



Q2-2016 EARNINGS CALL

AUGUST 11, 2016



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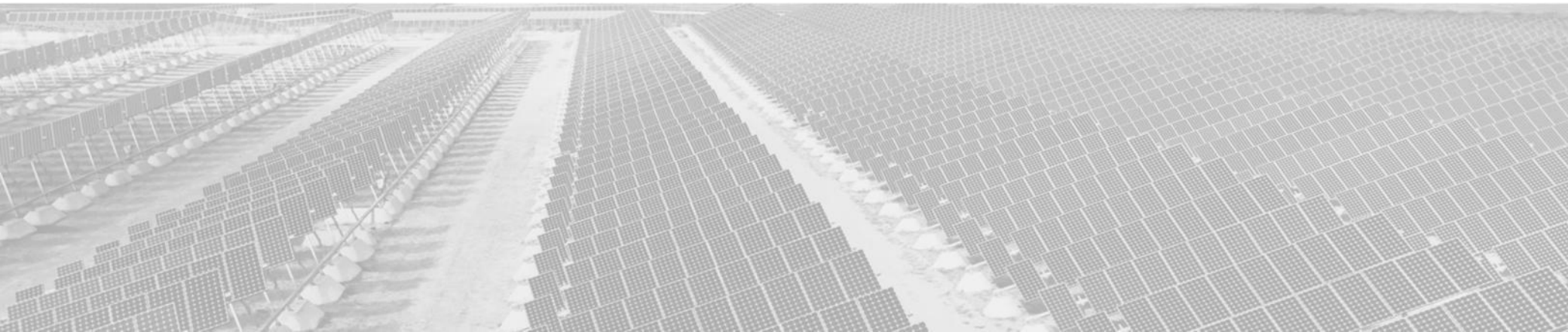
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CORPORATE OVERVIEW

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ETRION CORPORATION

COMPANY OVERVIEW

- Independent power producer (IPP) that develops, builds, owns and operates ground-based solar photovoltaic (PV) power generation plants in three key markets (Italy, Chile and Japan)
- Listed on the Toronto Stock Exchange in Canada and the NASDAQ OMX Stockholm exchange in Sweden (ticker ETX)

ASSET / PIPELINE HIGHLIGHTS

- **Installed Capacity / Under Construction**
139 megawatts (MW) of solar PV operational in Italy, Chile and Japan with **34 MW** under construction in Japan
- **Development Pipeline**
66 MW backlog in Japan expected to reach financial close within next 6-9 months and 190 MW in different stages of development of projects in Japan, for a combined target of additional **256 MW**



