

Etrion Releases Third Quarter 2016 Results

November 10, 2016, Miami, Florida, United States – Etrion Corporation (“Etrion” or the “Company”) (TSX: ETX) (OMX: ETX), a solar independent power producer, today released its condensed consolidated interim financial statements and related management’s discussion and analysis (“MD&A”) for the three and nine months ended September 30, 2016.

Operational Highlights

- **Construction:** On October 20, 2016, the Company’s 24.7 megawatt (“MW”) Shizukuishi solar project in northern Japan achieved full commercial operation and began collecting revenues from electricity production. The Company is progressing on the construction of the 9.5 MW Aomori project in northern Japan. The project is on budget and on schedule with estimated connection to the electricity grid expected by July 2017.
- **Development:** Advanced the backlog of two projects in Japan with a total capacity of 66 MW. Management expects to reach financial close for these backlog projects within the next 6-9 months. The Company is advancing the development of additional projects in Japan with a combined capacity of 190 MW.
- **Production:** Produced approximately 77.8 million kilowatt-hours (“kWh”) of electricity during the three months ended September 30, 2016 (2015: 73.8 million kWh), from the Company’s 139 megawatts (“MW”) portfolio comprising 23 solar power plants (2015: 139 MW comprising 23 solar plants) in Italy, Chile and Japan. When separated by country, the Company produced 36.1 million kWh (2015: 34.6 million kWh) in Italy, 38.6 million kWh (2015: 36.5 million kWh) in Chile and 3.1 million kWh (2015: 2.6 million kWh) in Japan.

Financial Highlights

- **Revenue:** Generated revenues of US\$17.2 million (2015: US\$15.9 million) and US\$43.7 million (2015: US\$43.4 million) during the three and nine months ended September 30, 2016, respectively.
- **Adjusted EBITDA:** Recognized adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”) of US\$12.0 million (2015: US\$10.5 million) and US\$28.7 million (2015: US\$27.7 million) during the three and nine months ended September 30, 2016, respectively.
- **Net results:** Generated a net loss of US\$88.3 million (2015: net loss of US\$4.4 million) during the three months ended September 30, 2016, mainly due to the recognition of an impairment expense of US\$75.7 million and a net deferred tax write-off of US\$6.9 million, both associated with the 70 MW Project Salvador in Chile, partially offset by positive performance and an increase in production from the solar power plants in Italy, Chile and Japan. Before the extraordinary impairment expense, net deferred tax write-off and other non-cash items, the adjusted net income for the three months ended September 30, 2016, would have been US\$1.5 million.
- **Cash and Working Capital:** Closed the three months ended September 30, 2016 with a cash balance of US\$52.7 million (December 2015: US\$52.5 million), of which US\$12.4 million is unrestricted cash at parent level and positive working capital of US\$37.3 million (December 2015: US\$1.5 million).
- **Cash distributions:** Italian cash distributions more than doubled during the three and nine months ended September 30, 2016, as a result of the refinancing and restructuring debt transactions completed in December 2015 and June 2016.

Management Comments

Marco A. Northland, the Company's Chief Executive Officer, commented, "Japan continues to be the main focus for Etrion. We recently connected our second solar park there representing 24.7 MW and began construction of our third project for 9.5 MW. We are on track to reach over 100 MW of projects operating and/or under construction in Japan in the next 12 months with an additional nearly 200 MW in different stages of development."

Mr. Northland continued, "We are very disappointed by the continued depressed spot market for electricity in Chile due to decreased energy demand from mining companies, continued bottlenecks in the transmission network and an oversupply of energy. Based on current long-term spot price projections of approximately US\$ 38/MWh (in real terms) we thought it prudent to reduce the carrying value of our Chilean solar asset. Under applicable accounting principles, the asset impairment calculation resulted in a write-down of US\$75.7 million. However, I would like to remind our investors that our net equity invested in Project Salvador was US\$42.0 million. The related project loan is non-recourse to Etrion. We will maintain this asset on our balance sheet for the time being, as it represents an option in case Chilean electricity prices improve in the future."

Results

During the three months ended September 30, 2016, Etrion reported a net loss of US\$88.3 million (loss per share of US\$0.183) compared to a net loss of US\$4.4 million (loss per share of US\$0.009) for the comparable period in 2015. These adverse results in the third quarter of 2016 were primarily attributable to the impairment expense of US\$75.7 million and the net deferred tax write off of US\$6.9 million. These impairments resulted from a sharp decline in the long term outlook for power prices in the Chilean market where the 70 MW PV Salvador SpA project is located.

