

Q1-18 Operations and Finance Update

May 7th 2018

etrion

Powered by the Sun

Developing, building and operating solar
power generation plants

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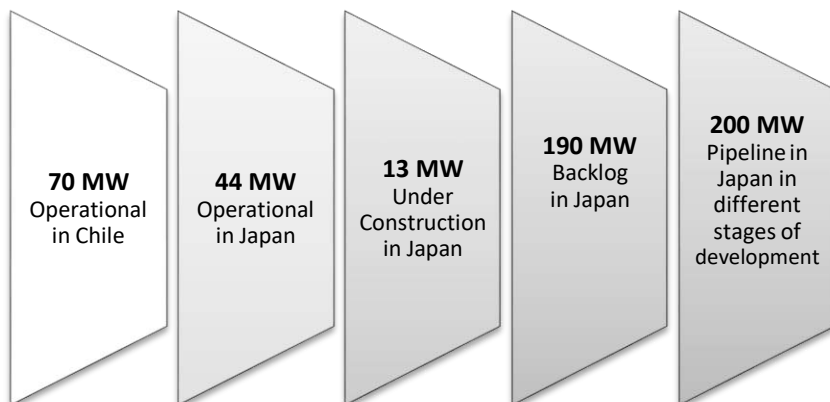
Corporate Overview

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
- 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\$0.22 / SEK 1.70
Shares Outstanding	334.1MM
Lundin Family Ownership	24.3%
Other Director/Management Ownership	6.7%
Revenues 2017	US\$21.8MM
Project-level EBITDA 2017	US\$12.5MM
Restricted / Unrestricted Cash as of March 31, 2018	US\$21.4MM / \$16.7MM
Market Capitalization	US\$57.3MM
Number of Employees	20

Notes:

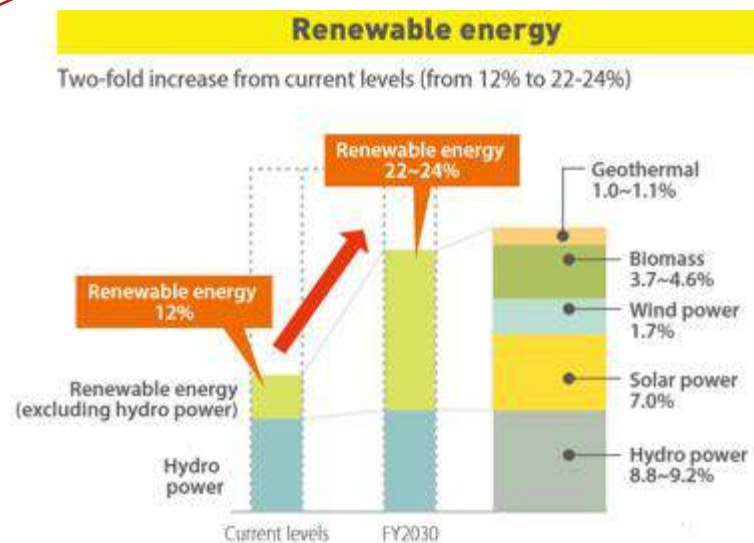
- (1) US\$ refers to US dollars; C\$ refers to Canadian dollars; SEK refers to Swedish krona.
- (2) ETX share price at closing on May 4, 2018.
- (3) ETX shares outstanding as of March 31, 2018.
- (4) Revenue and project-level EBITDA for the year ended December 31, 2017

