



Renewable Energy.  
Sustainable Development.



## Second Quarter 2020

Conference Call & Webcast

August 5, 2020



# FORWARD-LOOKING INFORMATION

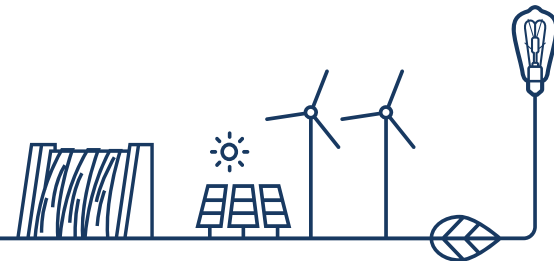
To inform readers of the Corporation's future prospects, this document contains forward-looking information within the meaning of applicable securities laws ("Forward-Looking Information"), including the Corporation's power production, prospective projects, successful development, construction and financing (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. Only BC Hydro sent curtailment notices for some hydro facilities that the Corporation disputes. 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
<p><b>EXPECTED PRODUCTION</b></p> <p>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.</p> <p>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.</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></p> <p>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.</p> <p>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.</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 PPAs or renew any PPA</p>
<p><b>PROJECTED ADJUSTED EBITDA</b></p> <p>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.</p>	<p>See principal assumptions, risks and uncertainties identified under “Expected Production” and “Projected Revenues”</p> <p>Unexpected maintenance expenditures</p>
<p><b>PROJECTED ADJUSTED EBITDA PROPORTIONATE</b></p> <p>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.</p>	<p>See principal assumptions, risks and uncertainties identified under “Expected Production”, “Projected Revenues” and “Projected Adjusted EBITDA”</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>

# FORWARD-LOOKING INFORMATION

## Principal Assumptions

### 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.

### 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 storage 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.

### 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.

## Principal Risks and Uncertainties

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

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

Restrictive measures related to COVID-19

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

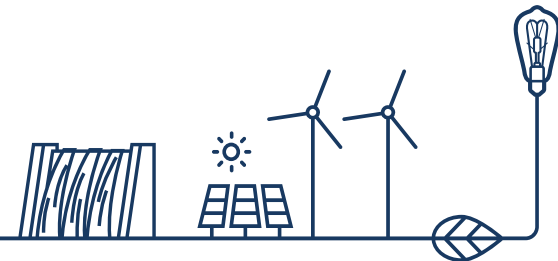
Social acceptance of renewable energy projects

Relationships with stakeholders

# AGENDA

1. Q2 2020 Financial Highlights
  2. Q2 2020 Results
  3. Q2 2020 Corporate Development
  4. Construction Activities
  5. Development Activities
  6. Other Subsequent Event
  7. Question Period
- Appendix: Non-IFRS Measures

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

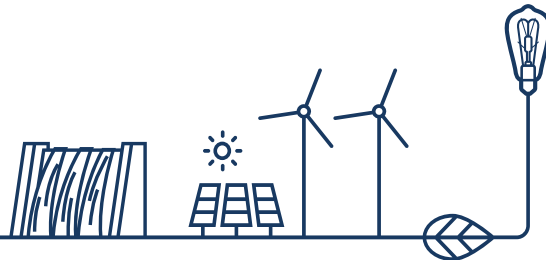




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# Jean-François Neault CPA, CMA, MBA

