

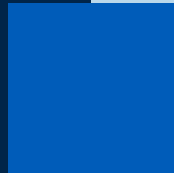
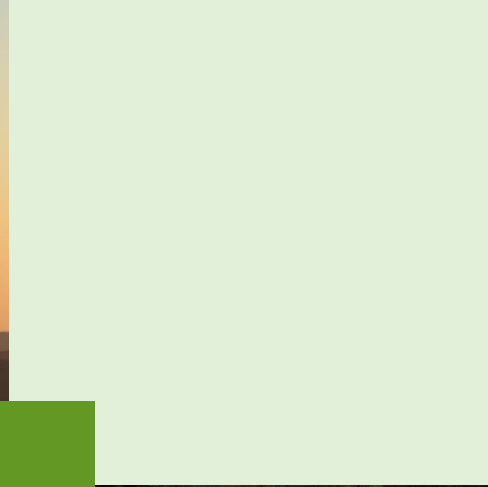


Renewable Energy.  
Sustainable Development.

## **SECOND QUARTER 2018**

Conference call & Webcast

**August 14, 2018**





# FORWARD-LOOKING INFORMATION

## FORWARD-LOOKING INFORMATION

To inform readers of the Corporation's future prospects, this document contains forward-looking information within the meaning of applicable securities laws ("Forward-Looking Information"), including the Corporation's power production, prospective projects, successful development, construction and financing (including tax equity funding) of the projects under construction and the advanced-stage prospective projects, successful closing of previously announced acquisitions (including of the Cartier Wind Farms), sources and impact of funding such acquisitions (including the consummation and timing of the potential divestiture of selected assets and the participation of minority partner(s) in the Cartier Wind Farms), estimates of recoverable geothermal energy resources, business strategy, future development and growth prospects, business integration, governance, business outlook, objectives, plans and strategic priorities, and other statements that are not historical facts. Forward-Looking Information can generally be identified by the use of words such as "approximately", "may", "will", "could", "believes", "expects", "intends", "should", "plans", "potential", "project", "anticipates", "estimates", "scheduled" or "forecasts", or other comparable terminology that state that certain events will or will not occur. It represents the projections and expectations of the Corporation relating to future events or results as of the date of this document.

Forward-Looking Information in this document is based on certain key assumptions made by the Corporation. The following table outlines certain Forward-Looking Information contained in this document, the principal assumptions used to derive this information and the principal risks and uncertainties that could cause actual results to differ materially from this information.

The material risks and uncertainties that may cause actual results or performance to be materially different from current expressed Forward-Looking Information are referred to in the Corporation's Annual Information Form under the "Risk Factors" section and include, without limitation: the ability of the Corporation to execute its strategy of building shareholder value; its ability to raise additional capital and the state of capital markets; liquidity risks related to derivative financial instruments; variability in hydrology, wind regimes, solar irradiation and geothermal resources; delays and cost overruns in the design and construction of projects, uncertainty surrounding the development of new facilities; variability of installation performance and related penalties; and the ability to secure new power purchase agreements or to renew existing ones on equivalent terms and conditions.

Although the Corporation believes that the expectations and assumptions on which Forward-Looking Information is based are reasonable under the current circumstances, readers are cautioned not to rely unduly on this Forward-Looking Information as no assurance can be given that it will prove to be correct. Forward-Looking Information contained herein is made as at the date of this document and the Corporation does not undertake any obligation to update or revise any Forward-Looking Information, whether as a result of events or circumstances occurring after the date hereof, unless so required by law.

