



# TransAlta Corporation

Investor Presentation  
June 2021

**TransAlta**<sup>TM</sup>  
Powering Economies and Communities



# Forward Looking Statements

*This presentation includes forward-looking statements or information (collectively referred to herein as “forward-looking statements”) within the meaning of applicable securities legislation. All forward-looking statements are based on our beliefs as well as assumptions based on available information and on management’s experience and perception of historical trends, current conditions, and expected future developments, as well as other factors deemed appropriate in the circumstances. Forward-looking statements are not facts, but only predictions and generally can be identified by the use of statements that include phrases such as “may”, “will”, “can”, “believe”, “expect”, “anticipate”, “intend”, “plan”, “project”, “forecast”, “foresee”, “potential”, “enable”, “continue”, or other comparable terminology. These statements are not guarantees of TransAlta Corporation’s (“we”, “our”, Company”) future performance and are subject to risks, uncertainties, and other important factors that could cause actual results or outcomes to be materially different from those set forth in the forward-looking statements. In particular, this presentation includes forward-looking statements pertaining to, among other things: the Garden Plain wind project, including the expected costs, timing to achieve commercial operation and expectations regarding the currently uncontracted 30 MWs; the timing for completion of the Windrise wind project; the conversion of Keephills Unit 2; the repowering of Sundance Unit 5, including the cost and timing thereof, the increase in overall output to 750 MW and an increase in operating flexibility; the potential investment in carbon capture and storage at the repowered Sundance Unit 5; ability to successfully execute on the growth pipeline; our 2021 outlook, including free cash flow and ability deliver at the upper end of guidance; hedging strategies, including in respect of the Alberta hydro assets; and the Company’s 2021 priorities, including securing growth projects in U.S. and Australia, recontracting Sarnia, and ability to secure project financing for the Windrise wind project. The material factors and assumptions used in the preparation of the forward-looking statements contained herein, which may prove to be incorrect, include, but are not limited to: the impacts arising from COVID-19 not becoming significantly more onerous; Alberta spot prices of \$58/MWh to \$68/MWh; Mid-C spot prices of US\$25/MWh to US\$35/MWh; no significant changes to regulatory, tax, securities, credit or market environments; no changes to the GHG compliance costs (beyond those publicly announced); and the assumptions set forth in the related management's discussion and analysis for the three months ended March 31, 2021 and the Company's annual information form for the year-ended December 31, 2020.*

*The forward-looking statements contained in this presentation 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 the forward-looking statements contained in this presentation include the impacts of COVID-19, which cannot currently be predicted, and which present risks, including, but not limited to: more restrictive directives of government and public health authorities; 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; force majeure claims; curtailments reducing merchant production; our ability to maintain our credit ratings; restricted access to capital and increased borrowing costs; a further decrease in short-term and/or long-term electricity demand and lower merchant pricing in Alberta and Mid-C; further reductions in production; increased costs resulting from our efforts to mitigate the impact of COVID-19; regulatory and environmental processes delays; and/or write-downs of assets; and adverse impacts on our information technology systems and our internal control systems, including increased cyber security threats. Other factors that may adversely impact the Company’s forward-looking statements include, but are not limited to, risks relating to: fluctuations in market prices; changes in demand for electricity and capacity and our ability to contract our generation for prices that will provide expected returns; political uncertainty; disruptions in the transmission and distribution of electricity; the effects of weather, natural disasters and other climate-related risks; disruptions to the operations, including unplanned outages, equipment failure and our ability to carry out repairs in a cost-effective or timely manner; and industry risks and competition. The foregoing risk factors, among others, are described in further detail in the Company's Management's Discussion and Analysis and Annual Information Form for the year ended December 31, 2020, which are available on SEDAR at [www.sedar.com](http://www.sedar.com). 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 and is given as of the date of this presentation. The Company disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.*

*Certain financial information contained in this presentation, including Comparable EBITDA, Adjusted Funds from Operations (“FFO”), Free Cash Flow (“FCF”) and cash available for distribution 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 three months ended March 31, 2021, for further discussion of these items, including, where applicable, reconciliations to measures calculated in accordance with IFRS*

