

Q2-19 Operations and Finance Update

August 7th 2019

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Developing, building and operating solar
power generation plants

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Q2-19 Highlights

Q2-19 highlights

- Commenced construction of our 45 MW Niigata project after closing a very attractive project bond financing
- Very strong unrestricted cash position as a result of the collection of the Niigata development fee and anticipated land lease, increasing cash to US\$15 million as of July 1, 2019
- Very strong operational results
 - Production 24% up relative to Q2-18
 - Revenues (21%) and project-EBITDA (27%) relative to Q2-18
- Consolidated adjusted EBITDA 64% higher compared to Q2-18
- Net income results of US\$0.5 million
- Kick off sales process of PV Salvador Chile

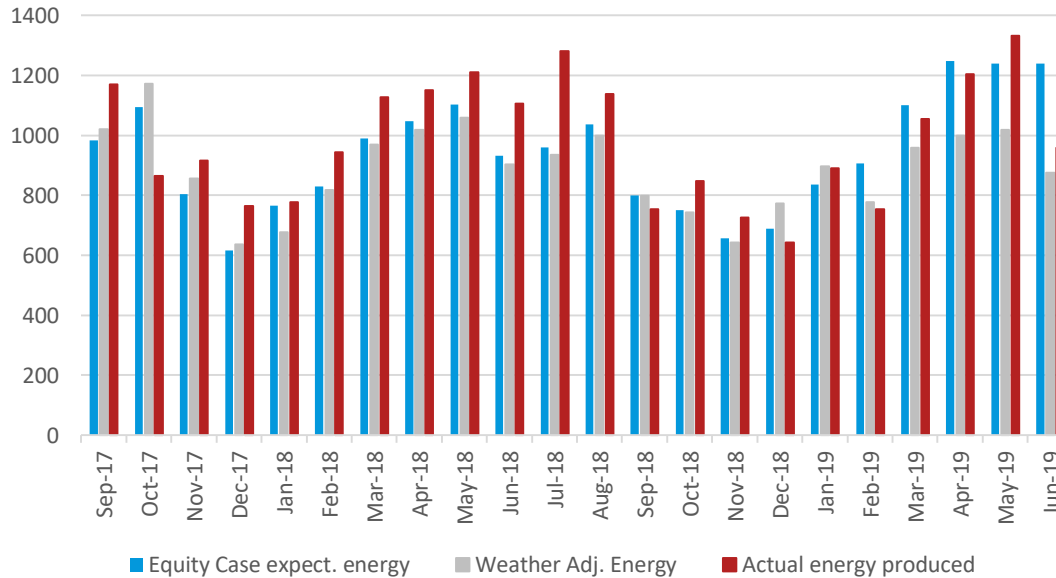


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Operational Update