Principal Assumptions	Principal Risks and Uncertainties
<b>EXPECTED PRODUCTION</b> For each facility, the Corporation determines a long-term average annual level of electricity production ("LTA") over the expected life of the facility, based on engineers' studies that take into consideration a number of important factors: for hydroelectricity, the historically observed flows of the river, the operating head, the technology employed and the reserved aesthetic and ecological flows; for wind energy, the historical wind and meteorological conditions and turbine technology; for solar energy, the historical solar irradiation conditions, panel technology and expected solar panel degradation; and for geothermal power, the historical geothermal resources, natural depletion of geothermal resources over time, the technology used and the potential of energy loss to occur before delivery. Other factors taken into account include, without limitation, site topography, installed capacity, energy losses, operational features and maintenance. Although production will fluctuate from year to year, over an extended period it should approach the estimated long-term average. On a consolidated basis, the Corporation estimates the LTA by adding together the expected LTA of all the facilities in operation that it consolidates (excludes Dokie, East Toba, Flat Top, Jimmie Creek, Kokomo, Montrose Creek, Shannon, Spartan, Umbata Falls and Viger-Denonville, which are accounted for using the equity method).	Improper assessment of water, wind, sun and geothermal resources and associated electricity production Variability in hydrology, wind regimes, solar irradiation and geothermal resources Natural depletion of geothermal resources Equipment failure or unexpected operations and maintenance activity Natural disaster
<b>ESTIMATED PROJECT COSTS, EXPECTED OBTAINMENT OF PERMITS, START OF CONSTRUCTION, WORK CONDUCTED AND START OF COMMERCIAL OPERATION FOR DEVELOPMENT PROJECTS OR PROSPECTIVE PROJECTS</b> For each development project, the Corporation provides an estimate of project costs based on its extensive experience as a developer, directly related incremental internal costs, site acquisition costs and financing costs, which are eventually adjusted for the projected costs provided by the engineering, procurement and construction ("EPC") contractor retained for the project. The Corporation provides indications regarding scheduling and construction progress for its Development Projects and indications regarding its Prospective Projects, based on its extensive experience as a developer.	Performance of counterparties, such as the EPC contractors Delays and cost overruns in the design and construction of projects Obtainment of permits Equipment supply Interest rate fluctuations and financing risk Relationships with stakeholders Regulatory and political risks Higher-than-expected inflation Natural disaster Outcome of insurance claims



# FORWARD-LOOKING INFORMATION

## Principal Assumptions

## Principal Risks and Uncertainties

### PROJECTED REVENUES

For each facility, expected annual revenues are estimated by multiplying the LTA by a price for electricity stipulated in the PPA secured with a public utility or other creditworthy counterparty mainly. These PPAs stipulate a base price and, in some cases, a price adjustment depending on the month, day and hour of delivery, except for the Miller Creek hydroelectric facility, which receives a price based on a formula using the Platts Mid-C pricing indices, the Horseshoe Bend hydroelectric facility, for which 85% of the price is fixed and 15% is adjusted annually as determined by the Idaho Public Utility Commission. Revenues at the HS Orka facilities also fluctuates with the price of aluminum, as certain of those PPAs are linked to such price. In most cases, power purchase agreements also contain an annual inflation adjustment based on a portion of the Consumer Price Index.

On a consolidated basis, the Corporation estimates annual revenues by adding together the projected revenues of all the facilities in operation that it consolidates (excludes Dokie, East Toba, Flat Top, Jimmie Creek, Kokomo, Montrose Creek, Shannon, Spartan, Umbata Falls, Viger-Denonville and Blue Lagoon spa, which are accounted for using the equity method).

Production levels below the LTA caused mainly by the risks and uncertainties mentioned above  
Unexpected seasonal variability in the production and delivery of electricity  
Lower-than-expected inflation rate  
Changes in the purchase price of electricity upon renewal of a PPA

### PROJECTED ADJUSTED EBITDA

For each facility, the Corporation estimates annual operating earnings by subtracting from the estimated revenues the budgeted annual operating costs, which consist primarily of operators' salaries, insurance premiums, operations and maintenance expenditures, property taxes and royalties; these are predictable and relatively fixed, varying mainly with inflation (except for maintenance expenditures). On a consolidated basis, the Company estimates annual Adjusted EBITDA by adding together the projected operating earnings of all the facilities in operation that it consolidates (excludes Dokie 1, East Toba, Flat Top, Jimmie Creek, Kokomo, Montrose Creek, Shannon, Spartan, Umbata Falls and Viger-Denonville, which are accounted for using the equity method), from which it subtracts budgeted general and administrative expenses, comprised essentially of salaries and office expenses, and budgeted prospective project expenses, which are determined based on the number of prospective projects the Corporation chooses to develop and the resources required to do so.

