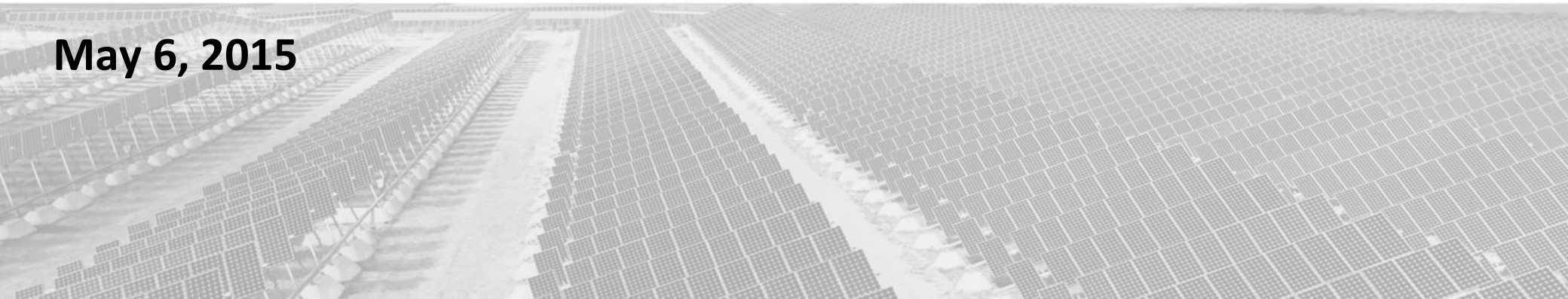




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# Q1-2015 Earnings Call

May 6, 2015



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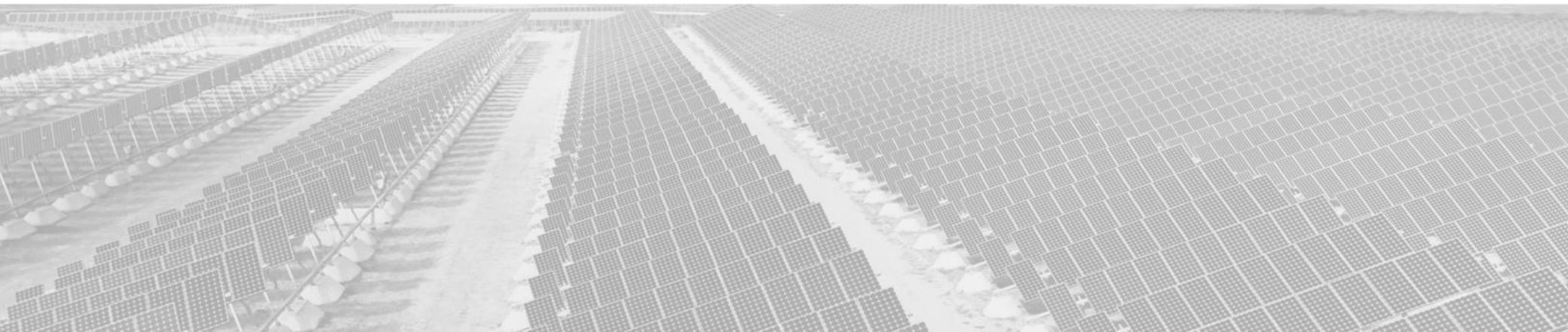
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# CORPORATE OVERVIEW

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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

## Asset / Pipeline Highlights

- Installed Capacity / Under Construction**  
130 megawatts (MW) of solar PV operational in Italy and Chile with 34 MW under construction in Japan
- Development Pipeline**  
99 MW shovel-ready in Chile plus 140 MW pipeline in Japan, 66 MW expected to be shovel-ready by Q1-2016 and additional 200 MW in Japan expected to be shovel-ready or under construction by 2017



