



# Financial Review

3<sup>rd</sup> quarter 2009

November 12, 2009

## **DISCLAIMER**

### *Forward-looking statement*

Certain statements 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 effect of general economic conditions on market and industry, increases in raw material costs, changes in the relative values of certain currencies, fluctuations in selling prices, 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 « Additional Information about Non-GAAP Performance measures » of the Interim Management Report for more details.



# **Mr. Patrick Lemaire**

*President and  
Chief Executive Officer  
Boralex Inc.*

# Highlights

## Q3 2009

- ▲ Decrease in Production, Revenues, EBITDA and cash flows from operations. However Boralex is still profitable, despite worse merchant pricing in recent history a result of:
  - Hedging strategy put forward when prices were high in 2008
  - Increasing contracted capacity in our portfolio
- ▲ Biomass Crop Assistance program (“BCAP”) should benefit Boralex in the future
- ▲ RECs market becoming more active past 2010, confirms our long-term view on the program
- ▲ Phase I of the Thames River project (40 MW) scheduled to reach commercial operation in the next month
- ▲ All 90 MW of the Thames River project confirmed eligible for the bonified Advanced RESOP tariff
- ▲ Financing closed on the 9.2 MW Chasse Marée project and the 4.6 MW Cham Longe extension in France



# **Mr. Jean-François Thibodeau**

*Vice President and  
Chief Financial Officer  
Boralex Inc.*

# Summary

## Q3 2009

Selected financial and operational data <i>(in thousands of dollars, except production and per share amounts)</i>	Q3 2009	Q3 2008
<b>Production (MWh)</b>	365,163	416,747
<b>Revenues from energy sales</b>	39,676	48,811
<b>EBITDA</b>	11,445	16,765
<b>Net earnings</b>	698	5,679
<b>Net earnings per share basic</b>	\$0.02	\$0.15
<b>Cash flows from operations</b>	9,183	13,887
<b>Cash flows from operations per share</b>	\$0.24	\$0.37

# Summary

## YTD 2009

Selected financial and operational data <i>(in thousands of dollars, except production and per share amounts)</i>	YTD 2009	YTD 2008
<b>Production (MWh)</b>	<b>1,134,858</b>	1,221,305
<b>Revenues from energy sales</b>	<b>138,631</b>	142,931
<b>EBITDA</b>	<b>45,340</b>	53,231
<b>Net earnings</b>	<b>9,727</b>	16,012
<b>Net earnings per share basic</b>	<b>\$0.26</b>	\$0.42
<b>Cash flows from operations</b>	<b>36,083</b>	44,062
<b>Cash flows from operations per share</b>	<b>\$0.96</b>	\$1.17

# EBITDA by segment

## Q3 2009

	Q3 2009	Q3 2008	Variation
<i>(in thousands of dollars)</i>			
<b>Wind</b>	4,247	4,361	↙
<b>Hydroelectricity</b>	301	847	↙
<b>Wood-residue</b>	10,685	13,558	↙
<b>Natural gas</b>	(126)	(157)	↗
	15,107	18,609	↙
<b>Corporate and eliminations</b>	(3,662)	(1,844)	↙
<b>Consolidated EBITDA</b>	11,445	16,765	↙