Lower revenues caused mainly by the risks and uncertainties mentioned above  
Variability of facility performance and related penalties  
Unexpected maintenance expenditures

### PROJECTED ADJUSTED EBITDA PROPORTIONATE

On a consolidated basis, the Company estimates annual Adjusted EBITDA Proportionate by adding to the projected Adjusted EBITDA Innergex's share of Adjusted EBITDA of the joint ventures (Dokie 1, East Toba, Flat Top, Jimmie Creek, Kokomo, Montrose Creek, Shannon, Spartan, Umbata Falls and Viger-Denonville).

Lower revenues caused mainly by the risks and uncertainties mentioned above  
Variability of facility performance and related penalties  
Unexpected maintenance expenditures

### PROJECTED FREE CASH FLOW AND INTENTION TO PAY DIVIDEND QUARTERLY

The Corporation estimates Projected Free Cash Flow as projected cash flows from operating activities before changes in non-cash operating working capital items, less estimated maintenance capital expenditures net of proceeds from disposals, scheduled debt principal payments, preferred share dividends declared and the portion of Free Cash Flow attributed to non-controlling interests, plus cash receipts by the Harrison Hydro L.P. for the wheeling services to be provided to other facilities owned by the Corporation over the course of their power purchase agreement, plus or minus other elements that are not representative of the Corporation's long-term cash generating capacity, such as transaction costs related to realized acquisitions (which are financed at the time of the acquisition), realized losses or gains on derivative financial instruments used to hedge the interest rate on project-level debt or the exchange rate on equipment purchases.

The Corporation estimates the annual dividend it intends to distribute based on the Corporation operating results, cash flows, financial conditions, debt covenants, long term growth prospects, solvency, test imposed under corporate law for declaration of dividends and other relevant factors.

Adjusted EBITDA below expectations caused mainly by the risks and uncertainties mentioned above and by higher prospective project expenses  
Projects costs above expectations caused mainly by the performance of counterparties and delays and cost overruns in the design and construction of projects  
Regulatory and political risk  
Interest rate fluctuations and financing risk  
Financial leverage and restrictive covenants governing current and future indebtedness  
Unexpected maintenance capital expenditures  
Possibility that the Corporation may not declare or pay a dividend

### EXPECTED CLOSING OF THE ACQUISITION AND OF THE FINANCING TO BE MADE BY TD SECURITIES INC. AND BMO CAPITAL MARKETS

The Corporation reasonably expects that the closing conditions will be completed within the deadlines.

Availability of the capital  
Regulatory and political risks  
Performance of the counterparties



# NON-IFRS MEASURES

Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted EBITDA Proportionate, Adjusted Net Earnings, Free Cash Flow and Payout Ratio are not measures recognized by International Financial Reporting Standards (IFRS), have no standardized meaning prescribed by it and therefore may not be comparable to those presented by other issuers. Innergex believes that these indicators are important, as they provide management and the reader with additional information about the Corporation's production and cash generation capabilities, its ability to sustain current dividends and dividend increases and its ability to fund its growth. These indicators also facilitate the comparison of results over different periods.

References in this document to "Adjusted EBITDA" are to revenues less operating expenses, general and administrative expenses and prospective project expenses. Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance. Readers are cautioned that Adjusted EBITDA should not be construed as an alternative to net earnings, as determined in accordance with IFRS. Please refer to the "Operating Results" section of this MD&A for the reconciliation of Adjusted EBITDA.

References in this document to "Adjusted EBITDA Margin" are to Adjusted EBITDA divided by revenues. Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance.

