ORMAT TECHNOLOGIES, INC.
FIRST QUARTER 2020 EARNINGS CALL

MAY 11, 2020



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This presentation includes Forward-Looking Statements and the disclaimer should be read carefully

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This presentation, and information provided during any discussion accompanying this presentation, may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve estimates, expectations, projections, goals, objectives, assumptions and risks, and activities, events and developments that may or will occur in the future. When used in or during the course of this presentation, the words "may", "will", "could", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "projects", "thinks", "forecasts", "guidance", "continue", "goal", "outlook", "potential," "prospect" or "target", or the negative of these terms or other comparable terminology are intended to identify forward-looking statements, although not all forward-looking statements contain such words or expressions. Such forward-looking statements include, but are not limited to:

statements about Ormat Technologies, Inc.'s and its affiliates' ("Ormat") business strategy;

statements about Ormat's competitive strengths;

statements about Ormat's development and operation of electricity generation, storage and energy management assets, including distributed energy resources;

statements about Ormat's other plans, expectations, objectives and targets;

statements about Ormat's views on market and industry developments and economic conditions, and the growth of the markets in which Ormat conducts its business; and

statements about the growth and diversification of Ormat's customer base and Ormat's future revenues, expenses, earnings, capital expenditures, regional market penetration, electricity generation, and other operational performance metrics, including statements about "target" or "targeted" amounts for 2022 growth (MW) or 2022 operational performance metrics such as growth (MW), revenue by segment, segment breakdown and domestic/international geographic breakdown, among others. All of these and other forward-looking statements made in or during the course of this presentation are made only as of the date hereof and Ormat undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by law. Forward-looking statements about "target" or "targeted" amounts represent current goals of Ormat's management and are neither estimates of Ormat's actual results nor financial projections or forecasts that have been prepared in accordance with Securities and Exchange Commission ("SEC") rules or guidelines adopted by the American Institute of Certified Public Accountants. These forward-looking statements are not intended to be a guarantee of future results, but instead constitute Ormat's current expectations based on assumptions that Ormat currently believes are reasonable. You are cautioned not to place undue reliance on the expectations, projections and other forward-looking statements made in or during the course of this presentation as actual future results and developments may differ materially from such expectations, projections and forward-looking statements due to a number of risks, uncertainties and other factors, many of which are beyond Ormat's control.

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NON-GAAP METRICS

Reconciliation to US GAAP Financial Information

This presentation includes certain "non-GAAP financial measures" within the meaning of Regulation G under the Securities Exchange Act of 1934, as amended, including EBITDA and Adjusted EBITDA. The presentation of these non-GAAP financial measures is not intended as a substitute for financial information prepared and presented in accordance with GAAP and such non-GAAP financial measures should not be considered as a measure of liquidity or as an alternative to cash flow from operating activities, net income or any other measures of performance prepared and presented in accordance with GAAP. Such non-GAAP financial measures may be different from non-GAAP financial measures used by other companies.

The appendix slides in this presentation reconcile the non-GAAP financial measures included in the presentation to the most directly comparable financial measures prepared and presented in accordance with U.S. GAAP .

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FIRST QUARTER 2020- PREPARED REMARKS

- Q1 2020 highlights: Isaac Angel, CEO
- Financial overview: Doron Blachar, President
- Operations & business updates: Isaac Angel, CEO
- Q & A

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Q1 2020 HIGHLIGHTS

($ millions, except per share amounts)	Q1 2020	Q1 2019	% Change
Revenues			
Electricity	142.9	142.9	0.0%
Product	47.4	52.1	(9.0%)
Energy Storage Management Services	1.8	4.0	(53.9%)
Total Revenues	192.1	199.0	(3.5%)
Gross margin (%)			
Electricity	50.0%	45.7%	
Product	22.0%	19.2%	
Energy Storage Management Services	(5.6%)	(30.2%)	
Gross margin (%)	42.6%	37.3%	
Operating income	61.1	53.7	13.6%
Net income attributable to the Company's shareholders	26.0	25.9	
Diluted EPS	0.51	0.51	
Adjusted EBITDA[1]	106.0	101.8	4.2%

