

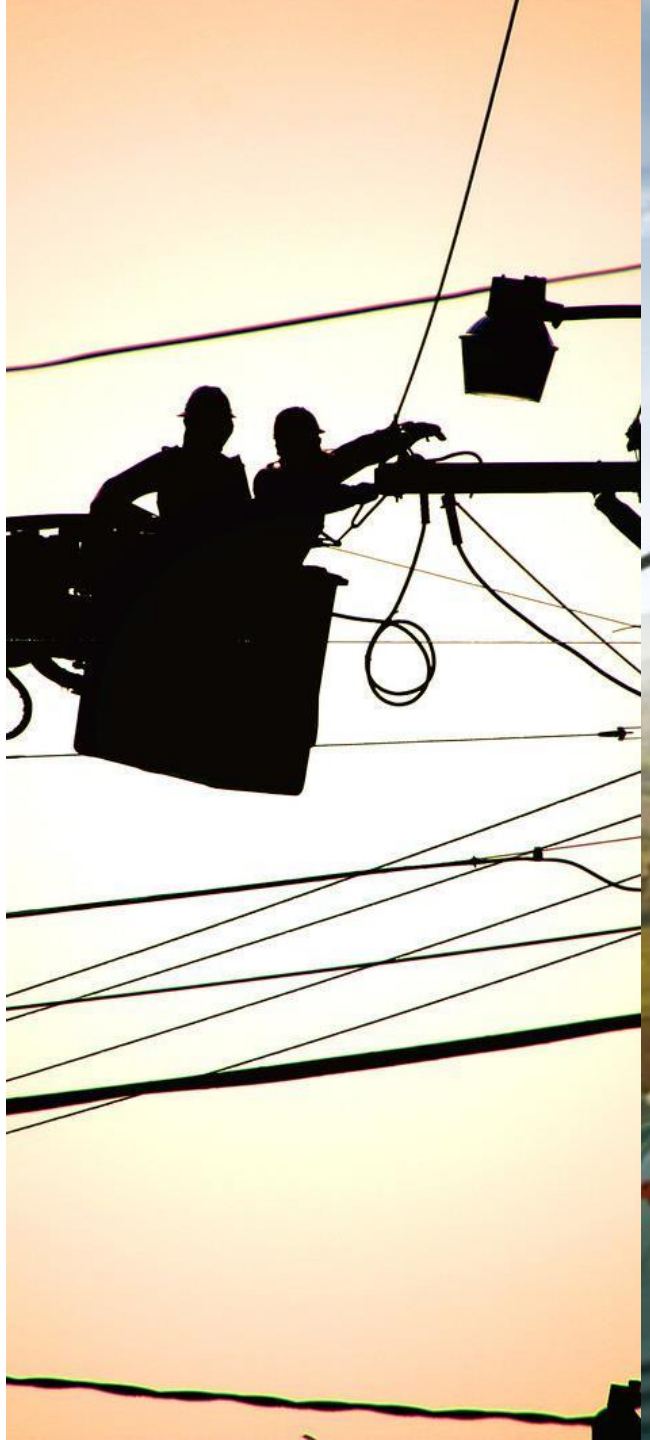
Q2 2019

EARNINGS CONFERENCE CALL

August 9, 2019

10:00 a.m. ET

ALGONQUIN Power & Utilities Corp.





DISCLAIMERS

FORWARD-LOOKING STATEMENTS

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 undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

NON-GAAP FINANCIAL MEASURES

The terms “adjusted net earnings”, “adjusted net earnings per share” (“Adjusted EPS”), “earnings before interest, taxes, depreciation and amortization” (“EBITDA”), “adjusted EBITDA”, “adjusted funds from operations”, “per share cash provided by adjusted funds from operations” (“AFFO”), “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 they may not be comparable to similar measures presented by other companies. For a reconciliation of the Financial Measures used in the presentation to their corresponding GAAP measures, please see the Appendix - Reconciliation of non-GAAP Financial Measures beginning on page 11 of this presentation or 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.

