BORALEX

INTERIM REPORT

AS AT MARCH 31, 2017

1

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.

Contact us

HEAD OFFICE

Boralex inc.
36 Lajeunesse Street
Kingsey Falls (Québec)
Canada J0A 1B0
Telephone: 819-363-6363
Fax: 819-363-6399
info@boralex.com

WEBSITE

www.boralex.com

@BoralexInc

BUSINESS OFFICES

CANADA

772 Sherbrooke Street West
Suite 200
Montréal, Québec
Canada H3A 1G1
Telephone: 514-284-9890
Fax: 514-284-9895

606-1155 Robson Street
Vancouver, British Columbia
Canada V6E 1B5
Telephone: 1-855-604-6403

201-174 Mill Street
Milton, Ontario
Canada L9T 1S2
Telephone:
819-363-6430 | 1-844-363-6430

FRANCE

71, rue Jean-Jaurès
62 575 **Blendecques**
France
Telephone: 33 (0)3 21 88 07 27
Fax: 33 (0)3 21 88 93 92

8, rue Anatole France
59 000 **Lille**
France
Telephone: 33 (0)3 28 36 54 95
Fax: 33 (0)3 28 36 54 96

21, avenue Georges Pompidou
Le Danica – Bâtiment B
69 486 **Lyon** Cedex 03
France
Telephone: 33 (0)4 78 92 68 70
Fax: 33 (0)4 78 42 03 44

25, rue de la République
CS 70353
13 217 **Marseille** Cedex 02
France
Telephone: 33 (0)4 91 01 64 40
Fax: 33 (0)4 91 01 64 46

Management's Discussion and Analysis I

As at March 31, 2017

Table of contents

Introductory comments

General

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

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

In this MD&A, Boralex or the Corporation means, as applicable, either Boralex and its subsidiaries and divisions or Boralex or one of its subsidiaries or divisions. The information contained in this MD&A reflects all material events up to May 3, 2017, the date on which the Board of Directors approved this interim MD&A and the unaudited interim consolidated financial statements. Unless otherwise indicated, the financial information presented in this MD&A, including tabular amounts, is prepared in accordance with International Financial Reporting Standards ("IFRS") which constitute Canadian generally accepted accounting principles ("GAAP") under Part I of the CPA *Canada Handbook*. The unaudited interim consolidated financial statements included in this interim MD&A have been prepared according to IFRS applicable to the preparation of interim financial statements, IAS 34, *Interim Financial Reporting*, and contain comparative figures for 2016.

This MD&A includes a section, *Proportionate Consolidation*, 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") General Partnerships (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 not permitted in accordance with IFRS, *Interests in the Joint Ventures* and *Share in earnings 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 "EBITDA(A)," "cash flows from operations," "ratio of net debt," "discretionary cash flows" and "payout ratio" to assess the operating performance of its power stations. These terms are defined in the *Non-IFRS Measures* section.

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

Notice concerning forward-looking statements

The purpose of this MD&A is to help the reader understand the nature and importance of changes and trends as well as the risks and uncertainties that may affect Boralex's operating results and financial position. Accordingly, some of the statements contained in this analysis, including those regarding future results and performance, are forward-looking statements based on current expectations, within the meaning of securities legislation. These statements are characterized by the use of positive or negative verbs, such as plan, anticipate, evaluate, estimate, believe and other related expressions. They are based on Boralex management's expectations, estimates and assumptions as at May 3, 2017. Boralex would like to point out that, by their very nature, forward-looking statements involve risks and uncertainties such that its results or the measures it adopts could differ materially from those indicated by or underlying these statements, or could have an impact on the degree of realization of a particular projection. The main factors that could lead to a material difference between the Corporation's actual results and the projections or expectations set forth in the forward-looking statements include, but are not limited to, the general impact of economic conditions, currency fluctuations, volatility in the selling price of energy, the Corporation's financing capacity, negative changes in general market conditions, regulations governing the industry, raw material price increases and availability, as well as other factors described later in *Outlook and Development Objectives* and *Risk Factors and Uncertainties* in the Corporation's Annual Report for the year ended December 31, 2016.

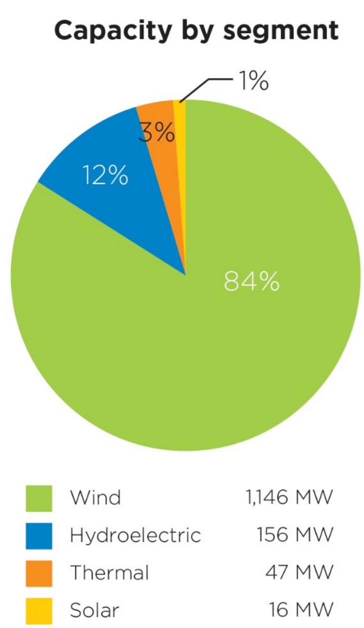
Unless otherwise specified by the Corporation, the forward-looking statements do not take into account the possible impact on its activities, transactions, non-recurring items or other exceptional items announced or occurring after the statements are made. There can be no assurance as to the materialization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

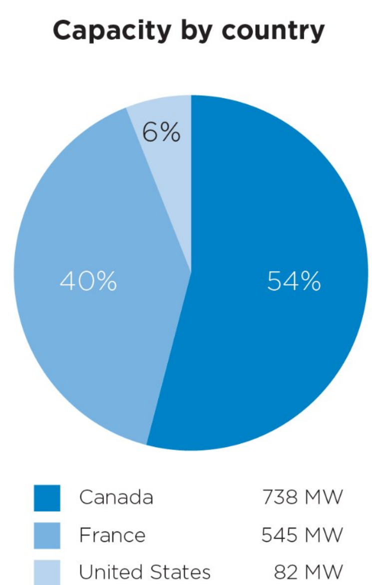
Description of business

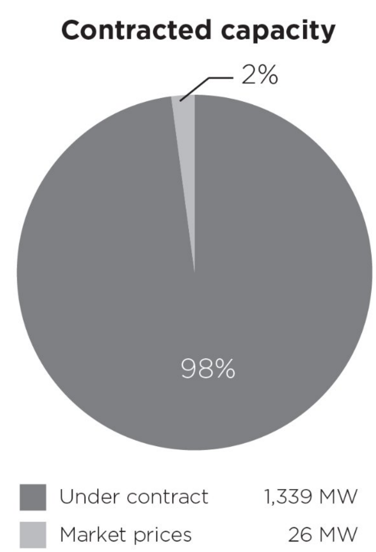
Boralex Inc. ("Boralex" or the "Corporation") is a Canadian power producer that develops, constructs and operates renewable energy power stations. With staff of over 300 employees, the Corporation operated an asset base as at March 31, 2017 with an installed capacity under its control totalling 1,365 megawatts ("MW")[(1)]. Installed capacity consists of 738 MW in Canada, 545 MW in France and 82 MW in the Northeastern United States. In addition, Boralex currently has new projects under development representing an additional 312 MW, to be commissioned by the end of 2019.

- As at March 31, 2017, Boralex operated a **1,146 MW**[(1)] **wind power** portfolio of assets in France and Canada. In the last 15 years, Boralex has become France's leading independent onshore wind power producer with 518 MW in operation and an additional 231 MW or more 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 in various phases of development, located primarily in France, which provides considerable growth potential to the Corporation in the short-, medium- and long-term. Since 2009, Boralex has also become a well-established wind power operator in Canada with 798 MW in operation (including 628 MW under its control) in Québec, Ontario and Alberta. More specifically, projects in advanced stages of development totalling 65 MW will be commissioned in Ontario and B.C. by the end of 2019. Boralex was also chosen as a partner by the Innu Nation in a 200 MW wind power project to be developed in Québec over the coming years and recently entered into a joint arrangement to take part in future requests for proposals ("RFPs") for wind power projects in Alberta.
- Boralex has been a **hydroelectric power** producer for over 20 years, operating **156 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 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 Canada with an installed capacity of **16 MW**.

The following charts[(1)] provide information about the makeup of the Corporation's energy portfolio in operation as at March 31, 2017. As shown, one of Boralex's driving forces is its geographic diversification. In addition, substantially all of its assets in operation are covered by long-term indexed, fixed-price energy sales contracts with a remaining term of 15 years, representing a significant strategic area and stability factor for Boralex. That is also the case for 100% of its sites under development.







TOTAL: 1,365 MW

Weighted average remaining contractual term: 15 years

(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.

Boralex's shares, 17.4% of which were held by Cascades Inc. ("Cascades") as at March 31, 2017, in addition to its convertible debentures, are listed on the Toronto Stock Exchange under the ticker symbols BLX and BLX.DB.A, respectively.

Executive summary

Boralex reached record levels in production, revenues and EBITDA(A) during the first quarter of fiscal 2017, despite less than exceptional weather conditions in comparison with the same period in 2016. The contribution of the new 230 MW Niagara Region Wind Farm ("NRWF") wind power site in Ontario, Canada, over a 10-week period, the addition of four other production facilities in 2016, and finally, the sound performance of the majority of Boralex's existing North American assets more than offset the less favourable wind conditions in France. Boralex therefore recorded increases of 12% of revenues from energy sales and 9% in EBITDA(A) (increases of 11% and 8%, respectively, under proportionate consolidation), compared with what were then historical highs recorded in the first quarter of 2016. The Corporation ended the quarter with $16 million in net earnings attributable to shareholders (under both IFRS and proportionate consolidation).

Financial highlights

For the three-month periods ended March 31

	IFRS		Proportionate consolidation[1]	
(in millions of Canadian dollars, unless otherwise specified)	2017	2016	2017	2016
Power production (GWh)	909	821	1,063	973
Revenues from energy sales	119	106	136	122
EBITDA(A)[2]	87	80	97	90
EBITDA(A) margin	73%	75%	72%	74%
Net earnings	16	23	16	23
Net earnings attributable to shareholders of Boralex	16	21	16	21
Per share (basic)	$0.22	$0.32	$0.22	$0.32
Per share (diluted)	$0.21	$0.30	$0.21	$0.30
Net cash flows related to operating activities	54	76	60	82
Cash flows from operations[2]	58	60	69	70

(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 as well as to increase and further stabilize its revenue and cash flow streams, while lowering its business risk exposures. As a result, the Corporation has undertaken the following strategic choices and actions:

Acquisition and development of renewable energy assets covered by long-term indexed, fixed-price energy sales contracts

Substantially all of the energy assets acquired or developed by Boralex since 2009 have been covered by long-term indexed, fixed-price energy sales contracts. For assets currently in operation, the weighted average remaining contractual term for Boralex is 15 years, which ensures relatively predictable long-term cash flows for the Corporation, excluding changes in weather conditions and other factors beyond the Corporation's control. Accordingly, Boralex's installed capacity in operation covered by long-term energy sales contracts grew to 98% today from 51% in 2009.

Focus on renewable energy assets with above-average profit margins, particularly in wind, hydroelectric and solar power

Dynamic and orderly execution of this strategy has resulted first in a surge in the development of Boralex's wind power segment, which in less than eight years, has increased its installed capacity sevenfold to 1,146 MW. In addition, the segment has a large potential pipeline of wind power projects to complete, individually or in partnership, of over 1,000 MW in Europe and North America, a number of which are at advanced stages of development. The hydroelectric power segment has also been expanding its operating base over the same period, poised to increase shortly to 172 MW from an original 40 MW. Boralex made its first foray into solar energy production, with its three solar power stations in operation totalling just 16 MW. In contrast, Boralex disposed of a large portion of its thermal power stations particularly to reduce its exposure to price fluctuations of the fuels used in this type of production, namely natural gas and wood residues, and to the risks related to their supply and availability.

As a result, the wind, hydroelectric and solar power segments, which generate higher profit margins than the thermal power segment, now account for nearly 97% of total assets, compared with 48% in 2009.

Focus of development initiatives mainly in North America and Europe

Development initiatives in recent years have significantly strengthened the Corporation's presence in Canada and France, which account for 54% and 40% of Boralex's installed capacity under its control, respectively. As a result, Boralex is now Canada's 4th largest renewable energy producer by installed capacity, and France's leading independent onshore wind power producer.

Boralex's execution of its growth strategy started accelerating in 2013. Since then, the Corporation has nearly doubled its total installed capacity, commissioning and acquiring assets that increased its operating base by nearly 900 MW, and adding about 1,000 MW to its project portfolio, significantly boosting its growth potential.

Boralex considers the main financial benefits of its development strategy to be as follows:

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

With the dividend, shareholder return on equity since the beginning of 2013 stands at about 163%, which, together with issuance of new shares, helped increase the Corporation's market capitalization to $1.6 billion as of the date of this MD&A.

Recent or ongoing developments affecting Boralex's results and financial position in 2017 compared with 2016

2016

Expansion

Commissioning and acquisition of wind power stations totalling 40 MW

In France, commissioning of 26 MW covered by 15-year energy sales contracts:

- On August 1, 2016, the 14 MW **Touvent** wind farm in France was commissioned; and
- On December 23, 2016, the 12 MW Phase I of the **Plateau de Savernat** wind farm was commissioned (with the 4 MW Phase II to be commissioned in the first half of fiscal 2017).

In Canada:

- On December 9, 2016, the 10 MW **Port Ryerse** wind farm was commissioned in Ontario and is covered by a 20-year energy sales contract with the Independent Electricity System Operator ("IESO");
- On December 15, 2016, in connection with the partnership discussed below, Boralex acquired the 4 MW **Oldman** wind farm in Alberta.

The new sites added to Boralex's operating base in 2016 should generate a combined contribution of approximately $10 million to the Corporation's EBITDA(A) in 2017.

Acquisition of a 200 MW project portfolio in Europe

On September 16, 2016, Boralex acquired a portfolio of wind power projects totalling about 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 ($104 million), paid from Boralex's available cash and revolving credit facility and incurred acquisition costs of €1 million ($2 million). Concurrently, Boralex obtained a bridge loan of €46 million ($64 million) with a 24-month term from BNP Paribas S.A., reducing the cash required to finance the transaction.

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 involved the following assets:

- The **Moulins du Lohan** 51 MW wind power project in Brittany, France. Construction on this site has already begun with a view to commissioning in the second half of fiscal 2018, 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 continues 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 some land and other rights associated with the future development of the related wind power projects.

This acquisition, alongside the implementation of various other projects in North America and in Europe, increased Boralex's portfolio of wind power projects in development to total over 1,000 MW.

Announcement of the 230 MW NRWF wind farm acquisition in operation (Ontario, Canada)

On December 8, 2016, Boralex announced it has entered into binding agreements with Enercon Canada Inc. ("Enercon") to make the largest acquisition in its history, consisting of all of Enercon's economic interest in the 230 MW **NRWF** wind farm, commissioned on November 2, 2016. The acquisition was completed on January 18, 2017 and is described in detail in the next section which pertains to fiscal 2017.

New joint arrangements in 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 power 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 the respective experience and know-how of the two companies 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. This new development typifies Boralex's proactive and respectful approach to local communities and First Nations.

On December 15, 2016, Boralex and the Alberta Wind Energy Corporation ("AWEC") announced the creation of a new partnership, **Alberta Renewable Power Limited Partnership**, 52% owned by Boralex and 48% owned by AWEC. At the same time, as mentioned above, Boralex added the **Oldman** wind farm in Alberta with 4 MW in operation to its asset base. Boralex intends to leverage this partnership to tap into the Alberta market, currently embarking on a transition from fossil fuels to green energy. Boralex and AWEC will be able to leverage their mutual expertise in the development, construction and operation of wind and solar power projects to submit joint bids under 400 MW renewable energy RFPs to be launched in 2017 by the Alberta government.

Financial transactions

On April 28, 2016, the Corporation **refinanced and increased its revolving credit facility** resulting in a total authorized amount of $360 million. This financing facility, comprising a $300 million revolving credit facility and a $60 million letter of credit facility guaranteed by Export Development Canada, replaced the $175 million revolving credit facility maturing in June 2018.

On May 4, 2016, the Corporation and its partner announced the **closing of ring-fenced refinancing for Joint Venture Phase I** for a total amount of the $618 million secured by the assets of Joint Venture Phase I, and without recourse against the partners. 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. Management considers this major transaction to be a recognition of the capital markets' trust in the Corporation and, more specifically, the potential of its wind power segment.

On September 16, 2016, Boralex was granted a 24-month bridge loan amounting to €46 million ($64 million) by BNP Paribas S.A. to finance the acquisition of the 200 MW project portfolio in Scotland and in France.

On December 23, 2016, following the announcement of the **NRWF** acquisition, Boralex completed a **public offering of 10,361,500 subscription receipts** through a syndicate of underwriters at a price of $16.65 per subscription receipt, for gross proceeds of $173 million (including the underwriters' over-allotment option exercised in full) and proceeds of $170 million net of issuance costs. The subscription receipts were exchanged in full for an equal number of common shares of Boralex upon the closing of the acquisition of Enercon's interest in **NRWF** on January 18, 2017.

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

Dividend enhancement

On February 24, 2016, Boralex announced 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. This decision was warranted by the steady growth in the Corporation's results since the introduction of a dividend in 2014 and the confidence of management and the Board of Directors in its prospects for the future.

In addition, on December 8, 2016, concurrently with the announcement of the acquisition of **NRWF**, Boralex announced a further increase in the annual dividend of 7.1%, effective as of the acquisition, for a total of $0.60 per share, or the equivalent of $0.15 per quarter. This decision was made in light of the Corporation's stronger prospects for the future owing to the benefits expected from the aforementioned transaction.

Boralex has maintained its medium-term objective of paying common share dividends on an annual basis representing a ratio of 40% to 60% of its discretionary cash flows, as previously discussed in this section. Management expects discretionary cash flows to total approximately $95 million (on an annualized basis) at 2017 fiscal year-end, such that the payout ratio as at that date is expected to fall within its target range.

