



Ubika Sustainability 20

January 23, 2017



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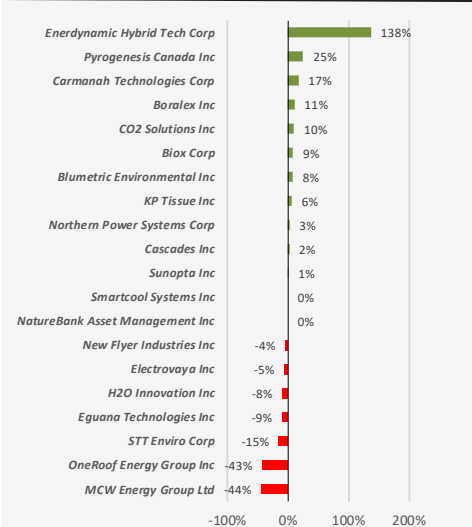
Nov. 28, 2016 - Jan. 23, 2017

US20: +0.4% (+36% Y/Y)
 TSX Venture: +8.7% (+60% Y/Y)
 DJSI - NA40: +2.2% (+18% Y/Y)

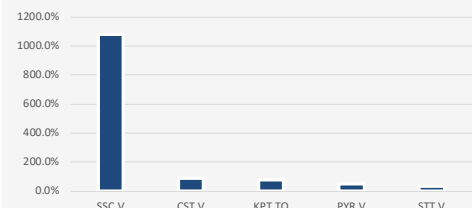
Dollar amounts in CAD unless otherwise stated.



US20: Performance Distribution



Top Volume Gainers (m/m)



Alex Cutulenco | Senior Analyst | Gravitas Financial Inc. | alex@gravitasfinancial.com | 1 (416) 992-6731
 Jassie Bhathal | Analyst | Gravitas Financial Inc. | jassie@gravitasfinancial.com | 1 (647) 409-6308

Ubika Sustainability 20 Holdings are Revolutionizing the Green-Energy Industry

The Ubika Sustainability 20 Index (US20) remained largely unchanged, gaining 0.4% since November 28th. On the other hand both benchmark indices rallied, with the Dow Jones Sustainability World Index (DJSI) gaining 2.2% while the TSXV rallied 8.7%.

Having said that, it was an exciting time for Boralex Inc., as it rallied over 10% following announcements of strategic acquisitions and a partnership with Alberta Wind Energy Corp. With 50% of the African continent not having access to power, the completed testing of EnerDynamic Hybrid Tech's Enertec solar roofs may have a lasting impact on the lives of millions. All this, and more in this edition of the US20 report.

Industry Highlights

- On December 9th, the federal government and the provinces/territories (except Manitoba and Saskatchewan) signed the Pan-Canadian Framework on Clean Growth and Climate Change to fight climate change and meet the country's 2030 emissions reduction targets. As part of the plan, the government will impose a carbon price tax of \$10/tonne of GHG emissions in 2018.
- Kinder Morgan's Trans Mountain pipeline, a billion-dollar project over 20 years, was granted an environmental certificate by the B.C. government. As part of the deal, Kinder has agreed to pay B.C. \$25-\$50mm per year for 20 years to go into the Environmental Protection Fund.
- Canadian Parks and Wilderness Society's Wildlands League, an environmental group, has filed legal action against diamond giant De Beers over its alleged failure to fully report toxic levels of mercury at its Victor Diamond Mine near Attawapiskat First Nation in northern Ontario.
- Canadian PM Justin Trudeau announced a review of the Arctic strategy to jointly ban offshore oil and gas drilling with the U.S. The Canadian drilling restriction will be reviewed based on climate and marine science impacts, but the U.S. ban is permanent.

Upcoming Sustainability Events:

- Guelph Organic Conference & Trade Show: January 26th-29th, hosted by the University of Guelph at the Guelph University Centre, Ontario, Canada
- 2017 Canadian Energy Industry-Updates and Insights: February 6th, hosted by the Energy Council of Canada, Westin Hotel, Ottawa, Ontario, Canada
- Forests Ontario Annual Conference: February 10th, hosted by Forests Ontario at the Nottawasaga Inn, Ontario, Canada

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Notable US20 Performers

PyroGenesis Canada Inc. (TSXV: PYR)

PyroGenesis Canada Inc. (“PyroGenesis”) is a Canadian green tech company engaged in the design, development, manufacturing, and commercialization of advanced plasma processes for waste treatment. The Company provides engineering and manufacturing solutions, contract research, as well as process equipment packages to the defense, metallurgical, mining, materials, oil and gas, and environmental industries. Since January 9th, PYR has surged over 25% on news that it had acquired new contracts as well as received payments for prior agreements.

