Brookfield Renewable
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Corporate Speakers:

- Connor Teskey; Brookfield Renewable; Chief Executive Officer
- Jehangir Vevaina; Brookfield Renewable; Chief Investment Officer
- Patrick Taylor; Brookfield Renewable; Chief Financial Officer

Participants:

- Sean Steuart; TD Securities; Analyst
- Liam Duggan; Barclays; Analyst

PRESENTATION

Operator: Good day. And thank you for standing by. Welcome to the Brookfield Renewable Second Quarter 2026 Results Conference Call and Webcast. (Operator Instructions) Please be advised that today's conference is being recorded. I would now like to hand the conference over to your speaker today, Connor Teskey, Chief Executive Officer. Please go ahead.lar

Connor Teskey: Thank you, Operator. Good morning everyone. And thank you for joining us for our Second Quarter 2026 Conference Call. Before we begin, we would like to remind you that a copy of our news release and investor supplement can be found on our website. We also want to remind you that we may make forward-looking statements on this call.

These statements are subject to known and unknown risks. And our future results may differ materially. For more information, you are encouraged to review our regulatory filings available on SEDAR+, EDGAR and on our website.

On today's call we will review our results for the second quarter and discuss how we continue to enhance our leadership position to capitalize on the significant growth opportunities in the current environment and continue creating long-term value for our investors.

We will then turn the call over to Jeh Vevaina, our Chief Investment Officer, who will discuss how we are further enhancing our capabilities in battery storage and strengthening our position as the energy partner of choice to both corporates and sovereigns.

Patrick will conclude the call with a review of our operating and financial results, our balance sheet and funding activities and an update on our recently announced plan to simplify our structure into a single listed corporate entity.

Following our comments, we look forward to taking your questions. Turning to our results. In the first half of the year, we delivered record financial results, robust capital deployment and the highest levels of development and asset recycling in our history.

We also further strengthened our balance sheet, ending the quarter with strong liquidity and positioning the business to capitalize on the growing opportunity set in the current market.

In the second quarter, we delivered FFO of $421 million, up 13% year-over-year or $0.62 per unit, up 11% on a per unit basis. In the last 12 months, we delivered FFO of $1.444 billion or $2.14 per unit, up 14% and 11%, respectively, compared to the prior year period.

We continue to scale our development activities, commissioning 1.3 gigawatts of new capacity in the quarter and advancing our contracting initiatives, signing power purchase agreements for 2.6 gigawatts from our advanced development pipeline.

We deployed or committed $5 billion into growth, or $760 million net to BEP, highlighted by our recently announced acquisition of Aypa.

In addition, we continue to scale our capital recycling program, agreeing to or closing sales that will generate approximately $2.2 billion of proceeds or $630 million net to BEP at strong results at or above our target returns.

Our strong execution came at the same time as the fundamentals supporting our business continue to strengthen. Global electricity demand is accelerating, and there is simply not enough new capacity coming online to keep up.

This supply/demand imbalance is compounded by grid infrastructure that has not kept pace with the growing need for electricity and is not being developed quickly enough to accommodate new demand.

As a result, customers are increasingly balancing their needs for speed to power, scale, cost and security of supply while seeking partners that can deliver integrated energy solutions across multiple geographies on time and on budget. This is reinforcing the value of our global business, our broad capabilities across various mature technologies and our scale capital.

Our business today is uniquely positioned to meet our customers' evolving power needs through our global platform. We're one of the largest developers of low-cost, fast-to-market solar and wind projects.

This is complemented by one of the world's largest hydro portfolios which provides clean, dispatchable baseload power and is further enhanced by an expanding battery storage business that is increasingly critical to improving grid reliability and enabling greater renewable power penetration.

Beyond these capabilities, we have what we believe is one of the most differentiated businesses in the global power sector. Through Westinghouse, we own the world's leading nuclear technology provider.

Nuclear power provides a unique combination of reliability, scale, energy security and carbon-free baseload generation, making it an increasingly important and essential component of the global energy mix. Existing reactors represent highly strategic long-life infrastructure that is difficult to replicate and the value of these assets continue to grow in the current energy market.

This is being recognized globally as the sector pursues reactor life extensions, restarts and new build programs. Westinghouse is exceptionally well positioned to benefit from this growth through its market-leading fuel, services and maintenance businesses which service approximately half the current global fleet.

And going forward, we believe the most significant opportunity lies in helping deliver a new fleet of large reactors at scale, supporting the revitalization of the global nuclear industry. During the quarter, we achieved another milestone towards that objective. The U.S.

Department of Energy issued a commitment for up to $17.5 billion in loan facilities to support the procurement of long-lead equipment for the deployment of up to 10 Westinghouse AP1000 reactors in the United States.

