ORMAT TECHNOLOGIES, INC.
THIRD QUARTER 2019 EARNINGS CALL

ORMAT

NOVEMBER 7, 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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THIRD QUARTER 2019 - PREPARED REMARKS

- Q3 2019 highlights: Isaac Angel, CEO
- Financial overview: Doron Blachar, CFO
- Operations & business updates: Isaac Angel, CEO
- Q & A

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Q3 2019 HIGHLIGHTS

($ millions, except per share amounts)	Q3 2019	Q3 2018	Change (%)
Revenues			
Electricity	124.0	116.9	6.1%
Product	43.0	48.4	(11.2%)
Other	3.5	1.2	203.0%
Total Revenues	170.5	166.5	2.4%
Gross Profit	55.5	48.8	13.7%
Gross margin (%)			
Electricity	35.4%	31.7%	
Product	27.8%	26.4%	
Other	(9.3%)	(89.0%)	
Gross margin (%)	32.5%	29.3%	
Operating income	38.7	25.9	49.5%
Net income attributable to the Company's shareholders	15.6	10.6	47.5%
Diluted EPS	$0.30	$0.21	42.9%
Diluted EPS W/O the impact of Puna	$0.35	$0.26	
Adjusted Net income attributable to the Company's stockholders	15.6	15.6	
Diluted Adjusted EPS[3]	$0.30	$0.31	
Adjusted EBITDA[3]	85.5	75.6	13.0%
Adjusted EBITDA W/O the impact of Puna[3]	87.0	77.3	12.5%

[1] Diluted EPS excludes $2.5 million and $2.6 million related to Puna in the three months ended September 30, 2019 and 2018, respectively
[2] Reconciliation is set forth below in this release

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FINANCIAL RESULTS

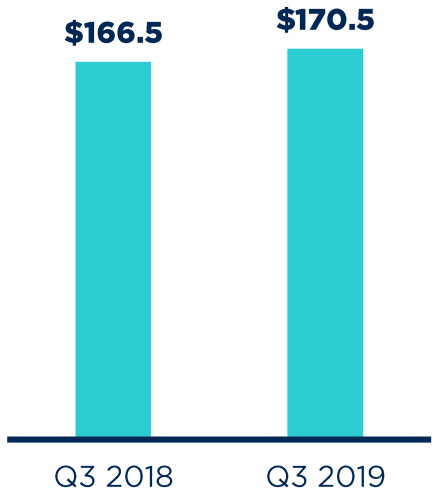
DORON BLACHAR, CFO

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TOTAL REVENUES

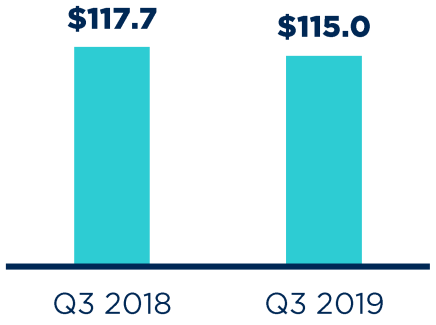
Total revenues

+$4M (2.4%)

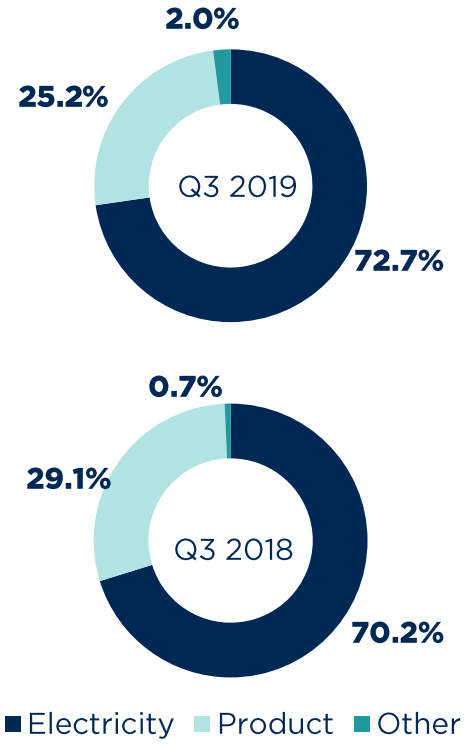


Total cost of revenues

-$2.7M (-2.3%)



Segment contribution



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ELECTRICITY SEGMENT

Revenues

+$7.1M (6.1%)



The increase in revenues was primarily attributable to:

