BORALEX

WE CREATE ENERGY

INTERIM REPORT
As at September 30, 2018

3

Management's Discussion and Analysis 3

As at September 30, 2018

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Profile

Boralex develops, builds and operates renewable energy power facilities in Canada, France, the United Kingdom 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 has ensured sustained growth by leveraging the expertise and diversification developed for more than 25 years.

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, 2018, the Caisse de dépôt et placement du Québec, one of Canada's largest institutional investors, held 19.9% of Boralex's outstanding shares.

Highlights

For the three-month periods ended September 30

	IFRS		Combined[1]	
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	2018	2017	2018	2017
Power production (GWh)	548	605	679	706
Revenues from energy sales	79	74	93	85
EBITDA(A)[1]	39	39	51	50
EBITDA(A) margin[1]	49%	53%	55%	59%
Net loss	(40)	(26)	(40)	(26)
Net loss attributable to shareholders of Boralex	(34)	(17)	(34)	(17)
Per share – basic and diluted	($0.43)	($0.23)	($0.43)	($0.23)
Net cash flows related to operating activities	17	36	10	32
Cash flows from operations[1]	23	24	15	17

For the nine-month periods ended September 30

	IFRS		Combined[1]	
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	2018	2017	2018	2017
Power production (GWh)	2,350	2,258	2,763	2,632
Revenues from energy sales	326	285	371	325
EBITDA(A)[1]	200	183	233	215
EBITDA(A) margin[1]	61%	64%	63%	66%
Net loss	(50)	(18)	(50)	(18)
Net loss attributable to shareholders of Boralex	(42)	(4)	(42)	(4)
Per share – basic and diluted	($0.53)	($0.05)	($0.53)	($0.05)
Net cash flows related to operating activities	179	130	182	137
Cash flows from operations[1]	121	127	125	131
	As at Sep 30,	**As at Dec 31,**	**As at Sep 30,**	**As at Dec 31,**
Total assets	4,601	3,926	5,271	4,288
Debt, including non-current debt and current portion of debt	3,074	2,642	3,681	2,954

(1) See the *Non-IFRS measures* section.

Combined – Non-IFRS measure

The combined information ("Combined") presented above and elsewhere in this MD&A results from the combination of the financial information of Boralex Inc. ("Boralex" or the "Corporation") under IFRS and the share of the financial information of the *Interests* (as defined in note 5 to Boralex's interim financial statements). The *Interests* represent significant investments by Boralex and although IFRS does not permit the consolidation of their financial information within that of Boralex, management considers that information on a Combined basis is useful data for investors. In order to prepare the Combined information, Boralex first prepared its financial statements and those of the *Interests* in accordance with IFRS. Then, the *Interests in the Joint Ventures and associates*, *Share in earnings (losses) of the Joint Ventures and associates* and *Distributions received from the Joint Ventures and associates* line items are replaced by Boralex's respective share (ranging from 50% to 59.96%) in the financial statement items of the *Interests* (revenues, expenses, assets, liabilities, etc.). We also refer you to the *Non-IFRS measures* section for more information. It is important to note that the calculation method described here is identical to the method that was used as at December 31, 2017 and previously to establish the data identified as *Proportionate Consolidation* in previous MD&As.

Abbreviations and Definitions

In alphabetical order

2016 FiP	2016 feed-in premium
AESO	Alberta Electricity System Operator
BAPE	Bureau d'audiences publiques sur l'environnement
Caisse	Caisse de dépôt et placement du Québec
DC&P	Disclosure controls and procedures
DM I and DM II	Des Moulins Wind Power L.P.
EBITDA	Earnings before taxes, interest, depreciation and amortization
EBITDA(A)	Earnings before taxes, interest, depreciation and amortization adjusted to include other items
EDF	Électricité de France
GAAP	Generally Accepted Accounting Principles
GWh	Gigawatt-hour
HQ	Hydro-Québec
ICFR	Internal Control over Financial Reporting
IESO	Independent Electricity System Operator
IFER	Flat-rate tax on network businesses (France)
IFRS	International Financial Reporting Standards
Interests	Interests in the Joint Ventures and associates
Invenergy	Invenergy Renewables LLC
ISE	Integrated Solar Energy
Kallista	Kallista Energy Investment SAS and KE production SAS
LP I	Le Plateau Wind Power L.P.
LP II	Le Plateau Community Wind Power L.P.
LRP	Large Renewable Procurement
MW	Megawatt
MWh	Megawatt-hour
NRWF	Niagara Region Wind Farm
REA	Renewable Energy Approvals
REP	Renewable Electricity Program
Roncevaux	Roncevaux Wind Power L.P.
SDB I	Seigneurie de Beaupré Wind Farms 2 and 3
SDB II	Seigneurie de Beaupré Wind Farms 4
Target run rate	Estimated EBITDA under the assumption that all of the assets in operation at the end of the year were in operation for the whole year

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, 2018 compared with the corresponding periods of 2017, as well as the Corporation's financial position as at September 30, 2018 compared with as at December 31, 2017. 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 consolidated financial statements and related notes found in the most recent Annual Report for the fiscal year ended December 31, 2017.

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 8, 2018, the date on which the Board of Directors approved this interim MD&A and the unaudited interim consolidated financial statements. Unless otherwise indicated, the financial information presented in this MD&A, including tabular amounts, is prepared in accordance with IFRS which constitute Canadian GAAP under Part I of the *CPA Canada Handbook*. The unaudited interim consolidated financial statements included in this MD&A have been prepared according to IFRS applicable to the preparation of financial statements, IAS 1, *Presentation of Financial Statements*, and contain comparative figures for 2017.

As discussed under *Non-IFRS measures*, this MD&A also contains information consisting of non-IFRS measures. The Corporation uses "EBITDA," "EBITDA(A)," "EBITDA(A) margin," "cash flows from operations," "ratio of net debt," "discretionary cash flows," "payout ratio" and "dividends paid per common share" to assess the operating performance of its facilities. As described above, the Corporation also presents Combined information that incorporates its share of the financial statements of the Interests. 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. It should also be noted that the data expressed as a percentage is calculated using amounts in thousands of 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. Positive or negative verbs such as "will," "would," "forecast," "anticipate," "expect," "plan," "project," "continue," "intend," "assess," "estimate" or "believe," or expressions such as "toward," "about," "approximately," "to be of the opinion," "potential" or similar words or the negative thereof or other comparable terminology, are used to identify such statements. They are based on Boralex management's expectations, estimates and assumptions as at November 8, 2018.

This forward-looking information includes statements about the Corporation's business model and growth strategy, wind power and other renewable energy production projects in the pipeline and their expected performance, EBITDA(A), EBITDA(A) margins and discretionary cash flow targets of Boralex or those expected to be generated in the future, the Corporation's forecasted financial results, future financial position, installed capacity or megawatt growth objectives or targets, including those set in connection with the Corporation's *Growth path*, growth outlook, business strategies and plans and objectives of or relating to the Corporation, the expected timing of project commissioning, planned production, capital expenditure and investment programs, access to credit facilities and financing, capital tax, income tax, risk profile, cash flows and earnings and their components, the amount of distributions and dividends to be paid to securityholders, the anticipated distribution ratio, the dividend policy and the timing of such distributions and dividends. Actual events or results may differ materially from those expressed in such forward-looking statements.

Forward-looking information is based on significant assumptions, including assumptions about the performance of the Corporation's projects based on management estimates and expectations with respect to wind and other factors, assumptions about general industry and economic conditions and assumptions about EBITDA(A) margins. While the Corporation considers these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect.

Boralex wishes 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 forward-looking financial information 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 energy selling prices, the Corporation's financing capacity, competition, changes in general market conditions, the regulations governing the industry and raw material price increases and availability, regulatory disputes and other issues related to projects in operation or under development, as well as other factors described in the sections *Outlook and development objectives* and *Risk factors and uncertainties* of the Corporation's Annual Report for the year ended December 31, 2017.

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

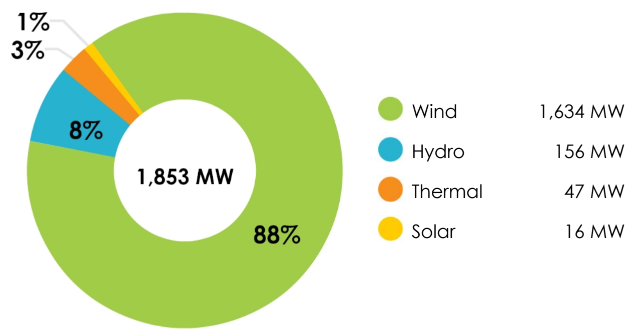
Boralex is a Canadian corporation operating in the renewable energy segment. It draws on a workforce of nearly 370 people to develop, build and operate power generating facilities in Canada, France, the United States and Scotland. As at September 30, 2018, its asset base of installed capacity under its management comprised 1,853 MW[1]. Asset development projects in progress represent an additional 214 MW, to be commissioned by the end of 2020. The following charts provide information about the makeup of the Corporation's energy portfolio in operation as at September 30, 2018.

Segment breakdown

The **wind** power segment accounts for a large majority (88%) of installed capacity. Projects under development and under construction will add 188 MW by the end of 2020.

The Corporation's 15 **hydroelectric** power stations make up 8% of installed capacity. A 16th power station (16 MW) will be commissioned in the fourth quarter of 2018 in Ontario while work is underway to increase capacity by 10 MW in 2019 at the Buckingham power station in Québec.

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

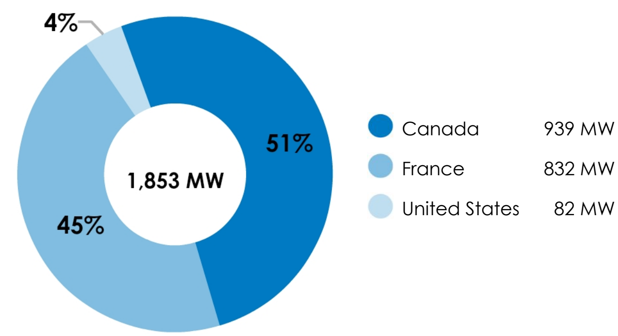


Geographic breakdown

In **Canada**, Boralex is active in four power generation segments: wind, hydroelectric, thermal and solar. That being said, wind power accounts for the largest percentage of production with an installed capacity under its control of 829 MW and 15 MW under development.

In **France**, a large portion of Boralex's installed capacity originates from wind farms, totalling 805 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 development will add a total of 173 MW.

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

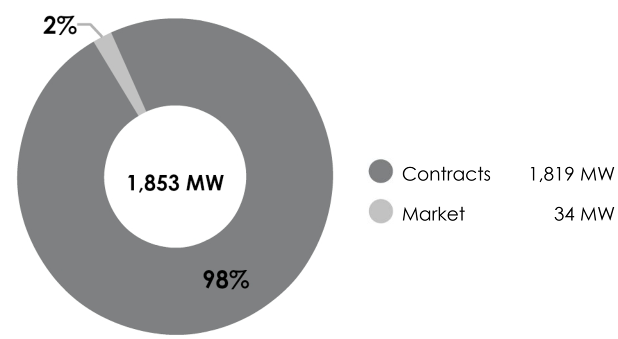


Breakdown of sources of revenues from energy sales

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

The Corporation estimates that the equivalent of 196 MW (11% of installed capacity or 7% of expected current production) covered by contracts expiring through September 2023 will then be sold at market prices if new contracts have not been negotiated beforehand.

These contracts have a weighted average remaining contractual term of 13 years.



[1] This data, as well as all of the data in this MD&A, reflects 100% of Boralex's subsidiaries in which the Corporation is the controlling shareholder. The data also reflects Boralex's share in entities over which it does not have control and which are accounted for using the equity method in this MD&A, consisting of 170 MW in the Joint Ventures operating the Seigneurie de Beaupré Wind Farms in Québec, representing 50% of a total installed capacity of 340 MW, plus 201 MW from the acquisition of Invenergy's interests in five wind farms in Québec, out of the total installed capacity of 392 MW.

Growth strategy and recent developments

Growth strategy

Boralex has adopted a strategy to drive above-average, balanced and sustainable financial growth. It entails developing its assets and generating higher revenue streams and cash flows, while mitigating its business risks. The main elements of this strategy, discussed under *Growth strategy* in the Corporation's 2017 Annual Report, are as follows:

- Acquisition, development and operation of renewable energy assets covered by long-term indexed, fixed-price energy sales contracts or to be submitted in connection with competitive requests for proposals;
- Financial discipline to provide long-term returns exceeding the Corporation's cost of capital, particularly in its areas of expertise–wind, hydroelectric and solar power;
- Focus of development initiatives mainly in North America and Europe.

In addition, in an increasingly competitive environment in France and in light of a transition from long-term, fixed-price contracts to a tendering system, Boralex's development team leveraged nearly twenty years of hands-on experience to proactively identify and secure excellent locations in terms of wind resources and land rights, representing a major competitive edge today.

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

- Structural improvement in operating margins for the Corporation in light of the higher weights of more profitable segments;
- Greater medium- and long-term 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 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 has since been increased four times, including an increase of about 10% since the beginning of fiscal 2018, which reflects the Corporation's solid growth in recent years and confidence in its future prospects.

With the dividend, total shareholder return on equity (assuming dividends are reinvested) since the beginning of 2013 stands at about 130%, which, together with issuance of new shares, helped increase the Corporation's market capitalization to approximately $1.6 billion as at September 30, 2018.

Developments

Acquisition and commissioning – since January 1, 2017

The table below shows the Corporation's acquisitions and commissioning at various times since January 1, 2017, representing an increase of 321 MW in 2017 and 397 MW in 2018. The facilities acquired and commissioned in 2017 will contribute to the Corporation's results for the full 2018 fiscal year.

Project name	Date[(1)]	Total capacity (MW)	Country	Segment	Energy contract term	Ownership (%)
NRWF	January 18	230	Canada	Wind	20 years/IESO	Note[(2)]
Plateau de Savernat II	March 21	4	France	Wind	15 years/EDF	100
Voie des Monts[(3)]	July 10	10	France	Wind	15 years/EDF	100
Mont de Bagny[(3)]	August 1	24	France	Wind	15 years/EDF	100
Artois[(3)]	November 21	23	France	Wind	15 years/EDF	100
Chemin de Grès[(3)]	December 6	30	France	Wind	15 years/EDF	100
2017		**+ 321 MW**				
Kallista[(4)]	June 20	163	France	Wind	15 years/EDF[(5)]	Note[(6)]
DM I, DM II, LP I, LP II and Roncevaux	September 14	201	Canada	Wind	Note[(7)]	Note[(8)]
Inter Deux Bos	September 24	33	France	Wind	15 years/EDF	100
2018		**+ 397 MW**				

(1) Dates of acquisition and commissioning by Boralex.
(2) See the *Business combinations* note to the consolidated financial statements in the 2017 Annual Report for more information on this Boralex subsidiary.
(3) Ecotera wind power project portfolio.
(4) See the *Business combinations* note to the financial statements for the quarter ended September 30, 2018 for more information on this Boralex subsidiary.
(5) These contracts have a weighted average remaining contractual term of 8 years from the acquisition date.
(6) Boralex owns 100% of the shares of 14 wind farms and 65% of the 15 MW Val aux Moines SAS wind farm, all in operation.
(7) These contracts have a weighted average remaining contractual term of 16 years from the acquisition date.
(8) See the *Interests in the Joint Ventures and associates* note to the financial statements for the quarter ended September 30, 2018 for more information on the interest as a percentage.

Other developments

2017

During fiscal 2017, a range of initiatives were pursued to flesh out the *Growth path*.

The Board of Directors of the Corporation green-lighted six ready-to-build projects totalling 142 MW: **Côteaux du Blaiseron** (26 MW), **Hauts de Comble** (20 MW), **Inter Deux Bos** (33 MW), **Sources de l'Ancre** (23 MW), **Seuil du Cambrésis** (20 MW) and **Basse Thiérache Nord** (20 MW). Except for the **Côteaux du Blaiseron** project from the 2014 Boralex Énergie Verte acquisition, the others all originated from the Ecotera portfolio acquired in 2015. Note that the capacity of the **Basse Thiérache Nord** project increased by 8 MW to 20 MW upon approval of an amended licence. In addition, the capacity of the **Seuil du Cambrésis** project was recently increased by 3 MW to 23 MW, following the approval of an amended licence authorizing the addition of a turbine.

On October 17, 2017, Boralex and UK-based Infinergy entered into a 50/50 partnership agreement aimed at developing a pipeline of onshore wind power projects with an estimated installed capacity of 325 MW. Located primarily in Scotland, ten projects with capacities ranging from 4 MW to 80 MW are at different stages of development: from the prospecting phase to the final evaluation phases prior to full approval. For the development phase, Boralex and Infinergy have committed to invest a total amount of $11 million (£7 million) initially until the end of 2019. To date, there remains an amount to be invested by Boralex of $5 million (£3 million), or $1 million (£1 million) in 2018 and $4 million (£2 million) in 2019. The Corporation has control over these new entities under a casting vote over major decisions.

2018

On June 20, 2018, Boralex announced the closing of the transaction to acquire Kallista for a total cash consideration of $121 million (€78 million) for the shares and the assumption of $171 million (€111 million) of project debt. The Corporation also repaid a $78 million (€51 million) due to a non-controlling shareholder granted by Ardian Infrastructure to Kallista Energy Investment SAS and an $8 million (€6 million) loan for a total of $86 million (€56 million). More specifically, the acquisition involved:

- 15 wind farms in operation in France totalling 163 MW covered by contracts whose weighted average remaining term is eight years;
- A 10 MW wind farm under construction, **Noyers Bucamps**;
- A project portfolio representing a capacity of approximately 158 MW including opportunities for repowering and expansion at existing sites.

The consideration was settled by Boralex using its revolving credit facility. However, in July 2018, to finance this acquisition over the longer term, the Corporation used the $100 million available under Tranche B of the credit agreement with the Caisse, a shareholder of the Corporation, and the Fonds de solidarité FTQ, which was set up on March 29, 2018 (see below).

On June 20, 2018, Boralex announced the signing of three agreements to acquire the interests of Invenergy in five wind farms in Québec and options to purchase a partner's interests for a total cash consideration of $216 million, subject to adjustments provided for in the purchase agreements. At the time, the Caisse held a 52.4% interest in Invenergy and consequently, the acquisition is considered as a related party transaction. The wind farms targeted by this acquisition are the **DM I** (136 MW), **DM II** (21 MW) and **LP I** (139 MW) wind farms, 49% owned by the Caisse, as well as two community wind farms, **Roncevaux** (75 MW) and **LP II** (21 MW), 50% and 40.04% of which are owned by municipal authorities, respectively. On September 14, 2018 when the transactions were completed, the Corporation added 201 MW to its installed capacity, considering Invenergy's interests in each of these projects. Boralex's interest in the projects is not consolidated under IFRS and was accounted for using the equity method. This interest is therefore considered an investment and the information is presented under the Combined basis.

Taking into account the acquisition of both Kallista's facilities and Invenergy's interests, Boralex anticipates an increase of approximately 5% in discretionary cash flows per share in 2019 and subsequently of nearly 10% around 2022.

Furthermore, Boralex's Board of Directors recently green-lighted four new projects, three in France and one in Canada. These projects, all to be commissioned between 2019 and 2020 are as follows:

- **Catésis** (10 MW) and **Santerre** (14 MW), two projects acquired from Ecotera in 2015;
- **Buckingham**, a hydroelectric power station whose installed capacity of 10 MW will be increased to 20 MW;
- **Cham Longe I**, a wind power project whose installed capacity will increase from 17 MW to 35 MW following repowering.

Note that the **Santerre** and the repowering of **Cham Longe I** projets were selected under the most recent series of RFPs for onshore wind power and will be built under this scenario, which means that they will be covered by 20-year energy sales contracts.

Significant financial transactions

2017

In December 2016, in anticipation of the **NRWF** acquisition, Boralex completed a public offering of 10,361,500 subscription receipts 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. On January 18, 2017, upon the closing of the acquisition of Enercon's interest, the subscription receipts were exchanged in full for an equal number of common shares of Boralex. 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 net cash consideration totalling $231 million for the cost of the acquisition.

On July 27, 2017, the Caisse acquired all of the Boralex Class A common shares held by Cascades Inc., thereby becoming Boralex's largest shareholder. As at September 30, 2018, the Caisse's share amounted to 19.9%. Under this transaction, Boralex agreed, in particular, to explore business partnership opportunities with the Caisse for investments to be developed by Boralex, in accordance with its growth strategy.

During fiscal 2017, Boralex completed the following financing and refinancing:

- On January 18, 2017, at the same time as the **NRWF** acquisition closing, and considering NRWF's enhanced profile as a cash flow generator, Boralex obtained a $100 million increase in its revolving credit facility for a total authorized amount of $460 million.
- On February 22, 2017, Boralex announced the closing of the $33 million financing for the 10 MW **Port Ryerse** wind farm in Ontario, Canada.
- 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 of $68 million (€46 million).
- On November 24, 2017, Boralex announced the closing of $53 million in financing for the 15 MW **Moose Lake** wind power project in British Columbia, Canada.
- On December 22, 2017, the Corporation announced the closing of a credit facility covering wind power projects in France, namely, **Inter Deux Bos**, **Côteaux du Blaiseron**, **Hauts de Comble**, **Sources de l'Ancre** and **Le Pelon** amounting to $235 million (€156 million).

2018

On March 29, 2018, Boralex announced it had obtained a one-year extension, until April 27, 2022, for its $460 million revolving credit facility, as well as the addition of an accordion clause, potentially providing access to an additional $100 million, on the same terms and conditions.

Also on March 29, 2018, the Corporation confirmed a joint investment totalling $200 million by the Caisse, a shareholder of the Corporation, and Fonds de solidarité FTQ in the form of unsecured subordinated debt maturing on March 29, 2028, subject to certain conditions. This financing included a second $100 million exercise option, which was drawn down on July 24, 2018, following the Kallista acquisition.

On June 20, 2018, the Corporation announced it had entered into agreements to acquire Invenergy's interests in five wind farms in Québec and options to purchase a partner's interests for $216 million. The Corporation completed a public offering of 10,247,650 subscription receipts on July 11, 2018 at a price of $20.20 per subscription receipt for gross proceeds of $207 million (including the exercise in full of the underwriters' over-allotment option). The Corporation also entered into a subscription agreement pursuant to which the Caisse acquired, by way of private placement, 2,562,200 subscription receipts at a price of $20.20 per subscription receipt for gross proceeds of $52 million, including the exercise in full of its option to acquire additional subscription receipts from the private placement simultaneously and proportionately with the exercise of the over-allotment option by the underwriters. The net proceeds of $250 million from the share issuance were used primarily to finance the acquisition of wind farms and certain corporate needs. On September 14, 2018, upon the closing of the acquisition of Invenergy's interest, the subscription receipts were exchanged in full for an equal number of common shares of Boralex.

These transactions once again demonstrate the financial markets' confidence in Boralex and its growth prospects. They will help balance the capital structure in support of its development strategy.