References in this document to "Adjusted EBITDA Proportionate" are to Adjusted EBITDA plus Innergex's share of Adjusted EBITDA of the joint ventures and associates. Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance. Readers are cautioned that Adjusted EBITDA Proportionate should not be construed as an alternative to net earnings, as determined in accordance with IFRS.

References to "Adjusted Net Earnings (Loss)" are to net earnings or losses of the Corporation, to which the following elements are added (subtracted): unrealized net (gain) loss on financial instruments; realized (gain) loss on financial instruments; income tax expense (recovery) related to the above items; and the share of unrealized net (gain) loss on derivative financial instruments of joint ventures and associates, net of related tax. Innergex uses derivative financial instruments to hedge its exposure to various risks, such as interest rate and foreign exchange risks. Accounting for derivatives under International Accounting Standards requires that all derivatives are marked-to-market with changes in the mark-to-market of the derivatives for which hedge accounting is not applied being taken to the profit and loss account. The application of this accounting standard results in a significant amount of profit and loss volatility arising from the use of derivatives that are not designated for hedge accounting. The Adjusted Net Earnings (Loss) of the Corporation aims to eliminate the impact of the mark-to-market rules on derivatives on the profit and loss of the Corporation. Innergex believes that the analysis and presentation of net earnings or loss on this basis enhances understanding of the Corporation's operating performance. Readers are cautioned that Adjusted Net Earnings (Loss) should not be construed as an alternative to net earnings, as determined in accordance with IFRS. Please refer to the "Operating Results" section of this MD&A for the reconciliation of Adjusted Net Earnings (Loss).

References to "Free Cash Flow" are to cash flows from operating activities before changes in non-cash operating working capital items, less maintenance capital expenditures net of proceeds from disposals, scheduled debt principal payments, preferred share dividends declared and the portion of Free Cash Flow attributed to non-controlling interests, plus or minus other elements that are not representative of the Corporation's long-term cash generating capacity, such as transaction costs related to realized acquisitions (which are financed at the time of the acquisition), realized losses or gains on derivative financial instruments used to hedge the interest rate on project-level debt or the exchange rate on equipment purchases. Innergex believes that presentation of this measure enhances the understanding of the Corporation's cash generation capabilities, its ability to sustain current dividends and dividend increases and its ability to fund its growth. Readers are cautioned that Free Cash Flow should not be construed as an alternative to cash flows from operating activities, as determined in accordance with IFRS. Please refer to the "Free Cash Flow and Payout Ratio" section of this MD&A for the reconciliation of Free Cash Flow.

References to "Payout Ratio" are to dividends declared on common shares divided by Free Cash Flow. Innergex believes that this is a measure of its ability to sustain current dividends and dividend increases as well as its ability to fund its growth.



# AGENDA

- **Financial Results for Q2 2018 and the six-month period of 2018**
- **Operating Review**
- **Objectives for the next months**
- **Question Period**



Note: All amounts in this presentation are in Canadian dollars, unless otherwise indicated



# **JEAN PERRON, CPA, CA**

CHIEF FINANCIAL OFFICER







# Q2 AND SIX-MONTH 2018 FINANCIAL RESULTS

	Three-Month Period Ended June 30		Six-Month Period Ended June 30	
	2018	2017	2018	2017
<i>In millions of Canadian dollars, except production (GWh)</i>				
Production	1,823	1,323	2,960	2,045
Revenues	149.5	109.5	267.4	184.1
Adjusted EBITDA <sup>1</sup>	99.1	85.9	178.5	136.9
Adjusted EBITDA Margin <sup>1</sup>	66.3%	78.4%	66.7%	74.4%
Adjusted EBITDA Proportionate <sup>1</sup>	113.3	88.8	196.0	142.0
Net Earnings	16.8	13.9	2.2	11.4
Adjusted Net Earnings (LOSS) <sup>1</sup>	1.5	13.5	(5.7)	7.1

1. Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted EBITDA Proportionate and Adjusted Net Earnings are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this presentation for more information.



