

Delek Drilling

BoFA SECURITIES 2021 EMERGING MARKETS DEBT & EQUITY CONFERENCE

June - 2021

DELEK DRILLING EASTERN MED E&P OPERATION

Transforming the Levant Basin into a Natural Gas Export Hub



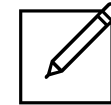
Tel-Aviv listed LP
with a market
cap of c. \$1.85
Billion



World class E&P
portfolio of assets,
from exploration
through
development and
producing



Senior partner in
all major gas
discoveries off-
shore Israel and
Cyprus

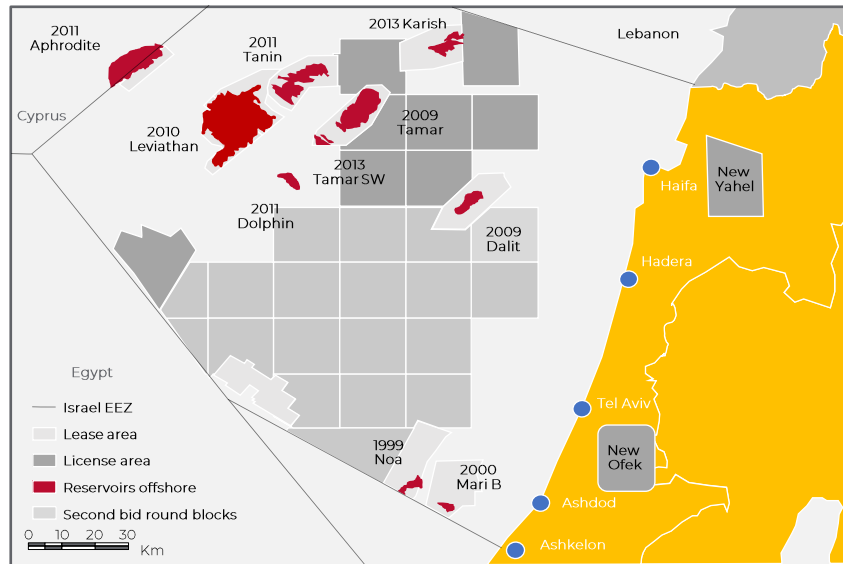


Financial
strength based
on robust cash-
flow and
economic value
of assets

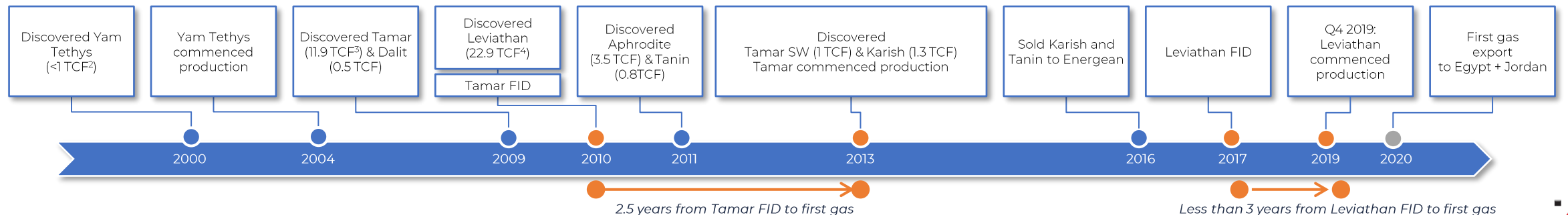
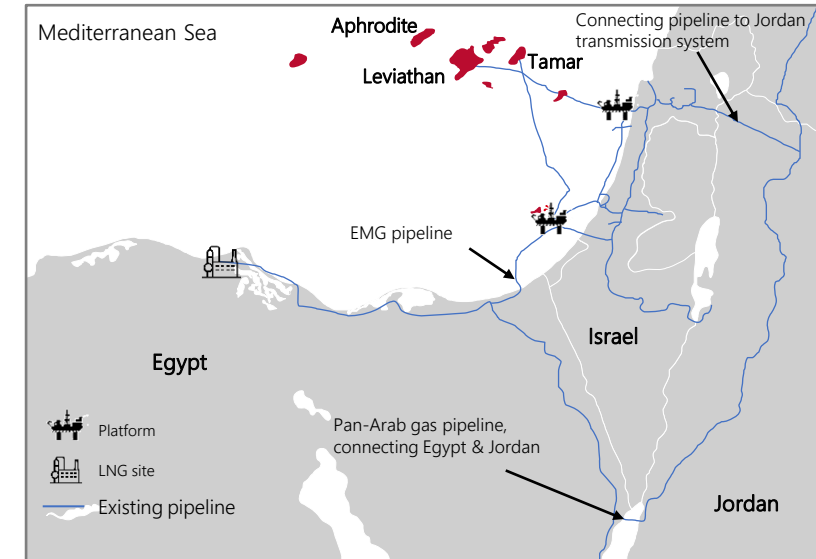
DELEK DRILLING – THE LEADING E&P PARTNERSHIP IN THE EAST MED

