ALGONQUIN
Power & Utilities Corp.



Investor Presentation

January 2018

FORWARD-LOOKING STATEMENTS DISCLAIMER

Certain written and oral statements contained in this presentation and discussion are forward-looking within the meaning of certain securities laws and reflect the views of Algonquin Power & Utilities Corp. (the “Company”) with respect to future events, based upon assumptions relating to, among others, the performance of the Company's assets and the business, financial and regulatory climates in which it operates. These forward looking statements include, among others, statements with respect to the expected performance of the Company, its future plans and its dividends to shareholders.

Since forward-looking statements relate to future events and conditions, by their very nature they require us to make assumptions and involve inherent risks and uncertainties. We caution that although we believe our assumptions are reasonable in the circumstances, these risks and uncertainties give rise to the possibility that our actual results may differ materially from the expectations set out in the forward-looking statements. Material risk factors include those presented in the Company’s annual financial results, the annual information form and most recent quarterly commentary. Given these risks, undue reliance should not be placed on forward-looking statements, which apply only as of their dates. Except as required by law, the Company does not intend to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

NON-GAAP FINANCIAL MEASURES DISCLAIMER

The terms “adjusted net earnings”, “adjusted earnings before interest, taxes, depreciation and amortization” (“Adjusted EBITDA”), “adjusted funds from operations”, “per share cash provided by adjusted funds from operations”, “per share cash provided by operating activities”, "net energy sales", and "net utility sales", (together the “Financial Measures”) may be used in this presentation. The Financial Measures are not recognized measures under GAAP. There is no standardized measure of the Financial Measures, consequently APUC’s method of calculating these measures may differ from methods used by other companies and therefore may not be comparable to similar measures presented by other companies. A calculation and analysis of the Financial Measures can be found in APUC’s most recent Management Commentary. Per share cash provided by operating activities is not a substitute measure of performance for earnings per share. Amounts represented by per share cash provided by operating activities do not represent amounts available for distribution to shareholders and should be considered in light of various charges and claims against APUC.

Overview – Algonquin Power & Utilities Corp.

Liberty Power

Liberty Utilities

Clean Electric Power

Renewable power – high quality assets support earnings growth

Canada and U.S. Platform

- Diversified by modality
  - Wind, solar, hydro
- 25% of 2017e EBITDA
- 30% Canada / 70% U.S.
- C$3.1 B in net power assets
  - Net generation capacity of 1.5 GW
  - Average contract life of 16 years

International Development Platform

- AAGES Joint Venture[1]
- Atlantica Investment[1]

Regulated Electric, Gas and Water Utility

North American generation, transmission and distribution utility – predictable earnings growth

- Since 2001
- Diversified state regulation
- 75% of 2017e EBITDA
- 100% U.S.-based
- US$7.1 B in utility assets

Distribution

- Electricity, natural gas and water
- 758,000 customers

Generation

- Net generation capacity over 1.4 GW
- Focus on growing percentage of renewable energy in fleet

Transmission

- Electricity - 1,200 miles
- Natural Gas - 100 miles

Multiple opportunities for growth within APUC's five year, $7.7 B capital program

1. Transactions related to the Atlantica Yield acquisition and AAGES JV are expected to close in Q1, 2018.

Our Strategic Objective and Financial Expectations

Strategic Objective

To be a top quartile integrated utility as measured by:

Safety ♦ Customer Experience ♦ Employee Engagement ♦ Financial Performance

Commitment to Renewable Energy ♦ Best Practices in ESG & Sustainability

Financial Goals

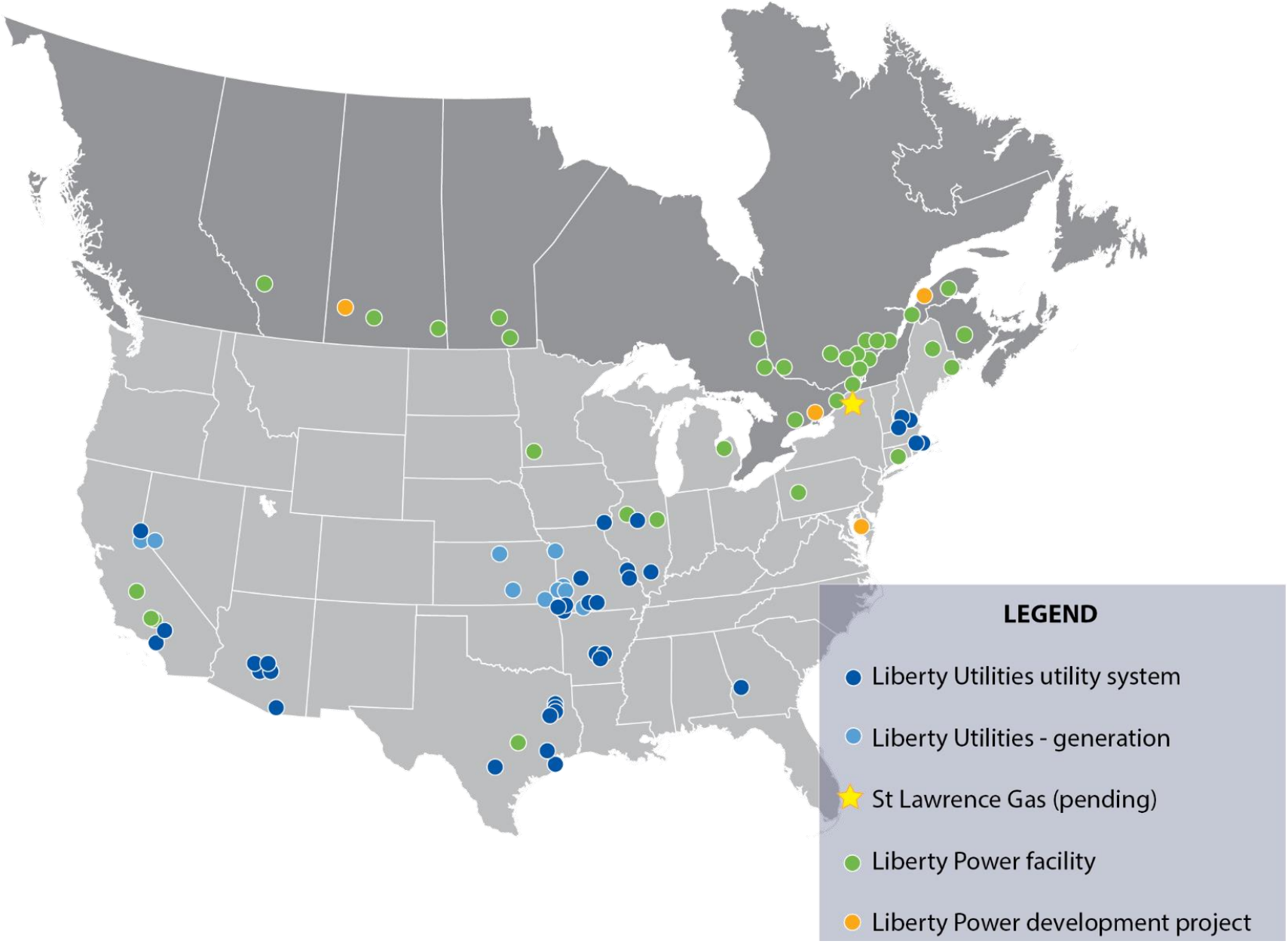
Adj. EBITDA growth	Adj. EPS growth	Dividend growth
>15% CAGR	>10% CAGR	10% CAGR

