



# **Financial Review**

## **4<sup>rd</sup> Quarter 2014**

**February 19, 2015**

# 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, raw material price increases and availability, currency fluctuations, volatility in the selling prices of electricity, the Corporation's financing capacity, negative changes in general market conditions and regulations affecting the industry, as well as other factors listed in the Corporation's filings with different securities commissions.

This presentation contains certain financial measures not in accordance with IFRS. For more information, please refer to Boralex's interim report.

## *Proportionate Consolidation*

This financial review has been prepared on a proportionate consolidation basis. The results of Seigneurie de Beaupré Wind Farms 2 and 3 ("Joint Venture Phase I") and Seigneurie de Beaupré Wind Farm 4 ("Joint Venture Phase II") General Partnerships (the "Joint Ventures"), which are 50% owned by Boralex, have been treated as if they were proportionately consolidated and not as if they were accounted for using the equity method as required by IFRS. Since the information Boralex uses to carry out internal analyses and make strategic and operating decisions is collected on a proportionate consolidation basis, management has considered it relevant to use this accounting basis for this presentation to make it easier for investors to understand the concrete impacts of decisions made by the Corporation. In addition, tables are included in the unaudited consolidated financial statement of Boralex, which present a reconciliation of IFRS data with those presented using proportionate consolidation.

## *Boralex Énergie Verte*

In the following presentation, « Boralex Énergie Verte » or « BEV » refer to the assets of Enel Green Power France S.A.S. acquired in December 2014.



## **Mr. Patrick Lemaire**

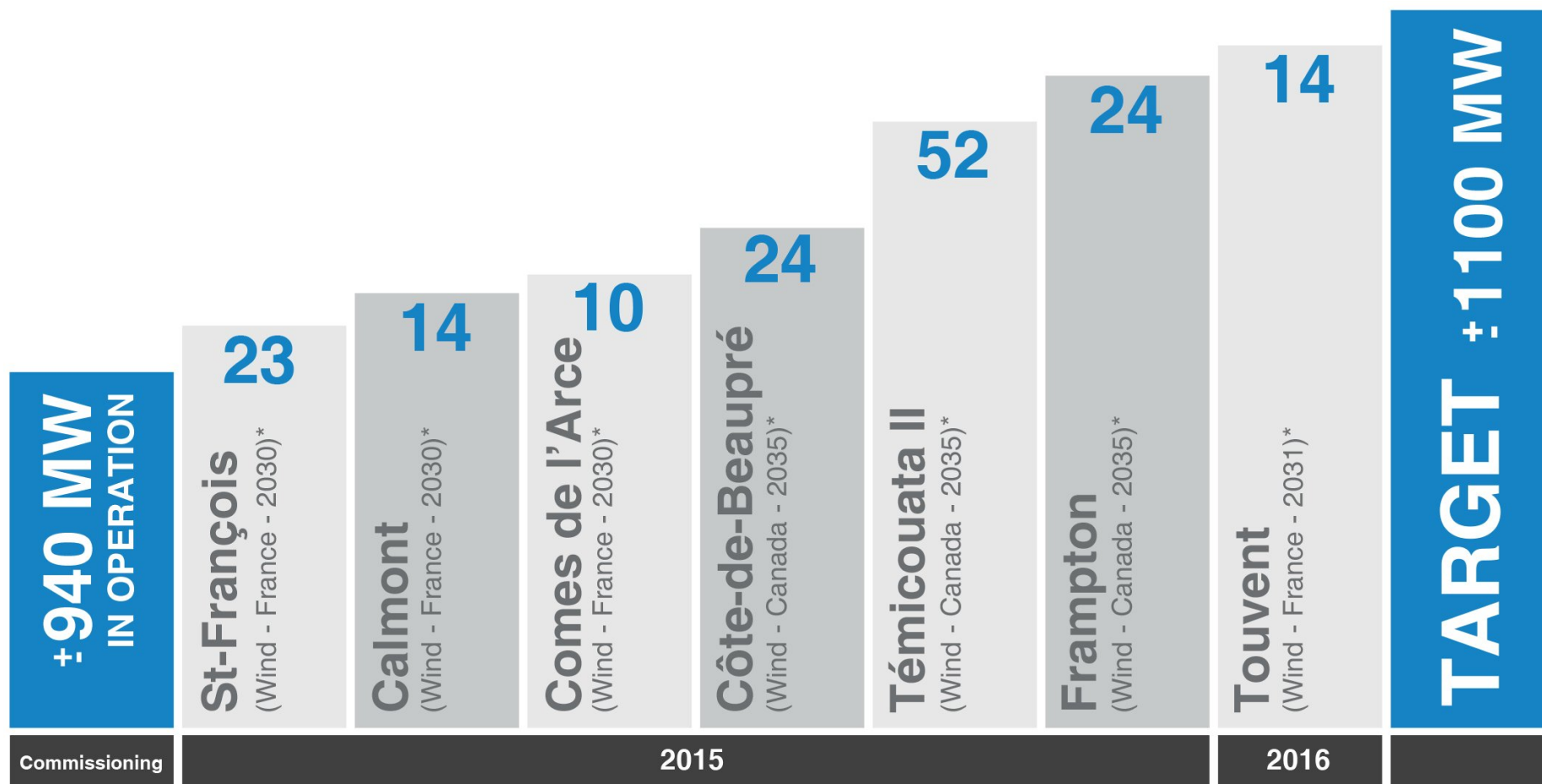
*President and  
Chief Executive Officer  
Boralex Inc.*

