



transaltaTM

Year End and Q4 2023 Results

February 23, 2024



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: the ability to achieve the Clean Electricity Growth Plan targets, including delivering up to an incremental 1.75 GW of clean electricity capacity, a 10 GW pipeline, deploying approximately \$3.5 billion of growth capital, and achieving cumulative annual EBITDA from new growth projects of \$350 million, in each case to 2028; the source of funding for the updated Clean Electricity Growth Plan; acquisition of Heartland Generation Ltd. and Alberta Power (2000) Ltd. (collectively, "Heartland"), including the ability to obtain regulatory approval, the timing thereof, and the anticipated benefits arising from the transaction; the ability to pursue and execute joint development projects with Hancock Prospecting; share repurchase plans and the allocation of up to \$150 million towards the repurchase of common shares of the Company in 2024 through our ongoing normal course issuer bid program; our 2024 financial guidance, including earnings before interest, taxes, depreciation and amortization ("EBITDA"), free cash flow, and sustaining capital; expectation for 2024 Alberta merchant prices; expansion of our development pipeline to 10 GW, including that approximately 70 per cent of our Adjusted EBITDA being sourced from clean generation, estimated spend, and completion dates; global trends for decarbonization, including electrification and climate change goals; TransAlta's decarbonization efforts, including reducing 75 per cent of our Scope 1 and 2 greenhouse gas emissions by 2026 and achieving net zero by 2045; our hedging activities mitigating the impact of unfavourable market pricing; and TransAlta 2024 priorities, including as it pertains to safety performance, growth and commercial opportunities with appropriate risk-adjusted returns, balance sheet resilience, and our environmental, social and governance ("ESG") targets.

The forward-looking statements contained in this presentation are based on current expectations, estimates, projections and assumptions, including, but not limited to, the following: no significant changes to applicable laws and regulations beyond those that have already been announced, including that there are no significant changes pertaining to decommissioning and restoration activities; no unexpected delays in obtaining required regulatory approvals; no significant changes to power price and hedging assumptions; no significant changes to gas commodity price assumptions and transport costs; no significant changes to interest rates; no significant changes to the demand and growth of renewables generation; no significant changes to the Company's debt and credit ratings; no unforeseen changes to economic and market conditions; and no other significant event occurring outside the ordinary course of business. These assumptions are based on information currently available to TransAlta, including information obtained from third-party sources.

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 adversely impact what is expressed or implied by forward-looking statements contained in this presentation include, but are not limited to: fluctuations in market prices, including lower merchant pricing in Alberta, Ontario and Mid-Columbia; failure to close the Heartland acquisition; inability to realize the benefits of the Heartland acquisition; inability to advance the Battle River Carbon Hub Project to final investment decision or commercial operation; supply chain disruptions impacting major maintenance and growth projects; reduced labour availability and ability to continue to staff our operations and facilities; our ability to obtain regulatory and any other third-party approvals on the expected timelines or at all in respect of our growth projects; risks associated with development and construction projects, including as it pertains to increased capital costs, permitting, labour and engineering risks, disputes with contractors and potential delays in the construction or commissioning of such projects; restricted access to capital and increased borrowing costs, including any inability to secure debt, equity or tax equity, as applicable, on reasonable terms or at all; significant fluctuations in the Canadian dollar against the US dollar and Australian dollar; changes in short-term and long-term electricity supply and demand; reductions in production; a higher rate of losses on our accounts receivable; inability to achieve our targets relating to ESG; 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; changes in demand for electricity and capacity; any inability to contract our generation for prices that will provide expected returns and replace contracts as they expire; 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; disruptions in the transmission and distribution of electricity; the effects of weather, including man-made, natural disasters and climate-change related risks; increases in costs; reductions to our generating units' relative efficiency or capacity factors; disruptions in the source of fuels, including natural gas, coal, water, solar or wind resources required to operate our facilities; operational risks, unplanned outages and equipment failure and our ability to carry out or have completed any repairs in a cost-effective or timely manner or at all; failure to meet financial expectations; general domestic and international economic and political developments; armed hostilities, including the threat of terrorism, adverse diplomatic developments or other similar events; industry risk and competition; structural subordination of securities; counterparty credit risk; public health crisis risks; inadequacy or unavailability of insurance coverage; long term commitments on gas transportation capacity that may not be fully utilized over time; our provision for income taxes and any risk of reassessment thereof; legal, regulatory and contractual disputes and proceedings involving the Company; 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, 2023.

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, 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 year ended December 31, 2023, 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.



John Kousinioris

**President and Chief
Executive Officer**



2023 achievements



2023 results and financial position

Adjusted EBITDA¹ of **\$1,632 million**; 41% from renewables

FCF¹ of **\$890 million** or **\$3.22** per share

Strong operational availability of **88.8%** and record safety results with TRIF of 0.3

Returned **\$0.53 per share** to shareholders through buybacks and dividends

Access to **\$1.7 billion** in liquidity²



Growth and customer solutions

418 MW of advanced-stage development projects

Garden Plain and Northern Goldfields **achieved COD**

Kent Hills rehabilitation program **complete**

Construction on Horizon Hill, White Rock and Mount Keith **nearing completion**



Strategic initiatives

TransAlta Renewables acquisition adds proportionate capacity of **+1.2 GW**

Acquisition of **Heartland Generation** with ~1.8 GW of assets

Strategic growth targets to add up to **1.75 GW new capacity by 2028**

Joint development agreement with **Hancock Prospecting** for clean energy development

CO₂ emissions intensity maintained at **0.41 tCO₂e/MWh**

¹ Adjusted EBITDA, Free Cash Flow, 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 pages M48-M59 in the MD&A for the year ended 2023, are available on SEDAR at www.sedarplus.ca, and on www.transalta.com under the Investors section.

