ORMAT TECHNOLOGIES, INC.
SECOND QUARTER 2019 EARNINGS CALL

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AUGUST 8, 2019



Tungsten Mountain Geothermal & Solar Hybrid Power Plant in Nevada

SAFE HARBOR STATEMENT

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

Forward-Looking Statements

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:

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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

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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 2019 - PREPARED REMARKS

- Q2 2019 highlights: Isaac Angel, CEO
- Financial overview: Doron Blachar, CFO
- Operations & business updates: Isaac Angel, CEO
- Q & A

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Q2 2019 HIGHLIGHTS

($ millions, except per share amounts)	Q2 2019	Q2 2018	% Change
Revenues			
Electricity	129.1	122.2	5.6%
Product	52.0	54.9	(5.3%)
Other	3.0	1.2	145.3%
Total Revenues	184.1	178.3	3.2%
Gross profit	65.1	57.5	13.4%
Gross margin (%)			
Electricity	42.8%	33.5%	
Product	20.6%	31.6%	
Other	(29.5)%	(68.3)%	
Gross margin (%)	35.4%	32.2%	
Operating income	46.9	36.6	28.0%
Net income attributable to the Company's shareholders	33.9	(0.3)	
Diluted EPS	$0.66	$(0.01)	
Adjusted Net income attributable to the Company's stockholders[1]	20.6	16.6	24.1%
Adjusted Diluted EPS[1]	$0.40	$0.32	25.0%
Adjusted EBITDA[1]	94.9	80.8	17.4%

(1) A reconciliation of Adjusted EBITDA, Adjusted Net income attributable to the Company's stockholders and diluted Adjusted EPS is provided in the appendix slide

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FINANCIAL RESULTS

DORON BLACHAR, CFO

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TOTAL REVENUES

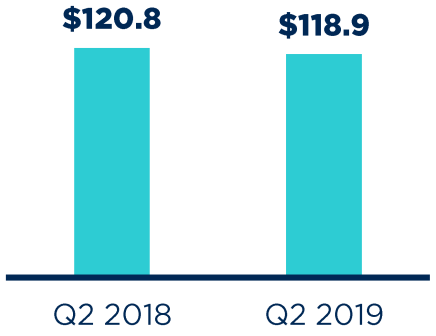
Total revenues

+$5.8M (3.2%)

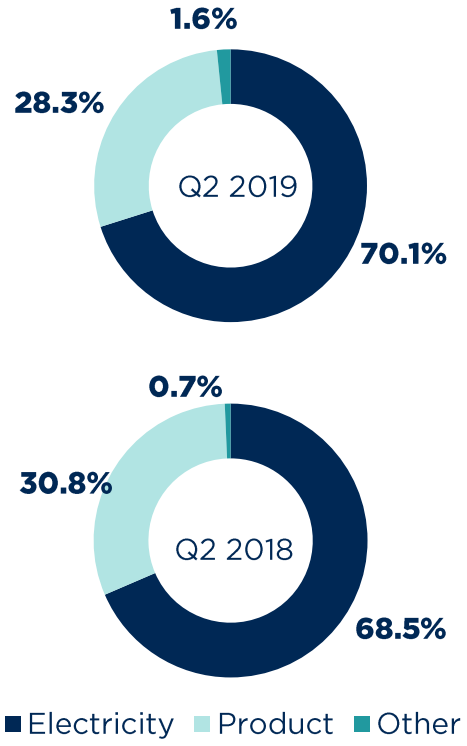


Total cost of revenues

-1.9M (-1.6%)



Segment contribution



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ELECTRICITY SEGMENT

Revenues

+$6.9M (5.6%)



The increase in revenues was primarily attributable to:

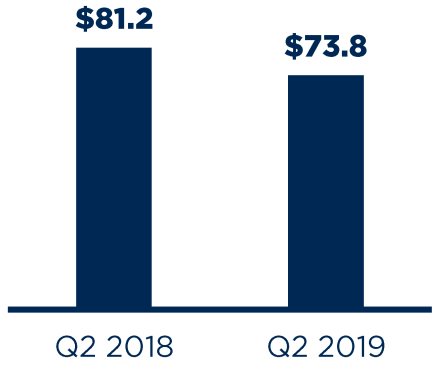
- $7.0M – Increase in MGH Complex mainly due to the commencement of phase 3 in December 2018
- $3.8M - consolidation of USG, which was acquired on April 24, 2018
- Commencement of 11 MW Plant 1 expansion project in the Olkaria III complex in Kenya in June 2018

Partially offset by:

- A decrease in revenues at our Puna power plant following the Kilauea volcanic eruption last year
- A decrease in generation at some of our power plants mainly due to ordinary course of business maintenance

Cost of revenues

-$7.5M (-9.2%)



The decrease in cost of revenues was primarily attributable to a decrease in Puna's cost of revenues due to business interruption recovery of $6.9 million.

