



NORTHLAND POWER REPORTS FIRST QUARTER 2020 RESULTS

With Strong First Quarter Results, Northland Remains on Track to Achieve 2020 Financial Guidance Despite COVID-19

Toronto, Ontario, May 13, 2020 - Northland Power Inc. ("**Northland**" or the "**Company**") (TSX: NPI) today reported financial results for three months ended March 31, 2020.

"Our financial and operating performance during the first quarter was solid, however, our highest priority to date has been to ensure the health and safety of our employees, contractors and communities across our global operations amid the COVID-19 pandemic," noted Mike Crawley, President and Chief Executive Officer of Northland. "As outlined in our March 30th update, Northland provides an essential service, and our efforts are focused on ensuring our facilities continue to operate at high levels of availability. The strength of our balance sheet and stable cash flow profile, which are underpinned by long-term revenue contracts, position the company well to weather the current environment."

First Quarter Highlights

Financial Results

- **Sales** increased 34% to \$668 million from \$499 million in 2019 and **gross profit** increased 35% to \$619 million from \$459 million.
- **Adjusted EBITDA** (a non-IFRS measure) increased 43% to \$421 million from \$294 million in 2019.
- **Free cash flow per share** (a non-IFRS measure) increased 39% to \$1.10 from \$0.79 in 2019.
- **Net income** increased 35% to \$275 million from \$204 million in 2019.
- **2020 Financial Guidance** remains unchanged from February 2020 with management continuing to expect adjusted EBITDA in 2020 to be in the range of \$1.1 billion to \$1.2 billion and free cash flow per share in 2020 to be in the range of \$1.70 to \$2.05.

Sales, gross profit and net income, as reported under IFRS, include consolidated results of entities not wholly-owned by Northland, whereas the above non-IFRS measures, adjusted EBITDA and free cash flow, only include Northland's proportionate interest.

Significant Events and Updates

- **COVID-19 Business Update** – Each of Northland's operating facilities are deemed to be essential infrastructure and, as such, operations have continued uninterrupted to date. Accordingly, management has taken prudent and comprehensive measures to safeguard the health and well-being of all employees, contractors as well as host communities. All of Northland's facilities continue to operate as expected and preventative measures remain in place in accordance with Northland's crisis response plans and applicable local government directives. Management continues to actively monitor the situation, which remains uncertain, and may take further actions as required or recommended by authorities.

The impact of COVID-19 will have material effects across global economies and sectors, including reduced power demand within the renewable energy sector. While the vast majority of Northland's revenues are contracted under long-term agreements with creditworthy counterparties, there is some, yet limited, exposure to the wholesale market price of electricity at the offshore wind facilities. If low wholesale market prices persist for an extended period, Northland's revenues may be negatively affected.

- **Deutsche Bucht 252 MW Project Update** – On March 31, 2020, Northland announced that the Deutsche Bucht project achieved final completion. Final completion marks the official end of construction, the start of the operational phase of the project and the satisfaction of terms required by project lenders to achieve term conversion. This announcement followed management's decision on March 17, 2020 to permanently forego the

installation of the two additional turbines utilizing mono bucket foundations due to technical issues encountered during the installation process. As a result of this decision, the Deutsche Bucht project will encompass 31 monopile foundations and turbines, which were installed and operational, ahead of schedule, with a total productive capacity of 252 megawatts (MW). The project has generated €129 million of pre-completion revenues in sales, of which €63 million (\$93 million) were recognized in free cash flow in the first quarter of 2020.

