

Pareto Securities: Power and Renewable  
Energy Conference  
Oslo – January 17<sup>th</sup> 2019

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Powered by the Sun

Developing, building and operating solar  
power generation plants

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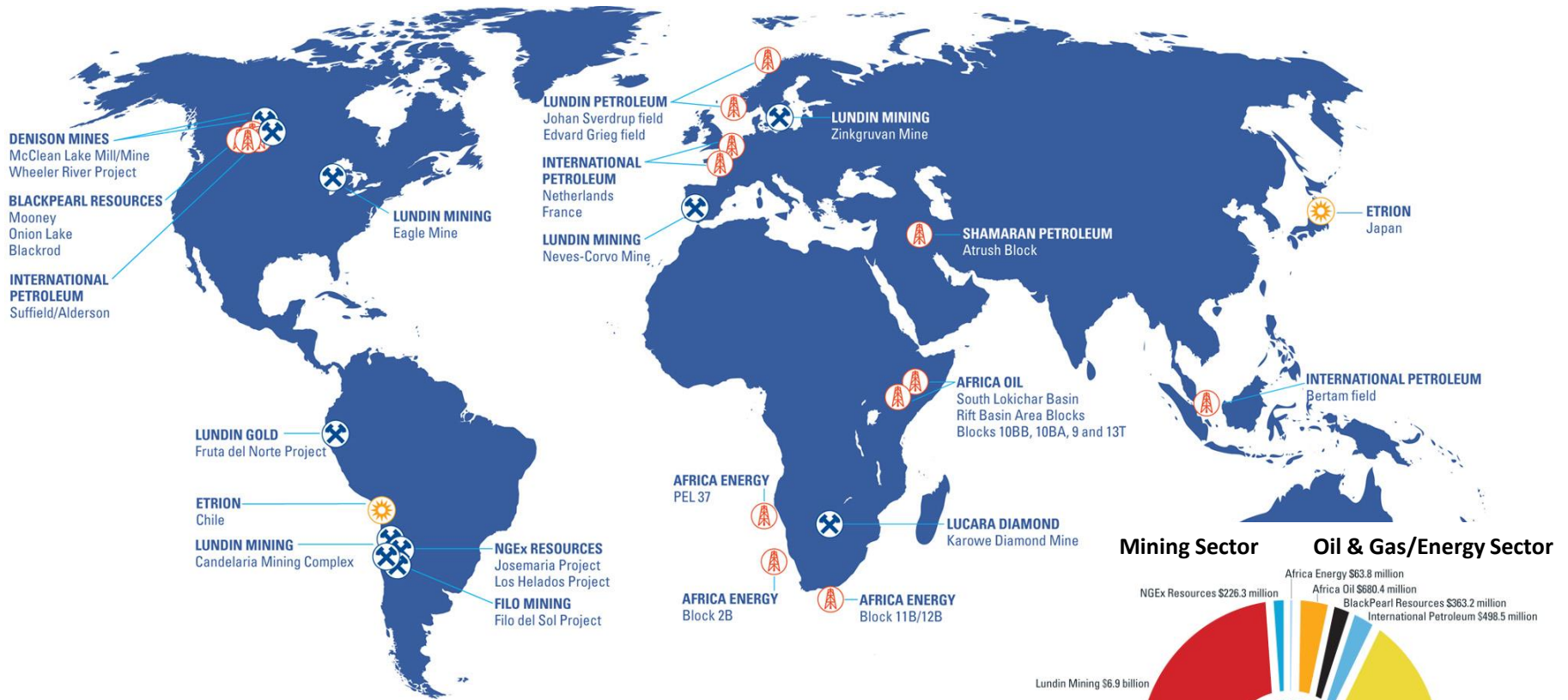
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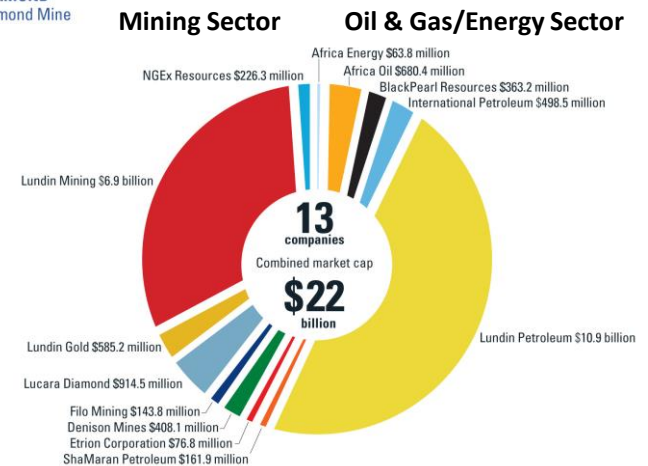
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# Corporate Overview

