INTERIM REPORT

AS AT JUNE 30, 2017

2

Profile

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

Boralex's shares and convertible debentures are listed on the Toronto Stock Exchange under the ticker symbols BLX and BLX.DB.A. As at June 30, 2017, Cascades owned 17.3% of Boralex's outstanding shares. On July 27, 2017, Cascades sold all of its shares to the Caisse de dépôt et placement du Québec.

Highlights

For the three-month periods ended June 30

	IFRS		Proportionate consolidation(1)	
(in millions of Canadian dollars, unless otherwise specified)	2017	2016	2017	2016
Power production (GWh)	744	566	863	678
Revenues from energy sales	92	65	105	77
EBITDA(A)(2)	57	38	67	48
EBITDA(A) margin	62%	58%	64%	63%
Net loss	(7)	(7)	(7)	(7)
Net loss attributable to shareholders of Boralex	(2)	(7)	(2)	(7)
Per share (basic and diluted)	($0.02)	($0.11)	($0.02)	($0.11)
Net cash flows related to operating activities	38	29	43	33
Cash flows from operations(2)	44	27	46	28

For the six-month periods ended June 30

	IFRS		Proportionate consolidation(1)	
(in millions of Canadian dollars, unless otherwise specified)	2017	2016	2017	2016
Power production (GWh)	1,653	1,387	1,926	1,651
Revenues from energy sales	211	171	240	199
EBITDA(A)(2)	144	118	165	138
EBITDA(A) margin	68%	69%	69%	70%
Net earnings	9	16	9	16
Net earnings attributable to shareholders of Boralex	15	14	15	14
Per share (basic and diluted)	$0.20	$0.20	$0.20	$0.20
Net cash flows related to operating activities	93	105	105	115
Cash flows from operations(2)	102	87	114	98

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

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

Management's Discussion and Analysis 2

As at June 30, 2017

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Introductory comments

General

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

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

In this MD&A, Boralex or the Corporation means, as applicable, either Boralex and its subsidiaries and divisions or Boralex or one of its subsidiaries or divisions. The information contained in this MD&A reflects all material events up to August 8, 2017, the date on which the Board of Directors approved this interim MD&A and the unaudited interim condensed consolidated financial statements. Unless otherwise indicated, the financial information presented in this MD&A, including tabular amounts, is prepared in accordance with International Financial Reporting Standards ("IFRS") which constitute Canadian generally accepted accounting principles ("GAAP") under Part I of the CPA *Canada Handbook*. The unaudited interim consolidated financial statements included in this interim MD&A have been prepared according to IFRS applicable to the preparation of interim financial statements, IAS 34, *Interim Financial Reporting*, and contain comparative figures for 2016.

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

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

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

Notice concerning forward-looking statements

The purpose of this MD&A is to help the reader understand the nature and importance of changes and trends as well as the risks and uncertainties that may affect Boralex's operating results and financial position. Accordingly, some of the statements contained in this analysis, including those regarding future results and performance, are forward-looking statements based on current expectations, within the meaning of securities legislation. These statements are characterized by the use of positive or negative verbs, such as plan, anticipate, evaluate, estimate, believe and other related expressions. They are based on Boralex management's expectations, estimates and assumptions as at August 8, 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

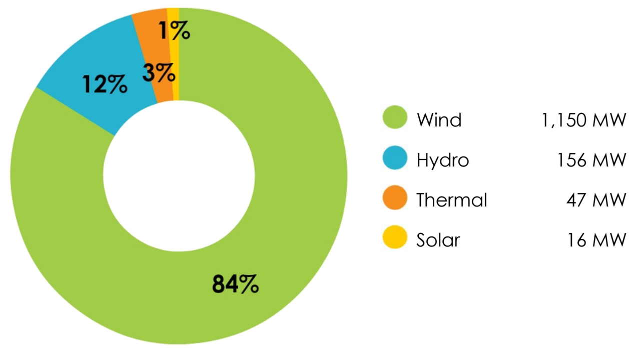
Boralex inc. ("Boralex" or the "Corporation") is a Canadian corporation operating in the renewable energy segment. It draws on a workforce of over 325 people to develop, construct and operate power generating facilities. As at June 30, 2017, its asset base of installed capacity under its control comprised 1,369 megawatts ("MW")[(1)]. Projects in progress to develop new facilities represent an additional 257 MW, to be operational by the end of 2019. The following charts[(1)] provide information about the makeup of the Corporation's energy portfolio in operation, according to installed capacity as at June 30, 2017.

Segment breakdown

The **wind** power segment accounts for a large majority (84%) of installed capacity. Projects under development and under construction will add 241 MW by the end of 2019.

The Corporation's 15 **hydroelectric** power stations make up 12 % of installed capacity. A 16th power station (16 MW) will be commissioned in 2018 in Ontario.

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

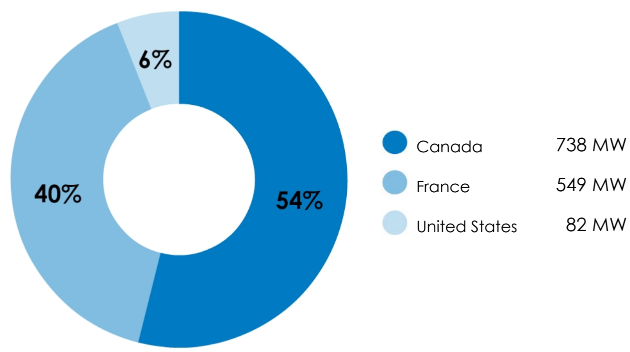


Geographic breakdown

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

In **France**, a large majority of Boralex's installed capacity originates from wind farms (522 MW), making it France's largest independent producer of onshore wind power. The wind farms are complemented by a natural gas cogeneration power station and two solar energy facilities. Projects under construction total 176 MW.

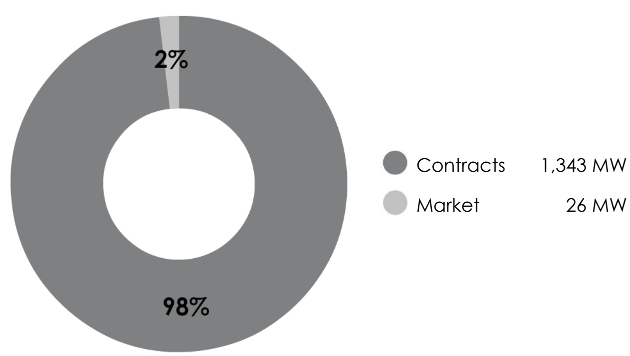
In the **United States**, the Corporation operates seven hydroelectric power stations in the Northeast.



Contracted capacity

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

These contracts have a weighted average remaining contractual term of 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.

Growth and development strategy

Growth strategy

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

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

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

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

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

With the dividend, shareholder return on equity (assuming dividends are reinvested) since the beginning of 2013 stands at about 171%, which, together with issuance of new shares, helped increase the Corporation's market capitalization to $1.7 billion as at June 30, 2017.

Development strategy

2016

Expansion (acquisition and commissioning)

In France

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

In Canada

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

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

Other developments

These 2016 development activities boosted growth potential for the Corporation:

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

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

2017

Expansion (acquisition and commissioning)

In Canada

- January 18, 2017: The 230 MW **Niagara Region Wind Farm** ("NRWF") in Ontario was acquired, with production covered under a 20-year feed-in tariff contract.
  - The **NRWF** project was developed by Enercon and Boralex in partnership with the Six Nations of the Grand River ("Six Nations").
  - This acquisition will generate an EBITDA(A) contribution estimated at some $84 million as of fiscal 2017 and expected accretion to discretionary cash flows per share of over 10%. Note that Boralex will receive substantially all of the cash flows generated by this wind farm, net of a distribution paid to the Six Nations.

Other developments

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

- February 7, 2017: The 25% share held by UDI Renewables Corporation in the **Port Ryerse** wind farm was acquired, making Boralex the sole owner.
- On March 7, 2017, Boralex increased its interest in the 50 MW **Otter Creek** wind power project in Ontario, Canada from 38.5% to 64%, thereby acquiring control of this project to be commissioned in 2019.
- June 6, 2017: Boralex acquired 100% of Integrated Solar Energy Inc. ("ISE") for an immaterial amount. This acquisition enabled Boralex to respond to the call for qualification for solar energy in Alberta.
- Boralex's Board of Directors green-lighted three ready-to-build projects totalling 79 MW that are all to be commissioned in 2018:
  - **Côteaux du Blaiseron** (26 MW), a project from the 2014 Boralex Énergie Verte acquisition;
  - **Hauts de Combles** (20 MW), a project acquired from Ecotera in 2015;
  - **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.

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

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

Also on July 27, 2017, the Caisse de dépôt et placement du Québec acquired all of the Boralex Class A common shares held by Cascades Inc., representing 17.3% of the outstanding shares, thereby becoming Boralex's largest shareholder. Under this transaction, Boralex agreed, in particular, to explore partnership opportunities with the Caisse for investments in projects to be developed by Boralex, in line with its growth strategy.

Financial transactions

In December 2016, in anticipation of the **NRWF** acquisition, Boralex completed a public offering of 10,361,500 subscription receipts through a syndicate of underwriters at a price of $16.65 per subscription receipt, for gross proceeds of $173 million (including the underwriters' over-allotment option exercised in full) and proceeds of $170 million net of issuance costs. The subscription receipts were exchanged in full for an equal number of common shares of Boralex upon the closing of the acquisition of Enercon's interest in **NRWF** on January 18, 2017. The net proceeds from the issue, coupled with available cash and drawdowns under the Corporation's existing revolving credit facility were used to fund the cash consideration totalling $232 million.

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

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

- On January 18, 2017, at the same time as the **NRWF** acquisition closing, and with a view to maintaining the strength of its statement of financial position, Boralex obtained a new $100 million increase in its **revolving credit facility** for a total authorized amount of $460 million. This transaction allows the Corporation to maintain significant financial flexibility. In particular, it reflects the Corporation's strong and sustained growth over the past few years and confirms its credibility with financial institutions. It provides more flexibility and greater financial capacity, which will allow capital to be allocated to new projects in pursuit of its growth objectives.

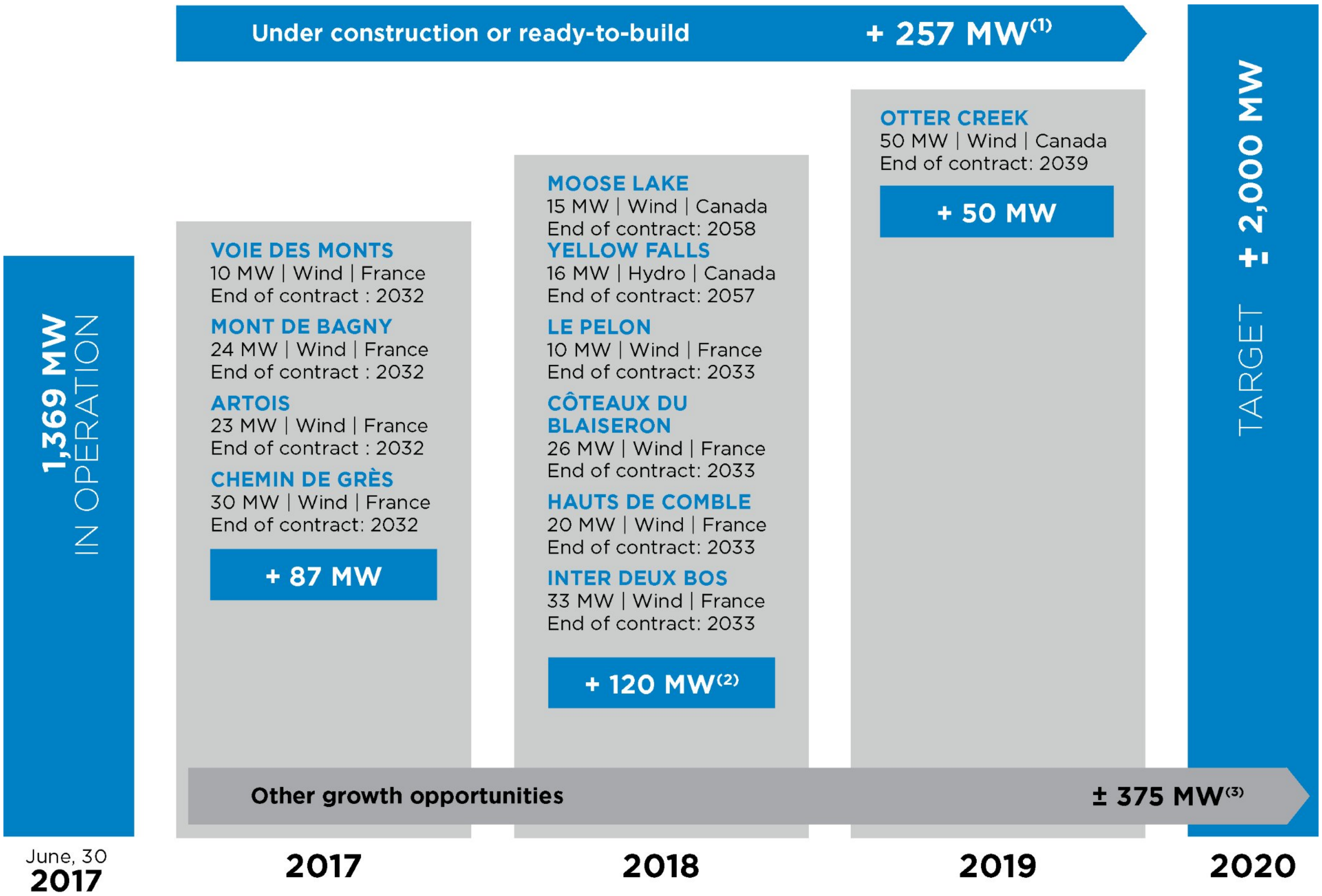
On February 22, 2017, Boralex announced the closing of the $33 million financing for the 10 MW **Port Ryerse** wind farm in Ontario, Canada. The long-term financing was provided by DZ Bank AG Deutsche Zentral-Genossenschaftsbank (New York branch) and comprises a $2 million letter of credit facility and a $31 million long-term tranche, amortized over an 18-year period.

Outlook and development objectives

Projects in development stage

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

Growth path



(1) France 176 MW| Canada 81 MW
(2) Hydro 16 MW | Wind 104 MW
(3) Including the Moulins du Lohan project (51 MW, wind, France). For more details, see note section *III - Other elements, Subsequent events* of the Interim report 2 2017.

Wind

The wind power segment accounts for 84% of Boralex's installed capacity. As shown in the *Growth path* above, the segment remains the Corporation's main growth driver. Boralex has grown its wind power segment operating base fourfold since 2013, adding an average of 200 MW a year through asset acquisitions or newly commissioned facilities, but also by acquiring an extensive portfolio of projects.

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

Given the assets acquired and commissioned since the beginning of 2016, Boralex's wind power segment has 274 MW in additional installed capacity, which will contribute to the Corporation's operating and financial performance for most of fiscal 2017. According to management, the 230 MW **NRWF** facility in Ontario, Canada alone is expected to generate an additional annual contribution of about $84 million to Boralex's EBITDA(A) and about $20 million to its discretionary cash flows.

In addition, wind farms totalling 40 MW commissioned or acquired during fiscal 2016, namely **Touvent**, **Plateau de Savernat I**, **Port Ryerse** and **Oldman**, will make full-year contributions in fiscal 2017, with the 4 MW **Plateau de Savernat II** facility contributing as of its March 21, 2017 commissioning date. The **Voie des Monts**, **Mont de Bagny, Artois** and **Chemin de Grès** projects in France, representing a total of 87 MW will make contributions as and when they are commissioned during fiscal 2017 (see the *Project summary* table for the commissioning date for each project).

Boralex will continue its wind power segment expansion strategy throughout fiscal 2017, both in Europe and in North America. Its project portfolio includes new wind power farms to be commissioned in 2018 and 2019 in France and Canada for a total of 154 MW. Note that all these projects are covered by long-term indexed, fixed-price energy sales contracts.

In **Québec**, Boralex is currently working on several wind power development projects, including the 200 MW **Apuiat** project on the Côte-Nord, for which it has been chosen as partner by the Innu Nation. Project development is underway.

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

In **Alberta**, Boralex partnered with developer AWEC to enter the wind and solar power markets in that province. Boralex submitted a proposal for two wind farms under the request for qualifications from the Alberta Electricity System Operator ("AESO") in June 2017. If the projects are selected, AWEC and Boralex will take part in the request for proposals in September 2017. Boralex also responded to the July 2017 request for qualifications for solar energy projects with ISE. The AESO's Renewable Electricity Program ("REP") targets development of 5,000 MW of electricity from renewable energy by 2030. Boralex 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 continues to develop its first wind power project in **British Columbia**, namely the 15 MW **Moose Lake** wind farm, to be commissioned in the first half of 2018.

In the **United States**, Boralex keeps a close eye on opportunities to develop its wind power segment, particularly in East Coast markets, in light of their ambitious renewable energy development targets.

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

For rate applications made after December 31, 2016, the principle of additional compensation will be maintained. It is also highly likely that, in conjunction with this change to the support mechanism, France will adopt a system based on the principle of tenders. Boralex will assess the possibilities offered by the new rules as they continue to be refined and, as it has always done in the past, it will keep leveraging the organization's agility, discipline and creativity to adapt to and capitalize on the new laws in the French market. Boralex is 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.

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

Hydroelectric

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

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

A project is underway to increase the **Buckingham** hydroelectric power station's capacity by 10 MW. The project consists in replacing turbines to reach 16 MW. It will require minor changes to the structure but will have no impact on water levels upstream or downstream. The public information session held as part of the process established by the Bureau d'audience publique sur l'environnement ("BAPE") took place in June 2017. Work is scheduled to begin in 2018.