Significant track record in the East Med with c.43 TCF of gross gas resources discovered

Gas discoveries¹



Assets with strong regional connectivity



Source: Partnership information; Note: Resources: Best Estimate Ultimate Recovery (2P + 2C), based on NSAI reports

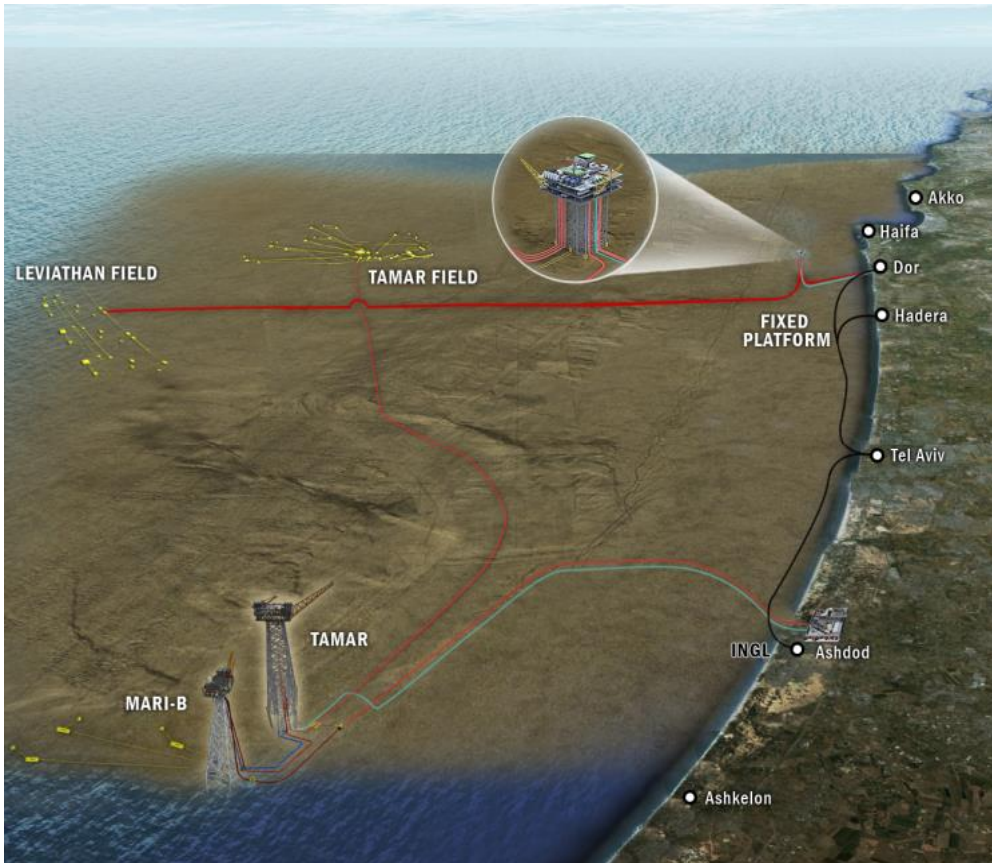
¹ Dolphin license has expired; following the sale of Karish and Tanin, Delek Drilling holds an entitlement to royalties

² Recovered; Depleted

³ Estimated ultimate recoverable; excludes Tamar SW

⁴ Estimated ultimate recoverable

LEVIATHAN – A REGIONAL ENERGY GAME CHANGER



- **Ownership**
Delek Drilling 45.3%, Ratio 15%, Chevron Corp. (operator) 39.7%
- **2P+2C Resources**
22.7 tcf (642 bcm), 49.9 mmbbl condensate
- **First Gas**
Dec 2019
- **Production Capacity**
DSM - 1.2 bcf/d (~12 bcm/y)
- **Development Capex (100%)**
\$3.6 Billion – Below the approved budget of \$3.75B
- **Additional Prospective Resources* (P50)**
379.2 mmbbl oil (In two targets, 18-19% Probability of Geologic Success)

