INTERIM REPORT

AS AT SEPTEMBER 30, 2017

3

Profile

Boralex develops, builds and operates renewable energy power facilities in Canada, France and the United States. A leader in the Canadian market and France's largest independent producer of onshore wind power, the Corporation is recognized for its solid experience in optimizing its asset base in four operating segments - wind, hydroelectric, thermal and solar. It drives sustained growth through a geographic and segment diversification approach and over 25 years of expertise.

Boralex's shares and convertible debentures are listed on the Toronto Stock Exchange under the ticker symbols BLX and BLX.DB.A. As at September 30, 2017, the Caisse de dépôt et placement du Québec, one of Canada's largest institutional investors, held 19.9% of Boralex's outstanding shares.

Highlights

Three-month periods ended September 30

	IFRS		Proportionate consolidation(1)	
(in millions of Canadian dollars, unless otherwise specified)	2017	2016	2017	2016
Power production (GWh)	605	458	706	572
Revenues from energy sales	74	54	85	66
EBITDA(A)(2)	39	25	50	35
EBITDA(A) margin	53%	46%	59%	53%
Net loss	(26)	(10)	(26)	(16)
Net loss attributable to shareholders of Boralex	(16)	(10)	(16)	(17)
Per share (basic and diluted)	($0.22)	($0.16)	($0.22)	($0.26)
Net cash flows related to operating activities	36	12	32	10
Cash flows from operations(2)	24	13	17	9

Nine-month periods ended September 30

	IFRS		Proportionate consolidation(1)	
(in millions of Canadian dollars, unless otherwise specified)	2017	2016	2017	2016
Power production (GWh)	2,258	1,845	2,632	2,223
Revenues from energy sales	285	225	325	265
EBITDA(A)(2)	183	143	215	173
EBITDA(A) margin	64%	63%	66%	66%
Net loss (earnings)	(17)	6	(17)	—
Net loss (earnings) attributable to shareholders of Boralex	(1)	4	(1)	(3)
Per share (basic and diluted)	($0.02)	$0.04	($0.02)	($0.05)
Net cash flows related to operating activities	130	117	137	125
Cash flows from operations(2)	127	100	131	107

(1) These amounts are adjusted on a proportionate consolidation basis; a non-IFRS Measure. See the *Reconciliations between IFRS and Proportionate Consolidation* and *Non-IFRS Measures* sections.

(2) See the *Non-IFRS Measures* section.

Management's Discussion and Analysis 3

As at September 30, 2017

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Introductory comments

General

This Interim Management's Discussion and Analysis ("MD&A") reviews the operating results and cash flows for the three- and nine-month periods ended September 30, 2017, compared with the corresponding period of 2016, as well as the Corporation's financial position as at September 30, 2017, compared with as at December 31, 2016. This report should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes found in this Interim Report, as well as with the audited consolidated financial statements and related notes found in the most recent Annual Report for the fiscal year ended December 31, 2016.

Additional information about the Corporation, including the annual information form, previous annual reports, MD&As and audited consolidated financial statements, as well as press releases, is published separately and is available on the Boralex (www.boralex.com) and SEDAR (www.sedar.com) websites.

In this MD&A, Boralex or the Corporation means, as applicable, either Boralex and its subsidiaries and divisions or Boralex or one of its subsidiaries or divisions. The information contained in this MD&A reflects all material events up to November 9, 2017, the date on which the Board of Directors approved this interim MD&A and the unaudited interim condensed consolidated financial statements. Unless otherwise indicated, the financial information presented in this MD&A, including tabular amounts, is prepared in accordance with International Financial Reporting Standards ("IFRS") which constitute Canadian generally accepted accounting principles ("GAAP") under Part I of the CPA *Canada Handbook*. The unaudited interim consolidated financial statements included in this interim MD&A have been prepared according to IFRS applicable to the preparation of interim financial statements, IAS 34, *Interim Financial Reporting*, and contain comparative figures for 2016.

This MD&A includes a section, *Proportionate Consolidation*, in which the results of Seigneurie de Beaupré Wind Farms 2 and 3 ("Joint Venture Phase I") and Seigneurie de Beaupré Wind Farm 4 ("Joint Venture Phase II") General Partnerships (collectively, "the Joint Ventures" and "Joint Ventures Phases I and II") 50% owned by Boralex, were proportionately consolidated instead of being accounted for using the equity method as required by IFRS. Under proportionate consolidation, which is not permitted in accordance with IFRS, *Interests in the Joint Ventures* and *Share in earnings (losses) of the Joint Ventures* items have been eliminated and replaced by Boralex's share (50%) in all of the financial statement items (revenues, expenses, assets and liabilities). Since the information that Boralex uses to perform internal analyses and make strategic and operating decisions is compiled on a proportionate consolidation basis, management considers it relevant to integrate this *Proportionate Consolidation* section into the MD&A to help investors understand the concrete impacts of decisions made by the Corporation. Moreover, tables reconciling IFRS data with data presented on a proportionate consolidation basis are included in the MD&A.

As discussed under *Non-IFRS Measures*, this MD&A also contains information consisting of non-IFRS measures. The Corporation uses "EBITDA(A)," "cash flows from operations," "ratio of net debt," "discretionary cash flows" and "payout ratio" to assess the operating performance of its power stations. These terms are defined in the *Non-IFRS Measures* section.

All financial information presented in this MD&A, as well as tabular information, is in Canadian dollars.

Notice concerning forward-looking statements

The purpose of this MD&A is to help the reader understand the nature and importance of changes and trends as well as the risks and uncertainties that may affect Boralex's operating results and financial position. Accordingly, some of the statements contained in this analysis, including those regarding future results and performance, are forward-looking statements based on current expectations, within the meaning of securities legislation. These statements are characterized by the use of positive or negative verbs, such as plan, anticipate, evaluate, estimate, believe and other related expressions. They are based on Boralex management's expectations, estimates and assumptions as at November 9, 2017. Boralex would like to point out that, by their very nature, forward-looking statements involve risks and uncertainties such that its results or the measures it adopts could differ materially from those indicated by or underlying these statements, or could have an impact on the degree of realization of a particular projection. The main factors that could lead to a material difference between the Corporation's actual results and the projections or expectations set forth in the forward-looking statements include, but are not limited to, the general impact of economic conditions, currency fluctuations, volatility in the selling price of energy, the Corporation's financing capacity, changes in general market conditions, regulations governing the industry, raw material price increases and availability, as well as other factors described later in *Outlook and Development Objectives* and *Risk Factors and Uncertainties* in the Corporation's Annual Report for the year ended December 31, 2016.

Unless otherwise specified by the Corporation, the forward-looking statements do not take into account the possible impact on its activities, transactions, non-recurring items or other exceptional items announced or occurring after the statements are made. There can be no assurance as to the materialization of the results, performance or achievements as expressed or implied by forward-looking statements. The reader is cautioned not to place undue reliance on such forward-looking statements. Unless required to do so under applicable securities legislation, Boralex management does not assume any obligation to update or revise forward-looking statements to reflect new information, future events or other changes.

Description of business

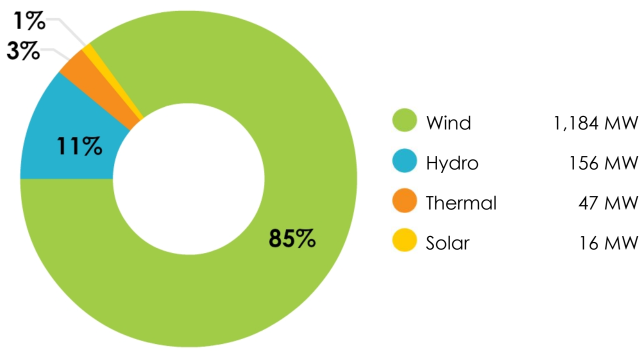
Boralex inc. ("Boralex" or the "Corporation") is a Canadian corporation operating in the renewable energy segment. It draws on a workforce of over 325 people to develop, construct and operate power generating facilities. As at September 30, 2017, its asset base of installed capacity under its control comprised 1,403 megawatts ("MW")[(1)]. Projects in progress to develop new facilities represent an additional 278 MW, to be operational by the end of 2019. The following charts[(1)] provide information about the makeup of the Corporation's energy portfolio in operation, according to installed capacity as at September 30, 2017.

Segment breakdown

The **wind** power segment accounts for a large majority (85%) of installed capacity. Projects under development and under construction will add 262 MW by the end of 2019.

The Corporation's 15 **hydroelectric** power stations make up 11% of installed capacity. A 16th power station (16 MW) will be commissioned in 2018 in Ontario.

Two **thermal** power stations (3% of installed capacity) and three **solar** energy facilities (1%) complete the Corporation's portfolio.

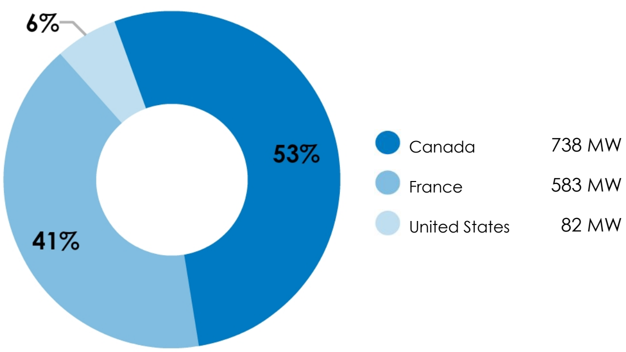


Geographic breakdown

In **Canada**, Boralex is active in four power generation segments: wind, hydroelectric, thermal and solar. Wind power accounts for the largest percentage of production with an installed capacity under its control of 628 MW and 65 MW under construction.

In **France**, a large majority of Boralex's installed capacity originates from wind farms (556 MW), making it France's largest independent producer of onshore wind power. The wind farms are complemented by a natural gas cogeneration power station and two solar energy facilities. Projects under construction total 197 MW.

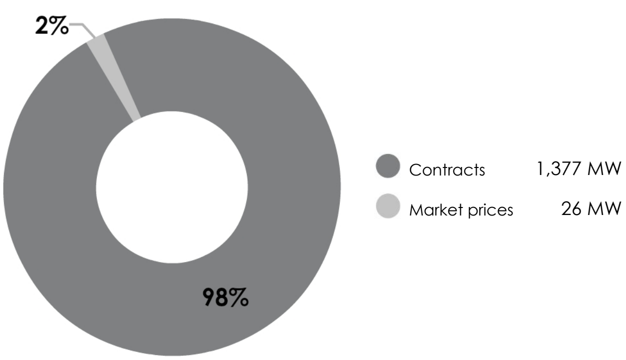
In the **United States**, the Corporation operates seven hydroelectric power stations in the Northeast.



Breakdown of sources of revenues from energy sales

Substantially all (98%) of Boralex's assets are covered by long-term indexed, fixed-price energy sales contracts.

These contracts have a weighted average remaining contractual term of 14 years.



(1) These data, and all of the data contained in this MD&A, reflect Boralex's share in various assets and represent, accordingly, 170 MW or its 50% share in the Joint Ventures operating the Seigneurie de Beaupré Wind Farms in Québec with a total installed capacity of 340 MW.

Growth and development strategy

Growth strategy

Boralex has adopted a strategy to drive above-average, balanced and sustainable financial growth. It entails developing the Corporation's assets to generate higher and steadier revenue streams, while mitigating its business risks. The various elements of this strategy are discussed under *Growth strategy* in the Corporation's 2016 Annual Report. In short, the main areas of focus are:

- Acquisition and development of renewable energy assets covered by long-term indexed, fixed-price energy sales contracts;
- Focus on renewable energy assets offering returns that exceed the Corporation's cost of capital, particularly in the wind, hydroelectric and solar power segments;
- Focus of development initiatives mainly in North America and Europe.

Note that in an increasingly competitive context, the negotiation of very long-term land agreements to obtain the best sites ensures a competitive advantage to Boralex in future requests for proposals.

Since the beginning of 2013, Boralex has nearly tripled its installed capacity with the addition of 900 MW. Projects representing around 1,000 MW in additional installed capacity will significantly boost potential growth.

The Corporation sees the following key financial benefits of its development strategy:

- Higher operating margins for the Corporation in light of the higher weights of more profitable segments in its energy portfolio;
- Greater stability in operating results and cash flows from operations due to long-term sales contracts, matching the borrowing maturities for its various production facilities to their energy sales contract expiry dates and greater geographic diversification of the Corporation's assets;
- Maintaining a solid cash position and reasonable debt levels through significant and steadier cash flows from operations and a series of financial transactions providing the Corporation with greater financial flexibility and strength;
- The introduction of a dividend in 2014, which it has since increased twice, reflecting the Corporation's solid growth in recent years and confidence in its development prospects.

With the dividend, shareholder return on equity (assuming dividends are reinvested) since the beginning of 2013 stands at about 167%, which, together with issuance of new shares, helped increase the Corporation's market capitalization to $1.6 billion as at September 30, 2017.

Development strategy

2016

Expansion – Acquisition and commissionings

In France

- August 1, 2016: The 14 MW **Touvent** wind power station in France was commissioned under a 15-year energy sales contract.
- December 23, 2016: The 12 MW Phase I of **Plateau de Savernat** wind power station was commissioned under a 15-year energy sales contract, with the 4 MW Phase II commissioned on March 21, 2017.

In Canada

- December 9, 2016: The 10 MW **Port Ryerse** wind farm was commissioned in Ontario under a 20-year energy sales contract with the Independent Electricity System Operator ("IESO").
- On December 15, 2016: The 4 MW **Oldman** wind farm in Alberta was acquired.

Together, the sites added to Boralex's operating base in 2016 are expected to contribute approximately $10 million to the Corporation's EBITDA(A) in 2017.

Other developments

These 2016 development activities boosted growth potential for the Corporation:

- The acquisition of a portfolio of wind farm construction projects in France and Scotland for an installed capacity of around 200 MW.
- Two partnership agreements entered into in Canada, first, for the **Apuiat** project, consisting of the construction of a 200 MW wind farm in Port-Cartier, Québec, together with the Innu Nation and Renewable Energy Systems Canada Inc. and, second, for the creation of Alberta Renewable Power Limited Partnership 52% owned by Boralex and 48% owned by Alberta Wind Energy Corporation ("AWEC").

For more details on 2016's other developments, see the *Growth strategy* section of the Corporation's 2016 Annual Report.

2017

Expansion – Acquisition and commissionings

In Canada

- January 18, 2017: The 230 MW **Niagara Region Wind Farm** ("NRWF") in Ontario was acquired, with production covered under a 20-year feed-in tariff contract.
  - The **NRWF** project was developed by Enercon and Boralex in partnership with the Six Nations of the Grand River ("Six Nations").
  - This acquisition will generate, an annualized EBITDA(A) contribution estimated at approximately $84 million and expected accretion to discretionary cash flows per share of over 10%. For 2017, considering that the acquisition took place on January 18, and given the power limitation discussed in the interim reports for the first and second quarters of 2017 and the less favourable wind conditions in the third quarter, Boralex estimates NRWF's contribution to EBITDA(A) at approximately $70 million. Note that Boralex will receive substantially all of the cash flows generated by this wind farm, net of a distribution paid to the Six Nations.

In France

- July 10, 2017: The 10 MW **Voie des Monts** wind power station was commissioned under a 15-year energy sales contract.
- August 1, 2017: The 24 MW **Mont de Bagny** wind power station was commissioned under a 15-year energy sales contract.

Other developments

These 2017 year-to-date development activities boosted growth potential for the Corporation:

- February 7, 2017: The 25% share held by UDI Renewables Corporation in the **Port Ryerse** wind farm was acquired, making Boralex the sole owner.
- March 7, 2017: Boralex increased its interest in the 50 MW **Otter Creek** wind power project in Ontario, Canada from 38.5% to 64%, thereby acquiring control of this project to be commissioned in 2019.
- June 6, 2017: Boralex acquired 100% of the shares of Integrated Solar Energy Inc. ("ISE") for an immaterial amount. With this acquisition, Boralex was able to participate in Alberta Infrastructure's negotiated request for proposal for supply of solar energy by submitting a bid under the qualification process.
- Earlier this year, Boralex's Board of Directors green-lighted three ready-to-build projects totalling 79 MW, all to be commissioned in 2018, namely **Côteaux du Blaiseron** (26 MW), a project from the 2014 Boralex Énergie Verte acquisition, as well as **Hauts de Combles** (20 MW) and **Inter Deux Bos** (33 MW), both acquired from Ecotera in 2015.

- More recently, the Board of Directors also authorized the following projects, all acquired from Ecotera in 2015, namely **Sources de l'Ancre** (23 MW), **Seuil du Cambrésis** (20 MW) and **Basse Thiérache Nord** (12 MW).

Note that other ready-to-build projects in the same pipeline should be included in Boralex's *Growth Path* in the coming quarters.

On July 7, 2017, the Administrative Tribunal of Rennes cancelled the construction permits for the **Moulins du Lohan** project based on its subjective risk assessment of landscape damage to the Lanouée forest. As a result of these proceedings, construction of the project has halted. The Corporation appealed the decision and given the circumstances, legal precedents and he grounds stated by the Tribunal, the Corporation believes it to be more likely than not that its permits will be reinstated. For greater detail, see *III - Other elements, Commitments and contigencies* in this MD&A and the *Commitments and contigencies* note to the financial statements for the quarter ended September 30, 2017.

On July 27, 2017, Gaz Métro and Boralex announced they had submitted three proposals under a request for proposals launched on March 31, 2017 by the State of Massachusetts for the supply of renewable energy. The proposed project, SBx, calls for the construction of a 300 MW wind farm located on the private land of the Seigneurie de Beaupré in the Capitale-Nationale region of Québec. The SBx wind power project would represent the fourth phase of the Seigneurie de Beaupré Wind Farms. The proposals submitted comprise the SBx wind farm, whose production will be balanced with hydroelectric energy from the Hydro-Québec generating fleet. This complementary mix of hydro and wind power could provide the State of Massachusetts with clean, stable and sustainable energy to meet its long-term supply needs. The winning projects are to be announced in early 2018. Public consultations were launched this fall to begin the environmental assessment process.

Also on July 27, 2017, the Caisse de dépôt et placement du Québec ("Caisse") became Boralex's largest shareholder by acquiring all of the Boralex Class A common shares held by Cascades Inc., representing 17.3% of the outstanding shares. Since then, the interest of the Caisse de dépôt et placement du Québec has increased to 19.9%. Under this transaction, Boralex agreed, in particular, to explore partnership opportunities with the Caisse for investments to be developed by Boralex, in line with its growth strategy.

On October 17, 2017, Boralex and UK-based Infinergy entered into an equally owned partnership agreement aimed at developing a pipeline of onshore wind power projects with an estimated installed capacity of 325 MW. The pipeline comprises 10 projects varying from 6 MW to 80 MW. Essentially located in Scotland, these projects are at different stages of development with some in the prospecting phase and others on the verge of obtaining full authorization. To complete the development phase of the projects, Boralex and Infinergy have committed to invest a total amount of £7 million ($11 million) up to the end of 2019. Boralex's share of the investment is £6 million ($9 million).

Financial transactions

In December 2016, in anticipation of the **NRWF** acquisition, Boralex completed a public offering of 10,361,500 subscription receipts through a syndicate of underwriters at a price of $16.65 per subscription receipt, for gross proceeds of $173 million (including the underwriters' over-allotment option exercised in full) and proceeds of $170 million net of issuance costs. The subscription receipts were exchanged in full for an equal number of common shares of Boralex upon the closing of the acquisition of Enercon's interest in **NRWF** on January 18, 2017. The net proceeds from the issue, coupled with available cash and drawdowns under the Corporation's existing revolving credit facility were used to fund the cash consideration totalling $231 million.

During fiscal 2016, Boralex also closed financing or refinancing for specific wind and hydroelectric power assets in Europe and North America for a total amount of $334 million.

Since the beginning of fiscal 2017, Boralex has completed the following financing and refinancing:

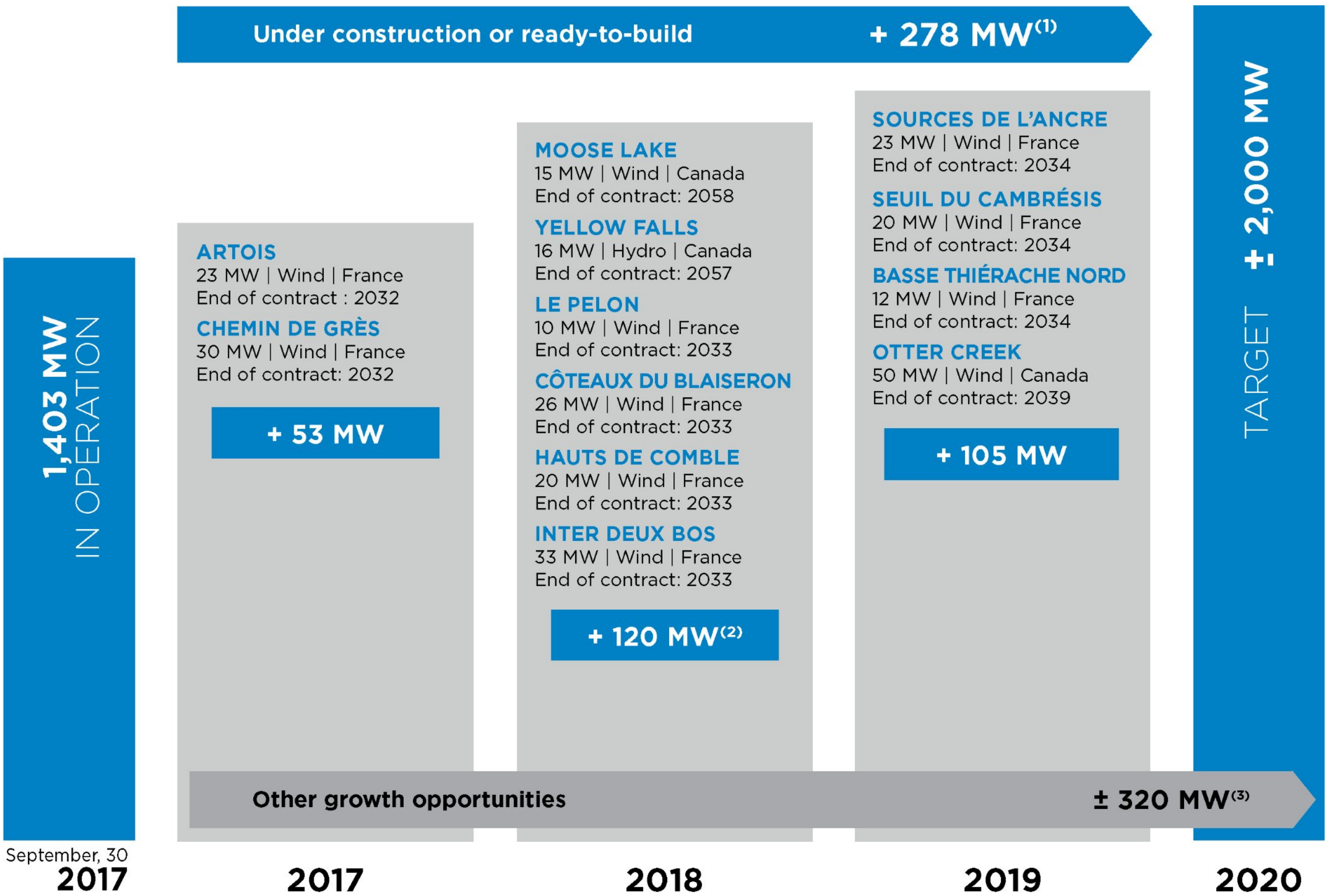
- On January 18, 2017, at the same time as the **NRWF** acquisition closing, and with a view to maintaining the strength of its statement of financial position, Boralex obtained a new $100 million increase in its **revolving credit facility** for a total authorized amount of $460 million. This transaction allows the Corporation to maintain significant financial flexibility, enabling it to allocate capital to new projects in pursuit of its growth objectives. It also reflects the Corporation's strong and sustained growth over the past few years and confirms its credibility with financial institutions.
- On February 22, 2017, Boralex announced the closing of the $33 million financing for the 10 MW **Port Ryerse** wind farm in Ontario, Canada. The long-term financing is provided by DZ Bank AG Deutsche Zentral-Genossenschaftsbank (New York branch) and comprises a $2 million letter of credit facility and a $31 million long-term tranche, amortized over an 18-year period.
- On July 31, 2017, the Corporation announced the closing of long-term financing for the 30 MW **Chemin de Grès** wind farm in France for a total amount of €46 million ($68 million), including €6 million ($9 million) for a bridge value-added tax financing facility. The long-term financing comprises a €25 million ($37 million) fixed-rate tranche and a €15 million ($22 million) variable-rate tranche. The loan will be amortized over a 15-year period. Based on current interest rate swaps, the combined interest rate amounts to approximately 2.11%. To reduce exposure to interest rate changes, interest rate swaps have been entered into for a minimum 80% of the total long-term debt as required by the credit agreement. This financing is in addition to the credit facility for the financing of the **Mont de Bagny**, **Voie des Monts** and **Artois** wind farms obtained in October 2016.

Outlook and development objectives

Projects in development stage

Boralex continues to implement its growth strategy focusing on the outlook for each of its operating segments. These outlooks are detailed in the *Growth strategy* section of the Corporation's 2016 Annual Report. We discuss here the key elements involving priority actions for the current fiscal year.

Growth path



(1) France 197 MW | Canada 81 MW
(2) Hydro 16 MW | Wind 104 MW
(3) Including the Moulins du Lohan project (51 MW, wind, France). For more details, see note section *III - Other elements, Commitments and contingencies* of the Interim report 3 2017.

Wind

The wind power segment accounts for 85% of Boralex's installed capacity. As shown in the *Growth path* above, the segment remains the Corporation's main growth driver. Boralex has grown its wind power segment operating base more than fourfold since the beginning of 2013, adding on average nearly 200 MW a year through asset acquisitions or newly commissioned facilities, but also by acquiring an extensive portfolio of projects.

A key factor in Boralex's success is the expertise and skills of its team for identifying, developing, financing, building and operating superior quality wind farms including some very large scale operations. Boralex also has a unique development strategy based on two geographic areas: Europe and North America. This strategy affords geographic and climate diversification that could have a smoothing effect on its results, but also provides access to a wider range of growth opportunities and the latitude to adjust to its differently evolving target markets.

Given the assets acquired and commissioned since the beginning of 2016, Boralex's wind power segment has 308 MW in additional installed capacity, which will contribute to the Corporation's operating and financial performance. The **Artois** and **Chemin de Grès** projects in France, representing a total of 53 MW, will make contributions as and when they are commissioned during the last quarter of fiscal 2017 (see the *Summary of projects in development stage* table).