# Highlights

## Q4 2014

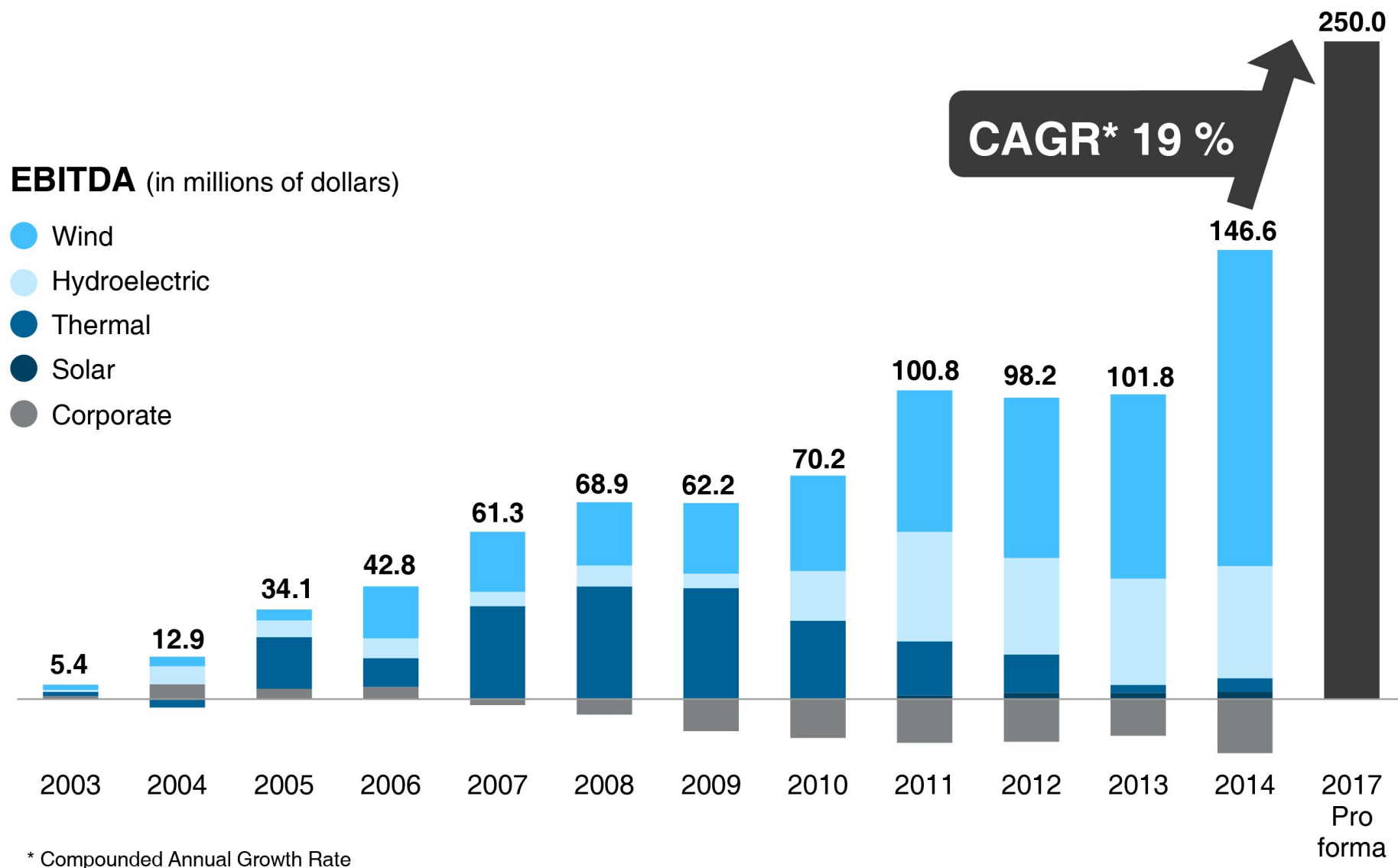
- ✦ On December 18, 2014, acquisition of Enel Green Power France S.A.S. for an amount of €280 M (\$400 M)
  - Addition of 12 wind farms in operation totalling 186 MW
  - Acquisition of a 10 MW wind farm under construction
    - commissioning planned for Q2 2015
  - Acquisition of a portfolio of wind projects in development, including 120 MW at an advanced stage of development
- ✦ This acquisition increased wind power capacity by 72% in France and 25% for Boralex as a whole
- ✦ On January 12, 2015, 8,430,000 common shares of the Corporation were issued at a price of \$13.05 for total gross proceeds of \$110 M
- ✦ On January 30, 2015, partial exercise of the over-allotment option of 1,075,000 shares at a price of \$13.05, bringing the aggregate gross offering proceeds to \$124 M
- ✦ In Q4 2014, production, revenues, adjusted EBITDA and adjusted cash flow from operations up by 32%, 30%, 43% and 70% respectively

# The Growth Path



\* Represent, in order, the segment, the country and the contract end-date.

