

Etrion Corporation
November 2019

etrion

Powered by the Sun

Developing, building and operating solar
power generation plants

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Lundin Group

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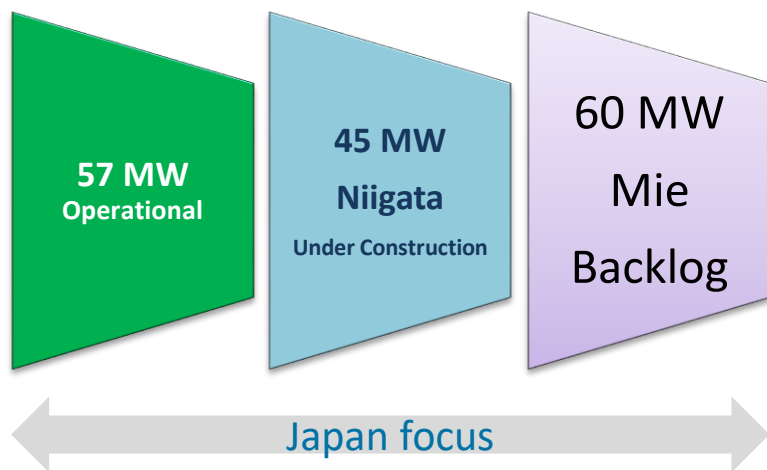
 <p>330,000 carrats DIAMONDS per year</p>	 <p>263,000 tonnes COPPER per year</p>	 <p>157,000 tonnes ZINC per year</p>	 <p>155,000 boepd OIL per year</p>	 <p>330,000 tonnes NICKEL per year</p>	 <p>330,000 GWh SOLAR ELECTRICITY per year</p>
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Etrion Corporation

Company Overview

- Solar development platform focused in Japan, third largest energy market in the world
- 11 solar plants operational and 1 under construction with aggregate capacity of 102 MWs in Japan
- 60 MW backlog in Japan
- Company fully funded
- 70 MW Operational Chile, being divested

Japan Asset / Pipeline Highlights



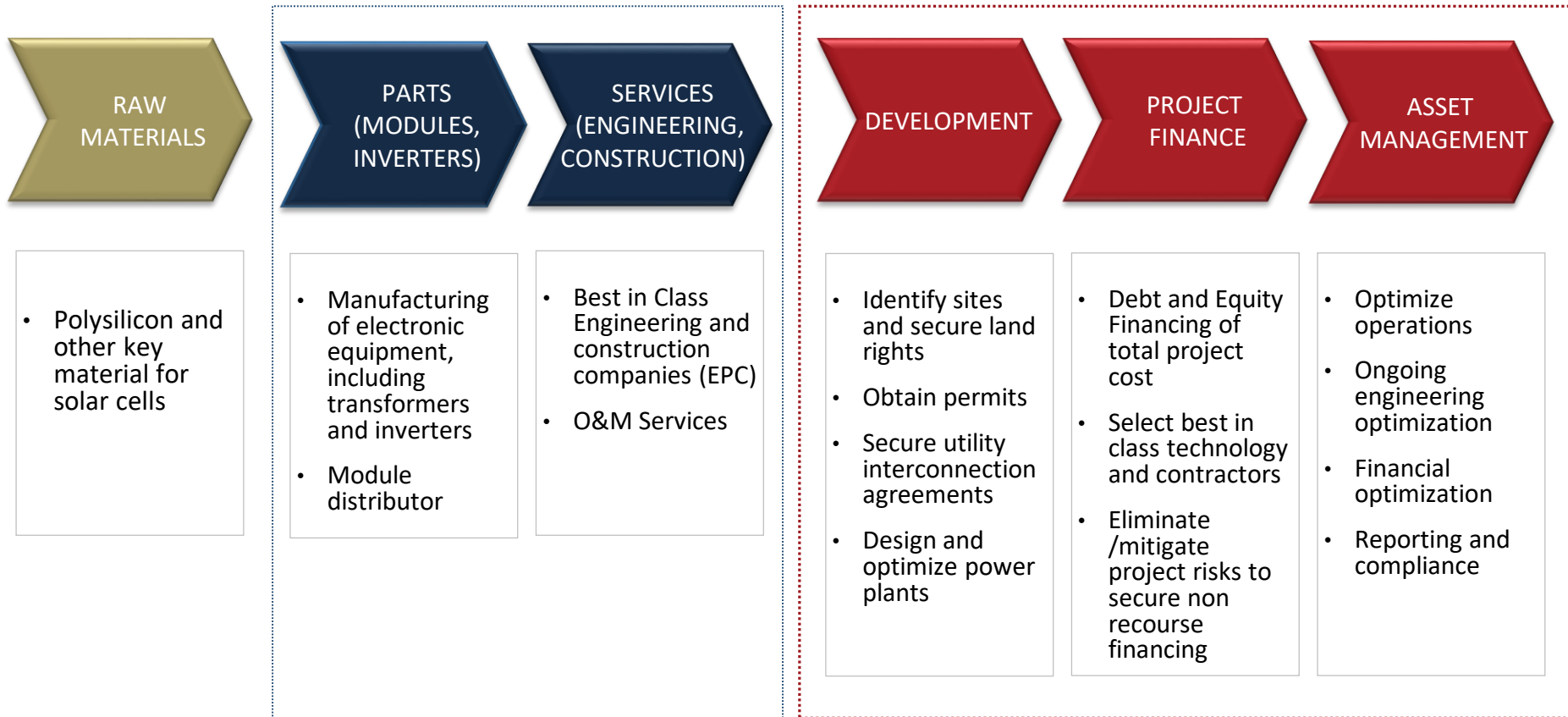
Financial Summary

Recent Share Price (TSX/OMX: ETX)	C\$0.21 / SEK 1.52
Shares Outstanding	334.1MM
Lundin Family Ownership	36.0%
Other Director/Management Ownership	5.7%
Revenues nine months ended September 30 2019	US\$18.3 MM
Project-level EBITDA nine months ended September 30 2019	US\$14.1 M
Restricted / Unrestricted Cash as of September 30, 2019	US\$125.8 MM / \$18.2 MM
Market Capitalization	US\$53MM
Number of Employees	20

