

A large wind turbine stands prominently in the foreground on the left, its three blades reaching towards a vibrant sunset sky. The sun is partially obscured by clouds, casting a warm, golden glow. In the distance, several other wind turbines are visible on the horizon. The foreground is a lush green field.

# Q2/21 Analyst Conference Call

**Brian Vaasjo**, President & CEO  
**Sandra Haskins**, SVP Finance & CFO

July 30, 2021

**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 14 of this presentation and in the Company's second quarter 2021 Management's Discussion and Analysis (MD&A) prepared as of July 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 (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.

Reconciliations of these non-GAAP financial measures are disclosed in the Company's Management's Discussion and Analysis prepared as of July 29, 2021 for the second 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://capitalpower.com).





## Q2/21 highlights and outlook

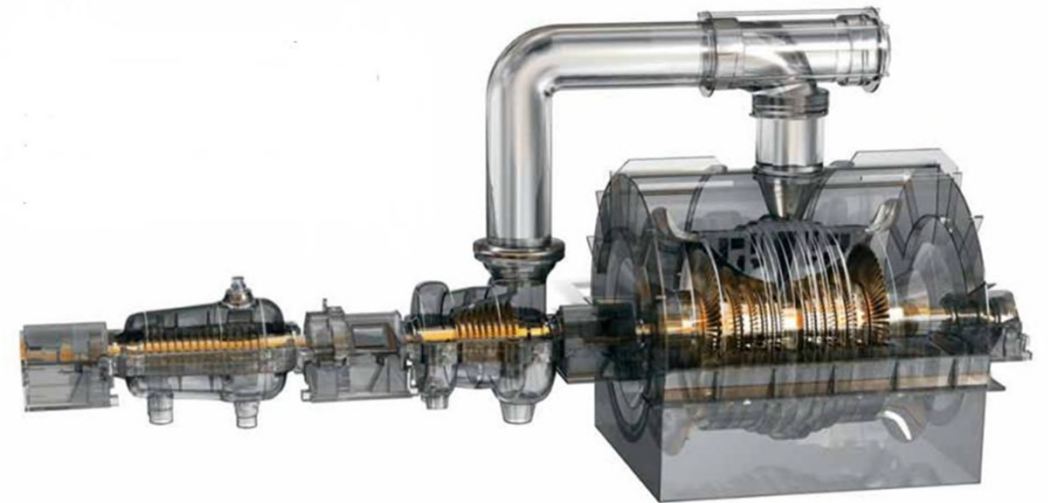
- Strong Q2 results – significantly exceeded management's expectations
- Alberta power market continues to be robust with positive outlook
- Updated 2021 financial guidance with ranges above the top end of original targets despite Genesee 2 forced outage that started in mid-July
- ~7% dividend increase effective with Q3/21 dividend
- Solid progress on ~\$1.7B in growth projects
- Advancing CO<sub>2</sub> reduction initiatives
  - CCUS – significant government support; development going very well
  - Genesee Carbon Conversion Centre continuing commercial investigation; approval expected later this year



