

Pareto Securities: Power and Renewable Energy Conference

OSLO - JANUARY 11, 2018

etrion

Capitalizing on
Opportunities as a Key
Solar Player in Japan

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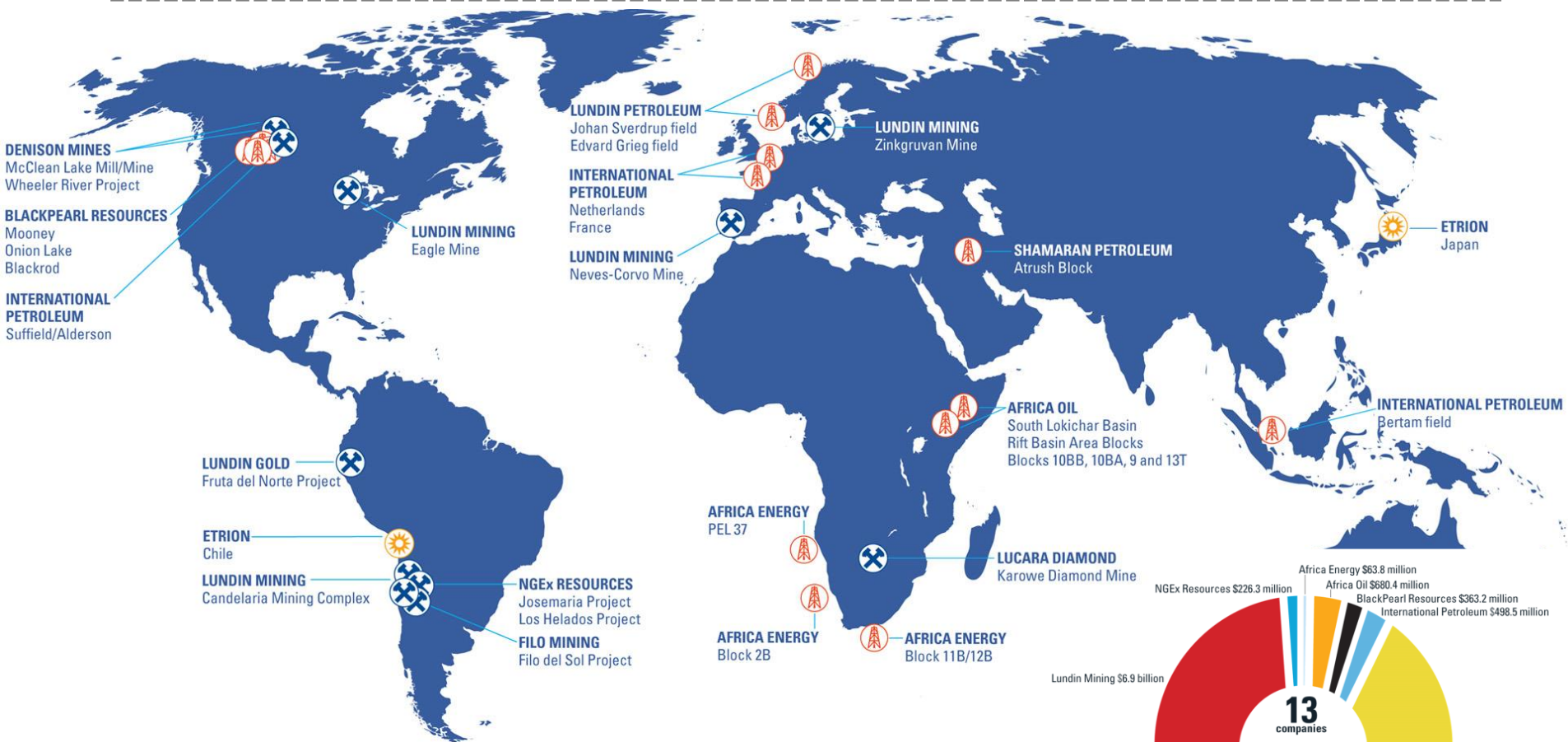
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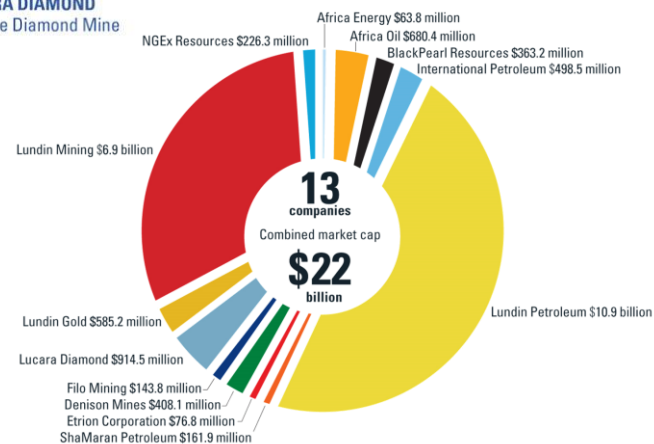


Corporate Overview

ETRION-THE RENEWABLE PLATFORM OF THE LUNDIN GROUP



THE LUNDIN GROUP WORLDWIDE OPERATIONS



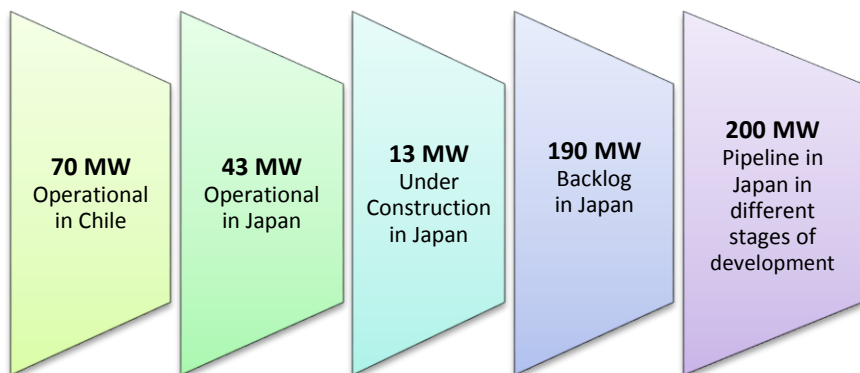
The information on this slide is in CAD and as of Nov 30, 2017

