



INNERGEX RENEWABLE ENERGY INC. (TSX: INE)

APRIL 2015



INNERGEX

CAUTIONARY STATEMENTS

FORWARD-LOOKING INFORMATION

This document contains forward-looking information within the meaning of securities legislations (“Forward-Looking Information”), which can generally be identified by the use of words such as “projected”, “potential”, “expect”, “estimate”, 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 document. It includes future-oriented financial information, such as projected Adjusted EBITDA, estimated project costs and expected project financing, Free Cash Flow and Payout Ratio to inform readers of the potential financial impact of commissioning existing development projects. This information may not be appropriate for other purposes. Forward-Looking Information in this document is based on certain key assumptions made by the Corporation, including those concerning hydrology, wind regimes and solar irradiation, performance of operating facilities, financial market conditions, and the Corporation’s success in developing new facilities.

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. The principal assumptions, risks and uncertainties concerning specific Forward-Looking Information contained in this document are more fully outlined on page 24.

Although the Corporation believes that the expectations and assumptions on which forward-looking information is based are reasonable, readers of this document are cautioned not to rely unduly on this Forward-Looking Information since no assurance can be given that it 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 document, unless required by legislation.

NON IFRS MEASURES

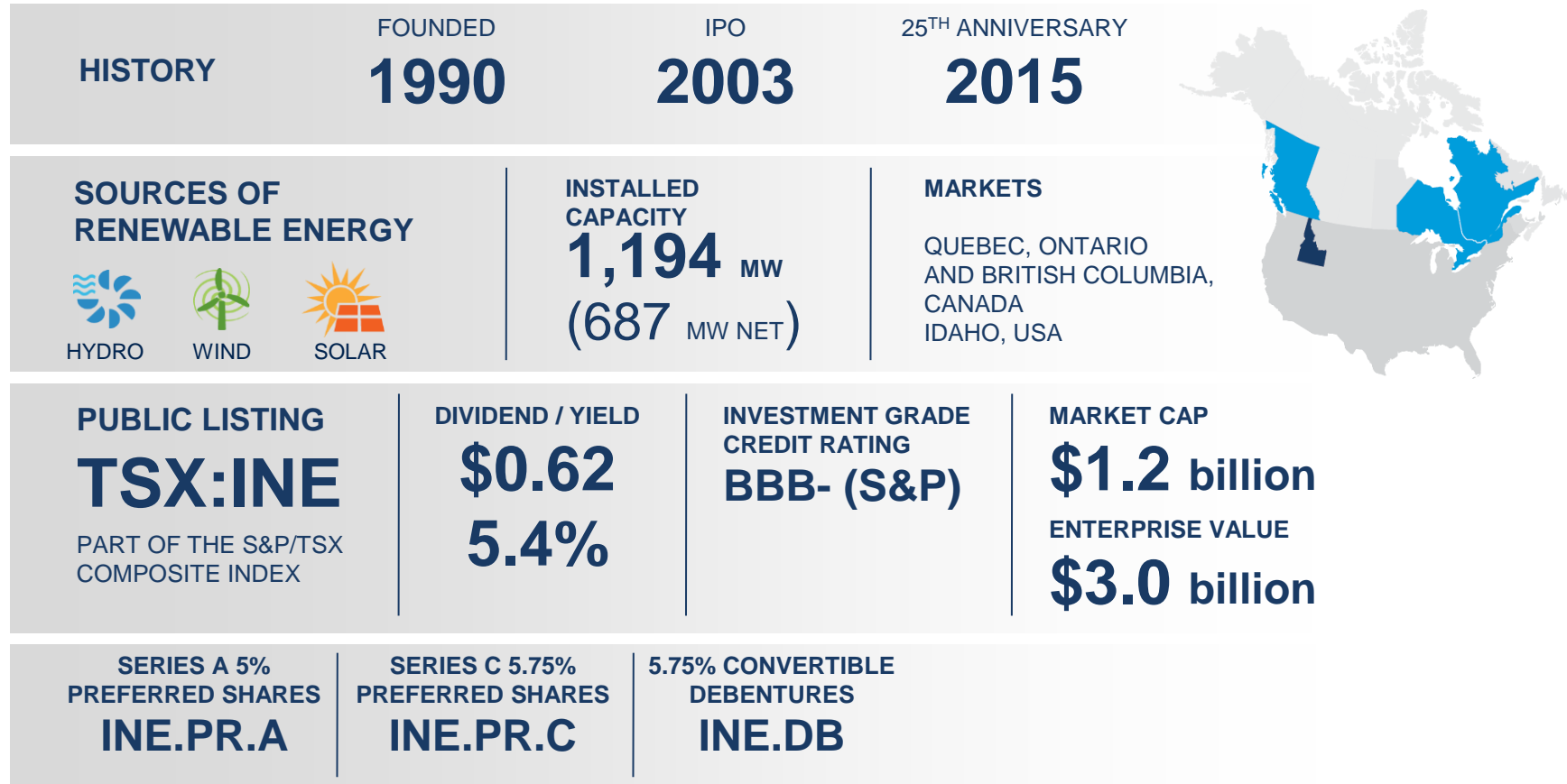
Adjusted EBITDA, Free Cash Flow and Payout Ratio are not measures recognized by International Financial Reporting Standards (IFRS) and have no meaning prescribed by it. References to “Adjusted EBITDA” are to revenues less operating expenses, general and administrative expenses and prospective project 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 L.P. for the wheeling services to be provided to other facilities owned by the Corporation over the course of their power purchase agreement, 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. 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.

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 comparison of results over different periods.

ALL AMOUNTS SHOWN ARE IN CANADIAN DOLLARS.

