BORALEX

energy creator

INTERIM REPORT

AS AT SEPTEMBER 30, 2016

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PROFILE

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

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Management's Discussion and Analysis 3

As at September 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 nine-month periods ended September 30, 2016 compared with the corresponding periods of 2015, as well as the Corporation's financial position as at September 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) and SEDAR (www.sedar.com) websites.

In this MD&A, Boralex or the Corporation means, as applicable, either Boralex and its subsidiaries and divisions or Boralex or one of its subsidiaries or divisions. The information contained in this MD&A reflects all material events up to November 8, 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 November 8, 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.

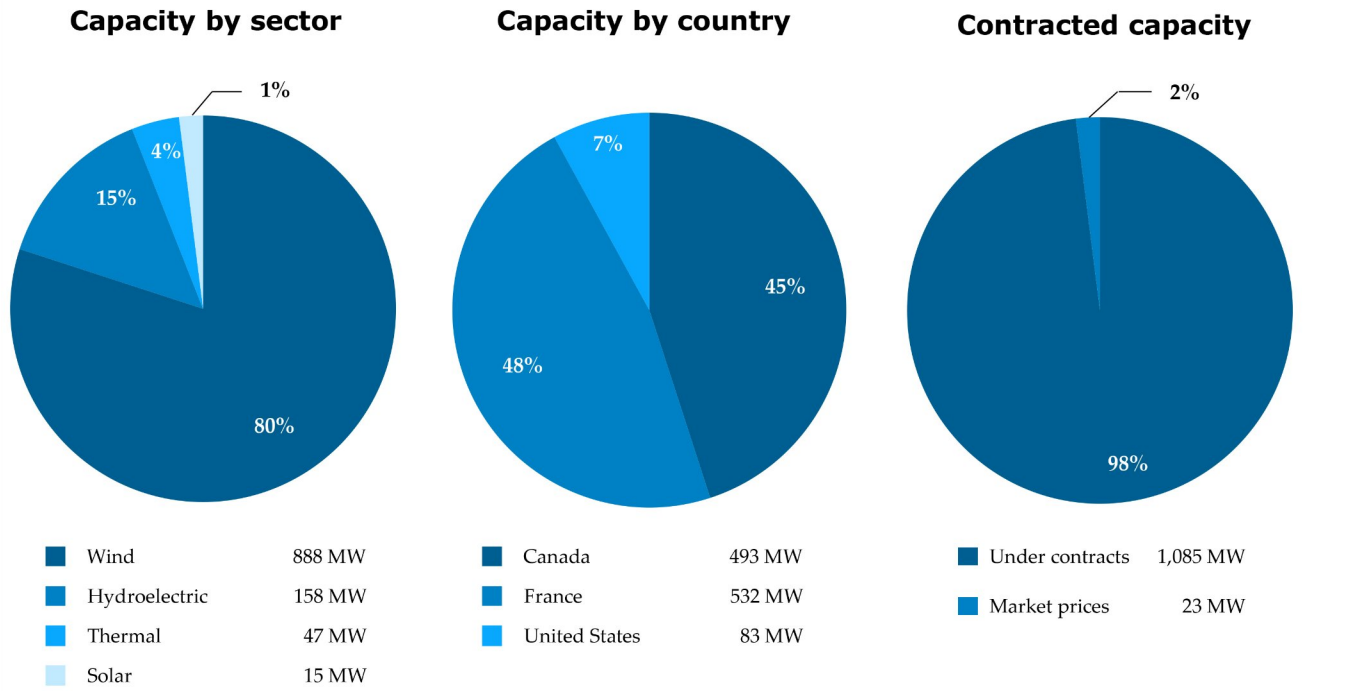
Unless otherwise specified by the Corporation, the forward-looking statements do not take into account the possible impact on its activities, transactions, non-recurring items or other exceptional items announced or occurring after the statements are made. There can be no assurance as to the materialization 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 September 30, 2016, the Corporation had approximately 300 employees and operated an asset base with an installed capacity of 1,278 megawatts ("MW"), of which 1,108 MW[1] were under its control, consisting of 493 MW in Canada, 532 MW in France and 83 MW in the Northeastern United States. In addition, Boralex currently has new projects under development representing an additional 224 MW, to be commissioned by the end of 2019.

- As at September 30, 2016, Boralex operated a **888 MW[1] wind power** portfolio of assets in France and Canada. In recent years, Boralex has become France's leading independent onshore wind power producer with 505 MW in operation and an additional 164 MW to be commissioned by the end of 2019. In addition, three major acquisitions in Europe since December 2014 have given Boralex a sizeable portfolio of wind power projects, located primarily in France and 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, British Columbia and Ontario, with 44 MW to be commissioned by the end of 2019. Boralex will exercise its option ("the Option") by December 31, 2016, to acquire a 25% interest in a 230 MW wind power project in Ontario that was commissioned on October 30, 2016, and is a partner in a 200 MW wind power project in Québec, to be developed with the Innu Nation.
- 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 construction 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[1] provide information about the makeup of the Corporation's energy portfolio in operation as at September 30, 2016. As the charts 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: 1,108 MW

Weighted 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.

[1] 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 the Joint Ventures operating the Seigneurie de Beaupré Wind Farms in Québec with a total installed capacity of 340 MW.

Executive Summary

While growth in Boralex's operating results over the second and third quarters of 2016 were slowed by less favourable weather conditions than in 2015, the Corporation generated strong operating and financial performance for the first nine months of the year, bolstered by the excellent results in the first quarter, the most profitable quarter in Boralex's history. During the nine-month period ended September 30, 2016, the Corporation posted revenue from energy sales' growth of 22% (16% under proportionate consolidation) and EBITDA(A) growth of 23% (18% under proportionate consolidation), while net earnings attributable to shareholders rose $19.2 million (a $12.9 million increase under proportionate consolidation). Moreover, Boralex pursued its growth strategy during the third quarter with a new acquisition in Europe, which brought the Corporation an additional project pipeline totalling 200 MW, including a ready-to-build 51 MW project.

Financial Highlights

For the three-month periods ended September 30

(in thousands of dollars, except production, EBITDA(A) margin and per share amounts)	IFRS			Proportionate Consolidation[1]		
	2016	2015	Change	2016	2015	Change
Power production (MWh)	457,678	458,402	—	571,967	563,341	+ 2%
Revenues from energy sales	53,851	53,884	—	66,175	65,139	+ 2%
EBITDA(A)[2]	24,571	27,749	- 11%	35,152	38,380	- 8%
EBITDA(A) margin (%)	46%	51%		53%	59%	
Net loss	(9,853)	(14,899)		(16,201)	(14,899)	
Net loss attributable to shareholders of Boralex	(10,432)	(15,421)		(16,780)	(15,421)	
Per share (basic)	($0.16)	($0.32)		($0.26)	($0.32)	
Net cash flows related to operating activities	12,200	22,187		9,567	7,792	
Cash flows from operations[2]	13,179	31,826	- 59%	9,442	17,155	- 45%

Financial Highlights

For the nine-month periods ended September 30

(in thousands of dollars, except production, EBITDA(A) margin and per share amounts)	IFRS			Proportionate Consolidation[1]		
	2016	2015	Change	2016	2015	Change
Power production (MWh)	1,845,019	1,542,747	+ 20%	2,222,517	1,959,428	+ 13%
Revenues from energy sales	224,863	184,595	+ 22%	265,568	229,298	+ 16%
EBITDA(A)[2]	142,237	115,450	+ 23%	174,024	147,339	+ 18%
EBITDA(A) margin (%)	63%	63%		66%	64%	
Net earnings	6,084	(13,944)		(264)	(13,944)	
Net earnings (loss) attributable to shareholders of Boralex	2,842	(16,406)		(3,506)	(16,406)	
Per share (basic)	$0.04	($0.34)		($0.05)	($0.34)	
Net cash flows related to operating activities	116,732	84,312		123,610	81,463	
Cash flows from operations[2]	100,154	91,293	+ 10%	107,854	87,406	+ 23%

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

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

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 888 MW as at September 30, 2016, in addition to acquiring a broad 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 40 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 weighted 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 September 30, 2016, the combined share of these two segments of Boralex's overall installed capacity totalled nearly 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 48%, 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, a solid cash position and a reasonable debt level have been maintained 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

Expansion of the operating base and project portfolio

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 10.4 MW. As the majority of this new installed capacity went into production during the final weeks of fiscal 2015, its impact on 2016 results is 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 Cigalettes** 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.

Additionally, on December 28, 2015, Boralex Inc. announced its acquisition of the 350 MW **Ecotera wind power project** portfolio in Northern France. Among them, projects totalling 87 MW were ready for construction and will ultimately be commissioned in 2017 and 2018, while several others are in an advanced stage of development. All of these projects will also benefit from a fixed and indexed price.

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 station, 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 facility 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. Management estimates its future contribution to annual EBITDA(A) will be approximately $9 million.

2016

- On August 1, 2016, the 14 MW **Touvent** wind power station in France was commissioned, covered by a 15-year contract with EDF. Management estimates its future contribution to annual EBITDA(A) will be approximately $3 million.

Two wind power projects, namely **Plateau de Savernat Phase I** in France and **Port Ryerse** in Ontario, Canada, will be commissioned during the fourth quarter of 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.

Boralex announced on November 2, 2016 that it will exercise its option to buy a 25% financial interest in the 230 MW **Niagara Region Wind Farm** in Ontario, Canada by December 31, 2016. The investment for this large-scale project is expected to total approximately $930 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, following the exercise of the option. The Corporation estimates the capital contribution required to exercise the option at approximately $60 million. The project was commissioned on October 30, 2016.

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

Development Projects

Within the extensive pipeline of projects recently acquired or launched by the Corporation, primarily in the wind power segment, certain projects are in the advanced development stage and will be commissioned before the end of 2019, which will require significant investments. These projects are 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)[1]
Plateau de Savernat	16	Wind / France	15 years with EDF	100%	4th quarter 2016 1st quarter 2017	$32 million	$4 million
Port Ryerse	10	Wind / Canada	20 years with IESO	75%	4th quarter 2016	$38.5 million	$3.5 million
Yellow Falls	16	Hydro / Canada	20 years with IESO [2]	100%	1st quarter 2017	$98 million	$7 million
Voie des Monts	10	Wind / France	15 years with EDF	100%	2nd quarter 2017	$28 million	$3 million
Mont de Bagny	24	Wind / France	15 years with EDF	100%	3rd quarter 2017	$66 million	$7.5 million
Artois	23	Wind / France	15 years with EDF	100%	4th quarter 2017	$63 million	$7 million
Moose Lake	15	Wind / Canada	40 years with BC Hydro	70%	4th quarter 2017	$67.5 million	$5 million
Chemin de Grès	30	Wind / France	15 years with EDF	100%	1st quarter 2018	$76 million	$8 million
Le Pelon	10	Wind / France	15 years with EDF	100%	4th quarter 2018	$24 million	$3 million
Moulins du Lohan	51	Wind / France	15 years with EDF	100%	2nd quarter 2019	$142 million	$14 million
Otter creek [3]	19	Wind / Canada	20 years with IESO	38.5%	4th quarter 2019	$56 million	$6 million

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

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

(3) 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. 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.

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 refinancing facility for Joint Venture Phase I**, for a total amount of the $617.5 million secured by its assets and without recourse against the partners. This new financing facility comprised 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 an $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.

On October 25, 2016, the Corporation announced the **closing of long-term financing for the Mont de Bagny, Artois and Voie des Monts wind farms in France** for a total amount of €100.6 million ($148.2 million), including €11.2 million ($16.5 million) for a bridge VAT financing facility. The loan consists of a 10-year tranche of €52.4 million ($77.3 million) at a fixed rate of 0.80% and a 15-year tranche of €36.9 million ($54.4 million) at a variable rate of approximately 2.50%. The average rate for the 15-year tranche will be approximately 1.77%. The Corporation intends to use interest rate swaps to reduce its exposure for at least 90% of this financing over its entire term.

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 outlook. 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 September 30, 2016, discretionary cash flows totalled $48.3 million and the payout ratio stood at 72.9% (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) with the payout ratio falling in the middle of the above-mentioned target range at the same time.

Executing on the wind power segment expansion strategy in 2016: a new acquisition in Europe and a new partnership in Canada

Europe

On September 16, 2016, Boralex announced the closing of a major transaction through which the Corporation acquired a portfolio of wind power projects totalling nearly 200 MW in France and Scotland, along with land amounting to some 8,500 hectares on which the projects will be developed. The transaction was concluded for a cash amount of €70 million ($103 million), paid from Boralex's available cash and revolving credit facility and incurred purchase costs of €1.4 million ($2 million). In addition, by December 31, 2016, Boralex will obtain a bridge loan of €45.7 million ($67.3 million) from BNP Paribas S.A. with a 24-month term.

With this acquisition, Boralex not only continues its expansion in the French wind power market, but secures a base for development in Scotland, a region which enjoys strong wind power potential and a political environment favourable to renewable energies, including onshore wind power. More specifically, the acquisition involves the following assets:

- A ready-to-build wind power project in Brittany, France, the **Moulins du Lohan** project totalling 51 MW. Construction on this site has already begun with a view to commissioning in the second quarter of fiscal 2019, which will require total investments estimated at approximately €97 million ($142 million). Since the required equity investments are included in the purchase price, the remaining investment will be financed by debt;
- A 24 MW project in an advanced stage of development located in Scotland; and
- Various projects totalling 126 MW, also in Scotland, which are in the preliminary stages of development.

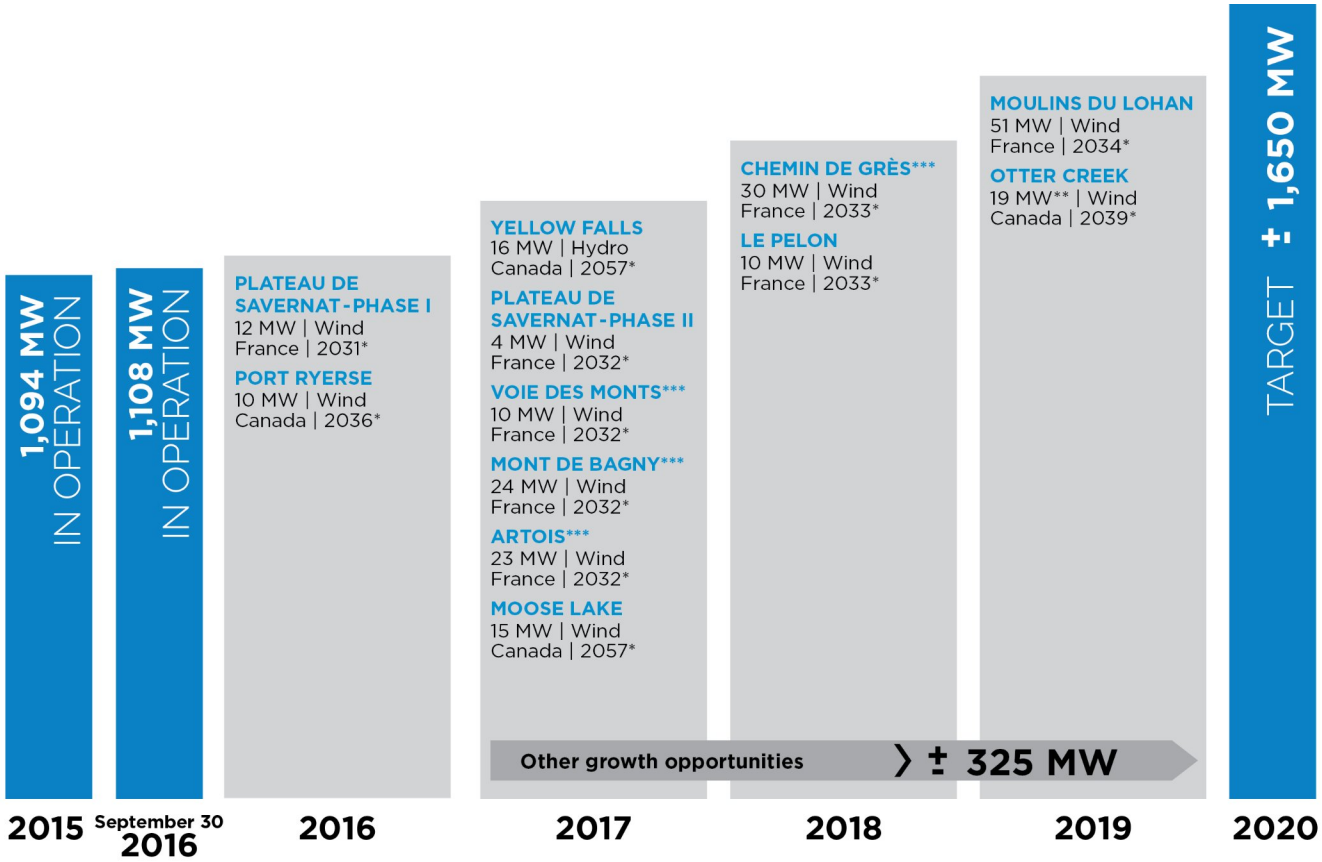
Boralex will continue to study and develop projects in Scotland consistently with the country's prevailing medium-term regulatory framework. Additionally, a decision will be made in the coming months concerning the potential sale of the acquired land, in which case the Corporation will nonetheless retain the land and other rights associated with the future development of the related wind power projects.

Canada

On September 8, 2016, Boralex announced it had been chosen by the Innu Nation as a partner in carrying out the 200 MW **Apuiat** wind farm project, located on public lands in the municipality of Port-Cartier, in Québec's Côte-Nord region. To successfully complete this large-scale project, Boralex will partner with Renewable Energy Systems Canada Inc. ("RES") to share respective experience and know-how in the development, design and construction of renewable energy projects. The Innu Nation, Boralex and RES have begun the public consultation and information process with the community and the key stakeholders, to ensure that their interests are taken into account in developing the project and thereby enhance project outcome.

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 and medium-term Outlook

As evidenced by the results for the first nine months ended September 30, 2016, the fiscal year ending December 31, 2016 will have generated solid growth in Boralex's wind power segment operating results, owing mainly to the expansion in its asset base of an additional 160 MW in 2015 and 2016. These new sites were discussed in the preceding section. This expansion more than offset wind conditions that were much less favourable than in the previous year in France. By the end of fiscal 2016, two other wind farms totalling 22 MW will be commissioned, namely the 10 MW **Port Ryerse** wind farm in Ontario, Canada and the first phase of the 12 MW **Plateau de Savernat** wind farm in France. Boralex has announced that it will exercise the Option to buy a 25% financial interest in the 230 MW **Niagara Region Wind Farm**, subject to the achievement of certain conditions. The project was commissioned on October 31, 2016.

Regarding development projects, in addition to the aforementioned facilities to be commissioned, fiscal 2016 will have been dedicated above all to the wind power segment expansion strategy in Europe and Canada, which notably led to the recent acquisition of projects amounting to nearly 200 MW in France and in Scotland. Boralex also committed itself to developing projects that are part of the wind power portfolio, of which 116 MW will be commissioned in 2017 and 2018, including 101 MW in France. Note that the majority of the sites to be commissioned in the next two fiscal years result from the acquisition at the very end of fiscal 2015 of the Ecotera projects totalling approximately 350 MW, demonstrating the Corporation's ability to achieve strategic acquisitions and quickly harness their potential. Similarly, the 51 MW **Moulins du Lohan** project in France, which Boralex just recently acquired, will be commissioned in 2019.

Regarding the regulatory situation in France, following a decision rendered by the European Commission in September 2016, it has been ruled that fixed-rate energy purchase agreements used in France constitute State aid and are therefore incompatible with European Commission directives. Accordingly, the new rate applications will be based on additional compensation. For rate applications filed between now and the end of 2016, the currently set rate will be equal to the market price plus additional compensation for a total amount of about €81/MWh, which is equivalent to the currently applicable rate for fixed-rate energy purchase agreements prior to this decision. For rate applications made after December 31, 2016, the principle of additional compensation shall be maintained but it is currently impossible to accurately estimate the total amount to be paid. It is also highly likely that, in conjunction with this change to the support mechanism, France will adopt a system based on the principle of tenders. As at the date of this MD&A, 87 MW of additional projects meet the following criteria: building permits that cannot be revoked, and signed technical and financial proposal ensuring connection to the grid at a fixed rate. Also, Boralex expects that another 200 to 250 MW will be covered by a fixed rate by the end of 2016.

In Canada, the Corporation is working on the 15 MW **Moose Lake** wind power project in British Columbia, whose construction was launched in July 2016, 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 Boralex's exercise of the Option in the **Niagara Region Wind Farm** by December 31, 2016, or the development of other wind power projects, including the partnership with the Innu Nation in Québec, and the acquisition opportunities for sites in operation or at an advanced stage of development that could materialize in the near future.

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 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 leading to lower costs and making these technologies more competitive over traditional energy sources.

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, and primarily France, 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, already stands as France's largest private onshore wind power producer. In addition to its operating base of over 500 MW, the Corporation acquired the rights to a sizeable portfolio of projects totalling over 800 MW of wind power, mainly through the acquisition of BEV in December 2014, Ecotera projects acquired in December 2015 and its most recent acquisition in September 2016. As mentioned earlier, many of these projects are ready to build and will be commissioned in 2016 (12 MW), 2017 (61 MW), 2018 (40 MW) and 2019 (51 MW).

Management believes that this pipeline of projects in France, where the business conditions are the most favourable for the wind power segment, currently represents the greatest potential for Boralex's growth and value creation for its shareholders.

Further, the September 2016 acquisition gives Boralex a potential entry into the wind power segment in Scotland, where it now holds the rights to a large portfolio of projects totalling approximately 150 MW, including a 24 MW project at an advanced stage of development. Boralex will study the opportunity to develop these projects in the coming years.

Furthermore, because it sees Denmark as a welcoming and favourable market for wind power development, Boralex and a Danish developer entered into an equally owned joint venture to develop nearshore and offshore wind power projects in Denmark over a three- to five-year horizon. As part of this joint venture, Boralex and its partner submitted a bid on September 1, 2016, which was unfortunately not selected for the nearshore Request For Proposal ("RFP"). Boralex and its partner have also been prequalified for the offshore - Kriegers Flak RFP. The submission of bids ends on November 8, 2016. Finally, Boralex is also preparing for the 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 intensified 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. The Corporation can also build on its solid positioning in Canada, particularly in connection with projects developed with local communities, including First Nations. The Innu Nation's selection of Boralex as its partner in a 200 MW wind power project in Québec is a good example of this approach.

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, however, the government recently cancelled the LRP II RFP that was underway, for the acquisition of 930 MW of renewable energy by IESO. In Alberta, Boralex is seeking opportunities in the market to develop projects that would allow the government to reach its ambitious climate plan goals. The Alberta government will invest over $3 billion in renewable energy, bioenergy and other 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. Alberta plans to add renewable energy projects totalling 5,000 MW by 2030.

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 and First Nations as a proactive economic, social and environmentally conscious partner.

Hydroelectric

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 fourth 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, 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.

Also, following several months of negotiations, Boralex recently entered into an agreement in principle with Hydro-Québec to renew sales contracts for two of its hydroelectric power stations in Québec, namely the **Beauport** and **Forestville** power stations.

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

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 an 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 receives 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. An agreement in principle has also been entered into to extend the initial agreement, which was due to terminate in 2018, until contract expiry in 2027.

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

Boralex's first photovoltaic solar power facility, the 5 MW **Avignonet-Lauragais** power station, has performed to management's expectations since its commissioning in June 2011.

On October 2, 2015, Boralex inaugurated a second photovoltaic solar power facility, the 10 MW **Les Cigalettes** 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.