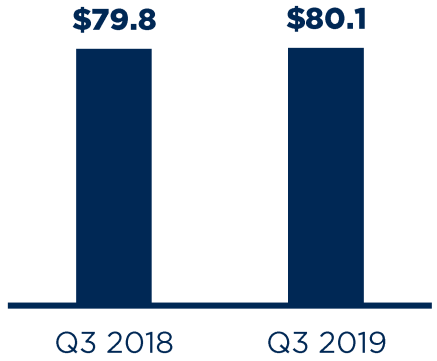
- $7.2M – Increase in MGH Complex mainly due to the commencement of phase 3 in December 2018

Partially offset by:

- Planned outages as a preparation for the repowering work at Ormesa as well as curtailments by the offtaker in Olkaria complex

Cost of revenues

$0.3M (0.3%)



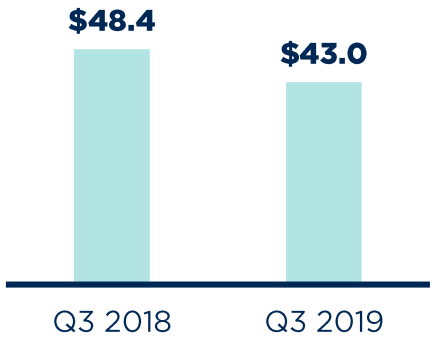
The slight increase in cost of revenues was primarily attributable to the inclusion of McGinness Hills phase 3 offset by lower operating costs in other power plants

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PRODUCT SEGMENT

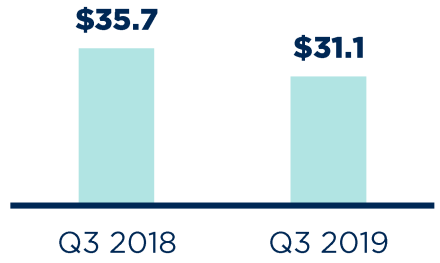
Revenues

-$5.4M (-11.2%)



Cost of revenues

-$4.6M (-12.9%)

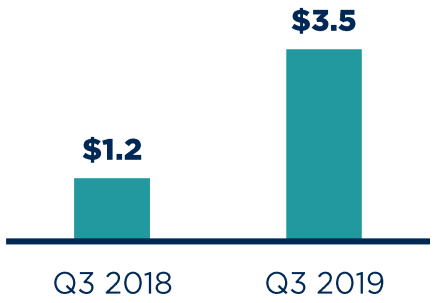


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OTHER SEGMENT

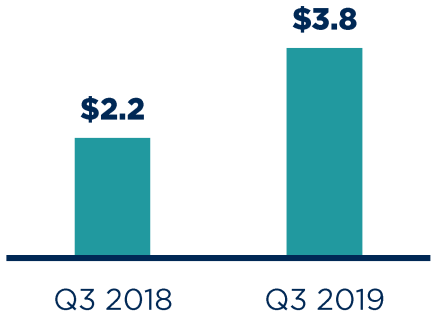
Revenues

+$2.3M (203.0%)



Cost of revenues

+$1.6M (75.1%)



The Other segment includes revenues from the provision of energy storage demand response and energy management services. The increase in revenues and cost of revenues is driven by the start of operation of two storage energy facilities in the PJM Interconnection LLC market

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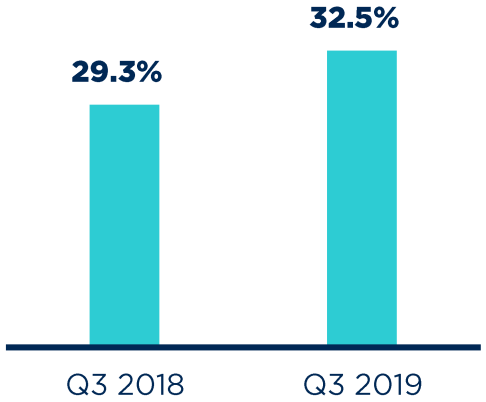
TOTAL GROSS PROFIT AND MARGIN

Gross profit

+$6.7M (13.7%)



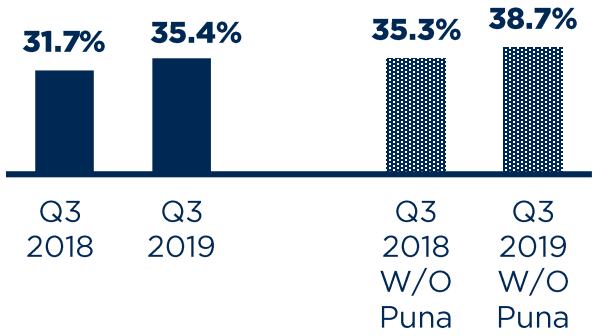
Gross margin



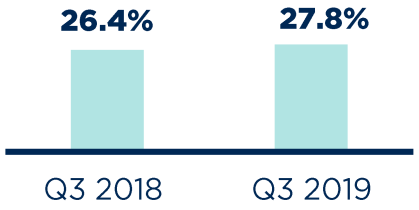
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GROSS MARGIN BY SEGMENT