Atacama, Chile – 70 MW Salvador

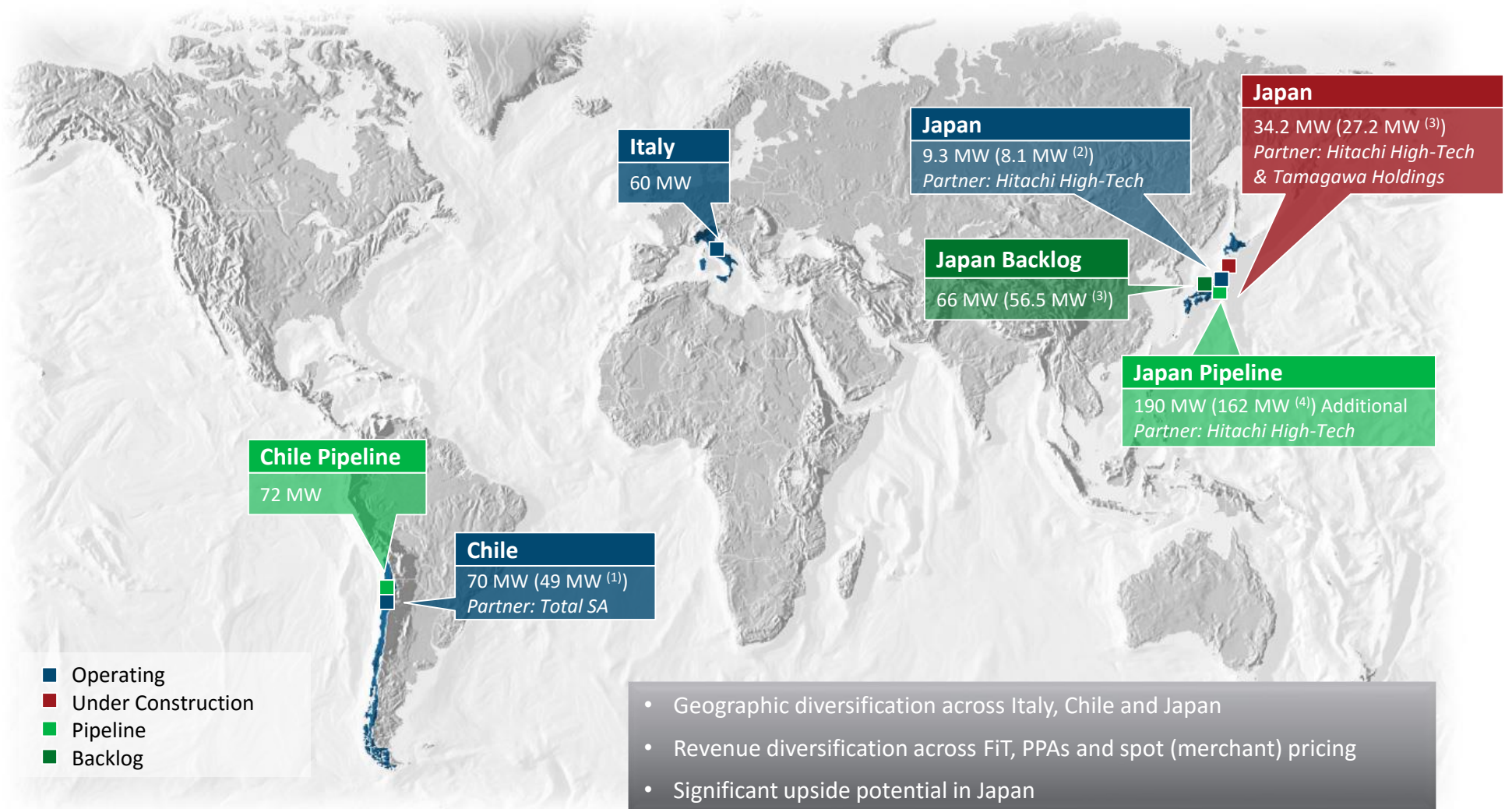
FINANCIAL SUMMARY

Recent Share Price (TSX/OMX: ETX)	C\$0.31 / SEK 2.20
Shares Outstanding	334.1MM
Lundin Family Ownership	24.3%
Other Director/Management Ownership	6.7%
Revenues 2015A	US\$50.4MM
EBITDA 2015A	US\$27.4MM
Corporate Net Debt	US\$79.3MM
Market Capitalization	US\$79.7MM
Number of Employees	32

Notes:

- (1) US\$ refers to US dollars; C\$ refers to Canadian dollars; SEK refers to Swedish krona.
