

Ormat Technologies, Inc.

Second Quarter 2015 Earnings Call

August 4, 2015



Green energy you can rely on

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.

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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%)

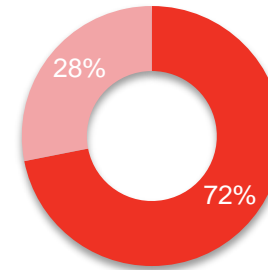


Total Cost of Revenue

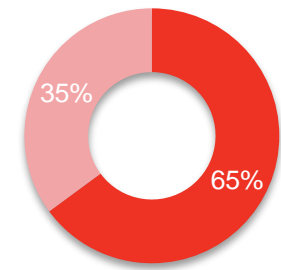
+2.1 million (2.3%)



Segment Contribution



Q2 2014



Q2 2015

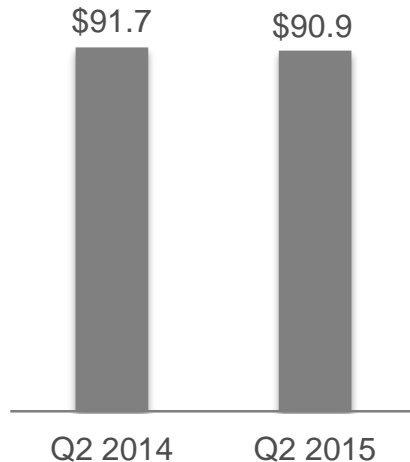
■ Electricity Segment

■ Product Segment

Electricity Segment

Revenue

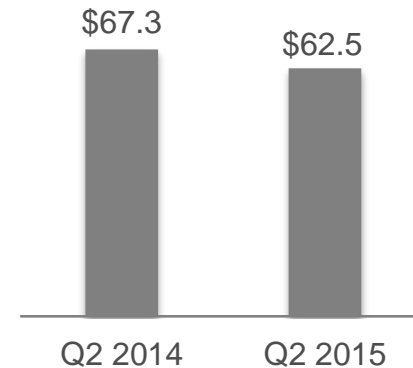
-0.8 million (0.9%)



- 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 McGuinness Hills

Cost of Revenue

-4.8 million (7.1%)

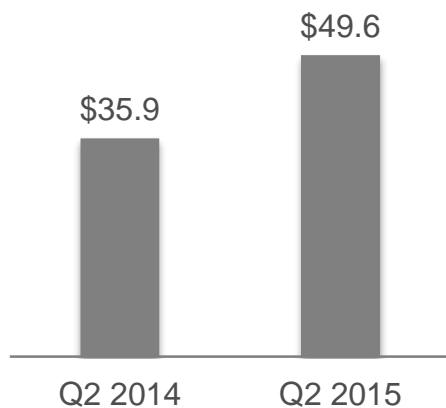


- North Brawley incurred higher cost in Q2 2014
- Offset by:
- Additional cost of revenue from second phase of the McGuinness Hills power plant

Product Segment

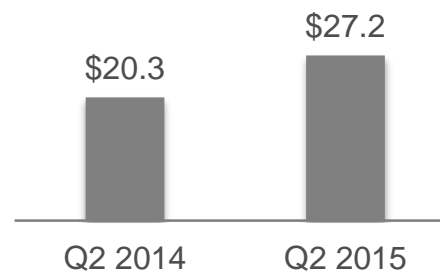
Revenue

+13.7 million (38.0%)



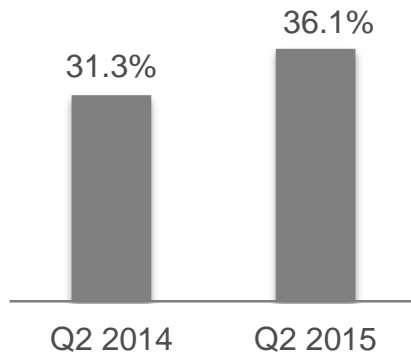
Cost of Revenue

+6.9 million (33.7%)

