



# Finance

By Bruno Guilmette  
Vice President and CFO



2019 Investor Day

June 18, 2019



# 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 could lead to a material difference between actual results and the projections, including, but not limited to, the general impact of economic conditions, currency fluctuations, volatility in the selling prices of energy, the Corporation's financing capacity, competition, changes in general market conditions, regulations governing the industry, raw material price increases and availability, regulatory disputes and other issues related to projects in operation or under development, as well as other factors listed in the Corporation's filings with different securities commissions.

## Combined basis – Non-IFRS measure

The combined information ("Combined") presented in this presentation results 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 assess the Corporation's performance. In order to prepare the Combined information, Boralex first prepared its financial statements and those of the Interests in accordance with IFRS. Then, the Interests in the Joint Ventures and associates, Share in earnings (losses) 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.). We refer you to the Non-IFRS measures section 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)", "EBITDA(A) margin", "cash flows from operations", "net debt ratio", "discretionary cash flows", "payout ratio" and "dividends paid per common share". For more information, please refer to Boralex's MD&A.

## General

The data in this presentation is in Canadian dollars, unless otherwise specified.



# Experienced Leadership Team



**Bruno Guilmette**  
Vice president  
and CFO



**Guy D'Aoust**  
Vice President,  
Finances



**Benoît Magrin**  
Deputy General Manager  
Finance Europe



**Stéphane Milot**  
Director,  
Investor Relations



**René Lessard**  
Director,  
Risks and Control



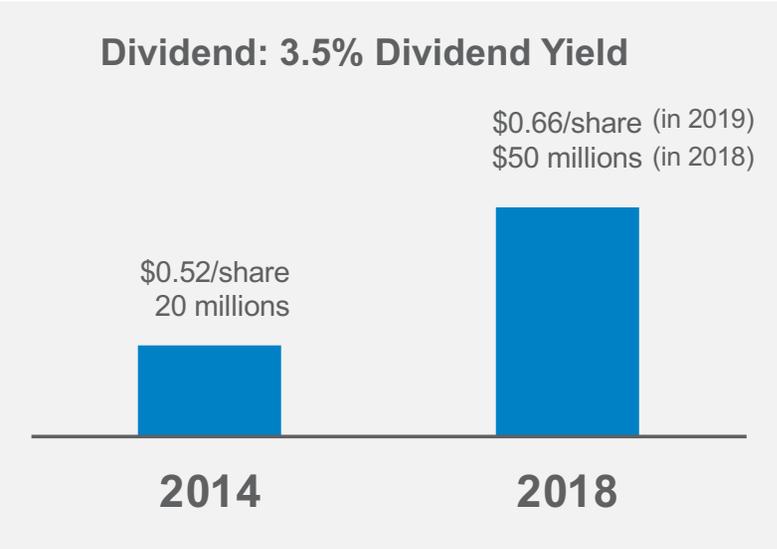
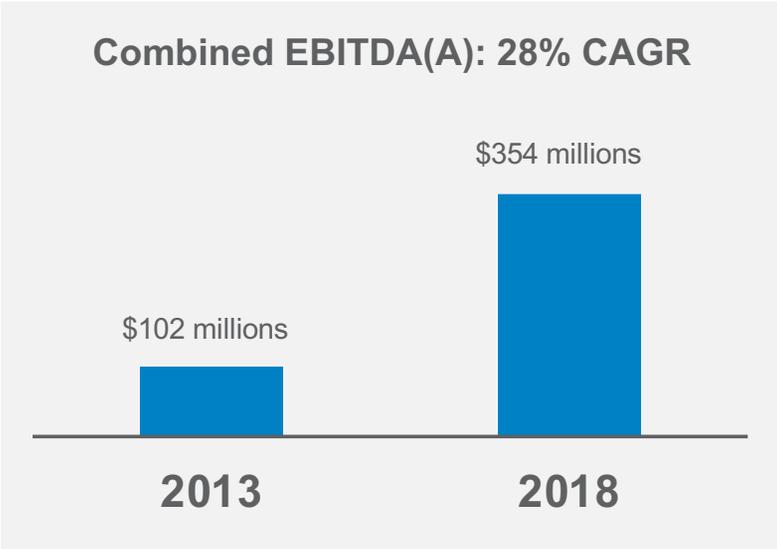
**Jacques Delisle**  
Director of Taxation

- 5 direct reports and 71 employees in total
- Experienced team with a good mix of long time Boralex employees and newcomers
- Highly complementary skill set and leadership style
- Aiming to be a business partner at the forefront of the next growth phase

