



# Investor Presentation

September 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: financial outlook for 2022, including adjusted EBITDA, free cash flow; the Company's 2022 priorities, including as it pertains to our strategic initiatives, growth and commercial priorities, and financial flexibility priorities; the 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; the 2021 to 2025 investment focus; the early-stage development in the United States, Australia and Canada, including the size, cost, expected EBITDA and funding of such projects; projects under construction, including the timing of commercial operations, expected annual EBITDA and the costs thereof; remediation of the Kent Hills wind facilities, including the timing and cost of the rehabilitation and foundation replacements; 2022 Alberta hedging price and volume; gross margin target in 2022 for the Energy Marketing segment; future optimizations and synergies for disciplined capital allocation; and strategic priorities to 2025. 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: Alberta and Mid-Columbia power prices; production and availability; the demand of renewable energy not decreasing significantly; regulatory approvals being obtained in respect of the Company's development and construction projects; 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: supply chain disruptions, including due to the impact of COVID-19 and 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 operating costs; higher market volatility causing elevated collateral and impacting accounts receivables and accounts payables; a higher rate of losses on our accounts receivables due to credit defaults; 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 failures 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; 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, and Free Cash Flow ("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. 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.



# TransAlta at a Glance



**\$9.3 billion**

**ENTERPRISE VALUE**

Strong balance sheet and capital discipline



**111 Years**

**GENERATION EXPERIENCE**

The foundation of our focused strategy



**\$3.3 billion**

**MARKET CAPITALIZATION**

Listed on the TSX and NYSE



**1,300**

**EMPLOYEES**

Central to value creation

**~6,600 MW**

**DIVERSIFIED PORTFOLIO**

74 generating facilities in Canada, the United States and Australia

**\$455 - \$555 million**

**2022 expected Free Cash Flow**

Continued strong performance

**29 million tonnes**

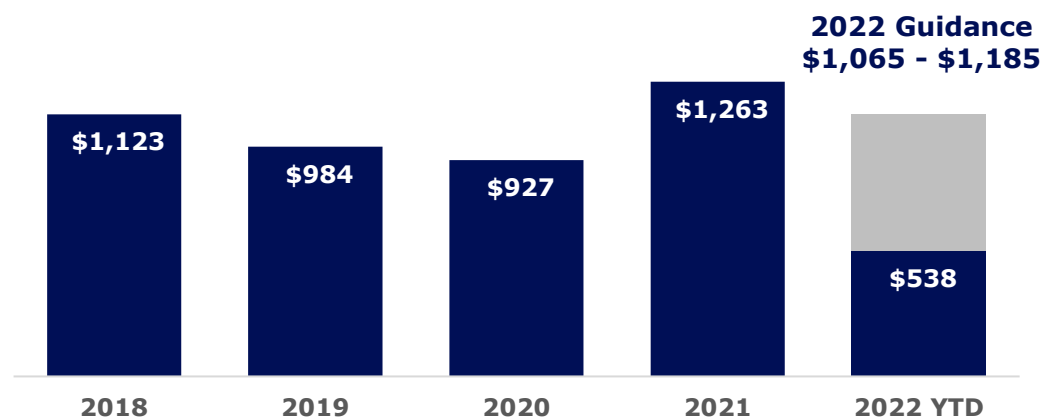
**Annual emissions reductions since 2005**

8% of Canada's emissions reduction target

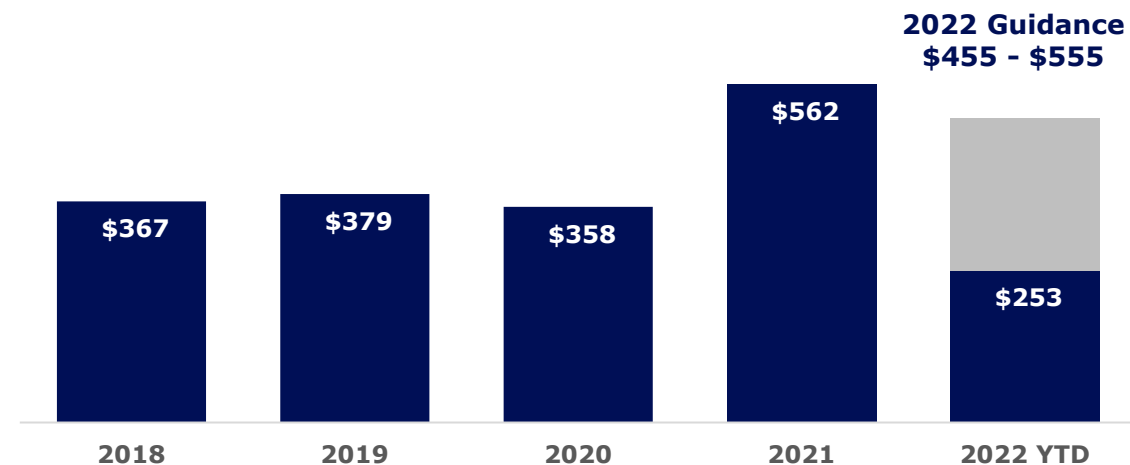


# Financial Strength

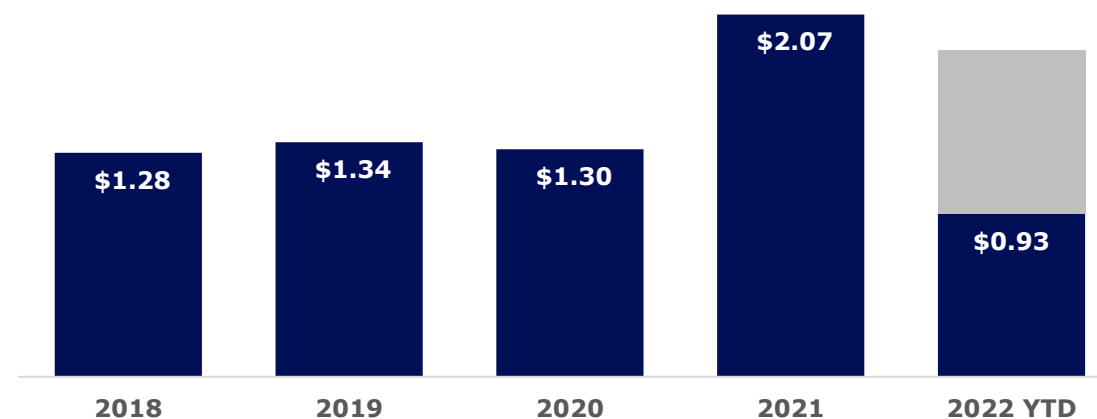
Adjusted EBITDA<sup>1</sup> (\$millions)



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).



