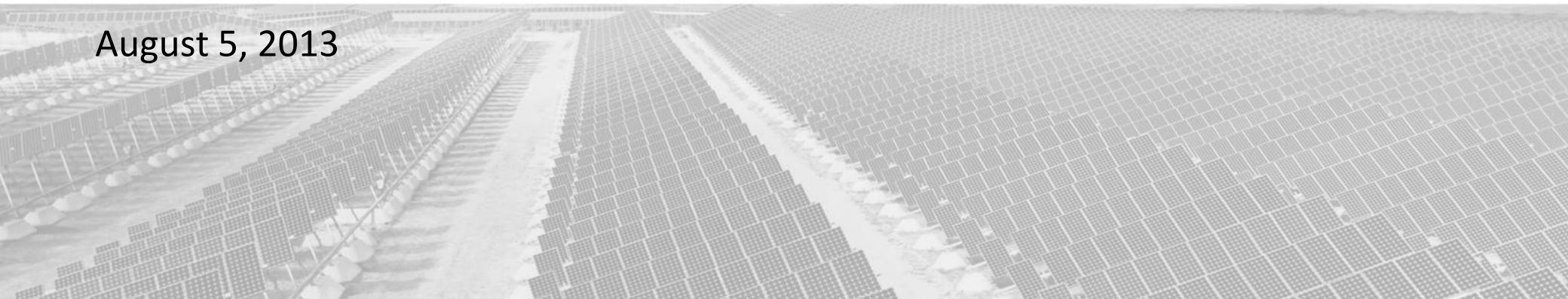




etrion

Second Quarter 2013 Earnings Call

August 5, 2013



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Operational Update

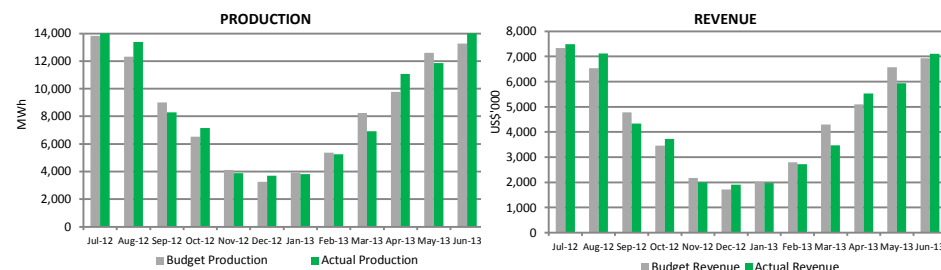


Company Overview

Corporate Information

- Etrion is an independent power producer (IPP) that owns and operates renewable assets with 60 megawatts (MW) of operating ground-based solar photovoltaic (PV) power plants
- Strategic direction and future growth focused on:
 - Entering new geographical regions (with high electricity prices, large energy demand and abundant renewable resources or strong mandates to diversify energy mix with attractive government incentives)
 - Complementing FiT revenues with revenues derived from long-term PPAs or merchant
 - Developing vertical market to serve large industrial clients
 - Preparing platform for dividend distributions
- Stock exchange listings: Toronto Stock Exchange in Canada and NASDAQ OMX Stockholm exchange in Sweden (ticker symbol, "ETX")
- Shares outstanding: 205.7 million
Market capitalization: approximately US\$45 million
Net debt: US\$355 million
Enterprise value: US\$400 million
- Major shareholder: Lundin family (24.5%)
- Corporate bond listing (€60 million): Oslo Alternative Bond Market

Current Operating Platform



Project ⁽¹⁾	MW ⁽²⁾	Revenue ⁽³⁾ US\$'000	EBITDA ⁽³⁾ US\$'000
Cassiopea (Montalto, Lazio)	23.9	24.2	21.6
Centauro (Montalto, Lazio)	8.7	8.3	7.7
Helios ITA (Mesagne/Brindisi, Puglia)	6.4	6.3	5.4
SVE (Oria/Matino/Ruffano, Puglia)	3.0	2.9	2.5
Borgo Piave, Lazio	3.5	2.6	2.4
Rio Martino, Lazio	1.7	1.3	1.2
Helios ITA-3 (Brindisi, Puglia)	5.0	3.6	3.2
Helios ITA-3 (Mesagne, Puglia)	5.0	3.6	3.2
Sagittario (Nettuno, Lazio)	2.6	1.6	1.3
Total Operational	59.8	54.4	48.5



