

Our Strategy Driving Results

2023 Q4 | Analyst presentation



Agenda

1. Business Highlights | Avik Dey - President & CEO

2. Financial Review | Sandra Haskins - SVP, Finance & CFO

3. Closing Remarks | Avik Dey - President & CEO

4. Q&A | Management



Avik Dey
President & CEO



Sandra Haskins
SVP, Finance & CFO

Forward-looking information

Cautionary statement

Certain information in this presentation and responses to questions contain 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 19 of this presentation and the Company's fourth quarter 2023 Management's Discussion and Analysis (MD&A) prepared as of February 27, 2024 which is available under the Company's profile on SEDAR at sedarplus.ca and on the Company's website at 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 February 27, 2024 for the fourth quarter of 2023, which is available under the Company's profile on SEDAR at sedarplus.ca and on the Company's website at capitalpower.com.



Territorial Acknowledgement

In the spirit of reconciliation, Capital Power respectfully acknowledges that we operate within the ancestral homelands, traditional and treaty territories of the Indigenous Peoples of Turtle Island, or North America.

Capital Power's head office is located within the traditional and contemporary home of many Indigenous Peoples of the Treaty 6 Territory and Métis Nation of Alberta Region 4. We acknowledge the diverse Indigenous communities that are located in these areas and whose presence continues to enrich the community.



Learn more about Indigenous Relations at Capital Power.



2023 Highlights

Strong financial results, record generation



Financial & operating results

- Achieved record annual adjusted EBITDA of \$1.455B
- Record power generation of >32 TWh



Strengthening our portfolio

- Completed coal to gas conversion of Genesee 3; advanced Genesee 1 and Genesee 2 Repowering project
- Acquired 3 natural gas-fired thermal facilities adding 1.7 GW (net) combined capacity in core WECC markets



Positioned for growth and decarbonization

- Executing over 380 MW of new renewables and storage projects
- U.S. First Solar ultra low carbon panels, SMR partnership with OPG
- Expanded and realigned leadership team to accelerate path to net zero



> **32** TWh
Record generation



+ **1.7** GW_(net)
Acquired additional U.S.
generation capacity



2023 Highlights

Achieved financial guidance and credit metrics



Results consistent with revised adjusted EBITDA guidance

- Favorable results from U.S. and Ontario segments
- Full year contribution of Midland Cogeneration Venture
- Reduced emissions compliance costs due to successful Genesee 3 coal-to-gas conversion