# 2022 Outlook

(\$millions)		2022 Target
<b>Adjusted EBITDA</b>		\$1,065 - \$1,185
<b>FCF</b>		\$455 - \$555
<b>Sustaining Capital<sup>(1)</sup></b>		\$150 - \$170
Market		2022 Prices (Updated as at Q2)
<b>Alberta Spot (\$/MWh)</b>		\$115 - \$125
<b>AECO Gas Price (\$/GJ)</b>		\$6.50 - \$7.50
Alberta Hedging		BOY 2022 Assumptions (Updated as at Q2)
<b>Hedged Production</b>		3,063 GWh
<b>Hedge Price</b>		~\$76 / MWh
<b>Hedged Gas Volume</b>		31 million GJ
<b>Hege Gas Price</b>		~\$3.72 / GJ

**Continuing Strong Cash Flow for 2022**



# 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





# 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





# Who We Are

**A Customer-Centred  
Clean Electricity Leader**

## Our Vision

**A leader in  
clean electricity –  
committed to a  
sustainable future**

## Our Strategy

---

Customer Needs  
Operational Excellence  
People  
Shareholder Value

## Our Values

Safety  
Innovation  
Sustainability  
Respect  
Integrity





# TransAlta's Core Businesses



**Merchant  
Hydro**



**Thermal  
Generation**



**Energy Marketing  
and Trading**



**Business  
Development**



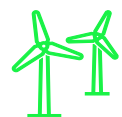
**transalta<sup>TM</sup>  
renewables**



**Diversified and reliable generation with world-class trading and business development teams**



# Fleet Overview



Wind, Solar and Storage  
**29 Facilities**



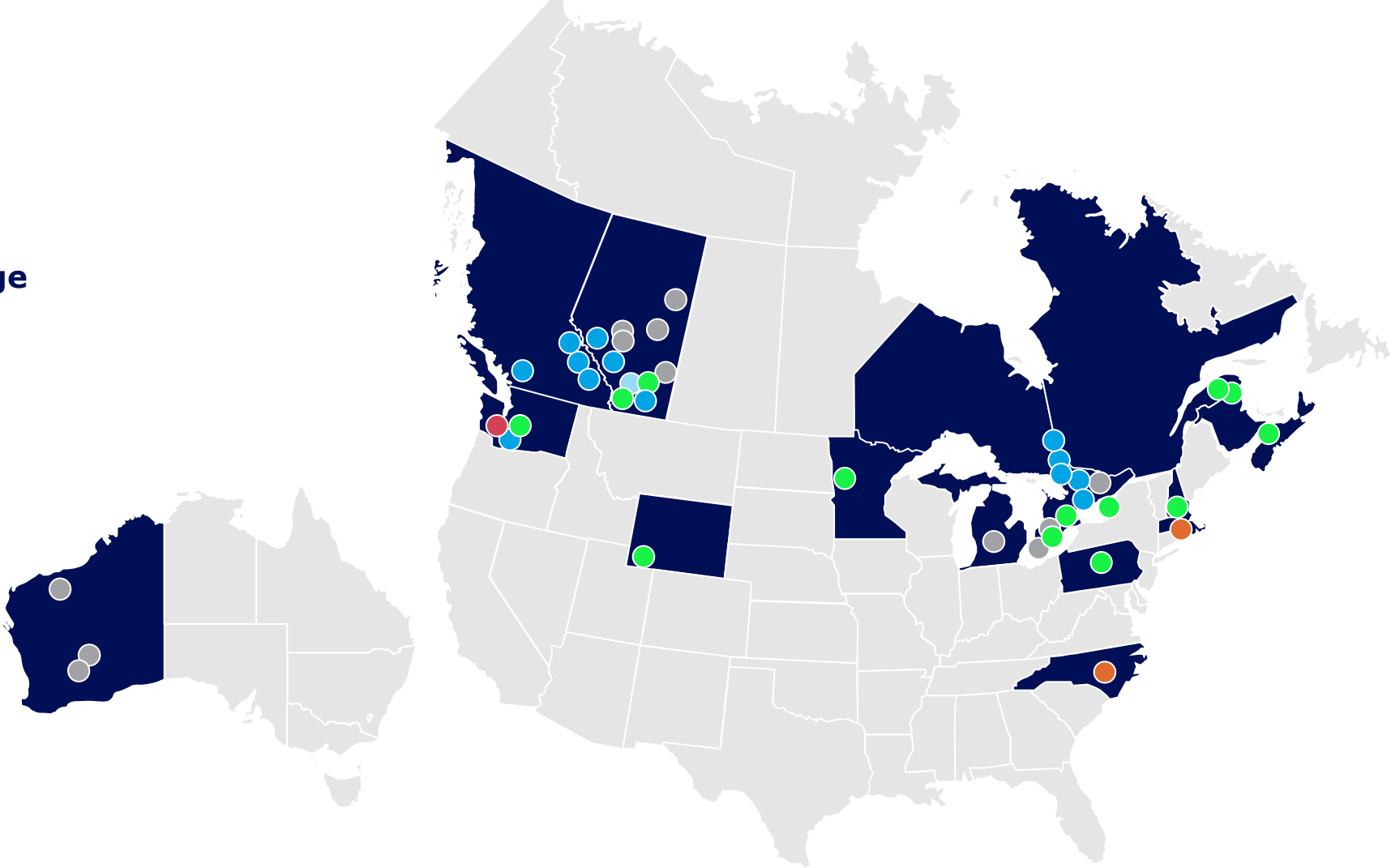
Hydro  
**27 Facilities**



Natural Gas  
**17 Facilities**



Coal  
**1 Facility**



TECHNOLOGY

Wind Solar Hydro Battery Natural gas Coal



# Clean Energy Transition Ahead of Plan

## Clean Energy Growth

- ✓ Over 400 MW of renewables and storage added, including first utility-scale storage
- ✓ Established ~3 GW wind and solar pipeline
- ✓ Established Canadian, US and Australian growth teams

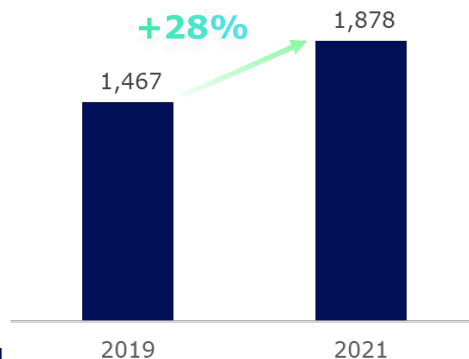
## Carbon Transition

- ✓ 1,600 MW of coal generation retired by end of 2021
- ✓ 1,660 MW of conversions completed by end of 2021
- ✓ Ceased active mining operations by end of 2021
- ✓ Pioneer gas pipeline completed and sold

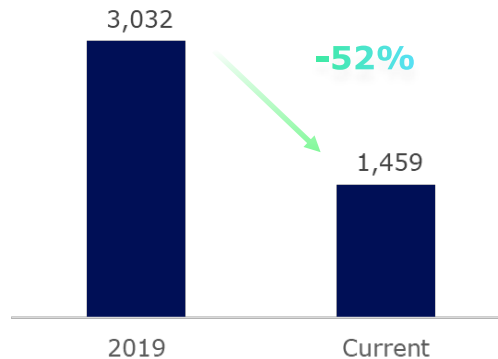
## Emissions Reductions

- ✓ CO<sub>2</sub> emissions reduced by 61% from 2015
- ✓ Targeting 75% below 2015 levels by 2026
- ✓ Carbon neutrality by 2050