² As at Dec. 31, 2023, we had access to \$1.7 billion in liquidity, including \$345 million in cash, which significantly exceeds the funds required for committed growth, sustaining capital and productivity projects.



Enhanced share repurchase program for 2024

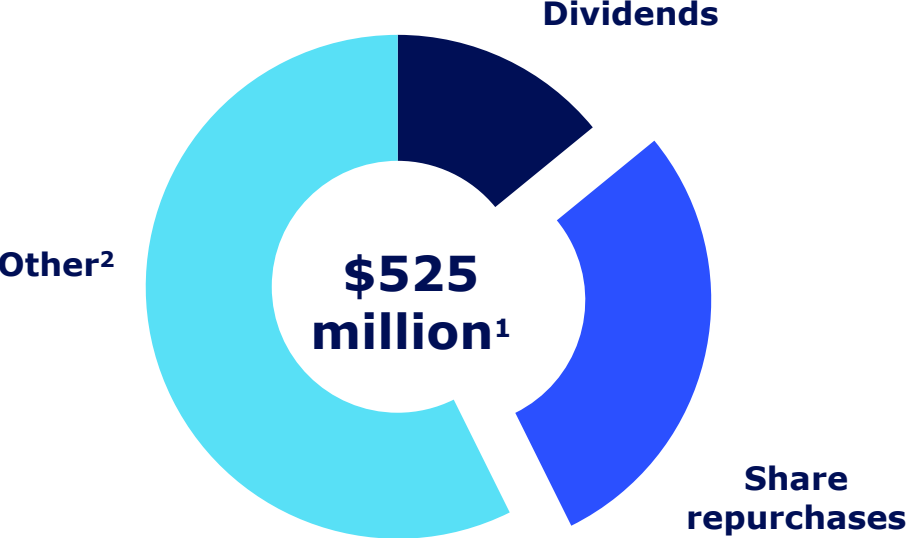
Highlights

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

Targeting appropriate **risk-adjusted returns**

Enhancing shareholder returns through dividend and **share repurchases**

2024 Share repurchase program



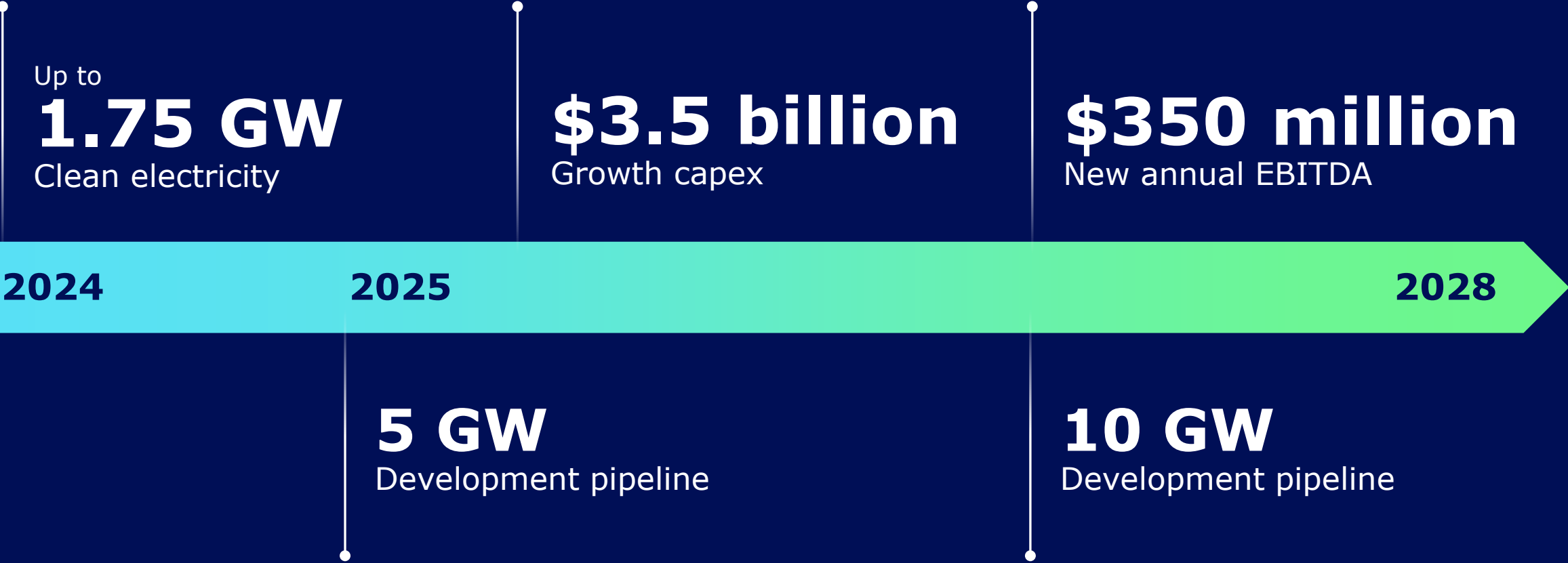
Balanced, prudent and disciplined approach to capital allocation

¹ Midpoint of 2024 FCF guidance.