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

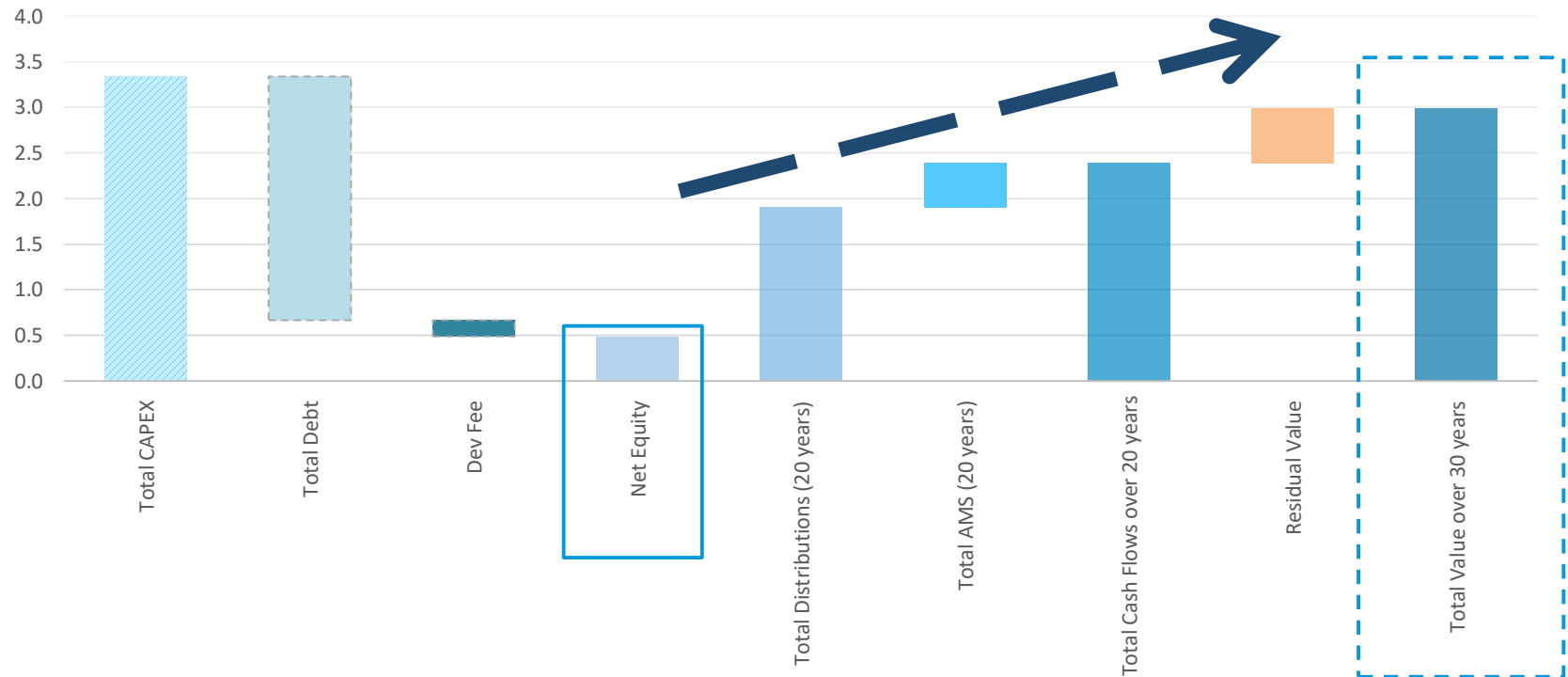
Note: Approved capacity is adjusted after dropping 35.5 GW cancelled by METI.
Source: METI August 2017.

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.



Building value in Japan

Example of Leveraged PV Project Value Creation – Undiscounted Cash Flows per 1 MWp Installed over Lifetime in Japan (in USD Million)



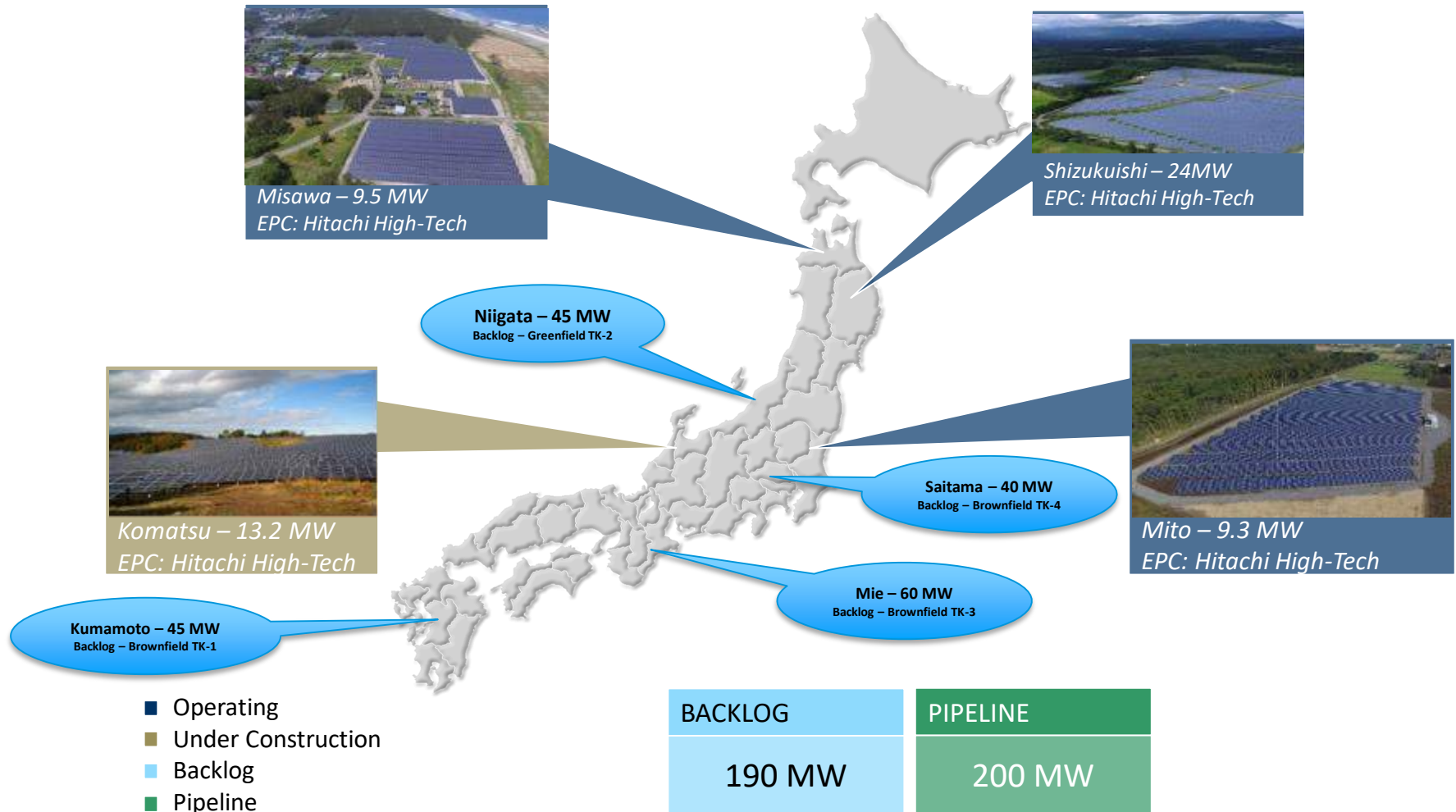
- Significant value creation for every dollar deployed in Japan
- Minimum equity needs due high leverage and recharge of structuring and development fees
- Each \$1 invested in Japan typically creates around \$5 in total cash flows to Etrion over 20 years of operations and around \$6 assuming a typical residual value of 25%
- When discounting at a market discount rate of 5%, each \$1 invested created around \$2.5-\$3.0 of value over 20 years