Dividend increase

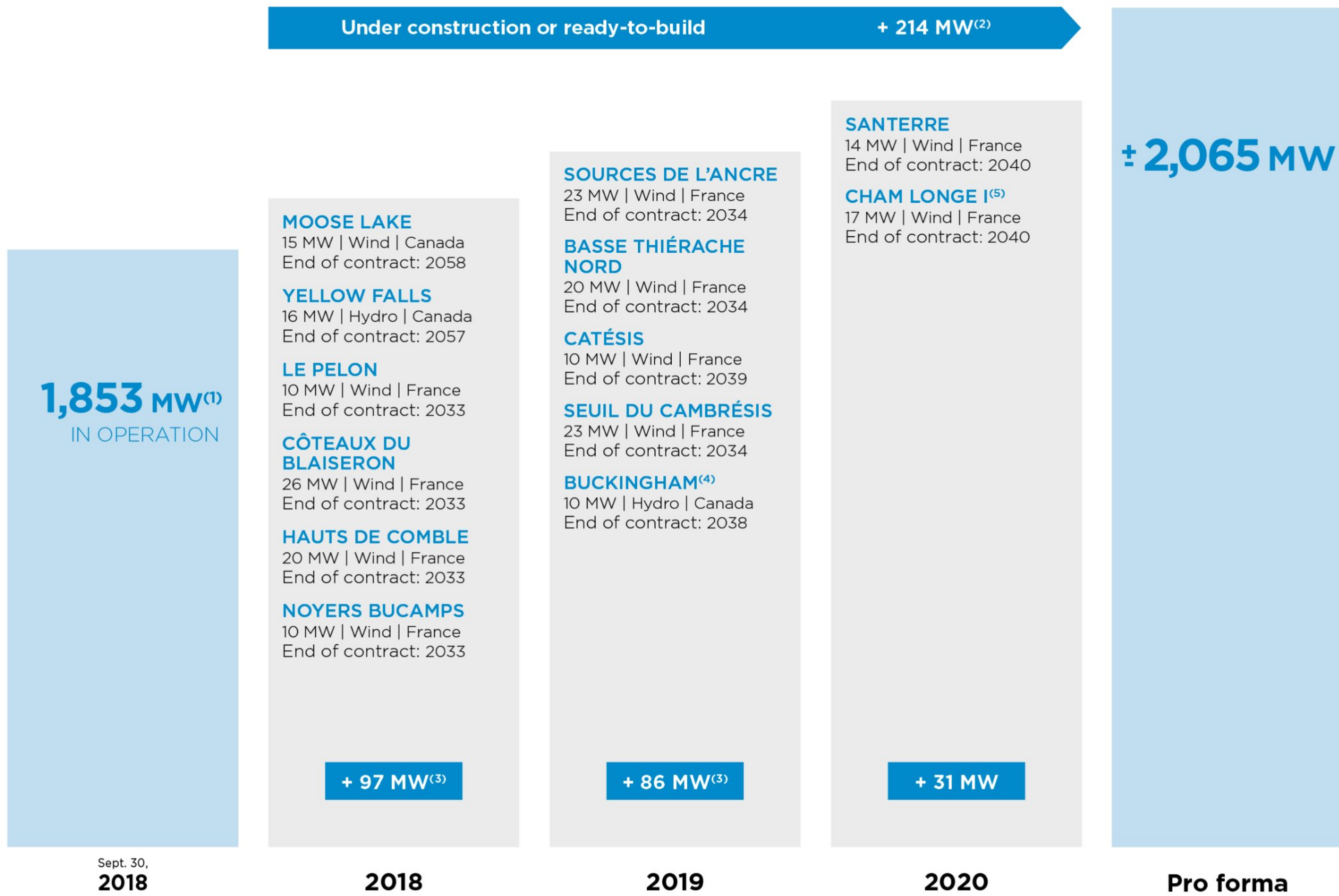
On May 8, 2018, the Board of Directors conditionally authorized a 5% increase in the annualized dividend. Accordingly, the annual dividend increased from $0.60 to $0.63 per common share (from $0.1500 to $0.1575 on a quarterly basis). A dividend of $0.1575 per common share was declared and paid on September 18, 2018 to holders of record at the market close on August 31, 2018. An equivalent amount was also paid to holders of subscription receipts in lieu of a dividend.

Given the acquisition of Invenergy's interests in five wind farms in Québec and the confidence inspired by the outlook for the Corporation, Boralex's Board of Directors authorized a second increase for the annual dividend in 2018, amounting to 4.8%, increasing the dividend from $0.63 to $0.66 per share (or from $0.1575 to $0.1650 per share on a quarterly basis) bringing the total increase since the beginning of the fiscal year to 10%. This second increase will be effective as of the closing of the acquisition of Invenergy's interests in the **DM I**, **DM II** and **LP I** wind farms on September 14, 2018 and will be paid on December 17, 2018 to the holders of record at the market close on November 30, 2018.

Outlook and development objectives

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 2017 Annual Report. We discuss here the key elements involving priority actions for the current fiscal year.

Growth path(1)



(1) This data, as well as all the data contained in the interim MD&A as at September 30, 2018, reflects 100% of Boralex subsidiaries in which the Corporation is the controlling shareholder. The data also reflects Boralex's share in entities over which it does not have control which are accounted for using the equity method in the interim MD&A as at Septembrer 30, 2018, consisting of 170 MW in the Joint Ventures operating the Seigneurie de Beaupré Wind Farms in Québec, representing 50% of the total installed capacity of 340 MW, plus 201 MW from five wind farms in Québec, following the acquisition of Invenergy's interests in these facilities which was completed on Septembre 14, 2018.

(2) France 173 MW | Canada 41 MW

(3) 2018: Hydro 16 MW | Wind 81 MW; 2019: Hydro 10 MW | Wind 76 MW

(4) Project whose current capacity of 10 MW is to increase to 20 MW.

(5) Project whose current capacity of 18 MW is to increase to 35 MW while the initial expiry date of 2020 is to be extended by 20 years.

Projects in development stage

Wind

The wind power segment accounts for 88% of Boralex's total installed capacity and remains its top growth driver. Boralex has grown its wind power segment operating asset base more than fourfold since 2013, adding on average nearly 200 MW a year through acquisitions or newly commissioned facilities developed by the Corporation.

A key factor in Boralex's success is the expertise and skill of its team in 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 not only 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 capitalize on differently evolving target markets.

The Corporation's wind power segment began fiscal 2018 with 321 MW in additional installed capacity compared with a year earlier due to the prior year's commissioning and acquisitions. These wind farms will contribute to the Corporation's operating and financial performance throughout fiscal 2018. Also, the recent acquisitions of Kallista in France and Invenergy's interests in five wind farms in Québec as well as the recent commissioning of the **Inter Deux Bos** wind farm in France will strengthen the Corporation's position as an industry leader. This will help us in particular to boost our credibility as a developer and operator of wind farms and provide significant leverage when building partnerships, negotiating borrowing terms, striking agreements with our equipment suppliers or achieving operational synergies primarily related to wind farms in operation.

As set out in the *Growth path*, Boralex plans to add 11 new wind farms for an additional installed capacity of 81 MW in 2018, 76 MW in 2019 and 31 MW in 2020. All covered by long-term indexed, fixed-price energy sales contracts, these assets will contribute to the Corporation's results as they are commissioned (see the *Summary of projects in development stage* table).

North America

In **British Columbia**, the commissioning of the **Moose Lake** facility by the end of 2018 will be the Corporation's first foray in the segment in that province.

In **Québec**, Boralex has several wind power development projects. The recent acquisition of Invenergy's interests is an integral part of its growth strategy which focuses on the addition of quality assets covered by long-term energy sales contracts. This acquisition will increase the weighted average term of energy sales agreements and will add approximately $45 million of annual EBITDA(A) on a Combined basis. As Boralex is the manager of wind farms that are part of the acquisition, it will also benefit from cash flows from operating wind farms on behalf of the partnerships. Note also that the Innu Nation has chosen the Corporation to be its partner for the 200 MW Apuiat project on the Côte-Nord. Negotiations were completed in August 2018 with a draft power purchase agreement subject to approval by the board of directors of each of the stakeholders. Since the change in government, a number of meetings have continued to take place to demonstrate the positive impacts of this project.

In **Alberta**, Boralex continues to act through partnership with developer AWEC to enter the wind power market in that province where it has participated in calls for tenders.

Boralex continues to keep a close eye on opportunities in the **United States** to make its first foray in that market. Boralex is also exploring potential acquisitions or partnerships with local developers to get there faster, keeping in mind that energy policies are usually set at the state level. Accordingly, Boralex's management is focusing on the New England and East Coast states, which are populous and open to renewable energies.

Europe

For nearly 20 years, **France** has been fertile ground for Boralex with well-targeted acquisitions and the development of greenfield projects. Management believes that the country continues to offer attractive growth opportunities, due to its commitment to increase the share of renewable energy in national power generation to 26% by 2020 and 32% by 2030. This is especially true since the government has announced it intends to implement measures to accelerate wind power development. These include promoting social acceptability through tax measures that will increase the financial benefits for communities and limiting, by eliminating one level of jurisdiction, the processing time for projects whose licences are contested. Boralex considers that this measure alone could result in a two- to three-year reduction in the typical development cycle for greenfield projects, which currently ranges from five to seven years.

There is another element that is likely to accelerate the transition to renewable energy, including wind energy. The government is currently evaluating various scenarios to reduce the share of nuclear facilities in its power generation, including the foreseeable shutdown over the next 10 to 15 years of about 18 reactors once they reach the 40-year operating threshold. Depending on the scenario chosen, this could result in a significant increase in renewable energy production, totalling up to three times the current level.

In light of its experience and well-established relationships with financial institutions, elected officials, suppliers and other partners, the Corporation has competitive strengths to leverage this favourable environment to bolster and build on its position as France's largest independent producer of onshore wind power. The Kallista acquisition is a prime example. Furthermore, the *Growth path* shows that 10 wind power projects are under development with commissioning in Europe slated for the end of fiscal 2020, representing an additional 173 MW.

The Corporation intends to participate in the tendering system, which anticipates the awarding of contracts of a cumulative installed capacity of onshore wind power totalling 3,000 MW by the end of June 2020, of which about 2,400 MW represents the unallocated portion of previous tenders, and which will benefit from 20-year contracts. Note that following the June 2018 RFP, only 118 MW was awarded out of a potential of 500 MW with Boralex winning the lion's share of a total of 49 MW for the **Santerre** and **Cham Longe I** projects.

Considering the low participation rate in the June 2018 RFP, the French government has relaxed the rules for the next period of RFPs scheduled for April 2019 by accepting projects that are yet to obtain all the required authorizations and licences. Three other RFP periods without a relaxing of rules are then scheduled up to mid-2020. Boralex could then submit proposals for several hundreds of MW.

During this time, Boralex could also focus on the bids filed under the 2016 FiP program, which have the advantage of a known and predictable fixed price, along with indexed contracts over a 15-year term.

Note that new rules have been introduced whereby the rates stipulated in future contracts will be set according to electricity market prices, plus a feed-in premium. However, under transition rules, applications filed before the end of 2016 that are approved will benefit from a rate equivalent to the rate applicable for fixed-rate power purchase agreements prior to this rule change.

Lastly, in the first half of 2019, Boralex intends to submit a proposal in conjunction with partners in connection with an RFP in France for offshore wind turbines, given that the Dunkirk project was qualified previously.

In the **United Kingdom**, Boralex owns the rights to a large pipeline of projects, mainly in Scotland, which stands it in good stead to enter this wind power market. This positioning resulted from the September 2016 acquisition of a portfolio of projects coupled with the partnership entered into in October 2017 with Infinergy. Boralex continues to develop these projects with a view to capitalizing on new opportunities that meet its economic criteria.

Hydroelectric

In the fourth quarter of 2018, the Corporation will commission **Yellow Falls**, its first hydroelectric power station in Ontario, which is expected to generate approximately $7 million in annual EBITDA and which will increase the hydroelectric power segment's installed capacity to 172 MW. The power generated will be sold under a sales contract over a total term of 40 years.

A project involving a number of turbine replacements is underway to increase the 10 MW **Buckingham** hydroelectric power station to 20 MW. This will add some $5 million to the Corporation's annual EBITDA. These projects will lead to minor structural changes and will have no impact on water levels upstream or downstream. We are in the final stages of obtaining all the necessary certificates of authorization, but preliminary work has been green-lighted by Québec's Ministry of Sustainable Development, Environment and the Fight against Climate Change and began in the second quarter of 2018, with commissioning scheduled for the second half of 2019. As a result, the power station will be idle during the work, spanning four months in 2018 and close to ten months in 2019.

Thermal

While thermal power is not a preferred development target under Boralex's growth strategy, the Corporation is keeping 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.

Under an agreement with Hydro-Québec, renewed until 2027, the **Senneterre** power station in Québec typically generates electricity eight months of the year (December to March, then June to September). This agreement provides for financial compensation to maintain profitability akin to prior-year performance.

Solar

Boralex continues to make the necessary effort to capitalize on the potential of the solar power sector. It holds the rights to a number of development projects in France. The 15 MW **Cruis** solar power project was recently selected as part of the third round of RFPs for the construction and operation of solar power projects. However, there are still some steps to be completed before the project can be added to the *Growth path*. If chosen and approved, the facility, once commissioned, would nearly double the installed capacity of the solar power segment in France.

The Corporation is leveraging its existing facilities to strengthen its expertise in this area. Its three solar energy facilities—two in France, known as **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.

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 and are to be commissioned by the end of 2020.

Project name	Total capacity (MW)	Segment/Country	Energy contract term/Client	Ownership (%)	Commissioning	Total project investment(1) (2)	Estimated annual EBITDA(2)
Moose Lake	15	Wind/Canada	40 years/BC Hydro	70	2nd half of 2018	$61 million	$5 million
Yellow Falls	16	Hydro/Canada	40 years/IESO(3)	100	2nd half of 2018	$101 million	$7 million
Le Pelon	10	Wind/France	15 years/EDF	100	2nd half of 2018	€16 million	€2 million
Côteaux du Blaiseron	26	Wind/France	15 years/EDF	100	2nd half of 2018	€33 million	€3 million
Hauts de Comble	20	Wind/France	15 years/EDF	100	2nd half of 2018	€35 million	€4 million
Noyers Bucamps	10	Wind/ France	15 years/EDF	100	2nd half of 2018	€20 million	€2 million
Sources de l'Ancre	23	Wind/France	15 years/EDF	100	1st half of 2019	€35 million	€4 million
Basse Thiérache Nord	20	Wind/France	15 years/EDF	100	1st half of 2019	€28 million	€4 million
Catésis	10	Wind/ France	20 years/EDF	100	1st half of 2019	€18 million	€2 million
Seuil du Cambrésis	23	Wind/France	15 years/EDF	100	2nd half of 2019	€40 million	€5 million
Buckingham	20	Hydro/Canada	25 years/HQ	100	2nd half of 2019	$50 million	$8 million(4)
Santerre	14	Wind/ France	20 years/EDF	100	1st half of 2020	€26 million	€3 million
Cham Longe I	35	Wind/ France	20 years/EDF	100	2nd half of 2020	€45 million	€6 million(5)

(1) These amounts are estimated as of the date of this MD&A. However, actual results may differ from these estimates.
(2) See *Notice concerning forward-looking statements*.
(3) The total 40-year contract includes four renewal options, each for a five-year period, at Boralex's discretion.
(4) This 10 MW increase in installed capacity will result in the addition of $5 million to current EBITDA.
(5) This 17 MW increase in installed capacity will result in the addition of €4 million to current EBITDA.

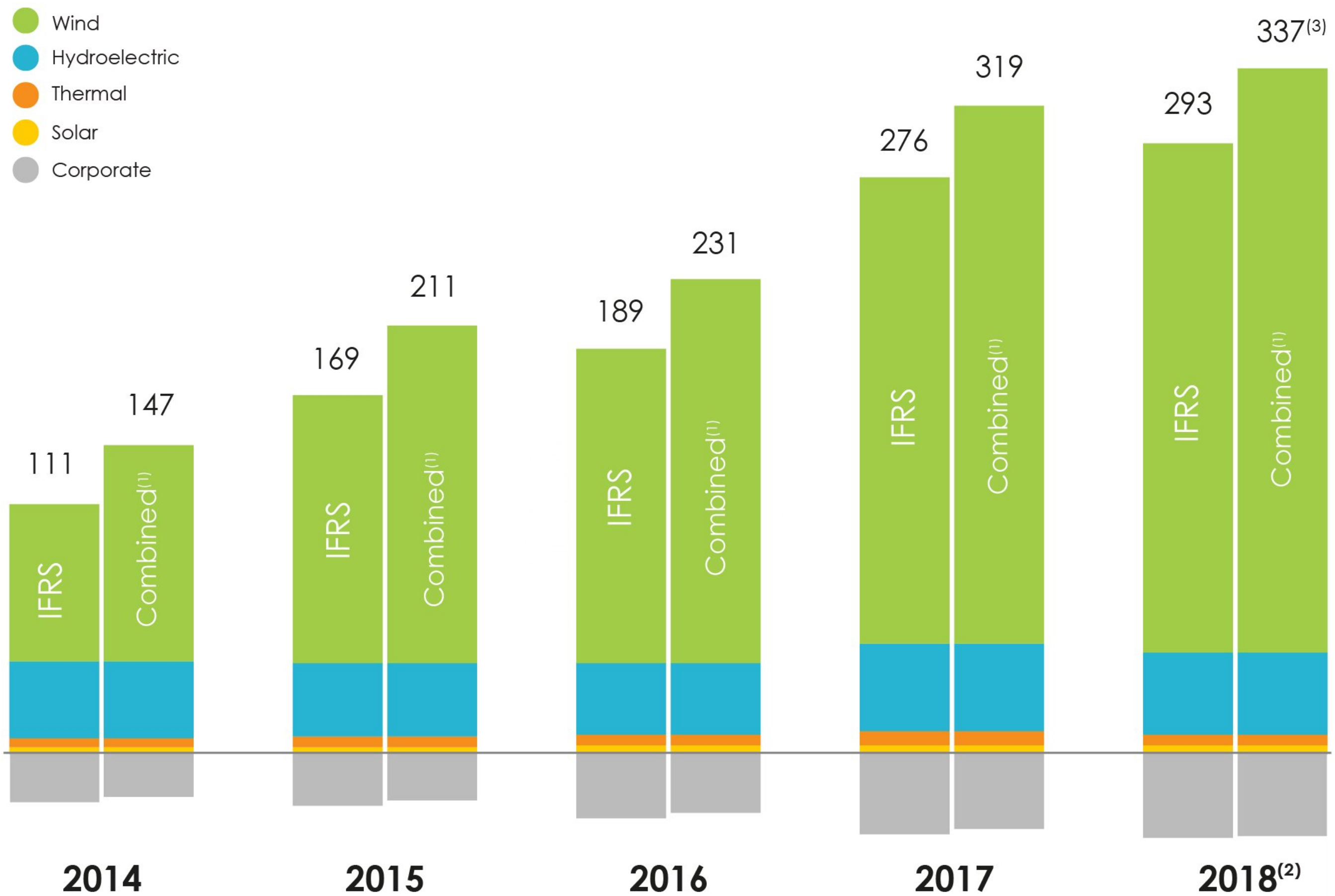
Overall, remaining planned investments, as of September 30, 2018, range from $295 million to $305 million.

Growth outlook

As shown in the *Growth path* chart above and the following *Historical data* chart, Boralex's outlook is closely linked to prospects in the wind power segment, given its dominant position in the Corporation's energy portfolio and the strong growth potential of its project pipeline. Since the beginning of 2014, 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. The initial target of 2,000 MW will be achieved ahead of schedule in 2019. The Corporation will continue to review market opportunities and should communicate its new targets together with its year-end results.

Historical data

EBITDA(A) (in millions of Canadian dollars)



(1) See the *Non-IFRS measures* section.
(2) Twelve-month period ended September 30, 2018.
(3) Twelve-month period ended September 30, 2018 (Q3-18: $51 million; Q2-18: $68 million; Q1-18: $114 million and Q4-17: $104 million; for a total of $337 million).

2018-2020 Outlook: Disciplined and profitable growth

Taking into account the assets to be commissioned until 2020, for a total of 214 MW, the Kallista acquisition including 15 wind farms in operation for a total of 163 MW, the commissioning of **Inter Deux Bos** (33 MW) and the acquisition of Invenergy's interests in five wind farms representing up to an additional 201 MW, Boralex will achieve an installed capacity of nearly 2,065 MW, on a Combined basis, at the end of 2020. The Corporation will continue to review market opportunities and expects by year-end to communicate an updated long-term capacity target in line with its objectives for continued growth.

Considering the Kallista acquisition, the contribution of the investments acquired from Invenergy, the facilities commissioned during the first three quarters of 2018 and a possible increase in corporate and development costs reflecting the Corporation's future growth, management set an annualized 2020 year-end EBITDA target ("target run rate") ranging from $390 million to $410 million under IFRS and $480 million to $500 million on a Combined basis on the assumption that all assets were to be operational for the full year.

To support execution of its various projects and drive shareholder value, Boralex enjoys a solid financial position strengthened by:

- The refinancing of the revolving credit facility to $460 million and extension of its maturity by one year to April 27, 2022, including the option to draw down an additional $100 million with the addition of an accordion clause;
- The joint investment totalling $200 million by the Caisse and Fonds de solidarité FTQ in the form of unsecured subordinated debt with a ten-year maturity, which was increased by $100 million in July 2018;
- Significant cash flows generated by operations;
- Protection against interest rate fluctuations as a result of the use of interest rate swaps or fixed-rate debt instruments, along with effective matching of borrowing terms and energy sales contracts.

Priority objective: Creating value

Boralex's ultimate goal is to create growing and sustainable economic value for its shareholders and for other stakeholders including its employees, partners and the communities in which it operates. Boralex will continue to create value by providing the strategic, operating and financial conditions for growth in cash flows per share. This will enable it to ensure the Corporation's sustainability 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.

In light of these objectives, the Corporation prioritizes the addition 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 keeping an eye out for new technologies.

Seasonal factors

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	Twelve-month period ended September 30, 2018
POWER PRODUCTION (GWh)					
Wind power stations	676	824	490	415	2,405
Hydroelectric power stations	159	166	194	118	637
Thermal power stations	31	61	57	8	157
Solar power stations	5	4	6	7	22
	871	1,055	747	548	3,221
REVENUES FROM ENERGY SALES					
Wind power stations	107	125	73	64	369
Hydroelectric power stations	14	14	14	10	52
Thermal power stations	7	12	7	3	29
Solar power stations	1	1	1	2	5
	129	152	95	79	455
EBITDA(A)[(1)]					
Wind power stations	95	101	58	46	300
Hydroelectric power stations	10	10	10	5	35
Thermal power stations	2	4	1	—	7
Solar power stations	1	1	1	2	5
	108	116	70	53	347
Corporate and eliminations	(15)	(12)	(13)	(14)	(54)
	93	104	57	39	293
NET EARNINGS (LOSS)	28	23	(33)	(40)	(22)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	26	20	(28)	(34)	(16)
NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX – BASIC	$0.34	$0.26	($0.36)	($0.43)	($0.20)
NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX – DILUTED	$0.32	$0.26	($0.36)	($0.43)	($0.20)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	17	110	52	17	196
CASH FLOWS FROM OPERATIONS[(1)]	69	77	21	23	190
Weighted average number of shares outstanding – basic	76,174,741	76,256,796	76,318,743	78,552,595	76,832,193

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

Seasonal factors

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	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)[(1)]					
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)	15	(7)	(26)	(22)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(5)	15	(2)	(17)	(9)
NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX – BASIC	($0.07)	$0.21	($0.03)	($0.23)	($0.12)
NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX – DILUTED	($0.07)	$0.21	($0.03)	($0.23)	($0.12)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	29	54	38	36	157
CASH FLOWS FROM OPERATIONS[(1)]	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

(1) See the *Non-IFRS measures* section.

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.

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 1,634 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.

With the wind farms on the *Growth path* slated for commissioning by the end of 2020, which will add 188 MW to the wind power segment's installed capacity, it is expected that a growing portion of the Corporation's revenues will be generated in the first and fourth quarters of the coming years.

