

Q3-19 Operations and Finance Update

November 18th 2019

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Developing, building and operating solar
power generation plants

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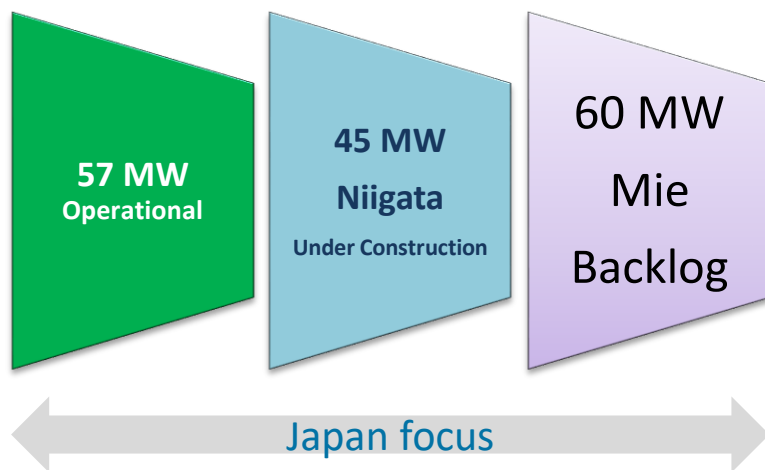
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Etrion Corporation

