



# **Northland Investor Presentation**

September 2017

# Forward-Looking Statements Disclaimer



*This written and accompanying oral presentation contains certain forward-looking statements which are provided for the purpose of presenting information about management's current expectations and plans. Readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".*

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*All figures are presented in Canadian dollars unless otherwise indicated.*

# Northland - Overview



Over 30 years of successfully developing, constructing and operating independent power projects and delivering superior returns to our shareholders since inception

## Strong development team & pipeline

- Disciplined approach to capture strategic development opportunities
- Significant prospects across multiple markets and technologies

## World class construction expertise

- On time, on budget focus
- **Over \$10 billion** of assets constructed since inception and currently under construction

## Solid operating results

- **Operating availability over 96%**
- Excellent health, safety and environment record

## Robust financials

- Strong and growing results
- \$1.08 dividend (\$0.09/month)
- **BBB stable** credit rating
- **98%** revenues from long-term power contracts

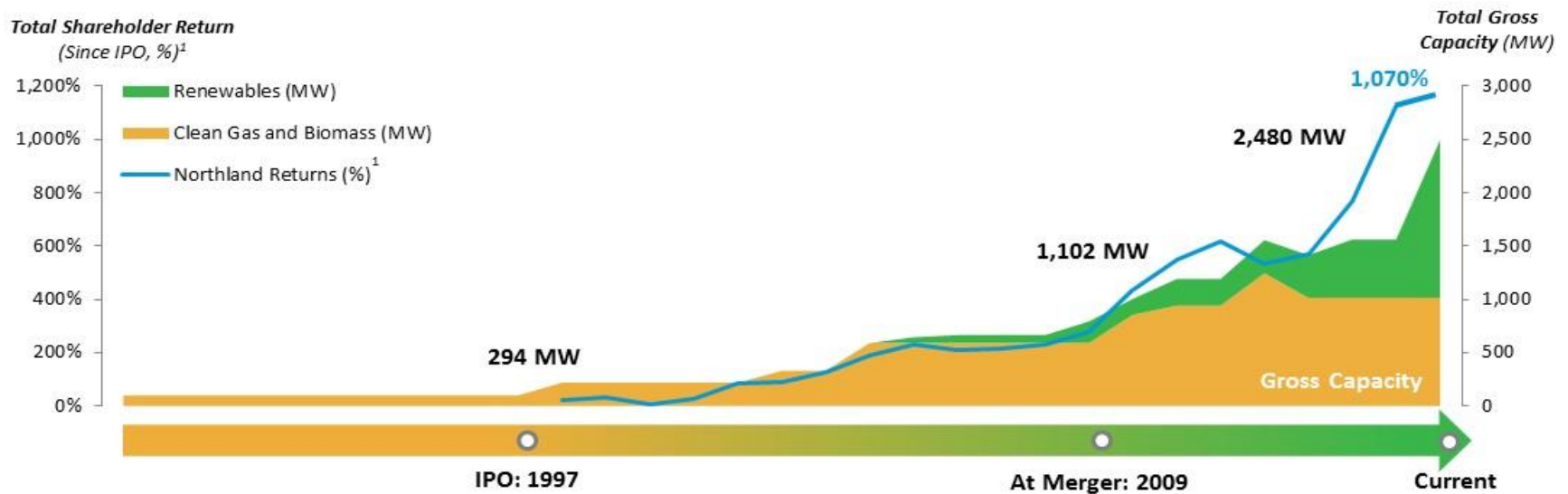
## Proven & committed management team

- **35% ownership interest** underscores management alignment
- Combined **over 200 years** of power industry experience
- Recently added experienced executives to the team

# Evolution of Northland



Grown from a local Canadian-based developer to a International Power Producer



## Early Growth Phase

  
*Power generation projects in Ontario, Canada*

## Income Fund Phase

  
*Canada-wide expansion; new technologies and larger-scale projects*

## Current

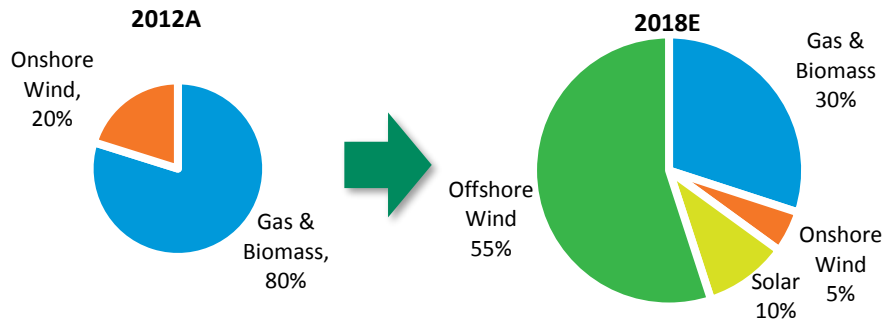
  
*International expansion; Leverage greenfielding expertise into new high-growth markets*

1. Shareholder returns includes capital appreciation and dividend reinvestment.

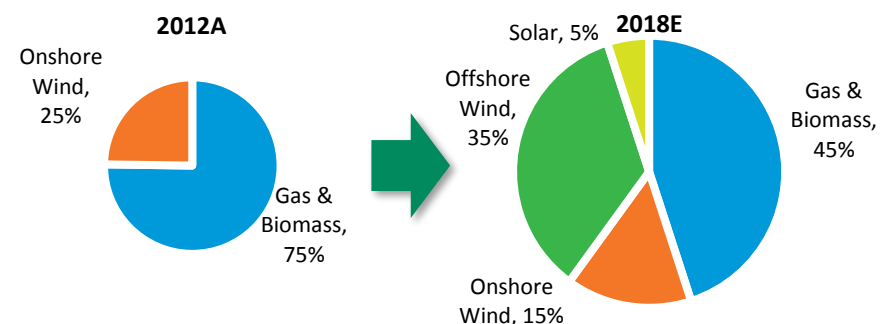
# Northland's Strong and Growing Results

