



Israel Electric Corp.

Investor Presentation
Q3.2024

December 2024.



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Israel Electric Corp. at a Glance

Established in 1923, the Israel Electric Corporation Limited ("IEC") is a **dominant player** in the Israeli electricity sector and is an essential **service provider** of electricity in Israel, and the sole **vertically integrated provider** in the electricity chain

IEC serves **residential, commercial, agricultural and industrial customers** throughout the State of Israel, including East Jerusalem and the Palestinian Authority (PA)

The state of Israel, which holds 99.85% of the IEC's shares, is committed for the **GHG reduction in line with Paris Climate Agreement**

Israel's Power Grid

- 400 kV lines
- 161 kV lines
- Power stations



IEC's goal is to maintain its position as the leading business in the Israeli electricity sector. IEC aims to be Israel's leading electricity provider, an efficient and advanced electricity producer, and one of the world's leading and most advanced grid infrastructure companies



Key Strategic Targets

IEC intends to continue to develop and adapt to the changing market structure and conditions, as well as to the economic, social and technological changes in Israel and worldwide



Main Israel's Electricity Company

Continuing to guarantee and improve reliability of the electricity supply, as well as providing backup services for electricity consumers and producers



Adapt to challenges

Completing the remaining steps of the sector reform along with preparing for challenges in the evolving electricity market



Financial Robustness

Meeting key financial targets and adequate liquidity cushion



Support environmental projects

Support the combination of renewable energy, electrical cars, promoting energy storage facilities. Targeting natural gas as main fuel source, in order to reduce the environmental impact

Financial Highlights | 9M.2024

Revenues

5.6

Billion USD

CAPEX

1.4

Billion USD

Net Financial Debt⁽¹⁾

8.7

Billion USD

EBITDA⁽²⁾

1.5

Billion USD

FFO⁽²⁾

0.9

Billion USD

Credit Ratings



IEC
GLOBAL

Baa2

Negative

(Moody's)

BBB+

CreditWatch Negative

(S&P)



IEC
LOCAL

Aa1.il

Positive

(Midroog)

ilAAA

CreditWatch Negative

(Maalot S&P)

Source: IEC's Financial Statements for 9M.2024

1. Net financial debt is a non-GAAP measure that is defined as credit from banks and other credit providers, plus total long-term debt (including debentures, long-term liabilities to banks, including hedge transactions, liabilities to the State of Israel), leases liabilities and CPI linkage differentials regulatory deferral account, cash and cash equivalents, short-term investments, long and short term receivables in respect of forward contracts and swap transactions, and long-term deposits to secure swap transactions.
2. IEC defines "EBITDA" as a Normalized EBITDA - profit (loss) before income taxes, financial expenses, depreciation and amortization, including movement in regulatory deferral accounts, while neutralizing special non-current events.
3. FFO is based on calculation of the EBITDA before normalization while neutralizing the change in liabilities with respect to employee benefits (from cash flow report) and other expenses (revenues), net, less interest and taxes paid (from cash flow report).

* Financial Figures presented in USD according to an average USD/NIS exchange rate of 3.70 as of 9M.2024



חברת החשמל
ISRAEL ELECTRIC

Key Investment Highlights



Government Company

99.85% owned by the State of Israel



Essential Service Provider

IEC is an essential service provider of electricity in Israel and the sole vertically integrated provider in the electricity chain



Focusing on the T&D segments

IEC focuses its activity on the Transmission and Distribution segments and reduced its share in the generation segment



ESG (Environment, Social, Governance)

Growing attention to ESG, especially in the environmental aspect (conversion of coal units to NG), the social aspect (diversity & inclusion) and the governance aspect (deepening corporate governance). Targeting natural gas as main fuel source in order to reduce the environmental impact



Fully Regulated across all segments

Electricity Tariff set by the EA, based on forecasted expenses and return on equity, providing predictable revenue to the Company



Natural Gas Fuel Independence

Natural gas from Tamar, Leviathan, Karish and Tanin, natural gas discoveries in Israel have paved the way towards lack of dependence on heavy fuels



Preparing the ground for renewables

Support the combination of renewable energy, electrical cars, Promoting energy storage facilities

Key Financial Targets | 2024-20230

Ratios	Financial targets	Actual as of 09/30/2024
Real net financial debt ratio to EBITDA	Up to 5.2 for each of the years 2024-2027 5.0 for each of the years 2028-2030	4.3
Total debt to total assets ratio (leverage)	Not more than 65% for each of the years 2024-2030	65%
International rating	At least 'BBB'	'BBB+' at S&P, 'Baa2' at Moody's
Real net financial debt	Will not exceed ILS 40 billion in each of the years 2024-2030 Subject to compliance with the financial targets specified above with regard to debt ratios	ILS 32.1 billion
Liquidity (safety cushion)	In a monetary value of no less than ILS 3 billion and will consist of: cash balances and short-term investments of no less than ILS 1 billion at the end of each month, secured long-term and unused credit lines effective for longer than one year supplementing cash balance to ILS 3 billion at any time	The company complies with the objective

Source: IEC's Financial Statements for 9M.2024

Note: The financial targets approved by the Board of Directors on November 30, 2023. The financial targets have been updated , among other things, due to the publication of the EA's decisions regarding the tariff update in 2023, the increase in investments in accordance with the development plan in the T&D segments for years 2024-2030, implementation of the wage agreement in the public sector, the accumulated debt of East Jerusalem Electricity Company and the "Iron Swords" war implementations. Due to these effects, the company expects that some of the financial stability goals established as part of the reform may be exceeded

GCA Financial Targets(1) for Government Companies

Ratios	Financial targets	Actual as of 09/30/2024
FFO⁽²⁾ to adjusted financial debt ratio	Short term 11% to 18% Long term 15% to 23%	11.7%
FFO⁽²⁾ plus interest-to-interest ratio	Greater than 3	5.73
Return on capital employed (ROCE) ratio	At least 'BBB'	3.3%

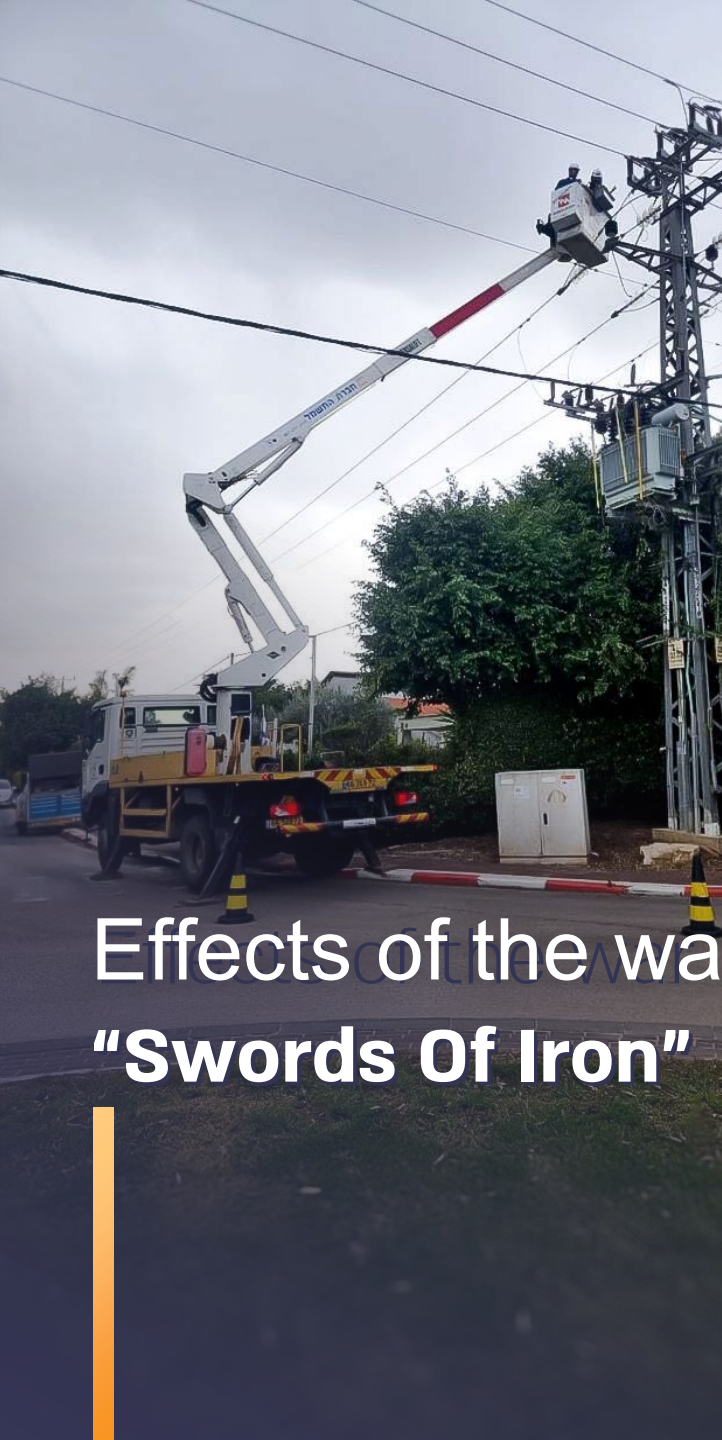
Source: IEC's Financial Statements for 9M.2024 and a letter regarding the financial targets for Government Companies, circulated by the GCA on November 17, 2021, and approved by the IEC's Board of Directors

1. The Company's compliance with the indicated targets will be reviewed only at the end of the reported year

2. FFO is based on calculation of the EBITDA before normalization while neutralizing the change in liabilities with respect to employee benefits (from cash flow report) and other expenses (revenues), net, less interest and taxes paid (from cash flow report)



**Main
events
during
9M.2024**



Effects of the war "Swords Of Iron"

Equipping Emergency Inventories

The Company has incurred costs of preparing for an emergency and purchasing fuels and equipment in the amount of ILS hundreds of millions.

Purchase diesel fuel

The Company's BOD decided to authorize the company to purchase diesel fuel up to a maximum of NIS 1.4 billion, in accordance with the automatic tariff increase. Any additional diesel fuel purchased acceding the above, will only be carried out by the company at the amount of cash payment that will actually be received from private electricity producers.

Credit rating

The Company's credit rating has been downgraded from 'baa1' to 'baa2', negative outlook, by Moody's. S&P ratings reviews the Company's current 'BBB+' rating for downgrade.

Customer debt collection challenges

The Company increased the provision for doubtful customer's debt by approximately ILS 60 million on December 31, 2023. This provision was updated according to the development of the Company's debt.

Projects delays/ disruptions

Due to shortage of available and skilled manpower among contractors and absence of foreign experts as a result of evacuating some General Electric employees:

- The completion date of the coal units' conversion to NG is expected to be in 2026, with possible postponement to March 2027.
- Postponement in electrification dates of projects in transmission segment and delay in construction and expansion projects of substations and renovations in power stations.

Electricity sector reform and structural change

Selling generation sites

Eshkol site

On **June 3, 2024**, the Eshkol site was **transferred** to the possession of the buyers, Eshkol Power Energies Ltd and Eshkol Energies Generation Ltd, in exchange for approximately **ILS 9.2 billion**.

Reading site

On **January 30, 2024**, the minister of Energy and Infrastructure decided on the cessation of electricity generation at Reading Power Plant in Tel-Aviv. The Ministry of Energy and Infrastructure issued additional instructions regarding the future of the station:

- Part of the station area will be cleared and used for civilian purposes and for the expansion of the beach area. The remaining part will be used by the electricity sector for green, clean and innovative needs (electricity storage and underwater electricity transmission cable).
- Noga Company was asked to complete, as soon as possible, the examination of the land use required in the station area for the placement of mobile peak demand units in an emergency, significant storage facilities and relevant facilities for the construction of an undersea cable as part of the delivery system expansion.
- The Company is required to cease all activities to renovate the existing generation units and formulate an outline plan for scrapping the existing units and to present it to the Ministry of Energy.

Electricity sector reform and structural change

Generation and supply segments

New CCGTs at Orot Rabin

Construction of new CCGT units 70-80

- Delay in establishing the project due to the war.
- Postponement of the commercial operation
- **Unit 70**
in the near future, subject to commercial approval by Noga, granting a license by the EA and grant a final certificate from the local committee.
- **Unit 80**
Most likely in June 2025.
- As of September 30, 2024, a total of ILS 4.5 billion was invested in the establishment of the two new CCGT units (including credit costs capitalization during the establishment)

coal-fired units

Conversion of 6 coal-fired units to NG usage, stopping activity of rest of 4 coal-fired units

Units 1 and 2 at Rutenberg site

- Conversion have been completed
- however, due to delays related to the acceptance tests process of unit 1 and the completion of the gas supply system for unit 2, these units have not yet been operated using gas in a commercial manner.

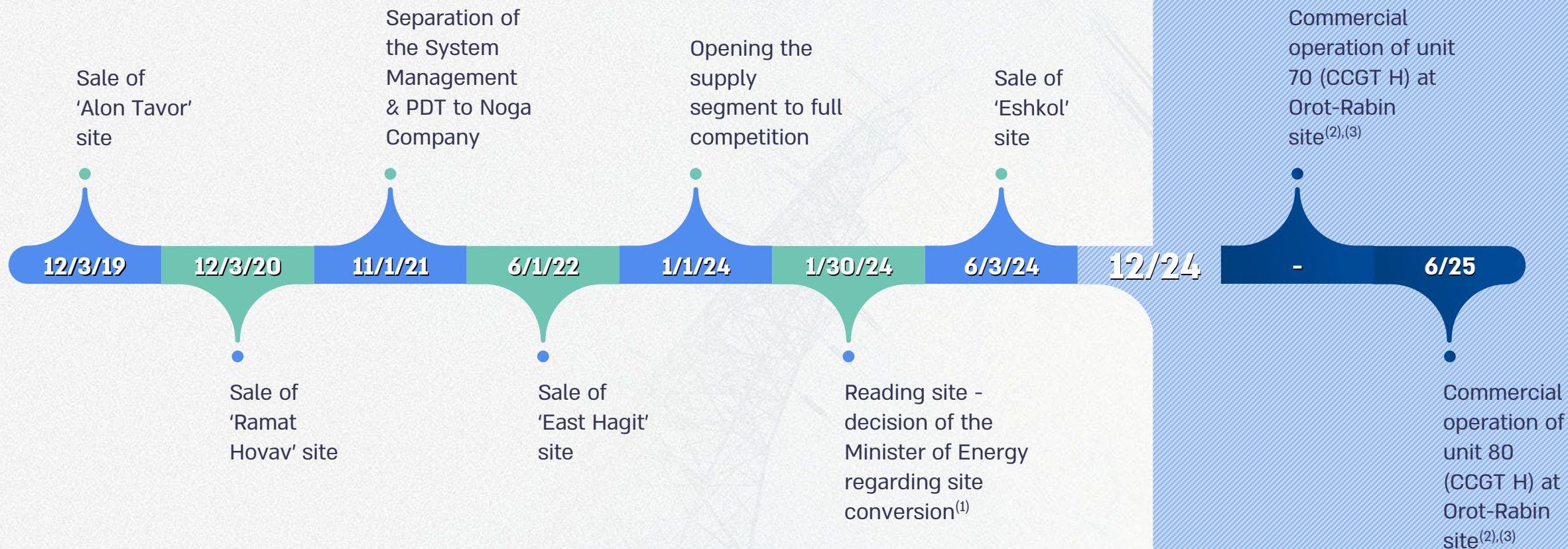
Units 3-4 at Ruteberg site and units 5-6 at Orot Rabin

- Conversion will be completed by March 2027.
- Units 1-4 at Orot Rabin will shut down starting from January 1, 2026.

