

# POLARIS

## POLARIS INFRASTRUCTURE ANNOUNCES 2019 THIRD QUARTER RESULTS

TORONTO, ON (November 6, 2019) – Polaris Infrastructure Inc. (TSX: PIF) ("Polaris Infrastructure" or the "Company"), a Toronto-based company engaged in the operation, acquisition and development of renewable energy projects in Latin America, is pleased to report its financial and operating results for the quarter ended September 30, 2019. This earnings release should be read in conjunction with Polaris Infrastructure's financial statements and management's discussion and analysis, which are available on the Company's website at [www.polarisinfrastructure.com](http://www.polarisinfrastructure.com) and have been posted on SEDAR at [www.sedar.com](http://www.sedar.com). The dollar figures below are denominated in US Dollars unless noted otherwise.

### HIGHLIGHTS

- **Continued Strong Power Generation:** The San Jacinto project generated 133 GWh (net) (an average of 60.2 MW (net)), resulting in revenue of \$17.2 million for the three months ended September 30, 2019, versus revenue of \$18.2 million on generation of 144 GWh (net) (an average of 65.4 MW (net)) in the prior year period. For the nine months ended September 30, 2019 the San Jacinto project generated 401 GWh (net), resulting in revenue of \$52.3 million versus revenue of \$50.5 million on generation of 400 GWh (net) for the same period the prior year.

The 5 MW capacity Canchayllo facility contributed \$0.4 million of revenue for the quarter with net generation of 9.4 MWh and revenue of \$1.1 million for the for the nine months ending September 30, 2019 on net generation of 25.4 MWh.

- **Continued Cash Flow Generation:** The Company generated Adjusted EBITDA (a non-GAAP measure) of \$14.3 million in the three months ended September 30, 2019, down \$1.2 million from the prior year period, primarily as a result of lower net generation at the San Jacinto project noted above and an increase in general and administrative costs associated with the anticipated completion of the two hydro projects in Peru. *See Use of Non-GAAP Measures section below for reconciliation of Adjusted EBITDA to Total income (loss) and comprehensive income (loss).*

For the nine months ended September 30, 2019 the Adjusted EBITDA was \$44.6 million versus \$43.0 million for the same period in 2018, which represents an increase of \$1.7 million or 3.9%.

For the nine months ended September 30, 2019 the Company generated operating cash flow of \$31.7 million, of which \$10.8 million was used to repay debt, \$7.1 million for dividends to common shareholders, with the remainder being invested in the construction of the hydro projects in Peru.

- **Construction Completion in Peru:** The Company completed the construction works on the El Carmen and 8 de Agosto projects in late October 2019. El Carmen declared Commercial Operation on November 4, 2019 and has commenced the delivery of electricity to the grid. Certification of Commercial Operation of the El Carmen facility will be issued by the National Interconnected System Operations Committee ("COES") upon completion of its review of the project's technical requirements compliance. As part of the process of finalizing grid synchronization tests for 8 de Agosto, it was observed that certain operational parameters of the turbines were not within specifications required for grid connection. We are in the process of remedying this and anticipate the commissioning process will be finalized by December 2019.

## FINANCIAL OVERVIEW

The financial results of Polaris Infrastructure for the three and nine months ended September 30, 2019 and 2018 are summarized below:

<i>(all \$ figures in thousands except income (loss) per share)</i>	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Total revenue	\$ 17,586	\$ 18,151	\$ 53,456	\$ 50,538
Adjusted EBITDA (1)	14,282	15,538	44,586	43,023
Finance costs	(4,812)	(4,108)	(13,494)	(12,197)
Net earnings (loss) attributable to owners of the Company	2,634	3,980	(945)	8,402
Basic earnings per share attributable to owners of the Company	\$0.16	\$0.25	(\$0.06)	\$0.54
Diluted earnings per share attributable to owners of the Company	\$0.16	\$0.25	(\$0.06)	\$0.54
			As at September 30, 2019	As at December 31, 2018
Total assets			\$ 460,033	\$ 465,552
Long-term debt			169,905	165,676
Total liabilities			265,932	262,062
Cash			40,102	37,809
Working capital			25,361	14,035

(1) Refer to *Use of Non-GAAP Measures* section for further details with respect to calculation of Adjusted EBITDA.

For the three months ended September 30, 2019, the Company reported revenue of \$17.6 million and Adjusted EBITDA of \$14.3 million, compared to revenue of \$18.2 million and Adjusted EBITDA of \$15.5 million, for the same period in 2018. The revenue decrease is mainly due to anticipated natural declines, an increase in cycling of well SJ 9-3 as well as the stabilization of the field after sufficient time for well SJ 12-5 having been online. Earnings attributable to owners of the Company was \$2.6 million, compared to \$4.0 million in the same period of 2018. The decrease was driven by lower revenue reported by San Jacinto, coupled with an increase in general and administrative expenses, arising from the increase in insurance costs and other administrative expenses associated with the increase in activities in Peru after the acquisition of UEG in late October 2018. See *Use of Non-GAAP Measures* section below for reconciliation of Adjusted EBITDA to Total earnings (loss) and comprehensive earnings (loss).