	2012 <sup>1</sup>	2017 <sup>2</sup>	CAGR	
Assets	\$2.5 B	\$9.2 B	33%	↑
Enterprise Value	\$3.6 B	\$10.9 B	28%	↑
Market Capitalization	\$2.2 B	\$4.0 B	15%	↑
Operating Capacity (Gross)	1,242 MW	2,148 MW	13%	↑
Operating Capacity (Net)	1,005 MW	1,754 MW	13%	↑
Share Price	\$18.67	\$23.10	12% <sup>3</sup>	↑
# Corporate Offices	1	4	36%	↑

Adjusted EBITDA by Technology (\$M)



Operating Capacity by Technology (MW)



*Since 2012, Adjusted EBITDA has substantially increased due to technological diversification and regional expansion*




1. As at December 31, 2012
2. As at June 30, 2017
3. This number represents the 5-Year Total Shareholder Return (includes capital appreciation and dividend reinvestment)

# Northland's Asset Diversification



- In operation
- Under construction

Geographic Regions:	Operating	Construction
Canada	1,526 MW	-
Netherlands	600 MW	-
Germany	22 MW	584 MW
<b>Total (Gross)</b>	<b>2,148 MW</b>	<b>584 MW</b>
<b>Total (Net)<sup>1</sup></b>	<b>1,754 MW</b>	<b>534 MW</b>

Geographic Regions:	Operating	Construction
 Thermal	943 MW	-
 Wind	696 MW	584 MW
 Solar	115 MW	-
<b>Total (Gross)</b>	<b>2,148 MW</b>	<b>584 MW</b>
<b>Total (Net)<sup>1</sup></b>	<b>1,754 MW</b>	<b>534 MW</b>

1. Represents Northland's net economic interest

# Well Defined and Executable Strategy

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## Continue to Enhance Growth and Shareholder Value

- **Growth:** Strategically positioned in key markets with strong demand and investment fundamentals
- **Capital Structure:** Continue to optimize capital structure to keep cost of capital as low as possible
- **Dividend Policy:** Balance growth needs with investor preferences through a prudent dividend policy
- **Management Alignment:** Long tenured management team, enhanced with new additions to grow the business platform internationally



# World Class Offshore Wind Projects

**Gemini**  
600 MW



COD: April 2017  
60% Interest

**Nordsee One**  
332 MW



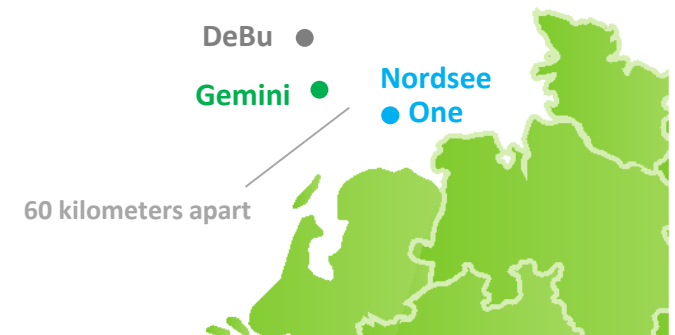
COD: End of 2017  
85% Interest

**Deutsche Bucht (DeBu)**  
252 MW



COD: End of 2019  
100% Interest

Project Capital Costs: Over €5 Billion



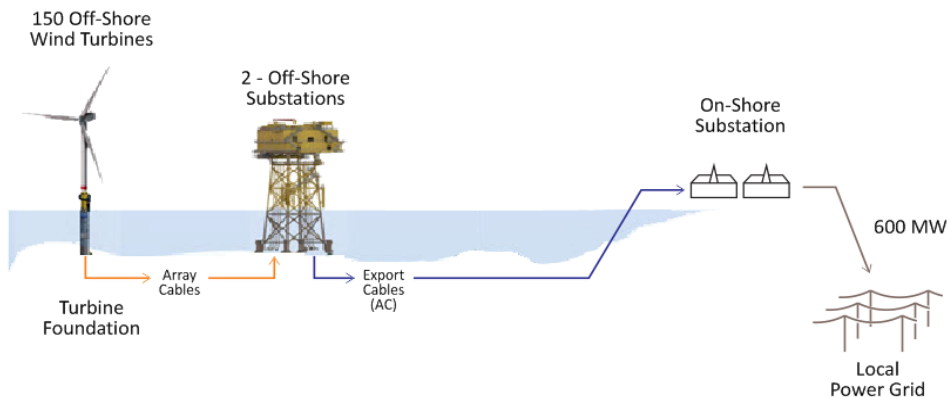
With Gemini construction completed in April 2017, Management is focused on completing Nordsee One, construction of Deutsche Bucht and developing pipeline of new projects



# Gemini – Project Overview



**Gemini Structure**



	Offshore Wind Project
<b>Location</b>	North Sea, Netherlands
<b>Capacity</b>	600 MW (2 sites x 300 MW)
<b>Capital Cost</b>	€2.8 billion
<b>Northland interest</b>	60% (360 MW)
<b>Power contract</b>	Fixed price; 15-year contract with the Dutch government
<b>Operations &amp; maintenance</b>	Siemens (15-year contract) – guarantees high operating availability
<b>Partners</b>	Siemens (20%), Van Oord (10%), HVC (10%)
<b>COD</b>	Completed in April 2017

**Completed ahead of schedule and under budget**

# Gemini – Operations Highlights

- Gemini has produced over \$500 million\* of operating revenues so far

## Excellent, proven wind resource

- High capacity factor with average wind speeds of approximately 10 m/s.
- Annual net production is estimated to be approximately 2.6 GWh

## Revenue Contract includes Mechanism that Stabilizes Annual Cash Flows

- Revenue contract is a contract-for-differences that tops up market-based revenues to ~€169/MWh
- The full subsidy is received based on the production of 80% of forecasted generation
- Market price is subject to a floor of €44/MWh

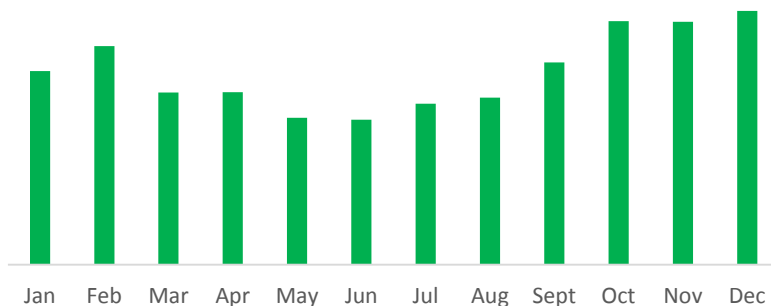
## Long-term Operations & Maintenance contracts