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

Japan – Solar position in the world and growth perspectives

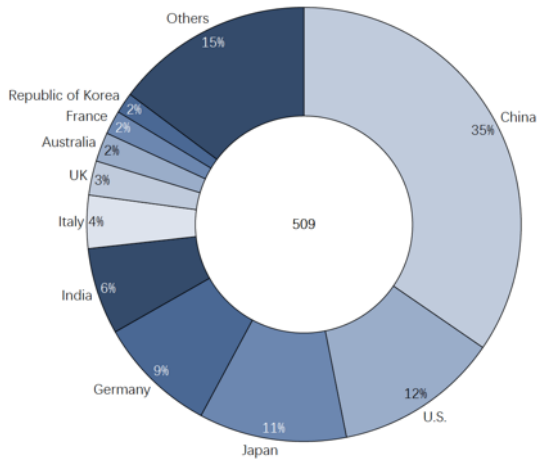


Figure 1: Cumulative solar PV Capacity Globally as of 2018
Source: REN21

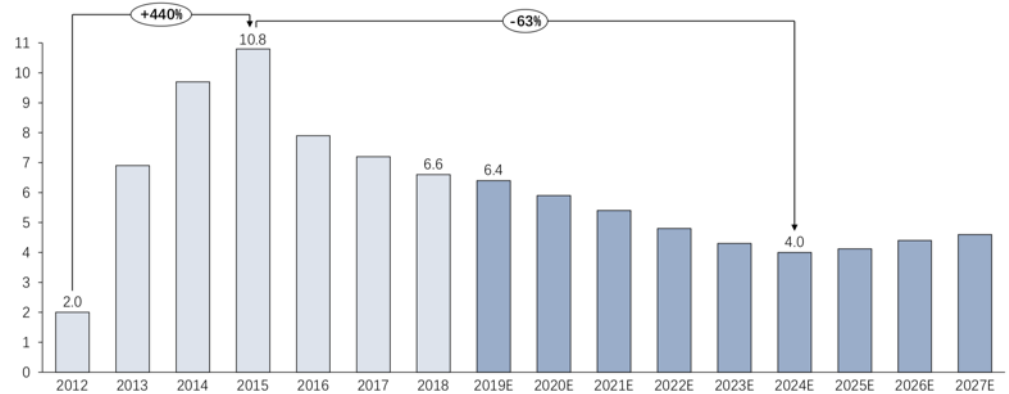


Figure 2: Japan solar PV market growth scenario 2019-2026 (GW)
Source: JPEA

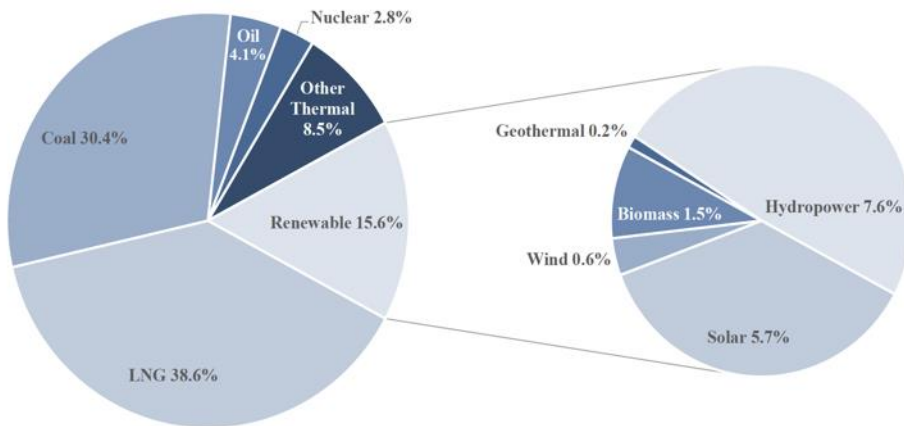


Figure 3: Electricity Generation by Fuel in Japan in 2017
Source: METI

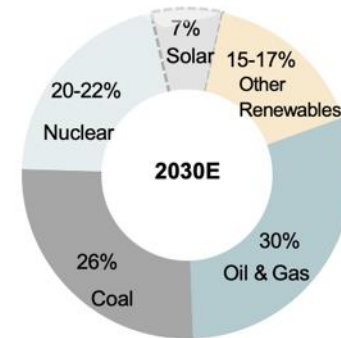


Figure 4: Electricity Generation by Fuel in Japan in 2030

Our 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



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Operational Update

Q3-19 highlights

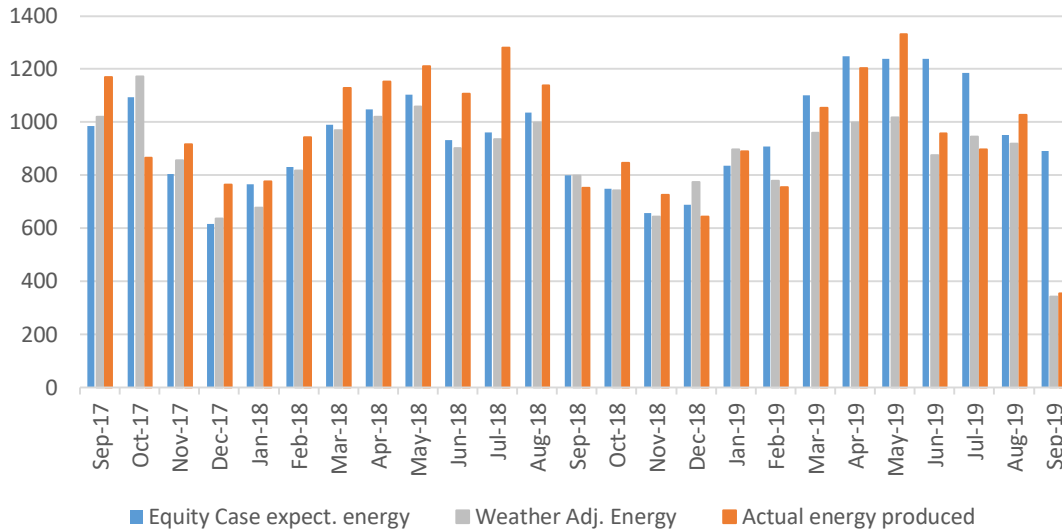
- Higher revenues (3%) and project-EBITDA (4%) relative to Q3-18
- Cash collections of US\$1.8 million for final payment from the sale of rights of the Kumamoto project
- Net income results of US\$3.2 million
- Cash distributions to Etrion of US\$0.2 million from the Japanese projects
- Niigata project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



