Pattern

Transitioning the World to Renewable Energy

Q1 Earnings Presentation | May 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; the Company’s 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 operating performance and its ability to meet dividend expectations. 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 measure, net (loss) income. See pages 13-14 of this presentation, Item 2 in the Company’s quarterly report on Form 10-Q for the three months ended March 31, 2019, titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Key performance metrics”, for a reconciliation of net (loss) income to adjusted EBITDA and cash available for distribution (“CAFD”). 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 (loss) income and which are subtracted therefrom to arrive at cash available for distribution. 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 2019 Quarterly Report on Form 10-Q for the three months ended March 31, 2019.
- 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, 2018 and the 2019 quarterly report on Form 10-Q for the three months ended March 31, 2019.
- **(All currencies are U.S. dollars unless specified otherwise.)**

First Quarter 2019 Performance Highlights

Solid financial performance – on track for FY 2019 guidance range

- $53M CAFD[1]
- $98M Adjusted EBITDA[1] – $113M contribution from operations and a loss of $12M from Pattern Development
- $135M in revenue
- Declared Q2 2019 dividend of $0.422, unchanged from Q1 2019
- On track for full year payout ratio of 95%
- Production in Eastern U.S. below LTA primarily due to wind and in Western U.S., Canada and Japan at LTA

Continued growth opportunities

- Pattern Development distribution outlook
- Optimizing existing asset base
- Visibility on dropdown acquisitions

Capital access remains strong

- Maintain ample liquidity
- Access to multiple sources of capital through project and corporate finance markets

(1) See pages 13-14 for a reconciliation of Q1 2019 net loss to Q1 2019 adjusted EBITDA and cash available for distribution.

Pattern Development Investment Seeing Results

$190M invested to date

- Limited near-term capital required

Monetization progress

- Stillwater sold in 2018

Construction progress

- 220 MW Grady expected to be completed in Q3 2019
- Three projects in Mexico expected to be completed in Q4 2019
- Henvey Inlet expected to be completed in Q4 2019

Near-term opportunities

- 300+ MW 100% PTC projects expected to start construction in 2019/2020
- Agreed to the sale of Western Spirit to PNM enables opportunity for 800 MW in New Mexico
- 200 MW in Japan anticipated to commence construction in early 2020

Continued strengthening of opportunities in Japan

Original investment thesis remains intact

- Expect to report gain on asset sales in 2019 and initial CAFD contribution in 2020

Organic growth opportunities

Executed short-term hedge for Gulf Wind

- Taking advantage of ERCOT summer pricing with a short-term hedge at Gulf Wind
- Ensures certainty of pricing through summer period cash flows at strong prices

Gulf Wind repowering on schedule

- $19M invested to date with permanent equity of ~$50M expected at 6-8x CAFD[1] multiple
- Construction expected to commence in Q1 2020 with COD by Q2 2020
- Opportunity to negotiate off-take that mitigates 2019 hedge expiry

Tsugaru construction on time and budget for 2020 COD

- $450M project on time and on budget
- 100% financed; expected take-out equity of ~$200M required in Q1 2020
- Local financing in progress to partially monetize investment
- First turbine erected in April

(1) The forward looking measure of cash available for distribution (CAFD) multiple is a 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 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 2019 quarterly report on Form 10-Q for the period ended March 31, 2019.

Visibility on Dropdown Acquisitions

Pattern Energy Group LP	Nameplate MW (gross/owned)	Est. Commercial Operations Date
Belle River	100/43	2017 A
North Kent	100/35	2018 A
Henvey Inlet	300/150	2019
Pattern Development		
Grady	220/188	2019
Corona	400/340	2021
Sumita	100/55	2022
Ishikari	112/112	2022
Total	**1,332 / 923**	

36%

Potential increase to existing portfolio from iROFO list

Additional iROFO projects expected to be added in 2019

Q1 2019: Production Performance

Region	LTA (GWh)	Production (GWh)	Actual Results (% of LTA)	Resource Index (% of LTA)[1]
Eastern U.S.	1,050	866	82%	83%
Western U.S.	604	623	103%	100%
Canada	546	536	98%	98%
Other	89	91	102%	99%
Total	**2,289**	**2,116**	**92%**	**92%**

2,116 GWh - Q1 2019 PRODUCTION: 92% OF LTA

(1) Resource Index is defined as GWh that could have been produced from actual wind or solar during the period, divided by GWh that could have been produced from expected long term average resource.

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Financials

Q1 2019: Financial Highlights

Consolidated (except production) (USD millions, except production)	Q1 2019
Production (GWh)	2,116
Revenue	$135
Net (loss) income	$(46)
Adjusted EBITDA[1]	$98
CAFD[1]	$53

- Strong overall performance of portfolio in Q1
- New facilities added mitigate impact of facilities sold
- Production performance in higher priced markets like Western U.S. and Japan, mitigating production shortfall of 8% below LTA
- Pattern Development expenses negatively impacted adjusted EBITDA
- Declared second quarter dividend of $0.4220, unchanged from prior period

RE-CONFIRMING 2019 FY CAFD OF $160M TO $190M

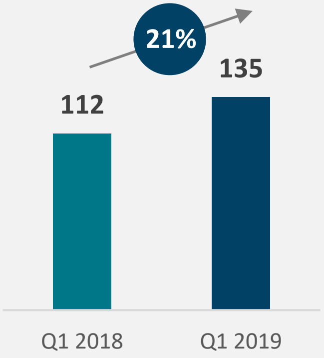
(1) See pages 13-14 for a reconciliation of Q1 2019 net loss to Q1 2019 adjusted EBITDA and cash available for distribution.

