

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

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

# One TransAlta

**Energizing the  
Future.**

July 11, 2023

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These statements are based upon certain material factors or assumptions that were applied in developing the forward-looking statements, including: the satisfaction of the conditions to closing of the transaction in a timely manner, if at all, including the receipt of all necessary approvals; the combined company's ability to successfully integrate the businesses of TransAlta and Renewables; TransAlta's ability to issue shares pursuant to the transaction; sources of funding that each of TransAlta and Renewables have relied upon in the past continue to be available to the combined company on terms favourable to the combined company; the combined company will have access to sufficient capital to pursue future development plans; there will be increases to the combined company's share price and market capitalization over the long term; that the combined company will have the ability to return capital to its shareholders; there will be no significant changes to applicable laws and regulations beyond those that have already been announced; there will be no significant changes to the fuel and purchased power costs; there will be no material adverse impacts to the long-term investment and credit markets; there will be no significant changes to power price and hedging assumptions; there will be no significant changes to the design specifications of development projects and risks associated with development projects, including capital costs, permitting, labour and engineering risks, and delays in construction or commissioning of projects; as well as other factors that are believed to be appropriate in the circumstances. Some of the factors, many of which are beyond TransAlta's control and the effects of which can be difficult to predict, may cause actual results to differ materially from those contemplated or implied by forward-looking statements and include, but are not limited to: the completion and timing of the transaction; the ability of TransAlta and Renewables to receive, in a timely manner, the necessary regulatory, court, shareholder, stock exchange and other third-party approvals and to satisfy the other conditions to closing of the transaction; the ability of the parties to complete the transaction on the terms contemplated by the parties or at all; changes to merchant power prices; unplanned outages; unexpected increase costs; the ability of the combined company to realize the anticipated benefits of, and synergies and savings from, the transaction; consequences of not completing the transaction, including the volatility of the share prices of TransAlta and Renewables, negative reactions from the investment community, and the required payment of certain costs related to the termination of the transaction; and the accuracy of the pro forma financial information of the combined company. Additional risk factors relating to TransAlta and Renewables are described in further detail in TransAlta's management's discussion and analysis and annual information form for the year ended December 31, 2022, and in Renewables' management's discussion and analysis and annual information form for the year ended December 31, 2022, and in TransAlta's management's discussion and analysis and Renewables' management discussion analysis, each for the three months ended March 31, 2023, 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. 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.

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 of TransAlta, 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 on page M26 under the "Additional IFRS Measures and Non-IFRS Measures" and page M29 under the "Reconciliation of Non-IFRS Measures" sections of TransAlta's Management's Discussion and Analysis for the three months ended March 31, 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 Speakers



**JOHN KOUSINIORIS**

President and CEO, TransAlta



**TODD STACK**

President, TransAlta Renewables  
EVP and CFO, TransAlta



# Compelling Rationale for a Combination Transaction

## TransAlta has an Accelerated Clean Electricity Growth Plan

Strong alignment and **execution** of a **single strategy**

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Investment focus has **converged**

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**Less rationale** for separate companies

## Advancing a World Class Electricity Leader

A broader more **diversified platform** with **increased liquidity**

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Attractive dividend while retaining **capacity for growth**

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**Consolidates** corporate capital and **liquidity**

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**Simplifies** two companies making it **easier to understand**

**A diversified clean electricity leader with a single strategy**



# Combination Drives Stronger Foundation for Growth

**Combined company** will be **one of Canada's largest independent power producers** with **direct ownership** in an **extensive** renewables platform with **increased market capitalization, greater liquidity** and **attractive dividend**

Leverages **combined scale** and **merges assets** and **competitive capabilities** to execute a **single strategy** across a **broadened, diversified portfolio** to maximize value to the benefit of all shareholders of a **single public entity**

Enhances strategic position, **realizes capital efficiencies** and **synergies**, and maintains **robust balance sheet**, facilitating execution of **future growth**



# Transaction At A Glance

## Offer Terms



**\$13.00** per RNW share

Consideration mix of **\$800 million of cash** and **\$584 million** in TAC shares, representing the equivalent of **\$7.51** cash and **0.4362** shares of TAC per RNW share