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PRODUCT SEGMENT

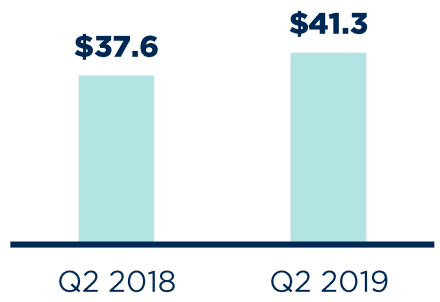
Revenues

-$2.9M (-5.3%)



Cost of revenues

$3.7M (10.0%)

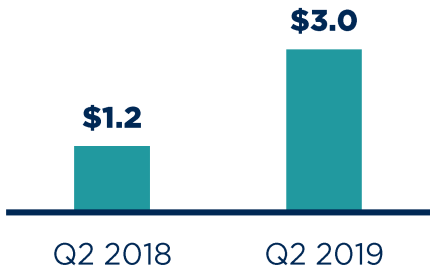


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OTHER SEGMENT

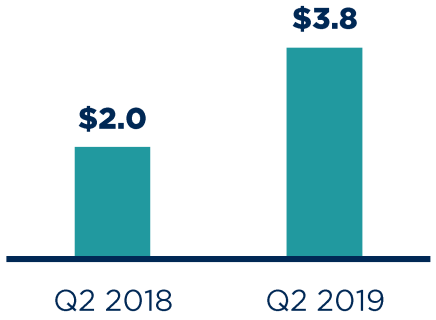
Revenues

+$1.8M (145.3%)



Cost of revenues

+$1.8M (88.7%)



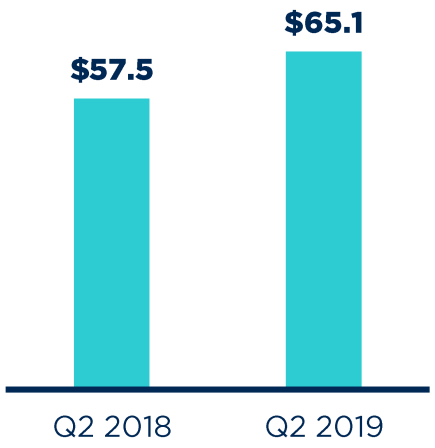
The Other segment includes revenues from the provision of energy storage demand response and energy management services

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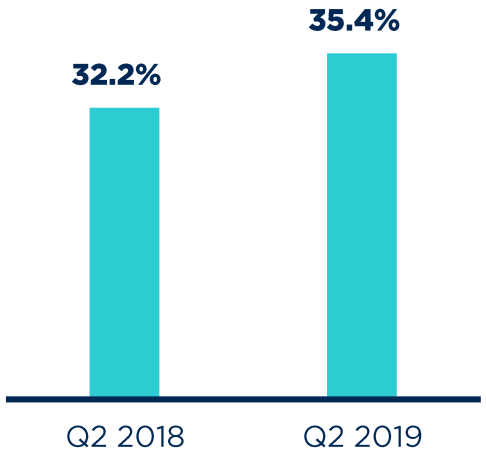
TOTAL GROSS PROFIT AND MARGIN

Gross profit

+$7.7M (13.4%)



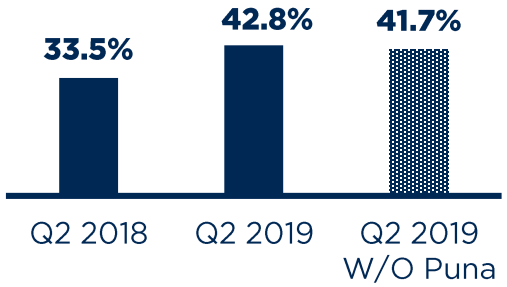
Gross margin



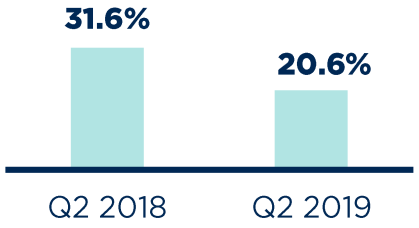
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GROSS MARGIN BY SEGMENT