Competition in the supply segment

- Starting on January 1, 2024, Independent private producers can sell energy to virtual private suppliers in bilateral private transactions without prices supervision. At as of September 30, 2024, there are 48 suppliers who do not own generation facilities.
- All households allowed to engage with private suppliers without the requirement of a smart meter, starting July 1, 2024
- No significant impact on the company's income (revenues in the supply segment constitutes appx. 2% of the total revenues). IEC has no certainty regarding the number of customers who will move to the virtual suppliers and the expected consequences in the medium and long term.

The Sector Reform Timeline



Source: IEC 's Financial Statements for 2023FY and for 9M.2024

1. In accordance with the Minister of Energy's decision as of January 30, 2024 - Site conversion for civilian areas electricity storage and underwater electricity transmission cable.

2. Commercial operation is the date on which the generation unit successfully passed all the acceptance tests of the System Manager as defined in the criteria published by the Electricity Authority, and the generation license entered effect

3. Following the "Swords Of Iron" War, there are additional delays - unit 70 in the near future and unit 80 most likely in June 2025.

Financial strength

In the Company's assessment, the continuation of the war may, under certain circumstances, adversely affect its results of operations, its financial position and cash flows, an increase in the volume of financial debt and the increase in financing expenses, which may result, inter alia, from:

- Possibility of an increase in the Company's operating and development expenses deriving, from a change in the mix and volume of fuels that the Company will use.
- Possibility of a shortage of available energy sources for production activities, including a shortage of gas.
- Decline in the volume of collection from the Company's customers and an increase in consumer debt due to a limited ability to collect.
- Delay in the execution and completion of projects in the network and generation segments

The Company's management believes that the Company has sufficient sources of financing to finance its activities and to repay its obligations in the foreseeable future, and it performs and will continue to perform any action to maintain its financial strength.

Main challenges



Development plan for the **distribution system** for the years 2024-2030

Expected investment

5.8
Billion USD



Development plan for the **transmission system** for the years 2024-2030

Expected investment

7.3
Billion USD



Significant **CAPEX plan** to support market challenges by 2030

Approx

1.9
Billion USD
average per year



Continuous **collaboration with EA and Governmental Entities**



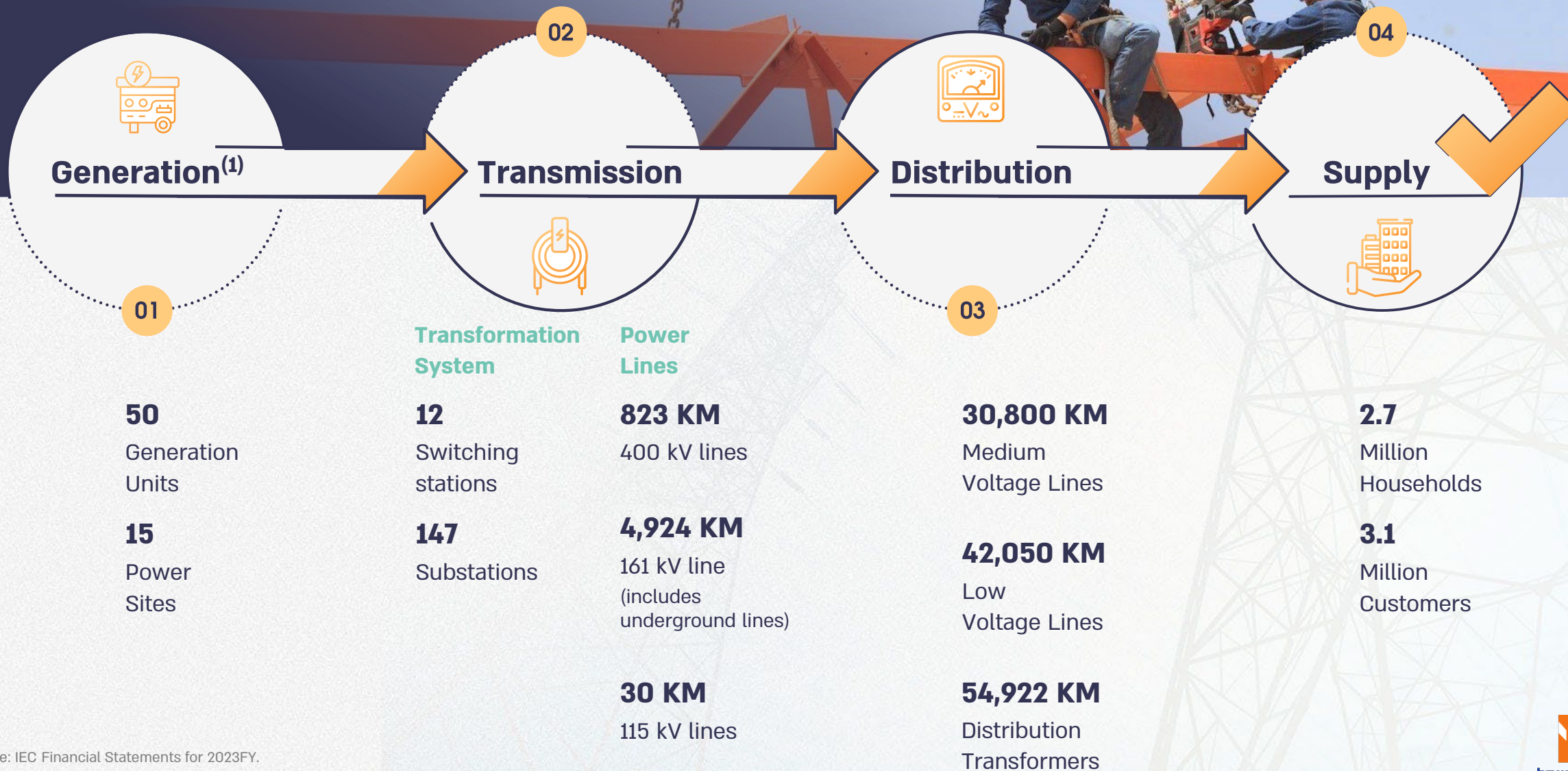
Discussions with the Electricity Authority regarding allowed **revenues to cover costs** (electricity tariff)



Operational Overview



IEC Electricity Chain



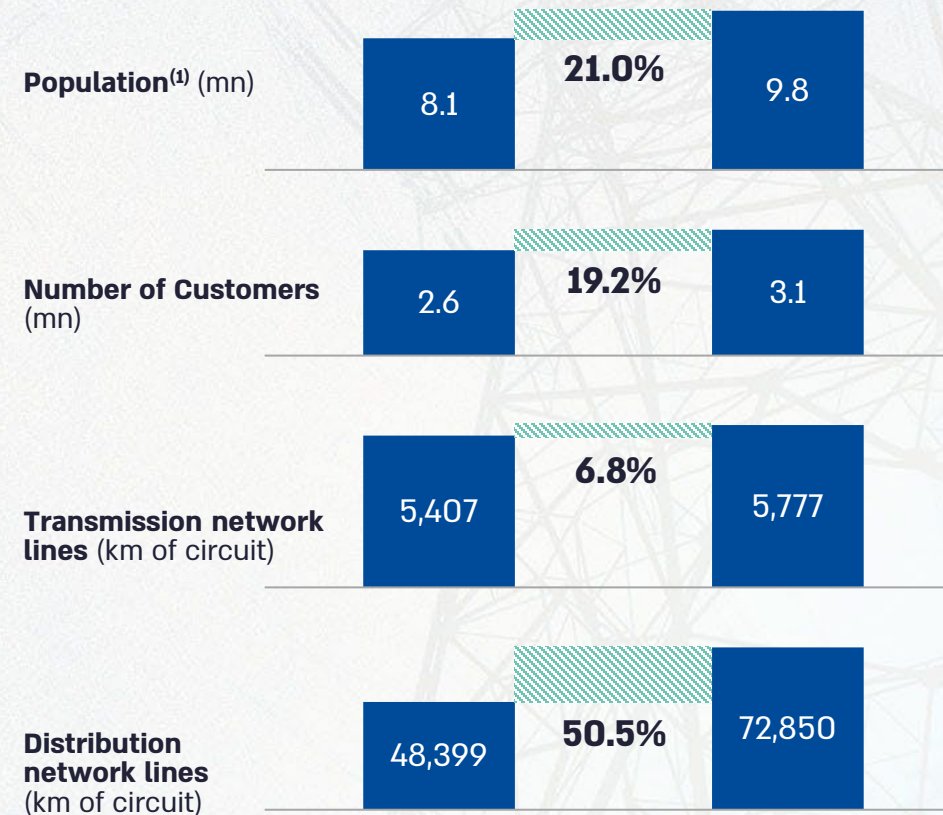
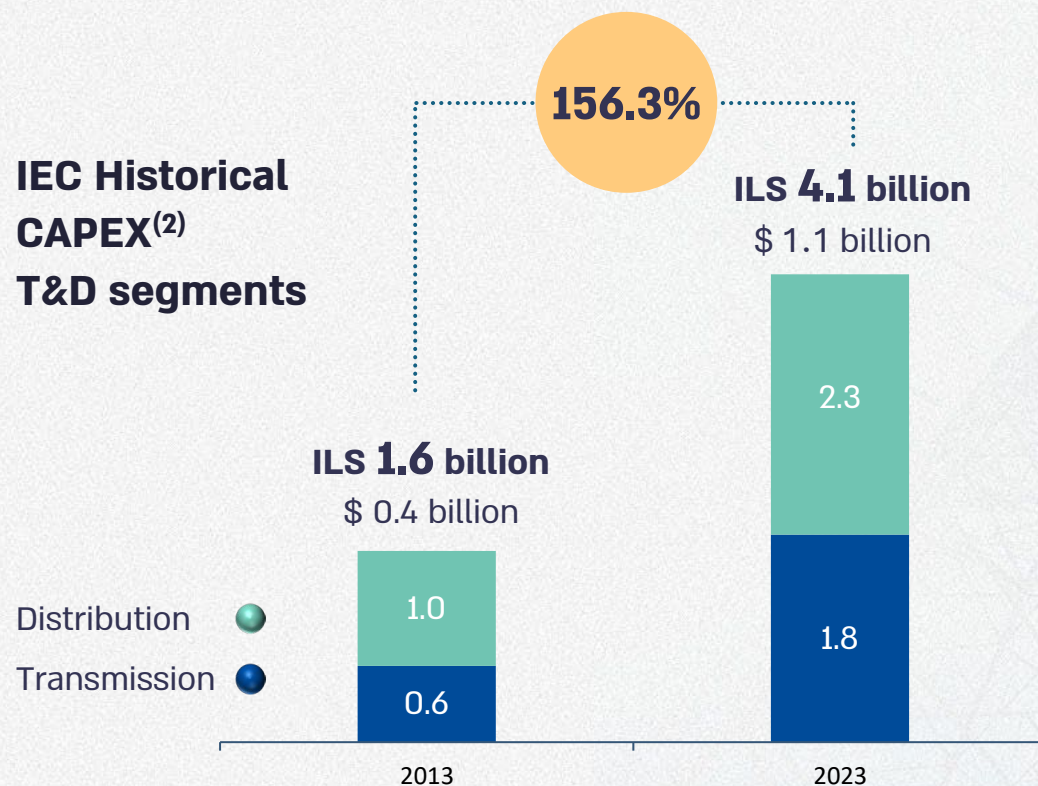
Source: IEC Financial Statements for 2023FY.