Note that following the **NRWF** acquisition, management revised upwards its discretionary cash flow forecast by $20 million to $95 million from $75 million (on an annual basis of twelve months at 2017 fiscal year-end).

2017

Expansion

Closing of the acquisition of the 230 MW NRWF wind farm in operation (Ontario, Canada)

On January 18, 2017, the **NRWF** acquisition closed. This is the largest acquisition in Boralex's history, with an enterprise value of over $1 billion. The transaction was entered into for a cash consideration, net of cash acquired, amounting to $230 million, subject to adjustments under the acquisition agreements and Boralex assuming a debt totalling $779 million (excluding the letter of credit facility). Note that to fund a portion of the cash consideration for the transaction, Boralex completed an offering of subscription receipts amounting to $173 million on December 23, 2016. These subscription receipts were exchanged for an equivalent number and amount of Boralex common shares at the closing of the acquisition in January 2017.

Located in Ontario's Niagara region, this large wind farm comprises 77 leading-edge turbines and is covered by a 20-year feed-in tariff contract entered into under favourable terms with IESO. With this favourable contract in place, Boralex's new asset base will contribute substantial operating revenues and cash flow streams, generated by very high quality assets. In addition, the strong knowledge of **NRWF** developed by Boralex during its construction and commissioning will enable the Corporation to reduce its future operational risk exposure.

The **NRWF** project was developed by Enercon and Boralex in partnership with the Six Nations of The Grand River ("Six Nations"). This project includes financing for a total amount of $828 million secured by its assets and without recourse against the partners. This financing facility comprises a $537 million uncovered term loan tranche maturing in 2034, a $252 million covered term loan tranche, under a guarantee from the Federal Republic of Germany through its export credit agency Euler Hermes, maturing in 2034, as well as a $39 million letter of credit facility. The loan also includes interest rate swaps covering approximately 80% of expected future cash flows and setting a fixed rate of 3.54% for a large portion of the financing cost for this loan.

This acquisition affords Boralex a number of major benefits:

- This single transaction increased Boralex's installed capacity by over 20%, adding a high-quality wind farm, which became Boralex's largest asset.
- In financial terms, the acquisition will generate significant value added as of fiscal 2017, including additional EBITDA(A) estimated at some $84 million and expected accretion to discretionary cash flows per share of over 10% in 2017. Note that Boralex will receive substantially all of the cash flows generated by **NRWF**, net of a distribution paid to the Six Nations.

Increase in Boralex's interest in the 50 MW Otter Creek wind power project (Ontario, Canada)

On March 7, 2017, Boralex increased its interest in the **Otter Creek** wind power project from 38.5% to 64%, acquiring control of the 50 MW project to be commissioned in 2019.

New projects in France totalling 79 MW

Recently, Boralex's Board of Directors gave the green light to three new projects in France. These ready-to-build projects will all be commissioned in 2018. They are as follows:

- **Côteaux du Blaiseron** (26 MW), a project from the 2014 BEV acquisition;
- **Hauts de Combles** (20 MW), a project acquired from Ecotera in 2015; and
- **Inter Deux Bos** (33 MW), also acquired from Ecotera.

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

Financial transactions

Other than Boralex's issuance of **10,361,500 common shares** following the conversion of the subscription receipts on the day of the **NRWF** acquisition closing, Boralex proceeded to the following financing and refinancing.

On January 18, 2017, at the same time as the **NRWF** acquisition closing, and with a view to maintaining the strength of its statement of financial position, Boralex obtained new a $100 million increase in its **revolving credit facility** for a total authorized amount of $460 million. This transaction, which allows the Corporation to maintain significant financial flexibility, reflects the strong and sustained growth recorded by the Corporation for a number of years and demonstrates its credibility in capital markets. The refinancing significantly further increases Boralex's financial flexibility and capacity, allowing it to allocate capital to new projects in line with its growth objectives.

On February 22, 2017, Boralex announced the closing of the $33 million financing for the 10 MW **Port Ryerse** wind farm in Ontario, Canada. The long-term financing was provided by DZ Bank AG Deutsche Zentral-Genossenschaftsbank (New York branch) and comprises a $2 million letter of credit facility and a $31 million long-term tranche, amortized over a period of 18 years. Further, on February 7, 2017, Boralex acquired all of the units of UDI Renewables Corporation, part of the same site, representing 25 % of the wind farm, making Boralex the sole project holder.

Outlook and development objectives

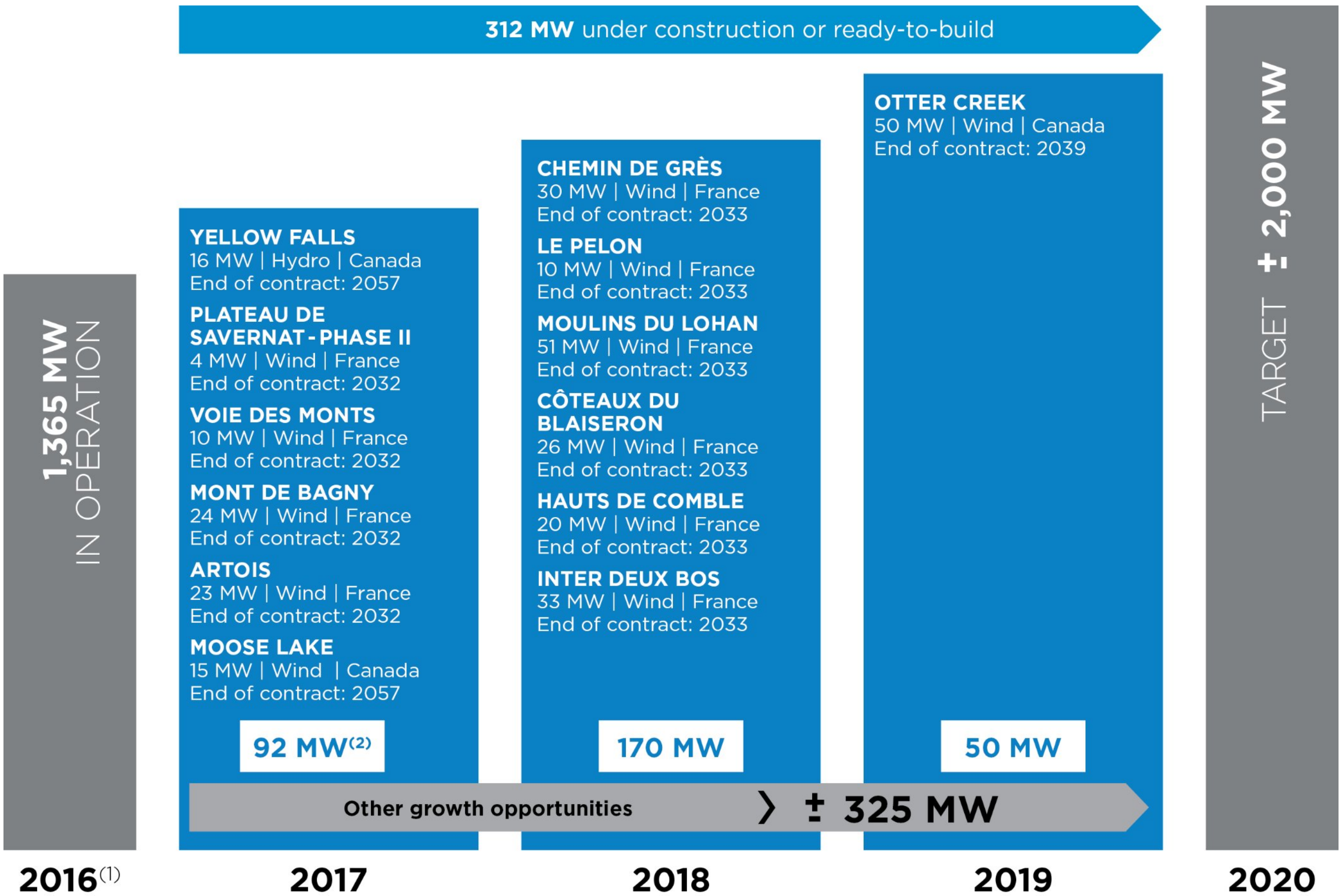
Projects in development stage

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. 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]
Yellow Falls	16	Hydro / Canada	40 years with IESO[2]	100%	2nd half of 2017	$92 million	$7 million
Plateau de Savernat (Phase II)	4	Wind / France	15 years with EDF	100%	1st half of 2017	$8 million	$1 million
Voie des Monts	10	Wind / France	15 years with EDF	100%	1st half of 2017	$28 million	$3 million
Mont de Bagny	24	Wind / France	15 years with EDF	100%	2nd half of 2017	$66 million	$8 million
Artois	23	Wind / France	15 years with EDF	100%	2nd half of 2017	$60 million	$7 million
Moose Lake	15	Wind / Canada	40 years with BC Hydro	70%	2nd half of 2017	$64 million	$5 million
Chemin de Grès	30	Wind / France	15 years with EDF	100%	1st half of 2018	$76 million	$8 million
Le Pelon	10	Wind / France	15 years with EDF	100%	2nd half of 2018	$24 million	$3 million
Moulins du Lohan	51	Wind / France	15 years with EDF	100%	2nd half of 2018	$136 million	$14 million
Côteaux du Blaiseron	26	Wind / France	15 years with EDF	100%	2nd half of 2018	$47 million	$5 million
Hauts de Comble	20	Wind / France	15 years with EDF	100%	2nd half of 2018	$49 million	$6 million
Inter Deux Bos	33	Wind / France	15 years with EDF	100%	2nd half of 2018	$77 million	$9 million
Otter Creek	50	Wind / Canada	20 years with IESO	64%	2nd half of 2019	$148 million	$14 million

(1) These results are estimated as of the date of this MD&A. However, actual results may differ from these estimates.
(2) The initial 20-year contract includes four renewal options, each for a five-year period, at Boralex's discretion.

Growth path



(1) Considering the acquisition of NRWF closed in January 2017
(2) Hydro 16 MW | Wind 76 MW

Wind

Currently accounting for 84% of Boralex's total installed capacity, the wind power segment has been Boralex's top growth driver in recent years. Starting in fiscal 2013 in particular, this segment has quadrupled the size of its operating asset base by integrating, on average, over 200 MW in operation annually through acquisitions and the commissioning of greenfield projects, in addition to the acquisition of a vast portfolio of projects. This segment will continue to spearhead Boralex's expansion in the years to come. Besides the team's expertise and skills in identifying, financing, developing, building 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 North America. This strategy 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.

Fiscal 2017

As of January 18, 2017, Boralex's wind power segment had additional installed capacity of 270 MW, compared with one year earlier. The new capacity will contribute to the Corporation's operating and financial performance throughout substantially all of fiscal 2017. According to management, the 230 MW **NRWF** site in Ontario alone is expected to generate an additional annual contribution of about $84 million to Boralex's EBITDA(A) and of about $20 million to its discretionary cash flows. In addition, sites totalling 40 MW commissioned or acquired during fiscal 2016, namely **Touvent**, **Plateau de Savernat I**, **Port Ryerse** and **Oldman**, will make a full contribution in fiscal 2017 while sites totalling 76 MW whose commissioning will be spread over fiscal 2017, namely **Plateau de Savernat II**, **Voie des Monts**, **Mont de Bagny** and **Artois** in France, as well as **Moose Lake** in Canada (these projects are described in the table at the beginning of this section), will make partial contributions.

Regarding development, other than the above-mentioned commissioned projects, fiscal 2017 will be dedicated to continuing Boralex's expansion strategy of the wind power segment in Europe and North America, including advancing work on projects totalling more than 220 MW, which will be commissioned in 2018 and 2019, in France and Canada. As shown in the previous table, all these projects are also covered by long-term energy sales contracts with fixed and indexed prices.

Medium- and long-term outlook

General wind power industry trends

The wind power industry has undergone significant changes in recent years, owing primarily to **technological developments** which have considerably improved equipment performance while causing a sharp fall in the investment required per MWh of production. As a result, the wind power sector now finds itself on an equal footing with and even in a more advantageous situation in terms of marginal cost than more traditional energy production sectors such as coal, hydroelectricity, natural gas and nuclear. According to an article published in January 2017 in the Canadian newspaper *The Globe and Mail*, the U.S. Department of Energy estimates that the production cost of onshore wind energy has declined by 41% since 2008. Given continuing technological advances, wind power will soon be widely recognized as one of the most economical new energy sources. Furthermore, new technologies currently under development will make it possible to store a portion of the energy produced by wind and solar equipment, making their power supply stable regardless of weather conditions and thereby further reducing our societies' dependence on fossil fuels.

On the demand side, the December 2015 Paris Agreement on climate change, increasing public awareness of the dangers of global warming and development of technologies that consume clean energy such as the electrification of transportation are all factors promoting the establishment of a legislative and regulatory framework conducive to renewable energy development across the world. This is all the more true to the extent that these types of energy, particularly wind energy, establish themselves not only as inevitable ecological choices but also as advantageous economic solutions.

Boralex's wind power segment has also been undergoing a transformation of its **competitive environment** in recent years as governments are increasingly resorting to open market-based requests for proposals to purchase renewable energy. This trend, which partly reflects the changes described above, shows that the wind power industry has now reached a certain degree of maturity. The recent changes to regulations in France, discussed later in this section, is one such example. Another sign of market maturity is the **consolidation** that took place in recent years, as a result of which small- and medium-sized enterprise and project acquisitions are increasingly rare.

Boralex believes that it is well placed to hold its own in this more intense competitive environment given its diversification and strong position in the two major markets of Europe and Canada, its expertise in developing and operating assets at economical cost and its proven capacity to adjust quickly to challenges and market opportunities. These strengths combined with debt servicing costs that remain very favourable make management confident about continuing to deliver high returns on its wind power assets in future years.

Trends in Boralex's key markets

Canada

With a combined portfolio of projects, held individually or in partnership, totalling several hundred MW, Canada is now host to 55% of Boralex's wind power segment installed capacity. Provincial governments in Canada generally support wind power although the nature and the terms of their commitment vary depending on the region while the procurement processes used to award power contracts are particularly competitive. One of the specific features of the Canadian market is that wind power projects must often be developed in partnership with local communities or First Nations.

Boralex has adapted to these conditions over the past eight years by building an operating asset base of 628 MW under its control, making it the fourth largest producer of renewable energy in Canada. Boralex has also set itself apart as a pioneer and major player in the industry in Canada by developing projects in partnership with local communities and First Nations.

In **Québec**, where Boralex is currently operating approximately 300 MW of wind power under its control, the government unveiled the main highlights of new energy policy in early 2016, including a clear commitment to replacing hydrocarbon fuels by renewable energies as well as the export of clean energy. Québec is also playing a pioneering role in Canada with its intention to promote and invest in the electrification of public transportation and vehicle fleet. Development of this path represents a considerable potential for renewable energy production in Québec and could in particular contribute to reversing the current situation of electricity supply exceeding demand. Boralex is currently working on several wind power development projects in Québec, including the 200 MW **Apuiat** project on the Côte-Nord, for which it has been chosen as partner by the Innu Nation. Project development is underway with commissioning expected in the medium term.

In 2009, **Ontario** was chosen for Boralex's initial foray into the Canadian wind power market. Ontario is also where it operates the largest asset in its portfolio as of January 2017: the 230 MW **NRWF**. Boralex's wind power segment installed capacity in this province now totals 330 MW. Boralex is also developing the 50 MW **Otter Creek** site, to be commissioned in 2019, and recently increased its interest in the project to 64%, thereby acquiring control.

During 2016, under public pressure resulting from the increase in electricity prices in the province, the Ontario government suspended the LRP II procurement process underway for the purchase of 930 MW of renewable energy by IESO. This turnaround was mostly motivated by the relatively widely held opinion that renewable energy development, particularly wind and solar power, was responsible for the spike in electricity prices in Ontario. However, it has been demonstrated since then that clean energy only accounted for 6% of the price increase while the major portion of the increase was attributable to the development of nuclear power stations and the refurbishment of energy infrastructures that have been neglected for too long. Boralex is of the opinion that this new reality, combined with the downward trend in the marginal cost of wind power production, will soon recreate conditions conducive to wind power development in Ontario.

In **Alberta**, the government has initiated an energy diversification strategy aimed at reducing its dependence on oil sands development. As part of this transition, more than $3 billion will be invested over the coming years to develop 5,000 MW of renewable energy, bioenergy and other clean technologies by 2030. In fact, a 400 MW RFP was recently launched. It is with this in mind that Boralex recently partnered with developer AWEC to enter the wind and solar power markets in Alberta. The Corporation is also studying development opportunities in **Saskatchewan**, as the province has announced its intention to add 1,600 MW of renewable energy to its energy base by 2030.

Lastly, Boralex is currently developing its first wind power project in **British Columbia**, namely the 15 MW **Moose Lake** wind farm which will be commissioned in late 2017.

Boralex considers that the North American market offers sound development potential for its wind power segment. *Enerdata* (2016) estimates the average annual growth for wind power between now and 2030 at 5%. Given wind power's increasing competitiveness in economic and ecological terms, this sector should receive a significant portion of new investments. The Corporation is keeping close watch for opportunities to take its wind power segment into the East Coast markets of the United States, which have ambitious targets for the development of renewable energy.