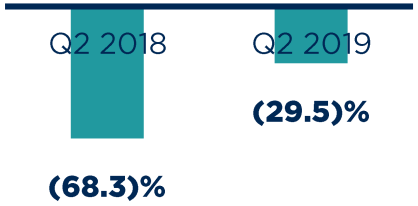
Electricity gross margin



Product gross margin



Other gross margin

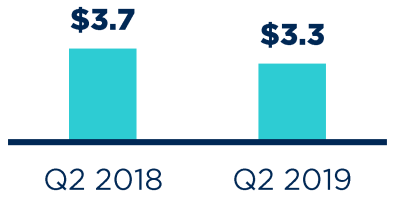


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SELLING AND MARKETING & GENERAL AND ADMINISTRATIVE EXPENSES

Selling and marketing expenses

-$0.4M (-11.7%)



- Constituted 1.8% of total revenues for Q2 2019, compared to 2.1% for Q2 2018

General and administrative expenses

-$1.7M (-10.6%)



- The decrease was mainly attributable to costs associated with our identification of a material weakness, additional work for establishment of new controls and additional work related to the restatement of Q2, Q3, Q4 and full year 2017

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OPERATING INCOME



The increase was primarily attributable to higher revenues and improved gross margin

- increase in the Electricity segment revenue and gross profit, offset by a decrease in the Product segment revenue and gross profit

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OPERATING INCOME (LOSS) BY SEGMENT

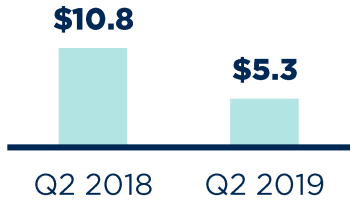
Electricity segment

$16.0M (58.3%)



Product segment

-$5.5M (-50.7%)



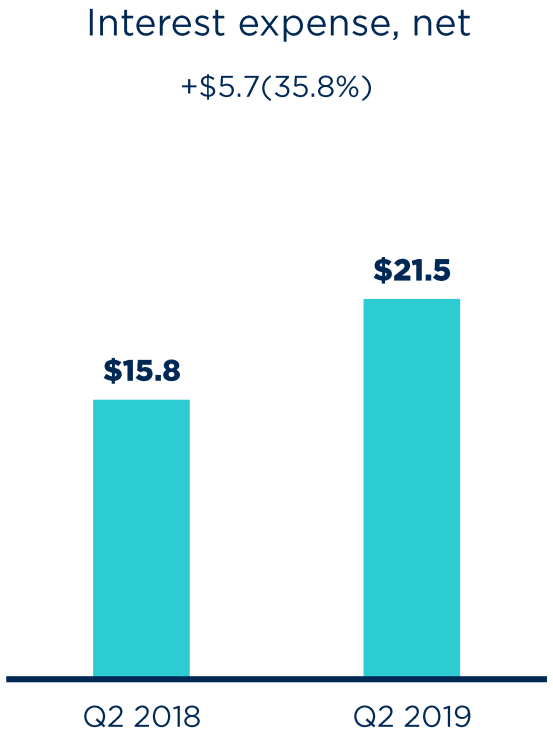
Other segment

-$0.3M (-19.6%)



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INTEREST EXPENSE, NET



This increase was primarily attributable to interest expense related to:

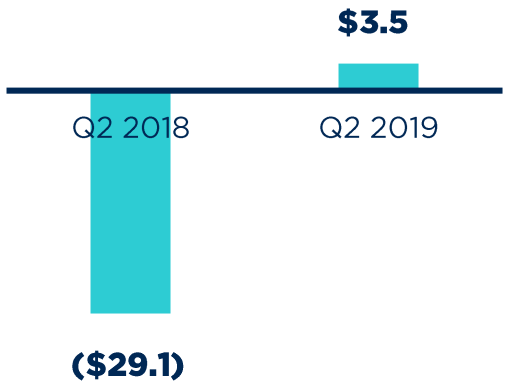
- The $50M senior unsecured loan from Migdal
- The $96M loans inherited from the USG acquisition
- The sale of tax benefits - $1.4M increase
- The $114.7M limited recourse loans from OPIC received on October 29, 2018 to finance the Honduras power plant
- The 41.5M loan received on January 4, 2019 from DEG to finance Olkaria expansion