Boralex will continue its wind power segment expansion strategy until the end of fiscal 2017, both in Europe and in North America. Its project portfolio includes new wind power farms to be commissioned in 2018 and 2019 in France and Canada for a total of 209 MW. Note that all these projects are covered by long-term indexed, fixed-price energy sales contracts.

In **Québec**, Boralex is currently working on several wind power development projects, including the 200 MW **Apuiat** project on the Côte-Nord, for which it has been chosen as partner by the Innu Nation. Project development is underway. In addition, Gaz Métro and Boralex submitted a proposal for a 300 MW wind farm project under a request for proposals launched by the State of Massachusetts for the supply of renewable energy.

In **Ontario**, Boralex is participating in developing the 50 MW **Otter Creek** project, to be commissioned in 2019. In March 2017, Boralex increased its interest in this project to 64%, becoming the controlling shareholder.

In **Alberta**, Boralex partnered with developer AWEC to enter the wind power market in that province. Boralex submitted a proposal for two wind farms under the request for qualifications from the Alberta Electricity System Operator ("AESO") in June 2017. However, neither of these two projects were selected under the request for proposals launched in September. Boralex intends to submit bids for future requests for proposals. Boralex also responded to the July 2017 request for qualifications for solar energy projects with ISE. The AESO's Renewable Electricity Program ("REP") targets the development of 5,000 MW of electricity from renewable energy by 2030.

Lastly, Boralex continues to develop its first wind power project in **British Columbia**, namely the 15 MW **Moose Lake** wind farm, to be commissioned in the second half of 2018.

In the **United States**, Boralex keeps a close eye on opportunities to develop its wind power segment, particularly in East Coast markets, in light of their ambitious renewable energy development targets. Boralex is also exploring potential acquisitions or partnerships with local developers to accelerate growth.

In **France**, new rules have been introduced recently whereby the projected rates for future contracts will be set according to electricity market prices, plus additional compensation. Further, under transition rules, applications filed before the end of 2016 and that are approved will benefit from a rate that is equivalent to the currently applicable rate for fixed-rate power purchase agreements prior to this decision. Boralex benefited from this rule for a number of ready-to-build projects with building permits that cannot be revoked and signed technical and financial proposal, ensuring connection to the grid at a fixed rate. Moreover, before the end of 2016, Boralex simultaneously filed an application to secure a fixed rate and an application for building permits for other projects in France totalling over 235 MW. While these projects are at relatively advanced stages of development, management is confident that a large portion will be completed. Based on current assumptions, particularly with regard to interest rates, Boralex anticipates that all the projects to be completed in France will generate returns over the coming years that are consistent with its energy portfolio average.

For rate applications made after December 31, 2016, the principle of additional compensation will be maintained. It is also highly likely that, in conjunction with this change to the support mechanism, France will adopt a system based on the principle of tenders. Boralex will assess the possibilities offered by the new rules as they continue to be refined and, as it has always done in the past, it will keep leveraging the organization's agility, discipline and creativity to adapt to and capitalize on the new laws in the French market. Boralex is also studying certain positioning options that could be contemplated following expiry of its sales contracts with EDF, barring their renewal, including opportunities in the open market.

Furthermore, the acquisition of a portfolio of projects in September 2016 coupled with the partnership with Infinergy in October 2017 gives Boralex a potential point of entry into the Scottish wind market, where it now holds the rights to a large portfolio of projects totalling some 150 MW, including a 24 MW project at an advanced stage of development plus a 325 MW portfolio resulting from the recent transaction. Boralex continues to develop these projects with a view to capitalizing on new opportunities that meet its economic criteria.

Hydroelectric

Boralex earned its stripes as a renewable energy producer in the hydroelectric power industry some 25 years ago, first in Québec, then in the Northeastern United States and British Columbia.

In the second half of 2018, it will commission **Yellow Falls**, its first hydroelectric power station in Ontario, which will generate approximately $7 million in annual EBITDA(A). The power generated will be sold under a sales contract over a total term of 40-years. The commissioning of **Yellow Falls** will bring the total installed capacity of Boralex's hydroelectric power segment to 172 MW.

A project is underway to increase the **Buckingham** hydroelectric power station's current capacity of 10 MW. The project consists in replacing some turbines to reach 20 MW. It will require minor changes to the structure and will have no impact on water levels upstream or downstream. The public information session held as part of the process established by the Bureau d'audience publique sur l'environnement ("BAPE") took place in June 2017. In light of the typical waiting time for obtaining the ministerial decree and the required authorizations, work is scheduled to begin in 2018.

Thermal

While thermal power is not a preferred development target under Boralex's growth strategy, the Corporation is keeping a watch for business opportunities that could arise in the sector, provided the assets are covered by long-term energy sales and raw material supply contracts, and are in line with Boralex's market position and performance objectives.

Solar

Boralex's three photovoltaic solar power facilities (two in France, namely **Avignonet-Lauragais** (5 MW) and **Les Cigalettes** (10 MW) and one in Ontario, namely **Vaughan** (under 1 MW)) continue to generate results consistent with expectations, allowing the Corporation to strengthen its expertise in the field. Boralex intends to capitalize on this segment's growth potential, particularly in France where it holds the rights to a number of development projects.

Summary of projects in development stage

Within the extensive pipeline of projects recently acquired or launched by the Corporation, primarily in the wind power segment, the projects listed below are in the advanced development stage with commissioning slated for 2019. As mentioned in *III - Other elements, Commitments and contingencies* in this MD&A and the *Commitments and contingencies* note to the financial statements, the commissioning of the 51 MW **Moulins du Lohan** wind project has been postponed and will be revisited when the appeal decision of the judgment that cancelled the permits is rendered.

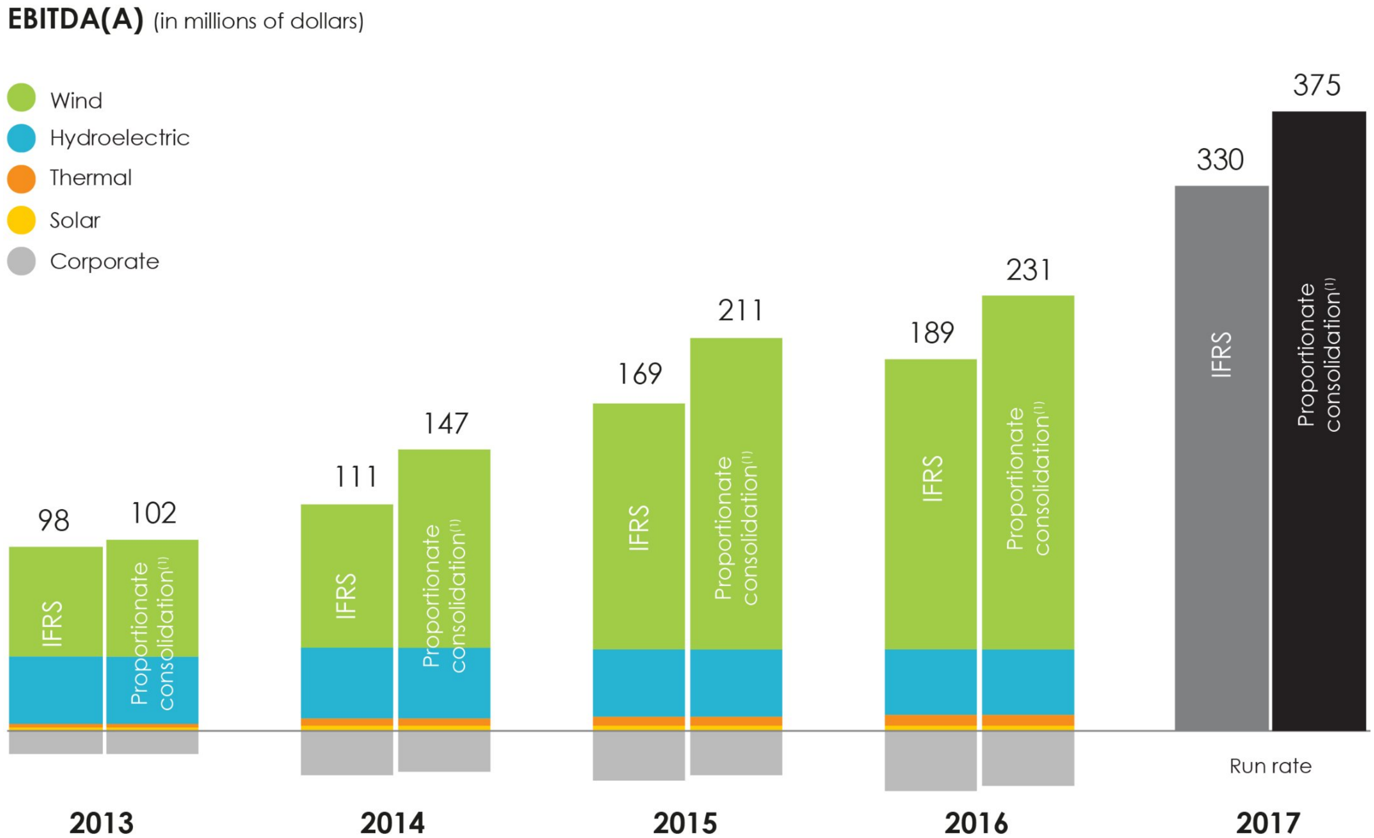
Project name	Net capacity (MW)	Segment/ Country	Energy contract term	Ownership (%)	Expected commissioning date	Total project investment	Estimated annual EBITDA(A)[(1)]
Artois	23	Wind/France	15 years with EDF	100 %	2nd half of 2017	$60 million	$7 million
Chemin de Grès	30	Wind/France	15 years with EDF	100%	2nd half of 2017	$74 million	$9 million
Moose Lake	15	Wind/Canada	40 years with BC Hydro	70%	2nd half of 2018	$61 million	$5 million
Yellow Falls	16	Hydro/Canada	40 years with IESO[(2)]	100%	2nd half of 2018	$96 million	$7 million
Le Pelon	10	Wind/France	15 years with EDF	100%	2nd half of 2018	$24 million	$3 million
Côteaux du Blaiseron	26	Wind/France	15 years with EDF	100%	2nd half of 2018	$47 million	$5 million
Hauts de Comble	20	Wind/France	15 years with EDF	100%	2nd half of 2018	$51 million	$7 million
Inter Deux Bos	33	Wind/France	15 years with EDF	100%	2nd half of 2018	$77 million	$9 million
Sources de l'Ancre	23	Wind/France	15 years with EDF	100%	1st half of 2019	$52 million	$6 million
Seuil du Cambrésis	20	Wind/France	15 years with EDF	100%	2nd half of 2019	$53 million	$6 million
Basse Thiérache Nord	12	Wind/France	15 years with EDF	100%	2nd half of 2019	$27 million	$3 million
Otter Creek	50	Wind/Canada	20 years with IESO	64%	2nd half of 2019	$148 million	$14 million

(1) These results are estimated as of the date of this MD&A. However, actual results may differ from these estimates.
(2) The total 40-year contract includes four renewal options, each for a five-year period, at Boralex's discretion.

Growth outlook

As shown in the *Growth path* chart above and the following chart *Historical and run rate data* chart, Boralex's outlook is closely linked to prospects in the wind power segment, given its dominant position in the Corporation's current energy portfolio and the strong growth potential of its project pipeline. Since the beginning of 2013, the Corporation has generated sustained and strong EBITDA(A) growth, driven essentially by the significant development of its wind power assets, and supported by its healthy and flexible financial position and the expertise of its teams. Following the **NRWF** acquisition, Boralex management raised its growth targets for fiscal 2017 to 2020, including its objective for total installed capacity, now set at **2,000 MW** by the end of 2020.

Historical and run rate data



(1) See *Reconciliations between IFRS and proportionate consolidation* in previous Annual Reports.

The data shown above correspond to the actual annual data for the years 2013 - 2016. For the 2017 run rate, Boralex has calculated the estimated EBITDA(A) amount that would be generated by all of its operating facilities for the year ended using the following assumptions: (a) the facilities have been operating on an annualized basis, and (b) production and operating expenses are in line with long-term expectations. In determining the run rate, which is an indicator of long-term forecasts, management does not take into account actual commissioning dates, changes in production or non-recurring items that occurred during the benchmark year. Apart from the difference resulting from the use of a twelve-month pro-forma for sites commissioned during the year, the achievement of the run rate is subject to all risk and uncertainty factors listed in *III - Other elements* of this MD&A as well as in Boralex's most recent annual report.

2017-2020 Outlook: Disciplined and profitable growth

Subsequent to the **NRWF** acquisition, Boralex's assets in operation had an installed capacity of 1,365 MW, up 25% compared with January 2016. Another 38 MW was added with the commissioning of the **Plateau de Savernat II**, **Voie des Monts** and **Mont de Bagny** wind farms since the beginning of fiscal 2017. This strong growth, stemming primarily from the **NRWF** acquisition, has prompted management to increase its run rate as follows:

- The annualized EBITDA(A) target for all assets in operation by the end of 2017 for a 12-month period was increased to $330 million from $245 million under IFRS (to $375 million from $290 million under proportionate consolidation);
- The annualized discretionary cash flow target on the same basis as above was increased to $95 million from $75 million under proportionate consolidation.

Note also that the confidence inspired by this outlook prompted the Board of Directors to approve a 7.1% increase in the dividend paid to shareholders starting in the first quarter of 2017.

Apart from the 308 MW in additional installed capacity acquired and developed in 2016 or in early 2017, the additional contribution from the new wind farms totalling 53 MW to be commissioned by the end of 2017 will boost Boralex's performance.

The coming fiscal years will see at least ten new facilities commissioned, including 120 MW in 2018 and 105 MW in 2019. These projects, most of which are already under development, will bring the Corporation's installed capacity to within less than 320 MW of its 2,000 MW target for the end of 2020. Management is confident of reaching this target, which represents growth of over 40% in current total installed capacity, particularly in light of the other advanced-stage projects currently under development in France, all of which are covered by long-term, fixed-price energy sales contracts, which will be included shortly in its *Growth path*, and development initiatives elsewhere in Europe and North America.

To support execution of its various projects and compensate its shareholders, Boralex can rely on its solid financial position, whose makeup and flexibility were considerably strengthened in 2016 by:

- Issuance of $173 million in new capital in December 2016;
- Refinancing and increasing the revolving credit facility to $460 million;
- Significant cash flows generated by operations;
- Protection against interest rate fluctuations resulting from the matching of maturities of fixed interest rate debt related to various assets with the maturities of energy sales contracts covering these assets.

Given the expertise and discipline acquired over many years in the development, financing, on-budget and on-time construction, commissioning and profitable operation of increasingly large-scale energy assets, Boralex is confident its full slate of projects under development and construction will be delivered successfully.

Priority objective: creating value

Boralex's ultimate goal is to create growing and sustainable economic value for its shareholders as well as for other stakeholders including its employees, partners and the communities in which it operates. As in the past, Boralex will continue to create such value through the right mix of strategic, operating and financial conditions to increase cash flows per share, ensure its long-term future and development, continue expansion, support its dividend policy, promote share price growth and ensure permanent access to the capital markets under the most favourable conditions possible.

More specifically, these priorities focus on the integration of facilities in operation or projects covered by long-term energy sales contracts to secure significant and more stable cash flows, primarily in the wind, solar and hydroelectric power segments, while remaining on the lookout for new technologies.

Seasonal factors

(in millions of Canadian dollars, unless otherwise specified)	Three-month periods ended December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	Twelve-month period ended September 30, 2017
POWER PRODUCTION (GWh)					
Wind power stations	418	655	488	385	1,946
Hydroelectric power stations	140	173	231	166	710
Thermal power stations	34	77	18	47	176
Solar power stations	4	4	7	7	22
	596	909	744	605	2,854
REVENUES FROM ENERGY SALES					
Wind power stations	54	88	68	52	262
Hydroelectric power stations	12	17	19	15	63
Thermal power stations	7	13	3	5	28
Solar power stations	1	1	2	2	6
	74	119	92	74	359
EBITDA(A)					
Wind power stations	46	77	53	36	212
Hydroelectric power stations	9	13	15	11	48
Thermal power stations	1	6	(1)	1	7
Solar power stations	1	1	1	1	4
	57	97	68	49	271
Corporate and eliminations	(10)	(10)	(11)	(10)	(41)
	47	87	57	39	230
NET EARNINGS (LOSS)	(4)	16	(7)	(26)	(21)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(5)	16	(2)	(16)	(7)
NET EARNINGS (LOSS) PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.07)	$0.22	($0.02)	($0.22)	($0.09)
NET EARNINGS (LOSS) PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.07)	$0.21	($0.02)	($0.22)	($0.09)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	29	54	38	36	157
CASH FLOWS FROM OPERATIONS	28	58	44	24	154
Weighted average number of shares outstanding (basic)	65,297,899	74,025,928	75,874,562	75,991,810	72,737,420

Seasonal factors

(in millions of Canadian dollars, unless otherwise specified)	Three-month periods ended December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	Twelve-month period ended September 30, 2016
POWER PRODUCTION (GWh)					
Wind power stations	450	581	356	269	1,656
Hydroelectric power stations	158	171	191	130	650
Thermal power stations	31	65	12	52	160
Solar power stations	4	4	7	7	22
	643	821	566	458	2,488
REVENUES FROM ENERGY SALES					
Wind power stations	59	78	46	35	218
Hydroelectric power stations	15	17	15	12	59
Thermal power stations	6	10	2	5	23
Solar power stations	1	1	2	2	6
	81	106	65	54	306
EBITDA(A)					
Wind power stations	51	71	35	24	181
Hydroelectric power stations	10	13	11	8	42
Thermal power stations	1	4	(1)	1	5
Solar power stations	1	1	1	1	4
	63	89	46	34	232
Corporate and eliminations	(10)	(9)	(8)	(9)	(36)
	53	80	38	25	196
NET EARNINGS (LOSS)	6	23	(7)	(10)	12
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	6	21	(7)	(10)	8
NET EARNINGS (LOSS) PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.09	$0.32	($0.11)	($0.16)	$0.13
NET EARNINGS (LOSS) PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.09	$0.30	($0.11)	($0.16)	$0.13
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	30	76	29	12	147
CASH FLOWS FROM OPERATIONS	37	60	27	13	137
Weighted average number of shares outstanding (basic)	64,829,112	65,032,645	65,200,423	65,263,335	65,081,187

The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment.

Since nearly all of Boralex facilities have long-term indexed fixed-price energy sales contracts, seasonal cycles mainly affect the total volume of power generated by the Corporation. Only five hydroelectric power stations in the United States, and one wind farm in Alberta, together representing less than 2% of the Corporation's total installed capacity, sell their production at market prices, which are more volatile. The Corporation considers that, in the next five years, contracts are set to expire for only 103 MW (7% of current installed capacity) and that this production will then be sold in the French market.

Operating volumes at Boralex facilities are influenced by the following seasonal factors, depending on their specific power generation method.

Wind

For the wind power assets in operation in which Boralex's share totals 1,184 MW, wind conditions both in France and Canada, are usually more favourable in the winter, which falls during Boralex's first and fourth quarters. However, in winter there is a greater risk of lower production caused by weather conditions, such as icing. In general, management estimates the breakdown of wind power segment production at approximately 60% for the first and fourth quarters and 40% for the second and third quarters.

The wind power segment now accounts for 85% of Boralex's installed capacity and represents by far the Corporation's largest contributor to revenues, EBITDA(A) and cash flows. This segment will account for an even larger share of the Corporation's energy portfolio in the coming years, with the development, construction and commissioning of the wind farms comprising Boralex's significant pipeline of projects, for an additional installed capacity of about 1,000 MW worldwide. Within this portfolio, 262 MW of projects are under construction or ready to build, and will be commissioned by the end of 2019. Accordingly, Boralex expects the development of this pipeline, along with other expansion opportunities that arise in the coming years, to increase the impact of the wind power segment's seasonal factors on Boralex's overall performance, resulting in a higher percentage of revenues generated for the Corporation in the first and fourth quarters.

Hydroelectric

Boralex's hydroelectric assets will total 172 MW of installed capacity with the commissioning of the Yellow Falls project expected in the second half of 2018. The amount of power generated depends on water flow, which in Canada and the Northeastern United States is typically at a maximum in spring and high in the fall, which corresponds to Boralex's second and fourth quarters. Historically, water flow tends to decrease in winter and summer. However, over a long-term horizon, there may be variations from year to year due to short-term weather conditions. In general, management estimates the breakdown of annual hydroelectric power generated at approximately 60% for the second and fourth quarters and 40% for the first and third quarters. Note that apart from four hydroelectric power stations whose water flow is regulated upstream and is not under the Corporation's control, Boralex's other hydroelectric facilities do not have reservoirs that would permit water flow regulation during the year.

Five U.S. power stations, which have a total installed capacity of 22 MW, representing less than 2% of the Corporation's total installed capacity, sell their power on the open market in the State of New York.

Thermal

Boralex operates two thermal power stations with an aggregate 47 MW of installed capacity. The Senneterre power station in Québec, Canada is fuelled by wood-residue and is covered by a Hydro-Québec energy sales contract expiring in 2027. The Corporation has entered into an agreement with Hydro-Québec which stipulates that until contract expiry, the Senneterre power station is limited to producing electricity eight months per year, from December to March and from June to September. During the term of this agreement, the Senneterre power station will receive financial compensation from Hydro-Québec, allowing Boralex to expect relatively stable profitability over the years.

Boralex also operates a natural gas power station in Blendecques, France. For the past several years, due to specific market conditions, this cogeneration plant produces electricity five months of the year, from November to March, which represents all of Boralex's first quarter and part of its fourth quarter. During the electricity production shutdown period, steam intended for an industrial client is produced using an auxiliary boiler. Given that electricity selling prices are tied to natural gas prices, they are also exposed to some volatility. However, any change in natural gas prices impacts the cost of this raw material which in turn offsets to a large extent the volatility of results.

Solar

The solar power facilities representing an installed capacity of 16 MW are all covered by long-term energy sales contracts. They benefit from sunlight conditions that are typically more favourable in the spring and summer, which occur in Boralex's second and third quarters. In view of these weather conditions, management estimates that approximately 65% of the annual solar power production will be generated in the second and third quarters.

Generally, while Boralex's production in a given fiscal year is exposed to seasonal cycles and other cyclical factors, substantially all of its revenues are currently derived from indexed fixed-price contracts, thereby mitigating the volatility of revenues from energy sales. The Corporation also capitalizes on diversification in its power generation sources and favourable geographic positioning. Furthermore, Boralex exercises sound capital management to ensure the necessary financial strength and flexibility to effectively manage the seasonal cycles of its business. These are all factors that will support strong and stable results for Boralex in the coming years.

Financial highlights

(in millions of Canadian dollars, unless otherwise specified)	Three-month periods ended September 30 2017	2016	Nine-month periods ended September 30 2017	2016
POWER PRODUCTION (GWh)				
Wind power stations	385	269	1,529	1,206
Hydroelectric power stations	166	130	569	492
Thermal power stations	47	52	141	129
Solar power stations	7	7	19	18
	605	458	2,258	1,845
REVENUES FROM ENERGY SALES				
Wind power stations	52	35	209	159
Hydroelectric power stations	15	12	51	44
Thermal power stations	5	5	21	17
Solar power stations	2	2	4	5
	74	54	285	225
EBITDA(A)				
Wind power stations	36	24	165	130
Hydroelectric power stations	11	8	39	32
Thermal power stations	1	1	6	4
Solar power stations	1	1	4	3
	49	34	214	169
Corporate and eliminations	(10)	(9)	(31)	(26)
	39	25	183	143
NET EARNINGS (LOSS)	(26)	(10)	(17)	6
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(16)	(10)	(1)	4
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.22)	($0.16)	($0.02)	$0.04
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	36	12	130	117
CASH FLOWS FROM OPERATIONS	24	13	127	100
DIVIDENDS PAID ON COMMON SHARES	11	9	34	27
DIVIDENDS PAID PER COMMON SHARE	$0.15	$0.14	$0.45	$0.41
Weighted average number of shares outstanding (basic)	75,991,810	65,263,335	75,304,634	65,165,825

Statement of financial position data

(in millions of Canadian dollars, unless otherwise specified)	As at September 30, 2017	As at December 31, 2016
Total cash, including restricted cash	135	293
Property, plant and equipment	2,579	1,668
Total assets	3,774	2,702
Subscription receipts	—	173
Debt, including non-current debt and current portion of debt	2,550	1,540
Liability component of convertible debentures	137	135
Total liabilities	3,085	2,188
Total equity	689	514
Net debt to market capitalization ratio[1] (%)	58	50

[1] See the *Non-IFRS measures* section.

Analysis of operating results for the three-month period ended September 30, 2017

Consolidated

Boralex's results for the three-month period ended September 30, 2017 are a reflection of the continuation of its growth strategy, particularly given the additional installed capacity of 308 MW. Growth in production was therefore largely driven by the assets acquired and commissioned during the past year. The hydroelectric power stations in the United States and the existing wind farms in France also reported improved performance. Accordingly, revenues from energy sales and EBITDA(A) rose substantially from the same period of 2016.

The following table shows the main changes in net loss attributable to shareholders of Boralex:

	Net loss (in millions of $)
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2016	(10)
EBITDA(A)	14
Excess of distributions received over the share in net earnings of the Joint Ventures in 2016	(9)
Amortization	(14)
Financing costs	(9)
Change in foreign exchange losses and gains	(2)
Financial instruments	1
Income taxes	3
Non-controlling shareholders	10
Change	(6)
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017	(16)

For the three-month period ended September 30, 2017, Boralex recorded a net loss attributable to shareholders of $16 million or $0.22 per share (basic and diluted), compared with $10 million or $0.16 per share (basic and diluted) for the same quarter of 2016. This $6 million or $0.06 per share (basic and diluted) decline stemmed mostly from a substantial increase in amortization expense and financing costs, totalling $23 million, owing to the more than 25% expansion in the Corporation's operating asset base in slightly over a year. Considering the seasonal nature of wind conditions, the $14 million increase in EBITDA(A) resulting mainly from new wind farms was insufficient to offset these fixed costs.

Note that the recognition by the Corporation of an excess of distributions received over the share in net earnings of the Joint Ventures during the third quarter of 2016 resulted in a $9 million unfavourable variance in the current quarter. Under IFRS, if Boralex's interest in a Joint Venture becomes negative following the payment of distributions, the carrying amount of such interest is reduced to zero and the adjustment is recorded under Excess of distributions received over the share in net earnings. Subsequently, if the carrying amount of the interest becomes positive again, such adjustment will be reversed up to the accumulated amount and recorded as an excess amount.