SPEAKERS AND AGENDA



Ian Robertson
Chief Executive Officer



Chris Jarratt
Vice Chair



David Bronicheski
Chief Financial Officer

➢ **Introductory Remarks**	**Chris Jarratt**
➢ **Q2 2019 Strategic Achievements**	**Ian Robertson**
➢ **Q2 2019 Financial Highlights**	**David Bronicheski**
➢ **Update on our Strategic Plan**	**Ian Robertson**

Q2 2019

Q2 2019

EARNINGS CONFERENCE CALL



STRATEGIC HIGHLIGHTS

ALGONQUIN Power & Utilities Corp.

STRATEGIC HIGHLIGHTS



- ✓ Adjusted EBITDA[1] of $189.8 million
- ✓ Adjusted EPS[1] of $0.11
- ✓ 10% increase in common share dividend



- ✓ Announcement of agreement for Bermuda utility acquisition
- ✓ Maximizing PTC opportunities with Maverick Creek Wind Farm
- ✓ Received final regulatory approvals on Midwest wind initiative



- ✓ Final investment decision on 43 MW Great Bay Solar II project
- ✓ Completed first C$300 million Green Bond debt offering
- ✓ Completed U.S.$350 million subordinated debt offering

1. *Please see Disclaimer on Non-GAAP Financial Measures on page 2 of this presentation, and Appendix - Reconciliation of non-GAAP Financial Measures beginning on page 11 of this presentation.*

Q2 2019

EARNINGS CONFERENCE CALL

FINANCIAL PERFORMANCE



ALGONQUIN Power & Utilities Corp.

FINANCIAL PERFORMANCE

All figures are in U.S. $ millions except per share data	Quarter Ended June 30 2019	2018	Variance
Revenue	343.6	366.1	(6)%
Net earnings attributable to shareholders	156.6	65.5	139%
Per share	0.31	0.14	121%
Adjusted net earnings[1]	55.0	50.9	8%
Per share	0.11	0.11	0%
Adjusted EBITDA[1]	189.8	160.8	18%
Adjusted Funds from Operations[1]	128.3	113.9	13%
Dividend per share	0.1410	0.1282	10%

Comparison to Q2 2018 results impacted by:

- **Fewer cooling degree days and lower consumption at Empire**
- **Implementation of lower rates at Empire & Granite State due to U.S. Tax Reform**
- **Losses slightly offset by addition of Amherst Island and incremental AY investment**

1. *Please see Disclaimer on Non-GAAP Financial Measures on page 2 of this presentation, and Appendix - Reconciliation of non-GAAP Financial Measures beginning on page 11 of this presentation.*

Q2 2019

EARNINGS CONFERENCE CALL



ALGONQUIN
Power & Utilities Corp.

ADVANCING OUR STRATEGIC PLAN

$1.7 B Pursuit of non-regulated renewable energy growth pipeline:

- Fully executed on strategy to capitalize on PTC/ITC projects
- Finalizing details for post-2020 projects



$5.3 B Advancing regulated utility capital initiatives:

- Construction commencing on 600 MW Midwest wind projects
- Completion of St. Lawrence and New Brunswick Gas utility acquisitions imminent



$0.5 B Progress on international development opportunities:

- Committed to increased interest in Atlantica to ~45%
- Bermuda Electric Light Company expected to close late 2019



Q2 2019

Q2 2019

EARNINGS CONFERENCE CALL

APPENDIX

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES



ALGONQUIN Power & Utilities Corp.

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.

