

Q3-18 Operations and Finance Update

November 7th 2018

etrion



Powered by the Sun

Developing, building and operating solar
power generation plants

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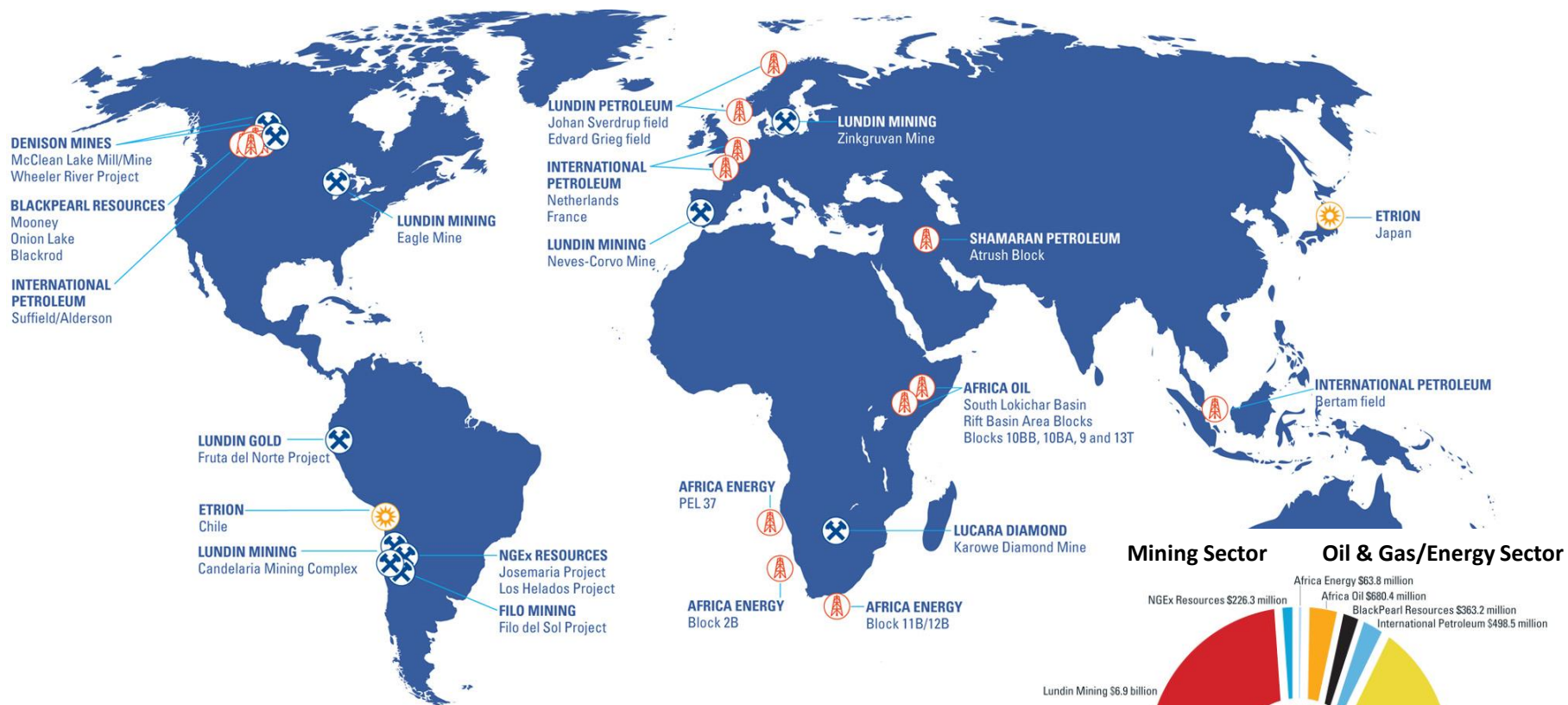
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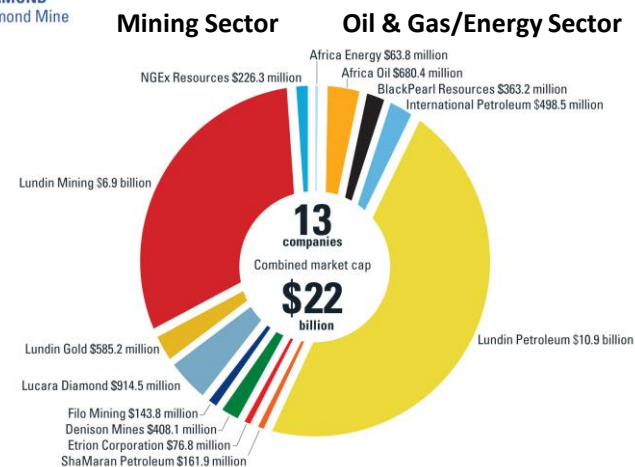