COMPANY SNAPSHOT

- Innergex is a leading independent renewable power producer based in Canada

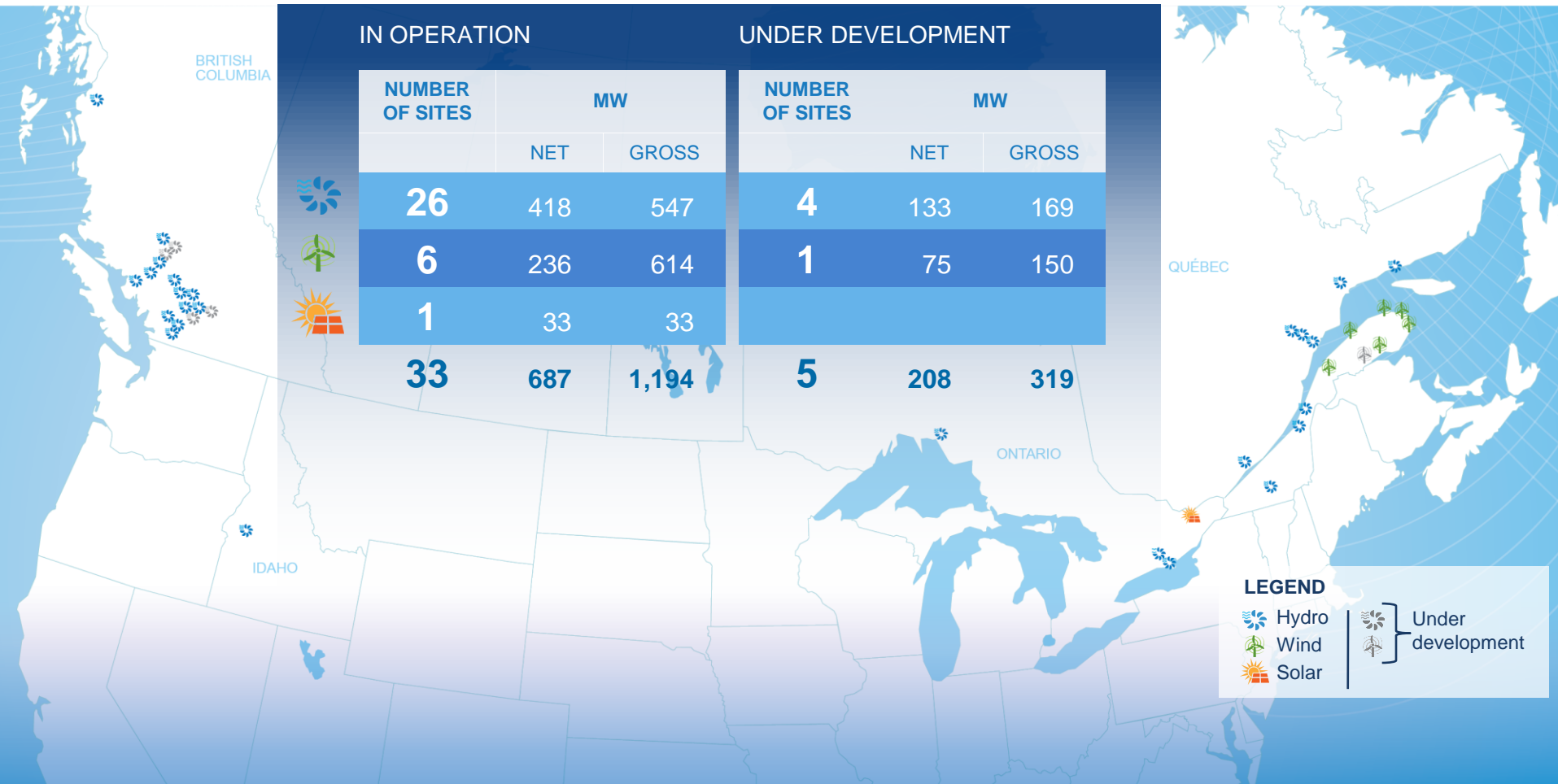


INVESTMENT HIGHLIGHTS

- **Consistent and predictable cash flows**
from high quality, long-life contracted assets
 - **Pure play in renewable energy**
with a focus on hydro assets
 - **Strong management**
with over 25 years of development and operations experience, engineering expertise, and financial acumen
 - **Growth**
from projects currently under development in Canada and international expansion strategy into Latin America and Europe
 - **Dividend**
that is sustainable and growing
- 
- Low-risk business model with a stable and growing dividend

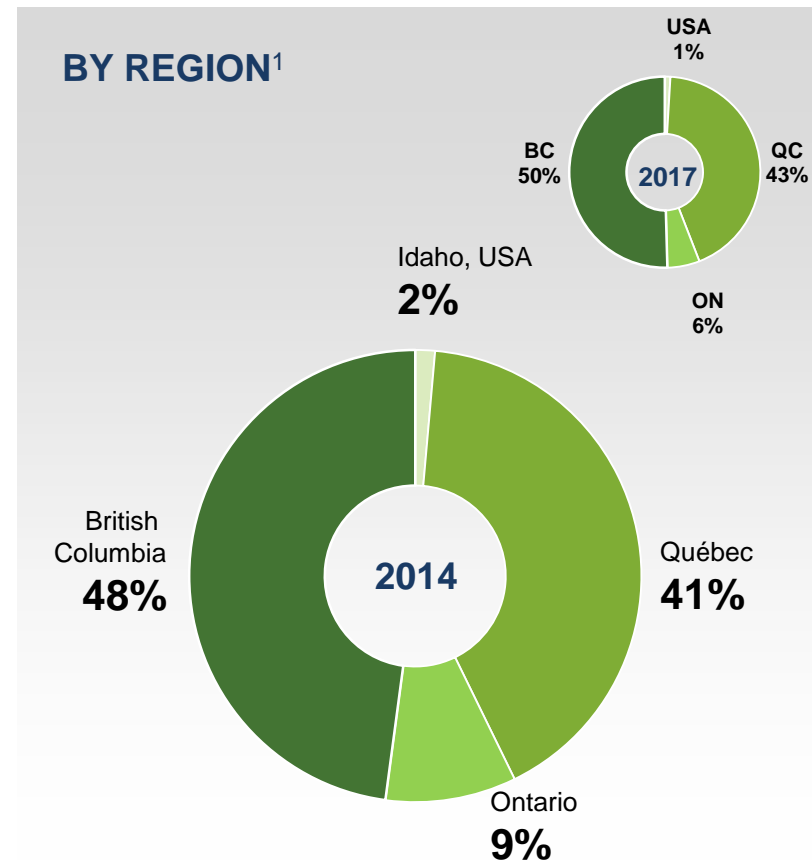
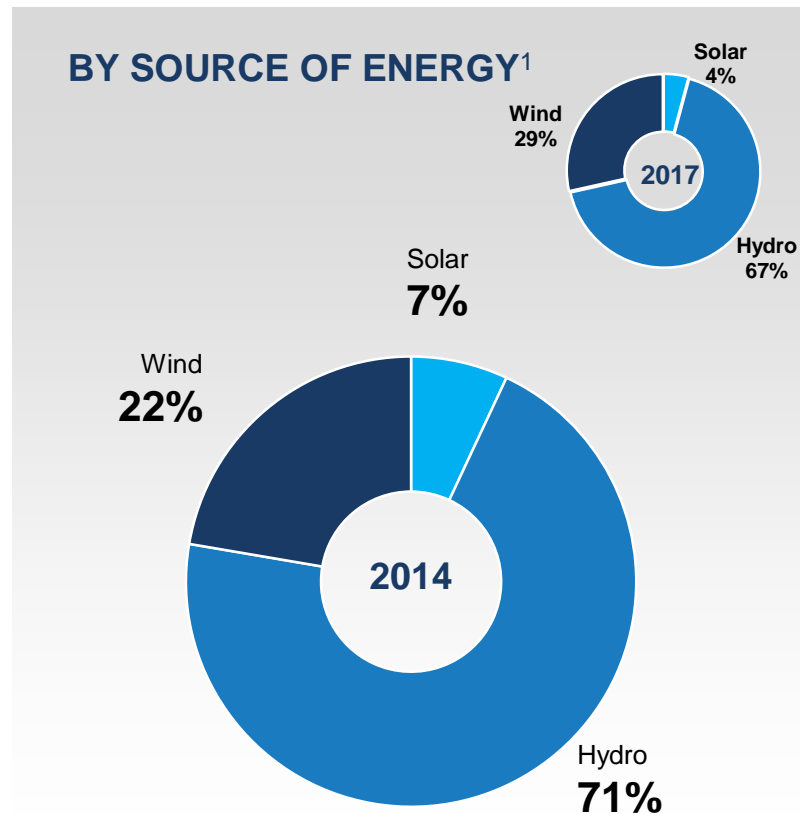
MAP OF OPERATIONS