Atacama, Chile – 70 MW Salvador

## Financial Summary

**Recent Share Price (TSX/OMX: ETX)** C\$0.46 / SEK 2.95

**Shares Outstanding** 334.1MM

**Lundin Family Ownership** 24.3%

**Other Director/Management Ownership** 6.7%

**Revenues 2014A** US\$49.6MM

**EBITDA 2014A** US\$32.5MM

**Net Debt** US\$401.6MM

**Market Capitalization** US\$126.6MM

**Enterprise Value** US\$528.2MM

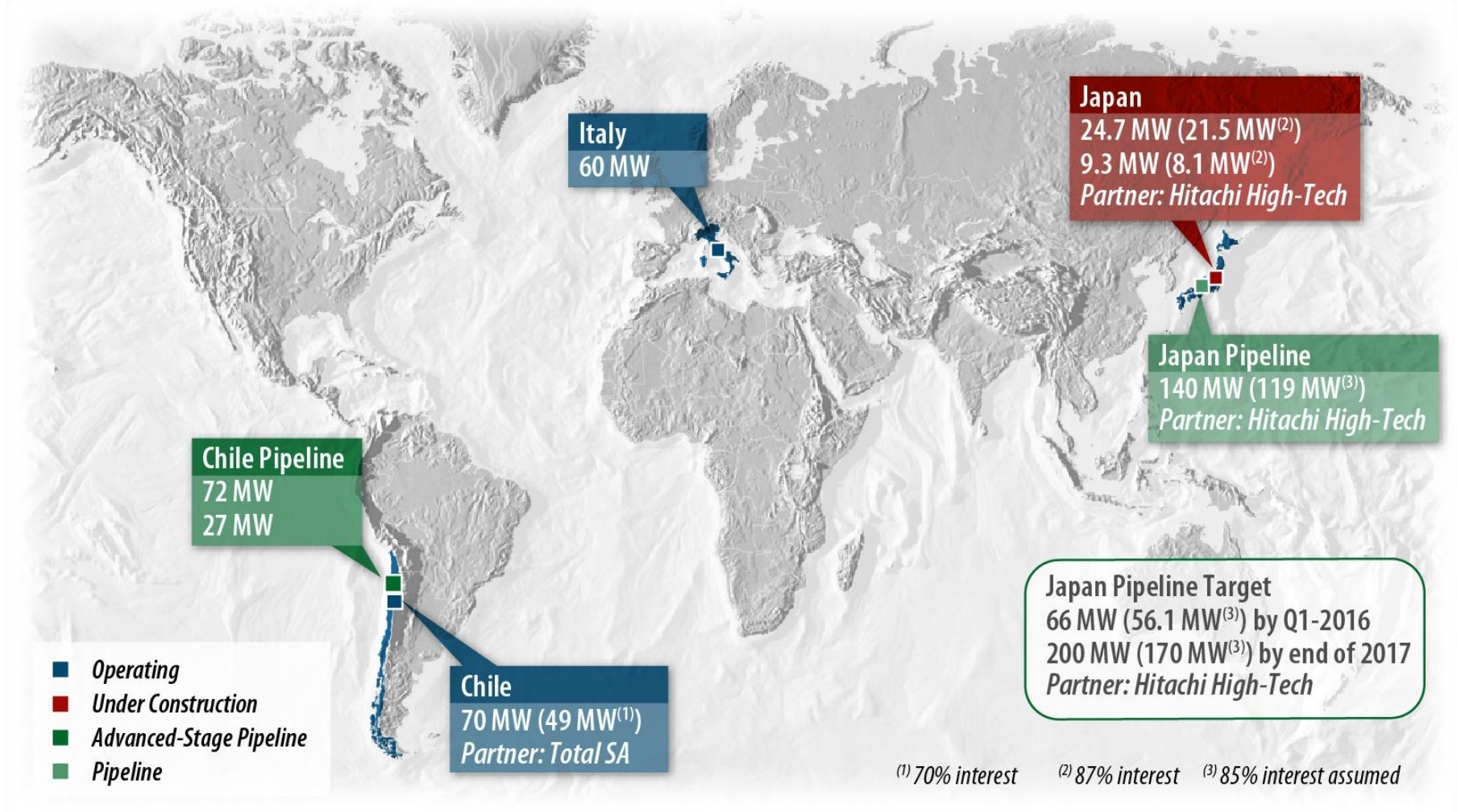
**Number of Employees** 36

THE **LUNDIN** GROUP  
OF COMPANIES

### Notes:

- (1) US\$ refers to US dollars; C\$ refers to Canadian dollars; SEK refers to Swedish krona; € refers to euros; ¥ refers to Japanese Yen
- (2) ETX share price at closing on May 5, 2015
- (3) ETX shares outstanding as of March 31, 2015
- (4) Net debt as of March 31, 2015 (cash basis) includes approximately US\$70.6MM of total cash (US\$31.2MM unrestricted cash), US\$386.1MM of non-recourse project loans and US\$86.1MM of corporate bonds

