



INTERIM  
REPORT  
AS AT JUNE 30, 2016

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# PROFILE

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

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@BorexInc

# Management's Discussion and Analysis 2

As at June 30, 2016

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# Introductory Comments

## General

This Interim Management's Discussion and Analysis ("MD&A") reviews the operating results and cash flows for the three- and six-month periods ended June 30, 2016 compared with the corresponding periods of 2015, as well as the Corporation's financial position as at June 30, 2016 compared with as at December 31, 2015. This report should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes found in this Interim Report, as well as with the audited consolidated financial statements and related notes found in the most recent Annual Report for the fiscal year ended December 31, 2015.

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](http://www.boralex.com)) and SEDAR ([www.sedar.com](http://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 August 3, 2016, the date on which the Board of Directors approved this interim MD&A and the unaudited interim condensed consolidated financial statements. Unless otherwise indicated, the financial information presented in this MD&A, including tabular amounts, is prepared in accordance with International Financial Reporting Standards ("IFRS") which constitute Canadian generally accepted accounting principles ("GAAP") under Part I of the *CPA Canada Handbook*. The unaudited interim condensed consolidated financial statements included in this interim MD&A have been prepared according to IFRS applicable to the preparation of interim financial statements, IAS 34, *Interim Financial Reporting*, and contain comparative figures for 2015.

This MD&A includes a section, *Proportionate Consolidation*, where the results of Seigneurie de Beaupré Wind Farms 2 and 3 ("Joint Venture Phase I") and Seigneurie de Beaupré Wind Farm 4 ("Joint Venture Phase II") (collectively, "the Joint Ventures" and "Joint Ventures Phases I and II") owned at 50% by Boralex, were proportionately consolidated instead of being accounted for using the equity method as required by IFRS. Under proportionate consolidation, which is no longer permitted in accordance with IFRS, *Interests in the Joint Ventures* and *Share in earnings (losses) of the Joint Ventures* items have been eliminated and replaced by Boralex's share (50%) in all of the financial statement items (revenues, expenses, assets and liabilities). Since the information that Boralex uses to perform internal analyses and make strategic and operating decisions is compiled on a proportionate consolidation basis, management has considered it relevant to integrate this *Proportionate Consolidation* section into the MD&A to help investors understand the concrete impacts of decisions made by the Corporation. Moreover, tables reconciling IFRS data with data presented on a proportionate consolidation basis are included in the MD&A.

As discussed under *Non-IFRS Measures*, this MD&A also contains information consisting of non-IFRS measures. The Corporation uses the term "EBITDA(A)" to assess the operational performance of its power stations. This measure represents earnings before interest, taxes, depreciation and amortization, adjusted to include other items. In this MD&A, the Corporation uses the EBITDA(A) as defined under *Non-IFRS Measures*.

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

## Notice Concerning Forward-Looking Statements

The purpose of this MD&A is to help the reader understand the nature and importance of changes and trends as well as the risks and uncertainties that may affect Boralex's operating results and financial position. Accordingly, some of the statements contained in this analysis, including those regarding future results and performance, are forward-looking statements based on current expectations, within the meaning of securities legislation. These statements are characterized by the use of positive or negative verbs, such as plan, anticipate, evaluate, estimate, believe and other related expressions. They are based on Boralex management's expectations, estimates and assumptions as at August 3, 2016. Boralex would like to point out that, by their very nature, forward-looking statements involve risks and uncertainties such that its results or the measures it adopts could differ materially from those indicated by or underlying these statements, or could have an impact on the degree of realization of a particular projection. The main factors that could lead to a material difference between the Corporation's actual results and the projections or expectations set forth in the forward-looking statements include, but are not limited to, the general impact of economic conditions, currency fluctuations, volatility in the selling price of energy, the Corporation's financing capacity, negative changes in general market conditions, regulations affecting the industry, raw material price increases and availability, as well as other factors described later in *Outlook and Development Objectives* and *Risk Factors and Uncertainties* in the Corporation's Annual Report for the year ended December 31, 2015.

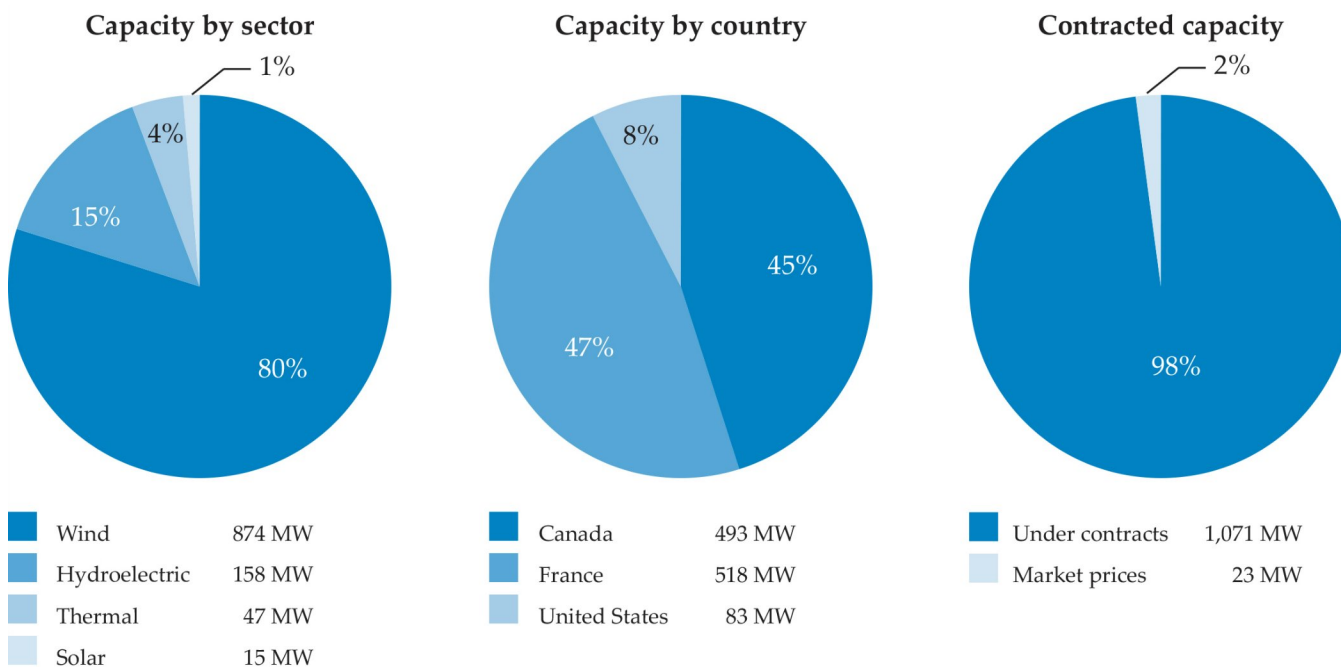
Unless otherwise specified by the Corporation, the forward-looking statements do not take into account the possible impact on its activities, transactions, non-recurring items or other exceptional items announced or occurring after the statements are made. There can be no assurance as to the materialization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

## Description of Business

Boralex Inc. (“Boralex” or the “Corporation”) is a Canadian power producer that develops, constructs and operates renewable energy power stations. As at June 30, 2016, the Corporation had approximately 300 employees and operated an asset base with an installed capacity of 1,264 megawatts (“MW”), of which 1,094 MW<sup>(1)</sup> were under its control, consisting of 493 MW in Canada, 518 MW in France and 83 MW in the Northeastern United States. In addition, Boralex currently has new projects under development representing an additional 169 MW, to be commissioned by the end of 2019.

- As at June 30, 2016, Boralex operated a **874 MW<sup>(1)</sup> wind power** portfolio of assets in France and Canada. In recent years, Boralex has become France’s leading independent onshore wind power producer with 491 MW in operation and an additional 109 MW to be commissioned by the end of 2018. In addition, Boralex owns the rights to a large portfolio of wind power projects in France in various phases of development, which provides considerable growth potential to the Corporation in the short-, medium- and long-term. Boralex is also a well-established wind power operator in Canada with an installed capacity of 553 MW (including 383 MW under its control) in Québec and Ontario, with 44 MW to be commissioned by the end of 2019. Further, the Corporation has the option to acquire a 25% interest in a 230 MW wind power project in Ontario, to be commissioned by the end of 2016.
- Boralex has been a **hydroelectric power** producer for over two decades, operating **158 MW** in Québec and British Columbia, Canada, and in the Northeastern United States. The Corporation also has a 16 MW hydroelectric power station currently under development in Ontario, Canada, to be commissioned in early 2017.
- Boralex owns two **thermal power** stations with a total installed capacity of **47 MW**, consisting of a 35 MW wood-residue power station in Québec and a 12 MW natural gas cogeneration power station in France.
- Boralex operates three **solar power** facilities in France and in Canada with an installed capacity of just over **15 MW**.

The following charts<sup>(1)</sup> provide information about the makeup of the Corporation’s energy portfolio in operation as at June 30, 2016. As they show, one of Boralex’s driving forces is its geographic and segment diversification. In addition, substantially all of its assets in operation are covered by long-term indexed, fixed-price energy sales contracts – a cornerstone of its strategy. That is also the case for 100% of its sites under development.



**TOTAL: 1,094 MW**

**Average remaining contractual term: 15 years**

Boralex’s shares, 20.2% of which are held by Cascades Inc. (“Cascades”), and convertible debentures are listed on the Toronto Stock Exchange under the ticker symbols BLX and BLX.DB.A, respectively.

<sup>(1)</sup> These data, and all of the data contained in this MD&A, reflect Boralex’s share in various assets and exclude, accordingly, its partner’s 50% share in Joint Ventures operating the Seigneurie de Beauré Wind Farms in Québec with a total installed capacity of 340 MW.

# Executive Summary

Although the results of the second quarter of 2016 were mainly affected by less favourable weather conditions than in 2015, the Corporation generated a strong performance for the first six months of the year, bolstered by the excellent results in the first quarter, the most profitable quarter in Boralex's history. Accordingly, for the six-month period ended June 30, 2016, the Corporation generated \$171.0 million in revenues (\$199.4 million under proportionate consolidation), \$117.7 million in EBITDA(A) (\$138.9 million under proportionate consolidation) and \$13.3 million in net earnings attributable to shareholders.

## Financial Highlights

### For the three-month periods ended June 30

(in thousands of dollars, except production, EBITDA(A) margin and per share amounts)	IFRS			Proportionate Consolidation <sup>(1)</sup>		
	2016	2015	Change	2016	2015	Change
Power production (MWh)	566,281	524,670	+ 8%	677,324	662,548	+ 2%
Revenues from energy sales	65,035	58,194	+ 12%	77,007	72,986	+ 6%
EBITDA(A) <sup>(2)</sup>	37,688	35,947	+ 5%	48,423	46,644	+ 4%
EBITDA(A) margin (%)	58%	62%		63%	64%	
Net loss	(6,565)	(5,791)		(6,565)	(5,791)	
Net loss attributable to shareholders of Boralex	(7,281)	(6,284)		(7,281)	(6,284)	
Per share (basic)	(\$0.11)	(\$0.13)		(\$0.11)	(\$0.13)	
Net cash flows related to operating activities	28,855	13,057		32,532	26,790	
Cash flows from operations <sup>(2)</sup>	27,396	19,266	+ 42%	28,489	27,499	+ 4%

## Financial Highlights

### For the six-month periods ended June 30

(in thousands of dollars, except production, EBITDA(A) margin and per share amounts)	IFRS			Proportionate Consolidation <sup>(1)</sup>		
	2016	2015	Change	2016	2015	Change
Power production (MWh)	1,387,342	1,084,345	+ 28%	1,650,549	1,396,088	+ 18%
Revenues from energy sales	171,012	130,711	+ 31%	199,393	164,159	+ 21%
EBITDA(A) <sup>(2)</sup>	117,687	87,701	+ 34%	138,872	108,958	+ 27%
EBITDA(A) margin (%)	69%	67%		70%	66%	
Net earnings	15,937	955		15,937	955	
Net earnings (loss) attributable to shareholders of Boralex	13,274	(985)		13,274	(985)	
Per share (basic)	\$0.20	(\$0.02)		\$0.20	(\$0.02)	
Net cash flows related to operating activities	104,532	62,124		114,043	73,670	
Cash flows from operations <sup>(2)</sup>	86,975	59,467	+ 46%	98,412	70,251	+ 40%

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

<sup>(2)</sup> See the *Non-IFRS Measures* section.

# Growth Strategy and Recent Developments

## Growth Strategy

To lay the foundations of above-average, balanced and sustainable financial growth, Boralex has been executing its strategy since 2009 to develop its asset base and increasingly secure steady and predictable revenue and cash flow streams, while lowering its business risk exposures. To this end, the Corporation has made the following strategic choices:

- Acquire and develop renewable energy assets covered by long-term indexed, fixed-price energy sales contracts;
- Prioritize renewable energy assets with above-average profit margins, particularly in wind, hydroelectric and solar power; and
- Focus development initiatives mainly on North America and Europe.

Dynamic and orderly execution of this strategy resulted first in a surge in Boralex's wind power segment development, increasing its installed capacity eight-fold in a seven-year period to 874 MW as at June 30, 2016, in addition to acquiring a large portfolio of projects, a number of which are at advanced stages of development. Over the same period, the hydroelectric power segment also expanded its operating base, which grew 25 MW to 158 MW. Boralex made its first foray into solar energy production, with its three solar power stations in operation totalling just over 15 MW.

In addition, every single energy asset acquired or developed by Boralex since 2009 is covered by long-term indexed, fixed-price energy sales contracts. For these sites currently in operation, the average remaining contractual term of Boralex is 15 years, which ensures predictable long-term cash flows for the Corporation.

## Effect of Boralex's Strategy on the Makeup of its Energy Portfolio and on its Financial Performance

Boralex's strategic decisions in recent years have substantially transformed and enhanced its positioning.

In **contractual** terms, Boralex's installed capacity in operation covered by long-term energy sales contracts grew to 98% in 2016 from 51% in 2009.

From a **segment** perspective, these developments mainly resulted in a higher relative weight of the wind and hydroelectric power segments, which generate higher profit margins than Boralex's thermal power segment. As at June 30, 2016, the combined share of assets in operation in those two segments totalled 95%. In contrast, the thermal power segment's share of Boralex's overall installed capacity fell to 4% in 2016 from 57% in 2009. One of the main benefits of this trend is that the Corporation's results will become more stable and predictable by reducing its exposure to fluctuations in the cost of fuel used in the thermal power stations, namely natural gas and wood residue, and the risks related to their sourcing and availability.

Developments over recent fiscal years have strengthened the Corporation's **geographic** positioning in Canada and France, where 45% and 47%, respectively, of Boralex's capacity in operation is now located, compared with 10% and 29% respectively, in 2009.

Generally, in addition to increasing its growth potential, primarily through its significant pipeline of projects in France, Boralex expects the following financial outcomes from its development strategy:

- Growth in the Corporation's operating profit margin resulting from the increased weighting of more profitable segments in its energy portfolio - wind and hydroelectric power;
- A smoothing effect on the aforementioned segments' results and cash flows resulting from geographic diversification of their assets; and
- Despite the scale of recent and planned investments, and the introduction of a dividend policy, maintaining a solid cash position and reasonable debt levels through significant and steady cash inflows from operations and a series of financial transactions providing the Corporation with greater financial flexibility and strength.



## Recent or Ongoing Developments Affecting Boralex's Results and Financial Position in 2016 Compared with 2015

### Commissioning of New Production Sites in Canada and in France

#### 2015

During fiscal 2015, the Corporation commissioned eight facilities totalling 156.4 MW, including six wind power stations (146 MW) and two solar power stations with an aggregate capacity of over 10 MW. As the majority of this new installed capacity went into production during the final weeks of fiscal 2015, its impact on 2016 results will be significant. The new facilities commissioned in 2015 are as follows:

In France:

- On March 9 and April 13, 2015, the 22.8 MW **St-François** wind power station was commissioned, covered by a 15-year energy sales contract with Électricité de France ("EDF"). This wind farm should generate annual EBITDA(A) of approximately \$6 million.
- On April 13, 2015, the 10 MW **Comes de l'Arce** wind power station was commissioned. This wind farm is also covered by a 15-year contract with EDF and its annual contribution to EBITDA(A) is estimated at approximately \$3 million.
- On October 2, 2015, the 10 MW **Les Cigarettes** solar power station was commissioned, covered by a 20-year contract with EDF. Management estimates its annual contribution to EBITDA(A) at \$1.6 million.
- On December 6, 2015, the 14 MW **Calmont** wind power station was commissioned, covered by a 15-year energy sales contract with EDF. Management expects Calmont to generate EBITDA(A) of approximately \$3.5 million per year.

In Canada:

- On October 16, 2015, the 0.4 MW **Vaughan** solar power facility in Ontario with solar rooftop panels was commissioned. The facility is covered by a 20-year energy sales contract with the Independent Electricity System Operator ("IESO"). Although marginal in terms of installed capacity and expected benefits, this project is Boralex's first foray into the solar market in Canada.
- On November 11, 2015, commissioning of the 51.7 MW **Témiscouata II** wind farm, wholly owned by Boralex. This wind farm is covered by a 20-year contract with Hydro-Québec. Management estimates this power station will contribute approximately \$15 million to annual EBITDA(A).
- On November 19, 2015, the 23.5 MW **Côte-de-Beaupré** wind power facility, developed jointly with La Côte-de-Beaupré Regional County Municipality ("RCM"), was commissioned. This wind farm is located on Seigneurie de Beaupré lands and benefits from logistical synergies with the other wind farms operated by Boralex thereon, totalling 340 MW. Management estimates its future contribution to annual EBITDA(A) will be approximately \$8 million.
- On December 15, 2015, the 24 MW **Frampton** community wind power station was commissioned. Held 33% by the Municipality of Frampton and 67% by Boralex, the project is located on private lands in the Municipality of Frampton, in Québec's Chaudière-Appalaches region. It is covered by a 20-year energy sales contract with Hydro-Québec. This power station will generate annual EBITDA(A) estimated at \$9 million.

#### 2016

Three wind power projects, namely **Touvent**, **Plateau de Savernat Phase I** and **Port Ryerse** will be commissioned during 2016, as shown in the following table. Furthermore, the Plateau de Savernat project was recently increased by 4 MW, bringing its total installed capacity to 16 MW. Additional 4 MW equipment will be commissioned in the first quarter of 2017.

Subject to the achievement of certain conditions, Boralex could also acquire a 25% economic interest in the 230 MW **Niagara Region Wind Farm** project in Ontario, Canada, if it exercises its buy option (the "Option") and could thereby add 57.5 MW to its wind power portfolio. Located in the Regional Municipality of Niagara, the wind power project is to be commissioned toward the end of 2016. Boralex agreed to pay Enercon, the majority owner of this project, an initial deposit of \$5 million to acquire the Option subject to the release of certain conditions. The total investment planned for this major undertaking ranges from \$900 million to \$950 million. Under its partnership agreement with Enercon, Boralex is responsible for the coordination of project construction, which began in June 2015, and the operation and management of the future site, if the Option is exercised. Management estimates the equity contribution required for this project following the exercise of the Option at approximately \$60 million. As at the date of this MD&A, all the foundations and wind turbine towers have been built and construction work is on time and on budget, thereby attesting to Boralex's strong expertise in carrying out large scale wind power projects. According to management, it is very likely that the prerequisites for exercising the Option will be met.

Although these power stations will make only a marginal contribution to 2016 financial results, their development and commissioning will impact cash flows during the fiscal year.

## Development Projects

The Corporation is working on certain development projects that will require significant investments as shown in the table below.

Project name	Net capacity (MW)	Segment / Country	Energy contract term	Ownership (%)	Expected commissioning date	Total project investment	Estimated annual EBITDA(A) <sup>(1)</sup>
Touvent	14	Wind / France	15 years with EDF	100%	3 <sup>rd</sup> quarter 2016	\$35 million	\$3 million
Plateau de Savernat	16	Wind / France	15 years with EDF	100%	4 <sup>th</sup> quarter 2016 1 <sup>st</sup> quarter 2017	\$32 million	\$4 million
Port Ryerse	10	Wind / Canada	20 years with IESO	100%	4 <sup>th</sup> quarter 2016	\$38.5 million	\$3.5 million
Yellow Falls	16	Hydro / Canada	20 years with IESO <sup>(2)</sup>	100%	1 <sup>st</sup> quarter 2017	\$98 million	\$7 million
Voie des Monts	10	Wind / France	15 years with EDF	100%	2 <sup>nd</sup> quarter 2017	\$28 million	\$3 million
Mont de Bagny	24	Wind / France	15 years with EDF	100%	3 <sup>rd</sup> quarter 2017	\$66 million	\$7.5 million
Artois	23	Wind / France	15 years with EDF	100%	4 <sup>th</sup> quarter 2017	\$63 million	\$7 million
Moose Lake	15	Wind / Canada	40 years with BC Hydro	100%	4 <sup>th</sup> quarter 2017	\$67.5 million	\$5 million
Otter Creek	19 <sup>(3)</sup>	Wind / Canada	20 years with IESO	38.5%	4 <sup>th</sup> quarter 2019	\$56 million <sup>(3)</sup>	\$6 million <sup>(3)</sup>

<sup>(1)</sup> These results are estimated as of the date of this MD&A. However, actual results may differ from these estimates.

<sup>(2)</sup> The contract includes four renewal options, each for a five-year period.

<sup>(3)</sup> Boralex owns 38.5% or 19.25 MW of the 50 MW Otter Creek wind power project. The total project investment and estimated annual EBITDA(A) amounts represent Boralex's net share only, which is 38.5%.

## Financial Transactions

### 2015

In January 2015, Boralex issued 9,505,000 **new common shares** at a price of \$13.05 per share for \$124.0 million in gross proceeds and \$117.9 million in proceeds net of issuance costs, which served primarily to repay the \$100.0 million bridge facility contracted in December 2014 upon acquiring Enel Green Power France S.A.S. (renamed "Boralex Énergie Verte" or "BEV"). However, as this transaction took place at the beginning of 2015, it had little effect on the change in the Corporation's results between 2015 and 2016.

On February 27, 2015, Boralex completed a transaction to repurchase the 25% equity interest of **Cube Energy SCA** ("Cube"), which agreed to exchange its entire 25% equity interest in Boralex Europe S.A. for loans. Accordingly, excluding an initial payment of €16.0 million (\$24.0 million) already made to Cube in December 2015, two loans totalling €40.0 million (\$57.3 million) were contracted from Cube by two European subsidiaries of the Corporation and bear interest at a fixed rate of 6.5%, with no repayment prior to maturity in January 2019. The repayment of the €16 million tranche at the end of 2015 contributed to the decrease in interest paid in 2016, compared to 2015. Note that the transaction demonstrates management's intention to strengthen Boralex's leadership position in the French market, which it considers to be the most promising market for wind power development in Europe. As a result, the Corporation now enjoys greater leverage to implement its growth strategy in Europe.

In June 2015, the Corporation issued **new convertible unsecured subordinated debentures** in a total amount of \$143.8 million (\$137.4 million net of transaction costs). These debentures bear interest at an annual rate of 4.50% payable semi-annually as of December 31, 2015. (For more information on the 2015 debentures, readers should refer to the Corporation's annual report for the year ended December 31, 2015.)

On August 31, 2015, Boralex committed itself to make a cash redemption on September 30, 2015 of a \$150 million principal amount (out of a \$244.1 million total principal amount) on its **2010 6.75% convertible unsecured subordinated debentures**, which would not have been converted as of the redemption date. Between August 31, 2015 and September 29, 2015, debentures totalling a principal amount of \$197 million were converted by their holders into 16,864,000 Class A shares of Boralex. The \$47.1 million outstanding balance of the debenture principal amount was redeemed by the Corporation plus accrued and unpaid interest thereon up to September 29, 2015. Accordingly, the total redemption price amounted to \$47.9 million. The 2010 debentures were delisted from the Toronto Stock Exchange at the close of business on September 30, 2015.

In terms of the immediate financial impact, the issuance of the 2015 debentures, followed by the conversion and redemption of the 2010 debentures, has generated approximately \$3 million in financing cost savings per quarter since the fourth quarter of 2015. These savings will favourably impact the financial results for the first nine months of 2016 compared with the same period of 2015.

## 2016

On April 28, 2016, the Corporation announced the **closing of the refinancing and the increasing of its revolving credit facility** for a total authorized amount of \$360 million. The new financing facility, comprising a \$300 million revolving credit facility and a \$60 million letter of credit facility guaranteed by Export Development Canada, replaces the \$175 million revolving credit facility maturing in June 2018. This refinancing reflects the strong and sustained growth recorded by the Corporation since a number of years and demonstrates its credibility in capital markets. The refinancing has significantly increased Boralex's financial flexibility and capacity, allowing it to allocate capital to new projects in line with our growth objectives.

On May 4, 2016, the Corporation and its partner announced the **closing of the \$617.5 million refinancing facility for Joint Venture Phase I**, secured by its assets and without recourse against the partners. This new financing facility comprises an unsecured \$383.4 million tranche of a term loan maturing in 2032, a \$192.7 million tranche of a term loan guaranteed by the Federal Republic of Germany via its export credit agency Euler-Hermes and maturing in 2029, and a \$41.4 million letter of credit facility. For Joint Venture Phase I, this refinancing represents a \$132.3 million increase and a one-year extension for its unsecured tranche as well as a decrease in the secured tranche by \$44.5 million and in its term by two years. The refinancing allowed Joint Venture Phase I partners to receive a \$80 million return of capital paid in the second quarter of 2016, with Boralex's share amounting to \$40 million. According to management, this refinancing also attests to the Corporation's credibility in capital markets, particularly due to its wind power segment's potential.

Since the beginning of fiscal 2016, Boralex has also completed the **financing or refinancing of certain of its wind power assets in France**. In January 2016, Boralex refinanced the St-Patrick facility under more favourable terms. This transaction freed up cash for reinvestment in the Corporation's development projects in France. Subsequently in June 2016, Boralex obtained long-term financing in the amount of €17.6 million (\$25.2 million) for the Plateau de Savernat site as well as a €2.8 million (\$4.0 million) facility for the Avignonet II project. Boralex also benefits from advantageous conditions under these two financing facilities, which mainly reflects the particularly favourable business environment for the development of renewable energy in France.

### Enhancement of Our Dividend Policy

On February 24, 2016, two years after introducing Boralex's shareholder dividend policy, the Corporation's Board of Directors authorized a 7.7% increase in the annual dividend to \$0.56 per share (or \$0.14 per quarter) starting in the second quarter of 2016.

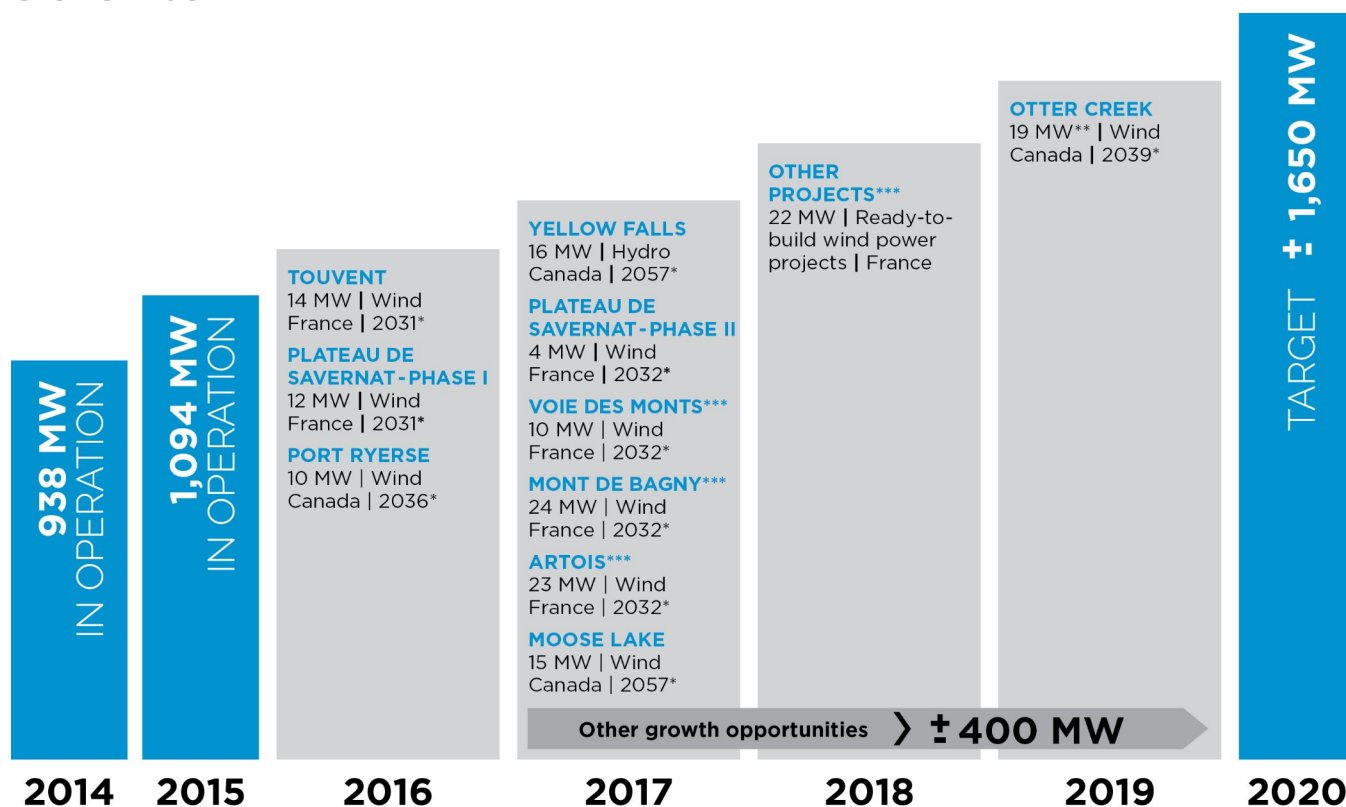
The Board of Directors made this decision as a result of the steady growth in the Corporation's results since the introduction of a dividend in 2014 and its confidence in its future prospects. This decision reflects first and foremost Boralex's commitment to shareholder value creation and is a milestone in the Corporation's development as it enjoys a strong cash position, supported by stable cash flows generated by quality assets under long-term indexed, fixed-price energy sales contracts.

Note that in the medium term, Boralex expects to pay common share dividends on an annual basis representing a ratio of 40% to 60% of its discretionary cash flows, defined as its cash flows from operations (as defined under *Non-IFRS Measures*), less capital investments required to maintain operations, project-related non-current debt repayments and distributions paid to non-controlling shareholders, plus discretionary development costs. Boralex may adjust this calculation for any items unrelated to current operations to ensure comparable ratios between periods.