- (2) ETX share price at closing on August 10, 2016.
- (3) ETX shares outstanding as of June 30, 2016.
- (4) Corporate net debt as of June 30, 2016 (cash basis) includes approximately US\$9.6 million of unrestricted cash and US\$88.9 million of corporate bonds.

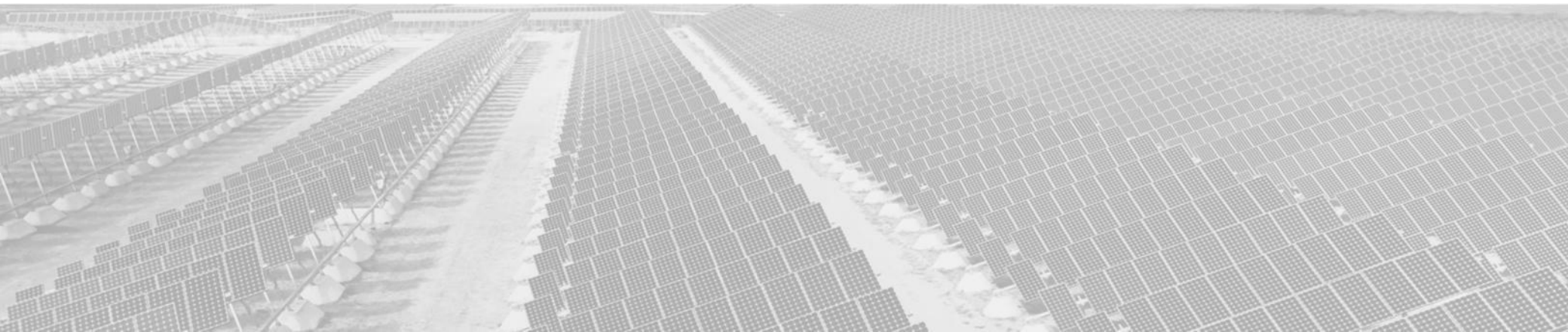
ETRION'S GLOBAL PLATFORM



⁽¹⁾ 70% interest, ⁽²⁾ 87% interest, ⁽³⁾ 60-87% interest assumed, ⁽⁴⁾ 85% interest

