

June 30, 2023

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Return on Investment

Current Share Price	\$39.06
Target Price	\$42.00
Dividend Yield	4.47%
Implied Return	12%
Conviction Rating	1

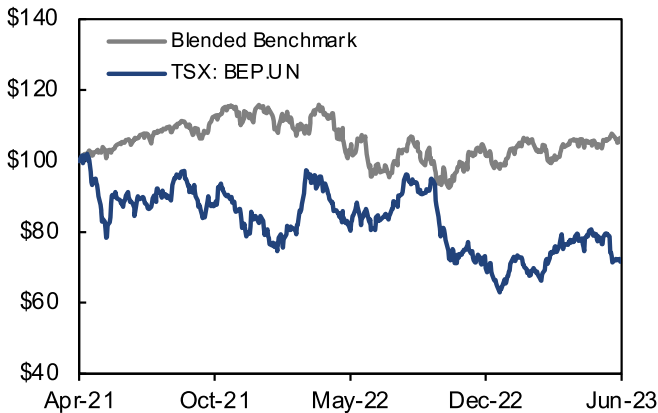
Market Profile

52-Week Range	\$32.58 - \$53.09
Market Capitalization (\$mm)	\$19,033
Net Debt (\$mm)	\$23,074
Minority Interest (\$mm)	\$16,694
Preferred Equity (\$mm)	\$584
Enterprise Value (\$mm)	\$59,385
Beta (5-Year Monthly)	0.74

Metrics

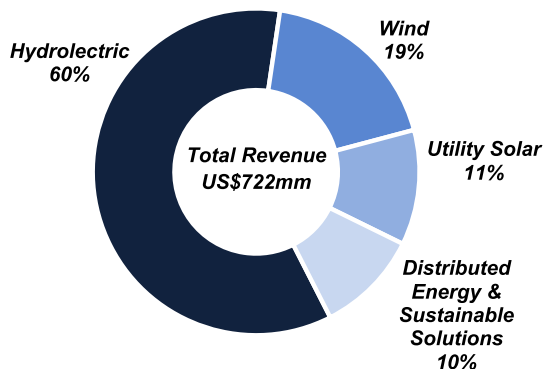
	2023E	2024E	2025E
Revenue (\$mm)	\$5,322	\$5,781	\$5,960
EBITDA (\$mm)	\$2,267	\$2,446	\$2,538
EPS	(\$0.05)	\$0.44	\$0.56
EV/EBITDA	26.2x	24.3x	23.4x

Holding Period Trading Performance (Indexed to \$100)



Source: S&P Capital IQ

Figure 1: Q1 2023 Revenue Segmentation



Source: Company Filings

Business Description

Brookfield Renewable Partners (TSX; BEP.UN; BEP), formerly Brookfield Energy Partners, operates one of the largest renewable energy platforms that generates, transmits, and distributes energy to consumers across North America. The Company's portfolio has ~24 gigawatts (GW) of capacity and an annualized long-term average (LTA) generation of ~61,000 gigawatt-hours (GWh). The Company has over 8,000 power generation facilities comprising Hydro, Wind, Utility-Solar, Distributable Energy, and Sustainable Solution assets. BEP's focus is on North American, Europe, South America, and Asian markets, with a goal of continuing to establish relationships in Australia, India, and China.