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



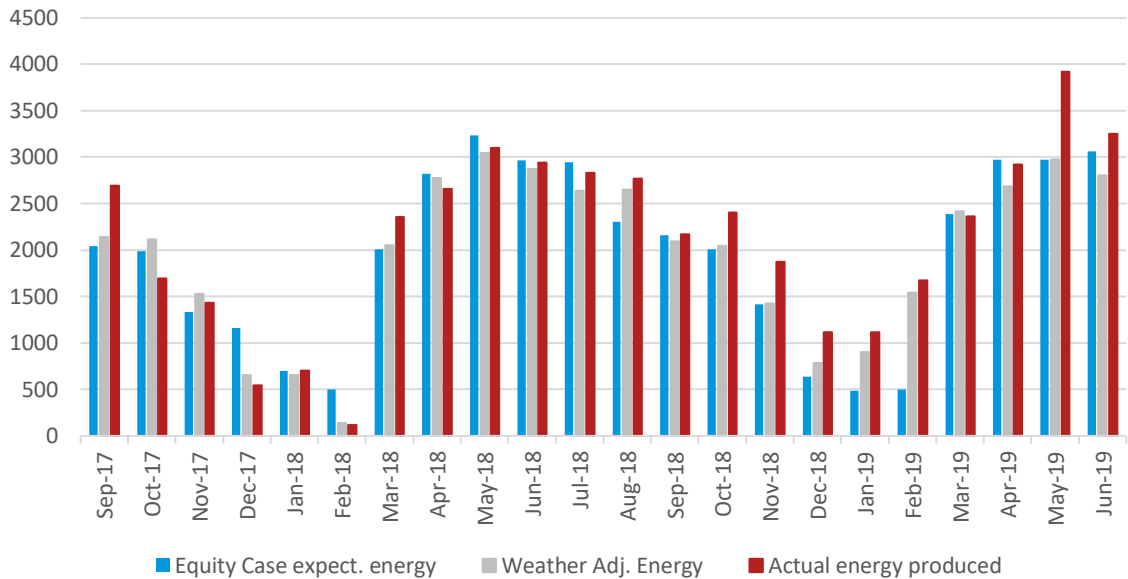
Mito site 2



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



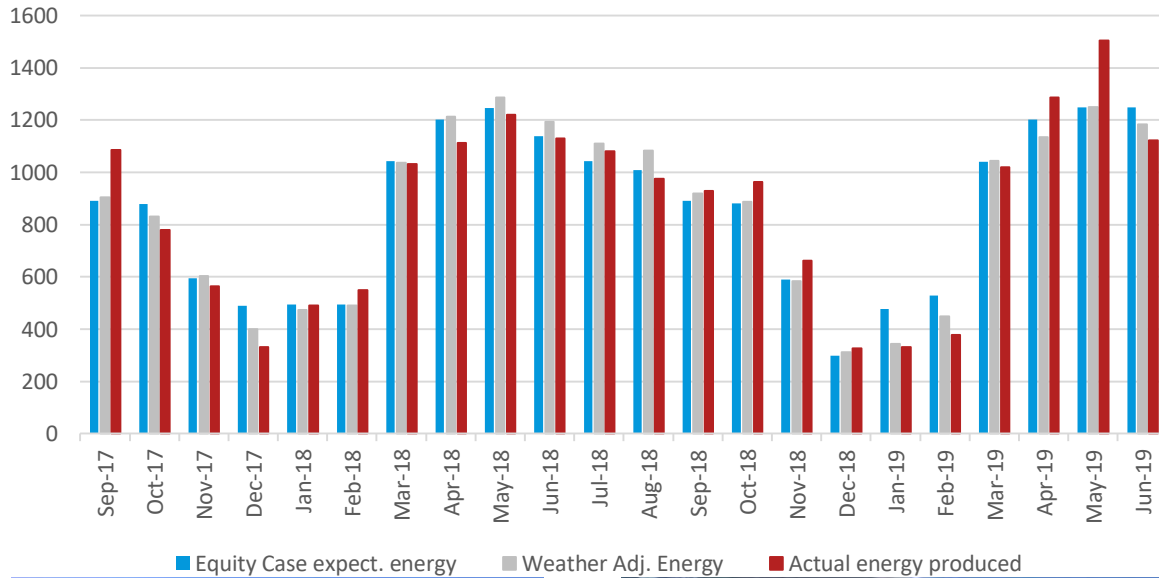
View of the SW section of the plant



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



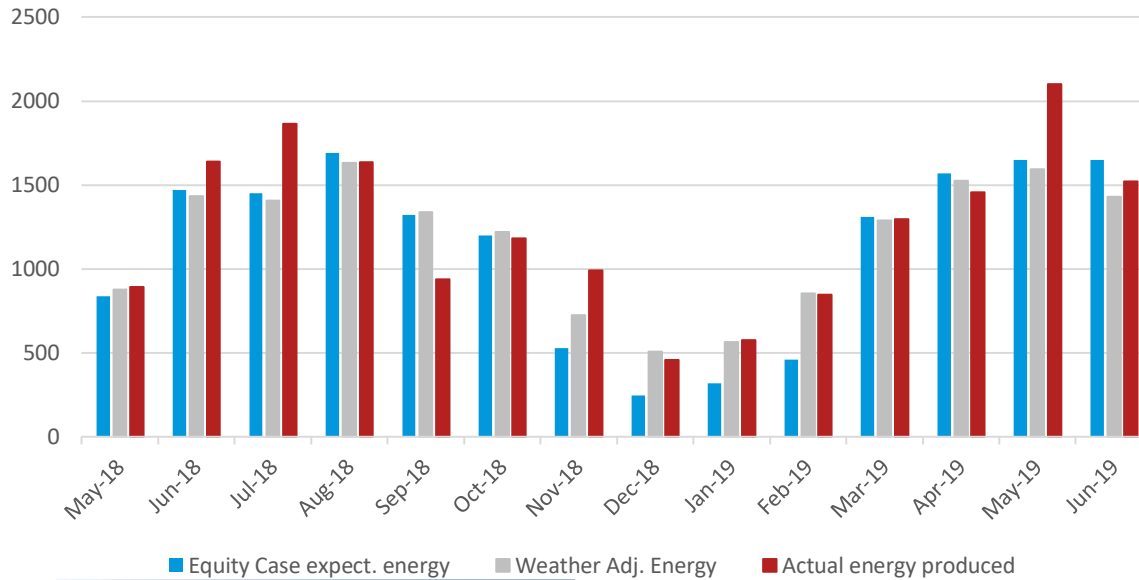
Site 2



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



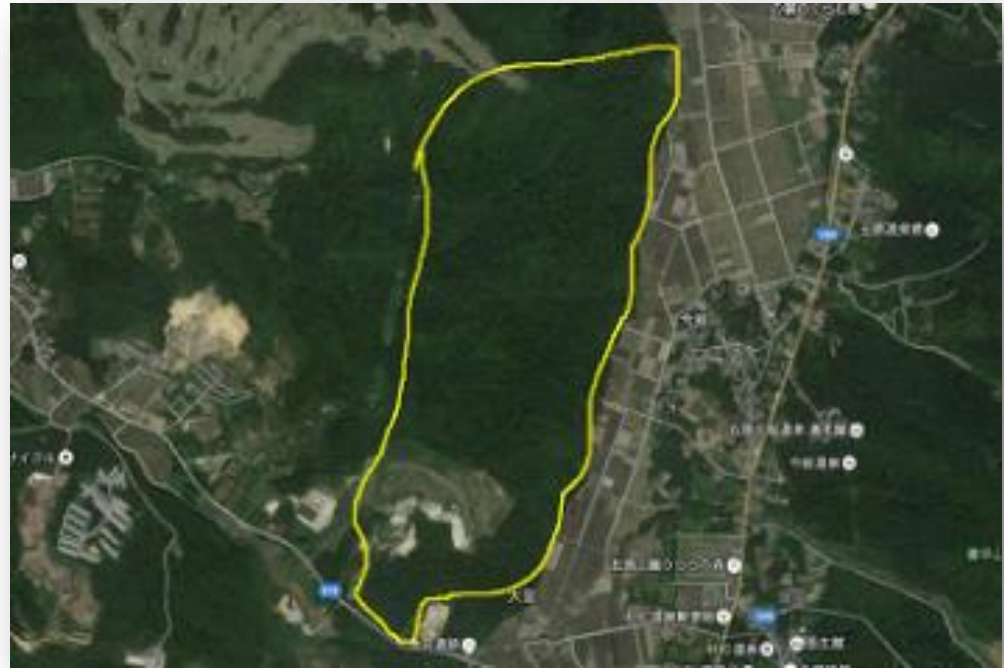
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Niigata