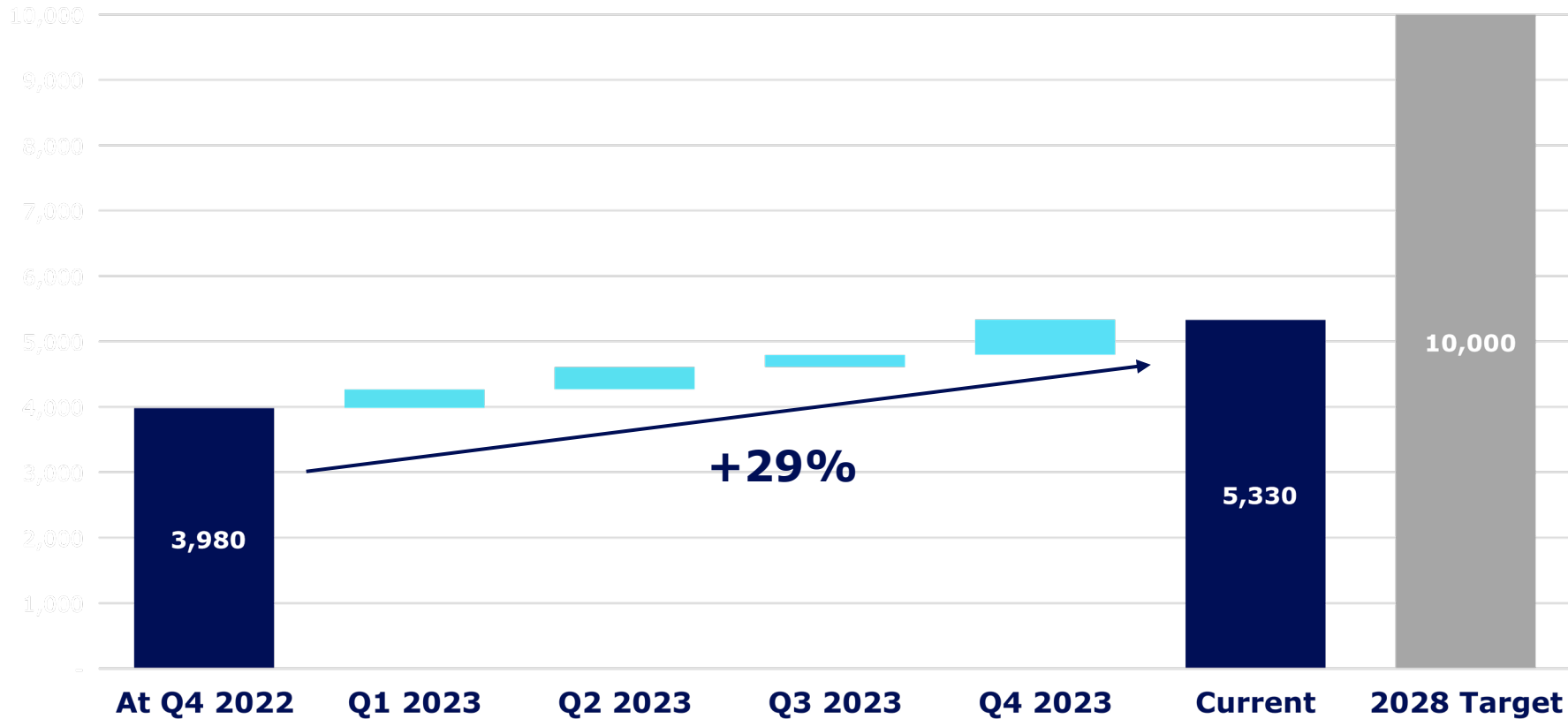
² Other includes amortizing debt repayment, tax equity and growth.



Clean Electricity Growth Plan to 2028



Development pipeline



Pipeline expanded by
>1.3 GW

Since 2022



Surpassed goal of
5 GW
pipeline

By 2025



New target to deliver
10 GW
pipeline

By 2028



Committed to emissions reductions

TransAlta carbon reductions achieved to date¹

↓ **66%**

From 2015 levels

↓ **21M**

Annual tonnes from 2015

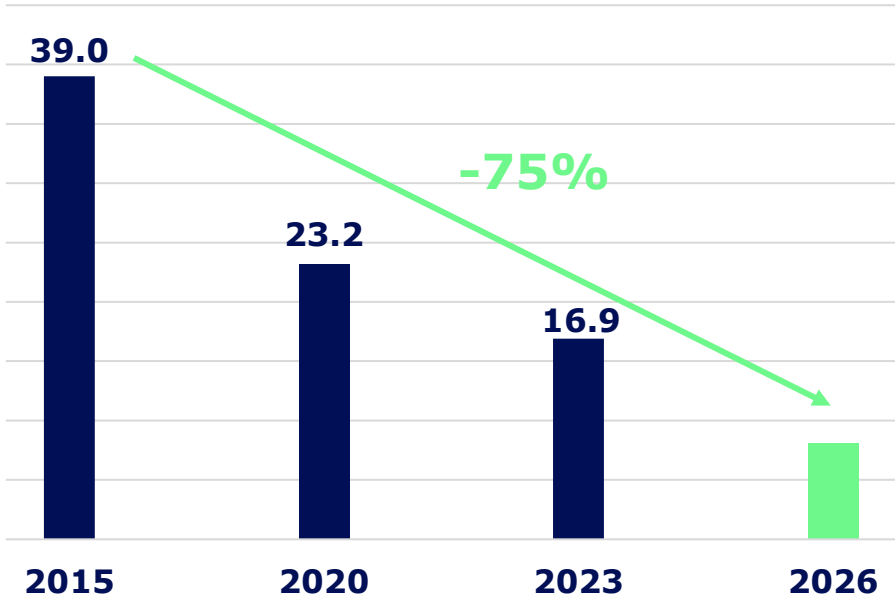
~ **10%**

Of Canada's Paris Agreement Target

0%

Coal-fired emissions in Canada

Combined emissions of TransAlta and Heartland² (million tonnes CO₂)



¹ TransAlta's carbon reductions achieved to date do not include Heartland assets.

