



# Financial Review

1<sup>st</sup> Quarter 2010

May 11, 2010

# DISCLAIMER



## *Forward-looking statements*

Certain statements contained in this presentation, including those regarding future results and performance, are forward-looking statements based on current expectations. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those projected, including, but not limited to, the general impact of economic conditions, raw material price increases and availability, currency fluctuations, fluctuations in electricity selling prices, the company's financial capacity, adverse changes in general market and industry conditions, as well as other factors listed in the Company's filings with different securities commissions.

This presentation contains certain non-GAAP financial measures. For more information, please refer to Boralex's interim management report.



# **Mr. Patrick Lemaire**

*President and  
Chief Executive Officer  
Boralex Inc.*

# Highlights

## Q1 2010



- ▲ **Increase in production driven for the most part by the commissioning of new wind energy capacity**
  - Commissioning of 40 MW in Ontario (Thames River)
  - Commissioning of 4,6 MW in France on February 1<sup>st</sup>, 2010 (Cham Longe II)
  - Commissioning of 2,0 MW in British Columbia in Q2 2009 (Ocean Falls)
  
- ▲ **Lower electricity prices in T1 2010, for all sectors, offset by decreased raw material costs**
  - Lower cost for wood-residue, due to BCAP program, and improved burn rate
  - Lower cost for natural gas
  
- ▲ **EBITDA and net earnings impacted by a non-cash item**
  - Impairment charge of the tangible assets of the Dolbeau plant in the Boralex Power Income Fund:
    - ⇒ \$3.7 M impact on Boralex's share in earnings of the Fund (\$2.7 M after tax)
  
- ▲ **Project financing**
  - Thames River: drawing of \$186.0 M on the financing agreement concluded on March 10, 2010
  
- ▲ **Sale of a subsidiary**
  - Sale of a subsidiary in France, that owned the Bel Air wind farm, generated a gain of \$0.8 M



# **Mr. Jean-François Thibodeau**

*Vice President and  
Chief Financial Officer  
Boralex Inc.*

# Summary

## Q1 2010



	Q1 2010	Q1 2009
Selected financial and operational data (in thousands of dollars, except production and per share amounts)		
<b>Production (MWh)</b>	<b>473,087</b>	415,728
<b>Revenues from energy sales</b>	<b>51,004</b>	57,198
<b>EBITDA</b>	<b>17,632</b>	20,952
<b>EBITDA, adjusted <sup>(1)</sup></b>	<b>21,353</b>	20,232
<b>Net earnings</b>	<b>1,348</b>	7,212
<b>Net earnings, adjusted <sup>(1)</sup></b>	<b>5,483</b>	6,730
<b>Net earnings per share (basic and diluted)</b>	<b>\$0.04</b>	\$0.19
<b>Net earnings, adjusted <sup>(1)</sup> per share (basic and diluted)</b>	<b>\$0.15</b>	\$0.18
<b>Cash flows from operations</b>	<b>15,532</b>	15,321
<b>Cash flows from operations per share</b>	<b>\$0.41</b>	\$0.41

<sup>(1)</sup> To take into account specific items (see details on page 7 in the Q1 2010 MD&A).

