



**News Release  
For Immediate Distribution**

**INNERGEX REPORTS SECOND QUARTER 2015 RESULTS**

- Production increases 1% for the quarter and reaches 93% of long-term average; increases 19% for the six-month period and reaches 103% of long-term average
- Revenues increase 1% to \$70.2 million for the quarter and 19% to \$127.9 million for the six-month period
- Adjusted EBITDA decreases 1% to \$53.4 million for the quarter and increases 22% to \$96.4 million for the six-month period
- A \$197.2 million fixed-rate, non-recourse debt financing closes for the 40.6 MW Big Silver Creek hydroelectric project in British Columbia
- Construction activities begin for the Mesgi'g Ugju's'n wind farm in Quebec
- Impact of forest fire at Upper Lillooet River and Boulder Creek projects appears to be limited as the Corporation expects to be indemnified and to suffer no significant adverse financial consequences

**LONGUEUIL, Quebec, August 5, 2015** - Innergex Renewable Energy Inc. (TSX: INE) ("Innergex" or the "Corporation") releases its operating and financial results for the second quarter ended June 30, 2015.

"Strong production of our wind and solar farms during the quarter compensated for the effects of low water flows in British Columbia, and we are very satisfied with our performance for the first half of the year", declares Michel Letellier, President and Chief Executive Officer of the Corporation. "We made progress on our project-debt funding program with the closing of the low-rate financing for the Big Silver Creek hydro facility, and we began construction as planned of the Mesgi'g Ugju's'n wind farm, our fifth development project. We maintain our very favourable outlook for visible cash flow growth to 2017 and we continue to pursue our efforts to find new sources of long-term growth in Canada and internationally", adds Mr. Letellier.

**OPERATING RESULTS**

<i>Amounts shown are in thousands of Canadian dollars except as noted otherwise.</i>	<b>Three months ended June 30</b>		<b>Six months ended June 30</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Power generated (MWh)	904,172	898,722	1,562,600	1,315,931
Long-term average (MWh)	971,195	934,874	1,513,964	1,433,838
Revenues	70,171	69,649	127,898	107,248
Adjusted EBITDA <sup>1</sup>	53,415	53,817	96,370	79,146
Net earnings (loss)	22,506	(14,189)	(15,304)	(52,294)
Net earnings (loss), \$ per share - basic <sup>2</sup>	0.21	(0.10)	(0.10)	(0.40)

	<b>Trailing 12 months ended June 30</b>	
	<b>2015</b>	<b>2014</b>
Free Cash Flow <sup>1</sup>	85,733	48,347
Payout Ratio <sup>1</sup>	72%	118%

<sup>1</sup> Please refer to the "Non-IFRS measures disclaimer" for the definition of Adjusted EBITDA, Free Cash Flow and Payout Ratio.

<sup>2</sup> Net earnings (loss) per share is calculated as net earnings (loss) attributable to owners of the parent, less dividends declared on preferred shares, divided by the weighted average number of common shares outstanding.

*Electricity Production*

During the three-month period ended June 30, 2015, the Corporation's facilities produced 904 GWh of electricity or 93% of the LTA of 971 GWh. Overall, the hydroelectric facilities produced 88% of their LTA, due mainly to below-average water flows at the six 50%-owned facilities of the Harrison Hydro L.P. in British Columbia, which more than offset average water flows in Quebec and Ontario. Overall, the wind farms produced 120% of their LTA, due mainly to above-average wind regimes. The Stardale solar farm produced 107% of its LTA, due mainly to above-average solar regimes. The production increase of 1% compared with the same period last year is attributable mainly to higher wind regimes and to the contribution of the SM-1 hydroelectric facility acquired in June 2014, offset by lower water flows in British Columbia.

During the six-month period ended June 30, 2015, the Corporation's facilities produced 1,563 GWh of electricity or 103% of the LTA of 1,514 GWh. Overall, the hydroelectric facilities produced 102% of their LTA, due mainly to average water flows in almost all markets. Overall, the wind farms produced 108% of their LTA, due mainly to above-average wind regimes. The Stardale solar farm produced 102% of its LTA, due mainly to average solar regimes. The production increase of 19% compared with the same period last year is attributable mainly to higher water flows in British Columbia, higher wind regimes and the contribution of the SM-1 hydroelectric facility acquired in June 2014.

#### *Revenues*

For the three-month period ended June 30, 2015, the Corporation recorded revenues of \$70.2 million, compared with \$69.6 million in 2014. This 1% increase is attributable mainly to higher wind regimes and to the contribution of the SM-1 hydroelectric facility acquired in June 2014, offset by lower water flows in British Columbia.

