



Q1-2016 Earnings Call

MAY 12, 2016



DISCLAIMER

These materials and the information contained herein are being presented by Etrion Corporation (the “Company”). By attending a meeting where these materials are presented, or by reading them, you agree to be bound by the following limitations and notifications. These materials are strictly confidential and may not be copied, published, distributed or transmitted. Failure to comply with this restriction may constitute a violation of applicable securities laws.

These materials do not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities, nor shall part, or all, of these materials or their distribution form the basis of, or be relied on in connection with, any contract or investment decision in relation to any securities. These materials do not constitute any form of commitment or recommendation on the part of the Company.

These materials do not purport to be all-inclusive or to contain all the information that prospective investors may desire in analyzing and deciding whether or not to hold or transact in the Company’s shares. These materials are not a prospectus or an offer document and has not been prepared, approved or registered in accordance with the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*) or any other Swedish or foreign law. Accordingly, these materials have not been subject to review or approval by the Swedish Financial Supervisory Authority or any other Swedish or foreign authority.

Recipients of these materials must rely on their own examination of the legal, taxation, financial and other consequences of any possible holding or transaction involving the Company’s shares, including the merits and risks involved. Recipients should not treat the contents of these materials as advice relating to legal, taxation or other matters and are advised to consult their own professional advisors concerning the acquisition, holding or disposal of shares in the Company.

The information provided in these materials has either been obtained from the Company or constitutes publicly available material. Although the Company has endeavored to contribute towards giving a correct and complete picture of the Company, neither the Company, the Managers or any of their respective members, advisors, officers or employees nor any other person can be held liable for loss or damage of any kind, whether direct or indirect, arising from use of these materials or their contents or otherwise arising in connection therewith. More specifically, no information in these materials have been independently verified by the Managers or its advisors and the Company, the Managers or any of their respective members, advisors, officers or employees or any other person assume no responsibility whatsoever and makes no representation or warranty, expressed or implied, for the contents of these materials, including its accuracy, completeness or verification for any other statement made or purported to be made by any of them, or on their behalf.

These materials as well as any other information provided by or on behalf of the Company shall be governed by Swedish law. Any dispute, controversy or claim arising out of or in connection with such information or related matters shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. The place of arbitration shall be Stockholm.

FORWARD-LOOKING STATEMENTS

This presentation 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 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 and statements relating to the Company’s growth plans; the timing and scope of new solar projects anticipated to be developed by the Company; the Company’s intention to pay future dividends; renewable energy production targets of governments in Italy, Chile and Japan and the intention of the Japanese government to take policy actions to encourage renewable energy production; and the revenue, EBITDA and free cash flow anticipated to be provided by the Company’s solar 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, assumptions with respect to: confirmation of the applicable FiT and spot market price for electricity sales; the ability of the Company to acquire and develop additional renewable energy projects; project and financing costs; and anticipated production from the Company’s current and future solar projects. 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 entities; the risk that governments may alter their stated goals for the growth of renewable energy production and/or fail to implement anticipated incentives for such production; the risk that the Company may not be able to identify and/or acquire additional renewable energy projects on economic terms; uncertainties with respect to the receipt or timing of all applicable permits for the development of additional renewable energy projects; the possibility of project cost overruns; the risk that the Company may not be able to obtain project financing on anticipated terms; the risk of reductions in FiT and spot market prices for electricity; and the possibility that the Company’s projects will not produce power at the anticipated levels.

