INNERGEX

Renewable Energy.
Sustainable Development.

# First Quarter 2020

## Conference Call & Webcast

May 13, 2020

# FORWARD-LOOKING INFORMATION

To inform readers of the Corporation's future prospects, this document contains forward-looking information within the meaning of applicable securities laws (“Forward-Looking Information”), 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 document.

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 document 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.

To combat the spread of the COVID-19, authorities in all regions where we operate have put in place restrictive measures for businesses. However, these measures have not impacted the Corporation in a material way to date as electricity production has been deemed essential service in every region where we operate. Our renewable power production is sold mainly through PPAs to solid counterparts. It is not excluded that current or future restrictive measures might have an adverse effect on the financial stability of the Corporation’s suppliers and other partners, or on the Corporation’s operating results and financial position. The issuance of permits and authorizations, negotiations and finalizations of agreements with regards to development and acquisition projects, construction activities and procurement of equipment could be adversely impacted by the COVID-19 restrictive measures.

# FORWARD-LOOKING INFORMATION

The following table outlines the Forward-Looking Information contained in this presentation, 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 |
|---|---|
| **EXPECTED PRODUCTION**<br>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.<br><br>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<br>Variability in hydrology, wind regimes and solar irradiation resources<br>Equipment supply risk, including failure or unexpected operations and maintenance activity<br>Natural disasters and force majeure<br>Regulatory and political risks affecting production<br>Health, safety and environmental risks affecting production<br>Variability of installation performance and related penalties<br>Availability and reliability of transmission systems<br>Litigation |
| **PROJECTED REVENUES**<br>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.<br><br>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”<br>Reliance on PPAs<br>Revenues from certain facilities will vary based on the market (or spot) price of electricity<br>Fluctuations affecting prospective power prices<br>Changes in general economic conditions<br>Ability to secure new PPAs or renew any PPA |
| **PROJECTED ADJUSTED EBITDA**<br>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 change in fair value of financial instruments. | See principal assumptions, risks and uncertainties identified under “Expected Production” and "Projected Revenues"<br>Unexpected maintenance expenditures |
| **PROJECTED ADJUSTED EBITDA PROPORTIONATE**<br>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" |
| **QUALIFICATION FOR PTCS AND ITC AND EXPECTED TAX EQUITY INVESTMENT FLIP POINT**<br>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<br>Regulatory and political risks<br>Delays and cost overruns in the design and construction of projects<br>Obtainment of permits |

# FORWARD-LOOKING INFORMATION

| Principal Assumptions | Principal Risks and Uncertainties |
|---|---|
| **INTENTION TO PAY DIVIDEND QUARTERLY**<br>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".<br>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**<br>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.<br><br>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<br>Performance of major counterparties, such as suppliers or contractors<br>Delays and cost overruns in the design and construction of projects<br>Ability to secure appropriate land<br>Obtainment of permits<br>Health, safety and environmental risks<br>Ability to secure new PPAs or renew any PPA<br>Higher-than-expected inflation<br>Equipment supply<br>Interest rate fluctuations and financing risk<br>Risks related to U.S. PTCs and ITCs, changes in U.S. corporate tax rates and availability of tax equity financing<br>Regulatory and political risks<br>Natural disaster and force majeure<br>Relationships with stakeholders<br>Foreign market growth and development risks<br>Outcome of insurance claims<br>Social acceptance of renewable energy projects<br>Ability of the Corporation to execute its strategy of building shareholder value<br>Failure to realize the anticipated benefits of completed and future acquisitions<br>Changes in governmental support to increase electricity to be generated from renewable sources by independent power producers |
| **INTENTION TO RESPOND TO REQUESTS FOR PROPOSALS**<br>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<br>Ability of the Corporation to execute its strategy for building shareholder value<br>Ability to secure new PPAs<br>Changes in governmental support to increase electricity to be generated from renewable sources by independent power producers<br>Social acceptance of renewable energy projects<br>Relationships with stakeholders |

# AGENDA



Note: All amounts in this presentation are in Canadian dollars, unless otherwise indicated

INNERGEX

Renewable Energy.
Sustainable Development.