ETRION CORPORATION

COMPANY OVERVIEW

- Japan focused Independent power producer (IPP) that develops, builds, owns and operates ground-based solar photovoltaic (PV) power generation plants
- Successful strategic partnership with Hitachi High-Technologies Corporation since 2013
- Company is fully funded through 2018 to support growth in Japan
- Listed on the Toronto Stock Exchange in Canada and the NASDAQ OMX Stockholm exchange in Sweden (ticker ETX)

ASSET / PIPELINE HIGHLIGHTS



FINANCIAL SUMMARY

Recent Share Price (TSX/OMX: ETX)	C\$0.25 / SEK 1.6
Shares Outstanding	334.1MM
Lundin Family Ownership	24.3%
Other Director/Management Ownership	6.7%
Revenues as of September 30, 2017	US\$19.2MM
Project-level EBITDA as of Sep 30, 2017	US\$10.5MM
Restricted/Unrestricted Cash as of Sep 30 2017	US\$19.6MM / \$41.5MM
Market Capitalization	US\$62.1MM
Number of Employees	26

Notes:

- (1) US\$ refers to US dollars; C\$ refers to Canadian dollars; SEK refers to Swedish krona.
- (2) ETX share price at closing on December 31, 2017.
- (3) ETX shares outstanding as of September 30, 2017.
- (4) Revenue and project-level EBITDA for the nine months ended September 30, 2017

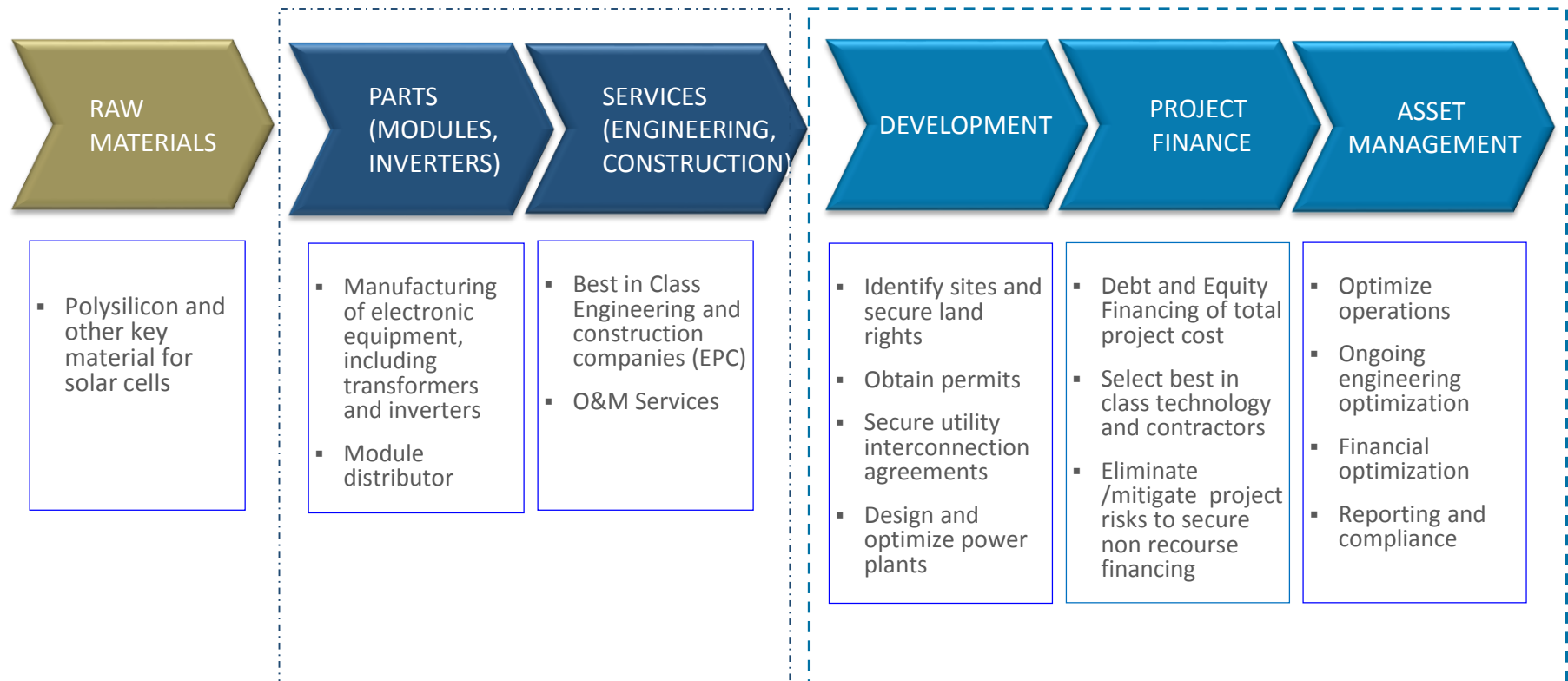
KEY HIGHLIGHTS OF 2017

- Advanced on the construction of the 13.2 MWs Komatsu project in northern Japan, reaching 75% completion. Plant on target to be operational by end of Q2-18
- Connected last two solar parks of the Misawa solar project with aggregate capacity of 9.5 MWs
- Advanced the development of four backlog projects with aggregate capacity of 190 MWs and increased our pipeline to additional 200 MWs
- Strong performance in Japan, with full year 2017 results expected to be at or above the high end of the guidance range
- Revenue more than doubled for third quarter compared to same period last year
- Significant project cash distributions and corporate debt reduction strengthening Etrion's financial position
- Deconsolidation of the Chilean solar power subsidiary resulted in a one-time non-cash extraordinary gain of US\$41.0 MM
- Unrestricted cash position as of September 30, 2017 of US\$41.5MM, enabling management to continue to focus on execution of its strategy in Japan
- Management change effective Jan 2018 reflecting continued push to drive cost down and full focus in Japan

	Three months		Nine months	
	Q3-17	Q3-16	Q3-17	Q3-16
Electricity production (GWh)	49.2	41.7	141.6	120.0
Financial performance (US\$ MM)				
Revenues	7.0	3.4	19.2	10.3
EBITDA	2.5	(0.1)	4.5	0.3
Adjusted EBITDA	2.5	(0.1)	5.4	(0.1)
Net income (loss) from cont. operations	35.2	(92.6)	20.7	(102.3)
Project cash distributions	4.4	-	7.7	-



GREATER CONTROL OF VALUE CHAIN WITH HHT PARTNERSHIP



Joint venture partnership with Hitachi enables Etrion to have greater visibility of the solar value chain in Japan enhancing economics and reducing project execution risk