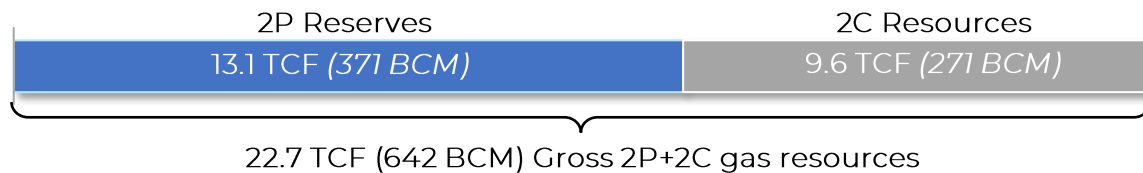
*Resources estimate as of Dec 20

LEVIATHAN GAS FIELD – UNIQUE ASSET CHARACTERISTIC

5

- Discovered in 2010, Leviathan is one of the world's most attractive gas assets
- Chevron Corp. is the operator of the field on behalf of the Leviathan Partners. On November 2020 Chevron Corporation acquired Noble Energy
- Production commenced on schedule in December 2019 – contracted volumes range from 75% to 80%² of the 12BCM p.a. gross capacity. Leviathan currently supplies gas to Israel, Egypt and Jordan

Vast gross reserve and resource base²



Reserve life

- 2P : 31 years³
- 2P + 2C : 53 years³

Strong asset value and financial profile

NPV10⁴
(45.34% WI)

- 2P: \$4.1bn
- 2C: \$0.3bn
- 2P + 2C: \$4.5bn

Avg. financial metrics through
2021-2034
(45.34% WI)

- 2P Revenue: \$973mm

STRATEGICALLY LOCATED IN THE EAST MED ...

Leviathan is a key strategic asset addressing the region's immediate energy needs

Israel

- Israel is a net exporter of gas, taking a big step towards full energy independence
- Leviathan is key for the success of Israel's energy transition program from coal to gas

