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Atlantic Power Corporation Investor Call

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CORPORATE PARTICIPANTS

James J. Moore, Jr. *Atlantic Power Corporation - CEO, President & Director*
Ron Bialobrzeski *Atlantic Power Corporation - Director of Finance*

CONFERENCE CALL PARTICIPANTS

Nelson Ng *RBC Capital Markets, Research Division - Analyst*
Rupert M. Merer *National Bank Financial, Inc., Research Division - MD and Research Analyst*

PRESENTATION

Operator

Good morning, everyone, and welcome to the Atlantic Power investor conference call. (Operator Instructions) Please note, today's event is being recorded.

I would now like to turn the conference over to Ron Bialobrzeski, Director of Finance. Please go ahead, sir.

Ron Bialobrzeski *Atlantic Power Corporation - Director of Finance*

Welcome. Thank you for joining us this morning.

The accompanying presentation for today's call and webcast can be found in the Conference Calls section and on the homepage of our website. Also available on our website is a summary of key questions and answers related to the proposed transaction that may be of interest to investors.

Before we begin, we want to remind everyone that Atlantic Power will file with the SEC and Canadian Securities Administrators and mail to its securities holders a management information circular and proxy statement in connection with the proposed transaction. We urge investors to read the management information circular and proxy statement, when it becomes available, because it will contain [important information] about the proposed transaction. The management information circular and proxy statement, when it becomes available, will also include information about persons who may be deemed to be participants in the solicitation of proxies from Atlantic Power's security holders in the proposed transaction, including information regarding the interest of Atlantic Power's directors and executive officers in the transaction. You may obtain a free copy of the management information circular and proxy statement when available at the SEC's website, www.sec.gov, or on Atlantic Power's website at www.atlanticpower.com.

We also remind you that this call includes forward-looking statements as defined under U.S. securities laws, which involve a number of known and unknown risks, uncertainties and other factors, many of which Atlantic Power is unable to predict or control, that may cause the company's plans with respect to the proposed transaction, actual results or performance to differ materially from current expectations. Factors that could cause actual results to differ and other important information are included on Page 2 of the slides accompanying this presentation and in the company's SEC reports.

Now I'll turn the call over to Jim Moore, President and CEO of Atlantic Power.

James J. Moore, Jr. *Atlantic Power Corporation - CEO, President & Director*

Thank you, Ron. Welcome, everyone. Good morning. Thank you for joining us today. The Atlantic Power management team is on the call this morning as well.

Last night, we announced an agreement to be acquired by I Squared Capital. This is a good day for Atlantic Power's common holders and our other securities holders. We expect the closing to occur in the second quarter of this year. The key conditions of the transaction are centered around the acquisition of all our publicly traded securities.

When I joined the company in January 2015, I told shareholders we would not be an entrenched management team. In previous management roles, I've been involved in selling IPP companies 3 times.

In 2014, Atlantic Power ran a sales process that did not result in a transaction.

In 2015, again when I joined as CEO, the company was threatened with shareholder lawsuits and large walls of debt.

It took us several years, but we resolved the lawsuits without making any payments. We paid down more than \$1.1 billion of debt. We restructured debt maturities. We reduced the cash interest payments by more than 70%. We sold assets at attractive prices. We mothballed other plants. We acquired yet other plants at attractive prices. And we reduced the corporate overheads by nearly 50%.

Six years later, our share price has not reflected that progress. As we point out in the investor presentation, Atlantic Power is a micro-cap energy company with a declining EBITDA profile. We have previously heard from some investors that the company was too small and idiosyncratic to be public. We have been open to approaches over the last six years. We've had numerous M&A conversations, and some went beyond preliminary discussions.

So along came I Squared Capital. We signed an agreement with them yesterday. The I Squared team was resilient, resourceful and creative. They were the first firm that was able to unlock what we consider fair value for our securities holders.

The Board and the management have worked very hard for years to keep our eyes on whether the shareholders are better served by holding or selling the company. We have not been interested in any inadequate proposals. As the management team, we love being independent and contrarian. Our Board is truly supportive of taking the type of approach outlined in The Outsiders book we discussed in some of our letters to shareholders. Selling the company is bittersweet.