THE PORTFOLIO

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OPERATIONAL AND UNDER CONSTRUCTION ASSETS

Project	Region	Sites	Gross MW	Technology	Connection Date
Cassiopea	Lazio	1	24	Single axis	Nov-09
Helios ITA-3	Puglia	2	10	Single axis	Aug-11
Centauro	Lazio	1	8.8	Single axis	Jul-10
Helios ITA	Puglia	7	6.4	Single axis	Dec-09
Etrion Lazio	Lazio	2	5.3	Fixed-tilt	Apr-11
SVE	Puglia	3	3	Single axis	Dec-10
Sagittario	Lazio	1	2.6	Fixed-tilt	Aug-11
Total Italy		17	60.1		
Salvador	Atacama	1	70	Single axis	Nov-14
Total Chile		1	70		
Mito	Ibaraki	5	9.3	Fixed-tilt	May-15
Shizukuishi	Iwate	1	24.7	Fixed-tilt	Sep-16
Aomori	Tohoku	4	9.5	Fixed-tilt	Q3-2017
Total Japan		10	43.5		
Total Operational / Under Construction		28	173.6		

Italy

- Progressing negotiations with tax authority on investment tax credit for potential upside of up to Euro 14M
- Monitor upcoming constitutional court hearing on possible restoration of original FiT

Japan

- Shizukuishi 24.7 MW project in Japan on schedule and budget
- Mito plant consistently performing above plan mainly due to higher PR
- Aomori 9.5 MW project financing closed in June. Construction-related work to commence shortly

AOMORI – 9.5 MW UNDER CONSTRUCTION



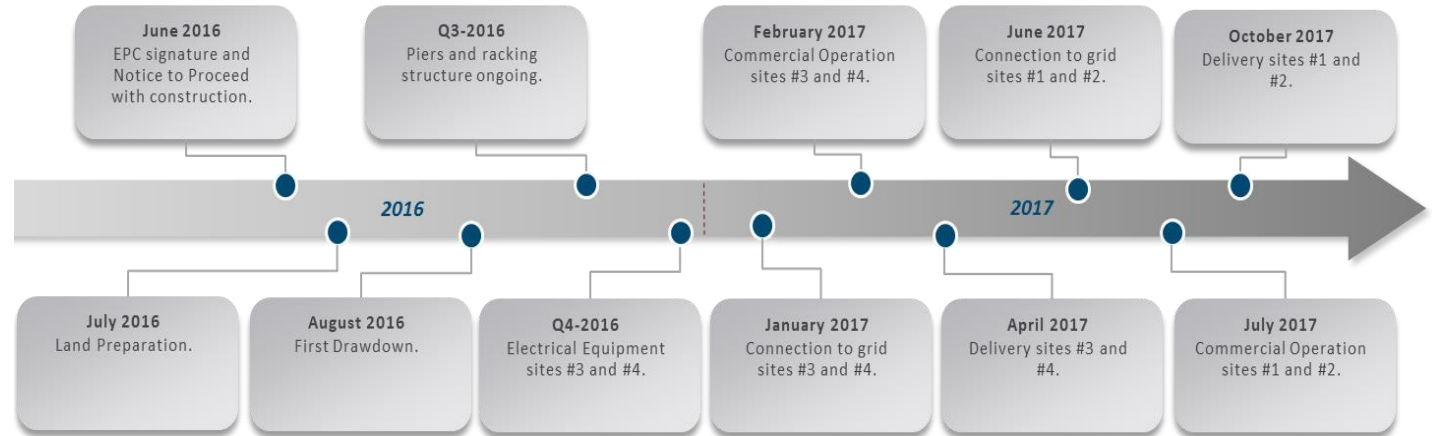
Site 1 & 2



Site 3



Site 4



Aomori	
Status	Under Construction
Sites	4
Region	Tohoku
Capacity	9.5 MW
Ownership	60%
Technology	Fixed-tilt
Module	AOU
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech
Irradiation Yield	1,126 kWh/kWp
Revenue Stream	FIT: ¥36/kWh Term: 20 years
Production	10.7 GWh/year
Total Project Cost	¥3.5Bn
Start of Construction	Q3-2016
End of Construction	Q3-2017