For illustrative purposes, during the 12-month period ended June 30, 2016, discretionary cash flows totalled \$54.1 million and the payout ratio stood at 59.7% (see the *Non-IFRS Measures* section in this MD&A). Management expects discretionary cash flows for the fiscal year ending December 31, 2017 to reach approximately \$75 million (on an annualized basis) and the payout ratio to fall in the middle of the above-mentioned target range at the same time.

# Outlook and Development Objectives

## Growth Path



\* Represent, in order: project name, installed capacity, segment, country and contract end-date.

\*\* Boralex owns 38.5% of the 50 MW Otter Creek Wind Farm Project or 19.25 MW on a net basis

\*\*\* Part of the Ecotera wind power portfolio

## Wind

Accounting for 80% of Boralex's total installed capacity, the wind power segment has been Boralex's top growth driver over the last seven years. In addition to the team's expertise and skills in identifying, financing, developing and operating high-quality wind farms, some of which are very large in scale, Boralex has a unique development strategy based on two geographic areas: Europe and Canada. This strategy not only affords it geographic and climate diversification that has a smoothing effect on its results, but also gives it access to a wider range of growth opportunities and the latitude to adjust to its differently evolving target markets. The wind power segment will continue to spearhead Boralex's future growth, particularly in France where the business environment is highly conducive to wind power development and where the Corporation is a leader in the field and has acquired a significant pipeline of projects that will support its growth in the medium- and long-term.

## 2016-2020 Outlook

### Short-term Outlook

Fiscal 2016 will see solid growth in Boralex's wind power segment operating results, as evidenced by the results for the six-month period ended June 30, 2016. This growth will be largely driven by full contributions from the wind power stations totalling 146 MW which began operations in 2015, of which 113 MW was commissioned in the fourth quarter. These facilities were discussed in the preceding section.

Furthermore, although they will make only a partial contribution to 2016 results, three other wind power stations totalling 36 MW will be commissioned by the end of the year, namely the 14 MW **Touvent** wind farm in France, 10 MW **Port Ryerse** wind farm in Ontario, Canada and the first phase of the 12 MW **Plateau de Savernat** wind farm in France. Note that the 4 MW second phase of this project will be commissioned in early 2017. Subject to the achievement of certain conditions, Boralex may exercise its option to acquire a 25% economic interest in the 230 MW **Niagara Region Wind Farm** project in Ontario, which is slated for commissioning late in 2016.

Regarding development projects, in addition to the aforementioned facilities to be commissioned, fiscal 2016 will be dedicated above all to developing projects that are part of the portfolio acquired by Boralex in France, including 79 MW available for commissioning in 2017 and 2018. In Canada, the Corporation is also working on the 15 MW **Moose Lake** wind power project in British Columbia, whose construction was launched last July, and the 19 MW **Otter Creek** wind power project in Ontario. Commissioning of these two projects is slated for 2017 and 2019, respectively. The foregoing does not include acquisition opportunities of facilities in operation or at an advanced stage of development that could materialize in the meantime.

### **Longer-term Outlook**

Despite intense competition in the global wind power market, certain external factors are conducive to development in this energy niche. The Paris climate change agreement negotiated in December 2015 makes the legislative and regulatory environment conducive to the development of renewable energy. Moreover, the current low interest-rate environment, as shown by the advantageous conditions recently obtained by the Corporation in connection with its financing activities, as well as the breakthroughs in wind turbine technology that enhance equipment productivity are all favourable factors that enable Boralex to maintain its leadership position in this industry despite competitive pressures.

Moreover, as the global wind power industry has consolidated over the past few years, certain major players have refined their target positioning and withdrawn from certain markets to redeploy resources accordingly. This trend generates acquisition opportunities for Boralex, such as when multinational Enel Green Power decided to divest of its subsidiary Enel Green Power France.

Boralex continues to evaluate the potential of new geographic markets using its profitability criteria and a sound assessment of the risks they represent.

### **Europe**

Europe is fertile ground for Boralex as it seeks both opportunities to acquire power stations in operation or under development and undertake greenfield projects. The Corporation's view is that France currently offers the highest concentration of development opportunities for its wind power segment. First of all, France is firmly committed to the development of wind power, having set the objective of increasing to 30% by 2030 the share of renewable energy in its national electricity production. Furthermore, Boralex, which stands as France's largest private onshore wind power producer, holds the rights to a vast portfolio of projects totalling over 700 MW of wind power, mainly through BEV and the Ecotera projects acquired in December 2015. Many of these projects are ready to build and will be commissioned in 2016 (26 MW), 2017 (61 MW) and 2018 (22 MW). Management believes that this pipeline of projects in France, where the business conditions are the most favourable to the wind power segment, currently represents the greatest potential for Boralex's growth and value creation for its shareholders.

In July 2014, Boralex and a Danish developer entered into an equally owned joint venture to develop a nearshore wind power project in Denmark over a three- to five-year horizon. Management sees Denmark as a welcoming and favourable market for this type of project. Under this partnership, Boralex has prequalified for the nearshore RFP and a non-binding bid was filed in this respect on October 20, 2015. The submission of bids has been postponed to September 2016.

Boralex is also currently preparing for the long-term future of its wind power segment in Europe by developing a number of positioning alternatives that may be contemplated following expiration of its sales contracts with EDF, barring their renewal, which include opportunities in the open market.

### **Canada**

In Canada, although provincial governments have offered some support for wind power, the business environment has significantly hardened over the past few years owing to various factors including the heightened competition among bidders leading to upward pressure on prices.

Nevertheless, Boralex remains confident in the medium- and long-term outlook for its wind power segment in Canada, particularly in light of a potential economic recovery and commitments by provincial governments to reduce greenhouse gases, factors that could trigger higher demand, as well as the solid positioning the Corporation has already built, particularly in connection with projects developed with local communities, including First Nations. In Québec, Boralex management is pleased with the government's new energy policy, whose main highlights were unveiled in early 2016, including a clear commitment to replacing hydrocarbon fuels by renewable energies as well as the export of its clean energy. In Ontario, Boralex intends to participate in the next LRP II request for proposals for the acquisition of 930 MW of renewable energy by IESO.

In Alberta, Boralex will seek opportunities in this market to develop projects to allow the government to reach its ambitious climate plan goals. The Alberta government will invest over \$3 billion in renewal energy, bioenergy and clean technology projects. These investments to be made over the next five years are also intended to further diversify the Alberta economy and energy industry.

In the foreseeable future, Boralex's development initiatives in Canada will continue to consist primarily of seeking opportunities to acquire wind power projects covered by energy sales contracts at various stages of development. Apart from the aforementioned development projects, the Corporation has acquired the rights to wind power projects in Ontario and British Columbia, whose potential is currently under review.

### Competitive Advantages of Boralex's Wind Power Segment

Boralex's management team generally believes that the quality of the wind power segment's medium- and long-term outlook is also largely based on the Corporation's intrinsic strengths, such as:

- Its solid and flexible financial position;
- The geographic diversification of its wind segment across all regions of France, as well as various Canadian provinces;
- The scope and quality of its assets in operation and its projects under development, which are all covered by long-term energy sales contracts;
- Its impressive pipeline of projects, particularly in France;
- Its highly skilled, multidisciplinary and entrepreneurial team with a constant eye out for the best development opportunities;
- Its growing expertise in project development, financing, construction and operation of wind farms, based on rigorous financial management and proactive and disciplined operational management;
- Its established reputation in world financial markets as a credible, highly efficient developer and operator of increasingly large-scale wind power facilities; and
- Its growing credibility with local communities as a respectful and proactive economic, social and environmental partner.

## Hydroelectric

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In April 2015, Boralex started building its first hydroelectric power station in Ontario, Canada, namely the 16 MW **Yellow Falls** power station. The power station's annual production is estimated at 67 GWh and will generate annual EBITDA(A) of approximately \$7 million. It is covered by an initial 20-year energy sales contract with four renewal options, each for a five-year period, at the Corporation's discretion. Project financing negotiations are underway and are expected to be finalized in the third quarter of 2016.

In 2016, Boralex will continue the work at its **Buckingham** power station in Québec, Canada, to comply with the *Dam Safety Act*. Building on \$2.8 million and \$5 million investments in 2014 and 2015, respectively, the Corporation expects to invest approximately \$5 million in 2016. Concurrently with this work, the Corporation plans to invest additional amounts to expand the power station's installed capacity by up to another 10 MW to a total of approximately 20 MW.

Boralex has also submitted sales contract renewal requests to Hydro-Québec for two of its hydroelectric power stations in Québec, namely the **Beauport** and **Forestville** power stations. The Corporation and Hydro-Québec started negotiations several months ago and these are still underway. In any event, Boralex's management considers that the risk related to the renewal period rate for its agreements with Hydro-Québec is relatively low as the revenues from these two power stations are not significant compared with the Corporation's consolidated revenues. However, Boralex will continue to defend its right to obtain a fair rate from Hydro-Québec.

The Corporation continues to review a number of acquisition opportunities to grow its hydroelectric power segment in markets in which it has an established presence so as to generate operating synergies. With over 25 years' experience in hydroelectric power, a skilled team and high-quality assets, Boralex believes it is poised to make further inroads into the hydroelectric market. The Corporation has a large hydroelectric power base with good geographic distribution, attractive profit margins, and steady and predictable cash flows. This balanced profile softens the impact on segment results of weather or economic conditions, including fluctuations in open market selling prices in the United States, and U.S. and Canadian dollar exchange rate fluctuations. Given the quality of the assets and the ongoing maintenance program underway at all Boralex hydroelectric power stations, there is no indication that production will not be in line with historical averages. In addition, Canadian power stations will continue to benefit from indexation under energy sales contracts, throughout the contract terms.

## Thermal

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

The Corporation is interested in new green and renewable energy production technologies based on forest biomass. For example, in 2014, the Corporation acquired an interest in a young Nova Scotia, Canada company that is developing a technology to produce renewable synthetic diesel fuel from wood fibre.

### **Senneterre Power Station - Canada**

Under a new agreement entered into with Hydro-Québec for fiscal 2014 to 2018 inclusively, the Senneterre power station generates electricity eight months of the year, from December to March and June to September, and will receive financial compensation to maintain comparable profitability relative to previous years. As demonstrated by the performance reported by this power station since it came into effect, this agreement affords operating conditions conducive to more stable and predictable profitability.

### **Blendecques Power Station - France**

The power station's performance has met management's expectations since the 2014 modernization and the new energy sales contract entered into with EDF in 2013.

## Solar

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Boralex's first photovoltaic solar power facility in operation, the 5 MW **Avignonet-Lauragais** power station, has performed to management's expectations since its commissioning in June 2011. For illustrative purposes, this facility generated EBITDA(A) of \$2.6 million for the year ended December 31, 2015.

On October 2, 2015, Boralex inaugurated a second photovoltaic solar power facility, the 10 MW **Les Cigarettes** power station in Southeastern France, which is covered by a 20-year contract with EDF. Management estimates the facility's annual contribution to the Corporation's EBITDA(A) at \$1.5 million. Rates in the solar energy market have declined substantially over the last few years, reflecting the significant decrease in the costs related to this technology. Boralex's management therefore expects to achieve a return in line with its expectations on this second solar power station.

In France, Boralex draws on a skilled solar power project development team and holds the rights to a number of projects under development.

On October 16, 2015, the Corporation commissioned the 0.4 MW **Vaughan** solar power project in Ontario, consisting of solar rooftop panels, covered by a 20-year energy sales contract with IESO. Although marginal in terms of installed capacity and expected benefits, this project is Boralex's first foray into the solar market in Canada.

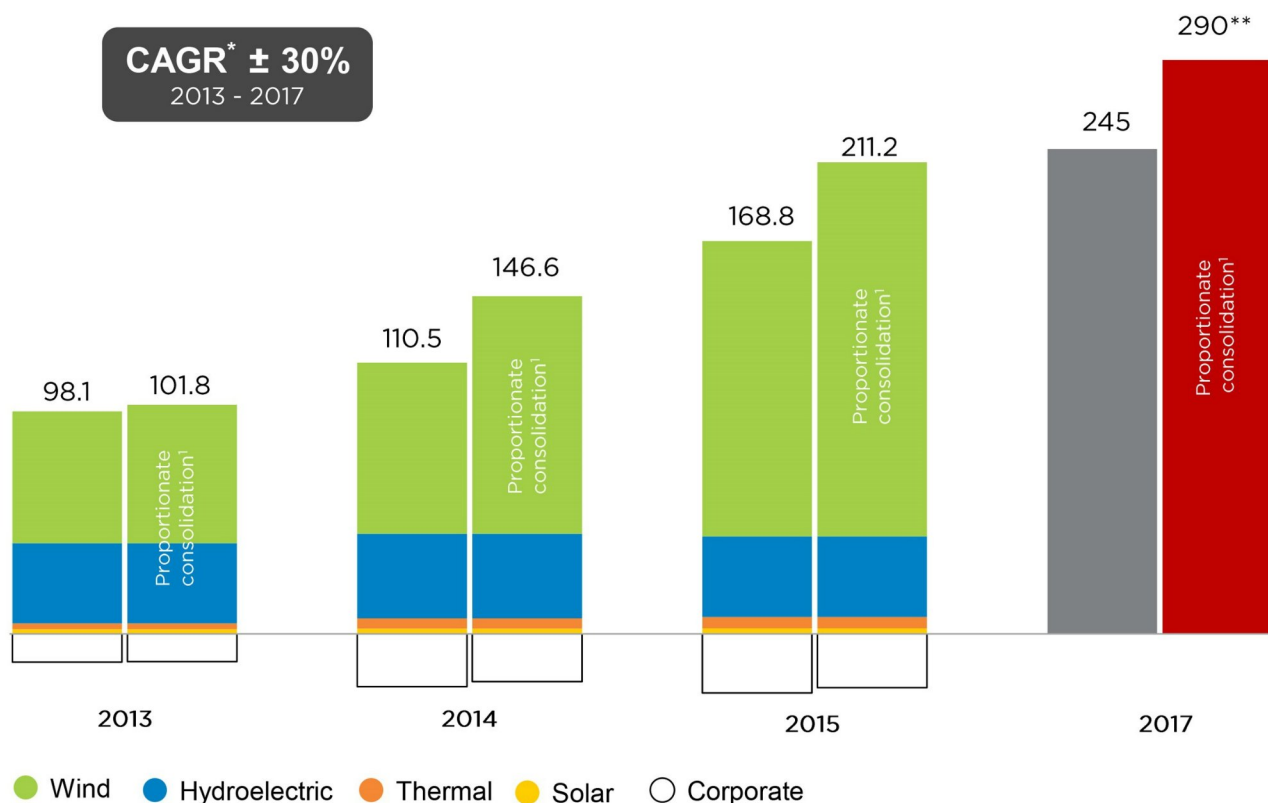
Solar power generation is a growth industry with market rules and government positions to be worked out in the years to come. Boralex believes this clean and abundant source of renewable energy has potential, particularly as technological breakthroughs gradually push down equipment costs, thereby making solar power a more competitive energy alternative.

## Boralex Inc.: Taking Growth to the Next Level

As shown in the *Growth Path* table above and the following chart *Financial Target*, Boralex's outlook is closely linked to prospects in the wind power industry, given its dominant position in the Corporation's current energy portfolio and the strong growth potential of its project pipeline and the particularly favourable business environment in France. The acquisitions of BEV in 2014 and Ecotera (a 350 MW portfolio of projects) in December 2015 have brought Boralex to a new level of growth. Specifically, Boralex is targeting growth in installed capacity of more than 50% from its current level. At the end of 2020, installed capacity is expected to total more than 1,650 MW.

### Financial Target

EBITDA(A) (in millions of dollars)



\* Compounded annual growth rate

\*\* In line with the growth path. Represents a year-end estimated run rate EBITDA(A).

<sup>1</sup> EBITDA(A) according to proportionate consolidation basis (see *Reconciliations between IFRS and Proportionate consolidation* of the 2015 Annual Report)

### 2016-2020 Outlook

In 2015, the Corporation targeted to aggregate energy assets totalling 1,650 MW by the end of 2020. In view of the sites currently under construction, Boralex's installed capacity will reach a minimum of 1,130 MW by the end of 2016. If Boralex invests in the Niagara Region Wind Farm as contemplated, this capacity could reach 1,188 MW.

In the coming fiscal years, besides the commissioning of the 16 MW Yellow Falls hydroelectric power station in Ontario, Canada in early 2017, Boralex is preparing to commission wind power assets totalling 83 MW in France in 2017 and 2018, as well as 34 MW in wind power assets in Ontario and British Columbia by the end of 2019. In the meantime, the Corporation will remain on the lookout for opportunities to accelerate its growth opportunities in its key segments.

Driven mainly by the expansion in the wind power segment, the Corporation's financial growth over the coming quarters and fiscal years will be fuelled principally by:

- The full contribution of assets totalling 156.4 MW commissioned in 2015, including three wind farms in France, three wind farms in Canada, one solar power facility in France and another solar power facility in Canada;
- The operational and competitive advantages generated by the integration of the operating sites acquired from BEV at the end of 2014;



- Other wind farms totalling 36 MW that will be commissioned in France and in Canada in 2016, plus Boralex's potential 25% investment in the 230 MW **Niagara Region Wind Farm**;
- Commissioning of the new 16 MW **Yellow Falls** hydroelectric power station in 2017 and approximately 98 MW of wind power projects in 2017 and 2018;
- Commissioning of the 19 MW **Otter Creek** wind power project expected to take place by the end of 2019;
- Development and commissioning of projects at various stages of development totalling approximately 400 MW by 2020;
- All without taking into account any additional expansion projects that could arise in the interim.

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

- The issuance of new debentures as well as the conversion and repurchase of old debentures in 2015;
- The significant cash flows generated by operations quarter after quarter;
- The refinancing of its revolving credit facility; and
- The \$40 million return of capital to Boralex at the beginning of the second quarter of 2016 following the refinancing of Joint Venture Phase I.

Accordingly, as at June 30, 2016, Boralex benefited from a cash position, including restricted cash, of \$143.4 million under IFRS (\$154.5 million on a proportionate consolidation basis).

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

### Priority Objective: Creating Value

For Boralex, the ultimate goal is to create growing and sustainable economic value for its shareholders through the right mix of strategic, operating and financial conditions to increase profits and cash flows, to support its dividend policy and promote growth in its share price.

To that end and to offer competitive returns to its shareholders, the Corporation intends to become one of the five largest, most experienced and best diversified Canadian independent renewable energy producers. Boralex intends to do that by delivering on its current project pipeline and tapping into its strong future development potential, particularly in France.

The Corporation will continue exclusively targeting operating assets or projects covered by long-term energy sales contracts to secure steady and predictable cash flows. More specifically, its expansion targets are as follows:

- The wind power segment, primarily in Europe and Canada (Québec, Ontario and British Columbia);
- The hydroelectric power segment, mainly in jurisdictions where Boralex already operates power stations; and
- The solar power segment in Europe and Canada.

At the same time, the Corporation will closely monitor new international developments in green and renewable energy production to eventually export to new jurisdictions the business model which has led to rapid, balanced and profitable growth in its activities since 2009.

Boralex believes that along with its solid presence in the markets conducive to further expansion, it commands strong competitive advantages to continue seizing market opportunities in terms of asset quality and available development projects, in line with its strategy. The Corporation's main strengths lie in its robust finances, its growing ability to generate cash flows from operations, its targeted development approach, its solid multidisciplinary team and its entrepreneurial culture. It is thus able to act on arising business opportunities with speed and precision and complete increasingly large-scale projects while meeting budgets, deadlines and financial performance targets.

To meet its growth goals and maintain its operating and development capacity, Boralex will remain a solid and innovative organization, driven by clear objectives with rigorous attention to meeting target returns and guided by a long-term vision setting out its sources of production, its target markets and its approach to project development. It will continue to strengthen its business model based on:

- Maintaining comprehensive in-house expertise in developing and operating renewable energy production assets, supported by leading-edge management tools;
- A disciplined and targeted development approach based on meeting financial performance targets in step with the risks inherent in each project; and
- Maintaining sound capital management and sufficient financial flexibility to seize potential growth opportunities and ensure uninterrupted access to capital markets.

## Seasonal Factors

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended				Twelve-month period ended
	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	June 30, 2016
<b>POWER PRODUCTION (MWh)</b>					
Wind power stations	258,592	450,179	581,451	356,410	1,646,632
Hydroelectric power stations	149,051	158,161	170,627	190,600	668,439
Thermal power stations	48,787	31,131	64,827	12,499	157,244
Solar power stations	1,972	3,680	4,155	6,772	16,579
	458,402	643,151	821,060	566,281	2,488,894
<b>REVENUES FROM ENERGY SALES</b>					
Wind power stations	33,369	58,624	77,736	45,899	215,628
Hydroelectric power stations	13,799	14,998	17,228	14,999	61,024
Thermal power stations	5,753	6,521	10,061	2,531	24,866
Solar power stations	963	890	952	1,606	4,411
	53,884	81,033	105,977	65,035	305,929
<b>EBITDA(A)</b>					
Wind power stations	23,016	51,238	70,862	35,389	180,505
Hydroelectric power stations	8,911	9,893	12,918	10,775	42,497
Thermal power stations	1,121	711	4,154	(703)	5,283
Solar power stations	851	743	785	1,427	3,806
	33,899	62,585	88,719	46,888	232,091
Corporate and eliminations	(6,150)	(9,278)	(8,720)	(9,200)	(33,348)
	27,749	53,307	79,999	37,688	198,743
<b>NET EARNINGS (LOSS)</b>	(14,899)	5,732	22,502	(6,565)	6,770
<b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>	(15,421)	5,571	20,555	(7,281)	3,424
<b>NET EARNINGS (LOSS) PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>	(\$0.32)	\$0.09	\$0.32	(\$0.11)	\$0.06
<b>NET EARNINGS (LOSS) PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>	(\$0.32)	\$0.09	\$0.30	(\$0.11)	\$0.06
<b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>	22,187	30,275	75,677	28,855	156,994
<b>CASH FLOWS FROM OPERATIONS</b>	31,826	37,254	59,579	27,396	156,055
Weighted average number of shares outstanding (basic)	48,770,481	64,829,112	65,032,645	65,200,423	60,935,442

## Seasonal Factors

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended				Twelve-month period ended
	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015	June 30, 2015
<b>POWER PRODUCTION (MWh)</b>					
Wind power stations	112,029	245,601	385,895	301,334	1,044,859
Hydroelectric power stations	139,938	154,752	113,587	205,678	613,955
Thermal power stations	45,909	34,092	59,155	15,628	154,784
Solar power stations	1,952	1,080	1,038	2,030	6,100
	299,828	435,525	559,675	524,670	1,819,698
<b>REVENUES FROM ENERGY SALES</b>					
Wind power stations	14,133	31,278	48,712	37,016	131,139
Hydroelectric power stations	12,236	14,312	12,584	16,785	55,917
Thermal power stations	5,660	7,569	10,736	3,467	27,432
Solar power stations	945	514	485	926	2,870
	32,974	53,673	72,517	58,194	217,358
<b>EBITDA(A)</b>					
Wind power stations	9,567	29,207	44,586	30,676	114,036
Hydroelectric power stations	8,816	9,730	9,247	12,741	40,534
Thermal power stations	588	1,188	4,525	(654)	5,647
Solar power stations	850	391	404	837	2,482
	19,821	40,516	58,762	43,600	162,699
Corporate and eliminations	(5,057)	(10,458)	(7,008)	(7,653)	(30,176)
	14,764	30,058	51,754	35,947	132,523
<b>NET EARNINGS (LOSS)</b>	(10,132)	(5,661)	6,746	(5,791)	(14,838)
<b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>					
Continuing operations	(9,506)	(6,981)	5,299	(6,284)	(17,472)
Discontinued operations	312	716	—	—	1,028
	(9,194)	(6,265)	5,299	(6,284)	(16,444)
<b>NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>					
Continuing operations	(\$0.25)	(\$0.18)	\$0.11	(\$0.13)	(\$0.41)
Discontinued operations	\$0.01	\$0.02	—	—	\$0.03
	(\$0.24)	(\$0.16)	\$0.11	(\$0.13)	(\$0.38)
<b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>	10,776	3,204	49,067	13,057	76,104
<b>CASH FLOWS FROM OPERATIONS</b>	2,633	13,983	40,201	19,266	76,083
Weighted average number of shares outstanding (basic)	38,390,851	38,411,980	47,759,276	47,951,885	43,089,909

The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment. Since nearly all of Boralex facilities have long-term indexed fixed-price energy sales contracts, seasonal cycles mainly affect the total volume of power generated by the Corporation. Only five hydroelectric power stations in the United States, accounting for 2% of the Corporation's total installed capacity in operation, sell their production in the market where prices are more volatile.

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 874 MW, wind conditions are usually more favourable in the winter, which falls during Boralex's first and fourth quarters, both in France and Canada. However, in winter there is a greater risk of lower production caused by weather conditions, such as icing. In general, management estimates that approximately 60% of annual production in its wind power segment is generated in the first and fourth quarters and 40% in the second and third quarters.

The wind power segment now accounts for 80% of Boralex's aggregate installed capacity and represents by far the Corporation's key driver of revenues, EBITDA(A) and cash flows. This segment will account for an even larger share of the Corporation's energy portfolio in coming years, with the development, construction and commissioning of the wind power sites comprising the significant pipeline of projects Boralex has created and acquired in recent years, whose potential amounts to about 1,000 MW worldwide. From this pipeline, 153 MW of projects are ready to build. Boralex therefore expects the development of this pipeline, combined with other expansion opportunities arising in the coming years, will intensify the impact of the seasonal factors of this type of power generation on Boralex's overall performance, such that an increasing proportion of the Corporation's revenues will be generated in the first and fourth quarters.

## Hydroelectric

For Boralex's hydroelectric assets in operation totalling 158 MW, power output depends on water flow, which in Canada and the Northeastern United States is typically at a maximum in spring and high in the fall, in Boralex's second and fourth quarters. Historically, water flow tends to decrease in winter and summer. However, these long-term trends may vary from year to year due to short-term weather conditions. In general, management estimates that approximately 60% of annual production in its hydroelectric power segment is generated in the second and fourth quarters and 40% in the first and third quarters. Note that apart from four hydroelectric power stations whose water flow is regulated upstream yet not under the Corporation's control, Boralex's other hydroelectric facilities do not have reservoirs that would permit water flow regulation during the year.

As previously discussed, five U.S. power stations sell their electricity in the New York State open market. These facilities have an installed capacity of 23 MW, which currently accounts for 2% of the Corporation's total installed capacity. These power stations have greater exposure to seasonal fluctuations which, in addition to influencing power production volumes, also impact the selling prices they obtain. They are partly influenced by seasonal demand, which is traditionally higher during winter and summer. Historically, power stations obtain generally higher average prices during these periods. Moreover, the price of natural gas, which is volatile, has an influence on New York State electricity selling prices.

## Thermal

Boralex owns and operates two thermal power stations for an aggregate 47 MW of installed capacity. Of the two, the Senneterre power station in Québec, Canada is fuelled by wood-residue and is covered by a Hydro-Québec energy sales contract expiring in 2027. The Corporation has entered into an agreement with Hydro-Québec covering the years 2014 to 2018, inclusively, under which the Senneterre power station is limited to producing power 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 which will allow it to anticipate profitability akin to recent-year performance.

Boralex also operates a natural gas-fired power station located in Blendecques, France. For the past several years, due to specific market conditions, the Corporation operates this cogeneration plant 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 continues to be produced for the power station's industrial client using an auxiliary boiler.

## Solar

The solar power facilities totalling just over 15 MW in operation by the Corporation are all covered by long-term energy sales contracts. They benefit from sunlight conditions that are usually more favourable in the spring and summer, which fall during Boralex's second and third quarters. In view of these weather conditions, management estimates that approximately 65% of the annual production at its solar power stations will be generated in the second and third quarters.

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

## Financial Highlights

(in thousands of dollars, except MW, MWh, per share amounts and number of shares outstanding)	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
<b>POWER PRODUCTION (MWh)</b>				
Wind power stations	356,410	301,334	937,861	687,229
Hydroelectric power stations	190,600	205,678	361,227	319,265
Thermal power stations	12,499	15,628	77,326	74,783
Solar power stations	6,772	2,030	10,928	3,068
	566,281	524,670	1,387,342	1,084,345
<b>REVENUES FROM ENERGY SALES</b>				
Wind power stations	45,899	37,016	123,636	85,728
Hydroelectric power stations	14,999	16,785	32,227	29,369
Thermal power stations	2,531	3,467	12,592	14,203
Solar power stations	1,606	926	2,557	1,411
	65,035	58,194	171,012	130,711
<b>EBITDA(A)</b>				
Wind power stations	35,389	30,676	106,251	75,262
Hydroelectric power stations	10,775	12,741	23,694	21,988
Thermal power stations	(703)	(654)	3,451	3,871
Solar power stations	1,427	837	2,212	1,241
	46,888	43,600	135,608	102,362
Corporate and eliminations	(9,200)	(7,653)	(17,921)	(14,661)
	37,688	35,947	117,687	87,701
<b>NET EARNINGS (LOSS)</b>	(6,565)	(5,791)	15,937	955
<b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>	(7,281)	(6,284)	13,274	(985)
<b>NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>	(\$0.11)	(\$0.13)	\$0.20	(\$0.02)
<b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>	28,855	13,057	104,532	62,124
<b>CASH FLOWS FROM OPERATIONS</b>	27,396	19,266	86,975	59,467
<b>DIVIDENDS PAID ON COMMON SHARES</b>	9,133	6,234	17,601	12,466
<b>DIVIDENDS PAID PER COMMON SHARE</b>	\$0.14	\$0.13	\$0.27	\$0.26
Weighted average number of shares outstanding (basic)	65,200,423	47,951,885	65,116,534	47,856,113

## Statement of Financial Position Data

(in thousands of dollars)	As at June 30, <b>2016</b>	As at December 31, <b>2015</b>
Total cash*	143,396	102,986
Property, plant and equipment	1,522,247	1,556,374
Total assets	2,360,242	2,449,042
Debt, including non-current debt and current portion of debt	1,352,737	1,421,057
Liability component of convertible debentures	134,120	133,070
Total liabilities	1,838,476	1,890,301
Total equity	521,766	558,741
Net debt to market capitalization ratio	46.3%	55.1%

\* Including restricted cash

# Analysis of Operating Results for the Three-Month Period Ended June 30, 2016

## Consolidated

During the three-month period ended June 30, 2016, results at Boralex were mainly affected by less favourable weather conditions than in 2015 in most of the wind power segment's geographic markets, as well as by water flow conditions below historical averages at our hydroelectric power stations in the Northeastern United States. These external conditions triggered a sharp decline in production volumes at existing power stations but this was offset by contributions from assets commissioned during the previous year. In addition, readers are reminded that the second quarter is traditionally among the year's least productive in the Corporation's core business: the wind power segment. In the aggregate, these items meant our operating results were not sufficient to absorb the amortization expense resulting from expansion in our asset base.