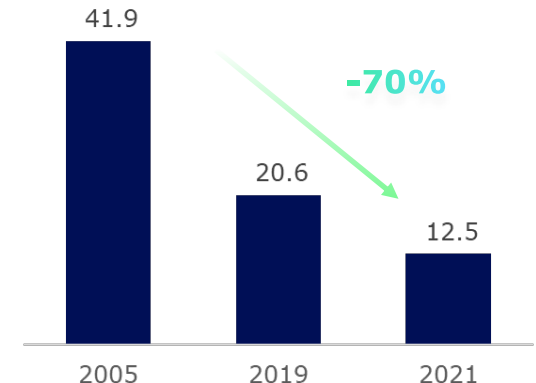
## Renewable Capacity



## Alberta Thermal Capacity (MW)



## Emissions Reductions (MM T CO<sub>2</sub>)

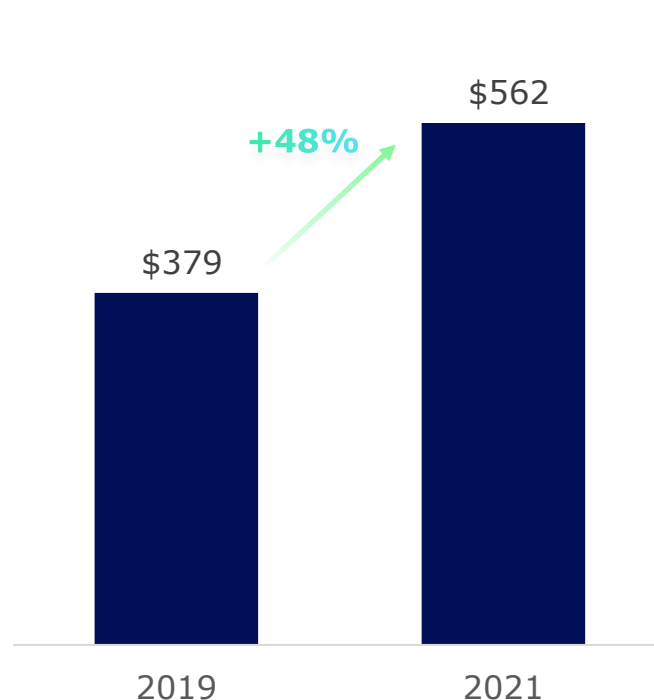


# Strategic Accomplishments Led to Dramatic Evolution

**Senior Corporate Debt  
(\$ billion)**



**Free Cash Flow<sup>1</sup>  
(\$ million)**



**Share Price<sup>2</sup>  
(\$/share)**



<sup>1</sup> Free Cash Flow is a non-IFRS measure. 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).

<sup>2</sup> As of closing on September 7, 2022



# The Global Race to Decarbonize is On



Global efforts to **decarbonize** are accelerating at a rapid pace  
Strong **political support** gaining momentum with explicit net zero goals



**Technology cost** of renewables and energy storage **declining rapidly** and competing with fossil fuel generation



Corporations are **delivering leadership** by committing to net zero goals  
Investors are **ramping up** clean investments towards net zero push



Significant **investment** required to meet the challenge  
**\$0.8 trillion – \$1.8 trillion per year**  
**2.5x to 6x** higher than today



