

A photograph of a wind farm at sunset. The sky is filled with soft, orange and pink clouds. The sun is low on the horizon, creating a warm glow. In the foreground, there is a field of tall, golden-brown grasses. Several wind turbines are visible in the middle ground, their silhouettes against the bright sky.

Brookfield

Brookfield Renewable Partners (TSE: BEP.UN)

Peter Zheng | Robert Radovini

LEXINGWORTH

3-4

Company Overview

5

Industry Overview

6

Economic Analysis

7-8

Investment Thesis

9

Catalyst & Risk

10-12

Valuation & Recommendation

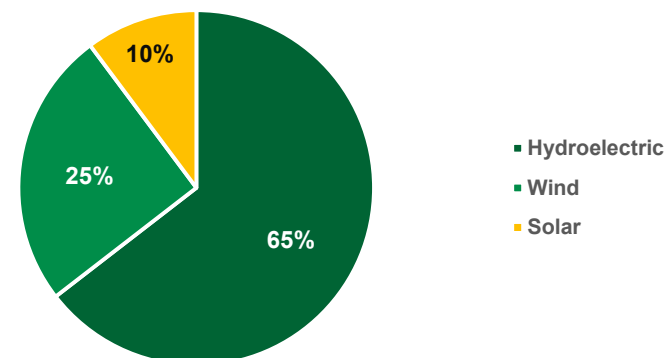
13-15

Appendix




Company Overview

Brookfield Renewable Partners operates as one of the world's largest publicly-traded renewable power platforms. It holds over 5,000 generating facilities across North America, South America, Europe and Asia. Brookfield is a global leader in hydroelectric power this comprises of about 64% of their portfolio. Its portfolio consists of approximately 19,300 MW of capacity. Brookfield has experience as an owner, operator and investor in wind, solar, distribution generation, and solar facilities.

2019 Generation (GWh) by Segment



Management Team

Name	Position	Years Exp.	Background
 Bruce Flatt	CEO Brookfield	30+	CEO since 2002, has developed a global presence in more than 30 countries
 Connor Teskey	Managing Partner, CEO Renewable Power	5+	Joined Brookfield in 2012 before relocating to London in 2016 to oversee renewable power
 Madeleine Bourdon	Managing Director, Renewable Power	15+	Held several leadership roles across Brookfield's Renewable Group

Key Statistics (12/06/2020)

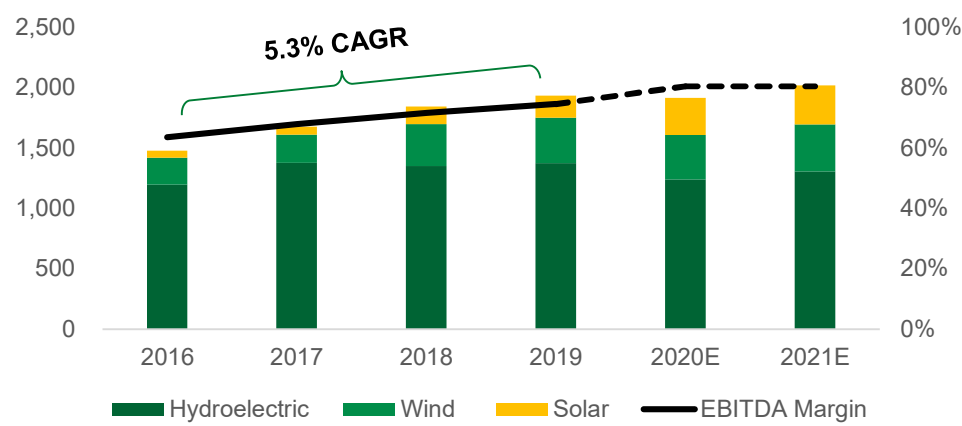
Share Price	\$50.27 CAD
Market Capitalization	13.83B
Enterprise Value	51.78B
Beta (5Y)	0.71
52 Week Range	\$23.25 - \$55.76
EBITDA	\$1,804,000
Dividend Yield	3.02%
EBITDA Margin	58.1%
P/Sales (TTM)	4.93x
Price/Books	3.20x
EV/EBITDA	31.19x

Historic Stock Performance (5-Year)



