Capital Power Investor Day
Delivering a Sustainable Future

December 6, 2018
Forward-looking Information

Cautionary Statement

Certain information in today’s presentations and in responses to questions contains forward-looking information. Actual results could differ materially from conclusions, forecasts or projections in the forward-looking information, and certain material factors or assumptions were applied in drawing conclusions or making forecasts or projections as reflected in the forward-looking information.

Please refer to the forward-looking information slides at the end of the presentation and in our disclosure documents filed with securities regulators on SEDAR, which contain additional information about the material factors and risks that could cause actual results to differ materially from the conclusions, forecasts or projections in the forward-looking information and the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information.

The forward-looking information contained in today’s presentations is provided for the purpose of providing information about management’s current expectations and plans relating to the future. Such information may not be appropriate for other purposes.
Executive Leadership Team

Brian Vaasjo
President & Chief Executive Officer

Jacquie Pylypiuk
VP Human Resources

Kate Chisholm
SVP, Chief Legal & Sustainability Officer

Darcy Trufyn
SVP Operations, Engineering & Construction

Bryan DeNeve
SVP Finance & Chief Financial Officer

Mark Zimmerman
SVP Corporate Development & Commercial Services
## Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
<th>Presenter</th>
</tr>
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<tbody>
<tr>
<td>9:00 am</td>
<td>Introduction</td>
<td>Randy Mah</td>
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<tr>
<td></td>
<td>Delivering a Sustainable Future</td>
<td>Brian Vaasjo</td>
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<tr>
<td></td>
<td>Delivering Continued Success</td>
<td>Darcy Trufyn</td>
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<td></td>
<td>Delivering Disciplined Growth</td>
<td>Mark Zimmerman</td>
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<td></td>
<td>Break</td>
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<td></td>
<td>Delivering on Financial Strategy</td>
<td>Bryan DeNeve</td>
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<tr>
<td></td>
<td>Delivering on Sustainability</td>
<td>Kate Chisholm</td>
</tr>
<tr>
<td></td>
<td>2019 Corporate Priorities &amp; Investment Summary</td>
<td>Brian Vaasjo</td>
</tr>
<tr>
<td></td>
<td>Q&amp;A session</td>
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<tr>
<td>11:30 am</td>
<td>Lunch</td>
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</table>
Delivering a Sustainable Future

- Focus creates shareholder value
- Delivering on our focus for 5 years
- Positioned to continue to deliver on shareholder value creation

Brian Vaasjo
President and CEO
How Investors Should Think About Capital Power

Growth-oriented North American power producer

Delivering short and long-term value

Credible, Competent, Creative, & Competitive
Key Industry Trends Support the Sustainability of Capital Power

- Electrification of the economy
- Increase in renewable generation
- Requirement of natural gas

Capital Power is well positioned to deliver long term shareholder value
Our Focus

- AFFO per share
- Renewables / Wind
- Natural gas assets
- Contracted EBITDA
- Diversification
Our Focus

5 Years of Delivering

5-year compounded annual growth of ~14% based on 2019 normalized AFFO\(^{(1)}\)

- Doubled wind facilities to 8 with 854 MW
- Two wind facilities to be added by Q1/20

- 2,800 MW generation capacity nearly quadrupled
- 5 facilities including 4 from acquisitions

- Increased from 58% to 82%

- Adjusted EBITDA from Alberta decreased from 76% to 56%

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1) AFFO is a non-GAAP financial measure
Our Focus

Continue to Deliver in 2019

Continued growth in 2019 with $4.35/share
Dividend guidance to 2021

Two wind facilities underway, added by Q1/20
Two more facilities committed to in 2019

Anticipate acquisition opportunities
Proven competencies to execute

Projected to be 77%

Diversification of Alberta EBITDA to 55%
Delivering Continued Success

- Operations Excellence
- Consistent Successful Growth
- Executing our Transition to Natural Gas

Darcy Trufyn
SVP Operations, Engineering & Construction
Our Sustained Excellence in Operations

Maximizing Asset Output

- Year over year high availability
- Optimization driven by plant specific asset management plans
- Industry leading HSE performance
- Stable sustaining capital costs
- Doing the rights things to maintain high reliability and availability

Fleet Availability

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability</td>
<td>94.0%</td>
<td>94.5%</td>
<td>95.0%</td>
<td>95.5%</td>
<td>96.0%</td>
</tr>
</tbody>
</table>
An Expanding Fleet