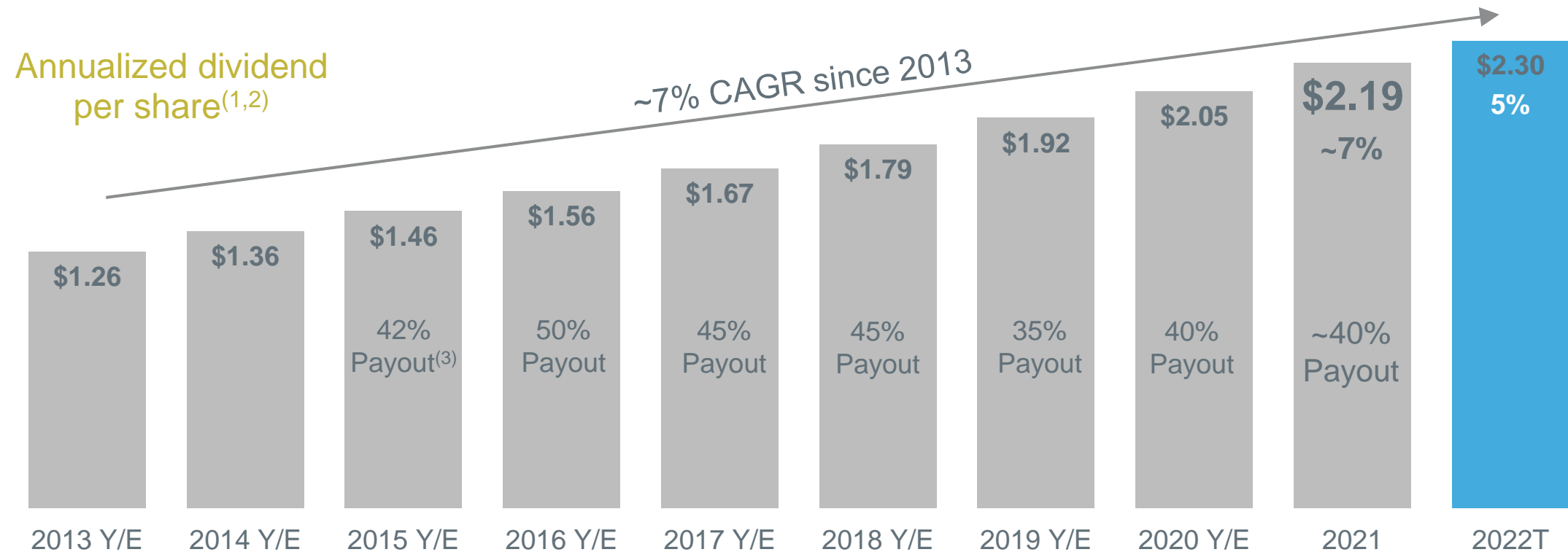


# Genesee 2 forced outage

- Generator failure in mid-July
- Outage expected to last 6 weeks with return to operations in Q3/21
- Utilizing Clover Bar Energy Centre to partially mitigate the Genesee 2 impact
- Opportunity to advance scheduled future work
  - Eliminates need for 3-week planned outage in Oct/21



# Solid track record with 8<sup>th</sup> year of stable dividend growth



***Payout ratio continues to be below target range of 45% to 55%***

1) Subject to market conditions, economic outlook, cash flow forecast, and Board approval at the time.

2) 2013 to 2021 annualized dividend based on year-end quarterly common shares dividend declared.

3) Dividend payout ratio based on dividends declared per year as a percentage of AFFO per share.



# Recontracting of Island Generation

- BC Hydro's draft Integrated Resource Plan (IRP) states intention to not recontract the long-term EPA expiring in Apr/22
- Actively participating in IRP review process
  - Retained technical experts familiar with BC Hydro's utility resource planning and transmission system operation to support review of Draft IRP
  - Comments due by July 31 with final IRP expected to be filed by end of 2021
  - Engaging BC and local government officials and other stakeholders
- Believe Island Generation's dispatchable generation remains critical to reliability of BC system, particularly on Vancouver Island, as again shown by recent weather and system events
- Current transmission difficulties on the Island have resulted in continuous dispatch since July 9



# Successful financings to fund growth initiatives

- Completed successful equity offering of ~7.5 million common shares (including exercise of over-allotment option) in June for total gross proceeds of \$288M
  - Share price has rebounded from the \$38.45 issue price following closing of offering
- Executed a US\$150M private placement of 12-year senior notes
  - Coupon rate of 3.24% is the lowest coupon rate of our private placement notes at a tenor that aligns with our long asset lives
  - Transaction expected to fund in Oct 2021 with maturity in Oct 2033
  - Demonstrates investors' continued confidence in our long-term outlook
- Recent affirmations of investment grade credit ratings and stable outlook by S&P and DBRS
- 2-year extension of the current \$1B credit facilities and converted to sustainability-linked credit facilities

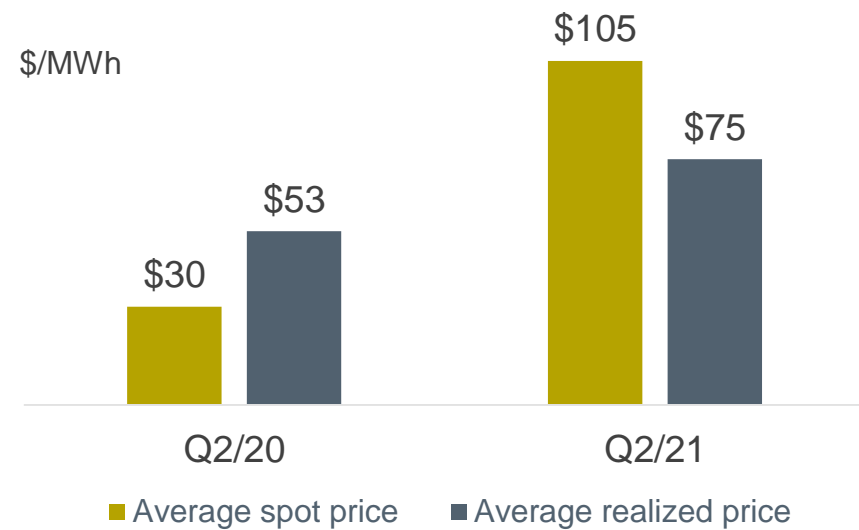
***Successful financings have reduced financing risk and the need for additional equity offerings for current growth projects***