(1) A reconciliation of Adjusted EBITDA is provided in the appendix slide

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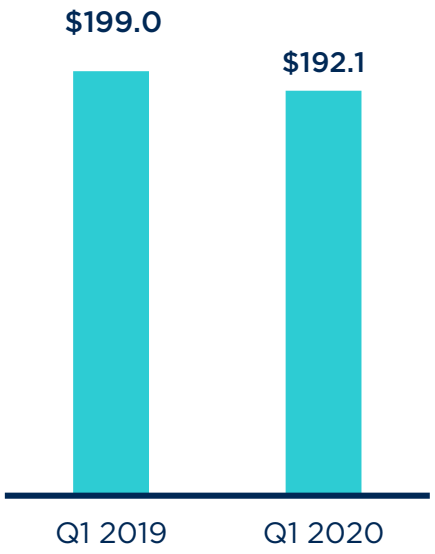
FINANCIAL RESULTS

DORON BLACHAR, PRESIDENT

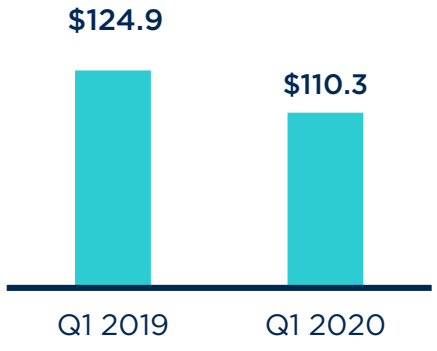
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TOTAL REVENUES

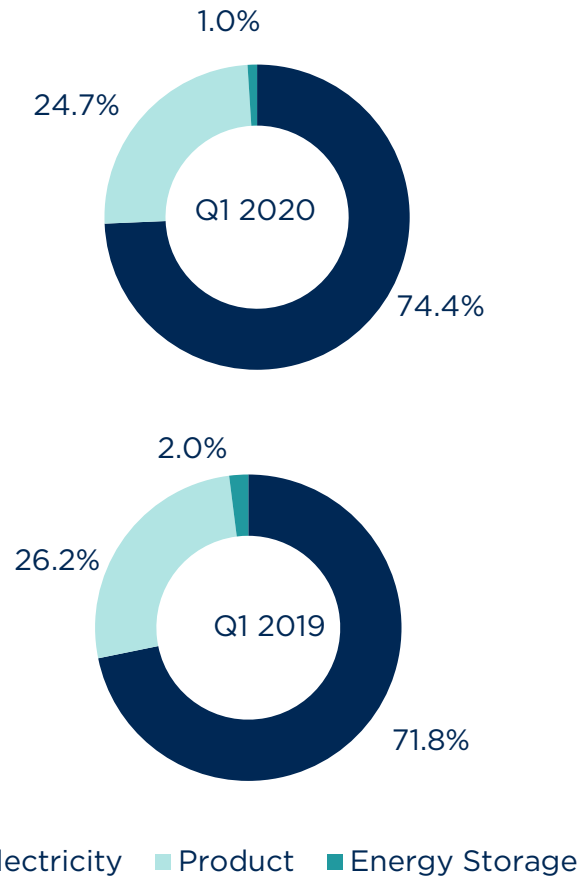
Total revenues
$-6.9M (-3.5%)



Total cost of revenues
$-14.6M (-11.7%)



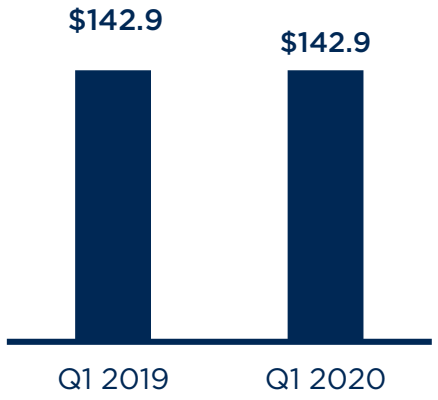
Segment contribution



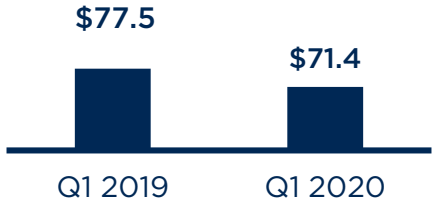
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ELECTRICITY SEGMENT

Revenues
$-0.1M (0.0%)



Cost of revenues
$-6.2M (-8.0%)



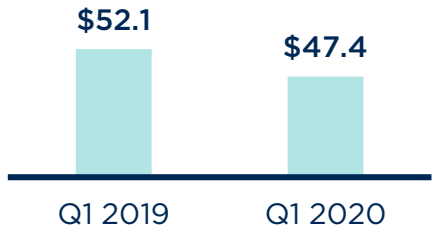
Cost of revenues decreased mainly due to:

- Business interruption insurance income of $2.5M compare to $1.3 last year
- Decrease of $1.3 lease expenses following the termination of Puna's lease transaction
- Lower operational costs in some of our power plants