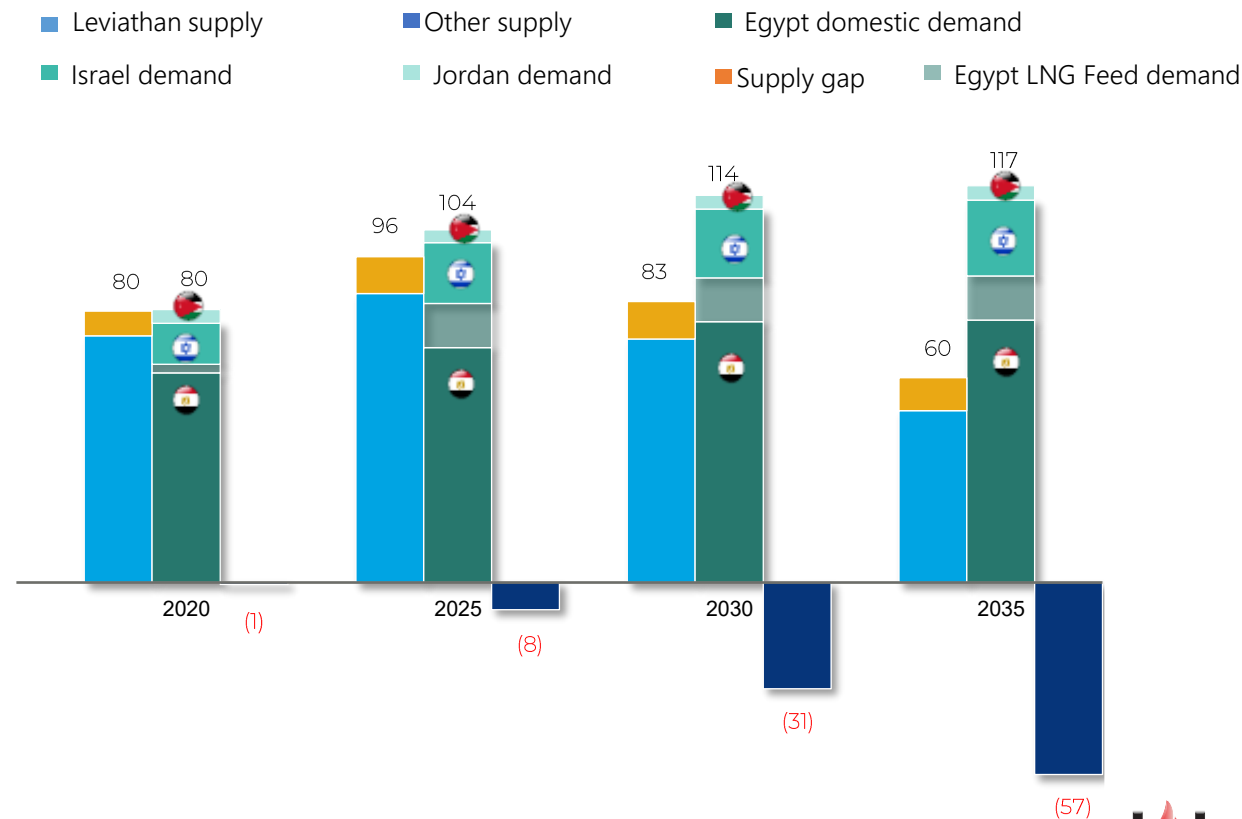
Egypt

- Gas deficit in the mid term and vision to become a regional gas hub places Leviathan as the key external source of supply
- Signed an export agreement to Egypt via Dolphinus Holdings, securing c.60BCM of gas over 15 years
- EGPC and East Gas Company also key investors alongside Delek Drilling and Chevron in the EMG pipeline connecting Israel and Egypt

Jordan

- Without any notable domestic production, Jordan is dependent on natural gas imports
- NEPCO secured the supply of c.45BCM of gas from Leviathan over 15 years

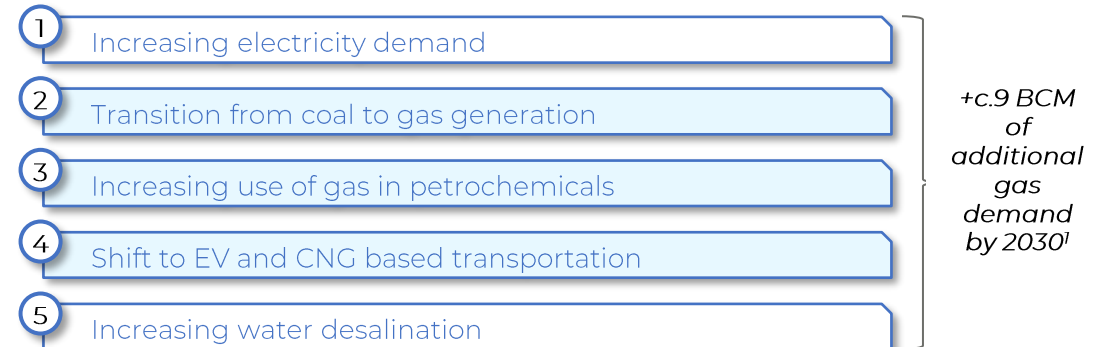
Regional supply and demand dynamics (BCM)



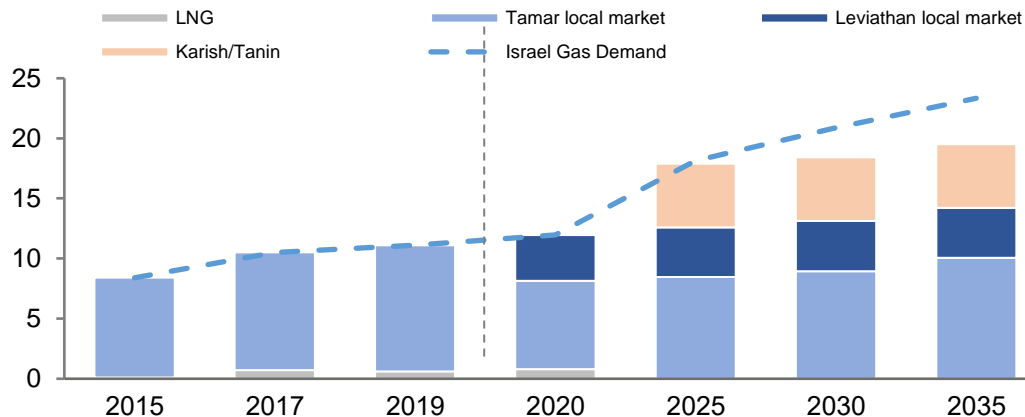
... WELL POSITIONED TO TAKE ADVANTAGE OF INCREASING REGIONAL GAS DEMAND

- Israel's increasing demand for gas is driven by strong macroeconomic fundamentals and its accelerated energy transition from coal-based, to gas-based power generation
- Israel's gas demand expected to grow at c.6% CAGR '20E-'30E
- Coal to gas conversion expected to contribute c.4BCM of additional gas demand by 2025¹
- Gas demand in Egypt and Jordan has also seen strong recovery on the back of available supply, increasing gas-fired generation and growing industrial sectors
- Egypt gas demand expected to grow at c.3% CAGR^{2,3}, while Jordan gas demand is expected to stay flat³

