POLARIS

POLARIS INFRASTRUCTURE ANNOUNCES 2019 YEAR END RESULTS

TORONTO, ON (March 5, 2020) – Polaris Infrastructure Inc. (TSX: PIF) ("Polaris Infrastructure" or the "Company"), a Toronto-based company engaged in the operation, acquisition and development of renewable energy projects in Latin America, is pleased to report its audited financial and operating results for the year ended December 31, 2019. This earnings release should be read in conjunction with Polaris Infrastructure's Consolidated Financial Statements and Management's Discussion and Analysis, which are available on the Company's website at www.polarisinfrastructure.com and have been posted on SEDAR at www.sedar.com. The dollar figures below are denominated in US Dollars unless noted otherwise.

HIGHLIGHTS

- Construction of the Company's two hydroelectric facilities, the El Carmen facility ("El Carmen facility") and the 8 de Agosto facility ("8 de Agosto facility"), was completed during the fourth quarter of 2019.
- Commercial operation date ("COD") was achieved on November 30, 2019 for the El Carmen facility and December 25, 2019 for 8 de Agosto facility.
- We delivered a consolidated 570,934 MWhrs (net) from our geothermal facility in Nicaragua (the "San Jacinto facility") and hydroelectric facilities in Peru, compared with a consolidated 548,510 MWhrs (net) in 2018.
- We generated $71.2 million in revenue from energy sales during 2019.
- We reported $14.5 million in total net earnings and comprehensive earnings attributable to us, equivalent to $0.92 per share - basic.
- We reported $58.9 million in Adjusted EBITDA, for the 2019 year, compared to $56.3 million Adjusted EBITDA for the 2018 year.
- During 2019 we generated $44.6 million in cash flows from operating activities, compared to $37.4 million in the 2018 year.
- In May 2019 we completed an offering of C$25.0 million, 7% interest senior unsecured convertible debentures, due in 2024, obtaining net proceeds of $17.6 million.
- We remain committed to paying a quarterly dividend. We declared and paid $9.4 million in dividends during the year ended December 31, 2019 and paid the sixteenth quarterly dividend of $0.15 per outstanding common share on February 28, 2020.

FINANCIAL OVERVIEW

The financial results of Polaris Infrastructure for the three months and year ended December 31, 2019 and 2018 are summarized below:

	Three months ended		Year ended	
(all $ figures in thousands except income (loss) per share)	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Production MWh	144,760	148,498	570,934	548,510
Total revenue	$ 17,795	$ 18,286	$ 71,251	$ 68,824
Adjusted EBITDA(1)	14,277	13,296	58,934	56,277
Finance costs	(4,608)	(4,436)	(18,102)	(16,633)
Net loss attributable to owners of the Company	13,555	8,775	14,496	17,177
Cash flow from operations(2)	11,091	9,503	44,232	40,623
Free cash flow from operations(2)	6,725	6,095	28,338	26,708
Basic earnings per share attributable to owners of the Company	$0.86	$0.56	$0.92	$1.10
Diluted earnings per share attributable to owners of the Company	$0.83	$0.52	$0.89	$1.04
Basic cash flow from operations(2)	$0.71	$0.61	$2.82	$2.59
Basic free cash flow from operations(2)	$0.43	$0.39	$1.80	$1.70
			As at December 31, 2019	**As at December 31, 2018**
Total assets			$ 463,744	$ 465,550
Long-term debt			166,754	165,676
Total liabilities			256,518	262,061
Cash			32,597	37,809
Working capital			13,635	14,036

(1) The terms Adjusted EBITDA and Adjusted EBITDA per share are Non-GAAP measures. Refer to *Use of Non-GAAP Performance Measures section* below for a reconciliation of consolidated net earnings (loss) attributable to the owners of the Company reported under IFRS to reported EBITDA, adjusted EBITDA and Adjusted EBITDA per share.

(2) The terms Free Cash Flow from Operations and Free Cash Flow from Operations per share are Non-GAAP measures. Refer to *Use of Non-GAAP Performance Measures section* below for a reconciliation of cash provided by operating activities under IFRS to reported free cash flow, and free cash flow per share.

