



# Disciplined Growth in Markets with Attractive Renewable Energy Programs



Investor Presentation  
BLX – Toronto Stock Exchange

April 1<sup>st</sup>, 2020



# 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.

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## 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 Third Quarter 2019 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. **COVID-19 Update and Recent Developments.**
2. **A Unique Positioning.**
3. **Focusing on Markets with Attractive Renewable Energy Programs / Demand.**
4. **A Well-Defined Strategic Plan with Strong Growth Potential.**
5. **Solid Financial Position and Predictable Cash Flows.**
6. **Conclusion: Boralex Offers Disciplined Growth, Yield and Long-Term Value Creation.**



# COVID-19 Update – Continuity Plan

1. 97% of Boralex's production is under contract containing well-defined pre-set conditions and no clauses for price or production adjustments in a situation like that of COVID-19.
2. On top of employee's safety and well-being, priority is to keep producing electricity, an essential service, at our business units in Canada, France and the United States.
3. Continuity plan implemented in the week of March 9. All employees who can work remotely from home have been doing so.
4. Teams in charge of operations and site maintenance have been reorganized in order to limit contact among them, and a continuity plan has been implemented.
5. Boralex is in constant communication with its suppliers and has not encountered any supply problems to date.



# COVID-19 Update – Development and Strategic Plan

1. Solutions are currently being discussed with various parties in France to ensure the construction of our wind farms to be commissioned in 2020.
2. The development teams are adjusting their practices to take into account the new reality of COVID-19 and discussions are continuing in the initiatives already underway when possible.
3. Boralex is closely monitoring any potential M&A transactions that could become available due to the current economic context.
4. Boralex is on track to fulfill its strategic orientations and financial objectives for 2023.
5. First quarter results to be released as planned on May 6, 2020



## COVID-19 Update – Balance Sheet and Cash Flow Generation

1. Boralex has a robust business model based on income derived from long-term contracts with corporations that have strong financial positions (EDF, Hydro Quebec, IESO, BC Hydro)
2. More than \$2 billion in refinancing was carried out in 2019 providing greater financial flexibility and \$15 million benefits.
3. Corporate revolving credit facility of \$450 million with \$208 million still available to be used as of December 31, 2019.
4. No loan renewals 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. The Corporation generated \$120 million in discretionary cash flows in 2019. Boralex expects to continue generating significant cash flows in 2020 given its strong contracts and the savings generated by the refinancing initiatives in 2019.



## Recent Developments

1. Commissioning of **4 wind farms** and **2 hydro power stations** totalling **95 MW** in 2019
2. Over **100 MW awarded to Boralex** in two Auctions in France, license obtained for 90 MW project in Scotland and 26 MW wind projects added to *Growth Path* for 2021
3. Selected for **180 MW solar projects** in New York State, US
4. **\$1.7B refinancing in France**, \$200M refinancing in Quebec and conversion/redemption of \$144M convertible debentures
5. \$120M discretionary cash flow (AFFO) generated in 2019, more than **double the amount generated in 2018.**



# Boralex's Leadership Team



**Patrick  
Lemaire**

President and  
Chief Executive Officer



**Marie-Josée  
Arsenault**

Vice President  
Talent and Culture



**Julie  
Cusson**

Vice President  
Public and  
Corporate Affairs



**Patrick  
Decostre**

Vice President and  
Chief Operating Officer



**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**

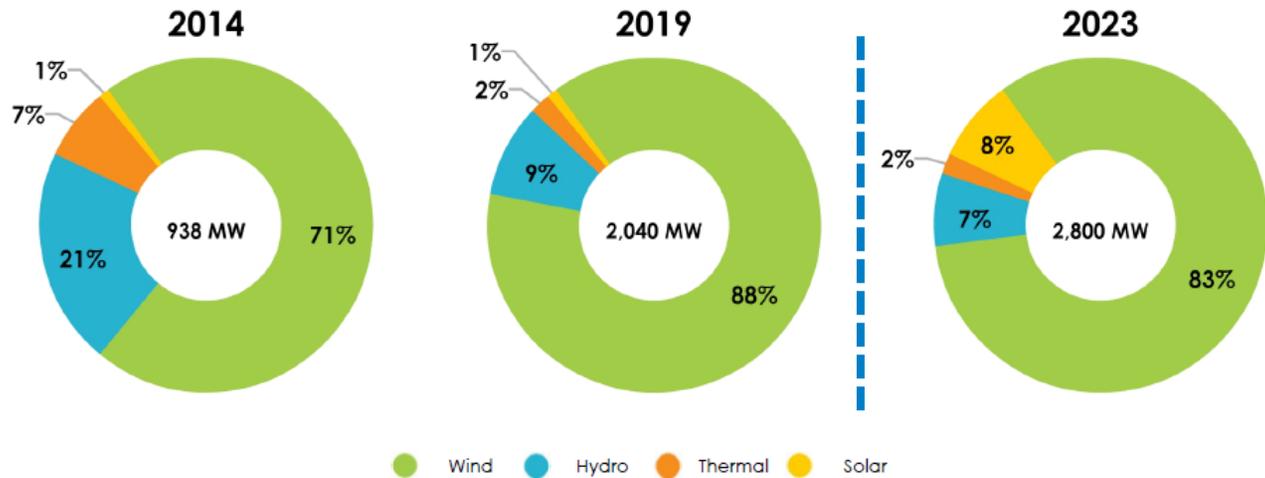
Vice President  
and General Manager  
Boralex, Europe

- Complementary background, leadership style, expertise and years of experience in the industry.
- Creation of new COO role in 2019 to optimize operations / development activities and improve flexibility / agility of management team (11 members reduced to 8)