Corporate Overview

Etrion – The renewable platform of the Lundin Group



THE LUNDIN GROUP WORLDWIDE OPERATIONS

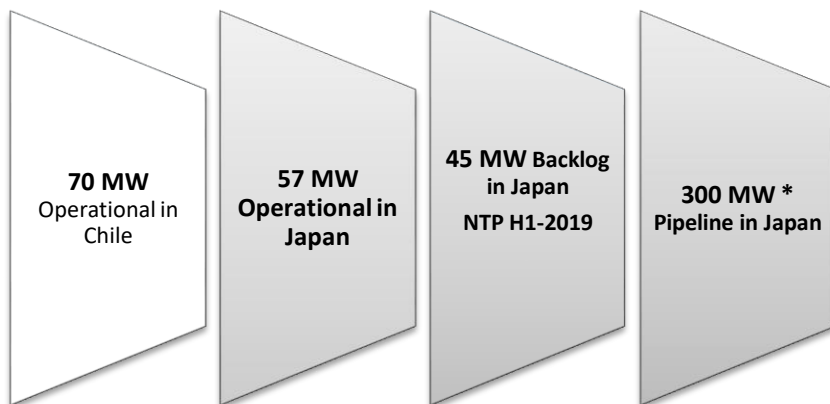


Etrion Corporation

Company Overview

- 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 2012
- Listed on the Toronto Stock Exchange in Canada and the NASDAQ OMX Stockholm exchange in Sweden (ticker ETX)

Asset / Pipeline Highlights



* The Japanese Ministry of Economy, Trade and Industry (METI) announced intentions to introduce new rules by year end that, if passed as published, would likely have a material impact on the pipeline. Once the new rules are implemented the company will assess the impact on its pipeline and update the market