**13.6% premium** to RNW 20-day VWAP

**18.3% premium** to RNW's closing price on July 10, 2023

Pro forma ownership  
**85%** TAC shareholders and  
**15%** RNW shareholders

## Board Recommendation and Governance



**TAC board approved** the transaction supported by a fairness opinion by RBC Capital Markets

**RNW board approved the transaction and recommends** that RNW shareholders approve the Arrangement

**RNW board received independent financial and legal advice**, and separate fairness opinions from National Bank Financial as well as TD Securities

## Support and Path to Completion



Expected to close early **Q4 2023**

Subject to RNW shareholder vote and regulatory approvals



# Integrated Portfolio of High-Quality Assets

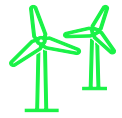
Merchant  
Hydro

Contracted  
Wind and Solar

Thermal Peaking  
and Cogeneration

Energy Marketing  
and Trading

Business  
Development  
Pipeline and  
Capabilities



Wind, Solar and Storage

29 Facilities



Natural Gas

17 Facilities



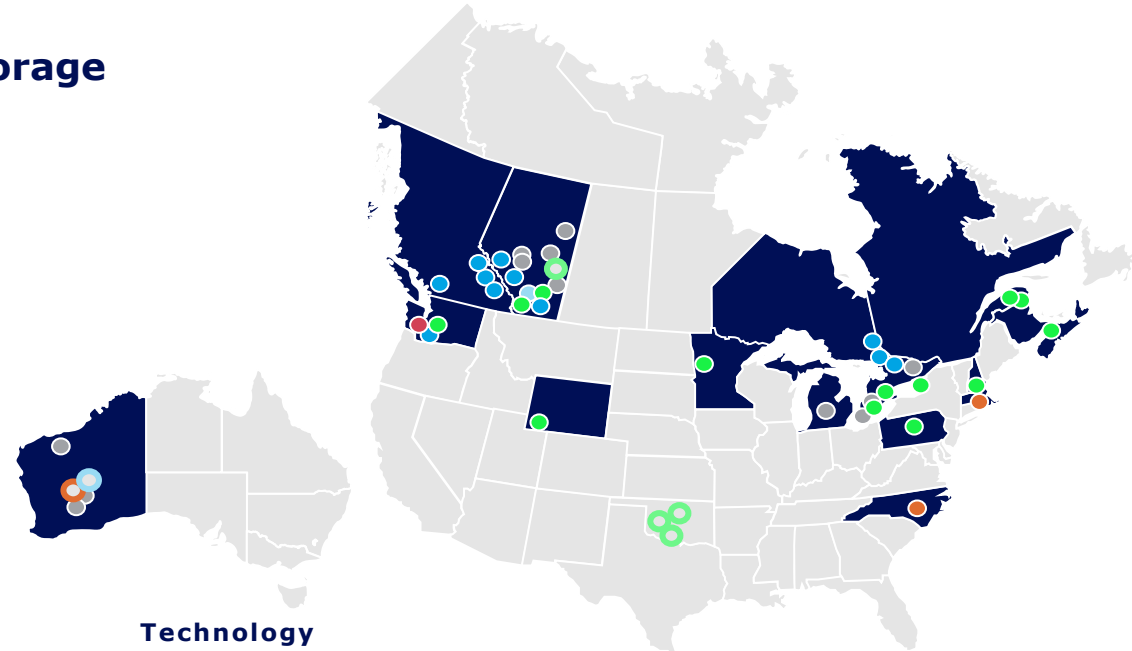
Hydro

25 Facilities



Coal

1 Facility



Technology



6,246 MW

Net capacity  
ownership interest

Enhanced geographic and cash flow diversification  
A stable contracted cash flow base with Alberta merchant upside



# Benefits to TransAlta Shareholders



## Execution of a Single Strategy



## Enhanced Strategic Position



## Accretion, Liquidity, Synergies



## Maintains Financial Strength

All growth pursued in one combined company

Capital efficiency and corporate synergies

Simplified single public company

Consolidates growth pipeline and efforts

Leverages combined scale, assets and capabilities

Grows proportionately owned generating capacity by 1.2 GW (0.8 GW of renewables)