Thermal

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

Solar

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

Summary of projects in development stage

Within the extensive pipeline of projects recently acquired or launched by the Corporation, primarily in the wind power segment, the projects listed below are in the advanced development stage with commissioning slated for 2019. As mentioned in *Section III – Other elements*, *Subsequent events* of this MDA and in the *Subsequent events* note to the financial statements, the anticipated in-service date of the 51 MW **Moulins du Lohan** wind project has been postponed and will be revised when the appeal decision of the judgment having cancelled the construction permits will be rendered.

Project name	Net capacity (MW)	Segment/ Country	Energy contract term	Ownership (%)	Expected commissioning date	Total project investment	Estimated annual EBITDA(A)(1)
Voie des Monts	10	Wind/France	15 years with EDF	100%	2nd 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
Chemin de Grès	30	Wind/France	15 years with EDF	100%	2nd half of 2017	$74 million	$8 million
Moose Lake	15	Wind/Canada	40 years with BC Hydro	70%	1st half of 2018	$58 million	$5 million
Yellow Falls	16	Hydro/Canada	40 years with IESO(2)	100%	2nd half of 2018	$96 million	$7 million
Le Pelon	10	Wind/France	15 years with EDF	100%	2nd half of 2018	$24 million	$3 million
Côteaux du Blaiseron	26	Wind/France	15 years with EDF	100%	2nd half of 2018	$47 million	$5 million
Hauts de Comble	20	Wind/France	15 years with EDF	100%	2nd half of 2018	$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

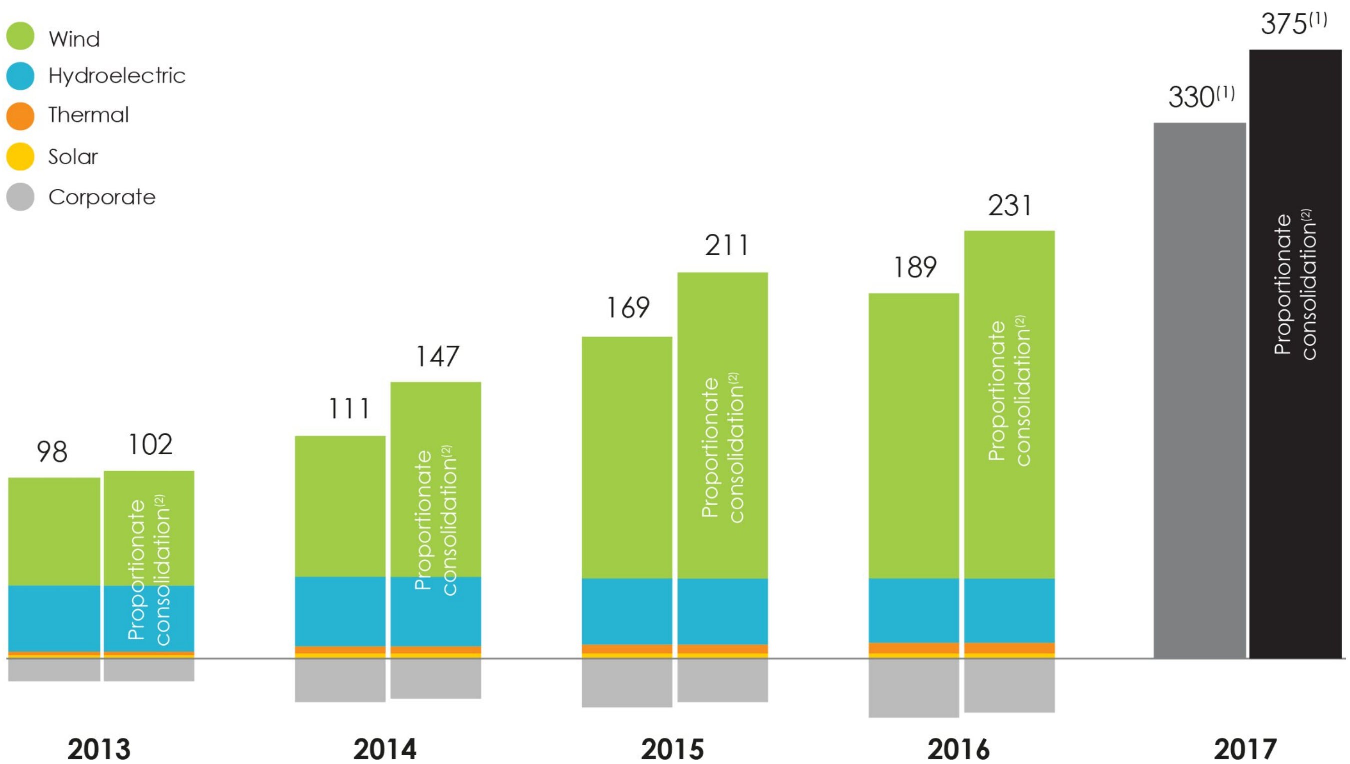
(1) These results are estimated as of the date of this MD&A. However, actual results may differ from these estimates.
(2) The total 40-year contract includes four renewal options, each for a five-year period, at Boralex's discretion.

Growth outlook

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

Financial target

EBITDA(A) (in millions of dollars)



(1) Represents a year-end estimated run rate EBITDA(A) of all sites in operation.
(2) Represents a year-end actual and estimated 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

Subsequent to the **NRWF** acquisition, Boralex's assets in operation had an installed capacity of 1,365 MW, up 25% compared with January 2016. That amount increased by 4 MW with the commissioning of the **Plateau de Savernat II** wind farm on March 21, 2017. This strong growth, stemming primarily from the **NRWF** acquisition, 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 was increased to $330 million from $245 million under IFRS (to $375 million from $290 million under proportionate consolidation);
- The annualized discretionary cash flows target on the same basis as above was increased to $95 million from $75 million under proportionate consolidation.

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

Apart from the 274 MW in additional installed capacity acquired and developed in 2016 or in early 2017, an additional 87 MW contribution from new wind farms to be commissioned in 2017 will boost Boralex's performance in fiscal 2017.

The coming fiscal years will see at least seven new facilities commissioned, including 120 MW in 2018 and 50 MW in 2019. These projects, most of which are already under development, will bring the Corporation's installed capacity to within less than 375 MW of its 2,000 MW target for the end of 2020. Management is confident of reaching this target, which represents average annual compound growth of 10% in current total installed capacity in operation, particularly in light of the other advanced-stage projects currently under development in France, all of which are covered by long-term, fixed-price energy sales contracts, which will be included shortly in its *Growth path*, and development initiatives elsewhere in Europe and North America.

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

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

As at June 30, 2017, Boralex had short-term cash resources of $155 million ($168 million under proportionate consolidation) including amounts earmarked for various projects.

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

Priority objective: creating value

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

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

Seasonal factors

(in millions of Canadian dollars, unless otherwise specified)	Three-month periods ended September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	Twelve-month period ended June 30, 2017
POWER PRODUCTION (GWh)					
Wind power stations	269	418	655	488	1,830
Hydroelectric power stations	130	140	173	231	674
Thermal power stations	52	34	77	18	181
Solar power stations	7	4	4	7	22
	458	596	909	744	2,707
REVENUES FROM ENERGY SALES					
Wind power stations	35	54	88	68	245
Hydroelectric power stations	12	12	17	19	60
Thermal power stations	5	7	13	3	28
Solar power stations	2	1	1	2	6
	54	74	119	92	339
EBITDA(A)					
Wind power stations	24	46	77	53	200
Hydroelectric power stations	8	9	13	15	45
Thermal power stations	1	1	6	(1)	7
Solar power stations	1	1	1	1	4
	34	57	97	68	256
Corporate and eliminations	(9)	(10)	(10)	(11)	(40)
	25	47	87	57	216
NET EARNINGS (LOSS)	(10)	(4)	16	(7)	(5)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(10)	(5)	16	(2)	(1)
NET EARNINGS (LOSS) PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.16)	($0.07)	$0.22	($0.02)	($0.01)
NET EARNINGS (LOSS) PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.16)	($0.07)	$0.21	($0.02)	($0.01)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	12	29	54	38	133
CASH FLOWS FROM OPERATIONS	13	28	58	44	143
Weighted average number of shares outstanding (basic)	65,263,335	65,297,899	74,025,928	75,874,562	69,988,311

Seasonal factors

(in millions of Canadian dollars, unless otherwise specified)	Three-month periods ended September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	Twelve-month period ended June 30, 2016
POWER PRODUCTION (GWh)					
Wind power stations	258	450	581	356	1,645
Hydroelectric power stations	149	158	171	191	669
Thermal power stations	49	31	65	12	157
Solar power stations	2	4	4	7	17
	458	643	821	566	2,488
REVENUES FROM ENERGY SALES					
Wind power stations	33	59	78	46	216
Hydroelectric power stations	14	15	17	15	61
Thermal power stations	6	6	10	2	24
Solar power stations	1	1	1	2	5
	54	81	106	65	306
EBITDA(A)					
Wind power stations	23	51	71	35	180
Hydroelectric power stations	9	10	13	11	43
Thermal power stations	1	1	4	(1)	5
Solar power stations	1	1	1	1	4
	34	63	89	46	232
Corporate and eliminations	(6)	(10)	(9)	(8)	(33)
	28	53	80	38	199
NET EARNINGS (LOSS)	(15)	6	23	(7)	7
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(15)	6	21	(7)	3
NET EARNINGS (LOSS) PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.32)	$0.09	$0.32	($0.11)	$0.06
NET EARNINGS (LOSS) PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.32)	$0.09	$0.30	($0.11)	$0.06
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	22	30	76	29	157
CASH FLOWS FROM OPERATIONS	32	37	60	27	156
Weighted average number of shares outstanding (basic)	48,770,481	64,829,112	65,032,645	65,200,423	60,935,442

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 at market prices, which are more volatile. The Corporation considers that, in the next five years, contracts are set to expire for only 103 MW (7% of current installed capacity) of production, which will be sold in the French market.

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

Wind

For the wind power assets in operation in which Boralex's share totals 1,150 MW, wind conditions both in France and Canada, are usually more favourable in the winter, which falls during Boralex's first and fourth quarters. However, in winter there is a greater risk of lower production caused by weather conditions, such as icing. In general, management estimates the breakdown of wind power segment production at approximately 60% for the first and fourth quarters and 40% for the second and third quarters.

The wind power segment now accounts for 84% of Boralex's installed capacity and represents by far the Corporation's largest contributor to revenues, EBITDA(A) and cash flows. This segment will account for an even larger share of the Corporation's energy portfolio in the coming years, with the development, construction and commissioning of the wind farms comprising Boralex's significant pipeline of projects, for an additional installed capacity of about 1,000 MW worldwide. Within this portfolio, 241 MW of projects are under construction or ready to build, and will be commissioned by the end of 2019. Accordingly, Boralex expects the development of this pipeline, along with other expansion opportunities that arise in the coming years, to increase the impact of the wind power segment's seasonal factors on Boralex's overall performance, resulting in a higher percentage of revenues generated for the Corporation in the first and fourth quarters.

Hydroelectric

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

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

Thermal

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

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

Solar

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

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

Financial highlights

(in millions of Canadian dollars, unless otherwise specified)	Three-month periods ended June 30		Six-month periods ended June 30	
	2017	**2016**	**2017**	**2016**
POWER PRODUCTION (GWh)				
Wind power stations	488	356	1,143	937
Hydroelectric power stations	231	191	404	362
Thermal power stations	18	12	95	77
Solar power stations	7	7	11	11
	744	566	1,653	1,387
REVENUES FROM ENERGY SALES				
Wind power stations	68	46	155	124
Hydroelectric power stations	19	15	37	32
Thermal power stations	3	2	16	12
Solar power stations	2	2	3	3
	92	65	211	171
EBITDA(A)				
Wind power stations	53	35	130	106
Hydroelectric power stations	15	11	28	24
Thermal power stations	(1)	(1)	5	3
Solar power stations	1	1	2	2
	68	46	165	135
Corporate and eliminations	(11)	(8)	(21)	(17)
	57	38	144	118
NET EARNINGS (LOSS)	(7)	(7)	9	16
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(2)	(7)	15	14
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.02)	($0.11)	$0.20	$0.20
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	38	29	93	105
CASH FLOWS FROM OPERATIONS	44	27	102	87
DIVIDENDS PAID ON COMMON SHARES	11	9	23	18
DIVIDENDS PAID PER COMMON SHARE	$0.15	$0.14	$0.30	$0.27
Weighted average number of shares outstanding (basic)	75,874,562	65,200,423	74,955,352	65,116,534

Statement of financial position data

(in millions of Canadian dollars, unless otherwise specified)	As at June 30, **2017**	As at December 31, **2016**
Total cash, including restricted cash	155	293
Property, plant and equipment	2,567	1,668
Total assets	3,759	2,702
Subscription receipts	—	173
Debt, including non-current debt and current portion of debt	2,511	1,540
Liability component of convertible debentures	136	135
Total liabilities	3,047	2,188
Total equity	712	514
Net debt to market capitalization ratio	56%	50%

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

Consolidated

For the three-month period ended June 30, 2017, Boralex reported results which reflect additional installed capacity of 274 MW compared with the corresponding period in 2016. Production, revenues from energy sales and EBITDA(A) all grew strongly. Growth in production was largely driven by the contribution of assets acquired and commissioned since June 30, 2016. Growth was further driven by improved performance at the hydroelectric power stations in the United States where water flow conditions were better than in the previous year. Note that weather conditions for the wind segment are traditionally less favourable in the second quarter.

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

	Net earnings (loss) (in millions of $)	Per share (in $, basic)
THREE-MONTH PERIOD ENDED JUNE 30, 2016	(7)	($0.11)
EBITDA(A)	19	$0.26
Amortization	(14)	($0.19)
Financing costs	(5)	($0.06)
Change in foreign exchange losses and gains	2	$0.02
Financial instruments	2	$0.02
Income taxes	(4)	($0.05)
Non-controlling shareholders	5	$0.08
Other	—	$0.01
Change	5	$0.09
THREE-MONTH PERIOD ENDED JUNE 30, 2017	(2)	($0.02)

For the three-month period ended June 30, 2017, Boralex recorded a net loss attributable to shareholders of $2 million or $0.02 per share (basic and diluted), compared with $7 million or $0.11 per share (basic and diluted) for the same quarter of 2016. This improvement of $5 million or $0.09 per share (basic and diluted) resulted primarily from $19 million growth in EBITDA(A), coupled with a $5 million lower share of non-controlling shareholders. These favourable results were largely offset, however, by a substantial increase in amortization and financing costs, totalling $19 million, owing to the 25% expansion in the Corporation's operating asset base in slightly over a year.

Furthermore, given improved before-tax results, the Corporation saw a $4 million decline in income tax recovery.

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

	Revenues from energy sales (in millions of $)	EBITDA(A) (in millions of $)
THREE-MONTH PERIOD ENDED JUNE 30, 2016	65	38
Power stations acquired/commissioned[(1)]	22	17
Volume	4	4
Foreign exchange effect	1	—
Share of the Joint Ventures	—	1
Temporary halt – Moulins du Lohan	—	(1)
Other	—	(2)
Change	27	19
THREE-MONTH PERIOD ENDED JUNE 30, 2017	92	57

(1) Addition of 274 MW in 2016 and 2017: In France, the 14 MW Touvent (August 1, 2016) and 16 MW Plateau de Savernat I and II (December 23, 2016 and March 21, 2017) wind farms; in Canada, the 10 MW Port Ryerse wind farm in Ontario (December 9, 2016), 4 MW Oldman wind farm in Alberta (December 15, 2016) and 230 MW NRWF in Ontario (January 18, 2017).

Revenues from energy sales

For the three-month period ended June 30, 2017, revenues from energy sales totalled $92 million, up $27 million or 41% compared with the results of the corresponding period of 2016. As shown in the preceding table, this increase resulted to a very large extent from Boralex's expansion of its operating asset base through assets acquired and commissioned after June 30, 2016. The greater part of this increase resulted from the contribution of the NRWF project in Ontario, for the full second quarter of 2017. In addition, the hydroelectric power stations in the Northeastern United States benefited from water flow conditions that were greatly improved from last year's, which largely offset lower production at the Canadian power stations, for a favourable volume effect of $4 million. Added to that is the favourable foreign exchange effect of $1 million resulting from the fluctuations in the exchange rates of the Canadian dollar against the euro and the U.S. dollar.

Once again, the **wind** segment was the Corporation's main growth driver, with revenues up 47%. Overall, this segment accounted for 73% of consolidated revenues in the second quarter. The analysis of its results is presented in a separate section of this MD&A.

Revenues for all of the other segments were up. Compared with the second quarter of 2016:

- **Hydroelectric** power segment revenues grew 28% to $19 million, representing 21% of consolidated revenues for the last quarter. This increase resulted from a 74% increase in production at the U.S. power stations, which largely offset the 19% decrease at the Canadian power stations.
- **Thermal** power segment revenues rose 32% to $3 million, representing 4% of consolidated revenues. This growth was driven in part by increased production at the Senneterre power station in Québec, but also by stronger prices at the Blendecques power station in France.
- **Solar** power segment revenues totalled $2 million, up 13%.

In all, Boralex produced 744 GWh of electricity in the second quarter of 2017 (excluding its share of the production of the Joint Ventures), up 31% compared with the same period in 2016. Excluding the contribution of assets acquired or commissioned after the second quarter of 2016, production at existing facilities grew 7%, owing primarily to lower production reported by the French wind farms and Canadian hydroelectric power stations. This decline was more than offset by the increase in production at the U.S. hydroelectric power stations.

EBITDA(A) and EBITDA(A) margin

Taking into account the same factors which impacted revenues, consolidated EBITDA(A) for the second quarter of 2017 totalled $57 million, up $19 million or 52% compared with the same quarter of 2016. The temporary halt in the Moulins du Lohan project gave rise to a $1 million unfavourable effect. In addition, miscellaneous items had a $2 million unfavourable effect, including a higher operating and administrative payroll due to the Corporation's growth.