During the nine months ended September 30, 2016, Etrion reported a net loss of US\$95.4 million (loss per share of US\$0.198) compared to a net loss of US\$16.9 million (loss per share of US\$0.042) for the comparable period in 2015. The net results during this period were adversely impacted by the impairment expenses mentioned above.

Despite negative net results, during the three and nine months ended September 30, 2016, the Group recognized a gross profit of US\$7.9 million and US\$16.4 million (2015: US\$7.2 million and US\$18.1 million), respectively. In addition, during the three and nine months ended September 30, 2016, the Group reported adjusted operating cash flows of US\$12.6 million and US\$29.6 million (2015: US\$10.5 million and US\$27.9 million), respectively.

Earnings Call

A conference call/webcast to present the Company's third quarter results will be held on Thursday, November 10, 2016, at 10:00 a.m. Eastern Standard Time (EST) / 4:00 p.m. Central European Time (CET).

Dial-in details:

North America: +1-647-788-4919 / Toll Free: +1-877-291-4570 / Sweden Toll Free: 02-079-4343
Conference ID: 83634335

Webcast:

A webcast will be available at <http://www.investorcalendar.com/IC/CEPage.asp?ID=174544>

In addition, the earnings call presentation, along with the Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2016, and related management's discussion and analysis will be available on the Company's website (www.etrion.com).

A replay of the telephone conference will be available until December 10, 2016.

Replay dial-in details:

North America: +1-416-621-4642 / Toll Free: +1-800-585-8367
Pass code for replay: 83634335

About Etrion

Etrion Corporation is an independent power producer that develops, builds, owns and operates utility-scale solar power generation plants. The Company owns 164 MW of installed solar capacity in Italy, Chile and Japan. Etrion has 9.5 MW of solar projects under construction in Japan and is also actively developing solar power projects in Japan. Etrion is listed on the Toronto Stock Exchange in Canada and the NASDAQ OMX Stockholm exchange in Sweden under ticker symbol "ETX". Etrion's largest shareholder is the Lundin family, which owns approximately 24% of the Company's shares directly and through various trusts.

For additional information, please visit the Company's website at www.etrion.com or contact:

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Note: The capacity of power plants in this release is described in approximate megawatts on a direct current basis, also referred to as megawatt-peak.

Etrion discloses the information provided herein pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication in Sweden at 08:05 Central European Time on November 10, 2016.

Non-IFRS Measures:

This press release includes a non-IFRS measure not defined under IFRS, specifically EBITDA, Adjusted EBITDA, Adjusted Net income and Adjusted Operating Cash Flow. Non-IFRS measures have no standardized meaning prescribed under IFRS and therefore such measures may not be comparable with those used by other companies.

EBITDA is a useful metric to quantify the Company's ability to generate cash before extraordinary and non-cash accounting transactions recognized in the financial statements. In addition, EBITDA is useful to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting policy decisions, while Adjusted EBITDA is also useful because it excludes expenses that are expected to be non-recurring. Adjusted net income is a useful metric to quantify the Company's ability to generate cash before extraordinary and non-cash accounting transactions recognized in the financial statements. Adjusted Operating Cash Flow is used by investors to compare cash flows from operating activities without the effects of certain volatile items that can positively or negatively affect changes in working capital and are viewed as not directly related to a company's operating performance. Refer to Etrion's MD&A for the three and nine months period ended September 30, 2016, for a reconciliation of EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted Operating Cash Flow reported during the period.

Forward-Looking Information:

This press release contains certain "forward-looking information". All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements relating to solar electricity revenue which with respect to the Company's Italian projects is subject to confirmation of both the applicable feed-in-tariff ("FiT") to which the Company is entitled by the state-owned company Gestore Servizi Energetici and the applicable spot market price by the local utilities for electricity sales to the national grid, the anticipated timing of the connection of the Aomori project to the Japanese electricity grid and the Company's anticipated development pipeline in Japan) constitute forward-looking information. This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company as well as certain assumptions including, without limitation, confirmation of the applicable FiT and spot market price for electricity sales in Italy and the ability of the Company to execute on its development pipeline in Japan on economic terms and in a timely manner. Forward-looking information is subject to a number of significant risks and uncertainties and other factors that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the

Company. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to, the lack of confirmation or reduction of the applicable FiT and the spot market price for electricity sales by the designated Italian entities, the risk that the Company may not be able to achieve connection of the Aomori project to the Japanese electricity grid when anticipated, the risk that the Company may not be able to obtain all applicable permits for the development of its existing projects in Japan and the associated project financing on economic terms for the development of such projects, the risk that the Company may not be able to source additional development projects in Japan and the risk of unforeseen delays in the development and construction of current and future projects.

Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.