INNERGEX

Renewable Energy.
Sustainable Development.

News Release
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INNERGEX: IMPRESSIVE EXECUTION OF ALL STRATEGIC INITIATIVES

- Revenues from continuing operations up 16% to $144.7 million in Q2 2019 compared with Q2 2018.
- Revenues Proportionate up 18% to $169.8 million in Q2 2019 compared with Q2 2018.
- Adjusted EBITDA for continuing operations rose 15% to $105.2 million in Q2 2019 compared with Q2 2018.
- Adjusted EBITDA Proportionate rose 15% to $120.8 million in Q2 2019 compared with Q2 2018.
- Closing of the construction loan and tax equity commitment for the Foard City wind project.
- Closing of the initial tax equity funding operation for the Phoebe Solar project under construction in Texas.
- Sale of the 53.9% interest in Icelandic assets completed, for a purchase price, after adjustments, of US$297.4 million ($400.9 million)

All amounts are in Canadian dollars, except as noted.

LONGUEUIL, Quebec, August 13, 2019 – Innergex Renewable Energy Inc. (TSX: INE) (“Innergex” or the “Corporation”) today released its operating and financial results for the second quarter ended June 30, 2019. The increases in revenues and Adjusted EBITDA for continuing operations are mainly due to the acquisition of the remaining 62% in the Cartier Wind Farms in October 2018.

"This past quarter was highlighted by the completion of the sale of our Icelandic assets, and the significant progress made at our two projects currently under construction in Texas. These projects will grow our net installed capacity by 30% and we look forward to their respective commissioning in the coming months", said Michel Letellier, President and Chief Executive Officer of Innergex. "Also, we recently signed a 40-year power purchase agreement with Hydro-Québec Distribution on the Innavik hydro project in partnership with the Inuit Pituvik Landholding Corporation, which again proves that strategic investments can create long-term value to all stakeholders."

OPERATING RESULTS

On May 23, 2019, Innergex announced completion of the sale of its wholly owned subsidiary Magma Energy Sweden A.B. ("Magma Sweden") which owns an equity interest of approximately 53.9% in HS Orka hf ("HS Orka"), owner of two geothermal facilities in operations, one hydro project in development and prospective projects in Iceland, which are now treated as discontinued operations. As a result, the comparative figures have been restated. The figures presented in this press release are for the continuing operations unless otherwise indicated.

Amounts shown are in thousands of Canadian dollars except as noted otherwise.	Three months ended June 30		Six months ended June 30	
	2019	**2018**	**2019**	**2018**
		Restated [2,3]		Restated [2,3]
Production (MWh)	1,741,953	1,509,599	3,050,458	2,453,050
Long-term average (MWh) ("LTA")	1,743,516	1,516,645	3,069,993	2,507,447
Revenues	144,693	124,914	271,112	226,702
Adjusted EBITDA[1]	105,248	91,660	198,491	165,226
Net (loss) earnings from continuing operations	(10,453)	11,105	(14,873)	1,410
Net earnings	7,345	16,861	6,491	2,021
Net (loss) earnings from continuing operations attributable to owners, $ per share - basic and diluted	(0.07)	0.06	(0.14)	0.03
Net earnings attributable to owners, $ per share - basic and diluted	0.07	0.09	0.01	0.03
Production Proportionate (MWh)[1]	2,136,983	1,903,778	3,726,810	2,950,890
Revenues Proportionate[1]	169,791	143,937	311,017	251,498
Adjusted EBITDA Proportionate[1]	120,841	105,015	220,516	181,755

	Trailing twelve months ended June 30	
	2019	**2018**
	Restated [2]	Restated [2]
Free Cash Flow[1]	115,689	91,655
Payout Ratio[1]	79%	88%

1. Please refer to the Non-IFRS Measures Disclaimer for the definition of Production Proportionate, Revenues Proportionate, Adjusted EBITDA, Adjusted EBITDA Proportionate, Free Cash Flow and Payout Ratio.
2. For more information on the restatement, please refer to the "Accounting Changes" section of the Management's Discussion and Analysis of the second quarter of 2019.
3. For more information, please refer to the "Discontinued Operations" section of the Management's Discussion and Analysis of the second quarter of 2019.