Through Seamless Integration of Acquisitions

- Arlington Valley, Arizona – 580 MW
- Decatur Energy Centre, Alabama – 795 MW
- York Energy Centre, Ontario – 50% of 400 MW
- East Windsor Cogen, Ontario – 84 MW

- Successfully integrated
- Performance confirms due diligence assumptions
- Excellent fit with existing operations
- Creating critical mass
Since 2014

✓ Shepard Energy Centre 800 MW (50%) – 2015
✓ K2 Wind 270 MW (33%) – 2015
✓ Beaufort Solar 15 MW – 2015
✓ Bloom Wind 178 MW – 2017
✓ New Frontier 99 MW - 2018
A Robust Development Program

- **New Frontier Wind** (North Dakota)
  - 99 MW
  - 12-year PPA
  - $182M
  - COD in Dec/18

- **Whitla Wind** (Alberta)
  - 201.6 MW (Phase 1)
  - 20-year PPA
  - $315-$325M
  - COD in Dec/19

- **Cardinal Point Wind** (Illinois)
  - 150 MW
  - 12-year PPA
  - $289-$301M
  - COD in Mar/20

- Current projects are all tracking on time and on or under budget
- Internal capacity for several simultaneous projects in various phases of development
# More Cost-effective Competitive Advantages

## In-house Capabilities

<table>
<thead>
<tr>
<th>Construction</th>
<th>Acquisitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Estimating, engineering and</td>
<td>✓ Specialized engineering and operations expertise</td>
</tr>
<tr>
<td>construction expertise</td>
<td>✓ Standardized processes</td>
</tr>
<tr>
<td>✓ Multi-disciplinary project teams for</td>
<td>✓ Flexible tools</td>
</tr>
<tr>
<td>all phases of development</td>
<td></td>
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</tbody>
</table>

## Acquisitions

<table>
<thead>
<tr>
<th>Construction</th>
<th>Acquisitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ North American competitiveness</td>
<td>✓ North American competitiveness</td>
</tr>
<tr>
<td>✓ Flexibility and capability</td>
<td>✓ Capability and expertise</td>
</tr>
<tr>
<td>✓ Continuous improvement</td>
<td>✓ Continuous improvement</td>
</tr>
<tr>
<td>✓ Well managed risk</td>
<td>✓ Well managed risk</td>
</tr>
<tr>
<td>✓ Positive OEM and contractor relations</td>
<td></td>
</tr>
</tbody>
</table>
Opens up Various Avenues for Adding Value

Renewable Operations Center - Expanding responsibilities of our existing energy management centre

**Surveillance and Monitoring**
- On-going remote monitoring
- Weather forecasting
- Security and site control

**Performance and Risk Management**
- Asset Optimization
- Maintenance Management
- Machine learning

**Managing Contractual Commitments**
- OEM agreements
- PPA/PTC requirements
- ISO market rules

• Improve asset availability
• Operating cost reductions

Improve Renewable Asset Yield – up to 5% increase in EBITDA within 5 years
Innovative Programs Developed and Implemented – Genesee Performance Standard (GPS) Program

- Capital upgrades completed on all 3 units
- GHG emission intensity now a 4th KPI for operations
- Major upgrades on Units 1 and 2 in 2019 and 2020
- Units 1 and 2 GHG net emission intensity expected to be equivalent of original supercritical units following upgrade completion
- GPS upgrades are beneficial to plant efficiency regardless of fuel type
Significantly Reduced Carbon Footprint

- Program forecasted to reduce GHGs by 10% with efficiency improvements
- Capital spend reduced from $50M to $35M
- Natural gas co-firing will be used to capture economic opportunity and reduce emissions when possible

*Assumes a $30/tonne carbon compliance cost and baseload operation
Maximize Potential - Genesee

Significant progress in 2018

- Continuing to take advantage of current co-firing capabilities (up to 20%)
- All upgrades continue to maintain full co-firing flexibility
- Full conversion capital cost continues to be refined (approximately $85M for all 3 units)
- Full conversion can be completed within existing planned outage windows
Dual-Fuel Capability