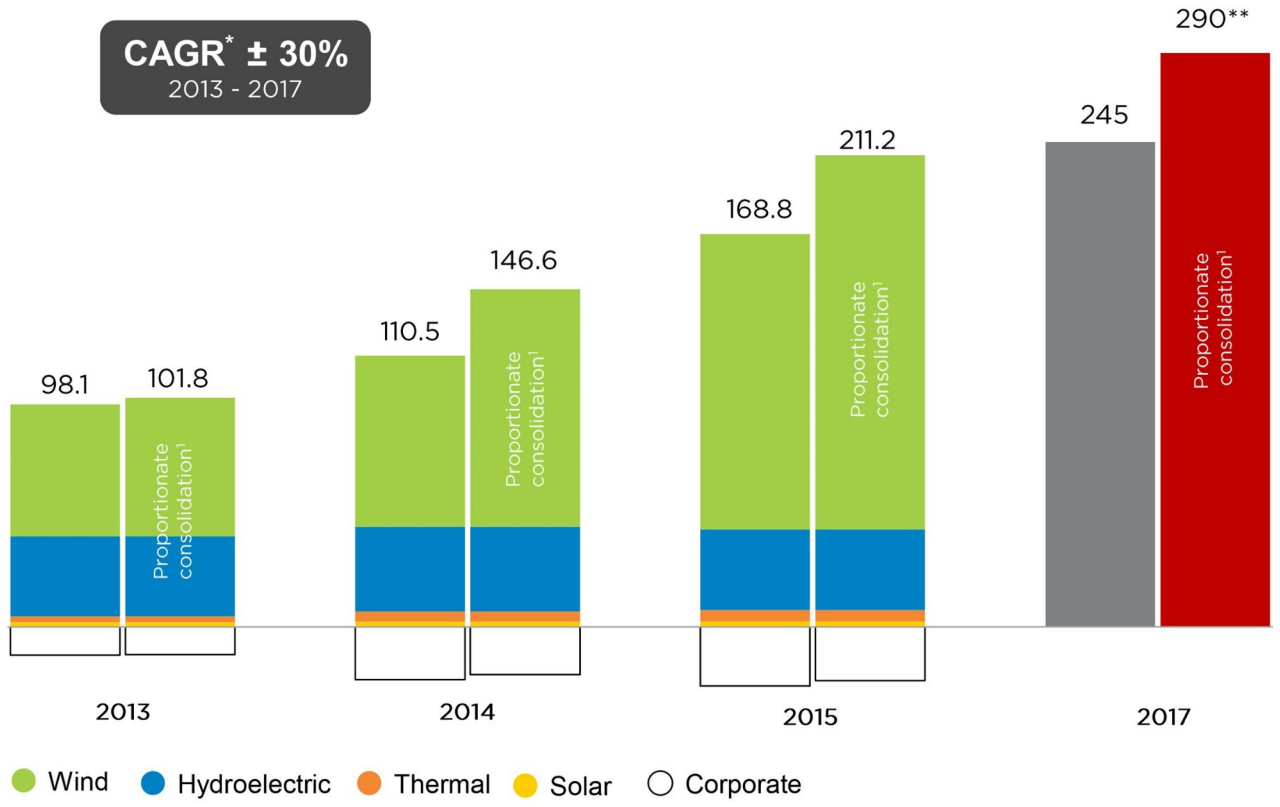
Solar power generation is a growth industry with market rules and government positions to be worked out in the years to come. Boralex believes this clean and abundant source of renewable energy has potential, particularly as technological breakthroughs gradually push down equipment costs, thereby making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

Boralex: 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, the strong growth potential of its project pipeline and the particularly favourable business environment in France. The acquisitions of BEV, Ecotera, and the 2016 acquisition of a portfolio of nearly 200 MW in France and Scotland have brought Boralex to a new level of growth. Specifically, Boralex is targeting growth in installed capacity of nearly 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).

[1] 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, and could reach 1,188 MW when it exercises its option in the **Niagara Region Wind Farm** project.

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 152 MW in France by 2019, 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 14 MW **Touvent** wind farm in France, commissioned in August 2016;

- Two other wind farms totalling 22 MW which will be commissioned in France and in Canada during the fourth quarter (in addition to Boralex's future 25% investment in the 230 MW **Niagara Region Wind Farm**) ;
- Commissioning of the new 16 MW **Yellow Falls** hydroelectric power station in 2017 and 186 MW of wind power projects by the end of 2019;
- Development and commissioning of projects at various stages of development totalling approximately 325 MW by the end of 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 2010 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 made to Boralex at the beginning of the second quarter of 2016 following the refinancing of Joint Venture Phase I.

Accordingly, as at September 30, 2016, Boralex benefited from a cash position, including restricted cash, of $81.6 million under IFRS ($89.7 million on a proportionate consolidation basis).

Given its expertise acquired over many years in the development, financing, 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 to 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
	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	September 30, 2016
POWER PRODUCTION (MWh)					
Wind power stations	450,179	581,451	356,410	268,118	1,656,158
Hydroelectric power stations	158,161	170,627	190,600	130,363	649,751
Thermal power stations	31,131	64,827	12,499	51,917	160,374
Solar power stations	3,680	4,155	6,772	7,280	21,887
	643,151	821,060	566,281	457,678	2,488,170
REVENUES FROM ENERGY SALES					
Wind power stations	58,624	77,736	45,899	34,537	216,796
Hydroelectric power stations	14,998	17,228	14,999	12,154	59,379
Thermal power stations	6,521	10,061	2,531	5,447	24,560
Solar power stations	890	952	1,606	1,713	5,161
	81,033	105,977	65,035	53,851	305,896
EBITDA(A)					
Wind power stations	51,238	70,862	35,368	24,029	181,497
Hydroelectric power stations	9,893	12,918	10,775	8,168	41,754
Thermal power stations	711	4,154	(703)	1,018	5,180
Solar power stations	743	785	1,427	1,504	4,459
	62,585	88,719	46,867	34,719	232,890
Corporate and eliminations	(9,278)	(8,720)	(9,200)	(10,148)	(37,346)
	53,307	79,999	37,667	24,571	195,544
NET EARNINGS (LOSS)	5,732	22,502	(6,565)	(9,853)	11,816
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	5,571	20,555	(7,281)	(10,432)	8,413
NET EARNINGS (LOSS) PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.09	$0.32	($0.11)	($0.16)	$0.13
NET EARNINGS (LOSS) PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.09	$0.30	($0.11)	($0.16)	$0.13
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	30,275	75,677	28,855	12,200	147,007
CASH FLOWS FROM OPERATIONS	37,254	59,579	27,396	13,179	137,408
Weighted average number of shares outstanding (basic)	64,829,112	65,032,645	65,200,423	65,263,335	65,081,187

Seasonal Factors

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended December 31, 2014	March 31, 2015	June 30, 2015	September 30, 2015	Twelve-month period ended September 30, 2015
POWER PRODUCTION (MWh)					
Wind power stations	245,601	385,895	301,334	258,592	1,191,422
Hydroelectric power stations	154,752	113,587	205,678	149,051	623,068
Thermal power stations	34,092	59,155	15,628	48,787	157,662
Solar power stations	1,080	1,038	2,030	1,972	6,120
	435,525	559,675	524,670	458,402	1,978,272
REVENUES FROM ENERGY SALES					
Wind power stations	31,278	48,712	37,016	33,369	150,375
Hydroelectric power stations	14,312	12,584	16,785	13,799	57,480
Thermal power stations	7,569	10,736	3,467	5,753	27,525
Solar power stations	514	485	926	963	2,888
	53,673	72,517	58,194	53,884	238,268
EBITDA(A)					
Wind power stations	29,207	44,586	30,676	23,016	127,485
Hydroelectric power stations	9,730	9,247	12,741	8,911	40,629
Thermal power stations	1,188	4,525	(654)	1,121	6,180
Solar power stations	391	404	837	851	2,483
	40,516	58,762	43,600	33,899	176,777
Corporate and eliminations	(10,458)	(7,008)	(7,653)	(6,150)	(31,269)
	30,058	51,754	35,947	27,749	145,508
NET EARNINGS (LOSS)	(5,661)	6,746	(5,791)	(14,899)	(19,605)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	(6,981)	5,299	(6,284)	(15,421)	(23,387)
Discontinued operations	716	—	—	—	716
	(6,265)	5,299	(6,284)	(15,421)	(22,671)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	($0.18)	$0.11	($0.13)	($0.32)	($0.51)
Discontinued operations	$0.02	—	—	—	$0.02
	($0.16)	$0.11	($0.13)	($0.32)	($0.49)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	3,204	49,067	13,057	22,187	87,515
CASH FLOWS FROM OPERATIONS	13,983	40,201	19,266	31,826	105,276
Weighted average number of shares outstanding (basic)	38,411,980	47,759,276	47,951,885	48,770,481	45,706,145

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 888 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. Within this pipeline, 208 MW of projects are under construction or ready to build, and will be commissioned by the end of 2019. 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.

Following several months of negotiations, Boralex recently entered into an agreement in principle with Hydro-Québec to renew sales contracts for two of its hydroelectric power stations in Québec, namely the Beauport and Forestville power stations.

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. An agreement in principle has also been entered into to extend the initial agreement, which was due to terminate in 2018, until contract expiry in 2027.

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 revenues from energy sales' volatility. 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 September 30		Nine-month periods ended September 30	
	2016	2015	2016	2015
POWER PRODUCTION (MWh)				
Wind power stations	268,118	258,592	1,205,979	945,821
Hydroelectric power stations	130,363	149,051	491,589	468,316
Thermal power stations	51,917	48,787	129,243	123,570
Solar power stations	7,280	1,972	18,208	5,040
	457,678	458,402	1,845,019	1,542,747
REVENUES FROM ENERGY SALES				
Wind power stations	34,537	33,369	158,173	119,097
Hydroelectric power stations	12,154	13,799	44,381	43,168
Thermal power stations	5,447	5,753	18,039	19,956
Solar power stations	1,713	963	4,270	2,374
	53,851	53,884	224,863	184,595
EBITDA(A)				
Wind power stations	24,029	23,016	130,259	98,279
Hydroelectric power stations	8,168	8,911	31,862	30,899
Thermal power stations	1,018	1,121	4,469	4,993
Solar power stations	1,504	851	3,716	2,091
	34,719	33,899	170,306	136,262
Corporate and eliminations	(10,148)	(6,150)	(28,069)	(20,812)
	24,571	27,749	142,237	115,450
NET EARNINGS (LOSS)	(9,853)	(14,899)	6,084	(13,944)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(10,432)	(15,421)	2,842	(16,406)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.16)	($0.32)	$0.04	($0.34)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	12,200	22,187	116,732	84,312
CASH FLOWS FROM OPERATIONS	13,179	31,826	100,154	91,293
DIVIDENDS PAID ON COMMON SHARES	9,138	6,235	26,739	18,701
DIVIDENDS PAID PER COMMON SHARE	$0.14	$0.13	$0.41	$0.39
Weighted average number of shares outstanding (basic)	65,263,335	48,770,481	65,165,825	48,164,252

Statement of Financial Position Data

(in thousands of dollars)	As at September 30, 2016	As at December 31, 2015
Total cash*	81,647	102,986
Property, plant and equipment	1,651,332	1,556,374
Total assets	2,474,180	2,449,042
Debt, including non-current debt and current portion of debt	1,464,344	1,421,057
Liability component of convertible debentures	134,627	133,070
Total liabilities	1,970,523	1,890,301
Total equity	503,657	558,741
Net debt to market capitalization ratio	50.5%	55.1%

* Including restricted cash

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

Consolidated

Owing to the seasonal cycle of Boralex's operations, the third quarter, which corresponds to summer, is historically one of the least productive quarters of the year for the Corporation's two core segments: wind and hydroelectric. Accordingly, since the revenues generated may not be sufficient to absorb all the fixed costs, the third quarter generally shows a net loss. In addition, 2016 third quarter results were affected by weather conditions more difficult than in summer 2015 for the wind power sites in France and hydroelectric power stations operating in Northeastern United States. As a result, production at existing sites declined significantly, which, combined with the Corporation's accelerated development activities, negatively impacted its financial performance. These factors were however partly offset by the significant contribution of new wind power sites commissioned during previous quarters and by certain other favourable items.

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

	Net loss (in thousands of $)	Per share (in $, basic)
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2015	(15,421)	($0.32)
EBITDA(A)	(3,178)	($0.10)
Excess of distributions received over the share in net earnings of the Joint Ventures	8,625	$0.27
Amortization	(5,310)	($0.18)
Other gains	190	$0.01
Financing costs	1,489	$0.05
Change in foreign exchange losses and gains	(741)	($0.02)
Financial instruments	1,817	$0.06
Income taxes	(605)	($0.02)
Loss on redemption of convertible debentures	2,759	$0.09
Non-controlling shareholders	(57)	—
Change	4,989	$0.16
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2016	(10,432)	($0.16)

For the three-month period ended September 30, 2016, Boralex recorded a net loss attributable to shareholders of $10.4 million or $0.16 per share (basic), compared with a net loss attributable to shareholders of $15.4 million or $0.32 per share (basic) for the same quarter of 2015, resulting in a favourable change of $5.0 million or $0.16 per share.

The favourable change was driven largely by items not related to current operations, including a $1.8 million favourable change in net losses on financial instruments, the fact that 2015 third quarter results included a $2.8 million loss on the redemption of 2010 convertible debentures. Furthermore, EBITDA(A) and by the excess of distributions received over the share in net earnings from the Joint Ventures of $8.6 million. Under IFRS, If Boralex's interest in a Joint Venture becomes negative following the payment of distributions, the carrying amount of such interest is reduced to zero and the adjustment is recorded under *Excess of distributions received over the share in net earnings*. Subsequently, if the carrying amount of the interest becomes positive again, Boralex would reverse such adjustment up to the accumulated amount previously recorded as an excess amount. Note also that for this quarter as well, Boralex benefited from a substantial decrease in its financing costs, owing primarily to the conversion and redemption of 2010 convertible debentures in the third quarter of fiscal 2015.

Excluding items not related to operations, and as it is generally the case for this period of the year, EBITDA(A) generated by the Corporation's energy assets was insufficient to absorb the higher amortization expense and certain other expenses related to Boralex's expansion strategy, particularly since wind conditions were below average in France.

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 $)	%
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2015	53,884		27,749	
Power stations commissioned[1]	9,922	18.4%	8,150	29.3%
Pricing	(869)	(1.6)%	(869)	(3.1)%
Volume	(9,545)	(17.7)%	(9,662)	(34.8)%
Raw material costs	—	—	319	1.1%
Maintenance	—	—	(17)	(0.1)%
Development - prospection	—	—	(2,399)	(8.6)%
Share of the Joint Ventures[2]	—	—	1,142	4.1%
Other	459	0.9%	158	0.6%
Change	(33)	(0.1)%	(3,178)	(11.5)%
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2016	53,851		24,571	

(1) Commissioning of the 14 MW Touvent wind farm on August 1, 2016 and commissioning of 123.6 MW in the last quarter of 2015: In France, Les Cigalettes 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.

(2) Excluding the excess of distributions received over the share in net earnings from the Joint Ventures of $8.6 million.

Revenues from Energy Sales

For the three-month period ended September 30, 2016, revenues from energy sales were stable compared with the same quarter in 2015, at around $53.9 million. As shown in the table above, additional revenues of $9.9 million generated by the new wind and solar power sites totalling 137.6 MW commissioned since October 2015 offset the unfavourable volume and price effects amounting to $10.4 million, detailed as follows:

- A $9.5 million unfavourable volume effect owing largely to a decline in production at existing wind farms in France, and to a lesser extent, to that of Boralex's hydroelectric power stations in the Northeastern United States. These declines in production were triggered primarily by weather-related factors. On the upside, wind farms in Ontario and Québec (including the two Joint Ventures) reported higher production. More detailed analyses are provided in the sections below on each of the operating segments; and

- A $0.9 million unfavourable price effect resulting mainly from a lower average selling price for steam produced by the Blendecques thermal power station in France. However, since this price decline was related to lower natural gas prices, on which the price is indexed, the input cost for steam also decreased by a comparable amount.

Note that in accordance with IFRS, revenues from energy sales do not include Boralex's $12.3 million ($11.3 million in the third 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 457,678 MWh of electricity in the third quarter of 2016 (excluding its share of the production of the Joint Ventures), which is comparable to the same period of 2015. Excluding the contribution of the seven sites commissioned after September 30, 2015 and listed in the footnote to the table, production at existing sites declined by 17.0%.

EBITDA(A) and EBITDA(A) Margin

Quarterly consolidated EBITDA(A) amounted to $24.6 million, down $3.2 million or 11.5% from the same quarter of 2015.

Regarding day-to-day operations, the $8.2 million contribution of new sites combined with a decrease in net raw material costs of $0.3 million, primarily the cost of natural gas used by the Blendecques cogeneration power plant, partly offset the unfavourable volume and price effects totalling $10.5 million.

Boralex's share in the results of the Joint Ventures showed a $1.1 million increase for the third quarter of 2016 compared with the same period of 2015.

Meanwhile, the acceleration of Boralex's development activities led to a $2.4 million increase in development and prospection costs. The Corporation also recorded a $0.2 million favourable change in other items, including a decrease in miscellaneous expenses and the non-recurrence of certain favourable items of 2015.

For the three-month periods ended September 30, EBITDA(A) margin as a percentage of revenues decreased to 45.6% in 2016 from 51.5% in 2015. This decrease stems primarily from the increase in development costs between the two comparative periods.

Amortization

Amortization expense for the third quarter of 2016 increased $5.3 million to $29.0 million, resulting essentially from the commissioning of facilities in 2015 and 2016.

Financing Costs, Foreign Exchange Gains and Net Losses on Financial Instruments and Other

Although substantial investments were made in recent quarters, financing costs fell $1.5 million to $19 million for the third 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 $5.0 million for the third quarter. Note that this is the last quarter where this item would generate a benefit for Boralex compared with the previous year. Furthermore, financing costs for the quarter 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 $1.5 million foreign exchange gain compared with a $2.2 million foreign exchange gain in the same quarter of the previous year, resulting in an unfavourable change of $0.7 million related to foreign exchange forward contracts.

The Corporation recorded a net loss on financial instruments of $0.9 million compared with a net loss of $2.7 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.

Last, for the third quarter of 2015, Boralex had included a $2.8 million loss on the redemption of 2010 convertible debentures.

Net Loss

Boralex ended the third quarter of 2016 with a $9.9 million net loss compared with a $14.9 million net loss for the same period of 2015. Of that amount, the net loss attributable to shareholders of Boralex amounted to $10.4 million or $0.16 per share (basic), compared with $15.4 million or $0.32 per share in 2015.

Analysis of Operating Results for the Nine-Month Period Ended September 30, 2016

Consolidated

The first nine months of fiscal 2016 saw significant 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 and third quarters, owing in large part to weather-related factors. For the first nine months of fiscal 2016, Boralex reported revenues and EBITDA(A) growth of 21.8% and 23.2%, respectively, driven by its expansion strategy. Boralex's net profitability also improved significantly, which bodes well for the future, particularly since the fourth quarter is generally one of the best of the year for Boralex.

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)
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015	(16,406)	($0.34)
EBITDA(A)	26,787	$0.53
Excess of distributions received over the share in net earnings from the Joint Ventures	8,646	$0.18
Amortization	(15,920)	($0.32)
Other gains	768	$0.02
Financing costs	1,432	$0.03
Change in foreign exchange losses and gains	(1,900)	($0.04)
Financial instruments	3,704	$0.07
Income taxes	(6,248)	($0.12)
Loss on redemption of convertible debentures	2,759	$0.05
Non-controlling shareholders	(780)	($0.02)
Change	19,248	$0.38
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016	2,842	$0.04

For the nine-month period ended September 30, 2016, Boralex generated net earnings attributable to shareholders of $2.8 million or $0.04 per share (basic), compared with a net loss attributable to shareholders of $16.4 million or $0.34 per share (basic) for the same quarter of 2015. This considerable turnaround of $19.2 million or $0.38 per share stemmed largely from the $26.8 million EBITDA(A) growth driven mainly by the expansion in the Corporation's operating asset base in 2015 and 2016. The higher EBITDA (A) generated from operations more than offset the increase in amortization arising from the expanding asset base and the higher income taxes.

The Corporation's net profitability was also bolstered by a $1.4 million decrease in financing costs and considerable favourable changes in certain other items. For instance, the $3.7 million decrease in net losses on financial instruments and the $2.8 million loss incurred in 2015 on the redemption of 2010 convertible debentures largely offset the $1.9 million unfavourable change in foreign exchange losses and gains.

An excess of distributions received over the share in net earnings from the Joint Ventures of $8.6 million was recognized during the nine-month period ended September 30, 2016, as discussed previously.

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 $)	%
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015	184,595		115,450	
Power stations commissioned[1]	36,625	19.8%	31,040	26.8%
Pricing	(4,305)	(2.3)%	(4,305)	(3.7)%
Volume	559	0.3%	274	0.2%
Foreign exchange effect	7,197	3.9%	4,701	4.1%
Raw material costs	—	—	1,956	1.7%
Maintenance	—	—	(236)	(0.2)%
Development - prospection	—	—	(2,808)	(2.4)%
Share of the Joint Ventures[2]	—	—	(3,363)	(2.9)%
Other	192	0.1%	(472)	(0.4)%
Change	40,268	21.8%	26,787	23.2%
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016	224,863		142,237	

(1) Commissioning of 170.4 MW in 2015 and 2016: In France, St-François (March and April 2015) and Comes de l'Arce (April 2015) wind farms, Les Cigalettes solar power facility (October 2015), Calmont (December 2015) and Touvent (August 2016) wind farms; 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.

(2) Excluding the excess of distributions received over the share in net earnings from the Joint Ventures of $8.6 million.

Revenues from Energy Sales

For the nine-month period ended September 30, 2016, revenues from energy sales totalled $224.9 million, up $40.3 million or 21.8%. As shown in the previous table, this growth resulted primarily from the $36.6 million in additional revenues generated by the addition of nine new power stations in 2015 and 2016 as listed in the footnote to the table. Secondly, the growth in revenues included a favourable foreign exchange effect of $7.2 million resulting mainly from fluctuations in exchange rates between the euro and the Canadian dollar and, to a lesser extent, between the U.S. and Canadian dollars. Last, the Corporation benefited from a $0.6 million favourable volume effect over the entire period as the decline in production recorded in the second and third quarters, particularly in the wind power segment in France, was offset by the excellent productivity of most of the existing power stations during the first quarter.

The combination of these favourable factors offset the $4.3 million unfavourable price effect mainly related to the Blendecques thermal power station in France.

Note that in accordance with IFRS, these results do not include Boralex's $40.7 million ($44.7 million in the nine-month period ended September 30, 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 1,845,019 MWh of electricity during the first nine months of 2016 (excluding its share of the production of the Joint Ventures), up 19.6% from 1,542,747 MWh for the same period of 2015. This growth resulted from the full contribution of the nine power stations totalling 170,4 MW commissioned in 2015 and 2016, combined with an overall increase of 1.3% in production at existing power stations.

EBITDA(A) and EBITDA(A) Margin

Consolidated EBITDA(A) for the first nine months of 2016 totalled $142.2 million, up $26.8 million or 23.2% from the same period in 2015, stemming mostly from the total additional EBITDA(A) of $31.0 million generated by the nine new sites commissioned since the beginning of 2015.

In addition, EBITDA(A) growth was driven by the following main items:

- A $4.7 million favourable foreign exchange effect;
- A $2.0 million decrease in raw material costs, related mainly to the natural gas used in the cogeneration power station in France; and
- A $0.3 million favourable volume effect related primarily to the wind power and hydroelectric power segments.

The combination of these favourable items more than offset certain less significant unfavourable factors that reined in consolidated EBITDA(A) growth for the nine-month period, mainly:

- A $4.3 million unfavourable price effect related primarily, as mentioned previously, to the thermal power station in France, and to a lesser extent, to the hydroelectric power stations in the United States;
- Excluding the excess of distributions received over the share in net earnings from the Joint Ventures, Boralex's share in the net earnings of the Joint Ventures declined $3.4 million, owing mainly to the fact that during the first half of fiscal 2016, the Joint Ventures, particularly Phase I, did not benefit from wind conditions as favourable as in 2015;
- A $2.8 million increase in development and prospection costs over the entire period;
- A $0.2 million increase in maintenance costs; and
- Various other unfavourable changes totalling $0.5 million, mainly as a result of the non-recurrence of favourable items of 2015.