1. As of December 31, 2023, after the sale of Eshkol site

Historical Performance⁽¹⁾

IEC continues to be the sole vertically integrated electric utility in Israel

IEC Historical CAPEX⁽²⁾ T&D segments



Source: IEC Financial Statements for 2013FY and for 2023FY

1. According to the Israeli Central Bureau of Statistics

2. CAPEX after re-measurements, reform costs and lease

* Financial Figures denote USD figures at USD/NIS average exchange rate of 3.61 & 3.69 for 2013FY & 2023FY, respectively

IEC's Investments in T&D network



% of Growth between the years 2014-2023

6%-14%

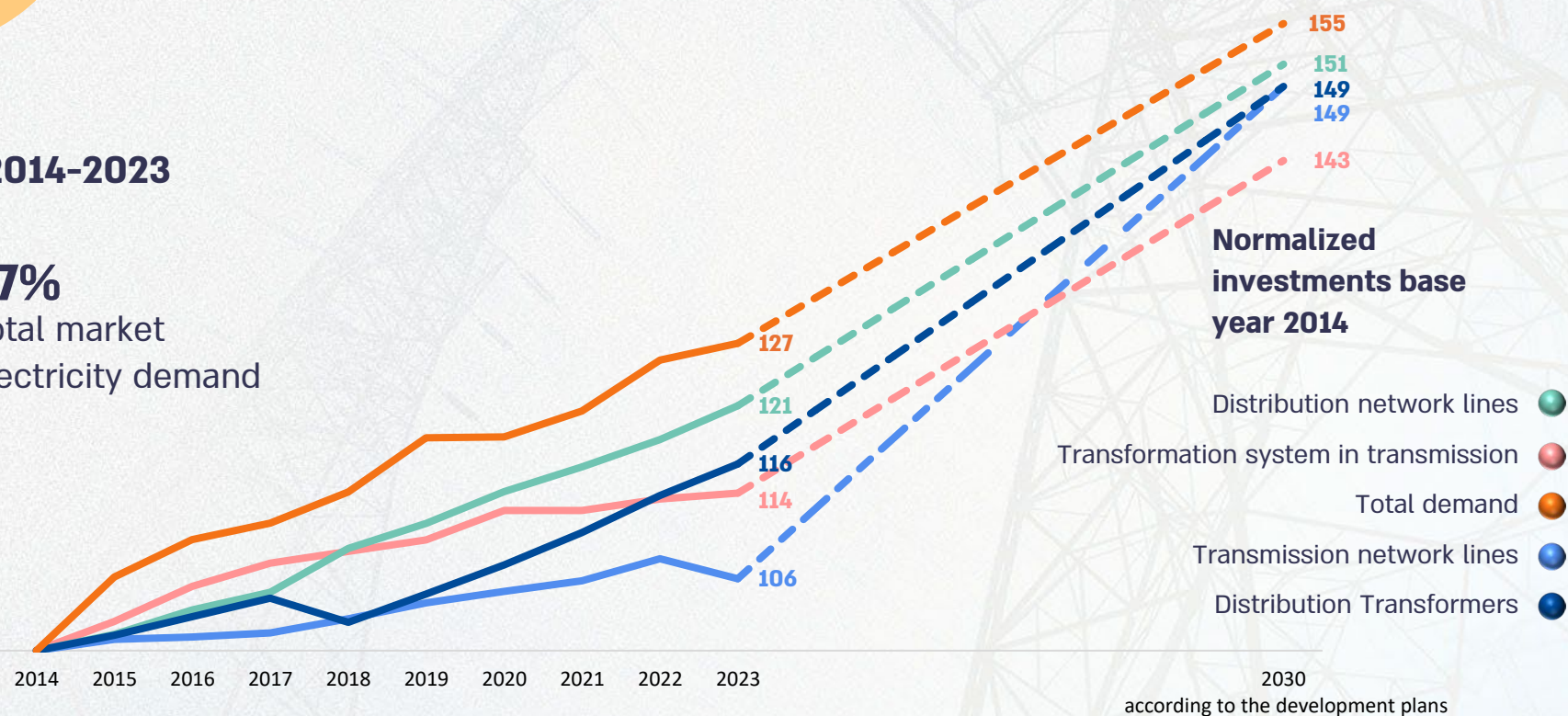
Transmission
network

16%-21%

Distribution
network

27%

Total market
electricity demand





Transmission development plan 20242030

- Approximately 440 different projects to support absorption of renewable energy generation facilities in accordance with Government policy

- Formal plan approved by the Minister of Energy and Infrastructures and the Electricity Authority

- Expected to support the reliability of electricity supply, as well as the network survival

By 2030

795
circuit km

Addition of
ultra-high
voltage
transmission
lines (400 KV)

936
circuit km

Addition of
high voltage
transmission
lines (161 KV)

952.7
circuit km

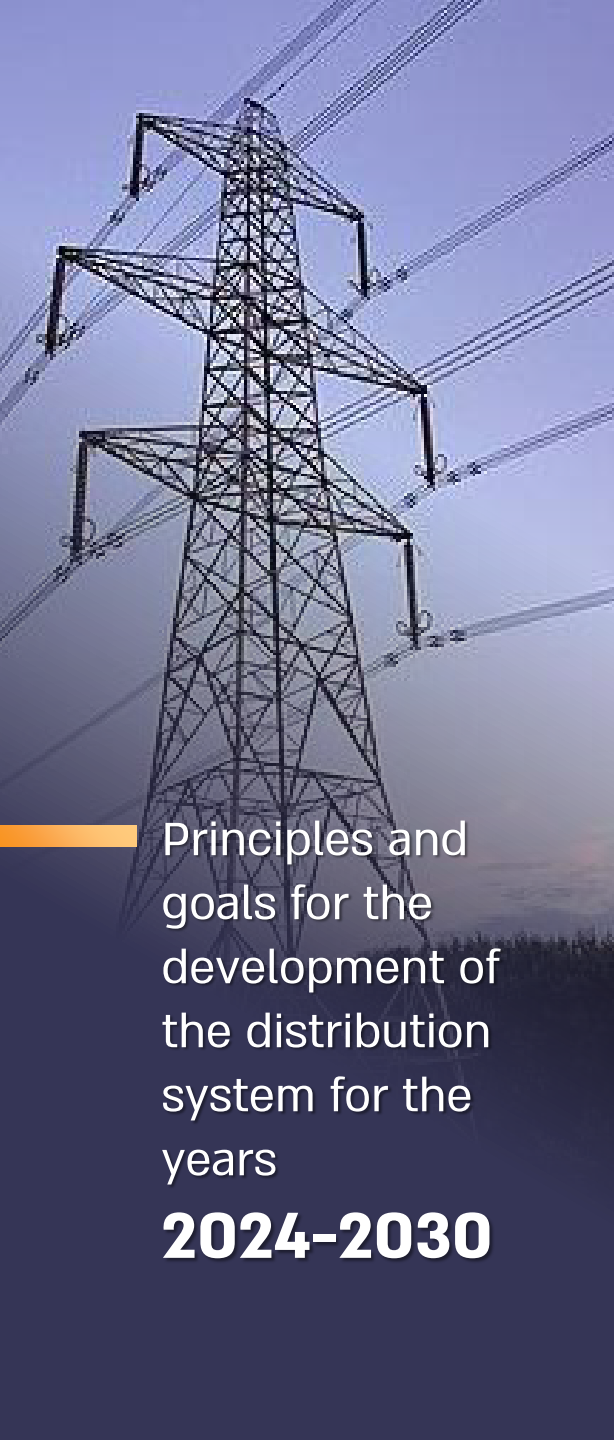
Upgrade of
existing
network (high
voltage poles)

952.7
km

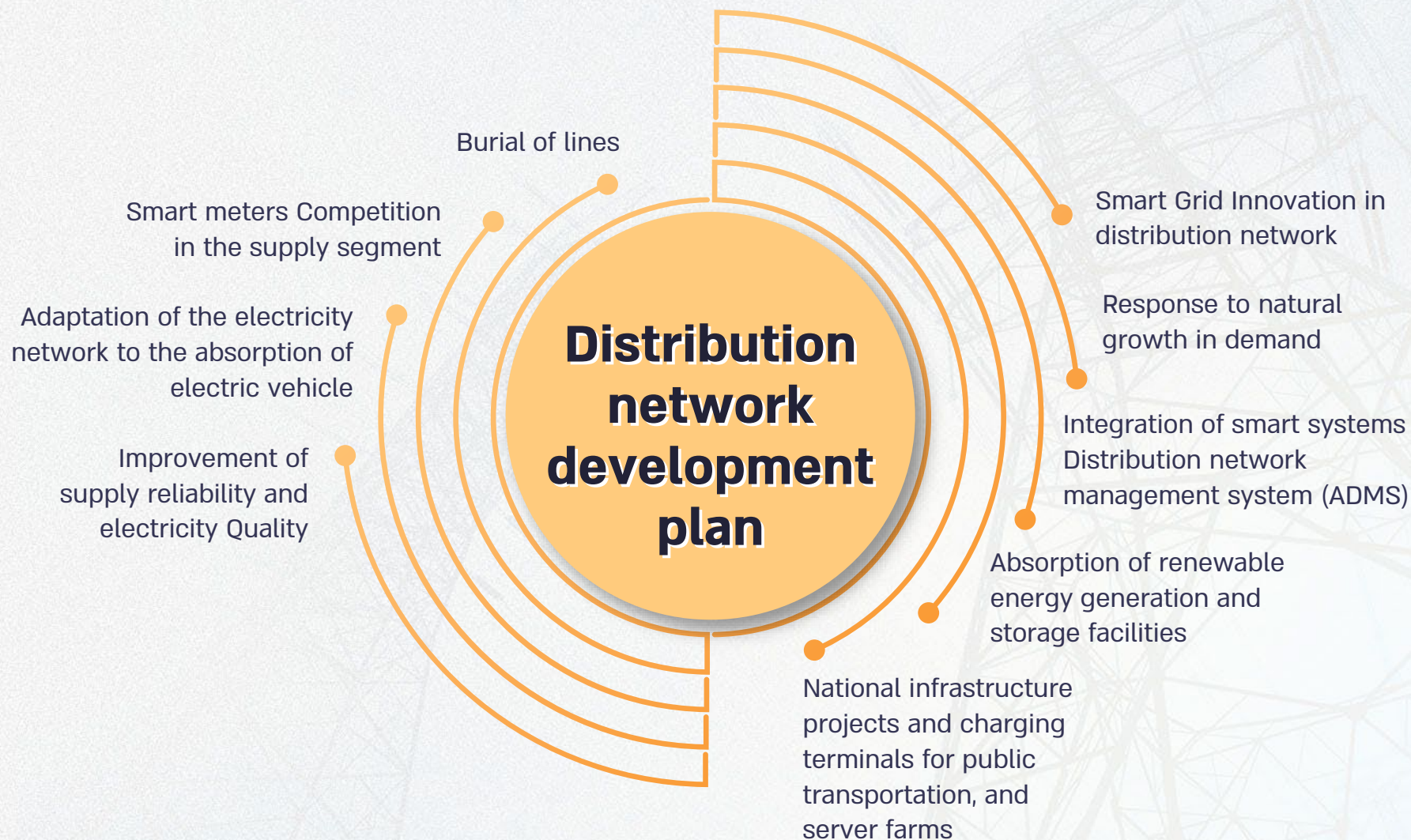
Addition of
underground
cable circuits

25,445
MVA

Total
capacity of
the
substations



Principles and
goals for the
development of
the distribution
system for the
years
2024-2030



Source: IEC - Distribution network development plan for 2024-2030

Energy Storage

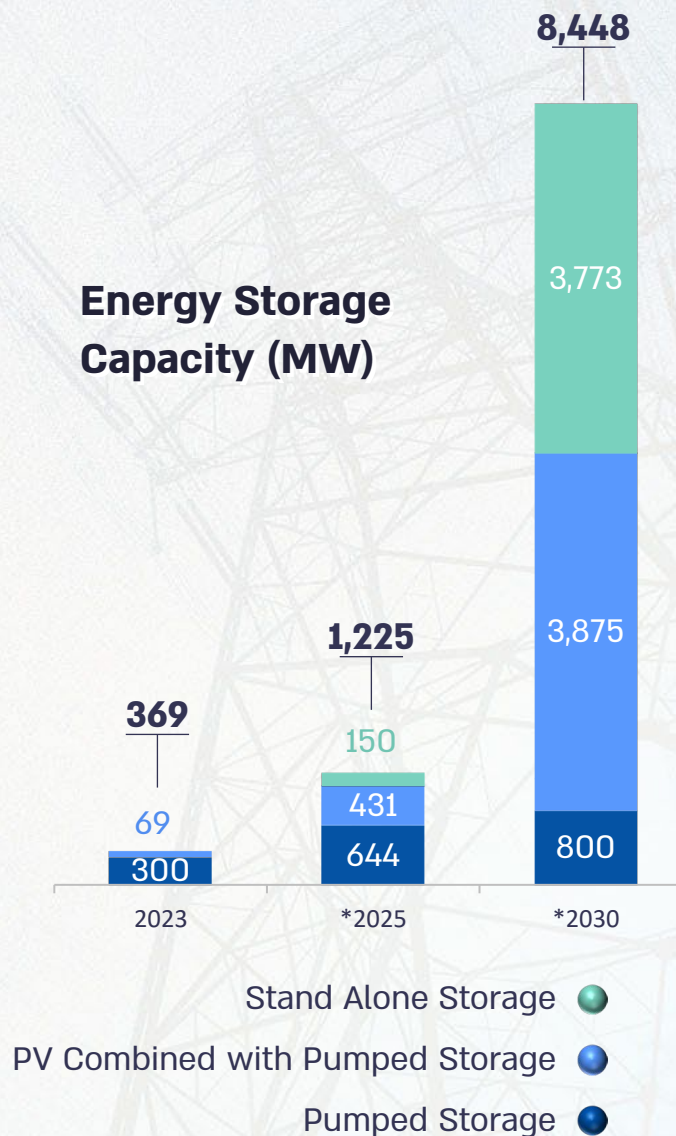
Moving towards Energy Storage

IEC's market share up to 15% of the total storage volume of the private sector

Transmission and storage license regulates the Company's activity in the field of storage at substations

Significant Stand-Alone storage, PV combined with pumped storage and pumped storage are expected to enter

Energy Storage Capacity (MW)



Source: The Electricity Authority - Report on State of Electricity Sector Year of 2022-2023

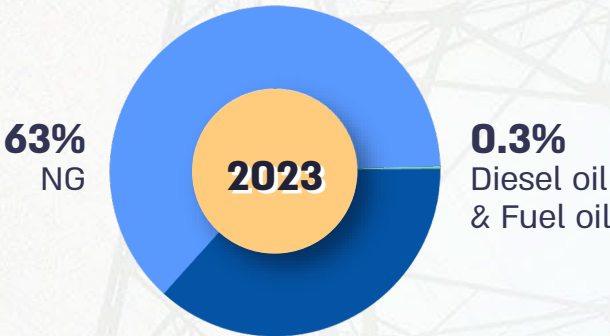
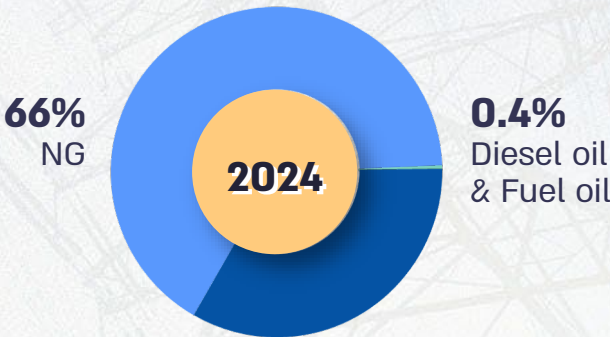
* The Electricity Authority Forecast

IEC's Generation Segment & Fuel Mix

- Construction of 2 combined cycle gas turbines (units 70-80) at the 'Orot Rabin' site.
- IEC is expected to cease of the activity of coal fired units 1-4 at Orot Rabin' site starting from January 1, 2026. Until December 31, 2025, those units will not be operated unless they will receive a demand from Noga to function as part of an exceptional operation condition.
- Gradual conversion of the remaining 6 coal units to natural gas until March 2027 (units 5-6 at 'Orot Rabin' and units 1-4 at 'Rutenberg').
- Total generation in the electricity sector is expected to be based on natural gas and renewable energies starting in 2026.

