



# QUARTERLY REPORT 2019

FOR THE PERIOD ENDED  
SEPTEMBER 30, 2019



These condensed interim consolidated financial statements have neither been audited nor reviewed by the Corporation's independent auditors.

**INNERGEX**

Renewable Energy.  
Sustainable Development.

Innergex Renewable Energy Inc. is a leading Canadian independent renewable power producer. Active since 1990, the Corporation develops, acquires, owns and operates hydroelectric facilities, wind farms and solar farms and carries out its operations in Canada, the United States, France and Chile. The Corporation's shares are listed on the Toronto Stock Exchange under the symbols INE, INE.PR.A and INE.PR.C and its convertible debentures are listed under the symbols INE.DB.B and INE.DB.C.

Innergex's mission is to increase its production of renewable energy by developing and operating high-quality facilities while respecting the environment and balancing the best interests of the host communities, its partners and its investors.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") is a discussion of the operating results, cash flows and financial position of Innergex Renewable Energy Inc. ("Innergex" or the "Corporation") for the three- and nine-month periods ended September 30, 2019, and reflects all material events up to November 12, 2019, the date on which this MD&A was approved by the Corporation's Board of Directors.

The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and the accompanying notes for the three- and nine-month periods ended September 30, 2019.

The unaudited condensed interim consolidated financial statements attached to this MD&A and the accompanying notes for the three- and nine-month periods ended September 30, 2019, along with the 2018 comparative figures, have been prepared in accordance with International Financial Reporting Standards ("IFRS"). However, some measures referred to in this MD&A are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

All dollar amounts are in thousands of Canadian dollars, except amounts per share or unless otherwise indicated. Some amounts included in this MD&A have been rounded to make reading easier, which may affect some calculations.

To inform readers of the Corporation's future prospects, this MD&A contains forward-looking information within the meaning of applicable securities laws ("Forward-Looking Information"). Please refer to the "Forward-Looking Information" section for more information.

Additional information relating to Innergex, including its Annual Information Form, can be found on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR") at [sedar.com](http://sedar.com) or on the Corporation's website at [innergex.com](http://innergex.com). Information contained in or otherwise accessible through our website does not form part of this MD&A and is not incorporated into the MD&A by reference.

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## FINANCIAL HIGHLIGHTS

- Production was 94% of the long-term average ("LTA") for the three-month period ended September 30, 2019.
- Revenues increased 23% to \$142.8 million for the three-month period ended September 30, 2019.
- Adjusted EBITDA rose 28% to \$107.4 million for the three-month period ended September 30, 2019, corresponding to an Adjusted EBITDA Margin of 75.2%.
- Adjusted EBITDA Proportionate increased 24% to \$135.8 million for the three-month period ended September 30, 2019.
- Full commissioning of the Foard City wind farm on September 27, 2019.
- Ramp-up of sales at the Phoebe solar project ahead of full commissioning.
- Completion of a \$125 million convertible debenture offering and redemption offering for the 4.25% Convertible Debentures.

	Three months ended September 30 <sup>1</sup>		Nine months ended September 30 <sup>1</sup>	
	2019	2018	2019	2018
<b>OPERATING RESULTS</b>		Restated <sup>4,5</sup>		Restated <sup>4,5</sup>
Production (MWh)	1,665,362	1,236,722	4,715,820	3,689,774
Revenues	142,814	116,464	413,926	343,166
Adjusted EBITDA <sup>2</sup>	107,351	83,683	305,842	248,909
Adjusted EBITDA Margin <sup>2</sup>	75.2%	71.9%	73.9%	72.5%
Net Earnings (Loss) From Continuing Operations	9,896	5,989	(4,977)	7,399
Net Earnings	9,703	9,456	16,194	11,477
Adjusted Net Earnings (Loss) From Continuing Operations <sup>2</sup>	13,585	15,218	(443)	4,591
<b>PROPORTIONATE</b>				
Production Proportionate (MWh) <sup>2</sup>	2,149,151	1,652,413	5,875,960	4,603,304
Revenues Proportionate <sup>2</sup>	179,816	151,151	490,830	402,651
Adjusted EBITDA Proportionate <sup>2</sup>	135,796	109,553	356,311	291,311
<b>COMMON SHARES</b>				
Dividends declared	23,917	22,576	70,650	67,607
Weighted Average Number of Common Shares (in 000s)	133,400	132,759	133,229	129,329
			Trailing twelve months ended September 30	
			2019	2018
<b>CASH FLOW</b>			Restated <sup>4</sup>	Restated <sup>4</sup>
Cash Flow From Operating Activities			213,585	246,761
Free Cash Flow <sup>2,3</sup>			100,455	98,502
Payout Ratio <sup>2,3</sup>			93%	87%
Adjusted Payout Ratio <sup>2,3</sup>			77%	65%
			As at	
			September 30, 2019 <sup>6</sup>	December 31, 2018
<b>FINANCIAL POSITION</b>				
Total Assets			6,489,349	6,481,284
Total Liabilities			5,402,872	5,521,723
Non-Controlling Interests			450,120	329,769
Equity Attributable to Owners			636,357	629,792

1. Results from continuing operations unless otherwise indicated.

2. Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Earnings (Loss) from continuing operations, Production Proportionate, Revenues Proportionate, Adjusted EBITDA Proportionate, Free Cash Flow, Payout Ratio and Adjusted Payout Ratio are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Production Proportionate is a key performance indicator for the Corporation that cannot be reconciled with an IFRS measure. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

3. For more information on the calculation and explanation, please refer to the "Free Cash Flow and Payout Ratio" section.

4. For more information on the restatement, please refer to the "Accounting Changes" section.

5. For more information, please refer to the "Discontinued Operations" section.

6. Financial Position items include assets/liabilities held for sale as well as assets/liabilities of continuing operations. Please refer to the "Financial Position" section for more information.

# OVERVIEW

The Corporation is a developer, acquirer, owner and operator of renewable power-generating facilities with a focus on hydroelectric, wind and solar power that benefit from simple, proven technologies.

**Discontinued Operations**

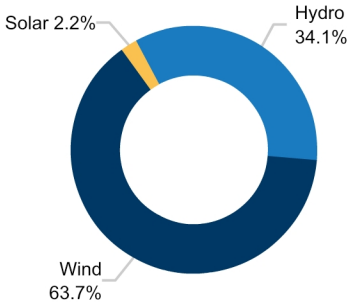
On May 23, 2019, the Corporation announced completion of the sale of its wholly owned subsidiary Magma Energy Sweden A.B. ("Magma Sweden"), which owns an equity interest of approximately 53.9% in HS Orka hf ("HS Orka"), owner of two geothermal facilities in operation, one hydro project in development and prospective projects in Iceland. The Geothermal Power Generation Segment is now accounted for as discontinued operations. For more information, please refer to the "Discontinued Operations" section of this MD&A. As a result, the comparative figures have been restated. The figures presented in this MD&A are for the continuing operations unless otherwise indicated.

## Segments

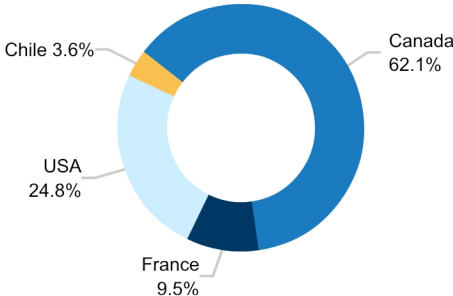
As at September 30, 2019, the Corporation has three operating segments and four geographic segments.

Operating Segments	Geographic Segments
Hydroelectric Power Generation	Canada
Wind Power Generation	France
Solar Power Generation	United States
	Chile

**Net Installed Capacity by Operating Segment**



**Net Installed Capacity by Geographic Segment**



## Portfolio of Assets

As at the date of this MD&A, the Corporation owns interests in three groups of projects at various stages: the Operating Facilities, the Development Projects and the Prospective Projects.

### Operating Facilities

The Corporation owns and operates 67 facilities in commercial operation (the “Operating Facilities”). Commissioned between 1992 and September 2019, the facilities have a weighted average age of approximately 7.2 years.

They mostly sell the generated power under long-term power purchase agreements, power hedge contracts and short- and long-term industrial contracts (each, a “PPA”) to rated public utilities or other creditworthy counterparties or on the open market. The PPAs have a weighted average remaining life of 16.1 years (based on gross long-term average production).

For most Operating Facilities in Canada and in France, PPAs include a base price and, in some cases, a price adjustment depending on the month, day and hour of delivery. For most Operating Facilities in the United States, power generated is sold through PPAs or on the open market supported by financial or physical power hedges to address market price risk exposure. In Chile, Operating Facilities sell the power generated through PPAs to industrial customers or on the open market.

	Number of Operating Facilities <sup>1</sup>	Installed Capacity (MW)	
		Gross <sup>2</sup>	Net <sup>3</sup>
<b>HYDRO</b>			
Canada	33	1,019	713
United States	1	10	10
Chile	3	152	74
Subtotal	37	1,181	797
<b>WIND</b>			
Canada	8	908	714
France	15	317	221
United States	3	754	554
Subtotal	26	1,979	1,489
<b>SOLAR</b>			
Canada	1	27	27
United States	2	17	16
Chile	1	34	9
Subtotal	4	78	52
<b>Total</b>	<b>67</b>	<b>3,238</b>	<b>2,338</b>

1. The number of Operating Facilities includes all facilities owned and operated by the Corporation, including non-wholly owned subsidiaries and joint ventures and associates.

2. Gross installed capacity is the total capacity of all Operating Facilities of Innergex, including non-wholly owned subsidiaries and joint ventures and associates.

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

## Development Projects

With the commissioning of the Foard City wind farm, the Corporation now holds interests in seven projects under development. Two Development Projects are currently under construction. These projects are scheduled to begin commercial operation between 2019 and 2022 (the "Development Projects"). For more information on the Development Projects, please refer to the "Third Quarter Update" section.

	Number of Development Projects	Installed Capacity (MW)	
		Gross <sup>1</sup>	Net <sup>2</sup>
<b>HYDRO</b>			
Quebec	1	8	4
Chile	2	125	47
	3	133	51
<b>SOLAR</b>			
United States	4	495	495
Total	7	628	546

1. Gross installed capacity is the total capacity of all Development Projects of Innergex, including non-wholly owned subsidiaries and joint ventures and associates.

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

## Prospective Projects

The Corporation also owns interests in numerous prospective projects at various stages of development. Some have secured land rights, for which an investigative permit application has been filed or for which a proposal has been or could be submitted under a Request for Proposal or a Standing Offer Program (collectively the "Prospective Projects"). The list of Prospective Projects is revised annually to add or remove projects, according to their advancement potential.

There is no certainty that any Prospective Project will be realized.

	Prospective Projects			
	Gross Projected Capacity (MW) <sup>1</sup>			Total
	Hydro	Wind	Solar	
Canada	1,007	4,825	400	6,232
United States	—	920	95	1,015
France	—	205	—	205
Chile	125	162	28	315
Total	1,132	6,112	523	7,767

1. Only Gross Installed Capacity is disclosed for Prospective Projects as the net capacity is not yet defined at this stage.

## Shared Ownership

The Corporation shares ownership of some Operating Facilities, Development Projects and Prospective Projects with a corporate, financial, local community or Indigenous partner.

### Non-Wholly Owned Subsidiaries

Some Operating Facilities have material non-controlling interests and are treated as non-wholly owned subsidiaries. These facilities' results are included in the Corporation's consolidated results. Their summary statements of earnings and comprehensive income and summary statements of financial position are presented at the end of each financial year in the Annual Report.

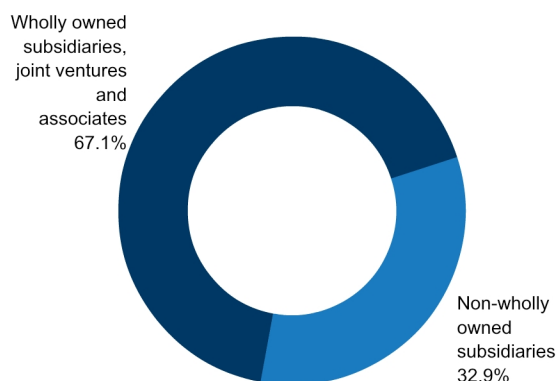
	Operating Facilities	Gross Installed Capacity (MW)	Net Installed Capacity (MW)	Sources of Energy	Principal Place of Operation	Proportion of Ownership Interest and Voting Rights Held by the Corporation September 30, 2019
Spartan Holdings, LLC	Spartan	11	11	Solar	Michigan	100.00% <sup>1</sup>
Muko Partnership Holdings, LLC	Kokomo	6	5	Solar	Indiana	90.00% <sup>1</sup>
Harrison Hydro Limited Partnership and its subsidiaries	Douglas Creek, Fire Creek, Lamont Creek, Stokke Creek, Tipella Creek and Upper Stave River	150	75	Hydro	British Columbia	50.01%
Kwoiek Creek Resources Limited Partnership	Kwoiek Creek	50	25	Hydro	British Columbia	50.00% <sup>2</sup>
Innergex Sainte-Marguerite S.E.C.	Sainte-Marguerite	31	15	Hydro	Quebec	50.01%
Innergex Europe (2015) Limited Partnership and its subsidiaries	15 wind farms located in France	317	221	Wind	France	69.55%
Mesgi'g Ugju's'n (MU) Wind Farm L.P.	Mesgi'g Ugju's'n	150	75	Wind	Quebec	50.00% <sup>2,3</sup>
Foard City Holdings, LLC	Foard City	350	350	Wind	Texas	100.00% <sup>1</sup>
		1,065	777			

1. Ownership interest in the sponsor equity. However, tax equity partners hold 100% of the tax equity interests.

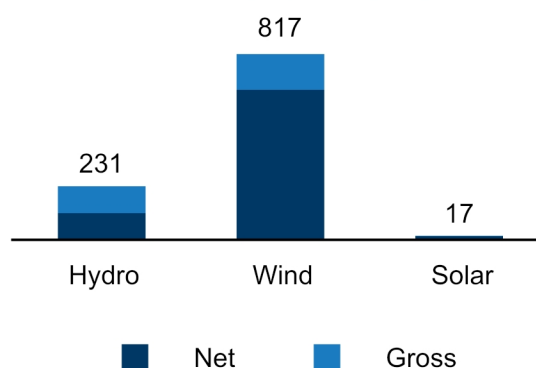
2. The Corporation owns more than 50% of the economic interest in the subsidiary.

3. The Corporation owns a 50% voting interest and a participation interest of 72.4% in 2019 (participation interest to decline over the years).

**Gross Installed Capacity Attributable to Non-Wholly Owned Subsidiaries**



**Installed Capacity of Non-Wholly Owned Subsidiaries by Operating Segment**



## Joint Ventures and Associates

Some Operating Facilities are treated as joint ventures and associates and accounted for using the equity method. Their summary statements of earnings and comprehensive income as well as their summary of financial position are presented at the end of each financial year in the Annual Report in the section "Investments in Joint Ventures and Associates". Innergex's share of Production, Revenues and Adjusted EBITDA of the joint ventures and associates are included in the Corporation's proportionate measures.

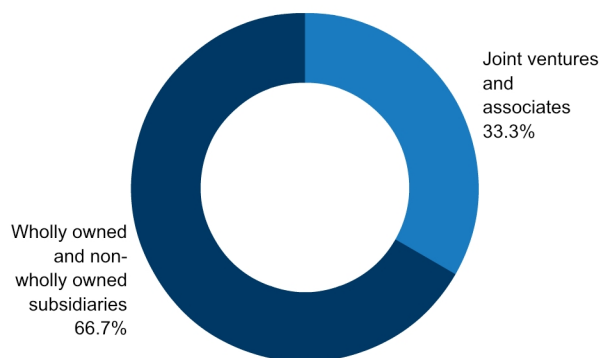
	Operating Facilities	Gross Installed Capacity (MW)	Net Installed Capacity (MW)	Sources of Energy	Principal Place of Operation	Proportion of Ownership Interest and Voting Rights Held by the Corporation
						September 30, 2019
Toba Montrose General Partnership	East Toba and Montrose Creek	235	94	Hydro	British Columbia	40.00% <sup>1</sup>
Shannon Group Holdings, LLC	Shannon	204	102	Wind	Texas	50.00% <sup>2</sup>
Flat Top Group Holdings, LLC	Flat Top	200	102	Wind	Texas	51.00% <sup>2,3</sup>
Dokie General Partnership	Dokie	144	37	Wind	British Columbia	25.50%
Jimmie Creek Limited Partnership	Jimmie Creek	62	32	Hydro	British Columbia	50.99% <sup>3</sup>
Energía Llaima SpA	Guayacán, Peuchén, Mampil and Pampa Elvira	186	84	Hydro Solar	Chile	50.00%
Umbata Falls L.P.	Umbata Falls	23	11	Hydro	Ontario	49.00%
Parc éolien communautaire Viger-Denonville, S.E.C.	Viger-Denonville	25	12	Wind	Quebec	50.00%
		1,079	474			

1. The Corporation holds a 51% voting interest and 40% participating economic interest. In 2046, the Corporation's economic interest will increase to 51% for no additional consideration.

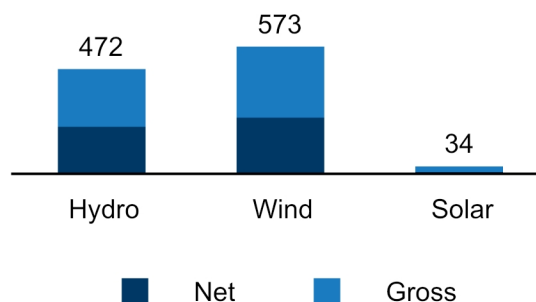
2. Ownership interest in the sponsor equity. However, tax equity partners hold 100% of the tax equity interests.

3. The Corporation does not consolidate the entity as it does not have complete control over the decision-making process.

**Gross Installed Capacity Attributable to Joint Ventures and Associates**



**Installed Capacity of Joint Ventures and Associates by Operating Segment**





## Tax Equity Investment

The Corporation owns equity interests in some facilities that are eligible for tax incentives available for renewable energy facilities in the United States. With its current portfolio of renewable energy facilities, Innergex cannot fully monetize such tax incentives. To take full advantage of these incentives, the Corporation partners with Tax Equity Investors ("TEI") who invest in these facilities in exchange for the tax credits.

Some TEI financing structures include a partial pay as you go (Pay-go) funding arrangement under which, when the actual annual MWh production exceeds a certain production threshold, the TEI are obligated to make a cash contribution ("Pay-go Contribution") to the Corporation. The Pay-go arrangement resulted in a lower initial investment by the TEI and provides them with some protection from potential underperformance of the asset.

### Production Tax Credit Program ("PTC")

Current United States tax law allows wind energy facilities to receive tax credits that are created for each MWh of generation for the first 10 years of the facility's operation. The TEIs are allocated a portion of the renewable energy facility's taxable income (losses) and PTCs produced and a portion of the cash generated by the facility until they achieve an agreed upon after-tax investment return ("Flip Point"). After the Flip Point, TEIs will be allocated a lesser portion of the cash and the taxable income (losses) generated by the facility.

	Commercial Operation Date	Expected TEI Flip Point	Initial TEI Investment (M\$)	Expected Annual PTC Generation <sup>3</sup> (M\$)	Expected Annual Pay-go Contribution (M\$)	TEI Allocation of Taxable Income (Loss) and PTCs	TEI Allocation of Cash Distributions
Shannon <sup>1,2</sup>	2015	2025	292.4	23.6	—	99.00%	64.10%
Flat Top <sup>1,2</sup>	2018	2028	282.4	28.9	—	99.00%	49.84%
Foard City <sup>2</sup>	2019	2029	372.7	43.1	4.9 <sup>4</sup>	99.00%	5.00%

- TEI cash allocations are based on quarterly test measurement of cumulative generation for the project since commercial operation date. Lower production could result in a higher cash allocation to the TEI or a change to the Flip Point.
- TEIs in U.S. projects generally require certain sponsor guaranties as a condition for their investment. To support the tax equity investments at Shannon, Flat Top and Foard City, Alterra, a subsidiary of Innergex, executed a guarantee indemnifying the tax equity investors against certain breaches of project-level representations, warranties and covenants. The Corporation believes these indemnifications cover matters that are substantially within its control, and are very unlikely to occur.
- Based on the gross estimated LTA and the US\$25/MWh generated under the PTCs for the period from COD to Flip Point, translated into Canadian dollars at a 1.3243 rate. PTCs generation will vary depending on actual production.
- Average annual Pay-go Contributions estimate based on gross estimated LTA (1,303 GWh) PTC generation for each year from COD to Flip Point, translated into Canadian dollars at 1.3243 rate. Pay-go Contributions will vary depending on actual production in excess of 1,165 GWh to a maximum of \$4.9 million.

### Investment Tax Credit Program ("ITC")

Current United States tax law allows wind and solar facilities to receive a one-time federal tax credit, calculated on the basis of the facility's capital cost. Projects that began construction through 2019 are eligible for 30% ITC. This credit steps down to 26% for facilities that began construction in 2020, 22% in 2021 and 10% thereafter.

	Commercial Operation Date	Expected TEI Flip Point	Initial TEI Investment (M\$)	TEI Allocation of Taxable Income (Loss) and ITC	TEI Preferred Allocation of Cash
Kokomo <sup>1</sup>	2016	2022	5.2	99.0%	2.00% of Initial TEI Investment <sup>2</sup>
Spartan <sup>1</sup>	2017	2023	13.0	99.0%	2.00% of Initial TEI Investment <sup>2</sup>
Phoebe <sup>1</sup>	2019	2026	49.8	99.0% <sup>4</sup>	10.62% in excess of priority distribution <sup>3</sup>

- TEIs in U.S. projects generally require certain sponsor guaranties as a condition for their investment. To support the tax equity investments at Kokomo, Spartan and Phoebe, Alterra, a subsidiary of Innergex, executed a guarantee indemnifying the tax equity investors against certain breaches of project-level representations, warranties and covenants. The Corporation believes these indemnifications cover matters that are substantially within its control, and are very unlikely to occur.
- The 2.00% of initial TEI investment preferred allocation of cash will last for 5 years from the COD for both Kokomo (until December 31, 2021) and Spartan (until December 31, 2022). After those dates, the TEI will get a proportion of the project cash distributions, representing 17.5% for Kokomo and 10.86% for Spartan.
- Phoebe's cash distribution amounts to the TEI are fixed and defined within the TEI partnership agreement. All amounts of distributable cash above this defined threshold are distributed at the rate of 10.62% and 89.38% to the TEI and Innergex respectively.
- TEI Allocation of Taxable Income (Loss) and ITC will be 99% until February 15, 2020, then will be 66.67% from February 15, 2020, to December 31, 2024, and then return to 99.0% until TEI Flip Point.

## KEY PERFORMANCE INDICATORS

The Corporation measures its performance using key performance indicators ("KPIs").

### Production KPIs

When evaluating its operating results, a key performance indicator for the Corporation is to compare actual electricity generation with a long-term average ("LTA"), which is determined to allow long-term forecasting of the expected power generation of each facility.

- Production in comparison with LTA in megawatt/hours ("MWh") and gigawatt/hours ("GWh")
- Production and Production Proportionate

### Financial KPIs

- Revenues and Revenues Proportionate
- Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBITDA Proportionate
- Adjusted Net Earnings (Loss)
- Free Cash Flow
- Payout Ratio

The Corporation believes that these indicators are important, as they provide management and the reader with additional information about the Corporation's production and cash generating capabilities, its ability to sustain current dividends and dividend increases and its ability to fund its growth. The indicators also facilitate the comparison of results over different periods.

These indicators are not recognized measures under IFRS, have no standardized meaning prescribed by IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

## BUSINESS STRATEGY

The Corporation's strategy for building shareholder value is to develop or acquire high-quality renewable power production facilities that generate sustainable cash flows and provide an attractive risk-adjusted return on invested capital, and to distribute a sustainable dividend.

### Produce Renewable Energy

The Corporation is committed to producing energy exclusively from sustainable renewable sources by balancing economic, social and environmental considerations.

### Maintain Diversification of Energy Sources

The Corporation strives to maintain a diversified portfolio of assets in terms of geography and sources of energy to alleviate any seasonal and production variations. The amount of electricity generated by the Operating Facilities is generally dependent on the availability of water flows, wind regimes and solar irradiation. Lower-than-expected resources in any given year could have an impact on the Corporation's revenues and hence on its profitability.

Innergex owns interests in 37 hydroelectric facilities drawing on 31 watersheds, 26 wind farms and 4 solar farms, providing significant diversification in terms of operating revenue sources. Furthermore, the nature of hydroelectric, wind and solar energy production partially offsets any seasonal variations, as illustrated in the following table:

In GWh and %	Consolidated LTA and Quarterly Seasonality <sup>1</sup>									
	Q1		Q2		Q3		Q4		Total	
HYDRO	370	12%	1,065	36%	1,002	33%	581	19%	3,018	41%
WIND	1,298	30%	1,014	23%	826	19%	1,217	28%	4,355	58%
SOLAR	12	19%	21	34%	20	32%	9	15%	62	1%
Total	1,680	23%	2,100	28%	1,848	25%	1,807	24%	7,435	100%

1. The consolidated long-term average production is the annualized LTA for the facilities in operation at November 12, 2019. The LTA is presented in accordance with revenue recognition accounting rules under IFRS and excludes production from facilities that are accounted for using the equity method. Production in comparison to the LTA is a key performance indicator for the Corporation. For more information, please refer to the "Key Performance Indicators" section.