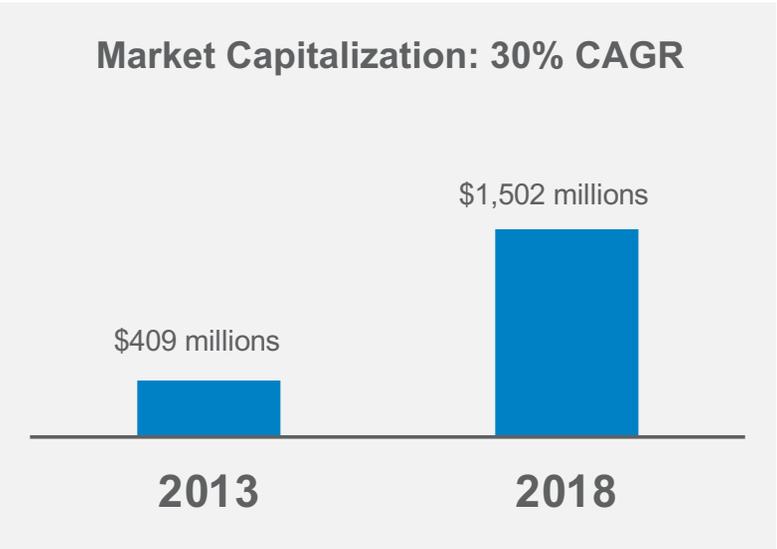
# Highlights 2013-2018



# Strong Growth in Key Financial Metrics



\* Distribution Policy: 40-60%





# Financial position

Q1 2019 - Quarterly

(in millions of Canadian dollars, unless otherwise specified)

**March 31, 2019**

|  |              |
|--|--------------|
| Cash and cash equivalents                                  | 162          |
| Restricted cash  | 29           |
| <b>Total assets</b>  | <b>4,789</b> |
| <b>Debt</b>  |              |
| Corporate  | 691          |
| Projects   | 2,497        |
| <b>Total debt</b>  | <b>3,188</b> |
| Convertible debentures (nominal value)                     | 144          |
| Average rate - total debt (%)                              | 3.88         |
| Equity attributable to shareholders of Boralex             | 827          |
| Carrying value per share (\$)                              | 9.22         |
| Net debt to market capitalization ratio (%) <sup>(1)</sup> | 62           |

<sup>(1)</sup> See the *Non-IFRS measures* section in the 2019 Interim Report 1.

# Toward 2023





# The Starting Point of our Plan

December 31, 2018

- Installed capacity: **1,942 MW**
- Revenues: **\$549 million**
- Combined EBITDA(A): **\$354 million**
- AFFO\*: **\$59 million**
- Number of employees: **Over 400**
- Power production: **4,152 GWh**
- **Net Debt / EV: 65%**

- Market capitalization: **\$1.5 billion**
- Shares outstanding: **89.2 million**
- Average daily volume (90 days): **456K**
- Dividend : **\$50 million** paid in 2018  
**(\$0.66/share** in 2019)
- Dividend yield: **3.5%**
- Dividend distribution ratio: **85%**

**1,942 MW of installed capacity and \$59M AFFO\*.**

\* AFFO means Adjusted funds from operations or discretionary cash flows. AFFO is calculated using cash flows from operations plus adjustments and development costs, less distribution paid to non-controlling shareholders, maintenance capex and repayments of non-current debt (projects). For more information, please see page 62 of Boralex's 2018 Annual Report.



# Financial Strategy

- Grow with discipline organically and through acquisitions
- Increase cash flow generation
- Optimize financing sources and reduce cost of capital
- Develop partnerships
- Increase investors relations activities



# Growth

- **Main source of growth:**  
Organic development
- **M&A strategy:**  
Development platforms and projects offering operating synergies
- **Minimum 8% target return (leveraged)**
- **Geographic focus on North America and Europe**
- **Capex estimates:**  
approximately \$200M in 2019 and \$300M in 2020



# Cash Flows

- High visibility on future cash flows:
  - long-term contracts expected to represent 96% of revenues in 2023 with an average length of contracts of 11 years
- Potential for operating costs improvements by internalization and optimization of maintenance
- Repowering opportunities represent additional future cash flows on existing sites (selectively)
- Growth and harmonization of processes also providing additional purchasing power leading to cost savings



# Financing

- Current financing environment supportive of companies such as Boralex
- Advanced discussions to refinance in France are expected to lead to better terms and reduced cost before the end of the year
- At least one project is expected to be refinanced this year in North America
- Monetizing minority ownership in assets represents an additional source of financing at attractive prices