# EBITDA by segment

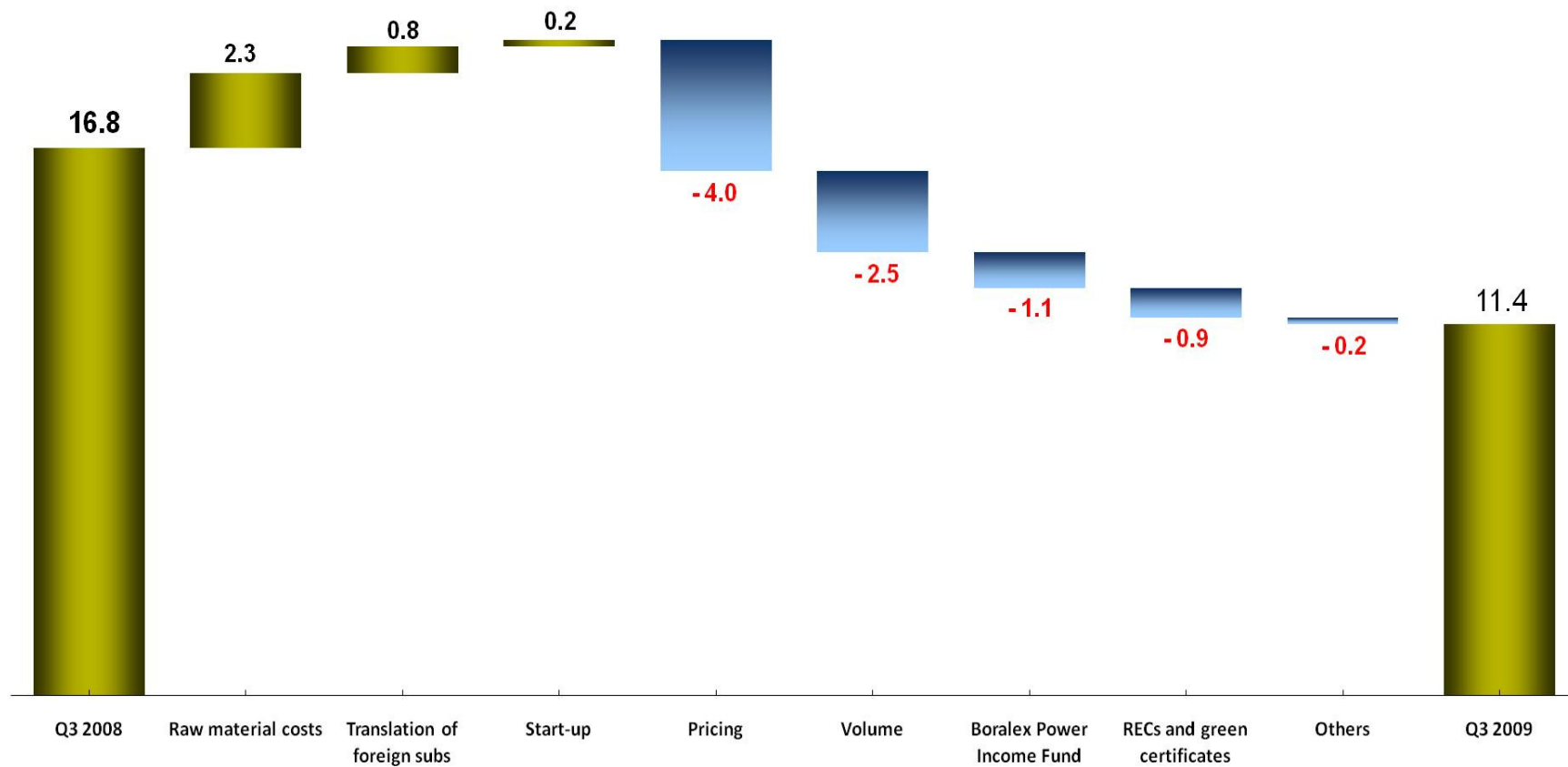
## YTD 2009

*(in thousands of dollars)*

	YTD 2009	YTD 2008	Variation
<b>Wind</b>	17,704	17,909	↙
<b>Hydroelectricity</b>	3,795	6,272	↙
<b>Wood-residue</b>	30,636	31,424	↙
<b>Natural gas</b>	1,240	960	↗
	<b>53,375</b>	<b>56,565</b>	↙
<b>Corporate and eliminations</b>	<b>(8,035)</b>	<b>(3,334)</b>	↙
<b>Consolidated EBITDA</b>	<b>45,340</b>	<b>53,231</b>	↙

