VALENER energy company

PRESS RELEASE

FOR IMMEDIATE RELEASE

VALENER AND ÉNERGIR, L.P. REPORT THEIR FISCAL 2019 FIRST QUARTER RESULTS

Montréal, February 8, 2019 - Valener Inc. ("Valener") (TSX: VNR) (TSX: VNR.PR.A), the public investment vehicle in Énergir, L.P., today reported its fiscal 2019 first quarter results. The results of Énergir, L.P., Valener's primary investment, are also presented in this press release.

Summary of Valener's results

FINANCIAL HIGHLIGHTS

- Adjusted net income [1],[2] of $24.6 million ($0.63 per common share) for the first quarter of fiscal 2019, up 23% from $20.0 million ($0.51 per common share) in the first quarter of fiscal 2018;
- Normalized operating cash flows [1] of $12.3 million ($0.31 per common share) in the first quarter of fiscal 2019, a year-over-year increase of 9% or $1.0 million ($0.02 per common share).

"The regulated and diversified portfolio of Énergir, which is Valener's primary investment, performed very well this first quarter, offsetting milder year-over-year wind conditions at the Seigneurie de Beaupré wind farms. These results reflect the sound management of Énergir and its subsidiaries and we are confident about attaining the performance targets for the current year," said Pierre Monahan, Chairman of Valener's Board of Directors.

	For the three months ended December 31	
(in millions of dollars, unless otherwise indicated)	**2018**	2017
Net income	**28.3**	14.4
Net income attributable to common shareholders	**27.1**	13.2
Per common share (in $)	**0.69**	0.34
Adjusted net income attributable to common shareholders [1]	**24.6**	20.0
Per common share (in $) [1]	**0.63**	0.51
Normalized operating cash flows [1]	**12.3**	11.3
Per common share (in $) [1]	**0.31**	0.29
Distributions received from Énergir, L.P.	**14.9**	14.9
Distributions received from Beaupré Éole and Beaupré Éole 4	**0.4**	0.4

For the first quarter of fiscal 2019, Valener generated adjusted net income attributable to common shareholders of $24.6 million compared to $20.0 million in the first quarter of fiscal 2018, a $4.6 million increase that was driven mainly by growth in Énergir, L.P.'s adjusted net income, partly offset by a decrease in wind power production in Québec. These results translated into adjusted net income per common share of $0.63 per share for the first quarter of fiscal 2019, a year-over-year increase of $0.12 per share.

Net income attributable to common shareholders totalled $27.1 million in the first quarter of fiscal 2019 for an increase of $13.9 million, $4.6 million of which is explained above and $9.3 million of which stems from one-time adjustments resulting from the effects of the December 2017 U.S. tax reform (commonly referred to as the *Tax Cuts and Jobs Act*) on Énergir, L.P. and from the income taxes related to outside-basis temporary differences on Valener's economic interest held in Énergir, L.P.

Over the first three months of fiscal 2019, Valener generated normalized operating cash flows of $12.3 million, a 9% year-over-year increase owing mainly to a favourable timing difference in the payment of taxes payable of $1.0 million.

[1] Financial measures not defined by U.S. generally accepted accounting principles ("GAAP"). A reconciliation of non-GAAP financial measures is presented hereafter.
[2] Adjusted net income attributable to common shareholders.

Seigneurie de Beaupré Wind Farms

The SDB Wind Farms [3] generated a combined 303,754 MWh of electricity during the first quarter of fiscal 2019, down 11% year over year as the first quarter of 2018 had benefited from exceptionally strong winds.

As a result, the SDB Wind Farms generated $22.2 million in operating cash flows for the first quarter of fiscal 2019, a $1.5 million or 6% decrease compared to the first quarter of fiscal 2018.

Énergir, L.P.

FINANCIAL HIGHLIGHTS

- Adjusted net income [1], [4] of $102.4 million ($0.60 per share) in the first quarter of fiscal 2019, up 21% from $84.5 million ($0.49 per share) in the first quarter of fiscal 2018;
- Québec Energy Distribution ("QDA"): Net income rose by $1.8 million during the first quarter of fiscal 2019 compared to the same quarter last year;
- Vermont Energy Distribution: Adjusted net income increased by $10.4 million; favorable impact of the US$7.4 million amortization of regulatory liabilities of Green Mountain Power ("GMP") relating to the U.S. tax reform, which will reverse by the end of fiscal 2019, and the parameters of its 2018 and 2019 rate cases which provided for a US$5.1 million increase in net income for fiscal 2019, which is mainly attributable to asset growth and a higher authorized rate of return; and
- Natural Gas Transportation: Adjusted net income increased by $3.8 million, due to higher volumes transported by Portland Natural Gas Transmission Systems ("PNGTS") to meet the growing demand for natural gas in the northeastern United States.