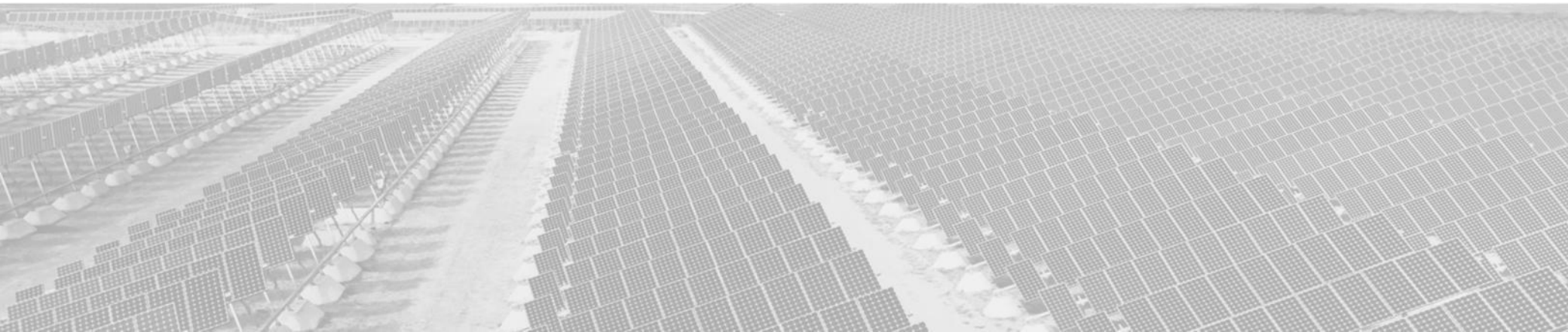
Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. 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.

Where information in this presentation has been sourced from a third party, the Company confirms that the information has been accurately reproduced and so far as the Company is able to ascertain from information published by that third party, and so far as the Company is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading.

These materials and the information contained herein are not an offer of securities for sale in the United States or elsewhere and are not for publication or distribution to persons in the United States (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the Securities Act)). The securities in the Company have not been and will not be registered under the Securities Act and may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act.

CORPORATE OVERVIEW

etrion



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 25 MW under construction in Japan
- **Development Pipeline**
99 MW of solar PV projects shovel-ready in Chile plus 76 MW backlog in Japan expected to be shovel-ready in 2016 and 190 MW of additional pipeline in Japan, for a combined pipeline of additional 365 MW