	Three Months Ended June 30		Six Months Ended June 30	
(all dollar amounts in U.S. $ millions)	**2019**	**2018**	**2019**	**2018**
Net earnings attributable to shareholders	$156.6	$65.5	$243.0	$83.1
Add (deduct):				
Net earnings attributable to non-controlling interest, exclusive of HLBV[1]	7.6	0.4	15.2	1.1
Income tax expense	20.8	6.8	35.6	39.9
Interest expense on long-term debt and others	45.8	38.4	88.5	73.9
Other losses (gains)	5.4	(0.4)	6.0	(1.6)
Acquisition-related costs	0.4	1.0	2.4	8.6
Pension and post-employment non-service costs	3.7	0.5	5.0	0.3
Change in value of investments carried at fair value	(121.4)	(15.0)	(115.6)	102.0
Loss (gain) on derivative financial instruments	(0.4)	0.1	(0.2)	0.2
Realized loss on energy derivative contracts	—	—	(0.2)	—
Loss (gain) on foreign exchange	1.5	(1.3)	0.9	(1.1)
Depreciation and amortization	69.8	64.8	140.9	133.4
Adjusted EBITDA	$189.8	**$160.8**	**$421.5**	**$439.8**

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 and six months ended June 30, 2019 amounted to $18.3 million and $37.0 million as compared to $11.2 million and $91.3 million during the same period in 2018. In the first quarter of 2018, a one-time acceleration of HLBV income in the amount of $55.9 million was recorded as a result of U.S. Tax Reform. Excluding the one-time acceleration of HLBV due to U.S. Tax Reform, Adjusted EBITDA increased by $37.6 million year over year.

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 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:

	Three Months Ended June 30		Six Months Ended June 30	
(all dollar amounts in U.S. $ millions, except per share data)	**2019**	**2018**	**2019**	**2018**
Net earnings attributable to shareholders	$156.6	$65.5	$243.0	$83.1
Add (deduct):				
Loss on derivative financial instruments	(0.4)	0.1	(0.2)	0.2
Realized loss on energy derivative contracts	—	—	(0.2)	—
Loss (gain) on long-lived assets, net	5.9	(0.2)	6.1	(1.4)
Loss (gain) on foreign exchange	1.5	(1.3)	0.9	(1.1)
Acquisition-related costs	0.4	1.0	2.4	8.6
Change in value of investments carried at fair value	(121.4)	(15.0)	(115.6)	102.0
Adjustment for taxes related to above	12.4	0.8	12.3	0.5
Adjusted Net Earnings	**$55.0**	**$50.9**	**$148.7**	**$191.9**
Adjusted Net Earnings per share	**$0.11**	**$0.11**	**$0.29**	**$0.42**

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.