Three-month period ended June 30, 2019

Production increased 15% and Production Proportionate increased 12% compared with the same quarter last year.

- Production was 100% of the LTA:
    - Hydroelectric facilities: 99% of their LTA;
    - Wind farms: 102% of their LTA; and
    - Solar farms: 95% of their LTA.

The 16% increase in revenues and 15% in Adjusted EBITDA mainly stem from the contribution of the 62% remaining interest in the Cartier Wind Farms acquired in October 2018.

The Adjusted EBITDA Margin decreased from 73.4% to 72.7% for the three-month period due mainly to a lower margin in the hydro segment due to higher operating costs in British Columbia and a lower margin from the French facilities explained mainly by higher operating costs.

The 18% increase in Revenues Proportionate and 15% increase in Adjusted EBITDA Proportionate are mainly due to the investment in Energía Llaima and to higher revenues from the Texas facilities stemming mainly from higher selling prices in 2019.

For the three-month period ended June 30, 2019, the Corporation recorded a net loss from continuing operations of $10.5 million (basic and diluted loss from continuing operations of $0.07 per share), compared with net earnings from continuing operations of $11.1 million (basic and diluted net earnings from continuing operations of $0.06 per share) for the corresponding period in 2018. The $21.6 million variation can be explained by a $16.6 million unfavourable variation in unrealized net (gain) loss on financial instruments, a $10.3 million increase in depreciation and amortization, a $9.3 million increase in finance costs and a $1.4 million increase in the expense of income taxes. These items were partly offset by a $13.6 million increase in Adjusted EBITDA, a $1.8 million decrease in the share of loss of joint ventures and associates and a $0.6 million decrease in other net expenses.

Six-month period ended June 30, 2019

Production increased 24% and Production Proportionate increased 26% compared with the same quarter last year.

- Production was 99% of the LTA:
    - Hydroelectric facilities: 94% of their LTA;
    - Wind farms: 104% of their LTA; and
    - Solar farms: 95% of their LTA.

The 20% increase in revenues and 20% in Adjusted EBITDA mainly stem from the contribution of the 62% remaining interest in the Cartier Wind Farms acquired in October 2018.

The Adjusted EBITDA Margin increased from 72.9% to 73.2% for the six-month period mainly explained by changes in our mix of segments as wind generation now represents a higher proportion of Adjusted EBITDA. Wind activities typically have a better return on revenues than hydro due to lower operating costs. This item was partly offset by a lower margin in the hydro segment due to higher operating costs in British Columbia and a lower margin from the French facilities.

The 24% increase in Revenues Proportionate and 21% increase in Adjusted EBITDA Proportionate are mainly due to the investment in Energía Llaima and to higher revenues from the Texas facilities stemming mainly from higher selling prices in 2019.

For the six-month period ended June 30, 2019, the Corporation recorded a net loss from continuing operations of $14.9 million (basic and diluted net loss from continuing operations of $0.14 per share), compared with net earnings from continuing operations of $1.4 million (basic and diluted net earnings from continuing operations of $0.03 per share) for the corresponding period in 2018. The $16.3 million variation can be explained by a $20.5 million increase in depreciation and amortization, a $18.4 million increase in finance costs, a $9.0 million unfavourable variation in unrealized net (gain) loss on financial instruments and a $6.1 million increase in the share of loss of joint ventures and associates. These items were partly offset by a $33.3 million increase in Adjusted EBITDA, a $3.7 million decrease in other net expenses and a $0.7 million increase in the recovery of income taxes.

Free Cash Flow and Payout Ratio

For the trailing twelve-month period ended June 30, 2019, the Corporation generated Free Cash Flow of $115.7 million, compared with $91.7 million for the corresponding period last year. The increase in Free Cash Flow is due mainly to higher cash flows from operating activities before changes in non-cash working capital items and the recovery of maintenance capital expenditures and prospective project expenses, net of attribution to non-controlling interests, partly offset by greater scheduled debt principal payments, mainly from the acquisition of Cartier, and the French projects that reached term conversion in 2018.