Revenue & EBITDA Margin

Revenue Expressed in \$USD Millions



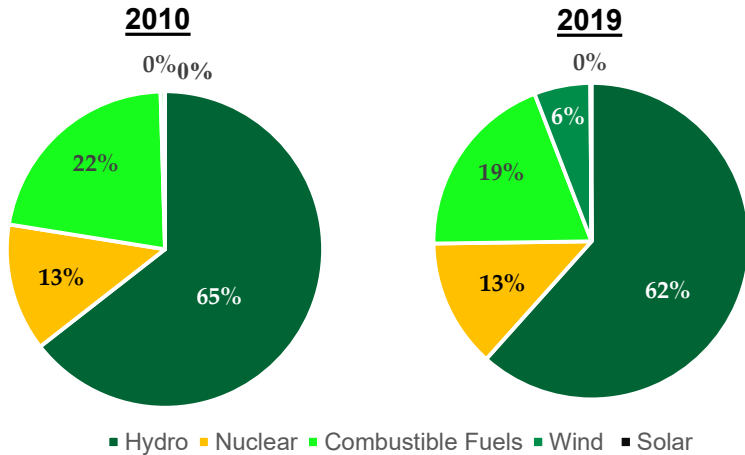
Debt Structure



- Industry high investment grade rating
- 80% are non-recourse
- Long-term financing of 10 years with fixed rates
- Able to finance long-term operational growth initiatives
- 16% corporate debt to total capitalization

This report has been prepared for informational purposes only without regard to any particular user's investment objectives or financial situation. This report constitutes neither a recommendation to enter into a particular transaction nor a representation that any investment is suitable or appropriate for you. It is important to note that past performance does not indicate guarantee of future gain.

Canada's Electricity Power Generation



2nd Largest hydroelectricity producer in the world



8th Largest wind energy producer in the world



81% of Canadian electricity generated from non-emitting sources, 2nd highest in OECD



Canada committed to reducing carbon emissions 30% below 2005 levels by 2030

Competitors

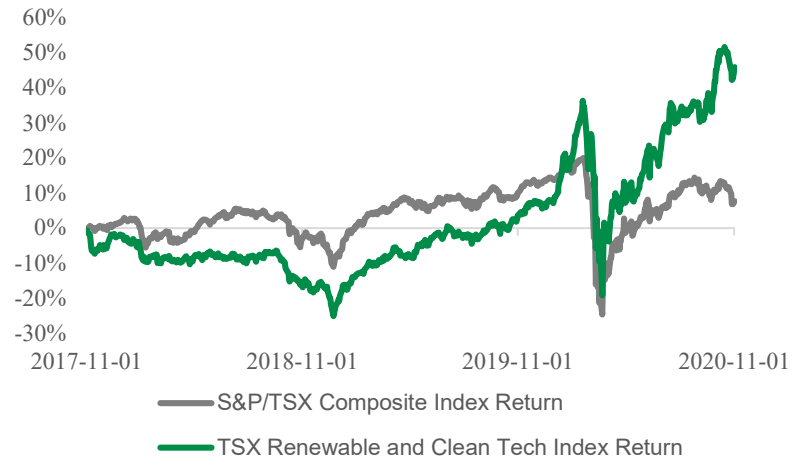
Canadian Segment



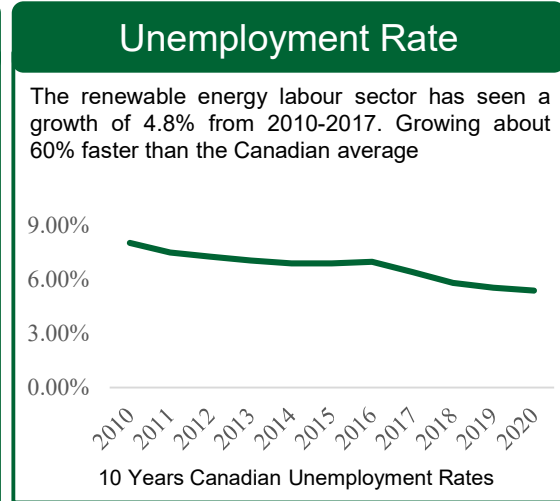
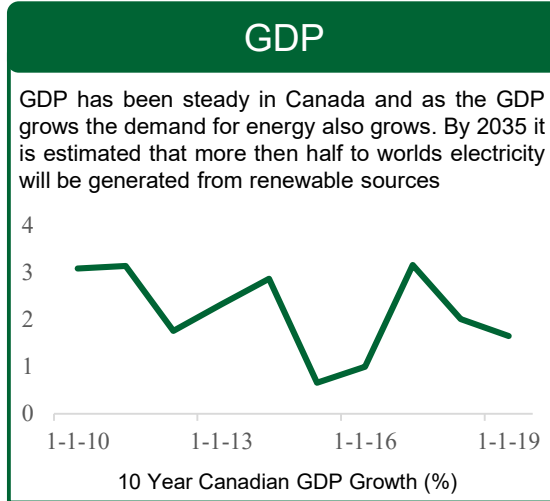
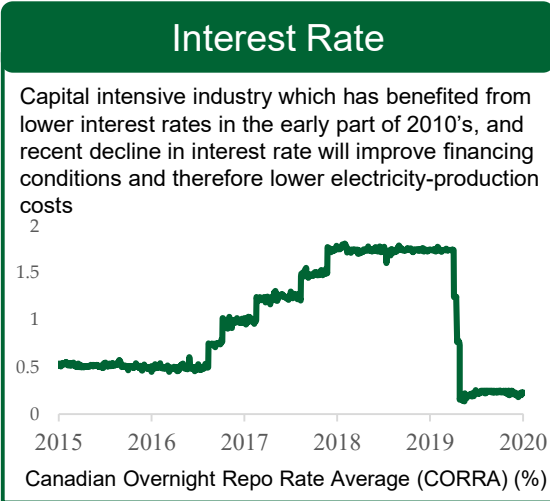
United States Segment