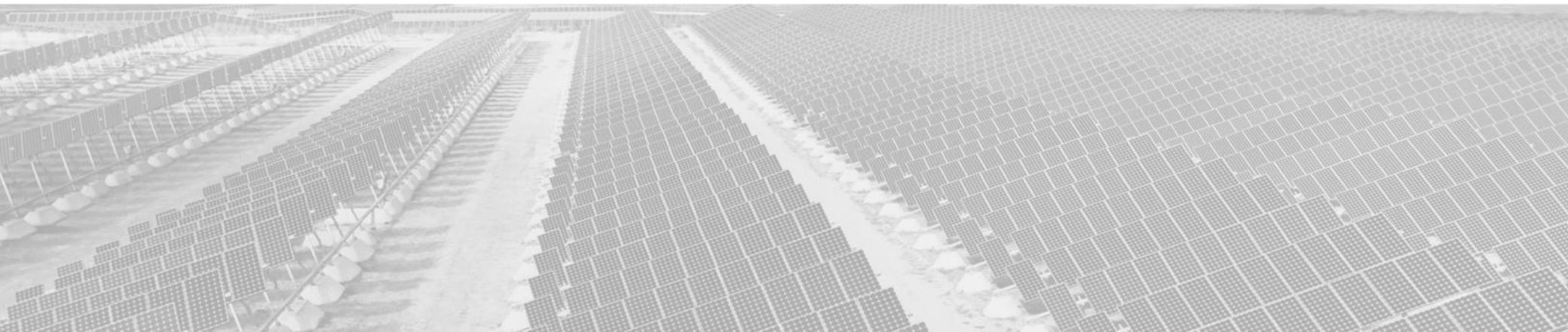
# ETRION'S GLOBAL PLATFORM



- 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

# OPERATIONAL & UNDER CONSTRUCTION

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# ITALIAN OPERATING ASSETS



Project	Sites	Capacity (MW) <sup>(2)</sup>	Technology	EPC/O&M Contractor	Modules	Inverters
Cassiopea	1	24.0	Single axis	SunPower	SunPower	SMA
Helios ITA-3	2	10.0	Single axis	ABB	Yingli	Bonfiglioli
Centauro	1	8.8	Single axis	SunPower	SunPower	SMA
Helios ITA	7	6.4	Single axis	Solon/ABB	Solon	Santerno
Etrion Lazio	2	5.3	Fixed-tilt	Phoenix	Trina	SMA
SVE	3	3.0	Single axis	SunPower	SunPower	Siemens
Sagittario	1	2.6	Fixed-tilt	Phoenix	Trina	SMA
<b>Total</b>	<b>17</b>	<b>60.1<sup>(1)</sup></b>				

- 17 power plants with predictable revenues and cash flow
- 20-year FiT contract with 16 years remaining on average
- Expected to produce more than 100 million kWh of electricity per year
- Central monitoring system provides real-time visibility into plant performance (scalable platform for growth)
- 99.7% availability in 2014

Notes:

(1) All projects are owned 100% by Etrion.

(2) Power plant capacity is shown in MW on a direct current basis, also referred to as megawatt-peak (MWp).

# CHILEAN OPERATING ASSET



## SALVADOR (70 MW)

Project Details	
Sites	1
Region	Atacama
Capacity	70 MW
Ownership	70% <sup>(1)</sup>
Technology	Single axis
Module	SunPower
EPC	SunPower
O&M	SunPower
Irradiation Yield	2,916 kWh/kWp
Revenue Stream	Merchant project in SIC network with 15-year PPA for 35% of production starting January 1, 2016
Production	200 GWh/year
Total Project Cost	USD 200 million
Start of Construction	Q4-2013
End of Construction	Q4-2014



Atacama, Chile – 70 MW Salvador

- 70 MW completed several months ahead of schedule and under budget
- 15-year PPA executed with EE-ERNC-1, an investment grade off-taker, for 35% of production starting January 1, 2016

Note:

(1) Etrion acquired a 70% interest in the project with an equity contribution of approximately US\$42 million. Following payback of the equity contribution, Etrion's ownership will decrease to 50.01%. After 20 years of operations, Etrion's ownership will decrease to zero.



# JAPANESE ASSETS UNDER CONSTRUCTION



	SHIZUKUISHI	MITO
Sites	1	5
Region	North (Iwate)	Central (Ibaraki)
Capacity	24.7 MW	9.3 MW
Ownership	87% <sup>(1)</sup>	87% <sup>(1)</sup>
Technology	Fixed-tilt	Fixed-tilt
Module	Canadian Solar	Canadian Solar
EPC	Hitachi High-Tech	Hitachi High-Tech
O&M	Hitachi High-Tech	Hitachi High-Tech
Irradiation Yield	1,088 kWh/kWp	1,161 kWh/kWp
Revenue Stream	FiT: ¥40/kWh Term: 20 years	FiT: ¥40/kWh Term: 20 years
Production	26.1 GWh/year	10.5 GWh/year
Total Project Cost	¥8.9Bn	¥3.4Bn
Start of Construction	Q3-2014	Q3-2014
Estimated Completion of Construction	Q3-2016 <sup>(2)</sup>	Q3-2015

➤ 34 MW fully-funded and under construction

**Notes:**

- (1) Etrion has entered into a development agreement with Hitachi High-Tech, a subsidiary of Hitachi, Ltd, for the development, finance, construction, ownership and operation of utility-scale solar power plants in Japan. Etrion owns approximately 87% of the projects, and Hitachi High-Tech owns approximately 13%.
- (2) Shizukuishi will connect through the Tohoku Electric Power Co., Inc. utility, which requires up to 29 months for grid connection. However, construction may be accelerated.