For the trailing twelve-month period ended June 30, 2019, the dividends on common shares declared by the Corporation amounted to 79% of Free Cash Flow, compared with 88% for the corresponding period last year. This change results mainly from a $24.0 million increase in Free Cash Flow. This item was partly offset by higher dividend payments as a result of the issuance of 24,327,225 shares on February 6, 2018, related to the Alterra acquisition; an increase in the quarterly dividend and additional shares issued under the Dividend Reinvestment Plan ("DRIP").

SECOND QUARTER OPERATIONAL HIGHLIGHTS

Divestment of HS Orka

On May 23, 2019, Innergex announced completion of the sale of its wholly owned subsidiary Magma Sweden, which owns an equity interest of approximately 53.9% in HS Orka for US$297.4 million (CAN$400.9 million) after adjustments to Jarðvarmi slhf which exercised its right of first refusal.

Net proceeds were used to reimburse the $228 million one-year credit facility contracted on October 24, 2018 at the time of the acquisition of the remaining interest in the Cartier Wind Farms and Operating Entities and the utilized portion of the additional borrowing capacity that was obtained on April 23, 2019. The proceeds were also used to deleverage corporate facilities.

Solar Development in the United States

In the second quarter, the Corporation issued letters of credit to secure 150 MW of solar panels to qualify approximately 750 MW of future solar projects for the full 30% ITC, which will represent an investment of about US$50 million.

Construction Activities

Phoebe Solar Project (Texas)

On June 4, 2019, Innergex closed the initial tax equity funding operation in its Phoebe Solar project under construction in Texas. Wells Fargo Central Pacific Holdings, Inc. injected its initial contribution of approximately US$37.1 million (CAN$49.6 million) in Phoebe Solar.

Also in the second quarter, the civil work was nearly completed and the focus turned to electrical and module installations. The installation of the piles and trackers was completed, and the civil contractor commenced demobilization from site. All of the modules required for construction of the 250 MW_{AC} solar project have now been delivered to the site as at the date of this press release. Substation construction was completed, and the substation was energized. Inverter delivery was also completed, and all of the inverters were placed in their final locations and are being energized as the Blocks are brought online. There are 7 “Blocks” of modules that make up the project. Blocks 5 and 7 were brought online in June, Blocks 2 and 3 came online in July and Block 4 commenced generation in early August. Electricity was produced and sold from the Blocks that were online. Revenues generated were applied toward reducing the construction costs. Construction costs are in line with the budget at this stage and stand at US$337.7 million (CAN$441.9 million) at the end of June. The project is expected to begin commercial operation in the third quarter of 2019.

Foard City Wind Project (Texas)

In the second quarter of 2019, the Federal Aviation Administration ("FAA") and the Corporation came to an agreement for 9 additional turbines, representing a total of 139 turbines or 350.3 MW. All 139 Determinations of No Hazard from the FAA were received in May 2019. Construction continued on site and it is expected that the project would achieve commercial operation in the fourth quarter of 2019. All 139 of the turbines have now been delivered to site and erected and mechanical completion and testing are proceeding on schedule. The substation has been energized and energization of the collector lines commenced in early August. Total project costs were revised upward to US$403.6 million (CAN$528.2 million). As at June 30, 2019, construction costs are aligned with expectations at US$335.7 million (CAN$439.4 million).

On May 8, 2019, the Corporation announced the closing of a construction loan and a tax equity commitment. The construction financing amounts to US$290.9 million (CAN$380.7 million), backed by a US$275.0 million (CAN$359.9 million) tax equity commitment and a US$23.3 million (CAN$30.5 million) 7-year term loan facility with a 10-year amortization period to be provided by lenders upon the commercial operation date.

SUBSEQUENT EVENT

New swap contracts signed

On July 18, 2019 and July 22, 2019 the Corporation entered into six hedge agreements to mitigate the risk of fluctuations in the interest rates on the revolving credit facilities held by the Corporation. The notional amounts of theses contracts total $125 million and will mature between 2029 and 2049. The fair value is based on Level 2 valuation techniques. The Corporation designated the interest rate swaps as a cash flow hedge for accounting purposes.

