



SECOND QUARTER 2016 CONFERENCE CALL & WEBCAST Results, mid-year review & outlook

AUGUST 4, 2016



INNERGEX

FORWARD-LOOKING INFORMATION

This document contains forward-looking information within the meaning of securities legislations (“Forward-Looking Information”), which can generally be identified by the use of words such as “projected”, “potential”, “expect”, “estimate”, or other comparable terminology that states that certain events will or will not occur. It represents the estimates and expectations of the Corporation relating to future results and developments as of the date of this document. It includes **future-oriented financial information**, such as projected Adjusted EBITDA, estimated project costs, projected Free Cash Flow and Payout Ratio, to inform readers of the potential financial impact of commissioning existing development projects. This information may not be appropriate for other purposes.

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 and developments 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 and solar irradiation; 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.

Although the Corporation believes that the expectations and assumptions on which Forward-Looking Information is based are reasonable, readers of this document are cautioned not to rely unduly on this Forward-Looking Information since no assurance can be given that it will prove to be correct. 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 of this document, unless required by legislation.

FORWARD-LOOKING INFORMATION IN THIS DOCUMENT

PRINCIPAL ASSUMPTIONS

PROJECTED ADJUSTED EBITDA

For each facility, the Corporation determines an annual long-term average level of electricity production (LTA) over the expected life of the facility, based on several factors that include, without limitations, historically observed water flows or wind or solar irradiation conditions, turbine or panel technology, 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. The Corporation then estimates expected annual revenues for each facility by multiplying its LTA by a price for electricity stipulated in the power purchase agreement secured with a public utility or other creditworthy counterparty. These agreements stipulate a base price and, in some cases, a price adjustment depending on the month, day and hour of delivery. In most cases, power purchase agreements also contain an annual inflation adjustment based on a portion of the Consumer Price Index. The Corporation then 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 Corporation estimates annual Adjusted EBITDA by adding the projected operating earnings of all the facilities in operation that it consolidates*, 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. *Excludes Umbata Falls and Viger-Denonville accounted for using the equity method.

PRINCIPAL RISKS AND UNCERTAINTIES

- Improper assessment of water, wind and sun resources and associated electricity production
- Variability in hydrology, wind regimes and solar irradiation
- Equipment failure or unexpected operations & maintenance activity
- Unexpected seasonal variability in the production and delivery of electricity
- Variability of facility performance and related penalties
- Changes to water and land rental expenses
- Unexpected maintenance expenditures
- Lower inflation rate than expected
- Natural disaster

ESTIMATED PROJECT COSTS, EXPECTED OBTAINMENT OF PERMITS, START OF CONSTRUCTION, WORK CONDUCTED AND START OF COMMERCIAL OPERATION FOR DEVELOPMENT PROJECTS OR PROSPECTIVE PROJECTS

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 projected costs provided by the engineering, procurement and construction contractor retained for the project. The Corporation provides indications regarding scheduling and construction (EPC) progress for its development projects and indications regarding its prospective projects, based on its extensive experience as a developer.

- Performance of counterparties, such as EPC contractors
- Delays and cost overruns in project design construction
- Obtainment of permits
- Equipment supply
- Relationships with stakeholders
- Regulatory and political risks
- Interest rate fluctuations and financing risk
- Higher inflation rate than expected
- Natural disaster

INTENTION TO SUBMIT PROJECTS UNDER REQUESTS FOR PROPOSALS AND TO GAIN A Foothold INTERNATIONALLY

The Corporation provides indications of its intention to submit projects under future requests for proposals (RFP), based on the state of readiness of some of its prospective projects and their compatibility with the announced terms of the RFP. It provides indications of its intention to establish a presence in target markets internationally in the coming years, based on its growth strategy.

- Regulatory and political risks
- Ability of the Corporation to execute its strategy for building shareholder value
- Ability to secure new power purchase agreements
- Foreign exchange fluctuations

EXPECTED CLOSING OF THE ACQUISITION OF THE EIGHTH FRENCH WIND FARM UNDER CONSTRUCTION

The Corporation reasonably expects to complete the acquisition of the Eight French Wind Farm under construction and it has no indication as of today that the closing conditions will not be satisfied by all parties.

