



# Disciplined Growth in Markets with Attractive Renewable Energy Programs



Investor Presentation  
BLX – Toronto Stock Exchange

January 2021



# Disclaimer

## Forward-looking statements

Some of the statements contained in this presentation including those regarding future results and performance strategic plan business model growth strategy revenues diversification optimization development in the solar sector and storage expansion of targeted customers through signature of contracts directly with companies consuming electricity sale of minority interests and 2023 financial objectives are forward-looking statements based on current expectations within the meaning of securities legislation.

Boralex would like to point out that by their very nature forward-looking statements involve risks and uncertainties such that its results or the measures it adopts could differ materially from those indicated by or underlying these statements or could have an impact on the degree of realization of a particular forward-looking statement.

Unless otherwise specified by the Corporation the forward-looking statements do not take into account the possible impact on its activities transactions non-recurring items or other exceptional items announced or occurring after the statements are made. There can be no assurance as to the materialization of the results performance or achievements as expressed or implied by forward-looking statements. The reader is cautioned not to place undue reliance on such forward-looking statements.

Unless required to do so under applicable securities legislation Boralex management does not assume any obligation to update or revise forward-looking statements to reflect new information future events or other changes.

## Combined basis – Non-IFRS measure

The combined information ("Combined") presented above and in the MD&A of the Corporation resulted from the combination of the financial information of Boralex Inc. ("Boralex" or the "Corporation") under IFRS and the share of the financial information of the Interests. The Interests represent significant investments by Boralex and although IFRS does not permit the consolidation of their financial information within that of Boralex management considers that information on a Combined basis is useful data to evaluate the Corporation's performance. In order to prepare the Combined information Boralex first prepares its financial statements and those of the Interests in accordance with IFRS. Then the Interests in Joint Ventures and associates Share in earnings of the Joint Ventures and associates and Distributions received from the Joint Ventures and associates line items are replaced by Boralex's respective share (ranging from 50% to 59.96%) in the financial statement items of the Interests (revenues expenses assets liabilities etc.). See the *Non-IFRS measures* section in the Second Quarter 2020 Interim Report for more information.

## Other non-IFRS measures

This presentation contains certain financial measures that are not in accordance with International Financial Reporting Standard ("IFRS"). In order to assess the performance of its assets and reporting segments Boralex uses the terms "EBITDA" "EBITDA(A)" "cash flows from operations" "net debt ratio" "discretionary cash flows" and "payout ratio". For more information please refer to Boralex's MD&A.

## General

The data expressed as a percentage is calculated using amounts in thousands of dollars.



# Agenda

## **Why Invest in Boralex?**

- 1. A Pure Play in Renewable Energy with Strong ESG Profile**
- 2. Focused on Markets with Attractive Renewable Energy Programs**
- 3. A Well-Defined Strategic Plan with Strong and Disciplined Growth Potential**
- 4. Successful Execution of the Strategic Plan while not being Materially Impacted by COVID-19**
- 5. Solid Financial Position, Predictable Cash Flows with 97% of Production Secured by long-term Contracts and 40-60% Dividend Payout Ratio**



# Boralex's Leadership Team



**Patrick  
Decostre**  
President and  
Chief Executive Officer



**Marie-Josée  
Arsenault**  
Vice President  
Talent and Culture



**Julie  
Cusson**  
Vice President  
Public and  
Corporate Affairs



**Hugues  
Girardin**  
Vice President  
Development



**Bruno  
Guilmette**  
Vice President  
and Chief  
Financial Officer



**Pascal  
Hurtubise**  
Vice President  
Chief Legal Officer and  
Corporate Secretary



**Nicolas  
Wolff**  
Vice President  
and General Manager  
Boralex Europe

- Complementary background, leadership style, expertise and years of experience in the industry.



# Boralex's History



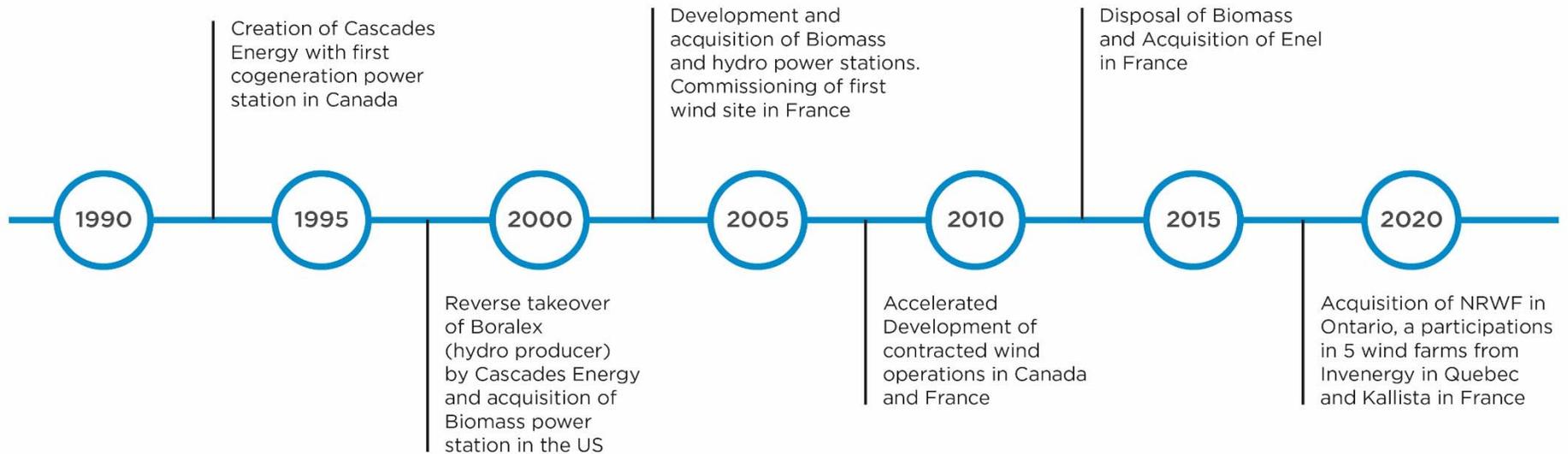
**TEAM SPIRIT**  
Demonstrate that we are better together