SHIZUKUISHI – 24.7 MW UNDER CONSTRUCTION



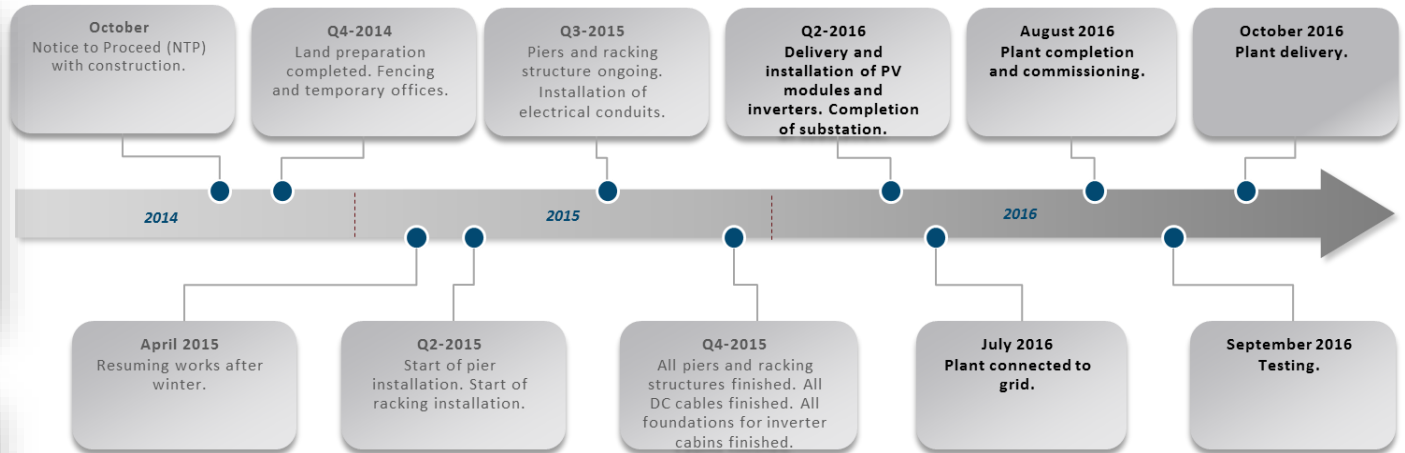
General view of the plant



View of fix-tilt structures



View of combiner box

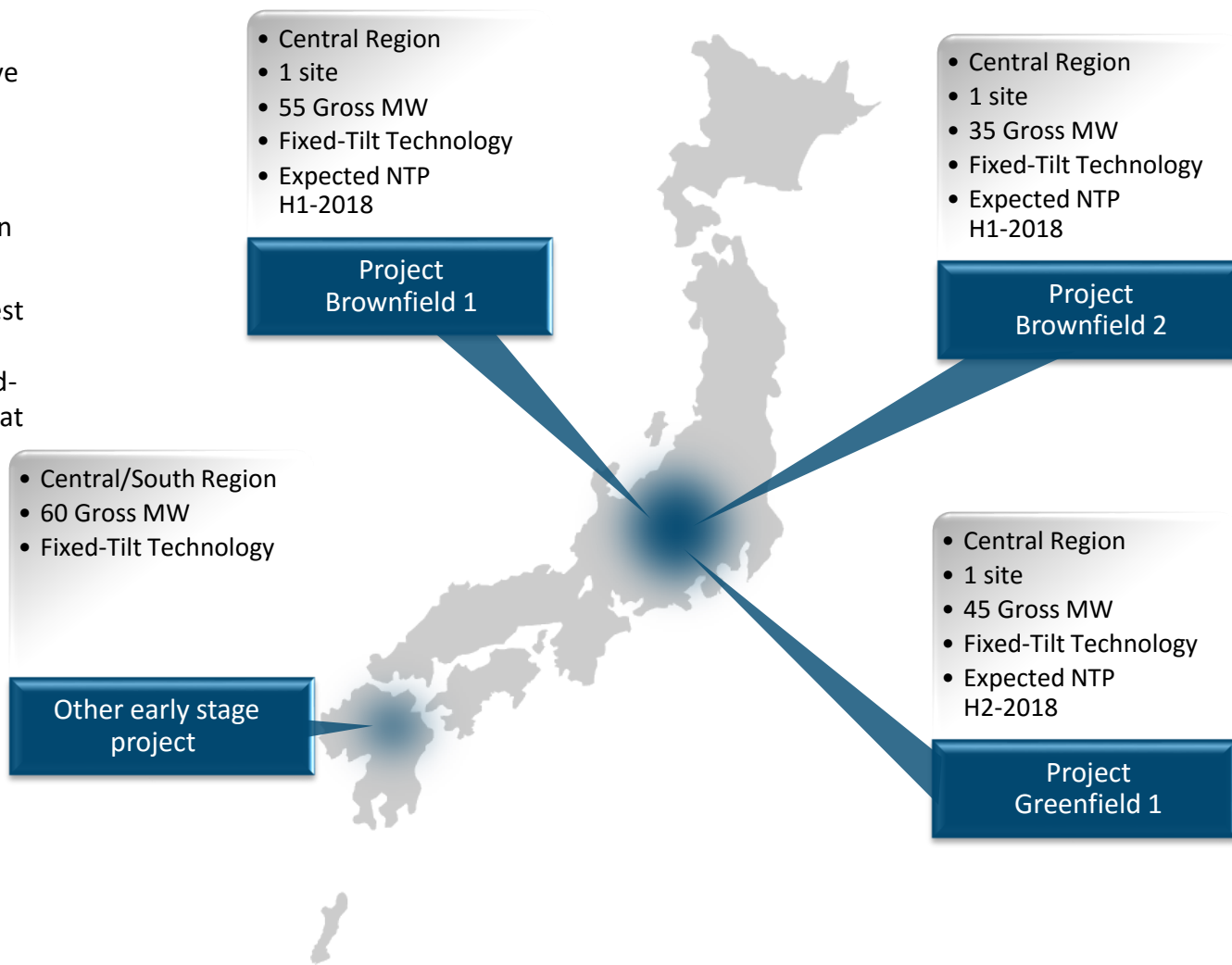


Shizukuishi	
Status	Under Construction
Sites	1
Region	North (Iwate)
Capacity	24.7 MW
Ownership	87%
Technology	Fixed-tilt
Module	Canadian Solar
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech
Irradiation Yield	1,088 kWh/kWp
Revenue Stream	FIT: ¥40/kWh Term: 20 years
Production	26.1 GWh/year
Total Project Cost	¥8.9Bn
Start of Construction	Q3-2014
End of Construction	Q3-2016

