



Q3 2021

Earnings Conference Call

November 12, 2021

10:00 a.m. ET

Algonquin



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 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”, “would”, “could”, “plans”, “targets”, “aims”, “may”, “pro forma” 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: expected future growth, earnings (including 2021 Adjusted Net Earnings per share) and results of operations; the expected timing for closing the Acquisition (as defined herein); the purchase price for the Acquisition; the financing of the Acquisition; the impact and expected benefits of the Acquisition to Algonquin Power & Utilities Corp. (“AQN”, “Algonquin” or the “Company”), including the impact of the Acquisition on the Company’s business, operations and financial condition; the Company’s sustainability, environmental and decarbonization targets, initiatives and goals (including the Company’s ability to achieve these targets, initiatives and goals); the Company’s “greening the fleet” plans with respect to Kentucky Power Company (“Kentucky Power”), including with respect to the Mitchell coal plant; expectations regarding Kentucky Power’s future rate base and return on equity (“ROE”); expectations regarding the timing for the transfer or retirement (for rate-making purposes in Kentucky) of the Mitchell coal plant; expectations regarding the Company’s pro forma rate base and business mix; expectations regarding the cost of energy from renewable sources; expectations regarding the Company’s credit ratings; expectations regarding the issuance of additional common equity by the Company; expectations regarding the use of proceeds of the C\$800 bought deal common share offering; expectations regarding the benefits, outcomes and impacts of transitioning to renewable energy; the closing of the Company’s pending acquisition of New York American Water; the Company’s greenfield development pipeline; and expectations regarding capital expenditures. 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. 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 and nine months ended September 30, 2021 (the “Interim MD&A”), AQN’s Management Discussion and Analysis for the three and twelve months ended December 31, 2020 (the “Annual MD&A”), and AQN’s Annual Information Form for the year ended December 31, 2020, 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” (“Adjusted Net EPS”), “earnings before interest, taxes, depreciation and amortization” (“EBITDA”), “Adjusted EBITDA”, “Adjusted Funds from Operations”, “Net Energy Sales”, “Net Utility Sales” and “Divisional Operating Profit” (together the “Financial Measures”) may be used in this presentation and discussion. The Financial Measures are not recognized measures under U.S. GAAP. There is no standardized measure of the Financial Measures. Consequently, AQN’s method of calculating the Financial 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, calculation and analysis of the Financial Measures, including a reconciliation to the most directly comparable U.S. GAAP measure, where applicable, can be found in the Interim MD&A. A reconciliation of certain of the Financial Measures used 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 20 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
Q3 2021 Strategic Achievements.....	Arun Banskota
Q3 2021 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

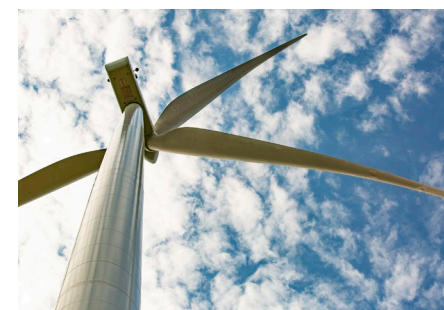
- Q3 2021 Adjusted EBITDA¹ of \$252.0 million – a 27% year-over-year increase
- Q3 2021 Adjusted Net EPS¹ of \$0.15 – in line with Q3 2020
- Growth through acquisitions and related investment opportunities

✓ No material earnings impact by the pandemic in Q3 2021

- Supported by resiliency of business model
- Business conditions in regions we operate in return to normal

✓ 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 20 of this presentation.