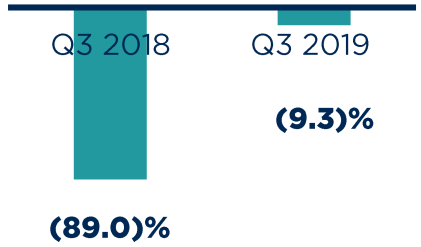
Electricity gross margin



Product gross margin



Other gross margin

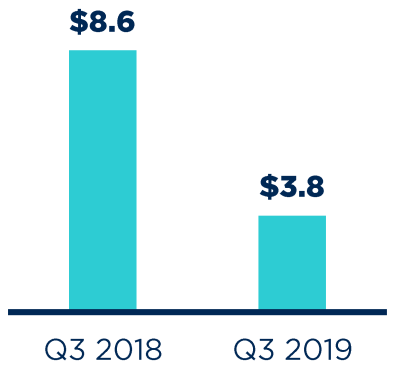


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SELLING AND MARKETING & GENERAL AND ADMINISTRATIVE EXPENSES

Selling and marketing expenses

-$4.8M (-55.9%)



- Decrease due to $5.0 million termination fee related to Galena 2 PPA recorded in Q3 2018
- Constituted 2.2% of total revenues for both Q3 2019 and Q3 2018 excluding one-time termination fee

General and administrative expenses

-$1.7M (-12.3%)



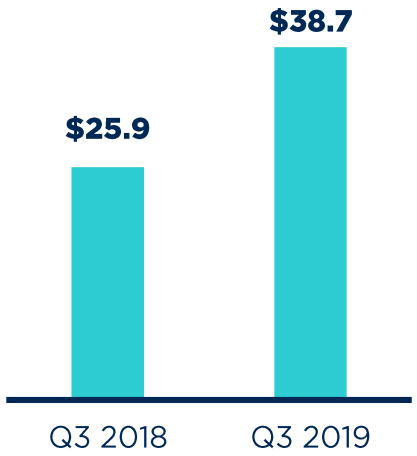
- The decrease was mainly attributable to a decrease in professional fees

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OPERATING INCOME

Total operating income

$12.8M (49.5%)



The increase was primarily attributable to an increase in the Electricity segment gross profit and the $5.0 million termination fee of the Galena 2 PPA in the three months ended September 30, 2018, offset partially by a decrease in the Product segment gross profit

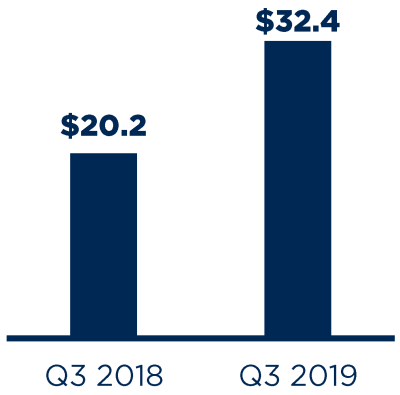
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OPERATING INCOME (LOSS) BY SEGMENT

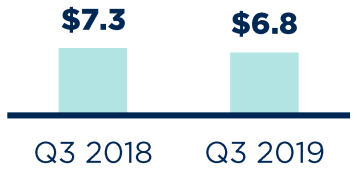
Electricity segment

$12.2M (60.6%)



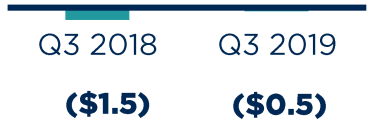
Product segment

-$0.5M (-6.5%)



