



TransAlta Corporation

Third Quarter Results

Wednesday, November 1, 2017

TransAlta™ *CLEAN POWER
TODAY AND TOMORROW*



Forward Looking Statements

This presentation includes forward-looking statements or information (collectively referred to herein as “forward-looking statements”) within the meaning of applicable securities legislation. All forward-looking statements are based on our beliefs as well as assumptions based on available information and on management’s experience and perception of historical trends, current conditions, and expected future developments, as well as other factors deemed appropriate in the circumstances. Forward-looking statements are not facts, but only predictions and generally can be identified by the use of statements that include phrases such as “may”, “will”, “can”, “believe”, “expect”, “anticipate”, “intend”, “plan”, “project”, “forecast”, “foresee”, “potential”, “enable”, “continue”, or other comparable terminology. These statements are not guarantees of our future performance and are subject to risks, uncertainties, and other important factors that could cause actual results or outcomes to be materially different from those set forth in the forward-looking statements. In particular, this presentation contains forward-looking statements pertaining to: our strategy and plans, including as it pertains to our growth strategy and off-coal transition strategy; the benefits of Project Greenlight; the net debt balance by end of the first quarter 2018; Alberta contractedness, forward price and hedged price in 2018 and 2019; ability and source of capital to address upcoming debt maturities, including the potential off-coal monetization; and factors driving free cash flow. Factors that may adversely impact our forward-looking statements include risks relating to: fluctuations in market prices and the availability of fuel supplies required to generate electricity; disruptions in the source of fuels, including gas, coal, water, or wind required to operate our facilities; our ability to contract our generation for prices that will provide expected returns; disputes with counterparties, including as it pertains to South Hedland; the regulatory and political environments in the jurisdictions in which we operate; environmental requirements and changes in, or liabilities under, these requirements; changes in general economic conditions, including interest rates; operational risks involving our facilities, including unplanned outages at such facilities; disruptions in the transmission and distribution of electricity; the effects of weather; natural or man-made disasters; the threat of domestic terrorism and cyberattacks; lower than anticipated electricity prices; equipment failure and our ability to carry out, or have completed, repairs, alterations or conversions in a cost-effective or timely manner; commodity risk management; industry risk and competition; fluctuations in the value of foreign currencies and foreign political risks; the need for additional financing; counterparty credit risk; insurance coverage; our provision for income taxes; legal, regulatory, and contractual proceedings involving the Corporation; outcomes of investigations and disputes; reliance on key personnel; labour relations matters; risks associated with development projects and acquisitions; increased costs or delays in the development, construction or commissioning of projects, including the Kent Hills expansion; disputes with counterparties, including in regard to South Hedland; changes to our relationship with TransAlta Renewables; regulatory developments and any market disruption or changes in market regulation, including changes relating to the implementation of a capacity market and the termination of the Alberta PPAs. The foregoing risk factors, among others, are described in further detail in the Risk Management section of our Management Discussion and Analysis and under the heading “Risk Factors” in our Annual Information Form. Readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements included in this document are made only as of the date hereof and we do not undertake to publicly update these forward-looking statements to reflect new information, future events or otherwise, except as required by applicable laws. Readers are cautioned not to place undue reliance on forward-looking statements, which reflect the Corporation’s expectations only as of the date of this news release. The purpose of the financial outlooks contained in this presentation is to give the reader information about management’s current expectations and plans and readers are cautioned that such information may not be appropriate for other purposes. In light of these risks, uncertainties, and assumptions, the forward-looking events might occur to a different extent or at a different time than we have described, or might not occur at all. We cannot assure readers that projected results or events will be achieved.

Certain financial information contained in this presentation, including Comparable EBITDA, FFO and FCF, may not be standard measures defined under International Financial Reporting Standards (“IFRS”) and may not be comparable to similar measures presented by other entities. These measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. For further information on non-IFRS financial measures we use, see the section entitled “Reconciliation of Non-IFRS Measures” contained in our most recently filed Management’s Discussion and Analysis, filed with Canadian securities regulators on www.sedar.com and the Securities and Exchange Commission on www.edgar.com.