Regulated Services Group – Growth

- Agreement to Acquire Kentucky Power and AEP Kentucky Transmission Company, Inc. (the “Acquisition”)
 - Provides services to ~228,000 active customer connections in twenty Eastern Kentucky counties
 - Total purchase price of ~\$2.8 billion including assumption of ~\$1.2 billion in debt¹
 - Acquisition expected to close in mid-2022
 - Expected mid-year 2022 rate base acquisition multiple of 1.3x
- **Strategic Rationale:**
 - Consistent with Algonquin’s strategy of completing accretive add-on regulated acquisitions at attractive values
 - Increases pro forma regulated rate base to approximately \$9 billion² and overall pro forma business mix to nearly 80%² regulated businesses
 - Increases pro forma electric rate base from 63% to 72% of total rate base²
 - Expected to increase service territory footprint and provide greater regulatory jurisdiction diversification

1. Subject to customary purchase price adjustments at closing.

2. Based on expected \$2.2 billion mid-year 2022 rate base, including pending acquisition of New York American Water.



Strategic Rationale – Greening the Fleet

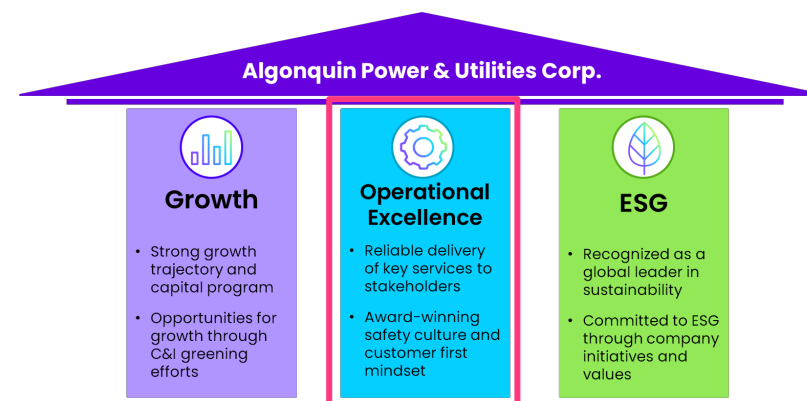
- **Significant opportunities to transition the existing fossil fuel generation with renewable sources**
 - Expiring Rockport unit power agreement and expected transfer or retirement (for rate-making purposes in Kentucky) of Kentucky Power’s 50% ownership interest in the Mitchell coal plant in 2028 reinforcing need for new generation sources
 - Expected levelized cost of energy from renewables lower than market purchases and current fossil-fuel owned generation assets
- **Reinforces Algonquin’s competitive position in the energy transition and leverages its experience in “greening the fleet”**
 - Strong track record of transitioning our Empire and CalPeco utilities
- **Align with Algonquin’s target of achieving net-zero greenhouse gas emissions (scope 1 and 2) by 2050**
 - Opportunity to add over 1GW of renewable generation capacity at Kentucky Power

Strategic Rationale – ROE Playbook

- **Successful track record of identifying, securing regulatory approvals and closing acquisitions**
 - Extensive experience in managing the integration of multi-modality utilities
 - Strive to share learnings and best practices among our utilities with aim of driving consistent improvement of key performance metrics
- **Strong path forward to improving earnings profile of Kentucky Power**
 - Kentucky Power is regulated by Kentucky Public Service Commission, a constructive and highly rated regulatory jurisdiction by S&P
 - Certain key regulatory features are available that may help achieve higher ROE
 - Employing forward test years could provide for more timely recovery of costs and expenditures

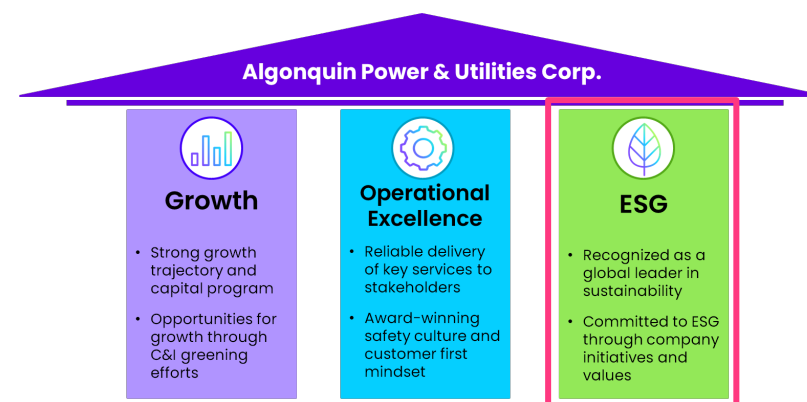
Regulated Services Group – Operational Excellence

