**Appendix: Hebrew version 5 September, 2020**

**Rise in electricity intake and increase in forecasts for 2020; negotiations for a large wind project in Scandinavia; acquisition of Noy Fund holdings and a successful storage tender bid in Israel; target price updated to TBC NIS.**

**Summary**

**Enlight has a strong quarter**: completion of financial closings and estimates for establishing the company’s important flagship projects, including the Genesis wind farm project in Israel and the Gecama wind project in Spain; winning a significant Israel Electricity Authority tender for a solar-plus-storage facility, which will serve as a future growth engine that will act as a force multiplier for the company’s projects, due to its ability to combine various technologies (wind, photovoltaic, and storage); and penetration into new markets, including the U.S. market, which is expected to be a future market-level growth engine.

**Strategically**, we marked a relatively **new direction of development**, while continuing our day-to-day operations, i.e. energy storage. The company’s successful tender bid reflects a **change in Israel’s energy economy, since the combination of renewable energy systems with storage will facilitate a continuous supply of energy**, 24/7, at prices that are competitive with gas and coal. In other words, unlike in the past, **renewable energy is now an equal or even cheaper alternative**—the first tender rate is 19.9 agoroth, about 25% lower than conventional production.

We are updating the company’s business valuation in light of project progress and goals being met, as well as increasing the company’s own forecasts for higher revenues in 2020 (330-350 million NIS). We would like to emphasize that, currently, we are not including the project in Scandinavia (since negotiations are ongoing); however, we are including our successful tender bid in Israel. We estimate that the updated company value is TBC (as compared to our estimate of 4.77 billion NIS for the first quarter). Below is our forecast for Enlight’s earnings and profits before financing costs, tax, depreciation, and amortization (EBITDA) for 2017-2021:

|  |  |  |
| --- | --- | --- |
| NIS (1000s) | Revenue | EBITDA |
| 2017A | 142,744 | 124,503 |
| 2018A | 186,000 | 158,000 |
| 2019A | 300,000 | 256,000 |
| 2020E | 348,623 | 265,290 |
| 2021E | 489,490 | 391,592 |

\*The numbers shown relate to 100% holdings in all projects.

Specifically, a number of significant developments occurred during the second quarter:

* **Advanced negotiations for entry into a large wind project in Scandinavia of approximately 360 MW, the construction of which is expected to commence in the upcoming weeks.**
* **A significant win in the Israel Electricity Authority’s tender for integrated solar-plus-storage systems, at a capacity of 48 MW AC, allowing the construction of a 130 MW DC facility, at an estimated building cost of 410-460 million NIS, which is expected to yield the company annual revenues of 45-55 million NIS.**
* **A Noy Fund deal for the acquisition of holdings and repayment of subordinated debt in projects in Israel, as the first step in a comprehensive refinancing that the company is examining. The purpose of this move is, *inter alia*, to add value into the company’s profitable projects.**
* **The appointment of a local manager in the United States, which reflects the company’s focus on the North American market as well as the European market. Enlight has two distinct advantages in the United States stemming from competitive capital costs and the integration of different technologies.**

**Financially**, the company is in a solid position, with a sufficient cash balance for all future activities until 2021; we have completed capital offering totaling around 290 million NIS and the raising of a bond totaling approximately 250 million NIS. Additional financing when required and given the opportunity in markets, in light of low interest rates coupled with the company’s ability to yield projects with high returns. Specifically, during the second quarter:

* Total electricity revenues in the last 12 months were 346 million NIS (300 million NIS at the end of 2019), EBITDA of projects totaled 297 million NIS (256 million NIS at the end of 2019).
* Total innovation and management fees in the last 12 months were approximately 71 million NIS.
* Cash balances of around 1.3 billion NIS (following the abovementioned fundraising).

**[Below is the text from the dark blue sidebar]**

Stock Exchange: The Tel Aviv Stock Exchange (TASE)

Name of Stock: TLV: ENLT

Sector: Cleantech

Subsector: Renewable energy

Target Share Price: TBC NIS

Share Price on TASE: NIS

Company Value: 1 billion NIS

Number of Shares: 1 million shares

Stock return (3 months):

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