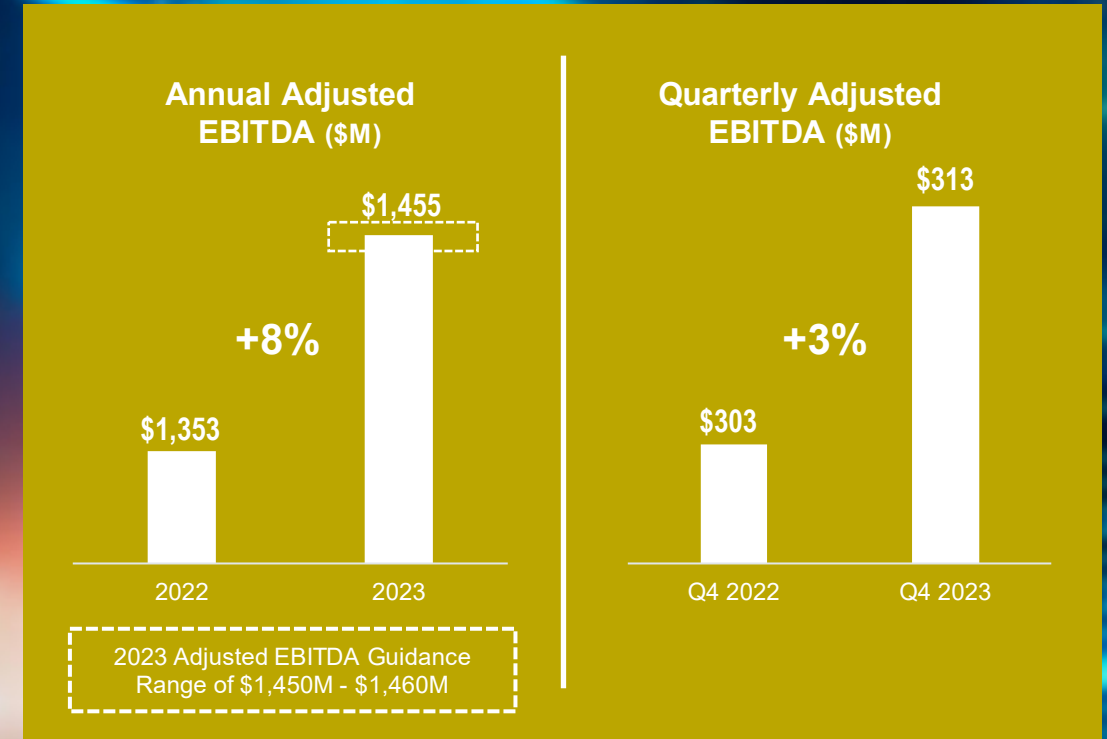


Strong balance sheet

- Net debt to 2023 adjusted EBITDA of ~2.6x
- Exceeded IG credit metrics to remain BBB- / BBB(low) (S&P / DBRS)



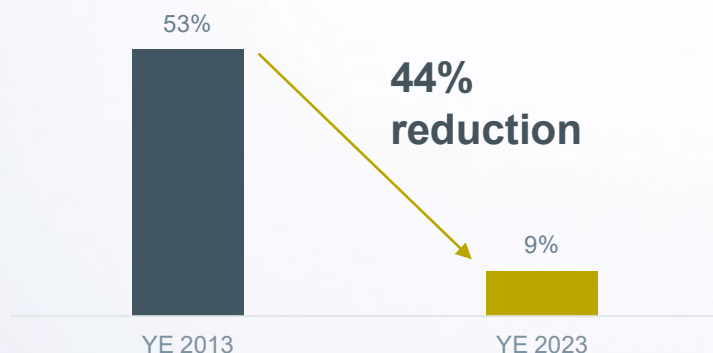
Driving shareholder value through a balanced approach to capital allocation, portfolio diversification, and decarbonization



Growing through decarbonization and diversification

10-year total shareholder return CAGR of 12.5%

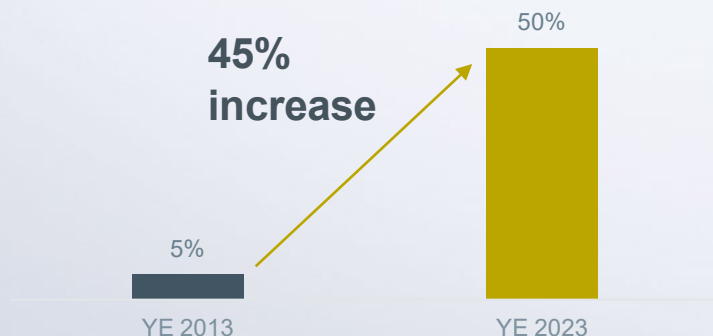
Coal/Dual Fuel Exposure (% Capacity)



Adjusted EBITDA Growth



U.S. Exposure (% Capacity)