Favourable decision from the Environmental Appeal Board ("EAB")

In 2017, the Comptroller of Water Rights has sought to apply the higher water rights rates retroactively to Fire Creek, Lamont Creek, Stokke Creek, Tipella Creek and Upper Stave River for the years 2011 and 2012 and by doing so sought an additional $3.2 million in water rental for these two years. An appeal of this decision was filed with the EAB. On July 26, 2019, the EAB rendered its decision, granting the appeal and ordering the Comptroller of Water Rights to reimburse to each facility its proportionate share of the adjusted water rental amounts overcharged with interest. This decision is subject to appeal by the Comptroller.

DIVIDEND DECLARATION

The following dividends will be paid by the Corporation on October 15, 2019:

Date of announcement	Record date	Payment date	Dividend per common share	Dividend per Series A Preferred Share	Dividend per Series C Preferred Share
August 13, 2019	September 30, 2019	October 15, 2019	$0.1750	$0.2255	$0.359375

ADDITIONAL INFORMATION

Innergex's 2019 second quarter unaudited condensed interim consolidated financial statements, the notes thereto and the Management's Discussion and Analysis can be obtained on SEDAR at www.sedar.com and in the "Investors" section of the Corporation's website at www.innergex.com.

CONFERENCE CALL AND WEBCAST

The Corporation will hold a conference call and webcast on Wednesday August 14, 2019, at 10 AM (EDT). Investors and financial analysts are invited to access the conference by dialing 1 888 231-8191 or 647 427-7450 or via https://bit.ly/2Z5opYr or the Corporation's website at www.innergex.com. Journalists as well as the public may access this conference call via a listen mode only. A replay of the conference call will be available after the event on the Corporation's website.

About Innergex Renewable Energy Inc.

The Corporation is an independent renewable power producer which develops, acquires, owns and operates hydroelectric facilities, wind farms and solar farms. As a global corporation, Innergex conducts operations in Canada, the United States, France and Chile. Innergex manages a large portfolio of assets currently consisting of interests in 66 operating facilities with an aggregate net installed capacity of 1,988 MW (gross 2,888 MW), including 37 hydroelectric facilities, 25 wind farms and four solar farms. Innergex also holds interests in eight projects under development with a net installed capacity of 978 MW (gross 896 MW), two of which are currently under construction and prospective projects at different stages of development with an aggregate gross capacity totaling 7,767 MW. Respecting the environment and balancing the best interests of the host communities, its partners, and its investors are at the heart of the Corporation's development strategy. Its approach for building shareholder value is to generate sustainable cash flows, provide an attractive risk-adjusted return on invested capital and to distribute a stable dividend. Innergex Renewable Energy Inc. is rated BBB- by S&P.

Non-IFRS measures disclaimer

The unaudited condensed interim consolidated financial statements for the three- and six-month periods ended June 30, 2019, have been prepared in accordance with International Financial Reporting Standards ("IFRS"). However, some measures referred to in this press release are not recognized measures under IFRS 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. Production Proportionate, Revenues Proportionate, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted EBITDA Proportionate, Free Cash Flow, Adjusted Free Cash Flow, Payout Ratio and Adjusted Payout Ratio are not measures recognized by IFRS and have no standardized meaning prescribed by IFRS.

Revenues Proportionate

References in this document to "Innergex's share of Revenues of joint ventures and associates" are to Innergex's ownership interest in the equity or in the sponsors' equity when applicable of the Revenues of the joint ventures and associates. Readers are cautioned that Innergex's share of Revenues of joint ventures and associates should not be construed as an alternative to Revenues, as determined in accordance with IFRS.

References in this document to "Revenues Proportionate" are to Revenues plus Innergex's share of Revenues 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 Revenues Proportionate should not be construed as an alternative to Revenues, as determined in accordance with IFRS.

