



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

**Investor Presentation**

**January 2025**





# Forward-looking statements and non-IFRS measures

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"). The forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans and readers are cautioned that such statements may not be appropriate for other purposes. TransAlta's actual results could differ materially from those expressed in, or implied by, these forward-looking statements, and accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur. Forward-looking statements are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "predicts", "believes", "estimates", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions or future or conditional verbs such as "may", "will", "should", "would" and "could". These statements may include, without limitation, statements regarding: the portion of our adjusted EBITDA attributable to renewables; our free cash flow outlook; our free cash flow per share outlook; our adjusted EBITDA outlook; our adjusted net debt to adjusted EBITDA target, our financial and operational performance, including our hedge position; the increasingly contracted nature of our fleet; expectations about strategies and goals for growth and expansion, including opportunities for Centralia redevelopment, and data centre opportunities; statements related to our sustainability targets; expected regulatory processes and outcomes, including the Alberta restructured energy market; and expected industry, market and economic conditions.

These forward-looking statements are based on many assumptions including, but not limited to, the following: no significant changes to applicable laws and regulations beyond those already announced; expected fuel and purchased power costs; expected power prices; nature and scope of hedging, inflation rates, commodity and labour prices; planned and unplanned outages; availability of our assets; access to capital markets; interest, tax and foreign exchange rates;

Forward-looking statements are subject to a number of significant risks and uncertainties that could cause actual plans, performance, results or outcomes to differ materially from current expectations. Factors that may cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: fluctuations in merchant power prices, including power pricing in Alberta, Ontario and Mid-Columbia; changes in demand for electricity and capacity; our ability to contract or hedge our electricity generation for prices and at volumes that will provide expected

returns; realization of expected benefits from our early stage development projects, including interconnection, offtake contracts and geotechnical and environmental conditions of such projects; long term commitments on gas transportation capacity that may not be fully utilized over time; our ability to replace or renew contracts as they expire; realization of expected benefits of our projects under construction and projects in development; access to capital markets on reasonable terms or at all; changes to the 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, including unplanned outages; disruptions in the transmission and distribution of electricity, including congestion and basis risk; changes in electricity supply and demand; reductions in production; increased costs; a higher rate of losses on our accounts receivables due to credit defaults; impairments and/or write-downs of assets; adverse impacts on our information technology systems and our internal control systems, including 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; 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 on the expected timelines or at all; the effects of weather, including man-made or natural disasters, as well as climate-change related risks; unexpected increases in cost structure; 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; the inability to fully utilize or monetize the gas transport capacity; failure to meet financial expectations; general domestic and international economic and political developments, including armed hostilities, the threat of terrorism, diplomatic developments or other similar events; equipment failure and our ability to carry out or have completed the repairs in a cost-effective manner timely manner or at all; industry risk and competition; public health crises and the impacts of any restrictive directives of government and public health authorities; fluctuations in the value of foreign currencies; structural subordination of securities; counterparty credit risk; 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.

TransAlta cautions that the foregoing list of important factors that may affect future results is not exhaustive. When relying on the Company's forward-looking statements, investors and others should carefully consider the foregoing factors

and other uncertainties and potential events. Except as required by law, TransAlta undertakes no obligation to publicly update or revise any forward-looking statements or information in this presentation, whether as a result of new information, future events or otherwise. Past performance is not indicative or a guarantee of future results. The foregoing risk factors, among others, are described in further detail in our most recent Management's Discussion and Analysis and our most recent Annual Information Form, filed under the Company's profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com) and with the U.S. Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov). Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this presentation. 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 adjusted EBITDA, average annual EBITDA, funds from operations ("FFO"), free cash flow ("FCF"), free cash flow per share, and adjusted net debt to adjusted EBITDA, and such measures 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" sections of our most recent Management's Discussion and Analysis, which sections are incorporated by reference herein, for further discussion of these items, including, where applicable, reconciliations to measures calculated in accordance with IFRS. The Company utilizes these measures in managing the business, including for performance measurement, capital allocation and valuation purposes and believe 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.



# TransAlta at a glance



**\$10.5 billion**

**Enterprise value<sup>1</sup>**

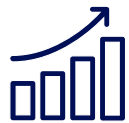
Strong balance sheet  
and capital discipline



**113 years**

**Generation experience**

Foundation of our  
focused strategy



**\$6.2 billion**

**Market capitalization<sup>1</sup>**

Listed on the  
TSX and NYSE



**1,500**

**Employees**

Central to  
value creation

**~9,000 MW**

**Diversified portfolio**

88 generating facilities in Canada,  
United States and Australia

**~\$550 million**

2024 expected **free cash flow<sup>2</sup>** at  
**upper end of guidance**

**~50%**

**Adjusted EBITDA<sup>2</sup> attributable  
to renewables**

Will increase through Clean  
Electricity Growth Plan

<sup>1</sup> Enterprise value and market capitalization calculated as of January 17, 2024.

<sup>2</sup> Adjusted EBITDA and free cash flow are non-IFRS measures, certain additional disclosure for these specified financial measures have been incorporated by reference and can be found on slide two of this presentation.



# transalta™

**Hydro**



**Gas**



**Wind and solar**



**Energy  
marketing**



**Development  
pipeline and  
capabilities**



**Highly diversified portfolio of high-quality assets  
Stable contracted base with Alberta merchant upside**

# Fleet Overview



Wind, Solar and Storage

**36 Facilities**



Hydro

**25 Facilities**



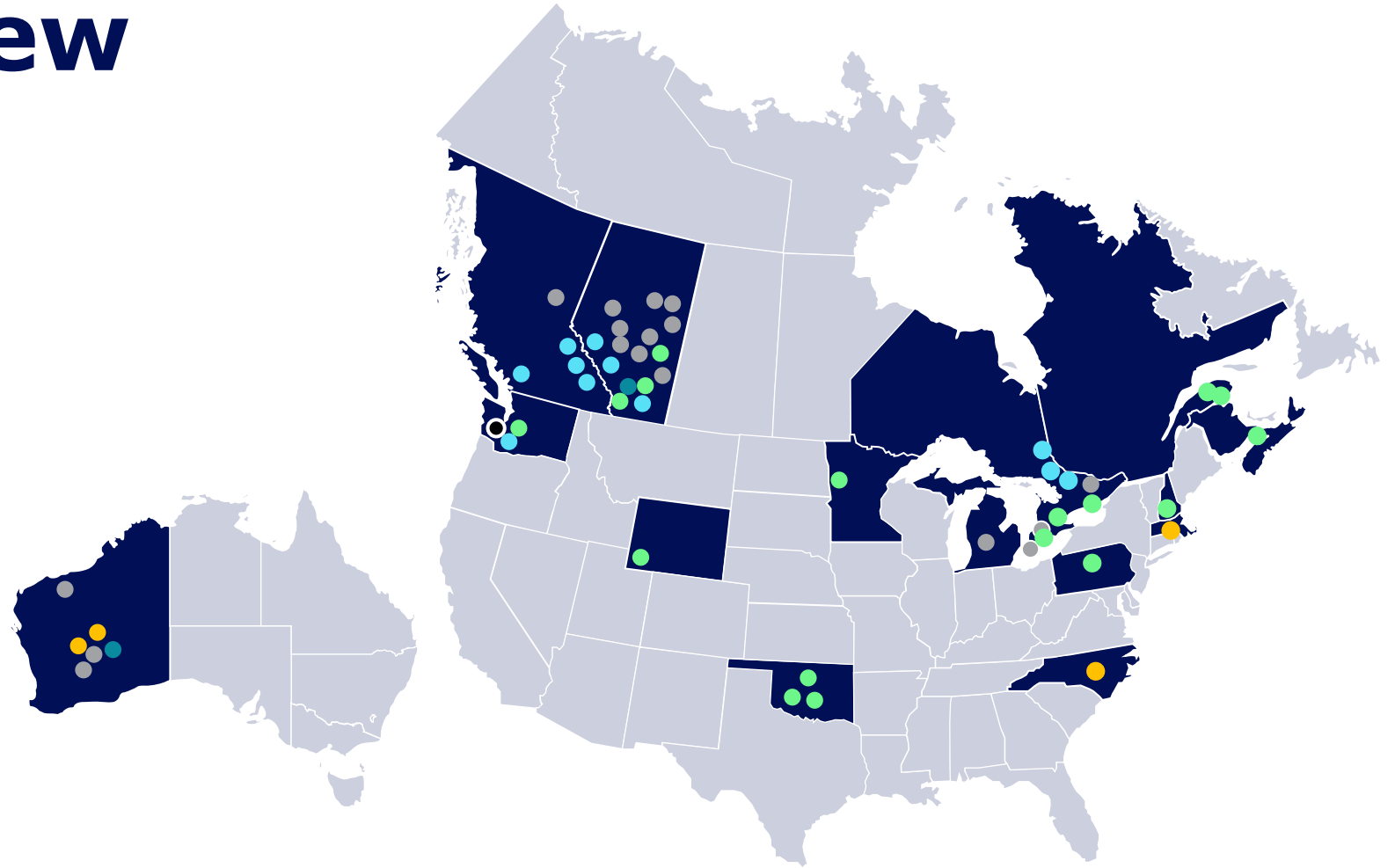
Natural Gas

**26 Facilities**



Coal

**1 Facility**



## Technology:

● Wind ● Solar ● Hydro ● Battery ● Natural Gas ● Coal



# Strategic position strengthened since 2021



## Progressed Clean Electricity Growth

**+800 MW** of wind and solar  
**+2 GW** increase in development pipeline



## Simplified Corporate Structure

**+1.2 GW** increase in economic ownership of capacity through TransAlta Renewables acquisition



## Advanced Carbon Transition

**-800 MW** of thermal generation retired



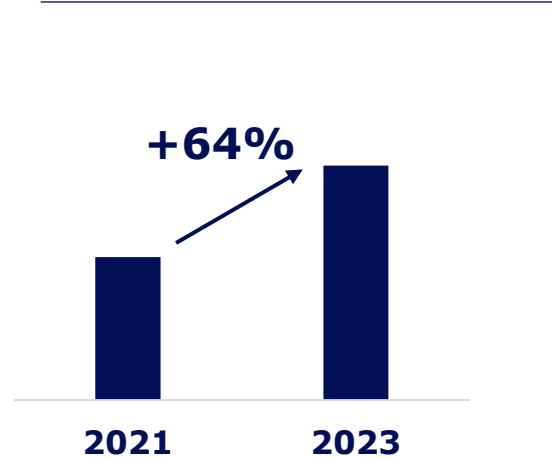
## Expanded Alberta Diversification

**+1.7 GW** of complementary flexible capacity through Heartland acquisition

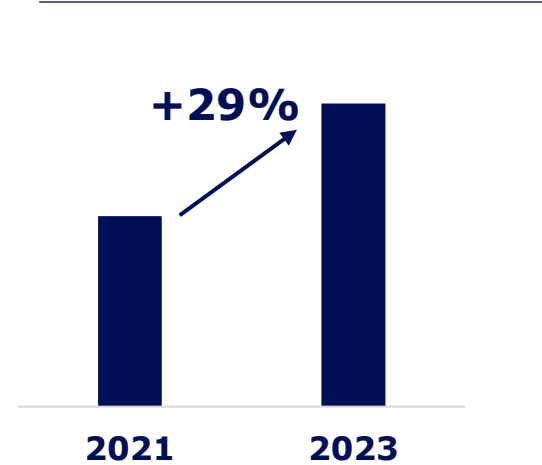


# Delivered exceptional results

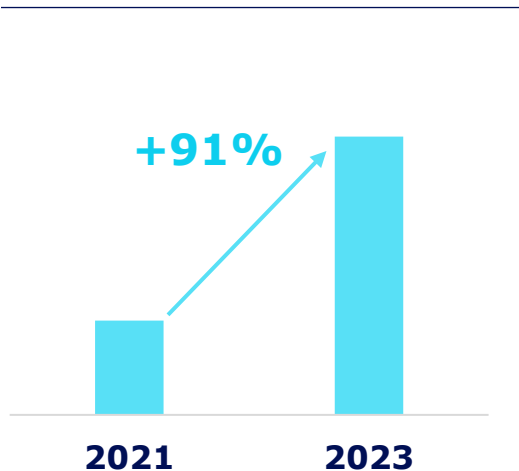
Free Cash Flow<sup>1,2</sup>



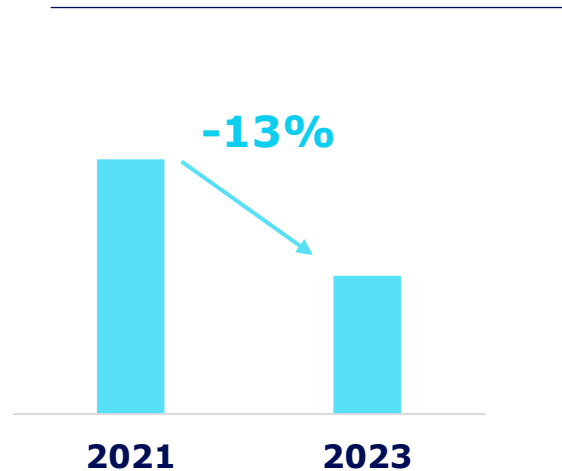
Adjusted EBITDA<sup>1,2</sup>



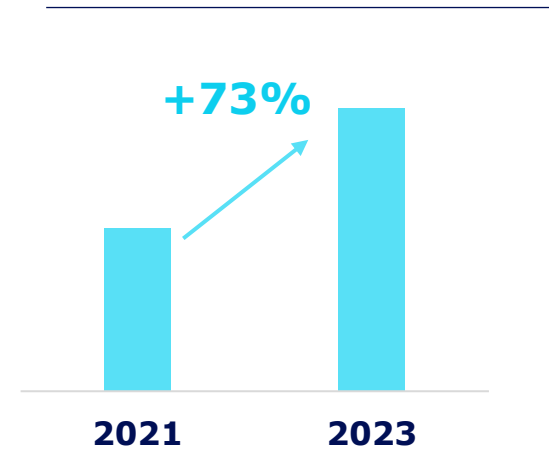
Contractedness<sup>1,2</sup>  
(MW)



Emissions reductions  
(Millions tonnes CO<sub>2</sub>)



Renewable capacity<sup>1,2</sup>  
(MW)



Free Cash Flow<sup>1,2</sup>  
increased by

**\$350 Million**

Adjusted EBITDA<sup>1,2</sup>  
increased by

**\$370 Million**

Contractedness<sup>1,2</sup>  
increased by

**1.7 GW**

Emissions reduced by

**2.6 million tonnes CO<sub>2</sub>**

Increased renewable capacity<sup>1,2</sup> by

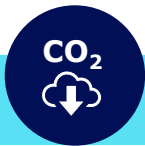
**1.4 GW**

<sup>1</sup> Adjusted EBITDA and Free Cash Flow are non-IFRS measures. Certain additional disclosure for these specified financial measures have been incorporated by reference and can be found on slide 2 of this presentation.