## Acquire Quality Assets

Acquisitions are an important component of the Corporation's business strategy. Gaining a foothold in a new market increases our reach, diversity and opportunities for growth. Similarly, increasing our presence in established locations, such as the Canadian market, allows us to consolidate our position as a renewable energy leader. Our focus will remain on generating energy solely from renewable sources and we will continue to explore new technologies that could bring further opportunities.

## Build Strategic Relationships

Nurturing relationships to develop long-term partnerships is at the core of our business strategy and values. Our projects flourish with our financial, corporate, Indigenous or municipal partners who share the ownership of our facilities as well as our vision of collaboration, transparency, integrity and responsibility.

## Pursue Growth Opportunities

The transition to a low-carbon economy will be led by the renewable energy sector. Innergex stands well positioned to continue its strategic growth by further developing, acquiring and operating high-quality renewable energy projects and will continue to champion the advancement of renewable energy solutions.

## Deliver Exceptional Results

Innergex recognizes that what we have accomplished and what is yet to come would not be possible without our highly skilled team of employees and our culture that promotes excellence, accountability and collaboration. Their collective knowledge, talent, abilities, experience and sound judgment have always been key to our long-term success. Our management team has a proven track record of delivering projects on-time and on-budget. Furthermore, we have nurtured a pool of specialized partners we can rely on to provide services outside our realm of expertise when necessary, from engineering firms to environmental monitoring professionals.

# THIRD QUARTER UPDATE

## Corporate Development

### Debenture Redemption

- On September 5, 2019, the Corporation issued a notice of redemption and expiry of conversion privilege regarding the aggregate outstanding principal amount of \$100 million of the 4.25% convertible unsecured subordinated debentures that were due to mature on August 31, 2020 (the "4.25% Convertible Debentures"). Of that principal amount, \$45.7 million was converted at the holders' request into 3,049,530 common shares of the Corporation at a conversion price of \$15 per share.

### Debenture Offering

- On September 30, 2019, the Corporation completed its bought deal offering of convertible unsecured subordinated debentures (the "Debentures") for an aggregate principal amount of \$125 million at a price of \$1,000 per \$1,000 principal amount of Debenture, bearing interest at a rate of 4.65% per annum, payable semi-annually, in arrears on October 31 and April 30 each year, commencing on April 30, 2020 (the "4.65% Debentures").

The net proceeds of the 4.65% Debentures offering were used to initially prepay indebtedness under the Corporation's revolving term credit facility, which was then available to be drawn, as required, to finance the redemption of all outstanding 4.25% Convertible Debentures. The remaining net proceeds will be available to be drawn, as required, to fund development projects and other growth opportunities or for general corporate purposes.

- On October 2, 2019, the Corporation announced that it has issued an additional \$18.75 million aggregate principal amount of 4.65% Debentures following the exercise in full of the over-allotment option granted (the "Over-Allotment Option") to the underwriters in connection with the 4.65% Debentures offering.

After taking into account the Over-Allotment Option, the Corporation raised aggregate gross proceeds of \$143.75 million under the offering, of which \$13.3 million was used to redeem the 4.25% Convertible Debentures.

## Development Activities

	Location	Gross installed capacity (MW)	Expected COD	Gross estimated LTA <sup>1</sup> (GWh)	PPA term (years)
<b>HYDRO (Chile)</b>					
Frontera	Biobío	109.0	2022	464.0	- <sup>2</sup>
El Canelo	Cordillera	16.0	2022	90.0	- <sup>2</sup>
<b>SOLAR (United States)</b>					
Hillcrest	Ohio	200.0	2020	410.0	- <sup>2</sup>
Hale Kuawehi	Hawaii	30.0 <sup>3</sup>	2022	87.4	25
Paeahu	Hawaii	15.0 <sup>3</sup>	2022	41.2	25

1. This information is intended to inform readers of the projects' potential impact on the Corporation's results. Actual results may vary. These estimates are up-to-date as at the date of this MD&A.

2. Power to be sold on the open market or through PPAs yet to be signed.

3. Solar project with a battery storage capacity of 120 MWh for Hale Kuawehi and 60 MWh for Paeahu.

### Frontera

- The financing process progressed well during the quarter.
- All major permits have been obtained and the final land tenures necessary for the construction are about to be finalized, including the transmission line. In addition, the construction budget is now about to be confirmed and the negotiations with the contractors and suppliers are going well, with the aim of being able to start construction as early as September 2020, depending on the financing progress.

### El Canelo

- The project is being redesigned to address various issues, which has delayed the issuance of permits.
- The project is at a critical point where a decision on its future could be made in the coming months.

## Hillcrest

- Advanced negotiation is in progress with a major commercial customer to sell the power produced by the facility through a long-term PPA, with execution of the PPA targeted for the fourth quarter of 2019.
- A limited notice to proceed contract has been executed with an engineering, procurement and construction firm (EPC), for the execution of racking and inverter supply agreements, project design work and on-site pile testing. Presently targeting executing the full project EPC agreement in the fourth quarter of 2019 in advance of site mobilization by the end of the year.

## Hale Kuawehi

- Environmental and technical studies are ongoing, as are other permitting-related activities.
- 30% design engineering is underway and will be completed in the first quarter of 2020.

## Paeahu

- The Public Utilities Commission's procedural schedule for the approval of the PPA is pending. A contested case hearing is expected in the fourth quarter of 2019 to address concerns from an opposition group that consists of neighbouring residents.
- Environmental and technical studies are ongoing as are other permitting-related activities. The Special Use Permit application will be filed in the first quarter of 2020 and will likely face opposition from the same group.

## Construction Activities

	Ownership %	Gross installed capacity (MW)	Expected COD	Gross estimated LTA <sup>1</sup> (GWh)	PPA term (years)	Total project cost		Expected first 5-year average	
						Estimated <sup>1</sup> (\$M)	Revenues <sup>1</sup> (\$M)	Adjusted EBITDA <sup>1,2</sup> (\$M)	
<b>SOLAR (United States)</b>									
Phoebe	100.0 <sup>3</sup>	250.0	2019	715.8	12	525.7 <sup>4</sup>	31.3 <sup>4</sup>	24.2 <sup>4</sup>	
<b>HYDRO (Quebec)</b>									
Innavik	50.0	7.5	2022	54.7	40	125.0 <sup>5</sup>	11.0 <sup>5</sup>	8.9 <sup>5</sup>	
<b>Total</b>		<b>257.5</b>		<b>770.5</b>		<b>650.7</b>	<b>42.3</b>	<b>33.1</b>	

1. This information is intended to inform readers of the projects' potential impact on the Corporation's results. Actual results may vary. These estimates are up-to-date as at the date of this MD&A.

2. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

3. Ownership interest is 100% of the sponsor equity. However, a tax equity partner holds 100% of the tax equity interests.

4. Total Estimated Project Cost at US\$397.0 million, Expected Revenues at US\$23.6 million and Expected Adjusted EBITDA at US\$18.3 million translated at a 1.3243 rate.

5. Corresponding to 100% of this facility.

## Phoebe

In the third quarter of 2019, the contractor completed project construction and the facility reached its full output.

- All remaining electrical and module and collector line installation was completed in August.
- There are 7 "Blocks" of modules that make up the project. The last two Blocks (1 and 6) were brought online at the end of August allowing the facility to reach its full 250 MW output.
- The Operations and Maintenance building was completed and the First Solar Operations team assumed operation of the facility. First Solar will operate the project for the first 5 years under a comprehensive operations and maintenance agreement.
- Project demobilization commenced with project clean-up of the site laydown and office areas and final deficiency work.
- ERCOT Part 3 testing commenced in September and was completed in November. The project is expected to complete commercial operation in November 2019.
- Electricity was produced and sold from all of the Blocks that were online throughout the period.
- Construction costs are in line with the budget at this stage and stand at US\$377.7 million (\$500.2 million) at the end of September.
- The Phoebe project will sell 100% of its output to the ERCOT power grid and receive a fixed price on 89% of the energy produced under a 12-year PPA.
- Previous annual gross estimated LTA of 738.0 GWh, annual projected revenues of approximately US\$25.6 million (\$33.9 million) and annual projected Adjusted EBITDA of approximately US\$19.6 million (\$26.0 million) were reviewed to take into consideration various production factors and now stand at 715.8 GWh, US\$23.6 million (\$31.3 million) and US\$18.3 million (\$24.2 million), respectively.

## Innavik

In the third quarter of 2019, the Ministère de l'Environnement et de la Lutte contre les changements climatiques issued the project's authorization certificate.

- A Limited Notice to Proceed was signed in August 2019.
- The first construction equipment was delivered in September and construction is planned to start in Q2 2020.
- The on-site workers' camp is being finalized.
- A 40-year PPA was signed with Hydro-Québec Distribution on May 27, 2019, which is expected to begin in the fourth quarter of 2022. The PPA is pending approval by the Régie de l'énergie du Québec, expected in Q1 2020.

## Commissioning Activities

	Ownership %	Gross installed capacity (MW)	Expected COD	Gross estimated LTA <sup>1</sup> (GWh)	PPA term (years)	Total project cost		Expected first 5-year average		
						Estimated <sup>1</sup> (\$M)	Revenues <sup>1</sup> (\$M)	Adjusted EBITDA <sup>1,2</sup> (\$M)		
<b>WIND (United States)</b>										
Foard City	100.0 <sup>3</sup>	350.3 <sup>4</sup>	2019 <sup>4</sup>	1,303.3 <sup>4</sup>	12 <sup>5</sup>	534.5 <sup>4</sup>	26.1 <sup>4</sup>	12.1 <sup>4</sup>		

1. This information is intended to inform readers of the projects' potential impact on the Corporation's results. Actual results may vary. These estimates are up-to-date as at the date of this MD&A.

2. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

3. Ownership interest is 100% of the sponsor equity. However, a tax equity partner holds 100% of the tax equity interests.

4. Total Estimated Project Cost at US\$403.6 million, Expected Revenues at US\$19.7 million and Expected Adjusted EBITDA at US\$9.1 million translated at a 1.3243 rate.

5. PPA for 300 MW.

### Foard City

In the third quarter of 2019, the Corporation completed commercial operation of the 350.3 MW Foard City wind farm, a project consisting of 139 GE wind turbines spreading over 31,449 acres in Foard County, Texas. The wind farm benefits from a 12-year power purchase agreement with Vistra Energy for 300 MW of its installed capacity. The remainder of the project's output will receive a merchant market price.

Concurrent with the commissioning, the US\$290.9 million (\$385.2 million) construction loan facility, of which US\$259.8 million (\$343.1 million) was utilized, was repaid by a US\$282.3 million (\$372.7 million) tax equity investment, with US\$23.4 million (\$30.9 million) converted into a 7-year term loan facility with a 10-year amortization period.

The project will benefit from 100% of the US PTCs, representing US\$0.025 per kWh of electricity produced for the first 10 years of operations. This amounts to an after-tax benefit of approximately US\$32.6 million per year (\$43.1 million) adjusted by inflation annually and, coupled with other tax attributes, will support the US\$282.3 million (\$372.7 million) tax equity investment.

Foard City is expected to produce a gross estimated long-term average of 1,303 GWh, annual projected revenues of approximately US\$19.7 million (\$26.1 million) and annual projected Adjusted EBITDA of approximately US\$9.1 million (\$12.1 million), excluding PAYGO payment. Annual projected revenues and annual projected Adjusted EBITDA were reviewed to take into consideration revised assumptions regarding transmission congestion. Previous projections were revenues of US\$21.8 million (\$28.9 million) and Adjusted EBITDA of US\$14.1 million (\$18.7 million).

Construction costs stand at US\$378.4 million (\$501.1 million) at the end of September.

# OPERATING RESULTS

## Electricity Production

The Corporation's operating results for the three-month period ended September 30, 2019 are compared with the operating results for the same period in 2018.

Energy Segment	Three months ended September 30					
	2019			2018 (Restated <sup>5</sup> )		
	Production (MWh) <sup>1</sup>	LTA (MWh)	Production as a % of LTA	Production (MWh) <sup>1</sup>	LTA (MWh)	Production as a % of LTA
<b>HYDRO</b>						
Quebec	142,039	180,225	79%	150,902	180,225	84%
Ontario	2,269	8,233	28%	7,477	8,233	91%
British Columbia	714,892	796,474	90%	707,332	796,474	89%
United States	15,694	16,694	94%	14,126	16,694	85%
Subtotal	874,894	1,001,626	87%	879,837	1,001,626	88%
<b>WIND</b>						
Quebec <sup>2</sup>	460,212	422,148	109%	234,976	227,748	103%
France	127,718	140,544	91%	100,029	140,544	71%
United States <sup>3</sup>	43,331	43,331	100%	—	—	—%
Subtotal	631,261	606,023	104%	335,005	368,292	91%
<b>SOLAR</b>						
Ontario	14,202	12,283	116%	13,969	12,370	113%
United States <sup>4</sup>	145,005	145,161	100%	7,911	8,170	97%
Subtotal	159,207	157,444	101%	21,880	20,540	107%
Total	1,665,362	1,765,093	94%	1,236,722	1,390,458	89%
<b>GEOHERMAL<sup>6,7</sup></b>						
Iceland	—	—	—%	328,080	319,740	103%

1. Some facilities are treated as joint ventures and associates and accounted for using the equity method; their revenues are not included in the Corporation's consolidated revenues and, for consistency, their electricity production figures have been excluded from the production table.

2. Production and LTA reflects the 62% acquired interest in the Cartier Wind Farms on October 24, 2018. LTAs were revised at the acquisition.

3. Foard City was commissioned on September 27, 2019. LTAs will be adjusted in the fourth quarter to reflect a complete period.

4. The Phoebe solar project's blocks of modules gradually produced energy. LTAs will be adjusted in the fourth quarter to reflect a complete period.

5. For more information on the restatement, please refer to the "Accounting Changes" section.

6. For more information, please refer to the "Discontinued Operations" section.

7. Production and LTA were nil for the period in 2019 as opposed to a complete period in 2018.

Overall, the **hydroelectric** facilities produced 87% of their LTA due mostly to:

- below-average water flows in some regions of British Columbia; and
- below-average water flows at some Quebec facilities.

Overall, the **wind** farms produced 104% of their LTA due to:

- above-average wind regimes in Quebec.

This item was partly offset by:

- below-average wind regimes in France.

Overall, the **solar** farms produced 101% of their LTA due to:

- above-average solar irradiation in Ontario.

Production for the three-month period ended September 30, 2019 was 1,665,362 MWh compared with 1,236,722 MWh for the same period last year. The 35% increase is due mainly to:

- the contribution of the 62% interest in the Cartier Wind Farms acquired in 2018;
- ramp-up of production at the Phoebe solar project;
- commissioning of the Foard City wind project on September 27, 2019; and
- higher production in France.

The Corporation's operating results for the nine-month period ended September 30, 2019 are compared with the operating results for the same period in 2018.

Energy Segment	Nine months ended September 30					
	2019			2018 (Restated <sup>5</sup> )		
	Production (MWh) <sup>1</sup>	LTA (MWh)	Production as a % of LTA	Production (MWh) <sup>1</sup>	LTA (MWh)	Production as a % of LTA
<b>HYDRO</b>						
Quebec	501,854	518,444	97%	492,322	518,444	95%
Ontario	45,771	53,332	86%	50,604	53,332	95%
British Columbia	1,638,644	1,822,904	90%	1,709,257	1,822,904	94%
United States	35,490	41,577	85%	42,896	41,577	103%
<b>Subtotal</b>	<b>2,221,759</b>	<b>2,436,257</b>	<b>91%</b>	<b>2,295,079</b>	<b>2,436,257</b>	<b>94%</b>
<b>WIND</b>						
Quebec <sup>2</sup>	1,778,425	1,640,563	108%	880,210	884,216	100%
France	482,678	525,374	92%	461,559	525,374	88%
United States <sup>3</sup>	43,331	43,331	100%	—	—	—%
<b>Subtotal</b>	<b>2,304,434</b>	<b>2,209,268</b>	<b>104%</b>	<b>1,341,769</b>	<b>1,409,590</b>	<b>95%</b>
<b>SOLAR</b>						
Ontario	34,209	31,480	109%	34,414	31,702	109%
United States <sup>4</sup>	155,418	158,080	98%	18,512	20,355	91%
<b>Subtotal</b>	<b>189,627</b>	<b>189,560</b>	<b>100%</b>	<b>52,926</b>	<b>52,057</b>	<b>102%</b>
<b>Total</b>	<b>4,715,820</b>	<b>4,835,085</b>	<b>98%</b>	<b>3,689,774</b>	<b>3,897,904</b>	<b>95%</b>
<b>GEOHERMAL <sup>6,7</sup></b>						
Iceland	545,424	505,395	108%	845,297	834,608	101%

1. Some facilities are treated as joint ventures and associates and accounted for using the equity method; their revenues are not included in the Corporation's consolidated revenues and, for consistency, their electricity production figures have been excluded from the production table.

2. Production and LTA reflect the 62% acquired interest in the Cartier Wind Farms on October 24, 2018. LTAs were revised at the acquisition.

3. Foard City was commissioned on September 27, 2019. LTAs will be adjusted in the fourth quarter to reflect a complete period.

4. The Phoebe solar project's blocks of modules gradually produced energy. LTAs will be adjusted in the fourth quarter to reflect a complete period.

5. For more information on the restatement, please refer to the "Accounting Changes" section.

6. For more information, please refer to the "Discontinued Operations" section.

7. Production and LTA for the period from January 1, 2019, to May 23, 2019 as opposed to a period from February 6 to June 30 in 2018.

Overall, the **hydroelectric** facilities produced 91% of their LTA due mostly to:

- below-average water flows at most British Columbia facilities mainly attributable to cold temperatures in the winter season; and
- below-average water flows at some Quebec facilities.

Overall, the **wind** farms produced 104% of their LTA due to:

- above-average wind regimes in Quebec.

This item was partly offset by:

- below-average wind regimes in France.

Overall, the **solar** farms produced 100% of their LTA due to:

- above-average solar irradiation in Ontario.

This item was partly offset by:

- below-average solar irradiation in United States.

Production for the nine-month period ended September 30, 2019 was 4,715,820 MWh compared with 3,689,774 MWh for the same period last year. The 28% increase is due mainly to:

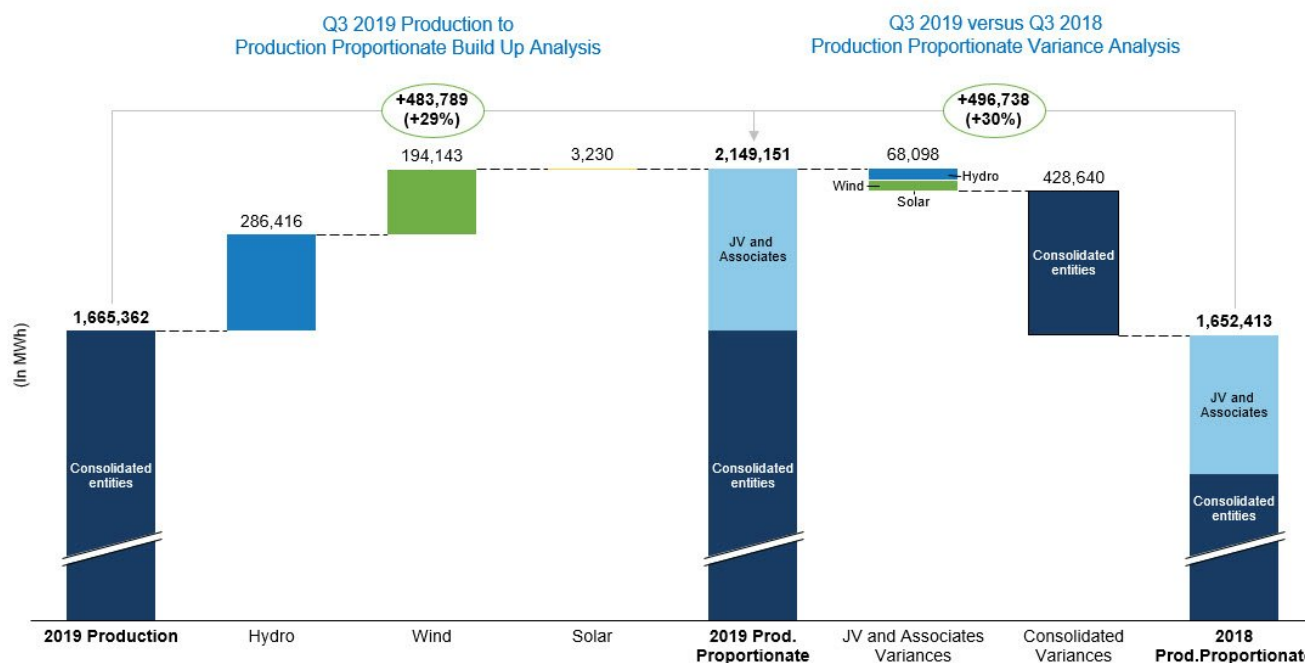
- the contribution of the 62% interest in the Cartier Wind Farms acquired in 2018;
- ramp-up of production at the Phoebe solar project; and
- commissioning of the Foard City wind project on September 27, 2019.

These items were partly offset by:

- below-average water flows in British Columbia.



## Production Proportionate<sup>1</sup>



1. Production Proportionate is a "Key performance indicator" for the Corporation, which cannot be reconciled with an IFRS measure and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

### **For the three-month period ended on September 30, 2019, compared with the same period last year**

Production Proportionate of the joint ventures' and associates' **hydroelectric facilities** was 286,416 MWh (102% of their LTA) in the third quarter of 2019, compared with 250,411 MWh (91% of their LTA) for the same quarter last year, a 14% increase due mainly to:

- higher contribution from the British Columbia facilities due to above-average water flows; and
- higher contribution from the Chile facilities due to above-average water flows.

Production Proportionate of the joint ventures' and associates' **wind farms** was 194,143 MWh (104% of their LTA) in the third quarter of 2019 compared with 161,984 MWh (87% of their LTA) for the same period last year, a 20% increase due mostly to:

- the higher contribution of the Flat Top and Shannon facilities in Texas.

Production Proportionate of the joint ventures' and associates' **solar farm** was 3,230 MWh (88% of its LTA) in the third quarter of 2019 compared with 3,296 MWh (93% of their LTA) for the same period last year.

### **For the nine-month period ended on September 30, 2019, compared with the same period last year**

Production Proportionate of the joint ventures and associates' **hydroelectric facilities** was 492,507 MWh (100% of their LTA) for the nine-month period ended on September 30, 2019, compared with 408,169 MWh (97% of their LTA) for the same period last year, a 21% increase due mainly to:

- the investment in Energía Llaima in July 2018; and
- higher contribution from the British Columbia facilities from above-average water flows.

Production Proportionate of the joint ventures' and associates' **wind farms** was 657,835 MWh (98% of their LTA) for the nine-month period ended on September 30, 2019, compared with 502,065 MWh (96% of their LTA) for the same period last year, a 31% increase due mainly to:

- the contribution of the Flat Top wind farm commissioned on March 23, 2018; and
- the contribution of the Alterra acquisition achieved on February 6, 2018.

Production Proportionate of the joint ventures' and associates' **solar farm** was 9,798 MWh (91% of its LTA) for the nine-month period ended on September 30, 2019 compared with 3,296 MWh (93% of their LTA) for the same period last year, a 197% increase due to the addition of the Pampa Elvira solar facility which was part of the investment in Energía Llaima in July 2018.