# Robustness of Alberta power market

- Above average temperatures in June contributed to average power price of \$105/MWh in Q2/21
- 2021 forward price for last half of the year is \$94/MWh



**42% higher realized price of \$75/MWh compared to \$53 in Q2/20**

AB hedged positions	2022	2023	2024
% sold forward <sup>(1)</sup>	42%	30%	15%
Contracted prices <sup>(1)</sup> (\$/MWh)	High-\$50	Mid-\$50	Mid-\$50
Current forward prices <sup>(2)</sup> (\$/MWh)	\$72	\$61	\$52

1) As of June 30, 2021. Based on the Alberta baseload facilities plus a portion of Joffre and the uncontracted portion of Shepard.

2) As of July 28, 2021.



A vertical photograph on the left side of the slide shows a white wind turbine with three blades, standing in a field of golden-brown corn. The sky is a clear, vibrant blue with a few wispy white clouds near the horizon.

## Financial performance – Q2/21

\$M, except per share amounts	Q2/21	Q2/20	Change
Revenues and other income	\$387	\$435	(11%)
Adjusted EBITDA	\$241	\$217	11%
Basic earnings per share	\$0.05	\$0.10	(50%)
Normalized EPS	\$0.32	\$0.17	88%
Net cash flows from operating activities	\$129	\$91	42%
AFFO <sup>(1)</sup>	\$91	\$97	(6%)
AFFO per share	\$0.83	\$0.92	(10%)

***Increase in adjusted EBITDA from higher captured AB pricing offset by the impacts of planned outages at Decatur and Arlington, lower wind resource availability and a stronger Canadian dollar***

1) Q2/21 results includes a cash outflow of \$6M related to the Line Loss Rule Proceeding.





## Financial performance – Q2/21 YTD

\$M, except per share amounts	Q2/21 YTD	Q2/20 YTD	Change
Revenues and other income	\$941	\$968	(3%)
Adjusted EBITDA	\$544	\$451	21%
Basic earnings (loss) per share	\$0.88	(\$0.02)	4500%
Normalized EPS	\$0.95	\$0.44	116%
Net cash flows from operating activities	\$335	\$194	73%
AFFO <sup>(1)</sup>	\$250	\$215	16%
AFFO per share	\$2.31	\$2.04	13%

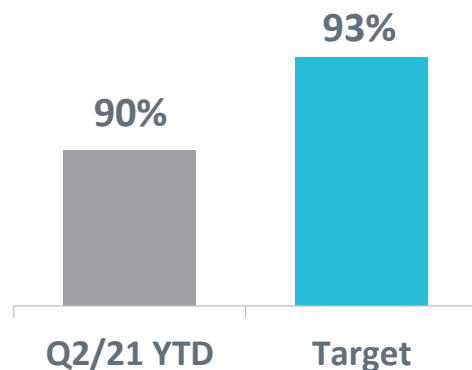
***Strong results in first half of the year driven by higher AB power prices***

1) Q2/21 YTD results includes a cash outflow of \$13M related to the Line Loss Rule Proceeding.