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
		Restated [1,2]		Restated [1,2]
Revenues	144,693	124,914	271,112	226,702
Innergex's share of Revenues of joint ventures and associates:				
Toba Montrose (40%) [3]	7,438	7,899	7,973	8,126
Shannon (50%) [3,5]	2,422	1,771	4,545	3,278
Flat Top (51%) [4,5]	3,126	2,570	5,723	2,753
Dokie (25.5%) [3]	1,432	1,795	3,753	3,089
Jimmie Creek (50.99%)[3]	2,156	2,240	2,298	2,295
Umbata Falls (49%)	1,582	1,426	2,283	2,250
Viger-Denonville (50%)	1,167	1,322	3,158	3,005
Duqueco (50%)[6]	4,827	—	8,129	—
Guayacán (50%)[6]	408	—	1,011	—
Pampa Elvira (50%)[6]	540	—	1,032	—
	25,098	19,023	39,905	24,796
Revenues Proportionate	169,791	143,937	311,017	251,498

1. For more information, please refer to the "Accounting Changes" section of the Management's Discussion and Analysis of the second quarter of 2019.
2. For more information, please refer to the "Discontinued Operations" section of the Management's Discussion and Analysis of the second quarter of 2019.
3. For the period from January 1, 2019 to June 30, 2019 and February 6, 2018, to June 30, 2018.
4. For the period from January 1, 2019 to June 30, 2019 and March 23, 2018, to June 30, 2018.
5. Ownership interest is in the sponsor equity of Shannon and Flat Top. However, tax equity partners hold 100% of the tax equity interests.
6. Innergex owns a 50% interest in Energía Llaima which owns the Guayacán (69.47% interest) and the Pampa Elvira (55% interest) facilities and Duqueco which includes the Mampil (100% interest) and Peuchén (100% interest) facilities.

Adjusted EBITDA and Adjusted EBITDA Margin

References in this document to "Adjusted EBITDA" are to net earnings (loss) from continuing operations to which are added (deducted) provision (recovery) for income tax expenses, finance cost, depreciation and amortization, other net expenses, share of (earnings) loss of joint ventures and associates and unrealized net (gain) loss on financial instruments. 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.

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.

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
		Restated [1,2]		Restated [1,2]
Net (loss) earnings from continuing operations	(10,453)	11,105	(14,873)	1,410
Income tax expense (recovery of)	1,493	100	(2,585)	(1,887)
Finance costs	58,259	48,972	111,230	92,875
Depreciation and amortization	46,749	36,459	93,215	72,700
EBITDA	96,048	96,636	186,987	165,098
Other net expenses	552	1,118	1,278	5,006
Share of loss of joint ventures and associates	142	1,983	7,032	916
Unrealized net loss (gain) on financial instruments	8,506	(8,077)	3,194	(5,794)
Adjusted EBITDA	105,248	91,660	198,491	165,226
Adjusted EBITDA margin	72.7%	73.4%	73.2%	72.9%

1. For more information, please refer to the "Accounting Changes" section of the Management's Discussion and Analysis of the second quarter of 2019.
2. For more information, please refer to the "Discontinued Operations" section of the Management's Discussion and Analysis of the second quarter of 2019.

Adjusted EBITDA Proportionate

References in this document to "Innergex's share of Adjusted EBITDA of the joint ventures and associates" are to Innergex's ownership interest in the equity or in the sponsors' equity when applicable of the Adjusted EBITDA of the joint ventures and associates.

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.

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
		Restated [1,2]		Restated [1,2]
Adjusted EBITDA	105,248	91,660	198,491	165,226
Innergex's share of Adjusted EBITDA of joint ventures and associates:				
Toba Montrose (40%) [3]	6,004	6,359	5,016	5,878
Shannon (50%) [3,5]	1,149	569	2,108	1,328
Flat Top (51%) [4,5]	1,194	925	1,925	903
Dokie (25.5%) [3]	911	1,275	2,704	2,242
Jimmie Creek (50.99%)[3]	1,746	1,828	1,370	1,656
Umbata Falls (49%)	1,436	1,318	1,862	2,022
Viger-Denonville (50%)	898	1,081	2,551	2,500
Duqueco (50%)[6]	2,082	—	3,661	—
Guayacán (50%)6	149	—	553	—
Pampa Elvira (50%)[6]	24	—	275	—
	15,593	13,355	22,025	16,529
Adjusted EBITDA Proportionate	120,841	105,015	220,516	181,755