# John Kousinioris

President and Chief  
Executive Officer





## **Todd Stack**

EVP, Finance and  
Chief Financial Officer

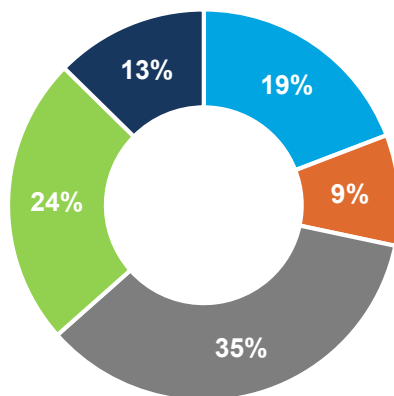


# TransAlta Summary

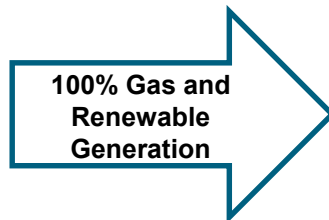
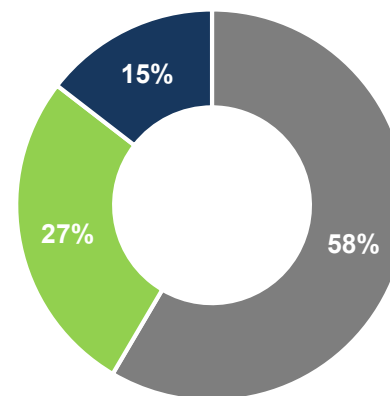
## Corporate Snapshot

Enterprise Value <sup>1</sup>	\$9.9 Billion
Market Capitalization <sup>1</sup>	\$3.2 Billion
Dividend Yield <sup>1</sup>	1.5%
2021E EBITDA (guidance)	\$960 - \$1,080M
2021E FCF <sup>2</sup> (guidance)	\$340M - \$440M
CDP Score	A – (industry leader)

### TECHNOLOGY DIVERSITY IN 2021<sup>3</sup>



### TECHNOLOGY DIVERSITY IN 2025<sup>3</sup>



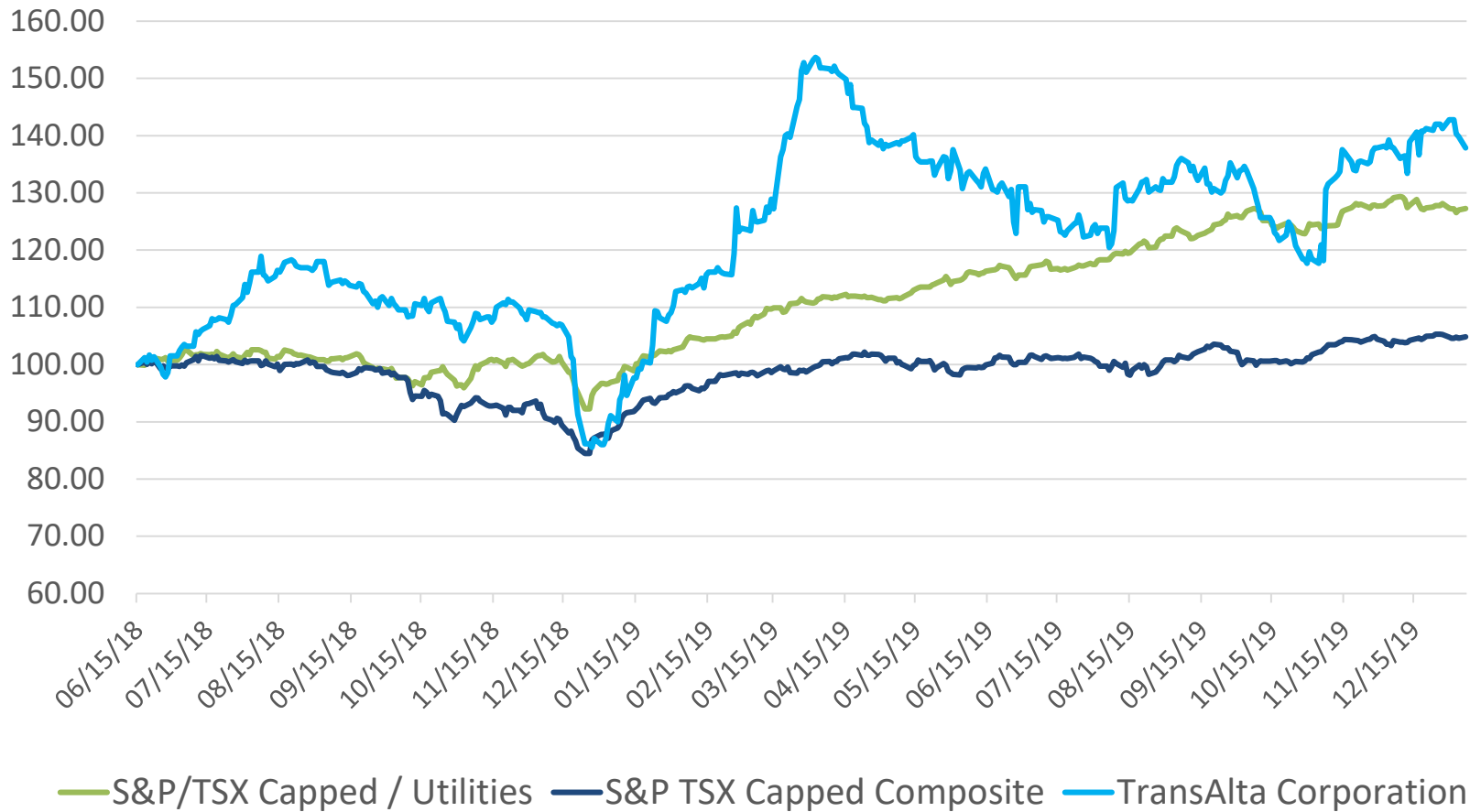
■ AB Coal ■ US Coal ■ Gas ■ Wind/Solar/Battery ■ Hydro

