



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

**First Quarter 2024 Results**

**May 3, 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 expected near term and long term impacts of the announcement by the Government of Alberta to changes in the Alberta electricity market, including the temporary regulatory changes and the restructured energy market; realizing the benefits of the acquisition of Heartland Generation Ltd. and Alberta Power (2000) Ltd. (collectively, "Heartland"); the ability to achieve the Clean Electricity Growth Plan targets; the source of funding for the updated Clean Electricity Growth Plan; share repurchase plans and the allocation of up to \$150 million towards the repurchase of common shares of the Company in 2024; 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; expectation for the Hydro fleet to deliver strong results for the remainder of the year; flexibility of our operations and strategy to adjust to different environmental factors; our hedging activities mitigating the impact of unfavourable market pricing; realizing the benefits new asset additions in the quarter, including Mount Keith transmission project, White Rock and Horizon Hill; 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 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 or inability to realize the benefits of the Heartland acquisition; supply chain disruptions impacting major maintenance; reduced labour availability and ability to continue to staff our operations and facilities; risks associated with development and construction projects, including 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; inability to achieve our updated Clean Electricity Growth Plan; 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; 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**



# Q1 2024 achievements and strategic initiatives



## Results and financial position

Adjusted EBITDA<sup>1</sup> of **\$328 million**  
54% from renewables

FCF<sup>1</sup> of **\$206 million** or **\$0.67/share**  
~40% of guidance midpoint

Quarter over quarter, FCF and  
adjusted EBITDA **increased 70%**  
**and 13%**, respectively

Strong operational availability of  
**92.3%**

Access to **\$1.7 billion** in liquidity<sup>2</sup>



## Growth and customer solutions

**Mount Keith** 132kV expansion  
completed

**White Rock** wind facilities  
completed

**Horizon Hill** wind facility in final  
stages of late commissioning

Completed projects will add **\$115 million** annual EBITDA<sup>1</sup>



## Strategic initiatives

Advancing acquisition of  
**Heartland Generation**

Announced **CFO succession** plan

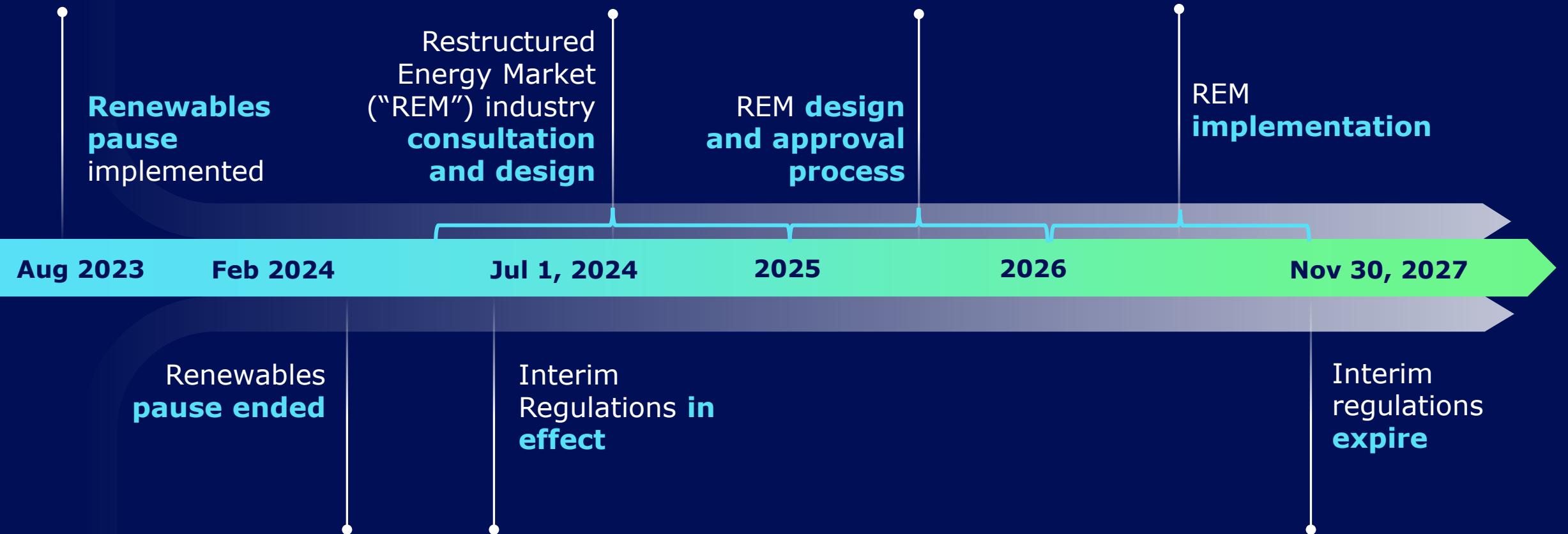
**Alberta** greenfield **growth** initiatives  
**on hold** pending Restructured Energy  
Market

<sup>1</sup> 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 slide two of this presentation.

