

2018 Operations and Finance Update

March 13th 2019

etrion

Powered by the Sun

Developing, building and operating solar
power generation plants

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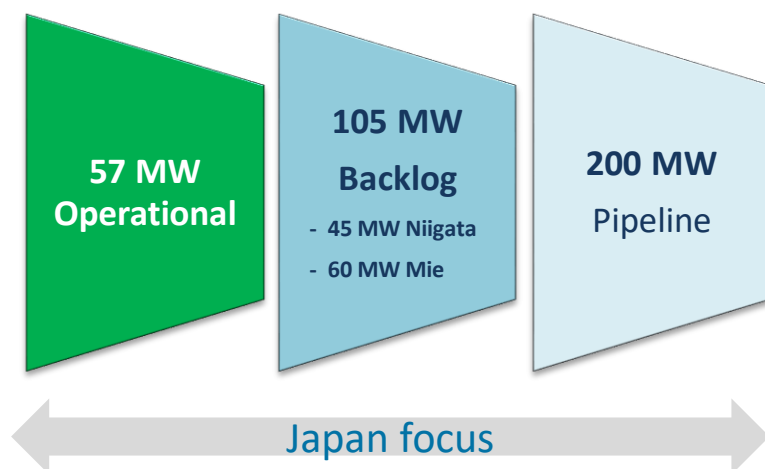
Corporate Overview

Etrion Corporation

Company Overview

- Solar development platform focused on Japan, third largest energy market in the world
- 11 solar plants operational with aggregate capacity of 57 MWs
- Next catalyst: 2 projects with combined capacity of 105MW to reach NTP within next 12 months
- 200 MW pipeline
- Full year 2018 results above high end of guidance

Asset / Pipeline Highlights



Financial Summary

Recent Share Price (TSX/OMX: ETX)	C\$0.215 / SEK 1.58
Shares Outstanding	334.1MM
Lundin Family Ownership	36.0%
Other Director/Management Ownership	5.7%
Revenues 2018	US\$19.5MM
Project-level EBITDA 2018	US\$14.6MM
Restricted / Unrestricted Cash as of December 31, 2018	US\$15.4MM / \$9.3MM
Market Capitalization	US\$54.0MM
Number of Employees	22

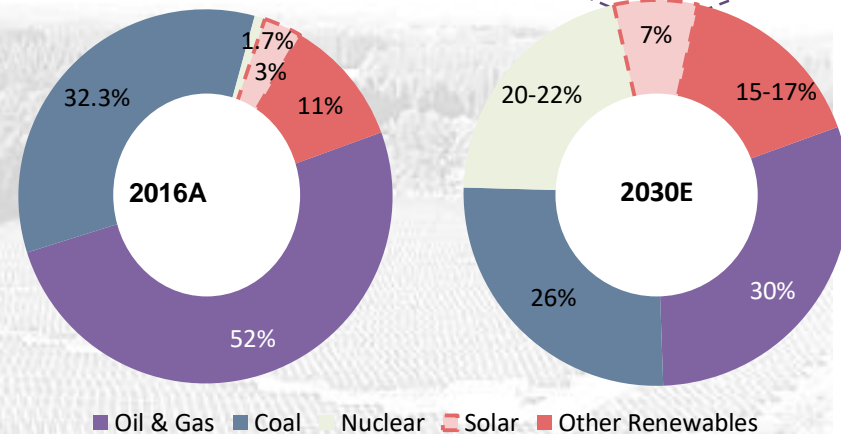
Notes:

- (1) US\$ refers to US dollars; C\$ refers to Canadian dollars; SEK refers to Swedish krona
- (2) ETX share price at closing on March 12, 2019
- (3) ETX shares outstanding as of December 31, 2018
- (4) Revenue and project-level EBITDA for the year ended December 31, 2018

Why 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 **HITACHI**
- 5 Low cost financing
- 6 Energy sector fully deregulated in 2016
- 7 Strong institutional demand and foreign appetite