# Financial Target





**Mr. Jean-François  
Thibodeau**

*Vice President and  
Chief Financial Officer  
Boralex Inc.*

# Summary

## Q4 2014

	Q4 2014	Q4 2013
<i>(in thousands of dollars, except power production, EBITDA margin, and per share amounts)</i>		
<b>Power Production (GWh)</b>	560.7	424.6
<b>Revenues from energy sales</b>	67,308	51,867
<b>EBITDA</b>	39,424	31,376
<b>EBITDA margin (%)</b>	58.6%	60.5%
<b>EBITDA - adjusted <sup>(2)</sup></b>	44,764	31,376
<b>EBITDA margin - adjusted <sup>(2)</sup></b>	66.5%	60.5%
<b>Net earnings (loss) <sup>(1)</sup></b>	(6,295)	468
<b>Net earnings (loss), per share (basic) <sup>(1)</sup></b>	(\$0.16)	\$0.01
<b>Net earnings - adjusted <sup>(1) (3)</sup></b>	3,087	468
<b>Net earnings, per share (basic) - adjusted <sup>(1) (3)</sup></b>	\$0.08	\$0.01
<b>Cash flow from operations</b>	22,008	16,086
<b>Cash flow from operations, per share</b>	\$0.57	\$0.43
<b>Cash flow from operations - adjusted <sup>(2)</sup></b>	27,348	16,086
<b>Cash flow from operations, per share - adjusted <sup>(2)</sup></b>	\$0.71	\$0.43

(1) Attributable to shareholders of Boralex

(2) EBITDA and Cash flow from operation have been adjusted of acquisition costs related to the acquisition of BEV

(3) Net earnings (loss) have been adjusted by acquisition and other costs related to the acquisition of BEV and net loss on undesignated financial instruments, net of taxes

# Summary

## YTD (Q4) 2014

	YTD 2014	YTD 2013
<i>(in thousands of dollars, except power production, EBITDA margin, and per share amounts)</i>		
<b>Power Production (GWh)</b>	2,029.5	1,474.6
<b>Revenues from energy sales</b>	239,506	171,395
<b>EBITDA</b>	146,639	101,836
<b>EBITDA margin (%)</b>	61.2%	59.4%
<b>EBITDA - adjusted <sup>(2)</sup></b>	151,979	101,836
<b>EBITDA margin - adjusted <sup>(2)</sup></b>	63.5%	59.4%
<b>Net loss <sup>(1)</sup></b>	(11,930)	(4,192)
<b>Net loss, per share (basic) <sup>(1)</sup></b>	(\$0.31)	(\$0.11)
<b>Net loss - adjusted <sup>(1) (3)</sup></b>	(2,548)	(4,192)
<b>Net loss, per share (basic) - adjusted <sup>(1) (3)</sup></b>	(\$0.07)	(\$0.11)
<b>Cash flow from operations</b>	78,353	51,180
<b>Cash flow from operations, per share</b>	\$2.05	\$1.36
<b>Cash flow from operations - adjusted <sup>(2)</sup></b>	83,693	51,180
<b>Cash flow from operations, per share - adjusted <sup>(2)</sup></b>	\$2.19	\$1.36

(1) Attributable to shareholders of Boralex

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(3) Net earnings (loss) have been adjusted by acquisition and other costs related to the acquisition of BEV and net loss on undesignated financial instruments, net of taxes

# EBITDA by sector

## Q4 2014

	Q4 2014	Q4 2013
<i>(in thousands of dollars)</i>		
<b>Wind</b>	36,846	26,136
<b>Hydroelectricity</b>	9,730	9,002
<b>Thermal</b>	1,188	26
<b>Solar</b>	391	438
	48,155	35,602
<b>Corporate and eliminations</b>	(8,731)	(4,226)
<b>EBITDA</b>	39,424	31,376
<b>BEV acquisition costs</b>	5,340	r
<b>EBITDA - adjusted</b>	44,764	31,376