**COMMUNICATION**  
Be open to meaningful and ongoing dialogue

**RESPECT**  
Show consideration guided by the principles of sustainable development

**CREATIVITY**  
Making great strides with ingenuity

**ENTREPRENEURSHIP**  
Think and act proactively and with flexibility

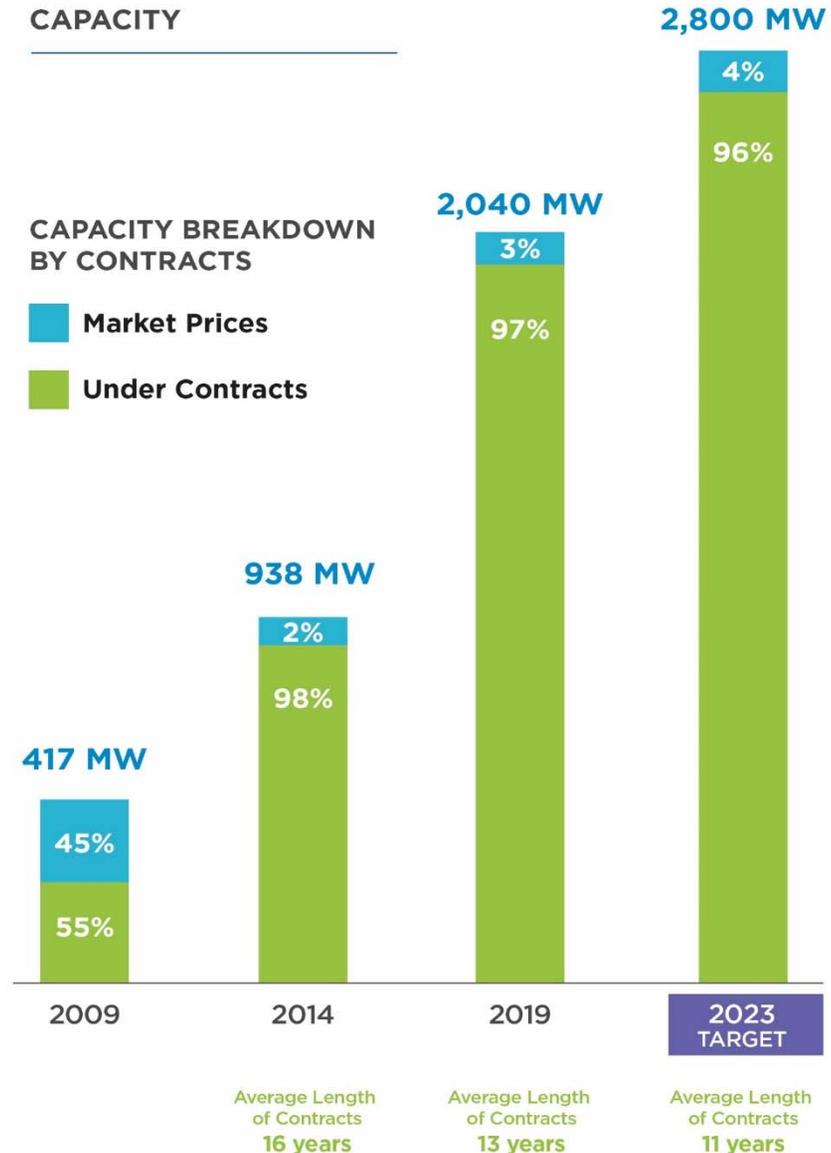




# 1. Strong Growth in Contracted Renewable Business

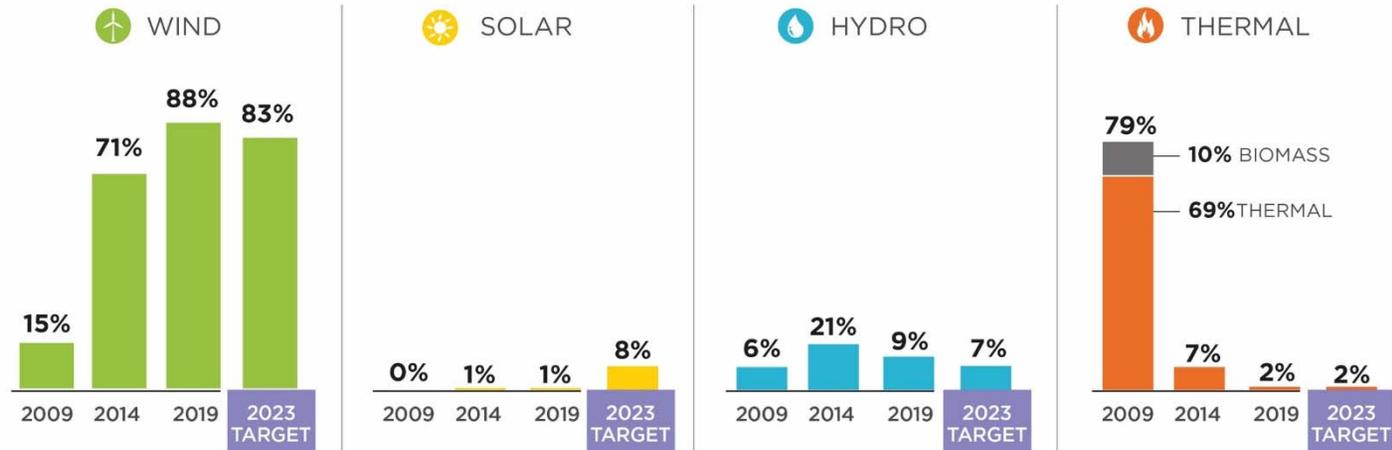
**97 % of capacity under contracts with an average remaining length of 13 years**

Boralex has a robust business model based on income derived from long-term contracts with corporations that have strong financial positions (Hydro Quebec, EDF, Ontario ISO, BC Hydro, NYISO)

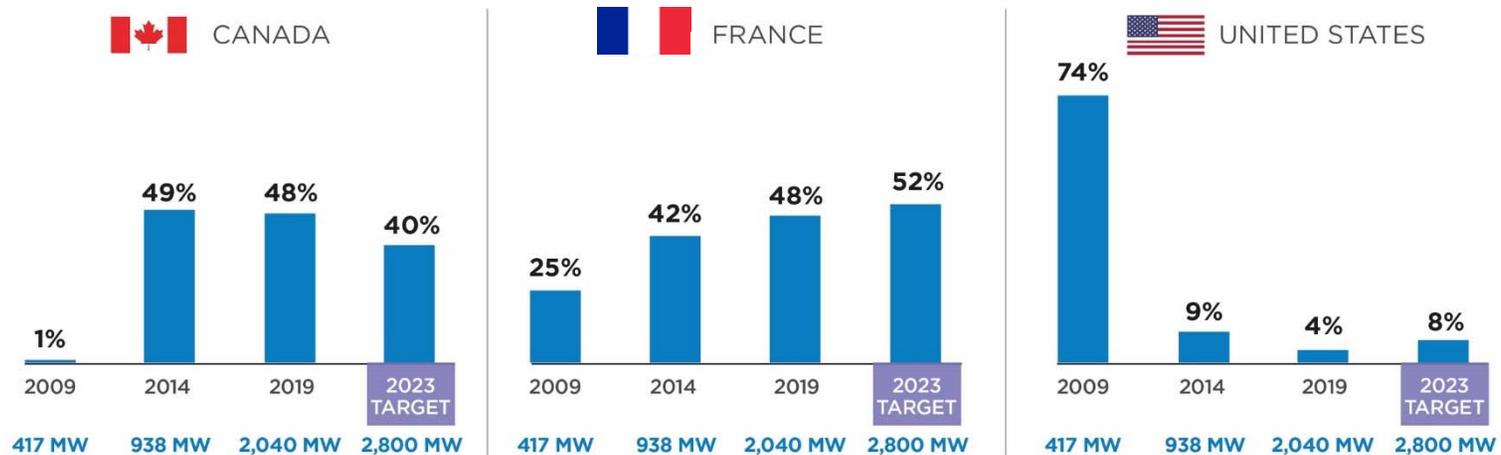


# 1. A Pure Play in Renewable Energy

CAPACITY BREAKDOWN BY OPERATING SEGMENT



CAPACITY BREAKDOWN BY GEOGRAPHIC SEGMENT





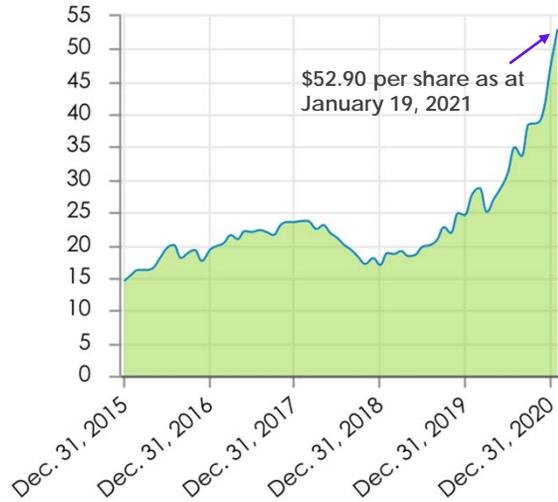
# 1. Profitable and Sustainable Growth

## Stock price

(Monthly closing price in Canadian dollars)