As a percentage of revenues, EBITDA(A) margin rose to 63.3% for the first nine months of 2016 from 62.5% for the same period of 2015. As discussed in the *Proportionate Consolidation* section of this MD&A, EBITDA(A) margin calculated under this method also shows an increase between the two comparative periods.

Amortization

Amortization expense for the nine-month period ended September 30, 2016 rose $15.9 million to $87.1 million, owing primarily to the commissioning of facilities in 2015 and 2016.

Financing Costs, Foreign Exchange Gains, Net Losses on Financial Instruments and Other

Despite the investments made in 2015 and 2016, financing costs for the first nine months of 2016 decreased by $1.4 million to $55.3 million. Once again, this reflects the significant savings generated by the conversion and redemption of all the 2010 debentures, which lowered financing costs for the first nine months of 2016 by almost $11.1 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 net foreign exchange gain in the total amount of $0.7 million compared with a $2.6 million gain for the same period of the previous year, representing an unfavourable change of $ 1.9 million. However, the Corporation recognized a net loss on financial instruments of $3.6 million compared with $7.3 million for the same period of 2015, representing a favourable change of $3.7 million. Note that the 2015 amount comprised partly of 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 nine months of 2016 with net earnings of $6.1 million compared with a net loss of $13.9 million for the same period of 2015. Net earnings attributable to shareholders of Boralex amounted to $2.8 million or $0.04 per share (basic), compared with a loss of $16.4 million or $0.34 per share in 2015.

Review of Operating Segments

Wind

The wind power segment, Boralex's main growth driver, reported strong results year to date, particularly in the first quarter of fiscal 2016, in keeping with the typical seasonal cycle of its operations. This performance speaks to the soundness of the expansion strategy carried out with consistency and discipline over several years by Boralex, 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. In the third quarter in particular, the strong performance of Canadian sites partly offset the impact of weak wind conditions in France.

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

	Three-month periods ended				Nine-month periods ended			
	Revenues from energy sales		EBITDA(A)		Revenues from energy sales		EBITDA(A)	
	(in thousands of $)	%	(in thousands of $)	%	(in thousands of $)	%	(in thousands of $)	%
SEPTEMBER 30, 2015	33,369		23,016		119,097		98,279	
Power stations commissioned[1]	9,221	27.6%	7,531	32.7%	34,788	29.2%	29,455	29.9%
Pricing	(10)	—	(10)	—	710	0.6%	710	0.7%
Volume	(8,024)	(24.1)%	(8,024)	(34.9)%	(1,510)	(1.3)%	(1,510)	(1.5)%
Foreign exchange effect	(11)	—	(17)	(0.1)%	5,194	4.4%	3,926	4.0%
Maintenance	—	—	(11)	—	—	—	140	0.1%
Share of the Joint Ventures[2]	—	—	1,126	4.9%	—	—	(3,371)	(3.4)%
Other	(8)	—	418	1.8%	(106)	(0.1)%	2,630	2.7%
Change	1,168	3.5%	1,013	4.4%	39,076	32.8%	31,980	32.5%
SEPTEMBER 30, 2016	34,537		24,029		158,173		130,259	

(1) Addition of 127.2 MW for the third quarter and 160.0 MW for the nine-month period as a whole: In France, St-François (March and April 2015), Comes de l'Arce (April 2015), Calmont (December 2015) and Touvent (August 2016) wind farms; in Québec, Canada, Côte-de-Beaupré (November 2015), Témiscouata II (November 2015) and Frampton (December 2015) wind farms.

(2) Excluding the excess of distributions received over the share in net earnings from the Joint Ventures of $8.6 million.

Operating Results for the Three-Month Period

Production

The wind power segment produced 268,118 MWh in the third quarter of 2016 compared with 258,592 MWh for the same period in 2015 (excluding the 114,289 MWh and 104,939 MWh contributions in 2016 and 2015, respectively, from the Joint Ventures as discussed in the *Proportionate Consolidation* section of this MD&A). Note that summer is generally the least productive quarter of the year for Boralex's wind power segment. The 3.7% increase in the segment's quarterly production resulted from the contributions of the five sites totalling 127.2 MW commissioned in Canada and in France since October 2015. However, production volume at existing sites declined 24.2% owing to poor wind conditions in France in summer 2016, which were below historical averages compared with above average conditions in summer 2015. During the same period, wind conditions in Ontario and Québec were in line with the average level, and were slightly better than in 2015.

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

- Wind power production in France was down 26.5% due to a 30.5% drop in production at existing wind farms which was offset only to a limited extent by the commissioning of the Touvent facility on August 1, 2016. This site operated only during the last two months of the period. Note that the significant decline in production at existing sites was solely due to pour wind conditions, as our power stations in France maintained excellent equipment availability rates.

- In Canada, wind power segment production (excluding the Joint Ventures) represented 1.4 times the production of the same quarter in 2015 with the commissioning of the Côte-de-Beaupré, Témiscouata II and Frampton sites in the fourth quarter of 2015, combined with a 4.7% increase in production at existing sites, namely Témiscouata I in Québec and the Thames River wind farm in Ontario. In addition to benefiting from satisfactory wind conditions for this period of the year, all of these sites also reported excellent equipment availability rates. It is worth noting, as discussed in the *Proportionate consolidation* section of this MD&A, that the Joint Ventures also recorded higher production during the third quarter.

Revenues from Energy Sales

Wind power segment revenues for the third quarter of 2016 totalled $34.5 million, up $1.2 million or 3.5% from the same period of 2015. As shown in the table, this growth stemmed primarily from the additional contribution totalling $9.2 million from the five new sites commissioned since October 2015, which more than offset the $8.0 million unfavourable volume effect attributable to the existing wind farms in France.

Broken down geographically, 58.0% of quarterly wind power segment revenues were generated in France and 42.0% in Canada (excluding the Joint Ventures). Excluding the slight foreign exchange effect, revenues in euros from our French power stations were down 26.8%, whereas revenues at our Canadian facilities surged by 1.4 times.

EBITDA(A)

During the third quarter of 2016, EBITDA(A) of the wind power segment increased by $1.0 million or 4.4% to $24.0 million. EBITDA(A) growth was driven by the following two key favourable items:

- A $7.5 million additional contribution of sites commissioned after September 30, 2015 which, combined with other favourable changes totalling $0.4 million, nearly fully offset the $8.0 million unfavourable volume effect; and
- The share in the results of the Joint Ventures increased by $1.1 million.

Broken down geographically, EBITDA(A) at our French operations fell 37.2% in euros, while EBITDA(A) at Canadian operations has more than doubled (excluding the Joint Ventures).

The wind power segment's EBITDA(A) margin for the third quarter of 2016 amounted to 69.6%, compared with 69.0% for the same quarter of 2015. Under proportionate consolidation, wind power segment EBITDA(A) margin declined slightly from the year-over-year level.

Operating Results for the Nine-Month Period

Production

The wind power segment produced 1,205,979 MWh for the nine-month period ended September 30, 2016 compared with 945,821 MWh for the same period in 2015 (excluding the 377,498 MWh and 416,681 MWh contributions in 2016 and 2015, respectively, from the Joint Ventures as discussed in the *Proportionate Consolidation* section of this MD&A). The 27.5% increase in segment production stemmed solely from the full contribution of the seven sites totalling 160.0 MW commissioned in Canada and France since March 2015 as production volume at existing wind farms was relatively stable compared with 2015 performance.

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

- Wind power production in France increased 5.7%, driven by the full contribution of the St-François, Comes de l'Arce and Calmont wind farms commissioned in 2015 and the partial contribution of the Touvent wind farm commissioned in August 2016. The 1.5% decline in production at existing power stations was more than offset by the contribution of newly commissioned sites. Following an excellent first quarter, existing sites experienced significantly weaker wind conditions than in 2015, which were below average even for periods less favourable for wind power production.
- In Canada, wind power segment production (excluding the Joint Ventures) more than doubled 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, namely Thames River and Témiscouata I, slightly increased over the 2015 level.

Revenues from Energy Sales

Wind power segment revenues for the first nine months of 2016 totalled $158.2 million, up $39.1 million or 32.8%from the same period of 2015. As shown in the table, this growth was largely driven by $34.8 million in additional contributions from the new facilities, coupled with a $5.2 million favourable foreign exchange effect for the period as a whole and, to a lesser extent, by a $0.7 million favourable price effect triggered by selling price indexation. Together, these factors largely offset the $1.5 million unfavourable volume effect attributable to existing sites in France.

Broken down geographically, 64.2% of wind power segment revenues for the nine-month period were generated in France and 35.8% in Canada (excluding the Joint Ventures). Excluding the foreign exchange effect, revenues in euros from our French power stations were up 5.4%, whereas revenues at our Canadian facilities doubled.

EBITDA(A)

During the first nine months of 2016, EBITDA(A) of the wind power segment grew $32.0 million or 32.5% to $130.3 million. This growth was essentially the result of Boralex's expansion strategy since the sites commissioned in 2015 and 2016 generated substantial additional EBITDA(A) of $29.5 million, which mostly offset the $1.5 million unfavourable volume effect caused by the slight decrease in production at existing sites, and a $3.4 million decrease in the share of results of the Joint Ventures due to less favourable wind conditions in this region of Québec during the first and second quarters of 2016 compared with the same periods of 2015. Note that even with this decrease, production levels at the Joint Ventures remain in line with forecasted long-term averages.

EBITDA(A) growth was also driven by the following factors:

- A $5.3 million increase in the share of the Joint Ventures including an $8.6 million adjustment made in the third quarter. Excluding this item, Boralex's share in the results of the Joint Ventures declined by $3.4 million due to less favourable wind conditions in this region of Québec during the first and second quarters of 2016 compared with the same periods of 2015. Note that, despite this decline, production at the Joint Ventures remained in line with the long-term forecast;
- 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 $0.1 million decline in maintenance costs; and
- A $2.6 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.

Broken down geographically, EBITDA(A) at our French operations rose 9.9% in euros, while EBITDA(A) at Canadian operations grew 65.9% (excluding the Joint Ventures).

EBITDA(A) margin stood at 82.4% (80.5% under proportionate consolidation) compared with 82.5% for the same period as the previous year (78.3% under proportionate consolidation).

Hydroelectric

Boralex's second largest segment, the hydroelectric power segment, has always been a significant and reliable source of profits 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 $31.9 million to the Corporation's consolidated EBITDA(A) year to date, despite lower average selling prices compared with 2015 and water flow conditions in the Northeastern United States weaker than in 2015.

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

	Three-month periods ended				Nine-month periods ended			
	Revenues from energy sales		EBITDA(A)		Revenues from energy sales		EBITDA(A)	
	(in thousands of $)	%	(in thousands of $)	%	(in thousands of $)	%	(in thousands of $)	%
SEPTEMBER 30, 2015	13,799		8,911		43,168		30,899	
Pricing	(320)	(2.3)%	(320)	(3.6)%	(2,396)	(5.6)%	(2,396)	(7.8)%
Volume	(1,799)	(13.1)%	(1,799)	(20.1)%	1,667	3.9%	1,667	5.4%
Sales of RECs	(32)	(0.2)%	(32)	(0.3)%	307	0.7%	307	1.0%
Foreign exchange effect	11	0.1%	19	0.2%	1,265	2.9%	964	3.1%
Maintenance	—	—	22	0.2%	—	—	(360)	(1.2)%
Development - prospection	—	—	553	6.2%	—	—	543	1.8%
Other	495	3.6%	814	9.1%	370	0.9%	238	0.8%
Change	(1,645)	(11.9)%	(743)	(8.3)%	1,213	2.8%	963	3.1%
SEPTEMBER 30, 2016	12,154		8,168		44,381		31,862	

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

	Three-month periods ended September 30				
	Actual			Change	
HYDROELECTRIC PRODUCTION (MWh)	**2016**	**2015**	Historical average[1]	vs. 2015	vs. historical average
Canada	85,885	86,715	78,506	**- 1.0%**	**+ 9.4%**
United States	44,478	62,336	63,308	**- 28.6%**	**- 29.7%**
	130,363	149,051	141,814	**- 12.5%**	**- 8.1%**

	Nine-month periods ended September 30					Annual historical average[1]
	Actual			Change		
HYDROELECTRIC PRODUCTION (MWh)	**2016**	**2015**	Historical average[1]	vs. 2015	vs. historical average	**2016**
Canada	241,176	228,291	218,256	**+ 5.6%**	**+ 10.5%**	284,835
United States	250,413	240,025	288,816	**+ 4.3%**	**- 13.3%**	390,756
	491,589	468,316	507,072	**+ 5.0%**	**- 3.1%**	675,591

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

Operating Results for the Three-Month Period

Production

Hydroelectric power segment production totalled 130,363 MWh for the third quarter of fiscal 2016 compared with 149,051 MWh for the same quarter of 2015. Total production at Boralex's hydroelectric power stations was down 12.5% year over year, and also 8.1% below the historical average for that time of the year.

These unfavourable changes were almost entirely attributable to the U.S. power stations which experienced weather conditions less favourable than in summer 2015 and significantly below seasonal averages. As a result, production volumes at these power stations fell 28.6% below their production level of the same quarter in 2015 and 29.7% short of their historical average for this season. In Canada, weather conditions were better than in 2015 and production at power stations exceeded their historical average by 9.4% but fell slightly short of performance for the same quarter of 2015 by 1.0% due to non-material shutdowns at certain facilities.

Revenues from Energy Sales

For the three-month period ended September 30, 2016, revenues generated in the hydroelectric power segment were down $1.6 million or 11.9% to $12.2 million, due essentially to the $1.8 million unfavourable effect of lower production at U.S. power stations and, to a lesser extent, at Canadian facilities. This situation was slightly offset by certain favourable items totalling $0.5 million.

Broken down geographically, revenues at Canadian power stations were relatively stable compared with 2015 while U.S. power stations reported a 27.3% decline in revenues in U.S. dollars.

EBITDA(A)

Quarterly EBITDA(A) in the hydroelectric power segment fell $0.7 million or 8.3% to $8.2 million due to the main factors that weighed on revenues, namely a $1.8 million unfavourable volume effect mostly attributable to the U.S. power stations. However, for the segment as a whole, this shortfall was mainly offset by declines in certain expenses recorded by Canadian power stations, particularly maintenance costs and development and prospection costs, by certain credits obtained by these same power stations, by the non-recurrence of expenses incurred in 2015 as well as other favourable items shown in the table above.

Broken down geographically, EBITDA(A) grew at the Canadian power station, by 18.3%, but declined by 46.3% at the U.S. facilities.

Operating Results for the Nine-Month Period

Production

Hydroelectric power segment production for the first nine months of fiscal 2016 rose by 5.0% to 491,589 MWh from 468,316 MWh for the same period of 2015, yet fell 3.1% short of the historical average.

Having reported excellent productivity for the first quarter, the U.S. power stations increased their production volume for the entire nine-month period by 4.3% compared with the same period of 2015. However, total production was 13.3% below the historical average due to relatively unfavourable water conditions experienced during the second and third quarters. Canadian power stations maintained their strong performance since the beginning of fiscal 2016, with production increasing 5.6% over 2015 and exceeding the historical average by 10.5%.

Revenues from Energy Sales

For the nine-month period ended September 30, 2016, hydroelectric power segment revenues grew $1.2 million or 2.8% to $44.4 million from the same period of 2015. This growth originated mostly from our U.S. power stations, where revenues were up 5.5%, as our Canadian facilities reported only a slight increase in revenues.

In addition to the higher production, higher revenues at U.S. power stations was driven by a $1.3 million favourable foreign exchange effect and a $0.3 million increase in sales of Renewable Energy Certificates (RECs). These three factors more than offset the unfavourable price effect resulting from a slightly lower average selling price obtained by the five power stations, which do not hold energy sales contracts and which sell their power on the New York State market. 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.

EBITDA(A)

Hydroelectric power segment EBITDA(A) rose $1.0 million or 3.1% to $31.9 million. For the U.S. power stations, the combination of production growth, the favourable foreign exchange effect and higher sales of RECs more than offset the unfavourable price effect and the increase in certain costs, including maintenance costs. In Canada, the power stations benefited above all from lower development and prospection costs since the favourable volume effect was nearly offset by an unfavourable price effect.

Thermal

As discussed in the *Seasonal Factors* section of this MD&A, the Senneterre power station in Québec was in operation during the entire third quarter and for a total of seven months since the beginning of the year, in both 2016 and 2015. Although the Blendecques facility in France did not operate its cogeneration equipment during the third quarters of 2016 and 2015, it continued to supply its industrial client with steam. For the nine-month periods ended September 30, 2016 and 2015, the facility produced electricity during three months only, without interrupting its steam production. Although its results were lower than in 2015, Boralex's thermal power segment made a positive contribution to the Corporation's profitability by generating EBITDA(A) of $1.0 million for the third quarter and $4.5 million for the nine-month period ended September 30, 2016.

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

	Three-month periods ended				Nine-month periods ended			
	Revenues from energy sales		EBITDA(A)		Revenues from energy sales		EBITDA(A)	
	(in thousands of $)	%	(in thousands of $)	%	(in thousands of $)	%	(in thousands of $)	%
SEPTEMBER 30, 2015	5,753		1,121		19,956		4,993	
Pricing	(540)	(9.4)%	(540)	(48.2)%	(2,624)	(13.2)%	(2,624)	(52.6)%
Volume	231	4.0%	114	10.2%	455	2.3%	170	3.4%
Capacity premiums	—	—	—	—	(382)	(1.9)%	(382)	(7.7)%
Foreign exchange effect	—	—	—	—	631	3.2%	98	2.0%
Raw material costs	—	—	319	28.5%	—	—	1,956	39.2%
Maintenance	—	—	45	4.0%	—	—	23	0.5%
Other	3	0.1%	(41)	(3.7)%	3	—	235	4.7%
Change	(306)	(5.3)%	(103)	(9.2%)	(1,917)	(9.6)%	(524)	(10.5)%
SEPTEMBER 30, 2016	5,447		1,018		18,039		4,469	

Operating Results for the Three-Month Period

Production

The Senneterre thermal power station recorded high productivity in the third quarter, increasing its production by 6.4% to 51,917 MWh from 48,787 MWh for the same quarter of 2015. Steam production at the Blendecques cogeneration power station for its industrial client increased slightly during the third quarter compared with the previous year.

Revenues from Energy Sales

Thermal power segment revenues declined $0.3 million or 5.3% to $5.4 million in the third quarter of 2016. This decrease was attributable to the Blendecques power station in France where revenues were down 23.7% due to a $0.6 million unfavourable price effect resulting from lower steam selling prices. The Senneterre power station grew its revenues by 9.6% following higher production and selling price indexation.

EBITDA(A)

Thermal power segment EBITDA(A) was down $0.1 million or 9.2% owing mainly to lower steam selling prices at the Blendecques power station. However, this unfavourable factor was largely offset by a $0.3 million net decrease in raw material costs following a drop in the price of natural gas used to fire the Blendecques power station, higher production at the Senneterre power station and lower maintenance costs for the segment as a whole.

Operating Results for the Nine-Month Period

Production

Boralex's thermal power segment produced 129,243 MWh of electricity during the first nine months of 2016, up 4.6% from the same period of 2015, for both power stations. The steam produced and supplied by the Blendecques cogeneration power station to its industrial client also increased slightly.

Revenues from Energy Sales

Year-to-date revenues in the thermal power segment totalled $18.0 million, down $1.9 million or 9.6% from the first nine months of 2015. The decline is attributable to the Blendecques power station which reported a 23.0% drop in revenues resulting mainly from 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.

Meanwhile, the Senneterre power station reported a 4.7% increase in revenues, driven by the combined effect of higher production, capacity premiums and selling price indexation.

EBITDA(A)

Thermal power segment EBITDA(A) totalled $4.5 million for the first nine months of 2016 compared with $5.0 million for the same period in 2015. This decline of $0.5 million or 10.5% 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 primarily to increase in its production and capacity premiums, selling price indexation and lower maintenance costs.

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 of 2015 significantly boosted results for the third quarter of 2016 and first nine months of the current fiscal year. 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				Nine-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 $)	%
SEPTEMBER 30, 2015	963		851		2,374		2,091	
Power stations commissioned*	701	72.8%	619	72.7%	1,837	77.4%	1,585	75.8%
Pricing	2	0.2%	2	0.2%	5	0.2%	5	0.2%
Volume	47	4.9%	47	5.5%	(52)	(2.2)%	(52)	(2.5)%
Foreign exchange effect	1	0.1%	1	0.1%	106	4.5%	93	4.4%
Maintenance	—	—	(19)	(2.2)%	—	—	(26)	(1.2)%
Other	(1)	(0.1)%	3	0.4%	—	—	20	1.0%
Change	750	77.9%	653	76.7%	1,896	79.9%	1,625	77.7%
SEPTEMBER 30, 2016	1,713		1,504		4,270		3,716	

* Commissioned: In France, the 10 MW Les Cigalettes 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 7,280 MWh for the quarter ended September 30, 2016, up from 1,972 MWh for the same quarter in 2015, due to the addition of Les Cigalettes and Vaughan power stations. Production at the first solar power station, namely Avignonet-Lauragais, increased by 4.8%.

Quarterly segment revenues grew $0.8 million or 77.9% to $1.7 million, driven essentially by the addition of new sites and a slight favourable volume effect. EBITDA(A) was up $0.7 million or 76.7% to $1.5 million, mainly due to the same reasons.

Operating Results for the Nine-Month Period

The solar power segment produced 18,208 MWh for the nine-month period ended September 30, 2016, compared with 5,040 MWh for the previous year, with growth driven by the addition of Les Cigalettes and Vaughan power stations, which more than offset the slight 2.1% decline in production at our first solar power station due to a lower irradiation rate for the period as a whole. Note that a gradual decline in productivity is a normal phenomenon in the life cycle of this type of equipment.

Year-to-date solar power segment revenues and EBITDA(A) rose 79.9% and 77.7% to $4.3 million and $3.7 million, respectively, following the commissioning of these two new power stations and, to a lesser extent, the favourable foreign exchange effect. EBITDA(A) margin stood at 87.0% compared with 88.1% 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 changes in cash flows during the third quarter of 2016 were driven primarily by the substantial investments made by Boralex to expand its operating asset base and project pipeline as well as their financing facilities. During this three-month period, Boralex invested a total amount of over $164 million to acquire a portfolio of wind power projects of nearly 200 MW in France and in Scotland, carry out construction work on future sites slated for commissioning in 2016, 2017 and 2018, and develop other projects. For the nine-month period ended September 30, 2016, Boralex has invested about $212 million in its expansion. The changes in cash flows for the nine-month period also reflect the receipt by Boralex of a return of capital of $40 million at the time of the refinancing of Joint Venture Phase I, which, coupled with cash flows of $116.7 million generated by its operating activities, provided the Corporation with exceptional support for its development strategy while maintaining a sound financial situation.

	Three-month periods ended September 30		Nine-month periods ended September 30	
(in thousands of dollars)	2016	2015	2016	2015
Cash flows from operations*	13,179	31,826	100,154	91,293
Change in non-cash items related to operating activities	(979)	(9,639)	16,578	(6,981)
Net cash flows related to operating activities	12,200	22,187	116,732	84,312
Net cash flows related to investing activities	(163,716)	(153,486)	(172,466)	(259,031)
Net cash flows related to financing activities	81,108	93,333	31,149	185,923
Translation adjustment on cash and cash equivalents	517	2,928	(2,552)	4,419
NET CHANGE IN CASH AND CASH EQUIVALENTS	(69,891)	(35,038)	(27,137)	15,623
CASH AND CASH EQUIVALENTS - END OF PERIOD	72,504	91,017	72,504	91,017

* See the *Non-IFRS Measures* section.