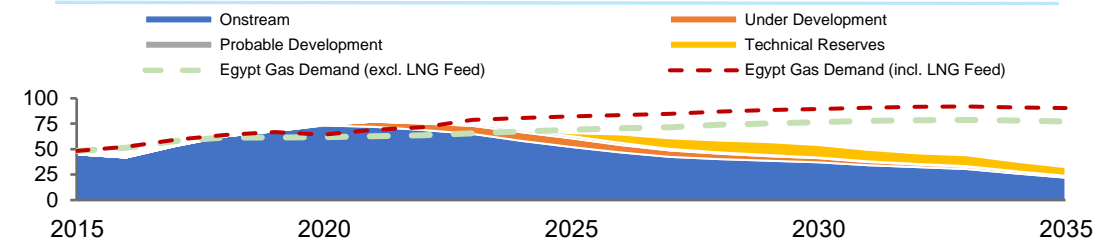
Key drivers of Israel's gas demand growth



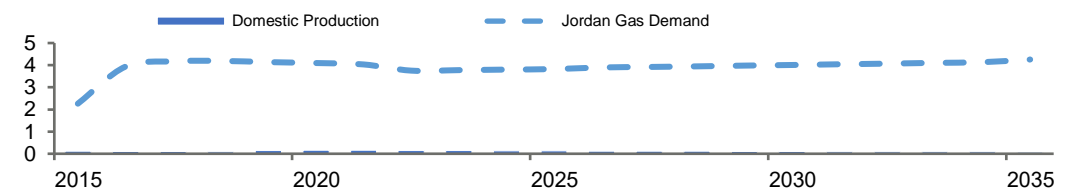
Country supply and demand dynamics (BCM)



Egypt Supply Demand Dynamics³



Jordan– Stable demand with no domestic supply³



¹ BDO estimate

² Between 2020 and 2030, including LNG feed demand

³ Wood Mackenzie estimates

⁴ Domestic demand from BDO, supply from Delek Drilling estimates

LEVIATHAN – CONTRACTS AND SALES BREAKDOWN

Long term contractual structure with Take or Pay mechanism and limited commodity price risk

DOMESTIC – ISRAEL



Israel Electric Corp.

- Short term contract to supply IEC on available capacity basis
- Fixed price



IPP & Electricity Related

- Contracted sales volume of ~ 2 bcm/y
- Electricity production index as published by PUA
- Floor price based on Government Gas Framework

Represent Approx. 30% of sales in phase 1a

REGIONAL EXPORT



Jordan NEPCO

- 3 bcm/y with a Take or Pay commitment
- Brent linked formula
- Floor price



Egypt- Dolphinus

- 2.1 bcm/y until 06/2020
- 3.6 bcm/y until 06/2022
- 4.7 bcm/y remaining term with a Take or Pay commitment
- Brent linked formula
- Floor price

Represent Approx. 70% of sales in phase 1a

LEVIATHAN ACTUAL PERFORMANCE

Leviathan 5 Quarters performance (45.34% Delek Drilling WI)