A staged approach to ensure maximal operational flexibility is maintained

- **20% capacity at 3 units**
- **New pipeline 35% capacity at 3 units**
- **Increase 1 unit to 67% capacity**
- **Increase 2 other units to 67% capacity**
- **Increase 1 unit to 100% capacity**
- **Increase 2 other units to 100% capacity**
Key Takeaways

Operations
✓ Sustained Excellence
✓ GPS program benefits accruing
✓ Genesee natural gas co-firing transition flexible and on track

Growth
✓ Continued construction success
✓ Acquired assets meet or exceed expectations
Delivering Disciplined Growth

- Development and Acquisition
- Contracted Wind and Gas
- Disciplined Approach

Mark Zimmerman
SVP Corporate Development & Commercial Services
Sustained and Successful Growth Over the Last 5 Years...

>$3 billion
Total new investments\(^1\)

>$2,700 MW
Increase in total capacity\(^1\)

>$400 million
Additional EBITDA generated annually\(^2\)

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\(^1\) Includes all of the projects listed in the map above, including near-term construction projects

\(^2\) Based on average EBITDA over first three full years of operation/ownership.
By Executing on Development Opportunities

1,044 MW
Total wind & gas energy developed or in development

~$2 billion
In total capital deployed on development (1)

>$255 million
EBITDA annually (2)

10 – 20 years
Contract length for all projects

1) Includes gross amount of capex on tax-equity projects.
2) Based on average of CPC’s share of adjusted EBITDA over first three full years of operation.
And Acquiring High Quality Assets

York Energy Centre, Ontario – 50% of 400 MW
East Windsor Cogen, Ontario – 84 MW
Arlington Valley, Arizona – 580 MW
Decatur Energy Centre, Alabama – 795 MW

1,719 MW
Total wind, gas, & waste heat acquired

~$1.6 billion
In total capital deployed on acquisitions\(^{(1)}\)

>$175 million
EBITDA annually\(^{(2)}\)

6-14 years
Contract life remaining; high probably of re-contracting

1) Before project debt assumed.
2) Based on average of CPC’s share of adjusted EBITDA over first three full years of ownership.
To Strategically Evolve our Portfolio

1) Based on Adjusted EBITDA excluding G&A expenses and including off-coal compensation and finance lease principal payments. 2) AFFO is a non-GAAP financial measure 3) Based on midpoint of the $460M - $510M guidance range.

<table>
<thead>
<tr>
<th>2014</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Generation technology</strong></td>
<td><strong>Contracted capacity</strong></td>
</tr>
<tr>
<td><strong>33% Gas and renewables</strong></td>
<td><strong>58% Contracted</strong></td>
</tr>
<tr>
<td><strong>64% Gas and renewables</strong></td>
<td><strong>77% Contracted</strong></td>
</tr>
</tbody>
</table>

- **Increased cash flow**
- **Greater visibility**
- **Geographic diversification**

Renewables and gas growth
Core Focus Areas

Alberta
Gas and renewables, merchant and contracted

Ontario
Contracted gas and renewables

US South
Contracted gas and renewables

US Midwest
Contracted renewables
Capital Power is Well Positioned in Alberta

Certainty is returning

- Competitive fixed and variable costs
- Maximal capacity volumes due to high availability and strategically located wind assets
- Coal to gas conversion optionality through bid rules
- Potential for good operators to capture more value
- Existing and new assets treated equally
Alberta power prices up materially YoY

Robust demand growth of 3-4% | Natural gas prices expected to stay low

1) Forward prices as of November 27, 2018.
2) Source: AESO and NGX
Our high-quality portfolio and experienced team enable us to achieve *competitive advantages* across the whole value chain in Alberta
Ontario Fundamentals are Enticing...

Flexible facilities are required to ensure system reliability
Additional energy from gas generators will be required to match supply and demand

>3 GW
Nuclear capacity retiring by 2024\(^{(1)}\)

>5 GW
Nuclear capacity undergoing refurbishment through 2029\(^{(1)}\)

>22%
Current system capacity sourced from intermittent renewable sources\(^{(1)}\)

1) Source: IESO 2018 Technical Planning Conference
Demand for US Wind Projects Remains Strong

Supportive state policies, corporate desire for renewables, and an appetite for tax equity partnerships

5.9 GW

Of clean energy purchased by companies through PPA’s in the U.S. in 2018 YTD\(^{(1)}\)

568 TWh/year

Forecasted total RPS demand in 2030, up from 349 TWh/year in 2018\(^{(2)}\)

