

Brookfield Renewable Announces Strong Second Quarter Results

AUG 07, 2020

BROOKFIELD , News, Aug. 07, 2020 (GLOBE NEWSWIRE) -- Brookfield Renewable Partners L.P. (TSX: BEP.UN; NYSE: BEP) ("Brookfield Renewable Partners", "BEP", or together with Brookfield Renewable Corporation, "Brookfield Renewable") today reported financial results for the three and six months ended June 30, 2020.

"We had a strong quarter, as we executed on our key strategic priorities, including delivering operational performance, investing in growth, and bolstering our liquidity position to \$3.4 billion," said Sachin Shah, CEO of Brookfield Renewable. "We are pleased to have completed the creation of Brookfield Renewable Corporation and closed the merger with TerraForm Power. Looking forward, we believe our global scale, operational depth and financial strength positions us well to benefit from global decarbonization and continue to deliver on our target of 12-15% long-term returns to equity holders."

Financial Results

For the period ended June 30

| Millions (except per unit or otherwise noted) | Three months ended June 30 | | Six months ended June 30 | |
|--|----------------------------|--------|--------------------------|--------|
| Unaudited | 2020 | 2019 | 2020 | 2019 |
| Total generation (GWh) | | | | |
| – Long-term average generation | 15,527 | 14,252 | 29,678 | 27,745 |
| – Actual generation | 13,264 | 14,881 | 27,528 | 29,006 |
| Brookfield Renewable Partner's share | | | | |
| – Long-term average generation | 7,309 | 7,109 | 14,026 | 13,807 |
| – Actual generation | 6,552 | 7,602 | 13,716 | 14,848 |
| Net (loss) income Attributable to Unitholders | \$(44) | \$17 | \$(26) | \$60 |
| Per Unit ⁽¹⁾ | (0.14) | 0.05 | (0.08) | 0.19 |
| Funds From Operations (FFO) ⁽²⁾ | 232 | 230 | 449 | 457 |
| Per Unit ⁽¹⁾⁽²⁾ | 0.75 | 0.74 | 1.44 | 1.47 |
| Normalized Funds From Operations (FFO) ⁽²⁾⁽³⁾ | 241 | 203 | 453 | 407 |
| Per Unit ⁽¹⁾ | 0.77 | 0.65 | 1.46 | 1.31 |

⁽¹⁾ For the three and six months ended June 30, 2020, weighted average LP Units, Redeemable/Exchangeable partnership units and GP interest totaled 311.3 million (2019: 311.2 million and 311.1 million, respectively). The actual units outstanding at June 30, 2020 were 311.4 million (2019: 311.2 million).

⁽²⁾ Non-IFRS measures. Refer to "Cautionary Statement Regarding Use of Non-IFRS Measures".

⁽³⁾ Normalized FFO assumes long-term average generation in all segments except the Brazil and Colombia hydroelectric segments and uses 2019 foreign currency rates. For the three and six months ended June 30, 2020, the change related to long-term average generation totaled \$19 million and \$2 million, respectively (2019: \$(27) million and \$(50) million, respectively) and the change related to foreign currency totaled \$(10) million and \$2 million, respectively.

Brookfield Renewable reported FFO of \$232 million for the three months ended June 30, 2020, up slightly from prior year, and \$241 million on a normalized basis (\$0.77 per unit), a 19% increase from the prior year. After deducting non-cash depreciation, our net loss attributable to unitholders for the three months ended June 30, 2020 was \$44 million or \$0.14 per unit.

Highlights

- Generated FFO of \$232 million, up slightly from prior year, and normalized FFO of \$241 million, a 19% increase over the prior year, as our sites continue to perform well with high levels of asset availability, and we benefited from growth from new acquisitions and development assets coming online;
- Subsequent to quarter-end, completed the creation of Brookfield Renewable Corporation and merger with TerraForm Power;
- We agreed to invest over \$580 million (\$130 million net to BEP) of equity, including the acquisition of a 1,200 megawatt solar development project in Brazil;

- Our liquidity remains robust at \$3.4 billion and our balance sheet remains in excellent shape - with no material debt maturities over the next five years; and
- So far this year, we generated close to \$500 million of proceeds (\$85 million net to BEP) from asset recycling initiatives.