Diversifies exposure to merchant market

Increases contractedness of owned MW and cashflows

Accretive transaction with strong and sustainable dividend

Increased public float, trading liquidity and ease in investing

Attractive transaction metrics and diversification

Higher cash retention

Maintains financial strength and capital allocation discipline

Simplified structure expected to have neutral impact to credit rating





# Benefits to TransAlta Shareholders

**Contracted Capacity<sup>1</sup>**



**Proportionate EBITDA Contribution<sup>2,3</sup>**



**Percentage of Renewable Fleet<sup>2</sup>**



**Economic Interest Owned Capacity**



**+40%**

**MW**

**+14%**

**EBITDA**

**+40%**

**MW**

**+23%**

**MW**

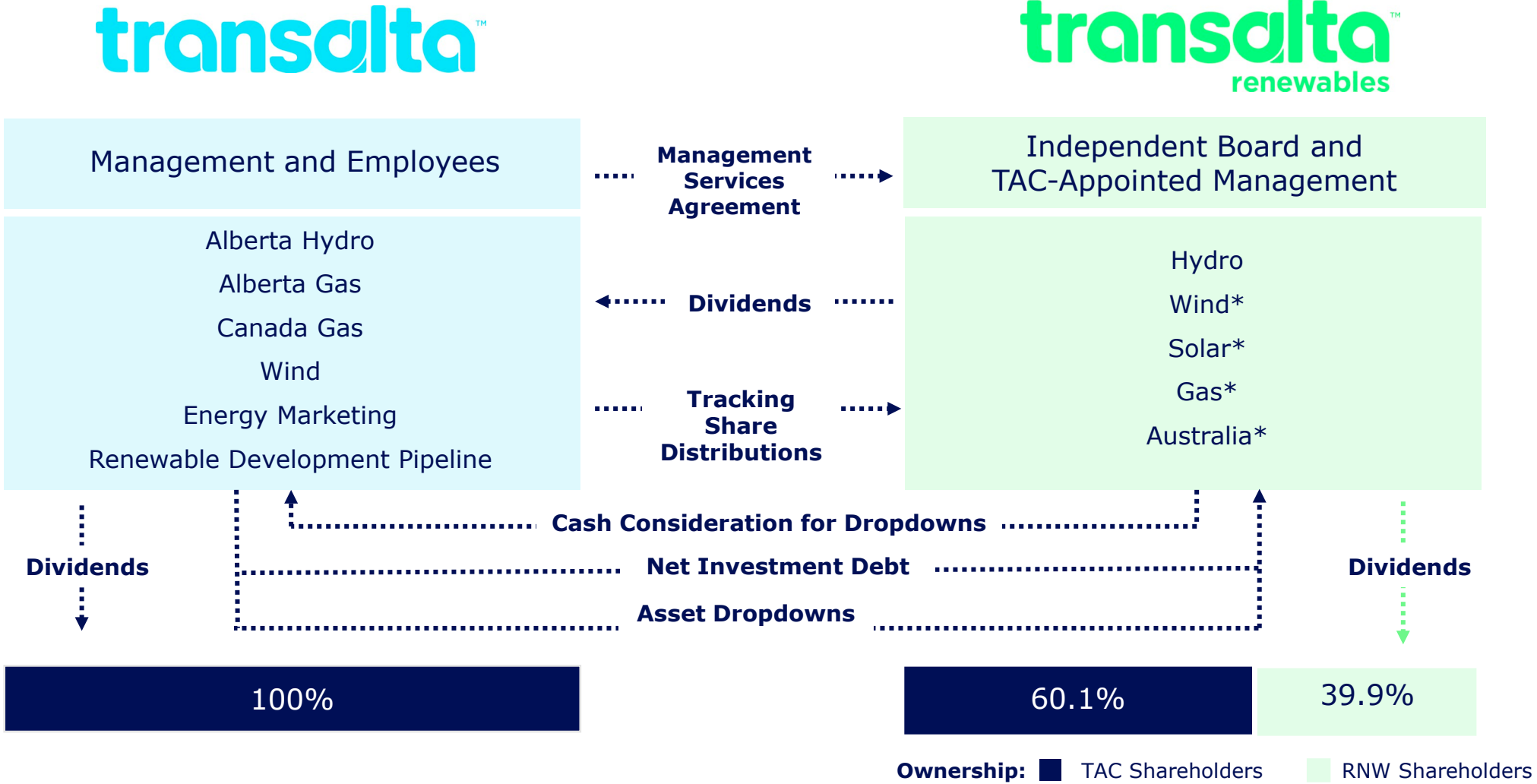
<sup>1</sup> RNW assets that are contracted to TAC are considered merchant MW. Merchant and contracted MW can be found on pages 255-256 of TransAlta Corporation's 2022 Annual Report. MW are separated by contract revenue source and divided by total MW.