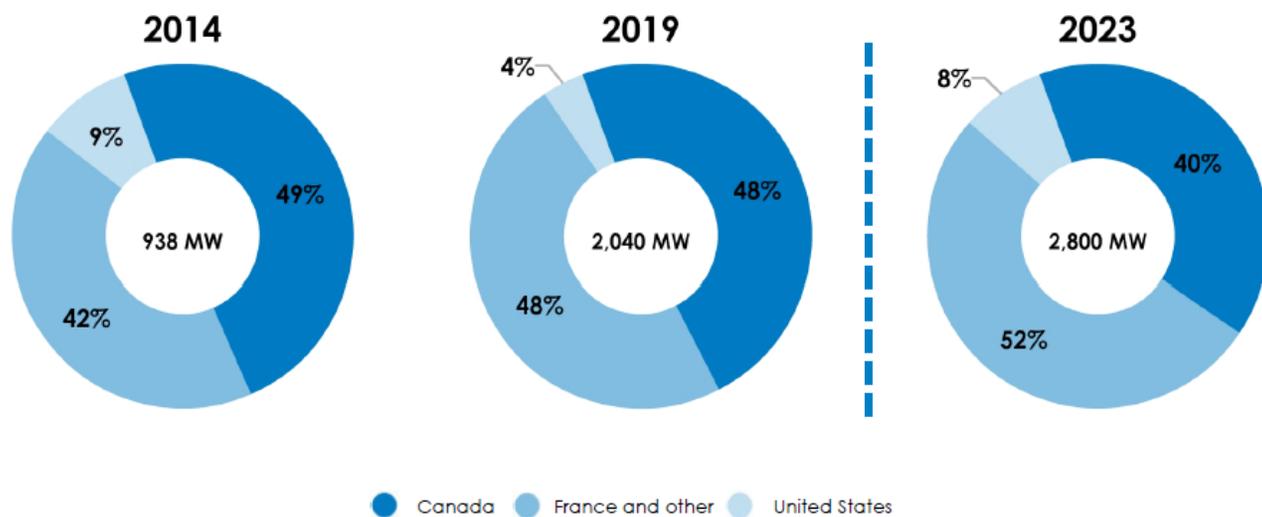


# 1. A Unique Positioning

### Capacity Breakdown by Operating Segment



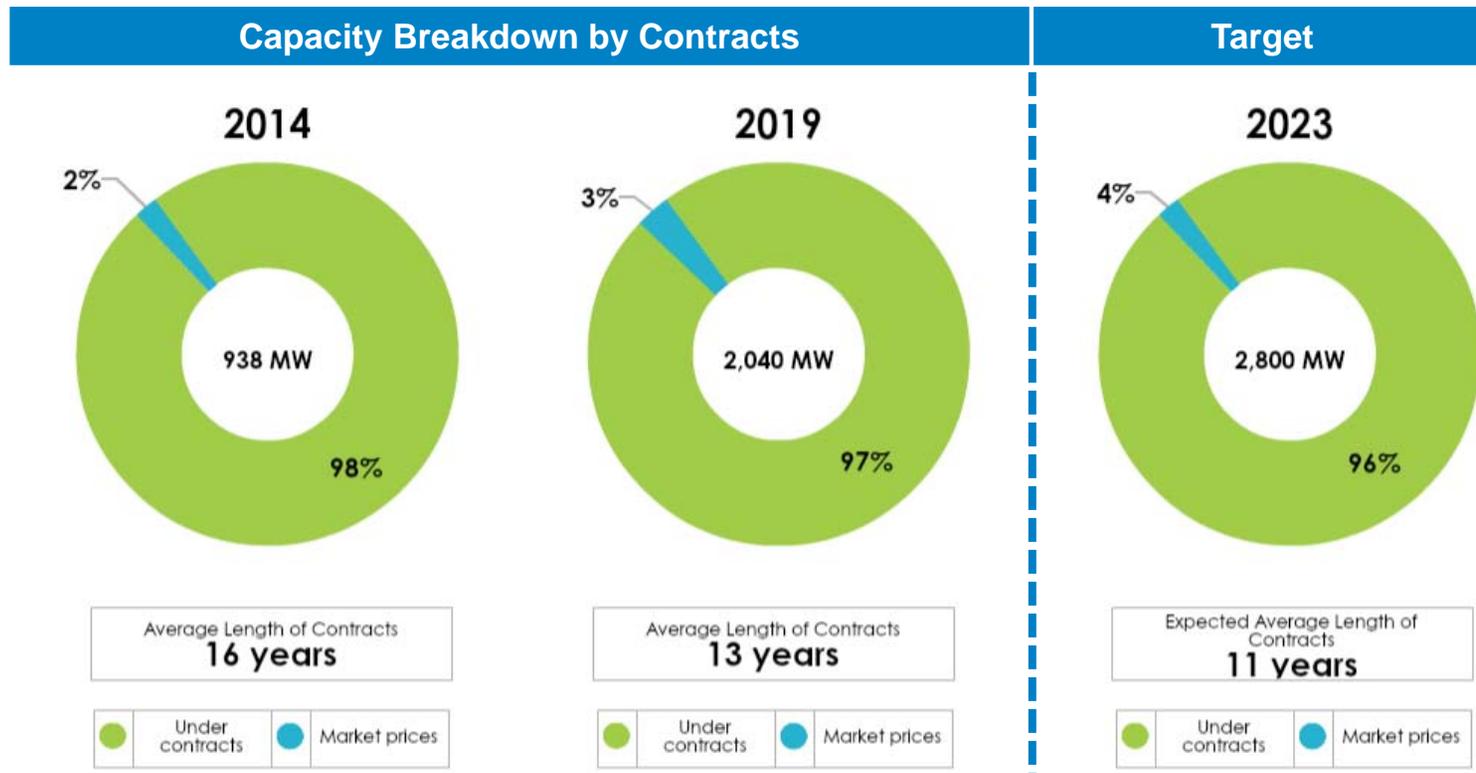
### Capacity Breakdown by Geographic Segment





# 1. A Unique Positioning

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





# 1. A Unique Positioning

Boralex more than doubled in size in the past 5 years





# 1. A Unique Positioning

## Growing the Boralex Way

1. Success in developing small to mid-size projects.
2. Development focused in key markets with more complex processes creating barriers to entry for larger players.
3. Boots-on-the-ground approach with development team actively involved from day one.
4. Experience with strategic and financial partnerships as well as acquisitions.
5. Strong values and culture of respect for employees, communities and environment (ESG-focused by nature).