- Innergex is a pure play in renewable energy with a focus on hydro assets



PRODUCTION PROFILE

- Multiple energy sources and regions reduce our exposure to variability in water, wind and solar regimes and to any one market



¹ Based on consolidated revenues.

- Diversification of revenues is an important risk management tool

5-YEAR FINANCIAL HISTORY

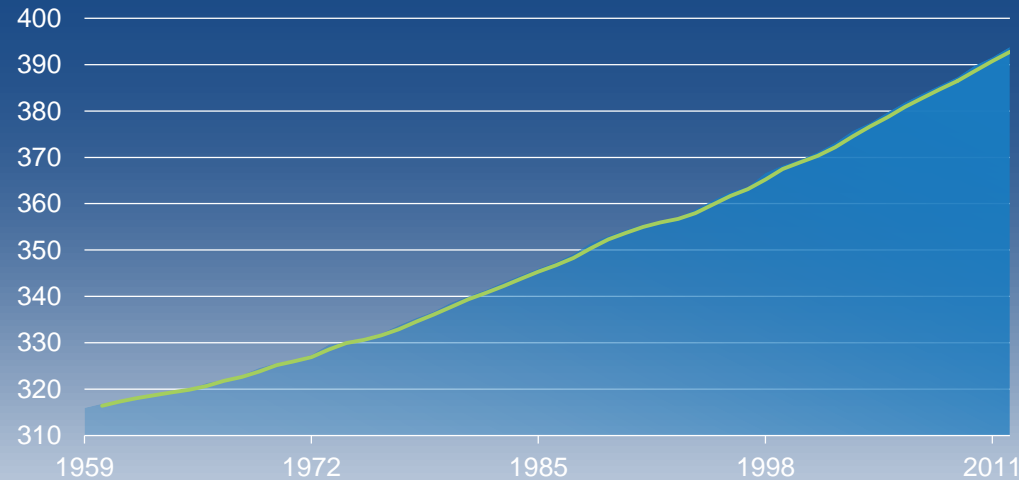
- In March 2010, a strategic combination of Innergex Power Income Fund and Innergex Renewable Energy Inc. resulted in the current public entity



GLOBAL CO₂ EMISSIONS

- In 2013, global concentrations of CO₂ surpassed 400 ppm for the first time in history

CONCENTRATIONS
OF CO₂ AT THE
MAUNA LOA
OBSERVATORY



- Renewable energy is a **clean, competitive and sustainable** alternative to fossil energy
- The **challenge** is for governments to plan their energy needs with a long-term view and a commitment to reducing GHG emissions

- Renewable energy is part of the solution to climate change

MARKET DYNAMICS

- **Demand** for renewable electricity is driven by strong support for decarbonization in addressing climate change, a desire to diversify sources of energy, and the retirement of conventional power plants
 - Globally, renewable generation is expected to grow 45%, or 5.4% per year, to 2020¹
 - Global new investment in renewables is expected to remain around US\$230 billion (approx. 125 GW) per year¹
 - Renewables are expected to account for 80% of new generation in OECD countries and 70% in non-OECD countries, from 2013 to 2020¹
 - In the US, renewables are the fastest growing source of electricity generation; non-hydro renewable energy is expected to grow 140%, or 3.2%, per year, and grow from 12% to 16% of total generation by 2040²
- **Challenges** include the need for stable long-term policies that address the capital intensive nature of renewable assets and that price in externalities (emissions), grid capacity and system integration of intermittent renewables, and strong and creditworthy traditional utilities
- **Competition for new generation** comes mainly from natural gas, as abundant supplies of shale gas are keeping gas prices low, putting downward pressure on electricity prices
- **Construction costs for wind and solar are driven down** by technology and economies of scale
- **In Canada, no large power calls are expected but pockets of opportunities remain**
 - Construction costs for hydro are mainly stable but rising in British Columbia, driven by higher labour and civil engineering costs and increasingly complex locations
 - Limited organic growth opportunities and the emerging yieldcos could lead to industry consolidation
 - First Nation participation in new energy infrastructure is becoming a driving force, reinforced by the recent supreme court ruling regarding aboriginal land title in British Columbia (*Tsilhqot'in First Nation v. British Columbia*)