Notes:

- (1) US\$ refers to US dollars; C\$ refers to Canadian dollars; SEK refers to Swedish krona
- (2) ETX share price at closing on November 15, 2019
- (3) ETX shares outstanding as of September 30, 2019

Downstream solar developer



Our focus is Japan

- 1 3rd 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
- 6 Energy sector deregulated in 2016
- 7 Strong institutional demand for yield



Etrion's commitment to the environment

Respecting host country's history and nature

- Honoring wildlife – plan construction around the “garuma gull” bird nesting cycle
- Respecting local history - use geophysical survey techniques for the early detection of archaeological sites prior to the construction of solar plants
- Successful landscape integration of solar farms with surroundings



Corporate responsibility and sustainable investments

Our approach

- Understanding community and regional needs
- Master the local dynamics
- Demonstrate cultural sensitivity
- Leverage our international expertise complementing local partner know-how



Examples of community benefits

- We organize tours and educational activities on environmental matters for schools
- Sponsor local sport events for the communities
- Provided financial assistance to rebuild a school destroyed by a natural disaster in north of Chile



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Japan Market

Japan – Solar position in the world and growth perspectives

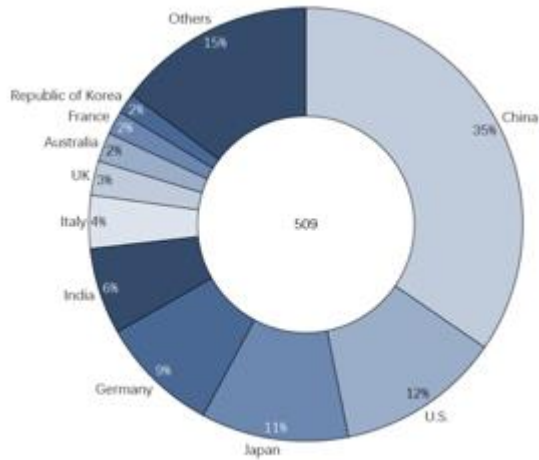


Figure 1: Cumulative solar PV Capacity Globally as of 2018
Source: REN21

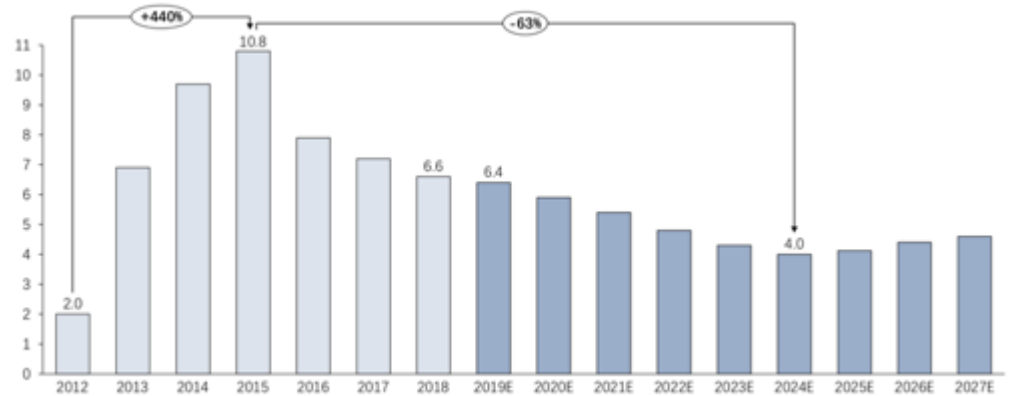


Figure 2: Japan solar PV market growth scenario 2019-2026 (GW)
Source: JPEA

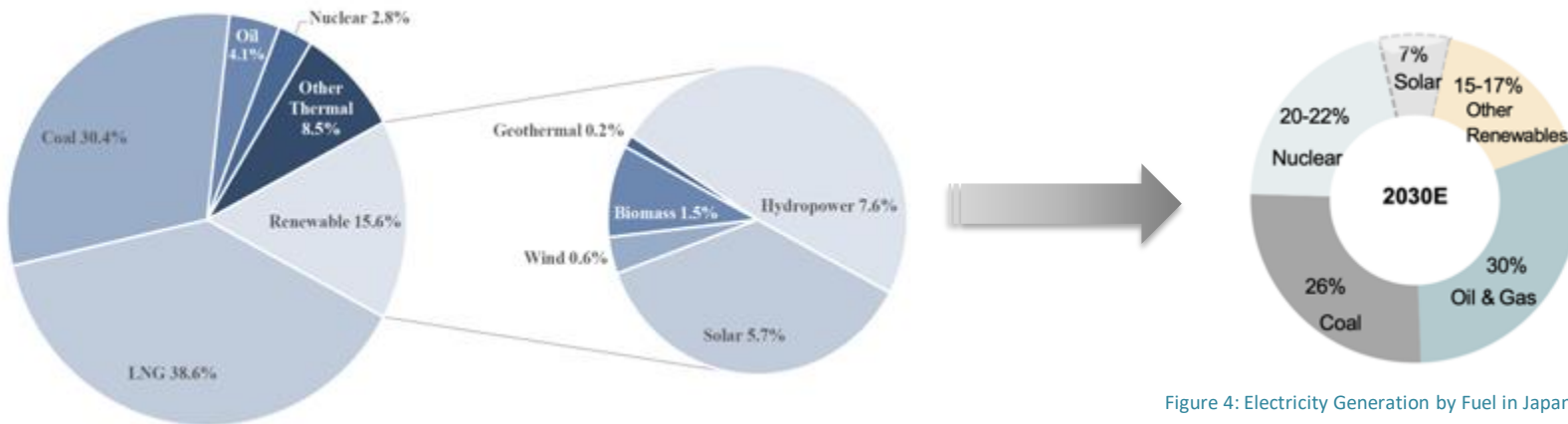
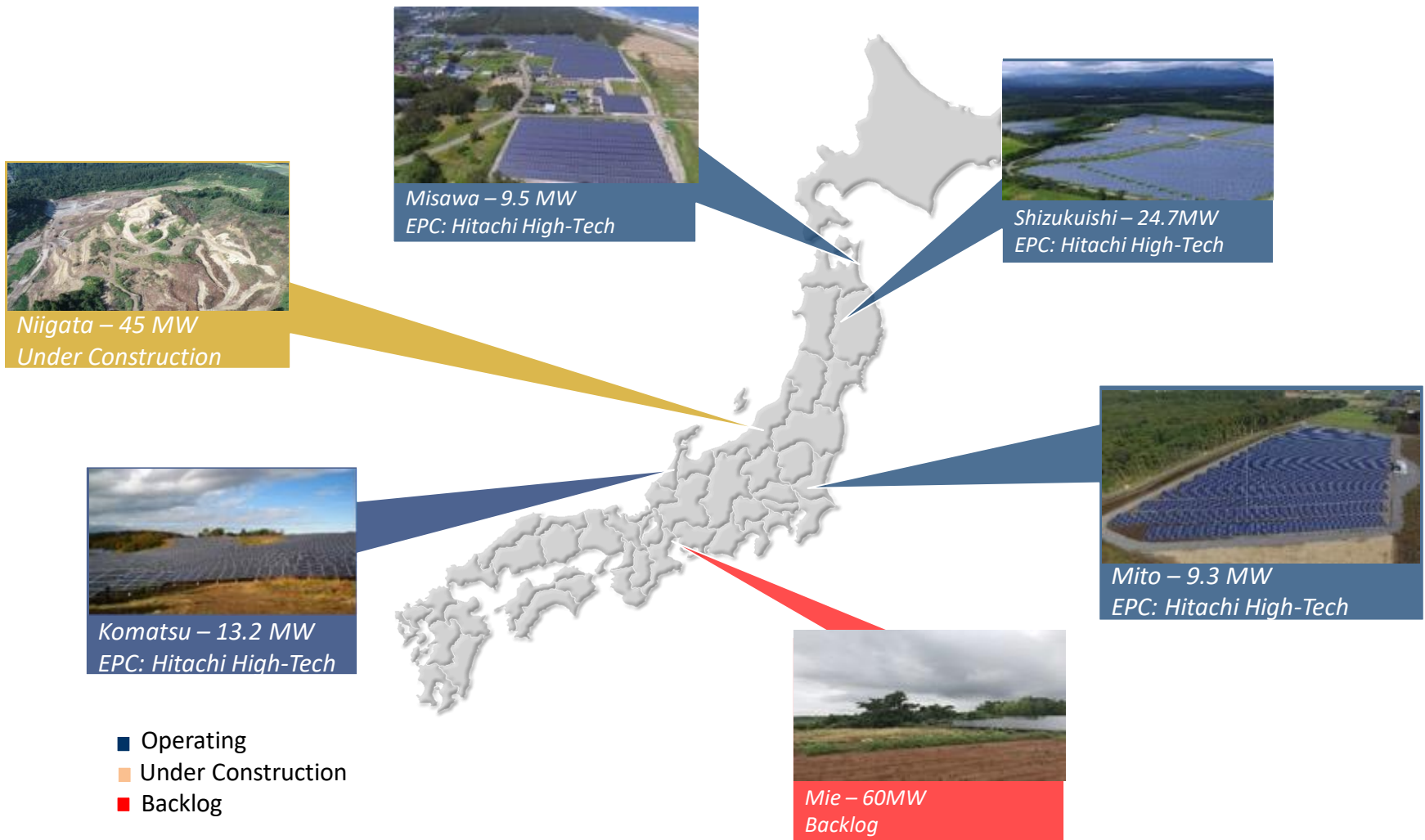


Figure 3: Electricity Generation by Fuel in Japan in 2017
Source: METI

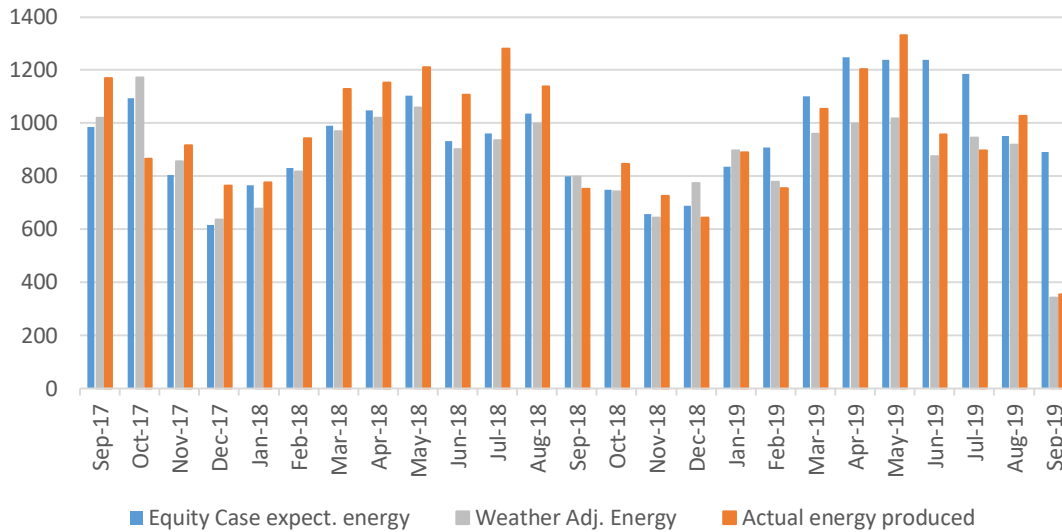
Figure 4: Electricity Generation by Fuel in Japan in 2030

