

CUE CARD 2018–2019

Hydro-Québec generates, transmits and distributes electricity. While using mainly hydroelectric generation, it supports the development of other technologies—such as wind energy and biomass—through purchases from independent power producers. Its transmission and distribution activities are regulated by the Régie de l'énergie. A responsible corporate citizen committed to sustainability, Hydro-Québec carries out construction projects to prepare for the future. It also conducts R&D in energy-related fields, including energy efficiency. Its sole shareholder is the Québec government, which guarantees most of its borrowings.

KEY ASSETS

Over 99% of power output generated from renewables	28 large reservoirs with a storage capacity of 176.5 TWh	Generating capacity of 37,310 MW	Average cost per kWh generated of 2.06¢ *	Rates among the lowest in North America
---	--	---	--	---

* Sum of generating, procurement and sales costs, divided by net sales volume.

CONSOLIDATED FINANCIAL INFORMATION¹

(C\$M)	2018	2017	2016	2015	2014
OPERATIONS					
Revenue	14,370	13,468	13,339	13,754	13,652
Expenditure					
Operations	2,843	2,664	2,671	2,559	2,400
Other components of employee future benefit cost	(340)	(322)	(233)	(32)	(34)
Electricity and fuel purchases	2,167	2,005	1,866	1,938	1,968
Depreciation and amortization	2,685	2,686	2,597	2,713	2,593
Taxes	1,111	1,076	1,045	980	975
	8,466	8,109	7,946	8,158	7,902
Income before financial expenses	5,904	5,359	5,393	5,596	5,750
Financial expenses	2,712	2,513	2,532	2,449	2,425
Net income	3,192	2,846	2,861	3,147	3,325
DIVIDEND	2,394	2,135	2,146	2,360	2,535
BALANCE SHEET SUMMARY					
Total assets	76,989	75,769	75,167	75,199	73,108
Long-term debt, including current portion and perpetual debt	46,335	45,259	45,909	45,983	44,752
Equity	21,209	19,755	19,704	19,475	17,961
INVESTMENTS AFFECTING CASH					
Property, plant and equipment and intangible assets	3,402	3,754	3,460	3,440	3,815
FINANCIAL RATIOS²					
Return on equity (%)	14.0	12.9	13.4	15.3	16.6
Capitalization (%)	31.8	30.7	30.5	30.1	28.9
Profit margin (%)	22.2	21.1	21.4	22.9	24.4
Interest coverage	2.18	2.13	2.16	2.20	2.23
Self-financing (%)	63.9	66.6	58.8	82.8	56.4

1. Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

2. Source: Hydro-Québec, *Annual Report 2018*, page 96.

OPERATING STATISTICS AND OTHER INFORMATION

	2018	2017	2016	2015	2014
Rate increase as at April 1 ³ (%)	0.3	0.7	0.7	2.9	4.3
Total installed capacity (MW)	37,310⁴	37,309	36,908	36,912	36,643
Total customer accounts	4,316,914	4,279,496	4,244,541	4,214,721	4,179,850
Total number of employees (excluding employees of subsidiaries and joint ventures)	19,904	19,786	19,552	19,794	20,043

3. Excluding Rate L.

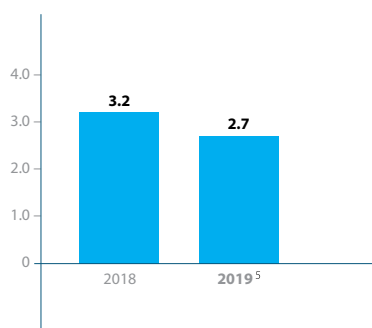
4. In addition to the generating capacity of its own facilities, Hydro-Québec has access to almost all the output from Churchill Falls generating station (5,428 MW) under a contract with Churchill Falls (Labrador) Corporation Limited that will remain in effect until 2041. It also purchases all the output from 41 wind farms (3,876 MW) and 7 small hydropower plants (107 MW) and almost all the output from 8 biomass and 4 biogas cogeneration plants (272 MW) operated by independent power producers. Moreover, 992 MW are available under long-term contracts with other suppliers.

2018 HIGHLIGHTS

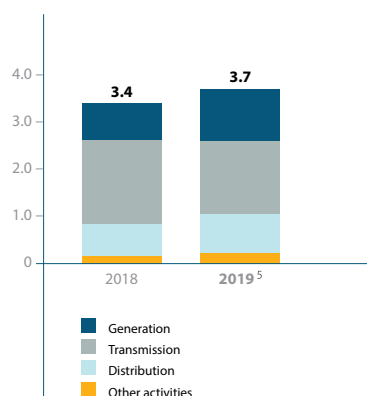
- Net electricity exports reached 36.1 TWh and contributed \$744 million to net income.
- For a sixth consecutive year, Hydro-Québec's contribution to the Québec government's revenue exceeded \$4 billion.
- The company made three bond issues maturing in 2055 on the Canadian capital market, at an average cost of 3.06%. These issues raised \$1.8 billion.

2019 FINANCIAL OUTLOOK

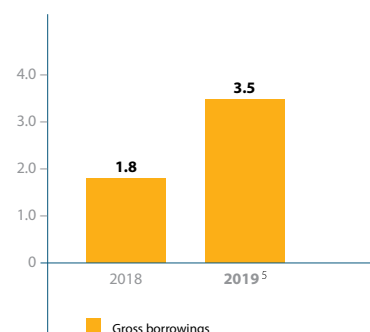
NET INCOME (CSB)



INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS⁶ (CSB)



FINANCING ACTIVITIES⁶ (CSB)



5. Forecast.

6. Excluding investments related to new growth avenues.

HYDRO-QUÉBEC: A QUALITY INVESTMENT

Security	Debt Characteristics as at December 31, 2018	Credit Ratings as at December 31, 2018			
Unconditional guarantee by the Québec government on most of Hydro-Québec's debt (debentures, medium-term notes, commercial paper)	Average term: 17 years		Long-term debt	Commercial paper	Outlook/Trend
	Fixed rate ⁷ : 90.2%	Moody's	Aa2	P-1	Stable
	Floating rate ⁷ : 9.8%	S&P Global Ratings	AA-	A-1+	n/a ⁸
	Breakdown by repayment currency ⁷ : C\$ 100% US\$ 0%	Fitch Ratings	AA-	F1+	Stable
		DBRS	A (high)	R-1 (middle)	Stable

7. Including derivatives, which consist of swaps and forward contracts traded for purposes of managing long-term risk related to debt. The breakdown by currency at time of issue is 81.9% in C\$ and 18.1% in US\$.

8. S&P Global Ratings does not provide an outlook for Hydro-Québec's credit rating. However, it gave a "stable" outlook to the Québec government, Hydro-Québec's shareholder and guarantor.

For more information, please consult our website: www.hydroquebec.com/investor-relations.
You can also contact the Investor Relations team by email: rel.inv@hydro.qc.ca.

Ce document est également publié en français.
Original text written in French.