Agenda



Financial Performance

Segment Performance

Alberta Power Price Overview

Liquidity

Debt Maturities

Tangible FCF Growth

Investor Day

Questions and Answers

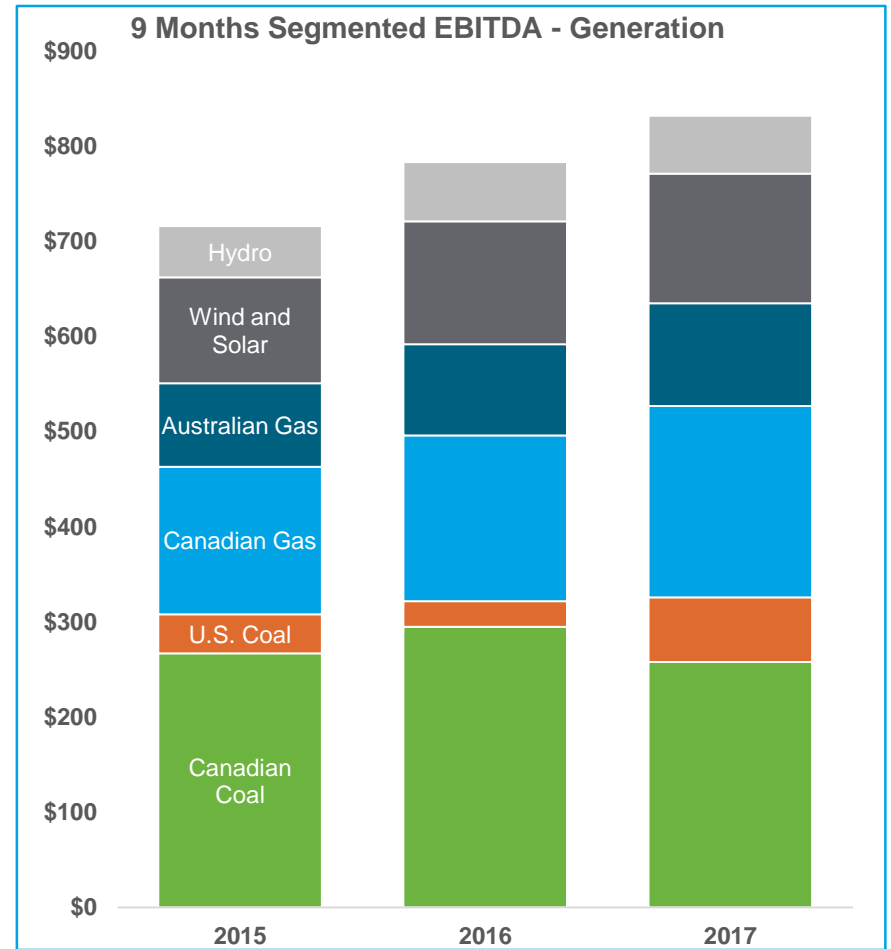
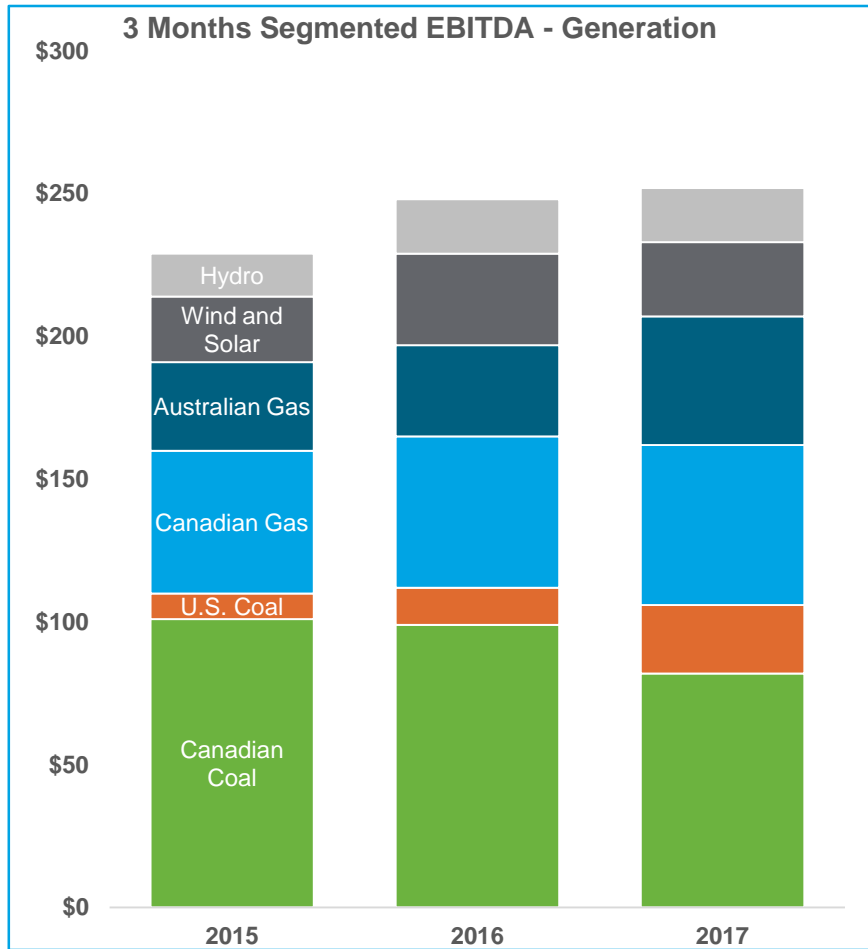
YTD 2017 Financial & Operations Highlights