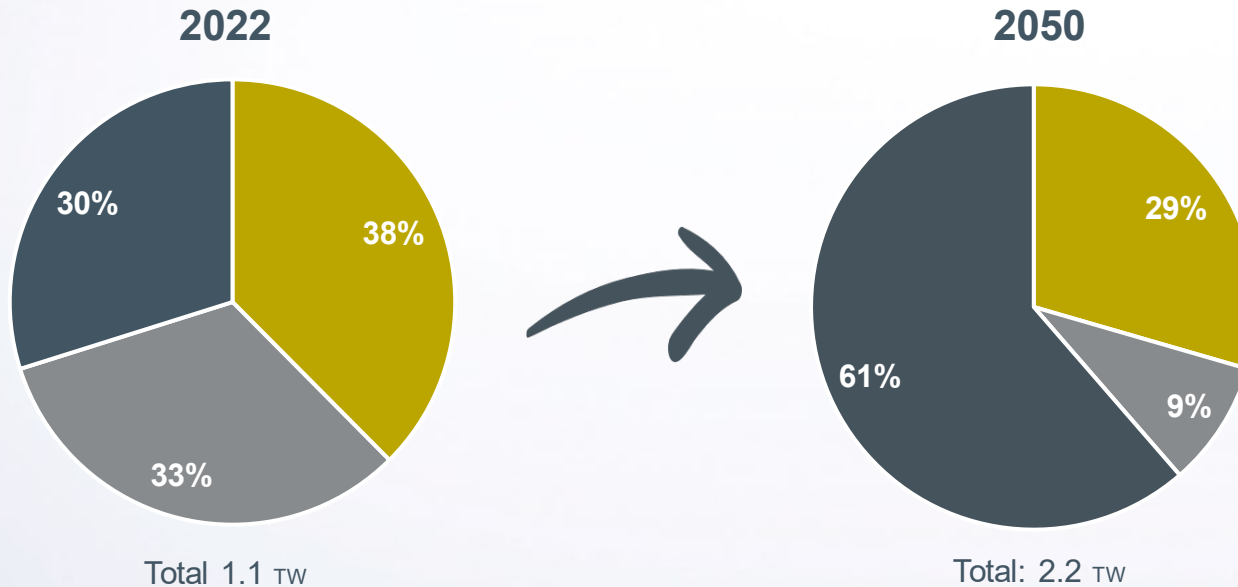
Dividend Per Share Growth



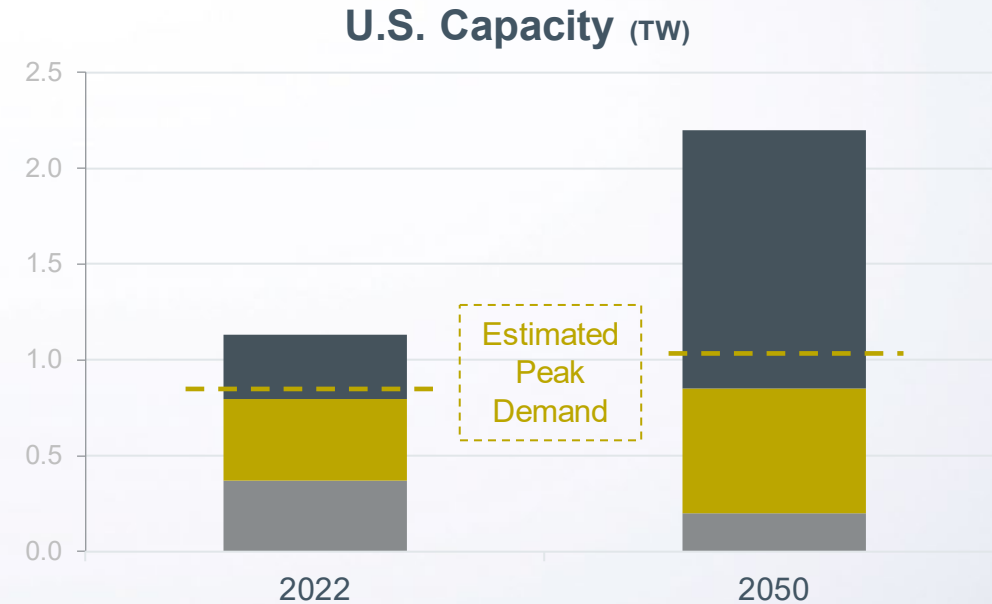
Note: Portfolio exposure to U.S. and coal shown pro-forma acquisitions of La Paloma and Harquahala

Gas critical for reliability and net-zero future

Total installed U.S. capacity (all sectors)



- Capacity expected to grow to >2 TW in 2050 to meet growing demand (peak demand expected to rise from 0.8 TW to 1.0 TW by 2050)
- Proportion of dispatchable generation is declining; natural gas remains critical to power reliability
- Capital Power is well positioned with low-cost, lower emitting power generation assets