The **wind** power segment accounted for 77% of consolidated EBITDA(A) in the second quarter (before the corporate segment and eliminations). Segment EBITDA(A) rose 48%, contributing $18 million more to consolidated EBITDA(A) than in the second quarter of 2016.

The contributions from the other segments were up $4 million (before the corporate segment and eliminations). Compared with the second quarter of 2016:

- **Hydroelectric** power segment EBITDA(A) grew 40% to $15 million, due mainly to strong performance by the U.S. power stations.
- **Thermal** power segment EBITDA(A) remained negative at $1 million.
- **Solar** power segment EBITDA(A) remained the same at $1 million.

For the two quarters ended June 30, 2017 and 2016, EBITDA(A) margin as a percentage of revenues stood at 62% and 58%, respectively.

Amortization

Amortization expense for the second quarter of 2017 increased $14 million to $43 million, owing to assets acquired and commissioned since the end of the second quarter of 2016. The acquisition of the NRWF facility in Ontario accounted for a significant portion of this increase.

Financing costs, foreign exchange gain and net gain on financial instruments

Financial costs for the second quarter of 2017 rose $5 million to $23 million, owing primarily to new financing contracted and the Corporation assuming debt as a result of the NRWF acquisition in January 2017.

Boralex recorded a foreign exchange gain in a total net amount of $1 million compared with a $1 million foreign exchange loss for the same quarter of the previous year. The $2 million change was due to fluctuations in the value of the U.S. dollar against the Canadian dollar for transactions performed during the quarter.

Boralex also recorded a net gain on financial instruments amounting to $1 million, compared with a $1 million net loss in the same quarter of 2016. The $2 million change resulted from the change in fair value in 2016 of certain financial instruments not designated for hedge accounting purposes and amounts related to the ineffective portion of certain designated financial instruments.

Net earnings

In the second quarter of 2017, Boralex recorded a net loss of $7 million, which was unchanged from the same period of 2016. Net loss attributable to shareholders of Boralex totalled $2 million or $0.02 per share (basic and diluted), compared with a net loss of $7 million or $0.11 per share (basic and diluted) a year earlier. The $5 million difference resulted from the losses absorbed by all non-controlling shareholders.

Analysis of operating results for the six-month period ended June 30, 2017

Consolidated

For the six-month period ended June 30, 2017, production, revenues from energy sales and EBITDA(A) rose 19%, 23% and 22%, respectively, compared with the same period of 2016. For each of the first two quarters of fiscal 2017, substantially all of that growth was driven by increases in installed capacity in the wind power segment.

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

	Net earnings (in millions of $)	Per share (in $, basic)
SIX MONTH PERIOD ENDED JUNE 30, 2016	14	$0.20
EBITDA(A)	26	$0.35
Amortization	(24)	($0.32)
Financing costs	(12)	($0.15)
Change in foreign exchange gains and losses	2	$0.02
Financial instruments	3	$0.03
Other gains	(1)	—
Income taxes	(1)	($0.02)
Non-controlling shareholders	8	$0.11
Other	—	($0.02)
Change	1	—
SIX MONTH PERIOD ENDED JUNE 30, 2017	15	$0.20

For the six-month period ended June 30, 2017, Boralex recorded net earnings attributable to shareholders of $15 million or $0.20 per share (basic and diluted), up $1 million or nil per share (basic and diluted) from $14 million or $0.20 per share (basic and diluted) for the same period of 2016. Amortization and financing costs increased by $36 million, owing mainly to expansion in the Corporation's operating base. The adverse effect of this increase was offset , however, by the $26 million increase in EBITDA(A), also primarily driven by expansion in the operating base. Foreign exchange gains, financial instruments and the interest of non-controlling shareholders also had a favourable effect on net earnings attributable to shareholders of $2 million, $3 million and $8 million, respectively, while income tax expense was up $1 million.

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 $)
SIX MONTH PERIOD ENDED JUNE 30, 2016	171	118
Power stations acquired/commissioned[1]	46	37
Pricing	2	2
Volume	(5)	(6)
Foreign exchange effect	(4)	(3)
Development – prospection	—	(1)
Share of the Joint Ventures	—	1
Temporary halt – Moulins du Lohan	—	(1)
Other	1	(3)
Change	40	26
SIX MONTH PERIOD ENDED JUNE 30, 2017	211	144

[1] Addition of 274 MW in 2016 and 2017: In France, the 14 MW Touvent (August 1, 2016) and 16 MW Plateau de Savernat I and II (December 23, 2016 and March 21, 2017) wind farms; in Canada, the 10 MW Port Ryerse wind farm in Ontario (December 9, 2016), 4 MW Oldman wind farm in Alberta (December 15, 2016) and 230 MW NRWF in Ontario (January 18, 2017).

Revenues from energy sales

For the six-month period ended June 30, 2017, revenues from energy sales grew $40 million or 23% to $211 million, compared with the same period of 2016. As shown in the preceding table, revenue growth was fuelled by the additional $46 million in revenues resulting in large part from the NRWF acquisition early in 2017 and wind farms commissioned after June 30, 2016. To a lesser extent, further favourable effects resulted from selling prices, amounting to about $2 million.

The combination of these factors largely countered the $5 million unfavourable volume effect primarily recorded in the first quarter by the wind power segment in France owing to below average wind conditions in contrast to outstanding conditions a year earlier. This unfavourable effect was partly offset in the second quarter by the contributions of the Northeastern U.S. hydroelectric power stations driven by better water flow conditions than in 2016. In addition, there was a $4 million unfavourable foreign exchange effect, owing mainly to the higher value of the Canadian dollar against the euro.

In all, Boralex produced 1,653 GWh of electricity in the first six months of 2017 (excluding its share of the production of the Joint Ventures), up 19% from 1,387 GWh for the same period of 2016. Excluding the contributions of the assets acquired or commissioned after the second quarter of 2016, production at existing facilities was down 2%, owing to the aforementioned factors.

EBITDA(A) and EBITDA(A) margin

For the first six months of the fiscal year, consolidated EBITDA(A) totalled $144 million, up $26 million or 22% compared with the same period of 2016, while EBITDA(A) margin as a percentage of revenues was relatively unchanged at 68% compared with 69% in 2016.

EBITDA(A) growth was fuelled in large part by the additional $37 million in revenues from expansion in the operating base after June 30, 2017, as well as the favourable effects of selling prices and Boralex's share in the Joint Ventures.

Taken together, these increases largely offset the $6 million unfavourable production volume effect, due in large part to the wind farms in France. Other elements adversely impacting EBITDA(A) included a $3 million foreign exchange effect, a $1 million increase in development and prospection costs owing mainly to stepping up efforts in France and Canada, as well as the cost of $1 million related to demobilizing and securing the site following the temporary halt in construction of the Moulins du Lohan project, and $3 million from miscellaneous items, such as a higher operating and administrative payroll arising from the Corporation's growth.

Amortization

For the six-month period ended June 30, 2017, amortization expense rose $24 million to $82 million, compared with the same period of 2016, $25 million of which resulted from the NRWF acquisition and wind farms commissioned since the end of the first half of 2016, less a $1 million favourable foreign exchange effect.

Financing costs, foreign exchange gains, net losses on financial Instruments and Other

For the first six-months of 2017, financing costs rose $12 million to $48 million, compared with the same period of 2016. The increase resulted mainly from the new financing contracted and debt assumed by the Corporation, including in relation to the NRWF facility.

For the first half of 2017, Boralex recorded a $1 million foreign exchange gain compared with a $1 million loss a year earlier, or a favourable change of $2 million.

The Corporation also recognized an insignificant net loss on financial instruments, a considerable improvement on the $3 million net loss in the first six months of 2016. *Net loss (gain) on financial instruments* for 2016 included amounts related to the change in fair value of certain financial instruments not designated for hedge accounting purposes and the ineffective portion of certain designated financial instruments and does not reflect a cash outlay for the Corporation during that period. Although all of the financial instruments used by Boralex are highly effective, they always include a small ineffective portion.

Net earnings

For the six-month period ended June 30, 2017, Boralex recorded net earnings of $9 million compared with $16 million for the same period of 2016. Net earnings attributable to shareholders of Boralex totalled $15 million or $0.20 per share (basic and diluted), slightly higher than the $14 million or $0.20 per share (basic and diluted) in the first half of 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 66%, 73% and 77%, respectively, for the second quarter of 2017, even without factoring in the significant contribution of the Joint Ventures. As in previous quarters and years, Boralex derived most of the growth in its operating results for the period from its wind power segment. This performance speaks to the soundness of Boralex's expansion strategy, the capacity of its team to effectively integrate and optimize newly acquired or commissioned assets and lastly, the benefits of the wind power segment's geographic diversification in France and in Canada.

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

	Three-month periods ended		Six-month periods ended	
	Revenues from energy sales	EBITDA(A)	Revenues from energy sales	EBITDA(A)
	(in millions of $)	(in millions of $)	(in millions of $)	(in millions of $)
JUNE 30, 2016	46	35	124	106
Power stations acquired/commissioned[(1)]	22	17	46	37
Volume	(1)	(1)	(11)	(11)
Foreign exchange effect	—	—	(3)	(3)
Share of the Joint Ventures	—	1	—	1
Other	1	1	(1)	—
Change	22	18	31	24
JUNE 30, 2017	68	53	155	130

(1) Addition of 274 MW in 2016 and 2017: In France, the 14 MW Touvent (August 1, 2016) and 16 MW Plateau de Savernat I and II (December 23, 2016 and March 21, 2017) wind farms; in Canada, the 10 MW Port Ryerse wind farm in Ontario (December 9, 2016), 4 MW Oldman wind farm in Alberta (December 15, 2016) and 230 MW NRWF in Ontario (January 18, 2017).

Operating results for the three-month period

Production

For the three-month period ended June 30, 2017, the wind power segment produced 488 GWh, up 37% from 356 GWh a year earlier (excluding the contributions of the Joint Ventures). This increase resulted from the contributions of the six wind farms totalling 274 MW commissioned and acquired in Canada and in France in 2016 and in early 2017. However, production volume at existing wind farms declined 2% overall as favourable performance by the Canadian wind farms was unable to offset the unfavourable wind conditions which prevailed in France. Note that weather conditions for the wind segment are traditionally less favourable in the second quarter.

Note, moreover, that the NRWF facility experienced a power limitation imposed by the IESO during the second quarter, primarily in April, which resulted in a $6 million shortfall. At the IESO's request, the wind farm may have to limit its power output again during the year ending December 31, 2017. This power limitation was imposed as a result of maintenance work required on a transformer station in Hydro One's transmission grid. Management continues to assess various solutions to limit any future 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. As a result, production declined 7% despite the additional 30 MW contribution of the Touvent and Plateau de Savernat I and II wind farms commissioned in August 2016, December 2016 and March 2017, respectively. The 12% decline in production at existing facilities was only partly offset by the contributions of the new wind farms.
- In Canada, wind power segment production (excluding the Joint Ventures) more than doubled, owing mainly to the NRWF's contribution for the full quarter, together with the contributions of the Port Ryerse and Oldman wind farms, totalling 244 MW. Overall, existing facilities experienced better conditions than a year earlier, driving a 15% increase in production.

Revenues from energy sales

Wind power segment revenues for the second quarter of 2017 totalled $68 million, up $22 million or 47% from the same period of 2016 (excluding the contribution of the Joint Ventures). As shown in the table above, revenue growth was due mainly to the contributions of the six new wind farms totalling $22 million.

In the second quarter of 2017, broken down geographically, 60% of quarterly wind power segment revenues were generated in Canada (excluding the Joint Ventures) and 40% in France, compared with 38% and 62%, respectively, for the same period in 2016. This reversal stems primarily from the NRWF acquisition. Excluding the foreign exchange effect, revenues at the French wind farms were down 7%, whereas revenues at our Canadian facilities increased 132%.

EBITDA(A)

During the second quarter of 2017, wind power segment EBITDA(A) grew $18 million or 48% to $53 million (excluding the contributions of 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 $17 million.

Broken down geographically, EBITDA(A) at our French operations fell 13%, excluding the foreign exchange effect, while at Canadian operations, it grew 134% (excluding the Joint Ventures).

EBITDA(A) margin was relatively unchanged at 77% compared with the second quarter of 2016.

Operating results for the six-month period

Production

For the six-month period ended June 30, 2017, the wind power segment produced 1,143 GWh, up 22% from 937 GWh a year earlier (excluding the contributions of the Joint Ventures). This increase resulted from the contributions of the assets commissioned and acquired in Canada and in France in 2016 and in early 2017, totalling 274 MW. However, production volume at existing facilities declined 10% owing to exceptional performance in the first quarter of 2016. As most wind farms in Canada outperformed last year's results, the decline resulted mainly from the French wind farms, which experienced unfavourable weather conditions, particularly during the first quarter. In general, the wind farms in both Europe and Canada maintained very high equipment availability rates.

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

Broken down geographically, changes in production were as follows:

- The wind farms in France experienced significantly weaker wind conditions than in 2016, in particular during the first quarter. As a result, production declined 13% despite the contribution of the Touvent and Plateau de Savernat I and II wind farms, which total 30 MW, commissioned in August 2016, December 2016 and March 2017, respectively. The 18% decline in production at existing facilities was only partly offset by the contribution of newly commissioned wind farms.
- In Canada, wind power segment production (excluding the Joint Ventures) rose 89%, owing primarily to the NRWF's contribution during 73 days of the first quarter and the full second quarter, together with the contributions of the Port Ryerse and Oldman wind farms, totalling 244 MW. Meanwhile, production at existing facilities was up 6%, as most of the wind farms produced more energy than during the first six months of 2016.

Revenues from energy sales

Wind power segment revenues for the first six months of 2017 totalled $155 million, up $31 million or 26% from the same period of 2016 (excluding the contribution of the Joint Ventures). This growth stemmed from the $46 million contribution of the assets acquired or commissioned since June 30, 2016, which largely offset the unfavourable volume and foreign exchange effects of $11 million and $3 million, respectively, attributable to the French wind farms.

Broken down geographically, in the first six months of 2017, 56% of wind power segment revenues were generated in Canada (excluding the Joint Ventures) and 44% in France, compared with 34% and 66%, respectively, for the same period in 2016. This reversal stems primarily from the NRWF acquisition and, to a lesser extent, from less favourable weather conditions in France during the first half of 2016, coupled with the unfavourable foreign exchange effect. Excluding the foreign exchange effect, revenues at the French wind farms were down 14%, whereas revenues at the Canadian wind farms more than doubled.

EBITDA(A)

Wind power segment EBITDA(A) for the first six months of 2017 totalled $130 million, up $24 million or 22% (excluding the contribution of the Joint Ventures). This growth was mainly driven by Boralex's expansion strategy, given that the wind farms added in 2016 and 2017 generated additional EBITDA(A) of $37 million, largely offsetting offset the $11 million unfavourable volume effect and $3 million unfavourable foreign exchange effect attributable to existing French wind farms.

Broken down geographically, EBITDA(A) at our French operations fell 19% in euros, while at Canadian operations, it grew 93% (excluding the Joint Ventures).

EBITDA(A) margin stood at 83%, compared with 86% for the first six months of 2016.

Hydroelectric

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

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

	Three-month periods ended		Six-month periods ended	
	Revenues from energy sales	EBITDA(A)	Revenues from energy sales	EBITDA(A)
	(in millions of $)	(in millions of $)	(in millions of $)	(in millions of $)
JUNE 30, 2016	15	11	32	24
Volume	4	4	4	4
Other	—	—	1	—
Change	4	4	5	4
JUNE 30, 2017	19	15	37	28

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

	Three-month periods ended June 30				
	Actual			Change	
HYDROELECTRIC PRODUCTION (GWh)	2017	2016	Historical average[1]	vs. 2016	vs. historical average
Canada	87	108	95	**- 19%**	**- 9%**
United States	144	83	116	**+ 74%**	**+ 25%**
	231	191	211	**+ 21%**	**+ 10%**

	Six-month periods ended June 30				
	Actual			Change	
HYDROELECTRIC PRODUCTION (GWh)	2017	2016	Historical average[1]	vs. 2016	vs. historical average
Canada	137	156	141	**- 12%**	**- 2%**
United States	267	206	224	**+ 29%**	**+ 19%**
	404	362	365	**+ 12%**	**+ 11%**

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

Operating results for the three-month period

Production

In the second quarter of 2017, hydroelectric segment production increased substantially to 231 GWh, up 21% from 191 GWh a year earlier. This growth was primarily driven by the favourable performance of the U.S. power stations, where production rose 74% owing to better water flow conditions than the previous year, largely offsetting the 19% decline in production at the Canadian power stations.

Hydroelectric power segment production for the second quarter of 2017 is 10% higher than the historical average of 211 GWh for any quarter.

Revenues from energy sales

For the quarter ended June 30, 2017, hydroelectric power segment revenues totalled $19 million, up $4 million or 28% compared with the same period a year earlier. This growth resulted mainly from the favourable performance at the U.S. power stations, which experienced better water flow conditions than in 2016. More specifically, the U.S. power stations recorded 80% higher revenues, which largely offset the 16% decrease from the Canadian power stations.

EBITDA(A)

Accordingly, hydroelectric segment EBITDA(A) rose 40% to $15 million in the second quarter of 2017 from $11 million for the same period of 2016. This increase was fuelled by same factors that favourably impacted revenues. EBITDA(A) at the U.S. power stations more than doubled while EBITDA(A) at the Canadian power stations was down 19%.

Hydroelectric segment EBITDA(A) margin stood at 78% in the second quarter of 2017, compared with 72% for the same period of 2016.

Operating results for the six-month period

Production

For the first six months of 2017, hydroelectric segment production expanded substantially, rising 12% to 404 GWh from 362 GWh a year earlier. This increase was driven primarily by the favourable performance of the U.S. power stations in the second quarter, as production during the first quarter held steady compared with a year earlier. At the U.S. power stations, production for the full first half of the year was 29% higher than for the same period last year, offsetting the 12% production decline at the Canadian power stations.