## Financial Results

	Three months ended September 30				Nine months ended September 30			
	2019	2018	Change		2019	2018	Change	
		Restated <sup>3,4</sup>				Restated <sup>3,4</sup>		
Revenues	142,814	116,464	26,350	23 %	413,926	343,166	70,760	21 %
Operating expenses	24,403	22,325	2,078	9 %	72,147	61,644	10,503	17 %
General and administrative expenses	7,731	6,684	1,047	16 %	25,272	20,479	4,793	23 %
Prospective project expenses	3,329	3,772	(443)	(12)%	10,665	12,134	(1,469)	(12)%
Adjusted EBITDA <sup>1</sup>	107,351	83,683	23,668	28 %	305,842	248,909	56,933	23 %
Adjusted EBITDA margin <sup>1</sup>	75.2%	71.9%			73.9%	72.5%		
Finance costs	59,474	47,939	11,535	24 %	170,704	140,814	29,890	21 %
Other net (revenues) expenses	(3,917)	313	(4,230)	(1,351)%	(2,639)	5,319	(7,958)	(150)%
Depreciation and amortization	48,343	36,271	12,072	33 %	141,558	108,971	32,587	30 %
Share of earnings of joint ventures and associates <sup>2</sup>	(16,225)	(11,192)	(5,033)	45 %	(9,193)	(10,276)	1,083	(11)%
Unrealized net loss (gain) on financial instruments	6,031	1,897	4,134	218 %	9,225	(3,897)	13,122	(337)%
Income taxes expenses	3,749	2,466	1,283	52 %	1,164	579	585	101 %
<b>Net earnings (loss) from continuing operations</b>	<b>9,896</b>	<b>5,989</b>	<b>3,907</b>	<b>65 %</b>	<b>(4,977)</b>	<b>7,399</b>	<b>(12,376)</b>	<b>(167)%</b>
Net (loss) earnings from discontinued operations	(193)	3,467	(3,660)	(106)%	21,171	4,078	17,093	419 %
<b>Net earnings</b>	<b>9,703</b>	<b>9,456</b>	<b>247</b>	<b>3 %</b>	<b>16,194</b>	<b>11,477</b>	<b>4,717</b>	<b>41 %</b>
Net earnings (loss) attributable to:								
Owners of the parent	14,085	10,736	3,349	31 %	18,117	17,450	667	4 %
Non-controlling interests	(4,382)	(1,280)	(3,102)	242 %	(1,923)	(5,973)	4,050	(68)%
	9,703	9,456	247	3 %	16,194	11,477	4,717	41 %
Basic and diluted net earnings (loss) per share from continuing operations attributable to owners (\$)	0.10	0.06			(0.04)	0.09		
Basic and diluted net earnings per share attributable to owners (\$)	0.09	0.07			0.10	0.10		

1. Adjusted EBITDA and Adjusted EBITDA Margin are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

2. Some facilities are treated as joint ventures and associates and accounted for using the equity method; their revenues are not included in the Corporation's consolidated revenues.

3. For more information on the restatement, please refer to the "Accounting Changes" section.

4. For more information, please refer to the "Discontinued Operations" section.

## Revenues

Up 23% to \$142.8 million for the three-month period ended September 30, 2019

Up 21% to \$413.9 million for the nine-month period ended September 30, 2019

Energy Segment	Three months ended September 30			Nine months ended September 30		
	2019	2018	Change	2019	2018	Change
		Restated <sup>1,2</sup>			Restated <sup>1,2</sup>	
Hydro	74,440	74,698	(258)	178,969	185,376	(6,407)
Wind	54,778	34,905	19,873	211,797	141,069	70,728
Solar	13,596	6,861	6,735	23,160	16,721	6,439
<b>Revenues</b>	<b>142,814</b>	<b>116,464</b>	<b>26,350</b>	<b>413,926</b>	<b>343,166</b>	<b>70,760</b>

1. For more information on the restatement, please refer to the "Accounting Changes" section.

2. For more information, please refer to the "Discontinued Operations" section.

### ***For the three-month period ended on September 30, 2019, compared with the same period last year***

The decrease in revenues from the **hydroelectric** power generation segment is mainly due to:

- lower production at the Quebec and Ontario facilities.

This item was partly offset by:

- higher average selling prices at some facilities in British Columbia.

The increase in revenues from the **wind** power generation segment is mainly due to:

- the 62% interest in the Cartier Wind Farms acquired in October 2018; and
- higher revenues at the French wind facilities due to higher production.

The increase in revenues from the **solar** power generation segment is mainly due to:

- ramp-up of production at the Phoebe solar project.

### ***For the nine-month period ended on September 30, 2019, compared with the same period last year***

The decrease in revenues from the **hydroelectric** power generation segment is mainly due to:

- lower revenues in British Columbia attributable to a net unfavourable impact of lower production over higher average selling prices at some facilities; and
- lower revenues in Quebec from lower average selling prices in some facilities.

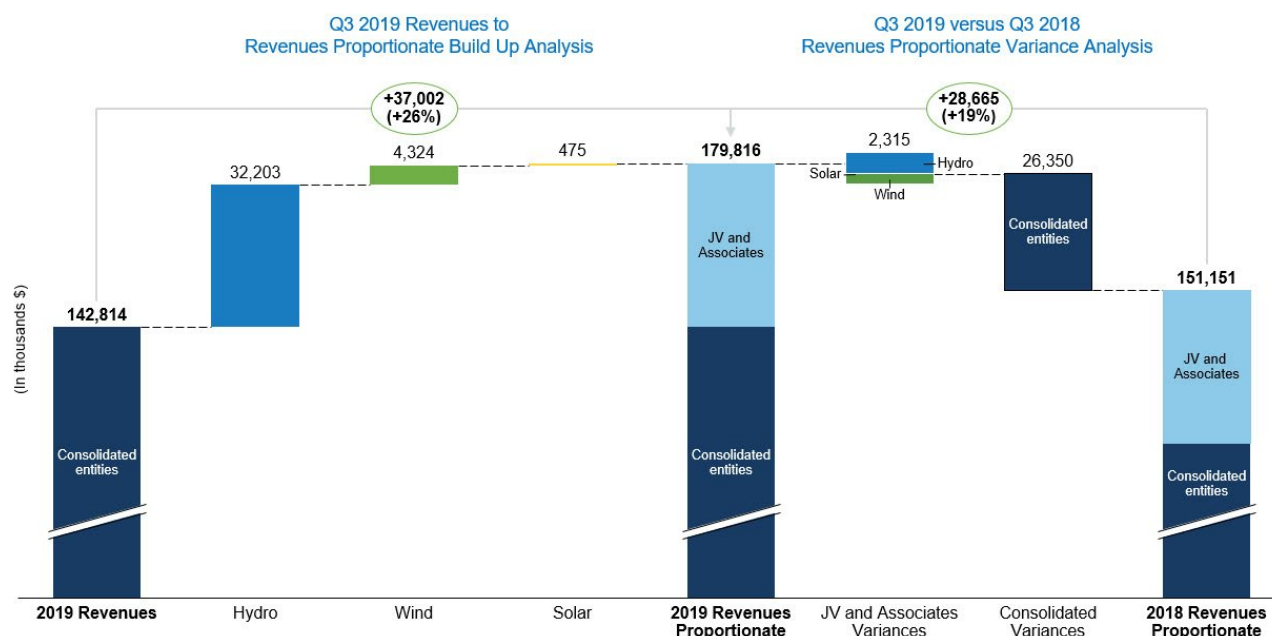
The increase in revenues from the **wind** power generation segment is mainly due to:

- the 62% interest in the Cartier Wind Farms acquired in October 2018; and
- higher revenues at the French facilities and Mesgi'g Ugnu's'n facility from higher production.

The increase in revenues from the **solar** power generation segment is mainly due to:

- ramp-up of production at the Phoebe solar project.

## Revenues Proportionate<sup>1</sup>



1. Revenues Proportionate is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

### **For the three-month period ended on September 30, 2019, compared with the same period last year**

Joint ventures' and associates' **hydroelectric facilities** contributed \$32.2 million to Revenues Proportionate in the third quarter of 2019, compared with a contribution of \$27.6 million for the same quarter last year, a 17% increase almost exclusively due to:

- higher revenues from British Columbia facilities and Chile facilities due to higher production.

Joint ventures' and associates' **wind farms** contributed \$4.3 million to Revenues Proportionate in the third quarter of 2019, compared with \$6.7 million for the same quarter last year, a 36% decrease mainly due to:

- lower revenues from unfavourable power hedge contracts at Shannon and Flat Top facilities caused by the seasonal inflated energy costs in Texas.

Joint ventures' and associates' **solar farm** contributed \$0.5 million to revenues proportionate in the third quarter of 2019, compared with \$0.4 million for the same quarter last year.

### **For the nine-month period ended on September 30, 2019, compared with the same period last year**

Joint ventures' and associates' **hydroelectric facilities** contributed \$53.9 million to Revenues Proportionate for the nine-month period ended on September 30, 2019, compared with \$40.2 million for the same period last year, a 34% increase mostly due to:

- the investment in Energía Llama in July 2018; and
- higher revenues from British Columbia facilities from the combined effect of higher production and higher selling prices.

Joint ventures' and associates' **wind farms** contributed \$21.5 million to Revenues Proportionate for the nine-month period ended on September 30, 2019, compared with \$18.8 million for the same period last year, a 14% increase mainly due to:

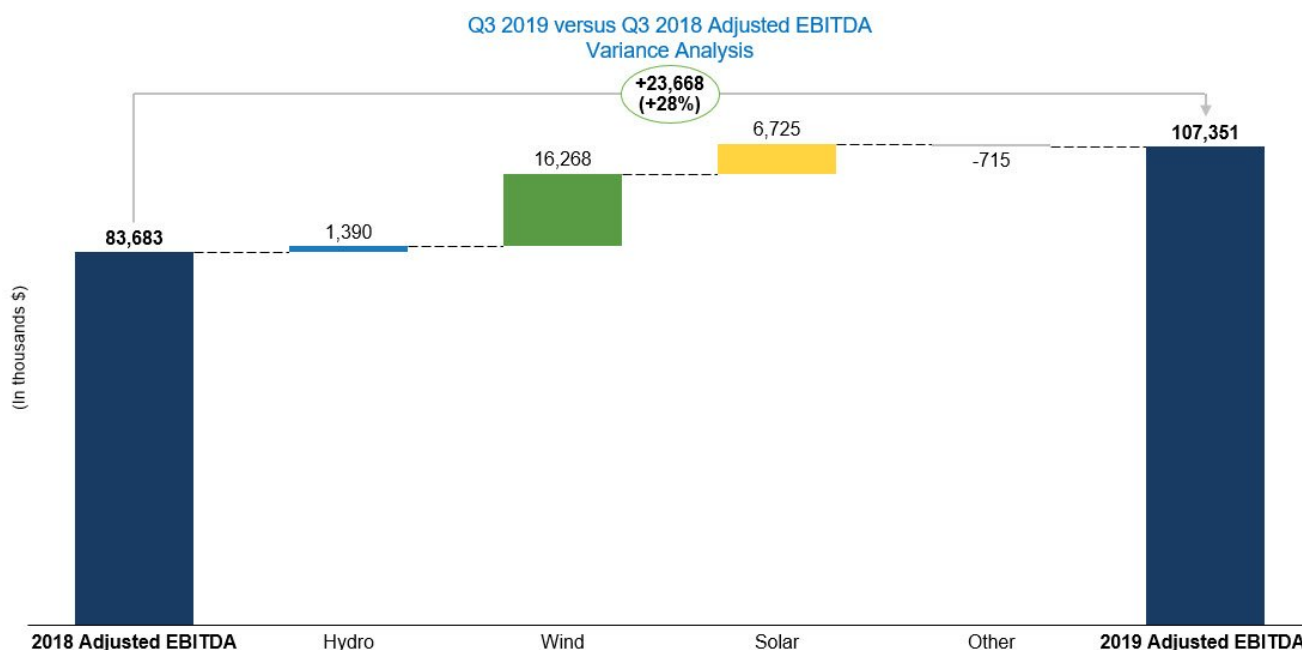
- the contribution of the Flat Top wind farm commissioned on March 23, 2018; and
- the contribution of the Alterra acquisition achieved on February 6, 2018.

Joint ventures' and associates' **solar farm** contributed \$1.5 million to Revenues Proportionate for the nine-month period ended on September 30, 2019 compared with \$0.4 million for the same period last year, a 265% increase due to the addition of the Pampa Elvira solar facility, which was part of the investment in Energía Llama in July 2018.

## Adjusted EBITDA<sup>1</sup>

Up 28% to \$107.4 million for the three-month period ended September 30, 2019

Up 23% to \$305.8 million for the nine-month period ended September 30, 2019



1. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

### **For the three-month period ended on September 30, 2019, compared with the same period last year**

The increase in Adjusted EBITDA in the **hydroelectric** power generation segment is mainly due to:

- lower operational expenses at most facilities; and
- higher revenues from the British Columbia facilities.

These items were partly offset by:

- lower revenues at the Quebec facilities.

The increase in Adjusted EBITDA in the **wind** power generation segment is due mainly to:

- the 62% interest in the Cartier Wind Farms acquired in October 2018; and
- a slight improvement from the facilities in France.

The increase in Adjusted EBITDA in the **solar** power generation segment is mainly due to:

- ramp-up of production at the Phoebe solar project.

The increase in other expenses is mainly due to:

- higher general and administrative expenses related to the acquisitions and investments made in 2018.

### **For the nine-month period ended on September 30, 2019, compared with the same period last year**

The decrease in Adjusted EBITDA from the **hydroelectric** power generation segment is due mainly to:

- lower contribution from the British Columbia facilities attributable to a net unfavourable production over higher average selling prices; and
- lower revenues from the Quebec facilities.

The increase in Adjusted EBITDA in the **wind** power generation segment is due mainly to:

- higher revenues in Quebec due mainly to the 62% interest in the Cartier Wind Farms acquired in October 2018 and to higher production at the Mesgi'g Ugju's'n facility.

The increase in Adjusted EBITDA in the **solar** power generation segment is mainly due to:

- ramp-up of production at the Phoebe solar project.

The increase in other expenses is mainly due to:

- higher general and administrative expenses related to the acquisitions and investments made in 2018.

### Adjusted EBITDA Margin<sup>1</sup>

Up from 71.9% to 75.2% for the three-month period ended on September 30, 2019

Up from 72.5% to 73.9% for the nine-month period ended on September 30, 2019

The increase for the three-month period is mainly explained by:

- higher margin in the hydro segment due to lower operating costs at most facilities and higher revenues in British Columbia; and
- higher margin from the wind facilities explained mainly by lower operating costs.

The increase for the nine-month period is mainly explained by:

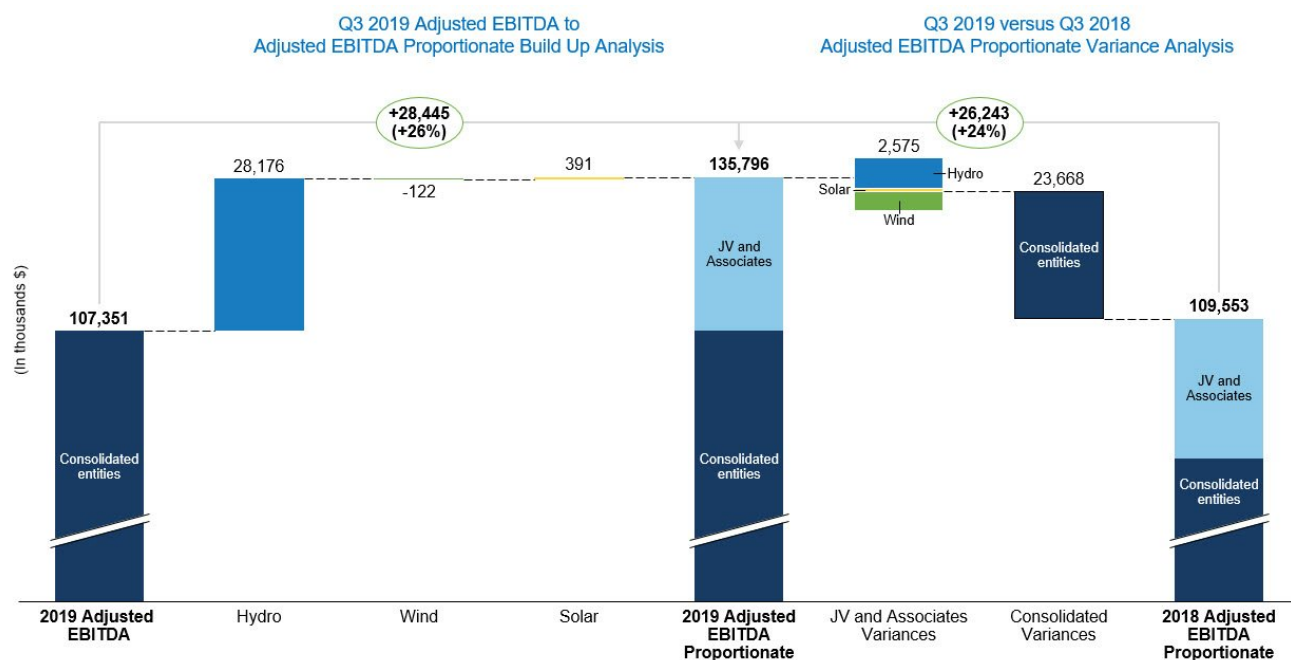
- changes in the mix of segments as wind generation now represents a higher proportion of Adjusted EBITDA. Wind activities typically have a better return on revenues than hydro due to lower operating costs; and
- higher margin from the Quebec wind facilities explained mainly by lower operating costs.

These items were partly offset by:

- a lower margin from the French facilities.

1. Adjusted EBITDA Margin is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

### Adjusted EBITDA Proportionate<sup>2</sup>



2. Adjusted EBITDA Proportionate is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

### For the three-month period ended on September 30, 2019, compared with the same period last year

The joint ventures' and associates' **hydroelectric facilities** contributed \$28.2 million to the Adjusted EBITDA Proportionate in the third quarter of 2019, compared with \$22.5 million for the same quarter last year, a 25% increase mainly due to:

- higher contribution from the British Columbia hydro facilities; and
- higher contribution from the Chile facilities.

The joint ventures' and associates' **wind farms** contribution was negative \$0.1 million to the Adjusted EBITDA Proportionate for the third quarter of 2019, compared with a \$3.4 million contribution in the same quarter last year, a 104% decrease mainly due to:

- lower revenues at the Shannon and Flat Top facilities combined with higher operating costs.

The joint ventures' and associates' **solar farm** contributed \$0.4 million to Adjusted EBITDA Proportionate in the third quarter of 2019 compared with a negative contribution of \$0.1 million for the same quarter last year, a 731% increase mainly due to lower operating costs.

***For the nine-month period ended on September 30, 2019, compared with the same period last year***

The joint ventures' and associates' **hydroelectric facilities** contributed \$40.6 million to the Adjusted EBITDA Proportionate for the nine-month period ended on September 30, 2019, compared with \$32.1 million for the same period last year, a 27% increase mainly due to:

- the investment in Energía Llama in July 2018; and
- higher Adjusted EBITDA at the Jimmie Creek and Toba Montrose facilities from higher revenues.

The joint ventures' and associates' **wind farms** contributed \$9.2 million to Adjusted EBITDA Proportionate for the nine-month period ended on September 30, 2019, compared with \$10.4 million for the same period last year, a 12% decrease mainly due to:

- lower average selling prices at the Texas facilities mostly in the third quarter; and
- higher operating expenses at the same facilities.

These items were partly offset by:

- the contribution of the Flat Top wind farm commissioned on March 23, 2018; and
- the contribution of the Alterra acquisition achieved on February 6, 2018.

The joint ventures' and associates' **solar farm** contributed \$0.7 million to the Adjusted EBITDA Proportionate for the nine-month period ended on September 30, 2019, compared with a negative contribution of \$0.1 million for the same period last year. The Pampa Elvira solar facility was part of the investment in Energía Llama in July 2018.

**Finance Costs**

Up 24% to \$59.5 million for the three-month period ended September 30, 2019

Up 21% to \$170.7 million for the nine-month period ended September 30, 2019

The increase for the three-month period is mainly due to:

- the 62% interest in the Cartier Winds Farms acquired in October 2018; and
- interest expenses related to the Phoebe and Foard City construction loans portion that ceased to be capitalizable.

The increase for the nine-month period is due mainly to:

- interest expenses related to the acquisitions and investments made in 2018;
- interest expenses from the 4.75% convertible debentures offering on June 12, 2018; and
- interest expenses related to the Phoebe and Foard City construction loans portion that ceased to be capitalizable.

The effective all-in interest rate on the Corporation's debt and convertible debentures was 4.57% as at September 30, 2019 (4.48% as at December 31, 2018).

**Other Net (Revenues) Expenses**

Revenue of \$3.9 million for the three-month period ended September 30, 2019

Revenue of \$2.6 million for the nine-month period ended September 30, 2019

The other net revenues for the three-month period are mainly due to:

- penalty fees to be received for late delivery, by the contractor, of certain project milestones at the Phoebe solar project; and
- EUR-CAD foreign exchange forward contracts that were settled under favourable conditions during the period triggering a realized gain.

These items were partly offset by:

- restructuring costs related to centralizing the accounting functions at the head office.

The other net revenues for the nine-month period are mainly due to:

- penalty fees to be received for late delivery, by the contractor, of certain project milestones at the Phoebe solar project; and
- EUR-CAD foreign exchange forward contracts that were settled under favourable conditions during the period triggering a realized gain.

These items were partly offset by:

- restructuring costs related to centralizing the accounting functions at the head office;
- provision for penalty related to the Glen Miller flood incident in the second quarter; and
- liquidated damages under certain power purchase agreements in British Columbia.

## Depreciation and Amortization

Up 33% to \$48.3 million for the three-month period ended September 30, 2019

Up 30% to \$141.6 million for the nine-month period ended September 30, 2019

The increases for the three- and nine-month periods are mainly due to:

- the 62% acquired interest in the Cartier Wind Farms.

## Share of Earnings of Joint Ventures and Associates

Share of earnings of \$16.2 million for the three-month period ended September 30, 2019, compared with a share of earnings of \$11.2 million for the corresponding period in 2018

Share of earnings of \$9.2 million for the nine-month period ended September 30, 2019, compared with a share of earnings of \$10.3 million for the corresponding period in 2018

The increase in the share of earnings of the joint ventures and associates allocated to Innergex for the three-month period is mainly due to:

- higher net earnings from the Toba Montrose and Jimmie Creek hydro facilities in British Columbia, largely driven by an increase in revenues at both entities;
- an increase in the earnings allocated to Innergex from the Flat Top wind farm; and
- higher net earnings from the Energía Llaima joint venture.

The increase was partly offset by:

- a decrease in the earnings allocated to Innergex from the Shannon wind farm; and
- a loss allocated to Innergex from the Umbata Falls facility.

The decrease in the share of earnings of the joint ventures and associates allocated to Innergex for the nine-month period is mainly due to:

- a loss allocated to Innergex from the Umbata Falls facility primarily related to an unrealized loss on financial instruments compared to an unrealized gain in the same period of 2018;
- a decrease in earnings allocated to Innergex from the Shannon wind farm; and
- an increase in the loss allocated to Innergex from the Energía Llaima joint venture.

The decrease was partly offset by:

- an increase in earnings allocated to Innergex from the Flat Top wind farm.

## Unrealized Net Loss (Gain) on Financial Instruments

Unrealized net loss of \$6.0 million for the three-month period ended September 30, 2019, compared with an unrealized net loss of \$1.9 million for the corresponding period in 2018

Unrealized net loss of \$9.2 million for the nine-month period ended September 30, 2019, compared with an unrealized net gain of \$3.9 million for the corresponding period in 2018

*Derivatives* are used by the Corporation to manage its exposure to interest rate risk on its existing and upcoming debt financing, to manage its exposure to foreign exchange risk, thereby protecting the economic value of its facilities, and to manage its exposure to electricity price risk for projects that deliver electricity at variable prices per MWh.

The unrealized net loss on financial instruments for the three-month period ended September 30, 2019 is mainly due to:

- an unrealized loss on the conversion of intragroup loans;
- the amortization of the accumulated losses from the pre-hedge accounting period; and
- an unrealized loss on the EUR-CAD foreign exchange forward contracts, mainly derived from the following:
  - contracts that were settled during the three-month period triggering a realized gain recorded in other net (revenues) expenses; partially offset by
  - a favourable movement in EUR-CAD forward rates caused primarily by a favourable variation of the EUR-CAD exchange rate from June 30, 2019 to September 30, 2019, which was partially countered by an unfavourable change in forward points.

These items were partly offset by:

- a favourable variation of the Phoebe power hedge.

The unrealized net loss on financial instruments for the nine-month period ended September 30, 2019, is due mainly to:

- an unrealized loss on the conversion of intragroup loans; and
- the amortization of the accumulated losses from the pre-hedge accounting period.

These items were partly offset by:

- a favourable variation of the Phoebe power hedge; and
- an unrealized gain on the EUR-CAD foreign exchange forward contracts, mainly derived from the following:



- a favourable movement in EUR-CAD forward rates caused primarily by a favourable variation of the EUR-CAD exchange rate from December 31, 2018 to September 30, 2019, which was partially countered by an unfavourable change in forward points; partially offset by
- contracts that were settled during the nine-month period, triggering a realized gain recorded in other net (revenues) expenses.

### **Income Tax Expense (Recovery)**

[Income tax expense of \\$3.7 million for the three-month period ended September 30, 2019](#)

[Income tax expense of \\$1.2 million for the nine-month period ended September 30, 2019](#)

For the three-month period ended September 30, 2019, the Corporation recorded :

- a current income tax expense of \$0.3 million (\$1.9 million for the corresponding period in 2018); and
- a deferred income tax expense of \$3.4 million (\$0.5 million for the corresponding period in 2018).

For the nine-month period ended September 30, 2019, the Corporation recorded :

- a current income tax expense of \$22.4 million (\$4.5 million for the corresponding period in 2018); and
- a deferred income tax recovery of \$21.2 million (\$3.9 million for the corresponding period in 2018).

For the three-month period ended September 30, 2019, the Corporation recorded a decrease in the current income tax expense due mainly to the decrease in taxable income following the disposition of the Corporation's interest in the Icelandic assets.