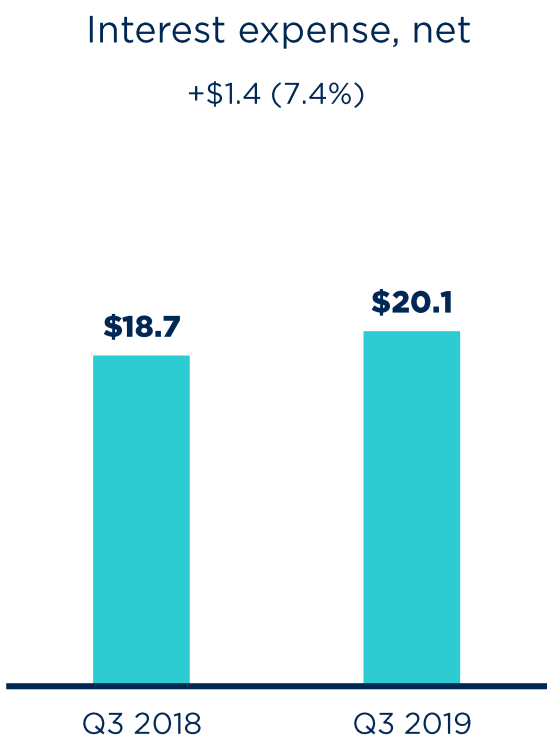
Other segment

$1.1M (69.7%)



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INTEREST EXPENSE, NET



This increase was primarily attributable to interest expense related to:

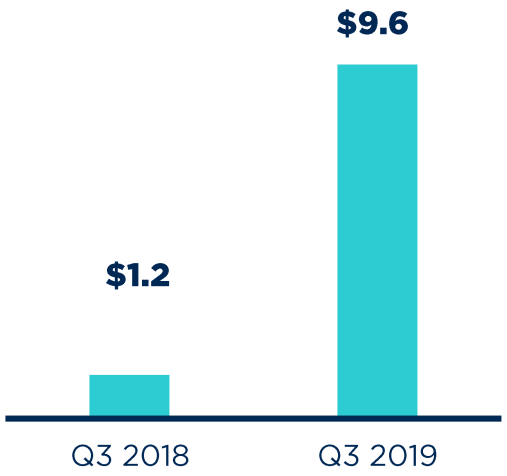
- The $50M senior unsecured loan from Migdal
- The $114.7M limited recourse loans from OPIC received on October 29, 2018 to finance the Honduras power plant
- The 41.5M loan received on January 4, 2019 from DEG to finance Olkaria expansion

Offset by

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

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INCOME TAX PROVISION

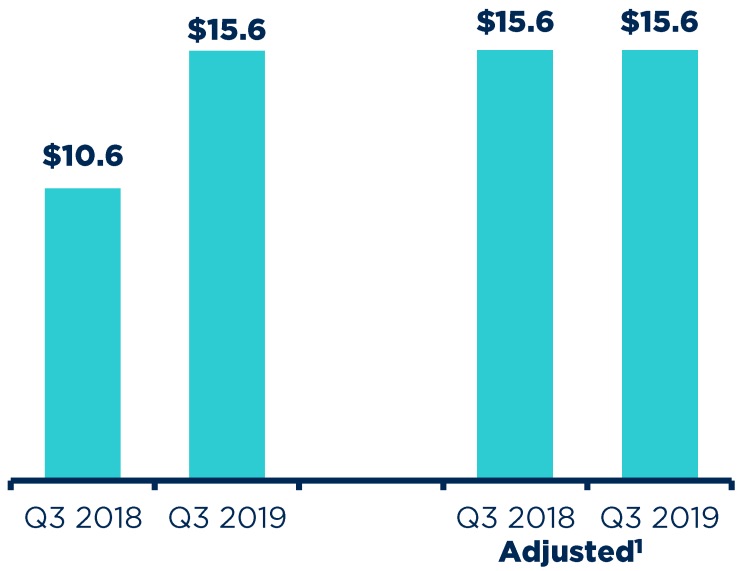


- Ormat's effective tax rate for the third quarter of 2019 was 40.7%.

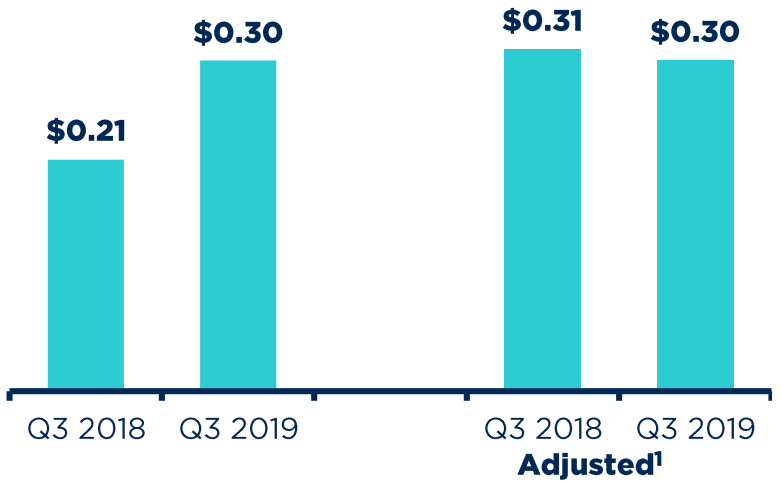
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NET INCOME ATTRIBUTABLE TO THE COMPANY'S STOCKHOLDERS & EPS

