

Q1/23 Analyst Conference Call

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May 1, 2023

**Capital
Power** 



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 11 of this presentation and the Company's first quarter 2023 Management's Discussion and Analysis (MD&A) prepared as of April 28, 2023 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 and ratios

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), and (ii) adjusted funds from operations (AFFO) as financial performance measures.

The Company also uses AFFO per share as a performance measure. This measure is a non-GAAP ratio determined by applying AFFO to the weighted average number of common shares used in the calculation of basic and diluted earnings per share.

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 our results of operations from management's perspective.

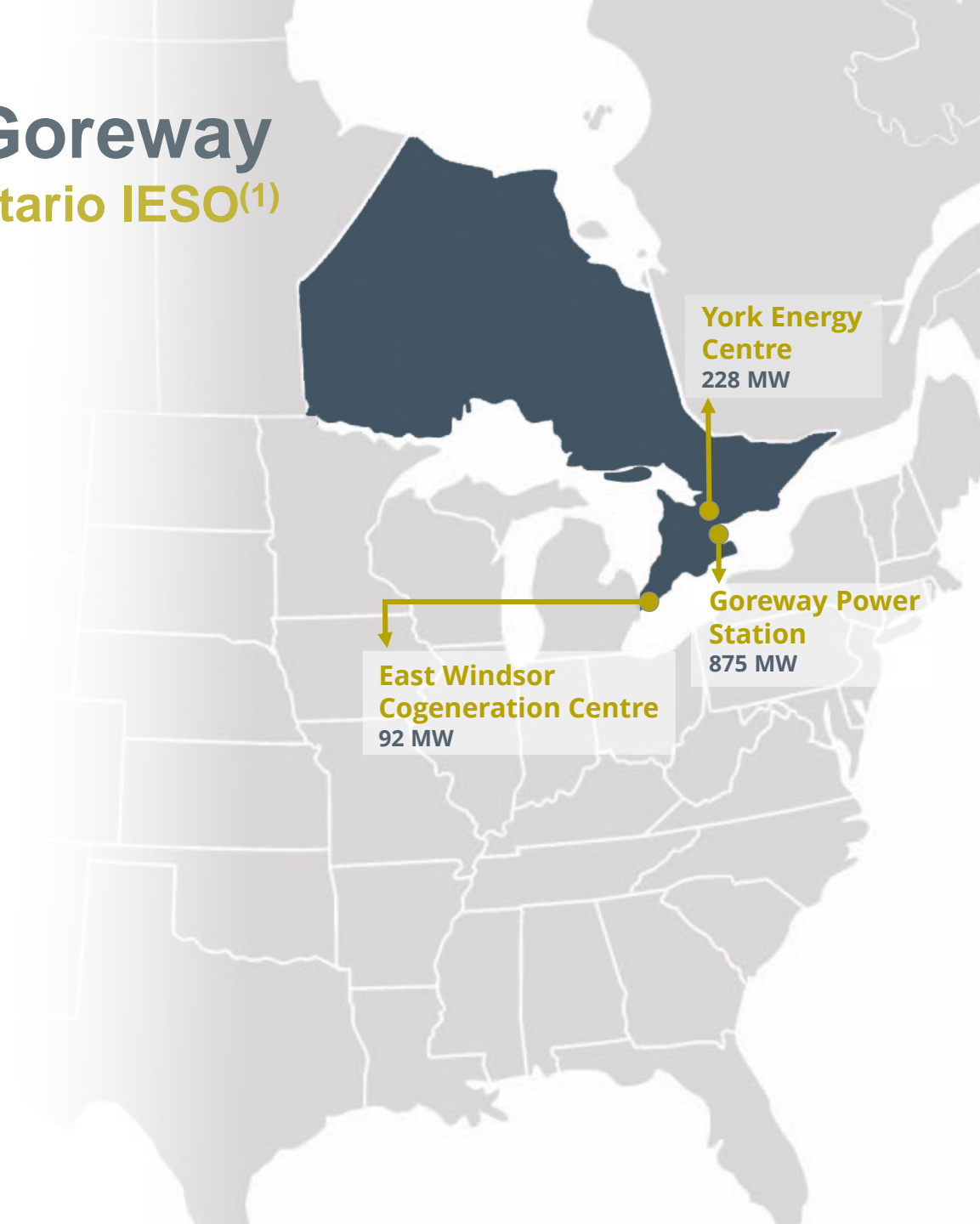
Reconciliations of these non-GAAP financial measures are disclosed in the Company's Management's Discussion and Analysis (MD&A) prepared as of April 28, 2023 for the first quarter of 2023, which is available under the Company's profile on SEDAR at [SEDAR.com](https://www.sedar.com) and on the Company's website at [capitalpower.com](https://www.capitalpower.com).