Niigata – 45 MW

Key project metrics

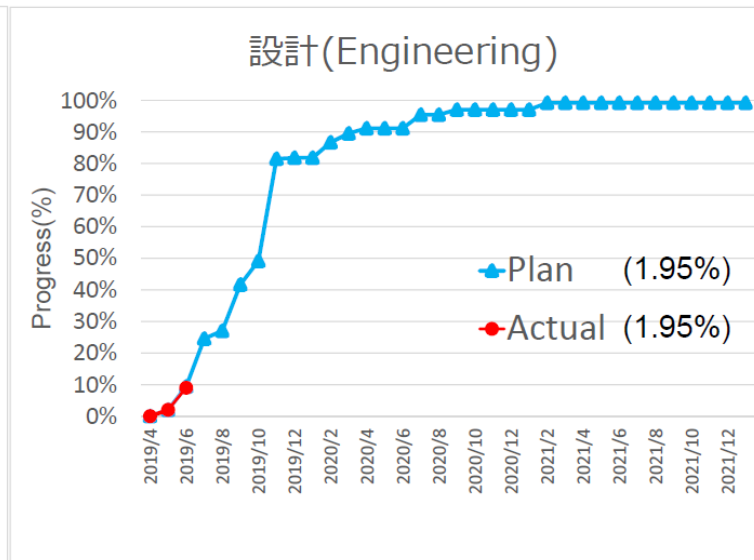
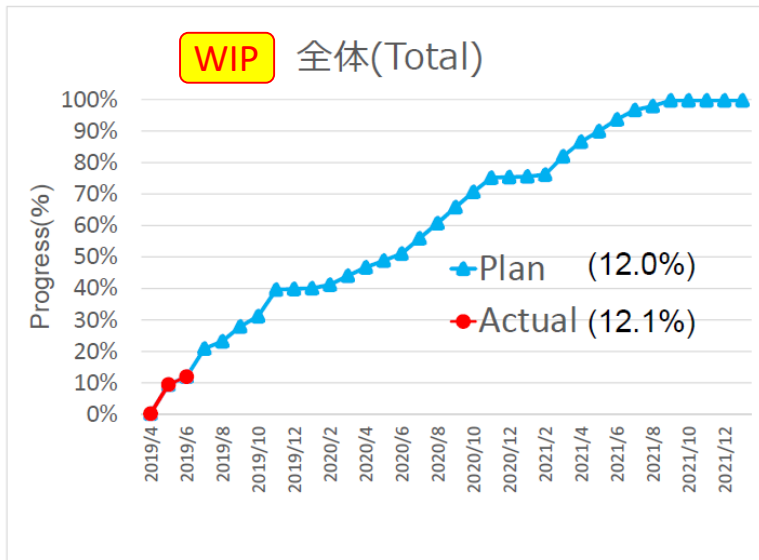
Ownership	100% ETX
Capacity	45 MW
Region / Utility	Tohoku
PPA Price	¥36/kWh - FiT until March 2040
Irradiation	1,050 kWh/kWp
Total Capex	US\$ 154.2M
Finance Structure	BBB Green Project Bond, US\$ 146.5M (JPY 15.9 billion)
Debt tenor	Construction period plus 16.8 years.
Interest rate	All-in non-recourse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



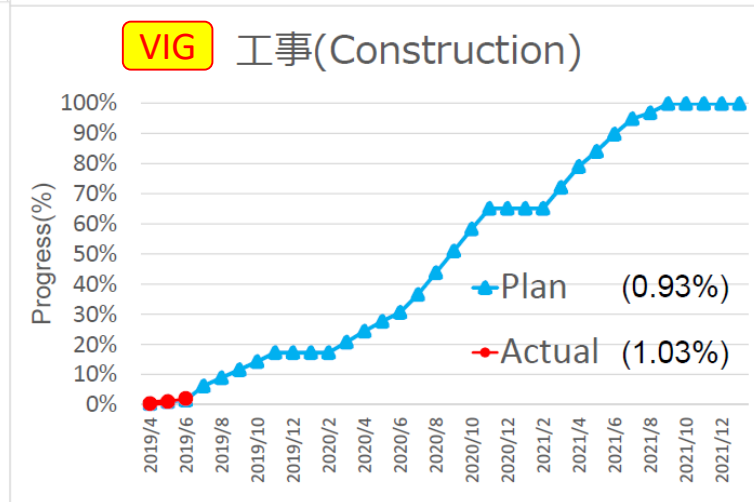
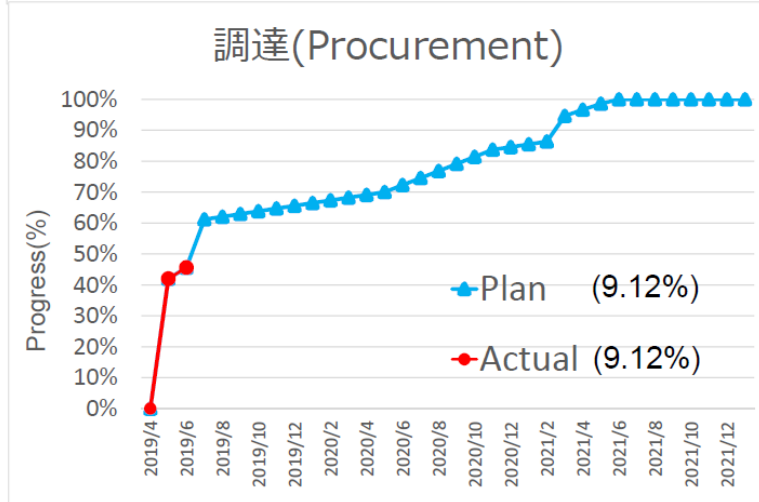
⁽¹⁾ Average refers to the first 5 years of operations based on historical weather forecast. Actual results will depend on actual weather conditions and other operational matters.