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



Diluted EPS[2]



(1) Adjusted net income attributable to the company's shareholders for Q3 2018 excludes $5.0 million one-time termination fee.
(2) Weighted average number of shares used in computation of earnings per share (diluted, in millions) attributable to the Company's stockholders is 51.3 million for Q3 2019 and 51.0 million for Q3 2018

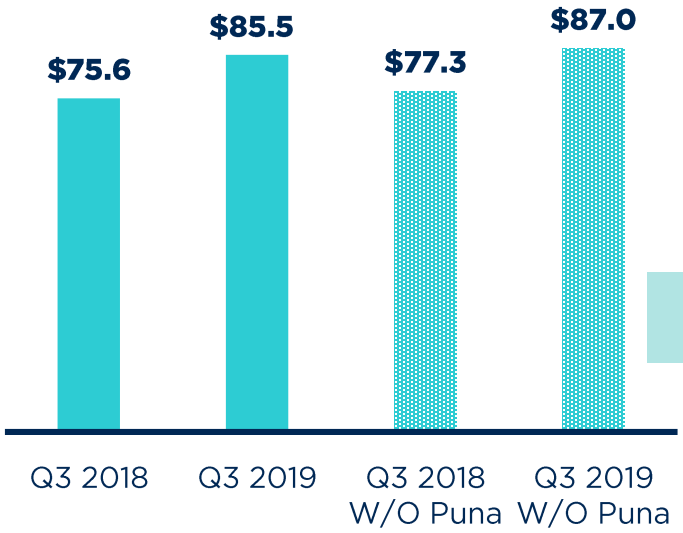
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ADJUSTED EBITDA[1] ($M)

Total adjusted EBITDA

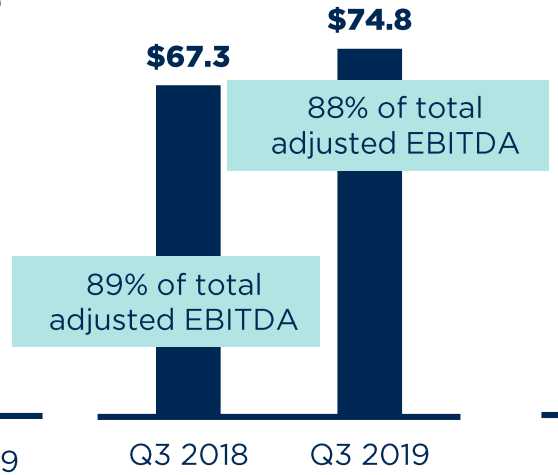
$9.9M (13.0%)



	Q3 18	Q3 19
D&A[2]	33.6	36.4

Electricity segment

$7.5M (11.1%)



	Q3 18	Q3 19
D&A[2]	31.7	33.7

Product segment

$0.8M (9.1%)