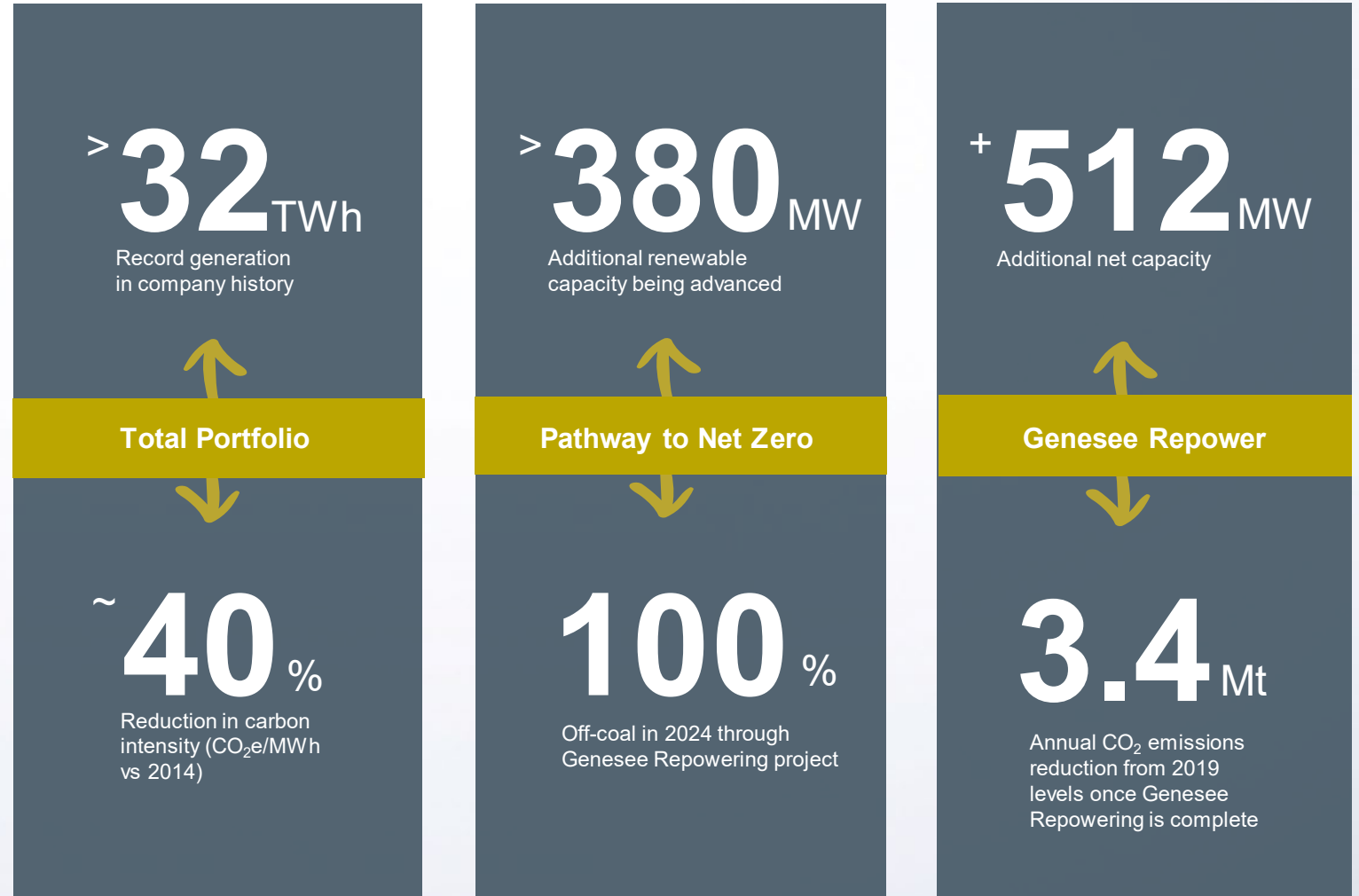
Legend

- Natural Gas
- Renewables and Storage
- Other Dispatchable⁽¹⁾



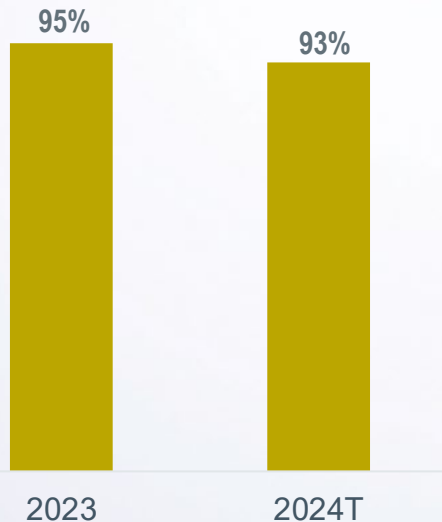
Increasing capacity and reducing emissions