Europe

Totalling some 700 MW, Boralex's European portfolio includes some projects at an advanced stage of development. Since 2005, **France** has been a fertile ground for Boralex's wind power segment where it has built an operating asset base of 518 MW through well-targeted acquisitions of sites in operation or under development and the completion of greenfield projects. Although the regulatory framework for awarding contracts has changed since recently, the Corporation believes that France continues to offer significant development opportunities for its wind power segment. France is also committed, in line with European Union objectives, to increase the share of renewable energy in domestic electricity production to 23% by 2020 and to 32% by 2030, translating into an onshore wind power target of between 22,000 and 26,000 MW by 2023, with a total installed capacity of 12,000 MW as at December 31, 2016. Having operated in this market for 15 years, Boralex already ranks as France's largest private onshore wind power producer. As a result, the Corporation benefits from a favourable positioning in the acquisitions market as well as solid relationships with banks, elected officials, equipment suppliers and other players.

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

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

Also in Europe, Boralex continues to evaluate the potential of new geographic markets using its profitability criteria and a sound assessment of the risks they represent. For instance, the acquisition of a portfolio of projects in September 2016 gives Boralex potential point of entry into the Scottish wind power market, where it now holds the rights to a large portfolio of projects totalling some 150 MW, including a 24 MW project at an advanced stage of development. Boralex is developing these projects with a view to capitalizing on opportunities that will arise in this market in the years to come and which meet its economic criteria.

Furthermore, because it sees **Denmark** as a welcoming and favourable market for wind power development, Boralex and a Danish developer entered in July 2014 into an equally owned joint venture to develop nearshore and offshore wind power projects in Denmark over a three- to five-year horizon. Under this partnership, Boralex and its partner have prequalified for the nearshore/open-door program for the development of about 240 MW of wind power. Boralex and its partner will go ahead with this project only when everything is in place to ensure an economic return in line with the Corporation's objectives.

To sum up, the reputation Boralex has earned in Europe since 2005 as an efficient and low-cost developer and operator of wind power assets, the solid team it has put together and its significant pipeline of projects are other important strengths that should continue to drive sustained and profitable development of Boralex's wind power segment in France and elsewhere in Europe.

Other

Boralex is continuously monitoring international markets for potential opportunities to export its know-how and expertise, that is, markets with a real potential for renewable energy, a favourable legal and regulatory framework and a structure that allows Boralex to develop niches that are both competitive and profitable.

As mentioned previously, Boralex management is paying particular attention to the **United States**, the world's second largest producer of renewable energy after China. Although the new federal administration is less favourable than its predecessor to a transition towards renewable energy, it is clear that energy policies in the United States are above all set by the States themselves and not by the federal government. In this perspective, the New England and East Coast States, which have large populations and are open to renewable energy, represent attractive market potential for Boralex.

Competitive advantages of Boralex's wind power segment

Boralex management 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;
- Its geographic diversification across all regions of France, as well as the main 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 potential pipeline of projects, to be realized individually or in partnership, exceeding 1,000 MW;
- Its highly skilled, multidisciplinary and entrepreneurial team with the capacity to quickly adapt to market changes and a constant eye out for the best development opportunities;
- Its 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

Boralex earned its stripes as a renewable energy producer in the hydroelectric power segment some 25 years ago, first in Québec, then in the Northeastern United States and British Columbia. In the second half of 2017, it will commission **Yellow Falls**, its first hydroelectric power station in Ontario, which will generate annual EBITDA(A) of approximately $7 million. This power station 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. The commissioning of **Yellow Falls** will bring the total installed capacity of Boralex's hydroelectric power segment to 172 MW.

Over the past three years, Boralex has invested $12 million in its **Buckingham** power station in Québec, Canada, to comply with the Dam Safety Act. The Corporation plans to invest additional amounts to expand the power station's installed capacity. Given the completion of detailed design work, the power station's optimal capacity will be increased to approximately 16 MW by 2019.

Also, following negotiations taking place over several quarters, Boralex recently entered into a 20-year agreement 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 its long experience in hydroelectric power, a skilled team and high-quality assets, Boralex believes it is poised to make further inroads into this market. The Corporation has a large hydroelectric power base with good geographic distribution, attractive profit margins, and significant 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 that could affect its five power stations without long-term energy sales contracts, 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 Cellufuel that is developing a technology to produce renewable synthetic diesel fuel from wood fibre. Opportunities might also arise in Québec, where the government recently announced its decision to promote the development of bioenergy.

Senneterre power station – Canada

Under an agreement entered into with Hydro-Québec for fiscal 2014 to 2018 inclusively, and subsequently extended until contract expiry in 2027, the **Senneterre** power station generates electricity eight months of the year, from December to March and June to September, and will receive financial compensation to maintain comparable profitability relative to previous years. As demonstrated by the performance reported by this power station since it came into effect, this agreement affords operating conditions conducive to more stable and predictable profitability.

Blendecques power station – France

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

Solar

In June 2011, Boralex inaugurated its first photovoltaic solar power facility, namely the 5 MW **Avignonet-Lauragais** facility in Southwestern France. Two other solar power facilities were added in 2015, including **Les Cigalettes**, a second photovoltaic solar power facility of 10 MW, also located in the south of France, and the **Vaughan** solar power facility of less than 1 MW in Ontario with solar rooftop panels.

These three sites' performance has met management's expectations since their commissioning and they have allowed the Corporation to quickly develop expertise in solar power production.

Like the wind power industry, the solar power industry has experienced remarkable technological developments in recent years, making it much more efficient and competitive. According to the above-mentioned January 2017 article in the *Globe and Mail*, the U.S. Department of Energy estimates that the production cost of solar power has declined by 64% since 2008. In regions benefiting from bright sunlight, this power production method has even achieved parity with traditional production methods in terms of marginal cost per MWh of production. For this reason, and also considering that it will soon be possible to store this type of energy as well as the advantage of the proximity of power station to consumers, the solar power industry is bound to enjoy strong growth in the coming decades.

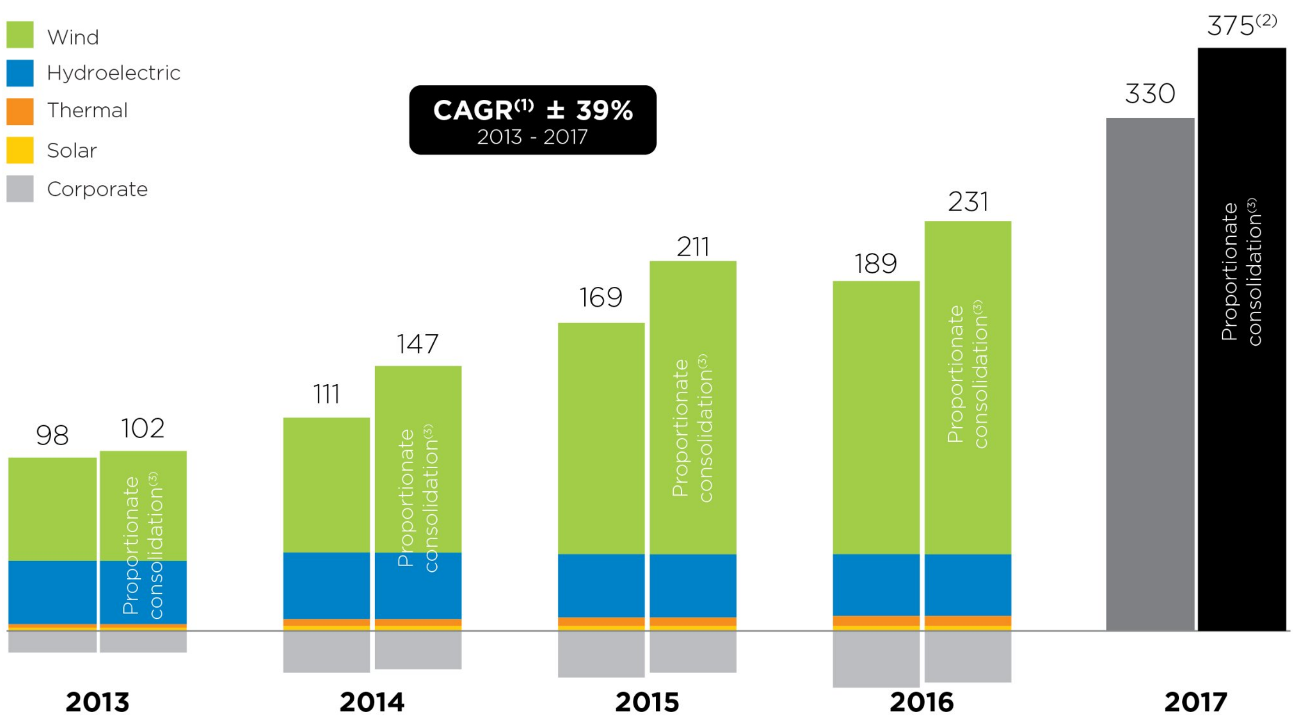
Boralex intends to capitalize on the growth potential of this clean and abundant source of renewable energy. To do so, Boralex can draw on a skilled solar power project development team, particularly in France where it holds the rights to certain projects under development.

Boralex upgrades its growth outlook

As shown in the *Growth path* table above and the following chart *Financial Target*, Boralex's outlook is closely linked to prospects in the wind power industry, given its dominant position in the Corporation's current energy portfolio and the strong growth potential of its project pipeline. Since 2013, the Corporation has generated sustained and strong growth in EBITDA(A), driven essentially by the significant development of its wind power assets, and supported by its healthy and flexible financial position as well as the expertise of its teams. Following the **NRWF** acquisition, Boralex management revised upwards its growth targets for the years from 2017 to 2020, including its objective for total installed capacity, which is now **2,000 MW** by the end of 2020.

Financial target

EBITDA(A) (in millions of dollars)



(1) Compounded annual growth rate.
(2) Represents a year-end estimated run rate EBITDA(A) of all sites in operation.
(3) EBITDA(A) according to proportionate consolidation basis (see *Reconciliations between IFRS and proportionate consolidation* in previous Annual Reports).

2017–2020 Outlook: disciplined and profitable growth

As at January 18, 2017, Boralex owned total installed capacity of 1,365 MW, up 25% compared with January 2016. This strong growth, stemming primarily from the acquisition the **NRWF** wind farm, has prompted management to increase its financial targets as follows:

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

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

Apart from the 270 MW of additional installed capacity acquired and developed in 2016 or in early 2017, Boralex's performance in fiscal 2017 will benefit from the additional contribution of new sites totalling 92 MW which will be commissioned in 2017.

At least seven new sites will be commissioned in upcoming fiscal years, including 170 MW in 2018 and 50 MW in 2019. These new sites, which are already under development, will bring the Corporation to within less than 325 MW of its 2,000 MW target by 2020. Management is confident of reaching this target, which represents average combined annual growth of 10% of total installed capacity in operation as at January 18, 2017, considering, in particular, the other advanced-stage projects currently under development in France, all covered by long-term fixed-price energy sales contracts, that will shortly join its Growth Path, and development initiatives elsewhere in Europe and North America.

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 in 2016 by the:

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

As at March 31, 2017, Boralex had short-term cash resources of $137 million ($152 million under proportionate consolidation) including amounts earmarked for various projects.

Given the expertise and discipline 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

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

The Corporation will continue to prioritize the integration of operating assets or projects covered by long-term energy sales contracts to secure significant and more stable cash flows, primarily in the wind, solar and hydroelectric power segments, while remaining on the lookout for new technologies.

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 support 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 and evolve 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, compensate its shareholders and ensure uninterrupted access to capital markets.

Seasonal factors

(in millions of Canadian dollars, unless otherwise specified)	Three-month periods ended June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	Twelve-month period ended March 31, 2017
POWER PRODUCTION (GWh)					
Wind power stations	356	269	418	655	1,698
Hydroelectric power stations	191	130	140	173	634
Thermal power stations	12	52	34	77	175
Solar power stations	7	7	4	4	22
	566	458	596	909	2,529
REVENUES FROM ENERGY SALES					
Wind power stations	46	35	54	88	223
Hydroelectric power stations	15	12	12	17	56
Thermal power stations	2	5	7	13	27
Solar power stations	2	2	1	1	6
	65	54	74	119	312
EBITDA(A)					
Wind power stations	35	24	46	77	182
Hydroelectric power stations	11	8	9	13	41
Thermal power stations	(1)	1	1	6	7
Solar power stations	2	2	1	1	6
	47	35	57	97	236
Corporate and eliminations	(9)	(10)	(10)	(10)	(39)
	38	25	47	87	197
NET EARNINGS (LOSS)	(7)	(10)	(4)	16	(5)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(7)	(10)	(5)	16	(6)
NET EARNINGS (LOSS) PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.11)	($0.16)	($0.07)	$0.22	($0.09)
NET EARNINGS (LOSS) PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.11)	($0.16)	($0.07)	$0.21	($0.09)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	29	12	29	54	124
CASH FLOWS FROM OPERATIONS	27	13	28	58	126
Weighted average number of shares outstanding (basic)	65,200,423	65,263,335	65,297,899	74,025,928	67,282,673

Seasonal factors

(in millions of Canadian dollars, unless otherwise specified)	Three-month periods ended June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016	Twelve-month period ended March 31, 2016
POWER PRODUCTION (GWh)					
Wind power stations	301	258	450	581	1,590
Hydroelectric power stations	206	149	158	171	684
Thermal power stations	16	49	31	65	161
Solar power stations	2	2	4	4	12
	525	458	643	821	2,447
REVENUES FROM ENERGY SALES					
Wind power stations	37	33	59	78	207
Hydroelectric power stations	17	14	15	17	63
Thermal power stations	3	6	6	10	25
Solar power stations	1	1	1	1	4
	58	54	81	106	299
EBITDA(A)					
Wind power stations	31	23	51	71	176
Hydroelectric power stations	13	9	10	13	45
Thermal power stations	(1)	1	1	4	5
Solar power stations	1	1	1	1	4
	44	34	63	89	230
Corporate and eliminations	(8)	(6)	(10)	(9)	(33)
	36	28	53	80	197
NET EARNINGS (LOSS)	(6)	(15)	6	23	8
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(6)	(15)	6	21	4
NET EARNINGS (LOSS) PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.13)	($0.32)	$0.09	$0.32	$0.08
NET EARNINGS (LOSS) PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.13)	($0.32)	$0.09	$0.30	$0.08
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	13	22	30	76	141
CASH FLOWS FROM OPERATIONS	19	32	37	60	148
Weighted average number of shares outstanding (basic)	47,951,885	48,770,481	64,829,112	65,032,645	56,646,871

The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment. Since nearly all of Boralex facilities have long-term indexed fixed-price energy sales contracts, seasonal cycles mainly affect the total volume of power generated by the Corporation. Only five hydroelectric power stations in the United States, and one wind farm in Alberta, which account for less than 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 1,146 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 84% of Boralex's 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 portfolio, 296 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 which will soon total 172 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. 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.

The five U.S. power stations, which have a total installed capacity of 22 MW, representing less than 2% of the Corporation's overall capacity, sell their power on the open market in the State of New York. These facilities are more vulnerable to seasonal fluctuations which, in addition to impacting power production volumes, also have an impact on selling prices obtained, which are partly affected by the seasonal nature of demand, traditionally higher during the winter and summer seasons. Historically, power stations obtain generally higher average prices during these periods. Moreover, the price of natural gas, which is volatile, has an influence on New York State electricity selling prices.

Thermal

Boralex owns and operates two thermal power stations for an aggregate 47 MW of installed capacity. Of the two, the Senneterre power station in Québec, Canada is fuelled by wood-residue and is covered by a Hydro-Québec energy sales contract expiring in 2027. The Corporation has signed an agreement with Hydro-Québec until contract expiry in 2027, under which the Senneterre power station is limited to producing power eight months per year, from December to March and from June to September. During the term of this agreement, the Senneterre power station will receive financial compensation from Hydro-Québec which will allow it to anticipate profitability akin to recent-year performance.

Boralex also operates a natural gas-fired power station located in Blendecques, France. For the past several years, due to specific market conditions, the Corporation operates this cogeneration plant five months of the year, from November to March, which represents all of Boralex's first quarter and part of its fourth quarter. During the electricity production shutdown period, steam continues to be produced for the power station's industrial client using an auxiliary boiler.

Solar

The solar power facilities totalling 16 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 currently derived from indexed fixed-price contracts, thereby mitigating the volatility of revenues from energy sales. The Corporation also capitalizes on diversification in its power generation sources and favourable geographic positioning. Furthermore, Boralex exercises sound capital management to ensure 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 millions of Canadian dollars, unless otherwise specified)	Three-month periods ended March 31 2017	2016
POWER PRODUCTION (GWh)		
Wind power stations	655	581
Hydroelectric power stations	173	171
Thermal power stations	77	65
Solar power stations	4	4
	909	821
REVENUES FROM ENERGY SALES		
Wind power stations	88	78
Hydroelectric power stations	17	17
Thermal power stations	13	10
Solar power stations	1	1
	119	106
EBITDA(A)		
Wind power stations	77	71
Hydroelectric power stations	13	13
Thermal power stations	6	4
Solar power stations	1	1
	97	89
Corporate and eliminations	(10)	(9)
	87	80
NET EARNINGS	16	23
NET EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	16	21
NET EARNINGS PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.22	$0.32
NET EARNINGS PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.21	$0.30
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	54	76
CASH FLOWS FROM OPERATIONS	58	60
DIVIDENDS PAID ON COMMON SHARES	11	9
DIVIDENDS PAID PER COMMON SHARE	$0.15	$0.13
Weighted average number of shares outstanding (basic)	74,025,928	65,032,645

Statement of financial position data

(in millions of Canadian dollars, unless otherwise specified)	As at March 31, 2017	As at December 31, 2016
Total cash, including restricted cash	137	293
Property, plant and equipment	2,492	1,668
Total assets	3,644	2,702
Subscription receipts	—	173
Debt, including non-current debt and current portion of debt	2,395	1,540
Liability component of convertible debentures	136	135
Total liabilities	2,930	2,188
Total equity	714	514
Net debt to market capitalization ratio	56%	50%

Analysis of operating results for the three-month period ended March 31, 2017

Consolidated

During the three-month period ended March 31, 2017, although Boralex's net earnings have not achieved the high recorded in the first quarter of 2016, the Corporation recorded the best quarterly results to date in terms of production, revenues from energy sales and EBITDA(A). This performance was mainly driven by the addition of 270 MW to its operating base in 2016 and early 2017, together with the overall strong performance of its North American assets. Note that owing to the seasonal cycle to which Boralex's operations are exposed, the first quarter is one of the most productive quarters of the year for the wind power segment and is relatively favourable for hydroelectric power segment operations. As a result, this quarter is traditionally one of the most profitable quarters of the year for Boralex. However, during the first quarter of 2017, weather conditions were not as exceptional as in 2016 for Boralex's wind farms in France.