"Once again, Énergir is beginning a new year on solid footing. Our portfolio of commercially and geographically diverse assets is paying off. We are also excited about the outlook for renewable natural gas ("RNG") development. A recent study [5] has confirmed that Québec possesses significant potential for producing RNG using household, farm and forest waste. Énergir is already injecting this new, locally generated green energy into its network for the benefit of the growing number of customers who want to reduce their environmental footprint, as demonstrated through a recent agreement with Université Laval," said Sophie Brochu, President and Chief Executive Officer of Énergir.

Énergir, L.P.'s segment results – Adjusted net income (loss) attributable to Partners [1]

(in millions of dollars, unless otherwise indicated)

Segments	**Q1 2019**	Q1 2018
QDA	**65.9**	64.1
Distribution in Vermont	**38.2**	27.8
Natural Gas Transportation	**7.7**	3.9
Electricity Production	**(0.2)**	0.7
Energy Services, Storage and Other	**4.2**	1.8
Corporate Affairs	**(13.4)**	(13.8)
Total	**102.4**	84.5
Basic and diluted weighted average number of units outstanding (in millions)	**171.8**	171.8
Basic and diluted per unit *(in $)*	**0.60**	0.49

(3) Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership and Seigneurie de Beaupré Wind Farm 4 General Partnership (collectively, the "SDB Wind Farms").
(4) Adjusted net income attributable to Partners.
(5) The consortium made up of WSP Canada and Deloitte conducted a study at the request of Énergir to assess the technical and economic potential of renewable natural gas production between now and 2030. To view this study, click here.

Net income attributable to the Partners of Énergir, L.P.

For the first quarter of fiscal 2019, net income attributable to the Partners of Énergir, L.P. totalled $118.6 million compared to $60.3 million in the first quarter of fiscal 2018. This increase was driven by the above-mentioned factors and by the impacts of the U.S. tax reform felt in the first quarter of fiscal 2019 subsequent to legal and regulatory clarification as well as by the impacts felt in the first quarter of fiscal 2018.

QUÉBEC ENERGY DISTRIBUTION

QDA generated adjusted net income of $65.9 million in the first quarter of fiscal 2019, a $1.8 million year-over-year increase arising mainly from:

- higher normalized natural gas deliveries given the maturation of new sales from residential and commercial customers; and
- a favourable regulatory timing difference that should reverse by the end of fiscal 2019;

partly offset by the impacts of the 2019 rate case, which suggest that net income will decrease by $14.9 million for fiscal 2019 ($5.5 million for the first quarter of fiscal 2019). This decrease reflects an amount of $12.6 million in overearnings, realized in fiscal 2018 given higher normalized delivery volumes than those projected in the rate case, as well as lower non-rate-base investments.

November and December 2018 economic statements

The economic statements issued by the Canadian government and Québec government in November and December 2018, respectively, will translate into a tax decrease arising from changes to the tax depreciation applicable to certain assets. Since this tax decrease will eventually be returned to customers, the fiscal 2019 net income attributable to Partners is expected to decrease by approximately $6.6 million. Énergir, L.P. expects this unfavourable impact to be partly offset by the delivery volume growth seen in the first quarter of 2019, but it is too early to clearly confirm this expectation.

Multiyear regulation plan

In December 2018, as part of Phase I of its 2020 rate case, QDA submitted a proposal to the Régie de l'énergie that would ease the regulatory process by introducing multiyear treatments of certain rate-setting parameters. The proposal would serve as a transitional model to be in effect for the next three rate cases (2020 to 2022), that is, until the rate structuring and customer segmentation files (prerequisites to the implementation of an incentive mechanism) are completed. Key aspects of the model include an indexing of operating expenses using a parametric formula, a revision to the method for sharing overearnings and shortfalls, and a renewal of the actual rate of return on deemed common equity. A decision on operating expense indexation and rate-of-return renewal is expected by March 2019 followed by a decision on the other aspects in autumn 2019.

ENERGY DISTRIBUTION IN VERMONT

Through GMP and VGS, the Vermont Energy Distribution segment generated adjusted net income attributable to Partners of $38.2 million in the first quarter of fiscal 2019, a $10.4 million increase compared to the first quarter of fiscal 2018. These results, which include the effects of a higher U.S. dollar, reflect the favorable impact of the US$7.4 million amortization of GMP's regulatory liabilities created following the U.S. tax reform and the combined impacts of its 2018 and 2019 rate cases, as approved by the regulator. These 2018 and 2019 rate cases provided for a US$5.1 million increase in adjusted net income for fiscal 2019 (US$5.8 million for the first quarter of fiscal 2019), mainly explained by asset growth and a higher authorized rate of return.

As for the segment's first-quarter net income attributable to Partners, it totalled $38.2 million compared to $21.3 million in the first quarter of fiscal 2018 due to the above-mentioned factors as well as to the impacts of the U.S. tax reform from the first quarter of 2018.