# Etrion – The renewable platform of the Lundin Group



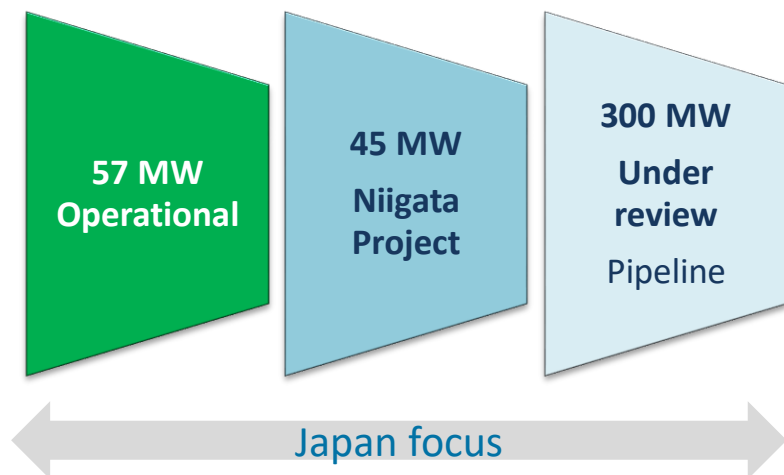
## THE LUNDIN GROUP WORLDWIDE OPERATIONS



# Etrion Corporation

## Company Overview

- International solar development platform, focused today in Japan, third largest energy market
- 12 solar plants operational with aggregate capacity of 57 MWs
- Next catalyst 45 MW project within next 6 months



## Financial Summary


Recent Share Price (TSX/OMX: ETX)	C\$0.23 / SEK 1.57
Shares Outstanding	334.1MM
Lundin Family Ownership	36.0%
Other Director/Management Ownership	6.7%
Revenues as of Sep 30, 2018	US\$15.5MM
Project-level EBITDA as of Sep 30, 2018	US\$7.0MM
Restricted / Unrestricted Cash as of Sep 30, 2018	US\$18.3MM / \$12.1MM
Market Capitalization	US\$58.0MM
Number of Employees	27



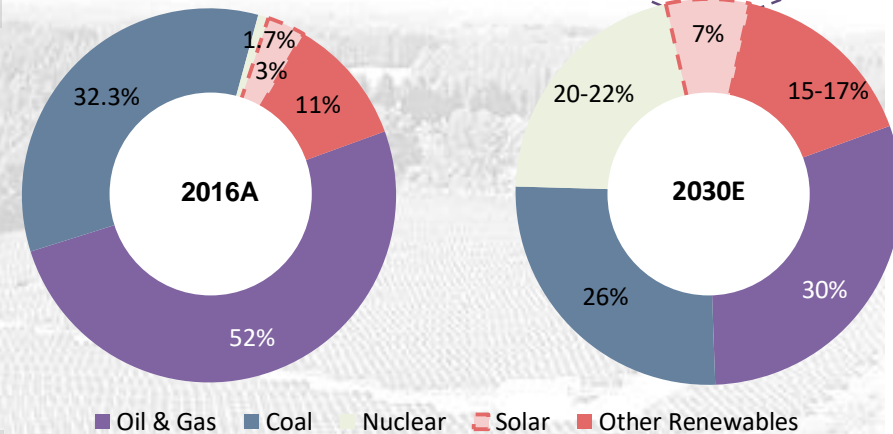
*Notes:*

- (1) US\$ refers to US dollars; C\$ refers to Canadian dollars; SEK refers to Swedish krona
- (2) ETX share price at closing on January 15, 2019
- (3) ETX shares outstanding as of September 30, 2018
- (4) Revenue and project-level EBITDA for the nine months ended Sep 30, 2018