<sup>2</sup> Based on 2022 annual report. TAC's proportionate EBITDA and MW includes its 60.1% ownership of RNW. TAC's deconsolidated position from RNW can be found in the MD&A for the first quarter of 2023 and the 2022 MD&A, which are available on SEDAR at [www.sedar.com](http://www.sedar.com), and on [www.transalta.com](http://www.transalta.com) under the Investors section.

<sup>3</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.



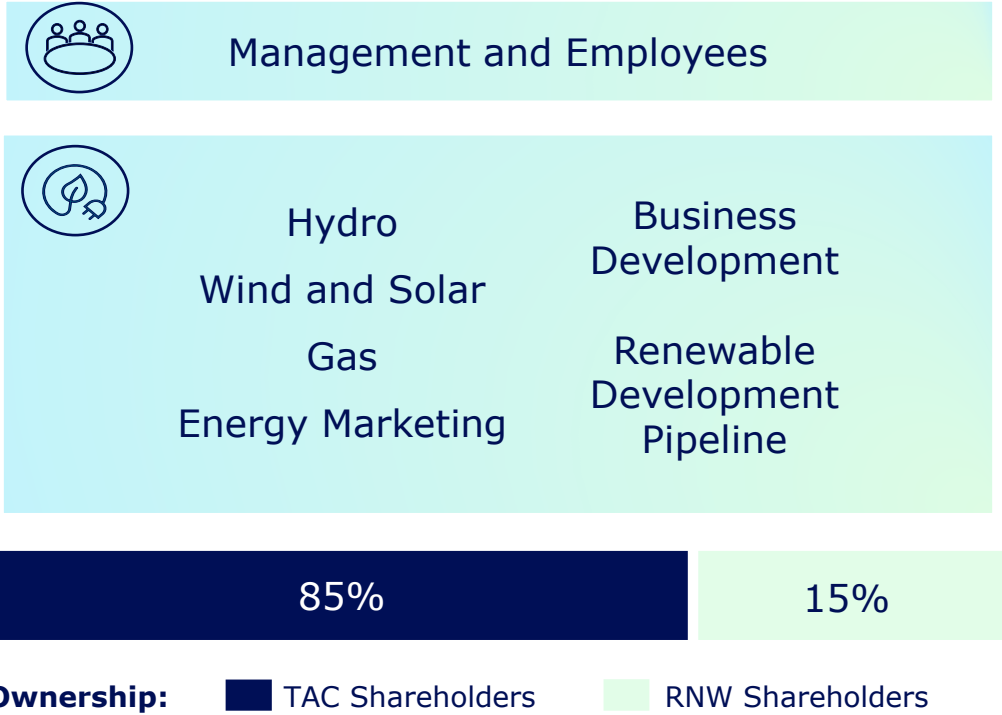
# Eliminates Current Complex Structure and Unlocks Value



\* Certain assets in these segments are owned by TAC and RNW holds the economic interest via preferred tracking shares.



# Transaction Delivers Simplified Structure



**Simplifies** structure and governance

Provides direct **economic ownership** in a leading clean electricity platform

Provides **clarity** and allows for **direct ownership of all assets**



# Benefits to TransAlta Renewables Shareholders



## Expanded Pool of Assets

Access to TransAlta's high-quality Alberta assets

Access to leading Energy Marketing business

Direct ownership in additional **~3.3 GW** of assets



## Clear and Simplified Path Going Forward

Mitigates declining cash available for distribution

Stronger dividend payout coverage

Eliminates tracking shares and supports capital optimization



## Immediate Exposure to Alberta Electricity Market

Upside exposure to Alberta merchant market

Assets managed by leading asset optimization team

Most diversified fleet in Alberta



## Enhanced Growth Opportunities

Direct access to business development expertise

Direct participation in **4.3 GW** development pipeline

Participation in Clean Electricity Growth Plan

Premium of **18.3%** with flexibility to receive **cash** or **TransAlta shares**



