Austin Hinchberger | *Analyst*
Energy | *Renewable Energy*
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BLUEGRASS CAPITAL RESEARCH

Brookfield Renewable Corp.

Amping Up a Global Energy Shift

Favorable macro conditions, easing interest rates and stronger power demand driven by global data center expansion and electrification trends highlight growth potential in the energy industry. With a development pipeline and increasing institutional capital flowing into renewables, Brookfield is well positioned to capitalize on the accelerating clean energy transition and deliver sustained cash flow growth over the next year. **We initiate with a BUY rating and a one-year PT of $69.**

Strong Developmental Plans

With the market surge of AI and tech companies that are heavily reliant on data centers, as well as global electrification, energy demand will continue to grow. Current estimates have global energy demand doubling by the year 2050. BEPC currently has 47,500 megawatts (MW) of operational energy capacity across a diversified fleet of energy sources, with current development plans seeing future growth to over 275,000 MW, a nearly six-fold increase. Backed by Brookfield Asset Management's scale and capital strength, BEPC is one of the few renewable energy companies with the scale and global reach to realize the full benefits of this growth.

Stable Cash Flows

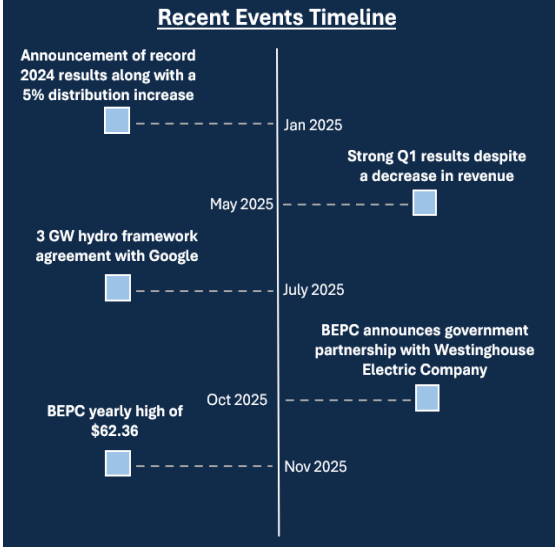
BEPC's high-quality contracted asset base provides stable cash flows. BEPC currently has a renewable energy development framework agreement with Microsoft for over 10.5 gigawatt (GW), as well as a 3 GW hydro framework agreement with Google. With the volatility in the energy market, securing multi-year contracts with reliable partners reduces its exposure to short-term swings in energy prices and builds a path for steady long-term earnings.

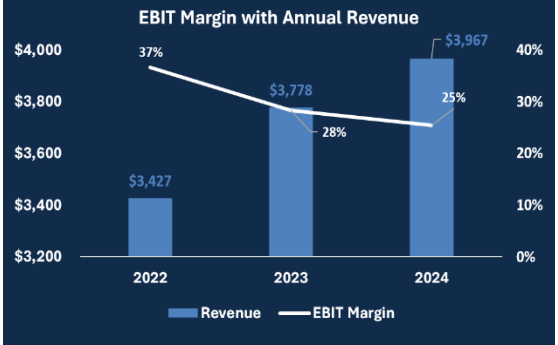
Company Overview

Over its twenty-six-year history, Brookfield Renewable Corporation has become one of the world's largest renewable energy companies, operating a diverse portfolio of hydroelectric, wind, solar, and energy storage assets. The company focuses on owning, operating, and developing clean power projects across North and South America, Europe, and Asia, giving it one of the broadest global footprints in the industry. Backed by Brookfield Asset Management, the partnership leverages global scale and access to low-cost capital to acquire and expand projects, while outsourcing construction to specialized firms. The company benefits from long-term purchase agreements that provide steady cash flows while continuing to expand through acquisitions and partnerships. With growing demand for sustainable energy and a global shift toward ESG-focused strategies, Brookfield Renewable is well positioned as a leading force in the clean energy transition.

Brookfield

TICKER:	$BEPC
RATING:	BUY
PRICE:	$61.94
PRICE TARGET:	$69.00
MARKET CAP:	$7,860m
52-W RANGE:	$33.75 - $62.89
FWD P/E:	14.58x
IMPLIED UPSIDE:	11.40%





Risk 1: Leverage Concerns

The company's capital-intensive business model requires huge investment in large-scale hydro, wind, and solar projects. As a result, BEPC carries a significant amount of leverage, and in many periods, its capital expenditures have outpaced operating cash flow, limiting financial flexibility.

Risk 2: Easier Said Than Done

BEPC's aggressive expansion of their developmental pipeline to six times their current operational capacity raises concern of execution. Successfully integrating new assets, keeping projects on schedule, and controlling costs will be critical. Combined with their high leverage, any delays, cost overruns, or underperforming acquisitions could erode expected returns, and Brookfield could face pressure to scale back growth or reduce dividends.