During the three months period ended December 31, 2019 we decreased our power production to 144,760 MWh (net) from 148,498 MWh (net) in the same period of 2018, as a result of a decrease in MWh (net) produced by San Jacinto partly offset by the additional production from Generación Andina projects. During the three months period ended December 31, 2019, the San Jacinto facility produced 59.9 MW average (net), compared to 64.9 MW average (net) in the same quarter of 2018 and compared to 60.2 MW average (net) for the third quarter of 2019. The decrease in San Jacinto's net power generation was mainly the result of the fact that well SJ 12-5 had only been online since April 2018 and geothermal fields can take between 12 to 18 months to stabilize after new large wells are brought onto production. The decrease in Canchayllo's net power generation was the result of lower water volume at the river and planned maintenance performed in the fourth quarter of 2019.

During the year ended December 31, 2019 we increased our power production by 4% to 570,934 MWh (net) from 548,510 MWh (net) in the 2018 year, as a net result of additional production from our Peruvian facilities, partly offset by a 2% decrease in production from San Jacinto. During the first half of 2019, San Jacinto production benefited from lower than expected downtime and additional steam flows resulting from new wells connected in the first half of 2018; however, over the second half of the year production at the plant decreased due to expected natural decline coupled with cyclical behavior in certain wells, compared to 2018. We are noticing a stabilization in the field and production in the first quarter to date has marginally increased from the third and fourth quarters of 2019.

OTHER MATTERS

On February 25, 2020 the El Carmen facility reported a failure on one of its air-release valves, which resulted in water escaping from the penstock and into the powerhouse for approximately 30 minutes. Fortunately, no injuries were reported. We dispatched the appropriate technical teams to assess the impact of this incident, for which cleanup is currently ongoing. A full assessment of downtime and necessary repairs to restart operations is expected to be completed by mid-March 2020.

In addition, Mr. Jaime Guillen has been appointed as the new Chair of the Board. Mr. Guillen has served on the Board since 2015 and has extensive knowledge of the sector and the Company. Mr. Guillen is replacing Jorge Bernhard, the former Chair. Mr. Bernhard will be leaving the Board and pursuing other interests. The Company thanks Mr. Bernhard for his tireless efforts on behalf of the Company and its shareholders including his invaluable experience developing projects in Latin America.

"We are very pleased with the financial results for 2019 which justify the investments made to optimize the San Jacinto project" noted Marc Murnaghan, Chief Executive Officer of Polaris Infrastructure. "We grew EBITDA and cash flow from operations year-over-year yet again. We accomplished this while paying down debt and returning capital to our shareholders in the form of dividends. And more importantly, we accomplished this while making the capital investment required to complete the two key construction projects in Peru. Now that these projects are complete, our revenue and cash flow will become more diversified by both asset class and jurisdiction. We strongly believe that such diversification will benefit all shareholders going forward."

About Polaris Infrastructure

Polaris Infrastructure is a Toronto-based company engaged in the operation, acquisition and development of renewable energy projects in Latin America. Currently, the Company operates a 72 MW average (net) geothermal project located in Nicaragua and three hydroelectric facilities in Peru, with approximately 20 MW average (net), 8 MW average (net), and 5 MW average (net) capacity of run-of-river facilities.

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USE OF NON-GAAP MEASURES

Certain measures in this document do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS") and, therefore, are not considered generally accepted accounting principles ("GAAP") measures. Where non-GAAP measures or terms are used, definitions are provided. In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

Adjusted EBITDA

The Company uses Adjusted EBITDA to assess its operating performance without the effects of (as applicable): current and deferred tax expense, finance costs, interest income, depreciation and amortization of plant assets, other gains and losses, impairment loss, share-based compensation and other non-recurring items. The Company adjusts for these factors as they may be non-cash, unusual in nature and do not reflect its operating performance. Adjusted EBITDA is not intended to be representative of net earnings from operations or an alternative measure to cash provided by operating activities determined in accordance with IFRS.

The table below reconciles between Adjusted EBITDA and Net earnings and comprehensive earnings attributable to owners of the Company, calculated in accordance with IFRS.

