

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

**Heartland  
Generation  
Acquisition**



HEARTLAND  
GENERATION

November 2, 2023

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This presentation also contains future-oriented financial information, or "financial outlooks". The purpose of the financial outlooks contained in this presentation 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.

This presentation contains references to financial measures that are calculated and presented using methodologies other than in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, including EBITDA, and such measures may not be comparable to similar measures presented by other entities. These non-IFRS measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. Certain additional disclosures for these non-IFRS financial measures have been incorporated by reference and can be found under the "Additional IFRS Measures and Non-IFRS Measures" and the "Reconciliation of Non-IFRS Measures" sections of TransAlta's Management's Discussion and Analysis for the six months ended June 30, 2023, available on SEDAR at [www.sedar.com](http://www.sedar.com), on the U.S. Securities and Exchange Commission website at [www.sec.gov](http://www.sec.gov), and on the Company's website under the Investor Centre section. The Company utilizes these measures in managing the business and believes that providing these performance measures on a supplemental basis to its IFRS results is helpful to investors in assessing the overall performance of TransAlta's businesses. The Company cautions readers that these non-IFRS financial measures or other financial metrics may differ from the calculations disclosed by other businesses and, as a result, may not be comparable to similar measures presented by other issuers and entities.



# Today's Participants



**JOHN KOUSINIARIS**

President and CEO



**TODD STACK**

EVP, Finance and CFO



**KERRY O'REILLY WILKS**

EVP, Legal, Commercial and  
External Affairs



# Compelling Rationale for Acquisition



## Expands Flexible Generation Capabilities

Ownership in additional **~1.8 GW** of assets

Expands **fast-ramping capacity**

Diversifies fleet to meet supply intermittency and **reliability** needs