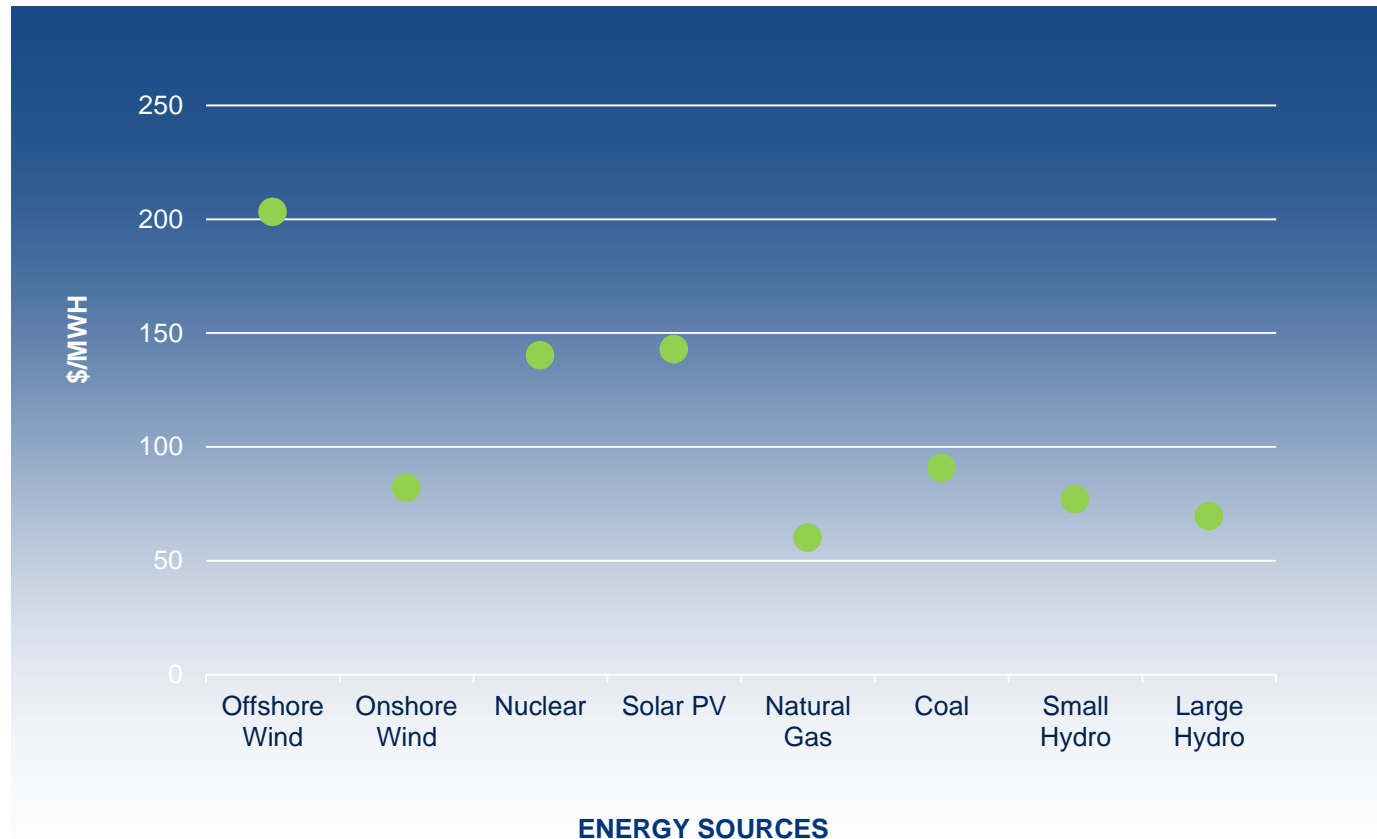
1. Source: International Energy Agency (IEA) Medium-Term Renewable Energy Market Report 2014

2. Source: US Energy Information Administration (EIA), www.eia.gov/forecasts/aeo/

- Overall macroeconomic context for renewable energy development is favourable

LEVELIZED COST OF ENERGY (LCOE)

- Renewable energy is cost competitive with other sources of energy, including natural gas



Source: Bloomberg, Q2 2014

- Costs for wind and solar continue to decline and are increasingly competitive

STRATEGY

- Our **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
- Remain **exclusively in renewable energy**
- Ensure strategic priorities **conform to sustainable business practices**
- Consolidate **leadership position** in **Canada**
- Expand into **selected target-markets internationally**
- Develop **competitive differentiator of partnerships**, especially with First Nations and local communities
- Focus on **key performance indicators**:
equipment availability, project IRRs, Adjusted EBITDA, Free Cash Flow, and Payout Ratio
- Distribute **a stable and growing dividend** to our shareholders

SUSTAINABLE DEVELOPMENT

- Our **mission** is to increase our production of renewable energy by developing and operating high-quality facilities while respecting the environment and balancing the best interests of the host communities, our partners, and our investors



SOCIAL ACCEPTABILITY

OF PROJECTS AND
SOCIO-ECONOMIC BENEFITS
FOR THE COMMUNITIES AND
OUR PARTNERS



RESPECT FOR THE ENVIRONMENT

AVOID, MINIMIZE, MITIGATE
OR COMPENSATE FOR ANY
IMPACT ON THE SURROUNDING
ECOSYSTEM



CORPORATE PROFITABILITY

STABILITY AND GROWTH
OF DIVIDENDS TO HOLDERS
OF COMMON SHARES

- We believe that the three pillars of sustainability are mutually reinforcing

EXISTING PARTNERSHIPS

- We have the ability and the expertise to form partnerships that work

FIRST NATIONS AND LOCAL COMMUNITIES



23 MW

UMBATA FALLS
ONTARIO

49-51%

PARTNER:
OJIBWAYS OF THE
PIC RIVER FIRST NATION



25 MW

VIGER-DENONVILLE
QUÉBEC

50-50%

PARTNER:
RIVIÈRE-DU-LOUP RCM



41 MW

MAGPIE
QUÉBEC

70-30% VOTING RIGHTS

PARTNER: MINGANIE RCM



50 MW

KWOIEK CREEK
BRITISH COLUMBIA

50-50%

PARTNER:
KANAKA BAR
INDIAN BAND



150 MW

MESGI'G UGJU'S'N
QUÉBEC

50-50%

PARTNER:
MI'GMAQ FIRST NATIONS
OF QUEBEC



114 MW

CREEK POWER
BRITISH COLUMBIA

662/3-331/3%

OWNER OF FITZSIMMONS CREEK, BOULDER
CREEK AND UPPER LILLOOET RIVER HYDRO
FACILITIES

PARTNER:
LED COR POWER GROUP LTD



590 MW

CARTIER WIND ENERGY
QUÉBEC

38-62%, 50-50% MANAGEMENT

OWNER OF BAIE-DES-SABLES, L'ANSE-À-
VALLEAU, CARLETON, MONTAGNE SÈCHE AND
GROS-MORNE FACILITIES

PARTNER:
TRANSCANADA CORP.