	Q3 18	Q3 19
D&A[2]	1.2	1.4

Other segment

$1.6M

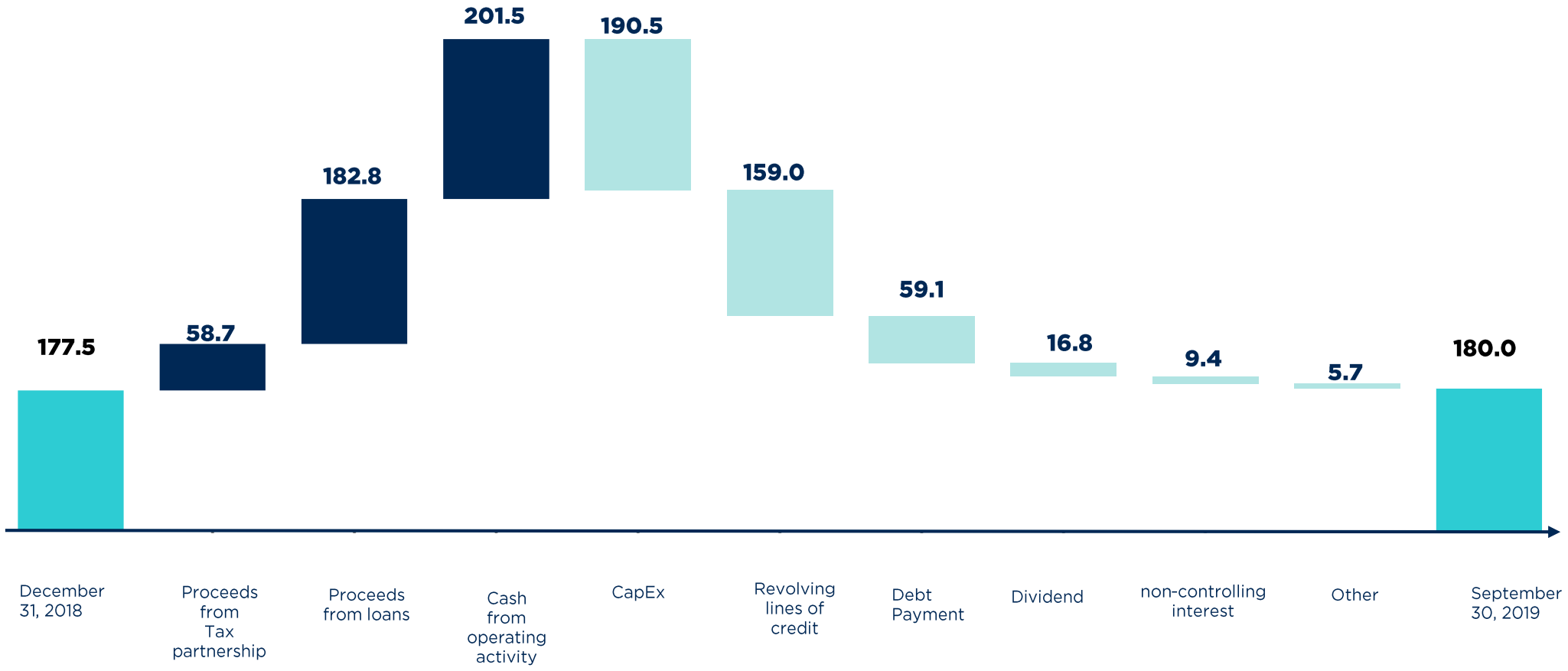


	Q3 18	Q3 19
D&A[2]	0.8	1.3

(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: 4.9%

	Q4-2019	Year 2019
Long-term non-recourse debt & limited recourse debt	9.3	9.3
Senior Secured Notes (non-recourse)	20.8	20.8
Long-term loans (full recourse)	4.7	4.7
Commercial paper	50.0	50.0
Total	**84.8**	**84.8**

	Total Debt	Remainder of 2019	2020	2021	2022	2023	Thereafter
Long-term non-recourse debt & limited recourse debt	371.1	9.3	34.4	35.5	36.0	36.1	219.8
Senior Secured Notes (non-recourse)	392.4	20.8	24.7	25.2	25.7	41.0	255.0
Total non-recourse debt (61%)	**763.5**	**30.1**	**59.1**	**60.7**	**61.7**	**77.1**	**474.8**
Long-term Loans (full-recourse)	84.4	4.7	9.4	9.4	9.4	9.4	42.2
Senior Unsecured Bonds (full-recourse)	354.3	-	67.2	6.3	149.7	12.6	118.5
Commercial paper	50.0	50.0		-	-	-	-
Total full-recourse debt (39%)	**488.7**	**54.7**	**76.6**	**15.7**	**159.1**	**22.0**	**160.7**
Total (1)	**$1,252.2**	**$84.8**	**$135.7**	**$76.4**	**$220.8**	**$99.1**	**$635.4**

(1) Before classification of deferred financing costs in the amount of $19.7 million
(2) We assume lines of credit are renewed

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FINANCING ACTIVITY

- **Successfully raised year-to-date $242M**
  - $59.3M tax partnership transaction of McGinness Hills phase 3
  - $50.0M of commercial paper
    - Three months LIBOR + 0.75%, issued for 90 days and extends automatically for additional periods of 90 days for up to 5 years
  - $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
  - $23M with U.S. financial institution for Plumsted and Stryker, our battery storage projects
    - Interest rate of LIBOR plus 3.5%, maturity - May 2026
  - Additional $50M under the senior unsecured notes from Migdal (institutional investor)
    - Fixed interest rate of 4.6%, maturity - March 2029
  - $42M unsecured notes with DEG for the Olkaria III recent enhancement
    - Fixed interest rate of 6.04%, maturity - June 2028

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OPERATIONS & BUSINESS UPDATES