Hydroelectric

With respect to hydroelectric assets of which Boralex's share is currently 156 MW, they will reach 182 MW of installed capacity with the commissioning of the Yellow Falls project expected in the fourth quarter of 2018 and the increase in capacity of the Buckingham power station one year later. 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, corresponding 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 35 MW Senneterre power station in Québec, Canada is fuelled by wood residues and is covered by an energy sales contract with Hydro-Québec 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 from year to year.

Boralex also operates a 12 MW 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 the Corporation's production in a given year is exposed to seasonal cycles and other cyclical factors, this is mitigated by diversifying its power generation sources and favourable geographic positioning.

Financial highlights

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended September 30, 2018	2017	Nine-month periods ended September 30, 2018	2017
POWER PRODUCTION (GWh)				
Wind power stations	415	385	1,729	1,529
Hydroelectric power stations	118	166	478	569
Thermal power stations	8	47	126	141
Solar power stations	7	7	17	19
	548	605	2,350	2,258
REVENUES FROM ENERGY SALES				
Wind power stations	64	52	262	209
Hydroelectric power stations	10	15	38	51
Thermal power stations	3	5	22	21
Solar power stations	2	2	4	4
	79	74	326	285
EBITDA(A)[1]				
Wind power stations	46	36	205	165
Hydroelectric power stations	5	11	25	39
Thermal power stations	—	1	5	6
Solar power stations	2	1	4	4
	53	49	239	214
Corporate and eliminations	(14)	(10)	(39)	(31)
	39	39	200	183
NET LOSS	(40)	(26)	(50)	(18)
NET LOSS ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(34)	(17)	(42)	(4)
NET LOSS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.43)	($0.23)	($0.53)	($0.05)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	17	36	179	130
CASH FLOWS FROM OPERATIONS[1]	23	24	121	127
DIVIDENDS PAID ON COMMON SHARES	12	11	35	34
DIVIDENDS PAID PER COMMON SHARE[1]	$0.1575	$0.1500	$0.4650	$0.4500
Weighted average number of shares outstanding – basic	78,552,595	75,991,810	77,051,121	75,304,634

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

Statement of financial position data

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	As at September 30, 2018	As at December 31, 2017
Total cash, including restricted cash	149	150
Property, plant and equipment	2,868	2,621
Total assets	4,601	3,926
Debt, including non-current debt and current portion of debt	3,074	2,642
Liability component of convertible debentures	139	137
Total liabilities	3,684	3,197
Total equity	917	729
Net debt to market capitalization ratio[1] (%)	62	56

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

Analysis of consolidated operating results for the three-month period ended September 30, 2018

Revenues from energy sales up 6% mainly due to contributions from assets acquired and commissioned over the past 12 months.

Main differences in revenues from energy sales and EBITDA(A)

(in millions of Canadian dollars) (unaudited)	Revenues from energy sales	EBITDA(A)[1]
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017	74	39
Acquisitions/commissioning[2]	9	4
Share of the Interests - five wind farms in Québec	—	1
Pricing	1	1
Compensation	5	5
Volume	(11)	(10)
Foreign exchange effect	1	1
IFER tax	—	2
Development	—	(3)
Share of the Interests	—	1
Other	—	(2)
Change	5	—
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2018	79	39

(1) See the *Non-IFRS measures* section.

(2) Addition of 53 MW since September 30, 2017, the contribution of Kallista wind farms (163 MW) as of June 20, 2018 and the commissioning of Inter Deux Bos on September 24, 2018 (33 MW). For greater detail, see the *Commissioning overview* table in section *I - Growth strategy* of this MD&A.

Revenues from energy sales

For the three-month period ended September 30, 2018, revenues from energy sales totalled $79 million, up $5 million or 6% compared with the results of the corresponding quarter of 2017. This increase was driven by the expansion in the Corporation's operating asset base during the past twelve months, largely offset by lower results from existing wind farms in France and the hydroelectric power stations in the United States and Canada.

The commissioning of wind farms in France since the end of the third quarter of 2017 and the contribution of the Kallista wind farms as of June 20, 2018 resulted in a $9 million favourable difference. Added to the above are a $1 million favourable price difference and a $1 million favourable foreign exchange effect resulting from fluctuations in the euro against the Canadian dollar. On the downside, lower production volume, primarily at existing French wind farms and U.S. and Canadian hydroelectric power stations resulted in an unfavourable difference of $11 million due to less favourable weather conditions. For Canadian wind farms, favourable weather conditions had a positive impact before considering the $5 million contractual compensation granted to the NRWF facility as a result of power limitations imposed by IESO.

The **wind** power segment remains the Corporation's main growth driver, with revenues up 21% due to contributions from assets acquired and commissioned since the end of the third quarter of 2017 and higher production at Canadian wind farms. Overall, the wind power segment accounted for 81% of consolidated revenues in the third quarter of 2018.

The other operating segments reported varying degrees of revenue variability. Compared with the third quarter of 2017:

- **Hydroelectric** power segment revenues declined 32% to $10 million, representing 13% of consolidated revenues for the past quarter. This decrease was due to lower production and an unfavourable price effect at the U.S. power stations.
- **Thermal** power segment revenues decreased to $3 million for the third quarter of 2018, representing 4% of consolidated revenues. This decline was mainly attributable the summer shutdown at Senneterre in the third quarter of 2018 whereas in 2017 the plant was shut down in the second quarter.
- **Solar** power segment revenues were relatively stable.

In all, Boralex produced 548 GWh of electricity in the third quarter of 2018 (excluding its share of the production of the Interests) compared with 605 GWh for the same period last year. Excluding the contribution of assets acquired or commissioned since September 30, 2017, production at existing facilities was down 21%, owing primarily to lower production reported by existing wind farms in France and hydroelectric power stations in the United States and Canada.

EBITDA(A) and EBITDA(A) margin

Consolidated EBITDA(A) for the third quarter of 2018 amounted to $39 million, matching performance for the corresponding quarter of 2017. This result was driven by favourable differences resulting from the contribution of commissioned and acquired sites, the financial compensation granted to the NRWF facility, the foreign exchange effect and higher average prices, plus a $2 million increase in the share of the Interests, including $1 million related to the acquisition of the interest in the five wind farms in Québec and the $2 million favourable difference in IFER taxes in France. Note that these taxes were fully recognized as at January 1, 2018, whereas they had been recognized using a time-based method in 2017. These factors were fully offset by the unfavourable differences of $10 million resulting from lower production volume at existing facilities and increases of $2 million in miscellaneous expenses and $3 million in development costs for projects in France.

The **wind** power segment accounted for 86% of consolidated EBITDA(A) in the third quarter of 2018 (before the corporate segment and eliminations). Segment EBITDA(A) rose 27%, contributing $10 million more to consolidated EBITDA(A) than in the third quarter of 2017.

Regarding the other operating segments:

- **Hydroelectric** power segment EBITDA(A) fell 45% to $5 million, owing primarily to lower production and prices at the U.S. power stations.
- The **thermal** power segment EBITDA(A) was insignificant compared with $1 million for the same period last year.
- **Solar** power segment EBITDA(A) remained stable.

With these results, EBITDA(A) margin as a percentage of revenues fell to 49% in the third quarter of 2018 from 53% in the same period a year earlier.

Main differences in net loss attributable to shareholders of Boralex

(in millions of Canadian dollars) (unaudited)

THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017	(17)
Amortization	(16)
Acquisition costs	(1)
Financing costs	(3)
Income taxes	5
Non-controlling shareholders	(3)
Other	1
Change	(17)
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2018	(34)

Amortization

Amortization expense for the third quarter of 2018 was up $16 million to $59 million, owing primarily to commissioning and acquisitions in France in 2017 and 2018.

Acquisition costs

The acquisition of Invenergy's interests gave rise to costs of $1 million in the third quarter of 2018.

Financing costs

Financing costs for the third quarter of 2018 rose $3 million to $32 million, owing primarily to the financing arrangements made and the debts assumed by the Corporation to acquire and commission assets over the past year.

Income taxes

As a result of the loss before income taxes, the Corporation's income tax recovery increased by $5 million.

Net loss

For the three-month period ended September 30, 2018, Boralex recognized a net loss of $40 million, compared with a net loss of $26 million for the same period of 2017, resulting in a net loss attributable to shareholders of Boralex of $34 million or $0.43 per share (basic and diluted), compared with a net loss attributable to shareholders of Boralex of $17 million or $0.23 per share (basic and diluted) a year earlier. The $6 million difference between net loss and net loss attributable to shareholders of Boralex as at September 30, 2018 resulted from the loss attributable to non-controlling shareholders.

The $17 million ($0.20 per share, basic and diluted) deterioration in net loss attributable to shareholders of Boralex compared with the third quarter of 2017 stemmed from the items discussed above. More specifically, the decline resulted primarily from a $16 million increase in amortization expense which was not sufficiently offset by an increase in EBITDA(A) owing to unfavourable wind conditions in France and the customary seasonal factors that affect Boralex's third quarter results.

Contribution of the Interests on a Combined basis

For the three-month period ended September 30, 2018, the contribution of the Interests on a Combined basis amounted to 131 GWh, which is 30 GWh more than the 101 GWh recorded in the corresponding quarter of 2017, driven by a higher contribution of 4 GWh by SDB I and the acquisition of the interests in five wind farms in Québec, which contributed 25 GWh. Accordingly, Boralex's share in the revenues of the Interests for the third quarter of 2018 amounted to $14 million, up from $11 million for the corresponding quarter of 2017.

For the three-month period ended September 30, 2018, the contribution of the Interests to EBITDA(A) on a Combined basis amounted to $11 million, compared with $8 million for the corresponding period of 2017 following the acquisition of interests in five wind farms in Québec. For more details, see the *Non-IFRS measures* section.

Analysis of consolidated operating results for the nine-month period ended September 30, 2018

Revenues up 14% for the nine-month period of 2018 compared with the same period of 2017.

Main differences in revenues from energy sales and EBITDA(A)

(in millions of Canadian dollars) (unaudited)	Revenues from energy sales	EBITDA(A)[1]
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017	285	183
Acquisitions/commissioning[2]	31	24
Share of the Interests - five wind farms in Québec	—	1
Pricing	(1)	(1)
Compensation	17	17
Volume	(12)	(11)
Capacity premiums	(1)	(1)
Foreign exchange effect	7	4
IFER tax	—	(2)
Raw material costs	—	(1)
Maintenance	—	(1)
Development	—	(7)
Share of the Interests	—	3
Other[3]	—	(8)
Change	41	17
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018	326	200

(1) See the *Non-IFRS measures* section.

(2) Addition of 91 MW in 2017 and for 17 days in January 2018 from the NRWF facility, the contribution of Kallista wind farms (163 MW) as of June 20, 2018 and commissioning of Inter Deux Bos on September 24, 2018 (33 MW). For greater detail, see the *Commissioning overview* table in section *I - Growth strategy* of this MD&A.

(3) Comprises differences in prices, lease costs, salaries and professional fees.

Revenues from energy sales

For the nine-month period ended September 30, 2018, revenues from energy sales totalled $326 million, up $41 million or 14% compared with the same period a year earlier. As shown in the accompanying table, this growth was mainly driven by a $31 million increase resulting primarily from the contribution of the NRWF facility for the entire month of January 2018, compared with 14 days in January 2017, the commissioning of French wind farms throughout fiscal 2017 and the contribution from the wind farms acquired from Kallista starting June 20, 2018. The favourable difference also arose from the $7 million foreign exchange effect resulting mainly from fluctuations in the euro versus the Canadian dollar. The combination of these factors largely offset the unfavourable differences , resulting from lower volume at the hydroelectric power stations, prices and capacity premiums amounting to $12 million, $1 million and $1 million, respectively. Note that the wind farms have experienced favourable weather conditions, with a further $17 million boost from financial compensation granted to the NRWF facility as a result of power limitations.

In all, Boralex produced 2,350 GWh of electricity in the first nine months of 2018 (excluding its share of the production of the Interests), up 4% from 2,258 GWh for the same period of 2017. Excluding contributions from newly acquired or commissioned power stations, production at existing power stations declined 5% during the first nine months of the year compared with last year. The sound performance of French wind farms in the first quarter of 2018 was virtually offset by more difficult conditions in the third quarter. For the Canadian wind farms, conditions in the third quarter were better than in the past year, thereby partly offsetting lower production in the second quarter. At the U.S. hydroelectric power stations, water flow conditions since the beginning of the fiscal year were less favourable compared with last year.

EBITDA(A) and EBITDA(A) margin

For the first nine months of 2018, consolidated EBITDA(A) totalled $200 million, up $17 million or 9% compared with the corresponding period of 2017, while EBITDA(A) margin as a percentage of revenues stood at 61% compared with 64% a year earlier.

EBITDA(A) growth was fuelled in large part by an additional $24 million in EBITDA(A) from expansion in the operating base since the beginning of 2017, plus the $1 million share of the Interests in five wind farms in Québec, $17 million in contractual compensation granted to the NRWF facility, a $3 million increase in the share of the Interests and a $4 million foreign exchange effect resulting mainly from fluctuations in the euro against the Canadian dollar. Together, these items offset the $11 million decline resulting from lower production volume at existing sites and unfavourable price and capacity premium differences of $1 million each, plus a $7 million increase in development costs for projects mainly in the United Kingdom in partnership with Infinergy and in France as well as an $8 million increase in miscellaneous expenses related to prices, leases, payroll and professional fees. Note that an adjustment in respect of the IFER tax in France was recognized in the first quarter of 2018, which resulted in a $6 million unfavourable difference, offset by a $2 million favourable difference in each of the subsequent quarters. Under accounting standards, French IFER taxes were fully recognized as at January 1, 2018, whereas they had been recognized using a time-based method in 2017. Accordingly, this adjustment should result in a favourable effect of approximately $5 million for the last three quarters of fiscal 2018.

Main differences in net loss attributable to shareholders of Boralex

(in millions of Canadian dollars) (unaudited)

NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017	(4)
EBITDA(A)[1]	17
Amortization	(28)
Impairment	(12)
Acquisition costs	(8)
Financing costs	(15)
Income taxes	14
Non-controlling shareholders	(6)
Change	(38)
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018	(42)

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

Amortization

For the first nine months of 2018, amortization expense rose $28 million to $154 million, compared with the same period of the previous year. The NRWF and Kallista acquisitions and wind farms commissioned accounted for substantially all of the difference.

Impairment

A $6 million (€4 million) impairment loss on property, plant and equipment was recognized in France in the second quarter for assets that will be prematurely decommissioned after the Board of Directors green-lighted the Cham Longe I wind farm repowering. However, in its profitability analysis for the repowering, the Corporation took into account the loss of liquidity associated with the current contract. This analysis demonstrated a significant long-term value creation for the shareholders of the Corporation, which justified the decision to go ahead with the repowering project.

A $4 million impairment loss on property, plant and equipment and intangible assets was recognized in the second quarter for the Otter Creek wind power project following the unilateral termination of the power purchase agreement by IESO.

A $2 million (€1 million) impairment loss on property, plant and equipment was recognized in France to reduce the carrying value of the Lanouée Forest assets to their recoverable amount following a promise to sell entered into on July 26, 2018.

Acquisition costs

Acquisition costs of $4 million (€3 million) were incurred in France in connection with the Kallista acquisition and of $4 million in Canada in connection with the Invenergy acquisition.

Financing costs

For the first nine months of 2018, financing costs rose $15 million to $91 million, compared with the same period of 2017. The increase resulted mainly from the new financing contracted to acquire or build projects and debt assumed by the Corporation, such as in relation to the NRWF facility.

Income taxes

In light of the loss before income taxes for the nine-month period, the income tax recovery recognized by the Corporation totalled $14 million more than in the corresponding period of 2017.

Net loss

For the first nine months of 2018, Boralex reported a net loss of $50 million, compared with a net loss of $18 million for the same period a year earlier. The net loss attributable to shareholders of Boralex amounted to $42 million or $0.53 per share (basic and diluted), compared with a net loss attributable to shareholders of Boralex of $4 million or $0.05 per share. The $8 million difference between the net loss for fiscal 2018 and net loss attributable to shareholders of Boralex resulted from the loss attributable to non-controlling shareholders.

The $38 million or $0.48 per share (basic and diluted) unfavourable difference in net loss attributable to shareholders of Boralex compared with the first nine months of 2017 resulted from the items discussed above. Accordingly, the $17 million increase in EBITDA(A) and $14 million increase in tax recovery were fully offset by increases of $28 million in amortization expense and $15 million in financing costs owing to expansion in the Corporation's operating base over the past year, as well as by a $12 million impairment loss on property, plant and equipment and intangible assets and $8 million in acquisition costs.

Contribution of the Interests on a Combined basis

For the nine-month period ended September 30, 2018, the Interests contributed 413 GWh to production volume on a Combined basis, up 10% from 374 GWh for the corresponding period of 2017. This increase was due to better wind conditions overall than in the first nine months of 2017 at SDB I and II for 14 GWh and the acquisition of the interests in five wind farms in Québec for 25 GWh. Accordingly, Boralex's share in the revenues of the Joint Ventures amounted to $45 million for the first nine months of 2018, which means a contribution of $5 million more than the $40 million reported in the corresponding period of 2017.

For the nine-month period ended September 30, 2018, the EBITDA(A) contribution of the Interests on a Combined basis amounted to $38 million, which is $4 million more than for the corresponding period of 2017, following the acquisition of wind farms in Québec which contributed $2 million and better wind conditions for the SDB I facility. For more details, see the *Non-IFRS measures* section.

Review of operating segments for the three-month period ended September 30, 2018

Wind

Wind power production up 8% in the third quarter of 2018 compared with the same quarter of 2017.

Main differences in wind power segment revenues from energy sales and EBITDA(A)

(in millions of Canadian dollars) (unaudited)	Revenues from energy sales	EBITDA(A)[1]
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017	52	36
Acquisitions/commissioning[2]	9	4
Share of the Interests - five wind farms in Québec	—	1
Volume	(5)	(5)
Compensation	5	5
Foreign exchange effect	1	1
Share of the Interests	—	1
IFER tax	—	2
Other	2	1
Change	12	10
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2018	64	46

(1) See the *Non-IFRS measures* section.

(2) Addition of 53 MW since September 30, 2017, contribution from the Kallista assets (163 MW) as of June 20, 2018 and commissioning of Inter Deux Bos on September 24, 2018 (33 MW). For greater detail, see the *Commissioning overview* table in section *I - Growth strategy* of this MD&A.

Recent and anticipated statistical data concerning wind power segment production

IFRS	Three-month periods ended September 30				
	Actual			Change	
Wind production (GWh)	**2018**	**2017**	Anticipated production[1][2]	vs. 2017	vs. anticipated production[2]
Canada	191	176	220	**+ 8%**	**- 13%**
France	224	209	346	**+ 7%**	**- 35%**
	415	385	566	**+ 8%**	**- 27%**

(1) Anticipated production for 2018 is calculated using historical averages for some sites and realized wind forecasts for the other sites. See the *Notice concerning forward-looking statements*.

(2) In Canada, considering the 42 GWh for which the NRWF facility was subject to a power limitation, actual production would have amounted to 233 GWh, or 6% more than anticipated capacity, for a total of 457 GWh, or 19% lower than the anticipated capacity.

Production

For the third quarter of 2018, wind power segment production totalled 415 GWh, or 8% higher than the 385 GWh for the same quarter last year. The contributions from the wind farms commissioned in France since the end of the third quarter of 2017, with an installed capacity of 53 MW, and from the wind farms acquired from Kallista as of June 20, 2018 together with positive performance by the Canadian sites offset the decline in production at existing wind farms in France and Canada due to less favourable weather conditions.

Note, however, that the NRWF facility was again subject to power limitations imposed by the IESO and Hydro One in the third quarter of 2018, resulting in a 42 GWh unfavourable effect on production in respect of which the Corporation received a financial compensation of $5 million from the IESO.

Broken down geographically, changes in production were as follows:

- In France, less favourable weather conditions prevailed in the third quarter of 2018 compared with a year earlier. As a result, production volume at existing wind farms was 25% lower than in the same period last year. Including the wind farms commissioned since September 30, 2017 and the acquisition of the Kallista wind farms closed on June 20, 2018, the wind power segment in France recorded a 7% increase in production volume in the third quarter of 2018, compared with the same quarter a year ago, totalling 224 GWh.
- In Canada, the existing wind farms overall recorded a higher production volume in the third quarter of 2018 compared with the same period last year. As a result, Canadian wind production rose 8% to 191 GWh.

Revenues from energy sales

Wind power segment revenues for the third quarter of 2018 totalled $64 million, up $12 million or 21% from the same period of 2017. This growth is attributable to the $9 million contribution from the wind farms commissioned in France since September 30, 2017 and the wind farms acquired from Kallista as of June 20, 2018, plus a $1 million favourable foreign exchange effect resulting from fluctuations in the exchange rate of the euro against the Canadian dollar offset the $5 million unfavourable production volume difference with a further $5 million boost from contractual compensation granted to the NRWF facility as a result of power limitations.

Broken down geographically, for the third quarter of 2018, 52% of wind power segment revenues were generated in Canada and 48% in France, compared with 49% and 51%, respectively, for the same period last year. This change resulted primarily from improved performance by the existing wind farms in Canada, partly offset by the new wind farms in France and a favourable foreign exchange effect. Excluding the foreign exchange effect, revenues at French wind farms were up 8%, compared with growth of 31% at Canadian wind farms.

EBITDA(A) and EBITDA(A) margin

For the third quarter of 2018, wind power segment EBITDA(A) rose $10 million or 27% to $46 million. This growth was to some extent driven by Boralex's expansion strategy, as the wind farms commissioned in 2017 generated an additional $4 million in EBITDA(A) and the $1 million share of the Interests acquired on September 14, 2018, plus the $1 million increase in the share of the Interests, the $5 million financial compensation granted to the NRWF facility, the $2 million favourable difference resulting from the aforementioned IFER tax adjustment in France, and the favourable differences in the foreign exchange effect and miscellaneous expenses of $1 million each. These items were partly offset by a $5 million unfavourable production volume effect.

Broken down geographically, EBITDA(A) at our French operations eased 8% in euros, while EBITDA(A) at Canadian operations grew 67%, due mainly to the compensation received by the NRWF facility for the power limitations imposed by the IESO compared with nil compensation in 2017.

EBITDA(A) margin for the third quarter of 2018 stood at 71%, compared with 68% for the same period last year.

Contribution of the Interests on a Combined basis

As previously mentioned, the contribution from the Interests on a Combined basis was 29% more in the third quarter of 2018 compared with the same quarter of 2017, owing to a higher contribution from SDB I and the acquisition of the interests in five wind farms in Québec.

For the three-month period ended September 30, 2018, the contribution of Interests to revenues from energy sales on a Combined basis was $14 million compared to $11 million for the same period last year given the acquisition of the interests in five wind farms in Québec. The contribution of Interests to EBITDA(A) on a Combined basis is the same as last year at $10 million. For more details, see the *Non-IFRS measures* section.

Recent and anticipated statistical data concerning wind power segment production

Combined basis[1]	Three-month periods ended September 30				
	Actual			Change	
Wind production (GWh)	2018	2017	Anticipated production[1][2]	vs. 2017	vs. anticipated production[2]
Canada	322	277	321	**+ 16 %**	**— %**
France	224	209	346	**+ 7 %**	**- 35 %**
	546	486	667	**+ 12 %**	**- 18 %**

(1) See the *Non-IFRS measures* section.

(2) Anticipated production for 2018 is calculated using historical averages for some sites and realized wind forecasts for the other sites. See the *Notice concerning forward-looking statements*.

(3) In Canada, considering the 42 GWh for which the NRWF facility was subject to a power limitation, actual production would have amounted to 364 GWh, or 13% more than anticipated capacity, for a total of 588 GWh, or 12% lower than the anticipated capacity.