<sup>2</sup> 2021 Adjusted EBITDA, Free Cash Flow, Contractedness and Renewable Capacity have been adjusted to not include TransAlta's non-controlling interest in TransAlta Renewables.



# Electrification presents significant opportunities<sup>1</sup>



Global efforts to **decarbonize** are accelerating at a rapid pace



Policy responses are fast-tracking the emergence of a **clean electricity economy**



Corporations and investors are **leading** by committing to net-zero goals






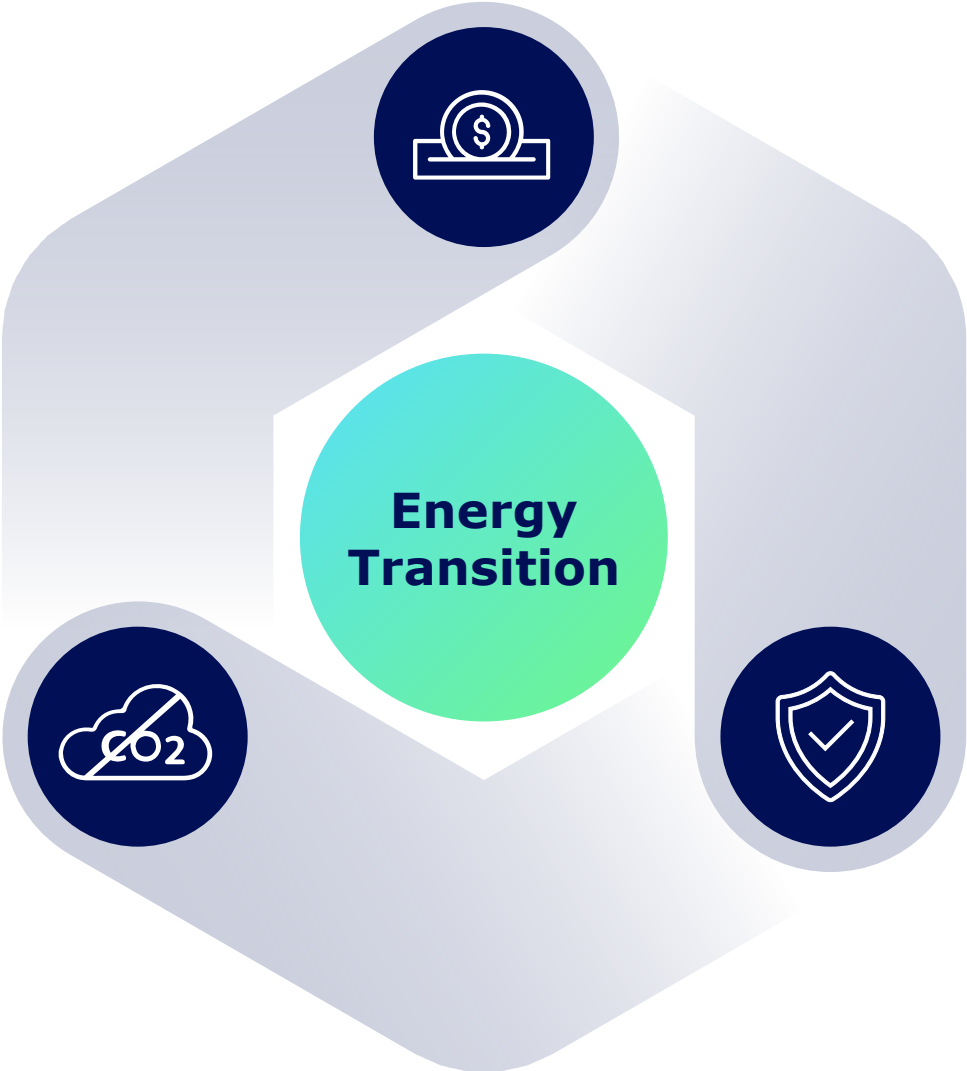
**Significant investment** required to meet the challenge





# Balanced approach required for success in energy transition

-  **Affordability**
-  **Reliability**
-  **Decarbonization**



# Strategic priorities to 2028

- 1 Optimize Alberta portfolio
- 2 Execute Clean Electricity Growth Plan
- 3 Selective expansion of flexible generation and reliability assets
- 4 Maintain financial strength and capital allocation discipline
- 5 Define next generation of power solutions
- 6 Lead in ESG and market policy development



# Our investment focus to 2028



## Renewables and storage

**Expand** position in **renewables**

**Expand** position in **storage** to meet future grid stability

**Expand** position in **hybrid solutions**

**Optimize** legacy Alberta **hydro** assets to **maximize** cash flow



## Responsive and flexible generation for reliability

**Optimize** legacy **thermal sites** to maximize cash flow and fund renewables and storage growth

**Integrate 1.7 GW** Heartland Generation fleet

Pursue **selectively higher-returning** natural gas generation where TransAlta can add tangible value



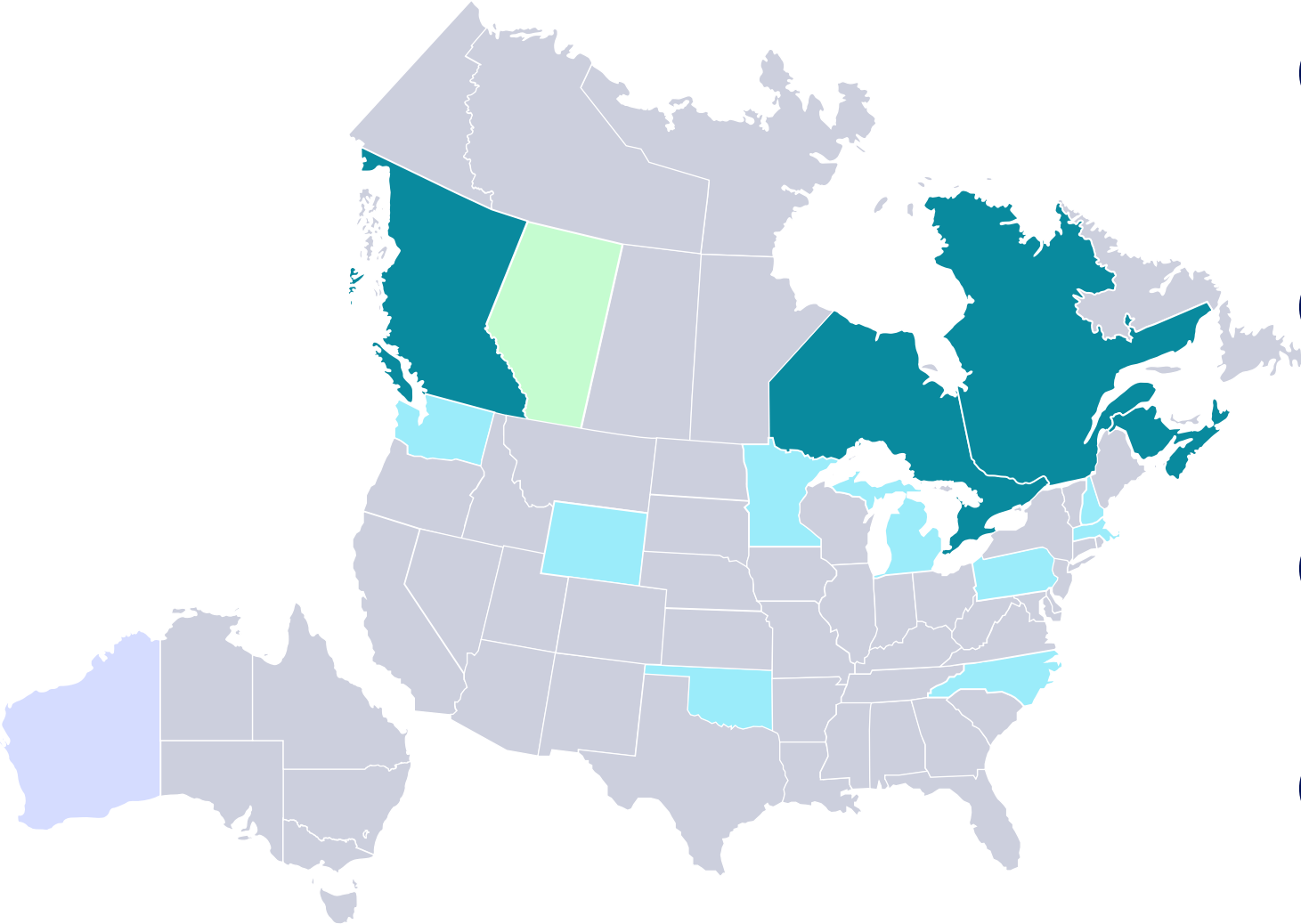
## New technology

Monitor and assess **new technologies** such as storage, hydrogen, fusion, small modular reactors and carbon capture for deployment post-2025





# Growing our contracted base



**23%**

Of AB<sup>1</sup> ~5,250 MW fleet contracted



**83%**

Of US ~1,720 MW fleet contracted



**100%**

Of Can.<sup>1</sup> ~1,540 MW fleet contracted



**100%**

Of Aus. ~500 MW fleet contracted

**52% of total fleet capacity is contracted<sup>1</sup>**

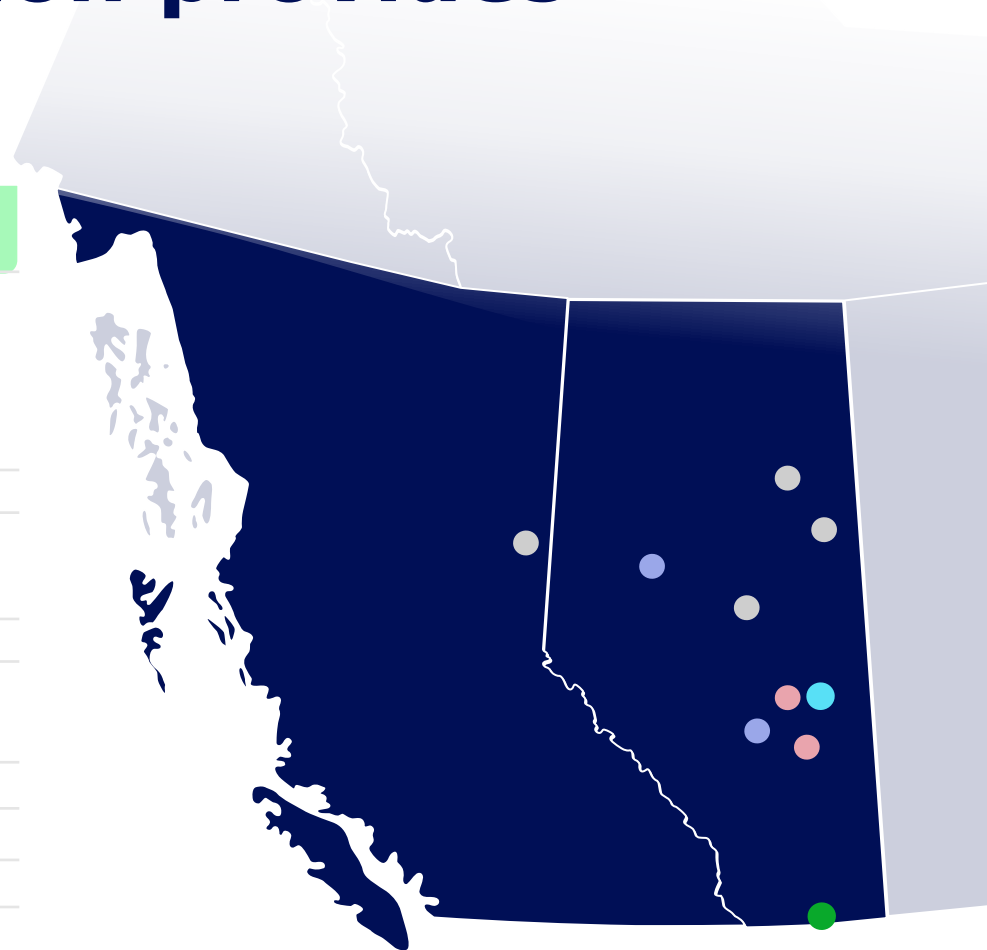
**Fleet expects to be increasingly contracted over time**

<sup>1</sup> Includes all assets obtained through the acquisition of Heartland Generation which closed on December 4, 2024.