GMP – 2019 rate case

In December 2018, the Vermont Public Utility Commission ("VPUC") approved, with a few exceptions, GMP's 2019 rate case proposal, which was filed in April 2018. Consequently, the VPUC granted a rate increase of 5.43%, which has been in effect since January 3, 2019, an authorized rate of return on common equity of 9.30%, a common equity ratio of 49.85% and an average rate base of US$1,558 million, a US$125 million increase. However, this rate increase will be fully offset by the impact of the start of reimbursements to customers of the regulatory liabilities recorded following the December 2017 U.S. tax reform and will translate into an overall bill decrease of 0.90%.

To see the financial report, click here.

Reconciliation of non-GAAP financial measures

For additional information on non-GAAP financial measures, refer to Valener's MD&A for the fiscal years ended September 30, 2018 and 2017.

Valener
Reconciliation of normalized operating cash flows

	For the three months ended December 31	
(in millions of dollars)	**2018**	2017
Cash flows related to operating activities	**13.5**	12.4
Dividends to preferred shareholders	**(1.2)**	(1.1)
Normalized operating cash flows	**12.3**	11.3
Per common share *(in $)*	**0.31**	0.29

Valener
Reconciliation of adjusted net income attributable to common shareholders

	For the three months ended December 31	
(in millions of dollars)	**2018**	2017
Net income	**28.3**	14.4
Share in Énergir, L.P.'s net income adjustments	**(4.7)**	7.0
Deferred income taxes related to the outside-basis temporary difference on the interest in Énergir, L.P.	**2.2**	(0.2)
Cumulative dividends on Series A preferred shares	**(1.2)**	(1.2)
Adjusted net income attributable to common shareholders	**24.6**	20.0
Basic and diluted per common share *(in $)*	**0.63**	0.51

Énergir, L.P.
Reconciliation of adjusted net income attributable to Partners

(in millions of dollars, unless otherwise indicated)	**Q1 2019**		
		Adjustments	
Segments	**Net income (loss) attributable to Partners**	Impact of the U.S. tax reform (1)	**Adjusted net income (loss) attributable to Partners**
QDA	**65.9**	—	**65.9**
Distribution in Vermont	**38.2**	—	**38.2**
Natural Gas Transportation	**23.9**	(16.2)	**7.7**
Electricity Production	**(0.2)**	—	**(0.2)**
Energy Services, Storage and Other	**4.2**	—	**4.2**
Corporate Affairs	**(13.4)**	—	**(13.4)**
Total	**118.6**	(16.2)	**102.4**
Basic and diluted weighted average number of units outstanding (in millions)	**171.8**		**171.8**
Basic and diluted per unit *(in $)*	**0.69**		**0.60**

(in millions of dollars, unless otherwise indicated)	Q1 2018		
		Adjustments	
Segments	Net income (loss) attributable to Partners	Impact of the U.S. tax reform [(1)]	Adjusted net income (loss) attributable to Partners
QDA	64.1	—	64.1
Distribution in Vermont	21.3	6.5	27.8
Natural Gas Transportation	6.5	(2.6)	3.9
Electricity Production	0.7	—	0.7
Energy Services, Storage and Other	1.8	—	1.8
Corporate Affairs	(34.1)	20.3	(13.8)
Total	60.3	24.2	84.5
Basic and diluted weighted average number of units outstanding (in millions)	171.8		171.8
Basic and diluted per unit *(in $)*	0.35		0.49

(1) For additional information, refer to Valener's MD&A for the three-month period ended December 31, 2018 and for the fiscal year ended September 30, 2018.

Conference call

Valener will hold a conference call today at 1:00 pm (Eastern Time) to discuss its results and those of Énergir, L.P. for the quarter ended December 31, 2018. The public is invited to join the call at **647-427-3388** or toll-free at **877-223-4471**. A simultaneous webcast will also be available using the link provided under "Events and Presentations" in the "Investors" section of www.valener.com. A replay of the webcast will be archived on the Company's website for 365 days following the call; a phone replay will be available for 30 days by dialing 416-621-4642 or toll-free 800-585-8367 (access code: 9881749).