Reconciliation of Adjusted EBITDA to Total earnings and comprehensive earnings attributable to Owners of the Company

	Three months ended		Years Ended	
(in thousands)	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Net earnings and comprehensive earnings attributable to owners of the Company	$ 13,555	$ 8,775	$ 14,496	$ 17,177
Add (deduct):				
Net loss attributable to non-controlling interest	-	1	(1,653)	62
Current and deferred tax expense	(5,945)	1,102	(2,801)	7,102
Finance costs	4,608	4,436	18,102	16,633
Interest income	(195)	(1,042)	(1,062)	(1,581)
Other losses (gains)	(3,725)	(5,838)	(3,930)	(5,399)
Impairment loss	-	-	11,564	-
Acquisition-related costs	-	-	199	-
Decommissioning liabilities adjustments	(2)	249	68	208
Depreciation and amortization of plant assets	6,027	5,801	23,562	22,857
Share-based compensation	(46)	(188)	389	(782)
Adjusted EBITDA	$ 14,278	$ 13,295	$ 58,934	$ 56,277
Per Share:				
Basic weighted average number of shares outstanding	15,706,299	15,679,777	15,704,261	15,678,514
Adjusted EBITDA	$ 0.91	$ 0.85	$ 3.75	$ 3.59

Cash Flow from Operations and Free Cash Flow from Operations

Cash flow from operations is used by the Company to determine cash flows from operating activities without the effects of certain volatile items that can positively or negatively affect changes in working capital and are viewed as not directly related to Polaris' operating performance. Cash flow from operations is not intended to be representative of cash flows from operating activities determined in accordance with IFRS.

Free cash flow from operations represents the cash generated from the business that the Company believes is representative of cash available to pay dividends while preserving long-term value of the business. Free cash flow from operations is calculated as cash provided by operating activities adjusted for short-term changes in operating working capital; non-expansionary capital expenditures; interest incurred on outstanding debt; scheduled principal repayments; exclusion of operating costs for projects under construction; net proceeds from sale of development assets and other adjustments as appropriate. Management believes free cash flow is a meaningful measure of Polaris' ability to generate cash flow after all on-going obligations (except common share dividends) to be available to invest in growth initiatives and fund dividend payments.

The table below reconciles between Cash flow from operations and Free cash flow from operations to Net cash from operating activities, calculated in accordance with IFRS.

	Three Months Ended		Years Ended	
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Net cash from (used in) Operating activities	12,937	8,018	44,609	37,405
Adjust for:				
Changes in non-cash working capital:	(2,069)	1,910	525	4,216
Interest income	(195)	(1,042)	(1,062)	(1,581)
Other gains (losses)	276	458	103	933
Other adjustments	143	159	57	(350)
Cash flow from operations	11,091	9,503	44,232	40,623
Adjust for:				
Capital expenditures	(85)	(288)	(830)	(1,240)
Repayment of debt	(4,281)	(3,120)	(15,064)	(12,675)
Free Cash Flow from operations	6,725	6,095	28,338	26,708
Per Share:				
Basic weighted average number of shares outstanding	15,706,299	15,679,777	15,704,261	15,678,514
Cash flows from operations	$ 0.71	$ 0.61	$ 2.82	$ 2.59
Free Cash Flow from operations	$ 0.43	$ 0.39	$ 1.80	$ 1.70

Cautionary Statements

This news release contains certain "forward-looking information" which may include, but is not limited to, statements with respect to future events or future performance, management's expectations regarding the Company's growth, results of operations, estimated future revenue, requirements for additional capital, timelines for construction, revenue and production costs, future demand for and prices of electricity, business prospects and opportunities. In addition, statements relating to estimates of recoverable geothermal energy "reserves" or "resources" or energy generation are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that the geothermal resources and reserves described can be profitably produced in the future. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current geothermal energy production, development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective geothermal resources; changes in project parameters as plans continue to be refined; possible variations of production rates; failure of plant, equipment or processes to operate as anticipated; accidents, labor disputes and other risks of the geothermal industry; political instability or insurrection or war; labor force availability and turnover; delays in obtaining governmental approvals or in the completion of development or construction activities, or in the commencement of operations; the ability of the Company to continue as a going concern and general economic conditions, as well as those factors discussed in the section entitled "Risk Factors" in the Company's Annual Information Form. These factors should be considered carefully, and readers of this news release should not place undue reliance on forward-looking information.

Although the forward-looking information contained in this news release is based upon what management believes to be reasonable assumptions, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The information in this news release, including such forward-looking information, is made as of the date of this news release and, other than as required by applicable securities laws, Polaris Infrastructure assumes no obligation to update or revise such information to reflect new events or circumstances.