- 15-year O&M contracts for turbines and balance of plant maintenance (underwater, land substation etc.)
- Guarantees 95% availability

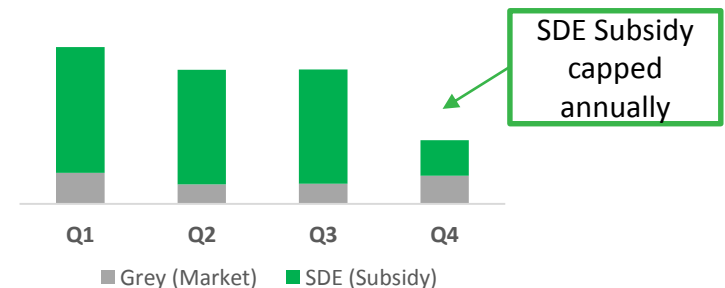
## Key Interest Rate and FX Risk Hedged

- Project debt repaid over tenor of power contract with fully hedged interest rate
- Euro FX exposure is largely hedged over power contract period (average rate of \$1.67/EUR)

## Gemini Monthly Wind Generation Profile



## Gemini Quarterly Revenue Profile

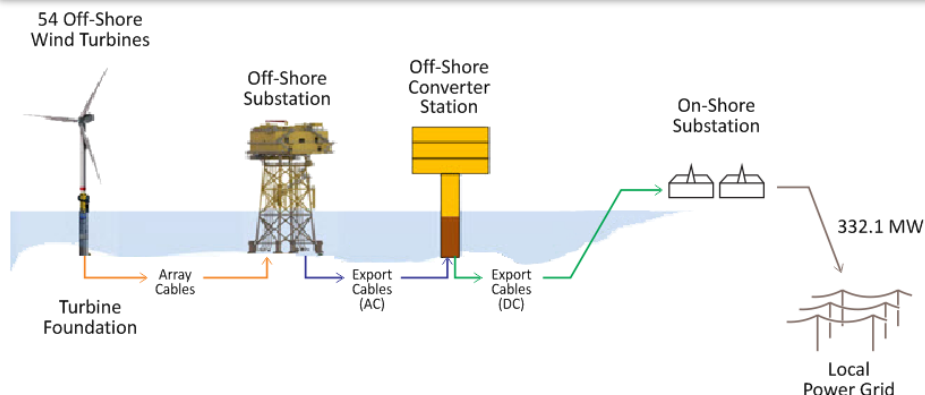


\* As of September 1, 2017

# Nordsee One – Project Overview



**Nordsee One Structure**



	Offshore Wind Project
<b>Location</b>	North Sea, Germany
<b>Capacity</b>	332 MW
<b>Capital Cost</b>	€1.2 billion
<b>Northland interest</b>	85% (282 MW)
<b>Power contract</b>	A fixed price Feed-in-tariff subsidy for 10 years.
<b>Operations &amp; maintenance</b>	Senvion (10 years) – guarantees high operating availability
<b>Partners</b>	RWE Innogy (15%)
<b>COD</b>	End of 2017
<b>Additional facts</b>	<ul style="list-style-type: none"> <li>Pre-completion revenues started in March 2017</li> <li>Over €20M of pre-completion revenues generated so far</li> </ul>

**Construction progressing well on time and on budget**

# Deutsche Bucht – Project Overview



## Highlights

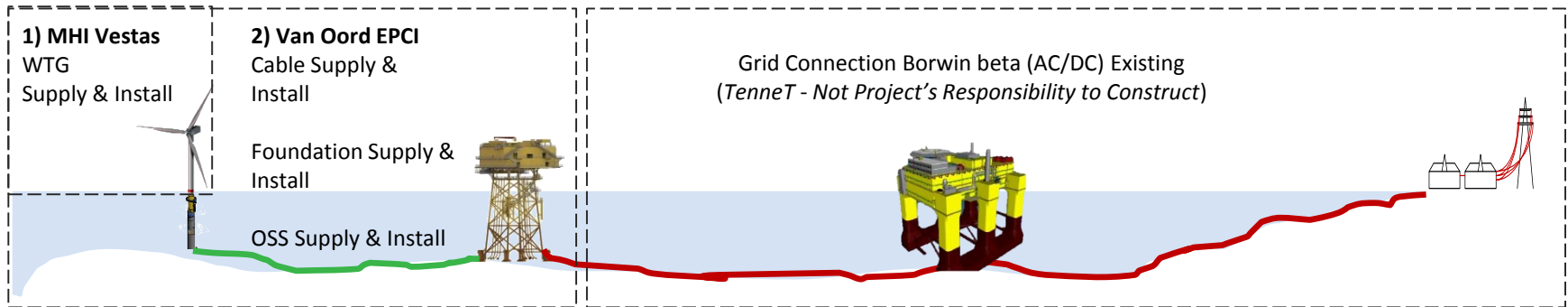
- ✓ Northland continues to expand its leading European Offshore Wind platform
- ✓ Capital deployment with returns consistent with Northland's investment criteria
- ✓ Opportunity to take advantage of learnings from Gemini and Nordsee One while leveraging common infrastructure to generate operating synergies