Key Highlights Q1-18

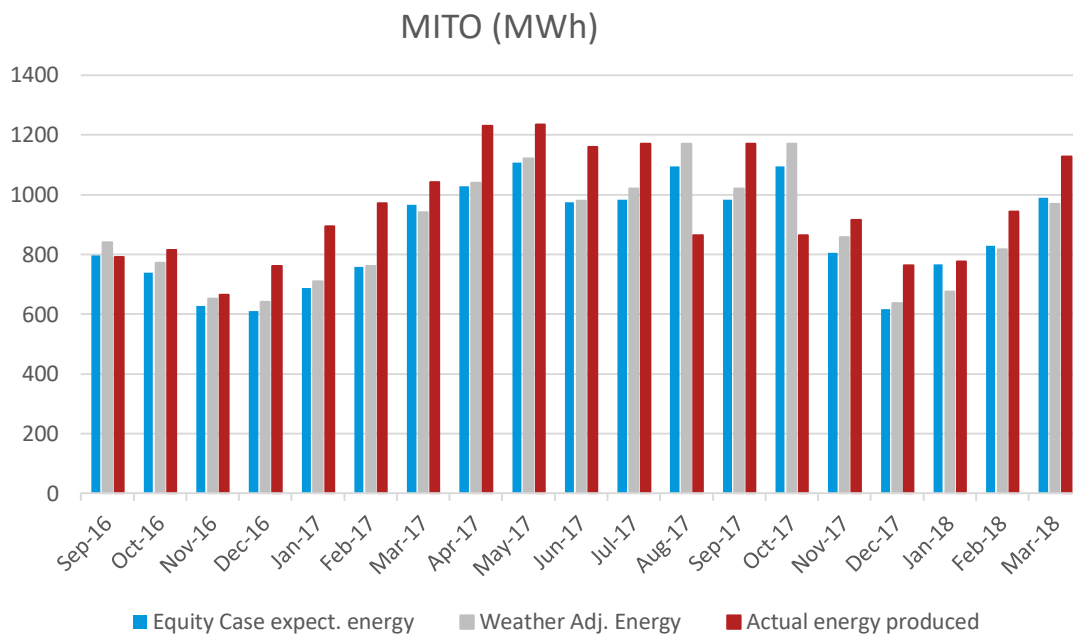
- Installed capacity grew by 11% relative to Q1-17
- Revenues increased by 12% relative to Q1-17
- Significant increase in consolidated EBITDA relative to Q1-17
- Corporate G&A decreased by approximately 50% relative to Q1-17, showing the results of previously announced cost reduction measures
- Komatsu project under construction expected to reach COD ahead of schedule and on budget
- Continue to advance on between 40MW and 100MW backlog projects with target to reach financial close within the next 12-18 months

