

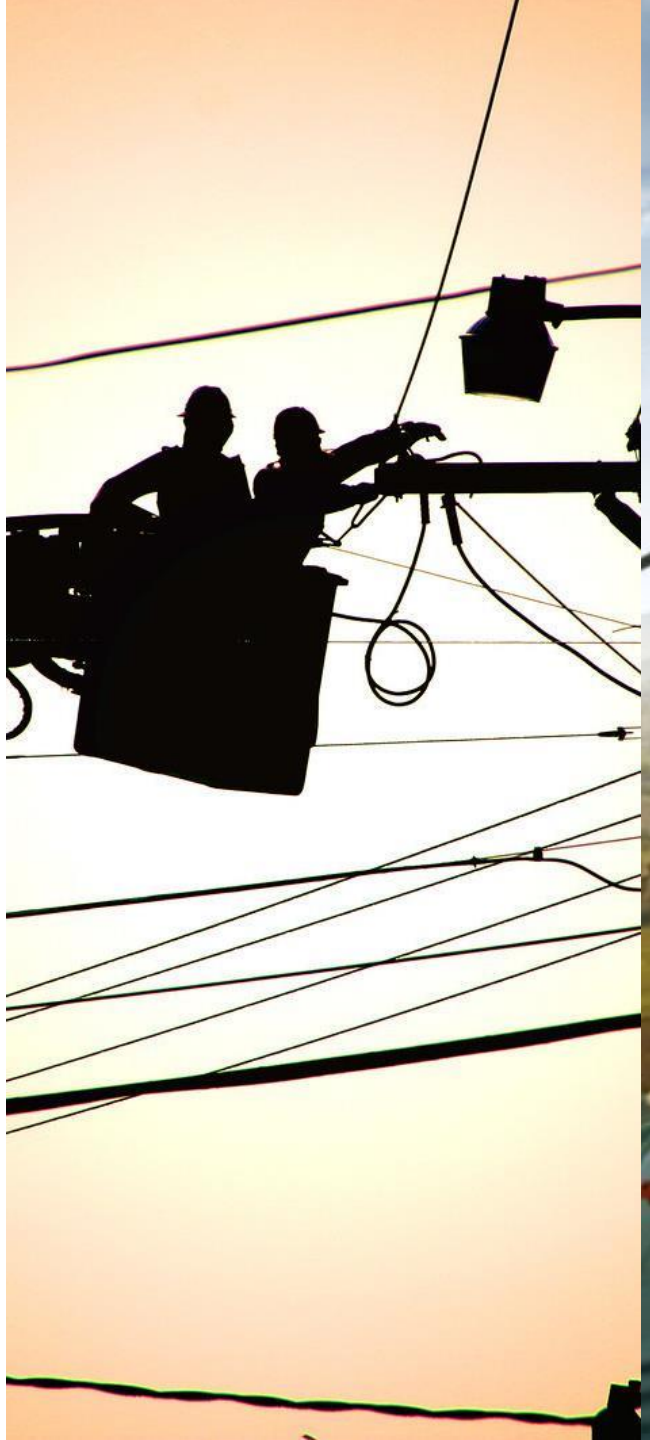
Q2 2020

EARNINGS CONFERENCE CALL

August 14, 2020

10:00 a.m. ET

ALGONQUIN Power & Utilities Corp.