## Aligned with Alberta Market Strategy

Enhances competitive positioning in response to **changing dynamics**

Assets acquired at cost **significantly lower** than new build

**Increases contractedness** of owned MW and cash flows



## Builds on Regional Expertise

**112-year** history in Alberta

Assets managed by **leading asset optimization** team

Deep **technical operating experience** and local presence



## Maintains Leadership In Decarbonization

Clean Electricity Growth Plan remains **key priority**

Emissions reduction targets remain **on track**

Direct participation in **hydrogen carbon hub** opportunity

**Highly accretive to free cash flow and cash yield upon closing**



# Attractive Deal Metrics

TEV<sup>1</sup>/EBITDA<sup>2</sup>  
Multiple at Closing



Annual Average  
EBITDA<sup>2</sup> Contribution



Cost per kW<sup>3</sup>



Contracted Cash  
Flows



**~5.5x  
Multiple**

**~\$115  
Million**

**\$357  
Per kW**

**~55%  
Revenue**

**Corporate pre-tax synergies expected to exceed \$20 million annually**



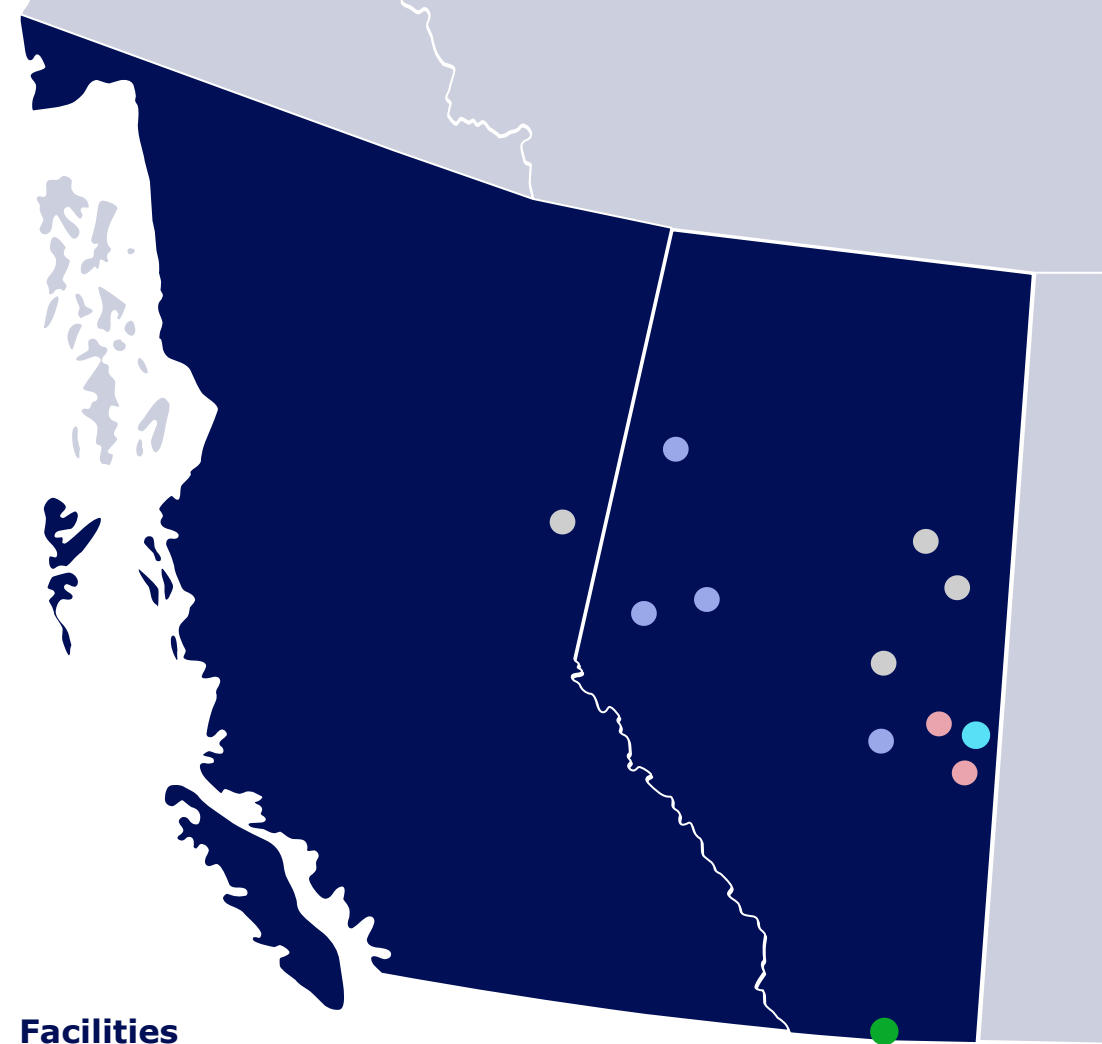
<sup>1</sup> TEV is an abbreviation of total enterprise value.

<sup>2</sup> EBITDA is a non-IFRS measure, certain additional disclosure for these specified financial measures have been incorporated by reference and can be found on slide 2 of this presentation.

<sup>3</sup> kW is an abbreviation of kilo-watt.

# Heartland Generation Portfolio

Asset	Technology	Contracted Capacity	Gross Capacity (MW)	Owned Capacity (MW)
Muskeg River	Gas-fired Cogen	100%	202	202
Scotford	Gas-fired Cogen	78%	195	195
McMahon	Gas-fired Cogen	100%	120	60
Primrose	Gas-fired Cogen	100%	100	50
<b>Contracted Cogen</b>			<b>617</b>	<b>507</b>
Joffre	Gas Cogen	~26%	474	190
Valleyview 1&2	OCGT	0%	100	100
Rainbow Lake 4&5	OCGT / Cogen	23%	97	49
Poplar Hill	OCGT	0%	48	48
<b>Peaker Gas</b>			<b>719</b>	<b>387</b>
Sheerness 1&2	Gas-fired	0%	800	400
Battle River 4&5	Gas-fired	0%	550	550
<b>Coal-to-Gas Units</b>			<b>1,350</b>	<b>950</b>
<b>Total</b>			<b>2,686</b>	<b>1,844</b>
<b>Transmission</b>				
Montana Alberta Tie Line Capacity Contract	Transmission	-	<b>200</b>	<b>200</b>
<b>Development Assets</b>				
Battle River Carbon Hub	Hydrogen-fired	-	<b>400</b>	<b>400</b>