For the six-month period ended June 30, 2015, the Corporation recorded revenues of \$127.9 million, compared with \$107.2 million in 2014. This 19% increase is attributable mainly to higher water flows in British Columbia, higher wind regimes and the contribution of the SM-1 hydroelectric facility acquired in June 2014.

#### *Adjusted EBITDA*

For the three-month period ended June 30, 2015, the Corporation recorded Adjusted EBITDA of \$53.4 million, compared with \$53.8 million for the same period last year. When compared with the 1% increase in production and revenues, this 1% decrease is due mainly to higher prospective project expenses. As a result, the Adjusted EBITDA Margin fell from 77.3% to 76.1%.

For the six-month period ended June 30, 2015, the Corporation recorded Adjusted EBITDA of \$96.4 million, compared with \$79.1 million for the same period last year. This 22% increase is in line with the increase in production and revenues explained above. As a result, the Adjusted EBITDA Margin rose from 73.8% to 75.3%.

#### *Net Earnings (Loss)*

Excluding the realized loss on derivative financial instruments ("Derivatives") and the unrealized net gain or loss on Derivatives and the related income taxes, the net earnings for the three- and six-month periods ended June 30, 2015, would have been \$7.4 million and \$13.6 million respectively, compared with net earnings of \$8.5 million and a net loss of \$2.8 million respectively in 2014. The lower net earnings during the three-month period would be due mainly to higher prospective project expenses and the higher earnings for the six-month period would be due mainly to the increase in production.

For the three-month period ended June 30, 2015, the Corporation recorded net earnings of \$22.5 million (basic and diluted net earnings of \$0.21 and \$0.20 per share), compared with a net loss of \$14.2 million (basic and diluted net loss of \$0.10 per share) in 2014. It is attributable in part to a \$43.1 million unrealized gain on Derivatives resulting from the reversal of the unrealized loss accrued upon settlement of the Big Silver Creek bond forward contracts, as well as the increase in benchmark interest rates during the quarter, partly offset by a \$24.5 million realized loss on Derivatives resulting from the settlement of these Derivatives. The recognition of a \$14.2 million net loss for the same period last year is attributable to a \$29.1 million unrealized net loss on Derivatives resulting from a decrease in benchmark interest rates.

For the six-month period ended June 30, 2015, the Corporation recorded a net loss of \$15.3 million (basic and diluted net loss of \$0.10 per share), compared with a net loss of \$52.3 million (basic and fully diluted net loss of \$0.40 per share) in 2014. It is attributable mainly to a \$92.6 million realized loss on Derivatives resulting from the settlement of the Boulder Creek, Upper Lillooet River and Big Silver Creek bond forward contracts, partly offset by the \$55.1 million reversal of the unrealized loss accrued upon settlement of these Derivatives. The recognition of a \$52.3 million net loss for the same period last year is attributable to a \$65.2 million unrealized net loss on Derivatives resulting from a decrease in benchmark interest rates.

#### *Free Cash Flow and Payout Ratio*

For the trailing 12 months ended June 30, 2015, the Corporation generated Free Cash Flow of \$85.7 million, compared with \$48.3 million for the same period last year. This increase is due mainly to greater cash flows from operating activities before realized losses on Derivatives and to the cash receipt for wheeling services provided by the Harrison Hydro L.P. to other facilities owned by the Corporation, partly offset by greater scheduled debt principal payments.

The Payout Ratio represents the dividends declared on common shares divided by Free Cash Flow. For the trailing 12 months ended June 30, 2015, the dividends on common shares declared by the Corporation corresponded to 72% of Free Cash Flow, compared with 118% for the corresponding period last year. This positive change is due mainly to the increase in Free Cash Flow explained above, which more than offset the increase in dividends resulting from the higher number of common shares outstanding by virtue of the DRIP, the issuance of 4,027,051 common shares of the Corporation in June 2014 to pay for the acquisition of the SM-1 hydroelectric facility and the conversion of a portion of convertible debentures during the first quarter of 2015.

## DEVELOPMENT PROJECTS

### *Tretheway Creek hydroelectric project*

The construction of this hydroelectric facility began in October 2013. The intake and penstock are almost complete; installation of turbine and generators is complete and installation of the ancillary system is underway; and installation of the transmission line and switch yard is almost complete, with energization expected in September. Commercial operation of the facility is expected to begin before the end of 2015.

### *Upper Lillooet River and Boulder Creek hydroelectric projects (the "Upper Lillooet Hydro Project" or "ULHP")*

The construction of the Upper Lillooet River and Boulder Creek hydroelectric facilities began in October 2013. Construction activities resumed in April 2015 after being halted for the winter as planned. Installation of the joint transmission line and construction of both powerhouses were progressing; and excavation and consolidation of both tunnels were ongoing.