JAPAN OVERVIEW

JAPAN – COUNTRY SNAPSHOT

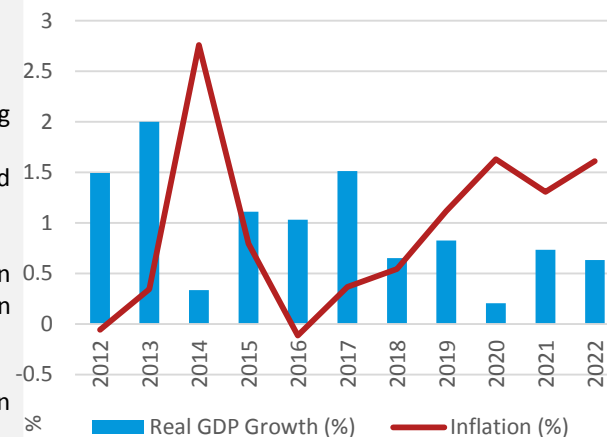
Economy

- Moody's A1 rating, outlook stable from all Big Three credit rating agencies
- Q3-2017 nominal GDP growth 0.6% quarterly, 2.5% annually
- Consumer prices in 0.6% year-on-year in November of 2017
- Quantitative easing – JPY 80trn/annum since October 2014
- BoJ left short-term interest rate unchanged at -0.1% in December 2017, targeting 10-year government bond yield around 0%
- Gross Public Debt to GDP was 239% in 2017, but net debt (net of BOJ's bond holdings) was around 120% according to IMF
- Corporate cash holding have surpassed 60% of the GDP (record high)
- BoJ's quarterly Tankan Index of Sentiment for Large Manufacturers climbed to 25 in December 2017 - fifth straight quarter of improved confidence and the highest in 11 years
- Labor /Skills Shortage (highest in 25 years)
- According to The Economist's latest Big Mac index, as of July 2017 Japanese Yen was undervalued by 36.6% (26.4% adjusted for GDP per person) against US Dollar.

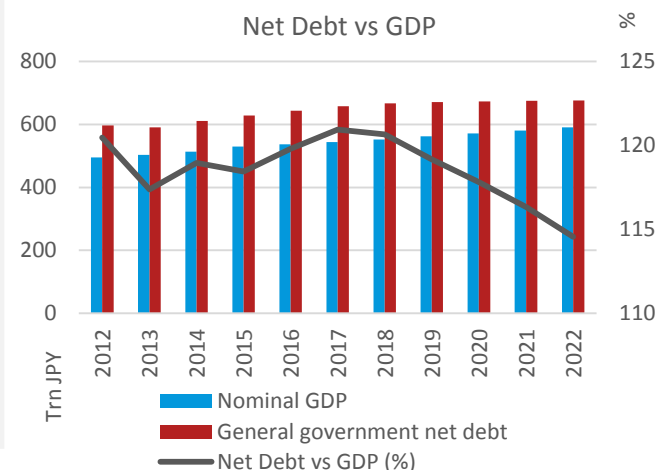
Politics

- On Oct 22, 2017, incumbent Prime Minister Shinzō Abe and his Liberal Democratic Party (LDP) decisively won 3rd general election and if he remains governing for another 2 out of next 4 years, he will become Japan's longest-serving prime minister since the second world war
- Abenomics – faced many challenges since Abe was first elected in November 2012
- Japan's currency is now about 30% cheaper in dollar terms and the Nikkei 225 stockmarket index is up by more than 150%
- Japan's GDP has risen for seven quarters in a row, its longest spell of uninterrupted growth for 16 years. The nominal GDP is almost 11% higher in the Q3-2017 than 5 years ago
- Increase in Environmental Taxes and gradual increase in the consumption tax rate
- Governor of Tokyo since July 2016 Yuriko Koike is a woman, very supportive of environmental/green policies.

Real GDP Growth vs Inflation



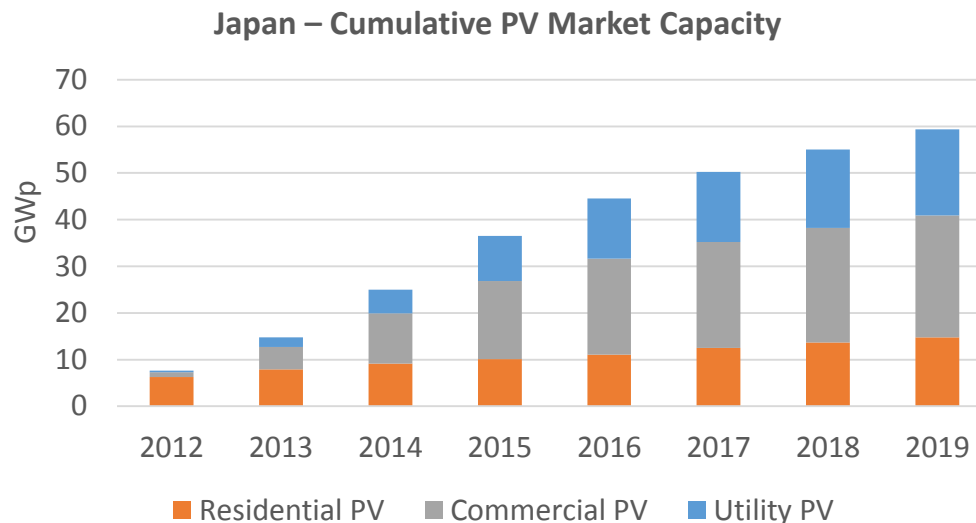
Net Debt vs GDP



Source: IMF World Economic Outlook 2017

ETRION POSITION IN JAPAN

#	Name	MW
1	Orix Corporation	520
2	SB Energy	278
3	Eurus Energy HD	237
4	Mitsui & Co.	232
5	Marubeni Corp.	202
6	NTT Facilities	200
7	Mitsubishi Corp.	136
8	Pacifico Energy	131
9	Japan Renewable Energy	123
10	Renova	121
11	Tokio Marine Asset Management Co.	111
12	Sharp Corporation	111
13	C-tech Corporation	110
14	NRE	102
15	Fuyo General Lease Co Ltd	100
16	Kyocera TCL Solar	98
17	Daiwa House Industry Co	90
18	Sky Solar Japan	88
19	Obayashi Corporation	83
20	Shibaura Group Holdings	80
21	Japan Asia Group Ltd	75
22	Canadian Solar	58
23	X-Elio	56
24	Ichigo ECO Energy Co	52
25	Sojitz Corporation	51
31	Etrion	35



