

Bazan Investors Presentation

2022

March 9, 2023

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Group’s management



Moshe Kaplinsky
Director’s Chairman



Assaf Almagor
CEO



Guy Liberman
CFO



Orly Abramovich
IT/OT VP



Sami Holzkan
Human resources VP



Jonathan Gershon
Legal Counsel VP



Shlomi Basson
Deputy CEO
VP of Environment, Safety and Security, Procurement and Contracts



Mark Hana
Marketing & Selling VP



Limor Cohen
Trading & Planning VP



Yariv Gerez
Refinery Business Unit VP



Orit Barhorder
Polymer Business Unit VP



Results

Overview

Strong results at the Refinery segment

Unprecedented refining margins combined with high facility utilization

Polymer segment

Margin reduction alongside demand decrease

Expected Refinery margin

High refining margins are expected in the first quarter of 2023

USD 220* Million dividend distribution

According to declared dividend distribution policy alongside financial devt deduction

S&P expression of trust

Raising the rating to A+ with a stable forecast

*USD 20 Million intended for self-purchase plan

Adjusted refining margin 2022

13.9 USD/barrel

2021
7.0 USD/barrel

Adjusted refining margin Q4

13.7 USD/barrel

Q4.2021
10.7 USD/barrel

Adjusted consolidated EBITDA Q4

163 USD million

Q4.2021
USD 170 million

Polymer consolidated EBITDA Q4

(11) USD million

Q4.2021
USD 51 million

Net profit Q4

122 USD million

Net profit Q4.2021
USD 89 million

Adjusted consolidated EBITDA 2022

776 USD million

2021
USD 511 million

Polymer consolidated EBITDA 2022

32 USD million

2021
USD 301 million

Net profit 2022

441 USD million

Net profit 2021
USD 253 million

Financial debt, net 31.12.2022

617 USD million

31.12.2021
USD 841 million

Equity to balance sheet ratio 31.12.2022

39%

31% – 31.12.2021

Financial leverage 31.12.2022

X0.8

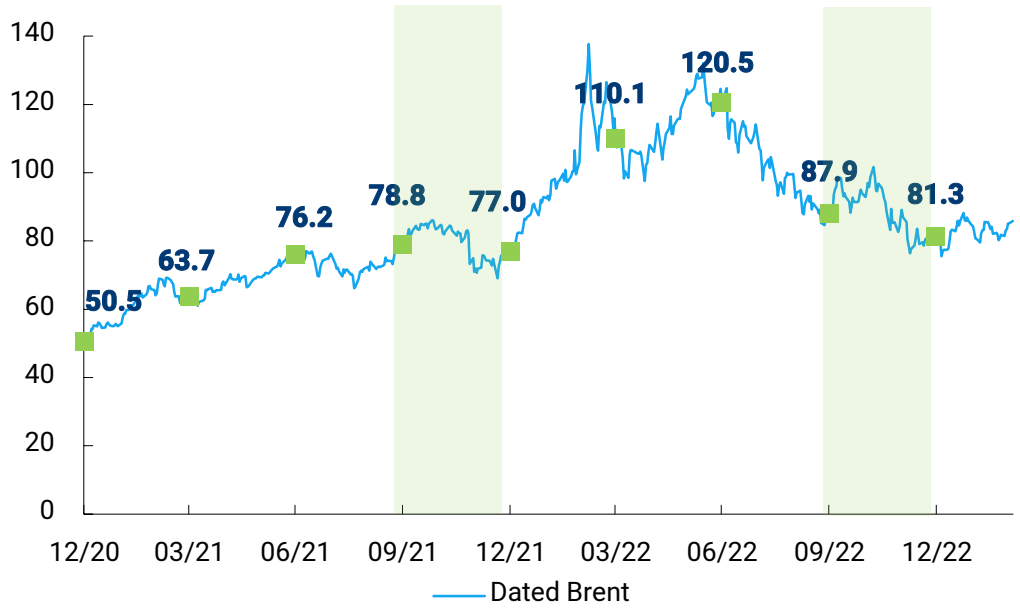
X1.6 - 31.12.2021



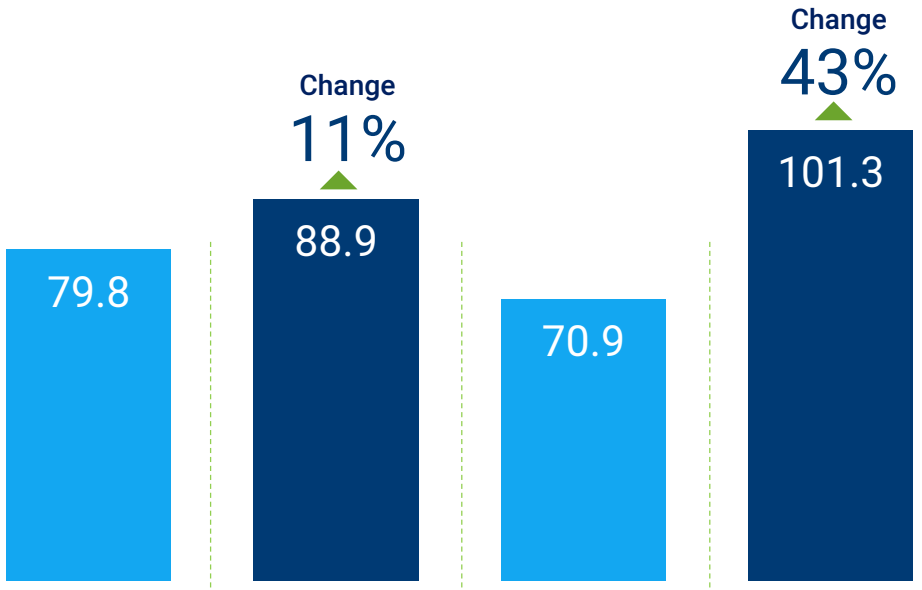

Business
Environment

Brent Price

USD/Bbl



Source: Reuters



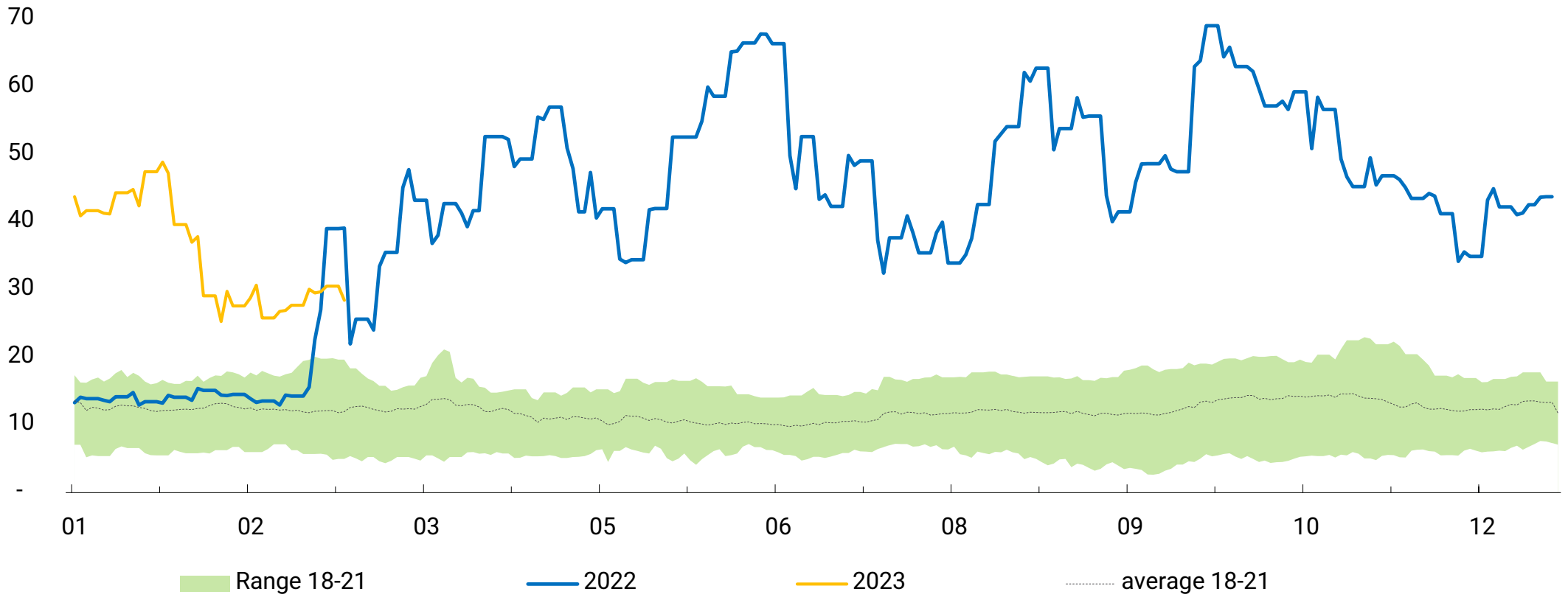
Diesel Margin vs Brent

USD/Bbl

2023-2018

Diesel

Approx. 40% of the total distribution of the refining segment's output



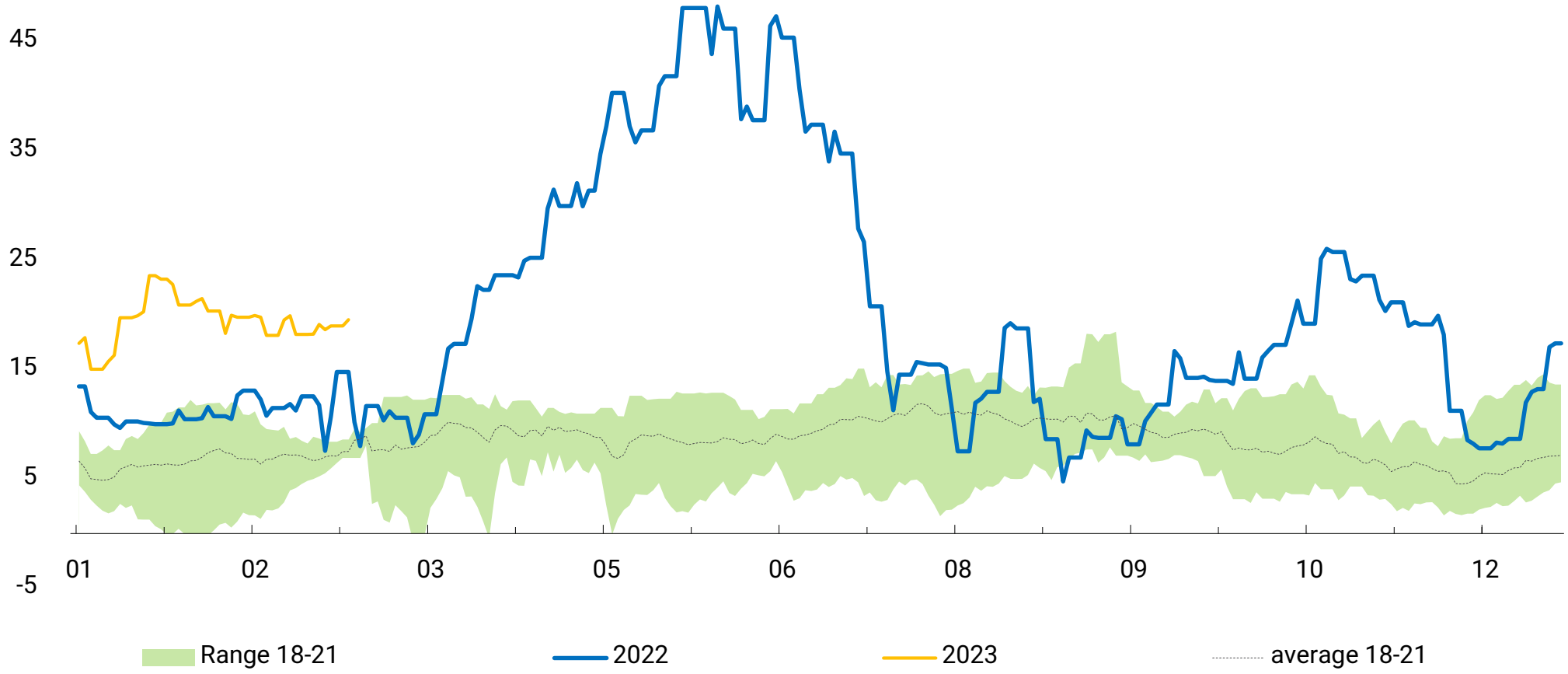
Source: Reuters

Gasoline Margin vs Brent

USD/Bbl
2023-2018

Gasoline

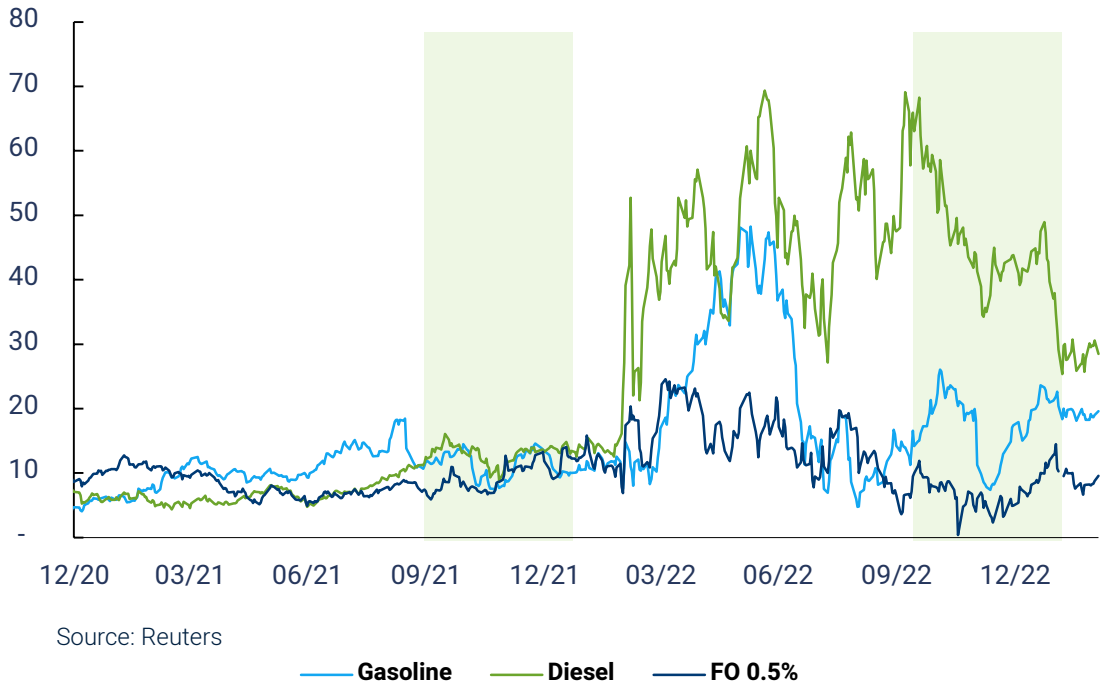
Approx. 15% of the total distribution of the refining segment's output