Catalysts

The recent announcement of a $12 billion investment plan in India's Andhra Pradesh region over the next three years underscores BEPC's global expansion and taps into a quickly growing renewable market. Additionally, lowering interest rates and surging demand for clean power from data centers and electrified industries should be conducive to earnings growth.

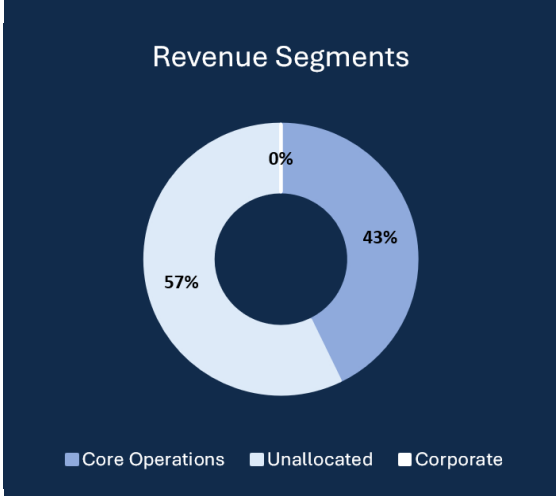
Valuation

DCF Analysis ($mm)	FY2025 12/31/2025	FY2026 12/31/2026	FY2027 12/31/2027	FY2028 12/30/2028	FY2029 12/30/2029	FY2030 12/31/2030
Stub	0.85	1.85	2.85	3.85	4.85	5.85
Discount Period	0.07	0.65	1.65	2.65	3.65	4.65
Revenue	4,326	4,537	4,769	5,025	5,309	5,622
Revenue Growth	*4%*	*5%*	*5%*	*5%*	*6%*	*6%*
Core Operations	1,863	1,974	2,098	2,234	2,385	2,552
Unallocated	2,463	2,561	2,670	2,790	2,923	3,069
Corporate	1	1	1	1	1	1
EBIT	995	1,043	1,073	1,106	1,141	1,181
EBIT Margin	*23%*	*23%*	*23%*	*22%*	*22%*	*21%*
Tax Expense	70	73	75	77	80	83
Effective Tax Rate	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*
NOPAT	925.08	970.40	997.90	1,028.21	1,061.50	1,097.96
D&A	1,400	1,361	1,371	1,382	1,394	1,405
Capex	975	998	1,025	1,055	1,088	1,124
Changes in NWC	500	454	501	553	611	675
UFCF	850	880	843	802	756	704
PV of FCF	844	822	709	608	516	433

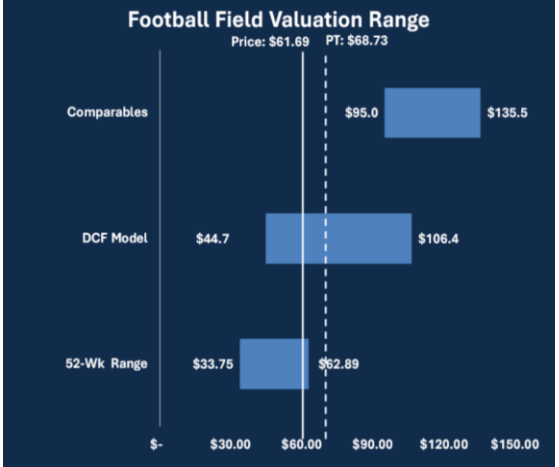
Our base case DCF valuation is based on growth rates of 5% CAGR and a 14x EV/EBITDA Exit Multiple, a conservative multiple compared with peers. These projections reflect the company's consistent expansion and project an increase in revenue with slightly decreasing margins. BEPC can meet and exceed the revenue growth rate if current developmental projects convert into operational assets. Please reference bottom of the appendix on the next page for descriptions of our downside and upside DCF projections.

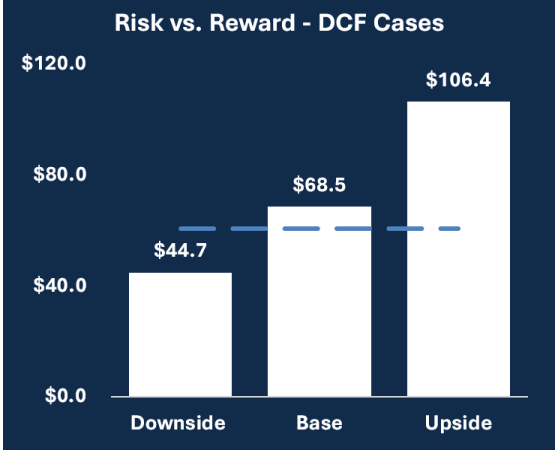
Conclusion

We rate BEPC as a BUY, while Brookfield struggles to make consistent profits, their extensive global growth plans to six times their current operating capacity position them as key winners from a projected doubling of energy demand by 2050. Our price target of $69 indicates an 11.4% upside from current levels.