1) Source: Bloomberg New Energy Finance New Energy Corporate Deal Tracker
2) Source: Bloomberg New Energy Finance RPS Demand Dataset
Gas Generation Remains a Key Long-term Solution

Intermittent renewables require baseload and flexible generation for integration

Electrical Generating Capacity Outlook

1) EIA 2018 Outlook, Electrical Generating Capacity, Reference Case
2) “Gas” includes “Combined Cycle” and “Combustion Turbine/Diesel” categories
3) “Storage” includes “Pumped Storage,” “Diurnal Storage,” and “Fuel Cells” categories
The **advantages** we enjoy in Alberta allow us to succeed in other jurisdictions
We Will Continue to Power a Sustainable Future

- **Near-Term or In-Construction**
  - Genesee Expansion
  - CBEC Expansion
  - New Frontier
  - Klo Wind
  - Klo Wind 2
  - Clayton Wind
  - Green Hills
  - Tisch Mills
  - North Dumfries
  - Black Fork
  - Arlington Expansion
  - Arlington Expansion 2
  - Terrace Thermal

- **In development**
  - Halkirk 2
  - Halkirk 3
  - Whitla 2
  - Whitla 3
  - Madoc Solar
  - YEC Expansion

**Potential Developments**

- **>2,000 MW**
  - Potential Wind Developments

- **>3,500 MW**
  - Potential Gas Developments

- **>250 MW**
  - Potential Solar Developments
Balanced and Disciplined Approach

We will continue to augment our portfolio with the right assets as they come to market.

Return expectations adjusted for projects’ characteristics
Case Studies on Growth Activities
Element Power: Delivering Value After Acquisition

Bought Element Power portfolio in 2014 for US$69 million\(^{(1)}\)

Created Opportunity

**Full PTC**
Preserved full Production Tax Credit (PTC) qualification with construction of project-specific transformers

Enhanced Economics

**12-year**
Secured fixed-price contracts at New Frontier and Cardinal Point enabling the optimization of tax equity

Delivered Value

**$515 M**
Capital Expenditures for Beaufort Solar, New Frontier, and Cardinal Point\(^{(2)}\)

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1) Including US$52 million of project financing
2) Actual or projected capital expenditures
## Recent Gas Acquisitions: Disciplined Deployment of Capital

Initial expected returns vary based on specific opportunity characteristics

<table>
<thead>
<tr>
<th>Facility</th>
<th>Contract Expiry</th>
<th>Market Fundamentals</th>
<th>AFFO Accretion(^{(1)})</th>
<th>Financial Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Windsor</td>
<td>2029</td>
<td>Bullish</td>
<td>$0.25/shr</td>
<td></td>
</tr>
<tr>
<td>York</td>
<td>2032</td>
<td>Bullish</td>
<td>$0.25/shr</td>
<td></td>
</tr>
<tr>
<td>BC Waste Heat</td>
<td>2029</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decatur</td>
<td>2022</td>
<td>Bullish</td>
<td>$0.18/shr</td>
<td></td>
</tr>
<tr>
<td>Arlington Valley</td>
<td>2025</td>
<td>Bullish</td>
<td>$0.22/shr</td>
<td></td>
</tr>
</tbody>
</table>

1) Projections from respective Capital Power news releases
A Strong Past, a Stronger Future

Continue to decrease risk and increase cash flows

<table>
<thead>
<tr>
<th>Renewables and Gas growth</th>
<th>Greater certainty</th>
<th>Average contract life</th>
<th>Geographical diversification</th>
<th>AFFO per share CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>&gt;67% Contracted</td>
<td>&gt;10 Years</td>
<td>&lt;40% Alberta</td>
<td>~9% CAGR</td>
</tr>
</tbody>
</table>

Expectations for 2030
Delivering on Financial Strategy

- Synchronized financial and growth strategies
- AFFO growth supports dividend growth
- Capacity to fund growth without accessing equity
- Ability to capture higher Alberta power prices above baseload hedges
- Expected share price growth driven by dividend growth and risk reduction

Bryan DeNeve
SVP Finance and CFO
Overview of Financial Strategy

- Ensure 7% annual dividend growth
- Maintain investment grade credit rating
- Manage financing risk
- Ensure economic discipline in growth