Overview of Valener

Valener is a public company held entirely by its shareholders and serves as the investment vehicle in Énergir, L.P. Through its investment in Énergir, L.P., Valener offers its shareholders a solid investment in a diversified and largely regulated energy portfolio in Québec and Vermont. As a strategic partner, Valener, on the one hand, contributes to the growth of Énergir, L.P., and on the other, invests in wind power production in Québec alongside Énergir, L.P. Valener favours energy sources and uses that are innovative, clean, competitive and profitable. Valener's common and preferred shares are listed on the Toronto Stock Exchange under the "VNR" symbol for common shares and the "VNR.PR.A" symbol for Series A preferred shares. www.valener.com

Overview of Énergir

With more than $7 billion in assets, Énergir, L.P. is a diversified energy company whose mission is to meet the energy needs of some 520,000 customers and the communities it serves in an increasingly sustainable way. Énergir, L.P. is the largest natural gas distribution company in Québec; through its subsidiaries, it also generates electricity from wind power. In the United States, through its subsidiaries, the company operates in nearly fifteen states, where it produces electricity from hydraulic, wind and solar sources, in addition to being the leading electricity distributor and the sole natural gas distributor in Vermont. Énergir, L.P. values energy efficiency and invests both resources and efforts in innovative energy projects such as renewable natural gas and liquefied and compressed natural gas. Through its subsidiaries, it also offers a wide range of energy services. Énergir, L.P. is seeking to become the partner of choice for those striving toward a better energy future. www.energir.com

Cautionary note regarding forward-looking statements

This press release may contain forward-looking information within the meaning of applicable securities laws. Such forward-looking information reflects the intentions, plans, expectations and opinions of the management of Énergir Inc., in its capacity as General Partner of Énergir, L.P., acting as manager of Valener ("the management of the manager"), and is based on information currently available to the management of the manager and assumptions about future events. Forward-looking statements can often be identified by words such as "plans," "expects," "estimates," "seeks," "targets," "forecasts," "intends," "anticipates" or "believes" or similar expressions, including the negative and conjugated forms of these words. Forward-looking statements involve known and unknown risks and uncertainties and other factors beyond the control of the *management of the manager. A number of factors could cause the actual results of Valener or of Énergir, L.P. to differ significantly from historical results or current expectations, as described in the forward-looking statements, including but not limited to the general nature of the aforementioned, terms of decisions rendered by regulatory agencies, uncertainty that approvals will be obtained by Énergir, L.P. from regulatory agencies and interested parties to carry out all of its activities and the socio-economic risks associated with such activities, uncertainty related to the implementation of Québec's 2030 Energy Policy, the competitiveness of natural gas in relation to other energy sources in the context of fluctuating global oil prices, the reliability or costs of natural gas supply and electricity supply, the integrity of the natural gas and electricity distribution and transportation systems, the evolution and profitability of the SDB Wind Farms and other development projects, Valener's ability to generate sufficient cash to support its anticipated target annual dividend growth rate on its common shares, the ability to complete attractive acquisitions and the related financing and integration aspects, the ability to complete new development projects, the ability to secure future financing, general economic conditions, exchange rate and interest rate fluctuations, uncertainty surrounding the December 2017 U.S. tax reform commonly referred to as Tax Cuts and Jobs Act, the weather conditions and other factors described in section E) Risk Factors Relating to Valener and in section R) Risk Factors Relating to Énergir, L.P. of Valener's MD&A for the fiscal year ended September 30, 2018 and in subsequent Valener quarterly MD&As that might address changes to these risks. Although the forward-looking statements contained in this press release are based on what the management of the manager believes to be reasonable assumptions, in particular assumptions that no unforeseen changes in the legislative and regulatory framework of energy markets in Québec and in the United States will occur; that the applications filed with various regulatory agencies will be approved as submitted; that natural gas prices will remain competitive; that the supply of natural gas and electricity will be maintained or will be available at competitive costs; that no significant event will occur outside the ordinary course of business, such as a natural disaster or any other type of calamity, a major service interruption, or a threat to cybersecurity (or cyberattack); that Énergir, L.P. can continue to distribute substantially all of its adjusted net income; that the SDB Wind Farms will be able to make distribution payments to their partners; that Valener will be able to generate sufficient cash to support its anticipated target annual dividend growth rate on its common shares; that Green Mountain Power Corporation will be able to continue achieving efficiency gains and synergies from the merger with Central Vermont Public Service Corporation; that Valener and Énergir, L.P. will be able to present their information in accordance with U.S. GAAP beyond 2023 or, after 2023, will adopt International Financial Reporting Standards ("IFRS") that permit the recognition of regulatory assets and liabilities; that liquidity needs for Énergir, L.P.'s development projects will be obtained through a combination of operating cash flows, borrowings on credit facilities, capital injections from partners, and issuances of debt securities; and that the subsidiaries will obtain the required authorizations and funds needed to finance their development projects. In addition to the other assumptions described in the Valener MD&A for the fiscal year ended September 30, 2018 and for the quarter ended December 31, 2018, the management of the manager cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of this date, and the management of the manager assumes no obligation to update or revise them to reflect new events or circumstances, except as required pursuant to applicable securities laws. These statements do not reflect the potential impact of any unusual item or any business combination or other transaction that may be announced or that may occur after the date hereof. Readers are cautioned to not place undue reliance on these forward-looking statements.*

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