Asset Description

Our presence



Mito – 9.3 MW operational



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



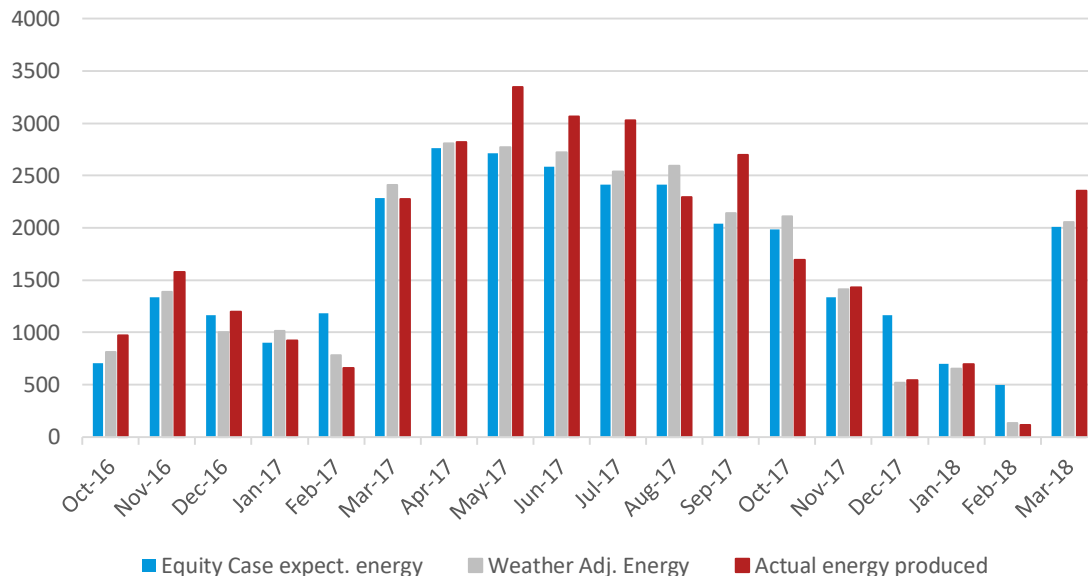
Mito site 2



Mito site 3

Shizukuishi – 24.7 MW operational

SHIZUKUISHI (MWh)



Shizukuishi	
Utility	Tohoko
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



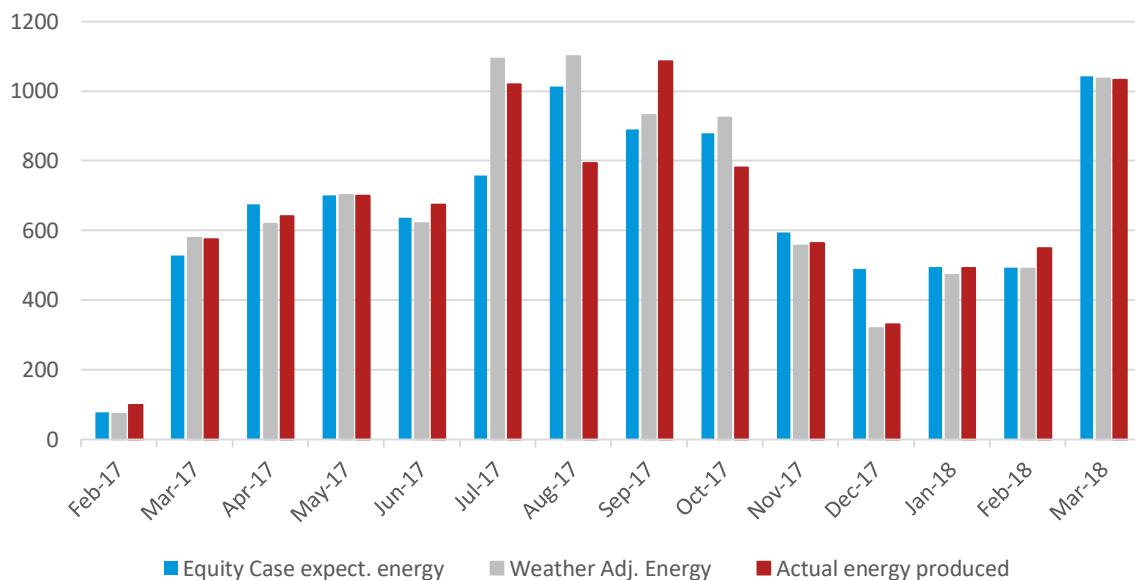
View of the SW section of the plant



View of the NW section of the plant.

