



# **Boralex Inc. Financial Review**

## **3<sup>rd</sup> Quarter 2008**

November 12, 2008

energy creator



# **FORWARD-LOOKING**

statement disclaimer



**Certain statements in this presentation, including statements 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 effect of general economic conditions, increases in raw material costs, changes in the relative values of certain currencies, fluctuations in selling prices, adverse changes in general market and industry conditions and other factors listed in the Company's filings with different securities commissions.**

**This presentation contains certain non-GAAP financial measures. Refer to the section «Segmented Information of the quarterly consolidated financial statements » for more details.**



# **Mr. Patrick Lemaire**

*President and  
Chief Executive Officer  
Boralex Inc.*

## Highlights Q3 2008



- ▲ Boralex benefited from the diversification of its asset base as increased revenue and EBITDA from the wood residue and hydro segments more than offset a lesser contribution from the wind segment. Boralex also benefited from better average electricity prices for its hydro and biomass plants and, in Europe, from better steam prices.
- ▲ Boralex benefited from its strategy in regards to the qualification of its wood residue plants for the Connecticut REC market. Following the qualification in recent quarters of Ashland and Livermore Falls, Boralex sold more than \$US 9.4 million of RECs during the quarter and has approximately \$US 37 million of RECs sold forward for the period between October 2008 and December 2012.
- ▲ Boralex has begun the construction of four wind sites in Ontario (40 MW) which are expected to be commissioned by the second quarter of 2009. Additionally, Boralex bid for a 90 MW block in the recent Ontario Power Authority RFP with results expected before the end of Q1 2009.

# Summary Q3 2008



Selected financial and operational data  
(in thousands of dollars, except production and per share amounts)

	Q3 2008	Q3 2007
<b>Production (MWh)</b>	<b>416,747</b>	<b>374,441</b>
<b>Revenue from energy sales</b>	<b>48,811</b>	<b>34,276</b>
<b>EBITDA</b>	<b>16,765</b>	<b>9,924</b>
<b>Net earnings</b>	<b>5,657</b>	<b>1,017</b>
<b>Net earnings per share basic</b>	<b>\$0.15</b>	<b>\$0.03</b>
<b>Cash-flows from operations</b>	<b>13,887</b>	<b>8,752</b>
<b>Cash-flows from operations per share</b>	<b>\$0.36</b>	<b>\$0.23</b>

# Summary YTD 2008



Selected financial and operational data  
(in thousands of dollars, except production and per share amounts)

**YTD 2008**

**YTD 2007**

**Production (MWh)**

**1,221,305**

**1,160,401**

**Revenue from energy sales**

**142,931**

**117,431**

**EBITDA**

**53,305**

**42,609**

**Net earnings**

**16,014**

**15,632**

**Net earnings per share basic**

**\$0.42**

**\$0.47**

**Cash-flows from operations**

**44,136**

**35,532**

**Cash-flows from operations per share**

**\$1.17**

**\$1.06**



**Mr. Jean-François  
Thibodeau**  
*Vice President and  
Chief Financial Officer  
Boralex Inc.*

## Q3 2008 sector EBITDA



(in thousands of dollars)

	Q3 2008	Q3 2007	Variation
<b>Wind</b>	4,361	4,883	↘
<b>Hydroelectricity</b>	847	(489)	↗
<b>Wood residue</b>	13,558	7,452	↗
<b>Natural gas</b>	(157)	(225)	↗
	18,609	11,621	↗
<b>Corporate and eliminations</b>	(1,844)	(1,697)	↘
<b>Consolidated EBITDA</b>	16,765	9,924	↗