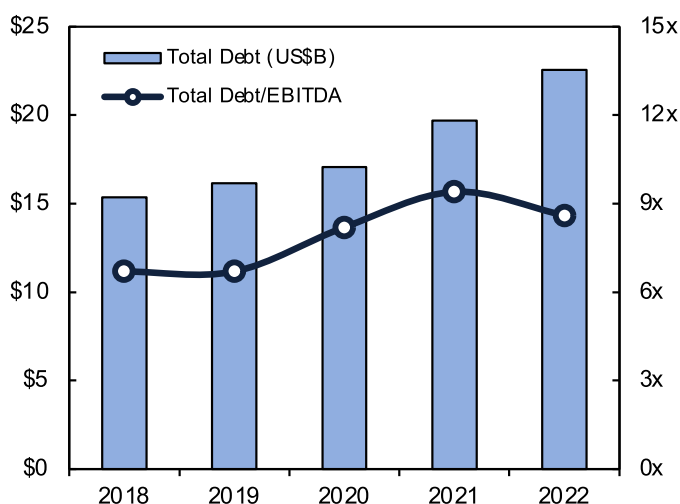
Industry Overview

The utilities industry is segmented into: (1) electric power transmission and distribution, (2) electric power generation, (3) natural gas distribution, and (4) water, sewage and other. BEP operates in the electric power generation segment and competes with peers such as Northland Power (TSX: NPI), NextEra Energy Partners (TSX: NEP), TransAlta (TSX: RNW), and Algonquin (TSX: AQN). As society transitions its energy supply to sustainable resources to meet net-zero targets, demand for clean energy projects such as LNG and renewable power has increased. Across the industry, power prices have risen slower than inflation due to a surge in renewable assets decreasing the levelized cost of energy, putting pressure on sponsors when developing projects and has caused cost overruns. As a result, it has been more difficult for smaller companies with lower access to capital to compete on an international scale. However, with the introduction of the *U.S. Inflation Reduction Act* (IRA), renewable power projects have been heavily incentivized through investment and production tax credits, accelerating the transition and driving the industry forward.

Development Pipeline/Acquisitions

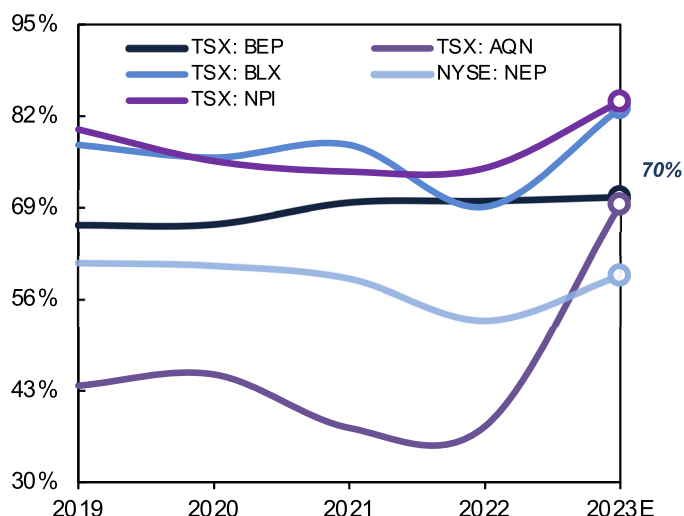
BEP's acquisition of Origin's (ASX: ORG) Energy Market business add to the Company's strategic platform in Australia. The transaction leverages BEP's expertise, enabling the development of up to 14 GW of renewable generation projects and storage facilities. The Company's investment in clean generation will lead to the retirement of Australia's largest coal-fired power-plant and help the country achieve Net-Zero targets. BEP is in a particularly advantageous position given its substantial partner capital that will aid in acquiring the remaining 50% of X-Elio's sustainable energy development projects. This transaction adds ~12,000 MW to its development pipeline with land or grid connection secured. The Company's focus on establishing growth in global markets is reinforced by its investment in India. BEP agreed to invest up to US\$360mm to acquire a 55% stake in CleanMax, a leading commercial and industrial loan platform based in India with ~4,500 MW of operating and development pipeline. On June 12, 2023, BEP announced an agreement to acquire Duke Energy Renewables (NYSE: DUK). This acquisition will add 6,100 MW of development pipeline and provide recognition of near-term synergies, such as the opportunity to share platform costs and leverage relationships with the largest commercial buyers of clean power to secure high-value contracts.

