News Release
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INNERGEX: CAPITALIZING ON DEVELOPMENT OPPORTUNITIES DELIVERS STRONG RESULTS

$661 million Private Placement and Strategic Alliance with initial commitment of $500 million with Hydro-Québec

- Revenues from continuing operations up 16% to $557.0 million in 2019 compared with 2018.
- Revenues Proportionate up 17% to $660.9 million in 2019 compared with 2018.
- Adjusted EBITDA for continuing operations rose 16% to $409.2 million in 2019 compared with 2018.
- Adjusted EBITDA Proportionate rose 21% to $516.8 million in 2019 compared with 2018.
- Full commissioning of the Foard City wind farm on September 27, 2019 and the Phoebe solar farm on November 19, 2019.
- Board of Directors declares a seventh consecutive annual dividend increase of $0.02 to $0.72 per common share.
- Louis Veci appointed to the Board of Directors.

All amounts are in Canadian dollars, except as noted.

LONGUEUIL, Quebec, February 27, 2020 – Innergex Renewable Energy Inc. (TSX: INE) ("Innergex" or the "Corporation") today released its operating and financial results for the fourth quarter and year ended December 31, 2019. The increases in revenues and Adjusted EBITDA for continuing operations are mainly due to the acquisition of the remaining 62% in the Cartier Wind Farms in October 2018 and the commissioning of the Foard City wind farm and the Phoebe solar farm in 2019.

"I am extremely proud of the many successes we achieved in 2019. We began the year with the strategic divestment of our Icelandic interests and seamlessly integrated the seven large acquisitions we made in 2018 into our operations. We ended the year thrilled with our many accomplishments including the commissioning of two major projects in Texas and the advancement of seven other projects in various stages of development," said Michel Letellier, President and Chief executive Officer of Innergex. "While 2020 has just kicked off, we are already excited for the year ahead with the recent strategic alliance signed with Hydro-Québec in February that will accelerate our mutual growth objectives and share the benefits from our complementary skills, experience and knowledge. Additionally, Hydro-Québec has invested $661 million in Innergex through a private placement of 34.6 million shares. We are eagerly looking forward to pursue our strategic growth with the support of such a respected partner that is also a recognized leader in the renewable energy sector."

OPERATING RESULTS

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

Amounts shown are in thousands of Canadian dollars unless noted otherwise.	**Three months ended December 31**		**Year ended December 31**	
	2019	**2018**	**2019**	**2018**
Production (MWh)	1,793,803	1,396,066	6,509,622	5,086,497
Long-term average (MWh) ("LTA")	1,935,082	1,399,745	6,770,170	5,283,616
Revenues	143,116	138,252	557,042	481,418
Adjusted EBITDA[1]	103,333	103,270	409,175	352,179
Net (loss) earnings from continuing operations	(48,049)	18,816	(53,026)	26,215
Net (loss) earnings	(47,405)	14,241	(31,211)	25,718
Net (loss) earnings from continuing operations attributable to owners, $ per share - basic and diluted	(0.35)	0.11	(0.40)	0.20
Net (loss) earnings attributable to owners, $ per share - basic and diluted	(0.34)	0.11	(0.25)	0.19
Production Proportionate (MWh)[1]	2,145,799	1,757,772	8,021,758	6,361,733
Revenues Proportionate[1]	170,111	162,038	660,941	564,686
Adjusted EBITDA Proportionate[1]	141,284	124,080	516,819	428,684

	Trailing twelve months ended December 31	
	2019	**2018**
Free Cash Flow[1]	93,311	105,124
Payout Ratio[1]	102%	86%

1. Adjusted EBITDA, Adjusted EBITDA Margin, Production Proportionate, Revenues Proportionate, Adjusted EBITDA Proportionate, Free Cash Flow and 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.

Three-month period ended December 31, 2019

Production increased 28% and Production Proportionate increased 22% compared with the same quarter last year.

- Production was 93% of the LTA:
    - Hydroelectric facilities: 73% of their LTA;
    - Wind farms: 102% of their LTA; and
    - Solar farms: 97% of their LTA.

The 4% increase in revenues mainly stems from the contribution of the Foard City wind farm commissioned on September 27, 2019 and the Phoebe solar farm commissioned on November 19, 2019, and to higher production at the French wind facilities, partly offset by lower production at the British Columbia hydro facilities and lower average selling price and lower production at some Quebec hydro facilities.