FORWARD-LOOKING STATEMENTS

Certain written and oral statements contained or made in this presentation and discussion 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” 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 in this presentation and discussion include, but are not limited to: expectations regarding the performance of the assets and business of Algonquin Power & Utilities Corp. (“APUC” or the “Company”); expectations with respect to the timing and amounts of APUC's growth plans, earnings, cash flow and dividend amounts; expectations regarding APUC’s liquidity position; expectations regarding expense reductions; expectations regarding regulatory hearings, motions, filings and approvals; and expectations and plans with respect to current and planned capital projects and 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 very nature they require making assumptions and involve inherent risks and uncertainties. APUC cautions that although it is believed that the assumptions are reasonable in the circumstances, these risks and uncertainties give rise to the possibility that 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 APUC’s most recent annual and interim Management Discussion & Analysis and Annual Information Form. 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, APUC undertakes no obligation to update any forward-looking statements to reflect new information, subsequent 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”, "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 APUC’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. A calculation and analysis of the Financial Measures, including a reconciliation to the U.S. GAAP equivalent, where applicable, can be found in APUC’s most recent Management Discussion & Analysis. A reconciliation of certain of the Financial Measures used in the presentation to their corresponding U.S. GAAP measures can also be found in Appendix - Reconciliation of Non-GAAP Financial Measures beginning on page 15 of this presentation.

All dollar amounts presented in U.S. $ unless otherwise noted

SPEAKERS AND AGENDA



Arun Banskota
President and
Chief Executive Officer



Chris Jarratt
Vice Chair



David Bronicheski
Chief Financial Officer



Arthur Kacprzak
Senior Vice President and
Deputy Chief Financial Officer

Introductory Remarks……	**Chris Jarratt**
Q2 2020 Strategic Achievements……	**Arun Banskota**
Q2 2020 Financial Highlights……	**Arthur Kacprzak**
Funding Update……	**David Bronicheski**
Advancing our Strategic Plan……	**Arun Banskota**

Q2
2020

Q2 2020

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NAVIGATING THE IMPACTS OF COVID-19

Modest Operational Effects

- Continue to deliver mission-critical services
- Moderate decreases in customer demand
  - Impacted Q2 Adjusted EPS[1] by ~$0.01 per share
- No negative impacts to Renewable Energy Group's Q2 results
  - ~1,600 MW of construction projects substantially on schedule to date
  - One-year extension of 'continuity safe harbor' for PTC qualification



Supported by resilient business model and predictable earnings stream

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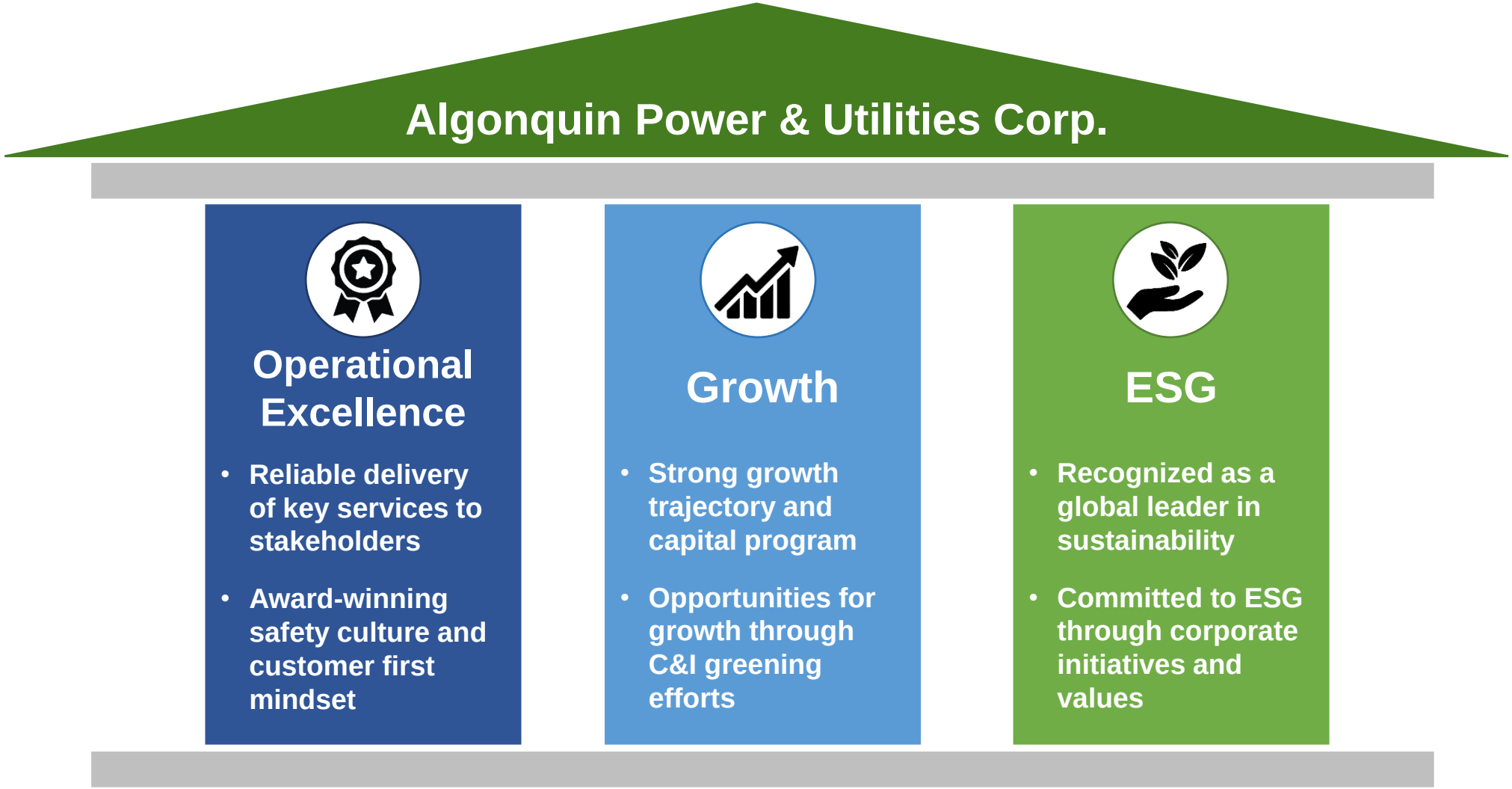
1. *Please see "Non-GAAP Financial Measures" on page 2 of this presentation, and Appendix - Reconciliation of non-GAAP Financial Measures beginning on page 15 of this presentation.*