Offset by

- Lower interest expense as a result of principal payments of long-term debt

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INCOME TAX (PROVISION)/BENEFIT



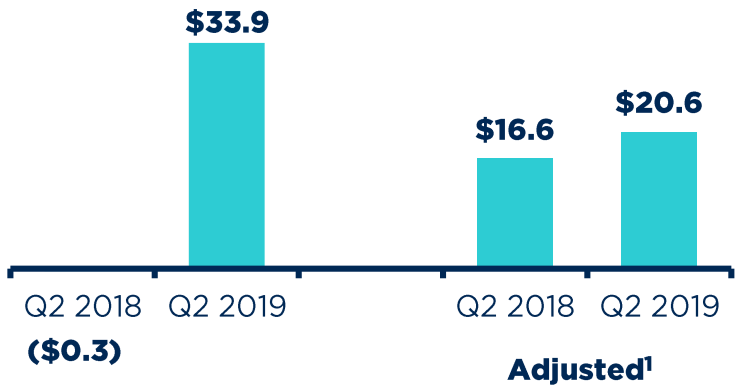
- Q2 2019 income tax benefit included non-recurring tax benefit of $13.3 million from our tax strategy plan to refile tax returns net of change in accrued withholding taxes given our decision to no longer reinvestment its earnings in foreign locations ("APB 23 assertion ").
- Q2 2019 income tax expense included non-recurring tax expense of $16.9 million for the increase of the valuation allowance related to foreign tax credits and production tax credits
- Excluding the non-recurring tax benefit occurring this quarter, Ormat's income tax provision effective tax rate would have been 31.1%.

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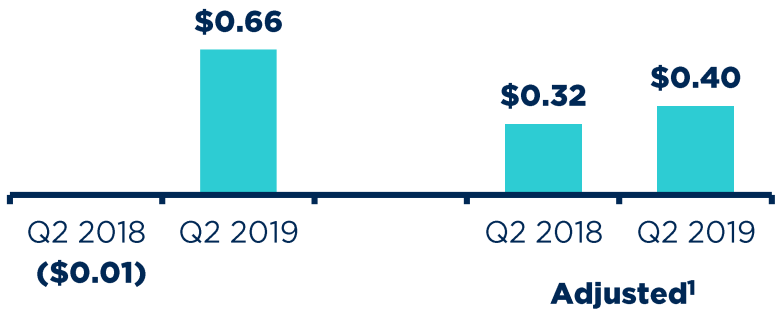
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NET INCOME ATTRIBUTABLE TO THE COMPANY'S STOCKHOLDERS & EPS

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



Diluted EPS[2]



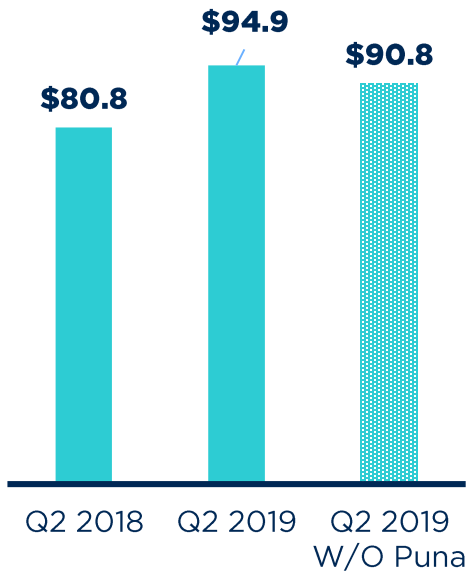
(1) Adjusted net income attributable to the company's shareholders for Q2 2019 excludes non-recurring tax benefit of $13.3 million and for Q2 2018 excludes one-time tax expense of $16.9 million .
(2) Weighted average number of shares used in computation of earnings per share (diluted, in millions) attributable to the Company's stockholders is 51.1 million for Q2 2019 and 51.0 million for Q2 2018

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ADJUSTED EBITDA[1] ($M)