# 1. A Unique Positioning

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

100% renewable focus

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

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Partnerships to improve knowledge  
and reduce environmental impacts

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

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

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Employee brand and  
mobilization surveys

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Inclusive work place culture  
and flexible hours schedule

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Diverse and complementary  
Board of Directors and  
Management team:

- 2 women out of 8 senior managers and 4 women out of 11 Board members
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All Board members,  
except CEO are independent

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

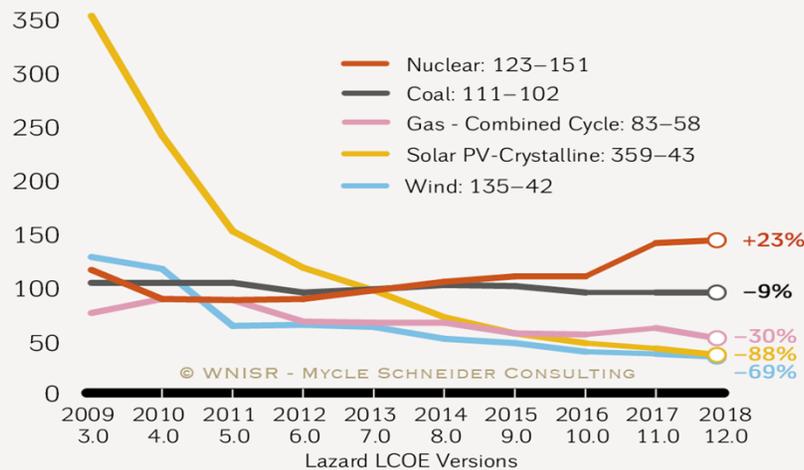
**BORALEX**



## 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

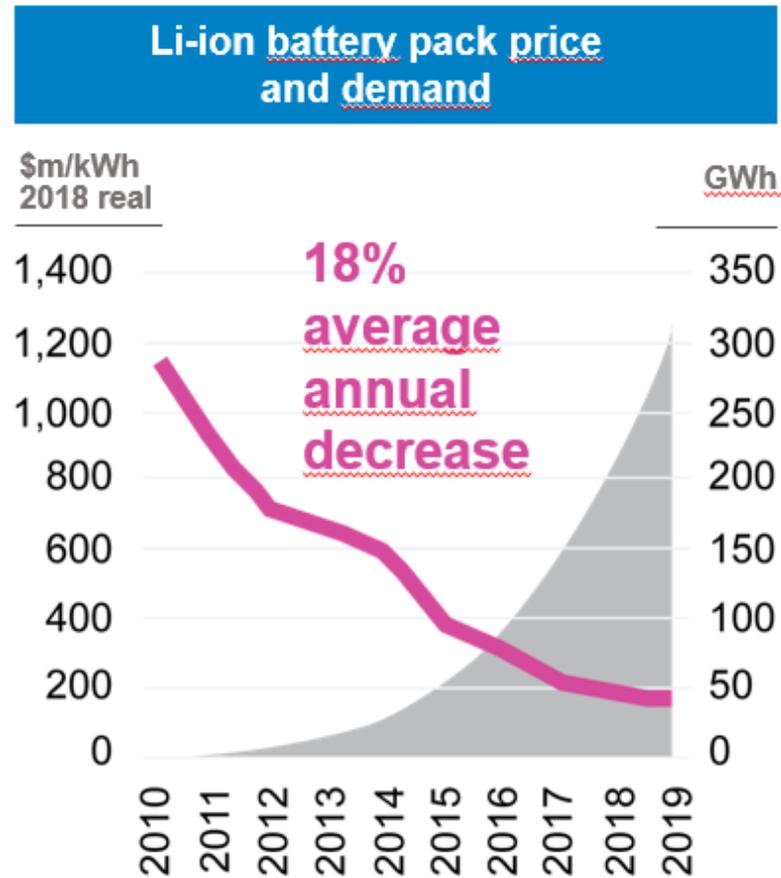
**The International Energy Agency (IEA) stated, in its recent assessment of nuclear power, that:**

- Today, the high capital cost of nuclear makes it significantly more costly on a levelized costs basis than wind power or gas fired generation in both the European Union and United States.
  - By 2040, in the United States, the LCOE (Levelized Cost of Energy) for nuclear power is projected to be around USD100 per MWh, double that of solar PV and wind.
  - In the European Union, the gap is smaller as nuclear's LCOE averages around USD110 per MWh compared to wind and solar PV in [a] range of USD 85–90 per MWh.



## 2. Focusing on Attractive Markets

Storage is becoming much more affordable and suitable to complement wind and solar projects.

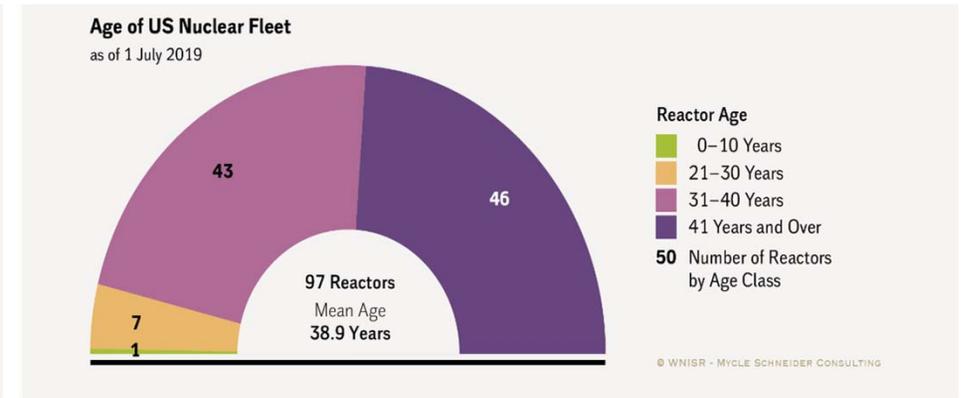
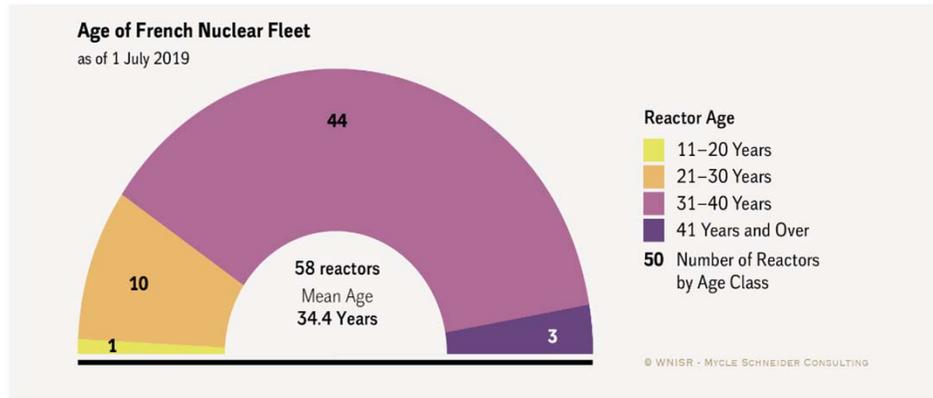


