



Transitioning the World to Renewable Energy

Q4 2018 Earnings Presentation | March 1, 2019



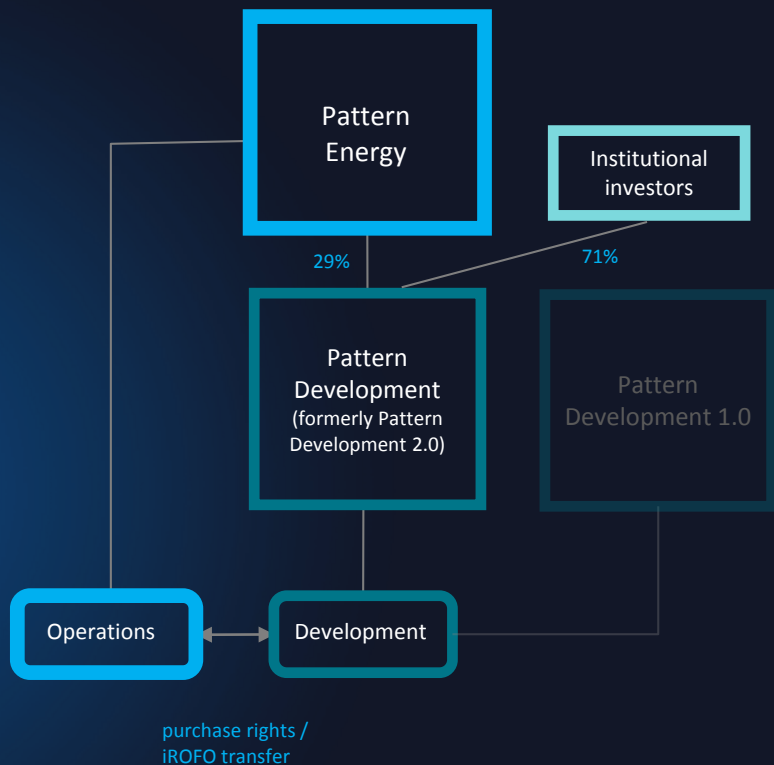
*Safe Harbor Statement

The following information contains, or may be deemed to contain, “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995 and “forward-looking information” as defined in Canadian securities laws). The words “may,” “plan,” “forecast,” “seek,” “target,” “goal,” “believe,” “expect,” “anticipate,” “intend,” “estimate” and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. You should not place undue reliance on these forward-looking statements about Pattern Energy Group Inc. (the “Company”). By their nature, forward-looking statements are not statements of historical facts and involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, many of which are outside the Company’s control. Such risks and uncertainties could cause the actual results, performance or achievements of the Company to be materially different from its current expectations and include, but are not limited to: the Company’s ability to complete construction of any construction projects and transition them into financially successful operating projects; the Company’s ability to complete acquisitions of power projects; fluctuations in supply, demand, prices and other conditions for electricity; the Company’s electricity generation, projections thereof and factors affecting production including wind and other conditions, other weather conditions, availability and curtailment; changes in law; and the Company’s ability to keep pace with and take advantage of new technologies.

- In particular, this presentation contains the Company’s adjusted EBITDA and cash available for distribution, which are not measures under generally accepted accounting principles in the United States (“U.S. GAAP”). Adjusted EBITDA and cash available for distribution have been disclosed because the Company believes that these measures may assist investors in evaluating its financial performance and its ability to pay dividends. Neither adjusted EBITDA nor cash available for distribution should be considered the sole measure of the Company’s performance and should not be considered in isolation from, or as a substitute for, the Company’s U.S. GAAP measures, including, but not limited to, the most directly comparable U.S. GAAP measures, net (loss) income. See pages 14-15 of this presentation, Item 7 in the Company’s annual report on Form 10-K for the year ended December 31, 2018, titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations – key performance metrics”, for a reconciliation of net (los) income to adjusted EBITDA and cash available for distribution. Forward looking measures of CAFD, run-rate CAFD and CAFD per share growth are non U.S. GAAP measures that cannot be reconciled to net income as the most directly comparable GAAP financial measure without unreasonable effort primarily because of the uncertainties involved in estimating forward-looking mark-to-market changes in derivatives and our proportionate share of earnings from unconsolidated investments to arrive at net income and which are subtracted therefrom to arrive at CAFD. A description of the adjustments to determine CAFD can be found within Item 2, Management’s Discussion and Analysis of Financial Condition and Results of Operations - Key performance metrics, of Pattern Energy’s 2018 Annual Report on Form 10-K for the period ended December 31, 2018.
- All forward-looking statements speak only as of the date made, and the Company expressly disclaims any intention or obligation to revise or publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise except as may be required by applicable law. For additional information regarding known material risks that could cause the Company’s actual results to differ from its projected results please read “Risk Factors” in the Company’s 2018 annual report on Form 10-K for the period ended December 31, 2017 and 2018.
- **(All currencies are U.S. dollars unless specified otherwise.)**