Hydroelectric power segment production for the first six months of 2017 was 11% higher than the historical average of 365 GWh.

Revenues from energy sales

For the six-month period ended June 30, 2017, hydroelectric power segment revenues totalled $37 million, up $5 million or 14% from the same period a year earlier. This growth stemmed primarily from favourable performance at the U.S. power stations, which experienced better water flow conditions than in the same period of 2016. More specifically, the U.S. power stations recorded 28% higher revenues, largely offsetting the 6% decrease at the Canadian power stations.

EBITDA(A)

Accordingly, for the first six months of 2017, hydroelectric segment EBITDA(A) rose 21% to $28 million from $24 million year over year. This increase resulted from the same factors which favourably impacted revenues. EBITDA(A) at the U.S. power stations was up 39%, while EBITDA(A) at the Canadian power stations was down 5%.

Hydroelectric power segment EBITDA(A) margin stood at 78% for the first six months of 2017, compared with 74% for the same period of 2016.

Thermal and solar

Management is satisfied with the performance of these two 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 power segment which improved its profitability during the first and second quarters of 2017.

Cash flows

Changes in cash flows between December 31, 2016 and June 30, 2017 mainly reflect the impact of the NRWF acquisition closed January 18, 2017. Under this transaction, a cash consideration of $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. Furthermore, during the three-month period ended June 30, 2017, Boralex invested $89 million in cash to pursue various other expansion and development projects. In total, $109 million in financing contracted during the past two fiscal years, together with $44 million in cash flows from operations, provided the Corporation with additional leverage to support its development strategy, maintain its solid financial position and pursue its dividend policy, with quarterly dividend payments of $0.15 per share paid on March 15, 2017 and June 15, 2017.

	Three-month periods ended June 30		Six-month periods ended June 30	
(in millions of Canadian dollars)	**2017**	**2016**	**2017**	**2016**
Cash flows from operations[1]	44	27	102	87
Change in non-cash items related to operating activities	(6)	2	(9)	18
Net cash flows related to operating activities	38	29	93	105
Net cash flows related to investing activities	(88)	13	(209)	(8)
Net cash flows related to financing activities	68	(38)	127	(51)
Translation adjustment on cash and cash equivalents	2	(1)	2	(3)
NET CHANGE IN CASH AND CASH EQUIVALENTS	20	3	13	43
CASH AND CASH EQUIVALENTS - END OF PERIOD	113	142	113	142

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

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

Operating activities

For the three-month period ended June 30, 2017, Boralex reported $44 million in cash flows from operations compared with $27 million for the same period in 2016. Excluding non-cash items from the net loss for both periods, this increase resulted largely from $18 million in EBITDA(A) growth as discussed previously, combined with a $1 million decrease in income tax payments. The changes were partly offset by the $5 million increase in interest paid.

The change in non-cash items related to operating activities shows $6 million in cash used in the second quarter of 2017 owing primarily to a $20 million decline in *Trade and other payables* originating from payments related to the development and construction of production facilities, partly offset by an $11 million decrease in *Trade and other receivables* owing to the seasonal nature of the entity's operations, and a $3 million decline in *Other current assets*.

Accordingly, operating activities generated net cash flows totalling $38 million in the second quarter of 2017 compared with $29 million for the same period in the previous year.

Investing activities

Investing activities used cash in the amount of $88 million in the second quarter of 2017 compared with cash generated of $13 million for the same period in the previous year.

During the quarter, Boralex paid out $22 million in contingent consideration related to Écotera projects. The amounts paid related mainly to the Chemin de Grès wind power farm. The Corporation also invested $67 million in new assets:

- $54 million in the wind power segment, of which $53 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.

Financing activities

Financing activities for the second quarter of fiscal 2017 generated total net cash inflows of $68 million.

New financing arrangements and repayments on existing debt

During the second quarter of 2017, new non-current debt contracted by Boralex totalled $109 million (net of financing costs), as follows:

- $53 million drawn down from Boralex's revolving credit facility.
- $45 million from financing in place for the Plateau de Savernat, Mont de Bagny, Artois and Voie des Monts wind farms in France;
- $9 million to advance the development of the Yellow Falls hydroelectric power station, in addition to $2 million drawn down from the NRWF project financing.

Conversely, the Corporation repaid $27 million in existing debt related to various operating sites.

Dividends and other

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

The Corporation also paid $4 million to non-controlling shareholders. Conversely, the Corporation received $1 million upon exercise of stock options.

Net change in cash and cash equivalents

Total cash movements for the past quarter resulted in a $20 million increase in cash and cash equivalents to $113 million as at June 30, 2017 from $142 million as at June 30, 2016.

Analysis of cash flows for the six-month period ended June 30, 2017

Operating activities

For the six-month period ended June 30, 2017, cash flows from operations at Boralex totalled $102 million, compared with $87 million for the same period of 2016, up $15 million. Excluding non-cash items from net earnings for both periods, this increase resulted largely from the $25 million increase in EBITDA(A) as discussed previously, partly offset by a $12 million increase in payments related to financing costs.

The change in non-cash items related to operating activities shows cash used in the amount of $9 million for the first six months of 2017 compared with $18 million generated for the same period of 2016. The cash outflows in the first half of 2017 resulted primarily from a $24 million decline in *Trade and other payables* originating from payments related to the development and construction of production facilities, partly offset by a $13 million decrease in Trade and other receivables related to the seasonal nature of the entity's operations, and a $2 million decrease in *Other current assets*.

In light of the foregoing, operating activities generated net cash flows totalling $93 million during the first six months of 2017, compared with $105 million for the same period of 2016.

Investing activities

During the first half of 2017, investing activities used cash in the amount of $209 million compared with $8 million for the same period of 2016.

The key investment transaction was the January 18, 2017 acquisition of all of Enercon's economic interest in the 230 MW NRWF facility in Ontario, Canada. The transaction was entered into for a cash consideration, net of cash acquired, amounting to $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 paid $22 million in contingent consideration as discussed in the previous section, and also invested $124 million in new assets, including:

- $99 million in the wind power segment, of which $98 million for construction of various wind farms in Europe and in Canada;
- $20 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 for the first six months of fiscal 2017 generated total net cash inflows of $127 million.

New financing arrangements and repayments on existing debt

During the first half of 2017, new non-current debt contracted by Boralex totalled $246 million (net of $2 million in financing costs).

- $135 million drawn down from Boralex's revolving credit facility, mainly to finance the cash consideration required for the NRWF acquisition.
- 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 June 30, 2017, in addition to an amount of $9 million for NRWF.
- $22 million was drawn down in 2017 to advance the development of the Yellow Falls hydroelectric power station.
- $51 million from financing in place for the Plateau de Savernat I and II, Mont de Bagny, Artois, Voie des Monts and Touvent wind farms in France.

Conversely, the Corporation repaid $90 million in existing debt related to various operating sites.

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 six-month period ended June 30, 2017, the Corporation paid dividends to shareholders totalling $23 million ($0.15 per share and per quarter) compared with $18 million for the same period of 2016, or the equivalent of $0.13 per share and $0.14 per share in the first and second quarters, respectively, for the same period of 2016.

Net change in cash and cash equivalents

Total cash movements for the first six months of 2017 resulted in a $13 million increase in cash and cash equivalents to $113 million as at June 30, 2017 from $100 million as at December 31, 2016.

Financial position

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

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

(in millions of Canadian dollars)	As at June 30, 2017	As at June 30, 2017		As at December 31, 2016
		NRWF	Excluding NRWF	
ASSETS				
Cash and cash equivalents	113	2	111	100
Restricted cash	42	10	32	193
Other current assets	103	23	80	96
CURRENT ASSETS	258	35	223	389
Property, plant and equipment	2,567	789	1,778	1,668
Intangible assets	623	173	450	426
Goodwill	186	59	127	124
Interests in the Joint Ventures	26	—	26	22
Other non-current assets	99	27	72	73
NON-CURRENT ASSETS	3,501	1,048	2,453	2,313
TOTAL ASSETS	3,759	1,083	2,676	2,702
LIABILITIES				
CURRENT LIABILITIES	318	48	270	452
Non-current debt	2,378	785	1,593	1,439
Convertible debentures	136	—	136	135
Other non-current liabilities	215	48	167	162
NON-CURRENT LIABILITIES	2,729	833	1,896	1,736
TOTAL LIABILITIES	3,047	881	2,166	2,188
EQUITY				
TOTAL EQUITY	712	202	510	514
TOTAL LIABILITIES AND EQUITY	3,759	1,083	2,676	2,702

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

Assets

As at June 30, 2017, Boralex's total assets amounted to $3.8 billion, or excluding NRWF, to $2.7 billion, down $26 million compared with as at December 31, 2016 as a result of the following:

- Current assets decreased $166 million owing in particular to use of the $170 million tranche of restricted cash earmarked for the NRWF acquisition, which closed on January 18, 2017. Also, there was a $16 million decline in *Other current assets* more specifically in *Trade and other receivables*. This decline was mainly attributable to the seasonal cycle of receipts related to the Corporation's operations.
- Conversely, *Non-current assets* were up $140 million, owing primarily to:
    - A $110 million increase in *Property, plant and equipment* (net of amortization for the period), due to construction and growth path projects, consisting primarily of Moulins du Lohan, Chemin de Grès, Plateau de Savernat I and II, Artois, Mont de Bagny in France, and Yellow Falls and Moose Lake in Canada.
    - A $24 million increase in the value of energy sales contracts, primarily as a result of $22 million in contingent consideration payments in connection with the projects of Écotera such as Chemin de Grès.

Current liabilities

Current liabilities amounted to $318 million as at June 30, 2017 and $270 million excluding NRWF, compared with $452 million as at December 31, 2016. The $182 million decrease resulted primarily 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.

Working capital

As at June 30, 2017, the Corporation's working capital position reflected:

- A deficit of $60 million for a ratio of 0.81:1, including NRWF (0.86:1 as at December 31, 2016);
- A deficit of $47 million for a ratio of 0.83:1, excluding NRWF (0.86:1 as at December 31, 2016).

Note that the working capital deficit resulted in part from the $46 million surplus in *Other current financial liabilities* net of *Other current financial assets* as at June 30, 2017 ($46 million as at December 31, 2016), consisting primarily of the fair value of financial instruments. Despite their short-term maturities, Boralex intends to request an extension for these financial instruments as they continue to be effective for managing the interest rate risk of projects that are expected to be financed in the coming year.

Note also that following the December 23, 2016 closing of the subscription receipts offering, in addition to the $170 million net proceeds from the offering into restricted cash, a $173 million amount was temporarily recognized in current liabilities in anticipation of the closing of the NRWF acquisition as at December 31, 2016. Excluding this last item, Boralex’s working capital position reflected:

- A deficit of $14 million ($14 million as at December 31, 2016) for a ratio of 0.95:1 as at June 30, 2017 and December 31, 2016, including NRWF;
- A deficit of $1 million ($14 million as at December 31, 2016) for a ratio of 1.00:1 as at June 30, 2017 and December 31, 2016, excluding NRWF.

Non-current liabilities

Total *Non-current liabilities* grew $160 million, owing primarily to a $154 million increase (net of repayments for the period) in new *Non-current debt*, such as for Port Ryerse and drawdowns under the loan obtained in December 2016 for Yellow Falls, Mont de Bagny, Artois and Voie des Monts, and drawdowns on Boralex’s credit facility to pursue various projects under development at the Corporation.

Breaking down the Corporation’s non-current debt geographically as at June 30, 2017, 62% originated in Canada, 35% in France and 3% in the United States, compared with 42%, 53% and 5%, respectively, as at December 31, 2016.

As at June 30, 2017, Boralex had contracted but undrawn debt totalling $51 million, as well as $86 million under the revolving credit facility. A total amount of $40 million would also be available under the letters of credit facility.

Equity

Total equity rose $198 million during the first six months of fiscal 2017 to $712 million as at June 30, 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 Six Nations' $28 million contribution to the NRWF project. It also takes into account net earnings recognized during the first six months of the fiscal year, net of dividend payouts.

Debt ratios

Net debt, as defined under *Non-IFRS Measures*, amounted to $2.4 billion as at June 30, 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 June 30, 2017 from 50% as at December 31, 2016.

Information about the Corporation's equity

As at June 30, 2017, Boralex's capital stock consisted of 75,875,372 Class A shares issued and outstanding (65,365,911 as at December 31, 2016) owing to the following share issues:

- 10,361,500 new shares issued in connection with the public offering conducted in January 2017 in parallel with the NRWF acquisition, as previously discussed;
- 147,961 shares issued on exercise of stock options held by senior executives.

There were 1,031,767 outstanding stock options as at June 30, 2017, of which 890,766 were exercisable.

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

From July 1 to August 8, 2017, no new shares were issued on exercise of stock options and 510 new 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 six-month period ended June 30, 2017, revenues from this agreement were immaterial.

Transactions with the Joint Ventures

Joint Venture Phase I

For the six-month period ended June 30, 2017, Joint Venture Phase I reported net earnings of $9 million ($8 million in 2016), with Boralex's share amounting to $4 million ($4 million in 2016). Amortization of the unrealized loss on financial instruments generated an expense of $1 million ($1 million in 2016). Accordingly, for the period, the Corporation's *Share in earnings of the Joint Venture Phase I* amounted to $3 million ($3 million in 2016).

For the six-month period ended June 30, 2017, Boralex also re-invoiced an immaterial amount in salaries, management fees and other costs to this Joint Venture in connection with operation of the wind farm (also immaterial for the same period of 2016).

Joint Venture Phase II

For the six-month period ended June 30, 2017, Joint Venture Phase II reported net earnings of $2 million ($1 million in 2016) with Boralex's share amounting to $1 million (immaterial in 2016).

Interests in the Joint Ventures

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

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

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

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

Financial highlights

(in millions of Canadian dollars, unless otherwise specified)	Three-month periods ended June 30 2017	2016	Six-month periods ended June 30 2017	2016
POWER PRODUCTION (GWh)				
Wind power stations	607	468	1,416	1,201
Hydroelectric power stations	231	191	404	362
Thermal power stations	18	12	95	77
Solar power stations	7	7	11	11
	863	678	1,926	1,651
REVENUES FROM ENERGY SALES				
Wind power stations	81	58	184	152
Hydroelectric power stations	19	15	37	32
Thermal power stations	3	2	16	12
Solar power stations	2	2	3	3
	105	77	240	199
EBITDA(A)				
Wind power stations	62	45	150	125
Hydroelectric power stations	15	11	28	24
Thermal power stations	(1)	(1)	5	3
Solar power stations	1	1	2	2
	77	56	185	154
Corporate and eliminations	(10)	(8)	(20)	(16)
	67	48	165	138
NET EARNINGS (LOSS)	(7)	(7)	9	16
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(2)	(7)	15	14
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.02)	($0.11)	$0.20	$0.20
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	43	33	105	115
CASH FLOWS FROM OPERATIONS	46	28	114	98
DIVIDENDS PAID ON COMMON SHARES	11	9	23	18
DIVIDENDS PAID PER COMMON SHARE	$0.15	$0.14	$0.30	$0.27
Weighted average number of shares outstanding (basic)	75,874,562	65,200,423	74,955,352	65,116,534

Statement of financial position data

(in millions of Canadian dollars, unless otherwise specified)	As at June 30, 2017	As at December 31, 2016
Total cash, including of restricted cash	168	302
Property, plant and equipment	2,941	2,053
Total assets	4,128	3,084
Subscription receipts	—	173
Debt, including non-current debt and current portion of debt	2,828	1,865
Liability component of convertible debentures	136	135
Total liabilities	3,416	2,570
Total equity	712	514
Net debt to market capitalization ratio	59%	56%

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

Consolidated

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

The following table shows the major changes in revenues from energy sales and EBITDA(A) for the three-month period ended June 30, 2017. Proportionate consolidation primarily affected *Volume*, which in turn was reflected in revenues and EBITDA(A), as well as in the elimination of Share of Joint Ventures:

	Revenues from energy sales	EBITDA(A)
	(in millions of $)	(in millions of $)
THREE-MONTH PERIOD ENDED JUNE 30, 2016	77	48
Power stations acquired/commissioned[1]	22	17
Volume	5	5
Foreign exchange effect	1	—
Temporary halt – Moulins du Lohan	—	(1)
Other	—	(2)
Change	28	19
THREE-MONTH PERIOD ENDED JUNE 30, 2017	105	67

[1] Addition of 274 MW in 2016 and 2017: In France, 14 MW Touvent (August 1, 2016) and 16 MW Plateau de Savernat I and II (December 23, 2016 and March 21, 2017) 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 second quarter of fiscal 2017 compared with the same quarter of 2016, as a result of favourable wind conditions and excellent equipment availability rates. For the three-month period ended June 30, 2017 Boralex's 50% share in the production of the Joint Ventures thus totalled 119 GWh compared with 112 GWh year over year.

Note that for the second quarter of 2017, proportionate consolidation of the production of the Joint Ventures represented an additional 16% compared with Boralex's total quarterly production reported under IFRS.

Revenues from energy sales

As shown in the above table, Boralex's revenues rose 36%, totalling $105 million under proportionate consolidation (compared with an increase of 41% under IFRS) compared with the second quarter of 2016. As discussed in the main section of this MD&A, the increase in Boralex's consolidated revenues during the second quarter compared with the same period the previous year was generated mainly by the addition of another 274 MW to Boralex's existing operating assets, as well as better performance at the U.S. hydroelectric power stations compared with the second quarter of the previous year. These two items largely offset the decline in production at the Canadian hydroelectric power stations and French wind farms.

Boralex's share in the revenues of the Joint Ventures increased to $13 million for the second quarter of 2017 from $12 million for the same period of 2016. Proportionately consolidating revenues from the Joint Ventures for the second quarter of 2017 thus represented an additional 14% contribution compared with consolidated revenues reported under IFRS.