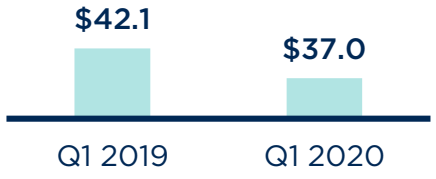
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PRODUCT SEGMENT

Revenues
$-4.7M (-9.0%)



Cost of revenues
$-5.1M (-12.2%)

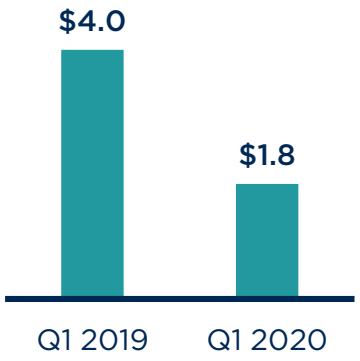


- The decrease in revenues is related to the timing of revenue recognition of the projects included in our backlog

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ENERGY STORAGE AND MANAGEMENT SERVICES SEGMENT

Revenues
$-2.2M (-53.9%)



Cost of revenues
$-3.3M (-62.6%)

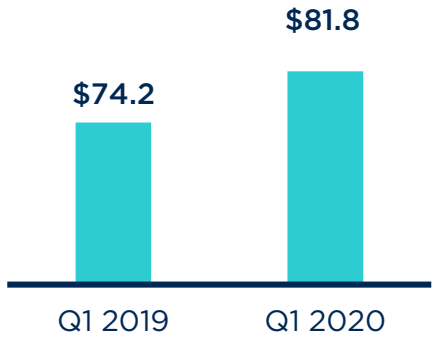


- This decrease was mainly driven by revenues and cost of revenues from a one-time EPC project in the amounts of $2.4 and $1.9 million, respectively in the three months ended March 31, 2019.

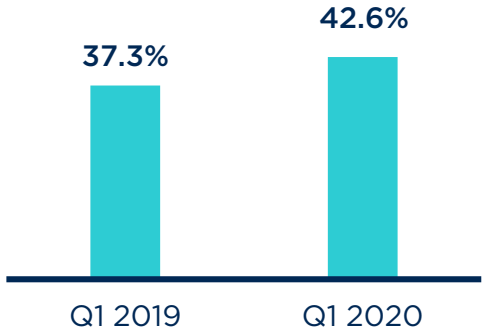
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TOTAL GROSS PROFIT AND MARGIN

Gross profit
$7.6M (10.3%)



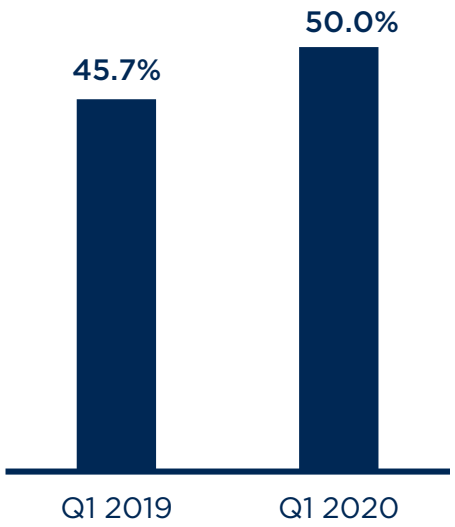
Gross margin



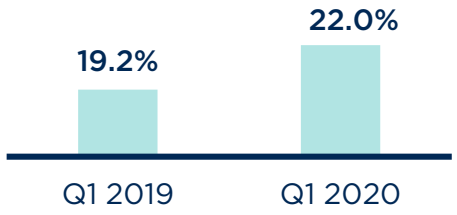
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GROSS MARGIN BY SEGMENT

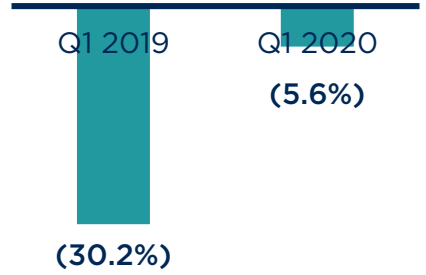
Electricity gross margin



Product gross margin



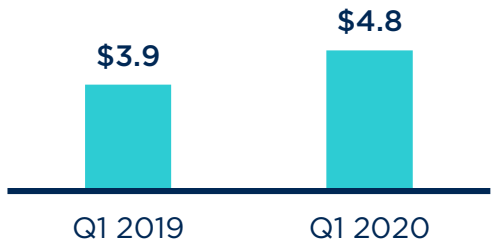
Energy Storage Management and Services gross margin