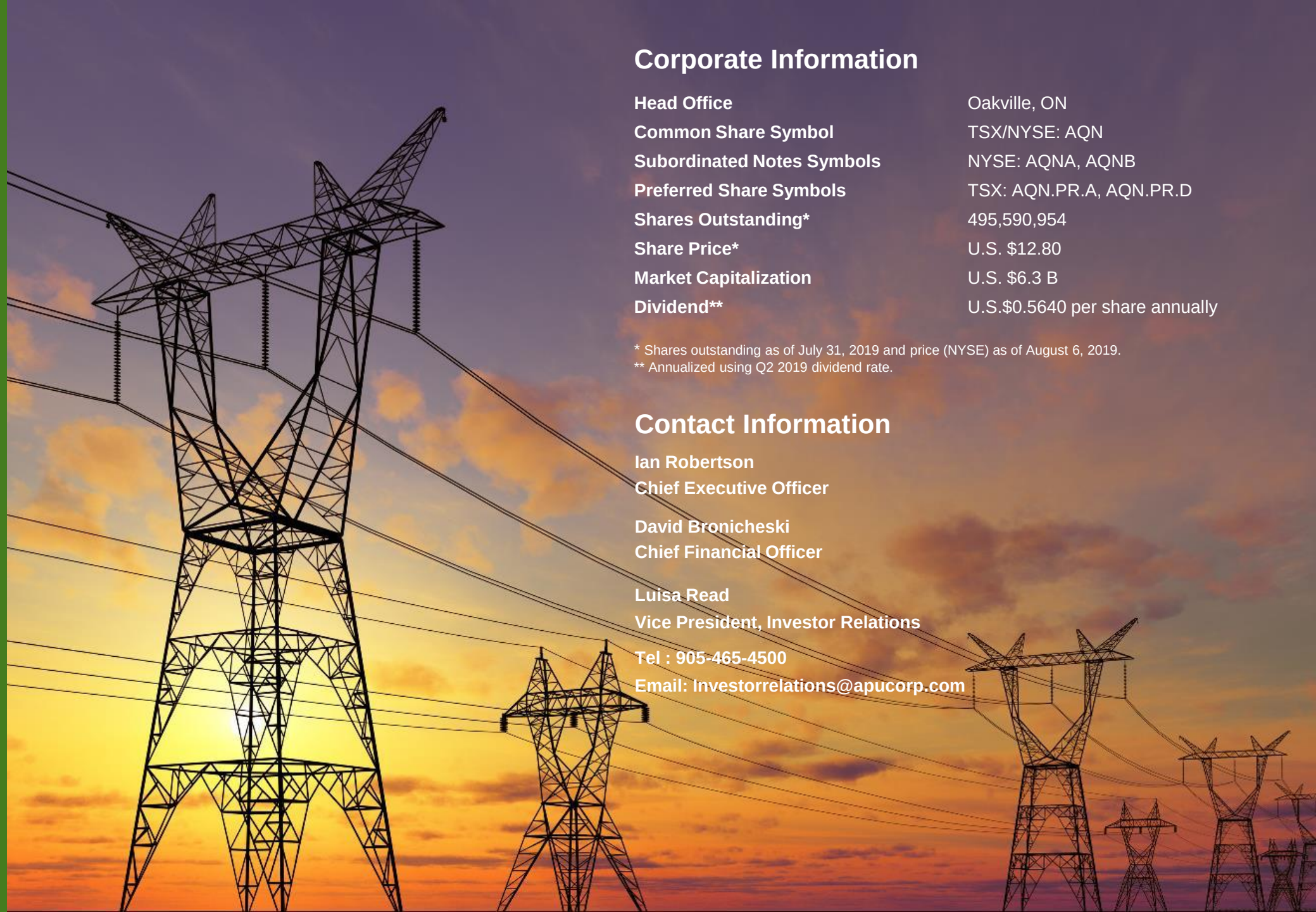
The following table shows the reconciliation of funds from operations to Adjusted Funds from Operations exclusive of these items:

	Three Months Ended June 30		Six Months Ended June 30	
(all dollar amounts in U.S. $ millions)	**2019**	**2018**	**2019**	**2018**
Cash flows from operating activities	$133.6	$133.3	$255.7	$230.3
Add (deduct):				
Changes in non-cash operating items	(5.7)	(23.0)	40.2	40.0
Production based cash contributions from non-controlling interests	—	2.6	3.6	13.9
Acquisition-related costs	0.4	1.0	2.4	8.6
Reimbursement of operating expenses incurred on joint venture	—	—	—	1.0
Adjusted Funds from Operations	**$128.3**	**$113.9**	**$301.9**	**$293.8**

Q2 2019

EARNINGS CONFERENCE CALL

ALGONQUIN Power & Utilities Corp.



Corporate Information

Head Office	Oakville, ON
Common Share Symbol	TSX/NYSE: AQN
Subordinated Notes Symbols	NYSE: AQNA, AQNB
Preferred Share Symbols	TSX: AQN.PR.A, AQN.PR.D
Shares Outstanding*	495,590,954
Share Price*	U.S. $12.80
Market Capitalization	U.S. $6.3 B
Dividend**	U.S.$0.5640 per share annually

* Shares outstanding as of July 31, 2019 and price (NYSE) as of August 6, 2019.
** Annualized using Q2 2019 dividend rate.

Contact Information

Ian Robertson
Chief Executive Officer

David Bronicheski
Chief Financial Officer

Luisa Read
Vice President, Investor Relations

Tel : 905-465-4500
Email: Investorrelations@apucorp.com