# Heartland acquisition provides significant upside

| Asset                                      | Tech.        | Contracted Capacity | Gross Capacity (MW) | Owned Capacity (MW) |
|--|--------------|---------------------|---------------------|---------------------|
| Muskeg River                               | Cogen        | 85%                 | 202                 | 202                 |
| Scotford                                   | Cogen        | 54%                 | 195                 | 195                 |
| McMahon                                    | Cogen        | 100%                | 120                 | 60                  |
| Primrose                                   | Cogen        | 100%                | 100                 | 50                  |
| <b>Contracted Cogen</b>                    |              |                     | <b>617</b>          | <b>507</b>          |
| Joffre                                     | Cogen        | ~26%                | 474                 | 190                 |
| Valleyview 1&2                             | OCGT         | 0%                  | 100                 | 100                 |
| <b>Peaker Gas</b>                          |              |                     | <b>574</b>          | <b>290</b>          |
| Sheerness 1&2 <sup>4</sup>                 | CTG          | 0%                  | 800                 | 400                 |
| Battle River 4&5                           | CTG          | 0%                  | 550                 | 550                 |
| <b>Coal-to-Gas Units</b>                   |              |                     | <b>1,350</b>        | <b>950</b>          |
| <b>Total</b>                               |              |                     | <b>2,541</b>        | <b>1,747</b>        |
| <b>Transmission</b>                        |              |                     |                     |                     |
| Montana Alberta Tie Line Capacity Contract | Transmission | -                   | 200                 | 200                 |
| <b>Development Assets</b>                  |              |                     |                     |                     |
| Battle River Carbon Hub                    | Hydrogen     | -                   | 400                 | 400                 |



## Facilities

- Contracted cogen
- Peaker gas
- Coal-to-gas
- Development assets
- Transmission

**5.4x** adjusted EBITDA multiple<sup>1</sup> at closing

**~\$85-\$90** million annual average adjusted EBITDA<sup>2</sup> contribution

**~\$270** per kW<sup>3</sup>, significantly lower than new build

**~60%** contracted revenue, 15 years average contract life

<sup>1</sup> Adjusted EBITDA multiple is a metric calculated by dividing expected capital expenditures by average expected annual adjusted EBITDA. Readers are cautioned that our method for calculating expected adjusted EBITDA multiple may differ from methods used by other entities. Therefore, it may not be comparable to similar measures presented by other entities.

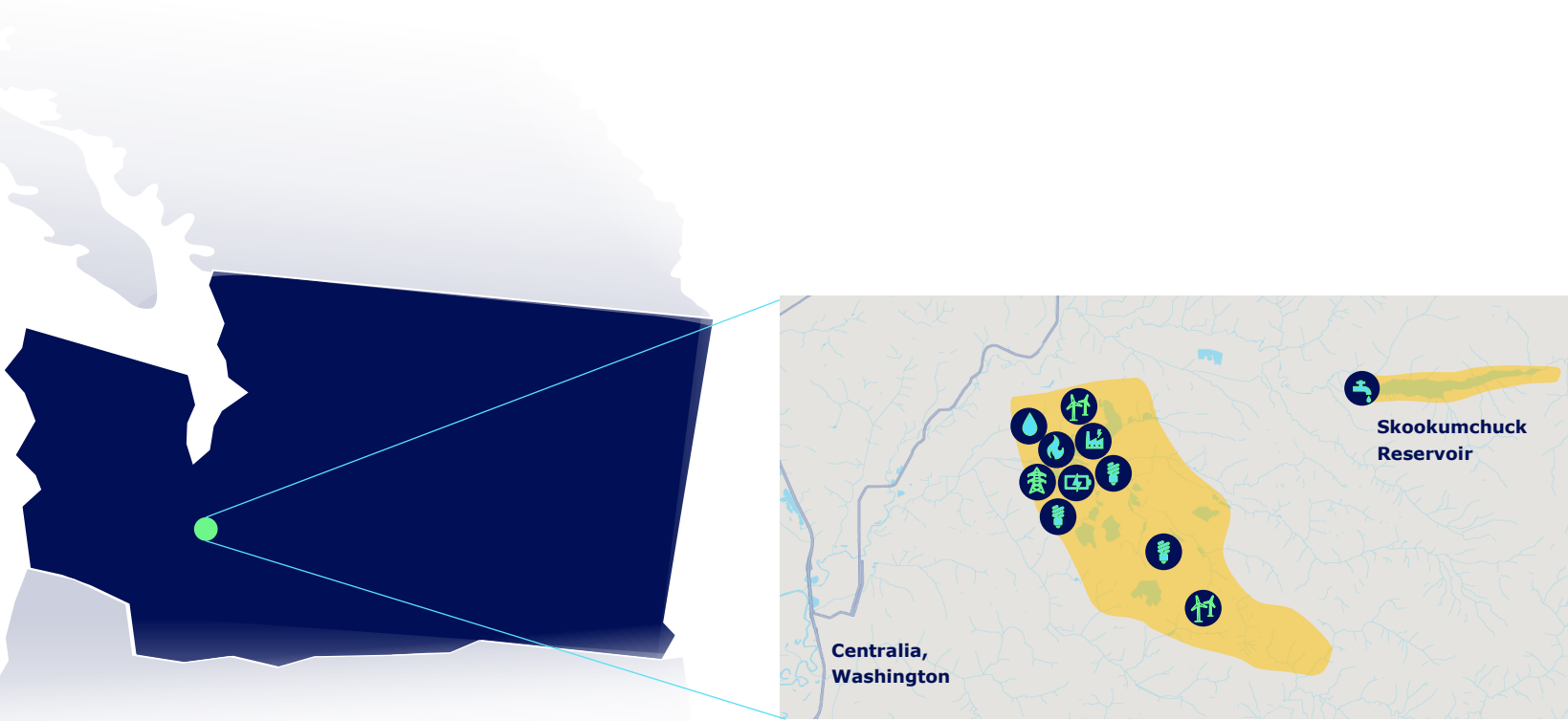
<sup>2</sup> Adjusted EBITDA is a non-IFRS measure, certain additional disclosure for these specified financial measures have been incorporated by reference and can be found on slide 2 of this presentation.

<sup>3</sup> kW is an abbreviation of kilowatt.

<sup>4</sup> Owned capacity does not include the portion of Sheerness that TransAlta Cogeneration owns.



# Pursuing multiple options for Centralia redevelopment



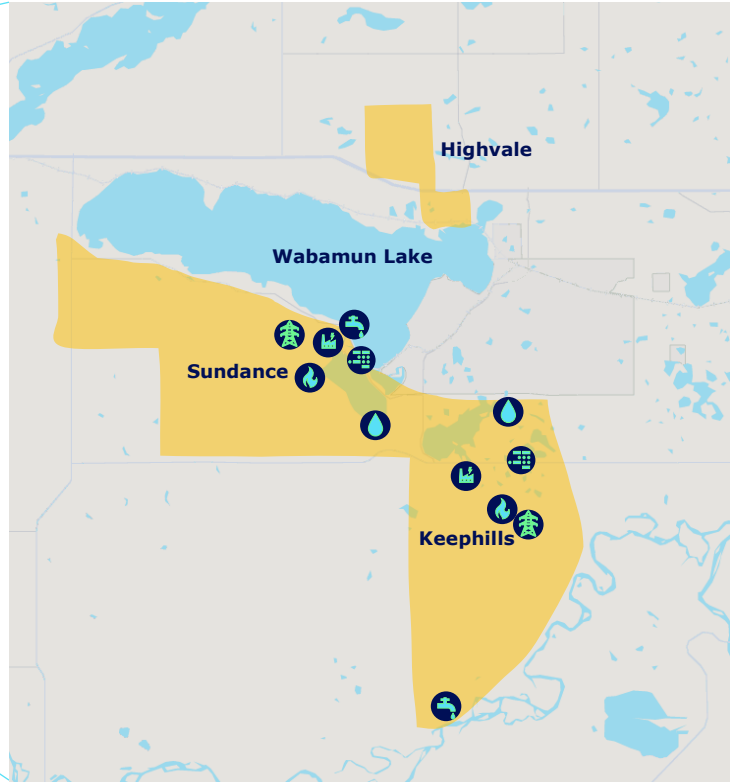
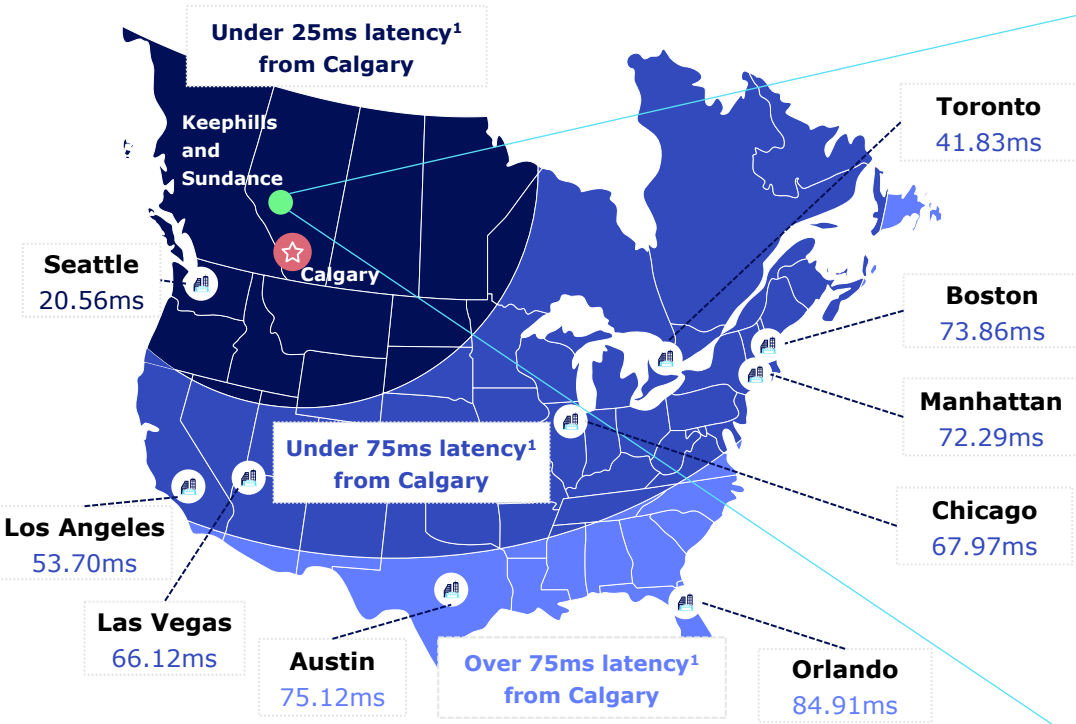
|   |  |  |
|---|--|--|
|    | Operating unit                               |   |
|    | Transmission interconnection                 |   |
|    | Natural gas                                  |   |
|    | Next generation technology potential site    |   |
|    | Water rights                                 |   |
|    | Temperate climate and existing cooling ponds |   |
|    | Skilled workforce availability               |   |
|    | Renewables potential site                    |   |
|   | Battery potential site                       |  |
|  | <b>Owned Land:</b>                           | <b>~12,000 Acres</b>   |

Potential to surface significant value through existing infrastructure





# TransAlta offers great locations for data centres



| Wabamun Lake Area                            |                      |
|--|----------------------|
| Reliable operating units / speed to market   |                      |
| Transmission interconnection                 |                      |
| Natural gas                                  |                      |
| Fibre optic access                           |                      |
| Water rights                                 |                      |
| Temperate climate and existing cooling ponds |                      |
| <b>Owned Land:</b>                           | <b>~40,000 Acres</b> |

**TransAlta positioned to deliver latency under 75ms for most of Canada and the US**

<sup>1</sup> Network latency is the amount of time it takes for data to travel from a data centre to an end user (i.e., consumer or commercial internet user), measured in milliseconds ("ms") with a low (fast) latency being more desirable; latencies vary by location of fibre optic lines and are not directly correlated with distance. Sourced from Boston Consulting Group.

# Foundations for our success



Optimization and trading expertise



Highly credible developer



Local presence



Operational excellence



Strong balance sheet



Technological innovation



# Our competitive advantage

-  Owner / operator business model
-  Optimization and trading excellence
-  Strong balance sheet
-  Extensive wind platform
-  Full life cycle capabilities and risk control
-  Strong customer relationships
-  Demonstrated ESG results





# Sustainability targets



## Environmental goals

**Net zero** by 2045

Reduce GHG emissions by **75%** by 2026<sup>1</sup>

**Verify 80%** of our scope 3 emissions by 2024

**End coal** generation in US by 2025



## Social goals

Support for **indigenous communities**

**Reclaim** mined land in Alberta and Washington State

By 2024, **80% of our spend** will be with suppliers committed to sustainability



## Governance goals

**50%** female Board representation by 2030

**40%** company-wide female employment by 2030

**Leadership on ESG** reporting within financial disclosures

<sup>1</sup> As of TransAlta's 2015 Annual Integrated Report.