<sup>2</sup> As at March 31, 2024, we had access to \$1.7 billion in liquidity, including \$419 million in cash, which significantly exceeds the funds required for share repurchases, growth initiatives, sustaining capital and productivity projects.



# 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



## State of play

Potential features:

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Day-ahead market

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Administrative scarcity pricing mechanism

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Allowance of negative pricing

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Higher price cap

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Reduction of settlement windows



## TransAlta's positioning

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Changing energy landscape requires a long-term focus

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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 and fast-responding generation for grid reliability**



# Alberta organic growth pause

Project	Technology	MW	Status
Riplinger	Wind	300	Cancelled
Tempest	Wind	100	On hold
WaterCharger	Storage	180	On hold
Pinnacle 1 & 2	Gas	44	On hold

Potential investment date<sup>1</sup> pushed to **2026+**

**Greenfield development in Alberta on hold pending clarity of regulatory changes**





# Heartland remains a compelling acquisition



Expands flexible generation

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

Expands **fast-ramping capacity**

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



Aligned with Alberta market strategy

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

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

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



Attractive deal metrics

**5.5x** TEV<sup>1</sup>/EBITDA<sup>2</sup> multiple at closing

~**\$115 million** annual average EBITDA<sup>2</sup> contribution

**\$357 cost per kW<sup>3</sup>**, significantly lower than new build

**55% contracted** revenue cash flows

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



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

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

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

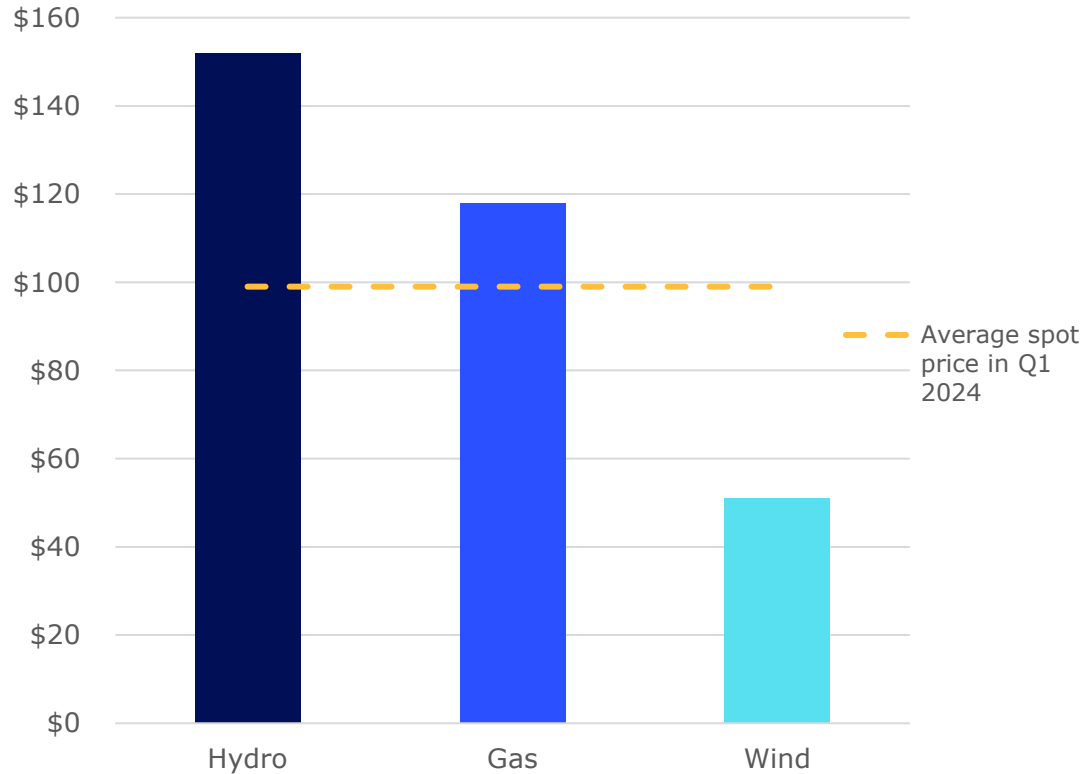
# Todd Stack

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



