



# Q2 2022

## Earnings Conference Call

Aug 12, 2022

10:00 a.m. ET

Algonquin

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## Forward-Looking Statements

Certain written statements included herein and/or oral statements made in connection with the presentation contained herein constitute “forward-looking information” within the meaning of applicable securities laws in each of the provinces and territories of Canada and the respective policies, regulations and rules under such laws and “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 (collectively, “forward-looking statements”). The words “will”, “expects”, “intends”, “should”, “would”, “anticipates”, “projects”, “forecasts”, “plans”, “estimates”, “may”, “outlook”, “aims”, “pending”, “prospective”, “target”, “believes”, “could” and similar expressions are often intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Specific forward-looking statements contained in or made in connection with this presentation include, but are not limited to statements regarding: the expected performance of Algonquin Power & Utilities Corp. (“AQN”, “Algonquin” or the “Company”); the Company’s expected future growth, earnings, cash flows, debt and dividends; capital expenditure and investment plans; development projects and the anticipated generation capacity and timing of construction activities and completion; the Company’s pending acquisition of Kentucky Power Company and AEP Kentucky Transmission Company, Inc. (the “Kentucky Power Acquisition”), including the expected timing for closing; the Company’s corporate development and growth initiatives and the results thereof; expectations regarding asset dispositions and asset recycling initiatives and the expected benefits thereof; customer affordability initiatives; and the Company’s sustainability, decarbonization, environmental, social and governance goals, targets and initiatives (including the Company’s ability to achieve these goals, targets and initiatives and the Company’s expectations with respect thereto). These statements are based on factors or assumptions that were applied in drawing a conclusion or making a forecast or projection, including assumptions based on historical trends, current conditions and expected future developments referred to in this presentation. Since forward-looking statements relate to future events and conditions, by their nature they rely on assumptions and involve inherent risks and uncertainties. AQN cautions that although it is believed that the assumptions are reasonable in the circumstances, actual results may differ materially from the expectations set out in the forward-looking statements. Material risk factors and assumptions include those set out in this presentation or contained in AQN’s Management Discussion and Analysis for the three months and six months ended June 30, 2022 (the “Interim MD&A”), Management Discussion and Analysis for the year ended December 31, 2021, or Annual Information Form for the year ended December 31, 2021, each filed with securities regulatory authorities in Canada and the United States. Given these risks, undue reliance should not be placed on these forward-looking statements, which apply only as of their dates. Other than as specifically required by law, AQN undertakes no obligation to update any forward-looking statements to reflect new information, subsequent or otherwise.

## Currency

In this presentation, unless otherwise specified or the context requires otherwise, all dollar amounts are expressed in U.S. dollars.

## Non-GAAP Financial Measures

The terms “Adjusted Net Earnings”, “Adjusted Net Earnings per share” (or “Adjusted Net EPS”), “Adjusted earnings before interest, taxes, depreciation and amortization” (“Adjusted EBITDA”) and “Adjusted Funds from Operations” (together, the “Non-GAAP Measures”) are used in this presentation and/or the related discussion. The Non-GAAP Measures are not recognized measures under U.S. GAAP. There is no standardized measure of the Non-GAAP Measures; consequently, AQN’s method of calculating the Non-GAAP Measures may differ from methods used by other companies and therefore they may not be comparable to similar measures presented by other companies. An explanation and analysis of the Non-GAAP Measures and a reconciliation to the most directly comparable U.S. GAAP measure, where applicable, can be found in the Interim MD&A under the headings “Caution Concerning Non-GAAP Measures” and “Non-GAAP Financial Measures”, which sections are incorporated by reference herein. AQN’s Interim MD&A is available on SEDAR at [www.sedar.com](http://www.sedar.com) and EDGAR at [www.sec.gov/edgar](http://www.sec.gov/edgar). A reconciliation of the Non-GAAP Measures appearing in this presentation to the most directly comparable U.S. GAAP measure can also be found in Appendix - Non-GAAP Financial Measures beginning on page 18 of this presentation.

# Speakers and Agenda



**Arun Banskota**  
President and  
Chief Executive Officer



**Arthur Kacprzak**  
Chief Financial Officer



**Amelia Tsang**  
Vice President,  
Investor Relations

Introductory Remarks.....	Amelia Tsang
Q2 2022 Strategic Achievements.....	Arun Banskota
Q2 2022 Financial Highlights.....	Arthur Kacprzak
Advancing our Strategic Plan.....	Arun Banskota



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# Strategic Achievements

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# Strategic Achievements

## ✓ Solid Key Financial Metrics

- Q2 2022 Adjusted EBITDA<sup>1</sup> of \$289.3 million – a 18% year-over-year increase
- Q2 2022 Adjusted Net EPS<sup>1</sup> of \$0.16 – a 7% year-over-year increase
- Q2 2022 net earnings (loss) of (\$33.4 million) – a 132% year-over-year decrease
- Q2 2022 net earnings (loss) per share of (\$0.05) – a 131% year-over-year decrease

## ✓ Solid Q2 2022 earnings

- Stable operations from both regulated and renewables businesses

## ✓ Three Pillar Foundation Underpins Strategy

- Continue to focus our efforts on Algonquin's three strategic pillars:
  - Growth
  - Operational Excellence
  - Sustainability



1. Please see "Non-GAAP Financial Measures" on page 2 of this presentation, and Appendix - Non-GAAP Financial Measures beginning on page 18 of this presentation.