Atacama, Chile – 70 MW Salvador

FINANCIAL SUMMARY

Recent Share Price (TSX/OMX: ETX) C\$0.30 / SEK 1.89

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\$76.9MM

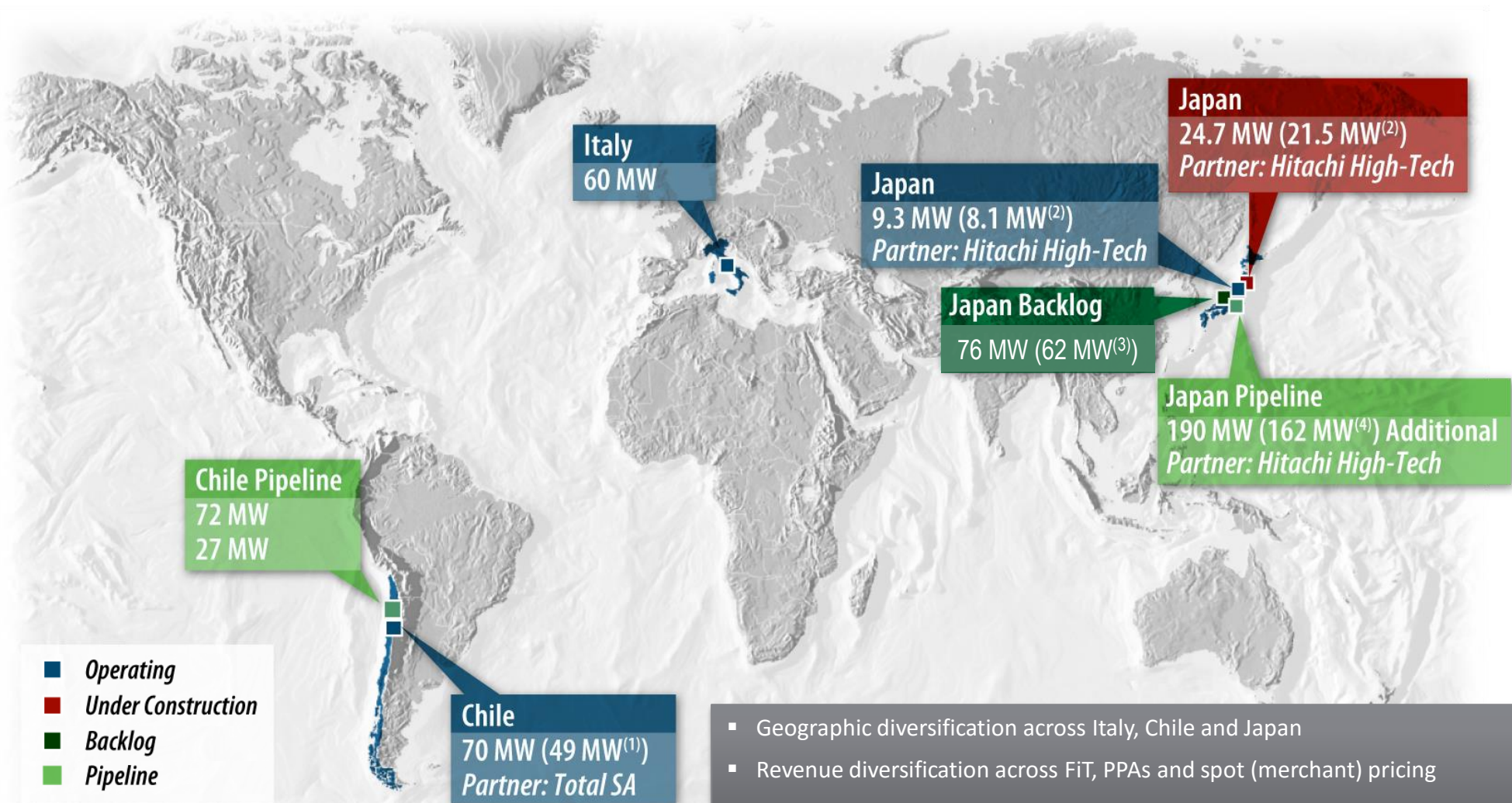
Market Capitalization US\$78MM

Number of Employees 30

Notes:

- (1) US\$ refers to US dollars; C\$ refers to Canadian dollars; SEK refers to Swedish krona.
- (2) ETX share price at closing on May 11, 2016.
- (3) ETX shares outstanding as of March 31, 2016.
- (4) Corporate net debt as of March 31, 2016 (cash basis) includes approximately US\$14.1 million of unrestricted cash and US\$91.0 million of corporate bonds.

ETRION'S GLOBAL PLATFORM

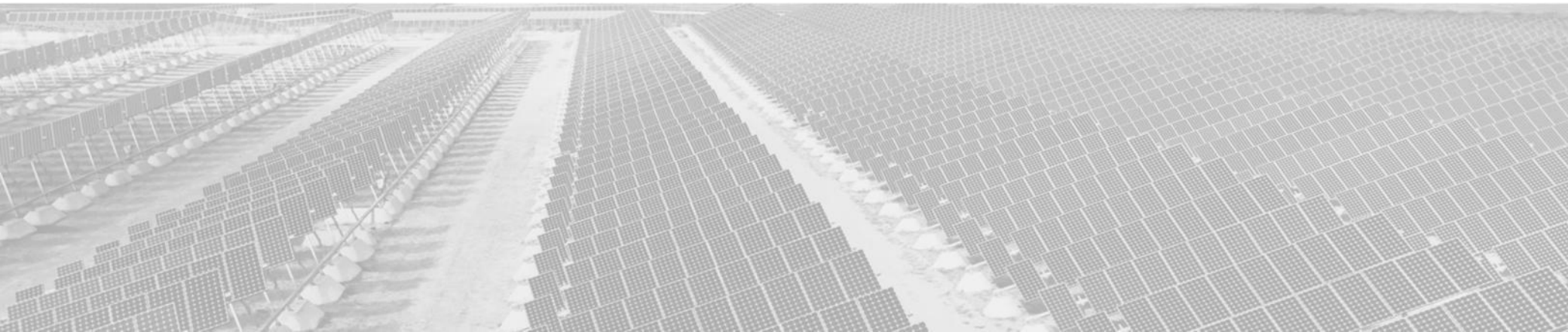


⁽¹⁾ 70% interest ⁽²⁾ 87% interest ⁽³⁾ 70-100% interest assumed ⁽⁴⁾ 85% interest assumed