Our presence



Mito – 9.3 MW operational

MITO comparison (MWh)



Mito	
Utility	Tepco
Capacity	9.3 MW
Ownership	87%
Technology	Fixed-tilt
Module	Canadian Solar
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech
Irradiation Yield	1,120 kWh/kWp
Revenue Stream	FiT: ¥40/kWh Term: 20 years
Production	10.3 GWh/year
Total Project Cost	¥3.4Bn
Commencement of Operation	Aug-15



Mito site 1



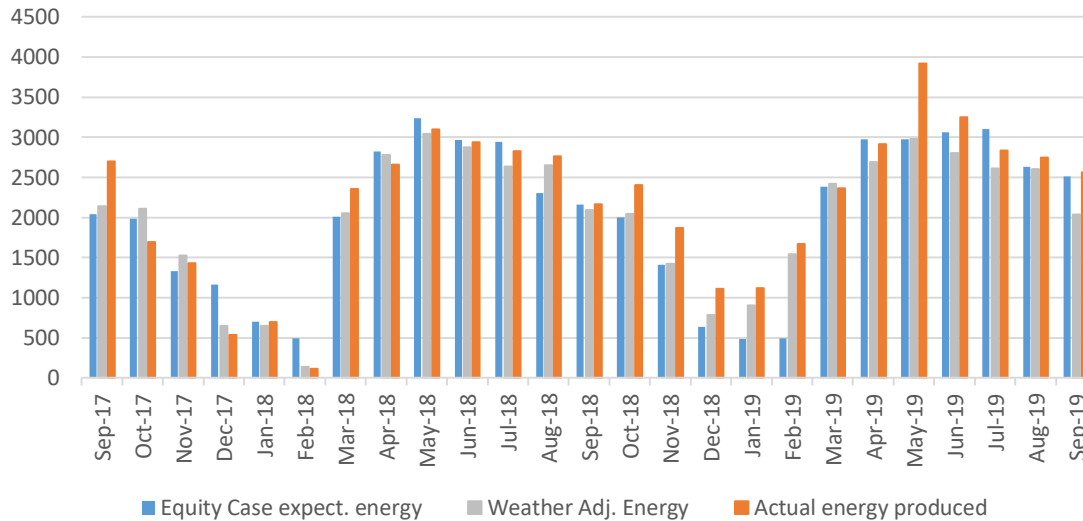
Mito site 2



Mito site 3

Shizukuishi – 24.7 MW operational

Shizukuishi comparison (MWh)



Shizukuishi	
Utility	Tohoku
Capacity	24.7 MW
Ownership	87%
Technology	Fixed-tilt
Module	Canadian Solar
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech
Irradiation Yield	1,088 kWh/kWp
Revenue Stream	FiT: ¥40/kWh Term: 20 years
Production	26.1 GWh/year
Total Project Cost	¥8.9Bn
Commencement of Operation	Oct-16



General aerial view of full plant



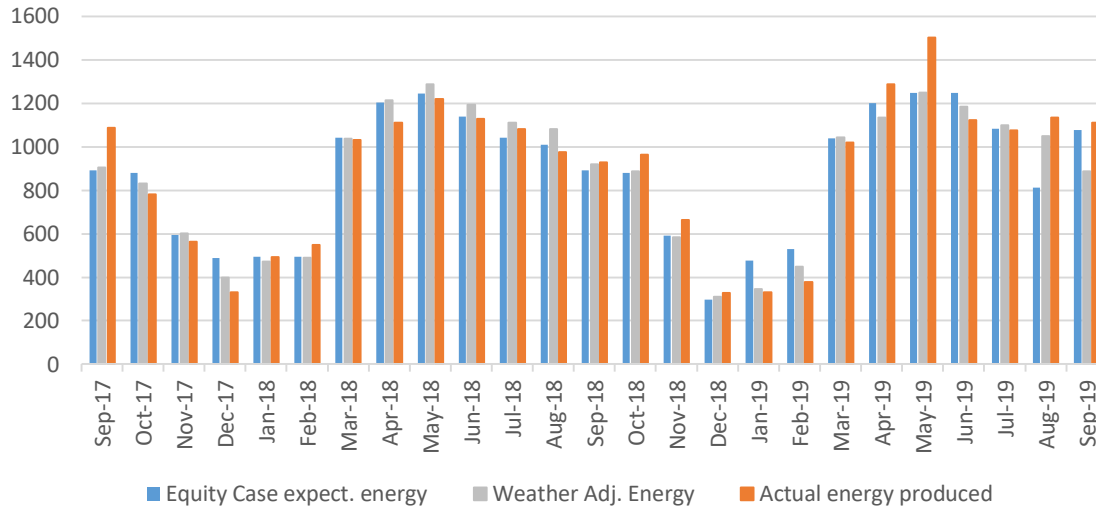
View of the SW section of the plant



View of the NW section of the plant.