## 2008 YTD sector EBITDA

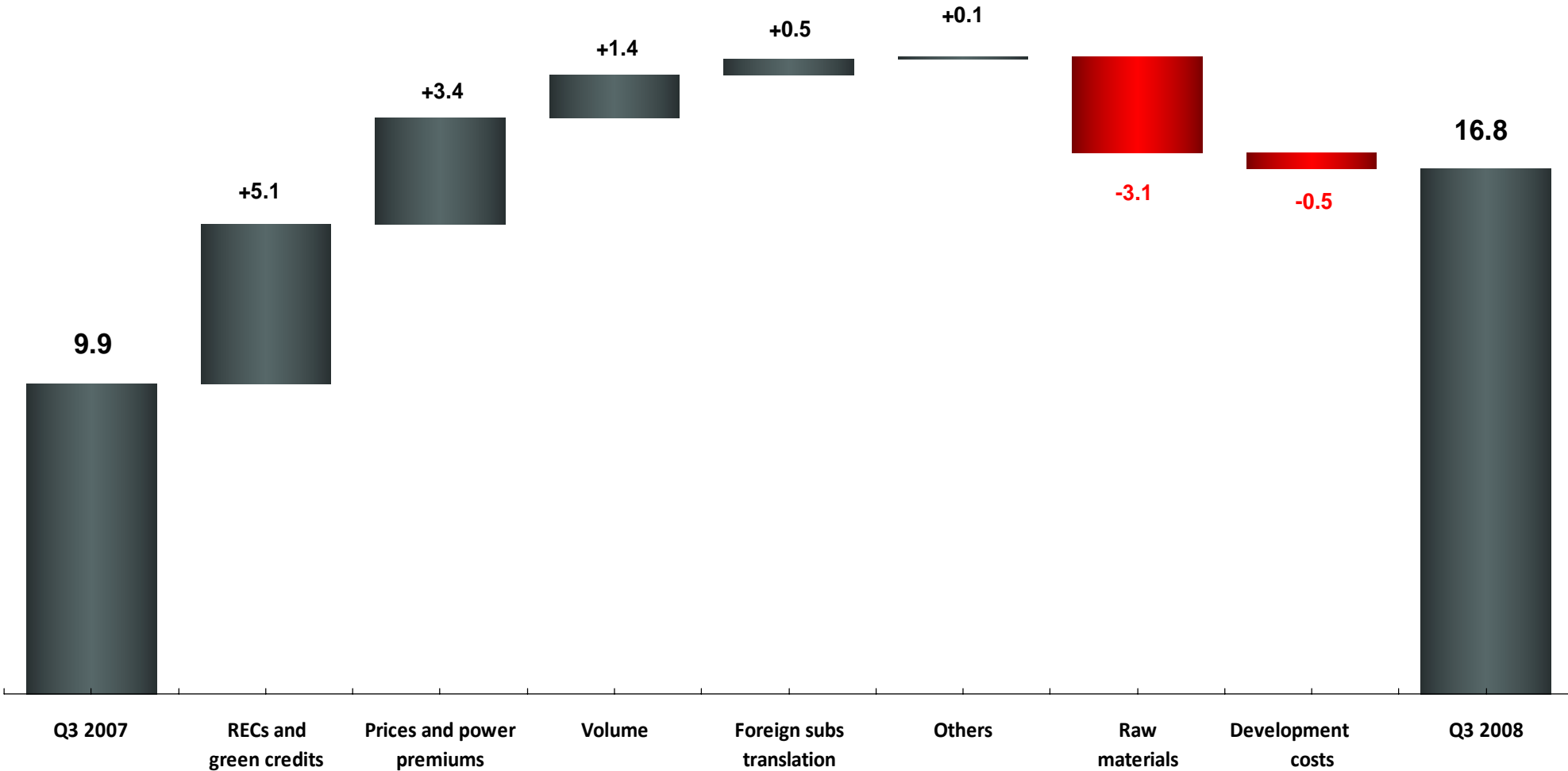


(in thousands of dollars)

	YTD 2008	YTD 2007	Variation
<b>Wind</b>	17,982	15,805	↗
<b>Hydroelectricity</b>	6,272	3,784	↗
<b>Wood residue</b>	31,424	22,378	↗
<b>Natural gas</b>	960	1,555	↘
	56,638	43,522	↗
<b>Corporate and eliminations</b>	(3,333)	(913)	↘
<b>Consolidated EBITDA</b>	53,305	42,609	↗