Analysis of Cash Flows for the Three-Month Period

Operating Activities

For the three-month period ended September 30, 2016, cash flows from operations at Boralex stood at $13.2 million compared with $31.8 million for the same period in 2015. Excluding non-cash items related to operating activities for both periods, this decrease resulted primarily from the following main items:

- A $9.9 million unfavourable change related to the distributions received from the Joint Ventures mainly due to a special distribution received in 2015 following the conversion of the term loan of Joint Venture Phase II;
- A $3.7 million increase in the income tax expense; and
- A $3.2 million decline in quarterly EBITDA(A).

The *Change in non-cash items related to operating activities* used additional cash totalling $1.0 million in the third quarter of 2016 due to payments to suppliers compared with cash used of $9.6 million in 2015 related primarily to the settlement of suppliers involved in the construction of new sites.

In light of the above, operating activities generated net cash flows totalling $12.2 million in the third quarter of 2016, compared with $22.2 million for the same period in the previous year.

Investing Activities

Investing activities for the quarter ended September 30, 2016 used $163.7 million in total cash.

Of this amount, a $103.8 million cash payment, net of cash acquired, was made on September 16, 2016, date of the acquisition of a portfolio of wind power projects of nearly 200 MW in France and Scotland as well as land totalling some 8,500 hectares on which the projects are to be developed. This acquisition was discussed previously in this MD&A under the section, "Recent or Ongoing Developments Affecting Boralex's Results and Financial Position in 2016 Compared with 2015".

In addition, an amount of $51.0 million was used to acquire new property, plant and equipment as follows:

- $41.9 million in the wind power segment, primarily for work on the Port Ryerse and Moose Lake projects in Canada, the Plateau de Savernat project in France and various other projects acquired from Ecotera that will be commissioned over the next two years as well as for the completion of the Touvent site in France;
- $8.2 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 the Buckingham, Québec facility;

- $0.6 million to improve existing infrastructure in the thermal and solar power segments; and
- $0.3 million for the corporate segment.

The Corporation also added an amount of $8.1 million to restricted cash for the Touvent and Témiscouata II sites and invested a total amount of $0.6 million in development projects, including Ecotera projects in France.

Financing Activities

Financing activities for the third quarter of fiscal 2016 generated total net cash inflows of $81.1 million.

New Financing Arrangements and Debt Repayments

Boralex's non-current debt increased by $123.8 million (net of financing costs). During the three-month period, the Corporation drew down $96.6 million from its new revolving credit facility, primarily to finance the major portion of the previously mentioned September 16, 2016 acquisition and to meet certain other financing needs related to its development projects. It also contracted new debt totalling $27.2 million (net of financing costs) to meet the needs of various sites, particularly the Touvent and Plateau de Savernat wind farms.

Conversely, Boralex repaid $34.2 million in existing debt related to its various facilities in operation.

Dividends and Other

During the third 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% since June 15, 2016. The Corporation also distributed $0.5 million to the non-controlling shareholder of the Témiscouata I wind power project.

Conversely, Boralex received $1.2 million in the form of a 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 $69.9 million decrease in cash and cash equivalents to $72.5 million as at September 30, 2016 from $142.4 million as at June 30, 2016.

Analysis of Cash Flows for the Nine-Month Period

Operating Activities

For the nine-month period ended September 30, 2016, cash flows from operations at Boralex totalled $100.2 million, compared with $91.3 million for the same period of 2015, up $8.9 million. Excluding non-cash items related to operating activities for both periods, this increase resulted primarily from the $26.8 million increase in EBITDA(A). Accordingly, the Corporation's strong operating performance offset the $4.8 million increase in income taxes paid and more importantly, the $15.0 million decrease in distributions received from the Joint Ventures due to the receipt of a special distribution in 2015 upon conversion of Joint Venture Phase II's term loan and the fact that the 2015 distributions covered a longer period, that is, from the commissioning of the Joint Ventures. In comparison, the 2016 distributions covered a regular operating period.

The change in non-cash items related to operating activities generated additional cash totalling $16.6 million in the first nine months of 2016 (compared with $7.0 million in cash used in 2015). The cash generated during this period in 2016 resulted partly from a $15.9 million increase in *Trade and other payables* due to sites under construction. Also, *Trade and other receivables* decreased by $8.5 million owing mainly to the seasonal cycle of the Corporation's operations, offset by a $3.2 million increase in prepaid expenses.

In light of the foregoing, operating activities generated cash flows totalling $116.7 million during the first nine months of 2016, up $32.4 million from $84.3 million for the same period of the previous year.

Investing Activities

Investing activities for the first nine months of fiscal 2016 used $172.5 million in total net cash. Note that the refinancing of Joint Venture Phase I completed in the second quarter of 2016 allowed Boralex to receive a $40 million return of capital. Excluding this return of capital, the Corporation invested $212.5 million in its infrastructure and development projects since the beginning of fiscal 2016. These investments are detailed below:

- $103.8 million in cash, as mentioned above, net of cash acquired, for the acquisition of wind power projects and land in France and Scotland on September 16, 2016;
- $99.4 million in total for additions to property, plant and equipment, including $75.8 million for the wind power segment (primarily to complete or for ongoing work on the numerous sites commissioned at the end of 2015 and during 2016 or slated for commissioning in the near future), $18.5 million for the hydroelectric power segment (construction of the future Yellow Falls power station and upgrading of existing infrastructure), $1.4 million and $1.0 million, respectively, for the improvement of thermal and solar power infrastructure, and $2.5 million for the corporate segment (primarily for expanding and fitting out the offices in France);
- $5.8 million as an additional allocation to restricted cash;
- $2.3 million earmarked for the Corporation's development projects in France and Canada; and
- $1.1 million for the reserve fund.

Financing Activities

Financing activities generated total net cash inflows of $31.1 million.

New Financing Arrangements and Repayments on Existing Debt

During the first nine months of 2016, the Corporation contracted new non-current debt totalling $185.6 million, primarily for the expansion of its asset base and project pipeline, and paid down $127.1 million on its existing debt.

In January 2016, Boralex obtained €63.0 million ($92.8 million) in new financing in France, including a €42.4 million ($62.5 million) loan to refinance its existing loan for its St-Patrick wind farm under more favourable terms and a €20.6 million ($30.3 million) loan, excluding the bridge value-added tax ("VAT") financing facility, to finance construction and development at the Touvent wind farm. As at September 30, 2016, St-Patrick loan had been fully drawn down in the amount of €42.4 million ($64.7 million) while the Touvent loan was drawn down by €20.2 million ($29.3 million).

Boralex completed the refinancing of its revolving credit facility on April 28, 2016, increasing the total authorized amount to $360 million. During the nine-month period, the Corporation drew down $70.7 million from its revolving credit facility and a portion of this amount was used to partly finance the cost of the acquisition completed on September 16, 2016.

In addition, in June 2016, Boralex secured €17.6 million ($25.9 million) in long-term financing, excluding VAT, for its Plateau de Savernat wind farm and €2.8 million ($4.1 million) in financing for its Avignonet II facility. As at September 30, 2016, the Plateau de Savernat loan was drawn down by €7.3 million ($10.6 million), excluding VAT, and the Avignonet II loan had been fully drawn down.

Dividends and Other

During the nine-month period ended September 30, 2016, the Corporation paid dividends to shareholders totalling $26.7 million ($18.7 million in 2015) or the equivalent of $0.13 per share in the first quarter and $0.14 per share in the second and third quarters. The Corporation also distributed $2.2 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 $2.5 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 nine months of 2016 resulted in a $27.1 million decrease in cash and cash equivalents to $72.5 million as at September 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 September 30, 2016 primarily reflect the significant investments allocated to acquire development and capital expenditure projects, the $40 million return of capital paid to Boralex by Joint Venture Phase I, used for debt repayment, significant cash flows from the Corporation's operations, 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 September 30, 2016	As at December 31, 2015
ASSETS		
Cash and cash equivalents	72,504	99,641
Restricted cash	9,143	3,345
Miscellaneous current assets	93,675	97,572
CURRENT ASSETS	175,322	200,558
Property, plant and equipment	1,651,332	1,556,374
Intangible assets	431,447	429,666
Goodwill	126,445	128,078
Interests in the Joint Ventures	13,983	66,506
Miscellaneous non-current assets	75,651	67,860
NON-CURRENT ASSETS	2,298,858	2,248,484
TOTAL ASSETS	2,474,180	2,449,042
LIABILITIES		
CURRENT LIABILITIES	279,302	280,217
Non-current debt	1,354,825	1,275,857
Convertible debentures	134,627	133,070
Miscellaneous non-current liabilities	201,769	201,157
NON-CURRENT LIABILITIES	1,691,221	1,610,084
TOTAL LIABILITIES	1,970,523	1,890,301
EQUITY		
TOTAL EQUITY	503,657	558,741
TOTAL LIABILITIES AND EQUITY	2,474,180	2,449,042

Assets

Boralex's total assets increased by $25.1 million during the first nine months of 2016 to $2,474.2 million as at September 30, 2016.

Current assets decreased by $25.2 million primarily as a result of a $21.3 million total net decline in *Cash and cash equivalents* and *Restricted cash*, arising mainly from the use of a portion of the available cash to finance the September 2016 acquisition. Additionally, the value of *Trade and other receivables* decreased $8.5 million for the reasons discussed in the preceding section and was partly offset by the $3.2 million increase in prepaid expenses.

Non-current assets rose by $50.4 million, owing mainly to the $95.0 million increase in *Property, plant and equipment*, due to acquisitions during the period, net of amortization, as well as the $1.8 million growth in intangible assets. Beyond the commissioning of the Touvent wind power station and progress on the Corporation's various development projects, these changes include the addition of land acquired through the transaction concluded in Europe on September 16, 2016, as well as certain intangible assets associated with the transaction, including in relation to projects under development and energy sales contracts. The increase in *Property, plant and equipment* and *Intangible assets* more than offset the $52.5 million decrease in value of Boralex's *Interests in the Joint Ventures* owing primarily to the $40 million return of capital during the second quarter and the distributions paid during the nine-month period.

Working Capital

As at September 30, 2016, the Corporation had a working capital deficit of $104.0 million with a ratio of 0.63:1 compared with a working capital deficit of $79.7 million and a ratio of 0.72:1 as at December 31, 2015. This decline was due to the decrease in *Cash and cash equivalents* and *Trade and other receivables* discussed previously, while total *Current liabilities* remained substantially unchanged. More precisely, the current portion of non-current debt decreased $35.7 million owing primarily to repayment of the balance of the $42.7 million St-Patrick loan as part of the facility's refinancing, the favourable effect of which was fully offset, however, by the $20.0 million increase in *Other current financial liabilities* owing to fair value remeasurement adjustments on financial instruments and the $15.9 million increase in *Trade and other payables* mentioned above.

Note also that the working capital deficit resulted in large part from a net negative amount of $60.5 million in *Other current financial assets* and *Other current financial liabilities* as at September 30, 2016 ($40.8 million as at December 31, 2015) consisting primarily of the fair value of financial instruments. Despite their short-term maturities, Boralex intends to request an extension for these financial instruments as they continue to be effective for managing the interest rate risk of projects that are expected to be financed in the coming year. Excluding that item, Boralex's working capital position has changed only slightly since the beginning of the current fiscal year, recording a deficit of $43.5 million for a ratio of 0.80:1 as at September 30, 2016, compared with a deficit of $38.8 million and a ratio of 0.84:1 as at December 31, 2015.

Non-current Liabilities

Total non-current liabilities were up $81.1 million, owing primarily to a $79.0 million increase in *Non-current debt* arising in particular from the $70.7 million drawdown from the revolving credit facility to finance a portion of the September 16 acquisition and the securing of new non-current debt to complete the different projects underway (net of repayments for the period).

Breaking down the Corporation's non-current debt geographically as at September 30, 2016, 45% originated in Canada, 50% in France and 5% in the United States, compared with 41%, 52% and 7%, respectively, as at December 31, 2015.

As at September 30, 2016, Boralex had contracted but undrawn debt totalling $22.3 million, as well as $77.2 million under the revolving credit facility. This amount could be increased by $50.0 million under certain conditions. A total amount of $46.7 million would also be available under the letter of credit facility.

Equity

Total equity for the first nine months of 2016 declined $55.1 million to $503.7 million as at September 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 partially offset by net earnings for the nine-month period and the issuance of new shares on exercise of stock options.

Debt Ratios

Net debt, as defined under *Non-IFRS Measures*, amounted to $1,406.1 million as at September 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 50.5 % as at September 30, 2016 from 55.1 % as at December 31, 2015.

Information About the Corporation's Equity

As at September 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 September 30, 2016, of which 1,035,130 were exercisable.

As at September 30, 2016, Boralex had 1,437,500 issued and outstanding convertible debentures (1,437,500 as at December 31, 2015).

From October 1, 2016 to November 8, 2016, no new shares were issued on exercise of stock options or 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 was authorized to repurchase up to 500,000 Class A shares. All repurchases were carried out through the Toronto Stock Exchange, and the repurchased shares will be cancelled. As at November 8, 2016, Boralex had not repurchased any 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 nine-month period ended September 30, 2016, revenues derived from the agreement amounted to $0.4 million ($0.4 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 nine-month period ended September 30, 2016, these services amounted to $0.5 million ($0.2 million for the corresponding period of 2015).

Transactions with the Joint Ventures

Joint Venture Phase I

For the nine-month period ended September 30, 2016, Joint Venture Phase I reported net earnings of $8.8 million ($15.4 million in 2015), with Boralex's share amounting to $4.4 million ($7.7 million in the 2015 period). Amortization of the unrealized loss on financial instruments generated an expense of $1.9 million ($2.0 million in 2015). An amount of $8.6 million has been recorded for the nine-month period ended September 30, 2016, as an excess of distributions received over the share in net earnings, as discussed previously. Accordingly, for the period, the Corporation's *Share in earnings of the Joint Venture phase I* amounted to $11.1 million ($5.7 million in 2015).

Also, for the nine-month period ended September 30, 2016, Boralex charged back $0.7 million in salaries, management fees and other costs to this joint venture in connection with the operation of the wind farm ($0.7 million in 2015).

Joint Venture Phase II

For the nine-month period ended September 30, 2016, Joint Venture Phase II reported net earnings of $1.1 million ($1.1 million in 2015) with Boralex's share amounting to $0.5 million ($0.6 million in 2015). Boralex charged back $0.3 million in salaries and management fees to this joint venture in connection with the operation of the wind farm ($0.4 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 July 2014 acquisition of 50% of the shares held by a Danish developer in an entity also represents an interest in a joint venture. Currently, the project is under development and is reported in the Consolidated Statement of Financial Position in *Interests in the Joint Ventures* under IFRS and in *Other non-current assets* under proportionate consolidation. In the event this project is completed, it will be included in the proportionate consolidation section if the holding percentage stays the same.

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

Seasonal Factors

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	Twelve-month period ended September 30, 2016
POWER PRODUCTION (MWh)					
Wind power stations	580,707	733,616	467,453	382,407	2,164,183
Hydroelectric power stations	158,161	170,627	190,600	130,363	649,751
Thermal power stations	31,131	64,827	12,499	51,917	160,374
Solar power stations	3,680	4,155	6,772	7,280	21,887
	773,679	973,225	677,324	571,967	2,996,195
REVENUES FROM ENERGY SALES					
Wind power stations	72,621	94,145	57,871	46,861	271,498
Hydroelectric power stations	14,998	17,228	14,999	12,154	59,379
Thermal power stations	6,521	10,061	2,531	5,447	24,560
Solar power stations	890	952	1,606	1,713	5,161
	95,030	122,386	77,007	66,175	360,598
EBITDA(A)					
Wind power stations	61,139	80,662	45,481	33,962	221,244
Hydroelectric power stations	9,893	12,918	10,775	8,168	41,754
Thermal power stations	711	4,154	(703)	1,018	5,180
Solar power stations	743	785	1,427	1,504	4,459
	72,486	98,519	56,980	44,652	272,637
Corporate and eliminations	(8,616)	(8,070)	(8,557)	(9,500)	(34,743)
	63,870	90,449	48,423	35,152	237,894
NET EARNINGS (LOSS)	5,732	22,502	(6,565)	(16,201)	5,468
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	5,571	20,555	(7,281)	(16,780)	2,065
NET EARNINGS (LOSS) PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.09	$0.32	($0.11)	($0.26)	$0.03
NET EARNINGS (LOSS) PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.09	$0.30	($0.11)	($0.26)	$0.03
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	45,757	81,511	32,532	9,567	169,367
CASH FLOWS FROM OPERATIONS	44,853	69,923	28,489	9,442	152,707
Weighted average number of shares outstanding (basic)	64,829,112	65,032,645	65,200,423	65,263,335	65,081,187

Seasonal Factors

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended December 31, 2014	March 31, 2015	June 30, 2015	September 30, 2015	Twelve-month period ended September 30, 2015
POWER PRODUCTION (MWh)					
Wind power stations	370,742	559,760	439,212	363,531	1,733,245
Hydroelectric power stations	154,752	113,587	205,678	149,051	623,068
Thermal power stations	34,092	59,155	15,628	48,787	157,662
Solar power stations	1,080	1,038	2,030	1,972	6,120
	560,666	733,540	662,548	563,341	2,520,095
REVENUES FROM ENERGY SALES					
Wind power stations	44,913	67,369	51,808	44,624	208,714
Hydroelectric power stations	14,312	12,584	16,785	13,799	57,480
Thermal power stations	7,569	10,736	3,467	5,753	27,525
Solar power stations	514	485	926	963	2,888
	67,308	91,174	72,986	65,139	296,607
EBITDA(A)					
Wind power stations	37,930	54,494	40,718	32,986	166,128
Hydroelectric power stations	9,730	9,247	12,741	8,911	40,629
Thermal power stations	1,188	4,525	(654)	1,121	6,180
Solar power stations	391	404	837	851	2,483
	49,239	68,670	53,642	43,869	215,420
Corporate and eliminations	(9,815)	(6,355)	(6,998)	(5,489)	(28,657)
	39,424	62,315	46,644	38,380	186,763
NET EARNINGS (LOSS)	(5,691)	6,746	(5,791)	(14,899)	(19,635)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	(7,011)	5,299	(6,284)	(15,421)	(23,417)
Discontinued operations	716	—	—	—	716
	(6,295)	5,299	(6,284)	(15,421)	(22,701)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	($0.18)	$0.11	($0.13)	($0.32)	($0.51)
Discontinued operations	$0.02	—	—	—	$0.02
	($0.16)	$0.11	($0.13)	($0.32)	($0.49)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	9,454	46,880	26,790	7,792	90,916
CASH FLOWS FROM OPERATIONS	22,008	42,753	27,499	17,155	109,415
Weighted average number of shares outstanding (basic)	38,411,980	47,759,276	47,951,885	48,770,481	45,706,145

Financial Highlights

(in thousands of dollars, except MW, MWh, per share amounts and number of shares outstanding)	Three-month periods ended September 30		Nine-month periods ended September 30	
	2016	2015	2016	2015
POWER PRODUCTION (MWh)				
Wind power stations	382,407	363,531	1,583,477	1,362,502
Hydroelectric power stations	130,363	149,051	491,589	468,316
Thermal power stations	51,917	48,787	129,243	123,570
Solar power stations	7,280	1,972	18,208	5,040
	571,967	563,341	2,222,517	1,959,428
REVENUES FROM ENERGY SALES				
Wind power stations	46,861	44,624	198,878	163,800
Hydroelectric power stations	12,154	13,799	44,381	43,168
Thermal power stations	5,447	5,753	18,039	19,956
Solar power stations	1,713	963	4,270	2,374
	66,175	65,139	265,568	229,298
EBITDA(A)				
Wind power stations	33,962	32,986	160,105	128,200
Hydroelectric power stations	8,168	8,911	31,862	30,899
Thermal power stations	1,018	1,121	4,469	4,993
Solar power stations	1,504	851	3,716	2,091
	44,652	43,869	200,152	166,183
Corporate and eliminations	(9,500)	(5,489)	(26,128)	(18,844)
	35,152	38,380	174,024	147,339
NET LOSS	(16,201)	(14,899)	(264)	(13,944)
NET LOSS ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(16,780)	(15,421)	(3,506)	(16,406)
NET LOSS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.26)	($0.32)	($0.05)	($0.34)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	9,567	7,792	123,610	81,463
CASH FLOWS FROM OPERATIONS	9,442	17,155	107,854	87,406
DIVIDENDS PAID ON COMMON SHARES	9,138	6,235	26,739	18,701
DIVIDENDS PAID PER COMMON SHARE	$0.14	$0.13	$0.41	$0.39
Weighted average number of shares outstanding (basic)	65,263,335	48,770,481	65,165,825	48,164,252

Statement of Financial Position Data

(in thousands of dollars)	As at September 30, 2016	As at December 31, 2015
Total cash*	89,651	111,998
Property, plant and equipment	2,041,864	1,963,455
Total assets	2,866,156	2,806,307
Debt, including non-current debt and current portion of debt	1,794,408	1,718,916
Liability component of convertible debentures	134,627	133,070
Total liabilities	2,369,364	2,248,083
Total equity	496,792	558,224
Net debt to market capitalization ratio	55.9%	60.0%

* Including restricted cash.

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

Consolidated

For the third quarter and the first nine months ended September 30, 2016, the changes attributable to proportionately consolidating the results of the Joint Ventures compared with the IFRS equity method are reflected not only in Boralex's production volume, revenues, EBITDA(A) and cash flows from operations as in previous quarters, but for the first time also affect net earnings and net earnings per share. A more detailed analysis of these changes is presented on the following pages.

In the table below, which shows the major changes in revenues from energy sales and EBITDA(A) for the three-month period ended September 30, 2016, as well as eliminating *Share of Joint Ventures*, proportionate consolidation primarily affected *Volume*, which in turn was reflected in revenues and EBITDA(A).

	Revenues from energy sales		EBITDA(A)	
	(in thousands of $)	%	(in thousands of $)	%
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2015	65,139		38,380	
Power stations commissioned*	9,921	15.2%	8,150	21.2%
Pricing	(808)	(1.2)%	(808)	(2.1)%
Volume	(8,537)	(13.1)%	(8,654)	(22.5)%
Raw material costs	—	—	319	0.8%
Maintenance	—	—	(70)	(0.2)%
Development - prospection	—	—	(2,399)	(6.2)%
Other	460	0.7%	234	0.6%
Change	1,036	1.6%	(3,228)	(8.4%)
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2016	66,175		35,152	

* Commissioning of the 14 MW Touvent wind farm on August 1, 2016, and commissioning of 123.6 MW during the fourth quarter of 2015: In France, Les Cigalettes 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 third quarter of 2016, Boralex's 50% share in the production of the Joint Ventures amounted to 114,289 MWh compared with 104,939 MWh in the same quarter of 2015, up 8.9% over the same quarter of 2015. This sound performance is attributable to both the Phase I and Phase II facilities, which enjoyed slightly more favourable weather conditions than during summer 2015 in that region of Québec, combined with excellent equipment availability rates.

Note that during the third quarter of 2016, proportionate consolidation of the production of the Joint Ventures represented an added 25.0% compared with Boralex's total quarterly production based on the IFRS equity method.

Revenues from Energy Sales

Boralex's share in the revenues of the Joint Ventures amounted to $12.3 million for the third quarter of 2016 compared with $11.3 million for the same period of 2015, up 9.5% owing to higher production. As shown in the table, Boralex's revenues totalled $66.2 million under proportionate consolidation, reflecting growth of $1.0 million or 1.6% from the same period of 2015. The increase resulted primarily from the facilities commissioned starting in October 2015 listed in the footnote to the table. In addition, substantially all of Boralex's assets already in operation in Canada increased production, in particular the existing wind farms, including the Joint Ventures. These items offset lower production at the existing French wind farms and hydroelectric power stations in the United States, as well as the unfavourable foreign exchange effect attributable to the French thermal power station.