- **Safety and reliability key priorities**
 - Achieved milestone of over 650 days and over 9 million hours without a single lost time injury
- **Caldor Fire Update**
 - Operations have returned to normal
 - Continue to evaluate investments needed to support system resiliency, system hardening and wildfire prevention



Three Pillar Foundation – Sustainability

- **Net-Zero Target for Scope 1 & 2 Emissions by 2050**
 - Extension of Company's decades' long commitment to sustainability
 - Environmental stewardship at forefront of Company's strategic direction
- **Track Record of Environmental Stewardship**
 - Empire:
 - Reduced emissions by over 900,000 metric tons of CO2
 - Reduced Scope 1 and 2 emissions intensity per dollar of revenue by 26%
 - CalPeco:
 - Reduced carbon intensity by 46% since 2017
- **2021 Sustainability Report**
 - Outlines solid progress on AQN's ESG goals
 - Provides higher level of detail around nine priority issues





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Financial Performance

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Financial Performance

Three Months Ended September 30

All figures are in \$ millions except per share data

	2021	2020	Variance
Adjusted Net Earnings¹	97.6	88.1	11%
<i>Per share¹</i>	0.15	0.15	--%
Adjusted EBITDA¹	252.0	197.9	27%
Adjusted Funds from Operations¹	170.2	148.0	15%
Dividend per share	0.1706	0.1551	10%

1. Please see "Non-GAAP Financial Measures" on page 2 of this presentation, and Appendix - Non-GAAP Financial Measures beginning on page 20 of this presentation.

Financial Update – Kentucky Power Acquisition Financing

- Financing plan is designed to maintain Algonquin's investment grade credit ratings
 - Concurrent C\$800M bought deal common share offering; offering is expected to satisfy the common equity needs for the Acquisition
- Remainder of the cash purchase price expected to be funded through a combination of
 - hybrid debt
 - equity units and/or
 - monetization of non-regulated assets or investments
- Secured \$2.725 billion acquisition financing commitment

Acquisition is additive to long-term investment pipeline

Financial Update

- **Expected Capital Deployment in 2021 of Over \$4 billion On Track**
 - Total capital deployed as of end Q3 2021: ~\$3.4B
 - Delivered ~1,400 MW since Aug 2020 of new renewable generation capacity from 2020 construction pipeline
- **2021 Adjusted Net EPS Guidance Update**
 - Expect to continue to benefit from first full year of operations at BELCO, ESSAL and new renewable facilities placed in service earlier this year
 - Expect 2021 adjusted net earnings per share to be in or around the lower end of the Company's range of \$0.71 to \$0.76¹

Committed to maintaining BBB (flat) capital structure

1. Excluding the impact of the market disruption on the Senate Wind Facility related to Winter Storm Uri in Q1 2021.

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Advancing our Strategic Plan

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Advancing our Strategic Plan

✓ Well positioned to contribute and benefit from decarbonization transition

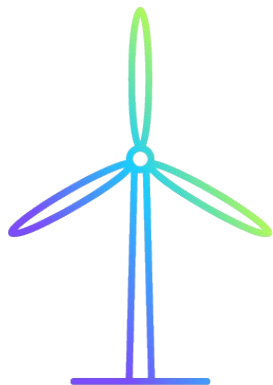
- Regulated Services Group
- Renewable Energy group