Misawa – 9.5 MW operational

MISAWA (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

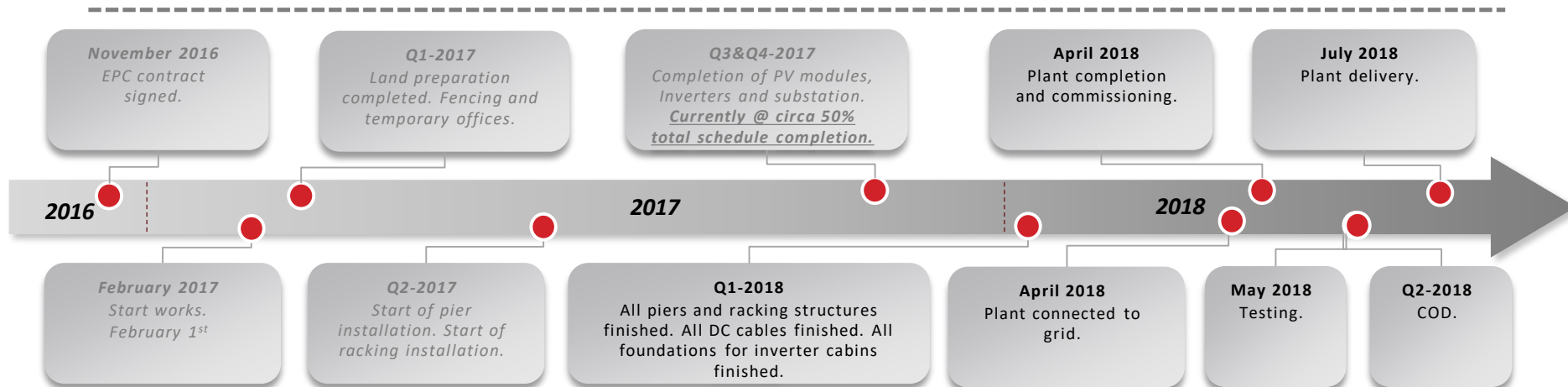


Site 2



Site 4

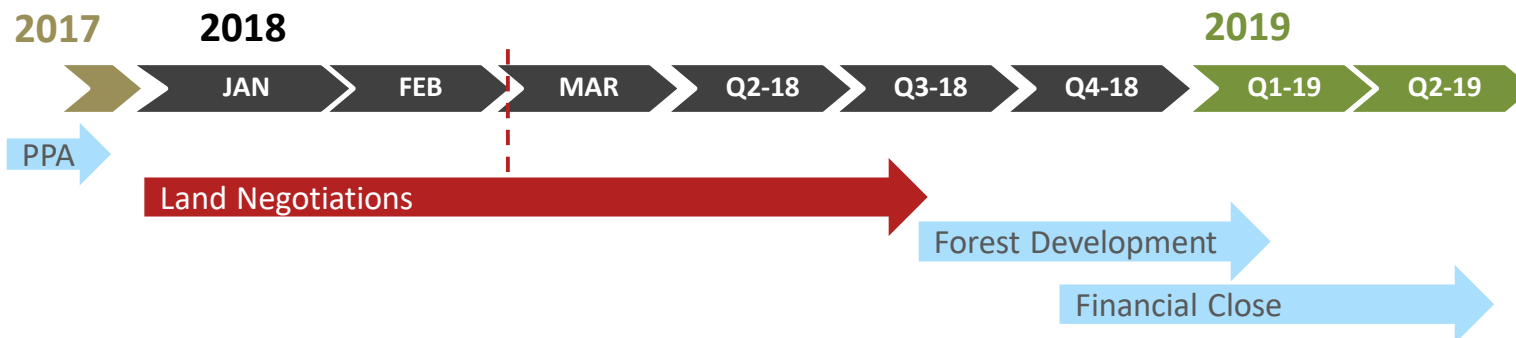
Komatsu – 13.2 MW under construction



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

Backlog and Pipeline Projects

45 MW – Kumamoto prefecture - Brownfield TK-1

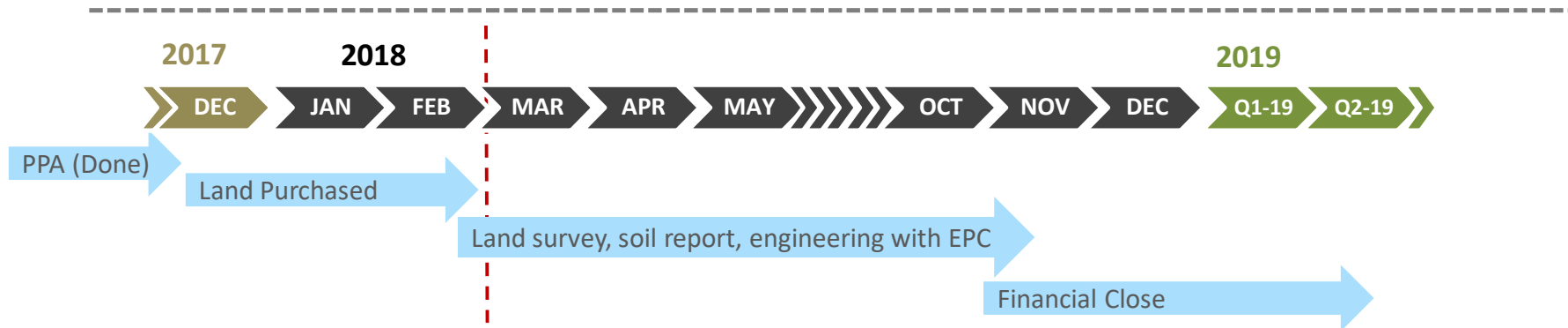


PROJECT HIGHLIGHTS

Size	45 MWp	ETX share	85%
Region	Nagano Prefecture, Japan	Expected: NTP / COD	NTP: H1-2019 COD: H1-2021
Revenue	FIT: ¥36/kWh	Development Period	Since Q2 2015
METI	FiT secured	EPC Contractor	Hitachi High-Tech
COD Rule	Not subject to 3 years rule	O&M Contractor	Hitachi High-Tech
Curtailment	30 days rule	Utility	Kyushu Electric Power Utility

- Critical path for this project remains the resolution of land acquisition. Ongoing discussion with landowner expected to bear fruit this summer