Proportionately consolidating revenues from the Joint Ventures for the third quarter of 2016 contributed an additional 22.9% to consolidated revenues reported under IFRS.

EBITDA(A)

(in thousands of dollars)	Three-month periods ended September 30	
	2016	2015
EBITDA(A) (IFRS)	24,571	27,749
Less: Share in earnings (losses) of the Joint Ventures Phases I and II*	(310)	(1,449)
Plus: EBITDA(A) of the Joint Ventures Phases I and II	10,271	9,182
EBITDA(A) (Proportionate Consolidation)	35,152	38,380

* Excluding the excess of distributions received over the share in net earnings of the Joint Ventures of $8.6 million.

In the third quarter of 2016, Boralex's share in the EBITDA(A) of the Joint Ventures under proportionate consolidation amounted to $10.3 million, compared with $9.2 million for the same period of 2015 , up 11.9%.

Under proportionate consolidation, as shown in the first table in this section, the Corporation's EBITDA(A) was down $3.2 million or 8.4% compared with the third quarter of 2015, totalling $35.2 million. Consolidated EBITDA(A) margin declined to 53.1% in 2016 from 58.9% 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 decrease in EBITDA(A) resulted in large part from the unfavourable volume effect originating primarily from the French wind farms and the rise in certain expenses, including development and prospection costs. These items were not fully offset by the significant contribution from the new sites commissioned after September 30, 2015.

However, as shown in the table above, proportionate consolidation had a net favourable effect of $10.6 million, or 43.1%, on consolidated EBITDA(A) in the third quarter of 2016 compared with IFRS. Apart from the addition of EBITDA(A) from the Joint Ventures, this difference resulted from eliminating *Share in earnings (losses) of the Joint Ventures Phases I and II*, which included costs not related to EBITDA(A) of the Joint Ventures, such as amortization, financing costs and other gains and losses.

Net Loss

Proportionately consolidating the results of the Joint Ventures increased the quarterly net loss by $6.3 million, or $0.10 per share (basic) compared with reporting under IFRS, representing the elimination of the amount of $8.6 million, net of related taxes, recognized under IFRS as an excess of distributions received over the share in net earnings of the Joint Ventures. Under proportionate consolidation, Boralex recorded a net loss attributable to shareholders of $16.8 million or $0.26 per share (basic), compared with a net loss attributable to shareholders of $10.4 million or $0.16 per share (basic) under IFRS.

(in thousands of $)	Three-month periods ended September 30	
	2016	2015
Net loss attributable to shareholders of Boralex (IFRS)	(10,432)	(15,421)
Plus: Excess of distributions received over the share in net earnings of the Joint Ventures, net of income taxes	(6,348)	—
Net loss attributable to shareholders of Boralex (Proportionate consolidation)	(16,780)	(15,421)

Wind

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

	Revenues from energy sales		EBITDA(A)	
	(in thousands of $)	%	(in thousands of $)	%
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2015	44,624		32,986	
Power stations commissioned*	9,220	20.6%	7,531	22.8%
Pricing	50	0.1%	50	0.2%
Volume	(7,016)	(15.7)%	(7,016)	(21.2)%
Foreign exchange effect	(11)	—	(17)	(0.1)%
Maintenance	—	—	(63)	(0.2)%
Other	(6)	—	491	1.5%
Change	2,237	5.0%	976	3.0%
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2016	46,861		33,962	

* Commissioning of 127.2 MW: In France, Calmont (December 2015) and Touvent (August 2016) 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

For the third quarter of 2016, the addition of Boralex's share of 114,289 MWh in the production of the Joint Ventures (104,939 MWh for the same quarter of 2015) represented an additional contribution of 42.6% compared with total wind power production reported under IFRS. Wind power segment production rose 5.2% from the third quarter of 2015 to 382,407 MWh. As mentioned previously, this increase resulted in large part from the contributions of the five facilities totalling 127.2 MW commissioned starting in October 2015, together with higher production at existing facilities in Canada, including the Joint Ventures. These sources of growth offset significantly lower production at existing wind farms in France due to less favourable weather conditions than during 2015, although these facilities in general maintained a very high level of equipment availability.

Revenues from Energy Sales

As shown in the preceding table, including the $12.3 million share in revenues of the Joint Ventures ($11.3 million in 2015), wind power segment revenues totalled $46.9 million under proportionate consolidation, up $2.2 million or 5.0% from the same period of 2015. This increase is due in large part to the 127.2 MW from the commissioned facilities listed in the footnote to the table, which offset the unfavourable volume effect attributable to the existing sites in France.

Proportionately consolidating revenues from the Joint Ventures for the third quarter of 2016 contributed an additional 35.7% to segment revenues reported under IFRS. Note also that under proportionate consolidation, 57% of wind power segment revenues were generated in Canada and 43% in France (compared with 42% and 58%, respectively, under IFRS).

EBITDA(A)

	Three-month periods ended September 30	
(in thousands of dollars)	**2016**	**2015**
EBITDA(A) (IFRS)	24,029	23,016
Less: Share in earnings (losses) of the Joint Ventures Phases I and II*	338	(788)
Plus: EBITDA(A) of the Joint Ventures Phases I and II	10,271	9,182
EBITDA(A) (Proportionate Consolidation)	33,962	32,986

* Excluding the excess of distributions received over the share in net earnings of the Joint Ventures of $8.6 million.

In the third quarter of 2016, including the $10.3 million share of EBITDA(A) of the Joint Ventures under proportionate consolidation ($9.2 million in 2015), wind power segment EBITDA(A) totalled $34.0 million, up $1.0 million or 3.0% from the same period of 2015. Proportionately consolidating wind power segment EBITDA(A) for the third quarter of 2016 had a net favourable impact of $9.9 million or 41.3% compared with IFRS. As discussed in the previous section, this difference arises from the fact that the addition of EBITDA(A) from the Joint Ventures more than offset the elimination of *Share in earnings (losses) of the the Joint Ventures Phases I and II*. Wind segment EBITDA(A) margin declined to 72.5% in 2016 from 73.9% in 2015 under proportionate consolidation.

Analysis of Operating Results for the Nine-Month Period Ended September 30, 2016

Consolidated

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

	Revenues from energy sales		EBITDA(A)	
	(in thousands of $)	%	(in thousands of $)	%
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015	229,298		147,339	
Power stations commissioned*	36,624	16.0%	31,040	21.1%
Pricing	(4,099)	(1.8)%	(4,099)	(2.8)%
Volume	(3,644)	(1.6)%	(3,929)	(2.7)%
Foreign exchange effect	7,197	3.1%	4,701	3.2%
Raw material costs	—	—	1,956	1.3%
Maintenance	—	—	82	0.1%
Development - prospection	—	—	(2,808)	(1.9)%
Other	192	0.1%	(258)	(0.2)%
Change	36,270	15.8%	26,685	18.1%
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016	265,568		174,024	

* Commissioning of 170.4 MW in 2015 and 2016: In France, St-François (March and April 2015) and Comes de l'Arce (April 2015) wind farms, Les Cigalettes solar power facility (October 2015), Calmont (December 2015) and Touvent (August 2016) wind farms; 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 Nine-Month Period

Production

During the nine-month period ended September 30, 2016, Boralex's 50% share in the production of the Joint Ventures amounted to an additional 377,498 MWh compared with 416,681 MWh in 2015. This 9.4% decline was due to the occurrence of exceptionally favourable weather conditions in this region of Québec during winter 2015 and good conditions during spring and summer 2015, whereas they were closer to normal for the nine-month period of 2016 as a whole. Despite these changes in weather conditions, we note that production at these two facilities in the first nine months of 2016 has been consistent with management's expectations owing in particular to excellent equipment availability.

For the first nine months of 2016, proportionately consolidating the production of the Joint Ventures added 20.5% to production reported under IFRS.

Revenues from Energy Sales

Boralex's share in the revenues of the Joint Ventures amounted to $40.7 million for the nine-month period ended September 30, 2016, compared with $44.7 million for the same period of 2015, down 8.9% owing to lower production compared with 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 nine-month period totalled $265.6 million under proportionate consolidation, up $36.3 million or 15.8% from the same period of 2015. This increase resulted primarily from the facilities commissioned in 2015 and 2016 listed in the footnote to the table and, to a lesser degree, the favourable foreign exchange effect. The significant contribution from the new sites more than offset the unfavourable volume effect originating in large part from the wind power facilities in France and the hydroelectric power stations in the United States, and the unfavourable foreign exchange effect related primarily to the French thermal power station.

Proportionately consolidating revenues from the Joint Ventures for the first nine months of 2016 contributed an additional 18.1% to revenues reported under IFRS.

EBITDA(A)

(in thousands of dollars)	Nine-month periods ended September 30 2016	2015
EBITDA(A) (IFRS)	142,237	115,450
Less: Share in earnings of the Joint Ventures Phases I and II*	2,971	6,315
Plus: EBITDA(A) of the Joint Ventures Phases I and II	34,758	38,204
EBITDA(A) (Proportionate Consolidation)	174,024	147,339

* Excluding the excess of distributions received over the share in net earnings of the Joint Ventures of $8.6 million.

In the first nine months of 2016, Boralex's share in the EBITDA(A) of the Joint Ventures under proportionate consolidation amounted to $34.8 million, compared with $38.2 million for the same period of 2015, down 9.0% due to lower production. As shown in the first table in this section, Boralex's EBITDA(A) totalled $174.0 million under proportionate consolidation, up $26.7 million or 18.1% from the same period of 2015. Consolidated EBITDA(A) margin rose to 65.5% in 2016 from 64.3% in 2015 under proportionate consolidation.

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 and 2016, combined with the foreign exchange effect and lower raw material costs, primarily for the natural gas consumed by the French thermal power station. These favourable factors more than offset the unfavourable volume and price effects and the increase in certain expenses, including development and prospecting costs.

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 $31.8 million or 22.3% on consolidated EBITDA(A) for the first nine months 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 the Joint Ventures Phases I and II*, which included costs not related to EBITDA(A) of the Joint Ventures.

Net Loss

Proportionately consolidating the results of the Joint Ventures for the nine-month period ended September 30, 2016 decreased net loss and net loss per share (basic) by $6.3 million, or $0.09 per share, respectively, compared with reporting under IFRS, representing the elimination of the amount of $8.6 million, net of related taxes, recognized under IFRS as excess of distributions received over the share in net earnings of the Joint Ventures. Under proportionate consolidation, Boralex recorded a net loss attributable to shareholders of $3.5 million or $0.05 per share compared with net earnings attributable to shareholders of $2.8 million or $0.04 per share (basic) under IFRS.

(in thousands of $)	Nine-month periods ended September 30 2016	2015
Net earnings (loss) attributable to shareholders of Boralex (IFRS)	2,842	(16,406)
Plus: Excess of distributions received over the share in net earnings of the Joint Ventures, net of income taxes	(6,348)	—
Net loss attributable to shareholders of Boralex (Proportionate consolidation)	(3,506)	(16,406)

Wind

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

	Revenues from energy sales		EBITDA(A)	
	(in thousands of $)	%	(in thousands of $)	%
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015	163,800		128,200	
Power stations commissioned*	34,787	21.2%	29,456	23.0%
Pricing	916	0.6%	916	0.7%
Volume	(5,714)	(3.5)%	(5,714)	(4.5)%
Foreign exchange effect	5,194	3.2%	3,926	3.1%
Maintenance	—	—	459	0.4%
Other	(105)	(0.1)%	2,862	2.2%
Change	35,078	21.4%	31,905	24.9%
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016	198,878		160,105	

* Addition of 160 MW for the nine-month period as a whole: In France, St-François (March and April 2015), Comes de l'Arce (April 2015) and Calmont (December 2015) and Touvent (August 2016) wind farms; in Québec, Canada, Côte-de-Beaupré (November 2015), Témiscouata II (November 2015) and Frampton (December 2015) wind farms.

Operating Results for the Nine-Month Period

Production

For the first nine months of 2016, the addition of Boralex's share of 377,498 MWh in the production of the Joint Ventures (416,681 MWh for the same period of 2015) represented an additional contribution of 31.3% compared with total wind power production reported under IFRS. Under proportionate consolidation, wind power segment production grew 16.2% compared with the first nine months of fiscal 2015, totalling 1,583,477 MWh in fiscal 2016. As mentioned previously, this increase resulted in large part from the contributions of the seven facilities totalling 160 MW commissioned in 2015 and 2016, as production at the existing sites declined 3.6%, which is essentially attributable to the French operations.

Revenues from Energy Sales

As shown in the preceding table, including the $40.7 million share in revenues of the Joint Ventures in the nine-month period ended September 30, 2016 ($44.7 million in 2015), wind power segment revenues totalled $198.9 million in 2016 under proportionate consolidation, up $35.1 million or 21.4% from the same period of 2015. This increase resulted in large part from the addition from the new facilities, together with the favourable foreign exchange effect and selling price indexation. Proportionately consolidating revenues from the Joint Ventures for the nine-month period ended September 30, 2016 contributed an additional 25.7% to segment revenues reported under IFRS. Under proportionate consolidation, 49% of wind power segment revenues were generated in Canada and 51% in France, compared with 36% and 64%, respectively, under IFRS. This reflects a better balance between the wind power segment's geographic markets and, by the same token, a better hedge against chance weather conditions which can affect any given region, as was the case in 2016.

EBITDA(A)

	Nine-month periods ended September 30	
(in thousands of dollars)	**2016**	**2015**
EBITDA(A) (IFRS)	130,259	98,279
Less: Share in earnings of the Joint Ventures Phases I and II*	4,912	8,283
Plus: EBITDA(A) of the Joint Ventures Phases I and II	34,758	38,204
EBITDA(A) (Proportionate Consolidation)	160,105	128,200

* Excluding the excess of distributions received over the share in net earnings of the Joint Ventures of $8.6 million.

For the first nine months of 2016, including the $34.8 million share of EBITDA(A) of the Joint Ventures under proportionate consolidation ($38.2 million in 2015), wind power segment EBITDA(A) totalled $160.1 million, up $31.9 million or 24.9% from the same period of 2015. Proportionate consolidation had a net favourable effect of $29.8 million or 22.9% on segment EBITDA (A) for the first nine months of 2016 compared with reporting under IFRS. Wind segment EBITDA(A) margin rose to 80.5% in 2016 from 78.3% in 2015 under proportionate consolidation. Boralex management is pleased with results to date 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 September 30, 2016 amounted to $9.4 million compared with $13.2 million under IFRS, resulting in an adverse difference of $3.8 million, owing mainly to the higher amount of interest paid. In contrast, cash generated (used) by non-cash items related to operating activities was $1.1 million higher under proportionate consolidation than under IFRS. As a result, cash generated by operating activities for the third quarter of 2016 was lower by a net amount of $2.6 million under proportionate consolidation, totalling $9.6 million, compared with $12.2 million under IFRS.

Proportionate consolidation has virtually no impact on the amount of cash required by the investing activities, totalling $163.8 million. Net cash flows generated by financing activities were $0.5 million lower under proportionate consolidation than under IFRS, owing primarily to higher repayments on existing debt.

Accordingly, under proportionate consolidation, the change in *Cash and cash equivalents* between June 30, 2016 and September 30, 2016 represented a decrease of $73.0 million, compared with a $69.9 million decrease under IFRS, for an adverse change of $3.1 million.

Nine-Month Period

Under proportionate consolidation, cash flows from operations for the nine-month period ended September 30, 2016 amounted to $107.9 million compared with $100.2 million under IFRS, for a favourable difference of $7.7 million. This is mainly due to the addition of EBITDA(A) from the Joint Ventures, net of payments related to their financing costs. However, cash generated by non-cash items related to operating activities was $0.8 million lower than under proportionate consolidation than under IFRS. As a result, cash generated by operating activities for the nine-month period ending September 30, 2016 was higher by a net amount of $6.9 million under proportionate consolidation, for a total of $123.6 million, compared with $116.7 million under IFRS.

Under proportionate consolidation, cash used in investing activities totalled $212.5 million compared with $172.5 million under IFRS. This $40.0 million change resulted from the return of capital in the same amount to Boralex by Joint Venture Phase I upon refinancing of Joint Venture Phase I. This amount is eliminated under proportional consolidation. Cash flows generated by financing activities were $32.3 million higher under proportionate consolidation than under IFRS, owing primarily to the $40.1 million increase in non-current debt due to the May 2016 refinancing of Joint Venture Phase I.

Under proportionate consolidation, the change in *Cash and cash equivalents* between December 31, 2015 and September 30, 2016 represented a $28.0 million decrease, compared with a $27.1 million decrease under IFRS.

Financial Position as at September 30, 2016

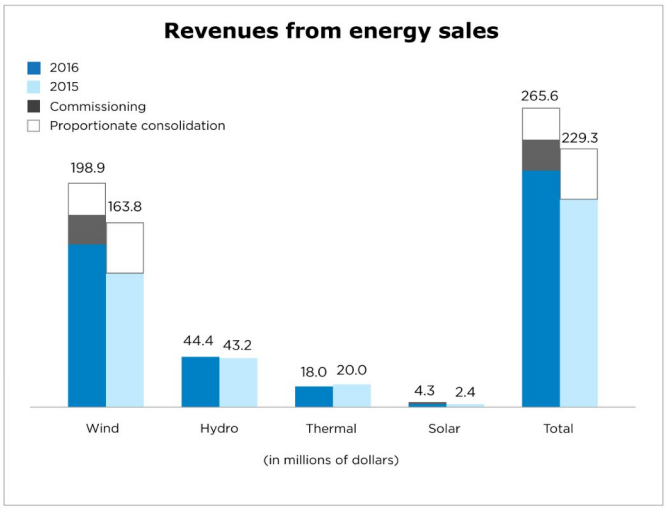
The main changes in the statement of financial position owing to proportionate consolidation are as follows:

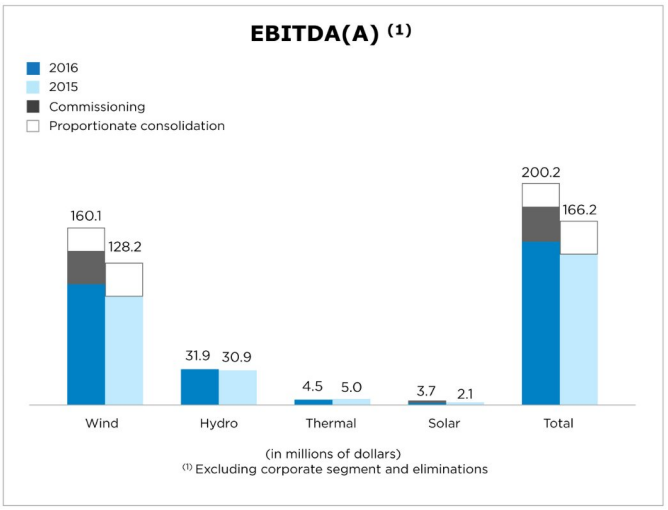
- A $13.0 million increase in total current assets, including a $8.0 million increase in the total of *Cash and cash equivalents* amount and a $4.7 million increase in *Trade and other receivables*;
- A $379.0 million increase in total non-current assets, owing primarily to a $390.5 million increase 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 $14.0 million;
- A $20.2 million increase in total current liabilities, including a $14.7 million increase in the current portion of non-current debt and a $5.5 million increase in *Trade and other payables*; and
- A $378.6 million increase in total non-current liabilities, consisting mainly of a $315.3 million increase in non-current debt, a $36.4 million increase in other non-current financial liabilities and the addition of $27.9 million in deferred revenues included under *Other non-current liabilities*.

Accordingly, *Cash and cash equivalents* and *Restricted cash* as at September 30, 2016 totalled $89.7 million under proportionate consolidation (compared with $81.6 million under IFRS).

Segment and Geographic Breakdown of Results for the Nine-Month Periods Ended September 30, 2016 and 2015

Segment Breakdown





The following is a discussion of changes in segment breakdown of revenues and EBITDA(A) for the nine-month period ended September 30, 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 nine-month period ended September 30, 2016, revenues in the wind power segment grew 21.4% from the same period of the previous year, boosting its share of consolidated revenues to 74.9% in 2016 from 71.4% in 2015. The solid growth of revenues in this sector are primarily due to the commissioning of an additional 160.0 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) and in 2016 (Touvent wind farm in France). However, the strong overall performance of existing wind farms in Québec and Ontario was not sufficient to offset the significant decline in production of existing sites in France, which were caused by the significantly less favourable wind conditions than in 2015.

Wind power segment EBITDA(A) during the first nine months of 2016 rose 24.9% compared with the same period of 2015, increasing its share of consolidated EBITDA(A) (before the corporate segment and eliminations) to 80.0% in 2016 from 77.1% for the same period in 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 80.5% in 2016 (78.3% in 2015).

Boralex anticipates strong performance in its wind power segment by the end of fiscal 2016, given the full contribution of sites totalling 160.0 MW commissioned during the fourth quarter of 2015 and the third quarter of 2016, and due to the fact that the fourth quarter is generally one of the best for the year in this operating segment.

Given the wind power projects under development in France and Canada for an additional contracted capacity of about 208 MW slated for commissioning by the end of 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 2.8% in the first nine months of 2016, owing in particular to considerably more favourable water flow conditions in the Northeastern United States than during the first quarter of 2015 and the positive 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 16.7% in the first nine months of 2016 from 18.8% in the same period of 2015. During the nine-month period ended September 30, 2016, hydroelectric power segment EBITDA(A) rose 3.1% compared with the same period of 2015, owing to the same key factors which contributed to revenue growth, coupled with a decrease in certain expenses.

Quarterly EBITDA(A) margin for this segment, as a percentage of revenues, grew to 71.8% in 2016 from 71.6% in 2015. Given the strong growth of the wind power segment, the hydroelectric power segment generated 15.9% of consolidated EBITDA(A) (before corporate and eliminations) for the nine-month period ended September 30, 2016 compared with 18.6% the previous year.

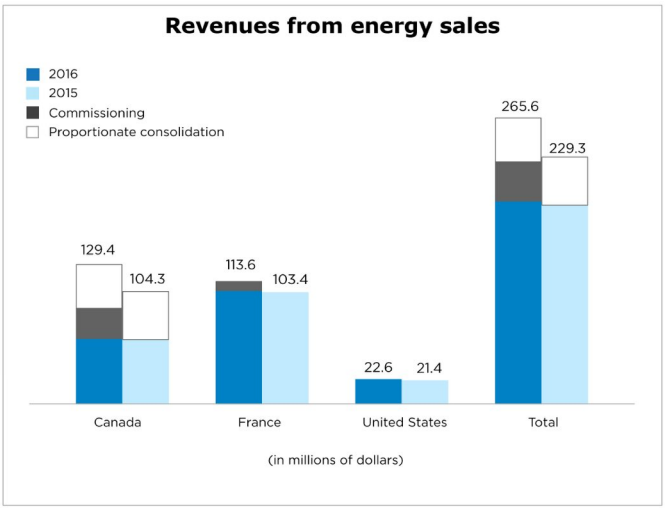
Thermal

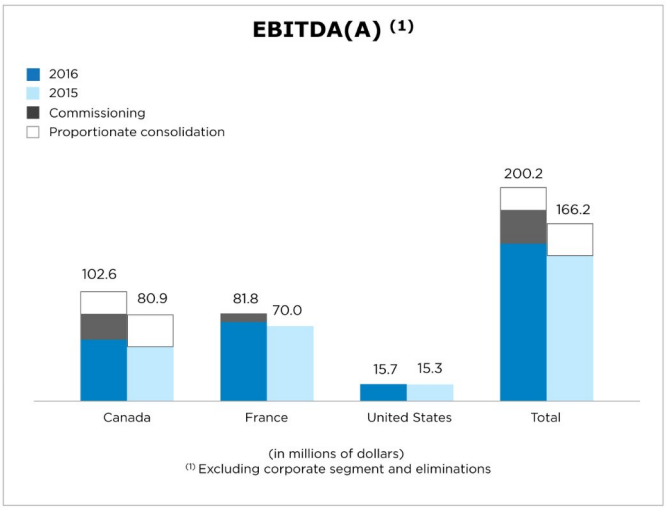
Thermal power segment revenues were down 9.6% in the first nine months of 2016, owing primarily to lower selling prices for steam produced by the Blendecques power station in France. The segment accounted for 6.8% of consolidated revenues in the first nine months of 2016, compared with 8.7% in 2015. Thermal power segment EBITDA(A) was down 10.5%. Therefore, the segment's share of consolidated EBITDA(A) (before the corporate segment and eliminations) stood at 2.2% for the nine-month period ended September 30, 2016, compared with 3.0% in the previous year. Its EBITDA(A) margin was down slightly compared to 2015.