	3 Months Ended September 30		9 Months Ended September 30	
(in \$CAD millions)	2017	2016	2017	2016
Comparable EBITDA	\$245	\$244	\$787	\$771
FFO	\$196	\$163	\$585	\$535
FCF	\$99	\$55	\$224	\$200
Adjusted Coal Fleet Availability ⁽¹⁾	83.1%	86.8%	82.6%	86.5%

Financial Strategy	Growth Strategy	Off-Coal Transition Strategy
<ul style="list-style-type: none"> Results in line, or above, expectations for the quarter and year to date Project Greenlight remains cash neutral with benefits expected in 2018 Announced \$260 million bond offering secured by our Kent Hills wind farms Net debt of ~\$3.2 billion by end of Q1 2018 	<ul style="list-style-type: none"> Submitted three projects to the next round for the Alberta Renewable Energy Program Reviewing three US projects including a solar farm at Centralia Commissioned the South Hedland Power Station during the quarter 	<ul style="list-style-type: none"> Proposed Federal rules for coal to gas issued Progress our gas supply options for CTG conversions Environmental work and stakeholder engagement on the Brazeau pumped storage project

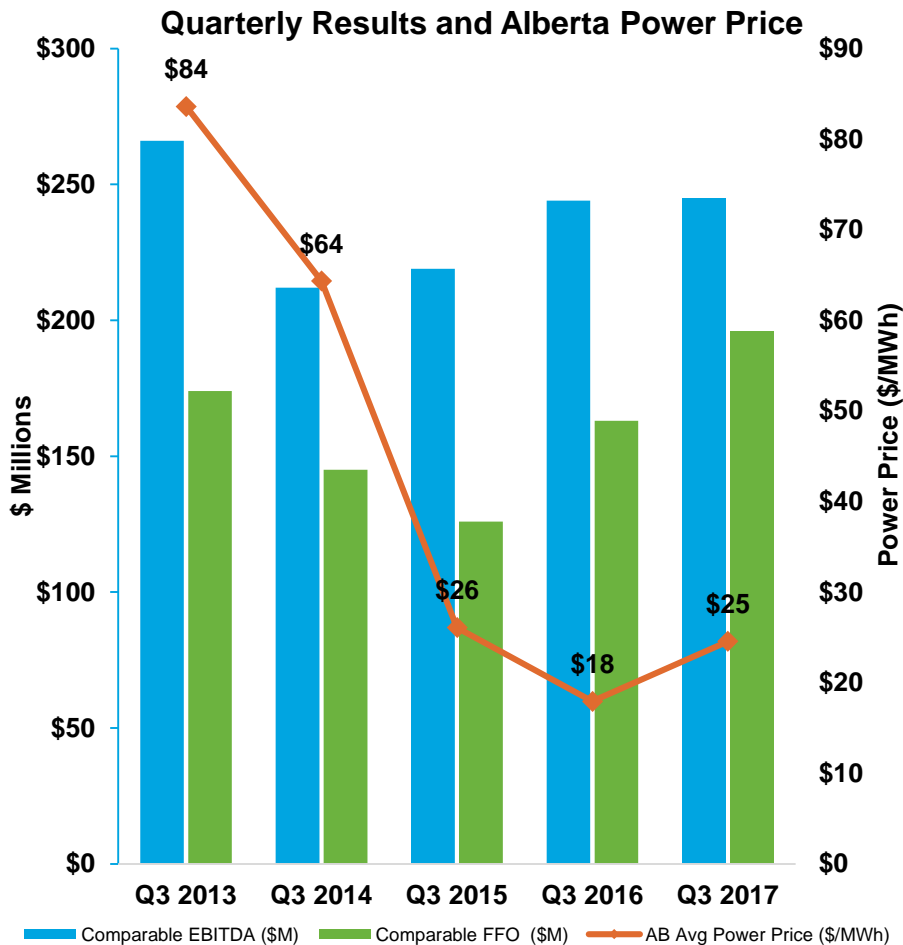
¹ Adjusted for economic dispatching at U.S. Coal.