- Annual 7% dividend growth within long term AFFO payout ratio target of 45% to 55%
- Provide dividend stability through contracted cash flow profile
- Maintain competitive cost of capital
- Ensure access to capital markets through business cycles
- Provides stability to the dividend
- Properly laddered debt maturities
- Effective management of interest rate, foreign exchange and counterparty risk
- Adherence to target return expectation
- Supports target AFFO per share growth

Ensure economic discipline in growth

- Provide dividend stability through contracted cash flow profile
Prudent Capital Allocation

• Balanced focus between dividend growth and asset growth based on target AFFO payout ratio of 45% to 55%
• Dividend growth provides certainty in returns for investors
• Share buybacks are considered during periods of limited asset growth opportunities.
• Purchased 2.9 million shares at a total cost of $72M YTD under NCIB
**AFFO for 2019**

Higher Alberta power prices and AFFO from Arlington and New Frontier offset K2 divestiture

17% year-over-year AFFO growth after normalizing for 2019 Arlington toll

1) Non-recurring component of 2019 Arlington Valley toll payment.
AFFO\textsuperscript{(1)} Guidance

- 2018 revised guidance range is $390 to $410M
- 2019 guidance range is $460 to $510M

1) AFFO is a non-GAAP financial measure.
AFFO\textsuperscript{(1,2)} Continues to Support Dividend Growth

Discretionary cash flow is forecast to be $295M in 2019

Long-term AFFO payout ratio target is 45-55%

1) AFFO is a non-GAAP financial measure. 2) Historical AFFO figures restated using Adjusted AFFO (2018 method). 3) Includes cash dividends, dividends retained under DRIP, and distributions to EPCOR. 4) 2019 represents midpoint of $460 - $510M guidance range.
Growing AFFO\(^{(1,3)}\)/Share

1) Represents Adjusted FFO (2018 method), less the portion allocated to the non-controlling interest (calculated consistent with the proportion of income and distributions allocated to the non-controlling interest in each period). Commencing in 2016, there is no longer a non-controlling interest, therefore, for 2016 onward this metric reflects adjusted FFO (2018 method).


3) 2019 is based on midpoint of $460M - $510M guidance range.
Young Fleet With Long Asset Lives

Average age 14 years\(^{(1)}\)

- Only 3% of current generation portfolio is expected to retire in the next decade
- Generation fleet will become even younger with additions of New Frontier Wind, Whitla Wind, and Cardinal Point by March 2020

\(^{(1)}\) Megawatt-weighted average.
High Level of Average Contracted Life

Average PPA term remaining

0 5 10 15 20

11 years\(^{(1,2)}\)

Island Generation
Decatur Energy
Arlington
Kingsbridge I
Bloom Wind
Savona
150 Mile House
East Windsor
Coal compensation
Beaufort Solar
New Frontier
Macho Springs
Cardinal Point
York Energy
Halkirk Wind
PDN Wind
Shepard
Quality Wind
Whitla

2019 2020 2021

Forecast average PPA term remaining\(^{(2,4)}\)

1) As at December 2018, based on 2018 target Adjusted EBITDA.
2) EBITDA-weighted average, includes Off-Coal Agreement with the Province of Alberta and excludes Genesee 1 & 2, Southport and Roxboro PPAs.
3) Currently undergoing re-contracting negotiations
4) Forecast average PPA terms include anticipated successful re-contracting at Island Generation and Decatur Energy.
EBITDA From New Assets has Supported Dividend Growth\(^{(1-5)}\)

1) Margins have been averaged over the periods except in the year of commissioning/acquisition. 2) Capital Power’s share of adjusted EBITDA for all assets. Adjusted EBITDA is a non-GAAP measure. 3) Includes both merchant and contracted components of Shepard and Halkirk. The merchant components include contributions from trading activity attributable to the plants’ production. 4) Includes finance lease principal payments for 2012 – 2018. 5) Includes gross capex from tax-equity investments.

Growth capex since 2012 averages \(\sim\)$500M\(^{(5)}\) per annum.
Dividend Guidance Extended to 2021

Annualized dividend per share\(^{(1,2)}\)

Target long-term annual AFFO payout ratio of 45-55%

Delivering consistent annual dividend growth should result in EBITDA multiple expansion

1) Subject to market conditions, economic outlook, cash flow forecast, and Board approval at the time.
2) 2013 to 2018 annualized dividend based on year-end quarterly common shares dividend declared.
Asset Growth Supports New Dividend Guidance

• Since the last dividend guidance in July 2017, have crystalized additional contracted growth with the New Frontier, Whitla 1 and Cardinal Point projects. Arlington has been offset by the K2 Wind divestiture.