Hydroelectric

Hydroelectricity production down 29% in the third quarter of 2018 compared with a year earlier.

Main differences in hydroelectric power segment revenues from energy sales and EBITDA(A)

(in millions of Canadian dollars) (unaudited)	Revenues from energy sales	EBITDA(A)[1]
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017	15	11
Pricing	(1)	(1)
Volume	(4)	(4)
Other	—	(1)
Change	(5)	(6)
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2018	10	5

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

Recent and historical statistical data concerning hydroelectric power segment production

	Three-month periods ended September 30				
	Actual			Change	
Hydroelectric production (GWh)	**2018**	**2017**	Historical average[1]	vs. 2017	vs. historical average
Canada	73	86	82	**- 14%**	**- 10%**
United States	45	80	63	**- 44%**	**- 29%**
	118	166	145	**- 29%**	**- 18%**

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

Production

For the third quarter of 2018, hydroelectric power production was down 29% to 118 GWh, from 166 GWh for the same quarter of last year. This decline reflected the less favourable water flow conditions that prevailed at both U.S. and Canadian power stations in summer 2018 compared with last year.

Hydroelectric power segment production for the third quarter of 2018 was 27 GWh or 18% lower than the historical average of 145 GWh.

The Buckingham power station was shut down in September 2018 to carry out expansion work, giving rise to a difference of 7 GWh or $1 million in revenues and EBITDA(A). The power station is expected to restart in the second half of 2019.

Revenues from energy sales

For the third quarter of 2018, the hydroelectric power segment generated revenues of $10 million, down $5 million or 32% from the same quarter of 2017. Besides the unfavourable decrease in production volume, a lower average selling price compared with the same period a year ago for the power produced by the U.S. power stations was a key reason for the decline in revenues. Accordingly, revenues at the U.S. power stations were down 55%, while revenues declined 11% at the Canadian power stations. Note that the energy sales contract at the Hudson Falls power station contained a significant downward adjustment. The price decreased from US$80.58/MWh to US$48.27/MWh starting in December 2017, which had an unfavourable impact on revenues on the order of $1 million.

EBITDA(A) and EBITDA(A) margin

In light of the above, hydroelectric power segment EBITDA(A) fell 45% to $5 million for the third quarter of 2018 from $11 million for the corresponding period of 2017. This decrease was attributable to the same unfavourable factors that impacted revenues. EBITDA(A) at the U.S. power stations was down 83% while Canadian power stations recorded a 14% decline in EBITDA(A).

Hydroelectric power segment EBITDA(A) margin for the third quarter of 2018 stood at 58%, compared with 73% for the same period a year earlier.

Thermal and solar

Management remains satisfied with the performance of its thermal and solar segments. The solar segment's results were relatively stable compared with last year, while the thermal segment recorded weaker results compared with the third quarter of 2017 given that summer production at the Senneterre power station was brought forward to the second quarter following shutdowns early in the fiscal year.

Review of operating segments for the nine-month period ended September 30, 2018

Wind

Power production for the first nine months of 2018 up 13% compared with the same period last year.

Main differences in wind power segment revenues from energy sales and EBITDA(A)

(in millions of Canadian dollars) (unaudited)	Revenues from energy sales	EBITDA(A)[1]
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017	209	165
Acquisitions/commissioning[2]	31	23
Share of the Interests - five wind farms in Québec	—	1
Pricing	1	1
Compensation	17	17
Volume	(3)	(3)
Foreign exchange effect	6	5
Development	—	(4)
IFER tax	—	(2)
Share of the Interests	—	3
Other	1	(1)
Change	53	40
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018	262	205

(1) See the *Non-IFRS measures* section.

(2) Addition of 91 MW in 2017, contribution of the NRWF facility for 17 days in January 2018 and contributions of Kallista wind farms (163 MW) as of June 20, 2018 and the commissioning of Inter Deux Bos (33 MW) on September 24, 2018. For greater detail, see the *Commissioning overview* table in section *I - Growth strategy* of this MD&A.

Recent and anticipated statistical data concerning wind power segment production

	Nine-month periods ended September 30				
IFRS	Actual			Change	
Wind production (GWh)	**2018**	**2017**	Anticipated production[1][2]	vs. 2017	vs. anticipated production[2]
Canada	800	787	903	**+ 2%**	**- 11%**
France	929	742	1,083	**+ 25%**	**- 14%**
	1,729	1,529	1,986	**+ 13%**	**- 13%**

(1) Anticipated production for 2018 is calculated using historical averages for some sites and realized wind forecasts for the other sites. See the *Notice concerning forward-looking statements*.

(2) In Canada, considering the 126 GWh for which NRWF was subject to a power limitation during the first three quarters of 2018, actual production would have amounted to 926 GWh, or 3% higher than anticipated production, for a total of 1,855 GWh, or 7% below anticipated production.

Production

The wind power segment produced 1,729 GWh in the first nine months of 2018, up 13% from 1,529 GWh for the same period of 2017. This increase was mainly driven by the contributions of wind farms commissioned in France in 2017, for a total installed capacity of 91 MW, plus the contribution of the 230 MW NRWF facility for the first 17 days of 2018 (NRWF did not make a full contribution in the first quarter of 2017 as it was acquired on January 18) and the contributions of the Kallista facilities as of June 20, 2018. Excluding these items, production at existing power stations was relatively unchanged for the first nine months of 2018 compared with the same period of 2017.

Note, however, that the NRWF facility was subject to power limitations imposed by the IESO and Hydro One during the first three quarters of 2018, resulting in an 126 GWh unfavourable effect on production in respect of which the Corporation received a financial compensation of $17 million for 112 GWh from the IESO.

Broken down geographically, changes in production were as follows:

- In France, weather conditions in the first quarter of 2018 were favourable compared with conditions well below normal levels in the same quarter of 2017, offsetting the less favourable wind conditions during the second and third quarters. As a result, production volume at existing wind farms remained stable for the first nine months of the year compared with the same period of last year. Including the wind farms commissioned throughout the last quarter of 2017 and the contribution of Kallista facilities from June 20, 2018, the wind power segment in France recorded a production volume of 929 GWh for the first nine months of 2018, up 25% from the same period last year.
- In Canada, existing wind farms recorded a 3% decrease in production volume, owing to the less favourable wind conditions during the second quarter of 2018. Considering that the NRWF facility made a contribution for the entire first quarter of 2018 compared with a 73-day contribution for the same period of 2017, wind power segment production in Canada for the first nine months of 2018 was relatively unchanged compared with the same period of last year, totalling 800 GWh. Note that in 2017, the NRWF facility was subject to a power limitation of about 56 GWh in the first and second quarters for which it received no compensation.

Revenues from energy sales

Wind power segment revenues for the first nine months of 2018 totalled $262 million, up $53 million or 26% from the same period of 2017. This growth was driven by the $31 million contribution of wind farms commissioned in 2017, plus the contribution of the NRWF facility for the first 17 days of 2018 and the facilities acquired from Kallista from June 20, 2018. Another item that had a favourable effect on wind power segment revenues was the $6 million foreign exchange effect resulting from fluctuations in the euro's exchange rate against the Canadian dollar. Note that $17 million in financial compensation was granted to the NRWF site as a result of power limitations, which more than offset the $3 million unfavourable volume effect.

Broken down geographically, for the first nine months of 2018, 51% of wind power segment revenues were generated in Canada and 49% in France, compared with 54% and 46%, respectively, for the same period last year. This change stemmed primarily from the commissioning of wind farms in France during 2017 and a favourable foreign exchange effect, in all partly offset by the contribution of the NRWF facility for the first 17 days of January, 2018. Excluding the foreign exchange effect, revenues at French wind farms were up 27% while they grew 18% at the Canadian facilities.

EBITDA(A) and EBITDA(A) margin

Wind power segment EBITDA(A) for the first nine months of 2018 totalled $205 million, up $40 million or 25%. This growth was to some extent driven by Boralex's expansion strategy, with $23 million in additional EBITDA(A) generated by the acquisitions and commissioning since the beginning of 2017 and the $1 million share of the Interests in five acquired wind farms, but also by the $17 million financial compensation granted to the NRWF facility as disclosed previously, a $5 million favourable foreign exchange effect resulting from fluctuations in the euro's exchange rate against the Canadian dollar, a $1 million price difference and lastly a $3 million increase in the share of the Joint Ventures. These items were partly offset by unfavourable differences of $3 million due to lower production volume at existing sites, a $4 million increase in development costs, primarily for projects in the United Kingdom, $2 million in miscellaneous expenses and the $2 million unfavourable effect resulting from recognizing 100% of the French IFER taxes in the first quarter. This tax was recorded using a time-based method in 2017.

Broken down geographically, EBITDA(A) at our French operations was up 18% in euros, while EBITDA(A) at Canadian operations grew 24%.

EBITDA(A) margin for the first nine months of 2018 stood at 79% , compared with 79% for the same period last year.

Contribution of the Interests on a Combined basis

As previously mentioned, the Interests contributed 413 GWh to production on a Combined basis for the first nine months of 2018, 10% higher than the 374 GWh recorded during the corresponding period of 2017, owing to more favourable wind conditions and to the acquisition of the interests in five wind farms in Québec.

For the nine-month period ended September 30, 2018, the Interests contributed $45 million and $31 million to revenues from energy sales and EBITDA(A), respectively, on a Combined basis, compared with results for the first nine months of 2017 of $40 million and $30 million, respectively. The changes in revenues stemmed primarily from the acquisition of the interests in five wind farms in Québec. For more details, see the *Non-IFRS measures* section.

Recent and anticipated statistical data concerning wind power segment production

	Nine-month periods ended September 30				
Combined basis(1)	Actual			Change	
Wind production (GWh)	**2018**	**2017**	Anticipated production(1)(2)	vs. 2017	vs. anticipated production(2)
Canada	1,213	1,161	1,263	**+ 5 %**	**- 4 %**
France	929	742	1,083	**+ 25 %**	**- 14 %**
	2,142	1,903	2,346	**+ 13 %**	**- 9 %**

(1) See the *Non-IFRS measures* section.

(2) Anticipated production for 2018 is calculated using historical averages for some of the sites and using realized wind forecasts for the other sites. See the *Notice concerning forward-looking statements*.

(3) In Canada, considering the 126 GWh for which NRWF was subject to a power limitation during the first three quarters of 2018, actual production would have amounted to 1,339 GWh, or 6% higher than anticipated production, for a total of 2,268 GWh, or 3% below anticipated production.

Hydroelectric

Hydroelectric power production down 16% in first nine months of 2018, compared with the same period of 2017.

Main differences in hydroelectric power segment revenues from energy sales and EBITDA(A)

(in millions of Canadian dollars) (unaudited)	Revenues from energy sales	EBITDA(A)[1]
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017	51	39
Pricing	(5)	(5)
Volume	(8)	(8)
Foreign exchange effect	(1)	(1)
Other	1	—
Change	(13)	(14)
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018	38	25

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

Recent and historical statistical data concerning hydroelectric power segment production

	Nine-month periods ended September 30				
	Actual			Change	
Hydroelectric production (GWh)	2018	2017	Historical average[1]	vs. 2017	vs. historical average
Canada	212	223	223	**- 5%**	**- 4%**
United States	266	346	289	**- 23%**	**- 8%**
	478	569	512	**- 16%**	**- 7%**

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

Production

For the first nine months of 2018, hydroelectric segment production declined 16% to 478 GWh from 569 GWh for the same period last year. This decrease resulted from slightly less favourable water flow conditions since the beginning of 2018 compared with the same period last year for the U.S. power stations. Production at Canadian hydroelectric power stations lagged 5% compared with last year. This includes the shutdown of the Buckingham power station in September 2018.

As a result, hydroelectric power segment production for the first nine months of 2018 was 7% below the historical average of 512 GWh.

Revenues from energy sales

Hydroelectric power segment revenues for the first nine months of 2018 totalled $38 million, down $13 million or 26% from the same period of 2017. Besides the decrease in production volume, a lower average selling price compared with the same period a year ago for the power produced by the U.S. power stations was mostly responsible for the decline in revenues. Accordingly, revenues at the U.S. power stations were down 42%, while revenues declined 4% at the Canadian power stations. Note that the energy sales contract at the Hudson Falls power station contained a significant downward adjustment. Starting in December 2017, the price decreased from US$80.58/MWh to US$48.27/MWh, resulting in an unfavorable effect of $5 million on revenues.

EBITDA(A) and EBITDA(A) margin

In light of the above, hydroelectric power segment EBITDA(A) declined 35% to $25 million for the first nine months of 2018, compared with $39 million for the corresponding period of 2017. This decrease was attributable to the same unfavourable factors that impacted revenues. EBITDA(A) at the U.S. power stations was down 54% while Canadian power stations recorded a 6% decline in EBITDA(A).

Hydroelectric power segment EBITDA(A) margin for the first nine months of 2018 stood at 67%, compared with 76% for the corresponding period of last year.

Thermal and solar

Management remains satisfied with the performance of its thermal and solar segments. Those two segment results are relatively stable compared with the same period last year.

Cash flows

The expansion of the operating asset base over the past fiscal year was one of the driving factors for the changes in cash flows, which contributed in particular to the increase in cash flows related to operating activities for the first nine months of 2018 compared with the same period last year.

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
(in millions of Canadian dollars) (unaudited)	2018	2017	2018	2017
Cash flows from operations[1]	23	24	121	127
Change in non-cash items related to operating activities	(6)	12	58	3
Net cash flows related to operating activities	17	36	179	130
Net cash flows related to investing activities	(307)	(85)	(553)	(294)
Net cash flows related to financing activities	254	31	379	158
Translation adjustment on cash and cash equivalents	(2)	(1)	1	—
NET CHANGE IN CASH AND CASH EQUIVALENTS	(38)	(19)	6	(6)
CASH AND CASH EQUIVALENTS – END OF PERIOD	121	94	121	94

(1) See the *Non-IFRS measures section*.

Analysis of cash flows for the three-month period ended September 30, 2018

Operating activities

For the three-month period ended September 30, 2018, Boralex reported $23 million in cash flows from operations, a similar amount to that for the same period in 2017.

The change in non-cash items related to operating activities reflected cash outflows of $6 million during the third quarter of 2018 compared with cash inflows of $12 million in the corresponding period of 2017. Cash used in the third quarter resulted from a $7 million decrease in *Trade and other receivables* arising mainly from the collection of accounts receivable related to seasonal factors. This change was partially offset by a $6 million decrease in *Trade and other payables* related to taxes payable on asset development and construction primarily in France as well as a $6 million increase in taxes receivable on projects under development.

Accordingly, operating activities generated net cash flows totalling $17 million in the third quarter of 2018 compared with $36 million for the same period a year earlier.

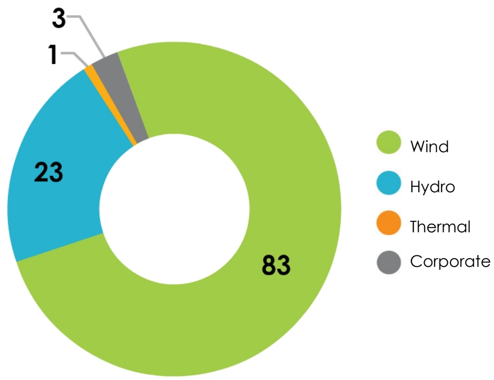
Investing activities

Investing activities used cash in the amount of $307 million in the third quarter of 2018 compared with $85 million for the same period a year earlier.

During the third quarter, Boralex paid out $201 million to acquire Invenergy's interests in wind farms in Québec and $15 million for the options to purchase a partner's interests for a total of $216 million. Moreover, $8 million was disbursed as contingent consideration to acquire energy sales contracts in connection with Ecotera projects. The amounts paid related to the Santerre and Basse Thiérache Nord wind power projects.

Segment breakdown of additions to property, plant and equipment

(in millions of Canadian dollars)



During the third quarter, Boralex used $110 million in cash for additions to property, plant and equipment, including:

- $83 million in the wind power segment, substantially all of of which was for the construction of various wind farms under development in Europe;
- $23 million in the hydroelectric power segment, including $20 million to finalize construction of the Yellow Falls power station in Ontario, Canada and $2 million to increase capacity at the Buckingham power station in Québec, Canada, by 10 MW.

Also, restricted cash decreased by $23 million following payment for construction work at the Yellow Falls, Sources de l'Ancre, Inter Deux Bos and Hauts de Comble sites.

Financing activities

Financing activities for the third quarter of fiscal 2018 generated total net cash inflows of $254 million.

New financing arrangements and repayments on existing debt

In connection with the transaction to acquire Invenergy's interests in five wind farms in Québec and options to purchase an interests of a partner for $216 million, the Corporation completed a public offering of 10,247,650 subscription receipts at a price of $20.20 per subscription receipt for gross proceeds of $207 million (including the exercise in full of the underwriters' over-allotment option). The Corporation also entered into a subscription agreement pursuant to which the Caisse acquired, by way of private placement, 2,562,200 subscription receipts at a price of $20.20 per subscription receipt for gross proceeds of $52 million, including the exercise in full of its option to acquire additional subscription receipts from the private placement simultaneously and proportionately with the exercise of the over-allotment option by the underwriters. Upon the closing of the acquisition of Invenergy's interests on September 14, 2018, the subscription receipts were exchanged in full for an equal number of common shares of Boralex. As a result of these transactions, the Corporation disbursed $12 million in share issuance costs.

During the third quarter of 2018, new non-current debt contracted by Boralex totalled $168 million as follows:

- $100 million drawn from the subordinated debt resulting from the joint investment by the Caisse and the Fonds de solidarité FTQ;
- $54 million from financing in place for the Sources de l'Ancre, Inter Deux Bos, Hauts de Comble, Le Pelon and Côteaux du Blaiseron wind farms, plus $12 million drawn down from the financing facility for the Noyers Bucamps wind project;
- $1 million for the Moose Lake wind power project in Canada.

Conversely, the Corporation made repayments totalling $43 million on its debt relating to various assets in operation as well as $100 million on its revolving credit facility, thereby reducing the total amount drawn to $214 million as at September 30, 2018.

Dividends and other items

On August 9, 2018, the Board of Directors declared a dividend of $0.1575 per common share. Accordingly, during the third quarter of 2018, the Corporation paid dividends to shareholders totalling $12 million ($0.1575 per share) compared with $11 million ($0.15 per share) for the third quarter of 2017.

The Corporation also paid $2 million to non-controlling shareholders, compared with $1 million in the third quarter of 2017.

Net change in cash and cash equivalents

Total cash movements for the third quarter of 2018 resulted in a $38 million decrease, bringing cash and cash equivalents to $121 million as at September 30, 2018 compared with $94 million as at September 30, 2017.

Contribution of the Interests on a Combined basis

For the three-month period ended September 30, 2018, the Interests contributed $5 million to cash flows from operations on a Combined basis, compared with $4 million for the third quarter of 2017. The contribution of net cash flows related to operating activities amounted to $6 million for the third quarter of 2018 compared with $7 million for the corresponding period of 2017. For more details, see the *Non-IFRS measures* section.

Analysis of cash flows for the nine-month period ended September 30, 2018

Operating activities

For the nine-month period ended September 30, 2018, cash flows from operations at Boralex totalled $121 million, compared with $127 million for the same period of 2017. Excluding non-cash items from net loss for both periods, this decline resulted in large part from the $12 million increase in interest paid and acquisition costs of $8 million. These changes were partially offset by the $13 million increase in EBITDA(A).

The change in non-cash operating items for the first nine months of the year reflected cash inflows of $58 million, compared with $3 million a year earlier. Cash generated in the first nine months of 2018 resulted primarily from a $46 million decline in *Trade and other receivables*, mainly related to the collection of accounts receivable owing to seasonal factors. In addition, there was a $17 million increase in *Trade and other payables* related to taxes payable on the development and construction of facilities, mostly in France, and to fees payable following the Invenergy acquisition. This was slightly offset by a $9 million increase in taxes receivable on projects in progress.

In light of the foregoing, operating activities generated net cash flows totalling $179 million during the first nine months of 2018, compared with $130 million for the same period of 2017.

Investing activities

Investing activities for the first nine months of 2018 used $553 million in cash, compared with $294 million for the same period of 2017.

Investing activities for the first nine months of 2018 consisted in particular of the $100 million paid out to acquire Kallista shares and $216 million for the acquisition of Invenergy's interests in wind farms in Québec including the options to purchase a partner's interests in the amount of $15 million. Contingent consideration of $8 million was also paid for the Hauts de Comble and Sources de l'Ancre projects. Furthermore, during the first nine months of 2018, Boralex also paid $17 million for the acquisition of energy sales contracts related to Ecotera projects. The amounts paid related in particular to the Inter Deux Bos, Basse Thiérache Nord and Santerre wind farms.

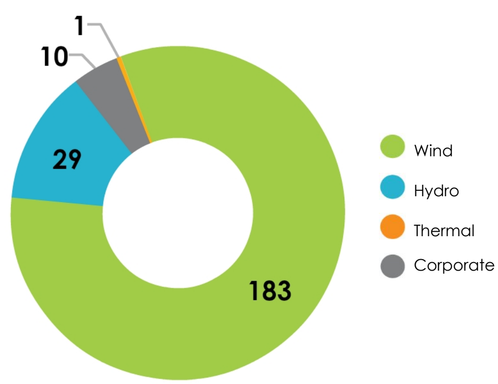
Note that the key investment transaction in 2017 was the acquisition of all of Enercon's economic interest in the 230 MW NRWF facility in Ontario, Canada. The transaction was entered into for a cash consideration, net of cash acquired, amounting to $230 million as at March 31, 2017. In addition, Boralex assumed $779 million in debt related to this asset. 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. The proceeds of $170 million, net of transaction costs, were set aside as restricted cash in 2016 in anticipation of the closing of the acquisition and was used as expected on January 18, 2017, thus explaining most of the $162 million change in restricted cash from the first nine months of 2017 to the corresponding period of 2018.

During the first nine months of 2018, the Corporation invested $223 million in additions to property, plant and equipment, broken down as follows:

- $183 million in the wind power segment, substantially all of which was for the construction of various wind farms in Europe ($173 million) and in Canada ($7 million);
- $29 million in the hydroelectric power segment, including $21 million to finalize construction of the Yellow Falls power station in Ontario, Canada and $7 million for the upgrade and a 10 MW increase in installed capacity of the Buckingham power station in Québec, Canada.

Segment breakdown of additions to property, plant and equipment

(in millions of Canadian dollars)



Financing activities

Financing activities for the first nine months of fiscal 2018 generated total net cash inflows of $379 million.

New financing arrangements and repayments on existing debt

One of the main financing activities for the first nine months of the fiscal year was the issuance of shares in connection with the acquisition of Invenergy's interests, as discussed above, for an amount of $259 million. As a result of these transactions, the Corporation disbursed $12 million to cover the share issuance costs.

During the first nine months of 2018, new non-current debt contracted by Boralex totalled $691 million (as well as $6 million in financing costs), as follows:

- $214 million drawn down from Boralex's revolving credit facility, mainly to acquire Kallista;
- $300 million drawn from the subordinated debt resulting from the joint investment by the Caisse and the Fonds de solidarité FTQ;
- $148 million from financing in place for the Sources de l'Ancre, Inter Deux Bos, Hauts de Comble, Le Pelon, Côteaux du Blaiseron, Catésis, Seuil du Cambrésis, Santerre and Basse Thiérarche Nord wind power projects, plus $13 million drawn down from the financing facilities for the Mont de Bagny, Artois, Voie des Monts and Chemin de Grès wind farms and $12 million drawn on the project financing for the Noyers Bucamps wind project;
- $2 million for the Moose Lake wind power project in Canada.

