

ALGONQUIN
Power & Utilities Corp.

APUC Investor Presentation

TD Securities London Energy Conference
January 2019

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.

NON-GAAP FINANCIAL MEASURES DISCLAIMER

The terms "adjusted net earnings", "earnings before interest, taxes, depreciation and amortization" ("EBITDA"), "adjusted EBITDA", and "adjusted funds from operations", (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. For a reconciliation of the Financial Measures to their corresponding GAAP measures, please see the Appendix - Reconciliation of non-GAAP Financial Measures at the end of this presentation or APUC's most recent management discussion & analysis.

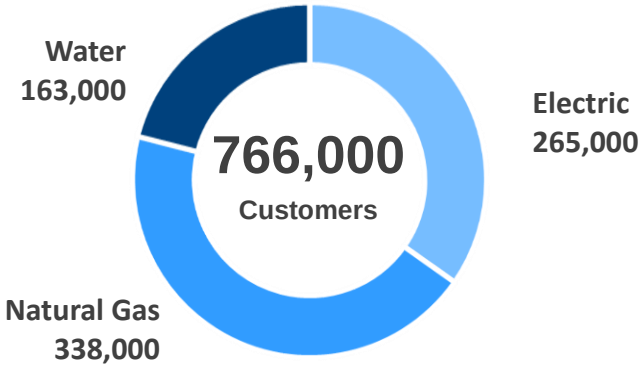
U.S. DOLLAR REPORTING

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.

Overview – Algonquin Power & Utilities Corp.

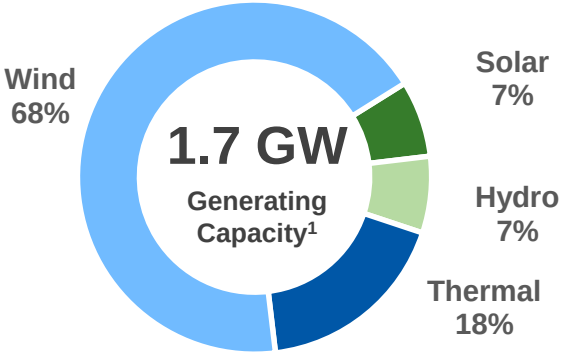
Liberty Utilities

- Regulated water, natural gas and electric utility services
- Emphasis on local approach to our key stakeholders:
  - *Customers*
  - *Employees*
  - *Communities*
  - *Regulators*



Liberty Power

- Renewable and clean power development and operations
- Diverse, stable portfolio with long-term contracts
- Investment in sustainable sources of renewable energy
- Additional growth in International markets through Atlantica and AAGES



Multiple avenues for growth within 5-year, U.S.$7.5 B capital program

1. *Capacity values as of Sept. 30, 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 Sustainability

Financial Goals

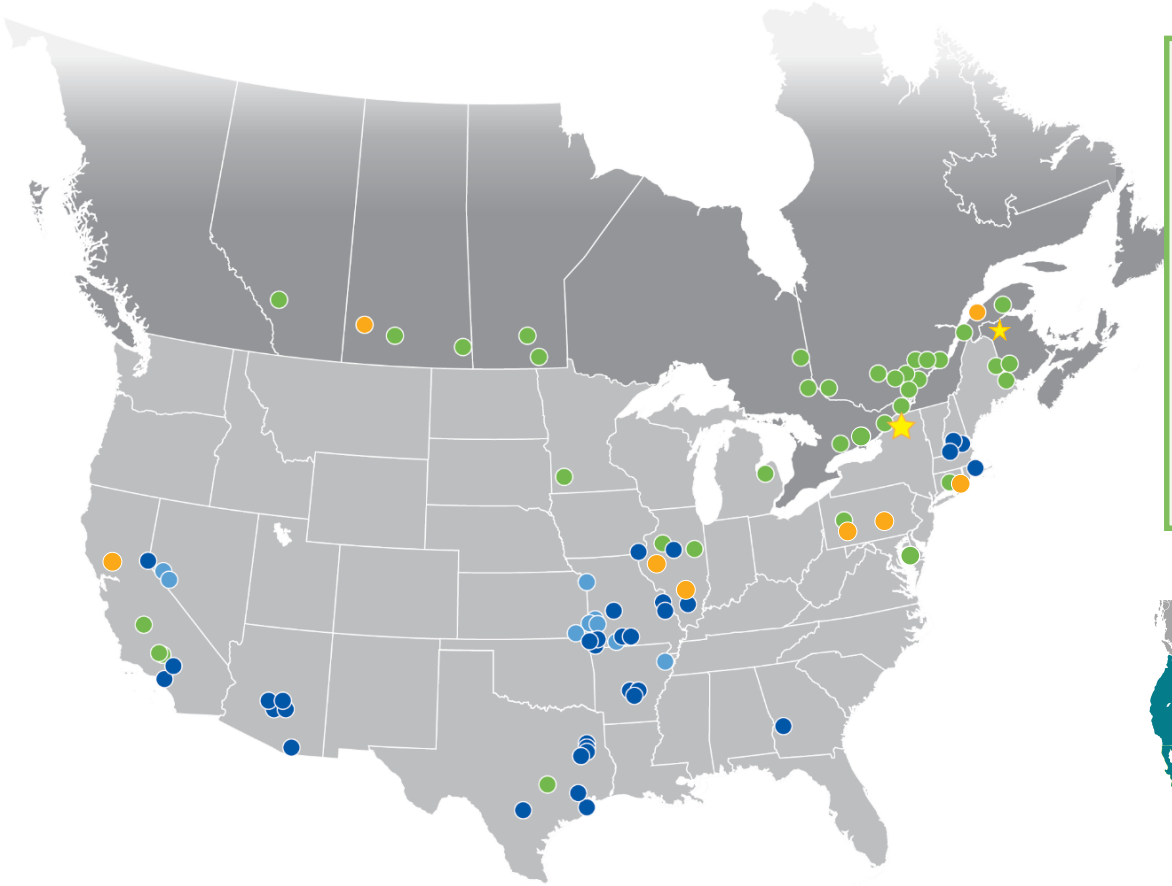
Adj. EPS growth	Dividend growth	Credit Rating
>10% CAGR	Industry Leading Dividend Growth	BBB