For the three-month period ended September 30, 2019, the Corporation recorded an increase in the deferred income tax expenses due mainly to the increase in revenues from the Cartier Wind Farms acquisition, the better performance of the French facilities and Mesgi'g Ugu's'n facility and the ramp-up of production at the Phoebe solar project.

For the nine-month period ended September 30, 2019, and in comparison to the corresponding period in 2018, the Corporation recorded a significant impact on its current and deferred income tax due mainly to an intercompany transaction related to the introduction of a tax equity investor in the Phoebe solar project.

### **Net Earnings (Loss) from continuing operations**

[Net earnings of \\$9.9 million for the three-month period ended September 30, 2019](#)

[Net loss of \\$5.0 million for the nine-month period ended September 30, 2019](#)

For the three-month period ended September 30, 2019, the Corporation recorded net earnings from continuing operations of \$9.9 million (basic and diluted net earnings from continuing operations of \$0.10 per share), compared with net earnings from continuing operations of \$6.0 million (basic and diluted net earnings from continuing operations of \$0.06 per share) for the corresponding period in 2018.

The \$3.9 million variation can be explained by:

- a \$23.7 million increase in Adjusted EBITDA;
- a \$5.0 million increase in the share of earnings of joint ventures and associates; and
- a \$4.2 million increase in other net revenues.

These items were partly offset by:

- a \$12.1 million increase in depreciation and amortization;
- an \$11.5 million increase in finance costs;
- a \$4.1 million unfavourable variation in unrealized net loss (gain) on financial instruments; and
- a \$1.3 million increase in income tax expenses.

For the nine-month period ended September 30, 2019, the Corporation recorded a net loss from continuing operations of \$5.0 million (basic and diluted net loss from continuing operations of \$0.04 per share), compared with net earnings from continuing operations of \$7.4 million (basic and diluted net earnings from continuing operations of \$0.09 per share) for the corresponding period in 2018.

The \$12.4 million variation can be explained by:

- a \$32.6 million increase in depreciation and amortization;
- a \$29.9 million increase in finance costs;
- a \$13.1 million unfavourable variation in unrealized net loss (gain) on financial instruments;
- a \$1.1 million increase in the share of loss of joint ventures and associates; and
- a \$0.6 million increase in income tax expenses.

These items were partly offset by:

- a \$56.9 million increase in Adjusted EBITDA; and
- an \$8.0 million increase in other net revenues.

### Adjusted Net Earnings (Loss) from continuing operations

Down to \$13.6 million for the three-month period ended September 30, 2019

Down to a loss of \$0.4 million for the nine-month period ended September 30, 2019

When evaluating its operating results and to provide a more accurate picture of them, a key performance indicator for the Corporation is Adjusted Net Earnings (Loss) from continuing operations. Adjusted Net Earnings (Loss) from continuing operations is not a recognized measure under IFRS, has no standardized meaning prescribed by IFRS and therefore may not be comparable with measures presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

Impact on net earnings (loss) of financial instruments	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
		Restated <sup>1,2</sup>		Restated <sup>1,2</sup>
Net earnings (loss) from continuing operations	9,896	5,989	(4,977)	7,399
<i>Add (Subtract):</i>				
Unrealized net loss (gain) on financial instruments	6,031	1,897	9,225	(3,897)
Realized (gain) loss on financial instruments	(1,973)	4	(2,421)	(822)
Income tax expenses (recovery of) related to above items	84	(342)	(690)	2,055
Share of unrealized net (gain) loss on financial instruments of joint ventures and associates, net of related income tax	(453)	7,670	(1,580)	(144)
<b>Adjusted Net Earnings (Loss) from continuing operations</b>	<b>13,585</b>	<b>15,218</b>	<b>(443)</b>	<b>4,591</b>

1. For more information on the restatement, please refer to the "Accounting Changes" section.

2. For more information, please refer to the "Discontinued Operations" section.

Excluding the impact of loss (gain) on financial instruments, the related income taxes and the share of joint ventures and associates on these elements, Adjusted Net Earnings from continuing operations for the three-month period ended September 30, 2019, would have been \$13.6 million, compared with \$15.2 million in 2018.

Excluding the impact of loss (gain) on financial instruments, the related income taxes and the share of joint ventures and associates on these elements, Adjusted Net Loss from continuing operations for the nine-month period ended September 30, 2019, would have been \$0.4 million, compared with Adjusted Net Earnings from continuing operations of \$4.6 million in 2018.

### **Non-controlling Interests**

Attribution of losses of \$4.4 million for the three-month period ended September 30, 2019, compared with an attribution of losses of \$1.3 million for the corresponding period in 2018

Attribution of losses of \$1.9 million for the nine-month period ended September 30, 2019, compared with an attribution of losses of \$6.0 million for the corresponding period in 2018

Non-controlling interests are related to the non-wholly owned subsidiaries identified in the "Overview" section and to Creek Power Inc. and subsidiaries ("Creek Power"), which is wholly owned since May 15, 2018.

The non-controlling interests figures include the activities of HS Orka, which are now treated as discontinued operations.

The attribution of losses from continuing operations to non-controlling interests of \$4.4 million for the three-month period ended September 30, 2019, compared with an attribution of earnings of \$2.8 million last year resulted mainly from:

- lower revenues at HHLP; and
- a higher net loss at Innergex Europe, mostly explained by a higher unfavourable variation of unrealized net loss on financial instruments.

The attribution of losses from discontinued operations of nil for the three-month period ended September 30, 2019, compared with an attribution of earnings of \$1.6 million for the corresponding period in 2018 is mainly explained by the completion of the sale of HS Orka during the second quarter of 2019.

The attribution of losses from continuing operations to non-controlling interests of \$4.1 million for the nine-month period ended September 30, 2019, compared with an attribution of losses of \$8.6 million last year resulting mainly from:

- the absence of loss allocated to Creek Power due to the acquisition of the remaining interest;
- net earnings attributable to the Kokomo and Spartan facilities; and
- the higher revenues at the Mesgi'g Ugju's'n wind facility.

These items were partly offset by:

- lower revenues at HHLP; and
- a higher net loss at Innergex Europe mostly explained by a higher unfavourable variation of unrealized net loss on financial instruments.

The attribution of earnings from discontinued operations to non-controlling interests of \$2.1 million for the nine-month period ended September 30, 2019, compared with an attribution of earnings of \$2.6 million for the corresponding period in 2018, is mainly explained by:

- the completion of the sale of HS Orka during the second quarter of 2019; and
- a decrease in the unrealized gain on the change in fair value of the embedded derivatives held by HS Orka, partially offset by the cessation of depreciation and amortization in the second quarter of 2019 following the classification of its net assets as held for sale in the first quarter of 2019.

## GEOGRAPHIC SEGMENTS

As at September 30, 2019, and excluding its investments in joint ventures and associates, which are accounted for using the equity method, the Corporation had interests in the following operating facilities: 29 hydroelectric facilities, six wind farms and one solar farm in Canada, 15 wind farms in France and one hydroelectric facility, one wind farm and two solar farms in the United States. The Corporation operates in four principal geographical areas, which are detailed below.

	Three months ended September 30		Nine months ended September 30	
	2019 <sup>1</sup>	2018	2019 <sup>1</sup>	2018
<b>Revenues</b>		Restated <sup>2,3</sup>		Restated <sup>2,3</sup>
Canada	116,993	101,003	338,137	275,978
France	16,274	12,915	63,413	60,995
United States	9,547	2,546	12,376	6,193
Chile	—	—	—	—
	<b>142,814</b>	<b>116,464</b>	<b>413,926</b>	<b>343,166</b>

1. The Phoebe solar project has gradually started production. Revenues were recognized in the third quarter despite the fact that the facility was not fully commissioned.

2. For more information on the restatement, please refer to the "Accounting Changes" section.

3. For more information, please refer to the "Discontinued Operations" section.

	As at	
	September 30, 2019	December 31, 2018
<b>Non-current assets, excluding derivative financial instruments and deferred tax assets</b> <sup>1,2</sup>		
Canada	3,655,277	3,757,207
France	890,077	956,214
United States <sup>3</sup>	1,357,547	526,716
Chile	146,811	154,299
	<b>6,049,712</b>	<b>5,394,436</b>

1. Includes the investments in joint ventures and associates.

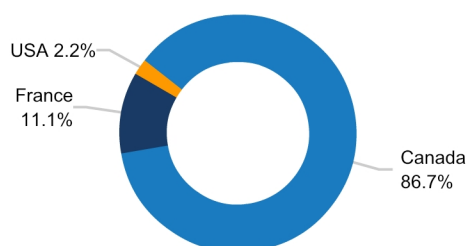
2. For more information, please refer to the "Discontinued Operations" section.

3. Includes the Phoebe solar project under construction.

Q3 2019 Revenues by Country



Q3 2018 Revenues by Country (Restated)



## Canada

Revenues up 16% to \$117.0 million for the three-month period ended September 30, 2019

Revenues up 23% to \$338.1 million for the nine-month period ended September 30, 2019

Non-current assets, excluding derivative financial instruments and deferred tax assets, down 3% to \$3,655.3 million at September 30, 2019, compared with December 31, 2018

The increase in Canadian revenues for the three-month period is attributable mainly to:

- the 62% acquired interest in the Cartier Wind Farms; and
- higher revenues at the British Columbia hydro facilities.

These items were partly offset by:

- lower revenues at the Quebec hydro facilities.

The increase in Canadian revenues for the nine-month period is attributable mainly to:

- the 62% acquired interest in the Cartier Wind Farms; and
- higher production at the Quebec wind farms.

These items were partly offset by:

- lower revenues in British Columbia due to a net unfavourable impact of lower production over higher average selling prices at some facilities; and
- lower revenues at the Quebec facilities due to lower average selling prices at some facilities.

The decrease in non-current assets, excluding derivative financial instruments and deferred income tax assets in Canada, is attributable mainly to:

- depreciation of property, plant and equipment, and amortization of intangible assets.

This item was partly offset by:

- an increase in assets due to the application of IFRS 16; and
- an increase in the asset retirement obligations due to a decrease in interest rate curves.

## France

Revenues up 26% to \$16.3 million for the three-month period ended September 30, 2019

Revenues up 4% to \$63.4 million for the nine-month period ended September 30, 2019

Non-current assets, excluding derivative financial instruments and deferred tax assets, down 7% to \$890.1 million at September 30, 2019 compared to December 31, 2018

The increases in French revenues for the three- and nine-month periods are attributable mainly to:

- higher production at the French wind facilities.

The decrease in non-current assets, excluding derivative financial instruments and deferred income tax assets in France, is attributable mainly to:

- a decrease in the EUR-CAD exchange rates; and
- depreciation of property, plant and equipment, and amortization of intangible assets.

These items were partly offset by:

- an increase in assets due to the application of IFRS 16; and
- an increase in the asset retirement obligations due to a decrease in interest rate curves.

## United States

Revenues up 275% to \$9.5 million for the three-month period ended September 30, 2019

Revenues up 100% to \$12.4 million for the nine-month period ended September 30, 2019

Non-current assets, excluding derivative financial instruments and deferred tax assets, up 158% to \$1,357.5 million at September 30, 2019, compared with December 31, 2018

The increases in US revenues for the three- and nine-month periods are attributable mainly to:

- ramp-up of production at the Phoebe solar project.

The increase in non-current assets, excluding derivative financial instruments and deferred income tax assets in the United States is attributable mainly to:

- property, plant and equipment additions related to the construction of the Phoebe solar project and the Foard City wind project;
- an increase in assets due to the application of IFRS 16; and

- new asset retirement obligations created in relation to the construction of the Phoebe solar project and the Foard City wind project.

These items were partly offset by:

- a decrease in the USD-CAD exchange rates; and
- depreciation of property, plant and equipment, and amortization of intangible assets.

### **Chile**

Non-current assets, excluding derivative financial instruments and deferred tax assets, down 5% to \$146.8 million at September 30, 2019, compared with December 31, 2018

The Corporation's investment in Energía Llama in Chile is accounted for using the equity method; therefore its revenues are not consolidated.

For the period ended September 30, 2019, the decrease in non-current assets is attributable to the reduction in the investment value due to a comprehensive loss attributable to Energía Llama.

## DISCONTINUED OPERATIONS FINANCIAL RESULTS

	Three months ended September 30, 2019			Three months ended September 30, 2018		
	Innergex <sup>1</sup>	HS Orka <sup>2</sup>	Total	Innergex <sup>1</sup>	HS Orka <sup>2</sup>	Total
				Restated <sup>3</sup>		
Production	1,665,362	—	1,665,362	1,236,722	328,080	1,564,802
Revenues	142,814	—	142,814	116,464	25,297	141,761
Adjusted EBITDA <sup>4</sup>	107,351	—	107,351	83,683	8,778	92,461
Net earnings (loss)	9,896	(193)	9,703	5,989	3,467	9,456

1. Equivalent to continuing operations.

2. Equivalent to discontinued operations.

3. For more information on the restatement, please refer to the "Accounting Changes" section.

4. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

	Nine months ended September 30, 2019			Nine months ended September 30, 2018		
	Innergex <sup>1</sup>	HS Orka <sup>2</sup>	Total	Innergex <sup>1</sup>	HS Orka <sup>2</sup>	Total
				Restated <sup>3</sup>		
Production	4,715,820	545,424	5,261,244	3,689,774	845,297	4,535,071
Revenues	413,926	40,006	453,932	343,166	67,292	410,458
Adjusted EBITDA <sup>4</sup>	305,842	13,291	319,133	248,909	23,070	271,979
Net (loss) earnings	(4,977)	21,171	16,194	7,399	4,078	11,477

1. Equivalent to continuing operations.

2. Equivalent to discontinued operations.

3. For more information on the restatement, please refer to the "Accounting Changes" section.

4. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

	Total CAD
Consideration received or receivable, net of transaction costs:	
Cash consideration (US\$299,910)	404,219
Consideration payable for working capital adjustment (US\$2,542)	(3,327)
Transaction costs	(6,646)
Total disposal consideration, net of transaction costs	394,246
Carrying amount of net assets sold	331,147
<b>Gain on sale before reclassification of foreign currency translation differences</b>	<b>63,099</b>
Reclassification of foreign currency translation differences	46,015
<b>Gain on sale</b>	<b>17,084</b>

	As at May 23, 2019
Current assets	37,039
Non-current assets	855,734
	892,773
Current liabilities	71,976
Non-current liabilities	228,804
Equity attributable to owners of the parent	331,147
Non-controlling interests	260,846
	892,773

# SHARE CAPITAL STRUCTURE

## Information on Capital Stock

### Number of Common Shares Outstanding

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Weighted average number of common shares (in 000s)	133,400	132,759	133,229	129,329
Shares that may be issued from the following equity instruments that are potentially dilutive <sup>1</sup> (in 000s):				
Share options	175	715	152	720
Shares held in trust related to the PSP plan	301	203	301	203
	476	918	453	923
Shares that may be issued from the following equity instruments that are excluded from the potentially dilutive elements (in 000s):				
Share options	—	203	203	203
Convertible debentures	16,576	14,167	16,576	14,167
	16,576	14,370	16,779	14,370
Total contingent shares that may be issued from the outstanding equity instruments	17,052	15,288	17,232	15,293

1. Share options for which the exercise price was below the average market price of common shares are included in the calculation of potentially dilutive equity instruments. Contingent share issuances have an anti-dilutive effect on loss per share. As such, for the nine-month period ended September 30, 2019, Diluted net loss per share from continuing operations is equal to Basic net loss per share from continuing operations.

### The Corporation's Equity Securities

	As at		
	November 11, 2019	September 30, 2019	September 30, 2018
Number of common shares	139,405,832	136,667,170	132,799,509
Number of 4.75% convertible debentures	150,000	150,000	150,000
Number of 4.65% convertible debentures	125,000	125,000	—
Number of 4.25% convertible debentures	—	54,257	100,000
Number of Series A Preferred Shares	3,400,000	3,400,000	3,400,000
Number of Series C Preferred Shares	2,000,000	2,000,000	2,000,000
Number of share options outstanding	737,977	737,977	2,782,599

As at the closing of the market on November 11, 2019, and since September 30, 2019, the increase in the number of common shares of the Corporation is attributable mainly to the conversion of a portion of the 4.25% Convertible Debentures in 2,727,265 shares as well as the issuance of 11,397 shares related to the Corporation's Dividend Reinvestment Plan ("DRIP").

As at September 30, 2019, the increase in the number of common shares since September 30, 2018, was attributable mainly to the conversion of a portion of the 4.25% Convertible Debentures into 3,049,530 shares as well as the issuance of 345,394 shares related to the DRIP and the issuance of 472,737 shares following the cashless exercise of 2,122,764 options.



## Dividends

The Corporation's dividend policy is determined by its Board of directors and is based on the Corporation's operating results, cash flows, financial condition, debt covenants, long-term growth prospects, solvency test imposed under corporate law for the declaration of dividends and other relevant factors.

The following dividends were declared by the Corporation:

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Dividends declared on common shares <sup>1</sup>	23,917	22,576	70,650	67,607
Dividends declared on common shares (\$/share)	0.175	0.170	0.525	0.510
Dividends declared on Series A Preferred Shares	767	767	2,300	2,300
Dividends declared on Series A Preferred Shares (\$/share)	0.2255	0.2255	0.6765	0.6765
Dividends declared on Series C Preferred Shares	719	719	2,157	2,157
Dividends declared on Series C Preferred Shares (\$/share)	0.359375	0.359375	1.078125	1.078125

1. The increase in dividends declared on common shares is attributable to the increase in quarterly dividend, to the issuance of shares following the exercise of share options and to the issuance of shares under the DRIP.

The following dividends will be paid by the Corporation on January 15, 2020:

Date of announcement	Record date	Payment date	Dividend per common share (\$)	Dividend per Series A Preferred Share (\$)	Dividend per Series C Preferred Share (\$)
11/12/2019	12/31/2019	1/15/2020	0.1750	0.2255	0.359375

On February 27, 2019, the Board of Directors increased the quarterly dividend from \$0.170 to \$0.175 per common share, corresponding to an annual dividend of \$0.70 per common share. This is the sixth consecutive \$0.02 annual dividend increase.

## Normal Course Issuer Bid

On May 21, 2019, Innergex announced that it has received approval from the Toronto Stock Exchange (TSX) to proceed with a normal course issuer bid on its common shares (the "New Bid"). Under the New Bid, the Corporation could purchase for cancellation up to 2,000,000 of its common shares, representing approximately 1.5% of the 133,559,963 issued and outstanding common shares of the Corporation as at May 15, 2019. The New Bid commenced on May 24, 2019 and will terminate on May 23, 2020. Prior to September 30, 2019, no common shares have been purchased and cancelled.

On August 15, 2017, the Corporation proceeded with a normal course issuer bid on its Common Shares (the "Bid") covering the period between August 17, 2017, and August 16, 2018. The Corporation could purchase for cancellation up to 2,000,000 of its Common Shares, corresponding to approximately 1.84% of the 108,640,790 issued and outstanding Common Shares as at August 14, 2017. Under the Bid, the Corporation purchased for cancellation 697,212 Common Shares at an average price of \$13.60 per share, for an aggregate consideration of \$9.5 million during the year ended December 31, 2018.

## FINANCIAL POSITION

As at	September 30, 2019	December 31, 2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	145,635	79,586
Restricted cash	63,910	29,981
Other current assets	122,205	118,710
<b>Total current assets</b>	<b>331,750</b>	<b>228,277</b>
<b>Non-current assets</b>		
Property, plant and equipment	4,765,231	4,482,928
Intangible assets	682,451	925,009
Investments in joint ventures and associates	464,892	604,773
Goodwill	60,376	109,995
Other non-current assets	184,649	130,302
<b>Total non-current assets</b>	<b>6,157,599</b>	<b>6,253,007</b>
	<b>6,489,349</b>	<b>6,481,284</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
	591,816	641,500
<b>Non-current liabilities</b>		
Long-term debt	3,828,401	4,024,324
Convertible debentures	313,931	238,648
Other non-current liabilities	668,724	617,251
<b>Total non-current liabilities</b>	<b>4,811,056</b>	<b>4,880,223</b>
	<b>5,402,872</b>	<b>5,521,723</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Total shareholders' equity</b>	<b>1,086,477</b>	<b>959,561</b>
	<b>6,489,349</b>	<b>6,481,284</b>

## Working Capital Items

### Current assets

Current assets amounted to \$331.8 million as at September 30, 2019, compared with \$228.3 million as at December 31, 2018, an increase of \$103.5 million due mainly to:

- an increase of \$33.9 million in restricted cash, mainly due to the \$49.8 million related to the contribution received from the Corporation's tax equity partner on the Phoebe solar project; and
- an increase of \$66.0 million in cash and cash equivalents derived from operating, financing and investing activities.

This increase was partly offset by:

- a decrease of \$3.5 million in accounts receivable stemming primarily from the sale of HS Orka, partly offset by higher revenues in September 2019 compared to December 2018.

### Current liabilities

Current liabilities amounted to \$591.8 million as at September 30, 2019, compared to \$641.5 million as at December 31, 2018, a decrease of \$49.7 million due mainly to:

- an \$85.8 million decrease in the current portion of the long-term debt and other liabilities due to:
  - the repayment of the \$228.0 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 remediation of the Valottes, Porcien and Beaumont project loans following their reclassification as current liabilities on December 31, 2018 after failing to fulfill the loans' minimum debt service coverage ratio.

This was partly offset by:

- drawings made on the Phoebe construction loan, which is entirely classified in current liabilities.
- an increase in accounts payable of \$34.3 million arising mainly from the construction of the Foard City wind and Phoebe solar projects, partly offset by a decrease in accounts payable stemming from the sale of HS Orka.

Working capital was negative at \$260.1 million, as at September 30, 2019, with a working capital ratio of 0.56:1.00 (as at December 31, 2018, working capital was negative at \$413.2 million, with a working capital ratio of 0.36:1.00), an improvement of \$153.2 million due to the items explained above.

The Corporation considers its current level of working capital to be sufficient to meet its needs, considering that the construction loan for the Phoebe solar project will be reimbursed through the tax equity investment at commercial operation. As at September 30, 2019, the Corporation had \$700.0 million in revolving term credit facilities and had drawn \$324.0 million as cash advances, while \$112.3 million had been used for issuing letters of credit, leaving \$263.7 million available.

### Non-current assets

Non-current assets amounted to \$6,157.6 million as at September 30, 2019, compared to \$6,253.0 million as at December 31, 2018, a decrease of \$95.4 million mainly due to:

- an \$855.7 million decrease stemming from the sale of HS Orka, comprised of the following:
  - \$466.1 million in property, plant and equipment;
  - \$189.4 million in intangible assets;
  - \$15.5 million in development costs;
  - \$130.0 million in investments in associates for the Blue Lagoon Spa;
  - \$47.3 million in goodwill; and
  - \$7.4 million in other non-current assets;
- depreciation and amortization; and
- a strengthening of the Canadian dollar against the Euro and the US dollar.

These items were partly offset by:

- an \$807.0 million increase in property, plant and equipment due mainly to the construction activities related the Foard City and Phoebe projects;
- a \$123.9 million increase in property, plant and equipment stemming from the initial application of IFRS 16 (please refer to the "Accounting Changes" section);
- a \$65.7 million increase in derivative financial instruments mainly related to the Phoebe power hedge; and
- a \$15.9 million increase in deferred tax assets primarily related to a deductible temporary difference registered following an intercompany transaction related to the introduction of a tax equity investor in the Phoebe solar project.

## Non-current liabilities

Non-current liabilities amounted to \$4,811.1 million as at September 30, 2019, compared with \$4,880.2 million as at December 31, 2018, a decrease of \$69.2 million mainly due to:

- a \$229.4 million decrease stemming from the sale of HS Orka, comprised of the following:
  - \$37.6 million in financial instruments;
  - \$88.9 million in long-term debt;
  - \$1.2 million related to lease obligation;
  - \$39.3 million in other liabilities related to the pension fund; and
  - \$62.4 million in deferred tax liabilities.
- a \$53.5 million net decrease in long-term debt mainly due to:
  - net repayments made on the corporate revolving facilities, including repayments made with the proceeds received from the sale of HS Orka; and
  - scheduled principal repayments on long-term debt;

These items were partly offset by:

- draws made on the Phoebe construction loan and the Foard City term loan.
  - a strengthening of the Canadian dollar against the Euro and the US dollar
- These items were partly offset by:
- a \$36.2 million increase in asset retirement obligations mainly related to the construction activities at the Foard City and Phoebe projects, and an increase in fair value of existing asset retirement obligations due to a decrease in interest rates curves;
  - a \$60.1 million net increase in derivative financial instruments due to an overall decrease in interest rates; and
  - a \$117.2 million increase in lease liabilities stemming from the initial application of IFRS 16 (please refer to the "Accounting Changes" section).

As at September 30, 2019, the Corporation and its subsidiaries have met all material financial and non-financial conditions, unless indicated below, related to their credit agreements, trust indentures and PPAs. Were they not met, certain financial and non-financial covenants included in the credit agreements, trust indentures and PPAs entered into by various subsidiaries of the Corporation could limit the capacity of these subsidiaries to transfer funds to the Corporation. These restrictions could have a negative impact on the Corporation's ability to meet its obligations.