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



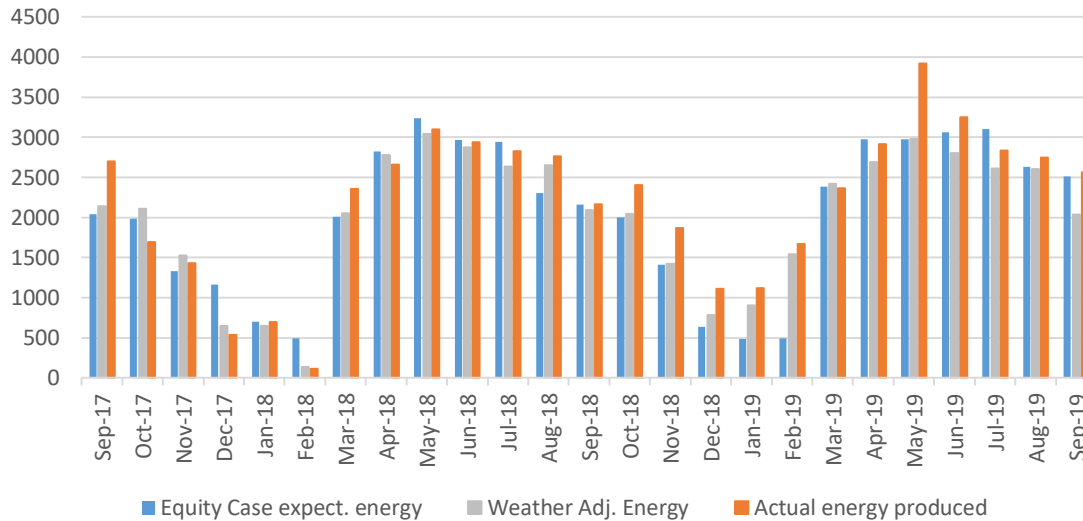
Mito site 2



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



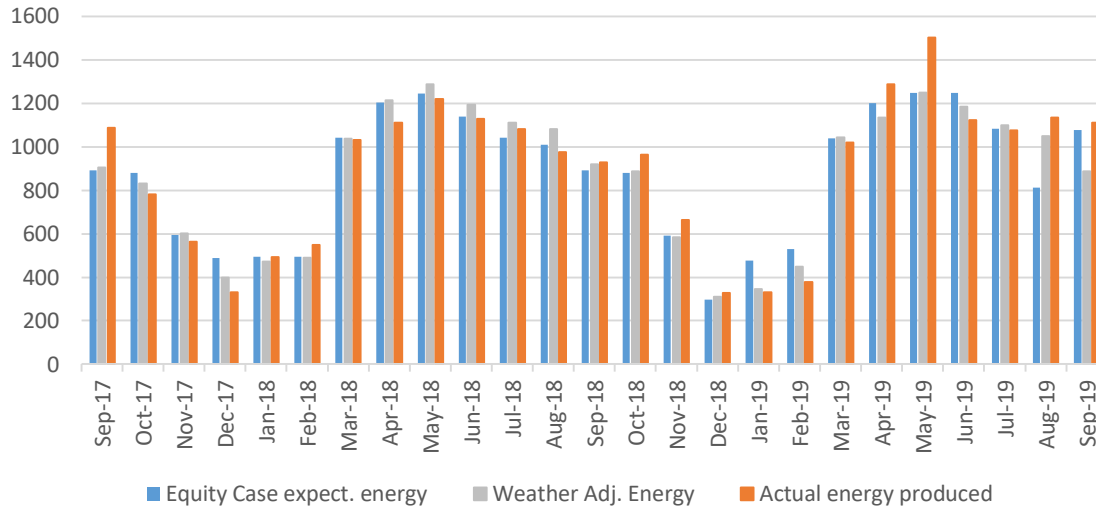
View of the SW section of the plant