- Regulatory and political risks
- Availability of the Capital
- Performance of the counterparties

FORWARD-LOOKING INFORMATION IN THIS DOCUMENT CONT'D

PRINCIPAL ASSUMPTIONS

PROJECTED FREE CASH FLOW AND PAYOUT RATIO

The Corporation estimates Free Cash Flow as projected cash flow from operations 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 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. It also adjusts for other elements, which represent cash inflows or outflows that are not representative of the Corporation's long-term cash generating capacity, such as adding back transaction costs related to realized acquisitions (which are financed at the time of the acquisition) and adding back realized losses or subtracting realized gains on derivative financial instruments used to fix the interest rate on project-level debt or the exchange rate on equipment purchases.

The Corporation estimates the Payout Ratio by dividing the most recent declared annual common share dividend by the projected Free Cash Flow.

PRINCIPAL RISKS AND UNCERTAINTIES

- 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
- The Corporation may not declare or pay a dividend

NON-IFRS MEASURES IN THIS DOCUMENT

Adjusted EBITDA, Free Cash Flow and Payout Ratio are not measures recognized by International Financial Reporting Standards (IFRS) and have no meaning prescribed by it. References to "Adjusted EBITDA" are to revenues less operating expenses, general and administrative expenses and prospective project expenses. 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 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 Company's long-term cash generating capacity, such as transaction costs related to realized acquisitions (which are financed at the time of the acquisition) and 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. References to "Payout Ratio" are to dividends declared on common shares divided by Free Cash Flow. Readers are cautioned that Adjusted EBITDA should not be construed as an alternative to net earnings and Free Cash Flow should not be construed as an alternative to cash flows from operating activities, as determined in accordance with IFRS.

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.

AGENDA

Recap of 2016 objectives and progress report

- Operating performance
- Project development
- Financing activities
- Growth opportunities

Outlook

- 2017 run rate

Question period

2016 OBJECTIVES

OPERATING PERFORMANCE

- Grow production approx. 6-8%
- Grow revenues approx. 9-11%
- Grow Adjusted EBITDA approx. 7-9%
- Maintain a Payout Ratio below 100%

PROGRESS

- Production YTD increased **18%**
- Revenues YTD increased **17%**
- Adjusted EBITDA YTD increased **19%**
- Trailing 12 months payout ratio stands at **84%**

2016 OBJECTIVES

DEVELOPMENT AND FINANCING

- Advance construction of the Upper Lillooet and Boulder Creek hydroelectric projects in BC
- Refinance Stardale solar farm

PROGRESS

- Upper Lillooet and Boulder Creek are making up time lost in the 2015 forest fire. Tunneling at Upper Lillooet is now complete
- In February 2016, Stardale's long-term debt was renegotiated to increase its borrowing by \$12.1 M for a total of \$109.0 M, while reducing the all-in interest rate to 5.36%

2016 OBJECTIVES

DEVELOPMENT AND FINANCING

- Put Big Silver Creek and Mesgi'g Ugju's'n (MU) projects in operation
- Finalize terms and conditions of Saint-Paulin and Windsor PPAs

PROGRESS

- On track for commissioning Big Silver Creek imminently and MU in Q4-2016. A notice that all commercial operation date requirements for Big Silver Creek have been satisfied was sent to BC Hydro Power and Authority
- Terms and conditions of renewed contracts are under negotiation

2016 OBJECTIVES

GROWTH OPPORTUNITIES

- Advance prospective projects in Canada
- Other markets to be investigated

PROGRESS

- Several opportunities pursued across Canada
- Acquisition of the 16 MW Walden North hydroelectric facility in BC completed in February 2016
- Pursued acquisition/development opportunities in France, Peru, Mexico and in USA
- The corporation secured land rights for more than 100 MW of prospective wind farms projects in France

2016 OBJECTIVES

GROWTH OPPORTUNITIES

- France-Mexico: realize at least one acquisition

PROGRESS

- France acquisition of 7 wind farms of a total capacity of 87 MW completed in April 2016 and deposit for an 8th wind farm of 44 MW

UPDATE ON PROJECT DEVELOPMENT

PROJECT	PROV.	GROSS MW	CONST. COST EST. (\$M)	COSTS AT JUN.30 (\$M)	EXPECTED COD
COMMISSIONING ACTIVITIES					
Big Silver Creek	BC	40.6	206.0	201.7	2016
PROJECTS UNDER CONSTRUCTION					
Mesgi'g Ugju's'n	QC	150.0	305.0	189.9	2016
Boulder Creek	BC	25.3	124.1	92.7	2017
Upper Lillooet River	BC	81.4	327.1	268.3	2017
		297.3	962.2	752.6	

