

## Cue Card 2019–2020

Hydro-Québec generates, transmits and distributes electricity. While focusing mainly on hydroelectricity, it also contributes to the development of other generating options, such as wind and solar power. 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>176.8 TWh</b>	Generating capacity of <b>37,243 MW</b>	Average cost per kWh generated of <b>2.05¢*</b>	Rates among the lowest in North America
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\* Sum of generating, procurement and sales costs, divided by net sales volume.

### Consolidated Financial Information<sup>1</sup>

(C\$M)	2019	2018	2017	2016	2015
<b>Operations</b>					
<b>Revenue</b>	<b>14,021</b>	14,370	13,468	13,339	13,754
<b>Expenditure</b>					
Operations	<b>2,835</b>	2,859	2,680	2,675	2,559
Other components of employee future benefit cost	<b>(557)</b>	(340)	(322)	(233)	(32)
Electricity and fuel purchases	<b>2,210</b>	2,151	1,989	1,862	1,938
Depreciation and amortization	<b>2,782</b>	2,685	2,686	2,597	2,713
Taxes	<b>1,133</b>	1,111	1,076	1,045	980
	<b>8,403</b>	8,466	8,109	7,946	8,158
<b>Income before financial expenses</b>	<b>5,618</b>	5,904	5,359	5,393	5,596
Financial expenses	<b>2,695</b>	2,712	2,513	2,532	2,449
<b>Net income</b>	<b>2,923</b>	3,192	2,846	2,861	3,147
<b>Dividend</b>	<b>2,192</b>	2,394	2,135	2,146	2,360
<b>Balance sheet summary</b>					
Total assets	<b>78,563</b>	76,989	75,769	75,167	75,199
Long-term debt, including current portion and perpetual debt	<b>45,767</b>	46,335	45,259	45,909	45,983
Equity	<b>21,448</b>	21,209	19,755	19,704	19,475
<b>Investments affecting cash</b>					
Property, plant and equipment and intangible assets	<b>3,614</b>	3,402	3,754	3,460	3,440
<b>Financial ratios<sup>2</sup></b>					
Return on equity (%)	<b>12.4</b>	14.0	12.9	13.4	15.3
Capitalization (%)	<b>32.3</b>	31.8	30.7	30.5	30.1
Profit margin (%)	<b>20.8</b>	22.2	21.1	21.4	22.9
Interest coverage	<b>2.07</b>	2.18	2.13	2.16	2.20
Self-financing (%)	<b>48.6</b>	63.9	66.6	58.8	82.8

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

2. Source: Hydro-Québec, *Annual Report 2019*, page 96.

### Operating Statistics

Total installed capacity (MW)	<b>37,243<sup>3</sup></b>	37,310	37,309	36,908	36,912
Total customer accounts	<b>4,356,542</b>	4,316,914	4,279,496	4,244,541	4,214,721
Total number of employees (excluding employees of subsidiaries and joint ventures)	<b>19,477</b>	19,904	19,786	19,552	19,794

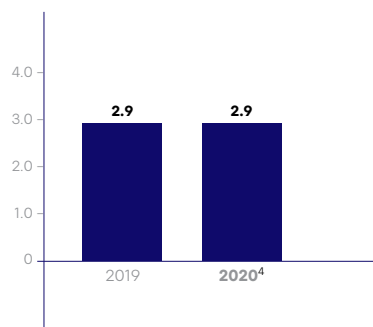
3. In addition to the generating capacity of its own facilities, Hydro-Québec has access to almost all the output from Churchill Falls generating station (5,428 MW) under a contract with Churchill Falls (Labrador) Corporation Limited that will remain in effect until 2041. It also purchases all the output from 41 wind farms (3,876 MW) and 7 small hydropower plants (107 MW) and almost all the output from 9 biomass and 4 biogas cogeneration plants (303 MW) operated by independent power producers. Moreover, 969 MW are available under long-term contracts with other suppliers.

## 2019 Highlights

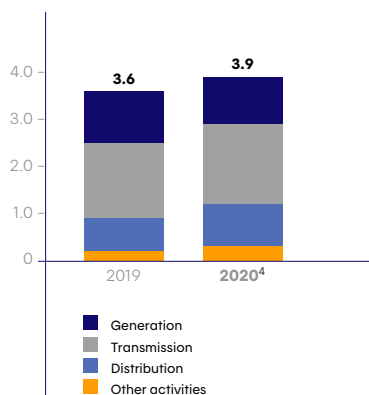
- Net electricity exports reached 33.7 TWh and contributed \$631 million to net income.
- For a seventh consecutive year, Hydro-Québec's contribution to the Québec government's revenue exceeded \$4 billion.
- The company made five fixed-rate bond issues maturing in 2055 on the Canadian capital market, at an average cost of 2.58%. These issues raised \$3.3 billion.

## 2020 Financial Outlook

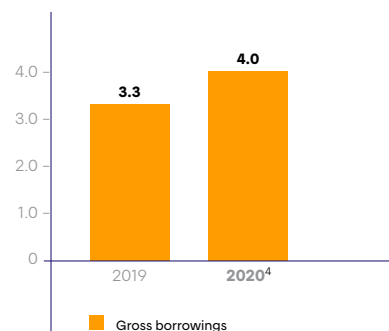
### Net income (C\$B)



### Investments in property, plant and equipment and intangible assets<sup>5</sup> (C\$B)



### Financing activities<sup>5</sup> (C\$B)



4. Forecast.

5. Excluding investments related to new growth avenues.

## Hydro-Québec: A Quality Investment

Security	Debt Characteristics as at December 31, 2019	Credit Ratings as at December 31, 2019			
Unconditional guarantee by the Québec government on most of Hydro-Québec's debt (debentures, medium-term notes, commercial paper)	Average term: 19 years	Long-term debt	Commercial paper	Outlook/Trend	
	Fixed rate <sup>6</sup> : 94.8%				
	Floating rate <sup>6</sup> : 5.2%	Moody's	Aa2	P-1	Stable
	Breakdown by repayment currency <sup>6</sup> : C\$ 100%	S&P Global Ratings	AA-	A-1+	n/a <sup>7</sup>
		Fitch Ratings	AA-	F1+	Stable
		DBRS Morningstar	AA (low)	R-1 (middle)	Stable

6. 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 82.5% in C\$ and 17.5% in US\$.

7. S&P Global Ratings does not provide an outlook for Hydro-Québec's credit rating.

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

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