This builds on our previously announced partnership with the U.S. government to support the deployment of approximately $80 billion to build new Westinghouse reactors across the country. The financing program is expected to accelerate deployment timelines by up to three years by enabling procurement of long-lead time items in advance of final investment decisions.

It also helps to catalyze investment in the nuclear supply chain, improving future project execution, reducing costs and shortening deployment timelines for projects. Our focus has now shifted from establishing the financing framework for long lead orders to advancing individual projects.

As the next step in deploying AP1000 reactors, we are actively engaged with seven utility partners that have identified project sites and are working with them towards executing long-lead equipment orders.

At the same time we continue to work with utilities, power customers and other stakeholders to establish commercial frameworks that will support the next wave of nuclear development in the United States.

While much of our immediate focus is on advancing these projects in the U.S., we continue to see the opportunity for Westinghouse to expand in other regions as well. The recent announcement of a nuclear cooperation agreement between the United States and the Kingdom of Saudi Arabia, reinforces the significant global opportunity we see for new nuclear development.

Westinghouse is uniquely positioned to benefit given its market-leading technology and will compete for reactor deployments not only in Saudi Arabia but across a growing number of markets around the world. Taken together, our access to capital, combined with our differentiated operating platform and expertise across the critical technologies needed to meet accelerating energy demand, positions us to participate in one of the largest periods of capital investment in energy infrastructure in history.

Our ability to deliver integrated power solutions to the world's largest buyers of electricity will enable us to capture this growing demand and continue creating significant long-term value for our unitholders.

With that, we will turn the call over to Jeh, to discuss how we are further enhancing our capabilities in energy storage, strengthening our position as the energy partner of choice.

Jehangir Vevaina: Thank you, Connor. And good morning, everyone. As Connor discussed, the largest buyers of power and sovereigns are increasingly looking for partners that can deliver reliable integrated power solutions at scale.

As a result, one of our key priorities is to continue expanding our capabilities across the technologies and markets where we see the strongest long-term demand and feel we can leverage our competencies to generate value for our investors. One of the most compelling opportunities we see today is in battery storage.

Storage is becoming an increasingly critical component of the energy mix, expanding the hours during which renewable generation can meet demand while providing flexibility and improving overall grid reliability.

This is particularly important as hyperscalers and governments increasingly require reliable, dispatchable power alongside low-cost, fast-to-market renewable generation to support rapidly growing electricity demand.

Our recently announced acquisition of Aypa is a direct reflection of this opportunity. The acquisition of the largest stand-alone battery storage platform in North America for $3 billion or approximately $420 million net to BEP. Aypa's leading position across many of the fastest-growing power markets in the United States complements our large existing business and further expands our battery storage capabilities.

The platform includes approximately 3 gigawatts of highly contracted operating and under construction assets, an additional 3.5 gigawatts of contracted projects and a further pipeline of more than 20 gigawatts of assets, providing meaningful runway for development to meet the growing demands of our customers and create value.

With the acquisition, we are doubling our operating and under construction battery capacity to approximately 6 gigawatts and expanding our development pipeline by over 30% to more than 80 gigawatts. Aypa, alongside our acquisition of Neoen at the end of 2024, establishes Brookfield Renewable as the leading global battery storage platform with the scale, operating and development capabilities and customer relationships to capitalize on the growing demand for storage.

The acquisition is immediately accretive, reflecting our disciplined investment approach that continues to guide our capital allocation decisions, and we see meaningful opportunities to create additional value over time by accelerating development, optimizing the capital structure and commercial strategy and implementing an asset recycling program.

In addition, by adding Aypa to our existing portfolio, we further strengthened our ability to provide customers with comprehensive energy solutions across hydro, solar, wind, storage and nuclear.

We believe this differentiated offering continues to position Brookfield Renewable as the partner of choice for many of the world's largest corporate and sovereign buyers of power. With that, I'll turn the call over to Patrick to discuss our operating results, financial position and capital recycling activities in more detail.

Patrick Taylor: Thank you, Jeh. And good morning everyone, on the call. We delivered another record quarter, generating FFO of $421 million or $0.62 per unit, up 13% or 11% per unit year-over-year.

Our results this quarter benefited from strong performance across the business, contributions from assets commissioned over the last 12 months and continued execution of our capital recycling program. Turning to our segment results.

Our hydroelectric business generated $336 million of FFO, with results benefiting from strong generation across our Canadian fleet and continued strong performance from our Colombian business, where favorable market fundamentals and our increased ownership in Isagen continue to support earnings growth.

Colombia remains one of the most structurally attractive power markets in our portfolio, and we are well positioned to benefit going forward given our asset base and development pipeline in the country. Results also included realized gains from the sale of a further 25% interest in a non-core hydro portfolio in Maine which offset weaker hydrology at our U.S. operations.

