

SECOND QUARTER 2014 CONFERENCE CALL & WEBCAST Results and mid-year review

AUGUST 8, 2014



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, Free Cash Flow and Payout Ratio to inform readers of the potential financial impact of commissioning existing development projects and of integrating the recently acquired SM-1 hydroelectric facility. 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; the ability to secure new power purchase agreements or to renew existing ones; and the ability to realize the benefits of acquiring the SM-1 hydroelectric.

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 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

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

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.

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

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.

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 operations 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 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. 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 2014 objectives and progress report

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

Profile 2017

Question period

2014 OBJECTIVES – OPERATING PERFORMANCE

INCREASE PRODUCTION,
REVENUES AND ADJUSTED
EBITDA BY APPROX. 20%

- Full-year contribution of Magpie hydroelectric facility in QC
- Full-year contribution of Kwoiek Creek and Northwest Stave River hydroelectric facilities in BC

Progress report:

- Weak hydrology in Q1 and weak wind in Q2, but Q3 is an important quarter
- Additional contribution to come from the SM-1 hydroelectric facility in QC acquired in June

2014 OBJECTIVES – PROJECT DEVELOPMENT

ADVANCE THE FIVE DEVELOPMENT PROJECTS

- Start construction of Big Silver Creek
- Sign the Mesgi'g Ugju's'n PPA and advance permitting

Progress report:

- Construction of Big Silver Creek started in May ✓
- PPA for Mesgi'g Ugju's'n signed in January, no environmental hearings ✓

UPDATE ON PROJECT DEVELOPMENT

PROJECT	PROV.	GROSS MW	CONSTRUCTION COST EST. (\$M)	EXPECTED COD
Tretheway Creek	BC	23.2	111.5	2015
Boulder Creek	BC	25.3	119.2	2016
Upper Lillooet River	BC	81.4	315.0	2016
Big Silver Creek	BC	40.6	216.0	2016
Mesgi'g Ugju's'n	QC	150.0	365.0 ¹	2016
		320.5	1,126.7	


¹ Estimate is preliminary and subject to change.

2014 OBJECTIVES – PROJECT FINANCING

PURSUE FINANCING ACTIVITIES

- Refinance Umbata Falls
- Close the financing for three of the five development projects
- Implement the hedging program for Mesgi'g Ugju's'n

Progress report:

- Term of Umbata Falls loan extended, refinancing expected by the end of the year
- Commitment letter & term sheet for Tretheway Creek financing executed
- Call for bids for the Upper Lillooet River and Boulder Creek financings
- Hedging program for Mesgi'g Ugju's'n completed in January 

SUMMARY OF FINANCING ACTIVITIES

PROJECT	GROSS MW		FINANCING	AMOUNT (\$M)	EXPECTED
Umbata Falls	23.0	Hydro	Refinancing	47.0	Q4 2014
Tretheway Creek	23.2	Hydro	New debt	70.0	Q3 2014
Boulder Creek	25.3	Hydro	} New debt	370.0	Q4 2014
Upper Lillooet River	81.4	Hydro			
Big Silver Creek	40.6	Hydro	New debt	150.0	Q1 2015
Mesgi'g Ugju's'n	150.0	Wind	New debt	300.0	¹ Q2 2015
	320.5			937.0	

¹ Estimate is preliminary and subject to change.

2014 OBJECTIVES – GROWTH OPPORTUNITIES

PURSUE GREENFIELD DEVELOPMENT ACTIVITIES

- Submit projects under the 450 MW wind RFP in QC
- Advance the Nulki Hills wind project and other prospective projects in BC
- Advance prospective projects in view of eventual RFPs in ON

Progress report:


- Submissions under QC RFP due September 3, 2014
- Nulki Hills and other prospective projects advancing
- Promoter qualifications for upcoming RFP in ON due September 4, 2014

2014 OBJECTIVES – GROWTH OPPORTUNITIES, CONT'D

PURSUE EXTERNAL GROWTH OPPORTUNITIES

- Complete the acquisition of other Hydroméga assets
- Pursue acquisition opportunities

Progress report:

- Acquisition of the 30.5 MW SM-1 hydroelectric facility in QC completed on June 20 
- Pursuing acquisition opportunities that meet our criteria

SM-1 ACQUISITION

**LONG-TERM
HYDRO ASSET**
INSTALLED CAPACITY

30.5  **MW**

**AFTER-TAX INTERNAL
RATE OF RETURN**
APPROX.

10%

IMMEDIATELY ACCRETIVE

FREE CASH FLOW (\$)
APPROX.

