



TransAlta Corporation

Third Quarter 2019 Results

Thursday, November 7, 2019



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 includes forward-looking statements pertaining to, among other things: achieving the revised free cash flow outlook; our business and strategy, including our strategy pertaining to the coal-to-gas conversions; the timing of issuing limited notice to proceed and full notice to proceed for Keephills 2 and Keephills 3, respectively; utilizing the two gas turbines acquired from Kineticor to repower Sundance Unit 5; pursuing the repowering and permitting at Sundance Unit 5 and Keephills Unit 1; the construction of the 40MW cogeneration project at SemCAMS’ Kaybob site; current growth projects, including the Big Level wind project, Antrim wind project, Skookumchuk wind project, Windrise wind project, the WindCharger battery storage project, and the size, capital cost, expected returns and commercial operation date of each project; the acquisition of the Skookumchuck wind project; EBITDA associated with the new growth projects; forward electricity prices; and returning up to \$250 million to shareholders over the next three years through share buy backs. The material factors and assumptions used in the preparation of the forward-looking statements contained herein, which may prove to be incorrect, include, but are not limited to, the Company’s ability to successfully defend against any existing or potential legal actions or regulatory proceedings; the closing of the second tranche of the Brookfield investment occurring; no significant changes to regulatory, securities, credit or market environments; the Alberta hydro assets achieving their anticipated future value; the anticipated benefits and financial results generated on the coal-to-gas conversions and the Company’s other growth strategies; assumptions contained in our previously released guidance; and the assumptions set forth herein and in the related management’s discussion and analysis and the Company’s annual information form dated as of February 26, 2019.

These statements are subject to a number of risks and uncertainties that may cause actual results to differ materially from those contemplated by the forward-looking statements. Some of the factors that could cause such differences include: the failure of the second tranche of the Brookfield investment to close; the outcomes of existing or potential legal actions or regulatory proceedings not being as anticipated, including those pertaining to the Brookfield investment; changes in our relationships with Brookfield and its affiliated entities or our other shareholders; our Alberta hydro assets not achieving their anticipated value, cash flows or adjusted EBITDA; the Brookfield investment not resulting in the expected benefits for the Company and its shareholders; the inability to complete share buy-backs within the timeline or on the terms anticipated or at all; fluctuations in demand, market prices and the availability of fuel supplies required to generate electricity; changes in the current or anticipated legislative, regulatory and political environments in the jurisdictions in which we operate; environmental requirements and changes in, or liabilities under, these requirements; operational risks involving our facilities; changes in market prices where we operate; unplanned outages at generating facilities and the capital investments required; equipment failure and our ability to carry out repairs in a cost effective and timely manner; delays in construction; the effects of weather; disruptions in the source of fuels, water or wind required to operate our facilities; energy trading risks; failure to obtain necessary regulatory approvals in a timely fashion; negative impact to our credit ratings; legislative or regulatory developments and their impacts; increasingly stringent environmental requirements and their impacts; increased competition; global capital markets activity (including our ability to access financing at a reasonable cost); changes in prevailing interest rates; currency exchange rates; inflation levels and commodity prices; general economic conditions in the geographic areas where TransAlta operates; and other risks and uncertainties discussed in the Company’s materials filed under the Company’s profile with the Canadian securities regulators on www.sedar.com and the U.S. Securities and Exchange Commission on www.sec.gov, including in the Company’s MD&A and Annual Information Form for the year ended December 31, 2018. 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. The purpose of the financial outlooks contained in this news release are 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. 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.