Niigata Sites Construction Progress Curve

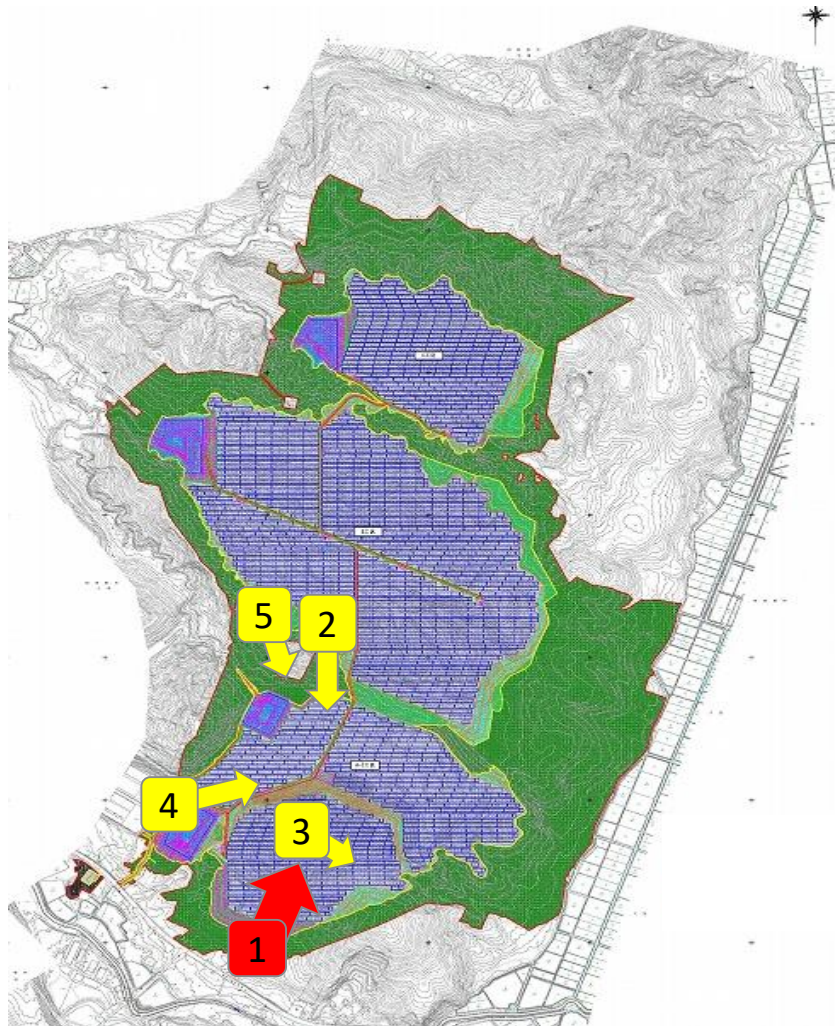
(as of 30st June 2019)



**On time
and
on budget**



Sites Construction status photo (June 2019)



Sites Construction status photo (June 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 with aggregate capacity of about 200 MW
- Given latest FiT changes, several projects with FiT awarded still under development are at risk of losing FiT
- This situation has created increased competition to acquire good projects. Window remains open for next 18 months to secure additional FiT projects
- 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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Other upsides