Financial Performance

(USD millions)

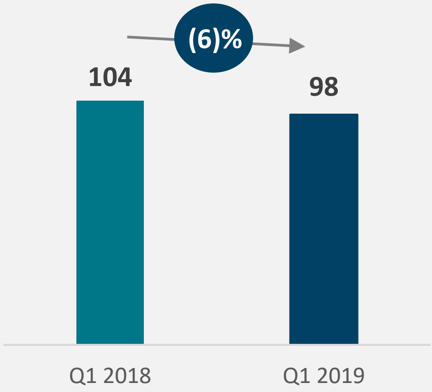
Revenue

- $8M improvement in Existing Operations
- $6M lower unrealized loss on Gulf hedge
- $18M increase from acquisitions of MSM, Japan and Stillwater
- $8M offset from sale of El Arráyan



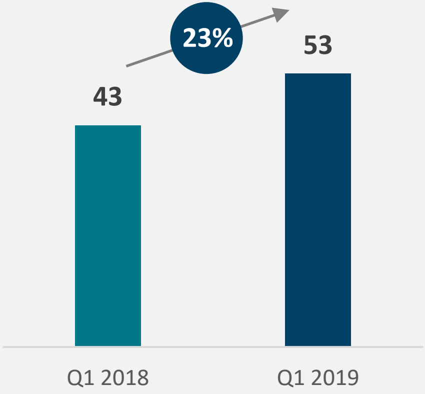
Adjusted EBITDA[1]

- $10M decrease from equity earnings at Pattern Development
- $2M improvement in revenue and margin from Existing Operations
- $16M in new acquisitions
- $13M offset from divestitures



CAFD[1]

- $9M improvement from Existing Operations
- $7M in new acquisitions
- $6M offset from divestitures



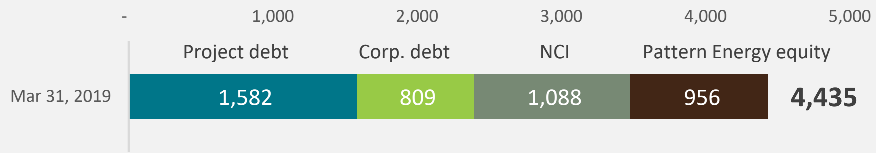
SOLID OPERATIONAL PERFORMANCE DESPITE WIND VARIABILITY

(1) See pages 13-14 for a reconciliation of Q1 2019 net loss to Q1 2019 adjusted EBITDA and cash available for distribution.

Liquidity and Capital Structure

Liquidity (as of Mar 31, 2019, $ millions)	
Unrestricted cash	$93
Restricted cash	$15
Revolver availability	$170
Project facilities – post construction use	$176
Project facilities – construction facilities and loans	$223
Total	$677

Leverage Metrics (as of Mar 31, 2019)	
Corporate Debt to LTM CAFD[1] + Corporate Interest	3.7x



Financing transaction highlights

- Revolver draw of ~$38M since December 2018
- Tsugaru construction loan draw to fund project activities

Capital access & financing activity

- Convert refinancing
- Refinancing part of the Japan portfolio
- Hybrid equity
- Canadian refinancing
- Available capacity for additional debt at the project level or at the corporate level

STRONG CAPITAL ACCESS ACROSS MULTIPLE CAPITAL MARKETS

(1) See pages 13-14 for a reconciliation of Q1 2019 and 2018 net loss to Q1 2019 and 2018 adjusted EBITDA and cash available for distribution.

Appendix

Non-GAAP Reconciliation: Q1 2019 Adjusted EBITDA and Cash Available for Distribution

	Three months ended March 31,		Twelve months ended December 31,	
	2019	2018	2018	2017
Net loss	**$(46)**	**$(13)**	**$(69)**	**$(82)**
Plus:				
Interest expense, net of interest income	25	25	107	101
Income tax provision	4	7	32	12
Depreciation, amortization and accretion	89	63	280	215
EBITDA	$72	$82	$350	$246
Unrealized loss on derivatives	6	5	5	18
Realized loss on designated derivatives	—	—	--	--
Early extinguishment of debt	—	—	6	9
Impairment expense	—	—	7	--
(Gain) loss on asset sales	—	—	(71)	--
Other	—	1	2	6
Plus, proportionate share from unconsolidated investments:				
Interest expense, net of interest income	6	9	38	39
Income tax provision (benefit)	—	—	1	--
Depreciation, amortization and accretion	6	9	35	35
(Gain) loss on derivatives	8	(2)	(1)	(9)
Adjusted EBITDA	**$98**	**$104**	**$372**	**$344**
Plus:				
Distributions from unconsolidated investments	14	20	58	67
Network upgrade reimbursement	—	—	1	9
Release of restricted cash	—	2	4	7
Stock-based compensation	1	1	5	5
Pay-go contribution	—	—	4	--
Other	—	—	1	(5)
Less:				
Unconsolidated investment earnings and proportionate shares for EBITDA	(15)	(38)	(85)	(118)
Interest expense, less non-cash items and interest income	(23)	(23)	(99)	(91)
Income taxes	(1)	—	(4)	--
Non-expansionary capital expenditures	—	—	--	(1)
Distributions to noncontrolling interests	(11)	(9)	(38)	(20)
Principal payments paid from operating cash flows	(10)	(14)	(52)	(51)
Cash available for distribution	**$53**	**$43**	**167**	**$146**
Weighted-average number of common shares outstanding				
Basic	97,568,427	97,428,388	97,456,407	89,179,343
Cash available for distribution per share				
Basic	$0.54	$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-expansionary 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.