Record generation achieved with declining emissions intensity

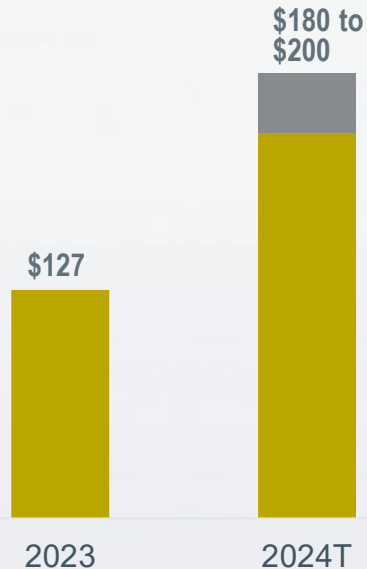


2024 Operational and Financial Targets

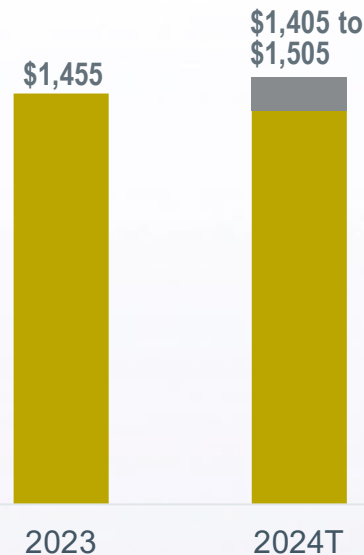
Facility availability



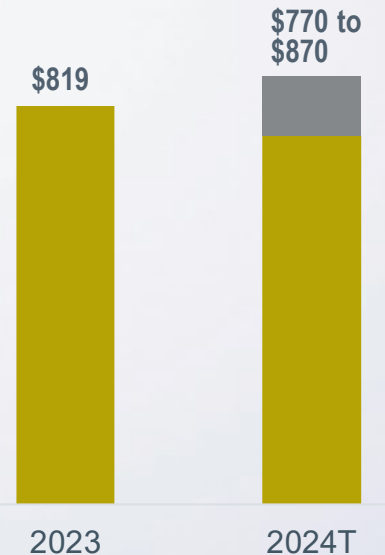
Sustaining capex (\$M)



Adjusted EBITDA (\$M)



AFFO (\$M)



2024 Guidance

- Strong fleetwide performance – facility availability reflects Genesee Repowering commissioning
- Adjusted EBITDA and AFFO guidance midpoints on par with 2023 despite Genesee Repowering commissioning
- Sustaining capex relatively consistent with 2022 and 2023 but includes acquired assets and Genesee Repowering related outage costs
- Credit metrics within target ranges, continued balance sheet strength



Q4/23 results

Strong fleetwide performance

\$887M

-15% yoy

Revenues and other income⁽¹⁾

\$313M

+3% yoy

Adjusted EBITDA

\$(18)M

-143% yoy

Net cash flows used in operating activities

\$162M

+16% yoy

AFFO

- Revenue and other income before mark-to-market declined due to mild weather and decreased natural gas prices resulting in lower realized power prices on the Alberta commercial portfolio, Goreway, and Arlington Valley
- Adjusted EBITDA benefitted from our Alberta commercial segment and strong fleetwide availability
- Net cash flow from operations impacted by higher income taxes paid and changes in non-cash working capital
- Strong adjusted EBITDA results and lower shutdown capital offset by higher current income taxes contributed to higher AFFO year-over-year

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



Full year financial performance

Record year of Adjusted EBITDA

\$3.718B

+11% yoy

Revenues and
other income⁽¹⁾

\$1.455B

+8% yoy

Adjusted EBITDA

\$822M

-12% yoy

Net cash flows from
operating activities

\$819M

-3% yoy

AFFO

- Revenue and other income before mark-to-market benefitted primarily from optimization activities of our Alberta Commercial portfolio
- Benefits of a diversified fleet demonstrated by strong contributions from the U.S. segment, including a full year of MCV, and portfolio optimization which offset the impact of lower realized power prices in the Alberta commercial portfolio
- Net cash flow from operations impacted by higher income taxes and changes in non-cash working capital
- Strong adjusted EBITDA results and lower shutdown capital in AFFO were offset by higher current income taxes and finance expenses