Segmented EBITDA - Generation

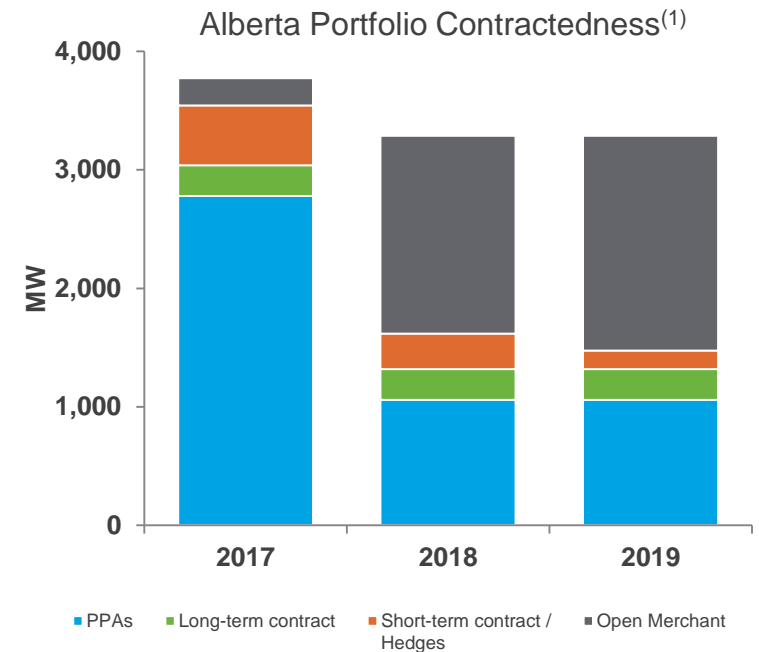


Renewables and Gas contributed 58% of Comparable EBITDA from Generation in Q3 2017 and 61% year to date

Alberta Power Price Overview



	Q4 2017	2018	2019
Percentage Contracted	94%	49%	45%
Forward Price	\$26/MWh	\$44/MWh	\$45/MWh
Hedged Price	\$44/MWh	\$49/MWh	\$51/MWh