Avenues for Growth

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

Multi-strategy approach to delivering predictable, sustainable growth over the short, medium and long-term

North American Emphasis, with Global Reach



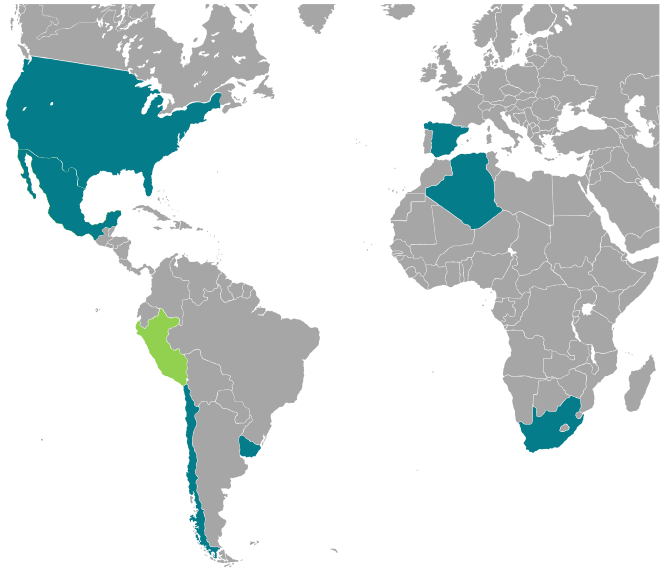
Liberty Power • Independent Power

U.S. and Canada

- Operating Facility
- Development Project

International - Infrastructure

- Near-Term Project Opportunities[1]
- Operating Facilities[2]

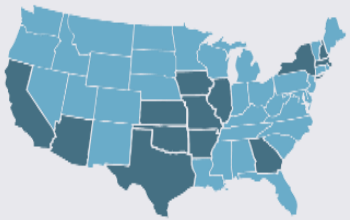


Liberty Utilities • Regulated Utility

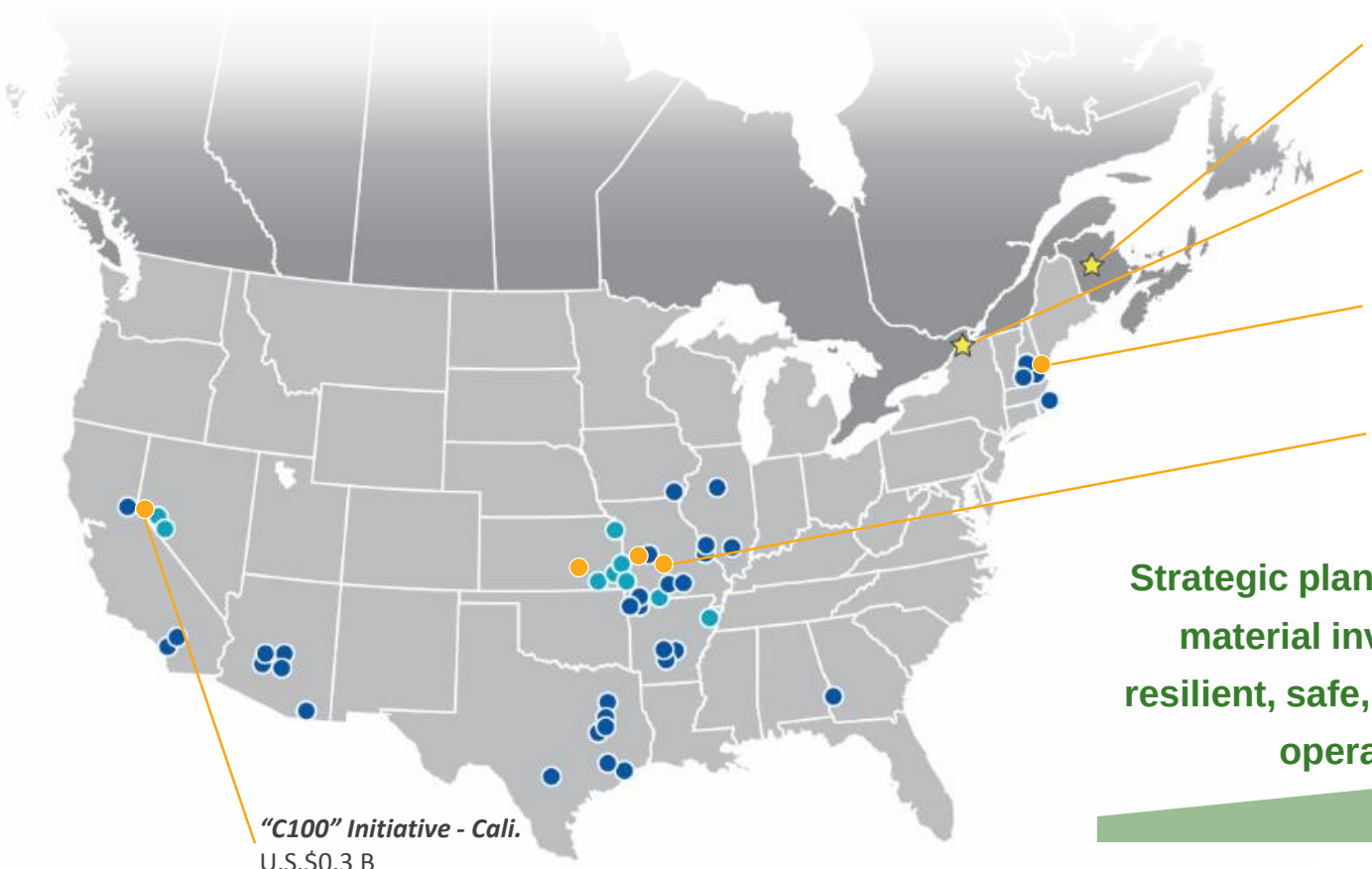
- Transmission and Distribution Utility
- Rate based Generation
- Acquisitions *(Pending approval)*

