



YEAR-END 2016 CONFERENCE CALL & WEBCAST Results and outlook

FEBRUARY 24, 2017



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 and expected project financing, as well as 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

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 (EPC) 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 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

EXPECTED PROJECT FINANCING

The Corporation provides indications of its intention to secure non-recourse project-level debt financing for its development projects, based on the expected LTA production and the expected costs of each project, expected PPA term, a leverage ratio of approximately 75%-85%, as well as its extensive experience in project financing and its knowledge of the capital markets.

- Interest rate fluctuations and financing risk
- Financial leverage and restrictive covenants governing current and future indebtedness

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

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 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 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

2016 Financial results

Report card for 2016

Objectives for 2017

2017 Projections

Overview 2017-2020

Question period

2016 OBJECTIVES – OPERATING PERFORMANCE

INCREASE PRODUCTION AND REVENUES

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

REPORT CARD

- Production increased 18%
- Revenues increased 19%
- Adjusted EBITDA increased 18%
- Payout Ratio at 91%

2016 OBJECTIVES – PROJECT DEVELOPMENT



ADVANCE THE FOUR DEVELOPMENT PROJECTS

- Advance construction of the hydroelectric development projects in BC
- Put Big Silver and Mesgi'g Ugju's'n projects in operation

REPORT CARD

- Commissioning of Upper Lillooet and Boulder Creek expected within Q1 and Q2 2017
- Big Silver Creek COD on July 29, 2016, earlier than expected and on budget
- Mesgi'g Ugju's'n COD on December 30, 2016, within budget

UPDATE ON PROJECT DEVELOPMENT

PROJECT	PROV.	GROSS MW	CONST. COST EST. (\$M)	COSTS AT DEC. 31 (\$M)	EXPECTED COD
Boulder Creek	BC	25.3	124.1	112.3	Q2-2017
Upper Lillooet River	BC	81.4	327.1	315.1	Q1-2017
		106.7	451.2	427.4	

2016 OBJECTIVES – PROJECT FINANCING

PURSUE FINANCING ACTIVITIES

- Refinance Fitzsimmons Creek
- Refinance Stardale solar farm
- Finalize terms and conditions of Saint-Paulin and Windsor PPAs

REPORT CARD

- Fitzsimmons Creek refinanced in Q4, at better interest rate / terms
- Stardale refinanced in Q1 with \$12.1 M increase and lower interest rate
- PPAs still under negotiation

2016 OBJECTIVES – GROWTH OPPORTUNITIES

PURSUE EXTERNAL GROWTH OPPORTUNITIES

- Pursue acquisitions in line with the Corporation's growth strategy to:
 - consolidate leadership position in Canada
 - gain foothold in target markets internationally
- Implement growth strategy targeting international markets

REPORT CARD

- Acquisition of the 16 MW Walden hydroelectric facility in BC
- Acquisition of seven operating wind farms in France totaling 86.8 MW
- Acquisition of two operating wind farms in France totaling 24 MW
- Explored opportunities in France, USA, Latin America

2017 OBJECTIVES

OPERATING PERFORMANCE

- Grow production approx. 31%
- Grow revenues approx. 44%
- Grow Adjusted EBITDA approx. 48%
- Maintain a target long-term Payout Ratio between 70-80%

DEVELOPMENT

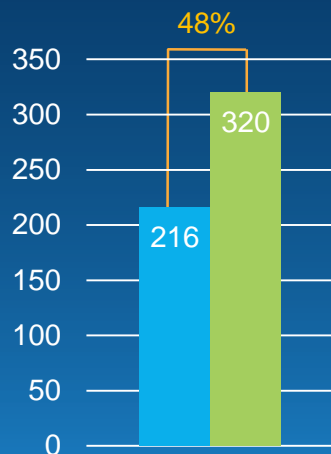
- Put the two hydroelectric projects in BC in operation
- Finalize terms and conditions of Saint-Paulin, Windsor and Brown Lake PPAs

GROWTH OPPORTUNITIES

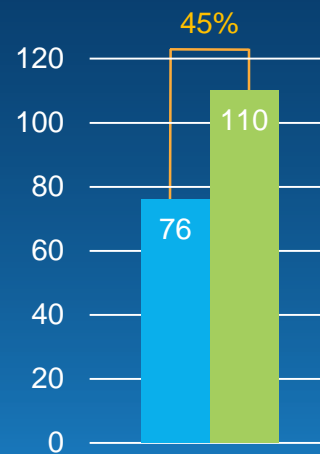
- Advance prospective projects in Canada
- Open an office in France to pursue prospective project opportunities
- Investigate
 - US
 - Latin America

2017 PROJECTIONS

ADJUSTED EBITDA
(\$M)

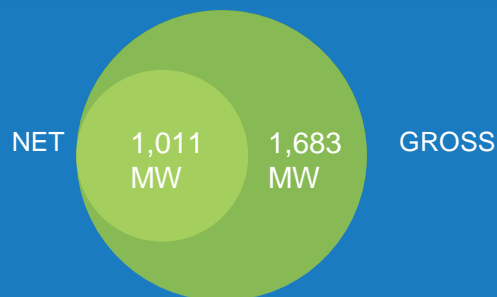
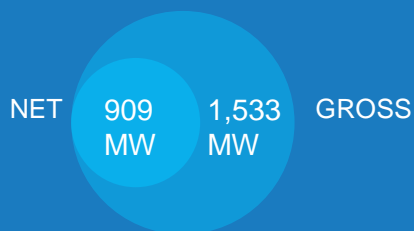


FREE CASH FLOW
(\$M)



■ 2016
■ 2017
— Growth

INSTALLED CAPACITY



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

OVERVIEW 2017-2020



Remain exclusively in renewable energy



Maintain diversification of energy sources



Develop an international presence in target markets



Consolidate leadership position in Canada

- ▶ 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 4.6%
- Dividend increase of \$0.02, to \$0.66/year per common share, announced February 23, 2017

VISIBLE CASH FLOW EXPANSION TO 2017

- Adjusted EBITDA to increase by 48%
- Free Cash Flow to increase by 45%
- Based on projects under construction + Yonne acquisition

CLEAR PLAN FOR CONTINUED GROWTH

- Long-term target Payout Ratio of 70-80%
- Steady dividend increases



QUESTION PERIOD

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