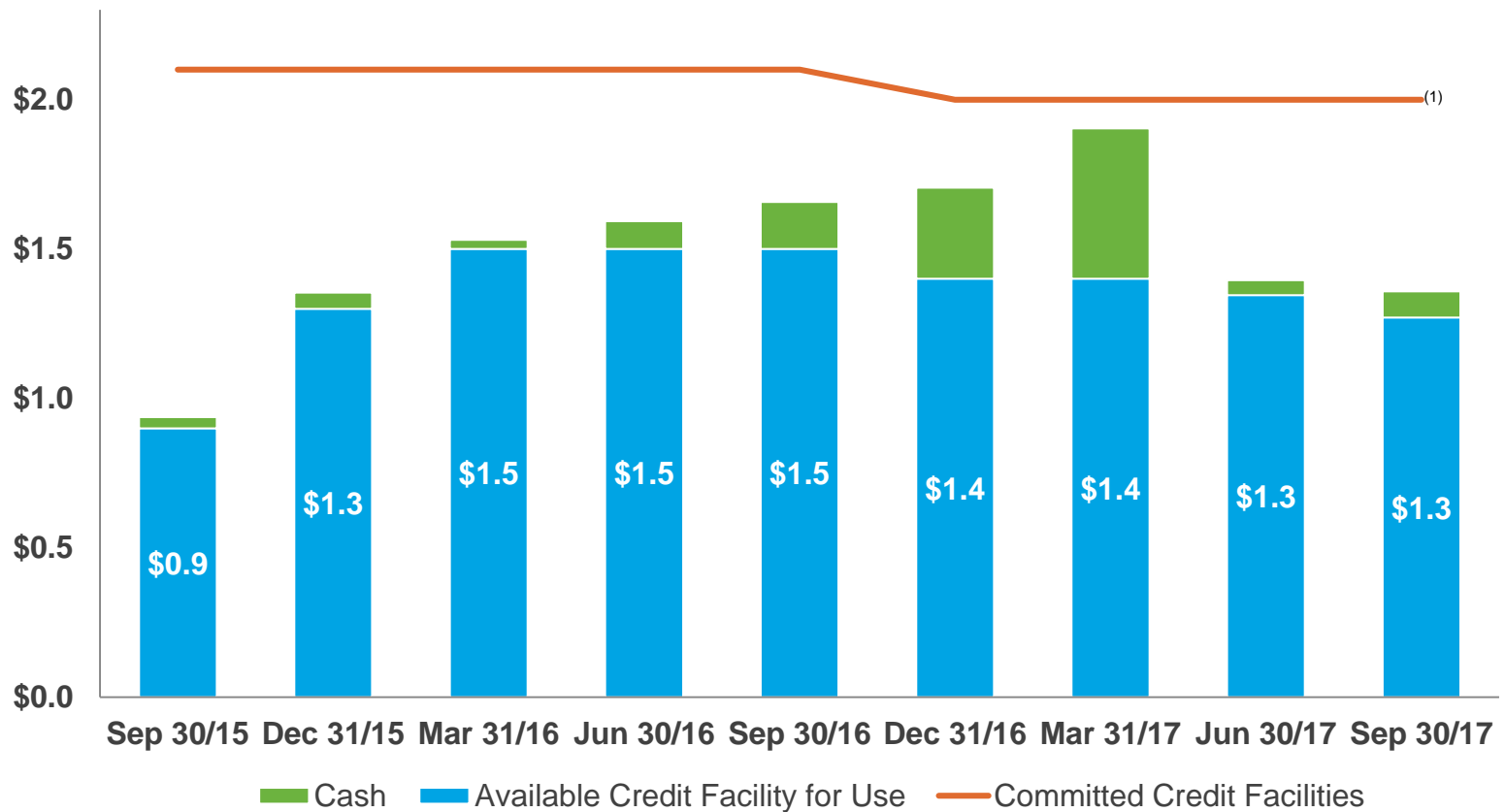


- 2017 performance not highly impacted by Alberta power price
- Increased price exposure with the termination of the Sundance PPA's

