

BORALEX - Assemblée générale annuelle, le mercredi 5 mai 2021

Allocution de :

Bruno Guilmette, Vice President and Chief Financial Officer

Introduction

Thank you, Patrick. Ladies and gentlemen, shareholders, partners, employees and friends of Boralex, it is my turn to say good morning.

I will begin by reporting on the progress we made in 2020 on our three 2023 financial targets.

First, we reached \$146 million in discretionary cash flow (AFFO) in 2020. This \$26 million or 22% increase from 2019 is attributable to the higher EBITDA(A) generated thanks to very good wind conditions and the positive impact of our operational and financial optimization initiatives. This means that we reached our 2023 target of \$140 to \$150 million three years ahead of schedule.

Our dividend payout ratio was 45% in 2020, which is in line with our 2023 target of 40% to 60% of discretionary cash flow.

And lastly, our net installed capacity is now 2.5 GW, very close to our 2023 target of 2.8 GW. With the projects we already have under construction, our construction-ready projects and our secure projects, we are confident that we will reach that target.

As Patrick mentioned, this very good performance, coupled with the positive changes in our industry, has led us to review our 2023 financial targets and update our strategic plan. We will report the results of this review in a press release on June 17, and then hold an investor day with the management team to present the details.

I would now like to briefly review our financial performance for 2020, a year during which we continued to grow across the spectrum. We generated 5.8 TWh of electricity on a combined basis, 5% more than in 2019. The wind segment was particularly strong, generating 6% more power than 2019 and 7% more than forecast.

Combined revenue from energy sales was \$738 million, up \$51 million or 7% from 2019.

This increase is due to both the expansion of the Company's operational base, including the increase in capacity at the Buckingham hydroelectric power station in Québec, and increased wind farm production due to better wind conditions than in 2019.

The increase in revenues generated a combined EBITDA(A) of \$513 million in 2020, up \$21 million or 4% from the previous year.

Combined net earnings attributable to Boralex shareholders was \$50 million or \$0.51 per share, compared to a net loss of \$39 million or \$0.43 per share in 2019. This improvement is mainly due to the higher EBITDA(A), interest savings related to recent refinancings, decreased impairment and lower amortization costs resulting from changes in the lifespans of certain wind farm components.

In 2020, we also continued our financial optimization initiatives, finalizing an \$806 million, 16-year refinancing of our 230 MW Niagara Region Wind Farm (NRWF) on Ontario's Niagara Peninsula. This refinancing provided \$72 million in financial resources that we applied against the Company's credit facility, and will generate recurring annual savings of more than \$5 million in interest charges.

This is the third major refinancing by Boralex in less than a year. These refinancings, which total \$2.7 billion and are on favourable terms, have enabled us to enhance our financial flexibility considerably by paying down more than \$260 million on our corporate credit facility. They will also lead to a total of \$22 million in recurring annual savings.

We also did an equity financing in August 2020, issuing shares for gross proceeds of \$201 million, which funded the two acquisitions completed in late 2020 and early 2021.

Finally, our net-debt-to-total-market-capitalization ratio dropped from 56% at the end of 2019 to 41% at the end of 2020. We have thus strengthened our balance sheet and enhanced the financial flexibility we have to pursue our growth.

As you can see, we had a busy year, and that was reflected in the rise in our stock price!

We are very proud of our share performance, with our stock price rising 93%, from \$24.46 at the beginning of the year to \$47.24 at the end of fiscal 2020. This increase reflects the success of the 2023 plan we introduced in 2019, as well as investor enthusiasm for the renewable energy sector.

Now let me turn briefly to the 2021 first quarter results we released this morning.

2021 Q1 review

In the first quarter, we continued to execute our strategic plan, adding 180 MW to our project portfolio and recording net income of \$38 million.

The beginning of 2021 was marked by announcements on two major projects: the signing of the contract for the Apuiat wind power project in Quebec, with an installed capacity of 200 MW, and a positive ruling on the 71 MW Moulins du Lohan wind farm project in the Brittany region of France. These announcements are very positive for the Company's continued growth.

Finally, we recorded a combined EBITDA(A) of \$162 million, 4% lower than for the first quarter of 2020.

The contribution of our two most recent acquisitions was in line with our expectations but did not fully offset the impact of the lower production volume compared to the first quarter of 2020, when wind conditions in France were truly exceptional.

You can find more details on the Q1 results in the documents posted earlier today on our website.

In conclusion: all financial indicators are positive thanks to all our teams across the company.

1. We continued to register growth in financial results;
2. We made significant progress in the execution of our strategic plan;
3. Financial markets recognized the value of Boralex and the renewable energy sector;
4. We are noticing an acceleration of the energy transition, which will mean more opportunities for organic growth and acquisitions;

5. And finally, we are in a very solid financial position to pursue our growth and take advantage of opportunities.

Thank you for your attention. I will now turn things back to our Chairman.

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