# Q2 AND SIX-MONTH 2018 FINANCIAL RESULTS

**Trailing 12 Months  
Ended June 30**

*In millions of Canadian dollars, except payout ratio (%)*

Free Cash Flow<sup>1</sup>

**2018**

91.5

**2017**

75.9

Payout Ratio<sup>1</sup>

88%

93%

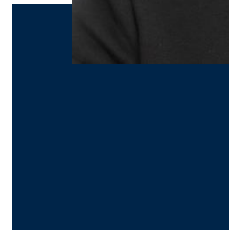
1. Free Cash Flow and Payout Ratio are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this presentation for more information.





# **MICHEL LETELLIER, MBA**

PRESIDENT AND CHIEF EXECUTIVE OFFICER





# OPERATING REVIEW

## Since the beginning of the year...

- **Commissioning of the Flat Top wind farm (200 MW)**
- **Renewal of 40-year PPA for Brown Lake and Walden North hydro facilities**
- **Construction in progress at the Phoebe solar project (315 MW<sub>DC</sub>)**
  - Financial close for debt and tax equity financing achieved
  - Full notice to proceed with construction issued
  - First Solar Electric LLC to supply modules and perform operation and maintenance for 5 years
  - 12-year PPA
- **Progress made with the Foard City wind project (353 MW)**
  - 12-year PPA for 300 MW
  - Turbine supply agreement and operation and maintenance agreement with GE
  - Balance of plant agreement
  - Interconnection agreement
  - Site control and other major development milestones complete
  - Project honorary discussions are under way
  - Projected Adjusted EBITDA of over \$10 million annually
  - Project eligible to PTCs

# 2015-2020 OVERVIEW

## Remain exclusively in renewable energy



Production derived exclusively from renewable energy:  
Hydroelectricity, Wind, Solar, Geothermal

## Consolidate leadership position in Canada



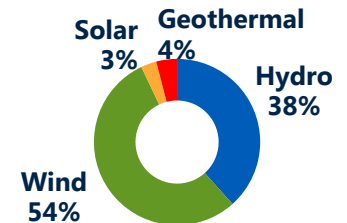
- Acquisition of TransCanada's interest in Cartier wind farms
- Acquisition of Ledcor's participation in 3 hydro facilities in BC
- Acquisition of 4 facilities in Canada (as part of Alterra acquisition)

## Develop an international presence in target markets



- Acquisition of Alterra Power Corp (US, Iceland)
- Partnership and acquisitions in Chile
- Acquisition of Phoebe solar project (US)

## Maintain diversification of energy sources



- Geothermal (Iceland)
- Large solar project (Phoebe)
- Hydro projects in Chile
- Wind project in Texas (Foard City)

\*Based on net installed capacity, as at August 2, 2018.



