



# Q3/21 Analyst Conference Call

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October 27, 2021



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 third quarter 2021 Management's Discussion and Analysis (MD&A) prepared as of October 26, 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 October 26, 2021 for the third 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).





## Q3/21 highlights and outlook

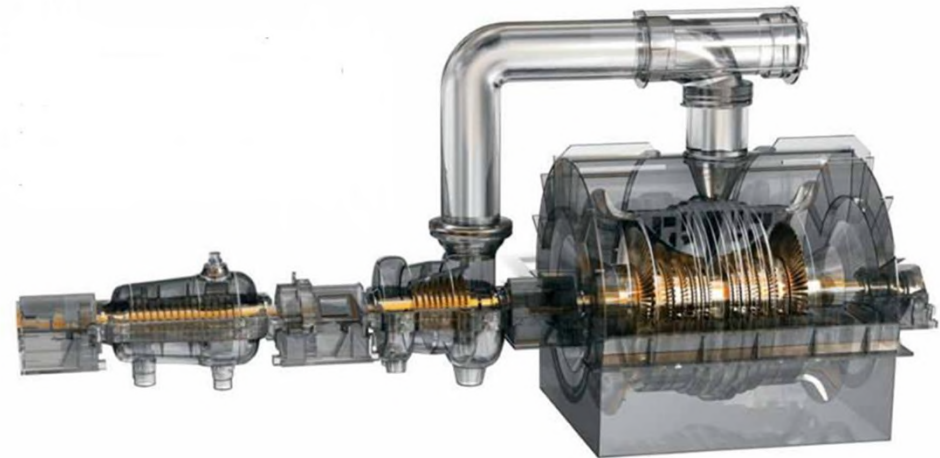
- Q3 results – generally in line with management's expectations
- Unplanned Genesee 2 outage longer than originally anticipated with return to service expected at the end of Nov/21
- Update on renewable projects
  - Cost pressures on Strathmore Solar and Enchant Solar projects
  - Completion dates for three solar projects in North Carolina delayed from Q4/22 to Q4/23 or Q1/24 due to delays in the interconnection process
- Suspending Dividend Re-investment Plan due to strong performance, financial position and outlook
- Alberta power market continues to be robust with positive outlook
- 2021 outlook continues to be on-track with revised higher financial guidance





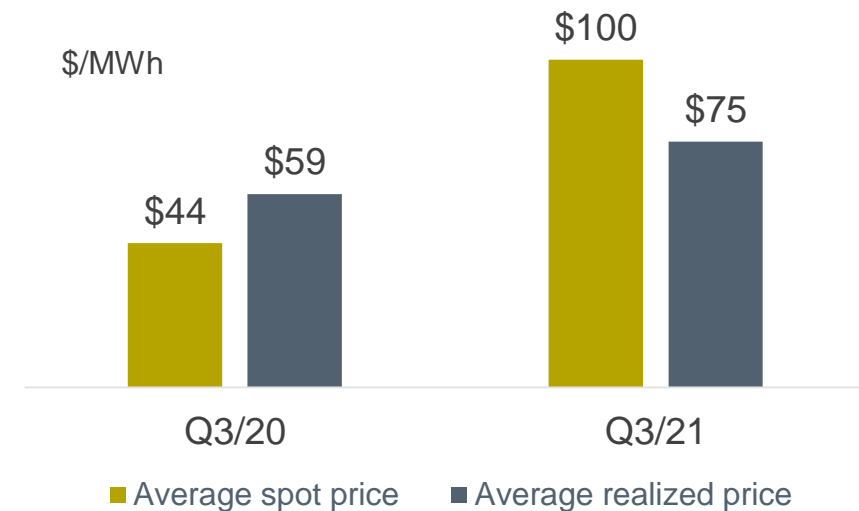
# Genesee 2 forced outage

- Generator failure in mid-July; physical damage covered by insurance
- Unit undergoing repairs to replace generator and expected to return to operations at end of Nov/21
- Utilizing Clover Bar Energy Centre to partially mitigate the Genesee 2 impact
- Loss of revenue qualifies for business interruption insurance after 60 days