Misawa – 9.5 MW operational

MISAWA comparison (MWh)



Misawa	
Utility	Tohoku
Capacity	9.5 MW
Ownership	60%
Technology	Fixed-tilt
Module	AOU
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech
Irradiation Yield	1,126 kWh/kWp
Revenue Stream	FiT: ¥36/kWh Term: 20 years
Production	10.7 GWh/year
Total Project Cost	¥3.5Bn
Commencement of Operation	Feb-2017



Site 1



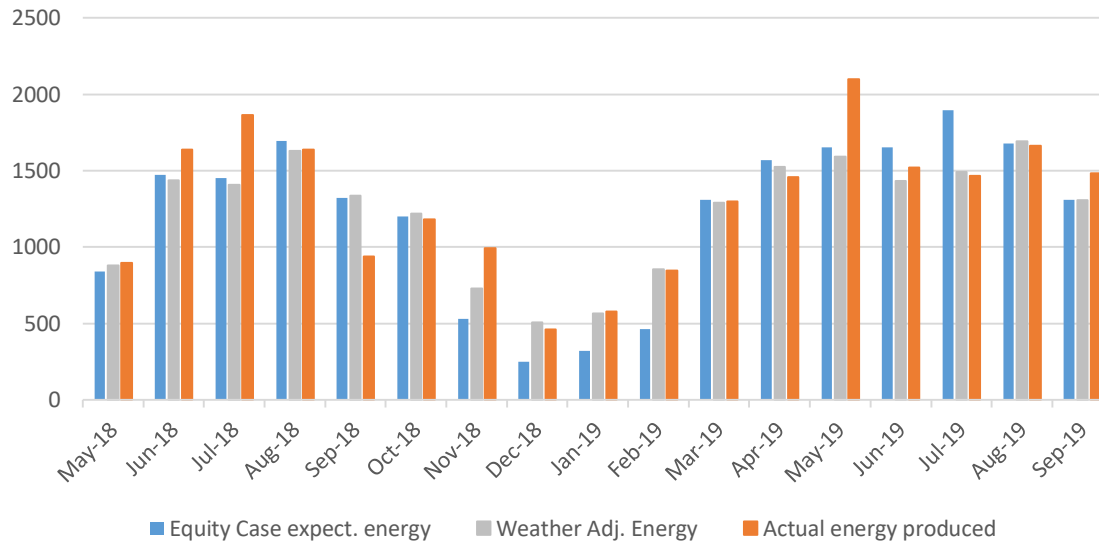
Site 2



Site 4

Komatsu – 13.2 MW operational

Komatsu comparison (MWh)



Komatsu	
Utility	Hokuriku
Capacity	13.2 MW
Ownership	85%
Technology	Fixed-tilt
Module	Canadian Solar
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech
Irradiation Yield	1,087 kWh/kWp
Revenue Stream	FiT: ¥32/kWh Term: 20 years
Production	14.2 GWh/year
Total Project Cost	¥4.3 Bn
Commencement of Operation	May-2018



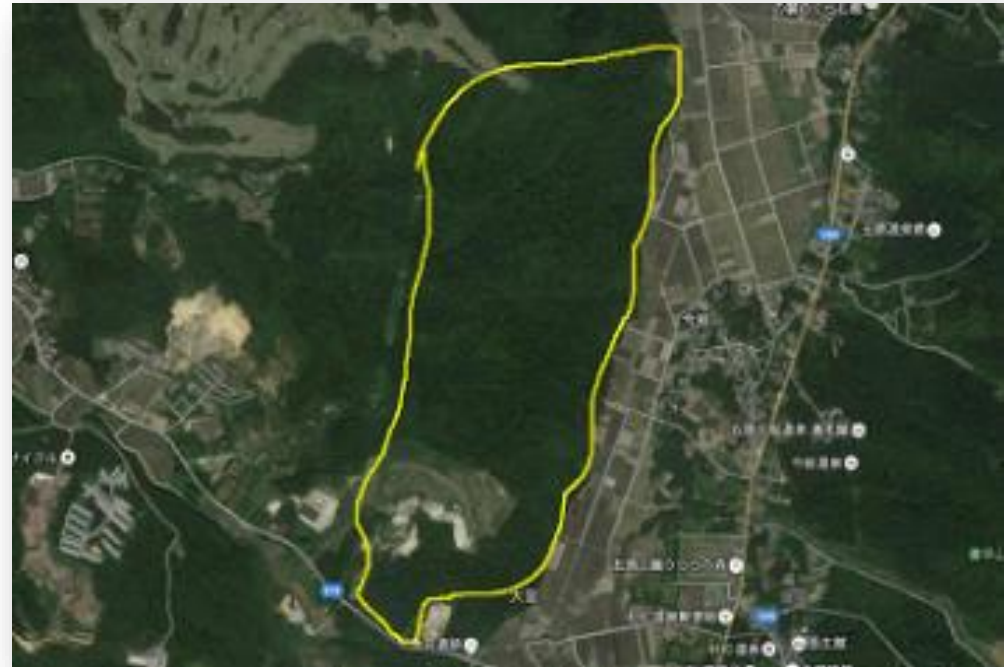
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Niigata