Expected 2 times growth in solar from 30GW to 60GW by 2030

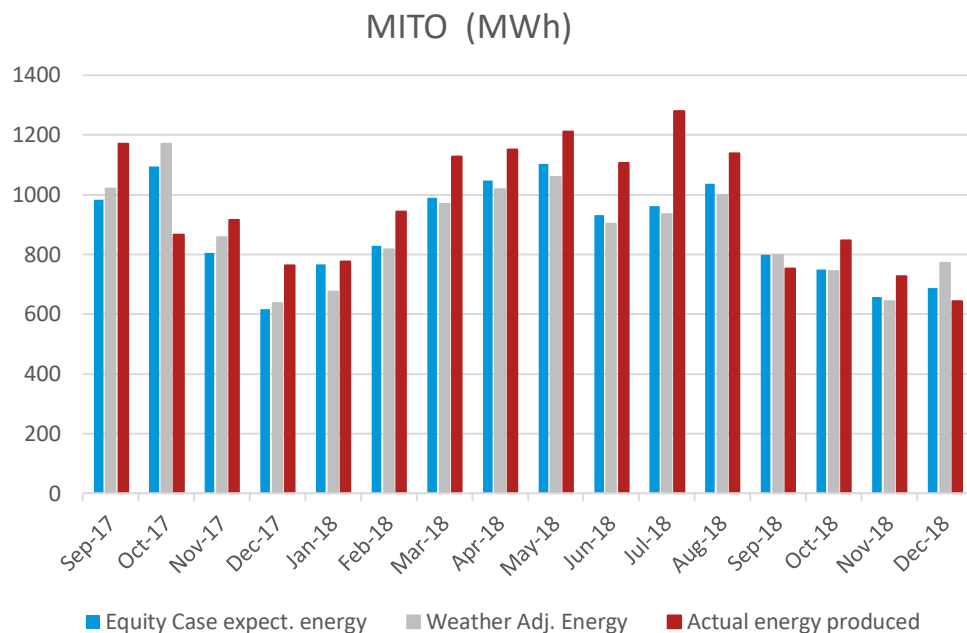


Key Highlights 2018

- Full year Production, Revenues and EBITDA up above 25% relative to 2017
- 2018 Corporate G&A reduced by 33% relative to 2017, showing the results of previously announced cost reduction measures
- 13.2 MW Komatsu reached COD in May 2018, ahead of schedule
- Niigata 45 MW project on target to reach financial close in Q2-19
- Yokkaichi 60 MW project on litigation with developer to enforce compliance with contractual obligations. Settlement expected before year end
- Kumamoto 45 MW project sold for JPY 610 million, double initial investment
- Completed the refinancing of the Company's corporate bonds with strong demand from Nordic investors