	No. of units	Installed Capacity (MW)
Steam (dual purpose) (coal and fuel oil) ^(2,3)	9	4,265
Steam (dual-purpose) (natural gas and fuel / diesel oil)	3	1,003
Gas turbine (internal combustion) (industrial gas)	9	914
Gas turbine (internal combustion) (jet engine)	15	494
Combined cycle (internal combustion and steam)	7	2,586
Total	43	9,262

Fuel Mix by Electricity Generated
January 1 - September 30



Source: IEC's Financial Statements for 2023FY and 9M.2024

1. As of September 30, 2024

2. On July 30, 2024, the Minister of Energy approved to operate units 1-4 at Orot Rabin site, according to the provisions of Section 25A of the Clean Air Law, in which there is a requirement for an exception in risk in a period of time exceeding 21 days, until the latest of: two weeks after the expiration date of the special situation on the Home Front or the earliest of: until December 31, 2024 or for units 3-4 operation - commercial operation date of new CCGT unit 70 and for units 1-2 operation - commercial operation date of new CCGT unit 80.

3. In accordance with the Minister of Energy's policy principles, which was published on the Ministry of Energy's website on November 24,2019, it was decided that units 5-6 at Orot Rabin Power Station and units 1-4 at Rutenberg Power Station will gradually converse using natural gas to stop routine coal use no later than 2026.



חברת החשמל

ISRAEL ELECTRIC

23



Natural Gas Overview

Firm gas supply from Tamar Field

A long-term Gas Sale and Purchase Agreement (GSPA), signed on March 2012 until December 31, 2030

The Company is obliged to purchase minimum quantity of natural gas through the "Take or Pay" mechanism (TOP)

Gas price for the minimum charged amount is linked to the US CPI, including few restrictions for the US CPI indexation

Commitment to purchase additional 16 BCM according to the Company's actual operational needs

The Company will undertake to order a minimum daily quantity on an operational basis during the agreement period

Price of gas for the operational quantity and for any additional quantity up to the maximal daily quantity but in excess of the minimal annual quantity (Take or Pay), will be slightly lower than \$4 per MMBTU without indexation

Gas supply from Leviathan Field

An agreement for Spot sale and purchase of natural gas, signed on July 4, 2021

The price of gas will be determined each month. The contract does not include any obligation regarding the purchased quantities (TOP or minimum quantity)

The agreement was extended until July 1, 2025



Natural Gas Overview

**Sufficient gas supply
and predictable
prices - stable
operational
environment**

Gas supply from Karish Field

An agreement with Energean Israel Limited for Spot sale and purchase of natural gas

The delivery of gas from the reservoir started on October 29, 2022

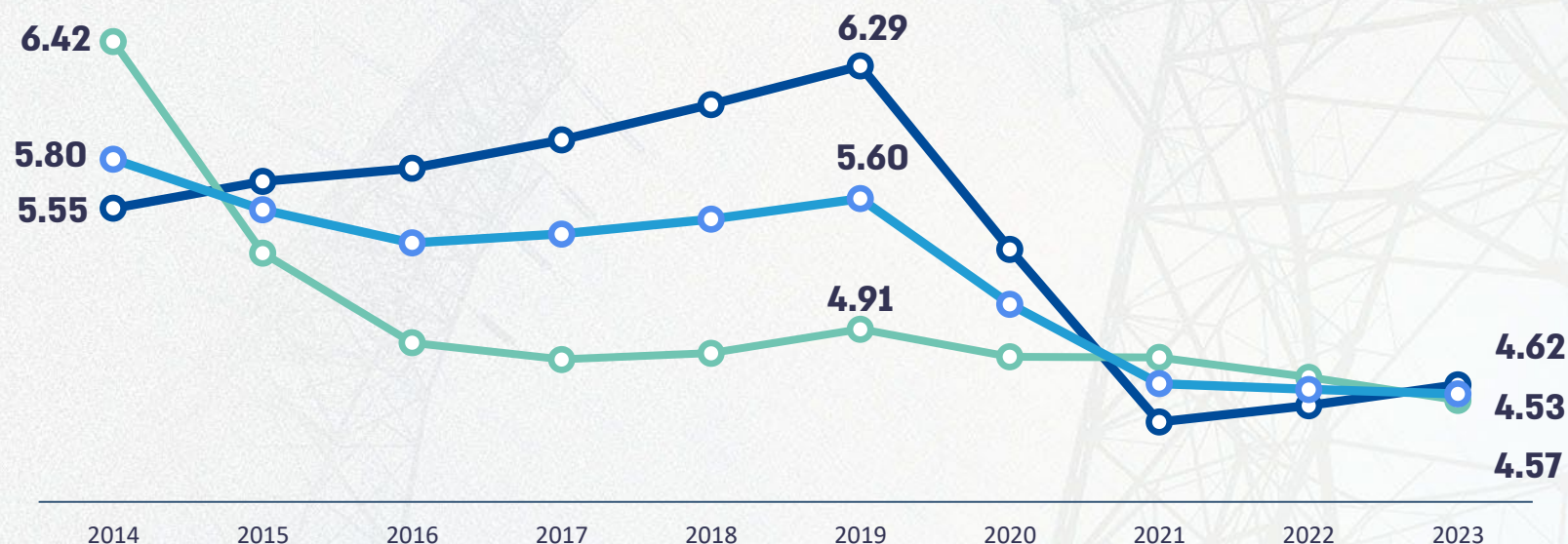
The price of gas will be determined each month. The contract does not include any obligations regarding the purchased quantities

The agreement was extended until October 17, 2025

Natural gas prices in the Israeli electricity market

Natural gas prices for IEC and IPP's ⁽¹⁾

Weighted Market Price ●
 IPP's (Average Price)* ●
 IEC (Average Price) ●

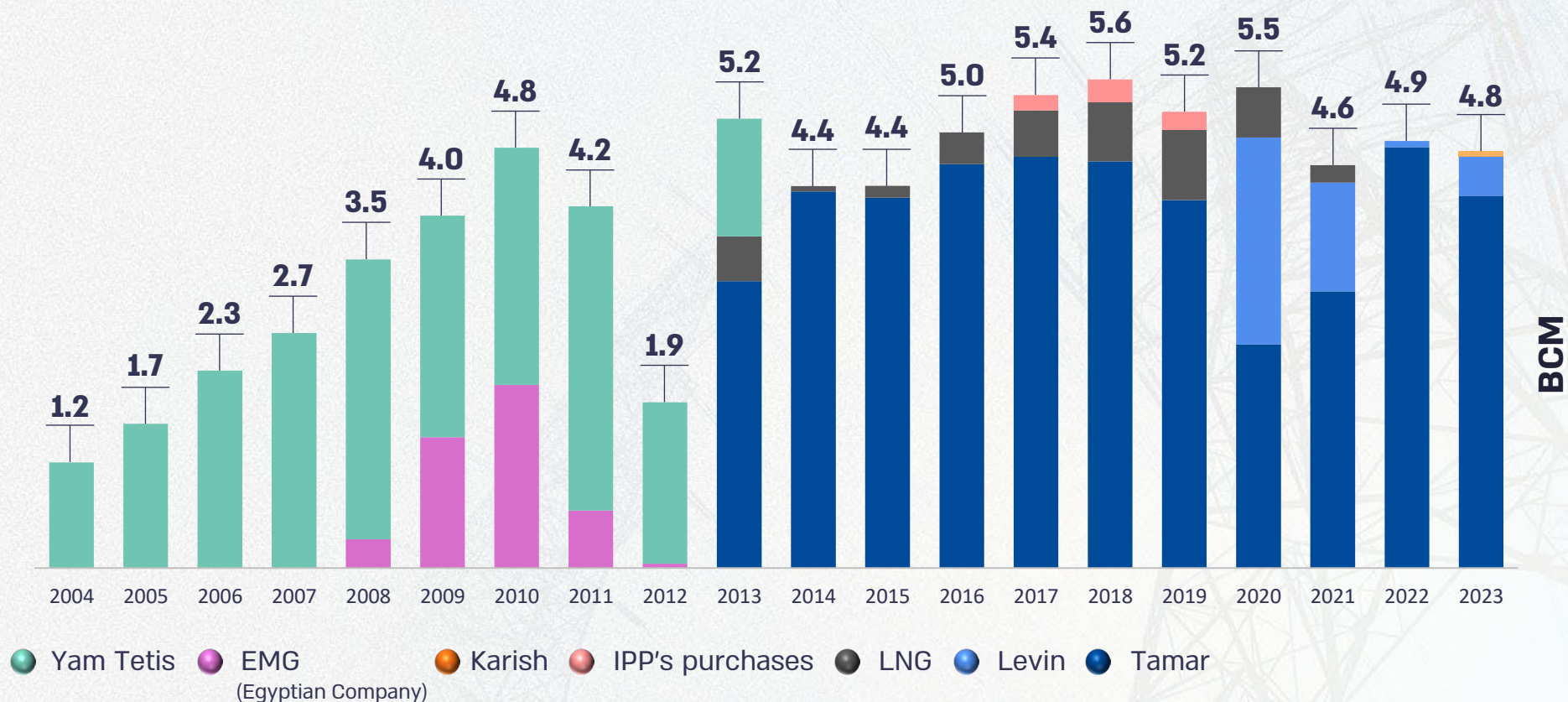


Source: The Electricity Authority - Report on State of Electricity Sector Year of 2023.

1. Until 2021, the average gas price of IPPs is a simple average of a recognized gas cost of IPPs which are not included in market regulation and signed gas agreement. Starting 2022, the average price is based on the reports of gas authority and the processing of Electricity authority, including the industrial sector.

IEC's Natural Gas sources

The amount of NG consumed by IEC segmented according to NG sources

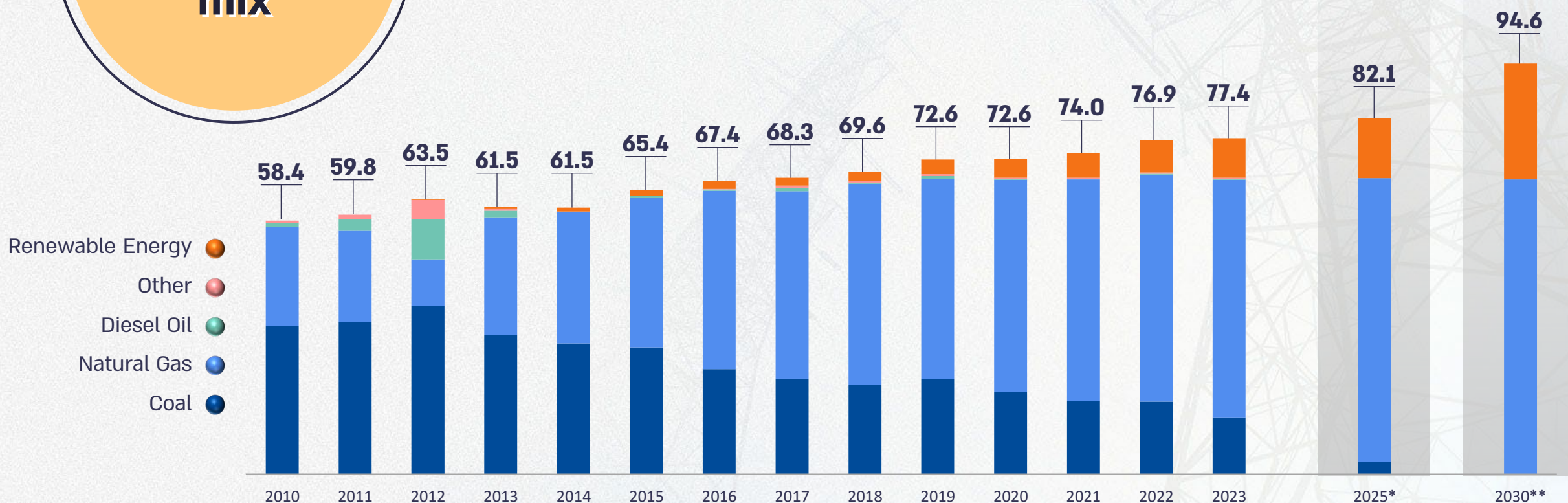


- Between 2020-2021, the main gas source of IEC was from Leviathan reservoir
- During 2022-2023, the main gas supply was from Tamar reservoir, following the amendment to the agreement which lowered the gas prices for IEC
- Due to the beginning of Iron Swords war in October 2023, Tamar reservoir was temporarily closed and 9% of IEC's NG was supplied by Leviathan reservoir

Israeli sector fuel mix

The Israeli Electricity Sector is expected to be “coal free” by 2030

(the target may be preceded to 2026)(1)



Source: The Electricity Authority - Report on State of Electricity Sector Year of 2023.