² 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.



Todd Stack

**Executive Vice President, Finance
and Chief Financial Officer**



Alberta electricity portfolio

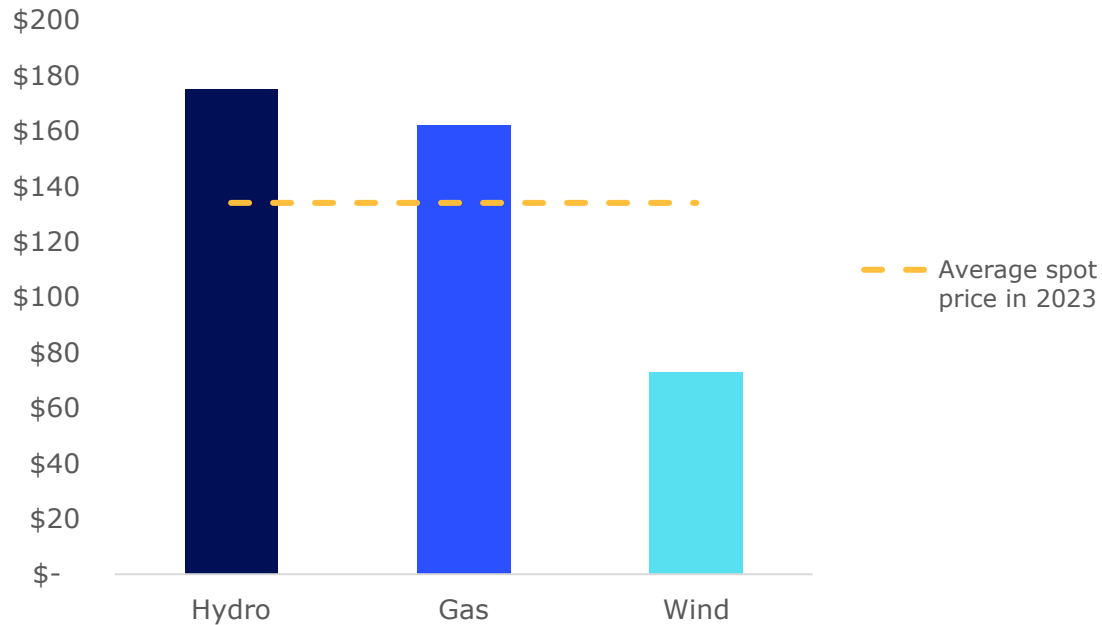
2023 realized prices

131%

AB Hydro average realized merchant energy price to spot in 2023¹

122%

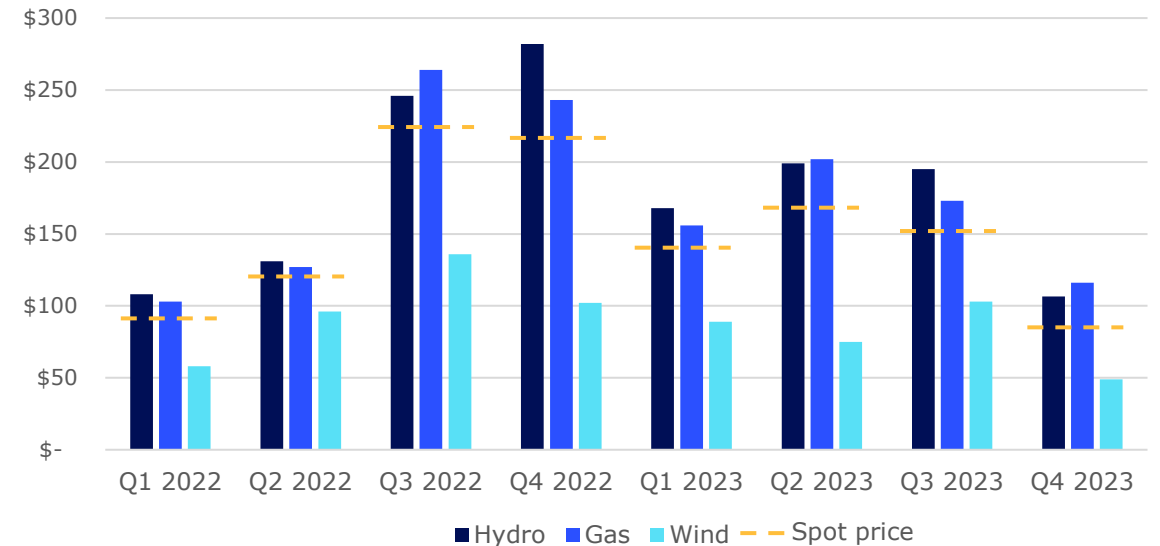
AB Gas average realized merchant energy price to spot in 2023¹



Alberta hedging

		2024
Energy	Price	\$85 / MWh
	Volume	8,152 GWh
Natural Gas	Price	\$2.76 / GJ
	Volume	72% ²

Quarterly realized merchant prices



¹ Excludes gains and losses from hedging positions.

² 62 million GJ representing 72% of 2024 hedged energy production.



