

Q1/21 Analyst Conference Call

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Capital 
Power

RESPONSIBLE ENERGY
FOR TOMORROW



Forward-looking information

Cautionary statement

Certain information in this presentation and responses to questions contains forward-looking information. Actual results could differ materially from conclusions, forecasts or projections in the forward-looking information as a result of certain material factors or assumptions that were applied in drawing conclusions or making forecasts or projections as reflected in the forward-looking information.

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 are disclosed on slide 12 of this presentation and in the Company's first quarter 2021 Management's Discussion and Analysis (MD&A) prepared as of April 29, 2021 which is available under the Company's profile on SEDAR at [sedar.com](https://www.sedar.com) and on the Company's website at [capitalpower.com](https://www.capitalpower.com).



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) adjusted funds from operations, (iii) adjusted funds from operations 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.

Reconciliations of these non-GAAP financial measures are disclosed in the Company's Management's Discussion and Analysis prepared as of April 29, 2021 for the first quarter of 2021, which is available under the Company's profile on SEDAR at [SEDAR.com](https://www.sedar.com) and on the Company's website at [capitalpower.com](https://www.capitalpower.com).





Q1/21 highlights and outlook

- Strong Q1 results – exceeded management’s expectations
- Quarterly results confirm Alberta power market is robust
 - First quarter where all generation dispatched by commercial market participants following expiry of the Balancing Pool PPAs
- 15-year renewable energy agreement with Labatt Brewing Company Ltd. of Canada for Enchant Solar
- 2021 forecast expected to be modestly above top end of annual financial guidance range driven by higher Alberta forward prices
- Solid progress on ~\$1.7B in growth projects
- Evolving outlook for further CO₂ reductions



Innovative partnership with Labatt for Enchant Solar project

- 15-year renewable energy agreement for sale of electricity and renewable energy credits (RECs), executed in April 2021
- Virtual PPA for 51% of the electricity from Enchant Solar covers all electricity for Labatt Canadian operations
- RECs $\frac{1}{4}$ direct from Enchant Solar and $\frac{3}{4}$ Capital Power-sourced from Eastern Canada to closely align with Labatt operations footprint
- Original annual average \$11M adjusted EBITDA and \$12M AFFO estimate for first 5 years reasonable with upside from higher value of RECs

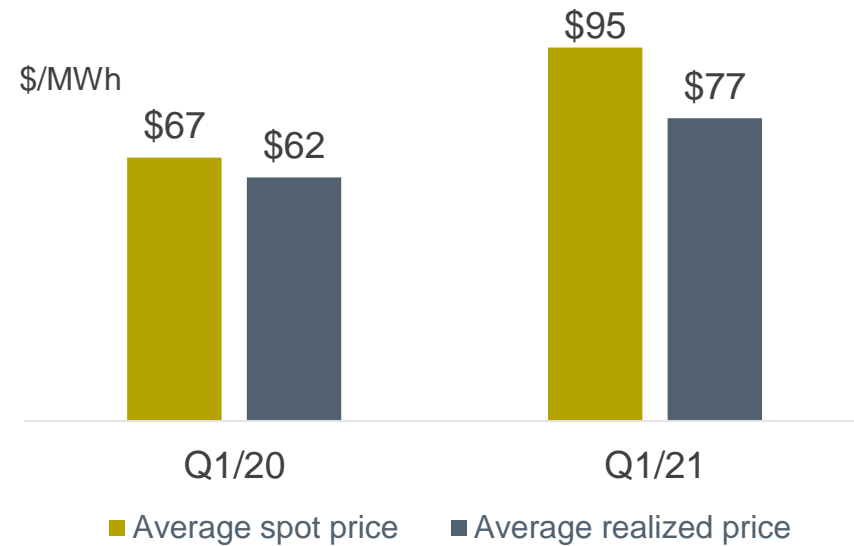


Agreement strengthens contracted cash flows, extends average contract life and supports low-carbon economy



Robustness of Alberta power market

- Extreme cold temperatures in February set new daily record for demand and contributed to high average power price of \$95/MWh in Q1/21
- Milder temperatures in January & March resulted in lower demand and lower generation
- 2021 forward prices have steadily increased during the year; currently at \$79/MWh