Update on Growth Initiatives

Subsequent to quarter-end, we completed the merger of TerraForm Power into Brookfield Renewable on an all-stock basis. The merger is accretive to Brookfield Renewable, simplifies our corporate structure, strengthens our business in North America and Europe and further enhances our position as one of the largest publicly traded, pure-play renewable power businesses with over \$50 billion in total power assets.

We, together with our institutional partners, also agreed to acquire a 1,200 megawatt solar development project in Brazil. This is one of the largest solar development projects in the world and requires both development and energy marketing capabilities to bring the project to completion. The project is 75% contracted, and we expect to leverage our deep energy marketing capabilities to contract the remaining power. In addition, given our global scale, we intend to drive down equipment procurement, installation and operating costs to deliver additional value over time. The transaction is subject to customary closing conditions and is expected to close in the fourth quarter of 2020.

Brookfield Renewable Corporation (BEPC)

We completed the special distribution of BEPC shares providing investors with greater flexibility in how they invest in our business. BEPC is listed on the same exchanges as BEP, offering investors the optionality to invest in Brookfield Renewable through either a partnership or Canadian corporation, which we believe should lead to increased demand and enhanced liquidity for our securities.

We completed the special distribution on July 30th by providing unitholders with one share of BEPC for every four units of BEP. We have subsequently seen strong support for BEPC shares in the market, with strong trading volumes over the first week of trading and the share price trading slightly above the BEP unit price. We are very pleased with the launch and positive market reception thus far.

Results from Operations

During the second quarter, we generated FFO of \$232 million , or \$0.75 per unit, as the business benefited from recent acquisitions, strong operational performance, and execution on margin enhancement initiatives. On a normalized basis, our results are up 19% over last year.

With an increasingly diversified portfolio of operating assets, limited off-taker concentration risk, and a strong contract profile, our cash flows are highly resilient. While generation for the quarter was below the long-term average, driven largely by drier conditions in the New York and Colombia , generation so far this year has been roughly in line with long-term average. As we have reiterated, we expect this type of resource cyclicality, and therefore do not manage the business based on under-or over-performance of generation relative to the long-term average in any given period. Our focus continues to be on diversifying the business, which mitigates exposure to any single resource, market or counterparty.

We continue to be focused on maintaining a highly diversified, investment grade customer base with over 600 customers around the world under long-term power purchase agreements. For example, our commercial and industrial counterparties, which comprise less than 20% of our generation, are well diversified across regions and sectors, with our largest C&I customer representing only 2% of our total contracted generation. Our contract profile remains strong, with 95% of total generation contracted in 2020, and a weighted-average remaining contract length of 15 years. Therefore, our cash flows are well protected from exposure to short-term price volatility and are expected to remain stable over the long-term.

During the quarter, our hydroelectric segment delivered FFO of \$193 million . In North America , we remain focused on securing short-term contracts in this low power price environment to retain upside optionality for when prices improve. In our Brazilian and Colombian portfolios, we continue to focus on extending the duration of our contract profile while maintaining a certain portion of uncontracted generation to mitigate hydrology risk. This quarter, we secured 17 new contracts in Latin America for a total of 432 gigawatt-hours per year, including one contract in Colombia with a seven-year term. The weighted-average remaining contract duration is now nine years in Brazil and three years in Colombia .

Our wind and solar segments generated a combined \$85 million of FFO, representing a 29% increase over the prior year, as we continue to generate stable revenues from these assets and benefit from the diversification of our fleet and highly contracted cash flows with long duration power purchase agreements. This quarter, we commissioned almost 100 MW of solar projects and secured five long-term PPAs with investment grade counterparties to support our 1,500 MW wind development pipeline in the U.S. and Europe .

Balance Sheet and Liquidity

Our liquidity position remains strong, with close to \$3.4 billion of total available liquidity, which allows us to support our current operations as well as to opportunistically pursue new investments.