Source: 2019 LCOE (Levelized Cost of Energy) Update BloombergNEF.

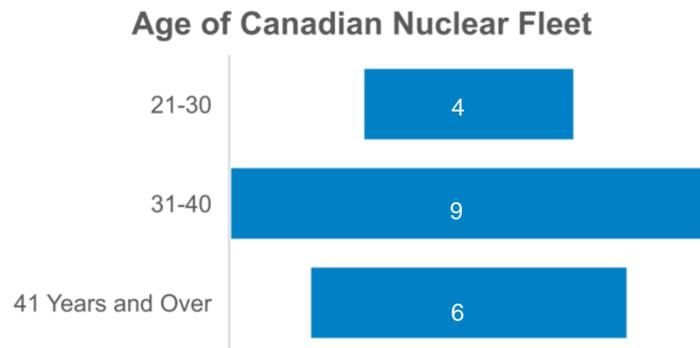
Note: the global benchmark is country weighed-average using the latest annual capacity additions. The storage LCOE is reflective of a utility-scale Li-ion battery storage system running at a daily cycle and includes charging costs assumed to be 60% of wholesale base power price in each country.

## 2. Focusing on Attractive Markets

### Aging French and US Nuclear Fleets offer strong potential for renewable energy



Source: World Nuclear Industry Status Report 2019



Source: Country Nuclear Profiles IAEA

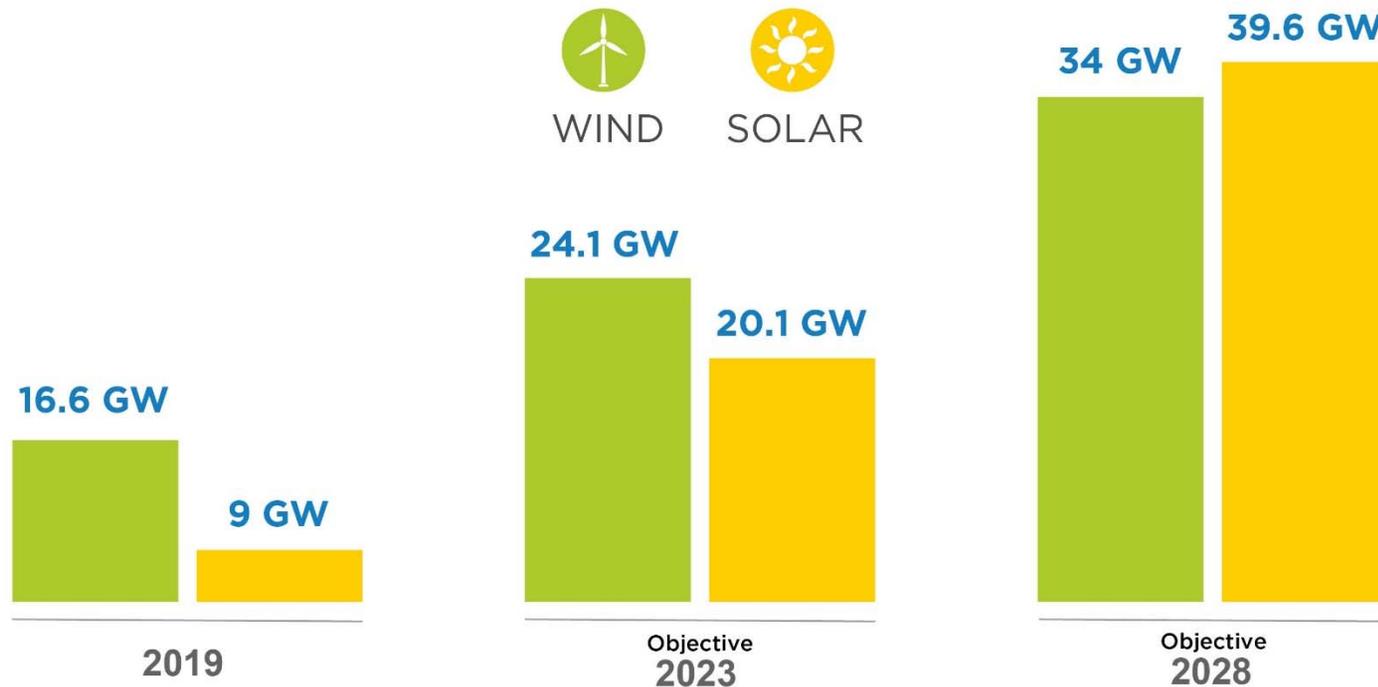
**Canada counts 19 nuclear reactors, 18 of them in Ontario, with a mean age of 35.5 years:**  
 4 between 21-30 years  
 9 between 31-40 years  
 6 over 41 years