24% higher realized price of \$77/MWh compared to \$62 in Q1/20

AB hedged positions	2022	2023	2024
% sold forward ⁽¹⁾	30%	24%	10%
Contracted prices ⁽¹⁾ (\$/MWh)	Mid-\$50	Mid-\$50	Mid-\$50
Current forward prices ⁽²⁾ (\$/MWh)	\$63	\$54	\$51

1) As of March 31, 2021. Based on the Alberta baseload facilities plus a portion of Joffre and the uncontracted portion of Shepard.

2) As of April 29, 2021.



Q1/21 financial performance

Double-digit increases in key financial metrics

\$M, except per share amounts	Q1/21	Q1/20	Change
Revenues and other income	\$554	\$533	4%
Adjusted EBITDA	\$303	\$234	29%
Basic earnings (loss) per share	\$0.83	(\$0.11)	855%
Normalized EPS	\$0.64	\$0.27	137%
Net cash flows from operating activities	\$206	\$103	100%
AFFO ⁽¹⁾	\$159	\$118	35%
AFFO per share	\$1.49	\$1.12	33%

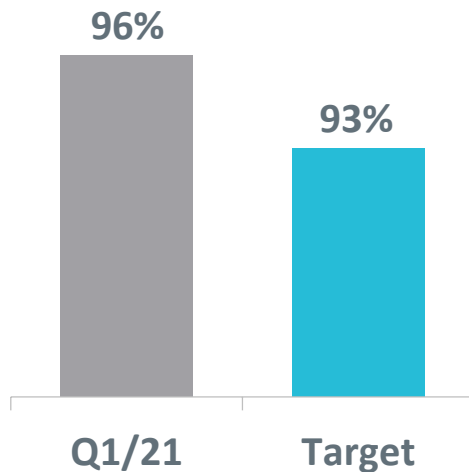
- \$8M net impact to adjusted EBITDA and AFFO for Buckthorn Wind related to the U.S. storm
- \$6M contribution from portfolio optimization trading activities during peak days of storm
- AB commercial facilities benefitted from higher realized power price of \$77/MWh compared to \$62/MWh in Q1/20
- U.S. contracted facilities reflect full quarter contributions from Buckthorn Wind (acquired Apr 1/20) and Cardinal Point (COD Mar 16/20)
- Lower net corporate expenses due to accelerated recognition of coal compensation revenue

1) Q1/21 results includes a cash outflow of \$6M related to the Line Loss Rule Proceeding.