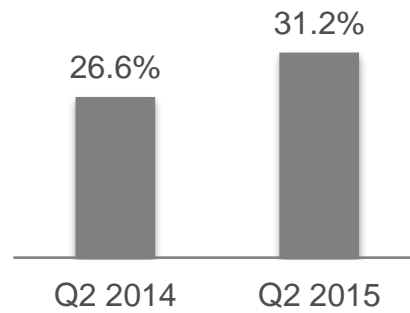


Gross Margin

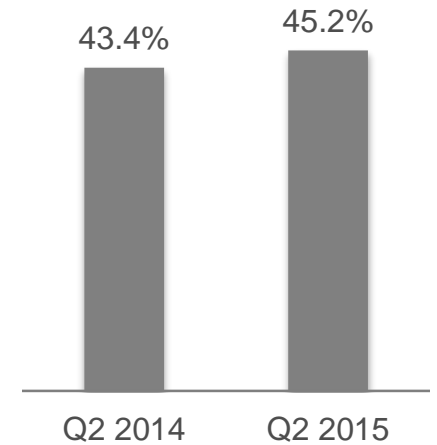
Combined



Electricity Segment

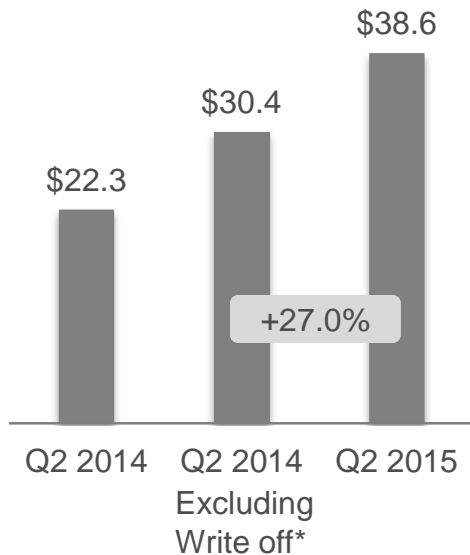


Product Segment

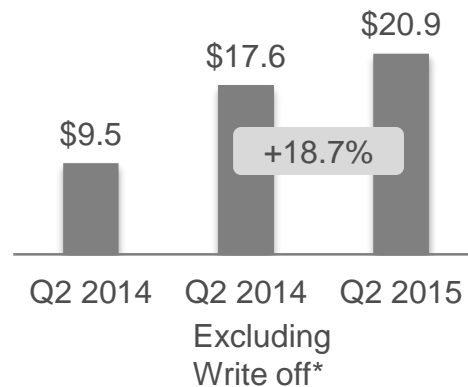


Operating Income

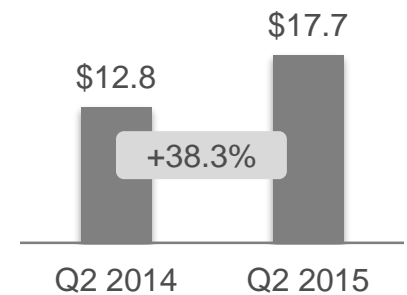
Total



Electricity Segment



Product Segment



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

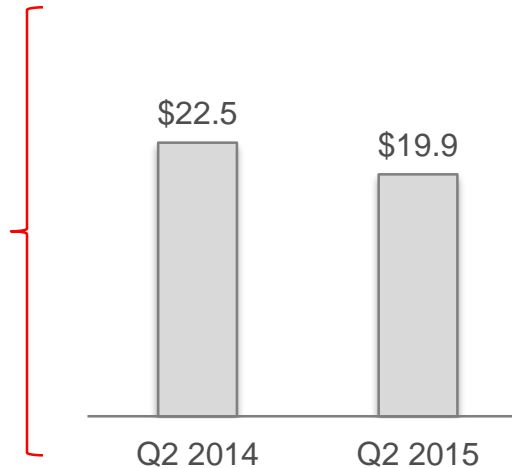
Interest Expense, Net

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

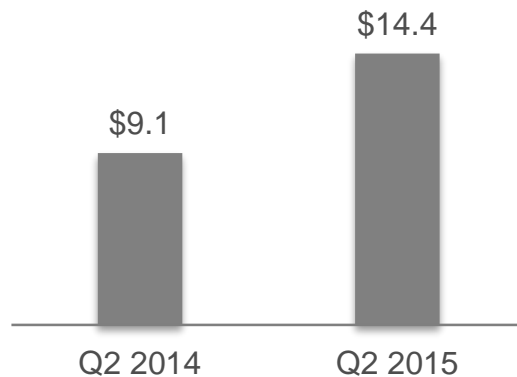
Partially offset by

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

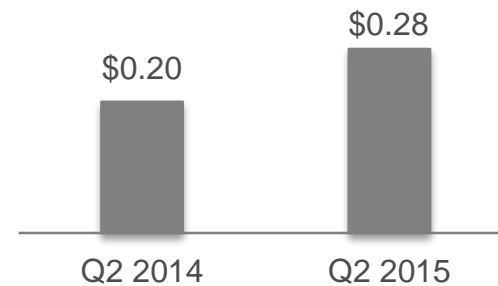
Net Income Attributable to the Company's Stockholders & EPS

