



Investor Presentation

Israel Electric Corp.

Business update as of 09/30/2022

December 2022

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Agenda



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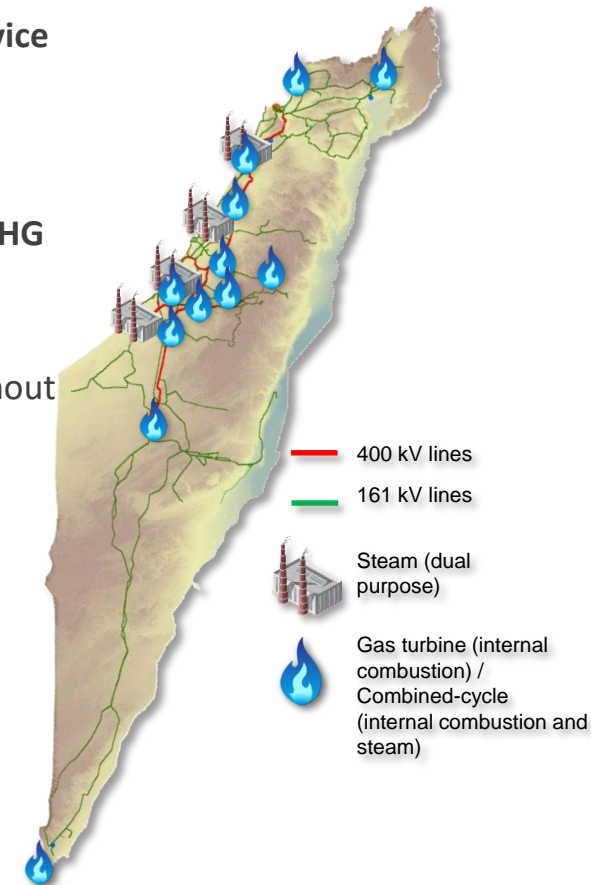
Executive Summary



Israel Electric Corp. at a Glance

IEC Power Grid

- Established in 1923, 99 years of operation, the Israel Electric Corporation Limited ("IEC") is a **dominant player** in the Israeli electricity sector and is an **essential service provider** of electricity in Israel, and the sole **vertically integrated provider** in the electricity chain.
- The state of Israel, which holds 99.85% of the IEC's shares, is committed for the **GHG reduction in line with Paris Climate Agreement**.
- IEC serves **residential, commercial, agricultural and industrial customers** throughout the State of Israel, including East Jerusalem and the Palestinian Authority (PA).



IEC's goal is to maintain its position as the leading business in the Israeli electricity sector. The Company aims to be Israel's leading electricity provider, an efficient and advanced electricity producer, and one of the world's leading and most advanced grid infrastructure companies



Key Strategic Targets



Main Israel's Electricity Company

Continuing to guarantee and improve reliability of the electricity supply as well as providing backup services for electricity consumers and producers



Cleaner Fuel Mix

Targeting natural gas as main fuel source in order to reduce the environmental impact



Financial Robustness

Meeting key financial targets and adequate liquidity cushion. Between 2018 and 9M.2022, net debt to EBITDA decreased from 4.8x to 4.1x



Key Financial Highlights – 9M.2022



Revenues

NIS **17.9** billion

\$5.4

CAPEX

NIS **4.0** billion

\$1.2

Net Financial Debt⁽¹⁾

NIS **34.8** billion

\$10.5

EBITDA⁽²⁾

NIS **6.9** billion

\$2.1

Credit Ratings

IEC Global

Baa1 Stable (Moody's)

BBB+ Stable (S&P)

IEC Local

Aa1.il Stable (Midroog)

ilAAA Stable (Maalot S&P)

Source: IEC's Financial Statements for 9M.2022

1. Net financial debt is a non-GAAP measure that is defined as credit from banks and other credit providers, plus total long-term debt (including debentures, long-term liabilities to banks, including hedge transactions, liabilities to the State of Israel), leases liabilities and CPI linkage differentials regulatory deferral account, cash and cash equivalents, short-term investments, long and short term receivables in respect of forward contracts and swap transactions, and long-term deposits to secure swap transactions.
2. IEC defines "EBITDA" as a Normalized EBITDA - profit (loss) before income taxes, financial expenses, depreciation and amortization, including movement in regulatory deferral accounts, while neutralizing special non-current events

Financial Figures presented in USD according to an average USD/NIS exchange rate of 3.32 as of 9M.2022



Key Investment Highlights



Government Company

99.85% owned by the State of Israel

IEC's credit quality is supported by its critical role in Israel's electricity ecosystem

Essential Service Provider

IEC is an essential service provider of electricity in Israel and the sole vertically integrated provider in the electricity chain

Fully Regulated across all segments

Electricity Tariff set by the EA, based on forecasted expenses and return on equity, providing predictable revenue to the company

Natural Gas Fuel Independence

Natural gas from Tamar, Leviathan and other significant natural gas discoveries in Israel have paved the way towards potential fuel independence



Key Investment Highlights – cont.



Focusing in the T&D segments

IEC will focus its activity in the Transmission and Distribution segments and will reduce its share in the generation segment

Preparing the ground for renewables

Stable CAPEX in the T&D segments during the coming years in order to enable renewable energy absorption and to achieve the 2030 Ministry of Energy target on renewables

Growing attention to ESG aspects

Especially in the environmental aspect (conversion of coal units to natural gas), the social aspect (diversity & inclusion) and the governance aspect (deepening corporate governance)

Committed to Deleveraging

Board and management are committed to deleveraging and are aiming to gradually decrease the ratio of total debt to total assets to 65% by 2025



Key Financial Targets until end of reform in 2025

Ratios	2025	As of 09/30/2022
Real net financial debt ratio to normalized EBITDA	4.3 Mid-target of 4.6 in 2023	4.1
Total debt to total assets ratio (leverage)	65%	67%
International rating	At least 'BBB'	+BBB
Real net financial debt	2023 - Maximum NIS 34 billion 2025 – Maximum NIS 31 billion Subject to meet the financial targets listed above regarding debt ratios	NIS 34.8 billion
Liquidity (safety cushion)	Minimum NIS 3 billion Composed of balance of cash and short-term deposits will be no less than NIS 1.5 billion and unused secured credit lines valid for a period exceeding one year up to NIS 1.5 billion.	The Company complies with the objective

*Note: The financial targets approved by the Board of Directors On December 14-16, 2021 until the end of the reform period by the year 2025.
Source: IEC's Financial Statements for 9M.2022*



GCA Financial Targets for Government Companies



Ratios	Targets	As of 09/30/2022
FFO ⁽¹⁾ to adjusted financial debt ratio	Short term 11% to 18% Long term 15% to 23%	7%
FFO ⁽¹⁾ plus interest to interest ratio	Greater than 3	3.56
Return on capital employed (ROCE) ratio	4.2% in the short term	5.4%

1. FFO is based on calculation of the EBITDA before normalization while neutralizing the change in liabilities with respect to employee benefits (from cash flow report) and other expenses (revenues), net, less interest and taxes paid (from cash flow report).

Source: IEC's Financial Statements for 9M.2022 and a letter regarding the financial targets for Government Companies, circulated by the GCA on November 17, 2021 and approved by the IEC's Board of Directors.



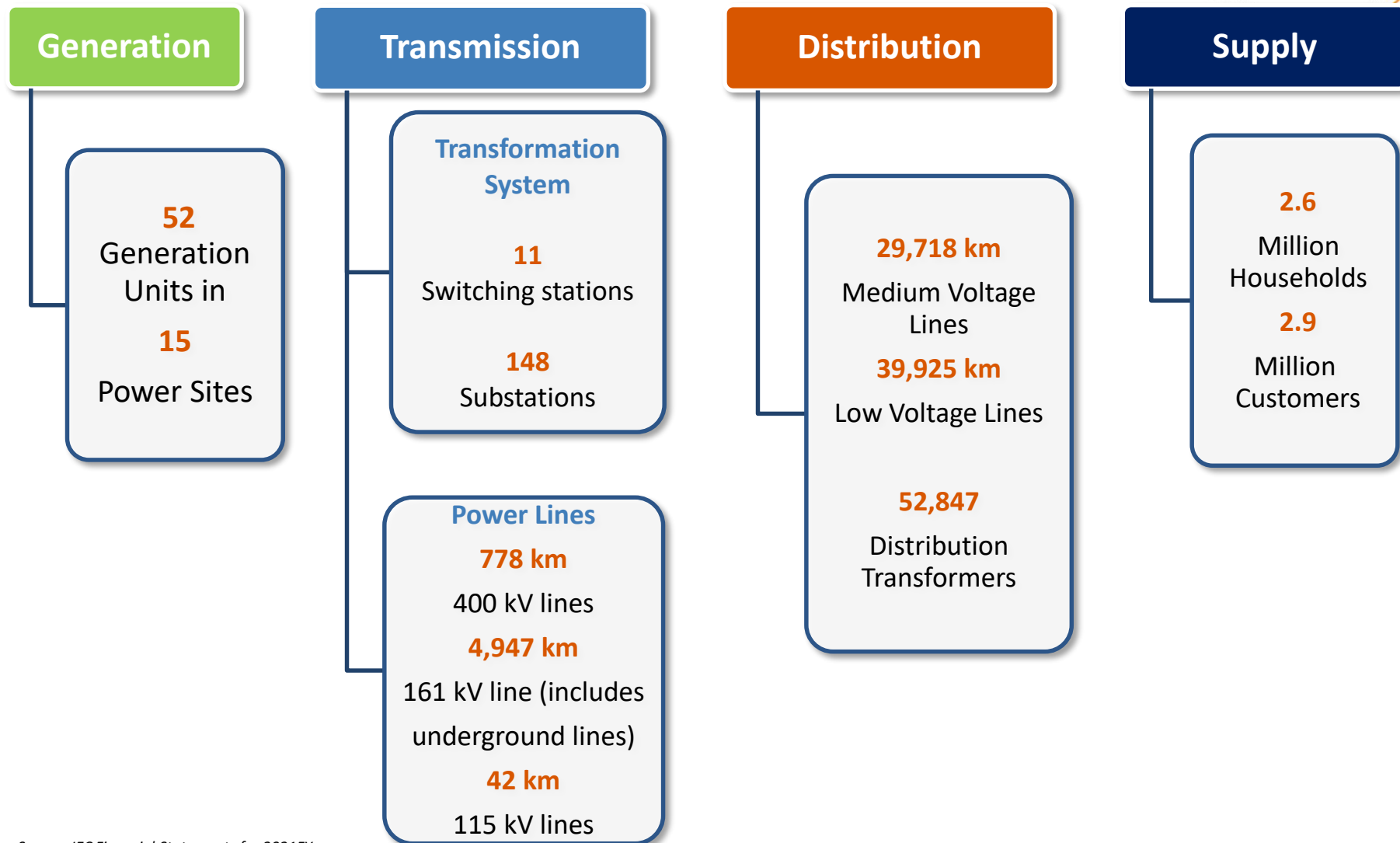


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Operational Overview

The IEC Electricity Chain



Source: IEC Financial Statements for 2021FY



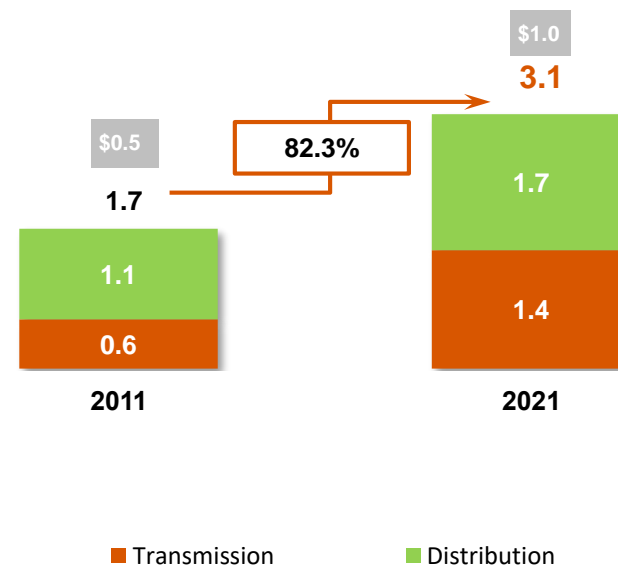
Historical Performance⁽¹⁾

Comparison of Key Metrics

	12/31/2011	12/31/2021	% Change
Population ⁽²⁾ (mn)	7.8	9.4	20.5%
Number of Customers (mn)	2.5	3.0	20%
National Peak Demand (MW)	10,455	14,172	35.0%
Transmission network lines (km of circuit)	5,256	5,767	9.7%