# EBITDA – Variance analysis

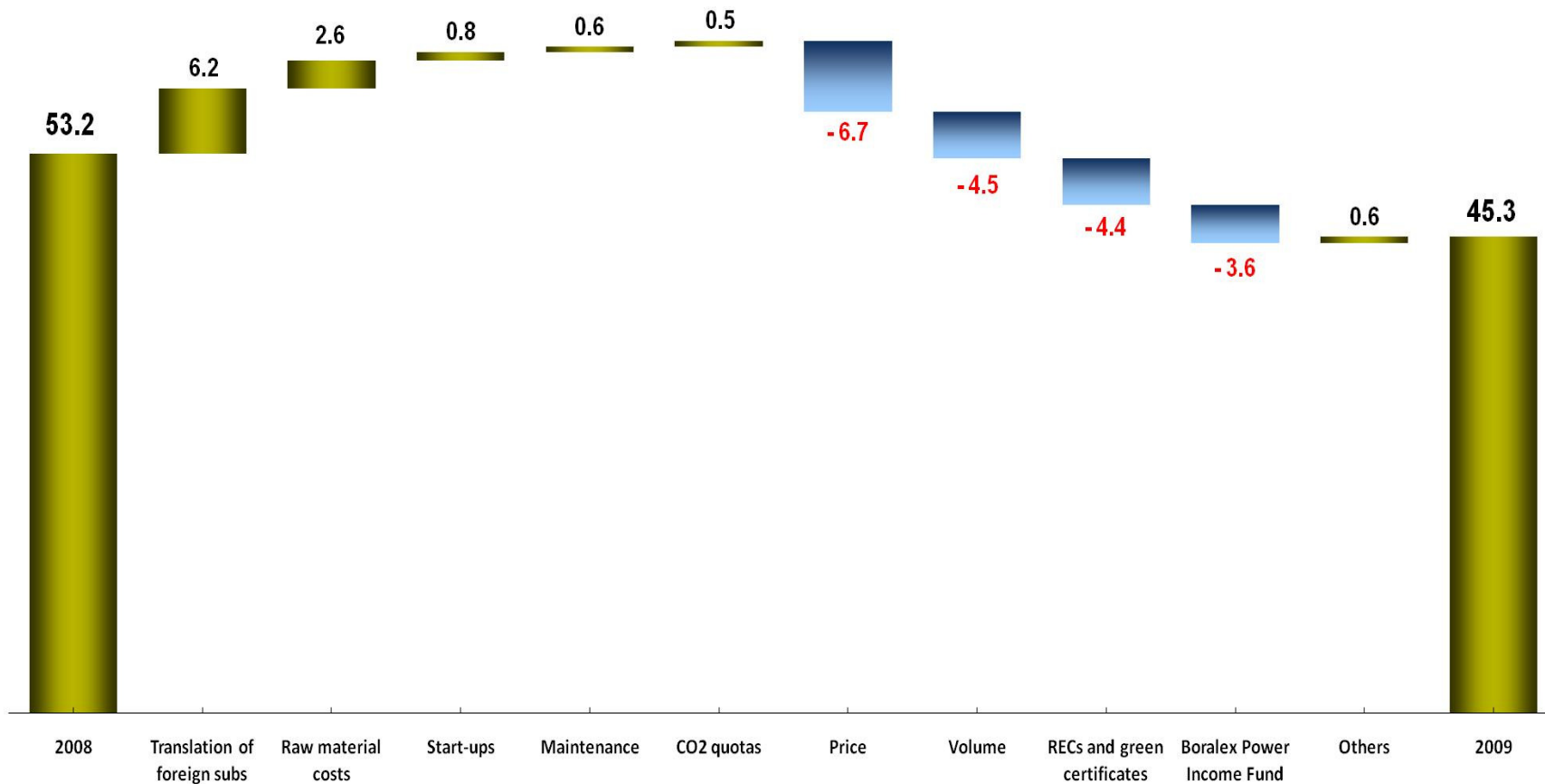
## Q3 2009 vs Q3 2008



(in millions of dollars)

# EBITDA – Variance analysis

## YTD 2009 vs 2008



(in millions of dollars)

# Sector review Q3 2009

## Wind Energy

(in thousands of dollars, except production)

	Q3 2009	Q3 2008
<b>Production (MWh)</b>	<b>39,758</b>	40,665
<b>Revenues from energy sales</b>	<b>5,797</b>	5,859
<b>EBITDA</b>	<b>4,247</b>	4,361

- ▲ **Production, Revenues and EBITDA slightly lower due to wind resources**
- ▲ **Excellent availability during the quarter at around 98%**
- ▲ **Chasse Marée project (9.2 MW) and Cham Longe extension (4.6 MW) confirmed for 2010, following the closing of the financing**
- ▲ **Confirmation that all 90 MW of Thames River are eligible for bonified Advanced RESOP tariff**
  - **First 40 MW to come on-line by the end of this year, as scheduled**

# Sector review Q3 2009

## Hydroelectricity

(in thousands of dollars, except production)	Q3 2009	Q3 2008
<b>Production (MWh)</b>	<b>27,554</b>	21,522
<b>Revenues from energy sales</b>	<b>1,779</b>	1,920
<b>EBITDA</b>	<b>301</b>	847

- ▲ **Production 28% above Q3 2008 and 47% above historical average**
  - Without Ocean Falls : 13% above Q3 2008 and 53% above historical average
  
- ▲ **Average selling prices of electricity down 49%**
  
- ▲ **Ocean Falls contributed \$500 K to revenues and \$200 K to EBITDA**

# Sector review Q3 2009

## Thermal energy: wood-residue

(in thousands of dollars, except production)

	Q3 2009	Q3 2008
<b>Production (MWh)</b>	<b>297,851</b>	354,560
<b>Revenues from energy sales</b>	<b>29,841</b>	37,866
<b>EBITDA</b>	<b>10,685</b>	13,558

- ▲ **Production down 16%, mostly due to shutdowns at Stacyville and New York, as well as voluntary curtailments during off-peak hours**
- ▲ **Average selling prices of electricity were prices down 45%; Hedging reduced the impact to 18%**
- ▲ **Lower prices on RECs in 2009, combined with a slight reduction in volume had an impact of \$900 K on EBITDA**
- ▲ **Lower transportation costs are the main reason for lower raw material expenses of \$1.5 million**
- ▲ **Chemical and oil prices down – Boralex saved around \$500 K**

# Sector review Q3 2009

## Thermal energy: natural gas

(in thousands of dollars, except steam production)	Q3 2009	Q3 2008
<b>Steam ('000 lbs)</b>	<b>124,445</b>	128,418
<b>Revenues from energy sales</b>	<b>2,259</b>	3,165
<b>EBITDA</b>	<b>(126)</b>	(157)

- ▲ The electricity production was stopped at the beginning of April and restarted at the beginning of November, as in the past five years
- ▲ EBITDA comparable to last year as decrease in steam selling prices was offset by lower natural gas costs



**Question period**