On January 10th, PyroGenesis announced it had signed additional military contracts of approximately US \$1.2mm, with contracts signed since June 30th, 2016 now exceeding \$13mm. Also, PYR received the second progress payment from HPQ Silicon Resources Inc. as part of an \$8.3mm contract to supply a 200 metric tonne per year PUREVAP pilot system. The innovative PUREVAP system can transform low-purity quartz (97.5%) to high-purity silicon (99.99%). The system can revolutionize the silicon-making industry by turning a complex multiple-step process into a single step, and by turning abundant low-quality quartz into a high-value end product; saving companies time and money.

PYR will benefit from the increased global manufacturing and demand of solar panels as silicon is a key component. Not only can the PUREVAP system produce 4N (99.99%) silicon from low-purity quartz, but it can remove boron impurities, which negatively impact the electrical properties of photovoltaic solar systems, one of the most difficult impurities to remove from silicon.

A key advantage of PyroGenesis is the fact that it has Canadian operations and conducts business in the U.S., benefitting from a stronger U.S. dollar. PYR announced Q3/2016 revenues of \$1.9mm, an increase of 40% compared with Q3/2015 as a result of over \$11.5mm in contracts signed by the Company since June 30, 2016. Additionally, gross margins increased to 64.2% over same period in 2015, as costs of sales and services before amortization of intangible assets decreased 31%. Margins have been very volatile over the past years, as a result of lumpy unit sales and management refining their business strategy. Looking forward, with increasing revenues and success in commercializing its PUREVAP system, 2017 is shaping up to be a very good year for PyroGenesis as profitability appears to be within arm’s reach.

Figure 1. PyroGenesis' Gross Margins

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2016	2015	2016	2015
Revenue	\$ 1,902,748	\$ 1,363,077	\$ 3,738,590	\$ 4,013,221
Cost of Sales and Services before amortization of intangible assets	682,105	989,362	2,150,287	3,012,263
Gross Margin before amortization of intangible assets	1,220,643	373,715	1,588,303	1,000,958
Gross Margin % before amortization of intangible assets	64.2%	27.4%	42.5%	24.9%
Amortization of intangible assets	349,268	349,268	1,047,805	1,047,805
Gross Margin after amortization of intangible assets	\$ 871,375	\$ 24,447	\$ 540,498	\$ (46,847)
Gross Margin % after amortization of intangible assets	45.8%	1.8%	14.5%	-1.2%

Source: Sedar Filings

Borex Inc. (TSX:BLX)

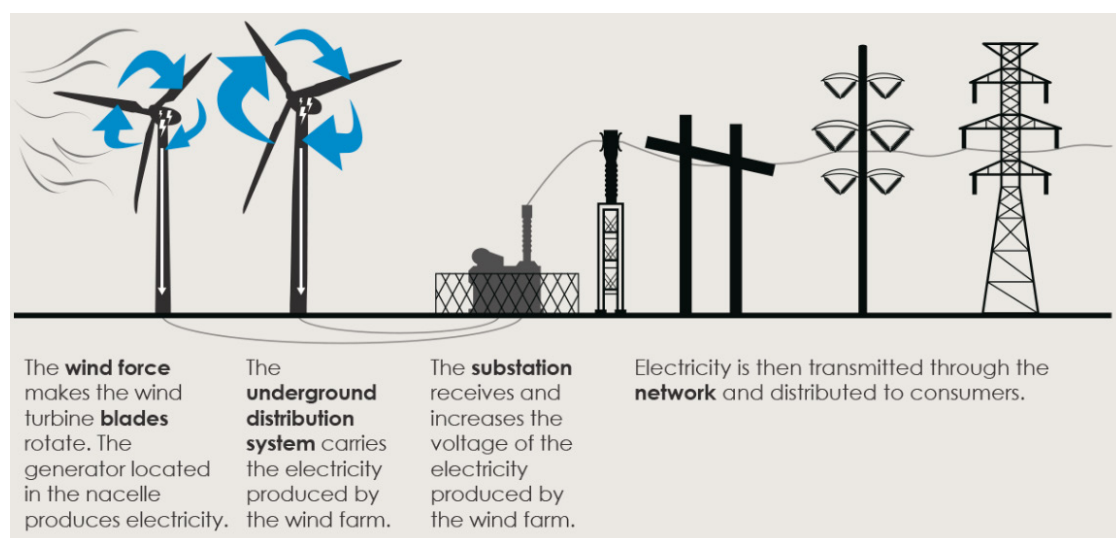
Borex is a renewable energy company that designs, constructs, and operates renewable energy power stations consisting of wind, hydroelectric, thermal and solar assets throughout the globe. Featured as a notable performer on our last report, Borex is continuing to fuel its growth with strategic acquisitions and a new partnership.