• Projects are being built without having to access the equity market

• These growth projects produce annual AFFO of $37M on a deemed capital structure basis which is a 9% increase in AFFO per share since there is no need to access the equity market

• Dividend increase also supported by long term stability of the existing business

• Forecast AFFO payout ratio in 2021 remains within our long term target of 45% to 55%

• Achieving $500M committed capital for growth in 2019 would support a dividend increase in 2022
Discretionary Cash Flow Supports Dividend Growth Target\(^{(1)}\)

**$500M**  
Capital

**$50M**  
EBITDA

**$36M\(^{(2)}\)**  
AFFO

**8.1%**  
AFFO/share Growth

**7%**  
Dividend Growth

**AFFO growth from discretionary cash flow covers 7% annual dividend growth without dilution to existing shareholders**

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1) Assumes a 10x EBITDA multiple and a capital structure of 50% DCF, and 50% debt issued at 7 year indicative rate of 4.8%. AFFO growth is compared to the 2019 target midpoint of $445M, normalized for non-recurring component of Arlington Valley toll.

2) AFFO includes a reduction of $2M from expected maintenance CAPEX.
# Cash Flow and Financing Outlook

**Sufficient funding for current growth projects**

<table>
<thead>
<tr>
<th>Sources of cash flow</th>
<th>2019T ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds from operations(^{(3)}) + off-coal compensation</td>
<td>$615</td>
</tr>
<tr>
<td>Proceeds from disposal of K2 Wind</td>
<td>$215</td>
</tr>
<tr>
<td>Debt issuances</td>
<td>$650</td>
</tr>
<tr>
<td></td>
<td><strong>$1,480</strong></td>
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</tbody>
</table>

### Uses of cash flow

<table>
<thead>
<tr>
<th>Uses of cash flow</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends (common &amp; preferred shares)</td>
<td>($235)</td>
</tr>
<tr>
<td>Debt repayment(^{(1)})</td>
<td>($525)</td>
</tr>
<tr>
<td>Genesee Performance Standard(^{(2)})</td>
<td>($15)</td>
</tr>
<tr>
<td>Enhancement capex</td>
<td>($25)</td>
</tr>
<tr>
<td>Sustaining and maintenance capex</td>
<td>($85)</td>
</tr>
<tr>
<td>Development capex – Whitla &amp; Cardinal Point</td>
<td>($515)</td>
</tr>
<tr>
<td></td>
<td><strong>($1,400)</strong></td>
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</tbody>
</table>

| Surplus                                                   | **$80**   |

---

1) Excludes debt repayments to tax equity investor & equity accounted investment debt repayments. Includes principal payments on finance lease payables.
2) Genesee Performance Standard (GPS) is a program to reduce CO2 and improve coal plant efficiency. Total program costs of ~$35M.
3) Funds from operations (FFO) is a is a non-GAAP financial measure.
## Portfolio Optimization

### AB commercial portfolio positions

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>% sold forward&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>73%</td>
<td>31%</td>
<td>1%</td>
</tr>
<tr>
<td>Contracted prices&lt;sup&gt;(2)&lt;/sup&gt; ($/MWh)</td>
<td>Low-$50</td>
<td>Low-$50</td>
<td>Low-$70&lt;sup&gt;(3)&lt;/sup&gt;</td>
</tr>
<tr>
<td>Forward prices&lt;sup&gt;(4)&lt;/sup&gt; ($/MWh)</td>
<td>$56</td>
<td>$46</td>
<td>$45</td>
</tr>
<tr>
<td>EBITDA sensitivity to a $5/MWh change in spot prices&lt;sup&gt;(5)&lt;/sup&gt; ($M)</td>
<td>$16</td>
<td>$28</td>
<td>$67</td>
</tr>
</tbody>
</table>

Nearly 500 MW (gas peaking, wind) available to capture the upside from low natural gas prices, higher power prices, and price volatility.