- Geographic diversification across Italy, Chile and Japan
- Revenue diversification across FiT, PPAs and spot (merchant) pricing
- Etrion is constantly evaluating new opportunities in high-growth regions

THE PORTFOLIO

etrion



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	Q3-15
Shizukuishi	Iwate	1	24.7	Fixed-tilt	Sep-16
Total Japan		6	34.0		
Total Operational / under construction		24	164.4		

Italy

- Helios Ita 6.4 MW SPV loan expected to be restructured by end of June-2016
- Progressing negotiations with tax authority on investment tax credit for potential upside of up to Euro 18M
- Constitutional court hearing scheduled for Dec 2016 to review legality of FiT cut

Japan

- Shizukuishi 24.7 MW project in Japan on schedule and budget
- Mito. Plant consistently performing above plan mainly due to higher PR

Chile

- Salvador low first quarter spot prices reflect bottleneck issues. Industry working with government to address short term solutions until SIC-SING is connected and network expansion implemented

BACKLOG, SHOVEL READY AND PIPELINE UPDATE

Project	Region	Sites	Gross MW	Technology	Expected NTP
---------	--------	-------	----------	------------	--------------

Aguas Blancas 2A	Antofagasta	1	32	Single axis	Upon PPA
Aguas Blancas 2B	Antofagasta	1	24	Single axis	Upon PPA
Aguas Blancas 2C	Antofagasta	1	16	Single axis	Upon PPA
Las Luces	Atacama	1	27	Single axis	Upon PPA
Total Chile Shovel Ready		4	99		

Komatsu	Central	1	13	Fixed-tilt	H2-2016
Kumamoto	South	1	53	Fixed-tilt	H2-2016
Aomori	North	4	10	Fixed-tilt	H2-2016
Total Japan backlog		6	76		

Brownfield 1	Central	1	55	Fixed-tilt	H1-2018
Brownfield 2	Central	1	35	Fixed-tilt	H1-2018
Greenfield 1	Central	1	40	Fixed-tilt	H2-2018
Other early stage	Central/south		60	Fixed-tilt	
Total Japan Pipeline			190		