- Japan remains among top 3 largest PV market in the world, with China being first and USA second. Germany and India closed 4th place
- Revenue stream for solar projects in Japan based on FiT 20 years fixed rate if secured before March 2017. After, based on a new reverse auction regime
- Japan's solar Market remains very fragmented with a large number of projects with FiT still to be developed
- Market will likely begin consolidation, driven by demand for yield from Solar REIT, IPPs, infrastructure funds and utilities seeking to expand their coverage after liberalization
- Etrion's position, while not dominant, stands within top 30+ largest players, mostly dominated by Japanese well established firms
- With Komatsu and backlog Etrion has the potential to become among top 10 solar players in Japan

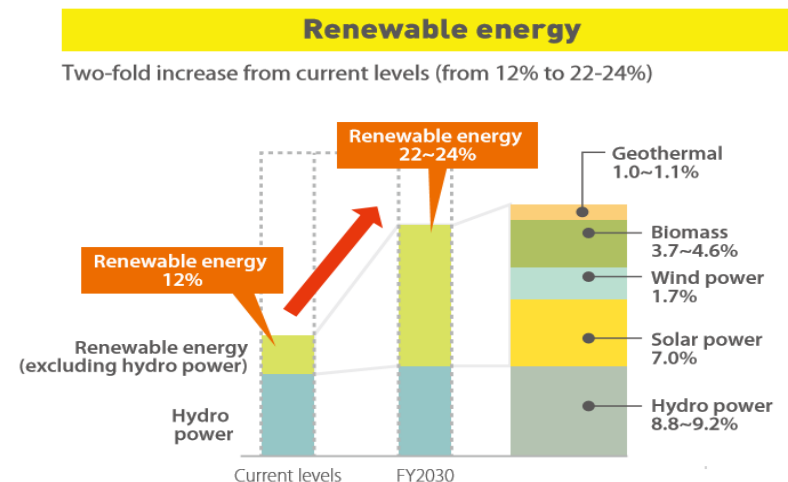
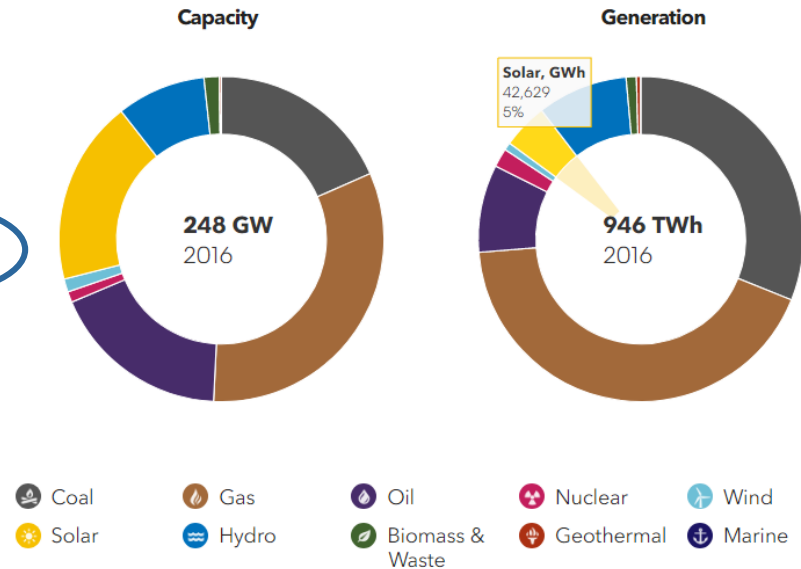
Source: Solarplaza International, www.solarassetmanagement.asia, as of May 12, 2017

RENEWABLE ENERGY MARKET IN JAPAN

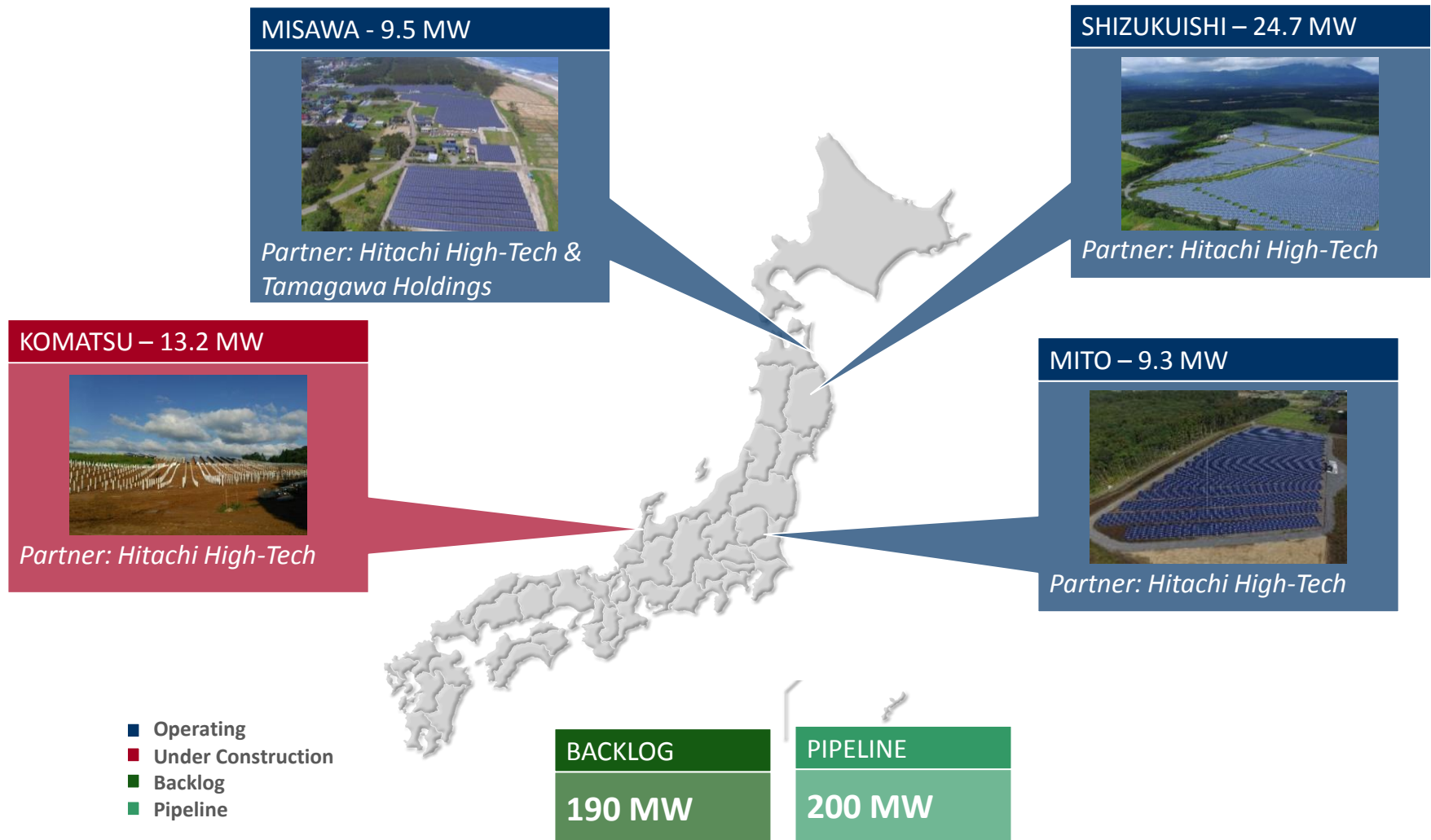
Category	Installed Capacity (MWp)	Approved Capacity (MWp)	Balance (MWp)
PV Solar (House)	5,588	6,459	871
PV Solar (Industrial)	33,824	60,459	26,635
Wind	929	8,200	7,271
Biomass	1,000	14,612	13,612