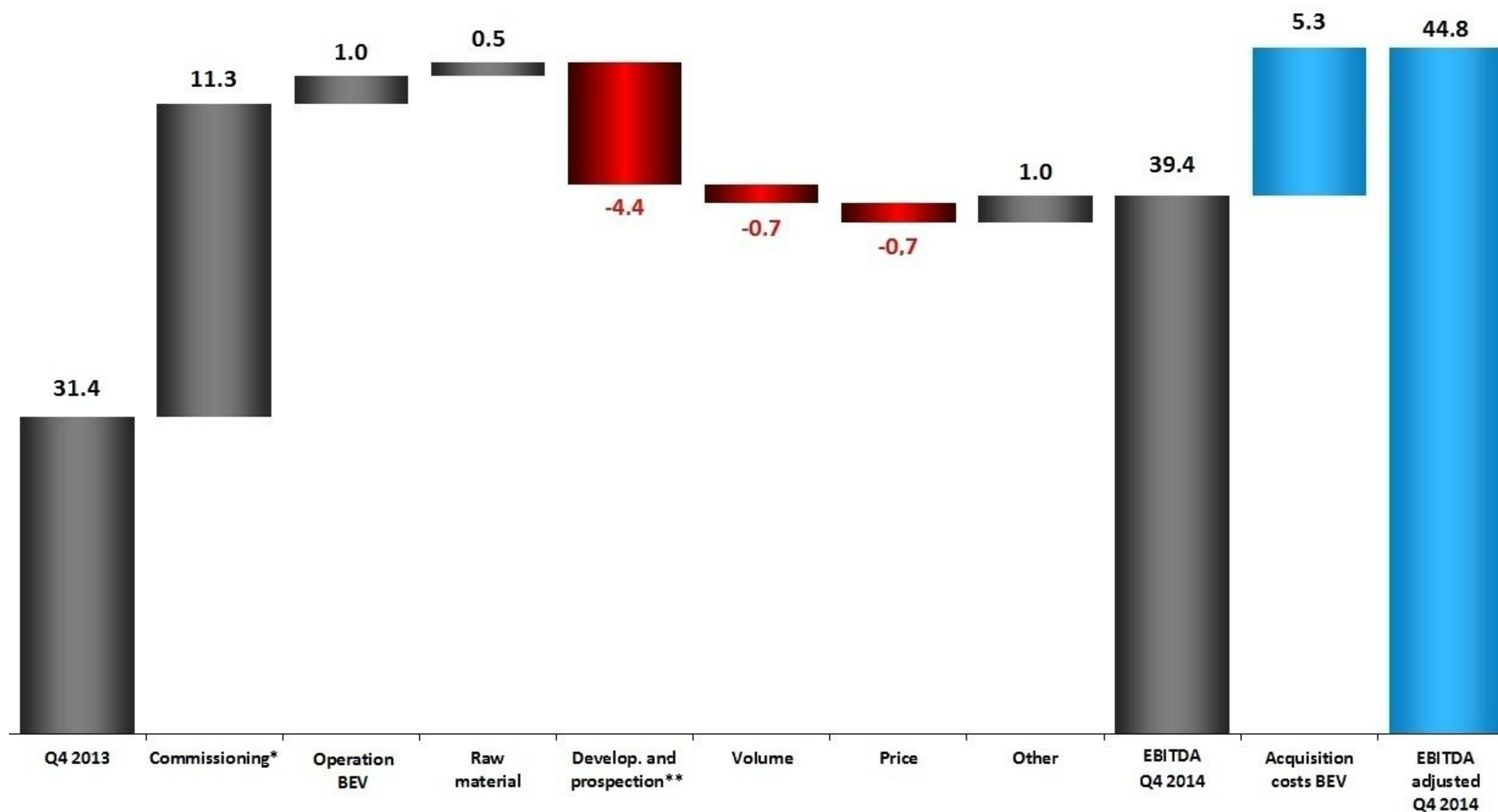
# EBITDA by sector

## YTD (Q4) 2014

	YTD 2014	YTD 2013
<i>(in thousands of dollars)</i>		
Wind	120,096	69,957
Hydroelectricity	42,715	40,413
Thermal	5,247	3,010
Solar	2,634	2,379
	170,692	115,759
Corporate and eliminations	(24,053)	(13,923)
EBITDA	146,639	101,836
BEV acquisition costs	5,340	—
EBITDA - adjusted	151,979	101,836

# EBITDA – Variance Analysis

## Q4 2014 vs 2013



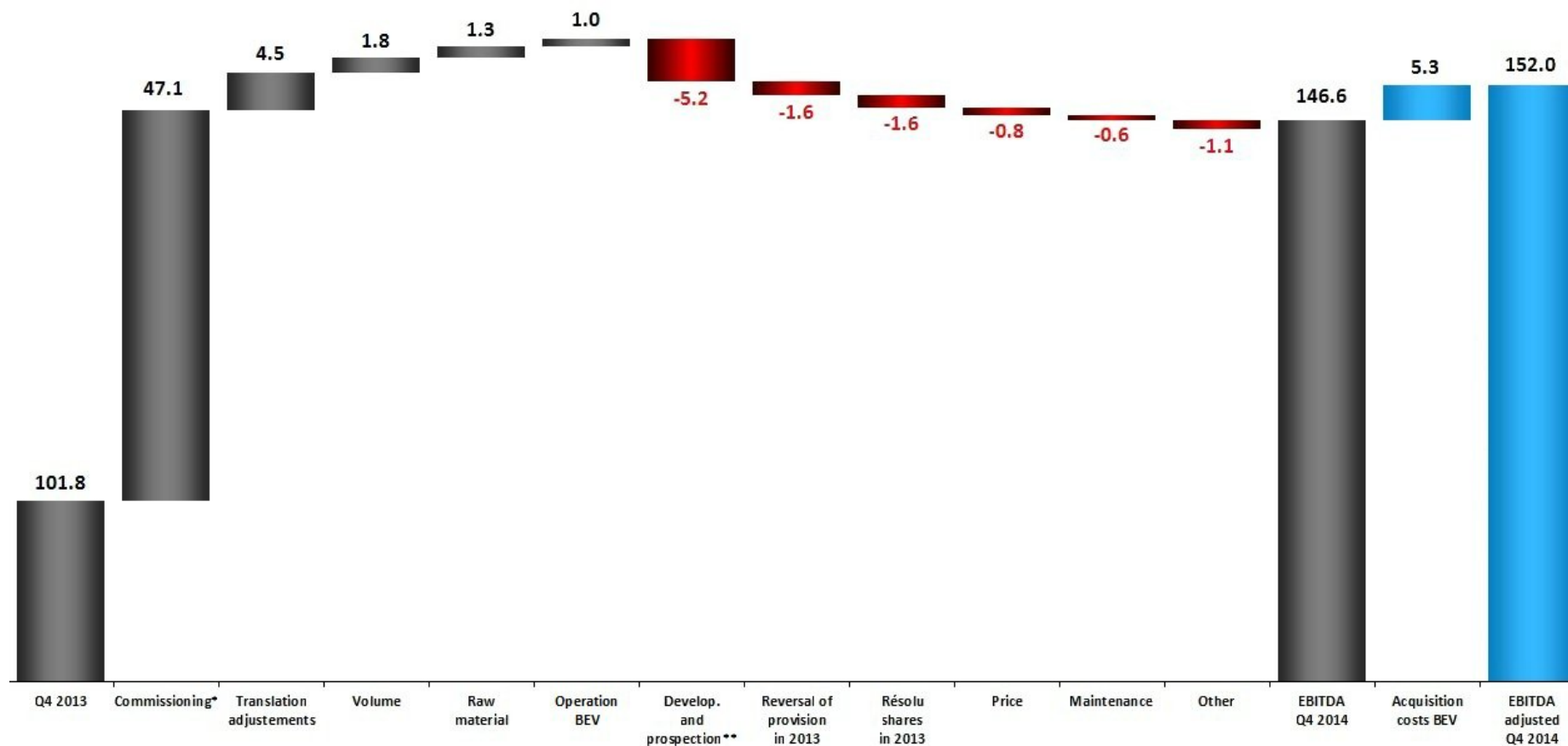
(in millions of dollars)