# Alberta electricity portfolio

## Q1 2024 realized prices



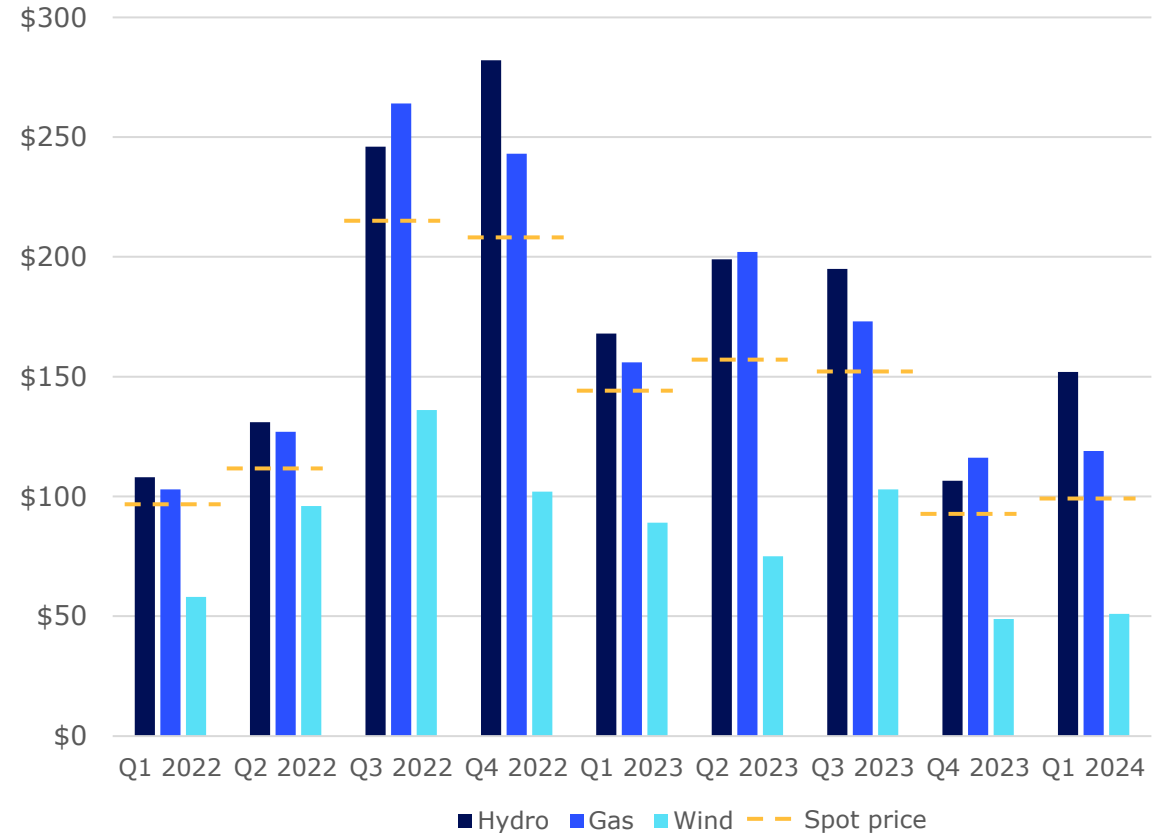
**153%**

AB Hydro average realized merchant energy price to spot in Q1 2024<sup>1</sup>

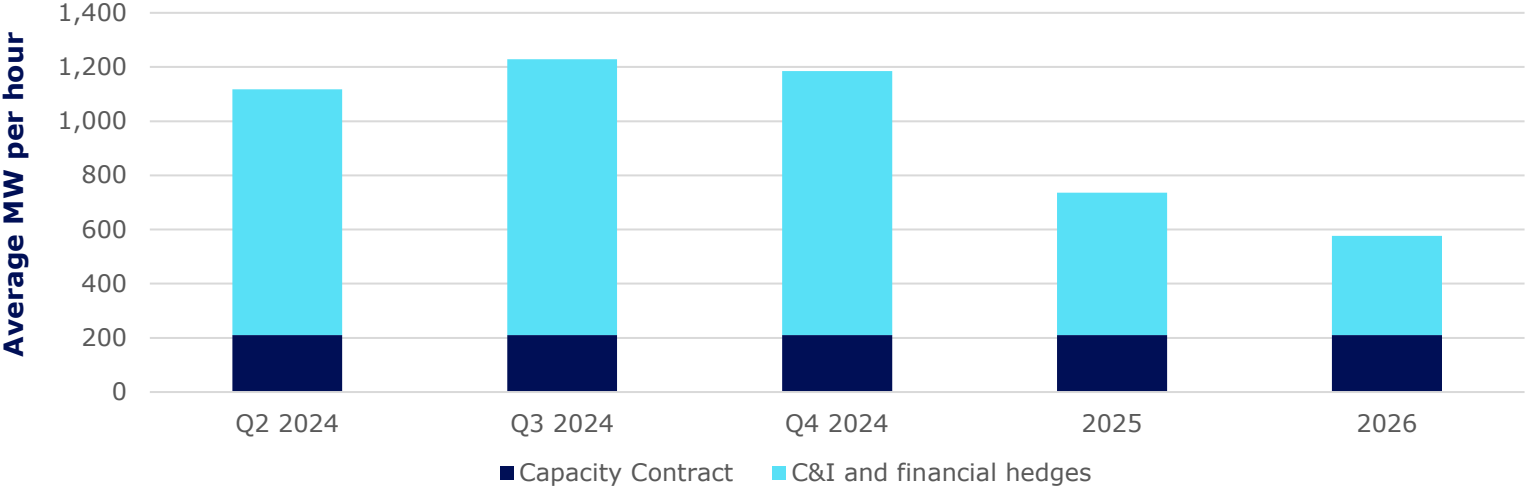
**119%**

AB Gas average realized merchant energy price to spot in Q1 2024<sup>1</sup>

## Quarterly realized merchant prices



# Strong hedge position through 2026



Expected 2024 thermal production largely hedged

	Q2 2024	Q3 2024	Q4 2024	Full year 2025	Full year 2026	
<b>Price (\$/MWh)</b>	85	85	85	79	80	<b>Power</b>
<b>Volume<sup>1</sup> (GWh)</b>	1,983	2,249	2,153	4,614	3,215	
<b>Price (\$/GJ)</b>	2.80	2.84	2.80	3.52	3.67	<b>Natural Gas</b>
<b>Volume (M GJ)<sup>2</sup></b>	14	14	15	28	18	

Hedged power price above forward curve

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

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



# TransAlta segmented results

Three months ended March 31, 2024 (\$millions)

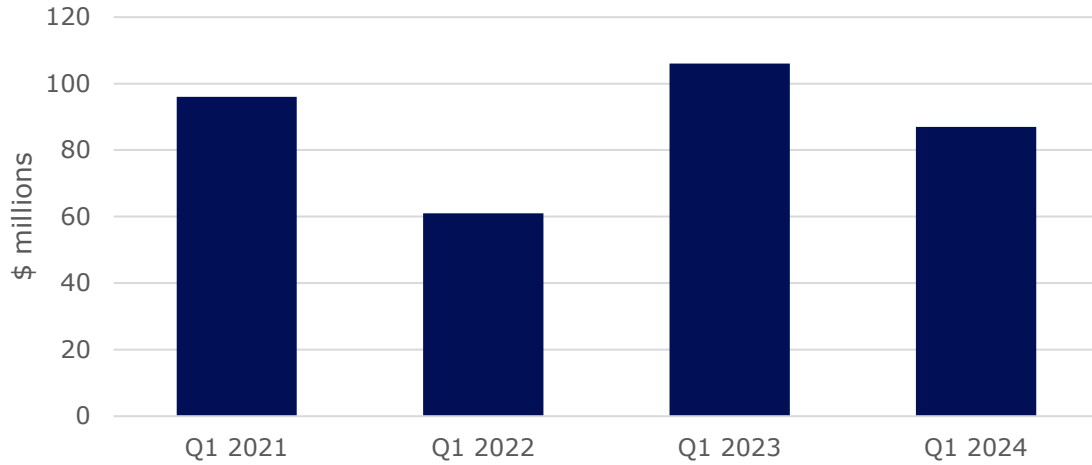
Adjusted EBITDA <sup>1</sup>	Q1 2024	Q1 2023
Hydro	87	106
Wind and Solar	89	88
Gas	134	240
Energy Transition	26	54
Energy Marketing	20	39
Corporate	(28)	(24)
<b>Total</b>	<b>328</b>	<b>503</b>