## Derivative Financial Instruments and Risk Management

The Corporation uses derivative financial instruments ("derivatives") to manage its exposure to the risk of increasing interest rates on its debt financing, to manage its exposure to exchange rate fluctuations on the future repatriation of cash flows from its French operations, and to reduce exposure to the risk of decreasing power prices.

As at September 30, 2019	Currency	Current Notional		Fair Value After Credit Adjustment	
		Currency of origin	CAD	Currency of origin	CAD
Interest rate swaps	CAD	1,185,640	1,185,640	(80,510)	(80,510)
Interest rate swaps	USD	141,424	187,288	(16,361)	(21,678)
Interest rate swaps	EUR	192,076	277,320	(18,200)	(26,277)
Foreign exchange forward contracts	EUR VS CAD	308,803	537,107	(23,347)	(23,347)
Power Hedges	USD	N/A	N/A	45,419	60,149
				(92,999)	(91,663)

## Shareholders' Equity

Shareholders' equity amounted to \$1,086.5 million as at September 30, 2019, compared with \$959.6 million as at December 31, 2018, a increase of \$126.9 million mainly due to:

- a \$49.8 million equity funding received from the Corporation's tax equity partner on the Phoebe solar project; and
- a \$372.7 million equity funding received from the Corporation's tax equity partner on the Foard City wind project following the completion of commissioning activities on September 27, 2019.

The increase is partly offset by:

- a \$260.8 million decrease in non-controlling interests stemming from the sale of HS Orka;
- dividends declared on common and preferred shares totaling \$75.1 million; and
- distributions declared to non-controlling interests of \$13.2 million.

### **Contingencies**

In 2017, the Comptroller of Water Rights has sought to apply the higher water rights rates retroactively to the Fire Creek, Lamont Creek, Stokke Creek, Tipella Creek and Upper Stave River Limited Partnerships 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 Environmental Appeal Board. On July 26, 2019, the Environmental Appeal Board 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. Although the Environmental Appeal Board did not address the issue of interest on the amounts paid to the Comptroller, the Limited Partnerships should nonetheless be entitled to interest on the amounts that were wrongfully taken and withheld by the Comptroller for nearly two and a half years. Submissions to the Board have been prepared in that regard. The Crown is taking the view that the issue of interest means that the decision of the Environmental Appeal Board would not be “final” in the sense of triggering the judicial review time frame of 60 days. If it is a final order, the Crown will have to seek an order extending time to apply for judicial review. If it is not a final order, they will have 60 days from the decision on interest.

### **Off-Balance-Sheet Arrangements**

As at September 30, 2019, the Corporation had issued letters of credit totaling \$288.9 million, including \$112.3 million from its revolving term credit facilities, to meet its obligations under its various PPAs and other agreements. These letters of credit were issued as payment securities for various projects under construction (including the Phoebe solar project) and as performance or financial guarantees under PPAs and other contractual obligations. As at that date, Innergex had also issued a total of \$110.4 million in corporate guaranties used mainly to guarantee the long-term currency hedging instruments of its operations in France. The corporate guaranties were also used to support the performance of the Brown Lake and Miller Creek hydroelectric facilities, the post-commissioning activities at the Mesgi'g Ugiu's'n facility, the Foard City wind project and the Griffin Trail, Boswell and other prospective projects.

Tax equity investors in U.S. projects generally require sponsor guaranties as a condition to their investment. To support the tax equity investments at Shannon, Kokomo, Spartan, Flat Top, Phoebe and Foard City, Alterra, a subsidiary of Innergex, has executed guaranties effective on funding of the tax equity investments indemnifying the tax equity investors against certain breaches of project-level representations, warranties and covenants and other events. The Corporation believes these indemnifications cover matters that are substantially under its control and are very unlikely to occur. With respect to the Phoebe project, Alterra has also provided a guarantee to the lenders related to debt-service payments, which will become effective only in the unlikely event that the Phoebe tax equity investors call upon their corresponding guarantee.

## LIQUIDITY AND CAPITAL RESOURCES

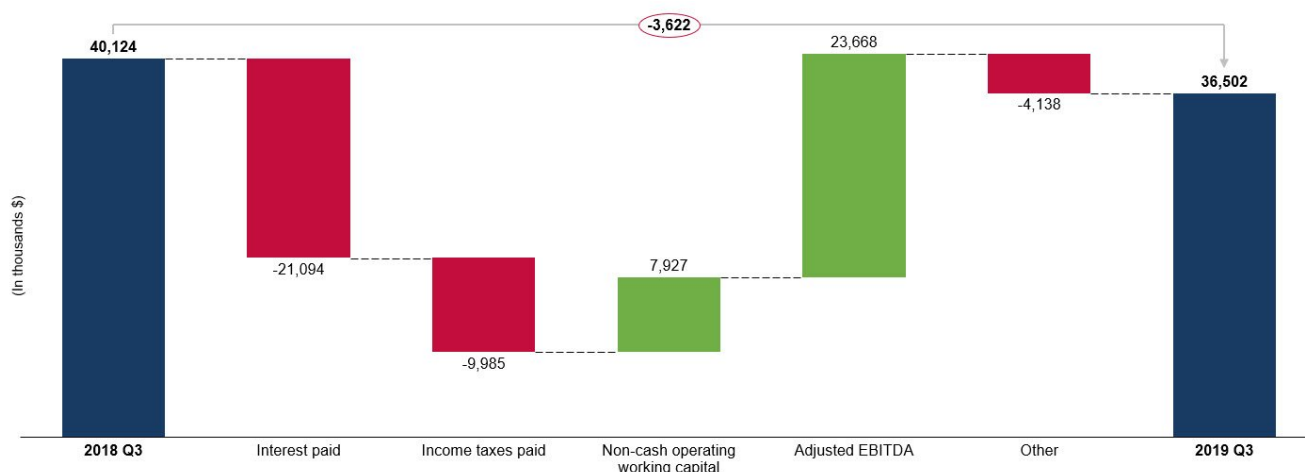
	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
		Restated <sup>1,2</sup>		Restated <sup>1,2</sup>
<b>OPERATING ACTIVITIES</b>				
Cash flows from operating activities from continuing operations before changes in non-cash operating working capital items	45,405	56,954	163,163	145,301
Changes in non-cash operating working capital items	(8,903)	(16,830)	(7,956)	(5,974)
Cash flows from operating activities from continuing operations	36,502	40,124	155,207	139,327
Cash flows from operating activities from discontinued operations	—	5,793	13,122	24,807
	36,502	45,917	168,329	164,134
<b>FINANCING ACTIVITIES</b>				
Cash flows from financing activities from continuing operations	223,019	121,536	292,346	308,310
Cash flows from financing activities from discontinued operations	—	6,818	20,059	9,574
	223,019	128,354	312,405	317,884
<b>INVESTING ACTIVITIES</b>				
Cash flows from investing activities from continuing operations	(201,682)	(317,530)	(380,666)	(443,141)
Cash flows from investing activities from discontinued operations	—	(7,235)	(31,957)	(19,159)
	(201,682)	(324,765)	(412,623)	(462,300)
Effects of exchange rate changes on cash and cash equivalents	(826)	(683)	(2,062)	271
Net change in cash and cash equivalents	57,013	(151,177)	66,049	19,989
Cash and cash equivalents, beginning of period	88,622	233,080	79,586	61,914
<b>Cash and cash equivalents, end of period</b>	<b>145,635</b>	<b>81,903</b>	<b>145,635</b>	<b>81,903</b>

1. For more information on the restatement, please refer to the "Accounting Changes" section.

2. For more information, please refer to the "Discontinued Operations" section.

## Cash Flows from Operating Activities from Continuing Operations

Down \$3.6 million to \$36.5 million for the three-month period ended September 30, 2019  
Up \$15.9 million to \$155.2 million for the nine-month period ended September 30, 2019



### For the three-month period ended on September 30, 2019, compared with the same period last year

The decrease in cash flows from operating activities from continuing operations is primarily attributable to:

- a \$21.1 million increase in interest paid due, in part to the higher average indebtedness during the quarter, and in part to timing of payments;
- a \$10.0 million increase in income taxes paid, largely related to a payment made towards the current income tax expense on the taxable gain realized following an intercompany transaction related to the introduction of a tax equity investor in the Phoebe solar project;

These items were partly offset by:

- a \$23.7 million increase in Adjusted EBITDA<sup>1</sup>; and
- a \$7.9 million favourable change in non-cash operating working capital items, due mainly to:
  - a \$11.9 million favourable variation in non-cash operating working capital changes from accounts payable and other payables; partly offset by
  - a \$4.3 million unfavourable variation in non-cash operating working capital changes from accounts receivable;

Discontinued operations contributed to increasing cash flows from operating activities in the three-month period ended on September 30, 2018 by \$5.8 million, compared with nil in 2019.

### For the nine-month period ended on September 30, 2019, compared with the same period last year

The increase in cash flows from operating activities from continuing operations is primarily attributable to:

- a \$56.9 million increase in Adjusted EBITDA<sup>1</sup>.

The increase was partly offset by:

- a \$31.8 million increase in interest paid, mainly due to the higher average indebtedness during the year;
- an \$11.3 million increase in income taxes paid, largely related to a payment made towards the current income tax expense on the taxable gain realized following an intercompany transaction related to the introduction of a tax equity investor in the Phoebe solar project; and
- a \$2.0 million unfavourable change in non-cash operating working capital items, due mainly to:
  - a \$31.7 million unfavourable variation in non-cash operating working capital changes from accounts receivable; partly offset by
  - a \$29.3 million favourable variation in non-cash operating working capital changes from accounts payable and other payables.

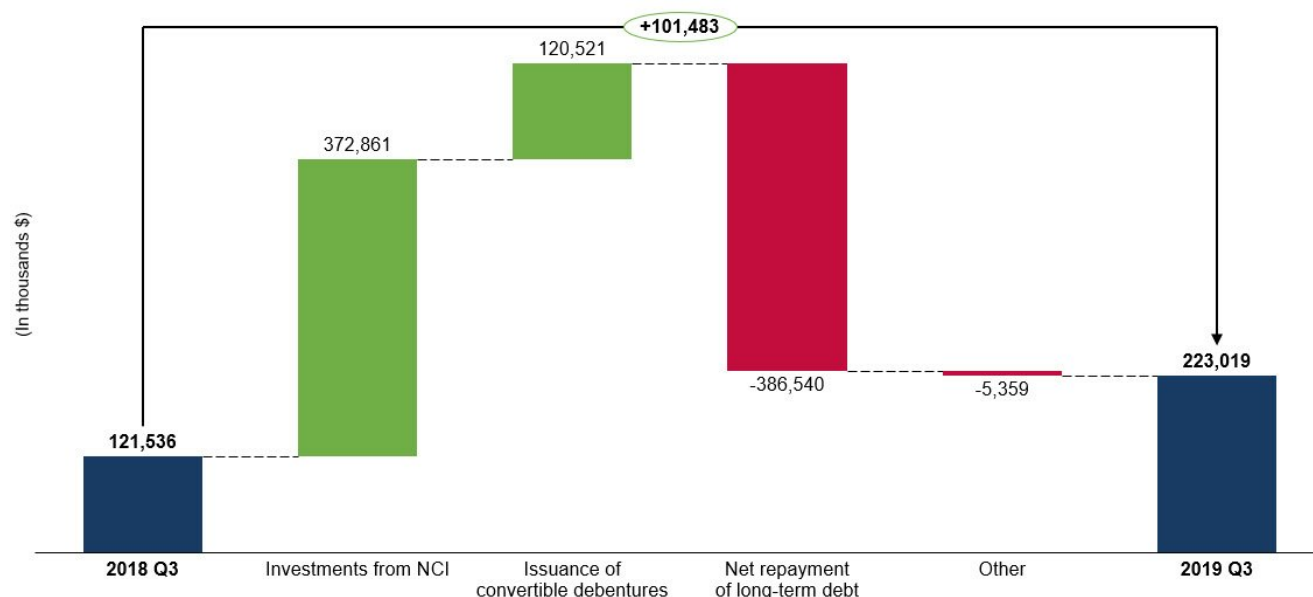
Discontinued operations also contributed to decreasing cash flows from operating activities by \$11.7 million, from \$24.8 million in 2018 to \$13.1 million in 2019.

1. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

## Cash Flows from Financing Activities from Continuing Operations

Cash inflow up \$101.5 million to \$223.0 million for the three-month period ended September 30, 2019

Cash inflow down \$16.0 million to \$292.3 million for the nine-month period ended September 30, 2019



### **For the three-month period ended on September 30, 2019, compared with the same period last year**

The increase in cash flows from financing activities from continuing operations stems mainly from:

- a \$372.9 million increase in investments from non-controlling interests, practically entirely related to funding received from the Corporation's tax equity partner on the Foard City wind project;
- a \$120.5 million increase in cash flows related to the issuance of convertible debentures in the third quarter of 2019, while no issuance occurred during the same period of 2018;

These items were partly offset by:

- a \$240.8 million net decrease in long-term debt in 2019, compared with a \$145.7 million net increase in long-term debt in 2018. The \$240.8 million net decrease in long-term debt in 2019 is mainly attributable to:
  - a draw of \$66.2 million on the tax equity bridge loan for the Foard City wind project, followed by the reimbursement, in full, of the tax equity bridge loan subsequent to receiving the tax equity partner contribution. The construction loan was converted into a term loan with no cash flow impact; and
  - scheduled repayments of project loans.

The above decreases in long-term debt were as partly offset by:

- a \$19.6 million draw on the Phoebe construction loan used towards the construction of the Phoebe solar project.

Discontinued operations also contributed to increasing cash flows from financing activities in the three-month period ended on September 30, 2018 by \$6.8 million, compared with nil in 2019.

### **For the nine-month period ended on September 30, 2019, compared with the same period last year**

The decrease in cash flows from financing activities from continuing operations stems mainly from:

- a \$23.1 million decrease in cash flows related to the issuance of convertible debentures for \$120.0 million in 2019 compared with \$143.1 million for the same period in 2018; and
- a \$160.9 million net decrease in long-term debt in 2019, compared with a \$239.5 million net increase in long-term debt in 2018. The \$160.9 million net decrease in long-term debt in 2019 is mainly attributable to:
  - a net reimbursement of \$287.6 million on the revolving credit facility; and
  - scheduled repayments of project loans.

The above decreases in long-term debt were partly offset by:

- a \$189.8 million draw on the Phoebe construction loan used for the Phoebe solar project;



- draws made on the tax equity and construction bridge loans for the Foard City wind project, followed by the reimbursement of the tax equity bridge loan and the term loan conversion of the construction bridge loan, for a net increase of \$30.9 million in Foard City long-term indebtedness, representing the balance of the term loan at September 30, 2019.

These items were partly offset by:

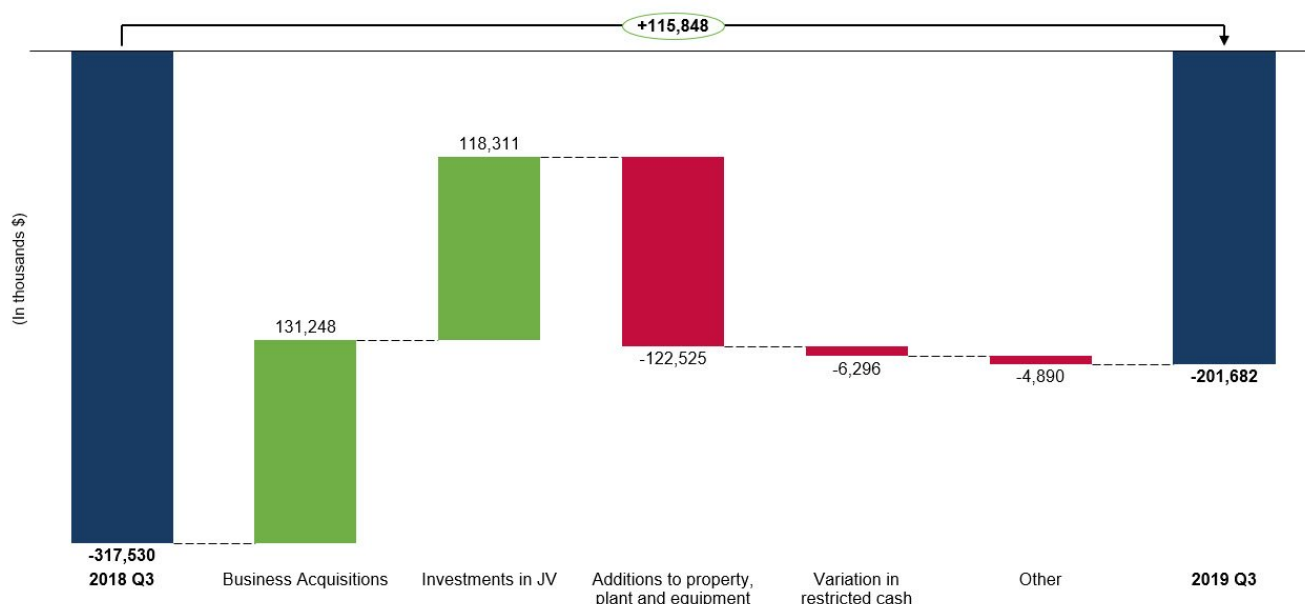
- a \$372.7 million funding received from the Corporation's tax equity partner on the Foard City wind project; and
- a \$49.8 million funding received from the Corporation's tax equity partner on the Phoebe solar project.

Discontinued operations also contributed to increasing cash flows from financing activities by \$10.5 million, from \$9.6 million in 2018, to \$20.1 million in 2019.

## Cash Flows from Investing Activities from Continuing Operations

Outflow down \$115.8 million to \$201.7 million for the three-month period ended September 30, 2019

Outflow down \$62.5 million to \$380.7 million for the nine-month period ended September 30, 2019



### **For the three-month period ended on September 30, 2019, compared with the same period last year**

The decrease in cash outflows from investing activities from continuing operations is mainly related to:

- a decrease in cash outlays toward business acquisitions, from \$131.2 million in 2018 to nil in 2019; and
- a decrease in cash outlays toward investments in joint ventures, from \$131.5 million in 2018 to \$13.2 million in 2019. The outlay in 2019 relates primarily to the payment of the remaining investment commitment into Energia Llaima.

These items were partly offset by:

- increased cash outflows related to property, plant and equipment of \$122.5 million, from \$61.8 million in 2018 to \$184.3 million in 2019, related primarily to the construction of the Phoebe solar and Foard City wind projects; and
- a \$6.3 million decrease in cash flows from changes in restricted cash balances.

Discontinued operations contributed to the decrease in cash outflows from investing activities by \$7.2 million, from an outflow of \$7.2 million in 2018 to nil in 2019.

### **For the nine-month period ended on September 30, 2019, compared with the same period last year**

The decrease in cash outflows from investing activities from continuing operations is mainly related to:

- a \$383.7 million cash inflow stemming from the US\$299.9 million (\$404.2 million) proceeds received from the sale of HS Orka, net of transaction costs and cash disposed.

- a decrease in cash outlays toward business acquisitions, from \$244.3 million in 2018 to nil in 2019; and
- a decrease in cash outlays toward investments in joint ventures, from \$131.5 million in 2018 to \$13.8 million in 2019. The outlay in 2019 relates to the payment of the remaining investment commitment into Energia Llama.

These items were partly offset by:

- increased cash outflows related to property, plant and equipment of \$622.6 million, from \$81.0 million in 2018 to \$703.6 million in 2019, related primarily to the construction of the Phoebe solar and Foard City wind projects; and
- a \$59.9 million unfavourable change in restricted cash balances, from a \$21.0 million decrease in restricted cash in 2018, to a \$38.8 million increase in restricted cash in 2019. The 2019 increase in restricted cash is mainly due to the \$49.8 million contribution received from the Corporation's tax equity partner on the Phoebe solar project.

Discontinued operations partly offset the decrease in cash outflows from investing activities by \$12.8 million, from an outflow of \$19.2 million in 2018 to an outflow of \$32.0 million in 2019.

## FREE CASH FLOW AND PAYOUT RATIO

Free Cash Flow and Payout Ratio calculation <sup>1</sup>	Trailing twelve months ended September 30	
	2019	2018
	Restated <sup>3</sup>	Restated <sup>3</sup>
Cash flows from operating activities	213,585	246,761
<i>Add (Subtract) the following items:</i>		
Changes in non-cash operating working capital items	6,956	(35,736)
Maintenance capital expenditures net of proceeds from disposals	(10,282)	(8,667)
Scheduled debt principal payments	(112,604)	(85,230)
Free Cash Flow attributed to non-controlling interests <sup>2</sup>	(18,601)	(22,722)
Dividends declared on Preferred shares	(5,942)	(5,942)
Transaction costs related to realized acquisitions	1,593	10,866
Realized losses (gains) on derivative financial instruments	6,914	(828)
Recovery of maintenance capital expenditures and prospective project expenses on sale of HS Orka, net of attribution to non-controlling interests	8,242	—
Income tax paid on realized intercompany gain	10,594	—
<b>Free Cash Flow</b>	<b>100,455</b>	<b>98,502</b>
Dividends declared on common shares	93,258	85,527
Payout Ratio	93%	87%
<i>Adjust for the following items:</i>		
Prospective projects expenses	16,945	17,145
<b>Adjusted Free Cash Flow</b>	<b>117,400</b>	<b>115,647</b>
Dividends declared on common shares - DRIP adjusted	90,856	75,598
<b>Adjusted Payout Ratio</b>	<b>77%</b>	<b>65%</b>

- Free Cash Flow, Adjusted Free Cash Flow, Payout Ratio and Adjusted Payout Ratio are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.
- 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.
- For more information on the restatement, please refer to the "Accounting Changes" section.
- 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.

### Free Cash Flow

For the trailing twelve months ended September 30, 2019, the Corporation generated Free Cash Flow of \$100.5 million, compared with \$98.5 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;
- the reversal of the income tax paid towards the taxable gain realized following an intercompany transaction related to the Phoebe solar project concurrent with the initial funding; as this transaction is deemed a cash outflow from investing activities; and
- the recovery of maintenance capital expenditures and prospective project expenses, net of attribution to non-controlling interests.

These items were partly offset by:

- greater scheduled debt principal payments, mainly from the acquisition of the Cartier Wind Farms and the French projects that reached term conversion in 2018.

## Payout Ratio

For the trailing twelve months ended September 30, 2019, the dividends on common shares declared by the Corporation amounted to 93% of Free Cash Flow, compared with 87% for the corresponding period last year.

This change results mainly from:

- 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 DRIP.

These items were partly offset by:

- a \$2.0 million increase in Free Cash Flow.

The Payout Ratio is a measure of the Corporation's ability to sustain current dividends and dividend increases as well as its ability to fund its growth. The Payout Ratio level reflects the Corporation's decision to invest yearly in advancing the development of its Prospective Projects, for which investments must be expensed as incurred. The Corporation considers such investments essential to its long-term growth and success, as it believes that the greenfield development of renewable energy projects offers the greatest potential internal rates of return and represents the most efficient use of management's expertise and value-added skills.

## QUARTERLY FINANCIAL INFORMATION

<i>(in millions of dollars, unless otherwise stated)</i>	Three months ended			
	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018
				Restated <sup>2,3</sup>
Production (MWh)	1,665,362	1,741,953	1,308,505	1,396,066
Revenues	142.8	144.7	126.4	138.3
Adjusted EBITDA <sup>1</sup>	107.4	105.2	93.2	103.3
Net earnings (loss)	9.7	7.3	(0.9)	14.2
Net earnings (loss) from continuing operations attributable to owners of the parent	14.3	(7.8)	(7.4)	17.4
Net earnings (loss) from continuing operations attributable to owners of the parent (\$ per share – basic and diluted)	0.10	(0.07)	(0.07)	0.12
Net earnings (loss) attributable to owners of the parent	14.1	10.8	(6.7)	15.2
Net earnings (loss) attributable to owners of the parent (\$ per share – basic and diluted)	0.09	0.07	(0.06)	0.10
Dividends declared on common shares	23.9	23.4	23.4	22.6
Dividends declared on common shares, \$ per share	0.175	0.175	0.175	0.170

1. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

2. For more information on the restatement, please refer to the "Accounting Changes" section.

3. For more information, please refer to the "Discontinued Operations" section.

<i>(in millions of dollars, unless otherwise stated)</i>	Three months ended			
	Sept. 30, 2018	June 30, 2018	March 31, 2018	Dec. 31, 2017
	Restated <sup>2,3</sup>	Restated <sup>2,3</sup>	Restated <sup>2,3</sup>	
Production (MWh)	1,236,722	1,509,599	944,108	1,106,060
Revenues	116.5	124.9	101.8	108.0
Adjusted EBITDA <sup>1</sup>	83.7	91.7	73.6	80.1
Net earnings (loss)	9.5	16.9	(14.8)	3.4
Net earnings (loss) from continuing operations attributable to owners of the parent	8.8	10.0	(2.9)	7.0
Net earnings (loss) from continuing operations attributable to owners of the parent (\$ per share – basic and diluted)	0.06	0.06	(0.04)	0.05
Net earnings (loss) attributable to owners of the parent	10.7	13.3	(6.6)	7.0
Net earnings (loss) attributable to owners of the parent (\$ per share – basic and diluted)	0.07	0.09	(0.07)	0.05
Dividends declared on common shares	22.6	22.5	22.5	17.9
Dividends declared on common shares, \$ per share	0.170	0.170	0.170	0.165

1. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

2. For more information on the restatement, please refer to the "Accounting Changes" section.

3. For more information, please refer to the "Discontinued Operations" section.

## NON-IFRS MEASURES

This MD&A has been prepared in accordance with IFRS. However, some measures referred to in this MD&A are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Innergex believes 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. Innergex's share of Revenues of joint ventures and associates, Revenues Proportionate, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted EBITDA Proportionate, Innergex's share of Adjusted EBITDA of joint ventures and associates, Adjusted Net Earnings (Loss) from continuing operations, 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. Please refer to the "Operating Results" section for more information.