1. *Atlantica Yield also owns operating facilities in Peru.*
2. *AQN interest represented by proportional interest in Atlantica Yield.*

Liberty Utilities Offers Predictable Earnings and Growth

766,000 customers 265,000 electric / 338,000 gas / 163,000 water		▪ Stable, predictable earnings and return protection across diverse customer base ▪ Core customer care competence
2,300 + employees		▪ Skilled at managing complex projects ▪ Deep operational expertise ▪ Multiple franchise areas
40 utilities **13** U.S states, **1** CDN Province *Includes pending St. Lawrence Gas and NB Gas acquisitions.*		▪ Diversified regulatory jurisdictions ▪ Efficient capital deployment ▪ Regulatory relationship management
U.S. **$5.9** B regulated utility assets		▪ Excellent growth track record ▪ Achieved 5-year CAGR of over 25% ▪ Accretive acquisitions in supportive regulatory environments

Diverse Set of Utility Investment Opportunities



New Brunswick Gas - NB, Canada
U.S.$0.3 B
Natural Gas utility acquisition (pending)

St. Lawrence Gas - NY
U.S.$0.1 B
Natural Gas utility acquisition (pending)

Granite Bridge - NH
U.S.$0.4 B
LNG pipeline and storage

Customer Savings Plan - MO and KA
U.S.$1.1 B
Wind - 600 MW (3 projects)

"C100" Initiative - Cali.
U.S.$0.3 B
Path to 100% Renewable Energy

- Transmission and Distribution utility
- Rate-based generation

Strategic plan also includes material investment in resilient, safe, modern utility operations

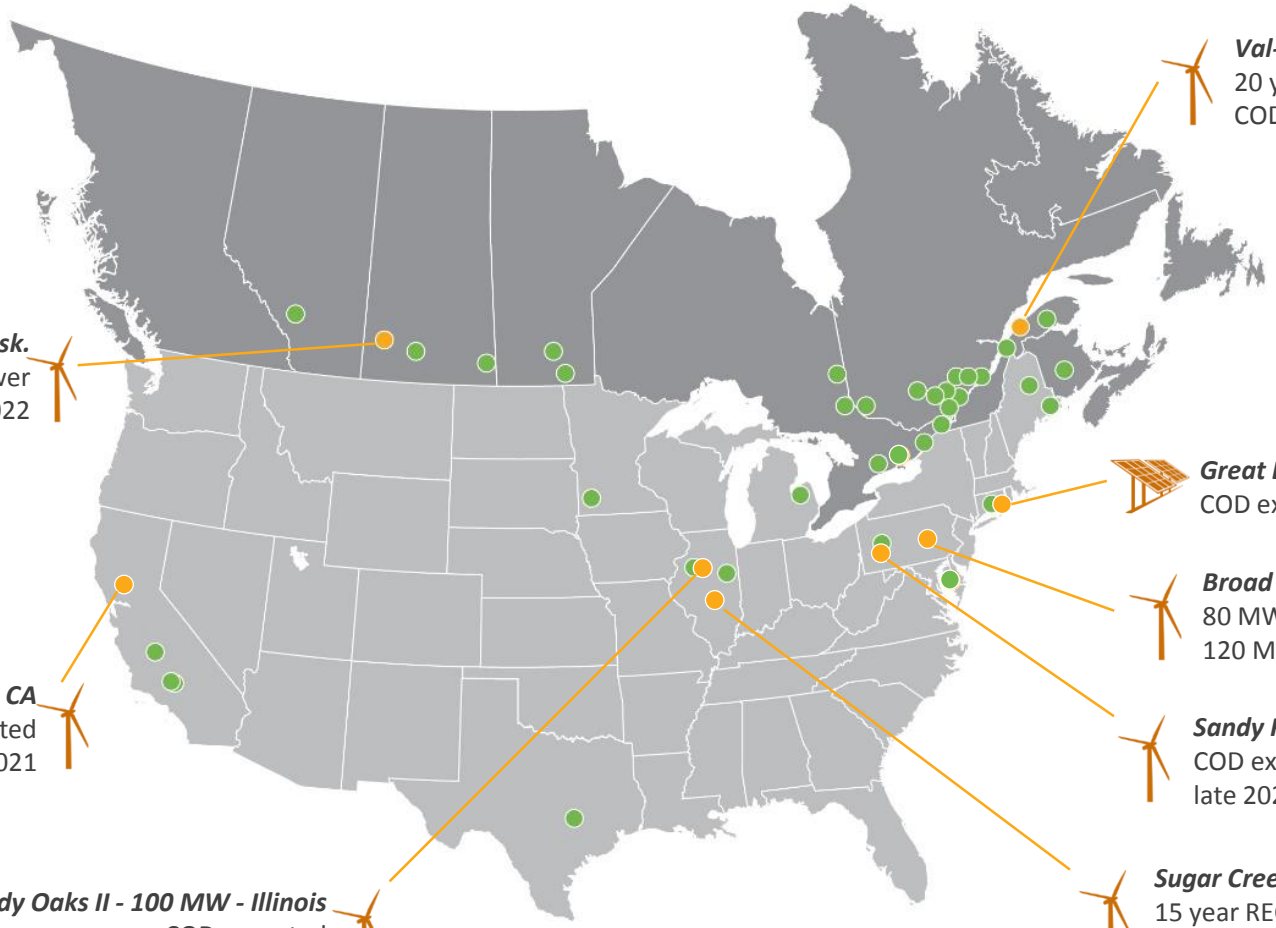
- ***Safety and Reliability*** – U.S.$2.1 B
- ***Grid Modernization*** – U.S.$0.6 B
- ***Customer Experience*** – U.S.$0.4 B