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1. Based on the Alberta baseload plants plus a portion of Joffre and the uncontracted portion of Shepard.
2. Forecasted average contracted prices may differ significantly from future average realized prices as future realized prices are driven by a combination of previously contracted prices and settled prices.
3. Average contract pricing on net 2021 position is abnormally high due to low net volume sold forward where gross sales were transacted at higher prices than gross purchases.
5. Includes both baseload and non baseload positions.
Financial Strength
Strong balance sheet and commitment to investment grade credit ratings

- Strong liquidity from cash flow from operations and $1B of committed credit facilities with 5-year tenor
- Strong financial metrics that exceed rating agency thresholds for existing ratings

**Within S&P financial criteria for current rating**

**Within DBRS financial criteria for current rating**

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1) Cash flow and adjusted EBITDA amounts include off-coal compensation.
2) Based on S&P’s weighted average ratings methodology.
4) AFFO and Adjusted EBITDA are non-GAAP financial measures. See “Non-GAAP financial measures”.

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<table>
<thead>
<tr>
<th>Agency</th>
<th>Ratings</th>
<th>Outlook</th>
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<tbody>
<tr>
<td>S&amp;P</td>
<td>BBB- / P-3</td>
<td>Stable</td>
</tr>
<tr>
<td>DBRS</td>
<td>BBB(low) / Pfd-3 (low)</td>
<td>Stable</td>
</tr>
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</table>
Modeling Guidance for New Frontier

- Main difference between EBITDA and cash flow is driven by the accounting of the production tax credits (PTCs) and tax depreciation credits allocated to the TEI prior to the flip-date.

- Cash flows increase after 2030 as hedge expires and higher merchant pricing is captured.
Sustainability and Dividend Growth

Dividend yield

Alberta Government announces Climate Leadership Plan
Coal compensation announced

Long-term average of 6%

Dividend yield closer to historic 5-6% range with recovery in Alberta power prices and more clarity on capacity market design

Alberta Election
Key Takeaways

• Growth in AFFO per share has and will continue to support 7% annual dividend growth

• Financial capacity in 2019 to fund $500M growth without accessing equity market

• In addition to hedges on 700 MW of baseload generation, have ability to capture upside from higher Alberta power prices or price volatility from 340 MW of peaking gas and 150 MW of wind

• Share price growth expected to be driven by 7% dividend growth, further improvement in Alberta certainty, and diversification
Delivering on Sustainability

- Strategically Delivering Sustainable Returns
- Shifting Our Fuel Mix to Deliver Sustainable Results
- Delivering A Reliable & Low Carbon Future

Kate Chisholm
SVP, Chief Legal & Sustainability Officer
Sustainability

• Background & Context
• Early Results
• Sustainability Strategy
• Next Steps
Shifting Our Fuel Mix to Deliver Sustainable Results

- **2013 – 2,660 MW**
  - Renewables: 20%
  - Natural Gas: 27%
  - Coal: 53%

- **2018 – 5,075 MW**
  - Renewables: 17%
  - Natural Gas: 55%
  - Coal: 28%

Growth in natural gas and wind assets has resulted in a significant decline in coal as a fuel type.
Delivering a Reliable and Low Carbon Future

Historically – Coal

• **2007-2017**: Continue to participate with Canadian Clean Power Coalition (CCPC) studies on Carbon Capture Options
• **2008 -2012**: Four CCS projects on coal units

Today – Natural Gas

• Participating in Cosia Carbon X Prize for developing carbon products from slip NGCC flue gas stream at Shepard Energy Center
• Equity investment in C2CNT Project for CO2 conversion to Carbon Nanotubes
Strategically Delivering Sustainable Returns

1. Innovation & Continuous Improvement
2. Becoming Responsibly Future-Ready Via Emission Reductions
3. Sustaining Leadership in Wind Development
Sustainability & Integrated Reporting Milestones

• Mandated Board Oversight
• C-Suite Chief Compliance Officer
• TCFD Compliance in 2018 Annual Report
• Fully Integrated Report in 2019 Annual Report
2019 Corporate Priorities and Investment Summary

Brian Vaasjo
President and CEO
Operational Targets

Deliver strong operational performance from a young, well-maintained generation fleet

<table>
<thead>
<tr>
<th>95%</th>
<th>Capacity-weighted average plant availability</th>
</tr>
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<tbody>
<tr>
<td>$80 - $90M</td>
<td>Sustaining maintenance capex</td>
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</tbody>
</table>
Growth from Development and Construction Projects