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



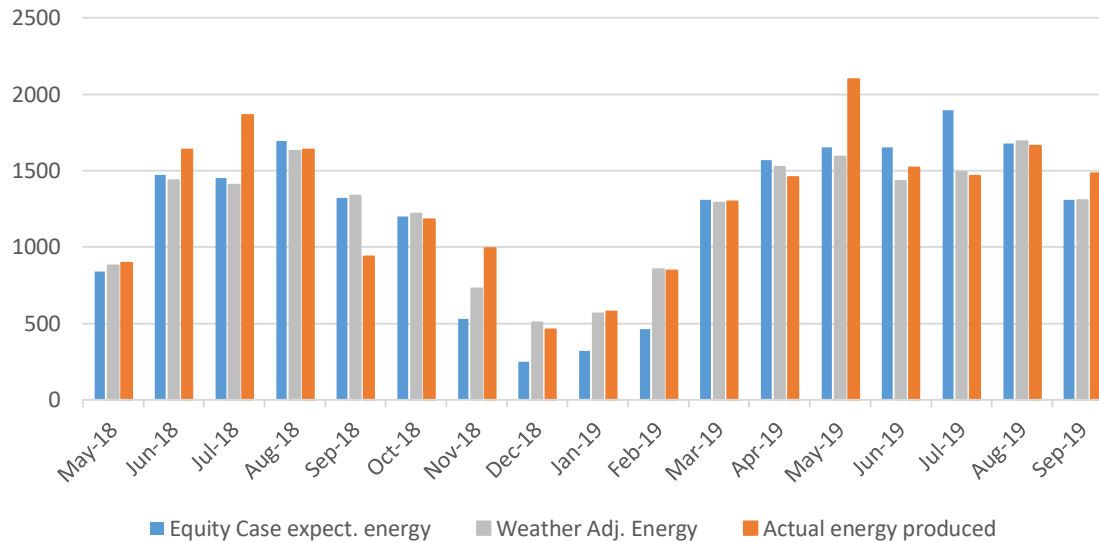
Site 2



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



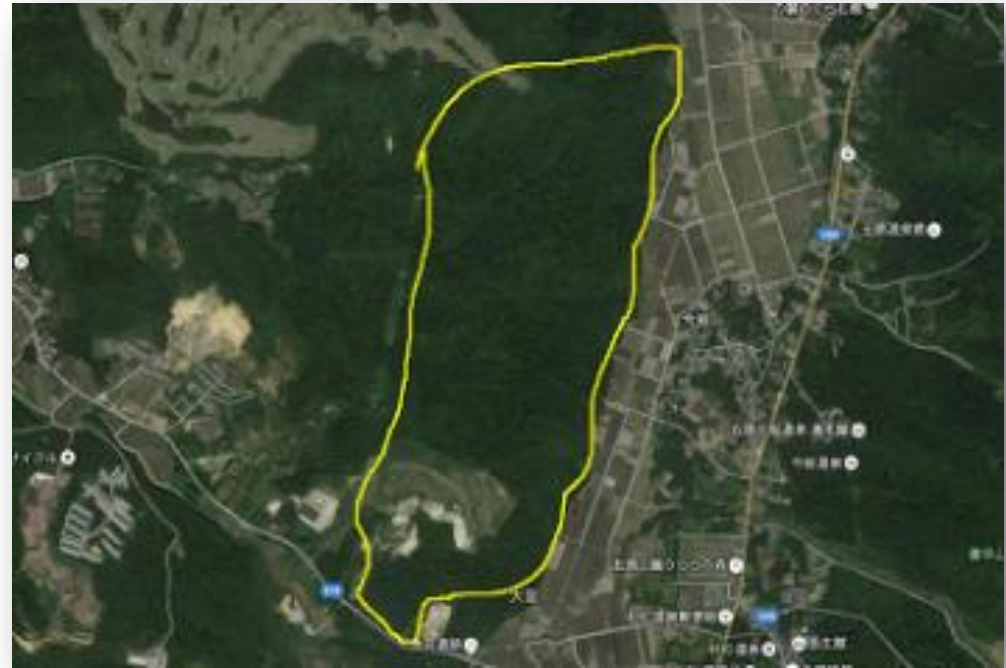
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Niigata