ISAAC ANGEL, CEO

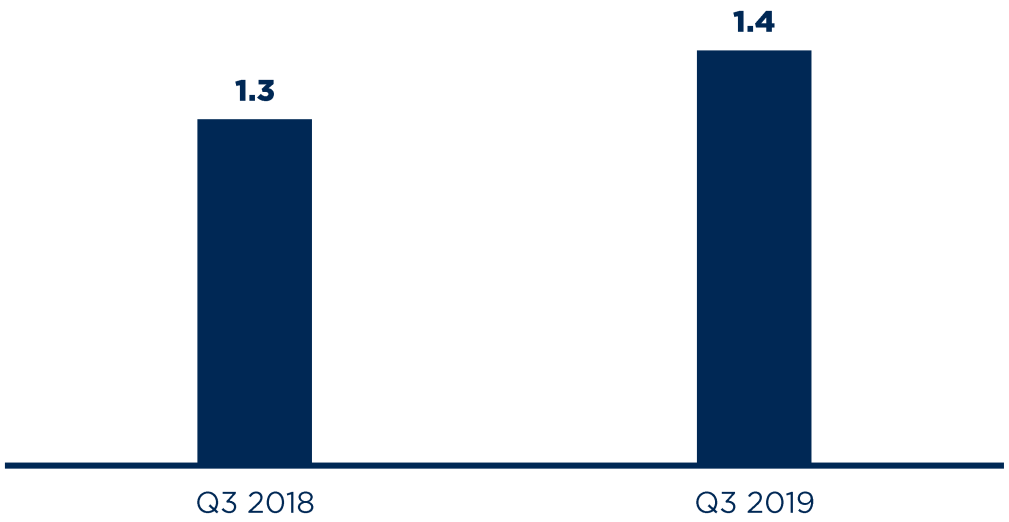
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GENERATION – INCREASE YEAR OVER YEAR

4.9% increase year over year

- generation was positively affected by McGinness Hills phase 3
  - Partially offset by planned outages as a preparation for the repowering work at Ormesa as well as curtailments by the offtaker in Olkaria complex

Generation (GWh)[1]



(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 by the end of 2019
  - Permits are delayed
- **Reached successfully the production area - one production well available for the operation of the power plant**
- **Recovered several injection wells**
- **Continued recovery work includes redrilling of existing wells, cleanouts and drilling of new wells**
- **Expected CAPEX for wells repair and new drilling is between $30 and $50 million**
  - Expects proceeds from Control of Wells insurance 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, enabling us to deliver energy from the plant
- Local permitting and transmission network upgrades being undertaken by our local utility partner is expected to be received by the end of Q1 2020
  - Once completed will enable us to sell the electricity produced at Puna
- Expect to gradually increase the power plant's generating capacity as we complete wellfield drilling work, with a target of regaining full operation by the end of the second quarter of 2020
- 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 damaged items including the substation
- **Business Interruption**
  - Certain insurers rejected our claim for business interruption coverage, and we have filed a lawsuit against these insurers.
    - These lawsuits will not impact our plans for re-starting the Puna facility
    - Total claim as of September 30, 2019 is $56.7 million
    - We received $21.2 million

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GROWTH PLAN

- Added 7 MW from Tungsten Solar in Nevada
- 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
Geothermal Projects			
U.S - Steamboat Hills Enhancement	19 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	20-30MW	2021	TBD
McGinness Hills Expansion	8 MW	2021	v
Solar Projects			
Wister Solar	20 MW	2021	v
McGinness Hills Solar	14 AC MW	End 2021	V

(1) MW growth target is based on existing prospects and business development plans as of November 6, 2019 and may change from time to time
(2) Bouillante projected COD is subject to PPA execution

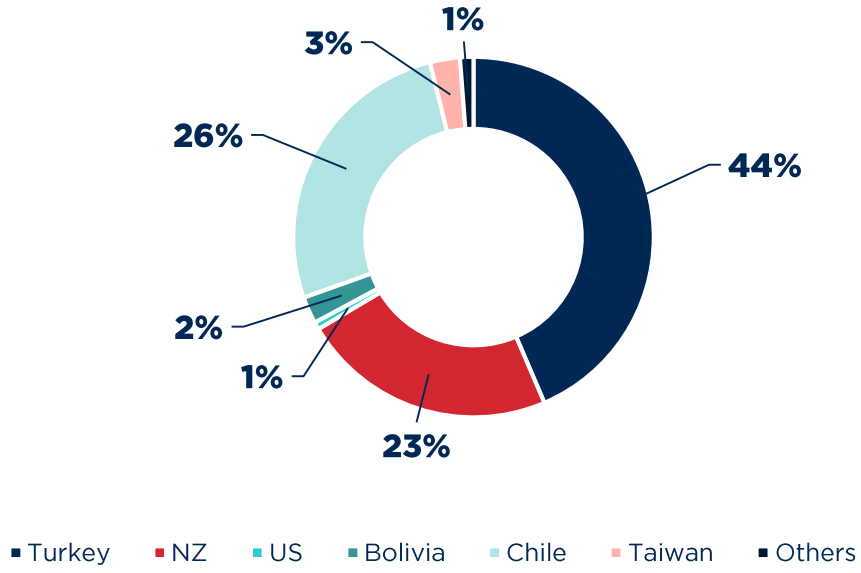
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PRODUCT SEGMENT