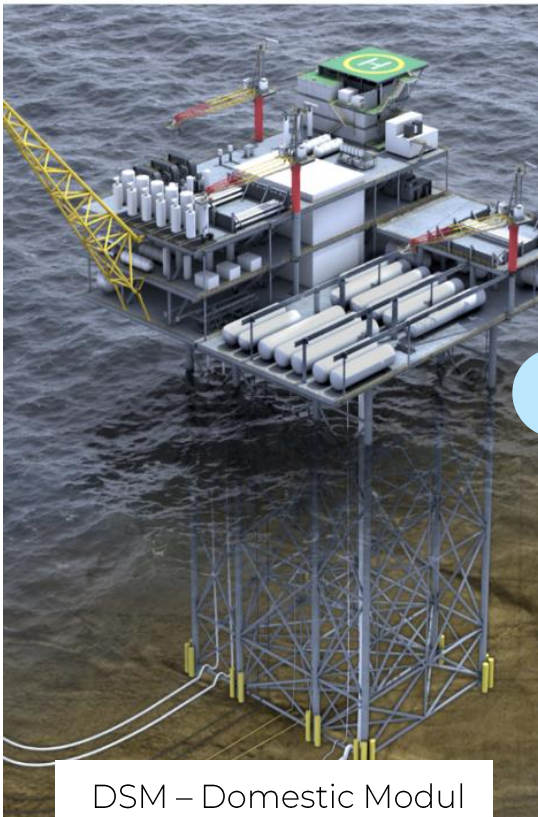
	Q1 '20	Q2 '20	Q3 '20	Q4 '20	FY '20	Q1 '21
Total net production (natural gas and condensate)	26,058 mmcf (0.74 BCM)	22,829 mmcf (0.65 BCM)	35,873mmcf (1.0 BCM)	30,795mmcf (0.9 BCM)	115,555mmcf (3.3 BCM)	43,467 mmcf (1.2 BCM)
Average price per mcf	\$5.43	\$5.01	\$5.04	\$4.89	\$5.08	\$4.98
Average Brent price (in \$/bbl)	\$51	\$33	\$43	\$45	\$43	\$61
Average royalties per mcf	\$0.81	\$0.74	\$0.75	\$0.70	\$0.75	\$0.74
Government	\$0.60	\$0.54	\$0.55	\$0.51	\$0.55	\$0.54
Third parties	\$0.07	\$0.13	\$0.13	\$0.13	\$0.12	\$0.13
Interested parties	\$0.14	\$0.07	\$0.07	\$0.06	\$0.08	\$0. 7
Average production costs per mcf	\$0.66	\$0.803	\$0.69	\$0.88	\$0.76	\$0.61
Net proceeds per mcf	\$3.96	\$3.47	\$3.60	\$3.31	\$3.58	\$3.63
Revenue (in \$mm) ¹	\$141	\$114	\$181	\$151	\$587	\$216
EBITDA (in \$mm) ²	\$103	\$79	\$129	\$102	\$413	\$158

LEVIATHAN – MODULAR DEVELOPMENT

10

Cost effective expansion options

Capacity of 1.2 bcf/d (approx. 12 bcm/y)



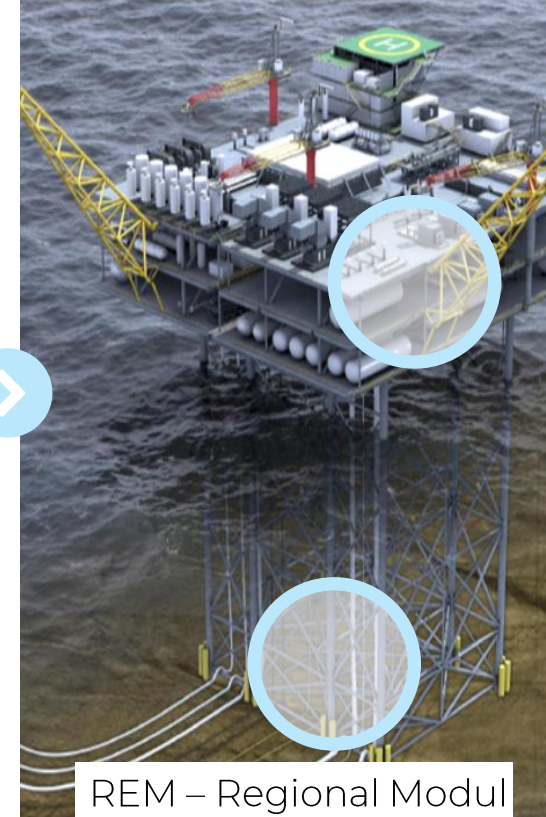
DSM – Domestic Modul

Capacity of 1.6 bcf/d (approx. 16 bcm/y)