**Financial Close Achieved in August 2017 and Construction has recently commenced**

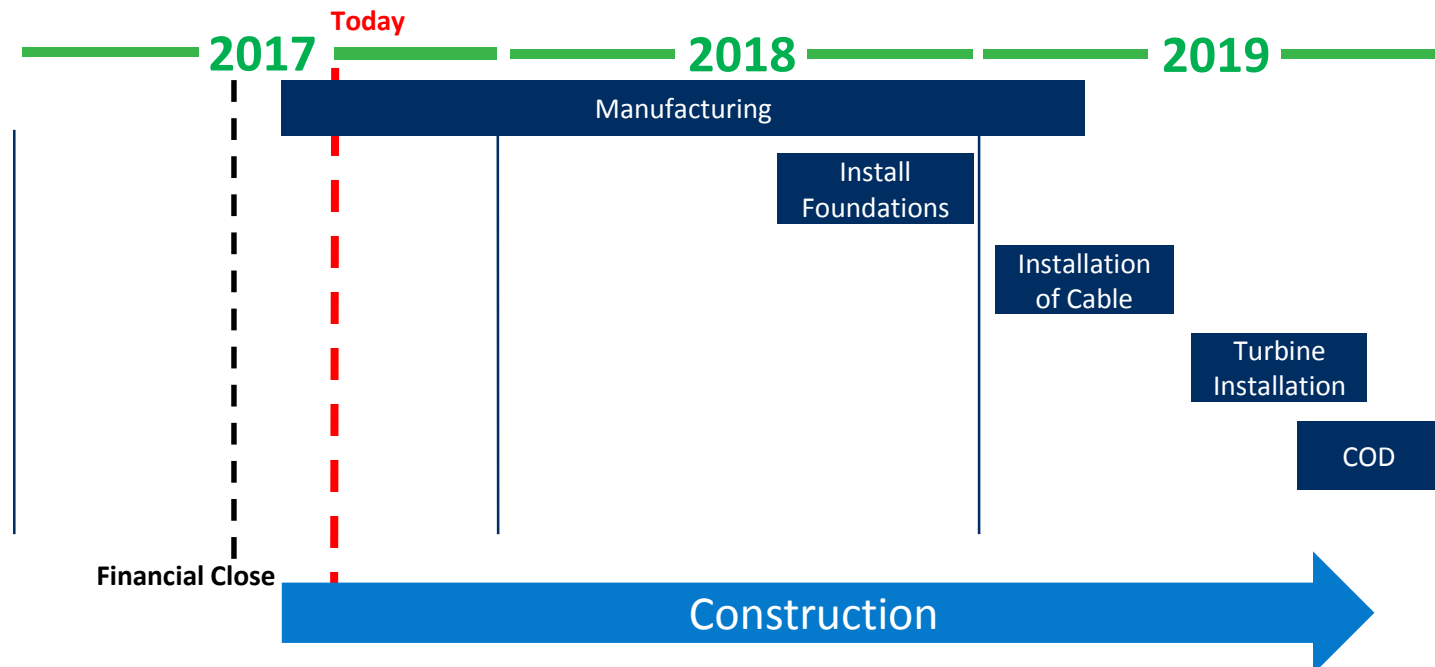
	Offshore Wind Project
<b>Location</b>	North Sea, Germany
<b>Capacity</b>	252 MW
<b>Capital Cost</b>	€1.3 billion
<b>Northland interest</b>	100% (252 MW)
<b>Power contract</b>	13-year fixed feed-in tariff subsidy under the German Renewable Energy Act
<b>Operations &amp; maintenance</b>	MHI Vestas Offshore Wind (~13 years) – guarantees high operating availability
<b>COD</b>	End of 2019
<b>Additional Facts</b>	<ul style="list-style-type: none"> <li>▪ Opportunity for two additional demonstration turbines utilizing suction bucket foundations.</li> <li>▪ Final investment decision for these two turbines is subject to achieving certain development milestones.</li> <li>▪ If built, they will contribute an additional 17 MW of capacity, and the total project cost will increase to approximately €1.4 billion.</li> </ul>

# Deutsche Bucht – Construction Timeline

## DeBu Construction Structure (Two Contracts)



## DeBu Construction Timeline



# Construction Track Record – Ahead of Schedule & Under Budget



Project	Technology	MW (gross)	COD	Ahead of Schedule	Under Budget
Iroquois Falls	Gas	120	1997	✓	✓
Mont Miller	Onshore Wind	54	2005	✓	✓
Jardin d'Éole	Onshore Wind	133	2009	✓	✓
Thorold	Gas	265	2010	✓	✓
Mont Louis	Onshore Wind	101	2011	✓	✓
Spy Hill	Gas	86	2011	✓	✓
North Battleford	Gas	260	2013	✓	✓
Northland Solar	Solar	90	2013 – 15	✓	✓
McLean's Mountain	Onshore Wind	60	2014	✓	✓
Cochrane Solar	Solar	40	2015	✓	✗ <sup>1</sup>
Grand Bend	Onshore Wind	100	2016	✓	✓
Gemini	Offshore Wind	600	2017	✓	✓
Nordsee One <sup>2</sup>	Offshore Wind	332	2017E	✓	✓
<b>Total</b>		<b>2,241 MW</b>			

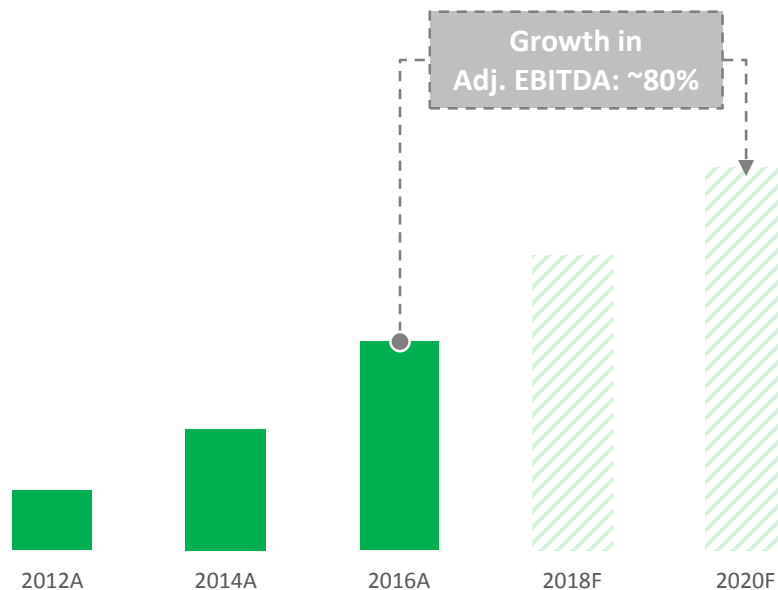
<sup>1</sup> Cochrane Solar was over budget due to the failure, and subsequent commencement of restructuring proceedings, of the contractor.

<sup>2</sup> Currently on time and on budget as of September 1, 2017.