- Once land is secured, forest develop would file completing all permits to reach ready to build status

45 MW – Niigata prefecture - Greenfield TK-2

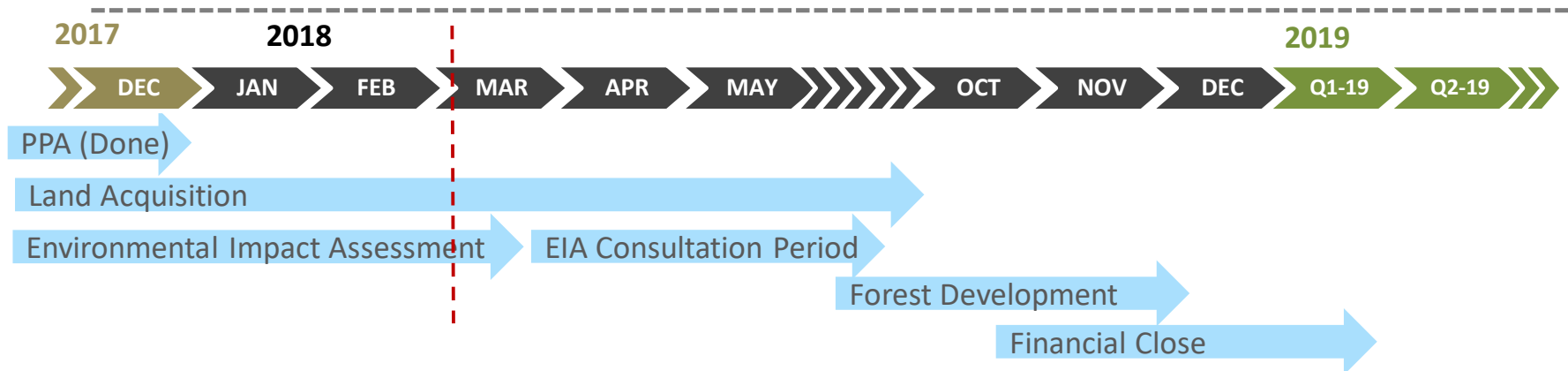


PROJECT HIGHLIGHTS

Size	45 MWp	ETX share	85%
Region	Niigata Prefecture - Japan	Expected: NTP / COD	NTP: Q1-2019 COD: Q4-2021
Revenue	FIT: ¥36/kWh	Development Period	Since Q2 2016
METI	FIT secured	EPC Contractor	RFP issued – selection Q2-18
COD Rule	3 year rule applies	O&M Contractor	RFP issued – selection Q2-18
Curtailment	30 day rule	Utility	Tohoku Electric Power Utility

- Land acquisition from 132 landowners completed in January.
- RFP issued to select EPC contractor and Civil works company
- Land survey and soil report under way
- Preparation of forest development application works through the summer
- Ongoing consultation with local communities