\* Commissioning of La Vallée, Fortel-Bonnières, Jamie Creek, Témiscouata I and phases I and II of Seigneurie de Beaupré

\*\* Including BEV acquisition costs of \$5.3 million

# EBITDA – Variance Analysis

## YTD 2014 vs 2013



(in millions of dollars)

\* Commissioning of Vron, La Vallée, Jamie Creek, Fortel-Bonnières, Témiscouata I and phases I and II of Seigneurie de Beaupré

\*\* Including BEV acquisition costs of \$5.3 million

# Sector Review Q4 2014

## Wind Energy

	Q4		YTD	
	2014	2013	2014	2013
<i>(in thousands of dollars, unless otherwise specified)</i>				
<b>Power Production (GWh)</b>	370.7	249.3	1,211.6	704.2
<b>Utilization factor</b>	31.9%	33.3%	28.9%	26.8%
<b>Revenues from energy sales</b>	44,913	31,676	148,168	87,481
<b>EBITDA</b>	36,846	26,136	120,096	69,957
<b>EBITDA margin (%)</b>	82.0%	82.5%	81.1%	80.0%

### ▲ Production was higher by 49% vs Q4 2013

#### ▲ Lower by 11% excluding the commissioned sites and the acquisition of BEV

PRODUCTION	
Canadian Stations	European Stations
109% higher vs Q4 2013 3% lower excluding the contribution of the Seigneurie de Beauré - phase I and II and Témiscouata I	10% higher vs Q4 2013 15% lower excluding the contribution of La Vallée, Fortel and the acquisition of BEV

### ▲ The full contribution during the quarter of the Seigneurie de Beauré Phase I and the commissioning of the second phase of Seigneurie de Beauré had a positive impact on EBITDA of \$9.3 M

### ▲ The commissioning in France of the La Vallée, Fortel and the acquisition of BEV wind farms had a positive impact on EBITDA of \$3.0 M

# Sector Review Q4 2014

## Hydro Energy

	Q4		YTD	
	2014	2013	2014	2013
<i>(in thousands of dollars, unless otherwise specified)</i>				
<b>Power Production (GWh)</b>	154.8	142.9	642.0	621.1
<b>Revenues from energy sales</b>	14,312	12,746	58,166	53,756
<b>EBITDA</b>	9,730	9,002	42,715	40,413
<b>EBITDA margin (%)</b>	68.0%	70.6%	73.4%	75.2%

▲ Production was higher by 8% compared to Q4 2013 and lower by 10% compared to historical averages

PRODUCTION	
Canadian Stations	US Stations
26% higher vs Q4 2013 16% higher vs Q4 2013 (excluding Jamie Creek) 4% higher vs historical averages	3% lower vs Q4 2013 19% lower vs historical averages

▲ The strengthening of the US dollar had a positive impact of \$0.4 M on EBITDA

▲ The end of the fixed-price contract for Middle Falls had a negative impact on revenues of \$ 0.4 M compared to Q4 2013

# Sector Review Q4 2014

## Thermal Energy

	Q4		YTD	
	2014	2013	2014	2013
<i>(in thousands of dollars, unless otherwise specified)</i>				
<b>Steam production ('000 lbs)</b>	151,459	130,938	555,473	529,223
<b>Power Production (GWh)</b>	34.1	31.4	169.6	143.4
<b>Revenues from energy sales</b>	7,569	6,976	30,090	27,446
<b>EBITDA</b>	1,188	26	5,247	3,010

- ▲ EBITDA at the Senneterre facility are higher by \$0.4 M from Q4 2013
- ▲ The renovation of Blendecques facility being completed, production resumed in November under the new 12-year contract
- ▲ Lower gas costs at Blendecques and increased steam production generated a positive impact of \$0.9 M on EBITDA

# Sector Review Q4 2014

## Solar Energy

	Q4		YTD	
	2014	2013	2014	2013
<i>(in thousands of dollars, unless otherwise specified)</i>				
<b>Power Production (GWh)</b>	1.1	1.0	6.3	5.9
<b>Utilization factor</b>	9.9%	8.9%	14.3%	13.6%
<b>Revenues from energy sales</b>	514	469	3,082	2,712
<b>EBITDA</b>	391	438	2,634	2,379
<b>EBITDA margin (%)</b>	76.1%	93.4%	85.5%	87.7%