**505 GW**  
of **new wind** per year



**455 GW**  
of **new solar** per year



**245 GW**  
of **new storage** per year



# Accelerating Renewables Growth 2021 to 2030

2021

2025

**2 GW**

Of Renewables  
Growth

**\$3 billion**

Of Growth CapEx

**\$250 million**

New Annual EBITDA

2025

2030

**5 GW** Of Growth Pipeline

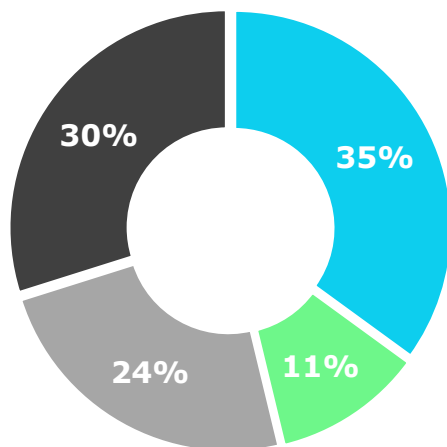
**2X** Increase in  
Renewables Fleet



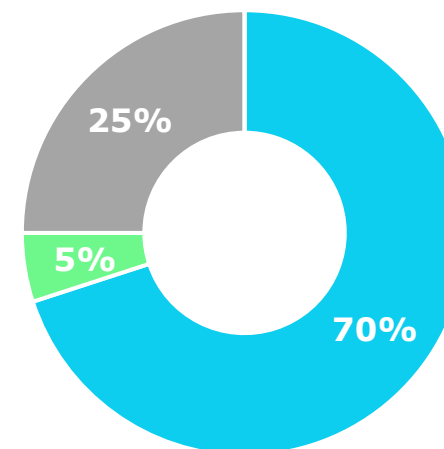


# Our Clean Energy Evolution

EBITDA 2020



EBITDA 2025<sup>1</sup>



## Legend

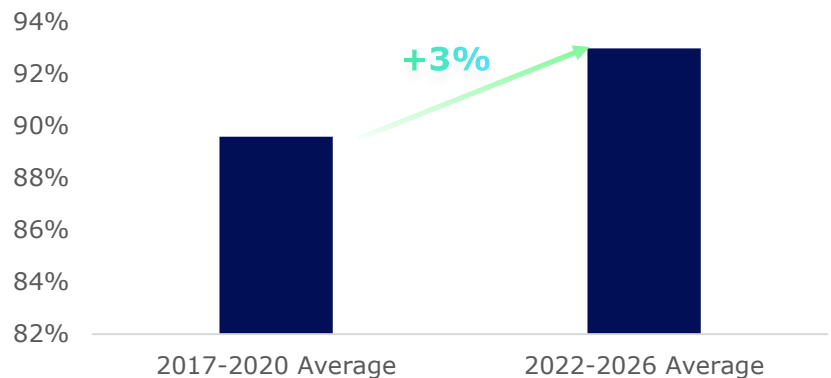


EBITDA attributable to renewables will reach **70%** by end of 2025

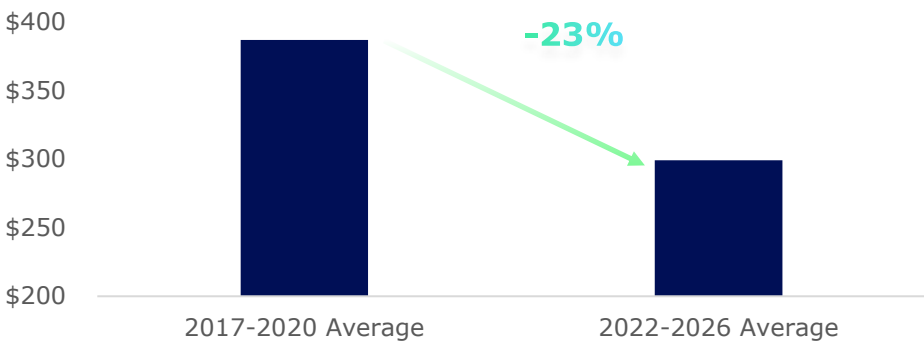


# Operational Excellence: Where We Are Going

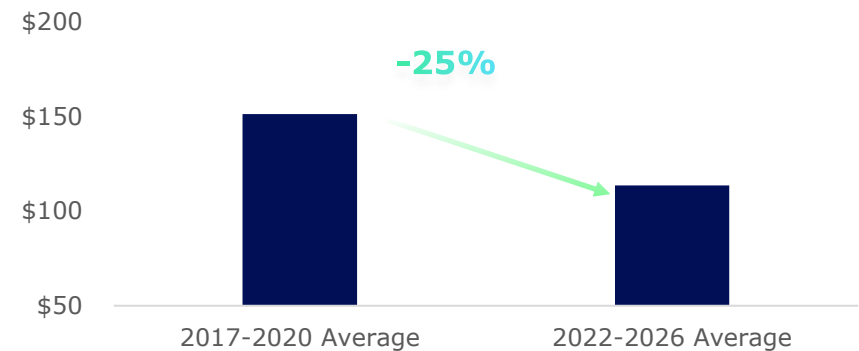
## Availability



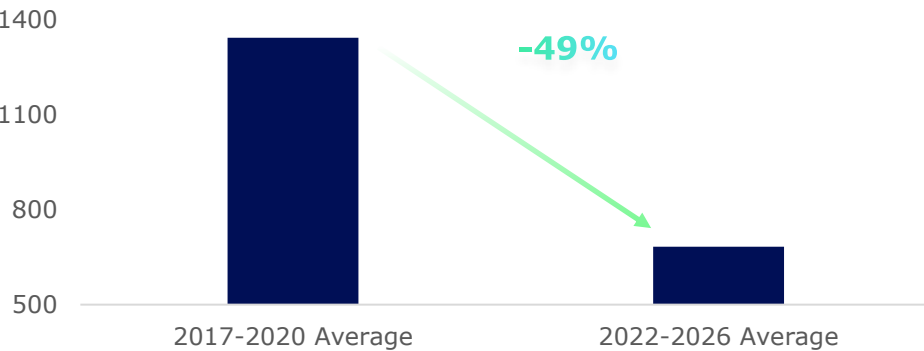
## Generation OM&A



## Sustaining Capex



## Generation Staffing Levels



# Accelerating Clean Growth Strategy





# Our Investment Focus: 2021 to 2025



## Renewables and Storage

- Expand core focus of onshore wind in North America with customer-centred greenfield development
- Establish position in solar targeting the United States, Canada and Australia markets through acquisition
- Establish position in storage, targeting Alberta to meet future grid stability requirements
- Establish position in hybrid solutions in Alberta and Australia with customer-centred focus
- Optimize legacy Alberta Hydro assets and maximize cash flow from fleet



## Gas Generation

- Optimize existing gas generation to maximize value and cash flows to support renewables and storage growth



## Parallel New Investments

- Assess parallel ESG or new industry sectors such as water treatment, transmission/distribution and car charging
- Monitor new technologies such as storage, hydrogen and carbon capture technologies for deployment post-2025



# Our Competitive Advantage: Foundations for Growth

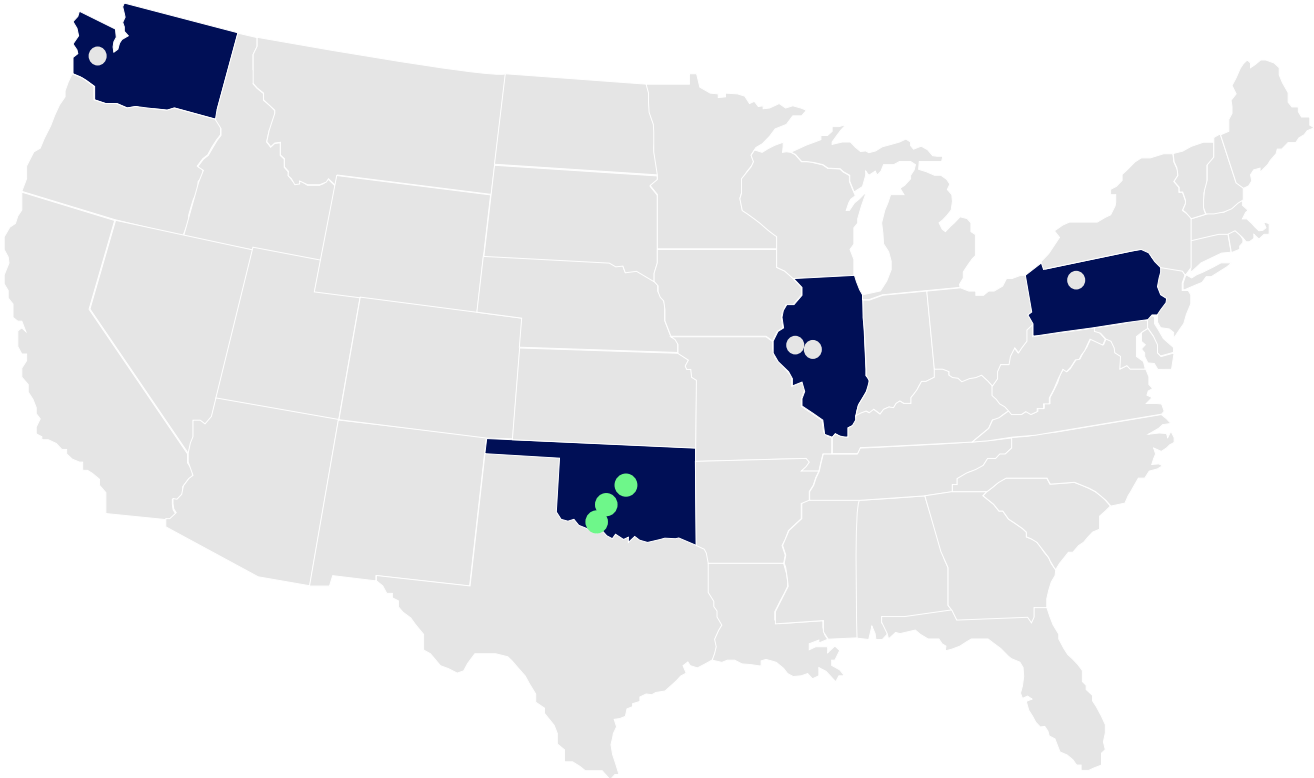
**Extensive** North American renewables fleet

Extensive full lifecycle development optimization and operational **excellence**

Robust balance sheet and **competitive** cost of capital with TransAlta Renewables



# Development Pipeline: United States



## Legend

- Early-stage development site
- Under construction

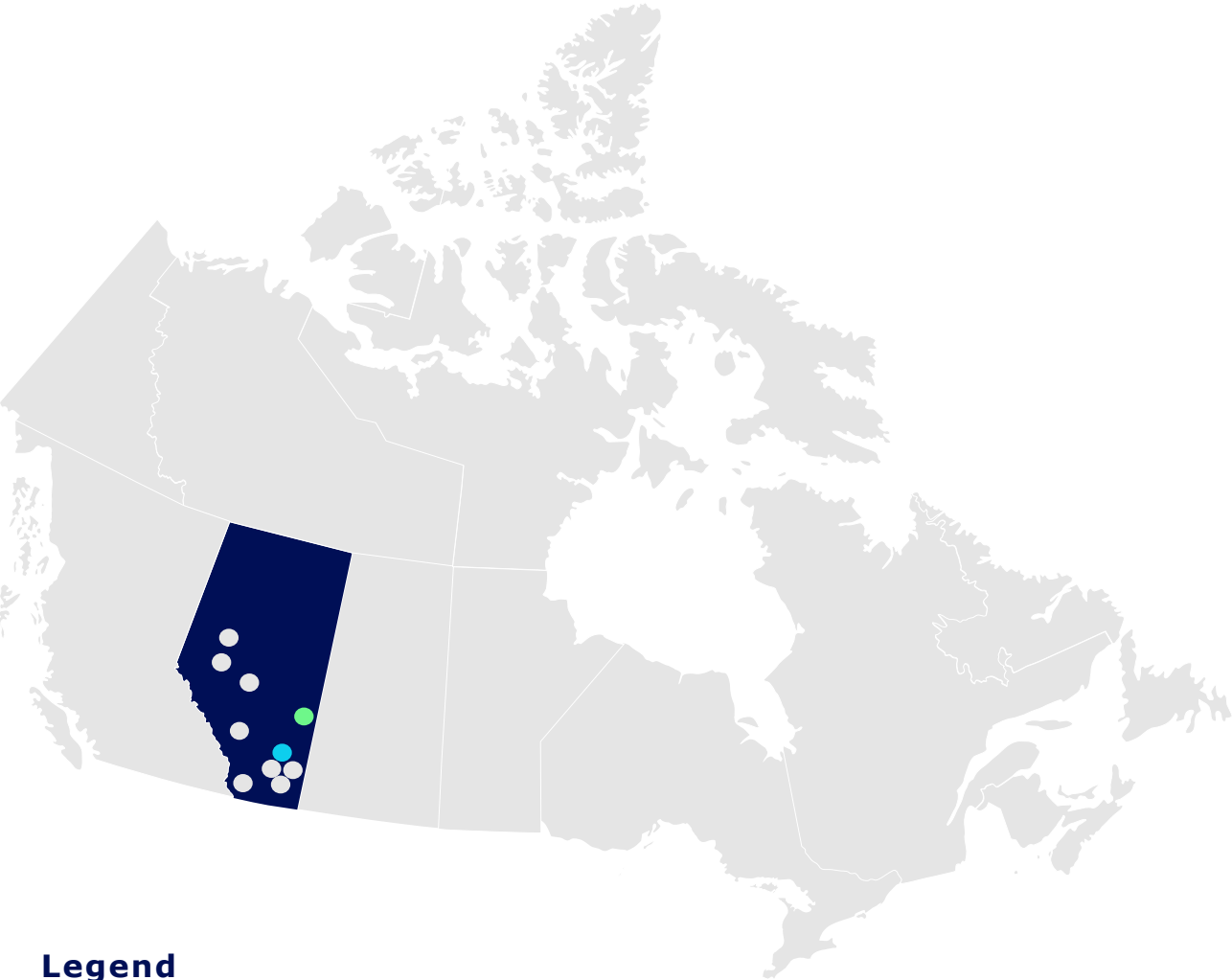
Total All Stages: **1,650 MW – 1,900 MW**