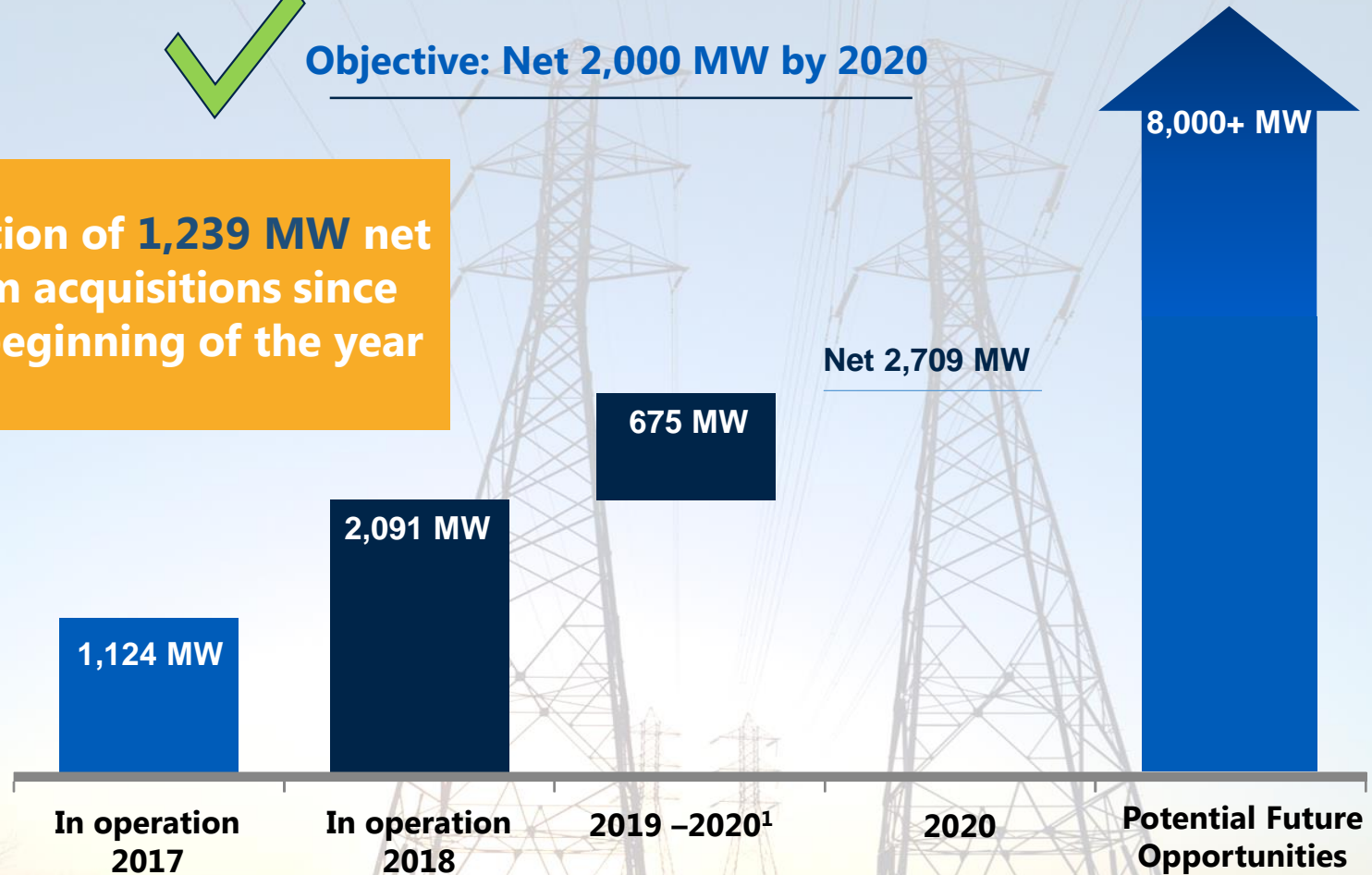
# INSTALLED CAPACITY

## PRO FORMA POST ACQUISITION



**Objective: Net 2,000 MW by 2020**

**Addition of 1,239 MW net**  
from acquisitions since  
the beginning of the year



1. Includes Brúarvirkjun, Phoebe and Foard City for which construction should be completed by or in 2020.

Note: All MW data in this table are net values. It includes MW to be acquired upon closing of the Cartier acquisition





# 2018 OBJECTIVES

## Integrate Alterra activities

# 1

- Achieve administrative, operational and commercial synergies

## Pursue growth opportunities

# 2

- Advance prospective projects in the U.S.
- Pursue opportunities in Canada
  - Complete Cartier transaction
- Pursue growth in the Latin America market
- Pursue growth in France

## Advance projects under construction

# 3

- Pursue construction of Phoebe solar project
- Begin construction of Foard City wind project
- Pursue construction of Brúarvirkjun



# PHOEBE OVERVIEW

## Acquisition of a large-scale project in the United States (Winkler County, TX)

- 12-year power purchase agreement with Shell Energy North America
- Total construction cost estimated at US\$397 million
- US\$292 million non recourse construction and term project financing led by CIT group
- Wells Fargo commitment to provide the tax equity financing

**Innergex's  
largest solar  
project to date:  
315 MW<sub>DC</sub>**

## Asset

- First Solar Series 6 thin film modules to be operated by the panel manufacturer under a 5-year operation and maintenance contract
- Installed capacity: 315 MW<sub>DC</sub>, average annual power generation: 738,000 MWh (enough to power about 53,000 Texas households)
- 100% of output sold to the ERCOT power grid.