Anticipated U.S.$5.3 B of Utility investment within next five years

Liberty Power – Diversified Fleet, Strong Growth Potential

39 Renewable and Clean Energy and Water Infrastructure Facilities		Attractive returns and strong cash flow from renewable and clean energy generation sourced from water, wind, solar, and natural gas
Global footprint		Diverse generating fleet by both modality, geography and technology provides stable production profile
1.7 GW net installed capacity		86% of generation under long term power purchase contracts with inflation escalators
14 years average PPA length		Targeting unlevered after-tax IRRs of greater than 8%

Significant Pipeline of Renewable Energy Projects



Val-Éo - 24 MW - Quebec
20 year PPA w/ Hydro Quebec
COD expected in 2019

Blue Hill - 177 MW - Sask.
25 year PPA w/ Sask Power
COD expected in 2021/2022

Great Bay II - 45 MW - Maryland
COD expected in 2019

Broad Mountain - 200 MW - PA
80 MW - COD expected in 2020
120 MW - COD expected in 2022

Walker Ridge - 144 MW - CA
COD expected
late 2020/early 2021

Sandy Ridge II - 65 MW - PA
COD expected
late 2020/early 2021

Shady Oaks II - 100 MW - Illinois
COD expected
late 2020/early 2021

Sugar Creek - 202 MW - Illinois
15 year REC contract
COD expected in 2020

Anticipated U.S.$1.7 B in North American development initiatives within next five years

International Development Focus

Measured growth

- Clean energy, transmission and water infrastructure
- Continue to be opportunistic and respond to tenders and pursue greenfield development

Greenfield renewable development

- Development teams in Spain, Peru and Colombia. Lever the extensive footprint of existing assets

Water desalination and treatment infrastructure

- Water desalination, water and waste water. AAGES has hired former Abengoa water experts

U.S.$0.5 B of anticipated International growth investment

- U.S.$0.3 B Atlantica acquisitions of transmission and water infrastructure
- U.S.$0.2 B commitment for development of first AAGES project - ATN 3 by AAGES