A loss of $10 million is attributable to non-controlling shareholders. This loss stems, once again, from the discrepancy between the seasonal nature of revenues and the fixed nature of financing costs and amortization expense.

The following table shows the main differences in revenues from energy sales and EBITDA(A):

	Revenues from energy sales (in millions of $)	EBITDA(A) (in millions of $)
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2016	54	25
Power stations acquired/commissioned[1]	15	10
Volume	6	6
Share of the Joint Ventures	—	(2)
Other	(1)	—
Change	20	14
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017	74	39

[1] Addition of 308 MW in 2016 and 2017: In France, the 14 MW Touvent (August 1, 2016), 16 MW Plateau de Savernat I and II (December 23, 2016 and March 21, 2017), 10 MW Voie des Monts (July 10, 2017) and 24 MW Mont de Bagny (August 1, 2017) wind farms; in Canada, the 10 MW Port Ryerse wind farm in Ontario (December 9, 2016), 4 MW Oldman wind farm in Alberta (December 15, 2016) and 230 MW NRWF in Ontario (January 18, 2017).

Revenues from energy sales

For the three-month period ended September 30, 2017, revenues from energy sales totalled $74 million, up $20 million or 38% compared with the results of the corresponding quarter of 2016. As shown in the preceding table, this increase resulted, to a very large extent, from Boralex's expansion of its operating asset base through assets acquired and commissioned. The greater part of this $15 million increase resulted from the contribution of the NRWF project in Ontario, for the full third quarter of 2017. In addition, the hydroelectric power stations in the Northeastern United States benefited from water flow conditions that were greatly improved from last year's, while the existing wind power stations in France enjoyed better wind conditions, for a favourable volume effect of $6 million. However, this effect was partly offset by less favourable wind conditions at existing Canadian wind farms.

Once again, the **wind** segment was the Corporation's main growth driver, with revenues up 52%. Overall, this segment accounted for 71% of consolidated revenues in the third quarter. The analysis of segment results is presented in a separate section of this MD&A.

The hydroelectric power segment alone reported higher revenues while the revenues of the other segments were stable. Compared with the third quarter of 2016:

- **Hydroelectric** power segment revenues grew 21% to $15 million, representing 20% of consolidated revenues for the last quarter. This increase resulted from an 80% increase in production at the U.S. power stations, while the output of the Canadian power stations remained relatively stable.
- **Thermal** power segment revenues declined 4% to $5 million, representing 7% of consolidated revenues. This decline resulted mostly from lower production at the Senneterre power station in Québec, partly offset by stronger prices.
- **Solar** power segment revenues totalled $2 million, down 5%.

In all, Boralex produced 605 GWh of electricity in the third quarter of 2017 (excluding its share of the production of the Joint Ventures), up 32% compared with the same period in 2016. Excluding the contributions of the assets acquired or commissioned, production at existing facilities was up 12%. The hydroelectric power stations in the United States as well as the wind farms in France generated substantially higher production, partly offset by a decline at existing wind power farms in Canada.

EBITDA(A) and EBITDA(A) margin

Taking into account the factors which impacted revenues, consolidated EBITDA(A) for the third quarter of 2017 totalled $39 million, up $14 million or 59% compared with the same quarter of 2016. These factors were partly offset by a $2 million decline in the share of Joint Ventures.

The **wind** power segment accounted for 73% of consolidated EBITDA(A) in the third quarter of 2017 (before the corporate segment and eliminations). Segment EBITDA(A) rose 48%, contributing $12 million more to consolidated EBITDA(A) than in the third quarter of 2016.

The contribution from the hydroelectric segment was up $3 million (before the corporate segment and eliminations). Compared with the third quarter of 2016:

- **Hydroelectric** power segment EBITDA(A) grew 31% to $11 million, due mainly to strong performance by the U.S. power stations.
- EBITDA(A) of the **thermal** and **solar** power segments remained the same as in prior year at $1 million.

For the quarters ended September 30, 2017 and 2016, EBITDA(A) margin as a percentage of revenues stood at 53% and 46%, respectively.

Amortization

Amortization expense for the third quarter of 2017 increased $14 million to $43 million, owing to assets acquired and commissioned. The acquisition of the NRWF facility in Ontario accounted for most of this increase.

Financing costs, foreign exchange gains and net loss on financial instruments

Financing costs for the third quarter of 2017 rose $9 million to $29 million, owing primarily to the financing arrangements made and the debts assumed by the Corporation following acquisitions and the commissioning of wind farms such as NRWF in January 2017.

Boralex recognized an insignificant foreign exchange loss in the third quarter of 2017 compared with a $2 million foreign exchange gain in the same quarter of the previous year. This unfavourable change was due to strengthening of the Canadian dollar against the U.S. dollar and the euro.

Boralex also recorded an insignificant change in the value of financial instruments for the third quarter of 2017, compared with a $1 million net loss in the same quarter of 2016. This change resulted from the change in fair value in 2016 of certain financial instruments not designated for hedge accounting purposes and amounts related to the ineffective portion of certain designated financial instruments.

Net loss

In the third quarter of 2017, Boralex recorded a net loss of $26 million compared with a net loss of $10 million for the same period of 2016. Net loss attributable to shareholders of Boralex totalled $16 million or $0.22 per share (basic and diluted), compared with a net loss of $10 million or $0.16 per share (basic and diluted) a year earlier. The $10 million difference between net loss and the net loss attributable to shareholders of Boralex resulted from the losses absorbed by all non-controlling shareholders.

Analysis of operating results for the nine-month period ended September 30, 2017

Consolidated

For the nine-month period ended September 30, 2017, production, revenues from energy sales and EBITDA(A) rose 22%, 27% and 29%, respectively, compared with the same period of 2016. For each of the three quarters of fiscal 2017, substantially all of that growth was driven by increases in installed capacity in the wind power segment.

The following table shows the main changes in net earnings (loss) attributable to shareholders of Boralex:

	Net earnings (loss) (in millions of $)
NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016	4
EBITDA(A)	40
Excess of distributions received over the share in net earnings from the Joint Ventures in 2016	(9)
Amortization	(38)
Financing costs	(20)
Change in foreign exchange gains and losses	(1)
Financial instruments	4
Income taxes	1
Non-controlling shareholders	18
Change	(5)
NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017	(1)

For the nine-month period ended September 30, 2017, Boralex recorded a net loss attributable to shareholders of $1 million or $0.02 per share (basic and diluted), compared with net earnings of $4 million or 0.04 per share (basic and diluted) for the same period of 2016, which represents a decline of $5 million or $0.06 per share (basic and diluted).

This decline is largely attributable to the amortization expense and financing costs which increased by $58 million, owing mainly to expansion in the Corporation's operating asset base. The difference between the two periods also resulted from the excess of distributions received over the share in net earnings of the Joint Ventures which was nil for the nine-month period ended September 30, 2017 compared with an excess amount of $9 million recognized for the nine-month period ended September 30, 2016 as explained previously for the results of the three-month period ended September 30, 2017.

The adverse effect of these changes was offset, however, by the $40 million increase in EBITDA(A), primarily driven by expansion in the operating asset base, as well as a $18 million decline in non-controlling shareholders. This decline in non-controlling shareholders stems from the discrepancy between the seasonal factors and the fixed nature of financing costs and amortization expense. The Corporation also benefited from a $4 million favourable difference relating to financial instruments and a $1 million increase in its income tax recovery.

The following table shows the main differences in revenues from energy sales and EBITDA(A):

	Revenues from energy sales (in millions of $)	EBITDA(A) (in millions of $)
NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016	225	143
Power stations acquired/commissioned[1]	61	47
Pricing	2	2
Foreign exchange effect	(4)	(3)
Share of the Joint Ventures	—	(1)
Temporary halt – Moulins du Lohan	—	(1)
Other	1	(4)
Change	60	40
NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017	285	183

[1] Addition of 308 MW in 2016 and 2017: In France, the 14 MW Touvent (August 1, 2016), 16 MW Plateau de Savernat I and II (December 23, 2016 and March 21, 2017), 10 MW Voie des Monts (July 10, 2017) and 24 MW Mont de Bagny (August 1, 2017) wind farms; in Canada, the 10 MW Port Ryerse wind farm in Ontario (December 9, 2016), 4 MW Oldman wind farm in Alberta (December 15, 2016) and 230 MW NRWF in Ontario (January 18, 2017).

Revenues from energy sales

For the nine-month period ended September 30, 2017, revenues from energy sales grew $60 million or 27% to $285 million, compared with the same period of 2016. As shown in the table on the previous page, revenue growth was fuelled by an additional $61 million in revenues resulting in large part from the NRWF acquisition ($55 million) early in 2017 and the commissioning of other wind farms. To a lesser extent, selling prices and miscellaneous items had favourable effects of about $2 million and $1 million, respectively.

Together, these factors largely offset the $4 million negative impact resulting primarily from the Canadian dollar's rise in value against the euro and to a lesser extent against the U.S. dollar.

In all, Boralex produced 2,258 GWh of electricity in the first nine months of 2017 (excluding its share of the production of the Joint Ventures), up 22% from 1,845 GWh for the same period of 2016. Excluding contributions from newly acquired or commissioned power stations, production at existing power stations was relatively unchanged for the full first nine months of the year compared with last year. Favourable performance by the U.S. hydroelectric power stations in the second and third quarters, and favourable wind conditions at the French wind farms in the third quarter offset the decline in production at the French wind farms and Canadian hydroelectric power stations in the first half of the year.

EBITDA(A) and EBITDA(A) margin

For the first nine months of the fiscal year, consolidated EBITDA(A) totalled $183 million, up $40 million or 29% compared with the same period of 2016, while EBITDA(A) margin as a percentage of revenues was relatively unchanged at 64% compared with 63% in 2016.

EBITDA(A) growth was fuelled in large part by an additional $47 million in EBITDA(A) from expansion in the operating base since the beginning of 2016 and, to a lesser extent, by the favourable effect of selling prices of about $2 million.

Together, these increases largely offset the $3 million unfavourable foreign exchange effect and the $1 million decline in Boralex's share in the results of the Joint Ventures. The full first nine months of the year also saw $1 million in expenses to secure and halt work on the Moulins du Lohan project construction site subsequent to the temporary halt in work and the $4 million effect of miscellaneous items, including an increase in the operating and administrative payroll resulting from the Corporation's growth, development costs and professional fees.

Amortization

For the nine-month period ended September 30, 2017, amortization expense rose $38 million to $125 million, compared with the same period of 2016, $39 million of which resulted from the NRWF acquisition and wind farms commissioned, less a $1 million favourable foreign exchange effect.

Financing costs, foreign exchange gains and net losses on financial instruments

For the first nine months of 2017, financing costs rose $20 million to $77 million, compared with the same period of 2016. The increase resulted mainly from the new financing contracted and debt assumed by the Corporation, including in relation to the NRWF facility.

For the first nine months of 2017, Boralex recorded an insignificant foreign exchange gain compared with a $1 million foreign exchange gain a year earlier.

The Corporation also recognized an insignificant net loss on financial instruments, a considerable improvement on the $4 million net loss in the first nine months of 2016. *Net loss on financial instruments* for 2016 included amounts related to the change in fair value of certain financial instruments not designated for hedge accounting purposes and the ineffective portion of certain designated financial instruments. This loss is associated with unrealized amounts and does not reflect a cash outlay for the Corporation during that period. Although all of the financial instruments designated as hedges by Boralex are highly effective, they include a small ineffective portion.

Net loss

For the nine-month period ended September 30, 2017, Boralex recorded a net loss of $17 million compared with net earnings of $6 million for the corresponding period of 2016. The net loss attributable to shareholders of Boralex was $1 million or $0.02 per share (basic and diluted), compared with net earnings attributable to shareholders of Boralex of $4 million or $0.04 per share (basic and diluted) for the first nine months of 2016. The $16 million difference between the net loss for the first nine months of 2017 and the net loss attributable to shareholders of Boralex resulted from the losses absorbed by all non-controlling interests.

Review of operating segments

Wind

By far Boralex's primary business and main growth driver, the wind power segment's share of production volume, revenues and consolidated EBITDA(A) (excluding corporate and eliminations) amounted to 64%, 71% and 73%, respectively, for the third quarter of 2017, even without factoring in the significant contribution of the Joint Ventures. As in previous quarters and years, Boralex derived most of the growth in its operating results for the period from its wind power segment. This performance speaks to the soundness of Boralex's expansion strategy, the capacity of its team to effectively integrate and optimize newly acquired or commissioned assets and lastly, the benefits of the wind power segment's geographic diversification in France and in Canada.

The main differences in revenues from energy sales and EBITDA(A) are as follows:

	Three-month periods ended		Nine-month periods ended	
	Revenues from energy sales (in millions of $)	EBITDA(A) (in millions of $)	Revenues from energy sales (in millions of $)	EBITDA(A) (in millions of $)
SEPTEMBER 30, 2016	35	24	159	130
Power stations acquired/commissioned[1]	14	10	61	47
Pricing	—	—	1	1
Volume	3	3	(8)	(8)
Foreign exchange effect	—	—	(3)	(3)
Temporary halt – Moulins du Lohan	—	—	—	(1)
Share of the Joint Ventures	—	(2)	—	(1)
Other	—	1	(1)	—
Change	17	12	50	35
SEPTEMBER 30, 2017	52	36	209	165

(1) Addition of 308 MW in 2016 and 2017: In France, the 14 MW Touvent (August 1, 2016), 16 MW Plateau de Savernat I and II (December 23, 2016 and March 21, 2017), 10 MW Voie des Monts (July 10, 2017) and 24 MW Mont de Bagny (August 1, 2017) wind farms; in Canada, the 10 MW Port Ryerse wind farm in Ontario (December 9, 2016), 4 MW Oldman wind farm in Alberta (December 15, 2016) and 230 MW NRWF in Ontario (January 18, 2017).

Operating results for the three-month period

Production

For the three-month period ended September 30, 2017, the wind power segment increased production 44% to 385 GWh from 269 GWh a year earlier (excluding the contributions of the Joint Ventures). This growth resulted from contributions totalling 308 MW from the eight wind farms commissioned and acquired in Canada and in France in 2016 and since the beginning of 2017. Production at the existing power stations was up 9%, owing primarily to improved wind conditions in France, which offset the effect of less favourable wind conditions in Canada. Note that weather conditions are traditionally less favourable for the wind segment in the third quarter.

Broken down geographically, changes in production were as follows:

- France experienced better weather conditions than in the third quarter of 2016. As a result, production at existing wind farms was up 23%. Taking into account additional contributions totalling 64 MW from the Touvent, Plateau de Savernat I and II, Voie des Monts and Mont de Bagny wind farms, production was up 34%.
- In Canada, wind conditions were less favourable in the third quarter of 2017 than a year ago, which resulted in a 10% decline in production at existing wind farms (excluding the Joint Ventures). However, this decrease was largely offset by contributions totalling 244 MW from NRWF and the Port Ryerse and Oldman wind farms. Taking into account all Canadian wind farms, production was up 58% from the third quarter of 2016.

Revenues from energy sales

Wind power segment revenues totalled $52 million (excluding the contributions of the Joint Ventures) for the third quarter of 2017, up $17 million or 52% from the same period of 2016. As shown in the table on the previous page, this growth was driven by contributions totalling $14 million from eight new wind farms, and by a $3 million favourable volume effect owing to higher production at existing wind farms in France.

In the third quarter of 2017, broken down geographically, 49% of quarterly wind power segment revenues were generated in Canada (excluding the Joint Ventures) and 51% in France, compared with 42% and 58%, respectively, for the same period last year. This reversal stems primarily from the NRWF acquisition. Excluding the foreign exchange effect, revenues at the French wind farms were up 34%, whereas revenues at the Canadian wind power facilities increased 76%.

EBITDA(A)

During the third quarter of 2017, wind power segment EBITDA(A) grew $12 million or 48% to $36 million (excluding the contributions of the Joint Ventures). This growth was driven primarily by Boralex's expansion strategy, given that the new wind farms generated additional EBITDA(A) of $10 million.

Broken down geographically, EBITDA(A) at our French operations rose 72%, excluding the foreign exchange effect, while at Canadian facilities, it grew 32% (excluding the Joint Ventures).

Wind power segment EBITDA(A) margin stood at 68% for the third quarter of 2017, which was comparable to the 69% reported for the same quarter of 2016.

Operating results for the nine-month period

Production

For the nine-month period ended September 30, 2017, the wind power segment increased production 27% to 1,529 GWh from 1,206 GWh a year earlier (excluding the contributions of the Joint Ventures). This growth resulted from contributions totalling 308 MW from the wind farms commissioned and acquired in Canada and in France.

Production volume at existing wind farms was down 5% due in particular to the outstanding performance recorded in the first quarter of last year. In Canada, most existing wind farms outperformed last year's results in the first two quarters of fiscal 2017, while they experienced less favourable wind conditions in the third quarter. In France, unfavourable wind conditions prevailed during the first half of the year, more specifically in the first quarter. In general, the wind farms in both Europe and Canada maintained very high equipment availability rates.

The NRWF experienced a power limitation during the first and second quarters, which resulted in a $8 million shortfall overall for the first nine months of the fiscal year.

Broken down geographically, changes in production for the first nine months of 2017 were as follows:

- In France, production at existing wind farms was down 10%, owing to significantly weaker wind conditions than in 2016 in the first two quarters. Contributions totalling 64 MW from the newly commissioned Touvent, Plateau de Savernat I and II, Voie des Monts and Mont de Bagny wind farms reduced the decline in production to 4% compared with the corresponding period of 2016.
- In Canada, wind power segment production (excluding the Joint Ventures) rose 81%, owing primarily to the NRWF's contribution during 73 days of the first quarter and the full second and third quarters, together with the contributions of the Port Ryerse and Oldman wind farms, which when added to the NRWF, totalled 244 MW. Production at existing wind farms was up 2%; the favourable results in the first half of the year were partly offset by less favourable weather conditions in the third quarter.

Revenues from energy sales

Wind power segment revenues for the first nine months of 2017 totalled $209 million, up $50 million or 32% from the same period of 2016 (excluding the contribution of the Joint Ventures). This growth stemmed from the $61 million contribution from the newly acquired or commissioned wind farms, which largely offset the $8 million unfavourable volume effect, which was particularly attributable to the wind farms in France for the first half of the year and in Canada for the third quarter.

Broken down geographically, in the first nine months of 2017, 54 % of wind power segment revenues were generated in Canada (excluding the Joint Ventures) and 46% in France, compared with 36% and 64%, respectively, for the same period in 2016. This reversal stems primarily from the NRWF acquisition and, to a lesser extent, from less favourable weather conditions in France during the first half of 2017, coupled with an unfavourable foreign exchange effect. Excluding the foreign exchange effect, revenues at the French wind farms were down 4%, whereas in Canada, wind farm revenues more than doubled.

EBITDA(A)

Wind power segment EBITDA(A) for the first nine months of 2017 totalled $165 million, up $35 million or 27 % (excluding the contribution of the Joint Ventures). This growth was mainly driven by Boralex's expansion strategy, given that the new wind farms generated additional EBITDA(A) of $47 million, largely offsetting offset the $8 million unfavourable volume effect and $3 million unfavourable foreign exchange effect attributable to existing French wind farms.

Broken down geographically, EBITDA(A) at our French operations fell 4% in euros, while at Canadian operations, it grew 79% (excluding the Joint Ventures).

EBITDA(A) margin stood at 79 %, compared with 82 % for the first nine months of 2016.

Hydroelectric

Boralex's second-largest segment, the hydroelectric power segment, has always been a significant and reliable source of profits and cash flows for the Corporation, due to its long-established expertise in the production of this renewable energy and the quality of its assets. In the third quarter of 2017, due to favourable conditions in the United States, the segment reported substantial growth in production, revenues from energy sales and EBITDA(A).

The following table shows the main changes in revenues from energy sales and EBITDA(A):

	Three-month periods ended		Nine-month periods ended	
	Revenues from energy sales	EBITDA(A)	Revenues from energy sales	EBITDA(A)
	(in millions of $)	(in millions of $)	(in millions of $)	(in millions of $)
SEPTEMBER 30, 2016	12	8	44	32
Change in volume	3	3	7	7
SEPTEMBER 30, 2017	15	11	51	39

The following table shows recent and historical statistical data concerning hydroelectric power segment production:

	Three-month periods ended September 30				
	Actual			Change	
HYDROELECTRIC PRODUCTION (GWh)	**2017**	**2016**	Historical average[1]	vs. 2016	vs. historical average
Canada	86	86	80	**- 1%**	**+ 7%**
United States	80	44	62	**+ 80%**	**+ 28%**
	166	130	142	**+ 27%**	**+ 16%**

	Nine-month periods ended September 30				
	Actual			Change	
HYDROELECTRIC PRODUCTION (GWh)	**2017**	**2016**	Historical average[1]	vs. 2016	vs. historical average
Canada	223	241	221	**- 8%**	**+ 1%**
United States	346	251	287	**+ 38%**	**+ 21%**
	569	492	508	**+ 16%**	**+ 12%**

[1] Historical averages are calculated using all production data available for each power station up to the end of Boralex's previous fiscal year.

Operating results for the three-month period

Production

In the third quarter of 2017, hydroelectric segment production increased a substantial 27% to 166 GWh from 130 GWh a year earlier. This growth was driven by the favourable performance of the U.S. power stations, where production rose 80 % owing to better water flow conditions than the previous year, whereas production at the Canadian power stations was relatively unchanged.

Hydroelectric power segment production for the third quarter of 2017 was 16% or 24 GWh higher than the historical average of 142 GWh for any quarter.

Revenues from energy sales

For the quarter ended September 30, 2017, hydroelectric power segment revenues totalled $15 million, up $3 million or 21% compared with the same period a year earlier. This growth resulted mainly from the favourable performance at the U.S. power stations, which experienced better water flow conditions than in 2016. More specifically, revenues at the U.S. power stations were up 63%, largely offsetting the 2% decrease at the Canadian power stations.

EBITDA(A)

Accordingly, hydroelectric power segment EBITDA(A) rose 31% to $11 million in the third quarter of 2017 from $8 million for the same period of 2016. This increase was fuelled by same factors that favourably impacted revenues. EBITDA(A) at the U.S. power stations more than doubled while EBITDA(A) at the Canadian power stations was down 5%.

Hydroelectric power segment EBITDA(A) margin stood at 73% in the third quarter of 2017, compared with 67% for the same period of 2016.

Operating results for the nine-month period

Production

For the first nine months of 2017, hydroelectric power segment production expanded a substantial 16% to 569 GWh from 492 GWh a year earlier. This increase was driven primarily by the favourable performance of the U.S. power stations in the second and third quarters, as production during the first quarter held steady compared with a year earlier. Production at the U.S. power stations for the first nine months of the year was up 38% from the same period last year, offsetting an 8% production decline at the Canadian power stations.

Hydroelectric power segment production for the first nine months of 2017 was up 12% or 61 GWh from the historical average of 508 GWh.

Revenues from energy sales

For the nine-month period ended September 30, 2017, hydroelectric power segment revenues totalled $51 million, up $7 million or 16% compared with the same period a year earlier. This growth resulted from the favourable performance at the U.S. power stations, which experienced better water flow conditions than in 2016. More specifically, revenues at the U.S. power stations were up 35%, largely offsetting the 4% decrease at the Canadian power stations.

EBITDA(A)

Accordingly, for the first nine months of 2017, hydroelectric power segment EBITDA(A) rose 23% to $39 million from $32 million year over year. This increase was fuelled by same factors that favourably impacted revenues. EBITDA(A) at the U.S. power stations was up 52%, while EBITDA(A) at the Canadian power stations was down 5%.

Hydroelectric power segment EBITDA(A) margin stood at 76% for the first nine months of 2017, compared with 72% for the same period of 2016.

Thermal and solar

Management remains satisfied with the performance of its thermal and solar segments. For the quarter ended September 30, 2017, revenues from energy sales and EBITDA(A) remained stable for both segments. Both segments reported considerable growth in power production for the first nine months of 2017 compared with the same period last year, resulting in a slight improvement in revenues from energy sales compared with a year earlier. In the thermal power segment, profitability for the first nine months of the year improved substantially, driven by sound cost control.

Cash flows

Changes in cash flows between December 31, 2016 and September 30, 2017 mainly reflect the impact of the NRWF acquisition closed on January 18, 2017. The $231 million cash consideration required for this transaction was paid in part out of the $170 million, net of transaction costs, in proceeds from the insurance of subscription receipts that were set aside for this purpose as restricted cash in December 2016, and in part from the revolving credit facility which was increased by $100 million for the acquisition. Furthermore, during the three-month period ended September 30, 2017, Boralex invested $85 million in cash to pursue various other expansion and development projects. In total, $79 million in financing contracted during the past two fiscal years, together with $24 million in cash flows from operations, provided the Corporation with additional leverage to support its development strategy, maintain its solid financial position and pursue its dividend policy, with quarterly dividend payments of $0.15 per share paid on March 15, 2017, June 15, 2017 and September 18, 2017.

	Three-month periods ended September 30		Nine-month periods ended September 30	
(in millions of Canadian dollars)	2017	2016	2017	2016
Cash flows from operations[1]	24	13	127	100
Change in non-cash items related to operating activities	12	(1)	3	17
Net cash flows related to operating activities	36	12	130	117
Net cash flows related to investing activities	(85)	(163)	(294)	(170)
Net cash flows related to financing activities	31	80	158	28
Translation adjustment on cash and cash equivalents	(1)	2	—	(2)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(19)	(69)	(6)	(27)
CASH AND CASH EQUIVALENTS - END OF PERIOD	94	73	94	73

[1] See the *Non-IFRS Measures* section.

Analysis of cash flows for the three-month period ended September 30, 2017

Operating activities

For the three-month period ended September 30, 2017, Boralex reported $24 million in cash flows from operations compared with $13 million for the same period in 2016. Excluding non-cash items from the net loss for both periods, this increase resulted largely from $14 million in EBITDA(A) growth as discussed previously, combined with a $2 million decrease in income tax payments. The changes were partly offset by the $7 million increase in interest paid.

The change in non-cash items related to operating activities for the third quarter generated $12 million in cash, due primarily to a $36 million increase in *Trade and other payables* owing to the development and construction of production facilities, partly offset by a $22 million increase in *Trade and other receivables* arising essentially from deposits and taxes receivable following transactions related to new facilities.

Accordingly, operating activities generated net cash flows totalling $36 million in the third quarter of 2017 compared with $12 million for the same period a year earlier.

Investing activities

Investing activities used cash in the amount of $85 million in the third quarter of 2017 compared with $163 million for the same period a year earlier.