For the nine months ended September 30, 2019, the Company had net operating cash inflows of \$31.7 million, net investing cash outflows of \$29.2 million and net financing cash outflows of \$0.3 million. At September 30, 2019, the Company had cash of \$40.1 million.

“The completion of the construction of the hydro projects in Peru is another important milestone for the Company. The combination of strong cash flow generation at San Jacinto with additional revenue and cash flow from our hydro projects in Peru sets the Company up very well for 2020. The additional diversification of revenue and cash flow will enable the Company to continue to grow and diversify as well as return capital to shareholders”, noted Marc Murnaghan, Chief Executive Officer of Polaris Infrastructure.

**Polaris Infrastructure will hold its earnings call to discuss financial and operating results for the quarter ended September 30, 2019 on Thursday, November 7th, 2019 at 10:00 am EST.  
To listen to the call, please dial +1 (647) 427-7450 or +1 (888) 231-8191.**

**A digital recording of the earnings call will be available for replay two hours after the call's completion, until November 21, 2019. Please dial +1 (416) 849-0833 or +1 (855) 829-2056; Conference ID: 9064148.**

## About Polaris Infrastructure

Polaris Infrastructure is a Toronto-based company engaged in the operation, acquisition and development of renewable energy projects in Latin America. Currently, the Company operates a 72MW geothermal project located in Nicaragua and a 5MW run-of-river project in Peru. The Company completed the construction of another 28 MW of run-of-river projects also located in Peru.

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## USE OF NON-GAAP MEASURES

Certain measures in this document do not have any standardized meaning as prescribed by International Financial Reporting Standards (“IFRS”) and, therefore, are not considered generally accepted accounting principles (“GAAP”) measures. Where non-GAAP measures or terms are used, definitions are provided. In this document and in the Company’s consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

EBITDA is a non-GAAP metric used by many investors to compare companies on the basis of ability to generate cash from operations. The Company uses Adjusted EBITDA to assess its operating performance without the effects of (as applicable): current and deferred tax expense, finance costs, interest income, other gains and losses, impairment loss, depreciation and amortization of plant assets, share-based compensation and other non-recurring items. The Company adjusts for these factors as they may be non-cash, unusual in nature and are not factors used by management for evaluating the performance of the Company. The Company believes the presentation of this measure will enhance an investor’s understanding of its operating performance. Adjusted EBITDA is not intended to be representative of cash provided by operating activities or results of operations determined in accordance with GAAP. The table below reconciles between Adjusted EBITDA and Total earnings (loss) and comprehensive earnings (loss), calculated in accordance with IFRS.

### Reconciliation of Adjusted EBITDA to Total earnings and comprehensive earnings attributable to Owners of the Company

<i>(in thousands)</i>	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Total earnings (loss) attributable to Owners of the Company	\$ 2,634	\$ 3,980	\$ (945)	\$ 8,402
Add (deduct):				
Net earnings (loss) attributable to non-controlling interest	-	30	(1,653)	62
Income tax (expense) recovery	1,885	1,938	5,030	6,000
Finance costs	4,812	4,108	13,494	12,197
Interest income	(351)	(247)	(867)	(539)
Other losses	(281)	254	(205)	439
Acquisition costs	-	-	199	-
Impairment loss	-	-	11,564	-
Depreciation and amortization of plant assets	5,748	5,721	17,535	17,056
Share-based compensation	(165)	(246)	435	(594)
Adjusted EBITDA	\$ 14,282	\$ 15,538	\$ 44,586	\$ 43,023

## Cautionary Statements

This news release contains certain “forward-looking information” which may include, but is not limited to, statements with respect to future events or future performance, management’s expectations regarding the Company’s growth, results of operations, estimated future revenue, future demand for and prices of electricity, business prospects and opportunities. In addition, statements relating to estimates of recoverable geothermal or hydroelectric energy “reserves” or “resources” or energy generation are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that the geothermal or hydroelectric resources and reserves described can be profitably produced in the future. Such forward-looking information reflects management’s current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “predicts”, “intends”, “targets”, “aims”, “anticipates” or “believes” or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current geothermal or hydroelectric energy production, development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective geothermal and hydroelectric resources; changes in project parameters as plans continue to be refined; possible variations of production rates; failure of plant, equipment or processes to operate as anticipated; accidents, labor disputes and other risks of the geothermal and hydroelectric industries; political instability or insurrection or war; labor force availability and turnover; delays in obtaining governmental approvals or in the completion of development or construction activities, or in the commencement of operations; the ability of the Company to continue as a going concern and general economic conditions, as well as those factors discussed in the section entitled “Risk Factors” in the Company’s Annual Information Form. These factors should be considered carefully and readers of this news release should not place undue reliance on forward-looking information.

Although the forward-looking information contained in this news release is based upon what management believes to be reasonable assumptions, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The information in this news release, including such forward-looking information, is made as of the date of this news release and, other than as required by applicable securities laws, Polaris Infrastructure assumes no obligation to update or revise such information to reflect new events or circumstances.