1. For more information, please refer to the "Accounting Changes" section of the Management's Discussion and Analysis of the second quarter of 2019.
2. For more information, please refer to the "Discontinued Operations" section of the Management's Discussion and Analysis of the second quarter of 2019.
3. For the period from January 1, 2019 to June 30, 2019 and February 6, 2018, to June 30, 2018.
4. For the period from January 1, 2019 to June 30, 2019 and March 23, 2018, to June 30, 2018.
5. Ownership interest is in the sponsor equity of Shannon and Flat Top. However, tax equity partners hold 100% of the tax equity interests.
6. Innergex owns a 50% interest in Energía Llaima which owns the Guayacán (69.47% interest) and the Pampa Elvira (55% interest) facilities and Duqueco which includes the Mampil (100% interest) and Peuchén (100% interest) facilities.

Adjusted Net Loss from continuing operations

References to "Adjusted Net Loss from continuing operations" are to net earnings or losses from continuing operations 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. Accounting for derivatives under IFRS 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 Loss from continuing operations 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 Loss from continuing operations should not be construed as an alternative to net earnings, as determined in accordance with IFRS.

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
		Restated [1,2]		Restated[1,2]
Net (loss) earnings from continuing operations	(10,453)	11,105	(14,873)	1,410
Add (Subtract):				
Unrealized net loss (gain) on financial instruments	8,506	(8,077)	3,194	(5,794)
Realized (gain) loss on financial instruments	(448)	2	(448)	(826)
Income tax expenses (recovery of) related to above items	247	(250)	(774)	2,397
Share of unrealized net gain on financial instruments of joint ventures and associates, net of related income tax	(508)	(3,191)	(1,127)	(7,814)
Adjusted Net Loss from continuing operations	(2,656)	(411)	(14,028)	(10,627)

1. For more information, please refer to the "Accounting Changes" section of the Management's Discussion and Analysis of the second quarter of 2019.
2. For more information, please refer to the "Discontinued Operations" section of the Management's Discussion and Analysis of the second quarter of 2019.

Free Cash Flow and Payout Ratio

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.

References to "Adjusted Free Cash Flow" are to Free Cash Flow excluding prospective project expenses and non-recurring items.

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.

References to "Adjusted Payout Ratio" are to dividends declared on common shares divided by Adjusted Free Cash Flow after the impact of the DRIP.

Free Cash Flow and Payout Ratio calculation	Trailing twelve months ended June 30	
	2019	2018
	Restated [2]	Restated [2]
Cash flows from operating activities	222,999	240,022
Add (Subtract) the following items:		
Changes in non-cash operating working capital items	17,294	(42,811)
Maintenance capital expenditures net of proceeds from disposals	(9,224)	(7,394)
Scheduled debt principal payments	(104,385)	(83,140)
Free Cash Flow attributed to non-controlling interests[1]	(22,335)	(19,216)
Dividends declared on Preferred shares	(5,942)	(5,942)
Transaction costs related to realized acquisitions	2,121	10,963
Realized loss (gain) on derivative financial instruments	6,919	(827)
Recovery of maintenance capital expenditures and prospective project expenses, net of attribution to non-controlling interests[3]	8,242	—
Free Cash Flow	115,689	91,655
Dividends declared on common shares	91,917	80,877
Payout Ratio	79%	88%
Adjust for the following items:		
Prospective projects expenses	17,937	16,475
Adjusted Free Cash Flow	133,626	108,130
Dividends declared on common shares - DRIP adjusted	86,650	72,877
Adjusted Payout Ratio	65%	67%

1. The portion of Free Cash Flow attributed to non-controlling interests is subtracted, regardless of whether an actual distribution to non-controlling interests is made, in order to reflect the fact that such distributions may not occur in the period they are generated.
2. For more information, please refer to the "Accounting Changes" section of the Management's Discussion and Analysis of the second quarter of 2019.
3. The sale of HS Orka has allowed for the recovery of maintenance capital expenditures and prospective project expenses incurred thereon since the acquisition of the project in February 2018, totaling $5.7 million and $9.6 million, respectively. An amount of $7.1 million was deducted from the total recovery as it pertains to non-controlling interests.