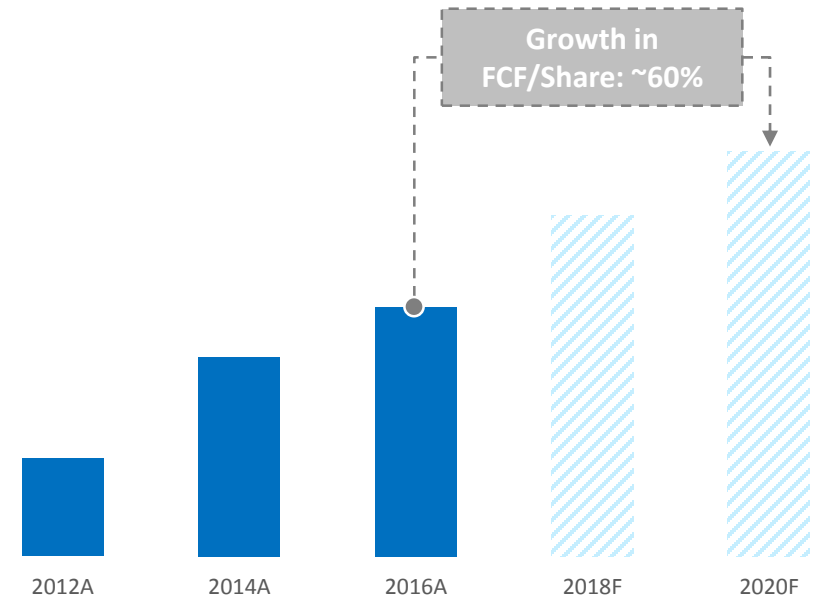
# Continued Grow in Financial Results

- The following chart illustrates Northland's growing Adjusted EBITDA and Free Cash Flow Per Share profile