Terminal Value	
Exit Multiple Method	
2034 EBITDA	$2,586
EV/EBITDA Exit Multiple	14.0x
Terminal Value	$36,205
PV of Terminal Value	$22,246
PV of Projection Period	$3,931
PV of Terminal Value	$22,246
Implied TEV	$26,177
(-) Debt	$14,389
(+) Cash	$556
Implied Equity Value	$12,344
Diluted Shares Outstanding	180
Implied Share Price	$68.73
Upside/Downside	11.4%





Income Statement ($mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	4,142	4,326	4,537	4,769	5,025	5.0%
EBITDA	2,216	2,395	2,404	2,444	2,488	2.9%
EBIT	954	995	1,043	1,073	1,106	3.8%
NOPAT	787	925	970	998	1,028	6.9%

Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	53.5%	55.4%	53.0%	51.3%	49.5%	52.5%
EBIT Margin	23.0%	23.0%	23.0%	22.5%	22.0%	22.7%
Revenue Growth	4.4%	4.5%	4.9%	5.1%	5.4%	4.8%
EBIT Growth	-5.3%	4.3%	4.9%	2.8%	3.0%	2.0%

Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	1.8x	9.1x	8.8x	9.1x	9.6x	7.7x
EV/Sales	5.2x	5.0x	4.7x	4.5x	4.3x	4.7x
EV/EBITDA	9.7x	9.0x	9.0x	8.8x	8.7x	9.0x
FCF Yield	54.5%	11.0%	11.4%	10.9%	10.4%	19.7%

Comparable Companies

$mm

Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM
First Solar, Inc. (NasdaqGS:FSLR)	26,211.3	26,124.6	20.9x	4,343.4	1,847.7
Huaneng Lancang River Hydropower Inc. (SHSE:600025)	24,726.4	42,967.3	20.7x	3,642.6	2,788.8
China Longyuan Power Group Corporation (SEHK:916)	16,358.4	39,491.8	10.7x	3,899.5	3,488.7
Ormat Technologies, Inc. (NYSE:ORA)	6,631.6	9,412.6	50.6x	906.3	444.5
Brookfield Renewable Partners	13,791.0	38,169.0	0.0x	3,882.0	2,185.0

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	1 Yr Rev Growth Rate LF
First Solar, Inc. (NasdaqGS:FSLR)	14.1x	42.8%	42.5%	31.3%	15.39%
Huaneng Lancang River Hydropower Inc. (SHSE:600025)	15.4x	56.7%	76.6%	50.8%	4.52%
China Longyuan Power Group Corporation (SEHK:916)	11.3x	106.2%	89.5%	47.0%	(4.19%)
Ormat Technologies, Inc. (NYSE:ORA)	21.2x	28.9%	49.0%	17.6%	2.23%
Brookfield Renewable Partners	17.5x	59.2%	56.3%	24.6%	(5.98%)

High	21.18x	106.2%	89.5%	50.8%	15.4%
75th Percentile	17.47x	59.2%	76.6%	47.0%	4.5%
Average	15.90x	58.8%	62.8%	34.3%	2.4%
Median	15.41x	56.7%	56.3%	31.3%	2.2%
25th Percentile	14.14x	42.8%	49.0%	24.6%	-4.2%
Low	11.32x	28.9%	42.5%	17.6%	-6.0%

Brookfield Renewable Partners		
Implied Enterprise Value (25th Percentile)	$	30,894
Implied Enterprise Value (Median)	**$**	**33,664**
Implied Enterprise Value (75th Percentile)	$	38,169

Implied Share Price (25th Percentile)	$	94.99
Implied Share Price (Median)	**$**	**110.42**
Implied Share Price (75th Percentile)	$	135.50

Weighted Average Cost of Capital ($mm)	
Market Risk Premium	4.33%
Beta	1.27
Risk Free Rate	4.39%
Cost of Equity	3.46%
Weighted Average Cost of Debt	13.00%
Tax Rate	7.00%
Cost of Debt	7.70%
Total Equity	$7,770
Total Debt	$14,389
Equity/Total Capitalization	35.06%
Debt/Total Capitalization	64.94%
WACC	11.16%

Downside Case: Our downside case applies a 12x multiple, projecting overestimated energy demand predictions. Under this case we assume a CAGR of 4.6% yielding a price target of $45.

Upside Case: Our upside case applies a 16x multiple, assuming they can fully capitalize on their current expansions and a further market shift toward renewable energy. This case projects a CAGR of 6.5% leading to a $106 price target.

Disclosures and Ratings: Bluegrass Capital Research does not hold any professional relationships with the securities mentioned in this report. Our ratings are defined as follows: **Buy** (expected to outperform the market), **Hold** (expected to perform in line with the market), and **Sell** (expected to underperform the market), typically over a 12-month horizon. This report is for educational and informational purposes only and should not be considered as financial advice.