**Strong performance from Hydro and Gas fleet**

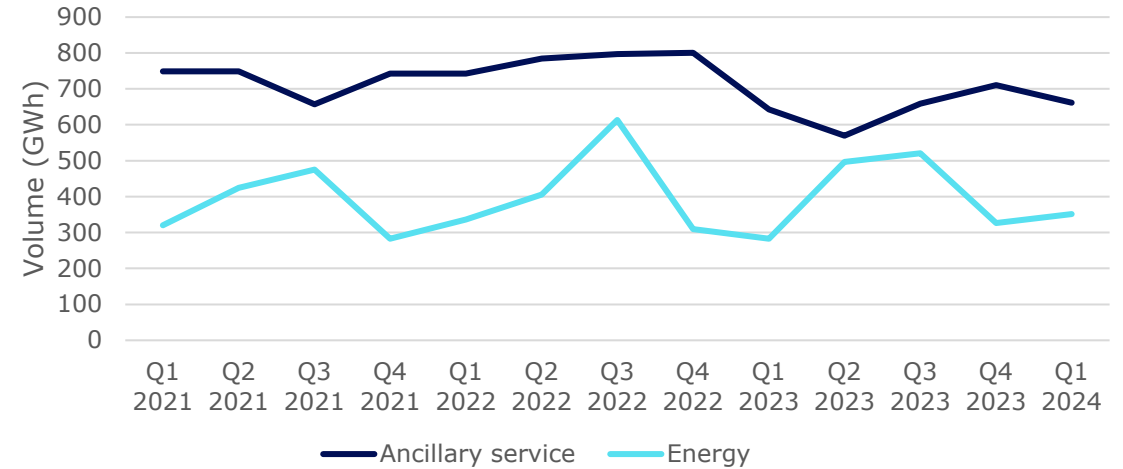


# Alberta hydro continues to perform to expectations

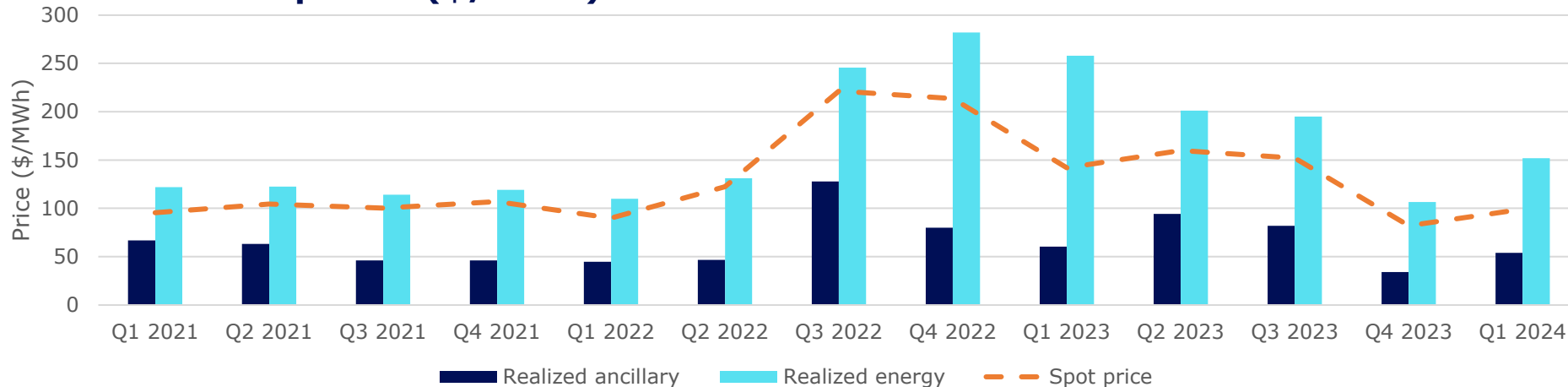
## Hydro adjusted EBITDA<sup>1</sup> (\$millions)



## Hydro volumes (GWh)



## Realized prices (\$/MWh)



**50%<sup>2</sup>**

Average Realized Ancillary Price to Spot

**128%<sup>2</sup>**

Average Realized Energy Price to Spot

<sup>1</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 two of this presentation.

<sup>2</sup> Average from Q1 2021 until Q1 2024.