Avenues for Growth

Regulated Utilities	Acquisitions	Canada / United States	Diversified Modalities
Contracted Power Generation	Organic Growth	International Markets	Local Expansion

Numerous strategies available to ensure predictable, sustainable growth over the short, medium and long-term

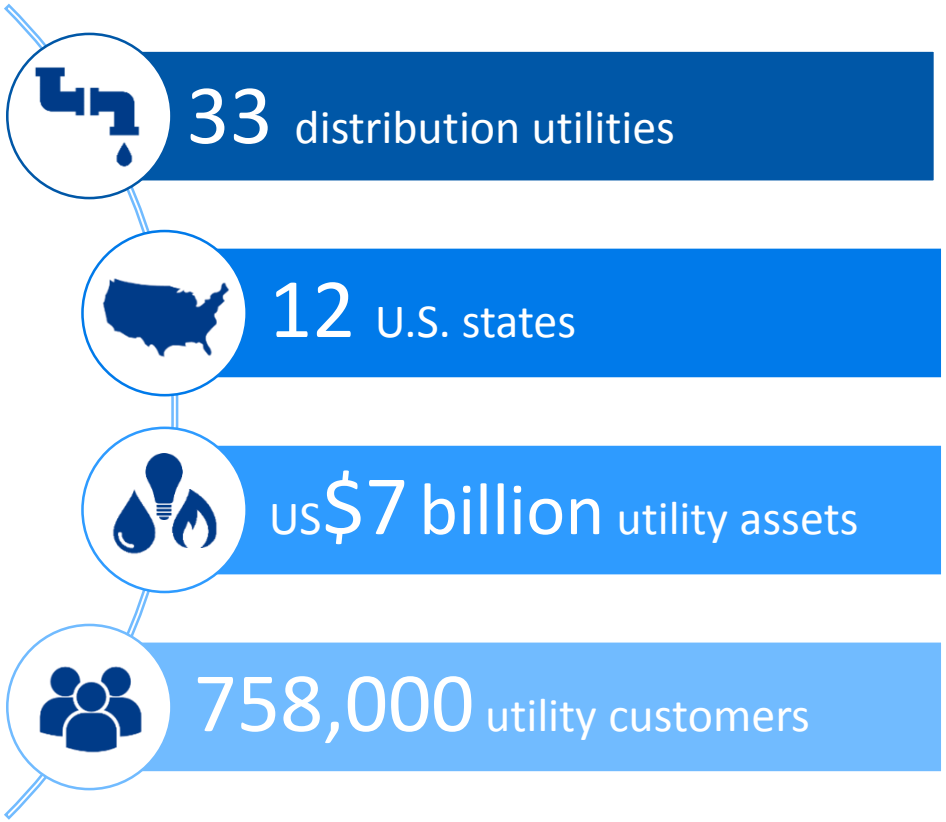
North American Focus with Geographic Diversity