Niigata – 45 MW

Key project metrics

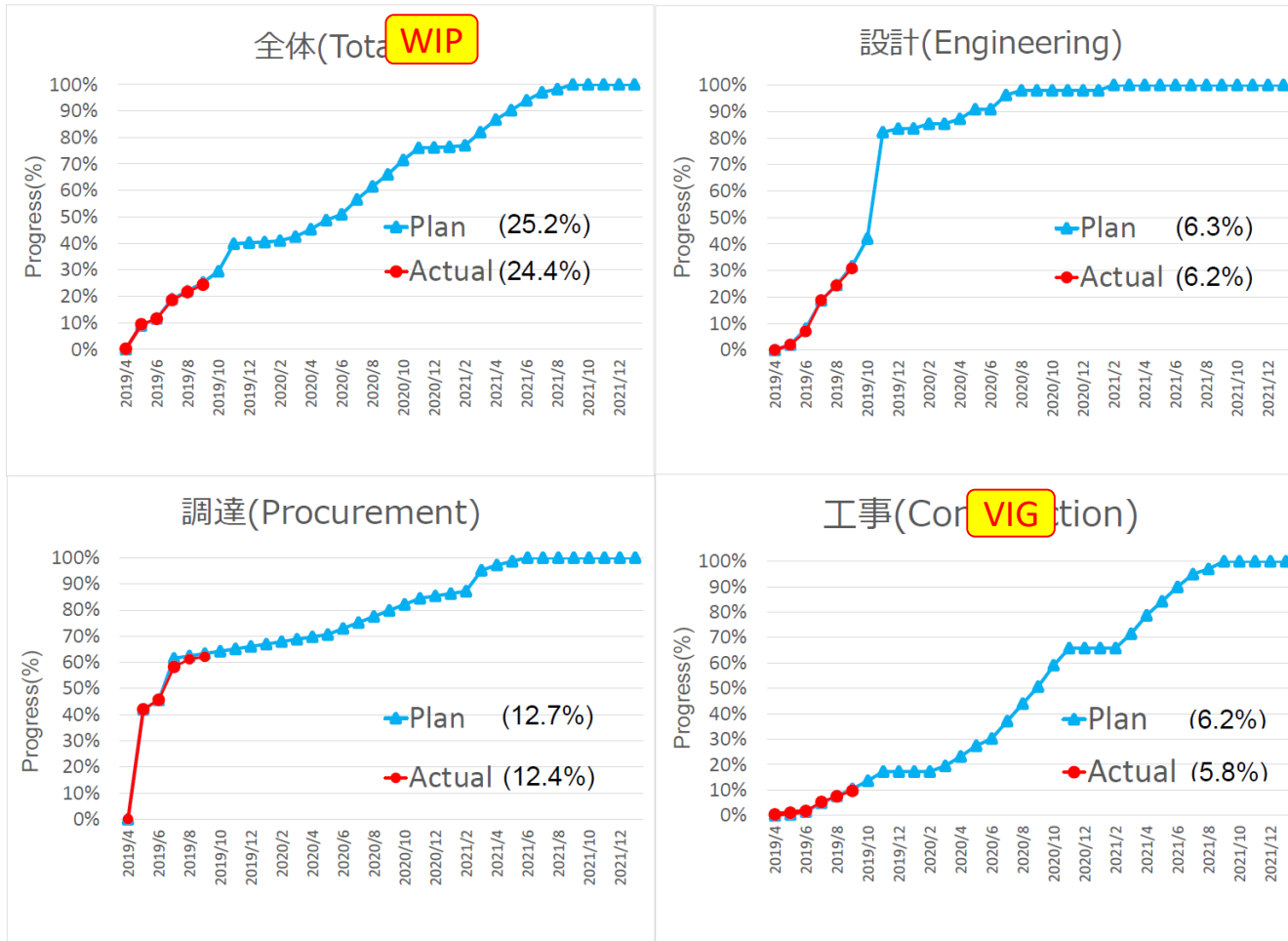
Ownership	100% ETX
Capacity	45 MW
Region / Utility	Tohoku
PPA Price	¥36/kWh - FiT until March 2040
Irradiation	1,050 kWh/kWp
Total Capex	US\$ 154.2M
Finance Structure	BBB Green Project Bond, US\$ 146.5M (JPY 15.9 billion)
Debt tenor	Construction period plus 16.8 years.
Interest rate	All-in non-recourse 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.