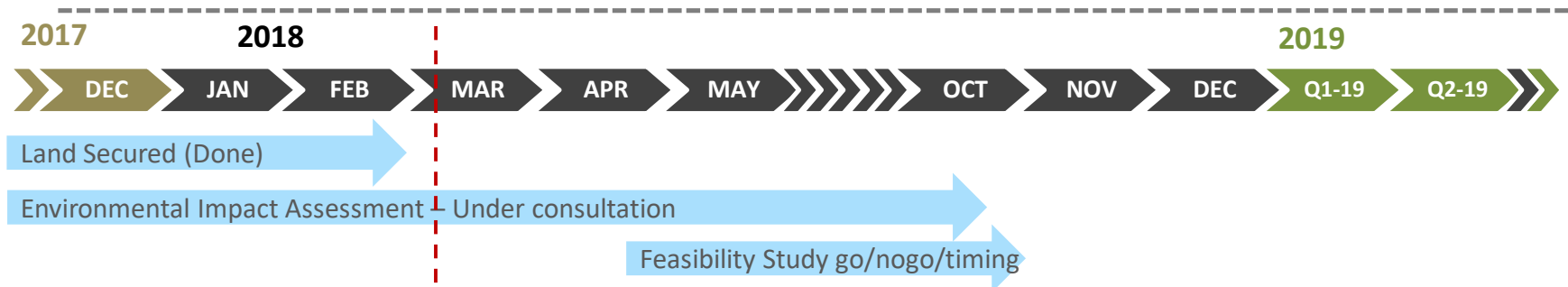
60 MW – Mie prefecture Brownfield TK-3



PROJECT HIGHLIGHTS			
Size	60 MWp	ETX share	50%
Region	Mie Prefecture - Japan	Expected: NTP / COD	NTP: H1-2019 COD: Q4-2021
Revenue	FIT: ¥36/kWh	Development Period	Since Q2 2016
METI	FiT secured	EPC Contractor	RFP to be issued by Q2-18
COD Rule	3 year rule does not apply	O&M Contractor	RFP to be issued by Q2-18
Curtailment	30 day rule	Utility / PPA	Chubu Electric Power Utility

- Land option extended through the summer. By then land to be acquired by project partner
- Environmental Impact Assessment published. Ongoing discussions with all stakeholders prior to submitting Forest development.
- RFP to select EPC contractor and Civil works company to be issued by Q2-18
- Ongoing consultation with local communities
- Project remain at risk

40 MW – Saitama prefecture Brownfield TK-4



PROJECT HIGHLIGHTS

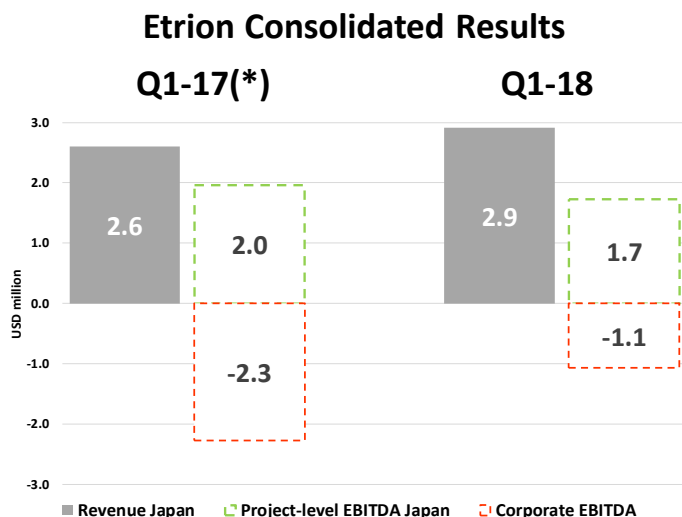
Size	40 MWp	ETX share	60% - 100%
Region	Saitama Prefecture, Japan	Expected: NTP / COD	NTP: Open Depends on EIA
Revenue	FIT: ¥36/kWh	Development Period	Since 2016
METI	FiT secured	EPC Contractor	Open
COD Rule	3 year rule applies	O&M Contractor	Open
Curtailment	30 day rule	Utility / PPA	TEPCO

Main challenge remains outcome of consultation with prefecture on Environmental Impact Assessment and complexity of Civil works required to deploy this project



Q1-18 Financial Update

Financial results



Q1-18 Segment information			
US\$ million	Japan	Corp	TOTAL
Revenues	2.9		2.9
Operating expenses	(1.1)		(1.1)
G&A expenses	(0.1)	(1.1)	(1.1)
Other income	(0.0)	(0.0)	(0.0)
EBITDA	1.7	(1.1)	0.7
Depreciation and amortization	(1.7)	(0.0)	(1.7)
Net finance costs	(0.9)	(1.6)	(2.5)
Loss before taxes	(0.8)	(2.7)	(3.6)
Tax expense	(0.2)	(0.1)	(0.3)
Net loss	(1.0)	(2.9)	(3.9)

- Revenues in Japan and consolidated EBITDA increased significantly relative to Q1-17 due to positive operating performance and additional production in Japan.
- Despite heavy snowfalls that effected the performance of the Shizukuishi solar project, the solar parks plants are performing well above plan, demonstrating superior design, technology and operations.
- In Q1-18 electricity production in Japan increased 9% quarter-over-quarter as a result of the new Misawa solar projects, relative to 2017.
- During Q1-18 the EBITDA margin in Japan was 60% due to seasonality. EBITDA margins expected to improve as we approach the summer months..
- Consolidated net loss of \$3.9 million was driven mainly by net finance costs and G&A at the corporate level.