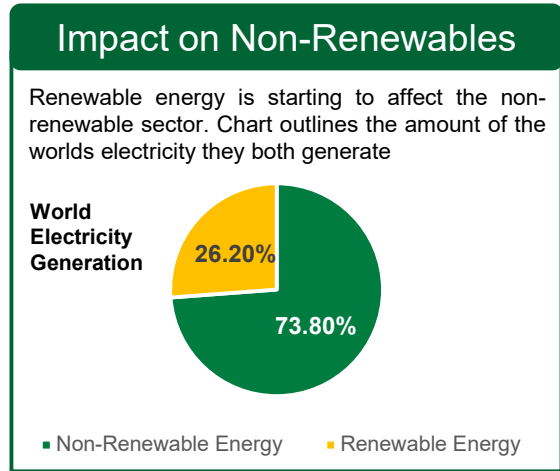
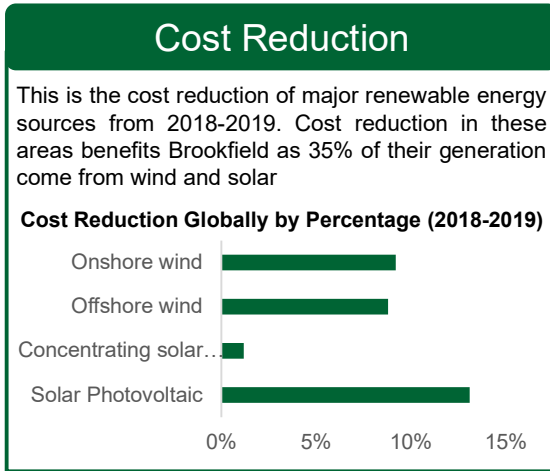
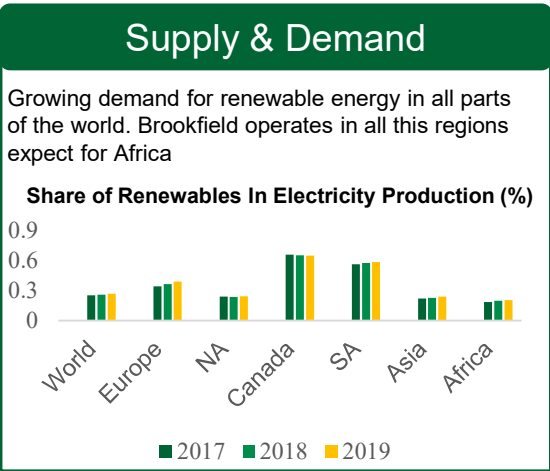
Index Comparison



Macroeconomic Factors

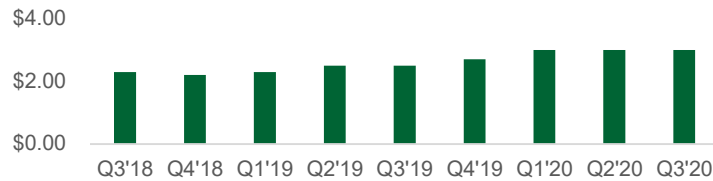


Microeconomic Factors



Liquidity

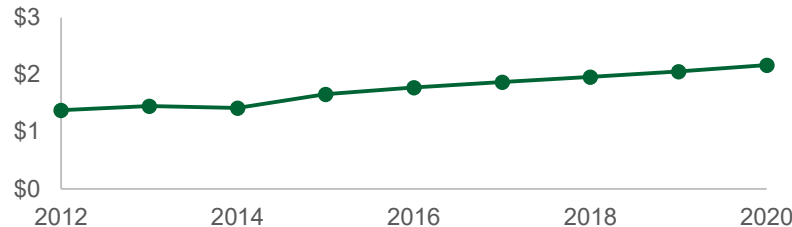
Available Liquidity (in C\$ Billions)