Notes:

- (1) All projects owned 100% by Etrion
- (2) Power plant capacity is referred to as MW on a direct current basis, also referred to as megawatt-peak (MWp)
- (3) Revenues and Earnings before interest, taxes, depreciation and amortization (EBITDA) are annual estimates (based on expected results) generated in Euros translated at EUR/US\$ = 1.3. EBITDA excludes internal management fees of approximately €1.1 million (US\$1.4 million) per year

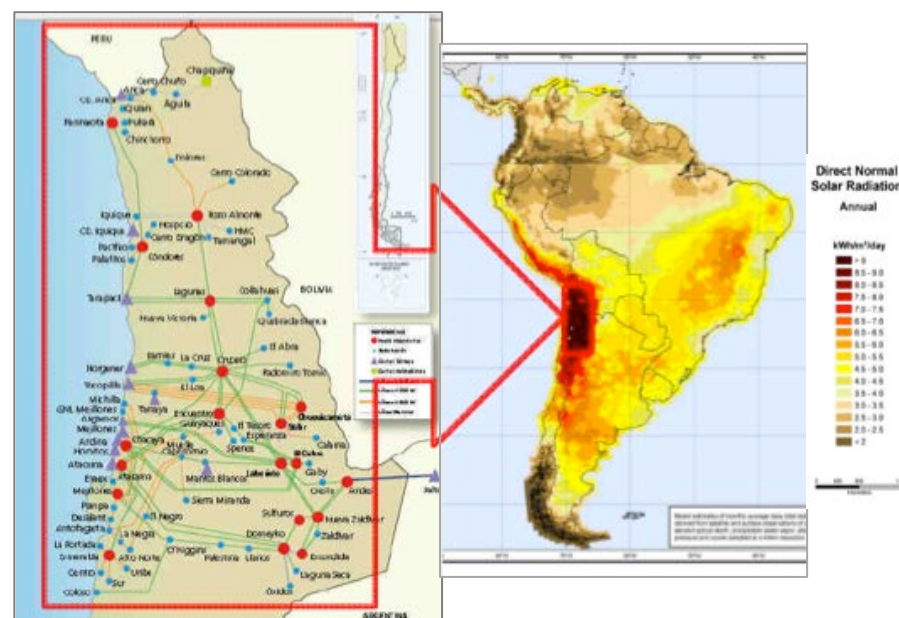
Growth Plan – Chile

Overview

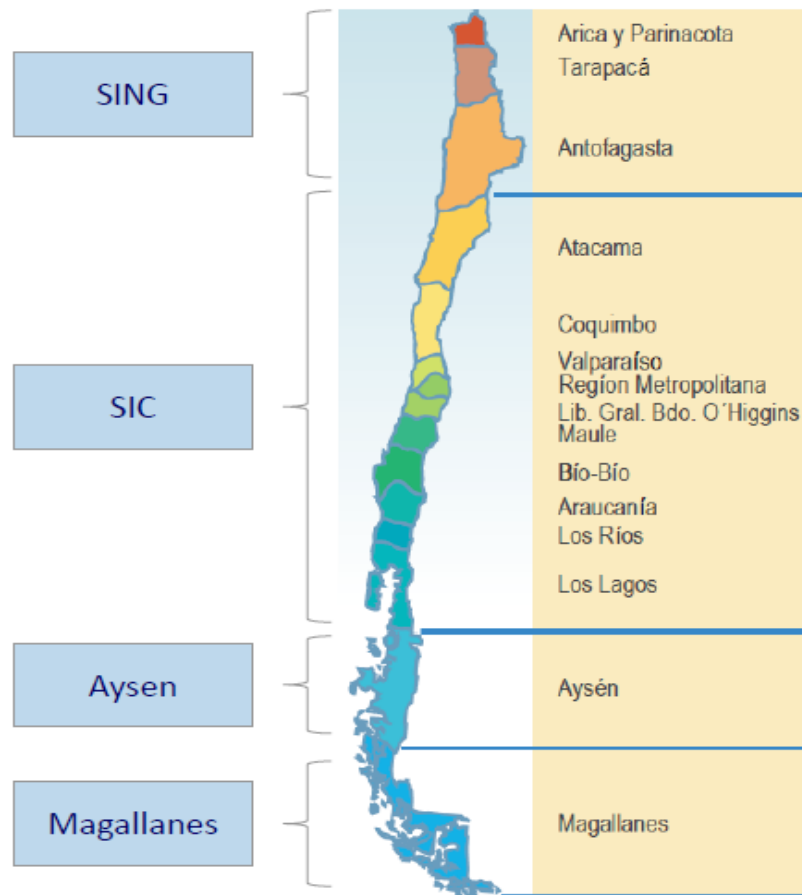
- North of Chile has among the highest solar radiation in the world (25% above Nevada / 50% above Spain)
- Module prices at all time low, with continued drop in price due to technology improvements and scale
- Mining growth in Chile to reach US\$100 billion by 2020 with very limited sources of energy to meet demand
- Investment grade country with A+ rating
- De-regulated market whereby electricity generators can enter into bilateral agreements directly with industrial clients denominated in US dollars
- Chilean government has instituted a “clean energy” mandate requiring 10% of electricity to be generated from renewable sources by 2024, demonstrating strong support for renewable energy sources