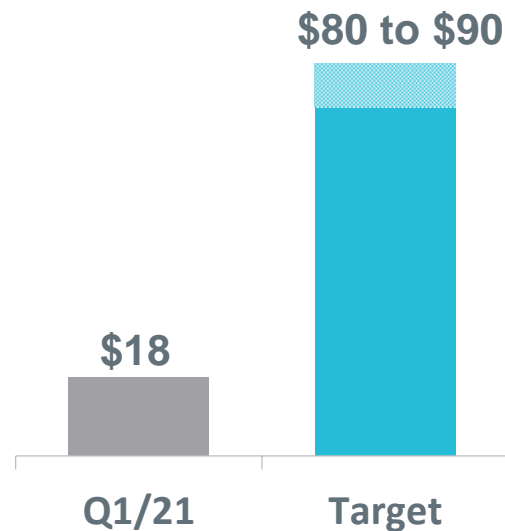


Q1/21 performance versus 2021 annual targets

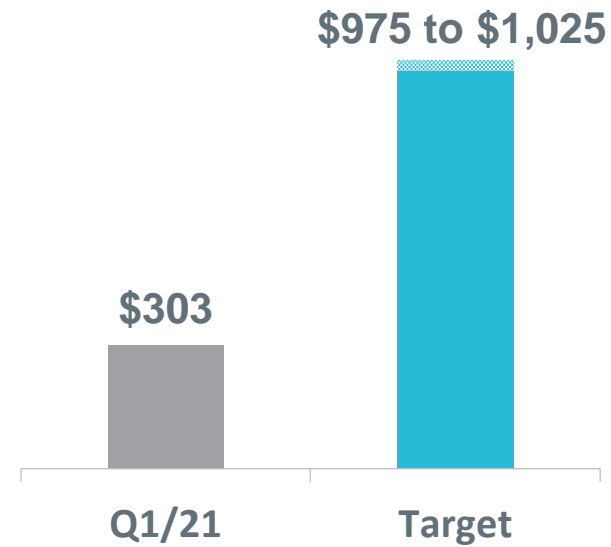
Facility availability



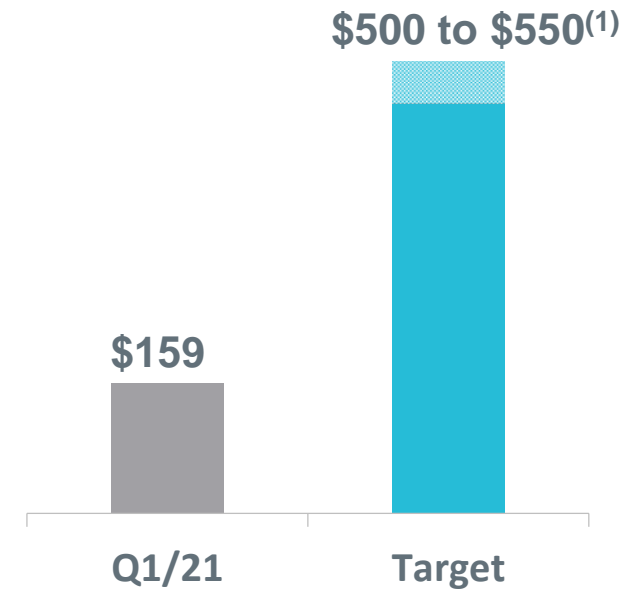
Sustaining capex (\$M)



Adjusted EBITDA (\$M)



AFFO (\$M)



Annual adjusted EBITDA and AFFO expected to be modestly above top end of guidance ranges

1) AFFO target excludes impact from the Line Loss Rule (LLR) Proceeding. Q1/21 results includes a cash outflow of \$6M related to LLR Proceeding.





2021 execution progress

- **7 renewable projects** on-budget and on-time with commercial operations targeted from Q4/21 to Q4/22
- **Repowering of Genesee 1 and 2** proceeds on-budget and targeted for 2023 and 2024
- **\$500 million** committed capital for growth

Continued progress being made on all renewable projects



Advancing CO₂ reduction initiatives

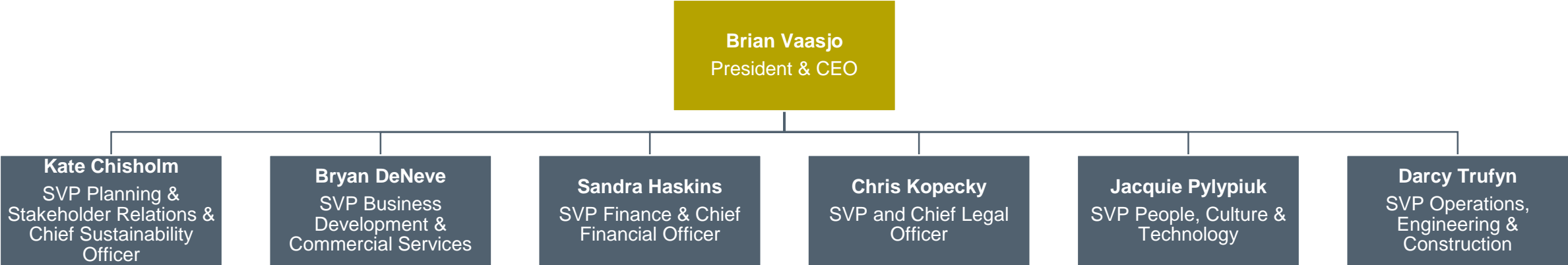
- Carbon Corp (C2CNT) won the NRG COSIA Carbon X-Factor award – technology to be applied at Genesee Carbon Conversion Centre (GC³)
 - 1 of 2 Canadian companies honoured for “creating excellent products”
- Development and marketing of GC³ underway; expected to be operational in mid-2022
 - Will utilize carbon nanotubes and emissions from Genesee 3
- Developing plans to apply CCUS technology at Genesee 1&2
 - Emerging Federal and Provincial funding supports expansion of CCUS applications
 - Set to reduce emissions by 3 million tonnes annually