■ Gas ■ Wind/Solar/Battery ■ Hydro

1) Price as at June 11, 2021. Non-Controlling Interest of TransAlta Renewables based on market value. 2) Free cash flow ("FCF" is an important metric as it represents the amount of cash that is available to invest in growth initiatives, make scheduled principal repayments on debt, repay maturing debt, pay common share dividends, or repurchase common shares. 3) Based on MW of owned capacity. Includes projects under construction.

# TransAlta Relative Performance

## THREE-YEAR RELATIVE SHARE PRICE PERFORMANCE



# 2021 Strategic Priorities

**Successfully complete conversion strategy**

**Lead ESG policy development**

**Optimize our business in the Alberta merchant market**

**Grow our customer-centric clean power solutions business**

**Maintain a strong financial position**

**Maintain a robust COVID-19 response & recovery**

# 2021 Q1 Achievements

## Q1 Results and Financial Position

- ✓ EBITDA increase of 41%
- ✓ FCF per share increase of 23%
- ✓ Strong performance from Alberta Hydro and Energy Marketing
- ✓ Strong safety performance
- ✓ Access to \$2.1 billion in liquidity, including \$650 million in cash – growth program funded



## Growth and Customer Solutions

- ✓ 130 MW Garden Plain wind farm launched with Pembina Pipeline
- ✓ 207 MW Windrise wind farm 84% complete
- ✓ 500 MW of advanced wind projects in pipeline
- ✓ Alberta C&I business at 200+ MWs – second largest in Alberta



## Strategic Initiatives

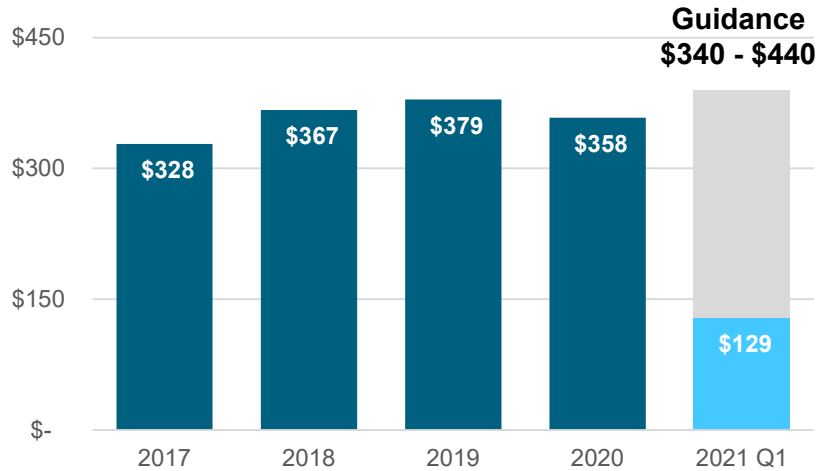
- ✓ Credit facilities renewed and extended
- ✓ Sundance 6 CTG complete
- ✓ Keephills 2 CTG in progress
- ✓ Customer recontracting at Sarnia secured
- ✓ Advanced Sun 5 repowering
- ✓ Alberta Business unit established
- ✓ Carbon neutral goal adopted
- ✓ Drop-Downs to TransAlta Renewables completed
- ✓ Mangrove dispute resolved