* The Electricity Authority Forecast

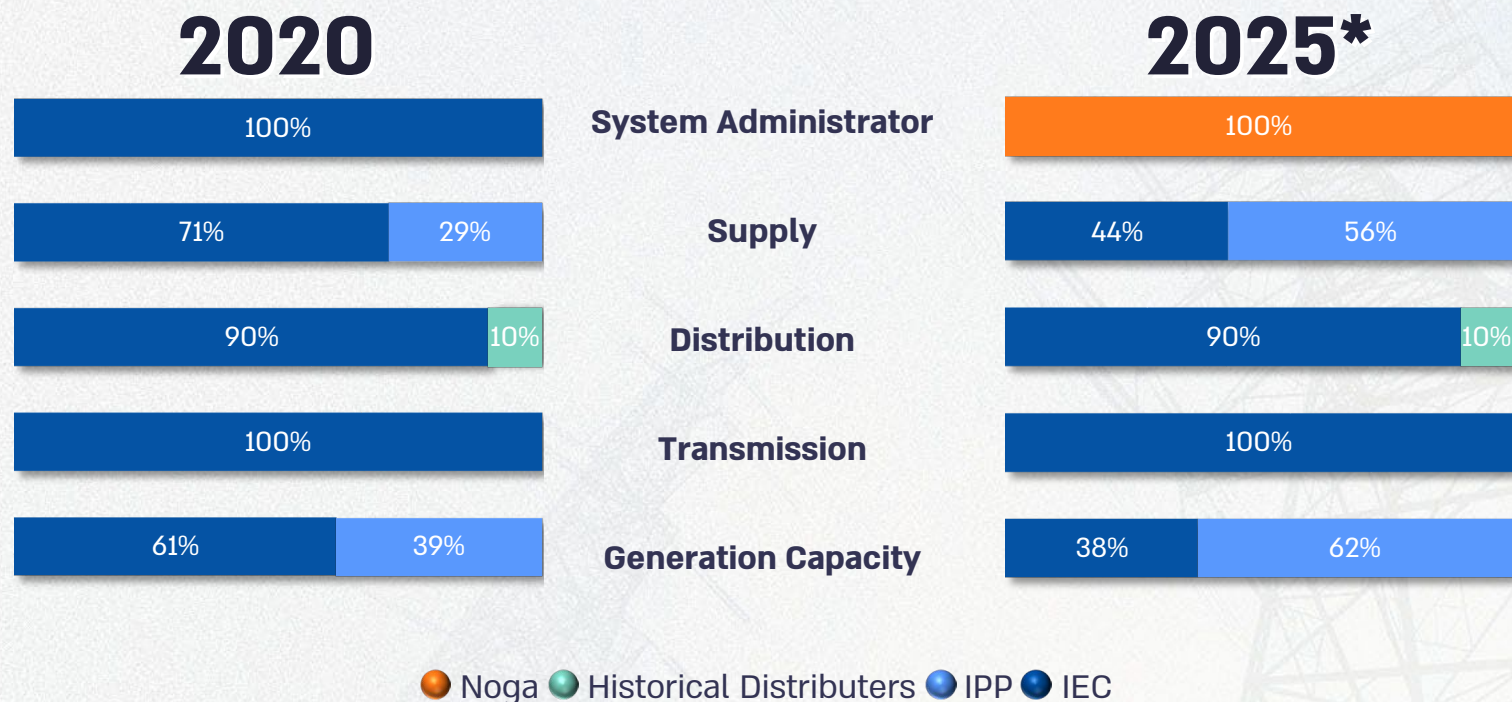
** The Electricity Authority Forecast according to the Israeli government new targets for renewables, which refers to the rate of consumption (not to the rate of production)

1. For that matter, please see the Ministry of Energy's statements and the Ministry of Energy's policy for 2030 regarding the rehabilitation from polluting fuels



Israeli Electricity Sector

Natural gas prices in the Israeli electricity market



- ISO (Independent System Operator) Noga Company was established to manage the electricity system in Israel
- The share of IEC in the generation segment will be reduced and the supply segment opened to competition
- IEC will focus its activity on the transmission and distribution segments
- The transmission activity and most of the distribution activity shall remain in IEC as an Essential Service Provider

* The Electricity Authority Forecast

Source: The Electricity Authority - Reports on State of Electricity Sector for the years 2019-2023.

Israel Generation Capacity and Demand



● National Peak Demand ● Renewable Energy + Pumped Storage hydroelectricity IPPs⁽¹⁾ ● IPPs Conventional Energy⁽¹⁾ ● IEC's Installed Generating Capacity

Source: IEC's Financial Statements (2017FY-2020FY), The Electricity Authority - Report on State of Electricity Sector Year of 2023

* The Electricity Authority Forecast.

1. This slide refers both IEC's and the Independent Power Producers installed capacity ("IPPs")

Ongoing Update

Actual costs examined every 2 weeks by the EA (at the time of CPI and fuel prices changes)

Discrepancies between forecasted costs and actual cost are reconciled on the earlier of:

- A difference of 3.5%, provided that 3 months have passed since the last update
- A difference of 5.5%
- The Annual Update

The Electricity Tariff

Annual Update

Once a year, the current year's costs are updated based on forecasts, as well as on previous years' reckoning - the gap between the previous year's forecast components and the actual costs of the previous year

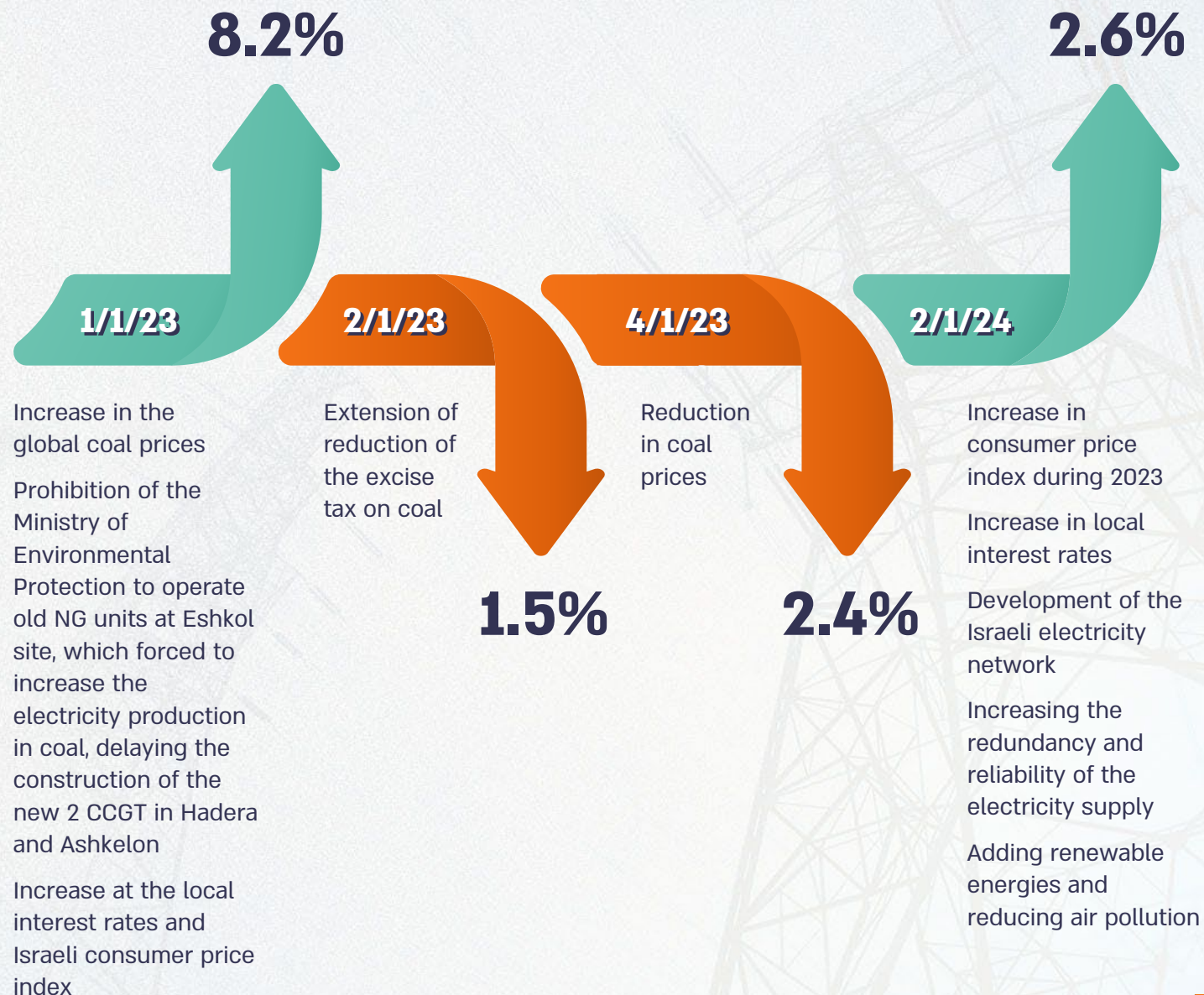
Tariff Structure

Electricity tariff is set by the Electricity Authority (EA) and reformulated from time to time, according to the Electricity Sector Law

Recognized costs per segment (e.g. fuel costs, operational costs, depreciation costs and financial costs). Some of the recognized costs are also attributed to funding the reform costs

Fair rate of return on equity per segment

The Electricity Tariff Updates



Source: IEC's Financial Statements for 2023FY, Electricity Authority's decisions no. 62302 as of 01/24/22, no. 63006 as of 04/12/22, no. 63308 as of 07/27/22, no. 64504 as of 12/21/22, no. 64801 as of 01/26/23, no. 65203 as of 03/26/23 and no. 68302 as of 01/29/24 - electricity tariff to IEC's consumers

The graphic features a dark, circular area on the left containing a magnifying glass over a line chart, with various financial charts and data points in the background. On the right, a large, light-colored area shows a faint, geometric pattern of interconnected lines. A large orange circle with a white border is positioned in the center-right, containing the text 'Financial Results'.

Financial Results



Financial Results (ILS bn)

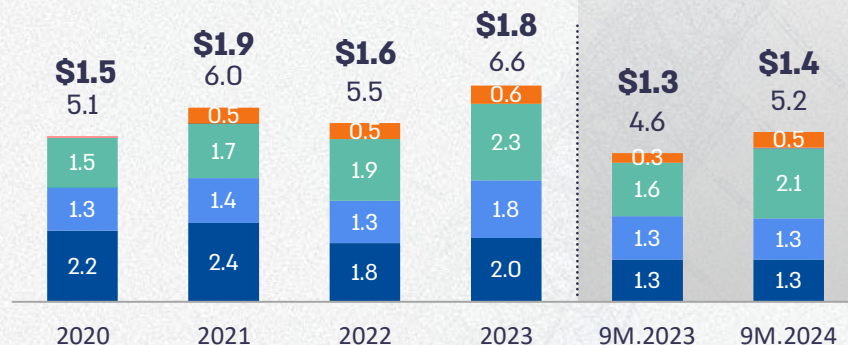
Revenues



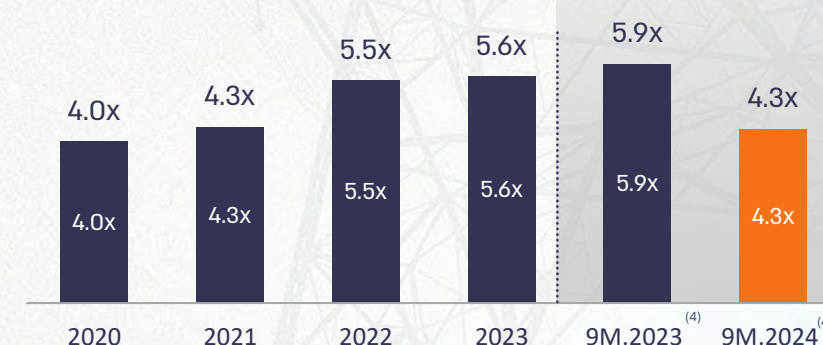
EIBITDA⁽¹⁾



CAPEX⁽²⁾



Net Financial Debt⁽¹⁾ / EBITDA



- Assets and Liabilities which wasn't directly calcified
- Supply
- Distribution
- Transmission
- Generation
- Storage
- System manager
- Other

Source: IEC's Financial Statements for 2020FY-2023FY and for 9M.2024

IEC defines "EBITDA" as a Normalized EBITDA - profit (loss) before income taxes, financial expenses, depreciation and amortization, including movement in regulatory deferral accounts, while neutralizing special non-current events.

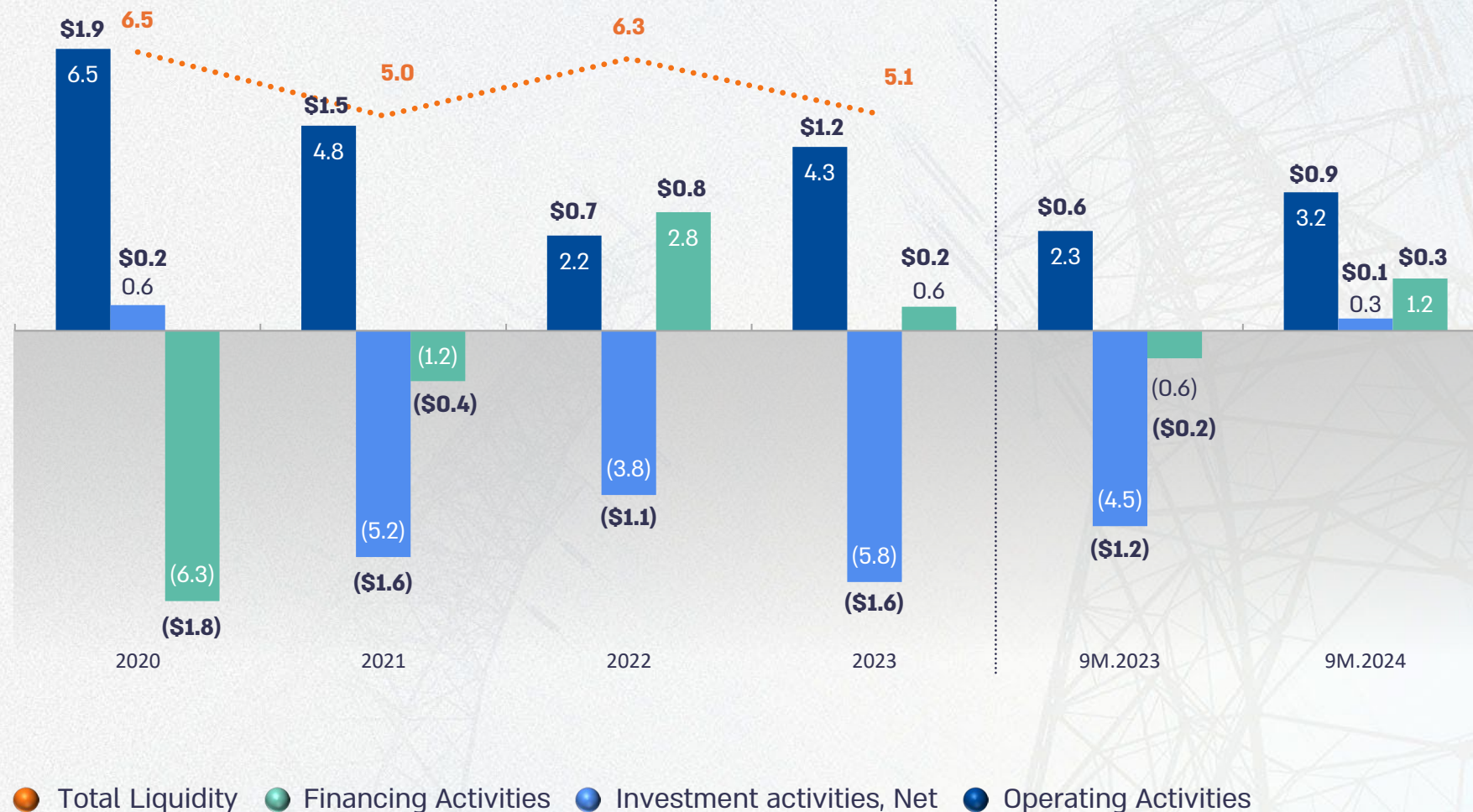
CAPEX before re-measurements and reform costs.