✓ Identified Pipeline of Prospective 3.4 GW Greenfield Opportunities

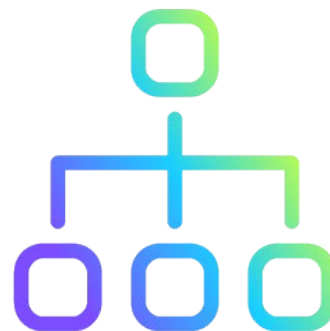
- Not included in \$9.4 billion capital investment plan from 2021 through 2025
- Aim to bring qualifying projects into construction in 2023 and beyond

Three Strategic Pillars remain a key foundation

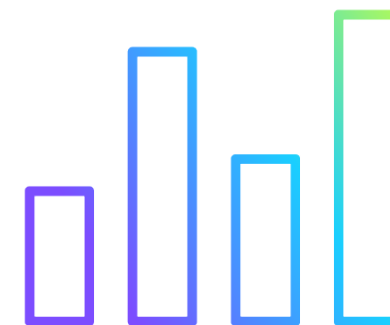
Concluding Remarks



Continue to successfully execute on largest construction program in Company's history



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 September 30	
	2021	2020
Net earnings (loss) attributable to shareholders	\$ (27.9)	\$ 55.9
Add (deduct):		
Net earnings attributable to the non-controlling interest, exclusive of HLBV ¹	4.5	3.4
Income tax expense (recovery)	(19.4)	(19.7)
Interest expense	51.7	45.6
Other net losses ³	0.9	16.9
Pension and post-employment non-service costs	3.9	2.4
Change in value of investments carried at fair value ²	139.1	23.4
Loss (gain) on derivative financial instruments	1.8	(0.3)
Realized loss on energy derivative contracts	(0.5)	(0.3)
Loss (gain) on foreign exchange	1.3	(0.9)
Depreciation and amortization	96.6	71.5
Adjusted EBITDA	\$ 252.0	\$ 197.9

¹ 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. HLBV earned in the three months ended September 30, 2021 amounted to \$16.0 million as compared to \$11.8 million during the same period in 2020.

² See Note 6 in the unaudited interim consolidated financial statements.

³ See Note 16 in the unaudited interim consolidated financial statements.

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 September 30	
	2021	2020
Net earnings (loss) attributable to shareholders	\$ (27.9)	\$ 55.9
Add (deduct):		
Loss (gain) on derivative financial instruments	1.8	(0.3)
Realized loss on energy derivative contracts	(0.5)	(0.3)
Other net losses ²	0.9	16.9
Loss (gain) on foreign exchange	1.3	(0.9)
Change in value of investments carried at fair value ¹	139.1	23.4
Adjustment for taxes related to above	(17.1)	(6.6)
Adjusted Net Earnings	\$ 97.6	\$ 88.1
Adjusted Net Earnings per share	\$ 0.15	\$ 0.15

¹ See Note 6 in the unaudited interim consolidated financial statements.

² See Note 16 in the unaudited interim consolidated financial statements.

Non-GAAP Financial Measures

Reconciliation of Adjusted Funds from Operations to Cash Flows from 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 from operating activities in accordance with U.S. GAAP.

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

(all dollar amounts in \$ millions)	Three Months Ended September 30	
	2021	2020
Cash flows from operating activities	\$ 174.7	\$ 121.4
Add (deduct):		
Changes in non-cash operating items	(6.2)	23.7
Acquisition-related costs	1.7	2.9
Adjusted Funds from Operations	\$ 170.2	\$ 148.0



Corporate Information

Head Office	Greater Toronto Area, Ontario
Toronto Stock Exchange	AQN, AQN.PR.A, AQN.PR.D
New York Stock Exchange	AQN, AQNA, AQNB, AQNU
Shares Outstanding*	627,795,347
Share Price*	\$14.43
Market Capitalization*	\$9.1 B
Dividend**	\$0.6824 per share annually

* Shares outstanding, closing price (NYSE), and market capitalization as of October 31, 2021.
** Annualized using Q4 2021 dividend rate.

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Contact Information

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