Conversely, the Corporation repaid a total of $125 million on its debt related to various assets in operation. Boralex also paid $264 million on its revolving credit facility, $86 million on debt assumed as part of the Kallista acquisition and $19 million on the value added tax bridge financing facility.

Dividends and other items

For the first nine months of 2018, the Corporation paid dividends to shareholders totalling $35 million (or the equivalent of $0.15 per share in the first quarter and $0.1575 per share in the second and third quarters), compared with $34 million (or the equivalent of $0.15 per share for each of the first three quarters) in the first nine months of 2017.

During the first nine months of 2018, the Corporation disbursed $17 million for the early redemption of financial instruments. Boralex also paid $6 million to non-controlling shareholders, an amount similar to that for the same period of 2017.

Net change in cash and cash equivalents

Total cash movements since the beginning of fiscal 2018 resulted in a $6 million increase in *Cash and cash equivalents* to $121 million as at September 30, 2018 compared with $115 million as at December 31, 2017.

Contribution of the Interests on a Combined basis

For the first nine months of 2018, the Interests contributed $23 million to cash flows from operations on a Combined basis, compared with $21 million for the corresponding period of 2017. The contribution of net cash flows related to operating activities amounted to $22 million, compared with $24 million in 2017. For more details, see the *Non-IFRS measures* section.

Financial position

Overview of the condensed consolidated statements of financial position

(in millions of Canadian dollars) (unaudited)	As at September 30, 2018	As at December 31, 2017
ASSETS		
Cash and cash equivalents	121	115
Restricted cash	28	35
Other current assets	136	175
Available-for-sale assets	43	—
CURRENT ASSETS	328	325
Property, plant and equipment	2,868	2,621
Intangible assets	778	655
Goodwill	190	182
Interests in the Joint Ventures and associates	272	26
Various non-current assets	165	117
NON-CURRENT ASSETS	4,273	3,601
TOTAL ASSETS	4,601	3,926
LIABILITIES		
CURRENT LIABILITIES	490	429
Non-current debt	2,763	2,418
Convertible debentures	139	137
Various non-current liabilities	292	213
NON-CURRENT LIABILITIES	3,194	2,768
TOTAL LIABILITIES	3,684	3,197
EQUITY		
TOTAL EQUITY	917	729
TOTAL LIABILITIES AND EQUITY	4,601	3,926

Summary of significant changes

In addition to the impact of exchange rate fluctuations, the changes related to Boralex's statement of financial position between December 31, 2017 and September 30, 2018 reflect investments and financing related to the continued development of the Corporation's wind and hydroelectric power projects.

Assets

As at September 30, 2018, Boralex's total assets amounted to $4,601 million, up $675 million from total assets of $3,926 million as at December 31, 2017.

Excluding the $43 million increase in *Current assets* following classification of the assets of Lanouée Forest as *Available-for-sale assets*, *Current assets* declined by $40 million due to decreases of $26 million in the value of *Trade and other receivables*, $7 million in *Restricted cash* and $18 million in *Other current assets*, partially offset by increases of $6 million in *Cash and cash equivalents* and $5 million in *Other current financial assets*.

Non-current assets were up $672 million, owing primarily to:

- A $247 million increase in the value of *Property, plant and equipment* (net of amortization for the period) which breaks down as follow:
  - A $221 million increase following the Kallista acquisition;
  - An $8 million reduction resulting from impairment losses of $6 million on the Cham longe I wind farm and $2 million on Lanouée Forest land;
  - A $45 million reduction resulting from the transfer of the Lanouée Forest assets to *Available-for-sale assets*;
  - A $210 million increase in property, plant and equipment related to assets under construction (see the *Cash Flows* section), partly offset by an $11 million foreign exchange rate effect and $121 million in amortization on assets in operation;

- A $123 million increase in the value of *Intangible assets* (net of amortization for the period of $33 million):
  - A $17 million increase in contingent consideration in connection with projects in the Ecotera portfolio for the Inter Deux Bos, Santerre and Basse Thiérache Nord wind power projects;
  - A $149 million increase in value related to Kallista at the time of the preliminary purchase price allocation;
  - A $3 million reduction due to the impairment loss on the Otter Creek project *Intangible assets* in connection with the Ontario government's decision.
  - A $4 million reduction in projects under development reclassified to *Property, plant and equipment* subsequent to their qualification for construction;
- An $8 million increase in *Goodwill*, of which $9 million resulted from the preliminary purchase price allocation for the Kallista shares and the difference in exchange rate fluctuations.
- A $246 million increase in *Interests*, stemming primarily from the acquisition of interests in five wind farms in Québec and the related taxes.
- A $48 million increase in *Other non-current assets*, including $10 million in reserve funds for servicing the *Non-current debt* acquired from Kallista, and $37 million in *Other non-current financial assets*, mainly related to the higher interest rates which led to an increase in the value of interest rate swaps and $15 million relating to the options to purchase a partner's interests following the acquisition of DM I, DM II and LP I wind farms.

Current liabilities

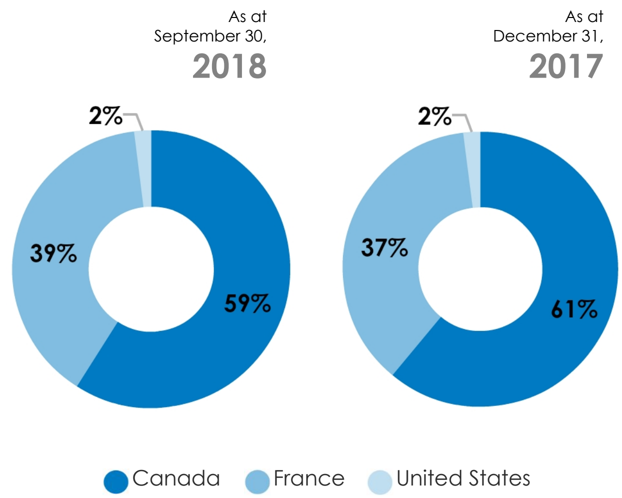
Current liabilities as at September 30, 2018 amounted to $490 million, compared with $429 million as at December 31, 2017. This $61 million increase was due to the $87 million increase in the *Current portion of debt* partially offset by the $25 million decrease in *Other current financial liabilities*.

Non-current liabilities

Total *Non-current liabilities* were up $426 million, owing to the $345 million increase in *Non-current debt* (net of repayments for the period) including $144 million of non-current debt assumed following the Kallista acquisition. Note also that the $16 million increase in the *Decommissioning liability* was mainly related to the Kallista acquisition. In addition, a $60 million increase in *Deferred tax liabilities* was recognized, of which $50 million is related to the acquisition of interests from Invenergy. The principal financing transactions are summarized in the *Analysis of results* and *Financial position* section for the nine-month period ended September 30, 2018 (see the *Financing Activities* section).

Also, as at September 30, 2018, Boralex had $96 million in debt contracted but not yet drawn, excluding the $100 million revolving credit accordion feature, and a total amount of $186 million under the letter of credit and revolving credit facilities.

Geographic breakdown of non-current debt



Contribution of the Interests on a Combined basis

The contribution of the Interests' assets as at September 30, 2018 amounted to $889 million on a Combined basis, up from $383 million as at the same date in 2017. The contribution of the Interests' debt totalled $607 million, compared with $312 million. These increases are directly related to the acquisition of Invenergy's interests in five wind farms. For more details, see the *Non-IFRS measures* section and the *Interests in the Joint Ventures and associates* note to the interim financial statements.

Equity

Total *Equity* rose $188 million over the first nine months of 2018 to $917 million as at September 30, 2018. Equity growth resulted primarily from the $250 million increase in capital stock related to the transaction to acquire Invenergy, the $28 million change in *Accumulated other comprehensive income* related to the translation of financial statements, offset in part by the $50 million increase in net loss and the dividends paid to shareholders of Boralex in the amount of $35 million.

Debt ratios

Net debt, as defined under *Non-IFRS measures*, amounted to $2,953 million as at September 30, 2018 compared with $2,519 million as at December 31, 2017.

As a result, the net debt to market capitalization ratio, as defined under *Non-IFRS measures*, increased to 62% as at September 30, 2018 from 56% as at December 31, 2017.

Information about the Corporation's equity

As at September 30, 2018, Boralex's capital stock consisted of 89,141,993 Class A shares issued and outstanding (76,255,051 as at December 31, 2017). There were 653,024 outstanding stock options as at September 30, 2018, of which 523,658 were exercisable. Boralex had 1,437,070 issued and outstanding convertible debentures for an amount of $144 million (1,437,400 as at December 31, 2017 for an amount of $144 million).

From October 1 to November 8, 2018, no new shares were issued on exercise of stock options and in connection with the conversion of debentures.

Related party transactions

The Corporation has entered into a management agreement with R.S.P. Énergie Inc., an entity in which Patrick Lemaire, President, Chief Executive Officer and a director of the Corporation, is one of three shareholders. For the nine-month period ended September 30, 2018, revenues from this agreement were immaterial.

The Corporation has an office lease contract with Ivanhoé Cambridge, an entity in which the Caisse holds an interest as well. As at September 30, 2018, the amount of the lease expense was $1 million.

On March 29, 2018, the Corporation entered into $170 million in financing with the Caisse in the form of unsecured subordinated debt with a 10-year maturity. On July 24, 2018, Boralex drew down its $80 million second tranche. As at September 30, 2018, the interest related to these transactions amounted to $6 million.

The Six Nations' equity interest in FWRN LP was financed through a non-recourse loan initially provided by Enercon which will be repaid, with interest, through Six Nations' share of the payouts that FWRN LP will make during the term of the feed-in tariff contract. As at September 30, 2018, interest related to this advance amounted to $1 million.

On June 20, 2018, the Corporation acquired the shares of Kallista, which owned a portfolio of 15 wind farms in operation. The 15 MW Val aux Moines wind farm is 35% owned by the shareholder Nordex Employees Holding GmbH. The non-controlling shareholder advanced $6 million (€4 million) to the project to finance the construction of the facility. As at September 30, 2018, interest related to this due to a non-controlling shareholder was not material.

On September 14, 2018, the Corporation closed the acquisition of Invenergy's interests in five wind farms. The acquisition is considered a related party transaction because the Caisse holds an interest in Invenergy and has significant influence over Boralex.

Transactions with Interests

SDB I

For the nine-month period ended September 30, 2018, SDB I reported net earnings of $10 million ($6 million in 2017), with Boralex's share amounting to $5 million ($3 million in 2017).

SDB II

For the nine-month period ended September 30, 2018, SDB II reported net earnings of $2 million ($1 million in 2017) with Boralex's share amounting to $1 million ($1 million in 2017).

DM I, DM II and LP I

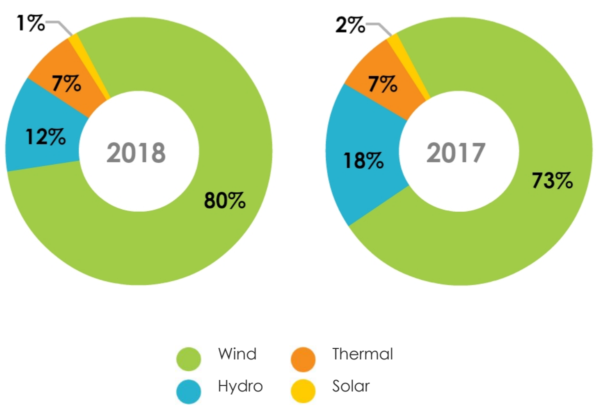
As at September 30, 2018, DM I, DM II and LP I generated net earnings of $2 million, with Boralex's share amounting to $1 million.

Segment and geographic breakdown of results for the nine-month periods ended September 30, 2018 and 2017

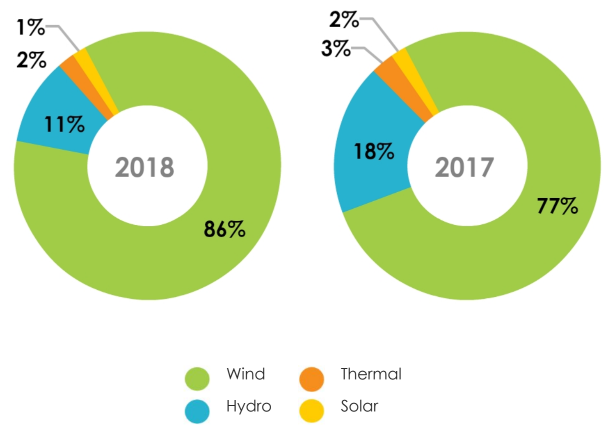
Segment breakdown

The following is a discussion of changes in segment breakdown of revenues and EBITDA(A) for the nine-month period ended September 30, 2018 compared with the same period in 2017.

Breakdown of revenues from energy sales



Breakdown of EBITDA(A)[1]



[1] Excluding corporate segment and eliminations

Wind

For the first nine months of 2018, wind power segment revenues rose 26% from the same period of 2017 and represented 80% of consolidated revenues, compared with 73% for the same period a year ago. This increase was due mainly to the addition of 91 MW to the segment's installed capacity in 2017, the contribution of the NRWF facility for the first 17 days of 2018 and that of acquired Kallista facilities from June 20, 2018 and the commissioning of Inter Deux Bos on September 24, 2018.

Wind power segment EBITDA(A) for the first nine months of 2018 rose 25% compared with the same period in 2017, representing 86% of consolidated EBITDA(A) (before the corporate segment and eliminations), exceeding the 2017 first nine months' result of 77%. Not only is the wind power segment Boralex's most significant driver of EBITDA(A), its EBITDA(A) margin is also higher than the average for Boralex's energy asset portfolio, i.e., 79% for the first nine months of 2018, the same as for the corresponding period in 2017.

Given the anticipated acquisitions and commissioning until 2020 for 188 MW in additional capacity, as well as the large pipeline of potential projects Boralex has access to, this segment's contribution to the Corporation's operating profitability will increase over the coming quarters and years, helping to maintain a solid average profit margin.

Hydroelectric

For the first nine months of 2018, hydroelectric power segment revenues and EBITDA(A) declined 26% and 35%, respectively, compared with the corresponding period of 2017, owing primarily to less favourable water flow conditions and lower prices at the U.S. power stations. Given the growth in the wind power segment, the hydroelectric power segment's contribution to the Corporation's consolidated revenues eased to 12% for the first nine months of 2018 from 18% for the same period in 2017, while its contribution to EBITDA(A) (before the corporate segment and eliminations) declined to 11% from 18%. EBITDA(A) margin for this segment, as a percentage of revenues, declined to 67% for the first nine months of 2018 from 76% for the same period of 2017.

Thermal

Thermal power segment revenues were up 4% for the first nine months of 2018 compared with the same period last year, owing to better performance in the second quarter which largely offset lower production at the Senneterre power station in Québec in the first and third quarters. This segment accounted for 7% of consolidated revenues for the first nine months of 2018, the same percentage as for the corresponding period last year. The thermal segment's contribution to consolidated EBITDA(A) (before the corporate segment and eliminations) also held steady at 2%. EBITDA(A) margin for this segment declined to 26% for the first nine months of 2018 from 29% for the same period of 2017.

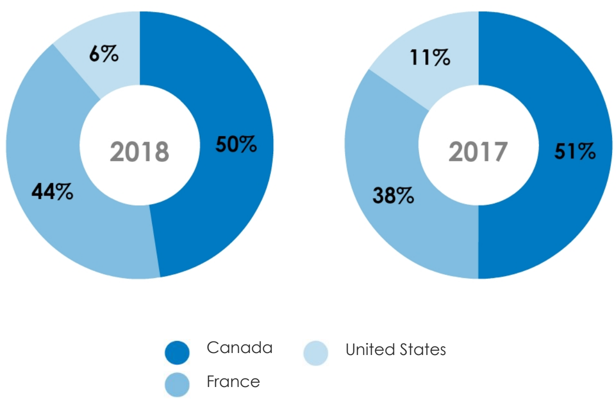
Solar

For the first nine months of 2018, the solar power segment generated EBITDA(A) of $4 million, or results similar to a year earlier. The solar power segment for the time being accounts for only a marginal share of Boralex's asset portfolio.

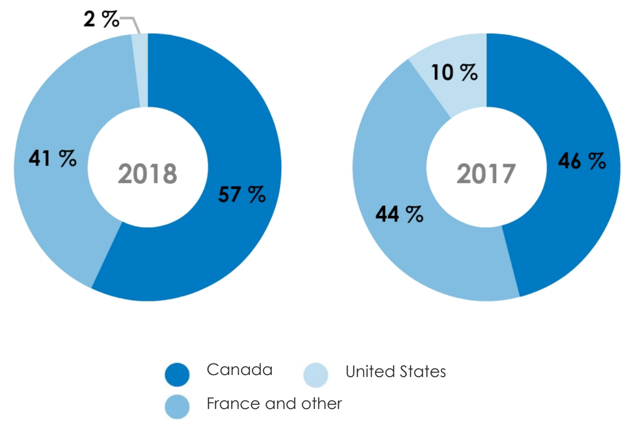
Geographic breakdown

The following is a discussion of changes in country breakdown of revenues and EBITDA(A) for the nine-month period ended September 30, 2018 compared with the same period in 2017.

Breakdown of revenues from energy sales



Breakdown of EBITDA(A)[1]



[1] Excluding corporate segment and eliminations

Geographically, Boralex's revenues from energy sales for the nine-month period ended September 30, 2018 were broken down as follows:

- 50% in **Canada** compared with 51% in the corresponding period of 2017;
- 44% in **France**, compared with 38% in 2017, given the commissioning of wind farms during fiscal 2017, the Kallista acquisition on June 20, 2018 and the commissioning of Inter Deux Bos on September 24, 2018;
- 6% in the **United States** compared with 11% in the corresponding period of 2017, owing mainly to the lower production volume and the downward adjustment of the price per MWh at the Hudson Falls power station, which benefited from a contract price of US$80.58/MWh in 2017, whereas it is now US$48.27/MWh.

Non-IFRS measures

In order to assess the performance of its assets and reporting segments, Boralex uses EBITDA, EBITDA(A), EBITDA(A) margin, cash flows from operations, ratio of net debt, discretionary cash flows, payout ratio and dividends paid per common share as performance measures. 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. Such non-IFRS measures also provide investors with insight into the Corporation's decision making as the Corporation uses these non-IFRS measures to make financial, strategic and operating decisions.

These non-IFRS measures are derived primarily from the unaudited 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. Non-IFRS measures are not audited. These non-IFRS measures have important limitations as analytical tools and investors are cautioned not to consider them in isolation or place undue reliance on ratios or percentages calculated using these non-IFRS measures.

This MD&A also shows a number of these measures on a Combined basis, where the results of the Interests in the Joint Ventures and associates are accounted for according to the ownership interest. Since they represent a significant investment for Boralex, management considers this information useful for investors. For more details, see the *Interests in the Joint Ventures and associates* note in the Interim Report and the Annual Report. Here are interests restated on a Combined basis:

	Boralex % of interests
SBD I and II	50.00%
DM I and DM II	51.00%
LP I	51.00%
LP II	59.96%
Ronceveaux	50.00%

Reconciliation between IFRS and Combined information

The following tables reconcile IFRS data with data presented on a Combined basis:

Consolidated

				2018
(in millions of Canadian dollars) (unaudited)	**IFRS**	**Interests**	**Eliminations**	**Combined**
Three-month period ended September 30:				
Power production (GWh)	548	131	—	679
Revenues from energy sales	79	14	—	93
EBITDA(A)	39	11	1*	51
Net loss	(40)	—	—*	(40)
Net cash flows related to operating activities	17	6	(13)**	10
Cash flows from operations	23	5	(13)**	15
Nine-month period ended September 30:				
Power production (GWh)	2,350	413	—	2,763
Revenues from energy sales	326	45	—	371
EBITDA(A)	200	38	(5)*	233
Net loss	(50)	7	(7)*	(50)
Net cash flows related to operating activities	179	22	(19)**	182
Cash flows from operations	121	23	(19)**	125
As at September 30:				
Total assets	4,601	889	(219)***	5,271
Debt, including non-current debt and current portion of debt	3,074	607	—	3,681

* Share in earnings of the Joint Ventures and associates.
** Distributions received from the Joint Ventures and associates.
*** Interests in the Joint Ventures and associates.

2017

(in millions of Canadian dollars) (unaudited)	IFRS	SDB – I and II (50%)	Eliminations	Combined
Three-month period ended September 30:				
Power production (GWh)	605	101	—	706
Revenues from energy sales	74	11	—	85
EBITDA(A)	39	8	3	50
Net loss	(26)	(2)	2*	(26)
Net cash flows related to operating activities	36	7	(11)**	32
Cash flows from operations	24	4	(11)**	17
Nine-month period ended September 30:				
Power production (GWh)	2,258	374	—	2,632
Revenues from energy sales	285	40	—	325
EBITDA(A)	183	34	(2)*	215
Net loss	(18)	4	(4)*	(18)
Net cash flows related to operating activities	130	24	(17)**	137
Cash flows from operations	127	21	(17)**	131
As at December 31:				
Total assets	3,926	383	(21)***	4,288
Debt, including non-current debt and current portion of debt	2,642	312	—	2,954

* Share in earnings of the Joint Ventures and an associate.
** Distributions received from the Joint Ventures and an associate.
*** Interests in the Joint Ventures and an associate.

Wind

2018

(in millions of Canadian dollars) (unaudited)	IFRS	Interests	Eliminations	Combined
Three-month period ended September 30:				
Power production (GWh)	415	131	—	546
Revenues from energy sales	64	14	—	78
EBITDA(A)	46	11	(1)*	56
Nine-month period ended September 30:				
Power production (GWh)	1,729	413	—	2,142
Revenues from energy sales	262	45	—	307
EBITDA(A)	205	38	(7)*	236

* Share in earnings of the Joint Ventures and associates

2017

(in millions of Canadian dollars) (unaudited)	IFRS	SDB – I and II (50%)	Eliminations	Combined
Three-month period ended September 30:				
Power production (GWh)	385	101	—	486
Revenues from energy sales	52	11	—	63
EBITDA(A)	36	8	2*	46
Nine-month period ended September 30:				
Power production (GWh)	1,529	374	—	1,903
Revenues from energy sales	209	40	—	249
EBITDA(A)	165	34	(4)*	195

* Share in earnings of the Joint Ventures and an associate

EBITDA(A)

EBITDA(A) represents earnings before interest, taxes, depreciation and amortization, adjusted to include other items such as acquisition costs, net loss on financial instruments and foreign exchange gain, the last two items being included under *Other*. 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 (loss), 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:

				2018
(in millions of Canadian dollars) (unaudited)	IFRS	Interests	Eliminations	Combined
Three-month period ended September 30:				
Net loss	(40)	—	—	(40)
Income tax recovery	(12)	—	—	(12)
Financing costs	32	5	1	38
Amortization	59	6	—	65
EBITDA	39	11	1	51
Adjustments:				
Acquisition costs	1	—	—	1
Other	(1)	—	—	(1)
EBITDA(A)	39	11	1	51
Nine-month period ended September 30:				
Net loss	(50)	7	(7)	(50)
Income tax recovery	(14)	—	—	(14)
Financing costs	91	14	2	107
Amortization	154	18	—	172
Impairment of property, plant and equipment and intangible assets	12	—	—	12
EBITDA	193	39	(5)	227
Adjustments:				
Acquisition costs	8	—	—	8
Other	(1)	(1)	—	(2)
EBITDA(A)	200	38	(5)	233

(in millions of Canadian dollars) (unaudited)	IFRS	SDB – I and II (50%)	Eliminations	Combined
				2017
Three-month period ended September 30:				
Net loss	(26)	(2)	2	(26)
Income tax recovery	(7)	—	—	(7)
Financing costs	29	5	1	35
Amortization	43	6	—	49
EBITDA	39	9	3	51
Adjustments:				
Other	—	(1)	—	(1)
EBITDA(A)	39	8	3	50
Nine-month period ended September 30:				
Net loss	(18)	4	(4)	(18)
Financing costs	76	15	2	93
Amortization	126	17	—	143
EBITDA	184	36	(2)	218
Adjustments:				
Other	(1)	(2)	—	(3)
EBITDA(A)	183	34	(2)	215

Cash flows from operations

Cash flows from operations under IFRS and Combined basis 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, changes in non-cash items can vary considerably.