Liberty Utilities Offers Predictable Earnings and Growth

REGULATED UTILITY PORTFOLIO

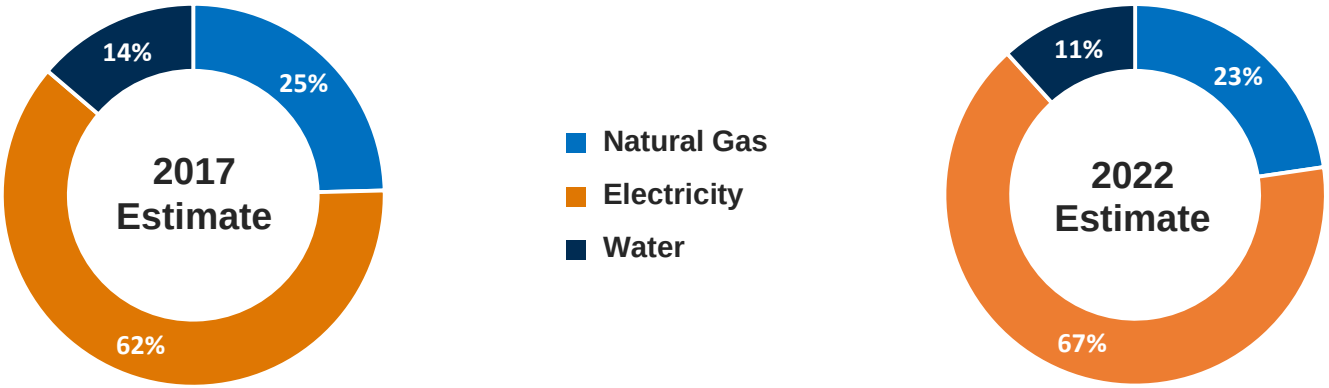
- Stable, predictable earnings and return protection across diverse customer base
  - 264,000 electric / 335,000 gas / 159,000 water
- Portfolio spans multiple franchise areas
  - Enables effective capital deployment
- Diversified regulatory jurisdictions
  - Achieved authorized ROEs
- Excellent track record of growth
  - Achieved 5-year CAGR of over 25%
  - Accretive acquisitions in supportive regulatory environments



Growth through diversified regulated utility acquisitions, organic investments and rate cases

Liberty Utilities - US$3.6 B Investment Potential Through 2022

Regulated Business Mix - EBITDA



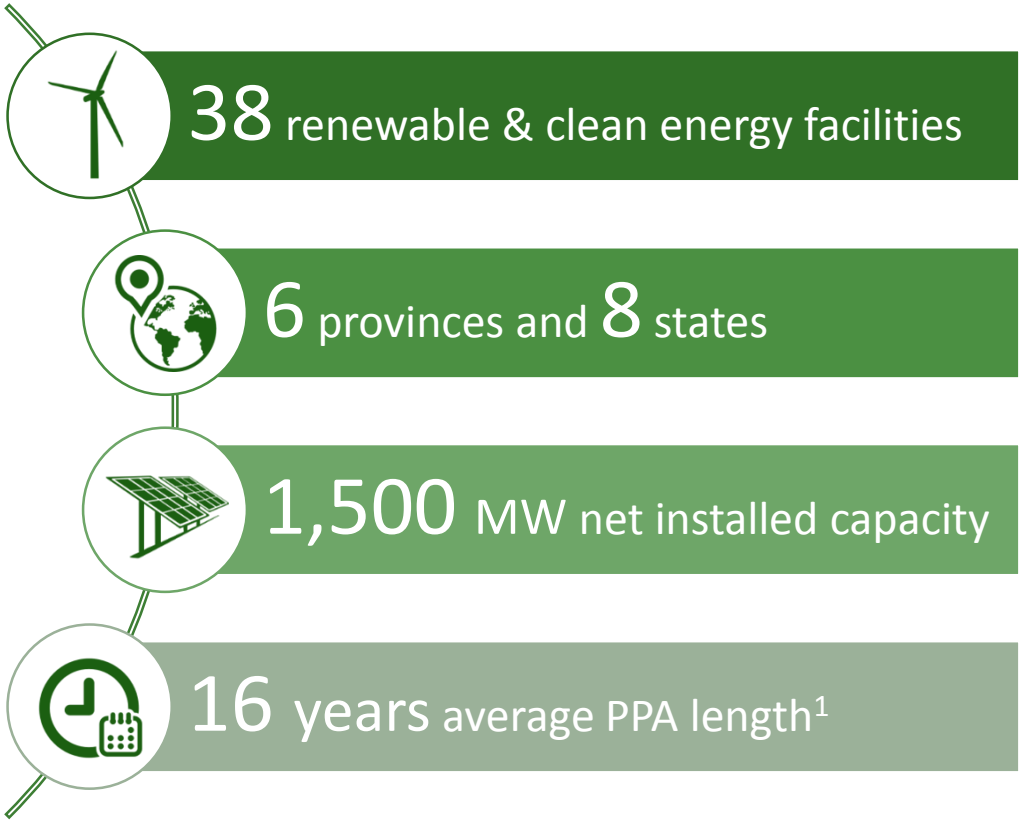
Investment Opportunities	EBITDA Impact	Acquisitions and CapEx
Organic Investments in Utility Rate Base	• US$19.1 M in pending rate requests in 2018 • New rate requests expected for all of our electric, gas, and water utilities	• Pipeline replacement, reliability improvements • Organic capex of ~US$1.5 B forecasted through 2022
"Greening the Fleet"	• Regulatory filings in progress	• ~US$1.6 B through 2022
Accretive Acquisitions		• St. Lawrence Gas - US$70 M / 16,000 customers
Infrastructure Expansion		• Granite Bridge pipeline – US$312 M investment project

"Greening the Fleet" initiative contributes to electricity growth through 2022

Liberty Power - Stable Fleet, Strong Growth Potential

RENEWABLE ENERGY PORTFOLIO

- Attractive returns and strong cash flow from renewable and clean energy generation sourced from water, wind, solar, and natural gas
- Diverse generating fleet by both modality and geography provides stable production profile
- 88% of generation under long term power purchase contracts with inflation escalators
- Targeting unlevered after-tax IRRs of greater than 8%