Market Validation

- Key drivers for success:
 1. Stable revenues
 2. Abundant renewable resources (i.e., attractive solar irradiation)
 3. High wholesale electricity prices
 4. Low equipment prices
 5. Available long-term low cost financing
 6. Increasing energy demand
- **Consistent with Etrion's business model and proven track record of success**



Chile's Electricity Network



Chile's electricity system is comprised of four unconnected networks:

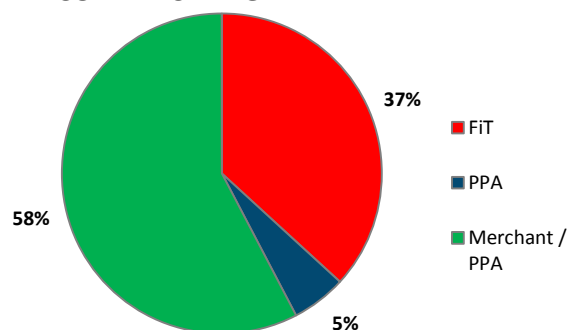
- **SING:** The Northern Interconnected System (Sistema Interconectado Norte Grande), which accounts for approximately 25% of the country's installed capacity, covers the northern regions of Arica y Parinacota, Tarapacá and Antofagasta and is primarily serviced by thermal electric. Main consumers are large industrial players (predominately in the mining sector), with 90% being to non-regulated consumers
- **SIC:** Central Interconnected System (Sistema Interconectado Central), which accounts for approximately 74% of the country's installed capacity, covers the major population centers surrounding Santiago and is primarily serviced by hydro (with 65% to regulated consumers)
- **Aysen** and **Magallanes:** which account for approximately 0.2% and 0.4%, respectively of the country's installed capacity, serving small isolated areas in the south
- The systems are mostly autonomous, as long distances between the four networks make integration difficult
- It is expected that the SING and SIC will be connected in 2018, aligning spot price variation between the two networks

Greenfield Development

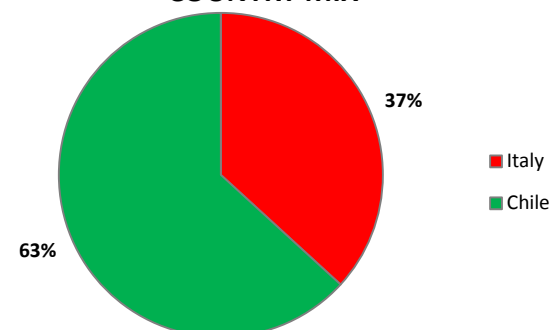
#	COUNTRY	REGION	PROJECT NAME	CONTRACT REGIME	PROJECTS	MW	STATUS	PROBABILITY	OWNERSHIP	CONSTRUCTION DATE ⁽¹⁾
1	Chile	SING (North)	Aguas Blancas	PPA (Sirocco Mining)	1	8.8	<ul style="list-style-type: none"> - PPA signed with Atacama Minerals S.C.M. - Project lender pre-selected and Financial Close is expected by December 2013 - EPC and O&M contractor pre-selected and construction is expected to start in Q4-2013 	P75	100%	Q4/2013
2	Chile	SING (North)	Aguas Blancas 2	Merchant + PPA	4	72	<ul style="list-style-type: none"> - Application for land filed in April 2013 - Following confirmation of land, environmental studies will be prepared and filed 	P10	100%	Q1/2015
3	Chile	SIC (Central)	Las Luces	Merchant + PPA	1	22	<ul style="list-style-type: none"> - Application for land filed in April 2013 - Following confirmation of land, environmental studies will be prepared and filed 	P10	100%	Q1/2015
TOTAL					6	102.8				