Sources: METI, BNEF.

26.6 GW represents the total aggregated solar projects which have been awarded a FiT but have not yet reached COD. A large portion of this capacity is still being held by developers seeking investors, like Etrion, to bring them to NTP.



FOCUS IN JAPAN



ETRION'S PARTNERSHIP WITH HITACHI HIGH-TECH

Partnership Highlights

- Since 2013
- Working together through the full development cycle
- Brings invaluable contributions when dealing with
 - Land owners
 - Utilities
 - Government authorities
- Hitachi provides
 - Best in class technology
 - Construction, operations and maintenance services
- Partners committed to 300MW target portfolio



HITACHI
Inspire the Next



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PROJECTS DESCRIPTION

OPERATIONAL ASSETS IN JAPAN

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

SHIZUKUSHI	
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

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

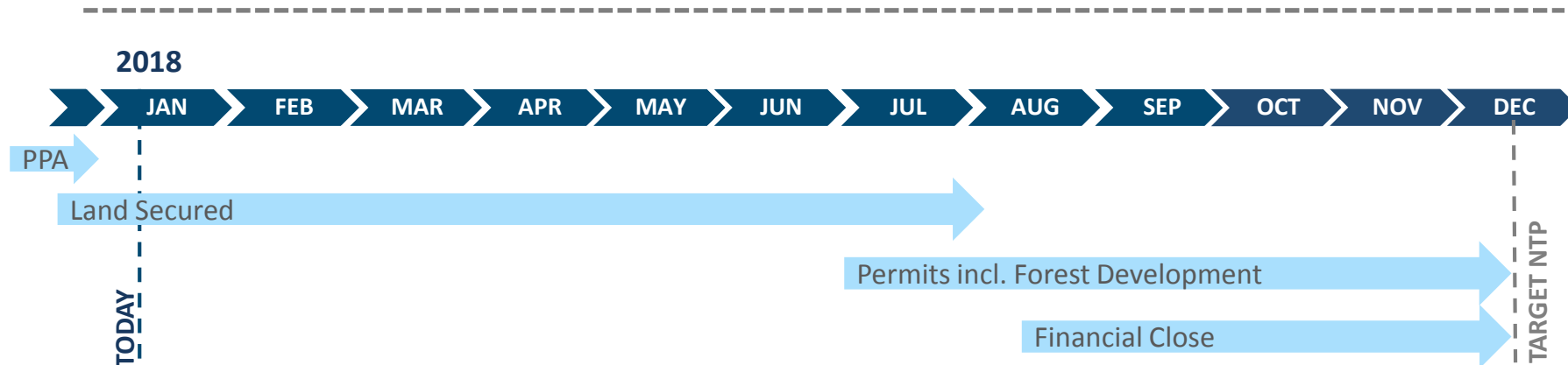
- All 3 plants built on-time and on-budget
- Total project finance senior debt reached almost 13bn JPY (125m USD) and all-in cost of debt gradually decreased from 3.1% to 1.7%
- All plants performing above expected production. This is mainly due to excellent design as well as favorable weather conditions in the past years
- Average plants availability is above 99% for the last 12 months or since the commencement of the operations
- The plants are performing on average 1%-3% above the technical expectations

KOMATSU – 13.2 MW UNDER CONSTRUCTION



Komatsu	
Utility	Hokoriku
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

45 MWs BROWNFIELD TK-1



PROJECT HIGHLIGHTS

Size	45 MWp	ETX share	85%
Region	Southern Japan	Expected: NTP / COD	NTP: Q4-2018 COD: Q4-2020
Revenue	FIT: ¥36/kWh	Development Period	Since Q2 2015
METI	FiT secured	EPC Contractor	Hitachi High technologies
COD Rule	Not subject to 3 year rule	O&M Contractor	Hitachi High technologies
Curtailement	30 day rule		

Critical challenge for the project is completion of land acquisition.