THREE PILLAR FOUNDATION



Q2 2020

Q2 2020

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FINANCIAL PERFORMANCE



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FINANCIAL PERFORMANCE

All figures are in $ millions except per share data	Three Months Ended June 30			Six Months Ended June 30		
	2020	2019	Variance	2020	2019	Variance
Adjusted net earnings[1]	47.4	54.5	(13)%	150.7	148.6	1%
Per share[1]	0.09	0.11	(18)%	0.28	0.29	(3)%
Adjusted EBITDA[1]	176.3	190.0	(7)%	418.5	421.5	(1)%
Adjusted Funds from Operations[1]	93.4	127.2	(27)%	272.9	301.2	(9)%
Dividend per share	0.1551	0.1410	10%	0.2961	0.2692	10%

Q2 2020

1. *Please see "Non-GAAP Financial Measures" on page 2 of this presentation, and Appendix - Reconciliation of non-GAAP Financial Measures beginning on page 15 of this presentation.*

FINANCIAL IMPACTS OF COVID-19

Curtailment of collections impacted accounts receivables

- Increased our over 60 days past due accounts receivables
- Resumed normal collections procedures in several jurisdictions in July



Reduced Regulated Services Group operating profit

- Changing consumption patterns and decreased customer demand
- Reduced Q2 divisional operating profit by ~$9.6 million on year-over-year basis
- Will be seeking recovery in all regulatory jurisdictions



Effective cost containment strategies

- Achieved ~$5 million in cost savings in Q2
- Additional ~$10 million in savings expected in H2 2020
- No impact to quality and reliability of service to customers and communities

Q2
2020

LIQUIDITY UPDATE

Equity Offering and ATM Program

- Gross proceeds of $845 million
- Over $3 billion of available liquidity

AQN added to the S&P/TSX60

- Anticipated to generate additional trading volumes
- Increase AQN's visibility to international investors



Equity needs prudently secured for duration of 2020 and into 2021

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ADVANCING OUR STRATEGIC PLAN