Desalination



Waste Water



Water Treatment



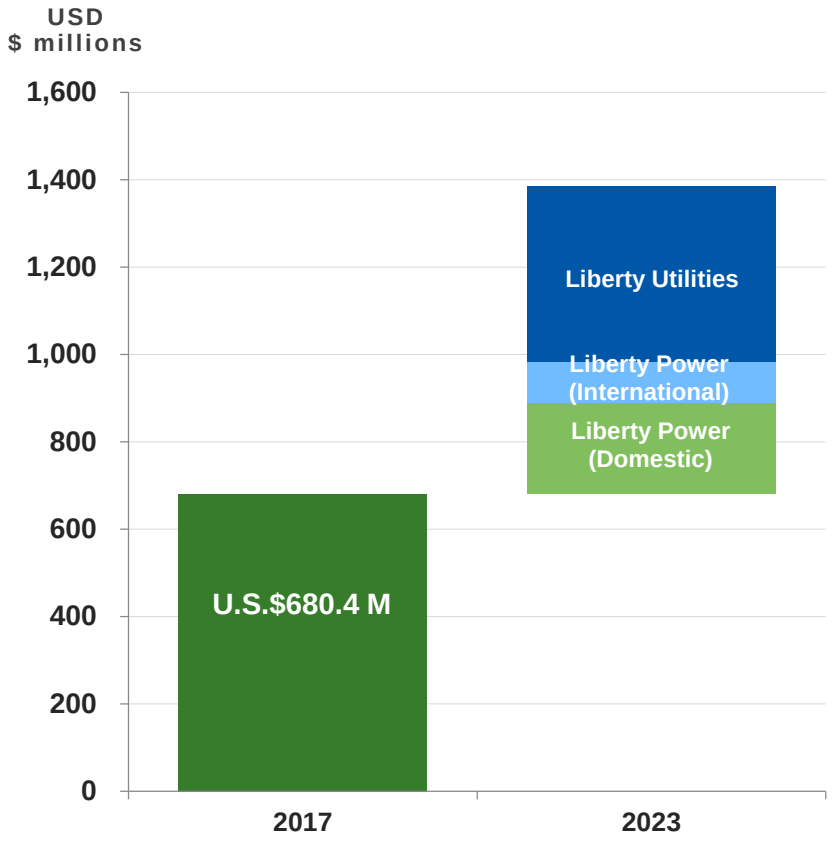
Electric Transmission



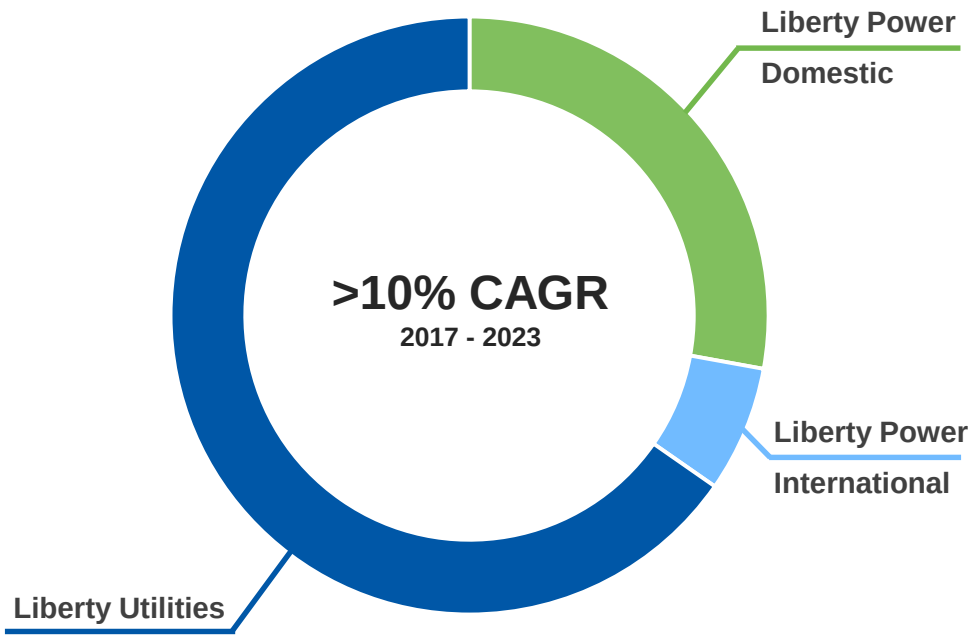
New markets increase available opportunities and growth trajectory

Long-Term Growth

Adjusted EBITDA Walk

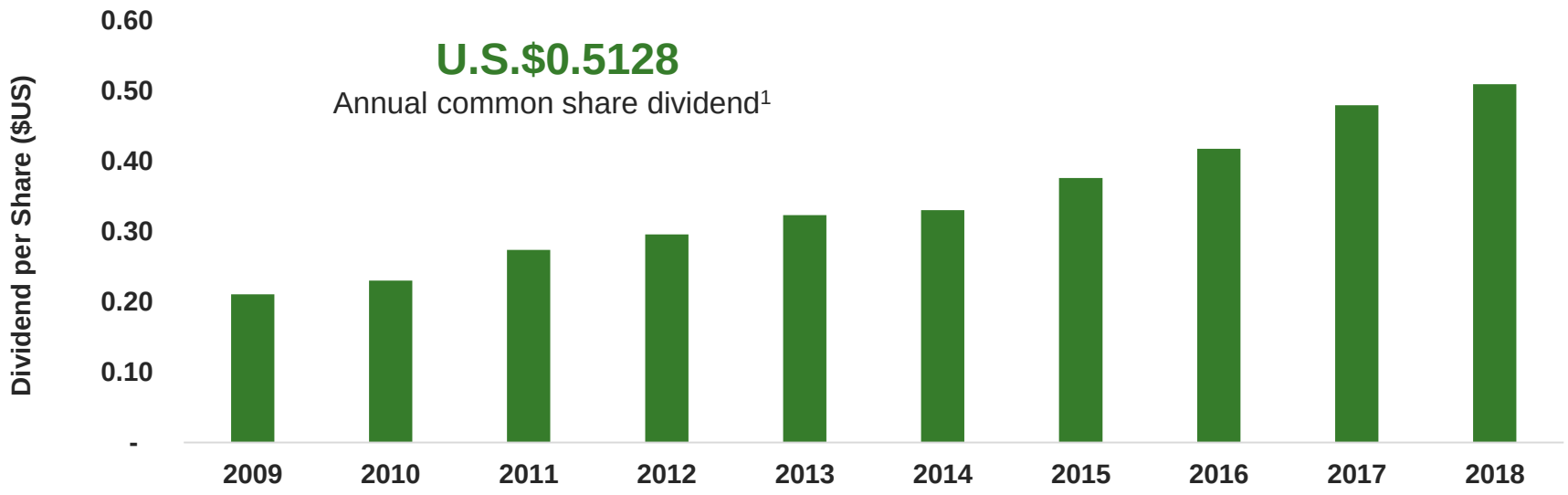


2023 Projected Adjusted EBITDA Split



Algonquin provides a strong, visible and conservative growth plan through 2023

10 Years of Common Share Dividend Growth



Robust growth model

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

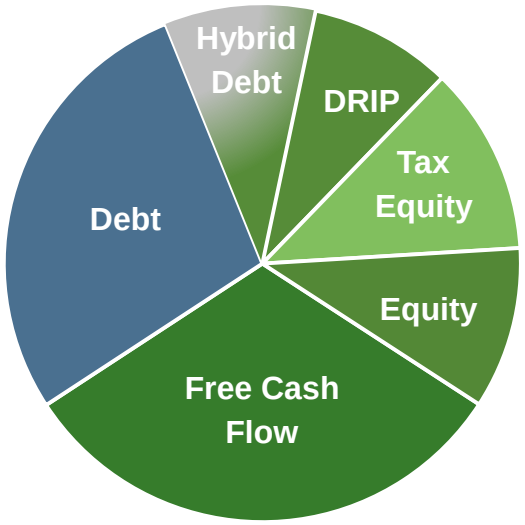
Diversified, conservative business platform