## Chief Financial Officer



# 1. Q2 2020 FINANCIAL HIGHLIGHTS

In millions of Canadian dollars  
From continuing operations

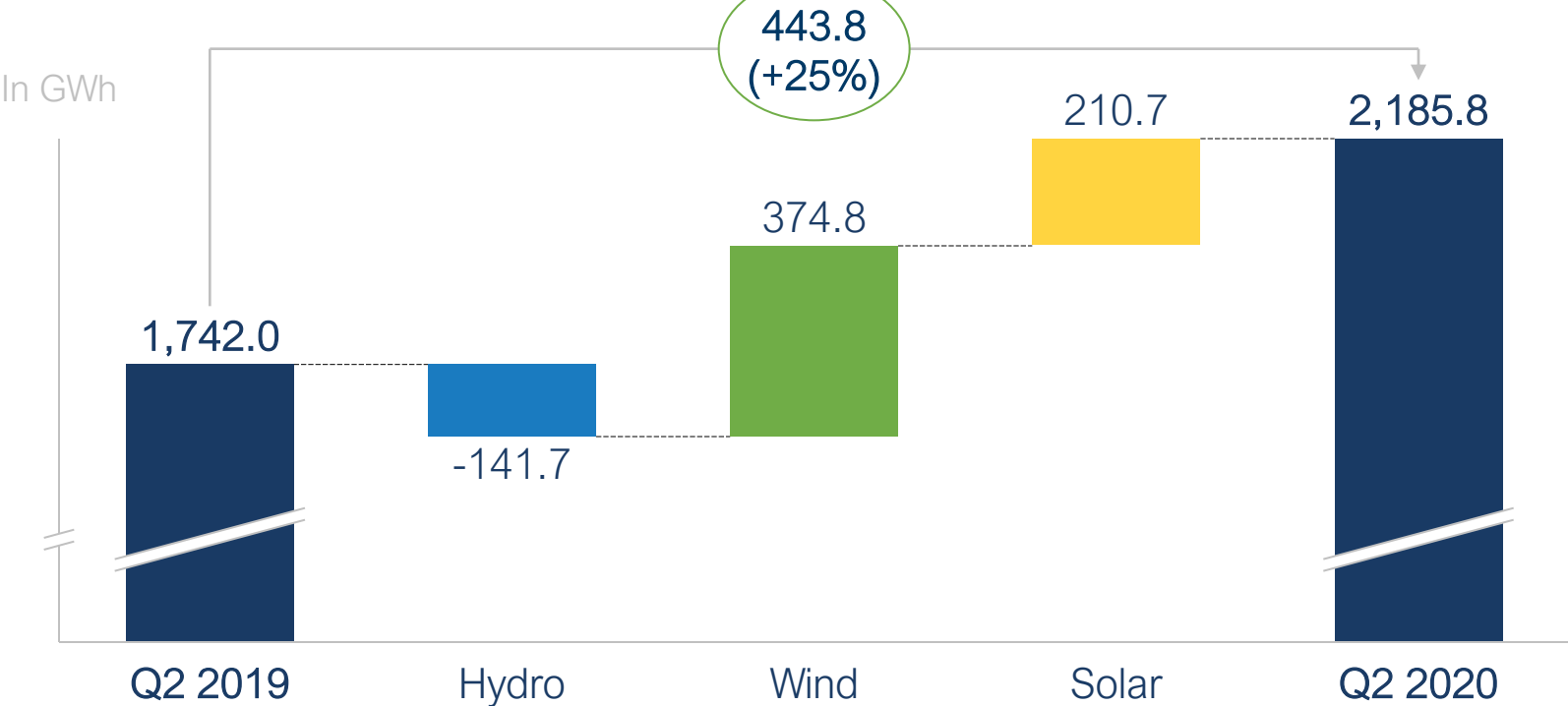
<b>CONSOLIDATED</b>	<b>Three-Month Period Ended June 30</b>			<b>Six-Month Period Ended June 30</b>		
	<b>2020</b>	<b>2019</b>	<b>Change</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>
Production (GWh)	2,185.8	1,742.0	25%	3,865.4	3,050.5	27%
Revenues	150.5	144.7	4%	282.6	271.1	4%
Adjusted EBITDA <sup>1</sup>	105.3	105.2	-%	195.8	198.5	(1%)
Adjusted EBITDA Margin <sup>1</sup>	70.0%	72.7%		69.3%	73.2%	

## **PROPORTIONATE**

Production Proportionate <sup>1</sup> (GWh)	2,575.9	2,137.0	21%	4,545.6	3,726.8	22%
Revenues Proportionate <sup>1</sup>	192.0	176.6	9%	356.4	324.6	10%
Adjusted EBITDA Proportionate <sup>1</sup>	140.0	127.6	10%	256.0	234.1	9%
Adjusted EBITDA Margin Proportionate <sup>1</sup>	72.9%	72.3%		71.8%	72.1%	

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. Q2 2020 RESULTS | PRODUCTION



443.8  
(+25%)



- Curtailment imposed by BC Hydro for 5 hydro facilities
- + Higher production from the B.C. hydro facilities not affected by the curtailment



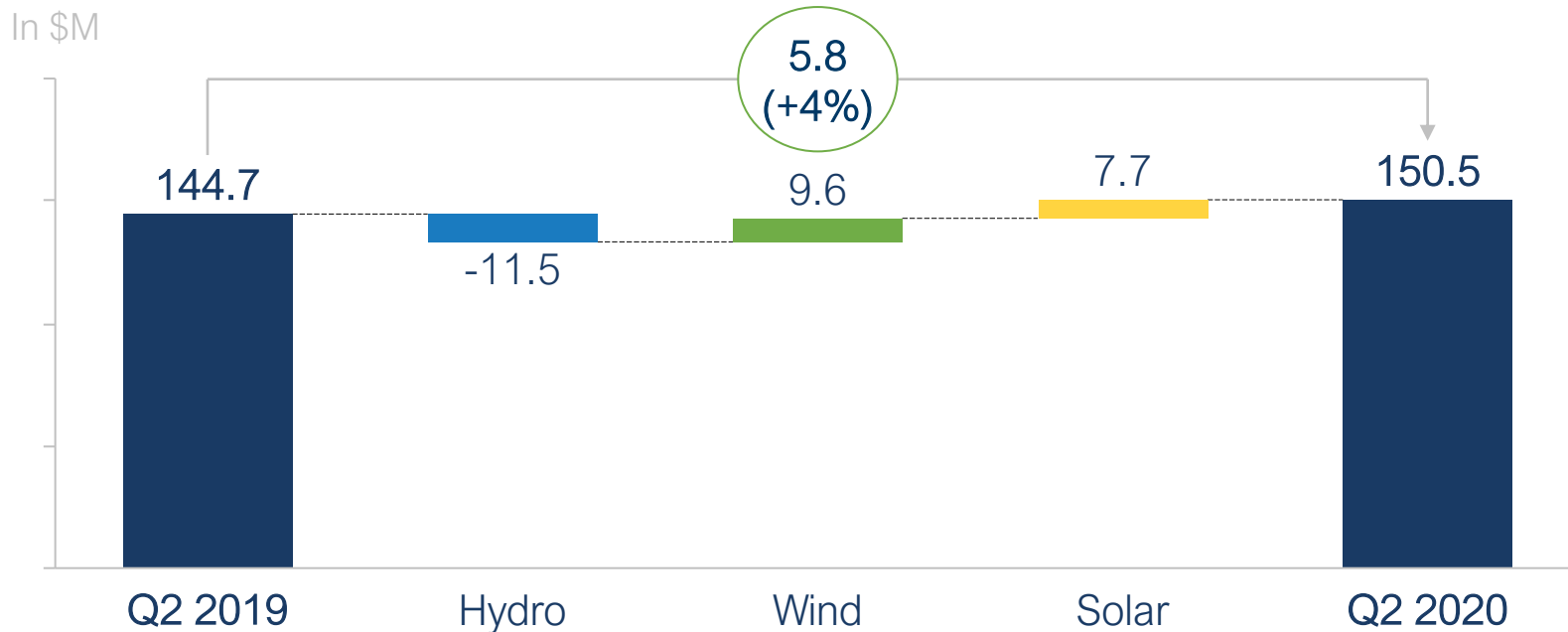
- + Commissioning of the Foard City wind farm
- + Higher production from the Quebec wind facilities