Total Backlog / Shovel Ready and Pipeline			365		
--	--	--	------------	--	--

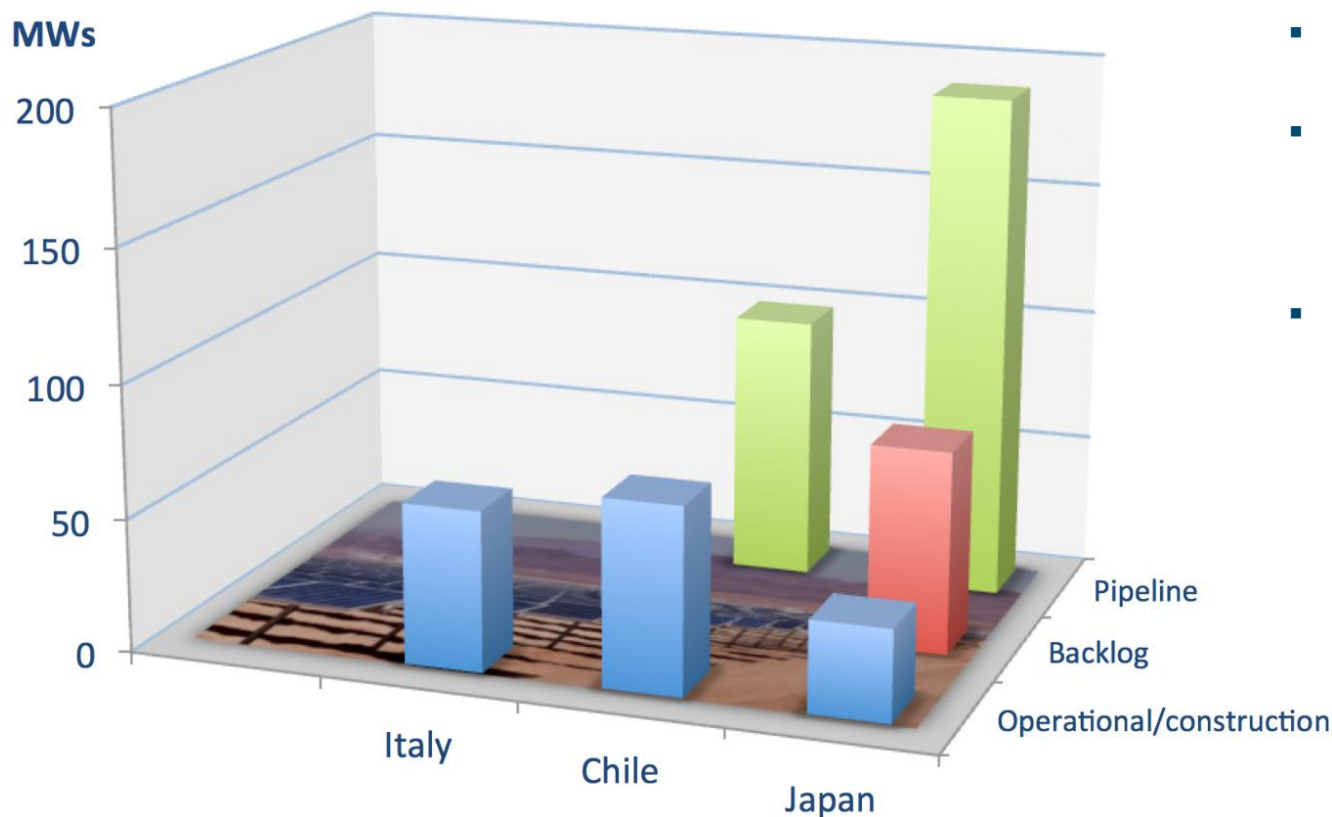
Japan

- 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 5-6% range, driven by the extended low yield environment
- Backlog on track with potential delay for Kumamoto of 3-6 months due to earthquake in the region which has redirected utilities and government agencies to address immediate needs

Chile

- Several efforts under way by the government to accelerate interconnection of the SIC-SING networks, now scheduled for Jan-18. These investments should not only improve economics for Salvador but present concrete opportunities for Aguas Blancas and Las Luces
- Company preparing for upcoming auction in Aug-2016