EBITDA(A)

(in millions of Canadian dollars)	Three-month periods ended June 30	
	2017	2016
EBITDA(A) (IFRS)	57	38
Less: Share in losses of the Joint Ventures Phases I and II	—	(1)
Plus: EBITDA(A) of the Joint Ventures Phases I and II	10	9
EBITDA(A) (proportionate consolidation)	67	48

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

Under proportionate consolidation, as shown in the first table in this section, Boralex's EBITDA(A) was up $19 million, or 39% (up 52% under IFRS), compared with the second quarter of 2016, totalling $67 million. Accordingly, consolidated EBITDA(A) margin increased to 64% in 2017 from 63% in 2016 (compared with 62% in 2017 and 58% in 2016 under IFRS). Consistent with the key factors set out in the table and commented in detail under *Analysis of operating results for the three-month period ended June 30, 2017* in the IFRS section of this MD&A, the increase in EBITDA(A) resulted in large part from the contributions of the new assets acquired or commissioned in 2016 and 2017, and from better performance at the U.S. hydroelectric power stations during the second quarter of 2017 compared with a year earlier.

Net loss

The proportionate consolidation of the results of the Joint Ventures had no effect on net loss and net loss per share. Accordingly, under both proportionate consolidation and IFRS, Boralex recorded a net loss attributable to shareholders of $2 million or $0.02 per share (basic and diluted) for the three-month period ended June 30, 2017.

Analysis of operating results for the six-month period ended June 30, 2017

Consolidated

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

In the table below shows the major changes in revenues from energy sales and EBITDA(A) for the six-month period ended June 30, 2017. 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 $)
SIX MONTH PERIOD ENDED JUNE 30, 2016	199	138
Power stations acquired/commissioned[1]	46	37
Pricing	2	2
Volume	(4)	(5)
Foreign exchange effect	(4)	(3)
Development – prospection	—	(1)
Temporary halt – Moulins du Lohan	—	(1)
Other	1	(2)
Change	41	27
SIX MONTH PERIOD ENDED JUNE 30, 2017	240	165

(1) Addition of 274 MW in 2016 and 2017: In France, 14 MW Touvent (August 1, 2016) and 16 MW Plateau de Savernat I and II (December 23, 2016 and March 21, 2017) 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 six months period

Production

During the six-month period ended June 30, 2017, Boralex's share (50%) in the production of the Joint Ventures amounted to an additional 273 GWh compared with 264 GWh year over year. This increase was primarily attributable to favourable wind conditions and excellent equipment availability rates.

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

Revenues from energy sales

Boralex's share in the revenues of the Joint Ventures amounted to $29 million for the first six months of 2017, slightly exceeding the $28 million reported in the same period of 2016. Revenues at both power stations were in line with Boralex's expectations.

As shown in the table above, Boralex's revenues for the first six months of 2017 amounted to $240 million under proportionate consolidation, up $41 million or 21% from the same period a year earlier. This growth was driven primarily form the contribution of facilities acquired or commissioned since June 30, 2016 and favourable performance at the hydroelectric power stations in the second quarter of 2017 compared with the same period of 2016. These items significantly offset the adverse impact of changes in foreign exchanged rates and the unfavourable volume effect originating primarily from the French wind farms as a result of poor weather conditions.

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

EBITDA(A)

(in millions of Canadian dollars)	Six-month periods ended June 30 2017	2016
EBITDA(A) (IFRS)	144	118
Less: Share in earnings of the Joint Ventures Phases I and II	4	3
Plus: EBITDA(A) of the Joint Ventures Phases I and II	25	23
EBITDA(A) (Proportionate consolidation)	165	138

In first half of 2017, Boralex's share in EBITDA(A) of the Joint Ventures under proportionate consolidation rose 2% to $25 million from $23 million year over year, owing primarily to the favourable weather conditions that prevailed during the period compared with a year earlier.

For the first six months of 2017, Boralex's EBITDA(A) under proportionate consolidation stood at $165 million, up 19% from the same period of 2016 (up 22% under IFRS).

EBITDA(a) margin decreased to 69% for the first half of 2017 from 70% for the same period of 2016, whereas it decreased to 68% from 69%, respectively, under IFRS.

As shown in the table at the beginning of this section and explained previously under *Analysis of operating results for the six-month period ended June 30, 3017* in the IFRS section, EBITDA(A) growth was driven in large part by contributions of assets acquired or commissioned since June 30, 2016, which significantly offset the unfavourable effects in terms of volume, changes in foreign exchange rates and other miscellaneous items, including the increase in development and prospection costs.

Moreover, as shown in the table above, proportionate consolidation had a net favourable effect of $21 million or 14% on consolidated EBITDA(A) for the first half of 2017 compared with reporting under IFRS. Apart from the addition of EBITDA(A) from the Joint Ventures, this difference resulted from eliminating *Share in earnings of Joint Ventures Phases I and II*, which included costs not related to EBITDA(A) of the joint ventures.

Net earnings

For the six-month period ended June 30, 2017, the proportionate consolidation of the results of Joint Ventures had no effect on net earnings and net earnings per share (basic and diluted) compared with the results reported under IFRS. Accordingly, Boralex reported net earnings attributable to shareholders amounting to $15 million or $0.20 per share (basic and diluted) for the first six months of 2017, compared with $14 million or $0.20 per share (basic and diluted) year over year.

Cash flows

Three-month period

Under proportionate consolidation, cash generated by operating activities for the second quarter of 2017 was higher than under IFRS by a net total of $5 million, primarily as a result of reflecting EBITDA(A) from the Joint Ventures, net of distributions received from the Joint Ventures and payments related to financing costs.

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

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

In light of the foregoing, the change in cash and cash equivalents between March 31 and June 30, 2017 amounted to $17 million under proportionate consolidation compared with $20 million under IFRS.

Six-month period

Under proportionate consolidation, cash generated by operating activities for the first six months of 2017 was higher than under IFRS by a net total amount of $12 million, primarily as a result of reflecting EBITDA(A) from the Joint Ventures, net of distributions received from the Joint Ventures and payments related to financing costs.

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

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

In light of the foregoing, the change in cash and cash equivalents between December 31, 2016 and June 30, 2017 amounted to $17 million under proportionate consolidation compared with $13 million under IFRS.

Financial position as at June 30, 2017

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

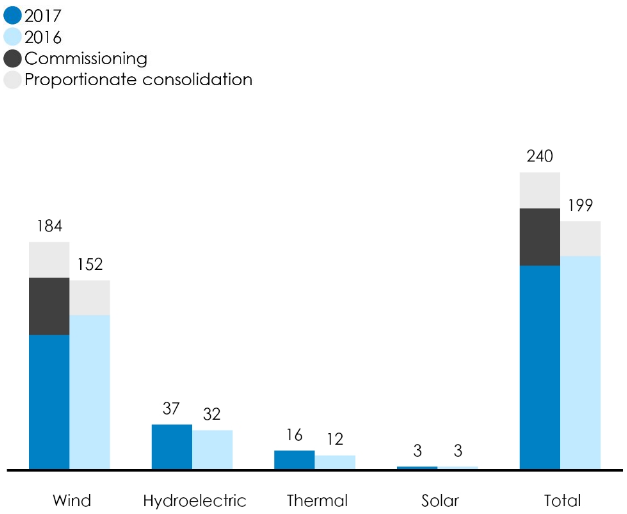
- An $18 million increase in total *Current assets*, including $13 million in *Cash and cash equivalents* and $4 million in *Trade and other receivables*;
- A $351 million increase in total *Non-current assets*, owing primarily to a $374 million increase in the total net value of *Property, plant and equipment*, partly offset by the elimination of *Interests in the Joint Ventures*, in the amount of $26 million;
- A $21 million increase in total *Current liabilities*, including a $15 million increase in the *Current portion of non-current debt* and a $6 million increase in *Trade and other payables*;
- A $348 million increase in total *Non-current liabilities*, consisting mainly of a $302 million increase in *Non-current debt*, a $27 million increase in *Other non-current liabilities* and the addition of $18 million under *Other non-current financial liabilities*.

Accordingly, *Cash and cash equivalents* and *Restricted cash* as at June 30, 2017 totalled $168 million under proportionate consolidation (compared with $155 million under IFRS).

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

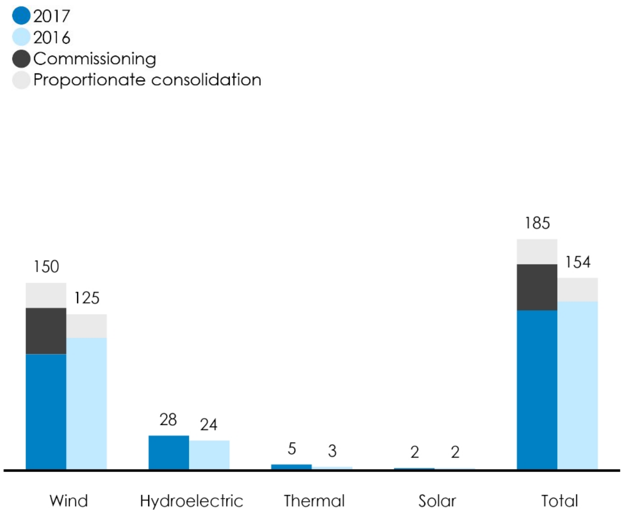
Segment breakdown

Revenues from energy sales



(in millions of Canadian dollars)

EBITDA(1)



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

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

Wind

For the first half of 2017, wind power segment revenues grew 22% from the same period of 2016 and represented 77% of consolidated revenues, compared with 76% year over year. This growth was driven primarily by the addition of 274 MW to the segment's installed capacity since June 30, 2016. However, the effect of this growth was offset by the decline in production at existing wind farms in France, which was caused by less favourable wind conditions than in 2016.

Wind power segment EBITDA(A) for the first half of 2017 rose 18% compared with the same period of 2016, representing 81% of consolidated EBITDA(A) (before the corporate segment and eliminations), or the same percentage as a year earlier. Not only does the wind power segment account for Boralex's most significant driver of EBITDA(A), but its EBITDA(A) margin is also higher than the average for Boralex's energy asset portfolio, at approximately 81% in 2017 (83% in 2016).

Boralex expects its wind power segment to grow significantly in 2017 given the January 2017 acquisition of the 230 MW NRWF facility in Ontario, Canada, full-year contributions from the wind farms commissioned and acquired in 2016 representing 40 MW, and the commissioning of 87 MW in new assets throughout fiscal 2017.

Given the wind power projects under construction or ready-to-build in France and Canada to be commissioned in 2018 and 2019, representing an additional contracted capacity of about 154 MW, and the large pipeline of potential wind power projects at Boralex's disposal, the segment's dominant contribution to the Corporation's operating profitability is poised to grow in the coming quarters and years, strengthening its average profit margin.

Hydroelectric

Hydroelectric power segment revenues and EBITDA(A) rose 14% and 21%, respectively, compared with a year earlier owing to the favourable performance of the U.S. power stations in the second quarter of 2017. Given the growth in the wind power segment, the hydroelectric power segment's share of consolidated revenues eased to 15% in 2017 from 16% in 2016, while its share of EBITDA(A) (before the corporate segment and eliminations) held steady at 15%. EBITDA(A) margin for this segment, as a percentage of revenues, grew to 78% for the first half of 2017 from 74% for the same period of 2016.

Thermal

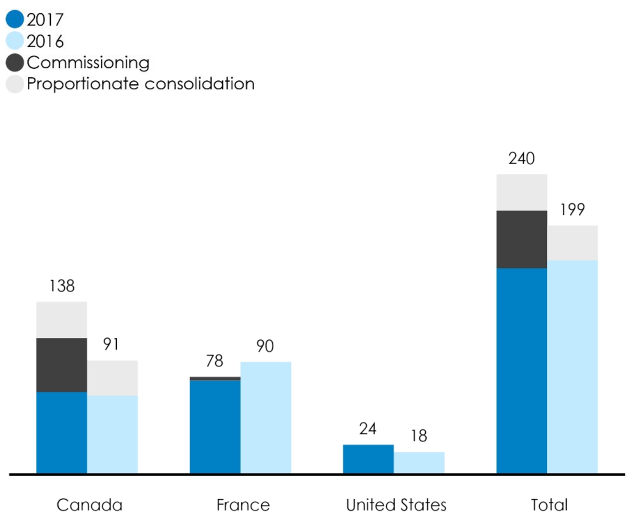
Thermal power segment revenues grew 26% in the first half of 2017, owing mainly to solid productivity at both power stations. The segment accounted for 7% of consolidated revenues in the first half of fiscal 2017, compared with 6% in the same period of 2016. In addition, thermal power segment EBITDA(A) grew 46%. Therefore, the segment's share of consolidated EBITDA(A) (before the corporate segment and eliminations) stood at 3% for the first half of 2017, compared with 2% year over year. EBITDA(A) margin rose to 32% in 2017 from 27% in 2016.

Solar

In the first half of fiscal 2017, Boralex's solar power segment generated EBITDA(A) of $2 million on revenues of $3 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.

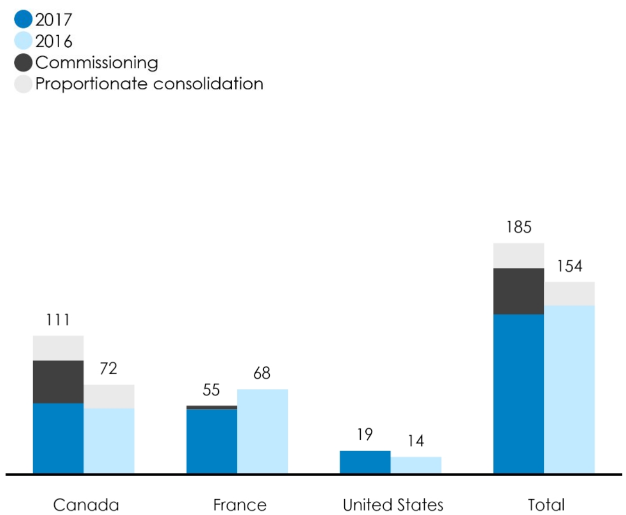
Geographic breakdown

Revenues from energy sales



(in millions of Canadian dollars)

EBITDA[1]



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

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

- 58% in Canada compared with 46% for the same period of 2016;
- 32% in France, compared with 45% for the same period of 2016;
- 10% 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 Niagara Region 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 section *V – Reconciliations between IFRS and proportionate consolidation*.

EBITDA(A)

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

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

IFRS

	Three-month periods ended June 30		Six-month periods ended June 30	
(in millions of Canadian dollars)	2017	2016	2017	2016
Net earnings (loss)	(7)	(7)	9	16
Income tax expense (recovery)	—	(4)	6	5
Financing costs	23	18	48	36
Amortization	43	29	82	58
EBITDA	59	36	145	115
Adjustments:				
Net loss (gain) on financial instruments	(1)	1	—	3
Foreign exchange loss (gain)	(1)	1	(1)	1
Other gains	—	—	—	(1)
EBITDA(A)	57	38	144	118

Proportionate consolidation

(in millions of Canadian dollars)	Three-month periods ended June 30 2017	Three-month periods ended June 30 2016	Six-month periods ended June 30 2017	Six-month periods ended June 30 2016
Net earnings (loss)	(7)	(7)	9	16
Income tax expense (recovery)	—	(4)	6	5
Financing costs	28	24	58	46
Amortization	49	34	94	69
EBITDA	70	47	167	136
Adjustments:				
Net loss (gain) on financial instruments	(1)	1	—	3
Foreign exchange loss (gain)	(1)	1	(1)	1
Other gains	(1)	(1)	(1)	(2)
EBITDA(A)	67	48	165	138

Reconciliation between IFRS and proportionate consolidation

(in millions of Canadian dollars)	Three-month periods ended June 30 2017	Three-month periods ended June 30 2016	Six-month periods ended June 30 2017	Six-month periods ended June 30 2016
EBITDA(A) (IFRS)	57	38	144	118
Less: Share in earnings (losses) of Joint Ventures Phases I and II	—	(1)	4	3
Plus: EBITDA(A) of the Joint Ventures Phases I and II	10	9	25	23
EBITDA(A) (proportionate consolidation)	67	48	165	138

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 June 30 2017	Three-month periods ended June 30 2016	Six-month periods ended June 30 2017	Six-month periods ended June 30 2016
Net cash flows related to operating activities	38	29	93	105
Change in non-cash items related to operating activities	(6)	2	(9)	18
CASH FLOWS FROM OPERATIONS	44	27	102	87

Proportionate consolidation

(in millions of Canadian dollars)	Three-month periods ended June 30 2017	Three-month periods ended June 30 2016	Six-month periods ended June 30 2017	Six-month periods ended June 30 2016
Net cash flows related to operating activities	43	33	105	115
Change in non-cash items related to operating activities	(3)	5	(9)	17
CASH FLOWS FROM OPERATIONS	46	28	114	98

Net debt ratio

The Corporation defines net debt as follows:

(in millions of Canadian dollars)	IFRS As at June 30, 2017	IFRS As at December 31, 2016	Proportionate consolidation As at June 30, 2017	Proportionate consolidation As at December 31, 2016
Non-current debt	2,378	1,439	2,680	1,749
Current portion of debt	133	101	148	116
Borrowing costs, net of accumulated amortization	26	25	44	44
Less:				
Cash and cash equivalents	113	100	126	109
Restricted cash[1]	42	23	42	23
Net debt[2]	2,382	1,442	2,704	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:

(in millions of Canadian dollars, unless otherwise specified)	IFRS As at June 30, 2017	IFRS As at December 31, 2016	Proportionate consolidation As at June 30, 2017	Proportionate consolidation As at December 31, 2016
Number of outstanding shares (in thousands)	75,875	65,366	75,875	65,366
Share market price (in $ per share)	21.96	19.15	21.96	19.15
Market value of equity attributable to shareholders	1,666	1,252	1,666	1,252
Non-controlling shareholders	34	18	34	18
Net debt	2,382	1,442	2,704	1,777
Convertible debentures (nominal value)	144	144	144	144
Total market capitalization	4,226	2,856	4,548	3,191

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

(in millions of Canadian dollars)	IFRS As at June 30, 2017	IFRS As at December 31, 2016	Proportionate consolidation As at June 30, 2017	Proportionate consolidation As at December 31, 2016
Net debt	2,382	1,442	2,704	1,777
Total market capitalization	4,226	2,856	4,548	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 represents the dividends paid to shareholders of Boralex divided by discretionary cash flows. Boralex believes it is a measure of its ability to sustain current dividends as well as its ability to fund its future development. For an accurate representation of current operations, this calculation will be adjusted to withdraw non-recurring items.

