ALGONQUIN
Power & Utilities Corp.

Second Quarter 2018 Earnings Conference Call

Friday, August 10, 2018















FORWARD-LOOKING STATEMENTS DISCLAIMER

Certain written and oral statements contained or made in this presentation and discussion are forward-looking within the meaning of applicable securities laws and reflect the views of Algonquin Power & Utilities Corp. (“APUC” or 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 development projects, the effects of U.S. tax reform, 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 most recent Management Discussion & Analysis and annual information form. 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.

All dollar amounts presented in U.S. dollars (“USD”), unless otherwise noted.

NON-GAAP FINANCIAL MEASURES DISCLAIMER

The terms “adjusted net earnings”, “earnings before interest, taxes, depreciation and amortization” (“EBITDA”), “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 Discussion & Analysis. 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.

CHANGE TO U.S. DOLLAR REPORTING

Effective January 1, 2018, APUC changed its presentation currency from Canadian dollars to U.S. dollars. Over 90% of APUC's consolidated revenue, Adjusted EBITDA, and assets are derived from operations in the United States. In addition, APUC's dividend is denominated in U.S. dollars and the Company's common shares are listed on the New York Stock Exchange. The Company believes that the change in reporting currency to U.S. dollars will provide more relevant information to the users of the Company’s financial statements, as over 90% of the Company’s consolidated revenues and assets are derived from operations in the United States.

Speakers and Agenda



Ian Robertson
Chief Executive Officer



Chris Jarratt
Vice Chair



David Bronicheski
Chief Financial Officer

➢ **Introductory Remarks**	**Chris Jarratt**
➢ **Q2 2018 Strategic Achievements**	**Ian Robertson**
➢ **Q2 2018 Financial Highlights**	**David Bronicheski**
➢ **Growth Update**	**Ian Robertson**

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Q2 2018 Financial & Strategic Achievements















Q2 2018 Highlights



- ✓ Adjusted EBITDA[1] - 9% Increase vs. Q2 2017
- ✓ Adjusted EPS[1] - 22% Increase vs. Q2 2017
- ✓ AFFO - 26% Y-O-Y Increase vs. Q2 2017



- ✓ Regulatory order supportive of "Greening the Fleet" initiative
- ✓ Achieved COD at the Amherst Island Wind facility
- ✓ Construction commenced on 10 MW CalPeco solar facility



- ✓ Deeper commitment to international energy and water
- ✓ Commitment to renewable natural gas and infrastructure
- ✓ 300 MW of incremental 'safe harbour' supported wind capacity

1. *Please see Disclaimer on Non-GAAP Financial Measures on page 2 of this presentation.*

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Q2 2018 Financial Performance















Financial Performance

All figures are in USD millions except per share data	Second Quarter ended June 30, 2018		
	2018	2017	Change
Adjusted EBITDA[1]	160.3	147.1	9%
Adjusted net earnings[1]	50.9	39.5	29%
Per share	0.11	0.09	22%
Adjusted funds from operations[1]	113.9	90.1	26%
Revenue	366.2	337.1	9%
Cash Flows from Operating Activities	133.3	54.8	143%
Dividend per share	0.1282	0.1165	10%

Strong seasonal utility demand offsets weaker renewables production

- **High cooling degree days within electric utility in Q2**
- **Contributions from new power facilities offset below average wind and hydro resources**

1. Please see Disclaimer on Non-GAAP Financial Measures on page 2 of this presentation.

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Growth Update















Continued Progress on Development Activities

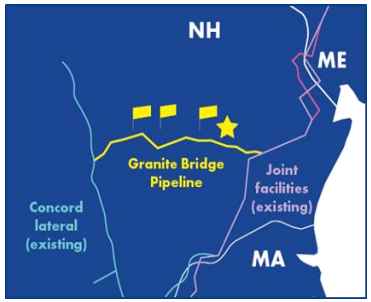
Progress on "Greening the Fleet"

- Received order from Missouri Public Service Commission supporting our 600 MW wind opportunity
- Potential customer savings of ~U.S.$300 M over investment horizon



Granite Bridge Approvals

- Preliminary acceptance from New Hampshire Dept. of Transport
- U.S.$320 – 360 M opportunity
- Substantial customer savings driven by congestion relief



Advancing International Initiatives

- AAGES - assessing pipeline opportunities, pursuing project bids
- Near-term focus on ATN3 (transmission)
- Pursuit of additional international project opportunities



All dollar amounts presented in USD, unless otherwise noted.