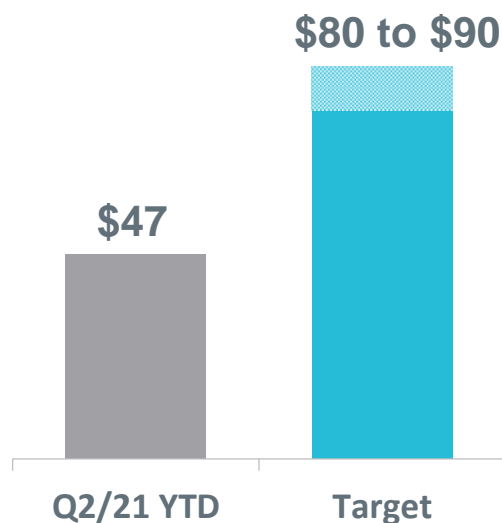


# YTD performance versus 2021 annual targets

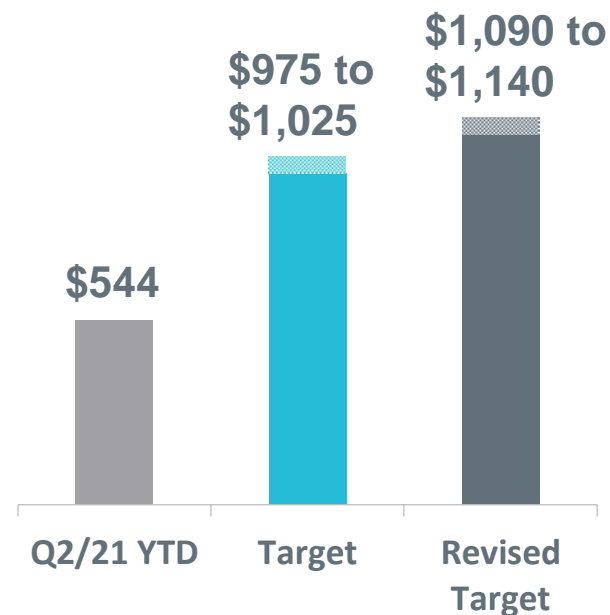
## Facility availability



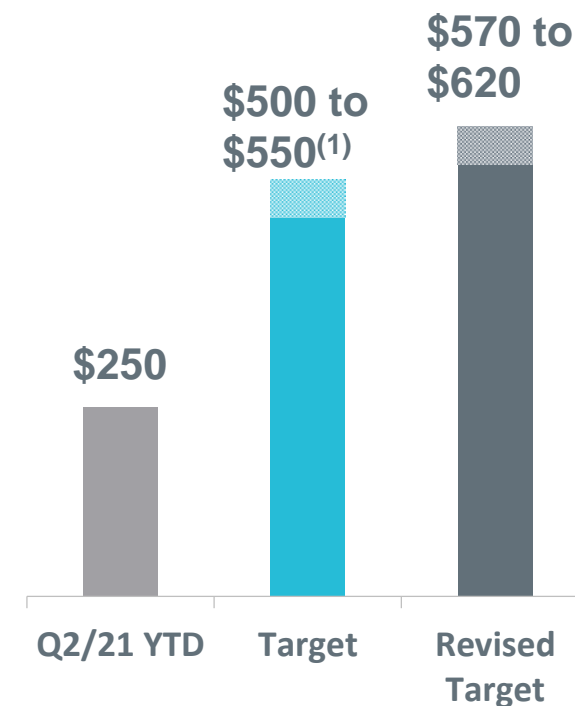
## Sustaining capex (\$M)



## Adjusted EBITDA (\$M)



## AFFO (\$M)



***Revised adjusted EBITDA and AFFO targets above top end of original guidance ranges***

1) AFFO target excludes impact from the Line Loss Rule (LLR) Proceeding. Q2/21 results includes a cash outflow of \$13M related to LLR Proceeding.





# Disciplined growth

## 7 Renewable Projects

- Remain on-budget and on-time with target CODs from Q4/21 to Q4/22

## Repowering of Genesee 1 and 2

- All regulatory approvals have been received
- Construction expected to begin Q3/21
- Target CODs in 2023 and 2024 with plan to be off coal in 2023

**\$500M** committed capital for growth

***Continued progress  
on all renewable  
projects***





# 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 and dividends;
- 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 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 recovery from appropriate parties and potential impacts to the Company arising from the foregoing;
- the costs of exiting the series of agreements previously entered into pertaining to the Genesee 4 and 5 project;
- the resolution of the pricing dispute on the Buckthorn Wind offtake and commodity swaps;
- the intended use of proceeds of the common share offering;
- the intended use of proceeds and expected closing date of the U.S. private placement of senior notes; 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 the need for and 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 recovery and timing thereof 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 are:

- 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?

## Investor Relations

Randy Mah  
Director, Investor Relations  
(780) 392-5305  
[rmah@capitalpower.com](mailto:rmah@capitalpower.com)

10423 101 Street NW  
11<sup>th</sup> Floor  
Edmonton, Alberta  
Canada T5H 0E9