(1) As of October 1, 2017

Liquidity

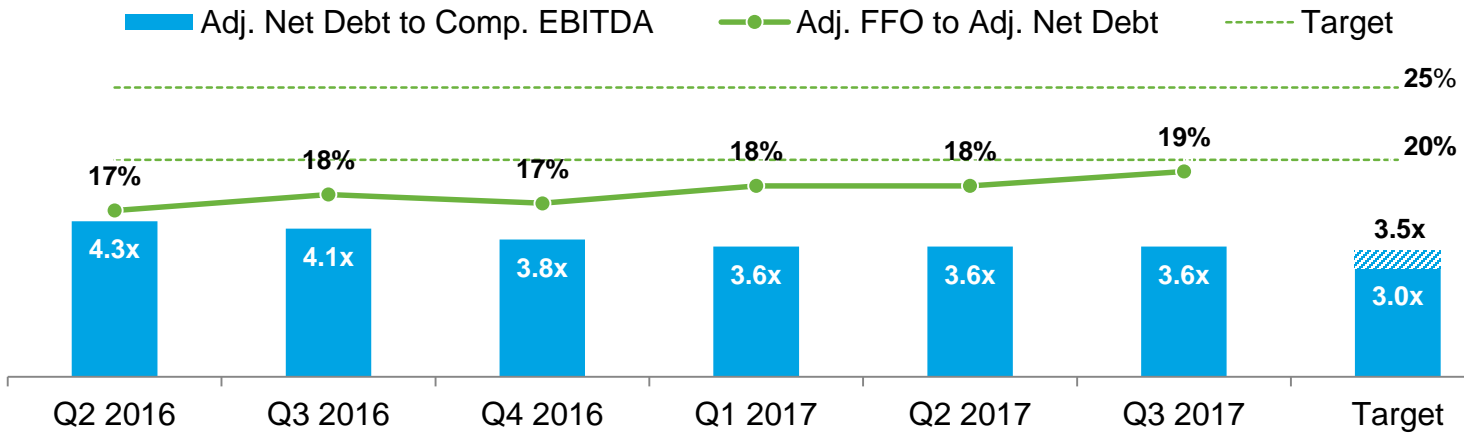
Area of Focus	Execution
Liquidity	<ul style="list-style-type: none"> Liquidity of \$1.4B at Sept. 30, 2017 including cash of \$87 million Repayment of US\$400 million senior note using our balance sheet in Q2/17



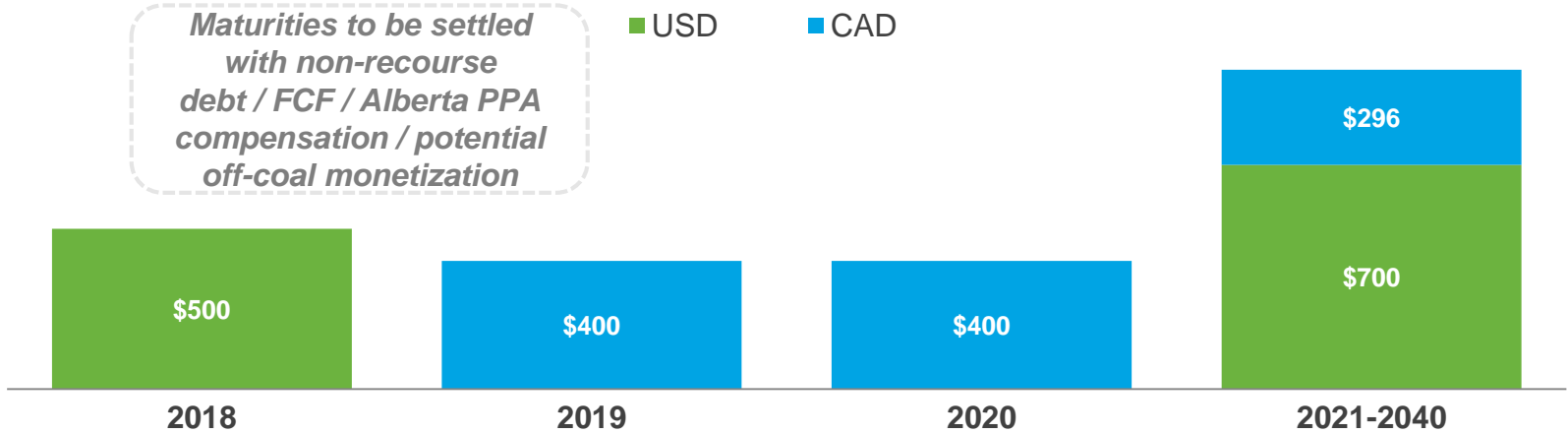
(1) Reduction in committed credit facilities due to reduction in US bilateral credit facility from \$300 million to \$200 million.