- 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

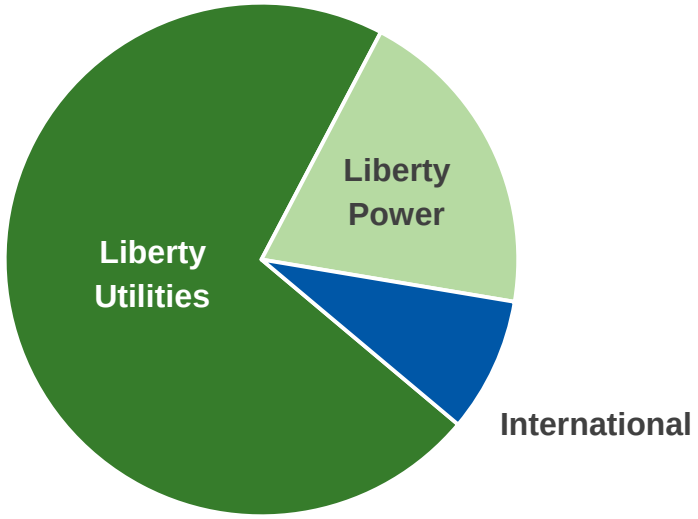
1. *Annualized using Q3 dividend rate. For further information on APUC's dividend policy, see APUC's most recent annual information form.*

Robust Capital Program

Sources of Capital



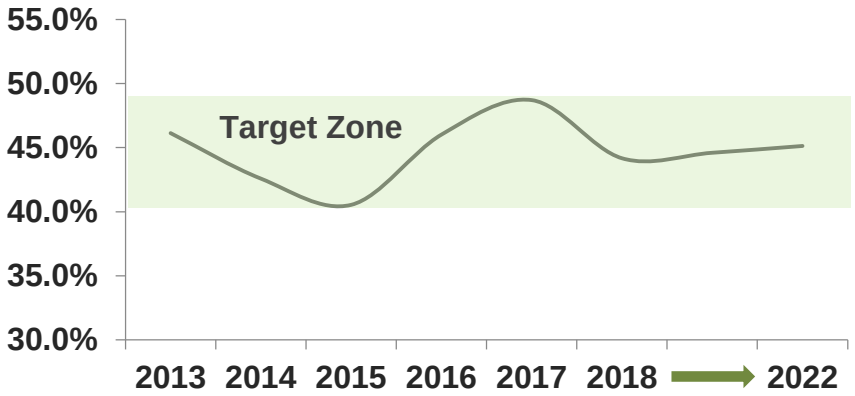
Uses of Capital



- U.S.$7.5 B pipeline of investment opportunities
- 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

Investment Grade Capital Structure

Senior Debt to Total Capitalization



(in U.S.$M)	As of Sept. 30, 2018[1]	
Long-term debt[2]	3,145	44%
Preferred shares / Sub. Notes	472	6.6%
Equity	3,539	49.4%
Total capitalization	7,156	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) / Fitch: BBB

Liberty Utilities Bond Platform

- U.S. private placement market
- U.S.$1,275 M senior unsecured bonds issued
- March 2017 issued U.S.$750 M, 3.6%, 15 yrs[3]
- Investment-grade credit ratings:
  - S&P: BBB / DBRS: BBB (high) / Fitch: BBB

Highly committed to maintaining investment-grade capital structure

1. *Pro Forma to include recent U.S. offering of $287.5 M, 6.875% Fixed-to-Floating subordinated notes due Oct. 17, 2078 and C$172.5 M equity issuance (closed Dec. 20, '18).*
2. *Includes current and long-term portion of debt per the financial statements.*
3. *Weighted average rate and tenor, inclusive of interest rate hedges.*

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
- Diverse operations result in stable earnings profile

Sustainable Dividend Growth

- Annual dividend increases for eight consecutive years
- Current annual dividend of U.S.$0.5128 [1], paid quarterly
- Industry-leading dividend growth

Robust Development Program

- Line-of-sight on U.S.$7.5 B of growth over next five years
- New pathways to international growth
- Maintaining valuable business and technology mix

Enterprise-wide Focus on Risk Management and Sustainability

- Investment grade capital structure
- Dedicated enterprise risk management and internal audit functions
- Long-term corporate commitment to Sustainability

Proven Management Team

- Thirty years of power generation development and utility expertise
- Entrepreneurial roots are core to the corporate culture
- Growing team with experienced talent

1. *Annualized using Q3 2018 dividend rate. For further information on APUC's dividend policy, see APUC's most recent annual information form.*