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

	Net earnings (loss) (in millions of $)	Per share (in $, basic)
THREE-MONTH PERIOD ENDED MARCH 31, 2016	21	$0.32
EBITDA(A)	7	$0.17
Amortization	(9)	($0.23)
Financing costs	(6)	($0.16)
Other losses	(1)	($0.01)
Income taxes	2	$0.07
Non-controlling shareholders	2	$0.06
Change	(5)	($0.10)
THREE-MONTH PERIOD ENDED MARCH 31, 2017	16	$0.22

For the three-month period ended March 31, 2017, Boralex recorded net earnings attributable to shareholders of $16 million or $0.22 per share (basic), compared with $21 million or $0.32 per share (basic) for the same quarter of 2016. This decrease of $5 million or $0.10 per share stemmed largely from the combined $15 million increase of amortization and financing costs resulting from the 25% expansion of the Corporation's operating asset base in just over one year, an increase that could not be absorbed by the $7 million growth in EBITDA(A).

Conversely, Boralex benefited from tax savings of $2 million for the three-month period ended March 31, 2017, owing to the decrease in earnings before income taxes. Boralex also benefited from the $2 million lower share of non-controlling shareholders.

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

	Revenues from energy sales	EBITDA(A)
	(in millions of $)	(in millions of $)
THREE-MONTH PERIOD ENDED MARCH 31, 2016	106	80
Power stations acquired/commissioned(1)	25	20
Pricing	1	1
Volume	(9)	(10)
Capacity premiums	1	1
Foreign exchange effect	(5)	(3)
Development - prospection	—	(1)
Other	—	(1)
Change	13	7
THREE-MONTH PERIOD ENDED MARCH 31, 2017	119	87

(1) Addition of 270 MW in 2016 and 2017: In France, 14 MW Touvent (August 1, 2016) and 12 MW Plateau de Savernat I (December 23, 2016) wind farms; In Canada, 10 MW Port Ryerse wind farm in Ontario (December 9, 2016), 4 MW Oldman wind farm in Alberta (December 15, 2016) and 230 MW NRWF wind farm in Ontario (January 18, 2017).

Revenues from energy sales

For the three-month period ended March 31, 2017, revenues from energy sales totalled $119 million, up $13 million or 12% from the same quarter in 2016. As shown in the table above, this increase resulted nearly entirely from Boralex's expansion of its operating asset base through acquisitions and commissioning. The Canadian NRWF site accounted for a major portion of this new contribution for the period from January 18 to March 31, 2017. To a lesser extent, revenue growth was driven by Boralex's higher average selling prices and higher capacity premiums.

However, revenue growth was adversely affected by a $9 million unfavourable volume effect owing to existing wind farms in France, which experienced below average wind conditions in the first quarter of 2017 compared with exceptionally favourable conditions for the same period in 2016. Furthermore, revenues in the first quarter of 2017 were impacted by a $5 million unfavourable foreign exchange effect owing to the relative increase of the Canadian dollar against the euro for the same period in 2016.

Once again, the wind power segment was Boralex's primary growth driver, reporting a 13% increase in revenues, representing 74% of consolidated revenues for the first quarter of 2017 (77% under proportionate consolidation). The analysis of the wind power segment results is presented in a separate section. The contribution of the hydroelectric, thermal and solar power segments has been relatively stable between the two comparative periods. Here is a brief summary:

- Revenues of the hydroelectric power segment remained stable at $17 million, representing 15% of quarterly consolidated revenues. The Canadian power stations reported a 9% increase in revenues due mainly to production increases, while power stations in the United States reported a 3% decline.
- The thermal power segment generated 11% of consolidated revenues or $13 million, compared with $10 million in 2016. The two power stations in Québec and France contributed to this increase, owing mainly to a rise in production and capacity premiums.
- The solar power segment maintained its revenues compared with last year at $1 million.

In total, Boralex generated 909 GWh of electricity in the first quarter of 2017 (excluding its share of the production of the Joint Ventures), up 11% from the same period of 2016. Excluding the contribution of sites acquired or commissioned in 2016 and early 2017, production at existing sites declined 9% compared with 2016, attributable to the existing wind farms in France.

EBITDA(A) and EBITDA(A) margin

Quarterly consolidated EBITDA(A) amounted to $87 million, up $7 million or 9% from the same quarter of 2016, owing to the same key favourable and unfavourable factors affecting change in revenues. In addition, various items had a net unfavourable effect of $2 million, including a $1 million increase in development costs.

Broken down by segment, 80% of quarterly consolidated EBITDA(A) was generated by the wind power segment (before corporate and eliminations), increasing its EBITDA(A) by 9%, as discussed in the following section. It therefore contributed $6 million more than in the first quarter of 2016 to consolidated EBITDA(A). The additional contribution of other segments totalled $2 million, as follows:

- The **hydroelectric** power segment recorded $13 million in EBITDA(A), comparable to last year's total.
- The **thermal** power segment recorded $6 million in EBITDA(A) compared with $4 million the previous year, owing to capacity premiums and solid productivity at both power stations.
- **Solar** power segment EBITDA(A) totalled $1 million in 2017, the same amount as in 2016.

For the two comparative three-month periods ended March 31, 2017 and 2016, EBITDA(A) margin as a percentage of revenues stood at 73% and 75%, respectively.

Amortization

Amortization expense for the first quarter of 2017 increased by $9 million to $39 million, owing primarily to the acquisitions and commissioning of facilities in 2016 and 2017, in particular the NRWF site acquisition. However, this increase was offset by the favourable effect of the relative decrease of the euro on the amortization of assets located in Europe.

Financing costs

Financial costs for the first quarter of 2017 climbed $6 million to $24 million, owing primarily to new financing contracted and Boralex assuming debt for the NRWF acquisition in January 2017 and new debt to partly finance the development and commissioning of new and future production sites.

Net earnings

Boralex ended the first quarter of 2017 with $16 million in net earnings compared with net earnings of $23 million for the same period in 2016. Net earnings attributable to shareholders of Boralex amounted to $16 million or $0.22 per share (basic), compared with net earnings attributable to shareholders of $21 million or $0.32 per share (basic) in 2016.

Review of operating segments

Wind

By far Boralex's primary business and main growth driver, the wind power segment's share of production volume, revenues and consolidated EBITDA(A) (excluding corporate and eliminations) amounted to 72%, 74% and 80%, respectively, for the first quarter of fiscal 2017, even without factoring in the significant contribution of the Joint Ventures. As with the previous quarters and years, Boralex owes most of the growth of its operating results for the period to its wind power segment. This performance speaks to the soundness of Boralex's expansion strategy, the capacity of its team to effectively integrate and optimize newly acquired or commissioned assets and last, the benefits of the wind power segment's geographic diversification in France and in Canada.

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

	Revenues from energy sales	EBITDA(A)
	(in millions of $)	(in millions of $)
THREE-MONTH PERIOD ENDED MARCH 31, 2016	78	71
Power stations acquired/commissioned[1]	25	20
Volume	(11)	(11)
Foreign exchange effect	(4)	(3)
Change	10	6
THREE-MONTH PERIOD ENDED MARCH 31, 2017	88	77

[1] Addition of 270 MW in 2016 and 2017: In France, 14 MW Touvent (August 1, 2016) and 12 MW Plateau de Savernat I (December 23, 2016) wind farms; In Canada, 10 MW Port Ryerse wind farm in Ontario (December 9, 2016), 4 MW Oldman wind farm in Alberta (December 15, 2016) and 230 MW NRWF wind farm in Ontario (January 18, 2017).

Operating results for the three-month period

Production

For the three-month period ended December 31, 2017, the wind power segment produced 655 GWh, up 13% from 581 GWh in 2016 (excluding the contributions from the Joint Ventures as discussed in the *Proportionate Consolidation* section of this MD&A). This increase resulted from the contributions of five sites totalling 270 MW commissioned and acquired in Canada and in France in 2016 and in early 2017. However, production volume at existing sites declined 14% owing to exceptional performance in the first quarter of 2016. In Canada, wind conditions in Québec were in line with the average level, but slightly lower in Ontario. Note that nearly all of the Corporation's wind farms in Europe as well as in Canada maintained excellent equipment availability rates.

NRWF experienced a two-week power limitation during the period ended March 31, 2017 equivalent to 12 GWh, which had a $2 million impact on revenues. This situation persisted throughout April 2017. The Corporation expects this shutdown will have an impact of approximatively $6 million on the second quarter of 2017. At IESO's request, the wind farm may have to limit its power output again during the year ending December 31, 2017. Management is currently assessing the situation to find solutions to limit the effects on the Corporation's results. Despite the temporary power limitation, management is satisfied with NRWF's significant contribution to results for the period.

Broken down geographically, changes in production were as follows:

- The wind farms in France experienced significantly weaker wind conditions than in 2016, with levels even below average. Therefore, production declined 17% despite the additional contribution of the combined 26 MW Touvent and Plateau de Savernat I wind farms commissioned in August and December 2016. The 21% decline in production at existing power stations was only partly offset by contribution of newly commissioned sites.
- In Canada, wind power segment production (excluding the Joint Ventures) rose 75%, due mainly to the contribution of NRWF for a period of 73 days, together with the contribution of the Port Ryerse and Oldman wind farms, totalling 14 MW. Production at existing wind farms was comparable to the same quarter of the previous year, as solid performance of both Québec facilities offset less favourable wind conditions in Ontario.

Revenues from energy sales

Wind power segment revenues for the first quarter of 2017 totalled $88 million, up $10 million or 13% from the same period of 2016 (excluding the contribution of the Joint Ventures). As shown in the table, this growth stemmed from the additional contribution totalling $25 million from the five new sites, which mitigated the unfavourable volume and foreign exchange effects totalling $15 million attributable to the existing wind farms in France.

Broken down geographically, 54% of quarterly wind power segment revenues were generated in Canada (excluding the Joint Ventures) and 46% in France, compared with 32% and 68% for the same period in 2016, respectively. This reversal stems primarily from the NRWF acquisition and the marked change in weather conditions in France between the two comparative periods, coupled with the unfavourable foreign exchange effect. Excluding the foreign exchange effect, revenues in euros from our French wind farms were down 17%, whereas revenues at our Canadian facilities increased 92%.

EBITDA(A)

During the first quarter of 2017, wind power segment EBITDA(A) grew $6 million or 9% to $77 million (excluding the contributions from the Joint Ventures). This growth was essentially the result of Boralex's expansion strategy since the wind farms added in 2016 and 2017 generated additional EBITDA(A) of $20 million, which mostly offset the $11 million unfavourable volume effect and the $3 million unfavourable foreign exchange effect attributable to existing French wind farms.

Broken down geographically, EBITDA(A) at our French operations fell 21% in euros, while at Canadian operations, it grew 70% (excluding the Joint Ventures).

EBITDA(A) margin stood at 88% in 2017 compared with 91% in 2016.

Hydroelectric, thermal and solar

Management is satisfied with the performance of these three segments, whose power production was relatively stable compared to the same quarter of the previous year. They also recorded minimal change in revenues from energy sales, and maintained EBITDA(A) comparable to the same period in 2016, apart from the thermal segment which improved its profitability.

Cash flows

Changes in cash flows between December 31, 2016 and March 31, 2017 mainly reflect the impact of the NRWF acquisition closed January 18, 2017. Under this transaction, a cash consideration, net of cash acquired, amounting to $230 million was paid in part out of the $170 million in proceeds from the subscription receipts, net of transaction costs, issued for this purpose as restricted cash in December 2016, and in part from its revolving credit facility which was increased by $100 million for the acquisition. Further, during the first quarter, Boralex invested $56 million in cash to pursue various other expansion and development projects. In total, $137 million of new financing contracted in the first quarter, together with $58 million in cash flows from operations, provided the Corporation with additional lever to support its development strategy, maintain its solid financial position and pursue its dividend policy, with a quarterly dividend payment of $0.15 per share paid on March 15, 2017. This increase was authorized by the Board of Directors on December 8, 2016.

	Three-month periods ended March 31	
(in millions of Canadian dollars)	**2017**	**2016**
Cash flows from operations[1]	58	60
Change in non-cash items related to operating activities	(4)	16
Net cash flows related to operating activities	54	76
Net cash flows related to investing activities	(121)	(21)
Net cash flows related to financing activities	60	(14)
Translation adjustment on cash and cash equivalents	—	(2)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7)	39
CASH AND CASH EQUIVALENTS - END OF PERIOD	93	139

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

Analysis of cash flows for the three-month period ended March 31, 2017

Operating activities

For the three-month period ended March 31, 2017, Boralex reported $58 million in cash flows from operations compared with $60 million for the same period in 2016. Excluding non-cash items related to operating activities, this slight decrease in cash flows from operations, is primarily due to a $7 million increase in interest paid, despite the improvement in quarterly EBITDA(A).

The change in non-cash items related to operating activities used $4 million in cash during the first quarter of 2017 (compared with $16 million generated in 2016). Cash outflows for the first quarter of 2017 stem primarily from an increase in prepaid expenses.

In light of the above, operating activities generated net cash flows totalling $54 million in the first quarter of 2017, compared with $76 million generated for the same period in the previous year.

Investing activities

Investing activities during the first quarter of 2017 resulted in cash outflows of $121 million, compared with $21 million the previous year.

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

Note that to fund a portion of the cash consideration for the transaction, Boralex completed an offering of subscription receipts amounting to $173 million on December 23, 2016, with the proceeds of $166 million, net of transaction costs, recorded as restricted cash in anticipation of the closing of the acquisition. This was used as planned on January 18, 2017.

In addition to this acquisition, Boralex invested $56 million in new assets as follows:

- $46 million in the wind power segment, of which $44 million for construction of various wind farms in Europe and in Canada; and
- $10 million in the hydroelectric power segment, in large part to build the Yellow Falls power station in Ontario, Canada, and the Buckingham power station in Québec, Canada.

Financing activities

Financing activities generated total net cash inflows of $60 million as detailed below.

New financing arrangements and repayments on existing debt

During the first quarter of 2017, new non-current debt contracted by Boralex totalled $137 million (net of financing costs). In January 2017, $82 million was drawn down from Boralex's revolving credit facility, mainly to finance the cash consideration required for the NRWF acquisition. On February 7, 2017, Boralex financed the Port Ryerse, Canada wind power project in the amount of $31 million and 100% of that amount was drawn down as at March 31, 2017. Moreover, a $13 million amount was drawn down in 2017 under the financing completed in December 2016 to advance the development of the Yellow Falls hydroelectric power station. Lastly, approximately $10 million was drawn down under the NRWF and Touvent project financing facilities.

Conversely, the Corporation repaid $63 million in existing debt.

Refinancing of the revolving credit facility

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

Dividends

During the first quarter of 2017, the Corporation paid dividends to shareholders totalling $11 million ($9 million in 2016) or the equivalent of $0.15 per share compared with $0.13 per share in the same quarter of 2016, following two successive increases totalling 15% announced by Corporation in February and December 2016.

Net change in cash and cash equivalents

Total cash movements for the three-month period resulted in a $7 million decrease in cash and cash equivalents to $93 million as at March 31, 2017 from $100 million as at December 31, 2016.

Financial position

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

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

(in millions of Canadian dollars)	As at March 31, 2017	As at March 31, 2017		As at December 31, 2016
		NRWF	Excluding NRWF	
ASSETS				
Cash and cash equivalents	93	2	91	100
Restricted cash	44	11	33	193
Other current assets	118	23	95	96
CURRENT ASSETS	255	36	219	389
Property, plant and equipment	2,492	790	1,702	1,668
Intangible assets	598	175	423	426
Goodwill	184	61	123	124
Interests in the Joint Ventures	22	—	22	22
Other non-current assets	93	21	72	73
NON-CURRENT ASSETS	3,389	1,047	2,342	2,313
TOTAL ASSETS	3,644	1,083	2,561	2,702
LIABILITIES				
CURRENT LIABILITIES	319	43	276	452
Non-current debt	2,264	792	1,472	1,439
Convertible debentures	136	—	136	135
Other non-current liabilities	211	46	165	162
NON-CURRENT LIABILITIES	2,611	838	1,773	1,736
TOTAL LIABILITIES	2,930	881	2,049	2,188
EQUITY				
TOTAL EQUITY	714	202	512	514
TOTAL LIABILITIES AND EQUITY	3,644	1,083	2,561	2,702

The analyses of assets and liabilities exclude the addition of NRWF, as the changes resulted primarily from that event.

Assets

Boralex's total assets amounted to $3.6 billion as at March 31, 2017 and $2.6 billion excluding NRWF. The $141 million decline resulted primarily from the NRWF acquisition.