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





# Development Pipeline: Canada



## Legend

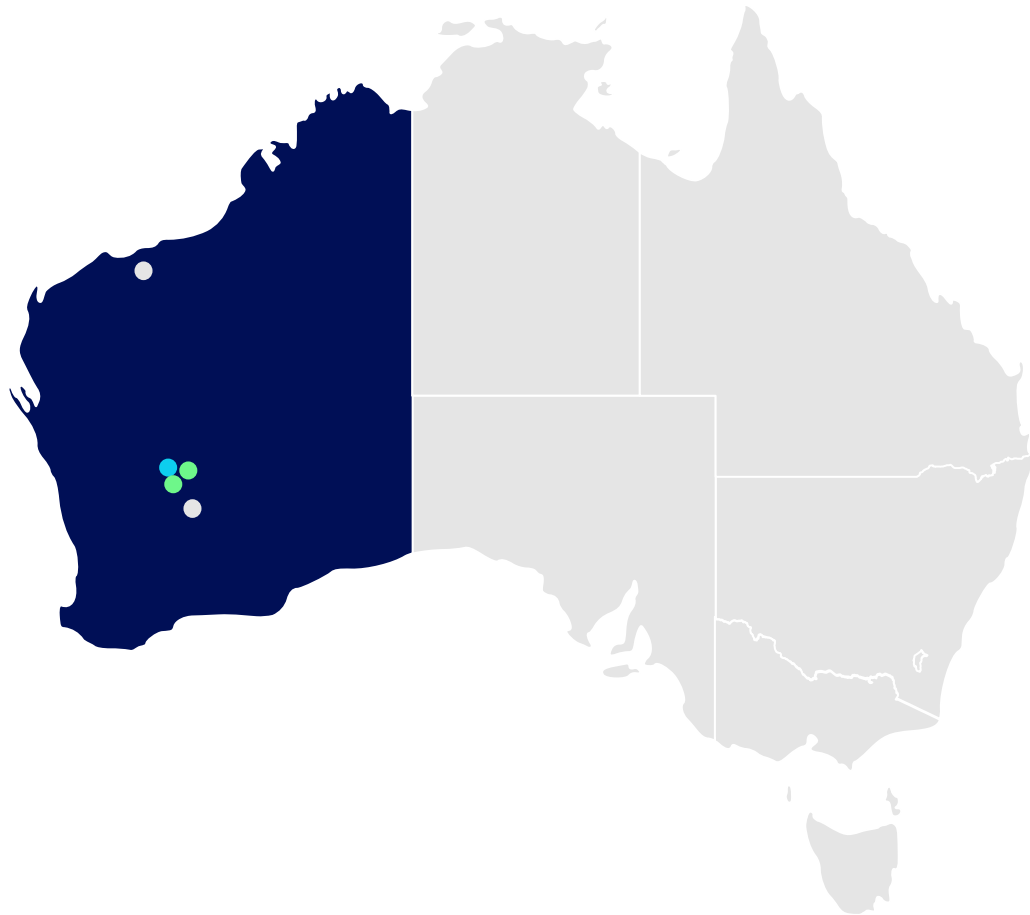
- Advanced-stage development site
- Early-stage development site
- Under construction

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

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: blue;">●</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**

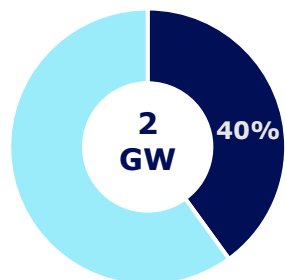
Project	MW	Fuel	Location	Stage	COD Range
Northern Goldfields Solar	48	Solar and Battery	WA	<span style="color: green;">●</span>	2022
Mt Keith 132kV Expansion	N/A	Transmission	WA	<span style="color: green;">●</span>	2023
SCE Capacity Expansion	40	Gas	WA	<span style="color: cyan;">●</span>	2023
Goldfields Expansions	160	Wind, Solar, Gas	WA	<span style="color: lightgray;">●</span>	2024
South Hedland Solar	50	Solar	WA	<span style="color: lightgray;">●</span>	2024



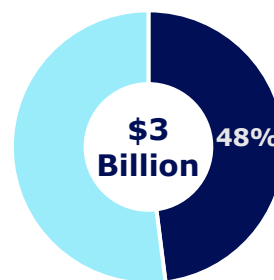
# Clean Electricity Growth Plan Execution

	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

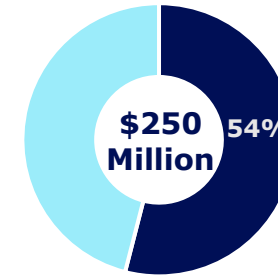
**Capacity  
Target**



**Capital  
Target**



**Incremental  
EBITDA Target**



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





# Windrise

## Project Highlights

<b>Location</b>	Ft Macleod, Alberta	<b>Contracted</b>	100%
<b>Size</b>	206 MW	<b>Customer</b>	AESO
<b>Technology</b>	SiemensGamesa	<b>Term</b>	20 years
<b>COD</b>	November 2021	<b>EBITDA</b>	\$20-\$22 million



All turbines commissioned and now in operation



Transmission interconnection fully complete and commissioned



Work successfully competed through the pandemic



Our **10<sup>th</sup>** wind facility in Alberta – now in commercial operations





# Garden Plain

## Project Highlights

<b>Location</b>	Hanna, Alberta	<b>Contracted</b>	100%
<b>Size</b>	130 MW	<b>Customer</b>	Pembina and Investment-grade
<b>Technology</b>	SiemensGamesa	<b>Term</b>	17 years
<b>COD</b>	H2 2022	<b>EBITDA</b>	\$14-\$15 million



Turbine deliveries commenced in July



Fully contracted



On track to be completed on schedule



Our **11<sup>th</sup>** wind facility in Alberta – construction activities now underway







# Northern Goldfields

## Project Highlights

<b>Location</b>	Western Australia	<b>Contracted</b>	100%
<b>Size</b>	48 MW	<b>Customer</b>	BP
<b>Technology</b>	Solar PV & Battery	<b>Term</b>	16 years
<b>COD</b>	H2 2022	<b>EBITDA</b>	AU\$9-\$10 million