Net Income Attributable to the Company's Stockholders

+5.3 million (57.8%)



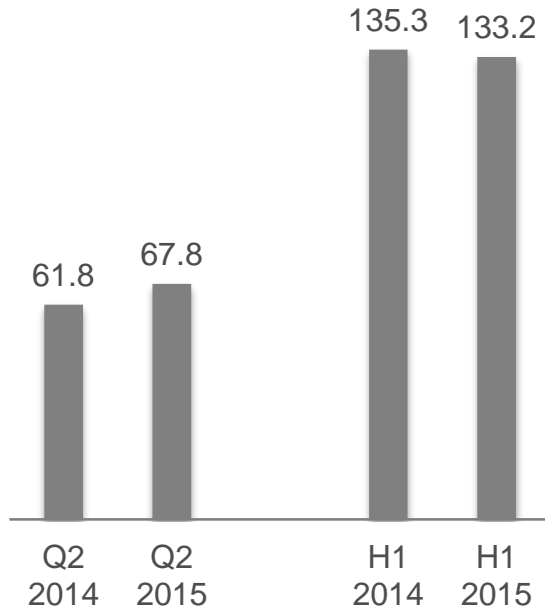
Earnings per Share (Diluted)



- 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

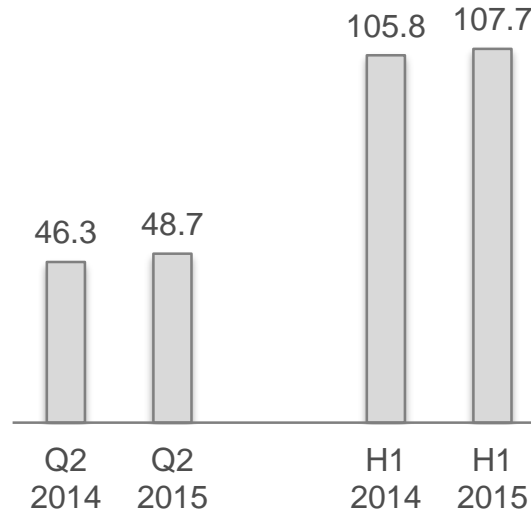
Adjusted EBITDA

Total



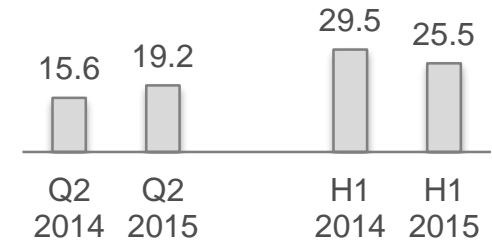
	Q2-14	Q2-15	H1-14	H1-15
D&A	23.5	24.4	45.6	48.2