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



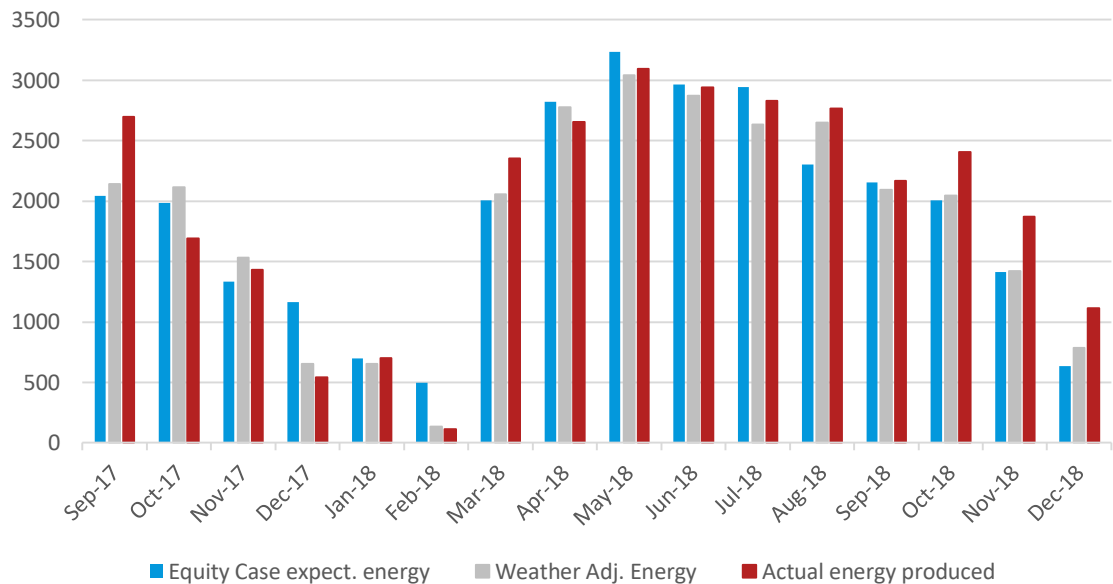
Mito site 2



Mito site 3

Shizukuishi – 24.7 MW operational

Shizukuishi (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

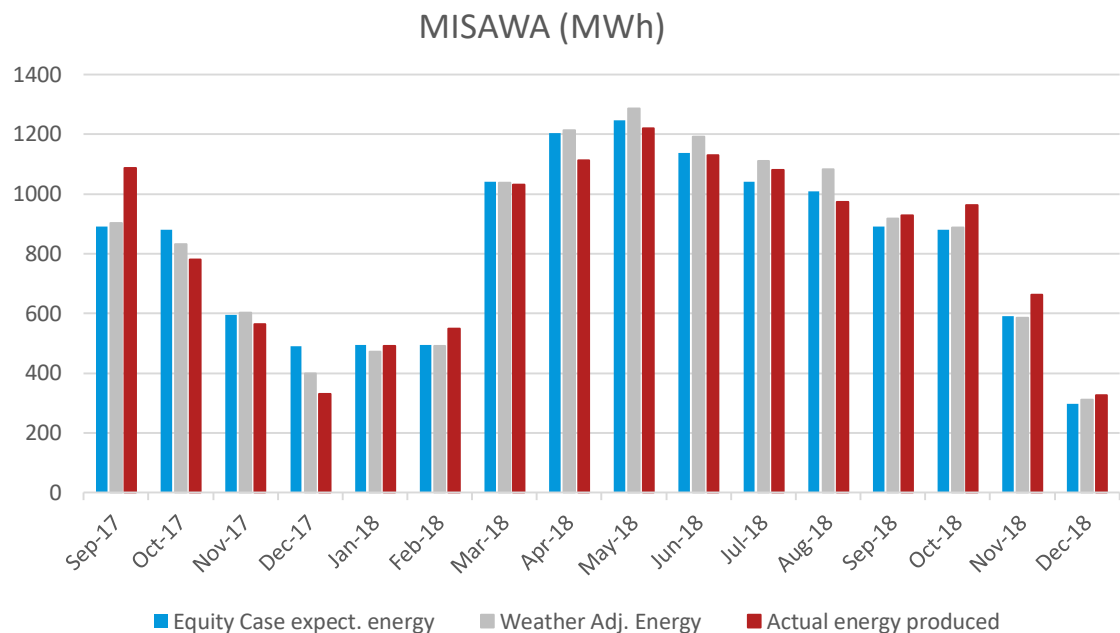


View of the SW section of the plant



View of the NW section of the plant.

Misawa – 9.5 MW operational



Misawa	
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



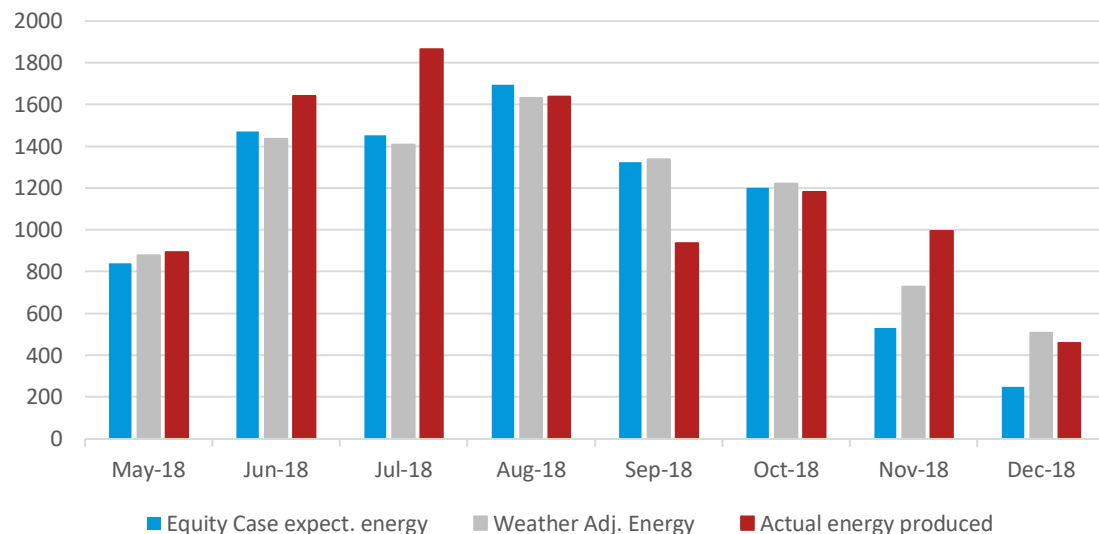
Site 2



Site 4

Komatsu – 13.2 MW operational

Komatsu comparison (MWh)