**Compound annual growth rate: 29%**

(Toronto Stock Exchange under the ticker BLX)



## EBITDA(A)\*

(in millions of Canadian dollars)

**Compound annual growth rate: 27% (IFRS) and 25% (Combined)**



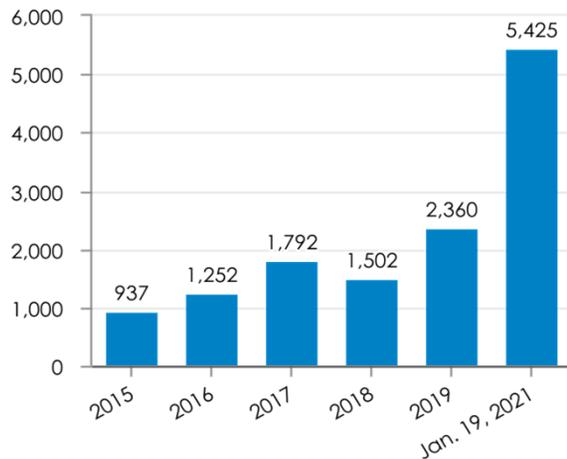
\* See the *Non-IFRS measures* section.

\*\* EBITDA(A) under Combined information for the 12-month period ended September 30, 2020 is broken down as follows, Q3 2020: \$83 million, Q2 2020: \$107 million, Q1 2020: \$169 million and Q4 2019: \$165 million, for a total of \$524 million.

## Market capitalization

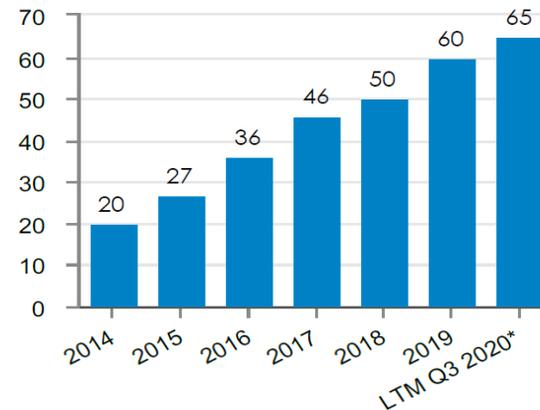
(in millions of Canadian dollars)

**Compound annual growth rate: 42%**



## Dividends paid

(in millions of Canadian dollars)



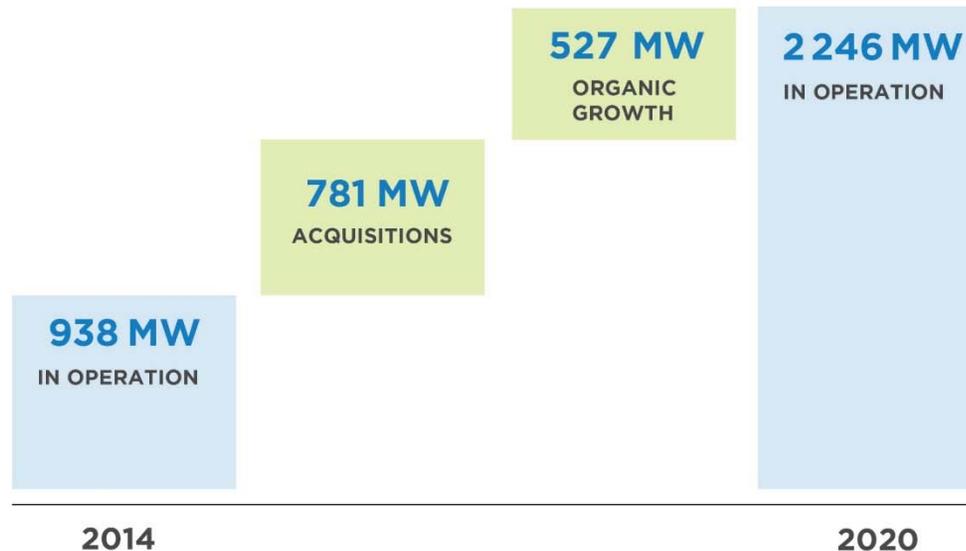
\* Dividend amount paid for the 12-month period ended September 30, 2020 is broken down as follows, Q3 2020: \$17 million, Q2 2020: \$16 million, Q1 2020: \$16 million and Q4 2019: \$16 million, for a total of \$65 million.



# 1. Growing Organically and through Acquisitions

## Net Installed Capacity

CAGR: 15%



**Boralex more than doubled in size both from acquisitions and organic growth**

## Growing the Boralex Way

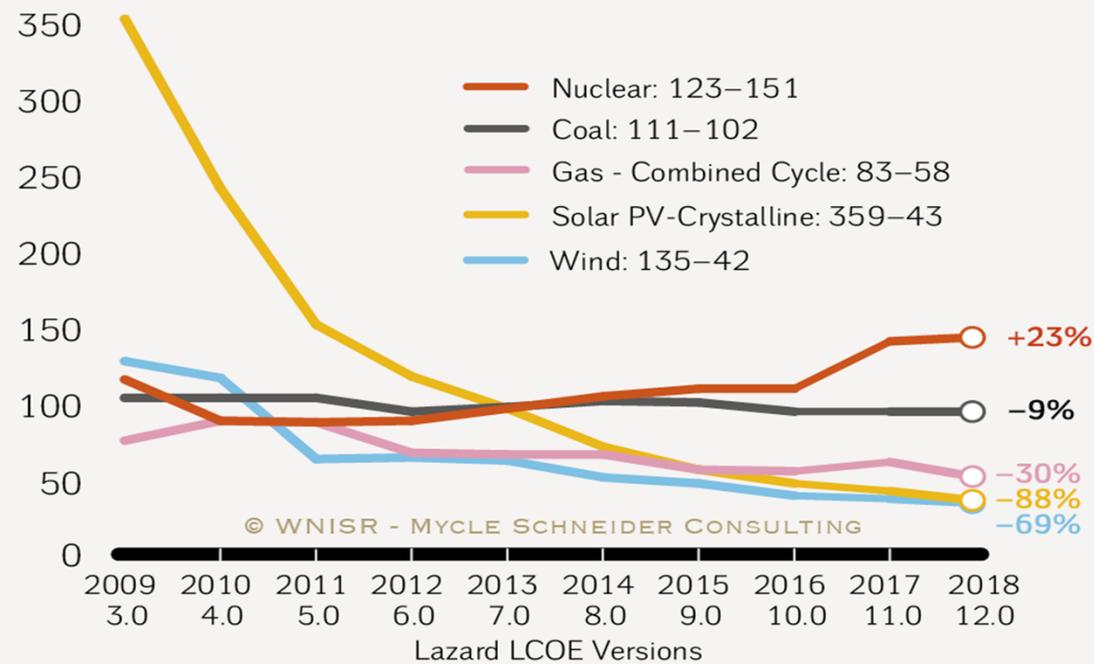
1. Focused in markets with ambitious targets for renewable energy and more complex development processes creating barriers to entry for larger players.
2. Success in developing small to mid-size projects.