# Committed to emissions reductions

## TransAlta carbon reductions achieved to date<sup>1</sup>

↓ 66%

From 2015 levels

↓ 21M

Annual tonnes from 2015

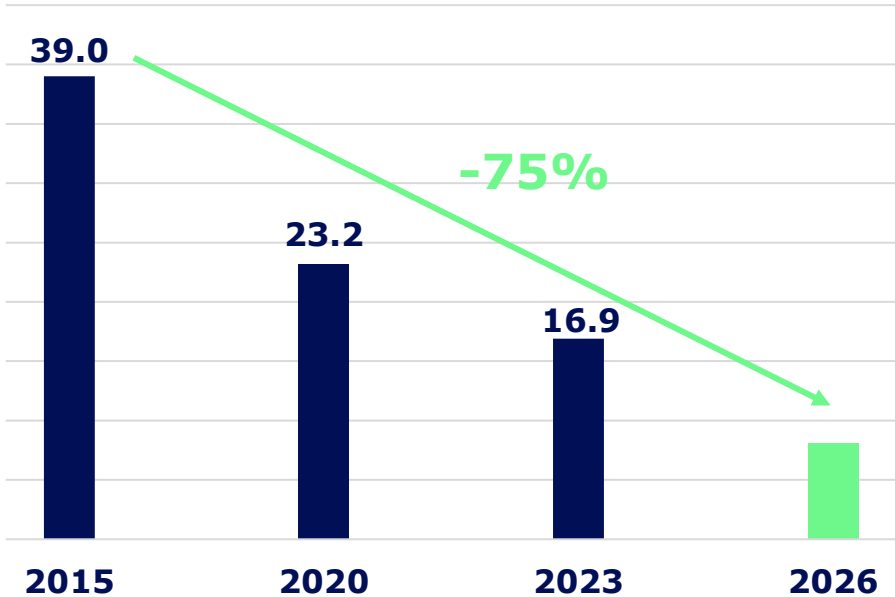
~10%

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>)



<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.







# 2024 performance

*Horseshoe, Alberta*





# Q3 2024 achievements and strategic initiatives



## Results and financial position

Adjusted EBITDA<sup>1</sup> of **\$325 million**  
**41%** from renewables

FCF<sup>1</sup> of **\$140 million** or **\$0.47/share**

Tracking towards **upper end** of **guidance**

Excellent **availability** of **94.5%**



## Growth and customer solutions

Pursuing **Centralia redevelopment** opportunities

**Advancing** options for **reliability** and **data centres**

Access to **\$1.8 billion** in liquidity<sup>2</sup>



## Strategic initiatives

Progressing **Heartland Generation** to **closure**

**Mothballed Sundance 6** for **future opportunities**

**CFO succession** completed

<sup>1</sup> Adjusted EBITDA, Free Cash Flow (FCF), and Free Cash Flow per share are non-IFRS measures, certain additional disclosure for these specified financial measures have been incorporated by reference and can be found on slide two of this presentation.

<sup>2</sup> As at Sept. 30, 2024, we had access to \$1.8 billion in liquidity, including \$401 million in cash, which significantly exceeds the funds required for share repurchases, growth initiatives, sustaining capital and productivity projects.





# TransAlta segmented results

Three months ended Sept. 30, 2024 (\$millions)

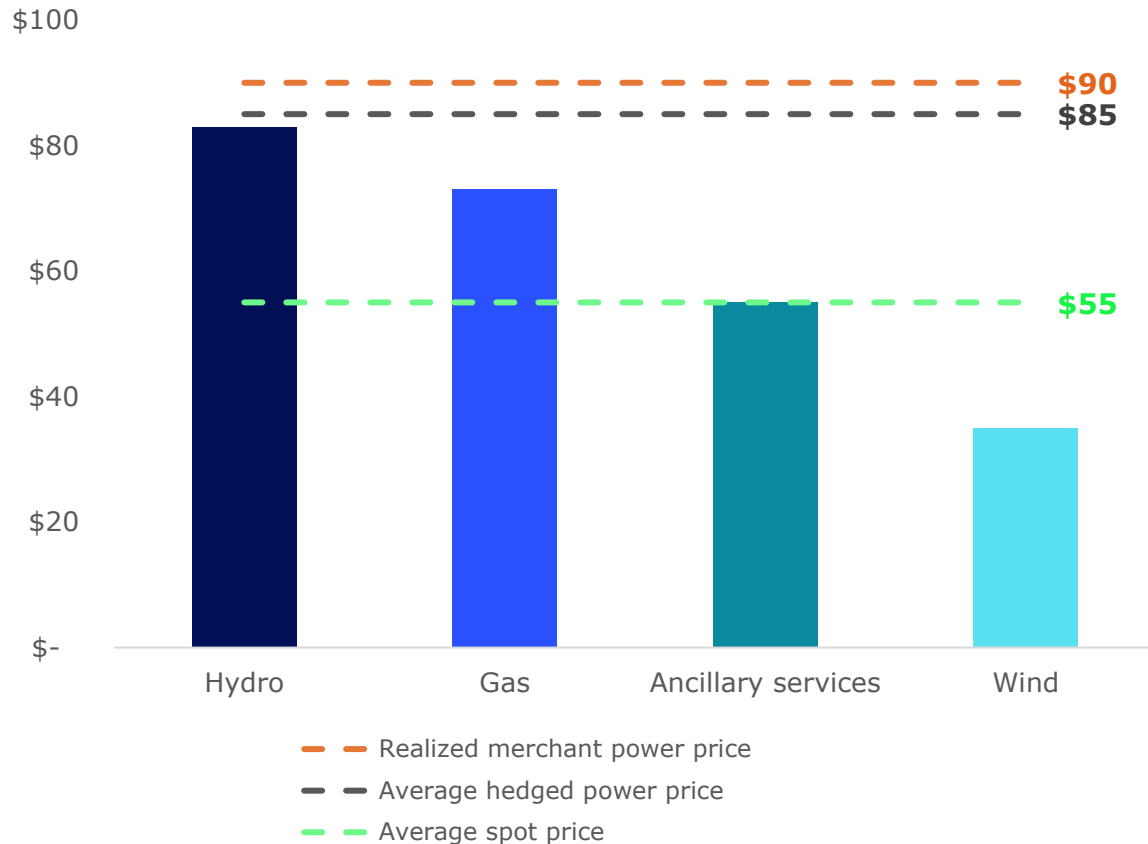
| Adjusted EBITDA <sup>1</sup> | Q3 2024 | Q3 2023 |
|------------------------------|---------|---------|
| Hydro                        | 89      | 150     |
| Wind and Solar               | 44      | 37      |
| Gas                          | 139     | 254     |
| Energy Transition            | 34      | 29      |
| Energy Marketing             | 54      | 13      |
| Corporate                    | (35)    | (30)    |
| Total                        | 325     | 453     |

**Strong performance across the entire fleet**



# Alberta electricity portfolio

## Q3 2024 prices



**164%**

AB fleet average realized merchant and contract energy price premium to average spot price in Q3 2024<sup>1</sup>

**151%**

AB Hydro average merchant energy price premium to average spot price in Q3 2024<sup>2</sup>

**133%**

AB Gas average merchant energy price premium to average spot price in Q3 2024<sup>2</sup>

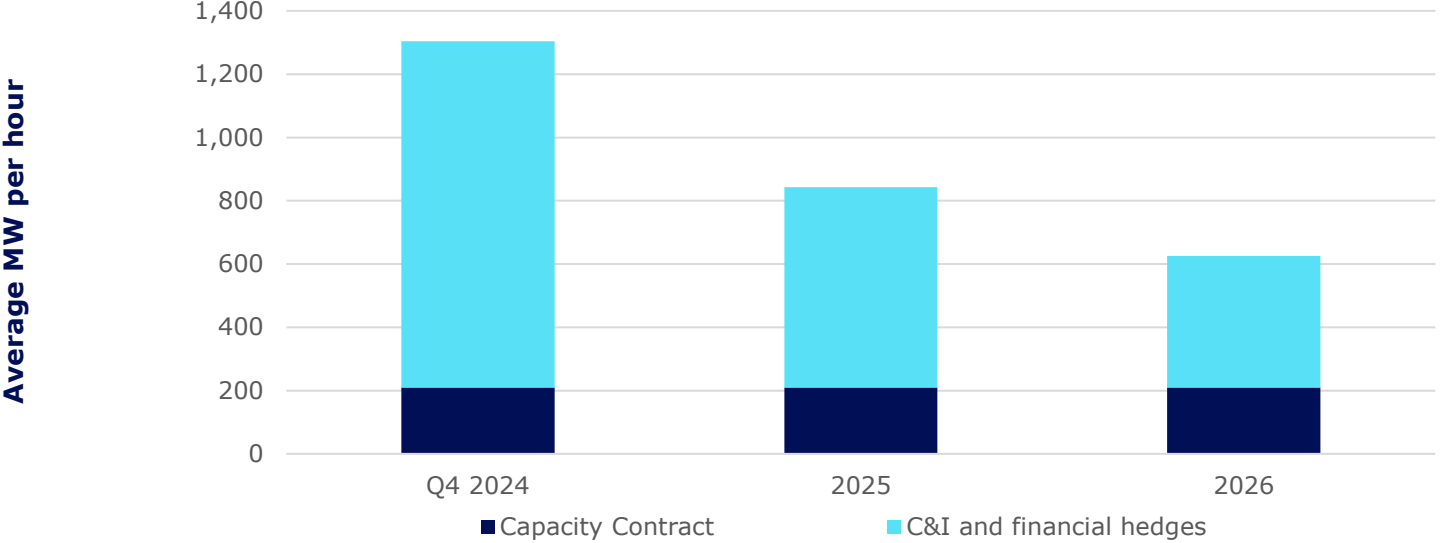
**100%**

AB Hydro average ancillary price comparable to average spot price in Q3 2024

**Asset optimization activities generated significant premiums to spot prices**



# Strong hedge position through 2026



**Strong portfolio hedge position solidifies cash flows into 2026**

|                            | Q4 2024 <sup>3</sup> | Full year 2025 <sup>3</sup> | Full year 2026 <sup>3</sup> |             |
|----------------------------|----------------------|-----------------------------|-----------------------------|-------------|
| Price (\$/MWh)             | 82                   | 75                          | 78                          | Power       |
| Volume <sup>1</sup> (GWh)  | 2,415                | 5,541                       | 3,640                       |             |
| Price (\$/GJ)              | 2.55                 | 3.51                        | 3.67                        | Natural Gas |
| Volume (M GJ) <sup>2</sup> | 15                   | 28                          | 18                          |             |

**Hedged power prices remain above forward curve**

<sup>1</sup> C&I and financial hedges; excludes capacity contract.

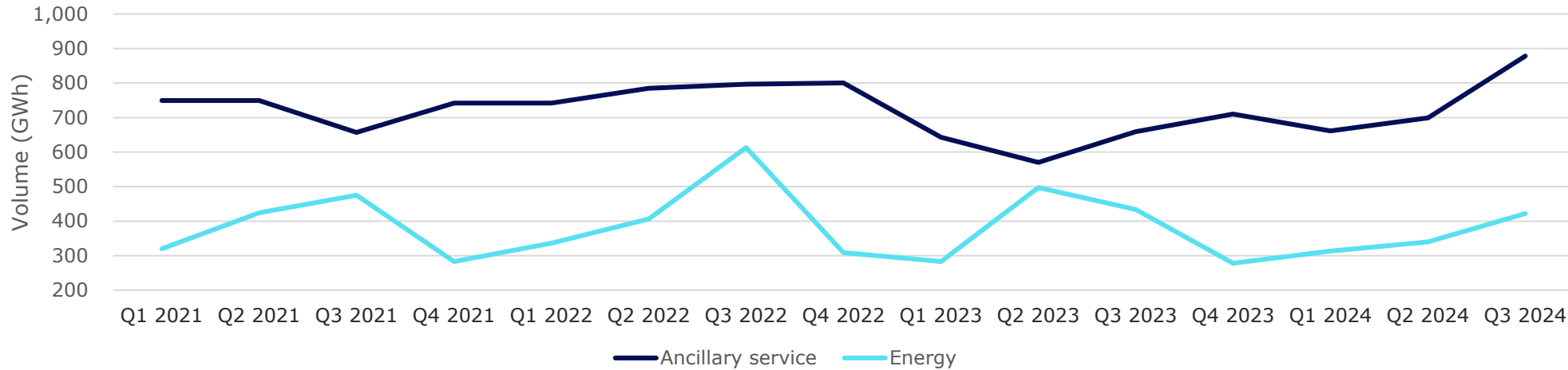
<sup>2</sup> Millions of GJ.