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

	Net loss (in thousands of \$)	Per share (in \$, basic)
<b>THREE-MONTH PERIOD ENDED JUNE 30, 2015</b>	(6,284)	(\$0.13)
EBITDA(A)	1,741	\$0.04
Amortization	(1,877)	(\$0.02)
Other gains	150	—
Financing costs	702	\$0.01
Change in foreign exchange losses and gains	(2,585)	(\$0.03)
Financial instruments	(1,140)	(\$0.02)
Income taxes	2,235	\$0.04
Non-controlling shareholders	(223)	—
Change	(997)	\$0.02
<b>THREE-MONTH PERIOD ENDED JUNE 30, 2016</b>	<b>(7,281)</b>	<b>(\$0.11)</b>

For the three-month period ended June 30, 2016, Boralex recorded a net loss attributable to shareholders of \$7.3 million or \$0.11 per share (basic), compared with \$6.3 million or \$0.13 per share (basic) for the same quarter of 2015. This \$1.0 million change resulted primarily from items not related to current operations of the Corporation, consisting of a \$2.6 million unfavourable change in foreign exchange losses and gains and a \$1.1 million increase in losses on financial instruments. Note that these changes, discussed in greater detail below, were offset by a decline in financing costs resulting primarily from the conversion and redemption of the 2010 debentures, as well as by a favourable change in income taxes.

EBITDA(A) rose \$1.7 million mainly as a result of expansion in 2015 in the wind power segment. However, this was not sufficient to absorb the \$1.9 million increase in amortization generated by said expansion.

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

	Revenues from energy sales		EBITDA(A)	
	(in thousands of \$)	%	(in thousands of \$)	%
<b>THREE-MONTH PERIOD ENDED JUNE 30, 2015</b>	<b>58,194</b>		<b>35,947</b>	
Power stations commissioned*	10,580	18.2%	8,891	24.7%
Pricing	(989)	(1.7)%	(989)	(2.8)%
Volume	(5,561)	(9.5)%	(5,490)	(15.3)%
Foreign exchange effect	2,735	4.7%	1,748	4.9%
Raw material costs	—	—	410	1.1%
Maintenance	—	—	(137)	(0.4)%
Development - prospection	—	—	(511)	(1.4)%
Share of Joint Ventures	—	—	(2,703)	(7.5)%
Other	76	0.1%	522	1.5%
Change	6,841	11.8%	1,741	4.8%
<b>THREE-MONTH PERIOD ENDED JUNE 30, 2016</b>	<b>65,035</b>		<b>37,688</b>	

\* Commissioning of 123,6 MW in the second half of 2015: In France, Les Cigarettes solar power facility (October 2015) and Calmont wind farm (December 2015); in Ontario, Canada, Vaughan solar power facility (October 2015); in Québec, Canada, Côte-de-Beaupré (November 2015), Témiscouata II (November 2015) and Frampton (December 2015) wind farms.

### Revenues from Energy Sales

For the three-month period ended June 30, 2016, revenues from energy sales totalled \$65.0 million, up \$6.8 million or 11.8%. As shown in the previous table, this growth resulted in large part from the \$10.6 million in additional revenues generated by the addition, in the second half of fiscal 2015, of six new power stations listed under the table. Another factor underlying the growth in revenues between the two comparative periods was a favourable foreign exchange effect of \$2.7 million resulting mainly from fluctuation in exchange rates involving the euro and the Canadian dollar and, to a lesser extent, the U.S. and Canadian dollars.

However, revenues for the second quarter of 2016 were dampened by a \$5.6 million unfavourable volume effect owing to a decline in production at existing wind farms in practically all of the Corporation's geographic markets, as well as Boralex's hydroelectric power stations in the Northeastern United States. These declines in production were triggered primarily by weather-related factors. More detailed analyses are provided in the sections below on each of the operating segments. Lastly, the Corporation's performance was affected by a \$1.0 million unfavourable price effect resulting mainly from a lower average selling price for steam produced by the Blendecques, France thermal power station and lower energy selling prices at hydroelectric power stations.

Note that in accordance with IFRS, revenues from energy sales do not include Boralex's \$12.0 million (\$14.8 million in the second quarter of 2015) share in the revenues generated by the Joint Ventures, the performance of which is discussed in the *Proportionate Consolidation* section of this MD&A.

In total, Boralex generated 566,281 MWh of electricity in the second quarter of 2016 (excluding its share of the production of the Joint Ventures), up 7.9% from 524,670 MWh for the same period of 2015. This resulted from the full contribution of six power stations totalling 123.6 MW commissioned in the second half of 2015, which offset the 7.8% decline in production at existing facilities.

### EBITDA(A) and EBITDA(A) Margin

Quarterly consolidated EBITDA(A) amounted to \$37.7 million, up \$1.7 million or 4.8% from the same period last year. As shown in the previous table, the increase in EBITDA(A) resulted from the following main items:

- A total of \$8.9 million in additional EBITDA(A) generated by the full contribution of power stations commissioned in the second half of 2015;
- A \$1.7 million favourable foreign exchange effect;
- A \$0.4 million decrease in raw material costs, related mainly to the natural gas used in the cogeneration power station in France; and
- Various other favourable factors totalling \$0.5 million, including insurance proceeds and a gain on asset disposals.

The combination of these items offset the effect of certain less significant unfavourable factors that reined in consolidated quarterly EBITDA(A), consisting mainly of the following:

- A \$5.5 million unfavourable volume effect originating primarily from the wind power segment and our U.S. hydroelectric power stations;

- A \$2.7 million unfavourable difference in Boralex's share in results of the Joint Ventures, which reflected a \$0.8 million loss in the second quarter of 2016 compared with a \$1.9 million gain in the previous year. Apart from the fact that this period of the year is typically the least productive for the wind power segment, this decline resulted mainly from the wind conditions experienced by the Joint Ventures, particularly Phase I, which were not as favourable as in spring 2015. In addition, readers are reminded that *Share in earnings (losses) of the Joint Ventures* includes items not related to the EBITDA(A) of the Joint Ventures, including amortization and financing costs. However, those expenses are comparable to their 2015 levels, while revenues were lower, which further curbed Boralex's share;
- A \$1.0 million unfavourable price effect related primarily, as mentioned previously, to our French thermal power station and our hydroelectric power stations;
- A \$0.5 million increase in development and prospection costs, originating primarily in the French market; and
- A slight \$0.1 million increase in maintenance costs.

For the three-month periods ended June 30, EBITDA(A) margin as a percentage of revenues was 58.0% in 2016, compared with 61.8% in 2015. As explained below in this MD&A, this decline resulted in large part from the change in the *Share in results of the Joint Ventures* prompted by the inclusion of items not related to the EBITDA(A) of the Joint Ventures. On a proportionately consolidated basis, consolidated EBITDA(A) margin held relatively steady relative to the comparative period.

### Amortization

Amortization expense for the second quarter of 2016 increased \$1.9 million to \$28.6 million, owing primarily to the commissioning of facilities in 2015 and an unfavourable foreign exchange effect.

### Financing Costs, Foreign Exchange Loss (Gain) and Net Loss on Financial Instruments

Despite the substantial investments made in 2015, financing costs fell \$0.7 million, totalling \$18.0 million for the second quarter of 2016. This was attributable to the conversion and redemption of all of the 2010 debentures as at September 29, 2015, which resulted in a decrease in net financing costs of approximately \$3.2 million for the second quarter. Furthermore, financing costs were curtailed by a decline in the debt related to existing power stations and reduced interest on the debt contracted from Cube upon repayment of a part thereof in December 2015. The combination of these favourable factors more than offset the increase in financing costs from expansions in the Corporation's operating asset base.

Boralex recognized a \$1.2 million foreign exchange loss compared with a \$1.4 million foreign exchange gain in the same quarter of the previous year, representing an unfavourable change of \$2.6 million, owing to a \$1.8 million foreign exchange gain recognized in 2015 on foreign exchange forward contracts and a \$1.0 million foreign exchange loss recognized in 2016 upon translation of cash in euros into Canadian dollars.

The Corporation recorded a net loss on financial instruments of \$1.4 million compared with \$0.2 million for the same period of 2015. *Net loss on financial instruments* for the 2016 period includes nearly equal amounts related to the remeasurement of fair value of said financial instruments and the ineffective portion thereof. Although all of the financial instruments used by Boralex are highly effective, they always include a small ineffective portion.

### Net Loss

Boralex ended the second quarter of 2016 with a \$6.6 million net loss compared with a \$5.8 million net loss for the same period of 2015. Of that amount, the net loss attributable to shareholders of Boralex amounted to \$7.3 million or \$0.11 per share (basic), compared with \$6.3 million or \$0.13 share in the same period of 2015.



# Analysis of Operating Results for the Six-Month Period Ended June 30, 2016

## Consolidated

The first half of fiscal 2016 saw marked growth in operating results for Boralex, due to recording the best quarterly performance in its history in the first quarter. These outstanding results for the three-month period ended March 31, 2016 readily offset the less favourable operating results for the Corporation during the second quarter, owing in large part to weather-related factors. For the first six months of fiscal 2016, Boralex reported revenues and EBITDA(A) growth of 30.8% and 34.2%, respectively, driven by its expansion strategy and asset quality. Boralex's net profitability also rose significantly, which bodes well for the future.

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

	Net earnings (loss) (in thousands of \$)	Per share (in \$, basic)
<b>SIX-MONTH PERIOD ENDED JUNE 30, 2015</b>	(985)	(\$0.02)
EBITDA(A)	29,986	\$0.47
Amortization	(10,610)	(\$0.17)
Other gains	578	\$0.01
Financing costs	(57)	—
Change in foreign exchange losses and gains	(1,159)	(\$0.02)
Financial instruments	1,887	\$0.03
Income taxes	(5,643)	(\$0.09)
Non-controlling shareholders	(723)	(\$0.01)
Change	14,259	\$0.22
<b>SIX-MONTH PERIOD ENDED JUNE 30, 2016</b>	13,274	\$0.20

For the six-month period ended June 30, 2016, Boralex recorded net earnings attributable to shareholders of \$13.3 million or \$0.20 per share (basic), compared with a net loss attributable to shareholders of \$1.0 million or \$0.02 per share (basic) for the same period of 2015. This significant improvement of \$14.3 million or \$0.22 per share resulted nearly exclusively from a \$30.0 million rise in EBITDA(A) driven by expansions in the Corporation's operating asset base in 2015 combined with sharply higher production volumes at existing power stations in the first quarter. Accordingly, the higher EBITDA(A) more than offset the increase in amortization arising from said expansions in its asset base and higher income taxes. The Corporation also benefited from a \$1.9 million favourable difference in losses on financial instruments for the entire period, which offset the \$1.2 million unfavourable change in foreign exchange losses and gains.

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

	Revenues from energy sales		EBITDA(A)	
	(in thousands of \$)	%	(in thousands of \$)	%
<b>SIX-MONTH PERIOD ENDED JUNE 30, 2015</b>	130,711		87,701	
Power stations commissioned*	26,703	20.4%	22,890	26.1%
Pricing	(3,436)	(2.6)%	(3,436)	(3.9)%
Volume	10,105	7.7%	9,936	11.3%
Foreign exchange effect	7,195	5.5%	4,701	5.3%
Raw material costs	—	—	1,638	1.9%
Maintenance	—	—	(219)	(0.2)%
Development - prospection	—	—	(409)	(0.5)%
Share of Joint Ventures	—	—	(4,483)	(5.1)%
Other	(266)	(0.2)%	(632)	(0.7)%
Change	40,301	30.8%	29,986	34.2%
<b>SIX-MONTH PERIOD ENDED JUNE 30, 2016</b>	171,012		117,687	

\* Commissioning of 156.4 MW: In France, St-François (March and April 2015) and Comes de l'Arce (April 2015) wind farms, Les Cigarettes solar power facility (October 2015) and Calmont wind farm (December 2015); in Ontario, Canada, Vaughan solar power facility (October 2015); in Québec, Canada, Côte-de-Beaupré (November 2015), Témiscouata II (November 2015) and Frampton (December 2015) wind farms.

## Revenues from Energy Sales

For the six-month period ended June 30, 2016, revenues from energy sales totalled \$171.0 million, up \$40.3 million or 30.8%. As indicated in the previous table, this significant growth was driven by three main factors:

- Additional revenues of \$26.7 million generated by the addition, in 2015, of the eight new facilities listed in the footnote of the table;
- A favourable volume effect of \$10.1 million generated by substantially higher production at existing wind farms in France in the first quarter, particularly those acquired from BEV in December 2014, the Thames River wind farms in Ontario, as well as at Boralex's hydroelectric power stations, particularly in the Northeastern United States. High productivity at existing power stations in the first quarter more than offset the decline in production caused by less favourable weather conditions in the second quarter; and
- A \$7.2 million favourable foreign exchange effect owing primarily to foreign exchange movements between the euro and the Canadian dollar and, to a lesser extent, between the U.S. and Canadian dollars.

On the downside, 2016 revenues were affected by an amount of \$3.4 million as a result of lower average selling prices at the Blendecques thermal power station in France and at U.S. hydroelectric power stations.

Note that in accordance with IFRS, revenues from energy sales do not include Boralex's \$28.4 million (\$33.4 million in the first half of 2015) share in the revenues generated by the Joint Ventures, the performance of which is discussed in the *Proportionate Consolidation* section of this MD&A.

In total, Boralex generated 1,387,342 MWh of electricity in the first half of 2016 (excluding its share of the production of the Joint Ventures), up 27.9% from 1,084,345 MWh for the same period of 2015. This growth resulted from the full contribution of the eight power stations totalling 156.4 MW commissioned in 2015, combined with an overall increase of 8.5% in production at existing power stations.

## EBITDA(A) and EBITDA(A) Margin

Consolidated EBITDA(A) for the first half of 2016 totalled \$117.7 million, up \$30.0 million or 34.2% from the same period in 2015. As a percentage of revenues, EBITDA(A) margin rose to 68.8% in the first half of 2016 from 67.1% in the same period of 2015. The growth in EBITDA(A) and EBITDA(A) margin was driven by the following main items:

- A total of \$22.9 million in additional EBITDA(A) resulting from the full contribution of the eight power stations commissioned in 2015;
- A \$9.9 million favourable volume effect originating primarily in the wind power and hydroelectric power segments in the first quarter;
- A \$4.7 million favourable foreign exchange effect; and
- A \$1.6 million decrease in raw material costs, related mainly to the natural gas used in the cogeneration power station in France.

The combination of these items more than offset certain less significant unfavourable factors that reined in semi-annual consolidated EBITDA(A) growth, mainly:

- A \$4.5 million decrease in Boralex's share in results of the Joint Ventures to \$3.3 million, mainly because wind conditions for the Joint Ventures, particularly Phase I, were not as favourable as in winter and spring 2015;
- A \$3.4 million unfavourable price effect related to the thermal power station in France and the hydroelectric power stations in the United States, as previously mentioned;
- A \$0.4 million increase in development and prospecting costs, primarily in France;
- A \$0.2 million increase in maintenance costs; and
- Various other unfavourable changes totalling \$0.6 million, mainly as a result of the non-recurrence of favourable items.

## Amortization

Amortization expense for the first half of 2016 increased \$10.6 million to \$58.0 million, owing primarily to the commissioning of facilities in 2015 and an unfavourable foreign exchange effect.

## Financing Costs, Foreign Exchange Loss (Gain) and Net Loss on Financial Instruments

Despite investments made in 2015, financing costs remained stable compared with the first half of 2015, totalling \$36.3 million. Once again, this reflects the significant savings generated by the conversion and redemption of all the 2010 debentures, which lowered net financing costs for the first half of 2016 by over \$6 million. Financing costs were also reduced by a decrease in debt related to existing sites and the Cube transaction. The combination of these favourable factors fully offset the increase in financing costs from expansions in the Corporation's operating asset base and the unfavourable foreign exchange effect.

Boralex recognized a \$0.7 million foreign exchange loss compared with a \$0.4 million foreign exchange gain in the same six-month period of the previous year, representing an unfavourable change of \$1.2 million.

The Corporation recorded a net loss on financial instruments of \$2.7 million compared with a net loss on financial instruments of \$4.6 million for the same period of 2015. Note that the 2015 amount mainly comprised losses on undesignated financial instruments resulting from fair value remeasurement adjustments. At present, all the financial instruments used by Boralex are designated for specific development projects. As it is generally the case, *Net loss on financial instruments* for 2016 includes amounts related to the remeasurement of fair value and the ineffective portion of financial instruments. Although all of the financial instruments used by Boralex are highly effective, they always include a small ineffective portion.

## Net Earnings

Boralex ended the first six months of 2016 with net earnings of \$15.9 million compared with net earnings of \$1.0 million for the same period of 2015. Of that amount, net earnings attributable to shareholders of Boralex amounted to \$13.3 million or \$0.20 per share (basic), compared with a loss of \$1.0 million or \$0.02 per share in 2015.

## Review of Operating Segments

### Wind

The wind power segment, Boralex's main growth driver, has reported exceptional results year to date, particularly in first quarter of fiscal 2016. This performance speaks to the merits of the expansion strategy carried out with consistency and discipline over several years by Boralex, the quality of its wind power facilities, the capacity of its team to effectively integrate and optimize the newly acquired or commissioned assets and last, the benefits of the wind power segment's geographic diversification in France, Québec and Ontario.

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

	Three-month periods ended				Six-month periods ended			
	Revenues from energy sales		EBITDA(A)		Revenues from energy sales		EBITDA(A)	
	(in thousands of \$)	%	(in thousands of \$)	%	(in thousands of \$)	%	(in thousands of \$)	%
<b>JUNE 30, 2015</b>	<b>37,016</b>		<b>30,676</b>		<b>85,728</b>		<b>75,262</b>	
Power stations commissioned*	9,890	26.8%	8,291	27.0%	25,567	29.8%	21,924	29.1%
Pricing	641	1.7%	641	2.1%	720	0.8%	720	1.0%
Volume	(3,702)	(10.0)%	(3,702)	(12.1)%	6,514	7.6%	6,514	8.7%
Foreign exchange effect	2,090	5.6%	1,668	5.5%	5,205	6.1%	3,943	5.2%
Maintenance	—	—	(158)	(0.5)%	—	—	151	0.2%
Share of Joint Ventures	—	—	(2,703)	(8.8)%	—	—	(4,483)	(5.9)%
Other	(36)	(0.1)%	676	2.2%	(98)	(0.1)%	2,220	2.9%
Change	8,883	24.0%	4,713	15.4%	37,908	44.2%	30,989	41.2%
<b>JUNE 30, 2016</b>	<b>45,899</b>		<b>35,389</b>		<b>123,636</b>		<b>106,251</b>	

\* Addition of 113 MW for the second quarter and 146 MW for the six-month period as a whole: In France, St-François (March and April 2015), Comes de l'Arce (April 2015) and Calmont (December 2015) wind farms; in Québec, Canada, Côte-de-Beaupré (November 2015), Témiscouata II (November 2015) and Frampton (December 2015) wind farms.

## Operating Results for the Three-Month Period

### Production

The wind power segment produced 356,410 MWh in the second quarter of 2016 compared with 301,334 MWh for the same period in 2015 (excluding the 111,043 MWh and 137,878 MWh contributions in 2016 and 2015, respectively, from the Joint Ventures as discussed in the *Proportionate Consolidation* section of this MD&A). The 18.3% increase in segment production was driven largely by the full contribution of the four power stations totalling 113 MW commissioned in Canada and in France in the second half of 2015. However, production volumes at existing power stations was down 7.5%, primarily as a result of weather-related factors. In spring 2016, wind conditions were less favourable than in the same period of 2015, slipping below historical averages, in nearly all geographic markets in Boralex's wind power segment.

Broken down geographically, the changes in production were as follows:

- Wind power production in France was down 1.9% due to a 6.3% drop in production at existing wind farms. This was partially offset by the commissioning of the Calmont wind farm in December 2015. Note that this was largely due to less favourable wind conditions than in 2015, as our French power stations maintained very favourable equipment availability rates.
- In Canada, wind power segment production (excluding the Joint Ventures) surged 78.7% with the commissioning of the Côte-de-Beaupré, Témiscouata II and Frampton wind farms in the fourth quarter of 2015. However, production at existing wind power facilities was down 11.3%, with this decline affecting not only our Thames River, Ontario wind farms, but also our Témiscouata I, Québec facility. In these cases as well, Boralex attributes the production declines to less favourable wind conditions than in 2015, as the wind farms maintained excellent equipment availability rates. It is worth noting, as discussed in the *Proportionate consolidation* section of this MD&A, that the Joint Ventures also reported lower production tied to less favourable wind conditions than in 2015, particularly for Phase I.

## Revenues

Wind power segment revenues for the second quarter of 2016 totalled \$45.9 million, up \$8.9 million or 24.0% from the same period of 2015. As shown in the previous table, this growth was largely driven by \$9.9 million in additional contributions from the four new facilities commissioned in the second half of 2015, coupled with a \$2.1 million favourable foreign exchange effect resulting from foreign exchange rate movements involving the euro and the Canadian dollar, as well as a \$0.6 million favourable price effect triggered by the selling price indexation. However, these favourable items were offset by \$3.7 million revenue shortfall generated by lower production at existing power stations.

Broken down geographically, 61.9% of quarterly wind power segment revenues were generated in France and 38.1% in Canada (excluding the Joint Ventures). Excluding the foreign exchange effect, revenues in euros from our French power stations were down slightly, falling 2.5%, whereas revenues at our Canadian facilities surged 77.4% due to the commissioning of three new wind farms in November and December 2015, which largely offset the decline in production at existing power stations.

## EBITDA(A)

In the second quarter of 2016, wind power segment EBITDA(A) rose \$4.7 million or 15.4% to \$35.4 million despite less favourable wind conditions year over year in France, Ontario and Québec. EBITDA(A) growth was driven primarily by the expansion strategy in place at Boralex. More specifically, growth in wind power segment EBITDA(A) for the second quarter of 2016 was driven by the following:

- An \$8.3 million contribution from the four new wind farms commissioned in the second half of 2015;
- A \$1.7 million favourable foreign exchange effect from the euro's fluctuations against the Canadian dollar;
- The aforementioned \$0.6 million favourable price effect; and
- A \$0.7 million total favourable change in various other items, resulting primarily from the non-recurrence of certain expenses incurred in 2015.

In contrast, the segment's second-quarter performance was hampered by the following unfavourable factors:

- The aforementioned \$3.7 million negative volume effect;
- A \$2.7 million decrease in Boralex's *Share in results of the Joint Ventures* owing to less favourable wind conditions than in spring 2015 in that part of Québec. Note that, despite this decline, the Joint Ventures' production volumes were substantially consistent with the Corporation's expectations; and
- A \$0.2 million increase in maintenance costs.

Broken down geographically, EBITDA(A) at our French operations fell 2.7% in euros, while at Canadian operations, it grew 33.9% (excluding the Joint Ventures) owing to addition of three facilities.

Lastly, the wind power segment's EBITDA(A) margin for the second quarter of 2016 amounted to 77.1%, compared with 82.9% for the same quarter of 2015. The decline was mainly due to the change in the items comprising Boralex's share in the Joint Ventures. Under proportionate consolidation, wind power segment EBITDA(A) margin would have been identical to its year-over-year level.

## Operating Results for the Six-Month Period

### Production

The wind power segment produced 937,861 MWh for the six-month period ended June 30, 2016 compared with 687,229 MWh for the same period in 2015 (excluding the 263,207 MWh and 311,743 MWh contributions in 2016 and 2015, respectively, from the Joint Ventures as discussed in the *Proportionate Consolidation* section of this MD&A). The 36.5% increase in segment production stemmed largely from the full contribution of the six sites totalling 146 MW commissioned in Canada and in France since March 2015 as well as a 7.0% increase in production volume at existing wind farms.

Broken down geographically, the changes in production were as follows:

- Wind power production in France increased 19.0%, driven by the full contribution of the St-François, Comes de l'Arce and Calmont wind farms commissioned in 2015, coupled with a 9.6% increase in production volume at existing wind farms. In addition to an excellent equipment availability rate, this increase stemmed primarily from favourable wind conditions in France in the first quarter of 2016 compared with below average conditions in 2015. Unfortunately, this trend reversed in the second quarter, but to a lesser extent. Note that production at the 11 wind farms in operation acquired from BEV in December 2014 rose 12.3% in the first half of 2016 compared with the same period in 2015, which demonstrates the Boralex team's capacity to quickly and effectively integrate a large-scale acquisition.
- In Canada, wind power segment production (excluding the Joint Ventures) surged 89.7% with the commissioning of the Côte-de-Beaupré, Témiscouata II and Frampton wind farms in the fourth quarter of 2015. Production at existing wind farms-Thames River and Témiscouata I-was stable compared with a year earlier.

## Revenues

Wind power segment revenues for the second half of 2016 totalled \$123.6 million, up \$37.9 million or 44.2% from the same period of 2015. As shown in the previous table, this growth was mainly driven by the additional contribution totalling \$25.6 million from the six new wind farms, combined with favourable volume, foreign exchange and price effects amounting to \$6.5 million, \$5.2 million and \$0.7 million, respectively.

Broken down geographically, 66% of semi-annual wind power segment revenues were generated in France and 34% in Canada (excluding the Joint Ventures). Excluding the foreign exchange effect, revenues in euros at our French power stations grew 18.5%, following the expansion in the asset base and revenue growth at existing sites. Meanwhile, revenues at our Canadian power stations grew 89.1% owing to the commissioning of three new wind farms in November and December 2015.

## EBITDA(A)

During the first six months of 2016, EBITDA(A) in the wind power segment grew \$31.0 million or 41.2% to \$106.3 million. EBITDA(A) margin stood at 85.9% compared with 87.8% year over year, for the same main reason discussed above. Apart from the marked increase in production at existing French wind farms in the first quarter, the increase in EBITDA(A) in the first six months of 2016 was driven primarily by Boralex's expansion and value creation strategy based on the addition of high quality assets coupled with the pooling of leading-edge expertise in the development, construction, integration and optimal operation of wind farms. More specifically, growth in wind power segment EBITDA(A) for the second half of 2016 was driven by the following:

- A \$21.9 million contribution from the six new wind farms commissioned between March and December 2015;
- The aforementioned \$6.5 million volume effect;
- A \$3.9 million favourable foreign exchange effect from the euro's movements against the Canadian dollar;
- A \$0.7 million favourable price effect;
- A \$0.2 million decline in maintenance costs; and
- A \$2.2 million favourable change in various other items, mainly related to the re-allocation of certain expenses to the corporate segment upon the integration of entities acquired from BEV and the non-recurrence of certain costs incurred in 2015.

However, as mentioned in the previous section, the Corporation recorded a \$4.5 million decrease in its share in results of the Joint Ventures owing to less favourable wind conditions than in winter 2015 in this part of Québec. Note that, despite this decline, production at the Joint Ventures remains in line with the long-term forecast.

Broken down geographically, EBITDA(A) at our French operations rose 28.3% in euros, while at Canadian operations, it grew 44.9% (excluding the Joint Ventures).

## Hydroelectric

Boralex's second largest segment, the hydroelectric power segment, has always been a significant and reliable source of profit and cash flows for Boralex, due to the Corporation's long-established expertise in the production of this renewable energy and the quality of its hydroelectric power assets. The segment has contributed \$23.7 million to the Corporation's consolidated EBITDA(A) year to date, including \$10.8 million in the second quarter, despite the fact that the period saw particularly poor water flow conditions in the Northeastern United States and lower average selling prices year over year at Canadian power stations.

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

	Three-month periods ended				Six-month periods ended			
	Revenues from energy sales		EBITDA(A)		Revenues from energy sales		EBITDA(A)	
	(in thousands of \$)	%	(in thousands of \$)	%	(in thousands of \$)	%	(in thousands of \$)	%
<b>JUNE 30, 2015</b>	16,785		12,741		29,369		21,988	
Pricing	(796)	(4.7)%	(796)	(6.1)%	(2,076)	(7.1)%	(2,076)	(9.4)%
Volume	(1,539)	(9.2)%	(1,539)	(12.1)%	3,466	11.8%	3,466	15.8%
Sales of RECs	145	0.9%	145	1.1%	339	1.1%	339	1.5%
Foreign exchange effect	406	2.4%	310	2.4%	1,254	4.3%	945	4.3%
Maintenance	—	—	(111)	(0.9)%	—	—	(381)	(1.7)%
Other	(2)	—	25	0.2%	(125)	(0.4)%	(587)	(2.7)%
Change	(1,786)	(10.6)%	(1,966)	(15.4)%	2,858	9.7%	1,706	7.8%
<b>JUNE 30, 2016</b>	14,999		10,775		32,227		23,694	

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

	Three-month periods ended June 30					Annual historical average <sup>(1)</sup>
	Actual		Change			
	2016	2015	Historical average <sup>(1)</sup>	vs. 2015	vs. historical average	
<b>HYDROELECTRIC PRODUCTION (MWh)</b>						
Canada	107,640	96,911	93,756	+ 11.1%	+ 14.8%	
United States	82,960	108,767	117,202	- 23.7%	- 29.2%	
	190,600	205,678	210,958	- 7.3%	- 9.7%	

	Six-month periods ended June 30					Annual historical average <sup>(1)</sup>
	Actual		Change			
	2016	2015	Historical average <sup>(1)</sup>	vs. 2015	vs. historical average	
<b>HYDROELECTRIC PRODUCTION (MWh)</b>						<b>2016</b>
Canada	155,292	141,576	139,750	+ 9.7%	+ 11.1%	284,835
United States	205,935	177,689	225,509	+ 15.9%	- 8.7%	390,756
	361,227	319,265	365,259	+ 13.1%	- 1.1%	675,591

<sup>(1)</sup> Historical averages are calculated using all production data available for each power station up to the end of Boralex's previous fiscal year.

## Operating Results for the Three-Month Period

### Production

Hydroelectric power segment production totalled 190,600 MWh for the second quarter of fiscal 2016 compared with 205,678 MWh for the same quarter of 2015. Total production at Boralex's hydroelectric power stations was down 7.3% year over year, but also 9.7% below their historical average for that time of the year.