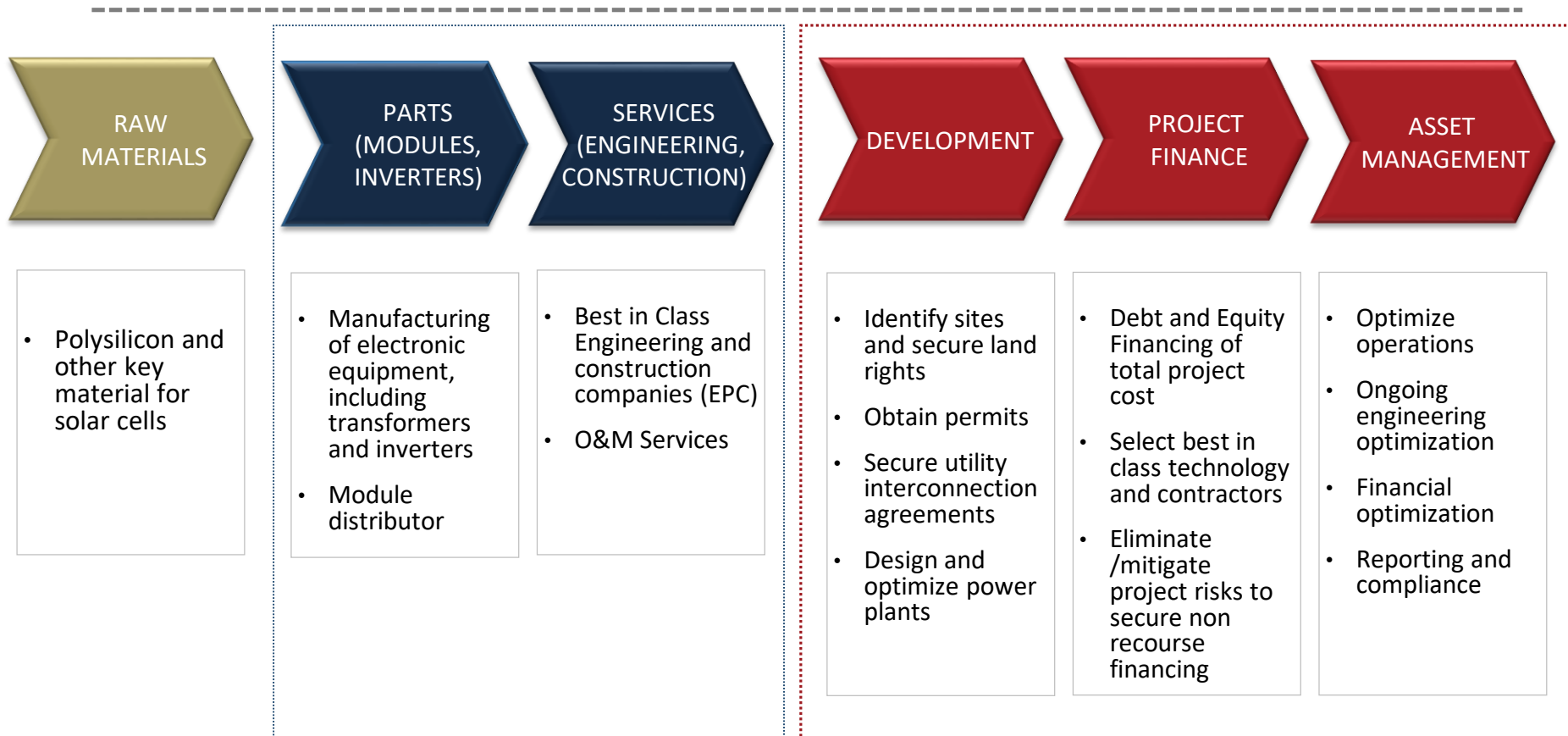
Financial Summary

| | |
|---|-----------------------|
| Recent Share Price (TSX/OMX: ETX) | C\$0.265 / SEK 1.86 |
| Shares Outstanding | 334.1MM |
| Lundin Family Ownership | 36.0% |
| Other Director/Management Ownership | 6.7% |
| Revenues 2017 | US\$21.8MM |
| Project-level EBITDA 2017 | US\$12.5MM |
| Restricted / Unrestricted Cash as of September 30, 2018 | US\$12.1MM / \$18.3MM |
| Market Capitalization | US\$67.7MM |
| 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 November 7, 2018
- (3) ETX shares outstanding as of September 30, 2018
- (4) Revenue and project-level EBITDA for the year ended December 31, 2017

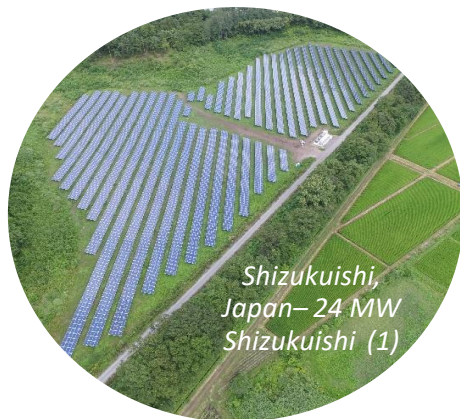
Greater control of value chain with HHT partnership



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

Solar – Sustainable long term asset class

Goal: Build, own and operate solar electricity plants at lowest cost per kWh



Competitive Advantages of Solar Power

Simplicity

- ✓ Easy to permit
- ✓ Fast to build
- ✓ Easy to operate
- ✓ High flexibility in location

Economics

- ✓ Lowest marginal cost
- ✓ Competitive at all sizes
- ✓ Low risk
- ✓ Abundant resources

Already producing kWh at lower cost than coal and natural gas in key markets

(1) Projects shown are all Etrion solar PV parks and demonstrate the simplicity of ground-based solar technology.