## 2. Focusing on Attractive Markets

### Selected Historical Mean Costs by Technology

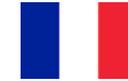
LCOE values in US\$/MWh <sup>(1)</sup>



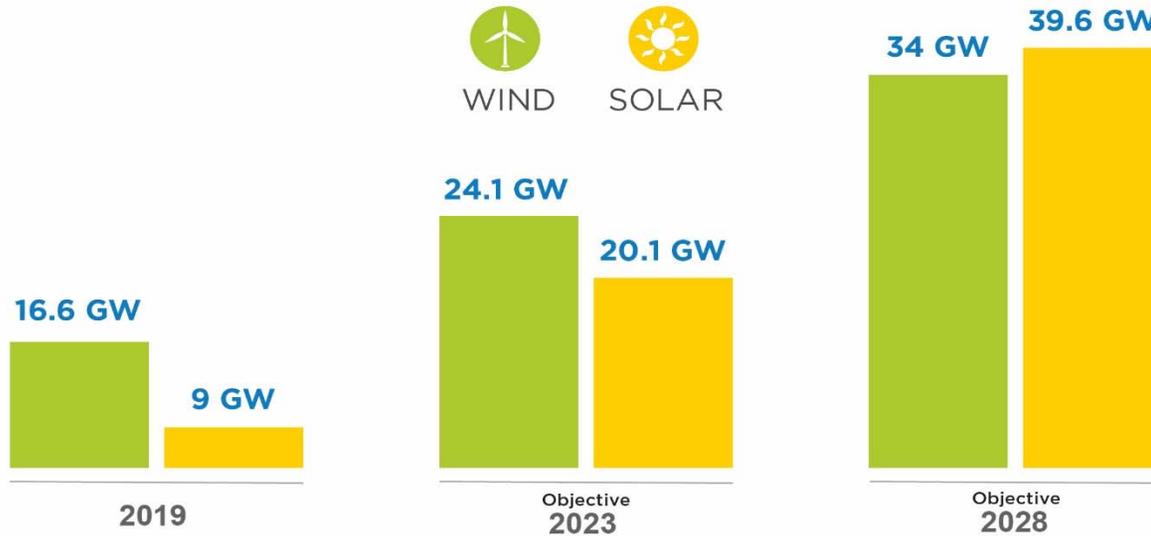
Source: World Nuclear Industry Status Report 2019

**Renewable Energy is now less expensive than  
Traditional Power Sources**

## 2. Focusing on Attractive Markets



### TARGETS OF FRENCH RENEWABLE ENERGY PROGRAM



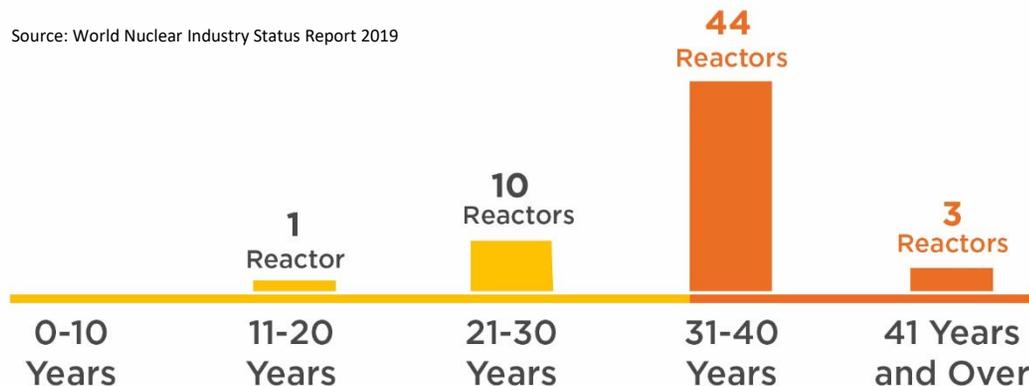
- Around 1.85 GW/year of additional capacity for a 8% CAGR
- Around 3 GW/year of additional capacity (2/3 ground-based solar and 1/3 solar buildings) for a 17% CAGR
- Objective to surpass wind capacity in 2028

Source: "Programmation pluriannuelle de l'énergie"  
CAGR: Compound annual growth rate

### AGE FRENCH NUCLEAR FLEET As of 1 July 2019

**58 Reactors**  
Mean Age: **34.4 Years**

Source: World Nuclear Industry Status Report 2019



- Fessenheim 1 in France closed on February 20, 2020 and 2 closed in June 2020
- High refurbishing costs and very long process



## 2. Focusing on Attractive Markets



### NY STATE, US TARGETS

**70% renewables**  
by **2030**

**Zero emission**  
electrical grid  
by **2040**

**Increase solar** energy  
production capacity  
from **1.7 GW** in 2019 to  
**6 GW in 2025**

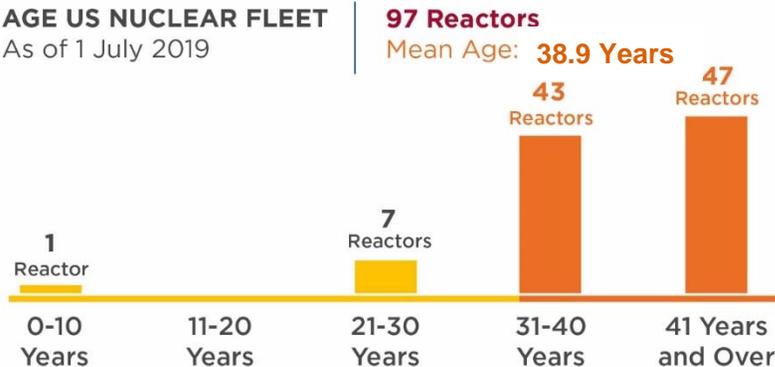
**Add 3 GW** of  
energy **storage**  
production capacity  
by **2030**

### 2020 ORDER ISSUE TO ACCELERATE THE TRANSITION

**+ 40%** in procurements  
**of Tier 1 projects**  
requiring NYSERDA to contract  
**4,500 GWh/year** between  
**2021 and 2026**

**New Tier 4** of REC's for up  
to **3,000 MW**  
through one or more solicitations

### AGE US NUCLEAR FLEET As of 1 July 2019



- Indian Point 2 (NYS) in the U.S. closed on April 30, 2020 and 3 expected to close next year
- High refurbishing costs and very long process



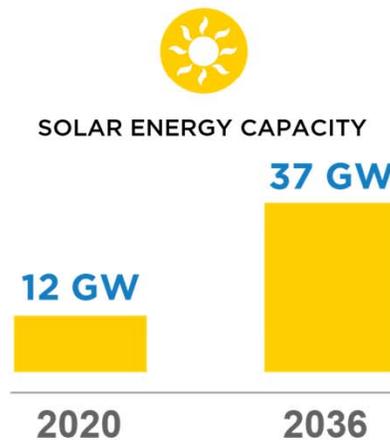
## 2. Focusing on Attractive Markets



### TARGETS OF CALIFORNIA STATE, US



### SOLAR ENERGY AND STORAGE MARKET POTENTIAL IN CALIFORNIA





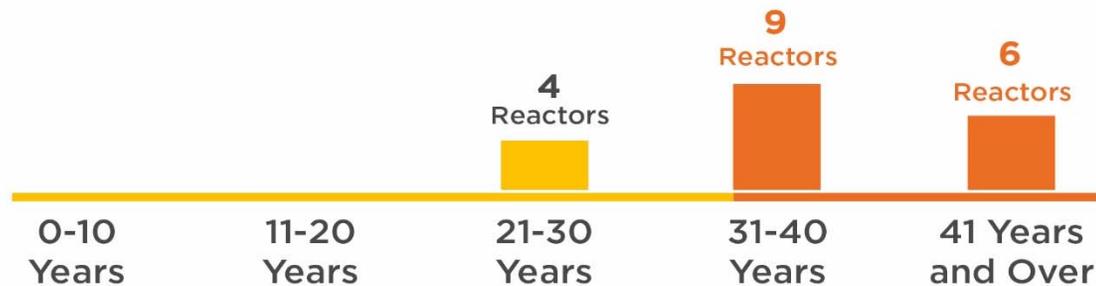
## 2. Focusing on Attractive Markets



- Hydro-Quebec export strategy and vision of new President
- Comments by Premier Legault on wind projects in Quebec
- Economic recovery program for Canada and Provinces
- Need to better integrate electricity network in North America (see MIT study)