These adverse changes originated from the U.S. power stations which had much less favourable weather conditions than in spring 2015, significantly below seasonal norms, due in particular to especially mild weather in winter 2015-2016. As a result, production volumes at these power stations fell 23.7% short of their year-over-year levels and 29.2% short of their historical average. In contrast, Canadian power stations enjoyed more favourable weather conditions than in the same quarter of 2015, reporting an 11.1% increase in production, exceeding their historical average by 14.8%.

## Revenues

For the three-month period ended June 30, 2016, revenues generated in the hydroelectric power segment were down \$1.8 million or 10.6% to \$15.0 million, due in large part to the \$1.5 million unfavourable effect of production declines at our U.S. power stations. In addition, the change in revenues from the comparative period reflected a \$0.8 million adverse price effect attributable to the Canadian power stations whose average selling prices fell as a result of arbitration underway with Hydro-Québec in connection with sales agreement renewals for two power stations. Our five U.S. power stations, which do not hold power sales contracts and which sell their power on the New York State market, reported a slight decline in their average selling price.

However, these two unfavourable items were offset by a \$0.4 million positive foreign exchange effect due to exchange rate movements involving the Canadian and U.S. dollars, as well as a \$0.1 million increase in sales of Renewable Energy Certificates (RECs) by the U.S. power stations.

Broken down geographically, revenues at our Canadian power stations were up 1.5%, whereas they were down 21.6% at our U.S. power stations.

## EBITDA(A)

Quarterly EBITDA(A) in the hydroelectric power segment fell \$2.0 million or 15.4% to \$10.8 million due to two key factors that weighed on revenues, namely a \$1.5 million unfavourable volume effect and a \$0.8 million unfavourable price effect. In addition, the Canadian power stations recorded a slight increase in maintenance costs. The drop in segment EBITDA(A) was offset by a \$0.3 million favourable foreign exchange effect and the aforementioned increase in sales of RECs.

Broken down geographically, EBITDA(A) at our Canadian power stations was comparable year over year, whereas it fell 28.7% at our U.S. power stations from the same quarter last year.

## Operating Results for the Six-Month Period

### Production

Hydroelectric power segment production for the first six months of fiscal 2016 recorded a significant increase of 13.1% to 361,227 MWh from 319,265 MWh for the same period of 2015. Production in the first quarter of 2016 was 1.1% shy of the historical average. Excellent productivity at our U.S. power stations in the first quarter more than offset the difficult conditions that prevailed in the second quarter. For the entire six-month period, production volumes were up 15.9% from the same period of 2015, yet fell 8.7% short of the historical average. Our Canadian power stations reported a 9.7% increase in total production, 11.1% above their historical average.

### Revenues

For the six-month period ended June 30, 2016, hydroelectric power segment revenues grew \$2.9 million or 9.7% to \$32.2 million from the same period of 2015. This growth originated almost exclusively from our U.S. power stations, where revenues were up 17.6%, as our Canadian facilities reported only a slight increase in revenues.

In addition to a \$3.5 million volume effect, results in our hydroelectric power segment, particularly at our U.S. power stations, were bolstered by a \$1.3 million favourable foreign exchange effect and a \$0.3 million increase in sales of RECs. These factors offset the \$2.1 million shortfall in revenues stemming mainly from lower average selling prices for electricity sold in the New York State open market for the five power stations without energy sales contracts. Note that the average selling price of electricity sold in the open market in the United States has decreased significantly over recent years due to lower natural gas prices. Boralex management does not expect market prices to improve significantly in the foreseeable future but believes that prices may stabilize over the coming quarters. Our Canadian power stations also reported a decline in average selling prices for the aforementioned reason.

### EBITDA(A)

Hydroelectric power segment EBITDA(A) rose \$1.7 million or 7.8% to \$23.7 million, driven by the U.S. power stations owing to the aforementioned factors, namely a \$3.5 million volume effect (largely attributable to those power stations), a \$0.9 million favourable foreign exchange effect and a \$0.3 million increase in sales of RECs. These factors more than offset the \$2.1 million unfavourable price effect and the increase in certain expenses, including maintenance costs. Despite a favourable volume effect, EBITDA(A) at Canadian power stations was down 4.0%, owing primarily to a drop in average selling prices, a slight increase in maintenance costs and the non-recurrence of certain positive items that boosted profitability in 2015.



## Thermal

In light of the operating schedule discussed in the *Seasonal Factors* section of this MD&A, Boralex's thermal power segment typically runs a deficit in the second quarter. Our Senneterre, Québec power station was operational in June only in 2016 and 2015. Our Blendecques, France power station generated no electricity during those periods but continued to supply its industrial client with steam. Over the six-month period as a whole, the Senneterre power station generated electricity during four months and Blendecques, during three months, in both 2016 and 2015. Despite a decline in their results year to date, these two power stations made positive contributions to profitability at Boralex by generating EBITDA(A) of \$3.5 million in the first six months of 2016.

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

	Three-month periods ended				Six-month periods ended			
	Revenues from energy sales		EBITDA(A)		Revenues from energy sales		EBITDA(A)	
	(in thousands of \$)	%	(in thousands of \$)	%	(in thousands of \$)	%	(in thousands of \$)	%
<b>JUNE 30, 2015</b>	3,467		(654)		14,203		3,871	
Pricing	(836)	(24.1)%	(836)	127.8%	(2,085)	(14.7)%	(2,085)	(53.8)%
Volume	(242)	(7.0)%	(171)	26.2%	224	1.6%	55	1.4%
Capacity premiums	(33)	(1.0)%	(33)	5.0%	(382)	(2.7)%	(382)	(9.9)%
Foreign exchange effect	173	5.0%	1	(0.1)%	631	4.5%	98	2.5%
Raw material costs	—	—	410	(62.7)%	—	—	1,638	42.3%
Maintenance	—	—	87	(13.3)%	—	—	(21)	(0.5)%
Other	2	0.1%	493	(75.4)%	1	—	277	7.2%
Change	(936)	(27.0)%	(49)	7.5%	(1,611)	(11.3)%	(420)	(10.8)%
<b>JUNE 30, 2016</b>	2,531		(703)		12,592		3,451	

### Operating Results for the Three-Month Period

#### Production

The Senneterre power station produced 12,499 MWh of electricity in June 2016, compared with 15,628 MWh in June 2015. This slowdown in production resulted primarily from the high moisture level in the wood residues that fire this power station caused by rainy weather in spring 2016. Steam production at the Blendecques cogeneration power station for its industrial client remained stable relative to the same period last year.

#### Revenues

Thermal power segment revenues declined \$0.9 million or 27.0% to \$2.5 million in the second quarter of 2016. This decrease was mainly attributable to the Blendecques, France power station where revenues were down 30.9% due to a \$0.9 million unfavourable price effect from lower steam selling prices and slightly lower production; those items were partially offset, however, by a \$0.2 million favourable foreign exchange effect. The Senneterre power station reported a 17.6% decrease in revenues on lower production.

#### EBITDA(A)

While the aforementioned unfavourable price and volume effects, totalling \$0.8 million and \$0.2 million, respectively, impacted quarterly EBITDA(A) in the thermal power segment, they were nearly fully offset by a total of \$1.0 million in favourable items, including a \$0.4 million net decrease in raw material costs following a drop in the price of natural gas used to fire the Blendecques power station, a decline in maintenance costs at the Senneterre power station and a total of \$0.5 million in miscellaneous other items, including insurance proceeds and declines in certain operating costs.

As a result, the Senneterre power station improved its profitability in the second quarter, whereas Blendecques recorded a decline in a comparable amount, producing an overall result for the segment that was relatively unchanged from the \$0.7 million loss recorded in the same quarter of 2015.

### Operating Results for the Six-Month Period

#### Production

The thermal power segment produced 77,326 MWh of electricity in the first half of 2016, up 3.4% from the same period of 2015. This growth originated from the Blendecques power station, as production at Senneterre was down 1.4%. The steam produced and supplied by the Blendecques cogeneration power station to its industrial client also increased slightly.

**Revenues**

Year-to-date revenues in the thermal power segment totalled \$12.6 million, down \$1.6 million or 11.3% from the first half of 2015. This decline was attributable to the Blendecques power station, as the Senneterre power station reported a 2.3% increase in revenues, despite lower production, as a result of selling price indexation and an increase in capacity premiums. The Blendecques power station reported a 22.7% drop in revenues owing to an unfavourable price effect sparked by a lower steam selling price and, to a lesser extent, a lower average electricity selling price. In addition, capacity premiums decreased following a retroactive calculation adjustment. These unfavourable items were partly offset by a higher production volume and a \$0.6 million favourable foreign exchange effect.

**EBITDA(A)**

Thermal power segment EBITDA(A) totalled \$3.5 million for the first half of 2016 compared with \$3.9 million for the same period in 2015. This decline of \$0.4 million or 10.8% was linked to the Blendecques power station due to the same factors that affected revenues. However, the adverse impact on the facility's profitability from declines in its average selling price and capacity premiums was partially offset by significantly lower raw material costs and certain other favourable items of lesser significance. This once again underscores the Blendecques power station's natural protection against market price fluctuations since the decline in selling prices for steam and electricity was largely offset by lower natural gas costs.

EBITDA(A) at the Senneterre power station rose slightly due to increases in its average selling price and capacity premiums, as well as insurance proceeds.

## Solar

Since October 2015, Boralex's solar power segment comprises two main power stations in Southern France with a total installed capacity of 15 MW and a third power station in Ontario, Canada, rated at 0.4 MW. The two facilities added in the fourth quarter significantly boosted results for the second quarter and first six months of 2016. Although this segment remains marginal in Boralex's portfolio in terms of size and financial contribution, it allows the Corporation to fine-tune its expertise in an area of renewable energy production expected to grow in future years.

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

	Three-month periods ended				Six-month periods ended			
	Revenues from energy sales		EBITDA(A)		Revenues from energy sales		EBITDA(A)	
	(in thousands of \$)	%	(in thousands of \$)	%	(in thousands of \$)	%	(in thousands of \$)	%
<b>JUNE 30, 2015</b>	926		837		1,411		1,241	
Power stations commissioned*	690	74.5%	600	71.8%	1,136	80.5%	966	77.8%
Pricing	2	0.2%	2	0.2%	3	0.2%	3	0.2%
Volume	(77)	(8.3)%	(77)	(9.2)%	(99)	(7.0)%	(99)	(8.0)%
Foreign exchange effect	64	6.9%	58	6.9%	105	7.4%	92	7.4%
Maintenance	—	—	2	0.2%	—	—	(8)	(0.6)%
Other	1	0.1%	5	0.6%	1	0.1%	17	1.4%
Change	680	73.4%	590	70.5%	1,146	81.2%	971	78.2%
<b>JUNE 30, 2016</b>	1,606		1,427		2,557		2,212	

\* Commissioned: In France, the 10 MW Les Cigarettes site (October 2015) and in Ontario, Canada, the 0.4 MW Vaughan site (October 2015).

### Operating Results for the Three-Month Period

The solar power segment generated 6,772 MWh for the quarter ended June 30, 2016, up from 2,030 MWh for the same quarter in 2015, due to the addition of Les Cigarettes and Vaughan power stations. Production at Avignonet-Lauragais facility, declined slightly owing to a lower irradiation rate. Note that a gradual decline in productivity is a normal phenomenon in the life cycle of this type of equipment.

The commissioning of the two new solar power stations coupled with the favourable foreign exchange effect largely offset the decline in production at the existing facility. As a result, quarterly solar power segment revenues were up \$0.7 million or 73.4%, with EBITDA(A) up \$0.6 million or 70.5% to \$1.4 million.

### Operating Results for the Six-Month Period

The solar power segment produced 10,928 MWh for the six-month period ended June 30, 2016, compared with 3,068 MWh year over year, with growth driven by the addition of Les Cigarettes and Vaughan power stations, which more than offset the slight decline in production of our first solar power facility.

With the commissioning of these two new facilities and the favourable foreign exchange effect, solar power segment revenues and EBITDA(A) rose 81.2% and 78.2% to \$2.6 million and \$2.2 million, respectively. EBITDA(A) margin stood at 86.5% compared with 88.0% for the same period a year earlier, reflecting in particular the lower rate obtained by our new French power station due to general market trends, such that solar energy selling rates have been adjusted downward over the past few years to reflect the significant decrease in the cost of solar panels.

Boralex's management is satisfied with the sustained performance of its first solar power facility and is confident that the return on investment of the two new power stations will be as attractive.

## Cash Flows

The key highlight of the second quarter of 2016 was the refinancing of Joint Venture Phase 1 which allowed Boralex to receive a \$40 million return of capital, used to pay down the Corporation's debt. In addition to this major transaction, which demonstrates Boralex's solid reputation with financial markets, the year-to-date change in cash position mainly reflects the marked and sustained increase in cash flows from operations, which rose 46.3% in the first half of 2016 from the same period of 2015 to total \$87.0 million. In addition to robust expertise at Boralex in developing and operating energy assets, this performance was driven by its targeted strategy toward:

- Businesses that generate superior profit margins and are covered by indexed, fixed-price energy sales contracts; and
- Markets offering conditions more conducive to the Corporation's expansion and profitability, in particular the French wind power market.

(in thousands of dollars)	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
Cash flows from operations*	27,396	19,266	86,975	59,467
Change in non-cash items related to operating activities	1,459	(6,209)	17,557	2,657
Net cash flows related to operating activities	28,855	13,057	104,532	62,124
Net cash flows related to investing activities	12,580	(58,018)	(8,750)	(105,545)
Net cash flows related to financing activities	(36,947)	90,760	(49,959)	92,591
Translation adjustment on cash and cash equivalents	(1,553)	821	(3,069)	1,491
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>2,935</b>	<b>46,620</b>	<b>42,754</b>	<b>50,661</b>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<b>142,395</b>	<b>126,055</b>	<b>142,395</b>	<b>126,055</b>

\* See the *Non-IFRS Measures* section.

### Analysis of Cash Flows for the Three-Month Period

#### Operating Activities

For the three-month period ended June 30, 2016, cash flows from operations at Boralex rose \$8.1 million or 42.2% to \$27.4 million compared with \$19.3 million for the same period in 2015. Excluding non-cash items related to operating activities for both periods, this increase resulted primarily from distributions totalling \$4.5 million received from the Joint Ventures, the aforementioned \$1.7 million increase in EBITDA(A), and a \$3.6 million lower payment of financing costs offset by the \$1.6 million higher income tax expense payment.

The change in non-cash items related to operating activities generated additional cash totalling \$1.5 million in the second quarter of 2016 (compared with \$6.2 million in cash used for the same period of 2015). The cash generated in the second quarter of 2016 resulted in large part from a \$9.0 million decline in *Trade and other receivables* compared with as at March 31, 2016 following exceptionally high sales receipts booked in the first quarter, which fuelled the best quarterly performance in the Corporation's history.

Accordingly, operating activities generated cash flows totalling \$28.9 million in the second quarter of 2016, compared with \$13.1 million for the same period in the previous year.

## Investing Activities

Investing activities for the quarter ended June 30, 2016 generated \$12.6 million in total net cash.

The refinancing of Joint Venture Phase I saw Boralex receive a \$40 million return of capital. In addition, the Corporation was able to draw down \$2.8 million from its restricted cash.

Conversely, a total of \$28.3 million was used for additions to property, plant and equipment as follows:

- \$19.5 million in the wind power segment, primarily to complete French wind farm Touvent, as well as to cover the final payments relating to recently commissioned wind farms, and development costs for future facilities in France and Canada;
- \$7.2 million for the hydroelectric power segment, mainly in relation to work in progress at the Yellow Falls project in Ontario, improvements at existing power stations including the upgrade of Buckingham, Québec facility;
- \$0.8 million to improve existing infrastructure at our Senneterre thermal power station; and
- \$0.9 million in the corporate segment, mainly for an extension to a building in France.

Moreover, the Corporation injected \$1.2 million into the Calmont wind farm reserve fund in the form of a security deposit in respect of its financing. Boralex invested an additional \$0.7 million in its development projects, principally in France.

## Financing Activities

Financing activities for the second quarter of 2016 used \$36.9 million in total net cash.

### New Financing Arrangements and Debt Repayments

The Corporation's key financial transactions for the period included contracting a total of \$21.9 million in new loans, primarily to complete its 14 MW Touvent, France wind farm.

Conversely, Boralex repaid \$50.9 million in existing debt, including \$38.8 million on its revolving credit facility and the \$12.1 million balance on the debt of various Boralex facilities in operation.

The key highlight for the period was the April 28, 2016 refinancing of Boralex's revolving credit facility and increase to a total authorized amount of \$360 million. Readers are reminded that this refinancing, consisting of a \$300 million revolving credit facility and a \$60 million letter of credit facility guaranteed by Export Development Canada, replaced the \$175 million revolving credit facility maturing in June 2018.

In addition, in June 2016, Boralex obtained €17.6 million (\$25.2 million) in long-term financing for the Plateau de Savernat wind farm and €2.8 million (\$4.0 million) for its Avignonnet II facility.

### Dividends and Other

During the second quarter, the Corporation paid \$9.1 million (\$6.2 million in 2015) for a quarterly dividend of \$0.14 per share to its shareholders. Readers are reminded that this dividend was increased by 7.7% as of June 15, 2016.

The Corporation also distributed \$0.6 million to the non-controlling shareholder of the Témiscouata I wind power project.

Conversely, Boralex received \$1.1 million upon exercise of stock options as well a \$0.7 million capital injection from a partner in a Canadian wind power project.

## Net Change in Cash and Cash Equivalents

Total cash movements for the three-month period resulted in a \$2.9 million increase in cash and cash equivalents to \$142.4 million as at June 30, 2016 from \$139.5 million as at March 31, 2016.

## Analysis of Cash Flows for the Six-Month Period

### Operating Activities

For the six-month period ended June 30, 2016, cash flows from operations at Boralex totalled \$87.0 million, compared with \$59.5 million for the same period of 2015, up \$27.5 million. Excluding non-cash items related to operating activities for both periods, this sharp increase resulted primarily from the \$30 million increase in EBITDA(A).

The change in non-cash items related to operating activities generated additional cash totalling \$17.6 million in the first six months of 2016 (compared with \$2.7 million for the same period of 2015). Cash generated in the first half of 2016 stemmed in large part from a \$22.8 million decrease in *Trade and other receivables* resulting primarily from record first-quarter production and sales, coupled with the normal seasonal cycle of the Corporation's operations and the timing of cash inflows. In light of the foregoing, operating activities generated cash flows totalling \$104.5 million during the first half of 2016, up \$42.4 million from \$62.1 million for the same period last year.

## Investing Activities

Investing activities for the first six months of fiscal 2016 used \$8.8 million in cash.

The refinancing of Joint Venture Phase I saw Boralex receive a \$40 million return of capital. In addition, the Corporation was able to drawn down \$2.3 million from its restricted cash.

Conversely, cash amounting to \$48.3 million was used to make the following additions to property, plant and equipment:

- \$33.9 million in the wind power segment, primarily for the development of new facilities in France and Ontario, including Touvent, Plateau de Savernat and Port Ryerse, for the final payments related to the commissioning of the Côte-de-Beaupré, Témiscouata II, Frampton and Calmont wind farms late in 2015, and for the upgrading of certain equipment and the maintenance of existing facilities;
- \$10.3 million for the hydroelectric power segment, including work on the Yellow Falls hydroelectric power station in Ontario, upgrading of the Buckingham power station in Québec and improving a number of other existing power stations;
- \$1.0 million to improve existing thermal power segment facilities;
- \$0.9 million for the final payments related to the commissioning of our Les Cigarettes solar power station; and
- \$2.2 million in the corporate segment, mainly to fit out and extend office space in France.

The Corporation also invested \$1.7 million in various development projects in France and Canada, and injected an additional \$1.1 million into the reserve fund.

## Financing Activities

Financing activities resulted in net cash outflows totalling \$50.0 million.

### New Financing Arrangements and Repayments on Existing Debt

During the first six months of 2016, the Corporation contracted \$87.8 million in new debt and repaid \$118.9 million in existing debt.

In January 2016, Boralex obtained €63.0 million (\$90.3 million) in new financing in France, including a €42.4 million (\$60.8 million) loan to refinance its existing loan for its St-Patrick wind farm under more favourable terms and a €20.6 million (\$29.5 million) loan to finance construction and development at the Touvent wind farm. In addition, as previously discussed, in June 2016, Boralex obtained €17.6 million (\$25.2 million) in long-term financing for its Plateau de Savernat wind farm and €2.8 million (\$4.0 million) in financing for its Avignonet II facility.

Readers are reminded that the Corporation completed refinancing of its revolving credit facility on April 28, 2016 to increase the total authorized amount to \$360 million.

With regard to repayments, a net amount of \$25.9 million was repaid by the Corporation on its revolving credit facility, in particular subsequent to the \$40 million return of capital from Joint Venture Phase I in the second quarter; \$93.0 million in debt repayments were made in relation to various facilities in operation, including \$43.9 million in connection with the refinancing of its St-Patrick wind farm in the first quarter of 2016.

### Dividends and Other

During the six-month period ended June 30, 2016, the Corporation paid dividends to shareholders totalling \$17.6 million (\$12.5 million 2015) or the equivalent of \$0.13 per share in the first quarter and \$0.14 per share in the second quarter. The Corporation also distributed \$1.6 million to the non-controlling shareholder of the Témiscouata I wind power project and paid an amount of \$4.4 million for the early redemption of financial instruments when unwinding the interest rate swaps related to the initial loan for St-Patrick.

Conversely, Boralex received \$3.5 million upon exercise of stock options as well a \$1.3 million capital injection from a partner in a Canadian wind power project.

## Net Change in Cash and Cash Equivalents

Total cash movements for the first six months of 2016 resulted in a \$42.8 million increase in cash and cash equivalents to \$142.4 million as at June 30, 2016 from \$99.6 million as at December 31, 2015.

## Financial Position

The key changes in financial position at Boralex from December 31, 2015 to June 30, 2016 primarily reflect the \$40 million return of capital to Boralex by Joint Venture Phase I, significant cash flows from operations, particularly in the first quarter, the effect of new financing and refinancing completed and amortization.

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

(in thousands of dollars)	As at June 30, <b>2016</b>	As at December 31, <b>2015</b>
<b>ASSETS</b>		
Cash and cash equivalents	142,395	99,641
Restricted cash	1,001	3,345
Miscellaneous current assets	77,316	97,572
<b>CURRENT ASSETS</b>	<b>220,712</b>	<b>200,558</b>
Property, plant and equipment	1,522,247	1,556,374
Intangible assets	402,447	429,666
Goodwill	124,137	128,078
Interests in the Joint Ventures	15,510	66,506
Miscellaneous non-current assets	75,189	67,860
<b>NON-CURRENT ASSETS</b>	<b>2,139,530</b>	<b>2,248,484</b>
<b>TOTAL ASSETS</b>	<b>2,360,242</b>	<b>2,449,042</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>	<b>258,391</b>	<b>280,217</b>
Non-current debt	1,248,116	1,275,857
Convertible debentures	134,120	133,070
Miscellaneous non-current liabilities	197,849	201,157
<b>NON-CURRENT LIABILITIES</b>	<b>1,580,085</b>	<b>1,610,084</b>
<b>TOTAL LIABILITIES</b>	<b>1,838,476</b>	<b>1,890,301</b>
<b>EQUITY</b>		
<b>TOTAL EQUITY</b>	<b>521,766</b>	<b>558,741</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,360,242</b>	<b>2,449,042</b>

### Assets

Boralex's total assets fell \$88.8 million during the first six months of 2016 to \$2,360.2 million as at June 30, 2016, owing primarily to *Non-current assets*.

*Non-current assets* fell \$109.0 million due to the combined effect of the amortization of property, plant and equipment and intangible assets, whose total book value declined \$61.3 million (taking into account as well the relatively modest level of investments for the period and the foreign exchange effect) and a \$51.0 million decrease in Boralex's interest in the Joint Ventures resulting primarily from the \$40 million return of capital during the second quarter.

Conversely, *Current assets* rose by a total amount of \$20.2 million due mainly to the \$40.4 million increase in cash and cash equivalents and restricted cash, resulting mainly from significant cash flows from operations for the Corporation, as the \$40 million return of capital from Joint Venture Phase I was used for debt repayment. This increase in current cash assets available to Boralex largely offset the aforementioned \$22.8 million decline in *Trade and other receivables*, related primarily to record results in the first quarter of 2016 and the seasonal cycle of receipts of the Corporation's cash flows from operations.

### Working Capital

As at June 30, 2016, the Corporation had a working capital deficit of \$37.7 million with a ratio of 0.85:1 compared with a working capital deficit of \$79.7 million and a ratio of 0.72:1 as at December 31, 2015. This improvement was due to the increase in cash and cash equivalents mentioned previously together with a \$21.8 million decrease in total current liabilities. In particular, the current portion of non-current debt decreased \$40.6 million owing primarily to repayment of the balance of the \$42.7 million St-Patrick loan as part of the refinancing, the favourable effect of which was partly offset by the \$16.5 million increase in *Other current financial liabilities* owing to fair value remeasurement adjustments on financial instruments.

Note also that the working capital deficit resulted in large part from a net amount of \$57.0 million in *Other current financial assets* and *Other current financial liabilities* as at June 30, 2016 (\$40.8 million as at December 31, 2015) consisting primarily of the fair value of financial instruments. Although they have short-term maturities, Boralex intends to request an extension as these financial instruments continue to be effective for managing the interest rate risk of projects that are expected to be financed in the coming year. Excluding that item, the Corporation had a working capital surplus of \$19.3 million with a ratio of 1.10:1 as at June 30, 2016 (compared with a working capital deficit of \$38.8 million and a ratio of 0.84:1 as at December 31, 2015).

### Non-current Liabilities

Total non-current liabilities fell \$30.0 million, owing primarily to a \$27.7 million decline in non-current debt, resulting in particular from a \$25.9 million net repayment of Boralex's revolving credit facility, which when coupled with other debt repayments related to the Corporation's production assets, more than offset the effect of new loans contracted during the period.

Breaking down the Corporation's non-current debt geographically as at June 30, 2016, 41% originated in Canada, 53% in France and 6% in the United States, compared with 41%, 52% and 7%, respectively, as at December 31, 2015.

As at June 30, 2016, Boralex had contracted but undrawn debt for its projects under construction totalling \$56 million, as well as \$255.7 million under the revolving credit facility.

### Equity

Total equity for the first half of 2016 declined \$37.0 million to \$521.8 million as at June 30, 2016, primarily as a result of the change in *Accumulated other comprehensive loss* following fair value remeasurement adjustments on financial instruments, coupled with dividend payouts. Those items were largely offset by substantial net earnings for the period and the issuance of new shares on exercise of stock options.

### Debt Ratios

Net debt, as defined under *Non-IFRS Measures*, amounted to \$1,232.4 million as at June 30, 2016 compared with \$1,341.6 million as at December 31, 2015.

As a result, the net debt ratio, based on market capitalization, as defined under *Non-IFRS Measures*, fell to 46.3 % as at June 30, 2016 from 55.1 % as at December 31, 2015.

### Information About the Corporation's Equity

As at June 30, 2016, Boralex's capital stock consisted of 65,263,335 Class A shares issued and outstanding (64,829,112 as at December 31, 2015) owing to the issuance of 434,223 shares following the exercise of stock options.

There were 1,285,459 outstanding stock options as at June 30, 2016, of which 1,035,130 were exercisable.

As at June 30, 2016, Boralex had issued 1,437,500 convertible debentures.

From July 1 to August 3, 2016, no new shares were issued on exercise of stock options and no shares were issued in connection with the conversion of debentures.

### Normal Course Issuer Bid

On September 2, 2015, Boralex announced its intention to carry out a normal course issuer bid (the "Bid"). Under the twelve-month Bid from September 4, 2015 to September 3, 2016, Boralex may repurchase up to 500,000 Class A shares. All repurchases will be carried out through the Toronto Stock Exchange, and the repurchased shares will be cancelled. As at August 3, 2016, Boralex had repurchased no Class A shares under the Bid. A copy of the Notice of Intention to Make a Bid may be obtained free of charge from the Corporation.

### Related Party Transactions

The Corporation has entered into a management agreement with R.S.P. Énergie Inc., an entity in which Richard and Patrick Lemaire, directors of the Corporation, are two of three shareholders. For the six-month period ended June 30, 2016, revenues derived from the agreement amounted to \$0.3 million (\$0.3 million for the corresponding period of 2015).

The Corporation has entered into a four-year consulting agreement with Bernard Lemaire, a major shareholder of Cascades, an entity exercising significant influence over the Corporation. The agreement for an amount of \$0.1 million per year began in May 2013.

Cascades provides the Corporation with various IT, engineering, transportation, maintenance and building repair services. For the six-month period ended June 30, 2016, these services amounted to \$0.3 million (\$0.2 million for the corresponding period of 2015).



## Transactions with the Joint Ventures

### Joint Venture Phase I

For the six-month period ended June 30, 2016, Joint Venture Phase I reported net earnings of \$8.1 million (\$16.1 million in 2015), with Boralex's share amounting to \$4.0 million (\$8.1 million in 2015). Amortization of the unrealized loss on financial instruments generated an expense of \$1.3 million (\$1.3 million for the same period of 2015). Accordingly, for the period, the Corporation's *Share in earnings of Joint Venture phase I* amounted to \$2.7 million (\$6.7 million in 2015).

Also, for the six-month period ended June 30, 2016, Boralex charged back \$0.4 million in salaries, management fees and other costs to this joint venture in connection with the operation of the wind farm (\$0.4 million in 2015).

### Joint Venture Phase II

For the six-month period ended June 30, 2016, Joint Venture Phase II reported net earnings of \$1.1 million (\$2.0 million in 2015) with Boralex's share amounting to \$0.6 million (\$1.0 million in 2015). Boralex charged back \$0.2 million in salaries and management fees to this joint venture in connection with the operation of the wind farm (\$0.3 million in 2015).

## Interests in the Joint Ventures

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

Given the strategic nature and scale of these assets and the significant results that these wind farms generate, Boralex's management has considered it relevant to include a section, *Proportionate Consolidation*, in this MD&A, where the results of the Joint Ventures are proportionately consolidated instead of being accounted for using the equity method as required by IFRS. Under the proportionate consolidation method, which is no longer permitted under IFRS, *Interests in the Joint Ventures* and *Share in earnings (losses) of the Joint Ventures* are eliminated and replaced by Boralex's share (50%) in all items in the financial statements (revenues, expenses, assets and liabilities). This section is added to make it easier for investors to understand the concrete impacts of strategic and operating decisions made by the Corporation.