**Limited potential for renewable energy projects in the short term due to political environment**



## 2. Focusing on Attractive Markets

### TARGETS OF FRENCH RENEWABLE ENERGY PROGRAM



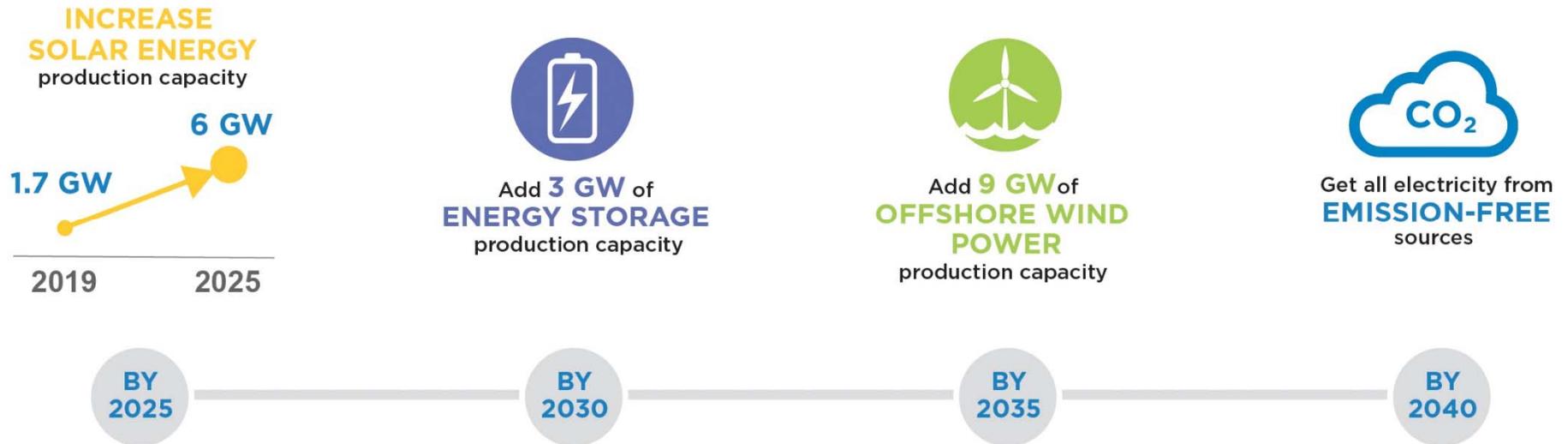
-  Around 1.85 GW/year of additional capacity for a 8% CAGR
-  Around 3 GW/year of additional capacity (2/3 ground-based solar and 1/3 solar buildings) for a 17% CAGR
-  Objective to surpass wind capacity in 2028

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



## 2. Focusing on Attractive Markets

### TARGETS OF NEW YORK STATE, U.S. GREEN NEW DEAL





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

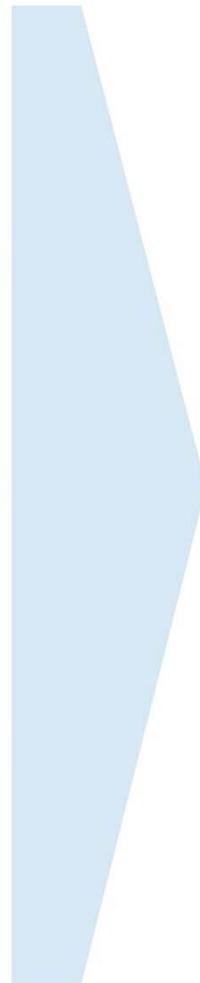
## STRATEGIC DIRECTIONS

**GROWTH**  
in markets with promising renewable energy programs

**DIVERSIFICATION**  
in solar and storage

**NEW CUSTOMERS**  
through corporate PPA and other sources of revenues

**OPTIMIZATION**  
operational and financial



## 2023 FINANCIAL OBJECTIVES

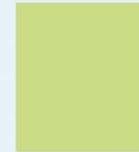
DISCRETIONARY CASH FLOW

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

**\$59M**



2018



Objective  
2023

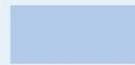
**40%-60%**

PAYOUT RATIO

**2,800 MW**

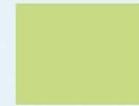
OF INSTALLED CAPACITY

**1,942 MW**



2018

**2,800 MW**



Objective  
2023



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

## 2019 and YTD 2020 Achievements

### 1. GROWTH

- Commissioning of 4 wind farms totalling 69 MW and 2 hydroelectric power stations totalling 26 MW.
- Projects under construction or ready-to-build totaling 27 MW and secured projects of 167 MW added to the *Growth path*.
- Selected for 180 MW of solar power projects in a RFP in the State of New York in the United States.

### 2. DIVERSIFICATION

- Development team set up for solar power energy projects in the State of New York in the United States.
- Selected for 180 MW projects in its first RFP for solar power projects in the State of New York in the United States.
- Development of solar power projects in France.

### 3. CUSTOMERS

- Solid progress in Europe and North America toward entering into agreements directly with companies.
- Negotiations underway for several projects by an on-site team to develop new sources of revenues through the energy transition.

### 4. OPTIMIZATION

- \$1.7 B refinancing in France
  - Free up \$178M to reduce corporate credit facility
  - \$180 million released to reduce the corporate credit facility.
  - \$200 million for the construction of short-term projects.
  - \$182 million revolving credit facility put in place in January 2020.
  - Reduction of annual interest expense by \$15 million.
- \$209 million refinancing in Québec, Canada.
- Conversion of \$144 million in issued and outstanding convertible debentures.
- Upgrade of the Buckingham hydroelectric power station in Québec.
- For 211 MW of assets, optimization of maintenance work by replacing external maintenance contracts with internal maintenance.