# Regulated Services Group – Growth

- **Missouri Public Service Commission Ruling**
  - Total revenue increase of \$39.5 million
  - New rates implemented on June 1, 2022
- **Kentucky Power Acquisition Update**
  - In discussions to reach a resolution regarding the conditions precedent in respect of the Mitchell Agreements, which, if successful, could allow the Kentucky Power Transaction to close in the second half of 2022



# Renewable Energy Group - Growth

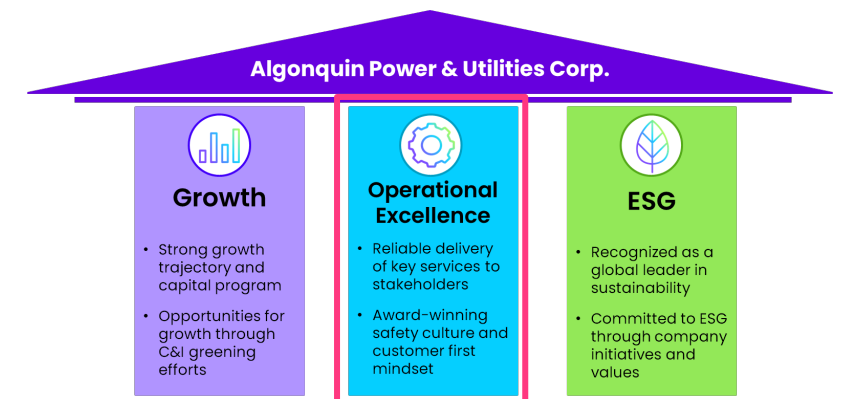
Solar Projects		Site Preparation	Panels Installed
Community Solar	16 MW	80%	60%
New Market Solar – Phase 1	35 MW	100%	70%
New Market Solar – Phase 2	65 MW	100%	2022/2023
Chevron – Hayhurst, TX <sup>1</sup>	25 MW	2%	2022/2023
Chevron – Hayhurst, NM <sup>1</sup>	20 MW	5%	2022
<b>Total</b>	<b>161 MW</b>		

Wind Projects		Site Preparation	Turbines Erected
Blue Hill	175 MW	100%	100%
Shady Oaks II	108 MW	100%	100%
Sandy Ridge II	88 MW	25%	Q1 2023
Deerfield II <sup>1</sup>	112 MW	60%	Q4 2022
<b>Total</b>	<b>483 MW</b>		

1. Project co-owned with Chevron.

# Regulated Services Group – Operational Excellence

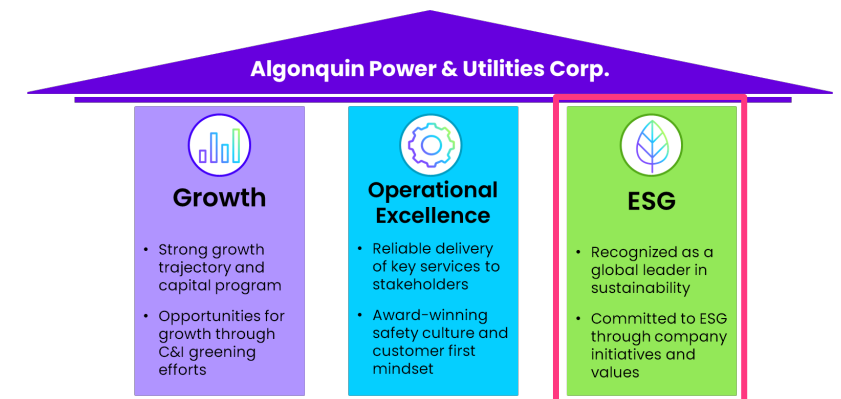
- **Safety and reliability key priorities**
  - On a trailing twelve-month basis, AQN's key performance indicators of lost time injuries and recordable injuries are in the top decile rate
- **Recognized by Canadian Gas Association for outstanding dedication to safety**
  - New Brunswick Gas awarded 2021 Safety Awards for Excellence for Employee Safety
- **Customer Affordability**
  - Implemented energy efficiency programs
  - Focus on managing affordability for customers through potential opex to capex conversion opportunities