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:

(in millions of Canadian dollars) (unaudited)	IFRS	Interests	Eliminations	Combined
				2018
Three-month period ended September 30:				
Net cash flows related to operating activities	17	6	(13)*	10
Change in non-cash items related to operating activities	6	(1)	—	5
CASH FLOWS FROM OPERATIONS	23	5	(13)	15
Nine-month period ended September 30:				
Net cash flows related to operating activities	179	22	(19)*	182
Change in non-cash items related to operating activities	(58)	1	—	(57)
CASH FLOWS FROM OPERATIONS	121	23	(19)	125

* Distributions received from the Joint Ventures and associates.

(in millions of Canadian dollars) (unaudited)	IFRS	SDB – I and II (50%)	Eliminations	2017 Combined
Three-month period ended September 30:				
Net cash flows related to operating activities	36	7	(11)*	32
Change in non-cash items related to operating activities	(12)	(3)	—	(15)
CASH FLOWS FROM OPERATIONS	24	4	(11)	17
Nine-month period ended September 30:				
Net cash flows related to operating activities	130	24	(17)*	137
Change in non-cash items related to operating activities	(3)	(3)	—	(6)
CASH FLOWS FROM OPERATIONS	127	21	(17)	131

* Distributions received from the Joint Ventures and an associate.

Net debt ratio

"Net debt ratio" represents the ratio of "net debt" over "total market capitalization", each calculated as described below.

The Corporation defines net debt as follows:

	IFRS	
(in millions of Canadian dollars) (unaudited)	As at September 30, 2018	As at December 31, 2017
Non-current debt	2,763	2,418
Current portion of debt	311	224
Borrowing costs, net of accumulated amortization	28	27
Less:		
Cash and cash equivalents	121	115
Restricted cash	28	35
Net debt	2,953	2,519
Net debt, excluding non-current debt drawn down under financing for projects under construction	2,712	2,394

The Corporation defines total market capitalization as follows:

	IFRS	
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	As at September 30, 2018	As at December 31, 2017
Number of outstanding shares (in thousands)	89,142	76,255
Share market price (in $ per share)	18.03	23.50
Market value of equity attributable to shareholders	1,607	1,792
Non-controlling shareholders	32	44
Net debt	2,953	2,519
Convertible debentures (nominal value)	144	144
Total market capitalization	4,736	4,499

The Corporation computes the net debt ratio as follows:

	IFRS	
(in millions of Canadian dollars unless otherwise specified) (unaudited)	As at September 30, 2018	As at December 31, 2017
Net debt	2,953	2,519
Total market capitalization	4,736	4,499
NET DEBT RATIO, market capitalization	62%	56%
NET DEBT RATIO, market capitalization, excluding non-current debt drawn for projects under construction	57%	53%

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

It is important to note that discretionary cash flows are now calculated using data derived from the financial statements in accordance with IFRS, whereas previously they were calculated using Combined information. This change had no effect on discretionary cash flows or the payout ratio. Under IFRS, discretionary cash flows include the contributions of the Joint Ventures and associates whereas on a Combined basis, those distributions are eliminated and replaced by the contribution of the Joint Ventures and associates to EBITDA(A), net of the debt repayments made.

Investors should not consider discretionary cash flows as an alternative measure to "net cash flows related to operating activities," which is an IFRS measure. Discretionary cash flows are equal to *Net cash flows related to operating activities* before the change in "non-cash items related to operating activities," less (i) distributions paid to non-controlling shareholders, (ii) additions to property, plant and equipment (operational maintenance), and (iii) repayments on non-current debt (projects); plus (iv) development costs (from the statement of earnings).

Payout ratio

The payout ratio is defined as dividends paid to shareholders of Boralex divided by discretionary cash flows, all of which is calculated based on the previous 12 months of operations. 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 is adjusted to exclude non-recurring items listed in the notes to the table below.

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. For the 12-month period ended September 30, 2018, dividends paid to shareholders by the Corporation represented 70% of discretionary cash flows.

Dividends per share paid to shareholders represent dividends paid to shareholders of Boralex divided by the average weighted number of outstanding shares.

The Corporation computes the discretionary cash flows and payout ratio as follows:

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	IFRS	
	Twelve-month periods ended	
	As at September 30, 2018	As at December 31, 2017
Cash flows from operations	190	195
Adjustment for non-recurring items(1)	8	—
Distributions paid to non-controlling shareholders	(8)	(8)
Additions to property, plant and equipment (maintenance of operations)	(8)	(8)
Repayments on non-current debt (projects)(2)(3)	(138)	(125)
Development costs (from statement of earnings)	23	17
Discretionary cash flows	**67**	**71**
Discretionary cash flows per share	$0.87	$0.94
Dividends paid to shareholders of Boralex	$47	$46
Weighted average number of outstanding shares – basic (in thousands)	76,832	75,436
Dividends paid to shareholders of Boralex per share	$0.62	$0.60
Payout ratio	**70%**	**64%**

(1) Excluding the acquisition costs incurred for Kallista and Invenergy.
(2) Adjustment of the March 2017 NRWF debt repayment prorated to the number of days held since the acquisition (2017).
(3) Excluding the VAT and repayment of borrowings assumed at the time of the Kallista acquisition (2018).

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 benefits from partial natural coverage from 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 may be made based on the growth in cash to be generated in France. The Corporation has 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 currently benefit in part from interest rates lower than those 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 reduce volatility in expected expenditures and, in turn, stabilize significant costs such as those for turbines.

Price risk

In the 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 of 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, 2018, power stations in France (except Avignonet I) and Canada (except Oldman in Alberta), as well as those in Hudson Falls and South Glens Falls in the United States, have long-term energy sales contracts, the vast majority of which are subject to partial or full indexation clauses tied to inflation. Consequently, only 2% of Boralex's installed capacity is exposed to price risk at present.

Interest rate risk

Under IFRS, as at September 30, 2018, approximately 55% of non-current debt issued bore interest at variable rates, excluding the revolving credit facility and the bridge financing facility. To protect itself against rate increases, the Corporation uses interest rate swaps. With these instruments, the Corporation's actual exposure to interest rate fluctuations is limited to only 8% of total debt under IFRS.

The following table summarizes the Corporation's derivative financial instruments as at September 30, 2018:

As at September 30,

2018

(in millions of Canadian dollars) (unaudited)	Currency	Current notional (currency of origin)	Current notional (CAD)	Fair value (currency of origin)	Fair value (CAD)
Interest rate swaps	Euro	355	532	(15)	(23)
Interest rate swaps	CAD	858	858	23	23
Foreign exchange forward contracts	Euro vs. CAD	70	108	(5)	(5)
Cross-currency swaps	Euro vs. CAD	165	251	4	4
					(1)

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 contingency

France – Kallista acquisition

Following the Kallista acquisition, the Corporation has to take Kallista's commitments into account:

(a) The wind farms are committed to selling 100% of their power output under long-term contracts maturing between 2020 and 2032 with a weighted average remaining term of 8 years. The contracts provide for annual indexation based on changes in cost of living indexes in France.

(b) The wind farms entered into wind turbine maintenance contracts maturing between 2019 and 2032.

(c) The wind farms lease land on which wind turbines are installed under leases maturing between 2023 and 2034.

(d) The Corporation entered into a construction contract for the **Noyers Bucamps** wind power project.

As at September 30, 2018, the Corporation's net commitment under the maintenance contracts, land leases and a construction contract amounted to $46 million (€31 million).

France – Sources de l'Ancre wind power project

In 2018, for the **Sources de l'Ancre** wind power project, the Corporation entered into a turbine purchase contract. The Corporation's net commitment under this contract amounted to $5 million (€3 million).

France – Basse Thiérache Nord wind power project

The Corporation entered into construction contracts, a turbine purchase contract and a connection agreement for the **Basse Thiérache Nord** wind power project in 2018. As at September 30, 2018, the Corporation's net commitment under these contracts amounted to $7 million (€5 million).

France – Catésis wind power project

The Corporation entered into construction contracts, a turbine purchase contract and a connection agreement for the **Catésis** wind power project in 2018. As at September 30, 2018, the Corporation's net commitment under these contracts amounted to $14 million (€9 million).

France – Cham Longe I wind power project

In 2018, the Corporation entered into certain preliminary construction contracts in connection with the **Cham Longe I** wind farm repowering project. As at September 30, 2018, the Corporation's net commitment under these contracts amounted to $1 million (€1 million).

Canada – Buckingham hydroelectric power station

On July 18, 2018, the Corporation entered into a construction contract in connection with the capacity upgrade project for the **Buckingham** hydroelectric power station. The Corporation's net commitment under this contract amounted to $17 million as at September 30, 2018.

Boralex's share of the commitments of the Joint Ventures and associate in Québec

Following the acquisition of Invenergy's interest, the Corporation has to take into account the commitments of the acquired entities:

(a) The wind farms entered into wind turbine maintenance contracts maturing between 2019 and 2021.

(b) The wind farms lease land on which wind turbines are installed under leases maturing between 2032 and 2042.

(c) The wind farms have entered into service agreements with municipalities and RCMs under which royalties are payable in an amount determined per MW. These contracts provide for annual indexation based on the Consumer Price Index.

As at September 30, 2018, the Corporation's net commitment under the maintenance contract, land leases and service agreements amounted to $34 million.

Options to purchase a partner's interests

Agreements to acquire Invenergy's interest in the DM I, DM II and LP I wind farms set out option rights exercisable by Boralex upon expiry of the initial term of the energy sales contracts to purchase the Caisse's minority interest in these wind farms. These assets have been recognized under *Other non-current financial assets* in the consolidated statements of financial position. The fair value of these financial instruments is determined based on the calculation of discounted cash flows using a discount rate that reflects the risks specific to each wind farm. The change in fair value will be recognized in the consolidated statements of loss.

Contingency of a Joint Venture

On March 31, 2016, an application for authorization of a class action against DM I and Hydro Québec was granted.

According to the plaintiffs, the DM I project (i) causes abnormal neighbourhood disturbances during the construction and operation period, including traffic, dust, pollution, continuous noise, vibrations and strobe effects, presence of flashing and visible red lights from their residences, negative consequences on the countryside landscape, moving shadows and consequences on health, (ii) negatively affects the value of their properties and (iii) is an intentional infringement of their rights, including their right to property.

The plaintiffs, on behalf of the members of the authorized class, are seeking (i) compensatory damages for the alleged abnormal annoyances suffered during the construction and operation period, punitive damages for the alleged intentional infringement of their rights, and the destruction of all wind turbines that have already been built less than three (3) kilometres from a residence. Claims arising from an eventual judgment in favour of the plaintiffs could be paid in whole or in part by the insurers, depending on their nature and taking into account the exclusions set out in the insurance policy. Based on this information, the Corporation assessed that the outcome of this class action is not expected to have a material impact on the Corporation's financial position. Accordingly, no provision has been recorded for this contingency.

Subsequent event

France - Seuil du Cambrésis wind power project

In October 2018, the Corporation entered into a turbine purchase contract and construction contracts for the **Seuil du Cambrésis** wind power project. The Corporation's net commitment under these contracts amounted to $31 million (€21 million).

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, 2017.

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

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments that can materially affect revenues, expenses, comprehensive income, 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 from them. Underlying estimates and assumptions are periodically reviewed and the impact of any changes is recognized immediately.

The items in question are presented under *Risk Factors and Uncertainties* in Boralex's annual MD&A for the year ended December 31, 2017.

Accounting policies

Changes to accounting policies

IFRS 9, *Financial Instruments*

In July 2014, IASB completed its three-phase project to replace IAS 39, *Financial instruments: Recognition and Measurement*, by issuing IFRS 9, *Financial Instruments*. IFRS 9 addresses the classification and measurement of financial assets and liabilities, and introduces a forward-looking expected credit loss impairment model and a substantially reformed hedge accounting model.

To determine whether a financial asset should be measured at amortized cost or at fair value, IFRS 9 uses a new approach that replaces the multiple rules of IAS 39. The approach recommended by IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of financial assets. Most of the requirements of IAS 39 for the classification and measurement of financial liabilities are carried forward in IFRS 9. However, the portion of the changes in fair value related to the entity's own credit risk, in measuring a financial liability at fair value through profit or loss, will be presented in *Accumulated other comprehensive income (loss)* instead of in the statement of earnings (loss).

IFRS 9 also sets out an expected credit loss impairment model that will require more timely recognition of credit losses. More specifically, the new standard requires entities to account for expected credit losses upon initial recognition of financial instruments, and to recognize lifetime expected credit losses on a timely basis.

Last, IFRS 9 introduces a new hedge accounting model together with corresponding disclosure requirements about risk management activities. The new hedge accounting model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

The Corporation has adopted IFRS 9, *Financial Instruments*, as of January 1, 2018. The adoption of IFRS 9 resulted in changes in accounting policies, but in no adjustment to the amounts recognized in the consolidated financial statements.

The following is the Corporation's new accounting policy for financial instruments under IFRS 9.

(a) Classification

The Corporation determines the classification of financial instruments at initial recognition and classifies its financial instruments in the following measurement categories:

- Those to be measured subsequently at fair value (either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI");
- Those to be measured at amortized cost.

The classification of debt instruments is driven by the Corporation's business model for managing the financial assets and their contractual cash flow characteristics. Assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVPL. For other equity instruments, on the day of acquisition the Corporation can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL (such as instruments held for trading or derivatives) or the Corporation has opted to measure them at FVPL.

Financial instruments with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Corporation completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets and liabilities	**Original classification under IAS 39**	**New classification under IFRS 9**
Cash and cash equivalents	Loans and receivables (amortized cost)	Amortized cost
Restricted cash	Loans and receivables (amortized cost)	Amortized cost
Trade and other receivables	Loans and receivables (amortized cost)	Amortized cost
Advance to a non-controlling shareholder	Loans and receivables (amortized cost)	Amortized cost
Other non current financial assets[(1)]	Derivatives used for hedging purposes (FVPL)	FVPL/FVOCI
Reserve funds[(2)]	Loans and receivables (amortized cost)	Amortized cost
Trade and other payables	Other financial liabilities (amortized cost)	Amortized cost
Contingent consideration	Other financial liabilities (amortized cost)	Amortized cost
Other current financial liabilities[(3)]	Derivatives used for hedging purposes (FVPL)	FVPL/FVOCI
Current and non-current debt	Other financial liabilities (amortized cost)	Amortized cost
Convertible debentures	Other financial liabilities (amortized cost)	Amortized cost
Other non-current financial liabilities	Derivatives used for hedging purposes (FVPL)	FVPL/FVOCI

(1) Excluding the *Advance to a non-controlling shareholder* and *Options to purchase an interest of a partner.*
(2) Included under *Other non-current assets.*
(3) Excluding *Contingent consideration.*

(b) Measurement

Financial instruments at amortized cost

Financial instruments at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

Financial instruments at fair value

Financial instruments are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net earnings (loss). The effective portion of gains and losses on financial instruments designated as hedges is included in the consolidated statements of comprehensive income (loss) in the period in which they arise. Where management has opted to recognize a financial liability at FVPL, any changes associated with the Corporation's own credit risk will be recognized in other comprehensive income (loss).

(c) Impairment

From January 1, 2018, the Corporation assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost or at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Corporation applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognized from initial recognition of the receivables.

(d) Derecognition

Financial assets

The Corporation derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive income (loss).

Financial liabilities

The Corporation derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of net earnings (loss).

IFRS 15, *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, a new standard that specifies the steps and timing for issuers to recognize revenue as well as requiring them to provide more informative, relevant disclosures. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. This standard supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, as well as various interpretations regarding revenue.

The Corporation has adopted IFRS 15 as of January 1, 2018, which resulted in changes in accounting policies, but in no adjustment to the amounts recognized in the consolidated financial statements. In accordance with the transition provisions in IFRS 15, the Corporation adopted the new standard retrospectively.

The following is the Corporation's new accounting policy for revenues under IFRS 15.

Revenues from energy sales

The Corporation recognizes its revenues, which consist of energy sales, when the energy is delivered at the buyer's substation, and there is no unfulfilled obligation that could affect the buyer's acceptance of the energy. Energy sales are billed and paid on a monthly basis.

Future changes in accounting policies

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, *Leases*, which supersedes IAS 17, *Leases*, as well as several interpretations on leases. IFRS 16 is effective for fiscal years beginning on or after January 1, 2019, with earlier adoption permitted. The new standard requires the lessee to recognize a lease obligation for future lease payments and a right-of-use asset for most leases and report them on the statement of financial position, except for leases that meet limited exception criteria. As the Corporation is subject to significant contractual obligations in the form of operating leases (see note 10 to these financial statements and note 28 to the Annual Report) in accordance with IAS 17, the adoption of IFRS 16 will result in a significant increase in assets and liabilities and, to a lesser extent, the timing of recognition.

The main areas of the Corporation affected by the adoption of IFRS 16 are presented in the following table:

Affected areas of the Corporation	Analysis	Impact
Financial reporting	The purpose of the analysis is to determine which contracts will fall within the scope of the new standard as well as the options offered by it, such as early adoption, the exemptions from recognition and measurement and the requirement to apply it in full and retrospectively under IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, or the option to apply a "modified retrospective approach."	The Corporation is currently assessing the impact of adopting IFRS 16 on its consolidated statements of financial position, its consolidated statement of earnings (loss) and its consolidated statements of comprehensive income (loss). The Corporation is also working with a third party provider of advisory services. As at November 8, 2018, the majority of operating leases set out in note 10 to these interim unaudited consolidated financial statements would fall within the scope of IFRS 16. The Corporation expects to adopt IFRS 16 for the fiscal year beginning January 1, 2019 retrospectively without restatement of comparative figures and to use the exemptions for short-term leases and leases for which the underlying assets are of low value.
IT systems	The Corporation is currently analyzing the changes needed to its computer systems to optimize management of over 2,000 leases that will fall within the scope of the new standard.	The Corporation has selected an IT solution for the recognition and eventual measurement of leases that fall within the scope of the new standard. The solution is being implemented.
Internal controls and procedures	The Corporation will perform an analysis of changes to be made to the internal controls and procedures as a result of adopting IFRS 16.	The Corporation is currently assessing the impact of IFRS 16 on its internal controls and procedures.
Stakeholders	The Corporation will perform an analysis of the impact of adopting IFRS 16 on its credit agreements and communication of information to its stakeholders.	The Corporation has begun the process of communicating the impact of IFRS 16 to its internal and external stakeholders.

Internal controls and procedures

In accordance with *Regulation 52-109 respecting certification of disclosure in issuers' annual and interim filings*, DC&P 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. ICFR has also been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

During the three-month period ended September 30, 2018, no changes were made to ICFR that have materially affected, or are reasonably likely to materially affect, ICFR.

Limitation on scope of design of DC&P and ICFR

The limitation on the scope and design of the Corporation's DC&P and ICFR as at September 30, 2018, did not cover the controls and procedures of the activities of Kallista, acquired on June 20, 2018, and which are included in the consolidated financial statements of September 30, 2018. The Corporation has elected to apply section 3.3(1)(b) of Regulation 52-109, which allows this acquisition to be excluded from the evaluation of the design of DC&P and ICFR for a maximum of 365 days from the acquisition date. The limitation on the scope is based primarily on the time required to assess DC&P and ICFR with respect to information relating to Kallista.

Since the acquisition date, Kallista has contributed revenues from energy sales of $7 million (€5 million) and generated a net loss of $8 million (€5 million). In addition, current assets and current liabilities represented 6% and 5% of consolidated current assets and liabilities, respectively. Non-current assets and non-current liabilities each represented 9% of consolidated non-current assets and liabilities, respectively.