• Complete Whitla Wind on time and on budget for commercial operations in Dec/19
• Continue construction of Cardinal Point for commercial operations in Mar/20
• Committed capital of $500 million for contracted growth
Financial Targets

2019 Key Assumptions

• Based on 70% of the Alberta Commercial baseload generation sold forward at an average contracted price in the low-$50/MWh range
• Excludes any impacts from $500M of committed capital for growth

1) AFFO is a non-GAAP financial measure
How Investors Should Think About Capital Power

Attractive investment opportunity

• Delivering on or exceeding 2018 targets
• Excellent 2019 outlook with strong financial targets, normalized 2019 AFFO up 17%
• Stability returned to Alberta power market
• Proven track record and guidance for sustainable dividend growth
• Dividend yield improvement is still expected
• Growth target of $500M committed capital for contracted opportunities
• Excellent long term outlook

2019 targets and expectations consistent with what we have been delivering for the past 5 years
Non-GAAP Financial Measures

The Company uses (i) earnings before net finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange gains or losses, finance expense and depreciation expense from its joint venture interests, gains or losses on disposals and unrealized changes in fair value of commodity derivatives and emission credits (adjusted EBITDA), (ii) AFFO, (iii) AFFO per share (iv) normalized earnings attributable to common shareholders, and (v) normalized earnings per share as financial performance measures.

These terms are not defined financial measures according to GAAP and do not have standardized meanings prescribed by GAAP and, therefore, are unlikely to be comparable to similar measures used by other enterprises. These measures should not be considered alternatives to net income, net income attributable to shareholders of the Company, net cash flows from operating activities or other measures of financial performance calculated in accordance with GAAP. Rather, these measures are provided to complement GAAP measures in the analysis of the Company’s results of operations from management’s perspective.

Commencing with the Company’s March 31, 2019 quarter-end, adjusted EBITDA will exclude unrealized changes in fair value of commodity derivatives and emission credits which were previously included in adjusted EBITDA. This change has been made to better align the Company’s measure of adjusted EBITDA with its other non-GAAP measures, as both the AFFO and the normalized earnings per share measures exclude the impacts of unrealized changes in fair value of commodity derivatives and emission credits. This change will also result in period over period adjusted EBITDA being more comparable.
Forward-looking Information

Forward-looking information or statements in this presentation and in responses to questions are provided to inform the Company’s shareholders and potential investors about management’s assessment of Capital Power’s future plans and operations. This information may not be appropriate for other purposes. The forward-looking information is generally identified by words such as will, anticipate, believe, plan, intend, target, and expect or similar words that suggest future outcomes.

Material forward-looking information includes disclosures regarding: (i) 2019 plant availability, (ii) 2019 sustaining capital expenditures, (iii) securing of new development projects, (iv) future additional committed capital for growth, (v) expected completion dates and costs compared to budget for ongoing development projects, (vi) future AFFO, AFFO per share and expected increases in those metrics, (vii) 2019 adjusted EBITDA, and (viii) future dividend growth.

These statements are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate. The material factors and assumptions used to develop these forward-looking statements relate to: (i) electricity, other energy and carbon prices, (ii) anticipated facility performance, (iii) business prospects (including potential re-contracting opportunities) and opportunities including expected growth and capital projects, (iv) status of and impact of policy, legislation and regulations, and (v) effective tax rates.

Whether actual results, performance or achievements will conform to the Company’s expectations and predictions is subject to a number of known and unknown risks and uncertainties which could cause actual results and experience to differ materially from the Company’s expectations. Such material risks and uncertainties are: (i) changes in electricity prices in markets in which the Company operates, (ii) changes in energy commodity market prices and use of derivatives, (iii) regulatory and political environments including changes to environmental, financial reporting, market structure and tax legislation, (iv) facility availability and performance including maintenance of equipment, (v) ability to fund current and future capital and working capital needs, (vi) developments including timing and costs of regulatory approvals and construction, (vii) changes in market prices and availability of fuel, and (viii) changes in general economic and competitive conditions. See Risks and Risk Management in the Company’s Management’s Discussion and Analysis for the year ended December 31, 2017, prepared as of February 15, 2018, for further discussion of these and other risks.

Readers are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the specified approval date. The Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in the Company’s expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.
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