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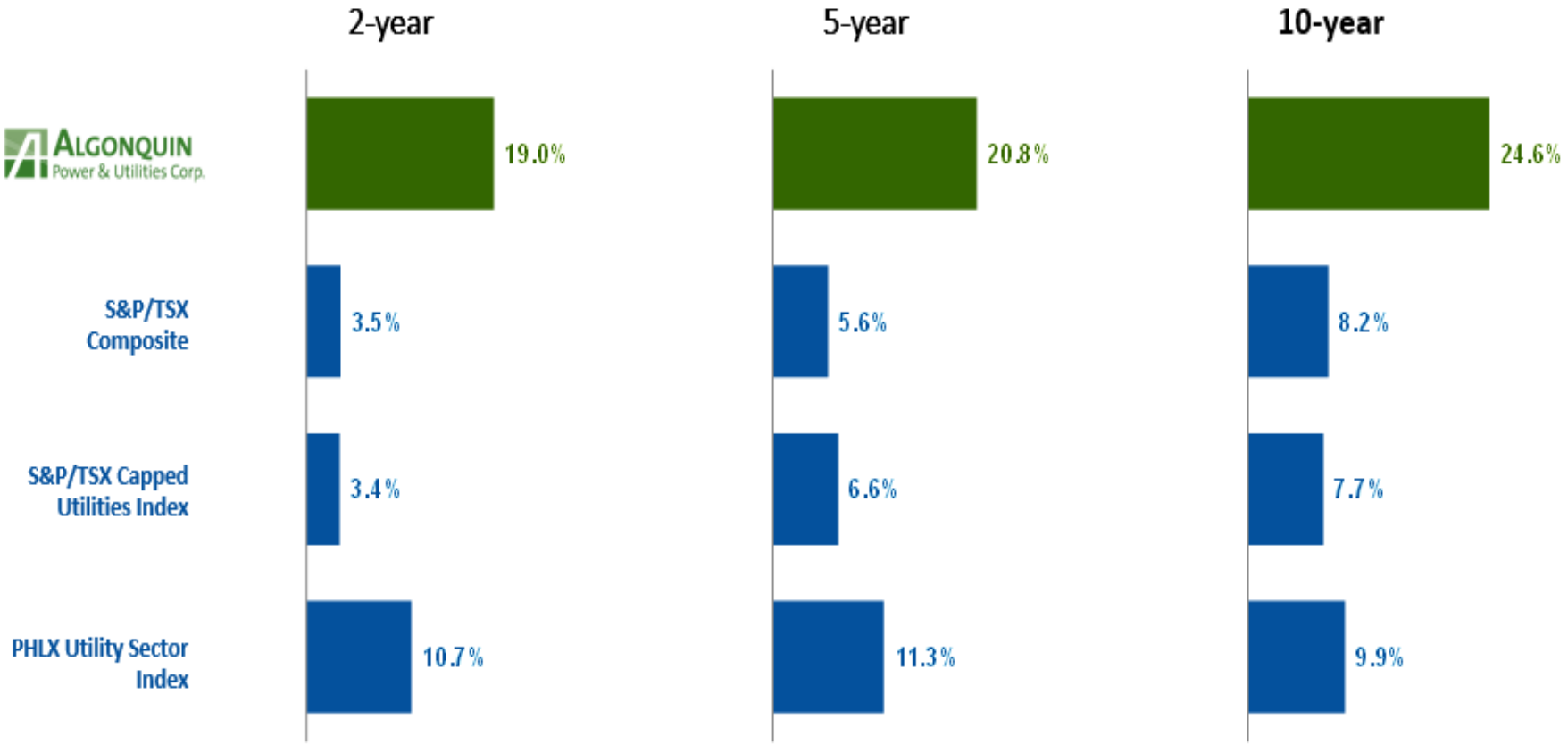
Appendix



APUC has Delivered a Compelling Total Shareholder Return



Commitment to Risk Management and Sustainability

Enterprise risk management culture

- Dedicated, cross-functional/cross-regional enterprise risk management (“ERM”) team
- Executive oversight of top risks and effectiveness of ERM program



Key ERM program initiatives have been established

- Integration with strategic planning and budgeting processes
- Risk mitigation plans required for top enterprise risks
- Fostering risk awareness culture throughout the enterprise

Sustainability is strongly aligned with APUC’s core values

- APUC Sustainability Policy based on UN Sustainable Development Goals
- Enterprise-wide sustainability framework and strategy being developed
- Documentation and stakeholder communication of APUC’s existing sustainable business practices and track record underway
- Establishing longer-term corporate sustainability goals and performance metrics
- Ten-year track record of reporting under the Carbon Disclosure Project (CDP)



Q3 2018 Financial Performance

All figures are in USD millions except per share data	Third Quarter ended September 30		
	2018	2017	Change
Adjusted EBITDA[1]	164.2	157.7	4%
Adjusted net earnings[1]	49.7	52.0	(4%)
Per share	0.10	0.13	(23%)
Adjusted funds from operations[1]	127.7	104.3	22%
Revenue	366.5	353.7	4%
Cash Flows from Operating Activities	131.5	98.4	34%
Dividend per share	0.1282	0.1165	10%