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



2023 Capital Allocation Update

Disciplined approach drives growth and returns to shareholders

Leverage and liquidity



- Maintained FFO / Debt of 20% or higher
- Preserved BBB- / BBB(low) credit rating (S&P / DBRS)
- Liquidity of ~\$1B (post closing La Paloma, Harquahala)

External Capital



- Largest acquisition in company's history
 - \$400M in common equity including private placement with AIMCO and \$850M MTN offering
 - 50 / 50 JV with BlackRock also provided funding
- \$350M MTN to stagger debt maturities and fund capex

Growth Capex + M&A



- Advanced renewables and Genesee repowering >\$0.5B
- Executed ~\$1.6B of M&A

Dividends



- 10th consecutive dividend increase (6% in 2023)
- Payout ratio within target range

Path to Net Zero

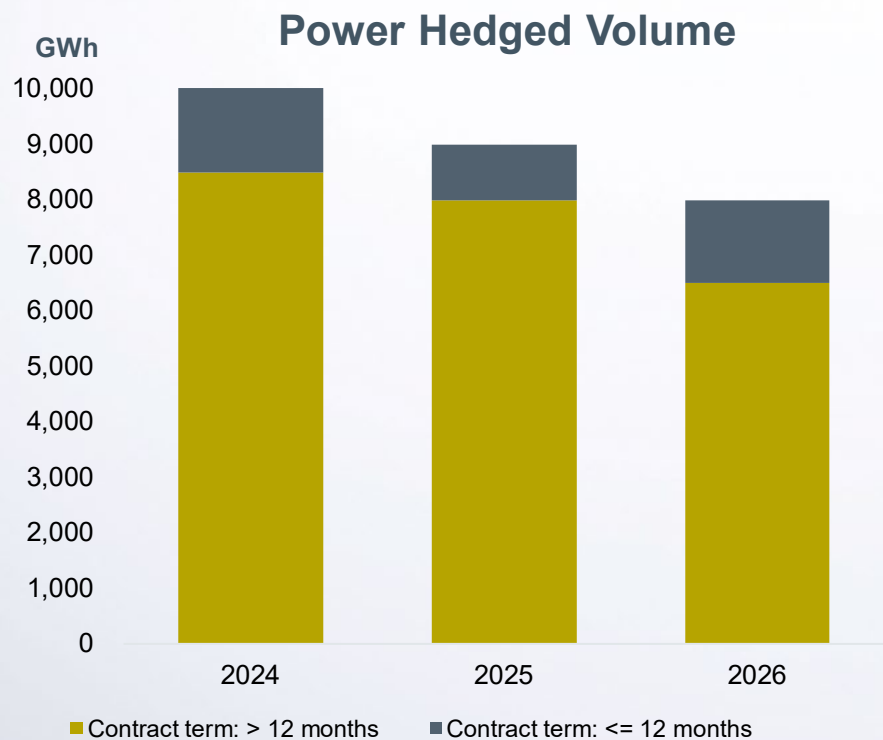


- \$28M spent on innovation
- Leveraging OPG experience for SMR feasibility assessment



Alberta commercial portfolio

Reducing volatility and risk through hedging



>12 Months

High-\$70/MWh
Weighted average hedged price

	2024	2025	2026
Power			
Hedged volume (GWh) ⁽³⁾	10,500	9,500	8,000
Weighted average hedged prices ⁽¹⁾ (\$/MWh) ⁽³⁾	High-\$70s	High-\$70s	High-\$70s
Forward Alberta power prices (\$/MWh) ⁽⁴⁾	\$71	\$61	\$62
Natural gas			
Hedged volume (TJ) ⁽³⁾	70,000	60,000	55,000
Weighted average hedged prices ^(1, 2, 3) (\$/GJ)	< \$2.00	< \$3.00	< \$4.00
Forward Alberta gas prices (\$/GJ) ⁽⁴⁾	\$1.90	\$3.10	\$3.40

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.