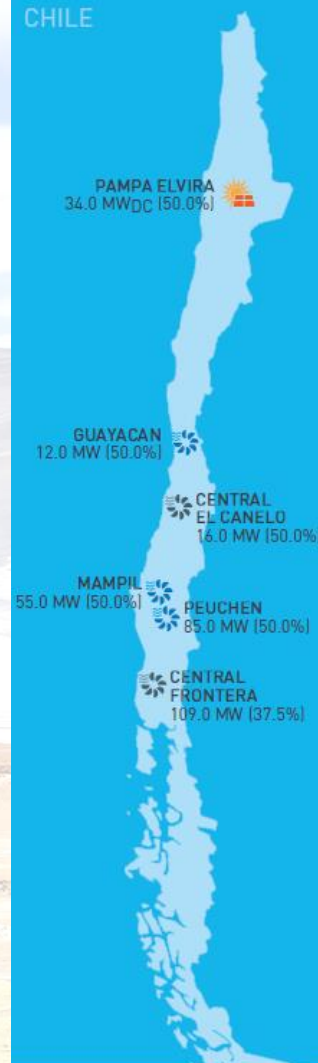
# CHILE OVERVIEW

Innergex acquired a 50% stake in Energía Llaima for a total commitment of US\$110 million to be invested in the first year.

- US\$80 million for the Duqueco project
- US\$10 million to secure financing for the Duqueco project
- US\$10 million for Energía Llaima working cap
- US\$10 million to be invested in the coming year

PROJECT In Operation Under Development*	TYPE	GROSS INSTALLED CAPACITY (MW)	COD
Partnership with Energía Llaima			
Energía Coyanco	Hydro	12.0	2010
Pampa Elvira	Solar	34.0	2013
Central Frontera	Hydro	109.0	2022
Central El Canelo	Hydro	16.0	2021
As part of the Duqueco project acquisition			
Mampil	Hydro	55.0	2001
Peuchen	Hydro	85.0	2001
TOTAL		311.0	

\*Energía Llaima has numerous projects at preliminary stages of development.







# CARTIER OVERVIEW

## Innergex to acquire TransCanada's interest in the five Cartier wind farms and their operating entities

- Transaction of approximately \$630 million
- Projected contribution to revenues and Adjusted EBITDA of \$82.9 million and \$68.4 million, respectively
- Addition of 46 employees to Innergex team with a solid expertise in operating wind farms

PROJECT In Operation	TYPE	GROSS INSTALLED CAPACITY (MW)	PPA Expiry
Baie-des-Sables	Wind	109.5	2026
Carleton	Wind	109.5	2028
Gros-Morne	Wind	211.5	2032
L'Anse-à-Valleau	Wind	100.5	2027
Montagne Sèche	Wind	58.5	2031
TOTAL		589.5	