**Age of Canadian Nuclear Fleet**  
As of 1 July 2019

**19 Reactors** (18 of them in Ontario)  
Mean Age: **35.5 years**





# 3. Well-Defined Strategic Plan with Strong Growth Potential

## STRATEGIC DIRECTIONS

### GROWTH

in markets with promising renewable energy programs

### DIVERSIFICATION

into solar power and energy storage

### NEW CUSTOMERS

through corporate PPAs and other sources of revenues

### OPTIMIZATION

operational and financial

## 2023 FINANCIAL OBJECTIVES

### DISCRETIONARY CASH FLOW

**\$140M-\$150M**

**\$59M**

2018



Objective  
2023

**2,800 MW**

OF INSTALLED CAPACITY

**1,942 MW**

2018

**2,800 MW**

Objective  
2023

**40%-60%**  
PAYOUT RATIO

## RSE/ESG TOP 10 PRIORITIES

**Diversity and Equal Opportunities**

**Responsible Corporate Governance**

**Ethics in Business and Behaviour**

**Responsible resource use**

**Greenhouse gas emissions**

**Responsible procurement**

**Adapting to climate change**

**Biodiversity**

Pollution prevention and environmental protection

**Health and Safety**

**Local community consultation and engagement**



## 3. Growth and Diversification – 2020 Achievements

### Growth

- Commissioning of Santerre (15 MW), Blanches Fosses (11 MW), Cham Longe repowering (35 MW) and Seuil de Bapaume (17 MW) wind farms in France
- Advancing of 4 wind projects totaling 30 MW to the Ready-to-build stage.
- Bids submitted for 71 MW wind power project under the November RFP in France.
- Acquisition of CDPQ's 49% interest in 3 wind farms already owned at 51% by Boralex, adding 145 MW to installed capacity

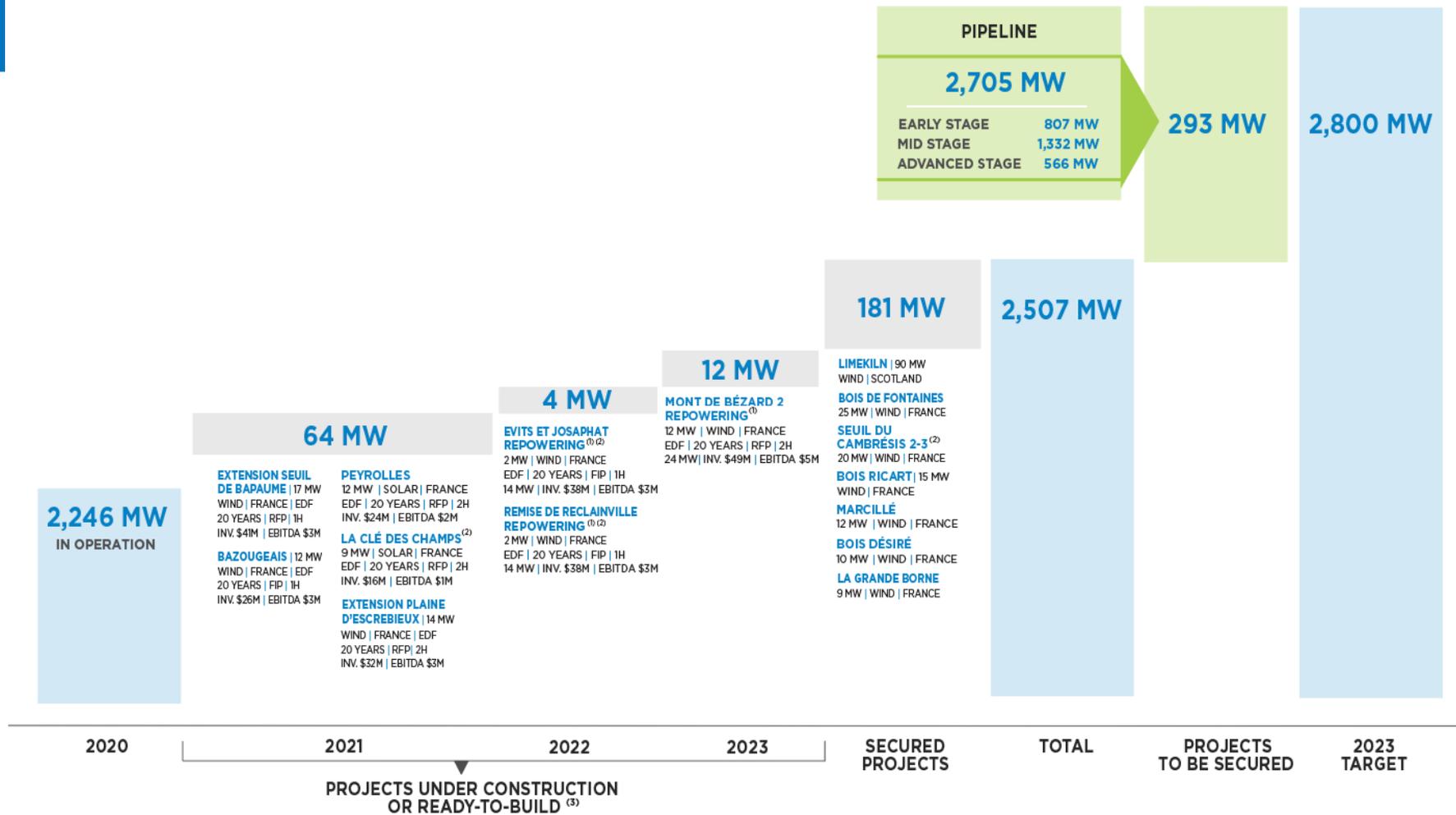
### Diversification

- Advancing of 2 solar projects totaling 21 MW to the Ready-to-build stage in France
- Imminent signing of definitive agreements for four power projects totaling 180 MW selected in the State of New York in the United States.
- 4 projects totaling 140 MW bid in September with NYPA and October with NYSERDA 2020 RFPs in the State of New York in the U.S.\*
- Agreement to Acquire majority interests in 7 solar plants in the US with a total gross capacity of 209 MW (118 MW net)

\* NYSERDA released the results of the October 2020 Auction last week. Boralex projects were not retained. NYPA results have not been released yet. Boralex can rebid these projects in the upcoming NYSERDA Auction.



# 3. Growth Path 2021-2023



(1) The Cham Longe 1 repowering project consists in replacing the existing wind turbines with new wind turbines for a total capacity of 35 MW covered by a new long-term contract, which represents an increase of 17 MW. The Evits et Josaphat repowering project represents a total capacity of 14 MW with an increase of 2 MW while the Remise de Reclainville repowering project represents a total capacity of 14 MW with an increase of 2 MW, and the Mont de Bézard 2 repowering project represents a total capacity of 24 MW with an increase of 12 MW.

