

**transalta**<sup>TM</sup>

# Q2 2022 Results

August 5, 2022



# Disclaimer and Forward-Looking Statements

This presentation includes "forward-looking information" within the meaning of applicable Canadian securities laws, and "forward-looking statements" within the meaning of applicable United States securities laws, including the United States Private Securities Litigation Reform Act of 1995 (collectively referred to herein as "forward-looking statements"). All forward-looking statements are based on the beliefs as well as assumptions of TransAlta Corporation (the "Company", "TransAlta", "we" or "our") based on information available at the time the assumption was made 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", "could", "would", "shall", "believe", "expect", "estimate", "anticipate", "intend", "plan", "forecast", "foresee", "potential", "enable", "continue" or other comparable terminology. These statements are not guarantees of our future performance, events or results and are subject to risks, uncertainties and other important factors that could cause our actual performance, events or results to be materially different from that set out in or implied by the forward-looking statements.

In particular, this presentation contains forward-looking statements including, but not limited to, statements relating to: our Clean Electricity Growth Plan and ability to achieve the target of 2 gigawatts ("GW") of incremental renewables capacity with an estimated capital investment of \$3 billion that is expected to deliver incremental average annual EBITDA of \$250 million; remediation of the Kent Hills wind facilities, including the timing and cost of the rehabilitation and foundation replacements; the Company's projects under construction, including the timing of commercial operations, expected annual EBITDA and the costs of the Horizon Hill wind project ("Horizon Hill wind project"), the White Rock East and White Rock West wind projects ("White Rock Wind projects"), Northern Goldfields solar project, Garden Plain wind project, and the Mount Keith 132kV transmission expansion; the execution of the Company's early and advanced stage development pipeline, including the size, cost and expected EBITDA from such projects; the execution of the Tempest wind project; the effectiveness of the capacity commitments of the industrial customers at the Sarnia cogeneration facility; the Ontario Independent Electricity System Operator (the "IESO") announcement of the Company's successful bid in the third quarter of 2022 with respect to the Sarnia cogeneration facility; the ability to realize future growth opportunities with BHP Billiton Nickel West; reduction of carbon emissions by 75 per cent from 2015 emissions levels by 2026; financial outlook for 2022, including adjusted EBITDA, cash available for distribution and annual dividend; 2022 Alberta hedging price and volume; gross margin target in 2022 for the Energy Marketing segment; using the EIP Portfolio (defined below) to take a targeted approach to diversification and define the next generation of power solutions; and our 2022 priorities, including as it pertains to our strategic initiatives, growth and commercial priorities, and financial flexibility priorities. The forward-looking statements contained herein are based on current expectations, estimates, projections and assumptions, having regard to the Corporation's experience and its perception of historical trends, and includes, but is not limited to, expectations, estimates, projections and assumptions relating to: impacts of COVID-19; the impacts of inflation; the demand of renewable energy; the timing of regulatory approvals; foreign exchange rates; the availability and cost of labour, services and infrastructure; and the satisfaction by third parties of their obligations, including under power purchase agreements. Forward-looking statements are subject to a number of significant risks, uncertainties and assumptions that could cause actual plans, performance, results or outcomes to differ materially from current expectations. Factors that may adversely impact what is expressed or implied by forward-looking statements contained in this presentation include, but are not limited to: the impact of COVID-19; increased force majeure claims; reduced labour availability and ability to continue to staff our operations and facilities; disruptions to our supply chains, including our ability to secure necessary equipment and to obtain regulatory approvals on the expected timelines or at all in respect of our growth projects; restricted access to capital and increased borrowing costs; changes in short-term and/or long-term electricity supply and demand; fluctuations in market prices, including lower merchant pricing in Alberta, Ontario and Mid-Columbia; reductions in production; increased costs; higher market volatility in the fourth quarter causing elevated collateral impacting accounts receivable and accounts payable; a higher rate of losses on our accounts receivables due to credit defaults; increased impairments and/or write-downs of assets; increased cybersecurity threats; commodity risk management and energy trading risks, including the effectiveness of the Company's risk management tools associated with hedging and trading procedures to protect against significant losses; changes in demand for electricity and capacity and our ability to contract our electricity generation for prices that will provide expected returns and replace contracts as they expire; changes to the legislative, regulatory and political environments; reductions to our generating units' relative efficiency or capacity factors; disruptions in the source of fuels, including natural gas and coal, as well as the extent of water, solar or wind resources required to operate our facilities; general economic risks, including deterioration of equity markets, increasing interest rates or rising inflation; failure to meet financial expectations; general domestic and international economic and political developments, including escalation of armed hostilities at Ukraine, the threat of terrorism, cyberattacks, diplomatic developments or other similar events; equipment failure and our ability to carry out or have completed the repairs in a cost-effective manner or timely manner or at all, including the remediation and foundation replacement at the Kent Hills wind facilities is more time consuming or costly than expected; the Company's failure to secure a successful bid with respect to the Sarnia cogeneration facility contract extension; industry risk and competition; fluctuations in the value of foreign currencies; structural subordination of securities; counterparty credit risk; changes to our relationship with, or ownership of, TransAlta Renewables; changes in the payment or receipt of future dividends, including from TransAlta Renewables; risks associated with development projects and acquisitions, including capital costs, permitting, engineering risks, and delays in the construction or commissioning of projects; inadequacy or unavailability of insurance coverage; our provision for income taxes; legal, regulatory and contractual disputes and proceedings involving the Company; reliance on key personnel; and labour relations matters. The foregoing risk factors, among others, are described in further detail under the heading "Risk Factors" in our Annual Information Form and our Management's Discussion and Analysis for the year ended December 31, 2021. Readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on them, which reflect the Company's expectations only as of the date hereof. 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. In light of these risks, uncertainties and assumptions, the forward-looking statements might occur to a different extent or at a different time than we have described or might not occur at all. We cannot assure that projected results or events will be achieved.

