

Etrion Releases 2016 Results

March 13, 2017, Miami, Florida, United States – Etrion Corporation (“Etrion” or the “Company” and, together with its subsidiaries on a consolidated basis, the “Group”) (TSX: ETX) (OMX: ETX), a solar independent power producer, today released its annual consolidated financial statements, related management’s discussion and analysis (“MD&A”) and annual information form (“AIF”) for the year ended December 31, 2016. Etrion also provides an update on its business strategy and announces 2017 guidance for project level revenues, earnings before interest, taxes, depreciation and amortization (“EBITDA”) and electricity production regarding its operational solar parks in Japan and Chile and fully-funded project under construction in Japan.

Management Comments

Marco A. Northland, the Company’s Chief Executive Officer, commented, “We are all about Japan. Great market, excellent opportunities and very attractive economics. Our decision to double down in this market is paying off. We hired a top senior Hitachi executive as managing director and assigned all corporate resources to Japan. I am also very pleased with our partnership with Hitachi and local financial institutions who continue to play an instrumental role in our continued success. To fund our growth and strengthen our balance sheet, we took advantage of an increased market appetite in Europe and divested from Italy. We received an initial payment of € 78 million for the sale and potential earn-outs of up to €24 million. Part of the proceeds were used to reduce our corporate debt by 50%. We have exited 2016 with a very strong cash balance, putting us in a great position to accelerate our growth in Japan.”.

Business Strategy

- Management believes Japan presents the highest opportunity to create value in a low risk jurisdiction environment. As part of this strategy, the Company successfully completed the divestiture of its Italian assets to fund the growth in Japan and reduce its corporate debt.

Operational Highlights

- Italian assets sale and contingent payment potential: In December 2016, the Group completed the sale of its 60 MW Italian solar portfolio to EF Solare Italia, a joint venture owned equally by Enel Green Power S.p.A. and Fondo Italiano per le Infrastrutture. With the closing of this transaction, the Group has fully exited from its business in Italy. The initial cash consideration for the transaction was €78.1 million with potential additional cash earn-out payments of up to €24 million depending on the outcome of certain legal, tax and regulatory proceedings. Nearly half of the earn-out is related to certain tax credits (Tremonti Ambiente). The Group received the first favorable resolution and payment for a small portion of our claim; this outcome has significantly increased the chances to obtain a positive outcome for most of the balance of this earn out within this year. Until the date of disposal, the Italian assets produced approximately 98.8 Gigawatt hours (“GWh”) from the Company’s disposed solar portfolio comprising 17 solar power plants.
- Japan construction update: On October 20, 2016, the Company’s 24.7 megawatt (“MW”) Shizukuishi solar project in northern Japan achieved full commercial operation and began collecting revenues from electricity production. The Company is progressing on the construction of the 9.5 MW Aomori project and on February, 2017, the first two sites, totaling 5.3 MW, were connected to the electricity grid and started producing revenues.
- Japan project development: Successfully completed the development phase of the 9.5 MW Aomori and 13.2 MW Komatsu solar power projects, both now under construction. In addition, significant advances were made in the development of the Kumamoto project.

- Production Japan: The Company produced approximately 15.2 GWh from the Company's 34 MW portfolio comprising 6 solar power plants sites in Japan (2015: 5.5 GWh) representing an overall production increase of 176% year-over-year.
- Production Chile: The Company produced approximately 159.4 GWh from the Company's 70 MW solar power plant in Chile (2015: 157.0 GWh) representing an overall production increase of 1.5% year-over-year.
- Corporate: Etrion recently announced the appointment of Toshihiro Awata as Managing Director for Japan, further demonstrating the commitment of the Company to accelerate its growth in Japan.