Pending acquisitions

- Advancement of BELCO
- Advancement of New York American Water

C&I customers supporting long-term renewables growth

- Signed contracts for 490 MW Maverick Creek Wind Project
- Signed contracts for 80 MW Altavista Solar Project[1]
- Recently announced framework agreement with Chevron



Committed to $9.2 billion capital investment program from 2020 through 2024

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1. *Power purchase agreement with Facebook*

CONCLUDING REMARKS

Three pillars the key foundation as we continue to build the business:

✓ **Operational Excellence – Continuing to navigate COVID-19**

- Delivering uninterrupted essential services to our customers and communities

✓ **Growth – Enhancing value through robust capital program**

- Growth as key driver for delivering customer and shareholder value

✓ **ESG – 2020 Sustainability Report**

- Updated Sustainability Report to be published in Fall 2020

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APPENDIX

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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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 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 $ millions)	2020	2019	2020	2019
Net earnings attributable to shareholders	**$ 286.2**	$ 156.6	**$ 222.4**	$ 243.0
Add (deduct):				
Net earnings attributable to the non-controlling interest, exclusive of HLBV[1]	**4.0**	7.6	**8.4**	15.2
Income tax expense	**46.9**	20.8	**33.2**	35.6
Interest expense	**44.9**	45.9	**91.1**	88.5
Other net losses[3]	**26.9**	5.8	**27.8**	8.4
Pension and post-employment non-service costs	**3.6**	3.7	**7.0**	5.0
Change in value of investments carried at fair value[2]	**(309.9)**	(121.4)	**(119.1)**	(115.6)
Gain on derivative financial instruments	**(1.3)**	(0.4)	**(1.4)**	(0.2)
Realized loss on energy derivative contracts	**(0.6)**	—	**(0.7)**	(0.2)
Loss (gain) on foreign exchange	**—**	1.5	**(4.7)**	0.9
Depreciation and amortization	**75.6**	69.9	**154.5**	140.9
Adjusted EBITDA	**$ 176.3**	$ 190.0	**$ 418.5**	$ 421.5

[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, 2020 amounted to $17.3 million and $37.2 million as compared to $18.3 million and $37.0 million during the same period in 2019.

[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 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 $ millions except per share information)	2020	2019	2020	2019
Net earnings attributable to shareholders	**$ 286.2**	$ 156.6	**$ 222.4**	$ 243.0
Add (deduct):				
Gain on derivative financial instruments	**(1.4)**	(0.4)	**(1.4)**	(0.2)
Realized loss on energy derivative contracts	**(0.6)**	—	**(0.7)**	(0.2)
Other net losses[2]	**26.9**	5.8	**27.8**	8.4
Loss (gain) on foreign exchange	**—**	1.5	**(4.7)**	0.9
Change in value of investments carried at fair value[1]	**(309.8)**	(121.4)	**(119.1)**	(115.6)
Other non-recurring adjustments	**—**	—	**1.0**	—
Adjustment for taxes related to above	**46.1**	12.4	**25.4**	12.3
Adjusted Net Earnings	**$ 47.4**	$ 54.5	**$ 150.7**	$ 148.6
Adjusted Net Earnings per share	**$ 0.09**	$ 0.11	**$ 0.28**	$ 0.29

[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 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 $ millions)	2020	2019	2020	2019
Cash flows from operating activities	**$ 142.9**	$ 133.6	**$ 209.8**	$ 255.7
Add (deduct):				
Changes in non-cash operating items	**(52.6)**	(6.8)	**56.6**	39.5
Production based cash contributions from non-controlling interests	**—**	—	**3.4**	3.6
Acquisition-related costs	**3.1**	0.4	**3.1**	2.4
Adjusted Funds from Operations	**$ 93.4**	$ 127.2	**$ 272.9**	$ 301.2