Focus on Delivering Growth Through 2022

Organic Growth in Utility

- Advance "Greening the Fleet", Granite Bridge projects
- Opportunities to enhance reliability and deliver further system improvements throughout our utilities



Power Development Pipeline

- Canada – More than 200 MW of contracted wind projects
- US – More than 425 MW of wind projects identified to capitalize on U.S. production tax credits



International Development

- Active assessment of specific international infrastructure initiatives
- Acquisition of incremental ~16.5% Atlantica equity interest expected to close in 2H 2018



Deliver Shareholder Returns

- Focused on delivering:
  - 8% - 12% annualized EPS growth over mid-term
  - Earnings and cash flow growth to support industry leading dividend growth



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Appendix Slides – Reconciliation of Non-GAAP Measures















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 APUC. Investors are cautioned that this measure should not be construed as an alternative to U.S. GAAP consolidated net earnings.

(all dollar amounts in U.S. $ millions, except per share data)	Three Months Ended June 30		Six Months Ended June 30	
	2018	**2017**	**2018**	**2017**
Net earnings attributable to shareholders	**$65.50**	$35.30	**$83.10**	$54.60
Add (deduct):				
Net earnings attributable to non-controlling interest, exclusive of HLBV	**0.4**	0.5	**1.1**	1.3
Income tax expense	**6.8**	17.6	**39.9**	32
Interest expense on Conv. Debs & acquisition financing costs	**—**	—	**—**	13.4
Interest expense on long-term debt and others	**38.4**	37.2	**73.9**	72.7
Other gains	**-0.4**	-3.7	**-1.6**	-3.7
Acquisition-related costs	**1**	0.1	**8.6**	45.9
Change in value of investment in Atlantica carried at fair value	**-15**	—	**102**	—
Costs related to tax equity financing	**—**	0.4	**—**	0.4
Loss on derivative financial instruments	**0.1**	—	**0.2**	1.2
Realized gain (loss) on energy derivative contracts	**—**	—	**—**	-0.6
Gain on foreign exchange	**-1.3**	-3	**-1.1**	-3
Depreciation and amortization	**64.8**	62.7	**133.4**	125.2
Adjusted EBITDA	**$160.30**	$147.10	**$439.50**	$339.40

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 APUC. Investors are cautioned that this measure should not be construed as an alternative to U.S. GAAP consolidated net earnings

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

(all dollar amounts in U.S. $ millions, except per share data)	Three Months Ended June 30		Six Months Ended June 30	
	2018	**2017**	**2018**	**2017**
Net earnings attributable to shareholders	**$65.50**	$35.30	**$83.10**	$54.60
Add (deduct):				
Loss on derivative financial instruments	**0.1**	—	**0.2**	1.2
Realized gain on derivative financial instruments	**—**	—	**—**	-0.6
Other gains	**-0.2**	-3.6	**(1.4)**	-3.6
Gain on foreign exchange	**-1.3**	-3	**-1.1**	-3
Interest expense on Conv. Debs & acquisition financing costs	**—**	—	**—**	13.4
Acquisition-related costs	**1**	0.1	**8.6**	45.9
Change in value of investment in Atlantica carried at fair value	**-15**	—	**102**	—
Costs related to tax equity financing	**—**	0.4	**—**	0.4
Adjustment for taxes related to above	**0.8**	10.3	**0.5**	-2.3
Adjusted Net Earnings	**$50.90**	$39.50	**$191.90**	$106.00
Adjusted Net Earnings per share[1]	**$0.11**	$0.09	**$0.42**	$0.28

1 Per share amount calculated after preferred share dividends.

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 APUC. Investors are cautioned that this measure should not be construed as an alternative to funds from operations in accordance with U.S. GAAP.

The following table shows the reconciliation of funds from operations to Adjusted Funds from Operations exclusive of these items:

(all dollar amounts in U.S. $ millions)	Three Months Ended June 30		Six Months Ended June 30	
	2018	**2017**	**2018**	**2017**
Cash flows from operating activities	**$133.30**	$54.80	**$230.30**	$110.30
Add (deduct):				
Changes in non-cash operating items	**-23**	34.1	**40**	75.5
Production based cash contributions from non-controlling interests	**2.6**	1.1	**13.9**	7.9
Interest expense on Conv. Debs & acquisition financing costs[1]	**—**	—	**—**	7.2
Acquisition-related costs	**1**	0.1	**8.6**	45.9
Reimbursement of operating expenses incurred on joint venture	**—**	—	**1**	—
Adjusted Funds from Operations	**$113.90**	$90.10	**$293.80**	$246.80

[1] Exclusive of deferred financing fees of $6.2 million in 2017.

Corporate Information

Head Office	Oakville, ON
Common Share Symbol	TSX/NYSE: AQN
Preferred Share Symbols	AQN.PR.A, AQN.PR.D
Shares Outstanding*	473,846,564
Dividend	U.S.$0.5128 per share annually
Price*	US$10.07
Market Capitalization	US$4.8 Billion

*Shares o/s as of July 31, 2018 and price as of August 8, 2018.

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