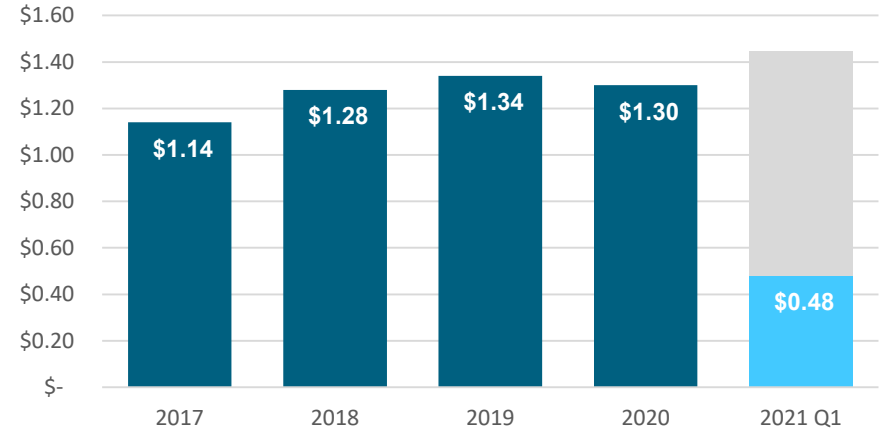


# Strong Cash Flow Generation

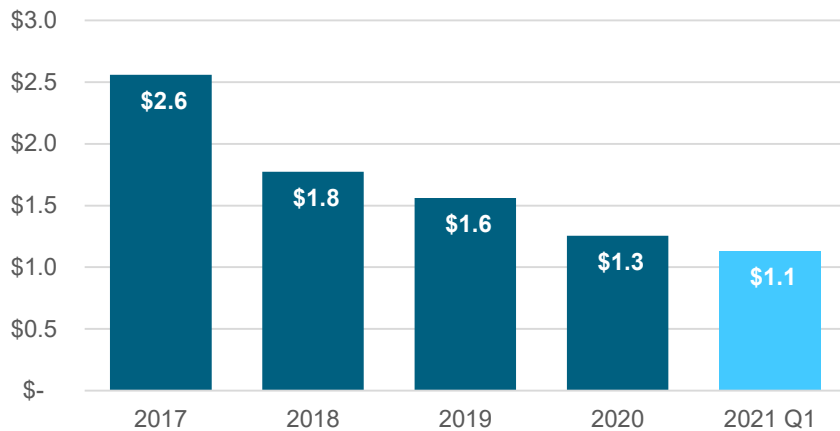
## FCF (\$MILLIONS)