Renewable power generation provides attractive, growing returns

1. Production-weighted average as at Q3, 2017.

Liberty Power - C$900 M Commercially Secured

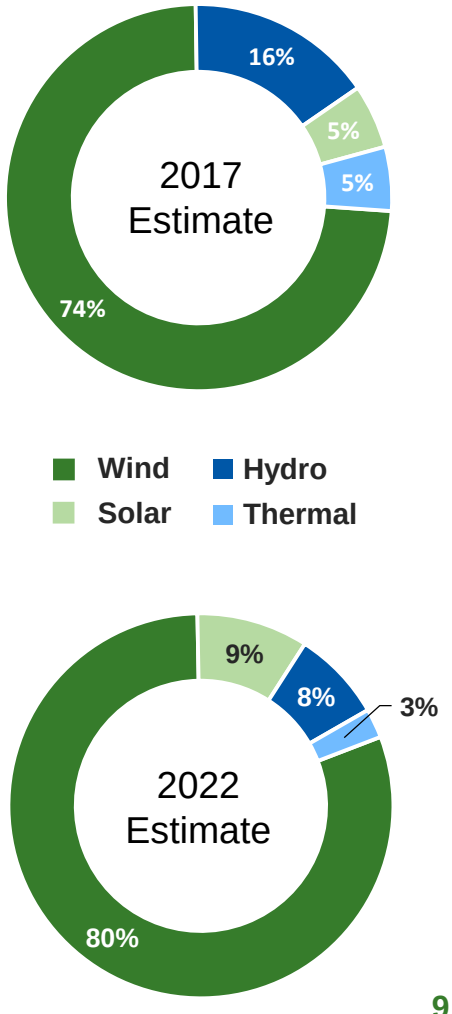
150 MW under construction - C$460 - 510 M capital cost

- **75 MW Great Bay Solar Project in Maryland**
  - 10 year PPA with U.S. Government
  - COD expected in early 2018
- **75 MW Amherst Island Wind Project in Ontario**
  - 20 year PPA with OPA
  - COD expected in 2018

211 MW under development - C$400 - 450 M capital cost

- **24 MW Val-Éo Wind Project in Quebec**
  - 20 year PPA with Hydro Quebec
  - COD expected in 2018
- **177 MW Chaplin-Blue Hill Wind Project in Saskatchewan**
  - 25 year PPA with SaskPower
  - COD expected in 2019/2020
- **10 MW Turquoise Solar Project in Nevada**
  - To be included in CalPeco rate base
  - COD expected in 2018

Liberty Power EBITDA Mix



Atlantica Yield and AAGES: A Win-Win-Win Strategic Alliance

The Atlantica Investment and AAGES Joint Venture[1] are key first steps in APUC's strategic expansion into global infrastructure development

ALGONQUIN Power & Utilities Corp.

- Measured approach for international development
- Access to Abengoa's global presence and project pipeline
- Immediate accretion of Atlantica investment

ABENGOA

- Key to Abengoa's back-to-basics strategy – EPC and O&M services
- Long-standing global expertise and presence
- Maximization of proceeds on sale of Atlantica Yield



Atlantica Yield

- Strengthens growth profile by accelerating Abengoa drop-downs
- New ROFO agreement with AAGES
- Strong new sponsor supports future growth and capital access

1. Transactions related to the Atlantica Yield acquisition and AAGES JV are expected to close in Q1, 2018.

Atlantica Yield and AAGES: Transaction Overview

Complementary initiatives represent measured first steps into key global markets

Strategic Investment in Atlantica Yield[1]

- To acquire 25% interest in Atlantica from Abengoa for a total of US$608 M
- Attractively-priced portfolio of high-quality, international operating assets
- Material dividend growth expected with clearing of sponsor uncertainty
- Near-term investment in growth opportunities – use of corporate cash
- Future with Abengoa drop down of AAGES projects through new ROFO

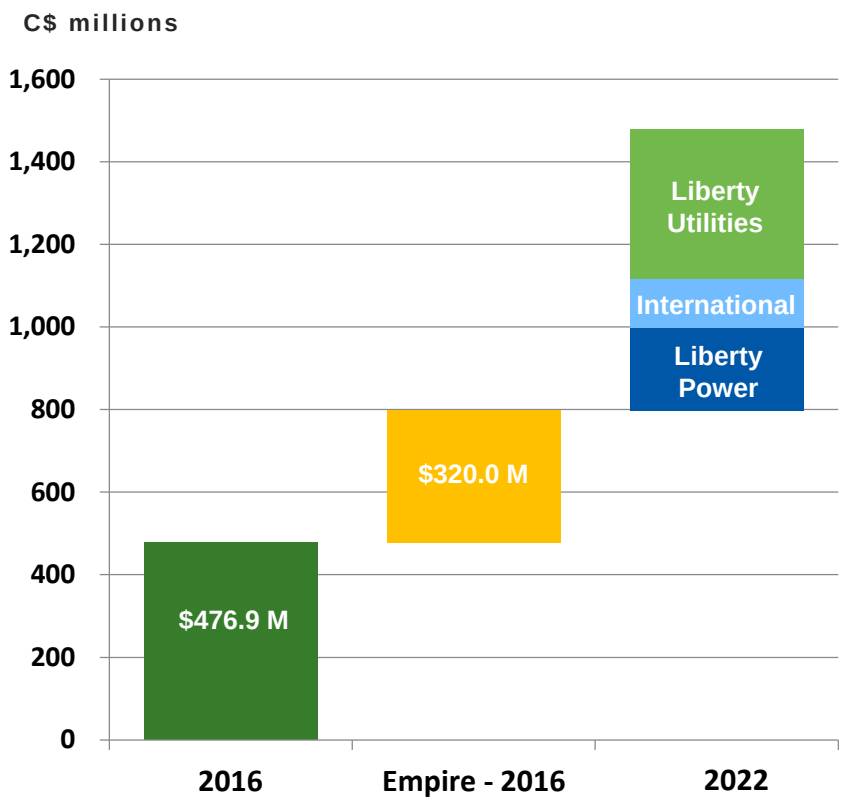
AAGES Venture[1]