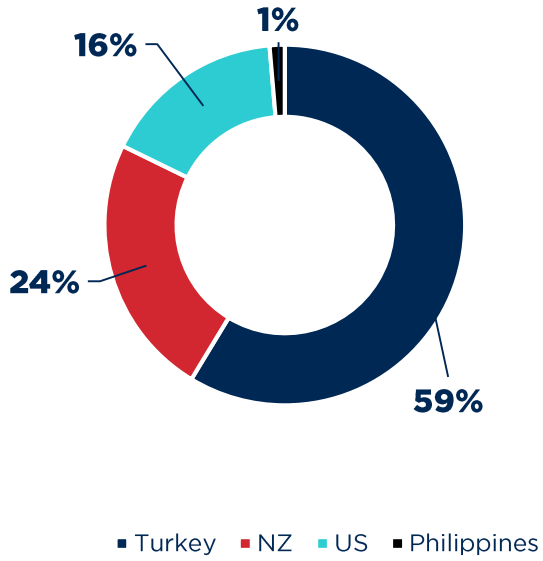
- Backlog as of October 22, 2019 – $167M
  - 99% Geothermal contracts

Geothermal contracts geographic breakdown

November 2019



November 2018



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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 – 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	$54.0
Maintenance CapEx (Excluding Puna)	$17.0
Storage activity	$3.0
Exploration	$5.0
Manufacturing facility	$3.0
Total CapEx	**$82.0**
Puna repairs and drillings in Q4 2019	**$8.0**
Long- and short-term debt repayment	**$84.8**

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2019 GUIDANCE

2019 Revenue Guidance	($M)
Electricity revenues	535-540
Products revenues	185–190
Other revenues[1]	11-13
Total expected revenues	**731-743**

2019 Adjusted EBITDA	($M)
Adjusted EBITDA[2]	**385-390**

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 nine months ended September 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 NINE-MONTHS PERIODS ENDED SEPTEMBER 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 nine-months periods ended September 30, 2019 and 2018.

	Three Months Ended September		Nine Months Ended September	
	2019	2018	2019	2018
	(in thousands)		(in thousands)	
Net income	$ 15,089	$ 10,107	$ 79,416	$ 87,022
Adjusted for:				
Interest expense, net (including amortization of deferred financing costs)	19,594	18,486	61,621	48,374
Income tax (benefit) provision	9,626	1,184	20,136	3,347
Adjustment to investment in unconsolidated company:				
our proportionate share in interest, tax and depreciation and amortization	2,644	3,784	7,884	11,768
Depreciation and amortization	36,365	33,687	106,982	94,983
EBITDA	$ 83,318	$ 67,248	$ 276,039	$ 245,494
Mark-to-market gains or losses from accounting for derivatives	(330)	(297)	(1,909)	1,202
Stock-based compensation	2,228	3,559	7,231	7,382
Insurance proceeds in excess of assets carrying value	—	—	—	(7,150)
Termination fee	—	4,973	—	4,973
Merger and acquisition transaction cost	250	120	750	2,790
Write-off of unsuccessful exploration activities	—	—	—	119
Adjusted EBITDA	$ 85,466	$ 75,603	$ 282,111	$ 254,810
Puna's related EBITDA	1,490	1,650	(1,311)	(4,905)
Adjusted EBITDA excluding Puna's impact	86,956	77,253	280,800	249,905

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RECONCILIATION OF ADJUSTED NET INCOME FOR THE THREE MONTHS ENDED SEPTEMBER 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 September 30, 2019 and 2018.

	Three Months Ended September 30	
	2019	2018
	(in millions)	
Net income attributable to the Company's stockholders	$ 15.6	$ 10.6
One-timetermination fee	–	5.0
Adjusted Net income attributable to the Company's stockholders	$ 15.6	$ 15.6
Weighted average number of shares diluted used in computation of earnings per share attributable to the Company's stockholders:	51.3	51.0
Diluted Adjusted EPS	0.30	0.31

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