# MITO - 9.3 MW UNDER CONSTRUCTION



Mito, Japan – 9.3 MW Mito project under construction, site 1. Completion of project expected in Q3-2015



# MITO - 9.3 MW UNDER CONSTRUCTION

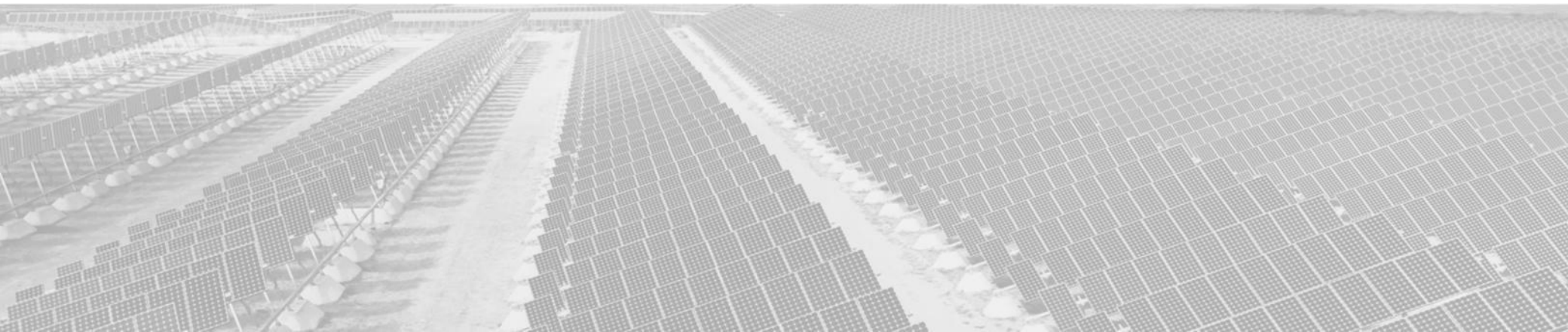


*Mito, Japan – 9.3 MW Mito project under construction, site 4. Completion of project expected in Q3-2015*



# EXPANSION PLANS

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# CHILEAN SOLAR PIPELINE

#	COUNTRY	REGION	PROJECT NAME	CONTRACT REGIME	SITES	MW	STATUS	OWNERSHIP	SHOVEL-READY
1	Chile	SING (Northern)	Aguas Blancas 2A	Merchant + PPA	1	32	<ul style="list-style-type: none"> <li>- Land concession assigned; decree expected in four months.</li> <li>- Environmental impact assessment received.</li> <li>- Interconnection contract agreed.</li> <li>- Mining rights secured.</li> </ul>	100%	Q1-2015
2	Chile	SING (Northern)	Aguas Blancas 2B	Merchant + PPA	1	24	<ul style="list-style-type: none"> <li>- Land concession decree signed.</li> <li>- Environmental impact assessment received.</li> <li>- Interconnection contract and PPA under advanced negotiations with off-taker.</li> <li>- Mining rights secured.</li> </ul>	100%	Q1-2015
3	Chile	SING (Northern)	Aguas Blancas 2C	Merchant + PPA	1	16	<ul style="list-style-type: none"> <li>- Land concession decree signed.</li> <li>- Environmental impact assessment received.</li> <li>- Interconnection contract agreed.</li> <li>- Mining rights secured.</li> </ul>	100%	Q1-2015
4	Chile	SIC (Central)	Las Luces I	Merchant + PPA	1	27	<ul style="list-style-type: none"> <li>- Land concession decree signed.</li> <li>- Environmental impact assessment received.</li> <li>- Interconnection contract under advanced negotiations.</li> <li>- Mining rights secured.</li> <li>- PPA negotiations started.</li> </ul>	100%	Q1-2015
					4	99			

- Etrion's advanced project development pipeline in Chile includes 99 MW, almost all shovel-ready
- Construction start dates will depend on ability to secure PPAs and project financing