# EBITDA by segment

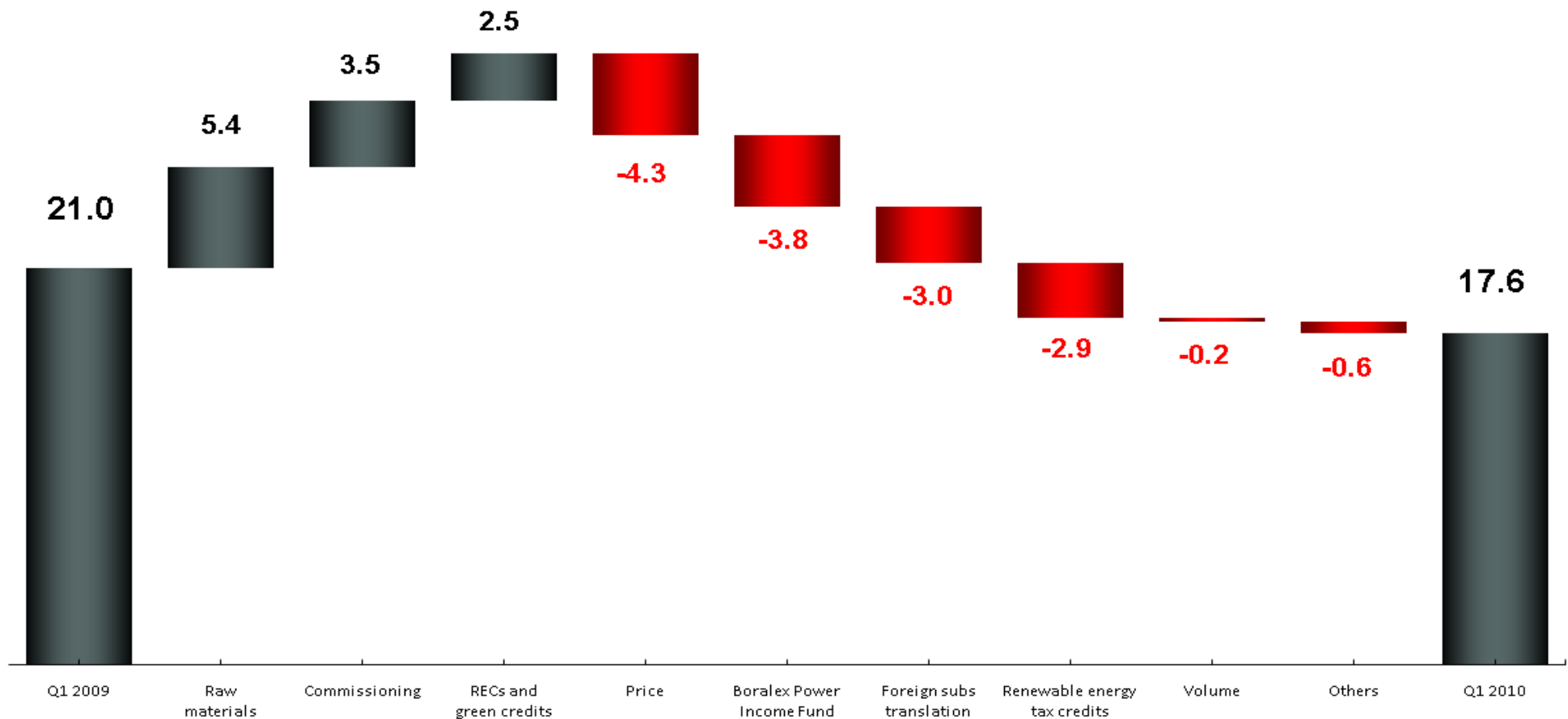
## Q1 2010

*(in thousands of dollars)*

	Q1 2010	Q1 2009	Variation
Wind	9,419	7,215	↗
Hydroelectricity	1,873	1,709	↗
Wood-residue	10,028	11,803	↘
Natural gas	2,038	1,511	↗
	23,358	22,238	↗
Corporate and eliminations	(5,726)	(1,286)	↘
Consolidated EBITDA, as reported in the financial statements	17,632	20,952	↘
Share in the impairment of PPE at the Dolbeau plant (Fund) & gain on disposal of investment in subsidiary	3,721	(720)	
EBITDA adjusted	21,353	20,232	↗

# EBITDA – Variance analysis

## Q1 2010 vs Q1 2009



(in millions of dollars)



# Segment review Q1 2010

## Wind Energy

*(in thousands of dollars, except production)*

	Q1 2010	Q1 2009
<b>Production (MWh)</b>	<b>90,291</b>	60,761
<b>Revenues from energy sales</b>	<b>11,413</b>	9,083
<b>EBITDA</b>	<b>9,419</b>	7,215

▲ **Production, revenues and EBITDA all higher due to commissioning of new wind capacity. Excluding start-ups, production was up 3%.**

▲ **Confirmed new capacity for 2010:**

- Q1 2010: 20 MW (Thames River, Ontario) + 4.6 MW (Cham Longe II, France)
- Q3 2010: 40 MW (Ronchois and Grand Camp, France) + 9.2 MW (Chasse Marée, France)
- Q4 2010: 50 MW (Thames River, Ontario)

# Segment review Q1 2010

## Hydroelectricity

*(in thousands of dollars, except production)*

	Q1 2010	Q1 2009
<b>Production (MWh)</b>	<b>40,309</b>	35,666
<b>Revenues from energy sales</b>	<b>3,054</b>	2,760
<b>EBITDA</b>	<b>1,873</b>	1,709

- ▲ **Production similar to Q1 2009 and 6% above historical average:**
  - Including Ocean Falls: 13% above Q1 2009 and 7% above historical average
- ▲ **Average selling price of electricity in the US down 5% compared to Q1 2009.**
- ▲ **Ocean Falls contributed \$800 K to revenues and \$400 K to EBITDA, partially offsetting the impact of lower prices and the translation of US Subs.**

# Segment review Q1 2010

## Thermal energy: wood-residue

*(in thousands of dollars, except production)*

	Q1 2010	Q1 2009
<b>Production (MWh)</b>	<b>320,057</b>	296,688
<b>Revenues from energy sales</b>	<b>30,216</b>	38,181
<b>EBITDA</b>	<b>10,028</b>	11,803

- ▲ Production is up by 8%. Excluding Stacyville, which has been shutdown since February 2009, production increased by 17%.
- ▲ Lower raw material expenses, due to BCAP program, and a much improved burn rate explain a positive EBITDA variance of \$4.5 M.
- ▲ Average selling prices of electricity down 8%. Revenues and EBITDA impacted by \$3.9 M during the quarter.
- ▲ Higher RECs revenues had a positive EBITDA impact of \$2.6 M in Q1 2010.
- ▲ The end of the Renewable Energy Tax Credits program in 2009 explains \$2.9 M of negative EBITDA difference.

# Segment review Q1 2010

## Thermal energy: natural gas

*(in thousands of dollars, except production)*

	Q1 2010	Q1 2009
<b>Steam ('000 lbs)</b>	<b>143,308</b>	135,987
<b>Electricity (MWh)</b>	<b>22,430</b>	22,613
<b>Revenues from energy sales</b>	<b>6,321</b>	7,174
<b>EBITDA</b>	<b>2,038</b>	1,511

▲ Higher EBITDA explained by a reduction of natural gas costs.



**Question period**