<sup>3</sup> Hedge position as of Sept. 30, 2024



# Hydro ancillary services provide stability

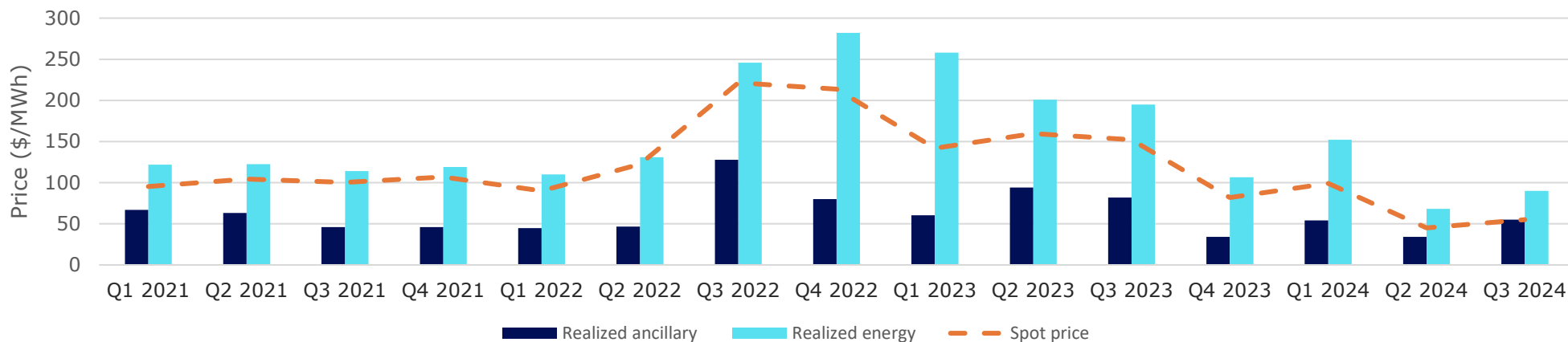
## Alberta hydro fleet volumes (GWh)



**+33%**

Ancillary volume increase year over year

## Alberta realized prices (\$/MWh)



**52%**<sup>1</sup>

Average realized ancillary price to spot

**129%**<sup>1</sup>

Average realized energy price premium to spot





# 2024 outlook

*Windrise, Alberta*



# Tracking toward upper end of 2024 Outlook

| (\$ millions)                | Nine months ended<br>Sept. 30, 2024 | 2024 Outlook |       |
|------------------------------|-------------------------------------|--------------|-------|
| Adjusted EBITDA <sup>1</sup> | 968                                 | 1,150 to     | 1,300 |
| FCF <sup>1</sup>             | 521                                 | 450 to       | 600   |
| FCF (\$/share) <sup>1</sup>  | 1.72                                | 1.47 to      | 1.96  |

**Year-to-date  
results  
trending  
towards  
upper end of  
guidance**

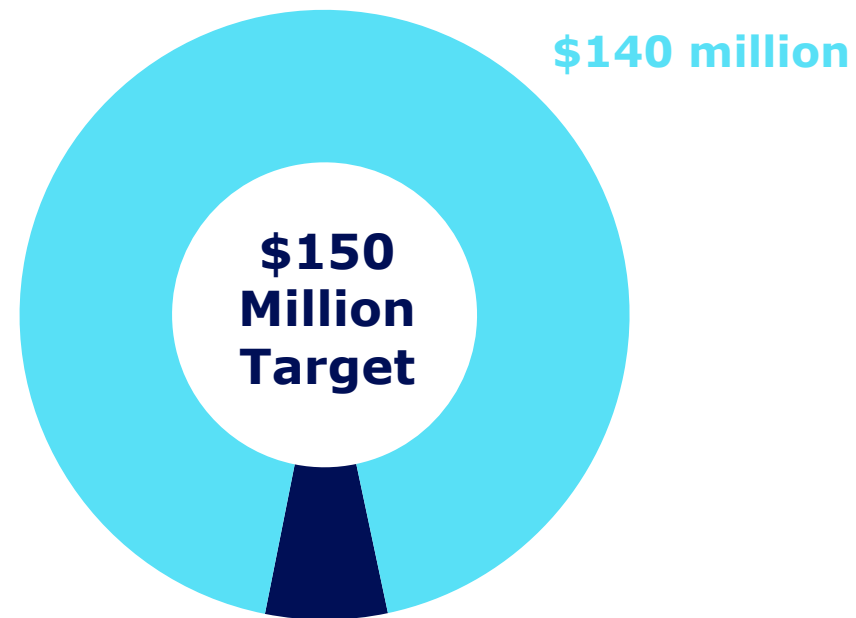


# Enhanced shareholder returns with 2024 share repurchase program

Repurchased **13.5** million common shares

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**Delivered 94%** of up to \$150 million 2024 program



**Balanced, prudent and disciplined approach to capital allocation**



# 2024 in-year priorities

*Windrise, Alberta*





# 2024 priorities



## Safety, people and culture

Improve leading and lagging safety performance, including **TRIF of 0.0**

Advance **leadership and talent** development

Continue progress towards **40% gender diversity** target



## Financial and operational

Deliver top end adjusted EBITDA<sup>1</sup> of **\$1.15 - \$1.3 billion**

Deliver top end FCF<sup>1</sup> of **\$450 - \$600 million**

**Execute** share repurchase program

Maintain **strong balance sheet** and credit ratings

Achieve fleet availability of **93.1%**



## Growth and commercial

**Completed** Mount Keith, Horizon Hill and White Rock

Target **400 MW** of new growth

Expand growth pipeline by **1.5 GW**



## Strategic initiatives

**Realize value** of **legacy thermal energy campuses**

Close and integrate **Heartland** Generation

Progress CO<sub>2</sub> **emissions reduction** to 75% from 2015 levels by 2026

**Long-term shareholder value creation drives our investment and capital allocation decisions**



# Alberta market evolution

*Big Horn, Alberta*



# Alberta business



## Maximize

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



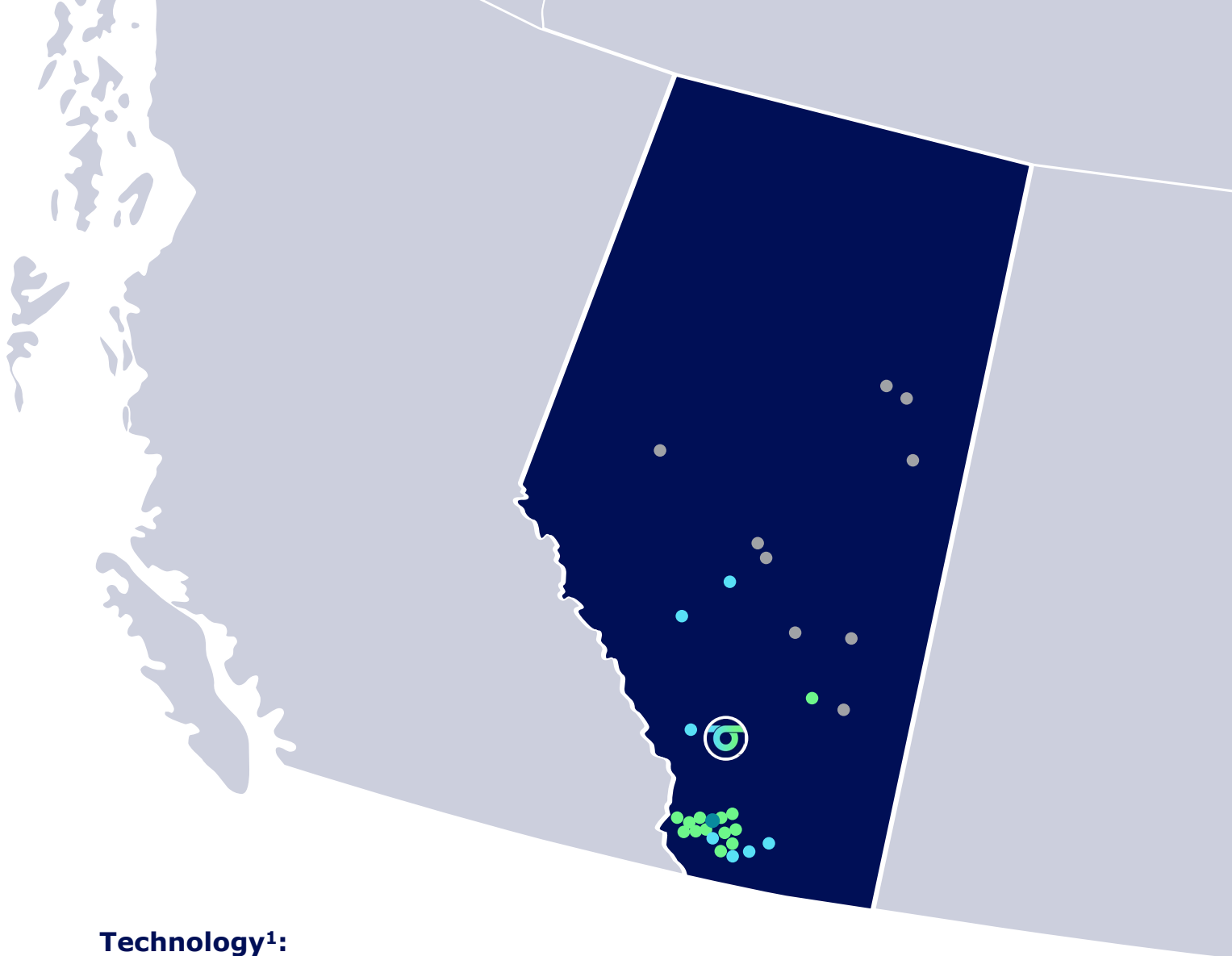
## Provide

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**



Technology¹:

- Wind
- Hydro
- Battery
- Natural Gas
- Head Office

<sup>1</sup> Includes Heartland Generation assets



# Hedging and optimization increases our advantage

**113-year** extensive operating expertise

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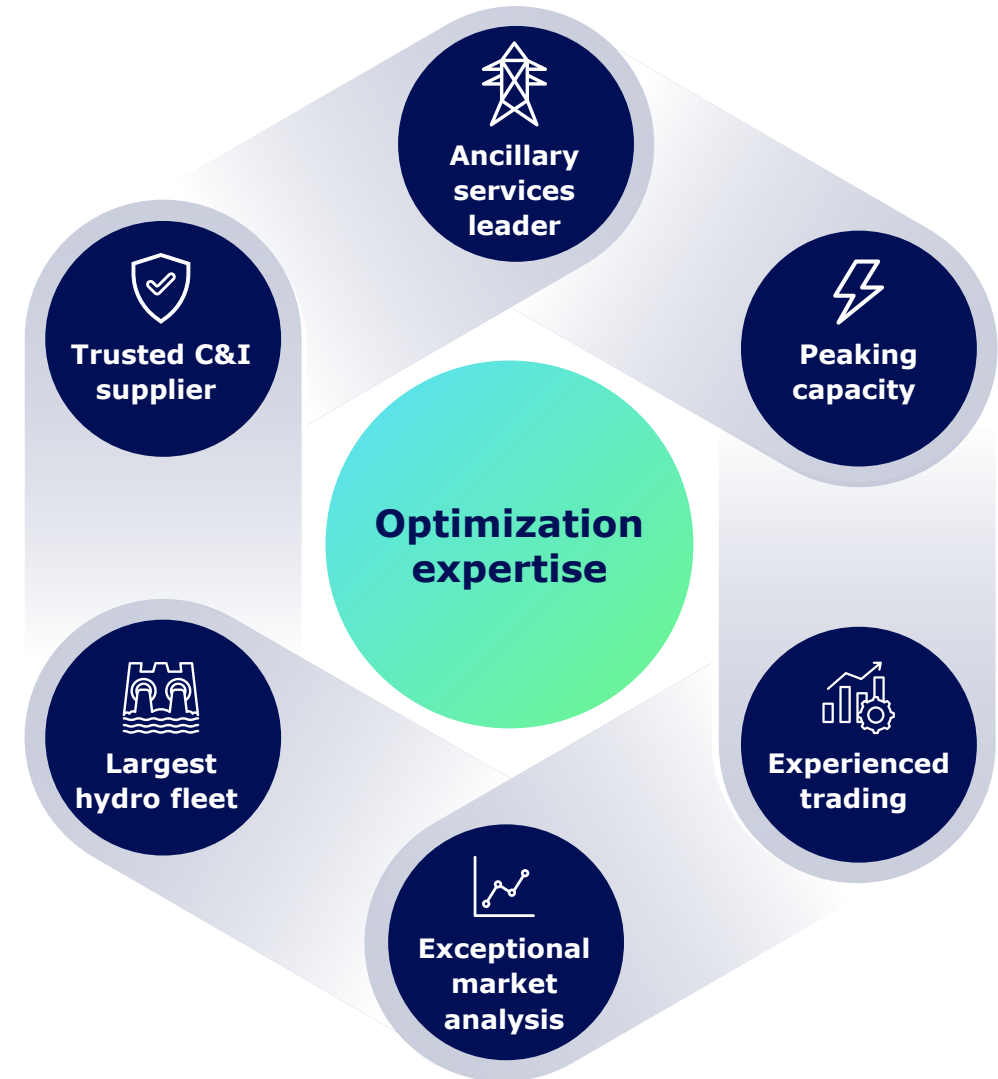
Exceptional **in-house forecasting and analytical** capabilities

---

Integrated **asset optimization and operations** to ensure portfolio value maximization

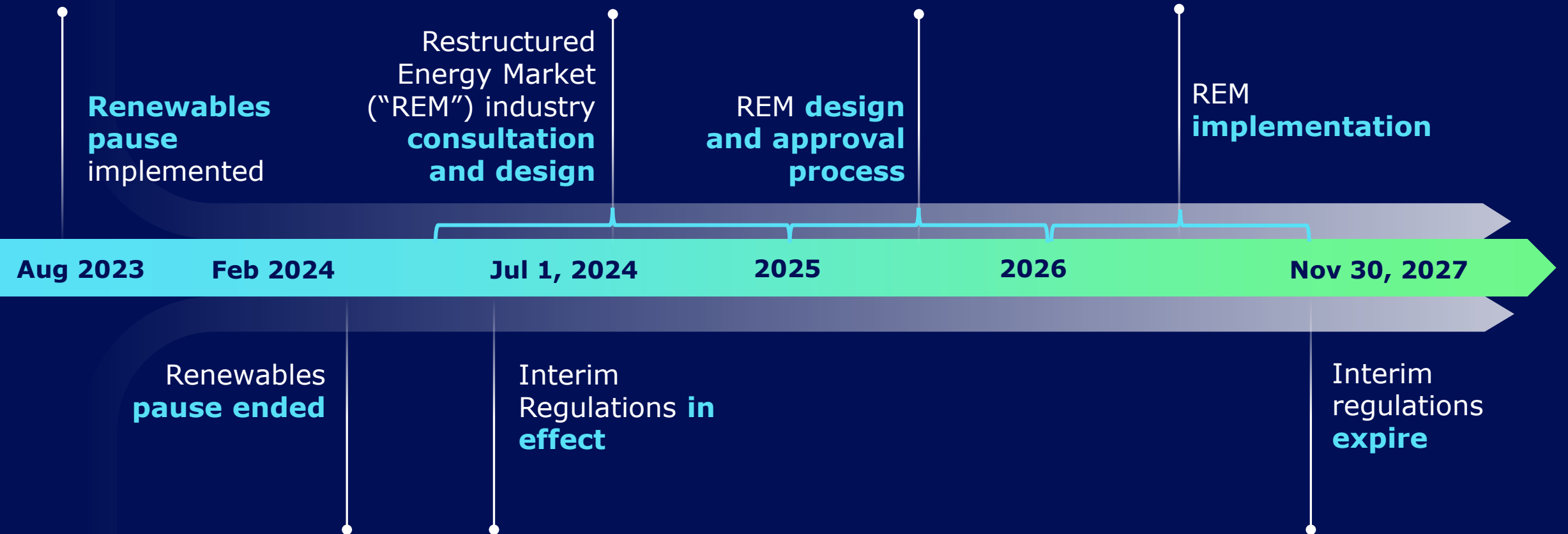
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**Large customer base** spanning the wholesale, commercial and industrial base