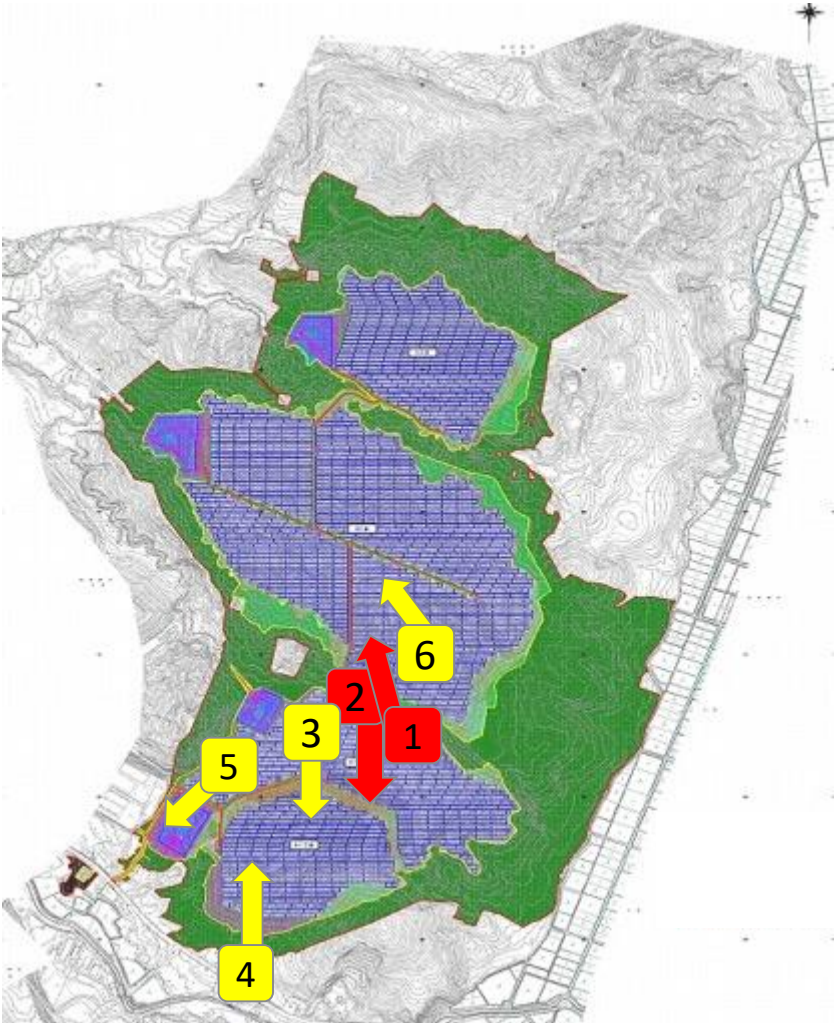
Sites construction progress curve (as of 30th Sep 2019)

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)



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Business Development Update

Mie 60 MW Project

- Etrion has a development agreement in place with local developer. Terms of agreement outlines responsibility of the parties to develop the project. Under this contract, Etrion to take 100% ownership once project reaches ready to build status
- Etrion commenced litigation in Q4-2018. Management is cautiously optimistic that litigation will be favorable to Etrion and regain full control of the project
- Expected resolution of litigation by Q1-2020 but could be delayed further
- Project update. Forest Development permit obtained. Project reached Ready to Build Status.

Growth Opportunity

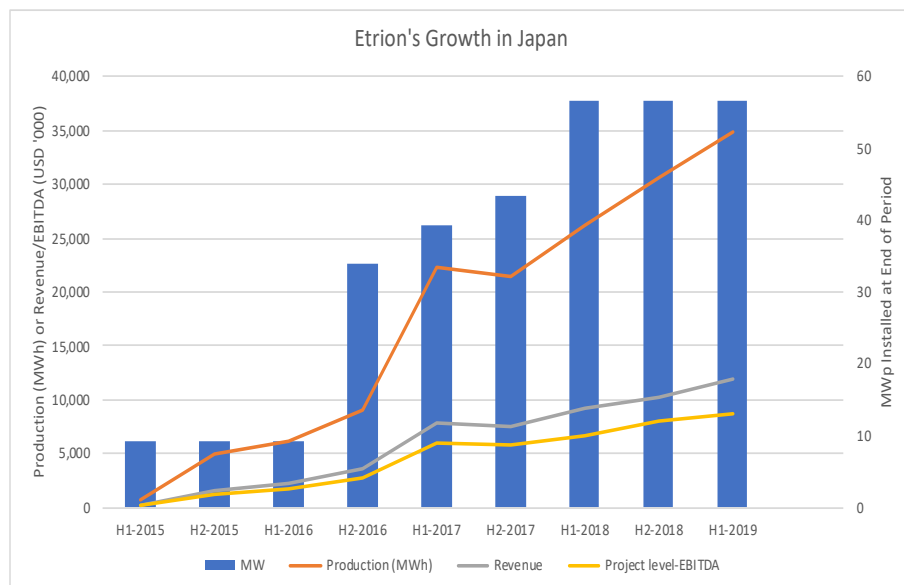
- The Company continue to pursue new opportunities in Japan and remains working on different opportunities. We will update the market as new opportunities are realized
- Beyond FiT the Company is exploring bilateral agreements for PPA contracts. PPA market is at very early stage but should become a strong source of growth post FiT market