Certain financial information contained in this presentation, including EBITDA or Adjusted EBITDA, Free Cash Flow ("FCF") and cash available for distribution ("CAFD") 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. Please refer to the "Additional IFRS Measures and Non-IFRS Measures" and "Reconciliation of Non-IFRS Measures" section of the Management Discussion & Analysis for the nine months and year ended December 31, 2021 for further discussion of these items, including, where applicable, reconciliations to measures calculated in accordance with IFRS. The purpose of the financial outlooks contained herein 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 and is given as of the date of this presentation. The Company is not making any offer or invitation of any kind by communication of this document to the recipient and under no circumstances is it to be construed as a prospectus or an advertisement.

All amounts referenced in this presentation are in Canadian currency unless otherwise specified.



# **John Kousinioris**

**President and Chief Executive Officer**



# Q2 2022 Achievements

## Q2 2022 Results and Financial Position



Adjusted EBITDA<sup>1</sup> of **\$279 million**

FCF of **\$145 million** or **\$0.54** per share

Access to **\$1.9 billion** in liquidity, ~ **\$0.9 billion** in cash

**58%** of generation EBITDA<sup>1</sup> from renewables and storage in Q2 2022 versus **35%** in 2020

## Growth and Customer Solutions



**200 MW** of growth announced in Oklahoma at Horizon Hill wind facility

Mount Keith Transmission Expansion project with BHP

Added **325 MW** to renewables development pipeline across Canada and the US

Executed contract extensions with 3 industrial customers at Sarnia

## Strategic Initiatives



Advanced rehabilitation of Kent Hills and extended contracts with NB Power for **10 years**

Advanced Clean Electricity Growth Plan

Entered commitment to invest **US\$25 million** over the 4 years in Energy Impact Partners Deep Decarbonization Frontier Fund

Court of Appeal upholds favourable force majeure arbitration decision

Launched new visual identity



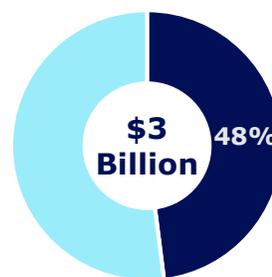
# Clean Electricity Growth Plan Execution

	MW	Location	Capital (\$ millions)	PPA Term	Customer	EBITDA (\$ millions)	COD
<b>North Carolina Solar</b>	122	North Carolina	US\$99	11 years	Duke	US\$9	In service
<b>Garden Plain Wind</b>	130	Hanna, AB	\$190 - \$200	17 years <sup>1</sup>	Pembina and investment-grade customer	\$14 - \$15	H2 2022
<b>Northern Goldfields Solar</b>	48	Western Australia	AU\$69 - \$73	16 years	BHP	AU\$9 - \$10	H2 2022
<b>White Rock Wind</b>	300	Caddo County, OK	US\$460 - \$470	Long-term	Amazon	US\$42 - \$46	H2 2023
<b>Horizon Hill Wind</b>	200	Logan County, OK	US\$290-\$310	Long-term	Meta	US\$27-\$30	H2 2023
<b>Mt Keith Transmission Expansion</b>	NA	Western Australia	AU\$50 - \$53	15 years	BHP	AU\$6 - \$7	H2 2023