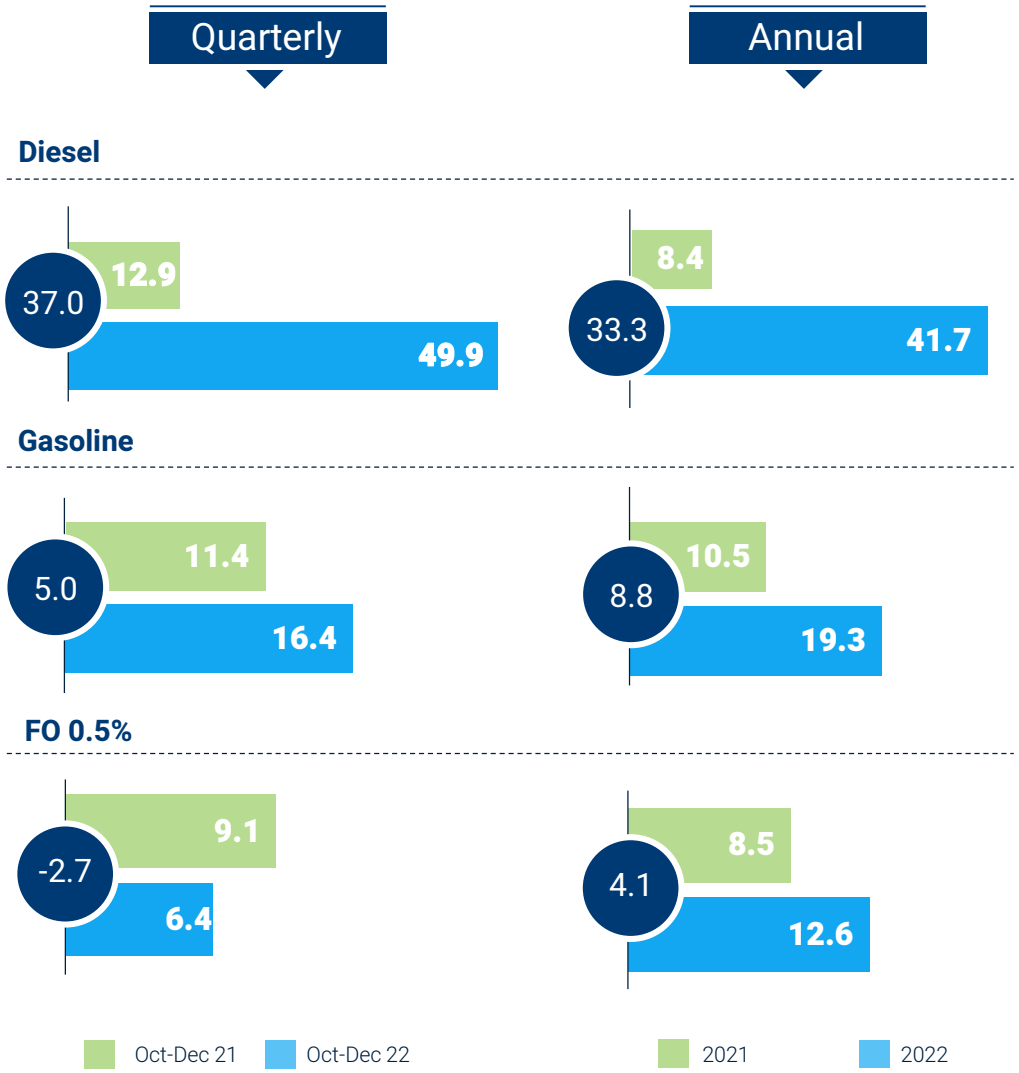
Source: Reuters

Distillate Margins vs Brent

USD/Bbl

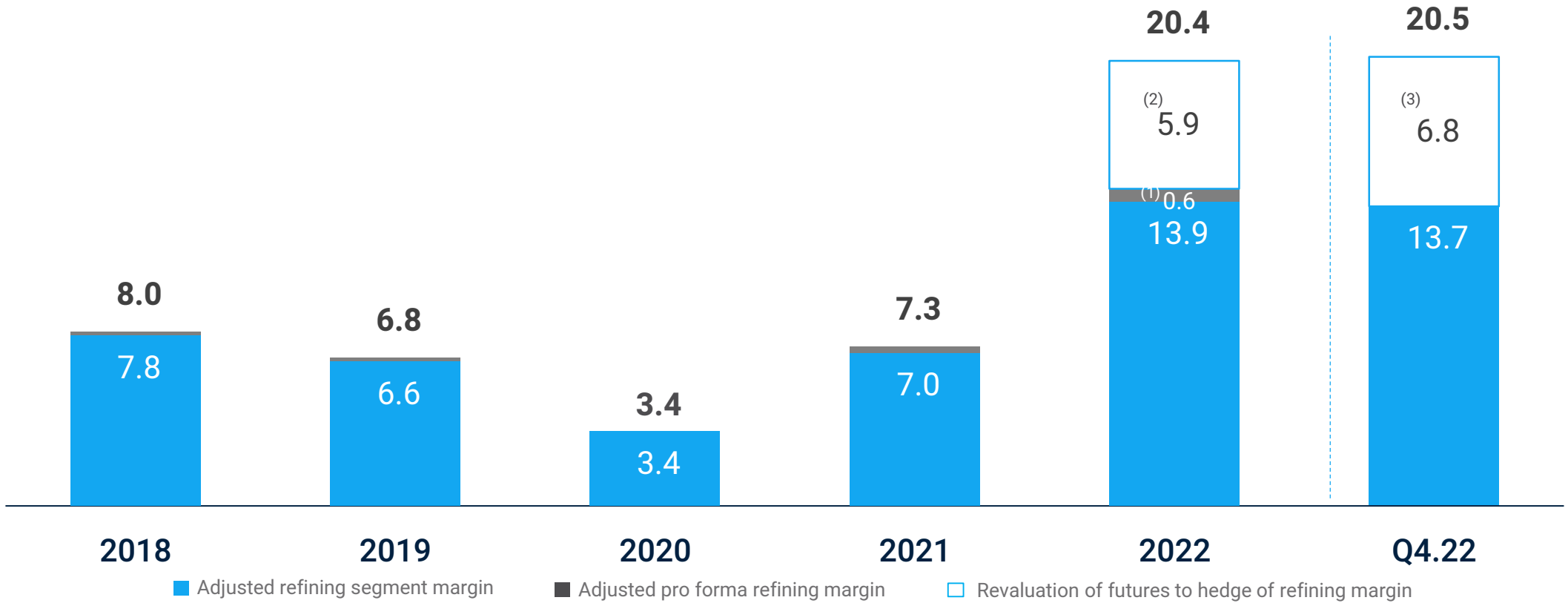


Source: Reuters



Refining margin

USD/Bbl



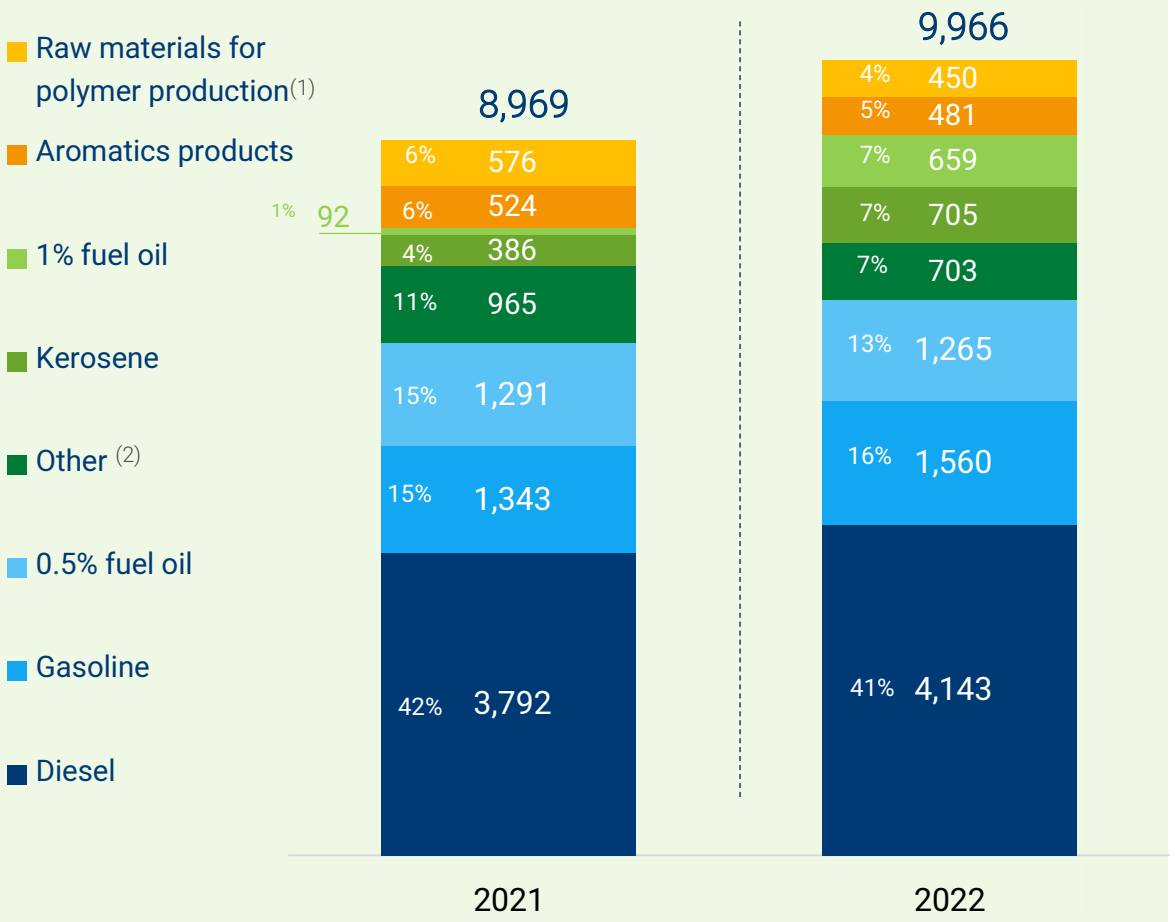
(1) During the reporting period, periodic maintenance work was carried out in some of the Company's facilities, specifically in the Fluid Catalytic Cracker (FCC). For further information regarding the pro forma calculation method see chapter 2B3 of the Director's report.

(2) During the reporting period the company recognized a USD 431 million loss in the adjusted EBITDA in respect of revaluation of futures. For further information see Note 29D3c to the Financial statements.

(3) In the fourth quarter of 2023 the company recognized a USD 126 million loss in the adjusted EBITDA in respect of revaluation of futures.

Output breakdown by product

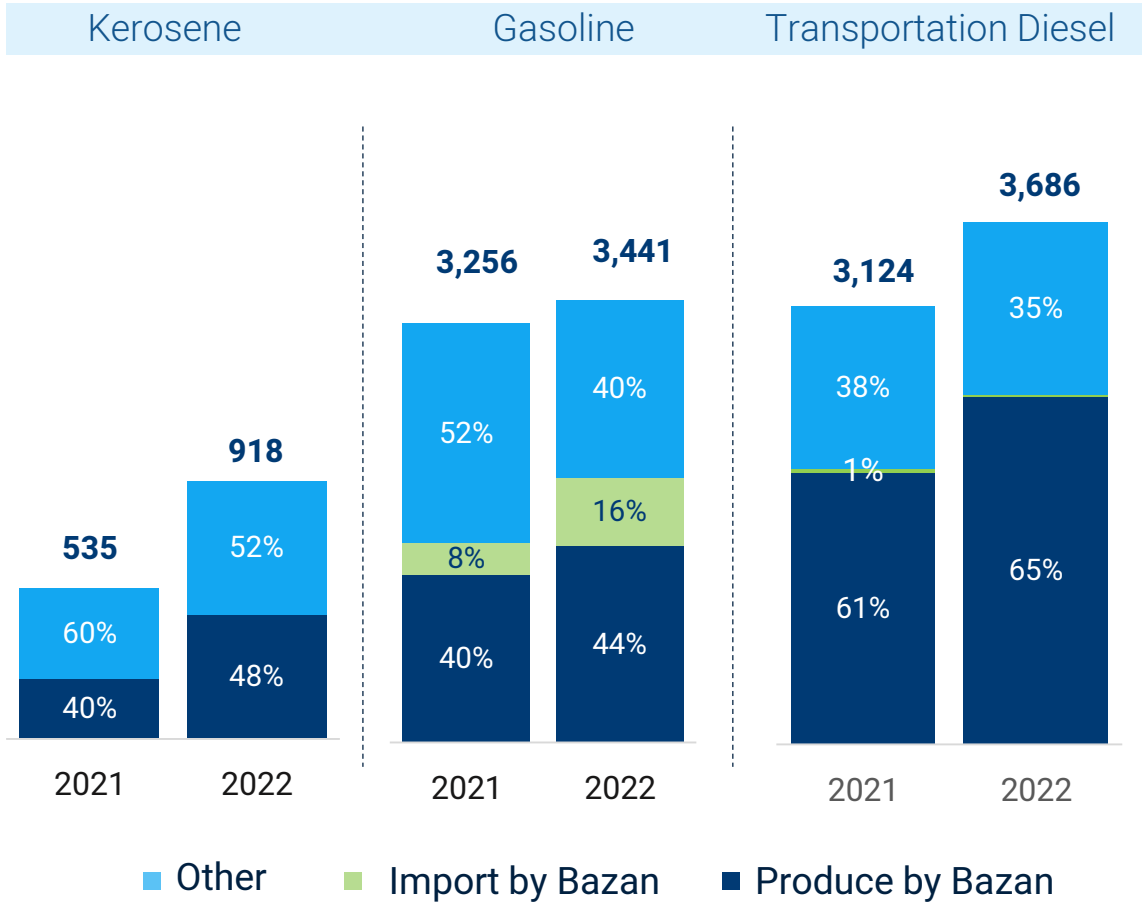
Ton/Thousands



(1) The decrease in polymer raw materials produced in the reporting period compared with the corresponding period last year stemmed mainly from the periodic maintenance work in all of Carmel Olefins' facilities.
(2) Primarily includes: Bitumen, LPG and from time to time - Naphtha.

