

## PRESS RELEASE

### **Etrion Releases Third Quarter 2018 Results**

November 7, 2018, Geneva, Switzerland – Etrion Corporation (“Etrion” or the “Company”) (TSX: ETX) (OMX: ETX), a solar independent power producer, released today its condensed consolidated interim financial statements and related management’s discussion and analysis (“MD&A”) for the three and nine months ended September 30, 2018.

**Etrion Corporation delivered strong project-level results in the third quarter of 2018 from its Japanese assets. Higher installed capacity and electricity production, combined with a material reduction in corporate overhead resulted in a significant increase in revenue and consolidated EBITDA compared to the same period in 2017.**

#### **Q3-18 HIGHLIGHTS**

- Strong performance in Japan with production and revenues up by 32% and 27%, respectively, compared to Q3-17.
- Consolidated adjusted EBITDA increased significantly in comparison with Q3-17 driven by performance in Japan and corporate overhead reduction.
- Transformational event expected by first half year of 2019 triggered with commencement of the fully funded Niigata 45 megawatts (“MW”) project, which would result in nearly doubling the capacity and positioning the Company among the top solar companies on the 3rd largest energy market in the world.
- On October 15, 2018, the Japanese Ministry of Economy, Trade and Industry (“METI”) announced proposed legislation to introduce new deadlines and certain measures for solar projects not yet connected which, if not met, would result in project feed-in-tariff (“FIT”) rates being reduced significantly. This new proposed legislation, if passed unchanged, could have a negative impact on our development activities for the remaining Etrion’s 305 MW pipeline. The Niigata 45 MW project would not be affected by the proposed new rules.

#### **Management Comments**

Marco A. Northland, the Company’s Chief Executive Officer, commented, “Japan continues to deliver very positive results. Cost cutting measures taken in Q4-17 continued to deliver significant savings in Q3-18 which, combined with a higher installed capacity compared to the same period last year, resulted in consolidated material EBITDA improvements. I am very pleased with the significant progress made in the 45 MW Niigata project, pipeline and cost reductions. The proposed new METI legislation adds uncertainty to our pipeline; METI has requested public opinion until November 21, 2018 and is subsequently expected to announce final rules within 30 days. We will provide an update immediately after the METI amendments are published and become final.”

## FINANCIAL SUMMARY

US\$ thousands (unless otherwise stated)	Three months ended		Nine months ended	
	Q3-18	Q3-17	Q3-18	Q3-17
<b>Electricity production (MWh) <sup>1</sup></b>	<b>18,355</b>	<b>49,174</b>	<b>44,596</b>	<b>141,563</b>
Japan	18,355	13,872	44,596	36,201
Chile	-	35,302	-	105,362
<b>Financial performance <sup>2</sup></b>				
<b>Revenues</b>	<b>6,185</b>	<b>7,005</b>	<b>15,452</b>	<b>19,245</b>
Japan	6,185	4,867	15,452	12,720
Chile	-	2,138	-	6,525
<b>EBITDA</b>	<b>4,131</b>	<b>2,512</b>	<b>7,043</b>	<b>4,474</b>
Japan	5,084	3,777	11,701	9,687
Chile	-	438	-	861
Corporate (General and administrative items)	(1,138)	(1,703)	(3,364)	(6,074)
Corporate (Additional termination fee)	185	-	(1,294)	-
<b>Adjusted EBITDA</b>	<b>3,667</b>	<b>2,512</b>	<b>8,058</b>	<b>5,351</b>
<b>Net (loss) income</b>	<b>(1,453)</b>	<b>35,161</b>	<b>(6,052)</b>	<b>20,732</b>
<b>Project cash distributions</b>	<b>1,524</b>	<b>4,362</b>	<b>2,135</b>	<b>7,704</b>
<b>Cash flow from (used) in operations</b>	<b>3,854</b>	<b>(1,493)</b>	<b>6,625</b>	<b>(3,052)</b>
<b>Adjusted operating cash flow</b>	<b>3,259</b>	<b>2,732</b>	<b>6,598</b>	<b>5,043</b>
<b>Financial position</b>			<b>Sep 18</b>	<b>Dec 17</b>
Unrestricted cash at parent level			12,089	30,385
Restricted cash at project level			18,332	12,818
Working capital			26,773	43,611
Consolidated net debt on a cash basis			145,759	136,173
Corporate net debt			27,018	10,110

<sup>1</sup> MWh-Megawatt-hour

<sup>2</sup> 2017 financial results include the financial performance of the Chilean subsidiary, PV Salvador SpA until September 30, 2017 when the Group lost control for IFRS purposes.

### Board Update

Etrion announces that Ashley Heppenstall will be stepping down from the Board of Directors by the end of the year to conform with industry corporate governance recommendations regarding the maximum number of non-executive director appointments per individual. In anticipation of Mr. Heppenstall's impending departure, the Nomination Committee has put forward the nomination of Henrika Frykman as a new director of the Company which was unanimously approved by the Board. The Board also appointed Mr. Aksel Azrac as Chairman of the Board to become effective upon Mr. Heppenstall's departure.

Ms. Frykman was born in Finland in 1977. She has a Master of Laws (LL.M.) from the University of Stockholm. Between 2000 and 2002, she practiced general corporate and commercial law with a Swedish law firm in Stockholm. After moving to Geneva in 2002, she joined a large international law firm, focusing on Swiss and international corporate tax matters until 2008, when she joined Lundin Petroleum.

Marco A. Northland, commented, "We thank Ashley for his commitment to Etrion over the last ten years, and we welcome Henrika to the Board. Henrika brings in her experience and successful track record and she will help us continue to create shareholder value."

### **Operations and Finance Update call**

A conference call webcast to present the Company's third quarter 2018 Operations and Finance update will be held on Wednesday, November 7, 2018, at 10:00 a.m. Eastern Standard Time (EST) / 4:00 p.m. Central European Time (CET).

#### Dial-in details:

North America: +1-647-788-4991 / 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/1297/23920>

The Operations and Finance update call presentation and the Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2018, as well as the related documents, will be available on the Company's website ([www.etrion.com](http://www.etrion.com))

A replay of the telephone conference will be available until November 29th, 2018

#### Replay dial-in details:

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

Pass code for replay: 4386077

### **About Etrion**

Etrion Corporation is an independent power producer that develops, builds, owns and operates utility-scale solar power generation plants. The Company owns and operates 57 MW of solar capacity in Japan. Etrion also has several projects in the backlog and pipeline at different stages of development in Japan. The Company 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 36% of the Company's shares directly and through various trusts.

For additional information, please visit the Company's website at [www.etrion.com](http://www.etrion.com) or contact:

Christian Lacueva – Chief Financial Officer

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*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. The information was submitted for publication at 8:05 a.m. CET on November 7, 2018.*

*Non-IFRS Measures:*

*This press release includes non-IFRS measures not defined under IFRS, specifically EBITDA and Adjusted operating cash flow. 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. The most comparable IFRS measure to EBITDA is net income (loss). In addition, adjusted operating cash flow is used by investors to compare cash flows from operating activities without the effects of certain volatile items that can positively or negatively affect changes in working capital and are viewed as not directly related to a company's operating performance. The most comparable IFRS measure to adjusted operating cash flow is cash flow used in operations. Refer to Etrion's MD&A for the three and nine months ended September 30, 2018, 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 Company's projects in Japan under construction and in development) 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. 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 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 and the risk of unforeseen delays in the development and construction of its projects under construction or in development. 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, 2017 which has been filed on SEDAR and is available under the Company's profile at [www.sedar.com](http://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.*