# Jean-François Neault
# CPA, CMA, MBA

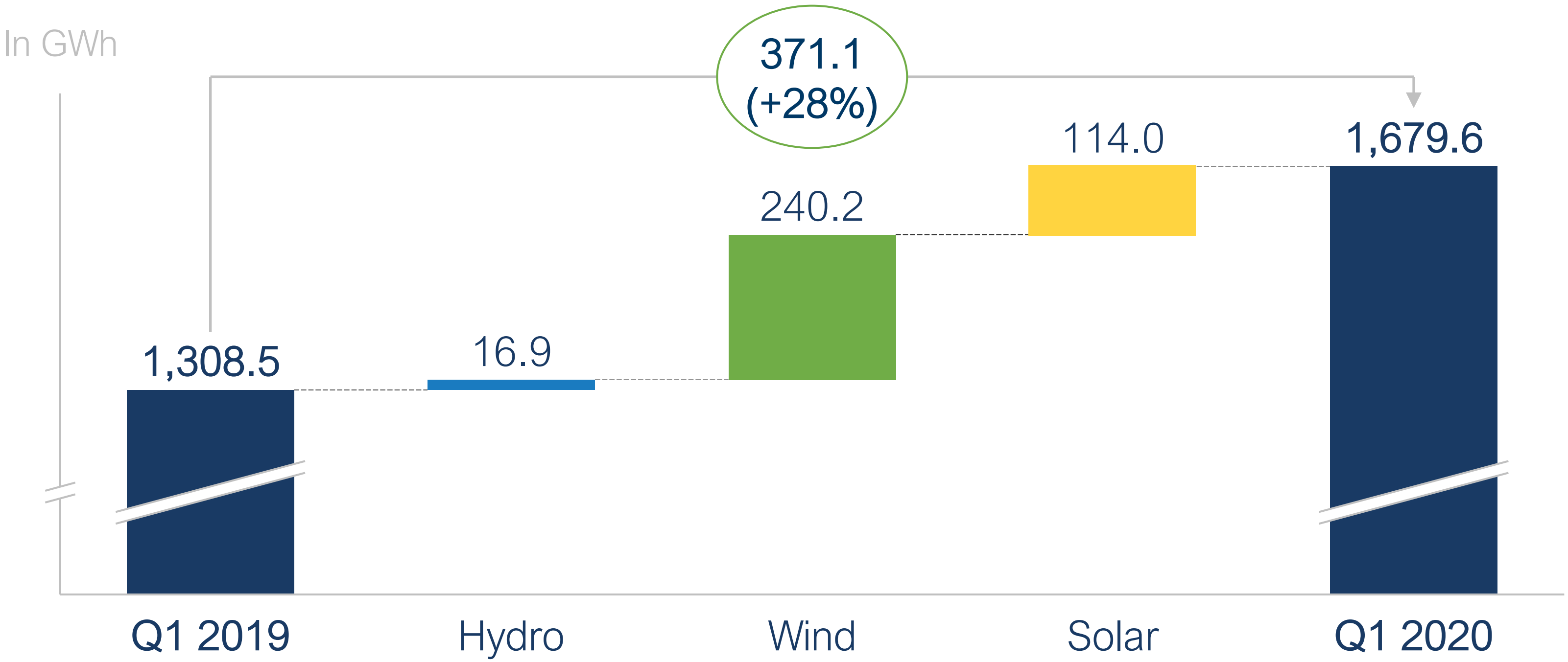
## Chief Financial Officer

# 1. Q1 2020 FINANCIAL HIGHLIGHTS

| In millions of Canadian dollars<br>From continuing operations | Three-Month Period Ended March 31 | | |
|---|---|---|---|
| **CONSOLIDATED** | **2020** | **2019** | **Change** |
| Production (GWh) | 1,679.6 | 1,308.5 | 28% |
| Revenues | 132.1 | 126.4 | 5% |
| Adjusted EBITDA[1] | 90.4 | 93.2 | -3% |
| Adjusted EBITDA Margin[1] | 68.4% | 73.8% | |
| **PROPORTIONATE** | | | |
| Production Proportionate[1] (GWh) | 1,969.8 | 1 589.8 | 24% |
| Revenues Proportionate[1] | 164.4 | 148.0 | 11% |
| Adjusted EBITDA Proportionate[1] | 116.0 | 106.5 | 9% |
| Adjusted EBITDA Margin Proportionate[1] | 70.6% | 71.9% | |

1. Adjusted EBITDA, Adjusted EBITDA Margin, Production Proportionate, Revenues Proportionate, Adjusted EBITDA Proportionate and Adjusted EBITDA Margin Proportionate 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 presentation for more information.