Q2 2020

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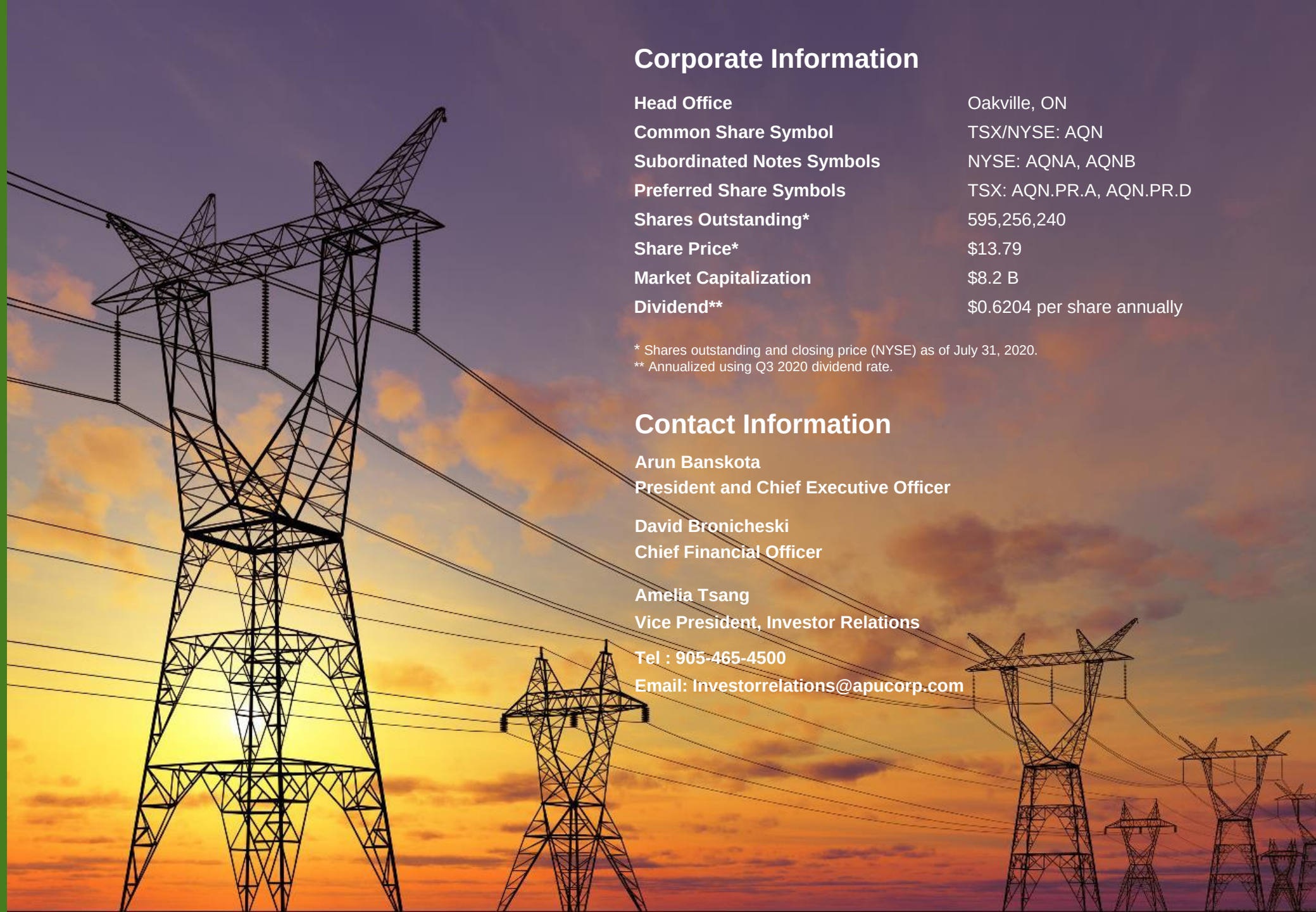

Corporate Information

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*	595,256,240
Share Price*	$13.79
Market Capitalization	$8.2 B
Dividend**	$0.6204 per share annually

* Shares outstanding and closing price (NYSE) as of July 31, 2020.
** Annualized using Q3 2020 dividend rate.

Contact Information

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