TransAlta segmented results

Year and three months ended December 31, 2023

(\$millions)

2023	2022	Adjusted EBITDA ¹	Q4 2023	Q4 2022
459	527	Hydro	56	133
257	311	Wind and Solar	82	92
801	629	Gas	141	264
122	86	Energy Transition	26	19
109	183	Energy Marketing	14	63
(116)	(102)	Corporate	(30)	(30)
1,632	1,634	Total	289	541

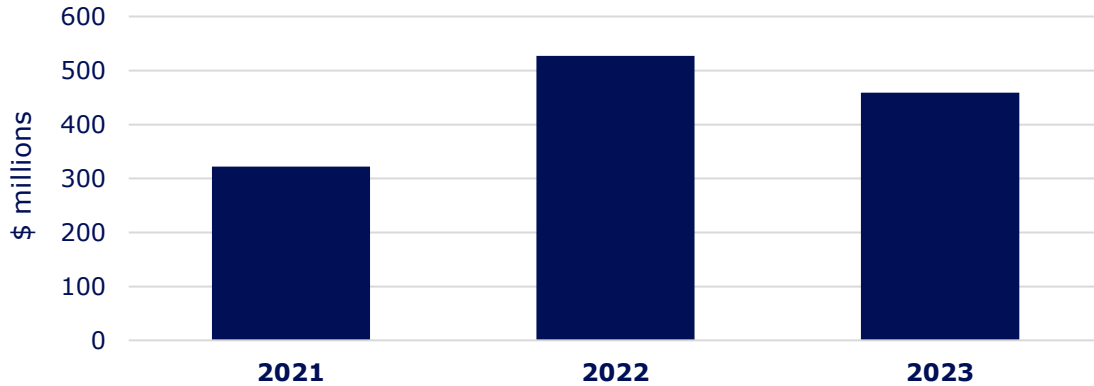
Another
year of
exceptional
performance

¹ Adjusted EBITDA, Free Cash Flow, 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 found on pages M48-M59 in the MD&A for the year ended 2023, are available on SEDAR at www.sedarplus.ca, and on www.transalta.com under the Investors section.

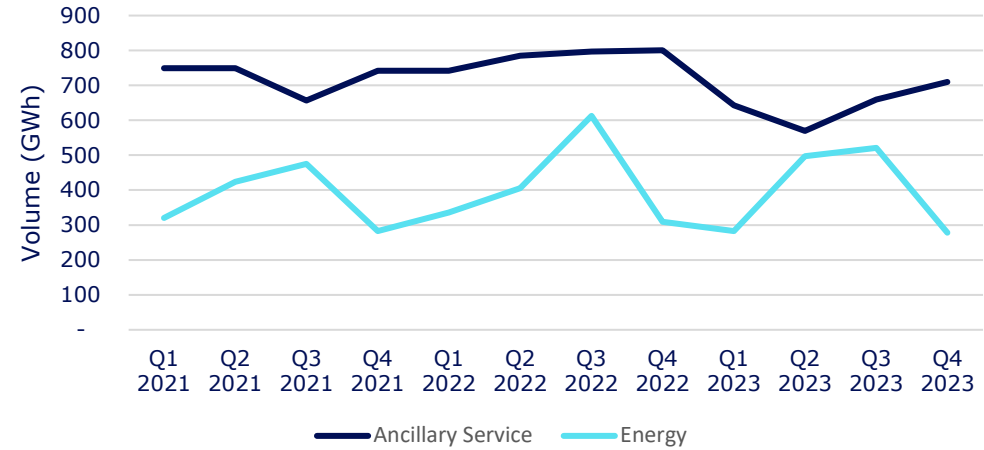


Strong performance from Hydro

Hydro adjusted EBITDA¹ (\$millions)

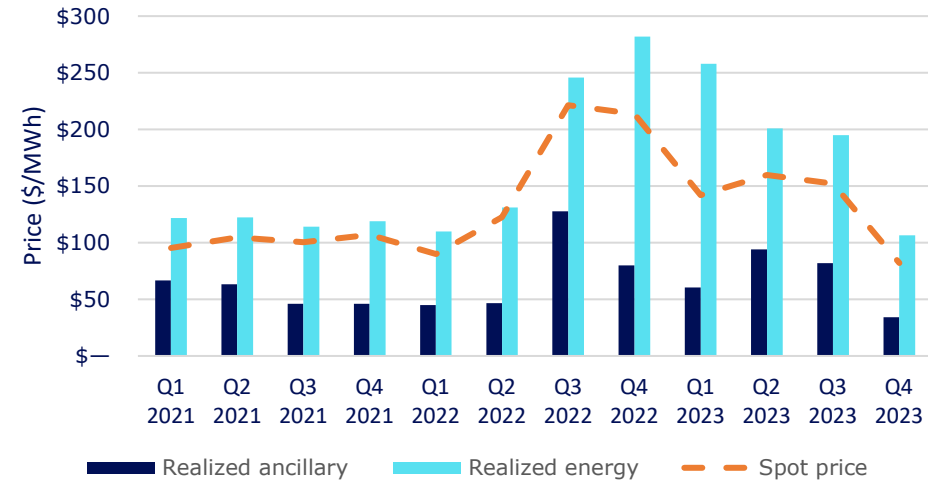


Hydro volumes (GWh)



Alberta hydro continues to provide premiums to spot prices

Realized prices (\$/MWh)