Total adjusted EBITDA

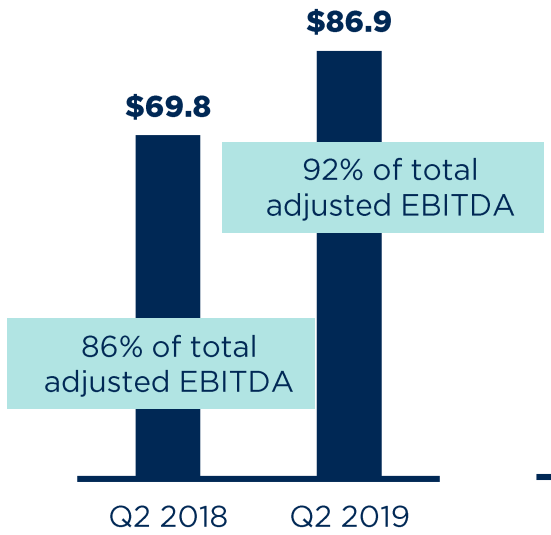
$14.1M (17.4%)



	Q2 18	Q2 19
D&A[2]	31.9	35.8

Electricity segment

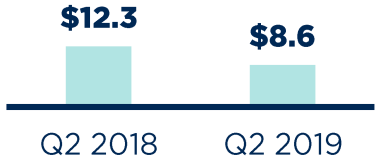
+$17.1M (24.5%)



	Q2 18	Q2 19
D&A[2]	30.6	33.1

Product segment

-$3.7M (-30.3%)



	Q2 18	Q2 19
D&A[2]	1.0	1.4

Other segment

$0.7M (51.6%)

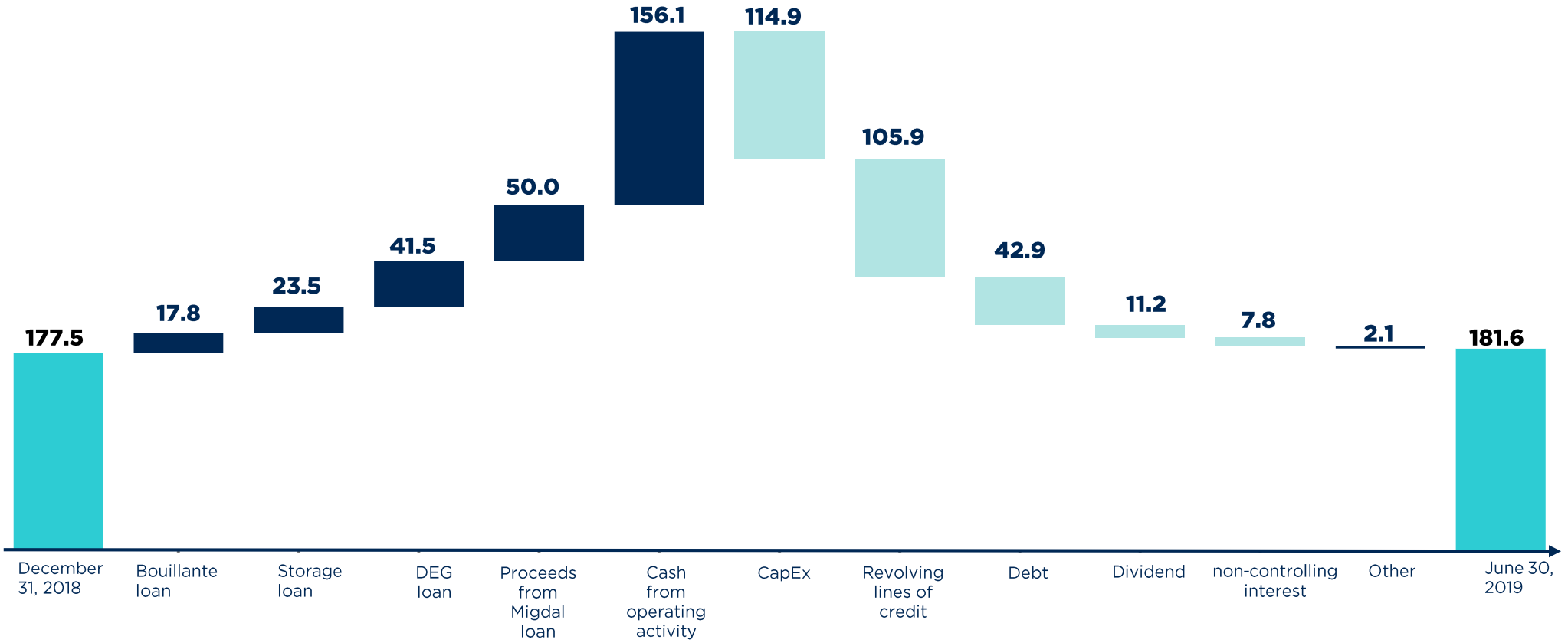


	Q2 18	Q2 19
D&A[2]	0.3	1.3

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

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CASH AND CASH EQUIVALENTS & RESTRICTED CASH ($M)