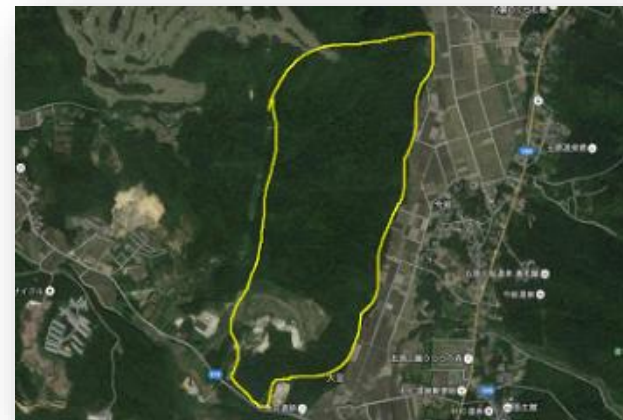
Komatsu	
Utility	Hokuriku
Capacity	13.2 MW
Ownership	85%
Technology	Fixed-tilt
Module	Canadian Solar
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech
Irradiation Yield	1,087 kWh/kWp
Revenue Stream	FiT: ¥32/kWh Term: 20 years
Production	14.2 GWh/year
Total Project Cost	¥4.3 Bn
Commencement of Operation	May-2018



Backlog Projects

Niigata – 45 MW

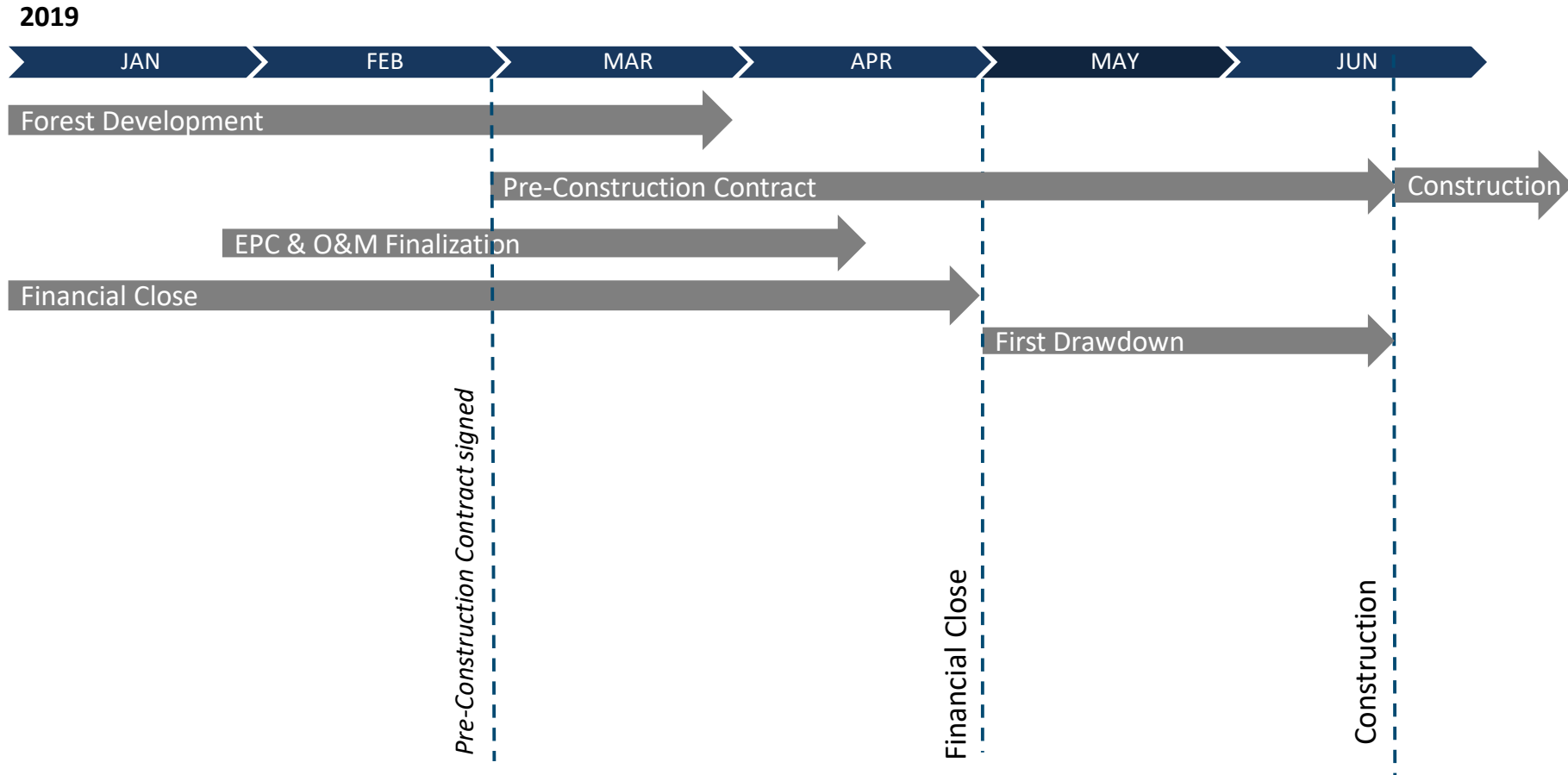
Size	45.0 MWp	Ownership share	100%
Region / Utility	Tohoku	Expected: NTP / COD	Q2-2019 / Q4-2021
Revenue	FIT: ¥36/kWh	METI	FIT secured
Irradiation	1,050 kWh/kWp	Development Period	Since Q2-2016
O&M Contractor	TAG	EPC Contractor	Toyo Engineering