(2) The following projects were renamed during the second quarter of 2020: Louville repowering 1 with Evits et Josaphat repowering; Louville repowering 2 with Remise de Reclainville repowering; RIB2-3 with Seuil du Cambresis 2-3 and St-Christophe with La clé des champs.

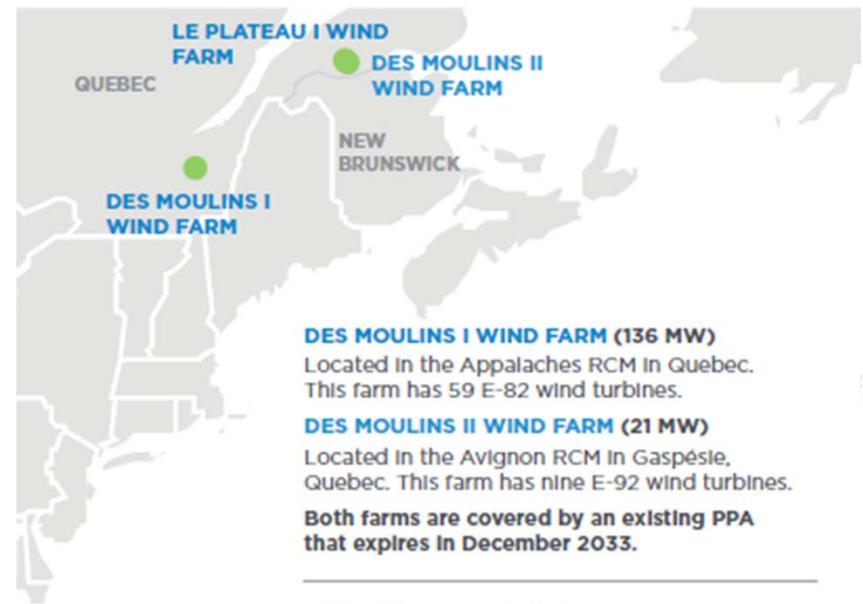
(3) The total project investment and the estimated annual EBITDA for projects in France have been translated into Canadian dollars at the closing rate on September 30, 2020.

**Note: does not include installed capacity of announced agreement to Acquire majority interests in 7 solar plants in the US with a total gross capacity of 209 MW (118 MW net)**

### 3. Acquisition of CDPQ's 49% interest in 3 wind farms already owned at 51% by Boralex

- Acquisition price:
  - \$121.5 million in cash paid at closing
  - additional amount of up to \$4 million subject to the settlement of certain conditions;
- Project debt:
  - as at September 30, 2020, totalled \$402 million (the 49% equity stake is therefore \$197 million).
- Adds 145 MW to Boralex's capacity;
- Long-term contracts expiring between 2032 and 2033 with an average remaining duration of almost 12.5 years;
- Additional annual contribution of the wind farms to Boralex's results:
  - \$31 million to combined EBITDA;
  - \$62 million to EBITDA under IFRS representing;
  - \$10 million or \$0.10 per share to discretionary cash flows;
- Additional operational and financial synergies expected.

#### WIND FARM DESCRIPTION



#### DES MOULINS I WIND FARM (136 MW)

Located in the Appalaches RCM in Quebec. This farm has 59 E-82 wind turbines.

#### DES MOULINS II WIND FARM (21 MW)

Located in the Avignon RCM in Gaspésie, Quebec. This farm has nine E-92 wind turbines.

**Both farms are covered by an existing PPA that expires in December 2033.**

#### LE PLATEAU I WIND FARM (139 MW)

Located in the Avignon RCM in Gaspésie, Quebec. This park has 60 E-70 E4 wind turbines and is covered by an active PPA that expires in March 2032.

### 3. Agreement to Acquire interests in 7 solar plants in the US

- Acquisition price: CA\$283M (US\$216.5M)
- Debt financing covering about 75% of the acquisition price to be put in place
- 209 MW of gross capacity (118.3 MWac net capacity)
- Long term contracts with a remaining weighted average duration of more than 21.5 years
- Expected combined EBITDA (US GAAP) contribution: around CA\$20M (US\$15M)
- Accretive to discretionary cash flow (AFFO) per share in the first year with expected AFFO of about CA\$4M (US\$3M) or \$0.03 per share

ADDITION OF 209 MW GROSS CAPACITY  
(118 MW NET) IN 3 NEW REGIONS

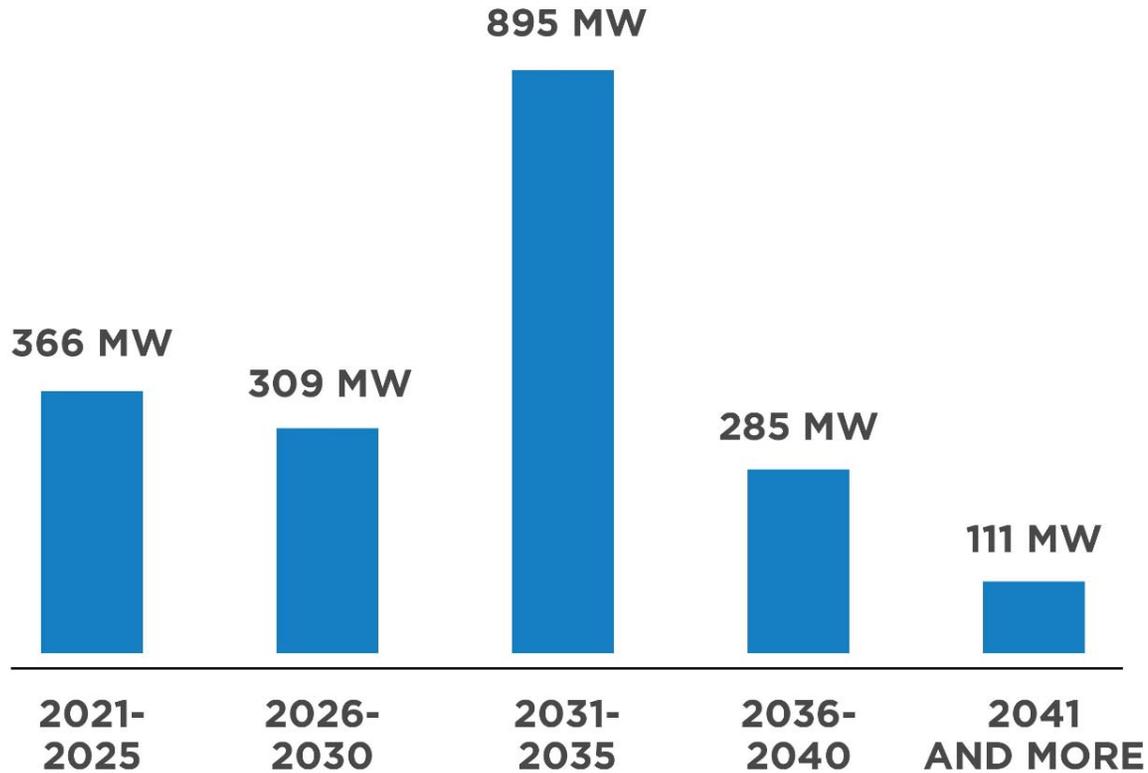


#### Expected Synergies

- Assets optimization through improved operating and maintenance work
- Accretive retrofits and repowering potential given high PPA prices, PPA flexibility and long remaining PPA terms
- Springboard to our participation in the growth of these new regional energy markets, with a focus on California
- Potential addition of storage in California
- Operational experience improving the competitiveness of greenfield development