- + Commissioning of the Phoebe solar farm



## 2. Q2 2020 RESULTS | REVENUES



- Lower production from 5 facilities due to the curtailment imposed by BC Hydro and to lower average selling prices at some facilities
- Lower production at some Quebec facilities
- + Higher production at almost all other facilities in B.C.

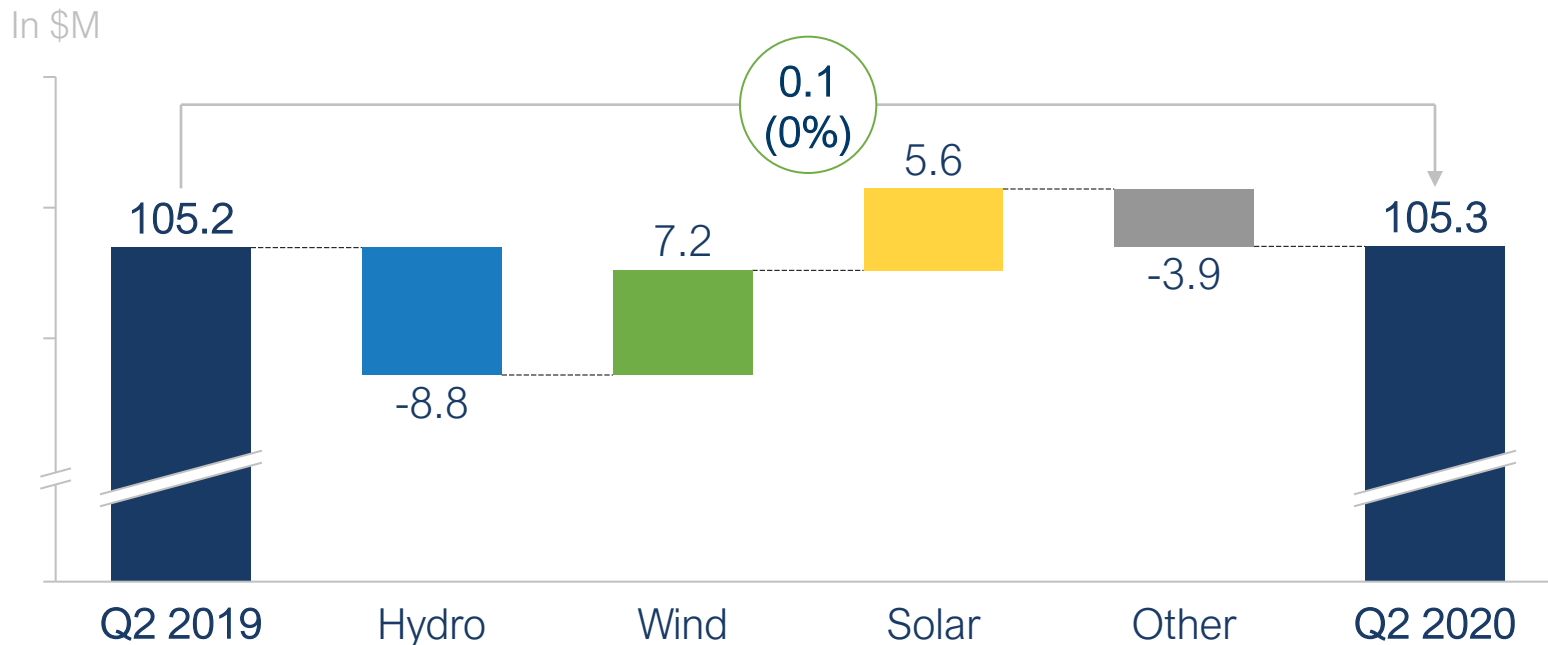


- + Commissioning of the Foard City wind farm
- + Higher production at the Quebec facilities
- Lower production at the France wind farms



- + Commissioning of the Phoebe solar farm
- + Salvador acquisition in Chile on May 14, 2020
- + Higher production at the Ontario facility