45 MWs GREENFIELD TK-2

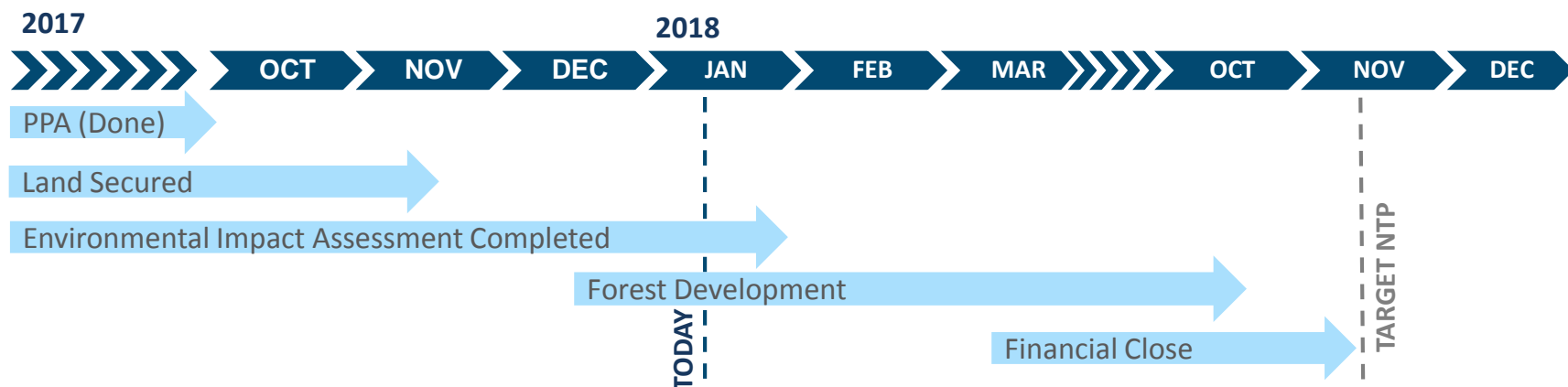


PROJECT HIGHLIGHTS

Size	45 MWp	ETX share	100%
Region	Central Japan	Expected: NTP / COD	NTP: Q1-2019 – COD: Q4-21
Revenue	FIT: ¥36/kWh	Development Period	Since Q2 2016
METI	FIT secured	EPC Contractor	Open
COD Rule	3 year rule applies	O&M Contractor	Open
Curtailement	30 day rule		

Management does not see any critical issues at this stage in the development of this project

60 MWs BROWNFIELD TK-3

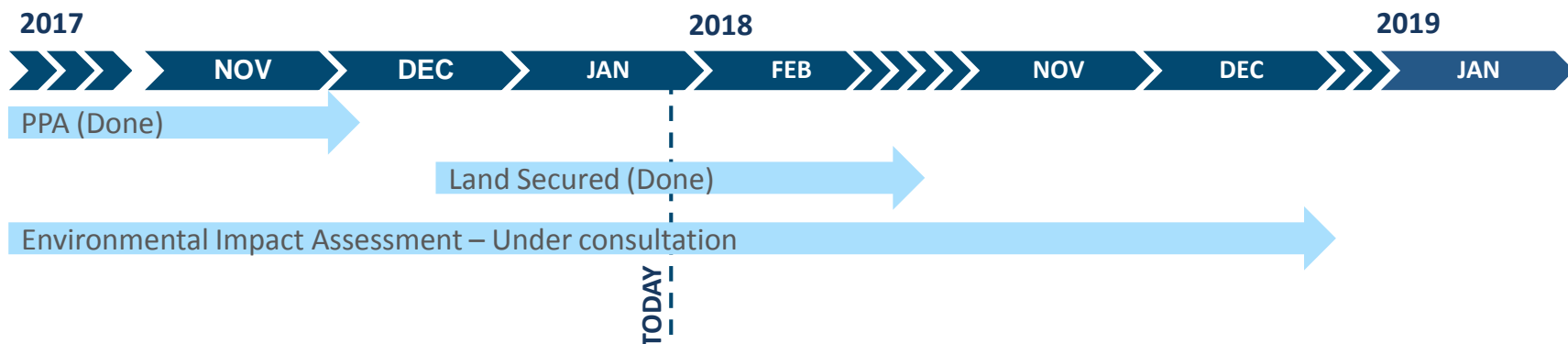


PROJECT HIGHLIGHTS

Size	60 MWp	ETX share	50%
Region	South-Central Japan	Expected: NTP / COD	NTP: Q4-2018 – COD: Q2-21
Revenue	FIT: ¥36/kWh	Development Period	Since 2016
METI	FIT secured	EPC Contractor	Open
COD Rule	3 year rule does not apply	O&M Contractor	Open
Curtailment	30 day rule		

Critical issue to overcome is mainly related to developer and local community

40 MWs BROWNFIELD TK-4



PROJECT HIGHLIGHTS

Size	40 MWp	ETX share	100%
Region	Central Japan	Expected: NTP / COD	NTP: open. Depends on EIA
Revenue	FIT: ¥24/kWh	Development Period	Since 2016
METI	FIT secured	EPC Contractor	Open
COD Rule	3 year rule applies	O&M Contractor	Open
Curtailement	30 day rule		

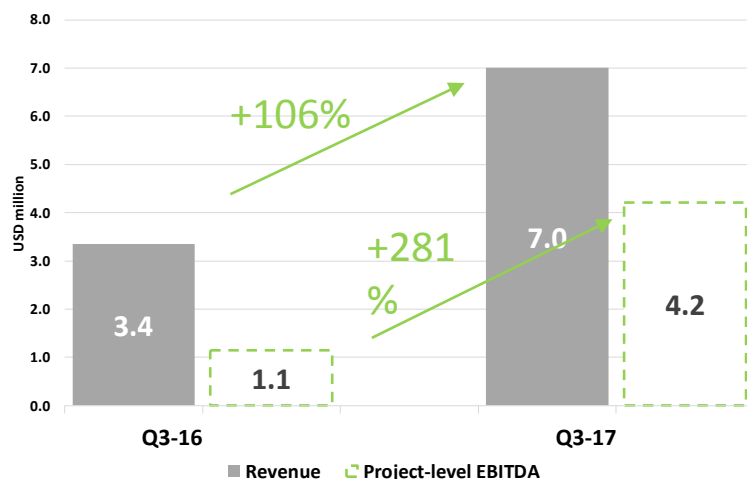
Main challenge remains outcome of consultation with prefecture whether EIA is required. EIA would delay project NTP by 2-3 years.



FINANCIAL SUMMARY

FINANCIAL RESULTS

Etrion consolidated results

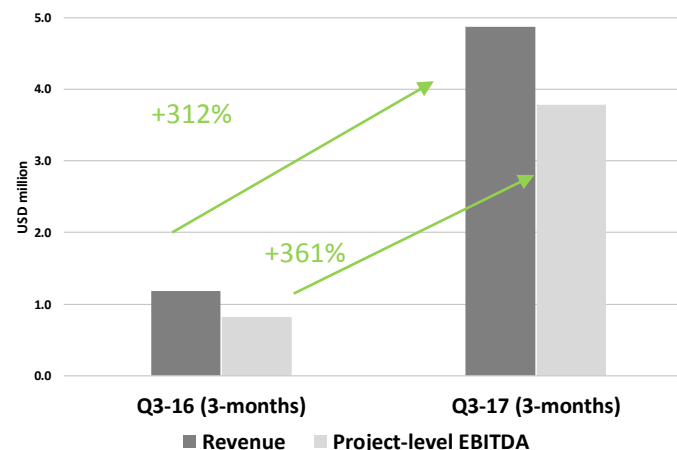


- Revenues and project-level EBITDA up relative to Q3-16 due to positive operating performance and additional production in Japan.
- In Q3-17 electricity production in Japan increased 350% quarter-over-quarter as a result of the new Shizukuishi and Misawa solar projects, relative to Q3-16.
- Japan continues to drive the positive project performance for Etrion. During Q3-17 it generated 70% and 90% of the Group's revenues and project-level EBITDA respectively.
- Consolidated net income of \$35.2 million was driven by the non-cash gain on deconsolidation of Salvador.