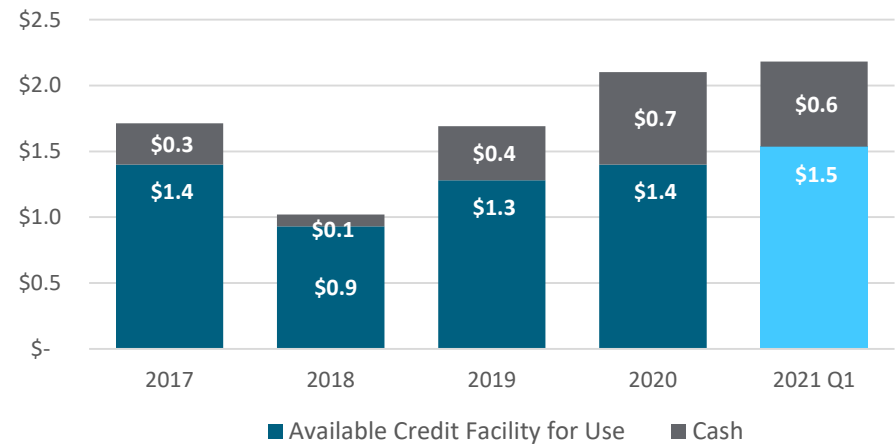
## FCF PER SHARE



## SENIOR CORPORATE DEBT<sup>1</sup> (\$BILLIONS)

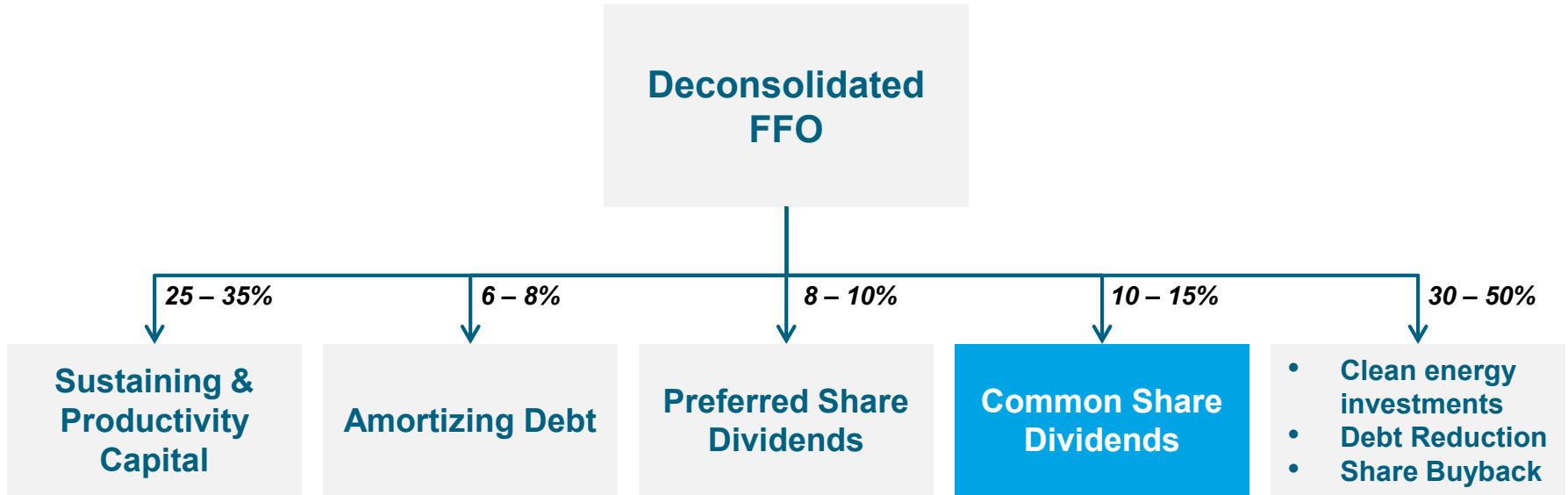


## LIQUIDITY (\$BILLIONS)



Notes:(1) Excludes US Tax Equity Financing

# Prudent Capital Allocation and Dividend Policy



**Dividend policy of 10% - 15% of TA deconsolidated FFO**

# Growth Projects Underway

Projects	Owned MW	Capital Invested (C\$ millions)	Expected Returns	Expected COD
Windrise Wind	207	\$270 - \$285	High single digit	H2 2021
Boiler Conversions	1,457	\$120 - \$200	High double digit	2020 to 2022
Repowering Sundance 5	746	\$900 - \$950	Double digit	2023
Garden Plain Wind	130	~\$195	High single digit	H2 2022

- 
- Windrise construction began in April 2020 and is expected to reach COD in H2 2021
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- Continue advancing boiler conversions and repowering projects
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- Garden Plain announced March 2021 and is expected to reach COD in H2 2022
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# Launched Garden Plain 130 MW Wind Project in Alberta