- ▲ In Q4, lower EBITDA was mainly due to higher maintenance costs
- ▲ Results are better than expected for the year

# Sector Review Q4 2014

## Corporate

	Q4		YTD	
	2014	2013	2014	2013
<i>(in thousands of dollars, unless otherwise specified)</i>				
<b>Non-recurring income in 2013 <sup>(1)</sup></b>	—	—	—	(1,556)
<b>Reversal of provision in 2013 <sup>(2)</sup></b>	—	—	—	(1,263)
<b>Development - BEV acquisition costs <sup>(3)</sup></b>	5,340	—	5,340	—
<b>Development - other</b>	361	1,219	4,214	4,158
<b>Administrative</b>	2,714	2,705	12,006	11,251
<b>Other</b>	316	302	2,493	1,333
<b>Corporate EBITDA</b>	8,731	4,226	24,053	13,923
<b>BEV acquisition costs <sup>(3)</sup></b>	(5,340)	—	(5,340)	—
<b>Corporate EBITDA - adjusted</b>	3,391	4,226	18,713	13,923

<sup>(1)</sup> A non-recurring income of \$1.6 M in Q3 2013 earned on the receipt of Resolute shares for the settlement of a claim filed by Boralex

<sup>(2)</sup> A reversal of a provision of \$1.6 M in Q1 2013, with \$1.3 M in the corporate sector, to reflect a change in the remuneration plan to all Boralex employees

<sup>(3)</sup> Acquisition costs incurred for the acquisition of BEV

# Cash Flows

## Q4 2014

	Q4		YTD	
	2014	2013	2014	2013
<i>(in thousands of dollars)</i>				
Cash flows from operations	22,008	16,086	78,353	51,180
BEV acquisition costs	5,340	—	5,340	
Cash flows from operations - adjusted	27,348	16,086	83,693	51,180
Changes in non cash items	(12,554)	1,044	23,912	8,698
Operating activities	14,794	17,130	107,605	59,878
Investing activities	(235,712)	(132,249)	(403,979)	(400,174)
Financing operations	208,335	103,783	257,340	354,644
Discontinued operations	843	84	3,122	2,054
BEV acquisition costs	(5,340)	—	(5,340)	—
Translation adjustment	301	1,906	556	4,001
<b>Variation in cash flows</b>	<b>(16,779)</b>	<b>(9,346)</b>	<b>(40,696)</b>	<b>20,403</b>
<b>Cash and cash equivalents – beginning of period</b>	<b>103,624</b>	<b>136,887</b>	<b>127,541</b>	<b>107,138</b>
<b>Cash and cash equivalents – end of period</b>	<b>86,845</b>	<b>127,541</b>	<b>86,845</b>	<b>127,541</b>

# Financial Position

## Q4 2014

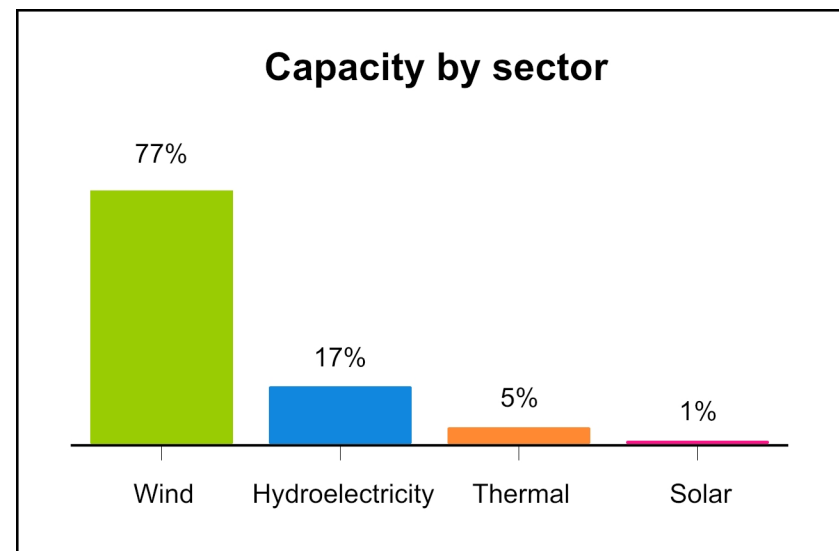
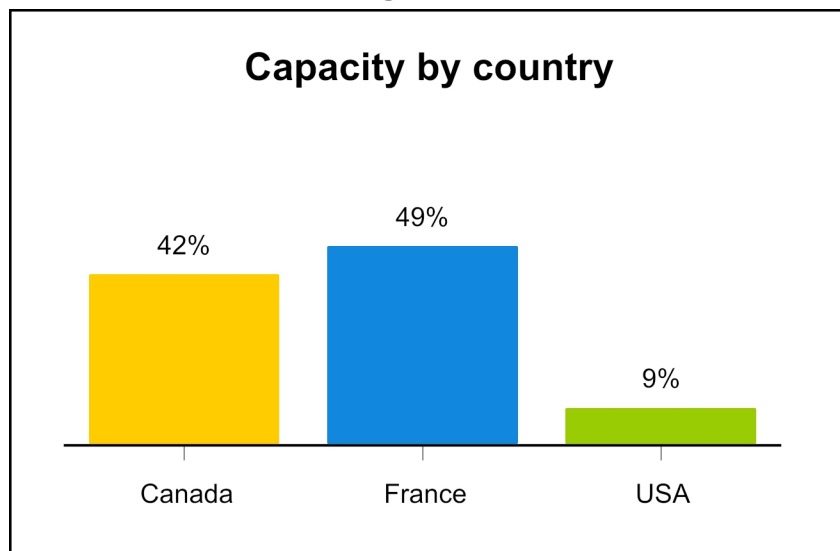
	December 31, <b>2014</b>	December 31, <b>2013</b>
<i>(in thousands of dollars, unless otherwise specified)</i>		
<b>Cash and cash equivalent</b>	86,845	127,541
<b>Restricted cash</b>	19,814	60,126
<b>Total assets</b>	2,288,750	1,791,440
<b>Net debt <sup>(1)</sup></b>	1,309,613	821,040
<b>Convertible debentures - nominal value</b>	244,337	244,655
<b>Average rate - total debt</b>	4.83%	5.46%
<b>Equity attributable to shareholders' of Boralex <sup>(2)</sup></b>	302,674	356,094
<b>Book value per share</b>	\$7.91	\$9.43
<b>Net debt ratio</b>	66.3%	57.1%