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



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 |

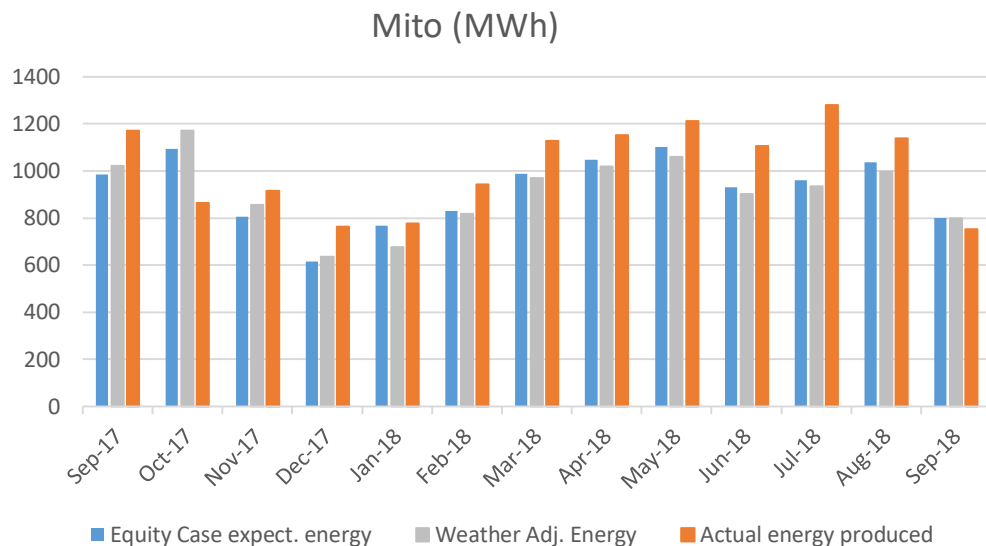
Note: Approved capacity is adjusted after dropping 35.5 GW cancelled by METI.
Source: METI August 2017.

METI published a draft of new rules in October 2018 for public comments that, if introduced as published, would have a material impact on Etrion's pipeline. Under the proposed rules, projects that have not reached shovel ready status by January 31, 2019, would have their feed-in-tariff (FiT) reduced to JPY 21 or JPY 18/kWh. Such rules would apply for projects with FiT of 40, 36 and 32 JPY /kWh which are not subject to the 3 year rule.

METI should publish the new rules this month, or December 2018.

Asset Description

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

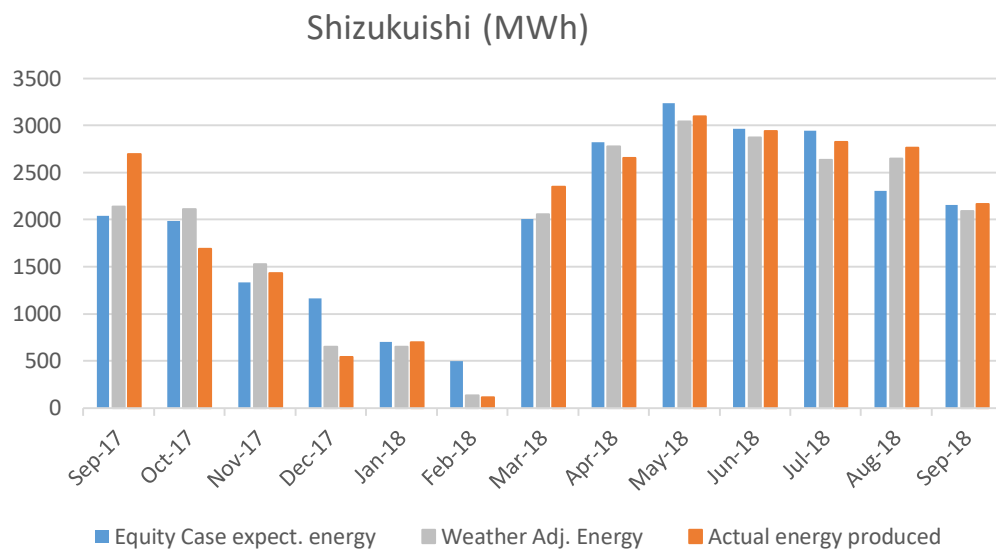


Mito site 2



Mito site 3

Shizukuishi – 24.7 MW operational



| Shizukuishi | |
|---------------------------|--------------------------------|
| 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