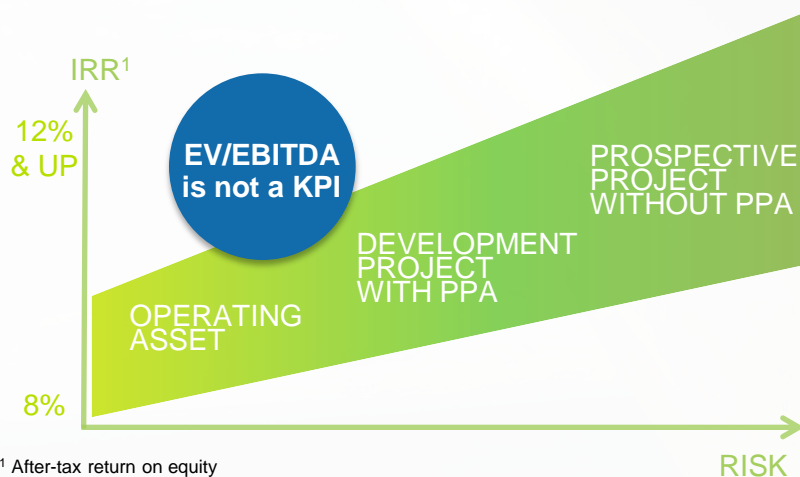
5.0 million
per
year

PAYOUT RATIO
APPROX.

3%

DEVELOPMENT AND ACQUISITION STRATEGY

RISK-RETURN RELATIONSHIP



GOALS

- DIVERSIFY
 - BY SOURCE OF ENERGY
 - BY GEOGRAPHIC MARKET
- PRODUCE INCREMENTAL FREE CASH FLOW

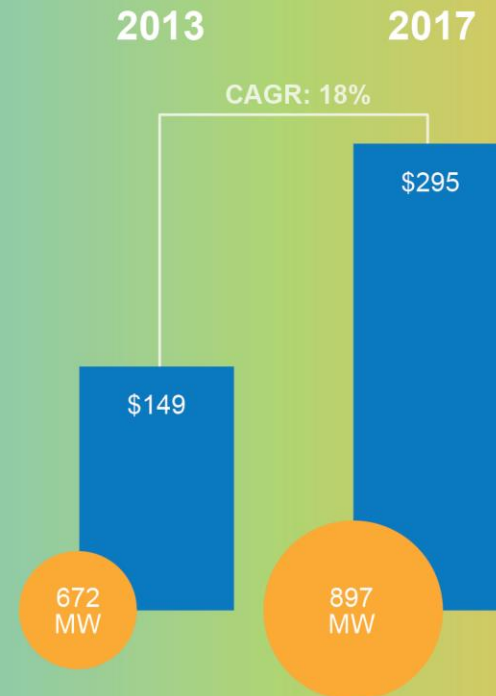
CRITERIA

- RENEWABLE ENERGY
- PROVEN COMMERCIALY VIABLE TECHNOLOGY
- LONG-TERM PPA
- LONG-LIFE ASSET

MEASURABLE GROWTH

A KEY PERFORMANCE INDICATOR FOR US IS THE ADJUSTED EBITDA GENERATED BY THE FACILITIES WE CONSOLIDATE¹.