# 2024 guidance affirmed

(\$ millions)	2024 Outlook
<b>Adjusted EBITDA<sup>1</sup></b>	<b>1,150 to 1,300</b>
<b>FCF<sup>1</sup></b>	<b>450 to 600</b>
<b>FCF (\$/share)</b>	<b>1.47 to 1.96</b>
<b>Sustaining capital</b>	<b>130 to 150</b>

Market	2024 Outlook
<b>Alberta spot (\$/MWh)</b>	<b>75 to 95</b>
<b>Mid-C spot (US\$/MWh)</b>	<b>75 to 85</b>
<b>AECO gas price (\$/GJ)</b>	<b>1.75 to 2.25</b>

**Early look  
2025  
expectations  
broadly in line  
with 2024**



# 2024 YTD share repurchases

## Highlights

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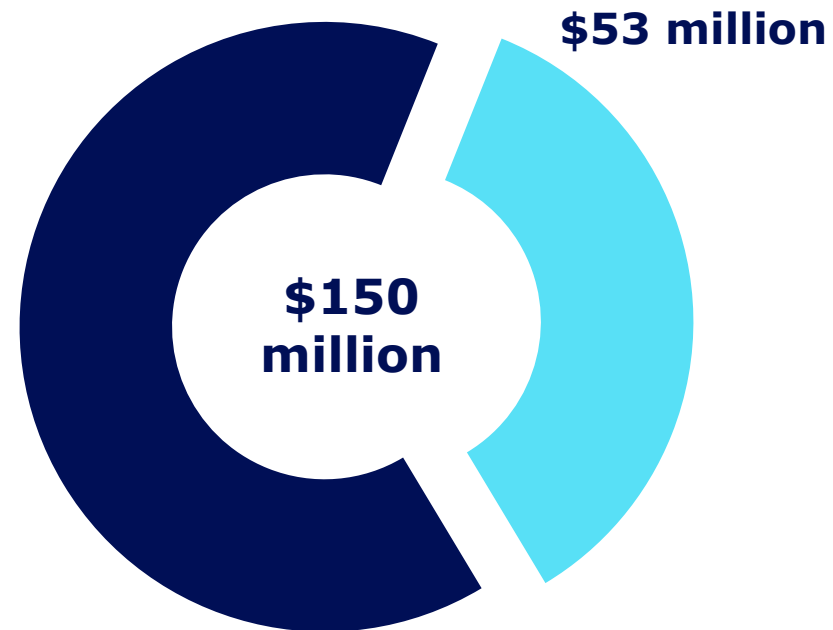
Returned **\$53 million of capital** through the buyback of ~**6 million** common shares; **35%** of up to \$150 million 2024 program

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

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



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





# 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

Target **400 MW** of new growth

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

Prudent and disciplined approach to progress growth



## 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 GW growth pipeline**



**Strong financial position**





# Questions and answers

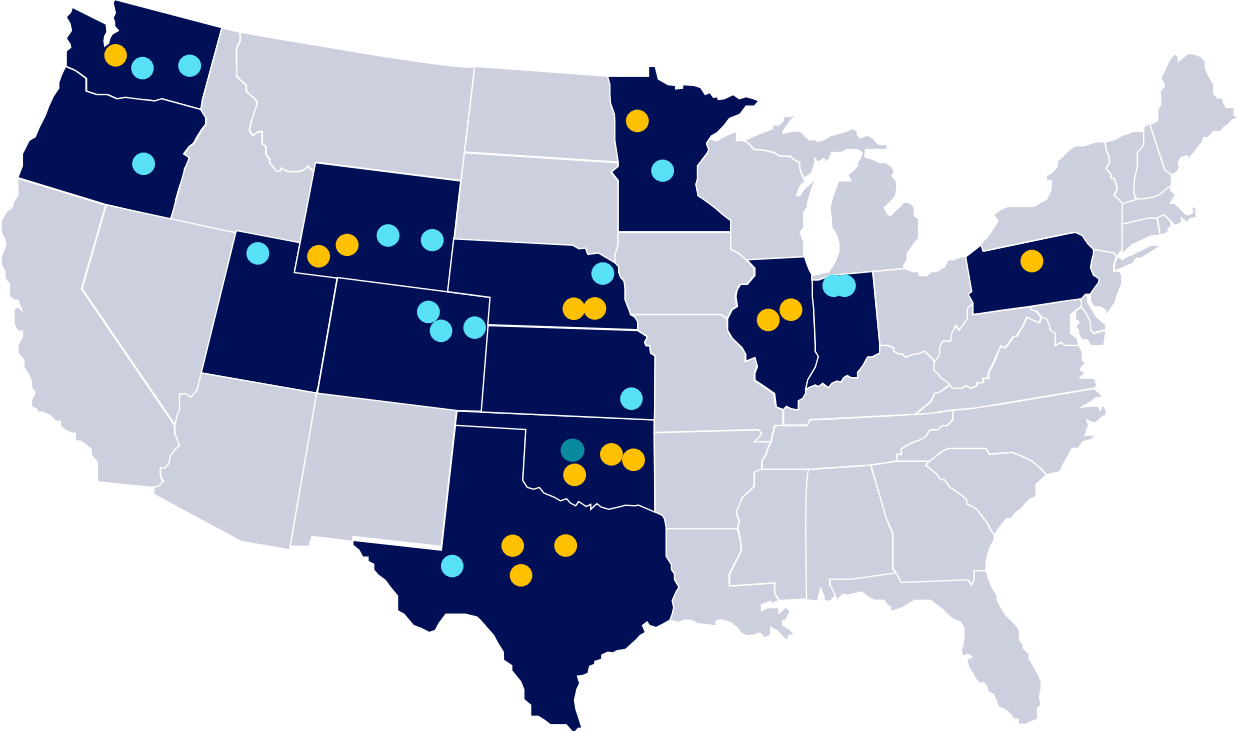
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# Development pipeline