- **Northland Corporate Credit Rating Re-affirmed** – In their most recent report issued in March 2020, Standard & Poor's reaffirmed Northland's corporate credit rating of BBB (Stable). In addition, Northland's preferred share rating was reaffirmed on Standard & Poor's Canada scale of BB+.
- **NaiKun, Canadian Offshore Wind Development Project Acquisition** – On March 30, 2020, Northland announced it had entered into a share purchase agreement to acquire NaiKun Offshore Wind Farm ("**NaiKun**") from NaiKun Wind Energy Group Inc. NaiKun is located in the Hecate Strait off the coast of British Columbia, Canada. This is an early stage development opportunity for the potential development of offshore wind in Canadian waters.
- **Dado Ocean, South Korean Offshore Wind Development Project Acquisition** – On February 28, 2020, Northland completed its acquisition of Dado Ocean Wind Farm Co. Ltd ("**Dado Ocean**"), an offshore wind development company based in South Korea with access to multiple early-stage development sites off the southern coast. Subsequent to the announcement of the acquisition, the Company commenced early stage development on sites in proximity of the original sites. These sites could provide the opportunity to increase the development capacity to approximately 1.0 gigawatts of offshore wind. These opportunities will be developed together over the coming years.
- **EBSA, Colombian Regulated Power Distribution Utility Acquisition** – On January 14, 2020, Northland completed its previously announced acquisition of a 99.2% interest in the Colombian regulated power distribution utility, Empresa de Energía de Boyacá S.A E.S.P ("**EBSA**"), for a total purchase price of COP 2,412 billion (\$960 million) including existing debt of COP 550 billion (approximately \$219 million). Pursuant to the share purchase agreement, the purchase price of COP 2,412 billion (\$960 million), which decreased from the original price of COP 2,665 billion (\$1.05 billion), remains subject to post-closing adjustments following a review of the final tariff resolution.
- **Energía, Mexican Qualified Supplier Acquisition and La Lucha 130 MW Project Update** – The construction of the 130 MW La Lucha solar project in the State of Durango, Mexico is progressing on schedule with completion expected in the second half of 2020, however, completion timing may be affected by construction services and contractor availability as a result of COVID-19. Total capital cost for the project remains unchanged at approximately \$190 million. Northland intends to secure non-recourse project financing for La Lucha once construction is complete.

As part of its development strategy in Mexico and to facilitate securing off-take agreements for La Lucha, Northland completed the acquisition of an entity in Mexico ("**Energía**") that holds a qualified supplier license. Energía enables Northland to operate in the electricity sector in Mexico by contracting loads and generators, which also allows a more direct path to market for Northland's generation projects, including La Lucha.

- **Hai Long 1,044 MW Offshore Wind Development Project Update** – Northland and its 40% partner, Yushan Energy, continue to engage with the Taiwan government on finalization of the project's investments into the local supply chain, however, COVID-19 has added uncertainty to timing of near-term development milestones. Northland continues to develop the Hai Long 2B and Hai Long 3 sub-projects, allocated a total of 744 MW under auction, and expects to execute their respective PPAs in 2020.
- **Addition to Northland's Executive Team** – On March 9, 2020, Northland announced the appointment of Ms. Pauline Alimchandani as Chief Financial Officer (CFO), effective April 13, 2020. Ms. Alimchandani succeeded Mr. Paul Bradley, who will be retiring from Northland in May 2020. Since 2014, she served as Executive Vice President and CFO at a leading public Canadian real estate and development company where she was responsible for the strategic development and overall financial management of the business. In her role she led: corporate finance and strategy, capital allocation, risk management, debt and equity financings, project/development finance, financial reporting, treasury, tax and investor relations. In addition, she also managed legal, human resources and IT.

"I would like to thank Paul Bradley for his unparalleled leadership over the last nine years. Paul has been instrumental in our transformation into a successful global player in renewable power and also Northland's acquisition of a regulated utility business and we wish him all the best on his retirement," added Mike Crawley. "I also want to welcome Pauline as she steps into the CFO role. Her experience at a fast growing, complex and publicly-listed development company along with her strong leadership skills make her an important addition to Northland's leadership team as our growth as a sustainable energy company accelerates."

Summary of Consolidated Results

(in thousands of dollars, except per share amounts)

	Three months ended March 31,	
	2020	2019
FINANCIALS		
Sales	\$ 667,695	\$ 498,540
Gross profit	618,775	458,923
Operating income	394,551	287,588
Net income (loss)	275,019	204,230
Adjusted EBITDA ⁽¹⁾	420,771	293,675
Cash provided by operating activities	367,594	307,794
Free cash flow ⁽¹⁾	211,462	141,839
Cash dividends paid to common and class A shareholders ⁽²⁾	62,717	54,062
Total dividends declared ⁽²⁾	64,159	54,062
Per share information		
Weighted average number of shares - basic (000s)	192,581	180,203
Common and class A shares outstanding (000s) ⁽³⁾	194,840	180,209
Net income (loss) - basic	\$ 1.02	\$ 0.78
Free cash flow - basic ⁽¹⁾	\$ 1.10	\$ 0.79
Total dividends declared to common and class A shareholders	\$ 0.30	\$ 0.30
ENERGY VOLUMES		
Electricity production in gigawatt hours (GWh) ⁽⁴⁾	2,974	2,539

(1) Refer to the Non-IFRS Financial Measures section of this press release for additional information.

(2) Represents total dividends paid or declared to common and class A shareholders including dividends in cash or in shares under the dividend re-investment plan (DRIP), as well as the dividend equivalent payment to subscription receipt holders upon conversion to common shares on January 14, 2020.