IEC Historical CAPEX⁽³⁾ in the T&D segments

(Nis billion)



IEC continues to be the sole vertically integrated electric utility in Israel

- 1) Source: IEC Financial Statements for 2011FY and for 2021FY, IEC Statistical Report for 2011FY and The Electricity Authority - Report on State of Electricity Sector Year of 2021.
 2) According to the Israeli Central Bureau of Statistics
 3) CAPEX after re-measurements, reform costs and lease
 Financial Figures denote USD figures at USD/NIS average exchange rate of 3.58 & 3.23 for 2011FY & 2021FY, respectively



The IEC Transmission Segment



Development plans for 2022-2026 in the transmission segment:

- Addition of appx. 779 circuit km ultra-high voltage transmission lines (400 KV).
- Establishment of appx. 748 circuit km high voltage transmission lines (161 KV).
- Upgrading of appx. 760 circuit km of existing network (high voltage poles) and re-construction of appx. 389 circuit km.
- Addition of appx. 137 km underground cable circuits.
- Addition of 5 new switching substations so that by year 2026, 16 switching substations 400/161 KV with a transmission capacity of 22,275 MVA will be available for the company needs.
- At the end of 2022, there are expected to be around 150 substations with a total transmission capacity of 19,972 MVA and 12 switching stations.
- Addition of appx. 38 fixed substations with transformer capacity of 4,480 MVA, so that by year 2026, appx. 186 substations with a transmission capacity of 25,616 MVA (fixed, temporarily and mobile) will be available for the company needs.

Source: IEC's Financial reports for 2021FY



The IEC Generation Segment & Fuel Mix

- Construction of two combined cycle gas turbines (units 70-80) at the 'Orot Rabin' site.
- Deactivation and Preservation of coal-fired Units 1-4 at 'Orot-Rabin' site in order to guarantee the reliability of electricity supply to consumers.
- Conversion of the remaining 6 coal units to natural gas gradually until 2026 (units 5-6 at 'Orot Rabin' and units 1-4 at 'Rothenberg').
- Total generation in the electricity sector is expected to be coal free, based on natural gas and renewable energies no later than year 2026.

IEC Generation Facilities⁽¹⁾

	No. of units	Installed Capacity (MW)
Steam (dual purpose) (coal and fuel oil) ^(2,3)	10	4,840
Steam (dual-purpose) (natural gas and fuel / diesel oil)	6	1,340
Gas turbine (internal combustion) (industrial gas)	9	914
Gas turbine (internal combustion) (jet engine)	16	504
Combined cycle (internal combustion and steam)	9	3,357
Total	50	10,955

Source: IEC's Financial Statements for 2021FY and for 9M.2022

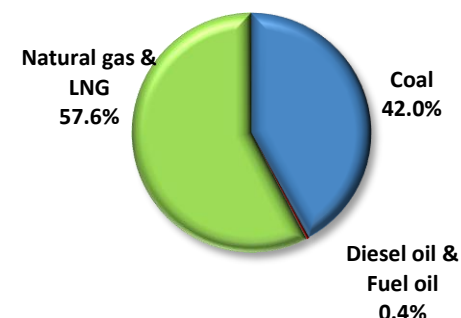
1) As of September 30, 2022

2) Units 1-4 at the Orot Rabin Power Station will be transferred to preservation subject to the following conditions: three natural gas reservoirs in separate infrastructure + start of the first CCGT activation. Please see the decision of the Minister of Energy relative to the preservation of units 1-4 of February 8, 2021 published on the EA website

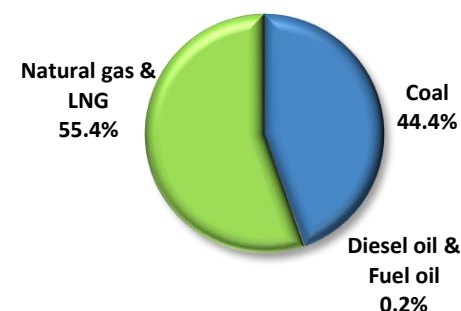
3) In accordance with the Minister of Energy's policy principles, which was published on the Ministry of Energy's website on November 24, 2019, it was decided that units 5-6 at Orot Rabin Power Station and units 1-4 at Rutenberg Power Station will gradually converse using natural gas in order to stop routine coal use until 2025 and no later than 2026.

Fuel Mix by Electricity Generated

January 1 – September 30, 2022



January 1 - September 30, 2021



Natural Gas Overview



Firm gas supply from Tamar Field

- A long term Gas Sale and Purchase Agreement (GSPA) was signed on March 2012.
- On January 24, 2022, an amendment to the agreement was signed with all Tamar partners, following the contractual first price reopening date.
- Reduction of the contractual gas price applicable for the Take or Pay (TOP) quantity in a rate that is a few percent higher than the maximum rate of first price re-opener in the GSPA Agreement.
- According to the GSPA, the gas price for the minimum charged amount is linked to the US CPI. Few restrictions for the US CPI indexation have been set in the amendment.
- The parties' entitlement was maintained for another re-opener date for the minimum amount (in the range of up to 10% supplement or reduction) on December 31, 2024 (instead of the re-opener date set in the GSPA agreement - July 1, 2024).
- The agreement term was extended for another 2.5 years until December 31, 2030.
- Commitment to purchase additional 16 BCM according to the Company's actual operational needs.
- The company will undertake to order a minimum daily quantity on an operational basis during the agreement period.
- Price of gas for the operational quantity and for any additional quantity up to the maximal daily quantity but in excess of the minimal annual quantity (Take or Pay), will be slightly lower than \$ 4 per MMBTU without indexation.
- **The amendment to the Tamar agreement entered into force on July 22, 2022 after the fulfillment of all the precedent conditions. The accounting between the parties will be executed retroactively as from July 1, 2021.**

Source : IEC 's Financial Statements for 2021FY and for 9M.2022



Natural Gas Overview – cont.



Gas supply from Leviathan Field

- On July 4, 2021 an agreement for Spot sale and purchase of natural gas was signed between IEC and the Leviathan partners. The contract period is one year.
- On June 23, 2022 the contract period was extended for another year.
- The price of gas will be determined each month. The contract does not include any obligation regarding the purchased quantities (TOP or minimum quantity).

Gas supply from Karish Field

- On March 14, 2022, IEC entered into an agreement with Energean Israel Limited for Spot sale and purchase of natural gas for one year, starting from the date of delivery of gas from the reservoir.
- On October 29, 2022, the delivery of gas from the reservoir started and the agreement came into force.
- The price of gas will be determined each month. The contract does not include any obligations regarding the purchased quantities.

Sufficient gas supply and predictable prices - stable operational environment

Source : IEC 's Financial Statements for 2021FY and for 9M.2022



The Sector Reform

Main points of the reform



Organizational change,
efficiency plan and
administrative
flexibility



Essential service
provider in the
transmission and
distribution segments



Opening the supply
segment market to
competition from other
entities



Transfer of the system
Management and
additional units to a
separate Government
company



Sale of generation sites
and increased
competition in the
generation segment



Value added services,
installation of smart
meters, construction and
operation of storage
facilities



Strengthening the
financial stability of IEC



Compliance with
financial targets



Assets arrangement

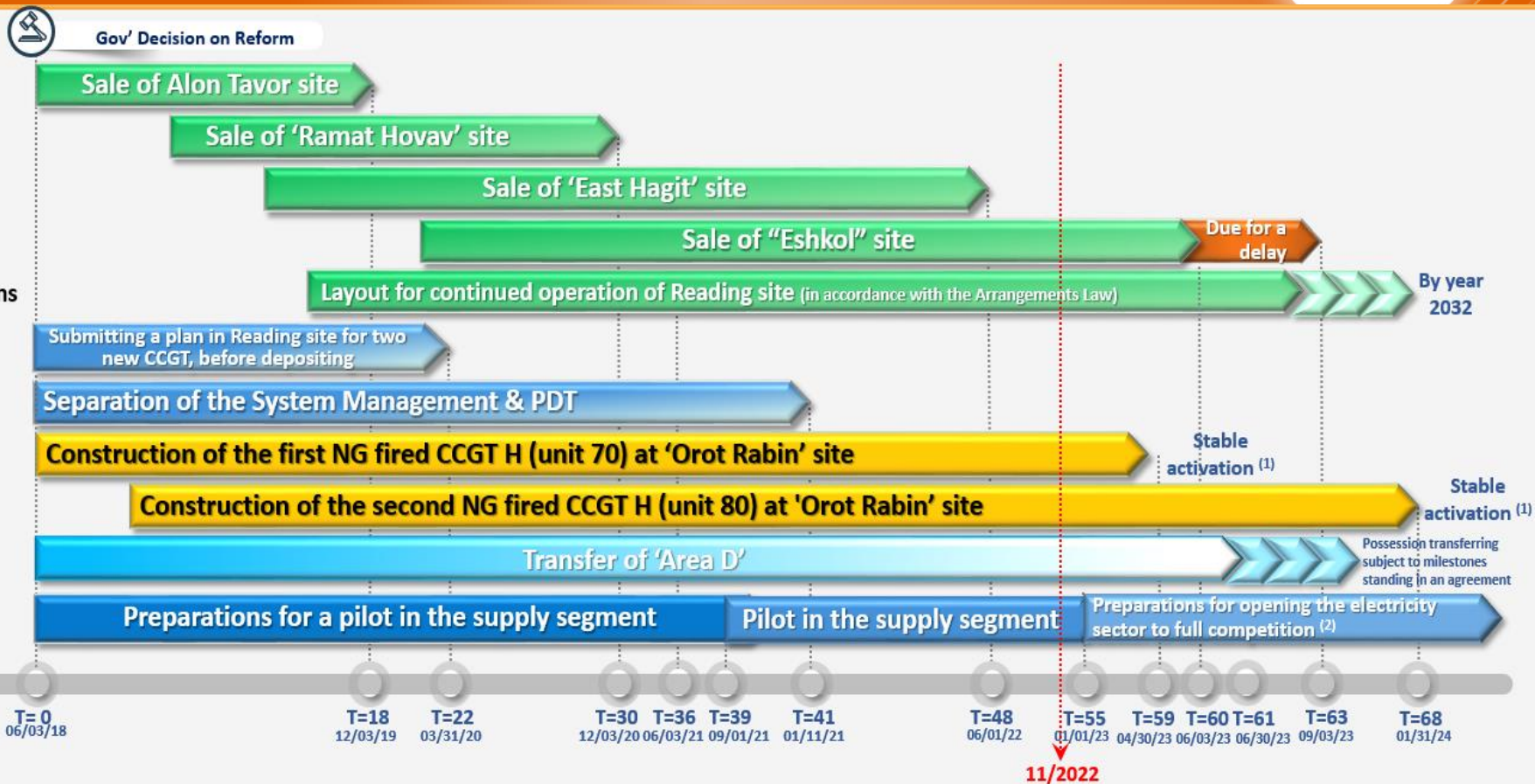


Construction &
operation of two
combined cycle gas
turbines at the 'Orot
Rabin' site