# JAPANESE SOLAR PIPELINE

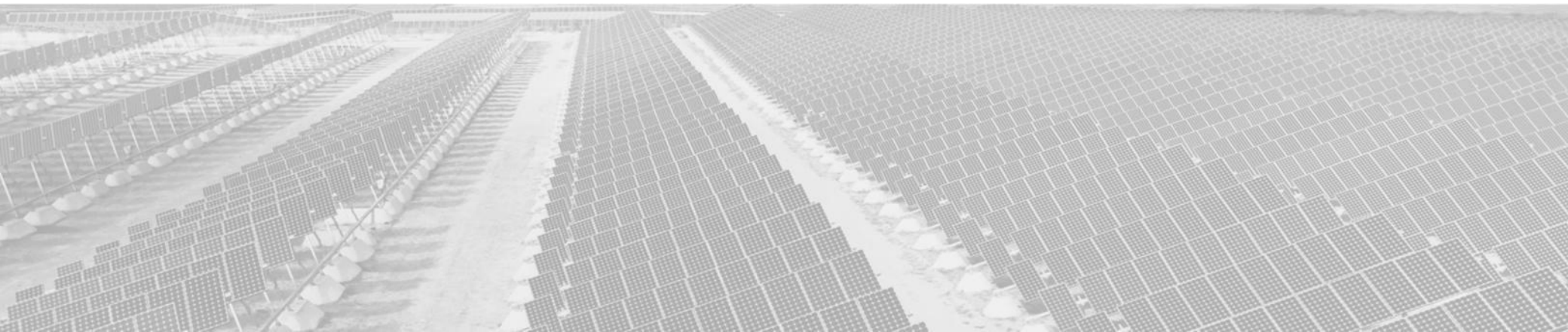
#	COUNTRY	REGION	PROJECT NAME	CONTRACT REGIME	SITES	MW	STATUS	OWNERSHIP	SHOVEL-READY
1	Japan	South	Greenfield Project 1	¥36 FiT	1	25	<ul style="list-style-type: none"> <li>- FiT secured.</li> <li>- Land contract secured.</li> <li>- Grid impact studies in progress.</li> </ul>	85%	Q1-2016
2	Japan	Central	Greenfield Project 2	¥32 FiT	1	14	<ul style="list-style-type: none"> <li>- FiT secured.</li> <li>- Land contract pending.</li> <li>- Grid impact studies in progress.</li> </ul>	85%	Q1-2016
3	Japan	South	Brownfield Project 1	¥36 FiT	1	50	<ul style="list-style-type: none"> <li>- Project exclusivity secured.</li> <li>- FiT secured.</li> <li>- Land contract secured.</li> <li>- Grid impact studies completed.</li> </ul>	85%	Q1-2016
4	Japan	North	Brownfield Project 2	¥32 FiT	1	51	<ul style="list-style-type: none"> <li>- Project exclusivity secured.</li> <li>- FiT in progress.</li> <li>- Land contract in progress.</li> <li>- Grid impact studies in progress.</li> </ul>	85%	Q1-2016
					4	140			

- Etrion and Hitachi High-Tech expect to have at least 66 MW from this pipeline under construction or shovel-ready in Japan by Q1-2016
- Etrion and Hitachi High-Tech expect to have an additional 200 MW under construction or shovel-ready in Japan by the end of 2017



# Q1-2015 FINANCIAL REVIEW

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# Q1-15 FINANCIAL RESULTS

US\$'000	Q1-15	Q1-14
<b>Revenues</b>	<b>10.4</b>	<b>8.4</b>
Operating expenses	-2.5	-2.3
G&A expenses	-2.3	-2.3
<b>EBITDA</b>	<b>5.5</b>	<b>3.8</b>
Depreciation and amortization	-5.6	-5.3
Net finance costs	-2.6	-9.1
<b>Income before taxes</b>	<b>-2.7</b>	<b>-10.6</b>
Tax expense	0.2	2.4
<b>Net results</b>	<b>-2.5</b>	<b>-8.2</b>
<b>EBITDA margin</b>	<b>53%</b>	<b>45%</b>
<b>EBITDA</b>	<b>5.5</b>	<b>3.8</b>
Non-recurring Opex/G&A items	-	0.8
<b>Adjusted EBITDA</b>	<b>5.5</b>	<b>4.6</b>
<b>Adjusted EBITDA margin</b>	<b>53%</b>	<b>55%</b>

- Revenues – 24% higher due to addition of Project Salvador in Chile and higher production in Italy, partially offset by reduction in the FiT price in Italy and FX differences
- Operating expenses – higher due to addition of Project Salvador in Chile, partially offset by FX differences
- Depreciation – increase mainly due to addition of Project Salvador partially offset by FX differences and extension of useful life of solar assets in Italy
- Net finance costs – lower mainly due to foreign exchange gains as result of the approximately 13% devaluation of the Euro vs US dollar and Japanese yen in Q1-2015
- Net income tax recovery – decrease due to lower taxable losses at the project level in Italy and reduction of the applicable tax rate in Italy from 38% to 34%