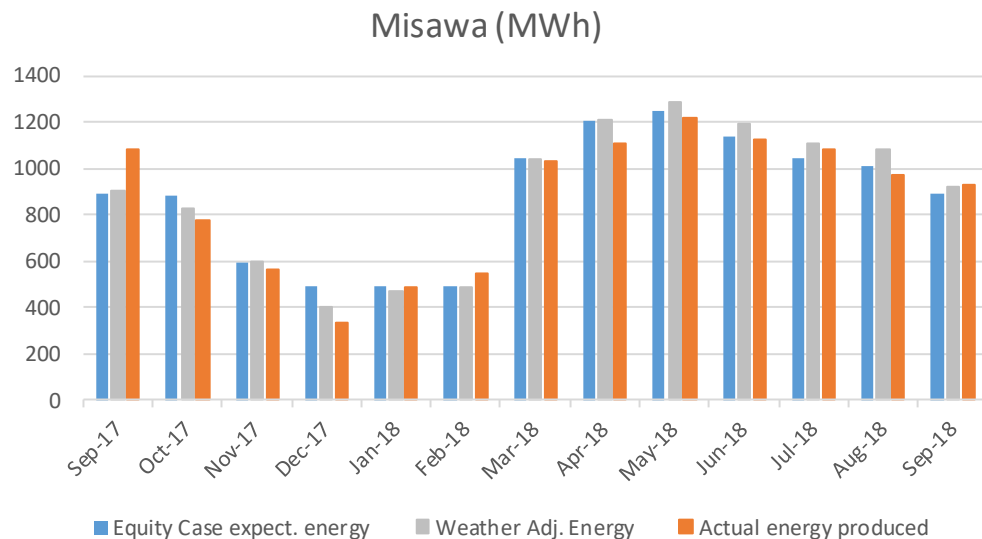


View of the SW section of the plant



View of the NW section of the plant.

Misawa – 9.5 MW operational



| Misawa | |
|---------------------------|--------------------------------|
| 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