# Robustness of Alberta power market

- Hot temperatures, facility outages and demand recovery contributed to average power price of \$100/MWh in Q3/21
- Forward price for Q4/21 is \$99/MWh
- Increased hedged positions in 2022-24 at higher hedged prices in 2022-23 versus Q2/21
- ~500 MWs (gas peaking, wind) available to capture upside from higher power prices and natural gas & power price volatility



**27% higher realized price of \$75/MWh compared to \$59 in Q3/20**

AB hedged positions	2022	2023	2024
% sold forward <sup>(1)</sup>	67%	38%	21%
Contracted prices <sup>(1)</sup> (\$/MWh)	Mid-\$60	High-\$50	Mid-\$50
Current forward prices <sup>(2)</sup> (\$/MWh)	\$91	\$73	\$62

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

2) As of October 26, 2021.



A vertical image 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 blue with some white clouds.

## Financial performance – Q3/21

\$M, except per share amounts	Q3/21	Q3/20	Change
Revenues and other income	\$377	\$453	(17%)
Adjusted EBITDA	\$286	\$284	1%
Basic earnings per share	\$0.23	\$0.89	(74%)
Normalized EPS	\$0.55	\$0.66	(17%)
Net cash flows from operating activities	\$347	\$258	34%
AFFO	\$206	\$221	(7%)
AFFO per share	\$1.78	\$2.10	(15%)

***Decrease in AFFO due to lower AFFO from US contracted facilities, higher sustaining capex due to maintenance work performed for G2 outage originally scheduled for Q4, offset partly by lower net finance expense***





# Accounting for Genesee 2 outage

- ~\$25M capex spent in Q3/21; \$23M (less \$2M deductible) accrued in the Income Statement as being recovered through insurance for the capitalized costs
- In Q3/21, net impact of \$2M deductible to AFFO; no impact to adjusted EBITDA
- Incremental capex in Q4/21 will be recoverable through insurance
- Business interruption (BI) insurance effective 60 days after the start of the outage (Sept 18); no accrual for BI in Q3/21 as the final claim amount not known until Genesee 2 returns to service