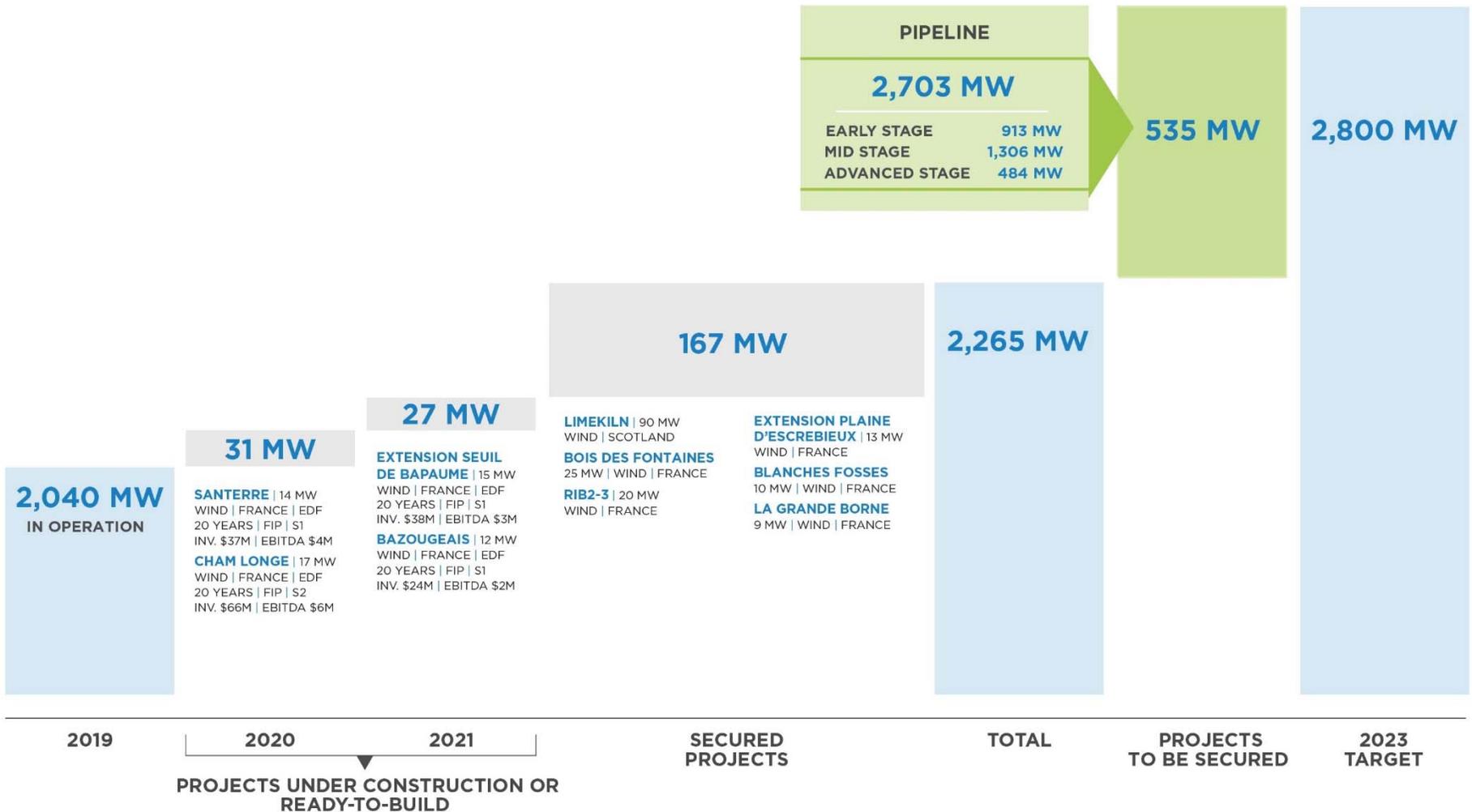
## BREAKDOWN OF BORALEX DEVELOPMENT PROJECTS

		NORTH AMERICA	EUROPE	TOTAL BORALEX	
<b>PIPELINE</b>  <b>TOTAL 2,703 MW</b>	<b>EARLY STAGE</b> <ul style="list-style-type: none"> <li>Real estate rights secured</li> <li>Grid connection available</li> <li>Verification of the acceptability of the project by local communities and regulatory risks</li> </ul>	315 MW 155 MW <b>TOTAL 470 MW</b>	344 MW 99 MW <b>443 MW</b>	<b>659 MW</b> <b>254 MW</b> <b>913 MW</b>	
	<b>MID STAGE</b> <ul style="list-style-type: none"> <li>North America: Preliminary valuation and design to make a bid under a request for proposals</li> <li>Europe: Preliminary design and requests for administrative authorizations made</li> </ul>	760 MW - <b>TOTAL 760 MW</b>	496 MW 50 MW <b>546 MW</b>	<b>1,256 MW</b> <b>50 MW</b> <b>1,306 MW</b>	
	<b>ADVANCED STAGE</b> <ul style="list-style-type: none"> <li>North America: Project submitted under a request for proposals</li> <li>Europe: Project authorized by regulatory authorities and submitted under a request for proposals (France)</li> </ul>	- 205 MW <b>TOTAL 205 MW</b>	236 MW 43 MW <b>279 MW</b>	<b>236 MW</b> <b>248 MW</b> <b>484 MW</b>	
	<b>GROWTH PATH</b>  <b>TOTAL 225 MW</b>	<b>SECURED STAGE</b> <ul style="list-style-type: none"> <li>North America: Contract win (REC or PPA) and grid connection secured</li> <li>Europe: Contract win (PPA) and grid connection secured (France); project authorized by regulatory authorities and grid connection secured (Scotland)</li> </ul>	- - <b>TOTAL -</b>	167 MW - <b>167 MW</b>	<b>167 MW</b> <b>-</b> <b>167 MW</b>
		<b>UNDER CONSTRUCTION OR READY-TO-BUILD</b> <ul style="list-style-type: none"> <li>Permits obtained</li> <li>Financing in progress</li> <li>Commissioning date determined</li> <li>Cleared of any claims (France)</li> <li>Approved by Boralex Board of Directors</li> </ul>	- - <b>TOTAL -</b>	58 MW - <b>58 MW</b>	<b>58 MW</b> <b>-</b> <b>58 MW</b>
	<b>CURRENTLY IN OPERATION 2,040 MW</b>				



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

## Growth Path





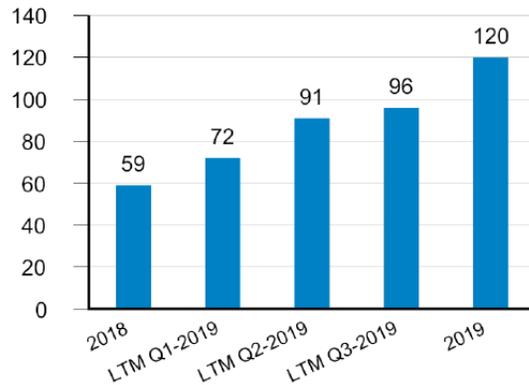
## 4. A Solid Financial Position

### 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

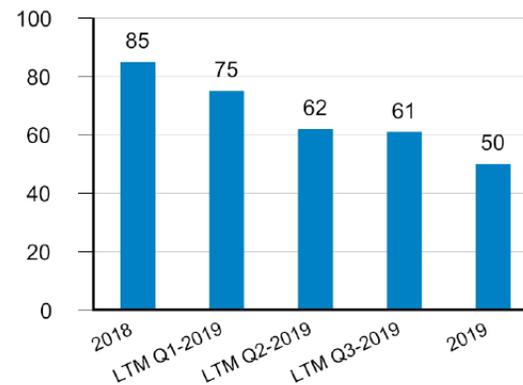
#### Discretionary cash flows\*

(in millions of Canadian dollars)