On July 4, 2015, all personnel were safely evacuated from the ULHP construction site as a result of a forest fire, which swept through the area on July 5. The construction site is currently under a BC Wildfire Services area restriction order. Since the evacuation, the Corporation and its contractors have had limited access to the site and have not been able to make a full assessment of the potential damages to the Upper Lillooet River and Boulder Creek projects. Nonetheless, the forest fire does not appear to have reached the major infrastructure areas, except for a portion of the transmission line between the two powerhouses. The project management team and contractors are working closely with the BC Wildfire Service to identify safe areas to potentially reactivate construction activities in the coming weeks. The priority has been to have qualified professionals conduct preliminary air quality testing, geohazard assessments and danger tree assessments. The BC Wildfire Service is also using the construction camp as a base for firefighting activities in the area.

The ULHP has insurance coverage for this kind of natural disaster, for both damages and delays incurred. The process of quantifying damages, adjusting the construction schedule and expected commissioning date and processing the insurance claims has started, but will take time to complete. The Corporation expects to be indemnified and to suffer no significant adverse financial consequences from the forest fire.

### *Big Silver Creek hydroelectric project*

Construction of this hydroelectric facility began in June 2014. Excavation of the tunnel had been completed and penstock installation is almost complete; construction of the powerhouse, design and procurement of electrical equipment, and procurement of the turbines are all progressing. On June 22, 2015, the Corporation announced the closing of \$197.2 million non-recourse construction and 25 to 40-year term project financing carrying a weighted average fixed interest rate of 4.71% for this project.

### *Mesgi'g Ugnu's'n ("MU") wind project*

Construction of this wind farm began in May 2015. Access roads are being built or upgraded and turbine sites are being prepared for the concrete foundations. Furthermore, the long-term financing for this project is expected to close during the third quarter of 2015. In April 2014, a hedging program had for all intents and purposes been completed to fix the interest rate for this project's financing through the use of derivative financial instruments until the closing of the project-level financing. This effectively eliminated the project's exposure to interest rate fluctuations. During the second quarter, the exchange rate for the euro portion of the turbine supply contract was fixed, ensuring no further euro exposure.

## SUBSEQUENT EVENTS

### *\$100 Million 4.25% Convertible Debenture Offering and Issuance of a Notice of Redemption of Existing 5.75% Convertible Debentures*

On July 20, 2015, the Corporation announced an offering on a bought deal basis of \$100.0 million of convertible, unsecured, subordinated debentures bearing interest at a rate of 4.25% and maturing on August 31, 2020. The debentures will be convertible at the holder's option into Innergex common shares at a conversion price of \$15.00 per share, representing a conversion rate of 66.6667 common shares per \$1,000 principal amount of debentures.

The Corporation also issued a notice of redemption for all of the existing 5.75% convertible unsecured subordinated debentures maturing on April 30, 2017 issued and outstanding as of August 20, 2015. Up to but excluding that date, holders of the 5.75% convertible debentures have the right to convert their debentures into Innergex common shares at a conversion price of \$10.65 per common share.

The net proceeds of the 4.25% convertible debenture offering will initially be used by the Corporation to reduce drawings under its revolving term credit facility. The funds available under the revolving term credit facility will then be available to be drawn, as required, to finance the redemption of all outstanding 5.75% convertible debentures on August 20, 2015, and to fund future acquisitions, development projects and/or general corporate purposes.

### *Changes to the Dividend Reinvestment Plan (DRIP)*

In view of current market conditions, the Corporation has elected to eliminate the 2.5% discount applicable to the purchase price of shares issued to shareholders participating in the DRIP. Therefore, shares purchased under the DRIP will continue to be issued from treasury, and the price will be the weighted-average trading price of the common shares on the Toronto Stock Exchange during the five (5) business days immediately preceding the dividend payment date. This change came into effect on August 5, 2015. Any decision by the Corporation to change either the purchase method for the shares or the discount granted on the purchase price of shares issued from treasury will be communicated by press release.

### **DIVIDEND DECLARATION**

The following dividends will be paid by the Corporation on October 15, 2015:

Date of announcement	Record date	Payment date	Dividend per common share	Dividend per Series A Preferred Share	Dividend per Series C Preferred Share
August 5, 2015	September 30, 2015	October 15, 2015	\$0.1550	\$0.3125	\$0.359375

### **CONFERENCE CALL AND WEBCAST REMINDER**

The Corporation will hold a conference call and webcast tomorrow, Thursday August 6, 2015 at 10:00 a.m. EDT. Its 2015 second quarter results, mid-year review and outlook will be presented by Mr. Michel Letellier, President and Chief Executive Officer of Innergex and by Mr. Jean Perron, Chief Financial Officer. Investors and financial analysts are invited to access the conference call by dialing 647 427-7450 or 1 888 231-8191, and to access the webcast at <http://cnw.ca/WaeBw> or via the Corporation's website at [www.innergex.com](http://www.innergex.com). Media and the public may also access this conference call and webcast on a listen-only mode. A replay of the conference call and webcast will be available later the same day on the Corporation's website.