Production Proportionate

References in this document to "Innergex's share of Production of the joint ventures and associates" are to Innergex's ownership interest in the equity or in the sponsors' equity when applicable of the Production of the joint ventures and associates.

References in this document to "Production Proportionate" are to Production plus Innergex's share of Production of the joint ventures and associates. Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance.

(in MWh)	Three months ended June 30 2019	2018	Six months ended June 30 2019	2018
		Restated[1,2]		Restated [1,2]
Production	1,741,953	1,509,599	3,050,458	2,453,050
Innergex's share of Production of joint ventures and associates:				
Toba Montrose (40%) [3]	87,168	98,986	91,638	100,492
Shannon (50%) [3,5]	89,172	104,525	180,781	165,397
Flat Top (51%) [4,5]	115,450	116,271	231,126	126,286
Dokie (25.5%) [3]	14,311	18,296	30,887	28,418
Jimmie Creek (50.99%)[3]	25,456	29,122	26,221	29,434
Umbata Falls (49%)	20,905	18,190	30,149	27,832
Viger-Denonville (50%)	7,718	8,789	20,897	19,981
Duqueco (50%)[6]	27,498	—	47,298	—
Guayacán (50%)6	4,138	—	10,786	—
Pampa Elvira (50%)[6]	3,214	—	6,569	—
	395,030	394,179	676,352	497,840
Production Proportionate	2,136,983	1,903,778	3,726,810	2,950,890

1. For more information, please refer to the "Accounting Changes" section of the Management's Discussion and Analysis of the second quarter of 2019.
2. For more information, please refer to the "Discontinued Operations" section of the Management's Discussion and Analysis of the second quarter of 2019.
3. For the period from January 1, 2019 to June 30, 2019 and February 6, 2018, to June 30, 2018.
4. For the period from January 1, 2019 to June 30, 2019 and March 23, 2018, to June 30, 2018.
5. Ownership interest is in the sponsor equity of Shannon and Flat Top. However, tax equity partners hold 100% of the tax equity interests.
6. Innergex owns a 50% interest in Energía Llaima which owns the Guayacán (69.47% interest) and the Pampa Elvira (55% interest) facilities and Duqueco which includes the Mampil (100% interest) and Peuchén (100% interest) facilities.

Forward-Looking Information

To inform readers of the Corporation's future prospects, this press release 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, sources and impact of funding project acquisitions, execution of non–recourse project level financing (including the timing and amount thereof), and strategic, operational and financial benefits and accretion expected to result from such acquisitions, 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", "would", “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 press release.

Forward-Looking Information includes future-oriented financial information or financial outlook within the meaning of securities laws, such as expected production, projected revenues, projected Adjusted EBITDA and projected Adjusted EBITDA Proportionate, to inform readers of the potential financial impact of expected results, of the expected commissioning of Development Projects, of the potential financial impact of completed and future acquisitions and of the Corporation's ability to sustain current dividends and to fund its growth. Such information may not be appropriate for other purposes.

Forward-looking Information is based on certain key assumptions made by Innergex, including, without restrictions, assumptions concerning project performance, economic, financial and financial market conditions, expectations and assumptions concerning availability of capital resources and timely performance by third-parties of contractual obligations, receipt of regulatory approvals and the divestiture of select assets. Although Innergex believes that the expectations and assumptions on which such 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 they will prove to be correct. The forward-looking information contained in this press release is made as of the date hereof and Innergex 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.

Since forward-looking information addresses future events and conditions, it is by its very nature subject to inherent risks and uncertainties. Forward-looking information involves risks and uncertainties that may cause actual results or performance to be materially different from those expressed, implied or presented by the forward-looking information. These include, but are not limited to, the risks associated with the ability of Innergex to execute its strategy for building shareholder value (including through the potential divestiture of selected assets), its ability to raise additional capital and the state of the capital markets, liquidity risks related to derivative financial instruments, variability in hydrology, wind regimes and solar irradiation, uncertainties surrounding the development of new facilities, interest rate fluctuations and refinancing risks, financial leverage and restrictive covenants governing current and future indebtedness, failure to realize the anticipated benefits of such acquisitions, variability of installations performance and related penalties, foreign exchange fluctuations and the fact that revenues from certain facilities will vary based on the market (or spot) price of electricity.