# Alberta regulatory change timeline



# Alberta interim regulations

July 1, 2024 to November 30, 2027

1

## Market power mitigation regulation

Creates offer limit for only gas-fired resources with offer control  $\geq 5\%$

Triggered when monthly cumulative **net revenues** exceeds 2 months of annualized costs for a theoretical combined cycle unit

**Offers** from gas-fired resources will be limited at the greater of \$125/MWh or 25 times the day-ahead gas price

**Offer limit resets** at start of every month

2

## Supply cushion regulation

Requires the AESO to direct long lead time assets to operate at minimum stable

**Targets a supply cushion** of 932 MW<sup>1</sup>

The long lead time assets would be **compensated for variable costs net of revenues earned**

**Do not expect the interim regulations to significantly impact TransAlta**



# Restructured Energy Market update



## State of play

Mandatory day-ahead market

---

Strategic energy bidding mechanisms

---

Review of the current price ceiling and floor

---

Reduction of settlement windows

---

Dispatch optimization

---

Intertie expansion market participation options



## TransAlta's positioning

Changing energy landscape requires a long-term focus

---

Market redesign is necessary to deliver reliable, affordable electricity

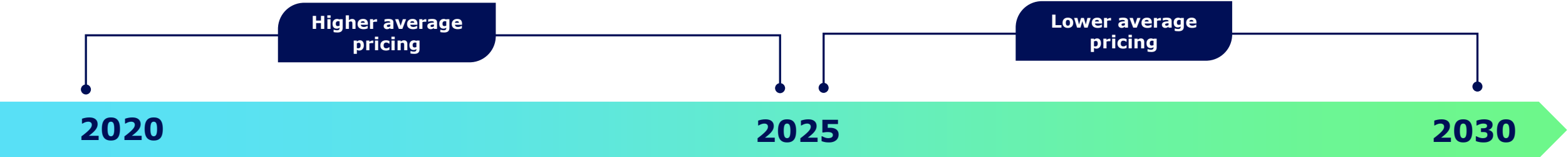
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Market will have to be incentivized to be effective

**Market  
requires  
low-cost  
flexible  
generation  
for grid  
reliability**



# Merchant electricity market evolution



## Moderate volatility

Baseload generation

Higher carbon footprint

Hedging and optimization



## Higher volatility

Peaking generation and fleet diversity

Lower carbon footprint

Optimization

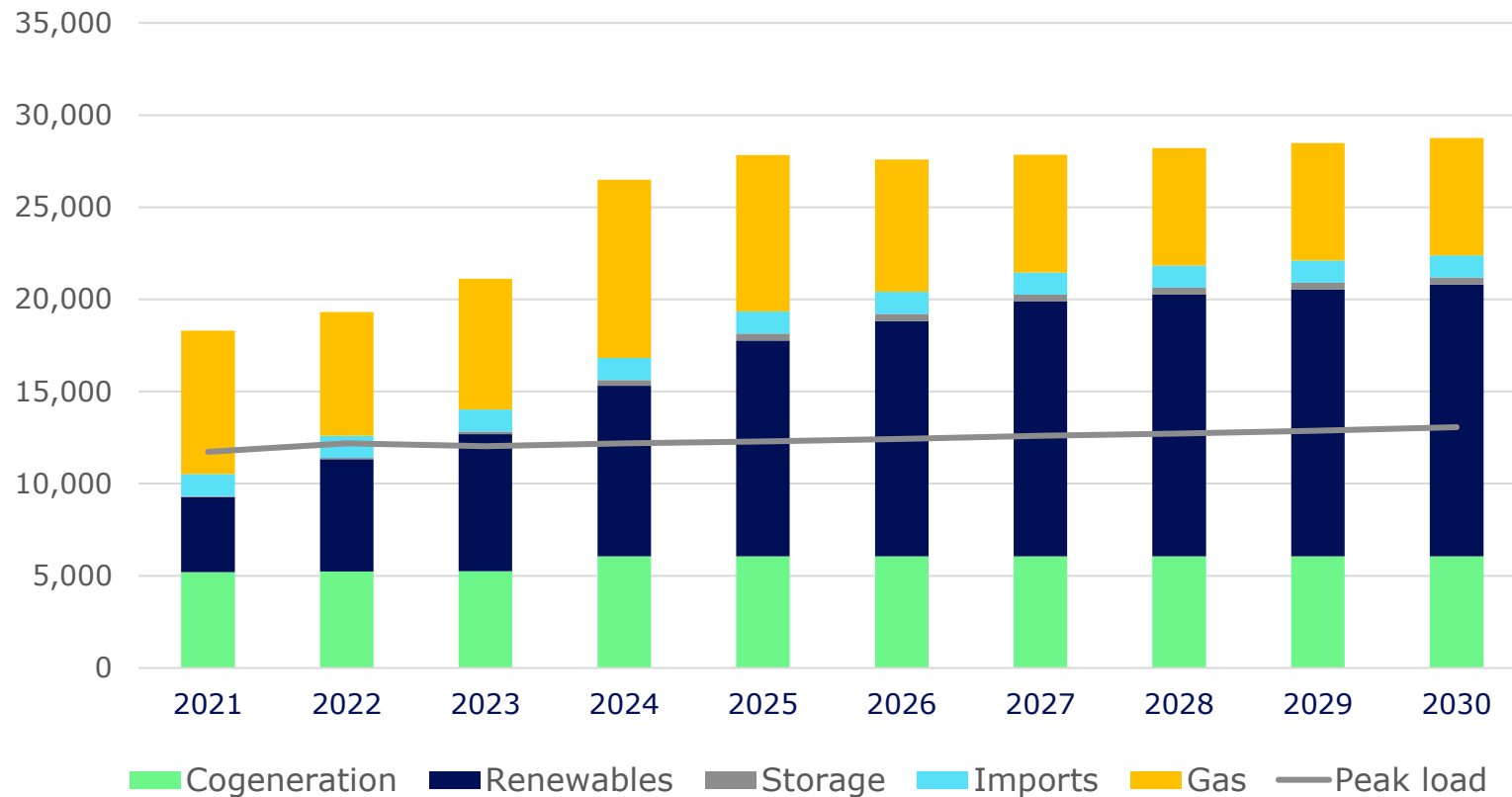
Grid reliability services





# Major supply shift continues

Alberta installed capacity and peak load (MW)<sup>1</sup>



**+185%**

**Expected supply growth in renewables**

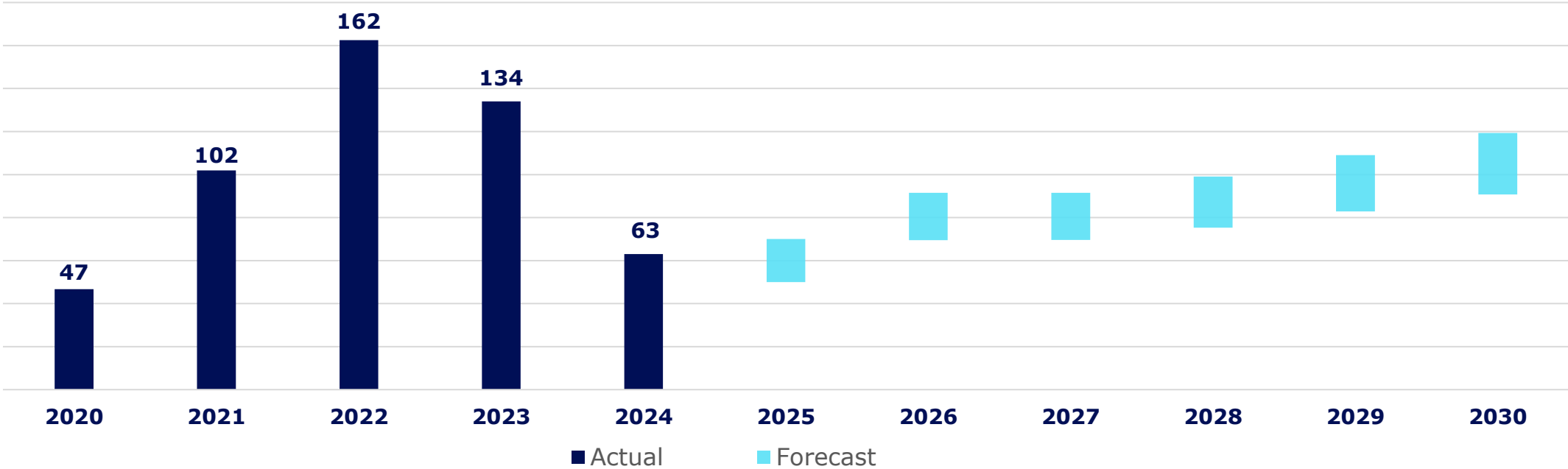
**+140%**

**Expected supply growth in combined cycle gas**



# Prices expected to soften mid-decade with supply

Annual average power price forecast (\$ per MWh)<sup>1</sup>



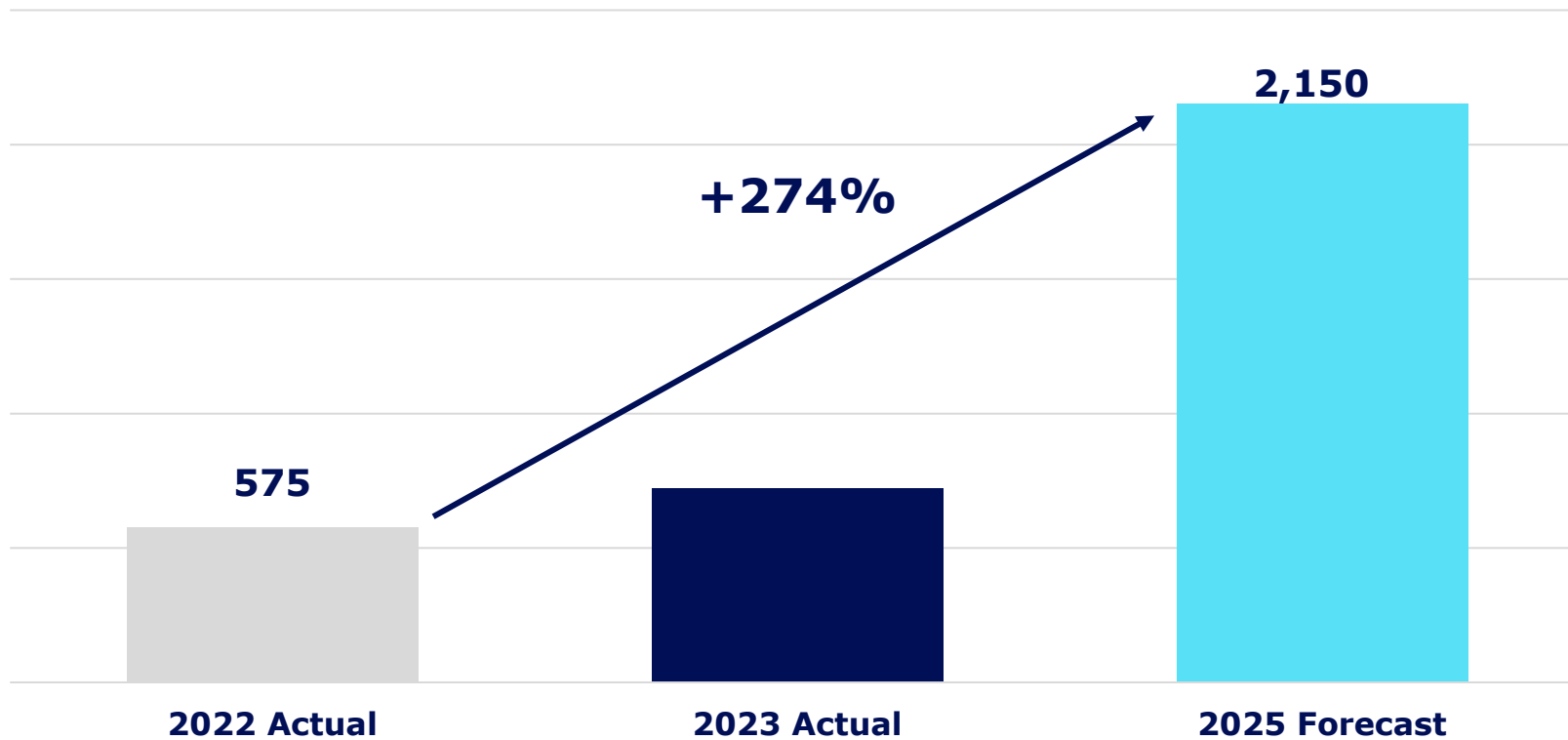
Prices to **rebound** later in the decade

<sup>1</sup> Forecast is as of and sourced from TransAlta's 2023 Investor Day presentation, which can be found at <https://transalta.com/investors/presentations-and-events/>