Current assets decreased $170 million owing to use of the $170 million tranche of restricted cash earmarked for the NRWF acquisition, which closed on January 18, 2017.

Conversely, *Non-current assets* were up $29 million, owing primarily to a $34 million increase in *Property, plant and equipment* subsequent to the non-NRWF acquisitions for the period , such as for the construction of Moulins du Lohan, Yellow Falls, Chemin de Grès and Plateau de Savernat II.

Liabilities

Current liabilities amounted to $319 million as at March 31, 2017 and $276 million excluding NRWF, compared with $452 million as at December 31, 2016. The $176 million decrease arose from the elimination, as a liability, of the gross proceeds of $173 million from the issuance of subscription receipts in December 2016. This liability was converted into capital stock as of January 18, 2017.

Total *Non-current liabilities* grew $37 million, owing primarily to a $33 million net increase in new *Non-current debt,* such as for Port Ryerse and drawdowns under the loan obtained on December 2016 for Yellow Falls, to pursue various projects under development at Boralex (net of repayments for the period).

Breaking down the Corporation's non-current debt geographically as at March 31, 2017, 63% originates in Canada, 34% in France and 3% in the United States, compared with 42%, 53% and 5%, respectively, as at December 31, 2016.

As at March 31, 2017, Boralex had contracted but undrawn debt totalling $105 million, as well as $103 million under the revolving credit facility. A total amount of $40 million would also be available under the letter of credit facility.

Working capital

As at March 31, 2017, the Corporation had a working capital deficit of $64 million with a ratio of 0.80:1 (0.86:1 as at December 31, 2016).

Note also that the working capital deficit resulted in part from the $47 million surplus in *Other current financial liabilities* net of *Other current financial assets* as at March 31, 2017 ($46 million as at December 31, 2016), consisting primarily of the fair value of financial instruments. Despite their short-term maturities, Boralex intends to request an extension for these financial instruments as they continue to be effective for managing the interest rate risk of projects that are expected to be financed in the coming year.

Excluding this last item and the $170 million in net proceeds from the offering from restricted cash and $173 million in current liabilities, Boralex's working capital position reflected a deficit of $17 million ($14 million as at December 31, 2016) for a ratio of 0.94:1 as at March 31, 2017 and December 31, 2016.

Equity

Total equity rose $200 million during the first quarter of fiscal 2017 to $714 million as at March 31, 2017, owing mainly to the January 18, 2017 conversion into capital stock of the $170 million in net proceeds (net of issuance costs and taxes) from the offering of subscription receipts, as well as to the Six Nations' $28 million contribution to the NRWF project. It also takes into account net earnings recognized during the first quarter, net of dividend payouts.

Debt ratios

Net debt, as defined under *Non-IFRS Measures*, amounted to $2.3 billion as at March 31, 2017 compared with $1.4 billion as at December 31, 2016.

As a result, the net debt ratio, based on market capitalization, as defined under *Non-IFRS Measures*, rose to 56% as at March 31, 2017 from 50% as at December 31, 2016.

Information about the Corporation's equity

As at March 31, 2017, Boralex's capital stock consisted of 75,801,251 Class A shares issued and outstanding (65,365,911 as at December 31, 2016) owing to the following share issues:

- 10,361,500 new shares issued in connection with a public offering conducted in January 2017 in parallel with the NRWF acquisition, as previously discussed;
- 73,840 shares issued on exercise of stock options held by the senior executives.

There were 1,109,043 outstanding stock options as at March 31, 2017, of which 858,714 were exercisable.

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

From April 1 to May 3, 2017, 72 483 new shares were issued on exercise of stock options and no shares were issued in connection with the conversion of debentures.

Related party transactions

The Corporation has entered into a management agreement with R.S.P. Énergie Inc., an entity in which Richard and Patrick Lemaire, directors of the Corporation, are two of three shareholders. For the three-month period ended March 31, 2017, revenues from this agreement were not material.

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. This agreement began in May 2013 and ends in May 27. The amount for 2017 is not material.

Cascades provides the Corporation with various IT, engineering, transportation, maintenance and building repair services. For the three-month period ended March 31, 2017, the services rendered under this agreement were not material.

Transactions with the Joint Ventures

Joint Venture Phase I

For the three-month period ended March 31, 2017, Joint Venture Phase I reported $8 million in net earnings ($8 million for the same period of 2016), with Boralex's share amounting to $4 million ($4 million for the same period of 2016). Amortization of the unrealized loss on financial instruments generated a non-significant expense ($1 million in 2016). Accordingly, for the period, the Corporation's Share in earnings of the Joint Venture Phase I amounted to $4 million ($3 million in 2016).

For the three-month period ended March 31, 2017, Boralex also re-invoiced a non-significant amount in salaries, management fees and other costs to this joint venture in connection with operation of the wind farm (also non-significant for the same period of 2016).

Joint Venture Phase II

For the three-month period ended March 31, 2017, Joint Venture Phase II reported $1 million in net earnings ($1 million for the same period of 2016), with Boralex's share being non-significant ($1 million for the same period of 2016).

Interests in the Joint Ventures

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

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, the *Interests in the Joint Ventures* and *Share in earnings of the Joint Ventures* items are eliminated and replaced by Boralex's share (50%) in all of the financial statements (revenues, expenses, assets and liabilities). This section, which relates solely to the consolidated and wind power segments, 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

	Three-month periods ended				Twelve-month period ended
(in millions of Canadian dollars, unless otherwise specified)	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	March 31, 2017
POWER PRODUCTION (GWh)					
Wind power stations	468	383	552	809	2,212
Hydroelectric power stations	191	130	140	173	634
Thermal power stations	12	52	34	77	175
Solar power stations	7	7	4	4	22
	678	572	730	1,063	3,043
REVENUES FROM ENERGY SALES					
Wind power stations	58	47	69	105	279
Hydroelectric power stations	15	12	12	17	56
Thermal power stations	2	5	7	13	27
Solar power stations	2	2	1	1	6
	77	66	89	136	368
EBITDA(A)					
Wind power stations	45	34	55	86	220
Hydroelectric power stations	11	8	9	13	41
Thermal power stations	(1)	1	1	6	7
Solar power stations	1	1	1	1	4
	56	44	66	106	272
Corporate and eliminations	(8)	(9)	(9)	(9)	(35)
	48	35	57	97	237
NET EARNINGS (LOSS)	(7)	(16)	2	16	(5)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(7)	(17)	1	16	(7)
NET EARNINGS (LOSS) PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.11)	($0.26)	$0.02	$0.22	($0.09)
NET EARNINGS (LOSS) PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.11)	($0.26)	$0.02	$0.21	($0.09)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	33	10	34	60	137
CASH FLOWS FROM OPERATIONS	28	9	36	69	142
Weighted average number of shares outstanding (basic)	65,200,423	65,263,335	65,297,899	74,025,928	67,282,673

Seasonal factors

	Three-month periods ended				Twelve-month period ended
(in millions of Canadian dollars, unless otherwise specified)	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016	March 31, 2016
POWER PRODUCTION (GWh)					
Wind power stations	439	363	581	733	2,116
Hydroelectric power stations	206	149	158	171	684
Thermal power stations	16	49	31	65	161
Solar power stations	2	2	4	4	12
	663	563	774	973	2,973
REVENUES FROM ENERGY SALES					
Wind power stations	52	44	73	94	263
Hydroelectric power stations	17	14	15	17	63
Thermal power stations	3	6	6	10	25
Solar power stations	1	1	1	1	4
	73	65	95	122	355
EBITDA(A)					
Wind power stations	41	33	61	80	215
Hydroelectric power stations	13	9	10	13	45
Thermal power stations	(1)	1	1	4	5
Solar power stations	1	1	1	1	4
	54	44	73	98	269
Corporate and eliminations	(7)	(6)	(9)	(8)	(30)
	47	38	64	90	239
NET EARNINGS (LOSS)	(6)	(15)	6	23	8
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(6)	(15)	6	21	4
NET EARNINGS (LOSS) PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.13)	($0.32)	$0.09	$0.32	$0.08
NET EARNINGS (LOSS) PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.13)	($0.32)	$0.09	$0.30	$0.08
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	27	8	46	82	163
CASH FLOWS FROM OPERATIONS	27	17	46	70	160
Weighted average number of shares outstanding (basic)	47,951,885	48,770,481	64,829,112	65,032,645	56,646,871

Financial highlights

(in millions of Canadian dollars, unless otherwise specified)	Three-month periods ended March 31 2017	2016
POWER PRODUCTION (GWh)		
Wind power stations	809	733
Hydroelectric power stations	173	171
Thermal power stations	77	65
Solar power stations	4	4
	1,063	973
REVENUES FROM ENERGY SALES		
Wind power stations	105	94
Hydroelectric power stations	17	17
Thermal power stations	13	10
Solar power stations	1	1
	136	122
EBITDA(A)		
Wind power stations	86	80
Hydroelectric power stations	13	13
Thermal power stations	6	4
Solar power stations	1	1
	106	98
Corporate and eliminations	(9)	(8)
	97	90
NET EARNINGS	16	23
NET EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	16	21
NET EARNINGS PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.22	$0.32
NET EARNINGS PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.21	$0.30
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	60	82
CASH FLOWS FROM OPERATIONS	69	70
DIVIDENDS PAID ON COMMON SHARES	11	9
DIVIDENDS PAID PER COMMON SHARE	$0.15	$0.13
Weighted average number of shares outstanding (basic)	74,025,928	65,032,645

Statement of financial position data

(in millions of Canadian dollars, unless otherwise specified)	As at March 31, 2017	As at December 31, 2016
Total cash, net of restricted cash	152	302
Property, plant and equipment	2,872	2,053
Total assets	4,024	3,084
Subscription receipts	—	173
Debt, including non-current debt and current portion of debt	2,719	1,865
Liability component of convertible debentures	136	135
Total liabilities	3,310	2,570
Total equity	714	514
Net debt to market capitalization ratio	59%	56%

Analysis of operating results for the three-month period ended March 31, 2017

Consolidated

For the first quarter ended March 31, 2017, the differences in the financial results calculated based on proportionately consolidating the results of the Joint Ventures compared with the IFRS equity method relate mainly to Boralex's production volume, revenues, EBITDA(A) and cash flows from operations. They had no impact on net earnings and earnings per share. During the period, Joint Ventures Phases I and II performance remained solid, continuing to meet management's expectations.

The following table shows the main changes in revenues from energy sales and EBITDA(A) for the three-month period ended March 31, 2017: 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 millions of $)	(in millions of $)
THREE-MONTH PERIOD ENDED MARCH 31, 2016	122	90
Power stations acquired/commissioned[(1)]	25	20
Pricing	1	1
Volume	(9)	(10)
Capacity premiums	1	1
Foreign exchange effect	(5)	(3)
Development - prospection	—	(1)
Other	1	(1)
Change	14	7
THREE-MONTH PERIOD ENDED MARCH 31, 2017	136	97

(1) Addition of 270 MW in 2016 and 2017: In France, 14 MW Touvent (August 1, 2016) and 12 MW Plateau de Savernat I (December 23, 2016) wind farms; In Canada, 10 MW Port Ryerse wind farm in Ontario (December 9, 2016), 4 MW Oldman wind farm in Alberta (December 15, 2016) and 230 MW NRWF wind farm in Ontario (January 18, 2017).

Operating results for the three-month period

Production

Joint Ventures Phases I and II increased production slightly in the first quarter of fiscal 2017, due to favourable wind conditions and excellent equipment availability rates. For the three-month period ended March 31, 2017 Boralex's 50% share in the production of the Joint Ventures thus totalled 154 GWh compared with 152 GWh the same quarter of 2016.

Note that during the first quarter of 2017, proportionate consolidation of the production of the Joint Ventures represented an additional 17% compared with Boralex's total quarterly production based under IFRS.

Revenues from energy sales

As shown in the table, Boralex's revenues totalled $136 million under proportionate consolidation, for an increase of 11% (compared with 12% under IFRS). As discussed in the main section of this MD&A, the increase in Boralex's consolidated revenues during the first quarter compared with the same period the previous year was generated mainly by the addition of another 270 MW to Boralex's existing operating assets, which largely offset the decline in production at the wind power stations in France owing to weather conditions.

Boralex's share in the revenues of Joint Ventures increased to $17 million for the first quarter of 2017 from $16 million for the same period of 2016.

Proportionately consolidating revenues from the Joint Ventures for the first quarter of 2017 represented an additional 14% contribution to consolidated revenues reported under IFRS.

EBITDA(A)

(in millions of Canadian dollars)	Three-month periods ended March 31 2017	2016
EBITDA(A) (IFRS)	87	80
Less: Share in earnings of the Joint Ventures Phases I and II	4	4
Plus: EBITDA(A) of the Joint Ventures Phases I and II	14	14
EBITDA(A) (proportionate consolidation)	97	90

In the first quarter of 2017, Boralex's share in the EBITDA(A) of the Joint Ventures under proportionate consolidation amounted to $14 million, which is comparable with last year's amount.

Under proportionate consolidation, as shown in the first table in this section, the Corporation's EBITDA(A) was up $7 million, or 8% (up 9% under IFRS), compared with the first quarter of 2016, totalling $97 million. Consolidated EBITDA(A) margin accordingly decreased to 72% in 2017 from 74% in 2016 (compared with 73% in 2017 and 75% in 2016 under IFRS). Consistent with the key factors set out in the table and commented in detail in the main section of this MD&A on the analysis of results under IFRS, the increase in EBITDA(A) resulted in large part from the contributions from the new sites acquired or commissioned in 2016 and 2017, which offset the unfavourable volume and foreign exchange effects originating from the French wind farms.

However, as shown in the table above, proportionate consolidation had a net favourable effect of $10 million, or 12%, on consolidated EBITDA(A) in the first quarter of 2017 compared with IFRS. Apart from the addition of EBITDA(A) from the Joint Ventures, this difference resulted from eliminating *Share in earnings 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 earnings

The proportionate consolidation of the results of the Joint Ventures had no effect on net earnings and net earnings per share (basic) for the two comparative quarters. Thus, under both proportionate consolidation and IFRS, Boralex recorded net earnings attributable to shareholders of $16 million or $0.22 per share (basic) for the three-month period ended March 31, 2017.

Wind

The following table shows the main changes in revenues from energy sales and EBITDA(A) for the three-month period ended March 31, 2017:

	Revenues from (in millions of $)	EBITDA(A) (in millions of $)
THREE-MONTH PERIOD ENDED MARCH 31, 2016	94	80
Power stations acquired/commissioned[1]	25	20
Volume	(11)	(11)
Foreign exchange effect	(4)	(3)
Other	1	—
Change	11	6
THREE-MONTH PERIOD ENDED MARCH 31, 2017	105	86

[1] Addition of 270 MW in 2016 and 2017: In France, 14 MW Touvent (August 1, 2016) and 12 MW Plateau de Savernat I (December 23, 2016) wind farms ; In Canada, 10 MW Port Ryerse wind farm in Ontario (December 9, 2016), 4 MW Oldman wind farm in Alberta (December 15, 2016) and 230 MW NRWF wind farm in Ontario (January 18, 2017).

Operating results for the three-month period

Production

For the first quarter of 2017, the differences in wind power segment results calculated based on proportionate consolidation compared with the IFRS equity method reflected a 1% and 2% increase in the Joint Ventures' production volume and revenues, respectively, while EBITDA(A) was down 2%.

The addition of the 154 GWh share in the production of the Joint Ventures represented a considerable additional contribution of 23% to total wind power production reported under IFRS. Under proportionate consolidation, wind power segment production grew 10% compared with 13% under IFRS. As mentioned previously, this increase was generated by the addition of 270 MW to the operating asset base in 2016 and early 2017, which offset significantly lower production at existing wind farms in France due to very much less favourable weather conditions than during 2016, 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 $17 million share in revenues of the Joint Ventures in the first quarter of 2017 ($16 million in 2016), wind power segment revenues totalled $105 million under proportionate consolidation, reporting an 11% increase over the same period of 2016 (up 13% under IFRS), for the reasons noted above.

Proportionately consolidating revenues from the Joint Ventures for the first quarter of 2017 contributed an additional 19% compared with segment revenues reported under IFRS. Note also that under proportionate consolidation, 61% of wind power segment revenues were generated in Canada and 39% in France (compared with 54% and 46%, under IFRS).

EBITDA(A)

(in millions of Canadian dollars)	Three-month periods ended March 31 2017	2016
EBITDA(A) (IFRS)	77	71
Less: Share in earnings of the Joint Ventures Phases I and II	5	5
Plus: EBITDA(A) of the Joint Ventures Phases I and II	14	14
EBITDA(A) (proportionate consolidation)	86	80

In the first quarter of 2017, including the $14 million share of EBITDA(A) of the Joint Ventures under proportionate consolidation, wind power segment EBITDA(A) totalled $86 million, up $6 million or 8% from the same period of 2016 (compared with a 9% increase under IFRS). Proportionately consolidating wind power segment EBITDA(A) for the first quarter of 2017 had a net favourable impact of $9 million or 13% 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 of the Joint Ventures Phases I and II*. Wind power segment EBITDA(A) margin declined to 83% in 2017 from 86% in 2016 under proportionate consolidation (88% and 91%, respectively, under IFRS).

Cash flows

Under proportionate consolidation, cash generated by operating activities for the first quarter of 2017 was higher than under IFRS, for a net total of $6 million, mainly due to the addition of EBITDA(A) from the Joint Ventures, net of distributions received from the Joint Ventures and payments related to financing costs. Cash flows related to investing and financing activities under proportionate consolidation show no difference compared with IFRS. As a result, under proportionate consolidation, the balance of cash and cash equivalents between December 31, 2016 and March 31, 2017 represented a $1 million decrease compared with $7 million under IFRS.