## 2. Q2 2020 RESULTS | ADJUSTED EBITDA<sup>1</sup>



- Lower revenues in B.C. over lower operational expenses
- Lower revenues at Quebec facilities

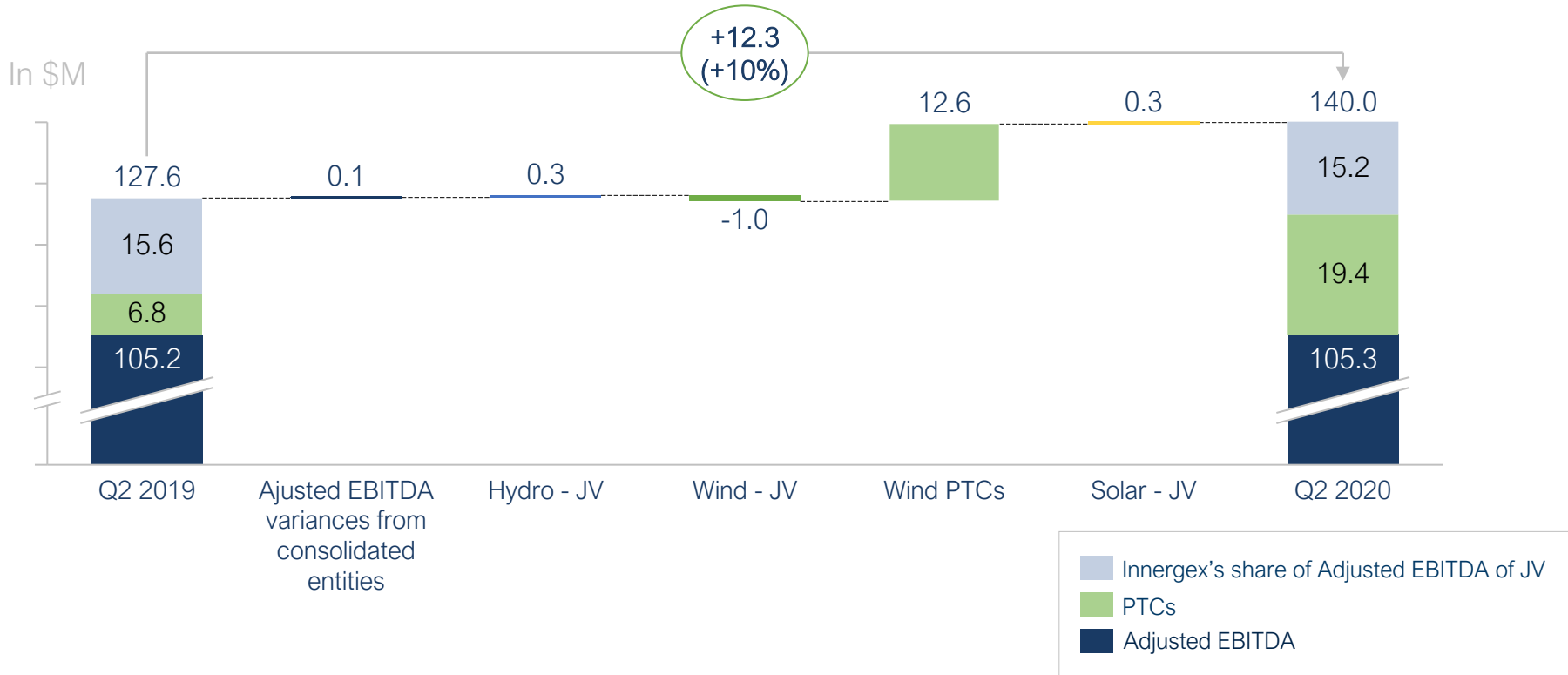


- + Higher revenues at Quebec wind farms and lower operational expenses
- + Commissioning of the Foard City wind farm
- Lower revenues in France



- + Commissioning of the Phoebe solar farm
- + Higher production at the Ontario facility
- + Salvador acquisition in Chile on May 14, 2020