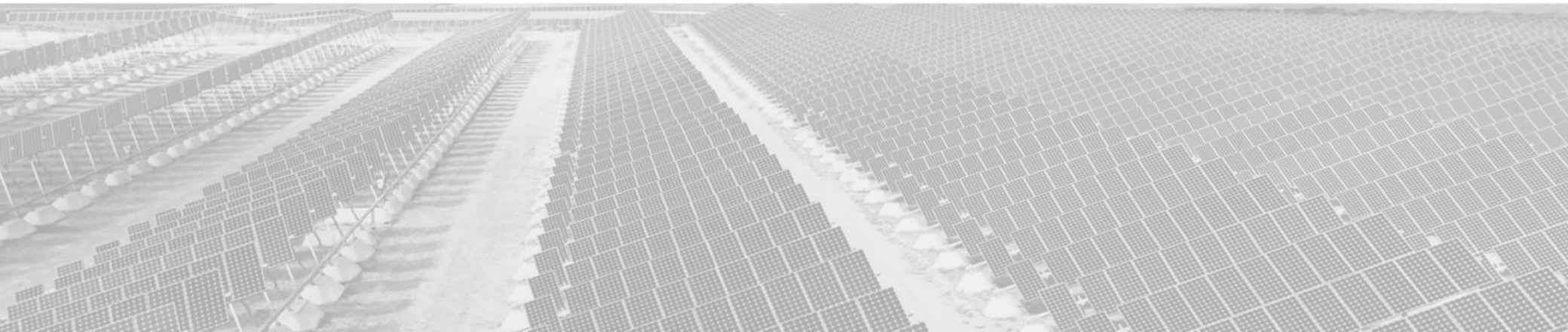
DIVERSIFIED PLATFORM WITH HIGHEST POTENTIAL IN JAPAN



- Company is on track to meet full year guidance
- Backlog and Pipeline in Japan continues to advance to reach 300MW of operational / under construction by 2018
- Chile presents a potential upside once grid expansion is completed; complemented with eventual recovery of the mining sector

Q1-2016 FINANCIAL REVIEW

etrion



FINANCIAL RESULTS

US\$'000	3-months	
	Q1-16	Q1-15
Revenues ⁽¹⁾	9.9	10.4
Operating expenses ⁽²⁾	-3.7	-2.5
G&A expenses ⁽³⁾	-1.8	-2.3
EBITDA	4.4	5.5
Depreciation and amortization ⁽⁴⁾	-6.1	-5.6
Net finance costs ⁽⁵⁾	-8.2	-2.6
Income before taxes	-9.8	-2.7
Tax recovery ⁽⁶⁾	1.2	0.2
Net results	-8.5	-2.5
EBITDA margin	45%	53%

1. **Revenues** – decreased approximately 5% due to lower than expected electricity production and market prices affecting the electricity produced in Italy and Chile.
2. **Operating expenses** – increased approximately 45% compared to Q1-15 primarily due to the nodal costs incurred to fulfill Etrion's obligations under the PPA agreement in Chile.
3. **G&A** – 22% lower primarily due to lower headcount and a decrease in salaries as a result of higher costs being capitalized and recharged to the Japanese development pipeline, as well as other costs reduction measures.
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 the reduction of finance costs in Italy following the refinancing transaction completed in December 2015.
6. **Net income tax recovery** – increased by US\$1.0 million due to taxable losses during Q1-16 and associated deferred recovery recognized during the period.

FINANCIAL POSITION

US\$'000	Mar-16	Dec-15
Assets		
Property plant and equipment	492,024	480,973
Intangible assets	28,748	27,637
Deferred tax assets	23,994	19,809
Derivative financial instruments	0	702
Trade and other receivables	2,363	2,256
Total non-current assets	547,129	531,377
Trade and other receivables	27,514	29,444
Cash and cash equivalents	54,452	52,499
Current assets	81,966	81,943
Total assets	629,095	613,320

Liabilities		
Borrowings	526,591	485,372
Derivative financial instruments	21,058	10,639
Deferred tax liabilities	411	400
Provisions and other liabilities	31,047	30,021
Total non-current liabilities	579,107	526,432
Trade payables	25,170	27,379
Current tax liabilities	574	672
Borrowings	28,917	47,688
Derivative financial instruments	4,038	3,230
Provisions and other liabilities	1,585	1,515
Total current liabilities	60,284	80,484
Total liabilities	639,391	606,916
Total equity	-10,296	6,404

- **PP&E** – higher due to construction costs associated with the 24.7 MW project in Japan, and the 4.4% recovery of the EUR/USD exchange rate (Dec15-Mar16) offset by depreciation of operational assets in Italy and Chile.
- **Intangible assets** – higher mainly due to the 4.4% 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.
- **Trade and other receivables** – lower mainly due to a decrease in market price revenues in Italy and Chile, partially offset by the EUR/USD exchange rate recovery.
- **Derivative financial instruments** – higher mainly due to 4.4% 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 Q1-16 and changes in the fair value of the derivatives. Before the accumulated non-cash losses in the hedging reserve that are not expected to be settled in cash, the net equity would have been US\$37 million.