(3) As at March 31.

(4) Includes Deutsche Bucht pre-completion production volumes. Refer to SECTION 4.1 Operating Results of the Management's Discussion and Analysis for the period ended March 31, 2020, for additional information.

First Quarter Results Summary

Offshore wind facilities

Electricity production, including pre-completion production, increased 54% or 558 GWh compared to the same quarter of 2019. The increase was primarily due to pre-completion production from Deutsche Bucht and higher wind resource in the North Sea, partially offset by more periods of unpaid curtailment due to negative pricing at Nordsee One and Deutsche Bucht.

Sales of \$445 million increased 43% or \$135 million compared to the same quarter of 2019 primarily due to the aforementioned factors affecting production, partially offset by lower wholesale market prices at Gemini and unfavourable foreign exchange rate fluctuations of \$8 million. For the three months ended March 31, 2020, Northland's share of the loss on sales from the average wholesale market price falling below the SDE floor was €7 million (\$10 million) or 7%. The loss on sales from unpaid curtailments was €5 million (\$7 million) or 7% of Northland's share of revenues of Nordsee One and €5 million (\$7 million) or 8% of Northland's revenues from Deutsche Bucht. Operating income and adjusted EBITDA of \$321 million and \$304 million, respectively, were 55% or \$113 million and 63% or \$117 million higher than the same quarter of 2019 primarily due to higher sales and higher operating costs, driven by Deutsche Bucht operations.

Thermal facilities

Electricity production decreased 6% or 67 GWh compared to the same quarter of 2019 primarily due to lower production at Thorold relative to favourable market conditions in the first quarter of 2019 and lower production at several other Northland facilities. This was partially offset by an increase in off-peak production and the continued enhancement of capacity at North Battleford that first occurred in the second quarter of 2019.

Sales of \$115 million decreased 8% or \$9 million compared to the same quarter of 2019 primarily due to lower production and fewer gas optimization opportunities at Thorold compared to the same period last year as well as lower production at most other Northland facilities. The negative variance was partially offset by the sale of additional capacity, price escalation and higher flow through gas costs at North Battleford, combined with an increase in sales at Iroquois Falls

due to the annual PPA rate escalation. *Operating income* and *adjusted EBITDA* of \$65 million and \$77 million, respectively, decreased 4% or \$3 million and 0.7% or \$1 million compared to the same quarter of 2019 primarily due to lower gross profit.

On-shore renewable facilities

Electricity production decreased 13% or 57 GWh compared to the same quarter of 2019, primarily as a result of lower solar and wind resource across the facilities. *Sales* of \$53 million decreased 9% or \$5 million compared to the same quarter of 2019 primarily due to lower production. Production variances at the solar facilities have a larger effect on sales than the wind facilities since solar facilities receive a higher contracted price per MW. *Operating income* and *adjusted EBITDA* of \$24 million and \$34 million, respectively, decreased 11% or \$3 million and 10% or \$4 million primarily due to lower production.

Utilities

For the three months ended March 31, 2020, EBSA operations contributed approximately \$21 million or 5.0% of total adjusted EBITDA. Since the acquisition of EBSA closed on January 14, 2020, the first quarter represents the first quarter of operations for EBSA as part of Northland.

General and administrative (G&A) costs

G&A costs of \$32 million increased 73% or \$13 million compared to the same quarter of 2019 primarily due to acquisition costs of \$7 million related to the EBSA acquisition. Corporate G&A costs increased \$4 million primarily due to an increasing level of project development activities, including the Hai Long offshore wind project and higher personnel costs to support Northland's growth, while operations G&A increased \$2 million primarily due to costs incurred at EBSA and Deutsche Bucht.

Finance costs

Net finance costs of \$93 million increased 17% or \$14 million compared to the same quarter of 2019 primarily due to the effect of previously capitalized interest costs on Deutsche Bucht's loan, interest on EBSA's credit facilities and on borrowings to finance the EBSA acquisition, partially offset by declining interest costs as a result of scheduled principal repayments on facility-level loans.

Fair value loss on derivative contracts

Fair value loss on derivative contracts was \$35 million compared to a \$43 million gain in the same quarter of 2019 primarily due to the movement in the fair value of interest rate swaps and foreign exchange contracts.

Foreign Exchange

Foreign exchange gain of \$74 million is primarily due to unrealized gains from fluctuations in the closing foreign exchange rates.

Other (income) expense

Other (income) expense decreased by \$7 million mainly due to a non-cash fair value adjustment on a loan receivable in 2019.