# Our focus is Japan

- 1 3<sup>rd</sup> largest energy market in the world
- 2 Solar supported by a Feed-in-Tariff program
- 3 Among highest electricity prices in OECD
- 4 Strategic partnerships 
- 5 Low cost financing – 1.7% all in
- 6 Energy sector fully deregulated in 2016
- 7 Strong institutional demand and foreign appetite

Expected 2 times growth in solar from 30GW to 60GW by 2030



# Current track record 2013-2018 results



# Guidance 2018

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## 2018 Guidance

USD million otherwise stated	Low end	High end
Energy generation (GWh)	37.5	41.5
Revenue	12.9	14.3
Project-level EBITDA	8.7	9.6

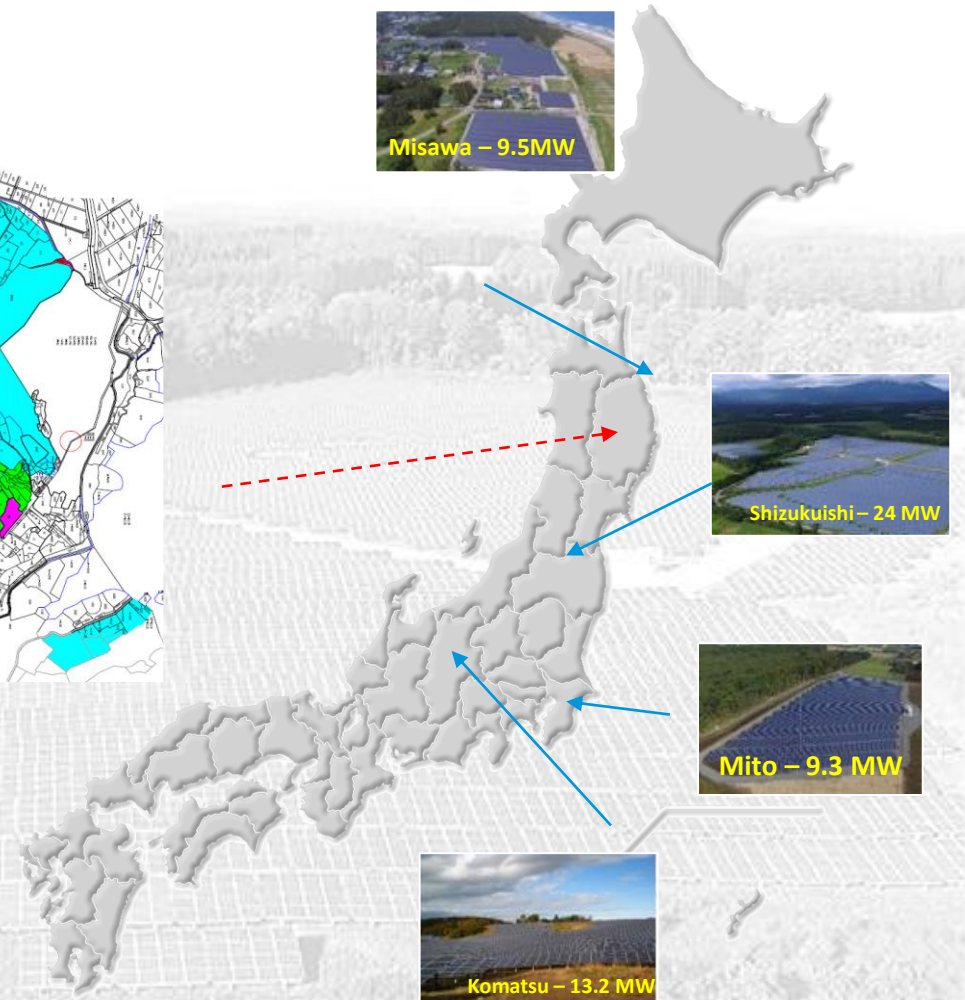
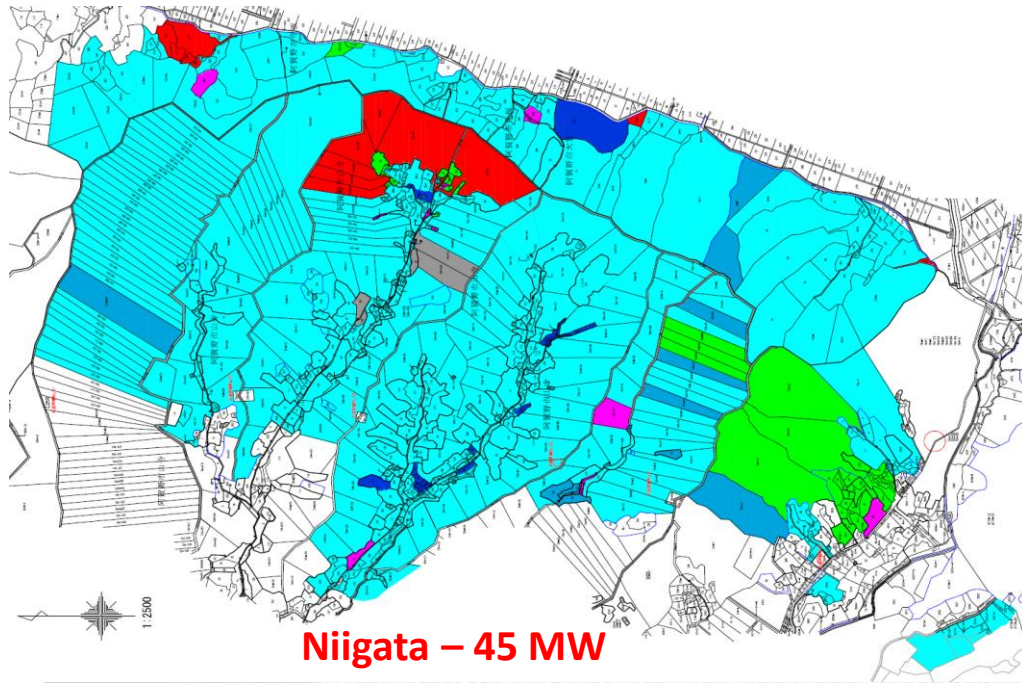
(1) Forecasts are presented on a net basis (Net to Etrion's interest)

Etrion has reviewed the previously released guidance in light of the (unaudited) performance as of the end of November 2018 and has concluded that the full year results will be above the high end of the guidance.