Proactively Addressing Up-coming Debt Maturities

REDUCING LEVERAGE

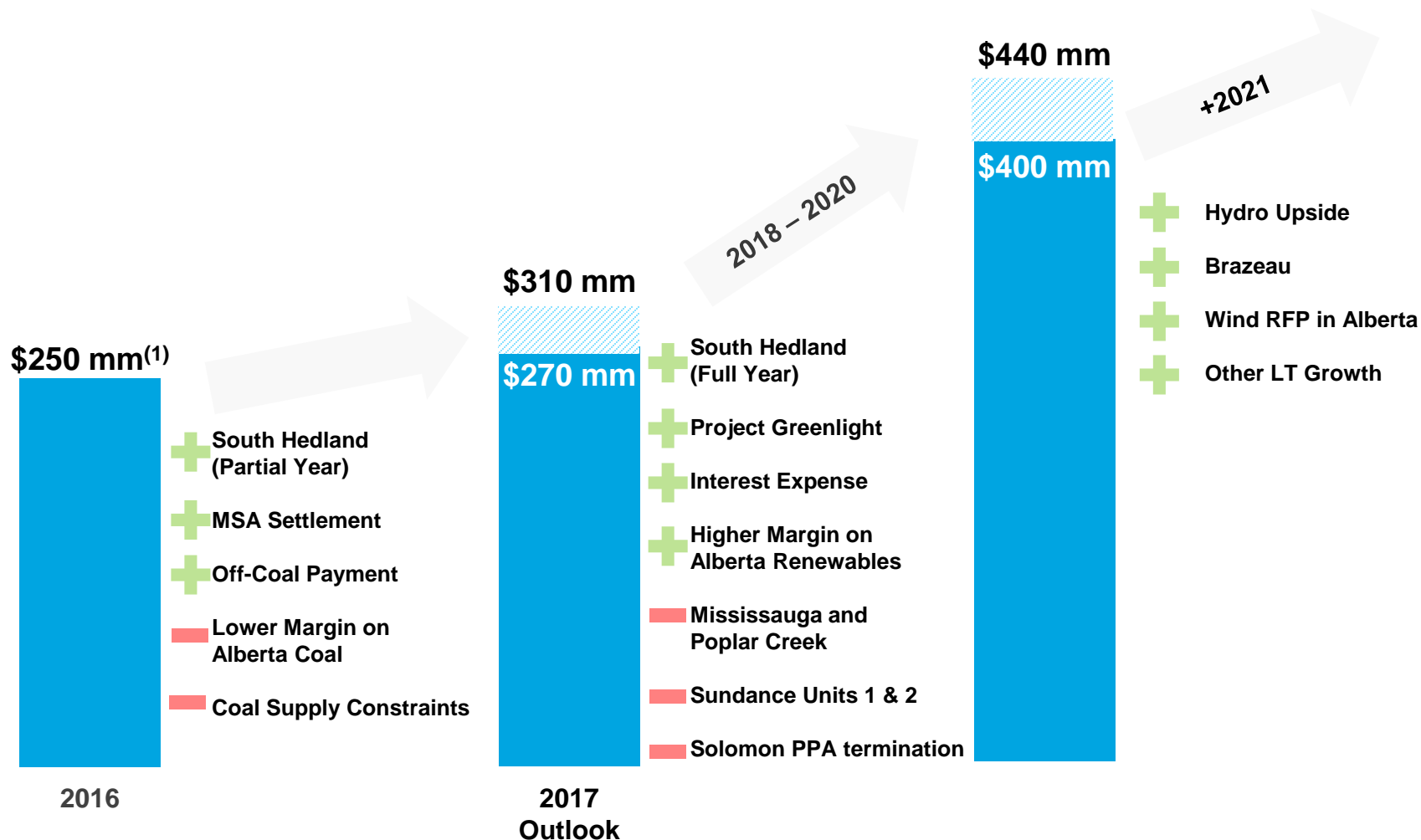


ACTIVELY MANAGING MATURITIES



¹Debt maturities as at October 15, 2017

Tangible Factors Driving Cash Flow Growth



Targeting in excess of \$400 million of Free Cash Flow for 2018 - 2020

¹Includes MSA settlement payment, productivity capital, and Lakeswind tax equity

2017 Investor Day

- Our views on the capacity market and how we will be positioned to be successful with our converted coal to gas units
- Cost management and capital investments through the 2018-2020 timeframe
- Understanding the competitiveness of our renewable portfolio in Alberta; including the Brazeau pumped hydro project
- Growth projects and our view on market activity

Quickly becoming Canada's leading gas and renewables electricity company



Question and Answer

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