Net income

Net income of \$275 million increased 35% or \$71 million in the first quarter of 2020 compared to the same quarter of 2019 primarily as a result of the factors described above, partially offset by a \$11 million higher tax expense.

Adjusted EBITDA

Adjusted EBITDA of \$421 million for the first quarter of 2020 was 43% or \$127 million higher than the first quarter of 2019. The significant factors increasing adjusted EBITDA include:

- Higher contributions from the offshore wind operations due to a:
 - \$85 million increase as a result of pre-completion revenue (net of certain operating costs) at Deutsche Bucht;
 - \$18 million increase in operating results from Nordsee One primarily due to higher wind resource, partially offset by unpaid curtailments due to periods of negative market pricing; and
 - \$15 million increase in operating results from Gemini due to higher wind resource in the first quarter partially offset by the wholesale market price falling below the SDE floor.
- \$21 million increase as a result of utility operations at EBSA, which are consolidated from the acquisition date of January 14, 2020.

Factors partially offsetting the increase in adjusted EBITDA include:

- \$7 million increase in corporate items in adjusted EBITDA primarily due to an increasing level of project development activities, including the Hai Long offshore wind project; and
- \$4 million decrease in operating results from onshore renewables facilities due to lower wind and solar resources.

Free Cash Flow

Free cash flow of \$211 million for the first quarter of 2020 was 49% or \$70 million higher than the first quarter of 2019.

Factors increasing free cash flow include:

- \$48 million increase in overall earnings primarily due to the factors improving adjusted EBITDA; and
- \$93 million increase in net pre-completion revenue from Deutsche Bucht in excess of the amount required by project lenders to fund construction costs related to the March 31, 2020, term conversion.

Factors partially offsetting the increase in free cash flow include:

- \$37 million increase in scheduled principal repayments, primarily from funds set aside for Deutsche Bucht's first repayment in June 2020 and the first principal repayment at Grand Bend;
- \$28 million increase in cash tax expense primarily due to the addition of EBSA as well as higher cash taxes at the offshore wind facilities, including Gemini becoming taxable in 2020 (\$16 million expected for the full year); and
- \$5 million increase in corporate G&A primarily due to an increasing level of project development activities, including the Hai Long offshore wind project.

As at March 31, 2020, the rolling four quarter free cash flow net payout ratio was 58%, calculated on the basis of cash dividends paid compared to 64% for the same period in 2019. The improvement in the free cash flow payout ratio calculated on the basis of cash from 2019 was primarily due to higher free cash flow from Deutsche Bucht and EBSA, partially offset by an increase in the number of shares due to the conversion of subscription receipts to common shares on January 14, 2020.

Outlook

Northland actively pursues new sustainable infrastructure opportunities that encompass a range of clean technologies, including wind, solar and natural gas power generation as well as electricity grid networks and is an operator of a regulated utility.

In addition to the relative stability of Northland's revenues and free cash flow profile, management believes the Company has a strong balance sheet and sufficient liquidity available to limit the impact of COVID-19. As at March 31, 2020, Northland had access to \$423 million of cash and liquidity, comprising \$84 million of corporate cash on hand and \$339 million of liquidity available under its syndicated revolving facility. Management continues to expect adjusted EBITDA in 2020 to be in the range of \$1.1 billion to \$1.2 billion and free cash flow per share in 2020 to be in the range of \$1.70 to \$2.05, unchanged from February 2020.

Annual and Special Meeting of Shareholders

Northland will hold its Annual Meeting of Shareholders on Friday, May 22, 2020 at 11 a.m. ET. Due to the health impacts of COVID-19, Northland Power's Annual and Special meeting of shareholders will be held in a virtual-only meeting format. Shareholders will not be able to attend the meeting physically. Shareholders can attend the Meeting online, vote their shares electronically and submit questions during the Meeting, by visiting www.virtualshareholdermeeting.com/NPI2020. Instructions are available at northlandpower.com/Investor-Centre/Annual_General_Meeting.aspx

Documents relating to the meeting are filed on SEDAR at www.sedar.com under Northland's profile and on northlandpower.com.

Earnings Conference Call

Northland will hold an earnings conference call on May 14, 2020, to discuss its 2020 first quarter results. The call will be hosted by Mike Crawley, Northland's President and Chief Executive Officer, and Pauline Alimchandani, Northland's Chief Financial Officer, who will discuss the financial results and company developments before opening the call to questions from analysts and shareholders.