Certain financial information contained in this presentation, including 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 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

CEO Update

Advancements in our Clean
Energy Investment Plan

Growth

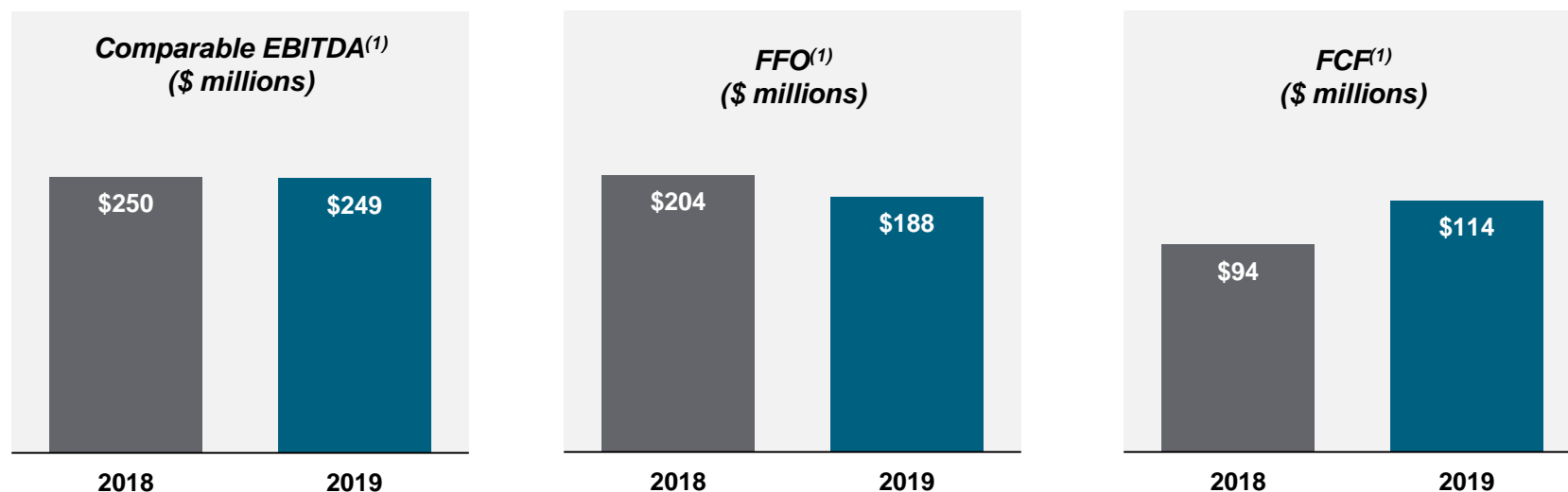
Alberta Business

Financial Results and Updates

CEO Summary

Questions and Answers

Highlights – Three Months Ended Sept. 30, 2019



- Strong operational and financial performance
- Announced initiatives which progress our growth strategy and Clean Energy Investment Plan
- Successful in Sundance B and C PPA arbitration (\$56 million)
- Revised full year 2019 FCF outlook

(1) Adjusted to exclude the \$56 million received during the quarter related to the Sundance B and C PPA termination payment.

Strategy Milestones

Achieved Milestones

- ✓ Issued FNTP for Sundance 6 Unit
- ✓ Issued LNTP for Keephills 2 Unit
- ✓ K3/G3 non-operating interest swap
- ✓ Transported first gas on Pioneer Pipeline with firm contract beginning November 1st
- ✓ Advanced repowering strategy with Kinetikor transaction
- ✓ Received AUC approval for Windrise ahead of schedule
- ✓ Agreement with SemCAMS to construct a 40 MW Cogen facility

Next Milestones

- Expect to issue FNTP on Keephills 2 Unit by year-end
- Expect to issue LNTP for Keephills 3 Unit by year-end