### *About Innergex Renewable Energy Inc.*

Innergex Renewable Energy Inc. (TSX: INE) is a leading Canadian independent renewable power producer. Active since 1990, the Company develops, owns, and operates run-of-river hydroelectric facilities, wind farms, and solar photovoltaic farms and carries out its operations in Quebec, Ontario, British Columbia, and Idaho, USA. Its portfolio of assets currently consists of: (i) interests in 33 operating facilities with an aggregate net installed capacity of 687 MW (gross 1,194 MW), including 26 hydroelectric operating facilities, six wind farms, and one solar photovoltaic farm; (ii) interests in five projects under development or under construction with an aggregate net installed capacity of 208 MW (gross 319 MW), for which power purchase agreements have been secured; and (iii) prospective projects with an aggregate net capacity totaling 3,190 MW (gross 3,330 MW). Innergex Renewable Energy Inc. is rated BBB- by S&P.

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

### *Non-IFRS measures disclaimer*

The consolidated financial statements for the three- and six-month periods ended June 30, 2015 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. Adjusted EBITDA, Free Cash Flow and Payout Ratio are not measures recognized by IFRS and have no standardized meaning prescribed by IFRS. References in this document to "Adjusted EBITDA" are to revenues less operating expenses, general and administrative expenses and prospective project expenses. 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 cash receipts by the Harrison Hydro Limited Partnership for the wheeling services to be provided to other facilities owned by the Corporation over the course of their PPA, 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) and realized losses or gains on derivative financial instruments used to hedge the interest rate on project-level debt or the foreign exchange rate on equipment purchases. References to "Payout Ratio" are to dividends declared on common shares divided by Free Cash Flow. Readers are cautioned that Adjusted EBITDA should not be construed as an alternative to net earnings and Free Cash Flow should not be construed as an alternative to cash flows from operating activities, as determined in accordance with IFRS.

*Forward-looking information disclaimer*

In order 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"). Forward-Looking Information can generally be identified by the use of words such as "projected", "potential", "expect", "will", "should", "estimate", "forecasts", "intends", or other comparable terminology that states that certain events will or will not occur. It represents the estimates and expectations of the Corporation relating to future results and developments as of the date of this press release. It includes **future-oriented financial information**, to inform readers of the potential financial impact of development projects, of the announced convertible debenture offering and of the notice of redemption of outstanding debentures. Such information may not be appropriate for other purposes.

Forward-Looking Information in this press release is based on certain key expectations and assumptions made by the Corporation. The following table outlines Forward-Looking Information contained in this press release, the principal assumptions used to derive this information and the principal risks and uncertainties that could cause actual results to differ materially from this information.

Principal Assumptions	Principal Risks and Uncertainties
<p><b>Estimated project costs, expected obtainment of permits, start of construction, work conducted and start of commercial operation for Development Projects or Prospective Projects</b></p> <p>For each development project, the Corporation provides an estimate of project costs based on its extensive experience as a developer, directly related incremental internal costs, site acquisition costs and financing costs, which are eventually adjusted for projected costs provided by the engineering, procurement and construction (EPC) contractor retained for the project.</p> <p>The Corporation provides indications regarding scheduling and construction progress for its development projects and indications regarding its Prospective Projects, based on its extensive experience as a developer.</p>	<p>Performance of counterparties, such as the EPC contractors</p> <p>Delays and cost overruns in the design and construction of projects</p> <p>Obtainment of permits</p> <p>Equipment supply</p> <p>Interest rate fluctuations and financing risk</p> <p>Relationships with stakeholders</p> <p>Regulatory and political risks</p> <p>Higher-than-expected inflation</p> <p>Natural disaster</p>

The material risks and uncertainties that may cause actual results and developments to be materially different from current expressed Forward-Looking Information are referred to in the Corporation's *Annual Information Form* in the "Risk Factors" section and include, without limitation: the ability of the Corporation to execute its strategy for building shareholder value; its ability to raise additional capital and the state of capital markets; liquidity risks related to derivative financial instruments; variability in hydrology, wind regimes and solar irradiation; delays and cost overruns in the design and construction of projects; uncertainty surrounding the development of new facilities; variability of installation performance and related penalties; and the ability to secure new power purchase agreements or to renew existing ones.

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 Corporation does not undertake any obligation to update or revise any Forward-Looking Information, whether as a result of events or circumstances occurring after the date of this press release, unless so required by legislation.

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