Project Development Status

Issue	Status
Developer	- Development Service Agreement with local developer signed in 2015. All obligations nearly completed
Land Contract	- All of the necessary lands have been secured - All neighbours consents were secured: 8 communities; 4 local associations for Forest Development Application. 20 townhall meetings - Surface land agreement between Project SPC and Landowner SPC was signed at the beginning of January 2019
Utility & Interconnection line	- The final grid impact study was filed at the end of December 2018 ("Change of Technology"). - PPA will be signed just after METI's final approval
Land Permits	- Forest Development Application was filed at the beginning of January 2019 . Approval expected end of March 2019. - The application re. Niigata Pref. Land Development Ordinance was filed at the same time as Forest Development Application. - EIA is not needed
EPC & Lender	- EPC and O&M contracts on target to be signed in Q2-19. Toyo Engineering KK act as EPC and TAG as O&M contractor. - Financial close expected in Q2-2019 with first drawdown within Q2-2019

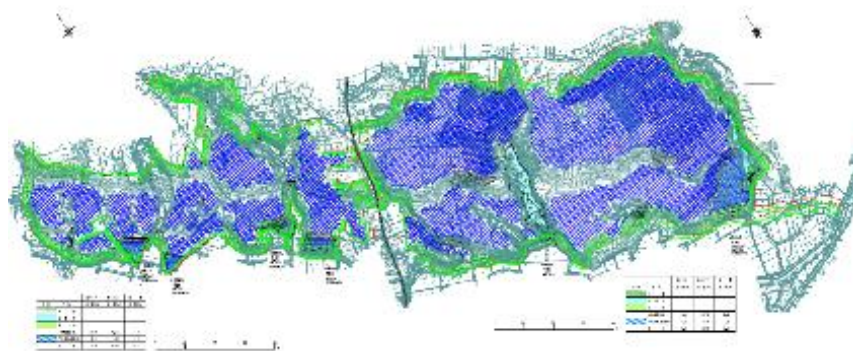
Niigata expected project timeline



Yokkaichi – 60 MW

Size	ca 60 MWp
Region	Chubu
Revenue	FIT: ¥36/kWh
Stage of Development	Advanced
Irradiation	1,145 kWh/kWp
ETX share	50% - 100%
Expected: NTP / COD	Q4-2019 / Q2-2022
Developer	Ziva Energy
METI	FiT secured
Utility: Chubu	Grid connection approved
Site Control: Lease	Land contract agreed
Permits	Forest development, partial agriculture conversion, and environmental impact assessment