Electricity Segment



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

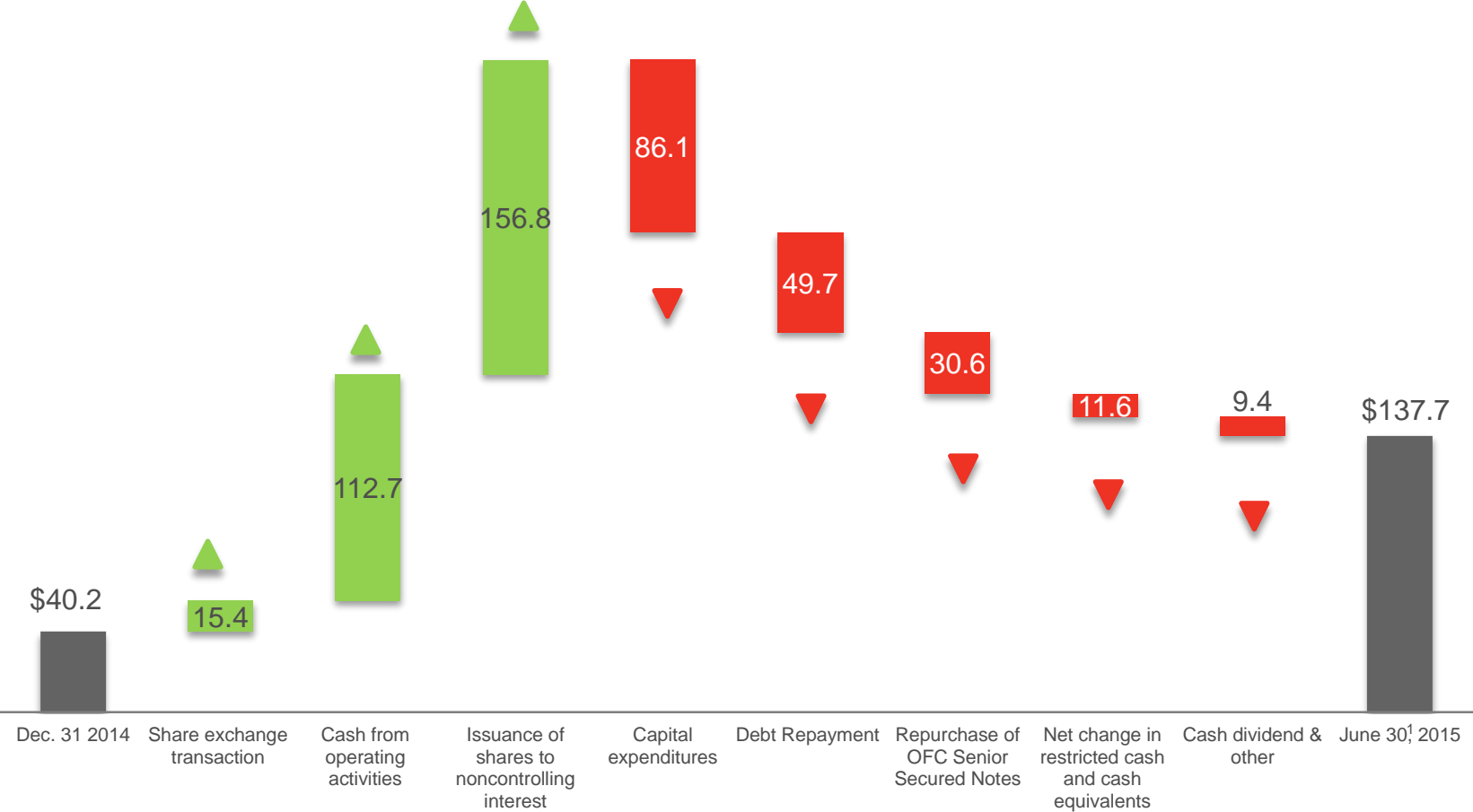
Product Segment



	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



Payment of Principal Due by Period

The average interest rate for the total debt is 6.07%

	<u>Q1-2015</u>	<u>Q2-2015</u>	<u>Q3-2015</u>	<u>Q4-2015</u>	<u>Year 2015</u>
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

	<u>Remaining Total</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Thereafter</u>
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

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

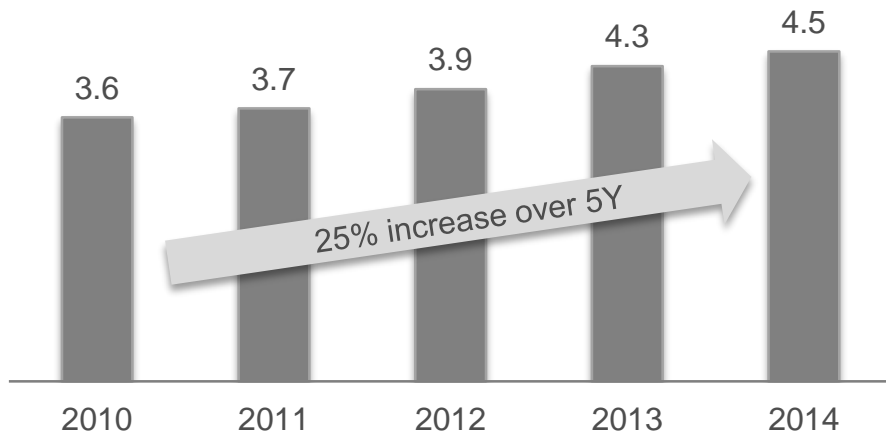
Isaac Angel, CEO



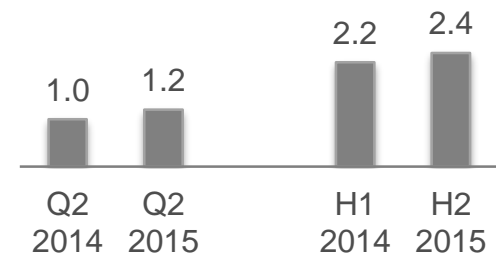
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Operations Update

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

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

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

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 subsidiary 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