Source : IEC 's Financial Statements for 2021FY and for 9M.2022



The Sector Reform Timeline



1. After the date of the Financial Statements, unexpected events have occurred which could delay the stable operating date of the new CCGT units 70 and 80 at the Orot Rabin site

2. The Electricity Authority (EA) is intended to open the electricity sector to full competition during 2024

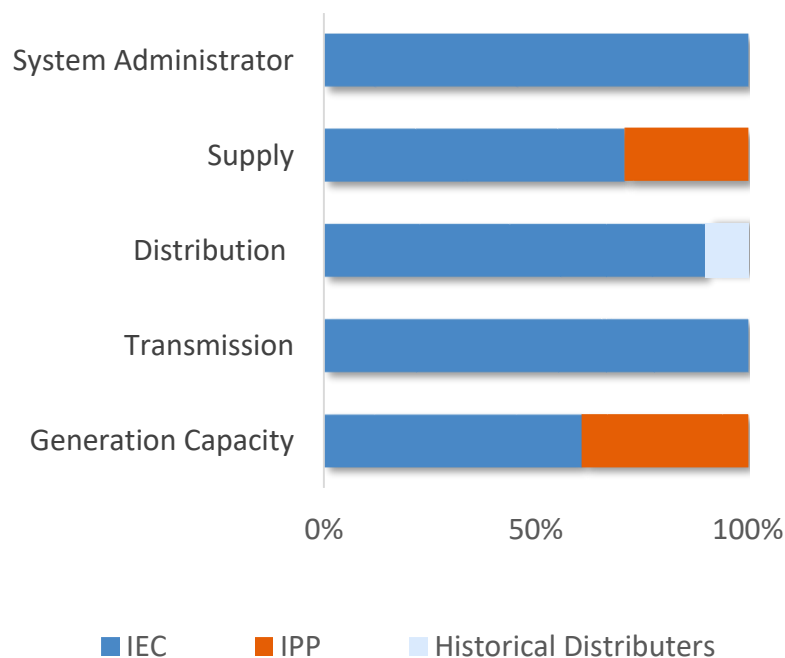
Source : IEC 's Financial Statements for 2021FY and for 9M.2022



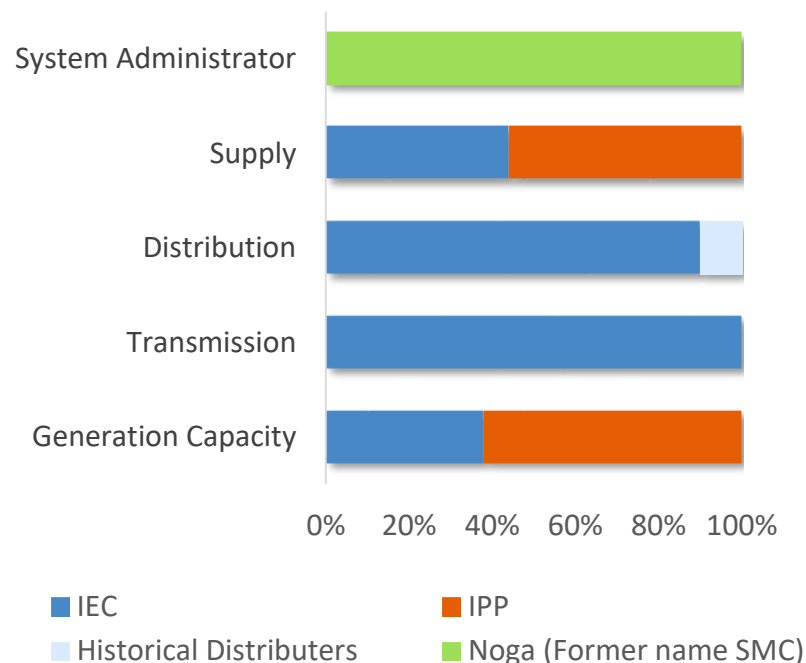
The Israeli Electricity Sector Structure



2020



2025*



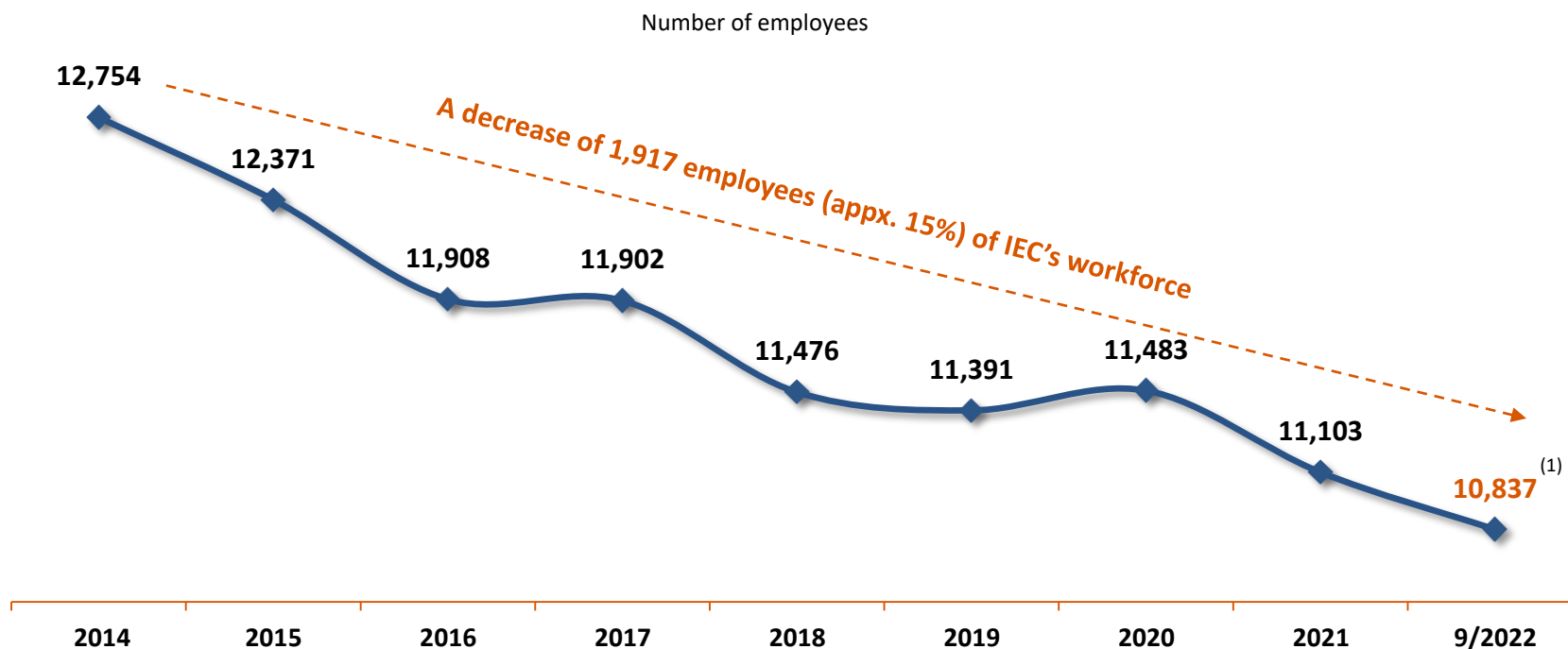
In light of reform in the electricity sector, The Noga company was established in order to manage the electricity system in Israel. The share of IEC in the generation segment will be reduced and the supply segment shall be open to competition. IEC will focus its activity in the T & D segments. The transmission activity and most of the distribution activity shall remain in IEC as Essential Service Provider

* The Electricity Authority Forecast

Source: The Electricity Authority - Reports on State of Electricity Sector for the years 2019-2021.



Streamlining of IEC's Workforce



As part of the reform in the electricity sector, an efficiency program is resuming for the years 2022-2025

1. From 2018 to September 30, 2022, 1,554 permanent employees retired as part of the reform agreements in parallel with the employment of temporary employees.
Source: IEC's Financial Statements for 2014FY – 2021FY and for 9M.2022





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Israeli Electricity Sector

The Electricity Tariff



Tariff Structure

In accordance with the Electricity Sector Law, the electricity tariff is set by the Electricity Authority (EA) and reformulated from time to time. The outline of the formula is as follows:

Recognized costs per segment (e.g. fuel costs, operational costs, depreciation costs and financial costs). Some of the recognized costs are also attributed to funding the reform costs

+

Fair rate of return on equity per segment

Electricity Tariff

Ongoing Update

- Actual costs are examined every 2 weeks by the EA (at the time of CPI and fuel prices changes)
- Discrepancies between forecasted costs and actual cost are reconciled on the earlier of:
 - A difference of 3.5%, provided that 3 months have passed since the last update
 - A difference of 5.5%
 - The Annual Update

Annual Update

Once a year, The current year's costs are updated based on forecasts as well as on previous years' reckoning - the gap between the previous year's forecast components and the actual costs of the previous year

Tariff update as of August 1st, 2022

- On February 1st, 2022, the household electricity tariff increased by approximately 5.7%, following the EA decision, mainly due to the increase in the global coal prices. The above was partially offset by:
 - Decrease in the USD/NIS exchange rate and in the global NG prices
 - The sale of Ramat Hovav Power Station (half of which was recognized in 2021 Tariff) and the publication of the results of the tender for the sale of East Hagit Power Station
- On May 1st, 2022, an amendment was made to the annual update of the electricity tariff for 2022, in which the average household tariff decreased by 2.4% due to the reduction of the excise tax on coal.
- On August 1st, 2022 the household electricity tariff increased by 8.6% mainly due to an ongoing and sharp increase in the global coal prices and other metrics, which at the beginning of July 2022, reached an increase of appx. 20% in relation to the previous recognized cost.