- Global development platform for clean energy, transmission, and water infrastructure
- Strategic, measured approach to international development for APUC
- Access to new modalities – energy storage, desalination, and concentrating solar
- Strongly aligned with APUC's criteria for viable global investment
- Near-term construction opportunities – A3T (co-gen) and ATN3 (transmission)

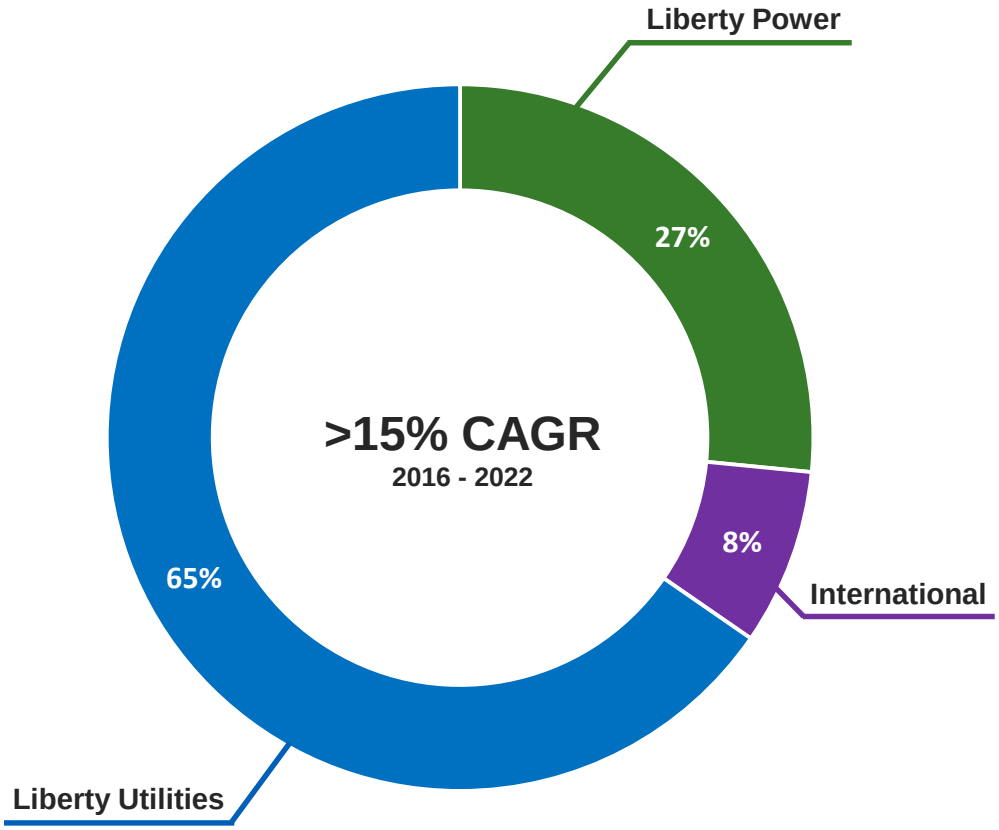
1. Transactions related to the Atlantica Yield acquisition and AAGES JV are expected to close in Q1, 2018.

Evolution of Our Results Up to 2022

EBITDA Walk[1]