Increased net installed capacity by 366 MW

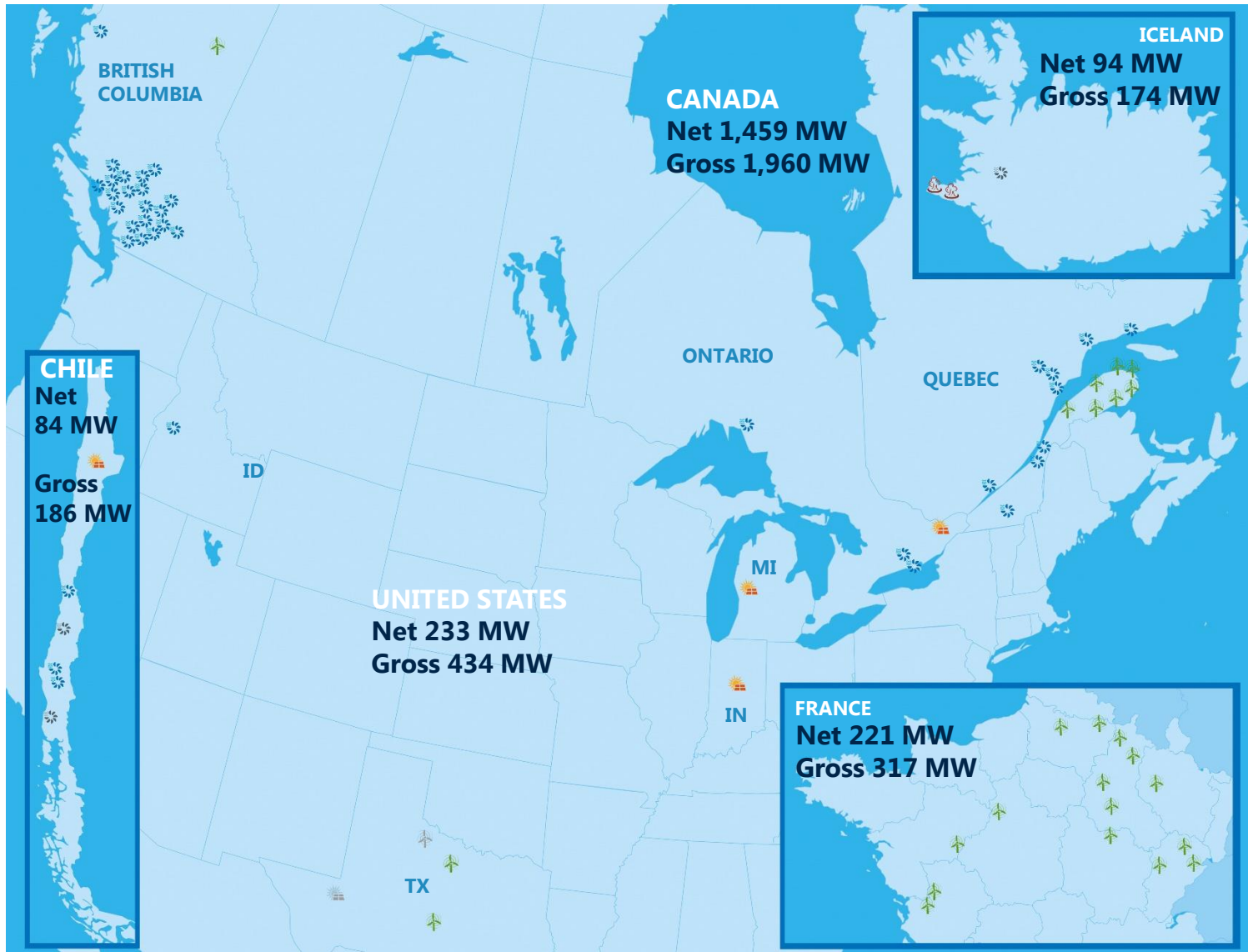
## Financing

- One-year term credit facility of \$400 million non-recourse to Innergex
- One-year term credit facility of \$240 million to be reimbursed through the strategic divestment of a minority interest in the Cartier Wind Farms and divestment of selected assets





# INNERGEX' GROWING PRESENCE










# 73

facilities in  
operation, under  
construction and  
in advanced  
development

A global company with  
presence and expertise  
in five countries and  
two continents

## LEGEND

-  Wind in operation
-  Wind under construction or in advanced development
-  Solar in operation
-  Solar under construction
-  Hydro in operation
-  Hydro under construction or in advanced development
-  Geothermal in operation



Renewable Energy.  
Sustainable Development.

**Question Period**