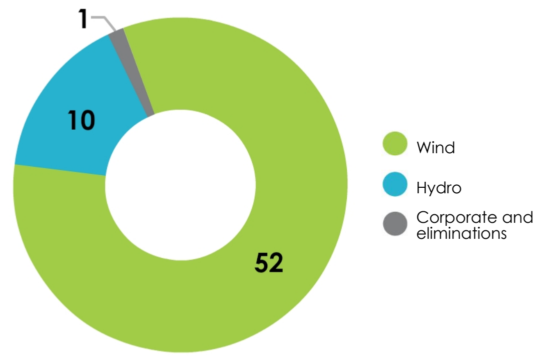
Boralex paid a contingent consideration of $4 million for the Sources de l'Ancre project and an adjustment of $1 million under the purchase agreement for NRWF both items reported as a business acquisition in the statement of cash flows as these projects were accounted for under the acquisition method.

In particular, Boralex paid out $19 million during the quarter as contingent considerations related to Ecotera projects. The amounts paid related mainly to the Chemin de Grès and Inter Deux Bos wind farms.

The Corporation also invested $63 million in additions to property, plant and equipment, including:

Segment breakdown of additions to property, plant and equipment

(in millions of Canadian dollars)



- $52 million in the wind power segment, net of the $9 million reimbursement received subsequent to the temporary halt in work on the Moulins du Lohan project; most of these outlays were for the construction of various wind farms under development in Europe and Canada;
- $10 million in the hydroelectric power segment, in large part to build the Yellow Falls power station in Ontario, Canada.

Financing activities

Financing activities for the third quarter of fiscal 2017 generated total net cash inflows of $31 million.

New financing arrangements and repayments on existing debt

During the third quarter of 2017, new non-current debt contracted by Boralex totalled $79 million (net of $2 million in financing costs), as follows:

- $24 million drawn down from Boralex's revolving credit facility;
- $52 million from financing in place for the Mont de Bagny, Artois and Voie des Monts wind farms in France, plus $1 million drawn down from the Chemin de Grès financing;
- $4 million to advance the development of the Yellow Falls hydroelectric power station.

Conversely, the Corporation repaid $37 million in existing debt related to various operating sites.

Dividends and other

During the third quarter of 2017, the Corporation paid dividends to shareholders totalling $11 million ($0.15 per share) compared with $9 million ($0.14 per share) in the third quarter of 2016. Note that the dividend was increased by 7.1% on December 8, 2016.

The Corporation also paid $1 million to non-controlling shareholders. Conversely, the Corporation received $2 million upon exercise of stock options.

Net change in cash and cash equivalents

Total cash movements for the past quarter resulted in a $19 million decrease in cash and cash equivalents to $94 million as at September 30, 2017, whereas cash and cash equivalents stood at $113 million as at June 30, 2017.

Analysis of cash flows for the nine-month period ended September 30, 2017

Operating activities

For the nine-month period ended September 30, 2017, cash flows from operations at Boralex totalled $127 million, compared with $100 million for the same period of 2016, up $27 million. Excluding non-cash items from net earnings (loss) for both periods, this increase resulted largely from $40 million in EBITDA(A) growth as discussed previously, partly offset by a $20 million increase in interest paid.

The change in non-cash items related to operating activities generated cash in the amount of $3 million for the first nine months of 2017 compared with $17 million a year earlier. The utilization of cash during the first nine months of 2017 stemmed primarily from the $5 million increase in *Trade and other payables* related to the development and construction of production facilities, partly offset by the $2 million increase in *Trade and other receivables* due to the seasonal nature of the Corporation's activities.

Accordingly, operating activities generated net cash flows totalling $130 million in the first nine months of 2017, compared with $117 million a year earlier.

Investing activities

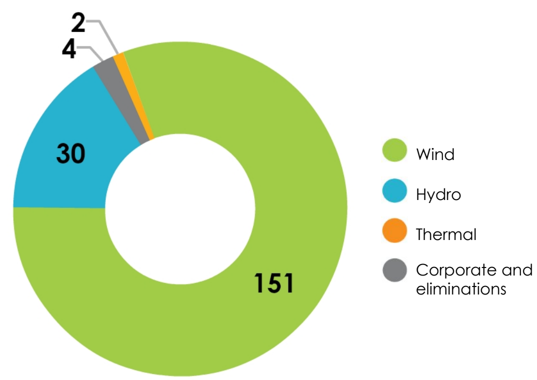
Investing activities for the first nine months of 2017 used $294 million in cash, compared with $170 million for the same period of 2016.

The key investment transaction was the January 18, 2017 acquisition of all of Enercon's economic interest in the 230 MW NRWF facility in Ontario, Canada. The transaction was entered into for a cash consideration, net of cash acquired, amounting to $231 million (subject to adjustments under the acquisition agreements). Furthermore, Boralex assumed $779 million in debt related to this asset.

Note that to fund a portion of the cash consideration for the transaction, Boralex completed an offering of subscription receipts amounting to $173 million on December 23, 2016, with the proceeds of $170 million, net of transaction costs, set aside as restricted cash in anticipation of the closing of the acquisition. This was used as planned on January 18, 2017.

Segment breakdown of additions to property, plant and equipment

(in millions of Canadian dollars)



In addition to this acquisition, Boralex paid $40 million as contingent considerations as discussed in the previous section, and also invested $187 million in additions to property, plant and equipment, including:

- $151 million in the wind power segment, substantially all of which was for construction of various wind farms in Europe and in Canada;
- $30 million in the hydroelectric power segment, in large part for construction of the Yellow Falls power station in Ontario, Canada, and the Buckingham power station in Québec, Canada.

Financing activities

Financing activities for the first nine months of fiscal 2017 generated total net cash inflows of $158 million.

New financing arrangements and repayments on existing debt

During the first nine months of 2017, new non-current debt contracted by Boralex totalled $325 million (net of $5 million in financing costs), as follows:

- $159 million drawn down from Boralex's revolving credit facility, mainly to finance the cash consideration required for the NRWF acquisition;
- $40 million for the Port Ryerse wind farm and NRWF in Canada (100% of these facilities were drawn down as at June 30, 2017);
- $27 million was drawn down in 2017 to advance the development of the Yellow Falls hydroelectric power station;
- $104 million from financing in place for the Plateau de Savernat I and II, Mont de Bagny, Artois, Voie des Monts, Touvent and Chemin de Grès wind farms in France.

Conversely, the Corporation repaid $127 million in existing debt related to various power stations in operation.

Refinancing of the revolving credit facility

On January 18, 2017, after announcing its acquisition of Enercon's interest in NRWF, Boralex obtained a $100 million increase in its revolving credit facility, resulting in an authorized amount of $460 million. This transaction, which allows the Corporation to maintain significant financial flexibility, reflects the strong and sustained growth recorded by the Corporation for a number of years, and demonstrates its credibility in capital markets.

Dividends

During the nine-month period ended September 30, 2017, the Corporation paid dividends to shareholders totalling $34 million ($0.15 per share and per quarter) compared with $27 million for the same period of 2016 (the equivalent of $0.13 per share in the first quarter and $0.14 per share in the second and third quarters).

Net change in cash and cash equivalents

Total cash movements for the first nine months of 2017 resulted in a $6 million decrease in cash and cash equivalents to $94 million as at September 30, 2017 from $100 million as at December 31, 2016.

Financial position

The long- and short-term changes in the various line items comprising Boralex's financial position between December 31, 2016 and September 30, 2017 resulted in large part from the NRWF acquisition on January 18, 2017.

The following table shows condensed information from the Consolidated Statements of Financial Position:

(in millions of Canadian dollars)	As at September 30, **2017**	As at September 30, **2017**		As at December 31, **2016**
		NRWF	**Excluding NRWF**	
ASSETS				
Cash and cash equivalents	94	3	91	100
Restricted cash	41	12	29	193
Other current assets	120	12	108	96
CURRENT ASSETS	255	27	228	389
Property, plant and equipment	2,579	779	1,800	1,668
Intangible assets	628	171	457	426
Goodwill	185	59	126	124
Interests in the Joint Ventures	18	—	18	22
Other non-current assets	109	38	71	73
NON-CURRENT ASSETS	3,519	1,047	2,472	2,313
TOTAL ASSETS	3,774	1,074	2,700	2,702
LIABILITIES				
CURRENT LIABILITIES	392	43	349	452
Non-current debt	2,345	785	1,560	1,439
Convertible debentures	137	—	137	135
Other non-current liabilities	211	48	163	162
NON-CURRENT LIABILITIES	2,693	833	1,860	1,736
TOTAL LIABILITIES	3,085	876	2,209	2,188
EQUITY				
TOTAL EQUITY	689	198	491	514
TOTAL LIABILITIES AND EQUITY	3,774	1,074	2,700	2,702

The majority of the following analyses exclude the addition of NRWF, as the changes resulted primarily from that event.

Assets

As at September 30, 2017, Boralex's total assets amounted to $3,774 million, or $2,700 million excluding NRWF, down $2 million from total assets as at December 31, 2016, as a result of the following:

- *Current assets* decreased $161 million owing in particular to use of the $170 million tranche of restricted cash earmarked for the NRWF acquisition, which closed on January 18, 2017.
- This decline was partly offset by an $12 million increase in *Other current assets*, more specifically in *Trade and other receivables*.
- Conversely, *Non-current assets* were up $159 million, owing primarily to:
  - A $132 million increase in property, plant and equipment (net of amortization for the period) due to construction projects, consisting primarily of Moulins du Lohan, Chemin de Grès, Plateau de Savernat I and II, Artois and Mont de Bagny in France, as well as Yellow Falls and Moose Lake in Canada.
  - A $31 million increase in the value of intangible assets resulting primarily from the increase in the value of the energy sales contracts, owing in particular to the $40 million payment as contingent considerations in connection with the Ecotera portfolio, such as for the Chemin de Grès, Inter Deux Bos and Basse Thiérache Nord wind farm projects.

Current liabilities

Current liabilities as at September 30, 2017 amounted to $392 million, or $349 million excluding NRWF, compared with $452 million as at December 31, 2016. The $103 million decrease resulted from the elimination, as a liability, of the gross proceeds of $173 million from the issuance of subscription receipts in December 2016 which were converted into capital stock on January 18, 2017. This item was partly offset by the increase in the current debt following the reclassification of $69 million of the Fortel-Bonnières and St-François debt as current as explained in the *Non-current debt* note to the financial statements for the quarter ended September 30, 2017.

Working capital

As at September 30, 2017, the Corporation's working capital position reflected a deficit of $137 million for a ratio of 0.65:1, including NRWF.

Note also that the working capital deficit resulted in part from the $43 million excess of *Other current financial liabilities* over *Other current financial assets* as at September 30, 2017 ($46 million as at December 31, 2016), consisting primarily of the fair value of financial instruments. Despite their short-term maturities, Boralex intends to request an extension for these financial instruments, as they continue to be effective for managing the interest rate risk of projects that are expected to be financed in the coming year. Note that following the December 23, 2016 closing of the subscription receipts offering, in addition to the $170 million net proceeds from the offering into restricted cash, an amount of $173 million was temporarily recognized as a current liability in anticipation of the closing of the NRWF acquisition as at December 31, 2016.

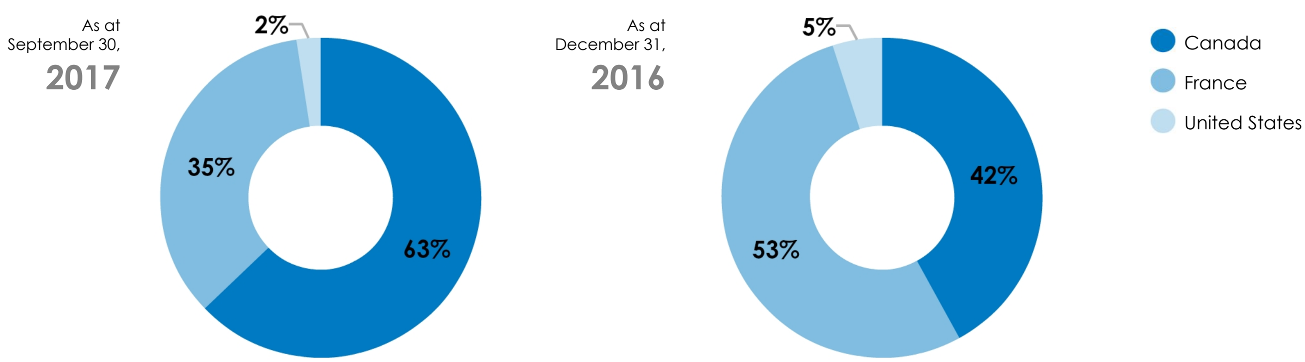
Excluding these last items, Boralex's working capital position reflected a deficit of $94 million for a ratio of 0.73:1 as at September 30, 2017, including NRWF.

Non-current liabilities

Total *Non-current liabilities* grew $124 million, owing to a $198 million increase in non-current debt (net of repayments for the period). This item was partly offset by the reclassification of $69 million of the Fortel-Bonnières and St-François debt as current as explained above.

As at September 30, 2017, Boralex had contracted but undrawn debt totalling $55 million and a total amount of $90 million also available under the letter of credit and revolving credit facilities.

Geographic breakdown of non-current liabilities



Equity

Total equity rose $175 million over the first nine months of 2017 to $689 million as at September 30, 2017. This increase resulted mainly from the January 18, 2017 conversion into capital stock of the $170 million in net proceeds (net of issuance costs and taxes) from the offering of subscription receipts, as well as from Six Nations' $28 million contribution to the NRWF project. It also takes into account the $17 million net loss and the $32 million gain related to other comprehensive income (loss) recognized during the first nine months of the fiscal year. Last, the Corporation declared dividends of $34 million for the first nine months of 2017.

Debt ratios

Net debt, as defined under *Non-IFRS Measures*, amounted to $2,441 million as at September 30, 2017 compared with $1,442 million as at December 31, 2016.

As a result, the net debt to market capitalization ratio, as defined under *Non-IFRS measures*, increased to 58% as at September 30, 2017 from 50% as at December 31, 2016.

Information about the Corporation's equity

As at September 30, 2017, Boralex's capital stock consisted of 76,113,735 Class A shares issued and outstanding (65,365,911 as at December 31, 2016) owing to the following share issues:

- 10,361,500 new shares issued in connection with the public offering conducted in January 2017 in parallel with the NRWF acquisition, as previously discussed;
- 385,814 shares issued on exercise of stock options held by the senior executives;
- 510 new shares were issued on conversion of debentures.

There were 830,539 outstanding stock options as at September 30, 2017, of which 652,913 were exercisable.

As at September 30, 2017, Boralex had 1,437,400 issued and outstanding convertible debentures (1,437,500 as at December 31, 2016).

From October 1, 2017 to November 9, 2017, no new shares were issued on exercise of stock options.

Related party transactions

The Corporation has entered into a management agreement with R.S.P. Énergie Inc., an entity in which Richard and Patrick Lemaire, directors of the Corporation, are two of three shareholders. For the nine-month period ended September 30, 2017, revenues from this agreement were immaterial.

The Corporation has an office lease contract with Ivanhoé Cambridge, an entity in which the Caisse de dépôt et placement du Québec holds an interest as well. No transactions were recorded as at September 30, 2017.

Transactions with the Joint Ventures

Joint Venture Phase I

For the nine-month period ended September 30, 2017, Joint Venture Phase I reported net earnings of $6 million ($9 million in 2016), with Boralex's share amounting to $3 million ($4 million in 2016). Amortization of the unrealized loss on financial instruments generated an expense of $2 million ($2 million in 2016). Accordingly, for the period, the Corporation's *Share in earnings of the Joint Venture Phase I* amounted to $1 million ($11 million in 2016). Note that in the third quarter of 2016, a $9 million excess of distributions received over the share in net earnings was recognized.

Joint Venture Phase II

For the nine-month period ended September 30, 2017, Joint Venture Phase II reported net earnings of $1 million ($1 million in 2016), with Boralex's share being approximately $1 million (approximately $1 million in 2016).

Interests in the Joint Ventures

In June 2011 and May 2013, Boralex and its equal partner in the development of the first two 272 MW and 68 MW phases of the Seigneurie de Beaupré Wind Farms in Québec, created the Joint Ventures in which each partner has a 50% interest. Under IFRS, the Corporation's investment in the Joint Ventures is reported under *Interests in the Joint Ventures* in the Consolidated statement of financial position and the Corporation's share in results of the Joint Ventures is accounted for using the equity method and reported separately under *Share in earnings (losses) of the Joint Ventures* in Boralex's Consolidated Statement of Earnings (Loss).

Given the strategic nature and scale of these assets and the significant results that these wind farms generate, Boralex's management has considered it relevant to include a section, *Proportionate consolidation*, in this MD&A. The results of the Joint Ventures are reported in that section as if there were proportionately consolidated instead of being accounted for using the equity method as required by IFRS. Under the proportionate consolidation method, which is no longer permitted under IFRS, *Interests in the Joint Ventures and Share in earnings (losses) of the Joint Ventures* are eliminated and replaced by Boralex's share (50%) in all items in the financial statements (revenues, expenses, assets and liabilities). This section, which relates solely to the consolidated financial statements and the wind power segment, is added to make it easier for investors to understand the concrete impacts of strategic and operating decisions made by the Corporation. However, wind power segment operating results analysis for the three and nine-month periods under the proportionate consolidation method is not included in this section, as the differences identified are explained by the same items as those reported in the IFRS section.

The July 2014 acquisition of 50% of the shares held by a Danish developer in an entity also represents an interest in a joint venture. Currently, the project is under development and is reported in the Consolidated statement of financial position in *Interests in the Joint Ventures* under IFRS and in *Other non-current assets* under proportionate consolidation. In the event this project is completed, it will be included in the proportionate consolidation section if the holding percentage stays the same.

These amounts are clearly identified as "proportionate consolidation" and are reconciled in the *Non-IFRS Measures* and *Reconciliations between IFRS and Proportionate consolidation* sections. These financial statements have not been reviewed by the independent auditor.

Financial highlights

(in millions of Canadian dollars, unless otherwise specified)	Three-month periods ended September 30 2017	Three-month periods ended September 30 2016	Nine-month periods ended September 30 2017	Nine-month periods ended September 30 2016
POWER PRODUCTION (GWh)				
Wind power stations	486	383	1,903	1,584
Hydroelectric power stations	166	130	569	492
Thermal power stations	47	52	141	129
Solar power stations	7	7	19	18
	706	572	2,632	2,223
REVENUES FROM ENERGY SALES				
Wind power stations	63	47	249	199
Hydroelectric power stations	15	12	51	44
Thermal power stations	5	5	21	17
Solar power stations	2	2	4	5
	85	66	325	265
EBITDA(A)				
Wind power stations	46	34	195	159
Hydroelectric power stations	11	8	39	32
Thermal power stations	1	1	6	4
Solar power stations	1	1	4	3
	59	44	244	198
Corporate and eliminations	(9)	(9)	(29)	(25)
	50	35	215	173
NET LOSS	(26)	(16)	(17)	—
NET LOSS ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(16)	(17)	(1)	(3)
NET LOSS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.22)	($0.26)	($0.02)	($0.05)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	32	10	137	125
CASH FLOWS FROM OPERATIONS	17	9	131	107
DIVIDENDS PAID ON COMMON SHARES	11	9	34	27
DIVIDENDS PAID PER COMMON SHARE	$0.15	$0.14	$0.45	$0.41
Weighted average number of shares outstanding (basic)	75,991,810	65,263,335	75,304,634	65,165,825

Statement of financial position data

(in millions of Canadian dollars, unless otherwise specified)	As at September 30, 2017	As at December 31, 2016
Total cash, including restricted cash	143	302
Property, plant and equipment	2,947	2,053
Total assets	4,141	3,084
Subscription receipts	—	173
Debt, including non-current debt and current portion of debt	2,867	1,865
Liability component of convertible debentures	137	135
Total liabilities	3,452	2,570
Total equity	689	514
Net debt to market capitalization ratio[1] (%)	61	56

[1] See the *Non-IFRS measures* section.

Analysis of operating results for the three-month period ended September 30, 2017

Consolidated

For the third quarter ended September 30, 2017, the differences in the financial results calculated based on proportionately consolidating the results of the Joint Ventures compared with the IFRS equity method relate mainly to Boralex's production volume, revenues, EBITDA(A) and cash flows from operations. They had no impact on net earnings or earnings per share.

The following table shows the major changes in revenues from energy sales and EBITDA(A) for the three-month period ended September 30, 2017 :

	Revenues from energy sales	EBITDA(A)
	(in millions of $)	(in millions of $)
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2016	66	35
Power stations acquired/commissioned[1]	15	10
Volume	4	4
Other	—	1
Change	19	15
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017	85	50

[1] Addition of 308 MW in 2016 and 2017: In France, the 14 MW Touvent (August 1, 2016), 16 MW Plateau de Savernat I and II (December 23, 2016 and March 21, 2017), 10 MW Voie des Monts (July 10, 2017) and 24 MW Mont de Bagny (August 1, 2017) wind farms; in Canada, the 10 MW Port Ryerse wind farm in Ontario (December 9, 2016), 4 MW Oldman wind farm in Alberta (December 15, 2016) and 230 MW NRWF in Ontario (January 18, 2017).

Operating results for the three-month period

Production

In the third quarter of 2017, production by Joint Ventures Phases I and II was down from the same quarter of 2016 owing to less favourable wind conditions, in spite of excellent equipment availability rates. For the three-month period ended September 30, 2017 Boralex's 50% share in the production of the Joint Ventures totalled 101 GWh compared with 114 GWh a year earlier.

Proportionately consolidating the production of the Joint Ventures for the third quarter of 2017 added 17% compared with Boralex's total quarterly production reported under IFRS.

Revenues from energy sales

As shown in the above table, Boralex's revenues were up 29% to $85 million under proportionate consolidation (up 38% under IFRS) from the third quarter of 2016. As discussed in the main section of this MD&A, the increase in Boralex's consolidated revenues in the third quarter compared with the same period of the previous year was driven mainly by the addition of another 308 MW to Boralex's operating asset base, as well as better performance at the hydroelectric power stations in the U.S. and existing wind farms in France. These items largely offset the decline in production at the existing wind farms in Canada.

Boralex's share in the revenues of the Joint Ventures amounted to $11 million for the third quarter of 2017 compared with $12 million for the same period of 2016. Proportionately consolidating revenues from the Joint Ventures for the third quarter of 2017 represented an additional 15% contribution compared with consolidated revenues reported under IFRS.

EBITDA(A)

	Three-month periods ended September 30	
(in millions of Canadian dollars)	2017	2016
EBITDA(A) (IFRS)	39	25
Share in loss of the Joint Ventures Phases I and II	2	—
EBITDA(A) of the Joint Ventures Phases I and II	9	10
EBITDA(A) (proportionate consolidation)	50	35

In the third quarter of 2017, Boralex's share in EBITDA(A) of the Joint Ventures amounted to $9 million under proportionate consolidation compared with $10 million a year earlier.

Under proportionate consolidation, as shown in the first table in this section, Boralex's EBITDA(A) totalled $50 million, up $15 million or 43% (up 59% under IFRS) from the third quarter of 2016. Consolidated EBITDA(A) margin increased to 59% in 2017 from 53% in 2016 (compared with 53% in 2017 and 46% in 2016 under IFRS). Consistent with the key factors set out in the table and commented in detail under *Analysis of operating results for the three-month period ended September 30, 2017* in the IFRS section of this MD&A, the increase in EBITDA(A) was driven in large part by contributions from the newly acquired or commissioned assets and from better performance at the hydroelectric power stations in the U.S. and existing wind farms in France in the third quarter of 2017 compared with a year earlier.

Net loss

The proportionate consolidation of the results of the Joint Ventures had no effect on net loss and net loss per share. Accordingly, under both proportionate consolidation and IFRS, Boralex reported a net loss attributable to shareholders of $16 million or $0.22 per share (basic and diluted) for the three-month period ended September 30, 2017.

Analysis of operating results for the nine-month period ended September 30, 2017

Consolidated

For the first nine months of 2017, the major differences between results reported under proportionate consolidation and results reported under IFRS primarily relate to Boralex's production, revenues, EBITDA(A) and cash flows from operations.

The table below shows the major changes in revenues from energy sales and EBITDA(A) for the nine-month period ended September 30, 2017:

	Revenues from energy sales (in millions of $)	EBITDA(A) (in millions of $)
NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016	265	173
Power stations acquired/commissioned[1]	61	47
Pricing	2	2
Foreign exchange effect	(4)	(3)
Temporary halt – Moulins du Lohan	—	(1)
Other	1	(3)
Change	60	42
NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017	325	215

(1) Addition of 308 MW in 2016 and 2017: In France, the 14 MW Touvent (August 1, 2016), 16 MW Plateau de Savernat I and II (December 23, 2016 and March 21, 2017), 10 MW Voie des Monts (July 10, 2017) and 24 MW Mont de Bagny (August 1, 2017) wind farms; in Canada, the 10 MW Port Ryerse wind farm in Ontario (December 9, 2016), 4 MW Oldman wind farm in Alberta (December 15, 2016) and 230 MW NRWF in Ontario (January 18, 2017).

Operating results for the nine-month period

Production

During the nine-month period ended September 30, 2017, Boralex's share (50%) in the production of the Joint Ventures amounted to an additional 374 GWh, which was similar to the additional 378 GWh a year earlier.

For the first nine months of 2017, proportionately consolidating the production of the Joint Ventures added 17% compared with the wind segment production reported under IFRS.

Revenues from energy sales

Boralex's share in the revenues of the Joint Ventures amounted to $40 million for the first nine months of 2017, which was relatively unchanged from the same period of 2016. Revenues at both power stations were in line with Boralex's expectations.

As shown in the table above, Boralex's revenues for the first nine months of 2017 amounted to $325 million under proportionate consolidation, up $60 million or 23% (up 27% under IFRS) from the same period a year earlier. This growth was driven primarily from contributions of the newly acquired or commissioned assets, a favourable difference in pricing compared with the same period of 2016 and miscellaneous items. These items largely offset the unfavourable foreign exchange effect.

Proportionately consolidating revenues from the Joint Ventures for the first nine months of 2017 contributed an additional 14% to revenues reported under IFRS.

EBITDA(A)

(in millions of Canadian dollars)	Nine-month periods ended September 30 2017	2016
EBITDA(A) (IFRS)	183	143
Share in earnings of the Joint Ventures Phases I and II	(2)	(3)
EBITDA(A) of the Joint Ventures Phases I and II	34	33
EBITDA(A) (Proportionate consolidation)	215	173

For the first nine months of 2017, Boralex's share in EBITDA(A) of the Joint Ventures under proportionate consolidation rose 3% to $34 million from $33 million a year earlier, owing primarily to more favourable weather conditions.