## 2. Q2 2020 RESULTS | ADJUSTED EBITDA PROPORTIONATE<sup>1</sup>

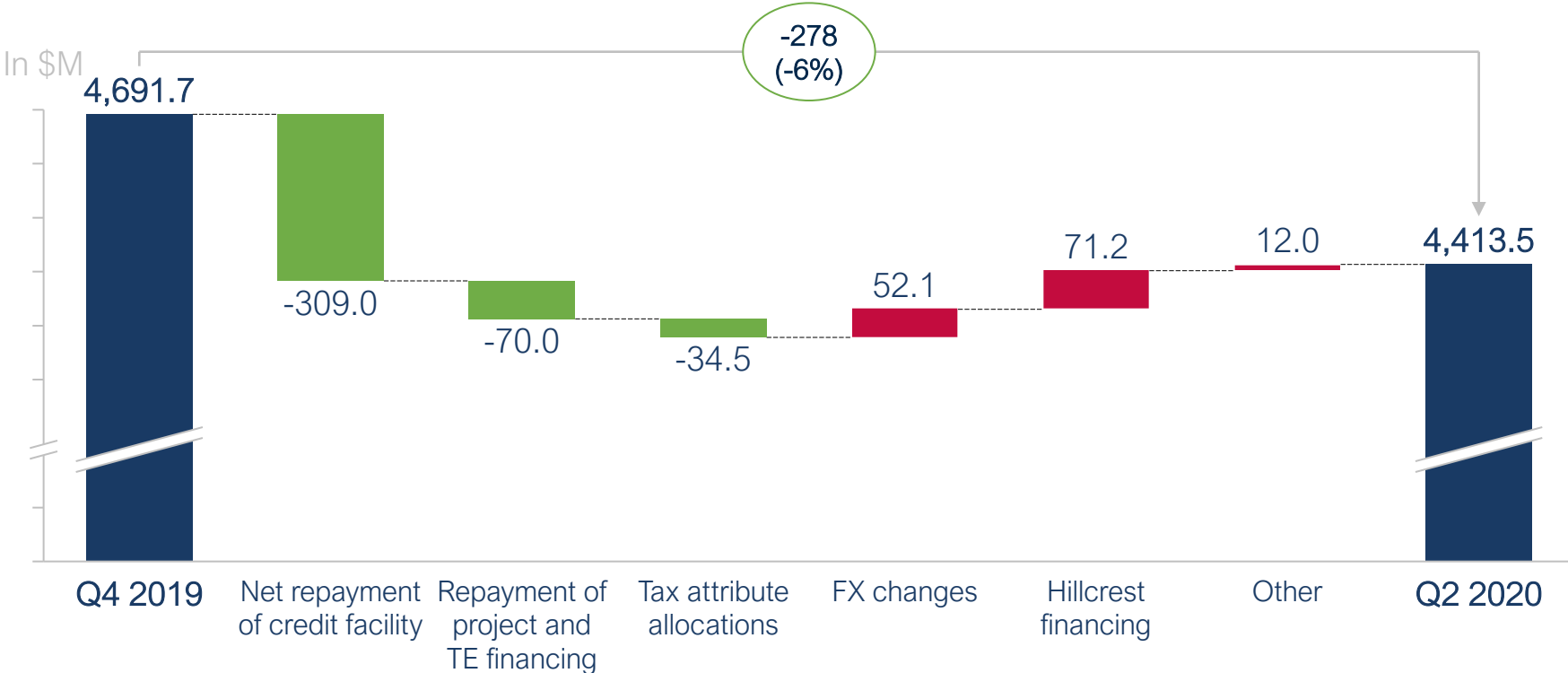


- + Higher revenues at Toba Montrose
- + Higher contribution in Chile due to a net favourable impact of lower operational costs over lower revenues
- Lower revenues at Jimmie Creek



- Lower revenues at Shannon and Flat Top
- + Higher revenues at Dokie
- + PTC contribution of Foard City

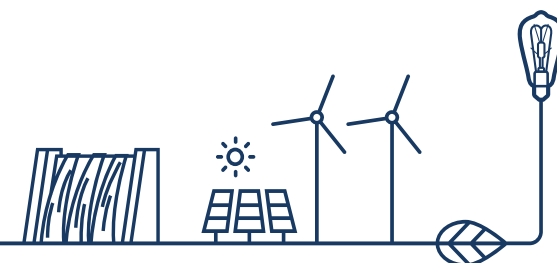
# 2. Q2 2020 RESULTS | LONG-TERM DEBT



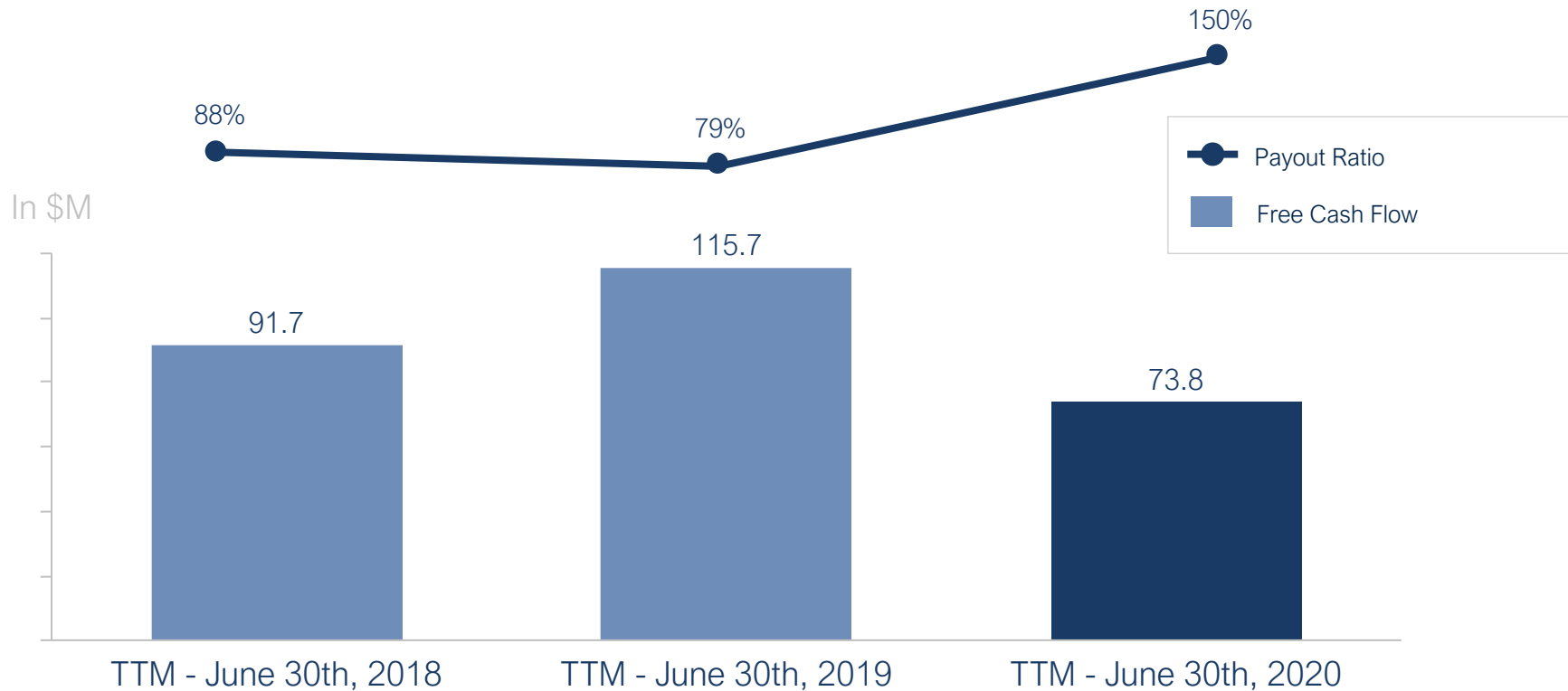
- Net repayment of credit facility
- Investment by Hydro-Québec in Innergex common shares (\$661M)
- Draws made towards the Hillcrest construction and other cash requirements