Figure 2: LHS Debt vs RHS LTM Total Debt/EBITDA



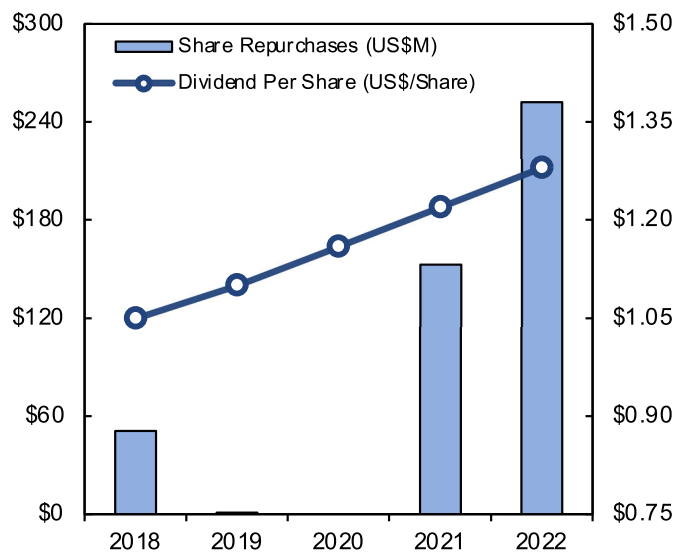
Source: Company Filings

Figure 3: Gross Profit Margin vs Peers



Source: Company Filings

Figure 4: LHS Share Repurchases vs RHS DPS



Source: Company Filings

Mandate Fit

Quality Management: BEP is owned through a majority ownership stake (~60%) by Brookfield Corporation (NYSE: BN), a high-quality asset manager and parent company of various Brookfield investment vehicles. BEP’s board and executive team have a track record of capital discipline and execution. The current CEO, Connor Teskey, has been with BEP for over 10 years. His vision is anchored in growing the business on an investment-grade basis and supporting the transition to fulfill increasing clean energy demand. However, since some members of BEP’s leadership holds board seats on other Brookfield companies, this poses agency risks to investors.

Competitive Advantage: BEP’s competitive advantage lies within its size and scale. The Company’s leadership in all major renewable technologies positions it to capitalize on future growth opportunities. BEP offers stable, diversified, and high-quality cash flows through long-term purchase power agreements with a weighted average contract duration of 14 years. The Company’s Hydro assets generally garner premium valuations because of its perpetual nature, low maintenance and operating costs, and ability to store power to capture better pricing. BEP’s global scale, multi-technology capabilities and strategic relationship with BN allow the Company to maintain access to both small and large-scale M&A opportunities. With a renewable power development pipeline now at 126 GW, BEP is poised to outperform its peers.

Strong Balance Sheet: BEP has a Net Debt/EBITDA of 7.7x versus a peer average of 4.7x and has adequate liquidity with US\$511mm of cash on hand. The Company’s high leverage its results from its ambitious growth plans to acquire renewables energy business to gain market share and increase its development pipeline. It also has \$2.53B available under its revolving credit facilities and an additional US\$601mm under subsidiary credit facilities. The Company boasts an overall strong balance sheet compared to its peer group and holds an investment grade credit rating of BBB+ from S&P. This allows the Company to take on attractive acquisitions and developments when opportunities arise.

Growing Free Cash Flow: The Company has increased its FCF at a five-year CAGR of 6%. The Company has also grown its annual distributions over the last ten years at a 6% CAGR, which aligns with its internal forecasted future growth of 5-9%. FCF growth can be attributed to the Company’s extensive pipeline which continues to grow with ~\$12B in capital having been committed to be deployed across the next five years.

Valuation & Investment Thesis

The CPMT valued BEP at \$42, which was derived using a 24x EV/EBITDA multiple, implying a return of 12%, which includes the Company’s 4.47% dividend yield. BEP is North America’s largest pure play renewable operator and faces industry tailwinds from decarbonization and tax incentives from the IRA. Additionally, BEP has an excellent operational and financial track record leading the CPMT to believe that the Company’s management team is well suited to take advantage of the energy transition and return value to shareholders. The Fund is confident that the Company can continue leveraging its access to capital markets to grow its asset base through acquisitions that solidify BEP as a dominant player in the renewable power generation space. Given tailwinds within the renewable energy industry, the CPMT views BEP as a name that can benefit from changing clean energy regulation, which provides strong diversification among the Fund’s holdings.