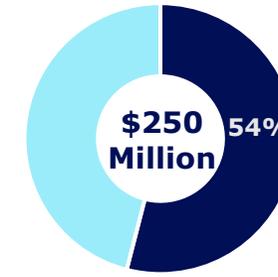
**Capacity Target**



**Capital Target**



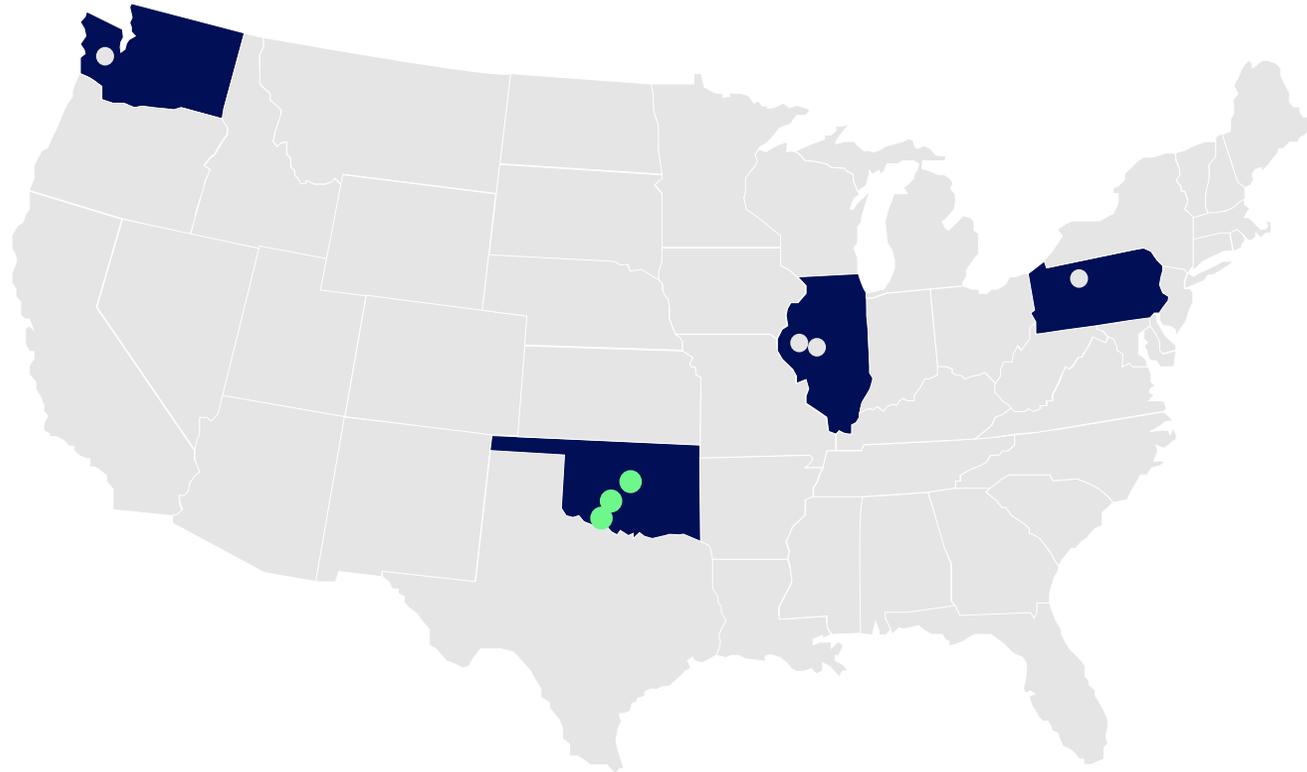
**Incremental EBITDA Target**



**Projects under construction totaling ~\$1.3 Billion**



# Development Pipeline: United States



## Legend

- Early-stage development site
- Under construction

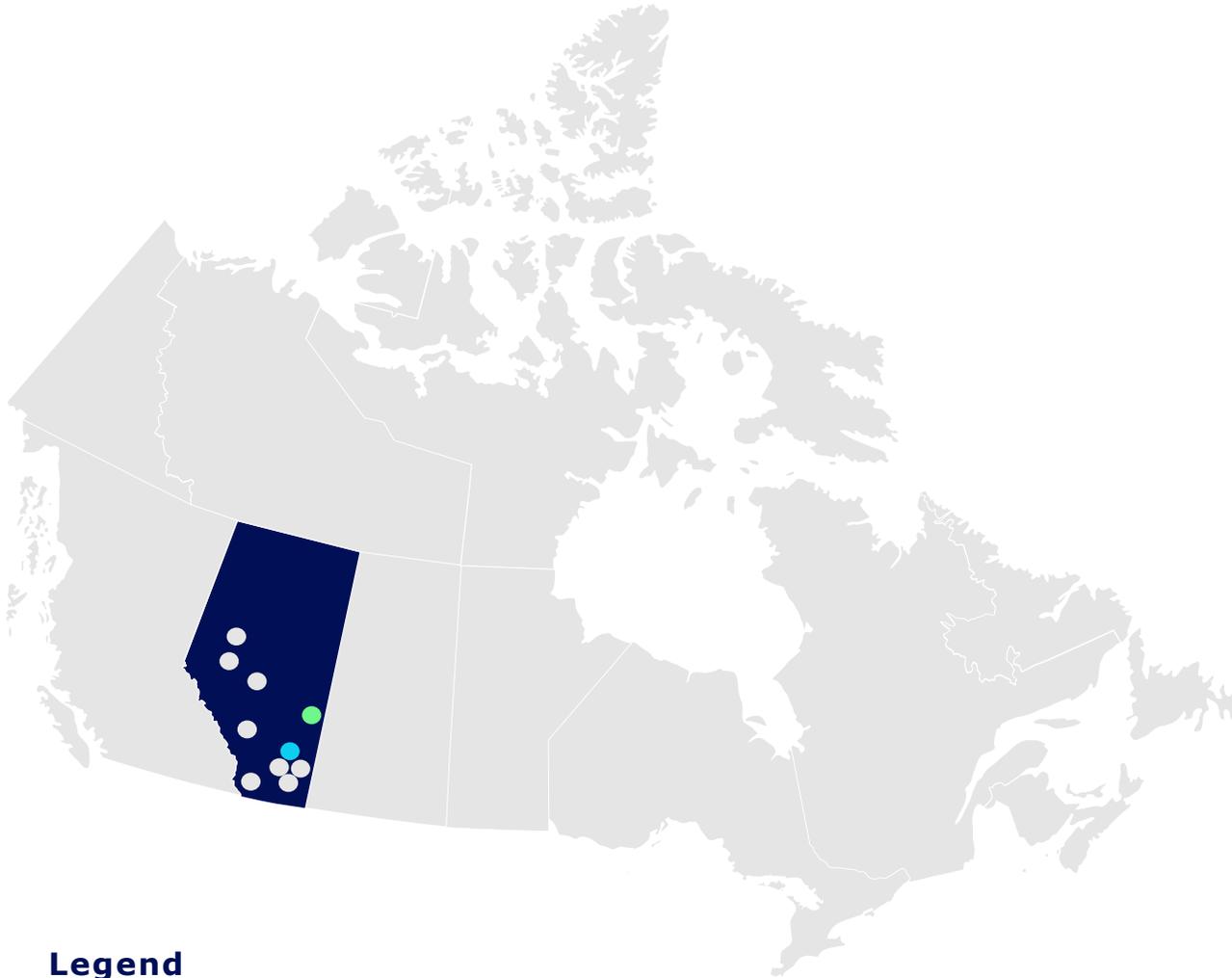
Total All Stages: **1,650 MW – 1,900 MW**

Project	MW	Fuel	Location	Stage	COD Range
White Rock West	100	Wind	OK	<span style="color: green;">●</span>	2023
White Rock East	200	Wind	OK	<span style="color: green;">●</span>	2023
Horizon Hill	200	Wind	OK	<span style="color: green;">●</span>	2023
Prairie Violet	130	Wind	IL	<span style="color: grey;">●</span>	2026
Old Town	185	Wind	IL	<span style="color: grey;">●</span>	2024-2025
Big Timber	50	Wind	PA	<span style="color: grey;">●</span>	2026
Other US Wind Prospects	535	Wind	Various	<span style="color: grey;">●</span>	2025+
Centralia Site Redevelopment	250 – 500	Gas, Solar, Storage	WA	<span style="color: grey;">●</span>	TBD