## Facilities

- CONTRACTED COGEN
- PEAKER GAS
- COAL-TO-GAS
- DEVELOPMENT ASSETS
- TRANSMISSION

**Weighted-average remaining contract life of 16 years**



# Transaction at a Glance



**November 1, 2023**

**Purchase price of \$390 million plus \$268 million of low-cost debt**



**Subject to customary closing conditions and regulatory approvals**



**H1 2024**

**Transaction closes**

**Financed using available liquidity**



# TransAlta is Committed to our Emissions Targets

## TransAlta Carbon Reductions Achieved to Date<sup>1</sup>

↓ **76%**

From 2005 Levels

↓ **32M**

Annual Tonnes From 2005

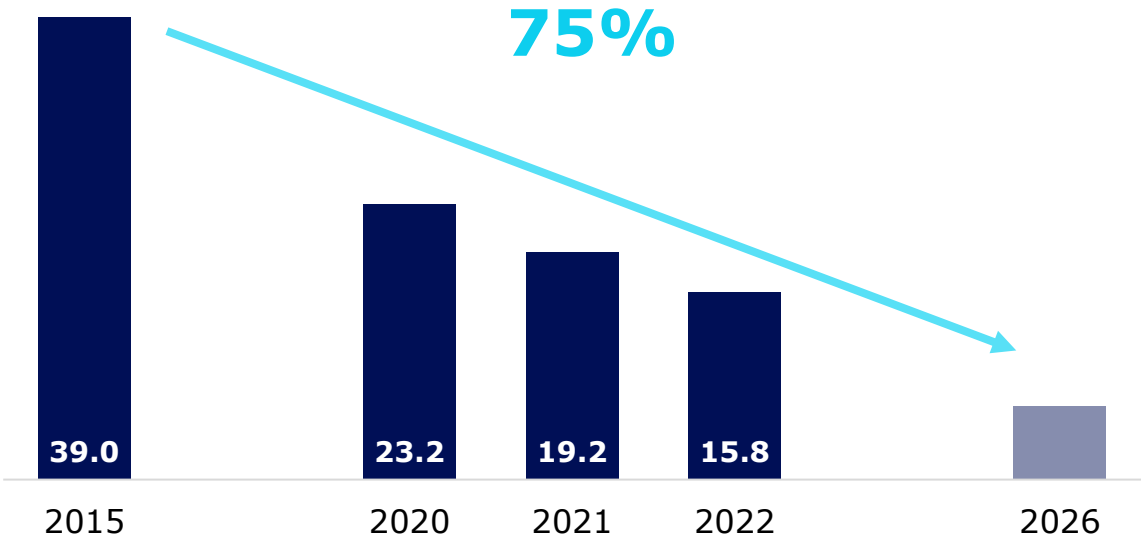
~ **10%**

Of Canada's Paris Agreement Target

**0%**

Coal-fired Emissions in Canada

## Combined Emissions of TransAlta and Heartland<sup>2</sup> (Million Tonnes CO<sub>2</sub>)



TransAlta's **2026 emissions reduction target** remains on track



<sup>1</sup>TransAlta's carbon reductions achieved to date do not include Heartland assets.

<sup>2</sup>Heartland's emissions are estimated values based on available data. As required by internationally accepted calculation methodologies, we will review our base-year emissions for any significant impacts as a result of changes in available data, calculation methodologies and major acquisitions or divestments.



# Our Value Proposition Moving Forward



**Diversified and resilient fleet**



**Clean electricity leader with ESG focus**

**4.6 GW growth pipeline**



**Strong financial position**





# transalta™

## Questions & Answers

Visit us at: [www.transalta.com](http://www.transalta.com)

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