(1) Excludes Convertible debentures and bridge facility

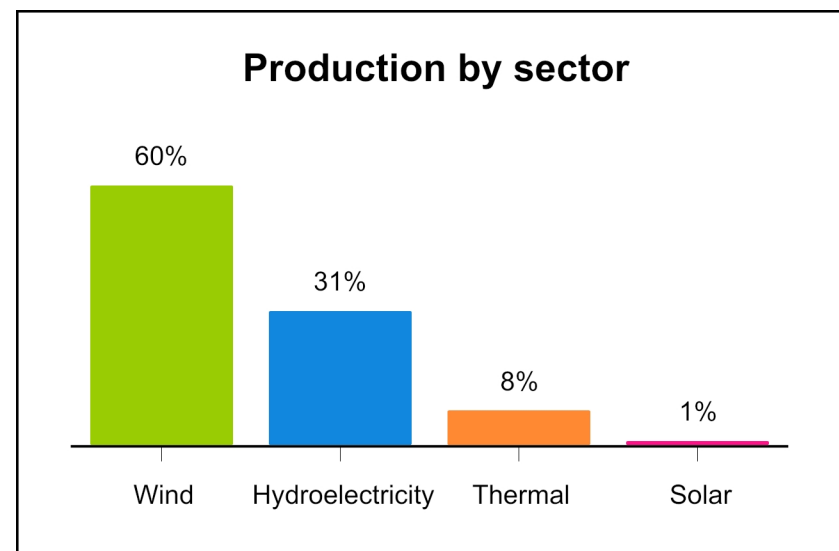
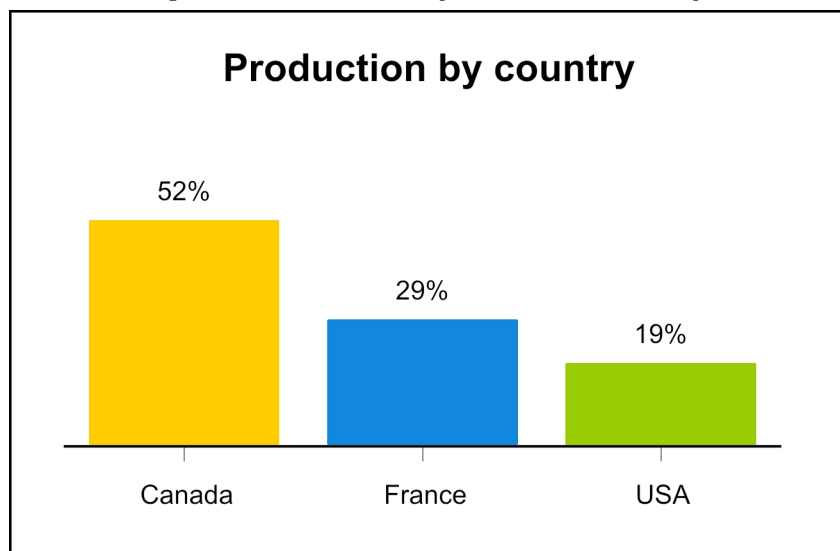
(2) Excludes Non-controlling shareholders