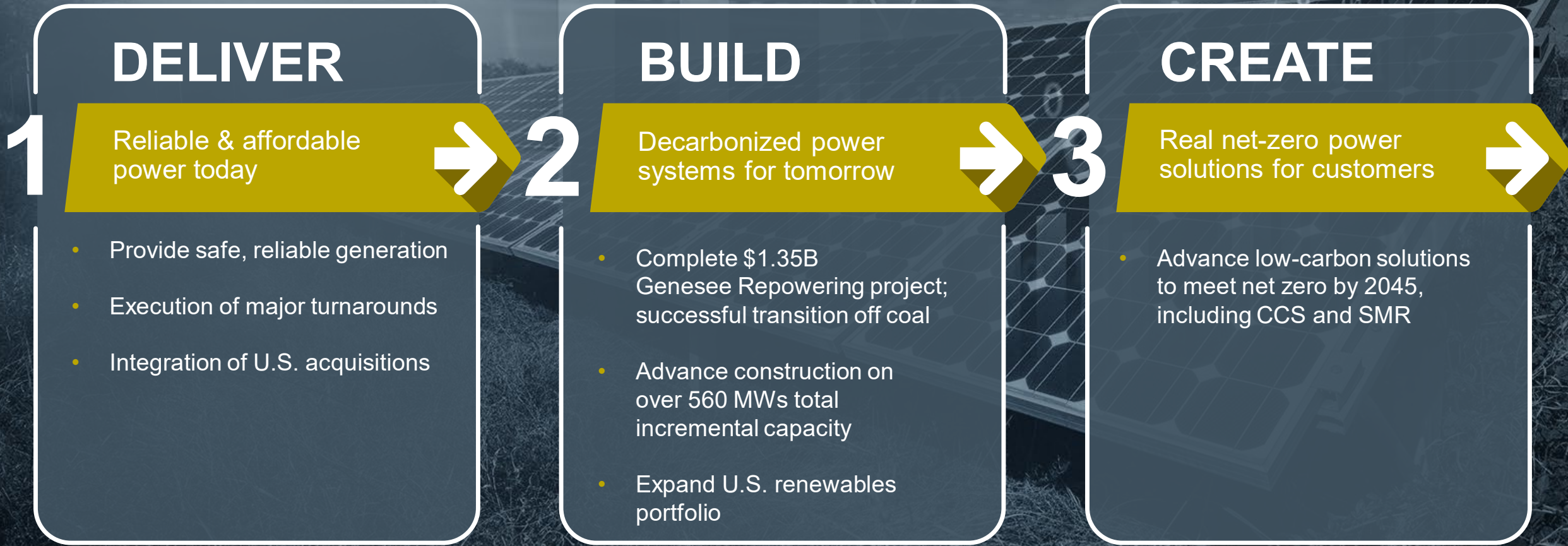
2) Net of gains as part of the Company's gas portfolio optimization activities, including sales of previously purchased length.

3) Hedge data as of December 31, 2023

4) Forwards as of February 27, 2024; 2024 forward prices are for March to December

Our Strategic Pillars

2024 priorities



- Event hosted at the JW Marriott Edmonton ICE District

May 7, 2024

- Tour of Genesee site
- Evening reception

May 8, 2024

- Breakfast and registration
- Presentations and Q&A
- Lunch



Investor Day²⁰²⁴





Check out our 2023
Integrated Annual Report for full-year
highlights and ESG disclosures

capitalpower.com/IAR

Questions & Answers



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 2024 performance targets including for facility availability, sustaining capital expenditures, hedged position, FFO to debt ratio, adjusted funds from operations (AFFO) and adjusted EBITDA;
- our plans to transition off-coal 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;
- expectations from DRIP activation;
- the timing of, funding of, generation capacity of, operational performance and financial returns of, costs of technologies selected for, environmental and sustainability benefits including contributions to affordability, reliability, and decarbonization, 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, the upgrade at Goreway and York Energy, Goreway Battery Energy Storage System (BESS), York Energy BESS, East Windsor expansion, and the Maple Leaf Solar project;
- the financing plans, transaction close timing, financial impacts, receipt of required regulatory approvals, and future development opportunities of Frederickson 1 Generating Station;
- future growth and emerging opportunities in our target markets;
- the impact of the regulatory developments on our projects and business;
- potential opportunities and partnerships with Indigenous communities;
- 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 2023 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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