Adjusted EBITDA (\$M)



- Net Installed Capacity
- Consolidated Adjusted EBITDA²

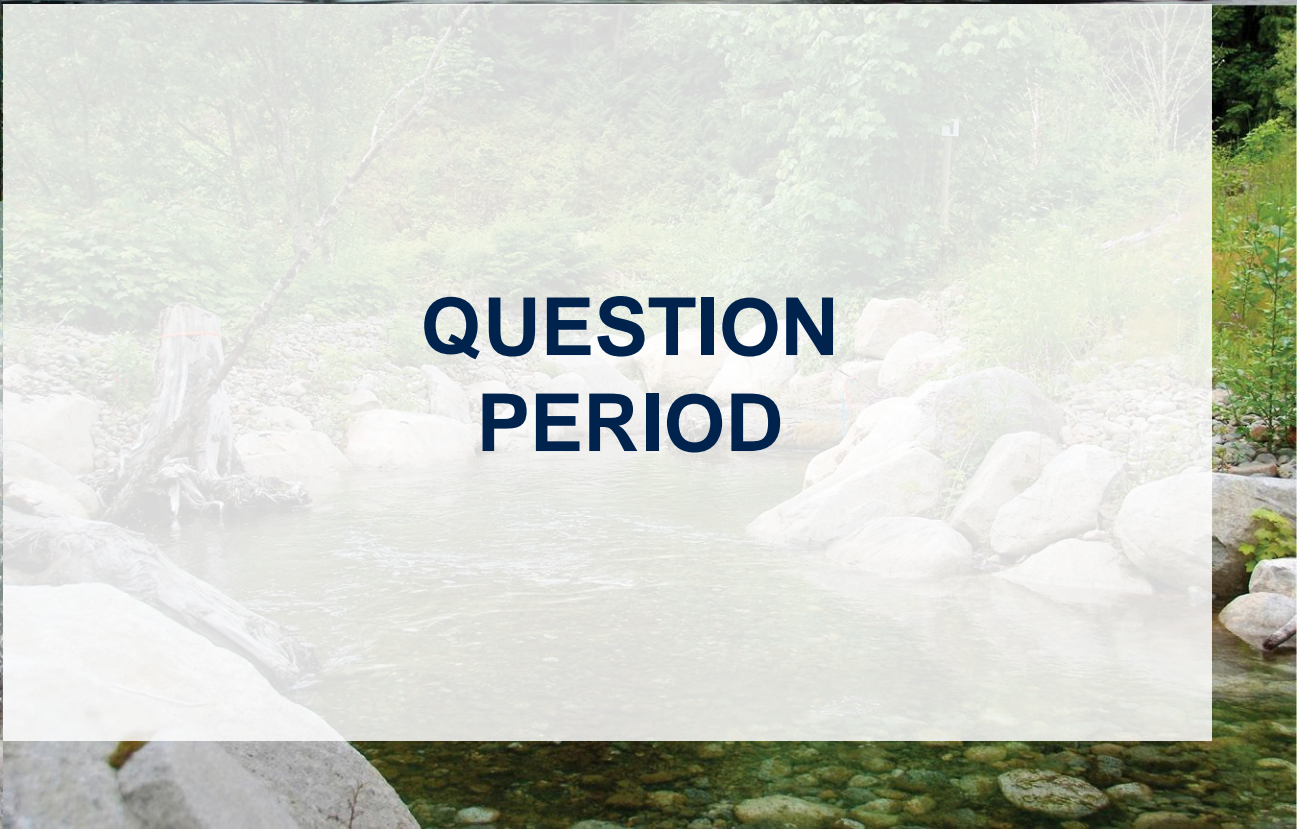
¹Excludes the Umbata Falls and Viger-Denonville joint ventures, accounted for using the equity method. The annual Adjusted EBITDA for these facilities combined attributable to the Corporation is approximately \$8.0M.

IN SUMMARY

**SUSTAINABLE
DIVIDEND
AND ATTRACTIVE
DIVIDEND YIELD OF
5.6%**

**GROWTH
ADJUSTED EBITDA
CAGR OF 18% TO 2017,
PLUS ADDITIONAL
POTENTIAL**

**POSSIBILITY TO
INCREASE THE
DIVIDEND
AS FREE CASH FLOW
INCREASES**



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**QUESTION
PERIOD**