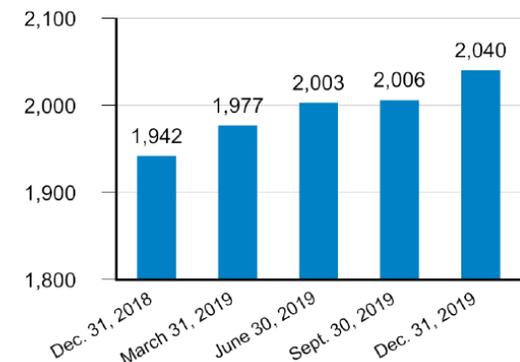
#### Dividend payout ratio\*

(as a %)



#### Net installed capacity

(in MW)



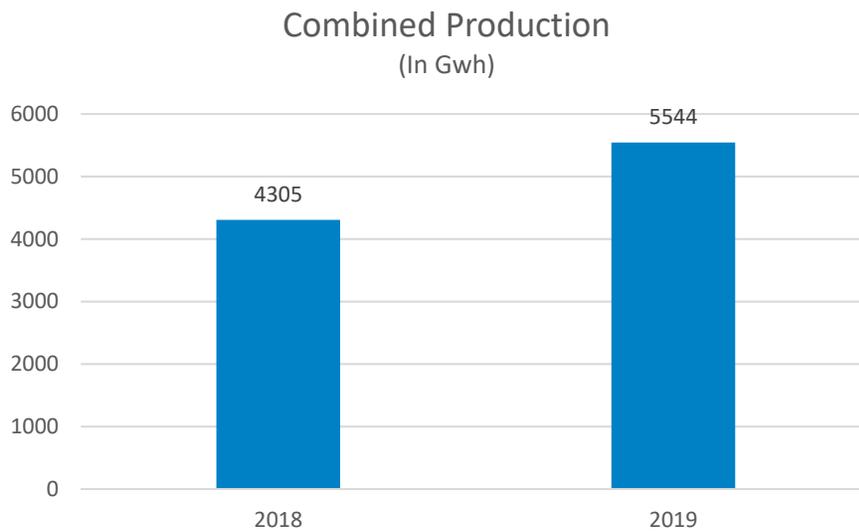
\* See the *Non-IFRS measures* section of the 2019 Annual Report.



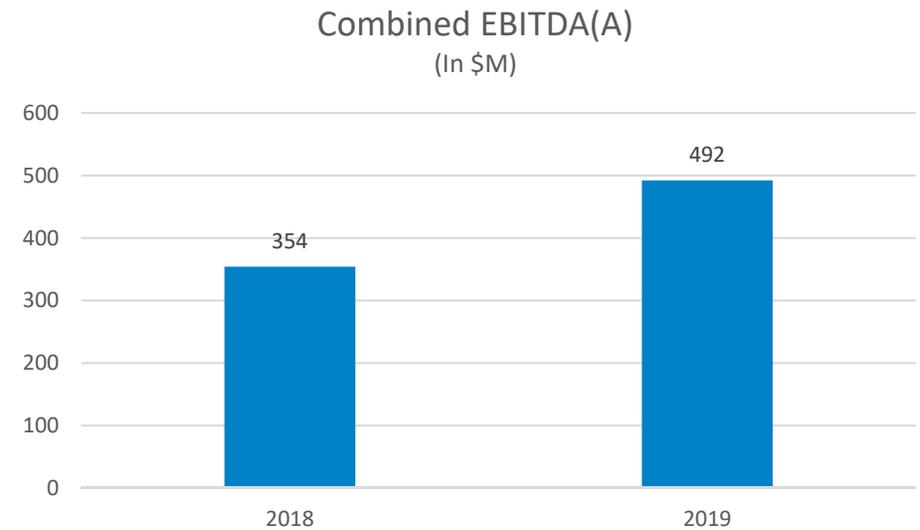
## 4. A Solid Financial Position

Strong growth in production and EBITDA(A)

Production up by 29%



EBITDA(A) up by 39%.