Racking and panels have been delivered and battery is in transit to site



Construction underway and on track to be completed on schedule



Our **1<sup>st</sup>** renewable project in Australia







# North Carolina Solar

## Project Highlights

<b>Location</b>	North Carolina	<b>Contracted</b>	100%
<b>Size</b>	122 MW	<b>Customer</b>	Duke Energy
<b>Technology</b>	Solar PV	<b>Term</b>	12 years
<b>COD</b>	November 5, 2021	<b>EBITDA</b>	US\$9 million



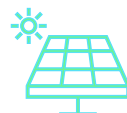
Expected production of ~195,000 MWh per year



20 operating facilities across North Carolina ranging in size from 3.2 MW to 6.7 MW



Long term contracted cashflows with investment grade counterparties



Our 2<sup>nd</sup> solar portfolio in the US





# White Rock East and West

## Project Highlights

<b>Location</b>	Caddo County, OK	<b>Contracted</b>	100%
<b>Size</b>	300 MW	<b>Customer</b>	Amazon
<b>Technology</b>	Vestas	<b>Term</b>	Long-term
<b>COD</b>	H2 2023	<b>EBITDA</b>	US\$42-\$46 million



All major equipment and EPC agreements executed, detailed design and final permitting on track



Provides a significant step towards 2 GW target



On track to be completed on schedule



Our **6<sup>th</sup>** and **7<sup>th</sup>** wind facility in the US







# Horizon Hill

## Project Highlights

<b>Location</b>	Logan County, OK	<b>Contracted</b>	100%
<b>Size</b>	200 MW	<b>Customer</b>	Meta
<b>Technology</b>	Vestas	<b>Term</b>	Long-term
<b>COD</b>	H2 2023	<b>EBITDA</b>	US\$27-\$30 million



All major equipment and EPC agreements executed



Provides a significant step towards 2 GW target



On track to be completed on schedule



Our 8<sup>th</sup> wind facility in the US





# Mt. Keith Transmission Expansion

## Project Highlights

<b>Location</b>	Western Australia	<b>Contracted</b>	100%
<b>Term</b>	15 years	<b>Customer</b>	BHP
<b>COD</b>	H2 2023	<b>EBITDA</b>	AU\$6-\$7 million



EPC agreement executed



Facilitates the connection of additional generating capacity to our network



On track to be completed on schedule



Building our relationship with BHP





# **Optimizing and maintaining Competitive Advantage in Alberta**



# Alberta Business

## MAXIMIZE

shareholder returns through **active management** of our **diversified** merchant **portfolio**

## PROVIDE

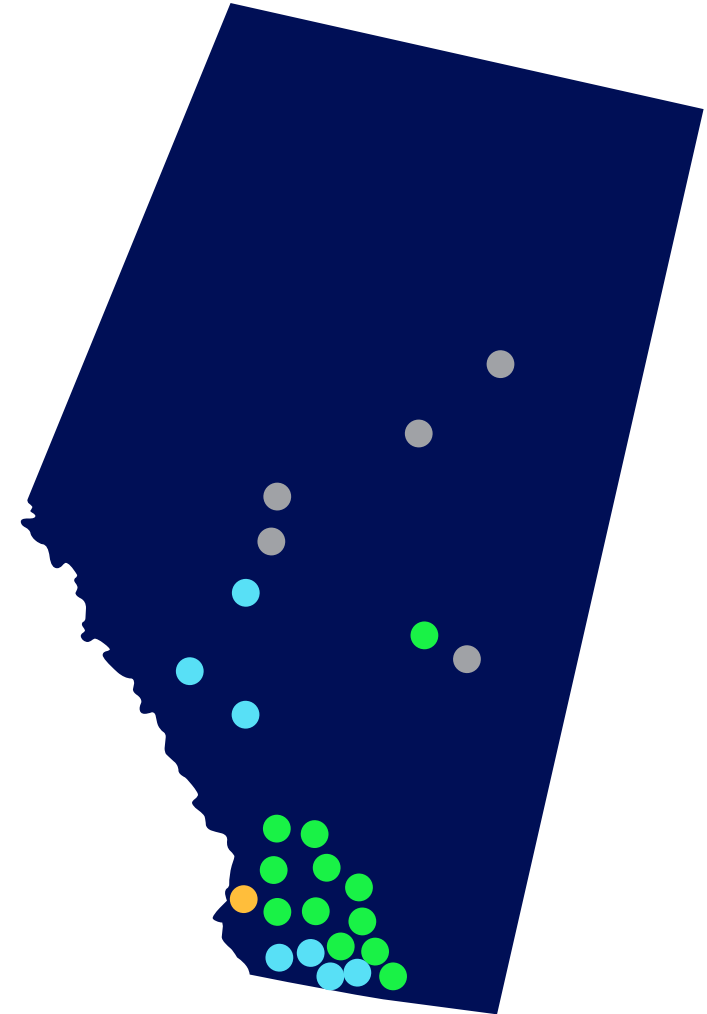
dynamic, cost-effective and low carbon **solutions** to meet **customer power demand** and **ESG** goals