PV Salvador divesting efforts

- Phase I concluded with strong indication of interest from a variety of different potential investors
- Handful of parties selected for second round
- Management remains on target to fully diversify this asset by Q4-19
- Sales process has minimum disruption on day to day operations
- Minimum upside from the sale of this asset

Update of Tremonti tax credit

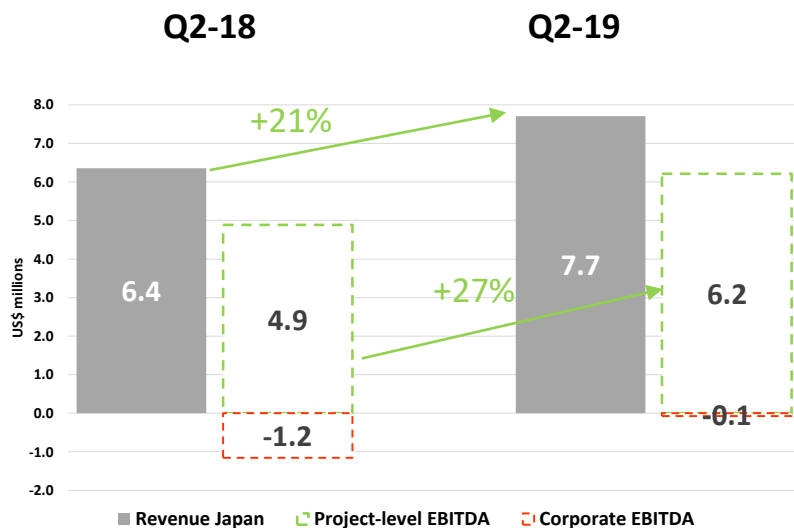
- Tranche 1 – taxes (2010-2013) €6.2M share to Etrion.
 - Factoring options are currently being negotiated with a potential favorable outcome during late Q3
- Tranche 2 – taxes (2014-2017) €3M share to Etrion
 - Tranche 2 filing has been achieved for three out of the four years in question; the remaining one should be filed by August 15th
 - Years 2014 and 2015 of Tranche 2 are included in the factoring negotiations mentioned above while the two remaining will be part of a separate deal in Q4

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Financial results

Financial results

Etrion consolidated results



Q2-19 Segment information			
US\$ millions	Japan	Corp	TOTAL
Revenues	7.7	-	7.7
Operating expenses	(1.4)	-	(1.4)
G&A expenses	(0.1)	(1.0)	(1.1)
Other income	-	0.9	0.9
EBITDA	6.2	(0.1)	6.1
Depreciation and amortization	(2.2)	(0.0)	(2.3)
Net finance costs	(1.4)	(1.1)	(2.5)
Income (loss) before taxes	2.6	(1.3)	1.4
Tax expense	(0.3)	(0.5)	(0.8)
Net income (loss)	2.3	(1.7)	0.5
EBITDA margin (%)	81%		

- Revenues and consolidated EBITDA increased significantly relative to Q2-18 due to additional installed capacity in Japan
- In Q2-19 electricity production in Japan increased 24% mainly as a result of the new Komatsu solar project and higher performance of existing projects
- The Group is reporting a consolidated net income of US\$0.5 million and positive consolidated EBITDA of US\$6.1 million