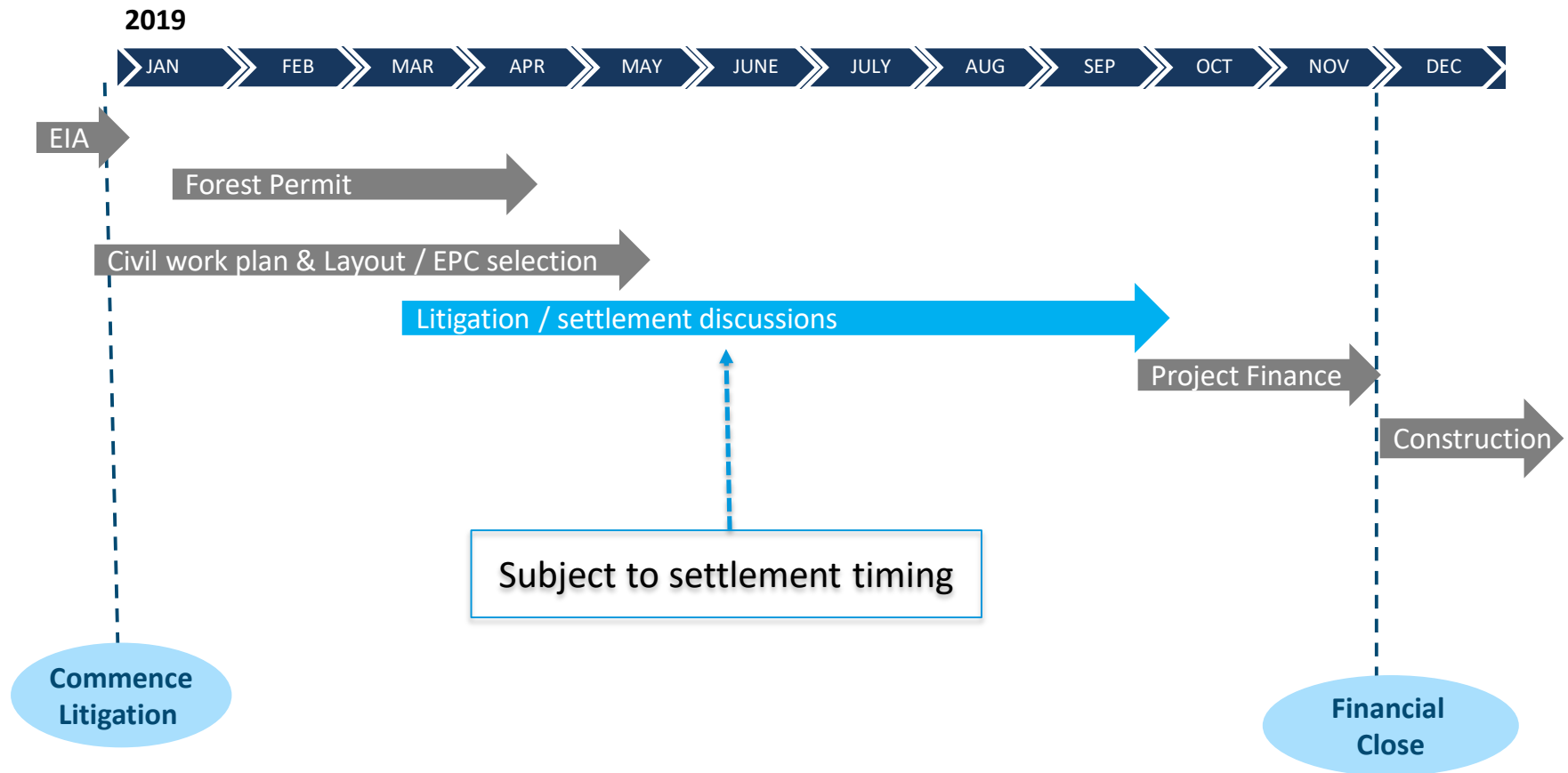
Layout



Project Development Status

Issue	Status
Developer	Ziva Energy. Co-development agreement has been in place since 2015. Currently under litigation. Resolution expected within 2019
Land Contract	Developer secured all the land required for the project.
Utility interconnection line	Up to 30 days per year curtailment. Grid construction contract has been signed in June 2016. Construction period is approximately 40 months.
Land Permits	Environmental impact assessment completed. Forest development expected by Q2-19
EPC & Lender	TBD subject to the resolution of the litigation .

Yokkaichi timing



Kumamoto – 45 MW

- Development Service Agreement (DSA) signed with local developer in 2015. Under the DSA Etrion secured rights for 100% of the project at ready to build stage.
- Parties (ETX, HHT, Developer) worked extensively to secure land, private line, negotiations with utilities and prefecture to secure all permits.
- Project was well underway on track to file for Forest Development by 2016.
- In 2016 problems arose between local developer and land owner.
- Project got delayed including permits and remained open when new METI rules were announced.
- Due to increased project risk, Etrion decided to sell its project rights back to developer for JPY 650M. 50% down payment received in Q1-19. The balance expected by Q3-19.



Italy Tremonti ambiente update

Italy - Tremonti Ambiente tax refund

Etrion Earn-out	Refund 2010-13	Refund 2014-2017	NPV tax Future saving	Total € Million
Cassiopea	4.8	2.9	1.4	9.1
Centauro	1.4	1.1	0.6	3.1
Total	6.2	4.0	2.0	12.2

Tax Refund for Tremonti Ambiente Claims is composed of a combination of

- a) Cash Refund of the Corporate Income Tax paid in years 2010-2013 (already claimed)
- b) Cash refund of the Corporate Income tax paid in years 2014-2017 being filed in Q1-2019
- c) NPV of future tax benefit. The numbers above are a preliminary estimate

The numbers shown above are estimates and are net to Etrion after payment to third parties including buyer of the Italian assets.