Transportation fuel consumption in the local market*

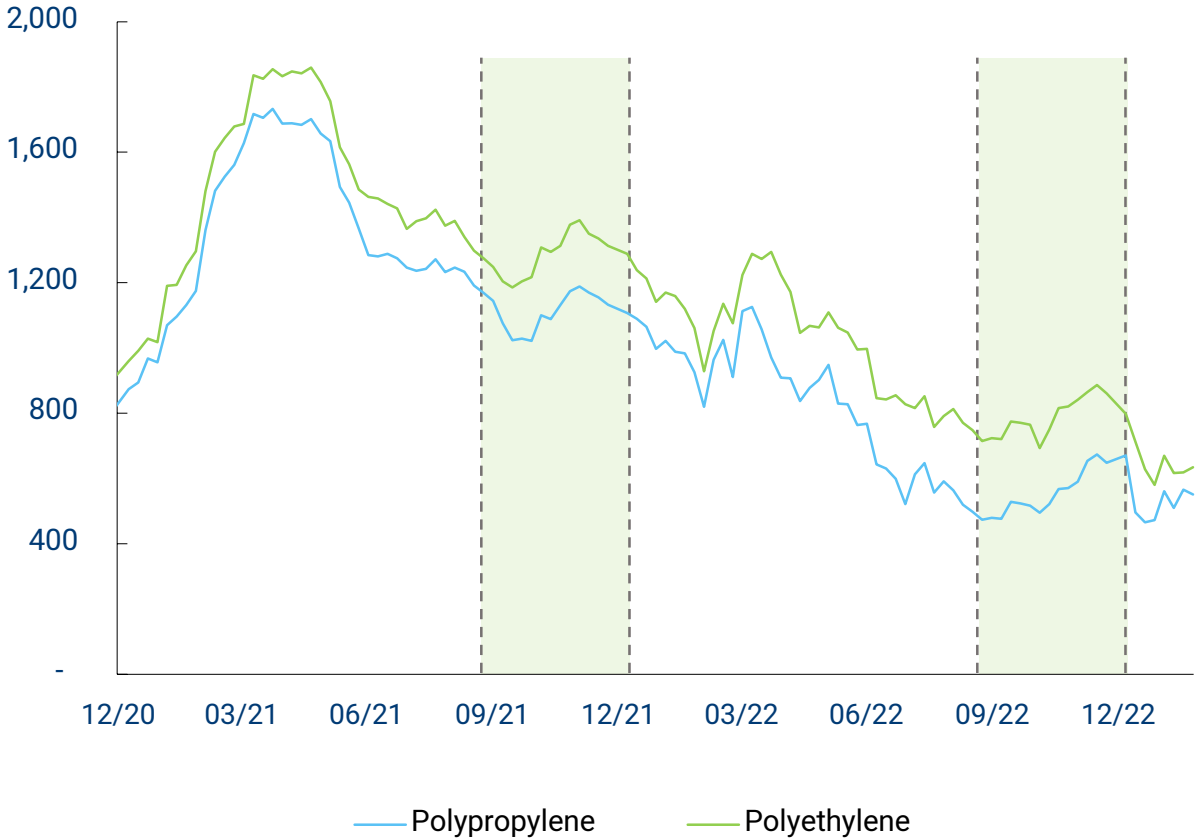
Ton/Thousands



* Source: Ministry of National Infrastructures, Energy and Water Resources.