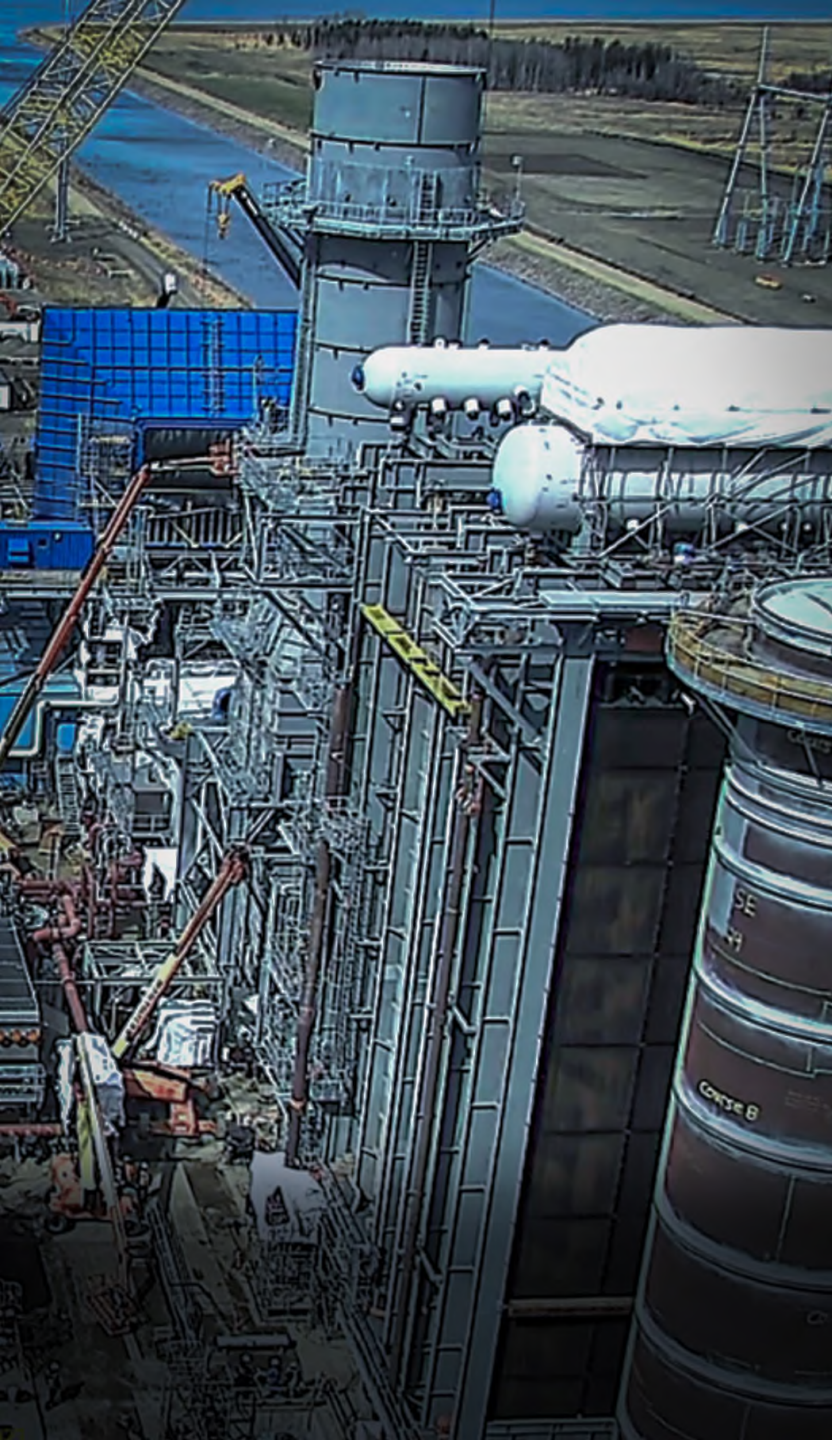
6-year contract extension for Goreway

Awarded 40 MW efficiency upgrade from Ontario IESO⁽¹⁾ capacity procurement

- Efficiency upgrade will increase current combined contracted capacity from 840 to 880 MW
- Contract extension applies to new contracted capacity of 880 MW and extends our Clean Energy Supply Contract from 2029 to 2035
- Expected COD in 2025
- York Energy Centre efficiency upgrade bid
 - Discussion with IESO on a similar contract extension