For the first nine months of 2017, Boralex's EBITDA(A) under proportionate consolidation stood at $215 million, up 24% from the same period of 2016 (up 29% under IFRS).

EBITDA(A) margin for the nine-month periods ended September 30, 2016 and 2017 was 66% under proportionate consolidation (63% in 2016 and 64% in 2017 under IFRS).

As shown in the table at the beginning of this section and explained previously under *Analysis of operating results for the nine-month period ended September 30, 2017* in the IFRS section, EBITDA(A) growth was driven in large part by contributions from the newly acquired or commissioned assets a favourable pricing effect. These items largely offset the unfavourable impacts of the foreign exchange effect, expenses to secure and halt work on the Moulins du Lohan project construction site subsequent to the temporary halt in work and other miscellaneous items including increases in the payroll and administrative expenses resulting from the Corporation's growth and higher development costs.

Moreover, as shown in the above table, proportionate consolidation had a net favourable effect of $32 million or 17% on consolidated EBITDA(A) for the first nine months of 2017 compared with reporting under IFRS. Apart from the addition of EBITDA(A) from the Joint Ventures, this difference resulted from eliminating *Share in earnings of Joint Ventures Phases I and II*, which included costs not related to EBITDA(A) of the Joint Ventures.

Net loss

For the nine-month period ended September 30, 2017, proportionately consolidating the results of Joint Ventures had no effect on net loss and net loss per share (basic and diluted) compared with the results reported under IFRS. Accordingly, Boralex reported a net loss attributable to shareholders amounting to $1 million or $0.02 per share (basic and diluted) for the first nine months of 2017, compared with a net loss attributable to shareholders of $3 million or $0.05 per share (basic and diluted) a year earlier.

Cash flows

Three-month period

Under proportionate consolidation, cash generated by operating activities for the third quarter of 2017 was lower than under IFRS by a net total amount of $4 million, primarily as a result of reflecting EBITDA(A) from the Joint Ventures, net of distributions received from the Joint Ventures and payments related to financing costs.

Cash flows related to investing activities under proportionate consolidation showed no difference compared with IFRS.

In light of the foregoing, the change in cash and cash equivalents between June 30, 2017 and September 30, 2017 reflected a $24 million decline under proportionate consolidation compared with a $19 million decline under IFRS.

Nine-month period

Under proportionate consolidation, cash generated by operating activities for the first nine months of 2017 was higher than under IFRS by a net total amount of $7 million, primarily as a result of reflecting EBITDA(A) from the Joint Ventures, net of distributions received from the Joint Ventures and payments related to financing costs.

Cash flows related to investing activities under proportionate consolidation showed no difference compared with IFRS.

Net cash flows generated from financing activities were $8 million lower under proportionate consolidation than under IFRS, owing to current and non-current debt repayments made by the Joint Venture.

In light of the foregoing, the change in cash and cash equivalents between December 31, 2016 and September 30, 2017 reflected a $7 million decline under proportionate consolidation compared with a $6 million decline under IFRS.

Financial position as at September 30, 2017

The main changes in the statement of financial position owing to differences between proportionate consolidation and IFRS are as follows:

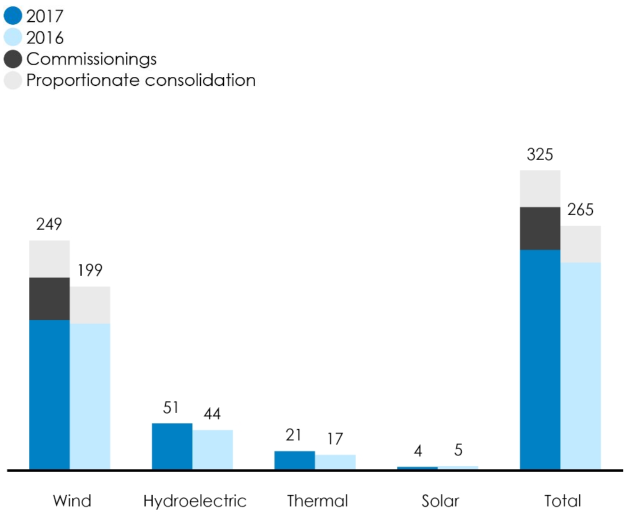
- A $13 million increase in total *Current assets*, including $8 million in *Cash and cash equivalents* and $4 million in *Trade and other receivables*;
- A $354 million increase in total *Non-current assets*, owing primarily to a $368 million increase in the total net value of *Property, plant and equipment*, partly offset by the elimination of *Interests in the Joint Ventures*, in the amount of $18 million;
- A $24 million increase in total *Current liabilities*, including a $15 million increase in the *Current portion of non-current debt* and a $9 million increase in *Trade and other payables*;
- A $343 million increase in total *Non-current liabilities*, consisting mainly of a $302 million increase in *Non-current debt*, a $26 million increase in *Other non-current liabilities* and the addition of $14 million under *Other non-current financial liabilities*.

Accordingly, *Cash and cash equivalents* and *Restricted cash* as at September 30, 2017 totalled $143 million under proportionate consolidation (compared with $135 million under IFRS).

Segment and geographic breakdown of results for the nine-month periods ended September 30, 2017 and 2016

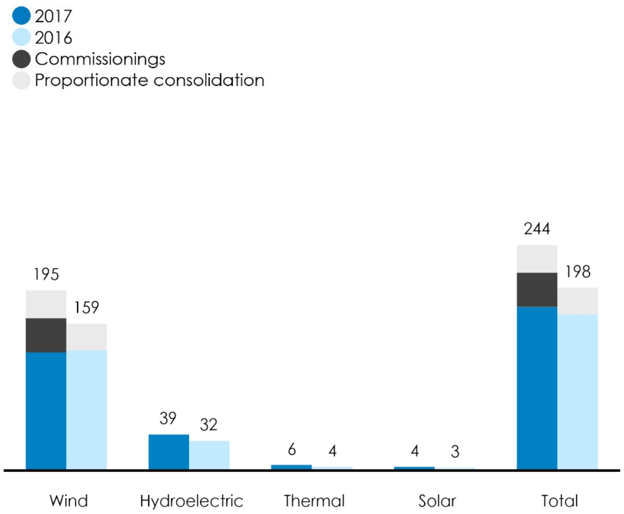
Segment breakdown

Revenues from energy sales



(in millions of Canadian dollars)

EBITDA(A)[1]



(in millions of Canadian dollars)
[1] Excluding corporate segment and eliminations

The following is a discussion of changes in segment breakdown of revenues and EBITDA(A) for the nine-month period ended September 30, 2017 compared with the same period of 2016 under proportionate consolidation (see the *Non-IFRS Measures* and *Reconciliations between IFRS and Proportionate Consolidation* sections).

Wind

For the first nine months of 2017, wind power segment revenues grew 25% from the same period of 2016 and represented 76% of consolidated revenues, compared with 75% a year earlier. This growth was driven primarily by the addition of 308 MW to the segment's installed capacity since 2016. However, the effect of this growth was offset by the decline in production at existing wind farms in France during the first and second quarters of 2017, and at the existing sites in Canada during the third quarter of 2017, due to less favourable wind conditions than in 2016.

Wind power segment EBITDA(A) for the first nine months of 2017 rose 22% compared with the same period of 2016, and represented 80% of consolidated EBITDA(A) (before the corporate segment and eliminations), or the same percentage as a year earlier. Not only does the wind power segment account for Boralex's most significant driver of EBITDA(A), but its EBITDA(A) margin is also higher than the average for Boralex's energy asset portfolio, at approximately 78% in 2017 (80% in 2016).

Boralex had forecast its wind power segment to grow significantly in 2017 given the acquisition, in January that year, of the 230 MW NRWF facility in Ontario, Canada, full-year contributions from the wind farms commissioned and acquired in 2016 representing 40 MW, and the commissioning of 91 MW in new assets throughout fiscal 2017.

Given the wind power projects under construction or ready-to-build in France and Canada to be commissioned in 2018 and 2019, representing an additional capacity of 209 MW, and the large pipeline of potential wind power projects at Boralex's disposal, the segment's dominant contribution to the Corporation's operating profitability is poised to grow in the coming quarters and years, strengthening its average profit margin.

Hydroelectric

Hydroelectric power segment revenues and EBITDA(A) rose 16% and 23%, respectively, compared with a year earlier owing to the favourable performance of the U.S. power stations in the second and third quarters of 2017. Given the growth in the wind power segment, the hydroelectric power segment's contribution to the Corporation's consolidated revenues eased to 16% in 2017 from 17 % in 2016, while its contribution to EBITDA(A) (before the corporate segment and eliminations) held steady at 16%. EBITDA(A) margin for this segment, as a percentage of revenues, grew to 76% for the first nine months of 2017 from 72% for the same period of 2016.

Thermal

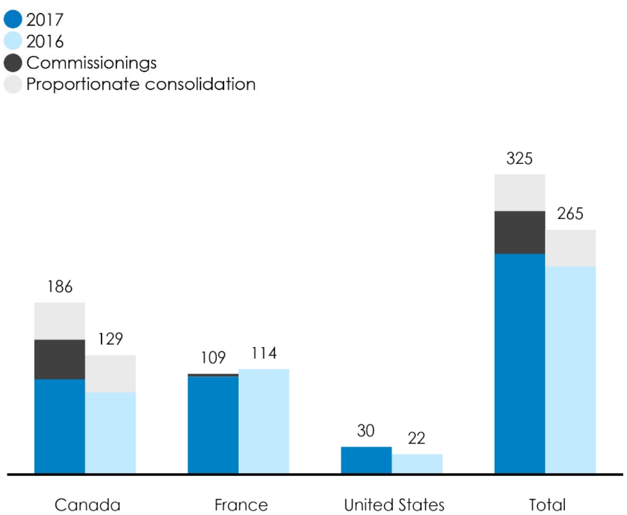
Thermal power segment revenues grew 17% in the first nine months of 2017, owing mainly to solid productivity at both power stations. The segment accounted for 7% of consolidated revenues in the first nine months of 2017, which is the same percentage as in 2016. Note also that thermal power segment EBITDA(A) rose 39%. Therefore, the segment's share of consolidated EBITDA(A) (before the corporate segment and eliminations) stood at 3% for the first nine months of 2017, compared with 2% a year earlier. Thermal segment EBITDA(A) margin rose to 29% in 2017 from 25% in 2016.

Solar

For the first nine months of 2017, the solar power segment generated EBITDA(A) of $4 million on revenues of $4 million, or results similar to those of a year earlier. The solar power segment for the time being accounts for only a marginal share of Boralex's energy portfolio.

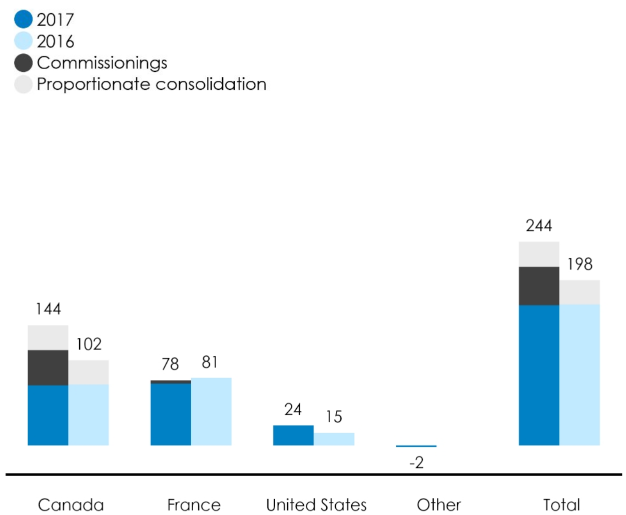
Geographic breakdown

Revenues from energy sales



(in millions of Canadian dollars)

EBITDA(A)[1]



(in millions of Canadian dollars)
[1] Excluding corporate segment and eliminations

Geographically, Boralex's revenues from energy sales for the nine-month period ended September 30, 2017, were broken down as follows:

- 58% in Canada compared with 49% for the same period of 2016;
- 33% in France, compared with 43% for the same period of 2016;
- 9% in the United States compared with 8% for the same period of 2016.

The increase in relative Canadian market share results primarily from the acquisition of the 230 MW NRWF, combined with the temporary decline in revenues from the wind forms in France owing to less favourable weather conditions than the previous year during the first two quarters.

Non-IFRS measures

In order to assess the performance of its assets and reporting segments, Boralex uses EBITDA(A), cash flows from operations, the ratio of net debt, discretionary cash flows and the payout ratio as performance measures under IFRS and proportionate consolidation. Management believes that these measures are widely accepted financial indicators used by investors to assess the operational performance of a company and its ability to generate cash through operations.

These non-IFRS measures are derived primarily from the audited consolidated financial statements, but do not have a standardized meaning under IFRS; accordingly, they may not be comparable to similarly named measures used by other companies.

This section also shows these measures under proportionate consolidation, where the results of the Joint Ventures Phases I and II are proportionately consolidated instead of being accounted for using the equity method as required by IFRS. Since the information that Boralex uses to perform internal analyses and make strategic and operating decisions is prepared on a proportionate consolidation basis, management has considered relevant to include these amounts to help investors understand the concrete impacts of decisions made by the Corporation. Tables reconciling IFRS data with data presented on a proportionate consolidation basis are included in section *V – Reconciliations between IFRS and proportionate consolidation*.

EBITDA(A)

EBITDA(A) represents earnings before interest, taxes, depreciation and amortization, adjusted to include other items. EBITDA (A) does not have a standardized meaning under IFRS; accordingly, it may not be comparable to similarly named measures used by other companies. Investors should not view EBITDA(A) as an alternative measure to, for example, net earnings, or as a measure of operating results, which are IFRS measures.

EBITDA and EBITDA(A) are reconciled to the most comparable IFRS measure, namely, net earnings, in the following table:

IFRS

	Three-month periods ended September 30		Nine-month periods ended September 30	
(in millions of Canadian dollars)	2017	2016	2017	2016
Net earnings (loss)	(26)	(10)	(17)	6
Income tax recovery	(7)	(4)	(1)	—
Financing costs	29	20	77	57
Amortization	43	29	125	87
EBITDA	39	35	184	150
Adjustments:				
Net loss on financial instruments	—	1	—	4
Foreign exchange gain	—	(2)	—	(1)
Other gains	—	—	(1)	(1)
Excess of distributions received over the share in net earnings from the Joint Ventures	—	(9)	—	(9)
EBITDA(A)	39	25	183	143

Proportionate consolidation

(in millions of Canadian dollars)	Three-month periods ended September 30 2017	Three-month periods ended September 30 2016	Nine-month periods ended September 30 2017	Nine-month periods ended September 30 2016
Net loss	(26)	(16)	(17)	—
Income tax recovery	(7)	(6)	(1)	(1)
Financing costs	35	25	93	71
Amortization	49	34	142	103
EBITDA	51	37	217	173
Adjustments:				
Net loss (gain) on financial instruments	(1)	1	—	3
Foreign exchange gain	—	(2)	—	(1)
Other gains	—	(1)	(2)	(2)
EBITDA(A)	50	35	215	173

Reconciliation between IFRS and proportionate consolidation

(in millions of Canadian dollars)	Three-month periods ended September 30 2017	Three-month periods ended September 30 2016	Nine-month periods ended September 30 2017	Nine-month periods ended September 30 2016
EBITDA(A) (IFRS)	39	25	183	143
Share in earnings (losses) of Joint Ventures Phases I and II	2	—	(2)	(3)
EBITDA(A) of the Joint Ventures Phases I and II	9	10	34	33
EBITDA(A) (proportionate consolidation)	50	35	215	173

Cash flows from operations

Cash flows from operations under IFRS and proportionate consolidation are equal to net cash flows related to operating activities before change in non-cash items. Management uses this measure to assess cash flows generated by the Corporation's operations and its capacity to finance its expansion through those funds. In light of the seasonal nature of the Corporation's operations and development activities, changes in non-cash items can vary considerably. In addition, development activities result in significant changes in *Trade and other payables* during the construction period, as well as an initial injection of working capital at project start-up. Accordingly, the Corporation considers it more representative not to integrate changes in non-cash items in this performance measure.

Investors should not consider cash flows from operations as an alternative measure to cash flows related to operating activities, which is an IFRS measure.

Cash flows from operations are reconciled to the most comparable IFRS measure, namely net cash flows related to operating activities, in the following table:

IFRS

(in millions of Canadian dollars)	Three-month periods ended September 30 2017	Three-month periods ended September 30 2016	Nine-month periods ended September 30 2017	Nine-month periods ended September 30 2016
Net cash flows related to operating activities	36	12	130	117
Change in non-cash items related to operating activities	12	(1)	3	17
CASH FLOWS FROM OPERATIONS	24	13	127	100

Proportionate consolidation

(in millions of Canadian dollars)	Three-month periods ended September 30 2017	Three-month periods ended September 30 2016	Nine-month periods ended September 30 2017	Nine-month periods ended September 30 2016
Net cash flows related to operating activities	32	10	137	125
Change in non-cash items related to operating activities	15	1	6	18
CASH FLOWS FROM OPERATIONS	17	9	131	107

Net debt ratio

The Corporation defines net debt as follows:

	IFRS		Proportionate consolidation	
(in millions of Canadian dollars)	As at September 30, 2017	As at December 31, 2016	As at September 30, 2017	As at December 31, 2016
Non-current debt	2,345	1,439	2,647	1,749
Current portion of debt	205	101	220	116
Borrowing costs, net of accumulated amortization	26	25	44	44
Less:				
Cash and cash equivalents	94	100	102	109
Restricted cash[1]	41	23	41	23
Net debt[2]	2,441	1,442	2,768	1,777

[1] Excluding restricted cash of $170 million related to subscription receipts, as at December 31, 2016.
[2] Excluding subscription receipts and related cash, as at December 31, 2016.

The Corporation defines total market capitalization as follows:

	IFRS		Proportionate consolidation	
(in millions of Canadian dollars, unless otherwise specified)	As at September 30, 2017	As at December 31, 2016	As at September 30, 2017	As at December 31, 2016
Number of outstanding shares (in thousands)	76,114	65,366	76,114	65,366
Share market price (in $ per share)	21.49	19.15	21.49	19.15
Market value of equity attributable to shareholders	1,636	1,252	1,636	1,252
Non-controlling shareholders	24	18	24	18
Net debt	2,441	1,442	2,768	1,777
Convertible debentures (nominal value)	144	144	144	144
Total market capitalization	4,245	2,856	4,572	3,191

The Corporation computes the net debt to market capitalization ratio as follows:

	IFRS		Proportionate consolidation	
(in millions of Canadian dollars)	As at September 30, 2017	As at December 31, 2016	As at September 30, 2017	As at December 31, 2016
Net debt	2,441	1,442	2,768	1,777
Total market capitalization	4,245	2,856	4,572	3,191
NET DEBT RATIO (market capitalization)	58%	50%	61%	56%

Discretionary cash flows and payout ratio

Discretionary cash flows

When evaluating its operating results, discretionary cash flows is a key performance indicator for the Corporation.

Discretionary cash flows represent the cash generated from the operations that management believes is representative of the amount that is available for future development or to be paid as dividends to common shareholders while preserving the long-term value of the business.

Payout ratio

The payout ratio represents the dividends paid to shareholders of Boralex divided by discretionary cash flows. Boralex believes it is a measure of its ability to sustain current dividends as well as its ability to fund its future development. For an accurate representation of current operations, this calculation will be adjusted to exclude non-recurring items.

For the 12-month period ended September 30, 2017, dividends paid to shareholders by the Corporation represented 121% of discretionary cash flows. The high 2017 ratio resulted mainly from lower production owing to less favourable wind conditions in France in the fourth quarter of 2016 as well as in the first and second quarters of 2017.

In the medium-term, Boralex expects to pay common share dividends on an annual basis representing a ratio of approximately 40% to 60% of its discretionary cash flows under proportionate consolidation.

The Corporation computes the discretionary cash flows and payout ratio as follows[(1)]:

	Twelve months ended	
(in millions of Canadian dollars, unless otherwise specified)	September 30, **2017**	December 31, **2016**
Cash flows from operations	168	144
Adjustment for non-recurring items[(2)]	3	6
Distributions paid to non-controlling shareholders	(10)	(7)
Additions to property, plant and equipment (maintenance of operations)	(9)	(9)
Repayments on non-current debt (projects)[(3)]	(130)	(105)
Development costs (from statement of earnings (loss))	14	13
Discretionary cash flows	**36**	**42**
Discretionary cash flows per share	$0.49	$0.64
Dividends paid to shareholders of Boralex	$43	$36
Dividend paid to shareholders of Boralex per share	$0.59	$0.55
Payout ratio	**121%**	**86%**

(1) Under proportionate consolidation.
(2) Adjustment of $3 million in income taxes paid (Q3-2016) and of $3 million in interest paid on government assistance in France (Q4-2016).
(3) Adjustment of the NRWF debt repayment prorated to the number of days held since the acquisition.

Financial instruments

Foreign exchange risk

The Corporation generates foreign currency liquidity through the operation of its power stations in France and the United States. First, the Corporation reduces this risk exposure, as revenues, expenses and financing are in the local currency. Accordingly, foreign exchange risk arises particularly from the residual liquidity that can be distributed to the parent company.

In France, given the above, the Corporation entered into foreign exchange forward contracts to hedge the exchange rate on a portion of the distributions it expects to repatriate from Europe up to 2025. Similar purchases will be made based on the growth in cash to be generated in France. In the second and third quarters of 2017, the Corporation also entered into cross-currency swaps. These derivatives cover the Corporation's net investment in France, as they allow financing issued in Canada for investment in France to be synthetically translated into euros. In addition to mitigating the risk related to foreign currency fluctuations, these instruments also allow Boralex to benefit in part from lower interest rates than prevailing in Europe. To measure the fair value of these instruments, the Corporation uses a technique that is a combination of the techniques used to measure interest rate swaps and foreign exchange forward contracts.

Management considers that the cash flows generated in the United States do not represent a significant risk at present. A hedging strategy could be developed in due course.

In connection with Canadian project development, certain future expenditures may be in foreign currencies. For example, certain equipment purchases in Canada are partly denominated in euros or U.S. dollars. Where applicable, the Corporation's objective is to protect its anticipated return on its investment by entering into hedging instruments to eliminate volatility in expected expenditures and, in turn, stabilize significant costs such as turbines.

Price risk

In Northeastern United States, a portion of the Corporation's power production is sold at market prices or under short-term contracts and is accordingly subject to fluctuations in energy prices. Energy prices vary according to supply, demand and certain external factors, including weather conditions, and the price from other sources of power. As a result, prices may fall too low for the power stations to yield an operating profit.

As at September 30, 2017, our power stations in France and Canada (except Oldman in Alberta, Canada), as well as our Hudson Falls and South Glens Falls facilities in the United States, had long-term energy sales contracts, the vast majority of which is subject to full or partial indexation clauses tied to inflation. Consequently, only 26 MW or 2% of Boralex's installed capacity is exposed to price risk at present.

Interest rate risk

Under IFRS, as at September 30, 2017, approximately 61% of non-current debt issued bore interest at variable rates, excluding the revolving credit facility and the bridge financing facility. A sharp increase in interest rates in the future could affect the liquid assets available for the Corporation's development projects. However, since the Corporation uses interest rate swaps and interest rate forward contracts, its actual exposure to interest rate fluctuations is limited to only 8% of total debt under IFRS and proportionate consolidation.

IFRS

As at September 30, 2017	Currency	Current notional (currency of origin)	Current notional (CAD)	Fair value (currency of origin)	Fair value (CAD)
Financial swaps – interest rates	EUR	293	432	(15)	(23)
Financial swaps – interest rates	CAD	898	898	(14)	(14)
Foreign exchange forward contracts	EUR vs. CAD	79	121	(3)	(3)
Cross-currency swap	EUR vs. CAD	28	41	—	—
					(40)

Proportionate consolidation

As at September 30, 2017	Currency	Current notional (currency of origin)	Current notional (CAD)	Fair value (currency of origin)	Fair value (CAD)
Financial swaps – interest rates	EUR	293	432	(15)	(23)
Financial swaps – interest rates	CAD	1,140	1,140	(27)	(27)
Foreign exchange forward contracts	EUR vs. CAD	79	121	(3)	(3)
Cross-currency swap	EUR vs. CAD	28	41	—	—
					(53)

The Corporation does not plan to trade these instruments, since they were entered into to reduce the Corporation's risk related to interest rate and exchange rate fluctuations, and to protect, to all extent possible, the anticipated return on its projects. As a result, the fact that fair value is unfavourable only indicates that forward interest rates or exchange rates have fallen and has no bearing on the effectiveness of the instrument as part of the Corporation's risk management strategy.

Commitments and contingencies

Canada – NRWF

As a result of the acquisition of the interest in **NRWF**, the Corporation must now take **NRWF** commitments into account:

(a) The wind farm is committed to selling 100% of its output under a long-term contract expiring in 2036. This contract provides for annual indexation based on the Consumer Price Index.

(b) The wind farm has entered into a wind turbine maintenance contract expiring in 2031.

(c) The wind farm leases land on which wind turbines are installed under leases expiring in 2036.

(d) The wind farm has entered into community and royalty agreements expiring in 2036.

As at September 30, 2017, the Corporation's net commitment under the maintenance contract, land leases and community and royalty agreements amounted to $263 million.

Canada – ISE

Following the acquisition of ISE on June 6, 2017, the Corporation must now take into account ISE's commitments including an agreement for the joint use of land and infrastructure as well as full access to the substation and connection to the grid. ISE is developing a solar project in Alberta, Canada for which it submitted a request for qualification for a 30 MW project. As at September 30, 2017, the Corporation's net commitment under this agreement amounted to $2 million.

Canada – Corporate

In connection with the move of the Montréal business offices, the Corporation entered into a lease contract for office premises during the quarter. The Corporation's net commitment under this contract amounted to $22 million as at September 30, 2017. The contract, entered into with Ivanhoé Cambridge, will eventually give rise to related party transactions as the Caisse de dépôt et placements du Québec holds an interest in this entity as well.

France – Chemin de Grès wind power project

In 2017, the Corporation entered into a turbine purchase and land lease contract for the **Chemin de Grès** wind power project. The Corporation's net commitment under this contract amounted to €11 million ($17 million) as at September 30, 2017.

France – Inter Deux Bos wind power project

In 2017, the Corporation entered into construction and land lease contracts for the **Inter Deux Bos** wind power project. The Corporation's net commitment under those contracts amounted to €7 million ($10 million) as at September 30, 2017.