# Q1-15 FINANCIAL POSITION

US\$'000	Mar-15	Dec-14
<b>Assets</b>		
Property plant and equipment	457,149	477,655
Intangible assets	29,577	30,942
Deferred tax assets	12,334	14,426
Trade and other receivables	2,506	2,822
<b>Total non-current assets</b>	<b>501,566</b>	<b>525,845</b>
Trade and other receivables	47,989	46,918
Cash and cash equivalents	70,604	95,349
<b>Current assets</b>	<b>118,593</b>	<b>142,267</b>
<b>Total assets</b>	<b>620,159</b>	<b>668,112</b>

<b>Liabilities</b>		
Borrowings	451,019	454,969
Derivative financial instruments	42,592	47,192
Deferred tax liabilities	418	480
Provisions and other liabilities	27,329	26,724
<b>Total non-current liabilities</b>	<b>521,358</b>	<b>529,365</b>
Trade payables	16,410	24,110
Current tax liabilities	142	458
Borrowings	42,464	70,282
Derivative financial instruments	7,638	8,203
Provisions and other liabilities	2,411	2,764
<b>Total current liabilities</b>	<b>69,065</b>	<b>105,817</b>
<b>Total liabilities</b>	<b>590,423</b>	<b>635,182</b>
<b>Total equity</b>	<b>29,736</b>	<b>32,930</b>

- Working capital of US\$49.5 million and cash on hand of US\$70.6 million (US\$31.2 million unrestricted at the parent level) at March 31, 2015
- PP&E – lower mainly due to 13% devaluation of the Euro vs US dollar and depreciation of operational assets in Italy and Chile, partially offset by construction costs for Japanese projects
- Intangible assets – lower mainly due to 13% devaluation of the Euro vs US dollar and amortization of operational assets in Italy and Chile
- Trade and other receivables – higher mainly due to input VAT related to the construction of Mito and Shizukuishi in Japan
- Long-term borrowings – lower mainly due to 13% devaluation of the Euro vs US dollar partially offset by additional funds drawn under Mito and Shizukuishi credit facilities and reclassification of Helios ITA credit facility from short-term to long-term following the bank waiver received in February 2015
- Short-term borrowings – lower due to the reclassification from short-term to long-term of the Helios-ITA credit facility due to waiver received in February 2015
- Derivative financial instruments – lower mainly due to 13% devaluation of the Euro vs US dollar partially offset by decrease in Euribor 6-month interest rate affecting interest rate swaps for Italian portfolio (Project Salvador in Chile has fixed-rate debt)