150 MW

HARRISON LP
BRITISH COLUMBIA

50-50%

OWNER OF THE DOUGLAS CREEK,
FIRE CREEK, LAMONT CREEK,
STOKKE CREEK, TIPELLA CREEK, AND
UPPER STAVE RIVER FACILITIES

PARTNER:
CC&L AND LPF
(SURFSIDE) DEVELOPMENT



31 MW

SM-1
QUÉBEC

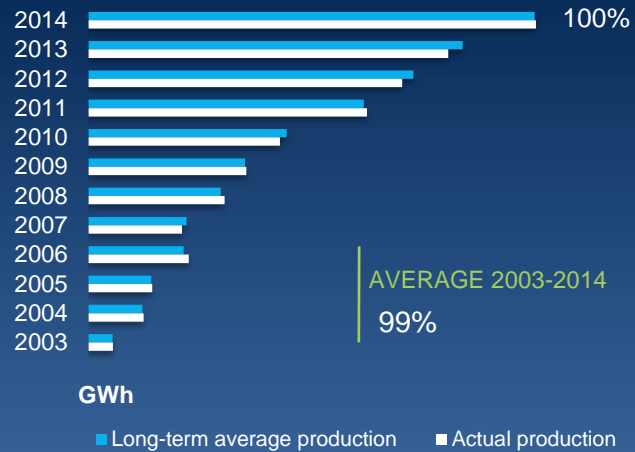
50-50%

PARTNER:
DESJARDINS PENSION PLAN

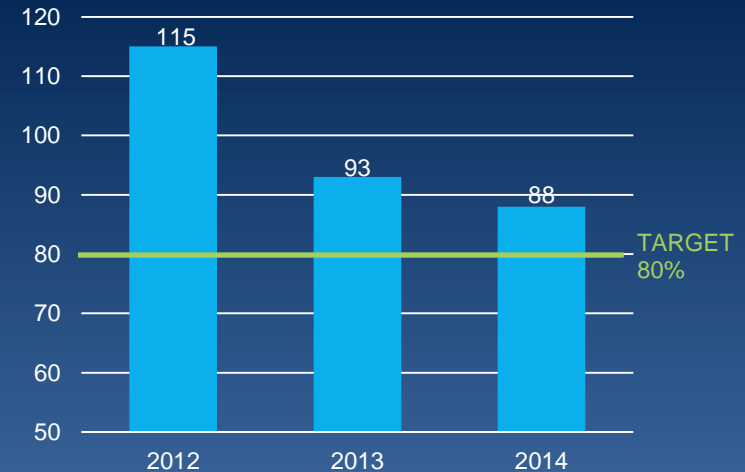
- Our partnerships are a competitive differentiator, especially those with First Nations and local communities

KEY PERFORMANCE INDICATORS

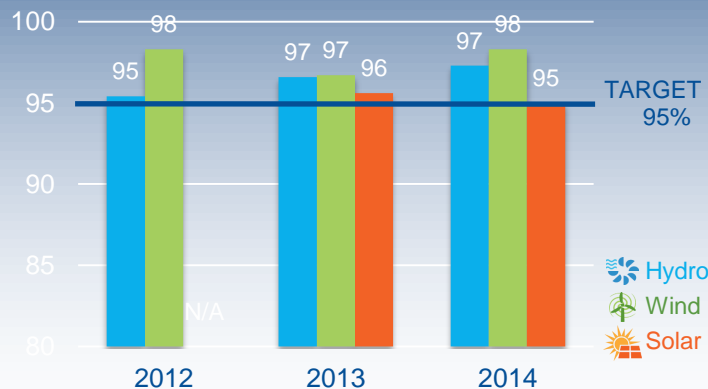
PRODUCTION PREDICTABILITY



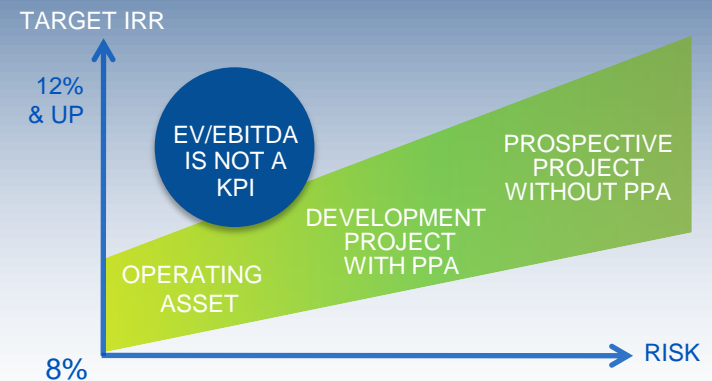
PAYOUT RATIO



AVAILABILITY OF EQUIPMENT










RISK-RETURN RELATIONSHIP



PROJECTS UNDER CONSTRUCTION

- Projects under construction represent a 27% increase in gross installed capacity, currently at 1,194 MW

	PROJECT NAME		LOCATION	GROSS CAPACITY (MW)	ESTIMATED CONSTRUCTION COSTS (\$M)	ESTIMATED PROJECT FINANCING (\$M)	EXPECTED IN-SERVICE
	TRETHEWAY CREEK		BC	21.2	111.5	ACTUAL 92.9	2015
	BOULDER CREEK		BC	25.3	119.2	} ACTUAL 491.6	2016
	UPPER LILLOOET RIVER		BC	81.4	315.0		2016
	BIG SILVER CREEK		BC	40.6	216.0	150.0	2016
	MESGI'G UGJU'S'N (MU)		QC	150.0	340.0	280.0	2016
TOTAL				318.5	1,101.7	1,014.5	

- We are **in the process of obtaining non-recourse project-level financing** for each of these projects
- We have **no need for additional equity issuance** to bring these projects to commercial operation