Financial position

Consolidated Balance Sheet

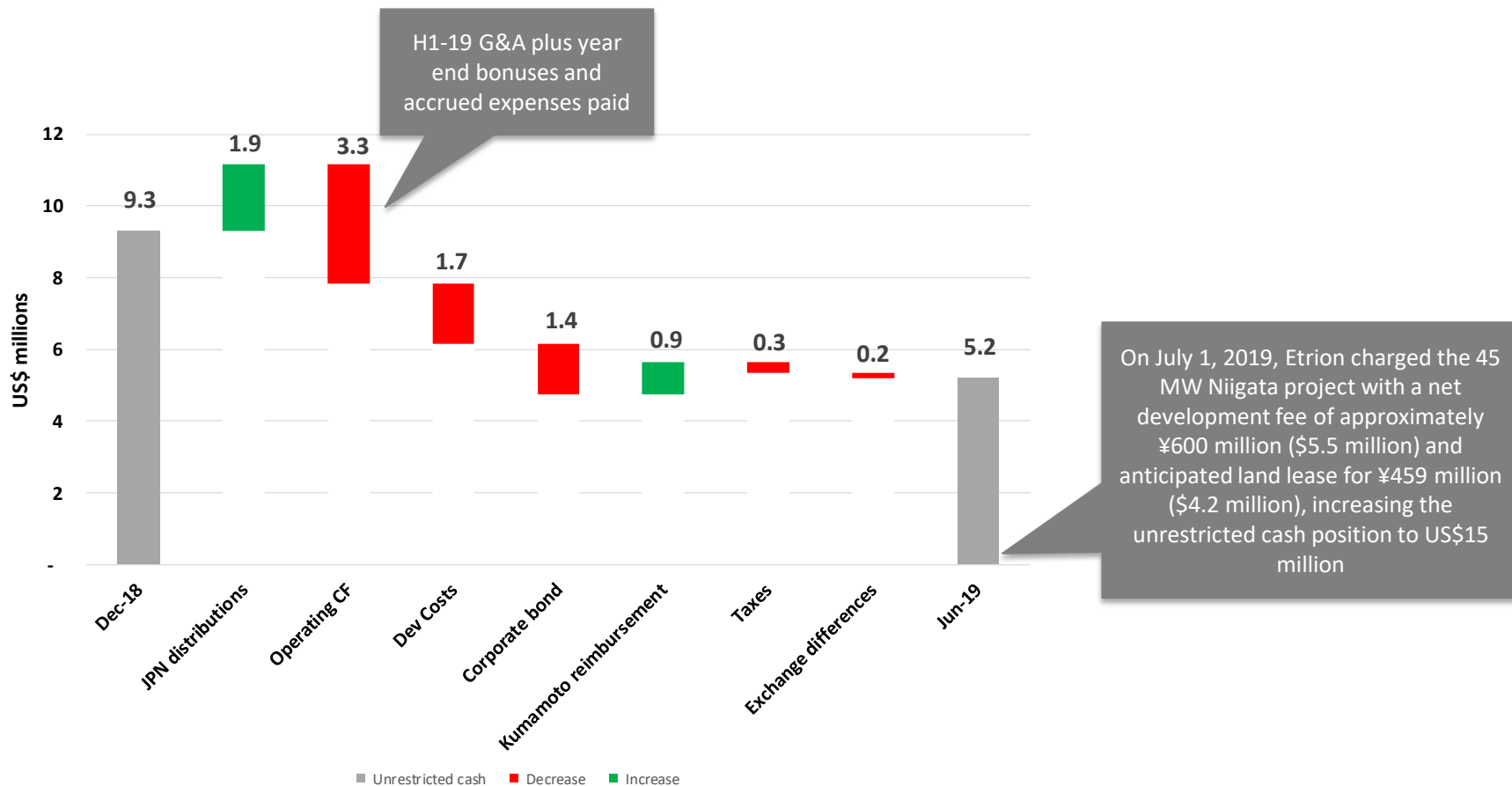
June 30, 2019			
US\$ millions	Japan	Corp	TOTAL
Property, plant and equipment	174.0	0.1	174.1
Intangible assets	6.9	4.8	11.7
Cash and cash equivalents	163.2	5.3	168.5
Other assets	11.5	6.9	18.4
Total assets	355.6	17.0	372.6
Borrowings	280.5	37.9	318.4
Trade and other payables	20.3	0.9	21.2
Other liabilities	30.5	1.4	31.8
Total liabilities	331.3	40.2	371.4
Net equity	24.32	(23.2)	1.1

Positive net equity on a consolidated basis

- Etrion has a working capital of \$149.1 million and a consolidated cash position of \$168.5 million, of which \$5.3 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 June 30, 2019, the Japanese assets represent approximately 95% of consolidated assets of the Group

Cash and liquidity

Unrestricted cash reconciliation



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Summary

Summary

- Strong Q2-2019 financial performance in all key operating metrics demonstrating excellent execution in all operational activities
- Niigata 45 MW project on track to be completed 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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