The Adjusted EBITDA was stable mainly due to higher revenues in the wind power generation segment and the solar power generation segment, offset by a decrease in the hydroelectric power generation segment from lower revenues in British Columbia and Quebec.

The Adjusted EBITDA Margin decreased from 74.7% to 72.2% for the three-month period due mainly to lower production at the hydro facilities and lower revenues at the Mesgi'g Ugju's'n facility due to lower production.

The 5% increase in Revenues Proportionate and 14% increase in Adjusted EBITDA Proportionate are mainly due to higher contribution from the wind facilities in Texas and British Columbia, partly offset by lower revenues from the Chile hydro facilities. The increase in Adjusted EBITDA Proportionate is also due to PTCs generated by the Foard City wind project following its commissioning on September 27, 2019 and higher PTC contribution from higher production at the wind facilities in Texas.

For the three-month period ended December 31, 2019, the Corporation recorded a net loss from continuing operations of $48.0 million (basic and diluted net loss from continuing operations of $0.35 per share), compared with net earnings from continuing operations of $18.8 million (basic and diluted net earnings from continuing operations of $0.11 per share) for the corresponding period in 2018. The $66.9 million variation can be explained by a $91.0 million increase in income tax expenses, a $49.8 million unfavourable variation in unrealized net loss (gain) on financial instruments, a $10.7 million increase in depreciation and amortization, a $10.0 million decrease in the share of earnings of joint ventures and associates, a $8.2 million impairment of project development costs and a $6.0 million increase in finance costs. These items were partly offset by a $108.9 million increase in other net revenues and a $0.1 million increase in Adjusted EBITDA.

Twelve-month period ended December 31, 2019

Production increased 28% and Production Proportionate increased 26% compared with the same period last year.

- Production was 96% of the LTA:
    - Hydroelectric facilities: 88% of their LTA;
    - Wind farms: 103% of their LTA; and
    - Solar farms: 99% of their LTA.

The 16% increase in revenues mainly stems from the contribution of the 62% remaining interest in the Cartier Wind Farms acquired in October 2018, higher production at the French wind facilities, the contribution of the recently commissioned Foard City wind farm and the Phoebe solar farm, partly offset by lower production at most British Columbia and Quebec hydro facilities.

The 16% increase in Adjusted EBITDA is mainly due to higher revenues in the wind and solar power generation segments, partly offset by lower revenues in the hydroelectric power generation segment.

The Adjusted EBITDA Margin increased from 73.2% to 73.5% for the twelve-month period 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.

The 17% increase in Revenues Proportionate and 21% increase in Adjusted EBITDA Proportionate are mainly due to the investment in Energía Llaima, higher contribution from the British Columbia hydro facilities and higher revenues at the wind facilities in Texas and British Columbia. The increase in Adjusted EBITDA Proportionate is also due to higher PTC contribution from higher generation at the wind facilities in Texas and to the PTCs generated by the Foard City wind project following its commissioning on September 27, 2019.

For the twelve-month period ended December 31, 2019, the Corporation recorded a net loss from continuing operations of $53.0 million (basic and diluted net loss from continuing operations of $0.40 per share), compared with net earnings from continuing operations of $26.2 million (basic and diluted net earnings from continuing operations of $0.20 per share) for the corresponding period in 2018. The $79.2 million variation can be explained by a $91.6 million increase in income tax expenses, a $62.9 million unfavourable variation in unrealized net loss (gain) on financial instruments, a $43.3 million increase in depreciation and amortization, a $35.9 million increase in finance costs, an $11.1 million decrease in the share of earnings of joint ventures and associates and an $8.2 million impairment of project development costs. These items were partly offset by a $116.8 million increase in other net revenues and a $57.0 million increase in Adjusted EBITDA.

Free Cash Flow and Payout Ratio

For the trailing twelve-month period ended December 31, 2019, the Corporation generated Free Cash Flow of $93.3 million, compared with $105.1 million for the corresponding period last year. The decrease in Free Cash Flow is due mainly to greater scheduled debt principal payments and a decrease in cash flows from operating activities before changes in non-cash working capital items.

For the trailing twelve-month period ended December 31, 2019, the dividends on common shares declared by the Corporation amounted to 102% of Free Cash Flow, compared with 86% 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, additional shares issued under the Dividend Reinvestment Plan (DRIP) and a $11.8 million decrease in Free Cash Flow.