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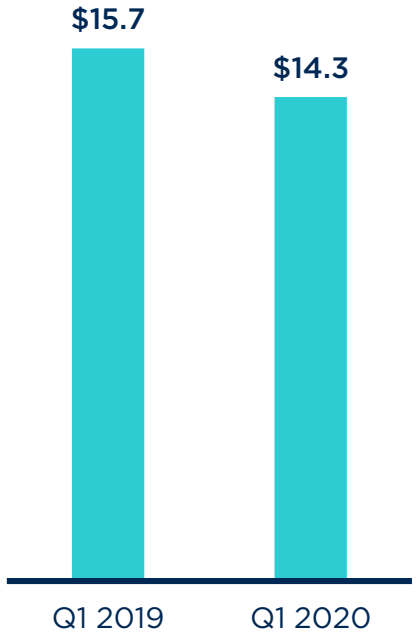
SELLING AND MARKETING & GENERAL AND ADMINISTRATIVE EXPENSES

Selling and marketing expenses
$0.9M (24.0%)



The increase was primarily due to
- Increase in sales commissions due to different product mix and increase in marketing activities.

General and administrative expenses
$-1.3M (-8.5%)



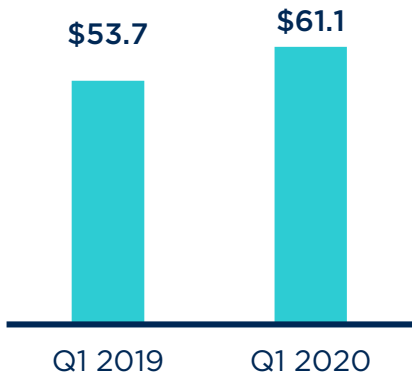
The decrease was primarily attributable to
- Business interruption recovery of $2.4 million relating to the Puna power plant
- Decrease in professional fees

Partially offset by
- $1.1 million costs associated with one of our settled claims

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OPERATING INCOME

Total operating income
$7.3M (13.6%)



- The increase was primarily attributable to the increase in gross margin in our Electricity segment and a decrease in general and administrative expenses due to business interruption insurance income relating to the Puna power plant.

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OPERATING INCOME (LOSS) BY SEGMENT

Electricity segment
$7.1 M (13.7%)



Product segment
$-0.4M (-8.9%)



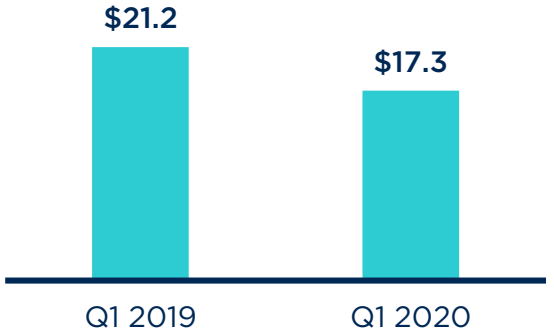
Energy Storage
Management Services segment
$0.6M (-30.5%)



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INTEREST EXPENSE, NET

Interest expense, Net
$-4.0M (-18.6%)



This decrease was primarily attributable to:

- $1.3 million decrease in interest related to the sale of tax benefits
- $2.2 million increase in interest capitalized to projects
- Lower interest expense as a result of principal payments of long-term debt.

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INCOME TAX PROVISION

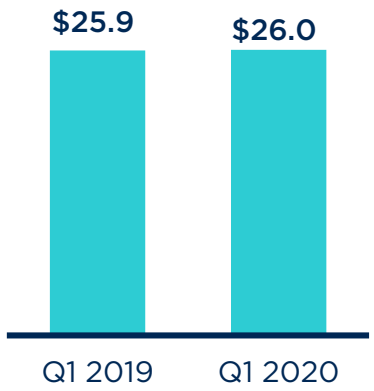


- Ormat's effective tax rate for the first quarter of 2020 was 37.2%.
- The variance between the two periods is primarily due to the mix of our income in various countries with higher and lower statutory tax rates than the federal tax rate and changes related to valuation allowances for certain countries.