## Adjusted EBITDA Growth



## Free Cash Flow Per Share Growth

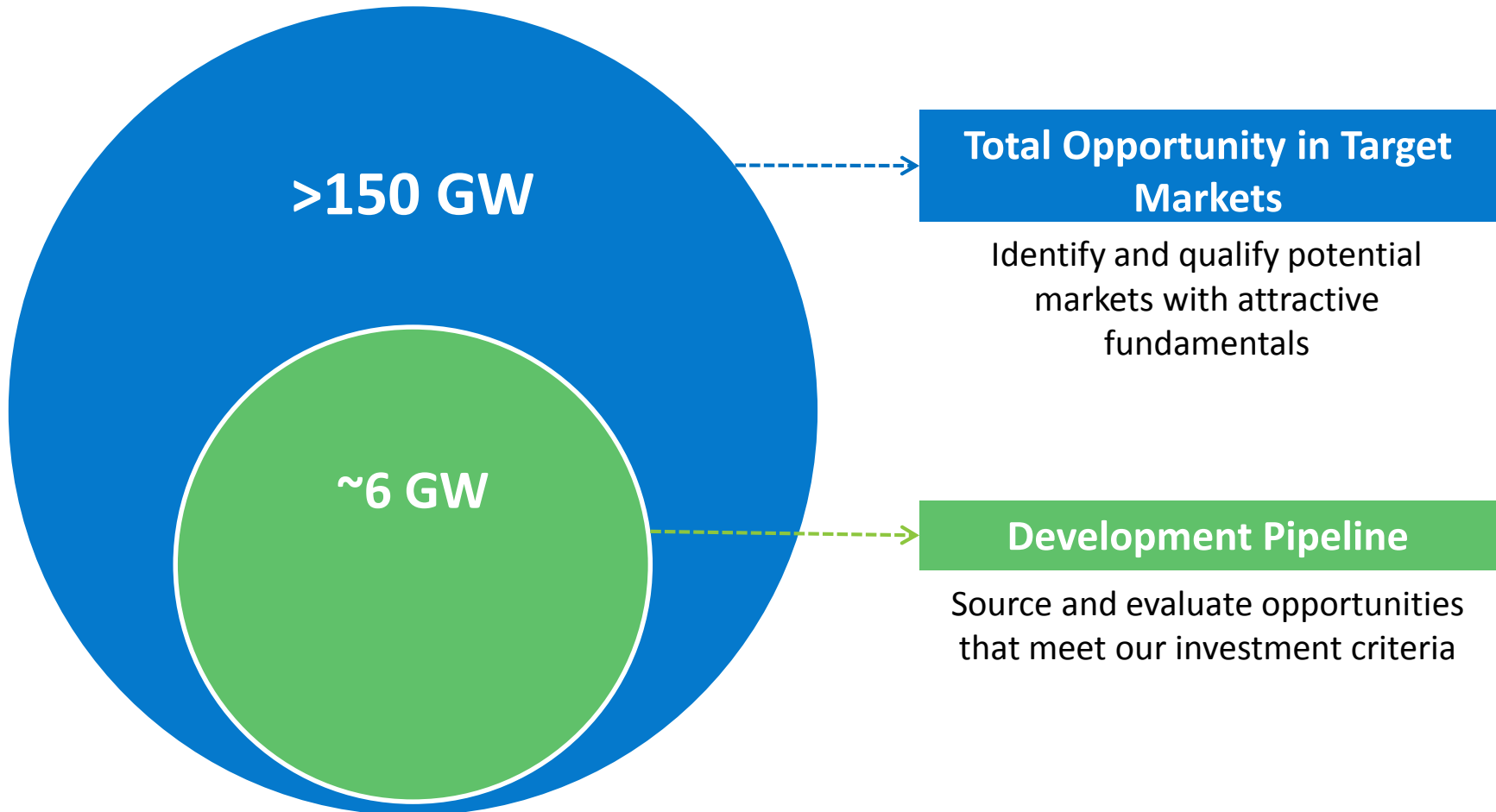


**Significant and visible growth forecasted into the future from projects operating and under construction**

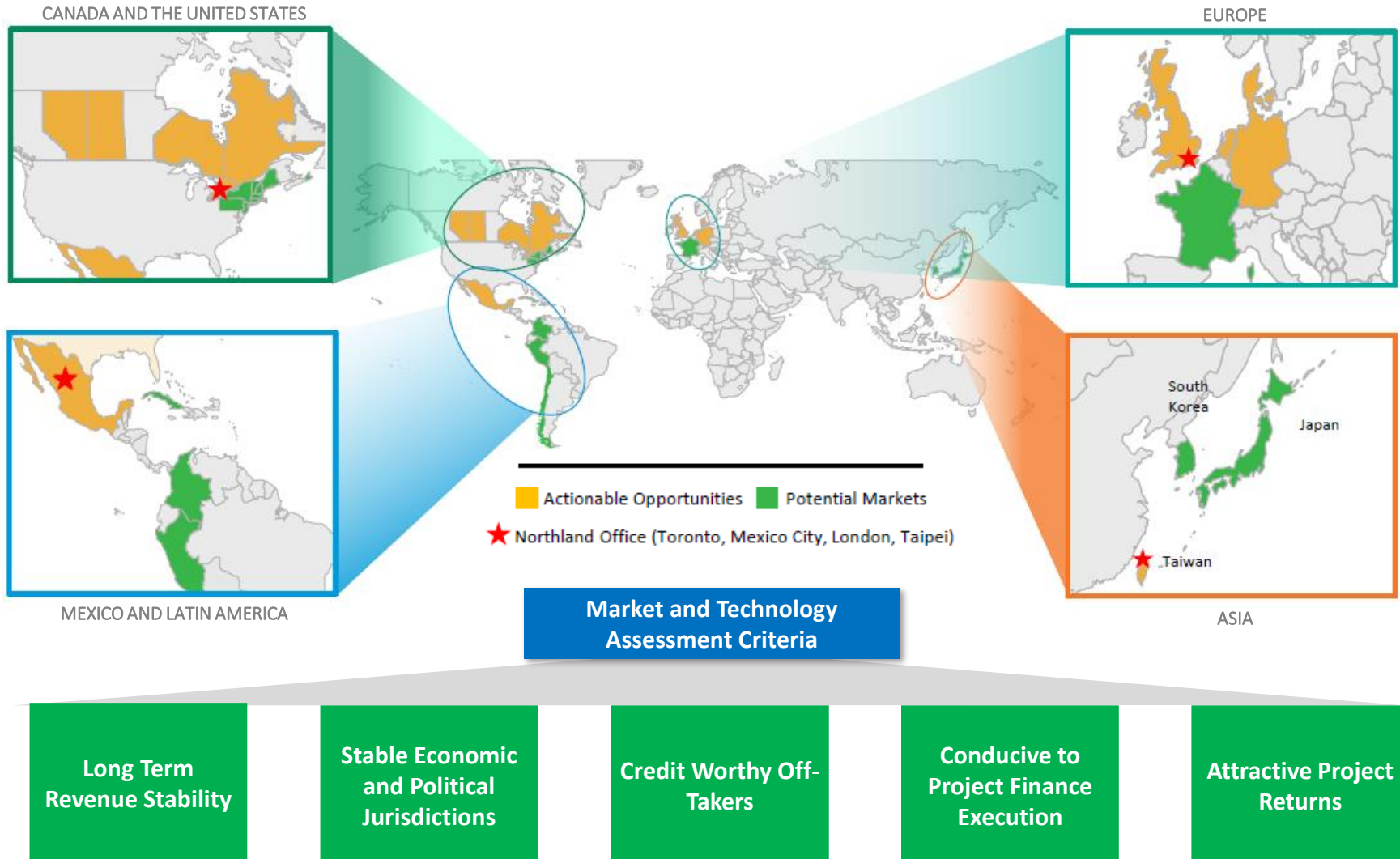
*Note: The above chart is illustrative of managements objectives. They are based upon Northland's operating facilities continuing to perform in a manner consistent with operations in 2016, with additions to Adjusted EBITDA and Free Cash Flow from projects under construction and other adjustments resulting from power contract renewals **14** primarily in Ontario all as described in our MD&A and 2016 AIF. The illustrations do not constitute a financial forecast, projection or guidance and are based upon assumptions that are subject to change.*



# Significant Development Opportunities



# Multiple Development Markets & Technologies

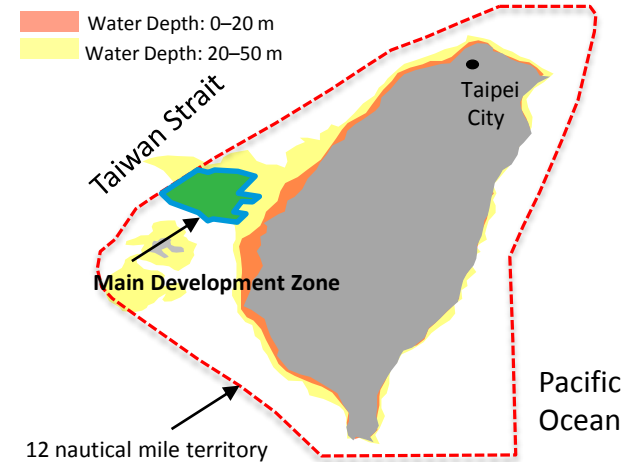


# New Target Markets: Taiwan Overview

## Current Market Themes

- 1 **FIT Program currently in place to support renewable policy targets**
  - FIT program designed to kick-start sector with 20-year offshore FIT contracts
- 2 **Government policy aimed at phasing out nuclear generation**
  - Government committed to phasing out nuclear by 2025, representing an opportunity for offshore wind as an alternative
  - 4 GW offshore wind target by 2030 expected to be increased and accelerated
- 3 **Strong geographic fundamentals for offshore wind**
  - Taiwan Strait benefits from being one of the best wind resources in the world, sufficient to support 6–10 GW
  - Scarcity in land space to site onshore wind solar projects

## Site Location



## Development Strategy

- Established a meaningful presence in Taiwan
- Northland and its partners are currently in advanced site development
- Continue all required regulatory/permit related work in order to secure approvals and secure FIT Tariff
- Seek opportunities for further projects

# New Target Markets: Mexico Overview

## Current Market Themes

- 1 Large, long-term demand for new generation created load growth and asset retirements**
  - 57 GW of new capacity required by 2030, of which 20 GW needed over the next 5 years
  - New capacity needs driven by ~4% annual demand growth and 16 GW of planned capacity retirement by 2030
- 2 14 GW of wind and solar from government auctions through 2030**
  - Local RPS target of 35% renewable generation by 2030 represents ~14 GW of new wind and solar capacity
  - Contracting opportunities through competitive auctions, bilateral agreement with government utilities or industrial/commercial off-takers