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

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

## Seasonal Factors

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended				Twelve-month period ended
	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	June 30, 2016
<b>POWER PRODUCTION (MWh)</b>					
Wind power stations	363,531	580,707	733,616	467,453	2,145,307
Hydroelectric power stations	149,051	158,161	170,627	190,600	668,439
Thermal power stations	48,787	31,131	64,827	12,499	157,244
Solar power stations	1,972	3,680	4,155	6,772	16,579
	563,341	773,679	973,225	677,324	2,987,569
<b>REVENUES FROM ENERGY SALES</b>					
Wind power stations	44,624	72,621	94,145	57,871	269,261
Hydroelectric power stations	13,799	14,998	17,228	14,999	61,024
Thermal power stations	5,753	6,521	10,061	2,531	24,866
Solar power stations	963	890	952	1,606	4,411
	65,139	95,030	122,386	77,007	359,562
<b>EBITDA(A)</b>					
Wind power stations	32,986	61,139	80,662	45,481	220,268
Hydroelectric power stations	8,911	9,893	12,918	10,775	42,497
Thermal power stations	1,121	711	4,154	(703)	5,283
Solar power stations	851	743	785	1,427	3,806
	43,869	72,486	98,519	56,980	271,854
Corporate and eliminations	(5,489)	(8,616)	(8,070)	(8,557)	(30,732)
	38,380	63,870	90,449	48,423	241,122
<b>NET EARNINGS (LOSS)</b>	(14,899)	5,732	22,502	(6,565)	6,770
<b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>	(15,421)	5,571	20,555	(7,281)	3,424
<b>NET EARNINGS (LOSS) PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>	(\$0.32)	\$0.09	\$0.32	(\$0.11)	\$0.06
<b>NET EARNINGS (LOSS) PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>	(\$0.32)	\$0.09	\$0.30	(\$0.11)	\$0.06
<b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>	7,792	45,757	81,511	32,532	167,592
<b>CASH FLOWS FROM OPERATIONS</b>	17,155	44,853	69,923	28,489	160,420
Weighted average number of shares outstanding (basic)	48,770,481	64,829,112	65,032,645	65,200,423	60,935,442

## Seasonal Factors

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended				Twelve-month period ended
	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015	June 30, 2015
<b>POWER PRODUCTION (MWh)</b>					
Wind power stations	203,769	370,742	559,760	439,212	1,573,483
Hydroelectric power stations	139,938	154,752	113,587	205,678	613,955
Thermal power stations	45,909	34,092	59,155	15,628	154,784
Solar power stations	1,952	1,080	1,038	2,030	6,100
	391,568	560,666	733,540	662,548	2,348,322
<b>REVENUES FROM ENERGY SALES</b>					
Wind power stations	24,042	44,913	67,369	51,808	188,132
Hydroelectric power stations	12,236	14,312	12,584	16,785	55,917
Thermal power stations	5,660	7,569	10,736	3,467	27,432
Solar power stations	945	514	485	926	2,870
	42,883	67,308	91,174	72,986	274,351
<b>EBITDA(A)</b>					
Wind power stations	17,466	37,930	54,494	40,718	150,608
Hydroelectric power stations	8,816	9,730	9,247	12,741	40,534
Thermal power stations	588	1,188	4,525	(654)	5,647
Solar power stations	850	391	404	837	2,482
	27,720	49,239	68,670	53,642	199,271
Corporate and eliminations	(4,439)	(9,815)	(6,355)	(6,998)	(27,607)
	23,281	39,424	62,315	46,644	171,664
<b>NET EARNINGS (LOSS)</b>	(10,177)	(5,691)	6,746	(5,791)	(14,913)
<b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>					
Continuing operations	(9,551)	(7,011)	5,299	(6,284)	(17,547)
Discontinued operations	312	716	—	—	1,028
	(9,239)	(6,295)	5,299	(6,284)	(16,519)
<b>NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>					
Continuing operations	(\$0.25)	(\$0.18)	\$0.11	(\$0.13)	(\$0.41)
Discontinued operations	\$0.01	\$0.02	—	—	\$0.03
	(\$0.24)	(\$0.16)	\$0.11	(\$0.13)	(\$0.38)
<b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>	43,962	9,454	46,880	26,790	127,086
<b>CASH FLOWS FROM OPERATIONS</b>	7,577	22,008	42,753	27,499	99,837
Weighted average number of shares outstanding (basic)	38,390,851	38,411,980	47,759,276	47,951,885	43,089,909

## Financial Highlights

(in thousands of dollars, except MW, MWh, per share amounts and number of shares outstanding)	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
<b>POWER PRODUCTION (MWh)</b>				
Wind power stations	467,453	439,212	1,201,068	998,972
Hydroelectric power stations	190,600	205,678	361,227	319,265
Thermal power stations	12,499	15,628	77,326	74,783
Solar power stations	6,772	2,030	10,928	3,068
	677,324	662,548	1,650,549	1,396,088
<b>REVENUES FROM ENERGY SALES</b>				
Wind power stations	57,871	51,808	152,017	119,176
Hydroelectric power stations	14,999	16,785	32,227	29,369
Thermal power stations	2,531	3,467	12,592	14,203
Solar power stations	1,606	926	2,557	1,411
	77,007	72,986	199,393	164,159
<b>EBITDA(A)</b>				
Wind power stations	45,481	40,718	126,142	95,212
Hydroelectric power stations	10,775	12,741	23,694	21,988
Thermal power stations	(703)	(654)	3,451	3,871
Solar power stations	1,427	837	2,212	1,241
	56,980	53,642	155,499	122,312
Corporate and eliminations	(8,557)	(6,998)	(16,627)	(13,354)
	48,423	46,644	138,872	108,958
<b>NET EARNINGS (LOSS)</b>	(6,565)	(5,791)	15,937	955
<b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>	(7,281)	(6,284)	13,274	(985)
<b>NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>	(\$0.11)	(\$0.13)	\$0.20	(\$0.02)
<b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>	32,532	26,790	114,043	73,670
<b>CASH FLOWS FROM OPERATIONS</b>	28,489	27,499	98,412	70,251
<b>DIVIDENDS PAID ON COMMON SHARES</b>	9,133	6,234	17,601	12,466
<b>DIVIDENDS PAID PER COMMON SHARE</b>	\$0.14	\$0.13	\$0.27	\$0.26
Weighted average number of shares outstanding (basic)	65,200,423	47,951,885	65,116,534	47,856,113

## Statement of Financial Position Data

(in thousands of dollars)	As at June 30,	As at December 31,
	2016	2015
Total cash*	154,519	111,998
Property, plant and equipment	1,918,280	1,963,455
Total assets	2,759,963	2,806,307
Debt, including non-current debt and current portion of debt	1,682,687	1,718,916
Liability component of convertible debentures	134,120	133,070
Total liabilities	2,238,714	2,248,083
Total equity	521,249	558,224
Net debt to market capitalization ratio	52.4%	60.0%

\* Including restricted cash.

# Analysis of Operating Results for the Three-Month Period Ended June 30, 2016

## Consolidated

For the second quarter ended June 30, 2016, proportionate consolidation of the results of the Joint Ventures mainly affected Boralex's production volume, revenues, EBITDA(A) and cash flows from operations, and had no effect on net earnings and net earnings per share compared with the IFRS equity method.

In the table below, which shows the major changes in revenues from energy sales and EBITDA(A) for the three-month period ended June 30, 2016, in addition to eliminating the *Share of Joint Ventures*, proportionate consolidation primarily affected *Volume*:

	Revenues from energy sales		EBITDA(A)	
	(in thousands of \$)	%	(in thousands of \$)	%
<b>THREE-MONTH PERIOD ENDED JUNE 30, 2015</b>	<b>72,986</b>		<b>46,644</b>	
Power stations commissioned*	10,580	14.5%	8,891	19.0%
Pricing	(929)	(1.3)%	(929)	(2.0)%
Volume	(8,440)	(11.6)%	(8,369)	(17.9)%
Foreign exchange effect	2,735	3.8%	1,748	3.7%
Raw material costs	—	—	410	0.9%
Maintenance	—	—	(67)	(0.1)%
Development - prospection	—	—	(511)	(1.1)%
Other	75	0.1%	606	1.3%
Change	4,021	5.5%	1,779	3.8%
<b>THREE-MONTH PERIOD ENDED JUNE 30, 2016</b>	<b>77,007</b>		<b>48,423</b>	

\* Commissioning of 123.6 MW in the second half of 2015: In France, Les Cigarettes solar power facility (October 2015) and Calmont wind farm (December 2015); in Ontario, Canada, Vaughan solar power facility (October 2015); in Québec, Canada, Côte-de-Beaupré (November 2015), Témiscouata II (November 2015) and Frampton (December 2015) wind farms.

## Operating Results for the Three-Month Period

### Production

During the second quarter of 2016, Boralex's 50% share in the production of the Joint Ventures amounted to 111,043 MWh compared with 137,878 MWh in the same quarter of 2015, or down 19.5%. This decline was due to the occurrence of particularly good weather conditions in this region of Québec during spring 2015 whereas they have been slightly below normal this year. We point out, however, that overall production at these two facilities in the second quarter of 2016 has closely matched management's expectations owing in particular to excellent equipment availability. The less favourable wind conditions primarily affected Joint Venture Phase I. Production at Joint Venture Phase II slightly exceeded expectations.

Note that, for the second quarter of 2016, proportionately consolidating the production of the Joint Ventures added 19.6% to production reported under IFRS.

### Revenues

Boralex's share in the revenues of the Joint Ventures amounted to \$12.0 million for the second quarter of 2016 compared with \$14.8 million for the same period of 2015, down 19.1% owing to lower production.

As shown in the table, Boralex's revenues totalled \$77.0 million under proportionate consolidation, up \$4.0 million or 5.5% from the same period of 2015. The increase was primarily a result of the facilities commissioned in the second half of 2015 listed in the footnote to the table, coupled with the favourable foreign exchange effect. These factors were offset, however, by unfavourable price and volume effects of \$ 0.9 million and \$8.4 million, respectively.

Proportionately consolidating revenues from the Joint Ventures for the second quarter of 2016 contributed an additional 18.4% to revenues reported under IFRS.

**EBITDA(A)**

(in thousands of dollars)	Three-month periods ended June 30	
	2016	2015
EBITDA(A) (IFRS)	37,688	35,947
Less: Share in earnings (losses) of Joint Ventures Phases I and II	(791)	1,901
Plus: EBITDA(A) of Joint Ventures Phases I and II	9,944	12,598
EBITDA(A) (Proportionate Consolidation)	48,423	46,644

In the second quarter of 2016, Boralex’s share in the EBITDA(A) of the Joint Ventures under proportionate consolidation amounted to \$9.9 million compared with \$12.6 million in 2015 owing to lower production and revenues, primarily from Joint Venture Phase I. As shown in the first table in this section, the Corporation’s EBITDA(A) totalled \$48.4 million under proportionate consolidation, up \$1.8 million or 3.8% over the same period in 2015. Consistent with the key factors set out in the table and commented in detail in the main section of this MD&A on the analysis of results under IFRS, the increase in EBITDA(A) resulted in large part from the facilities commissioned in the second half of 2015 and from various other less significant items. Together, these factors offset the \$8.4 million unfavourable volume effect attributable to lower production at the hydroelectric power stations in the United States and existing wind power facilities, including the Joint Ventures.

However, as shown in the above table, despite the easing in EBITDA(A) of the Joint Ventures, proportionate consolidation had a net favourable effect of \$10.7 million or 28.5% on consolidated EBITDA(A) for the second quarter of 2016 compared with reporting under IFRS. Apart from the addition of EBITDA(A) from the Joint Ventures, this difference resulted from eliminating *Share in earnings (losses) of Joint Ventures Phases I and II*, which comprises costs not related to EBITDA(A) of the Joint Ventures, such as amortization, financing costs and other gains and losses. That being said, these costs were comparable with the first quarters of 2016 and 2015, or \$10.7 million, while revenues were down substantially, which particularly affected Boralex’s share in the Joint Ventures and, as a result, its consolidated EBITDA(A) under IFRS. This resulted in the consolidated EBITDA(A) margin showing a more marked decline under IFRS, falling to 58.0% in 2016 from 61.8% in 2015, while varying only slightly under proportionate consolidation, softening to 62.9% from 63.9%.

**Net Loss**

Proportionately consolidating the results of the Joint Ventures had no impact on net loss attributable to shareholders and net loss per share, as the share in earnings (losses) of the Joint Ventures is equal to the percentage of our share in the Joint Ventures.

## Wind

The following table shows the major changes in revenues from energy sales and EBITDA(A) for the three-month period ended June 30, 2016:

	Revenues from energy sales		EBITDA(A)	
	(in thousands of \$)	%	(in thousands of \$)	%
<b>THREE-MONTH PERIOD ENDED JUNE 30, 2015</b>	51,808		40,718	
Power stations commissioned*	9,890	19.1%	8,291	20.4%
Pricing	701	1.4%	701	1.7%
Volume	(6,582)	(12.7)%	(6,582)	(16.2)%
Foreign exchange effect	2,090	4.0%	1,668	4.1%
Maintenance	—	—	(88)	(0.2)%
Other	(36)	(0.1)%	773	1.9 %
Change	6,063	11.7%	4,763	11.7%
<b>THREE-MONTH PERIOD ENDED JUNE 30, 2016</b>	57,871		45,481	

\* Commissioning of 113 MW: In France, Calmont wind farm (December 2015); in Québec, Canada, Côte-de-Beaupré (November 2015), Témiscouata II (November 2015) and Frampton (December 2015) wind farms.

## Operating Results for the Three-Month Period

### Production

For the second quarter of 2016, the addition of Boralex's share of 111,043 MWh in the production of the Joint Ventures (137,878 MWh for the same quarter of 2015) represented an additional contribution of 31.2% compared with total wind power production reported under IFRS. Wind power segment production rose 6.4% from the second quarter of 2015 to 467,453 MWh. As mentioned previously, this increase results in large part from the contributions of the four facilities totalling 113 MW commissioned in the second half of 2015, which offset lower production at the existing wind farms in France, Ontario and Québec due to less favourable weather conditions than during 2015, and despite the fact that most of the facilities maintained a very high level of equipment availability.

### Revenues

As shown in the preceding table, including the \$12.0 million share in revenues of the Joint Ventures (\$14.8 million in 2015), wind power segment revenues totalled \$57.9 million under proportionate consolidation, up \$6.1 million or 11.7% from the same period of 2015. This increase is due in large part to the facilities commissioned in the second half of 2015, together with the favourable foreign exchange effect and selling price indexation.

Proportionately consolidating revenues from the Joint Ventures for the second quarter of 2016 contributed an additional 26.1% to segment revenues reported under IFRS. In addition, under proportionate consolidation, 51% of wind power segment revenues were generated in Canada and 49% in France (compared with 38% and 62%, respectively, under IFRS), which reflects a more balanced distribution of revenue streams.

### EBITDA(A)

(in thousands of dollars)	Three-month periods ended June 30	
	2016	2015
EBITDA(A) (IFRS)	35,389	30,676
Less: Share in earnings (losses) of Joint Ventures Phases I and II	(148)	2,555
Plus: EBITDA(A) of Joint Ventures Phases I and II	9,944	12,597
EBITDA(A) (Proportionate Consolidation)	45,481	40,718

In the second quarter of 2016, including the \$9.9 million share of EBITDA(A) of the Joint Ventures under proportionate consolidation (\$12.6 million in 2015), wind power segment EBITDA(A) totalled \$45.5 million, up \$4.8 million or 11.7% from the same period of 2015. Proportionately consolidating wind power segment EBITDA(A) for the second quarter of 2016 had a net favourable impact of \$10.1 million or 28.5% compared with IFRS. This significant difference arises in large part from the fact that *Share in earnings (losses) of Joint Ventures Phases I and II*, under IFRS, was particularly affected by the Joint Ventures' lower revenues while costs not related to their EBITDA(A) remained unchanged. As a result, wind segment EBITDA(A) margin declined to 77.1% in 2016 from 82.9% in 2015 under IFRS, while remaining unchanged under proportionate consolidation at 78.6%.



# Analysis of Operating Results for the Six-Month Period Ended June 30, 2016

## Consolidated

The following table shows the major changes in revenues from energy sales and EBITDA(A) for the six-month period ended June 30, 2016:

	Revenues from energy sales		EBITDA(A)	
	(in thousands of \$)	%	(in thousands of \$)	%
<b>SIX-MONTH PERIOD ENDED JUNE 30, 2015</b>	<b>164,159</b>		<b>108,958</b>	
Power stations commissioned*	26,703	16.3%	22,890	21.0%
Pricing	(3,291)	(2.0)%	(3,291)	(3.0)%
Volume	4,893	3.0%	4,724	4.4%
Foreign exchange effect	7,195	4.4%	4,701	4.3%
Raw material costs	—	—	1,638	1.5%
Maintenance	—	—	152	0.1%
Development - prospection	—	—	(409)	(0.4)%
Other	(266)	(0.2)%	(491)	(0.4)%
Change	35,234	21.5%	29,914	27.5%
<b>SIX-MONTH PERIOD ENDED JUNE 30, 2016</b>	<b>199,393</b>		<b>138,872</b>	

\* Commissioning of 156.4 MW: In France, St-François (March and April 2015) and Comes de l'Arce (April 2015) wind farms, Les Cigarettes solar power facility (October 2015) and Calmont wind farm (December 2015); in Ontario, Canada, Vaughan solar power facility (October 2015); in Québec, Canada, Côte-de-Beaupré (November 2015), Témiscouata II (November 2015) and Frampton (December 2015) wind farms.

## Operating Results for the Six-Month Period

### Production

During the six-month period ended June 30, 2016, Boralex's 50% share in the production of the Joint Ventures amounted to an additional 263,207 MWh compared with 311,743 MWh in 2015. This 15.6% decline was due to the occurrence of exceptionally good weather conditions in this region of Québec during winter 2015 and good conditions during spring 2015, whereas they have been close to normal this year. Despite the less favourable weather conditions, we note that production at these two facilities in the first half of 2016 was consistent with management's expectations owing in particular to excellent equipment availability.

For the first half of 2016, proportionately consolidating the production of the Joint Ventures added 19.0% to production reported under IFRS.

### Revenues

Boralex's share in the revenues of the Joint Ventures amounted to \$28.4 million for the first half of 2016 compared with \$33.4 million for the same period of 2015, down 15.1% owing to lower production compared with the particularly high level for 2015. Note, however, that these two facilities generated revenues in line with, and even slightly above, management's expectations.

As shown in the table, Boralex's revenues for the six-month period totalled \$199.4 million under proportionate consolidation, up \$35.2 million or 21.5% from the same period of 2015. The increase was primarily a result of the facilities commissioned in 2015 listed in the footnote to the table, coupled with the significant favourable volume effect generated in the first quarter by the wind power facilities in France and Ontario, and the hydroelectric power stations in the United States, and including overall the favourable foreign exchange effect.

Proportionately consolidating revenues from the Joint Ventures for the first half of 2016 contributed an additional 16.6% to revenues reported under IFRS.

### EBITDA(A)

(in thousands of dollars)	Six-month periods ended June 30	
	<b>2016</b>	<b>2015</b>
EBITDA(A) (IFRS)	117,687	87,701
Less: Share in earnings of Joint Ventures Phases I and II	3,302	7,764
Plus: EBITDA(A) of Joint Ventures Phases I and II	24,487	29,021
EBITDA(A) (Proportionate Consolidation)	138,872	108,958

In the first six months of 2016, Boralex's share in the EBITDA(A) of the Joint Ventures under proportionate consolidation amounted to \$24.5 million, compared with \$29.0 million for the same period of 2015. As shown in the first table in this section, the Corporation's EBITDA(A) totalled \$138.9 million under proportionate consolidation, up \$29.9 million or 27.5% from the same period of 2015. Consistent with the key factors set out in the table and commented in detail earlier in this MD&A, the increase in EBITDA(A) resulted in large part from the facilities commissioned in 2015, combined with the foreign exchange effect and higher production volumes over the first quarter of 2016 at existing wind power facilities in France and Ontario and the hydroelectric power stations in the Northeastern United States.

However, as shown in the above table, despite the easing in EBITDA(A) of the Joint Ventures, proportionate consolidation had a net favourable effect of \$21.2 million or 18.0% on consolidated EBITDA(A) for the first half of 2016 compared with reporting under IFRS. Apart from the addition of EBITDA(A) from the Joint Ventures, this difference resulted from eliminating *Share in earnings (losses) of Joint Ventures Phases I and II*, which comprises costs not related to EBITDA(A) of the Joint Ventures, such as amortization, financing costs and other gains and losses.

Consolidated EBITDA(A) margin rose to 69.6% in 2016 from 66.4% in 2015 under proportionate consolidation, while under IFRS it increased to 68.8% from 67.1% over the same periods.

### Net Earnings (Loss)

Proportionately consolidating the results of the Joint Ventures had no impact on net earnings (loss) attributable to shareholders and net earnings (loss) per share, as the share in earnings of the Joint Ventures is equal to the percentage of Boralex's share in the Joint Ventures.

## Wind

The following table shows major changes in revenues from energy sales and EBITDA(A) for the six-month period ended June 30, 2016:

	Revenues from energy sales		EBITDA(A)	
	(in thousands of \$)	%	(in thousands of \$)	%
<b>SIX-MONTH PERIOD ENDED JUNE 30, 2015</b>	119,176		95,212	
Power stations commissioned*	25,567	21.5%	21,924	23.0%
Pricing	865	0.7%	865	0.9%
Volume	1,302	1.1%	1,302	1.4%
Foreign exchange effect	5,205	4.4%	3,943	4.2%
Maintenance	—	—	522	0.5%
Other	(98)	(0.1)%	2,374	2.5%
Change	32,841	27.6%	30,930	32.5%
<b>SIX-MONTH PERIOD ENDED JUNE 30, 2016</b>	152,017		126,142	

\* Commissioning of 146 MW: In France, St-François (March and April 2015), Comes de l'Arce (April 2015) and Calmont (December 2015) wind farms; in Québec, Canada, Côte-de-Beaupré (November 2015), Témiscouata II (November 2015) and Frampton (December 2015) wind farms.

## Operating Results for the Six-Month Period

### Production

For the first six months of 2016, the addition of Boralex's share of 263,207 MWh in the production of the Joint Ventures (311,743 MWh for the same six-month period of 2015) represented an additional contribution of 28.1% compared with total wind power production reported under IFRS. Wind power segment production rose 20.2% from the first six months of 2015 to 1,201,068 MWh. As mentioned previously, this increase results in large part from the contributions of the six facilities totalling 146 MW commissioned in 2015, together with higher production at the existing wind farms in France and Ontario over the first quarter, which offset lower wind power production during the second quarter in most of the segment's geographic markets.

### Revenues

As shown in the preceding table, including the \$28.4 million share in revenues of the Joint Ventures in the first six months of 2016 (\$33.4 million in 2015), wind power segment revenues totalled \$152.0 million in 2016 under proportionate consolidation, up \$32.8 million or 27.6% from the same period of 2015. This increase is due in large part to the same key factors which generated revenue growth discussed previously, together with the favourable foreign exchange effect and various other less significant items. Proportionately consolidating revenues from the Joint Ventures for the first six months of 2016 contributed an additional 23.0% to segment revenues reported under IFRS. Under proportionate consolidation, 46% of wind power segment revenues were generated in Canada and 54% in France, compared with 34% and 66%, respectively, under IFRS.

### EBITDA(A)

(in thousands of dollars)	Six-month periods ended June 30	
	2016	2015
EBITDA(A) (IFRS)	106,251	75,262
Less: Share in earnings of Joint Ventures Phases I and II	4,595	9,071
Plus: EBITDA(A) of Joint Ventures Phases I and II	24,486	29,021
EBITDA(A) (Proportionate Consolidation)	126,142	95,212

For the first six months of 2016, including the \$24.5 million share of EBITDA(A) of the Joint Ventures under proportionate consolidation (\$29.0 million in 2015), wind power segment EBITDA(A) totalled \$126.1 million, up \$30.9 million or 32.5% from the same period of 2015. Proportionately consolidating wind power segment EBITDA(A) for the first half of 2016 had a net favourable impact of \$19.9 million or 18.7% compared with IFRS. Wind segment EBITDA(A) margin rose to 83.0% in 2016 from 79.9% in 2015 under proportionate consolidation, while under IFRS it decreased to 85.9% from 87.8% over the same periods.

To date, Boralex management is very satisfied with results at the two large-scale facilities of the Joint Ventures, and productivity and profitability bode well for the future.

## Cash Flows

### Three-Month Period

Under proportionate consolidation, cash flows from operations for the three-month period ended June 30, 2016 amounted to \$28.5 million compared with \$27.4 million under IFRS for a \$1.1 million difference. In addition, cash generated by non-cash items related to operating activities was \$2.6 million higher under proportionate consolidation than under IFRS. As a result, cash generated by operating activities for the second quarter of 2016 was \$3.7 million higher under proportionate consolidation, totalling \$32.5 million, compared with \$28.9 million under IFRS.

Under proportionate consolidation, cash used in investing activities totalled \$27.3 million. Under IFRS, \$12.6 million in cash was generated. This \$39.9 million difference resulted from the \$40 million return of capital to Boralex upon refinancing of Joint Venture Phase I.

Net cash flows used for financing activities were \$33.2 million lower under proportionate consolidation than under IFRS, owing primarily to the increase in non-current debt upon refinancing of Joint Venture Phase I.

In light of the foregoing, under proportionate consolidation, the change in cash and cash equivalents between March 31, 2016 and June 30, 2016 represented a minimal \$0.1 million decline, compared with a \$2.9 million increase under IFRS.

### Six-Month Period

Under proportionate consolidation, cash flows from operations for the six-month period ended June 30, 2016 amounted to \$98.4 million compared with \$87.0 million under IFRS, for an \$11.4 million favourable difference compared with under IFRS, owing in particular to the addition of EBITDA(A) from the Joint Ventures, net of payments related to financing costs of the Joint Ventures. In addition, cash generated by non-cash items related to operating activities was \$1.9 million lower under proportionate consolidation than under IFRS. As a result, cash generated by operating activities for the first half of 2016 was \$9.5 million higher under proportionate consolidation, for a total of \$114.0 million, compared with \$104.5 million under IFRS.

Under proportionate consolidation, cash used in investing activities totalled \$48.7 million compared with \$8.8 million under IFRS. This \$39.9 million change resulted from the \$40 million return of capital to Boralex upon refinancing of Joint Venture Phase I.

Cash flows used for financing activities were \$32.7 million lower under proportionate consolidation than under IFRS, owing primarily to higher non-current debt in connection with the May 2016 refinancing arrangement of Joint Venture Phase I.

Under proportionate consolidation, the change in cash and cash equivalents between December 31, 2015 and June 30, 2016 represented a \$45.0 million increase, compared with a \$42.8 million increase under IFRS, for a net addition of \$2.3 million.

## Financial Position as at June 30, 2016

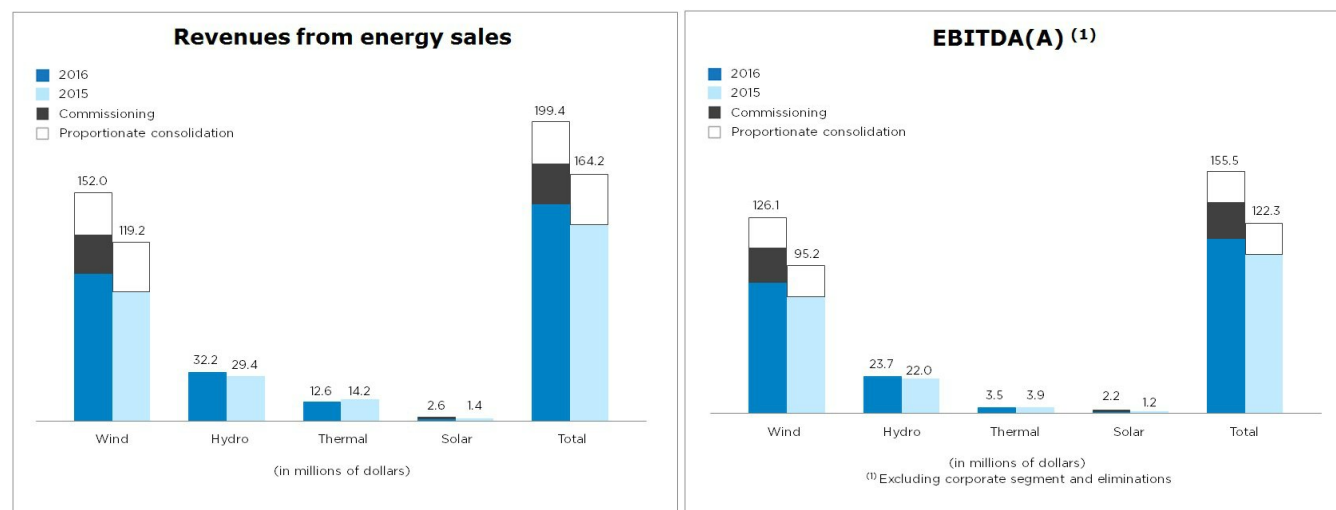
The main changes in the statement of financial position owing to proportionate consolidation are as follows:

- A \$16.8 million increase in total current assets, including an \$11.1 million increase in the sum of cash and cash equivalents and a \$5.0 million increase in *Trade and other receivables*;
- A \$383.0 million increase in total non-current assets, owing primarily to a \$396.0 million increase in the total net value of property, plant and equipment, partly offset by the elimination of *Interests in the Joint Ventures*, in the amount of \$15.5 million;
- A \$19.8 million increase in total current liabilities, including a \$14.7 million increase in the current portion of non-current debt and a \$5.1 million increase in *Trade and other payables*; and
- A \$380.5 million increase in total non-current liabilities, consisting mainly of a \$315.2 million increase in non-current debt, a \$35.6 million increase in other non-current financial liabilities and the addition of \$28.3 million in deferred revenues included under *Other non-current liabilities*.

Accordingly, cash and cash equivalents and restricted cash as at June 30, 2016 totalled \$154.5 million under proportionate consolidation (compared with \$143.4 million under IFRS).

# Segment and Geographic Breakdown of Results for the Six-Month Periods Ended June 30, 2016 and 2015

## Segment Breakdown



The following is a discussion of changes in segment breakdown of revenues and EBITDA(A) for the six-month period ended June 30, 2016 compared with the same period of 2015 under proportionate consolidation (see the *Non-IFRS Measures* and *Reconciliations between IFRS and Proportionate Consolidation* sections).