Pattern Energy and Pattern Development



\$167M

2018 CAFD exceeds midpoint of guidance range¹

\$175M; \$205M

2019; 2020 CAFD guidance range midpoint²

80% payout ratio by 2020

Pattern Development dividends starting in 2020

~10%

CAFD/share/year growth for next two years²

400MW

New wind projects added to iROFO list

(1) See pages 14-15 for a reconciliation of FY 2018 net loss to FY 2018 cash available for distribution.

(2) The forward looking measures of 2019 and 2020 full year cash available for distribution (CAFD) are non-GAAP measures that cannot be reconciled to net income as the most directly comparable GAAP financial measure without unreasonable effort primarily because of the uncertainties involved in estimating forward-looking mark-to-market changes in derivatives and our proportionate share of earnings from unconsolidated investments to arrive at net income and which are subtracted therefrom to arrive at CAFD. A description of the adjustments to determine CAFD can be found within Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations - Key performance metrics, of Pattern Energy's 2018 Annual Report on Form 10-K for the period ended December 31, 2018.

2018 Results

\$167M exceeded midpoint of CAFD guidance range¹

- 14% increase in CAFD YOY
- 8% increase in adjusted EBITDA YOY to \$372M¹

Excellent safety record with 1.6 TRIR

316MW new growth with no common equity raised

- Entry into Japan market with 206MW portfolio acquisition
- MSM and Stillwater acquisitions

\$230M of successful asset rotation execution

- \$160M K2 sale - \$71M gain
- \$69M El Arrayan sale

\$12M in realized cost improvements

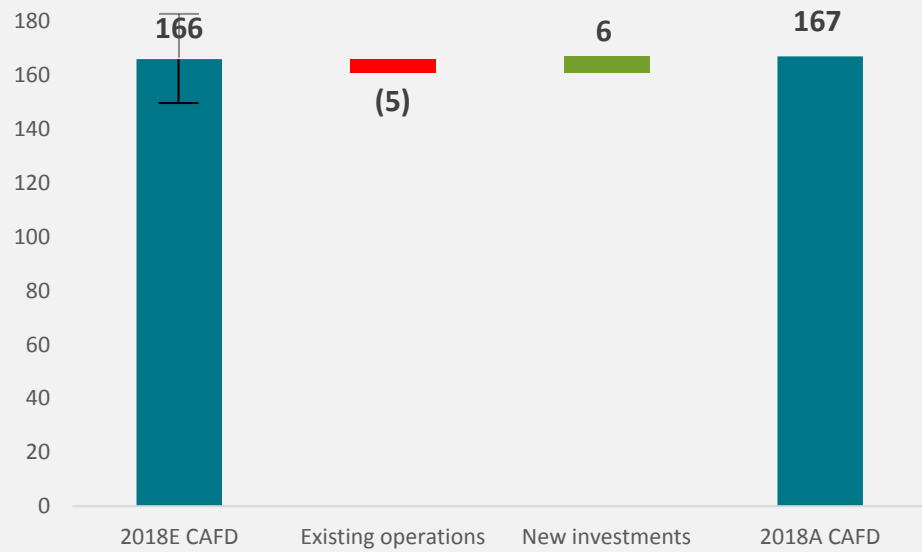
- ~\$4M in O&M savings yoy from self-perform strategy
- ~\$4M in annualized savings from RFP for auditor

Continued investing in development through Pattern Development

- \$183M invested to date
- 10GW development pipeline

(1) See pages 14-15 for a reconciliation of FY 2018 net loss to FY 2018 adj EBITDA and cash available for distribution.