# 2. Q1 2020 | PRODUCTION




+ Higher production at the B.C. facilities

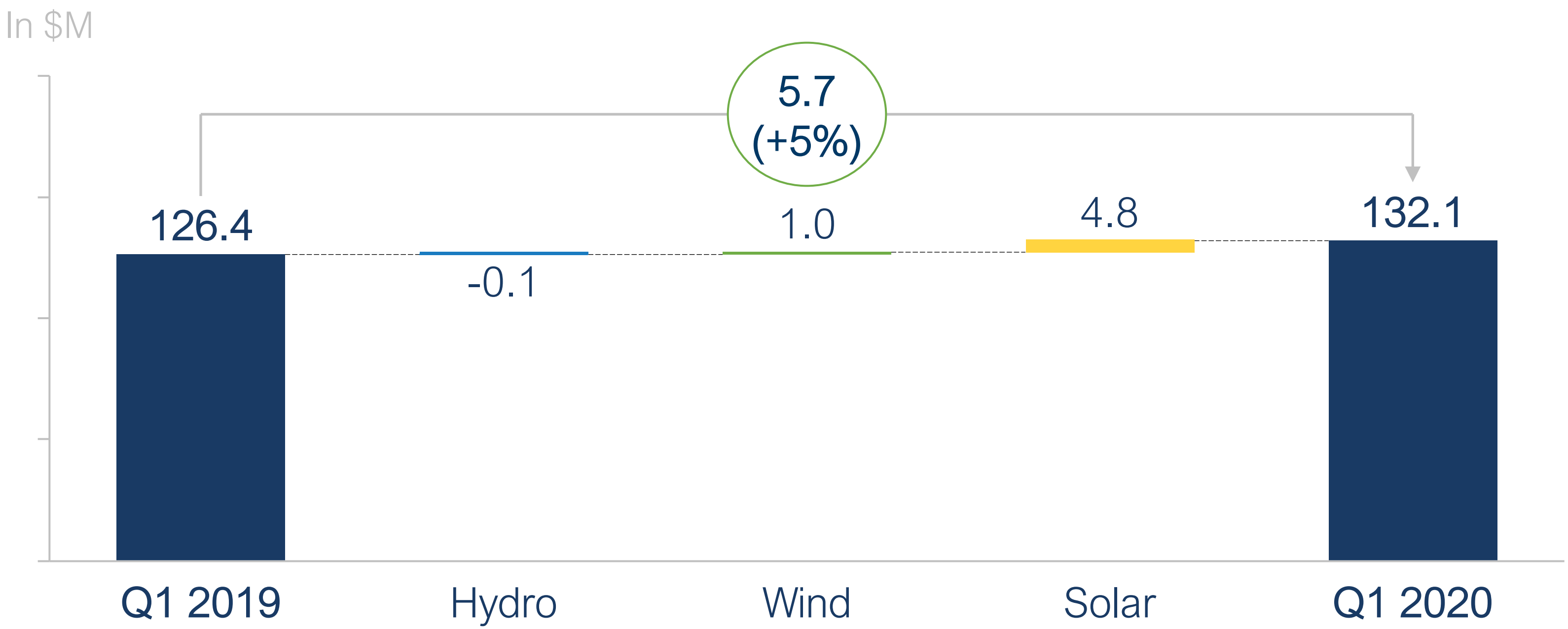
---

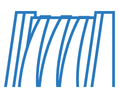
+ Higher production in France
+ Contribution of the Foard City wind farm
– Lower production in Quebec

---

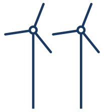
+ Contribution of the Phoebe solar farm

# 2. Q1 2020 | REVENUES

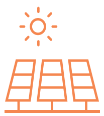


- − Lower average selling price and production at certain Quebec facilities
- + Higher production at the B.C. facilities