- We are focused on delivering projects on time and on budget

GROWTH DRIVERS

- **Complete the five projects under construction**
expected to reach commercial operation by the end of 2016, increasing gross installed capacity by 27% from current levels
- **Submit projects under requests for proposals**
as part of the ongoing call for 300 MW of new wind energy and 140 MW of new solar energy in Ontario in 2015 and another in 2016
- **Advance prospective projects**
with four local First Nations with a view to obtaining negotiated power purchase agreements (PPAs) – these projects have a combined gross installed capacity of 421 MW
- **Source new growth**
in target markets internationally, in Latin America and in Europe, where demand for renewable energy is strong, driven by economic growth or the need to replace fossil fuels, and where declining costs are making renewable energy cost competitive
- **Seek acquisition opportunities**
to gain a foothold in target markets internationally and to consolidate leadership position in Canada, that are immediately accretive to cash flows



NULKI HILLS (BC)

210 MW

IN PARTNERSHIP
WITH THE
**SAIK'UZ FIRST
NATION**



MATAWIN (QC)

15 MW

IN PARTNERSHIP
WITH THE MANAWAN
COMMUNITY OF THE
**ATIKAMECK FIRST
NATION**



**SIX HYDRO
PROJECTS IN BC
TOTTALLING**

150 MW

IN PARTNERSHIP
WITH THE
**IN-SHUCK-CH
FIRST NATION**



KIPAWA (QC)

46 MW

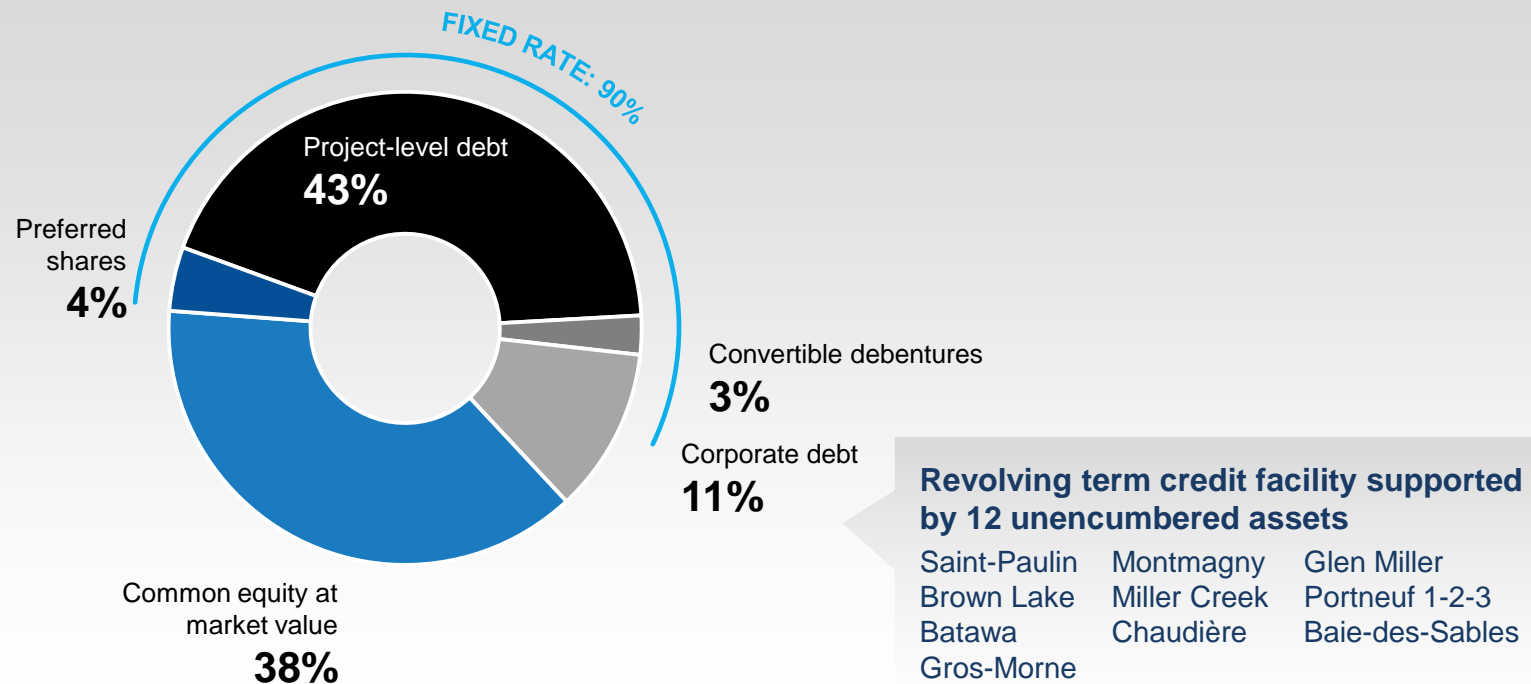
IN PARTNERSHIP
WITH THE **EAGLE
VILLAGE FIRST
NATION**
AND **WOLF LAKE
FIRST NATION**

- Targeting an Adjusted EBITDA CAGR of 18% and a Free Cash Flow CAGR of 12% for 2014-2017

FINANCIAL STRUCTURE

- We maintain a balanced capital structure

AT DECEMBER 31, 2014



- We expect to finance our projects with fixed-rate non-recourse project-level debt