For the 12-month period ended June 30, 2017, dividends paid to shareholders by the Corporation represented 117% of discretionary cash flows. The high 2017 ratio resulted mainly from lower production owing to less favourable wind conditions in France, particularly in the third and fourth 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 as follows[1]:

	Twelve months ended	
(in millions of Canadian dollars, unless otherwise specified)	As at June 30, 2017	As at December 31, 2016
Cash flows from operations	160	144
Adjustment to non-recurring items[2]	6	6
Distributions paid to non-controlling shareholders	(9)	(7)
Additions to property, plant and equipment (maintenance of operations)	(9)	(9)
Repayments on non-current debt (projects)[3]	(128)	(105)
Development costs (from statement of earnings (loss))	15	13
Discretionary cash flows	**35**	**42**
Discretionary cash flows per share	$0.50	$0.64
Dividends paid to shareholders of Boralex	$41	$36
Dividend paid to shareholders of Boralex per share	$0.58	$0.55
Payout ratio	**117%**	**86%**

[1] Under proportionate consolidation.
[2] Adjustment of interest on $3 million State government assistance paid in France and $3 million in income taxes paid in France regarding previous adjustments to 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. In the second quarter of 2017, the Corporation entered into a cross-currency swap. This derivative covers the Corporation's net investment in France, as it allows financing issued in Canada for investment in France to be synthetically translated into euros. In addition, to mitigate the risk related to foreign currency fluctuations, this instrument also allows Boralex to benefit in part from lower interest rates than prevailing in Europe. To measure the fair value of this instrument, the Corporation uses a technique that is a combination of the techniques used to measure interest rate swaps and foreign exchange forward contracts.

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

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

Price risk

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

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

Interest rate risk

Under IFRS, as at June 30, 2017, approximately 62% of non-current debt issued bore interest at variable rates, excluding the revolving credit facility and the bridge financing facility. A sharp increase in interest rates in the future could affect the liquid assets available for the Corporation's development projects. However, since the Corporation uses interest rate swaps and interest rate forward contracts, its actual exposure to interest rate fluctuations is limited to only 9% of total debt under IFRS and proportionate consolidation.

IFRS

As at June 30, **2017**	Currency	Current notional (currency of origin)	Current notional (CAD)	Fair value (currency of origin)	Fair value (CAD)
Financial swaps – interest rates	EUR	299	440	(16)	(23)
Financial swaps – interest rates	CAD	899	899	(32)	(32)
Foreign exchange forward contracts	EUR vs. CAD	83	128	(3)	(3)
Cross-currency swap	EUR vs. CAD	16	24	—	—
					(58)

Proportionate consolidation

As at June 30,

2017	Currency	Current notional (currency of origin)	Current notional (CAD)	Fair value (currency of origin)	Fair value (CAD)
Financial swaps – interest rates	EUR	299	440	(16)	(23)
Financial swaps – interest rates	CAD	1,141	1,141	(50)	(50)
Foreign exchange forward contracts	EUR vs. CAD	83	128	(3)	(3)
Cross-currency swap	EUR vs. CAD	16	24	—	—
					(76)

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 a turbine purchase contract and construction contracts for the **Chemin de Grès** wind power project. The Corporation's net commitment under those contracts amounted to €17 million ($25 million) as at June 30, 2017.

France - Inter Deux Bos wind power project

In June 2017, the Corporation entered into a construction contract for the **Inter Deux Bos** wind power project. As at June 30, 2017, the Corporation's net commitment under this contract amount to €3 million ($5 million).

Canada – NRWF

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

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

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

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

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

As at June 30, 2017, the Corporation's net commitment under the maintenance contract, land leases and community and royalty agreements amounted to $264 million.

Canada - ISE

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

Subsequent events

France – Moulins du Lohan wind power project

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

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

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

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

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

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

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

As at June 30, 2017, the costs incurred amounted to €48 million ($71 million), consisting of €26 million ($38 million) in *Property, plant and equipment* and €22 million ($33 million) in *Intangible assets*. This amount does not include certain contractual penalties related to the suspension of construction contracts and which are under negotiation. The Corporation is currently implementing mitigation measures for these impacts and considers that the net impact of these penalties would be insignificant.

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

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

Financing – Chemin de Grès wind power project

On July 31, 2017, the Corporation announced the closing of long-term financing for the 30 MW **Chemin de Grès** wind farm in France for a total amount of €46 million ($68 million), including €6 million ($9 million) for a bridge value-added tax financing facility. The long-term financing comprises a €25 million ($37 million) fixed-rate tranche and a €15 million ($22 million) variable-rate tranche. The loan will be amortized over a 15-year term. Based on current interest rate swaps, the combined interest rate amounts to approximately 2.05%. Under the credit agreement, interest rate swaps must be entered into for about 80% to 90% of the variable-rate debt.

France – Le Pelon wind power project

In July 2017, the Corporation entered into a turbine purchase contract for its **Le Pelon** wind power project. The Corporation's net commitment under this contract amounts to €10 million ($14 million).

Canada - Yellow Falls power station

In July 2017, the Corporation entered into a connection agreement for its **Yellow Falls** power station. The Corporation's net commitment under this contract amounts to $2 million.

Risk factors and uncertainties

Risk factors

Boralex has not observed any significant changes regarding the risks to which it is exposed, and which are discussed under Risk Factors and Uncertainties in Boralex's annual MD&A for the year ended December 31, 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 June 30, 2017, no changes were made to internal control over financial reporting or disclosure controls and procedures that have materially affected, or are reasonably likely to materially affect, internal controls and procedures.

Consolidated statements of financial position[1]

(in millions of Canadian dollars) (unaudited)	As at June 30, 2017	As at December 31, 2016
ASSETS		
Cash and cash equivalents	126	109
Restricted cash	42	193
Trade and other receivables	89	88
Other current financial assets	1	1
Other current assets	18	15
CURRENT ASSETS	276	406
Property, plant and equipment	2,941	2,053
Intangible assets	623	426
Goodwill	186	124
Deferred income tax asset	—	21
Other non-current financial assets	18	2
Other non-current assets	84	52
NON-CURRENT ASSETS	3,852	2,678
TOTAL ASSETS	4,128	3,084
LIABILITIES		
Trade and other payables	142	136
Current portion of debt	148	116
Subscription receipts	—	173
Current income tax liability	2	—
Other current financial liabilities	47	47
CURRENT LIABILITIES	339	472
Non-current debt	2,680	1,749
Convertible debentures	136	135
Deferred income tax liability	113	70
Decommissioning liability	47	36
Other non-current financial liabilities	48	53
Other non-current liabilities	53	55
NON-CURRENT LIABILITIES	3,077	2,098
TOTAL LIABILITIES	3,416	2,570
EQUITY		
Equity attributable to shareholders	678	496
Non-controlling shareholders	34	18
TOTAL EQUITY	712	514
TOTAL LIABILITIES AND EQUITY	4,128	3,084

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

Consolidated statements of earnings (loss)[1]

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended June 30		Six-month periods ended June 30	
	2017	**2016**	**2017**	**2016**
REVENUES				
Revenues from energy sales	105	77	240	199
Other income	1	—	2	1
	106	77	242	200
COSTS AND OTHER EXPENSES				
Operating	28	22	58	48
Administrative	7	5	12	9
Development	4	2	7	5
Amortization	49	34	94	69
Other gains	(1)	(1)	(1)	(2)
	87	62	170	129
OPERATING INCOME	19	15	72	71
Financing costs	28	24	58	46
Foreign exchange loss (gain)	(1)	1	(1)	1
Net loss (gain) on financial instruments	(1)	1	—	3
EARNINGS (LOSS) BEFORE INCOME TAXES	(7)	(11)	15	21
Income tax expense (recovery)	—	(4)	6	5
NET EARNINGS (LOSS)	(7)	(7)	9	16
NET EARNINGS (LOSS) ATTRIBUTABLE TO:				
Shareholders of Boralex	(2)	(7)	15	14
Non-controlling shareholders	(5)	—	(6)	2
NET EARNINGS (LOSS)	(7)	(7)	9	16
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.02)	($0.11)	$0.20	$0.20

[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 June 30 2017	2016	Six-month periods ended June 30 2017	2016
Net earnings (loss)	(7)	(7)	9	16
Financing costs	28	24	58	46
Interest paid	(22)	(18)	(52)	(40)
Income tax expense (recovery)	—	(4)	6	5
Income taxes paid	(1)	(2)	(1)	(2)
Non-cash items in earnings (loss):				
Net loss (gain) on financial instruments	(1)	1	—	3
Amortization	49	34	94	69
Other	—	—	—	1
Change in non-cash items related to operating activities	(3)	5	(9)	17
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	43	33	105	115
Business acquisition, net of cash acquired	—	—	(230)	—
Additions to property, plant and equipment	(67)	(28)	(124)	(48)
Acquisition of energy sales contracts	(22)	—	(22)	—
Change in restricted cash	2	3	168	2
Other	(1)	(2)	(1)	(2)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(88)	(27)	(209)	(48)
Net increase in non-current debt	109	62	246	128
Repayments on current and non-current debt	(35)	(58)	(98)	(126)
Distributions paid to non-controlling shareholders	(4)	(1)	(4)	(2)
Dividends paid to shareholders of Boralex	(11)	(9)	(23)	(18)
Transaction costs related to share issuance	—	—	(4)	—
Exercise of options	1	1	2	4
Redemption of financial instruments prior to maturity	—	—	—	(4)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	60	(5)	119	(18)
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	2	(1)	2	(3)
NET CHANGE IN CASH AND CASH EQUIVALENTS	17	—	17	46
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	109	154	109	108
CASH AND CASH EQUIVALENTS - END OF PERIOD	126	154	126	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 June 30 2017	2016	Six-month periods ended June 30 2017	2016
POWER PRODUCTION (GWh)				
Wind power stations	607	468	1,416	1,201
Hydroelectric power stations	231	191	404	362
Thermal power stations	18	12	95	77
Solar power stations	7	7	11	11
	863	678	1,926	1,651
REVENUES FROM ENERGY SALES				
Wind power stations	81	58	184	152
Hydroelectric power stations	19	15	37	32
Thermal power stations	3	2	16	12
Solar power stations	2	2	3	3
	105	77	240	199
EBITDA(A)				
Wind power stations	62	45	150	125
Hydroelectric power stations	15	11	28	24
Thermal power stations	(1)	(1)	5	3
Solar power stations	1	1	2	2
	77	56	185	154
Corporate and eliminations	(10)	(8)	(20)	(16)
	67	48	165	138

(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 June 30 2017	2016	Six-month periods ended June 30 2017	2016
POWER PRODUCTION (GWh)				
Canada	506	367	1,095	801
France	213	228	565	644
United States	144	83	266	206
	863	678	1,926	1,651
REVENUES FROM ENERGY SALES				
Canada	62	38	138	91
France	31	32	78	90
United States	12	7	24	18
	105	77	240	199
EBITDA(A)				
Canada	43	26	102	64
France	15	17	45	60
United States	10	5	19	14
Other [2]	(1)	—	(1)	—
	67	48	165	138

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

Consolidated statements of financial position

			As at June 30, 2017
(in millions of Canadian dollars) (unaudited)	**IFRS**	**Adjustments Joint Ventures**	**Proportionate consolidation**
ASSETS			
Cash and cash equivalents	113	13	126
Restricted cash	42	—	42
Trade and other receivables	85	4	89
Other current financial assets	1	—	1
Other current assets	17	1	18
CURRENT ASSETS	258	18	276
Property, plant and equipment	2,567	374	2,941
Intangible assets	623	—	623
Goodwill	186	—	186
Interests in the Joint Ventures	26	(26)	—
Other non-current financial assets	18	—	18
Other non-current assets	81	3	84
NON-CURRENT ASSETS	3,501	351	3,852
TOTAL ASSETS	3,759	369	4,128
LIABILITIES			
Trade and other payables	136	6	142
Current portion of debt	133	15	148
Current income tax liability	2	—	2
Other current financial liabilities	47	—	47
CURRENT LIABILITIES	318	21	339
Non-current debt	2,378	302	2,680
Convertible debentures	136	—	136
Deferred income tax liability	113	—	113
Decommissioning liability	46	1	47
Other non-current financial liabilities	30	18	48
Other non-current liabilities	26	27	53
NON-CURRENT LIABILITIES	2,729	348	3,077
TOTAL LIABILITIES	3,047	369	3,416
EQUITY			
Equity attributable to shareholders	678	—	678
Non-controlling shareholders	34	—	34
TOTAL EQUITY	712	—	712
TOTAL LIABILITIES AND EQUITY	3,759	369	4,128

Consolidated statements of financial position

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

Consolidated statements of loss

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month period ended June 30 2017 IFRS	Adjustments Joint Ventures	Proportionate consolidation
REVENUES			
Revenues from energy sales	92	13	105
Other income	1	—	1
	93	13	106
COSTS AND OTHER EXPENSES			
Operating	26	2	28
Administrative	6	1	7
Development	4	—	4
Amortization	43	6	49
Other gains	—	(1)	(1)
	79	8	87
OPERATING INCOME	14	5	19
Financing costs	23	5	28
Foreign exchange gain	(1)	—	(1)
Net gain on financial instruments	(1)	—	(1)
LOSS BEFORE INCOME TAXES	(7)	—	(7)
Income tax expense (recovery)	—	—	—
NET LOSS	(7)	—	(7)
NET LOSS ATTRIBUTABLE TO:			
Shareholders of Boralex	(2)	—	(2)
Non-controlling shareholders	(5)	—	(5)
NET LOSS	(7)	—	(7)
NET LOSS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.02)	—	($0.02)

Consolidated statements of loss

	Three-month period ended June 30		
	2016		
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	IFRS	Adjustments Joint Ventures	Proportionate consolidation
REVENUES			
Revenues from energy sales	65	12	77
	65	12	77
COSTS AND OTHER EXPENSES			
Operating	20	2	22
Administrative	4	1	5
Development	2	—	2
Amortization	29	5	34
Other gains	—	(1)	(1)
	55	7	62
OPERATING INCOME	10	5	15
Financing costs	18	6	24
Foreign exchange loss	1	—	1
Net loss on financial instruments	1	—	1
Share in losses of the Joint Ventures	(1)	1	—
LOSS BEFORE INCOME TAXES	(11)	—	(11)
Income tax recovery	(4)	—	(4)
NET LOSS	(7)	—	(7)
NET LOSS ATTRIBUTABLE TO:			
Shareholders of Boralex	(7)	—	(7)
Non-controlling shareholders	—	—	—
NET LOSS	(7)	—	(7)
NET LOSS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	($0.11)	—	($0.11)

Consolidated statements of earnings

	Six-month period ended June 30		
	2017		
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	**IFRS**	**Adjustments Joint Ventures**	**Proportionate consolidation**
REVENUES			
Revenues from energy sales	211	29	240
Other income	2	—	2
	213	29	242
COSTS AND OTHER EXPENSES			
Operating	54	4	58
Administrative	12	—	12
Development	7	—	7
Amortization	82	12	94
Other gains	—	(1)	(1)
	155	15	170
OPERATING INCOME	58	14	72
Financing costs	48	10	58
Foreign exchange gain	(1)	—	(1)
Share in earnings of the Joint Ventures	4	(4)	—
EARNINGS BEFORE INCOME TAXES	15	—	15
Income tax expense	6	—	6
NET EARNINGS	9	—	9
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex	15	—	15
Non-controlling shareholders	(6)	—	(6)
NET EARNINGS	9	—	9
NET EARNINGS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.20	—	$0.20

Consolidated statements of earnings

	Six-month period ended June 30		
	2016		
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	**IFRS**	**Adjustments Joint Ventures**	**Proportionate consolidation**
REVENUES			
Revenues from energy sales	171	28	199
Other income	1	—	1
	172	28	200
COSTS AND OTHER EXPENSES			
Operating	43	5	48
Administrative	9	—	9
Development	5	—	5
Amortization	58	11	69
Other gains	(1)	(1)	(2)
	114	15	129
OPERATING INCOME	58	13	71
Financing costs	36	10	46
Foreign exchange loss	1	—	1
Net loss on financial instruments	3	—	3
Share in earnings of the Joint Ventures	3	(3)	—
EARNINGS BEFORE INCOME TAXES	21	—	21
Income tax expense	5	—	5
NET EARNINGS	16	—	16
NET EARNINGS ATTRIBUTABLE TO:			
Shareholders of Boralex	14	—	14
Non-controlling shareholders	2	—	2
NET EARNINGS	16	—	16
NET EARNINGS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	$0.20	—	$0.20

Consolidated statements of cash flows

	Three-month period ended June 30		
	2017		
(in millions of Canadian dollars) (unaudited)	**IFRS**	**Adjustments Joint Ventures**	**Proportionate consolidation**
Net loss	(7)	—	(7)
Distributions received from the Joint Ventures	5	(5)	—
Financing costs	23	5	28
Interest paid	(18)	(4)	(22)
Income taxes paid	(1)	—	(1)
Non-cash items in loss:			
Net gain on financial instruments	(1)	—	(1)
Amortization	43	6	49
Change in non-cash items related to operating activities	(6)	3	(3)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	38	5	43
Additions to property, plant and equipment	(67)	—	(67)
Acquisition of energy sales contracts	(22)	—	(22)
Change in restricted cash	2	—	2
Other	(1)	—	(1)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(88)	—	(88)
Net increase in non-current debt	109	—	109
Repayments on current and non-current debt	(27)	(8)	(35)
Distributions paid to non-controlling shareholders	(4)	—	(4)
Dividends paid to shareholders of Boralex	(11)	—	(11)
Exercise of options	1	—	1
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	68	(8)	60
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	2	—	2
NET CHANGE IN CASH AND CASH EQUIVALENTS	20	(3)	17
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	93	16	109
CASH AND CASH EQUIVALENTS - END OF PERIOD	113	13	126