Polymer Margins above Naphtha

USD/Bbl

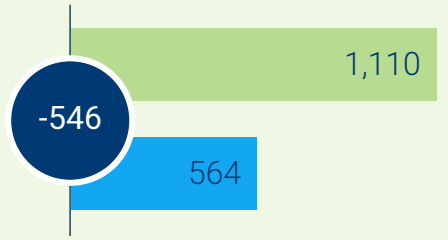


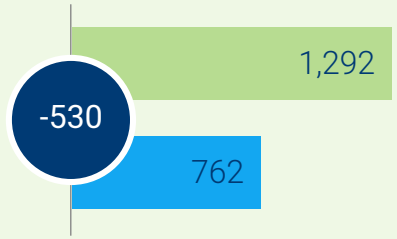
Source: ICIS

Quarterly

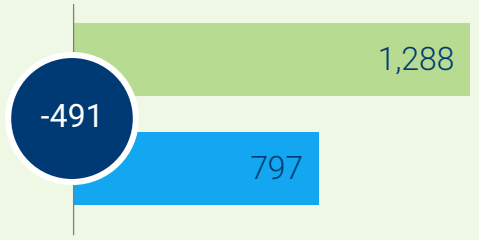
Annual

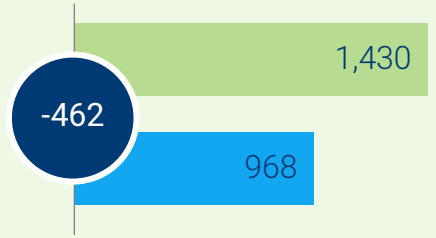
Polypropylene





Polyethylene





Oct-Dec 21 Oct-Dec 22

2021 2022

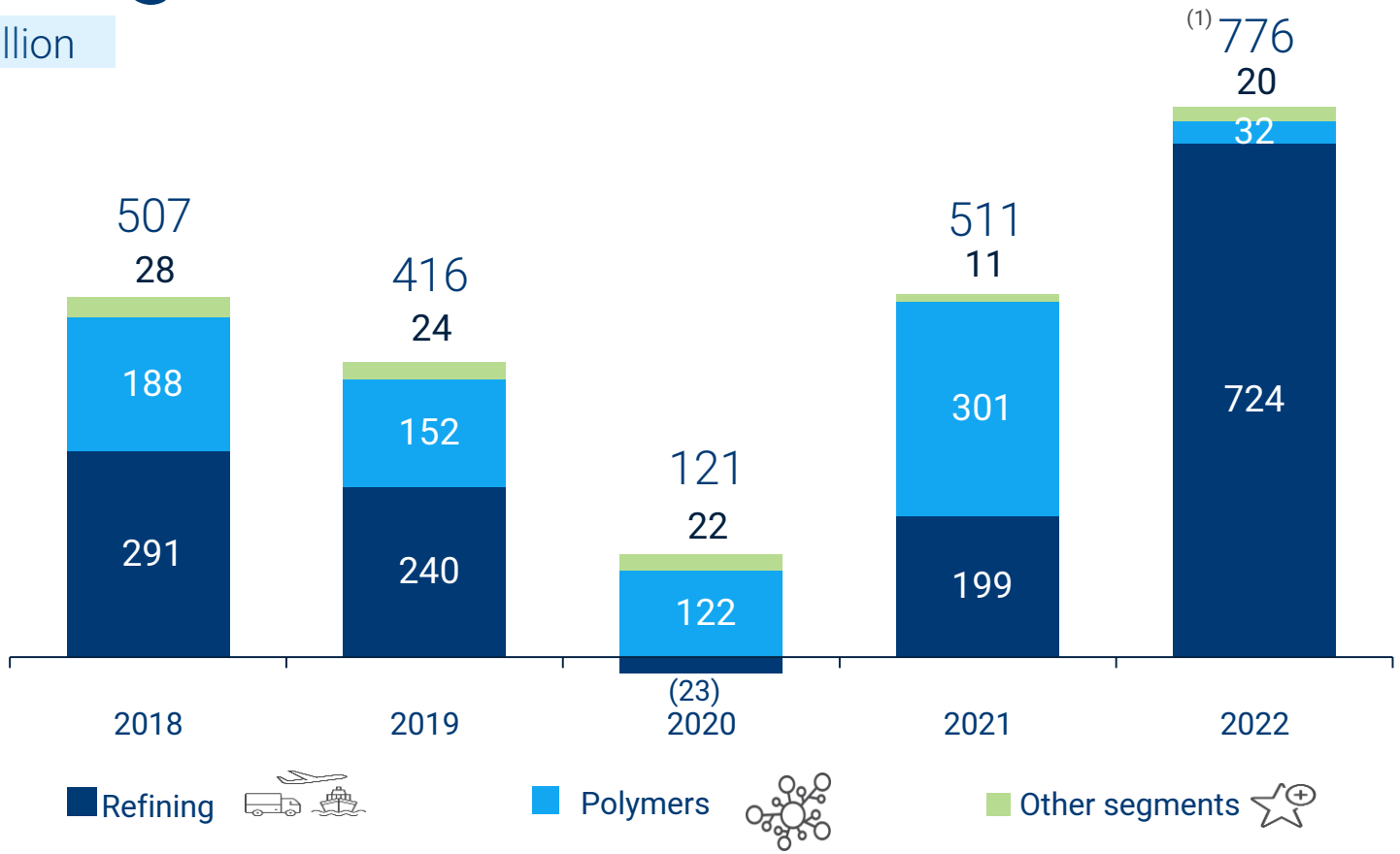
Analysis of results

2022



Adjusted Consolidated EBITDA by segments

USD million

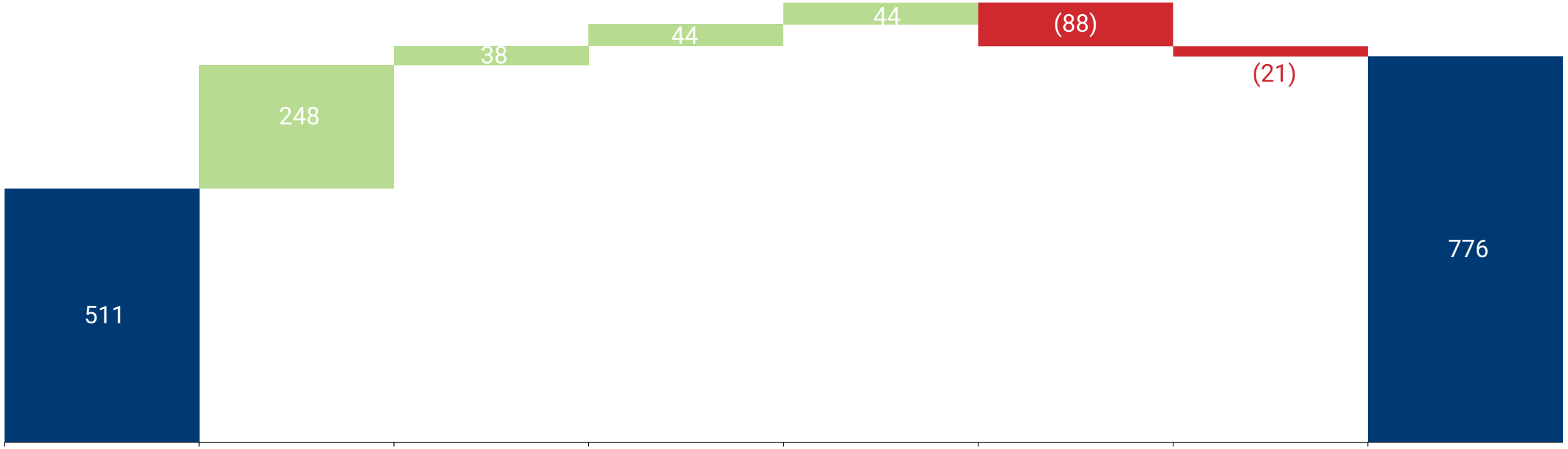


(1) It should be noted that if it were not for the periodic maintenance work in the facilities, the consolidated adjusted EBITDA would have been estimated at USD 864 million (of which USD 765 million in the Refining Segment and USD 79 million in the Polymers Segment).



Adjusted EBITDA – Key Factors for the change

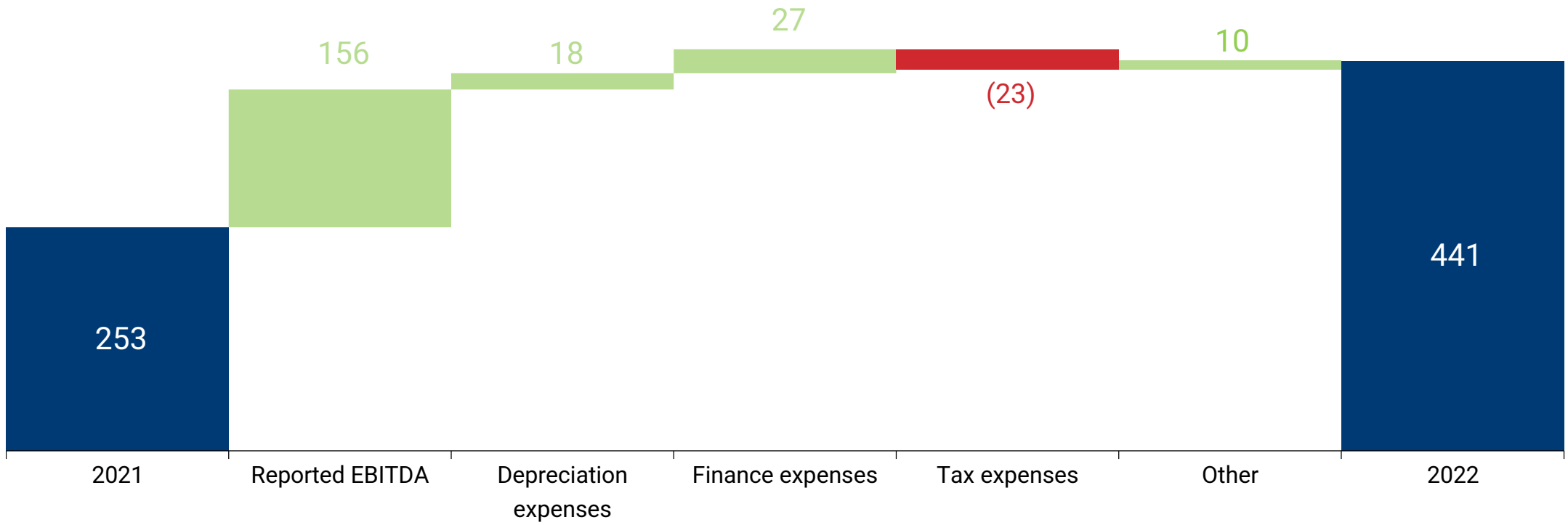
USD Million



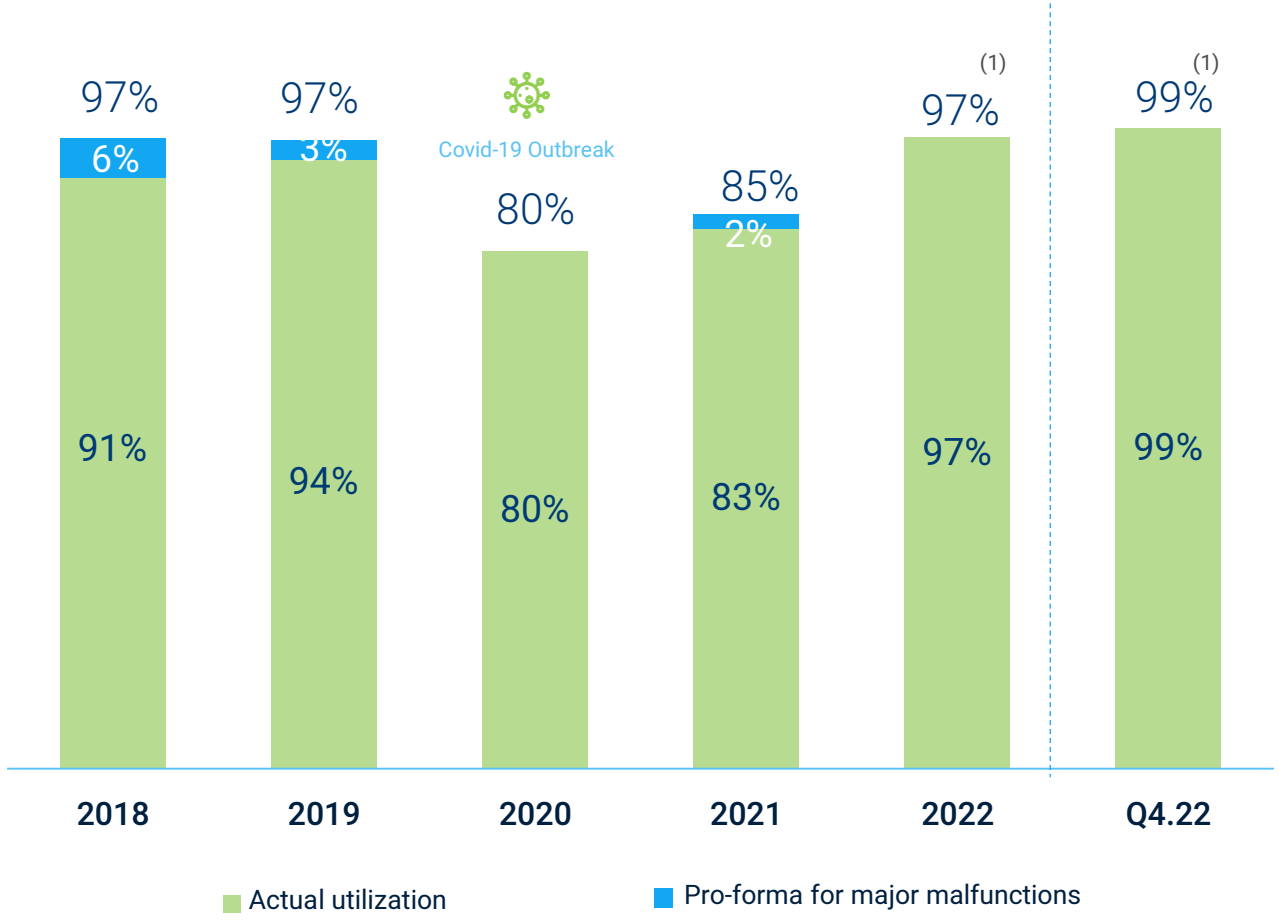
(1) During the last period report, there was a malfunction in the CCR facility and in the Polypropylene production facility.
(2) During the reporting period, periodic maintenance work was carried out in some of the Company's facilities, specifically the fluid catalytic cracker (FCC) facility, and in all of Carmel Olefins' facilities. For further information see 2B2 of the Director's report.
(3) Includes fixed production, general and administrative. For further information see 2B2 of the Director's report.