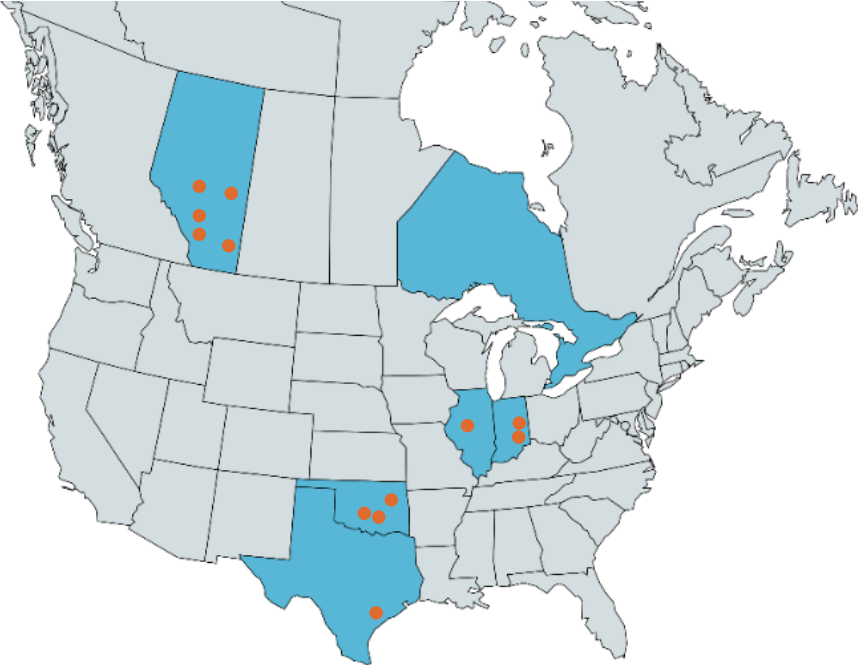


- 18-year 100 MW renewable PPA with Pembina
- First for Pembina to advance ESG objectives
- ~\$195 million capital
- Expected EBITDA of ~\$17 million in 2023
- Target COD H2 2022



**TransAlta's 11th Alberta Wind Farm  
Growing Our Wind Fleet to Over 2 GW**

# TransAlta's Growth Pipeline



● Development Sites



Projects	Owned MW	Location	COD Range
<b>Advanced-Stage Projects in Development</b>			
Garden Plain Wind ✓	130	AB	2022
Horizon Hill Wind	200	OK	2023 – 2024
White Rock East Wind	200	OK	2023 – 2024
White Rock West Wind	100	OK	2023 – 2024
<b>Advanced Stage Total = 660MW</b>			
<b>Early/Mid-Stage Prospects</b>			
Australia BHP expansion	35	WA	2022 – 2023
CA / US Wind and Solar	1,360	Multiple	Early Stage
Multiple cogen	600	AB, ON, WA	Early Stage
Brazeau Hydro Pumped Storage	300 – 900	AB	Early Stage
<b>Early/Mid Stage Total ~ 2.3 – 3.2 GW</b>			
<b>Pipeline Total ~ 3.0 – 3.9 GW</b>			

# 2021 Outlook

Comparable  
EBITDA

**\$960 – \$1,080  
Million**

Up 10% from 2020 at the midpoint

Sustaining  
Capex

**\$175 – \$210  
Million**

FCF

**\$340 – \$440  
Million**

Up 9% from 2020 at the midpoint

Cash to  
Shareholders

**\$0.18 Dividend  
+ Share Buybacks**

## Key Factors and Assumptions

- AB power prices \$58 - \$68 per MWh
- Mid-C power prices \$25 - \$35 per MWh
- EBITDA sensitivity to price +/- \$1/MWh; +/- \$12 million EBITDA



# 2021 Balance of Year Priorities

## Safety, Reliability and Availability

- Achieve strong safety performance
- Achieve strong fleet availability



## Growth and Customer Solutions

- Complete Windrise
- Commence construction on Garden Plain
- Secure wind facility from US portfolio
- Secure growth project in Australia



## Strategic Initiatives

- Recontract Sarnia
- Complete Keephills 2 CTG
- Complete Keephills 3 CTG
- Advance Sundance 5 repowering



## Competitive

- Continuously improve “One TransAlta” Operations and Shared Services model to drive further business efficiencies