FOURTH QUARTER OPERATIONAL HIGHLIGHTS

Over-Allotment Option

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”).

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.

Debenture Redemption

On September 5, 2019, the Corporation issued a notice of redemption and expiry of conversion privilege in respect of 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”).

From 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 a 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.

Construction Activities

Hillcrest Solar Project (Ohio)
On November 28, 2019, the Corporation announced that a long-term power purchase agreement ("PPA") was signed with an investment grade rated US corporation. Sales under the PPA will start upon the facility reaching commercial operation, which is expected in 2020. Innergex is required not to disclose the terms and conditions of the agreement until the other party has disseminated the information. Two limited notice to proceed contracts have been executed with an engineering, procurement and construction firm (EPC), for the execution of racking and inverter supply agreements, project design and on-site pile testing. The execution of the EPC agreement should take place in Q1 2020. Term sheet negotiations are underway with a tax equity investor and club of lenders, who are performing their due diligence in parallel. Financial close is targeted for Q2 2020. Construction mobilization commenced on January 27, 2020.

Innavik Hydro Project (Quebec)
A 40-year PPA was signed with Hydro-Quebec Distribution on May 27, 2019, which is expected to begin in the fourth quarter of 2022. The PPA was approved by the Régie de l'énergie of Quebec in December 2019. The first construction equipment was delivered in September and construction is planned to start in Q2 2020. The on-site workers' camp is ready for the start of construction.

Commissioning Activities

Phoebe Solar Project (Texas)
In the fourth quarter of 2019, the Corporation completed commercial operation of the 250 MW Phoebe solar farm, a project consisting of 768,000 First Solar Series 6 thin film photovoltaic solar panels sited on approximately 3,500 acres of land in Winkler County, Texas.

Previous annual gross estimated LTA of 738.0 GWh, annual projected revenues of approximately US$25.6 million (CAN$33.2 million) and annual projected Adjusted EBITDA of approximately US$19.6 million (CAN$25.5 million) were reviewed to take into consideration various production factors and now stand at 713.7 GWh, US$26.9 million (CAN$34.9 million) and US$21.6 million (CAN$28.0 million), respectively.

SUBSEQUENT EVENT

Strategic alliance and Private Placement with Hydro-Québec
On February 6, 2020, the Corporation announced that it formed a Strategic Alliance with Hydro-Québec to accelerate its growth with investments in larger and more diversified projects. Hydro-Québec committed an initial $500 million for future co-investments with the Corporation.

Hydro-Québec invested $661 million through a Private Placement of Innergex common shares at a price of $19.08 per share, representing a premium of 5.0% to the 30-day volume weighted average price as at February 5, 2020 and a total of 34.6 million shares (the “Private Placement”).

APPOINTMENT TO THE BOARD OF DIRECTORS

Innergex is pleased to announce on February 27, 2020 the appointment of Louis Veci to its board of directors. Mr. Veci acts as Senior Director - Facilities Operation for Hydro-Québec TransÉnergie, which operates the largest electricity transmission network in North America and manages energy movements in Quebec. Since 2009, Mr. Veci has occupied the functions of Head of Asset Register and Director of Financial Planning and Controller. He has solid experience in management and finance. Mr. Veci is a member of the Order of Chartered Professional Accountants of Quebec as a chartered accountant. He also has a bachelor's degree in business administration (public accounting) from the Université du Québec à Trois-Rivières.

"We are pleased to welcome Mr. Louis Veci to our board of directors," said Mr. Jean La Couture, Chairman of the board of directors of Innergex. "His experience in operating electricity transmission facilities will be a major asset to support Innergex’s growth strategy. The members of the Board look forward to working with Mr. Veci to advance the interests of the Corporation. "

DIVIDEND DECLARATION

The following dividends will be paid by the Corporation on April 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
February 27, 2020	March 31, 2020	April 15, 2020	$0.1750	$0.2255	$0.359375

On February 27, 2020, the Board of Directors increased the quarterly dividend from $0.175 to $0.180 per common share, corresponding to an annual dividend of $0.72 per common share.

ADDITIONAL INFORMATION

Innergex's 2019 year-end audited consolidated financial statements, the notes thereto and the Management's Discussion and Analysis can be obtained on SEDAR at www.sedar.com and in the "Investors" section of the Corporation's website at www.innergex.com.