1) Independent Electricity System Operator



Genesee 1 & 2 repowering project update

On track to be off coal in 2023

- On schedule to achieve simple cycle commissioning of both units in Q4/23, followed by combined cycle in Q2/24
- Current repowering project cost of \$1.1B (\$997M budget) and \$195M for battery energy storage system (BESS)
- Project experiencing modest labour cost increases
- Cost pressures are expected to be substantially offset by the lower estimated cost of an alternate solution to the BESS project



Genesee CCS project update

- Expect Board approval in principle this summer with FID in October
- FEED study essentially completed
- 2023 Federal Budget
 - Reaffirmation of role and mandate for Canada Growth Fund to support de-risking of large scale decarbonization through Carbon Contracts for Differences (CCFD)
 - Enhancements to the 50% refundable ITC for CCS
- Positive discussions with the Government of Canada for financial support
 - Innovation, Science and Economic Development (ISED)
 - Canada Infrastructure Bank



■ G1, G2 Repowering

■ Carbon Capture



Highest quarter on record for adjusted EBITDA

\$996M

+34% yoy

Revenues and other
income⁽¹⁾

\$401M

+15% yoy

Adjusted EBITDA

\$349M

-16% yoy

Net cash flows from
operating activities

\$210M

+5% yoy

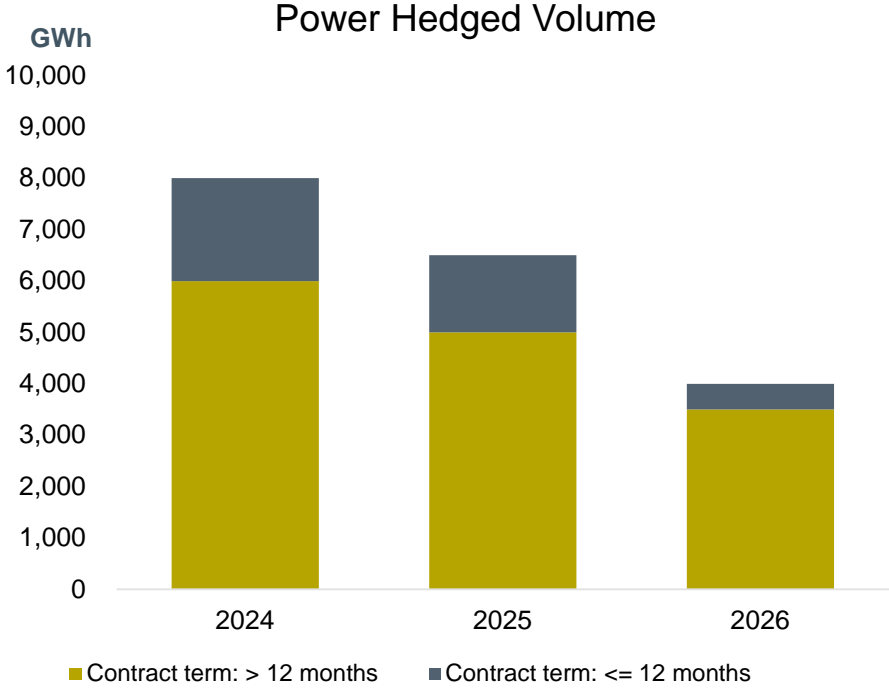
AFFO

- Financial results benefitted from higher realized Alberta power prices, offset by milder temperatures across most North American regions
- Adjusted EBITDA further benefitted from the acquisition of Midland Cogen facility
- Higher AFFO from strong adjusted EBITDA results and fewer turnaround activities, partially offset by higher current income tax expense
- Lower net cash flow from operating activities driven by higher receivables at Alberta Commercial facilities and changes in forward prices on commodity derivative positions

1) Before unrealized changes in FV of commodity derivatives & emission credits.