## 2. Q2 2020 RESULTS | FINANCIAL POSITION HIGHLIGHTS

	As at	JUN 30, 2020	DEC 31, 2019
In millions of Canadian dollars			
Total Assets		6,765.1	6,372.1
Total Liabilities		5,667.4	5,756.8
Non-Controlling Interests		13.0	10.9
Equity Attributable to Owners		1,084.7	604.4



## 2. Q2 2020 RESULTS | FREE CASH FLOW & PAYOUT RATIO<sup>1</sup>



### Payout Ratio

- Higher dividend payment due to Hydro-Québec Private Placement
- A decrease in Free Cash Flow

### Free Cash Flow

- Free Cash Flow attributable to discontinued operations of HS Orka
- BC Hydro curtailment during 2020
- Timing of certain project loan interest payments
- Lower generation due to unfavourable weather conditions
- ⊕ Free Cash Flow contribution of recently acquired and commissioned projects
- ⊕ Lower interest payment on the corporate revolving facilities due to Hydro-Québec Private Placement

## 2. FREE CASH FLOW & PAYOUT RATIO<sup>1</sup>

In millions of Canadian dollars

	Trailing twelve months ended June 30, 2020		
	Free Cash Flow	Dividends	Payout Ratio
Free Cash Flow and Payout Ratio	74	111	150%
<i>Add (subtract) the following items:</i>			
BC Hydro curtailment	11	—	
Timing of interest payments	13	—	
Decrease in corporate revolving facilities interest payment	(5)	—	
Hydro-Québec Private Placement additional dividend	—	(13)	
Free Cash Flow and Payout Ratio - Normalized	93	98	105%

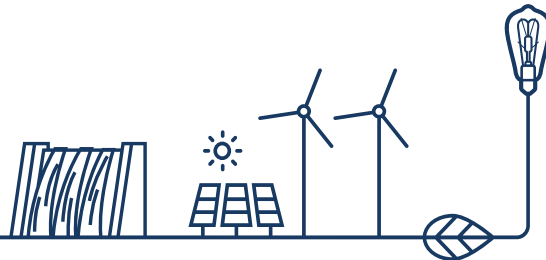
	Next twelve months		
	Free Cash Flow	Dividends	Payout Ratio
Free Cash Flow and Payout Ratio TTM ended June 30, 2020	74	111	150%
<i>Add (subtract) the following items:</i>			
Acquisitions and commissionings (Salvador, Mountain Air and Hillcrest)	22	—	
BC Hydro curtailment	11	—	
Timing of interest payments	13	—	
Production back to 100% LTA	15	—	
Market softening assumption and others	(7)	—	
Hydro-Québec Private Placement additional dividend	—	13	
Free Cash Flow and Payout Ratio – Next twelve months	≈128	≈124	≈97%



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## Michel Letellier, MBA

President and Chief Executive  
Officer





### 3. Q2 2020 CORPORATE DEVELOPMENT

#### ACQUISITION

- On May 14, acquisition of the **68 MW Salvador solar farm in Chile, as well as 11-year demand-based PPAs covering a total electricity generation of 54,6 GWh/year** at a net purchase price of US\$47.4 M and US\$18.7 M respectively.