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PAYMENT OF PRINCIPAL DUE BY PERIOD ($M)
AVERAGE INTEREST RATE: 5.1%

	Q3-2019	Q4-2019	Year 2019
Long-term non-recourse debt & limited recourse debt	8.0	9.0	17.1
Senior Secured Notes (non-recourse)	8.5	11.3	19.8
Long-term loans (full recourse)	0.0	4.7	4.7
Revolving bank credit[2]	38.1	0.0	38.1
Total	**54.6**	**25.0**	**79.6**

	Total Debt	Remainder of 2019	2020	2021	2022	2023	Thereafter
Long-term non-recourse debt & limited recourse debt	379.6	17.1	34.5	35.7	36.1	36.2	220.1
Senior Secured Notes (non-recourse)	400.8	19.8	34.1	25.2	25.7	41.0	255.0
Total non-recourse debt (60%)	**780.4**	**36.8**	**68.6**	**60.8**	**61.8**	**77.2**	**475.0**
Long-term Loans (full-recourse)	84.3	4.7	9.4	9.4	9.4	9.4	42.2
Senior Unsecured Bonds (full-recourse)	354.3	0.0	67.2	6.3	149.7	12.6	118.5
Revolving bank credit	53.1	38.1	15.0	0.0	0.0	0.0	0.0
Total full-recourse debt (40%)	**491.7**	**42.8**	**91.6**	**15.7**	**159.1**	**22.0**	**160.7**
Total [1]	**1,272.1**	**79.6**	**160.2**	**76.5**	**220.9**	**99.2**	**635.7**

(1) Before classification of deferred financing costs in the amount of $20.3 million
(2) We assume lines of credit are renewed

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FINANCING ACTIVITY

- **Successfully raised year-to-date $133M**
  - $42M unsecured notes with DEG for the Olkaria III recent enhancement
    - Fixed interest rate of 6.04%
    - Maturity - June 2028
  - Additional $50M under the senior unsecured notes from Migdal (institutional investor)
    - Fixed interest rate of 4.6%
    - Maturity - March 2029
  - $23M with U.S. financial institution for Plumsted and Stryker, our battery storage projects
    - Interest rate of LIBOR plus 3.5%
    - Maturity - May 2026
  - $18M with Société Géneralé and Banque Publique d'Investissement for our Bouillante power plant in Guadeloupe
    - Fixed interest rate of 1.93% (in EUR)
    - Maturity – March and April 2026

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OPERATIONS & BUSINESS UPDATES

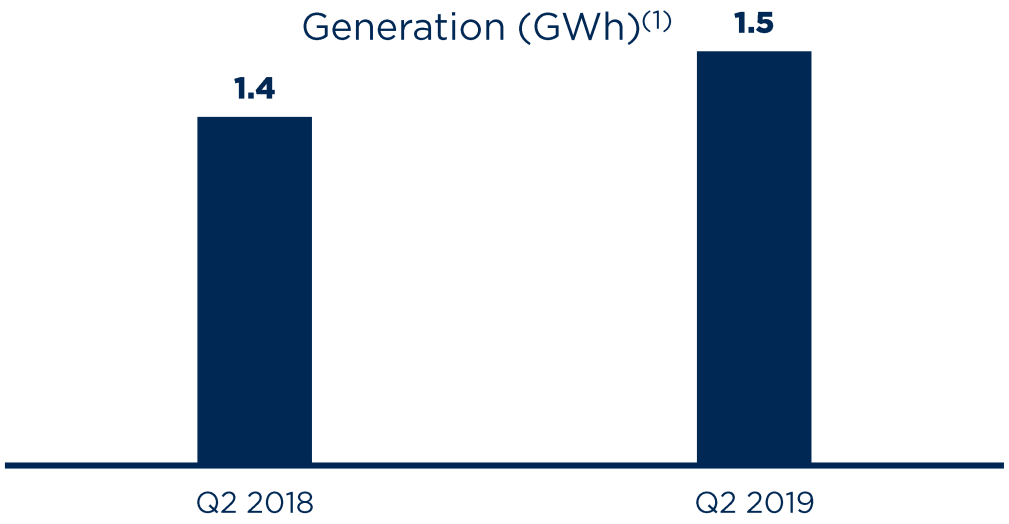
ISAAC ANGEL, CEO

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GENERATION – INCREASE YEAR OVER YEAR