CONFERENCE CALL AND WEBCAST

The Corporation will hold a conference call and webcast on Friday, February 28, 2020, at 9 AM (EST). Investors and financial analysts are invited to access the conference by dialing 1 888 231-8191 or 647 427-7450 or via **https://bit.ly/2RiYmvo** or the Corporation's website at www.innergex.com. Journalists as well as the public may access this conference call via a listen mode only. A replay of the conference call will be available after the event on the Corporation's website.

About Innergex Renewable Energy Inc.

For 30 years now, Innergex believes in a world where abundant renewable energy promotes healthier communities and creates shared prosperity. As an independent renewable power producer which develops, acquires, owns and operates hydroelectric facilities, wind farms and solar farms, Innergex is convinced that generating power from renewable sources will lead the way to a better world. Innergex conducts operations in Canada, the United States, France and Chile and manages a large portfolio of high-quality assets currently consisting of interests in 68 operating facilities with an aggregate net installed capacity of 2,588 MW (gross 3,488 MW), including 37 hydroelectric facilities, 26 wind farms and five solar farms. Innergex also holds interests in seven projects under development, two of which are under construction, with a net installed capacity of 296 MW (gross 378 MW), and prospective projects at different stages of development with an aggregate gross capacity totaling 7,115 MW. Its approach to building shareholder value is to generate sustainable cash flows, provide an attractive risk-adjusted return on invested capital and to distribute a stable dividend.

Non-IFRS measures disclaimer

The audited consolidated financial statements for the three- and twelve-month periods ended December 31, 2019, have been prepared in accordance with International Financial Reporting Standards (“IFRS”). However, some measures referred to in this press release are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Innergex believes that these indicators are important, as they provide management and the reader with additional information about the Corporation's production and cash generation capabilities, its ability to sustain current dividends and dividend increases and its ability to fund its growth. These indicators also facilitate the comparison of results over different periods. Production Proportionate, Revenues Proportionate, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted EBITDA Proportionate, Free Cash Flow, Adjusted Free Cash Flow, Payout Ratio and Adjusted Payout Ratio are not measures recognized by IFRS and have no standardized meaning prescribed by IFRS.

Revenues Proportionate

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

References in this document to "Revenues Proportionate" are to Revenues plus Innergex's share of Revenues of the joint ventures and associates. Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance. Readers are cautioned that Revenues Proportionate should not be construed as an alternative to Revenues, as determined in accordance with IFRS.

	Three months ended December 31		Year ended December 31	
	2019	2018	2019	2018
Revenues	143,116	138,252	557,042	481,418
Innergex's share of Revenues of joint ventures and associates:				
Toba Montrose (40%) [1]	3,087	2,911	28,257	26,174
Shannon (50%) [1]	4,071	2,134	9,629	6,967
Flat Top (51%) [2]	6,142	2,550	12,447	7,679
Dokie (25.5%) [1]	3,832	3,382	9,297	8,061
Jimmie Creek (50.99%)[1]	955	1,208	10,929	9,775
Umbata Falls (49%)	1,256	1,681	4,029	4,635
Viger-Denonville (50%)	1,472	1,663	5,647	5,862
Duqueco (50%)[3,4]	5,036	6,896	19,535	12,019
Guayacán (50%)[3,4]	532	890	2,011	1,213
Pampa Elvira (50%)[3,4]	612	471	2,118	883
	26,995	23,786	103,899	83,268
Revenues Proportionate	170,111	162,038	660,941	564,686

1. For a complete three-month period in 2019 and 2018 and for the period from January 1, 2019 to December 31, 2019 and February 6, 2018, to December 31, 2018.
2. For a complete three-month period in 2019 and 2018 and for the period from January 1, 2019 to December 31, 2019 and March 23, 2018, to December 31, 2018.
3. 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.
4. For the complete three-month period in 2019 and 2018 and for the period from January 1, 2019 to December 31, 2019 and from July 3, 2018 or July 5, 2018 to December 31, 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 (revenues) expenses, share of (earnings) loss of joint ventures and associates and unrealized net (gain) loss on financial instruments. Other net revenues related to PTCs are included in Adjusted EBITDA. 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 December 31		Year ended December 31	
	2019	2018	2019	2018
Net (loss) earnings from continuing operations	(48,049)	18,816	(53,026)	26,215
Provision for income taxes	117,687	26,666	118,851	27,245
Finance costs	61,062	55,020	231,766	195,834
Depreciation and amortization	53,021	42,285	194,579	151,256
Impairment of project development costs	8,184	—	8,184	—
EBITDA	191,905	142,787	500,354	400,550
Other net (revenues) expenses	(102,004)	6,864	(104,643)	12,183
Share of earnings of joint ventures and associates	(27,276)	(37,320)	(36,469)	(47,596)
Unrealized net loss (gain) on financial instruments	40,708	(9,061)	49,933	(12,958)
Adjusted EBITDA	103,333	103,270	409,175	352,179
Adjusted EBITDA margin	72.2%	74.7%	73.5%	73.2%