## Regions With Actionable Opportunities



## Development Strategy

- Established a meaningful presence in Mexico
- Securing sites with advantageous locations, from interconnection and/or resource standpoint
- Advance greenfield development portfolio to prepare for bid submissions in upcoming tenders

# Effective & Flexible Liquidity Management



## Well-developed liquidity management program and several Corporate tools to support growth:

- Proactive monitoring and forecasting of cash and credit requirements
- Prudent liquidity reserves that are improving with distributions from Gemini and Nordsee One
- Corporate liquidity tools include:
  - Cash on Hand
  - Corporate Credit: \$900M across its aggregate corporate facilities, with a supportive bank group
    - Revolver – \$450M
    - Term Loan – \$250M
    - Corporate Letter of Credit Facility – \$100M
    - EDC-backed Letter of Credit Facility (unsecured) – \$100M (NEW)
  - Capital Markets: Continued access to debt and equity markets (common, preferred, convertible debentures, etc.)
  - Dividend Re-Investment Plan

# Our Story Remains Consistent

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- We are delivering on our commitments of stability and superior returns over the long term
- We are excited about the future and continuing to add value for our shareholders

**Management's ownership of more than 35% ensures alignment with shareholder interests**



# Appendix



# Reporting of Non-IFRS Financial Measures



This investor presentation includes references to Northland's adjusted EBITDA and free cash flow, measures not prescribed by International Financial Reporting Standards (**IFRS**). Adjusted EBITDA and free cash flow, as presented, may not be comparable to other similarly-titled measures presented by other publicly-traded companies, as these measures do not have a standardized meaning under IFRS. These measures should not be considered in isolation or as alternatives to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. These measures are also not necessarily indicative of operating income or cash flows from operating activities as determined under IFRS. Rather, these measures are provided to complement IFRS measures in the analysis of Northland's results of operations, and are used by management to evaluate the performance of the company for internal assessment purposes. Management believes that adjusted EBITDA and free cash flow are widely-accepted financial indicators used by investors to assess the performance of a company. These measures provide investors with additional information to assist them in understanding these critical components of the company's financial performance, including its ability to generate cash through its current operations. These measures have been applied consistently for all periods presented in this document.

## **Adjusted EBITDA**

Adjusted EBITDA provides investors with an indication of Northland's capacity to generate income from operations and investments before taking into account management's financing decisions and the costs of consuming tangible and intangible capital assets, which vary according to asset type and management's estimate of their useful lives.

Adjusted EBITDA is calculated as income (loss) before income taxes adjusted for depreciation of property, plant and equipment, amortization of contracts and other intangible assets, net finance costs, Gemini subordinated debt earned by Northland, fair value losses (gains) on derivative contracts, unrealized foreign exchange losses (gains), elimination of non-controlling interests and finance lease and equity accounting.

## **Free cash flow**

Free cash flow is calculated as cash flow provided by operating activities adjusted for net change in non-cash working capital balances, capital expenditures, interest paid, scheduled principal repayments on term loans, funds set aside for scheduled principal repayments and for asset purchases, restricted cash (funding) for major maintenance, write-off of deferred development costs, consolidation of managed facilities, income from equity accounted investments, proceeds from sale of assets, and preferred share dividends. This measure, along with cash flow provided by operating activities, is considered to be a key indicator for investors to understand Northland's ability to generate cash flow from its current operations.

Readers should refer to our MD&As accompanying our financial statements for an explanation of adjusted EBITDA and free cash flow, and for a reconciliation of Northland's reported adjusted EBITDA to its consolidated income (loss) before taxes and a reconciliation of Northland's free cash flow to its cash provided by operating activities. These are filed from time to time on our company's website [www.northlandpower.ca](http://www.northlandpower.ca).

# Executive Team



**John Brace**  
*Chief Executive Officer*

Industry Experience: 30 years  
Northland Experience: 28 years



**Paul Bradley**  
*Chief Financial Officer*

Industry Experience: 25 years  
Northland Experience: 6 years



**Mike Crawley**  
*Executive Vice President  
Development*

Industry Experience: 14 years  
Northland Experience: 2 year



**Michael Shadbolt**  
*Vice President and  
General Counsel*

Industry Experience: 25 years  
Northland Experience: 6 year

## 2017 New Additions



**Morten Melin**  
*Executive Vice President, Construction*

Over 15 years in the Power and Energy Industry;  
Formerly VP Construction for DONG Energy Wind Power



**Troy Patton**  
*Chief Operations Officer*

Over 20 years in the Power and Energy Industry;  
Formerly held positions at Northern Power Systems, Vestas and  
General Electric

