

## PRESS RELEASE

**Etrion Releases First Quarter 2016 Results**

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May 12, 2016, Geneva, Switzerland – 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 months ended March 31, 2016.

**Operational Highlights**

- **Development:** Advanced the backlog of three projects in Japan for a total capacity of 76 megawatts (“MW”). Management expects to reach financial close for these backlog projects within the second half of 2016. The Company is advancing the development of additional projects in Japan for a combined capacity of 190 MW. Finally, the Company continues to maintain its shovel-ready 99 MW in Chile which are targeted to be built once Power Purchase Agreements (“PPAs”) are secured.
- **Construction:** The Company is progressing on the construction of the 25 MW Shizukuishi project in northern Japan. The project is on budget and on schedule, with estimated connection to the electricity grid by September 2016.
- **Production:** Produced approximately 65.1 million kilowatt-hours (“kWh”) of electricity during the three months ended March 31, 2016, (2015: 64.4 million kWh), from the Company’s 139 MW portfolio comprising 23 solar power plants (2015: 130 MW comprising 18 solar plants) in Italy, Chile and Japan. When broken down by country, the Company produced 16.4 million kWh (2015: 17.0 million kWh) in Italy, 46.0 million kWh (2015: 47.5 million kWh) in Chile and 2.8 million kWh (2015: nil) in Japan, representing an overall production increase of 1% quarter-over-quarter.

**Financial Highlights**

- **Revenue:** Generated revenues of US\$9.9 million (2015: US\$10.4 million) during the three months ended March 31, 2016, from the Company’s 139 MW portfolio comprising 23 solar power plants in Italy, Chile and Japan.
- **EBITDA:** Recognized earnings before interest, taxes, depreciation and amortization (“EBITDA”) of US\$4.4 million (2015: US\$5.5 million) during the three months ended March 31, 2016.
- **Cash and Working Capital:** Closed the three months ended March 31, 2016 with a cash balance of US\$54.5 million, of which US\$14.1 million is unrestricted (December 2015: US\$52.5 million and US\$17.6 million, respectively) and positive working capital of US\$21.7 million (December 2015: US\$1.5 million).

**Management Comments**

Marco A. Northland, the Company’s Chief Executive Officer, commented, “I am very excited about 2016; Japan continues to be a terrific market for Etrion. Our target is to exit 2016 with over 100 MW of projects connected or under construction and a larger pipeline for realization in subsequent years. Project economics continue to be very attractive and the partnership with Hitachi High-Tech remains very strong. Italy continues to deliver strong cash flows, which were significantly improved through a series of initiatives, including a comprehensive refinancing, introduction of several cost cutting measures and successful commercial activities. Italy remains with two potential material upsides, including a potential positive outcome of the Italian Constitutional Court hearing in December 2016 to determine whether the original feed-in-tariff (“FiT”) should be reinstated and the reimbursement of certain investment tax credits. We will communicate this as it is determined.

In Chile, the team has done a great job by securing a PPA for 70 gigawatt-hours for Project Salvador, starting in January 2016. The team continues to work around the clock to secure additional PPAs for the remaining capacity of Project

Salvador and our pipeline as well. Spot market electricity prices for Project Salvador continued to be low during the first quarter of 2016, due to network bottlenecks and are likely to remain low for the rest of 2016 and a portion of 2017 until network expansion is completed.

On the operational side, we continue to make significant savings due to the reduction of operating and maintenance costs, headcount and other cost reduction initiatives.”

## Results

During the three months ended March 31, 2016, the Company reported a gross profit of US\$0.2 million (2015: US\$2.4 million) and generated adjusted operating cash flow of US\$4.5 million (2015: US\$5.6 million). These results were primarily attributable to lower production and spot electricity prices in Chile and Italy. In addition, the substantially lower foreign exchange gain recognized during the quarter of \$0.4 million (2015: \$6.3 million) contributed to Etrion reporting a net loss of US\$8.5 million (loss per share of US\$0.02) compared to a net loss of US\$2.5 million (loss per share NM) during the comparable period in 2015.

## Earnings Call

A conference call/webcast to present the Company’s first quarter results will be held on Thursday, May 12, 2016, at 10:00 a.m. Eastern Daylight Time (EDT) / 4:00 p.m. Central European Summer Time (CEST).

### Dial-in details:

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

### Webcast:

A webcast will be available at <http://www.investorcalendar.com/IC/CEPage.asp?ID=174542>

In addition, the earnings call presentation, along with the Company’s condensed consolidated interim financial statements for the three months ended March 31, 2016, and related management’s discussion and analysis will be available on the Company’s website ([www.etrion.com](http://www.etrion.com)).

A replay of the telephone conference will be available until June 12, 2016.

### Replay dial-in details:

North America: +1-416-621-4642 / Toll Free: +1-800-585-8367

Pass code for replay: 83627584

## About Etrion

Etrion Corporation is an independent power producer that develops, builds, owns and operates utility-scale solar power generation plants. The Company owns 139 MW of installed solar capacity in Italy, Chile and Japan. Etrion has a 25 MW solar project under construction in Japan and is also actively developing solar power projects in Japan and Chile. The Company 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](http://www.etrion.com) or contact:

Paul Rapisarda – Chief Financial Officer

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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 May 12, 2016.*

*Non-IFRS Measures:*

*This press release includes non-IFRS measures not defined under IFRS, specifically EBITDA 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. In addition, 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 such as value added taxes paid during construction of the Company's solar power plants as they are viewed as not directly related to a company's operating performance. Refer to Etrion's MD&A for the three months ended March 31, 2016, for a reconciliation of EBITDA 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 and estimates relating to the advancement and development of the Company's projects in Japan and elsewhere, statements relating to the viability of, and the outlook for, the Company's markets and statements relating to future electricity pricing applicable to the Company's projects) 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 the markets in which the Company operates and the ability of the Company to execute on its development pipeline. 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 in the relevant markets, the risk that the Company may not be able to obtain all applicable permits for the development of projects in markets in which it operates and the associated project financing on economic terms for the development of such projects, the risk of unforeseen delays in the development and construction of such projects and the risk that the Company's operational projects may not produce electricity or generate revenues and earnings in the amounts anticipated.*

*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.*