Adjusted EBITDA Proportionate

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

References in this document to "Adjusted EBITDA Proportionate" are to Adjusted EBITDA plus Innergex's share of Adjusted EBITDA of the operating joint ventures and associates, other revenues related to PTCs, and Innergex's share of the operating joint ventures and associates' other revenues related to PTCs. 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.

During the year ended December 31, 2019, upon commissioning the Foard City wind project, the Adjusted EBITDA Proportionate measure was changed to reflect PTC generation from the Corporation' wind facilities and from its joint ventures and associates' wind facilities. PTCs represent an important factor to a U.S. wind project's financial performance and have been a major driver to determining their economic feasibility. PTCs are currently used, in most part, as an element of the principal repayment of the Corporation's tax equity financing.

	Three months ended December 31		Year ended December 31	
	2019	2018	2019	2018
Adjusted EBITDA	103,333	103,270	409,175	352,179
Innergex's share of Adjusted EBITDA of joint ventures and associates:				
Toba Montrose (40%) [1]	1,667	1,326	21,713	20,209
Shannon (50%) [1]	2,992	985	4,229	2,804
Flat Top (51%) [2]	5,094	894	5,805	2,707
Dokie (25.5%) [1]	3,221	2,804	7,020	6,109
Jimmie Creek (50.99%)[1]	383	747	8,661	8,142
Umbata Falls (49%)	1,056	1,559	3,234	4,189
Viger-Denonville (50%)	1,147	1,389	4,565	4,834
Duqueco (50%)[3,4]	3,901	4,894	13,016	8,027
Guayacán (50%)[3,4]	365	557	1,387	595
Pampa Elvira (50%)[3,4]	289	(182)	954	(244)
	20,115	14,973	70,584	57,372
PTCs and Innergex's share of PTCs generated:				
Foard City	11,238	—	11,238	—
Shannon (50%) [3]	3,017	2,546	11,323	9,657
Flat Top (51%) [4]	3,581	3,291	14,499	9,476
	17,836	5,837	37,060	19,133
Adjusted EBITDA Proportionate	141,284	124,080	516,819	428,684

1. For a complete three-month period in 2019 and 2018 and for the period from January 1, 2019 to December 31, 2019 and February 6, 2018, to December 31, 2018.
2. For a complete three-month period in 2019 and 2018 and for the period from January 1, 2019 to December 31, 2019 and March 23, 2018, to December 31, 2018.
3. 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.
4. For the complete three-month period in 2019 and 2018 and for the period from January 1, 2019 to December 31, 2019 and from July 3, 2018 or July 5, 2018 to December 31, 2018.

Adjusted Net (Loss) Earnings from continuing operations

References to "Adjusted Net (Loss) Earnings from continuing operations" are to net earnings or losses from continuing operations of the Corporation, to which the following elements are added (subtracted): unrealized net (gain) loss on financial instruments; realized (gain) loss on financial instruments; income tax expense (recovery) related to the above items; and the share of unrealized net (gain) loss on derivative financial instruments of joint ventures and associates, net of related tax. Innergex uses derivative financial instruments to hedge its exposure to various risks. Accounting for derivatives under IFRS requires that all derivatives are marked-to-market with changes in the mark-to-market of the derivatives for which hedge accounting is not applied, being taken to the profit and loss account. The application of this accounting standard results in a significant amount of profit and loss volatility arising from the use of derivatives that are not designated for hedge accounting. The Adjusted Net (Loss) Earnings 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 (Loss) Earnings from continuing operations should not be construed as an alternative to net earnings, as determined in accordance with IFRS.