# Development Pipeline: Canada

Total All Stages: **1,820 MW – 2,670 MW**



## Legend

- Advanced-stage development site
- Early-stage development site
- Under construction

Project	MW	Fuel	Location	Stage	COD Range
Garden Plain	130	Wind	AB	<span style="color: green;">●</span>	2022
Tempest	100	Wind	AB	<span style="color: cyan;">●</span>	2024
Riplinger	300	Wind	AB	<span style="color: grey;">○</span>	2025
Willow Creek 1	70	Wind	AB	<span style="color: grey;">○</span>	2024-2025
Willow Creek 2	70	Wind	AB	<span style="color: grey;">○</span>	2024-2025
WaterCharger	180	Battery	AB	<span style="color: grey;">○</span>	2023
SunHills Solar	80	Solar	AB	<span style="color: grey;">○</span>	2024
McNeil Solar	40	Solar	AB	<span style="color: grey;">○</span>	2024
Canadian Wind	300	Wind	Various	<span style="color: grey;">○</span>	2025+
Brazeau Pumped Storage	300-900	Hydro	AB	<span style="color: grey;">○</span>	2032
Alberta Thermal Redevelopment	250-500	Gas, Solar, Storage	AB	<span style="color: grey;">○</span>	TBD



# Development Pipeline: Australia



## Legend

- Advanced-stage development site
- Early-stage development site
- Under construction

**Total All Stages: 298 MW**

Project	MW	Fuel	Location	Stage	COD Range
Northern Goldfields Solar	48	Solar and Battery	WA	●	2022
Mt Keith 132kV Expansion	N/A	Transmission	WA	●	2023
SCE Capacity Expansion	40	Gas	WA	●	2023
Goldfields Expansions	160	Wind, Solar, Gas	WA	○	2024
South Hedland Solar	50	Solar	WA	○	2024





# **Todd Stack**

**Executive Vice President, Finance and  
Chief Financial Officer**

**President, TransAlta Renewables Inc.**

# Alberta Electricity Portfolio

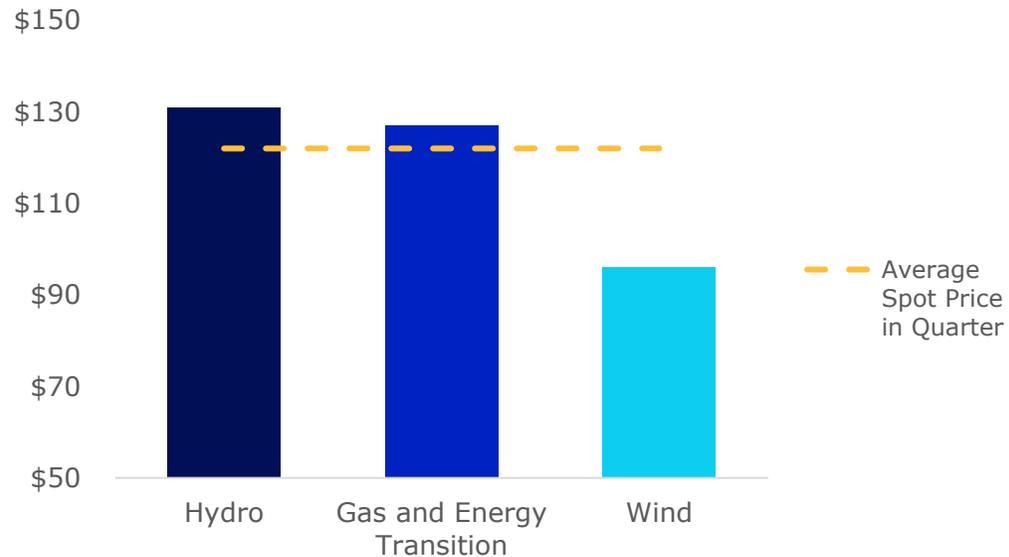
## Q2 2022 Realized Prices

**7%**

Alberta Hydro average premium in Q2 2022

**4%**

Gas and Energy Transition average premium in Q2 2022<sup>1</sup>



## 2022 Balance of Year Hedging

	Volume	Average Hedge Price
<b>Energy</b>	3,063 GWh	~\$76 / MWh
<b>Natural Gas</b>	95% <sup>2</sup>	\$3.72 / GJ