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
		Restated <sup>1,2</sup>		Restated <sup>1,2</sup>
Revenues	142,814	116,464	413,926	343,166
Innergex's share of Revenues of joint ventures and associates:				
Toba Montrose (40%) <sup>3</sup>	17,197	15,136	25,170	23,263
Shannon (50%) <sup>3,5</sup>	1,013	1,556	5,558	4,834
Flat Top (51%) <sup>4,5</sup>	582	2,376	6,305	5,129
Dokie (25.5%) <sup>3</sup>	1,712	1,589	5,465	4,679
Jimmie Creek (50.99%) <sup>3</sup>	7,677	6,271	9,974	8,567
Umbata Falls (49%)	490	705	2,773	2,954
Viger-Denonville (50%)	1,017	1,195	4,175	4,200
Duqueco (50%) <sup>6,7</sup>	6,370	5,123	14,499	5,123
Guayacán (50%) <sup>6,7</sup>	469	323	1,479	323
Pampa Elvira (50%) <sup>6,7</sup>	475	413	1,506	413
	37,002	34,687	76,904	59,485
Revenues Proportionate	179,816	151,151	490,830	402,651

1. For more information on the restatement, please refer to the "Accounting Changes" section.

2. For more information, please refer to the "Discontinued Operations" section.

3. For a complete three-month period in 2019 and 2018 and for the period from January 1, 2019 to September 30, 2019, and February 6, 2018, to September 30, 2018.

4. For a complete three-month period in 2019 and 2018 and for the period from January 1, 2019 to September 30, 2019, and March 23, 2018, to September 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.

7. For the period from July 1, 2019 to September 30, 2019, and for the period from July 3, 2018, or July 5, 2018, to September 30, 2018, and for the period from January 1, 2019, to September 30, 2019, and from July 3, 2018, or July 5, 2018, to September 30, 2018.

## 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 September 30		Nine months ended September 30	
	2019	2018	2019	2018
		Restated <sup>1,2</sup>		Restated <sup>1,2</sup>
Net earnings (loss) from continuing operations	9,896	5,989	(4,977)	7,399
Income taxes expenses	3,749	2,466	1,164	579
Finance costs	59,474	47,939	170,704	140,814
Depreciation and amortization	48,343	36,271	141,558	108,971
EBITDA	121,462	92,665	308,449	257,763
Other net (revenues) expenses	(3,917)	313	(2,639)	5,319
Share of earnings of joint ventures and associates	(16,225)	(11,192)	(9,193)	(10,276)
Unrealized net loss (gain) on financial instruments	6,031	1,897	9,225	(3,897)
Adjusted EBITDA	107,351	83,683	305,842	248,909
Adjusted EBITDA margin	75.2%	71.9%	73.9%	72.5%

1. For more information on the restatement, please refer to the "Accounting Changes" section.

2. For more information, please refer to the "Discontinued Operations" section.

## 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. Please refer to the "Operating Results" section of this MD&A for more information.

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
		Restated <sup>1,2</sup>		Restated <sup>1,2</sup>
Adjusted EBITDA	107,351	83,683	305,842	248,909
Innergex's share of Adjusted EBITDA of joint ventures and associates:				
Toba Montrose (40%) <sup>3</sup>	15,030	13,004	20,046	18,883
Shannon (50%) <sup>3,5</sup>	(872)	492	1,237	1,820
Flat Top (51%) <sup>4,5</sup>	(1,213)	909	711	1,813
Dokie (25.5%) <sup>3</sup>	1,095	1,062	3,799	3,305
Jimmie Creek (50.99%) <sup>3</sup>	6,908	5,738	8,278	7,395
Umbata Falls (49%)	315	609	2,178	2,630
Viger-Denonville (50%)	868	946	3,418	3,446
Duqueco (50%) <sup>6,7</sup>	5,454	3,134	9,115	3,134
Guayacán (50%) <sup>6,7</sup>	469	38	1,022	38
Pampa Elvira (50%) <sup>6,7</sup>	391	(62)	665	(62)
	28,445	25,870	50,469	42,402
<b>Adjusted EBITDA Proportionate</b>	<b>135,796</b>	<b>109,553</b>	<b>356,311</b>	<b>291,311</b>

1. For more information, please refer to the "Accounting Changes" section.

2. For more information, please refer to the "Discontinued Operations" section.

3. For a complete three-month period in 2019 and 2018 and for the period from January 1, 2019, to September 30, 2019, and February 6, 2018, to September 30, 2018.

4. For a complete three-month period in 2019 and 2018 and for the period from January 1, 2019, to September 30, 2019, and March 23, 2018, to September 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.

7. For the period from July 1, 2019, to September 30, 2019, and for the period from July 3, 2018, or July 5, 2018, to September 30, 2018, and for the period from January 1, 2019, to September 30, 2019, and from July 3, 2018, or July 5, 2018, to September 30, 2018.



### **Adjusted Net Earnings (Loss) from continuing operations**

References to "Adjusted Net Earnings (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 Earnings (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 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 Earnings (Loss) from continuing operations should not be construed as an alternative to net earnings, as determined in accordance with IFRS. Please refer to the "Operating Results" section for reconciliation of the Adjusted Net Earnings (Loss) from continuing operations.

### **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. Please refer to the "Free Cash Flow and Payout Ratio" section for the reconciliation of Free Cash Flow.

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.

## Production KPIs

### 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. Please refer to the "Operating Results" section of this MD&A for more information.

(in MWh)	Three months ended September 30					
	2019			2018		
	Production (MWh)	LTA (MWh)	Production as a % of LTA	Production (MWh)	LTA (MWh)	Production as a % of LTA
	Restated <sup>1,2</sup>					
Production	1,665,362	1,765,093	94%	1,236,722	1,390,458	89%
Innergex's share of Production of joint ventures and associates:						
Toba Montrose (40%) <sup>3</sup>	152,144	154,145	99%	137,547	154,194	89%
Shannon (50%) <sup>3,5</sup>	72,155	70,004	103%	60,796	70,004	87%
Flat Top (51%) <sup>4,5</sup>	101,347	91,725	110%	79,263	91,767	86%
Dokie (25.5%) <sup>3</sup>	13,912	17,231	81%	13,983	17,231	81%
Jimmie Creek (50.99%) <sup>3</sup>	61,723	54,373	114%	51,935	54,373	96%
Umbata Falls (49%)	6,486	10,444	62%	9,360	10,444	90%
Viger-Denonville (50%)	6,729	8,175	82%	7,942	8,175	97%
Duqueco (50%) <sup>6,7</sup>	61,864	57,079	108%	47,579	50,538	94%
Guayacán (50%) <sup>6,7</sup>	4,199	4,406	95%	3,990	4,803	83%
Pampa Elvira (50%) <sup>6,7</sup>	3,230	3,665	88%	3,296	3,553	93%
	483,789	471,247	103%	415,691	465,082	89%
<b>Production Proportionate</b>	<b>2,149,151</b>	<b>2,236,340</b>	<b>96%</b>	<b>1,652,413</b>	<b>1,855,540</b>	<b>89%</b>

1. For more information on the restatement, please refer to the "Accounting Changes" section.

2. For more information, please refer to the "Discontinued Operations" section.

3. For a complete three-month period in 2019 and 2018 and for the period from January 1, 2019, to September 30, 2019, and February 6, 2018, to September 30, 2018.

4. For a complete three-month period in 2019 and 2018 and for the period from January 1, 2019, to September 30, 2019, and March 23, 2018, to September 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 Pampa Elvira (55% interest) facilities, and Duqueco, which includes the Mampil (100% interest) and Peuchén (100% interest) facilities.

7. For the period from July 1, 2019, to September 30, 2019, and for the period from July 3, 2018, or July 5, 2018, to September 30, 2018.

(in MWh)	Nine months ended September 30					
	2019			2018		
	Production (MWh)	LTA (MWh)	Production as a % of LTA	Production (MWh)	LTA (MWh)	Production as a % of LTA
				Restated <sup>1,2</sup>		
Production	4,715,820	4,835,085	98%	3,689,774	3,897,904	95%
Innergex's share of Production of joint ventures and associates:						
Toba Montrose (40%) <sup>3</sup>	243,782	254,227	96%	238,039	250,360	95%
Shannon (50%) <sup>3,5</sup>	252,936	264,208	96%	226,192	230,623	98%
Flat Top (51%) <sup>4,5</sup>	332,474	327,715	101%	205,549	222,697	92%
Dokie (25.5%) <sup>3</sup>	44,799	54,447	82%	42,401	44,549	95%
Jimmie Creek (50.99%) <sup>3</sup>	87,944	78,051	113%	81,369	77,741	105%
Umbata Falls (49%)	36,635	37,271	98%	37,192	37,271	100%
Viger-Denonville (50%)	27,626	26,050	106%	27,923	26,050	107%
Duqueco (50%) <sup>6,7</sup>	109,161	108,445	101%	47,579	50,538	94%
Guayacán (50%) <sup>6,7</sup>	14,985	16,158	93%	3,990	4,803	83%
Pampa Elvira (50%) <sup>6,7</sup>	9,798	10,713	91%	3,296	3,553	93%
	1,160,140	1,177,285	99%	913,530	948,185	96%
Production Proportionate	5,875,960	6,012,370	98%	4,603,304	4,846,089	95%

1. For more information on the restatement, please refer to the "Accounting Changes" section.

2. For more information, please refer to the "Discontinued Operations" section.

3. For the period from January 1, 2019, to September 30, 2019, and February 6, 2018, to September 30, 2018.

4. For the period from January 1, 2019, to September 30, 2019, and March 23, 2018, to September 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 Pampa Elvira (55% interest) facilities, and Duqueco, which includes the Mampil (100% interest) and Peuchén (100% interest) facilities.

7. For the period from January 1, 2019 to September 30, 2019 and for the period from July 3, 2018 or July 5, 2018 to September 30, 2018.

## FORWARD-LOOKING INFORMATION

To inform readers of the Corporation's future prospects, this MD&A 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 terms 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 MD&A.

**Future-oriented financial information:** Forward-Looking Information includes future-oriented financial information or financial outlook within the meaning of securities laws, including information regarding the Corporation's expected production, the estimated project costs, projected revenues, projected Adjusted EBITDA and projected Adjusted EBITDA Proportionate, Projected Free Cash Flow and intention to pay dividend quarterly. Such information is intended 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.

**Assumptions:** Forward-Looking Information is based on certain key assumptions made by the Corporation, including, without restriction, those concerning hydrology, wind regimes and solar irradiation, performance of operating facilities, project performance, economic, financial and financial market conditions, the Corporation's success in developing and constructing new facilities, expectations and assumptions concerning availability of capital resources and timely performance by third parties of contractual obligations and receipt of regulatory approvals.

**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 are referred to in the "Risks and Uncertainties" section of the Annual Report and include, without limitation: the ability of the Corporation to execute its strategy for building shareholder value; 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; delays and cost overruns in the design and construction of projects; the ability to secure new power purchase agreements or renew any power purchase agreement; fluctuations affecting prospective power prices; health, safety and environmental risks; uncertainties surrounding the development of new facilities; obtainment of permits; equipment failure or unexpected operations and maintenance activity; interest rate fluctuations and refinancing risk; financial leverage and restrictive covenants governing current and future indebtedness; the possibility that the Corporation may not declare or pay a dividend; failure to realize the anticipated benefits of and integration of completed and future acquisitions; changes in governmental support to increase electricity to be generated from renewable sources by independent power producers; variability of installation performance and related penalties; the ability to attract new talent or to retain officers or key employees; litigation; performance of major counterparties; social acceptance of renewable energy projects; relationships with stakeholders; equipment supply; exposure to many different forms of taxation in various jurisdictions; changes in general economic conditions; regulatory and political risks; ability to secure appropriate land; reliance on PPAs; availability and reliability of transmission systems (including due to reliance on third parties); foreign market growth and development risks; foreign exchange fluctuations; increases in water rental cost or changes to regulations applicable to water use; assessment of water, wind and solar resources and associated electricity production; natural disasters and force majeure; cybersecurity; sufficiency of insurance coverage; a credit rating that may not reflect actual performance of the Corporation or a lowering (downgrade) of the credit rating; reliance on shared transmission and interconnection infrastructure; revenues from certain facilities will vary based on the market (or spot) price of electricity; risks related to U.S. production and investment tax credits; changes in U.S. corporate tax rates and availability of tax equity financing; host country economic, social and political conditions; risk inherent to rockslides, avalanches, tornadoes, hurricanes or other occurrences outside the Corporation's control; adverse claims to property title; unknown liabilities; reliance on intellectual property and confidential agreements to protect our rights and confidential information; and reputational risks arising from misconduct of representatives of the Corporation.

Although the Corporation believes that the expectations and assumptions on which 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 it will prove to be correct. Forward-Looking Information contained herein is provided as at the date of this MD&A, and 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 hereof, unless so required by law.

## Forward-Looking Information in this MD&A

The following table outlines the Forward-Looking Information contained in this MD&A, which the Corporation considers important to better inform readers about its potential financial performance, together with 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
<p><b>Expected production</b> 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.</p>	<p>Improper assessment of water, wind and solar resources and associated electricity production</p> <p>Variability in hydrology, wind regimes and solar irradiation resources</p> <p>Equipment supply risk, including failure or unexpected operations and maintenance activity</p> <p>Natural disasters and force majeure</p> <p>Regulatory and political risks affecting production</p> <p>Health, safety and environmental risks affecting production</p> <p>Variability of installation performance and related penalties</p> <p>Availability and reliability of transmission systems</p> <p>Litigation</p>
<p><b>Projected revenues</b> 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. 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 that 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.</p>	<p>See principal assumptions, risks and uncertainties identified under "Expected Production"</p> <p>Reliance on PPAs</p> <p>Revenues from certain facilities will vary based on the market (or spot) price of electricity</p> <p>Fluctuations affecting prospective power prices</p> <p>Changes in general economic conditions</p> <p>Ability to secure new Power Purchase Agreements or renew any Power Purchase Agreement</p>
<p><b>Projected Adjusted EBITDA</b> 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.</p>	<p>See principal assumptions, risks and uncertainties identified under "Expected Production" and "Projected Revenues"</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> 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 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. The Corporation estimates the annual dividend it intends to distribute based on the Corporation's 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>See principal assumptions, risks and uncertainties identified under "Expected Production", "Projected Revenues" and "Projected Adjusted EBITDA".</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>

Principal Assumptions	Principal Risks and Uncertainties
<p><b>Estimated project costs, expected obtainment of permits, start of construction, work conducted and start of commercial operation for Development Projects or Prospective Projects</b></p> <p>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.</p> <p>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.</p>	<p>Uncertainties surrounding development of new facilities</p> <p>Performance of major counterparties, such as suppliers or contractors</p> <p>Delays and cost overruns in the design and construction of projects</p> <p>Ability to secure appropriate land</p> <p>Obtainment of permits</p> <p>Health, safety and environmental risks</p> <p>Higher-than-expected inflation</p> <p>Equipment supply</p> <p>Interest rate fluctuations and financing risk</p> <p>Risks related to U.S. PTCs and ITCs, changes in U.S. corporate tax rates and availability of tax equity financing</p> <p>Regulatory and political risks</p> <p>Natural disaster</p> <p>Relationships with stakeholders</p> <p>Foreign market growth and development risks</p> <p>Outcome of insurance claims</p>
<p><b>Intention to respond to requests for proposals</b></p> <p>The Corporation provides indications of its intention to submit proposals in response to requests for proposals ("Request for Proposals" or "RFP") based on the state of readiness of some of its Prospective Projects and their compatibility with the announced terms of these RFPs.</p>	<p>Regulatory and political risks</p> <p>Ability of the Corporation to execute its strategy for building shareholder value</p> <p>Ability to secure new PPAs</p> <p>Changes in governmental support to increase electricity to be generated from renewable sources by independent power producers</p> <p>Social acceptance of renewable energy projects</p> <p>Relationships with stakeholders</p>
<p><b>Qualification for PTCs and ITC and Expected Tax Equity Investment Flip Point</b></p> <p>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.</p>	<p>Risks related to U.S. PTCs and ITC, changes in U.S. corporate tax rates and availability of tax equity financing</p> <p>Regulatory and political risks</p> <p>Delays and cost overruns in the design and construction of projects</p> <p>Obtainment of permits</p>

## ACCOUNTING CHANGES

### New Accounting Standards and Interpretations Adopted During the Year

#### IFRS 16, Leases

On January 13, 2016, the IASB issued IFRS 16, *Leases* ("IFRS 16") which provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17, *Leases* and its associated interpretive guidance. Significant changes were made to lessee accounting with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast, IFRS 16 does not include significant changes to the requirements for lessors. The Corporation adopted this standard retrospectively on January 1, 2019 without restating the figures for the comparative periods, as permitted under the specific transitional provisions in the standard (modified retrospective approach).

The following table shows the effects of the application of IFRS 16 on the opening balances on the consolidated statement of financial position as at January 1, 2019:

	Hydroelectric	Wind	Solar	Site development/ Corporate	Total
<b>Current assets</b>					
Prepaid and others	—	(1,640)	(50)	—	(1,690)
<b>Non-current assets</b>					
Right-of-use assets presented in Property, plant and equipment	2,775	56,652	839	63,622	123,888
<b>Current liabilities</b>					
Accounts payable and other payables	—	(72)	—	—	(72)
Lease liabilities presented in other liabilities	50	2,410	12	2,612	5,084
	50	2,338	12	2,612	5,012
<b>Non-current liabilities</b>					
Lease liabilities presented in other liabilities	2,725	52,674	777	61,010	117,186

#### Non-Wholly Owned Subsidiaries

Prior to its acquisition by the Corporation on February 6, 2018, Alterra was accounting for Kokomo and Spartan as joint ventures using the equity method. On December 31, 2018, the Corporation completed its review of the various partnership agreements and concluded it has control over these entities and as such, they should be consolidated. This change has been reflected in the consolidated financial statements for the year ended December 31, 2018, but these entities were accounted for as joint ventures using the equity method in all of the 2018 condensed interim consolidated financial statements. As such, the comparative figures presented in this condensed interim consolidated financial statements for the period ended June 30, 2018, have been restated to reflect this reassessment.

## ESTABLISHMENT AND MAINTENANCE OF DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

In accordance with Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, the President and Chief Executive Officer and the Chief Financial Officer of the Corporation have certified that they have designed, or caused it to be designed under their supervision:

- Disclosure controls and procedures ("DC&P") to provide reasonable assurance that: (i) material information relating to the Corporation is made known to the President and Chief Executive Officer and the Chief Financial Officer by others, particularly during the period in which the interim filings are being prepared; and (ii) the information required to be disclosed by the Corporation in its annual filings, interim filings and other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.
- Internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the period beginning on July 1, 2019 and ended on September 30, 2019, there was no change in the ICFR that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

## SUBSEQUENT EVENTS

### Offering of 4.65% Debentures - Over-Allotment Option

On October 2, 2019, the Corporation announced that it has issued an additional \$18.75 million aggregate principal amount of 4.65% Debentures following the exercise in full of Over-Allotment Option to the underwriters in connection with the 4.65% Debentures offering. Please refer to the Third Quarter Update Section for more information.

### Redemption of the 4.25% Convertible Debentures

Subsequent to September 30, 2019, and up to October 7, 2019, \$40.9 million of the remaining outstanding principal amount of the 4.25% Convertible Debentures was converted at the holders' request into 2,727,265 common shares of the Corporation at a conversion price of \$15 per share. The remaining principal amount of \$13.3 million was redeemed at par on October 8, 2019, at a price of one thousand dollars per convertible debenture, plus accrued and unpaid interest up to, but excluding, October 8, 2019. The redemption was financed with drawings under the Corporation's revolving term credit facility. On October 8, 2019, the 4.25% Convertible Debentures were delisted from the TSX.

### Yonne Project Loan Refinancing

Subsequent to September 30, 2019, Innergex refinanced the Yonne project loan facilities. The initial loan facilities were comprised of the following tranches:

- A €14.9 million loan bearing a variable interest rate at EURIBOR +1.90%, repayable in quarterly installments and maturing in 2028. The balance on this loan was of €7.2 million (\$10.4 million) as at September 30, 2019.
- A €44.6 million loan bearing a variable interest rate at EURIBOR +1.95%, repayable in quarterly installments and maturing in 2031. The balance on this loan was of €42.0 million (\$60.7 million) as at September 30, 2019.

The loan facilities were refinanced into two new tranches:

- A €33.8 million (\$48.8 million) loan bearing a fixed interest rate at 1.30%, repayable in quarterly installments and maturing in 2035.
- A €32.6 million (\$47.0 million) loan bearing a fixed interest rate at 1.30%, repayable in quarterly installments and maturing in 2031.



# CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

	Notes	Three months ended September 30		Nine months ended September 30	
		2019	2018 (Restated Notes 3,4)	2019	2018 (Restated Notes 3,4)
<b>Revenues</b>		142,814	116,464	413,926	343,166
<b>Expenses</b>					
Operating		24,403	22,325	72,147	61,644
General and administrative		7,731	6,684	25,272	20,479
Prospective projects		3,329	3,772	10,665	12,134
Earnings before the following:		107,351	83,683	305,842	248,909
Depreciation	8	38,230	26,213	110,964	78,644
Amortization		10,113	10,058	30,594	30,327
Earnings from operations		59,008	47,412	164,284	139,938
Finance costs		59,474	47,939	170,704	140,814
Other net (revenues) expenses	5	(3,917)	313	(2,639)	5,319
Share of earnings of joint ventures and associates		(16,225)	(11,192)	(9,193)	(10,276)
Unrealized net loss (gain) on financial instruments		6,031	1,897	9,225	(3,897)
Earnings (loss) before income taxes		13,645	8,455	(3,813)	7,978
Income taxes expenses					
Current		300	1,932	22,351	4,456
Deferred		3,449	534	(21,187)	(3,877)
		3,749	2,466	1,164	579
<b>Net earnings (loss) from continuing operations</b>		9,896	5,989	(4,977)	7,399
Net (loss) earnings from discontinued operations	4	(193)	3,467	21,171	4,078
<b>Net earnings</b>		9,703	9,456	16,194	11,477
<b>Net earnings (loss) attributable to:</b>					
Owners of the parent		14,085	10,736	18,117	17,450
Non-controlling interests		(4,382)	(1,280)	(1,923)	(5,973)
		9,703	9,456	16,194	11,477
<b>Earnings (loss) per share from continuing operations attributable to owners:</b>					
Basic net earnings (loss) per share (\$)	7	0.10	0.06	(0.04)	0.09
Diluted net earnings (loss) per share (\$)	7	0.10	0.06	(0.04)	0.09
<b>Earnings per share attributable to owners:</b>					
Basic net earnings per share (\$)	7	0.09	0.07	0.10	0.10
Diluted net earnings per share (\$)	7	0.09	0.07	0.10	0.10

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

# CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

		Three months ended September 30		Nine months ended September 30	
		2019	2018	2019	2018
	Notes		(Restated Notes 3,4)		(Restated Notes 3,4)
Net earnings		9,703	9,456	16,194	11,477
<b>Items of comprehensive income (loss) that will be subsequently reclassified to earnings:</b>					
Foreign currency translation differences for foreign operations		3,424	(2,795)	(11,359)	4,079
Change in fair value of financial instruments designated as net investment hedges		771	3,998	4,337	2,526
Change in fair value of financial instruments designated as cash flow hedges		(12,899)	(10,196)	(15,647)	(7,281)
Change in fair value of financial instruments of joint ventures and associates designated as cash flow hedges		3,308	(8,325)	7,571	4,548
Related deferred income taxes on all items above		3,138	2,042	4,486	(1,538)
<b>Other comprehensive (loss) income from continuing operations</b>		(2,258)	(15,276)	(10,612)	2,334
<b>Other comprehensive (loss) income from discontinued operations</b>	4	—	(38,176)	3,928	(36,657)
<b>Other comprehensive loss</b>		(2,258)	(53,452)	(6,684)	(34,323)
<b>Total comprehensive income (loss)</b>		<b>7,445</b>	<b>(43,996)</b>	<b>9,510</b>	<b>(22,846)</b>
<b>Total comprehensive income (loss) attributable to:</b>					
Owners of the parent		13,249	(27,755)	37,352	(4,177)
Non-controlling interests		(5,804)	(16,241)	(27,842)	(18,669)
		<b>7,445</b>	<b>(43,996)</b>	<b>9,510</b>	<b>(22,846)</b>

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

# CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at		September 30, 2019	December 31, 2018
	Notes		
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		145,635	79,586
Restricted cash		63,910	29,981
Accounts receivable		100,412	103,886
Derivative financial instruments	6	4,967	2,370
Prepaid and others		16,826	12,454
<b>Total current assets</b>		<b>331,750</b>	<b>228,277</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	4,765,231	4,482,928
Intangible assets		682,451	925,009
Project development costs		16,968	30,119
Investments in joint ventures and associates		464,892	604,773
Derivative financial instruments	6	75,483	9,817
Deferred tax assets		32,404	16,465
Goodwill		60,376	109,995
Other long-term assets		59,794	73,901
		<b>6,489,349</b>	<b>6,481,284</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other payables		199,348	165,068
Derivative financial instruments	6	31,823	29,999
Current portion of long-term debt and other liabilities	9	360,645	446,433
<b>Total current liabilities</b>		<b>591,816</b>	<b>641,500</b>
<b>Non-current liabilities</b>			
Derivative financial instruments		140,290	118,002
Long-term debt	9	3,828,401	4,024,324
Other liabilities		282,693	173,345
Convertible debentures	10	313,931	238,648
Deferred tax liabilities		245,741	325,904
		<b>5,402,872</b>	<b>5,521,723</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Total shareholders' equity</b>	11	<b>1,086,477</b>	<b>959,561</b>
		<b>6,489,349</b>	<b>6,481,284</b>

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

# CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine-month period ended September 30, 2019	Equity attributable to owners						Total	Non-controlling interests	Total shareholders' equity
	Common share capital account	Contributed surplus	Preferred shares	Convertible debentures	Deficit	Accumulated other comprehensive income (loss)			
Balance January 1, 2019	6,546	1,272,604	131,069	3,976	(748,890)	(35,513)	629,792	329,769	959,561
Net earnings (loss)	—	—	—	—	18,117	—	18,117	(1,923)	16,194
Other comprehensive income (loss)	—	—	—	—	—	19,235	19,235	(25,919)	(6,684)
Reclassification of defined benefit plan actuarial losses	—	—	—	—	(378)	378	—	—	—
Total comprehensive income (loss)	—	—	—	—	17,739	19,613	37,352	(27,842)	9,510
Common shares issued through dividend reinvestment plan	2,219	—	—	—	—	—	2,219	—	2,219
Share-based payments	—	49	—	—	—	—	49	—	49
Common share options exercised	1,323	(4,357)	—	—	—	—	(3,034)	—	(3,034)
Convertible debentures converted into common shares (Note 10)	46,599	—	—	(856)	—	—	45,743	—	45,743
Convertible debentures issued (Net of \$243 of deferred income taxes) (Note 10)	—	—	—	670	—	—	670	—	670
Shares vested - Performance Share Plan	1,057	—	—	—	—	—	1,057	—	1,057
Shares purchased - Performance Share Plan	(2,385)	—	—	—	—	—	(2,385)	—	(2,385)
Buyback of non-controlling interests	—	—	—	—	—	—	—	(218)	(218)
Disposition of non controlling interests (Note 4)	—	—	—	—	—	—	—	(260,846)	(260,846)
Investments from non-controlling interests (Note 12)	—	—	—	—	—	—	—	422,490	422,490
Dividends declared on common shares	—	—	—	—	(70,650)	—	(70,650)	—	(70,650)
Dividends declared on preferred shares	—	—	—	—	(4,456)	—	(4,456)	—	(4,456)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(13,233)	(13,233)
Balance September 30, 2019	55,359	1,268,296	131,069	3,790	(806,257)	(15,900)	636,357	450,120	1,086,477

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

# CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine-month period ended September 30, 2018	Equity attributable to owners						Total	Non-controlling interests	Total shareholders' equity
	Common shares capital account	Contributed surplus	Preferred shares	Convertible debentures	Deficit	Accumulated other comprehensive (loss) income			
Balance January 1, 2018	2,867	940,760	131,069	1,877	(645,297)	9,929	441,205	14,920	456,125
Net earnings (loss) (Restated Note 3)	—	—	—	—	17,450	—	17,450	(5,973)	11,477
Other comprehensive income	—	—	—	—	—	(21,627)	(21,627)	(12,696)	(34,323)
Total comprehensive income (loss)	—	—	—	—	17,450	(21,627)	(4,177)	(18,669)	(22,846)
Common shares issued on February 6, 2018	330,607	—	—	—	—	—	330,607	—	330,607
Business acquisition	—	—	—	—	—	—	—	296,534	296,534
Common shares issued through dividend reinvestment plan	7,656	—	—	—	—	—	7,656	—	7,656
Reduction of capital on common shares	(337,785)	337,785	—	—	—	—	—	—	—
Buyback of common shares	(20)	(6,010)	—	—	(3,457)	—	(9,487)	—	(9,487)
Share-based payments	—	57	—	—	—	—	57	—	57
Equity portion of convertible debentures issued (Net of \$766 of deferred income taxes)	—	—	—	2,099	—	—	2,099	—	2,099
Shares vested - Performance Share Plan	948	—	—	—	—	—	948	—	948
Buyback of non-controlling interests	—	—	—	—	(33,808)	—	(33,808)	32,108	(1,700)
Investments from non-controlling interests	—	—	—	—	—	—	—	697	697
Dividends declared on common shares	—	—	—	—	(67,607)	—	(67,607)	—	(67,607)
Dividends declared on preferred shares	—	—	—	—	(4,456)	—	(4,456)	—	(4,456)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(10,695)	(10,695)
Balance September 30, 2018 (Restated Note 3)	4,273	1,272,592	131,069	3,976	(737,175)	(11,698)	663,037	314,895	977,932

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Three months ended September 30		Nine months ended September 30	
		2019	2018 (Restated Notes 3,4)	2019	2018 (Restated Notes 3,4)
<b>OPERATING ACTIVITIES</b>					
Net earnings		9,703	9,456	16,194	11,477
Net (loss) earnings from discontinued operations		193	(3,467)	(21,171)	(4,078)
Net earnings (loss) from continuing operations		9,896	5,989	(4,977)	7,399
Items not affecting cash:					
Depreciation and amortization		48,343	36,271	141,558	108,971
Share of earnings of joint ventures and associates		(16,225)	(11,192)	(9,193)	(10,276)
Unrealized net loss (gain) on financial instruments		6,031	1,897	9,225	(3,897)
Others		1,156	(131)	1,076	156
Interest expense		58,158	47,359	167,541	138,820
Interest paid		(55,036)	(33,942)	(138,970)	(107,160)
Distributions received from joint ventures and associates		8,808	10,767	15,728	14,739
Income taxes expenses		3,749	2,466	1,164	579
Net income taxes paid		(12,518)	(2,533)	(15,995)	(4,689)
Effect of exchange rate fluctuations		(6,957)	3	(3,994)	659
		45,405	56,954	163,163	145,301
Changes in non-cash operating working capital items	13	(8,903)	(16,830)	(7,956)	(5,974)
Cash flows from operating activities from continuing operations		36,502	40,124	155,207	139,327
Cash flows from operating activities from discontinued operations		—	5,793	13,122	24,807
		36,502	45,917	168,329	164,134
<b>FINANCING ACTIVITIES</b>					
Dividends paid on common shares		(23,193)	(19,304)	(67,122)	(55,295)
Dividends paid on preferred shares		(1,485)	(1,485)	(4,456)	(4,456)
Distributions to non-controlling interests		(2,706)	(2,901)	(9,956)	(5,067)
Investments from non-controlling interests		372,861	—	422,490	—
Increase of long-term debt, net of deferred financing costs		103,287	204,030	736,990	733,564
Repayment of long-term debt		(344,101)	(58,304)	(897,867)	(494,039)
Payment of other liabilities		679	—	(2,335)	—
Net proceeds from issuance of convertible debentures		120,021	(500)	120,021	143,090
Repurchase of common shares		(2,385)	—	(2,385)	(9,487)
Payment of payroll deductions on exercise of share options		41	—	(3,034)	—
Cash flows from financing activities from continuing operations		223,019	121,536	292,346	308,310
Cash flows from financing activities from discontinued operations		—	6,818	20,059	9,574
		223,019	128,354	312,405	317,884
<b>INVESTING ACTIVITIES</b>					
Business acquisitions, net of cash acquired		—	(131,248)	—	(244,288)
Proceeds from sale of business, net of transaction costs (\$6,646) and cash disposed (\$13,877)	4	(193)	—	383,696	—
Variation in restricted cash		197	6,493	(38,825)	21,031
Net funds invested in the reserve accounts		(233)	87	(2,357)	(2,117)
Additions to property, plant and equipment		(184,304)	(61,779)	(703,645)	(81,026)
Additions to intangible assets		—	—	—	(3,373)
Additions to project development costs		(2,966)	52	(5,410)	(705)
Investments in joint ventures and associates		(13,229)	(131,540)	(13,753)	(131,540)
Buyback of non-controlling interests		—	—	—	(1,700)
Additions to other long-term assets		(362)	189	(388)	362
Proceeds from disposal of property, plant and equipment		(592)	216	16	215
Cash flows from investing activities from continuing operations		(201,682)	(317,530)	(380,666)	(443,141)
Cash flows from investing activities from discontinued operations		—	(7,235)	(31,957)	(19,159)
		(201,682)	(324,765)	(412,623)	(462,300)
Effects of exchange rate changes on cash and cash equivalents		(826)	(683)	(2,062)	271
Net change in cash and cash equivalents		57,013	(151,177)	66,049	19,989
Cash and cash equivalents, beginning of period		88,622	233,080	79,586	61,914
<b>Cash and cash equivalents, end of period</b>		<b>145,635</b>	<b>81,903</b>	<b>145,635</b>	<b>81,903</b>

Additional information is presented in Note 13.

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

## DESCRIPTION OF BUSINESS

Innergex Renewable Energy Inc. (“Innergex” or the “Corporation”) was incorporated under the *Canada Business Corporation Act* on October 25, 2002, and its shares and convertible debentures are listed on the Toronto Stock Exchange. The Corporation is a developer, acquirer, owner and operator of renewable power-generating facilities, essentially focused on the hydroelectric, wind and solar power sectors. The Corporation's head office is located at 1225 St-Charles Street West, 10th floor, Longueuil, QC, J4K 0B9, Canada.

These unaudited condensed interim consolidated financial statements have neither been audited nor reviewed by the Corporation's independent auditors and were approved by the Board of Directors on November 12, 2019.

The Corporation's revenues are variable with each season and are normally at their highest in the second quarter due to the snow melt season and at their lowest in the first quarter due to the cold temperatures. As a result, earnings of interim periods should not be considered as indicative of results for an entire year.

## 1. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

### Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The condensed interim consolidated financial statements are in compliance with IAS 34, *Interim Financial Reporting*. Except as described below, the same accounting policies and methods of application as described in the Corporation's latest annual report have been used. However, these unaudited condensed interim consolidated financial statements do not include all disclosures required under IFRS and, accordingly, should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Corporation's latest annual report.

### Basis of Measurement

The unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments and assets and liabilities acquired in business combinations at acquisition date that are measured at fair value, as described in the significant accounting policies included in the Corporation's latest annual report. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

### Functional Currency and Presentation Currency

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### ***Leases (policy applicable from January 1, 2019)***

#### Nature of leasing activities

The Corporation typically leases land and offices. Lease agreements are generally made for fixed long-term periods based on each project's estimated length at inception. Land leases for a given project are usually negotiated jointly, with governments, for government-owned land, or directly with groups of private landowners for privately-owned land. Office and other leases are negotiated on an individual basis and contain a wide range of different terms and conditions. Being negotiated for long-term periods, most land leases provide for additional payments based on changes in inflation. In addition, leases generally include an option to renew the lease for an additional period after the non-cancellable contract period. The Corporation assesses at lease commencement whether it is reasonably certain to exercise the extension options.

Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Corporation. Each lease payment is allocated between the lease liability and finance costs. The finance costs are charged to earnings or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### (i) Lease liabilities

Lease liabilities are recognized in other liabilities in the consolidated statement of financial position at the present value of the future lease payments, discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. When determining the amount of the future lease payments, the Corporation takes the following information into account:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable; and
- variable lease payment that are based on an index or a rate;

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in earnings or loss. Short-term leases correspond to lease agreement with a term of 12 months or less.

Lease liabilities are subsequently measured at amortized cost using the effective interest method. A remeasurement of the lease liabilities occur when there is a change in future lease payments arising from a variation in the relevant index or rate.

#### (ii) Right-of-use assets

Right-of-use assets are recognized in property, plant and equipment in the consolidated statement of financial position at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date and any initial direct costs.

Right-of-use asset are subsequently depreciated on a straight-line basis over the lesser of (i) the estimated useful lives of the assets or (ii) the lease term, including, when it is reasonably certain that they will be exercised, options to extend the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

### ***Project development costs***

Project development costs are recorded at cost less any impairment losses, as applicable, and represent costs incurred for the acquisition of prospective projects and for the design and development of hydroelectric, wind farm and solar sites. Borrowing costs directly attributable to the acquisition or development are capitalized as project development costs.

The Corporation defers project development costs when it becomes probable that the project will be completed and that it will generate future economic benefits that will flow to the Corporation. The Corporation makes this determination by taking into consideration various factors, either individually or combined, such as (amongst others):

- whether a prospective project has been granted, or whether it is probable that it will be granted, the required permits;
- rights of access to the required land have been secured or it is probable that they will be secured;
- the announcement, or the probability thereto, that a prospective project is awarded a power-purchase agreement; and
- access to an open market if the project is not in a market where it is expected to be awarded a power-purchase agreement.



These costs are transferred to property, plant and equipment or intangible assets at the commencement of construction. When it is no longer probable that a project will be carried out, the project's development costs deferred to that date are expensed. Current costs for prospective projects are expensed as incurred.

#### ***Non-current assets held for sale and discontinued operations***

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets and assets arising from employee benefits, which are specifically exempt from this requirement.

Non-current assets are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities directly associated with the assets classified as held for sale continue to be recognized.

Assets classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities directly associated with the assets classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

A discontinued operation is a component of the Corporation's business that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations and is part of a single coordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the consolidated statement of earnings. Comparative figures are adjusted on the consolidated statement of earnings and on the consolidated statement of comprehensive income as if the operations had been discontinued from the beginning of the comparative period.

#### ***Non-controlling interests***

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Corporation's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value of the consideration received or receivable, or at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition by acquisition basis. Subsequent to acquisition, non-controlling interests consist of the amount attributed to such interests at initial recognition and the non-controlling interest's share of changes in equity since the date of the acquisition.

In the case of projects in the United States where tax equity investors are involved, the initial measurement of the interest of non-controlling shareholders is performed at the fair value of the consideration received or receivable, while subsequent measurements are calculated in accordance with the hypothetical liquidation at book value ("HLBV") method which allocates earnings or losses by measuring the distribution amounts that would be due to the non-controlling shareholders in a hypothetical liquidation of the entity at the net book value of the underlying assets. For such projects which are still under construction, provided they do not generate taxable income (losses) as no revenues are being recognized and all expenses are being capitalized, in those instances, subsequent measurements using HLBV model, as described previously, occurs onwards from the effective date commercial operation is achieved, as the projects commence generating taxable income (losses).

#### ***Provision for restructuring***

A provision for restructuring is recognized when the Corporation has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Restructuring provisions include only incremental costs associated directly with the restructuring. Future operating losses and other costs associated with ongoing activities are not provided for.

#### ***Employee benefits***

Termination benefits are expensed at the earlier of when the Corporation can no longer withdraw the offer of those benefits and when the Corporation recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

### 3. CHANGES IN ACCOUNTING STANDARDS

#### 3.1 New accounting standards and interpretations adopted during the year

The Corporation has adopted the following new standards and interpretations, with a date of initial application of January 1, 2019:

##### **IFRS 16, Leases**

On January 13, 2016, the IASB issued IFRS 16, *Leases* (“IFRS 16”) which provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17, *Leases* and its associated interpretive guidance. Significant changes were made to lessee accounting with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast, IFRS 16 does not include significant changes to the requirements for lessors. The Corporation adopted this standard retrospectively on January 1, 2019 without restating the figures for the comparative periods, as permitted under the specific transitional provisions in the standard (modified retrospective approach).

The initial adoption of IFRS 16 resulted in the recognition of lease liabilities in the consolidated statement of financial position, in relation to leases which had previously been classified as operating leases under the principles of IAS 17, *Leases*, with the recognition of a corresponding right-of-use asset. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of January 1, 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 3.79%.

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the corresponding lease agreement recognized in the consolidated statement of financial position as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Upon initial application of IFRS 16, the Corporation has used the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

A reconciliation of the lease liability as at January 1, 2019 is as follows:

	As at January 1, 2019
Operating lease commitments comprised in the total commitments disclosed as at December 31, 2018	188,983
Discounted using the lessee’s incremental borrowing rate at the date of initial application	122,270
Lease liability recognized as at January 1, 2019	122,270
Add: net lease-related prepaid as at December 31, 2018	1,618
Right-of-use asset recognized as at January 1, 2019	123,888

The following table shows the effects of the application of IFRS 16 on the opening balances on the consolidated statement of financial position as at January 1, 2019:

	Hydroelectric	Wind	Solar	Site development/ Corporate	Total
<b>Current assets</b>					
Prepaid and others	—	(1,640)	(50)	—	(1,690)
<b>Non-current assets</b>					
Right-of-use assets presented in Property, plant and equipment	2,775	56,652	839	63,622	123,888
<b>Current liabilities</b>					
Accounts payable and other payables	—	(72)	—	—	(72)
Lease liabilities presented in other liabilities	50	2,410	12	2,612	5,084
	50	2,338	12	2,612	5,012
<b>Non-current liabilities</b>					
Lease liabilities presented in other liabilities	2,725	52,674	777	61,010	117,186

The impacts of the application of IFRS 16 to the consolidated statement of earnings are a decrease in operating expenses (formerly – operating land leases) and general and administrative expenses (formerly – office space operating leases), offset by an increase in finance costs (originating from the lease liabilities) and depreciation (originating from the corresponding right-of-use assets).

### Critical judgments and estimates

The Corporation makes a number of estimates and judgments in the application of its leases accounting policy.

Critical judgments include: (i) identifying whether a contract includes a lease, and (ii) determining whether the Corporation has reasonable certainty that an extension option will be exercised. Key sources of estimation uncertainty include the determination of the appropriate discount rate to be used in the calculation of the present value of the future lease payments.

Unanticipated changes in these judgments or estimates could affect the amounts recognized for the lease liabilities and the right-of-use assets at initial recognition, as well as the subsequent measurement of the lease liabilities and the right-of-use assets. These items could potentially result in changes to amounts reported in the consolidated statements of earnings and consolidated statements of financial position.

### 3.2 Non-wholly-owned subsidiaries

Prior to its acquisition by the Corporation on February 6, 2018, Alterra was accounting for Kokomo and Spartan as joint ventures using the equity method. On December 31, 2018, the Corporation completed its review of the various partnership agreements and concluded it has control over these entities and as such, they should be consolidated. This change has been reflected in the consolidated financial statements for the year ended December 31, 2018, but these entities were accounted for as joint ventures using the equity method in all of the 2018 condensed interim consolidated financial statements. As such, the comparative figures presented in this condensed interim consolidated financial statements for the period ended June 30, 2018, have been restated to reflect this reassessment.

## 4. DISCONTINUED OPERATIONS

On March 25, 2019, the Corporation reached an agreement to sell its wholly owned subsidiary Magma Energy Sweden A.B., which owns an equity interest of approximately 53.9% in HS Orka hf ("HS Orka"). HS Orka represented both the Corporation's Icelandic geographic segment and geothermal operation segment. The fair value less selling costs was estimated to be in excess of the carrying value of the net assets held for sale. As at March 31, 2019, the criteria for assets held for sale were met, requiring the assets and liabilities of HS Orka to be classified as held for sale.

On May 23, 2019, the sale of HS Orka to Jarðvarmi slhf was completed for a sale price of US\$299,910 (\$404,219), before giving effect to closing adjustments described below, on the same terms and conditions as those announced on March 25, 2019.

The closing adjustments to the sale were finalized in July 2019 and resulted in an adjustment reducing the purchase price by US\$2,542 (\$3,327), to US\$297,368 (\$400,892).

The following table summarizes the net earnings from discontinued operations:

	Three-month period ended September 30, 2019	Three-month period ended September 30, 2018	Nine-month period ended September 30, 2019	Period of 329 days ended September 30, 2018
Revenues	—	25,297	40,006	67,292
Expenses	—	26,210	39,677	69,602
Share of earnings of joint ventures and associates	—	(4,111)	(3,718)	(7,127)
Earnings before income taxes	—	3,198	4,047	4,817
(Recovery of) income taxes expenses	—	(269)	(40)	739
Net earnings from discontinued operations before the following:	—	3,467	4,087	4,078
Loss (gain) on sale of the subsidiary	193	—	(17,084)	—
Net (loss) earnings from discontinued operations	(193)	3,467	21,171	4,078
Other comprehensive (loss) income from discontinued operations	—	(38,176)	3,928	(36,657)
Total comprehensive (loss) income from discontinued operations	(193)	(34,709)	25,099	(32,579)
Net (loss) earnings from discontinued operations attributable to:				
Owners of the parent	(193)	1,907	19,038	1,484
Non-controlling interests	—	1,560	2,133	2,594
	(193)	3,467	21,171	4,078
Total comprehensive (loss) income from discontinued operations attributable to:				
Owners of the parent	(193)	(20,353)	42,188	(21,568)
Non-controlling interests	—	(14,356)	(17,089)	(11,011)
	(193)	(34,709)	25,099	(32,579)
Net (loss) earnings per share from discontinued operations				
Basic net earnings per share (\$)	(0.01)	0.01	0.14	0.01
Diluted net earnings per share (\$)	(0.01)	0.01	0.14	0.01

#### 4.1 Details of the sale of the subsidiary

	Total CAD
Consideration received or receivable, net of transaction costs:	
Cash consideration (US\$299,910)	404,219
Consideration payable for working capital adjustment (US\$2,542)	(3,327)
Transaction costs	(6,646)
Total disposal consideration, net of transaction costs	394,246
Carrying amount of net assets sold	331,147
<b>Gain on sale before reclassification of foreign currency translation differences</b>	<b>63,099</b>
Reclassification of foreign currency translation differences	46,015
Gain on sale	17,084

The carrying amounts of assets and liabilities as at the date of sale:

	As at May 23, 2019
Current assets	37,039
Non-current assets	855,734
<b>Total assets held for sale</b>	<b>892,773</b>
Current liabilities	71,976
Non-current liabilities	228,804
Equity attributable to owners of the parent	331,147
Non-controlling interests	260,846
<b>Total liabilities held for sale</b>	<b>892,773</b>

## 5. OTHER NET (REVENUES) EXPENSES

### ***Restructuring costs***

During the third quarter of 2019, the Corporation committed to a plan to restructure its accounting department, under which the accounting functions are to be centralized in the head office to improve organizational efficiency (the "Plan"). Following the announcement of the Plan to its employees, the Corporation recognized a provision of \$1,822 for restructuring costs, including mainly consulting fees and employee termination benefits. As at September 30, 2019, the restructuring activities were ongoing and an amount of \$471 has been incurred to date. The reorganization will be completed by the second quarter of 2020.

## 6. DERIVATIVE FINANCIAL INSTRUMENTS

On May 8, 2019 and June 5, 2019 the Corporation entered into eight US\$ denominated interest rate swap agreements to mitigate the interest rate risk related to the Foard City term loan. The notional amounts of these contracts as at September 30, 2019 totals US\$23,370 (CA\$30,949) and will mature in 2029. The fair value is based on Level 2 valuation techniques. The Corporation designated the interest rate swaps as cash flow hedges for accounting purposes.

On July 18, 2019 and July 22, 2019 the Corporation entered into six interest rate swap agreements to mitigate the interest rate risk on the revolving credit facilities held by the Corporation. The notional amounts of these contracts as at September 30, 2019 totals \$125,000 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 cash flow hedges for accounting purposes.

## 7. EARNINGS PER SHARE

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
		(Restated Notes 3,4)		(Restated Notes 3,4)
Net earnings (loss) from continuing operations attributable to owners	14,278	8,829	(921)	15,966
Dividends declared on preferred shares	(1,485)	(1,485)	(4,456)	(4,456)
Net earnings (loss) from continuing operations available to common shareholders	12,793	7,344	(5,377)	11,510
Net earnings attributable to owners of the parent	14,085	10,736	18,117	17,450
Dividends declared on preferred shares	(1,485)	(1,485)	(4,456)	(4,456)
Net earnings available to common shareholders	12,600	9,251	13,661	12,994
Weighted average number of common shares (in 000s)	133,400	132,759	133,229	129,329
Basic and diluted net earnings (loss) per share from continuing operations (\$)	0.10	0.06	(0.04)	0.09
Basic and diluted net earnings per share (\$)	0.09	0.07	0.10	0.10

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Shares that may be issued from the following equity instruments that are potentially dilutive <sup>1</sup> (in 000s):				
Share options	175	715	152	720
Shares held in trust related to the PSP plan	301	203	301	203
	476	918	453	923
Shares that may be issued from the following equity instruments that are excluded from the potentially dilutive elements (in 000s):				
Share options	—	203	203	203
Convertible debentures	16,576	14,167	16,576	14,167
	16,576	14,370	16,779	14,370
Total contingent shares that may be issued from the outstanding equity instruments	17,052	15,288	17,232	15,293

1. Share options for which the exercise price was below the average market price of common shares are included in the calculation of potentially dilutive equity instruments. Contingent share issuances have an anti-dilutive effect on loss per share.