Impact on net (loss) earnings of financial instruments	Three months ended December 31		Year ended December 31	
	2019	2018	2019	2018
Net (loss) earnings from continuing operations	(48,049)	18,816	(53,026)	26,215
Add (Subtract):				
Unrealized net loss (gain) on financial instruments	40,708	(9,061)	49,933	(12,958)
Realized (gain) loss on financial instruments	(241)	6,914	(2,662)	6,092
Impairment of project development costs	8,184	—	8,184	—
Income tax (recovery) expenses related to above items	(9,427)	2,896	(10,117)	4,951
Share of unrealized net gain on financial instruments of joint ventures and associates, net of related income tax	(16,549)	(10,193)	(18,129)	(10,337)
Adjusted Net (Loss) Earnings from continuing operations	(25,374)	9,372	(25,817)	13,963

Free Cash Flow and Payout Ratio

References to “Free Cash Flow” are to cash flows from operating activities before changes in non-cash operating working capital items, less maintenance capital expenditures net of proceeds from disposals, scheduled debt principal payments, preferred share dividends declared and the portion of Free Cash Flow attributed to non-controlling interests, plus or minus other elements that are not representative of the Corporation's long-term cash generating capacity, such as transaction costs related to realized acquisitions (which are financed at the time of the acquisition), realized losses or gains on derivative financial instruments used to hedge the interest rate on project-level debt or the exchange rate on equipment purchases. Innergex believes that presentation of this measure enhances the understanding of the Corporation's cash generation capabilities, its ability to sustain current dividends and dividend increases and its ability to fund its growth. Readers are cautioned that Free Cash Flow should not be construed as an alternative to cash flows from operating activities, as determined in accordance with IFRS.

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

References to “Payout Ratio” are to dividends declared on common shares divided by Free Cash Flow. Innergex believes that this is a measure of its ability to sustain current dividends and dividend increases as well as its ability to fund its growth.

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

Free Cash Flow and Payout Ratio calculation[1]	Trailing twelve months ended December 31	
	2019	2018
Cash flows from operating activities	240,065	209,390
Add (Subtract) the following items:		
Changes in non-cash operating working capital items	(25,634)	11,019
Maintenance capital expenditures net of proceeds from disposals	(8,752)	(9,652)
Scheduled debt principal payments	(128,691)	(86,079)
Free Cash Flow attributed to non-controlling interests[2]	(12,679)	(27,984)
Dividends declared on Preferred shares	(5,942)	(5,942)
Transaction costs related to realized acquisitions	266	8,280
Realized loss on termination of interest rate swaps	4,145	6,092
Realized loss on the Phoebe basis hedge[4]	11,697	—
Recovery of maintenance capital expenditures and prospective project expenses on sale of HS Orka, net of attribution to non-controlling interests [3]	8,242	—
Income tax paid on realized intercompany gain	10,594	—
Free Cash Flow	93,311	105,124
Dividends declared on common shares	95,046	90,215
Payout Ratio	102%	86%
Adjust for the following items:		
Prospective projects expenses	12,905	16,719
Adjusted Free Cash Flow	106,216	121,843
Dividends declared on common shares - DRIP adjusted	93,422	80,497
Adjusted Payout Ratio	88%	66%

1. The portion of Free Cash Flow attributed to non-controlling interests is subtracted, regardless of whether an actual distribution to non-controlling interests is made, in order to reflect the fact that such distributions may not occur in the period they are generated.
2. For more information, please refer to the "Accounting Changes" section of the Management's Discussion and Analysis of the fourth quarter of 2019.
3. The sale of HS Orka has allowed for the recovery of maintenance capital expenditures and prospective project expenses incurred thereon since the acquisition of the project in February 2018, totaling $5.7 million and $9.6 million, respectively. An amount of $7.1 million was deducted from the total recovery as it pertains to non-controlling interests.
4. Due to their limited occurrence (over the remaining contractual period of 2 years), gains and losses on the Phoebe basis hedge are deemed not to represent the long-term cash generating capacity of Innergex.