France – Le Pelon wind power project

In 2017, the Corporation entered into construction and turbine purchase contracts for the **Le Pelon** wind power project. The Corporation's net commitment under those contracts amounted to €9 million ($13 million) as at September 30, 2017.

France – Côteaux du Blaiseron wind power project

In September 2017, the Corporation entered into a turbine purchase contract for the **Côteaux du Blaiseron** wind power project. The Corporation's net commitment under this contract amounted to €20 million ($29 million) as at September 30, 2017.

Contingencies

France – Moulins du Lohan wind power project

On September 16, 2016, the Corporation completed the acquisition of a portfolio of wind power projects of about 200 MW in France and Scotland, including the 51 MW **Moulins du Lohan** project in Brittany, France. The building permits had been obtained in 2014 from the Morbihan department administrative authorities ("the Administration") and construction had already begun before the acquisition by the Corporation.

Local residents had filed an interim application against the project on April 14, 2017 seeking to halt construction pending a decision of the courts regarding the cancellation of the permits issued by the *Préfet* of Morbihan. An interim order was received on May 11, 2017 requiring a temporary suspension of the building permits and an immediate halt in work. At that time, a significant portion of the foundations and roads had been completed.

In a decision issued on July 7, 2017, the Administrative Tribunal of Rennes cancelled the project's building permits based on its subjective risk assessment of landscape damage to the Lanouée forest where the project was going to be developed on land owned by the Corporation. The Tribunal did not find that the administrative authorities had made any errors in law. Project construction has been halted as result of these proceedings. Accordingly, as at September 30, 2017, the Corporation recorded an amount of $1 million under *Operating expenses* for costs incurred to secure and halt work on the site.

The Corporation considers that the decisions of the Administrative Tribunal of Rennes have no basis in fact or in law. The **Moulins du Lohan** wind power project had been green-lighted by the specialized departments of the French government and the Lanouée forest, where the **Moulins du Lohan** project is located on land belonging to the Corporation, is subject to commercial logging and is therefore not, in our opinion, a protected or exceptional territory.

Boralex appealed these decisions to the Administrative Court of Appeal of Nantes on September 11, 2017. This court will make a fresh assessment of the facts and all the evidence, which could lead to a decision contrary to that issued by the court of first instance. Administrative Court of Appeal of Nantes judgments are typically rendered in 12 to 18 months. The reasons cited by the Administrative Tribunal of Rennes that led to the cancellation of permits are not of a legal nature but rather subjective judgments. In accordance with legal advice, the Corporation is of the opinion that it is more likely than not that the outcome of the appeal of the decision will be favourable given the circumstances and legal precedents.

In the event the appeal is rejected, the Corporation could file an appeal in cassation to the Council of State. At this stage, the Council of State considers the grounds for the decision of the Administrative Court of Appeal but does not re-examine all the facts. Unless the decision contains a gross error, the chances of success at this stage are limited.

If all these procedures result in the permits being cancelled, the conclusion would be that the French government had committed an error in issuing the permits in the first place. Since the Corporation invested considerable amounts on the basis of valid permits declared invalid after the fact, Boralex would be automatically entitled to claim compensation for the prejudice suffered owing directly to a government error.

As at September 30, 2017, the costs incurred for this project amounted to €42 million ($63 million), consisting of €20 million ($30 million) in *Property, plant and equipment* and €22 million ($33 million) in *Intangible assets*, following the receipt of a €6 million ($9 million) reimbursement from the turbine supplier. This amount does not include certain contractual penalties related to the suspension of construction contracts and which are under negotiation. The Corporation is currently implementing mitigation measures for these impacts and considers that the net impact of these penalties would be insignificant.

After the Administrative Tribunal of Rennes ordered the cancellation of permits, the Corporation assessed the need for an impairment charge on the assets related to this project. In its impairment test, management made two significant assumptions, consisting of the discount rate and the commissioning date, which was deferred from 2018 to 2020. In the event of a material change in these assumptions, management may revise its impairment test. For example, a 0.25% rise in the discount rate, assuming that all other variables remain the same, would result in an impairment loss of approximately $2 million on assets. As described above, the French legal system is made up two totally independent levels of courts. In our opinion, success for us in the second level is more likely than not owing to the facts set out above and the legal opinions received. As a result, management considers that the assets are not impaired, based on the facts set out above. If the appeal is rejected and given the limited chances of success of an appeal in cassation, the Corporation could be required to write down these assets in accordance with IFRS.

The Corporation would like to point out that the decision issued by the Administrative Tribunal of Rennes did not find Boralex guilty of any wrongdoing, but concluded that the Administration had made an error of assessment by ignoring the impact on the landscape of the construction of a wind farm in the forest in question. Needless to say, the Administration in question argues that it had properly assessed the impact on the landscape and has filed its own appeal against the decisions. Boralex and the Administration intend to form a common front and coordinate their efforts at the Administrative Court of Appeal of Nantes.

Subsequent events

Canada – Buckingham hydroelectric power station

On October 17, 2017, the Corporation entered into a construction and turbine contract in connection with the project underway to increase the capacity of the **Buckingham** hydroelectric power station. The Corporation's net commitment under this contract amounts to $13 million.

France – Inter Deux Bos wind power project

In October 2017, the Corporation entered into construction and turbine purchase contracts for the **Inter Deux Bos** wind power project. The Corporation's net commitment under those contracts amounts to €26 million ($38 million).

France – Hauts de Comble wind power project

In October 2017, the Corporation entered into construction contracts for the **Hauts de Comble** wind power project. The Corporation’s net commitment under those contracts amounts to €1 million ($2 million).

United Kingdom – Creation of an energy partnership

On October 17, 2017, Boralex and UK-based Infinergy announced the signing of an equally owned partnership agreement aimed at developing a pipeline of onshore wind power projects with an estimated installed capacity of 325 MW. To complete the development phase of the projects, Boralex has committed to invest £6 million ($9 million) by the end of 2019. Notwithstanding the 50-50 partnership, Boralex is deemed to have control over the new entity pursuant to a preponderant vote on important decisions. As a result, the partnerships and its projects are considered as subsidiaries of Boralex.

In addition, for each project to be developed by the partnership, Infinergy holds a put option exercisable at the closing of financing and Boralex holds a call option exercisable at project commissioning. Since Infinergy can require Boralex to buy its interest, the investments it will make in the different projects could be considered to present characteristics of liabilities and, if applicable, they would be reported under other liabilities in Boralex’s statement of financial position and not under equity.

Last, under the agreements entered into between Boralex and Infinergy, the exercise price of the put and call options will be based on financial projections of the projects and discounted using predetermined rates.

Risk factors and uncertainties

Risk factors

Boralex has not observed any significant changes regarding the risks to which it is exposed, and which are discussed under *Risk Factors and Uncertainties* in Boralex's annual MD&A for the year ended December 31, 2016.

Main sources of uncertainty relating to management’s estimates and key judgments

The preparation of financial statements in compliance with IFRS requires management to make estimates and judgments that can materially affect the revenues, expenses, comprehensive income (loss), assets and liabilities, and the information reported in the consolidated financial statements. Management determines these estimates based on a number of factors, namely its experience, current events and measures the Corporation could subsequently take, as well as other assumptions it deems reasonable given the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results may differ. Underlying estimates and assumptions are periodically reviewed and the impact of any changes is recognized immediately.

Items in question are presented under *Risk Factors* and *Uncertainties* in Boralex's annual MD&A for the year ended December 31, 2016.

Accounting policies

Change in accounting policies

IAS 7, *Statement of cash flows*

On February 2, 2016, the IASB issued narrow-scope amendments to IAS 7, *Statement of cash flows*, to require entities to provide information on changes in their financing liabilities. These presentation amendments apply to fiscal years beginning on or after January 1, 2017, the date at which the Corporation adopted this new standard. These amendments will impact presentation at year-end only for the year ending December 31, 2017, as permitted under IAS 34.

Internal controls and procedures

In accordance with *Regulation 52-109 respecting certification of disclosure in issuers' annual and interim filings*, disclosure controls and procedures have been designed to provide reasonable assurance that the information that must be presented in Boralex's interim and annual reports is accumulated and communicated to management on a timely basis, including the Chief Executive Officer and the Chief Financial Officer, so that appropriate decisions can be made regarding disclosure. Internal control over financial reporting has also been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of Boralex's disclosure controls and procedures as at December 31, 2016, as well as the effectiveness of Boralex's internal control over financial reporting as at the same date, and have concluded that they are effective.

During the three-month period ended September 30, 2017, no changes were made to internal control over financial reporting or disclosure controls and procedures that have materially affected, or are reasonably likely to materially affect, internal controls and procedures.

Consolidated statements of financial position[1]

(in millions of Canadian dollars) (unaudited)	As at September 30, 2017	As at December 31, 2016
ASSETS		
Cash and cash equivalents	102	109
Restricted cash	41	193
Trade and other receivables	105	88
Other current financial assets	1	1
Other current assets	19	15
CURRENT ASSETS	268	406
Property, plant and equipment	2,947	2,053
Intangible assets	628	426
Goodwill	185	124
Deferred income tax asset	—	21
Other non-current financial assets	31	2
Other non-current assets	82	52
NON-CURRENT ASSETS	3,873	2,678
TOTAL ASSETS	4,141	3,084
LIABILITIES		
Trade and other payables	150	136
Current portion of debt	220	116
Subscription receipts	—	173
Current income tax liability	2	—
Other current financial liabilities	44	47
CURRENT LIABILITIES	416	472
Non-current debt	2,647	1,749
Convertible debentures	137	135
Deferred income tax liability	109	70
Decommissioning liability	50	36
Other non-current financial liabilities	41	53
Other non-current liabilities	52	55
NON-CURRENT LIABILITIES	3,036	2,098
TOTAL LIABILITIES	3,452	2,570
EQUITY		
Equity attributable to shareholders	665	496
Non-controlling shareholders	24	18
TOTAL EQUITY	689	514
TOTAL LIABILITIES AND EQUITY	4,141	3,084

(1) These financial statements have not been reviewed by the independent auditor.

Consolidated statements of loss[1]

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended September 30 2017	Three-month periods ended September 30 2016	Nine-month periods ended September 30 2017	Nine-month periods ended September 30 2016
REVENUES				
Revenues from energy sales	85	66	325	265
Other income	1	1	3	1
	86	67	328	266
COSTS AND OTHER EXPENSES				
Operating	27	23	85	70
Administrative	5	4	17	13
Development	4	5	11	10
Amortization	49	34	142	103
Other gains	—	(1)	(2)	(2)
	85	65	253	194
OPERATING INCOME	1	2	75	72
Financing costs	35	25	93	71
Foreign exchange gain	—	(2)	—	(1)
Net loss (gain) on financial instruments	(1)	1	—	3
LOSS BEFORE INCOME TAXES	(33)	(22)	(18)	(1)
Income tax recovery	(7)	(6)	(1)	(1)
NET LOSS	(26)	(16)	(17)	—
NET EARNINGS (LOSS) ATTRIBUTABLE TO:				
Shareholders of Boralex	(16)	(17)	(1)	(3)
Non-controlling shareholders	(10)	1	(16)	3
NET LOSS	(26)	(16)	(17)	—
NET LOSS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.22)	($0.26)	($0.02)	($0.05)

[1] These financial statements have not been reviewed by the independent auditor.

Consolidated statements of cash flows[1]

	Three-month periods ended September 30		Nine-month periods ended September 30	
(in millions of Canadian dollars) (unaudited)	2017	2016	2017	2016
Net loss	(26)	(16)	(17)	—
Financing costs	35	25	93	71
Interest paid	(31)	(24)	(83)	(63)
Income tax recovery	(7)	(6)	(1)	(1)
Income taxes paid	(2)	(4)	(3)	(6)
Non-cash items in earnings (loss):				
Net loss (gain) on financial instruments	(1)	1	—	3
Amortization	49	34	142	103
Other	—	(1)	—	—
Change in non-cash items related to operating activities	15	1	6	18
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	32	10	137	125
Business acquisition, net of cash acquired	(5)	—	(235)	—
Additions to property, plant and equipment	(63)	(122)	(187)	(170)
Acquisition of energy sales contracts	(19)	(33)	(40)	(33)
Change in restricted cash	1	(8)	169	(6)
Other	1	(1)	(1)	(3)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(85)	(164)	(294)	(212)
Net increase in non-current debt	79	124	325	226
Repayments on current and non-current debt	(38)	(35)	(135)	(135)
Distributions paid to non-controlling shareholders	(1)	(1)	(5)	(2)
Dividends paid to shareholders of Boralex	(11)	(9)	(34)	(27)
Transaction costs related to share issuance	—	—	(4)	—
Exercise of options	2	—	4	3
Redemption of financial instruments prior to maturity	—	—	—	(4)
Other	(1)	—	(1)	—
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	30	79	150	61
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	(1)	1	—	(2)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(24)	(74)	(7)	(28)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	126	154	109	108
CASH AND CASH EQUIVALENTS - END OF PERIOD	102	80	102	80

(1) These financial statements have not been reviewed by the independent auditor.

Information by operating segment[1]

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended September 30 2017	2016	Nine-month periods ended September 30 2017	2016
POWER PRODUCTION (GWh)				
Wind power stations	486	383	1,903	1,584
Hydroelectric power stations	166	130	569	492
Thermal power stations	47	52	141	129
Solar power stations	7	7	19	18
	706	572	2,632	2,223
REVENUES FROM ENERGY SALES				
Wind power stations	63	47	249	199
Hydroelectric power stations	15	12	51	44
Thermal power stations	5	5	21	17
Solar power stations	2	2	4	5
	85	66	325	265
EBITDA(A)				
Wind power stations	46	34	195	159
Hydroelectric power stations	11	8	39	32
Thermal power stations	1	1	6	4
Solar power stations	1	1	4	3
	59	44	244	198
Corporate and eliminations	(9)	(9)	(29)	(25)
	50	35	215	173

(1) These financial statements have not been reviewed by the independent auditor.

Information by geographic segment[1]

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended September 30 2017	2016	Nine-month periods ended September 30 2017	2016
POWER PRODUCTION (GWh)				
Canada	410	364	1,504	1,165
France	216	163	781	808
United States	80	45	347	250
	706	572	2,632	2,223
REVENUES FROM ENERGY SALES				
Canada	47	38	186	129
France	31	24	109	114
United States	7	4	30	22
	85	66	325	265
EBITDA(A)				
Canada	28	24	130	88
France	18	9	63	69
United States	5	2	24	16
Other[2]	(1)	—	(2)	—
	50	35	215	173

(1) These financial statements have not been reviewed by the independent auditor.
(2) Scotland and Denmark.

Consolidated statements of financial position

(in millions of Canadian dollars) (unaudited)	As at September 30, 2017 IFRS	Adjustments Joint Ventures	Proportionate consolidation
ASSETS			
Cash and cash equivalents	94	8	102
Restricted cash	41	—	41
Trade and other receivables	101	4	105
Other current financial assets	1	—	1
Other current assets	18	1	19
CURRENT ASSETS	255	13	268
Property, plant and equipment	2,579	368	2,947
Intangible assets	628	—	628
Goodwill	185	—	185
Interests in the Joint Ventures	18	(18)	—
Other non-current financial assets	30	1	31
Other non-current assets	79	3	82
NON-CURRENT ASSETS	3,519	354	3,873
TOTAL ASSETS	3,774	367	4,141
LIABILITIES			
Trade and other payables	141	9	150
Current portion of debt	205	15	220
Current income tax liability	2	—	2
Other current financial liabilities	44	—	44
CURRENT LIABILITIES	392	24	416
Non-current debt	2,345	302	2,647
Convertible debentures	137	—	137
Deferred income tax liability	109	—	109
Decommissioning liability	49	1	50
Other non-current financial liabilities	27	14	41
Other non-current liabilities	26	26	52
NON-CURRENT LIABILITIES	2,693	343	3,036
TOTAL LIABILITIES	3,085	367	3,452
EQUITY			
Equity attributable to shareholders	665	—	665
Non-controlling shareholders	24	—	24
TOTAL EQUITY	689	—	689
TOTAL LIABILITIES AND EQUITY	3,774	367	4,141

Consolidated statements of financial position

	As at December 31,		
	2016		
(in millions of Canadian dollars) (unaudited)	IFRS	Adjustments Joint Ventures	Proportionate consolidation
ASSETS			
Cash and cash equivalents	100	9	109
Restricted cash	193	—	193
Trade and other receivables	81	7	88
Other current financial assets	1	—	1
Other current assets	14	1	15
CURRENT ASSETS	389	17	406
Property, plant and equipment	1,668	385	2,053
Intangible assets	426	—	426
Goodwill	124	—	124
Interests in the Joint Ventures	22	(22)	—
Deferred income tax asset	21	—	21
Other non-current financial assets	2	—	2
Other non-current assets	50	2	52
NON-CURRENT ASSETS	2,313	365	2,678
TOTAL ASSETS	2,702	382	3,084
LIABILITIES			
Trade and other payables	131	5	136
Current portion of debt	101	15	116
Subscription receipts	173	—	173
Other current financial liabilities	47	—	47
CURRENT LIABILITIES	452	20	472
Non-current debt	1,439	310	1,749
Convertible debentures	135	—	135
Deferred income tax liability	70	—	70
Decommissioning liability	34	2	36
Other non-current financial liabilities	31	22	53
Other non-current liabilities	27	28	55
NON-CURRENT LIABILITIES	1,736	362	2,098
TOTAL LIABILITIES	2,188	382	2,570
EQUITY			
Equity attributable to shareholders	496	—	496
Non-controlling shareholders	18	—	18
TOTAL EQUITY	514	—	514
TOTAL LIABILITIES AND EQUITY	2,702	382	3,084

Consolidated statements of loss

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month period ended September 30 2017 IFRS	Adjustments Joint Ventures	Proportionate consolidation
REVENUES			
Revenues from energy sales	74	11	85
Other income	1	—	1
	75	11	86
COSTS AND OTHER EXPENSES			
Operating	25	2	27
Administrative	5	—	5
Development	4	—	4
Amortization	43	6	49
	77	8	85
OPERATING INCOME	(2)	3	1
Financing costs	29	6	35
Net gain on financial instruments	—	(1)	(1)
Share in losses of the Joint Ventures	(2)	2	—
LOSS BEFORE INCOME TAXES	(33)	—	(33)
Income tax recovery	(7)	—	(7)
NET LOSS	(26)	—	(26)
NET LOSS ATTRIBUTABLE TO:			
Shareholders of Boralex	(16)	—	(16)
Non-controlling shareholders	(10)	—	(10)
NET LOSS	(26)	—	(26)
NET LOSS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.22)	—	($0.22)

Consolidated statements of loss

	Three-month period ended September 30		
	2016		
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	**IFRS**	**Adjustments Joint Ventures**	**Proportionate consolidation**
REVENUES			
Revenues from energy sales	54	12	66
Other income	1	—	1
	55	12	67
COSTS AND OTHER EXPENSES			
Operating	20	3	23
Administrative	4	—	4
Development	5	—	5
Amortization	29	5	34
Other gains	—	(1)	(1)
	58	7	65
OPERATING INCOME	(3)	5	2
Financing costs	20	5	25
Foreign exchange gain	(2)	—	(2)
Net loss on financial instruments	1	—	1
Share in earnings of the Joint Ventures	8	(8)	—
LOSS BEFORE INCOME TAXES	(14)	(8)	(22)
Income tax recovery	(4)	(2)	(6)
NET LOSS	(10)	(6)	(16)
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex	(10)	(7)	(17)
Non-controlling shareholders	—	1	1
NET LOSS	(10)	(6)	(16)
NET LOSS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.16)	($0.10)	($0.26)

Consolidated statements of loss

	Nine-month period ended September 30		
	2017		
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	**IFRS**	**Adjustments Joint Ventures**	**Proportionate consolidation**
REVENUES			
Revenues from energy sales	285	40	325
Other income	3	—	3
	288	40	328
COSTS AND OTHER EXPENSES			
Operating	79	6	85
Administrative	17	—	17
Development	11	—	11
Amortization	125	17	142
Other gains	(1)	(1)	(2)
	231	22	253
OPERATING INCOME	57	18	75
Financing costs	77	16	93
Share in earnings of the Joint Ventures	2	(2)	—
LOSS BEFORE INCOME TAXES	(18)	—	(18)
Income tax recovery	(1)	—	(1)
NET LOSS	(17)	—	(17)
NET LOSS ATTRIBUTABLE TO:			
Shareholders of Boralex	(1)	—	(1)
Non-controlling shareholders	(16)	—	(16)
NET LOSS	(17)	—	(17)
NET LOSS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.02)	—	($0.02)

Consolidated statements of earnings

	Nine-month period ended September 30		
	2016		
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	**IFRS**	**Adjustments Joint Ventures**	**Proportionate consolidation**
REVENUES			
Revenues from energy sales	225	40	265
Other income	1	—	1
	226	40	266
COSTS AND OTHER EXPENSES			
Operating	63	7	70
Administrative	13	—	13
Development	10	—	10
Amortization	87	16	103
Other gains	(1)	(1)	(2)
	172	22	194
OPERATING INCOME	54	18	72
Financing costs	57	14	71
Foreign exchange gain	(1)	—	(1)
Net loss on financial instruments	4	(1)	3
Share in earnings of the Joint Ventures	12	(12)	—
EARNINGS BEFORE INCOME TAXES	6	(7)	(1)
Income tax recovery	—	(1)	(1)
NET EARNINGS	6	(6)	—
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex	4	(7)	(3)
Non-controlling shareholders	2	1	3
NET EARNINGS	6	(6)	—
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.04	($0.09)	($0.05)

Consolidated statements of cash flows

	Three-month period ended September 30		
	2017		
(in millions of Canadian dollars) (unaudited)	IFRS	Adjustments Joint Ventures	Proportionate consolidation
Net loss	(26)	—	(26)
Distributions received from the Joint Ventures	11	(11)	—
Financing costs	29	6	35
Interest paid	(27)	(4)	(31)
Income tax recovery	(7)	—	(7)
Income taxes paid	(2)	—	(2)
Non-cash items in loss:			
Net gain on financial instruments	—	(1)	(1)
Share in losses of the Joint Ventures	2	(2)	—
Amortization	43	6	49
Other	1	(1)	—
Change in non-cash items related to operating activities	12	3	15
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	36	(4)	32
Business acquisition, net of cash acquired	(5)	—	(5)
Additions to property, plant and equipment	(63)	—	(63)
Acquisition of energy sales contracts	(19)	—	(19)
Change in restricted cash	1	—	1
Other	1	—	1
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(85)	—	(85)
Net increase in non-current debt	79	—	79
Repayments on current and non-current debt	(37)	(1)	(38)
Distributions paid to non-controlling shareholders	(1)	—	(1)
Dividends paid to shareholders of Boralex	(11)	—	(11)
Exercise of options	2	—	2
Other	(1)	—	(1)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	31	(1)	30
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	(1)	—	(1)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(19)	(5)	(24)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	113	13	126
CASH AND CASH EQUIVALENTS - END OF PERIOD	94	8	102

Consolidated statements of cash flows

	Three-month period ended September 30		
	2016		
(in millions of Canadian dollars) (unaudited)	**IFRS**	**Adjustments Joint Ventures**	**Proportionate consolidation**
Net loss	(10)	(6)	(16)
Distributions received from the Joint Ventures	10	(10)	—
Financing costs	20	5	25
Interest paid	(20)	(4)	(24)
Income tax recovery	(4)	(2)	(6)
Income taxes paid	(4)	—	(4)
Non-cash items in loss:			
Net loss on financial instruments	1	—	1
Share in earnings of the Joint Ventures	(8)	8	—
Amortization	29	5	34
Other	(1)	—	(1)
Change in non-cash items related to operating activities	(1)	2	1
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	12	(2)	10
Additions to property, plant and equipment	(122)	—	(122)
Acquisition of energy sales contracts	(33)	—	(33)
Change in restricted cash	(8)	—	(8)
Other	—	(1)	(1)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(163)	(1)	(164)
Net increase in non-current debt	124	—	124
Repayments on current and non-current debt	(34)	(1)	(35)
Distributions paid to a non-controlling shareholder	(1)	—	(1)
Dividends paid to shareholders of Boralex	(9)	—	(9)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	80	(1)	79
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	2	(1)	1
NET CHANGE IN CASH AND CASH EQUIVALENTS	(69)	(5)	(74)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	142	12	154
CASH AND CASH EQUIVALENTS - END OF PERIOD	73	7	80

Consolidated statements of cash flows

(in millions of Canadian dollars) (unaudited)	Nine-month period ended September 30 2017 IFRS	Adjustments Joint Ventures	Proportionate consolidation
Net loss	(17)	—	(17)
Distributions received from the Joint Ventures	17	(17)	—
Financing costs	77	16	93
Interest paid	(70)	(13)	(83)
Income tax recovery	(1)	—	(1)
Income taxes paid	(3)	—	(3)
Non-cash items in loss:			
Share in earnings of the Joint Ventures	(2)	2	—
Amortization	125	17	142
Other	1	(1)	—
Change in non-cash items related to operating activities	3	3	6
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	130	7	137
Business acquisitions, net of cash acquired	(235)	—	(235)
Additions to property, plant and equipment	(187)	—	(187)
Acquisition of energy sales contracts	(40)	—	(40)
Change in restricted cash	169	—	169
Other	(1)	—	(1)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(294)	—	(294)
Net increase in non-current debt	325	—	325
Repayments on current and non-current debt	(127)	(8)	(135)
Distributions paid to non-controlling shareholders	(5)	—	(5)
Dividends paid to shareholders of Boralex	(34)	—	(34)
Transaction costs related to share issuance	(4)	—	(4)
Exercise of options	4	—	4
Other	(1)	—	(1)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	158	(8)	150
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	—	—	—
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6)	(1)	(7)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	100	9	109
CASH AND CASH EQUIVALENTS - END OF PERIOD	94	8	102