Source: IEC's Financial Statements for 2020FY, Electricity Authority's decisions no. 62302 as of 01/24/22, no. 63006 as of 04/12/22 and no. 07/27/22 - electricity tariff to IEC's consumers





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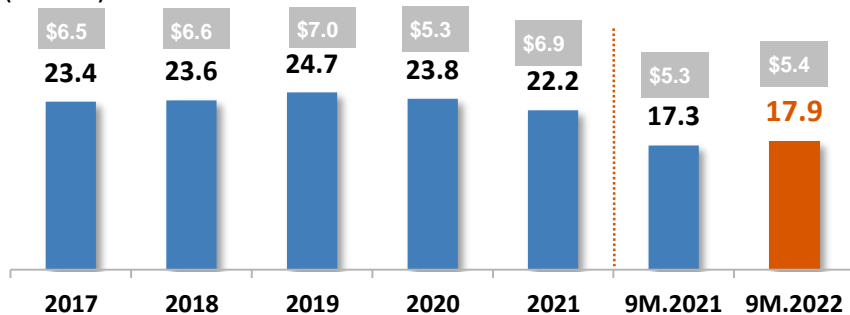
Financial Overview



Financial Highlights

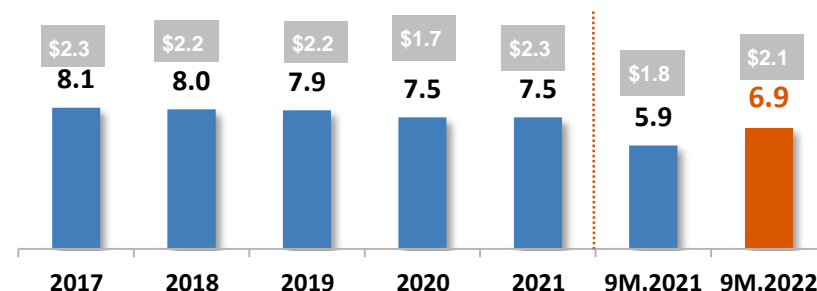
Revenues

(NIS bn)



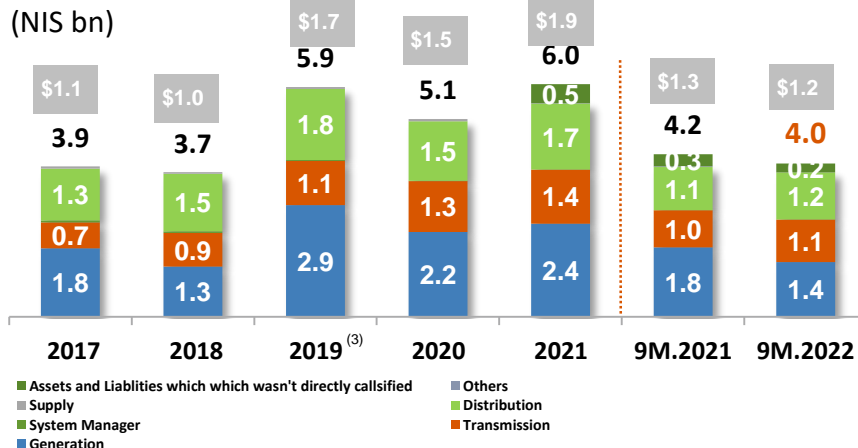
EBITDA⁽¹⁾

(NIS bn)

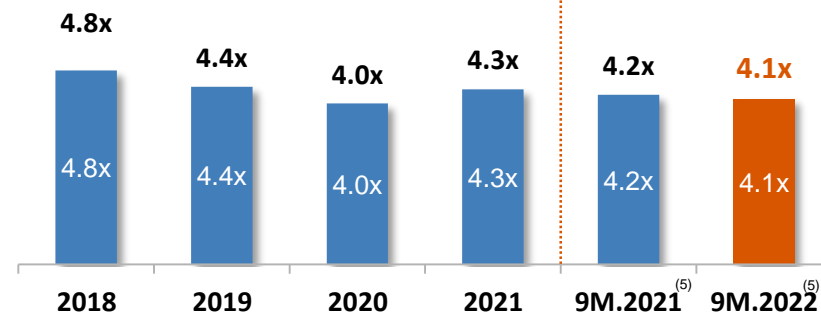


Historical Investments by segments (CAPEX) ⁽²⁾

(NIS bn)



Net Financial Debt⁽⁴⁾/EBITDA



Source: IEC's Financial Statements for 2017FY-2021FY and for 9M.2021, 9M.2022

1. IEC defines "EBITDA" as a Normalized EBITDA - profit (loss) before income taxes, financial expenses, depreciation and amortization, including movement in regulatory deferral accounts, while neutralizing special non-current events.

2. CAPEX before re-measurements and reform costs.

3. CAPEX also include non-cash adjustments in 2019 in accordance with IFRS 16 (Leases) in the sum of appx. NIS 1.4 billion.

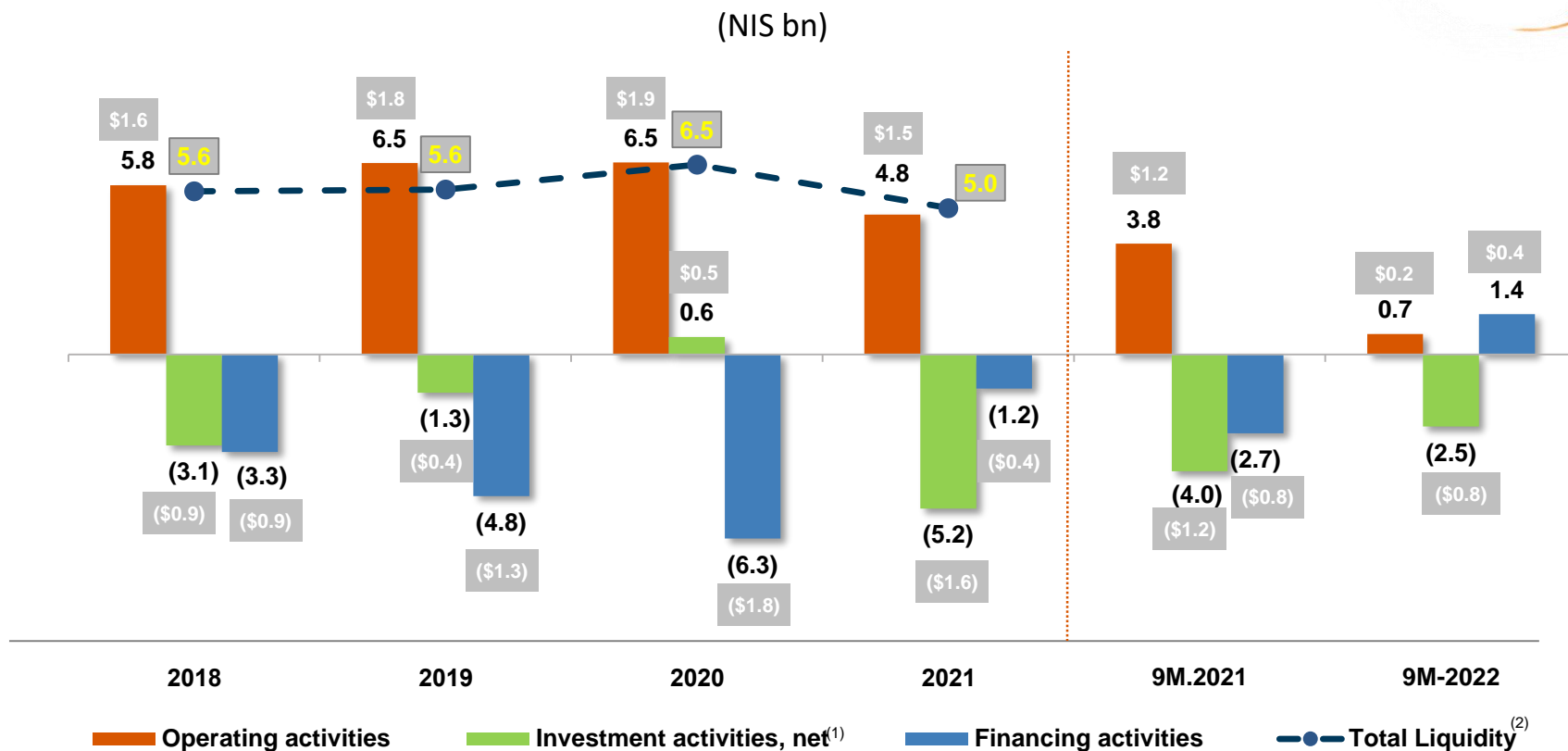
4. IEC defines "net financial debt" as credit from banks and other credit providers, total long-term debt (including debentures, long-term liabilities to banks, including hedge transactions, lease liabilities, debentures to the State of Israel and liabilities to the state of Israel), less cash and cash equivalents, short-term investments and other receivables (including receivables for forward contracts and swap transactions, MTM and long-term deposits and regulatory deferral account assets with respect to linkage differentials).

5. In annualized terms, calculation based on LTM EBITDA.

Financial Figures denote USD figures at USD/NIS average exchange rate of 3.60, 3.59, 3.56, 3.44, 3.48, 3.23, 3.25 & 3.32 for 2017FY, 2018FY, 2019FY, 2020FY, 2021FY, 9M.2021 & 9M.2022 respectively



Historical Cash Flow



Generating sufficient cash flow from operations enables IEC to decrease debt, preserving a sound liquidity position

Source: IEC's Financial Statements for 2018FY-2021FY and for 9M.2021, 9M.2022.

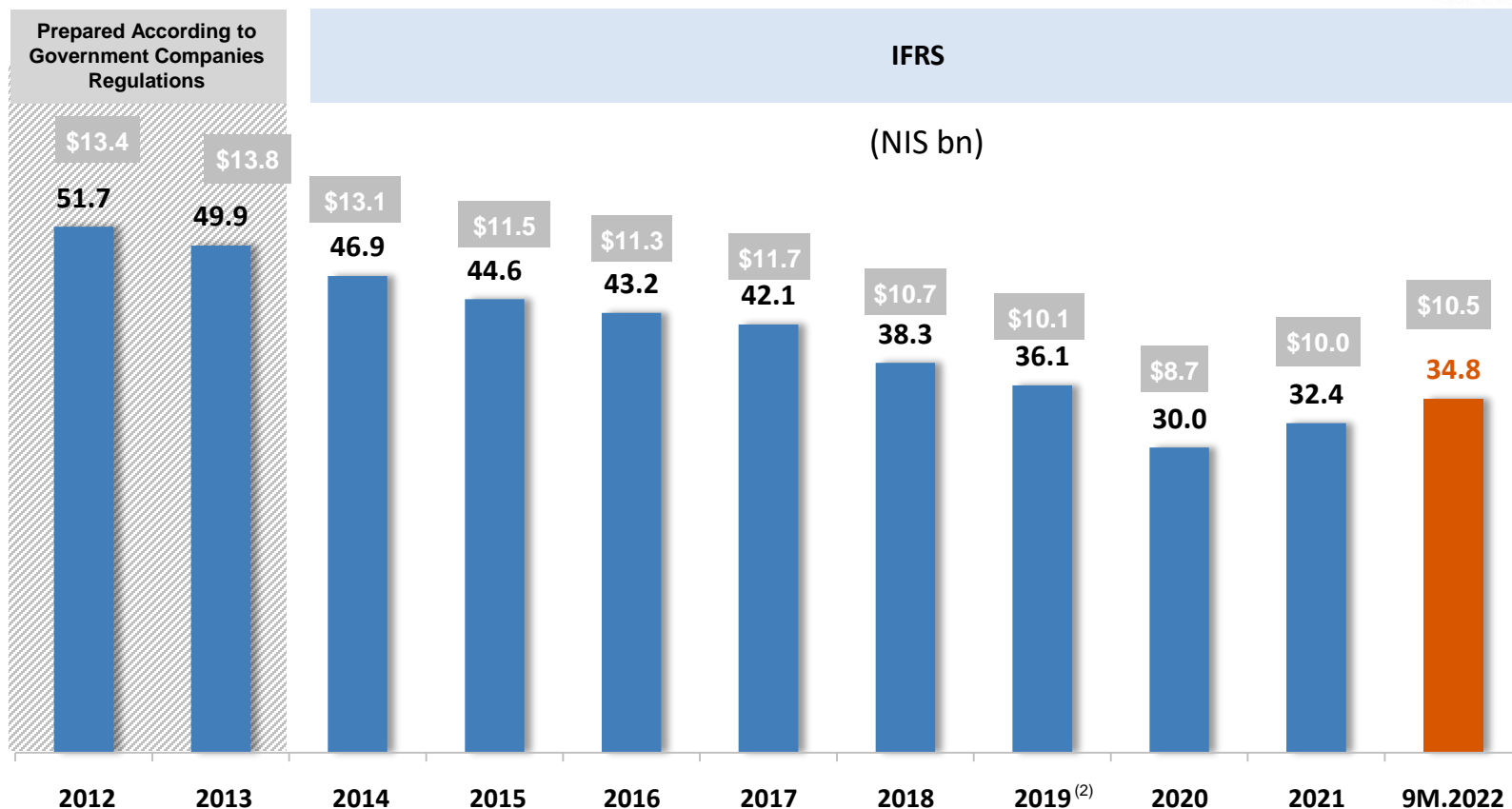
1. Investment activities excluding repayment (or deposits) of bank deposits.