*<sup>2</sup>31 million GJ representing 95% of hedged energy production*

**Demonstrating the value of our diversified fleet in Alberta**



# TransAlta Segmented Results

3 and 6 Months Ended June 30, 2022

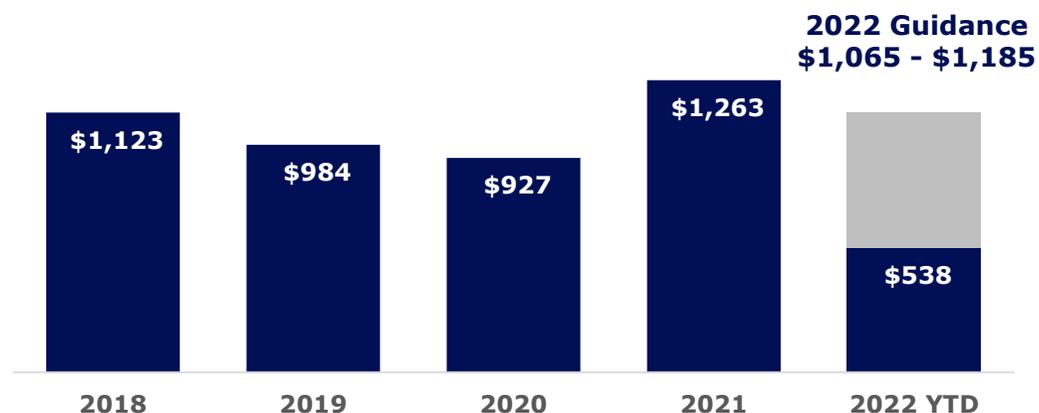
Q2 2022	Q2 2021	Adjusted EBITDA <sup>1</sup>	YTD 2022	YTD 2021
<b>88</b>	96	Hydro	<b>149</b>	173
<b>88</b>	55	Wind and Solar	<b>177</b>	131
<b>65</b>	124	Gas	<b>170</b>	230
<b>11</b>	25	Energy Transition	<b>16</b>	41
<b>50</b>	43	Energy Marketing	<b>67</b>	98
<b>(23)</b>	(24)	Corporate	<b>(41)</b>	(32)
<b>279</b>	319	Total	<b>538</b>	641

<sup>1</sup> Adjusted EBITDA is a non-IFRS measure. Reconciliations to the nearest IFRS measures are included in the Q2 earnings release and other documents available at [www.transaltarenewables.com](http://www.transaltarenewables.com).