INTEREST RATE SENSITIVITY

- We have virtually no exposure to interest rate fluctuations

INTEREST EXPENSES

PROJECT IRR

VALUE OF DERIVATIVES

INTEREST PAYMENT ON REVOLVING TERM CREDIT FACILITY	INTEREST PAYMENT ON PROJECT-LEVEL DEBT	PROJECT IRR		FREE CASH FLOW (FCF)	VALUE OF DERIVATIVES	
		IRR OF DEVELOPMENT PROJECTS	IRR OF PROSPECTIVE PROJECTS		DERIVATIVE FINANCIAL INSTRUMENTS USED TO HEDGE THE INTEREST RATE ON EXISTING AND FUTURE DEBT	DERIVATIVE FINANCIAL INSTRUMENTS USED TO HEDGE THE INTEREST RATE ON EXISTING AND FUTURE DEBT
Interest rate on majority of revolving term credit facility has been fixed through use of derivative financial instruments	Interest rates on project-level debts have been fixed through use of derivative financial instruments	Base interest rates on upcoming project financings for development projects have been hedged through use of derivative financial instruments. When financing is secured, forward contracts will be settled, resulting in a realized gain (loss) on derivative financial instruments that will be offset by a higher (lower) interest rate on debt for its duration; this will not affect the economic value of project	Price of any power purchase agreement secured for prospective projects in the future will reflect prevailing interest rates at that time and the expected interest rate on project financing will be hedged through use of derivative financial instruments around the time construction begins	Realized gains or losses arising from settlement of derivative financial instruments will have an immediate impact on cash flows, and an offsetting impact on future cash flows for duration of debt	These are unrealized gains and losses, which do not affect Free Cash Flow	Offsetting entry to the unrealized gains or losses are recorded in owners' equity
100 bp ↑		NO IMPACT		NO IMPACT ON PV OF FCF STREAM	\$145M UNREALIZED GAIN	\$145M DECREASED IN LIABILITIES
100 bp ↓		NO IMPACT		NO IMPACT ON PV OF FCF STREAM	\$149M UNREALIZED LOSS	\$149M INCREASED IN LIABILITIES

PROJECT-LEVEL DEBT

- We use mainly fixed-rate, non-recourse project-level debt to finance our projects, which provides added discipline and further reduces our risk profile

PROJECT

Project debt levels are a function of the cash flows generated by the project and essentially determined by the “debt service coverage ratio” (EBITDA / interest + principal payments)

Project is pledged as **collateral**

Repayment is scheduled over **the life of the power purchase agreement**

Target debt service coverage ratio in the order of **1.4x**

DISCIPLINED APPROACH OF LENDERS

Use independent engineers to conduct a thorough due diligence on the project's construction and operations, including project design, construction scheduling and costs, and hydro/wind/solar regime assumptions used in determining the expected long-term average production estimates on which the project's financial model is based

Conduct an independent legal review of documents and permits

Require a debt service reserve (a.k.a. hydrology/wind reserve) to protect the debt service in years with below-average hydro/wind conditions

Require a major maintenance reserve account

for the life of the debt, in which funds are invested each year to be available for major maintenance, to protect the debt service

Require business interruption insurance and property insurance

REVOLVING TERM CREDIT FACILITY

- Our revolving term credit facility is a flexible financing tool that allows us to raise equity and secure project-level debt when market conditions are optimal and to bridge timing differences between construction outflows and financing inflows
 - Borrowing capacity of **\$475M** until June 30, 2015 and \$425M afterwards
 - Supported by **12** unencumbered assets
 - Maturity **2019**
 - **No scheduled repayment**
 - **54% fixed interest rate** through interest rate swaps

At December 31, 2014:

- Outstanding balance of **\$338M**
- Average all-in interest rate of **4.85%**

CAPITAL ALLOCATION

- **Reinvest in the business**

We invest \$5-\$8 million each year in prospective project expenses for greenfield project development in preparation for future requests for proposals or negotiated power purchase agreements

- **Pay a dividend and grow it over time**

We intend to grow the dividend as Free Cash Flow grows

- **Make acquisitions**

We seek acquisitions to expand internationally and to consolidate leadership position in Canada, that are immediately accretive to cash flows

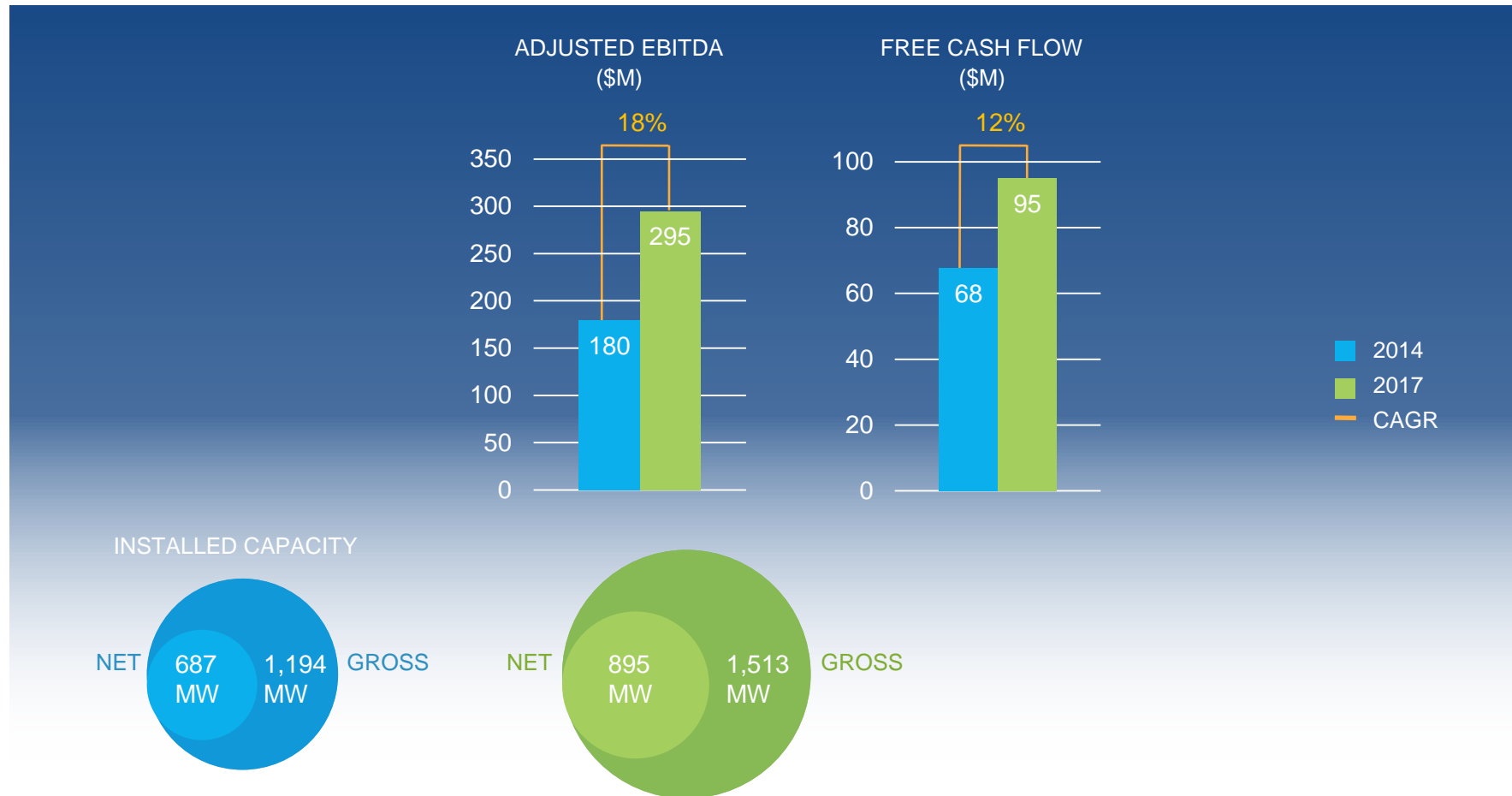
- **Use Board of Directors' approved normal course issuer bid to buy back shares**