Solar

For the nine-month period ended September 30, 2016, Boralex's solar power segment generated EBITDA(A) of $3.7 million on revenues of $4.3 million, compared with EBITDA(A) of $2.1 million on revenues of $2.4 million for the same period in 2015. These increases result mainly from the commissioning of solar power facilities Les Cigalettes in France and Vaughan in Ontario, Canada during fiscal 2015. EBITDA(A) margin stood at 87.0% for the nine-month period ended September 30, 2016, compared with 88.1% in 2015, owing to the different price structure of the new site in France and recent market trends. The solar power segment, which for the time being accounts for only a marginal share of Boralex's energy portfolio, generated 1.6% and 1.9 % of consolidated revenues and EBITDA(A) (before the corporate segment and eliminations), respectively, for the period.

Geographic Breakdown





Geographically, Boralex's revenues from energy sales for the nine-month period ended September 30, 2016, were broken down as follows:

- 48.7% in Canada compared with 45.5% for the same period of 2015;
- 42.8% in France, compared with 45.2% for the same period of 2015; and
- 8.5% in the United States compared with 9.3% for the same period of 2015.

The increase in the relative Canadian market share results primarily from the commissioning of larger scale power stations in Québec at the end of 2015, including Témiscouata II, combined with declining revenues from French power stations due to weather conditions. Note that the relative weights of the Canadian and European operations are now relatively 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 the Joint Ventures Phases I and II are proportionately consolidated instead of being accounted for using the equity method as required by IFRS. Since the information that Boralex uses to perform internal analyses and make strategic and operating decisions is prepared on a proportionate consolidation basis, management has considered relevant to include these amounts to help investors understand the concrete impacts of decisions made by the Corporation. Tables reconciling IFRS data with data presented on a proportionate consolidation basis are included in 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 September 30		Nine-month periods ended September 30	
(in thousands of dollars)	2016	2015	2016	2015
Net earnings (loss)	(9,853)	(14,899)	6,084	(13,944)
Income tax expense (recovery)	(4,161)	(4,766)	501	(5,747)
Financing costs	19,015	20,504	55,328	56,760
Amortization	29,037	23,727	87,070	71,150
EBITDA	34,038	24,566	148,983	108,219
Adjustments:				
Loss on redemption of convertible debentures	—	2,759	—	2,759
Net loss on financial instruments	904	2,721	3,634	7,338
Foreign exchange loss (gain)	(1,479)	(2,220)	(735)	(2,635)
Other gains	(267)	(77)	(999)	(231)
Excess of distributions received over the share in net earnings from the Joint Ventures	(8,625)	—	(8,646)	—
EBITDA(A)	24,571	27,749	142,237	115,450

Proportionate Consolidation

(in thousands of dollars)	Three-month periods ended September 30		Nine-month periods ended September 30	
	2016	2015	2016	2015
Net earnings (loss)	(16,201)	(14,899)	(264)	(13,944)
Income tax expense (recovery)	(6,459)	(4,766)	(1,797)	(5,747)
Financing costs	24,781	26,003	72,167	73,257
Amortization	34,571	29,261	103,672	87,749
EBITDA	36,692	35,599	173,778	141,315
Adjustments:				
Loss on redemption of convertible debentures	—	2,759	—	2,759
Net loss on financial instruments	608	2,721	3,188	7,338
Foreign exchange gain	(1,479)	(2,220)	(737)	(2,635)
Other gains	(669)	(479)	(2,205)	(1,438)
EBITDA(A)	35,152	38,380	174,024	147,339

Reconciliation between IFRS and Proportionate Consolidation

(in thousands of dollars)	Three-month periods ended September 30		Nine-month periods ended September 30	
	2016	2015	2016	2015
EBITDA(A) (IFRS)	24,571	27,749	142,237	115,450
Less: Share in earnings (losses) of the Joint Ventures Phases I and II*	(310)	(1,449)	2,971	6,315
Plus: EBITDA(A) of the Joint Ventures Phases I and II	10,271	9,182	34,758	38,204
EBITDA(A) (Proportionate Consolidation)	35,152	38,380	174,024	147,339

* Excluding the excess of distributions received over the share in net earnings of the Joint Ventures of $8.6 million.

Cash Flows from Operations

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

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

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

IFRS

(in thousands of dollars)	Three-month periods ended September 30		Nine-month periods ended September 30	
	2016	2015	2016	2015
Net cash flows related to operating activities	12,200	22,187	116,732	84,312
Change in non-cash items related to operating activities	(979)	(9,639)	16,578	(6,981)
CASH FLOWS FROM OPERATIONS	13,179	31,826	100,154	91,293

Proportionate Consolidation

(in thousands of dollars)	Three-month periods ended September 30 2016	Three-month periods ended September 30 2015	Nine-month periods ended September 30 2016	Nine-month periods ended September 30 2015
Net cash flows related to operating activities	9,567	7,792	123,610	81,463
Change in non-cash items related to operating activities	125	(9,363)	15,756	(5,943)
CASH FLOWS FROM OPERATIONS	9,442	17,155	107,854	87,406

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 As at September 30, 2016	IFRS As at December 31, 2015	Proportionate Consolidation As at September 30, 2016	Proportionate Consolidation As at December 31, 2015
Non-current debt	1,354,825	1,275,857	1,670,140	1,559,439
Current portion of debt	109,519	145,200	124,268	159,477
Borrowing costs, net of accumulated amortization	23,381	23,546	43,060	39,398
Less:				
Cash and cash equivalents	72,504	99,641	80,508	108,491
Restricted cash	9,143	3,345	9,143	3,507
Net debt	1,406,078	1,341,617	1,747,817	1,646,316
Net debt excluding non-current debt drawn for projects under construction	1,396,243	1,341,617	1,737,981	1,646,316

The Corporation defines total market capitalization as follows:

(in thousands of dollars, except for the number of outstanding shares and share market price)	IFRS As at September 30, 2016	IFRS As at December 31, 2015	Proportionate Consolidation As at September 30, 2016	Proportionate Consolidation As at December 31, 2015
Number of outstanding shares (in thousands)	65,263	64,829	65,263	64,829
Share market price (in $ per share)	18.71	14.46	18.71	14.46
Market value of equity attributable to shareholders	1,221,077	937,429	1,221,077	937,429
Non-controlling shareholders	14,531	14,082	14,531	14,082
Net debt	1,406,078	1,341,617	1,747,817	1,646,316
Convertible debentures (nominal value)	143,750	143,750	143,750	143,750
Total market capitalization	2,785,436	2,436,878	3,127,175	2,741,577

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

(in thousands of dollars)	IFRS As at September 30, 2016	IFRS As at December 31, 2015	Proportionate Consolidation As at September 30, 2016	Proportionate Consolidation As at December 31, 2015
Net debt	1,406,078	1,341,617	1,747,817	1,646,316
Total market capitalization	2,785,436	2,436,878	3,127,175	2,741,577
NET DEBT RATIO (market capitalization)	50.5%	55.1%	55.9%	60.0%
NET DEBT RATIO (market capitalization, excluding non-current debt drawn for projects under construction)*	50.3%	55.1%	55.8%	60.0%

* Given the growth in recent years with the addition of long-term contracted capacity and fixed-rate debt, the portion of non-current debt drawn for projects under development was excluded.

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 September 30, 2016, the dividends paid to shareholders by the Corporation corresponded to 72.9% 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	
(in thousands of dollars, except per share amount)	As at September 30, **2016**	As at December 31, **2015**
Cash flows from operations	152,707	132,254
Distributions paid to non-controlling shareholders	(6,652)	(8,363)
Additions to property, plant and equipment (maintenance)	(8,390)	(6,638)
Repayments on current and non-current debt (projects)	(102,598)	(79,485)
Development costs (from statement of earnings)	13,197	10,277
Discretionary cash flows	**48,264**	**48,045**
Discretionary cash flows per share	$0.74	$0.92
Dividends paid to shareholders of Boralex	35,167	27,129
Payout ratio	**72.9%**	**56.5%**

*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 September 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 September 30, 2016, approximately 44% 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 9% of total debt under IFRS and proportionate consolidation.

IFRS

As at September 30,

2016	Currency	Current notional (currency of origin)	Current notional (CAD)	Fair value (currency of origin)	Fair value (CAD)
Financial swaps - interest rates	EUR	267,483	394,162	(22,495)	(33,149)
Financial swaps - interest rates	CAD	212,531	212,531	(72,203)	(72,203)
Foreign exchange forward contracts	EUR	136,000	200,410	(2,338)	(2,338)
			807,103		(107,690)

Proportionate Consolidation

As at September 30,

2016	Currency	Current notional (currency of origin)	Current notional (CAD)	Fair value (currency of origin)	Fair value (CAD)
Financial swaps - interest rates	EUR	267,483	394,162	(22,495)	(33,149)
Financial swaps - interest rates	CAD	466,216	466,216	(108,571)	(108,571)
Foreign exchange forward contracts	EUR	136,000	200,410	(2,338)	(2,338)
			1,060,788		(144,058)

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 nine-month period ended September 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 $9.0 million and $1.4 million, respectively, as at September 30, 2016.

Canada - Moose Lake Wind Power Project

In 2016, the Corporation entered into a wind turbine purchase contract as well as construction contracts for the **Moose Lake** wind power project. The Corporation's net commitment under those contracts amounted to $39.5 million as at September 30, 2016.

France - Touvent Wind Farm

In 2016, the Corporation entered into a 15-year wind turbine maintenance contract expiring in 2031 for the **Touvent** wind farm. The Corporation's net commitment under this contract amounted to €4.0 million ($5.8 million) as at September 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 €3.9 million ($5.7 million) as at September 30, 2016.

France – Mont de Bagny Wind Power Project

In 2016, the Corporation entered into a wind turbine purchase contract and construction and land lease contracts for the **Mont de Bagny** wind power project. The land on which the wind power stations will be located is leased under emphyteutic leases for a 41 year term. The Corporation's net commitment under those contracts amounted to €20.9 million($30.7 million) as at September 30, 2016.

France – Artois Wind Power Project

In 2016, the Corporation entered into construction and land lease contracts for the **Artois** wind power project. The land on which the wind power stations will be located is leased under emphyteutic leases for a 41 year term. The Corporation's net commitment under those contracts amounted to €6.0 million ($8.8 million) as at September 30, 2016.

France - Voie des Monts Wind Power Project

In 2016, the Corporation entered into construction contracts for the **Voie des Monts** wind power project. The Corporation's net commitment under these contracts amounted to €3.4 million ($5.1 million) as at September 30, 2016.

Subsequent Events

Financing of Mont de Bagny, Artois and Voie des Monts

On October 25, 2016, the Corporation announced the closing of long-term financing for the **Mont de Bagny**, **Artois** and **Voie des Monts** wind farms in France for a total amount of €100.6 million ($148.2 million), including €11.2 million ($16.5 million) for a bridge VAT financing facility. The loan consists of 10-year tranche of €52.4 million ($77.3 million) at a fixed rate of 0.80% and a 15-year tranche of €36.9 million ($54.4 million) at a variable rate of approximately 2.50%. The average rate for the 15-year tranche will be approximately 1.77%. The Corporation intends to use interest rate swaps to reduce its exposure for at least 90% of this financing over its entire term.

Option to Buy an Interest in the Niagara Region Wind Farm

On November 2, 2016, Boralex announced that it will exercise its option to buy a 25% financial interest in the 230 MW **Niagara Region Wind Farm** by December 31, 2016, subject to the completion of definitive agreements and the fulfillment of closing conditions. The investment for this project is expected to total approximately $930.0 million.

France - Moulins du Lohan Wind Power Project

In November 2016, the Corporation entered into construction contracts for the **Moulins du Lohan** wind power project. The Corporation's net commitment under these contracts amounted to €5.0 million ($7.3 million).

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 September 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[1]

(in thousands of dollars)	As at September 30, 2016	As at December 31, 2015
ASSETS		
Cash and cash equivalents	80,508	108,491
Restricted cash	9,143	3,507
Trade and other receivables	81,492	90,489
Inventories	7,890	6,902
Other current financial assets	923	541
Prepaid expenses	8,357	4,822
CURRENT ASSETS	188,313	214,752
Property, plant and equipment	2,041,864	1,963,455
Intangible assets	431,447	429,666
Goodwill	126,445	128,078
Deferred income tax asset	28,388	21,190
Other non-current financial assets	486	239
Other non-current assets	49,213	48,927
NON-CURRENT ASSETS	2,677,843	2,591,555
TOTAL ASSETS	2,866,156	2,806,307
LIABILITIES		
Trade and other payables	113,521	98,574
Current portion of debt	124,268	159,477
Current income tax liability	354	1,536
Other current financial liabilities	61,379	41,356
CURRENT LIABILITIES	299,522	300,943
Non-current debt	1,670,140	1,559,439
Convertible debentures	134,627	133,070
Deferred income tax liability	74,684	88,424
Decommissioning liability	35,811	33,077
Other non-current financial liabilities	84,087	59,803
Other non-current liabilities	70,493	73,327
NON-CURRENT LIABILITIES	2,069,842	1,947,140
TOTAL LIABILITIES	2,369,364	2,248,083
EQUITY		
Equity attributable to shareholders	482,261	544,142
Non-controlling shareholders	14,531	14,082
TOTAL EQUITY	496,792	558,224
TOTAL LIABILITIES AND EQUITY	2,866,156	2,806,307

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

Consolidated Statements of Earnings (Loss)[1]

(in thousands of dollars, except per share amounts)	Three-month periods ended September 30		Nine-month periods ended September 30	
	2016	2015	2016	2015
REVENUES				
Revenues from energy sales	66,175	65,139	265,568	229,298
Other income	346	284	942	929
	66,521	65,423	266,510	230,227
COSTS AND OTHER EXPENSES				
Operating	22,534	20,531	69,428	62,945
Administrative	3,967	3,887	13,349	13,119
Development	4,838	2,485	9,608	6,688
Amortization	34,571	29,261	103,672	87,749
Other gains	(669)	(479)	(2,205)	(1,438)
	65,241	55,685	193,852	169,063
OPERATING INCOME	1,280	9,738	72,658	61,164
Financing costs	24,781	26,003	72,167	73,257
Foreign exchange gain	(1,479)	(2,220)	(737)	(2,635)
Net loss on financial instruments	608	2,721	3,188	7,338
Loss on redemption of convertible debentures	—	2,759	—	2,759
Other	30	140	101	136
LOSS BEFORE INCOME TAXES	(22,660)	(19,665)	(2,061)	(19,691)
Income tax recovery	(6,459)	(4,766)	(1,797)	(5,747)
NET LOSS	(16,201)	(14,899)	(264)	(13,944)
NET EARNINGS (LOSS) ATTRIBUTABLE TO:				
Shareholders of Boralex	(16,780)	(15,421)	(3,506)	(16,406)
Non-controlling shareholders	579	522	3,242	2,462
NET LOSS	(16,201)	(14,899)	(264)	(13,944)
NET LOSS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.26)	($0.32)	($0.05)	($0.34)

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

Consolidated Statements of Cash Flows[1]

(in thousands of dollars)	Three-month periods ended September 30		Nine-month periods ended September 30	
	2016	2015	2016	2015
Net earnings (loss)	(16,201)	(14,899)	(264)	(13,944)
Financing costs	24,781	26,003	72,167	73,257
Interest paid	(23,893)	(23,697)	(63,112)	(63,066)
Income tax expense (recovery)	(6,459)	(4,766)	(1,797)	(5,747)
Income taxes paid	(3,887)	(237)	(5,991)	(1,163)
Non-cash items in earnings (loss):				
Net loss on financial instruments	608	2,721	3,188	7,338
Amortization	34,571	29,261	103,672	87,749
Loss on redemption of convertible debentures	—	2,759	—	2,759
Other	(78)	10	(9)	223
Change in non-cash items related to operating activities	125	(9,363)	15,756	(5,943)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	9,567	7,792	123,610	81,463
Business acquisitions, net of cash acquired	—	—	—	(16,128)
Asset acquisitions, net of cash acquired	(103,848)	—	(103,848)	—
Additions to property, plant and equipment	(51,049)	(145,790)	(99,518)	(237,536)
Change in restricted cash	(8,142)	(1,510)	(5,636)	4,616
Change in reserve funds	—	(7)	(1,062)	(182)
Development projects	(622)	(613)	(2,276)	(3,510)
Other	(89)	32	(118)	(1,499)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(163,750)	(147,888)	(212,458)	(254,239)
Net increase in non-current debt	123,714	183,948	225,770	267,618
Repayments on current and non-current debt	(34,604)	(32,657)	(135,005)	(281,796)
Convertible debenture issuance proceeds, net of transaction costs	—	(513)	—	137,459
Convertible debentures redeemed	—	(47,107)	—	(47,107)
Contribution of non-controlling shareholders	1,223	(592)	2,486	7,082
Distributions paid to a non-controlling shareholder	(539)	(3,867)	(2,156)	(3,867)
Dividends paid to shareholders of Boralex	(9,138)	(6,235)	(26,739)	(18,701)
Share issuance proceeds, net of transaction costs	—	—	—	118,146
Exercise of options	—	—	3,485	104
Redemption of financial instruments prior to maturity	—	—	(4,424)	—
Other	—	(3)	—	(270)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	80,656	92,974	63,417	178,668
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	517	2,928	(2,552)	4,419
NET CHANGE IN CASH AND CASH EQUIVALENTS	(73,010)	(44,194)	(27,983)	10,311
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	153,518	141,350	108,491	86,845
CASH AND CASH EQUIVALENTS - END OF PERIOD	80,508	97,156	80,508	97,156

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

Information by Operating Segment[1]

(in thousands of dollars, except MWh)	Three-month periods ended September 30		Nine-month periods ended September 30	
	2016	2015	2016	2015
POWER PRODUCTION (MWh)				
Wind power stations	382,407	363,531	1,583,477	1,362,502
Hydroelectric power stations	130,363	149,051	491,589	468,316
Thermal power stations	51,917	48,787	129,243	123,570
Solar power stations	7,280	1,972	18,208	5,040
	571,967	563,341	2,222,517	1,959,428
REVENUES FROM ENERGY SALES				
Wind power stations	46,861	44,624	198,878	163,800
Hydroelectric power stations	12,154	13,799	44,381	43,168
Thermal power stations	5,447	5,753	18,039	19,956
Solar power stations	1,713	963	4,270	2,374
	66,175	65,139	265,568	229,298
EBITDA(A)				
Wind power stations	33,962	32,986	160,105	128,200
Hydroelectric power stations	8,168	8,911	31,862	30,899
Thermal power stations	1,018	1,121	4,469	4,993
Solar power stations	1,504	851	3,716	2,091
Corporate and eliminations	(9,500)	(5,489)	(26,128)	(18,844)
	35,152	38,380	174,024	147,339

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

Information by Geographic Segment[1]

(in thousands of dollars, except MWh)	Three-month periods ended September 30		Nine-month periods ended September 30	
	2016	2015	2016	2015
POWER PRODUCTION (MWh)				
Canada	364,093	286,496	1,164,555	969,719
France	163,396	214,509	807,549	749,684
United States	44,478	62,336	250,413	240,025
	571,967	563,341	2,222,517	1,959,428
REVENUES FROM ENERGY SALES				
Canada	38,301	28,399	129,400	104,330
France	23,641	30,927	113,596	103,563
United States	4,233	5,813	22,572	21,405
	66,175	65,139	265,568	229,298
EBITDA(A)				
Canada	24,076	16,244	89,553	68,090
France	9,209	18,581	69,004	64,118
United States	1,867	3,555	15,467	15,131
	35,152	38,380	174,024	147,339

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

Consolidated Statements of Financial Position

(in thousands of dollars)	As at September 30, 2016 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
ASSETS			
Cash and cash equivalents	72,504	8,004	80,508
Restricted cash	9,143	—	9,143
Trade and other receivables	76,839	4,653	81,492
Inventories	7,872	18	7,890
Other current financial assets	923	—	923
Prepaid expenses	8,041	316	8,357
CURRENT ASSETS	175,322	12,991	188,313
Property, plant and equipment	1,651,332	390,532	2,041,864
Intangible assets	431,447	—	431,447
Goodwill	126,445	—	126,445
Interests in the Joint Ventures	13,983	(13,983)	—
Deferred income tax asset	28,388	—	28,388
Other non-current financial assets	486	—	486
Other non-current assets	46,777	2,436	49,213
NON-CURRENT ASSETS	2,298,858	378,985	2,677,843
TOTAL ASSETS	2,474,180	391,976	2,866,156
LIABILITIES			
Trade and other payables	108,050	5,471	113,521
Current portion of debt	109,519	14,749	124,268
Current income tax liability	354	—	354
Other current financial liabilities	61,379	—	61,379
CURRENT LIABILITIES	279,302	20,220	299,522
Non-current debt	1,354,825	315,315	1,670,140
Convertible debentures	134,627	—	134,627
Deferred income tax liability	76,982	(2,298)	74,684
Decommissioning liability	34,490	1,321	35,811
Other non-current financial liabilities	47,720	36,367	84,087
Other non-current liabilities	42,577	27,916	70,493
NON-CURRENT LIABILITIES	1,691,221	378,621	2,069,842
TOTAL LIABILITIES	1,970,523	398,841	2,369,364
EQUITY			
Equity attributable to shareholders	489,126	(6,865)	482,261
Non-controlling shareholders	14,531	—	14,531
TOTAL EQUITY	503,657	(6,865)	496,792
TOTAL LIABILITIES AND EQUITY	2,474,180	391,976	2,866,156

Consolidated Statements of Financial Position

(in thousands of dollars)	As at December 31, 2015 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
ASSETS			
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
CURRENT ASSETS	200,558	14,194	214,752
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
NON-CURRENT ASSETS	2,248,484	343,071	2,591,555
TOTAL ASSETS	2,449,042	357,265	2,806,307
LIABILITIES			
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
CURRENT LIABILITIES	280,217	20,726	300,943
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
NON-CURRENT LIABILITIES	1,610,084	337,056	1,947,140
TOTAL LIABILITIES	1,890,301	357,782	2,248,083
EQUITY			
Equity attributable to shareholders	544,659	(517)	544,142
Non-controlling shareholders	14,082	—	14,082
TOTAL EQUITY	558,741	(517)	558,224
TOTAL LIABILITIES AND EQUITY	2,449,042	357,265	2,806,307

Consolidated Statements of Loss

(in thousands of dollars, except per share amounts)	Three-month period ended September 30 2016 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
REVENUES			
Revenues from energy sales	53,851	12,324	66,175
Other income	499	(153)	346
	54,350	12,171	66,521
COSTS AND OTHER EXPENSES			
Operating	20,667	1,867	22,534
Administrative	3,934	33	3,967
Development	4,838	—	4,838
Amortization	29,037	5,534	34,571
Other gains	(267)	(402)	(669)
	58,209	7,032	65,241
OPERATING INCOME	(3,859)	5,139	1,280
Financing costs	19,015	5,766	24,781
Foreign exchange gain	(1,479)	—	(1,479)
Net loss (gain) on financial instruments	904	(296)	608
Share in earnings (losses) of the Joint Ventures	8,315	(8,315)	—
Other	30		30
LOSS BEFORE INCOME TAXES	(14,014)	(8,646)	(22,660)
Income tax recovery	(4,161)	(2,298)	(6,459)
NET LOSS	(9,853)	(6,348)	(16,201)
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex	(10,432)	(6,348)	(16,780)
Non-controlling shareholders	579	—	579
NET LOSS	(9,853)	(6,348)	(16,201)
NET LOSS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.16)	(0.10)	($0.26)

