



# SECOND QUARTER 2017 CONFERENCE CALL & WEBCAST

August 4, 2017



# INNERGEX

# FORWARD-LOOKING INFORMATION

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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"). 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. It includes future-oriented financial information such as expected production, projected revenues, projected Adjusted EBITDA, projected Free Cash Flow and estimated project costs, to inform readers of the potential financial impact of expected results, of the expected commissioning of Development Projects, of the potential financial impact of the acquisitions, of the Corporation's ability to sustain current dividends and dividend increases and of its ability to fund its growth. Such 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 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 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 on equivalent terms and conditions.

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

Principal Assumptions	Principal Risks and Uncertainties
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## EXPECTED PRODUCTION

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; and for solar energy, the historical solar irradiation conditions, panel technology and expected solar panel degradation. 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 Umbata Falls and Viger-Denonville, which are accounted for using the equity method).

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 and maintenance activity  
 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 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

## PROJECTED REVENUES

For each facility, expected annual revenues are estimated by multiplying the 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.

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

# FORWARD-LOOKING INFORMATION

Principal Assumptions	Principal Risks and Uncertainties
<p><b>PROJECTED ADJUSTED EBITDA</b></p> <p>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).</p>	<p>Lower revenues caused mainly by the risks and uncertainties mentioned above</p> <p>Variability of facility performance and related penalties</p> <p>Unexpected maintenance expenditures</p>
<p><b>PROJECTED FREE CASH FLOW AND INTENTION TO PAY DIVIDEND QUARTERLY</b></p> <p>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.</p> <p>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.</p>	<p>Adjusted EBITDA below expectations caused mainly by the risks and uncertainties mentioned above and by higher prospective project expenses</p> <p>Projects costs above expectations caused mainly by the performance of counterparties and delays and cost overruns in the design and construction of projects</p> <p>Regulatory and political risk</p> <p>Interest rate fluctuations and financing risk</p> <p>Financial leverage and restrictive covenants governing current and future indebtedness</p> <p>Unexpected maintenance capital expenditures</p> <p>Possibility that the Corporation may not declare or pay a dividend</p>
<p><b>EXPECTED CLOSING OF THE ACQUISITION OF TWO WIND FACILITIES IN CHAMPAGNE-ARDENNE, FRANCE</b></p> <p>The Corporation reasonably expects to complete the acquisition of the two wind facilities in Champagne-Ardenne, France and it has no indication as of today that the closing conditions will not be satisfied by all parties.</p>	<p>Regulatory and political risks</p> <p>Availability of the Capital</p> <p>Performance of the counterparties</p>

# NON-IFRS MEASURES

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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

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- Q2 and six-month period 2017 financial results
- Operating review
- Outlook
- Question period





**JEAN PERRON, CPA, CA**  
CHIEF FINANCIAL OFFICER

# Q2 AND SIX-MONTH PERIOD 2017 FINANCIAL RESULTS

*In millions of Canadian dollars, except production (GWh)*

	Three-Month Period Ended June 30		Six-Month Period Ended June 30	
	2017	2016	2017	2016
Production	1,323	1,176	2,045	1,841
Revenues	109.5	87.8	184.1	150.3
Adjusted EBITDA	85.9	66.9	136.9	114.5
Net Earnings	14.1	15.7	11.8	22.9



# FREE CASH FLOW AND PAYOUT RATIO

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

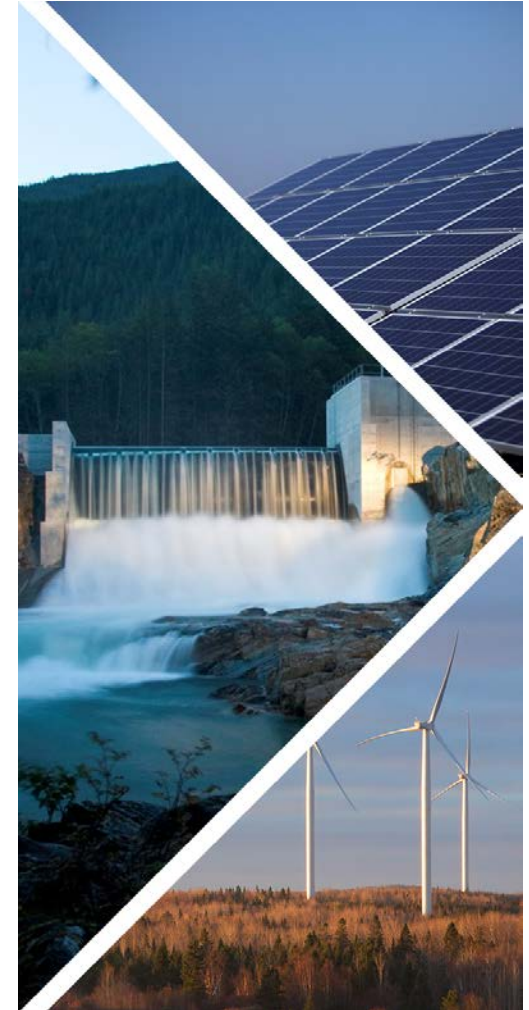
	Trailing 12 Months Ended June 30	
	2017	2016
Free Cash Flow	75.9	78.9
Payout Ratio	93%	84%