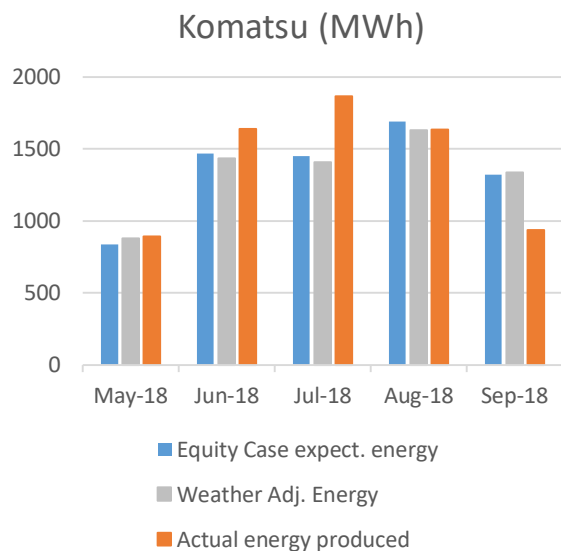


Site 2



Site 4

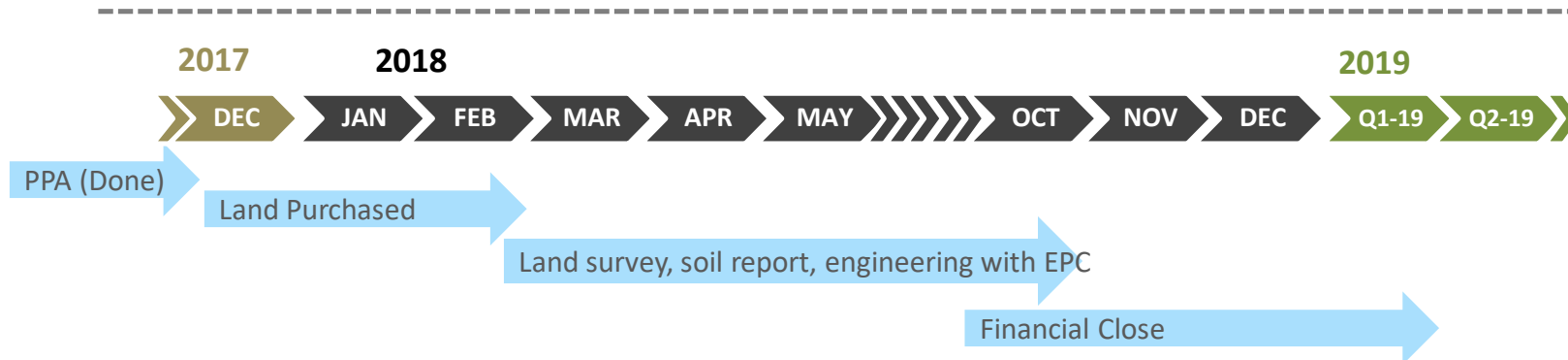
Komatsu – 13.2 MW operational



| Komatsu | |
|---------------------------|--------------------------------|
| 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 |

Backlog Project

45 MW – Niigata prefecture - Greenfield TK-2



| PROJECT HIGHLIGHTS | | | |
|--------------------|----------------------------|---------------------|-------------------------------|
| Size | 45 MWp | ETX share | 100% |
| Region | Niigata 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 issued – selection Q4-18 |
| COD Rule | 3 year rule applies | O&M Contractor | RFP issued – selection Q4-18 |
| Curtailment | 30 day rule | Utility | Tohoku Electric Power Utility |

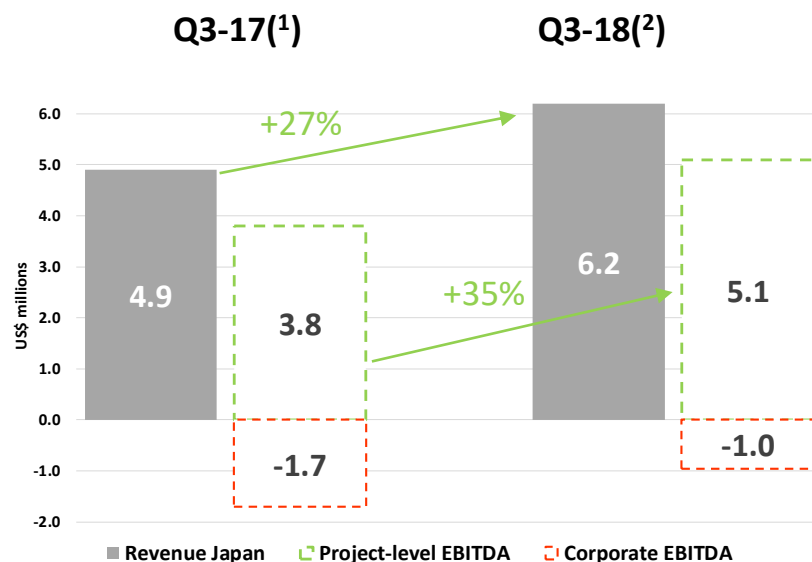
- Project on track to reach financial close within next 6 months
- The Niigata 45 MW project is not likely to be affected by the proposed new METI rules



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 |
| EBITDA | 5.1 | (0.9) | 4.1 |
| Depreciation and amortization | (2.1) | (0.0) | (2.2) |
| Net finance costs | (1.0) | (2.0) | (3.0) |
| Income (loss) before taxes | 2.0 | (3.0) | (1.0) |
| Tax expense | (0.3) | (0.1) | (0.5) |
| Net income (loss) | 1.6 | (3.1) | (1.5) |