Niigata – 45 MW

Key project metrics

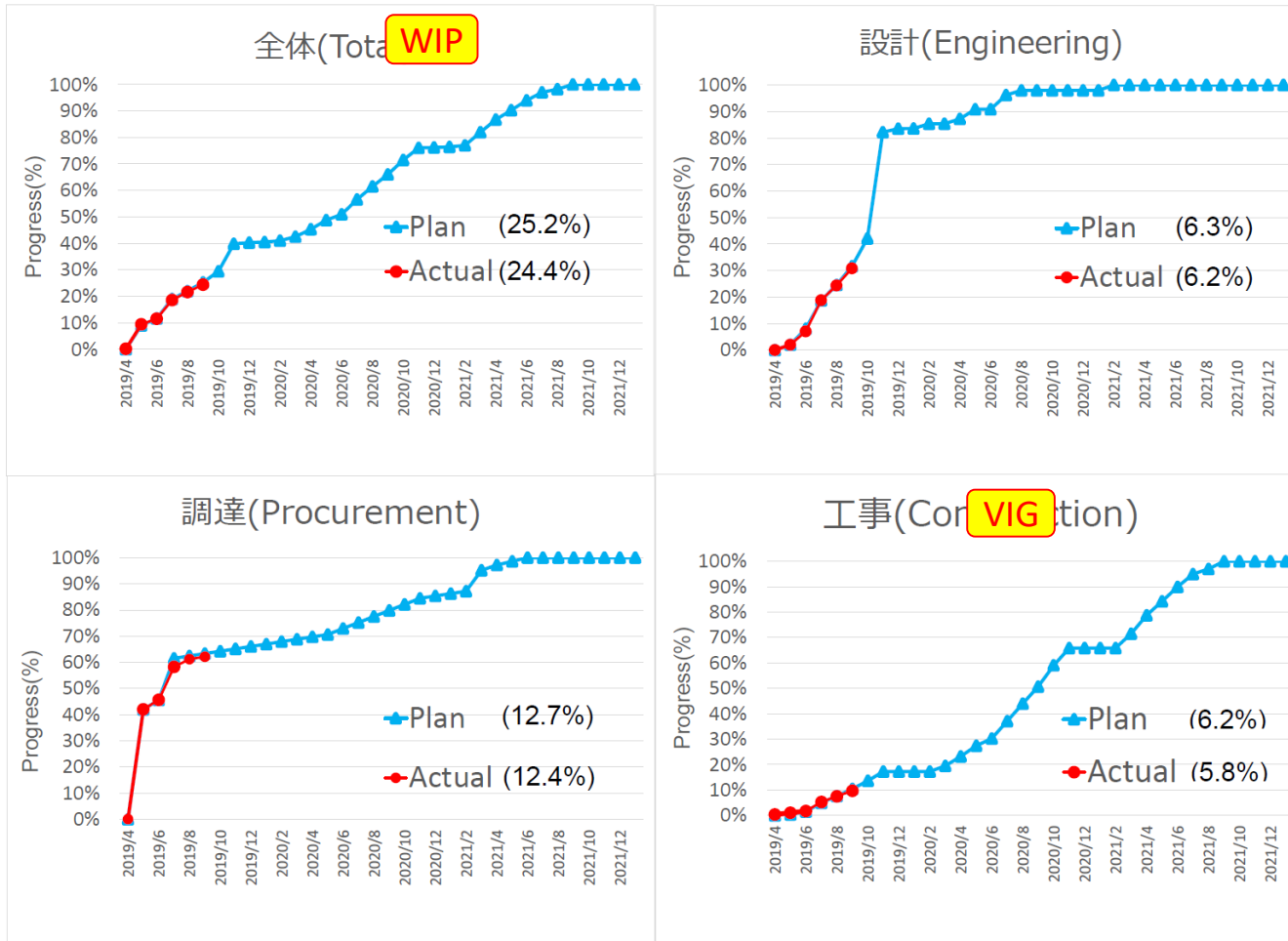
Ownership	100% ETX
Capacity	45 MW
Region / Utility	Tohoku
PPA Price	¥36/kWh - FiT until March 2040
Irradiation	1,050 kWh/kWp
Total Capex	US\$ 154.2M
Finance Structure	BBB Green Project Bond, US\$ 146.5M (JPY 15.9 billion)
Debt tenor	Construction period plus 16.8 years.
Interest rate	All-in non-recourse project loan interest rate of 1.2%
Total Equity	US\$ 7.7M
EPC Contractor	Toyo Engineering
O&M Contractor	TMEIC / TAG
AMS Provider	Etrion
COD Target	Q4-2021
Average ⁽¹⁾ Revenue	US\$ 15.5 m/year
Average EBITDA	US\$ 13.7 m/year
Average free cash flow at project level	US\$ 3.6m/ year



⁽¹⁾ Average refers to the first 5 years of operations based on historical weather forecast. Actual results will depend on actual weather conditions and other operational matters.

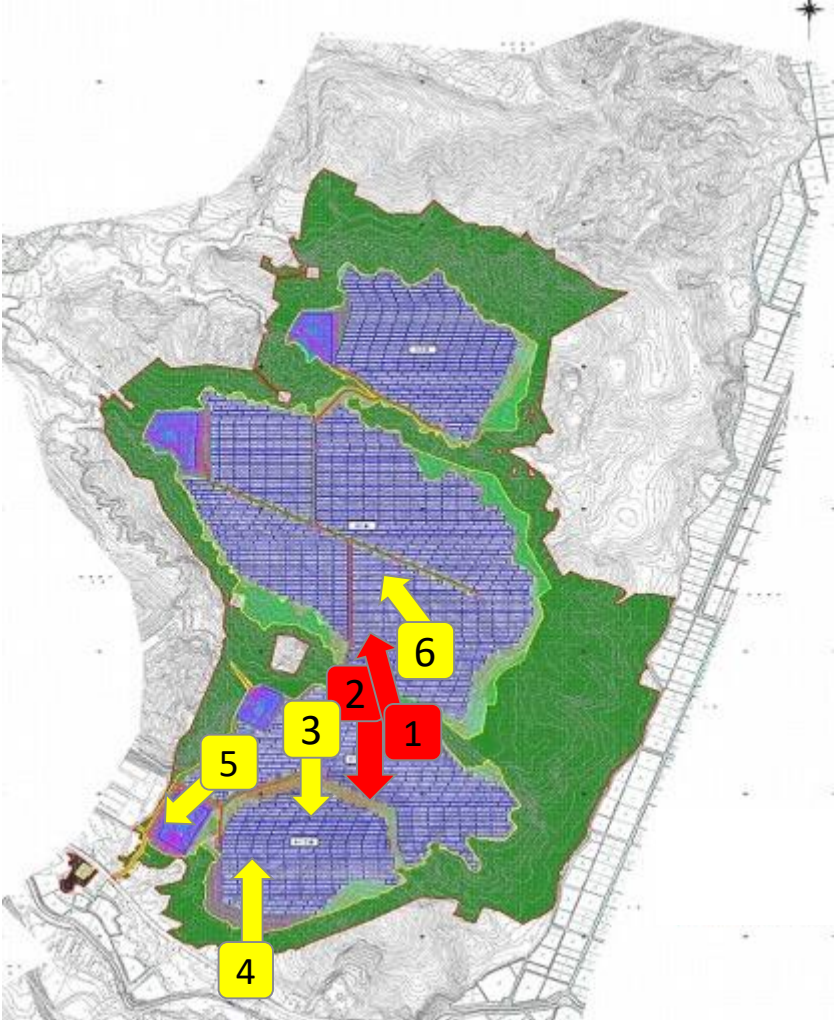
Sites construction progress curve (as of 30th Sep 2019)