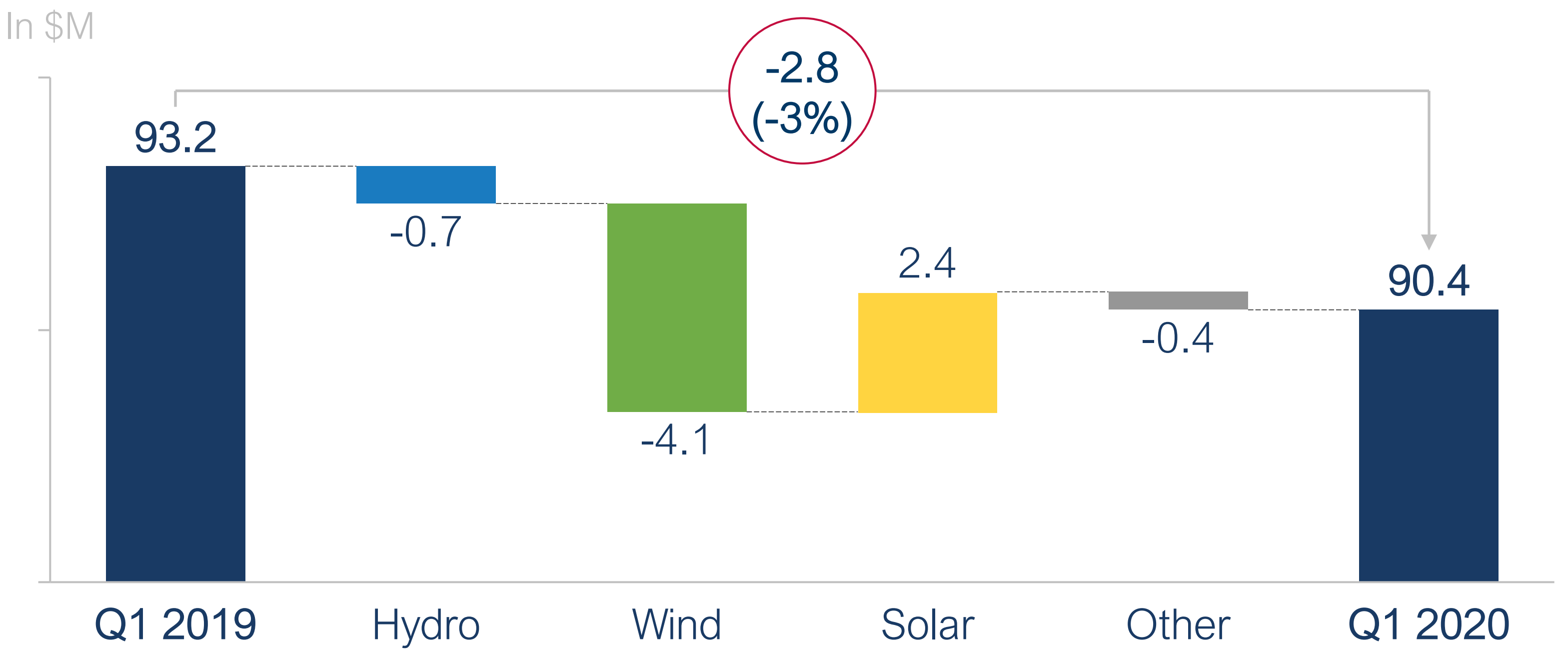


- + Higher production in France
- + Commissioning of the Foard City wind farm



- + Commissioning of the Phoebe solar farm

# 2. Q1 2020 | ADJUSTED EBITDA [1]




- − Lower revenues at Quebec facilities
- + Higher revenues at the B.C. facilities

---

- − Lower revenues at Quebec wind farms
- + Higher revenues in France
- + Commissioning of the Foard City wind farm