Alberta commercial portfolio

Reducing volatility and risk through hedging



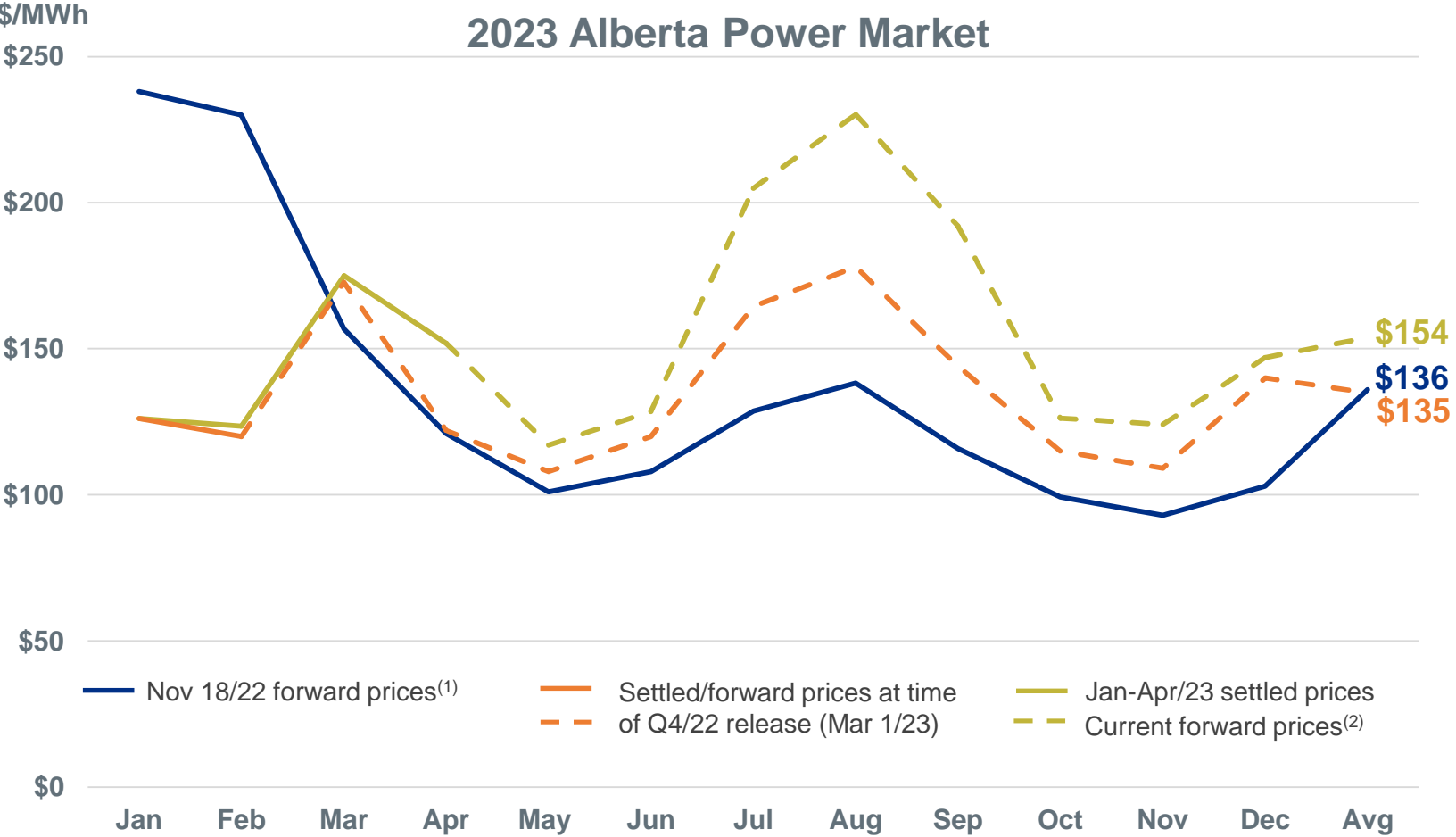
	2024	2025	2026
Power			
Hedged volume (GWh) ⁽³⁾	8,000	6,500	4,000
Weighted average hedged prices ⁽¹⁾ (\$/MWh) ⁽³⁾	Low-\$70s	Low-\$70s	Low-\$70s
Forward Alberta power prices (\$/MWh) ⁽⁴⁾	\$93	\$77	\$74
Natural gas			
Hedged volume (TJ) ⁽³⁾	70,000	60,000	35,000
Weighted average hedged prices ^(1, 2, 3) (\$/GJ)	< \$2.00	< \$3.00	< \$4.00
Forward Alberta gas prices (\$/GJ) ⁽⁴⁾	\$3.13	\$4.04	\$4.29

Weighted average hedged price with terms >12 months: Low-\$70/MWh

1) 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. When long-term forward portfolio optimization hedges are transacted, they reflect the market's expectations for future period pricing.
 2) Net of gains as part of the Company's gas portfolio optimization activities, including sales of previously purchased length.
 3) Hedge data as of Mar 31/23.
 4) Forwards as of Apr 27/23.