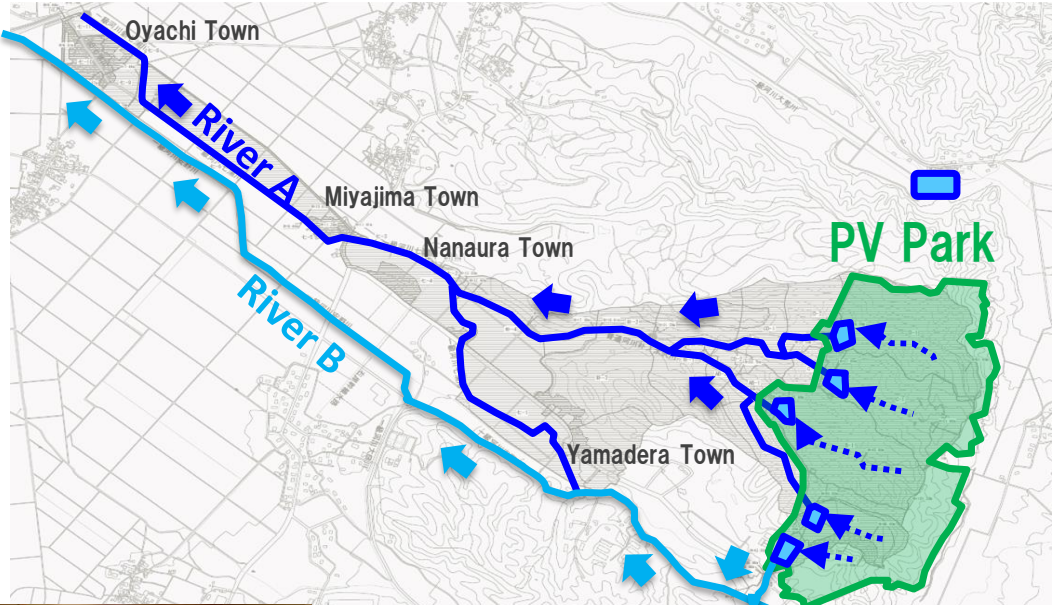


# Our next catalyst event – Niigata 45 MW project



# Niigata – Development activities

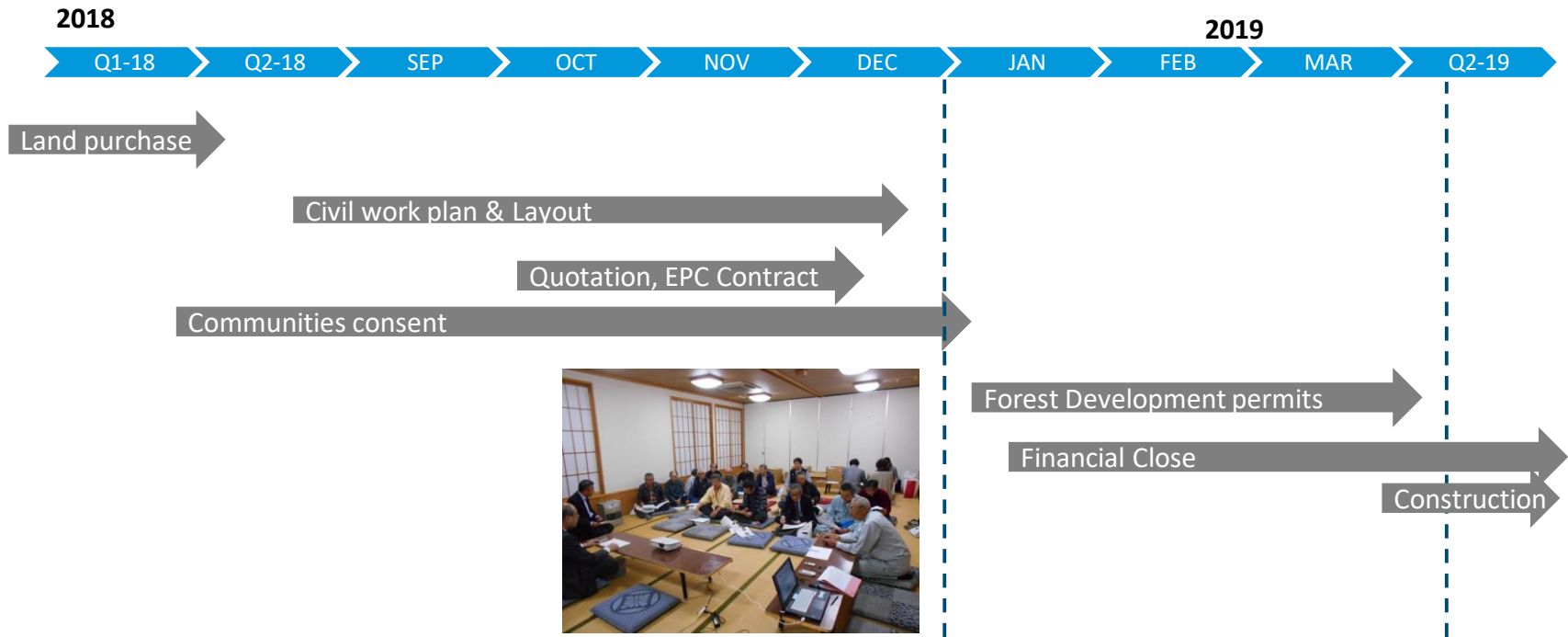
- (1) Complex site on a hill surrounded by villages with prior history of flooding
- (2) Over 10 different communities affected and 100 individual owners. All parties signed agreement in favor of project