Within our solar and wind businesses, we generated $166 million of FFO, benefiting from contributions from projects commissioned over the last 12 months and realized gains from asset sales completed during the quarter. Lastly, our distributed energy, storage and sustainable solutions businesses contributed $84 million of FFO.

Results continue to benefit from strong development activity across the portfolio and performance of our nuclear services business, Westinghouse, where FFO was up over 60% compared to the prior year, excluding a large new reactor licensing fee earned in Q2 last year.

Increasing global demand for nuclear power continues to support growth across Westinghouse's core fuel and maintenance services business, while increased energy -- engineering and design activity associated with new reactor construction is also contributing to these strong results. Turning to our balance sheet.

We continue to have a best-in-class balance sheet and our financial flexibility and access to diverse sources of scale, long-duration capital continues to be a competitive advantage.

During the quarter, we completed approximately $12 billion of financings across the business and ended the period with over $5.1 billion of available liquidity across our platforms, providing significant capacity to fund development and invest in attractive growth opportunities.

The quarter included the largest private placement financing in Brookfield Renewable's history, with the refinancing of our safe harbor hydro portfolio on the back of signing a 20-year contract with Google last year, securing approximately $1.2 billion of attractive long-term capital, resulting in an aggregate $700 million in up financing or $200 million net to BEP.

Across our broader platform, Neoen completed a EUR 650 million bond issuance, further demonstrating our ability to efficiently access capital across multiple regions and operating platforms.

At the corporate level, we also completed a CAD 200 million preferred unit issuance that was upsized in the response to strong investor demand and priced at the second lowest reset spread ever for this type of instrument.

In addition, we are advancing contracting of our hydro portfolio in Ontario under a program run by the provincial system operator that we expect to enable meaningful up financings over the next few quarters.

With respect to capital recycling, we continue to execute our programmatic monetization strategy, generating record proceeds during the first half of the year while consistently achieving at or above our target returns.

Capital recycling remains one of the competitive advantages of our business as we bring online contracted cash-flowing infrastructure assets that are in strong demand, allowing us to consistently crystallize value created through development and operational improvements and redeploy capital into higher returning growth opportunities.

During the quarter, we agreed to sell a 570-megawatt portfolio of operating solar and wind assets from our European development businesses to a newly formed European renewable power platform.

Similar to the model we successfully launched earlier this year through Northview Energy, the transaction establishes a framework to continue recycling assets into this platform over time.

In addition, we closed two-thirds of the sale of 2.1 gigawatts of assets to the Northview Energy platform and closed the remaining a third subsequent to quarter end.

We also completed the sale of an additional 25% interest in our non-core hydro portfolio in Maine with the balance expected to close during the third quarter.

Lastly, we agreed to sell a portfolio of solar assets that we developed and small non-core hydro assets from our Isagen business in Colombia. The sales are in line with our business plans and crystallizes the value we've created through operational improvements, contract optimization and development across the platform. Turning now to our recently announced corporate simplification.

As announced last week, we are moving forward with the proposed transaction which, subject to shareholder and unitholder approvals, will combine BEP and BEPC into a single publicly traded corporation. We expect the simplification to be tax deferred for Canadian and U.S.

investors and benefit all security holders by improving trading liquidity, increasing demand for index funds and ETFs, simplifying investor analysis, broadening access to investors who prefer a more traditional corporate structure and enhancing governance.

For BEP unitholders, the simplification will also eliminate partnership tax reporting forms, while also providing preferential dividend tax rates for many Canadian and U.S. taxable investors.

Importantly, there will be no changes to our dividends and distributions going forward or Brookfield's ownership, management fees, or to BEP's preferred units or public debt, all of which will remain outstanding. There will also be no meaningful cost to the business as a result of the simplification.

In closing, we believe Brookfield Renewable is exceptionally well positioned to continue delivering attractive, long-term returns and cash flow growth.

Our diversified global platform continues to generate growing and resilient cash flows, our balance sheet and liquidity position are strong, and our disciplined approach to capital allocation, development and capital recycling continues to drive significant value creation.

We look forward to seeing many of you at our Investor Day on September 29 in Toronto. We will provide an update on our strategic priorities, long-term growth outlook and the opportunities we see across our business at that time.

On behalf of the Board and the management team, thank you for your continued support and investment in Brookfield Renewable. That concludes our prepared remarks. Operator, please open the line for questions.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions) Our first question comes from the line of Sean Steuart with TD Securities.

Sean Steuart: A couple of questions. Patrick, I wanted to start with the other income of $175 million in the hydro segment. And I get that this is associated with the asset sales down to Northview and the Maine portfolio, the portion there. Can you give us a little more context on the basis for that other income.

We used to think of what was being included in FFO as gains on development potential or recontracting potential. It feels like this is transitioning more to just booking gains on asset sales, maybe I'm wrong there.