Consolidated statements of cash flows

	Nine-month period ended September 30		
	2016		
(in millions of Canadian dollars) (unaudited)	IFRS	Adjustments Joint Ventures	Proportionate consolidation
Net earnings	6	(6)	—
Distributions received from the Joint Ventures	14	(14)	—
Financing costs	57	14	71
Interest paid	(50)	(13)	(63)
Income tax recovery	—	(1)	(1)
Income taxes paid	(6)	—	(6)
Non-cash items in earnings:			
Net loss on financial instruments	4	(1)	3
Share in earnings of the Joint Ventures	(12)	12	—
Amortization	87	16	103
Change in non-cash items related to operating activities	17	1	18
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	117	8	125
Additions to property, plant and equipment	(170)	—	(170)
Acquisition of energy sales contracts	(33)	—	(33)
Return of capital by Joint Venture Phase I	40	(40)	—
Change in restricted cash	(6)	—	(6)
Other	(1)	(2)	(3)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(170)	(42)	(212)
Net increase in non-current debt	186	40	226
Repayments on current and non-current debt	(127)	(8)	(135)
Distributions paid to a non-controlling shareholder	(2)	—	(2)
Dividends paid to shareholders of Boralex	(27)	—	(27)
Exercise of options	3	—	3
Redemption of financial instruments prior to maturity	(4)	—	(4)
Other	(1)	1	—
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	28	33	61
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	(2)	—	(2)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(27)	(1)	(28)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	100	8	108
CASH AND CASH EQUIVALENTS - END OF PERIOD	73	7	80

Information by operating segment

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month period ended September 30 2017 IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Wind power stations	385	101	486
Hydroelectric power stations	166	—	166
Thermal power stations	47	—	47
Solar power stations	7	—	7
	605	101	706
REVENUES FROM ENERGY SALES			
Wind power stations	52	11	63
Hydroelectric power stations	15	—	15
Thermal power stations	5	—	5
Solar power stations	2	—	2
	74	11	85
EBITDA(A)			
Wind power stations	36	10	46
Hydroelectric power stations	11	—	11
Thermal power stations	1	—	1
Solar power stations	1	—	1
	49	10	59
Corporate and eliminations	(10)	1	(9)
	39	11	50

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month period ended September 30 2016 IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Wind power stations	269	114	383
Hydroelectric power stations	130	—	130
Thermal power stations	52	—	52
Solar power stations	7	—	7
	458	114	572
REVENUES FROM ENERGY SALES			
Wind power stations	35	12	47
Hydroelectric power stations	12	—	12
Thermal power stations	5	—	5
Solar power stations	2	—	2
	54	12	66
EBITDA(A)			
Wind power stations	24	10	34
Hydroelectric power stations	8	—	8
Thermal power stations	1	—	1
Solar power stations	1	—	1
	34	10	44
Corporate and eliminations	(9)	—	(9)
	25	10	35

Information by operating segment

	Nine-month period ended September 30		
	2017		
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Wind power stations	1,529	374	1,903
Hydroelectric power stations	569	—	569
Thermal power stations	141	—	141
Solar power stations	19	—	19
	2,258	374	2,632
REVENUES FROM ENERGY SALES			
Wind power stations	209	40	249
Hydroelectric power stations	51	—	51
Thermal power stations	21	—	21
Solar power stations	4	—	4
	285	40	325
EBITDA(A)			
Wind power stations	165	30	195
Hydroelectric power stations	39	—	39
Thermal power stations	6	—	6
Solar power stations	4	—	4
	214	30	244
Corporate and eliminations	(31)	2	(29)
	183	32	215

	Nine-month period ended September 30		
	2016		
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Wind power stations	1,206	378	1,584
Hydroelectric power stations	492	—	492
Thermal power stations	129	—	129
Solar power stations	18	—	18
	1,845	378	2,223
REVENUES FROM ENERGY SALES			
Wind power stations	159	40	199
Hydroelectric power stations	44	—	44
Thermal power stations	17	—	17
Solar power stations	5	—	5
	225	40	265
EBITDA(A)			
Wind power stations	130	29	159
Hydroelectric power stations	32	—	32
Thermal power stations	4	—	4
Solar power stations	3	—	3
	169	29	198
Corporate and eliminations	(26)	1	(25)
	143	30	173

Information by geographic segment

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month period ended September 30 2017 IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Canada	309	101	410
France	216	—	216
United States	80	—	80
	605	101	706
REVENUES FROM ENERGY SALES			
Canada	36	11	47
France	31	—	31
United States	7	—	7
	74	11	85
EBITDA(A)			
Canada	17	11	28
France	18	—	18
United States	5	—	5
Other[1]	(1)	—	(1)
	39	11	50

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month period ended September 30 2016 IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Canada	250	114	364
France	163	—	163
United States	45	—	45
	458	114	572
REVENUES FROM ENERGY SALES			
Canada	26	12	38
France	24	—	24
United States	4	—	4
	54	12	66
EBITDA(A)			
Canada	14	10	24
France	9	—	9
United States	2	—	2
	25	10	35

[1] Scotland and Denmark

Information by geographic segment

	Nine-month period ended September 30		
	2017		
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Canada	1,130	374	1,504
France	781	—	781
United States	347	—	347
	2,258	374	2,632
REVENUES FROM ENERGY SALES			
Canada	146	40	186
France	109	—	109
United States	30	—	30
	285	40	325
EBITDA(A)			
Canada	98	32	130
France	63	—	63
United States	24	—	24
Other[1]	(2)	—	(2)
	183	32	215

	Nine-month period ended September 30		
	2016		
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Canada	787	378	1,165
France	808	—	808
United States	250	—	250
	1,845	378	2,223
REVENUES FROM ENERGY SALES			
Canada	89	40	129
France	114	—	114
United States	22	—	22
	225	40	265
EBITDA(A)			
Canada	58	30	88
France	69	—	69
United States	16	—	16
	143	30	173

(1) Scotland and Denmark.

Unaudited Interim

Consolidated Financial Statements

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Consolidated statements of financial position

(in millions of Canadian dollars) (unaudited)	Note	As at September 30, 2017	As at December 31, 2016
ASSETS			
Cash and cash equivalents		94	100
Restricted cash		41	193
Trade and other receivables		101	81
Other current financial assets	8	1	1
Other current assets		18	14
CURRENT ASSETS		255	389
Property, plant and equipment		2,579	1,668
Intangible assets		628	426
Goodwill		185	124
Interests in the Joint Ventures	5	18	22
Deferred income tax asset		—	21
Other non-current financial assets	8	30	2
Other non-current assets		79	50
NON-CURRENT ASSETS		3,519	2,313
TOTAL ASSETS		3,774	2,702
LIABILITIES			
Trade and other payables		141	131
Current portion of debt	6	205	101
Subscription receipts		—	173
Current income tax liability		2	—
Other current financial liabilities	8	44	47
CURRENT LIABILITIES		392	452
Non-current debt	6	2,345	1,439
Convertible debentures		137	135
Deferred income tax liability		109	70
Decommissioning liability		49	34
Other non-current financial liabilities	8	27	31
Other non-current liabilities		26	27
NON-CURRENT LIABILITIES		2,693	1,736
TOTAL LIABILITIES		3,085	2,188
EQUITY			
Equity attributable to shareholders		665	496
Non-controlling shareholders		24	18
TOTAL EQUITY		689	514
TOTAL LIABILITIES AND EQUITY		3,774	2,702

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of earnings (loss)

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Note	Three-month periods ended September 30 2017	2016	Nine-month periods ended September 30 2017	2016
REVENUES					
Revenues from energy sales		74	54	285	225
Other income		1	1	3	1
		75	55	288	226
COSTS AND OTHER EXPENSES					
Operating		25	20	79	63
Administrative		5	4	17	13
Development		4	5	11	10
Amortization		43	29	125	87
Other gains		—	—	(1)	(1)
		77	58	231	172
OPERATING INCOME		(2)	(3)	57	54
Financing costs		29	20	77	57
Foreign exchange gain		—	(2)	—	(1)
Net loss on financial instruments		—	1	—	4
Share in earnings (losses) of the Joint Ventures	5	(2)	8	2	12
EARNINGS (LOSS) BEFORE INCOME TAXES		(33)	(14)	(18)	6
Income tax recovery		(7)	(4)	(1)	—
NET EARNINGS (LOSS)		(26)	(10)	(17)	6
NET EARNINGS (LOSS) ATTRIBUTABLE TO:					
Shareholders of Boralex		(16)	(10)	(1)	4
Non-controlling shareholders		(10)	—	(16)	2
NET EARNINGS (LOSS)		(26)	(10)	(17)	6
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	7	($0.22)	($0.16)	($0.02)	$0.04

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of comprehensive income (loss)

(in millions of Canadian dollars) (unaudited)	Three-month periods ended September 30 2017	2016	Nine-month periods ended September 30 2017	2016
NET EARNINGS (LOSS)	(26)	(10)	(17)	6
Other comprehensive income (loss) to be subsequently reclassified to net earnings (loss) when certain conditions are met				
Translation adjustments:				
Unrealized foreign exchange gain (loss) on translation of financial statements of self-sustaining foreign operations	(4)	6	8	(12)
Hedge of net investment:				
Change in fair value	(1)	(3)	(4)	1
Cash flow hedges:				
Change in fair value	13	(6)	19	(36)
Hedging items realized and recognized in net earnings (loss)	4	3	10	9
Income taxes	(3)	1	(8)	8
Cash flow hedges - Joint Ventures:				
Change in fair value	4	(3)	4	(16)
Hedging items realized and recognized in net earnings (loss)	1	2	5	5
Income taxes	(1)	—	(2)	3
Total other comprehensive income (loss)	13	—	32	(38)
COMPREHENSIVE INCOME (LOSS)	(13)	(10)	15	(32)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of Boralex	(4)	(10)	29	(32)
Non-controlling shareholders	(9)	—	(14)	—
COMPREHENSIVE INCOME (LOSS)	(13)	(10)	15	(32)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of changes in equity

Nine-month period ended September 30

2017

(in millions of Canadian dollars) (unaudited)	Equity attributable to shareholders							
	Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total	Non-controlling shareholders	Total equity
BALANCE AS AT JANUARY 1, 2017	557	4	9	(19)	(55)	496	18	514
Net loss	—	—	—	(1)	—	(1)	(16)	(17)
Other comprehensive income	—	—	—	—	30	30	2	32
COMPREHENSIVE INCOME (LOSS)	—	—	—	(1)	30	29	(14)	15
Dividends (note 7)	—	—	—	(34)	—	(34)	—	(34)
Shares issued (note 7)	170	—	—	—	—	170	—	170
Exercise of options	4	—	—	—	—	4	—	4
Share of a non-controlling shareholder resulting from a business combination (note 4)	—	—	—	—	—	—	28	28
Repurchase of a non-controlling shareholder	—	—	—	—	—	—	(3)	(3)
Distributions to non-controlling shareholders	—	—	—	—	—	—	(5)	(5)
BALANCE AS AT SEPTEMBER 30, 2017	731	4	9	(54)	(25)	665	24	689

Nine-month period ended September 30

2016

(in millions of Canadian dollars) (unaudited)	Equity attributable to shareholders							
	Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total	Non-controlling shareholders	Total equity
BALANCE AS AT JANUARY 1, 2016	556	4	9	19	(43)	545	14	559
Net earnings	—	—	—	4	—	4	2	6
Other comprehensive loss	—	—	—	—	(36)	(36)	(2)	(38)
COMPREHENSIVE INCOME (LOSS)	—	—	—	4	(36)	(32)	—	(32)
Dividends (note 7)	—	—	—	(27)	—	(27)	—	(27)
Exercise of options	3	—	—	—	—	3	—	3
Contribution of a non-controlling shareholder	—	—	—	—	—	—	2	2
Distributions to a non-controlling shareholder	—	—	—	—	—	—	(2)	(2)
BALANCE AS AT SEPTEMBER 30, 2016	559	4	9	(4)	(79)	489	14	503

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of cash flows

(in millions of Canadian dollars) (unaudited)	Note	Three-month periods ended September 30 2017	2016	Nine-month periods ended September 30 2017	2016
Net earnings (loss)		(26)	(10)	(17)	6
Distributions received from the Joint Ventures	5	11	10	17	14
Financing costs		29	20	77	57
Interest paid		(27)	(20)	(70)	(50)
Income tax recovery		(7)	(4)	(1)	—
Income taxes paid		(2)	(4)	(3)	(6)
Non-cash items in earnings (loss):					
Net loss on financial instruments		—	1	—	4
Share in losses (earnings) of the Joint Ventures	5	2	(8)	(2)	(12)
Amortization		43	29	125	87
Other		1	(1)	1	—
Change in non-cash items related to operating activities		12	(1)	3	17
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES		36	12	130	117
Business acquisition, net of cash acquired	4	(5)	—	(235)	—
Additions to property, plant and equipment		(63)	(122)	(187)	(170)
Acquisition of energy sales contracts		(19)	(33)	(40)	(33)
Return of capital by the Joint Venture Phase I	5	—	—	—	40
Change in restricted cash		1	(8)	169	(6)
Other		1	—	(1)	(1)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES		(85)	(163)	(294)	(170)
Net increase in non-current debt		79	124	325	186
Repayments on current and non-current debt		(37)	(34)	(127)	(127)
Distributions paid to non-controlling shareholders		(1)	(1)	(5)	(2)
Dividends paid to shareholders of Boralex	7	(11)	(9)	(34)	(27)
Transaction costs related to share issuance		—	—	(4)	—
Exercise of options		2	—	4	3
Redemption of financial instruments prior to maturity		—	—	—	(4)
Other		(1)	—	(1)	(1)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES		31	80	158	28
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		(1)	2	—	(2)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(19)	(69)	(6)	(27)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD		113	142	100	100
CASH AND CASH EQUIVALENTS - END OF PERIOD		94	73	94	73

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

As at September 30, 2017

(Tabular amounts are in millions of Canadian dollars, unless otherwise specified.) (unaudited)

Note 1. Incorporation and nature of business

Boralex Inc., its subsidiaries and its Joint Ventures ("Boralex" or the "Corporation") are dedicated to the development, construction and operation of renewable energy power facilities. As at September 30, 2017, the Corporation had interests in 53 wind power stations, 15 hydroelectric power stations, two thermal power stations and three solar power facilities, representing an asset base with an installed capacity under its control totalling 1,403 megawatts ("MW"). Boralex has new production sites under development, representing an additional 278 MW of power. The Corporation also operates two hydroelectric power stations on behalf of R.S.P. Énergie Inc., an entity of which two of the three shareholders, Richard and Patrick Lemaire, are directors of the Corporation. The generated power is sold mainly in Canada, France and the United States.

The Corporation is incorporated under the Canada Business Corporations Act. Boralex's head office is located at 36 Lajeunesse St., Kingsey Falls, Québec, Canada and its shares and convertible debentures are listed on the Toronto Stock Exchange ("TSX").

(The data expressed in MW and GWh contained in notes 1, 4, 6, 9, 10, 11 *and 12 have not been reviewed by the auditors.)*

Note 2. Basis of presentation

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB"), and set out in the *CPA Canada Handbook*, including International Accounting Standards ("IAS") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRS IC") applicable to the preparation of interim financial statements, IAS 34, *Interim Financial Reporting*. The accounting policies followed in these unaudited interim condensed consolidated financial statements are the same as those applied in the audited annual consolidated financial statements of the Corporation for the year ended December 31, 2016, except for income taxes for the interim periods, which are calculated using the tax rate that would be applicable to expected annual earnings for each jurisdiction. As permitted under IAS 34, these interim financial statements do not constitute a complete set of financial statements, as the Corporation does not present all the notes included in its annual report. To avoid repetition of previously reported information, the Corporation deemed it unnecessary to include such information and, therefore, advises readers that these financial statements constitute a condensed set of financial statements under IAS 34. These unaudited interim condensed consolidated financial statements are intended to provide an update on the latest complete set of annual financial statements and should therefore be read in conjunction with the Corporation's audited annual consolidated financial statements for the year ended December 31, 2016.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. These areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the audited annual consolidated financial statements of the Corporation for the year ended December 31, 2016.

The Board of Directors approved these unaudited interim condensed consolidated financial statements on November 9, 2017.

Note 3. Change in accounting policies

IAS 7, *Statement of cash flows*

On February 2, 2016, the IASB issued narrow-scope amendments to IAS 7, *Statement of cash flows*, to require entities to provide information on changes in their financing liabilities. These presentation amendments apply to fiscal years beginning on or after January 1, 2017, the date at which the Corporation adopted this new standard. These amendments will impact presentation at year-end only for the year ending December 31, 2017, as permitted under IAS 34.

Note 4. Business combinations

Acquisition of the interest in the Niagara Region Wind Farm ("NRWF")

On January 18, 2017, Boralex announced the closing of the acquisition of the total economic interest of Enercon Canada Inc. in the 230 MW Niagara Region Wind Farm , for an aggregate cash consideration of $233 million, subject to adjustments under the acquisition agreements and Boralex assuming debt totalling $779 million, for a total enterprise value of over $1 billion. The wind farm is 50% owned by Boralex and 50% owned by Six Nations of the Grand River ("Six Nations") and is covered by a 20-year energy sales contract with the Independent Electricity System Operator ("IESO"). The wind farm's property was structured to provide the Six Nations and Boralex with an interest of 50% each in FWRN LP, which owns the wind farm's intangible assets, including the energy sales contract, and Boralex with a 100% interest in NR Capital GP, which advanced the funds for FWRN LP's infrastructure to be repaid with interest over a 20-year period. This wind farm has been in operation since November 2, 2016.

This transaction gave rise to acquisition costs of less than $1 million, most of which was expensed in 2016. The acquisition was accounted for by the Corporation using the acquisition method set out in IFRS 3, *Business Combinations*. The statement of financial position and the results of this acquired entity are consolidated as of January 18, 2017.

The following table shows the preliminary purchase price allocation:

	Preliminary allocation
Cash and cash equivalents	2
Restricted cash	17
Trade and other receivables	21
Other current assets	5
Property, plant and equipment	797
Energy sales contracts	179
Goodwill	61
Advances to non-controlling shareholders	30
Other non-current financial assets	11
Current liabilities	(16)
Assumed non-current debt	(779)
Deferred income tax liability	(61)
Other non-current liabilities	(6)
Non-controlling shareholders	(28)
Net assets	233
Less:	
Cash acquired	2
Net consideration paid for the acquisition	231

Trade and other receivables acquired at the time of the transaction had a fair value of $21 million, and the total amount was collected by the Corporation during the first three quarters of 2017. *Goodwill* consists of deferred tax. *Goodwill* is not deductible for tax purposes.

The preliminary purchase price allocation was based on the fair value at the acquisition date. Once the final purchase price has been determined, adjustments will be reflected in a number of line items, likely *Energy sales contracts*, *Goodwill, Deferred income tax liability* and *Non-controlling shareholders*.

Since the acquisition date, the acquired entity has contributed $52 million to revenues from energy sales and generated $2 million in net earnings attributable to shareholders of Boralex.

If the acquisition had occurred on January 1, 2017, management estimates that consolidated revenues from energy sales would have been $4 million higher, or $289 million, and net loss attributable to shareholders of Boralex would have been an amount similar to that for the period ended September 30, 2017.

Otter Creek

On March 7, 2017, Boralex increased its interest in the **Otter Creek** wind power project from 38.5% to 64%, acquiring control of the 50 MW project to be commissioned in 2019. The project is covered by a 20-year energy sales contract with IESO. The amount paid for the acquisition is non-significant.

	Preliminary allocation
Development projects	1
Energy sales contracts	1
Current liabilities	(2)
Net assets	—

The preliminary purchase price allocation was based on the fair value at the acquisition date. The final purchase price allocation could change certain accounts.

Since the acquisition date, the acquired entity has contributed a nil amount to revenues from energy sales and generated non-significant net earnings attributable to shareholders of Boralex as the project is under construction and the costs are capitalized.

Note 5. Interests in the Joint Ventures

Joint Ventures Phases I and II

The Corporation entered into partnership agreements with a subsidiary of Gaz Métro L.P. and Valener Inc. and created Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership (“Joint Venture Phase I”) and Seigneurie de Beaupré Wind Farm 4 General Partnership (“Joint Venture Phase II“) located in Canada, of which each party owns 50%. Under these agreements, all expenditures are made jointly and all earnings, costs, expenses, liabilities, obligations and risks resulting from the Joint Ventures are shared jointly but not severally. The Corporation’s interest in these Joint Ventures is accounted for using the equity method. The year-end date of these Joint Ventures is December 31.

Joint Venture in Denmark

In July 2014, Boralex entered into a Joint Venture agreement with a Danish developer. The Joint Venture’s goal is to develop nearshore wind farm projects in Denmark.

Interests in the Joint Ventures

	Nine-month period ended September 30				Twelve-month period ended December 31			
				2017				2016
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Balance - beginning of period	7	12	3	22	50	14	3	67
Share in net earnings	3	1	—	4	7	1	—	8
Share in other comprehensive income	9	—	—	9	2	—	—	2
Return of capital	—	—	—	—	(40)	—	—	(40)
Distributions	(14)	(3)	—	(17)	(12)	(3)	—	(15)
Balance - end of period	5	10	3	18	7	12	3	22

Financial statements of Joint Ventures Phases I and II (100%)

The financial statements of the Joint Venture in Denmark are not presented below as they are not significant.

	As at September 30, 2017			As at December 31, 2016		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Cash and cash equivalents	12	3	15	16	3	19
Other current assets	8	2	10	11	3	14
Non-current assets	583	157	740	606	164	770
TOTAL ASSETS	603	162	765	633	170	803
Current portion of debt	27	4	31	26	4	30
Other current liabilities	14	2	16	12	3	15
Non-current debt	480	125	605	490	128	618
Non-current financial liabilities	28	—	28	45	—	45
Other non-current liabilities	43	12	55	45	12	57
TOTAL LIABILITIES	592	143	735	618	147	765
NET ASSETS	11	19	30	15	23	38

	Three-month period ended September 30 2017			Three-month period ended September 30 2016		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Revenues from energy sales	18	4	22	20	5	25
Operating expenses	4	1	5	3	1	4
Amortization	9	2	11	9	2	11
Other gains	(1)	—	(1)	(1)	—	(1)
OPERATING INCOME	6	1	7	9	2	11
Financing costs	9	2	11	8	2	10
NET EARNINGS (LOSS)	(3)	(1)	(4)	1	—	1
Total other comprehensive income (loss)	10	—	10	(2)	—	(2)
COMPREHENSIVE INCOME (LOSS)	7	(1)	6	(1)	—	(1)

	Nine-month period ended September 30 2017			Nine-month period ended September 30 2016		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Revenues from energy sales	65	16	81	65	16	81
Operating expenses	12	2	14	9	2	11
Amortization	26	7	33	26	7	33
Other gains	(2)	—	(2)	(2)	—	(2)
OPERATING INCOME	29	7	36	32	7	39
Financing costs	23	6	29	23	6	29
NET EARNINGS	6	1	7	9	1	10
Total other comprehensive income (loss)	17	—	17	(24)	—	(24)
COMPREHENSIVE INCOME (LOSS)	23	1	24	(15)	1	(14)

Share in earnings (loss) of the Joint Ventures

The following table reconciles the share in earnings (loss) of the Joint Ventures as reported in the consolidated statements of earnings (loss) of Boralex:

	Three-month period ended September 30				Three-month period ended September 30			
				2017				2016
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Share in results (50%)	(2)	—	—	(2)	—	—	—	—
Excess of distributions received over the share of net earnings	—	—	—	—	9	—	—	9
Other[1]	—	—	—	—	(1)	—	—	(1)
Share in earnings (loss) of the Joint Ventures	(2)	—	—	(2)	8	—	—	8

	Nine-month period ended September 30				Nine-month period ended September 30			
				2017				2016
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Share in results (50%)	3	1	—	4	4	1	—	5
Excess of distributions received over the share of net earnings	—	—	—	—	9	—	—	9
Other[1]	(2)	—	—	(2)	(2)	—	—	(2)
Share in earnings of the Joint Ventures	1	1	—	2	11	1	—	12

[1] *Other* represents the amortization of Boralex's unrealized gains (losses) on financial swaps - interest rates designated for Phases I and II wind power projects. These unrealized gains (losses), which had been accumulated in *Accumulated other comprehensive income* upon termination of the hedging relationships, are accounted for in net earnings over the life of the Joint Ventures' debt financing.

Share in comprehensive income (loss) of the Joint Ventures

The following table reconciles the share in comprehensive income (loss) of the Joint Ventures as reported in the consolidated statements of comprehensive income (loss) of Boralex:

	Three-month period ended September 30				Three-month period ended September 30			
				2017				2016
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Share in comprehensive income (loss) (50%)	5	—	—	5	(1)	—	—	(1)

	Nine-month period ended September 30				Nine-month period ended September 30			
				2017				2016
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Share in comprehensive income (loss) (50%)	9	—	—	9	(12)	—	—	(12)

Note 6. Non-current debt

	Note	Maturity	Rate[1]	Currency of origin	As at September 30, 2017	As at December 31, 2016
Revolving credit facility	(a)	2021	3.24		257	98
Term loan payable:						
Ocean Falls power station		2024	6.55		7	7
Yellow Falls power station		2027-2056	4.84		74	48
Thames River wind farms		2031	7.05		140	145
Témiscouata I wind farm		2032	5.20		47	48
Témiscouata II wind farm		2033	5.61		115	117
Niagara Region Wind Farm (NRWF)	(b)	2034	3.59		757	—
Port Ryerse wind farm	(c)	2034	3.89		30	—
Frampton wind farm		2035	4.14		69	69
Côte-de-Beaupré wind farm		2035	4.19		52	58
Jamie Creek power station		2054	5.42		55	55
Other debt		—	—		6	8
CANADA					1,609	653
Master agreement – wind farms in France		2017-2025	4.74	67	99	112
Bridge financing facility – France and Scotland		2018	0.84	46	67	64
Term loan payable:						
Cube		2019	6.50	40	59	57
Avignonet II wind farm		2025	1.69	2	4	4
Lauragais solar power facility		2025-2028	3.98	9	13	13
Mont de Bagny, Voie des Monts, Artois and Chemin de Grès wind farms	(d)	2026-2032	1.49	95	140	48
St-Patrick wind farm		2027	1.64	34	51	53
La Vallée wind farm		2028	4.42	27	40	41
Fortel-Bonnières and St-François wind farms	(e)	2028-2029	3.74	51	75	76
Vron wind farm		2030	3.37	9	13	13
Boralex Énergie Verte (BEV) wind farms		2030	2.19	166	245	257
Calmont wind farm		2030	2.50	19	28	28
Plateau de Savernat wind farm		2031	2.39	16	23	15
Touvent wind farm		2031	2.09	19	27	28
Les Cigalettes solar power facility		2033	2.93	9	13	13
Other debt		—	—	4	7	9
FRANCE				613	904	831
Senior secured U.S. note		2026	3.51	50	63	81
UNITED STATES				50	63	81
			3.70		2,576	1,565
Current portion of debt					(205)	(101)
Borrowing costs, net of accumulated amortization					(26)	(25)
					2,345	1,439

[1] Rates adjusted to reflect the impact of interest rate swaps, where applicable.