Consolidated statements of cash flows

	Three-month period ended June 30		
	2016		
(in millions of Canadian dollars) (unaudited)	IFRS	Adjustments Joint Ventures	Proportionate consolidation
Net loss	(7)	—	(7)
Distributions received from the Joint Ventures	4	(4)	—
Financing costs	18	6	24
Interest paid	(13)	(5)	(18)
Income tax recovery	(4)	—	(4)
Income taxes paid	(2)	—	(2)
Non-cash items in loss:			
Net loss on financial instruments	1	—	1
Share in losses of the Joint Ventures	1	(1)	—
Amortization	29	5	34
Change in non-cash items related to operating activities	2	3	5
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	29	4	33
Additions to property, plant and equipment	(28)	—	(28)
Return of capital by Joint Venture phase I	40	(40)	—
Change in restricted cash	3	—	3
Other	(2)	—	(2)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	13	(40)	(27)
Net increase in non-current debt	22	40	62
Repayments on current and non-current debt	(51)	(7)	(58)
Distributions paid to non-controlling shareholders	(1)	—	(1)
Dividends paid to shareholders of Boralex	(9)	—	(9)
Exercise of options	1	—	1
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	(38)	33	(5)
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	(1)	—	(1)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3	(3)	—
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	139	15	154
CASH AND CASH EQUIVALENTS - END OF PERIOD	142	12	154

Consolidated statements of cash flows

	Six-month period ended June 30		
	2017		
(in millions of Canadian dollars) (unaudited)	IFRS	Adjustments Joint Ventures	Proportionate consolidation
Net earnings	9	—	9
Distributions received from the Joint Ventures	5	(5)	—
Financing costs	48	10	58
Interest paid	(43)	(9)	(52)
Income tax expense	6	—	6
Income taxes paid	(1)	—	(1)
Non-cash items in earnings:			
Share in earnings of the Joint Ventures	(4)	4	—
Amortization	82	12	94
Change in non-cash items related to operating activities	(9)	—	(9)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	93	12	105
Business acquisitions, net of cash acquired	(230)	—	(230)
Additions to property, plant and equipment	(124)	—	(124)
Acquisition of energy sales contracts	(22)	—	(22)
Change in restricted cash	168	—	168
Other	(1)	—	(1)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(209)	—	(209)
Net increase in non-current debt	246	—	246
Repayments on current and non-current debt	(90)	(8)	(98)
Distributions paid to non-controlling shareholders	(4)	—	(4)
Dividends paid to shareholders of Boralex	(23)	—	(23)
Transaction costs related to share issuance	(4)	—	(4)
Exercise of options	2	—	2
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	127	(8)	119
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	2	—	2
NET CHANGE IN CASH AND CASH EQUIVALENTS	13	4	17
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	100	9	109
CASH AND CASH EQUIVALENTS - END OF PERIOD	113	13	126

Consolidated statements of cash flows

	Six-month period ended June 30		
	2016		
(in millions of Canadian dollars) (unaudited)	IFRS	Adjustments Joint Ventures	Proportionate consolidation
Net earnings	16	—	16
Distributions received from the Joint Ventures	4	(4)	—
Financing costs	36	10	46
Interest paid	(31)	(9)	(40)
Income tax expense	5	—	5
Income taxes paid	(2)	—	(2)
Non-cash items in earnings:			
Net loss on financial instruments	3	—	3
Share in earnings of the Joint Ventures	(3)	3	—
Amortization	58	11	69
Other	1	—	1
Change in non-cash items related to operating activities	18	(1)	17
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	105	10	115
Additions to property, plant and equipment	(48)	—	(48)
Return of capital by Joint Venture Phase I	40	(40)	—
Change in restricted cash	2	—	2
Other	(2)	—	(2)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(8)	(40)	(48)
Net increase in non-current debt	88	40	128
Repayments on current and non-current debt	(119)	(7)	(126)
Distributions paid to non-controlling shareholders	(2)	—	(2)
Dividends paid to shareholders of Boralex	(18)	—	(18)
Exercise of options	4	—	4
Redemption of financial instruments prior to maturity	(4)	—	(4)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	(51)	33	(18)
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	(3)	—	(3)
NET CHANGE IN CASH AND CASH EQUIVALENTS	43	3	46
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	99	9	108
CASH AND CASH EQUIVALENTS - END OF PERIOD	142	12	154

Information by operating segment

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month period ended June 30 2017 IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Wind power stations	488	119	607
Hydroelectric power stations	231	—	231
Thermal power stations	18	—	18
Solar power stations	7	—	7
	744	119	863
REVENUES FROM ENERGY SALES			
Wind power stations	68	13	81
Hydroelectric power stations	19	—	19
Thermal power stations	3	—	3
Solar power stations	2	—	2
	92	13	105
EBITDA(A)			
Wind power stations	53	9	62
Hydroelectric power stations	15	—	15
Thermal power stations	(1)	—	(1)
Solar power stations	1	—	1
	68	9	77
Corporate and eliminations	(11)	1	(10)
	57	10	67

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month period ended June 30 2016 IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Wind power stations	356	112	468
Hydroelectric power stations	191	—	191
Thermal power stations	12	—	12
Solar power stations	7	—	7
	566	112	678
REVENUES FROM ENERGY SALES			
Wind power stations	46	12	58
Hydroelectric power stations	15	—	15
Thermal power stations	2	—	2
Solar power stations	2	—	2
	65	12	77
EBITDA(A)			
Wind power stations	35	10	45
Hydroelectric power stations	11	—	11
Thermal power stations	(1)	—	(1)
Solar power stations	1	—	1
	46	10	56
Corporate and eliminations	(8)	—	(8)
	38	10	48

Information by operating segment

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Six-month period ended June 30 2017 IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Wind power stations	1,143	273	1,416
Hydroelectric power stations	404	—	404
Thermal power stations	95	—	95
Solar power stations	11	—	11
	1,653	273	1,926
REVENUES FROM ENERGY SALES			
Wind power stations	155	29	184
Hydroelectric power stations	37	—	37
Thermal power stations	16	—	16
Solar power stations	3	—	3
	211	29	240
EBITDA(A)			
Wind power stations	130	20	150
Hydroelectric power stations	28	—	28
Thermal power stations	5	—	5
Solar power stations	2	—	2
	165	20	185
Corporate and eliminations	(21)	1	(20)
	144	21	165

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Six-month period ended June 30 2016 IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Wind power stations	937	264	1,201
Hydroelectric power stations	362	—	362
Thermal power stations	77	—	77
Solar power stations	11	—	11
	1,387	264	1,651
REVENUES FROM ENERGY SALES			
Wind power stations	124	28	152
Hydroelectric power stations	32	—	32
Thermal power stations	12	—	12
Solar power stations	3	—	3
	171	28	199
EBITDA(A)			
Wind power stations	106	19	125
Hydroelectric power stations	24	—	24
Thermal power stations	3	—	3
Solar power stations	2	—	2
	135	19	154
Corporate and eliminations	(17)	1	(16)
	118	20	138

Information by geographic segment

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month period ended June 30 2017 IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Canada	387	119	506
France	213	—	213
United States	144	—	144
	744	119	863
REVENUES FROM ENERGY SALES			
Canada	49	13	62
France	31	—	31
United States	12	—	12
	92	13	105
EBITDA(A)			
Canada	33	10	43
France	15	—	15
United States	10	—	10
Other[(1)]	(1)	—	(1)
	57	10	67

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month period ended June 30 2016 IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Canada	255	112	367
France	228	—	228
United States	83	—	83
	566	112	678
REVENUES FROM ENERGY SALES			
Canada	26	12	38
France	32	—	32
United States	7	—	7
	65	12	77
EBITDA(A)			
Canada	16	10	26
France	17	—	17
United States	5	—	5
	38	10	48

(1) Scotland and Denmark

Information by geographic segment

	Six-month period ended June 30 2017		
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Canada	822	273	1,095
France	565	—	565
United States	266	—	266
	1,653	273	1,926
REVENUES FROM ENERGY SALES			
Canada	109	29	138
France	78	—	78
United States	24	—	24
	211	29	240
EBITDA(A)			
Canada	81	21	102
France	45	—	45
United States	19	—	19
Other[1]	(1)	—	(1)
	144	21	165

	Six-month period ended June 30 2016		
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	IFRS	Adjustments Joint Ventures	Proportionate consolidation
POWER PRODUCTION (GWh)			
Canada	537	264	801
France	644	—	644
United States	206	—	206
	1,387	264	1,651
REVENUES FROM ENERGY SALES			
Canada	63	28	91
France	90	—	90
United States	18	—	18
	171	28	199
EBITDA(A)			
Canada	44	20	64
France	60	—	60
United States	14	—	14
	118	20	138

[1] Scotland and Denmark.

Unaudited Interim

Consolidated Financial Statements

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Consolidated statements of financial position

(in millions of Canadian dollars) (unaudited)	Note	As at June 30, 2017	As at December 31, 2016
ASSETS			
Cash and cash equivalents		113	100
Restricted cash		42	193
Trade and other receivables		85	81
Other current financial assets	8	1	1
Other current assets		17	14
CURRENT ASSETS		258	389
Property, plant and equipment		2,567	1,668
Intangible assets		623	426
Goodwill		186	124
Interests in the Joint Ventures	5	26	22
Deferred income tax asset		—	21
Other non-current financial assets	8	18	2
Other non-current assets		81	50
NON-CURRENT ASSETS		3,501	2,313
TOTAL ASSETS		3,759	2,702
LIABILITIES			
Trade and other payables		136	131
Current portion of debt	6	133	101
Subscription receipts		—	173
Current income tax liability		2	—
Other current financial liabilities	8	47	47
CURRENT LIABILITIES		318	452
Non-current debt	6	2,378	1,439
Convertible debentures		136	135
Deferred income tax liability		113	70
Decommissioning liability		46	34
Other non-current financial liabilities	8	30	31
Other non-current liabilities		26	27
NON-CURRENT LIABILITIES		2,729	1,736
TOTAL LIABILITIES		3,047	2,188
EQUITY			
Equity attributable to shareholders		678	496
Non-controlling shareholders		34	18
TOTAL EQUITY		712	514
TOTAL LIABILITIES AND EQUITY		3,759	2,702

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

Consolidated statements of earnings (loss)

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Note	Three-month periods ended June 30 2017	2016	Six-month periods ended June 30 2017	2016
REVENUES					
Revenues from energy sales		92	65	211	171
Other income		1	—	2	1
		93	65	213	172
COSTS AND OTHER EXPENSES					
Operating		26	20	54	43
Administrative		6	4	12	9
Development		4	2	7	5
Amortization		43	29	82	58
Other gains		—	—	—	(1)
		79	55	155	114
OPERATING INCOME		14	10	58	58
Financing costs		23	18	48	36
Foreign exchange loss (gain)		(1)	1	(1)	1
Net loss (gain) on financial instruments		(1)	1	—	3
Share in earnings (losses) of the Joint Ventures	5	—	(1)	4	3
EARNINGS (LOSS) BEFORE INCOME TAXES		(7)	(11)	15	21
Income tax expense (recovery)		—	(4)	6	5
NET EARNINGS (LOSS)		(7)	(7)	9	16
NET EARNINGS (LOSS) ATTRIBUTABLE TO:					
Shareholders of Boralex		(2)	(7)	15	14
Non-controlling shareholders		(5)	—	(6)	2
NET EARNINGS (LOSS)		(7)	(7)	9	16
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	7	($0.02)	($0.11)	$0.20	$0.20

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 June 30 2017	Three-month periods ended June 30 2016	Six-month periods ended June 30 2017	Six-month periods ended June 30 2016
NET EARNINGS (LOSS)	(7)	(7)	9	16
Other comprehensive income (loss) to be subsequently reclassified to net earnings (loss) when certain conditions are met				
Translation adjustments:				
Unrealized foreign exchange gain (loss) on translation of financial statements of self-sustaining foreign operations	12	(8)	12	(18)
Hedge of net investment:				
Change in fair value	(5)	4	(3)	4
Cash flow hedges:				
Change in fair value	9	(11)	5	(30)
Hedging items realized and recognized in net earnings (loss)	3	4	6	6
Income taxes	(4)	2	(4)	7
Cash flow hedges - Joint Ventures:				
Change in fair value	3	(7)	1	(14)
Hedging items realized and recognized in net earnings (loss)	2	2	3	3
Income taxes	(1)	1	(1)	3
Total other comprehensive income (loss)	19	(13)	19	(39)
COMPREHENSIVE INCOME (LOSS)	12	(20)	28	(23)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of Boralex	17	(19)	33	(22)
Non-controlling shareholders	(5)	(1)	(5)	(1)
COMPREHENSIVE INCOME (LOSS)	12	(20)	28	(23)

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

Consolidated statements of changes in equity

Six-month period ended June 30

2017

(in millions of Canadian dollars) (unaudited)	Equity attributable to shareholders: Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total	Non-controlling shareholders	Total equity
BALANCE AS AT JANUARY 1, 2017	557	4	9	(19)	(55)	496	18	514
Net earnings (loss)	—	—	—	15	—	15	(6)	9
Other comprehensive income	—	—	—	—	18	18	1	19
COMPREHENSIVE INCOME (LOSS)	—	—	—	15	18	33	(5)	28
Dividends (note 7)	—	—	—	(23)	—	(23)	—	(23)
Shares issued (note 7)	170	—	—	—	—	170	—	170
Exercise of options	2	—	—	—	—	2	—	2
Share of a non-controlling shareholder resulting from a business combination (note 4)	—	—	—	—	—	—	28	28
Repurchase of a non-controlling shareholder	—	—	—	—	—	—	(3)	(3)
Distributions to non-controlling shareholders	—	—	—	—	—	—	(4)	(4)
BALANCE AS AT JUNE 30, 2017	729	4	9	(27)	(37)	678	34	712

Six-month period ended June 30

2016

(in millions of Canadian dollars) (unaudited)	Equity attributable to shareholders: Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total	Non-controlling shareholders	Total equity
BALANCE AS AT JANUARY 1, 2016	556	4	9	19	(43)	545	14	559
Net earnings	—	—	—	14	—	14	2	16
Other comprehensive loss	—	—	—	—	(36)	(36)	(3)	(39)
COMPREHENSIVE INCOME (LOSS)	—	—	—	14	(36)	(22)	(1)	(23)
Dividends (note 7)	—	—	—	(18)	—	(18)	—	(18)
Exercise of options	3	—	—	—	—	3	—	3
Contribution of a non-controlling shareholder	—	—	—	—	—	—	2	2
Distributions to a non-controlling shareholder	—	—	—	—	—	—	(1)	(1)
BALANCE AS AT JUNE 30, 2016	559	4	9	15	(79)	508	14	522

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 June 30 2017	2016	Six-month periods ended June 30 2017	2016
Net earnings (loss)		(7)	(7)	9	16
Distributions received from the Joint Ventures	5	5	4	5	4
Financing costs		23	18	48	36
Interest paid		(18)	(13)	(43)	(31)
Income tax expense (recovery)		—	(4)	6	5
Income taxes paid		(1)	(2)	(1)	(2)
Non-cash items in earnings (loss):					
Net loss (gain) on financial instruments		(1)	1	—	3
Share in earnings (losses) of the Joint Ventures	5	—	1	(4)	(3)
Amortization		43	29	82	58
Other		—	—	—	1
Change in non-cash items related to operating activities		(6)	2	(9)	18
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES		38	29	93	105
Business acquisition, net of cash required	4	—	—	(230)	—
Additions to property, plant and equipment		(67)	(28)	(124)	(48)
Acquisition of energy sales contracts		(22)	—	(22)	—
Return of capital by the Joint Venture Phase I	5	—	40	—	40
Change in restricted cash		2	3	168	2
Other		(1)	(2)	(1)	(2)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES		(88)	13	(209)	(8)
Net increase in non-current debt		109	22	246	88
Repayments on current and non-current debt		(27)	(51)	(90)	(119)
Distributions paid to non-controlling shareholders		(4)	(1)	(4)	(2)
Dividends paid to shareholders of Boralex	7	(11)	(9)	(23)	(18)
Transaction costs related to share issuance		—	—	(4)	—
Exercise of options		1	1	2	4
Redemption of financial instruments prior to maturity		—	—	—	(4)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES		68	(38)	127	(51)
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		2	(1)	2	(3)
NET CHANGE IN CASH AND CASH EQUIVALENTS		20	3	13	43
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD		93	139	100	99
CASH AND CASH EQUIVALENTS - END OF PERIOD		113	142	113	142

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

Notes to Consolidated Financial Statements

As at June 30, 2017

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

Note 1. Incorporation and nature of business

Boralex Inc., its subsidiaries and its Joint Ventures ("Boralex" or the "Corporation") are dedicated to the development, construction and operation of renewable energy power facilities. As at June 30, 2017, the Corporation had interests in 51 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 1,539 megawatts ("MW") of which 1,369 MW are under its control. Boralex has new production sites under development, representing an additional 257 MW of power. The Corporation also operates two hydroelectric power stations on behalf of R.S.P. Énergie Inc., an entity of which two of the three shareholders, Richard and Patrick Lemaire, are directors of the Corporation. The generated power is sold mainly in Canada, France and the United States.

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

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

Note 2. Basis of presentation

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

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

The Board of Directors approved these unaudited interim condensed consolidated financial statements on August 8, 2017.