2. IEC defines "liquidity" as cash and cash equivalents, short term investments and available credit facilities.

■ Financial Figures denote USD figures at USD/NIS average exchange rate of 3.59, 3.56, 3.44, 3.23, 3.25 & 3.32 for 2018FY, 2019FY, 2020FY, 2021FY, 9M.2021 & 9M.2022 respectively



Net Financial Debt ⁽¹⁾ Over Time



Source: IEC's Financial Statements for 2012FY-2021FY and for 9M.2022

1) Net financial debt is a non-GAAP measure that is defined as credit from banks and other credit providers, plus total long-term debt (including debentures, long-term liabilities to banks, including hedge transactions, liabilities to the State of Israel), leases liabilities and CPI linkage differentials regulatory deferral account, less; cash and cash equivalents, short-term investments, long and short term receivables in respect of forward contracts and swap transactions, and long-term deposits to secure swap transactions.

2) As from 01/01/2019, "net financial debt" also includes lease liabilities.

Figures denote USD figures at USD/NIS average exchange rate of 3.86, 3.61, 3.58, 3.89, 3.84, 3.60, 3.59, 3.56, 3.44, 3.23 & 3.32 for 2012FY, 2013FY, 2014FY, 2015FY, 2016FY, 2017FY, 2018FY, 2019FY, 2020FY, 2021FY & 9M.2022 respectively.

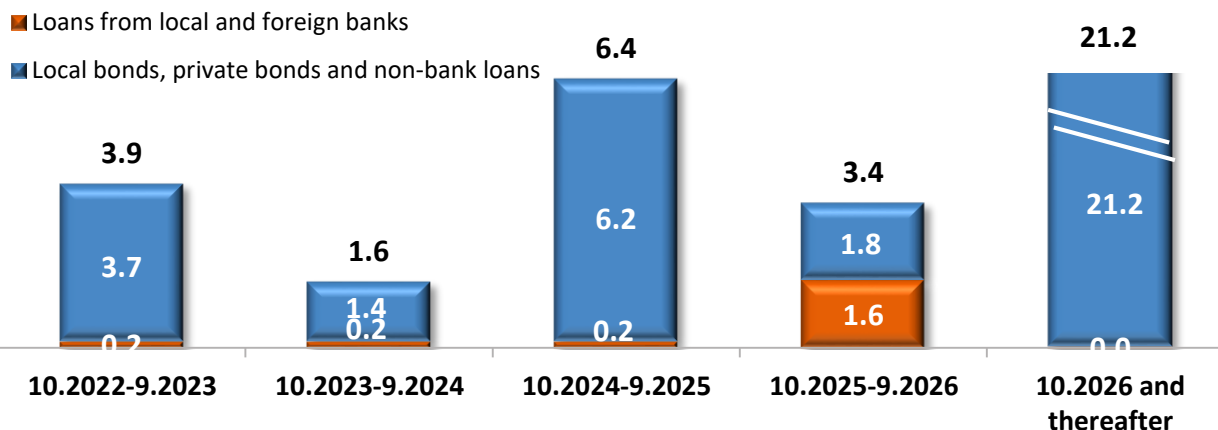


Consolidated Debt Breakdown

as of September 30, 2022



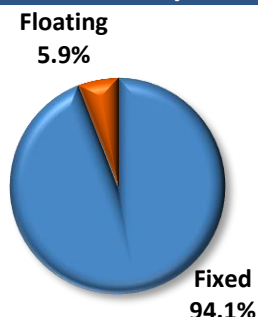
Annual Debt Maturities (Principal in NIS billions)⁽¹⁾



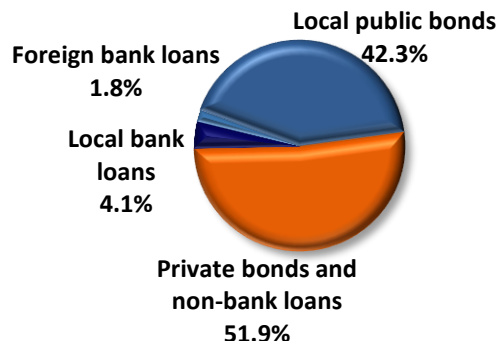
Profile of International IEC \$ Bonds⁽²⁾

Maturity	Outstanding Amount (\$mn)	Coupon
Jun-23	650	6.875%
Nov-24	1,250	5.000%
Dec-26	125	7.875%
Dec-27	300	7.750%
Aug-28	1,000	4.250%
Mar-30	40	8.940%
Feb-32	500	3.750%
Dec-96	125	8.100%

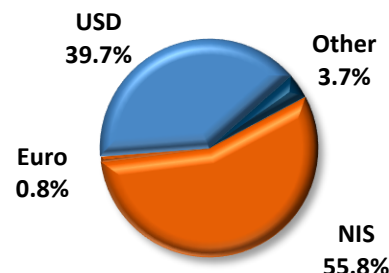
Interest Rate Exposure⁽³⁾



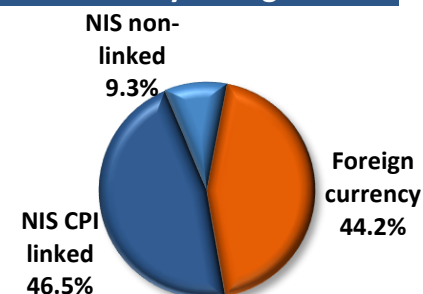
Type of Instrument⁽¹⁾



Debt by Currency⁽¹⁾



Debt by Linkage⁽¹⁾



Source:

1) IEC immediate report on the Corporate Liabilities Status, IEC Financial data.

2) IEC Financial data and Bloomberg as of November 2022

3) IEC's Financial Statements for 2021FY and for 9M.2022



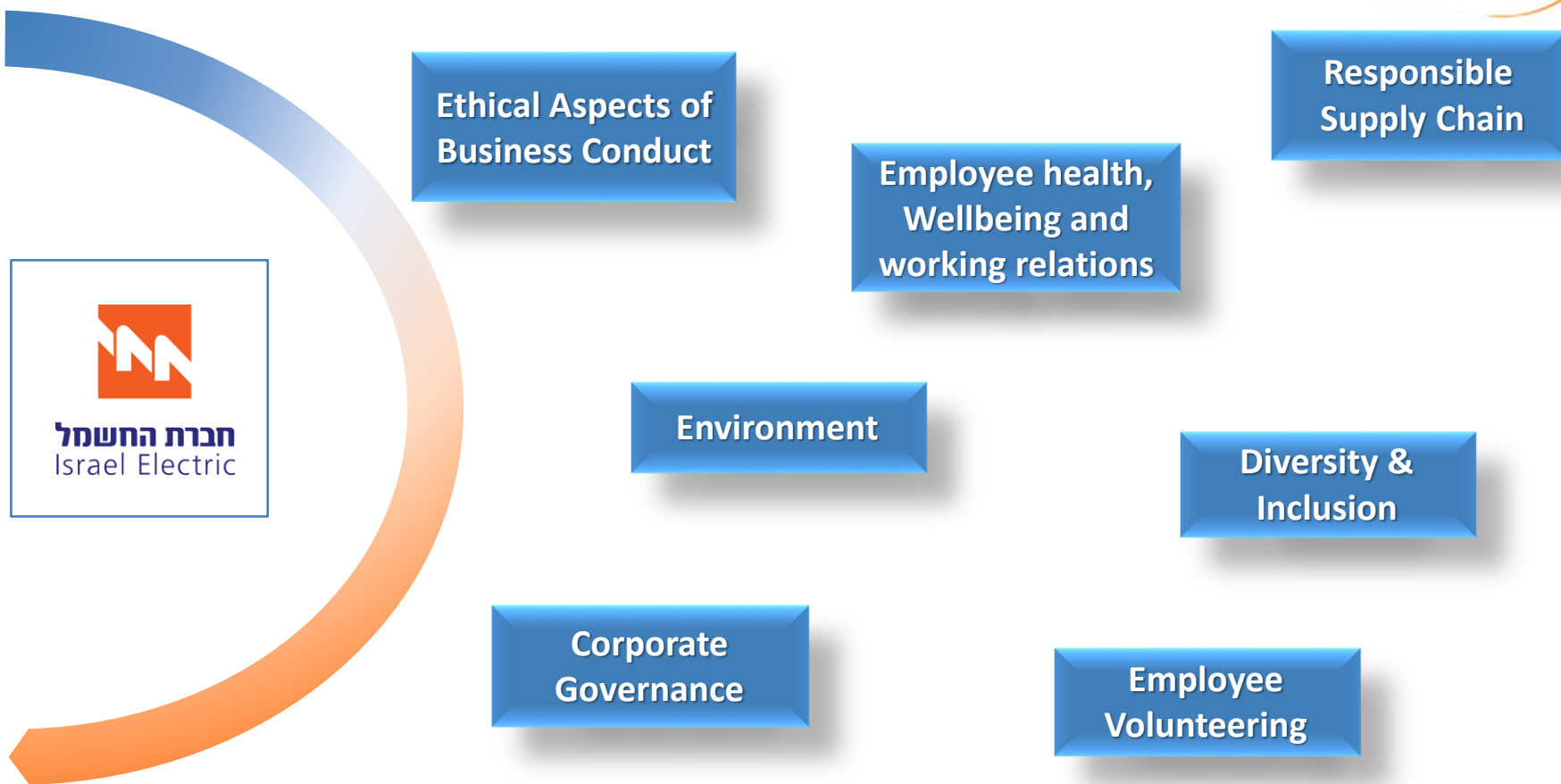


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Sustainability Overview

Environment, sustainability and corporate governance (ESG)



IEC earned the highest ranking in the Maala⁽¹⁾ 2022 Index: Platinum⁺ (for the ninth consecutive year)

Source: IEC's Corporate Sustainability Report for 2020, Maala's rating for IEC for 2022

1. Maala is the non-profit CSR standards-setting organization in Israel who serves the needs of some 120 members, comprised of Israel's large and mid-size companies, committed to excellence in corporate citizenship. The criteria in the rankings are determined by an independent public committee composed of content experts, academics, heads of social environmental organizations and representatives of the business sector.