- **Liquidity Growth** – 11% liquidity growth from Q3 2018 to Q3 2020
- **Diverse Funding** – Funding from multiple streams such as non-recourse borrowing, credit facilities, commercial paper and green bonds

Value Creation

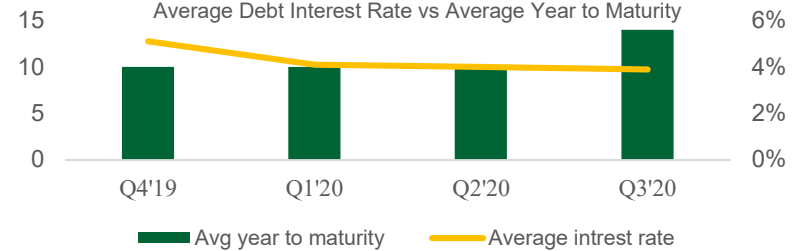
Annual Dividend Growth



- Track record of attractive and growing dividend payout, intention to grow the dividend at 5-7% annually
- \$6.3 Billion of financing and \$571 million of capital recycling initiatives

Debt Position

Average Debt Interest Rate vs Average Year to Maturity



- ~ 95% of debt is investment grade rated
- ~ 80% of debt is project level
- Corporate green bonds were issued received a E-1 rating by S&P
- Ability to source financing with an increasing average year to maturity on debt and lower average interest rate

Cash Flow

- Approximately 95% of 2020 proportionate generation output is contracted
- Predictable cash flow profile by selling electricity under long-term, fixed price contracts with creditworthy counterparties
- \$2.15B committed to investments and acquisitions
 - Intending to privatize and fund projects such as Polenergia, a European wind company, and TransAlta portfolio over the next ten years to add to Brookfield's existing development pipelines

Mergers & Acquisitions



Mount Signal, Colorado

Terraform Power – 2018 & 2020

- Addition of 4,220 MW through 87 projects in 3 continents through acquisition
- Expansion of portfolio & accretive cash flow



Blue Grass, Queensland, Australia

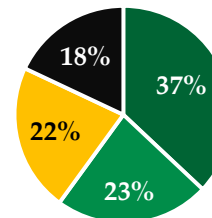
X-Elio (50/50 JV) - 2019

- 972 MW current & 1,413 MW incoming solar capacity with major market in Spain
- Global solar development capabilities and growth in high-quality operating assets

Power Purchase Agreements (PPA)

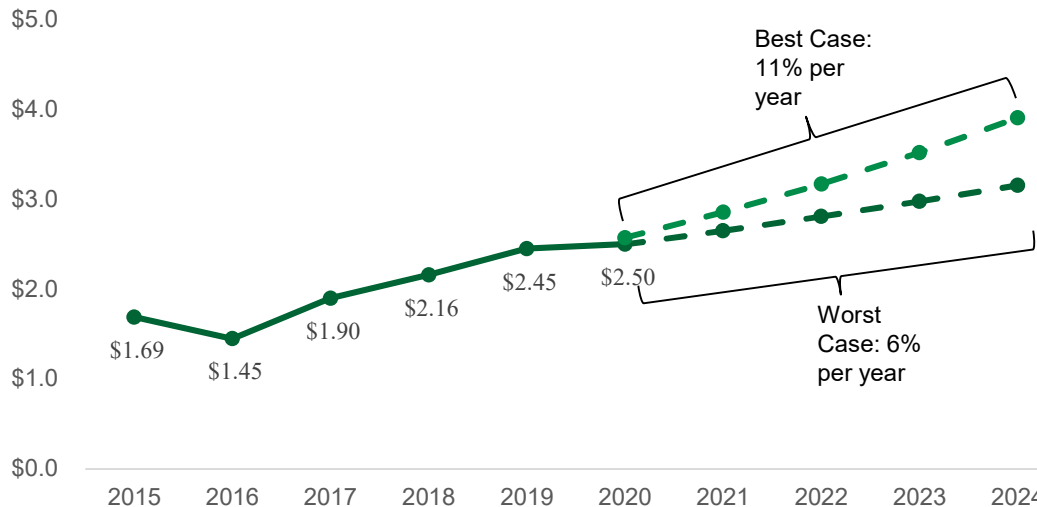
Economic Exposure of Contracted Generation