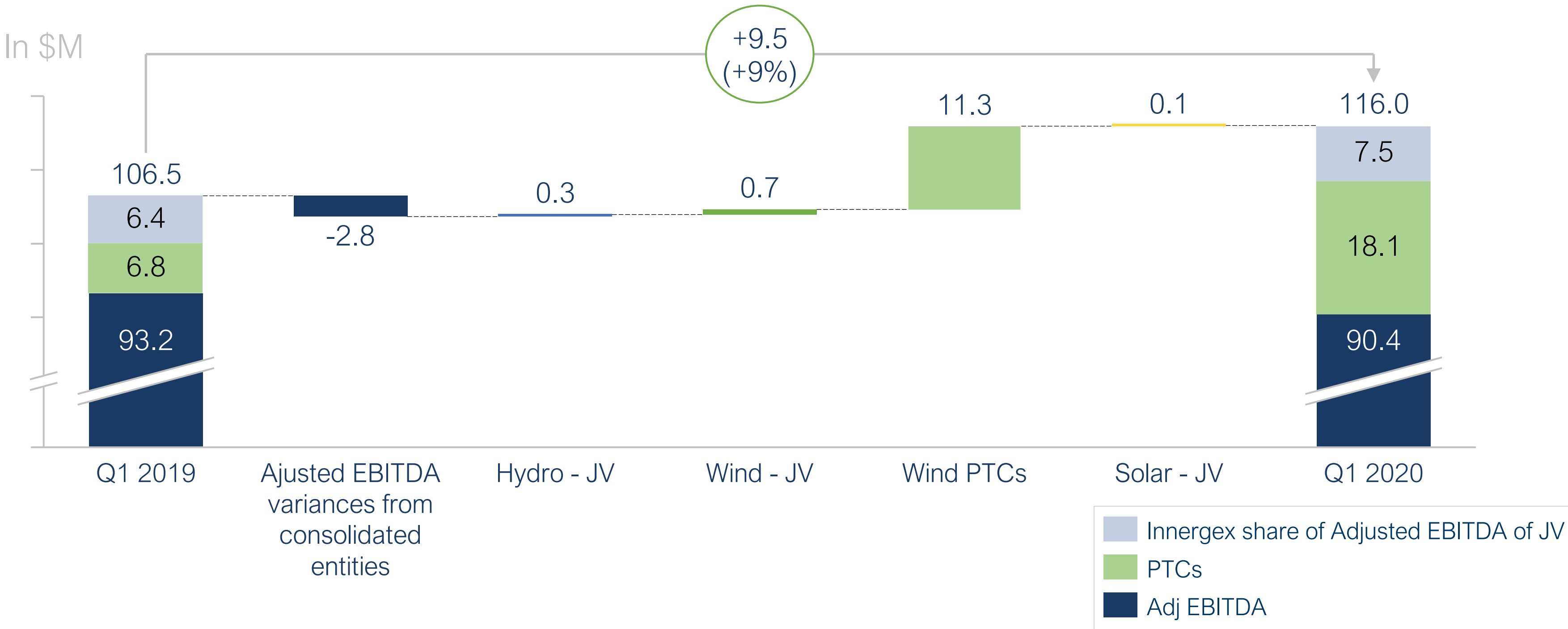
---

- + Commissioning of the Phoebe solar farm



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

# 2. Q1 2020 | ADJUSTED EBITDA PROPORTIONATE [1]




- + Higher revenues at Jimmie Creek

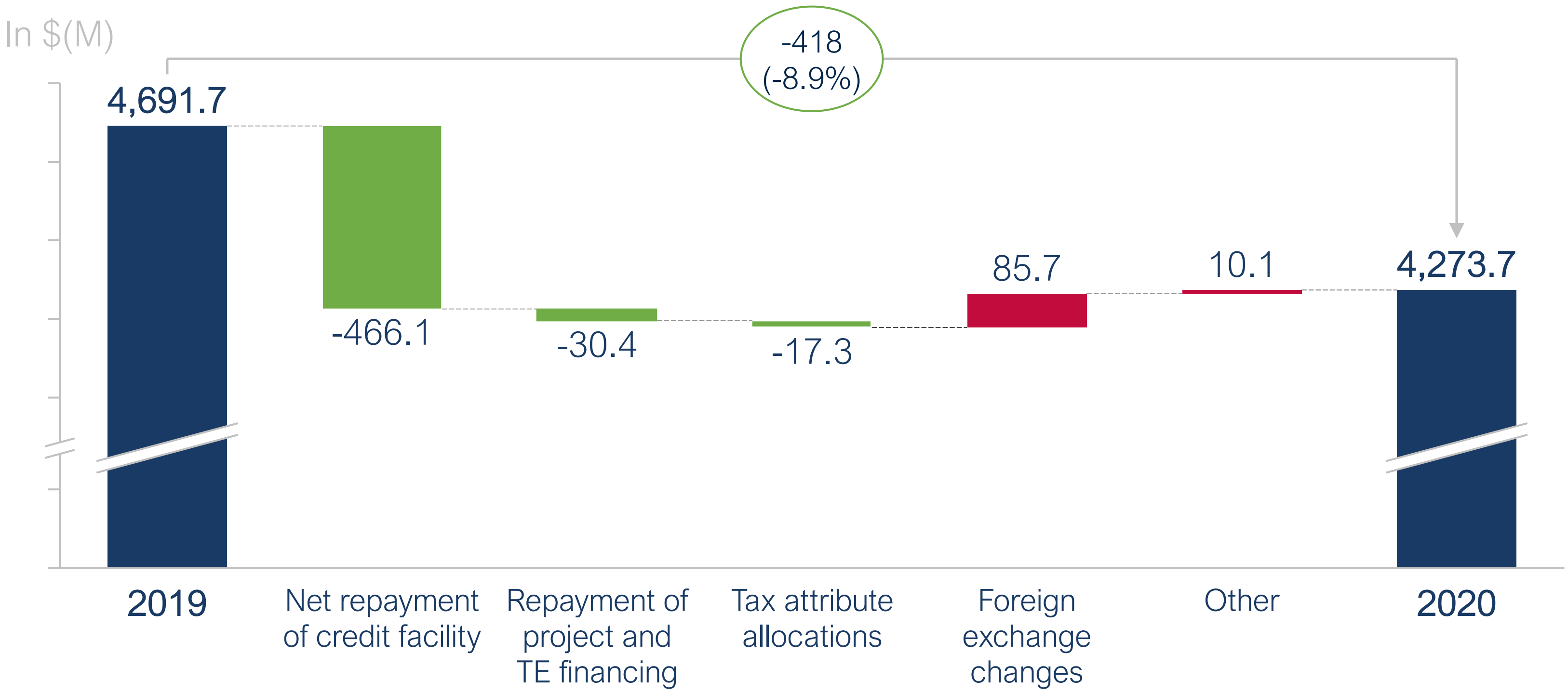
---

- + Higher revenues at Dokie
- + Lower operating costs at Flat Top
- – Lower revenues at Viger-Denonville and Shannon
- + PTC contribution of Foard City



