacent to the plant. These new entrants, together with other producers, are targeting the Montney, Duvernay and other zones in the region.

The combination of increased NGL production and continued interest in oil sands developments have resulted in a number of new business opportunities for Keyera. At our facility in Fort Saskatchewan, we are constructing a 30,000 barrel per day de-ethanizer, developing new underground storage caverns and creating a new brine pond to support our storage business. Construction of our rail and truck terminal at South Cheecham is well underway, and we are beginning the refurbishment of the rail and truck terminal in Hull, Texas, that we acquired in late 2012.

With the significant discounts in the price of Canadian crude oils, oil producers are anxious to develop alternate arrangements for delivery of crude oil by rail. We are currently working with these producers to develop rail delivery alternatives using Keyera's logistics expertise, as well as our rail terminals in the Edmonton/Fort Saskatchewan and South Cheecham areas. We believe that we can provide our customers with significant value in this area and have already modified the terminal design at South Cheecham to accommodate additional dilbit loading spots.

We were very pleased with the performance of Alberta EnviroFuels in 2012, and with the interest we have seen from customers interested in acquiring iso-octane. Modifications to our rail loading facility at the Edmonton Terminal to handle iso-octane were completed in December and iso-octane was delivered to the Gulf Coast via rail car in early January 2013. Throughout 2013, our intention is to grow the amount of iso-octane delivered by rail car to augment our existing iso-octane sales to the west coast, which are currently constrained by apportionment on the Kinder Morgan Trans Mountain pipeline.

In 2013, we anticipate growth capital investment, excluding acquisitions, will be between $250 million and $300 million. Given the current projects Keyera already has underway and other opportunities under consideration, if current levels of industry activity are sustained we anticipate that our growth capital investment for the next several years may continue at levels similar to 2013.

In anticipation of the growth opportunities available to us, in December we expanded our unsecured revolving credit facility from $500 million to $750 million, with the potential to increase it to $1 billion. We also extended the term of the facility by a year to December 13, 2016. As of December 31, 2012, only $135 million was drawn on the facility, providing considerable future financing flexibility.

Looking forward, we are encouraged by the number of new initiatives we have underway to provide value added services for our customers. As always, the combination of our customer service mindset, our strategic facilities and our skilled employees has enabled Keyera to provide superior returns to our shareholders.

On behalf of Keyera's directors and management team, thank you for your continued support.

Jim V. Bertram
Chief Executive Officer
Keyera Corp.

DISCLAIMER

Certain statements contained in this document contain forward-looking statements. These statements relate to future events or Keyera's future performance. Such statements are predictions only and actual events or results may differ materially. The use of words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "plan", "intend", "believe", and similar expressions, including the negatives thereof, is intended to identify forward looking statements. All statements other than statements of historical fact contained in this document are forward looking statements.

The forward looking statements reflect management's current beliefs and assumptions with respect to such things as the outlook for general economic trends, industry trends, commodity prices, capital markets, and the governmental, regulatory and legal environment. In some instances, this document may also contain forward-looking statements attributed to third party sources. Management believes that its assumptions and analysis in this document are reasonable and that the expectations reflected in the forward looking statements contained herein are also reasonable. However, Keyera cannot assure readers that these expectations will prove to be correct.

All forward looking statements involve 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 statements. Such factors include but are not limited to: general economic, market and business conditions; access to capital and debt markets; operational matters, including potential hazards inherent in our operations; risks arising from co-ownership of facilities; activities of other facility owners; access to third party facilities, competitive action by other companies; activities of producers and other customers and overall industry activity levels; changes in gas composition; fluctuations in commodity prices and supply/demand trends; processing and marketing margins; effects of weather conditions; availability of construction crews and materials; fluctuations in interest rates and foreign currency exchange rates; changes in operating and capital costs, including fluctuations in input costs; actions by governmental authorities; decisions or approvals of administrative tribunals; changes in environmental and other regulations; reliance on key personnel; competition for, among other things, capital, acquisition opportunities and skilled personnel; changes in tax laws, including the effects that such changes may have on unitholders, and in particular any differential effects relating to unitholder's country of residence; and other factors, many of which are beyond the control of Keyera, some of which are discussed in this document and in Keyera's Annual Information Form dated February 14, 2013 filed on SEDAR and available on the Keyera website at www.keyera.com.

Proposed construction and completion schedules and budgets for capital projects are subject to many variables, including weather; availability and prices of materials; labour; customer project approvals and expected in service dates; regulatory approvals; and macro socio-economic trends. As a result, expected timing, costs and benefits associated with these projects may differ materially from the descriptions in this

Document. Further, some of the projects discussed in this document are subject to securing sufficient producer/customer interest and may not proceed if sufficient commitments are not obtained.

Readers are cautioned that they should not unduly rely on the forward looking statements in this document. Further, readers are cautioned that the forward looking statements in this document speak only as of the date of this document.

Any statements relating to "reserves" are deemed to be forward looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

All forward looking statements contained in this document and accompanying documents are expressly qualified by this cautionary statement. Further information about the factors affecting forward looking statements and management's assumptions and analysis thereof, is available in filings made by Keyera with Canadian provincial securities commissions, which can be viewed on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

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