2018 Guidance Range Bridge to 2018 Actual¹



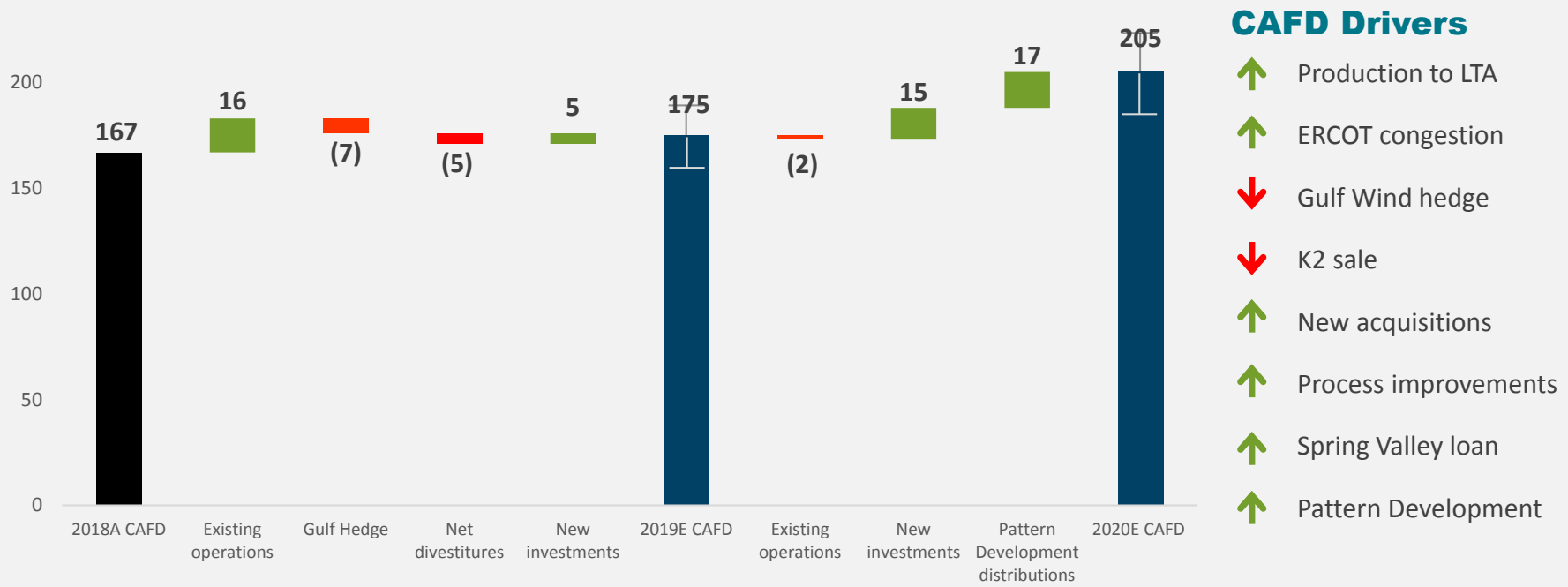
2018 CAFD Drivers

- ↓ Production to LTA
- ↓ Grid outages
- ↔ ERCOT congestion
- ↑ Self-perform O&M initiative
- ↑ G&A cost improvements
- ↑ New acquisitions (partial year)
- ↔ Impact of divestitures

SOLID FY 2018 RESULTS IN LINE WITH GUIDANCE

(1) See pages 14-15 for a reconciliation of FY 2018 net loss to FY 2018 cash available for distribution.