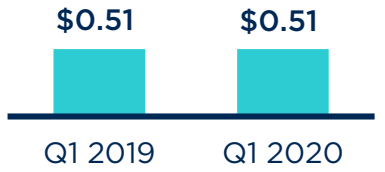
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NET INCOME ATTRIBUTABLE TO THE COMPANY'S STOCKHOLDERS & EPS

Net Income attributable to the Company's Stockholders ($M)



EPS[1]



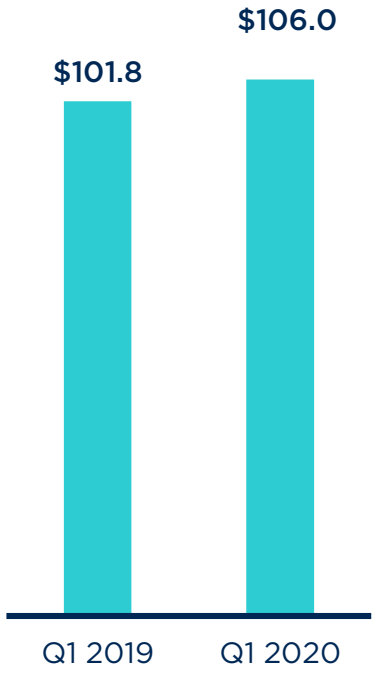
(1) Weighted average number of shares used in computation of earnings per share (diluted) attributable to the Company's stockholders is 51.5 million and 51.0 million for the three months ended March 31, 2020 and 2019 respectively

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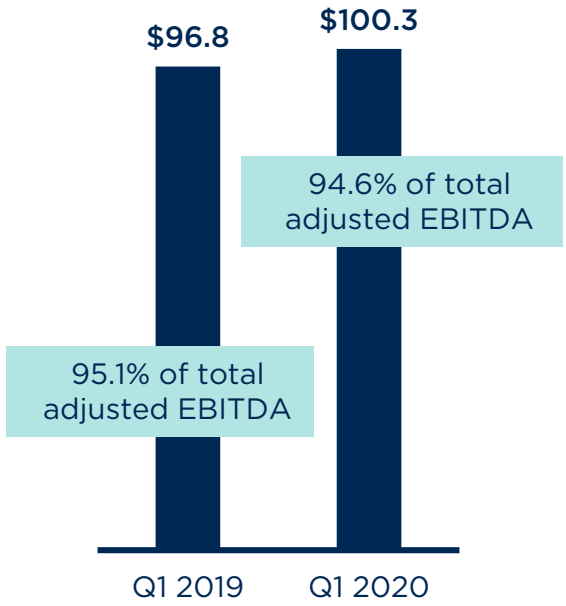
ADJUSTED EBITDA[1] ($M)

Total adjusted EBITDA
$4.3M (4.2%)



	Q1 19	Q1 20
D&A[2]	34.9	35.3

Electricity segment
$3.5M (3.6%)



	Q1 19	Q1 20
D&A[2]	32.3	33.5

Product segment
$0.6M (9.6%)



	Q1 19	Q1 20
D&A[2]	1.5	1.6

Energy Storage Management Services segment
$0.2M (-19.5%)