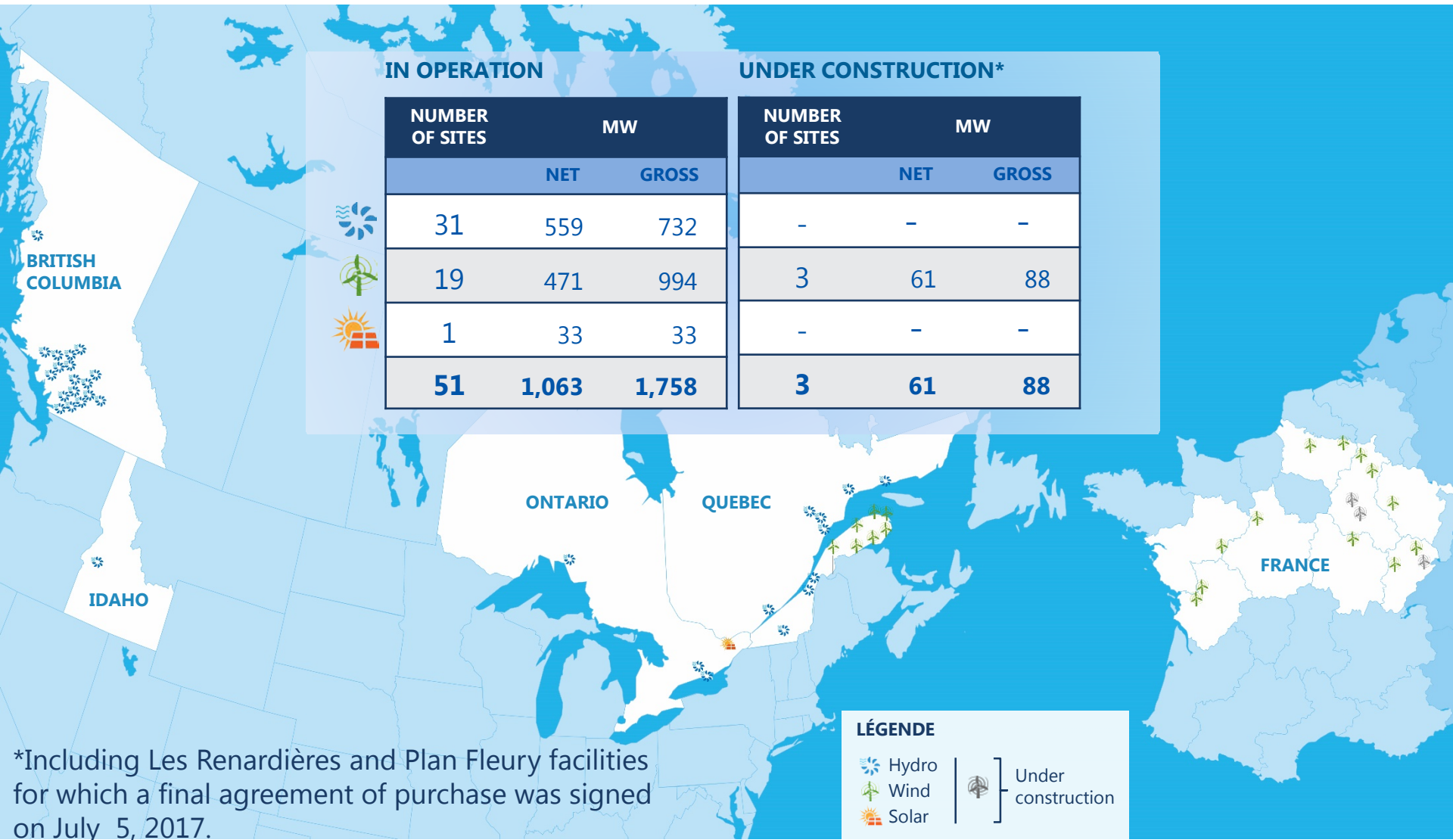
**MICHEL LETELLIER, MBA**  
PRESIDENT AND  
CHIEF EXECUTIVE OFFICER

# OPERATING REVIEW

- Commissioning of 25.3 MW Boulder Creek hydro facility in British Columbia
- Acquisition of Rougemont 1-2 and Vaite in Bourgogne-Franche-Comté, France
  - 2 wind farms have reached commercial operation in May 2017
- Final agreement to acquire Les Renardières and Plan Fleury wind farms in Champagne-Ardenne, France
- Opening of an office in Lyon, France
- Opening of an office in San Diego, USA



# INNERGEX GROWING PRESENCE



\*Including Les Renardières and Plan Fleury facilities for which a final agreement of purchase was signed on July 5, 2017.

