



## CUE CARD 2017–2018

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 <b>99%</b> of power output generated from renewables	<b>28</b> large reservoirs with a storage capacity of <b>176.5 TWh</b>	Generating capacity of <b>37,309 MW</b>	Average cost per kWh generated of <b>2.04¢*</b>	Rates among the lowest in North America
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\* This indicator corresponds to the sum of generating, procurement and sales costs, divided by net sales volume.

### CONSOLIDATED FINANCIAL INFORMATION<sup>1</sup>

(CSM)	2017	2016	2015	2014	2013
<b>OPERATIONS</b>					
<b>Revenue</b>	<b>13,468</b>	13,339	13,754	13,652	12,878
<b>Expenditure</b>					
Operations	<b>2,664</b>	2,671	2,559	2,400	2,460
Other components of employee future benefit cost	<b>(322)</b>	(233)	(32)	(34)	–
Electricity and fuel purchases	<b>2,005</b>	1,866	1,938	1,968	1,568
Depreciation and amortization	<b>2,686</b>	2,597	2,713	2,593	2,483
Taxes	<b>1,076</b>	1,045	980	975	1,000
	<b>8,109</b>	7,946	8,158	7,902	7,511
<b>Income before financial expenses</b>	<b>5,359</b>	5,393	5,596	5,750	5,367
Financial expenses	<b>2,513</b>	2,532	2,449	2,425	2,429
<b>Income from continuing operations</b>	<b>2,846</b>	2,861	3,147	3,325	2,938
<b>Income from discontinued operations</b>	<b>–</b>	–	–	–	4
<b>Net income</b>	<b>2,846</b>	2,861	3,147	3,325	2,942
<b>DIVIDEND</b>	<b>2,135</b>	2,146	2,360	2,535	2,207
<b>BALANCE SHEET SUMMARY</b>					
Total assets	<b>75,730</b>	75,167	75,199	73,108	73,110
Long-term debt, including current portion and perpetual debt	<b>45,259</b>	45,909	45,983	44,752	44,477
Equity	<b>19,755</b>	19,704	19,475	17,961	19,394
<b>INVESTMENTS FOR CONTINUING OPERATIONS AFFECTING CASH</b>					
Property, plant and equipment and intangible assets	<b>3,754</b>	3,460	3,440	3,815	4,335 <sup>2</sup>
<b>FINANCIAL RATIOS<sup>3</sup></b>					
Return on equity (%)	<b>12.9</b>	13.4	15.3	16.6	15.0
Capitalization (%)	<b>30.7</b>	30.5	30.1	28.9	30.5
Profit margin (%)	<b>21.1</b>	21.4	22.9	24.4	22.8
Interest coverage	<b>2.13</b>	2.16	2.20	2.23	2.09
Self-financing (%)	<b>66.6</b>	58.8	82.8	56.4	68.3

1. The data for 2017 to 2014 are presented according to U.S. GAAP, while the data for 2013 are presented according to Canadian GAAP, as published in the *Annual Report 2014*.

2. Including the Energy Efficiency Plan.

3. Source: Hydro-Québec, *Annual Report 2017*, page 75.

### OPERATING STATISTICS AND OTHER INFORMATION

Rate increase as at April 1(%)	<b>0.7<sup>4</sup></b>	0.7 <sup>4</sup>	2.9 <sup>4</sup>	4.3 <sup>4</sup>	2.4
Total installed capacity (MW)	<b>37,309<sup>5</sup></b>	36,908	36,912	36,643	36,068
Total customer accounts	<b>4,279,496</b>	4,244,541	4,214,721	4,179,850	4,141,990
Total number of employees (excluding employees of subsidiaries and joint ventures)	<b>19,786</b>	19,552	19,794	20,043	20,243

4. Excluding Rate L.

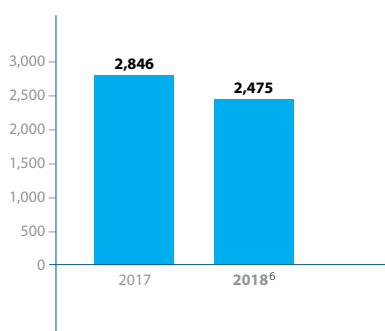
5. In addition to the generating capacity of its own facilities, Hydro-Québec has access to almost all the output from Churchill Falls generating station (5,428 MW) under a contract with Churchill Falls (Labrador) Corporation Limited that will remain in effect until 2041. It also purchases all the output from 39 wind farms (3,508 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, 988 MW are available under long-term contracts with other suppliers.

## 2017 HIGHLIGHTS

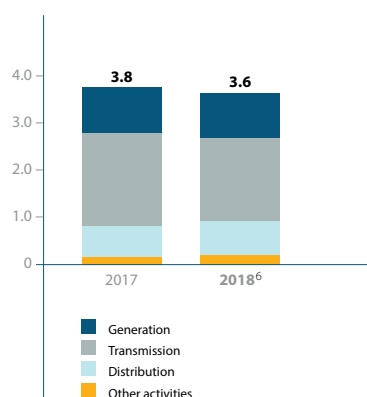
- Net electricity exports reached a historic volume of 34.4 TWh and contributed \$780 million to net income.
- At the Romaine hydroelectric complex, Hydro-Québec commissioned the two units at Romaine-3 generating station (395 MW).
- The company made two bond issues maturing in 2055 on the Canadian capital market, at an average cost of 3.20%. These issues raised \$1.2 billion.

## 2018 FINANCIAL OUTLOOK

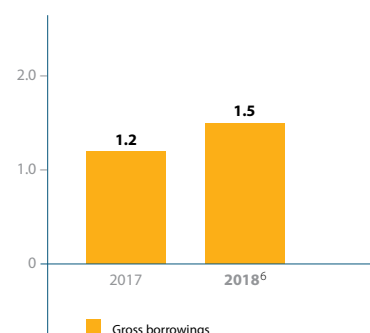
### NET INCOME (C\$M)



### INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS<sup>7</sup> (C\$B)



### FINANCING ACTIVITIES<sup>7</sup> (C\$B)



6. Forecast.

7. Excluding investments related to new growth avenues.

## HYDRO-QUÉBEC: A QUALITY INVESTMENT

Security	Debt Characteristics as at December 31, 2017	Credit Ratings as at December 31, 2017			
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 <sup>8</sup> : 87.5%				
	Floating rate <sup>8</sup> : 12.5%	Moody's	Aa2	P-1	Stable
	Breakdown by repayment currency <sup>8</sup> : C\$ 100% US\$ 0%	S&P Global Ratings	AA-	A-1+	N/A <sup>9</sup>
		Fitch Ratings	AA-	F1+	Stable
		DBRS	A (high)	R-1 (middle)	Stable

8. 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 83.0% in C\$ and 17.0% in US\$.

9. 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, after upgrading the government's credit rating from A+ to AA- in 2017.

For more information, please consult our Web site: [www.hydroquebec.com/investor-relations](http://www.hydroquebec.com/investor-relations).  
You can also contact the Investor Relations team by e-mail: [rel.inv@hydro.qc.ca](mailto:rel.inv@hydro.qc.ca).

Ce document est également publié en français.  
This is a translation of the original French text.