September-2019 ETX6 Project Progress S-curve(Overall, per category)



Project on schedule and on budget

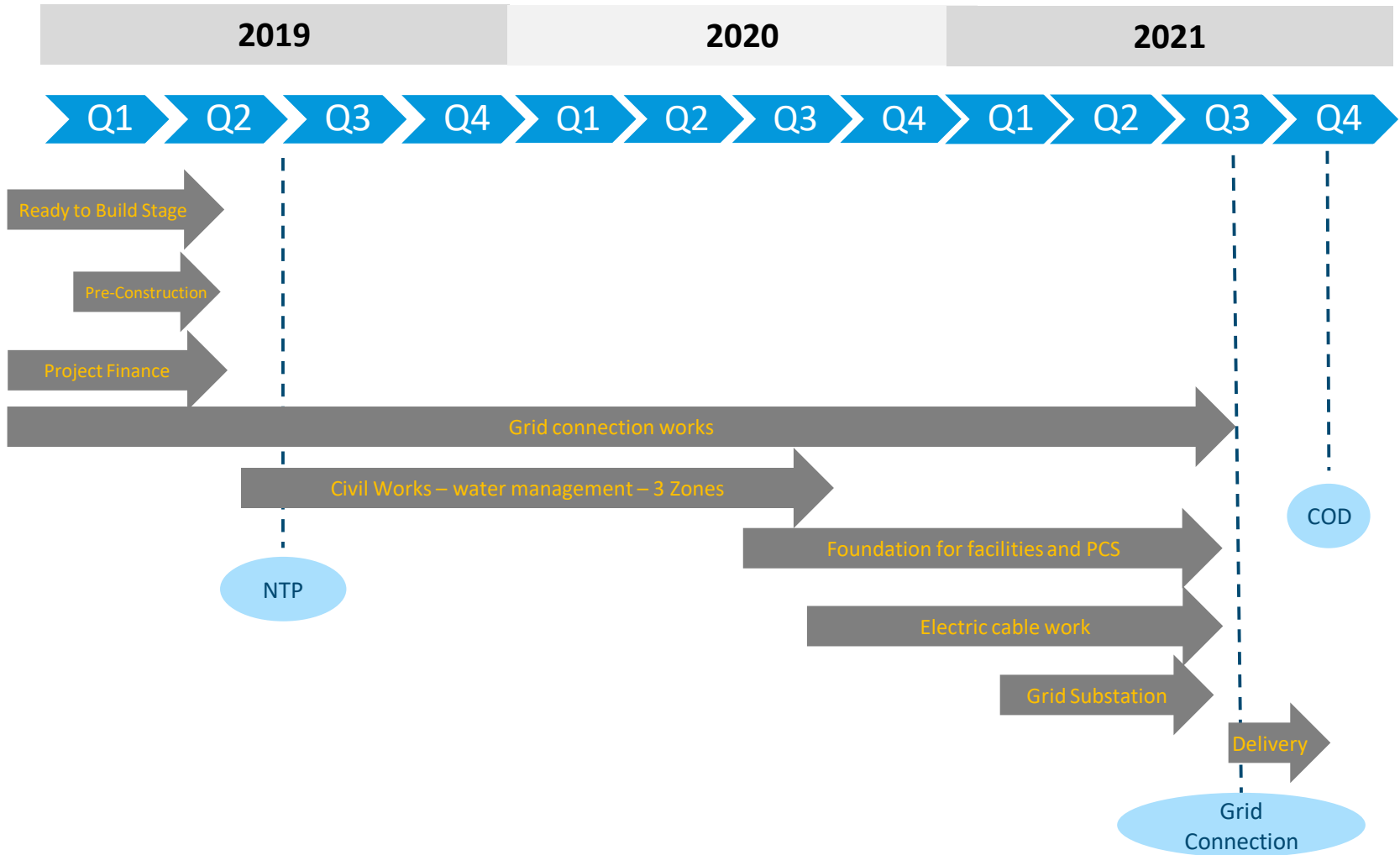
Sites construction status photo (September 2019)



Sites construction status photo (September 2019)



Niigata Project Timeline



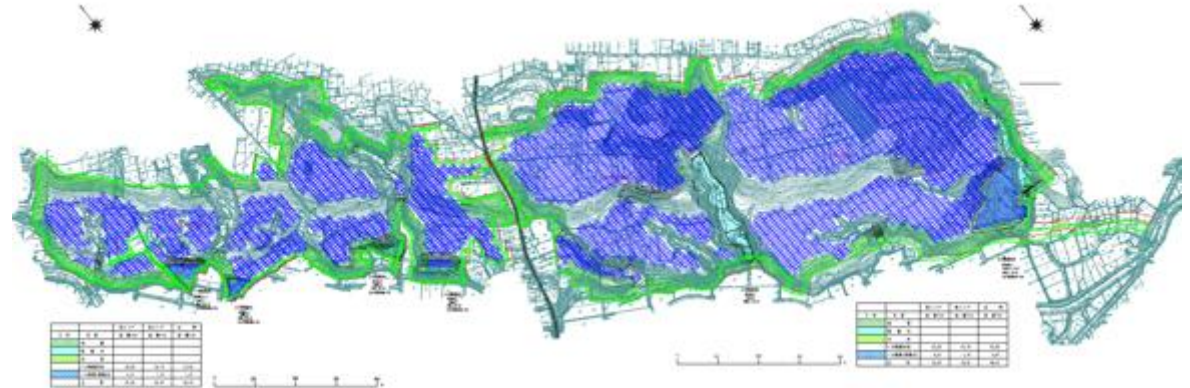
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Business Development Update

Mie 60 MW - Backlog

- Project reached ready to build status by Q1-2019. EIA and forest development concluded. Land secured
- ETX is litigation with local developer since Q4-18 who refused to release shares of SPV
- Management cautiously optimistic to obtain positive judgement and regain full control of the project by summer of 2020
- Developer involved in similar litigation with other investors.