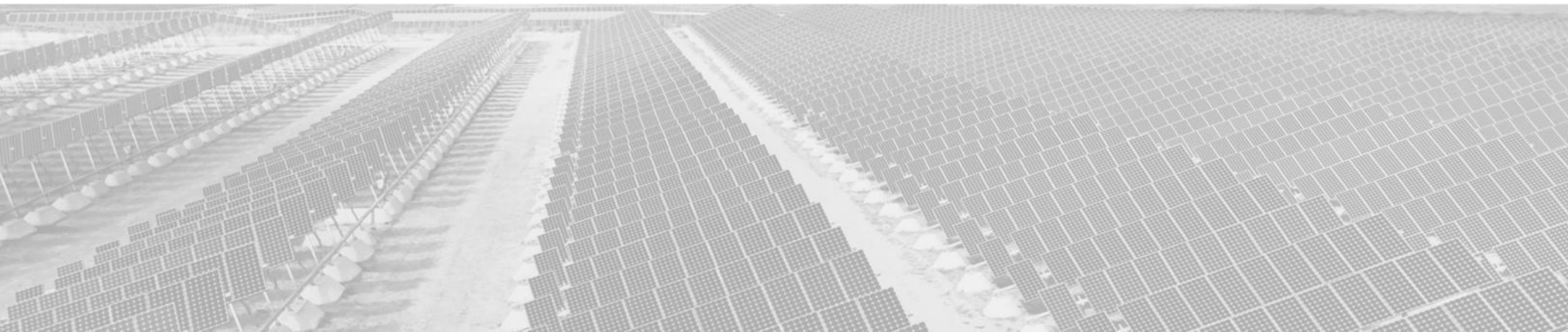
# Q1-15 CASH FLOW STATEMENT

US\$'000	Restricted	Unrestricted	Total
<b>December 31, 2014 cash balance</b>	<b>61.5</b>	<b>33.9</b>	<b>95.3</b>
Project level EBITDA	7.6		7.6
Project cash distributions	-1.4	1.4	0.0
Corporate G&A		-2.0	-2.0
<b>Operating cash flow before changes in working capital</b>	<b>6.2</b>	<b>-0.6</b>	<b>5.6</b>
Taxes paid	0.0	-0.3	-0.3
Working capital	-13.3		-13.3
<b>Operating cash flow</b>	<b>-7.2</b>	<b>-0.9</b>	<b>-8.1</b>
<b>Capital expenditures</b>	<b>-9.9</b>	<b>-0.3</b>	<b>-10.2</b>
Proceeds from bank loans	9.3		9.3
Interest on non-recourse project loans	-7.3		-7.3
Repayment of bank loans	-2.9		-2.9
<b>Financing cash flow</b>	<b>-0.9</b>	<b>0.0</b>	<b>-0.9</b>
Exchange rate differences	-4.1	-1.4	-5.6
<b>March 31, 2015 cash balance</b>	<b>39.4</b>	<b>31.3</b>	<b>70.6</b>

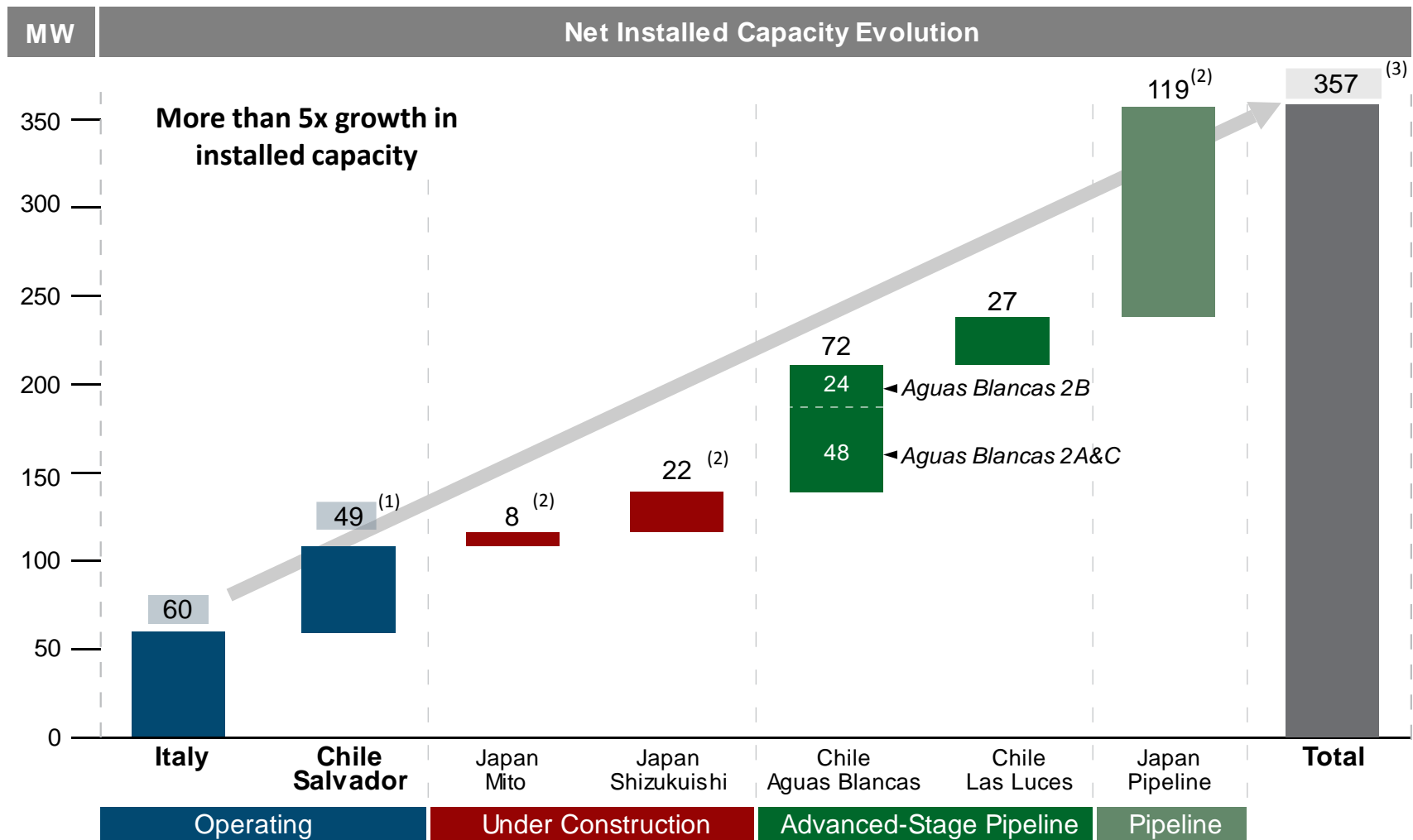
Restricted cash balance of operating platform, including Project Salvador, expected to be US\$20-40 million, depending on timing of cash distributions and debt service payment at project level

# SUMMARY

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# OVERALL PROJECT PORTFOLIO – POTENTIAL GROWTH



**Notes:**

(1) Etrion's initial 70% net capacity in 70 MW project.