5.7% increase year over year

- generation was positively affected by McGinness Hills phase 3, Olkaria III plant 1 expansion, and USG power plants;
  - Partially offset by a decrease in generation due to the outage related to Puna shut down



(1) Ormat owns 12.75% minority interest at Sarulla, which is accounted under the equity method. We include in our portfolio our share in Sarulla's three phases; however its generation **is not** included in the chart above

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OPERATION UPDATE ON PUNA PLANT IN HAWAII

Working rapidly to resume operation of our Puna power plant following the Kilauea volcano erupted

- Building the electrical substation
  - Construction in progress – expect completion in Q4 2019
  - Permits are delayed
- Drilling of new fresh water well - completed
- Removing the plugs from the production wells
  - Two wells were mechanically damaged
  - We plan to repair one well and drill new well
- Expected CAPEX for repair and new drilling is between $30 and $50 million that we expect insurance proceeds to recover part of this investment.

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OPERATION UPDATE ON PUNA PLANT IN HAWAII

- **Power plant refurbishment activities will be completed by the end of 2019 and the power plant will resume operations when**
  - Local permitting and transmission network upgrades being undertaken by our local utility partner are completed - in early 2020
- **When power plant resume operation capacity will gradually increase as we continue to complete necessary well repairs and drilling.**
- **Our estimate for completion and operation, is subject to receiving all required permitting and successful repair and drilling of the geothermal wells as well as successful results from the geothermal resource and plant equipment**

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INSURANCE UPDATE ON PUNA PLANT IN HAWAII

- **Property Insurance**
  - All insurers accepted our claim and started to pay the costs to rebuild the destroyed items including the substation
- **Business Interruption**
  - Still in discussions to reach an understanding with few of our insurers to start paying for the business interruption as of May 2018
  - Total claim as of June 30, 2019 is $36.8 million
    - We received $20.0 million

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GROWTH PLAN

- Expect adding between 120 MW and 135 MW by the end of 2021[1]
- Continue to look for M&A opportunities

Project	Projected Capacity	Expected COD	PPA
U.S - Steamboat Hills Enhancement	19 MW	2020	v
Tungsten 2	15 MW	2020	v
Wister Solar	20 MW	2020	v
Guadeloupe- Bouillante	10 MW	2021[2]	TBD
Heber Complex	11 MW	Early 2021	v
CD4	30 MW	End 2021	v
North Valley	30-40 MW	2021	v
Steamboat Solar	5 AC MW	2021	v

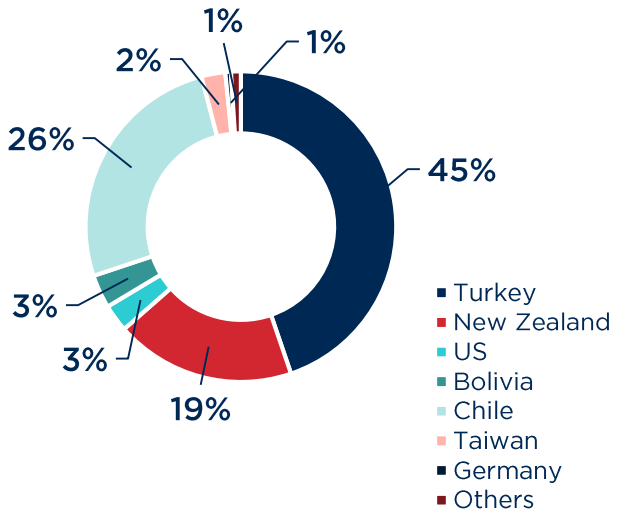
(1) MW growth target is based on existing prospects and business development plans as of August 8, 2019
(2) Bouillante projected COD is subject to PPA execution

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PRODUCT SEGMENT

- **Backlog of $201M as of August 7, 2019**
  - The backlog includes revenues for the period between July 1, 2019 and August 7, 2019
  - 99.4% Geothermal contracts
  - New contracts in Turkey - $26 million