Consolidated Net Profit – Key Factors for the change

USD Million



Utilization of distillation facilities

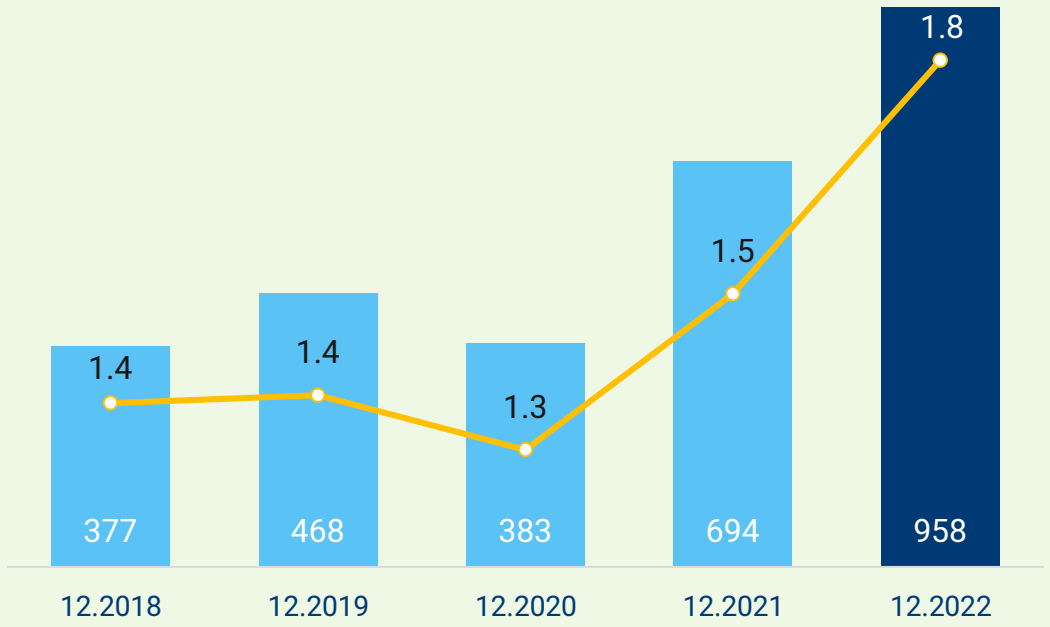


(1) The increase in the utilization of refining facilities was mainly due to the adjustment of output as a result of the increase in the demand for distillates and the increase in refining margins.



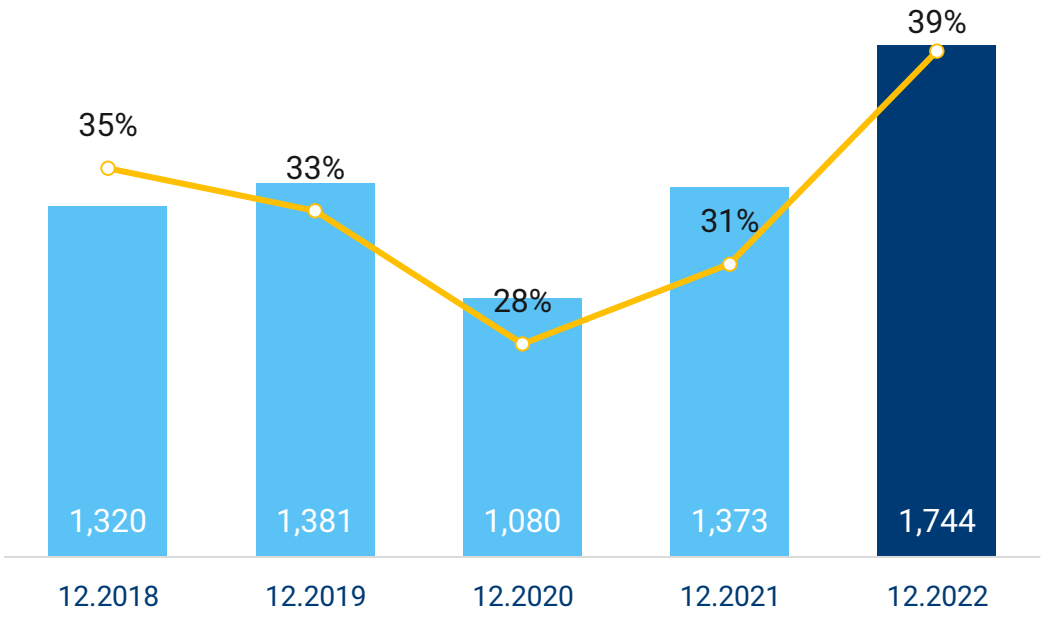
Key balance sheet parameters

Working capital[1] (USD million) & Current ratio



(1) Total current assets minus total current liabilities

Equity (USD million) & Equity to Balance sheet ratio

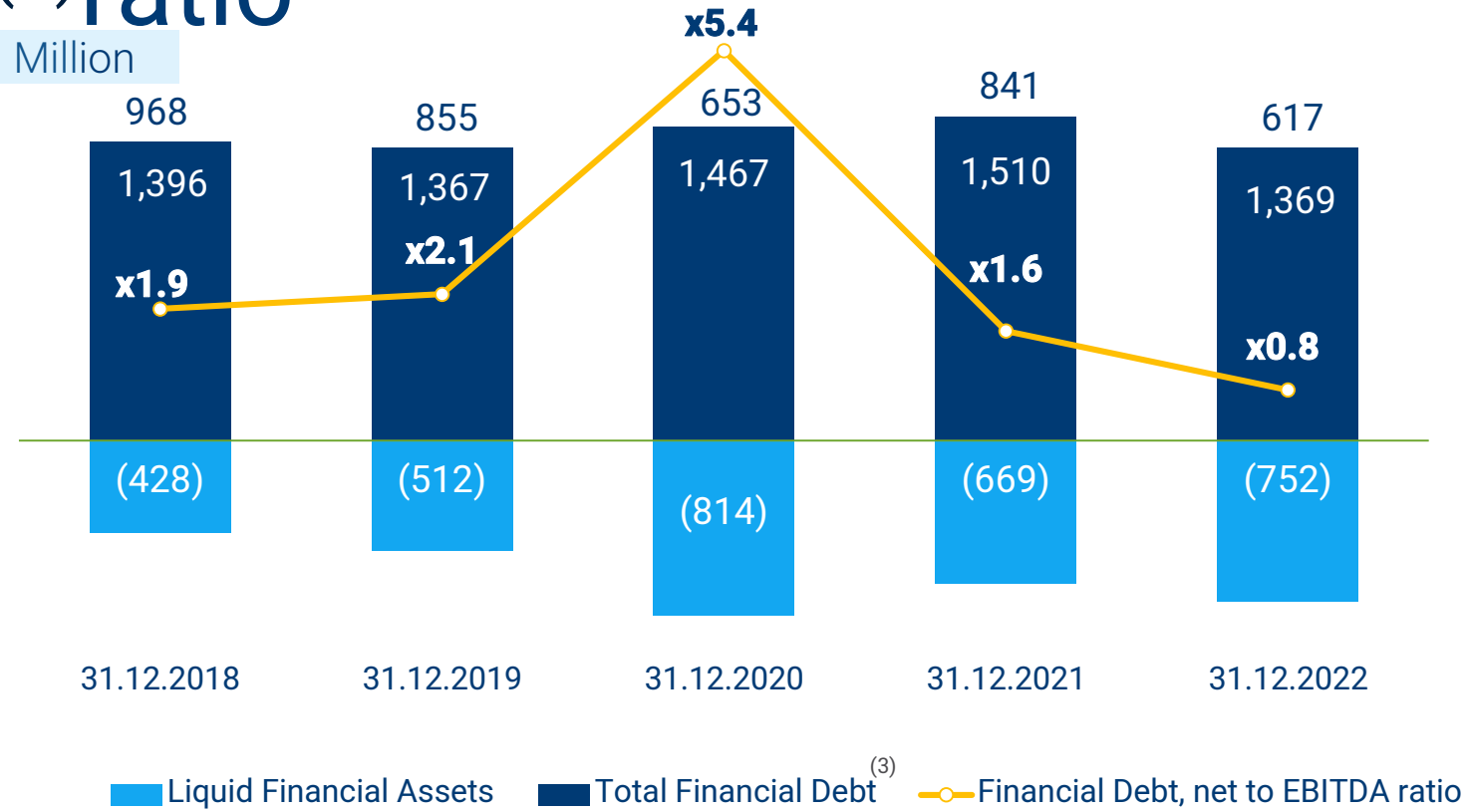




Financial Debt

Development of Financial Debt, net[(1)] and Financial Debt, net to EBITDA [(2)]ratio