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

# 2. Q1 2020 | LONG-TERM DEBT



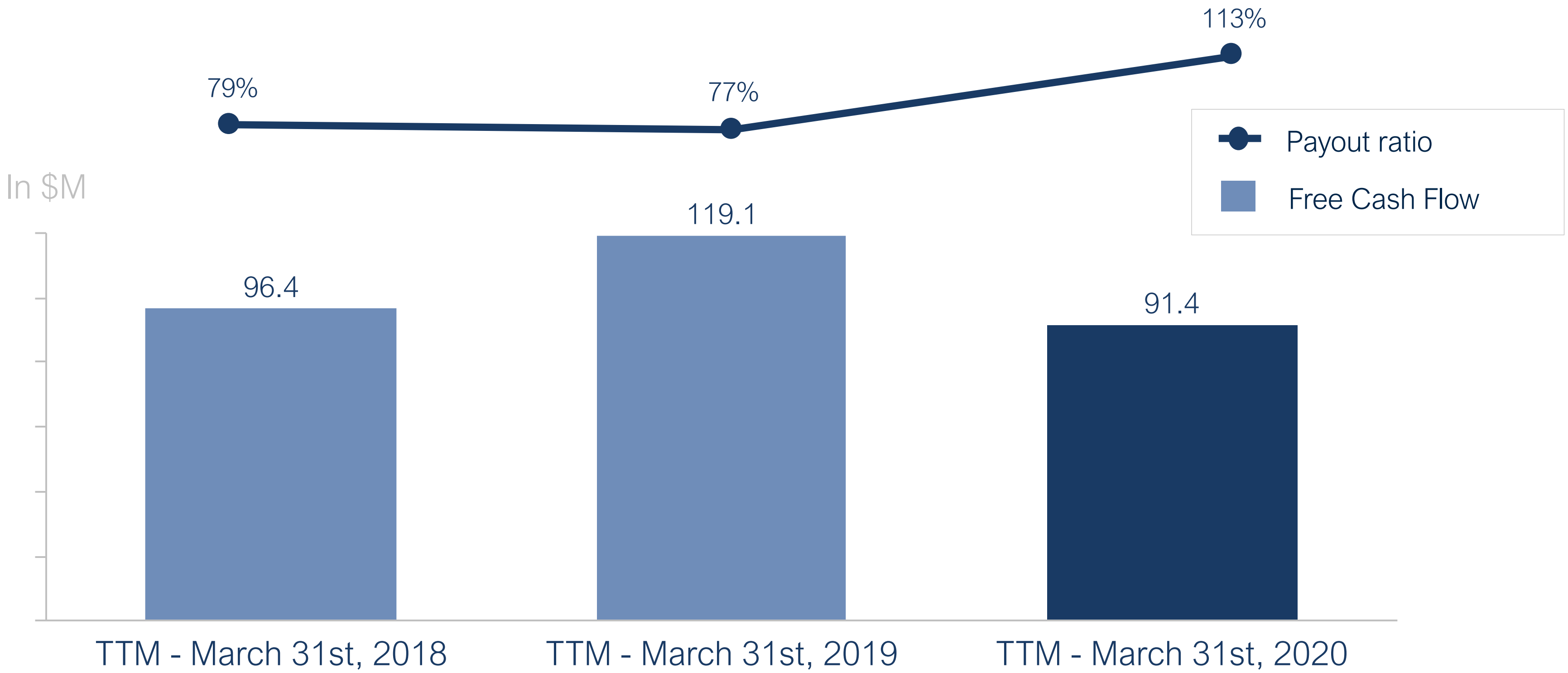

Net repayment of credit facility

- − Investment by Hydro-Québec in Innergex common shares ($661M)
- + Draws made towards the Hillcrest construction and other cash requirements

# 2. Q1 2020 | FINANCIAL POSITION HIGHLIGHTS

| In millions of Canadian dollars — **As at** | **MAR 31, 2020** | **DEC 31, 2019** |
|---|---|---|
| Total Assets | 6,636.0 | 6,372.1 |
| Total Liabilities | 5,445.0 | 5,756.8 |
| Non-controlling interests | 19.6 | 10.9 |
| Equity attributable to owners | 1,171.4 | 604.4 |

# 2. Q1 2020 | FREE CASH FLOW & PAYOUT RATIO[1]




**Payout Ratio**

- − Higher dividend payments from additional shares and increased quarterly dividend
- − $27.6M decrease in Free Cash Flow

**Free Cash Flow**

- − Greater scheduled debt principal payments
- − Decrease in cash flows from operating activities
- + Decrease in the Free Cash Flow attributed to non-controlling interests

1. 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 of this presentation for more information.

# 3. OTHER SUBSEQUENT EVENT

## HILLCREST FINANCING

**CONSTRUCTION COSTS**

Total **construction costs estimated at US$279.5M** (CAN$394.8M).

**FINANCING**

Financed by a **US$82.0M (CAN$115.8M) construction term loan** and a **US$109.8M (CAN$155.1M) tax equity bridge loan** provided by a lender group composed of CIT Group, MUFG and Mizuho.

**TAX EQUITY**

At commercial operation, Wells Fargo's Renewable Energy & Environmental Finance group **will provide the tax equity investment used to repay the tax equity bridge loan.**

INNERGEX

Renewable Energy.
Sustainable Development.

# Michel Letellier, MBA

## President and Chief Executive Officer

# 4. Q1 2020 CORPORATE DEVELOPMENT

**STRATEGIC ALLIANCE**

- **$500M initial commitment** for co-investments
- Private placement of **$661M**
- **Innergex main shareholder** (19.9%)

**COVID-19 UPDATES**

- **Continuation of our electricity production** activities as they are considered an essential service.
- **Measures taken to protect employees, suppliers and partners** against COVID-19
- Our electricity is sold under **long-term PPAs**
- Launch of the **Time for Solidarity** campaign to support local communities

# 5. Q1 2020 OPERATIONAL HIGHLIGHTS

## DEVELOPMENT

### Yonne II

The project is delayed by the COVID-19 crisis but the beginning of **construction remains planned for 2020** and COD postponed to 2021.

### Hale Kuawehi & Paeahu

Environmental and technical studies, as well as other permitting-related activities are ongoing and **30% design engineering is underway and will be completed in Q2-2020**.

---

## CONSTRUCTION

### Hillcrest

**Construction began earlier this year and is progressing well**, thanks to contingency measures in place, and Hillcrest should come online by the end of the year.

### Innavik

**Construction due to start in Q2-2020 had been postponed** due to the Nunavik Regional Board of Health and Social Services travel restrictions to Inuit communities.