# Three Pillar Foundation – Sustainability

- Committed to environmental, social and governance values
  - ESG included in AQN’s corporate strategy and operations
- Continue to make meaningful ESG progress
  - Low greenhouse gas emissions intensity of \$0.0011 of CO2e per \$1 of 2021 revenue, a 15% improvement from previous year
  - Meaningful reduction of AQN’s scope 1 and 2 emissions from 2017 to 2021:
    - Revenue-based emissions intensity decreased by 48%
    - Overall emissions decreased by 38%





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# Financial Performance

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# Financial Performance

Three Months Ended  
June 30

*All figures are in \$ millions except per share data*

	2022	2021	Variance
Net earnings (loss) attributable to shareholders	(33.4)	103.2	(132)%
<i>Per share</i>	(0.05)	0.16	(131)%
Cash provided by operating activities	268.6	103.3	160%
Adjusted Net Earnings <sup>1</sup>	109.7	91.7	19.6%
<i>Per share<sup>1</sup></i>	0.16	0.15	7%
Adjusted EBITDA <sup>1</sup>	289.3	244.9	18%
Adjusted Funds from Operations <sup>1</sup>	180.3	161.3	12%
Dividend per share	0.1808	0.1706	6%

1. Please see "Non-GAAP Financial Measures" on page 2 of this presentation, and Appendix - Non-GAAP Financial Measures beginning on page 18 of this presentation.

# Financial Update – Capital Plan

- **Expected Capital Deployment in 2022 of Over \$4.3 billion**
  - Majority of expected 2022 capital deployment related to Liberty NY Water acquisition (completed) and Kentucky Power Acquisition (pending)
  - Capital plan remains on track, over \$1.2 billion has been invested YTD as of end Q2 2022:
    - \$609 million deployed for closing of Liberty NY Water
    - Over \$200 million of capital invested into organic investments in Q2 2022
- **Committed to maintaining investment-grade capital structure**
  - Moody's Investors Service assigned an inaugural Baa2 long term issuer rating to Liberty Utilities Co. with outlook stable

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# Advancing our Strategic Plan

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# Advancing our Strategic Plan

## ✓ Once in a generation opportunity to accelerate renewables growth

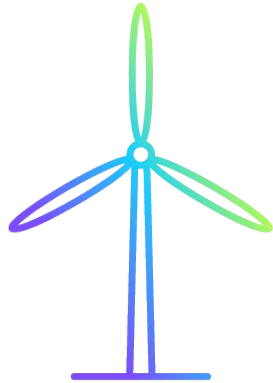
- Currently own, operate and/or have net interest in over 4000 MW of renewable generation
- Expect incremental benefits with increasing scale

## ✓ Continuing inaugural asset recycling process

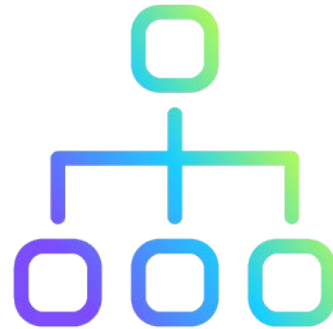
- Portfolio of U.S. and Canadian assets in the range of ~750 MW
- Capture value creation opportunities along a project's lifecycle

Three Strategic Pillars remain a key foundation

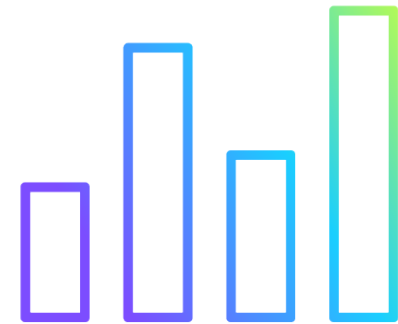
# Concluding Remarks



Continue to successfully execute on the Company's robust construction program



Three strategic pillars provide key foundation as we continue to build the business



Strive to create long-term shareholder value through delivery of earnings and dividend growth

**Robust investment pipeline and three pillar foundation expected to support long-term shareholder value**



# Q&A

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# Appendix

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# Non-GAAP Financial Measures

## Reconciliation of Adjusted EBITDA to Net Earnings

The following table is derived from and should be read in conjunction with the consolidated statement of operations. This supplementary disclosure is intended to more fully explain disclosures related to Adjusted EBITDA and provides additional information related to the operating performance of AQN. Investors are cautioned that this measure should not be construed as an alternative to U.S. GAAP consolidated net earnings.