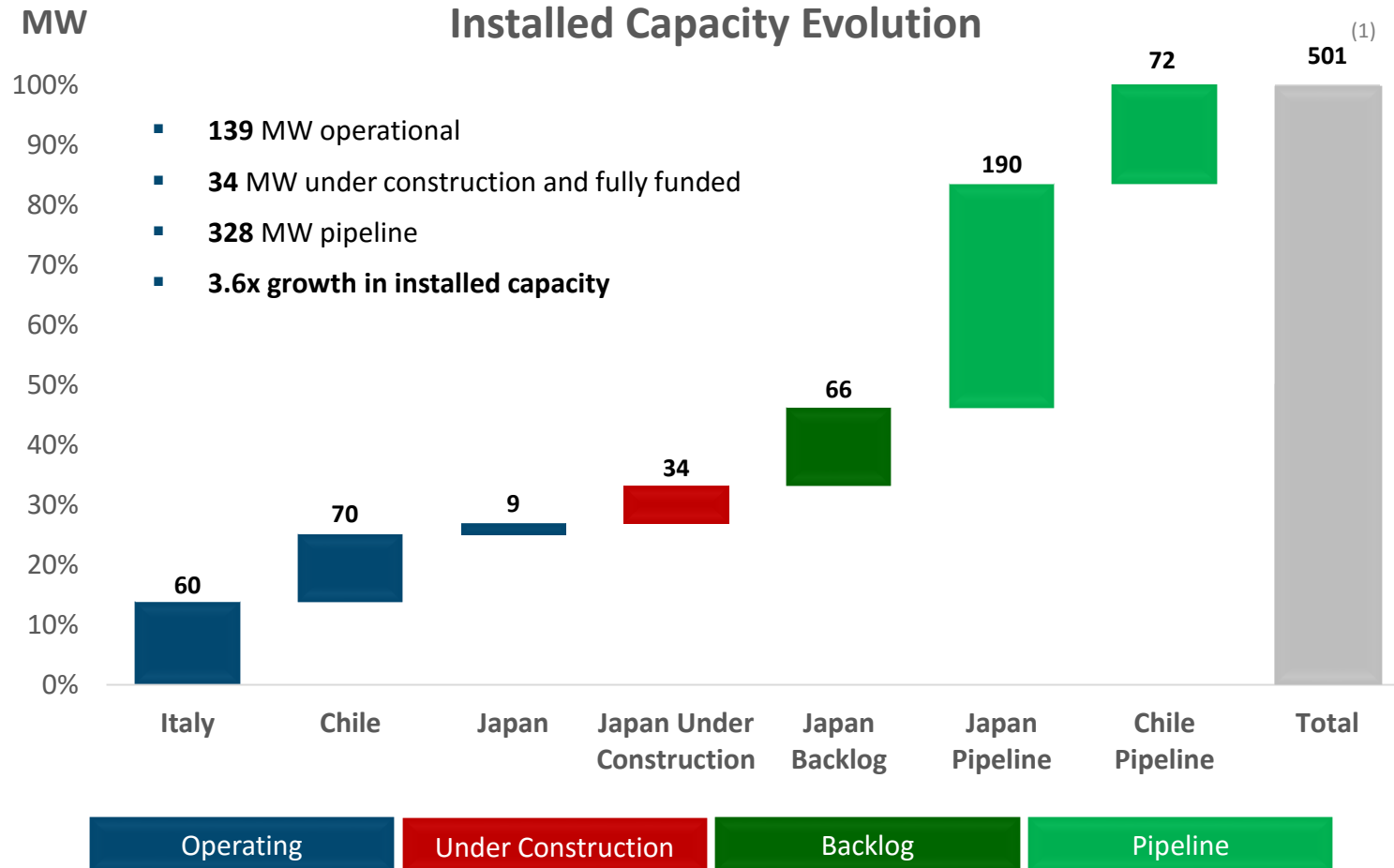
PIPELINE UPDATE

Japan

- FiT program in Japan remains attractive for Etrion to advance new projects to completion over the next 48 months
- Etrion continues to strengthen its development opportunities, working in close partnership with Hitachi
- Japan continues to deliver the strongest value creation for the company with project after-tax equity IRRs in the mid-teens and with options to exit at COD at IRRs within the 5-7% range, driven by the extended low yield environment



OVERALL PROJECT PORTFOLIO – POTENTIAL GROWTH

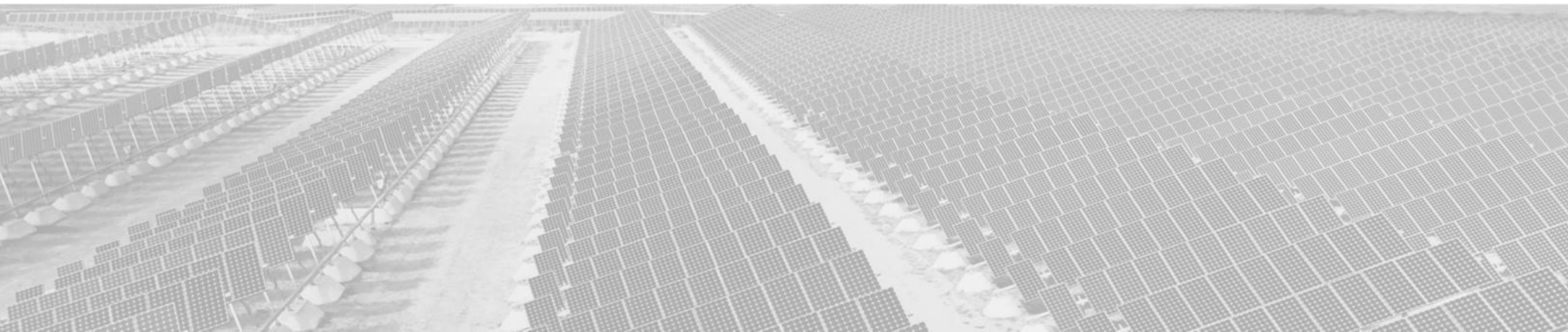


Notes:

(1) These projects represent Etrion's potential organic growth plan; pipeline shown here may be replaced by other projects within the next 12 months.

