# Ormat Technologies, Inc.
# Second Quarter 2015 Earnings Call

August 4, 2015

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# Disclaimer

Information provided during this presentation may contain statements relating to current expectations, estimates, forecasts and projections about future events that are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995.

These forward-looking statements generally relate to the company's plans, objectives and expectations for future operations, and are based on management's current estimates and projections of future results or trends. Actual future results may differ materially from those projected as a result of certain risks and uncertainties.

For a discussion of such risks and uncertainties, please see risk factors as described in the Annual Report on Form 10-K filed with the securities and exchange commission on February 26, 2015.

In addition, during this presentation, statements may be made that include a financial measure defined as non-GAAP financial measures by the Securities and Exchange Commission, such as EBITDA and adjusted EBITDA. These measures may be different from non-GAAP financial measures used by other companies. The presentation of this financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP.

Management of Ormat Technologies believes that EBITDA and adjusted EBITDA may provide meaningful supplemental information regarding liquidity measurement that both management and investors benefit from referring to this non-GAAP financial measures in assessing Ormat Technologies' liquidity, and when planning and forecasting future periods. This non-GAAP financial measures may also facilitate management's internal comparison to the company's historical liquidity.

# Agenda

- 2015 Second quarter prepared remarks
  - Q2 2015 highlights: Isaac Angel, CEO
  - Financial overview: Doron Blachar, CFO
  - Operations & business updates: Isaac Angel, CEO
- Q & A

# Q2 2015 Highlights and Recent Developments

- Total revenue of $140.5 million, compared to $127.6 million in the second quarter of 2014;
  - Electricity revenues of $90.9 million, compared to $91.7 million in the second quarter of 2014;
  - Product segment revenue of $49.6 million, compared to $35.9 million in the second quarter of 2014;
- Operating income increased by 27.0% to $38.6 compared to $30.4 million in the second quarter of 2014 (excluding an $8.1 million write off);
- Net income attributable to the company's shareholders of $14.4 million or $0.28 per share (diluted), compared to $9.1 million or $0.20 (basic and diluted) per share in the second quarter of 2014;
- Adjusted EBITDA of $67.8 million, compared to $61.8 million in the second quarter of 2014;
- Declared a quarterly dividend of $0.06 per share for the second quarter of 2015;
- Closed and received $162.3 million cash from Northleaf Capital Partners for a 36.75% equity investment in certain power plants;
- Closed $42 million loan agreement to refinance the Amatitlan power plant in Guatemala with Banco Industrial S.A. and its affiliate Westrust Bank. Funding is expected shortly; and
- Signed an approximate $100.0 million EPC contract in Chile;

# Financial Results

Doron Blachar, CFO

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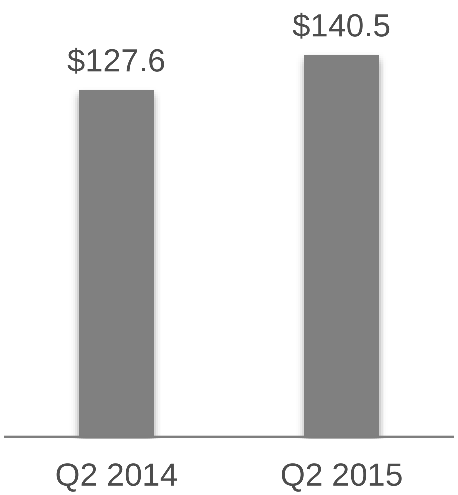
# Total Revenue

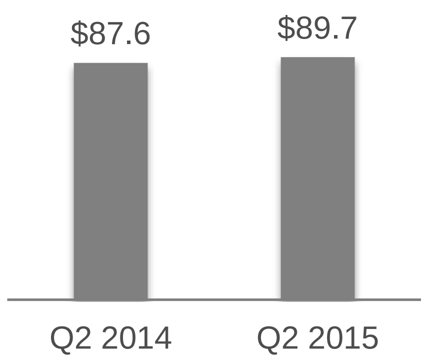
## Total Revenue

+12.9 million (10.1%)