MEDIUM-TERM FORECAST⁽²⁾

CONTRACT REGIME MIX



COUNTRY MIX



Notes:

(1) Construction dates may vary depending on development process, dates shown here are Management's best estimate

(2) Medium forecast includes existing operating platform in Italy of 60 MW

Aguas Blancas - Project Overview

Overview

- **Project:** 8.8 MW PV solar power plant located in the north of Chile (Antofagasta), comprised of one site, located approximately 3 kms from the mine to be connected directly into the mine's substation
- **Developer/sponsor:** Aguas Blancas was developed by Etrion, who will act as sole sponsor (owner and operator)
- **PPA off-taker:** Electricity will be sold to the Aguas Blancas mine, an iodine mine owned by Atacama Minerals Chile S.C.M
- **Senior Debt / VAT facility:** up to 80% of total project cost will be financed through non-recourse project debt with international financial institutions
- **EPC:** EPC and O&M contractor has been pre-selected as well as module supplier

Indicative Sources and Uses of Funds (US\$ million)

Uses of Cash:		Sources of Cash:	
Total project cost	22.4	Equity (24%):	5.4
		Senior debt (76%)	17.0
TOTAL USES	22.4	TOTAL USES	22.4
VAT payments	3.9	VAT facility	3.9

Project Economics/Key Terms

Indicative Project Economics⁽¹⁾

Capacity	8.8 MW
Irradiation yield	2,670 kwh/kwp
PPA terms	Price: US\$114 / MWh, CPI adjusted Term: 15-year take-or-pay
Production (2015)	23.0 GWh / year
Revenue (2015) ⁽²⁾	US\$2.7 million
EBITDA (2015) ⁽²⁾	US\$2.0 million
Free cash flow (2015) ⁽²⁾	US\$0.6 million

Notes:

(1) Project economics are subject to change as construction is not expected to commence until Q4-2013 and project financing is not yet secured. Financial model is based on best estimate.

(2) Revenue, EBITDA and free cash flow presented here, represent the amounts expected for the first full year of operation.



Financial Review



Q2-2013 Financial Results

	Three months ended				Six months ended			
(US\$'000)	June 30 2013	June 30 2012	Variance		June 30 2013	June 30 2012	Variance	
Revenue ⁽¹⁾	18,414	19,198	(784)		26,736	29,936	(3,200)	
Operating expenses (excluding depreciation and amortization) ⁽²⁾	(2,241)	(1,518)	(723)		(4,066)	(2,504)	(1,562)	
General and administrative expenses (excluding depreciation and amortization) ⁽³⁾	(1,627)	(2,269)	642		(2,990)	(4,277)	1,287	
Other (expenses)/income ⁽⁴⁾	(234)	588	(822)	EBITDA margin of 77%	(627)	1,991	(2,618)	EBITDA margin of 71%
EBITDA⁽¹⁾	14,312	15,999	(1,687)		19,053	25,146	(6,093)	
Depreciation and amortization	(5,015)	(4,913)	(102)		(10,095)	(9,989)	(106)	
Net finance costs ⁽⁵⁾	(6,362)	(7,370)	1,008		(13,512)	(14,190)	678	
Income tax expense ⁽⁶⁾	(3,173)	(2,960)	(213)		(1,140)	(2,512)	1,372	
Net (loss)/income	(238)	756	(994)		(5,694)	(1,545)	(4,149)	
Adjustments for non-cash item items:								
- Other expenses/(income) (non-recurring) ⁽⁴⁾	234	(588)	822		627	(1,991)	2,618	
- Depreciation and amortization (non-cash)	5,015	4,913	102		10,095	9,989	106	
- Fair value movements (derivatives) (non-cash)	(358)	148	(506)		(290)	56	(346)	
- Share-based payment (non-cash)	152	80	72		320	159	161	
Adjusted net income after non-recurring and non-cash items⁽¹⁾	4,805	5,309	(504)		5,058	6,668	(1,610)	