- Power Authorities
- Distribution Companies
- Industrial Users
- Brookfield



- Short-term and long-term PPAs linked to specific power generating assets
- Weighted-average remaining duration of 13 years
- Offers predictable and stable cash flow generation
- Agreements not under PPA uses electricity price estimates from independent sources

Funds From Operations Per Unit Growth & Drivers



FFO Growth Drivers

- ✓ **Project Growth:** Recent investment of 410 MW operating wind assets in Asia, 322 MW of distributed generation solar in the US
- ✓ **Cost Saving Initiatives:** Combined \$1.2B cash flows from investing activities in the last 3 fiscal years to improve operational efficiency
- ✓ **Inflation Indexation:** Higher realized prices through guaranteed real return

Estimated \$4B investment through cash, corporate debt and sales of lower returning assets within the next 4 years to reach FFO target

Catalysts

Risk

Near-Term

Cost Reduction

Lowering of renewables related costs will greatly benefit bottom lines and ESG initiatives

- Generation costs for wind and solar PV have fallen 3-16% annually in the last 10 years
- Post-pandemic stimulus packages could greatly benefit further cost-effective energy solutions

Solar & Wind Acceleration

Recent acquisitions signal intent to expand the wind and solar segment

- 4 major projects (Polenergia, Terraform, X-Elio, Exelon) in the past 2 fiscal years
- Results in geographic expansion, market position enhancement in an attractive industry

Pledge for Decarbonization

Corporate transition to 100% renewable electricity

- Microsoft, Apple, Google, Walmart, Facebook
- Recent agreement to supply clean, renewable electricity for over 500 of JPMorgan Chase's offices in the state of New York

Long-Term

Less Risky

Electricity Prices

Movements in electricity prices increases uncertainty and financial risk for electricity generators and distribution companies, highlighting the importance of hedging and contracts agreements.

- 95% of BEP's 2020 production is under short-term and long-term power purchase agreements, mitigating exposure to short-term fluctuations in electricity prices

Slowing, Not Halting

Forecasted 13% decline in net additions of renewable capacity in 2020 due to COVID-19 crisis related disruptions

- Slowing financing activities and policy uncertainty due to pandemic, but prospects of renewable structural benefits, job creation and economic development realized
- Most delayed projects expected to rebound starting 2021

Geographical and Political

Lack of geographical concentration may expose business to country-specific risks such as the following:

- Weather Conditions (Dam Failure)
- Local Economic Conditions (Operational disruptions)
- Political/Regulatory Environments (Supply & Demand, Prices)

More Risky

Valuation Summary Output

Gordon Growth Method	
PV of Forecast Period	6,230
<i>% of Enterprise Value</i>	<i>11.8%</i>
Terminal Value	
Terminal Year UFCF	916
Perpetuity Growth Rate	2.0%
Terminal Value	56,926
PV of Terminal Value	46,762
<i>% of Enterprise Value</i>	<i>88.2%</i>
Enterprise Value	52,992
Less: Net Debt	2,222
Equity Value	55,214
Fully Diluted Shares Outstanding	951
Implied Share Price	\$58.06
Current Share Price	\$50.27
Implied Margin of Safety	15.5%

Discount Rate Analysis & Summary

WACC Analysis	
10-Year U.S. Treasury	0.9%
Market Risk Premium	2.7%
Beta	0.73
Cost of Equity	3.6%
Weighted Average Price	\$50.27
Weighted Average Div./Share	\$0.84
Total Shares Outstanding	31,030
Cost of Preferred Equity	1.1%
Cost of Debt	8.7%
Tax Rate	35.0%
After-Tax Cost of Debt	5.7%
WACC	3.6%

- DCF yields an implied share price of \$58.06, slightly higher than current share price of \$50.27 (Implied Margin of safety of 15.5%)
- WACC of 3.6%, cost of debt excludes non-recourse borrowings

Base Discounted Cash Flow Sensitivity Analysis

Terminal Growth Share Price Sensitivity (\$)

Terminal Growth	WACC				
	2.6%	3.1%	3.6%	4.1%	4.6%
1.0%	57.58	46.21	39.14	34.32	30.83
1.5%	79.27	57.82	46.39	39.29	34.45
2.0%	134.82	79.62	58.06	46.57	39.44
2.5%	585.48	135.44	79.96	58.30	46.76
3.0%	(217.77)	588.29	136.05	80.31	58.54

Exit Multiple Share Price Sensitivity (\$)