# 6. Q2 2020 FOCUS

**CONSTRUCTION**

Pursue construction of:
- **Hillcrest** solar project in the U.S.
- **Innavik** hydro project in Canada

**DEVELOPMENT**

- **Four development projects**
- Solar projects in the **U.S.**
- Wind and storage projects in **France**
- Development opportunities in **Chile**

INNERGEX

Renewable Energy.
Sustainable Development.

# CREATING VALUE

## OUR 2020-2025 STRATEGIC PLAN

# 7. 2020-2025 STRATEGIC PLAN

Supported by a strong partnership with Hydro Québec

## Grow responsibly

Focus growth on current markets and target opportunities in neighbouring ones

## Build expertise

Become an expert in deploying energy storage technologies

## Optimize operations

Leverage expertise and innovation to maximize returns from our high-quality assets

## Diversify activities

Increase diversification of the Corporation’s activities and assets

# 7. 2020-2025 STRATEGIC PLAN

## KEY PERFORMANCE INDICATORS (KPIS)

Our success will **not be measured in terms of MW** but on our **ability to increase shareholder return** while efficiently managing our high-quality assets and successfully **pursuing our growth**.

### FINANCIAL KPIs 2025

Grow **Adjusted EBITDA Proportionate** by a CAGR of 10%

## INNERGEX IN 2025

Over the next five years, **Innergex will have pursued its growth by focusing on organic growth combined with strategic acquisitions that create significant value for its current and future shareholders.**

INNERGEX

Renewable Energy.
Sustainable Development.

# QUESTION PERIOD

# NON-IFRS MEASURES

This document has been prepared in accordance with IFRS. However, some measures referred to in this document 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 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 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, 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 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 March 31 | |
|---|---|---|
| | 2020 | 2019 |
| Revenues | 132,116 | 126,419 |
| Innergex's share of Revenues of joint ventures and associates: | | |
| Toba Montrose (40%) | 341 | 536 |
| Shannon (50%) | 1,558 | 2,124 |
| Flat Top (51%) | 2,418 | 2,597 |
| Dokie (25.5%) | 3,193 | 2,320 |
| Jimmie Creek (50.99%) | 191 | 142 |
| Umbata Falls (49%) | 660 | 701 |
| Viger-Denonville (50%) | 1,573 | 1,992 |
| Duqueco (50%)[1] | 2,859 | 3,302 |
| Guayacán (50%)[1] | 740 | 603 |
| Pampa Elvira (50%)[1] | 583 | 492 |
| | 14,116 | 14,809 |
| PTCs and Innergex's share of PTCs generated: | | |
| Foard City | 10,931 | — |
| Shannon (50%) | 3,155 | 3,014 |
| Flat Top (51%) | 4,053 | 3,806 |
| | 18,139 | 6,820 |
| Revenues Proportionate | 164,371 | 148,048 |

1. 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.

# NON-IFRS MEASURES

**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) income tax expense (recovery), finance costs, depreciation and amortization, other net (revenues) expenses, share of (earnings) loss of joint ventures and associates and change in fair value of 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 March 31 | |
|---|---|---|
| | 2020 | 2019 |
| Net loss from continuing operations | (46,931) | (4,420) |
| Income tax expense (recovery) | (813) | (4,078) |
| Finance costs | 60,330 | 52,971 |
| Depreciation and amortization | 53,567 | 46,466 |
| EBITDA | 66,153 | 90,939 |
| Other net (revenues) expenses | (23,497) | 726 |
| Share of loss of joint ventures and associates | 20,054 | 6,890 |
| Change in fair value of financial instruments | 27,709 | (5,312) |
| Adjusted EBITDA | 90,419 | 93,243 |
| Adjusted EBITDA margin | 68.4% | 73.8% |

# NON-IFRS MEASURES

**Adjusted EBITDA Proportionate and Adjusted EBITDA Proportionate Margin**
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. Please refer to the "Operating Results" section of this MD&A for more information.

References in this document to "Adjusted EBITDA Proportionate Margin" are to Adjusted EBITDA Proportionate divided by Revenues Proportionate. Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance.

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 March 31 | |
|---|---|---|
| | 2020 | 2019 |
| Adjusted EBITDA | 90,419 | 93,243 |
| Innergex's share of Adjusted EBITDA of joint ventures and associates: | | |
| Toba Montrose (40%) | (968) | (988) |
| Shannon (50%) | 465 | 959 |
| Flat Top (51%) | 1,398 | 730 |
| Dokie (25.5%) | 2,633 | 1,793 |
| Jimmie Creek (50.99%) | (246) | (376) |
| Umbata Falls (49%) | 465 | 426 |
| Viger-Denonville (50%) | 1,309 | 1,652 |
| Duqueco (50%)[1] | 1,612 | 1,579 |
| Guayacán (50%)[1] | 464 | 405 |
| Pampa Elvira (50%)[1] | 324 | 251 |
| | 7,456 | 6,431 |
| PTCs and Innergex's share of PTCs generated: | | |
| Foard City | 10,931 | — |
| Shannon (50%) | 3,155 | 3,014 |
| Flat Top (51%) | 4,053 | 3,806 |
| | 18,139 | 6,820 |
| Adjusted EBITDA Proportionate | 116,014 | 106,494 |
| Adjusted EBITDA Proportionate Margin | 70.6% | 71.9% |

1. 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.