Financial position

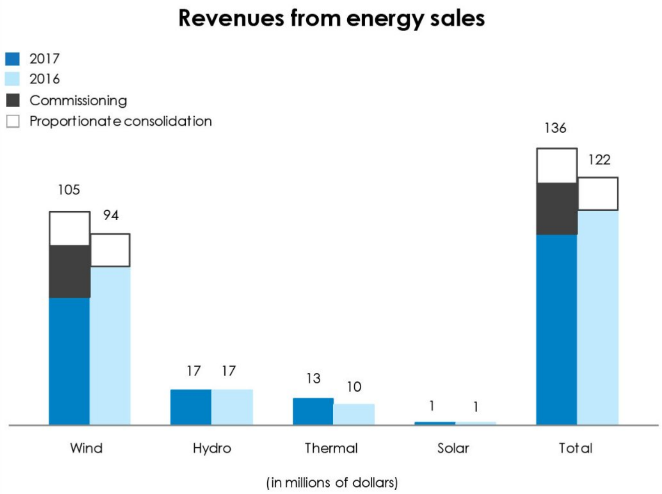
The main changes in the statement of financial position owing to differences between proportionate consolidation and IFRS are as follows:

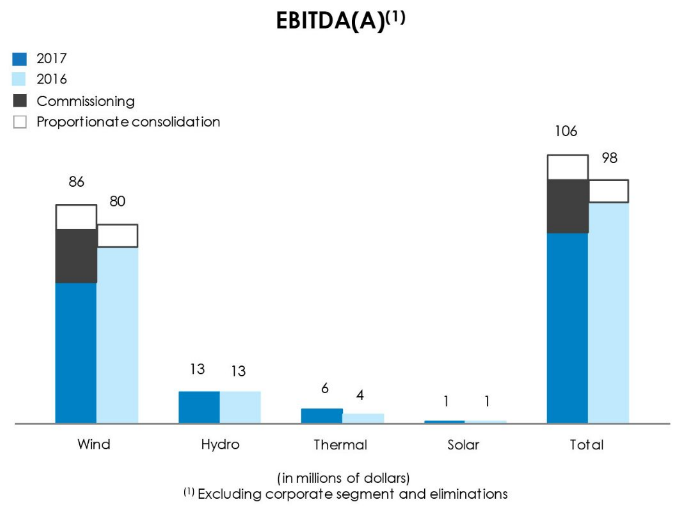
- A $20 million increase in total *Current assets*, including $15 million in *Cash and cash equivalents* and $4 million in *Trade and other receivables*;
- A $360 million increase in total *Non-current assets*, owing primarily to a $380 million increase in the total net value of *Property, plant and equipment*, partly offset by the elimination of *Interests in the Joint Ventures*, in the amount of $22 million;
- A $20 million increase in total *Current liabilities*, including a $15 million increase in the *Current portion of non-current debt* and a $5 million increase in *Trade and other payables*; and
- A $360 million increase in total *Non-current liabilities*, consisting mainly of a $309 million increase in *Non-current debt*, a $27million increase in *Other non-current liabilities* and the addition of $23 million in deferred revenues included under *Other non-current financial liabilities*.

Accordingly, *Cash and cash equivalents* and *Restricted cash* as at March 31, 2017 totalled $152 million under proportionate consolidation, compared with $137 million under IFRS.

Segment and geographic breakdown of results for the three-month periods ended March 31, 2017 and 2016

Segment breakdown





The following is a discussion of changes in segment breakdown of revenues and EBITDA(A) for the three-month period ended March 31, 2017 compared with the same period of 2016 under proportionate consolidation (see the *Non-IFRS Measures* and *Reconciliations between IFRS and Proportionate Consolidation* sections).

Wind

For the first three months of fiscal 2017, revenues in the wind power segment grew 11% from the previous year, maintaining its share of consolidated revenues at 77%, or the same percentage as the previous year. Revenue growth was generated essentially by the addition of 270 MW in 2016 and early 2017. However, the effect of this growth was offset by the significant decline in production at existing wind farms in France, which was caused by significantly less favourable wind conditions than in 2016.

Wind power segment EBITDA(A) during the first three months of 2017 rose 8% compared with the same period of 2016, maintaining its share of consolidated EBITDA(A) (before the corporate segment and eliminations) at 82%, or the same percentage as the previous year. The wind power segment is not only Boralex's most significant driver of EBITDA(A), but the segment's EBITDA(A) margin is also higher than the average for Boralex's energy asset portfolio, at approximately 83% in 2017 (86% in 2016).

Boralex expects its wind power segment to grow significantly in 2017 given the January 2017 acquisition of the 230 MW NRWF wind farm in Ontario, Canada, full-year contributions from the sites commissioned and acquired in 2016 representing 40 MW, and the commissioning throughout fiscal 2017 of new facilities totalling 76 MW.

Given the wind power projects under construction or ready-to-build in France and Canada to be commissioned by 2019, representing an additional contracted capacity of about 296 MW, and the large pool of potential wind power projects at Boralex's disposal, the segment's dominant contribution to the Corporation's operating profitability is poised to grow in the coming quarters and years, strengthening its average profit margin.

Hydroelectric

Revenues and EBITDA(A) in the hydroelectric power segment held steady during the first quarter of 2017. Given the growth in the wind power segment, the hydroelectric power segment's share of consolidated revenues eased to 13% in 2017 from 14% in 2016, while its share of EBITDA(A) (before corporate and eliminations) remained at 13%. EBITDA(A) margin for this segment, as a percentage of revenues, grew to 77% in 2017 from 75% in 2016.

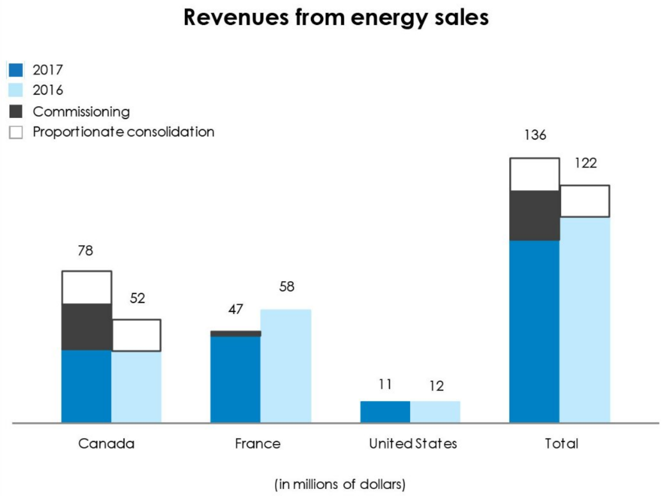
Thermal

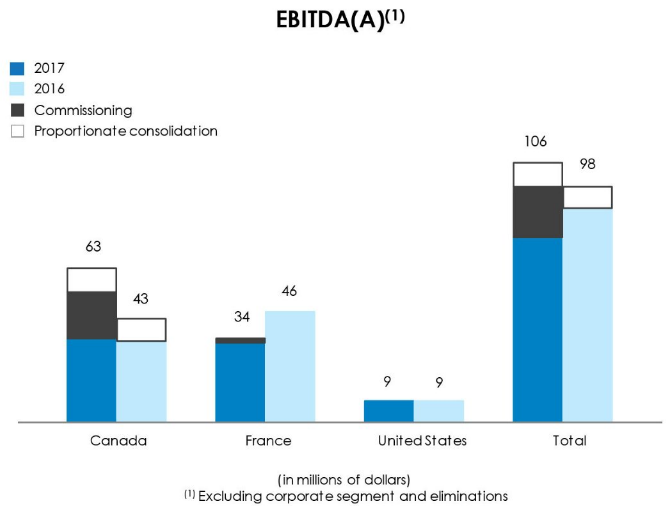
Thermal power segment revenues grew 25% in the first quarter of 2017, owing mainly to solid productivity at its two power stations. The sector accounted for 9% of consolidated revenues in the first quarter of fiscal 2017, compared with 8% in 2016. In addition, thermal segment EBITDA(A) grew 35%. Therefore, the segment's share of quarterly consolidated EBITDA(A) (before the corporate segment and eliminations) stood at 5% for the first quarter of 2017, compared with 4% in the prior year. EBITDA(A) margin rose to 45% in 2017 from 41% in 2016.

Solar

In the first quarter of fiscal 2017, Boralex's solar power segment generated EBITDA(A) of $1 million on revenues of $1 million, a reading unchanged from a year earlier. The solar power segment for the time being accounts for only a marginal share of Boralex's energy portfolio.

Geographic breakdown





Geographically, Boralex's revenues from energy sales for the three-month period ended March 31, 2017 were broken down as follows:

- 57% in Canada compared with 43% for the same period of 2016;
- 35% in France, compared with 48% for the same period of 2016; and
- 8% in the United States compared with 9% for the same period of 2016.

The increase in relative Canadian market share results from the acquisition of the 230 MW NRWF wind farm, combined with the temporary decline in revenues from the French power stations owing to less favourable weather conditions than during the previous year.

Non-IFRS measures

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

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

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

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

IFRS

	Three-month periods ended March 31	
(in millions of Canadian dollars)	**2017**	**2016**
Net earnings	16	23
Income tax expense	7	9
Financing costs	24	18
Amortization	39	30
EBITDA	86	80
Adjustments:		
Net loss on financial instruments	1	1
Other gains	—	(1)
EBITDA(A)	87	80

Proportionate consolidation

	Three-month periods ended March 31	
(in millions of Canadian dollars)	**2017**	**2016**
Net earnings	16	23
Income tax expense	7	9
Financing costs	30	23
Amortization	44	35
EBITDA	97	90
Adjustments:		
Net loss on financial instruments	1	1
Other gains	(1)	(1)
EBITDA(A)	97	90

Reconciliation between IFRS and proportionate consolidation

(in millions of Canadian dollars)	Three-month periods ended March 31 2017	2016
EBITDA(A) (IFRS)	87	80
Less: Share in earnings of the Joint Ventures Phases I and II	4	4
Plus: EBITDA(A) of the Joint Ventures Phases I and II	14	14
EBITDA(A) (proportionate consolidation)	97	90

Cash flows from operations

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

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

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

IFRS

(in millions of Canadian dollars)	Three-month periods ended March 31 2017	2016
Net cash flows related to operating activities	54	76
Change in non-cash items related to operating activities	(4)	16
CASH FLOWS FROM OPERATIONS	58	60

Proportionate consolidation

(in millions of Canadian dollars)	Three-month periods ended March 31 2017	2016
Net cash flows related to operating activities	60	82
Change in non-cash items related to operating activities	(9)	12
CASH FLOWS FROM OPERATIONS	69	70

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:

	IFRS		Proportionate consolidation	
(in millions of Canadian dollars)	As at March 31, 2017	As at December 31, 2016	As at March 31, 2017	As at December 31, 2016
Non-current debt	2,264	1,439	2,573	1,749
Current portion of debt	131	101	146	116
Borrowing costs, net of accumulated amortization	26	25	44	44
Less:				
Cash and cash equivalents	93	100	108	109
Restricted cash[1]	44	23	44	23
Net debt[2]	2,284	1,442	2,611	1,777

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

The Corporation defines total market capitalization as follows:

	IFRS		Proportionate consolidation	
(in millions of Canadian dollars, unless otherwise specified)	As at March 31, 2017	As at December 31, 2016	As at March 31, 2017	As at December 31, 2016
Number of outstanding shares (in thousands)	75,801	65,366	75,801	65,366
Share market price (in $ per share)	21.46	19.15	21.46	19.15
Market value of equity attributable to shareholders	1,627	1,252	1,627	1,252
Non-controlling shareholders	42	18	42	18
Net debt	2,284	1,442	2,611	1,777
Convertible debentures (nominal value)	144	144	144	144
Total market capitalization	4,097	2,856	4,424	3,191

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

	IFRS		Proportionate consolidation	
(in millions of Canadian dollars)	As at March 31, 2017	As at December 31, 2016	As at March 31, 2017	As at December 31, 2016
Net debt	2,284	1,442	2,611	1,777
Total market capitalization	4,097	2,856	4,424	3,191
NET DEBT RATIO (market capitalization)	56%	50%	59%	56%

Discretionary cash flows and payout ratio

Discretionary cash flows

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

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

Payout ratio

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

For the twelve-month period ended March 31, 2017, the dividends paid to shareholders by the Corporation corresponded to 115% of discretionary cash flows. The high 2017 ratio is mainly due to the decrease in sales volumes related to the weak wind conditions in France, mainly during the last three quarters of 2016.

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

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

	Twelve months ended	
(in millions of Canadian dollars, unless otherwise specified)	As at March 31, **2017**	As at December 31, **2016**
Cash flows from operations	142	144
Adjustment to non-recurring items[2]	7	7
Distributions paid to non-controlling shareholders	(6)	(7)
Additions to property, plant and equipment (maintenance)	(8)	(9)
Repayments on non-current debt (projects)[3]	(115)	(105)
Development costs (from statement of earnings)	14	13
Discretionary cash flows	**34**	**43**
Discretionary cash flows per share	$0.50	$0.66
Dividends paid to shareholders of Boralex	$39	$36
Dividend paid to shareholders per share	$0.57	$0.55
Payout ratio	**115%**	**83%**

[1] Under proportionate consolidation.
[2] Adjustment of interest on $4 million State Aid paid in France and $3 million in income taxes paid in France regarding previous adjustments in 2016 and 2017.
[3] Adjustment of the NRWF debt repayment prorated to the number of days held since the acquisition.

Financial instruments

Foreign exchange risk

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

In France, given the above, the Corporation entered into foreign exchange forward contracts to hedge the exchange rate on a portion of the distributions it expects to repatriate from Europe up to 2025. Similar purchases will be made based on the growth in cash to be generated in France.

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

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

Price risk

In 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 March 31, 2017, our power stations in France and Canada (except Oldman in Alberta, Canada), as well as those in Hudson Falls and South Glens Falls in the United States, had long-term energy sales contracts, the vast majority of which is subject to partial or full indexation clauses tied to inflation. Consequently, only 26 MW or 2% of Boralex's installed capacity is exposed to price risk at present.

Interest rate risk

Under IFRS, as at March 31, 2017, approximately 63% of non-current debt issued bears interest at variable rates, excluding the revolving credit facility and the bridge financing facility. A sharp increase in interest rates in the future could affect the liquid assets available for the Corporation's development projects. However, since the Corporation uses interest rate swaps and interest rate forward contracts, its actual exposure to interest rate fluctuations is limited to only 10% of total debt under IFRS and proportionate consolidation.

IFRS

As at March 31, 2017	Currency	Current notional (currency of origin)	Current notional (CAD)	Fair value (currency of origin)	Fair value (CAD)
Financial swaps - interest rates	EUR	299	425	(18)	(25)
Financial swaps - interest rates	CAD	901	901	(43)	(43)
Foreign exchange forward contracts	EUR	83	128	2	2
					(66)

Proportionate consolidation

As at March 31, 2017	Currency	Current notional (currency of origin)	Current notional (CAD)	Fair value (currency of origin)	Fair value (CAD)
Financial swaps - interest rates	EUR	299	425	(18)	(25)
Financial swaps - interest rates	CAD	1,149	1,149	(65)	(65)
Foreign exchange forward contracts	EUR	83	128	2	2
					(88)

The Corporation does not plan to trade these instruments, since they were entered into to reduce the Corporation's risk related to interest rate and exchange rate fluctuations, and to protect, to all extent possible, the anticipated return on 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

France – Chemin de Grès wind power project

In 2017, the Corporation entered into turbine purchase and construction contracts for the **Chemin de Grès** wind power project. As at March 31, 2017, the Corporation's net commitment under these contracts amounted to €18 million ($25 million).

Canada – NRWF wind farm

As a result of acquiring the **NRWF** wind farm, the Corporation must now take NRWF commitments into account:

(a) The wind farm is committed to selling 100% of its output (subject to certain minimum criteria) under long-term contracts expiring in 2036. These contracts provide for annual indexation based on the Consumer Price Index ("CPI").

(b) The wind farm has entered into a wind turbine maintenance contract expiring in 2031. This contract includes no cancellation option.

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

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

As at March 31, 2017, the Corporation's net commitment under the maintenance contract, land leases and community and royalty agreements amounted to $267 million.

Subsequent events

France - Moulins du Lohan wind farm

The local residents applied for an injunction against the project on April 14, 2017 seeking to halt construction. The Corporation intends to defend itself vigorously against this action which it considers to have no merit in fact and in law. The hearing took place on May 3, 2017 and a decision is expected in the coming weeks. However, construction remains on schedule.

Risk factors and uncertainties

Risk factors

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

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

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

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

Accounting policies

Change in accounting policies

IAS 7, *Statement of cash flows*

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

Internal controls and procedures

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

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

During the three-month period ended March 31, 2017, no changes were made to internal control over financial reporting or disclosure controls and procedures that have materially affected, or are reasonably likely to materially affect, internal controls and procedures.