Exit Multiple	WACC				
	2.6%	3.1%	3.6%	4.1%	4.6%
13.4x	52.44	52.44	52.44	52.44	52.44
13.9x	54.07	54.07	54.07	54.07	54.07
14.4x	55.70	55.70	55.70	55.69	55.69
14.9x	57.33	57.32	57.32	57.32	57.32
15.4x	58.95	58.95	58.95	58.95	58.95

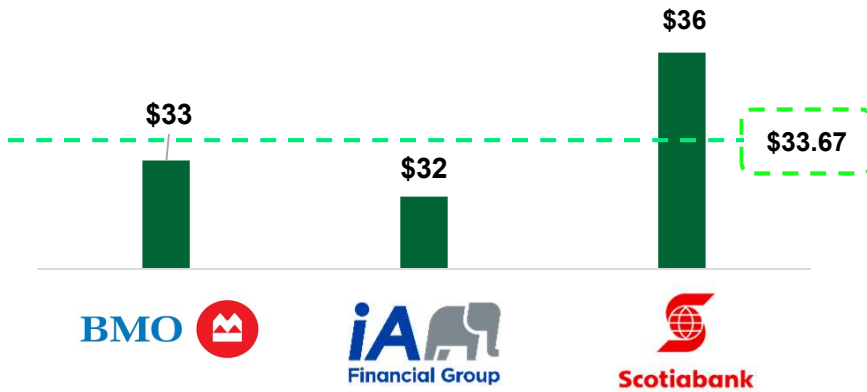
Comparable Analysis Table

Company Name	Stock Price \$CAD	Market Cap (\$CAD Millions)	Enterprise Value (\$CAD Millions)	Dividend Yield	EV/EBITDA (LTM)	Total Debt/EBITDA (LTM)	EBITDA Margin (LTM)	Net Debt/Capital
Innergex Renewable Energy Inc.	\$ 25.49	4,436	9,221	2.84%	22.61x	11.63x	69.3%	78.0%
Northland Power Inc.	\$ 44.56	8,955	16,927	2.71%	11.79x	5.41x	70.7%	75.0%
Algonquin Power & Utilities Corp	\$ 20.51	12,197	14,176	3.99%	20.91x	5.87x	41.7%	38.0%
Transalta Renewables Inc.	\$ 17.97	4,698	5,510	5.15%	21.5x	3.19x	59.7%	25.0%
Boralex Inc.	\$ 39.42	4,051	6,960	1.67%	16.4x	7.38x	67.3%	71.0%
Mean	\$ 29.59			3.27%	18.64x	6.70x	61.7%	57.4%
Brookfield Renewable Partners	\$ 50.27	13,770	42,080	3.02%	20.18x	8.61x	58.1%	49.0%

Comparable Analysis Summary

- Industry comparable consist of peers with diversified portfolio of operational renewable energy assets with major segments in North America
- Brookfield Renewable Partners is the largest company in market capitalization and enterprise value compared to peers
- Dividend yield of 3.02% is around comparable average, with a company target of 5% to 9% annual growth in cash distributions
- The company trades at a premium of 20.18x EV/EBITDA and 8.61x Total Debt/EBITDA compared to industry peers
- The company provides consistent EBITDA margin of 58.1%, compared to 61.7% industry mean
- Brookfield Renewable Partners has lower than average consolidated net debt to capital ratio of 49%