# Attractive Deal Metrics



**18.3%**

Immediate  
**premium** to RNW  
spot share price



**~10%<sup>1</sup>**

**Sustainable dividend  
payout** ratio aligned with  
**growth objectives** and  
**pipeline** of renewable  
projects



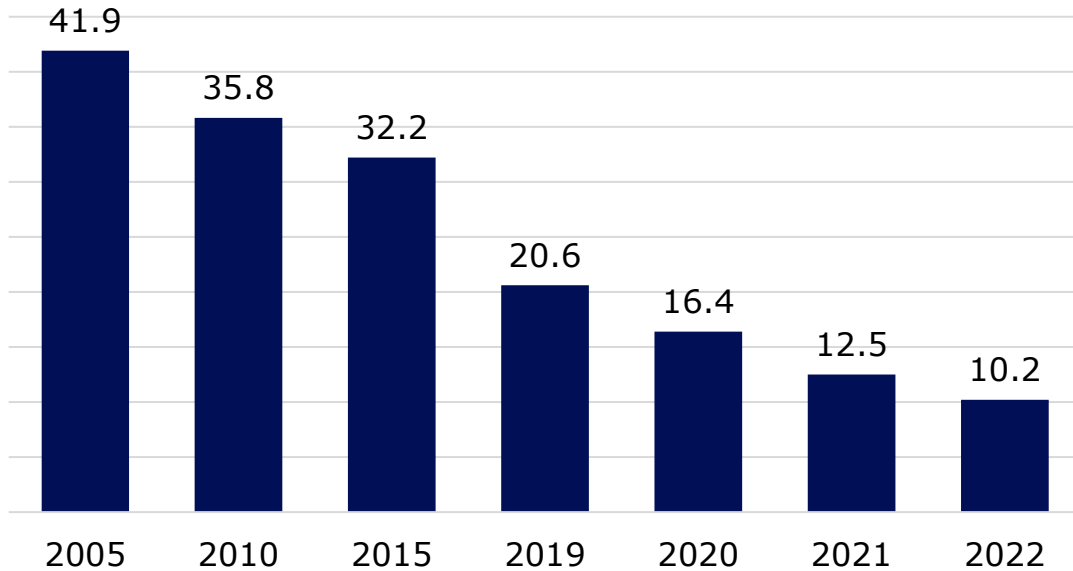
**678 MW**

Renewable  
**projects under  
construction**



# TransAlta Clean Transition Performance

## TransAlta Emissions (Million Tonnes CO2)



## Carbon Reductions Achieved to Date

**- 76%**

From 2005 Levels

**- 32M**

Annual Tonnes  
From 2005

**~ 10%**

Of Canada's Paris  
Agreement Target

**0%**

Coal-fired Emissions in  
Canada

On track for target of being **Net Zero by 2045**



# TransAlta is a Sustainability Leader

“ TransAlta Corporation received a “A-”, higher than the North American average of “C” and the highest score achieved in the thermal power generation category.”



“ Good forward-looking long-term goals for carbon and year over year performance trends on emissions, effluents, waste, etc.



“ The company clearly acknowledges climate change and states its commitment to reduce greenhouse gas emissions.”



Ranked in top **10%**



# Compelling Reasons to Support the Transaction



## Clean Electricity Leader

Larger float and greater liquidity

Common strategic path

Simplified governance

Stronger access to capital markets and investors



## Sustainable Dividend Potential for Growth

Significant cash flow retained for growth

Cash-and-share offer provides RNW shareholders immediate liquidity

Ownership in a more diverse company



## Strong Transactional Governance Processes

Arm's length negotiation

Supported by the boards of both TAC and RNW

Low integration risk due to existing overlap of management and personnel



## Supported by Financial Advisors

TAC obtained a fairness opinion from RBC Capital Markets

RNW obtained independent valuation and fairness opinion from National Bank and a fairness opinion from TD Securities

RNW process governed entirely by independent members





# Next Steps for TransAlta Renewables Shareholders

## Shareholder Approval

Execution of Arrangement Agreement between TAC and RNW	July 10
Interim Order Obtained from Alberta Court of King's Bench	Late August 2023
Management Information Circular mailed to RNW Shareholders	Late August 2023
RNW Shareholder Meeting to Approve Transaction	Late September 2023

## Closing

Final Order from Alberta Court of King's Bench	Early October 2023
Closing of Transaction	Early October 2023





# Our Value Proposition Moving Forward



**Diversified and resilient fleet**



**Clean electricity leader with ESG focus**

**4.3+ GW growth pipeline**



**Strong financial position**



# transalta™

## Questions & Answers

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

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