State of Israel's Commitments on Climate



100 Action Items

- Just before COP26, the government released a "100 Action Items" plan to develop technologies aimed at reducing CO2 emissions and preparation for climate change with the cooperation of 14 ministries

Renewable Power Targets

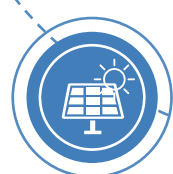
- The Minister of Energy announced to phase-out coal-fired power generation no later than 2026 and determined targets for a renewable power generation share of 20% in 2025 and 30% in 2030. IEC will continue to develop the electricity network system in order to enable renewable energy absorption and to achieve the 2030 target
- Israel signed the COP26 pledge to phase-out from coal by 2030 for major economies (2040 for the rest) and end investments in new coal power generation plants

Absolute Targets

- State of Israel's goal is to reduce absolute greenhouse gas emissions:
 - By 27% by 2030, from 2015 levels
 - By 85% by 2050, from 2015 levels

Sectoral Targets for Electricity

- The electricity / heat sector make up approx. 45% of Israel's total emissions (latest data 2019)
- State of Israel has a sectoral target to reduce greenhouse gas emissions from **electricity generation (IEC & IPP's)**:
 - By 30% by 2030**, from 2015 levels (37.4 MtCO2eq)
 - By 85% at least by 2050**, from 2015 levels (37.4 MtCO2eq)

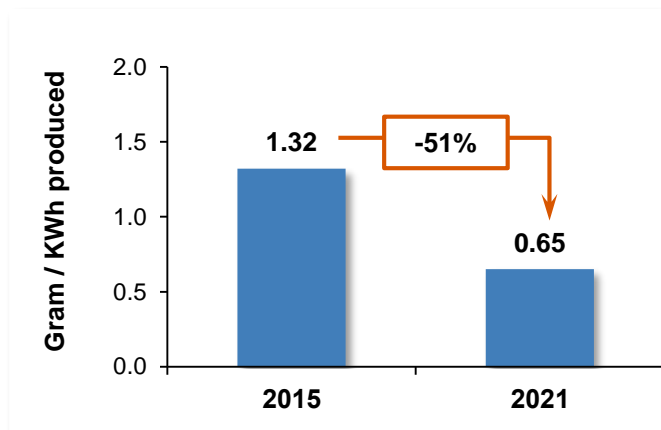


Source: Report of greenhouse gas emissions in Israel - Annual Tracking regarding the implementation of the National Program and Goals to reduce greenhouse gas emissions and the commitment of Israel to the climate trust, The Ministry of Environmental protection May 2021 ; government decision number 171 dated July 25, 2021 "Transition to low carbon economy"; Emissions report of air pollutants from fuel burning, according to fuel consumer, The Israeli Central Bureau of Statistics

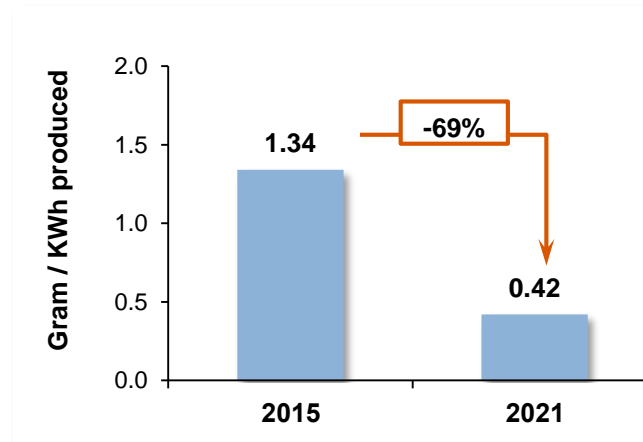


IEC has taken significant steps to reduce emissions

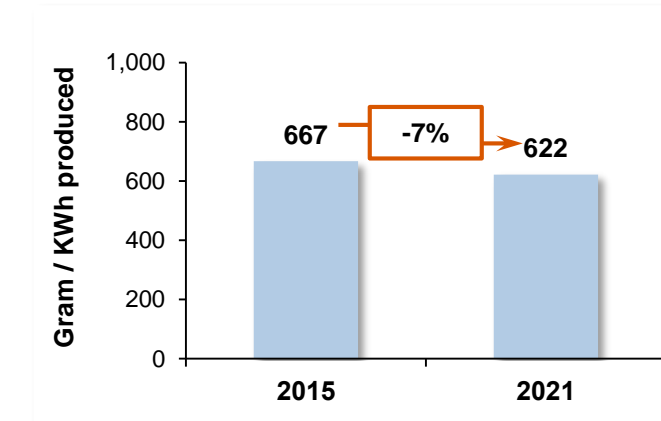
Nitrogen Oxides NOX



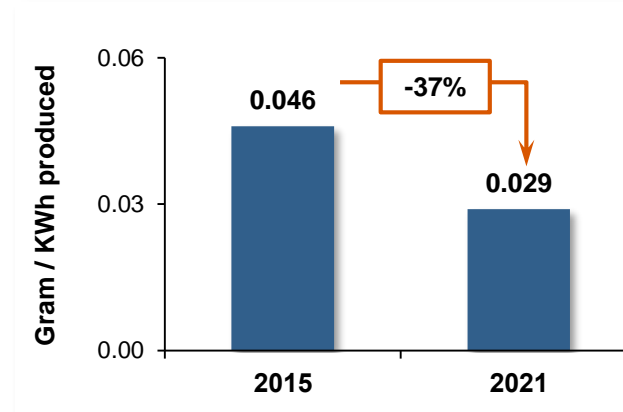
Sulfur Dioxide SO2



Carbon Dioxide CO2



Particulate Matter PM

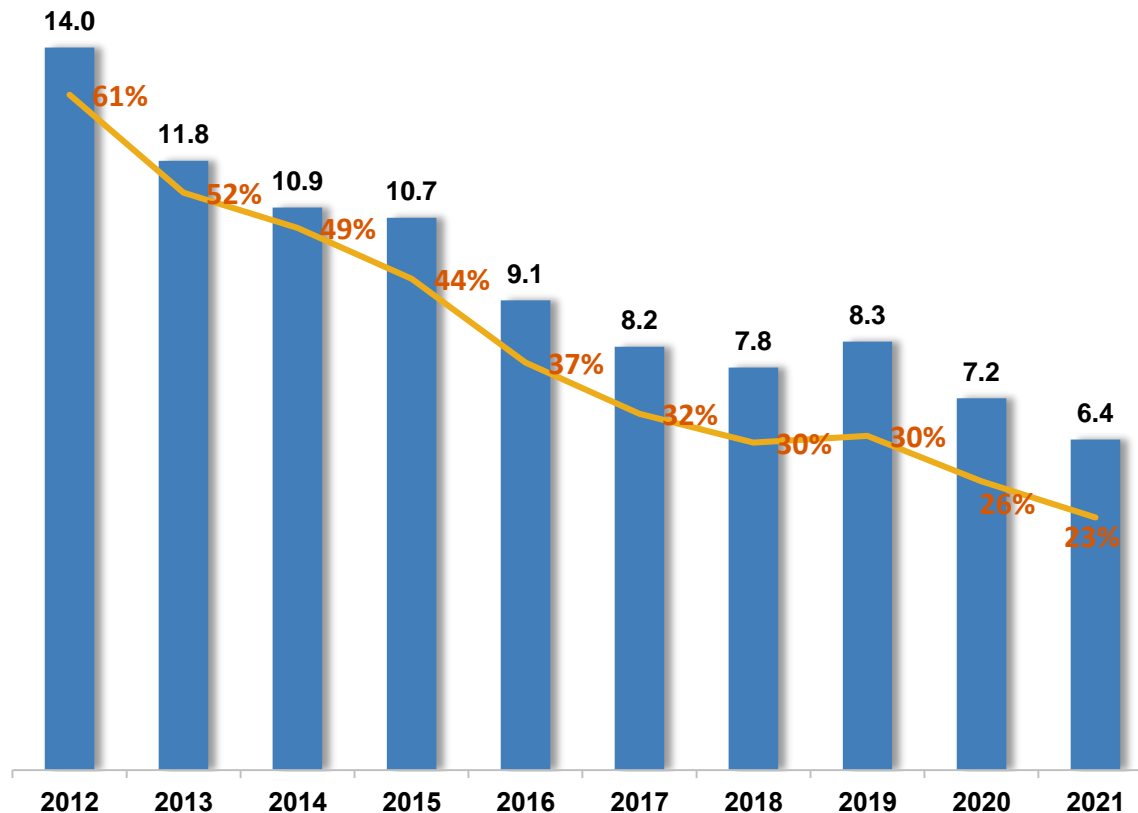


Source: IEC Environmental report for the year 2021



Coal Usage Over Time

■ Million Ton
— % of coal out of Total Electricity Market Fuel Mix



Source: IEC's Financial Statements for 2012FY-2021FY, The Electricity Authority - Report on State of Electricity Sector Year of 2021
1) The emissions reduction cost does not include interest during the construction period

Implementing Government policies

- The State of Israel signed the Paris Agreement in 2016 and has significantly limited the usage of coal for electricity generation
- An emissions reduction project in the larger coal units was executed at a significant cost of NIS 7.1 billion ⁽¹⁾
- Government target of Israel is to be "coal free" by 2030. The Israeli Electricity Market will stop routine coal use until 2025 and no later than 2026 following the Israeli Minister of Energy's policy principles on 11/24/2019
- IEC is financially protected from change in fuel mix by the electricity tariff

The Future of Coal

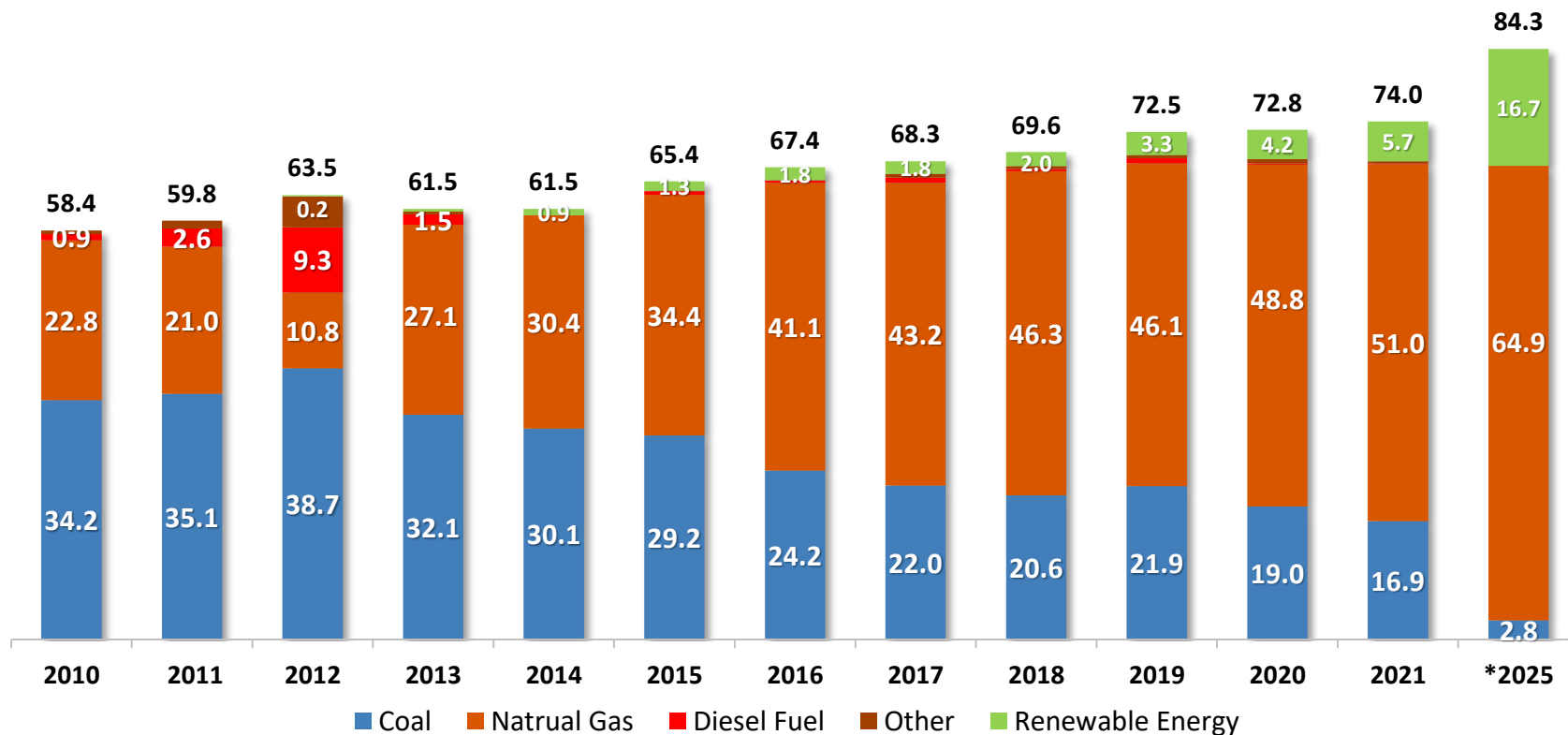
- The current coal capacity is 4,840 MW of which:
 - 1,440 MW will be mothballed in 2023/24 following the Israeli Minister of Energy decision on 2/8/2021
 - 3,400 MW are expected to be converted to NG by the end of 2025 following the Israeli Minister of Energy's policy principles on 11/24/2019



The Israeli Electricity Sector Fuel Mix

Electricity Market Fuel Mix (IEC & IPP)

(TWH)



The Israeli Electricity Sector is expected to be “coal free” by 2030 (the target may be preceded to 2025)⁽¹⁾

Source: The Electricity Authority - Report on State of Electricity Sector Year of 2021.