Our investment grade balance sheet has no material maturities over the next five years, an average overall debt duration of 10 years, and approximately 80% of our financings are non-recourse to BEP. During the quarter, we executed over \$1.1 billion of financings across the business.

We also continued to execute our capital recycling strategy of selling mature, de-risked or non-core assets to lower cost of capital buyers and redeploying the proceeds into higher yielding opportunities. So far this year, we, together with our institutional partners, generated close to \$500 million of proceeds (\$85 million net to BEP) from these activities.

Distribution Declaration

The next quarterly distribution in the amount of \$0.4340 per LP unit, is payable on September 30, 2020 to unitholders of record as at the close of business on August 31, 2020. In conjunction with the Partnership's distribution declaration, the Board of Directors of BEPC has declared an equivalent quarterly dividend of \$0.4340 per share, also payable on September 30, 2020 to shareholders of record as at the

close of business on August 31, 2020. Brookfield Renewable targets a sustainable distribution with increases targeted on average at 5% to 9% annually.

The quarterly dividends on BEP's preferred shares and preferred LP units have also been declared.

Distribution Currency Option

The quarterly distributions payable on the BEP units and BEPC shares are declared in U.S. dollars. Unitholders who are residents in the United States will receive payment in U.S. dollars and unitholders who are residents in Canada will receive the Canadian dollar equivalent unless they request otherwise. The Canadian dollar equivalent of the quarterly distribution will be based on the Bank of Canada daily average exchange rate on the record date or, if the record date falls on a weekend or holiday, on the Bank of Canada daily average exchange rate of the preceding business day.

Registered unitholders who are residents in Canada who wish to receive a U.S. dollar distribution and registered unitholders who are residents in the United States wishing to receive the Canadian dollar distribution equivalent should contact Brookfield Renewable's transfer agent, Computershare Trust Company of Canada, in writing at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 or by phone at 1-800-564-6253. Beneficial unitholders (i.e., those holding their units in street name with their brokerage) should contact the broker with whom their units are held.

Distribution Reinvestment Plan

Brookfield Renewable Partners maintains a Distribution Reinvestment Plan ("DRIP") which allows holders of BEP units who are residents in Canada to acquire additional BEP units by reinvesting all or a portion of their cash distributions without paying commissions. Information on the DRIP, including details on how to enroll, is available on our website at www.bep.brookfield.com/stock-and-distribution/distributions/drip.

Additional information on Brookfield Renewable's distributions and preferred share dividends can be found on our website at www.bep.brookfield.com.

Brookfield Renewable operates one of the world's largest publicly traded, pure-play renewable power platforms. Our portfolio consists of hydroelectric, wind, solar and storage facilities in North America, South America, Europe and Asia, and totals over 19,000 megawatts of installed capacity and an 18,000 megawatt development pipeline. Investors can access its portfolio either through Brookfield Renewable Partners L.P. (NYSE: BEP; TSX: BEP.UN), a Bermuda-based limited partnership, or Brookfield Renewable Corporation (NYSE, TSX: BEPC), a Canadian corporation. Further information is available at www.bep.brookfield.com and www.bep.brookfield.com/bepc. Important information may be disseminated exclusively via the website; investors should consult the site to access this information.

Brookfield Renewable is the flagship listed renewable power company of Brookfield Asset Management, a leading global alternative asset manager with over \$525 billion of assets under management.

Please note that Brookfield Renewable's previous audited annual and unaudited quarterly reports filed with the U.S. Securities and Exchange Commission ("SEC") and securities regulators in Canada, are available on our website at <https://bep.brookfield.com>, on SEC's website at www.sec.gov and on SEDAR's website at www.sedar.com. Hard copies of the annual and quarterly reports can be obtained free of charge upon request.

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Quarterly Earnings Call Details

Investors, analysts and other interested parties can access Brookfield Renewable's 2020 Second Quarter Results as well as the Letter to Unitholders and Supplemental Information on Brookfield Renewable's website at www.bep.brookfield.com.

The conference call can be accessed via webcast on August 7, 2020, at 9:00 a.m. Eastern Time at <https://edge.media-ser> Associated Files