We can purchase for cancellation up to 1 million common shares, if and when we believe the market price of common shares does not reflect their inherent value (expires March 2016)

- **Achieve and maintain a Payout Ratio of approximately 80%**

GUIDANCE

- In 2017, we will reach an annual run-rate that reflects our five projects currently under construction



- Our growth is significant and measurable

INVESTMENT THESIS

- **Solid track record of growth**
delivering projects on time and on budget
- **Strategic plan to replenish sources of long-term growth beyond 2017**
by expanding into target-markets internationally and consolidating leadership position in Canada
- **Low-risk capital structure**
balanced and flexible
- **Virtually no exposure**
to interest rate fluctuations
- **Reinvestment and dividend growth**
focus of capital allocation
- **Clear performance targets**
With consistent execution

- Solid growth supported by a sound capital structure

FORWARD-LOOKING INFORMATION CONTAINED IN THIS DOCUMENT

PRINCIPAL ASSUMPTIONS

PROJECTED ADJUSTED EBITDA

For each facility, the Corporation determines an annual long-term average level of electricity production (LTA) over the expected life of the facility, based on several factors that include, without limitations, historically observed water flows or wind or solar irradiation conditions, turbine or panel technology, 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 long-term average. The Corporation then estimates expected annual revenues for each facility by multiplying its LTA by a price for electricity stipulated in the power purchase agreement secured with a public utility or other creditworthy counterparty. These agreements stipulate a base price and, in some cases, a price adjustment depending on the month, day and hour of delivery. In most cases, power purchase agreements also contain an annual inflation adjustment based on a portion of the Consumer Price Index. The Corporation then estimates annual operating earnings by subtracting from the estimated revenues the budgeted annual operating costs, which consist primarily of operators' salaries, insurance premiums, operations and maintenance expenditures, property taxes, and royalties; these are predictable and relatively fixed, varying mainly with inflation except for maintenance expenditures. On a consolidated basis, the Corporation estimates annual Adjusted EBITDA by adding the projected operating earnings of all the facilities in operation that it consolidates*, from which it subtracts budgeted general and administrative expenses, comprised essentially of salaries and office expenses, and budgeted prospective project expenses, which are determined based on the number of prospective projects the Corporation chooses to develop and the resources required to do so.

*Excludes Umbata Falls and Viger-Denonville accounted for using the equity method.

PRINCIPAL RISKS AND UNCERTAINTIES

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, 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 contractor retained for the project. The Corporation provides indications regarding scheduling and construction (EPC) progress for its development projects and indications regarding its prospective projects, based on its extensive experience as a developer.

- Improper assessment of water, wind and sun resources and associated electricity production
- Variability in hydrology, wind regimes and solar irradiation
- Equipment failure or unexpected operations & maintenance activity
- Unexpected seasonal variability in the production and delivery of electricity
- Variability of facility performance and related penalties
- Changes to water and land rental expenses
- Unexpected maintenance expenditures
- Lower inflation rate than expected

- Performance of counterparties, such as EPC contractors
- Delays and cost overruns in project design construction
- Obtaining of permits
- Equipment supply
- Relationships with stakeholders
- Regulatory and political risks
- Interest rate fluctuations and financing risk
- Higher inflation rate than expected

EXPECTED PROJECT FINANCING

The Corporation provides indications of its intention to secure non-recourse project-level debt financing for its development projects, based on the expected LTA production and the expected costs of each project, expected power purchase agreement term, a leverage ratio of approximately 75%-85%, as well as its extensive experience in project financing and its knowledge of the capital markets.

- Interest rate fluctuations and financing risk
- Financial leverage and restrictive covenants governing current and future indebtedness

PROJECTED FREE CASH FLOW AND PAYOUT RATIO

The Corporation estimates Free Cash Flow as projected cash flow from operations before changes in non-cash operating working capital items, less estimated maintenance capital expenditures net of proceeds from disposals, scheduled debt principal payments, preferred share dividends and the portion of Free Cash Flow attributed to non-controlling interests, plus cash receipts by the Harrison Hydro L.P. for the wheeling services to be provided to other facilities owned by the Corporation over the course of their power purchase agreement. It also adjusts for other elements, which represent cash inflows or outflows that are not representative of the Corporation's long-term cash generating capacity, such as adding back transaction costs related to realized acquisitions (which are financed at the time of the acquisition) and adding back realized losses or subtracting realized gains on derivative financial instruments used to fix the interest rate on project-level debt.

The Corporation estimates the Payout Ratio by dividing the most recent declared annual common share dividend by the projected Free Cash Flow.

- Adjusted EBITDA below expectations caused mainly by the risks and uncertainties mentioned above and by higher prospective project expenses
- Projects costs above expectations caused mainly by the performance of counterparties and delays and cost overruns in the design and construction of projects
- Regulatory and political risk
- Interest rate fluctuations and financing risk
- Financial leverage and restrictive covenants governing current and future indebtedness
- Unexpected maintenance capital expenditures
- The Corporation may not declare or pay a dividend

INTENTION TO SUBMIT PROJECTS UNDER REQUESTS FOR PROPOSALS AND TO GAIN A Foothold IN TARGET MARKETS INTERNATIONALLY

The Corporation provides indications of its intention to submit projects under requests for proposals based on the state of readiness of some of its prospective projects and their compatibility with the announced terms of these requests for proposals. It provides indications of its intention to establish a presence in target markets internationally in the coming years based on its strategic plan.

- Regulatory and political risks
- Ability of the Corporation to execute its strategy for building shareholder value
- Ability to secure new PPAs
- Foreign exchange fluctuations

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