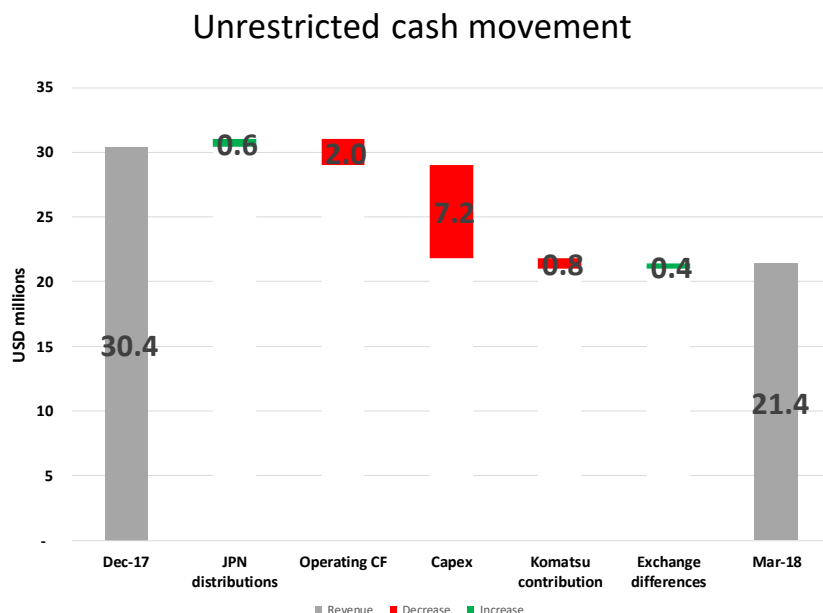
(*) Includes only Revenues and Project-level EBITDA from Japan. The Q1-17 performance figures from Chile were excluded for comparison purposes.

Financial position

March 31, 2018			
US\$ million	Japan	Corp	TOTAL
Property, plant and equipment	155.9	0	155.9
Intangible assets	6.4	4.8	11.2
Cash and cash equivalents	16.7	21.4	38.1
Other assets	10.8	9.0	19.8
Total assets	189.8	35.3	225.0
Borrowings	152.3	42.7	195.0
Trade and other payables	1.0	1.0	2.0
Other liabilities	18.8	1.3	20.2
Total liabilities	172.1	45.0	217.1
Net equity	17.66	(9.73)	7.9

- Etrion has working capital of \$39.4 million and a consolidated cash position of \$38.1 million, of which \$21.4 million is unrestricted at the corporate level.
- Etrion continues to expand in Japan and has increased its asset base in this country with positive results. As at March 31, 2018, the Japanese assets represent approximately 84% of consolidated assets of the Group.

Cash flow statement



US\$ million	Restricted	Unrestricted	Total
December 31, 2017	12.8	30.4	43.2
Project level EBITDA	1.7		1.7
Project cash distributions	(0.7)	0.6	(0.1)
Corporate G&A		(0.9)	(0.9)
Taxes paid	(0.3)	(0.1)	(0.4)
Working capital	(2.1)	(1.0)	(3.1)
Operating cash flow	(1.4)	(1.4)	(2.8)
Capital expenditures	(1.8)	(0.3)	(2.1)
Land acquisition		(6.9)	(6.9)
Investing activities cash flow	(1.8)	(7.2)	(9.0)
Proceeds from bank loans	4.9		4.9
Etrion's equity contributions to Komatsu	0.8	(0.8)	-
Contributions from non-controlling interests	0.1		0.1
Financing activities cash flow	5.8	(0.8)	5.0
Exchange rate differences	1.3	0.4	1.7
March 31, 2018	16.7	21.4	38.1

- Etrion's unrestricted cash position of US\$21.4 million provides liquidity to fund the growth of the business in Japan in 2018.
- Unrestricted cash was positively impacted by the Mito and Shizukuishi cash distributions to Etrion totaling US\$0.6 million.
- Etrion's restricted cash increased mainly due to additional funds drawn from the project credit facilities in Japan, partially with changes in working capital and Capex disbursements.

Summary

Well positioned for growth

- Sufficient unrestricted cash to provide enough liquidity to fund our backlog projects
- Strong growth potential with target to reach NTP between 40 – 100 MW within the next 12-18 months
- Additional pipeline of 200 MW to complement existing backlog and fuel further growth opportunities
- Cost savings initiatives implemented in Q4-17 started producing positive effects in Q1-18
- Well positioned to refinance the corporate bond in 2018



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