**Portfolio mitigation and insurance recovery will minimize impacts of Genesee 2 outage**





## Financial performance – Q3/21 YTD

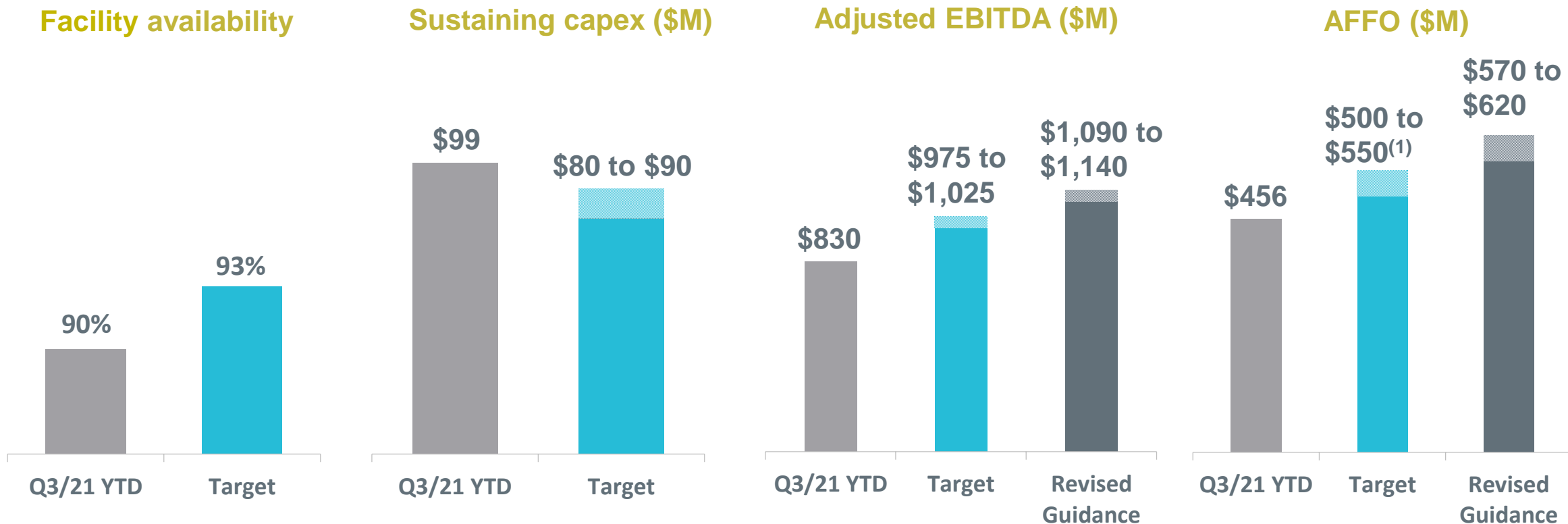
\$M, except per share amounts	Q3/21 YTD	Q3/20 YTD	Change
Revenues and other income	\$1,318	\$1,421	(7%)
Adjusted EBITDA	\$830	\$735	13%
Basic earnings per share	\$1.10	\$0.87	26%
Normalized EPS	\$1.50	\$1.09	38%
Net cash flows from operating activities	\$682	\$452	51%
AFFO <sup>(1)</sup>	\$456	\$436	5%
AFFO per share	\$4.12	\$4.14	0%

***Strong YTD results driven by higher Alberta power prices***

1) Q3/21 YTD results includes a cash outflow of \$13M related to the Line Loss Rule Proceeding.



# YTD performance versus 2021 annual targets



***2021 outlook – adjusted EBITDA expected to be in line with mid-point of revised guidance range while AFFO expected to be modestly above mid-point of revised guidance range***

1) AFFO target excludes impact from the Line Loss Rule (LLR) Proceeding. Q3/21 YTD and 2021 Revised Guidance include a cash outflow of \$13M related to LLR Proceeding.



# ~\$1.7B of growth projects under development

7 renewable projects and Genesee 1&2 repowering adding 985 MWs

	Budget (\$M)	Current Status	Target COD	Current Status
Whitla Wind 2 (AB)	\$165	✓	Q4/21	✓
Whitla Wind 3 (AB)	\$92	✓	Q4/21	✓
Strathmore Solar (AB)	\$53 <sup>(1)</sup>	\$57	Early 2022	✓
Enchant Solar (AB)	\$102 <sup>(1)</sup>	\$119	Q4/22	✓
Hornet Solar (North Carolina)	\$118	✓	Q4/22	Q4/23 or Q1/24
Hunter's Cove Solar (North Carolina)	\$82	✓	Q4/22	Q4/23 or Q1/24
Bear Branch Solar (North Carolina)	\$60	✓	Q4/22	Q4/23 or Q1/24
Genesee 1&2 repowering (AB)	\$997	✓	G1: late 2023 G2: 2024	✓

Continuing to work on renewable opportunities

1) Represents mid-point of original construction cost range.



## Other activities

- Covid-19 continues to be well managed with no impact on operations
- Genesee Carbon Conversion Center (GC3) continues on slower development path
- Island Generation PPA renewal – negotiating on medium term agreement continues
- CCS pre-feed study near completion; overall increasingly promising





**Please mark your calendars**



**Investor Day (virtual)**

**Dec 2, 2021 (am)**

***More details to be announced***



# 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 includes expectations regarding:

- our 2021 performance targets and related 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 planned outages;
- the anticipated return to service date of Genesee 2;
- 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 Line Loss Rule (LLR) Proceeding including 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;
- 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 in light of its experience and perception of historical 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, other energy, 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 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:

- 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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