# Operating Facilities



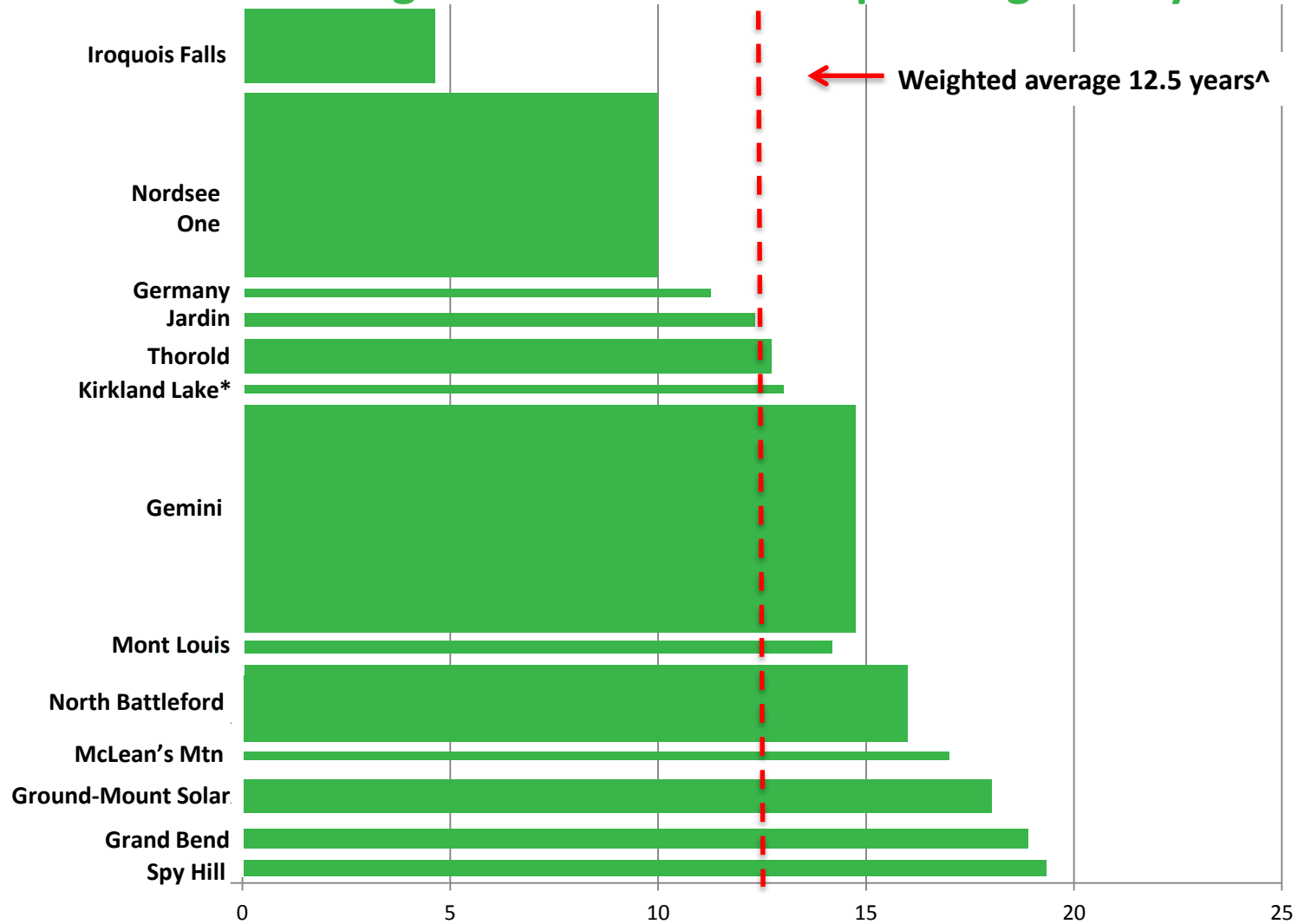
Project	Location	Gross Capacity	Northland Ownership	Technology	PPA Term
Thorold	ON, CA	265 MW	100%	Natural gas cogeneration	2030
Iroquois Falls	ON, CA	120 MW	100%	Natural gas cogeneration	2021
Spy Hill	SK, CA	86 MW	100%	Natural gas peaking plant	2036
Kirkland Lake	ON, CA	132 MW	68%*	Biomass and natural gas combined cycle and peaking	2030
Mont Louis	QC, CA	100 MW	100%	Onshore Wind	2031
Jardin d'Éole	QC, CA	134 MW	100%	Onshore Wind	2029
Other	Various	24 MW	100%	Onshore Wind/Roof-top Solar	Various
North Battleford	SK, CA	260 MW	100%	Natural gas combined cycle	2033
Ground-Mount Solar	ON, CA	130 MW	100% (90 MW) 62.5% (40 MW)	Solar	2033-2035
McLean's Mountain	ON, CA	60 MW	50%	Onshore Wind	2034
Grand Bend	ON, CA	100 MW	50%	Onshore Wind	2036
Gemini	Netherlands	600 MW	60%	Offshore Wind	2032

\* Northland has an effective 77% residual economic interest

# Producing and Maintaining Stable Cash Flows



## Remaining PPA Term for Each Operating Facility



\*Represents Northland's economic interest in the facility

^The weighted average PPA life is weighted by respective MW capacity. The thickness of each bar represents each facilities respective overall contribution to 2018 forecasted Adjusted EBITDA

# European Offshore Wind Facilities Details



	Gemini	Nordsee One	Deutsche Bucht (DeBu)
<b>Capacity</b>	600 MW	332 MW	252 MW (+17 MW Demonstrators*)
<b>Distance to Shore</b>	85km	40km	95km
<b>Wind Turbines</b>	150 x Siemens 4 MW	54 Senvion x 6.15 MW	33 x MHI Vestas 8MW
<b>Turbine Foundation</b>	Monopile	Monopile	Monopile*
<b>Water Depth</b>	28m to 36m	26m to 29m	39m to 41m
<b>Total Project Costs</b>	€2.8 Billion	€1.2 Billion	€1.3 Billion*
<b>Revenue Contract Type</b>	Contract for Differences (CFD) (FiT-Type)	Feed in tariff	Feed in tariff
<b>Revenue Contract Term</b>	15 years	~10 years	~13 years
<b>Revenue Contract Price</b>	~€169/MWh [No escalation]	€194/MWh for 8 years, €154/MWh for 1.5 years [No escalation]	€184/MWh for 8 years, €149/MWh for 4.7 years [No escalation]
<b>Grid Connection Responsibility</b>	Gemini responsible for connection to shore	Tennet responsible for connection to shore	Tennet responsible for connection to shore
<b>NPI Ownership</b>	60%	85%	100%

\* As previously announced, DeBu is investigating the development of two additional demonstration turbines utilizing suction bucket foundations. The final investment decision for these two turbines is subject to achieving certain development milestones. If built, they will contribute an additional 17 MW of capacity, and bring the total project cost to approximately €1.4 billion.

# Financial Summary



## FINANCIAL SUMMARY

Recent Share Price (TSX: NPI)	\$23.64
Shares (Common + Class A)	174 million
Institutional Ownership	~29%
Management Ownership	~35%
Annual Dividend	\$1.08
Annual Dividend Yield	4.6%
Total Debt, Net of Cash	\$5,731 million
Convertible Debentures (NPI.DB.B, NPI.DB.C)	\$228 million
Preferred Shares (NPI.PR.A, NPI.PR.B, NPI.PR.C)	\$261 million
Market Capitalization (Common + Class A)	\$4,103 million
Enterprise Value	\$10,582 million
Credit Rating (S&P)	BBB Stable Outlook

# Investor Relations Contacts

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