CCUS initiatives support a low-carbon energy future



Succession planning and flexibility results in seamless transition

- Darcy Trufyn (SVP Operations, Engineering & Construction) will be retiring end of June 2021 after 12 years with Capital Power
- Steve Owens (VP Construction) promoted to SVP Construction & Engineering
- Changes in responsibilities for Bryan DeNeve and Chris Kopecky



Executive changes effective June 1, 2021



Forward-looking information

Forward-looking information or statements included in this presentation 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 in this presentation 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 in this presentation includes expectations regarding:

- our 2021 performance targets and current period updates to our expectations, including for facility availability, sustaining capital expenditures, adjusted funds from operations (AFFO) and adjusted EBITDA;
- our company-wide targets specific to climate-related performance, including reduction of emissions and emissions intensity, repowering of Genesee 1 and Genesee 2, completion of the Genesee Carbon Conversion Centre, commercial application of carbon conversion technologies and plans to be off coal in 2023;
- future revenues, expenses, earnings, adjusted EBITDA and AFFO;
- the future pricing of electricity and market fundamentals in existing and target markets;
- future dividend growth;
- the Company's future cash requirements including interest and principal repayments, capital expenditures, dividends and distributions;
- the Company's sources of funding, adequacy and availability of committed bank credit facilities and future borrowings;
- the timing and costs for development projects (including the repowering of Genesee 1 and 2, phases 2 and 3 of Whitla Wind, Strathmore Solar, Bear Branch Solar, Hornet Solar, Hunter's Cove Solar and Enchant Solar);
- facility availability and planned outages;
- capital expenditures for facility maintenance and other (sustaining capital, future growth projects, commercial initiatives);
- the impact of market designs on the Company's core markets;
- matters related to the LLR Proceeding including timing of payments to the AESO and recovery from appropriate parties and potential impacts to the Company arising from the foregoing;
- the resolution of the pricing dispute on the Buckthorn Wind offtake and commodity swaps; and
- the impact of the COVID-19 pandemic.

These statements are based on certain assumptions and analyses made by the Company considering its experience and perception of historical and future trends, current conditions, expected future developments, and other factors it believes are appropriate including its review of purchased businesses and assets. The material factors and assumptions used to develop these forward-looking statements relate to:

- electricity and other energy prices and carbon prices;
- performance;

- business prospects (including potential re-contracting of facilities) and opportunities including expected growth and capital projects;
- status of and impact of policy, legislation and regulations;
- effective tax rates;
- the development and performance of technology;
- foreign exchange rates;
- matters relating to the LLR Proceeding, including the timing of payments to the AESO and recovery from appropriate parties; and
- other matters discussed under the Performance Overview, Outlook and Risks and Risk Management sections.

Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to several 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 include:

- changes in electricity, natural gas and carbon prices in markets in which the Company operates and the use of derivatives;
- regulatory and political environments including changes to environmental, climate, financial reporting, market structure and tax legislation;
- generation facility availability, wind capacity factor and performance including maintenance expenditures;
- ability to fund current and future capital and working capital needs;
- acquisitions and developments including timing and costs of regulatory approvals and construction;
- changes in the availability of fuel;
- ability to realize the anticipated benefits of acquisitions;
- limitations inherent in the Company's review of acquired assets;
- changes in general economic and competitive conditions;
- changes in the performance and cost of technologies and the development of new technologies, new energy efficient products, services and programs; and
- risks and uncertainties discussed under the Risks and Risk Management section.

See Risks and Risk Management in the Company's 2020 Integrated Annual Report and Risks and Risk Management, 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 date made. 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.



Questions?

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