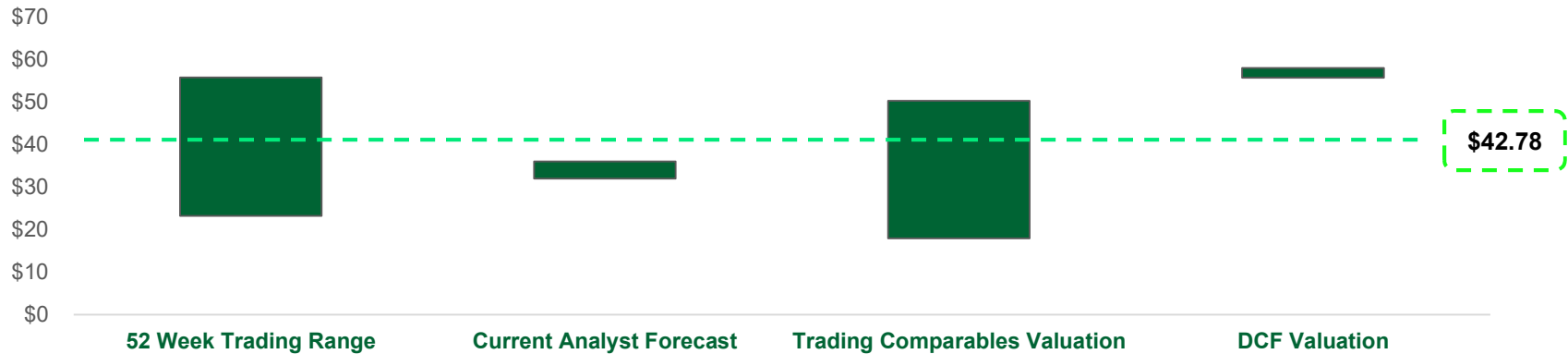
Analyst Recommendations



Valuation Summary

Valuation Summary	Average Price	Weight
52 Week Trading Range	\$41	30%
Current Analyst Forecast	\$33.67	30%
Trading Comparables Valuation	\$29.59	10%
DCF Valuation	\$58.06	30%
Final Valuation	\$42.78	100%

Football Field Valuation Range




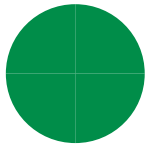






Weighted Average Price Target: \$42.78 | Recommendation: BUY

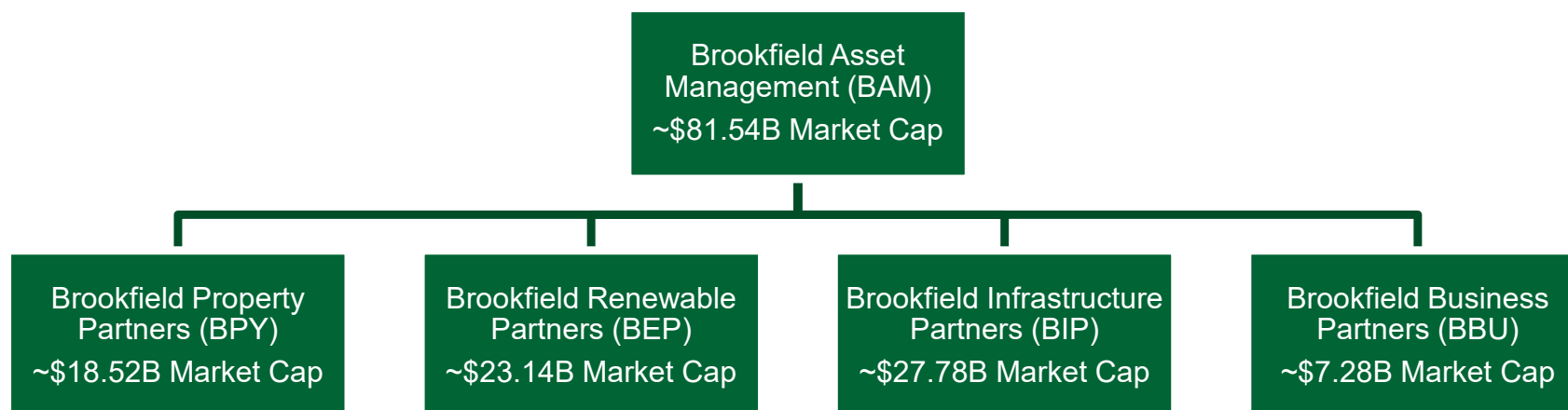
A photograph of a power line tower against a sunset sky, with a green horizontal band across the middle containing the text 'Appendices'. The image shows a series of power line towers receding into the distance under a sky with soft, orange-tinted clouds. A bright sun is visible on the left side, creating a lens flare effect. The entire scene is framed by a dark green border.

Appendices

Acquisitions & Investment summary

Target Firms	Date Announced	Rationale/Comment	Strategic Fit
	December, 2020	<ul style="list-style-type: none"> Acquisition of distributed generation development platform across 600 sites within the U.S. Total current operation of 260 MW Intention to leverage portfolio's operation and commercial capabilities 	
	2018 & 2020	<ul style="list-style-type: none"> Acquired 15,000 MW development solar pipeline in 3 continents Current ownership of 100%, with previous ownership of 62% announced in 2018 	
	December 2019	<ul style="list-style-type: none"> \$138 million joint venture with KKR, with Brookfield Renewable Partners holding approximately 12.5% interest in X-Elio Operating asset growth commitment in major solar markets including Japan and Spain 	
	March 2019	<ul style="list-style-type: none"> \$750 million through purchase of exchangeable securities for total of 9 % ownership To advance TransAlta's coal to gas transition, and 100% clean energy target by 2025 	