Notes:

- Revenues decreased by US\$0.8 million (4%) and US\$3.2 million (11%) during the three and six months ended June 30, 2013, respectively, compared to the same periods of 2012, due to lower solar irradiation and a reduction in the spot market price in Italy
- Operating expenses increased by US\$0.7 million (13%) and US\$1.6 million (13%) during the three and six months ended June 30, 2013, respectively, compared to the same periods of 2012, due to additional O&M expenses associated with three of the Group's solar power projects that commenced after the second year of operations and higher property taxes associated with the Group's solar power projects due to a change in the Italian property tax legislation
- General and administrative expenses decreased by US\$0.6 million (27%) and by US\$1.2 million (28%) during the three and six months ended June 30, 2013, respectively, compared to the same periods of 2012, due to the capitalization of internally-generated costs within intangible assets, directly attributable to the Group's business development activities, a lower headcount, a reduction to the compensation of the Company's board of directors and a reduction in travel and other office related expenditures, offset by higher share-based payment expenses, due to additional options being granted during the period
- Other expenses during the six months ended June 30, 2013, related primarily to the US\$0.4 million impairment loss associated with the Group's business development activities. Other income during the six months ended June 30, 2012, related primarily to the conversion of the previously held 10% equity interest in one of the Company's subsidiaries
- Net finance costs decreased by US\$1 million (14%) and US\$0.7 million (5%) during the three and six months ended June 30, 2013, respectively, compared to the same periods of 2012, primarily due to a reduction of interest expenses at the project level due to the self-amortizing nature of the Group's non-recourse project loans and the recognition of fair value gains associated with the Group's derivative financial instruments
- In 2013, the Italian government expanded the scope of the "Robin Hood" tax (applicable to companies operating in the energy sector) now affecting five of the Group's operating solar projects (previously only applicable to one of the Group's operating solar projects), resulting in an increase to the corporate income tax rate in Italy from 27.5% to 38%. In 2014, the incremental tax associated with the Robin Hood tax legislation will be reduced to 6.5%, reducing the corporate income tax rate in Italy to 34% for 2014 and beyond for the solar projects affected by this additional tax. During the second quarter of 2013, the Group's total income tax expense increased by US\$0.2 million (7%) compared to the same period of 2012, primarily due to the application of this higher tax rate, offset by a reduction in the taxable income during the period. During the first six months of 2013, the Group's total income tax expense decreased by US\$1.4 million (55%), compared to the same period of 2012, primarily due to a reduction in the taxable income recognized during the period and a reduction to the Group's deferred income tax asset, as the liability position recognized in relation to the Group's derivative financial instruments was reduced due to a higher Euribor forecasted curve associated with the Group's interest rate swap contracts, offset by a higher tax rate due to the expanded scope of the Robin Hood tax

Q2-2013 Financial Position

	June 30 2013	December 31 2012	Variance ⁽¹⁾
(US\$'000)			
Non-current assets	367,948	385,166	(17,218)
Property, plant and equipment and intangible assets	354,470	366,827	(12,357)
Available for sale investments	2,061	2,061	-
Other (trade and other receivables and deferred tax)	11,417	16,278	(4,861)
Current assets	68,552	67,611	941
Trade and other receivables	43,252	29,861	13,391
Cash and cash equivalents (including restricted cash)	25,300	37,750	(12,450)
Total assets	436,500	452,777	(16,277)
Non-current liabilities	394,127	417,515	(23,388)
Borrowings	357,512	369,747	(12,235)
Other liabilities (derivatives, deferred income tax and provisions)	36,615	47,768	(11,153)
Current liabilities	53,132	49,908	3,224
Borrowings	34,153	30,024	4,129
Trade and other payables	4,688	6,990	(2,302)
Other (derivatives, income tax and provisions)	14,291	12,894	1,397
Total liabilities	447,259	467,423	(20,164)
Total equity⁽²⁾	(10,759)	(14,646)	3,887
Working capital (i.e., current assets less current liabilities)	15,420	17,703	(2,283)