### Wind

For the six-month period ended June 30, 2016, revenues in the wind power segment grew 27.6% from the same period of the previous year, boosting its share of consolidated revenues to 76.2% in 2016 from 72.6% in 2015. The solid growth in segment revenues was driven by two main factors:

- The commissioning of an additional 146 MW in 2015 (St-François, Comes de l’Arce and Calmont wind farms in France and Côte-de-Beaupré, Témiscouata II and Frampton wind farms in Canada). Given that 78% of this new capacity was commissioned in the fourth quarter, it will continue to contribute to growth in results through the end of fiscal 2016; and
- Organic growth of 7.1% in the results generated by existing facilities, attributable mainly to the favourable wind conditions the power stations in France and Ontario enjoyed over the first quarter, combined with the solid equipment availability rates of all wind farms since the beginning of 2016.

For the same main reasons, wind power segment EBITDA(A) for the first half of 2016 rose 32.5% compared with the same period of 2015, increasing its share of consolidated EBITDA(A) (before the corporate segment and eliminations) to 81.1% in 2016 from 77.8% in the first half of 2015, strengthening its position as Boralex’s most significant source of EBITDA(A). The segment’s EBITDA(A) margin is also higher than the average for Boralex’s energy asset portfolio, at approximately 83.0% in 2016 (79.9% in 2015). Given the 123.6 MW commissioned in the second half of 2015 (113 MW of which very late in the year), which will drive growth in segment results in the second half of 2016, the wind power projects under development for a minimum additional contracted capacity of about 153 MW slated for commissioning between 2016 and 2019 and the large pool of potential wind power projects at our disposal, the segment’s dominant contribution to the Corporation’s operating profitability is poised to grow in the coming quarters and years, strengthening our average profit margin.

### Hydroelectric

Revenues in the hydroelectric power segment were up 9.7% in the first half of 2016, owing in particular to considerably better water flow conditions in the Northeastern United States than during the first quarter of 2015 and the favourable foreign exchange effect. However, given the substantial growth in the wind power segment, the hydroelectric power segment’s share of consolidated revenues was down, falling to 16.2% in the first six months of 2016 from 17.9% in the same period of 2015. In the first half of 2016, hydroelectric power segment EBITDA(A) rose 7.8% compared with the same period of 2015, owing to the same key factors which contributed to revenue growth, while EBITDA(A) margin declined to 73.5% in 2016 from 74.9% in 2015. Given the strong growth of the wind power segment, the hydroelectric power segment generated consolidated EBITDA(A) of 15.2% (before corporate and eliminations) for the first half of 2016 compared with 18.0% the previous year.

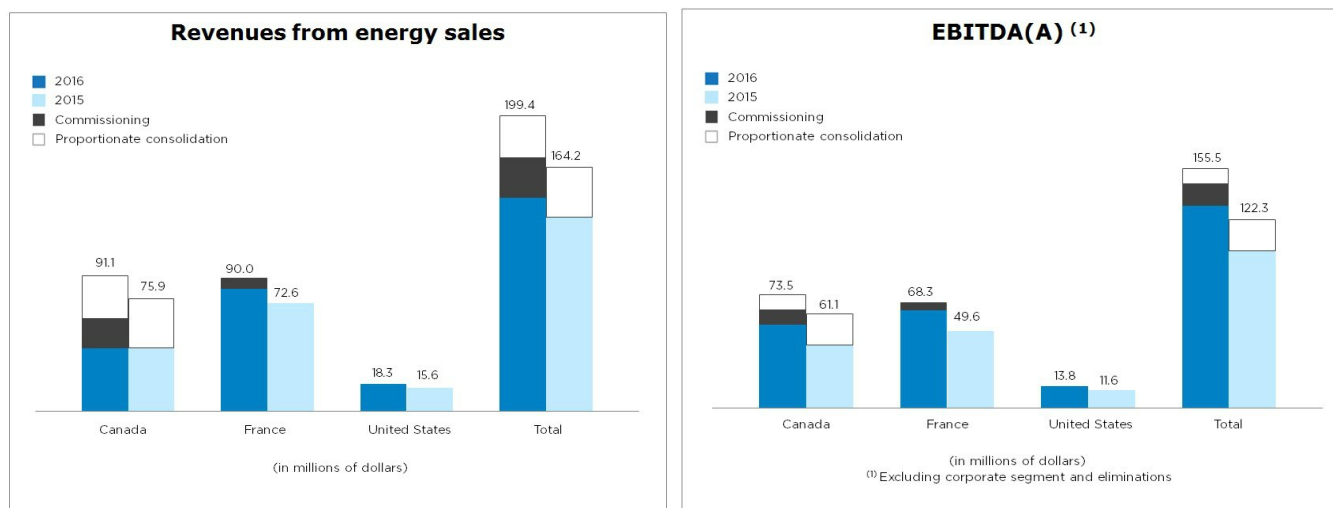
### Thermal

Thermal power segment revenues were down 11.3% in the first half of 2016, owing primarily to lower selling prices at the Blendecques power station in France. The segment accounted for 6.3% of consolidated revenues in the first six months of 2016, compared with 8.7% in 2015. Thermal power segment EBITDA(A) was down 10.8%. Therefore, the segment’s share of quarterly consolidated EBITDA(A) (before the corporate segment and eliminations) stood at 2.2% for the first half of 2016, compared with 3.2% in the previous year. Its EBITDA(A) margin remained unchanged from 2015.

### Solar

For the six-month period ended June 30, 2016, Boralex’s solar power segment generated EBITDA(A) of \$2.2 million on revenues of \$2.6 million, compared with EBITDA(A) of \$1.2 million on revenues of \$1.4 million for the same period in 2015. These increases result mainly from the commissioning of solar power facilities Les Cigarettes in France and Vaughan in Ontario, Canada. EBITDA(A) margin stood at 86.5% in the first half of 2016 compared with 88.0% in 2015. The solar power segment, which for the time being accounts for only a marginal share of Boralex’s energy portfolio, generated 1.3% and 1.4 % of consolidated revenues and EBITDA(A), respectively (before the corporate segment and eliminations) for the period.

### Geographic Breakdown



Geographically, Boralex’s revenues from energy sales for the six-month period ended June 30, 2016, were broken down as follows:

- 45.7% in Canada compared with 46.3% for the same period of 2015;
- 45.1% in France, compared with 44.2% for the same period of 2015; and
- 9.2% in the United States compared with 9.5% for the same period of 2015.

Note that the relative weights of the Canadian and European operations are now nearly balanced, which further strengthens the advantages garnered by the geographic diversification of Boralex’s asset base with regard to weather conditions and growth opportunities.

## Non-IFRS Measures

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

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

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

### EBITDA(A)

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

IFRS	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
(in thousands of dollars)				
Net earnings (loss)	(6,565)	(5,791)	15,937	955
Income tax expense (recovery)	(4,674)	(2,439)	4,662	(981)
Financing costs	18,028	18,730	36,313	36,256
Amortization	28,581	26,704	58,033	47,423
<b>EBITDA</b>	<b>35,370</b>	<b>37,204</b>	<b>114,945</b>	<b>83,653</b>
Adjustments:				
Net loss on financial instruments	1,381	241	2,730	4,617
Foreign exchange loss (gain)	1,164	(1,421)	744	(415)
Other gains	(227)	(77)	(732)	(154)
<b>EBITDA(A)</b>	<b>37,688</b>	<b>35,947</b>	<b>117,687</b>	<b>87,701</b>

Proportionate Consolidation	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
(in thousands of dollars)				
Net earnings (loss)	(6,565)	(5,791)	15,937	955
Income tax expense (recovery)	(4,674)	(2,439)	4,662	(981)
Financing costs	23,781	24,296	47,386	47,254
Amortization	34,115	32,237	69,101	58,488
<b>EBITDA</b>	<b>46,657</b>	<b>48,303</b>	<b>137,086</b>	<b>105,716</b>
Adjustments:				
Net loss on financial instruments	1,231	241	2,580	4,617
Foreign exchange loss (gain)	1,165	(1,421)	742	(416)
Other gains	(630)	(479)	(1,536)	(959)
<b>EBITDA(A)</b>	<b>48,423</b>	<b>46,644</b>	<b>138,872</b>	<b>108,958</b>

(in thousands of dollars)	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
EBITDA(A) (IFRS)	37,688	35,947	117,687	87,701
Less: Share in earnings (losses) of Joint Ventures Phases I and II	(791)	1,901	3,302	7,764
Plus: EBITDA(A) of Joint Ventures Phases I and II	9,944	12,598	24,487	29,021
EBITDA(A) (Proportionate Consolidation)	48,423	46,644	138,872	108,958

## Cash Flows from Operations

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

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

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

(in thousands of dollars)	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
Net cash flows related to operating activities	28,855	13,057	104,532	62,124
Change in non-cash items related to operating activities	1,459	(6,209)	17,557	2,657
<b>CASH FLOWS FROM OPERATIONS</b>	<b>27,396</b>	<b>19,266</b>	<b>86,975</b>	<b>59,467</b>

(in thousands of dollars)	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
Net cash flows related to operating activities	32,532	26,790	114,043	73,670
Change in non-cash items related to operating activities	4,043	(709)	15,631	3,419
<b>CASH FLOWS FROM OPERATIONS</b>	<b>28,489</b>	<b>27,499</b>	<b>98,412</b>	<b>70,251</b>

Tables reconciling IFRS data with data presented on a proportionate consolidation basis are included in the *Reconciliations between IFRS and Proportionate Consolidation* section.

## Net Debt Ratio

The Corporation defines net debt as follows:

(in thousands of dollars)	IFRS		Proportionate Consolidation	
	As at June 30, 2016	As at December 31, 2015	As at June 30, 2016	As at December 31, 2015
Non-current debt	1,248,116	1,275,857	1,563,356	1,559,439
Current portion of debt	104,621	145,200	119,331	159,477
Borrowing costs, net of accumulated amortization	23,070	23,546	43,233	39,398
Less:				
Cash and cash equivalents	142,395	99,641	153,518	108,491
Restricted cash	1,001	3,345	1,001	3,507
Net debt	1,232,411	1,341,617	1,571,401	1,646,316



The Corporation defines total market capitalization as follows:

	IFRS		Proportionate Consolidation	
	As at June 30, 2016	As at December 31, 2015	As at June 30, 2016	As at December 31, 2015
(in thousands of dollars, except for the number of outstanding shares and share market price)				
Number of outstanding shares (in thousands)	65,263	64,829	65,263	64,829
Share market price (in \$ per share)	19.47	14.46	19.47	14.46
Market value of equity attributable to shareholders	1,270,677	937,429	1,270,677	937,429
Non-controlling shareholders	13,537	14,082	13,537	14,082
Net debt	1,232,411	1,341,617	1,571,401	1,646,316
Convertible debentures (nominal value)	143,750	143,750	143,750	143,750
Total market capitalization	2,660,375	2,436,878	2,999,365	2,741,577

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

	IFRS		Proportionate Consolidation	
	As at June 30, 2016	As at December 31, 2015	As at June 30, 2016	As at December 31, 2015
(in thousands of dollars)				
Net debt	1,232,411	1,341,617	1,571,401	1,646,316
Total market capitalization	2,660,375	2,436,878	2,999,365	2,741,577
<b>NET DEBT RATIO (market capitalization)</b>	46.3%	55.1%	52.4%	60.0%

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

### Payout Ratio

The payout ratio represents the dividends paid to shareholders of Boralex divided by discretionary cash flows. Boralex believes it is a measure of its ability to sustain current dividends as well as its ability to fund its future development.

Over the last 12 months ended June 30, 2016, the dividends paid to shareholders by the Corporation corresponded to 59.7% of discretionary cash flows.

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

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

	Last twelve months	
	As at June 30, 2016	As at December 31, 2015
(in thousands of dollars, except per share amount)		
Cash flows from operations	160,420	132,254
Distributions paid to non-controlling shareholders	(9,980)	(8,363)
Additions to property, plant and equipment (maintenance)	(7,071)	(6,638)
Repayments on current and non-current debt (projects)	(100,139)	(79,485)
Development costs (from statement of earnings)	10,844	10,277
<b>Discretionary cash flows</b>	<b>54,074</b>	<b>48,045</b>
Discretionary cash flows per share	\$0.89	\$0.92
Dividends paid to shareholders of Boralex	32,264	27,129
<b>Payout ratio</b>	<b>59.7%</b>	<b>56.5%</b>

\*Under proportionate consolidation

## Financial Instruments

### Foreign Exchange Risk

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

In France, given the above, the large BEV acquisition made in December 2014 and that Boralex now pays a dividend in Canadian dollars, the Corporation entered into foreign exchange forward contracts to hedge the exchange rate on a portion of the distributions it expects to repatriate from Europe up to 2025. Similar purchases will be made when large transactions are entered into outside Canada.

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, equipment purchases in Canada are partly denominated in euros or U.S. dollars. Where applicable, the Corporation's objective is to protect its anticipated return on its investment by entering into hedging instruments to eliminate volatility in expected expenditures and, in turn, stabilize significant costs such as turbines.

### Price Risk

In 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 from other sources of power. As a result, prices may fall too low for the power stations to yield an operating profit.

As at June 30, 2016, the power stations in France and Canada, 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 23 MW or 2% of Boralex's installed capacity is exposed to price risk.

### Interest Rate Risk

Under IFRS, as at June 30, 2016, approximately 43% of non-current debt issued bears interest at variable rates, excluding the revolving credit facility. A sharp increase in interest rates in the future could affect the liquid assets available for the Corporation's development projects. However, since the Corporation uses interest rate swaps and interest rate forward contracts, its actual exposure to interest rate fluctuations is reduced to only 8% of total debt under IFRS and proportionate consolidation.

<b>IFRS</b>					
As at June 30,					
<b>2016</b>					
	Currency	Current notional		Fair value	
		(currency of origin)	(CAD)	(currency of origin)	(CAD)
Financial swaps - interest rates	EUR	277,505	397,692	(21,896)	(31,380)
Financial swaps - interest rates	CAD	212,531	212,531	(68,222)	(68,222)
Foreign exchange forward contracts	EUR	91,000	130,412	1,125	1,125
			740,635		(98,477)

<b>Proportionate Consolidation</b>					
As at June 30,					
<b>2016</b>					
	Currency	Current notional		Fair value	
		(currency of origin)	(CAD)	(currency of origin)	(CAD)
Financial swaps - interest rates	EUR	277,505	397,692	(21,896)	(31,380)
Financial swaps - interest rates	CAD	466,216	466,216	(103,828)	(103,828)
Foreign exchange forward contracts	EUR	91,000	130,412	1,125	1,125
			994,320		(134,083)

The Corporation does not plan to sell 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 those 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

During the six-month period ended June 30, 2016, the Corporation entered into the following significant new commitments:

### Canada - Port Ryerse Wind Power Project

In 2016, the Corporation entered into a wind turbine purchase contract, a construction contract and a 10-year maintenance contract expiring in 2026 for the **Port Ryerse** wind power project. The maintenance contract includes a cancellation option at the Corporation's discretion after five years. The Corporation's net commitment under the purchase and construction contract, as well as the maintenance contract, including the first five years of the maintenance contract, amounted to \$19.7 million and \$1.4 million, respectively, as at June 30, 2016.

### Canada - Moose Lake Wind Power Project

In 2016, the Corporation entered into a construction contract for the **Moose Lake** wind power project. The Corporation's net commitment under this contract amounted to \$1.1 million as at June 30, 2016.

### France - Touvent Wind Power Project

In 2016, the Corporation entered into a 15-year wind turbine maintenance contract expiring in 2031 for the **Touvent** wind power project. The Corporation's net commitment under this contract amounted to €4.5 million (\$6.5 million) as at June 30, 2016.

### France - Plateau de Savernat Wind Power Project

In 2016, the Corporation entered into a wind turbine purchase contract as well as construction contracts for Phase II of the **Plateau de Savernat** wind power project. The Corporation's net commitment under those contracts amounted to €4.6 million (\$6.5 million) as at June 30, 2016.

## Subsequent Events

### Canada – Moose Lake Wind Power Project

In July 2016, the Corporation entered into a construction agreement for the **Moose Lake** wind power project. The Corporation's net commitment under this contract amounts to \$4.7 million. Expenditures will be made according to the percentage of completion.

### France – Mont de Bagny Wind Power Project

In July 2016, the Corporation entered into a turbine purchase contract and construction contracts for the **Mont de Bagny** wind power project. The Corporation's net commitment under these contracts amounts to €24.3 million (\$34.8 million). Expenditures will be made according to the percentage of completion.

### France – Artois Wind Power Project

In July 2016, the Corporation entered into construction contracts for the **Artois** wind power project. The Corporation's net commitment under these contracts amounts to €1.1 million (\$1.6 million). Expenditures will be made according to the percentage of completion.

## Risk Factors and Uncertainties

### Risk Factors

Boralex has not observed any significant changes regarding the risks to which it is subject, and which are discussed under *Risk Factors and Uncertainties* in Boralex's annual MD&A for the year ended December 31, 2015.

### 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 the revenues, expenses, comprehensive income (loss), assets and liabilities, and the information reported in the consolidated financial statements. Management determines its 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.

Items in question are presented under *Risk Factors and Uncertainties* in Boralex's annual MD&A for the year ended December 31, 2015.

## Accounting Policies

### Change in Accounting Policies

#### **IAS 1, *Presentation of Financial Statements***

In December 2014, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, as part of its initiative to improve presentation and disclosure requirements for financial reporting. The amendments to IAS 1 provide further guidance on the current presentation and disclosure requirements for materiality, notes structure, subtotals, accounting policies and disaggregation. The amendments also provide additional guidance on the exercise of professional judgment when determining what information to disclose in the preparation of notes to the financial statements. These amendments apply to fiscal years beginning on or after January 1, 2016, date at which the Corporation adopted this new standard, and this change had no material impact on the Corporation's consolidated financial statements.

## Internal Controls and Procedures

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

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of Boralex's disclosure controls and procedures as of December 31, 2015, as well as the effectiveness of Boralex's internal control over financial reporting as of the same date, and have concluded that they are effective.

During the three-month period ended June 30, 2016, no changes were made to internal control over financial reporting or disclosure controls and procedures that have materially affected, or are reasonably likely to materially affect, internal controls and procedures.

Consolidated Statements of Financial Position<sup>(1)</sup>

(in thousands of dollars)	As at June 30, <b>2016</b>	As at December 31, <b>2015</b>
<b>ASSETS</b>		
Cash and cash equivalents	153,518	108,491
Restricted cash	1,001	3,507
Trade and other receivables	67,517	90,489
Inventories	7,074	6,902
Other current financial assets	866	541
Prepaid expenses	7,498	4,822
<b>CURRENT ASSETS</b>	<b>237,474</b>	<b>214,752</b>
Property, plant and equipment	1,918,280	1,963,455
Intangible assets	402,447	429,666
Goodwill	124,137	128,078
Deferred income tax asset	28,277	21,190
Other non-current financial assets	1,882	239
Other non-current assets	47,466	48,927
<b>NON-CURRENT ASSETS</b>	<b>2,522,489</b>	<b>2,591,555</b>
<b>TOTAL ASSETS</b>	<b>2,759,963</b>	<b>2,806,307</b>
<b>LIABILITIES</b>		
Trade and other payables	96,866	98,574
Current portion of debt	119,331	159,477
Current income tax liability	4,089	1,536
Other current financial liabilities	57,877	41,356
<b>CURRENT LIABILITIES</b>	<b>278,163</b>	<b>300,943</b>
Non-current debt	1,563,356	1,559,439
Convertible debentures	134,120	133,070
Deferred income tax liability	79,948	88,424
Decommissioning liability	33,567	33,077
Other non-current financial liabilities	78,954	59,803
Other non-current liabilities	70,606	73,327
<b>NON-CURRENT LIABILITIES</b>	<b>1,960,551</b>	<b>1,947,140</b>
<b>TOTAL LIABILITIES</b>	<b>2,238,714</b>	<b>2,248,083</b>
<b>EQUITY</b>		
Equity attributable to shareholders	507,712	544,142
Non-controlling shareholders	13,537	14,082
<b>TOTAL EQUITY</b>	<b>521,249</b>	<b>558,224</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,759,963</b>	<b>2,806,307</b>

<sup>(1)</sup> These financial statements have not been reviewed by the independent auditor.

Consolidated Statements of Earnings (Loss)<sup>(1)</sup>

(in thousands of dollars, except per share amounts)	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
<b>REVENUES</b>				
Revenues from energy sales	77,007	72,986	199,393	164,159
Other income	304	323	596	645
	77,311	73,309	199,989	164,804
<b>COSTS AND OTHER EXPENSES</b>				
Operating	21,691	20,105	46,894	42,415
Administrative	4,636	4,697	9,382	9,232
Development	2,549	1,965	4,770	4,203
Amortization	34,115	32,237	69,101	58,488
Other gains	(630)	(479)	(1,536)	(959)
	62,361	58,525	128,611	113,379
<b>OPERATING INCOME</b>	14,950	14,784	71,378	51,425
Financing costs	23,781	24,296	47,386	47,254
Foreign exchange loss (gain)	1,165	(1,421)	742	(416)
Net loss on financial instruments	1,231	241	2,580	4,617
Other	12	(102)	71	(4)
<b>EARNINGS (LOSS) BEFORE INCOME TAXES</b>	(11,239)	(8,230)	20,599	(26)
Income tax expense (recovery)	(4,674)	(2,439)	4,662	(981)
<b>NET EARNINGS (LOSS)</b>	(6,565)	(5,791)	15,937	955
<b>NET EARNINGS (LOSS) ATTRIBUTABLE TO:</b>				
Shareholders of Boralex	(7,281)	(6,284)	13,274	(985)
Non-controlling shareholders	716	493	2,663	1,940
<b>NET EARNINGS (LOSS)</b>	(6,565)	(5,791)	15,937	955
<b>NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>	(\$0.11)	(\$0.13)	\$0.20	(\$0.02)

<sup>(1)</sup> These financial statements have not been reviewed by the independent auditor.

Consolidated Statements of Cash Flows<sup>(1)</sup>

(in thousands of dollars)	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
Net earnings (loss)	(6,565)	(5,791)	15,937	955
Financing costs	23,781	24,296	47,386	47,254
Interest paid	(17,338)	(20,968)	(39,219)	(39,369)
Income tax expense (recovery)	(4,674)	(2,439)	4,662	(981)
Income taxes paid	(2,036)	(477)	(2,104)	(926)
Non-cash items in earnings (loss):				
Net loss on financial instruments	1,231	241	2,580	4,617
Amortization	34,115	32,237	69,101	58,488
Other	(25)	400	69	213
Change in non-cash items related to operating activities	4,043	(709)	15,631	3,419
<b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>	<b>32,532</b>	<b>26,790</b>	<b>114,043</b>	<b>73,670</b>
Business acquisitions, net of cash acquired	—	—	—	(16,128)
Additions to property, plant and equipment	(28,281)	(58,057)	(48,469)	(91,746)
Change in restricted cash	2,932	1,640	2,506	6,126
Change in reserve funds	(1,210)	—	(1,062)	(175)
Development projects	(700)	(1,649)	(1,654)	(2,897)
Other	(20)	(21)	(29)	(1,531)
<b>NET CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>	<b>(27,279)</b>	<b>(58,087)</b>	<b>(48,708)</b>	<b>(106,351)</b>
Net increase in non-current debt	62,191	68,992	128,000	83,670
Repayments on current and non-current debt	(58,016)	(121,676)	(126,345)	(249,139)
Convertible debenture issuance proceeds, net of transaction costs	—	137,972	—	137,972
Contribution of non-controlling shareholders	713	5,616	1,263	7,674
Distributions paid to non-controlling shareholders	(637)	—	(1,617)	—
Dividends paid to shareholders of Boralex	(9,133)	(6,234)	(17,601)	(12,466)
Share issuance proceeds, net of transaction costs	—	(281)	—	118,146
Exercise of options	1,094	22	3,485	107
Redemption of financial instruments prior to maturity	—	—	(4,424)	—
Other	—	(179)	—	(269)
<b>NET CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>	<b>(3,788)</b>	<b>84,232</b>	<b>(17,239)</b>	<b>85,695</b>
<b>TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS</b>	<b>(1,553)</b>	<b>821</b>	<b>(3,069)</b>	<b>1,491</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(88)</b>	<b>53,756</b>	<b>45,027</b>	<b>54,505</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>	<b>153,606</b>	<b>87,594</b>	<b>108,491</b>	<b>86,845</b>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<b>153,518</b>	<b>141,350</b>	<b>153,518</b>	<b>141,350</b>

<sup>(1)</sup> These financial statements have not been reviewed by the independent auditor.

Information by Operating Segment<sup>(1)</sup>

(in thousands of dollars, except MWh)	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
<b>POWER PRODUCTION (MWh)</b>				
Wind power stations	467,453	439,212	1,201,068	998,972
Hydroelectric power stations	190,600	205,678	361,227	319,265
Thermal power stations	12,499	15,628	77,326	74,783
Solar power stations	6,772	2,030	10,928	3,068
	677,324	662,548	1,650,549	1,396,088
<b>REVENUES FROM ENERGY SALES</b>				
Wind power stations	57,871	51,808	152,017	119,176
Hydroelectric power stations	14,999	16,785	32,227	29,369
Thermal power stations	2,531	3,467	12,592	14,203
Solar power stations	1,606	926	2,557	1,411
	77,007	72,986	199,393	164,159
<b>EBITDA(A)</b>				
Wind power stations	45,481	40,718	126,142	95,212
Hydroelectric power stations	10,775	12,741	23,694	21,988
Thermal power stations	(703)	(654)	3,451	3,871
Solar power stations	1,427	837	2,212	1,241
Corporate and eliminations	(8,557)	(6,998)	(16,627)	(13,354)
	48,423	46,644	138,872	108,958

<sup>(1)</sup> These financial statements have not been reviewed by the independent auditor.

Information by Geographic Segment<sup>(1)</sup>

(in thousands of dollars, except MWh)	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
<b>POWER PRODUCTION (MWh)</b>				
Canada	365,993	325,768	800,461	683,224
France	228,372	228,013	644,153	535,175
United States	82,959	108,767	205,935	177,689
	677,324	662,548	1,650,549	1,396,088
<b>REVENUES FROM ENERGY SALES</b>				
Canada	38,464	33,603	91,099	75,931
France	31,604	30,535	89,955	72,636
United States	6,939	8,848	18,339	15,592
	77,007	72,986	199,393	164,159
<b>EBITDA(A)</b>				
Canada	25,967	21,402	65,478	51,846
France	17,596	18,365	59,794	45,536
United States	4,860	6,877	13,600	11,576
	48,423	46,644	138,872	108,958

<sup>(1)</sup> These financial statements have not been reviewed by the independent auditor.