Conference call details are as follows:

Thursday, May 14, 2020 10:00 a.m. ET

Toll free (North America): (866) 864-6943

Toll free (International): (949) 877-3040

The call will also be broadcast live on the internet, in listen-only mode and may be accessed on northlandpower.com. For those unable to attend the live call, an audio recording will be available on northlandpower.com on May 15, 2020.

Northland's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2020, and related Management's Discussion and Analysis can be found on SEDAR at www.sedar.com under Northland's profile and on northlandpower.com.

ABOUT NORTHLAND POWER

Northland Power is a global developer, owner and operator of sustainable infrastructure assets that deliver predictable cash flows. Headquartered in Toronto, Canada, Northland was founded in 1987 and has been publicly traded since 1997 on the Toronto Stock Exchange (TSX: NPI).

The Company owns or has an economic interest in 2,681 MW (net 2,266 MW) of operating generating capacity and 130 MW of generating capacity under construction, representing the La Lucha solar project in Mexico. Northland also owns a 60% equity stake in the 1,044 MW Hai Long projects under development in Taiwan and operates a regulated utility business in Colombia.

Northland's common shares, Series 1, Series 2, and Series 3 preferred shares trade on the Toronto Stock Exchange under the symbols NPI, NPI.PR.A, NPI.PR.B and NPI.PR.C, respectively.

NON-IFRS FINANCIAL MEASURES

*This press release includes references to Northland's adjusted earnings before interest, income taxes, depreciation and amortization ("**adjusted EBITDA**") and free cash flow and applicable payout ratio and per share amounts, which are not measures prescribed by International Financial Reporting Standards (**IFRS**). Adjusted EBITDA and free cash flow and applicable payout ratio and per share amounts do not have any standardized meaning under IFRS and, as presented, may not be comparable to similar measures presented by other companies. These measures should not be considered alternatives to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Rather, these measures are provided to complement IFRS measures in the analysis of Northland's results of operations from management's perspective. Management believes that adjusted EBITDA and free cash flow and applicable payout ratio and per share amounts are widely accepted financial indicators used by investors to assess the performance of a company and its ability to generate cash through operations. Refer to the SECTION 1: OVERVIEW, SECTION 4.4: Adjusted EBITDA, SECTION 4.5: Free Cash Flow and SECTION 5: CHANGES IN FINANCIAL POSITION of the current Management's Discussion and Analysis, which can be found on SEDAR at www.sedar.com under Northland's profile and on northlandpower.com, for an explanation of these terms and for reconciliations to the nearest IFRS measure.*

FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking statements that are provided for the purpose of presenting information about management's current expectations and plans. Readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects," "anticipates," "plans," "predicts," "believes," "estimates," "intends," "targets," "projects," "forecasts" or negative versions thereof and other similar expressions or future or conditional verbs such as "may," "will," "should," "would" and "could." These statements may include, without limitation, statements regarding future adjusted EBITDA, free cash flows, dividend payments and dividend payout ratios; the construction, completion, attainment of commercial operations, cost and output of development projects; litigation claims; plans for raising capital; and the future operations, business, financial condition, financial results, priorities, ongoing objectives, strategies and outlook of Northland and its subsidiaries. These statements are based upon certain material factors or assumptions that were applied in developing the forward-looking statements, including the design specifications of development projects, the provisions of contracts to which Northland or a subsidiary is a party, management's current plans and its perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. Although these forward-looking statements are based upon management's current reasonable expectations and assumptions, they are subject to numerous risks and uncertainties. Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, revenue contracts, impact of COVID-19, counterparty risks, contractual operating performance, variability of revenue from generating facilities powered by intermittent renewable resources, offshore wind concentration, natural gas and power market risks, operational risks, recovery of utility operating costs, permitting, construction risks, project development risks, acquisition risks, financing risks, interest rate and refinancing risks, liquidity risk, credit rating risk, currency fluctuation risk, variability of cash flow and potential impact on dividends, taxation, natural events, environmental risks, health and worker safety risks, market compliance risk, government regulations and policy risks, utility rate regulation risks, international activities, reliance on information technology, labour relations, reputational risk, insurance risk, risks relating to co-ownership, bribery and corruption risk, legal contingencies, and the other factors described in the "Risks Factors" section of Northland's 2019 Annual Information Form, which can be found at www.sedar.com under Northland's profile and on Northland's website at northlandpower.com. Northland's actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur.

The forward-looking statements contained in this release are based on assumptions that were considered reasonable on May 13, 2020. Other than as specifically required by law, Northland undertakes no obligation to update any forward-looking statements to reflect events or circumstances after such date or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

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