# 3. Upcoming Contract Renewals well Spread

## REMAINING TIME ON EXISTING LONG-TERM CONTRACTS



### First two corporate PPA signed in 2020

- 5-year with Orange in France for 39 MW
- 3-year with Auchan in France for 16 MW

## 3 STRATEGIES

Repowering Project

Corporate PPA

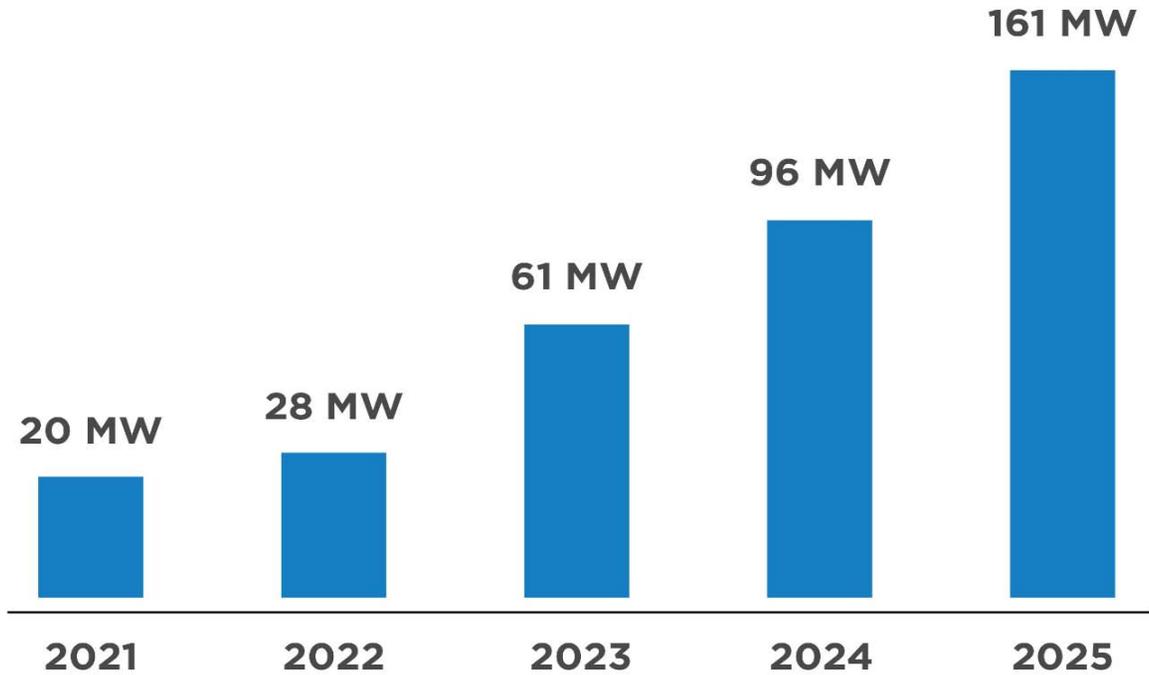
Market / Hedging

Note: excluding projects in *Growth Path*



### 3. Upcoming Contract Renewals - Next 5 Years

REMAINING TIME ON EXISTING LONG-TERM CONTRACTS



**About 60%**  
Identified Potential  
Repowering  
Projects

**About 40%**  
Further Analysis Needed  
(repowering, corporate PPA  
or Market / Hedging)

Note: excluding projects in *Growth Path*



## 3. Optimization Orientation – 2020 Achievements

### **Service and Maintenance Optimization : 412 MW**

- Optimization for wind farms totaling 412 MW (276 MW net) of installed capacity in Canada and France.

### **Repowering projects: 87 MW**

- Repowering of the Cham Longe I wind farm in France increased installed capacity to 35 MW, 17 MW more than the capacity before the work with a new 20-year contract. Commissioned December 1st, 2020
- Repowering of the Evits et Josaphat and Remise de Reclainville wind farms ready to be built. Installed capacity of 14 MW for each wind farm, 2 MW more than the current capacity with high-performing equipment doubling production and new 20-year contracts. Commissioning expected in 2022.
- Repowering of Mont de Bézard wind farm ready to be build. Installed capacity of 24 MW, 12 MW more than the current capacity with high-performing equipment and new 20-year contracts. Commissioning expected in 2023.

### **Financial optimization: \$806M**

- \$806M refinancing for NRWF 230 MW wind farm in Ontario resulting in recurring annual savings of \$5M



### 3. A Balanced Approach to ESG since 30 years

## ESG IS AN INTEGRAL PART OF OUR BRAND/DNA

#### 100% renewable focus

---

2019 production =  
290,517 tons CO<sub>2</sub> equivalent reduction

---

Partnerships to improve knowledge  
and reduce environmental impacts

---

Strong engagement and  
reputation of partner of choice  
for local municipalities and  
indigenous communities

---

1 lost time incident on  
767,000 worked hours in 2019

---

Employee brand and  
mobilization surveys

---

Inclusive work place culture  
and flexible hours schedule

---



**BORALEX**

Diverse and complementary  
Board of Directors and  
Management team:

- 2 women out of 7 senior managers and 4 women out of 11 Board members
- 

All Board members,  
except CEO and ex-CEO are  
independent

---

Code of ethics,  
whistleblower, independent  
HR committee and clawback  
policy

---

Annual variable incentive  
program mainly based on  
discretionary cash flow  
(AFFO) per share

---

# 3. RSE/ESG : Going beyond Renewable Energy

## Our Priorities

**Respect** People,  
Regulations and  
Ethics



**Diversity and  
Equal Opportunities**



**Responsible  
Corporate Governance**



**Ethics in Business  
and Behaviour**

**Respect** the  
Planet



**Responsible  
resource use**



**Greenhouse gas emissions**



**Responsible  
procurement**



**Adapting to  
climate change**

**Respect** our  
Employees and our  
Local Environment



**Biodiversity**

Pollution prevention and  
environmental protection



**Health and Safety**



**Local community consultation  
and engagement**



## 4. Financial Highlights

### **Continued growth in quarterly results. Fourth quarter in a row with results above expectations**

- Total production in Q3-2020 up 2% vs anticipated production and up 10% vs 2019.
- EBITDA up 18% vs 2019
- LTM AFFO of \$148M, up \$24M over previous quarter.