Size	54-64 MWp
Region / Utility	Chubu EPCO
PPA price	FIT: ¥36/kWh
Irradiation	1,204 kWh/kWp
Ownership share	100%
Expected: NTP / COD	Q3-2020 / Q4-2022
Land	100 Ha. Long term lease



Growth Opportunity

- The Company continue to pursue new opportunities in Japan and remains working on different opportunities
- Given latest FiT changes, several projects with FiT awarded still under development are at risk of losing FiT
- This situation has created increased competition to acquire good projects. Window remains open for next 18 months to secure additional FiT projects
- Beyond FiT the company is exploring:
 - bilateral agreements for PPA contracts. PPA market is at very early stage but should become a strong source of growth post FiT market
 - On-shore wind opportunities in Japan

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Financial results

Q3-19 highlights

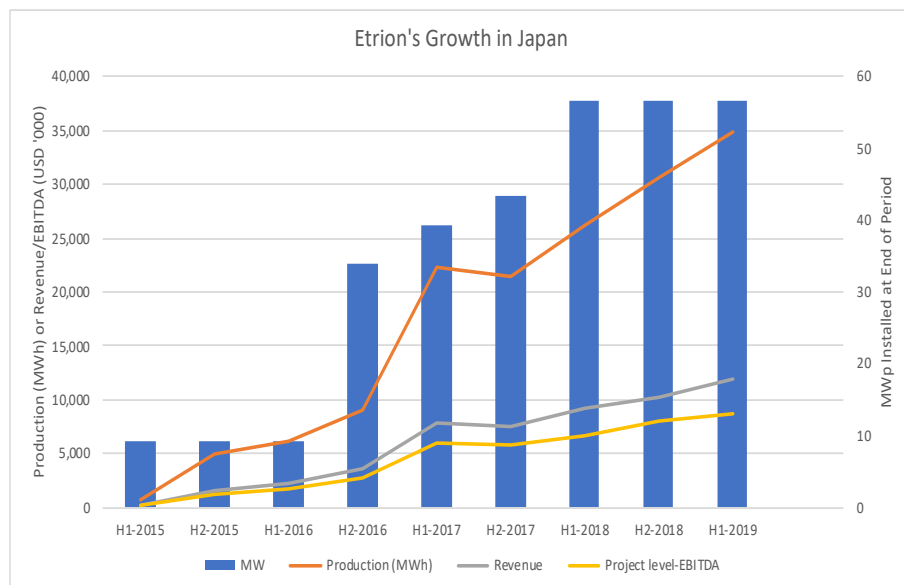
- Higher revenues (3%) and project-EBITDA (4%) relative to Q3-18
- Cash collections of US\$1.8 million for final payment from the sale of rights of the Kumamoto project
- Net income results of US\$3.2 million
- Cash distributions to Etrion of US\$0.2 million from the Japanese projects
- Niigata project 20% completed as of September 30, 2019

US\$ mm Otherwise indicated	Q3-19	Q3-18	Q3-19	Q3-18
	3-months		9-months	
Production kWh mm	18.4	18.3	53.2	44.6
Revenue	6.4	6.2	18.3	15.5
Project-EBITDA	5.3	5.1	14.1	11.7
Consolidated EBITDA	6.2	4.1	14.1	7.0
Net income (loss)	3.2	(1.5)	1.6	(6.1)



Financial results

Etrion consolidated results



Q3-19 Segment information			
US\$ millions	Japan	Corp	TOTAL
Revenues	6.4	-	6.4
Operating expenses	(1.4)	-	(1.4)
G&A expenses	(0.1)	(0.9)	(1.0)
Other income	0.4	1.8	2.2
EBITDA	5.3	0.9	6.2
Depreciation and amortization	(2.4)	(0.0)	(2.4)
Net finance costs	(1.2)	1.8	0.6
Income (loss) before taxes	1.7	2.7	4.4
Tax expense	(0.1)	(1.1)	(1.2)
Net income (loss)	1.6	1.6	3.1
EBITDA margin (%)	83%		

Revenues and consolidated EBITDA continues to increase driven organic growth and good performance of the solar assets

Financial position

Consolidated Balance Sheet

September 30, 2019			
US\$ millions	Japan	Corp	TOTAL
Property, plant and equipment	184.1	0.1	184.2
Intangible assets	11.1	2.2	13.3
Cash and cash equivalents	125.8	18.2	143.9
Other assets	10.6	7.6	18.2
Total assets	331.6	28.0	359.6
Borrowings	278.6	37.2	315.9
Trade and other payables	6.6	1.4	8.0
Other liabilities	29.8	2.6	32.4
Total liabilities	315.1	41.2	356.3
Net equity	16.52	(13.2)	3.3

Positive net equity on a consolidated basis

- Etrion has a working capital of \$137.9 million and a consolidated cash position of \$143.9 million, of which \$18.2 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, 2019, the Japanese assets represent approximately 92% of consolidated assets of the Group

Summary

- Etrion well position for continued growth in one of the largest solar markets in the world
- Strong Q3-2019 financial performance in all key operating metrics demonstrating excellent execution in all operational activities
- Niigata 45 MW project on track to be connected by Q4-21
- Fully funded with no additional capital required to build Niigata project
- Significant upside beyond Niigata with resolution of 60 MW Mie project litigation, Italian tax refund and potential realization additional pipeline projects

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