Financial Highlights

- Revenue from continuing operations: Generated revenues of US\$15.2 million (2015: US\$10.4 million) during the year ended December 31, 2016, a 46% increase over 2015, from the Company's 104 MW portfolio comprising two solar power plants in Japan and one solar plant in Chile.
- Solar segments EBITDA: Generated EBITDA from its solar segments in Japan and Chile of US\$6.9 million (2015: US\$4.9 million), an approximately 43% increase over 2015.
- Net results from continuing operations: Generated a net loss of US\$110.4 million (2015: net loss of US\$27.5 million) mainly due to the recognition of an impairment expense of US\$75.7 million and a net deferred tax write-off of US\$6.9 million, both associated with the 70 MW Project Salvador in Chile, partially offset by positive performance and an increase in production from Project Salvador and the solar power plants in Japan.
- Results from discontinued operations: Generated a gain on the sale of its Italian assets of \$61.3 million. After transactions costs of \$3.1 million, the Group increased its cash position by approximately US\$79.5 million as a result of this sale. Including net income of US\$7.6 million until the disposal dates, profit from discontinued operation amounted to US\$35.9 million.
- Corporate bond: On December 19, 2016, the Company repurchased for cash €40 million principal amount of its outstanding corporate bonds at a price of 100% of par value plus accrued unpaid interest.
- Financing Japan: During 2016 the Company reached financial close for the new two solar projects in Japan, securing approximately US\$61 million project finance facilities with Sumitomo Mitsui Trust Bank to finance the construction of the 9.5 MW Aomori project and the 13.2 MW Komatsu project.
- Cash and Working Capital: Closed the year ended December 31, 2016 with a cash balance of US\$61.2 million, of which US\$45.3 million is unrestricted (December 2015: US\$52.5 million of which US\$17.6 was unrestricted) and positive working capital of US\$45.3 million (December 2015: US\$1.5 million) mainly due to an increase in cash and a reduction in current debt following the Italian assets sale transaction.

Results

During 2016, Etrion reported a net profit from the Italian discontinued operations of US\$35.9 million, compared to a net profit of US\$8.7 million in 2015. In addition, Etrion reported a net loss from its continuing operations of US\$110.4 million compared to a net loss of US\$27.5 million during 2015, mainly due to non-cash total impairment charges of US\$82.6 million from the Chilean solar project. Total net loss of the year was US\$74.4 million compared to a net loss of US\$18.7 million during 2015.

2017 Guidance ⁽¹⁾

Etrion prepares and updates on a quarterly basis forecasts for project level production, revenues and EBITDA information regarding its operational and fully-funded solar parks. The purpose of these forecasts is to provide investors with management's view on the expected performance of the Company's solar assets over the coming fiscal year. Readers are advised to not place undue reliance on this forecasted financial and operational information. Etrion's consolidated project-level forecast for 2017 is in the following ranges:

US\$ million otherwise stated	Low end	High end
Energy generation (GWh)	146	154
Revenue	17	19
Project-level EBITDA	9	10

(1) Forecasts are presented on a net basis (net to Etrion's interest)

JAPAN

Revenue, project-level EBITDA and production forecast for our Japanese business, incorporated in the above consolidated guidance, are based on Etrion's ownership of the Japanese portfolio comprising 43 MW from the Mito, Shizukuishi and Aomori solar parks, located in central and northern Japan, respectively, and are incorporated on a net basis. These projects benefit from 20-year power purchase agreements ("PPAs") with the Japanese public utilities, Tokyo Electric Power Company and, in the case of Shizukuishi and Aomori, the Tohoku Electric Power utility, under which they will receive between ¥36 and ¥40 per kWh produced (approximately between US\$0.31 and US\$0.34 per kWh). Aomori construction-related work began in October 2016, and the solar project is expected to be fully connected to the grid in the third quarter of 2017. For the purpose of this guidance and in accordance with Etrion's accounting policies, production and associated revenue and EBITDA will be recognized from the date every individual solar site is commissioned and starts generating economic benefits. In Japan, revenues are received in Japanese yen and are translated using the ¥/US\$ exchange rate of the corresponding period. Consequently, revenues expressed in US dollars may fluctuate according to exchange rate variations.

CHILE

Revenue, project-level EBITDA and production forecast for our Chilean asset, incorporated in the above consolidated guidance, are based on Etrion's 70%-owned, 70 MW operational solar park, Project Salvador, located in northern Chile, and are incorporated on a net basis. Electricity production in Chile assumes curtailments of 15% of the total production capacity of the Project Salvador power plant. Revenue has been calculated using the PPA price of US\$0.10 per kWh for the first 70 GWh of production and a spot price forecast prepared by independent consultants for the remaining electricity production of Project Salvador. Chilean project-level EBITDA is net of asset management service fees that are recharged to the operating project as part of operational expenses. In Chile, revenues are calculated with reference to the US dollar, which is also the reporting currency of the Group and therefore revenues forecast are not subject to exchange rate fluctuations.

Project economics forecasts

Etrion has forecasted revenue, EBITDA and electricity production at the project level for the fiscal year ending December 31, 2017 based on the assumptions set out below. These forecasts include a financial measure not defined under IFRS, specifically EBITDA. Non-IFRS measures have no standardized meaning prescribed under IFRS and therefore such measures may not be comparable with those used by other companies. Such forecasted financial information provides a financial outlook on the basis and for the year described above, and this information may not be appropriate for any other purposes.