Significant Growth Underway

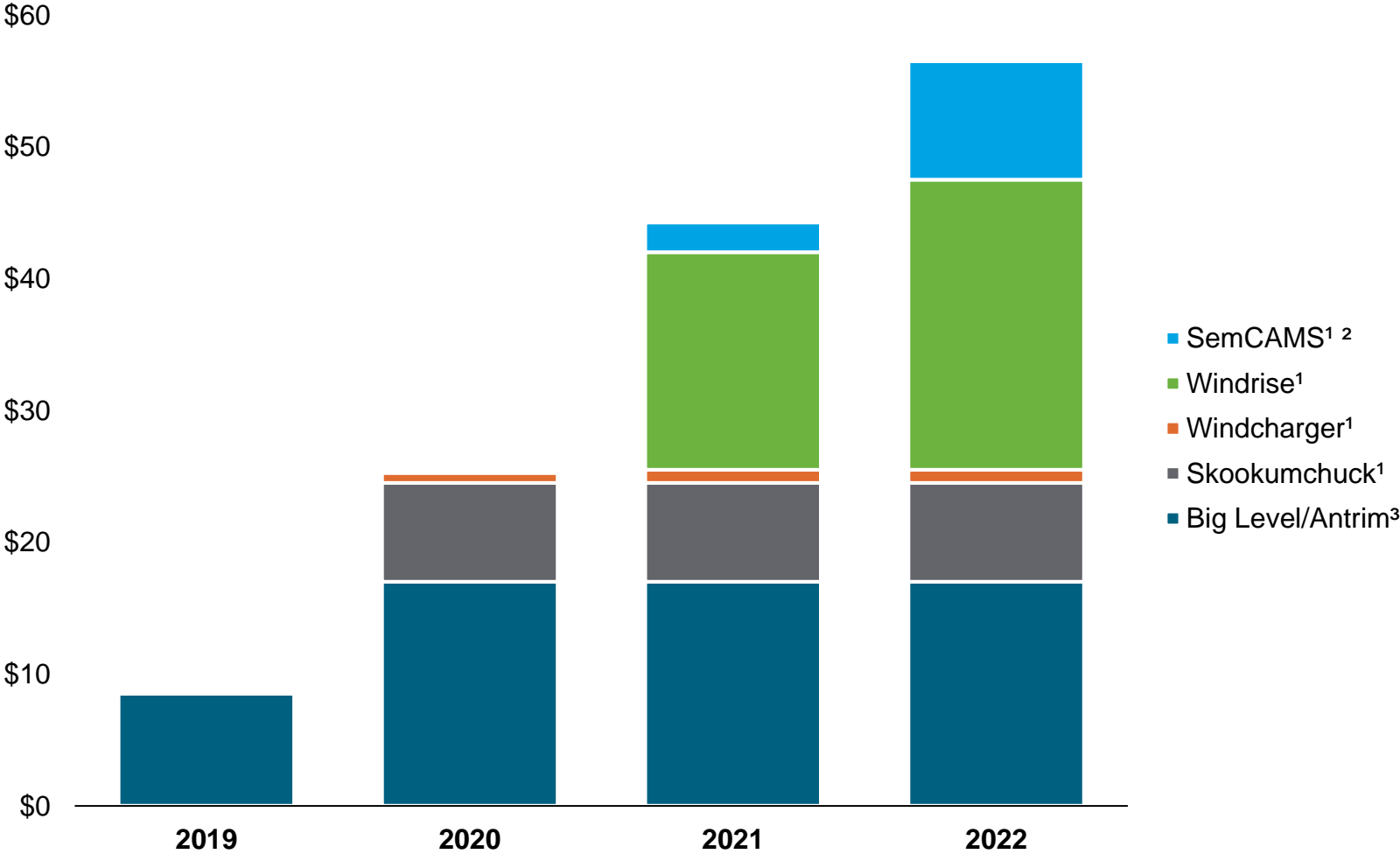
	Projects	Owned MW	Capital Invested ⁶ (CAD\$ millions)	Expected Returns	Expected COD
RNW	Big Level Wind	90	\$225 - \$240	High single digit	Q4 2019
	Antrim Wind	29	\$100 - \$110	High single digit	Q4 2019
Potential RNW Drop- Down	Skookumchuck Wind ¹	67	\$150 - \$160	High single digit	H1 2020
	Windrise Wind	207	\$270 - \$285	High single digit	H1 2021
	WindCharger Battery ²	10	\$7 - \$8	Low/Mid teens	H1 2020
	SemCams Cogen ³	40	\$105 - \$115	Low/Mid teens	H2 2021
TA	Boiler Conversions ⁴	1,260 to 2,430	\$100 - \$200	50+%	Late 2020 – 2023
	Repowering ⁵	730	\$750 - \$770	Double digit	2023
	Total		\$1,707 - \$1,888		