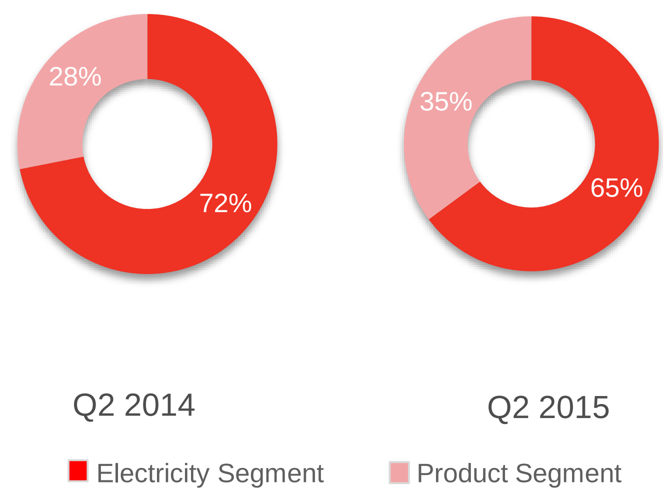



## Total Cost of Revenue

+2.1 million (2.3%)




## Segment Contribution




All amounts in million USD





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# Electricity Segment

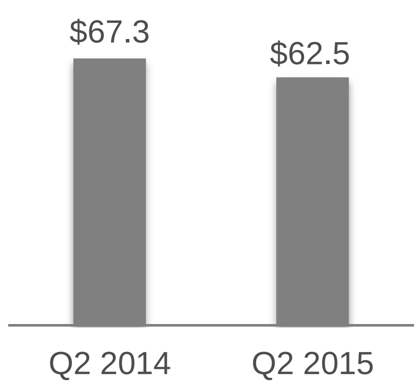
## Revenue

-0.8 million (0.9%)


- Lower energy rates due to actual natural gas and oil prices
- Lower generation in Puna due to last summer's hurricane
- The decrease was partially offset by the commencement of operations of second phase of McGinness Hills

## Cost of Revenue

-4.8 million (7.1%)




- North Brawley incurred higher cost in Q2 2014

Offset by:

- Additional cost of revenue from second phase of the McGuinness Hills power plant

All amounts in million USD





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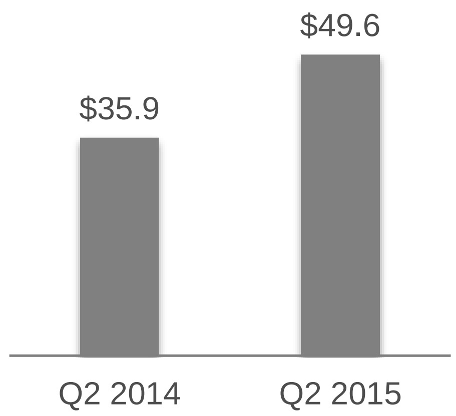
# Product Segment

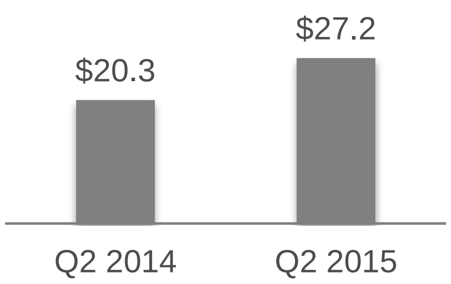
## Revenue

+13.7 million (38.0%)




## Cost of Revenue

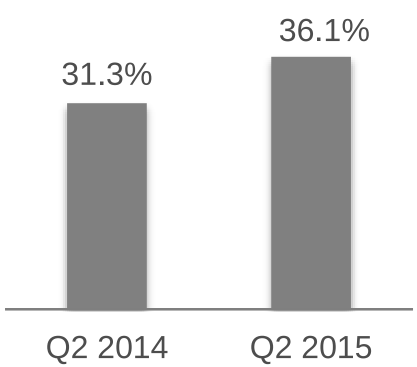
+6.9 million (33.7.%)