- Insurance claim process on the forest fire at Upper Lillooet River and Boulder Creek is ongoing

UPDATE ON CORPORATE FINANCE

- Extension of \$425 M revolving term credit facility from 2019 to 2020

Private Placement of Innergex's common shares for \$50.0 M

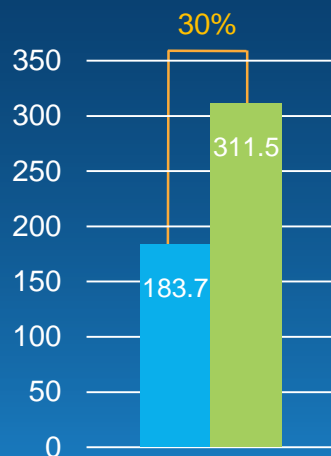
- To finance part of the French acquisition, three Desjardins Group affiliated entities have collectively subscribed to a private placement of 3,906,250 common shares of Innergex, for gross proceeds of \$50.0 M on the closing date in April 2016

Partnership with Desjardins

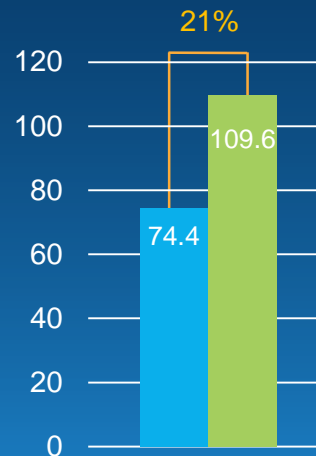
- On June 10, 2016, the Corporation announced the closing of a \$38.4 M investment by Desjardins in the French Acquisition portfolio for a participation of 30.45%

2017 RUN RATE

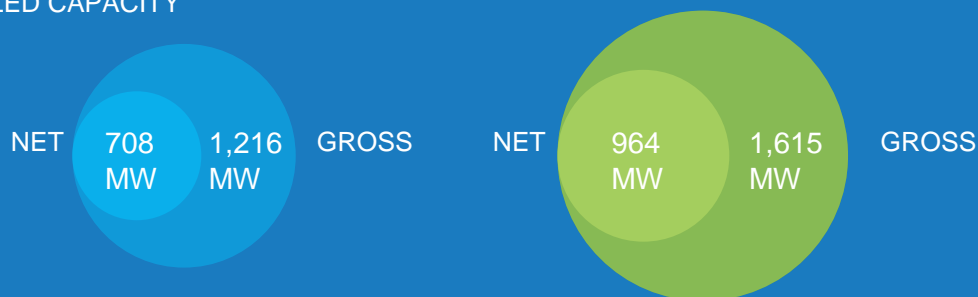
ADJUSTED EBITDA
(\$M)



FREE CASH FLOW
(\$M)



INSTALLED CAPACITY



■ 2015
■ 2017
— CAGR

CAGR:
Compound
Annual
Growth Rate

THESE ESTIMATES REFLECT THE COMMISSIONING OF THE FOUR PROJECTS CURRENTLY UNDER CONSTRUCTION/ IN COMMISSIONING. THEY EXCLUDE ANY POTENTIAL ACQUISITIONS OR OTHER DEVELOPMENT OPPORTUNITIES THAT MAY GIVE RISE TO ADDITIONAL REVENUES AND EXPENSES.

OVERVIEW 2016-2020



Remain exclusively in renewable energy

Maintain diversification of energy sources

Consolidate leadership position in Canada

Develop an international presence in target markets

- ▶ Focus on high-quality assets
- ▶ Maintain low-risk business model
- ▶ Maintain a long-term outlook
- ▶ Focus on partnerships, especially with First Nations
- ▶ Maintain discipline of acquisitions that are accretive to cash flows

IN SUMMARY

SUSTAINABLE DIVIDEND

- Attractive dividend yield of 4.2%

VISIBLE CASH FLOW EXPANSION TO 2017

- Adjusted EBITDA CAGR of 30%
- Free Cash Flow CAGR of 21%
- Based on projects under construction

CLEAR PLAN FOR CONTINUED GROWTH

- Long-term target Payout Ratio of 70-80%
- Capital deployment priorities:
 - Development/ Acquisitions
 - Steady dividend increases



QUESTION PERIOD

INNERGEX