Q3-17 Income statement by segment (3-months)				
US\$ million	Chile	Japan	Corp	TOTAL
Revenues	2.1	4.9		7.0
Operating expenses	(1.7)	(1.1)		(2.7)
G&A expenses	(0.1)	(0.0)	(1.6)	(1.7)
EBITDA	0.4	3.8	(1.7)	2.5
Gain on deconsolidation			41.0	41.0
Depreciation and amortization	(1.4)	(1.7)	(0.1)	(3.1)
Net finance costs	(2.6)	(0.7)	(1.4)	(4.8)
Income (loss) before taxes	(3.5)	1.3	37.8	35.6
Tax expense		(0.3)	(0.2)	(0.5)
Net income (loss)	(3.5)	1.0	37.6	35.2
EBITDA margin (%)	21%	78%		

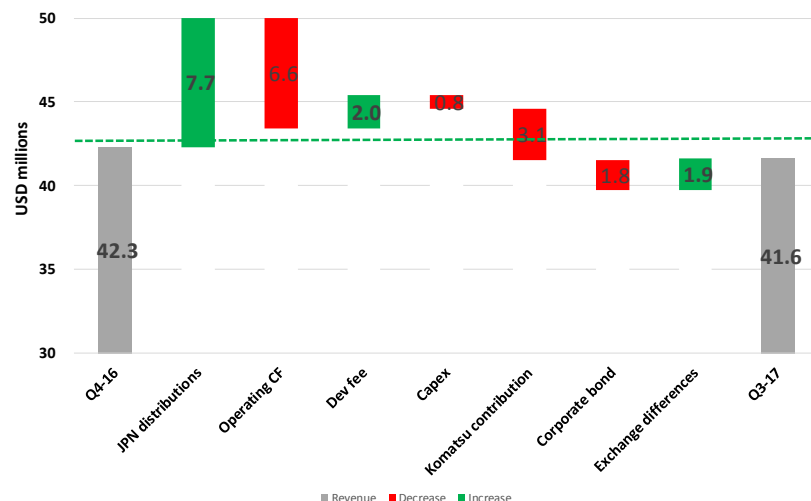
Etrion consolidates the Salvador net results up to September 30, 2017

Etrion performance in Japan



CASH FLOW STATEMENT

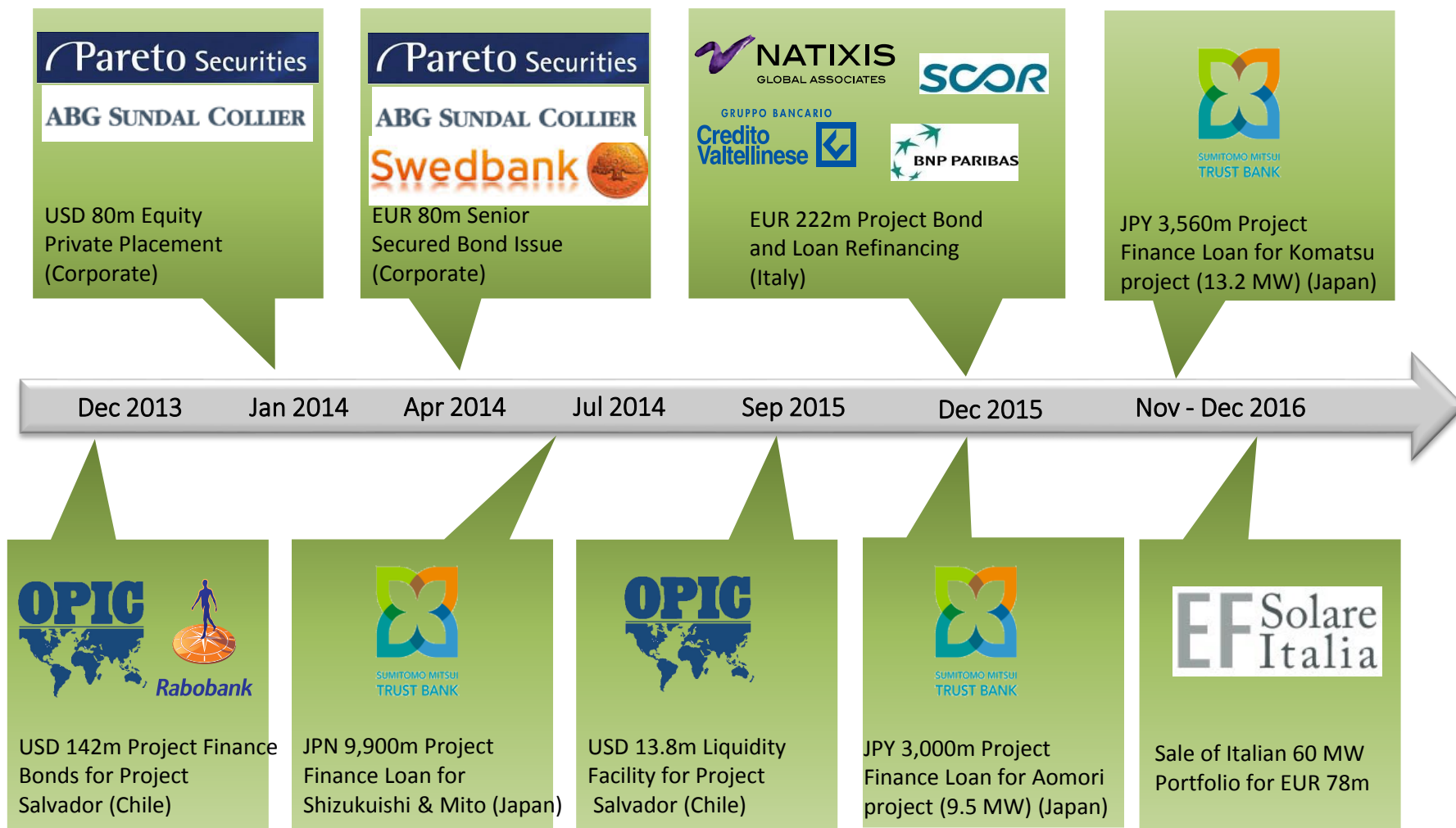
Unrestricted Cash Evolution



- Etrion's unrestricted cash position has been stable at US\$42 million during 2017 and provides liquidity to fund the growth of the business in Japan.
- Unrestricted cash was positively impacted by the Mito and Shizukuishi cash distributions to Etrion totaling US\$7.7 million.
- Etrion's restricted cash increased mainly due to additional funds drawn from the project credit facilities in Japan partially offset by cash flow from operations and Capex investments.