(2) Etrion's 85-87% net capacity in Japanese projects. Etrion's target with Hitachi High-Tech is to have at least 100 MW shovel-ready or under construction in Japan by Q1-2016 and a total of 300 MW by the end of 2017.

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

# CONCLUSION

## Attractive returns in downstream solar power generation sector

### ➤ Global Platform

- Well positioned to expand within Europe, Asia and the Americas
- Systems in place to effectively manage operations across multiple jurisdictions
- Proven ability to secure high-return projects and attract strong partners (Total, Hitachi High-Tech)

### ➤ Solid Capital Structure

- Non-recourse project finance from banks with 70-85% leverage
- Corporate bonds (e.g., recent EUR 80 million senior secured bond listed in Oslo with April 2019 maturity)
- Lundin family financial support (e.g., US\$42 million unsecured bridge facility repaid January 2014)
- Canadian and Swedish stock exchange listings (e.g., recent US\$80 million private placement)

### ➤ Strong Management

- Operational know-how with over 300 MW of solar parks built in major EU markets and in Chile
- Track record in corporate/project finance, as well as mergers and acquisitions
- Extensive experience building successful international businesses
- Multicultural, multilingual team of 36 employees

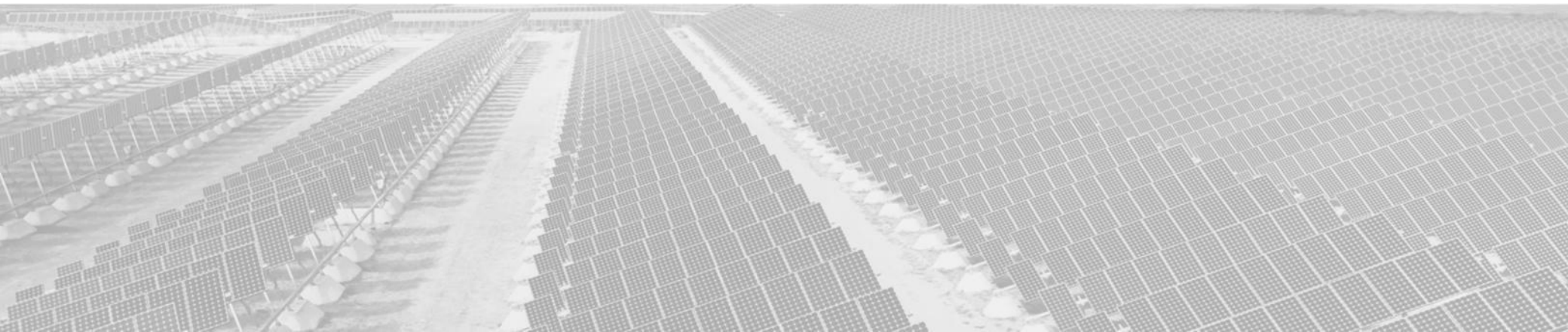
### ➤ Yield Plus Growth Plan

- Yield – clear path to declare dividends with stable revenue and EBITDA
- Diversity – in terms of geography (Italy/Chile/Japan) and contract regime (FiT/PPA/merchant)
- Critical mass – gaining scale in terms of MW, EBITDA, market cap and trading volume
- Growth – almost doubled installed capacity in 2014 with large pipeline for future growth



# APPENDIX

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# ETRION EQUITY RESEARCH COVERAGE

	Broker	Location	Date of Last Report	Target Price (CAD)	Target Price (SEK)	Recommendation
1	ABG Sundal Collier	Stockholm	March 23, 2015	\$0.44	3.0	Hold
2	Cormark Securities	Toronto	March 20, 2015	\$0.80	5.5	Buy
3	Jacob Securities	Toronto	March 20, 2015	\$0.50	3.4	Hold
4	National Bank Financial	Toronto	March 19, 2015	\$0.55	3.7	Sector Perform
5	Paradigm Capital	Toronto	March 20, 2015	\$0.95	6.5	Buy
6	Pareto Securities	Stockholm	May 4, 2015	\$0.65	4.5	Buy
7	Swedbank	Oslo	April 14, 2015	\$0.46	3.2	Neutral
<b>Consensus</b>				<b>\$0.62</b>	<b>4.3</b>	

*Note: The target prices and recommendations set forth above represent the views of the authors of the applicable reports and not those of Etrion. Readers are encouraged to review the full text of the reports, which are available through the above brokers. The foreign exchange rate is as of the report date.*

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