## IDENTIFY

and evaluate market and technological sources for **long-term growth**

### TECHNOLOGY

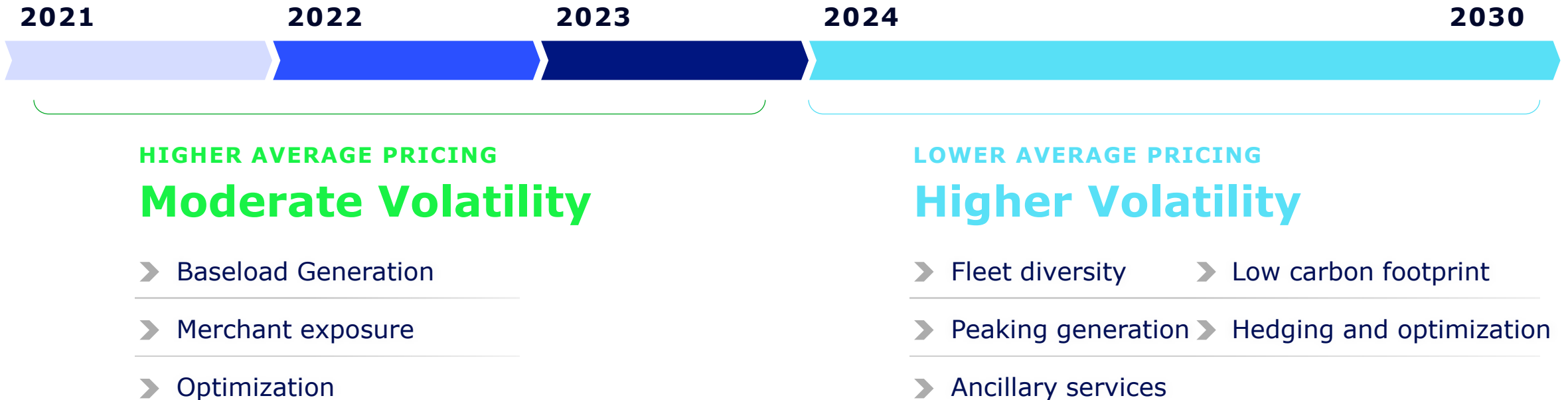
● WIND ● HYDRO ● BATTERY ● NATURAL GAS





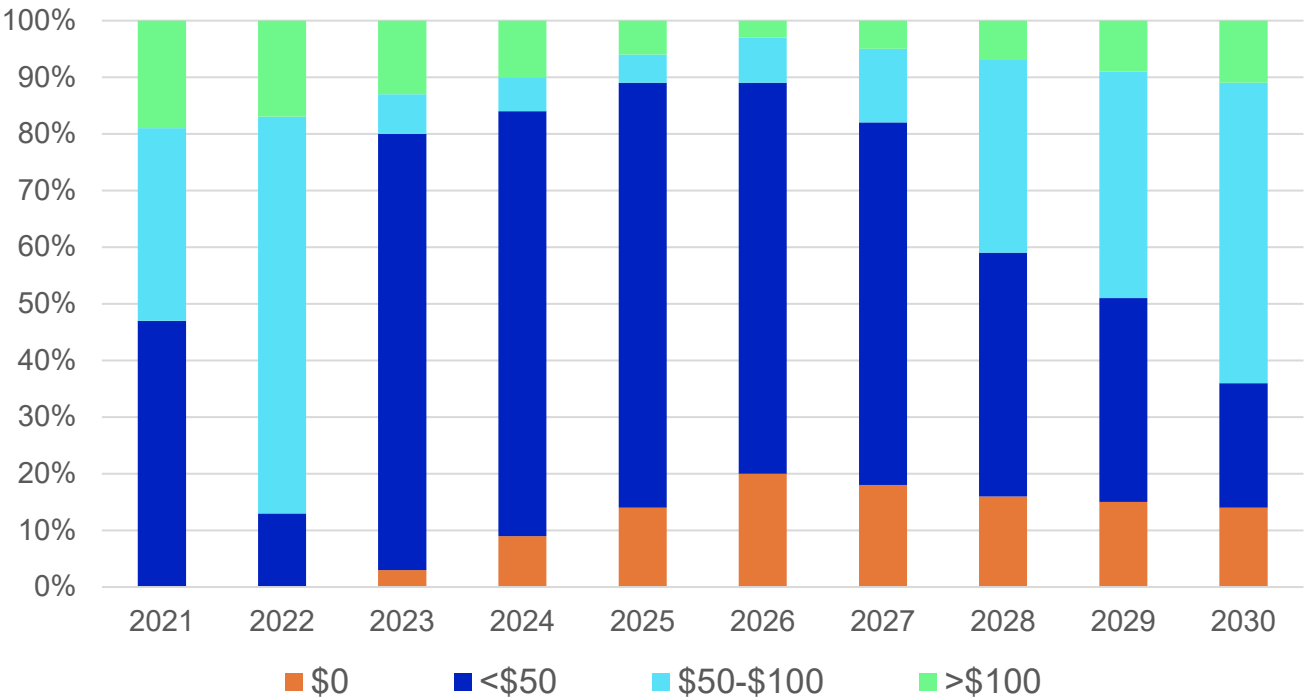
# Alberta Merchant Market is Evolving

- Load growth moderating
- Strong customer demand for renewables and storage
- Cost of carbon emissions increasing
- CCS/CCUS solutions costly and uncertain
- Significant supply additions
  - ~8,500 MW of gas, wind and solar planned or under construction
  - ~2,500 MW of storage planned or under construction



# Price Volatility Expected to Increase

Forecasted Power Price Levels (\$/MWh)



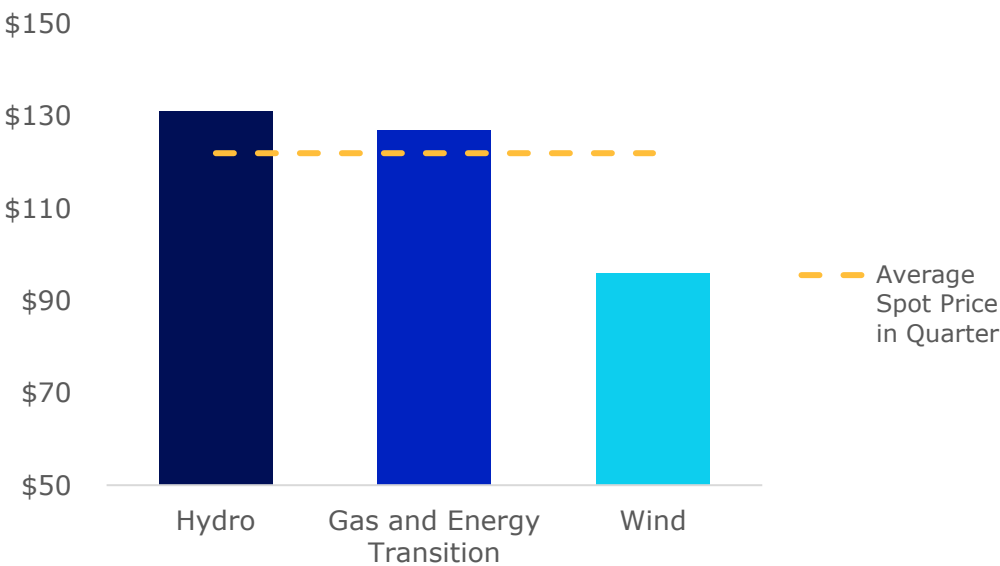
**Number of \$0 hours expected to increase**

**TransAlta well-positioned to compete in \$50+ zone**



# Alberta Electricity Portfolio

## Q2 2022 Realized Prices



**7%**

Alberta Hydro average premium in Q2 2022

**4%**

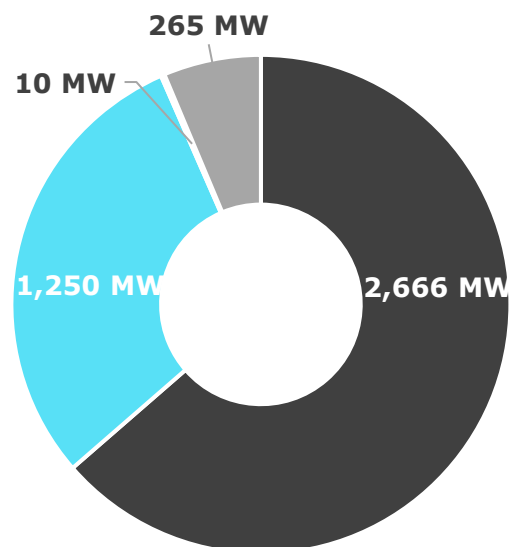
Gas and Energy Transition average premium in Q2 2022<sup>1</sup>

Demonstrating the value of our diversified fleet in Alberta

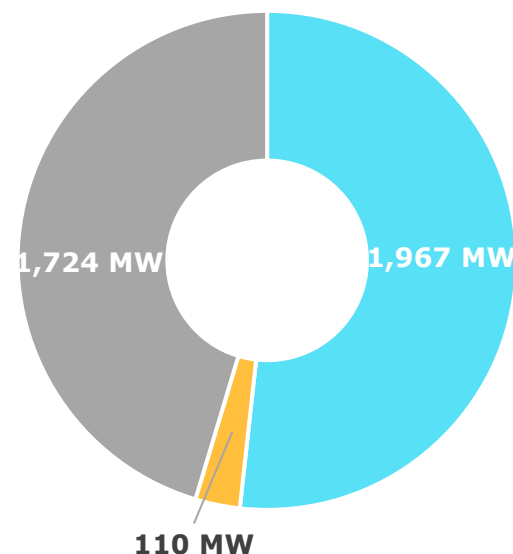


# Our Evolving Position in the Alberta Market

2020 Reported



2025 With Growth<sup>1</sup> and Retirements<sup>2</sup>



LEGEND:

Renewables Battery Natural Gas Coal

Well-positioned to perform in energy-only market



# Financial Strategy and Plan



# Disciplined Capital Allocation

## Factors Impacting Risk Premium

Project Development  
Technology  
Economies of Scale  
Future Business Synergies  
Operational Synergies  
Counterparty Quality  
Contract Tenor  
Merchant Exposure  
Geography  
Regulatory Exposure  
Inflation Exposure  
Capital Recovery