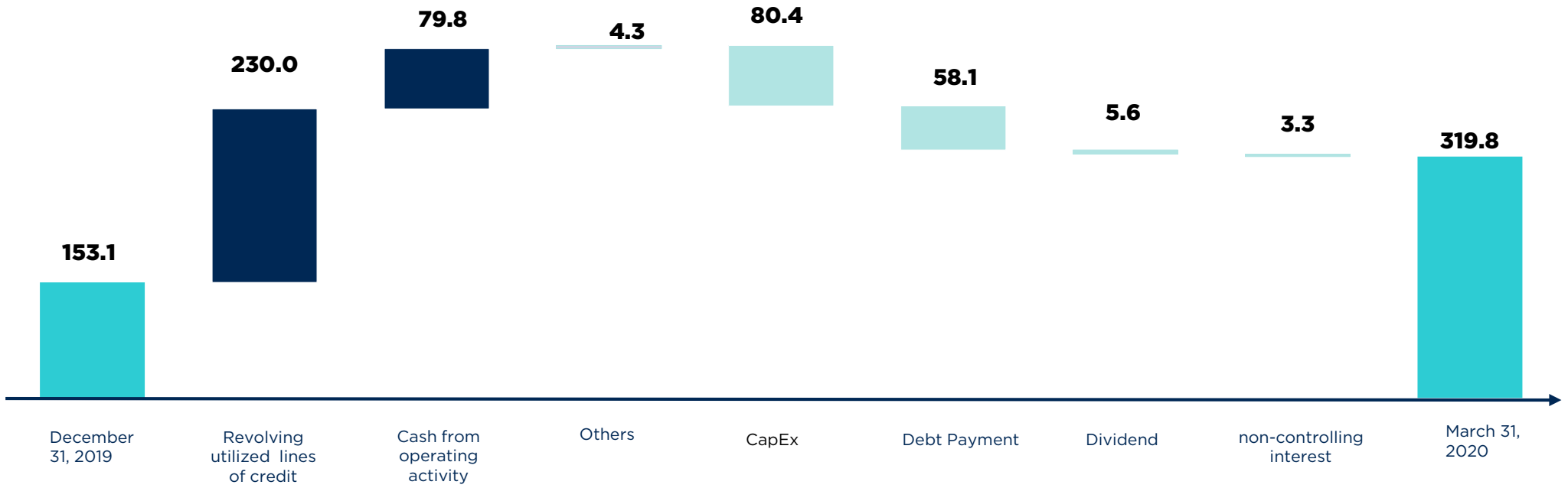


	Q1 19	Q1 20
D&A[2]	1.1	0.1

(1) For Adjusted EBITDA reconciliation see appendix
(2) D&A is excluding deferred financing costs

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CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENT($M)



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PAYMENT OF PRINCIPAL DUE BY PERIOD ($M)
AVERAGE INTEREST RATE DEBT AS OF MARCH 31, 2020: 4.7%

Debt as of March 31, 2020	Q2-2020	Q3-2020	Q4-2020	Year 2020
Long-term non-recourse debt & limited recourse debt	9.1	8.0	9.3	26.4
Senior Secured Notes (non-recourse)	5.4	4.9	5.8	16.1
Long-term loans (full recourse)	4.7	0.0	4.7	9.4
Commercial paper	8.3	0.0	0.0	8.3
Senior Unsecured Bonds	0.0	67.2	0.0	67.2
Revolver	76.0	0.0	0.0	76.0
Total	**103.5**	**80.1**	**19.8**	**203.4**

	Total	2020	2021	2022	2023	2024	Thereafter
Long-term non-recourse debt & limited recourse debt	353.9	26.4	35.6	36.0	36.1	36.2	183.6
Senior Secured Notes (non-recourse)	363.3	16.1	24.9	25.5	40.8	24.6	231.3
Total non-recourse debt (50.2%)	**717.2**	**42.5**	**60.5**	**61.5**	**76.9**	**60.8**	**414.9**
Long-term Loans (full-recourse)	79.6	9.4	9.4	9.4	9.4	9.4	32.8
Senior Unsecured Bonds (full-recourse)	354.3	67.2	6.3	149.7	12.6	12.6	105.9
Commercial paper and Revolver	278.8	84.2	180.0	14.5	0.0	0.0	0.0
Total full-recourse debt (49.8%)	**712.7**	**160.8**	**195.7**	**173.6**	**22.0**	**22.0**	**138.7**
Total [1, 2]	**$ 1429.9**	**$ 203.4**	**$ 256.2**	**$ 235.1**	**$ 98.9**	**$ 82.7**	**$ 553.6**

(1) Before classification of deferred financing costs in the amount of $18.0M

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2020 FINANCING ACTIVITY

- **Successfully raised[1] $114.3M**
  - $50.0 million from existing lender
    - Additional loan at 5.44% interest rate
    - Average duration – 5.4 years
  - $64.3 million - bond series 3 expansion
    - Expansion interest rate - 5.45%
    - Average duration – 2.5 years

(1) Including in April 2020

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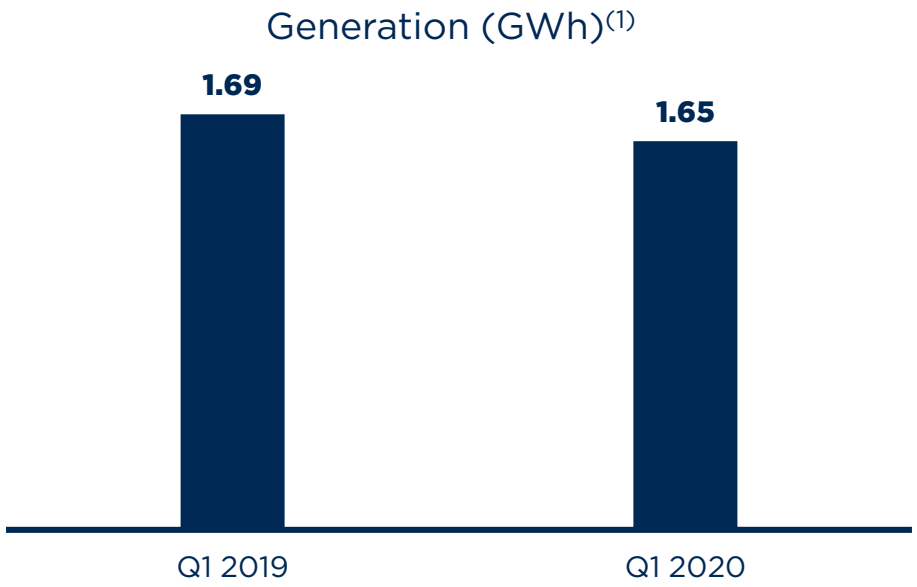
OPERATIONS & BUSINESS UPDATES