The following table outlines Forward-looking information contained in this press release, 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.

Principal Assumptions	Principal Risks and Uncertainties
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 LTA.	Improper assessment of water, wind and solar and associated electricity production Variability in hydrology, wind regimes and solar irradiation Equipment supply risk, including failure or unexpected operations and maintenance activity Natural disasters and force majeure Regulatory and political risks affecting production Health, safety and environmental risks affecting production Variability of installation performance and related penalties Availability and reliability of transmission systems Litigation
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. In most cases these PPAs stipulate a base price for electricity produced and, in some cases, a price adjustment depending on the month, day and hour of its delivery. This excludes facilities, which receive revenues, based on the market (or spot) price for electricity, including 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. In most cases, power purchase agreements also contain an annual inflation adjustment based on a portion of the Consumer Price Index.	See principal assumptions, risks and uncertainties identified under "Expected Production" Reliance on various forms of PPAs Revenues from certain facilities will vary based on the market (or spot) price of electricity Fluctuations affecting prospective power prices Changes in general economic conditions Ability to secure new Power Purchase Agreements or Renew any Power Purchase Agreement
Projected Adjusted EBITDA For each facility, the Corporation estimates annual operating earnings by adding (deducting) to net earnings (loss) provision (recovery) for income tax expenses, finance cost, depreciation and amortization, other net expenses, share of (earnings) loss of joint ventures and associates and unrealized net (gain) loss on financial instruments.	See principal assumptions, risks and uncertainties identified under "Expected Production" and "Expected Revenues" Variability of facility performance and related penalties Unexpected maintenance expenditures

Principal Assumptions	Principal Risks and Uncertainties
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 and Prospective Project, the Corporation may provide (where available) an estimate of potential installed capacity, estimated project costs, project financing terms and each project's development and construction schedule, based on its extensive experience as a developer, in addition to information directly related to incremental internal costs, site acquisition costs and financing costs, which are eventually adjusted for the projected costs and construction schedule provided by the engineering, procurement and construction ("EPC") contractor retained for the project. The Corporation provides indications based on assumptions regarding its current strategic positioning and competitive outlook, as well as scheduling and construction progress, for its Development Projects and its Prospective Projects, which the Corporation evaluates based on its experience as a developer.	Uncertainties surrounding development of new facilities Performance of major counterparties, such as suppliers or contractors Delays and cost overruns in the design and construction of projects Ability to secure appropriate land Obtainment of permits Health, safety and environmental risks Relationships with stakeholders Equipment supply Interest rate fluctuations and financing risk Risks related to U.S. PTCs and ITCs, changes in U.S. corporate tax rates and availability of tax equity financing Regulatory and political risks Higher-than-expected inflation Natural disaster Foreign market growth and development risks Outcome of insurance claims
Qualification for PTCs and ITC and Expected Tax Equity Investment Flip Point For certain Development Projects in the United States, the Corporation has conducted on- and off-site activities expected to qualify its Development Projects for PTCs or ITC at the full rate and to obtain tax equity financing on such a basis. To assess the potential qualification of a project, the Corporation takes into account the construction work performed and the timing of such work. The expected Tax Equity Flip Point for tax equity investment is determined according to the LTAs and revenues of each such project and is subject in addition to the related risks mentioned above.	Risks related to U.S. PTCs and ITC, changes in U.S. corporate tax rates and availability of tax equity financing Regulatory and political risks Delays and cost overruns in the design and construction of projects Obtainment of permits

Although the Corporation believes that the expectations and assumptions on which Forward-Looking Information is based are reasonable, readers of this press release are cautioned not to rely unduly on this Forward-Looking Information since no assurance can be given that they will prove to be correct. The forward-looking statements contained in this press release are made as of the date hereof and Innergex undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

For more information

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