* The Electricity Authority Forecast

1. For that matter please see the Minister of Energy's statements and the Ministry of Energy's policy for 2030 regarding the rehabilitation from polluting fuels



Thank you!

For questions or additional information, please contact IEC Investor Relations: ir@iec.co.il





חברת החשמל
Israel Electric

Appendices



Income Statement

(NIS millions)



(NIS millions)

	12/31/2021	For the period: 09/30/2021	09/30/2022
Revenues	22,150	17,268	17,906
Cost of operating the electricity system			
Fuels	5,875	4,212	7,158
Purchases of electricity	6,872	5,488	4,681
Operation of the generation system	4,086	3,109	3,082
Operation of the transmission and distribution system and others	2,740	2,064	2,130
Total costs	19,573	14,873	17,051
Profit from operating the electricity system	2,577	2,395	855
Other expenses (revenues), net	15	2	(1,390)
Sales and marketing expenses	853	632	603
Administrative and general expenses	782	547	630
Income from liabilities to pensioners	(47)	(46)	(112)
Reform agreement and other agreements results	348	235	168
Profit from current operations	626	1,025	956
Financial expenses, net	1,912	1,472	1,165
Loss before income taxes	(1,286)	(447)	(209)
Income from taxes on income	(266)	(92)	(41)
Loss after income taxes	(1,020)	(355)	(168)
Company's share of the profit (loss) of asociated companies	(9)	(9)	2
Loss before regulatory deferral accounts	(1,029)	(364)	(166)
Movement in regulatory deferral accounts balances, net of tax	2,314	1,465	2,547
Profit for the period	1,285	1,101	2,381
Profit (loss) with respect to cash flow hedging, net of tax	(74)	39	23
Remeasurement of a defined benefit plan, net of tax	776	1,194	1,602
Movement in balances of regulatory deferral accounts balances, net	110	83	(208)
Other Comprehensive profit for the period, net of tax	812	1,316	1,417
Comprehensive income for the period	2,097	2,417	3,798

Source: IEC's Financial Statements for 9M.2022



Balance Sheet

(NIS millions)



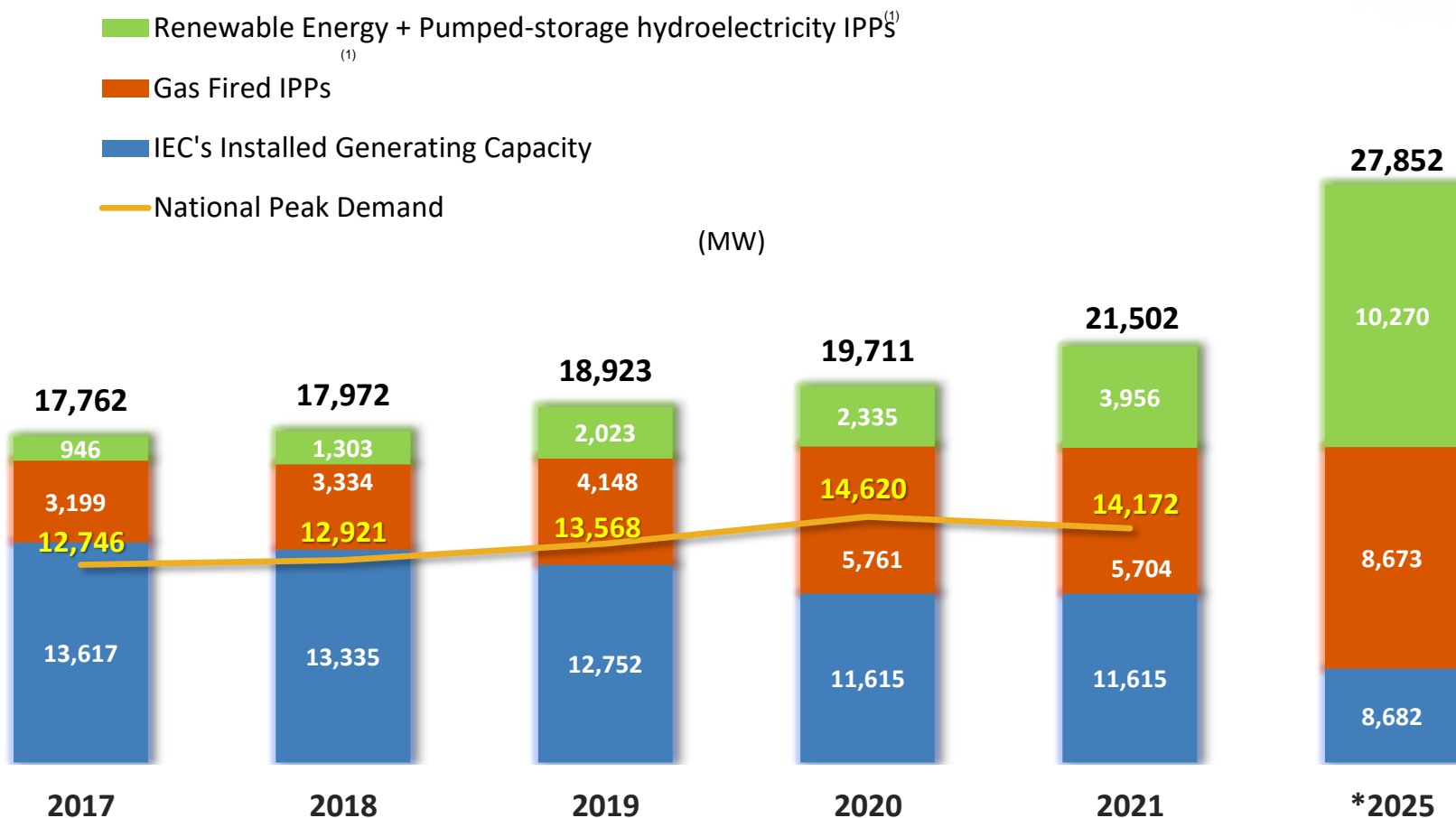
Assets	12/31/2021	09/30/2021	09/30/2022
Current assets			
Cash and cash equivalents	2,454	1,218	2,110
Short term investments	332	348	448
Trade receivables for sales of electricity	4,290	5,824	5,757
Other current assets	665	795	1,074
Inventory - fuel	1,489	933	2,999
Inventory - stores	128	144	139
Assets of disposal groups classified as held for sale	160	236	-
Total current assets	9,518	9,498	12,527
Non-current assets			
Inventory - fuel	1,624	1,618	1,546
Long-term receivables	2,294	2,463	2,208
Investment in associates	4	4	15
Assets with respect to benefits after employment termination	8,280	8,842	10,672
Fixed assets, net	59,123	58,546	59,339
Intangible assets, net	1,188	1,207	1,163
Total non-current assets	72,513	72,680	74,943
Debit balance of regulatory deferral accounts	8,581	7,869	11,159
Total assets and debit balance of regulatory deferral accounts	90,612	90,047	98,629

Liabilities and Equity	12/31/2021	09/30/2021	09/30/2022
Current liabilities			
Credit from banks and other credit providers	5,425	4,037	5,467
Trade payables	2,786	3,179	4,490
Other current liabilities	1,238	1,668	1,552
Customer advances, net of work in progress	740	700	829
Provisions	686	726	671
Liabilities of disposal groups classified as held for sale	-	147	-
Total current liabilities	10,875	10,457	13,009
Non-current liabilities			
Debentures	24,488	25,686	28,982
Liabilities to banks	5,155	3,101	3,604
Liabilities with respect to other benefits after employment termination	6,874	6,759	5,449
Deferred taxes, net	7,198	7,265	8,390
Liability to the State of Israel	1,793	1,787	1,859
Lease liabilities	542	570	451
Other liabilities	592	577	519
Total non current liabilities	46,642	45,745	49,254
Equity	28,825	29,145	32,623
Credit balances of regulatory deferral accounts and deferred taxes with respect to regulatory deferral accounts	4,270	4,700	3,743
Total liabilities, equity and credit balance of regulatory deferral accounts	90,612	90,047	98,629

Source: IEC's Financial Statements for 9M.2022



Israel Generation Capacity and Demand



Source: IEC's Financial Statements (2017FY-2020FY), The Electricity Authority - Report on State of Electricity Sector Year of 2021.

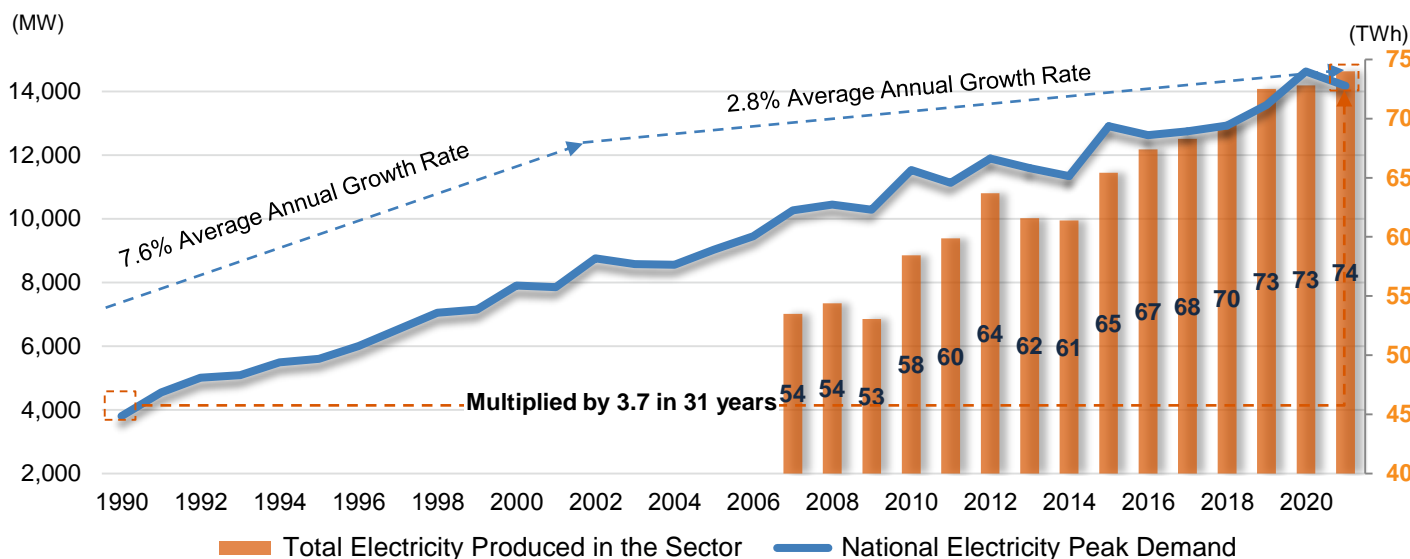
* The Electricity Authority Forecast. The expected IEC's Installed Generating Capacity contains coal units which supposed to undergo a conversion to gas in a total power of 2.8 GW.