Earnings Call

A conference call webcast to present the Company's fourth quarter and full year 2016 results will be held on Monday, March 13, 2017, at 9:00 a.m. Eastern Daylight Time (EDT) / 2:00 p.m. Central European Time (CET).

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 <https://www.webcaster4.com/Webcast/Page/1297/19080>

The earnings call presentation and the Company's consolidated financial statements for the year ended December 31, 2016, as well as the related documents, will be available on the Company's website (www.etrion.com).

A replay of the telephone conference will be available until April 4, 2017.

Replay dial-in details:

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

Pass code for replay: 42900281

About Etrion

Etrion Corporation is an independent power producer that develops, builds, owns and operates utility-scale solar power generation plants. The Company owns 109 MW of installed solar capacity in Chile and Japan. Etrion has 17 MW of solar projects under construction in Japan and is also actively developing additional greenfield solar power projects in Japan. Etrion 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 or contact:

Paul Rapisarda – Chief Financial Officer

Telephone: +41 (22) 715 20 90 or + (786) 636 64 49

Note: The capacity of power plants in this release is described in approximate megawatts on a direct current ("DC") basis, also referred to as megawatt-peak ("MWp").

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 March 13, 2017.

Basis of preparation of the forecasts:

The revenue forecasts have been prepared on a basis consistent with the accounting policies that are expected to be used in the Group's consolidated financial statements for the year to be then ended. These policies are consistent with those set out in the accounting policies in the Group's consolidated financial statements for the years ended December 31, 2016 and 2015. Electricity production forecasts have been prepared using the installed production capacity of the solar power plants, the guaranteed availability and irradiation levels based on historical data from the various solar park locations. Revenue and project-level EBITDA forecasts have been prepared using the project currency and translated, where applicable, to US dollars using as of February 27, 2017 of ¥/US\$ 1:112.

Assumptions for the forecasts:

The forecasts included herein also reflect assumptions with respect to certain factors outside the influence or control of management:

- *There will be no major event or other circumstances which would cause a significant delay in the construction, completion and connection to the grid of new solar power plants.*
- *There will be no material change in the current management team, ownership of and control over the project level companies.*
- *There will be no material change in legislation or regulatory requirements impacting the Group's operations or its accounting policies.*
- *There will be no material differences between the actual or past recent weather and irradiation conditions and those anticipated or projected by management.*
- *There will be no material changes to general trading and economic conditions and no downturn in economic activity in Chile or in Japan, in each case, from that which is currently prevailing and/or anticipated by management which would cause a material change in levels of energy production and demand.*
- *There will be no major or international natural disasters, outbreaks of hostilities, terrorist attacks or other circumstances which would cause a material change in levels of energy production and demand.*
- *There will be no business interruptions that materially affect the Group, its major suppliers or its major customers.*

- *There will be no material change in interest rates from those currently prevailing, hedged and/or anticipated by management.*
- *There will be no material changes to the prices of energy electricity forecasted by the Group's projects.*

Factors within the influence or control of management:

- *There will be no loss of revenue due to underperformance of the solar projects which will have a material impact on the forecast.*
- *There will be no acquisitions and disposals by the Group which will have a material impact on the forecast.*

Non-IFRS Measures:

This press release includes a non-IFRS measures not defined under IFRS, specifically EBITDA. 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. Refer to Etrion's MD&A for the year ended December 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 relating to the possibility of the Company receiving additional consideration for the sale of its Italian assets, the Company's projects in Japan under construction and in development, growth opportunities in Japan and the Company's forecast production and financial results for 2017) 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, the ability of the Company to execute on its projects in Japan under construction or in development on economic terms and in a timely manner, the ability of the Company to secure additional projects in Japan and the assumptions with respect to 2017 results set forth elsewhere in this press release. 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 risk that the conditions for payment of additional consideration by the purchaser of the Italian assets may not be satisfied, the risk that the Company may not be able to obtain all applicable permits for the development of projects in Japan and the associated project financing required for the development of such projects on economic terms, the risk of unforeseen delays in the development and construction of its projects under construction or in development, the risk that the Company may not be able to source additional projects in Japan and the risk that the Company's operational projects in Japan and Chile may not produce electricity or generate revenues and earnings in the amounts anticipated. Reference is also made to the risk factors disclosed under the heading "Risk factors" in the Company's AIF for the year ended December 31, 2016 which has been filed on SEDAR and is available under the Company's profile at www.sedar.com.

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.