Expect to invest up to \$1.9 billion in TransAlta and TransAlta Renewables in high returning projects

1) Represents TransAlta's ownership of 49 per cent. 2) Capital investment represents TransAlta portion. 3) Capital investment represents total costs. SemCAMS has a 50% buy-in option at COD. 4) Boiler conversions include Sundance and Keephills units and excludes Sheerness units. 5) Keephills 1 Unit remains a candidate for repowering, but would most likely occur after the 2023 timeframe shown in the table. 6) Expected capital spend to the end of 2023.

Current Growth Projects EBITDA

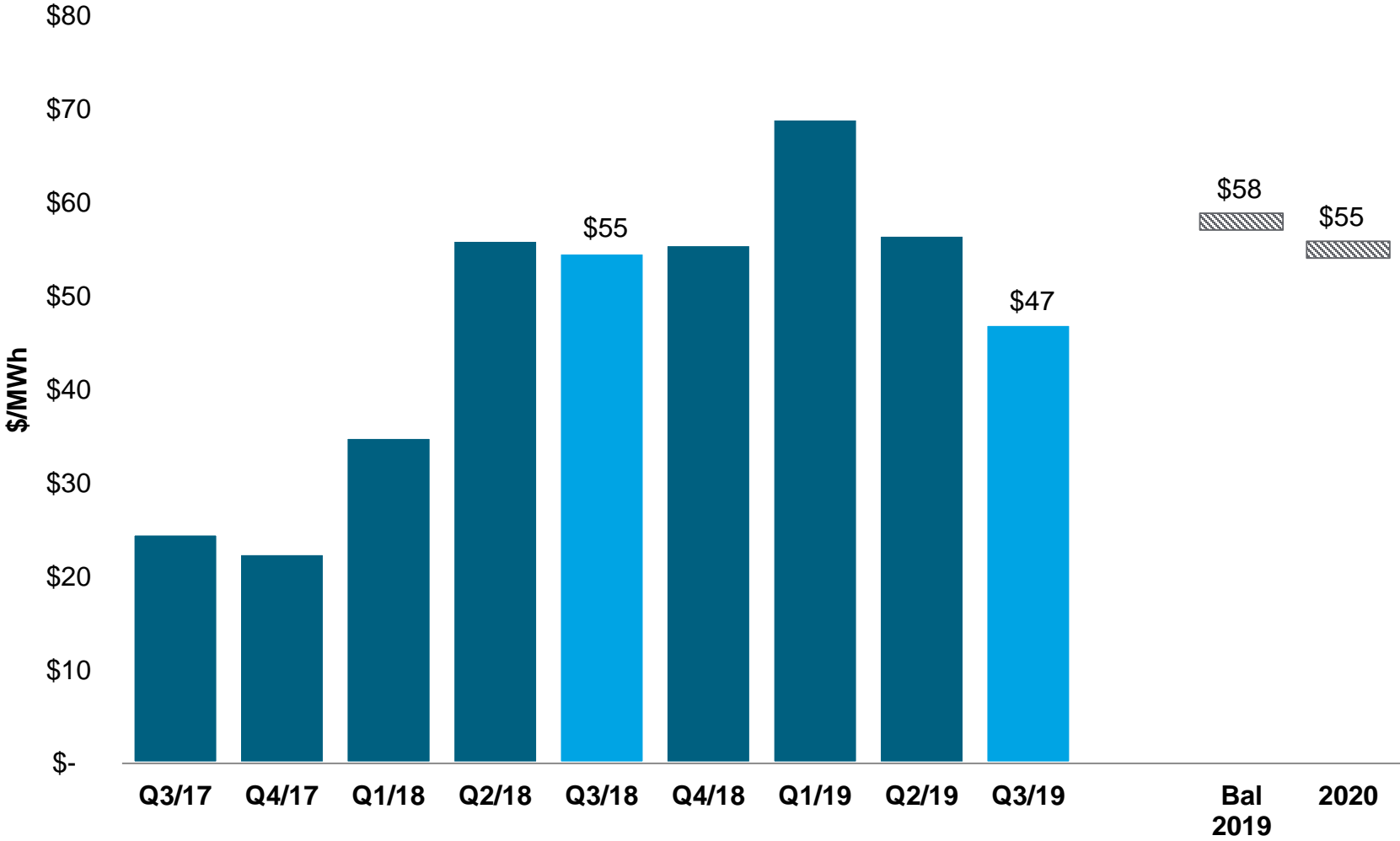
EBITDA GENERATED BY NEW ASSETS (\$ MILLIONS)