# Intraday volatility of renewable supply

Renewable generation - maximum hourly change (MW)<sup>1</sup>



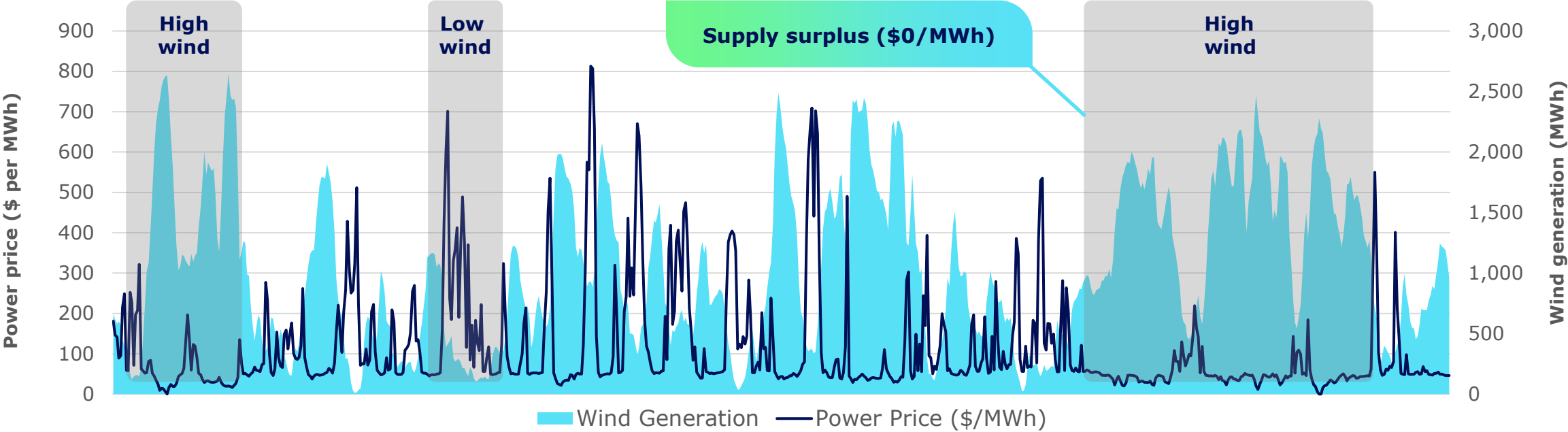
Increasing renewable generation will result in larger hour-to-hour changes in output

Challenging the reliability of the system



# Wind penetration increases volatility in price

September 2023 wind generation and power price volatility<sup>1</sup>



**Low wind generation allows for higher prices, while high wind generation tends to drive lower pricing or even supply surplus conditions.**

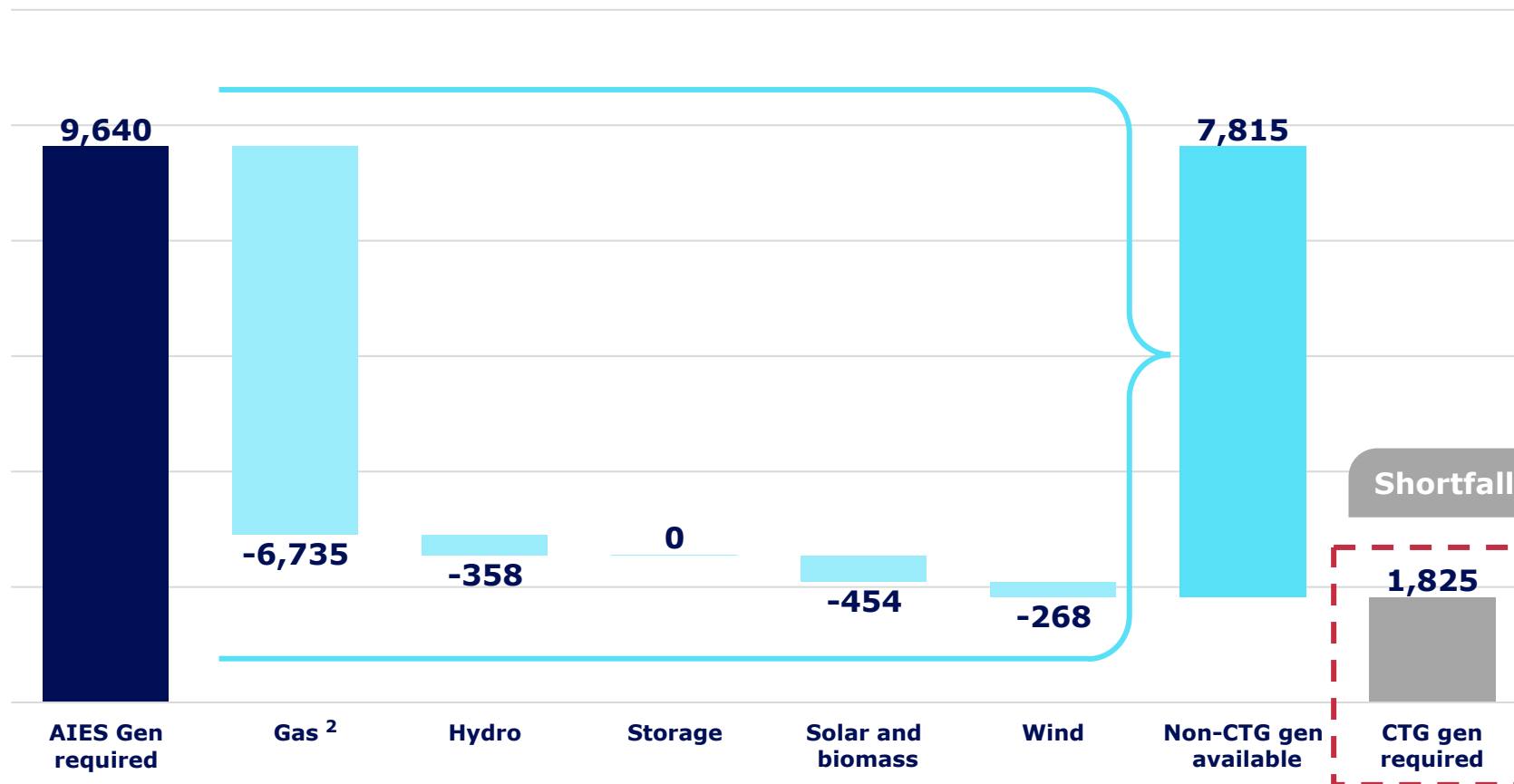
<sup>1</sup> As of and sourced from TransAlta's 2023 Investor Day presentation, which can be found at <https://transalta.com/investors/presentations-and-events/>





# Thermal gas required when renewable resources are low

Estimated thermal gas generation required (MW)<sup>1</sup>



Thermal gas capacity is required to meet Alberta demand and reliability

Province loses 5.5 GW of capacity on low renewable-resource days<sup>1</sup>







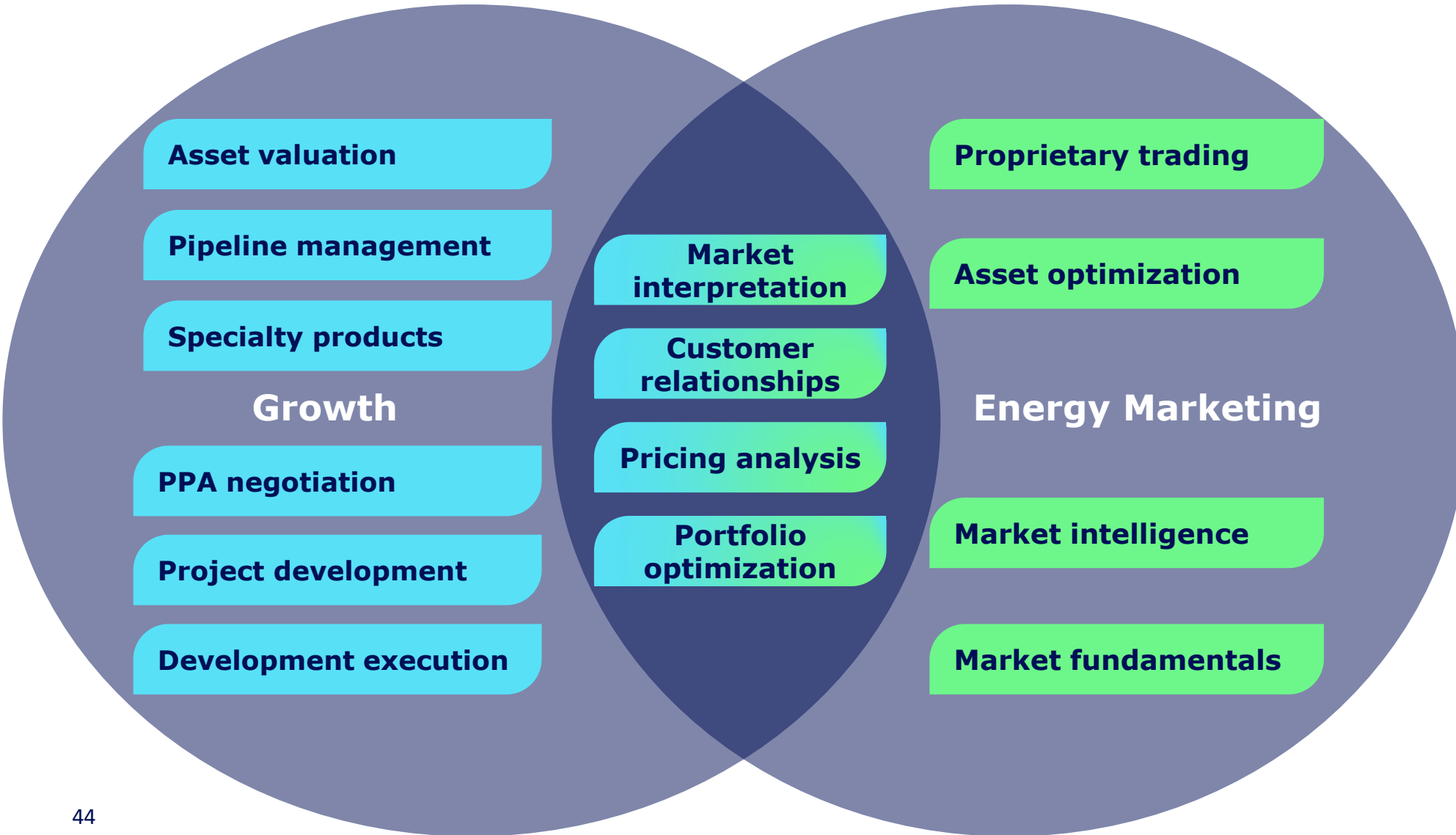
# Enhancing Value with Energy Marketing

*Le Nordias, Quebec*





# Aligning Growth and Energy Marketing



Aligned global team committed to accelerating value delivery of **high-quality portfolio** through cross-team enablement



# Energy marketing capabilities

|                 | Electricity   | Natural Gas   | Emissions     |
|-----------------|---|---------------|---------------|
| <b>Markets</b>  | NWPP, CAISO, SPP, SWPP, IESO, ISO-NE, NYISO, PJM, MISO, ERCOT | Canada and US | Canada and US |
| <b>Products</b> | Execution for TransAlta and third-party assets                | ✓             | ✓             |
|                 | Origination and structured products                           | ✓             | ✓             |
|                 | Real-time trading   | ✓             | ✓             |
|                 | Term trading  | ✓             | ✓             |
|                 | Congestion trading  | ✓             | -             |
|                 | Transmission / transportation                                 | ✓             | ✓             |
|                 | Options   | ✓             | ✓             |

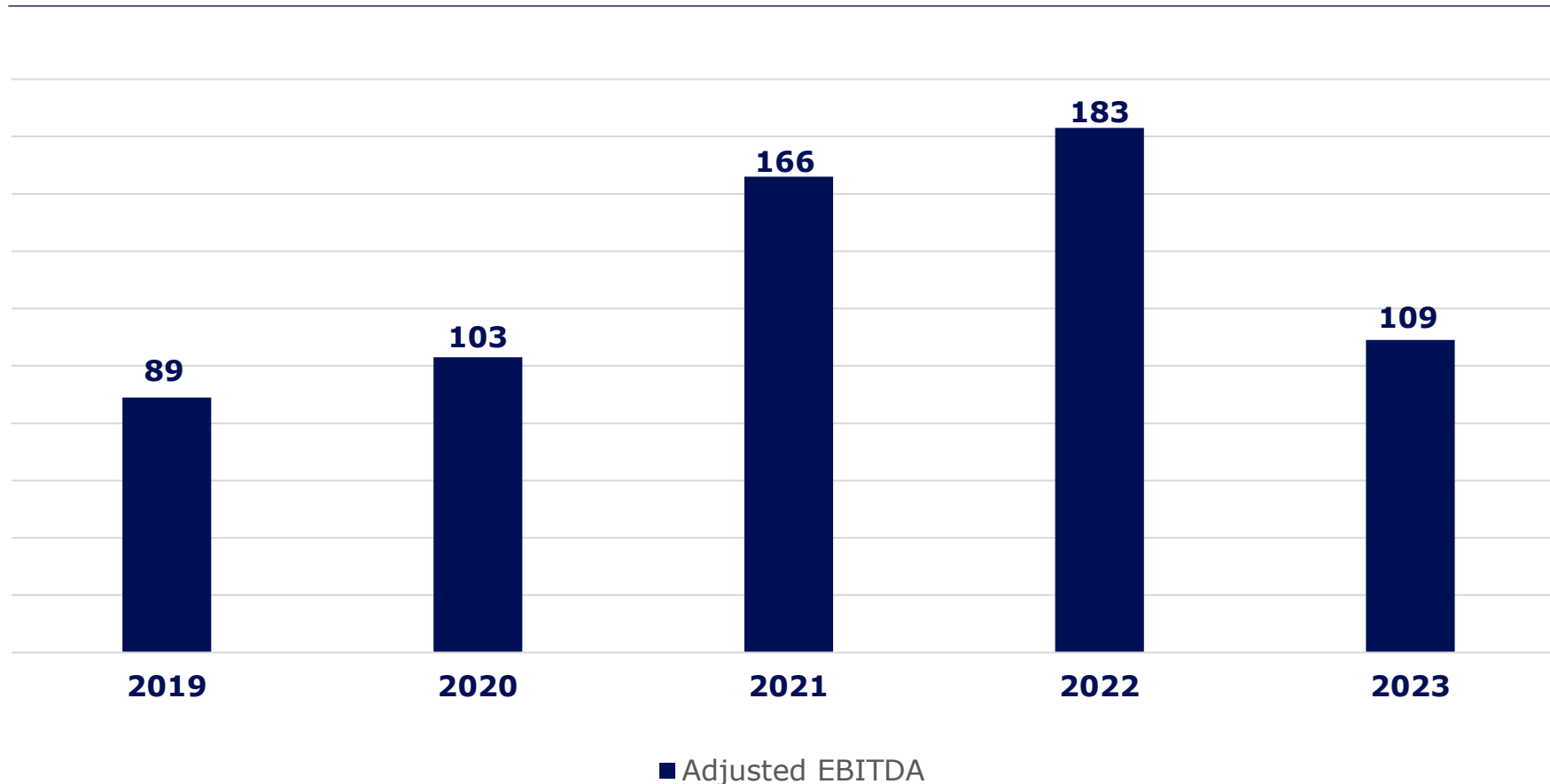
Diverse product knowledge base provides key insights into North American Markets