But with our shareholder hat on, it's increasingly obvious that the next five years might be a repeat of the last five years. Even if we could deploy all of our discretionary cash flow into growth, it wouldn't be meaningful enough to offset the total decline in EBITDA from PPA expirations and lower power prices. And with declining EBITDA, the credit of our securities may become more challenged over time. The preferred shares are perpetual and the Medium Term Notes have long remaining tenor. By contrast, the Term Loan B gets paid off much sooner. If power prices remain lower for longer, as they have since 2017 when we discussed that scenario, our ability to continue paying dividends on our preferred shares or to pay off our Medium Term Notes likely would be increasingly challenged. Instead, this transaction would de-risk all our securities at a premium to the recent and longer-term (over five years, say) trading ranges for those securities.

Getting all of our holders the ability to de-risk today at premiums to those trading ranges is a good outcome, in our opinion.

The management and the Board, who are significant owners with approximately 4% of the shares, have concluded that this is in the best interest of shareholders and security holders to sell at these cash prices.

I encourage you to read the press release and other materials we filed with the SEC this morning. The presentation and a series of investor Q&A can be found on our website. In the coming weeks, we'll be filing the management information circular and a proxy that will contain additional detail on the transaction.

Today, we wanted to give you our thinking on why it is time to sell and why this is a compelling transaction. I, and the rest of the management team and the Board, will be voting yes on the transaction. We will work hard to obtain the necessary approvals to close the transaction.

Today, we ask you to limit your questions to the announcement as we do not plan to address other matters. Operator, we are ready to begin the Q&A session.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Today's first question comes from Nelson Ng with RBC.

Nelson Ng *RBC Capital Markets, Research Division - Analyst*

Congrats on the transaction. Just to clarify on the background of the transaction. Since I Squared approached you guys, was it mainly a back and forth between the two parties? Or were there other bidders involved in the process during that time?

James J. Moore, Jr. *Atlantic Power Corporation - CEO, President & Director*

Yeah, so let me tell you this. I've got to be very careful today. I want to -- I don't want to disclose anything that's not disclosed in what we released last night, put on the SEC website. Usually, I'm very unscripted and discursive, but I have to be careful that all our shareholders have the same information. And so we're going to try to stay well away from any legal or ethical boundaries in what we discuss.

What I can tell you is that over the six years I've been here, we've always been willing to talk to potential bidders. We've talked to many of them. We've signed NDAs with some of them. We've gotten price quotations from some of them.

And so we view it that the company was put up for sale in 2014, a process was run. And from when I joined in January of 2015 through today, it's been more or less a rolling process where if credible bidders come in with credible prices and they're willing to talk, we've been willing to talk. I Squared is the first firm that was able to come up with an offer that we deemed a good deal for our shareholders.

Operator

And our next question today comes from Rupert Merer with National Bank.

Rupert M. Merer *National Bank Financial, Inc., Research Division - MD and Research Analyst*

Congratulations on the deal. If another party was to come forward now and offer an attractive price, is there a break fee associated with this offer? I'm not sure that's public so I'm not sure what you can tell me.

James J. Moore, Jr. *Atlantic Power Corporation - CEO, President & Director*

Yes. There is a break fee and a reverse break fee. I don't want to say exactly what they are because I'm not sure if we've disclosed those. But if they're not in the disclosures this morning, keep your eyes out for the circular and any future disclosures. But I'll let it leave at that.

Unidentified Company Representative

Jim? Jim?

James J. Moore, Jr. *Atlantic Power Corporation - CEO, President & Director*

Yes? Sorry.

Unidentified Company Representative

Just -- I was going to indicate that is discussed in the investor question-and-answer document that's available on the homepage and the Conference Calls page of the company website.

James J. Moore, Jr. *Atlantic Power Corporation - CEO, President & Director*

Thank you, [Elizabeth].

Operator

Ladies and gentlemen, this concludes the question-and-answer session. I'd like to turn the conference back over to James Moore for any final remarks.

James J. Moore, Jr. *Atlantic Power Corporation - CEO, President & Director*

All right. Thanks, everybody, for being here.

It's been an honor to be the CEO for six years. I think you've got a great management team and a great Board of Directors. And as I say, it's a bittersweet deal. But we've looked at it carefully, and we're going to recommend and vote our shares in favor of this deal and encourage all our fellow securities holders to go ahead and de-risk at this time at these cash prices, which the Board and the

management team deemed to be a good outcome for everybody.

Thank you very much for joining, and appreciate you being on the call.

Operator

Thank you, sir, and thank you all for attending today's presentation. Today's conference has now concluded. Have a wonderful day.

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