#### COVID-19 UPDATES

- **Measures taken to protect employees, suppliers and partners** against COVID-19
- **Continuation of our electricity production** activities as they are considered an essential service
- Dispute of curtailment notices from **BC Hydro**
- **Pursuit of our construction activities**
- Support to surrounding communities via our **Time for Solidarity** campaign

## 4. CONSTRUCTION ACTIVITIES

### CONSTRUCTION

#### **Hillcrest Solar Project – Ohio, U.S.**

- All major work activities are well underway and overall the project is approximately 37% complete
- Pile driving, tracker installation and module installation are ongoing
- Substation work is underway with completion expected in August
- Commercial operation is scheduled for late Q4 2020

#### **Innavik Hydro Project – Quebec, Canada**

- The construction sector was allowed to reopen on July 6, 2020
- The contractual Notice to Proceed was sent on July 7, 2020
- Mobilization on site to achieve construction work has started

#### **Yonne II Wind Project – France**

- Construction work began in July 2020
- Craning pads and storage area construction is now completed and access roads were reinforced
- Work on the foundations has begun and should be completed in early September
- Commercial operation is scheduled for late Q1 2021

# 5. DEVELOPMENT ACTIVITIES

## DEVELOPMENT

### **Hale Kuawehi Solar and Energy Storage Project – Hawaii, U.S.**

- Environmental and technical studies are completed as well as 30% design engineering
- EPC request for proposals and permitting applications are underway. Selection to be made in Q3 2020

### **Paeahu Solar and Energy Storage Project – Hawaii, U.S.**

- The PUC's decision on the PPA review is expected in the Q3 2020
- Environmental and technical studies are completed as well as 30% design engineering
- EPC request for proposals is underway and the Special Use Permit application will be filed in Q3 2020

### **Griffin Trail Wind Project – Texas, U.S.**

- The 225.6 MW wind project should reach COD in Q3 2021
- Tax Equity Investors are currently being evaluated
- A Turbine Supply Agreement was executed and on-site construction activities should start in early September 2020
- Griffin Trail will sell the energy from the project on the spot market in ERCOT

### **Tonnerre Energy Storage Project – France**

- The 9 MWh energy storage project should reach COD in Q4 2021
- The project has been awarded a 7-year contract for difference offering a fixed price contract for capacity certificate
- The request for proposals to select the manufacturer has been launched

## 6. Q2 2020 SUBSEQUENT EVENT

### ACQUISITION

#### Mountain Air Acquisition – Idaho, U.S.

- On July 15, **acquisition of all the Class B shares of a portfolio of six operating wind farms in Elmore County, Idaho in the United States** (the Mountain Air Acquisition) for a purchase price of US\$56.8 million.
- The six 23 MW wind farms, Cold Springs, Desert Meadow, Hammett Hill, Mainline, Ryegrass and Two Ponds have **power purchase agreements with Idaho Power Company for 100% of their capacity over a remaining period of approximately 12.5 years.**
- The Mountain Air Acquisition is expected to produce a **gross estimated LTA of 331 GWh/year** and a **US \$21.1 million projected adjusted EBITDA** for 2021.



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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.

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Revenues	150,513	144,693	282,629	271,112
Innergex's share of Revenues of joint ventures and associates:				
Toba Montrose (40%)	8,800	7,438	9,140	7,973
Shannon (50%)	1,670	2,422	3,229	4,545
Flat Top (51%)	2,076	3,126	4,494	5,723
Dokie (25.5%)	1,841	1,432	5,034	3,753
Jimmie Creek (50.99%)	1,032	2,156	1,223	2,298
Umbata Falls (49%)	1,660	1,582	2,320	2,283
Viger-Denonville (50%)	1,350	1,167	2,923	3,158
Duqueco (50%) <sup>1</sup>	3,061	4,827	5,919	8,129
Guayacán (50%) <sup>1</sup>	119	408	859	1,011
Pampa Elvira (50%) <sup>1</sup>	434	540	1,017	1,032
	22,043	25,098	36,158	39,905
PTCs and Innergex's share of PTCs generated:				
Foard City	12,120	—	23,052	—
Shannon (50%)	3,277	2,955	6,432	5,969
Flat Top (51%)	4,051	3,825	8,104	7,631
	19,448	6,780	37,588	13,600
Revenues Proportionate	192,004	176,571	356,375	324,617

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.

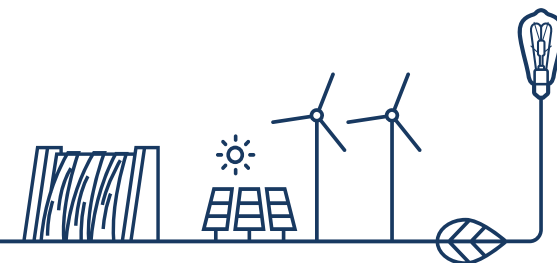
# NON-IFRS MEASURES

## 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 June 30		Six months ended June 30	
	2020	2019	2020	2019
Net loss from continuing operations	(1,566)	(10,453)	(48,497)	(14,873)
Income tax expense (recovery)	845	1,493	32	(2,585)
Finance costs	55,248	58,259	115,578	111,230
Depreciation and amortization	57,126	46,749	110,693	93,215
EBITDA	111,653	96,048	177,806	186,987
Other net (income) expenses	(18,028)	552	(41,525)	1,278
Share of losses of joint ventures and associates	12,726	142	32,780	7,032
Change in fair value of financial instruments	(1,015)	8,506	26,694	3,194
Adjusted EBITDA	105,336	105,248	195,755	198,491
Adjusted EBITDA margin	70.0%	72.7%	69.3%	73.2%