# Partnerships

- Significant interest by financial institutions to invest in projects
- Sale of minority interest in projects usually at notice to proceed or commissioning offers upside potential on value of assets
- Development of key relationships for partnerships and the approach enabling such transactions
- Keeping control and management of operations allows Boralex to earn additional revenues
- Optimizing asset ownership to reinvest in development where value creation is the highest



# 2023 Financial Objectives

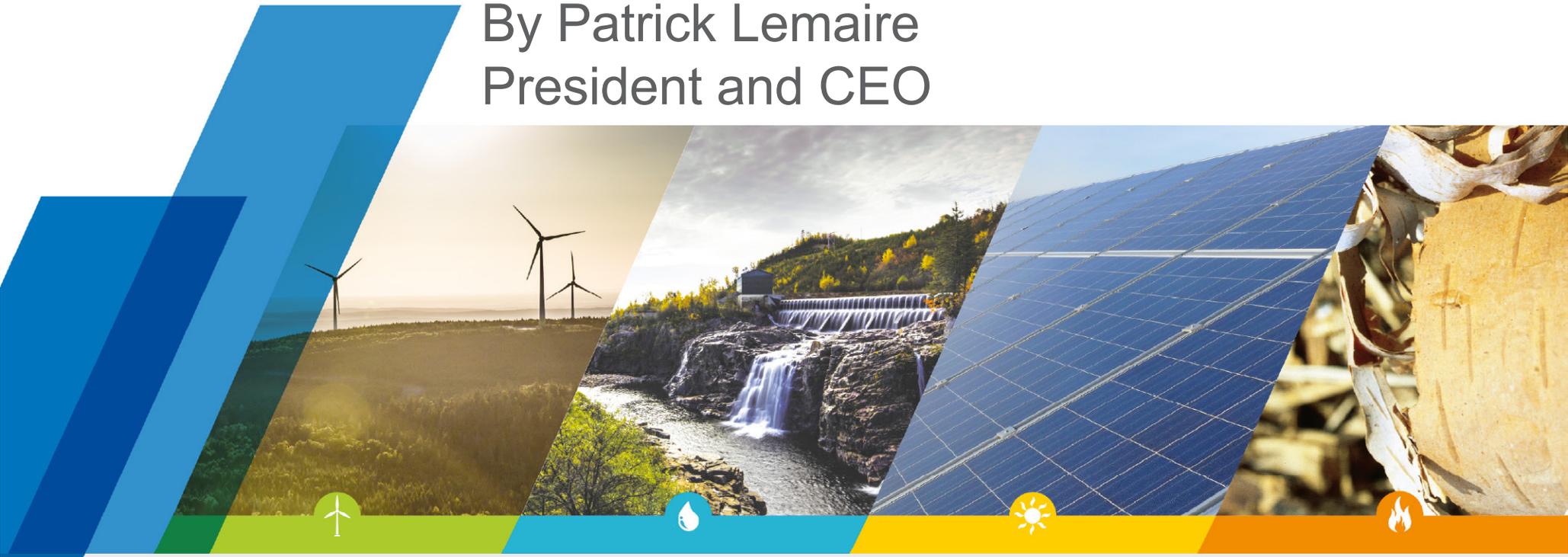
1. AFFO\* of \$140M to \$150M by 2023 representing 2018-2023 CAGR of approximately 20%
2. Gross Installed and Managed Capacity exceeding 2,800 MW in 2023
3. 40-60% Dividend Distribution Ratio Target

\* AFFO means Adjusted funds from operations or discretionary cash flows. AFFO is calculated using cash flows from operations plus adjustments and development costs, less distribution paid to non-controlling shareholders, maintenance capex and repayments of non-current debt (projects). For more information, please see page 62 of Boralex's 2018 Annual Report.



# Closing Remarks

By Patrick Lemaire  
President and CEO



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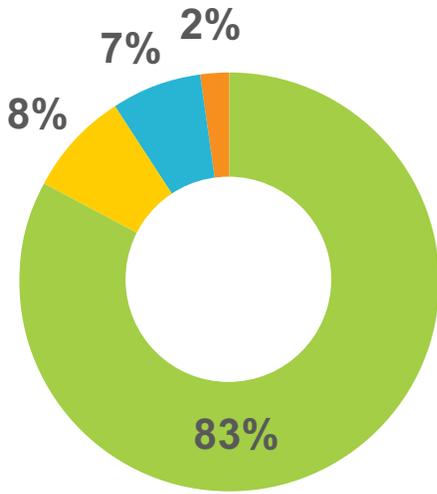
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# A Strong Pipeline in Key Markets