# NON-IFRS MEASURES

**Adjusted Net Loss from continuing operations**

References to "Adjusted Net Loss from continuing operations" are to net earnings or losses from continuing operations of the Corporation, to which the following elements are added (subtracted): change in fair value of financial instruments; realized (gain) loss on financial instruments; income tax expense (recovery) related to the above items; and the share of change in fair value of financial instruments of joint ventures and associates, net of related tax. Innergex uses derivative financial instruments to hedge its exposure to various risks. Accounting for derivatives under IFRS requires that all derivatives are marked-to-market with changes in the mark-to-market of the derivatives for which hedge accounting is not applied, being taken to the profit and loss account. The application of this accounting standard results in a significant amount of profit and loss volatility arising from the use of derivatives that are not designated for hedge accounting. The Adjusted Net Loss from continuing operations of the Corporation aims to eliminate the impact of the mark-to-market rules on derivatives on the profit and loss of the Corporation. Innergex believes the analysis and presentation of net earnings or loss on this basis enhances understanding of the Corporation's operating performance. Readers are cautioned that Adjusted Net Loss from continuing operations should not be construed as an alternative to net earnings, as determined in accordance with IFRS. Please refer to the "Operating Results" section for reconciliation of the Adjusted Net 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.

# NON-IFRS MEASURES

| | Trailing twelve months ended March 31 | |
|---|---|---|
| | 2019 | 2018 |
| **Free Cash Flow and Payout Ratio calculation**[1] | | |
| Cash flows from operating activities | 206,480 | 212,780 |
| *Add (Subtract) the following items:* | | |
| Changes in non-cash operating working capital items | (14,741) | 36,131 |
| Maintenance capital expenditures net of proceeds from disposals | (6,894) | (10,405) |
| Scheduled debt principal payments | (134,127) | (97,643) |
| Free Cash Flow attributed to non-controlling interests[2] | (7,929) | (26,053) |
| Dividends declared on Preferred shares | (5,942) | (5,942) |
| *Add (subtract) the following non-recurring elements:* | | |
| Transaction costs related to realized acquisitions | 264 | 3,267 |
| Realized loss on termination of interest rate swaps | 4,145 | 6,920 |
| Realized loss on the Phoebe basis hedge[4] | 31,355 | — |
| 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 | 91,447 | 119,055 |
| | | |
| Dividends declared on common shares | 103,025 | 91,080 |
| Payout Ratio | 113% | 77% |
| | | |
| *Adjust for the following items:* | | |
| Prospective projects expenses | 12,113 | 19,915 |
| Adjusted Free Cash Flow | 103,560 | 138,970 |
| | | |
| Dividends declared on common shares - DRIP adjusted | 99,969 | 83,534 |
| Adjusted Payout Ratio | 97% | 60% |

1. 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.
2. 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.
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 21 months), gains and losses on the Phoebe basis hedge are deemed not to represent the long-term cash generating capacity of Innergex.

# NON-IFRS MEASURES

**Production KPIs**

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

| | Three months ended March 31 | | | | | |
|---|---|---|---|---|---|---|
| | 2020 | | | 2019 | | |
| (in MWh) | Production (MWh) | LTA (MWh) | Production as a % of LTA | Production (MWh) | LTA (MWh) | Production as a % of LTA |
| Production | 1,679,598 | 1,804,235 | 93% | 1,308,505 | 1,326,479 | 99% |
| Innergex's share of Production of joint ventures and associates: | | | | | | |
| Toba Montrose (40%) | 2,636 | 8,064 | 33% | 4,470 | 8,064 | 55% |
| Shannon (50%) | 93,840 | 92,303 | 102% | 91,609 | 92,303 | 99% |
| Flat Top (51%) | 121,755 | 116,655 | 104% | 115,676 | 116,655 | 99% |
| Dokie (25.5%) | 25,868 | 21,058 | 123% | 16,576 | 21,058 | 79% |
| Jimmie Creek (50.99%) | 1,002 | 705 | 142% | 765 | 705 | 109% |
| Umbata Falls (49%) | 8,714 | 8,294 | 105% | 9,244 | 8,294 | 111% |
| Viger-Denonville (50%) | 10,366 | 10,150 | 102% | 13,179 | 10,150 | 130% |
| Duqueco (50%)[1] | 16,805 | 18,508 | 91% | 19,800 | 16,603 | 119% |
| Guayacán (50%)[1] | 6,060 | 7,500 | 81% | 6,648 | 6,612 | 101% |
| Pampa Elvira (50%)[1] | 3,122 | 3,796 | 82% | 3,355 | 3,681 | 91% |
| | 290,168 | 287,033 | 101% | 281,322 | 284,125 | 99% |
| Production Proportionate | 1,969,766 | 2,091,268 | 94% | 1,589,827 | 1,610,604 | 99% |

1. 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.