IEC defines "net financial debt" as credit from banks and other credit providers, total long-term debt (including debentures, long-term liabilities to banks, including hedge transactions, lease liabilities, debentures to the State of Israel and liabilities to the state of Israel), less cash and cash equivalents, short-term investments and other receivables (including receivables for forward contracts and swap transactions, MTM and long-term deposits and regulatory deferral account assets with respect to linkage differentials) without state guarantee.

In annualized terms, calculation based on LTM EBITDA.

* Financial Figures denote USD figures at USD/NIS average exchange rate of 3.44, 3.23, 3.36, 3.69, 3.64 and 3.70 for 2020FY, 2021FY, 2022FY, 2023FY, 9M.2023 and 9M.2024, respectively.

Historical Cash Flow (ILS bn)



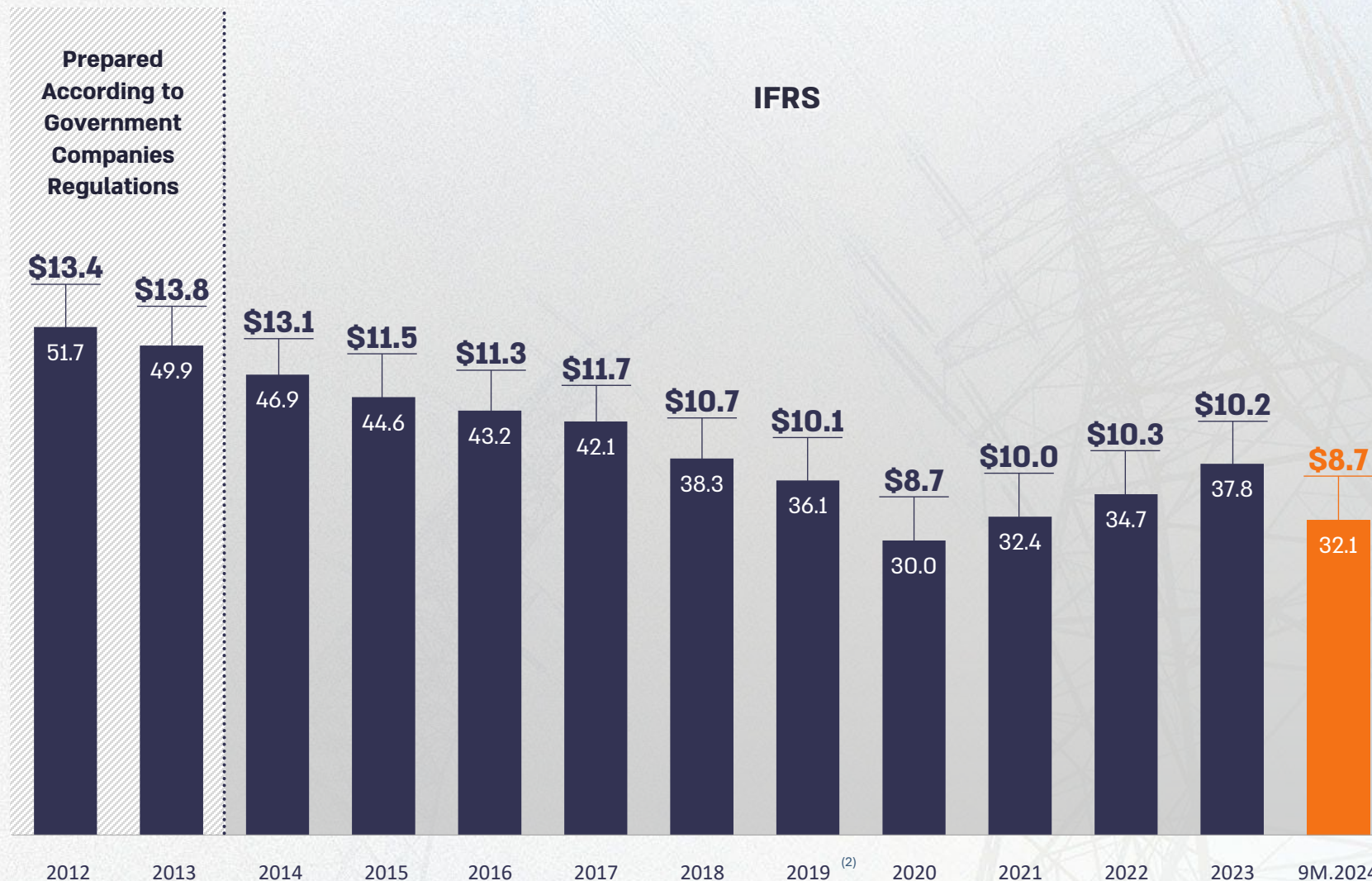
Source: IEC's Financial Statements for 2020FY-2023FY and for 9M.2024

1. Investment activities excluding repayment (or deposits) of bank deposits.

2. IEC defines "liquidity" as cash and cash equivalents, short term investments and available credit facilities.

* Financial Figures denote USD figures at USD/NIS average exchange rate of 3.44, 3.23, 3.36, 3.69, 3.64 and 3.70 for 2020FY, 2021FY, 2022FY, 2023FY, 9M.2023 and 9M.2024, respectively

Net Financial Debt⁽¹⁾ Over Time (ILS bn)



Source: IEC's Financial Statements for 2012FY-2023FY and for 9M.2024

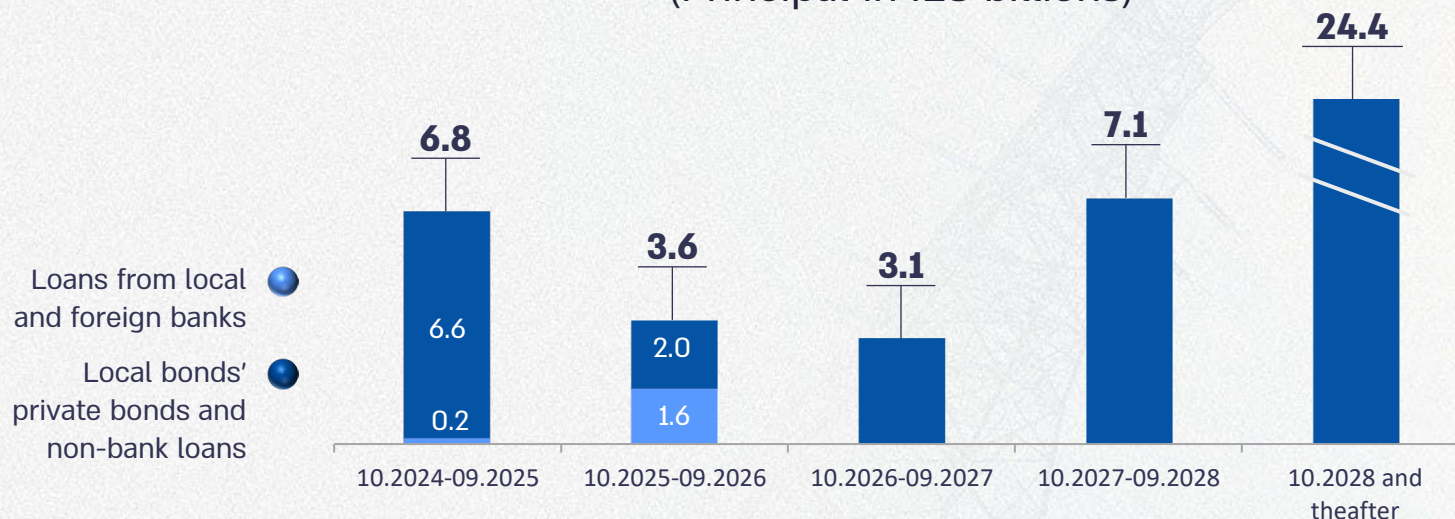
1. Net financial debt is a non-GAAP measure that is defined as credit from banks and other credit providers, plus total long-term debt (including debentures, long-term liabilities to banks, including hedge transactions, liabilities to the State of Israel), leases liabilities and CPI linkage differentials regulatory deferral account, less; cash and cash equivalents, short-term investments, long and short term receivables in respect of forward contracts and swap transactions, and long-term deposits to secure swap transactions
2. As from 01/01/2019, "net financial debt" also includes lease liabilities.

* Figures denote USD figures at USD/NIS average exchange rate of 3.86, 3.61, 3.58, 3.89, 3.84, 3.60, 3.59, 3.56, 3.44, 3.23, 3.36, 3.69 and 3.70 for 2012FY, 2013FY, 2014FY, 2015FY, 2016FY, 2017FY, 2018FY, 2019FY, 2020FY, 2021FY, 2022FY, 2023FY and 9M.2024, respectively.

Consolidated Debt Breakdown

As of September 30, 2024

Annual Debt Maturities
(Principal in ILS billions)⁽¹⁾



IEC International \$ Bonds⁽²⁾

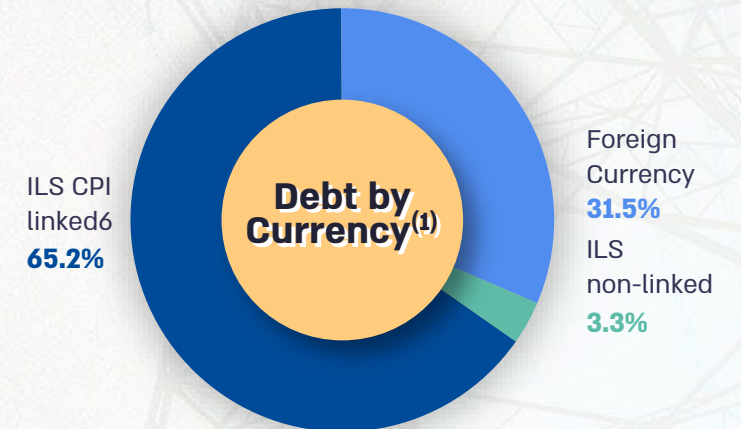
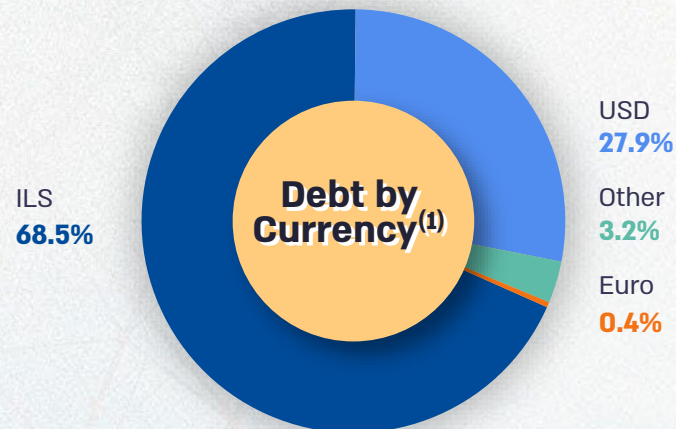
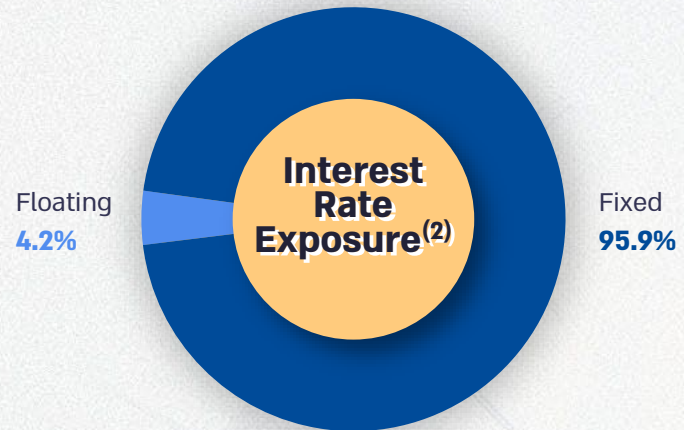
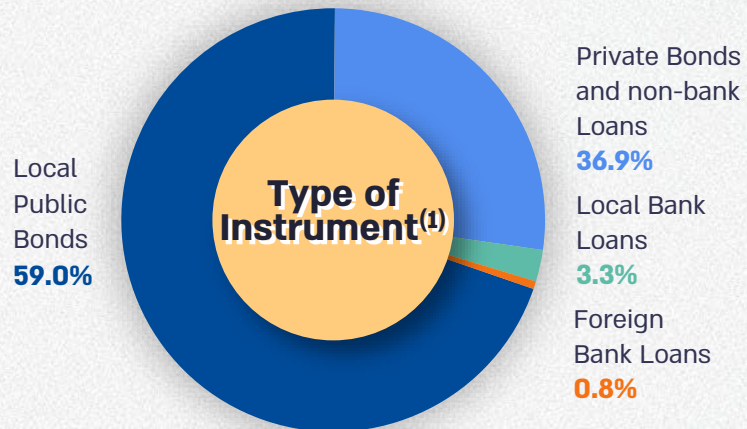
Maturity	Outstanding Amount (\$mn)	Coupon
Nov-24	1,250	5.000%
Dec-26	125	7.875%
Dec-27	300	7.750%
Aug-28	1,000	4.250%
Mar-30	40	8.940%
Feb-32	500	3.750%
Dec-96	125	8.100%

Source:

1. IEC immediate report on the Corporate Liabilities Status, IEC Financial data
2. IEC Financial data and Bloomberg as of September 2024
3. IEC's Financial Statements for 9M.2024

As of September 30, 2024

Consolidated Debt Breakdown





Sustainability and ESG



ESG



Source: IEC's Corporate Sustainability Report for 2022, Maala's rating for IEC for 2024

1. Maala is the non-profit CSR standards-setting organization in Israel who serves the needs of some 120 members, comprised of Israel's large and mid-size companies, committed to excellence in corporate citizenship. The criteria in the rankings are determined by an independent public committee composed of content experts, academics, heads of social environmental organizations and representatives of the business sector.