(all dollar amounts in \$ millions)	Three months ended June 30	
	2022	2021
Net earnings (loss) attributable to shareholders	\$ (33.4)	\$ 103.2
Add (deduct):		
Net earnings attributable to the non-controlling interest, exclusive of HLBV <sup>1</sup>	3.5	2.9
Income tax recovery	(22.8)	(4.2)
Interest expense	64.6	58.2
Other net losses <sup>3</sup>	8.7	1.8
Pension and post-employment non-service costs	2.3	3.9
Change in value of investments carried at fair value <sup>2</sup>	143.5	(27.3)
Impacts from the Market Disruption Event <sup>4</sup> on the Senate Wind Facility	—	—
Costs related to tax equity financing	—	5.3
Loss on derivative financial instruments	6.1	1.4
Realized loss on energy derivative contracts	(0.2)	0.2
Loss on foreign exchange	4.5	1.3
Depreciation and amortization	112.5	98.2
<b>Adjusted EBITDA</b>	<b>\$ 289.3</b>	<b>\$ 244.9</b>

<sup>1</sup> Hypothetical liquidation at book value (“HLBV”) represents the value of net tax attributes earned during the period primarily from electricity generated by certain U.S. wind power and U.S. solar generation facilities.

<sup>2</sup> See Note 6 in the unaudited interim consolidated financial statements.

<sup>3</sup> See Note 16 in the unaudited interim consolidated financial statements.

<sup>4</sup> The “Market Disruption Event” refers to the significantly elevated pricing that persisted in the Electric Reliability Council of Texas market over several days as a result of the February 2021 extreme winter storm conditions experienced in Texas and parts of the central U.S.

# Non-GAAP Financial Measures

## Reconciliation of Adjusted Net Earnings to Net Earnings

The following table is derived from and should be read in conjunction with the consolidated statement of operations. This supplementary disclosure is intended to more fully explain disclosures related to Adjusted Net Earnings and provides additional information related to the operating performance of AQN. Investors are cautioned that this measure should not be construed as an alternative to consolidated net earnings in accordance with U.S. GAAP.

The following table shows the reconciliation of net earnings to Adjusted Net Earnings exclusive of these items:

(all dollar amounts in \$ millions except per share information)	Three months ended June 30	
	2022	2021
Net earnings (loss) attributable to shareholders	\$ (33.4)	\$ 103.2
Add (deduct):		
Loss on derivative financial instruments	6.1	1.4
Realized (gain) loss on energy derivative contracts	(0.2)	0.2
Other net losses <sup>2</sup>	8.7	1.8
Loss on foreign exchange	4.5	1.3
Change in value of investments carried at fair value <sup>1</sup>	143.5	(27.3)
Impacts from the Market Disruption Event on the Senate Wind Facility	—	—
Costs related to tax equity financing and other adjustments	—	5.3
Adjustment for taxes related to above	(19.5)	5.8
<b>Adjusted Net Earnings</b>	<b>\$ 109.7</b>	<b>\$ 91.7</b>
<b>Adjusted Net Earnings per common share</b>	<b>\$ 0.16</b>	<b>\$ 0.15</b>

<sup>1</sup> See Note 6 in the unaudited interim consolidated financial statements.

<sup>2</sup> See Note 16 in the unaudited interim consolidated financial statements.

# Non-GAAP Financial Measures

## Reconciliation of Adjusted Funds from Operations to Cash Provided by Operating Activities

The following table is derived from and should be read in conjunction with the consolidated statement of operations and consolidated statement of cash flows. This supplementary disclosure is intended to more fully explain disclosures related to Adjusted Funds from Operations and provides additional information related to the operating performance of AQN. Investors are cautioned that this measure should not be construed as an alternative to cash flows provided by operating activities in accordance with U.S. GAAP.

The following table shows the reconciliation of cash flows provided by activities to Adjusted Funds from Operations exclusive of these items:

<b>(all dollar amounts in \$ millions)</b>	<b>Three months ended</b>	
	<b>June 30</b>	
	<b>2022</b>	<b>2021</b>
Cash provided by (used in) operating activities	\$ 268.6	\$ 103.3
Add (deduct):		
Changes in non-cash operating items	(96.7)	51.8
Production based cash contributions from non-controlling interests	2.5	—
Impacts from the Market Disruption Event on the Senate Wind Facility	—	—
Acquisition-related costs	5.9	0.9
<b>Adjusted Funds from Operations</b>	<b>\$ 180.3</b>	<b>\$ 161.3</b>



# Corporate Information

<b>Head Office</b>	Greater Toronto Area, Ontario
<b>Toronto Stock Exchange</b>	AQN, AQN.PR.A, AQN.PR.D
<b>New York Stock Exchange</b>	AQN, AQNA, AQNB, AQNU
<b>Shares Outstanding*</b>	675,649,146
<b>Share Price*</b>	\$13.43
<b>Market Capitalization*</b>	\$9.1 B
<b>Dividend**</b>	\$0.7233 per share annually

\* Shares outstanding, closing price (NYSE), and market capitalization as of June 30, 2022.  
\*\* Annualized using Q3 2022 dividend rate.

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# Contact Information

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