- 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

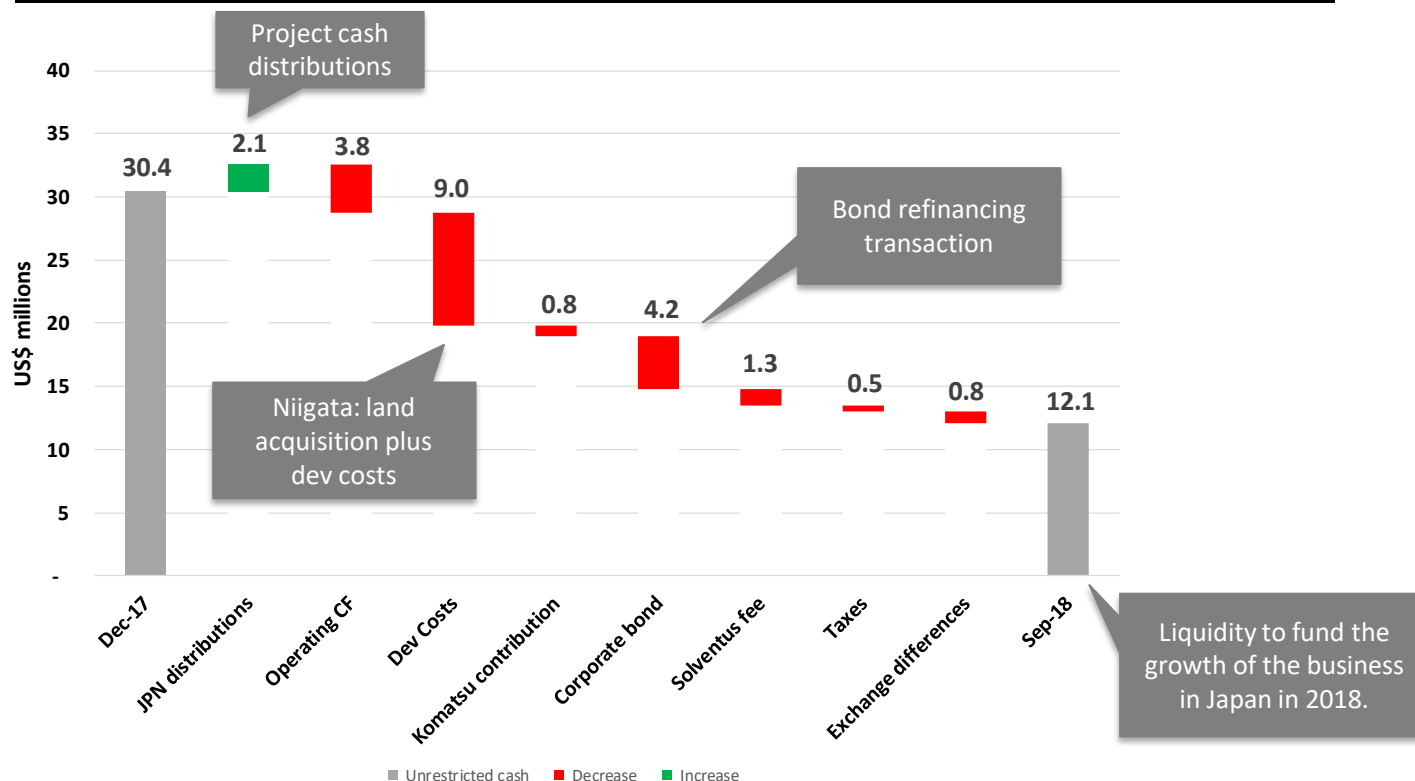
| September 30, 2018 | | | |
|-------------------------------|--------------|----------------|--------------|
| US\$ millions | Japan | Corp | TOTAL |
| Property, plant and equipment | 143.3 | 0.1 | 143.3 |
| Cash and cash equivalents | 18.3 | 12.1 | 30.4 |
| Other assets | 9.1 | 8.3 | 17.4 |
| Total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

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

Cash and liquidity

Unrestricted cash reconciliation



- Etrion's unrestricted cash decreased during the period mainly due to capital investments in Japan and was positively impacted by the Japanese projects cash distributions to Etrion totaling US\$2.1 million

Summary

Key Investment Highlights

- Strong presence in Japan in the solar sector with installed based on 57 MW operation assets
- High degree of certainty to commence construction of additional 45 MW within the next 6 months
- Fully funded for next 12 months
- The company will update the status of the pipeline once new METI rules are published, expected by year end



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