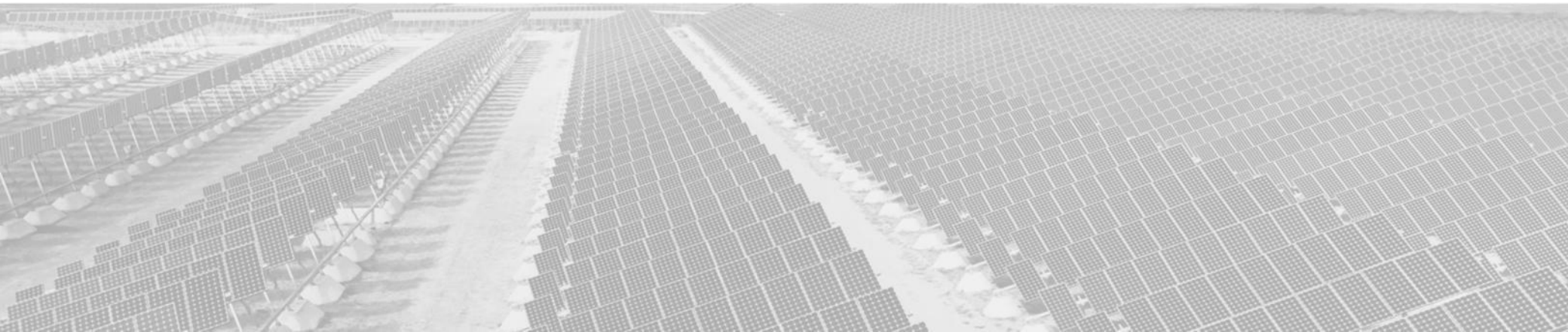
CASH FLOW STATEMENT

US\$'000	Restricted Cash	Unrestricted Cash	Total
December 31, 2015	34.9	17.6	52.5
Project level EBITDA	5.8		5.8
Corporate G&A		-1.2	-1.2
Sub-total	5.8	-1.2	4.5
Working capital	0.8	-1.0	-0.2
Operating cash flow	6.5	-2.2	4.3
Capital expenditures	-0.7	-0.8	-1.5
Project loans interest	-2.7		-2.7
Financing cash flow	-2.7	0.0	-2.7
Exchange rate differences	2.3	-0.5	1.8
March 31, 2016	40.4	14.1	54.5