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Financial results

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

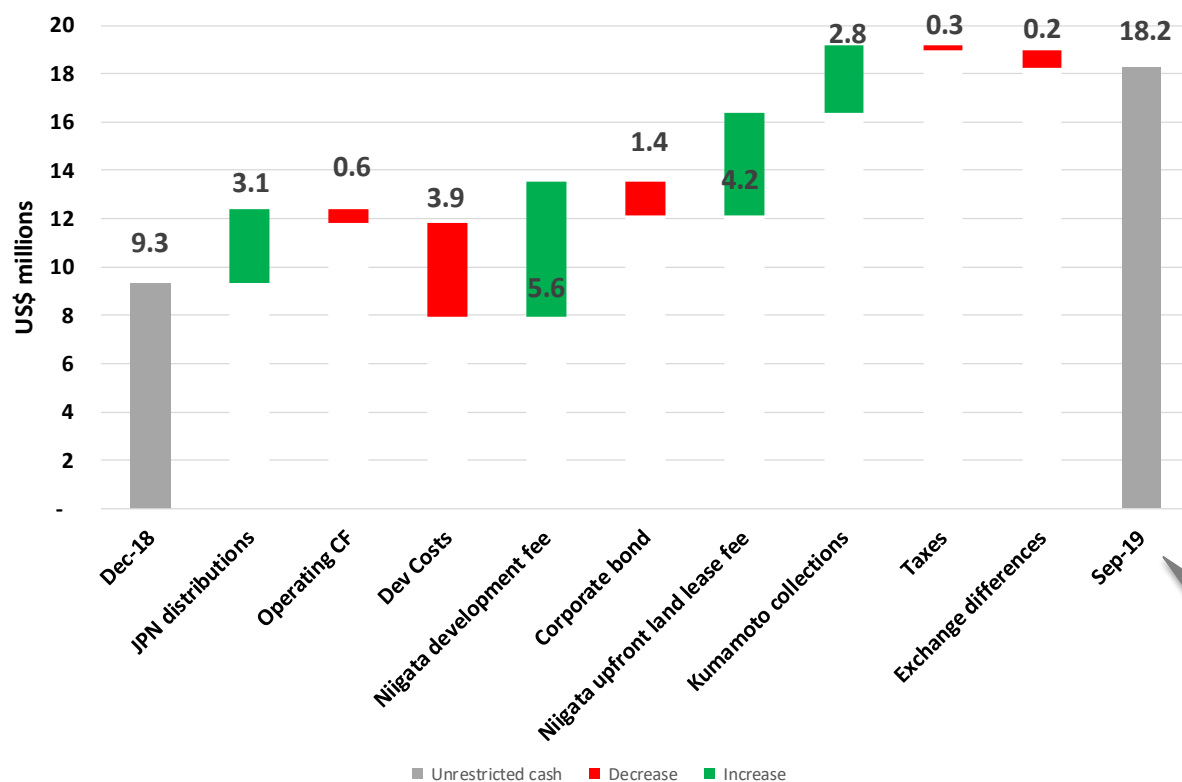
September 30, 2019			
US\$ millions	Japan	Corp	TOTAL
Property, plant and equipment	184.1	0.1	184.2
Intangible assets	11.1	2.2	13.3
Cash and cash equivalents	125.8	18.2	143.9
Other assets	10.6	7.6	18.2
Total assets	331.6	28.0	359.6
Borrowings	278.6	37.2	315.9
Trade and other payables	6.6	1.4	8.0
Other 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

Cash and liquidity

Unrestricted cash reconciliation



Liquidity to fund the growth of the business in Japan in 2019-2020

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Summary

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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