# 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.

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 June 30		Six months ended June 30	
	2020	2019	2020	2019
Adjusted EBITDA	105,336	105,248	195,755	198,491
Innergex's share of Adjusted EBITDA of joint ventures and associates:				
Toba Montrose (40%)	7,212	6,004	6,244	5,016
Shannon (50%)	137	1,149	602	2,108
Flat Top (51%)	493	1,194	1,892	1,925
Dokie (25.5%)	1,423	911	4,056	2,704
Jimmie Creek (50.99%)	621	1,746	375	1,370
Umbata Falls (49%)	1,478	1,436	1,943	1,862
Viger-Denonville (50%)	1,131	898	2,440	2,551
Duqueco (50%) <sup>1</sup>	2,345	2,082	3,956	3,661
Guayacán (50%) <sup>1</sup>	88	149	552	553
Pampa Elvira (50%) <sup>1</sup>	238	24	562	275
	15,166	15,593	22,622	22,025
PTCs and Innergex's share of PTCs generated:				
Foard City	12,120	—	23,052	—
Shannon (50%)	3,277	2,955	6,432	5,969
Flat Top (51%)	4,051	3,825	8,104	7,631
	19,448	6,780	37,588	13,600
Adjusted EBITDA Proportionate	139,950	127,621	255,965	234,116
Adjusted EBITDA Proportionate Margin	72.9%	72.3%	71.8%	72.1%

1. Innergex owns a 50% interest in Energia 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 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): change in fair value of financial instruments; income tax expense (recovery) related to the above items; and the share of change in fair value on 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.

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Net loss from continuing operations	(1,566)	(10,453)	(48,497)	(14,873)
<i>Add (Subtract):</i>				
Unrealized portion of the change in fair value of financial instruments	2,569	8,506	12,819	3,194
Realized portion of the change in fair value of the Phoebe basis hedge	(816)	—	18,842	—
Realized loss on foreign exchange forward contracts	(825)	(448)	(825)	(448)
Income tax (recovery) expense related to above items	(212)	247	(5,201)	(774)
Share of unrealized portion of the change in fair value of financial instruments of joint ventures and associates, net of related income tax	5,334	(508)	18,805	(1,127)
Adjusted Net Earnings (Loss) from continuing operations	4,484	(2,656)	(4,057)	(14,028)

## 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.

# NON-IFRS MEASURES

	Trailing twelve months ended June 30	
	2020	2019
<b>Free Cash Flow and Payout Ratio calculation<sup>1</sup></b>		
Cash flows from operating activities	200,742	222,999
<i>Add (Subtract) the following items:</i>		
Changes in non-cash operating working capital items	(11,909)	17,294
Maintenance capital expenditures net of proceeds from disposals	(5,432)	(9,224)
Scheduled debt principal payments	(139,908)	(104,385)
Free Cash Flow attributed to non-controlling interests <sup>2</sup>	(9,322)	(22,335)
Dividends declared on Preferred shares	(5,942)	(5,942)
<i>Add (Subtract) the following non-recurring items:</i>		
Transaction costs related to realized acquisitions	337	2,121
Realized loss on termination of interest rate swaps	4,145	6,919
Realized loss on the Phoebe basis hedge <sup>3</sup>	30,539	—
Recovery of maintenance capital expenditures and prospective project expenses on sale of HS Orka, net of attribution to non-controlling interests <sup>4</sup>	—	8,242
Income tax paid on realized intercompany gain	10,594	—
<b>Free Cash Flow</b>	<b>73,844</b>	<b>115,689</b>
Dividends declared on common shares	111,022	91,917
Payout Ratio	150%	79%
<i>Adjust for the following items:</i>		
Prospective projects expenses	13,969	17,937
<b>Adjusted Free Cash Flow</b>	<b>87,813</b>	<b>133,626</b>
Dividends declared on common shares - DRIP adjusted	106,773	86,650
<b>Adjusted Payout Ratio</b>	<b>122%</b>	<b>65%</b>

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. Please refer to the "Non-IFRS Measures" section for more information.

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. Due to their limited occurrence (over the remaining contractual period of 18 months), gains and losses on the Phoebe basis hedge are deemed not to represent the long-term cash generating capacity of Innergex.

4. 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.

# 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 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 the MD&A for more information.

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
(in MWh)				
Production	2,185,793	1,741,953	3,865,390	3,050,458
Innergex's share of Production of joint ventures and associates:				
Toba Montrose (40%)	97,961	87,168	100,598	91,638
Shannon (50%)	93,668	89,172	187,508	180,781
Flat Top (51%)	116,562	115,450	238,316	231,126
Dokie (25.5%)	17,498	14,311	43,366	30,887
Jimmie Creek (50.99%)	8,021	25,456	9,024	26,221
Umbata Falls (49%)	21,991	20,905	30,705	30,149
Viger-Denonville (50%)	8,897	7,718	19,262	20,897
Duqueco (50%) <sup>1</sup>	19,474	27,498	36,278	47,298
Guayacán (50%) <sup>1</sup>	3,059	4,138	9,118	10,786
Pampa Elvira (50%) <sup>1</sup>	2,944	3,214	6,066	6,569
	390,075	395,030	680,241	676,352
<b>Production Proportionate</b>	<b>2,575,868</b>	<b>2,136,983</b>	<b>4,545,631</b>	<b>3,726,810</b>

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.