USD Million

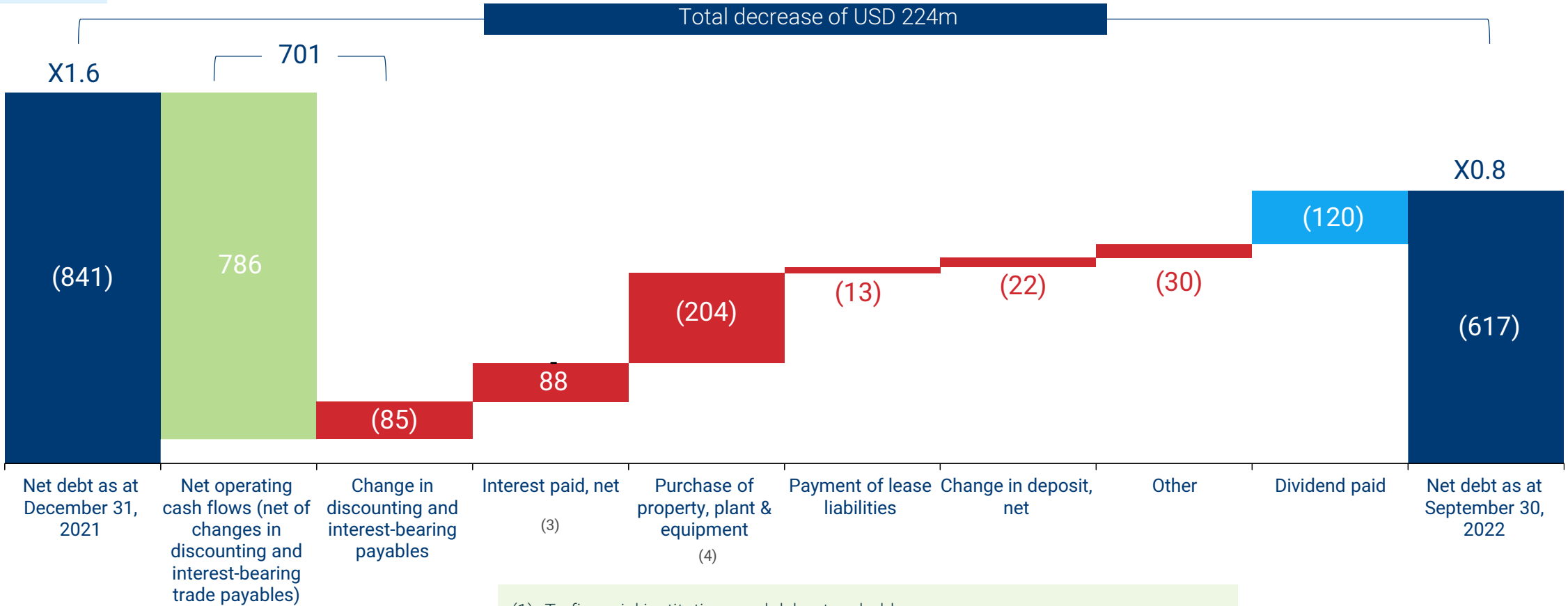


(1) To financial institutions and debenture holders.
(2) Adjusted EBITDA as defined in the Director's report during the last 4 quarters.
(3) Including short-term borrowings, bank loans, debentures and swap transactions against the issuance of debentures.



Movement in Financial Debt, net[(1)] 2022 and Financial Debt, net to EBITDA[(2)] ratio

USD Million

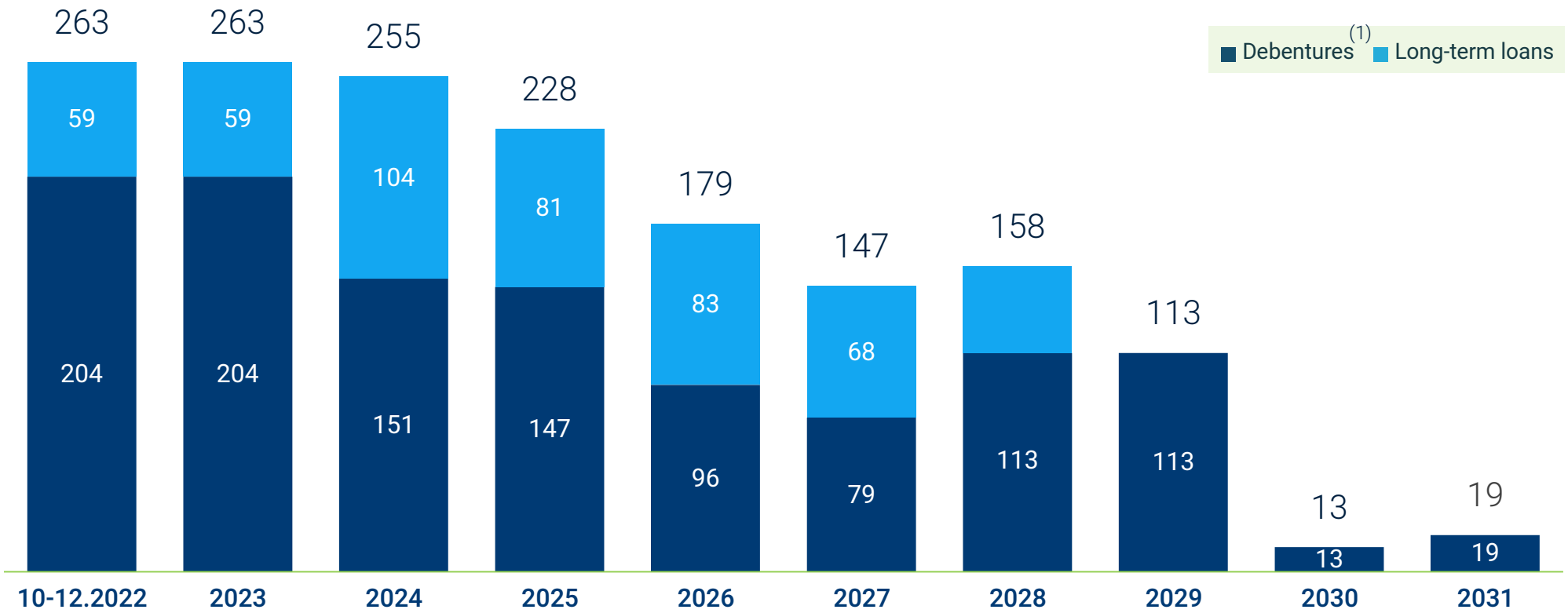


(1) To financial institutions and debenture holders.
(2) Adjusted EBITDA as defined in the Director's report during the last 4 quarters.
(3) USD 8 Million regarding 2022 will be paid during 2023.
(4) Including costs for periodic maintenances.

Financial Debt repayment forecast

For 31.12.2022

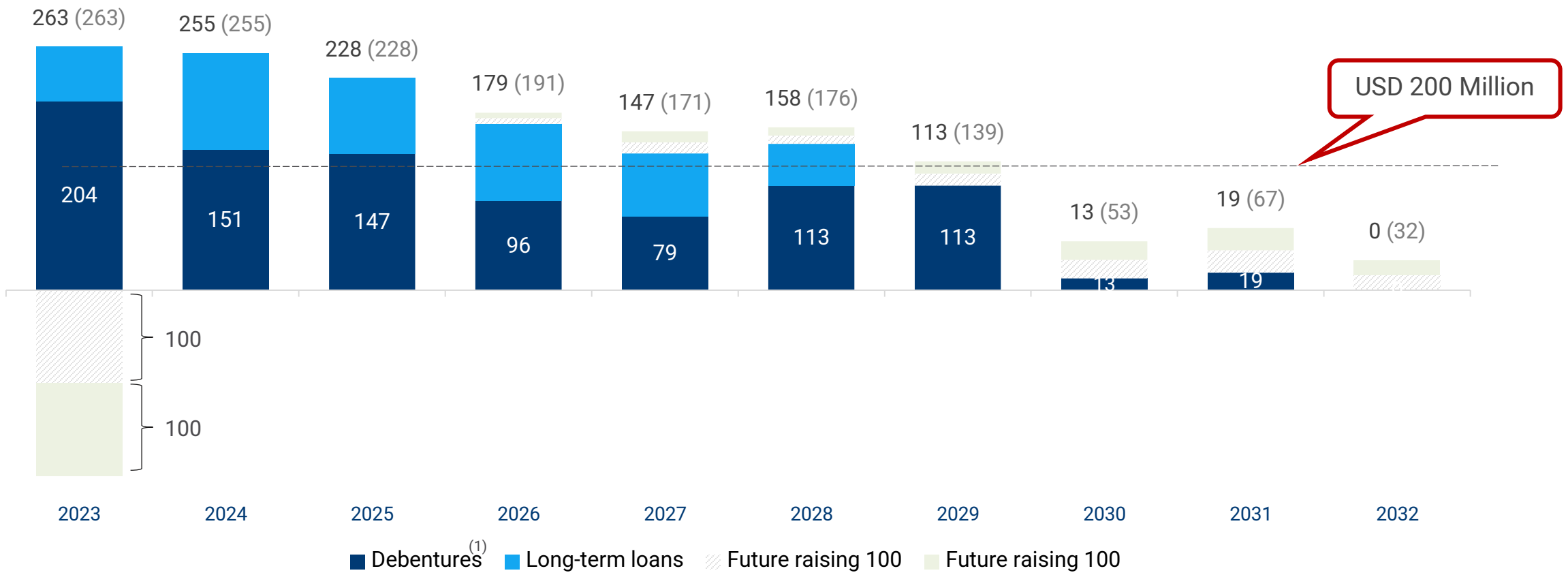
USD Million



(1) Including Debentures hedging transactions

Financial Debt repayment forecast

USD Million



(1) Including Debentures hedging transactions

xxx Repayment of existing debt

(xxx) Repayment of existing debt + future debt

Financial Points of Emphasis – Future Capital Raising

Significant cash flow from current operations totaling USD 701 million

Preparedness to volatility in market conditions – financing the working capital
(binding receivables factoring facilities and master agreements with trade payables)