Geothermal contracts geographic breakdown



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ENERGY STORAGE

- **40MW/40MWh operating assets**
  - Plumsted and Stryker – connected to PJM
- **22MW/57.5MWh under construction and development**
  - 10MW/12.5MWh Rabbit Hill project under construction – will be connected to ERCOT
  - 2MW/5MWh Hinesburg project under commissioning in Vermont – will be connected to ISO New England markets
  - 10MW/40MWh Vallecito project under development - will be connected to CAISO

- **Multiple application, both in-front-of-the-meter as well as behind-the-meter**
- **Multiple applications with combination of contracted and merchant revenues**

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EXPECTED CAPITAL NEEDS FOR THE REMAINDER OF 2019

Capital needs ($M)	
Construction & enhancements	$105
Maintenance CapEx (Excluding Puna)	$25
Storage activity	$10
Exploration	$10
Manufacturing facility	$6
Total CapEx	**$156.0**
Puna repairs and drillings	**$30-$50**
Long- and short-term debt repayment	**$79.6**

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2019 GUIDANCE

2019 Revenue Guidance	($M)
Electricity revenues	530-540
Products revenues	180 – 190
Other revenues[1]	10-12
Total expected revenues	**720-742**

2019 Adjusted EBITDA	($M)
Adjusted EBITDA[2]	**375-385**

2019 guidance **excludes** any impact from Puna operation or expected business interruption insurance proceeds that we pursue to receive.

(1) "Other" segment reflect revenues from energy storage, demand response and energy management related revenue

(2) The Company provides a reconciliation of Adjusted EBITDA, a non-GAAP financial measure for the three and six months ended June 30, 2019. 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 related to still evolving effects of the tax law reform in the United States and other non-cash expenses and adjusting items which are excluded from the calculation of Adjusted EBITDA.

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THANK YOU!

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RECONCILIATION OF EBITDA AND ADJUSTED EBITDA FOR THE THREE- AND SIX-MONTHS PERIODS ENDED JUNE 30, 2019 AND 2018 (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 from extinguishment of liability, and (viii) gain on sale of subsidiary and property, plant and equipment. EBITDA and Adjusted EBITDA are not a measurement of financial performance or liquidity under accounting principles generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America. EBITDA and Adjusted EBITDA are presented because we believe they are frequently used by securities analysts, investors and other interested parties in the evaluation of a Company's ability to service and/or incur debt. 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 and six-months periods ended June 30, 2019 and 2018.

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
	(in thousands)		(in thousands)	
Net income	$ 36,197	$ 2,659	$ 64,327	$ 76,915
Adjusted for:				
Interest expense, net (including amortization of deferred financing costs)	21,097	15,657	42,027	29,888
Income tax provision	(3,529)	29,105	10,510	2,163
Adjustment to investment in uncosolidated company:				
our proportionate share in interest, tax and depreciation and amortization	2,579	4,454	5,240	7,984
Depreciation and amortization	35,751	31,859	70,617	61,296
EBITDA	$ 92,095	$ 83,734	$ 192,721	$ 178,246
Mark-to-market gains or losses from accounting for derivatives	(370)	537	(1,579)	1,499
Stock-based compensation	2,643	2,116	5,003	3,823
Insurance proceeds in excess of assets carrying value	—	(7,150)	—	(7,150)
Merger and acquisition transaction cost	500	1,571	500	2,670
Write-off of unsuccessful exploration activities	—	—	—	119
Adjusted EBITDA	$ 94,868	$ 80,808	$ 196,645	$ 179,207

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RECONCILIATION OF ADJUSTED NET INCOME FOR THE THREE- AND SIX-MONTHS PERIODS ENDED JUNE 30, 2019 AND 2018 (UNAUDITED)

Adjusted net income attributable to the Company's stockholders and Adjusted EPS are adjusted for one-time expense items that are not representative of our ongoing business and operations. The use of Adjusted Net income attributable to the Company's stockholders and Adjusted EPS is intended to enhance the usefulness of our financial information by providing measures to assess the overall performance of our ongoing business.

The following table reconciles Net income attributable to the Company's stockholders and Adjusted EPS for the three months periods ended June 30, 2019 and 2018.

	Three Months Ended June 30	
	2019	2018
	(in millions)	
Net income attributable to the Company's stockholders	$ 33.9	$ (0.3)
One-time tax Income	(13.3)	16.9
Adjusted Net income attributable to the Company's stockholders	$ 20.6	$ 16.6
Weighted average number of shares diluted used in computation of earnings per share attributable to the Company's stockholders:	51.1	51.0
Adjusted EPS	0.40	0.32

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