Alberta power pricing

Forward prices for balance of 2023 remain strong

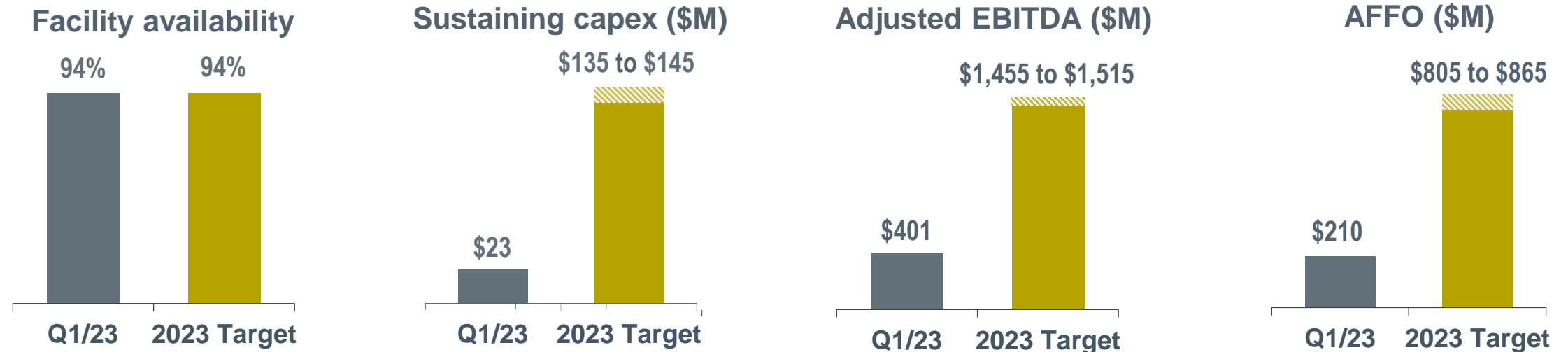


- Q1 settles were well below forwards coming into 2023
- Forward prices show additional strength relative to guidance
- Assets well positioned to capitalize on market conditions

1) 2023 financial guidance based on Nov 18/22 forward prices.
 2) Forward prices as of Apr 27/23.

2023 operational and financial targets

Financial forecast and fleetwide performance remain extremely positive



2023 outlook

- Trending to the upper end of annual guidance ranges
- Encouraged by Ontario growth opportunities
- Anticipate two renewable announcements this year

Targeting \$600M of committed capital for growth



Forward-looking information

Forward-looking information or statements included in this presentation are provided to inform our 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 2023 performance targets including for facility availability, sustaining capital expenditures, adjusted funds from operations (AFFO) and adjusted EBITDA;
- our commitment to being off-coal in 2023, repowering of Genesee 1 and 2 with or without the addition of battery storage, advancement of the Genesee Carbon Conversion Centre and commercial application of carbon conversion, capture and storage technologies;
- 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 of, funding of, generation capacity of, costs of technologies selected for, environmental benefits or commercial and partnership arrangements regarding existing, planned and potential development projects and acquisitions (including phase 2 of Halkirk Wind, the repowering of Genesee 1 and 2 (including being hydrogen ready, carbon conversion ready, and battery storage), the Genesee carbon capture and storage (CCS) project, and the efficiency upgrade at Goreway and York Energy);
- future growth and emerging opportunities in our target markets;
- potential opportunities and partnerships with Indigenous communities;
- facility availability and planned outages;
- capital expenditures for facility maintenance and other (sustaining capital, future growth projects, commercial initiatives);
- market and regulation designs and proposals and the impact thereof on the Company's core markets; and
- the impact of climate change.

These statements are based on certain assumptions and analyses made by Capital Power 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 and carbon prices;
- performance;
- business prospects (including potential re-contracting of facilities) and opportunities including expected growth and capital projects;
- status and impact of policy, legislation and regulations;
- effective tax rates;
- the development and performance of technology;
- foreign exchange rates; and
- other matters discussed under the Performance Overview, Outlook and Risks and Risk Management sections.

Whether actual results, performance or achievements will conform to our expectations and predictions is subject to several known and unknown risks and uncertainties which could cause actual results and experience to differ materially from our expectations. Such material risks and uncertainties are:

- changes in electricity, natural gas and carbon prices in markets in which we operate and the use of derivatives;
- regulatory and political environments including changes to environmental, climate, financial reporting, market structure and tax legislation;
- disruptions, or price volatility within the Company's supply chains;
- 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 our review of acquired assets;
- changes in general economic and competitive conditions, including inflation;
- 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 our 2022 Integrated Annual Report 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. Capital Power 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 our 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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