# Variance analysis – EBITDA

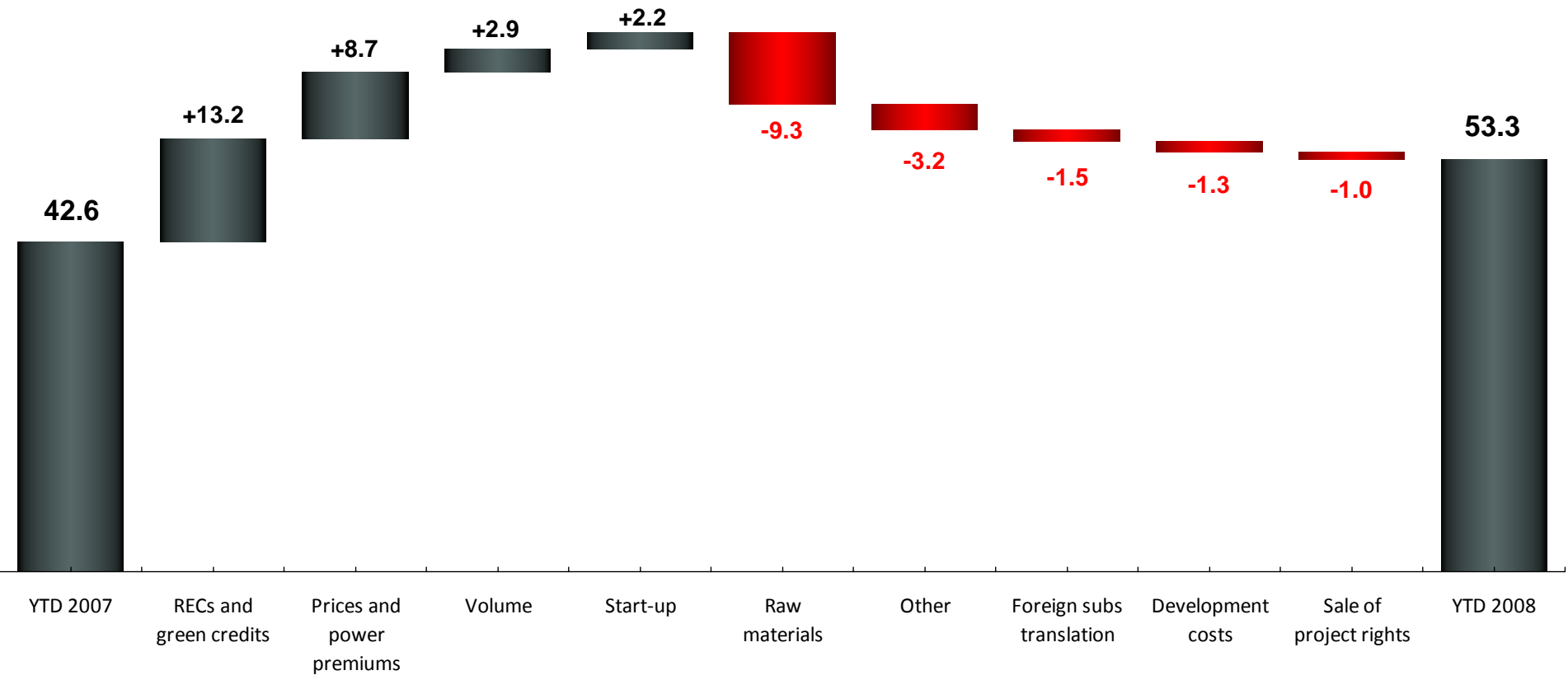
## Q3 2008 vs Q3 2007



(in millions of dollars)

# Variance analysis – EBITDA

## YTD 2008 vs YTD 2007



(in millions of dollars)

## Sector review Q3 2008 wind



(\$'000)	Q3 2008	Q3 2007
Production (MWh)	40,665	47,413
Revenue from energy sales	5,859	5,977
EBITDA	4,361	4,883

- ▲ Total production was 14% lower given less favourable wind conditions despite the positive contribution from the start-up last April of nearly 5 MW of additional capacity at Avignonet-Lauragais.
- ▲ The sector benefited from the appreciation of the EURO, the yearly indexation of electricity prices and the sale of green credits. These factors were, however offset by lower volume.
- ▲ The construction of the first 40 MW of capacity in Southwestern Ontario began in Q3 2008 and commissioning is expected by the end of Q2 2009. Boralex has also recently submitted a bid for a block of 90 MW in the most recent Ontario Power Authority RFP with a 2012 delivery date.

## Sector review Q3 2008 hydroelectricity



(\$'000)	Q3 2008	Q3 2007
Production (MWh)	21,522	8,705
Revenue from energy sales	1,920	677
EBITDA	847	(489)

- ▲ Production was 2.5 times higher than in Q3 2007 and 1.4 times higher (39%) than historical averages due to exceptional water levels
- ▲ Merchant prices in the United States were approximately 15% higher than in Q3 2007 and explain approximately \$100 K of positive EBITDA variation between both quarters.
- ▲ The appreciation of the US\$ explains another \$100K of positive EBITDA variation.

## Sector review Q3 2008 thermal energy: wood residue



(\$'000)	Q3 2008	Q3 2007
<b>Production (MWh)</b>	<b>354,560</b>	318,323
<b>Revenue from energy sales</b>	<b>37,866</b>	25,689
<b>EBITDA</b>	<b>13,558</b>	7,452

- ▲ Total production increased by 11%, compared to the third quarter of 2007, mostly explained by the restart of Stacyville (18 MW) in June 2008.
- ▲ Average spot electricity prices increased 26%, in comparison to Q3 2007 and explains \$1.8 million of additional revenue and EBITDA.
- ▲ RECs sold in Connecticut from Livermore Falls, Ashland, and Stratton explain respectively \$5.9 million and \$5.1 million of additional revenue and EBITDA. The difference between the revenue and EBITDA contribution is explained by third party wheeling costs, given Ashland is not directly connected to NEPOOL.
- ▲ Higher wood costs negatively impacted EBITDA by \$2.2 million, reflecting higher burn rates (given higher humidity following heavy rains during the summer) and higher diesel costs. Excluding the impact of diesel, wood costs have remained relatively stable since the beginning of the year.

## Sector review Q3 2008 thermal energy: natural gas



(\$'000)	Q3 2008	Q3 2007
Steam production ('000 lbs)	128,418	125,307
Revenue	3,165	1,933
EBITDA	(157)	(225)

- ▲ Increased steam prices explain a \$900 K positive difference in revenue and EBITDA.
- ▲ Higher natural gas costs for \$900 K offset the impact of these higher prices.
- ▲ The cogeneration equipments were restarted in November 2008.

# Question period