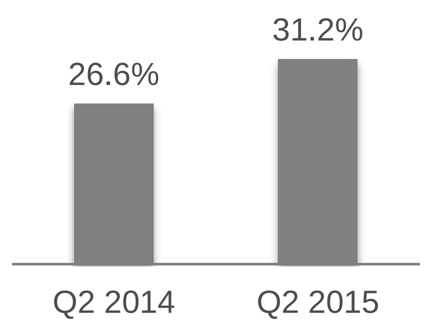

All amounts in million USD

# Gross Margin

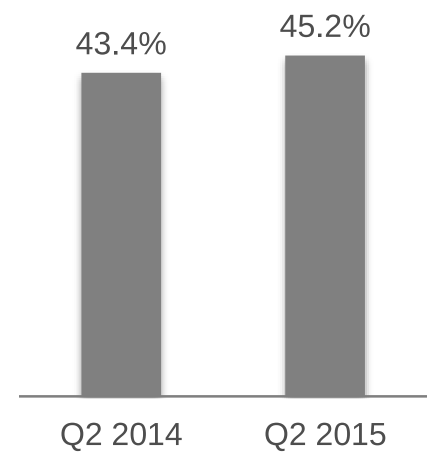
## Combined




## Electricity Segment




## Product Segment



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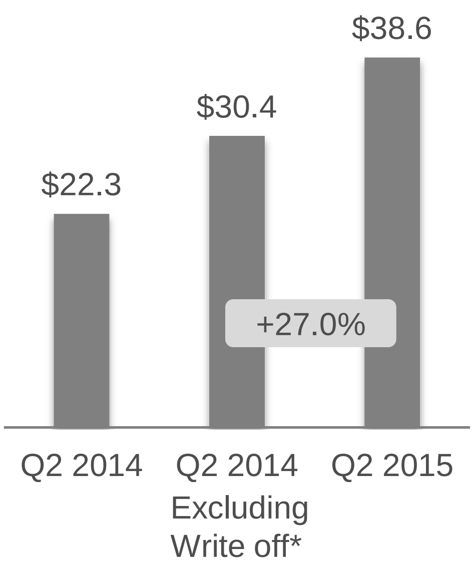
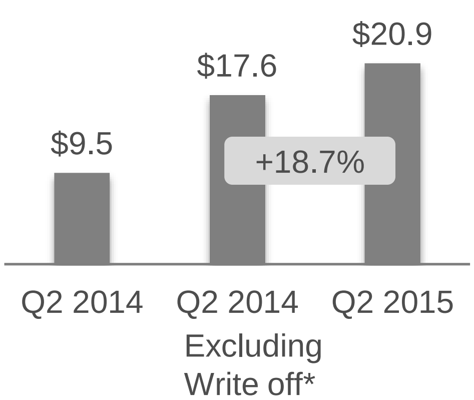
# Operating Income

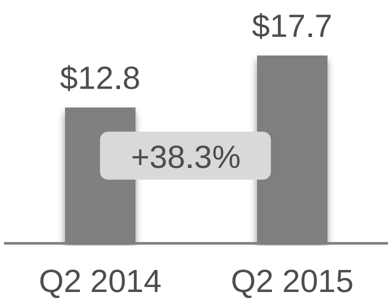
## Total




## Electricity Segment




## Product Segment



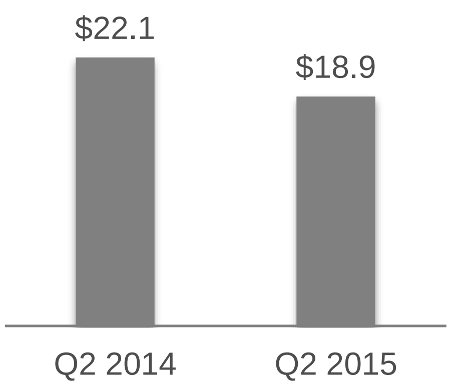

*Excluding an $8.1 million Write-off of unsuccessful exploration activities in Q2 2014

All amounts in million USD

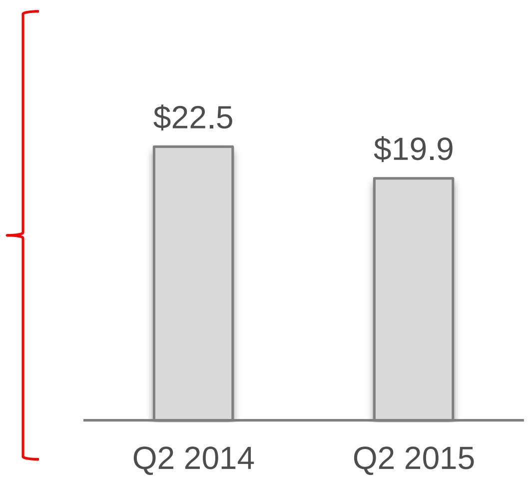
# Interest Expense, Net

## Interest Expense, Net

-3.2 million (14.5%)