New facilities, cooling demand offset weak hydro and rate impacts

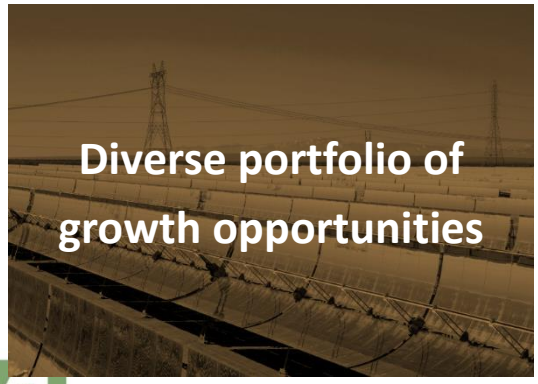
- **Generating fleet growth offset weaker hydro conditions and HLBV adjustment**
- **Strong cooling demand within electric utility**

1. *Please see Disclaimer on Non-GAAP Financial Measures on page 2 and Appendix - Reconciliation of non-GAAP Financial Measures beginning on page 21 of this presentation.*

Q3 2018 Highlights







- ✓ Adjusted EBITDA[1] - 4% increase vs. Q3 2017
- ✓ AFFO[1] - 22% increase vs. Q3 2017
- ✓ Adjusted EPS[1] of U.S.$0.10 - in line with consensus
- ✓ Design / construction agreements finalized for CSP
- ✓ Ministerial approval for Blue Hill - 177 MW wind
- ✓ Construction underway at CalPeco solar project
- ✓ Advancing renewable natural gas / infrastructure initiatives
- ✓ Closing on additional 16.5% of Atlantica expected shortly[2]
- ✓ Important milestone for Peruvian transmission development

1. *Please see Disclaimer on Non-GAAP Financial Measures on page 2 of this presentation, and Appendix - Reconciliation of non-GAAP Financial Measures*
2. *Subsequent to Q3 reporting, transaction was successfully closed.*

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. The following table shows the reconciliation of net earnings to Adjusted EBITDA exclusive of these items:

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
(all dollar amounts in USD millions, except per share data)	**2018**	**2017**	**2018**	**2017**
Net earnings attributable to shareholders	**$57.9**	$47.7	**$141.0**	$102.3
Add (deduct):				
Net earnings attributable to non-controlling interest, exclusive of HLBV	**0.3**	0.5	**1.4**	1.8
Income tax expense	**10.7**	11.7	**50.6**	43.7
Interest expense on Conv. Debs & acquisition financing costs	**—**	—	**—**	13.4
Interest expense on long-term debt and others	**37.9**	36.4	**111.8**	109.1
Other losses (gains)	**2.0**	0.6	**0.4**	(3.1)
Acquisition-related costs	**1.0**	0.8	**9.6**	46.7
Change in value of investment in Atlantica carried at fair value	**(10.1)**	—	**91.9**	—
Costs related to tax equity financing	**—**	1.0	**—**	1.4
Loss on derivative financial instruments	**0.7**	—	**0.9**	1.2
Realized gain (loss) on energy derivative contracts	**—**	—	**—**	(0.6)
Loss (gain) on foreign exchange	**0.3**	2.1	**(0.8)**	(0.9)
Depreciation and amortization	**63.5**	56.9	**196.9**	182.1
Adjusted EBITDA	**$164.2**	$157.7	**$603.7**	$497.1

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:

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
(all dollar amounts in USD millions, except per share data)	**2018**	**2017**	**2018**	**2017**
Net earnings attributable to shareholders	**$57.9**	$47.7	**$141.0**	$102.3
Add (deduct):				
Loss on derivative financial instruments	**0.7**	—	**0.9**	1.2
Realized gain on derivative financial instruments	**—**	—	**—**	(0.6)
Other losses (gains)	**0.3**	0.6	**(1.1)**	(3.0)
Loss (gain) on foreign exchange	**0.3**	2.1	**(0.8)**	(0.9)
Interest expense on Conv. Debs & acquisition financing costs	**—**	—	**—**	13.4
Acquisition-related costs	**1.0**	0.8	**9.6**	46.7
Change in value of investment in Atlantica carried at fair value	**(10.1)**	—	**91.9**	—
Costs related to tax equity financing	**—**	1.0	**—**	1.4
Adjustment for taxes related to above	**(0.4)**	(0.2)	**0.1**	(2.5)
Adjusted Net Earnings	**$497**	$52.0	**$241.6**	$158.0
Adjusted Net Earnings per share[1]	**$0.10**	$0.13	**$0.52**	$0.41

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:

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
(all dollar amounts in USD millions)	**2018**	**2017**	**2018**	**2017**
Cash flows from operating activities	**$131.5**	$98.4	**$361.7**	$210.6
Add (deduct):				
Changes in non-cash operating items	**(4.8)**	5.1	**35.4**	78.7
Production based cash contributions from non-controlling interests	**—**	—	**13.9**	7.9
Interest expense on Conv. Debs & acquisition financing costs[1]	**—**	—	**—**	7.2
Acquisition-related costs	**1.0**	0.8	**9.6**	46.7
Reimbursement of operating expenses incurred on joint venture	**—**	—	**1.0**	—
Adjusted Funds from Operations	**$127.7**	$104.3	**$421.60**	$351.1

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

ALGONQUIN
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Corporate Information

Head Office	Oakville, ON
Common Share Symbol	TSX/NYSE: AQN
Subordinated Notes Symbol	NYSE: AQNA
Preferred Share Symbols	TSX: AQN.PR.A, AQN.PR.D
Shares Outstanding*	488,851,433
Share Price*	U.S.$10.38
Market Capitalization	U.S.$5.1 B
Dividend**	U.S.$0.5128 per share annually

* Shares outstanding as of Dec. 31, 2018 and price (NYSE) as of January 8, 2019.
** Annualized using Q3 2018 dividend rate.



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