**LÉGENDE**

- Hydro
- Wind
- Solar
- Under construction

# OUTLOOK

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- Complete the acquisition of Les Renardières and Plan-Fleury facilities in Champagne-Ardenne, France
- Advance prospective projects in Canada
- Pursue prospective project opportunities in France
- Develop the US and Latin America markets



# 2017 PROJECTED FINANCIAL PERFORMANCE

COMPARED TO 2016

	2017 PROJECTIONS* (12 MONTHS)	2017 YTD (6 MONTHS)
▪ Power Generated	↑ 31%	↑ 11%
▪ Revenues	↑ 44%	↑ 22%
▪ Adjusted EBITDA	↑ 48%	↑ 19%
▪ Free cash flow	↑ 45%	↓ 4% (trailing twelve months)

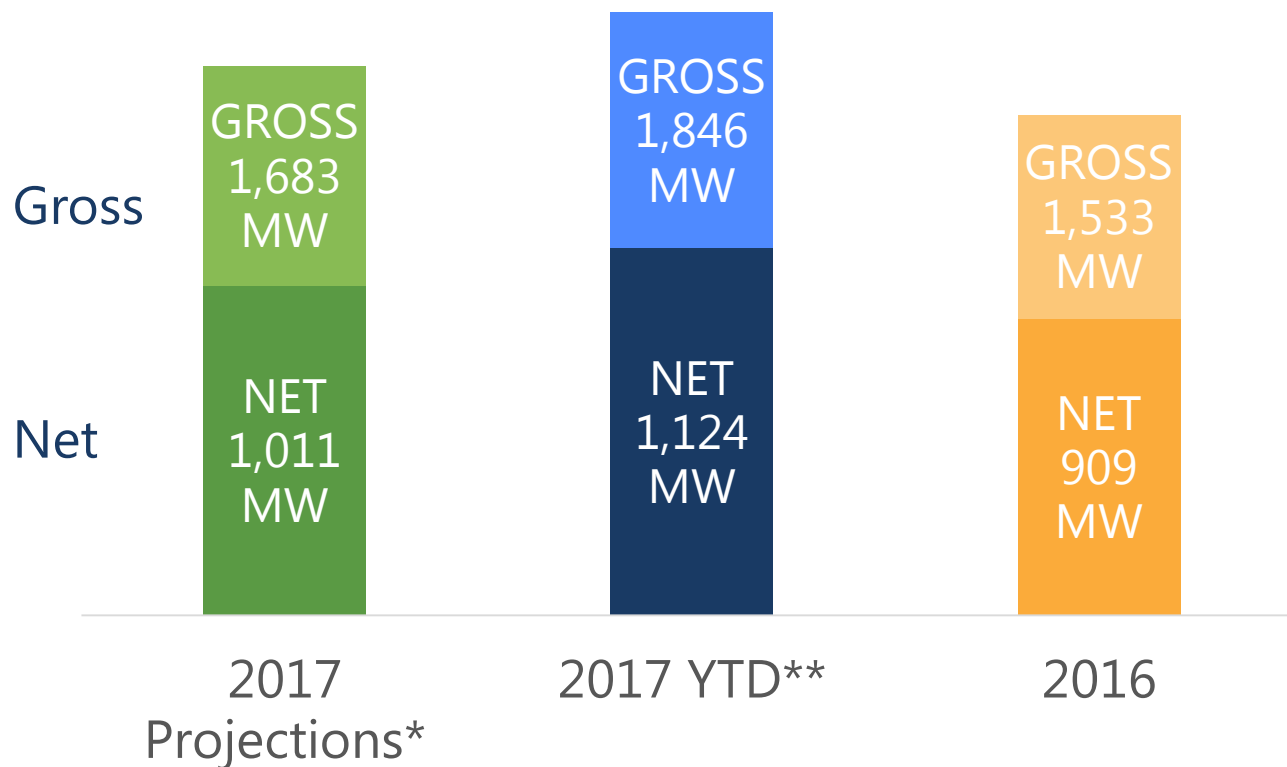
Our current results were impacted by below average production since the beginning of the year. Also, the recently commissioned and acquired facilities' impact will increase over Q3 and Q4.

\*These estimates were released in the Annual Report 2016, issued on February 23, 2017 and reflect the commissioning of the Upper Lillooet River and Boulder Creek facilities and the Yonne acquisition. They exclude any acquisitions concluded since then and any potential acquisitions or other development opportunities.



# INSTALLED CAPACITY

*Net capacity represents the proportional share of the total capacity attributable to Innergex based on its ownership interest in each facility.*



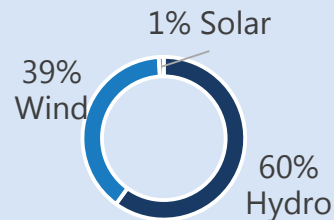
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\*\* Includes Les Renardières and Plan Fleury facilities for which a final agreement of purchase was signed on July 5, 2017.

# OVERVIEW 2017-2020



## Energy Source Diversification\*



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

\*Based on long-term average production, including recently commissioned and acquired facilities and Les Renardières and Plan Fleury facilities for which a final agreement of purchase was signed on July 5, 2017.

# QUESTION PERIOD