Recently, Borex closed the purchase of a 230 megawatt (MW) Niagara Region Wind Farm from Enercon Canada Inc. for \$232.4mm. The acquisition was financed through an equity raise of \$172mm at \$16.65/share. Earlier, Borex closed a \$74.3mm financing of the 16 MW Yellow Fall hydropower project as well as a 200 MW portfolio of wind power projects in France and Scotland for \$99.8mm through its cash on hand and revolving credit facility.

On December 28th, Borex announced the commercial commissioning of the Plateau de Savernat wind power project, which comprises six wind turbines with a total installed capacity of 12 MW. Two wind turbines will be added later, bringing the installed capacity to 16 MW, and generating US\$3.5mm in EBITDA annually.

These Assets will increase BLX's power-generating capacity by one-third and are expected to drive Y/Y EBITDA growth of 45%. The Company has a strong balance sheet with \$2.5mm of total assets to \$1.7mm total debt, and analysts expect FCF/share growth to increase in 2018-19 with full-year contributions from the new assets outweighing the dilutive effect of the BLX's recent equity financing. Longer term, the Company has increased its capacity target to 2,000 MW, up from 1,650 MW previously. The increasing forecasts of free cash flow, increases the likelihood of annual increases in the dividend (currently \$0.60) to continue. Although Borex's valuation is in line with peers at <8x 2018E EV/EBITDA, it appears very attractive considering its significantly stronger growth prospects.

Figure 2. Boralex Infrastructure Model



Source: Company Website

EnerDynamic Hybrid Technologies Corp. (TSXV:EHT)

EnerDynamic Hybrid Technologies Corp. (“EHT”) delivers proprietary, sustainable and reliable turn-key renewable energy solutions and modular homes that can be implemented anywhere. Since our last report, EHT has skyrocketed 138% upon news that it had successfully completed all testing and tooling to deliver 75 megawatts annually of the Company’s environmentally-sustainable Advanced Modular Housing Systems, including the “Enertec” embedded solar roof product.

EHT’s “Enertec” Embedded Solar Roof is a breakthrough in the industry, offered as part of EHT’s Advanced Modular Housing System or as a standalone product. By implanting the solar cells into its innovative fire-proof roof, EHT has eliminated the need to install heavy glass panels and aluminum framing, which not only reduces shipping weight and volume, but also makes the energy solution more economical. This breakthrough technology revolutionizes the solar roof industry, as many traditional roof tops cannot support the weight of solar panels and the lower costs mean faster paybacks and higher returns on investments. The system supplies uninterrupted energy 24 hours per day without the requirement of an existing electrical grid, allowing the Enertec roof to share locally-produced power without the risks associated and time required to establish costly power transmission infrastructure.

Figure 3. EHT's Enertec Embedded Solar Roof



Source: Company Website

On December 12th, EHT achieved a new milestone and announced signing of an LOI to build 50,000 military family homes using the Company's sustainable Advanced Modular Housing System with the embedded Enertec solar energy system in Ivory Coast for a branch of Ivory Coast's military families. The unique patented houses are naturally pest resistant, exceptionally hygienic, and eliminate all thermal bridging—losing no energy from heating or cooling. The contract will be signed in early January and houses will be built in 10,000 home tranches.

Figure 4. EHT's Advanced Modular Housing System with solar panels



Source: Company Website

On December 16th, EHT signed another LOI to supply Almacen Sustentable SA de CV (AS), a leading distributor of solar products in the Mexican market, with a minimum 5 MW of its Enertec solar roofing product in 2017. AS plans to package the solar roofing product to its 200+ distribution partners to sell to “high consumption” households—a group that has been growing at 18% annually.

With electricity rates rising 12% annually in Mexico and 50% of the African population not having access to reliable electricity, there is growth potential for EHT. By offering affordable energy solutions that can be set up for ‘power in an hour’ as well as modular homes that can be built in a day, EHT is the one-stop-shop for renewable energy and modular shelters. With each successful project, EHT gains more attention and more credibility, which may turn into more contracts and, eventually, profitability.

Beyond Africa, EHT is eyeing a much larger market for its products, such as emergency disaster relief, military camps, and Latin America. Quarter over quarter, EHT has doubled its revenues to \$520K, and increased its cash balance eightfold to \$670K. Currently, EHT trades at an EV to Sales multiple of 19.9x, which is much higher than its renewable energy peers, but this calculation does not include the newly-signed military contract or solar panel deal. With a Debt to Equity ratio of 170%, EHT is a long-term speculative opportunity with great growth potential and the ability to improve millions of lives worldwide.

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