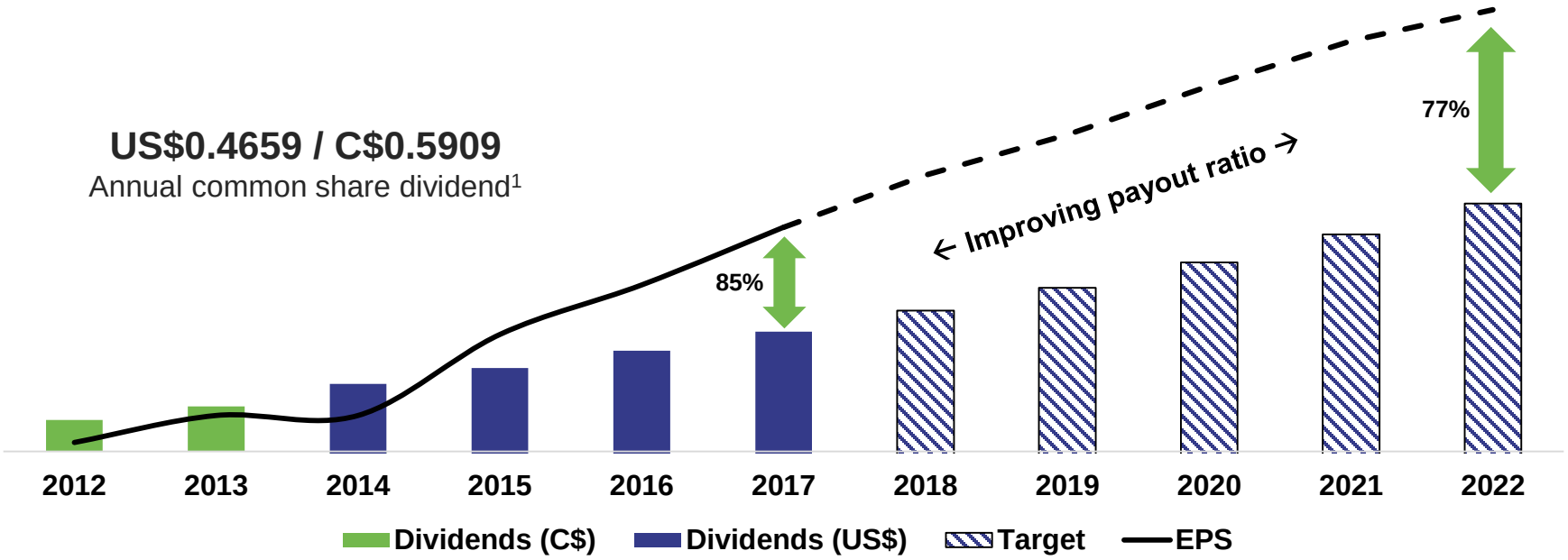


2022 Projected EBITDA Split[1]



1. Charts include the pending Atlantica Yield acquisition and AAGES JV, which are expected to close in Q1, 2018.

Long-Term Growth Supports Sustainable Dividend



Robust growth model

- Earnings per share growth of >10% supports targeted annual dividend increase
- AQN is part of the S&P/TSX Canadian Dividend Aristocrats Index
- AQN's listing on NYSE further strengthens access to US capital markets

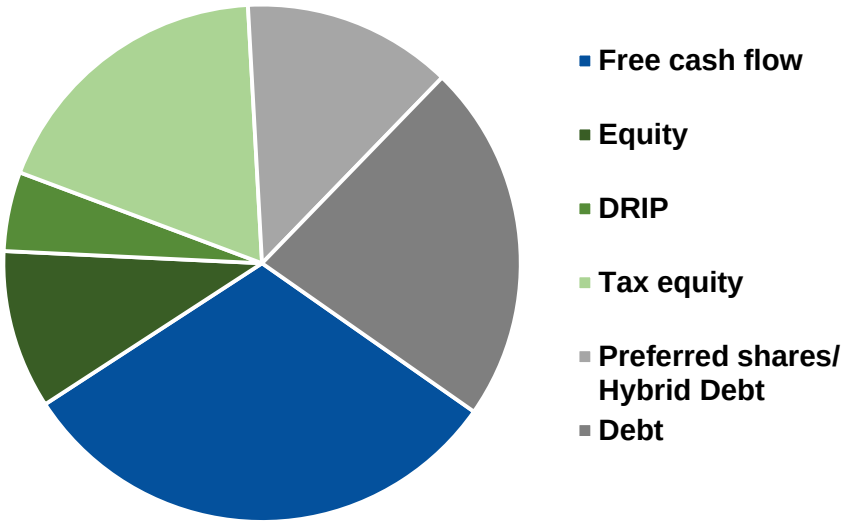
Diversified, conservative business platform

- Long term investment grade BBB fixed rate debt financing
- Large proportion of earnings from regulated utility operations
- Reduced commodity price exposure through inflation indexed long term PPAs

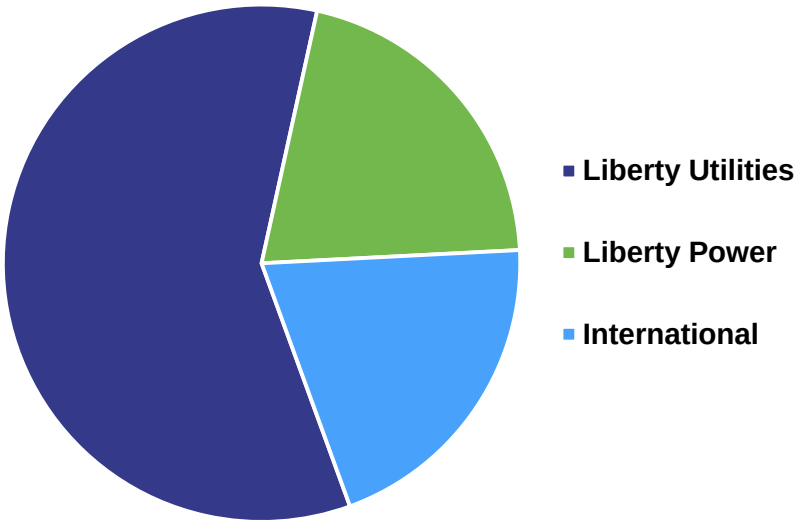
1. Dividend declared in USD. CAD equivalent based on exchange rate on the day before the declaration date of the Q4, 2017 dividend.
2. Includes the pending Atlantica Yield and AAGES transactions, which are expected to close in Q1, 2018.

Robust Capital Program

Sources of Capital[1]



Uses of Capital[1]



- C$7.7 B pipeline[1] of investment opportunities for execution within 2018 - 2022 timeframe
- High degree of financial flexibility to execute on growth plans
  - Relatively low payout ratio provides significant internally generated cash flows
  - Premium dividend reinvestment program and tax equity provide additional sources of capital

1. Charts and investment amount include the pending Atlantica Yield acquisition and AAGES JV, which are expected to close in Q1, 2018.