Current Status

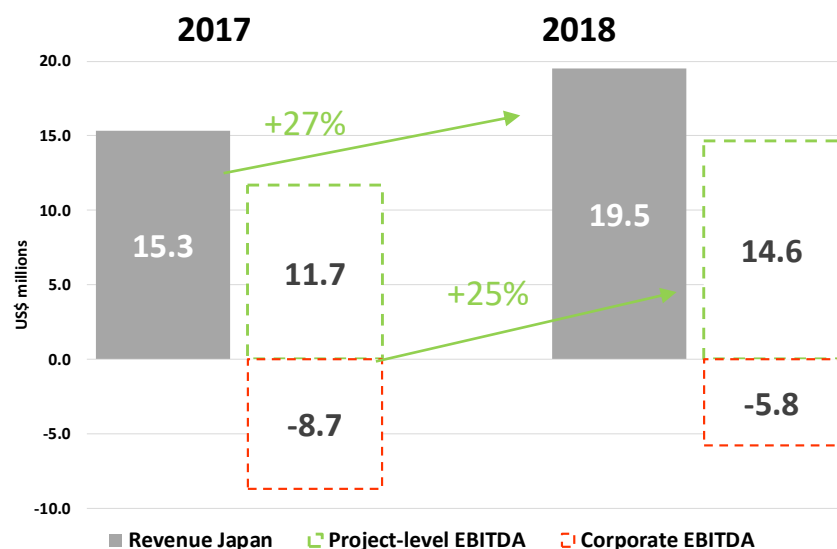
- Litigation started with tax authorities in 2018. Results expected within 2019
- Several litigations filed by third parties have already received positive court outcome for developers



2018 Financial Update

Financial results

Etrion consolidated results



2018 Segment information			
US\$ millions	Japan	Corp	TOTAL
Revenues	19.5	-	19.5
Operating expenses	(5.2)	-	(5.2)
G&A expenses	(0.3)	(5.7)	(6.0)
Additional termination fee	-	(1.3)	(1.3)
Other income	0.6	(0.1)	0.5
EBITDA	14.6	(7.1)	7.6
Depreciation and amortization	(7.8)	(0.2)	(7.9)
Net finance costs	(3.8)	(3.3)	(7.0)
Income (loss) before taxes	3.1	(10.5)	(7.4)
Tax expense	(0.6)	(0.6)	(1.2)
Net income (loss)	2.5	(11.1)	(8.6)

- Revenues and consolidated EBITDA increased significantly relative to 2017 due to additional installed capacity in Japan
- In 2018 electricity production in Japan increased 30% mainly as a result of the new Komatsu solar project
- Consolidated net loss of \$8.6 million was driven mainly by depreciation, net finance costs and G&A at the corporate level