Consolidated Statements of Loss

(in thousands of dollars, except per share amounts)	Three-month period ended September 30 2015 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
REVENUES			
Revenues from energy sales	53,884	11,255	65,139
Other income	438	(154)	284
	54,322	11,101	65,423
COSTS AND OTHER EXPENSES			
Operating	18,625	1,906	20,531
Administrative	3,874	13	3,887
Development	2,485	—	2,485
Amortization	23,727	5,534	29,261
Other gains	(77)	(402)	(479)
	48,634	7,051	55,685
OPERATING INCOME	5,688	4,050	9,738
Financing costs	20,504	5,499	26,003
Foreign exchange gain	(2,220)	—	(2,220)
Net loss on financial instruments	2,721	—	2,721
Share in loss of the Joint Ventures	(1,451)	1,451	—
Loss on redemption of convertible debentures	2,759	—	2,759
Other	138	2	140
LOSS BEFORE INCOME TAXES	(19,665)	—	(19,665)
Income tax recovery	(4,766)	—	(4,766)
NET LOSS	(14,899)	—	(14,899)
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex	(15,421)	—	(15,421)
Non-controlling shareholders	522	—	522
NET LOSS	(14,899)	—	(14,899)
NET LOSS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.32)	—	($0.32)

Consolidated Statements of Earnings (Loss)

(in thousands of dollars, except per share amounts)	Nine-month period ended September 30 2016 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
REVENUES			
Revenues from energy sales	224,863	40,705	265,568
Other income	1,401	(459)	942
	226,264	40,246	266,510
COSTS AND OTHER EXPENSES			
Operating	64,005	5,423	69,428
Administrative	13,284	65	13,349
Development	9,608	—	9,608
Amortization	87,070	16,602	103,672
Other gains	(999)	(1,206)	(2,205)
	172,968	20,884	193,852
OPERATING INCOME	53,296	19,362	72,658
Financing costs	55,328	16,839	72,167
Foreign exchange gain	(735)	(2)	(737)
Net loss (gain) on financial instruments	3,634	(446)	3,188
Share in earnings of the Joint Ventures	11,594	(11,594)	—
Other	78	23	101
EARNINGS (LOSS) BEFORE INCOME TAXES	6,585	(8,646)	(2,061)
Income tax expense (recovery)	501	(2,298)	(1,797)
NET EARNINGS (LOSS)	6,084	(6,348)	(264)
NET EARNINGS ATTRIBUTABLE TO:			
Shareholders of Boralex	2,842	(6,348)	(3,506)
Non-controlling shareholders	3,242	—	3,242
NET EARNINGS (LOSS)	6,084	(6,348)	(264)
NET EARNINGS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.04	($0.09)	($0.05)

Consolidated Statements of Loss

(in thousands of dollars, except per share amounts)	Nine-month period ended September 30 2015 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
REVENUES			
Revenues from energy sales	184,595	44,703	229,298
Other income	1,391	(462)	929
	185,986	44,241	230,227
COSTS AND OTHER EXPENSES			
Operating	56,979	5,966	62,945
Administrative	13,048	71	13,119
Development	6,688	—	6,688
Amortization	71,150	16,599	87,749
Other gains	(231)	(1,207)	(1,438)
	147,634	21,429	169,063
OPERATING INCOME	38,352	22,812	61,164
Financing costs	56,760	16,497	73,257
Foreign exchange gain	(2,635)	—	(2,635)
Net loss on financial instruments	7,338	—	7,338
Share in earnings of the Joint Ventures	6,311	(6,311)	—
Loss on redemption of convertible debentures	2,759	—	2,759
Other	132	4	136
LOSS BEFORE INCOME TAXES	(19,691)	—	(19,691)
Income tax recovery	(5,747)	—	(5,747)
NET LOSS	(13,944)	—	(13,944)
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex	(16,406)	—	(16,406)
Non-controlling shareholders	2,462	—	2,462
NET LOSS	(13,944)	—	(13,944)
NET LOSS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.34)	—	($0.34)

Consolidated Statements of Cash Flows

(in thousands of dollars)	Three-month period ended September 30 2016 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
Net loss	(9,853)	(6,348)	(16,201)
Distributions received from the Joint Ventures	9,650	(9,650)	—
Financing costs	19,015	5,766	24,781
Interest paid	(19,522)	(4,371)	(23,893)
Income tax recovery	(4,161)	(2,298)	(6,459)
Income taxes paid	(3,887)	—	(3,887)
Non-cash items in loss:			
Net loss on financial instruments	904	(296)	608
Share in results of the Joint Ventures	(8,315)	8,315	—
Amortization	29,037	5,534	34,571
Other	311	(389)	(78)
Change in non-cash items related to operating activities	(979)	1,104	125
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	12,200	(2,633)	9,567
Asset acquisitions, net of cash acquired	(103,848)	—	(103,848)
Additions to property, plant and equipment	(51,015)	(34)	(51,049)
Change in restricted cash	(8,142)	—	(8,142)
Development projects	(622)	—	(622)
Other	(89)	—	(89)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(163,716)	(34)	(163,750)
Net increase in non-current debt	123,795	(81)	123,714
Repayments on current and non-current debt	(34,233)	(371)	(34,604)
Contribution of non-controlling shareholders	1,223	—	1,223
Distributions paid to non-controlling shareholders	(539)	—	(539)
Dividends paid to shareholders of Boralex	(9,138)	—	(9,138)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	81,108	(452)	80,656
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	517	—	517
NET CHANGE IN CASH AND CASH EQUIVALENTS	(69,891)	(3,119)	(73,010)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	142,395	11,123	153,518
CASH AND CASH EQUIVALENTS - END OF PERIOD	72,504	8,004	80,508

Consolidated Statements of Cash Flows

(in thousands of dollars)	Three-month period ended September 30 2015 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
Net loss	(14,899)	—	(14,899)
Distributions received from the Joint Ventures	19,550	(19,550)	—
Financing costs	20,504	5,499	26,003
Interest paid	(19,378)	(4,319)	(23,697)
Income tax recovery	(4,766)	—	(4,766)
Income taxes paid	(237)	—	(237)
Non-cash items in loss:			
Net loss on financial instruments	2,721	—	2,721
Share in results of the Joint Ventures	1,451	(1,451)	—
Amortization	23,727	5,534	29,261
Loss on redemption of convertible debentures	2,759	—	2,759
Other	394	(384)	10
Change in non-cash items related to operating activities	(9,639)	276	(9,363)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	22,187	(14,395)	7,792
Additions to property, plant and equipment	(145,756)	(34)	(145,790)
Change in restricted cash	(7,142)	5,632	(1,510)
Change in reserve funds	(7)	—	(7)
Development projects	(613)	—	(613)
Other	32	—	32
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(153,486)	5,598	(147,888)
Net increase in non-current debt	183,975	(27)	183,948
Repayments on current and non-current debt	(32,325)	(332)	(32,657)
Convertible debenture issuance proceeds, net of transaction costs	(513)	—	(513)
Convertible debentures redeemed	(47,107)	—	(47,107)
Contribution of non-controlling shareholders	(592)	—	(592)
Distributions paid to a non-controlling shareholder	(3,867)	—	(3,867)
Dividends paid to shareholders of Boralex	(6,235)	—	(6,235)
Other	(3)	—	(3)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	93,333	(359)	92,974
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	2,928	—	2,928
NET CHANGE IN CASH AND CASH EQUIVALENTS	(35,038)	(9,156)	(44,194)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	126,055	15,295	141,350
CASH AND CASH EQUIVALENTS - END OF PERIOD	91,017	6,139	97,156

Consolidated Statements of Cash Flows

(in thousands of dollars)	Nine-month period ended September 30 2016 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
Net earnings	6,084	(6,348)	(264)
Distributions received from the Joint Ventures	14,150	(14,150)	—
Financing costs	55,328	16,839	72,167
Interest paid	(50,173)	(12,939)	(63,112)
Income tax expense (recovery)	501	(2,298)	(1,797)
Income taxes paid	(5,991)	—	(5,991)
Non-cash items in earnings:			
Net loss on financial instruments	3,634	(446)	3,188
Share in results of the Joint Ventures	(11,594)	11,594	—
Amortization	87,070	16,602	103,672
Other	1,145	(1,154)	(9)
Change in non-cash items related to operating activities	16,578	(822)	15,756
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	116,732	6,878	123,610
Asset acquisitions, net of cash acquired	(103,848)	—	(103,848)
Additions to property, plant and equipment	(99,364)	(154)	(99,518)
Return of capital by the Joint Venture Phase I	40,000	(40,000)	—
Change in restricted cash	(5,798)	162	(5,636)
Change in reserve funds	(1,062)	—	(1,062)
Development projects	(2,276)	—	(2,276)
Other	(118)	—	(118)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(172,466)	(39,992)	(212,458)
Net increase in non-current debt	185,644	40,126	225,770
Repayments on current and non-current debt	(127,147)	(7,858)	(135,005)
Contribution of non-controlling shareholders	2,486	—	2,486
Distributions paid to a non-controlling shareholder	(2,156)	—	(2,156)
Dividends paid to shareholders of Boralex	(26,739)	—	(26,739)
Exercise of options	3,485	—	3,485
Redemption of financial instruments prior to maturity	(4,424)	—	(4,424)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	31,149	32,268	63,417
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	(2,552)	—	(2,552)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(27,137)	(846)	(27,983)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	99,641	8,850	108,491
CASH AND CASH EQUIVALENTS - END OF PERIOD	72,504	8,004	80,508

Consolidated Statements of Cash Flows

(in thousands of dollars)	Nine-month period ended September 30 2015 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
Net loss	(13,944)	—	(13,944)
Distributions received from the Joint Ventures	29,100	(29,100)	—
Financing costs	56,760	16,497	73,257
Interest paid	(50,023)	(13,043)	(63,066)
Income tax recovery	(5,747)	—	(5,747)
Income taxes paid	(1,163)	—	(1,163)
Non-cash items in loss:			
Net loss on financial instruments	7,338	—	7,338
Share in results of the Joint Ventures	(6,311)	6,311	—
Amortization	71,150	16,599	87,749
Loss on redemption of convertible debentures	2,759	—	2,759
Other	1,374	(1,151)	223
Change in non-cash items related to operating activities	(6,981)	1,038	(5,943)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	84,312	(2,849)	81,463
Business acquisitions, net of cash acquired	(16,128)	—	(16,128)
Additions to property, plant and equipment	(234,973)	(2,563)	(237,536)
Change in restricted cash	(2,739)	7,355	4,616
Change in reserve funds	(182)	—	(182)
Development projects	(3,510)	—	(3,510)
Other	(1,499)	—	(1,499)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(259,031)	4,792	(254,239)
Net increase in non-current debt	267,645	(27)	267,618
Repayments on current and non-current debt	(274,568)	(7,228)	(281,796)
Convertible debenture issuance proceeds, net of transaction costs	137,459	—	137,459
Convertible debentures redeemed	(47,107)	—	(47,107)
Contribution of non-controlling shareholders	7,082	—	7,082
Distributions paid to a non-controlling shareholder	(3,867)	—	(3,867)
Dividends paid to shareholders of Boralex	(18,701)	—	(18,701)
Share issuance proceeds, net of transaction costs	118,146	—	118,146
Exercise of options	104	—	104
Other	(270)	—	(270)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	185,923	(7,255)	178,668
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	4,419	—	4,419
NET CHANGE IN CASH AND CASH EQUIVALENTS	15,623	(5,312)	10,311
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	75,394	11,451	86,845
CASH AND CASH EQUIVALENTS - END OF PERIOD	91,017	6,139	97,156

Information by Operating Segment

(in thousands of dollars, except MWh)	Three-month period ended September 30 2016 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Wind power stations	268,118	114,289	382,407
Hydroelectric power stations	130,363	—	130,363
Thermal power stations	51,917	—	51,917
Solar power stations	7,280	—	7,280
	457,678	114,289	571,967
REVENUES FROM ENERGY SALES			
Wind power stations	34,537	12,324	46,861
Hydroelectric power stations	12,154	—	12,154
Thermal power stations	5,447	—	5,447
Solar power stations	1,713	—	1,713
	53,851	12,324	66,175
EBITDA(A)			
Wind power stations	24,029	9,933	33,962
Hydroelectric power stations	8,168	—	8,168
Thermal power stations	1,018	—	1,018
Solar power stations	1,504	—	1,504
	34,719	9,933	44,652
Corporate and eliminations	(10,148)	648	(9,500)
	24,571	10,581	35,152

(in thousands of dollars, except MWh)	Three-month period ended September 30 2015 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Wind power stations	258,592	104,939	363,531
Hydroelectric power stations	149,051	—	149,051
Thermal power stations	48,787	—	48,787
Solar power stations	1,972	—	1,972
	458,402	104,939	563,341
REVENUES FROM ENERGY SALES			
Wind power stations	33,369	11,255	44,624
Hydroelectric power stations	13,799	—	13,799
Thermal power stations	5,753	—	5,753
Solar power stations	963	—	963
	53,884	11,255	65,139
EBITDA(A)			
Wind power stations	23,016	9,970	32,986
Hydroelectric power stations	8,911	—	8,911
Thermal power stations	1,121	—	1,121
Solar power stations	851	—	851
	33,899	9,970	43,869
Corporate and eliminations	(6,150)	661	(5,489)
	27,749	10,631	38,380

Information by Operating Segment

(in thousands of dollars, except MWh)	Nine-month period ended September 30 2016 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Wind power stations	1,205,979	377,498	1,583,477
Hydroelectric power stations	491,589	—	491,589
Thermal power stations	129,243	—	129,243
Solar power stations	18,208	—	18,208
	1,845,019	377,498	2,222,517
REVENUES FROM ENERGY SALES			
Wind power stations	158,173	40,705	198,878
Hydroelectric power stations	44,381	—	44,381
Thermal power stations	18,039	—	18,039
Solar power stations	4,270	—	4,270
	224,863	40,705	265,568
EBITDA(A)			
Wind power stations	130,259	29,846	160,105
Hydroelectric power stations	31,862	—	31,862
Thermal power stations	4,469	—	4,469
Solar power stations	3,716	—	3,716
	170,306	29,846	200,152
Corporate and eliminations	(28,069)	1,941	(26,128)
	142,237	31,787	174,024

(in thousands of dollars, except MWh)	Nine-month period ended September 30 2015 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Wind power stations	945,821	416,681	1,362,502
Hydroelectric power stations	468,316	—	468,316
Thermal power stations	123,570	—	123,570
Solar power stations	5,040	—	5,040
	1,542,747	416,681	1,959,428
REVENUES FROM ENERGY SALES			
Wind power stations	119,097	44,703	163,800
Hydroelectric power stations	43,168	—	43,168
Thermal power stations	19,956	—	19,956
Solar power stations	2,374	—	2,374
	184,595	44,703	229,298
EBITDA(A)			
Wind power stations	98,279	29,921	128,200
Hydroelectric power stations	30,899	—	30,899
Thermal power stations	4,993	—	4,993
Solar power stations	2,091	—	2,091
	136,262	29,921	166,183
Corporate and eliminations	(20,812)	1,968	(18,844)
	115,450	31,889	147,339

Information by Geographic Segment

(in thousands of dollars, except MWh)	Three-month period ended September 30 2016 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Canada	249,804	114,289	364,093
France	163,396	—	163,396
United States	44,478	—	44,478
	457,678	114,289	571,967
REVENUES FROM ENERGY SALES			
Canada	25,977	12,324	38,301
France	23,641	—	23,641
United States	4,233	—	4,233
	53,851	12,324	66,175
EBITDA(A)			
Canada	13,495	10,581	24,076
France	9,209	—	9,209
United States	1,867	—	1,867
	24,571	10,581	35,152

(in thousands of dollars, except MWh)	Three-month period ended September 30 2015 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Canada	181,557	104,939	286,496
France	214,509	—	214,509
United States	62,336	—	62,336
	458,402	104,939	563,341
REVENUES FROM ENERGY SALES			
Canada	17,144	11,255	28,399
France	30,927	—	30,927
United States	5,813	—	5,813
	53,884	11,255	65,139
EBITDA(A)			
Canada	5,613	10,631	16,244
France	18,581	—	18,581
United States	3,555	—	3,555
	27,749	10,631	38,380

Information by Geographic Segment

(in thousands of dollars, except MWh)	Nine-month period ended September 30 2016 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Canada	787,057	377,498	1,164,555
France	807,549	—	807,549
United States	250,413	—	250,413
	1,845,019	377,498	2,222,517
REVENUES FROM ENERGY SALES			
Canada	88,695	40,705	129,400
France	113,596	—	113,596
United States	22,572	—	22,572
	224,863	40,705	265,568
EBITDA(A)			
Canada	57,766	31,787	89,553
France	69,004	—	69,004
United States	15,467	—	15,467
	142,237	31,787	174,024

(in thousands of dollars, except MWh)	Nine-month period ended September 30 2015 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Canada	553,038	416,681	969,719
France	749,684	—	749,684
United States	240,025	—	240,025
	1,542,747	416,681	1,959,428
REVENUES FROM ENERGY SALES			
Canada	59,627	44,703	104,330
France	103,563	—	103,563
United States	21,405	—	21,405
	184,595	44,703	229,298
EBITDA(A)			
Canada	36,201	31,889	68,090
France	64,118	—	64,118
United States	15,131	—	15,131
	115,450	31,889	147,339

Unaudited Interim

Consolidated Financial Statements

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Consolidated Statements of Financial Position

(in thousands of Canadian dollars) (unaudited)	Note	As at September 30, 2016	As at December 31, 2015
ASSETS			
Cash and cash equivalents		72,504	99,641
Restricted cash		9,143	3,345
Trade and other receivables		76,839	85,350
Inventories		7,872	6,887
Other current financial assets	8	923	541
Prepaid expenses		8,041	4,794
CURRENT ASSETS		175,322	200,558
Property, plant and equipment		1,651,332	1,556,374
Intangible assets		431,447	429,666
Goodwill		126,445	128,078
Interests in the Joint Ventures	5	13,983	66,506
Deferred income tax asset		28,388	21,190
Other non-current financial assets	8	486	239
Other non-current assets		46,777	46,431
NON-CURRENT ASSETS		2,298,858	2,248,484
TOTAL ASSETS		2,474,180	2,449,042
LIABILITIES			
Trade and other payables		108,050	92,125
Current portion of debt	6	109,519	145,200
Current income tax liability		354	1,536
Other current financial liabilities	8	61,379	41,356
CURRENT LIABILITIES		279,302	280,217
Non-current debt	6	1,354,825	1,275,857
Convertible debentures		134,627	133,070
Deferred income tax liability		76,982	88,424
Decommissioning liability		34,490	31,812
Other non-current financial liabilities	8	47,720	36,716
Other non-current liabilities		42,577	44,205
NON-CURRENT LIABILITIES		1,691,221	1,610,084
TOTAL LIABILITIES		1,970,523	1,890,301
EQUITY			
Equity attributable to shareholders		489,126	544,659
Non-controlling shareholders		14,531	14,082
TOTAL EQUITY		503,657	558,741
TOTAL LIABILITIES AND EQUITY		2,474,180	2,449,042

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 September 30		Nine-month periods ended September 30	
		2016	2015	2016	2015
REVENUES					
Revenues from energy sales		53,851	53,884	224,863	184,595
Other income		499	438	1,401	1,391
		54,350	54,322	226,264	185,986
COSTS AND OTHER EXPENSES					
Operating		20,667	18,625	64,005	56,979
Administrative		3,934	3,874	13,284	13,048
Development		4,838	2,485	9,608	6,688
Amortization		29,037	23,727	87,070	71,150
Other gains		(267)	(77)	(999)	(231)
		58,209	48,634	172,968	147,634
OPERATING INCOME		(3,859)	5,688	53,296	38,352
Financing costs		19,015	20,504	55,328	56,760
Foreign exchange gain		(1,479)	(2,220)	(735)	(2,635)
Net loss on financial instruments		904	2,721	3,634	7,338
Share in earnings (losses) of the Joint Ventures	5	8,315	(1,451)	11,594	6,311
Loss on redemption of convertible debentures		—	2,759	—	2,759
Other		30	138	78	132
EARNINGS (LOSS) BEFORE INCOME TAXES		(14,014)	(19,665)	6,585	(19,691)
Income tax expense (recovery)		(4,161)	(4,766)	501	(5,747)
NET EARNINGS (LOSS)		(9,853)	(14,899)	6,084	(13,944)
NET EARNINGS (LOSS) ATTRIBUTABLE TO:					
Shareholders of Boralex		(10,432)	(15,421)	2,842	(16,406)
Non-controlling shareholders		579	522	3,242	2,462
NET EARNINGS (LOSS)		(9,853)	(14,899)	6,084	(13,944)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	7	($0.16)	($0.32)	$0.04	($0.34)

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

Consolidated Statements of Comprehensive Loss

(in thousands of Canadian dollars) (unaudited)	Three-month periods ended September 30		Nine-month periods ended September 30	
	2016	2015	2016	2015
NET EARNINGS (LOSS)	(9,853)	(14,899)	6,084	(13,944)
Other comprehensive income (loss) to be subsequently reclassified to the statement of earnings (loss) when certain conditions are met				
Translation adjustments:				
Unrealized foreign exchange gain (loss) on translation of financial statements of self-sustaining foreign operations	6,090	17,134	(11,847)	17,755
Hedge of net investment:				
Change in fair value	(3,401)	(10,512)	1,022	(5,581)
Income taxes	—	797	—	142
Cash flow hedges:				
Change in fair value	(5,871)	(13,201)	(36,094)	(8,449)
Hedging items realized and recognized in the statement of earnings (loss)	3,127	3,817	9,458	9,923
Income taxes	778	2,325	7,764	(993)
Cash flow hedges - Joint Ventures:				
Change in fair value	(2,516)	(6,357)	(16,570)	(11,105)
Hedging items realized and recognized in the statement of earnings (loss)	1,698	1,327	4,663	3,834
Income taxes	218	1,355	3,148	1,924
Total other comprehensive income (loss)	123	(3,315)	(38,456)	7,450
COMPREHENSIVE INCOME (LOSS)	(9,730)	(18,214)	(32,372)	(6,494)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of Boralex	(10,040)	(18,752)	(32,491)	(9,177)
Non-controlling shareholders	310	538	119	2,683
COMPREHENSIVE INCOME (LOSS)	(9,730)	(18,214)	(32,372)	(6,494)

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

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars) (unaudited)	Equity attributable to shareholders							Nine-month period ended September 30 2016
	Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total	Non-controlling shareholders	Total equity
BALANCE AS AT JANUARY 1, 2016	555,680	3,940	8,606	19,376	(42,943)	544,659	14,082	558,741
Net earnings	—	—	—	2,842	—	2,842	3,242	6,084
Other comprehensive loss	—	—	—	—	(35,333)	(35,333)	(3,123)	(38,456)
COMPREHENSIVE INCOME (LOSS)	—	—	—	2,842	(35,333)	(32,491)	119	(32,372)
Dividends (note 7)	—	—	—	(26,739)	—	(26,739)	—	(26,739)
Exercise of options	3,485	—	—	—	—	3,485	—	3,485
Stock option expense	—	—	212	—	—	212	—	212
Net contribution of a non-controlling shareholder	—	—	—	—	—	—	2,486	2,486
Distributions paid to a non-controlling shareholder	—	—	—	—	—	—	(2,156)	(2,156)
BALANCE AS AT SEPTEMBER 30, 2016	559,165	3,940	8,818	(4,521)	(78,276)	489,126	14,531	503,657