50%

Average Realized Ancillary Price to Spot

126%

Average Realized Energy Price to Spot



2024 guidance

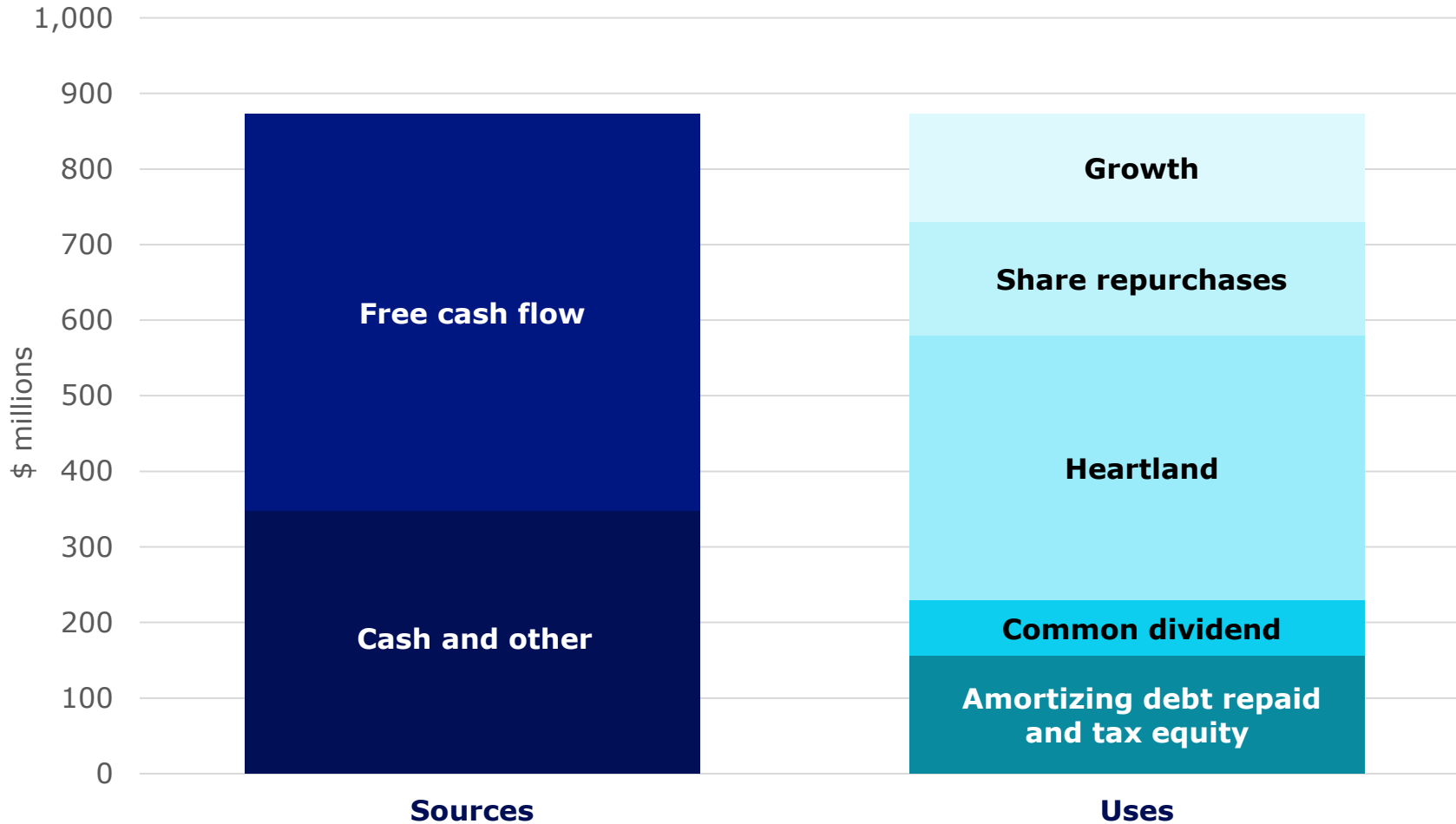
(\$ millions)	2024 Outlook
Adjusted EBITDA¹ (\$ millions)	1,150 to 1,300
FCF¹ (\$ millions)	450 to 600
FCF/share	\$1.46 to \$1.94
Sustaining Capital (\$ millions)	130 to 150

Market	2024 Outlook
Alberta Spot (\$/MWh)	75 to 95
Mid-C Spot (US\$/MWh)	85 to 95
AECO Gas Price (\$/GJ)	2.50 to 3.00