State of Israel's Commitments on Climate

Renewable Power Targets of the State of Israel

- The Minister of Energy announced to phase-out coal-fired power generation no later than 2026 and determined targets for a renewable power generation share of 20% in 2025 and 30% in 2030. IEC will continue to develop the electricity network system in order to enable renewable energy absorption and to achieve the 2030 target
- Israel signed the COP26 pledge to phase-out from coal by 2030 for major economies (2040 for the rest) and end investments in new coal power generation plants



100 Action Items

Just before COP26, the government released a "100 Action Items" plan to develop technologies aimed at reducing CO2 emissions and preparation for climate change with the cooperation of 14 ministries

Sectoral Targets for Electricity

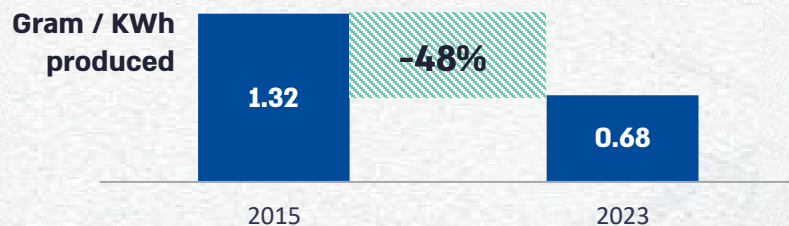
- The electricity / heat sector (IEC and IPP's) make up approx. 42% of Israel's total emissions (latest data 2022)
- State of Israel has a sectoral target to reduce greenhouse gas emissions from **electricity generation (IEC & IPP's)**:
 - **By 30% by 2030**, from 2015 levels (37.4 MtCO2eq)
 - **By 85% at least by 2050**, from 2015 levels (37.4 MtCO2eq)

Absolute Targets

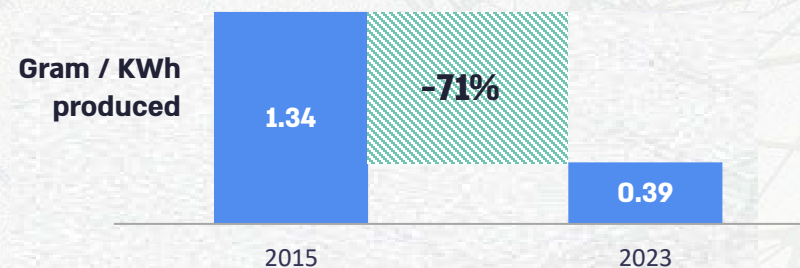
- State of Israel's goal is to reduce absolute greenhouse gas emissions:
 - By 27% by 2030, from 2015 levels
 - By 85% by 2050, from 2015 levels

IEC has taken significant steps to reduce emissions

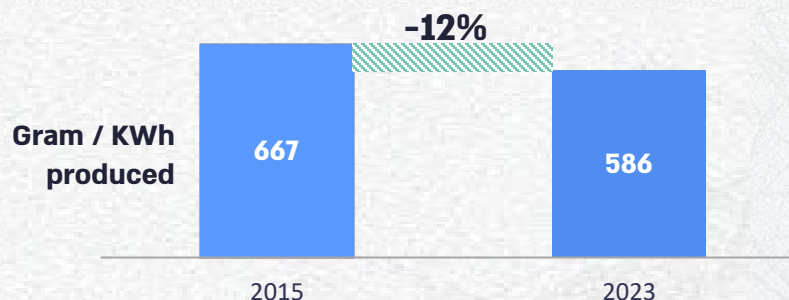
Nitrogen Oxides NOX



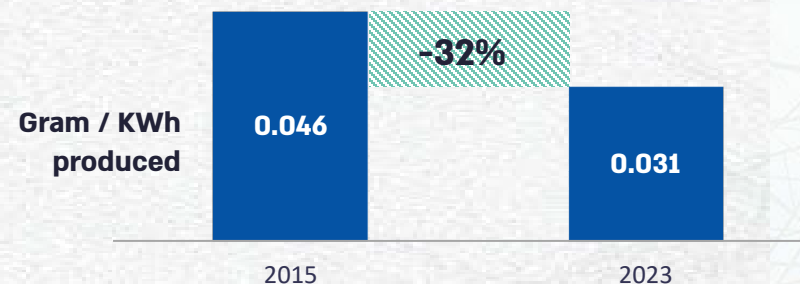
Sulfur Dioxide SO2



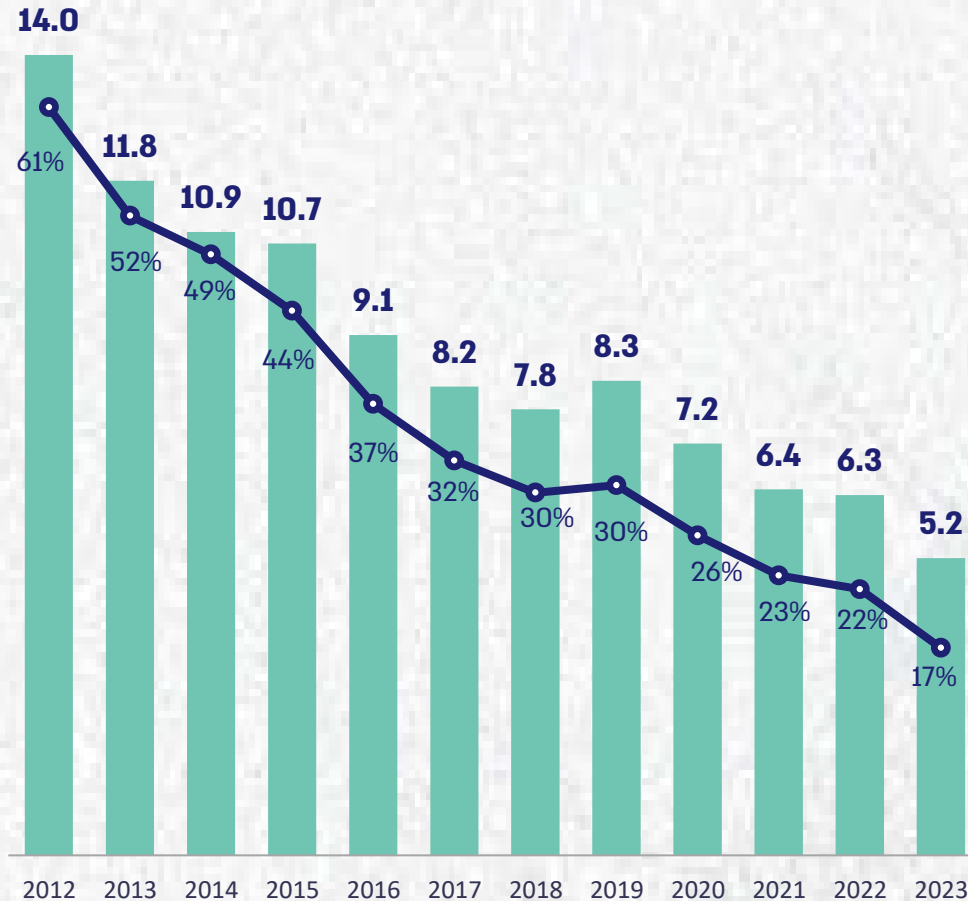
Carbon Dioxide CO2



Particulate Matter PM



Coal Usage Over Time



Source: IEC's Financial Statements for 2012FY-2023FY, The Electricity Authority - Report on State of Electricity Sector Year of 2023

Future of coal

The current coal capacity is 4,840 MW of which:

- 1,440 MW units 1-4 at Orot Rabin site – until December 31, 2025, will be operated in risk mode only, according to the requirements of the System Manager (Noga). Starting from January 1, 2026, the continuation of production in these units, including in a risk situations, is subject to the installation of measures to reduce emissions in accordance with the emission permit for site dated January 29, 2024.
- 3,400 MW are expected to be converted to NG by the end of 2026 following the Israeli Minister of Energy's policy principles on 11/24/2019
- The System Manager's (Noga) position states that coal generation capacity must be preserved in order to continue functional operation in emergency situations, in the electricity market, in all generation units (both units 1-4 at Orot Rabin site and as well as the units that will be converted to NG).

Implementing Government policies

- The State of Israel signed the Paris Agreement in 2016.
- Reducing coal usage: on January 3, 2018 both Minister of Energy and Infrastructure and Minister of Environmental Protection approved that IEC would reduce its coal usage for electricity generation instantly at a rate of 30% compared to base year 2015. In 2023, coal electricity generation will be reduced by approx. 55% compared to base year 2015.
- Conversion of coal-fired units to NG: on November 20, 2019, the Minister of Energy established the policy principles for gradual conversion of units 5-6 at Orot Rabin site and units 1-4 at Rothenberg site to NG, in order to stop routine coal usage in 2026. If this is not possible, the completion date will be postponed to March 2027.
- IEC is financially protected from change in fuel mix by the electricity tariff



Thank you!

For questions or additional
information, please contact IEC
Investor Relations
ir@iec.co.il



חברת החשמל
ISRAEL ELECTRIC



Appendices



P&L

ILS millions

	30/09/2023	31/12/2023	31/12/2024
Revenues	24,686	19,364	20,560
Cost of operating the electricity system			
Fuels	7,489	5,927	4,836
Purchases of electricity	6,860	5,624	8,058
Operation of the generation system	3,600	2,725	2,647
Operation of the transmission and distribution system and others	3,031	2,278	2,321
Total costs	20,980	16,554	17,862
Profit from operating the electricity system	3,706	2,810	2,698
Other revenues, net	(189)	(157)	(6,796)
Sales and marketing expenses	853	630	679
Administrative and general expenses	1,086	708	656
Income from liabilities to pensioners	(303)	(227)	(260)
Reform agreement and other agreements results	227	165	170
Profit from current operations	2,032	1,691	8,249
Financial expenses, net	1,141	1,092	1,239
Income before income taxes	891	599	7,010
Expenses from taxes on income	179	150	1,626
Income after income taxes	712	449	5,384
Company's share of the profit (loss) of associated companies	8	7	(6)
Income before regulatory deferral accounts	720	456	5,378
Movement in regulatory deferral accounts balances, net of tax	1,515	1,137	(2,518)
Profit for the period	2,235	1,593	2,860
Profit with respect to cash flow hedging, net of tax	93	16	54
Remeasurement of a defined benefit plan, net of tax	1,030	1,548	298
Movement in balances of regulatory deferral accounts balances, net of tax	(59)	(84)	(39)
Other Comprehensive profit for the period, net of tax	1,064	1,480	313
Comprehensive income for the period	3,299	3,073	3,173

Source: IEC's Financial Statements for 9M.2024

Balance Sheet

ILS millions

Assets	30/09/2023	31/12/2023	31/12/2024
Current assets			
Cash and cash equivalents	2,651	817	7,340
Short term investments	201	482	3,579
Trade receivables for sales of electricity	5,482	7,049	7,396
Other current assets	1,107	1,499	946
Inventory - fuel	1,521	1,181	1,236
Inventory - stores	139	190	152
Assets of disposal groups classified as held for sale	1,944	1,877	-
Total current assets	13,045	13,095	20,649
Non-current assets			
Inventory - fuel	1,652	1,284	2,085
Long-term receivables	1,739	1,833	1,579
Investment in associates	21	20	15
Assets with respect to benefits after employment termination	13,304	13,679	14,101
Fixed assets, net	60,328	59,370	62,166
Intangible assets, net	1,172	1,137	1,204
Total non-current assets	78,216	77,323	81,150
Debit balance of regulatory deferral accounts	12,055	12,069	8,476
Total assets and debit balance of regulatory deferral accounts	103,316	102,487	110,275

Balance Sheet

ILS millions

Liabilities and Equity

Current liabilities

	30/09/2023	31/12/2023	31/12/2024
Credit from banks and other credit providers	6,668	3,287	8,046
Trade payables	2,949	3,206	3,647
Other current liabilities	1,547	1,737	1,679
Current tax liabilities	512	-	563
Customer advances, net of work in progress	820	908	933
Provisions	666	615	731
Total current liabilities	13,162	9,753	15,599