# Adjusted EBITDA<sup>1</sup> contribution of over \$650 million since 2019

Adjusted EBITDA<sup>1</sup> contribution (\$ million)



Increasing volatility across North American markets

Positioned to deliver value in all market conditions

Tightly managed risk profile

\$135 million  
4-year average adjusted EBITDA<sup>1</sup>





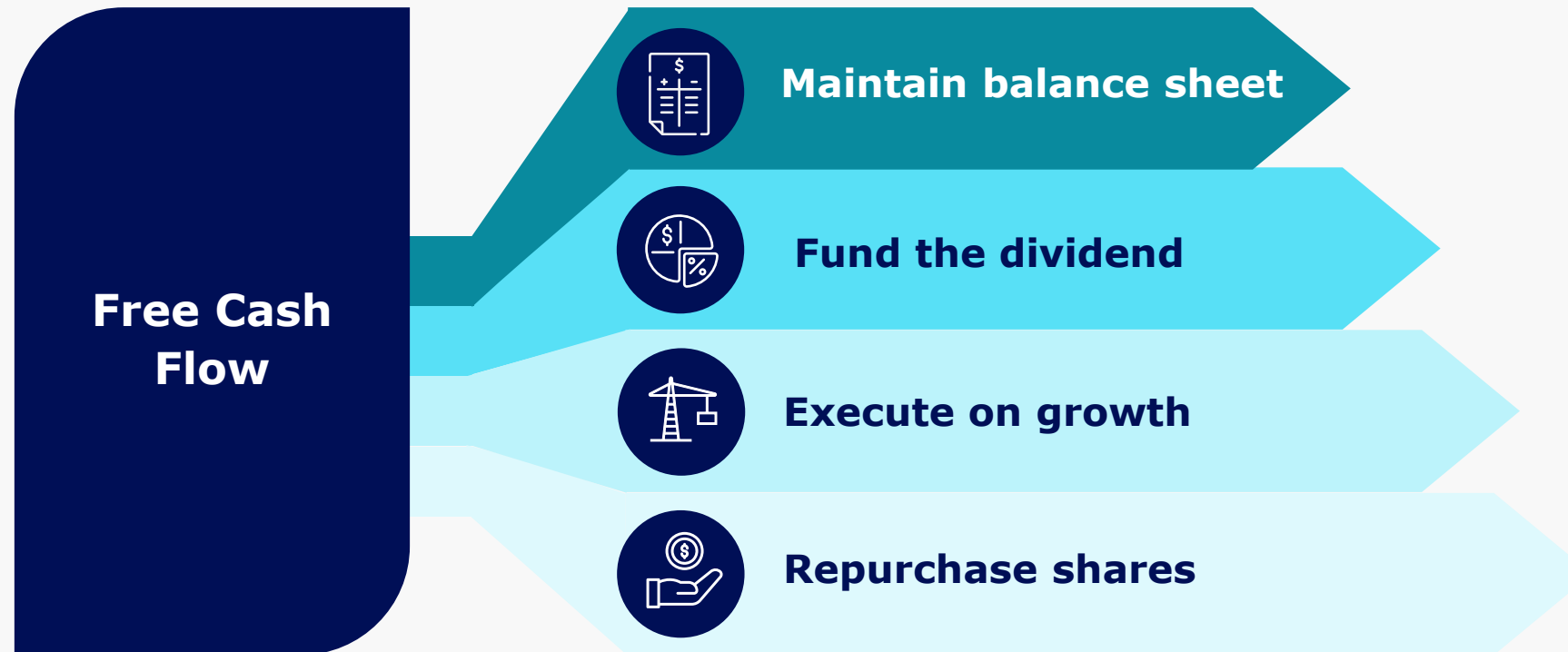
# Financial strategy and plan

*Brazeau, Alberta*





# Simplified capital allocation



## Since 2021

Maintained **strong credit metrics**

Returned **\$230 million** in dividends

Dividend increased by **10%** annually

Deployed **\$1.4 billion** towards the Clean Electricity Growth Plan

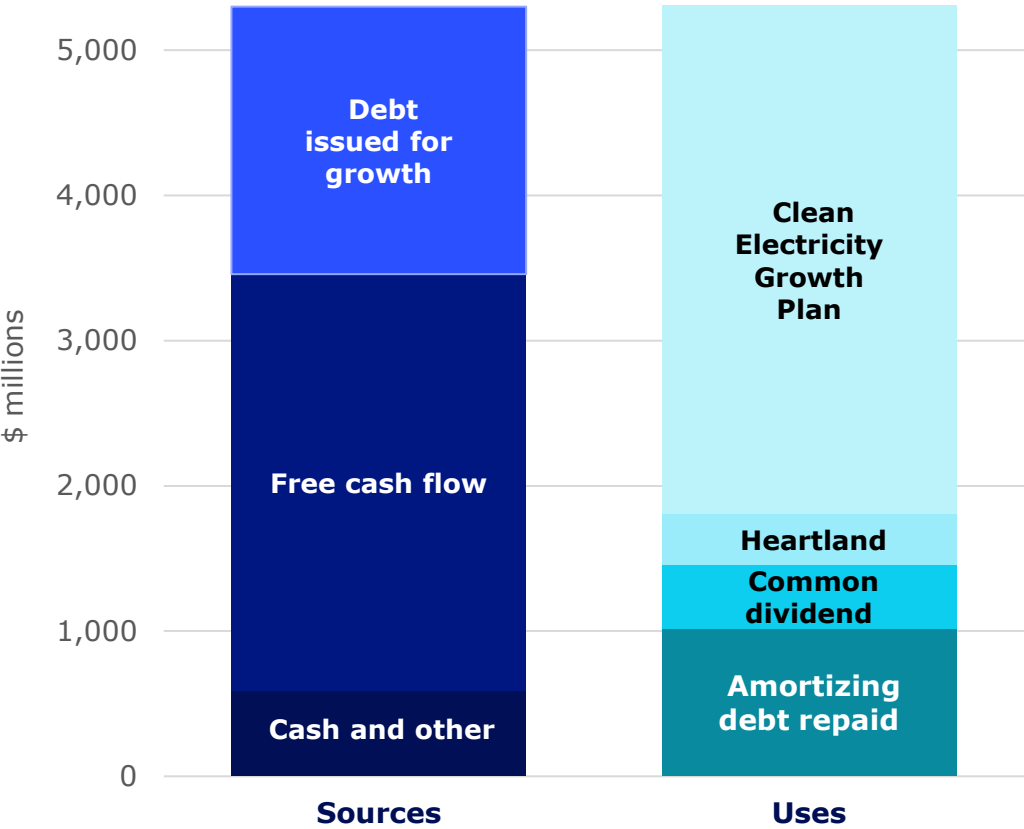
Invested **\$1.4 billion** to acquire TransAlta Renewables

Returned **\$280 million** through share buybacks

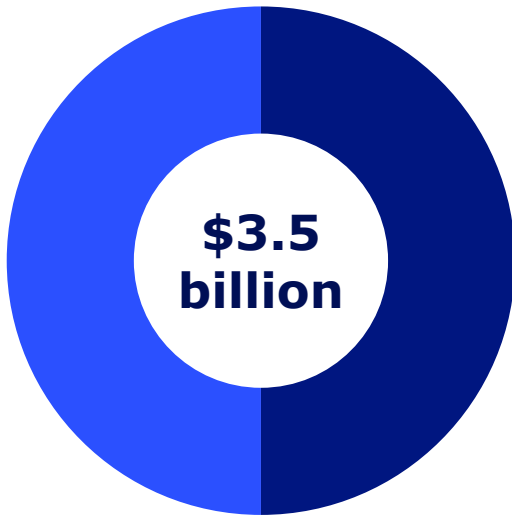


# Growth plan is well funded

Consolidated sources and uses 2024-2028<sup>1</sup>



Growth funding 2024-2028<sup>1</sup>



**Legend:**

- Free cash flow
- Debt issued for growth

**Operating cash flow will fund equity requirements for growth program**

<sup>1</sup> As per 2023 Investor Day presentation.



# Prudent capital management



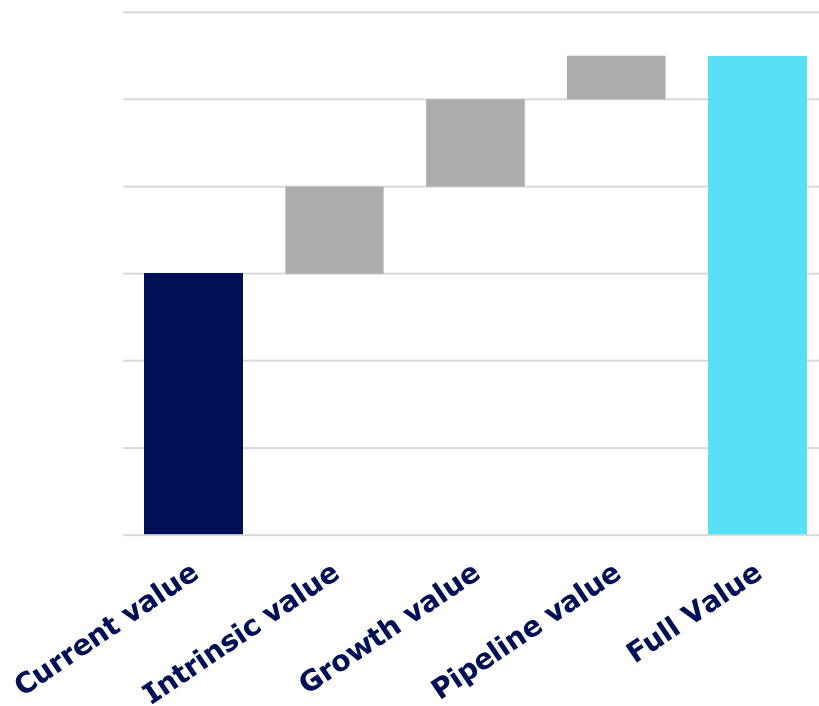
Share Valuation



Credit ratings

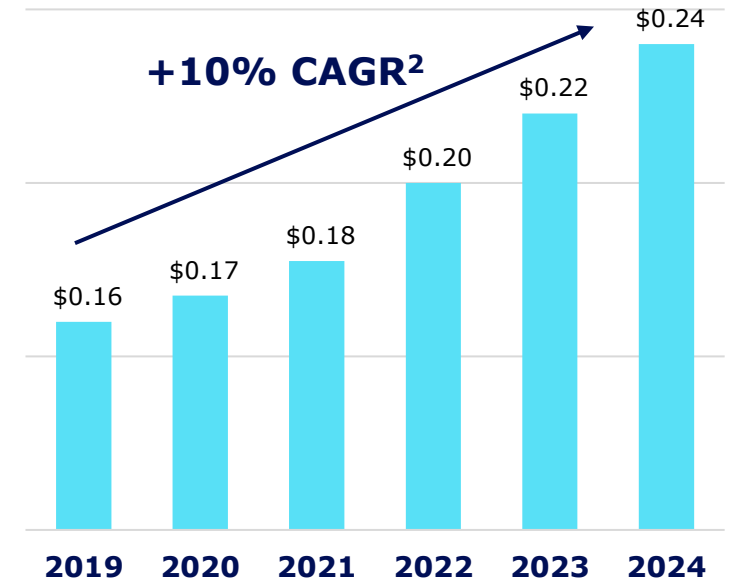


Dividend



|                |           |
|----------------|-----------|
| <b>S&amp;P</b> | BB+       |
| <b>Moody's</b> | Ba1       |
| <b>DBRS</b>    | BBB (low) |

**Adjusted Net Debt/Adjusted EBITDA target** **3.0 - 4.0x**





# Our Value Proposition



**Diversified and resilient fleet**



**Clean electricity leader**



**High potential legacy energy campuses**



**~5 GW growth pipeline**



**Strong financial position**





# Questions & Answers

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

[Investor\\_relations@transalta.com](mailto:Investor_relations@transalta.com)