US\$ million	Restricted	Unrestricted	Total
December 31, 2016	18.9	42.3	61.2
Project level EBITDA	10.0		10.0
Project cash distributions	(8.9)	7.7	(1.2)
Corporate G&A		(4.9)	(4.9)
Taxes paid	(0.3)	(0.7)	(1.0)
Komatsu development fee	(2.4)	2.0	(0.4)
Working capital	(4.5)	(1.0)	(5.5)
Operating cash flow	(6.1)	3.1	(3.1)
Capital expenditures	(36.2)	(0.8)	(37.0)
Investing activities cash flow	(36.2)	(0.8)	(37.0)
Proceeds from bank loans	49.4		49.4
Project loans interest	(4.0)		(4.0)
Repayment of bank loans	(6.1)		(6.1)
Interest repayment of corporate bond		(1.8)	(1.8)
Etrion's equity contributions to Komatsu	3.1	(3.1)	-
Contributions from non-controlling interests	0.5		0.5
Financing activities cash flow	42.9	(5.0)	38.0
Exchange rate differences	2.7	2.0	4.7
Cash from deconsolidated subsidiary	(2.6)		(2.6)
September 30, 2017	19.6	41.6	61.1

SUCCESS IN CAPITAL RAISING

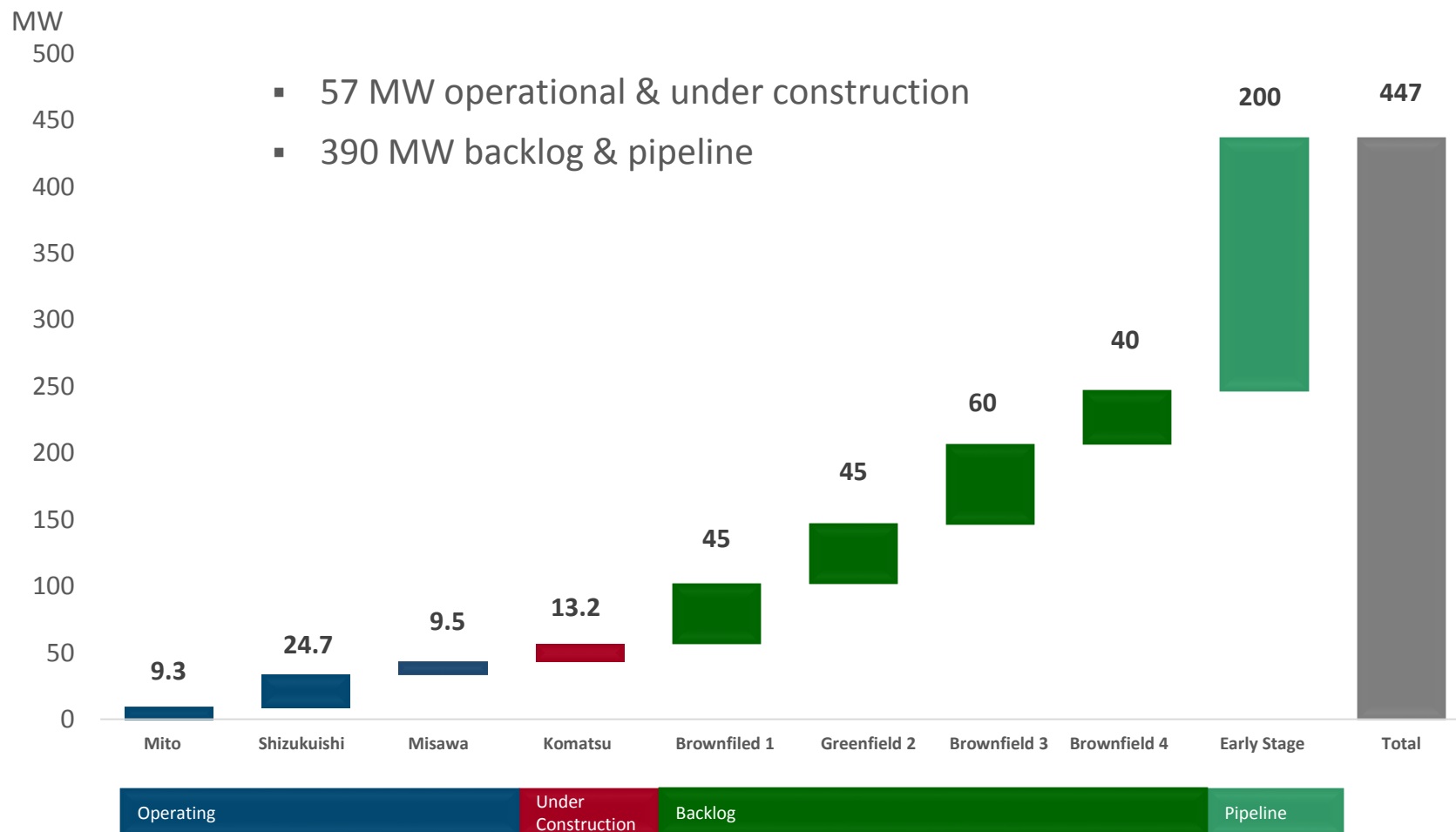




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SUMMARY

JAPAN PROJECT PORTFOLIO – POTENTIAL GROWTH



Notes:

(1) Numbers shown in gross MW

(2) These projects represent Etrion's potential growth plan; pipeline shown here may be replaced by other projects within the next 12 months.

WELL POSITIONED FOR GROWTH

- 2018 presents a unique opportunity for Etrion to be a transformative year as a solar player in Japan
- Fully funded through 2018 with US\$42 million in cash as of end of Q3-17 and ample access to very competitive project level debt
- Strong growth potential with target to reach NTP between 100 – 150 MW within the next 18 months
- Additional healthy pipeline of 200 MWs to complement existing backlog and fuel further growth opportunities
- Management change effective January 2018 reflecting continued push to drive cost down and full focus on Japan



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