Pond \*Image is for illustration purposes.



# Niigata Project Timeline



## PROJET ON TRACK TO REACH FINANCIAL CLOSE BY Q1-2019

- Project benefits from a 20 year fix price contract with local utility
- Fully funded to build this project
- Economics very attractive
- Forest Development filed

# Growth Opportunities in the FiT program

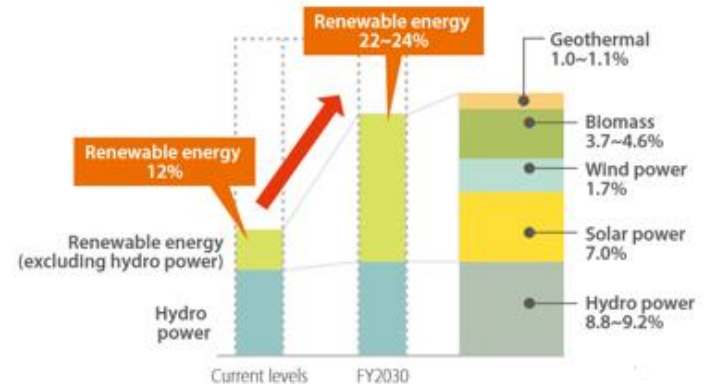
Category	Installed Capacity (MWp)	Approved Capacity (MWp)	Balance (MWp)
PV Solar (House)	5,588	6,459	871
PV Solar (Industrial)	33,824	60,459	26,635
Wind	929	8,200	7,271
Biomass	1,000	14,612	13,612

Note: Approved capacity is adjusted after dropping 35.5 GW cancelled by METI.  
Source: METI August 2018.

- 26.6 GW projects with 20 years fix term contracts still under development
- METI announced Oct 7 2018 new rules that will likely have a material impact on the economics for many brownfield projects in solar
- Brownfield projects will remain active through 2020.

## Renewable energy

Two-fold increase from current levels (from 12% to 22-24%)



# Etrion Japanese backlog and new METI rules

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## Niigata

**45 MW**

- Project not affected by new METI rules
- Development continues as planned with target financial close in H1-2019

## Kumamoto

**45MW**

- Project currently under evaluation of overall feasibility due to new METI rules
- Exploring options to sell the project

## Mie Prefecture

**60 MW**

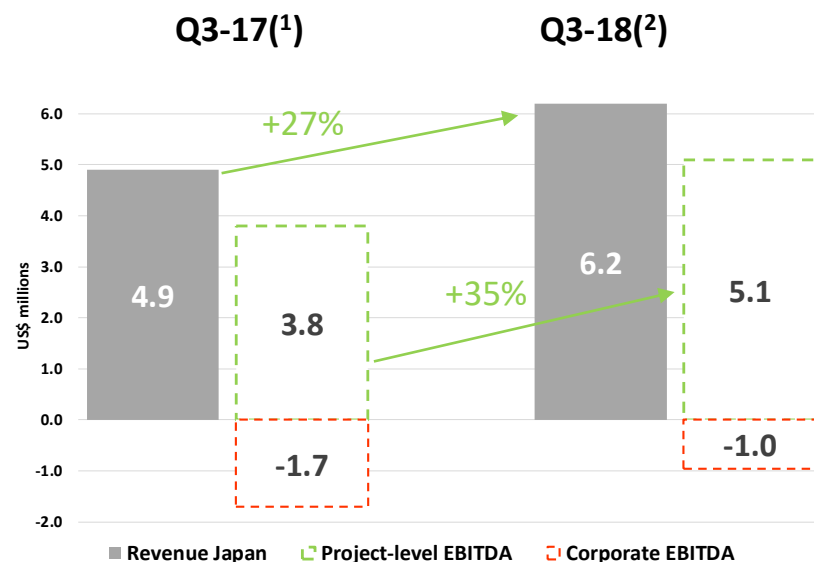
- Project not likely to be affected by new METI rules
- Forest Development filed
- Project risk remain high due to size of project
- Company should have better visibility towards H2-19