ISAAC ANGEL, CEO

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GENERATION

- 2.7% decrease
- Lower generation at some of our power plants mainly due to curtailments in Kenya due to COVID 19 and other curtailments in NV Energy due to transmission line enhancement.



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PUNA PLANT IN HAWAII - UPDATE

- **Building the electrical substation:**
  - Construction - expect completion by Q2 2020
- **Continued field recovery work**
  - Completed drilling of two production wells
    - One well blocked after flow test and one is a successful well
  - Cleanouts and drilling of new wells continues
- **Power generation**
  - Expect initial power generation in the beginning of the fourth quarter
  - Gradual operation of 29MW is expected by the end of the year
  - Assuming all other permits are received, transmission line upgrade is complete and field recovery is successfully achieved
- **Signed an amended and restated PPA with HELCO, subject to PUC approval**
  - Increases the current contract capacity by 8 MW to 46MW
  - Extends the current term until 2052
  - Fixed the energy rate to delinked to oil prices
  - Current PPA remains in effect until commercial operation on the new 46MW power plant

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PUNA PLANT IN HAWAII - UPDATE ON INSURANCE

- **Property Insurance**
  - Insurers are paying the costs to rebuild our damaged substation.
- **Business Interruption**
  - One insurer rejected our claim for business interruption coverage, and we filed a lawsuit against him.
    - This lawsuit will not impact our plans for re-starting the Puna facility
- **Total insurance proceeds as of March 31, 2020 is $27.8 million**

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GROWTH PLAN – GEOTHERMAL AND SOLAR

- Added 7 MW from Tungsten Solar in Nevada during 2019
- Expect adding between 180 MW and 200 MW by the end of 2022[1]

Project	Projected added Capacity (MW, net)	Expected COD	PPA
Geothermal Projects			
U.S - Steamboat Hills Enhancement	19	2020	✓
U.S - Heber Complex	11	2021 H2	✓
U.S - CD4	30	End 2021	✓
U.S - North Valley	15-20	2022	✓
U.S - McGinness Hills Expansion	8	2021	✓
U.S. – Puna expansion	8	2022	✓
U.S – Dixie Meadows	15	2022	✓
Guadeloupe- Bouillante[2]	10	2022	Under negotiation
Solar Projects			
U.S - Wister Solar	20 AC	2021 H2	✓
U.S. Steamboat Solar	5 AC	2022	✓

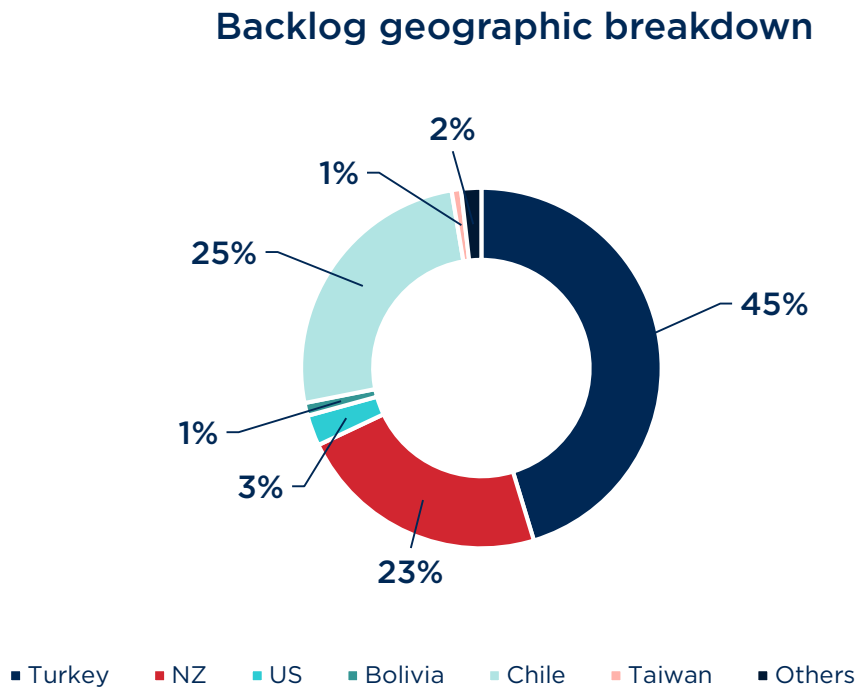
- Continue to look for M&A opportunities