(a) Refinancing of the revolving credit facility

On January 18, 2017, after announcing its acquisition of Enercon's interest in **NRWF**, Boralex obtained a $100 million increase in its revolving credit facility, resulting in an authorized amount of $460 million.

(b) NRWF

On January 18, 2017, the Corporation closed the acquisition of the total economic interest of Enercon Canada Inc. in the 230 MW wind farm in the Niagara region. This project includes financing for a total amount of $826 million secured by its assets and without recourse against the partners. This financing facility has quarterly repayments and comprises a $535 million uncovered term loan tranche maturing in 2034, a $252 million covered term loan tranche, under a guarantee from the Federal Republic of Germany through its export credit agency Euler Hermes, maturing in 2034, as well as a $39 million letter of credit facility. The loan also includes interest rate swaps covering approximately 80% of expected future cash flows, resulting in a combined average rate of 3.59% for this loan.

(c) Port Ryerse

On February 22, 2017, the Corporation announced the closing of financing for the **Port Ryerse** wind power project in the amount of $33 million. The long-term financing is provided by DZ Bank AG Deutsche Zentral-Genossenschaftsbank (New York branch). Repayable on a quarterly basis, the financing comprises a $2 million letter of credit facility and a $31 million long-term tranche. This tranche will be amortized over a period of 18 years. To reduce its exposure to rate fluctuations, interest rate swaps have been entered into, resulting in a combined average rate at 3.89% over an 18-year period for 90% of the debt.

(d) Chemin de Grès wind power project

On July 31, 2017, the Corporation announced the closing of long-term financing for the 30 MW **Chemin de Grès** wind farm in France for a total amount of €46 million ($68 million), including €6 million ($9 million) for a bridge value-added tax financing facility. The long-term financing comprises a €25 million ($37 million) fixed-rate tranche and a €15 million ($22 million) variable-rate tranche. The loan will be amortized over a 15-year term. Based on current interest rate swaps, the combined interest rate amounts to approximately 2.11%. To reduce exposure to rate changes, interest rate swaps have been entered into for a minimum 80% of the total long-term debt as required by the credit agreement. This financing is in addition to the credit facility for the financing of the **Mont de Bagny**, **Voie des Monts** and **Artois** wind farms in France obtained in October 2016.

(e) Fortel-Bonnières and St-François

As at September 30, 2017, the service coverage ratio of the loan was 1% below the minimum required pursuant to the terms of the credit facility for such project. Subsequently, the lenders waived their rights with respect to such technical default. Such event of default requires a reclassification of the facility as *Current liability*. Therefore, €47 million ($69 million) were reclassified and added to *Current liabilities*. Since then, the debt has been reclassified as a *Non-current debt* when the lenders provided their waiver.

Note 7. Net earnings (loss) per share

(a) Net earnings (loss) per share (basic)

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended September 30 2017	2016	Nine-month periods ended September 30 2017	2016
Net earnings (loss) attributable to shareholders of Boralex	(16)	(10)	(1)	4
Weighted average number of shares (basic)	75,991,810	65,263,335	75,304,634	65,165,825
Net earnings (loss) per share (basic) attributable to shareholders of Boralex	($0.22)	($0.16)	($0.02)	$0.04

(b) Net earnings (loss) per share (diluted)

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended September 30 2017	2016	Nine-month periods ended September 30 2017	2016
Net earnings (loss) attributable to shareholders of Boralex	(16)	(10)	(1)	4
Weighted average number of shares (basic)	75,991,810	65,263,335	75,304,634	65,165,825
Dilutive effect of stock options	—	—	—	1,166,866
Weighted average number of shares (diluted)	75,991,810	65,263,335	75,304,634	66,332,691
Net earnings (loss) per share (diluted) attributable to shareholders of Boralex	($0.22)	($0.16)	($0.02)	$0.04

The table below shows the items that could dilute basic net earnings per common share in the future, but that were not reflected in the calculation of diluted net earnings per common share due to their anti-dilutive effect:

	Three-month periods ended September 30 2017	2016	Nine-month periods ended September 30 2017	2016
Shares reserved for convertible debentures excluded due to their anti-dilutive effect	7,333,767	7,334,183	7,334,043	7,334,183
Stock options excluded due to their anti-dilutive effect	830,539	1,285,459	830,539	118,593

(c) Dividends paid

A dividend of $0.15 per common share was declared on November 9, 2017 and will be paid on December 15, 2017 for holders of record at the close of business on November 30, 2017.

The Corporation paid dividends in the total amount of $34 million for the nine-month period ended September 30, 2017 ($27 million in 2016).

(d) Shares issued

On January 18, 2017, Boralex announced the closing of the acquisition of **NRWF**, and the subscription receipts were converted into common shares for gross proceeds of $173 million; net proceeds of $170 million were recognized in 2017 (net of costs related to the issuance and taxes). Transaction costs of $3 million were recognized as at December 31, 2016 and $4 million on the date the subscription receipts were converted into shares.

Note 8. Financial instruments

The classification of financial instruments, complete with the respective carrying amounts and fair values, is as follows:

	As at September 30, 2017		As at December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
OTHER LIABILITIES				
Subscription receipts	—	—	173	197
Non-current debt	2,550	2,634	1,540	1,632
Convertible debentures (including equity portion)	141	169	139	164

The fair value of the derivative financial instruments designated as cash flow hedges and hedge of a net investment is as follows:

	As at September 30, 2017	As at December 31, 2016
OTHER CURRENT FINANCIAL ASSETS		
Foreign exchange forward contracts	1	1
OTHER NON-CURRENT FINANCIAL ASSETS		
Foreign exchange forward contracts	—	2
Financial swaps - interest rates	30	—
	30	2
OTHER CURRENT FINANCIAL LIABILITIES		
Financial swaps - interest rates	44	47
OTHER NON-CURRENT FINANCIAL LIABILITIES		
Foreign exchange forward contracts	4	2
Financial swaps - interest rates	23	29
	27	31

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, restricted cash, trade and other receivables, reserve funds, and trade and other payables approximate their carrying amounts due to their short-term maturities.

The fair value of non-current debt is essentially based on the calculation of discounted cash flows. Discount rates, ranging from 0.72% to 5.38%, were determined based on local government bond yields adjusted for the risks specific to each of the borrowings and for credit market liquidity conditions. The convertible debentures are traded on the stock exchange whereas their fair values are based on the prices as at September 30, 2017.

Financial swaps – interest rates

Cash flows are discounted using a curve that reflects the credit risk of the Corporation or the counterparty, as applicable. The following table summarizes the Corporation's commitments under financial swaps - interest rates as at September 30, 2017:

As at September 30, 2017	Currency	Fixed-rate payer	Floating-rate receiver	Maturity	Current notional (in CAD)	Fair value (in CAD)
Financial swaps - interest rates	EUR	0.38% to 5.16%	6-month EURIBOR	2019-2033	432	(23)
Financial swaps - interest rates	CAD	1.81% to 7.85%	3-month CDOR	2034-2039	898	(14)

Some financial swaps - interest rates denominated in Canadian dollars contain an early termination clause that is mandatory in 2017. As a result, they are presented as current financial liabilities.

Foreign exchange forward contracts

The fair values of foreign exchange forward contracts are determined using a generally accepted technique, namely the discounted value of the difference between the value of the contract at expiry calculated using the contracted exchange rate and the value determined using the exchange rate the financial institution would use if it renegotiated the same contract under the same conditions as at the statement of financial position date. Discount rates are adjusted for the credit risk of the Corporation or of the counterparty, as applicable. When determining credit risk adjustments, the Corporation considers offsetting agreements, if any.

As at September 30, 2017	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Foreign exchange forward contracts (EUR for CAD)	1.5475	2018-2025	121	(3)

Cross-currency swap

In the second and third quarters of 2017, the Corporation also entered into cross-currency swaps. These derivatives cover the Corporation's net investment in France, as they allow financing issued in Canada for investment in France to be synthetically translated into euros. In addition to mitigating the risk related to foreign currency fluctuations, these instruments also allow Boralex to benefit in part from lower interest rates than prevailing in Europe. To measure the fair value of these instruments, the Corporation uses a technique that is a combination of the techniques used to measure interest rate swaps and foreign exchange forward contracts.

As at September 30, 2017	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Cross-currency swap (EUR for CAD)	1.4734	2018	41	—

Hierarchy of financial assets and liabilities measured at fair value

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Financial instruments for which fair value is disclosed in the financial statements are classified according to the following hierarchy of levels:

- Level 1: Consists of measurements based on quoted prices (unadjusted) in markets for identical assets or liabilities;
- Level 2: Consists of measurement techniques based mainly on inputs, other than quoted prices, that are observable either directly or indirectly in the market;
- Level 3: Consists of measurement techniques that are not based mainly on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the financial instrument fair value measurement in its entirety.

The Corporation classified the convertible debentures and subscription receipts as Level 1, as their fair values are determined using quoted market prices.

For non-current debt, financial swaps - interest rates, foreign exchange forward contracts and the cross-currency swap, the Corporation classified the fair value measurements as Level 2, as they are based mainly on observable market data, namely government bond yields, interest rates and exchange rates.

The following table classifies the Corporation's financial instruments by level in the fair value hierarchy:

	As at September 30, 2017	Fair value hierarchy levels Level 1	Level 2	Level 3
DERIVATIVE FINANCIAL ASSETS				
Foreign exchange forward contracts	1	—	1	—
Financial swaps - interest rates	30	—	30	—
	31	—	31	—
OTHER FINANCIAL LIABILITIES				
Non-current debt	2,634	—	2,634	—
Convertible debentures	169	169	—	—
	2,803	169	2,634	—
DERIVATIVE FINANCIAL LIABILITIES				
Foreign exchange forward contracts	4	—	4	—
Financial swaps - interest rates	67	—	67	—
	71	—	71	—

	As at December 31, 2016	Fair value hierarchy levels Level 1	Level 2	Level 3
DERIVATIVE FINANCIAL ASSETS				
Foreign exchange forward contracts	3	—	3	—
OTHER FINANCIAL LIABILITIES				
Subscription receipts	197	197	—	—
Non-current debt	1,632	—	1,632	—
Convertible debentures	164	164	—	—
	1,993	361	1,632	—
DERIVATIVE FINANCIAL LIABILITIES				
Foreign exchange forward contracts	2	—	2	—
Financial swaps - interest rates	76	—	76	—
	78	—	78	—

Note 9. Commitments and contingencies

Canada – NRWF

As a result of the acquisition of the interest in **NRWF**, the Corporation must now take **NRWF** commitments into account:

(a) The wind farm is committed to selling 100% of its output under a long-term contract expiring in 2036. This contract provides for annual indexation based on the Consumer Price Index.

(b) The wind farm has entered into a wind turbine maintenance contract expiring in 2031.

(c) The wind farm leases land on which wind turbines are installed under leases expiring in 2036.

(d) The wind farm has entered into community and royalty agreements expiring in 2036.

As at September 30, 2017, the Corporation's net commitment under the maintenance contract, land leases and community and royalty agreements amounted to $263 million.

Canada – Integrated Solar Energy Inc. ("ISE")

Following the acquisition of ISE on June 6, 2017, the Corporation must now take into account ISE's commitments including an agreement for the joint use of land and infrastructure as well as full access to the substation and connection to the grid. ISE is developing a solar project in Alberta, Canada for which it submitted a request for qualification for a 30 MW project. As at September 30, 2017, the Corporation's net commitment under this agreement amounted to $2 million.

Canada – Corporate

In connection with the move of the Montréal business offices, the Corporation entered into a lease contract for office premises during the quarter. The Corporation's net commitment under this contract amounted to $22 million as at September 30, 2017. The contract, entered into with Ivanhoé Cambridge, will eventually give rise to related party transactions as the Caisse de dépôt et placement du Québec holds an interest in this entity as well.

France – Chemin de Grès wind power project

In 2017, the Corporation entered into a turbine purchase and land lease contract for the **Chemin de Grès** wind power project. The Corporation's net commitment under this contract amounted to €11 million ($17 million) as at September 30, 2017.

France – Inter Deux Bos wind power project

In 2017, the Corporation entered into construction and land lease contracts for the **Inter Deux Bos** wind power project. The Corporation's net commitment under those contracts amounted to €7 million ($10 million) as at September 30, 2017.

France – Le Pelon wind power project

In 2017, the Corporation entered into construction and turbine purchase contracts for the **Le Pelon** wind power project. The Corporation's net commitment under those contracts amounted to €9 million ($13 million) as at September 30, 2017.

France – Côteaux du Blaiseron wind power project

In September 2017, the Corporation entered into a turbine purchase contract for the **Côteaux du Blaiseron** wind power project. The Corporation's net commitment under this contract amounted to €20 million ($29 million) as at September 30, 2017.

Contingencies

France – Moulins du Lohan wind power project

On September 16, 2016, the Corporation completed the acquisition of a portfolio of wind power projects of about 200 MW in France and Scotland, including the 51 MW **Moulins du Lohan** project in Brittany, France. The building permits had been obtained in 2014 from the Morbihan department administrative authorities ("the Administration") and construction had already begun before the acquisition by the Corporation.

Local residents had filed an interim application against the project on April 14, 2017 seeking to halt construction pending a decision of the courts regarding the cancellation of the permits issued by the *Préfet* of Morbihan. An interim order was received on May 11, 2017 requiring a temporary suspension of the building permits and an immediate halt in work. At that time, a significant portion of the foundations and roads had been completed.

Note 9. Commitments and contingencies (cont'd)

In a decision issued on July 7, 2017, the Administrative Tribunal of Rennes cancelled the project's building permits based on its subjective risk assessment of landscape damage to the Lanouée forest where the project was going to be developed on land owned by the Corporation. The Tribunal did not find that the administrative authorities had made any errors in law. Project construction has been halted as result of these proceedings. Accordingly, as at September 30, 2017, the Corporation recorded an amount of $1 million under *Operating expenses* for costs incurred to secure and halt work on the site.

The Corporation considers that the decisions of the Administrative Tribunal of Rennes have no basis in fact or in law. The **Moulins du Lohan** wind power project had been green-lighted by the specialized departments of the French government and the Lanouée forest, where the **Moulins du Lohan** project is located on land belonging to the Corporation, is subject to commercial logging and is therefore not, in our opinion, a protected or exceptional territory.

Boralex appealed these decisions to the Administrative Court of Appeal of Nantes on September 11, 2017. This court will make a fresh assessment of the facts and all the evidence, which could lead to a decision contrary to that issued by the court of first instance. Administrative Court of Appeal of Nantes judgments are typically rendered in 12 to 18 months. The reasons cited by the Administrative Tribunal of Rennes that led to the cancellation of permits are not of a legal nature but rather subjective judgments. In accordance with legal advice, the Corporation is of the opinion that it is more likely than not that the outcome of the appeal of the decision will be favourable given the circumstances and legal precedents.

In the event the appeal is rejected, the Corporation could file an appeal in cassation to the Council of State. At this stage, the Council of State considers the grounds for the decision of the Administrative Court of Appeal but does not re-examine all the facts. Unless the decision contains a gross error, the chances of success at this stage are limited.

If all these procedures result in the permits being cancelled, the conclusion would be that the French government had committed an error in issuing the permits in the first place. Since the Corporation invested considerable amounts on the basis of valid permits declared invalid after the fact, Boralex would be automatically entitled to claim compensation for the prejudice suffered owing directly to a government error.

As at September 30, 2017, the costs incurred for this project amounted to €42 million ($63 million), consisting of €20 million ($30 million) in *Property, plant and equipment* and €22 million ($33 million) in *Intangible assets*, following the receipt of a €6 million ($9 million) reimbursement from the turbine supplier. This amount does not include certain contractual penalties related to the suspension of construction contracts and which are under negotiation. The Corporation is currently implementing mitigation measures for these impacts and considers that the net impact of these penalties would be insignificant.

After the Administrative Tribunal of Rennes ordered the cancellation of permits, the Corporation assessed the need for an impairment charge on the assets related to this project. In its impairment test, management made two significant assumptions, consisting of the discount rate and the commissioning date, which was deferred from 2018 to 2020. In the event of a material change in these assumptions, management may revise its impairment test. For example, a 0.25% rise in the discount rate, assuming that all other variables remain the same, would result in an impairment loss of approximately $2 million on assets. As described above, the French legal system is made up two totally independent levels of courts. In our opinion, success for us in the second level is more likely than not owing to the facts set out above and the legal opinions received. As a result, management considers that the assets are not impaired, based on the facts set out above. If the appeal is rejected and given the limited chances of success of an appeal in cassation, the Corporation could be required to write down these assets in accordance with IFRS.

The Corporation would like to point out that the decision issued by the Administrative Tribunal of Rennes did not find Boralex guilty of any wrongdoing, but concluded that the Administration had made an error of assessment by ignoring the impact on the landscape of the construction of a wind farm in the forest in question. Needless to say, the Administration in question argues that it had properly assessed the impact on the landscape and has filed its own appeal against the decisions. Boralex and the Administration intend to form a common front and coordinate their efforts at the Administrative Court of Appeal of Nantes.

Note 10. Seasonal and other cyclical factors

The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment.

Since nearly all of Boralex facilities have long-term indexed fixed-price energy sales contracts, seasonal cycles mainly affect the total volume of power generated by the Corporation. Only five hydroelectric power stations in the United States, and one wind farm in Alberta, together representing less than 2% of the Corporation's total installed capacity, sell their production at market prices, which are more volatile. The Corporation considers that, in the next five years, contracts are set to expire for only 103 MW (7% of current installed capacity) and that this production will then be sold in the French market.

Operating volumes at Boralex facilities are influenced by the following seasonal factors, depending on their specific power generation method.

Wind

For the wind power assets in operation in which Boralex's share totals 1,184 MW, wind conditions both in France and Canada, are usually more favourable in the winter, which falls during Boralex's first and fourth quarters. However, in winter there is a greater risk of lower production caused by weather conditions, such as icing. In general, management estimates the breakdown of wind power segment production at approximately 60% for the first and fourth quarters and 40% for the second and third quarters.

Hydroelectric

Boralex's hydroelectric assets will total 172 MW of installed capacity with the commissioning of the Yellow Falls project expected in the second half of 2018. The amount of power generated depends on water flow, which in Canada and the Northeastern United States is typically at a maximum in spring and high in the fall, which corresponds to Boralex's second and fourth quarters. Historically, water flow tends to decrease in winter and summer. However, over a long-term horizon, there may be variations from year to year due to short-term weather conditions. In general, management estimates the breakdown of annual hydroelectric power generated at approximately 60% for the second and fourth quarters and 40% for the first and third quarters. Note that apart from four hydroelectric power stations whose water flow is regulated upstream and is not under the Corporation's control, Boralex's other hydroelectric facilities do not have reservoirs that would permit water flow regulation during the year.

Thermal

Boralex operates two thermal power stations with an aggregate 47 MW of installed capacity. The Senneterre power station in Québec, Canada is fuelled by wood-residue and is covered by a Hydro-Québec energy sales contract expiring in 2027. The Corporation has entered into an agreement with Hydro-Québec which stipulates that until contract expiry, the Senneterre power station is limited to producing electricity eight months per year, from December to March and from June to September. During the term of this agreement, the Senneterre power station will receive financial compensation from Hydro-Québec, allowing Boralex to expect relatively stable profitability over the years.

Boralex also operates a natural gas power station in Blendecques, France. For the past several years, due to specific market conditions, this cogeneration plant produces electricity five months of the year, from November to March, which represents all of Boralex's first quarter and part of its fourth quarter. During the electricity production shutdown period, steam intended for an industrial client is produced using an auxiliary boiler. Given that electricity selling prices are tied to natural gas prices, they are also exposed to some volatility. However, any change in natural gas prices impacts the cost of this raw material which in turn offsets to a large extent the volatility of results.

Solar

The solar power facilities representing an installed capacity of 16 MW are all covered by long-term energy sales contracts. They benefit from sunlight conditions that are typically more favourable in the spring and summer, which occur in Boralex's second and third quarters. In view of these weather conditions, management estimates that approximately 65% of the annual solar power production will be generated in the second and third quarters.

Generally, while Boralex's production in a given fiscal year is exposed to seasonal cycles and other cyclical factors, substantially all of its revenues are derived from indexed fixed-price contracts, thereby mitigating their effect. The Corporation also capitalizes on diversification in its power generation sources and favourable geographic positioning.

Note 11. Segmented information

The Corporation's power stations are grouped into four distinct operating segments – wind, hydroelectric, thermal and solar power. The Corporation operates under one identifiable industry sector: power generation. The classification of these segments is based on the different cost structures relating to each of the four types of power stations. The same accounting rules are used for segmented information as for the consolidated accounts.

The operating segments are presented according to the same criteria used to prepare the internal report submitted to the segment leader who allocates resources and assesses operating segment performance. The President and Chief Executive Officer is considered the segment leader, who assesses segment performance based on power production, revenues from energy sales and EBITDA(A).

EBITDA(A) represents earnings before interest, taxes, depreciation and amortization, adjusted to include other items. EBITDA(A) does not have a standardized meaning under IFRS; accordingly, it may not be comparable to similarly named measures used by other companies. Investors should not view EBITDA(A) as an alternative measure to, for example, net earnings, or as a measure of operating results, which are IFRS measures.

EBITDA and EBITDA(A) are reconciled to the most comparable IFRS measure, namely, net earnings, in the following table:

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2017	2016	2017	2016
Net earnings (loss)	(26)	(10)	(17)	6
Income tax recovery	(7)	(4)	(1)	—
Financing costs	29	20	77	57
Amortization	43	29	125	87
EBITDA	39	35	184	150
Adjustments:				
Net loss on financial instruments	—	1	—	4
Foreign exchange gain	—	(2)	—	(1)
Other gains	—	—	(1)	(1)
Excess of distributions received over the share of net earnings from the Joint Ventures	—	(9)	—	(9)
EBITDA(A)	39	25	183	143

Information by operating segment

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2017	**2016**	**2017**	**2016**
Power production (GWh)				
Wind power stations	385	269	1,529	1,206
Hydroelectric power stations	166	130	569	492
Thermal power stations	47	52	141	129
Solar power stations	7	7	19	18
	605	458	2,258	1,845
Revenues from energy sales				
Wind power stations	52	35	209	159
Hydroelectric power stations	15	12	51	44
Thermal power stations	5	5	21	17
Solar power stations	2	2	4	5
	74	54	285	225
EBITDA(A)				
Wind power stations	36	24	165	130
Hydroelectric power stations	11	8	39	32
Thermal power stations	1	1	6	4
Solar power stations	1	1	4	3
Corporate and eliminations	(10)	(9)	(31)	(26)
	39	25	183	143
Additions to property, plant and equipment				
Wind power stations	52	112	151	144
Hydroelectric power stations	10	8	30	19
Thermal power stations	—	—	2	1
Solar power stations	—	—	—	1
Corporate and eliminations	1	2	4	5
	63	122	187	170

	As at September 30, **2017**	As at December 31, **2016**
Total assets		
Wind power stations	3,093	1,842
Hydroelectric power stations	551	538
Thermal power stations	34	39
Solar power stations	39	38
Corporate	57	245
	3,774	2,702
Total liabilities		
Wind power stations	2,333	1,382
Hydroelectric power stations	246	268
Thermal power stations	10	24
Solar power stations	28	28
Corporate	468	486
	3,085	2,188

Information by geographic segment

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2017	2016	2017	2016
Power production (GWh)				
Canada	309	250	1,130	787
France	216	163	781	808
United States	80	45	347	250
	605	458	2,258	1,845
Revenues from energy sales				
Canada	36	26	146	89
France	31	24	109	114
United States	7	4	30	22
	74	54	285	225
EBITDA(A)				
Canada	17	14	98	58
France	18	9	63	69
United States	5	2	24	16
Other(1)	(1)	—	(2)	—
	39	25	183	143
Additions to property, plant and equipment				
Canada	21	30	63	51
France	42	75	123	101
United States	—	—	1	1
Other(1)	—	17	—	17
	63	122	187	170

	As at September 30, 2017	As at December 31, 2016
Total assets		
Canada	2,157	1,245
France	1,420	1,242
United States	178	191
Other(1)	19	24
	3,774	2,702
Non-current assets, excluding *Interests in the Joint Ventures* and *Deferred income tax asset*		
Canada	2,021	935
France	1,305	1,138
United States	160	177
Other(1)	15	20
	3,501	2,270
Total liabilities		
Canada	1,898	1,070
France	1,090	997
United States	97	119
Other(1)	—	2
	3,085	2,188

(1) Scotland and Denmark

Note 12. Subsequent events

Canada – Buckingham hydroelectric power station

On October 17, 2017, the Corporation entered into a construction and turbine contract in connection with the project underway to increase the capacity of the **Buckingham** hydroelectric power station. The Corporation's net commitment under this contract amounts to $13 million.

France – Inter Deux Bos wind power project

In October 2017, the Corporation entered into construction and turbine purchase contracts for the **Inter Deux Bos** wind power project. The Corporation's net commitment under those contracts amounts to €26 million ($38 million).

France – Hauts de Comble wind power project

In October 2017, the Corporation entered into construction contracts for the **Hauts de Comble** wind power project. The Corporation's net commitment under those contracts amounts to €1 million ($2 million).

United Kingdom – Creation of an energy partnership

On October 17, 2017, Boralex and UK-based Infinergy announced the signing of an equally owned partnership agreement aimed at developing a pipeline of onshore wind power projects with an estimated installed capacity of 325 MW. To complete the development phase of the projects, Boralex has committed to invest £6 million ($9 million) by the end of 2019. Notwithstanding the 50-50 partnership, Boralex is deemed to have control over the new entity pursuant to a preponderant vote on important decisions. As a result, the partnerships and its projects are considered as subsidiaries of Boralex.

In addition, for each project to be developed by the partnership, Infinergy holds a put option exercisable at the closing of financing and Boralex holds a call option exercisable at project commissioning. Since Infinergy can require Boralex to buy its interest, the investments it will make in the different projects could be considered to present characteristics of liabilities and, if applicable, they would be reported under other liabilities in Boralex's statement of financial position and not under equity.

Last, under the agreements entered into between Boralex and Infinergy, the exercise price of the put and call options will be based on financial projections of the projects and discounted using predetermined rates.

Profile

Boralex develops, builds and operates renewable energy power facilities in Canada, France and the United States. A leader in the Canadian market and France's largest independent producer of onshore wind power, the Corporation is recognized for its solid experience in optimizing its asset base in four power generation types — wind, hydroelectric, thermal and solar. Boralex ensures sustained growth by leveraging the expertise and diversification developed over the past 25 years. Boralex's shares and convertible debentures are listed on the Toronto Stock Exchange under the ticker symbols BLX and BLX.DB.A, respectively.

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