U.S. Tax Reform

Lower corporate tax rate generally constructive

- Liberty Power to enjoy lower tax rate, Liberty Utilities indifferent
- Cash flow impact on Liberty Utilities likely spread over a couple of years
- Lower tax rate will drive faster rate base growth in Liberty Utilities

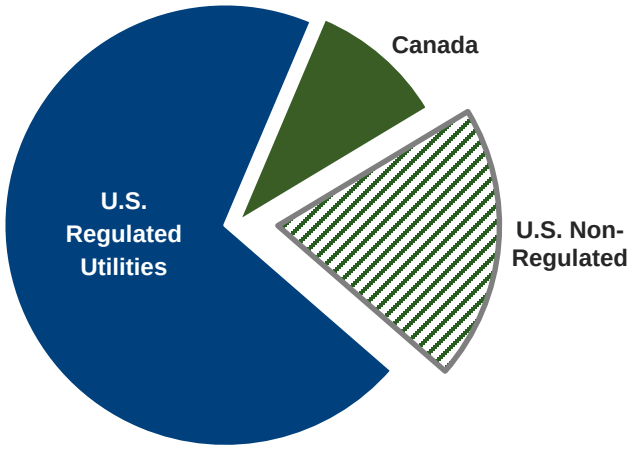
Renewable incentives remain in place

- PTC components essentially unchanged
- Empire “Greening the Fleet” is on track
  - Savings preserved despite tax reform

Tax equity market remains a source of capital

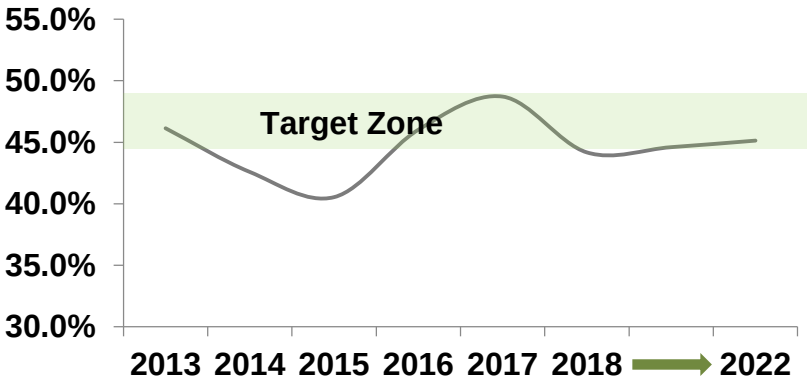
- Internal appetite for up to 50% of available tax attributes
- Demonstrated track record of securing tax equity mitigates risk of changes in the supply of tax equity

Tax Reform Directly Benefits ~20% of our Business



Investment Grade Capital Structure

Senior Debt to Total Capitalization



(in C$ millions)	Forecast - Dec. 2017[1]	
Long-term debt	3,883	48%
Preferred shares	214	3%
Equity	3,953	49%
Total capitalization	8,050	100%

Strong Access to Debt Capital Markets

Liberty Power Bond Platform

- Canadian public style bond platform
- C$785 M senior unsecured bonds issued
- January 2017 issued C$300 M, 4.1%, 10 yrs
- Investment-grade credit ratings:
  - S&P: BBB / DBRS: BBB (low)

Liberty Utilities Bond Platform

- U.S. private placement market
- US$1,275 M senior unsecured bonds issued
- March 2017 issued US$750 M, 3.6%, 15 yrs[2]
- Investment-grade credit ratings:
  - S&P: BBB / DBRS: BBB (high)

Highly committed to maintaining investment-grade capital structure

1. Pro forma $576 M bought deal offering of common shares that closed on November 10, 2017.
2. Weighted average rate and tenor, inclusive of interest rate hedges.

Risk Management

USD debt matched to USD assets to manage Foreign Exchange exposure[1]

	EBITDA	Assets	Debt
CAD	7%	7%	7%
USD	93%	93%	93%

Resource fluctuation managed through diversification

- 10-year avg. production of >98% of forecast production targets
- Statistically predictable natural resources drive electricity production
- Production targets are based on long-term average wind, hydrology, and solar resources

Other risk exposures actively managed to ensure stability of cash flows over the long term

- Minimal counterparty risk
- Minimal refinancing risk
- Minimal floating rate debt risk
- Minimal commodity risk

1. Proportions set as of September 30, 2017

Algonquin Power & Utilities Corp.: Why Invest?

Earnings & Cash Flows

- Long-term contracted cash flows and regulated utility earnings
- Significant forecast growth from commercially secured pipeline

Sustainable Growth in Dividend

- Annual dividend increases for seven consecutive years
- Targeting 10% increase annually

Robust Development Program

- Line-of-sight on ~C$7.7 B[1] of growth over next five years
- New investment potential through Atlantica/AAGES of ~$1.6 B[2]
- Maintaining business and technology mix

Enterprise-wide Focus on Risk Management

- Investment grade capital structure
- Dedicated Enterprise Risk Management and Internal Audit functions

Management Team

- Over 25 years of experience in power generation development and utility expertise
- Entrepreneurial roots

1. Growth capital as outlined at APUC 2017 Investor Day. Includes investment related at pending Atlantica Investment and AAGES Joint Venture.
2. Pending transaction close – expected in Q1, 2018.