2018 Actual¹ Bridge to 2019/2020 CAFD Guidance Range²



CAFD Drivers

- ↑ Production to LTA
- ↑ ERCOT congestion
- ↓ Gulf Wind hedge
- ↓ K2 sale
- ↑ New acquisitions
- ↑ Process improvements
- ↑ Spring Valley loan
- ↑ Pattern Development

FY2019 CAFD GUIDANCE: \$160M TO \$190M / FY2020 CAFD GUIDANCE: \$185M TO \$225M

(1) See pages 14-15 for a reconciliation of FY 2018 net loss to FY 2018 cash available for distribution.
 (2) The forward looking measures of 2019 and 2020 full year cash available for distribution (CAFD) are non-GAAP measures that cannot be reconciled to net income as the most directly comparable GAAP financial measure without unreasonable effort primarily because of the uncertainties involved in estimating forward-looking mark-to-market changes in derivatives and our proportionate share of earnings from unconsolidated investments to arrive at net income and which are subtracted therefrom to arrive at CAFD. A description of the adjustments to determine CAFD can be found within Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations - Key performance metrics, of Pattern Energy's 2018 Annual Report on Form 10-K for the period ended December 31, 2018.

Growth Opportunities

Committed to
growth through
new investments

2-4 dropdown acquisitions expected in 2019

- Focus on high quality assets in core markets U.S., Canada and Japan
- Prioritize high quality assets from Pattern Development
- 2019/2020 iROFO candidates include:
 - 35 MW North Kent
 - 43 MW Belle River
 - 150 MW Henvey Inlet
 - 188 MW Grady
 - 68 MW Crazy Mountain

Complete Tsugaru construction and Gulf Repowering on time/budget

- Tsugaru on track for 2020 COD
- Gulf Wind Repowering Opportunity:
 - Incremental investment provides returns comparable to development
 - Opportunity to negotiate off-take that mitigates 2019 hedge expiry
 - Anticipated construction completion scheduled in mid 2020

Financial Plan

Committed to a conservative financial policy – maintaining strong liquidity, expanding capital access & managing our balance sheet prudently

Maintain healthy financial and liquidity position

- \$735M in available liquidity as of December 31, 2018
- ~\$200M in liquidity for acquisitions, investments and debt repayment
- Stable ratings outlook (BB-/Ba3)

Expand access to capital by \$300M - \$500M

- Continue to monitor market for execution under ATM or marketed offering
- Explore hybrid equity options
- Optimize mix of corporate and project leverage capacity
- Expand partner capital options through JVs and increase ROI through management fee income

Execute Japan monetization with local institutional capital

Manage our maturities through well timed refinancing

- Near-term opportunities in Canadian project portfolio
- Expect to address 2020 convertible notes in 2019
- Continue limited portfolio optimization strategy

Continued Cost Improvements

Improve service agreement economics

- Continue cost savings by executing on self-perform initiative
- Leverage operating platform by maintaining operations role in smaller investments or in full sales
- Maintain operating agreements and increase management fee income

Ensure corporate process improvements

- Increased automation through ERP and other corporate system enhancements
- Continue to manage overhead cost through back office optimization and process streamlining

Create a scalable and efficient corporate organization

- Ensure that we are attracting and retaining the best possible talent

Strong Long-term Growth Opportunities at Pattern Development

Executing in line with
original thesis

Major Growth Opportunities

- Target investment returns of 15%+ and 2.0x+ MOIC
- First monetization realized in 2018 and distributions expected in 2020
- With \$183M investment, PEGI now owns ~29%
- Pattern Development expected to contribute positively to PEGI CAFD in 2020

10 GW pipeline in core markets: North America & Japan

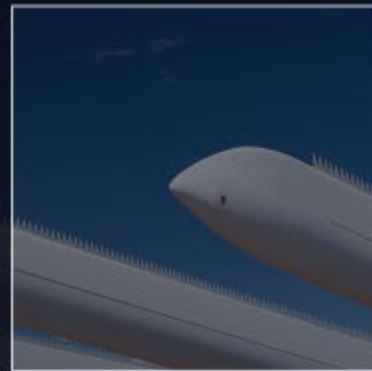
- 450+ MW new FiT projects secured in Japan
- 1 GW pipeline of solar from new business unit
- Continue limited portfolio optimization strategy