## Gross Interest Expense




## Capitalized Interest


Decrease was primarily due to

- Lower interest expense as a result of principal payments

Partially offset by

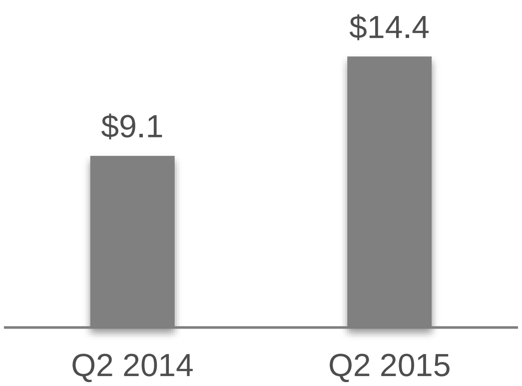
- Increase in interest expense related to a new loan from August 2014

All amounts in million USD

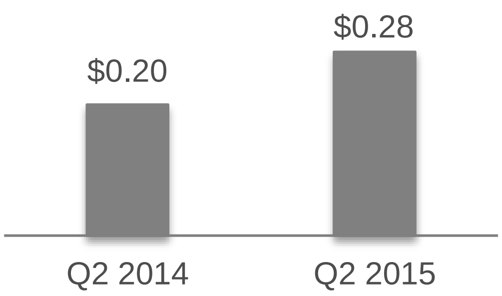
# Net Income Attributable to the Company's Stockholders & EPS

## Net Income Attributable to the Company's Stockholders

+5.3 million (57.8%)




## Earnings per Share (Diluted)

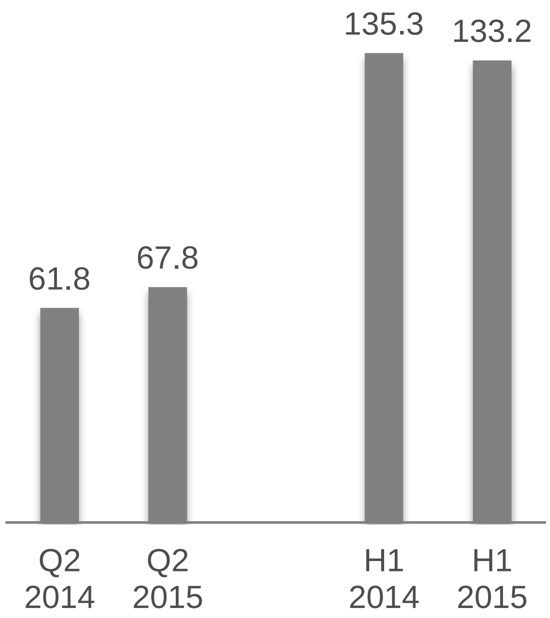



- Increase was due to an increase in operating income
- The net income includes
  - $1.7 million related loss from extinguishment of a liability resulted from the partial repurchase of OFC senior secured notes
  - $0.4 million expense associated with due diligence related to a potential M&A transaction that was not materialized

All amounts in million USD;