Consolidated statements of financial position[1]

(in millions of Canadian dollars) (unaudited)	As at March 31, 2017	As at December 31, 2016
ASSETS		
Cash and cash equivalents	108	109
Restricted cash	44	193
Trade and other receivables	102	88
Other current financial assets	1	1
Other current assets	20	15
CURRENT ASSETS	275	406
Property, plant and equipment	2,872	2,053
Intangible assets	598	426
Goodwill	184	124
Deferred income tax asset	—	21
Other non-current financial assets	12	2
Other non-current assets	83	52
NON-CURRENT ASSETS	3,749	2,678
TOTAL ASSETS	4,024	3,084
LIABILITIES		
Trade and other payables	142	136
Current portion of debt	146	116
Subscription receipts	—	173
Current income tax liability	3	—
Other current financial liabilities	48	47
CURRENT LIABILITIES	339	472
Non-current debt	2,573	1,749
Convertible debentures	136	135
Deferred income tax liability	111	70
Decommissioning liability	43	36
Other non-current financial liabilities	54	53
Other non-current liabilities	54	55
NON-CURRENT LIABILITIES	2,971	2,098
TOTAL LIABILITIES	3,310	2,570
EQUITY		
Equity attributable to shareholders	672	496
Non-controlling shareholders	42	18
TOTAL EQUITY	714	514
TOTAL LIABILITIES AND EQUITY	4,024	3,084

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

Consolidated statements of earnings[1]

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended March 31 2017	2016
REVENUES		
Revenues from energy sales	136	122
Other income	1	—
	137	122
COSTS AND OTHER EXPENSES		
Operating	31	25
Administrative	6	5
Development	3	2
Amortization	44	35
Other gains	(1)	(1)
	83	66
OPERATING INCOME	54	56
Financing costs	30	23
Net loss on financial instruments	1	1
EARNINGS BEFORE INCOME TAXES	23	32
Income tax expense	7	9
NET EARNINGS	16	23
NET EARNINGS ATTRIBUTABLE TO:		
Shareholders of Boralex	16	21
Non-controlling shareholders	—	2
NET EARNINGS	16	23
NET EARNINGS PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.22	$0.32
NET EARNINGS PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.21	$0.30

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

Consolidated statements of cash flows[1]

(in millions of Canadian dollars) (unaudited)	Three-month periods ended March 31 2017	2016
Net earnings	16	23
Financing costs	30	23
Interest paid	(29)	(22)
Income tax expense	7	9
Non-cash items in earnings:		
Net loss on financial instruments	1	1
Amortization	44	35
Other	—	1
Change in non-cash items related to operating activities	(9)	12
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	60	82
Business acquisition, net of cash acquired	(230)	—
Additions to property, plant and equipment	(56)	(20)
Change in restricted cash	166	—
Other	(1)	(1)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(121)	(21)
Net increase in non-current debt	137	79
Repayments on current and non-current debt	(63)	(81)
Distributions paid to a non-controlling shareholder	—	(1)
Dividends paid to shareholders of Boralex	(11)	(9)
Transaction costs related to share issuance	(4)	—
Exercise of options	1	2
Redemption of financial instruments prior to maturity	—	(4)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	60	(14)
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	—	(2)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1)	45
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	109	109
CASH AND CASH EQUIVALENTS - END OF PERIOD	108	154

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

Information by operating segment[1]

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended March 31 2017	2016
POWER PRODUCTION (GWh)		
Wind power stations	809	733
Hydroelectric power stations	173	171
Thermal power stations	77	65
Solar power stations	4	4
	1,063	973
REVENUES FROM ENERGY SALES		
Wind power stations	105	94
Hydroelectric power stations	17	17
Thermal power stations	13	10
Solar power stations	1	1
	136	122
EBITDA(A)		
Wind power stations	86	80
Hydroelectric power stations	13	13
Thermal power stations	6	4
Solar power stations	1	1
Corporate and eliminations	(9)	(8)
	97	90

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

Information by geographic segment[1]

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended March 31 2017	2016
POWER PRODUCTION (GWh)		
Canada	589	434
France	352	416
United States	122	123
	1,063	973
REVENUES FROM ENERGY SALES		
Canada	78	52
France	47	58
United States	11	12
	136	122
EBITDA(A)		
Canada	58	39
France	30	42
United States	9	9
	97	90

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

Consolidated statements of financial position

(in millions of Canadian dollars) (unaudited)	As at March 31, 2017 IFRS	Adjustments Joint Ventures	Proportionate consolidation
ASSETS			
Cash and cash equivalents	93	15	108
Restricted cash	44	—	44
Trade and other receivables	98	4	102
Other current financial assets	1	—	1
Other current assets	19	1	20
CURRENT ASSETS	255	20	275
Property, plant and equipment	2,492	380	2,872
Intangible assets	598	—	598
Goodwill	184	—	184
Interests in the Joint Ventures	22	(22)	—
Other non-current financial assets	12	—	12
Other non-current assets	81	2	83
NON-CURRENT ASSETS	3,389	360	3,749
TOTAL ASSETS	3,644	380	4,024
LIABILITIES			
Trade and other payables	137	5	142
Current portion of debt	131	15	146
Current income tax liability	3	—	3
Other current financial liabilities	48	—	48
CURRENT LIABILITIES	319	20	339
Non-current debt	2,264	309	2,573
Convertible debentures	136	—	136
Deferred income tax liability	111	—	111
Decommissioning liability	42	1	43
Other non-current financial liabilities	31	23	54
Other non-current liabilities	27	27	54
NON-CURRENT LIABILITIES	2,611	360	2,971
TOTAL LIABILITIES	2,930	380	3,310
EQUITY			
Equity attributable to shareholders	672	—	672
Non-controlling shareholders	42	—	42
TOTAL EQUITY	714	—	714
TOTAL LIABILITIES AND EQUITY	3,644	380	4,024

Consolidated statements of financial position

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

Consolidated statements of earnings

	Three-month period ended March 31		
	2017		
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	IFRS	Adjustments Joint Ventures	Proportionate consolidation
REVENUES			
Revenues from energy sales	119	17	136
Other income	1	—	1
	120	17	137
COSTS AND OTHER EXPENSES			
Operating	28	3	31
Administrative	6	—	6
Development	3	—	3
Amortization	39	5	44
Other gains	—	(1)	(1)
	76	7	83
OPERATING INCOME	44	10	54
Financing costs	24	6	30
Net loss on financial instruments	1	—	1
Share in earnings of the Joint Ventures	4	(4)	—
EARNINGS BEFORE INCOME TAXES	23	—	23
Income tax expense	7	—	7
NET EARNINGS	16	—	16
NET EARNINGS ATTRIBUTABLE TO:			
Shareholders of Boralex	16	—	16
Non-controlling shareholders	—	—	—
NET EARNINGS	16	—	16
NET EARNINGS PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.22	—	$0.22
NET EARNINGS PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.21	—	$0.21

Consolidated statements of earnings

	Three-month period ended March 31		
	2016		
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	**IFRS**	**Adjustments Joint Ventures**	**Proportionate consolidation**
REVENUES			
Revenues from energy sales	106	16	122
	106	16	122
COSTS AND OTHER EXPENSES			
Operating	23	2	25
Administrative	5	—	5
Development	2	—	2
Amortization	30	5	35
Other gains	(1)	—	(1)
	59	7	66
OPERATING INCOME	47	9	56
Financing costs	18	5	23
Net loss on financial instruments	1	—	1
Share in earnings of the Joint Ventures	4	(4)	—
EARNINGS BEFORE INCOME TAXES	32	—	32
Income tax expense	9	—	9
NET EARNINGS	23	—	23
NET EARNINGS ATTRIBUTABLE TO:			
Shareholders of Boralex	21	—	21
Non-controlling shareholders	2	—	2
NET EARNINGS	23	—	23
NET EARNINGS PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.32	—	$0.32
NET EARNINGS PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.30	—	$0.30

Consolidated statements of cash flows

	Three-month period ended March 31		
	2017		
(in millions of Canadian dollars) (unaudited)	**IFRS**	**Adjustments Joint Ventures**	**Proportionate consolidation**
Net earnings	16	—	16
Financing costs	24	6	30
Interest paid	(25)	(4)	(29)
Income tax expense	7	—	7
Non-cash items in earnings:			
Net loss on financial instruments	1	—	1
Share in earnings of the Joint Ventures	(4)	4	—
Amortization	39	5	44
Change in non-cash items related to operating activities	(4)	(5)	(9)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	54	6	60
Business acquisition, net of cash acquired	(230)	—	(230)
Additions to property, plant and equipment	(56)	—	(56)
Change in restricted cash	166	—	166
Other	(1)	—	(1)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(121)	—	(121)
Net increase in non-current debt	137	—	137
Repayments on current and non-current debt	(63)	—	(63)
Dividends paid to shareholders of Boralex	(11)	—	(11)
Transaction costs related to share issuance	(4)	—	(4)
Exercise of options	1	—	1
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	60	—	60
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	—	—	—
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7)	6	(1)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	100	9	109
CASH AND CASH EQUIVALENTS - END OF PERIOD	93	15	108

Consolidated statements of cash flows

	Three-month period ended March 31		
	2016		
(in millions of Canadian dollars) (unaudited)	**IFRS**	**Adjustments Joint Ventures**	**Proportionate consolidation**
Net earnings	23	—	23
Financing costs	18	5	23
Interest paid	(18)	(4)	(22)
Income tax expense	9	—	9
Non-cash items in earnings:			
Net loss on financial instruments	1	—	1
Share in earnings of the Joint Ventures	(4)	4	—
Amortization	30	5	35
Other	1	—	1
Change in non-cash items related to operating activities	16	(4)	12
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	76	6	82
Additions to property, plant and equipment	(20)	—	(20)
Other	(1)	—	(1)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(21)	—	(21)
Net increase in non-current debt	79	—	79
Repayments on current and non-current debt	(81)	—	(81)
Distributions paid to a non-controlling shareholder	(1)	—	(1)
Dividends paid to shareholders of Boralex	(9)	—	(9)
Exercise of options	2	—	2
Redemption of financial instruments prior to maturity	(4)	—	(4)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	(14)	—	(14)
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	(2)	—	(2)
NET CHANGE IN CASH AND CASH EQUIVALENTS	39	6	45
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	100	9	109
CASH AND CASH EQUIVALENTS - END OF PERIOD	139	15	154

Information by operating segment

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month period ended March 31 2017 IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Wind power stations	655	154	809
Hydroelectric power stations	173	—	173
Thermal power stations	77	—	77
Solar power stations	4	—	4
	909	154	1,063
REVENUES FROM ENERGY SALES			
Wind power stations	88	17	105
Hydroelectric power stations	17	—	17
Thermal power stations	13	—	13
Solar power stations	1	—	1
	119	17	136
EBITDA(A)			
Wind power stations	77	9	86
Hydroelectric power stations	13	—	13
Thermal power stations	6	—	6
Solar power stations	1	—	1
	97	9	106
Corporate and eliminations	(10)	1	(9)
	87	10	97

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month period ended March 31 2016 IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Wind power stations	581	152	733
Hydroelectric power stations	171	—	171
Thermal power stations	65	—	65
Solar power stations	4	—	4
	821	152	973
REVENUES FROM ENERGY SALES			
Wind power stations	78	16	94
Hydroelectric power stations	17	—	17
Thermal power stations	10	—	10
Solar power stations	1	—	1
	106	16	122
EBITDA(A)			
Wind power stations	71	9	80
Hydroelectric power stations	13	—	13
Thermal power stations	4	—	4
Solar power stations	1	—	1
	89	9	98
Corporate and eliminations	(9)	1	(8)
	80	10	90

Information by geographic segment

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month period ended March 31 2017 IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Canada	435	154	589
France	352	—	352
United States	122	—	122
	909	154	1,063
REVENUES FROM ENERGY SALES			
Canada	61	17	78
France	47	—	47
United States	11	—	11
	119	17	136
EBITDA(A)			
Canada	48	10	58
France	30	—	30
United States	9	—	9
	87	10	97

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month period ended March 31 2016 IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Canada	282	152	434
France	416	—	416
United States	123	—	123
	821	152	973
REVENUES FROM ENERGY SALES			
Canada	36	16	52
France	58	—	58
United States	12	—	12
	106	16	122
EBITDA(A)			
Canada	29	10	39
France	42	—	42
United States	9	—	9
	80	10	90

Unaudited interim

Consolidated Financial Statements

Table of contents

Consolidated statements of financial position

(in millions of Canadian dollars) (unaudited)	Note	As at March 31, 2017	As at December 31, 2016
ASSETS			
Cash and cash equivalents		93	100
Restricted cash		44	193
Trade and other receivables		98	81
Other current financial assets	8	1	1
Other current assets		19	14
CURRENT ASSETS		255	389
Property, plant and equipment		2,492	1,668
Intangible assets		598	426
Goodwill		184	124
Interests in the Joint Ventures	5	22	22
Deferred income tax asset		—	21
Other non-current financial assets	8	12	2
Other non-current assets		81	50
NON-CURRENT ASSETS		3,389	2,313
TOTAL ASSETS		3,644	2,702
LIABILITIES			
Trade and other payables		137	131
Current portion of debt	6	131	101
Subscription receipts		—	173
Current income tax liability		3	—
Other current financial liabilities	8	48	47
CURRENT LIABILITIES		319	452
Non-current debt	6	2,264	1,439
Convertible debentures		136	135
Deferred income tax liability		111	70
Decommissioning liability		42	34
Other non-current financial liabilities	8	31	31
Other non-current liabilities		27	27
NON-CURRENT LIABILITIES		2,611	1,736
TOTAL LIABILITIES		2,930	2,188
EQUITY			
Equity attributable to shareholders		672	496
Non-controlling shareholders		42	18
TOTAL EQUITY		714	514
TOTAL LIABILITIES AND EQUITY		3,644	2,702

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

Consolidated statements of earnings

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Note	Three-month periods ended March 31 2017	2016
REVENUES			
Revenues from energy sales		119	106
Other income		1	—
		120	106
COSTS AND OTHER EXPENSES			
Operating		28	23
Administrative		6	5
Development		3	2
Amortization		39	30
Other gains		—	(1)
		76	59
OPERATING INCOME		44	47
Financing costs		24	18
Net loss on financial instruments		1	1
Share in earnings of the Joint Ventures	5	4	4
EARNINGS BEFORE INCOME TAXES		23	32
Income tax expense		7	9
NET EARNINGS		16	23
NET EARNINGS ATTRIBUTABLE TO:			
Shareholders of Boralex		16	21
Non-controlling shareholders		—	2
NET EARNINGS		16	23
NET EARNINGS PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	7	$0.22	$0.32
NET EARNINGS PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	7	$0.21	$0.30

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

Consolidated statements of comprehensive income (loss)

(in millions of Canadian dollars) (unaudited)	Three-month periods ended March 31 2017	2016
NET EARNINGS	16	23
Other comprehensive income (loss) to be subsequently reclassified to net earnings when certain conditions are met		
Translation adjustments:		
Unrealized foreign exchange loss on translation of financial statements of self-sustaining foreign operations	—	(10)
Hedge of net investment:		
Change in fair value	1	1
Cash flow hedges:		
Change in fair value	(4)	(19)
Hedging items realized and recognized in net earnings	3	2
Income taxes	—	5
Cash flow hedges - Joint Ventures:		
Change in fair value	(2)	(8)
Hedging items realized and recognized in net earnings	2	1
Income taxes	—	2
Total other comprehensive income (loss)	—	(26)
COMPREHENSIVE INCOME (LOSS)	16	(3)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:		
Shareholders of Boralex	16	(3)
Non-controlling shareholders	—	—
COMPREHENSIVE INCOME (LOSS)	16	(3)

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

Consolidated statements of changes in equity

Three-month period ended March 31

2017

(in millions of Canadian dollars) (unaudited)	Equity attributable to shareholders							
	Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total	Non-controlling shareholders	Total equity
BALANCE AS AT JANUARY 1, 2017	557	4	9	(19)	(55)	496	18	514
Net earnings	—	—	—	16	—	16	—	16
Other comprehensive income	—	—	—	—	—	—	—	—
COMPREHENSIVE INCOME	—	—	—	16	—	16	—	16
Dividends (note 7)	—	—	—	(11)	—	(11)	—	(11)
Shares issued (note 7)	170	—	—	—	—	170	—	170
Exercise of options	1	—	—	—	—	1	—	1
Share of a non-controlling shareholder resulting from business combinations (note 4)	—	—	—	—	—	—	28	28
Repurchase of a non-controlling shareholder	—	—	—	—	—	—	(3)	(3)
Distributions to non-controlling shareholders	—	—	—	—	—	—	(1)	(1)
BALANCE AS AT MARCH 31, 2017	728	4	9	(14)	(55)	672	42	714

Three-month period ended March 31

2016

(in millions of Canadian dollars) (unaudited)	Equity attributable to shareholders							
	Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total	Non-controlling shareholders	Total equity
BALANCE AS AT JANUARY 1, 2016	556	4	9	19	(43)	545	14	559
Net earnings	—	—	—	21	—	21	2	23
Other comprehensive loss	—	—	—	—	(24)	(24)	(2)	(26)
COMPREHENSIVE INCOME (LOSS)	—	—	—	21	(24)	(3)	—	(3)
Dividends (note 7)	—	—	—	(9)	—	(9)	—	(9)
Exercise of options	2	—	—	—	—	2	—	2
Contribution of non-controlling shareholders	—	—	—	—	—	—	1	1
Distributions to a non-controlling shareholder	—	—	—	—	—	—	(1)	(1)
BALANCE AS AT MARCH 31, 2016	558	4	9	31	(67)	535	14	549

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

Consolidated statements of cash flows

(in millions of Canadian dollars) (unaudited)	Note	Three-month periods ended March 31 2017	2016
Net earnings		16	23
Financing costs		24	18
Interest paid		(25)	(18)
Income tax expense		7	9
Non-cash items in earnings:			
Net loss on financial instruments		1	1
Share in earnings of the Joint Ventures	5	(4)	(4)
Amortization		39	30
Other		—	1
Change in non-cash items related to operating activities		(4)	16
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES		54	76
Business acquisitions, net of cash required	4	(230)	—
Additions to property, plant and equipment		(56)	(20)
Change in restricted cash		166	—
Other		(1)	(1)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES		(121)	(21)
Net increase in non-current debt		137	79
Repayments on current and non-current debt		(63)	(81)
Distributions paid to a non-controlling shareholder		—	(1)
Dividends paid to shareholders of Boralex	7	(11)	(9)
Transaction costs related to share issuance		(4)	—
Exercise of options		1	2
Redemption of financial instruments prior to maturity		—	(4)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES		60	(14)
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		—	(2)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(7)	39
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD		100	100
CASH AND CASH EQUIVALENTS - END OF PERIOD		93	139

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

Notes to Consolidated Financial Statements

As at March 31, 2017

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

Note 1. Incorporation and nature of business

Boralex Inc., its subsidiaries and its Joint Ventures ("Boralex" or the "Corporation") are dedicated to the development, construction and operation of renewable energy power facilities. As at March 31, 2017, the Corporation had interests in 50 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 1,535 megawatts ("MW") of which 1,365 MW are under its control. Boralex has new production sites under development, representing an additional 312 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, MWh and GWh contained in notes 1, 4, 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, 2016, except for income taxes for the interim periods, which are calculated using the tax rate that would be applicable to expected annual earnings for each jurisdiction. As permitted under IAS 34, these interim financial statements do not constitute a complete set of financial statements, as the Corporation does not present all the notes included in its annual report. To avoid repetition of previously reported information, the Corporation deemed it unnecessary to include such information and, therefore, advises readers that these financial statements constitute a condensed set of financial statements under IAS 34. These unaudited interim condensed consolidated financial statements are intended to provide an update on the latest complete set of annual financial statements and should therefore be read in conjunction with the Corporation's audited annual consolidated financial statements for the year ended December 31, 2016.