Continued expansion of iROFO list

- 1.4 GW iROFO pipeline: 900 MW with Pattern Development –
500 MW with Pattern Energy Group LP



Financials





Q4 2018 Financial Summary

USD millions (except GWh)	Q4 2018	change	Q4 2017		2018	change	2017
GWh	1,967	(8)%	2,130		7,988	2%	7,794
Revenue	\$113	2%	\$111		\$483	18%	\$411
Adjusted EBITDA ¹	\$81	(19)%	\$100		\$372	8%	\$344
Cash Available for Distribution ¹	\$35	(17)%	\$42		\$167	14%	\$146

EXCEEDED MIDPOINT OF 2018 CAFD GUIDANCE RANGE

(1) See pages 14-15 for a reconciliation of Q4 2018/2017 and FY 2018/2017 net loss to of Q4 2018/2017 and FY 2018/2017 adj EBITDA and cash available for distribution, respectively.



Appendix



Non-GAAP Reconciliation: 2018 Adjusted EBITDA and Cash Available for Distribution

	For the three months ended December 31,		For the year ended December 31,	
	2018	2017	2018	2017
Net loss	\$ (22)	\$ (22)	\$ (69)	\$ (82)
Plus:				
Interest expense, net of interest income	28	28	107	101
Income tax provision	18	6	32	12
Depreciation, amortization and accretion	92	59	280	215
EBITDA	\$ 116	\$ 71	\$ 350	\$ 246
Unrealized (gain) loss on derivatives	6	2	5	18
Early extinguishment of debt	6	9	6	9
Impairment expense	—	—	7	—
(Gain) loss on asset sales	(71)	—	(71)	—
Other	—	(1)	2	6
Plus, proportionate share from unconsolidated investments:				
Interest expense, net of interest income	9	10	38	39
Income tax provision (benefit)	—	—	1	—
Depreciation, amortization and accretion	9	9	35	35
(Gain) loss on derivatives	6	—	(1)	(9)
Adjusted EBITDA	\$ 81	\$ 100	\$ 372	\$ 344
Plus:				
Distributions from unconsolidated investments	10	13	58	67
Network upgrade reimbursement	—	—	1	9
Release of restricted cash	—	7	4	7
Stock-based compensation	1	1	5	5
Pay-go contribution	4	—	4	—
Other	4	(3)	1	(5)
Less:				
Unconsolidated investment earnings and proportionate shares for EBITDA	(15)	(36)	(85)	(118)
Interest expense, less non-cash items and interest income	(25)	(23)	(99)	(91)
Income taxes	(4)	—	(4)	—
Non-expansionary capital expenditures	—	—	—	(1)
Distributions to noncontrolling interests	(9)	(7)	(38)	(20)
Principal payments paid from operating cash flows	(12)	(10)	(52)	(51)
Cash available for distribution	\$ 35	\$ 42	\$ 167	\$ 146
Weighted-average number of common shares outstanding				
Basic	97,476,708	95,149,200	97,456,407	89,179,343
Cash available for distribution per share				
Basic	\$ 0.36	\$ 0.44	\$ 1.71	\$ 1.64

*Summary Non-GAAP Financial Measures

We define Adjusted EBITDA as net income (loss) before net interest expense, income taxes, and depreciation, amortization and accretion, including our proportionate share of net income (loss) before interest expense, income taxes, and depreciation, amortization and accretion of unconsolidated investments. Adjusted EBITDA also excludes the effect of certain mark-to-market adjustments, gain or loss related to acquisitions, divestitures, or refinancing transactions, adjustments from unconsolidated investments, and infrequent items not related to normal or ongoing operations. In calculating Adjusted EBITDA, we exclude mark-to-market adjustments to the value of our derivatives because we believe that it is useful for investors to understand, as a supplement to net income (loss) and other traditional measures of operating results, the results of our operations without regard to periodic, and sometimes material, fluctuations in the market value of such assets or liabilities.