## 8. PROPERTY, PLANT AND EQUIPMENT

	Lands	Hydroelectric facilities	Wind farm facilities	Solar facilities	Geothermal facilities	Facilities under construction	Other equipments	Total
<b>Cost</b>								
As at January 1, 2019	3,095	2,089,405	2,025,711	165,273	418,317	339,137	17,518	5,058,456
Change in accounting policy (see note 3.1)	115,319	97	—	—	—	—	8,472	123,888
Adjusted balance as at January 1, 2019	118,414	2,089,502	2,025,711	165,273	418,317	339,137	25,990	5,182,344
Additions <sup>1</sup>	—	597	2,388	174	—	780,010	3,682	786,851
Transfer of assets upon commissioning	—	—	544,480	—	—	(544,480)	—	—
Assets held for sale	—	—	—	—	(418,317)	(62,739)	—	(481,056)
Dispositions	—	—	(1,678)	—	—	—	(169)	(1,847)
Other changes	1,286	17	19,989	42	—	—	140	21,474
Net foreign exchange differences	(3,826)	(294)	(64,344)	(1,229)	—	(7,238)	(115)	(77,046)
<b>As at September 30, 2019</b>	<b>115,874</b>	<b>2,089,822</b>	<b>2,526,546</b>	<b>164,260</b>	<b>—</b>	<b>504,690</b>	<b>29,528</b>	<b>5,430,720</b>
<b>Accumulated depreciation</b>								
As at January 1, 2019	—	(270,622)	(236,218)	(41,329)	(16,290)	—	(11,069)	(575,528)
Depreciation <sup>2</sup>	(3,269)	(29,694)	(69,524)	(7,484)	—	—	(2,383)	(112,354)
Assets held for sale	—	—	—	—	16,290	—	—	16,290
Dispositions	—	—	635	—	—	—	169	804
Net foreign exchange differences	32	98	5,063	69	—	—	37	5,299
<b>As at September 30, 2019</b>	<b>(3,237)</b>	<b>(300,218)</b>	<b>(300,044)</b>	<b>(48,744)</b>	<b>—</b>	<b>—</b>	<b>(13,246)</b>	<b>(665,489)</b>
<b>Carrying amount as at September 30, 2019 <sup>3</sup></b>	<b>112,637</b>	<b>1,789,604</b>	<b>2,226,502</b>	<b>115,516</b>	<b>—</b>	<b>504,690</b>	<b>16,282</b>	<b>4,765,231</b>

All of the property, plant and equipment are given as securities under the respective project financing or for corporate financing.

1. The financing costs related to a specific project financing are entirely capitalized to the specific property, plant and equipment. Financing costs related to the revolving credit facilities are capitalized for the portion of the financing actually used for a specific property, plant and equipment. Additions in the current period include \$37,792 of capitalized financing costs incurred prior to commissioning.
2. An amount of \$1,390 of the depreciation expenses for the land leases is capitalized as a construction cost in facilities under construction.
3. Included in property, plant and equipment are right-of-use assets with a carrying amount of \$117,536 pursuant to lease agreements.



## 9. LONG-TERM DEBT

### a. Amendment to the One-Year Credit Facility and Subsequent Repayment

On April 23, 2019, Innergex amended its one-year credit facility contracted in October 2018, at the time of the acquisition of the Cartier Wind Farms and Operating Entities, to add additional capacity of \$100,000 to be drawn as needed to provide greater flexibility. Innergex has repaid the facility with the net proceeds from the sale of its equity interest in HS Orka.

### b. Financing of the Foard City Wind Project and Term Conversion

On May 8, 2019, the Corporation entered into a construction and long-term credit agreement for the Foard City wind project.

The credit agreement comprises two facilities:

- A US\$23,370 construction loan facility carrying an interest rate of LIBOR + 1.00%. On September 27, 2019, the construction loan was converted into a term loan carrying an interest rate of LIBOR + 1.75% for the first 4 years following term conversion, and +1.88% thereafter until maturity. All of the variable interest rate exposure has been hedged through an interest rate swap which became effective on September 30, 2019, resulting in a fixed interest rate of 2.25%. The term loan is for a period of 7 years with principal payments due upon maturity. As at September 30, 2019, an aggregate principal amount of US\$23,370 (\$30,949) was outstanding.
- A US\$267,540 tax equity bridge loan carrying an interest rate of LIBOR + 1.00%. On September 27, 2019, the tax equity bridge loan, which principal amount then aggregated to US\$236,444 (\$312,200), was reimbursed with the proceeds from the tax equity investor's contribution following the completion of commissioning activities.

## 10. CONVERTIBLE DEBENTURES

### a. Redemption of the 4.25% Convertible Debentures

On August 10, 2015, the Corporation issued an aggregate principal amount of \$100,000 of 4.25% Convertible Debentures at a price of a thousand dollars per convertible debenture, bearing interest at a rate of 4.25% per annum, payable semi-annually on August 31 and February 28 each year, commencing on February 28, 2016. The convertible debentures are convertible at the holder's option into common shares of the Corporation at a conversion price of \$15.00 per share, representing a conversion rate of 66.6667 common shares per each thousand-dollar of principal amount of convertible debentures. The convertible debentures mature on August 31, 2020 and are redeemable at par plus accrued and unpaid interest since August 31, 2018.

On September 5, 2019, the Corporation issued a notice of redemption and expiry of conversion privilege regarding the 4.25% Convertible Debentures, for the aggregate principal amount of \$100,000. Of that principal amount, \$45,743 was converted at the holders' request into 3,049,530 common shares of the Corporation at a conversion price of \$15 per share.

### b. Issuance of 4.65% Convertible Debentures

On September 30, 2019, the Corporation issued an aggregate principal amount of \$125,000 of 4.65% Convertible Debentures at a price of a thousand dollars per convertible debenture, bearing interest at a rate of 4.65% per annum, payable semi-annually on October 31 and April 30 each year, commencing on April 30, 2020. The convertible debentures are convertible at the holder's option into common shares of the Corporation at a conversion price of \$22.90 per share, representing a conversion rate of 43.6681 common shares per each thousand-dollar of principal amount of convertible debentures. The convertible debentures mature on October 31, 2026. On or after October 31, 2022, and before October 31, 2024, Innergex may redeem the debentures at par, plus accrued and unpaid interest, in certain circumstances. On or after October 31, 2024, Innergex may redeem the debentures at par, plus accrued and unpaid interest.

Innergex also granted an over-allotment option to the underwriters of the offering, entitling them to purchase, for a period of 30 days from the closing of the offering, up to \$18.75 million principal amount of additional debentures at the offering price of \$1,000 per debenture, to cover over-allotments, if any.

Proceeds from issue of 4.65% convertible debentures	125,000
Transaction costs	(5,750)
Net proceeds	119,250
Amount classified as equity (\$670 net of \$243 of deferred income taxes)	(913)
Liability component of the convertible debentures at the time of issuance	118,337

The convertible debentures are subordinated to all other indebtedness of the Corporation.

The liability portion is being accreted such that the liability at maturity will equal the face value, less prior conversions if any.

## 11. SHAREHOLDERS' CAPITAL

### Buyback of common shares

On May 21, 2019, Innergex announced that it has received approval from the Toronto Stock Exchange (TSX) to proceed with a normal course issuer bid on its common shares (the New Bid). Under the New Bid, the Corporation could purchase for cancellation up to 2,000,000 of its common shares, representing approximately 1.5% of the 133,559,963 issued and outstanding common shares of the Corporation as at May 15, 2019. The Bid commenced on May 24, 2019 and will terminate on May 23, 2020. Prior to September 30, 2019, no common shares have been purchased and cancelled.

### Share-based payments

For the nine-month period ended September 30, 2019, 2,122,764 share options were exercised at different prices per share resulting in 472,737 common shares issued cashless. The difference between the 2,122,764 options exercised and the 472,737 common shares issued is the result of the exercise of the options without disbursement by the holders and the withholding of deductions at source by the Corporation, as authorized by the share option plan and the Board of Directors.

Also 78,142 share options were granted during the three months ended March 31, 2019. The options granted under the share options plan vest in equal amounts on a yearly basis over a period of four years following the grant date. Options must be exercised before August 27, 2026 at an exercise price of \$14.41.

Year of granting	Exercise price (\$)	Options outstanding, January 1, 2019 (000's)	Number of options granted (000's)	Number of options exercised (000's)	Options outstanding, September 30, 2019 (000's)
2010	8.75	618	—	(460)	158
2011	9.88	770	—	(770)	—
2012	10.70	397	—	(397)	—
2013	9.13	397	—	(263)	134
2014	10.96	397	—	(232)	165
2016	14.65	126	—	—	126
2017	14.52	77	—	—	77
2019	14.41	—	78	—	78
		2,782	78	(2,122)	738

## Dividend Declared on common shares

The following dividends on common shares were declared by the Corporation:

	Three months ended September 2019	30 2018	Nine months ended September 2019	30 2018
Dividends declared on common shares (\$/ share)	0.175	0.170	0.525	0.510

## Dividend Declared on common shares not recognized at the end of the reporting period

The following dividends will be paid by the Corporation on January 15, 2020:

Date of announcement	Record date	Payment date	Dividend per common share (\$)	Dividend per Series A Preferred Share (\$)	Dividend per Series C Preferred Share (\$)
11/12/2019	12/31/2019	1/15/2020	0.1750	0.2255	0.359375

## 12. SUBSIDIARIES

### Phoebe Solar Project

The Corporation holds 100% of the sponsor equity interest in the Phoebe Solar project while the tax equity interest is held by the tax equity partner. The tax equity partner invested an initial amount of US\$37,205 (\$49,768) which represents 20% of their capital contribution.

### Foard Wind Project

The Corporation holds 100% of the sponsor equity interest in the Foard City wind project while the tax equity interest is held by the tax equity partner. On September 27, 2019, upon completion of commissioning activities of the project, the Corporation received the tax equity funding in full, for an aggregate amount of US\$282,280 (\$372,722).

On September 27, 2019, the tax equity bridge loan, which principal amount then aggregated to US\$236,444 (\$312,200), was repaid by a US\$282,280 (\$372,722) tax equity investment.

## 13. ADDITIONAL INFORMATION TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

### a. Changes in non-cash operating working capital items

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
		(Restated Notes 3,4)		(Restated Notes 3,4)
Accounts receivable	(11,760)	(7,456)	(13,566)	18,130
Prepaid and others	(5,536)	(5,900)	(6,062)	(6,455)
Accounts payable and other payables	8,393	(3,474)	11,672	(17,649)
	(8,903)	(16,830)	(7,956)	(5,974)

### b. Additional information

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
		(Restated Notes 3,4)		(Restated Notes 3,4)
Interest paid relative to operating activities	(55,036)	(33,942)	(138,970)	(107,160)
Capitalized interest relative to investing activities	(8,223)	(1,868)	(14,082)	(2,088)
Total interest paid	(63,259)	(35,810)	(153,052)	(109,248)
<i>Non-cash transactions:</i>				
Unpaid property, plant and equipment	(75,031)	21,236	44,968	21,394
Shares vested in PSP plan	—	—	1,057	948
in unpaid transactions costs of convertible debentures	771	(500)	771	—
Unpaid project development costs	329	—	(382)	—
Common shares issued through the conversion of convertible debentures	45,743	—	45,743	—
Common shares issued through share options exercised	142	—	1,323	—
Unpaid distributions to non-controlling interests in subsidiaries	148	—	195	—
Remeasurement of asset retirement obligations	12,163	70	36,559	7
Common shares issued through dividend reinvestment plan	180	3,233	2,219	7,656
Change in fair value of lease liabilities	(33)	—	1,443	—
Common shares issued upon the acquisition of Alterra	—	—	—	330,607
Unpaid investment in joint venture and associates	(13,753)	13,154	(13,753)	13,154
Investment from non-controlling interests in subsidiaries	—	—	—	697
Unpaid closing adjustments related to the sale of HS Orka	—	—	3,327	—

**c. Changes in liabilities arising from financing activities**

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
<b>Changes in long-term debt</b>				
Long-term debt at beginning of the period	4,420,967	3,584,478	4,470,252	3,153,262
Reclassified as held for sale	—	—	(96,515)	—
Increase of long-term debt	103,287	218,439	751,627	750,660
Repayment of long-term debt	(344,101)	(58,304)	(897,867)	(494,039)
Payment of deferred financing costs	—	(14,409)	(14,637)	(17,096)
Business acquisitions	—	—	—	313,366
Other non-cash finance costs	15,403	2,268	33,407	10,112
Net foreign exchange differences	(11,705)	(20,029)	(62,416)	(3,822)
<b>Long-term debt at end of the period</b>	<b>4,183,851</b>	<b>3,712,443</b>	<b>4,183,851</b>	<b>3,712,443</b>
<b>Changes in convertible debentures</b>				
Convertible debentures at beginning of the period	240,038	237,247	238,648	96,246
Increase of convertible debentures issued	125,000	(10)	125,000	140,225
Transaction costs	(5,750)	—	(5,750)	—
Convertible debentures converted into common shares	(45,743)	—	(45,743)	—
Amount classified as equity	(913)	—	(913)	—
Accretion of convertible debentures	1,299	705	2,689	1,471
<b>Convertible debentures at end of the period</b>	<b>313,931</b>	<b>237,942</b>	<b>313,931</b>	<b>237,942</b>

## 14. SEGMENT INFORMATION

### Operating segments

The Corporation produces and sells electricity generated by its hydroelectric, wind and solar facilities to publicly owned utilities or other creditworthy counterparties. The Corporation's Management analyzes the results and manages operations based on the type of technology, resulting in different cost structures and skillset requirements for the operating teams. The Corporation consequently has three operating segments: (a) hydroelectric power generation (b) wind power generation and (c) solar power generation.

During the nine-month period ended September 30, 2019, concurrent with reaching an agreement to sell its ownership interests in HS Orka, the Corporation's geothermal power generation segment has been reclassified as discontinued operations (see Note 4). As a result, the comparative segmented information has been restated.

The Corporation's Management evaluates the performance of its operating segments based on revenues and Adjusted EBITDA. During the period, Management revised its operating segments disclosure to better reflect how it evaluates the performance of its operating segments. Certain corporate allocations (such as general and administrative expenses) that were previously made were discontinued to enhance discernment of the operating performance from the corporate performance. In addition, through emphasizing on certain measures, the revised disclosure clarifies how Management evaluates the performance of its operating segments. The Corporation's investments in joint ventures and associates have also increased significantly during 2018 following certain business acquisitions. As such, by including the contribution from joint ventures and associates to the key performance measures, the revised disclosure better reflects the Corporation's recent structural changes. Certain of the comparative figures have been restated to conform with the revised presentation.

"Revenues Proportionate" are Revenues plus Innergex's share of Revenues of the joint ventures and associates. "Adjusted EBITDA" represents net earnings (loss) before income tax expenses, finance cost, depreciation and amortization, adjusted to exclude other net expenses, share of (earnings) loss of joint ventures and associates, and unrealized net (gain) loss on financial instruments. "Adjusted EBITDA Proportionate" represents Adjusted EBITDA plus the Corporation's share of Adjusted EBITDA of the joint ventures and associates. "Adjusted EBITDA Margin" represents Adjusted EBITDA divided by revenues. Adjusted EBITDA, Adjusted EBITDA Proportionate and Adjusted EBITDA Margin are not recognized measures under IFRS and have no standardized meaning prescribed by IFRS. They may therefore not be comparable to similar measures presented by other issuers. Readers are cautioned that Adjusted EBITDA, Adjusted EBITDA Proportionate and Adjusted EBITDA Margin should not be construed as an alternative to net earnings (loss), as determined in accordance with IFRS.

Except for Adjusted EBITDA, Adjusted EBITDA Proportionate and Adjusted EBITDA Margin described above, the accounting policies for these segments are the same as those described in the significant accounting policies. The Corporation accounts for inter-segment and management sales at the carrying amount.

Three months ended September 30, 2019				
Operating segments	Hydroelectric	Wind	Solar	Segment results
Segment revenues	74,440	54,778	13,596	142,814
Innergex's share of revenues of joint ventures and associates	32,203	4,324	475	37,002
Segment Revenues Proportionate	106,643	59,102	14,071	179,816
Segment Adjusted EBITDA	62,778	41,589	13,187	117,554
Innergex's share of Adjusted EBITDA of joint ventures and associates	28,176	(122)	391	28,445
Segment Adjusted EBITDA Proportionate	90,954	41,467	13,578	145,999
Segment Adjusted EBITDA Margin	84%	76%	97%	82%

Nine months ended September 30, 2019				
Operating segments	Hydroelectric	Wind	Solar	Segment results
Segment revenues	178,969	211,797	23,160	413,926
Innergex's share of revenues of joint ventures and associates	53,895	21,503	1,506	76,904
Segment Revenues Proportionate	232,864	233,300	24,666	490,830
Segment Adjusted EBITDA	140,897	175,237	22,238	338,372
Innergex's share of Adjusted EBITDA of joint ventures and associates	40,639	9,165	665	50,469
Segment Adjusted EBITDA Proportionate	181,536	184,402	22,903	388,841
Segment Adjusted EBITDA Margin	79%	83%	96%	82%

As at September 30, 2019				
	Hydroelectric	Wind	Solar	Segment totals
Investments in joint ventures and associates	196,343	194,573	15,819	406,735
Acquisition of property, plant and equipment during the period	604	2,734	174	3,512
Transfer of assets upon commissioning	—	544,480	—	544,480

Three months ended September 30, 2018

Operating segments	Hydroelectric	Wind	Solar	Segment results
Segment revenues	74,698	34,905	6,861	Restated Notes 3,4 116,464
Innergex's share of revenues of joint ventures and associates	27,558	6,716	413	34,687
Segment Revenues Proportionate	102,256	41,621	7,274	151,151
Segment Adjusted EBITDA	61,388	25,321	6,462	93,171
Innergex's share of Adjusted EBITDA of joint ventures and associates	22,523	3,409	(62)	25,870
Segment Adjusted EBITDA Proportionate	83,911	28,730	6,400	119,041
Segment Adjusted EBITDA Margin	82%	73%	94%	80%

Nine months ended September 30, 2018

Operating segments	Hydroelectric	Wind	Solar	Segment results
Segment revenues	185,376	141,069	16,721	Restated Notes 3,4 343,166
Innergex's share of revenues of joint ventures and associates	40,230	18,842	413	59,485
Segment Revenues Proportionate	225,606	159,911	17,134	402,651
Segment Adjusted EBITDA	147,755	114,980	15,758	278,493
Innergex's share of Adjusted EBITDA of joint ventures and associates	32,080	10,384	(62)	42,402
Segment Adjusted EBITDA Proportionate	179,835	125,364	15,696	320,895
Segment Adjusted EBITDA Margin	80%	82%	94%	81%

As at December 31, 2018 (Restated Notes 3,4)

	Hydroelectric	Wind	Solar	Segment totals
Investments in joint ventures and associates	205,483	187,156	17,574	410,213
Acquisition of property, plant and equipment during the year	8,368	803	386	9,557



Segment Adjusted EBITDA and Adjusted EBITDA Margin are reconciled to the most comparable IFRS measure, namely, net earnings (loss) from continuing operations, in the following table:

	Three months ended		Nine months ended	
	2019	2018	2019	2018
		Restated Notes 3,4		Restated Notes 3,4
Segment Adjusted EBITDA	117,554	93,171	338,372	278,493
Unallocated expenses:				
General and administrative	6,874	5,716	21,865	17,450
Prospective projects	3,329	3,772	10,665	12,134
Adjusted EBITDA	107,351	83,683	305,842	248,909
Share of earnings of joint ventures and associates	(16,225)	(11,192)	(9,193)	(10,276)
Unrealized net loss (gain) on financial instruments	6,031	1,897	9,225	(3,897)
Other net (revenues) expenses	(3,917)	313	(2,639)	5,319
EBITDA	121,462	92,665	308,449	257,763
Finance costs	59,474	47,939	170,704	140,814
Depreciation and amortization	48,343	36,271	141,558	108,971
Income taxes expenses	3,749	2,466	1,164	579
<b>Net earnings (loss) from continuing operations</b>	<b>9,896</b>	<b>5,989</b>	<b>(4,977)</b>	<b>7,399</b>

### Geographic segments

As at September 30, 2019, excluding its investments in joint ventures and associates which are accounted for as equity method, the Corporation had interests in the following operating assets: 29 hydroelectric facilities, six wind farms and one solar farm in Canada, 15 wind farms in France and one hydroelectric facility, one wind farm and two solar farms in the United States. The Corporation operates in four principal geographical areas, which are detailed below:

	Three months ended		Nine months ended	
	2019	2018	2019	2018
		Restated Notes 3,4		Restated Note 3,4
<b>Revenues</b>				
Canada	116,993	101,003	338,137	275,978
France	16,274	12,915	63,413	60,995
United States	9,547	2,546	12,376	6,193
	142,814	116,464	413,926	343,166

As at	September 30, 2019	December 31, 2018
<b>Non-current assets, excluding derivatives financial instruments and deferred tax assets<sup>1</sup></b>		Restated Notes 3,4
Canada	3,655,277	3,757,207
France	890,077	956,214
United States <sup>2</sup>	1,357,547	526,716
Chile	146,811	154,299
	6,049,712	5,394,436

1. Includes the investments in joint ventures and associates

2. Includes the Phoebe solar project under construction and the Foard City wind project under construction.

## 15. SUBSEQUENT EVENTS

### a. Issuance of 4.65% Convertible Debentures - Over-Allotment Option

On October 2, 2019, the Corporation announced that it issued an additional \$18,750 aggregate principal amount of 4.65% Convertible Debentures following the exercise, in full, of the over-allotment option by the underwriters. Please refer to note 10.

### b. Redemption of the 4.25% Convertible Debentures

Subsequent to September 30, 2019, and up to October 7, 2019, \$40,909 of the remaining outstanding principal amount of the 4.25% Convertible Debentures was converted at the holders' request into 2,727,265 common shares of the Corporation at a conversion price of \$15 per share. The remaining principal amount of \$13,348 was redeemed at par on October 8, 2019, at a price of one thousand dollars per convertible debenture, plus accrued and unpaid interest up to, but excluding, October 8, 2019. The redemption was financed with drawings under the Corporation's revolving term credit facility. On October 8, 2019, the 4.25% Convertible Debentures were delisted from the TSX.

### c. Yonne Project Loan Refinancing

Subsequent to September 30, 2019, Innergex refinanced the Yonne project loan facilities. The initial loan facilities were comprised of the following tranches:

- A €14,864 loan bearing a variable interest rate at EURIBOR + 1.90%, repayable in quarterly installments and maturing in 2028. The balance on this loan was of €7,226 (\$10,433) as at September 30, 2019.
- A €44,600 loan bearing a variable interest rate at EURIBOR + 1.95%, repayable in quarterly installments and maturing in 2031. The balance on this loan was of €42,028 (\$60,680) as at September 30, 2019.

Those loan facilities were refinanced into two new tranches:

- A €33,800 (\$48,800) loan bearing a fixed interest rate at 1.30%, repayable in quarterly installments and maturing in 2035.
- A €32,585 (\$47,046) loan bearing a fixed interest rate at 1.30%, repayable in quarterly installments and maturing in 2031.

## 16. COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended in the statement of financial position, statement of earnings and other comprehensive income (loss), statement of changes in equity and statements of cash flow, and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

# SHAREHOLDER INFORMATION

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**Common Shares - TSX: INE**

**Series A Preferred Shares - TSX: INE.PR.A**

**Series C Preferred Shares - TSX: INE.PR.C**

**Convertible Debentures - TSX: INE.DB.B**  
**TSX: INE.DB.C**

## Credit Rating by Standard & Poor's

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Innergex Renewable Energy Inc.	BBB-
Series A Preferred Shares	P-3
Series C Preferred Shares	P-3

## Dividend Reinvestment Plan (DRIP)

Innergex Renewable Energy Inc. offers a Dividend Reinvestment Plan (DRIP) for its shareholders of common shares. This plan enables eligible holders of common shares to acquire additional common shares of the Corporation by reinvesting all or part of their cash dividends. For more information about the Corporation's DRIP, please visit our website at innergex.com or contact the DRIP administrator: AST Trust Company (Canada). Please note that if you wish to enrol in the DRIP but own your shares indirectly through a broker or financial institution, you must contact this intermediary and ask them to enrol in the DRIP on your behalf.

## Transfer Agent and Registrar

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For information concerning share certificates, dividend payments, a change of address, or electronic delivery of shareholder documents, please contact:

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Montreal QC H3A 2A6  
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