Production Proportionate

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

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

(in MWh)	Three months ended December 31 2019	2018	Year ended December 31 2019	2018
Production	1,793,803	1,396,066	6,509,622	5,086,497
Innergex's share of Production of joint ventures and associates:				
Toba Montrose (40%) [1]	25,902	24,279	269,684	262,318
Shannon (50%) [1]	91,956	82,718	344,892	308,911
Flat Top (51%) [2]	109,055	106,859	441,528	312,408
Dokie (25.5%) [1]	30,923	26,301	75,723	68,702
Jimmie Creek (50.99%)[1]	5,659	7,135	93,603	88,504
Umbata Falls (49%)	16,656	22,306	53,291	59,498
Viger-Denonville (50%)	9,740	11,058	37,366	38,981
Duqueco (50%)[3,4]	52,591	69,692	161,752	117,270
Guayacán (50%)[3,4]	6,212	8,155	21,197	12,145
Pampa Elvira (50%)[3,4]	3,302	3,203	13,100	6,499
	351,996	361,706	1,512,136	1,275,236
Production Proportionate	2,145,799	1,757,772	8,021,758	6,361,733

1. For a complete three-month period in 2019 and 2018 and for the period from January 1, 2019 to December 31, 2019 and February 6, 2018, to December 31, 2018.
2. For a complete three-month period in 2019 and 2018 and for the period from January 1, 2019 to December 31, 2019 and March 23, 2018, to December 31, 2018.
3. 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.
4. For the complete three-month period in 2019 and 2018 and for the period from January 1, 2019 to December 31, 2019 and from July 3, 2018 or July 5, 2018 to December 31, 2018.

Forward-Looking Information

To inform readers of the Corporation's future prospects, this press release contains forward-looking information within the meaning of applicable securities laws (“Forward-Looking Information”), including the Corporation's power production, prospective projects, successful development, construction and financing (including tax equity funding) of the projects under construction and the advanced-stage prospective projects, sources and impact of funding, project acquisitions, execution of non-recourse project-level financing (including the timing and amount thereof), and strategic, operational and financial benefits and accretion expected to result from such acquisitions, business strategy, future development and growth prospects (including expected growth opportunities under the Strategic Alliance), 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 press release.

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, the estimated project size, costs and schedule, including obtainment of permits, start of construction, work conducted and start of commercial operation for Development Projects and Prospective Projects, The Corporation's intent to submit projects under Requests for Proposals, the qualification of U.S. projects for PTCs and ITCs and other statements that are not historical facts. 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.

Forward-looking Information is based on certain key assumptions made by Innergex, including, without restrictions, assumptions concerning project performance, economic, financial and financial market conditions, expectations and assumptions concerning availability of capital resources and timely performance by third-parties of contractual obligations, receipt of regulatory approvals and the divestiture of select assets. Although Innergex believes that the expectations and assumptions on which such forward-looking information is based are reasonable, under the current circumstances, readers are cautioned not to rely unduly on this forward-looking information as no assurance can be given that they will prove to be correct. The forward-looking information contained in this press release is made as of the date hereof and Innergex does not undertake any obligation to update or revise any forward-looking information, whether as a result of events or circumstances occurring after the date hereof, unless so required by law.

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

The following table outlines Forward-looking information contained in this press release, the principal assumptions used to derive this information and the principal risks and uncertainties that could cause actual results to differ materially from this information.