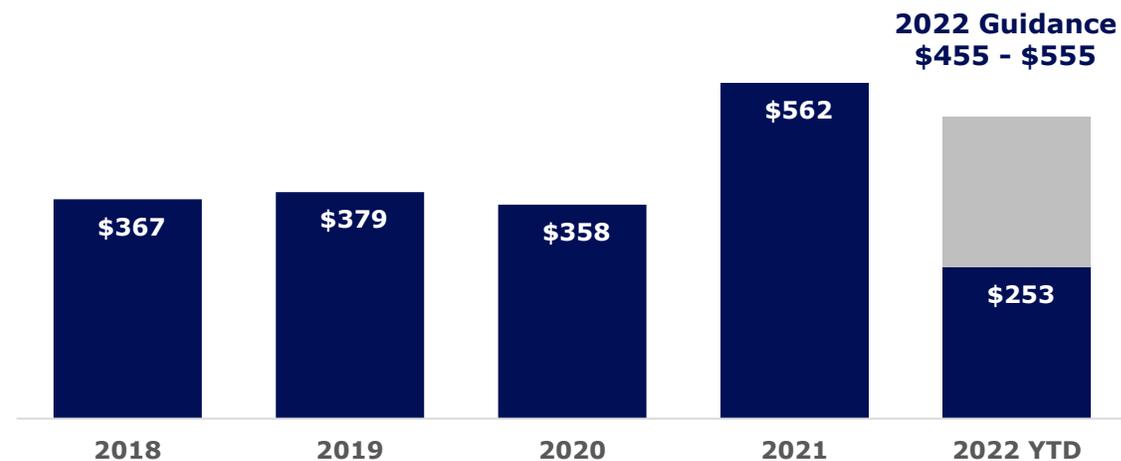


# Financial Strength

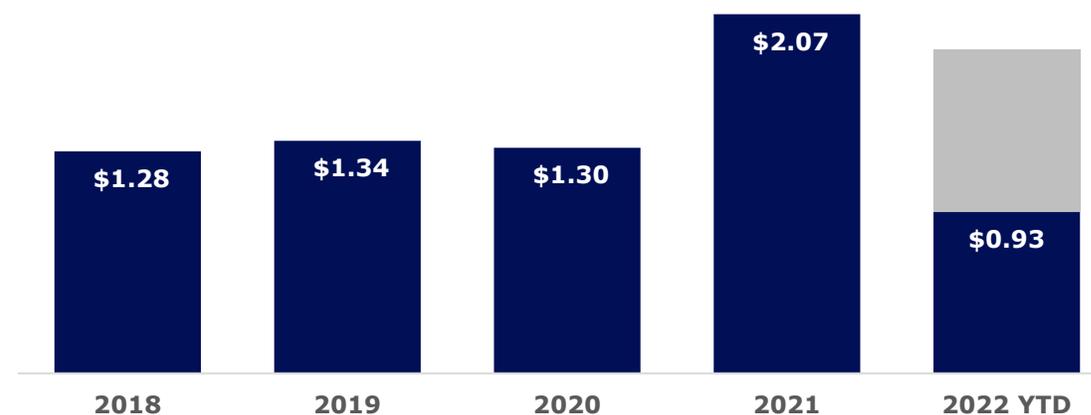
## Adjusted EBITDA<sup>1</sup> (\$millions)



## FCF<sup>1</sup> (\$millions)



## FCF Per Share<sup>1</sup>



~\$1.9 Billion

Cash and available credit facility

<sup>1</sup> Adjusted EBITDA, Free Cash Flow, and Free Cash Flow per share are non-IFRS measures. Reconciliations to the nearest IFRS measures are included in the Q2 earnings release and other documents available at [www.transalta.com](http://www.transalta.com).



# TransAlta Renewables Q2 2022 Highlights

3 and 6 Months Ended June 30, 2022

Q2 2022	Q2 2021		YTD 2022	YTD 2021
<b>126</b>	97	Adjusted EBITDA <sup>1</sup>	<b>265</b>	220
<b>49</b>	40	CAFD <sup>1</sup>	<b>139</b>	130
<b>0.18</b>	0.15	CAFD per share <sup>1</sup>	<b>0.52</b>	0.49
<b>0.23</b>	0.23	Dividends per share	<b>0.47</b>	0.47

<sup>1</sup> Adjusted EBITDA, CAFD, and CAFD per share are non-IFRS measures. Reconciliations to the nearest IFRS measures are included in the Q2 earnings release and other documents available at [www.transaltarenewables.com](http://www.transaltarenewables.com).



# 2022 Priorities

## Safety, Reliability and Availability



Achieve strong safety performance

Achieve strong fleet availability

## Growth and Commercial



Secure 400 MW of growth

Complete Garden Plain and Northern Goldfields Solar

Advance White Rock, Horizon Hill and Mount Keith construction

Expand growth pipeline

## Strategic Initiatives



Accelerate CO2 emissions reduction to 75% from 2015 levels by 2026

Progress ESG efforts including mine reclamation

Position company as thought leader in "net zero electricity" policy

## Competitive



Finalize "One TransAlta" model to drive further business efficiencies

## Financial Flexibility



Deliver Adjusted EBITDA of \$1.065 - \$1.185 billion

Deliver FCF of \$455 - \$555 million

Recontract Sarnia

Rehabilitate Kent Hills

Secure long-term contracts for Alberta merchant fleet

Refinance ~US\$400 million senior notes

## Health and Values



Execute Indigenous Cultural Awareness Training

Continue progress towards 40% gender diversity target



# Our Value Proposition



**Diversified and resilient fleet**



**Clean electricity leader with ESG focus**

**3+ GW growth pipeline**



**Strong financial position**





# Questions and Answers

Visit us at: [www.transalta.com](http://www.transalta.com)  
[Investor\\_relations@transalta.com](mailto:Investor_relations@transalta.com)