Borrowings: US\$391.7 million
 ➤ Corporate bond (US\$79.5 million) with 9% annual interest and 4-year maturity
 ➤ Project loans (US\$312.2 million)

Excluding the unrealized net fair value losses associated with derivative financial instruments, total equity would be positive US\$2.8 million

Notes:

(1) Balance sheet movements are primarily attributable to: (a) a reduction of fixed assets and intangible assets due to depreciation and amortization during the period, offset by costs capitalized associated with the Group's development activities; (b) a reduction in deferred income tax assets due to the reduction in the liability position of the Group's derivative financial instruments (i.e., interest rate swap contracts); (c) an increase in trade receivables due to April 2013 revenues being collected immediately after the balance sheet date; (d) the repayment of principal and interest on the Group's non-recourse project loans; (e) a reduction to the net liability position of the Group's derivative financial instruments (i.e., interest rate swap contracts) due to a higher forecasted Euribor curve; and (f) payment of accounts payable during the period

(2) Total equity includes share capital (US\$33.3 million), contributed surplus (US\$10.8 million), other reserves, primarily related to the Group's derivative financial instruments (i.e., interest rate swap contracts) (US\$13.6 million) and accumulated deficit (US\$41.2 million). Excluding the net fair value losses associated with the Group's derivative financial instruments (i.e., interest rate swap contracts), the net equity would be positive US\$2.8 million at June 30, 2013

Q2-2013 Net Debt Position

Net Debt Position (IFRS)

	June 30 2013	December 31 2012
<i>(US\$'000)</i>		
Borrowings		
Non-recourse loans		
Cassiopea (BIIS, Societe Generale and WestLB)	137,251	140,370
Etrion Lazio/Helios ITA-3/Sagittario (Natixis Portfolio) ⁽¹⁾	72,858	75,352
Centauro (Barclays)	49,720	50,736
Helios ITA (Societe Generale and Dexia)	36,910	37,214
SVE (Centrobanca)	15,411	16,032
Corporate debt		
Corporate bond	79,515	80,067
Total borrowings	391,665	399,771
Cash and cash equivalents (including restricted cash ⁽²⁾)	(25,300)	(37,750)
Net debt position	366,365	362,021

Net Debt Position (Cash-flow basis)

	June 30 2013	December 31 2012
<i>(US\$'000)</i>		
Borrowings		
Total borrowings (per consolidated financial statements)	391,665	399,771
VAT facilities ⁽³⁾	(18,949)	(20,054)
Accrued interest ⁽⁴⁾	(2,776)	(2,867)
Transaction costs ⁽⁴⁾	10,151	10,952
Total borrowings (excluding non-cash items)	380,091	387,802
Cash and cash equivalents (including restricted cash ⁽²⁾)	(25,300)	(37,750)
Adjusted net debt position	354,791	350,052

Notes:

(1) Natixis portfolio includes Natixis, WestLB and Mediocreval

(2) Restricted cash relates to cash and cash equivalents held at the project level that is restricted by the lending banks for future repayment of interest and principal and working capital requirements related to the specific project

(3) Value added tax (VAT) is excluded from total borrowings as this is a cash-in/cash-out item (i.e., VAT facility will be repaid using proceeds from input VAT)

(4) Borrowings per the consolidated financial statements include accrued interest, net of transaction costs, in accordance with IFRS. These non-cash items are excluded from total borrowings to calculate the Group's net debt position on a cash flow basis

Conclusion – Etrion Well Positioned for Growth

- **Transformation** of the business to a sustainable growth platform
- Credible plan to achieve **diversification**
 - Geography – Europe and the Americas
 - Contract regime – FiT complemented by PPAs and merchant
- Clear path to reach **critical mass** and becoming cash flow positive with option for **dividends**
- Business model evolving to **non-subsidy environment** resulting in sustainable long-term growth
- **Strong management** and **scalable platform** with proven track record for success



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