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, 2018	As at December 31, 2017
ASSETS			
Cash and cash equivalents		121	115
Restricted cash		28	35
Trade and other receivables		108	134
Other current financial assets	9	5	—
Other current assets		23	41
Asset held for sale	7	43	—
CURRENT ASSETS		328	325
Property, plant and equipment		2,868	2,621
Intangible assets		778	655
Goodwill		190	182
Interests in the Joint Ventures and associates	5	272	26
Other non-current financial assets	9	99	62
Other non-current assets		66	55
NON-CURRENT ASSETS		4,273	3,601
TOTAL ASSETS		4,601	3,926
LIABILITIES			
Trade and other payables		151	152
Current portion of debt	6	311	224
Other current financial liabilities	9	28	53
CURRENT LIABILITIES		490	429
Non-current debt	6	2,763	2,418
Convertible debentures		139	137
Deferred income tax liability		170	110
Decommissioning liability		64	48
Other non-current financial liabilities	9	34	30
Other non-current liabilities		24	25
NON-CURRENT LIABILITIES		3,194	2,768
TOTAL LIABILITIES		3,684	3,197
EQUITY			
Equity attributable to shareholders		885	685
Non-controlling shareholders		32	44
TOTAL EQUITY		917	729
TOTAL LIABILITIES AND EQUITY		4,601	3,926

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

Consolidated statements of loss

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Note	Three-month periods ended September 30, 2018	2017	Nine-month periods ended September 30, 2018	2017
REVENUES					
Revenues from energy sales		79	74	326	285
Other income		1	1	4	3
		80	75	330	288
COSTS AND OTHER EXPENSES					
Operating		26	25	95	79
Administrative		7	5	23	17
Development		7	4	17	11
Amortization		59	43	154	126
Impairment of property, plant and equipment and intangible assets	7	—	—	12	—
		99	77	301	233
OPERATING INCOME (LOSS)		(19)	(2)	29	55
Acquisition costs	4	1	—	8	—
Financing costs		32	29	91	76
Share in earnings (losses) of the Joint Ventures and associates	5	(1)	(2)	5	2
Other		(1)	—	(1)	(1)
LOSS BEFORE INCOME TAXES		(52)	(33)	(64)	(18)
Income tax recovery		(12)	(7)	(14)	—
NET LOSS		(40)	(26)	(50)	(18)
NET LOSS ATTRIBUTABLE TO:					
Shareholders of Boralex		(34)	(17)	(42)	(4)
Non-controlling shareholders		(6)	(9)	(8)	(14)
NET LOSS		(40)	(26)	(50)	(18)
NET LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX – BASIC AND DILUTED	8	($0.43)	($0.23)	($0.53)	($0.05)

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, 2018	2017	Nine-month periods ended September 30, 2018	2017
NET LOSS	(40)	(26)	(50)	(18)
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	(16)	(4)	(5)	8
Hedge of net investment:				
Change in fair value	9	(2)	6	(4)
Cash flow hedges:				
Change in fair value	16	14	18	19
Hedging items realized and recognized in net loss	3	4	10	10
Income taxes	(4)	(4)	(6)	(8)
Cash flow hedges – Interests:				
Change in fair value	3	3	4	4
Hedging items realized and recognized in net loss	1	3	3	5
Income taxes	(1)	(1)	(2)	(2)
Total other comprehensive income	11	13	28	32
COMPREHENSIVE INCOME (LOSS)	(29)	(13)	(22)	14
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of Boralex	(24)	(4)	(15)	27
Non-controlling shareholders	(5)	(9)	(7)	(13)
COMPREHENSIVE INCOME (LOSS)	(29)	(13)	(22)	14

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

Consolidated statements of changes in equity

Nine-month period ended September 30, **2018**

(in millions of Canadian dollars) (unaudited)	Equity attributable to shareholders							
	Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total	Non-controlling shareholders	Total equity
BALANCE AS AT JANUARY 1, 2018	733	4	9	(43)	(18)	685	44	729
Net loss	—	—	—	(42)	—	(42)	(8)	(50)
Other comprehensive income	—	—	—	—	27	27	1	28
COMPREHENSIVE INCOME (LOSS)	—	—	—	(42)	27	(15)	(7)	(22)
Dividends (note 8)	—	—	—	(35)	—	(35)	—	(35)
Shares issued (note 8)	250	—	—	—	—	250	—	250
Exercise of options	1	—	—	—	—	1	—	1
Distributions paid to non-controlling shareholders	—	—	—	—	—	—	(6)	(6)
Other (note 8)	(1)	—	—	—	—	(1)	1	—
BALANCE AS AT SEPTEMBER 30, 2018	983	4	9	(120)	9	885	32	917

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 (deficit)	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	—	—	—	(4)	—	(4)	(14)	(18)
Other comprehensive income	—	—	—	—	31	31	1	32
COMPREHENSIVE INCOME (LOSS)	—	—	—	(4)	31	27	(13)	14
Dividends (note 8)	—	—	—	(34)	—	(34)	—	(34)
Shares issued	170	—	—	—	—	170	—	170
Exercise of options	4	—	—	—	—	4	—	4
Share of a non-controlling shareholder resulting from a business combination	—	—	—	—	—	—	47	47
Repurchase of a non-controlling shareholder	—	—	—	—	—	—	(3)	(3)
Distributions to non-controlling shareholders	—	—	—	—	—	—	(5)	(5)
BALANCE AS AT SEPTEMBER 30, 2017	731	4	9	(57)	(24)	663	44	707

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, 2018	Three-month periods ended September 30, 2017	Nine-month periods ended September 30, 2018	Nine-month periods ended September 30, 2017
Net loss		(40)	(26)	(50)	(18)
Distributions received from the Joint Ventures and associates	5	13	11	19	17
Financing costs		32	29	91	76
Interest paid		(26)	(27)	(82)	(70)
Income tax recovery		(12)	(7)	(14)	—
Income taxes paid		(2)	(2)	(3)	(3)
Non-cash items in loss					
Amortization		59	43	154	126
Share in earnings (losses) of the Joint Ventures and associates	5	1	2	(5)	(2)
Impairment of property, plant and equipment and intangible assets	7	—	—	12	—
Other		(2)	1	(1)	1
Change in non-cash items related to operating activities		(6)	12	58	3
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES		17	36	179	130
Business acquisition, net of cash acquired	4	—	(5)	(108)	(235)
Increase in the interests in the Joint Ventures and associates	5	(201)	—	(201)	—
Options to purchase a partner's interests	5	(15)	—	(15)	—
Additions to property, plant and equipment		(110)	(63)	(223)	(187)
Acquisition of energy sales contracts		(8)	(19)	(17)	(40)
Change in restricted cash		23	1	7	169
Other		4	1	4	(1)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES		(307)	(85)	(553)	(294)
Increase in non-current debt		168	82	691	330
Repayments on non-current debt		(145)	(37)	(408)	(127)
Repayment of loans assumed in a business acquisition	4	—	—	(86)	—
Distributions paid to non-controlling shareholders		(2)	(1)	(6)	(5)
Dividends paid to shareholders of Boralex	8	(12)	(11)	(35)	(34)
Share issuance and financing costs		(13)	(3)	(18)	(9)
Shares issued	8	259	2	259	4
Redemption of financial instruments prior to maturity	9	—	—	(17)	—
Other		(1)	(1)	(1)	(1)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES		254	31	379	158
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		(2)	(1)	1	—
NET CHANGE IN CASH AND CASH EQUIVALENTS		(38)	(19)	6	(6)
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD		159	113	115	100
CASH AND CASH EQUIVALENTS – END OF PERIOD		121	94	121	94

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

Notes to consolidated financial statements

As at September 30, 2018

(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, 2018, the Corporation had interests in 76 wind farms, 15 hydroelectric power stations, two thermal power stations and three solar power stations, representing an asset base with an installed capacity under its control totalling 1,853 megawatts ("MW"). In addition, Boralex has new production sites under development, representing an additional 214 MW of power. The Corporation also operates two hydroelectric power stations on behalf of R.S.P. Énergie Inc., an entity of which one of the three shareholders is Patrick Lemaire, President, Chief Executive Officer and a director of the Corporation. Revenues from energy sales are generated 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, 5, 7, 11 and 12 have not been reviewed by the auditor.)

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, 2017, 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, and except for changes to the accounting policies described in note 3. 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, 2017.

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, 2017.

The Board of Directors approved these unaudited interim condensed consolidated financial statements on November 8, 2018.

Note 3. Changes in accounting policies

IFRS 9, *Financial Instruments*

In July 2014, IASB completed its three-phase project to replace IAS 39, *Financial instruments: Recognition and Measurement*, by issuing IFRS 9, *Financial Instruments*. IFRS 9 addresses the classification and measurement of financial assets and liabilities, and introduces a forward-looking expected credit loss impairment model and a substantially reformed hedge accounting model.

To determine whether a financial asset should be measured at amortized cost or at fair value, IFRS 9 uses a new approach that replaces the multiple rules of IAS 39. The approach recommended by IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of financial assets. Most of the requirements of IAS 39 for the classification and measurement of financial liabilities are carried forward in IFRS 9. However, the portion of the changes in fair value related to the entity's own credit risk, in measuring a financial liability at fair value through profit or loss, will be presented in *Accumulated other comprehensive income (loss)* instead of in the statement of earnings (loss).

IFRS 9 also sets out an expected credit loss impairment model that will require more timely recognition of credit losses. More specifically, the new standard requires entities to account for expected credit losses upon initial recognition of financial instruments, and to recognize lifetime expected credit losses on a timely basis.

Last, IFRS 9 introduces a new hedge accounting model together with corresponding disclosure requirements about risk management activities. The new hedge accounting model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

The Corporation has adopted IFRS 9, *Financial Instruments*, as of January 1, 2018. The adoption of IFRS 9 resulted in changes in accounting policies, but in no adjustment to the amounts recognized in the consolidated financial statements.

The following is the Corporation's new accounting policy for financial instruments under IFRS 9.

(a) Classification

The Corporation determines the classification of financial instruments at initial recognition and classifies its financial instruments in the following measurement categories:

- Those to be measured subsequently at fair value (either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI");
- Those to be measured at amortized cost.

The classification of debt instruments is driven by the Corporation's business model for managing the financial assets and their contractual cash flow characteristics. Assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVPL. For other equity instruments, on the day of acquisition the Corporation can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL (such as instruments held for trading or derivatives) or the Corporation has opted to measure them at FVPL.

Financial instruments with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Corporation completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets and liabilities	Original classification under IAS 39	New classification under IFRS 9
Cash and cash equivalents	Loans and receivables (amortized cost)	Amortized cost
Restricted cash	Loans and receivables (amortized cost)	Amortized cost
Trade and other receivables	Loans and receivables (amortized cost)	Amortized cost
Advance to a non-controlling shareholder	Loans and receivables (amortized cost)	Amortized cost
Other non current financial assets[(1)]	Derivatives used for hedging purposes (FVPL)	FVPL/FVOCI
Reserve funds[(2)]	Loans and receivables (amortized cost)	Amortized cost
Trade and other payables	Other financial liabilities (amortized cost)	Amortized cost
Contingent consideration	Other financial liabilities (amortized cost)	Amortized cost
Other current financial liabilities[(3)]	Derivatives used for hedging purposes (FVPL)	FVPL/FVOCI
Current and non-current debt	Other financial liabilities (amortized cost)	Amortized cost
Convertible debentures	Other financial liabilities (amortized cost)	Amortized cost
Other non-current financial liabilities	Derivatives used for hedging purposes (FVPL)	FVPL/FVOCI

(1) Excluding the *Advance to a non-controlling shareholder* and *Options to purchase an interest of a partner.*
(2) Included under *Other non-current assets.*
(3) Excluding *Contingent consideration.*

(b) Measurement

Financial instruments at amortized cost

Financial instruments at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

Financial instruments at fair value

Financial instruments are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net earnings (loss). The effective portion of gains and losses on financial instruments designated as hedges is included in the consolidated statements of comprehensive income (loss) in the period in which they arise. Where management has opted to recognize a financial liability at FVPL, any changes associated with the Corporation's own credit risk will be recognized in other comprehensive income (loss).

(c) Impairment

From January 1, 2018, the Corporation assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost or at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Corporation applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognized from initial recognition of the receivables.

(d) Derecognition

Financial assets

The Corporation derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive income (loss).

Financial liabilities

The Corporation derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of net earnings (loss).

IFRS 15, *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, a new standard that specifies the steps and timing for issuers to recognize revenue as well as requiring them to provide more informative, relevant disclosures. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. This standard supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, as well as various interpretations regarding revenue.

The Corporation has adopted IFRS 15 as of January 1, 2018, which resulted in changes in accounting policies, but in no adjustment to the amounts recognized in the consolidated financial statements. In accordance with the transition provisions in IFRS 15, the Corporation adopted the new standard retrospectively.

The following is the Corporation's new accounting policy for revenues under IFRS 15.

Revenues from energy sales

The Corporation recognizes its revenues, which consist of energy sales, when the energy is delivered at the buyer's substation, and there is no unfulfilled obligation that could affect the buyer's acceptance of the energy. Energy sales are billed and paid on a monthly basis.

Future changes in accounting policies

IFRS 16, *Leases*

In January 2016, the IASB issued IFRS 16, *Leases*, which supersedes IAS 17, *Leases*, as well as several interpretations on leases. IFRS 16 is effective for fiscal years beginning on or after January 1, 2019, with earlier adoption permitted. The new standard requires the lessee to recognize a lease obligation for future lease payments and a right-of-use asset for most leases and report them on the statement of financial position, except for leases that meet limited exception criteria. As the Corporation is subject to significant contractual obligations in the form of operating leases (see note 10 to these financial statements and note 28 to the Annual Report) in accordance with IAS 17, the adoption of IFRS 16 will result in a significant increase in assets and liabilities and, to a lesser extent, the timing of recognition.

The main areas of the Corporation affected by the adoption of IFRS 16 are presented in the following table:

Affected areas of the Corporation	Analysis	Impact
Financial reporting	The purpose of the analysis is to determine which contracts will fall within the scope of the new standard as well as the options offered by it, such as early adoption, the exemptions from recognition and measurement and the requirement to apply it in full and retrospectively under IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, or the option to apply a "modified retrospective approach."	The Corporation is currently assessing the impact of adopting IFRS 16 on its consolidated statements of financial position, its consolidated statement of earnings (loss) and its consolidated statements of comprehensive income (loss). The Corporation is also working with a third party provider of advisory services. As at November 8, 2018, the majority of operating leases set out in note 10 to these interim unaudited consolidated financial statements would fall within the scope of IFRS 16. The Corporation expects to adopt IFRS 16 for the fiscal year beginning January 1, 2019 retrospectively without restatement of comparative figures and to use the exemptions for short-term leases and leases for which the underlying assets are of low value.
IT systems	The Corporation is currently analyzing the changes needed to its computer systems to optimize management of over 2,000 leases that will fall within the scope of the new standard.	The Corporation has selected an IT solution for the recognition and eventual measurement of leases that fall within the scope of the new standard. The solution is being implemented.
Internal controls and procedures	The Corporation will perform an analysis of changes to be made to the internal controls and procedures as a result of adopting IFRS 16.	The Corporation is currently assessing the impact of IFRS 16 on its internal controls and procedures.
Stakeholders	The Corporation will perform an analysis of the impact of adopting IFRS 16 on its credit agreements and communication of information to its stakeholders.	The Corporation has begun the process of communicating the impact of IFRS 16 to its internal and external stakeholders.

Note 4. Business combinations

Kallista acquisition

On June 20, 2018, Boralex announced the signing of a purchase agreement with Ardian Infrastructure to acquire all the shares outstanding of Kallista Energy Investment SAS and 10% of the shares of KE Production SAS for a total cash consideration of $121 million (€78 million) for the shares, subject to adjustments under the acquisition agreements and the assumption by Boralex of project debt amounting to $171 million (€111 million). The Corporation also repaid $78 million (€51 million) on a due to a non-controlling shareholder granted by Ardian Infrastructure to Kallista Energy Investment SAS and $8 million (€6 million) on a bridge loan included under assumed Non-current debt, for a total amount of $86 million (€56 million).

The acquired portfolio comprises 15 wind farms in operation totalling 163 MW with a weighted average remaining life of eight years under contract, a 10 MW facility under construction and a portfolio of projects totalling about 158 MW. The consideration was paid by Boralex from its revolving credit facility.

This transaction gave rise to acquisition costs of $4 million (€3 million), which were recognized under acquisition costs in the consolidated statement of loss. 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 acquisition are consolidated as of June 20, 2018.

The following table shows the preliminary purchase price allocation of shares:

	Preliminary allocation	
	(in $)	(in €)
Cash and cash equivalents	21	13
Trade and other receivables	4	3
Other current assets	2	1
Property, plant and equipment	221	143
Energy sales contracts	149	97
Goodwill	9	6
Other non-current assets	10	6
Current liabilities	(4)	(2)
Assumed non-current debt	(171)	(111)
Deferred income tax liabilities	(19)	(13)
Other non-current financial liabilities	(5)	(3)
Decommissioning liability	(12)	(7)
Due to a non-controlling shareholder	(6)	(4)
	199	129
Assumed loan to a shareholder	(78)	(51)
Net assets	121	78
Less:		
Cash and cash equivalents acquired	21	13
Net consideration paid for the acquisition	100	65

Trade and other receivables acquired at the time of the transaction had a fair value of $4 million (€3 million), and the Corporation expects they will all be received during 2018. *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, possibly *Property, plant and equipment*, *Energy sales contracts*, *Goodwill* and *Deferred income tax liabilities*.

Since the acquisition date, the acquired entity has contributed $7 million (€5 million) to revenues from energy sales and generated a net loss of $8 million (€5 million).

If the acquisition had occurred on January 1, 2018, management estimates that consolidated revenues from energy sales would have been $22 million (€14 million) higher or $348 million and net loss would have been $47 million. These estimates are based on the assumption that the fair market value adjustments that were made on the date of acquisition would have been the same had the acquisition occurred on January 1, 2018.

Note 5. Interests in the Joint Ventures and associates

Joint Ventures Phases I and II

The Corporation entered into partnership agreements with a subsidiary of Energir, L.P. (formerly Gaz Métro L.P.) and Valener Inc. and created Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership ("SDB I") and Seigneurie de Beaupré Wind Farm 4 General Partnership ("SDB II") located in Canada, of which each party owns 50%. 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 Ventures and an associate in Québec

On September 14, 2018, the Corporation completed the acquisition of all of the interest in Invenergy Renewables LLC ("Invenergy") in four entities in Québec, one of which owns two wind farms, for a total of five wind farms in operation (the Des Moulins Wind Power L.P. ("DM 1 and DM 2"), Le Plateau Wind Power L.P. ("LP 1"), Le Plateau Community Wind Power L.P. ("LP II") and Roncevaux Wind Power L.P. ("Roncevaux")).

Project name	Total capacity (MW)	% Boralex	Boralex MW	Type of partnership	Type of control	PPA maturity[1]
DM I and DM II[2]	157	51.00%	80	Joint venture	Joint control	2032
LP I[2]	139	51.00%	71	Joint venture	Joint control	2032
LP II	21	59.96%	13	Joint venture	Joint control	2034
Ronceveaux	74	50.00%	37	Associate	Significant influence	2041
	391		201			

[1] Power purchase agreement.

[2] The Caisse de dépôt et placement du Québec (the "Caisse") holds a 49% interest.

The Corporation's interest in these Joint Ventures and associate is accounted for using the equity method. The year-end date of these Joint Ventures and associate is December 31.

These transactions gave rise to acquisition costs of $4 million,which were recognized under acquisition costs in the consolidated statement of loss.

The acquisition is considered a transaction between related parties since the Caisse de dépôt et placement du Québec (the "Caisse") holds an interest in Invenergy and has significant influence over Boralex.

Joint venture in Denmark – Jammerland Bay

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

Interests in the Joint Ventures and associates

Nine-month period ended September 30,

2018	Balance – beginning of period	Acquisition of interests	Share in net earnings	Share in other comprehensive income	Distributions	Balance – end of period
SBD I and II	21	—	6	7	(19)	15
DM I, DM II and LP I	—	179	1	—	—	180
LP II	—	23	—	—	—	23
Ronceveaux	—	49	—	—	—	49
Jammerland Bay	3	—	—	—	—	3
Other	2	—	—	—	—	2
	26	251	7	7	(19)	272

Twelve-month period ended December 31,

2017	Balance – beginning of period	Acquisition of interests	Share in net earnings	Share in other comprehensive income	Distributions	Balance – end of period
SBD I and II	19	—	9	10	(17)	21
Jammerland Bay	3	—	—	—	—	3
Other	2	—	—	—	—	2
	24	—	9	10	(17)	26

Financial statements of Interests in the Joint Ventures and associates

The financial statements of significant interests are presented below.

Nine-month period ended September 30,

	100%											
2018	Cash and cash equivalents	Current assets	Non-current assets	**Total assets**	Current liabilities	Non-current debt	Non-current financial liabilities	Other non-current liabilities	**Total liabilities**	**Net assets**	Goodwill	Interests in the Joint Ventures
SBD I and II	16	11	700	727	50	578	13	54	695	32	—	15
DM I, DM II and LP I	—	19	692	711	27	383	7	14	431	280	36	180
LP II	—	3	73	76	4	38	—	1	43	33	4	23
Ronceveaux	—	30	202	232	28	124	—	3	155	77	10	49

Twelve-month period ended December 31,

	100%										
2017	Cash and cash equivalents	Current assets	Non-current assets	**Total assets**	Current liabilities	Non-current debt	Non-current financial liabilities	Other non-current liabilities	**Total liabilities**	**Net assets**	Interests in the Joint Ventures
SBD I and II	23	13	731	767	52	592	26	55	725	42	21

The Joint Venture Phase I debt has a combined average interest rate of 4.88% and matures in 2032, whereas the Joint Venture Phase II debt has a combined average interest rate of 5.66% and matures in 2034.

Three-month period ended September 30,

	100%									
2018	Production (GWh)	Revenues from energy sales	Operating expenses	Amortiza-tion	Other gains	Operating income	Financing costs	Net earnings (loss)	Total other compre-hensive income (loss)	Compre-hensive income
SBD I and II	210	23	5	11	(1)	8	9	(1)	8	7
DM I, DM II and LP I	36	4	—	2	—	2	—	2	—	2
LP II	3	—	—	—	—	—	—	—	—	—
Ronceveaux	11	1	1	—	—	—	—	—	—	—

Three-month period ended September 30,

	100%									
2017	Production (GWh)	Revenues from energy sales	Operating expenses	Amortiza-tion	Other gains	Operating income	Financing costs	Net loss	Total other compre-hensive income (loss)	Compre-hensive income
SBD I and II	202	22	5	11	(1)	7	11	(4)	10	6

Nine-month period ended September 30,

	100%									
2018	Production (GWh)	Revenues from energy sales	Operating expenses	Amortiza-tion	Other gains	Operating income	Financing costs	Net earnings	Total other compre-hensive income (loss)	Compre-hensive income
SBD I and II	776	85	14	34	(2)	39	28	11	14	25
DM I, DM II and LP I	36	4	—	2	—	2	—	2	—	2
LP II	3	—	—	—	—	—	—	—	—	—
Ronceveaux	11	1	1	—	—	—	—	—	—	—

Nine-month period ended September 30,

	100%									
2017	Production (GWh)	Revenues from energy sales	Operating expenses	Amortiza-tion	Other gains	Operating income	Financing costs	Net earnings	Total other compre-hensive income (loss)	Compre-hensive income
SBD I and II	750	81	14	33	(2)	36	29	7	17	24

Three-month period ended September 30,

2018	100%							
	Net cash flows related to operating activities	Net cash flows related to investing activities	Repayment on non-current debt	Distributions paid	Net cash flows related to financing activities	Net change in cash and cash equivalents	Cash and cash equivalents – beginning of period	Cash and cash equivalents – end of period
SBD I and II	13	—	(1)	(26)	(27)	(14)	30	16
DM I, DM II and LP I	(2)	2	—	—	—	—	—	—
LP II	—	—	—	—	—	—	—	—
Ronceveaux	(1)	1	—	—	—	—	—	—

Three-month period ended September 30,

2017	100%							
	Net cash flows related to operating activities	Net cash flows related to investing activities	Repayment on non-current debt	Distributions paid	Net cash flows related to financing activities	Net change in cash and cash equivalents	Cash and cash equivalents – beginning of period	Cash and cash equivalents – end of period
SBD I and II	14	—	(1)	(22)	(23)	(9)	25	16

Nine-month period ended September 30,

2018	100%							
	Net cash flows related to operating activities	Net cash flows related to investing activities	Repayment on non-current debt	Distributions paid	Net cash flows related to financing activities	Net change in cash and cash equivalents	Cash and cash equivalents – beginning of period	Cash and cash equivalents – end of period
SDB I and II	48	—	(17)	(38)	(55)	(7)	23	16
DM I, DM II and LP I	(2)	2	—	—	—	—	—	—
LP II	—	—	—	—	—	—	—	—
Ronceveaux	(1)	1	—	—	—	—	—	—

Nine-month period ended September 30,

2017	100%							
	Net cash flows related to operating activities	Net cash flows related to investing activities	Repayment on non-current debt	Distributions paid	Net cash flows related to financing activities	Net change in cash and cash equivalents	Cash and cash equivalents – beginning of period	Cash and cash equivalents – end of period
SDB I and II	47	—	(17)	(33)	(50)	(3)	19	16

Share in earnings (losses) of interests in the Joint Ventures and associates

Three-month period ended September 30,

2018	Share in earnings (losses)	Other	Share in earnings (losses) of the Joint Ventures and associates
SBD I and II	(1)	(1)	(2)
DM I, DM II and LP I	1	—	1
	—	(1)	(1)

Three-month period ended September 30,

2017	Share in losses	Other	Share in losses of the Joint Ventures and associates
SBD I and II	(2)	—	(2)
	(2)	—	(2)

Nine-month period ended September 30,

2018	Share in earnings	Other	Share in earnings of the Joint Ventures and associates
SBD I and II	6	(2)	4
DM I, DM II and LP I	1	—	1
	7	(2)	5

Nine-month period ended September 30,

2017	Share in earnings	Other	Share in earnings of the Joint Ventures and associates
SBD I and II	4	(2)	2
	4	(2)	2

Non-current debt - Joint Ventures and an associate in Québec

The entities in which Boralex acquired interests on September 14, 2018 includes four project financing agreements secured by the underlying assets of each of the projects. These financing facilities comprise term loans and a bridge financing facility repayable on a quarterly or half-yearly basis over periods ranging from 2018 to 2032, bearing interest at variable rates between 1.50% and 3.75% or a weighted average rate 5.66%, considering the impact of interest rate swaps. The fixed-rate notes are repayable on a quarterly or half-yearly basis over periods ranging from 2033 to 2041 and bearing interest at annual rates between 4.80% and 6.30%

Boralex's share of the commitments of the Joint Ventures and associate in Québec

Following the acquisition of Invenergy's interest, the Corporation has to take into account the commitments of the acquired entities:

(a) The wind farms entered into wind turbine maintenance contracts maturing between 2019 and 2021.