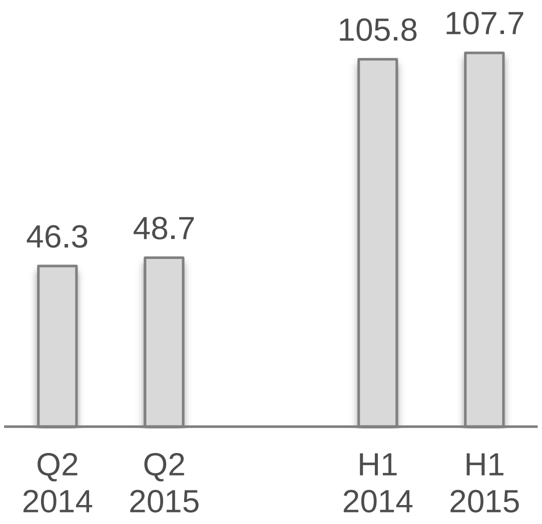
# Adjusted EBITDA

## Total



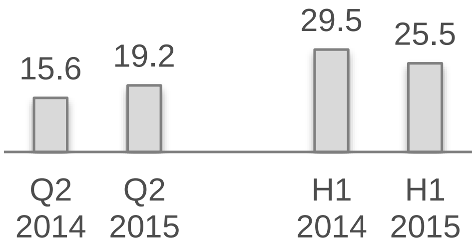

| | Q2-14 | Q2-15 | H1-14 | H1-15 |
|---|---|---|---|---|
| **D&A** | 23.5 | 24.4 | 45.6 | 48.2 |

## Electricity Segment




| | Q2-14 | Q2-15 | H1-14 | H1-15 |
|---|---|---|---|---|
| **D&A** | 22.8 | 23.5 | 44.1 | 46.6 |

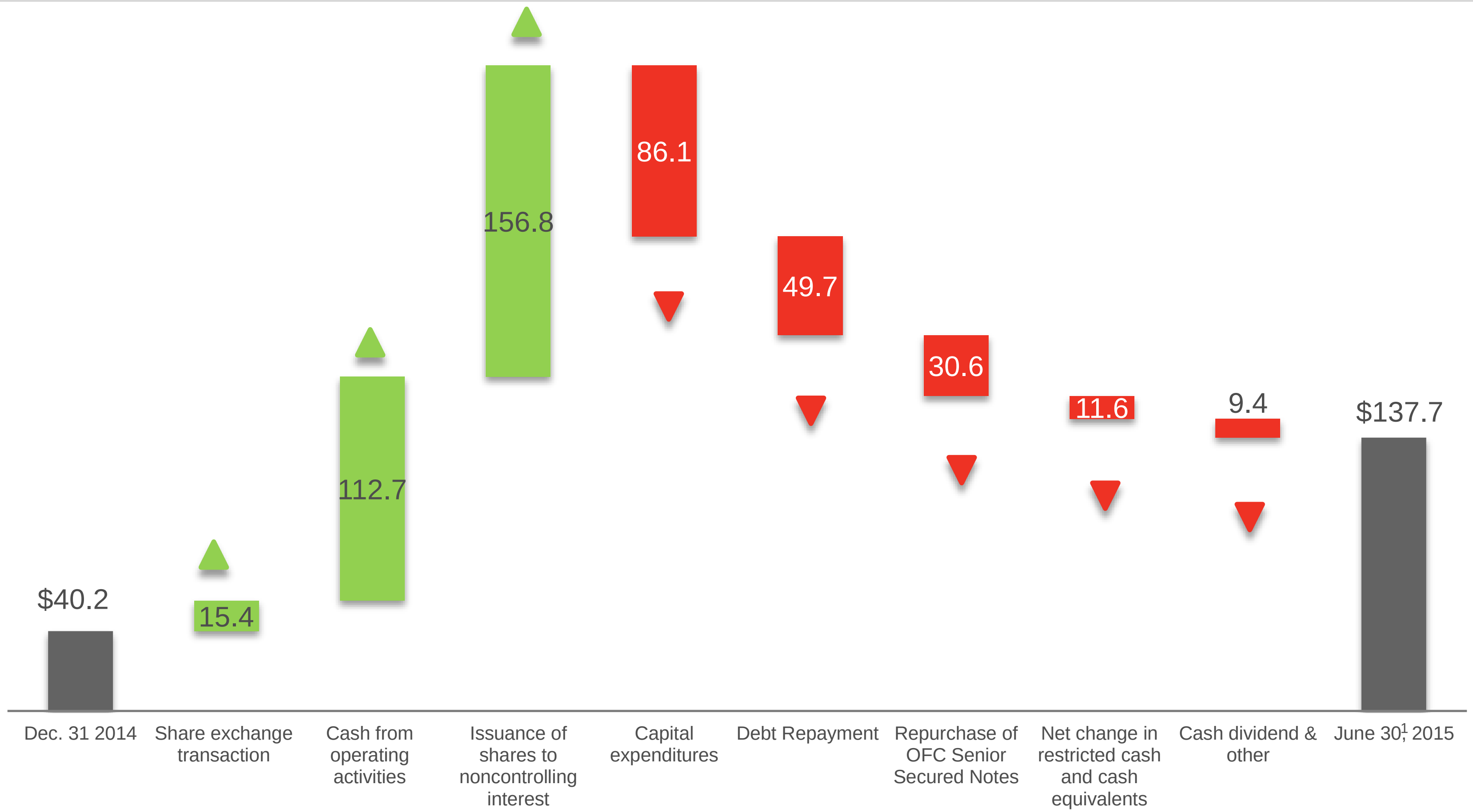
## Product Segment




| | Q2-14 | Q2-15 | H1-14 | H1-15 |
|---|---|---|---|---|
| **D&A** | 0.7 | 0.9 | 1.4 | 1.6 |

All amounts in million USD; For EBITDA reconciliation see appendix
*D&A is excluding deferred financing costs