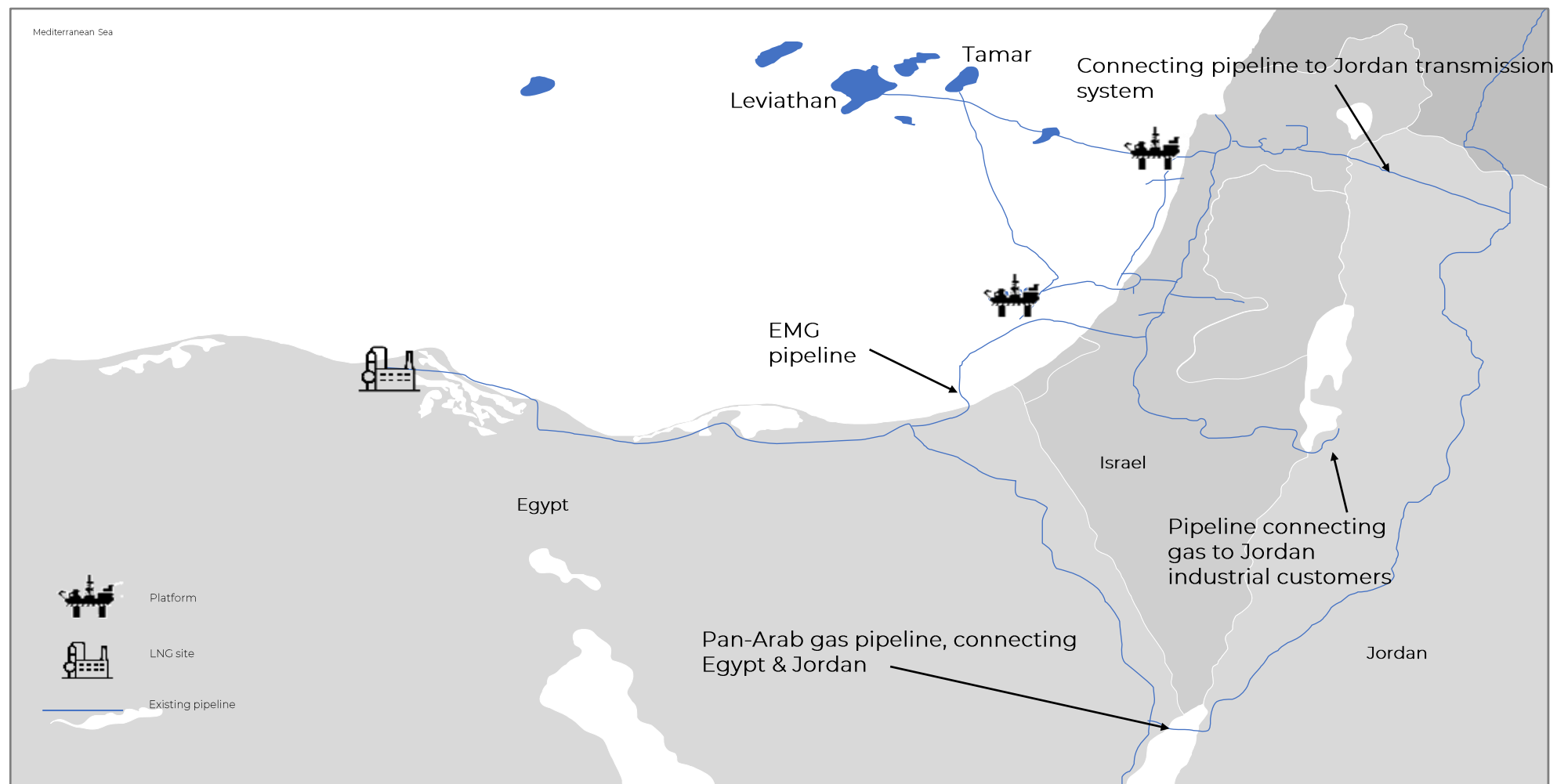
DSMX – Domestic Modul +
Subsea wells & pipeline

Capacity of 2.1-2.4 bcf/d (approx. 24 bcm/y)