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## Q3-18 Financial Update

# Financial results

## Etrion consolidated results



Q3-18 Segment information			
US\$ millions	Japan	Corp	TOTAL
Revenues	6.2	-	6.2
Operating expenses	(1.3)	-	(1.3)
G&A expenses	(0.1)	(1.1)	(1.2)
Additional termination fee	-	0.2	0.2
Other income	0.3	0.0	0.3
<b>EBITDA</b>	<b>5.1</b>	<b>(0.9)</b>	<b>4.1</b>
Depreciation and amortization	(2.1)	(0.0)	(2.2)
Net finance costs	(1.0)	(2.0)	(3.0)
<b>Income (loss) before taxes</b>	<b>2.0</b>	<b>(3.0)</b>	<b>(1.0)</b>
Tax expense	(0.3)	(0.1)	(0.5)
<b>Net income (loss)</b>	<b>1.6</b>	<b>(3.1)</b>	<b>(1.5)</b>

- Revenues and consolidated EBITDA increased significantly relative to Q3-17 due to additional installed capacity in Japan
- In Q3-18 electricity production in Japan increased 32% as a result of the new Komatsu solar project, relative to Q3-17
- Consolidated net loss of \$1.5 million was driven mainly by net finance costs and G&A at the corporate level

(1) Includes only Revenues and Project-level EBITDA from Japan. The Q3-17 performance figures from Chile were excluded for comparison purposes

(2) Corporate EBITDA in Q3-18 includes the \$0.3 million of gain on insurance reimbursement

# Financial position

## Consolidated Balance Sheet

September 30, 2018			
US\$ millions	Japan	Corp	TOTAL
Property, plant and equipment	143.3	0.1	<b>143.3</b>
Cash and cash equivalents	18.3	12.1	<b>30.4</b>
Other assets	9.1	8.3	<b>17.4</b>
<b>Total assets</b>	<b>179.0</b>	<b>26.4</b>	<b>205.4</b>
Borrowings	137.8	39.0	<b>176.8</b>
Trade and other payables	3.4	1.0	<b>4.4</b>
Other liabilities	17.2	1.3	<b>18.5</b>
<b>Total liabilities</b>	<b>158.3</b>	<b>41.4</b>	<b>199.7</b>
<b>Net equity</b>	<b>20.69</b>	<b>(14.91)</b>	<b>5.8</b>

Positive net equity on a consolidated basis

- Etrion has a working capital of \$26.7 million and a consolidated cash position of \$30.4 million, of which \$12.1 million is unrestricted at corporate level
- Etrion continues to expand in Japan and has increased its asset base in this country with positive results. As at September 30, 2018, the Japanese assets represent approximately 87% of consolidated assets of the Group



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## Summary

## In summary

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- Company on track to double its install capacity by finalizing Niigata 45 MW project
- Niigata project is fully funded
- High probability to monetize this year remaining 100 MW of backlog
- Brownfield market remains active in Japan with upside opportunities to increase pipeline in the next 2 years on FiT based projects
- Etrion development platform, with proven strong local presence in Japan, is well positioned to expand its business post FiT, entering the PPA market and auction programs

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