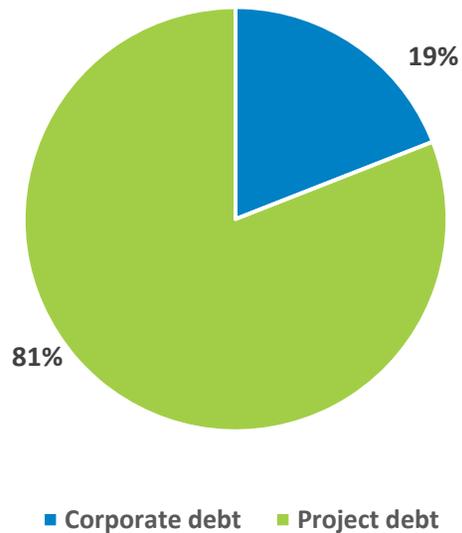


## 4. A Solid Financial Position

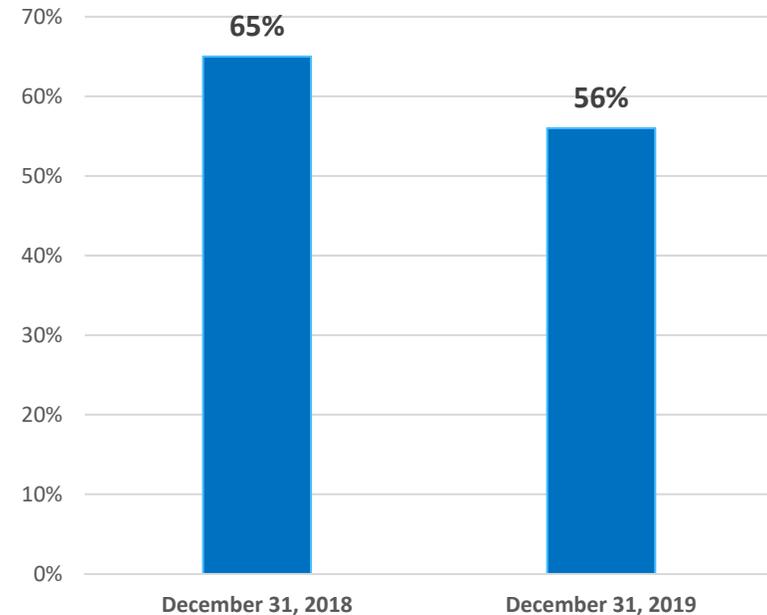
### Strong Balance Sheet

#### Total Debt Breakdown - \$3.1B

As at December 31, 2019



#### Net debt to total capitalisation



- \$208M available on \$450M corporate credit facility
- Project debt amortized in general over the term of contracts and non-recourse

# 4. A Solid Financial Position

## Share price

(Closing price in Canadian dollars)  
**Compound annual growth rate: 14%**  
 (Toronto Stock Exchange under the ticker BLX)



## EBITDA(A)\*

(in millions of Canadian dollars)  
**Compound annual growth rate: 29% (IFRS) and 27% (Combined)**

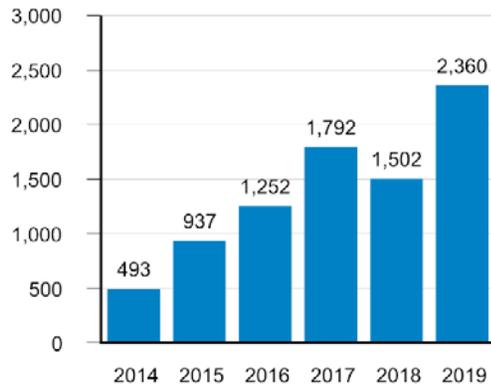
● IFRS ● Combined\*



\* See the Non-IFRS measures section.

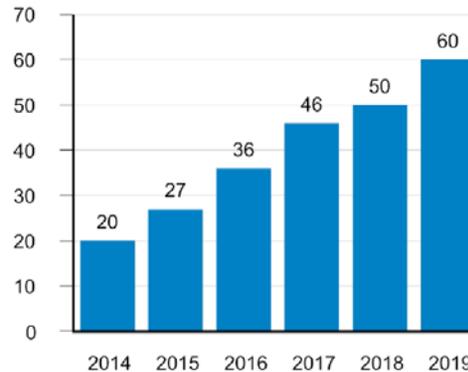
## Market capitalization

(in millions of Canadian dollars)  
**Compound annual growth rate: 37%**



## Dividends paid

(in millions of Canadian dollars)



**Compound Annual Growth Rate:**

Share price: 14%

Market Capitalization: 37%

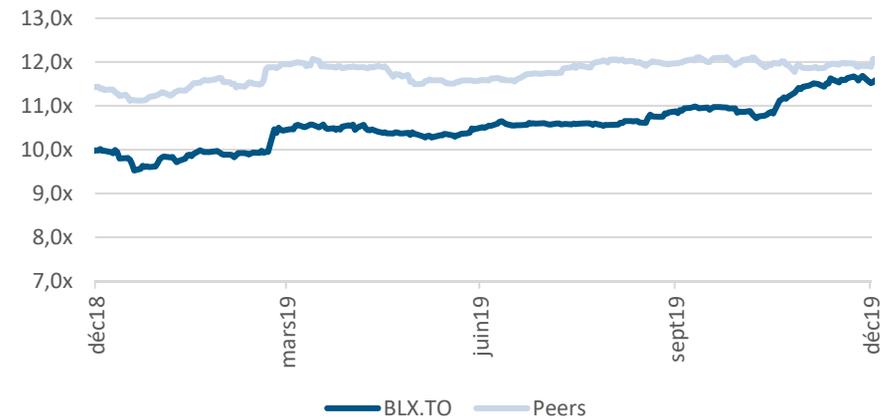
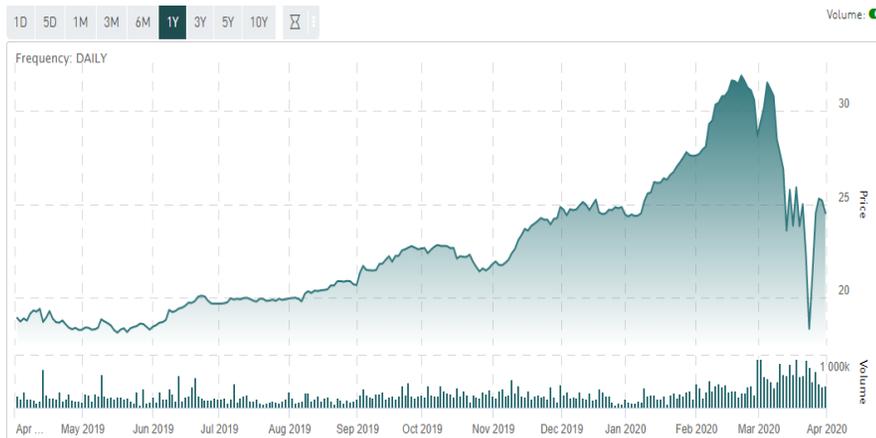
EBITDA(A): 27%

Dividends: 25%

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

Borex stock price increased by 45% in 2019 and is down 23% from its \$32.04 peak reached Feb. 21, 2020

Increase in EV/EBITDA valuation multiple and reduction in discount to peers in the past year



**Borex offers growth, yield and long-term value!!**

Borex (BLX): \$24.52	March 30, 2020
5 years CAGR stock price	14%
Dividend yield	2.7%
Shares outstanding	96.3M
Public float	78.5M
Daily trading volume	Over 400K
Market capitalization	\$2.4B vs \$493M 5 years ago

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**BORALEX**



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