(in thousands of Canadian dollars) (unaudited)	Equity attributable to shareholders							Nine-month period ended September 30 2015
	Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total	Non-controlling shareholders	Total equity
BALANCE AS AT JANUARY 1, 2015	228,257	14,379	8,266	108,907	(56,618)	303,191	33,128	336,319
Net earnings (loss)	—	—	—	(16,406)	—	(16,406)	2,462	(13,944)
Other comprehensive income	—	—	—	—	7,229	7,229	221	7,450
COMPREHENSIVE INCOME (LOSS)	—	—	—	(16,406)	7,229	(9,177)	2,683	(6,494)
Dividends (note 7)	—	—	—	(18,701)	—	(18,701)	—	(18,701)
Shares issued	119,542	—	—	—	—	119,542	—	119,542
Issuance of convertible debentures	—	3,940	—	—	—	3,940	—	3,940
Conversion of convertible debentures	207,774	(14,379)	—	—	—	193,395	—	193,395
Exercise of options	104	—	—	—	—	104	—	104
Stock option expense	—	—	249	—	—	249	—	249
Excess of proceeds on repurchase of non-controlling shareholders	—	—	—	(51,567)	—	(51,567)	(25,296)	(76,863)
Contribution of non-controlling shareholders	—	—	—	—	—	—	7,082	7,082
Distributions paid to a non-controlling shareholder	—	—	—	—	—	—	(3,867)	(3,867)
Share of a non-controlling shareholder resulting from a business combination	—	—	—	—	—	—	6,044	6,044
BALANCE AS AT SEPTEMBER 30, 2015	555,677	3,940	8,515	22,233	(49,389)	540,976	19,774	560,750

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 September 30		Nine-month periods ended September 30	
		2016	2015	2016	2015
Net earnings (loss)		(9,853)	(14,899)	6,084	(13,944)
Distributions received from the Joint Ventures		9,650	19,550	14,150	29,100
Financing costs		19,015	20,504	55,328	56,760
Interest paid		(19,522)	(19,378)	(50,173)	(50,023)
Income tax expense (recovery)		(4,161)	(4,766)	501	(5,747)
Income taxes paid		(3,887)	(237)	(5,991)	(1,163)
Non-cash items in earnings (loss):					
Net loss on financial instruments		904	2,721	3,634	7,338
Share in results of the Joint Ventures	5	(8,315)	1,451	(11,594)	(6,311)
Amortization		29,037	23,727	87,070	71,150
Loss on redemption of convertible debentures		—	2,759	—	2,759
Other		311	394	1,145	1,374
Change in non-cash items related to operating activities		(979)	(9,639)	16,578	(6,981)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES		12,200	22,187	116,732	84,312
Business acquisitions, net of cash acquired		—	—	—	(16,128)
Asset acquisitions, net of cash acquired	4	(103,848)	—	(103,848)	—
Additions to property, plant and equipment		(51,015)	(145,756)	(99,364)	(234,973)
Return of capital by the Joint Venture Phase I	5	—	—	40,000	—
Change in restricted cash		(8,142)	(7,142)	(5,798)	(2,739)
Change in reserve funds		—	(7)	(1,062)	(182)
Development projects		(622)	(613)	(2,276)	(3,510)
Other		(89)	32	(118)	(1,499)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES		(163,716)	(153,486)	(172,466)	(259,031)
Net increase in non-current debt		123,795	183,975	185,644	267,645
Repayments on current and non-current debt		(34,233)	(32,325)	(127,147)	(274,568)
Convertible debenture issuance proceeds, net of transaction costs		—	(513)	—	137,459
Convertible debentures redeemed		—	(47,107)	—	(47,107)
Contribution of non-controlling shareholders		1,223	(592)	2,486	7,082
Distributions paid to a non-controlling shareholder		(539)	(3,867)	(2,156)	(3,867)
Dividends paid to shareholders of Boralex	7	(9,138)	(6,235)	(26,739)	(18,701)
Share issuance proceeds, net of transaction costs		—	—	—	118,146
Exercise of options		—	—	3,485	104
Redemption of financial instruments prior to maturity		—	—	(4,424)	—
Other		—	(3)	—	(270)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES		81,108	93,333	31,149	185,923
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		517	2,928	(2,552)	4,419
NET CHANGE IN CASH AND CASH EQUIVALENTS		(69,891)	(35,038)	(27,137)	15,623
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD		142,395	126,055	99,641	75,394
CASH AND CASH EQUIVALENTS - END OF PERIOD		72,504	91,017	72,504	91,017

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

Notes to Consolidated Financial Statements

As at September 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 September 30, 2016, the Corporation had interests in 46 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 1,278 megawatts ("MW") of which 1,108 are under its control. In addition, Boralex currently has new projects under development, representing an additional 224 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, 10 and 11 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 November 8, 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. Significant Transaction

Acquisition of a Portfolio of Wind Power Projects in France and Scotland

On September 16, 2016, Boralex announced the completion of the acquisition of a portfolio of wind power projects of nearly 200 MW located in France and in Scotland as well as land totaling some 8,500 hectares on which projects will be developed, for a net cash consideration of $102,928,000 (€70,000,000). Also, acquisition fees of $2,044,000 (€1,390,000) were capitalized and included in the cost of assets acquired and liabilities assumed. With this acquisition, Boralex gained access to a significant project pipeline, including ready-to-build 51 MW slated for commissioning in 2019. This transaction has been accounted for as an acquisition of a group of assets.

The acquired assets and assumed liabilities were recognized at cost on the basis of their relative fair value at the acquisition date.

	(in thousands of $)	(in thousands of €)
Current assets	7,679	5,223
Property, plant and equipment	65,518	44,558
Property, plant and equipment under construction	4,932	3,354
Development projects	750	510
Energy sales contracts	26,898	18,293
Deferred income tax assets	315	214
Other non-current assets	65	44
Current liabilities	(1,185)	(806)
Net assets	104,972	71,390
Less:		
Cash acquired	1,124	765
Cost of acquisition	103,848	70,625

Note 5. Interests in the Joint Ventures

Joint Ventures Phases I and II

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

Joint Venture in Denmark

In July 2014, Boralex entered into a joint venture agreement with a Danish developer. The joint venture's goal is to develop nearshore wind 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

	Nine-month period ended September 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)	4,382	530	(23)	4,889	9,618	643	(15)	10,246
Share in other comprehensive income (loss)	(11,871)	—	(37)	(11,908)	(6,262)	—	139	(6,123)
Return of capital	(40,000)	—	—	(40,000)	—	—	—	—
Distributions	(11,500)	(2,650)	—	(14,150)	(20,300)	(8,800)	—	(29,100)
Excess of distributions received over the share of net earnings[1]	8,646	—	—	8,646	—	—	—	—
Balance - end of period	—	11,350	2,633	13,983	50,343	13,470	2,693	66,506

[1] If an interest in a Joint Venture becomes negative, the carrying amount of such interest is reduced to zero and the adjustment is recorded under *Excess of distributions received over the share of net earnings*. If the carrying amount of the interest in the Joint Venture becomes positive during the subsequent period, Boralex will reverse such adjustment up to the accumulated amount previously recorded as excess of distributions received over the share of net earnings of Joint Venture Phase I.

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

	As at September 30,			As at December 31,		
			2016			2015
	Phase I	Phase II	Total	Phase I	Phase II	Total
Cash and cash equivalents	13,888	2,119	16,007	14,815	2,884	17,699
Restricted cash	—	—	—	—	325	325
Other current assets	8,188	1,992	10,180	8,784	1,991	10,775
Non-current assets	615,196	166,902	782,098	641,573	173,617	815,190
TOTAL ASSETS	637,272	171,013	808,285	665,172	178,817	843,989
Current portion of debt	25,456	4,042	29,498	24,785	3,767	28,552
Other current liabilities	8,703	2,443	11,146	10,291	3,015	13,306
Non-current debt	501,487	129,144	630,631	435,213	131,951	567,164
Non-current financial liabilities	72,734	—	72,734	46,175	—	46,175
Other non-current liabilities	46,184	12,289	58,473	48,023	12,750	60,773
TOTAL LIABILITIES	654,564	147,918	802,482	564,487	151,483	715,970
NET ASSETS	(17,292)	23,095	5,803	100,685	27,334	128,019

	Three-month period ended September 30			Three-month period ended September 30		
	2016			2015		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Revenues from energy sales	19,727	4,921	24,648	18,119	4,392	22,511
Operating	3,230	809	4,039	3,223	897	4,120
Administrative	60	4	64	19	6	25
Amortization	8,821	2,249	11,070	8,819	2,250	11,069
Other gains	(642)	(161)	(803)	(642)	(161)	(803)
OPERATING INCOME	8,258	2,020	10,278	6,700	1,400	8,100
Financing costs	8,162	2,073	10,235	7,381	2,293	9,674
Foreign exchange loss	—	—	—	—	2	2
Net gain on financial instruments	(592)	—	(592)	—	—	—
NET EARNINGS (LOSS)	688	(53)	635	(681)	(895)	(1,576)
Total other comprehensive income (loss)	(1,639)	—	(1,639)	(10,171)	—	(10,171)
COMPREHENSIVE INCOME (LOSS)	(951)	(53)	(1,004)	(10,852)	(895)	(11,747)

	Nine-month period ended September 30			Nine-month period ended September 30		
	2016			2015		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Revenues from energy sales	65,443	15,966	81,409	72,560	16,846	89,406
Operating	9,365	2,397	11,762	10,189	2,667	12,856
Administrative	114	16	130	98	45	143
Amortization	26,462	6,743	33,205	26,454	6,745	33,199
Other gains	(1,927)	(484)	(2,411)	(1,927)	(486)	(2,413)
OPERATING INCOME	31,429	7,294	38,723	37,746	7,875	45,621
Financing costs	23,561	6,233	29,794	22,314	6,741	29,055
Foreign exchange gain	(4)	—	(4)	—	—	—
Net gain on financial instruments	(892)	—	(892)	—	—	—
NET EARNINGS	8,764	1,061	9,825	15,432	1,134	16,566
Total other comprehensive loss	(23,741)	—	(23,741)	(14,460)	(1)	(14,461)
COMPREHENSIVE INCOME (LOSS)	(14,977)	1,061	(13,916)	972	1,133	2,105

Share in Earnings (Losses) of the Joint Ventures

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

	Three-month period ended September 30				Three-month period ended September 30			
	2016				2015			
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Share in results (50%)	344	(27)	—	317	(340)	(448)	(2)	(790)
Excess of distributions received over the share of net earnings	8,625	—	—	8,625	—	—	—	—
Other[1]	(627)	—	—	(627)	(661)	—	—	(661)
Share in earnings (losses) of the Joint Ventures	8,342	(27)	—	8,315	(1,001)	(448)	(2)	(1,451)

	Nine-month period ended September 30				Nine-month period ended September 30			
	2016				2015			
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Share in results (50%)	4,382	530	(23)	4,889	7,716	567	(4)	8,279
Excess of distributions received over the share of net earnings	8,646	—	—	8,646	—	—	—	—
Other[1]	(1,941)	—	—	(1,941)	(1,970)	2	—	(1,968)
Share in earnings (losses) of the Joint Ventures	11,087	530	(23)	11,594	5,746	569	(4)	6,311

[1] *Other* represents the amortization of Boralex's unrealized gains (losses) on financial swaps - interest rates designated for Phases I and II wind power projects. These unrealized gains (losses), which had been accumulated in *Accumulated other comprehensive income (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 loss of Boralex:

	Three-month period ended September 30				Three-month period ended September 30			
	2016				2015			
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Share in comprehensive income (loss) (50%)	(819)	—	—	(819)	(5,087)	1	56	(5,030)

	Nine-month period ended September 30				Nine-month period ended September 30			
	2016				2015			
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Share in comprehensive loss (50%)	(11,871)	—	(37)	(11,908)	(7,231)	—	(40)	(7,271)

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 6. Non-current Debt

	Note	Maturity	Rate[1]	Currency of origin	As at September 30, 2016	As at December 31, 2015
Revolving credit facility	(a)	2020	—	—	140,905	70,210
Term loans payable – Canada		2024-2054	5.48	—	520,115	527,372
Term loans payable – Europe	(b)	2016-2033	2.93	467,311	688,629	689,742
Term loan payable – United States		2026	3.51	60,328	79,132	97,163
Term loan payable – Cube		2019	6.50	40,000	58,944	60,116
			3.71		1,487,725	1,444,603
Current portion of debt					(109,519)	(145,200)
Borrowing cost, net of accumulated amortization					(23,381)	(23,546)
					1,354,825	1,275,857

[1] 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 Farm

On January 26, 2016, the Corporation completed the closing of long-term financing for the **Touvent** wind farm. The loan, secured by the assets of this wind farm, consists of an amount of €20,590,000 ($30,341,000) and an amount of €3,200,000 ($4,716,000) from a bridge 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 ($27,307,000) 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 September 30, 2016, the balance of this loan amounted to €20,187,000 ($29,748,000).

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 ($41,883,000) 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 ($62,498,000). 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 ($56,249,000) 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 September 30, 2016, the balance of this loan amounted to €38,891,000 ($57,310,000).

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 ($25,862,000) and an amount of €1,140,000 ($1,680,000) from a bridge 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 is due a few months after commissioning. The variable interest rate for the facility is based on EURIBOR, plus a margin. As at September 30, 2016, the balance of this loan amounted to €7,589,000 ($11,183,000).

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 ($4,126,000). 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 ($3,713,000) 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 September 30, 2016, the balance of this loan amounted to €2,800,000 ($4,126,000).

Note 7. 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 September 30		Nine-month periods ended September 30	
	2016	2015	2016	2015
Net earnings (loss) attributable to shareholders of Boralex	(10,432)	(15,421)	2,842	(16,406)
Weighted average number of shares	65,263,335	48,770,481	65,165,825	48,164,252
Net earnings (loss) per share (basic and diluted) attributable to shareholders of Boralex	($0.16)	($0.32)	$0.04	($0.34)

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 September 30		Nine-month periods ended September 30	
	2016	2015	2016	2015
Convertible debentures excluded due to their anti-dilutive effect	7,334,183	7,334,183	7,334,183	7,334,183
Stock options excluded due to their anti-dilutive effect	1,285,459	1,636,879	118,593	1,636,879

(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.

A dividend of $0.14 per common share was declared by the Board of Directors on November 8, 2016 and will be paid on December 15, 2016 to holders of record at the close of business on November 30, 2016.

The Corporation paid dividends in the total amount of $26,739,000 for the nine-month period ended September 30, 2016 ($18,701,000 in 2015).

Note 8. Financial Instruments

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

	As at September 30, 2016		As at December 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
OTHER LIABILITIES				
Non-current debt	1,464,344	1,583,375	1,421,057	1,502,335
Convertible debentures (including equity portion)	138,567	165,298	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 September 30, 2016	As at December 31, 2015
OTHER CURRENT FINANCIAL ASSETS		
Foreign exchange forward contracts	923	541
OTHER NON-CURRENT FINANCIAL ASSETS		
Foreign exchange forward contracts	486	239
OTHER CURRENT FINANCIAL LIABILITIES		
Financial swaps - interest rates	61,379	41,356
OTHER NON-CURRENT FINANCIAL LIABILITIES		
Foreign exchange forward contracts	3,747	4,130
Financial swaps - interest rates	43,973	32,586
	47,720	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 0.33% to 4.82%, were determined based on local government bond yields adjusted for the risks specific to each of the borrowings and for credit market liquidity conditions. The convertible debentures are traded on the stock exchange, and their fair value is based on the prices as at September 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 September 30, 2016:

As at September 30, 2016	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	394,162	(33,149)
Financial swaps - interest rates	CAD	2.38%–5.85%	3-month CDOR	2034-2055	212,531	(72,203)

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, Boralex considers offsetting agreements, if any.

As at September 30, 2016	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Foreign exchange forward contracts (EUR for CAD)	1,4365-1,5475	2016-2025	200,410	(2,338)

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 September 30, 2016	Level 1	Level 2	Level 3
DERIVATIVE FINANCIAL ASSETS				
Foreign exchange forward contracts	1,409	—	1,409	—
OTHER FINANCIAL LIABILITIES				
Non-current debt	1,583,375	—	1,583,375	—
Convertible debentures	165,298	165,298	—	—
	1,748,673	165,298	1,583,375	—
DERIVATIVE FINANCIAL LIABILITIES				
Foreign exchange forward contracts	3,747	—	3,747	—
Financial swaps - interest rates	105,352	—	105,352	—
	109,099	—	109,099	—

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

Note 9. Commitments

During the nine-month period ended September 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 $9,013,000 and $1,362,000, respectively, as at September 30, 2016.

Canada - Moose Lake Wind Power Project

In 2016, the Corporation entered into a wind turbine purchase contract as well as construction contracts for the **Moose Lake** wind power project. The Corporation's net commitment under those contracts amounted to $39,546,000 as at September 30, 2016.

France - Touvent Wind Farm

In 2016, the Corporation entered into a 15-year wind turbine maintenance contract expiring in 2031 for the **Touvent** wind farm. The Corporation's net commitment under this contract amounted to €3,965,000 ($5,843,000) as at September 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 €3,850,000 ($5,673,000) as at September 30, 2016.

France – Mont de Bagny Wind Power Project

In 2016, the Corporation entered into a wind turbine purchase contract and construction and land lease contracts for the **Mont de Bagny** wind power project. The land on which the wind power stations will be located is leased under emphyteutic leases for a 41 year term. The Corporation's net commitment under those contracts amounted to €20,855,000 ($30,732,000) as at September 30, 2016.

France – Artois Wind Power Project

In 2016, the Corporation entered into construction and land lease contracts for the **Artois** wind power project. The land on which the wind power stations will be located is leased under emphyteutic leases for a 41 year term. The Corporation's net commitment under those contracts amounted to €5,959,000 ($8,781,000) as at September 30, 2016.

France - Voie des Monts Wind Power Project

In 2016, the Corporation entered into construction contracts for the **Voie des Monts** wind power project. The Corporation's net commitment under these contracts amounted to €3,431,000 ($5,056,000) as at September 30, 2016.

Note 10. Seasonal and Other Cyclical Factors

The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment. Since nearly all of Boralex facilities have long-term indexed fixed-price energy sales contracts, seasonal cycles mainly affect the total volume of power generated by the Corporation. Only five hydroelectric power stations in the United States, 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 888 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 An agreement in principle has also been entered into to extend the initial agreement, which was due to terminate in 2018, until contract expiry in 2027.

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 11. Segmented Information

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

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

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

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2016	2015	2016	2015
Net earnings (loss)	(9,853)	(14,899)	6,084	(13,944)
Income tax expense (recovery)	(4,161)	(4,766)	501	(5,747)
Financing costs	19,015	20,504	55,328	56,760
Amortization	29,037	23,727	87,070	71,150
EBITDA	34,038	24,566	148,983	108,219
Adjustments:				
Loss on redemption of convertible debentures	—	2,759	—	2,759
Net loss on financial instruments	904	2,721	3,634	7,338
Foreign exchange gain	(1,479)	(2,220)	(735)	(2,635)
Other gains	(267)	(77)	(999)	(231)
Excess of distributions received over the share of net earnings from the Joint Ventures	(8,625)	—	(8,646)	—
EBITDA(A)	24,571	27,749	142,237	115,450

Information by Operating Segment

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2016	2015	2016	2015
Power production (MWh)				
Wind power stations	268,118	258,592	1,205,979	945,821
Hydroelectric power stations	130,363	149,051	491,589	468,316
Thermal power stations	51,917	48,787	129,243	123,570
Solar power stations	7,280	1,972	18,208	5,040
	457,678	458,402	1,845,019	1,542,747
Revenues from energy sales				
Wind power stations	34,537	33,369	158,173	119,097
Hydroelectric power stations	12,154	13,799	44,381	43,168
Thermal power stations	5,447	5,753	18,039	19,956
Solar power stations	1,713	963	4,270	2,374
	53,851	53,884	224,863	184,595
EBITDA(A)				
Wind power stations	24,029	23,016	130,259	98,279
Hydroelectric power stations	8,168	8,911	31,862	30,899
Thermal power stations	1,018	1,121	4,469	4,993
Solar power stations	1,504	851	3,716	2,091
Corporate and eliminations	(10,148)	(6,150)	(28,069)	(20,812)
	24,571	27,749	142,237	115,450
Additions to property, plant and equipment				
Wind power stations	46,803	123,528	80,748	205,646
Hydroelectric power stations	8,230	11,901	18,546	14,028
Thermal power stations	418	57	1,446	1,844
Solar power stations	149	9,224	1,040	11,636
Corporate and eliminations	65,865	1,046	68,034	1,819
	121,465	145,756	169,814	234,973

	As at September 30, 2016	As at December 31, 2015
Total assets		
Wind power stations	1,758,104	1,763,663
Hydroelectric power stations	500,515	478,837
Thermal power stations	38,631	41,684
Solar power stations	40,008	40,752
Corporate	136,922	124,106
	2,474,180	2,449,042
Total liabilities		
Wind power stations	1,405,603	1,383,267
Hydroelectric power stations	215,978	174,853
Thermal power stations	18,527	12,744
Solar power stations	29,806	32,935
Corporate	300,609	286,502
	1,970,523	1,890,301

Information by Geographic Segment

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2016	2015	2016	2015
Power production (MWh)				
Canada	249,804	181,557	787,057	553,038
France	163,396	214,509	807,549	749,684
United States	44,478	62,336	250,413	240,025
	457,678	458,402	1,845,019	1,542,747
Revenues from energy sales				
Canada	25,977	17,144	88,695	59,627
France	23,641	30,927	113,596	103,563
United States	4,233	5,813	22,572	21,405
	53,851	53,884	224,863	184,595
EBITDA(A)				
Canada	13,495	5,613	57,766	36,201
France	9,209	18,581	69,004	64,118
United States	1,867	3,555	15,467	15,131
	24,571	27,749	142,237	115,450
Additions to property, plant and equipment				
Canada	30,112	121,813	51,019	181,635
France	69,247	23,423	95,735	52,696
United States	317	520	1,271	642
Other[1]	21,789	—	21,789	—
	121,465	145,756	169,814	234,973

	As at September 30, 2016	As at December 31, 2015
Total assets		
Canada	1,044,666	1,063,039
France	1,221,162	1,178,015
United States	183,131	207,988
Other[1]	25,221	—
	2,474,180	2,449,042
Non-current assets, excluding *Interests in the Joint Ventures* and *Deferred income tax asset*		
Canada	906,059	885,659
France	1,155,300	1,089,368
United States	172,540	185,761
Other[1]	22,588	—
	2,256,487	2,160,788
Total liabilities		
Canada	932,959	835,566
France	924,506	905,905
United States	113,058	148,830
	1,970,523	1,890,301

[1] Scotland and Denmark

Note 12. Subsequent Events

Financing of Mont de Bagny, Artois and Voie des Monts

On October 25, 2016, the Corporation announced the closing of long-term financing for the **Mont de Bagny**, **Artois** and **Voie des Monts** wind farms in France for a total amount of €100,580,000 ($148, 215,000), including €11,200,000 ($16,504,000) for a bridge VAT financing facility. The loan consists of a 10-year tranche of €52,438,000 ($77,273,000) at a fixed rate of 0.80% and a 15-year tranche of €36,942,000 ($54,438,000) at a variable rate of approximately 2.50%. The average rate for the 15-year tranche will be approximately 1.77%. The Corporation intends to use interest rate swaps to reduce its exposure for at least 90% of this financing over its entire term.

Option to Buy an Interest in the Niagara Region Wind Farm

On November 1, 2016, Boralex announced that it will exercise its option to buy a 25% financial interest in the 230 MW **Niagara Region Wind Farm** by December 31, 2016, subject to the completion of definitive agreements and the fulfillment of closing conditions. The investment for this project is expected to total approximately $930,000,000.

France - Moulins du Lohan Wind Power Project

In November 2016, the Corporation entered into construction contracts for the **Moulins du Lohan** wind power project. The Corporation's net commitment under these contracts amounted to €4,970,000 ($7,324,000).


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