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

The Board of Directors approved these unaudited interim condensed consolidated financial statements on May 3, 2017.

Note 3. Change in accounting policies

IAS 7, *Statement of cash flows*

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

Note 4. Business combinations

Acquisition of the interest in the Niagara Region Wind Farm

On January 18, 2017, Boralex announced the closing of the acquisition of the total economic interest of Enercon Canada Inc. in the 230 MW Niagara Region Wind Farm , for an aggregate cash consideration of $232 million, subject to adjustments under the acquisition agreements and Boralex assuming debt totalling $779 million, for a total enterprise value of over $1 billion. The wind farm is 50% owned by Boralex and 50% owned by the Six Nations and is covered by a 20-year energy sales contract with IESO. The wind farm's property was structured to provide the Six Nations and Boralex with an interest of 50% each in FWRN LP, which owns the wind farm's intangible assets, including the energy sales contract, and Boralex with a 100% interest in NR Capital GP, which advanced the funds for FWRN LP's infrastructure to be repaid with interest over a 20-year period. This wind farm has been in operation since November 2, 2016.

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

The following table shows the preliminary purchase price allocation:

	Preliminary allocation
Cash and cash equivalents	2
Restricted cash	17
Trade and other receivables	21
Other current assets	5
Property, plant and equipment	797
Energy sales contracts	178
Goodwill	61
Advances to non-controlling shareholders	30
Other non-current financial assets	11
Current liabilities	(16)
Assumed non-current debt	(779)
Deferred income tax liabilities	(61)
Other non-current liabilities	(6)
Non-controlling shareholders	(28)
Net assets	232
Less:	
Cash acquired	2
Net consideration paid for the acquisition	230

Trade and other receivables acquired at the time of the transaction had a fair value of $21 million, and the Corporation expects they will all be received during 2017. *Goodwill* consists of deferred tax. *Goodwill* will not be deductible for tax purposes.

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

Since the acquisition date, the acquired entity contributed $21 million to revenues from energy sales and generated $3 million in net earnings attributable to shareholders of Boralex. If the acquisition had occurred January 1, 2017, the equivalent of three months of earnings would have been included in the consolidated results. Management estimates that consolidated revenues from energy sales would have been $123 million and net earnings attributable to shareholders of Boralex would have been a profit of $16 million for the period ended March 31, 2017. These estimates are based on the assumption that the fair market value adjustments that were made on the date of acquisition would have been the same had the acquisition occurred on January 1, 2017.

Otter Creek

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

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

The preliminary purchase price allocation was based on the fair value at the acquisition date. Following the final purchase price allocation, the *Energy sales contracts*, *Goodwill* and *Deferred income tax liabilities* items are likely to be adjusted.

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

Note 5. Interests in the Joint Ventures

Joint Ventures Phases I and II

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

Joint Venture in Denmark

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

Interests in the Joint Ventures

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

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

	As at March 31,			As at December 31,		
	2017			2016		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Cash and cash equivalents	27	5	32	16	3	19
Other current assets	11	3	14	11	3	14
Non-current assets	598	162	760	606	164	770
TOTAL ASSETS	636	170	806	633	170	803
Current portion of debt	26	4	30	26	4	30
Other current liabilities	14	3	17	12	3	15
Non-current debt	491	127	618	490	128	618
Non-current financial liabilities	45	—	45	45	—	45
Other non-current liabilities	45	12	57	45	12	57
TOTAL LIABILITIES	621	146	767	618	147	765
NET ASSETS	15	24	39	15	23	38

	Three-month period ended March 31 2017			Three-month period ended March 31 2016		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Revenues from energy sales	27	6	33	27	6	33
Operating expenses	4	1	5	3	1	4
Amortization	9	2	11	9	2	11
Other gains	(1)	—	(1)	(1)	—	(1)
OPERATING INCOME	15	3	18	16	3	19
Financing costs	8	2	10	8	2	10
Gain on financial instruments	(1)	—	(1)	—	—	—
NET EARNINGS	8	1	9	8	1	9
Total other comprehensive loss	(1)	—	(1)	(12)	—	(12)
COMPREHENSIVE INCOME (LOSS)	7	1	8	(4)	1	(3)

Share in earnings of the Joint Ventures

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

	Three-month period ended March 31 2017				Three-month period ended March 31 2016			
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Share in results (50%)	4	—	—	4	4	1	—	5
Other[(1)]	—	—	—	—	(1)	—	—	(1)
Share in earnings of the Joint Ventures	4	—	—	4	3	1	—	4

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

Share in comprehensive loss of the Joint Ventures

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

	Three-month period ended March 31 2017				Three-month period ended March 31 2016			
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Share in comprehensive income (loss) (50%)	—	—	—	—	(6)	—	—	(6)

Note 6. Non-current debt

	Note	Maturity	Rate (1)	Currency of origin	As at March 31, 2017	As at December 31, 2016
Revolving credit facility	(a)	2020	2.90		180	98
Term loan payable:						
Ocean Falls power station		2024	6.55		7	7
Yellow Falls power station		2027-2056	4.79		61	48
Thames River wind farms		2031	7.05		143	145
Témiscouata I wind farm		2032	5.18		48	48
Témiscouata II wind farm		2033	5.61		117	117
Niagara Region Wind Farm	(b)	2034	3.54		765	—
Port Ryerse wind farm	(c)	2034	3.89		31	—
Frampton wind farm		2035	4.13		69	69
Côte-de-Beaupré wind farm		2035	4.18		52	58
Jamie Creek power station		2054	5.42		55	55
Other debt		—	—		6	8
CANADA					1,534	653
Master agreement – wind farms in France		2017-2025	4.63	75	107	116
Bridge financing facility – France and Scotland		2018	0.84	46	64	64
Term loan payable:						
Cube		2019	6.50	40	57	57
Lauragais solar power facility		2025-2028	3.98	9	13	13
Mont de Bagny, Voie des Monts and Artois wind farms		2026-2032	0.98	34	48	48
St-Patrick wind farm		2027	1.64	36	52	53
La Vallée wind farm		2028	4.42	28	40	41
Fortel-Bonnières and St-François wind farms		2028-2029	3.74	53	75	76
Vron wind farm		2030	3.37	9	13	13
Boralex Énergie Verte (BEV) wind farms		2030	2.19	174	246	257
Calmont wind farm		2030	2.46	20	28	28
Plateau de Savernat wind farm		2031	1.30	12	17	15
Touvent solar power facility		2031	2.09	22	32	28
Les Cigalettes solar power facility		2033	2.93	9	13	13
Other debt		—	—	6	9	9
FRANCE				573	814	831
Senior secured U.S. note		2026	3.51	55	73	81
UNITED STATES				55	73	81
			3.73		2,421	1,565
Current portion of debt					(131)	(101)
Borrowing costs, net of accumulated amortization					(26)	(25)
					2,264	1,439

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

(a) Refinancing of the revolving credit facility

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

(b) NRWF wind farm

On January 18, 2017, the Corporation closed the acquisition of the total economic interest of Enercon Canada Inc. in the 230 MW wind farm in the Niagara region. This project includes financing for a total amount of $828 million secured by its assets and without recourse against the partners. This financing facility has quarterly repayments and comprises a $537 million uncovered term loan tranche maturing in 2034, a $252 million covered term loan tranche, under a guarantee from the Federal Republic of Germany through its export credit agency Euler Hermes, maturing in 2034, as well as a $39 million letter of credit facility. The loan also includes interest rate swaps covering approximately 80% of expected future cash flows, resulting in a combined average rate of 3.54% for this loan.

(c) Port Ryerse

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

Note 7. Net earnings per share

(a) Net earnings per share (basic)

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended March 31 2017	2016
Net earnings attributable to shareholders of Boralex	16	21
Weighted average number of shares (basic)	74,025,928	65,032,645
Net earnings per share (basic) attributable to shareholders of Boralex	$0.22	$0.32

(b) Net earnings per share (diluted)

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended March 31 2017	2016
Net earnings attributable to shareholders of Boralex	16	21
Interest on convertible debentures, net of tax	1	1
Net earnings (diluted) attributable to shareholders of Boralex	17	22
Weighted average number of shares	74,025,928	65,032,645
Dilutive effect of stock options	482,404	411,646
Dilutive effect of convertible debentures	7,334,183	7,334,183
Weighted average number of shares (diluted)	81,842,515	72,778,474
Net earnings per share (diluted) attributable to shareholders of Boralex	$0.21	$0.30

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

	Three-month periods ended March 31 2017	2016
Stock options excluded due to their anti-dilutive effect	—	120,409

(c) Dividends paid

On December 8, 2016, the Board of Directors authorized a 7.1% increase in the annual dividend from $0.56 to $0.60 per common share (from $0.14 to $0.15 on a quarterly basis) effective as of the closing date of the Corporation's acquisition of Enercon's interest in the 230 MW wind farm in the Niagara region, which took place in January 2017. A dividend of $0.15 per common share was declared and will be paid on June 15, 2017 to holders of record at the close of business on May 31, 2017.

On March 15, 2017, the Corporation paid a dividend of $0.15 per common share for a total amount of $11 million ($9 million in 2016).

(d) Shares issued

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

Note 8. Financial instruments

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

	As at March 31, 2017		As at December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
OTHER LIABILITIES				
Subscription receipts	—	—	173	197
Non-current debt	2,395	2,491	1,540	1,632
Convertible debentures (including equity portion)	140	172	139	164

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

	As at March 31, 2017	As at December 31, 2016
OTHER CURRENT FINANCIAL ASSETS		
Foreign exchange forward contracts	1	1
OTHER NON-CURRENT FINANCIAL ASSETS		
Foreign exchange forward contracts	2	2
Financial swaps - interest rates	10	—
	12	2
OTHER CURRENT FINANCIAL LIABILITIES		
Financial swaps - interest rates	48	47
OTHER NON-CURRENT FINANCIAL LIABILITIES		
Foreign exchange forward contracts	1	2
Financial swaps - interest rates	30	29
	31	31

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

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

The fair value of non-current debt is essentially based on the calculation of discounted cash flows. Discount rates, ranging from 0.96% to 5.24%, 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 March 31, 2017.

Financial swaps - interest rates

Cash flows are discounted using a curve that reflects the credit risk of the Corporation or the counterparty, as applicable. The following table summarizes the Corporation's commitments under its financial swaps - interest rates as at March 31, 2017:

As at March 31, 2017	Currency	Fixed-rate payer	Floating-rate receiver	Maturity	Current notional (in CAD)	Fair value (in CAD)
Financial swaps - interest rates	EUR	0.38% to 5.16%	6-month EURIBOR	2017-2033	425	(25)
Financial swaps - interest rates	CAD	1.807% to 7.80%	3-month CDOR	2034-2039	901	(43)

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

Foreign exchange forward contracts

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

As at March 31, 2017	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Foreign exchange forward contracts (EUR for CAD)	1.5475	2017-2025	128	2

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 and subscription receipts 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 March 31, 2017	Level 1	Level 2	Level 3
DERIVATIVE FINANCIAL ASSETS				
Foreign exchange forward contracts	3	—	3	—
Financial swaps - interest rates	10	—	10	—
	13	—	13	—
OTHER FINANCIAL LIABILITIES				
Non-current debt	2,491	—	2,491	—
Convertible debentures	172	172	—	—
	2,663	172	2,491	—
DERIVATIVE FINANCIAL LIABILITIES				
Foreign exchange forward contracts	1	—	1	—
Financial swaps - interest rates	78	—	78	—
	79	—	79	—

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

Note 9. Commitments

France – Chemin de Grès wind power project

In 2017, the Corporation entered into turbine purchase and construction contracts for the **Chemin de Grès** wind power project. As at March 31, 2017, the Corporation's net commitment under these contracts amounted to €18 million ($25 million).

Canada – NRWF wind farm

As a result of acquiring the **NRWF** wind farm, the Corporation must now take NRWF commitments into account:

(a) The wind farm is committed to selling 100% of its output (subject to certain minimum criteria) under long-term contracts expiring in 2036. These contracts provide for annual indexation based on the Consumer Price Index ("CPI").

(b) The wind farm has entered into a wind turbine maintenance contract expiring in 2031. This contract includes no cancellation option.

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

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

As at March 31, 2017, the Corporation's net commitment under the maintenance contract, land leases and community and royalty agreements amounted to $267 million.

Note 10. Seasonal and other cyclical factors

The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment. Since nearly all of Boralex facilities have long-term indexed fixed-price energy sales contracts, seasonal cycles mainly affect the total volume of power generated by the Corporation. Only five hydroelectric power stations in the United States, and one wind farm in Alberta, which account for less than 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 1,146 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 which will soon total 156 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. 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 signed an agreement with Hydro-Québec until contract expiry in 2027, under which the Senneterre power station is limited to producing power eight months per year, from December to March and from June to September. During the term of this agreement, the Senneterre power station will receive financial compensation from Hydro-Québec which will allow it to anticipate profitability akin to recent-year performance.

Boralex also operates a natural gas-fired power station located in Blendecques, France. For the past several years, due to specific market conditions, the Corporation operates this cogeneration plant five months of the year, from November to March, which represents all of Boralex's first quarter and part of its fourth quarter. During the electricity production shutdown period, steam continues to be produced for the power station's industrial client using an auxiliary boiler.

Solar

The solar power facilities totalling 16 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, or as a measure of operating results, which are IFRS measures.

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

	Three-month periods ended March 31	
	2017	**2016**
Net earnings	16	23
Income tax expense	7	9
Financing costs	24	18
Amortization	39	30
EBITDA	86	80
Adjustments:		
Net loss on financial instruments	1	1
Other gains	—	(1)
EBITDA(A)	87	80

Information by operating segment

	Three-month periods ended March 31			
	2017	2016	2017	2016
	Power production (GWh)		Revenues from energy sales	
Wind power stations	655	581	88	78
Hydroelectric power stations	173	171	17	17
Thermal power stations	77	65	13	10
Solar power stations	4	4	1	1
	909	821	119	106
	EBITDA(A)		Additions to property, plant and equipment	
Wind power stations	77	71	46	15
Hydroelectric power stations	13	13	10	3
Thermal power stations	6	4	—	—
Solar power stations	1	1	—	1
Corporate and eliminations	(10)	(9)	—	1
	87	80	56	20

	As at March 31, 2017	As at December 31, 2016
Total assets		
Wind power stations	2,994	1,842
Hydroelectric power stations	550	538
Thermal power stations	43	39
Solar power stations	37	38
Corporate	20	245
	3,644	2,702
Total liabilities		
Wind power stations	2,251	1,382
Hydroelectric power stations	269	268
Thermal power stations	19	24
Solar power stations	27	28
Corporate	364	486
	2,930	2,188

Information by geographic segment

	Three-month periods ended March 31			
	2017	2016	2017	2016
	Power production (GWh)		Revenues from energy sales	
Canada	435	282	61	36
France	352	416	47	58
United States	122	123	11	12
	909	821	119	106
	EBITDA(A)		Additions to property, plant and equipment	
Canada	48	29	17	12
France	30	42	39	8
United States	9	9	—	—
	87	80	56	20

	As at March 31, 2017	As at December 31, 2016
Total assets		
Canada	2,166	1,245
France	1,269	1,242
United States	187	191
Other[(1)]	22	24
	3,644	2,702
Non-current assets, excluding *Interests in the Joint Ventures* and *Deferred income tax asset*		
Canada	2,003	935
France	1,170	1,138
United States	174	177
Other[(1)]	20	20
	3,367	2,270
Total liabilities		
Canada	1,829	1,070
France	989	997
United States	111	119
Other[(1)]	1	2
	2,930	2,188

(1) Scotland and Denmark

Note 12. Subsequent events

France - Moulins du Lohan wind farm

The local residents applied for an injunction against the project on April 14, 2017 seeking to halt construction. The Corporation intends to defend itself vigorously against this action which it considers to have no merit in fact and in law. The hearing took place on May 3, 2017 and a decision is expected in the coming weeks. However, construction remains on schedule.

@BoralexInc
boralex.com