## Consolidated Statements of Financial Position

As at June 30,

**2016**

(in thousands of dollars)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
<b>ASSETS</b>			
Cash and cash equivalents	142,395	11,123	153,518
Restricted cash	1,001	—	1,001
Trade and other receivables	62,521	4,996	67,517
Inventories	7,056	18	7,074
Other current financial assets	866	—	866
Prepaid expenses	6,873	625	7,498
<b>CURRENT ASSETS</b>	<b>220,712</b>	<b>16,762</b>	<b>237,474</b>
Property, plant and equipment	1,522,247	396,033	1,918,280
Intangible assets	402,447	—	402,447
Goodwill	124,137	—	124,137
Interests in the Joint Ventures	15,510	(15,510)	—
Deferred income tax asset	28,277	—	28,277
Other non-current financial assets	1,882	—	1,882
Other non-current assets	45,030	2,436	47,466
<b>NON-CURRENT ASSETS</b>	<b>2,139,530</b>	<b>382,959</b>	<b>2,522,489</b>
<b>TOTAL ASSETS</b>	<b>2,360,242</b>	<b>399,721</b>	<b>2,759,963</b>
<b>LIABILITIES</b>			
Trade and other payables	91,804	5,062	96,866
Current portion of debt	104,621	14,710	119,331
Current income tax liability	4,089	—	4,089
Other current financial liabilities	57,877	—	57,877
<b>CURRENT LIABILITIES</b>	<b>258,391</b>	<b>19,772</b>	<b>278,163</b>
Non-current debt	1,248,116	315,240	1,563,356
Convertible debentures	134,120	—	134,120
Deferred income tax liability	79,948	—	79,948
Decommissioning liability	32,265	1,302	33,567
Other non-current financial liabilities	43,348	35,606	78,954
Other non-current liabilities	42,288	28,318	70,606
<b>NON-CURRENT LIABILITIES</b>	<b>1,580,085</b>	<b>380,466</b>	<b>1,960,551</b>
<b>TOTAL LIABILITIES</b>	<b>1,838,476</b>	<b>400,238</b>	<b>2,238,714</b>
<b>EQUITY</b>			
Equity attributable to shareholders	508,229	(517)	507,712
Non-controlling shareholders	13,537	—	13,537
<b>TOTAL EQUITY</b>	<b>521,766</b>	<b>(517)</b>	<b>521,249</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,360,242</b>	<b>399,721</b>	<b>2,759,963</b>

## Consolidated Statements of Financial Position

As at December 31,

**2015**

(in thousands of dollars)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
<b>ASSETS</b>			
Cash and cash equivalents	99,641	8,850	108,491
Restricted cash	3,345	162	3,507
Trade and other receivables	85,350	5,139	90,489
Inventories	6,887	15	6,902
Other current financial assets	541	—	541
Prepaid expenses	4,794	28	4,822
<b>CURRENT ASSETS</b>	<b>200,558</b>	<b>14,194</b>	<b>214,752</b>
Property, plant and equipment	1,556,374	407,081	1,963,455
Intangible assets	429,666	—	429,666
Goodwill	128,078	—	128,078
Interests in the Joint Ventures	66,506	(66,506)	—
Deferred income tax asset	21,190	—	21,190
Other non-current financial assets	239	—	239
Other non-current assets	46,431	2,496	48,927
<b>NON-CURRENT ASSETS</b>	<b>2,248,484</b>	<b>343,071</b>	<b>2,591,555</b>
<b>TOTAL ASSETS</b>	<b>2,449,042</b>	<b>357,265</b>	<b>2,806,307</b>
<b>LIABILITIES</b>			
Trade and other payables	92,125	6,449	98,574
Current portion of debt	145,200	14,277	159,477
Current income tax liability	1,536	—	1,536
Other current financial liabilities	41,356	—	41,356
<b>CURRENT LIABILITIES</b>	<b>280,217</b>	<b>20,726</b>	<b>300,943</b>
Non-current debt	1,275,857	283,582	1,559,439
Convertible debentures	133,070	—	133,070
Deferred income tax liability	88,424	—	88,424
Decommissioning liability	31,812	1,265	33,077
Other non-current financial liabilities	36,716	23,087	59,803
Other non-current liabilities	44,205	29,122	73,327
<b>NON-CURRENT LIABILITIES</b>	<b>1,610,084</b>	<b>337,056</b>	<b>1,947,140</b>
<b>TOTAL LIABILITIES</b>	<b>1,890,301</b>	<b>357,782</b>	<b>2,248,083</b>
<b>EQUITY</b>			
Equity attributable to shareholders	544,659	(517)	544,142
Non-controlling shareholders	14,082	—	14,082
<b>TOTAL EQUITY</b>	<b>558,741</b>	<b>(517)</b>	<b>558,224</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,449,042</b>	<b>357,265</b>	<b>2,806,307</b>

## Consolidated Statements of Loss

(in thousands of dollars, except per share amounts)	Three-month period ended June 30		
	<b>2016</b>		
	<b>IFRS</b>	<b>Adjustments Joint Ventures</b>	<b>Proportionate Consolidation</b>
<b>REVENUES</b>			
Revenues from energy sales	65,035	11,972	77,007
Other income	457	(153)	304
	65,492	11,819	77,311
<b>COSTS AND OTHER EXPENSES</b>			
Operating	19,835	1,856	21,691
Administrative	4,617	19	4,636
Development	2,549	—	2,549
Amortization	28,581	5,534	34,115
Other gains	(227)	(403)	(630)
	55,355	7,006	62,361
<b>OPERATING INCOME</b>	10,137	4,813	14,950
Financing costs	18,028	5,753	23,781
Foreign exchange gain	1,164	1	1,165
Net loss (gain) on financial instruments	1,381	(150)	1,231
Share in earnings (losses) of the Joint Ventures	(803)	803	—
Other	—	12	12
<b>LOSS BEFORE INCOME TAXES</b>	(11,239)	—	(11,239)
Income tax recovery	(4,674)	—	(4,674)
<b>NET LOSS</b>	(6,565)	—	(6,565)
<b>NET EARNINGS (LOSS) ATTRIBUTABLE TO:</b>			
Shareholders of Boralex	(7,281)	—	(7,281)
Non-controlling shareholders	716	—	716
<b>NET LOSS</b>	(6,565)	—	(6,565)
<b>NET LOSS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>	(\$0.11)	—	(\$0.11)

## Consolidated Statements of Loss

(in thousands of dollars, except per share amounts)	Three-month period ended June 30		
	<b>2015</b>		
	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
<b>REVENUES</b>			
Revenues from energy sales	58,194	14,792	72,986
Other income	476	(153)	323
	58,670	14,639	73,309
<b>COSTS AND OTHER EXPENSES</b>			
Operating	18,098	2,007	20,105
Administrative	4,663	34	4,697
Development	1,965	—	1,965
Amortization	26,704	5,533	32,237
Other gains	(77)	(402)	(479)
	51,353	7,172	58,525
<b>OPERATING INCOME</b>	7,317	7,467	14,784
Financing costs	18,730	5,566	24,296
Foreign exchange gain	(1,421)	—	(1,421)
Net loss on financial instruments	241	—	241
Share in earnings of the Joint Ventures	1,900	(1,900)	—
Other	(103)	1	(102)
<b>LOSS BEFORE INCOME TAXES</b>	(8,230)	—	(8,230)
Income tax recovery	(2,439)	—	(2,439)
<b>NET LOSS</b>	(5,791)	—	(5,791)
<b>NET EARNINGS (LOSS) ATTRIBUTABLE TO:</b>			
Shareholders of Boralex	(6,284)	—	(6,284)
Non-controlling shareholders	493	—	493
<b>NET LOSS</b>	(5,791)	—	(5,791)
<b>NET LOSS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>	(\$0.13)	—	(\$0.13)

## Consolidated Statements of Earnings

(in thousands of dollars, except per share amounts)	Six-month period ended June 30		
	<b>2016</b>		
	<b>IFRS</b>	<b>Adjustments Joint Ventures</b>	<b>Proportionate Consolidation</b>
<b>REVENUES</b>			
Revenues from energy sales	171,012	28,381	199,393
Other income	902	(306)	596
	171,914	28,075	199,989
<b>COSTS AND OTHER EXPENSES</b>			
Operating	43,338	3,556	46,894
Administrative	9,350	32	9,382
Development	4,770	—	4,770
Amortization	58,033	11,068	69,101
Other gains	(732)	(804)	(1,536)
	114,759	13,852	128,611
<b>OPERATING INCOME</b>	57,155	14,223	71,378
Financing costs	36,313	11,073	47,386
Foreign exchange loss (gain)	744	(2)	742
Net loss (gain) on financial instruments	2,730	(150)	2,580
Share in earnings of the Joint Ventures	3,279	(3,279)	—
Other	48	23	71
<b>EARNINGS BEFORE INCOME TAXES</b>	20,599	—	20,599
Income tax expense	4,662	—	4,662
<b>NET EARNINGS</b>	15,937	—	15,937
<b>NET EARNINGS ATTRIBUTABLE TO:</b>			
Shareholders of Boralex	13,274	—	13,274
Non-controlling shareholders	2,663	—	2,663
<b>NET EARNINGS</b>	15,937	—	15,937
<b>NET EARNINGS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>	\$0.20	—	\$0.20

## Consolidated Statements of Earnings (Loss)

(in thousands of dollars, except per share amounts)	Six-month period ended June 30		
	<b>2015</b>		
	<b>IFRS</b>	<b>Adjustments Joint Ventures</b>	<b>Proportionate Consolidation</b>
<b>REVENUES</b>			
Revenues from energy sales	130,711	33,448	164,159
Other income	953	(308)	645
	<b>131,664</b>	<b>33,140</b>	<b>164,804</b>
<b>COSTS AND OTHER EXPENSES</b>			
Operating	38,354	4,061	42,415
Administrative	9,174	58	9,232
Development	4,203	—	4,203
Amortization	47,423	11,065	58,488
Other gains	(154)	(805)	(959)
	<b>99,000</b>	<b>14,379</b>	<b>113,379</b>
<b>OPERATING INCOME</b>	<b>32,664</b>	<b>18,761</b>	<b>51,425</b>
Financing costs	36,256	10,998	47,254
Foreign exchange gain	(415)	(1)	(416)
Net loss on financial instruments	4,617	—	4,617
Share in earnings of the Joint Ventures	7,762	(7,762)	—
Other	(6)	2	(4)
<b>LOSS BEFORE INCOME TAXES</b>	<b>(26)</b>	<b>—</b>	<b>(26)</b>
Income tax recovery	(981)	—	(981)
<b>NET EARNINGS</b>	<b>955</b>	<b>—</b>	<b>955</b>
<b>NET EARNINGS (LOSS) ATTRIBUTABLE TO:</b>			
Shareholders of Boralex	(985)	—	(985)
Non-controlling shareholders	1,940	—	1,940
<b>NET EARNINGS</b>	<b>955</b>	<b>—</b>	<b>955</b>
<b>NET LOSS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>	<b>(\$0.02)</b>	<b>—</b>	<b>(\$0.02)</b>

## Consolidated Statements of Cash Flows

(in thousands of dollars)	Three-month period ended June 30		
	<b>2016</b>		
	<b>IFRS</b>	<b>Adjustments Joint Ventures</b>	<b>Proportionate Consolidation</b>
Net loss	(6,565)	—	(6,565)
Distributions received from Joint Ventures	4,500	(4,500)	—
Financing costs	18,028	5,753	23,781
Interest paid	(12,981)	(4,357)	(17,338)
Income tax recovery	(4,674)	—	(4,674)
Income taxes paid	(2,036)	—	(2,036)
Non-cash items in loss:			
Net loss on financial instruments	1,381	(150)	1,231
Share in results of the Joint Ventures	803	(803)	—
Amortization	28,581	5,534	34,115
Other	359	(384)	(25)
Change in non-cash items related to operating activities	1,459	2,584	4,043
<b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>	<b>28,855</b>	<b>3,677</b>	<b>32,532</b>
Additions to property, plant and equipment	(28,260)	(21)	(28,281)
Return of capital by Joint Venture Phase I	40,000	(40,000)	—
Change in restricted cash	2,770	162	2,932
Change in reserve funds	(1,210)	—	(1,210)
Development projects	(700)	—	(700)
Other	(20)	—	(20)
<b>NET CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>	<b>12,580</b>	<b>(39,859)</b>	<b>(27,279)</b>
Net increase in non-current debt	21,932	40,259	62,191
Repayments on current and non-current debt	(50,916)	(7,100)	(58,016)
Contribution of non-controlling shareholders	713	—	713
Distributions paid to non-controlling shareholders	(637)	—	(637)
Dividends paid to shareholders of Boralex	(9,133)	—	(9,133)
Exercise of options	1,094	—	1,094
<b>NET CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>	<b>(36,947)</b>	<b>33,159</b>	<b>(3,788)</b>
<b>TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS</b>	<b>(1,553)</b>	<b>—</b>	<b>(1,553)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>2,935</b>	<b>(3,023)</b>	<b>(88)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>	<b>139,460</b>	<b>14,146</b>	<b>153,606</b>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<b>142,395</b>	<b>11,123</b>	<b>153,518</b>

## Consolidated Statements of Cash Flows

(in thousands of dollars)	Three-month period ended June 30		
	<b>2015</b>		
	<b>IFRS</b>	<b>Adjustments Joint Ventures</b>	<b>Proportionate Consolidation</b>
Net loss	(5,791)	—	(5,791)
Financing costs	18,730	5,566	24,296
Interest paid	(16,588)	(4,380)	(20,968)
Income tax recovery	(2,439)	—	(2,439)
Income taxes paid	(477)	—	(477)
Non-cash items in loss:			
Net loss on financial instruments	241	—	241
Share in results of the Joint Ventures	(1,900)	1,900	—
Amortization	26,704	5,533	32,237
Other	786	(386)	400
Change in non-cash items related to operating activities	(6,209)	5,500	(709)
<b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>	<b>13,057</b>	<b>13,733</b>	<b>26,790</b>
Additions to property, plant and equipment	(57,889)	(168)	(58,057)
Change in restricted cash	1,541	99	1,640
Development projects	(1,649)	—	(1,649)
Other	(21)	—	(21)
<b>NET CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>	<b>(58,018)</b>	<b>(69)</b>	<b>(58,087)</b>
Net increase in non-current debt	68,992	—	68,992
Repayments on current and non-current debt	(115,148)	(6,528)	(121,676)
Convertible debenture issuance proceeds, net of transaction costs	137,972	—	137,972
Contribution of non-controlling shareholders	5,616	—	5,616
Dividends paid to shareholders of Boralex	(6,234)	—	(6,234)
Share issuance proceeds, net of transaction costs	(281)	—	(281)
Exercise of options	22	—	22
Other	(179)	—	(179)
<b>NET CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>	<b>90,760</b>	<b>(6,528)</b>	<b>84,232</b>
<b>TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS</b>	<b>821</b>	<b>—</b>	<b>821</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>46,620</b>	<b>7,136</b>	<b>53,756</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>	<b>79,435</b>	<b>8,159</b>	<b>87,594</b>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<b>126,055</b>	<b>15,295</b>	<b>141,350</b>



## Consolidated Statements of Cash Flows

(in thousands of dollars)	Six-month period ended June 30		
	2016		
	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
Net earnings	15,937	—	15,937
Distributions received from Joint Ventures	4,500	(4,500)	—
Financing costs	36,313	11,073	47,386
Interest paid	(30,651)	(8,568)	(39,219)
Income tax expense	4,662	—	4,662
Income taxes paid	(2,104)	—	(2,104)
Non-cash items in earnings:			
Net loss on financial instruments	2,730	(150)	2,580
Share in results of the Joint Ventures	(3,279)	3,279	—
Amortization	58,033	11,068	69,101
Other	834	(765)	69
Change in non-cash items related to operating activities	17,557	(1,926)	15,631
<b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>	<b>104,532</b>	<b>9,511</b>	<b>114,043</b>
Additions to property, plant and equipment	(48,349)	(120)	(48,469)
Return of capital by Joint Venture Phase I	40,000	(40,000)	—
Change in restricted cash	2,344	162	2,506
Change in reserve funds	(1,062)	—	(1,062)
Development projects	(1,654)	—	(1,654)
Other	(29)	—	(29)
<b>NET CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>	<b>(8,750)</b>	<b>(39,958)</b>	<b>(48,708)</b>
Net increase in non-current debt	87,793	40,207	128,000
Repayments on current and non-current debt	(118,858)	(7,487)	(126,345)
Contribution of non-controlling shareholders	1,263	—	1,263
Distributions paid to non-controlling shareholders	(1,617)	—	(1,617)
Dividends paid to shareholders of Boralex	(17,601)	—	(17,601)
Exercise of options	3,485	—	3,485
Redemption of financial instruments prior to maturity	(4,424)	—	(4,424)
<b>NET CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>	<b>(49,959)</b>	<b>32,720</b>	<b>(17,239)</b>
<b>TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS</b>	<b>(3,069)</b>	<b>—</b>	<b>(3,069)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>42,754</b>	<b>2,273</b>	<b>45,027</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>	<b>99,641</b>	<b>8,850</b>	<b>108,491</b>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<b>142,395</b>	<b>11,123</b>	<b>153,518</b>

## Consolidated Statements of Cash Flows

(in thousands of dollars)	Six-month period ended June 30		
	<b>2015</b>		
	<b>IFRS</b>	<b>Adjustments Joint Ventures</b>	<b>Proportionate Consolidation</b>
Net earnings	955	—	955
Distributions received from Joint Ventures	9,550	(9,550)	—
Financing costs	36,256	10,998	47,254
Interest paid	(30,645)	(8,724)	(39,369)
Income tax recovery	(981)	—	(981)
Income taxes paid	(926)	—	(926)
Non-cash items in earnings:			
Net loss on financial instruments	4,617	—	4,617
Share in results of the Joint Ventures	(7,762)	7,762	—
Amortization	47,423	11,065	58,488
Other	980	(767)	213
Change in non-cash items related to operating activities	2,657	762	3,419
<b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>	<b>62,124</b>	<b>11,546</b>	<b>73,670</b>
Business acquisitions, net of cash acquired	(16,128)	—	(16,128)
Additions to property, plant and equipment	(89,217)	(2,529)	(91,746)
Change in restricted cash	4,403	1,723	6,126
Change in reserve funds	(175)	—	(175)
Development projects	(2,897)	—	(2,897)
Other	(1,531)	—	(1,531)
<b>NET CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>	<b>(105,545)</b>	<b>(806)</b>	<b>(106,351)</b>
Net increase in non-current debt	83,670	—	83,670
Repayments on current and non-current debt	(242,243)	(6,896)	(249,139)
Convertible debenture issuance proceeds, net of transaction costs	137,972	—	137,972
Contribution of non-controlling shareholders	7,674	—	7,674
Dividends paid to shareholders of Boralex	(12,466)	—	(12,466)
Share issuance proceeds, net of transaction costs	118,146	—	118,146
Exercise of options	107	—	107
Other	(269)	—	(269)
<b>NET CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>	<b>92,591</b>	<b>(6,896)</b>	<b>85,695</b>
<b>TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS</b>	<b>1,491</b>	<b>—</b>	<b>1,491</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>50,661</b>	<b>3,844</b>	<b>54,505</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>	<b>75,394</b>	<b>11,451</b>	<b>86,845</b>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<b>126,055</b>	<b>15,295</b>	<b>141,350</b>

## Information by Operating Segment

(in thousands of dollars, except MWh)	Three-month period ended June 30		
	2016		
	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
<b>POWER PRODUCTION (MWh)</b>			
Wind power stations	356,410	111,043	467,453
Hydroelectric power stations	190,600	—	190,600
Thermal power stations	12,499	—	12,499
Solar power stations	6,772	—	6,772
	566,281	111,043	677,324
<b>REVENUES FROM ENERGY SALES</b>			
Wind power stations	45,899	11,972	57,871
Hydroelectric power stations	14,999	—	14,999
Thermal power stations	2,531	—	2,531
Solar power stations	1,606	—	1,606
	65,035	11,972	77,007
<b>EBITDA(A)</b>			
Wind power stations	35,389	10,092	45,481
Hydroelectric power stations	10,775	—	10,775
Thermal power stations	(703)	—	(703)
Solar power stations	1,427	—	1,427
	46,888	10,092	56,980
Corporate and eliminations	(9,200)	643	(8,557)
	37,688	10,735	48,423

(in thousands of dollars, except MWh)	Three-month period ended June 30		
	2015		
	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
<b>POWER PRODUCTION (MWh)</b>			
Wind power stations	301,334	137,878	439,212
Hydroelectric power stations	205,678	—	205,678
Thermal power stations	15,628	—	15,628
Solar power stations	2,030	—	2,030
	524,670	137,878	662,548
<b>REVENUES FROM ENERGY SALES</b>			
Wind power stations	37,016	14,792	51,808
Hydroelectric power stations	16,785	—	16,785
Thermal power stations	3,467	—	3,467
Solar power stations	926	—	926
	58,194	14,792	72,986
<b>EBITDA(A)</b>			
Wind power stations	30,676	10,042	40,718
Hydroelectric power stations	12,741	—	12,741
Thermal power stations	(654)	—	(654)
Solar power stations	837	—	837
	43,600	10,042	53,642
Corporate and eliminations	(7,653)	655	(6,998)
	35,947	10,697	46,644

## Information by Operating Segment

(in thousands of dollars, except MWh)	Six-month period ended June 30		
	2016		
	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
<b>POWER PRODUCTION (MWh)</b>			
Wind power stations	937,861	263,207	1,201,068
Hydroelectric power stations	361,227	—	361,227
Thermal power stations	77,326	—	77,326
Solar power stations	10,928	—	10,928
	1,387,342	263,207	1,650,549
<b>REVENUES FROM ENERGY SALES</b>			
Wind power stations	123,636	28,381	152,017
Hydroelectric power stations	32,227	—	32,227
Thermal power stations	12,592	—	12,592
Solar power stations	2,557	—	2,557
	171,012	28,381	199,393
<b>EBITDA(A)</b>			
Wind power stations	106,251	19,891	126,142
Hydroelectric power stations	23,694	—	23,694
Thermal power stations	3,451	—	3,451
Solar power stations	2,212	—	2,212
	135,608	19,891	155,499
Corporate and eliminations	(17,921)	1,294	(16,627)
	117,687	21,185	138,872

(in thousands of dollars, except MWh)	Six-month period ended June 30		
	2015		
	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
<b>POWER PRODUCTION (MWh)</b>			
Wind power stations	687,229	311,743	998,972
Hydroelectric power stations	319,265	—	319,265
Thermal power stations	74,783	—	74,783
Solar power stations	3,068	—	3,068
	1,084,345	311,743	1,396,088
<b>REVENUES FROM ENERGY SALES</b>			
Wind power stations	85,728	33,448	119,176
Hydroelectric power stations	29,369	—	29,369
Thermal power stations	14,203	—	14,203
Solar power stations	1,411	—	1,411
	130,711	33,448	164,159
<b>EBITDA(A)</b>			
Wind power stations	75,262	19,950	95,212
Hydroelectric power stations	21,988	—	21,988
Thermal power stations	3,871	—	3,871
Solar power stations	1,241	—	1,241
	102,362	19,950	122,312
Corporate and eliminations	(14,661)	1,307	(13,354)
	87,701	21,257	108,958

## Information by Geographic Segment

Three-month period ended June 30			
<b>2016</b>			
(in thousands of dollars, except MWh)	<b>IFRS</b>	<b>Adjustments Joint Ventures</b>	<b>Proportionate Consolidation</b>
<b>POWER PRODUCTION (MWh)</b>			
Canada	254,950	111,043	365,993
France	228,372	—	228,372
United States	82,959	—	82,959
	566,281	111,043	677,324
<b>REVENUES FROM ENERGY SALES</b>			
Canada	26,492	11,972	38,464
France	31,604	—	31,604
United States	6,939	—	6,939
	65,035	11,972	77,007
<b>EBITDA(A)</b>			
Canada	15,232	10,735	25,967
France	17,596	—	17,596
United States	4,860	—	4,860
	37,688	10,735	48,423
Three-month period ended June 30			
<b>2015</b>			
(in thousands of dollars, except MWh)	<b>IFRS</b>	<b>Adjustments Joint Ventures</b>	<b>Proportionate Consolidation</b>
<b>POWER PRODUCTION (MWh)</b>			
Canada	187,890	137,878	325,768
France	228,013	—	228,013
United States	108,767	—	108,767
	524,670	137,878	662,548
<b>REVENUES FROM ENERGY SALES</b>			
Canada	18,811	14,792	33,603
France	30,535	—	30,535
United States	8,848	—	8,848
	58,194	14,792	72,986
<b>EBITDA(A)</b>			
Canada	10,705	10,697	21,402
France	18,365	—	18,365
United States	6,877	—	6,877
	35,947	10,697	46,644

## Information by Geographic Segment

(in thousands of dollars, except MWh)	Six-month period ended June 30		
	2016		
	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
<b>POWER PRODUCTION (MWh)</b>			
Canada	537,254	263,207	800,461
France	644,153	—	644,153
United States	205,935	—	205,935
	1,387,342	263,207	1,650,549
<b>REVENUES FROM ENERGY SALES</b>			
Canada	62,718	28,381	91,099
France	89,955	—	89,955
United States	18,339	—	18,339
	171,012	28,381	199,393
<b>EBITDA(A)</b>			
Canada	44,293	21,185	65,478
France	59,794	—	59,794
United States	13,600	—	13,600
	117,687	21,185	138,872

(in thousands of dollars, except MWh)	Six-month period ended June 30		
	2015		
	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
<b>POWER PRODUCTION (MWh)</b>			
Canada	371,481	311,743	683,224
France	535,175	—	535,175
United States	177,689	—	177,689
	1,084,345	311,743	1,396,088
<b>REVENUES FROM ENERGY SALES</b>			
Canada	42,483	33,448	75,931
France	72,636	—	72,636
United States	15,592	—	15,592
	130,711	33,448	164,159
<b>EBITDA(A)</b>			
Canada	30,589	21,257	51,846
France	45,536	—	45,536
United States	11,576	—	11,576
	87,701	21,257	108,958

# Unaudited Interim Consolidated Financial Statements

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# Consolidated Statements of Financial Position

(in thousands of Canadian dollars) (unaudited)	Note	As at June 30, <b>2016</b>	As at December 31, <b>2015</b>
<b>ASSETS</b>			
Cash and cash equivalents		142,395	99,641
Restricted cash		1,001	3,345
Trade and other receivables		62,521	85,350
Inventories		7,056	6,887
Other current financial assets	7	866	541
Prepaid expenses		6,873	4,794
<b>CURRENT ASSETS</b>		<b>220,712</b>	<b>200,558</b>
Property, plant and equipment		1,522,247	1,556,374
Intangible assets		402,447	429,666
Goodwill		124,137	128,078
Interests in the Joint Ventures	4	15,510	66,506
Deferred income tax asset		28,277	21,190
Other non-current financial assets	7	1,882	239
Other non-current assets		45,030	46,431
<b>NON-CURRENT ASSETS</b>		<b>2,139,530</b>	<b>2,248,484</b>
<b>TOTAL ASSETS</b>		<b>2,360,242</b>	<b>2,449,042</b>
<b>LIABILITIES</b>			
Trade and other payables		91,804	92,125
Current portion of debt	5	104,621	145,200
Current income tax liability		4,089	1,536
Other current financial liabilities	7	57,877	41,356
<b>CURRENT LIABILITIES</b>		<b>258,391</b>	<b>280,217</b>
Non-current debt	5	1,248,116	1,275,857
Convertible debentures		134,120	133,070
Deferred income tax liability		79,948	88,424
Decommissioning liability		32,265	31,812
Other non-current financial liabilities	7	43,348	36,716
Other non-current liabilities		42,288	44,205
<b>NON-CURRENT LIABILITIES</b>		<b>1,580,085</b>	<b>1,610,084</b>
<b>TOTAL LIABILITIES</b>		<b>1,838,476</b>	<b>1,890,301</b>
<b>EQUITY</b>			
Equity attributable to shareholders		508,229	544,659
Non-controlling shareholders		13,537	14,082
<b>TOTAL EQUITY</b>		<b>521,766</b>	<b>558,741</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,360,242</b>	<b>2,449,042</b>

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



# Consolidated Statements of Earnings (Loss)

(in thousands of Canadian dollars, except per share amounts) (unaudited)	Note	Three-month periods ended June 30		Six-month periods ended June 30	
		2016	2015	2016	2015
<b>REVENUES</b>					
Revenues from energy sales		65,035	58,194	171,012	130,711
Other income		457	476	902	953
		65,492	58,670	171,914	131,664
<b>COSTS AND OTHER EXPENSES</b>					
Operating		19,835	18,098	43,338	38,354
Administrative		4,617	4,663	9,350	9,174
Development		2,549	1,965	4,770	4,203
Amortization		28,581	26,704	58,033	47,423
Other gains		(227)	(77)	(732)	(154)
		55,355	51,353	114,759	99,000
<b>OPERATING INCOME</b>					
		10,137	7,317	57,155	32,664
Financing costs		18,028	18,730	36,313	36,256
Foreign exchange loss (gain)		1,164	(1,421)	744	(415)
Net loss on financial instruments		1,381	241	2,730	4,617
Share in earnings (losses) of the Joint Ventures	4	(803)	1,900	3,279	7,762
Other		—	(103)	48	(6)
<b>EARNINGS (LOSS) BEFORE INCOME TAXES</b>					
		(11,239)	(8,230)	20,599	(26)
Income tax expense (recovery)		(4,674)	(2,439)	4,662	(981)
<b>NET EARNINGS (LOSS)</b>					
		(6,565)	(5,791)	15,937	955
<b>NET EARNINGS (LOSS) ATTRIBUTABLE TO:</b>					
Shareholders of Boralex		(7,281)	(6,284)	13,274	(985)
Non-controlling shareholders		716	493	2,663	1,940
<b>NET EARNINGS (LOSS)</b>					
		(6,565)	(5,791)	15,937	955
<b>NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED)</b>					
<b>ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>	6	(\$0.11)	(\$0.13)	\$0.20	(\$0.02)

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

# Consolidated Statements of Comprehensive Income (Loss)

(in thousands of Canadian dollars) (unaudited)	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
<b>NET EARNINGS (LOSS)</b>	(6,565)	(5,791)	15,937	955
<b>Other comprehensive income (loss) to be subsequently reclassified to the statement of earnings (loss) when certain conditions are met</b>				
Translation adjustments:				
Unrealized foreign exchange loss (gain) on translation of financial statements of self-sustaining foreign operations	(7,870)	3,217	(17,937)	621
Hedge of net investment:				
Change in fair value	3,649	(2,040)	4,423	4,931
Income taxes	—	271	—	(655)
Cash flow hedges:				
Change in fair value	(11,178)	10,517	(30,223)	4,752
Hedging items realized and recognized in the statement of earnings (loss)	4,331	3,083	6,331	6,106
Income taxes	1,924	(4,163)	6,986	(3,318)
Cash flow hedges - Joint Ventures:				
Change in fair value	(6,544)	5,451	(14,054)	(4,748)
Hedging items realized and recognized in the statement of earnings (loss)	1,589	1,341	2,965	2,507
Income taxes	1,301	(1,829)	2,930	569
Total other comprehensive income (loss)	(12,798)	15,848	(38,579)	10,765
<b>COMPREHENSIVE INCOME (LOSS)</b>	(19,363)	10,057	(22,642)	11,720
<b>COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>				
Shareholders of Boralex	(19,231)	9,560	(22,451)	9,575
Non-controlling shareholders	(132)	497	(191)	2,145
<b>COMPREHENSIVE INCOME (LOSS)</b>	(19,363)	10,057	(22,642)	11,720

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

# Consolidated Statements of Changes in Equity

Six-month period  
ended June 30

**2016**

(in thousands of Canadian dollars) (unaudited)	Equity attributable to shareholders						Non-controlling shareholders	Total equity
	Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total		
<b>BALANCE AS AT JANUARY 1, 2016</b>	555,680	3,940	8,606	19,376	(42,943)	544,659	14,082	558,741
Net earnings	—	—	—	13,274	—	13,274	2,663	15,937
Other comprehensive loss	—	—	—	—	(35,725)	(35,725)	(2,854)	(38,579)
<b>COMPREHENSIVE INCOME (LOSS)</b>	—	—	—	13,274	(35,725)	(22,451)	(191)	(22,642)
Dividends (note 6)	—	—	—	(17,601)	—	(17,601)	—	(17,601)
Exercise of options	3,485	—	—	—	—	3,485	—	3,485
Stock option expense	—	—	137	—	—	137	—	137
Net contribution of a non-controlling shareholder	—	—	—	—	—	—	1,263	1,263
Distributions paid to non-controlling shareholders	—	—	—	—	—	—	(1,617)	(1,617)
<b>BALANCE AS AT JUNE 30, 2016</b>	559,165	3,940	8,743	15,049	(78,668)	508,229	13,537	521,766

Six-month period  
ended June 30

**2015**

(in thousands of Canadian dollars) (unaudited)	Equity attributable to shareholders						Non-controlling shareholders	Total equity
	Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total		
<b>BALANCE AS AT JANUARY 1, 2015</b>	228,257	14,379	8,266	108,907	(56,618)	303,191	33,128	336,319
Net earnings (loss)	—	—	—	(985)	—	(985)	1,940	955
Other comprehensive income	—	—	—	—	10,560	10,560	205	10,765
<b>COMPREHENSIVE INCOME (LOSS)</b>	—	—	—	(985)	10,560	9,575	2,145	11,720
Dividends (note 6)	—	—	—	(12,466)	—	(12,466)	—	(12,466)
Shares issued	119,562	—	—	—	—	119,562	—	119,562
Issuance of convertible debentures	—	3,939	—	—	—	3,939	—	3,939
Conversion of convertible debentures	186	—	—	—	—	186	—	186
Exercise of options	98	—	—	—	—	98	—	98
Stock option expense	—	—	159	—	—	159	—	159
Excess of proceeds on repurchase of non-controlling shareholders	—	—	—	(51,567)	—	(51,567)	(25,296)	(76,863)
Contribution of non-controlling shareholders	—	—	—	—	—	—	7,674	7,674
Share of a non-controlling shareholder resulting from a business combination	—	—	—	—	—	—	6,044	6,044
<b>BALANCE AS AT JUNE 30, 2015</b>	348,103	18,318	8,425	43,889	(46,058)	372,677	23,695	396,372

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

# Consolidated Statements of Cash Flows

(in thousands of Canadian dollars) (unaudited)	Note	Three-month periods ended June 30		Six-month periods ended June 30	
		2016	2015	2016	2015
Net earnings (loss)		(6,565)	(5,791)	15,937	955
Distributions received from Joint Ventures		4,500	—	4,500	9,550
Financing costs		18,028	18,730	36,313	36,256
Interest paid		(12,981)	(16,588)	(30,651)	(30,645)
Income tax expense (recovery)		(4,674)	(2,439)	4,662	(981)
Income taxes paid		(2,036)	(477)	(2,104)	(926)
Non-cash items in earnings (loss):					
Net loss on financial instruments		1,381	241	2,730	4,617
Share in results of the Joint Ventures	4	803	(1,900)	(3,279)	(7,762)
Amortization		28,581	26,704	58,033	47,423
Other		359	786	834	980
Change in non-cash items related to operating activities		1,459	(6,209)	17,557	2,657
<b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>		<b>28,855</b>	<b>13,057</b>	<b>104,532</b>	<b>62,124</b>
Business acquisitions, net of cash acquired		—	—	—	(16,128)
Additions to property, plant and equipment		(28,260)	(57,889)	(48,349)	(89,217)
Return of capital by Joint Venture Phase I	4	40,000	—	40,000	—
Change in restricted cash		2,770	1,541	2,344	4,403
Change in reserve funds		(1,210)	—	(1,062)	(175)
Development projects		(700)	(1,649)	(1,654)	(2,897)
Other		(20)	(21)	(29)	(1,531)
<b>NET CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>		<b>12,580</b>	<b>(58,018)</b>	<b>(8,750)</b>	<b>(105,545)</b>
Net increase in non-current debt		21,932	68,992	87,793	83,670
Repayments on current and non-current debt		(50,916)	(115,148)	(118,858)	(242,243)
Convertible debenture issuance proceeds, net of transaction costs		—	137,972	—	137,972
Contribution of non-controlling shareholders		713	5,616	1,263	7,674
Distributions paid to a non-controlling shareholder		(637)	—	(1,617)	—
Dividends paid to shareholders of Boralex	6	(9,133)	(6,234)	(17,601)	(12,466)
Share issuance proceeds, net of transaction costs		—	(281)	—	118,146
Exercise of options		1,094	22	3,485	107
Redemption of financial instruments prior to maturity		—	—	(4,424)	—
Other		—	(179)	—	(269)
<b>NET CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>		<b>(36,947)</b>	<b>90,760</b>	<b>(49,959)</b>	<b>92,591</b>
<b>TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS</b>		<b>(1,553)</b>	<b>821</b>	<b>(3,069)</b>	<b>1,491</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>2,935</b>	<b>46,620</b>	<b>42,754</b>	<b>50,661</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>		<b>139,460</b>	<b>79,435</b>	<b>99,641</b>	<b>75,394</b>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>		<b>142,395</b>	<b>126,055</b>	<b>142,395</b>	<b>126,055</b>

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

# Notes to Consolidated Financial Statements

As at June 30, 2016

(Tabular amounts are in thousands 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 June 30, 2016, the Corporation had interests in 45 wind power stations, 15 hydroelectric power stations, two thermal power stations and three solar power facilities representing an asset base with a total installed capacity of 1,264 megawatts (“MW”) of which 1,094 MW are under its control. Boralex has new production sites under development representing an additional 169 MW of power. The Corporation also operates two hydroelectric power stations on behalf of R.S.P. Énergie Inc., an entity of which two of the three shareholders, Richard and Patrick Lemaire, are directors of the Corporation. The generated power is sold mainly in Canada, France and the United States.