# Cash, Cash Equivalents, Marketable Securities and Short-Term Bank Deposit




All amounts in million USD;



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# Payment of Principal Due by Period

## The average interest rate for the total debt is 6.07%

| | Q1-2015 | Q2-2015 | Q3-2015 | Q4-2015 | Year 2015 |
|---|---|---|---|---|---|
| Long-term non-recourse debt & limited recourse debt | 0 | 0 | 4,499 | 4,498 | 8,997 |
| Senior Secured Notes (non-recourse) due 2020 | 0 | 0 | 2,111 | 15,849 | 17,960 |
| Long-term loans (full recourse) | 0 | 0 | 3,641 | 5,948 | 9,589 |
| **Total** | $0 | $0 | $10,251 | $26,295 | $36,546 |

| | Remaining Total | 2015 | 2016 | 2017 | 2018 | 2019 | Thereafter |
|---|---|---|---|---|---|---|---|
| Long-Term non-recourse & limited recourse debt | 273,622 | 8,997 | 17,995 | 17,995 | 17,995 | 17,995 | 192,645 |
| Senior secured notes (non-recourse) | 353,216 | 17,960 | 29,932 | 30,163 | 28,771 | 28,830 | 217,559 |
| **Total non-recourse debt (68%)** | **626,838** | **26,957** | **47,927** | **48,158** | **46,766** | **46,825** | **410,204** |
| Long-term Loans (full-recourse) | 43,940 | 9,589 | 15,228 | 11,228 | 7,895 | 0 | 0 |
| Senior Unsecured Bonds (full-recourse) | 250,136 | 0 | 0 | 250,136 | 0 | 0 | 0 |
| **Total full-recourse debt (32%)** | **294,076** | **9,589** | **15,228** | **261,364** | **7,895** | **0** | **0** |
| **Total** | **$ 920,914** | **$ 36,546** | **$ 63,155** | **$309,522** | **$ 54,661** | **$ 46,825** | **$ 410,204** |



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# Financing Update

- Repurchased certain portion of OFC senior secured for $30.6 million
  - The repurchased will save approx. $2.5 million of annual interest expense over the next 3 years
- Closed $42 million loan agreement to refinance the Amatitlan power plant in Guatemala
  - 12 years limited-recourse project finance loan
  - Provided by Banco Industrial S.A. and its affiliate Westrust Bank

# Operations & Business Updates

Isaac Angel, CEO

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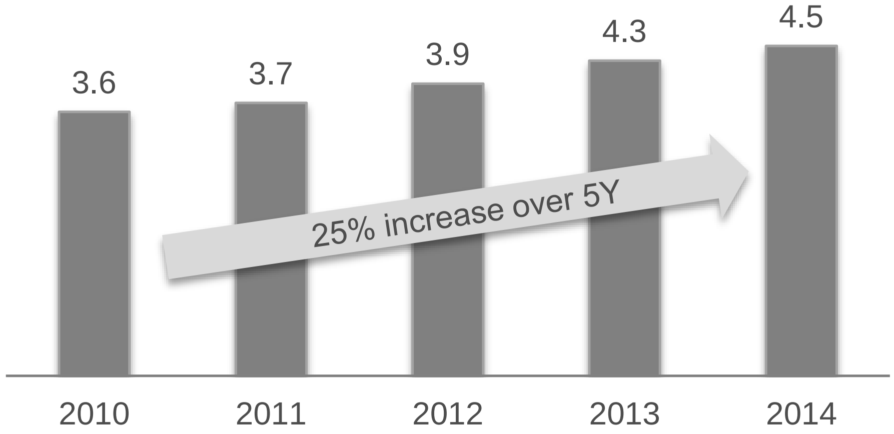
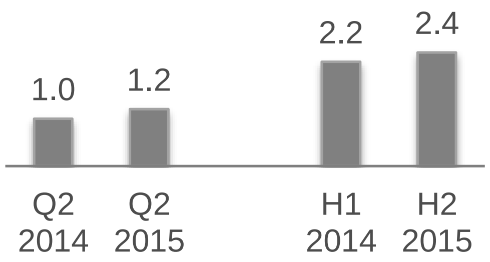
# Operations Update