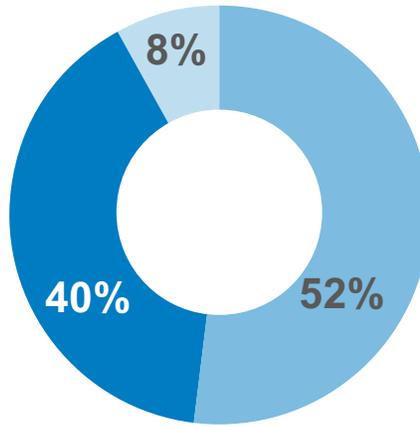
## 2019-2023 DEVELOPMENT AND OPTIMIZATION PLAN IN MW

|            | EUROPE                    |              | NORTH AMERICA |             | TOTAL BORALEX |              |
|------------|---------------------------|--------------|---------------|-------------|---------------|--------------|
|            | TARGETED MARKET POTENTIAL |              |               |             |               |              |
|            | WIND 9,500                | SOLAR 11,000 | WIND 1,050    | SOLAR 9,000 | WIND 10,550   | SOLAR 20,000 |
|            | TOTAL 20,500              |              | TOTAL 10,050  |             | TOTAL 30,550  |              |
|            | CURRENT PIPELINE          |              |               |             |               |              |
|            | WIND                      | SOLAR        | WIND          | SOLAR       | WIND          | SOLAR        |
| Stages     |                           |              |               |             |               |              |
| Early      | 400                       | 100          | -             | 200         | 400           | 300          |
| Middle     | 350                       | 100          | -             | -           | 350           | 100          |
| Advanced   | 250                       | 50           | 1,050         | -           | 1,300         | 50           |
| Total      | 1,000                     | 250          | 1,050         | 200         | 2,050         | 450          |
|            | TOTAL 1,250               |              | TOTAL 1,250   |             | TOTAL 2,500   |              |
|            | GROWTH PATH               |              |               |             |               |              |
|            | WIND 82                   | SOLAR -      | WIND -        | SOLAR -     | WIND 82       | SOLAR -      |
|            |                           |              | HYDRO 26      |             | HYDRO 26      |              |
|            | TOTAL 82                  |              | TOTAL 26      |             | TOTAL 108     |              |
| ASSET BASE | WIND 914                  | SOLAR 15     | WIND 844      | SOLAR 1     | WIND 1,758    | SOLAR 16     |
|            |                           | THERMAL 12   | HYDRO 156     | THERMAL 35  | HYDRO 156     | THERMAL 47   |
|            | TOTAL 941                 |              | TOTAL 1,036   |             | TOTAL 1,977   |              |

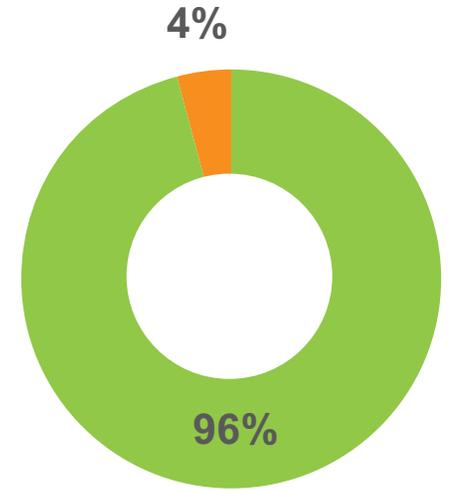
# Boralex in 2023



- WIND
- SOLAR
- HYDRO
- THERMAL



- FRANCE AND OTHER
- CANADA
- UNITED STATES



- UNDER CONTRACTS
- MARKET PRICES

Average Length of Contract  
**11 years**



# 2019-2023 Financial Objectives

## Disciplined Growth

**AFFO\* of \$140M to \$150M by 2023**  
**2018-2023 CAGR of approximately 20%**

**Gross Installed and Managed Capacity**  
**exceeding 2,800 MW in 2023**

**40-60% Dividend**  
**Distribution Ratio Target**

\* AFFO means Adjusted funds from operations or discretionary cash flows. AFFO is calculated using cash flows from operations plus adjustments and development costs, less distribution paid to non-controlling shareholders, maintenance capex and repayments of non-current debt (projects). For more information, please see page 62 of Boralex's 2018 Annual Report.



# Key Takeaways

1. Strong track record and experienced leadership team anticipating changes in the energy sector
2. Ability to develop small and mid-size projects in more complicated niche markets with robust long-term potential
3. Strong growth pipeline and optimization opportunities in current asset base
4. Additional development (the Boralex way) in complementary technologies and services
5. Pure play in renewable energy with strong ESG focus as part of its DNA



Thank you



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