## Financial Flexibility

- Deliver EBITDA and FCF at upper end of guidance
- Arrange project financing on Windrise



## Health, Values and People

- Deliver a top-quartile OHI ranking
- Advance our ED&I strategy
- Maintain response to COVID-19 pandemic



# Sustainability Targets

## Environmental Goals

- **Minimize environmental incidents**
- **Reclaim land utilized for mining in both Alberta and Washington State**
- **Reduce GHG emissions:**  
Targeted GHG reduction of 60% over 2015 levels by 2030
- **Targeted reductions of air emissions**

## Social Goals

- **Transition to clean energy by 2025:**  
Conversion and repowering of existing coal fleet with continued renewable development
- **Reduce safety incidents**
- **Support prosperous Indigenous communities**

## Governance Goals

- **Strengthen gender equality:** equal pay for women; by 2030 50% women on the Board target and 40% female employee target
- **Demonstrate leadership on ESG reporting within financial disclosures**
- **Remove systematic barriers throughout organization**

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

# ESG Reporting, Rankings and Recognition

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- Six years of voluntary integrated reporting
  - Reporting on over 80 social and environmental KPI's
- Utilizing leading ESG reporting frameworks



- Voluntary climate change reporting since 2010
  - Current CDP score: A- / North American average score: D
  - Voluntary alignment with TCFD climate change disclosure recommendations since 2016

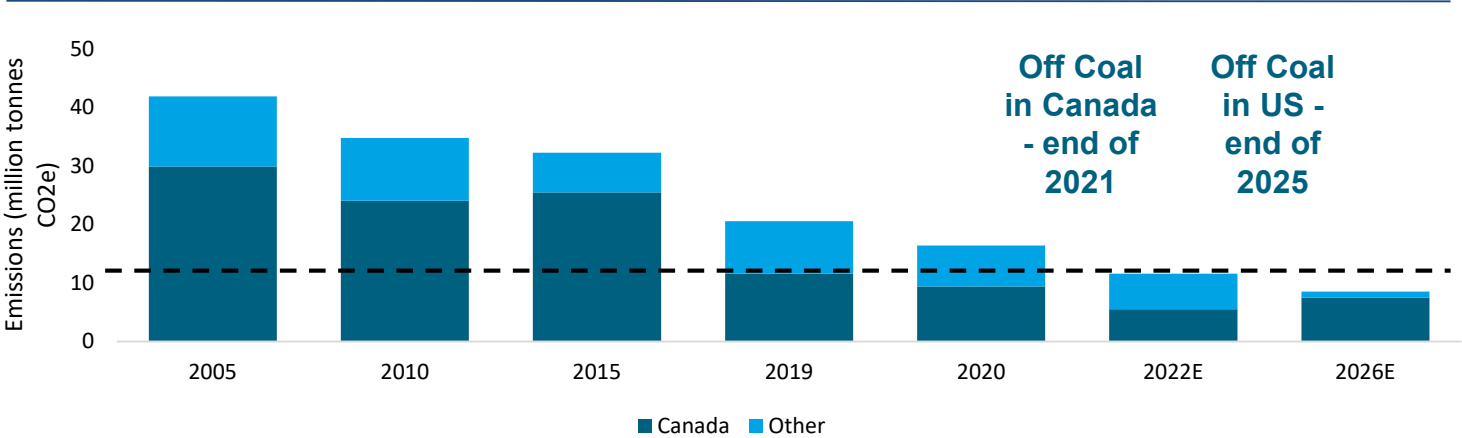


- Bronze level Progressive Aboriginal Relations (PAR) recognition of our Indigenous partnerships and relationships
- United Way “Thanks a Million Award” recipient since 2001
- Included in the Bloomberg Gender Equality Index
- First publicly traded energy company to be certified by Diversio for Equity, Diversity, and Inclusion Program