But just as other income comprises a larger percentage of FFO going forward, what are the best ways we can think about gauging the scale quarter-to-quarter as this becomes more programmatic for you?

Patrick Taylor: Yes, Sean, in terms of how we think about it, you're correct in saying that predominantly, we expect that, that really represents gains from assets which we have developed ourselves over time.

Increasingly as well we are finding opportunities as a supplement to that, to dispose of assets that we consider to be non-core in nature. And so you are seeing some of that come through other income in the quarter.

But we really think of it as asset gains that we've had associated with developed assets alongside certain assets that are non-core in nature and definitely not all sale gains that might come through our results in a given period, Sean.

Sean Steuart: Okay. Second question is on batteries, 30% of your current advanced development pipeline that will grow once you close on Aypa.

I'm wondering if you can give some updated perspective on how many different suppliers you're procuring from to mitigate risk? And appreciating that LCOE for batteries has dropped substantially over the last five, six years. What's your expectation for the LCOE trajectory going forward in the next few years?

Connor Teskey: Thanks, Sean. Make no mistake, batteries are the fastest-growing technology within Brookfield Renewable today. And we are looking to invest in and develop batteries alongside new wind and solar on a stand-al1 basis and retroactively on existing wind and solar. And therefore the opportunity set is very large.

And we think now with the combination of Neoen, largely in Europe and Australia and now Aypa in North America, we have the leading battery storage providers in the most attractive battery markets around the world.

Given the scale of our battery development activities, I don't think it's a stretch to say we are one of, if not the largest procurer of utility-scale energy storage equipment in the world. And therefore we have relationships with all the major producers, both the domestic ones and the international ones.

And we -- not dissimilar to what we do on wind and solar, we leverage those relationships to manage around supply chain issues, taxation, subsidies, tariffs to ensure that we can procure that equipment on time on budget and cheaper than anyone else. And perhaps the last comment I would make is not dissimilar to how we entered into large-scale framework agreements with the biggest suppliers of wind and solar equipment in recent years.

We are now actively entering into large-scale global framework agreements with the largest producers of battery equipment around the world as well. Again, just increasing our flexibility and our differentiation in developing this asset class.

Sean, sorry. I left one thing out just on the LCOEs. They've come down very, very dramatically in the last, call it, 24 months. There are some short-term dynamics at play in terms of input costs into batteries that can cause short-term variations in those LCOEs.

But we're still in the very early days of the supply chain scaling up and the technology improving. So long term, we expect LCOEs continue to go down, albeit there could be some short-term noise just dependent on input costs.

Operator: (Operator Instructions) Our next question comes from the line of Christine Cho with Barclays.

Liam Duggan: This is Liam on for Christine. With regards to the share consolidation, could you provide some details about the shareholder vote? I think I saw that the completion of the deal is not conditional on BEPC shareholder vote, but for both BEP and BEPC, Brookfield and affiliates own a large ownership stake.

Can you remind us what that stake is and if those shares are going to be included in the vote? And is it a simple majority or two-thirds needed to approve?

Patrick Taylor: Liam, it's Patrick here. So you're correct in saying that the simplification transaction is going to involve shareholder approvals at both the Brookfield Renewable

Partners level as well as at the Brookfield Renewable Corporation level. There will be individual votes for the shareholders and the unitholders.

It would require at both levels, a two-thirds of the vote actually saying yes to pass. In one of the entities, that vote would be for all outstanding shareholders and in another, it will be for all of those who vote.

But two-thirds as a general rule of thumb should be your thought process with respect to passing those resolutions to do the simplification. Brookfield Renewable is held on a look-through basis, 47% by Brookfield holders. And so you can imagine a significant amount of the holdings with respect to the Brookfield Renewable Partners votes will be done by Brookfield Corporation and voted in favor.

Secondarily, at the Brookfield Renewable Corporation level, there is a stake of roughly 10% that’s held by Brookfield holders which again, would be broadly supportive of the transaction. So two votes which we will be going to vote sometime in October this year.

The expectation is, to the extent both shareholders approve, we would look to close the transaction by the end of the year. An important point is the transaction will go forward to the extent that BEP unitholders approve the transaction, that is a requirement.

However in the event that only BEP unitholders approve and not BEPC, we would continue to go through with the transaction. The transaction is not contingent on BEPC shareholders approving it.

Operator: I would now like to hand the call back over to Connor Teskey for closing remarks.

Connor Teskey: Great. Thank you everyone, for your interest in Brookfield Renewable and our results this quarter. We thank you for your continued support. We look forward to seeing you at our Investor Day in September, and then updating you at the end of next quarter with our Q3 results. Thank you. And have a great day.

Operator: This concludes today’s conference. Thank you for your participation. You may now disconnect.