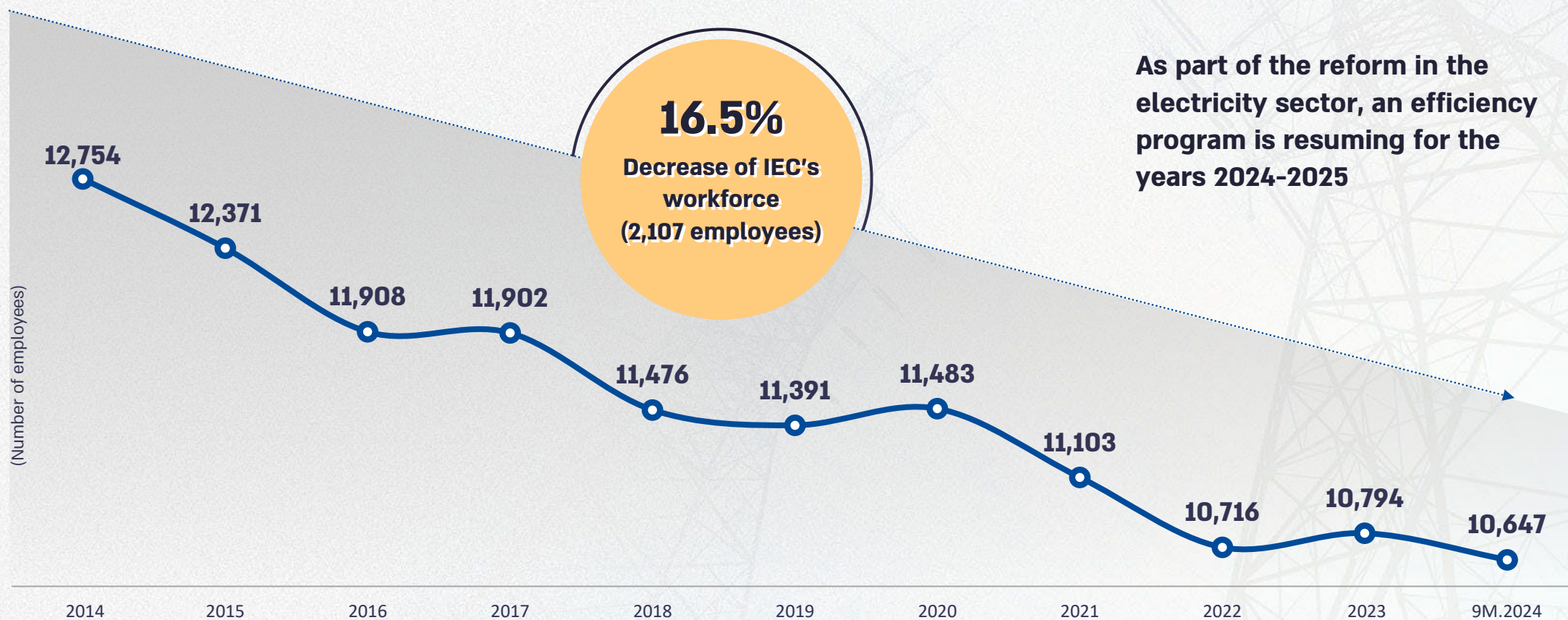
Non-current Liabilities

Debentures	31,891	34,076	34,310
Liabilities to banks	3,419	3,377	2,604
Liabilities with respect to other benefits after employment termination	4,847	4,631	4,354
Deferred taxes, net	8,365	8,789	8,671
Liability to the State of Israel	1,927	1,923	1,980
Lease liabilities	568	488	621
Other liabilities	456	508	483
Total non current liabilities	51,473	53,792	53,023

Equity

Credit balances of regulatory deferral accounts and deferred taxes with respect to regulatory deferral accounts	3,211	3,698	3,010
Total liabilities, equity and credit balance of regulatory deferral accounts	103,316	102,487	110,275

IEC's Human Capital⁽¹⁾

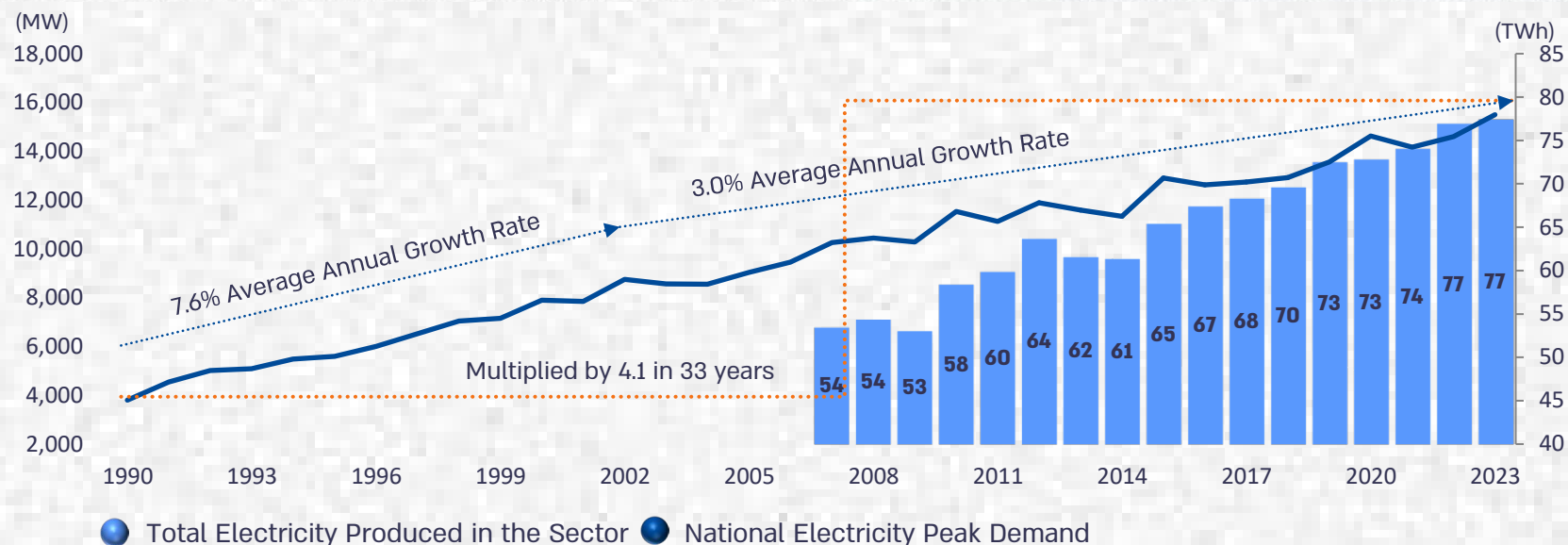


Source: IEC's Financial Statements for 2014FY – 2023FY and for 9M.2024

1. From 2018 to September 30, 2024, 2,132 permanent employees retired as part of the reform agreements in parallel with the employment of temporary employees

Demand for Electricity

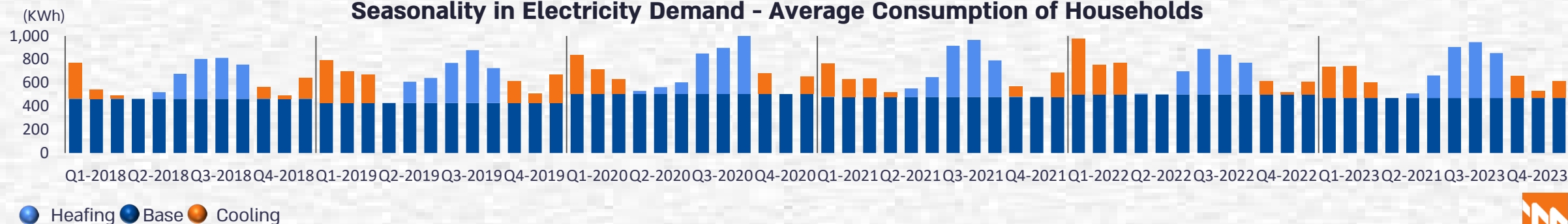
National Electricity Peak Demand & Total Electricity Produced in the Entire Sector



Trends

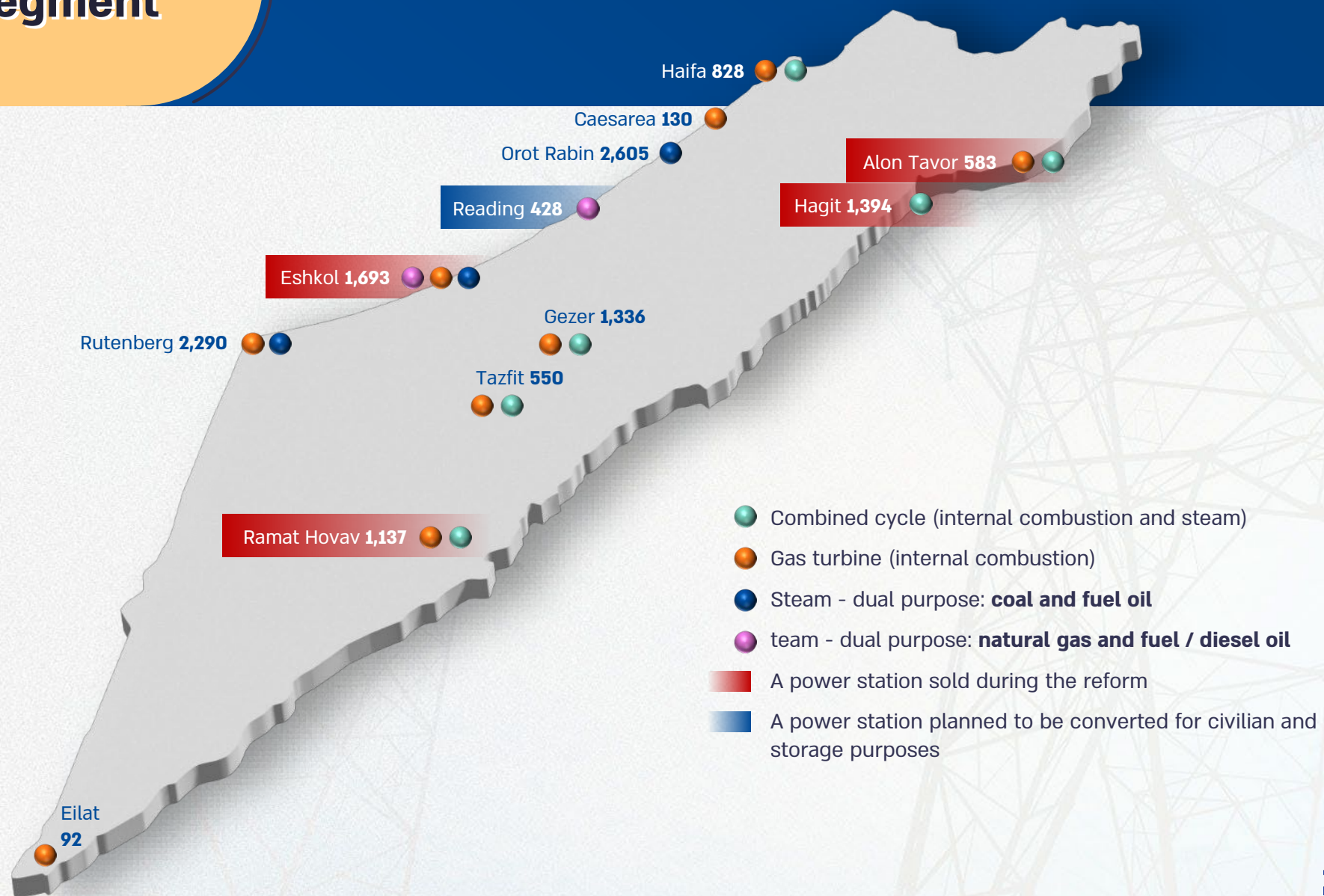
- The demand for electricity in Israel is growing at a fast and steady pace
- Demand is driven by both population growth and the increase in electricity consumption per household
- Noga's demand forecast anticipates an average annual increase of 2.9% in the years 2024 to 2030

Seasonality in Electricity Demand - Average Consumption of Households



The Reform in the Generation Segment

Selected generation sites



Sources of Natural Gas in Israeli Water

Block 12
(Aphrodite)

Tanin

Karish

Leviathan

Tamar

Ruth

Plagik

Dolphin

Dalit

Neta & Roie

Daniel

Shimshon

Avia

Kerea

Noa

Mari

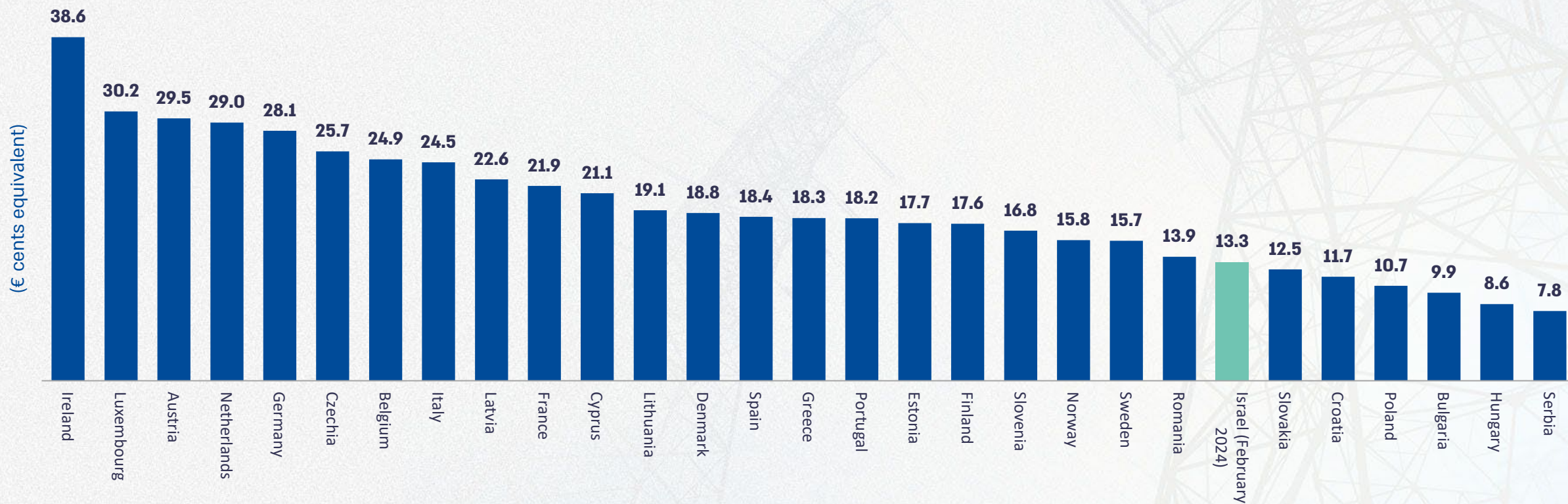
Mary B

Egypt

As of this date,
Tamar, Leviathan &
Karish reservoirs
are the only active
sites

Tariff Comparison to European Countries

Average Price per KWh⁽¹⁾



Source: Eurostat, Electricity prices for domestic consumers – bi-annual data, as of H1.2024. Israel rate is based on the last tariff update that does not include VAT (02/01/2024) and converted EUR/NIS exchange rate of 3.94 as of 01/31/2024.

1) Average national price in Euro per kWh without taxes for medium size household consumers (annual consumption between 2,500 and 5,000 kWh).