Q2-2016 FINANCIAL REVIEW

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FINANCIAL RESULTS

US\$'000	3-months	
	Q2-16	Q2-15
Revenues ⁽¹⁾	16.6	17.1
Operating expenses ⁽²⁾	-2.2	-2.9
G&A expenses ⁽³⁾	-1.7	-2.5
Other income	0.3	0.0
Impairment	-0.3	-2.5
EBITDA	12.8	9.2
Depreciation and amortization ⁽⁴⁾	-6.2	-5.8
Net finance costs ⁽⁵⁾	-3.0	-12.0
Income before taxes	3.7	-8.6
Tax expense ⁽⁶⁾	-2.3	-1.5
Net results	1.4	-10.1
EBITDA margin	77%	54%
EBITDA	12.8	9.2
Impairment	0.3	2.5
Other-non recurring	-0.9	0.0
Adjusted EBITDA	12.2	11.7
Adjusted EBITDA margin	74%	69%

1. Revenues – decreased relative to Q2-15 due to lower than expected market prices and electricity production in Italy and Chile largely offset by positive performance in Japan.
2. Operating expenses – decreased relative to Q2-15 due to the O&M costs reduction in Italy and Chile, transmission costs recovery and the Italian property tax reduction.
3. G&A – decreased primarily due to a RSUs adjustment of US\$0.4 million and also due to higher costs capitalized and recharged to the Japanese development pipeline.
4. Depreciation – increased mainly due to addition of the Mito project.
5. Net finance costs – excluding FX gains variation, total finance costs decreased due to lower cost of debt in Italy, following the refinancing transaction completed in December 2015.
6. Net income tax expense – increased by US\$0.8 million mainly due to additional tax expense in Japan both at the holding level (Etrion Japan) and project-level (Mito).

Note:

(1) Other non-recurring items include US\$0.4 million of RSUs adjustment, US\$0.2 transmission costs recovery and US\$0.3 Italian property tax reduction.

FINANCIAL POSITION

US\$'000	Jun-16	Dec-15
Assets		
Non-current assets		
Property plant and equipment	503,598	480,973
Intangible assets	28,909	27,637
Deferred tax assets	26,703	19,809
Derivative financial instruments	0	702
Trade and other receivables	8,162	2,256
Total non-current assets	567,372	531,377
Current assets		
Trade and other receivables	25,470	29,444
Cash and cash equivalents	66,566	52,499
Total current assets	92,036	81,943
Total assets	659,408	613,320
Liabilities		
Non-current liabilities		
Borrowings	559,260	485,372
Derivative financial instruments	25,897	10,639
Deferred tax liabilities	393	400
Provisions and other liabilities	32,979	30,021
Total non-current liabilities	618,529	526,432
Current liabilities		
Trade payables	19,313	27,379
Current tax liabilities	3,584	672
Borrowings	25,843	47,688
Derivative financial instruments	4,031	3,230
Provisions and other liabilities	1,722	1,515
Total current liabilities	54,493	80,484
Total liabilities	673,022	606,916
Total equity	-13,614	6,404

- Working capital of US\$37.5 million and cash on hand of US\$66.6 million (US\$9.6 million unrestricted at the corporate level).
- PP&E** – higher due to construction costs associated with the 24.7 MW Shizukuishi and 9.5 MW Aomori projects in Japan, and the 1.9% recovery of the EUR/USD exchange rate (Dec15-Jun16) offset by depreciation of operational assets in Italy and Chile.
- Intangible assets** – higher mainly due to the 1.9% recovery of the EUR/USD exchange rate and development costs capitalized during the period, partially offset by the amortization of intangible assets in Italy and Chile and the impairment recognized during Q2-16.
- Long-term receivables** – higher mainly due to a reclassification of an advance made to a local developer in Japan (Yokkaichi) from short-term to long-term and the EUR/USD exchange rate recovery.
- Short-term receivables** – lower mainly due to reclassification above and the decrease in market price revenues in Italy and Chile offset by the EUR/USD exchange rate recovery.
- Borrowings** – net increase due to additional funds drawn under the Shizukuishi credit facility with SMTB
- Derivative financial instruments** – higher mainly due to 1.9% recovery of the EUR/USD exchange rate and the decrease in Euribor/TIBOR 6-month interest rate affecting interest rate swaps for Italian and Japanese portfolio (Project Salvador in Chile has fixed-rate debt).
- Net equity** – decreased mainly due to net loss during Q2-16 and changes in the fair value of the derivatives. Before the accumulated non-cash losses in the hedging reserve, the net equity would have been US\$38 million.