## Future Optimizations and Synergies

- Tax Optimization
- Operational and Platform
- Commercial
- Financing
- Power Marketing
- Drop-downs to RNW
- Merchant Optimization

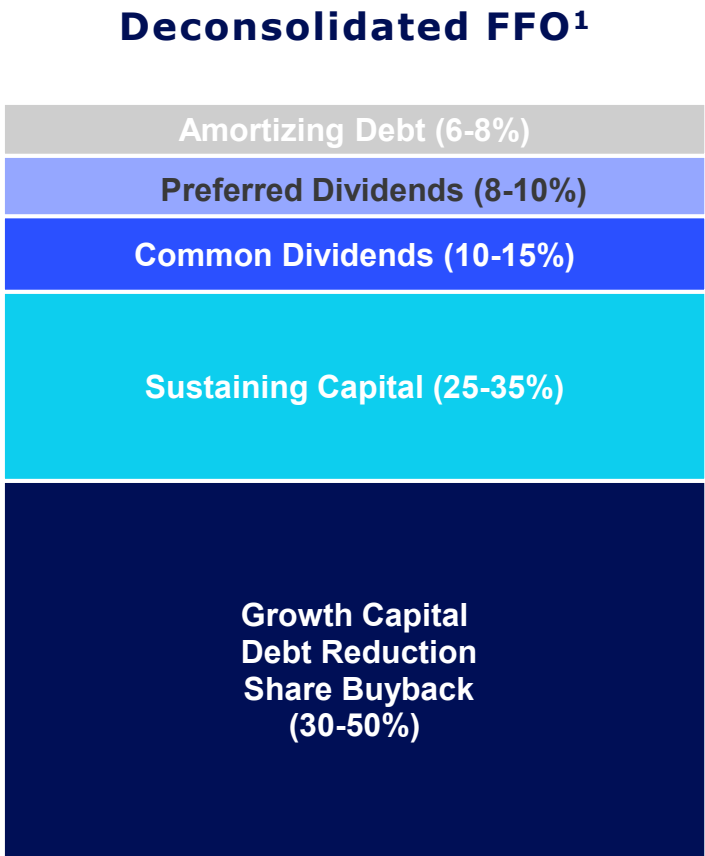
Project Return

Portfolio Return

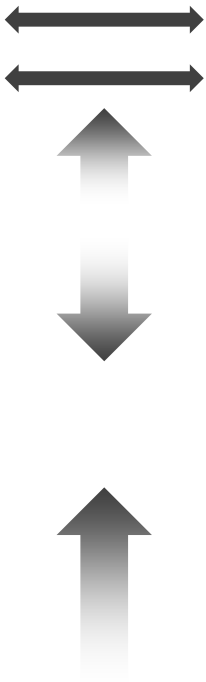
**Our ability to identify and capture value drives enhanced portfolio returns**




# Prudent Capital Allocation



**5-Year Trend**




**Improving performance provides increased allocation to:**




**Growth**

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**Dividends**

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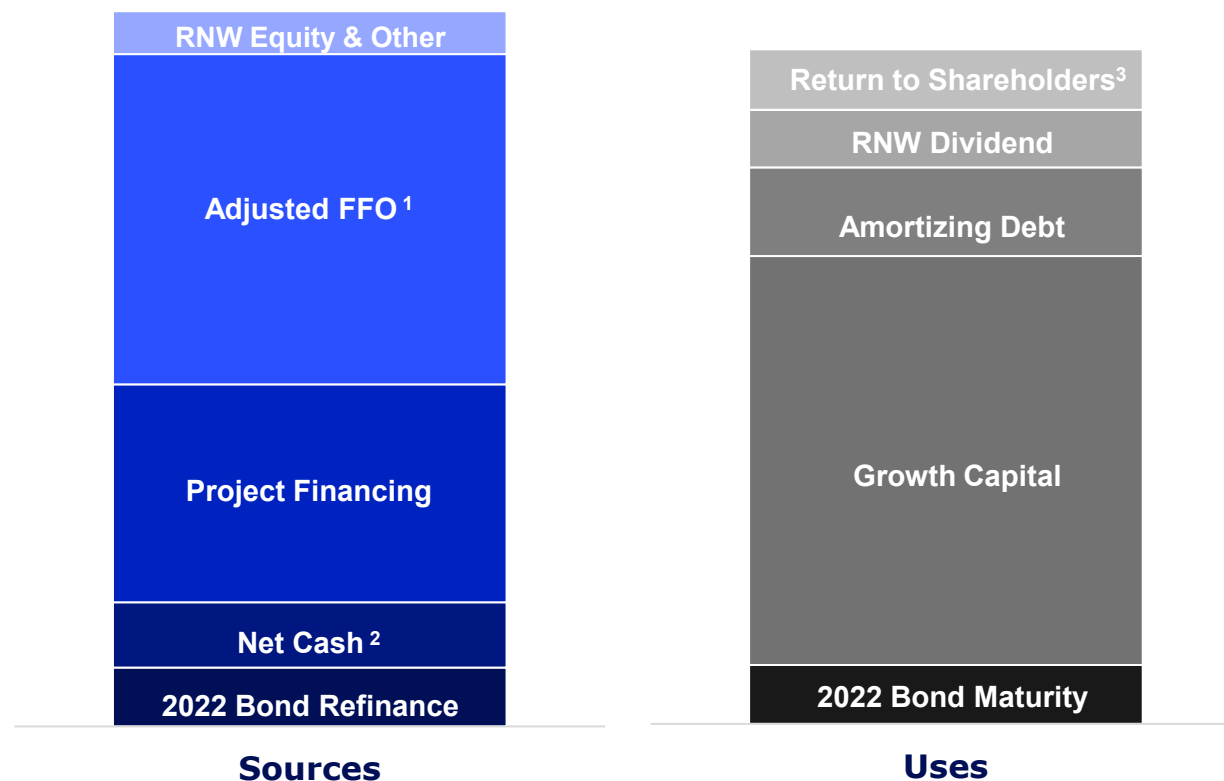
**Share Buybacks**





# Growth Plan is Fully Funded

## Consolidated Sources and Uses 2021-2025



**2 GW growth plan fully funded with cash flow and asset-level financing**



<sup>1</sup>Adjusted FFO is equal to FFO, less sustaining capital, lease obligations and distributions to NCI (excluding RNW public NCI)

<sup>2</sup>Net Cash is equal to cash less credit facility as of December 31, 2020

<sup>3</sup>Includes common share dividend, dividend on preferred shares and share buybacks

# Sustainability Target Highlights

## Environmental Goals



- End coal generation by 2021 in Canada and 2025 in US
- Reduce GHG emissions by 75% from 2015 levels by 2026
- Carbon neutral by 2050

## Social Goals



- Support Indigenous communities
- Reduce safety incidents
- Reclaim mined land in Alberta and Washington State

## Governance Goals



- 50% female representation on the Board by 2030
- 40% female employment across the company by 2030
- Equal pay for women in equivalent roles as men
- Remove systemic barriers across the organization
- Demonstrate leadership on ESG reporting within financial disclosures

**Our sustainability goals and targets support the long-term success of our business**



# Strategic Priorities to 2025

## Clean Electricity Growth Plan

- 1 Accelerate growth into customer-centred renewables and storage
- 2 Targeted approach to diversification
- 3 Maintain financial strength and capital allocation discipline
- 4 Define next generation of power solutions
- 5 Lead in ESG policy development
- 6 Successfully navigate through COVID-19 pandemic



# 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)