2024 capital allocation

Consolidated sources and uses 2024



Strong financial foundation to fund capital allocation priorities



2024 priorities



Safety, reliability and availability

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

Achieve fleet availability of **93.1%**



Growth and commercial

Complete Mount Keith, Horizon Hill and White Rock

Progress **400 MW** of new growth

Add **1.5 GW** new development projects to growth pipeline



Strategic initiatives

Progress CO2 **emissions reduction** to 75% from 2015 levels by 2026

Progress towards **net-zero by 2045**

Progress ESG efforts including mine reclamation

Prepare for the **next generation of power solutions**



Competitive

Drive operational **efficiencies, performance and results**

Close and **integrate** Heartland Generation



Financial

Deliver adjusted EBITDA of **\$1,150 - \$1,300 million**

Deliver FCF of **\$450 - \$600 million**

Enhance share repurchase program

Maintain **strong balance sheet** and credit ratings



People, culture, health and values

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

Advance **leadership and talent** development



Our Value Proposition



Diversified and resilient fleet



Clean electricity leader with ESG focus



5.3+ GW growth pipeline



Strong financial position





Questions and answers

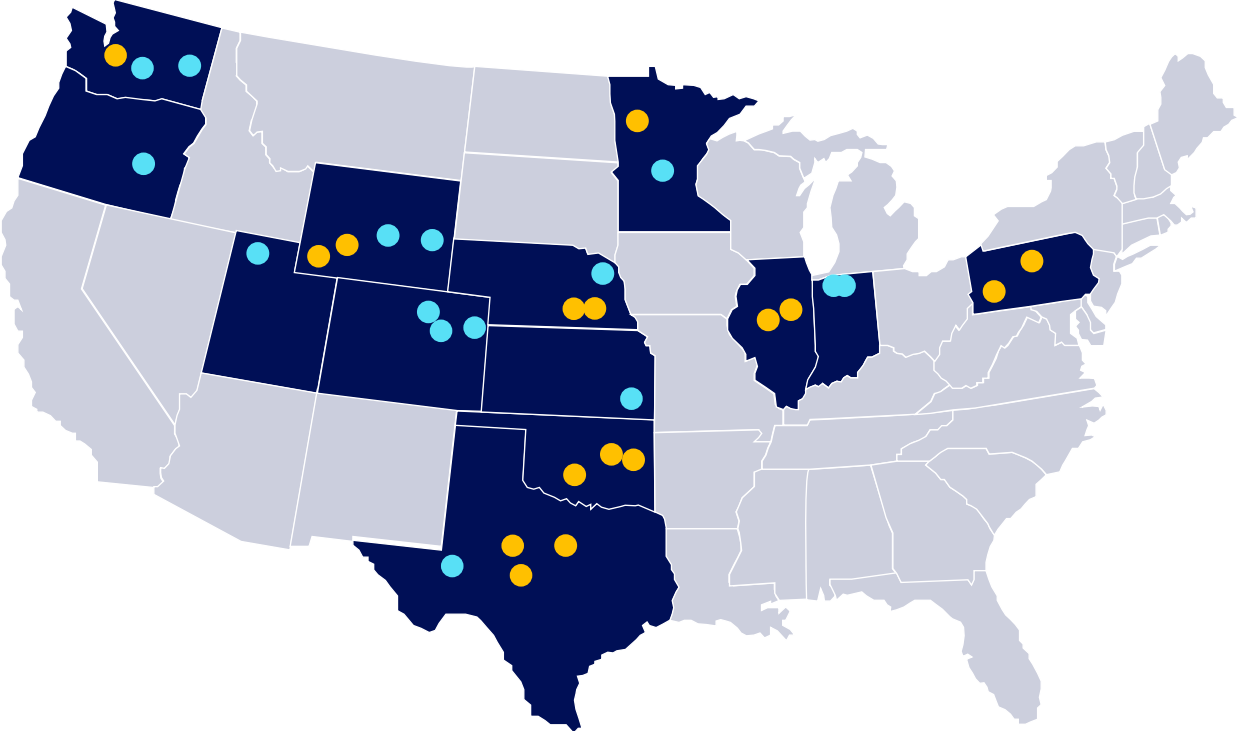
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Investor_relations@transalta.com



Development pipeline

United States



Legend:

- Prospects
- Early
- Construction

Potential development (excluding prospects):