Brookfield Organization Structure



Shareholder Ownership

Institutions	% Shares Outstanding	# Shares Held (Millions)
Brookfield Asset Management, Inc.	14.53%	45.83
Fidelity Investments Canada ULC	3.33%	10.50
Brookfield Renewable Power, Inc.	2.91%	9.17
RBC Dominion Securities, Inc.	1.04%	3.27
CIBC Asset Management Inc.	0.97%	3.07
TD Asset Management Inc.	0.77%	2.43
Principal Global Investors	0.74%	2.33
Connor, Clark & Lunn Investment Management Ltd.	0.73%	2.31
BMO Asset Management Inc.	0.66%	2.09
BMO Nesbitt Burns Inc.	0.63%	1.98

Sources: Reuters Eikon

Discounted Cash Flow (DCF)

Assumptions

Assumptions	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue Growth	3.0%	6.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
EBITDA Margin	63.0%	63.0%	63.0%	63.0%	63.0%	63.0%	63.0%	63.0%	63.0%	63.0%	63.0%
Tax Rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
AR, % of Revenue	30.1%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Inventories, % of Revenue	-	-	-	-	-	-	-	-	-	-	-
AP, % of Revenue	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Additions to PP&E, % of sales	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%
PP&E Depreciation, % of gross	(3.0%)	(3.0%)	(3.0%)	(3.0%)	(3.0%)	(3.0%)	(3.0%)	(3.0%)	(3.0%)	(3.0%)	(3.0%)
Other D&A, % of Gross	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Unlevered Cash Flow Summary

	Historical							Forecast								
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020E	FY2021E	FY2022E	FY2023E	FY2024E	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
<i>(\$US Millions)</i>																
Revenue	1,628	2,452	2,625	2,982	2,980	3,069	3,254	3,481	3,725	3,986	4,265	4,563	4,883	5,225	5,590	5,982
Operating expenses, exclud. D&A	(541)	(1,074)	(1,060)	(1,116)	(1,120)	(1,136)	(1,204)	(1,288)	(1,378)	(1,475)	(1,578)	(1,688)	(1,807)	(1,933)	(2,068)	(2,213)
EBITDA	1,087	1,378	1,565	1,866	1,860	1,934	2,050	2,193	2,347	2,511	2,687	2,875	3,076	3,291	3,522	3,768
D&A	(616)	(781)	(782)	(819)	(798)	(821)	(849)	(878)	(909)	(943)	(979)	(1,017)	(1,058)	(1,102)	(1,149)	(1,199)
EBIT	471	597	783	1,047	1,062	1,113	1,201	1,315	1,437	1,568	1,708	1,858	2,018	2,189	2,373	2,569
Income tax expense	(60)	(52)	(69)	343	(43)	(45)	(48)	(53)	(57)	(63)	(68)	(74)	(81)	(88)	(95)	(103)
EBIAT	411	545	695	1,106	1,011	1,068	1,153	1,263	1,380	1,505	1,640	1,783	1,937	2,102	2,278	2,466
Add: D&A	616	781	782	819	798	821	849	878	909	943	979	1,017	1,058	1,102	1,149	1,199
Less: CapEx	(682)	(2,886)	(355)	(235)	(195)	(1,381)	(1,464)	(1,567)	(1,676)	(1,794)	(1,919)	(2,053)	(2,197)	(2,351)	(2,516)	(2,692)
Less: Change in Net Working Capital	(62)	(137)	(20)	(65)	(52)	(23)	(34)	(36)	(39)	(42)	(44)	(48)	(51)	(54)	(58)	(58)
Unlevered Free Cash Flows	283	(1,697)	1,102	1,625	1,562	485	820	540	577	616	658	703	751	802	857	916

PV of Unlevered Cash Flow Summary

	Forecast										
	FY2020E	FY2021E	FY2022E	FY2023E	FY2024E	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
EBIAT	1,068	1,153	1,263	1,380	1,505	1,640	1,783	1,937	2,102	2,278	2,466
Add: Depreciation & Amortization	821	849	878	909	943	979	1,017	1,058	1,102	1,149	1,199
Less: CapEx	(1,381)	(1,464)	(1,567)	(1,676)	(1,794)	(1,919)	(2,053)	(2,197)	(2,351)	(2,516)	(2,692)
Less: Change in Net Working Capital	(23)	283	(34)	(36)	(39)	(42)	(44)	(48)	(51)	(54)	(58)
Unlevered Free Cash Flows	485	820	540	577	616	658	703	751	802	857	916
<i>Discount Period</i>	1	2	3	4	5	6	7	8	9	10	11
<i>Mid-Year Discount Period</i>	1	2	3	4	5	6	7	8	9	10	11
WACC	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
<i>Discount Factor</i>	1	1	1	1	1	1	1	1	1	1	1
PV of Unlevered Free Cash Flows	476	777	494	509	524	540	547	564	581	599	618