Financial position

Consolidated Balance Sheet

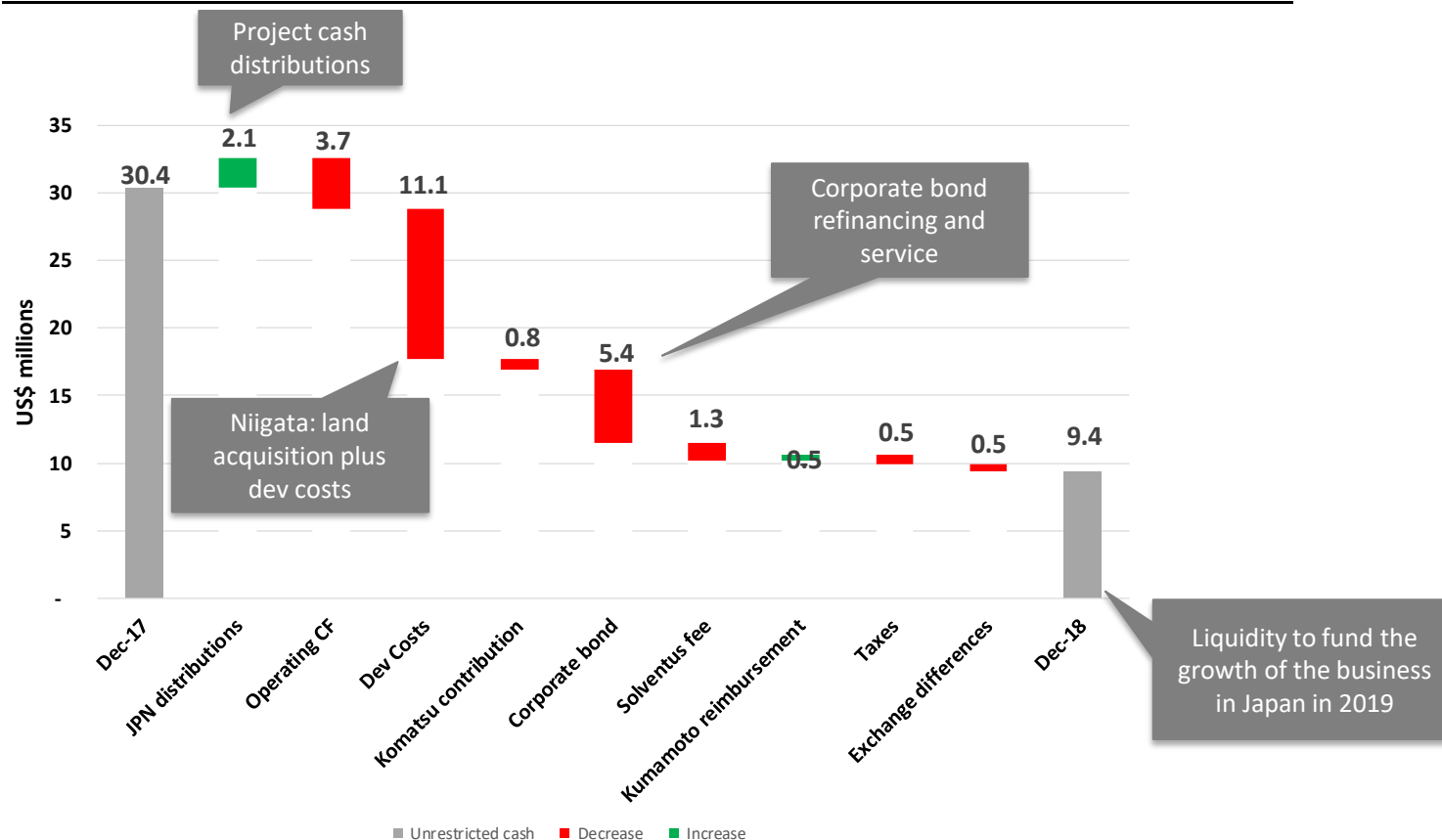
December 31, 2018			
US\$ millions	Japan	Corp	TOTAL
Property, plant and equipment	146.5	0.1	146.6
Cash and cash equivalents	15.4	9.3	24.7
Other assets	8.5	10.1	18.6
Total assets	178.8	24.4	203.2
Borrowings	138.5	38.1	176.6
Trade and other payables	1.2	2.8	4.0
Other liabilities	18.7	1.0	19.7
Total liabilities	158.4	41.9	200.3
Net equity	20.48	(17.5)	2.9

Positive net equity on a consolidated basis

- Etrion has a working capital of \$22.8 million and a consolidated cash position of \$24.7 million, of which \$9.3 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 December 31, 2018, the Japanese assets represent approximately 88% 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

Guidance

Guidance results and forecast

Guidance results 2018

2018 Guidance results USD million otherwise stated	Low end	Actual results	High end
Energy generation (MWh)	37,517	46,400	41,466
Revenue	12.9	16.0	14.3
Project-level EBITDA	8.7	11.6	9.6

(1) on a net basis (Net to Etrion's interest)

Japanese production, revenue and project-level EBITDA in 2018 met or exceeded the high end of the revised guidance provided on March 13, 2018. The performance of the operating solar assets in Japan during 2018 were exceptional and this was reflected in production and revenue being 12% above the high end of the guidance. EBITDA in 2018 was well above the high end due to the combination of higher than expected production, earlier connection of the Komatsu plant and optimization of the contingency budgets.

Guidance 2019

2019 Guidance USD million otherwise stated	Low end	High end
Energy generation (MWh)	46,800	51,800
Revenue	15.9	17.6
Project-level EBITDA	12.0	13.3

(1) on a net basis (Net to Etrion's interest)

Revenue, project-level EBITDA and production forecast for the Japanese business, incorporated in the above consolidated guidance, are based on Etrion's ownership over the 57 MW operational Japanese portfolio comprising the Mito, Shizukuishi, Misawa and Komatsu solar parks, located in central and northern Japan, respectively, and are incorporated on a net basis. These projects benefit from 20-year PPAs with the Japanese public utilities, under which they will receive between ¥32 and ¥40 per kWh produced (approximately between US\$0.27 and US\$0.34 per kWh).

Summary

Key Investment Highlights

- Etrion continues to deliver strong project level financial results
- 2019 backlog with potential to result in 2x growth of the existing installed based
- Fully funded for next 12 months
- Development opportunities remain in the market with a large number of projects with assigned FiT



Contact Information

Christian Lacueva
Chief Financial Officer
clacueva@etrion.com

Marco A. Northland
Chief Executive Officer
mnorthland@etrion.com

Martin Oravec
Chief Investment Officer
moravec@etrion.com

Etrion Corporation
Rue du Commerce 4
1204 Geneva, Switzerland
info@etrion.com
www.etrion.com