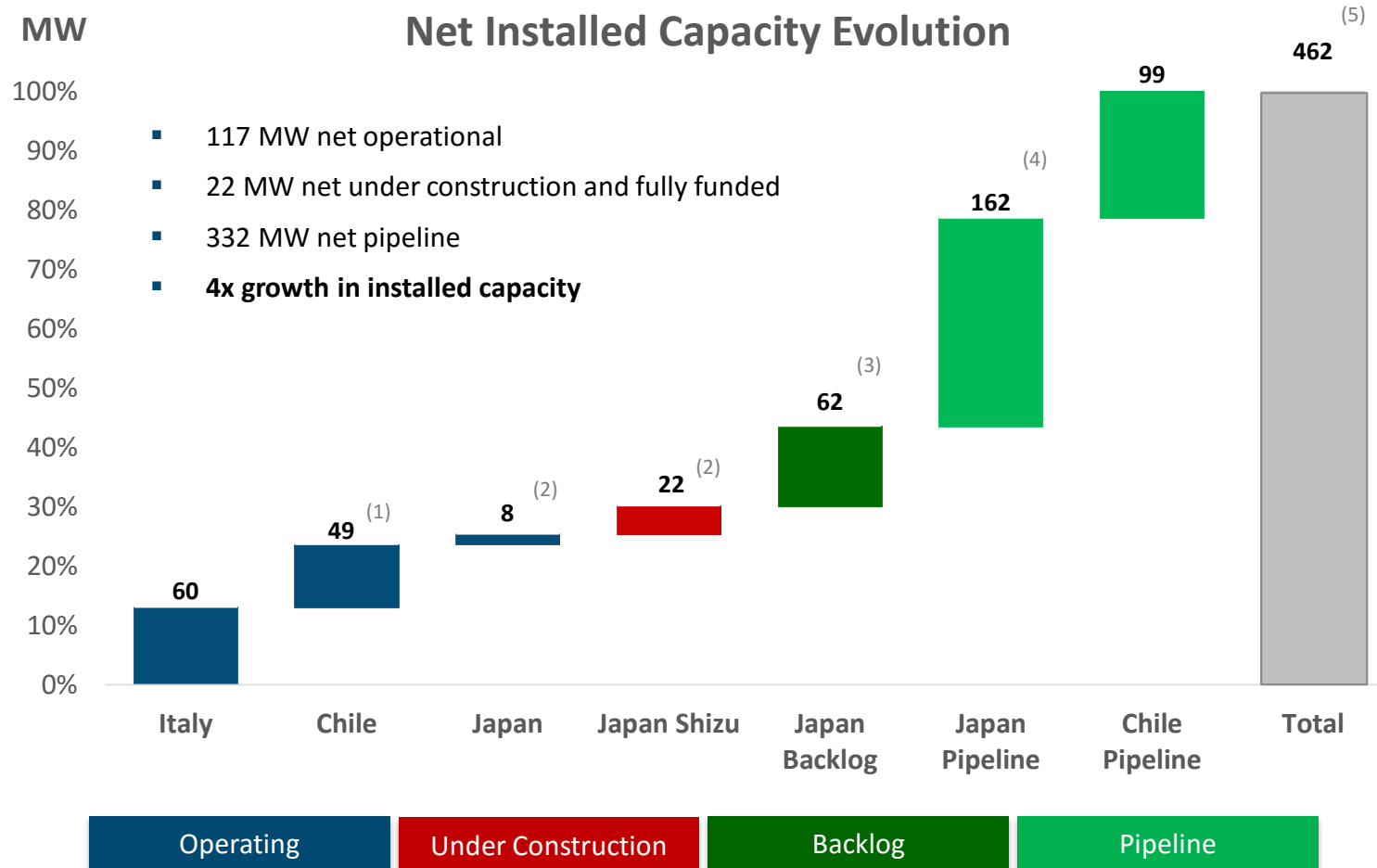
- Etrion's unrestricted cash balance decreased by 20% mainly due to G&A expense and development costs incurred.
- Etrion's restricted cash increased by 16% mainly due to positive cash flow from operations and no payments of construction invoices.
- During Q1-16, there were no project cash distributions or tax payments.
- Working capital of US\$21.7 million and cash on hand of US\$54.5 million (US\$14.1 million unrestricted at the corporate level).

SUMMARY

etrion



OVERALL PROJECT PORTFOLIO – POTENTIAL GROWTH



Notes:

- (1) Etrion's initial 70% net capacity in 70 MW project.
- (2) Etrion's 87% net capacity.
- (3) Etrion's 70-100% net capacity assumed in Japanese projects.
- (4) Etrion's 85% net capacity assumed in Japanese projects.
- (5) These projects represent Etrion's potential organic growth plan; pipeline shown here may be replaced by other projects within the next 12 months.

SUMMARY

■ Japan - Near-Term Growth

- We continue to be bullish about Japan
- Etrion to start construction of 3 new projects in 2016 with an aggregate capacity of 76 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

- Potential for PPAs remain to further reduce spot exposure for Salvador
- AB2 72MW shovel ready project well positioned to be activated when market prices recover

■ Financial Outlook

- We are in a strong position in 2016 with USD 14.1 million in unrestricted cash (at March 31,2016) to execute our plan
- We do not plan to raise equity in 2016 to commence construction of our next three projects
- We are reaffirming our 2016 Guidance, including
 - Energy Generation (GWh) 219 – 231
 - Revenues (USD mm) 50 – 52
 - Project Level Ebitda (USD mm) 39 – 41

Contact Details

Etrion Corporation

40 SW 13 Street

PH-1

Miami, FL 33130

USA

Phone: +1 305-913-7130

Email: info@etrion.com

Website: www.etrion.com