(1) MW growth target is based on existing prospects and business development plans as of May 10, 2020. The table presents the main projects in our 2022 growth plans
(2) Bouillante projected COD is subject to PPA execution

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BACKLOG – PRODUCT SEGMENT

- **Backlog as of May 3, 2020 – $96.5M**
  - 97.2% Geothermal contracts



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ENERGY STORAGE MANAGEMENT SERVICES

- **Rabbit Hill, Texas (9.9 MW / 10 MWh)**
  - In commercial operation since April 24, 2020
- **Vallecito, California (10 MW / 40 MWh)**
  - EPC and permitting progressing on schedule
  - Southern California Edison (SCE) notified of a potential 3.5 months delay in interconnection schedule due to impacts of COVID-19
- **Continuing to develop pipeline projects and to initiate new ones**
  - To support 100-150 MW target between 2020 and 2022

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CAPITAL NEEDS FOR 2020

Capital needs ($M)	
Construction & Enhancements – fully released	135.0
Development enhancement and Exploration – not yet released	41.0
Maintenance CapEx (including drilling in Puna)	29.0
Storage activity	24.0
Enhancement of the production facilities	13.0
Total CapEx	**$242.0**

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2020 GUIDANCE ($M)

	Forecast
Electricity Revenues	550-570
Products Revenues	140-150
Energy Storage and Management Services Revenues	15-20
Total Revenues	**710-740**
Adjusted EBITDA	**400-415**

The Company provides a reconciliation of Adjusted EBITDA, a non-GAAP financial measure for the three months ended March 31, 2020. However, the Company is unable to provide a reconciliation for its Adjusted EBITDA guidance range due to high variability and complexity with respect to estimating forward looking amounts for impairments and disposition and acquisition of business interests, income taxes expense and other non-cash expenses and adjusting items that are excluded from the calculation of Adjusted EBITDA.

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THANK YOU!



Contact IR:

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RECONCILIATION OF EBITDA AND ADJUSTED EBITDA FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)

We calculate EBITDA as net income before interest, taxes, depreciation and amortization. We calculate Adjusted EBITDA as net income before interest, taxes, depreciation and amortization, adjusted for (i) termination fees, (ii) impairment of long-lived assets, (iii) write-off of unsuccessful exploration activities, (iv) any mark-to-market gains or losses from accounting for derivatives, (v) merger and acquisition transaction costs, (vi) stock-based compensation, (vii) gain or loss from extinguishment of liabilities, (viii) gain or loss on sale of subsidiary and property, plant and equipment and (ix) other unusual or non-recurring items. EBITDA and Adjusted EBITDA are not measurements of financial performance or liquidity under accounting principles generally accepted in the United States, or U.S. GAAP, and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net earnings as indicators of our operating performance or any other measures of performance derived in accordance with U.S. GAAP. We use EBITDA and Adjusted EBITDA as a performance metric because it is a metric used by our Board of Directors and senior management in evaluating our financial performance. However, other companies in our industry may calculate EBITDA and Adjusted EBITDA differently than we do. The following table reconciles net income to EBITDA and Adjusted EBITDA for the three months periods ended March 31, 2020 and 2019.

	Three Months Ended March 31	
	2020	2019
	(in thousands)	
Net income	$ 29,906	$ 28,130
Adjusted for:		
Interest expense, net (including amortization of deferred financing costs)	16,871	20,930
Income tax (benefit) provision	18,148	14,039
Adjustment to investment in unconsolidated company:		
our proportionate share in interest, tax and depreciation and amortization	2,677	2,661
Depreciation and amortization	35,288	34,866
EBITDA	$ 102,890	$ 100,626
Mark-to-market gains or losses from accounting for derivatives	(561)	(1,209)
Stock-based compensation	1,989	2,360
Insurance proceeds in excess of assets carrying value	—	—
Loss from extinguishment of liability	—	—
Impairment of goodwill, net of reversal of a contingent liability	—	—
Settlement expenses	1,188	—
Merger and acquisition transaction cost	540	—
Write-off of unsuccessful exploration activities	—	—
Adjusted EBITDA	$ 106,046	$ 101,777

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