1) Potential drop-down candidates to TransAlta Renewables. 2) Reflects 50% of total project EBITDA as SemCAMS has 50% option to buy-in at COD 3) Antrim / Big Level EBITDA excludes tax equity Production Tax Credits (PTCs).

Alberta Electricity Prices

ALBERTA POOL PRICE AND FORWARD CURVE (\$/MWH)

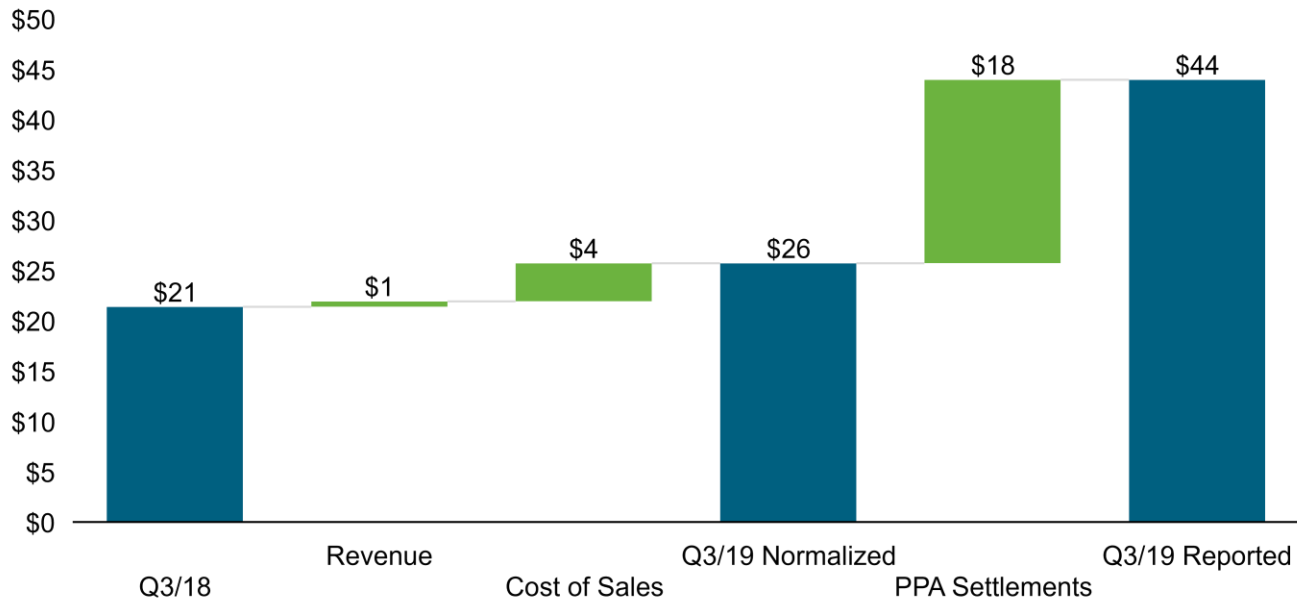


Notes: Forward curve as at November 5, 2019

EBITDA Generated by Canadian Coal

- Lower generation compared to Q3/18 due to weaker market conditions
- Comparable EBITDA increased due to:
 - Efficient and economic operations of facilities
 - Increased co-firing with natural gas
 - Cost reductions implemented over the past few years