1. Installed Generation Capacity of Independent Power Producers ("IPPs")



Demand for Electricity

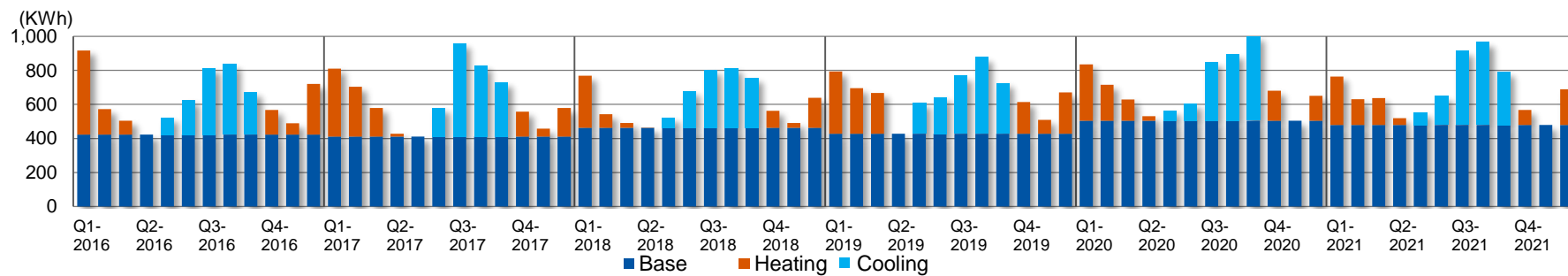
National Electricity Peak Demand & Total Electricity Produced in the Entire Sector



Trends

- The demand for electricity in Israel is growing at a fast and steady pace
- Demand is driven by both population growth and the increase in electricity consumption per household
- Noga's demand forecast, including Covid-19 effects and the expected demand from electric vehicles, anticipates an average annual increase of 3.1% in the years 2022 to 2027

Seasonality in Electricity Demand - Average Consumption of Households



Source: IEC's Annual Financial Statements (1990FY-2021FY), IEC's Statistical data, The Electricity Authority - Report on State of Electricity Sector Year of 2021



The Reform in the Generation Segment

(Selected generation sites)



The numerical figures are in MW

- ▼ Steam - dual purpose: **coal and fuel oil**
- ▼ Steam - dual purpose: **natural gas and fuel / diesel oil**
- ▼ Gas turbine (internal combustion)
- ▼ Combined cycle (internal combustion and steam)
- A power station planned to be sold during the reform
- A power station which was sold during the reform



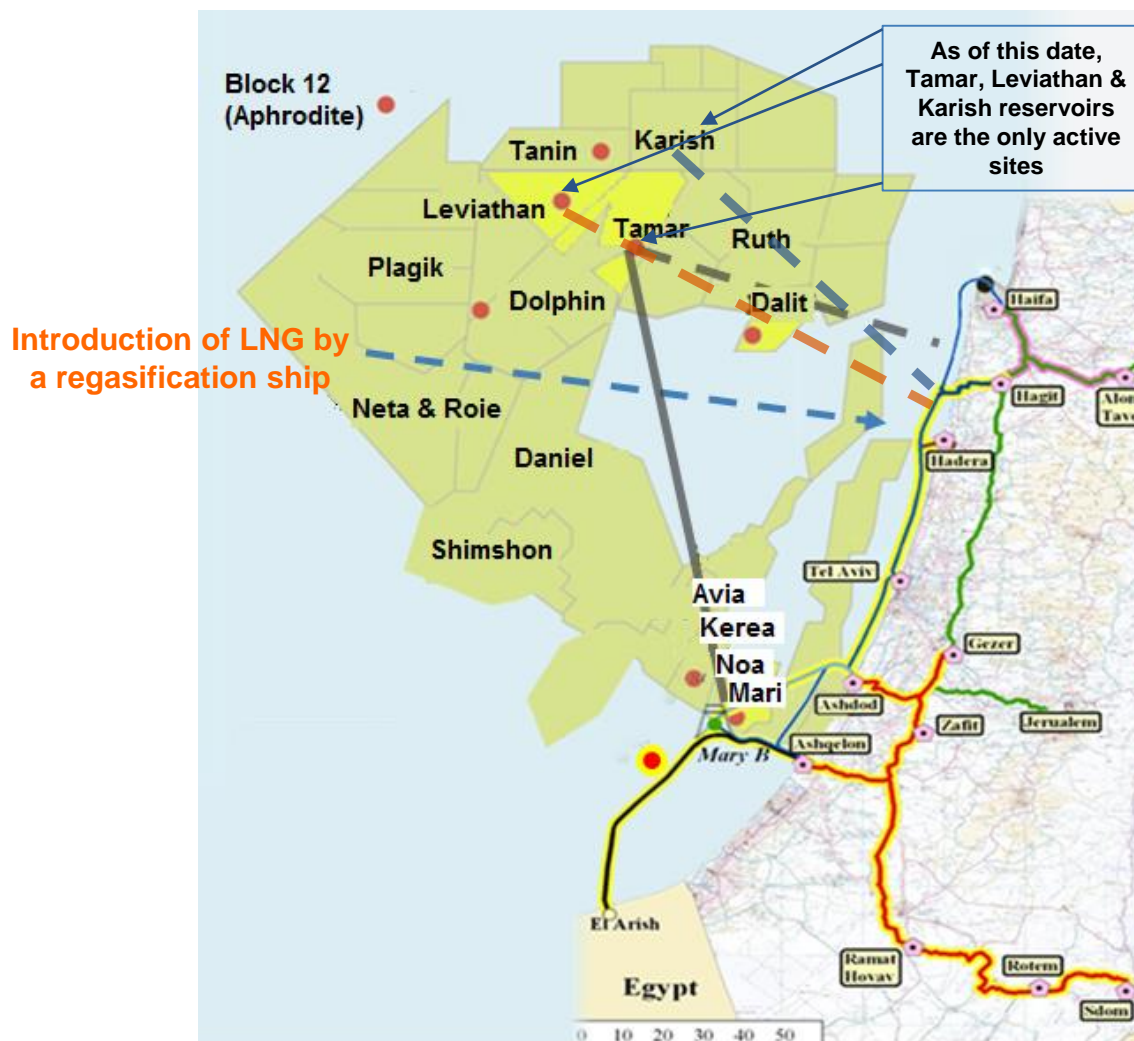
IEC's COVID-19 Implications



Source : IEC 's Financial Statements for 2021FY and for 9M.2022



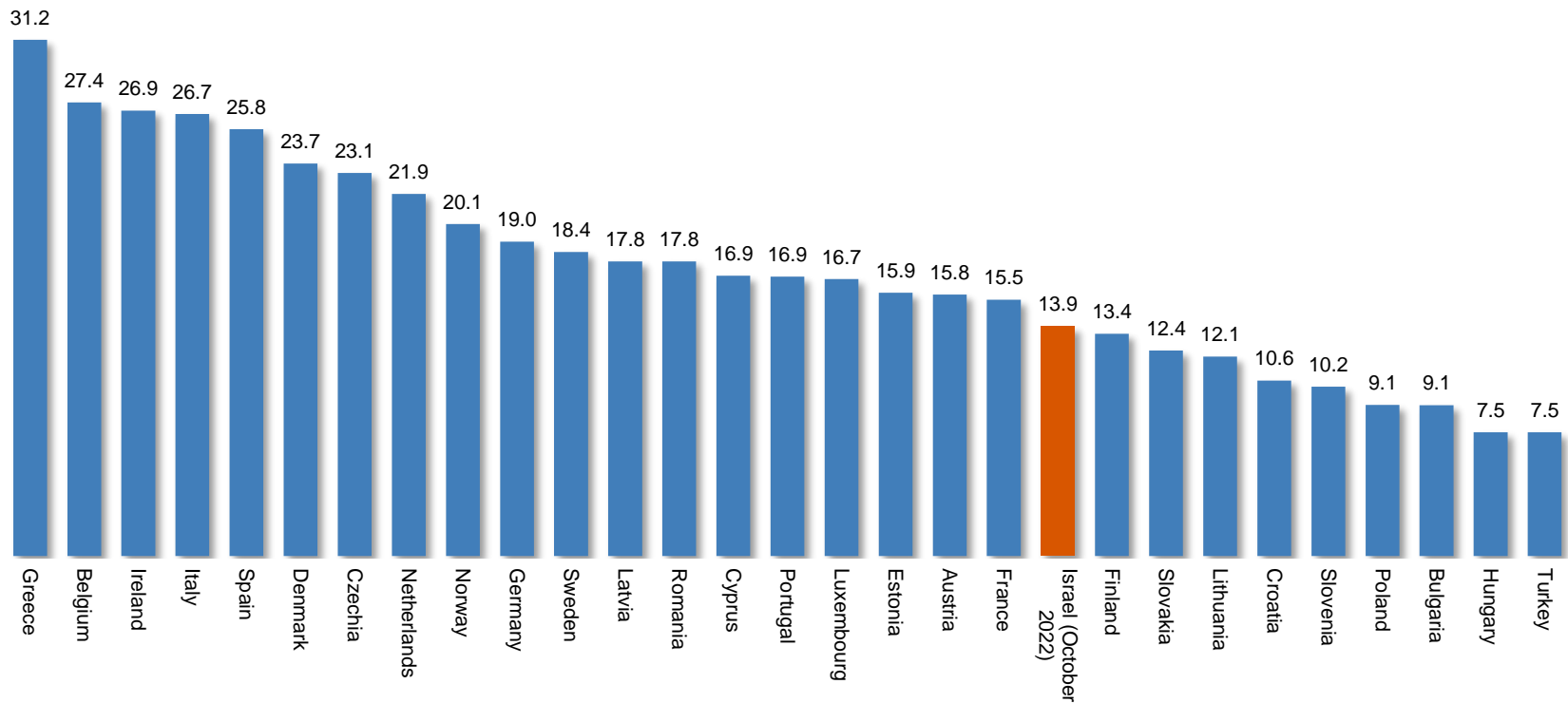
Sources of Natural Gas in Israeli Waters



Tariff Comparison to European Countries

Average Price per KWh⁽¹⁾

(€ cents equivalent)



Source: Eurostat, Electricity prices for domestic consumers – bi-annual data, as of 10/27/2022. Israel rate is based on the last tariff update that does not include VAT (08/01/2022) and converted EUR/NIS exchange rate of 3.54 as of 10/27/2022.

1) Average national price in Euro per kWh without taxes for medium size household consumers (annual consumption between 2,500 and 5,000 kWh).