# Geographical and segment review as of December 31, 2014

## Installed capacity (938 MW)

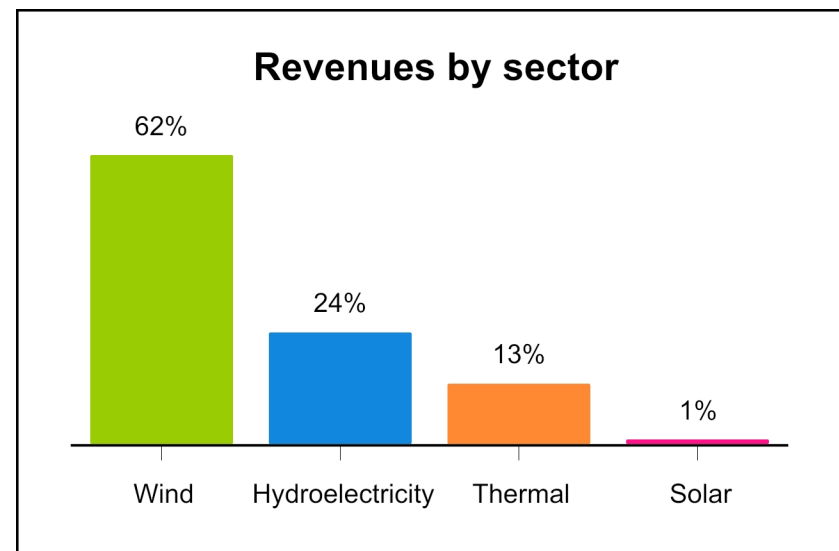
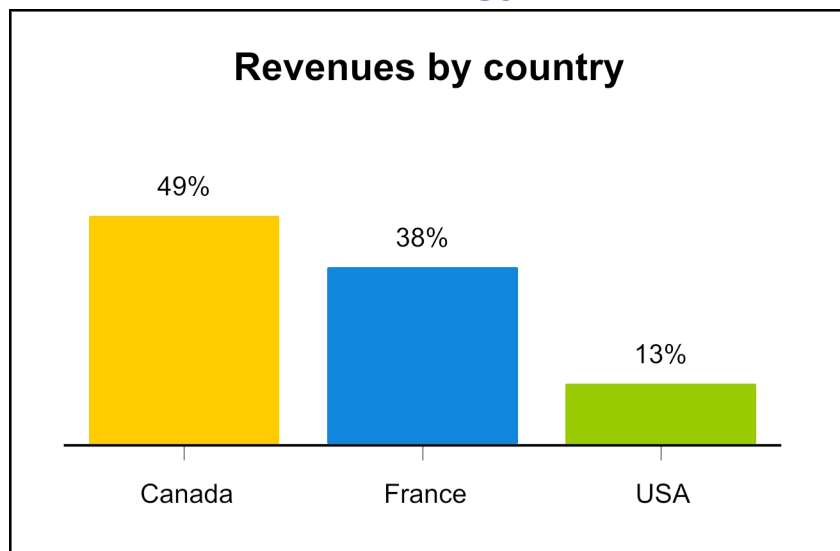


## Power production (2,030 GWh)

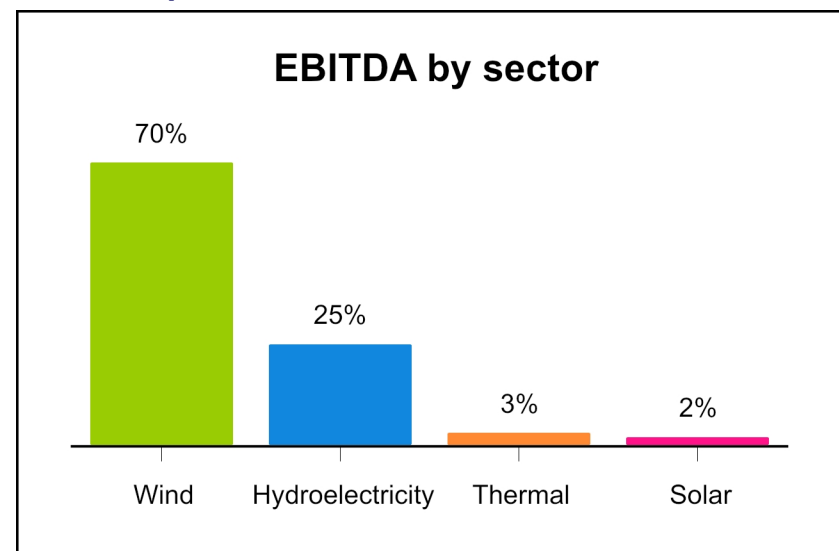
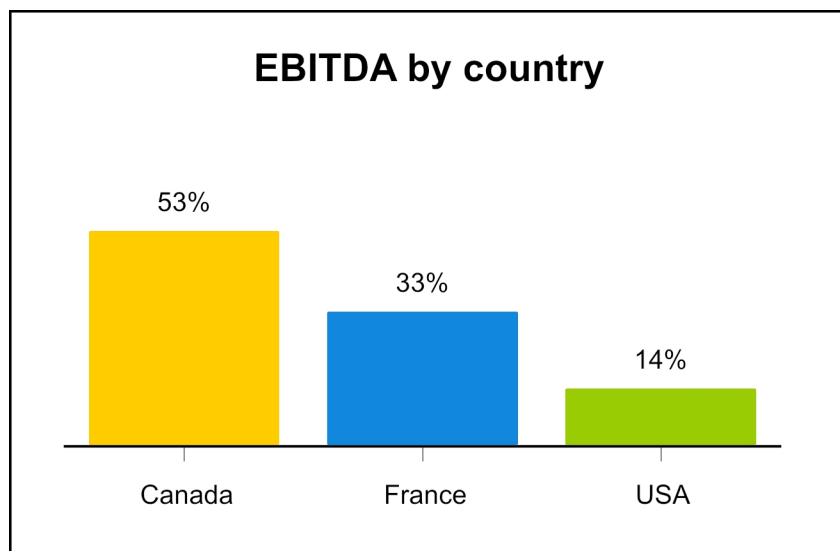


# Geographical and segment review as of December 31, 2014

## Revenues from energy sales (\$239.5 M)



## EBITDA (before corporate and eliminations) (\$170.7 M)



**Question Period**