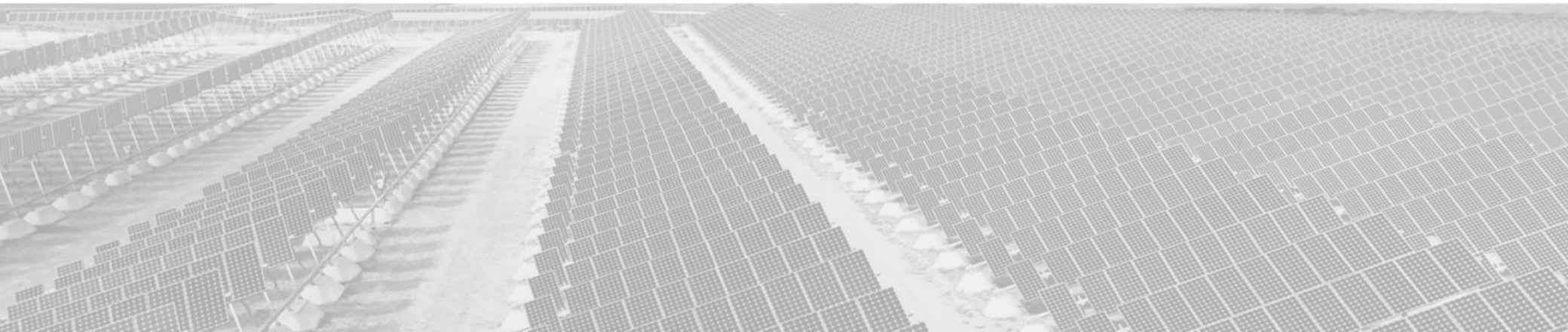
CASH FLOW STATEMENT

US\$'000	Restricted Cash	Unrestricted Cash	Total
December 31, 2015	34.9	17.6	52.5
Project level EBITDA	19.5		19.5
Project cash distributions	-4.1	4.1	0.0
Corporate G&A		-2.5	-2.5
Sub-total	15.4	1.6	17.0
Taxes paid	-0.2	-0.7	-0.9
Working capital	-5.8	-1.0	-6.8
Operating cash flow	9.4	-0.1	9.3
Capital expenditures	-20.2	-1.5	-21.7
Proceeds from bank loans	45.1		45.1
Project loans interest	-10.2		-10.2
Repayment of bank loans	-11.5		-11.5
Interest on corporate bond		-3.6	-3.6
Etrion's equity contributions to Aomori	3.1	-3.1	0.0
Contributions from non-controlling interests	2.1		2.1
Financing cash flow	28.5	-6.7	21.9
Exchange rate differences	4.4	0.3	4.6
June 30, 2016	57.0	9.6	66.6

- Etrion's unrestricted cash balance decreased by 45% mainly due to G&A expense, capital contributions and development costs incurred.
- Etrion's restricted cash increased by 63% mainly due to positive cash flow from operations and additional funds drawn from the credit facilities in Japan.
- During Q2-16, US\$4.1 million were distributed from the Italian projects.

SUMMARY

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SUMMARY

- **Japan - Near-Term Growth**

- We continue to be bullish about Japan
- Expect to begin construction on next 2 solar projects within the next 6-9 months with an aggregate capacity of 66 MW
- The strong Etrion-Hitachi partnership is expected to expand our pipeline for projects in 2017-2018
- Japan continues to deliver strong economics and presents highest exit value

- **Italy**

- Upside remains in 2016 mainly driven by tax refunds and operational optimization

- **Chile**

- Current commercial / development on hold until electricity prices improve

- **Financial Outlook**

- We are focused on using our available cash to satisfy our current obligations and executing on our plan in Japan
- We do not plan to raise equity in 2016 to commence construction of our next two projects
- We are maintaining our 2016 Guidance, including
 - Energy Generation (GWh) 219 – 231
 - Revenues (USD mm) 50 – 52
 - Project Level Ebitda (USD mm) 39 – 41

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