Renewal and **updating of binding credit facilities** at the total amount of **USD 510 million**

Long-term debt raising at the total amount of USD 160 million, against repayment of maturities at the amount of USD 296 million

Continuing the financial **debt reduction plan** (gross and net), alongside cutting interest costs

Increasing the rating to A+ with a stable outlook



Strategy

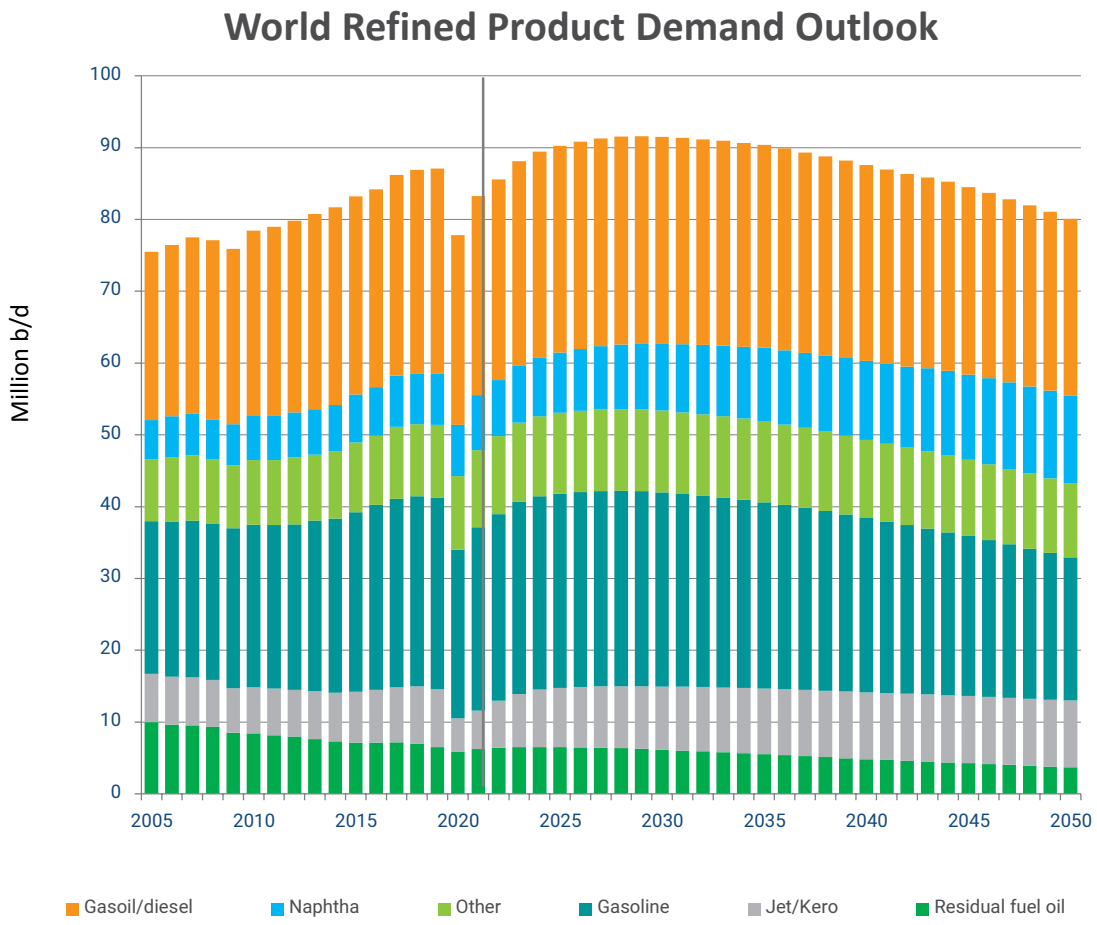


The Bazan Group will serve as a vital bridge for the future of Israel's transport energy sector, leading a sustainability- and innovation-oriented transformation in the Fuels and Polymers Segment

Committed to sustainable future

Assessing the strategy in view of the global energy crisis

Focusing the plan on the short and mid-term



Source: IHS MARKIT 2022

ESG-Oriented Strategy

Publication of a report for 2019 - 2021

Target: Formulation of a climate plan in 2023

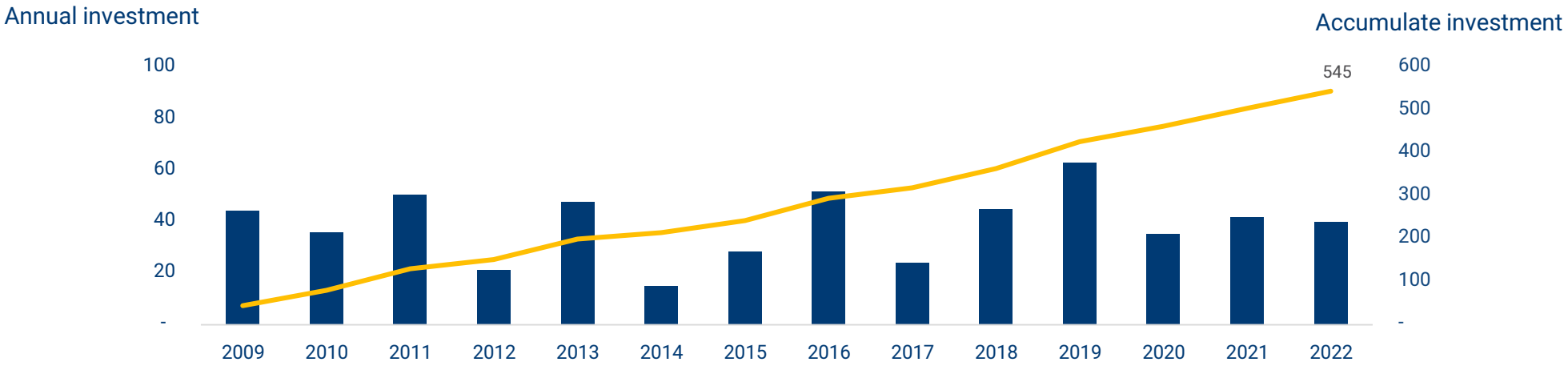
Target: 30% of the polymers will be recyclable and biodegradable by 2030

Target: IR (Incident Rate) of 0.5 by 2025



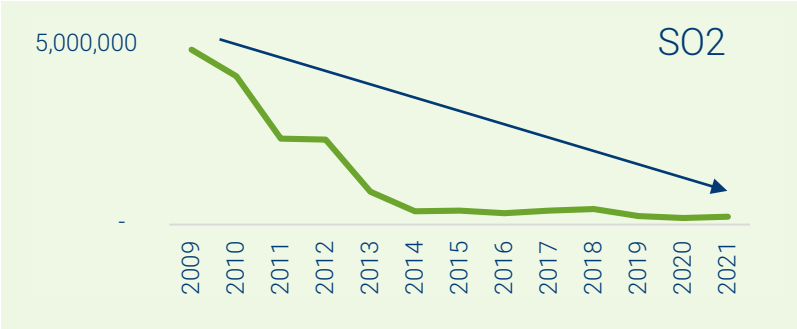
Environmental

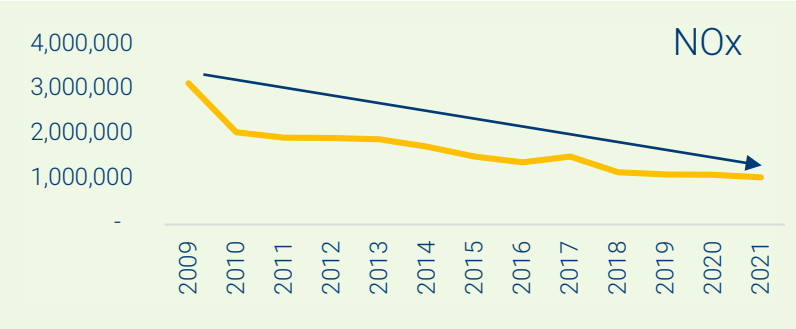
Environmental investments (USD million) (1)

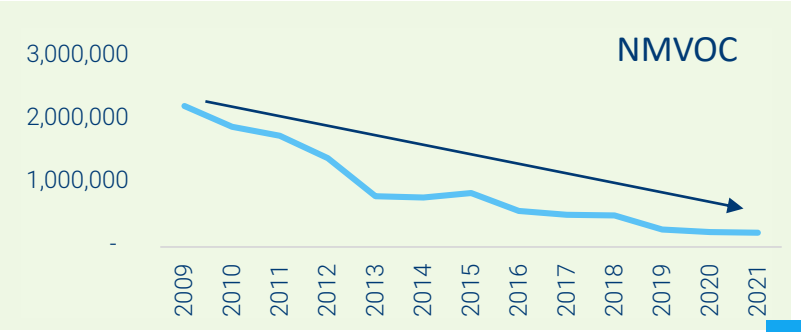


(1) Investments in environmental, security and increasing the operational reliability.

KG emissions per year







Focusing the plan:

- ✓ Promotion of and investments in polymers
- ✓ Fuels – continuity over time with a flexible product range
- ✓ Hydrogen – carefully considered investments bearing in mind market developments
- ✓ Suspending investments in infrastructures in view of the government's decision

Advanced polymers	Hydrogen and alternative fuels	Fuel and infrastructures
Promotion	Carefully-considered investments	Suspension
Investment 2022-2030: 170-240MUSD	Investment 2022-2030: Up to 50MUSD	Investment 2022-2030: 110-180MUSD





Thank you

קבוצת בזן
מחויבים למחר