United States



**Legend:**

- Prospects
- Early
- Construction

Potential development (excluding prospects):

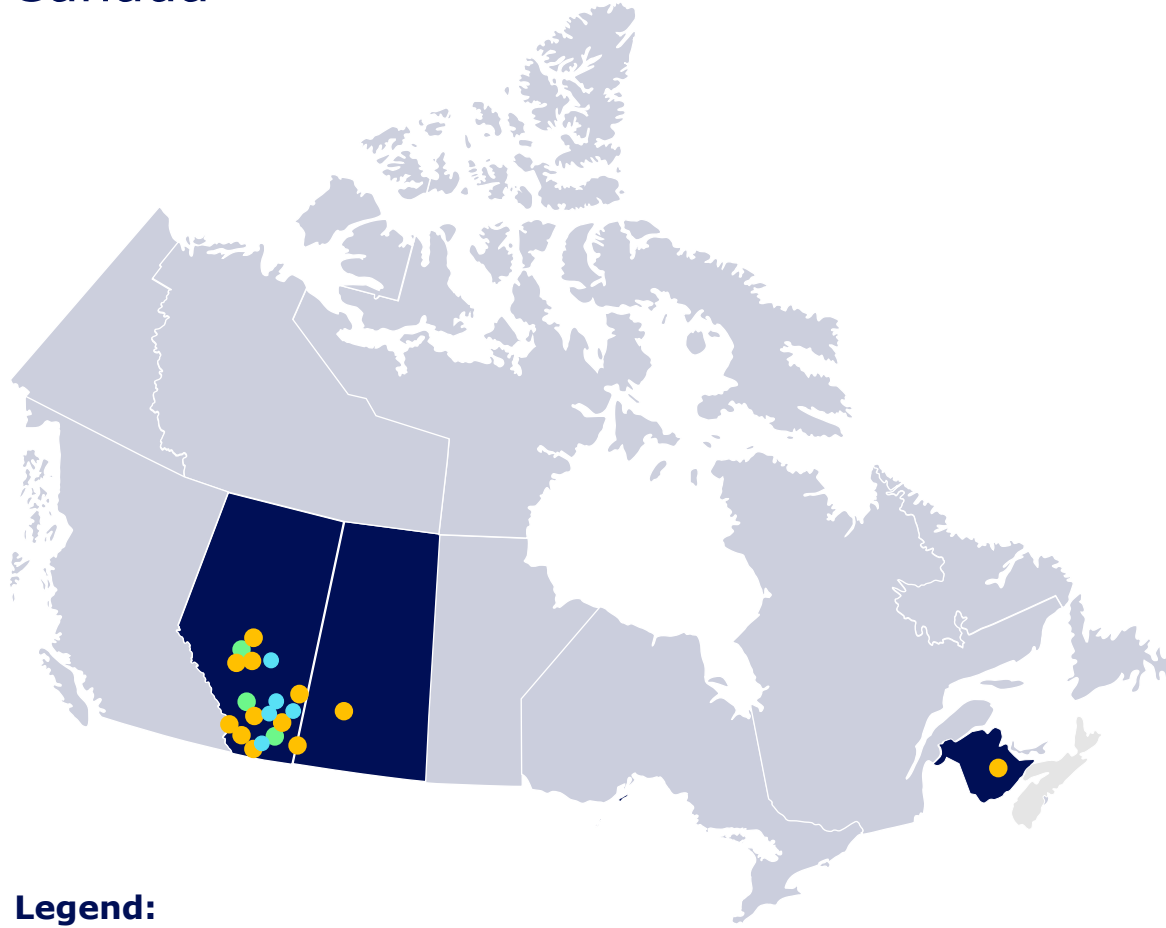
**2,348 – 2,598 MW**

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



# Development pipeline

## Canada



### Legend:

- Prospects
- Early
- On hold

Potential development (excluding prospects):

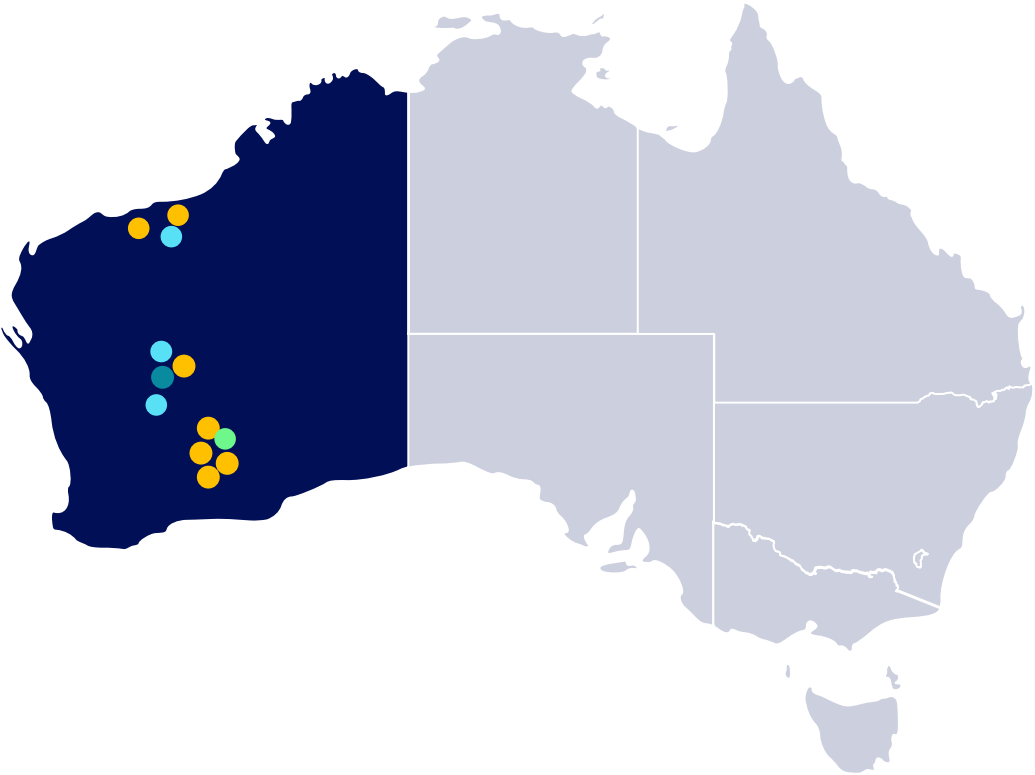
# 1,747 – 2,597 MW

Project	MW	Technology	Location	Stage	FID
Tempest	100	Wind	AB	●	On hold
WaterCharger	180	Battery	AB	●	On hold
Pinnacle 1 and 2	44	Gas	AB	●	On hold
New Brunswick Power Battery	10	Battery	NB	●	2025
Sunhills Solar	170	Solar	AB	●	2026
McNeil Solar	57	Solar	AB	●	2026
Tent Mountain	160	Pumped storage	AB	●	2026
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 West Network Upgrade	N/A	Transmission	Mt Keith	<span style="color: teal;">●</span>	2025
SCE Capacity Expansion	94	Gas	Kalgoorlie	<span style="color: green;">●</span>	2024
Boodarie Solar	50	Solar	Port Hedland	<span style="color: yellow;">●</span>	2024
Southern Cross Energy	120	Solar/Wind	Kalgoorlie	<span style="color: yellow;">●</span>	TBD
Transmission Expansion Projects	N/A	Transmission	Various	<span style="color: yellow;">●</span>	2024+
Other Australian Prospects	230	Various	Various	<span style="color: yellow;">●</span>	2024+