	Principal Risks and Uncertainties
Expected production For each facility, the Corporation determines a long-term average annual level of electricity production ("LTA") over the expected life of the facility, based on engineers' studies that take into consideration a number of important factors: for hydroelectricity, the historically observed flows of the river, the operating head, the technology employed and the reserved aesthetic and ecological flows; for wind energy, the historical wind and meteorological conditions and turbine technology; and for solar energy, the historical solar irradiation conditions, panel technology and expected solar panel degradation. Other factors considered 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. On a consolidated basis, the Corporation estimates its LTA by adding together the expected LTAs of all the Operating Facilities that it consolidates. This consolidation excludes however the facilities which are accounted for using the equity method.	Improper assessment of water, wind and solar resources and associated electricity production Variability in hydrology, wind regimes and solar irradiation resources Equipment supply risk, including failure or unexpected operations and maintenance activity Natural disasters and force majeure Regulatory and political risks affecting production Health, safety and environmental risks affecting production Variability of installation performance and related penalties Availability and reliability of transmission systems
Projected revenues For each facility, expected annual revenues are estimated by multiplying the LTA by a price for electricity stipulated in the PPA secured with a public utility or other creditworthy counterparty. 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 Foard City, Shannon and Flat Top wind farms, the Phoebe solar farm and the Miller Creek hydroelectric facility, which receives a price based on a formula using the Platts Mid-C pricing indices; and 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, PPAs also contain an annual inflation adjustment based on a portion of the Consumer Price Index. On a consolidated basis, the Corporation estimates annual revenues by adding together the projected revenues of the Operating Facilities that it consolidates. The consolidation excludes however the facilities which are accounted for using the equity method.	See principal assumptions, risks and uncertainties identified under "Expected Production" Reliance on PPAs Revenues from certain facilities will vary based on the market (or spot) price of electricity Fluctuations affecting prospective power prices Changes in general economic conditions Ability to secure new PPAs or renew any PPA
Projected Adjusted EBITDA For each facility, the Corporation estimates annual operating earnings by adding (deducting) to net earnings (loss) provision (recovery) for income tax expenses, finance cost, depreciation and amortization, other net expenses, share of (earnings) loss of joint ventures and associates and unrealized net (gain) loss on financial instruments.	See principal assumptions, risks and uncertainties identified under "Expected Production" and "Projected Revenues" Unexpected maintenance expenditures
Projected Adjusted EBITDA Proportionate On a consolidated basis, the Corporation estimates annual Adjusted EBITDA Proportionate by adding to the projected Adjusted EBITDA Innergex's share of Adjusted EBITDA of the operating joint ventures and associates, other revenues related to PTCs, and Innergex's share of the other net revenues of the operating joint ventures and associates' related to PTCs.	See principal assumptions, risks and uncertainties identified under "Expected Production", "Projected Revenues" and "Projected Adjusted EBITDA"

	Principal Risks and Uncertainties
Intention to pay dividend quarterly 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.	See principal assumptions, risks and uncertainties identified under “Expected Production”, “Projected Revenues” and "Projected Adjusted EBITDA". Possibility that the Corporation may not declare or pay a dividend
Estimated project costs, expected obtainment of permits, start of construction, work conducted and start of commercial operation for Development Projects or Prospective Projects For each Development Project and Prospective Project, the Corporation may provide (where available) an estimate of potential installed capacity, estimated project costs, project financing terms and each project’s development and construction schedule, based on its extensive experience as a developer, in addition to information directly related to incremental internal costs, site acquisition costs and financing costs, which are eventually adjusted for the projected costs and construction schedule provided by the engineering, procurement and construction (“EPC”) contractor retained for the project. The Corporation provides indications based on assumptions regarding its current strategic positioning and competitive outlook, as well as scheduling and construction progress, for its Development Projects and its Prospective Projects, which the Corporation evaluates based on its experience as a developer.	Uncertainties surrounding development of new facilities Performance of major counterparties, such as suppliers or contractors Delays and cost overruns in the design and construction of projects Ability to secure appropriate land Obtainment of permits Health, safety and environmental risks Ability to secure new PPAs or renew any PPA Higher-than-expected inflation Equipment supply Interest rate fluctuations and financing risk Risks related to U.S. PTCs and ITCs, changes in U.S. corporate tax rates and availability of tax equity financing Regulatory and political risks Natural disaster and force majeure Relationships with stakeholders Foreign market growth and development risks Outcome of insurance claims Social acceptance of renewable energy projects Ability of the Corporation to execute its strategy of building shareholder value Failure to realize the anticipated benefits of completed and future acquisitions Changes in governmental support to increase electricity to be generated from renewable sources by independent power producers
Intention to respond to requests for proposals 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.	Regulatory and political risks Ability of the Corporation to execute its strategy for building shareholder value Ability to secure new PPAs Changes in governmental support to increase electricity to be generated from renewable sources by independent power producers Social acceptance of renewable energy projects

	Principal Risks and Uncertainties
Qualification for PTCs and ITC and expected tax equity investment Flip Point For certain Development Projects in the United States, the Corporation has conducted on- and off-site activities expected to qualify its Development Projects for PTCs or ITC at the full rate and to obtain tax equity financing on such a basis. To assess the potential qualification of a project, the Corporation takes into account the construction work performed and the timing of such work. The expected Tax Equity Flip Point for tax equity investment is determined according to the LTAs and revenues of each such project and is subject in addition to the related risks mentioned above.	Risks related to U.S. PTCs and ITC, changes in U.S. corporate tax rates and availability of tax equity financing Regulatory and political risks Delays and cost overruns in the design and construction of projects Obtainment of permits

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

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For more information

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