### **Financial optimization**

- \$806M refinancing of NWRF 230 MW wind farm in Ontario completed in August resulting in \$5M recurring annual savings
- More than \$2.7 billion in refinancing carried out in the past twelve months providing greater financial flexibility and \$22 million benefits.
- Net debt to total capital ratio of 41% at end of Q3-2020 vs 56% at end of 2019

### **\$200M bought deal completed in August 2020**



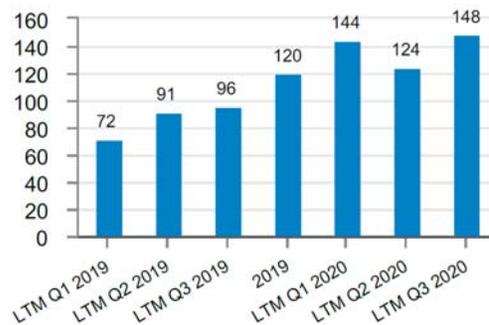
# 4. Successful Execution of Strategic Plan

## Good Progress Year-to-date on the 3 financial objectives:

1. Generate between \$140M - \$150M in discretionary cash flow by 2023
2. Maintain Dividend Payout Ratio between 40% to 60%
3. Increase Installed Capacity from 1,942 MW in 2018 to 2,800 MW by 2023

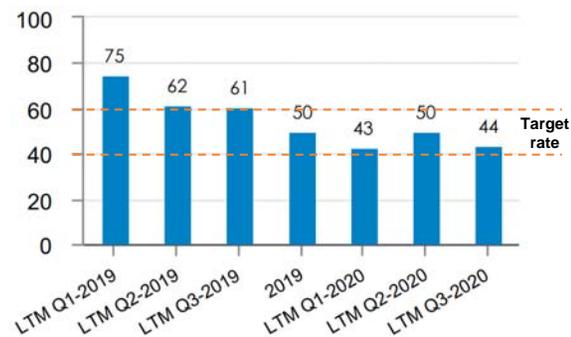
### Discretionary cash flows\*

(in millions of Canadian dollars)



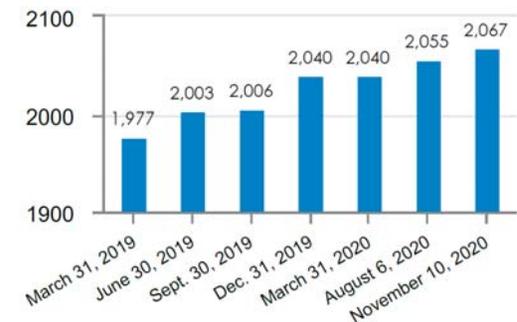
### Dividend payout ratio\*

(as a %)



### Net installed capacity

(in MW)



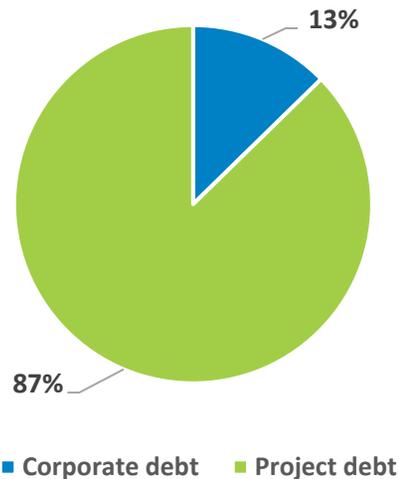
\* See the *Non-IFRS measures* section of the 2020 Interim Report 3.



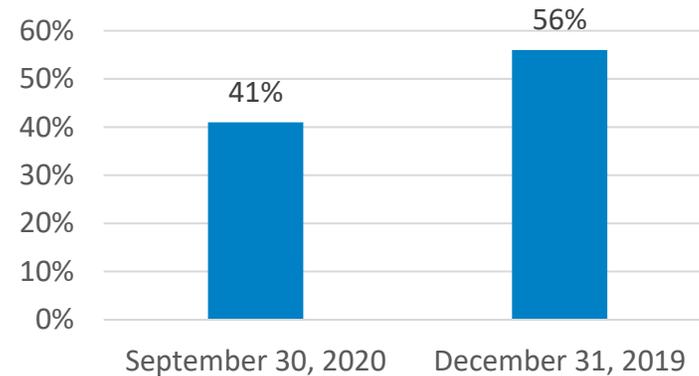
## 4. A Solid Financial Position to Fuel Future Growth

### Total Debt Breakdown - \$2.9B

As at September 30, 2020



### Net debt to total capitalization



- \$400M available on corporate credit facility (before closing of acquisitions)
- \$182M available for construction of projects in France (CAPEX line)
- No loan renewal before 2023 (corporate revolving credit facility)
- Next renewal in 2028 (subordinated debt)
- Other loans are tied to specific assets with maturity dates that are generally in line with the power sales contracts and are non-recourse to the Corporation

## 5. Growth, Yield and Long-term Value

<b>Boralex (BLX): \$52.90</b>	<b>January 19, 2021</b>
5 years CAGR stock price	29%
Dividend yield	1.2%
Shares outstanding	102.4M
Daily trading volume	Over 500K
Market capitalization	\$5.4B vs \$937M 5 years ago

### Top 5 Shareholders

<b>Institution Name</b>	<b>% Ownership</b>
CDPQ	12.6%
CI Investments	4.6%
BlackRock Advisors UK	4.4%
BlackRock Fund Advisors	4.3%
GLC Asset Management Group	2.5%



## Growth orientation

- A strong pipeline of wind and solar projects totaling 2,705 MW
- A strong 2020-2023 Growth Path totaling 278 MW of wind and solar projects

## BREAKDOWN OF BORALEX DEVELOPMENT PROJECTS

### PIPELINE

		NORTH AMERICA	EUROPE	TOTAL BORALEX
TOTAL 2,705 MW	<b>EARLY STAGE</b>			
	• Real estate secured	315 MW	282 MW	597 MW
	• Interconnection available	90 MW	120 MW	210 MW
	• Confirmation of the project by local communities and regulatory risks			
	<b>TOTAL</b>	<b>405 MW</b>	<b>402 MW</b>	<b>807 MW</b>
	<b>MID STAGE</b>			
	• North America: Preliminary valuation and design to submit a bid under a request for proposals	760 MW	542 MW	1,302 MW
	• Europe: Preliminary design and request to obtain administrative authorizations	-	30 MW	30 MW
	<b>TOTAL</b>	<b>760 MW</b>	<b>572 MW</b>	<b>1,332 MW</b>
	<b>ADVANCED STAGE</b>			
	• North America: Project submitted under a request for proposals	-	208 MW	208 MW
	• Europe: Project authorized by regulatory authorities and submitted under a request for proposals (France)	345 MW	13 MW	358 MW
	<b>TOTAL</b>	<b>345 MW</b>	<b>221 MW</b>	<b>566 MW</b>
<b>TOTAL</b>				
	1,075 MW	1,032 MW	2,107 MW	
	435 MW	163 MW	598 MW	
<b>TOTAL</b>	<b>1,510 MW</b>	<b>1,195 MW</b>	<b>2,705 MW</b>	

### GROWTH PATH

		NORTH AMERICA	EUROPE	TOTAL BORALEX
TOTAL 278 MW	<b>SECURED STAGE</b>			
	• North America: Contract win (REC or PPA) and interconnection secured	-	181 MW	181 MW
	• Europe: Contract win (PPA) and interconnection secured (France); project authorized by regulatory authorities and interconnection secured (Scotland)	-	-	-
	<b>TOTAL</b>	<b>-</b>	<b>181 MW</b>	<b>181 MW</b>
	<b>UNDER CONSTRUCTION OR READY-TO-BUILD</b>			
	• Permits obtained	-	76 MW	76 MW
	• Financing in progress	-	21 MW	21 MW
	• Commissioning date determined	-	-	-
	• Cleared of any claims (France)	-	-	-
	• Approved by Boralex Board of Directors	-	97 MW	97 MW
<b>TOTAL</b>	<b>-</b>	<b>257 MW</b>	<b>257 MW</b>	
<b>TOTAL</b>	<b>-</b>	<b>21 MW</b>	<b>21 MW</b>	
<b>TOTAL</b>	<b>-</b>	<b>278 MW</b>	<b>278 MW</b>	

# Stéphane Milot

Director - Investor Relations

(514) 213-1045

[stephane.milot@boralex.com](mailto:stephane.milot@boralex.com)

**BORALEX**



@BoralexInc  
boralex.com