## Annual Generation (GWh)




## Quarterly Generation (GWh)



# Construction Updates

- Don A. Campbell phase 2, Nevada
  - Signed 20-year PPA with SCPPA
  - 19 MW expected by the end of 2015
- Plant 4, Olkaria III, Kenya
  - 24 MW expected in H2 2016
- Sarulla, phase 1, Indonesia
  - 14 MW expected in H2 2016
- Above listed and additional projects are expected to add between 90 and 115 megawatt by the end of 2017

Don A. Campbell phase 2, Nevada

Plant 4, Olkaria III, Kenya



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# CapEx Needs for the Remainder of 2015

As of June 30, 2015

| **Capital Needs** ($ millions) | |
|---|---|
| 50 | Construction & enhancements |
| 20 | Development & exploration |
| 8 | Maintenance CapEx |
| 1 | Production facility & other |
| **$79** | **Total CapEx** |
| $37 | Debt repayment |
| **$116** | **Total** |

# Product Segment

- Signed $98.8 million EPC contract for a geothermal project in Chile
- Backlog of $347.5 million as of August 3, 2015
  - Includes revenue for the period between July 1 and August 3, 2015
  - Revenue is expected to be recognized in the years 2015-2017

# Regulatory Updates

## Continued support for renewables & geothermal

- August 3, 2015 - President Obama announced the U.S. Environmental Protection Agency's final Clean Power Plan
  - The plan will cut U.S. carbon pollution from the power sector by 870 million tons, or 32 percent below 2005 levels, in 2030
- July 2015 - The US Senate Finance Committee voted to extend the $0.023/kWh production tax credit (PTC)
  - If passes, the law should extend the PTC for projects that will start construction before the end of 2016 and commence commercial operation by the end of 2018



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# Reiterating 2015 Guidance

- Revenue
  - Electricity Segment - between $380 and $390 million
  - Product Segment - between $180 and $190 million
  - **Total: between $560 and $580 million**

- Adjusted EBITDA
  - Between $280 and $290 million



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# Reconciliation of EBITDA Adjusted EBITDA and Additional Cash Flows Information

- 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 cost, (iv) stock-based compensation, and (vii) gain from extinguishment of liability. 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 tables reconcile net cash provided by operating activities and net income to EBITDA and Adjusted EBITDA for the six and three-month period ended June 30, 2015 and June 30, 2014:

| | Three Months Ended June 30 | | Six Months Ended June 30 | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | (in thousands) | | (in thousands) | |
| Net income | $ 15,273 | $ 9,313 | $ 25,540 | $ 31,102 |
| Adjusted for: | | | | |
| Interest expense, net (including amortization of deferred financing costs) | 18,815 | 21,982 | 36,634 | 42,389 |
| Income tax provision | 6,056 | 4,967 | 11,515 | 11,287 |
| Depreciation and amortization | 24,395 | 23,482 | 48,199 | 45,557 |
| **EBITDA** | **$ 64,539** | **$ 59,744** | **$ 121,888** | **$ 130,335** |
| Mark to market on derivative instruments which represents swap contracts on natural gas and oil prices | — | (527) | 4,129 | (302) |
| Stock-based compensation | 1,029 | 1,366 | 2,156 | 2,806 |
| Gain on sale of a subdiary and property, plant and equipment | — | (7,628) | — | (7,628) |
| Loss from extinguishment of liability | 1,710 | — | 1,710 | — |
| Merger and Acquisition transactions costs | 400 | — | 3,800 | — |
| Write-off of unsuccessful exploration activities | — | 8,107 | 174 | 8,107 |
| Mark to market on derivatives which represents currency forward contracts | 170 | 759 | (690) | 1,936 |
| **Adjusted EBITDA** | **$ 67,848** | **$ 61,821** | **$ 133,167** | **$ 135,254** |



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