(b) The wind farms lease land on which wind turbines are installed under leases maturing between 2032 and 2042.

(c) The wind farms have entered into service agreements with municipalities and RCMs under which royalties are payable in an amount determined per MW. These contracts provide for annual indexation based on the Consumer Price Index.

As at September 30, 2018, the Corporation's net commitment under the maintenance contract, land leases and service agreements amounted to $34 million.

Options to purchase a partner's interests

Agreements to acquire Invenergy's interest in the DM I, DM II and LP I wind farms set out option rights exercisable by Boralex upon expiry of the initial term of the energy sales contracts to purchase the Caisse's minority interest in these wind farms. These assets have been recognized under *Other non-current financial assets* in the consolidated statements of financial position. The fair value of these financial instruments is determined based on the calculation of discounted cash flows using a discount rate that reflects the risks specific to each wind farm. The change in fair value will be recognized in the consolidated statements of loss.

Contingency

On March 31, 2016, an application for authorization of a class action against DM I and Hydro Québec was granted.

According to the plaintiffs, the DM I project (i) causes abnormal neighbourhood disturbances during the construction and operation period, including traffic, dust, pollution, continuous noise, vibrations and strobe effects, presence of flashing and visible red lights from their residences, negative consequences on the countryside landscape, moving shadows and consequences on health, (ii) negatively affects the value of their properties and (iii) is an intentional infringement of their rights, including their right to property.

The plaintiffs, on behalf of the members of the authorized class, are seeking (i) compensatory damages for the alleged abnormal annoyances suffered during the construction and operation period, punitive damages for the alleged intentional infringement of their rights, and the destruction of all wind turbines that have already been built less than three (3) kilometres from a residence. Claims arising from an eventual judgment in favour of the plaintiffs could be paid in whole or in part by the insurers, depending on their nature and taking into account the exclusions set out in the insurance policy. Based on this information, the Corporation assessed that the outcome of this class action is not expected to have a material impact on the Corporation's financial position. Accordingly, no provision has been recorded for this contingency.

Note 6. Non-current debt

	Note	Maturity	Rate[1]	Currency of origin	As at September 30, 2018	As at December 31, 2017
Revolving credit facility	(a)	2022	4.34		214	265
Subordinated debt	(b)	2028	5.64		300	—
Term loan payable:						
Ocean Falls power station		2024	6.55		6	7
Yellow Falls power station		2027-2056	4.85		74	74
Thames River wind farms		2031	7.05		131	138
Témiscouata I wind farm		2032	5.29		45	46
Témiscouata II wind farm		2033	5.65		112	114
Niagara Region Wind Farm (NRWF)		2034	3.74		726	750
Port Ryerse wind farm		2034	3.96		29	30
Frampton wind farm		2035	4.18		67	69
Côte-de-Beaupré wind farm		2035	4.25		52	52
Moose Lake wind project		2043	4.04		28	26
Jamie Creek power station		2054	5.42		55	55
Other debt		—	—		5	6
CANADA					1,844	1,632
Master agreement – wind farms in France		2020-2025	5.34	54	84	101
Bridge financing facility – France and Scotland		2018	0.84	46	68	69
Term loan payable:						
Cube		2019	6.50	40	60	60
Kallista wind farms	c)	2019-2035	3.38	108	161	—
Avignonet II wind farm		2025	1.68	2	3	3
Lauragais solar power facility		2025-2028	3.97	8	12	13
Mont de Bagny, Voie des Monts, Artois and Chemin de Grès wind farms		2026-2032	1.59	127	189	199
St-Patrick wind farm		2027	1.64	30	45	50
La Vallée wind farm		2028	4.42	25	37	40
Fortel-Bonnières and St-François wind farms		2028-2029	3.74	46	69	75
Vron wind farm		2030	3.38	8	12	13
Boralex Énergie Verte (BEV) wind farms		2030	2.50	150	225	251
Calmont wind farm		2030	2.51	18	27	28
Plateau de Savernat wind farm		2031	2.37	15	23	24
Touvent wind farm		2031	2.10	17	26	28
Les Cigalettes solar power facility		2033	2.77	8	12	13
Inter Deux Bos, Côteaux du Blaiseron, Hauts de Comble, Sources de l'Ancre and Le Pelon wind power projects		2033	2.55	95	142	1
Other debt		—	—	3	5	6
FRANCE				800	1,200	974
Senior secured U.S. note		2026	3.51	45	58	63
UNITED STATES				45	58	63
			3.93		3,102	2,669
Current portion of debt					(311)	(224)
Borrowing costs, net of accumulated amortization					(28)	(27)
					2,763	2,418

[1] Weighted average rates, adjusted to reflect the impact of interest rate swaps and calculated using the effective interest method, where applicable.

(a) Refinancing of the revolving credit facility

On March 29, 2018, Boralex had the maturity of its $460 million revolving credit facility extended by one year to April 27, 2022 and obtained a reduction of the interest rate on its line of credit. The agreement was also enhanced to include an accordion clause that provides Boralex with future access to an additional amount of $100 million under the same terms and conditions as for the line of credit.

(b) Subordinated debt

On March 29, 2018, Boralex entered into a $200 million financing arrangement with the Caisse, shareholder of the Corporation, and Fonds de solidarité FTQ, in the form of unsecured subordinated debt with a ten-year term. This financing facility included an option for a second $100 million tranche which was available for a 12-month period after the financial close, subject to certain conditions. On July 24, 2018, Boralex drew on the second $100 million tranche to partly refinance the Kallista acquisition. Its terms and conditions are the same as for the first tranche, except for the interest rate of 5.72% which reflects the interest rate curve prevailing at the time funds are drawn. The first tranche bears interest at a fixed rate of 5.60%, payable semi-annually, and the loan agreement does not stipulate any principal payments before the March 29, 2028 maturity date.

(c) Kallista acquisition

On June 20, 2018, Boralex completed the transaction, announced on April 20, 2018, to acquire Kallista Energy Investment SAS, consisting of 15 assets in operation and one asset under construction with 15 project financing facilities. These terms loans secured by the underlying assets of each of these projects are repayable on a quarterly or half-yearly basis over periods ranging from 2019 to 2035 and bearing interest at rates between 1.33% and 6.20% or a weighted average rate of 3.43% over the term of the loan, considering the impact of interest rate swaps.

Note 7. Impairment of property, plant and equipment and intangible assets

Cham Longe I wind farm

Boralex's Board of Directors has green-lighted the repowering of the Cham Longe I wind farm with a current capacity of 18 MW, to be increased to 35 MW, all covered by a new energy sales contract. To carry out the repowering, the Corporation has to wind up operations prematurely and decommission the current facility. In the second quarter, the Corporation assessed the impact of premature decommissioning of the facility and recorded an impairment loss of $6 million (€4 million) on property, plant and equipment to write down the carrying amount of these assets to their recoverable amount. However, in its profitability analysis for the repowering, the Corporation took into account the loss of liquidity associated with the current contract. This analysis demonstrated a significant long-term value creation for the shareholders of the Corporation, thus allowing to make the decision to go ahead with the repowering project.

Otter Creek wind power project

On July 16, 2018, the Corporation received notice from IESO of the unilateral termination of the power purchase agreement for the 50 MW Otter Creek wind power project in Ontario. In the second quarter, a $4 million impairment loss on property, plant and equipment and intangible assets was recognized to write down the carrying amount of these assets to their recoverable amount.

Lanouée Forest

On July 26, 2018, the Corporation signed an offer to sell about 3,833 hectares of the Lanouée Forest in France for a price of $43 million (€30 million). The assets were reported as available-for-sale assets as at September 30, 2018. The forest was acquired in September 2016 with a portfolio of wind power projects located in France and in Scotland. The price is subject to adjustments in order to set the final price as at December 17, 2018, the date of sale of the forest. In the second quarter, a $2 million (€1 million) impairment loss on property, plant and equipment was recognized to write down the carrying amount of these assets to their recoverable amount.

Note 8. Net loss per share

(a) Net loss per share – basic

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended September 30, 2018	2017	Nine-month periods ended September 30, 2018	2017
Net loss attributable to shareholders of Boralex	(34)	(17)	(42)	(4)
Weighted average number of shares – basic	78,552,595	75,991,810	77,051,121	75,304,634
Net loss per share attributable to shareholders of Boralex – basic	($0.43)	($0.23)	($0.53)	($0.05)

(b) Net loss per share – diluted

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended September 30, 2018	2017	Nine-month periods ended September 30, 2018	2017
Net loss attributable to shareholders of Boralex	(34)	(17)	(42)	(4)
Weighted average number of shares outstanding – basic	78,552,595	75,991,810	77,051,121	75,304,634
Dilutive effect of stock options	—	—	—	—
Weighted average number of shares – diluted	78,552,595	75,991,810	77,051,121	75,304,634
Net loss per share attributable to shareholders of Boralex – diluted	($0.43)	($0.23)	($0.53)	($0.05)

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

	Three-month periods ended September 30, 2018	2017	Nine-month periods ended September 30, 2018	2017
Convertible debentures excluded due to their anti-dilutive effect	7,332,012	7,333,767	7,332,744	7,334,043
Stock options excluded due to their anti-dilutive effect	653,024	830,539	653,024	830,539

(c) Dividends paid

On June 20, 2018, the Board of Directors authorized a 4.8% annualized increase in the dividend from $0.63 to $0.66 per common share (or from $0.1575 to $0.1650 per share on a quarterly basis). This increase was however contingent on the closing of the acquisition of Invenergy's interests in the Des Moulins I, Des Moulins II and Le Plateau I wind farms, which took place on September 14, 2018.

On November 8, 2018, a dividend of $0.1650 per common share was declared and will be paid on December 17, 2018 to holders of record at the market close on November 30, 2018.

The Corporation paid dividends in the total amount of $35 million for the nine-month period ended September 30, 2018 ($34 million in 2017).

(d) Shares issued

On September 14, 2018, the Corporation announced the acquisition of all of the financial interests of Invenergy in five wind farms in Québec for a total consideration of $216 million financed using the net proceeds from the public offering of subscription receipts of the Corporation in the amount of $207 million. This offering was made under a bought deal by a syndicate of underwriters and a concurrent private placement in the amount of $52 million with the Caisse. A number of 12,809,850 shares were issued. The holders of subscription receipts also received, for each subscription receipt, an amount equal to the dividend paid on September 18, 2018, totaling $1 million. Transaction costs, net of taxes, in the amount of $9 million were recorded on September 30, 2018.

Note 9. Financial instruments

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

	Note	As at September 30, 2018 Carrying amount	As at September 30, 2018 Fair value	As at December 31, 2017 Carrying amount	As at December 31, 2017 Fair value
OTHER CURRENT FINANCIAL ASSETS					
Cross-currency swaps (Euro for CAD)		5	5	—	—
OTHER NON-CURRENT FINANCIAL ASSETS					
Advance to a non-controlling shareholder	4	34	33	32	31
Interest rate swaps		50	50	30	30
Options to purchase a partner's interests	5	15	15	—	—
		99	98	62	61
DEBT[1]	6	3,074	3,186	2,642	2,732
CONVERTIBLE DEBENTURES[2]		143	152	141	178
OTHER CURRENT FINANCIAL LIABILITIES					
Contingent consideration		—	—	7	7
Cross-currency swaps (Euro for CAD)		1	1	1	1
Interest rate swaps		27	27	45	45
		28	28	53	53
OTHER NON-CURRENT FINANCIAL LIABILITIES					
Due to a non-controlling shareholder	4	6	7	—	—
Foreign exchange forward contracts		5	5	6	6
Interest rate swaps		23	23	24	24
		34	35	30	30

[1] Including *Non-current debt* and the *Current portion of debt.*
[2] Including equity portion

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 and high liquidity.

The fair values of the advance to a non-controlling shareholder, options to purchase an interest of a partner, contingent consideration, non-current debt and the due to a non-controlling shareholder are essentially based on discounted cash flows. Discount rates, ranging from 1.06% to 5.26%, 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 and their fair values are based on the prices as at September 30, 2018.

Interest rate swaps

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 Interest rate swaps as at September 30, 2018:

As at September 30, 2018	Currency	Fixed-rate payer	Floating-rate receiver	Maturity	Current notional (in CAD)	Fair value (in CAD)
Interest rate swaps	Euro	0.38% to 5.16%	3-6 month EURIBOR	2019-2034	532	(23)
Interest rate swaps	CAD	1.81% to 8.03%[1]	3-month CDOR	2034-2043	858	23

[1] An interest rate swap with a notional amount of $63 million, a fair value of $27 million under liabilities as at September 30, 2018 and a fixed-rate payer of 8.03% was unwound in October 2018.

As at December 31, 2017	Currency	Fixed-rate payer	Floating-rate receiver	Maturity	Current notional (in CAD)	Fair value (in CAD)
Interest rate swaps	Euro	0.38% to 5.16%	6-month EURIBOR	2019-2033	446	(24)
Interest rate swaps	CAD	1.81% to 7.90%	3-month CDOR	2034-2043	932	(15)

Some interest rate swaps denominated in Canadian dollars contain an early termination clause that is mandatory in 2018. As a result, they are presented as current financial liabilities. Swaps in the amounts of $10 million and $7 million were unwound in January 2018, May 2018 and October 2018, respectively.

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, 2018	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Foreign exchange forward contracts (Euro for CAD)	1.5475	2019-2025	108	(5)

As at December 31, 2017	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Foreign exchange forward contracts (Euro for CAD)	1.5475	2018-2025	121	(6)

Cross-currency swaps

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 currently benefit in part from interest rates lower than those 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, 2018	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Cross-currency swaps (Euro for CAD)	1.5185	2019	251	4

As at December 31, 2017	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Cross-currency swaps (Euro for CAD)	1.4734	2018	41	(1)

Hierarchy of financial assets and liabilities measured at fair value

Financial instruments measured at fair value 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 convertible debentures as Level 1, as their fair value is determined using quoted market prices.

For the advance to and the due to a non-controlling shareholder, non-current debt, interest rate swaps, foreign exchange forward contracts and the cross-currency swaps, 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.

For contingent consideration, the Corporation has classified fair value measurements within Level 3 because they are based on unobservable market data, namely the probability of achieving certain project development milestones.

For the options to purchase a partner's interests, the Corporation has categorized fair value measurements within Level 3 because they are primarily based on power production and selling prices upon expiry of the energy sales contract and other unobservable market data. The fair value of these options was determined based on the future cash flows generated by the projects to which a Monte Carlo simulation was applied to factor in the uncertainty pertaining to production.

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

		Fair value hierarchy levels		
	As at September 30, **2018**	Level 1	Level 2	Level 3
NON-DERIVATIVE FINANCIAL ASSETS				
Advance to a non-controlling shareholder	33	—	33	—
DERIVATIVE FINANCIAL ASSETS				
Cross-currency swaps (Euro for CAD)	5	—	5	—
Interest rate swaps	50	—	50	—
Options to purchase a partner's interests	15	—	—	15
	70	—	55	15
NON-DERIVATIVE FINANCIAL LIABILITIES				
Debt[1]	3,186	—	3,186	—
Convertible debentures[2]	152	152	—	—
Due to a non-controlling shareholder	7	—	7	—
	3,345	152	3,193	—
DERIVATIVE FINANCIAL LIABILITIES				
Foreign exchange forward contracts	5	—	5	—
Cross-currency swaps (Euro for CAD)	1	—	1	—
Interest rate swaps	50	—	50	—
	56	—	56	—

	As at December 31, 2017	Fair value hierarchy levels Level 1	Level 2	Level 3
NON-DERIVATIVE FINANCIAL ASSETS				
Advance to a non-controlling shareholder	31	—	31	—
DERIVATIVE FINANCIAL ASSETS				
Interest rate swaps	30	—	30	—
NON-DERIVATIVE FINANCIAL LIABILITIES				
Debt[(1)]	2,732	—	2,732	—
Convertible debentures[(2)]	178	178	—	—
Contingent consideration	7	—	—	7
	2,917	178	2,732	7
DERIVATIVE FINANCIAL LIABILITIES				
Foreign exchange forward contracts	6	—	6	—
Cross-currency swaps (Euro for CAD)	1	—	1	—
Interest rate swaps	69	—	69	—
	76	—	76	—

(1) Including *Non-current debt* and *Current portion of debt*
(2) Including equity portion

Level 3 financial instruments have evolved as follows between December 31, 2017 and September 30, 2018:

As at September 30, 2018	Contingent consideration	Options to purchase a partner's interests	Total
Balance – beginning of period	(7)	—	(7)
Additions	—	15	15
Translation adjustments	(1)	—	(1)
Payments	8	—	8
Balance – end of period	—	15	15

As at December 31, 2017	Contingent consideration	Options to purchase a partner's interests	Total
Balance – beginning of period	15	—	15
Loss recorded in net earnings	2	—	2
Payments	(10)	—	(10)
Balance – end of period	7	—	7

Note 10. Commitments

France – Kallista acquisition

Following the Kallista acquisition, the Corporation has to take Kallista's commitments into account:

(a) The wind farms are committed to selling 100% of their power output under long-term contracts maturing between 2020 and 2032 with a weighted average remaining term of 8 years. The contracts provide for annual indexation based on changes in cost of living indexes in France.

(b) The wind farms entered into wind turbine maintenance contracts maturing between 2019 and 2032.

(c) The wind farms lease land on which wind turbines are installed under leases maturing between 2023 and 2034.

(d) The Corporation entered into a construction contract for the **Noyers Bucamps** wind power project.

As at September 30, 2018, the Corporation's net commitment under the maintenance contracts, land leases and a construction contract amounted to $46 million (€31 million).

France – Sources de l'Ancre wind power project

In 2018, for the **Sources de l'Ancre** wind power project, the Corporation entered into a turbine purchase contract. The Corporation's net commitment under this contract amounted to $5 million (€3 million).

France – Basse Thiérache Nord wind power project

The Corporation entered into construction contracts, a turbine purchase contract and a connection agreement for the **Basse Thiérache Nord** wind power project in 2018. As at September 30, 2018, the Corporation's net commitment under these contracts amounted to $7 million (€5 million).

France – Catésis wind power project

The Corporation entered into construction contracts, a turbine purchase contract and a connection agreement for the **Catésis** wind power project in 2018. As at September 30, 2018, the Corporation's net commitment under these contracts amounted to $14 million (€9 million).

France – Cham Longe I wind power project

In 2018, the Corporation entered into certain preliminary construction contracts in connection with the **Cham Longe I** wind farm repowering project. As at September 30, 2018, the Corporation's net commitment under these contracts amounted to $1 million (€1 million).

Canada – Buckingham hydroelectric power station

On July 18, 2018, the Corporation entered into a construction contract in connection with the capacity upgrade project for the **Buckingham** hydroelectric power station. The Corporation's net commitment under this contract amounted to $17 million as at September 30, 2018.

Note 11. 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 the energy produced by five hydroelectric power stations in the United States, one wind farm in Alberta and another in France, which account for 2% of Boralex's total installed capacity, is sold at market prices which are more volatile. For the three-month period ended September 30, 2018, revenues from energy sales related to facilities not covered by energy sales contracts amounted to $1 million ($1 million for the same period of 2017). For the nine-month period ended September 30, 2018, revenues from energy sales related to facilities not covered by energy sales contracts amounted to $4 million ($4 million for the same period of 2017). Furthermore, the Corporation estimates that just 196 MW (11% of installed capacity) covered by contracts expiring within five years will then be sold on the 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 1,634 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

With respect to hydroelectric assets of which Boralex's share is currently 156 MW, they will reach 182 MW of installed capacity with the commissioning of the Yellow Falls project expected in the fourth quarter of 2018 and the increase in capacity of the Buckingham power station one year later. 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, corresponding 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 35 MW Senneterre power station in Québec, Canada is fuelled by wood residues and is covered by an energy sales contract with Hydro-Québec 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 from year to year.

Boralex also operates a 12 MW 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 the Corporation's production in a given year is exposed to seasonal cycles and other cyclical factors, this is mitigated by diversifying its power generation sources and favourable geographic positioning.

Note 12. 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 such as acquisition costs, net loss on financial instruments and foreign exchange gain, the last two items being included under *Other*. 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,	
	Note	2018	2017	2018	2017
Net loss		(40)	(26)	(50)	(18)
Income tax recovery		(12)	(7)	(14)	—
Financing costs		32	29	91	76
Amortization		59	43	154	126
Impairment of property, plant and equipment and intangible assets	7	—	—	12	—
EBITDA		39	39	193	184
Adjustments:					
Acquisition costs	4	1	—	8	—
Other		(1)	—	(1)	(1)
EBITDA(A)		39	39	200	183

Information by operating segment

	Three-month periods ended September 30, 2018	Three-month periods ended September 30, 2017	Nine-month periods ended September 30, 2018	Nine-month periods ended September 30, 2017
Power production (GWh)				
Wind power stations	415	385	1,729	1,529
Hydroelectric power stations	118	166	478	569
Thermal power stations	8	47	126	141
Solar power stations	7	7	17	19
	548	605	2,350	2,258
Revenues from energy sales				
Wind power stations	64	52	262	209
Hydroelectric power stations	10	15	38	51
Thermal power stations	3	5	22	21
Solar power stations	2	2	4	4
	79	74	326	285
EBITDA(A)				
Wind power stations	46	36	205	165
Hydroelectric power stations	5	11	25	39
Thermal power stations	—	1	5	6
Solar power stations	2	1	4	4
Corporate and eliminations	(14)	(10)	(39)	(31)
	39	39	200	183
Additions to property, plant and equipment				
Wind power stations	83	52	183	151
Hydroelectric power stations	23	10	29	30
Thermal power stations	1	—	1	2
Corporate and eliminations	3	1	10	4
	110	63	223	187

	As at September 30, 2018	As at December 31, 2017
Total assets		
Wind power stations	3,973	3,264
Hydroelectric power stations	548	557
Thermal power stations	34	36
Solar power stations	38	38
Corporate	8	31
	4,601	3,926
Total liabilities		
Wind power stations	2,637	2,449
Hydroelectric power stations	230	249
Thermal power stations	8	11
Solar power stations	27	27
Corporate	732	461
	3,634	3,197

Information by geographic segment

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2018	2017	2018	2017
Power production (GWh)				
Canada	270	309	1,117	1,130
France	232	216	967	781
United States	46	80	266	347
	548	605	2,350	2,258
Revenues from energy sales				
Canada	41	36	163	146
France	35	31	145	109
United States	3	7	18	30
	79	74	326	285
EBITDA(A)				
Canada	26	17	115	98
France	14	18	79	63
United States	1	5	10	24
Other[1]	(2)	(1)	(4)	(2)
	39	39	200	183
Additions to property, plant and equipment				
Canada	26	21	42	63
France	84	42	180	123
United States	—	—	1	1
	110	63	223	187

	As at September 30, 2018	As at December 31, 2017
Total assets		
Canada	2,404	2,183
France	2,008	1,549
United States	170	175
Other[1]	19	19
	4,601	3,926
Non-current assets[2]		
Canada	2,039	2,037
France	1,791	1,364
United States	159	160
Other[1]	12	14
	4,001	3,575
Total liabilities		
Canada	2,134	1,938
France	1,416	1,169
United States	84	90
	3,634	3,197

[1] United Kingdom and Denmark.
[2] Excluding *Interests in the Joint Ventures and associates* and *Deferred income tax asset.*

Note 13. Subsequent event

France - Seuil du Cambrésis wind power project

In October 2018, the Corporation entered into a turbine purchase contract and construction contracts for the **Seuil du Cambrésis** wind power project. The Corporation's net commitment under these contracts amounted to $31 million (€21 million).

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