# TransAlta's Carbon Transition

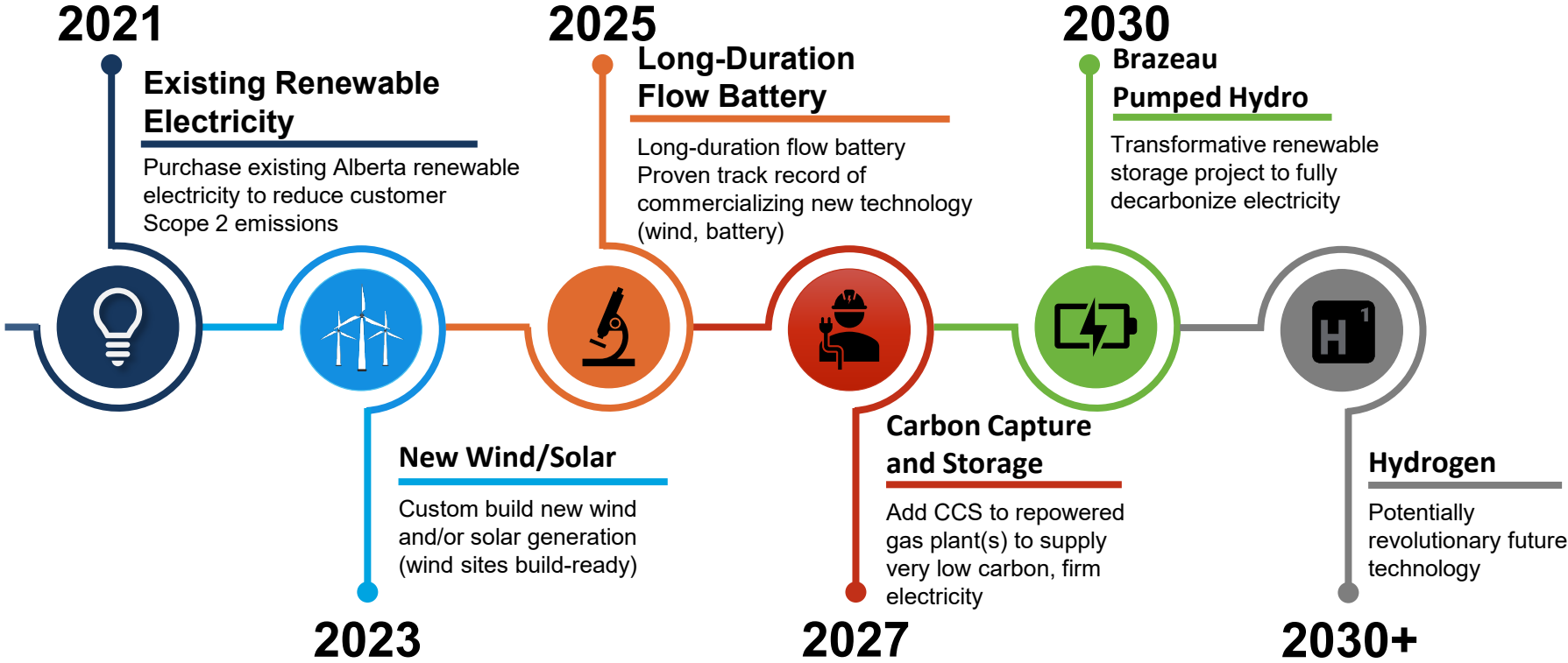
## GHG EMISSIONS (MILLION TONNES CO<sub>2</sub>e)



- To achieve Paris Agreement targets, Canada would need to reduce emissions by 220 million tonnes by 2030 (vs. 2005)
- Since 2005, TransAlta is on track to reduce its Canadian green house gas emissions by ~24 million tonnes annually by 2022
- TransAlta has contributed the equivalent of ~10% of Canada's total required GHG reductions to meet the Paris Agreement (~21 million tonnes in Canada as at 2020)

**Goal of Carbon Neutrality by 2050**

# Providing Pathway for Further Carbon Reductions to Customers



**A long-term strategy enabling TransAlta to meet customer carbon-reduction needs through clean electricity supply**

# TransAlta - An Attractive Investment

Well-**diversified portfolio** of assets  
driving **resilient cash flows**

**Clean power leader** with strong  
**ESG** focus

Robust and diversified pipeline  
with **~2.5 GW of opportunities** and  
leading development  
**expertise**

**Strong financial position**, financial  
discipline, and **capacity**

**Leader in ESG While Delivering Strong Cash Flows**





# TransAlta<sup>TM</sup>

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