Management believes Adjusted EBITDA assists investors and analysts in comparing our operating performance across reporting periods on a consistent basis by excluding items that our management believes are not indicative of our core operating performance and to compare our business to that of our peers. Using Adjusted EBITDA, which is a non-U.S. GAAP measure, enables our management to evaluate our operating performance, our ability to meet debt service and other capital obligations and to measure the effectiveness of our overall capital structure. The most directly comparable U.S. GAAP measure to Adjusted EBITDA is net income (loss). However, Adjusted EBITDA has limitations as an analytical tool. Some of these limitations include:

- Adjusted EBITDA
 - does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
 - does not reflect changes in, or cash requirements for, our working capital needs;
 - does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt, or our proportional interest in the interest expense of our unconsolidated investments or the cash requirements necessary to service interest or principal payments on the debt borne by our unconsolidated investments;
 - does not reflect our income taxes or the cash requirement to pay our taxes; or our proportional interest in income taxes of our unconsolidated investments or the cash requirements necessary to pay the taxes of our unconsolidated investments;
 - does not reflect depreciation, amortization and accretion which are non-cash charges; or our proportional interest in depreciation, amortization and accretion of our unconsolidated investments. The assets being depreciated, amortized and accreted will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements; and
 - does not reflect the effect of certain mark-to-market adjustments and non-recurring items or our proportional interest in the mark-to-market adjustments at our unconsolidated investments.
- We do not have control, nor have any legal claim to the portion of the unconsolidated investees' revenues and expenses allocable to our joint venture partners. As we do not control, but do exercise significant influence, we account for the unconsolidated investments in accordance with the equity method of accounting. Net earnings from these investments are reflected within our consolidated statements of operations in "Earnings in unconsolidated investments, net." Adjustments related to our proportionate share from unconsolidated investments include only our proportionate amounts of interest expense, income taxes, depreciation, amortization and accretion, and mark-to-market adjustments included in "Earnings in unconsolidated investments, net;" and
- Other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with U.S. GAAP. You should not consider Adjusted EBITDA as an alternative to net income (loss), as determined in accordance with U.S. GAAP.

We define cash available for distribution as Adjusted EBITDA further adjusted to (i) subtract unconsolidated investment earnings, (ii) subtract interest expense, less non-cash items, (iii) subtract distributions to noncontrolling interests, (iv) subtract principal payments paid from operating cash flows, (v) subtract income taxes, (vi) subtract non-expansory capital expenditures, (vii) add distributions from unconsolidated investments, (viii) add net release of restricted cash, (ix) add stock-based compensation, (x) add pay-go contributions, and (xi) add or subtract other items as necessary to present the cash flows we deem representative of our core business operations.

Management believes that cash available for distribution is indicative of our core operating performance. As a result, as of December 31, 2018, we have changed our key metric, cash available for distribution, from a liquidity metric to a performance metric. For the periods presented, we reconcile Adjusted EBITDA and cash available for distribution to net income (loss), the most directly comparable GAAP financial measure. The change to a performance metric did not change the amount of cash available for distribution previously reported. Cash available for distribution is a supplemental performance measure used by management and external users of our financial statements to measure our performance across reporting periods on a consistent basis by excluding items that our management believes are not indicative of our core operating performance and to compare our business to that of our peers. Cash available for distribution serves as an important measure of our performance and enables our management to evaluate our ability to meet dividend expectations, the amount of internal capital available for new investment opportunities that can enhance our ability to grow our dividends over time, and the suitability of our corporate debt levels.

However, cash available for distribution has limitations as an analytical tool. Some of the limitations are:

- Cash available for distribution:
 - excludes depreciation, amortization and accretion;
 - does not capture the level of capital expenditures necessary to maintain the operating performance of our projects or complete the construction of acquired projects;
 - is not reduced for principal payments on our project indebtedness except to the extent they are paid from operating cash flows during a period; and
 - excludes the effect of certain other cash flow items, all of which could have a material effect on our financial condition and results from operations.
- Other companies in our industry may calculate cash available for distribution differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, cash available for distribution should not be considered in isolation or as a substitute for performance measures calculated in accordance with U.S. GAAP. You should not consider cash available for distribution as an alternative to net income (loss), determined in accordance with U.S. GAAP, nor does it represent funds actually available to fund our current dividend commitments.