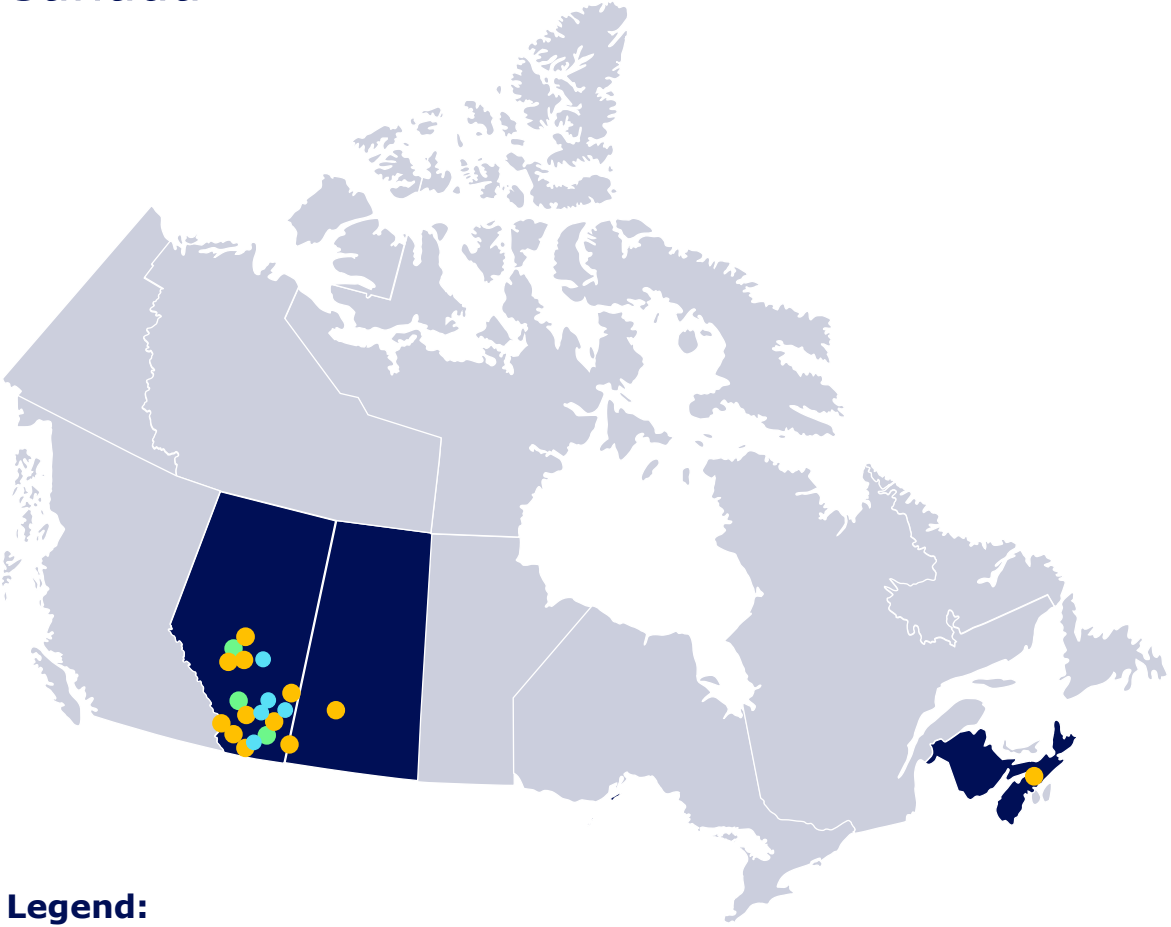
2,668 – 2,718 MW

Project	MW	Technology	State	Stage	FID
Horizon Hill	200	Wind	OK	●	-
Monument Road	152	Wind	NE	●	2025
Swan Creek	126	Wind	NE	●	2025
Dos Rios	242	Wind	OK	●	2025
Old Town	185	Wind	IL	●	2025
Cotton Belle 1	104	Solar	TX	●	2025
Cotton Belle 2	81	Solar	TX	●	2025
Quick Draw	174	Wind	TX	●	2025
Square Top	195	Solar	OK	●	2026
Canadian River	250	Wind	OK	●	2026
Prairie Violet	130	Wind	IL	●	2026
Big Timber	50	Wind	PA	●	2026
Trapper Valley	225	Wind	WY	●	2027
Wild Waters	40	Wind	MN	●	2027+
Coolspring	120	Wind	PA	●	2027+
Other US Opportunities	144	Wind	Various	●	2026+
Centralia Site Redevelopment	250-500	Various	WA	●	TBD



Development pipeline

Canada



Legend:

- Prospects
- Early
- Advanced

Potential development (excluding prospects):

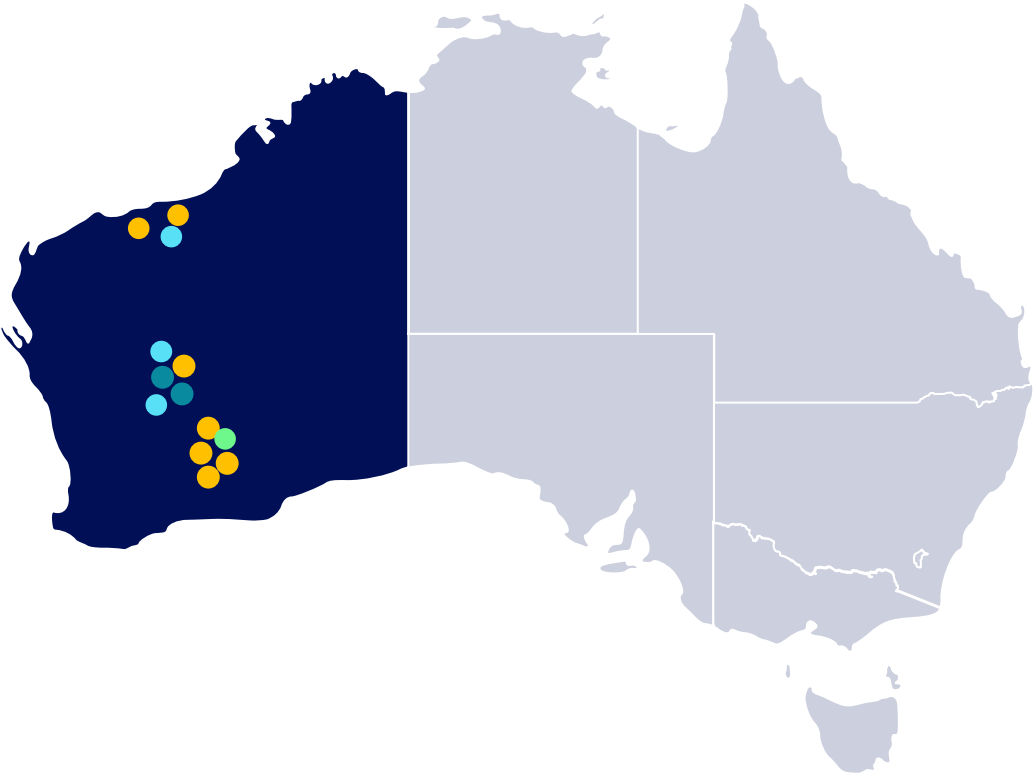
2,371 – 3,221 MW

Project	MW	Technology	Location	Stage	FID
Tempest	100	Wind	AB	●	2024
WaterCharger	180	Battery	AB	●	2024
Pinnacle 1 and 2	44	Gas	AB	●	2024
Riplinger	300	Wind	AB	●	2025
Sunhills Solar	170	Solar	AB	●	2025
McNeil Solar	57	Solar	AB	●	2025
New Brunswick Power Battery	10	Battery	NB	●	2025
Tent Mountain	160	Pumped storage	AB	●	2025
Provost	170	Wind	AB	●	2026
Antelope Coulee	200	Wind	SK	●	2027+
Red Rock	100	Wind	AB	●	2027
Willow Creek 1 and 2	140	Wind	AB	●	2027
Brazeau	300-900	Pumped storage	AB	●	TBD
Alberta Thermal Redevelopment	250-500	Various	AB	●	TBD
Other Canadian opportunities	190	Various	AB	●	2026+



Development pipeline

Australia



Legend:

- Prospects
- Early
- Advanced
- Construction

Potential Development (excluding prospects):

494 MW

Project	MW	Technology	Location	Stage	FID
Mt. Keith 132kV Expansion	N/A	Transmission	Mt Keith	●	2024
Mt. Keith West Network Upgrade	N/A	Transmission	Mt Keith	●	2025
SCE Capacity Expansion	94	Gas	Kalgoorlie	●	2024
Boodarie Solar	50	Solar	Port Hedland	●	2024
Southern Cross Energy	120	Solar/Wind	Kalgoorlie	●	TBD
Transmission Expansion Projects	N/A	Transmission	Various	●	2024+
Other Australian Prospects	230	Various	Various	●	2024+