THIRD QUARTER 2019 CANADIAN COAL EBITDA (\$/MWH)



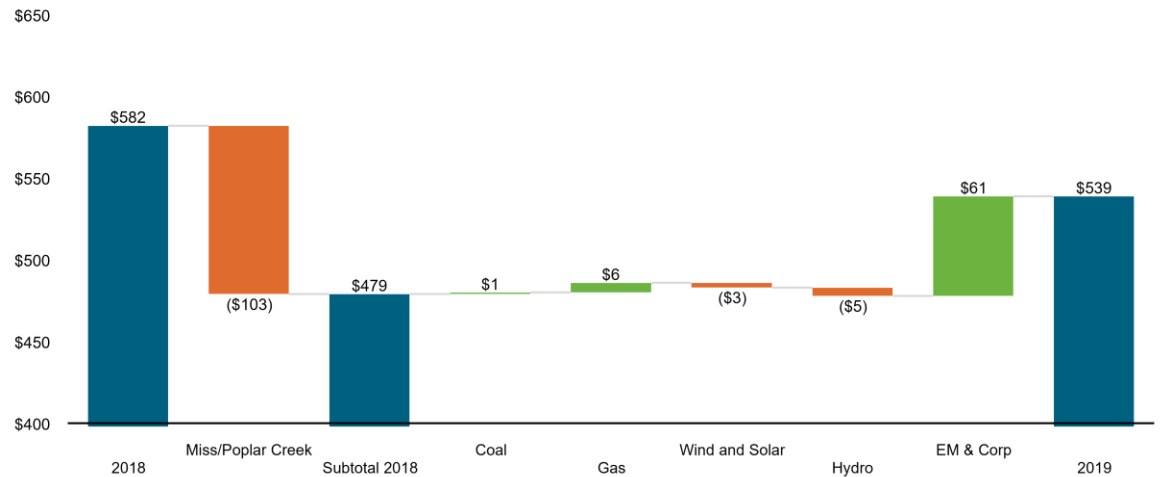
Financial Results

- EBITDA and segmented cash flows in line with expectations
- Strong performance from Canadian Coal, Energy Marketing and Canadian Gas
- YTD U.S. Coal results negatively impacted by \$25 million due to an isolated and extreme pricing event which occurred in March

NINE MONTHS 2019 EBITDA ^(1,2) (\$MILLIONS)



NINE MONTHS 2019 SEGMENTED CASH FLOWS⁽²⁾ (\$MILLIONS)