Note 3. Change in accounting policies

IAS 7, *Statement of cash flows*

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

Note 4. Business combinations

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

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

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

The following table shows the preliminary purchase price allocation:

	Preliminary allocation
Cash and cash equivalents	2
Restricted cash	17
Trade and other receivables	21
Other current assets	5
Property, plant and equipment	797
Energy sales contracts	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 $40 million to revenues from energy sales and generated $5 million in net earnings attributable to shareholders of Boralex.

If the acquisition had occurred on January 1, 2017, management estimates that consolidated revenues from energy sales would have been $4 million higher, or $215 million and net earnings attributable to shareholders of Boralex would have been an equivalent profit of $15 million for the period ended June 30, 2017.

Otter Creek

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

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

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

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

Note 5. Interests in the Joint Ventures

Joint Ventures Phases I and II

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

Joint Venture in Denmark

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

Interests in the Joint Ventures

	Six-month period ended June 30				Twelve-month period ended December 31			
				2017				2016
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Balance - beginning of period	7	12	3	22	50	14	3	67
Share in net earnings	4	1	—	5	7	1	—	8
Share in other comprehensive income	4	—	—	4	2	—	—	2
Return of capital	—	—	—	—	(40)	—	—	(40)
Distributions	(4)	(1)	—	(5)	(12)	(3)	—	(15)
Balance - end of period	11	12	3	26	7	12	3	22

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

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

			As at June 30, 2017			As at December 31, 2016
	Phase I	Phase II	Total	Phase I	Phase II	Total
Cash and cash equivalents	21	4	25	16	3	19
Other current assets	9	2	11	11	3	14
Non-current assets	589	161	750	606	164	770
TOTAL ASSETS	619	167	786	633	170	803
Current portion of debt	27	4	31	26	4	30
Other current liabilities	11	2	13	12	3	15
Non-current debt	477	126	603	490	128	618
Non-current financial liabilities	44	—	44	45	—	45
Other non-current liabilities	37	12	49	45	12	57
TOTAL LIABILITIES	596	144	740	618	147	765
NET ASSETS	23	23	46	15	23	38

			Three-month period ended June 30 2017			Three-month period ended June 30 2016
	Phase I	Phase II	Total	Phase I	Phase II	Total
Revenues from energy sales	20	6	26	19	5	24
Operating expenses	4	1	5	3	1	4
Amortization	9	2	11	9	2	11
Other gains	(1)	—	(1)	(1)	—	(1)
OPERATING INCOME	8	3	11	8	2	10
Financing costs	7	2	9	8	2	10
NET EARNINGS	1	1	2	—	—	—
Total other comprehensive income (loss)	8	—	8	(10)	—	(10)
COMPREHENSIVE INCOME (LOSS)	9	1	10	(10)	—	(10)

			Six-month period ended June 30 2017			Six-month period ended June 30 2016
	Phase I	Phase II	Total	Phase I	Phase II	Total
Revenues from energy sales	47	11	58	46	11	57
Operating expenses	8	1	9	6	2	8
Amortization	18	4	22	18	4	22
Other gains	(2)	—	(2)	(1)	—	(1)
OPERATING INCOME	23	6	29	23	5	28
Financing costs	14	4	18	15	4	19
NET EARNINGS	9	2	11	8	1	9
Total other comprehensive income (loss)	7	—	7	(22)	—	(22)
COMPREHENSIVE INCOME (LOSS)	16	2	18	(14)	1	(13)

Share in earnings (loss) of the Joint Ventures

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

	Three-month period ended June 30 2017				Three-month period ended June 30 2016			
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Share in results (50%)	—	—	—	—	—	—	—	—
Other[1]	—	—	—	—	(1)	—	—	(1)
Share in losses of the Joint Ventures	—	—	—	—	(1)	—	—	(1)

	Six-month period ended June 30 2017				Six-month period ended June 30 2016			
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Share in results (50%)	4	1	—	5	4	—	—	4
Other[1]	(1)	—	—	(1)	(1)	—	—	(1)
Share in earnings of the Joint Ventures	3	1	—	4	3	—	—	3

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

Share in comprehensive income (loss) of the Joint Ventures

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

	Three-month period ended June 30 2017				Three-month period ended June 30 2016			
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Share in comprehensive income (loss) (50%)	4	—	—	4	(5)	—	—	(5)

	Six-month period ended June 30 2017				Six-month period ended June 30 2016			
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Denmark	Total
Share in comprehensive income (loss) (50%)	4	—	—	4	(11)	—	—	(11)

Note 6. Non-current debt

	Note	Maturity	Rate [1]	Currency of origin	As at June 30, 2017	As at December 31, 2016
Revolving credit facility	(a)	2021	2.86		233	98
Term loan payable:						
Ocean Falls power station		2024	6.55		7	7
Yellow Falls power station		2027-2056	4.83		70	48
Thames River wind farms		2031	7.05		142	145
Témiscouata I wind farm		2032	5.18		47	48
Témiscouata II wind farm		2033	5.61		116	117
Niagara Region Wind Farm (NRWF)	(b)	2034	3.53		757	—
Port Ryerse wind farm	(c)	2034	3.89		30	—
Frampton wind farm		2035	4.13		69	69
Côte-de-Beaupré wind farm		2035	4.19		52	58
Jamie Creek power station		2054	5.42		55	55
Other debt		—	—		6	8
CANADA					1,584	653
Master agreement – wind farms in France		2017-2025	4.63	75	111	116
Bridge financing facility – France and Scotland		2018	0.84	46	68	64
Term loan payable:						
Cube		2019	6.50	40	59	57
Lauragais solar power facility		2025-2028	3.98	9	13	13
Mont de Bagny, Voie des Monts and Artois wind farms		2026-2032	0.92	60	89	48
St-Patrick wind farm		2027	1.64	35	53	53
La Vallée wind farm		2028	4.42	28	41	41
Fortel-Bonnières and St-François wind farms		2028-2029	3.74	52	76	76
Vron wind farm		2030	3.37	9	14	13
Boralex Énergie Verte (BEV) wind farms		2030	2.19	174	257	257
Calmont wind farm		2030	2.49	19	29	28
Plateau de Savernat wind farm		2031	2.39	16	23	15
Touvent wind farm		2031	2.09	19	28	28
Les Cigalettes solar power facility		2033	2.93	9	13	13
Other debt		—	—	5	8	9
FRANCE				596	882	831
Senior secured U.S. note		2026	3.51	55	71	81
UNITED STATES				55	71	81
			3.66		2,537	1,565
Current portion of debt					(133)	(101)
Borrowing costs, net of accumulated amortization					(26)	(25)
					2,378	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

On January 18, 2017, the Corporation closed the acquisition of the total economic interest of Enercon Canada Inc. in the 230 MW wind farm in the Niagara region. This project includes financing for a total amount of $826 million secured by its assets and without recourse against the partners. This financing facility has quarterly repayments and comprises a $535 million uncovered term loan tranche maturing in 2034, a $252 million covered term loan tranche, under a guarantee from the Federal Republic of Germany through its export credit agency Euler Hermes, maturing in 2034, as well as a $39 million letter of credit facility. The loan also includes interest rate swaps covering approximately 80% of expected future cash flows, resulting in a combined average rate of 3.53% 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 with quarterly repayments provided by DZ Bank AG Deutsche Zentral-Genossenschaftsbank (New York branch) 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 (loss) per share

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

	Three-month periods ended June 30		Six-month periods ended June 30	
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	2017	2016	2017	2016
Net earnings (loss) attributable to shareholders of Boralex	(2)	(7)	15	14
Weighted average number of shares (basic)	75,874,562	65,200,423	74,955,352	65,116,534
Net earnings (loss) per share (basic) attributable to shareholders of Boralex	($0.02)	($0.11)	$0.20	$0.20

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

	Three-month periods ended June 30		Six-month periods ended June 30	
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	2017	2016	2017	2016
Net earnings (loss) attributable to shareholders of Boralex	(2)	(7)	15	14
Weighted average number of shares (basic)	75,874,562	65,200,423	74,955,352	65,116,534
Dilutive effect of stock options	—	—	471,793	408,247
Weighted average number of shares (diluted)	75,874,562	65,200,423	75,427,145	65,524,781
Net earnings (loss) per share (diluted) attributable to shareholders of Boralex	($0.02)	($0.11)	$0.20	$0.20

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 June 30		Six-month periods ended June 30	
	2017	2016	2017	2016
Convertible debentures excluded due to their anti-dilutive effect	7,334,183	7,334,183	7,334,183	7,334,183
Stock options excluded due to their anti-dilutive effect	1,031,767	1,285,459	—	207,259

(c) Dividends paid

A dividend of $0.15 per common share was declared on August 8, 2017 and will be paid on September 18, 2017 for holders of record at the close of business on August 31, 2017.

The Corporation paid dividends in the total amount of $23 million for the six-month period ended June 30, 2017 ($18 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 June 30, 2017		As at December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
OTHER LIABILITIES				
Subscription receipts	—	—	173	197
Non-current debt	2,511	2,610	1,540	1,632
Convertible debentures (including equity portion)	140	173	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 June 30, 2017	As at December 31, 2016
OTHER CURRENT FINANCIAL ASSETS		
Foreign exchange forward contracts	1	1
OTHER NON-CURRENT FINANCIAL ASSETS		
Foreign exchange forward contracts	—	2
Financial swaps - interest rates	18	—
	18	2
OTHER CURRENT FINANCIAL LIABILITIES		
Financial swaps - interest rates	47	47
OTHER NON-CURRENT FINANCIAL LIABILITIES		
Foreign exchange forward contracts	4	2
Financial swaps - interest rates	26	29
	30	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 0.87% to 5.04%, were determined based on local government bond yields adjusted for the risks specific to each of the borrowings and for credit market liquidity conditions. The convertible debentures are traded on the stock exchange whereas their fair values are based on the prices as at June 30, 2017.

Financial swaps – interest rates

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

As at June 30, 2017	Currency	Fixed-rate payer	Floating-rate receiver	Maturity	Current notional (in CAD)	Fair value (in CAD)
Financial swaps - interest rates	EUR	0.38% to 5.16%	6-month EURIBOR	2017-2033	440	(23)
Financial swaps - interest rates	CAD	1.81% to 7.85%	3-month CDOR	2034-2039	899	(32)

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 June 30, **2017**	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Foreign exchange forward contracts (EUR for CAD)	1.5475	2017-2025	128	(3)

Cross-currency swap

In the second quarter of 2017, the Corporation entered into a cross-currency swap. This derivative covers the Corporation's net investment in France, as it allows financing issued in Canada for investment in France to be synthetically translated into euros. In addition, to mitigate the risk related to foreign currency fluctuations, this instrument also allows Boralex to benefit in part from lower interest rates than prevailing in Europe. To measure the fair value of this instrument, the Corporation uses a technique that is a combination of the techniques used to measure interest rate swaps and foreign exchange forward contracts.

As at June 30, **2017**	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Cross-currency swap (EUR for CAD)	1.4844	2018	24	—

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

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

	As at June 30, 2017	Fair value hierarchy levels		
		Level 1	Level 2	Level 3
DERIVATIVE FINANCIAL ASSETS				
Foreign exchange forward contracts	1	—	1	—
Financial swaps - interest rates	18	—	18	—
	19	—	19	—
OTHER FINANCIAL LIABILITIES				
Non-current debt	2,610	—	2,610	—
Convertible debentures	173	173	—	—
	2,783	173	2,610	—
DERIVATIVE FINANCIAL LIABILITIES				
Foreign exchange forward contracts	4	—	4	—
Financial swaps - interest rates	73	—	73	—
	77	—	77	—

	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 a turbine purchase contract and construction contracts for the **Chemin de Grès** wind power project. The Corporation's net commitment under those contracts amounted to €17 million ($25 million) as at June 30, 2017.

France - Inter Deux Bos wind power project

In June 2017, the Corporation entered into a construction contract for the **Inter Deux Bos** wind power project. As at June 30, 2017, the Corporation's net commitment under this contract amount to €3 million ($5 million).

Canada – NRWF

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

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

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

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

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

As at June 30, 2017, the Corporation's net commitment under the maintenance contract, land leases and community and royalty agreements amounted to $264 million.

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

Following the acquisition of ISE on June 6, 2017, the Corporation must now take into account ISE's commitments including an agreement for the joint use of land and infrastructure as well as full access to the substation and connection to the grid. ISE is developing a solar project in Alberta, Canada for which it recently submitted a request for qualification for a 30 MW project. As at June 30, 2017, the Corporation's net commitment under this agreement amounted to $2 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 at market prices, which are more volatile. The Corporation considers that, in the next five years, contracts are set to expire for only 103 MW (7% of current installed capacity) of production, which will be sold in the French market.

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

Wind

For the wind power assets in operation in which Boralex's share totals 1,150 MW, wind conditions both in France and Canada, are usually more favourable in the winter, which falls during Boralex's first and fourth quarters. However, in winter there is a greater risk of lower production caused by weather conditions, such as icing. In general, management estimates the breakdown of wind power segment production at approximately 60% for the first and fourth quarters and 40% for the second and third quarters.

Hydroelectric

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

Thermal

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

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

Solar

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

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

Note 11. Segmented information

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

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

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

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

	Three-month periods ended June 30		Six-month periods ended June 30	
	2017	**2016**	**2017**	**2016**
Net earnings (loss)	(7)	(7)	9	16
Income tax expense (recovery)	—	(4)	6	5
Financing costs	23	18	48	36
Amortization	43	29	82	58
EBITDA	59	36	145	115
Adjustments:				
Net loss (gain) on financial instruments	(1)	1	—	3
Foreign exchange loss (gain)	(1)	1	(1)	1
Other gains	—	—	—	(1)
EBITDA(A)	57	38	144	118

Information by operating segment

	Three-month periods ended June 30		Six-month periods ended June 30	
	2017	**2016**	**2017**	**2016**
Power production (GWh)				
Wind power stations	488	356	1,143	937
Hydroelectric power stations	231	191	404	362
Thermal power stations	18	12	95	77
Solar power stations	7	7	11	11
	744	566	1,653	1,387
Revenues from energy sales				
Wind power stations	68	46	155	124
Hydroelectric power stations	19	15	37	32
Thermal power stations	3	2	16	12
Solar power stations	2	2	3	3
	92	65	211	171
EBITDA(A)				
Wind power stations	53	35	130	106
Hydroelectric power stations	15	11	28	24
Thermal power stations	(1)	(1)	5	3
Solar power stations	1	1	2	2
Corporate and eliminations	(11)	(8)	(21)	(17)
	57	38	144	118
Additions to property, plant and equipment				
Wind power stations	54	19	99	34
Hydroelectric power stations	10	7	20	10
Thermal power stations	1	1	2	1
Solar power stations	—	—	—	1
Corporate and eliminations	2	1	3	2
	67	28	124	48

	As at June 30, **2017**	As at December 31, **2016**
Total assets		
Wind power stations	3,070	1,842
Hydroelectric power stations	544	538
Thermal power stations	35	39
Solar power stations	39	38
Corporate	71	245
	3,759	2,702
Total liabilities		
Wind power stations	2,320	1,382
Hydroelectric power stations	269	268
Thermal power stations	18	24
Solar power stations	28	28
Corporate	412	486
	3,047	2,188

Information by geographic segment

	Three-month periods ended June 30		Six-month periods ended June 30	
	2017	2016	2017	2016
Power production (GWh)				
Canada	387	255	822	537
France	213	228	565	644
United States	144	83	266	206
	744	566	1,653	1,387
Revenues from energy sales				
Canada	49	26	109	63
France	31	32	78	90
United States	12	7	24	18
	92	65	211	171
EBITDA(A)				
Canada	33	16	81	44
France	15	17	45	60
United States	10	5	19	14
Other[1]	(1)	—	(1)	—
	57	38	144	118
Additions to property, plant and equipment				
Canada	25	9	42	21
France	42	18	81	26
United States	—	1	1	1
	67	28	124	48

	As at June 30, 2017	As at December 31, 2016
Total assets		
Canada	2,167	1,245
France	1,382	1,242
United States	188	191
Other[1]	22	24
	3,759	2,702
Non-current assets, excluding *Interests in the Joint Ventures* and *Deferred income tax asset*		
Canada	2,016	935
France	1,273	1,138
United States	167	177
Other[1]	19	20
	3,475	2,270
Total liabilities		
Canada	1,882	1,070
France	1,056	997
United States	108	119
Other[1]	1	2
	3,047	2,188

[1] Scotland and Denmark

Note 12. Subsequent events

France – Moulins du Lohan wind power project

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

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

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

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

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

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

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

As at June 30, 2017, the costs incurred amounted to €48 million ($71 million), consisting of €26 million ($38 million) in *Property, plant and equipment* and €22 million ($33 million) in *Intangible assets*. This amount does not include certain contractual penalties related to the suspension of construction contracts and which are under negotiation. The Corporation is currently implementing mitigation measures for these impacts and considers that the net impact of these penalties would be insignificant.

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

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

Financing – Chemin de Grès wind power project

On July 31, 2017, the Corporation announced the closing of long-term financing for the 30 MW **Chemin de Grès** wind farm in France for a total amount of €46 million ($68 million), including €6 million ($9 million) for a bridge value-added tax financing facility. The long-term financing comprises a €25 million ($37 million) fixed-rate tranche and a €15 million ($22 million) variable-rate tranche. The loan will be amortized over a 15-year term. Based on current interest rate swaps, the combined interest rate amounts to approximately 2.05%. Under the credit agreement, interest rate swaps must be entered into for about 80% to 90% of the variable-rate debt.

France – Le Pelon wind power project

In July 2017, the Corporation entered into a turbine purchase contract for its **Le Pelon** wind power project. The Corporation's net commitment under this contract amounts to €10 million ($14 million).

Canada - Yellow Falls power station

In July 2017, the Corporation entered into a connection agreement for its **Yellow Falls** power station. The Corporation's net commitment under this contract amounts to $2 million.

Profile

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

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