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Appendix

Financial Performance Reflects Growth Initiatives

Delivered Solid Results to date in 2017

- Formation of AAGES JV and Atlantica investment[1]
- Empire acquisition: Successful completion and integration
  - 218,000 new water, gas, and electric utility customers
  - 1,400 MW of regulated electrical power generation
- St. Lawrence Gas acquisition in New York – 16,000 customers
- Acquisition of City of Perris Water System – 4,000 customers
- Commissioned 210 MW of net generation capacity (LP – 160 MW, LU – 50 MW)

In millions of Canadian dollars or on a per share basis unless otherwise noted (Unaudited)	Quarter ended Sept 30			Year-to-date (Q1, Q2, Q3)		
	2017	2016	Change	2017	2016	Change
Adjusted EBITDA[2]	**197.5**	91.4	**116%**	**650.0**	**338.6**	**92%**
Adjusted net earnings[2]	**64.9**	26.6	**144%**	**206.2**	**114.0**	**81%**
Per share	**0.16**	0.09	**78%**	**0.53**	**0.40**	**33%**
AFFO[2]	**127.0**	61.0	**108%**	**455.4**	**260.0**	**75%**
Revenue	**443.3**	221.3	**100%**	**1,454.5**	**785.8**	**85%**
Dividends per Share	**0.1480**	0.1377	**7%**	**0.4606**	**0.4025**	**14%**

1. Transactions related to the Atlantica Yield investment and AAGES Joint Venture are expected to close in Q1, 2018.
2. Adjusted EBITDA, Adjusted Earnings Per Share, and Adjusted Funds From Operations Per Share are Non-GAAP measures that assess the operating performance without the effects of certain accounting adjustments which are derived from a number of non-operating factors, accounting methods and assumptions.

Summary Financial Information

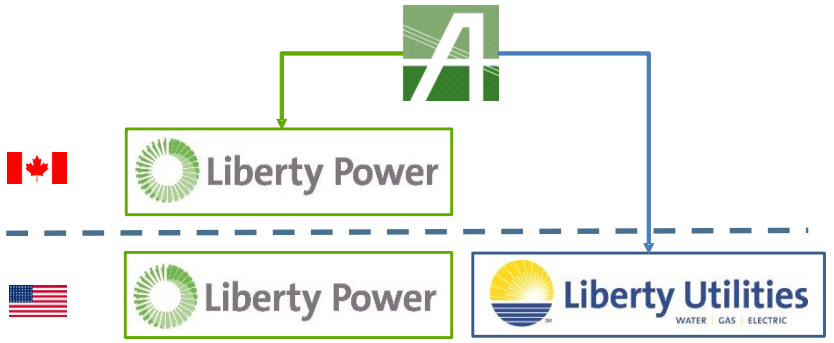
in $ millions	Annual						5-Year CAGR
	2011	2012	2013	2014	2015	2016	
Revenue	247.5	348.8	675.3	941.6	1,027.9	**1,096.0**	**35%**
Net earnings from continuing operations	22.9	13.5	62.3	77.8	118.5	**130.9**	**42%**
Per share	0.20	0.08	0.28	0.32	0.43	**0.44**	**17%**
Adjusted net earnings[1]	37.0	18.9	59.5	88.2	121.5	**161.6**	**34%**
Per share	0.32	0.11	0.26	0.37	0.46	**0.57**	**12%**
Adjusted EBITDA[1]	94.4	88.1	228.1	290.5	375.4	**476.9**	**38%**
AFFO[1]	63.6	66.8	154.9	206.5	287.4	**355.8**	**41%**
Dividend per share[2]	0.27	0.30	0.33	0.37	0.49	**0.55**	**15%**

1. Adjusted EBITDA, Adjusted Earnings Per Share, and Adjusted Funds From Operations Per Share are Non-GAAP measures that assess the operating performance without the effects of certain accounting adjustments which are derived from a number of non-operating factors, accounting methods and assumptions.
2. APUC has paid a U.S. dollar denominated dividend since 2014. Amounts shown are based on the Bank of Canada exchange rate on the dividend record/declaration date. On January 16, 2017, AQN declared 10% dividend increase to US$0.4659 per common share annually, paid quarterly at a rate of US$0.1165.

Favourable Tax Positioning

Efficient corporate tax structure

- Maximum flexibility for cross border tax planning
- Maximum flexibility between regulated and non-regulated businesses



C$4.0 B of tax attributes available

- APUC expects to begin paying cash taxes in 2021

Algonquin Power & Utilities Corp. (C$ millions)		
Non-capital losses		**$270**
	Liberty Power	**Liberty Utilities**
Non-capital losses	$563	$277
PP&E tax shelter	$373	$2,611
	$936	**$2,824**

Greening the Fleet Strategy - US$1.6 B investment potential

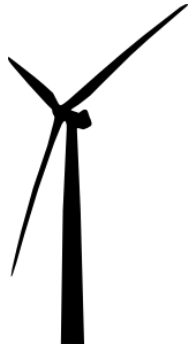
Fleet greening, microgrid offer capital investment opportunities

- **Dramatic decline in cost of renewables spurring growth**
  - Favorable economics for renewable power create optimal conditions for renewal of generating fleet while maintaining customer rates
- **Leverage APUC skillset**
  - Experienced renewable energy development team supports “fleet greening” efforts within Empire
- **Strategy driven by customer demand and economics**
  - California – Utility-scale solar (Luning and Turquoise)
  - Midwest – Community solar, 800 MW of wind
  - Investment opportunity of US$1.6 B



Coal (variable cost):
US$28 – 35 per MWh

Wind (all-in cost[1]):
US$18 – 28 per MWh



Favorable all-in cost of renewables against variable cost of coal accelerating the shift away from coal

1. Located in Midwest U.S., safe harbor for 100% PTCs.

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CORPORATE INFORMATION

Head Office	Oakville, ON
Common Share Symbol	TSX and NYSE: AQN
Preferred Share Symbols	AQN.PR.A, AQN.PR.D
Shares Outstanding*	431,765,935
Dividend	US$0.4659 per share annually
Price*	$13.75
Market Capitalization*	$5.9 Billion

* Shares outstanding as of December 31, 2017, share price as of January 19, 2018.



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