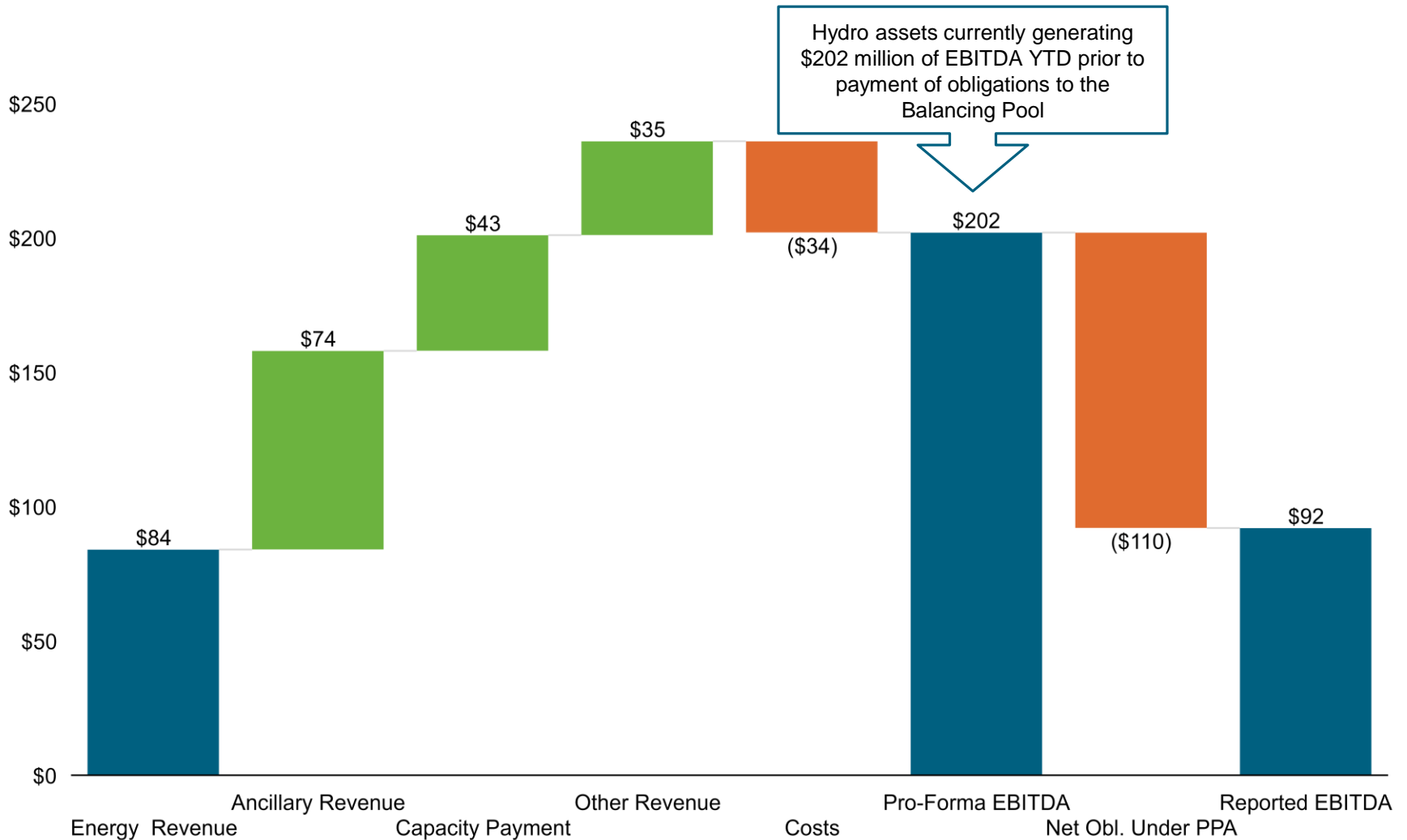


1) During the first quarter of 2019, we revised our approach to reporting adjustments to arrive at comparable EBITDA, mainly to be more comparable with other companies in the industry. Comparable EBITDA is now adjusted to exclude the impact of unrealized mark-to-market gains or losses. Both the current and prior period amounts have been adjusted to reflect this change.

2) Comparable EBITDA and Segmented Cash Flows exclude the PPA termination payments of \$56 million received in Q3/19 and \$157 million received in Q1/18.

EBITDA Generated by TransAlta Hydro

YTD 2019 HYDRO (\$ MILLIONS)



Other Revenue includes revenues from other hydro assets, transmission assets, and other services provided by the hydro facilities.

Financial Updates

REVISED FULL YEAR 2019 OUTLOOK⁽¹⁾ (\$ MILLIONS)

	Revised Outlook	Original Outlook
Comparable EBITDA	No change	\$875 - \$975
Free cash flow	\$300 - \$340	\$270 - \$330

- Increased full year 2019 outlook
- \$1.4 billion capacity on credit facilities, with over \$300 million of cash on hand
- Remain committed to return \$250 million to shareholders over the next three years through share buy backs
- Deconsolidated metrics introduced at Investor Day now included in financials reports

(1) Excludes the \$56 million received during the quarter related to the Sundance B and C PPA termination payment.



Question and Answer

TransAltaTM
Powering Economies and Communities