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

*(The data expressed in MW and MWh contained in notes 1, 9 and 10 have not been reviewed by the auditors.)*

## Note 2. Basis of Presentation

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as published by the International Accounting Standards Board (“IASB”), and set out in the *CPA Canada Handbook*, including International Accounting Standards (“IAS”) and the interpretations of the International Financial Reporting Interpretations Committee (“IFRS IC”) applicable to the preparation of interim financial statements, IAS 34, *Interim Financial Reporting*. The accounting policies followed in these unaudited interim condensed consolidated financial statements are the same as those applied in the audited annual consolidated financial statements of the Corporation for the year ended December 31, 2015, except for income taxes for the interim periods, which were calculated using the tax rate that would be applicable to expected annual earnings for each jurisdiction. The Corporation has consistently applied the same accounting policies for all of the periods presented, except for the new standards adopted at the beginning of the year (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, 2015.

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, 2015.

The Board of Directors approved these unaudited interim condensed consolidated financial statements on August 3, 2016.

## Note 3. Change in Accounting Policies

### IAS 1, Presentation of Financial Statements

In December 2014, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, as part of its initiative to improve presentation and disclosure requirements for financial reporting. The amendments to IAS 1 provide further guidance on the current presentation and disclosure requirements for materiality, notes structure, subtotals, accounting policies and disaggregation. The amendments also provide additional guidance on the exercise of professional judgment when determining what information to disclose in the preparation of notes to the financial statements. These amendments apply to fiscal years beginning on or after January 1, 2016, date at which the Corporation adopted this new standard, and this change had no material impact on the Corporation’s consolidated financial statements.

## Note 4. Interests in the Joint Ventures

### Joint Ventures Phases I and II

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

### Joint Venture in Denmark

In July 2014, Boralex entered into a joint venture agreement with a Danish developer. The joint venture's goal is to develop nearshore wind farms in Denmark. In 2014, Boralex invested €1,818,000 (\$2,656,000) to acquire a 50% share in the joint venture and to finance development activities. To date, Boralex's share in results is non-material.

### Interests in the Joint Ventures

	Six-month period ended June 30				Twelve-month period ended December 31			
	2016				2015			
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Balance - beginning of period	50,343	13,470	2,693	66,506	67,287	21,627	2,569	91,483
Share in net earnings (loss)	4,038	557	(23)	4,572	9,618	643	(15)	10,246
Share in other comprehensive income (loss)	(11,052)	—	(37)	(11,089)	(6,262)	—	139	(6,123)
Return of capital	(40,000)	—	—	(40,000)	—	—	—	—
Distributions	(3,350)	(1,150)	—	(4,500)	(20,300)	(8,800)	—	(29,100)
Other	21	—	—	21	—	—	—	—
Balance - end of period	—	12,877	2,633	15,510	50,343	13,470	2,693	66,506

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

	As at June 30, 2016			As at December 31, 2015		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Cash and cash equivalents	17,769	4,478	22,247	14,815	2,884	17,699
Restricted cash	—	—	—	—	325	325
Other current assets	9,194	2,251	11,445	8,784	1,991	10,775
Non-current assets	623,992	169,106	793,098	641,573	173,617	815,190
<b>TOTAL ASSETS</b>	<b>650,955</b>	<b>175,835</b>	<b>826,790</b>	<b>665,172</b>	<b>178,817</b>	<b>843,989</b>
Current portion of debt	25,456	3,962	29,418	24,785	3,767	28,552
Other current liabilities	6,964	3,371	10,335	10,291	3,015	13,306
Non-current debt	500,567	129,911	630,478	435,213	131,951	567,164
Non-current financial liabilities	71,213	—	71,213	46,175	—	46,175
Other non-current liabilities	46,796	12,443	59,239	48,023	12,750	60,773
<b>TOTAL LIABILITIES</b>	<b>650,996</b>	<b>149,687</b>	<b>800,683</b>	<b>564,487</b>	<b>151,483</b>	<b>715,970</b>
<b>NET ASSETS</b>	<b>(41)</b>	<b>26,148</b>	<b>26,107</b>	<b>100,685</b>	<b>27,334</b>	<b>128,019</b>

Note 4. Interests in the Joint Ventures (cont'd)

	Three-month period ended June 30			Three-month period ended June 30		
	2016			2015		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Revenues from energy sales	19,132	4,811	23,943	23,926	5,656	29,582
Operating	3,202	813	4,015	3,379	940	4,319
Administrative	35	4	39	43	26	69
Amortization	8,821	2,247	11,068	8,818	2,248	11,066
Other gains	(643)	(162)	(805)	(643)	(161)	(804)
OPERATING INCOME	7,717	1,909	9,626	12,329	2,603	14,932
Financing costs	8,147	2,073	10,220	7,513	2,308	9,821
Foreign exchange loss	1	—	1	—	—	—
Net gain on financial instruments	(300)	—	(300)	—	—	—
NET EARNINGS (LOSS)	(131)	(164)	(295)	4,816	295	5,111
Total other comprehensive income (loss)	(9,792)	—	(9,792)	13,733	—	13,733
COMPREHENSIVE INCOME (LOSS)	(9,923)	(164)	(10,087)	18,549	295	18,844

	Six-month period ended June 30			Six-month period ended June 30		
	2016			2015		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Revenues from energy sales	45,716	11,045	56,761	54,441	12,454	66,895
Operating	6,135	1,588	7,723	6,966	1,770	8,736
Administrative	54	12	66	79	39	118
Amortization	17,641	4,494	22,135	17,635	4,495	22,130
Other gains	(1,285)	(323)	(1,608)	(1,285)	(325)	(1,610)
OPERATING INCOME	23,171	5,274	28,445	31,046	6,475	37,521
Financing costs	15,399	4,160	19,559	14,933	4,448	19,381
Foreign exchange gain	(4)	—	(4)	—	(2)	(2)
Net gain on financial instruments	(300)	—	(300)	—	—	—
NET EARNINGS	8,076	1,114	9,190	16,113	2,029	18,142
Total other comprehensive loss	(22,102)	—	(22,102)	(4,289)	(1)	(4,290)
COMPREHENSIVE INCOME (LOSS)	(14,026)	1,114	(12,912)	11,824	2,028	13,852

Note 4. Interests in the Joint Ventures (cont'd)

### Share in Earnings (Loss) of the Joint Ventures

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

	Three-month period ended June 30				Three-month period ended June 30			
	2016				2015			
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Share in results (50%)	(65)	(82)	(12)	(159)	2,407	148	(1)	2,554
Other <sup>(1)</sup>	(644)	—	—	(644)	(655)	1	—	(654)
Share in earnings (losses) of the Joint Ventures	(709)	(82)	(12)	(803)	1,752	149	(1)	1,900

	Six-month period ended June 30				Six-month period ended June 30			
	2016				2015			
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Share in results (50%)	4,038	557	(23)	4,572	8,056	1,015	(2)	9,069
Other <sup>(1)</sup>	(1,293)	—	—	(1,293)	(1,309)	2	—	(1,307)
Share in earnings (losses) of the Joint Ventures	2,745	557	(23)	3,279	6,747	1,017	(2)	7,762

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

### Share in Comprehensive Income (Loss) of the Joint Ventures

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

	Three-month period ended June 30				Three-month period ended June 30			
	2016				2015			
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Share in comprehensive income (loss) (50%)	(4,897)	—	(58)	(4,955)	6,867	—	(75)	6,792

	Six-month period ended June 30				Six-month period ended June 30			
	2016				2015			
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Share in comprehensive loss (50%)	(11,052)	—	(37)	(11,089)	(2,144)	(1)	(96)	(2,241)

### Refinancing - Joint Venture Phase I

On May 4, 2016, the Joint Venture Phase I, announced the closing of the \$617,500,000 refinancing facility secured by the assets of Joint Venture Phase I and without recourse against the partners. This new financing facility comprises a \$383,400,000 unsecured tranche of a term loan maturing in 2032, a \$192,700,000 tranche of a term loan guaranteed by the Federal Republic of Germany via its export credit agency Euler-Hermes and maturing in 2029, and a \$41,400,000 letter of credit facility. The non-current debt has a variable interest rate based on CDOR, plus a margin, and is repayable in semi-annual payments. For Joint Venture Phase I, this refinancing represents a \$132,300,000 increase and a one-year extension for its unsecured tranche as well as a decrease in the secured tranche by \$44,500,000 and in its term by two years. The refinancing allowed the Joint Venture partners to receive a return of capital of \$80,000,000 which was paid in the second quarter of 2016, with Boralex's share amounting to \$40,000,000.



## Note 5. Non-current Debt

	Note	Maturity	Rate <sup>(1)</sup>	Currency of origin	As at June 30, 2016	As at December 31, 2015
Revolving credit facility	(a)	2020	—		44,266	70,210
Term loans payable – Canada		2024-2054	5.49		520,995	527,372
Term loans payable – Europe	(b)	2017-2033	2.97	467,328	669,728	689,742
Term loan payable – United States		2026	3.51	64,640	83,494	97,163
Term loan payable – Cube		2019	6.50	40,000	57,324	60,116
			4.01		1,375,807	1,444,603
Current portion of debt					(104,621)	(145,200)
Borrowing cost, net of accumulated amortization					(23,070)	(23,546)
					1,248,116	1,275,857

<sup>(1)</sup> Weighted average rates adjusted to reflect the impact of interest rate swaps, where applicable.

### (a) Refinancing - Revolving Credit Facility

On April 28, 2016, the Corporation announced the closing of the refinancing and the increasing of its revolving credit facility for a total authorized amount of \$360,000,000. The new financing facility, comprising a \$300,000,000 revolving credit facility and a \$60,000,000 letter of credit facility guaranteed by Export Development Canada, replaces the \$175,000,000 revolving credit facility maturing in June 2018. The revolving credit facility, maturing in 2020, is renewable annually and is secured by Boralex Inc.'s assets, its hydroelectric power stations located in Québec and its investments in its operations in the United States. For drawdowns in U.S. dollars, the interest rate formula is based on the LIBOR or the U.S. prime rate plus a margin, while the interest rate for drawdowns in Canadian dollars is based on Canadian bankers' acceptance rates or the Canadian prime rate, plus their respective margins.

### (b) Term Loans Payable - Europe

#### Term Loan Payable - Touvent Wind Power Project

On January 26, 2016, the Corporation completed the closing of long-term financing for the **Touvent** wind power project. The loan, secured by the assets of this wind power project, consists of an amount of €20,590,000 (\$29,508,000) and an amount of €3,200,000 (\$4,586,000) from a revolving value-added tax ("VAT") financing facility. The €20,590,000 loan will be fully amortized in quarterly payments over a 15-year period. The first quarterly repayment is due a few months after commissioning. The variable interest rate for the €20,590,000 facility is based on EURIBOR, plus a margin. To reduce its exposure to rate fluctuations, Boralex entered into financial swaps - interest rates with a notional amount of €18,531,000 (\$26,557,000) at a rate of 0.88%, excluding the margin. With these swaps, the rate is fixed at 2.18% for 90% of the €20,590,000 debt. As at June 30, 2016, the balance of this loan amounted to €13,259,000 (\$19,001,000).

#### Term Loan Payable - St-Patrick Wind Farm

On January 26, 2016, the Corporation refinanced the term loan for the **St-Patrick** wind farm. The initial loan with a balance of €28,422,000 (\$43,887,000) as at December 31, 2015 was repaid in full on January 29, 2016 and the financial swaps - interest rates were closed out. The new loan, secured by the assets of this wind power project, consists of an amount of €42,412,000 (\$60,781,000). The loan will be fully amortized in quarterly payments over an 11-year period. The variable interest rate for the facility is based on EURIBOR, plus a margin. To reduce its exposure to rate fluctuations, Boralex entered into financial swaps - interest rates with a notional amount of €38,171,000 (\$54,703,000) at a rate of 0.38%, excluding the margin. With these swaps, the rate is fixed at 1.68% for 90% of the debt. As at June 30, 2016, the balance of this loan amounted to €40,065,000 (\$57,417,000).

#### Term Loan Payable - Plateau de Savernat Wind Power Project

On June 23, 2016, the Corporation completed the closing of long-term financing for the **Plateau de Savernat** wind power project. The loan, secured by the assets of this wind power project, consists of an amount of €17,550,000 (\$25,151,000) and an amount of €1,140,000 (\$1,634,000) from a revolving VAT financing facility. The €17,550,000 loan will be fully amortized in semi-annual payments over a 15-year period. The first quarterly repayment will be made a few months after commissioning. The variable interest rate for the facility is based on EURIBOR, plus a margin. As at June 30, 2016, this term credit facility was undrawn.

#### Term Loan Payable - Avignonet II Wind Farm

On June 23, 2016, the Corporation completed the closing of long-term financing for the **Avignonet II** wind farm. The loan, secured by the assets of this wind farm, totals €2,800,000 (\$4,013,000). The loan will be fully amortized in semi-annual payments over a 9.5-year period, which is the remaining term of the energy sales contract plus two years. The variable interest rate for the facility is based on EURIBOR, plus a margin. To reduce its exposure to rate fluctuations, Boralex entered into financial swaps - interest rates with a notional amount of €2,520,000 (\$3,611,000) at a rate of 0.42%, excluding the margin. With these swaps, the rate is fixed at 1.72% for 90% of the debt. As at June 30, 2016, this term credit facility was undrawn.

## Note 6. Net Earnings (Loss) per Share

### (a) Net Earnings (Loss) per Share (Basic and Diluted)

(in thousands of dollars, except per share amounts and number of shares) (unaudited)	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
Net earnings (loss) attributable to shareholders of Boralex	(7,281)	(6,284)	13,274	(985)
Weighted average number of shares	65,200,423	47,951,885	65,116,534	47,856,113
Net earnings (loss) per share (basic and diluted) attributable to shareholders of Boralex	(\$0.11)	(\$0.13)	\$0.20	(\$0.02)

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 earnings (loss) per common share due to their anti-dilutive effect:

	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
Convertible debentures excluded due to their anti-dilutive effect	7,334,183	28,042,485	7,334,183	28,042,485
Stock options excluded due to their anti-dilutive effect	1,285,459	1,636,879	207,259	224,126

### (b) Dividends Paid

On March 7, 2016, the Board of Directors authorized a 7.7% increase in the annual dividend from \$0.52 to \$0.56 per common share (from \$0.13 to \$0.14 on a quarterly basis) starting in the second quarter of 2016.

An additional dividend of \$0.14 per common share was declared by the Board of Directors on August 3, 2016 and will be paid on September 16, 2016 for holders of record at the close of business on August 31, 2016.

The Corporation paid dividends in the total amount of \$17,601,000 for the six-month period ended June 30, 2016 (\$12,466,000 in 2015).

## Note 7. Financial Instruments

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

	As at June 30, <b>2016</b>		As at December 31, <b>2015</b>	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>OTHER LIABILITIES</b>				
Non-current debt	1,352,737	1,442,992	1,421,057	1,502,335
Convertible debentures (including equity portion)	138,060	165,226	137,010	145,906

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

	As at June 30, <b>2016</b>	As at December 31, <b>2015</b>
<b>OTHER CURRENT FINANCIAL ASSETS</b>		
Foreign exchange forward contracts	866	541
<b>OTHER NON-CURRENT FINANCIAL ASSETS</b>		
Foreign exchange forward contracts	1,882	239
<b>OTHER CURRENT FINANCIAL LIABILITIES</b>		
Financial swaps - interest rates	57,877	41,356
<b>OTHER NON-CURRENT FINANCIAL LIABILITIES</b>		
Foreign exchange forward contracts	1,623	4,130
Financial swaps - interest rates	41,725	32,586
	43,348	36,716

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

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

The fair value of non-current debt is essentially based on the calculation of discounted cash flows. Discount rates, ranging from 0.62% to 5.42%, were determined based on local government bond yields adjusted for the risks specific to each of the borrowings and for credit market liquidity conditions. The convertible debentures are traded on the stock exchange whereas their fair values are based on the prices as at June 30, 2016.

### Financial Swaps - Interest Rates

Cash flows are discounted using a curve that reflects the credit risk of the Corporation or the counterparty, as applicable. The following table summarizes the Corporation's commitments under financial swaps - interest rates as at June 30, 2016:

As at June 30, <b>2016</b>	Currency	Fixed-rate payer	Floating-rate receiver	Maturity	Current notional (in CAD)	Fair value (in CAD)
Financial swaps - interest rates	EUR	0.38%–5.16%	6-month Euribor	2016-2033	397,692	(31,380)
Financial swaps - interest rates	CAD	2.38%–5.85%	3-month CDOR	2034-2055	212,531	(68,222)

Some financial swaps - interest rates denominated in Canadian dollars contain an early termination clause that is mandatory in 2016. As a result, they are presented as current financial liabilities.

### Foreign Exchange Forward Contracts

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

Note 7. Financial Instruments (cont'd)

As at June 30,

**2016**

	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Foreign exchange forward contracts (EUR for CAD)	1.5475	2016-2025	130,412	1,125

### Hierarchy of Financial Assets and Liabilities Measured at Fair Value

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Financial instruments 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 the convertible debentures as Level 1, as their fair values are determined using quoted market prices.

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

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

	Fair value hierarchy levels			
	As at June 30, <b>2016</b>	Level 1	Level 2	Level 3
<b>DERIVATIVE FINANCIAL ASSETS</b>				
Foreign exchange forward contracts	2,748	—	2,748	—
<b>OTHER FINANCIAL LIABILITIES</b>				
Non-current debt	1,442,992	—	1,442,992	—
Convertible debentures	165,226	165,226	—	—
	1,608,218	165,226	1,442,992	—
<b>DERIVATIVE FINANCIAL LIABILITIES</b>				
Foreign exchange forward contracts	1,623	—	1,623	—
Financial swaps - interest rates	99,602	—	99,602	—
	101,225	—	101,225	—

	Fair value hierarchy levels			
	As at December 31, <b>2015</b>	Level 1	Level 2	Level 3
<b>DERIVATIVE FINANCIAL ASSETS</b>				
Foreign exchange forward contracts	780	—	780	—
<b>OTHER FINANCIAL LIABILITIES</b>				
Non-current debt	1,502,335	—	1,502,335	—
Convertible debentures	145,906	145,906	—	—
	1,648,241	145,906	1,502,335	—
<b>DERIVATIVE FINANCIAL LIABILITIES</b>				
Foreign exchange forward contracts	4,130	—	4,130	—
Financial swaps - interest rates	73,942	—	73,942	—
	78,072	—	78,072	—

## Note 8. Commitments

During the six-month period ended June 30, 2016, the Corporation entered into the following significant new commitments:

### Canada - Port Ryerse Wind Power Project

In 2016, the Corporation entered into a wind turbine purchase contract, a construction contract and a 10-year maintenance contract expiring in 2026 for the **Port Ryerse** wind power project. The maintenance contract includes a cancellation option at the Corporation's discretion after five years. The Corporation's net commitment under the purchase and construction contract, as well as the maintenance contract, including the first five years of the maintenance contract, amounted to \$19,706,000 and \$1,362,000, respectively, as at June 30, 2016.

### Canada - Moose Lake Wind Power Project

In 2016, the Corporation entered into a construction contract for the **Moose Lake** wind power project. The Corporation's net commitment under this contract amounted to \$1,085,000 as at June 30, 2016.

### France - Touvent Wind Power Project

In 2016, the Corporation entered into a 15-year wind turbine maintenance contract expiring in 2031 for the **Touvent** wind power project. The Corporation's net commitment under this contract amounted to €4,509,000 (\$6,462,000) as at June 30, 2016.

### France - Plateau de Savernat Wind Power Project

In 2016, the Corporation entered into a wind turbine purchase contract as well as construction contracts for Phase II of the **Plateau de Savernat** wind power project. The Corporation's net commitment under those contracts amounted to €4,559,000 (\$6,533,000) as at June 30, 2016.

## **Note 9. Seasonal and Other Cyclical Factors**

The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment. Since nearly all of Boralex facilities have long-term indexed fixed-price energy sales contracts, seasonal cycles mainly affect the total volume of power generated by the Corporation. Only five hydroelectric power stations in the United States, accounting for 2% of the Corporation's total installed capacity in operation, sell their production in the market where prices are more volatile.

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 874 MW, wind conditions are usually more favourable in the winter, which falls during Boralex's first and fourth quarters, both in France and Canada. However, in winter there is a greater risk of lower production caused by weather conditions, such as icing. In general, management estimates that approximately 60% of annual production in its wind power segment is generated in the first and fourth quarters and 40% in the second and third quarters.

### **Hydroelectric**

For Boralex's hydroelectric assets in operation totalling 158 MW, power output depends on water flow, which in Canada and the Northeastern United States is typically at a maximum in spring and high in the fall, in Boralex's second and fourth quarters. Historically, water flow tends to decrease in winter and summer. However, these long-term trends may vary from year to year due to short-term weather conditions. In general, management estimates that approximately 60% of annual production in its hydroelectric power segment is generated in the second and fourth quarters and 40% in the first and third quarters. Note that apart from four hydroelectric power stations whose water flow is regulated upstream yet 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 owns and operates two thermal power stations for an aggregate 47 MW of installed capacity. Of the two, the Senneterre power station in Québec, Canada is fuelled by wood-residue and is covered by a Hydro-Québec energy sales contract expiring in 2027. The Corporation has entered into an agreement with Hydro-Québec covering the years 2014 to 2018, inclusively, under which the Senneterre power station is limited to producing power 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 which will allow it to anticipate profitability akin to recent-year performance.

Boralex also operates a natural gas-fired power station located in Blendecques, France. For the past several years, due to specific market conditions, the Corporation operates this cogeneration plant 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 continues to be produced for the power station's industrial client using an auxiliary boiler.

### **Solar**

The solar power facilities totalling just over 15 MW in operation by the Corporation are all covered by long-term energy sales contracts. They benefit from sunlight conditions that are usually more favourable in the spring and summer, which fall during Boralex's second and third quarters. In view of these weather conditions, management estimates that approximately 65% of the annual production at its solar power stations will be generated in the second and third quarters.

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

## Note 10. Segmented Information

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

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

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

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

	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
Net earnings (loss)	(6,565)	(5,791)	15,937	955
Income tax expense (recovery)	(4,674)	(2,439)	4,662	(981)
Financing costs	18,028	18,730	36,313	36,256
Amortization	28,581	26,704	58,033	47,423
<b>EBITDA</b>	<b>35,370</b>	<b>37,204</b>	<b>114,945</b>	<b>83,653</b>
Adjustments:				
Net loss on financial instruments	1,381	241	2,730	4,617
Foreign exchange loss (gain)	1,164	(1,421)	744	(415)
Other gains	(227)	(77)	(732)	(154)
<b>EBITDA(A)</b>	<b>37,688</b>	<b>35,947</b>	<b>117,687</b>	<b>87,701</b>

Note 10. Segmented Information (cont'd)

**Information by Operating Segment**

	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
<b>Power production (MWh)</b>				
Wind power stations	356,410	301,334	937,861	687,229
Hydroelectric power stations	190,600	205,678	361,227	319,265
Thermal power stations	12,499	15,628	77,326	74,783
Solar power stations	6,772	2,030	10,928	3,068
	566,281	524,670	1,387,342	1,084,345
<b>Revenues from energy sales</b>				
Wind power stations	45,899	37,016	123,636	85,728
Hydroelectric power stations	14,999	16,785	32,227	29,369
Thermal power stations	2,531	3,467	12,592	14,203
Solar power stations	1,606	926	2,557	1,411
	65,035	58,194	171,012	130,711
<b>EBITDA(A)</b>				
Wind power stations	35,389	30,676	106,251	75,262
Hydroelectric power stations	10,775	12,741	23,694	21,988
Thermal power stations	(703)	(654)	3,451	3,871
Solar power stations	1,427	837	2,212	1,241
Corporate and eliminations	(9,200)	(7,653)	(17,921)	(14,661)
	37,688	35,947	117,687	87,701
<b>Additions to property, plant and equipment</b>				
Wind power stations	19,446	52,137	33,913	82,118
Hydroelectric power stations	7,234	1,625	10,316	2,127
Thermal power stations	806	1,392	1,028	1,787
Solar power stations	(119)	2,396	891	2,412
Corporate and eliminations	893	339	2,201	773
	28,260	57,889	48,349	89,217
			As at June 30, <b>2016</b>	As at December 31, <b>2015</b>
<b>Total assets</b>				
Wind power stations			1,654,419	1,763,663
Hydroelectric power stations			474,676	478,837
Thermal power stations			36,646	41,684
Solar power stations			39,277	40,752
Corporate			155,224	124,106
			2,360,242	2,449,042
<b>Total liabilities</b>				
Wind power stations			1,360,241	1,383,267
Hydroelectric power stations			182,579	174,853
Thermal power stations			11,014	12,744
Solar power stations			29,161	32,935
Corporate			255,481	286,502
			1,838,476	1,890,301



Note 10. Segmented Information (cont'd)

**Information by Geographic Segment**

	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
<b>Power production (MWh)</b>				
Canada	254,950	187,890	537,254	371,481
France	228,372	228,013	644,153	535,175
United States	82,959	108,767	205,935	177,689
	566,281	524,670	1,387,342	1,084,345
<b>Revenues from energy sales</b>				
Canada	26,492	18,811	62,718	42,483
France	31,604	30,535	89,955	72,636
United States	6,939	8,848	18,339	15,592
	65,035	58,194	171,012	130,711
<b>EBITDA(A)</b>				
Canada	15,232	10,705	44,293	30,589
France	17,596	18,365	59,794	45,536
United States	4,860	6,877	13,600	11,576
	37,688	35,947	117,687	87,701
<b>Additions to property, plant and equipment</b>				
Canada	9,239	51,330	20,907	59,822
France	18,257	6,464	26,488	29,273
United States	764	95	954	122
	28,260	57,889	48,349	89,217
			As at June 30, <b>2016</b>	As at December 31, <b>2015</b>
<b>Total assets</b>				
Canada			1,047,784	1,063,039
France			1,118,903	1,178,015
United States			193,555	207,988
			2,360,242	2,449,042
<b>Non-current assets, excluding <i>Interests in the Joint Ventures and Deferred income tax asset</i></b>				
Canada			888,294	885,659
France			1,036,097	1,089,368
United States			171,352	185,761
			2,095,743	2,160,788
<b>Total liabilities</b>				
Canada			824,941	835,566
France			880,172	905,905
United States			133,363	148,830
			1,838,476	1,890,301

## **Note 11. Subsequent Events**

### **Canada – Moose Lake Wind Power Project**

In July 2016, the Corporation entered into a construction agreement for the **Moose Lake** wind power project. The Corporation's net commitment under this contract amounts to \$4,686,000. Expenditures will be made according to the percentage of completion.

### **France – Mont de Bagny Wind Power Project**

In July 2016, the Corporation entered into a turbine purchase contract and construction contracts for the **Mont de Bagny** wind power project. The Corporation's net commitment under these contracts amounts to €24,311,000 (\$34,841,000). Expenditures will be made according to the percentage of completion.

### **France – Artois Wind Power Project**

In July 2016, the Corporation entered into construction contracts for the **Artois** wind power project. The Corporation's net commitment under these contracts amounts to €1,110,000 (\$1,591,000). Expenditures will be made according to the percentage of completion.





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