REM – Regional Modul

REGIONAL CONNECTIVITY



LEVIATHAN FINANCING



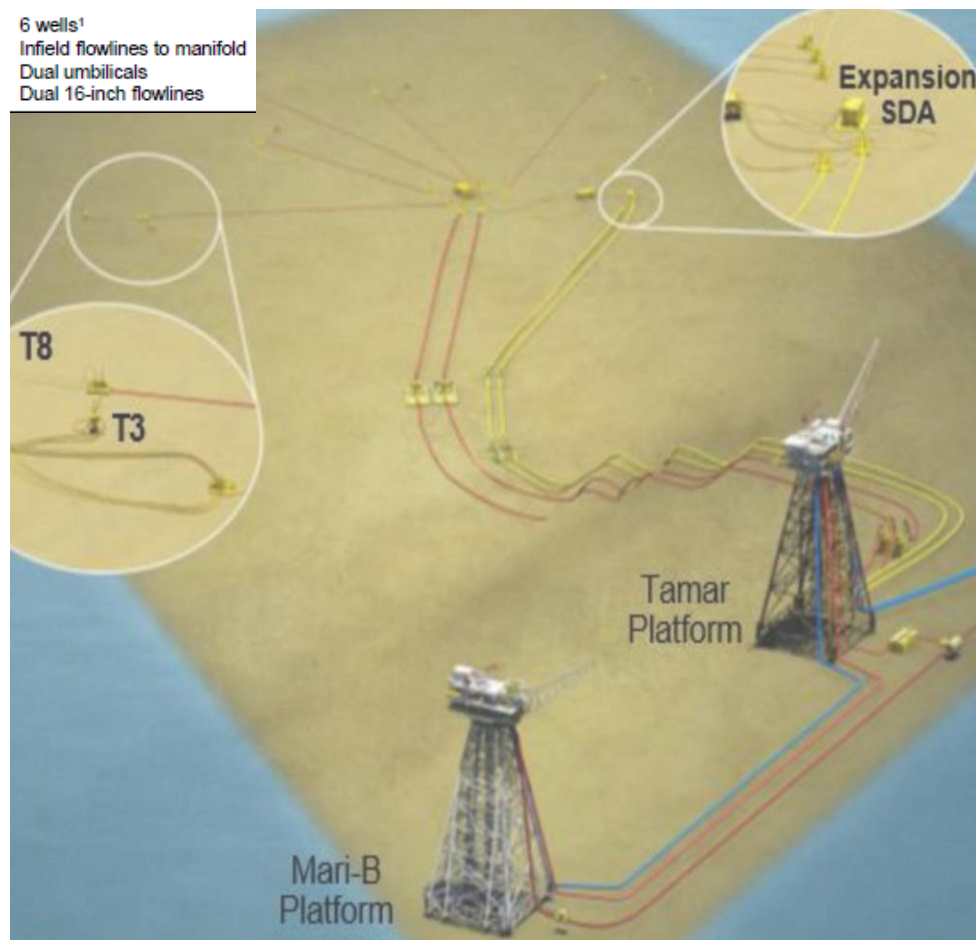
Successful Leviathan Bond Issuance

- On 4th August 2020, Leviathan Bond Ltd, a wholly owned subsidiary of Delek Drilling, priced USD 2.25bn in a highly anticipated and very successful multi-tranche 3,5,7 and 10 year transaction
- Strong demand from international real money accounts allowed Leviathan to tighten 12.5 -50bps across tranches from IPT levels, achieving an excellent result for the issuer despite the continued volatility in the global O&G sector and amid a turbulent market environment due to Covid-19 pandemic

Issuer / Sponsor	Leviathan Bond Ltd. / Delek Drilling LP			
Format	Rule 144A and Regulation S			
Ranking	Senior Secured Notes			
Rating	Ba3 / BB --/ BB (M / S / F)			
Issue size	USD 2.25bn			
Amount per tranche	USD 500mm	USD 600mm	USD 600mm	USD 550mm
Tenor	3- Years	5- Years	7- Years	10- Years
Maturity date	30 th June 2023	30 th June 2025	30 th June 2027	30 th June 2030
Coupon	5.75%	6.13%	6.50%	6.75%
Listing	TACT Institutional			
Use of proceeds	Fund the Debt Payment Fund Required Balance, to repay in full indebtedness extended for the development of Leviathan (which HSBC had previously led),and for general corporate purposes			



TAMAR – WORLD CLASS DEEPWATER PROJECT



- Ownership**
 Delek Drilling 22%, Isramco 28.7%, Dor Gas 4%, Everest 3.5%, Tamar Petroleum 16.75%, Chevron Corp. (operator) 25%
- 2P Reserves***
 10.5 tcf (297 bcm); / 13.6 mmbbl condensate
- First gas**
 End of Q1 2013
- Development budget:**
 \$3.1 Billion (100%)
- Production capacity**
 1.1 bcf/d (250 mmcf/d from each well)
- Global Scale Development & Operation :**
 less than 4.5 years from discovery to first gas, strong operational track record and low running costs
- Delek Drilling is required to divest its entire 22% WI by Dec-2021

*Reserves estimate as published in "Discounted Cash Flow Figures and Reserves in the Tamar Lease for Dec 2020"

MOU WITH MUBADALA PETROLEUM FOR THE SALE OF DELEK DRILLING'S 22% WI IN TAMAR

14



- ❑ In accordance with the provisions of the Government decision regarding the "Gas framework", the Partnership is required to transfer its full rights in the Tamar project by December 17, 2021
- ❑ The Partnership on 26 April 2021 entered into a non-binding memorandum of understanding (the "MOU") with investors led by Mubadala Petroleum to sale its 22% in Tamar Project
- ❑ The consideration for receipt of the rights is of up to US \$1.1 billion, which shall consist of an unconditional payment of US\$1 billion and a contingent payment of up to US\$100 million which will be paid subject to certain terms and goals being met as shall be agreed between the Parties in the Definitive Agreement.
- ❑ The Parties are working to finalize the Definitive Agreement in the coming weeks

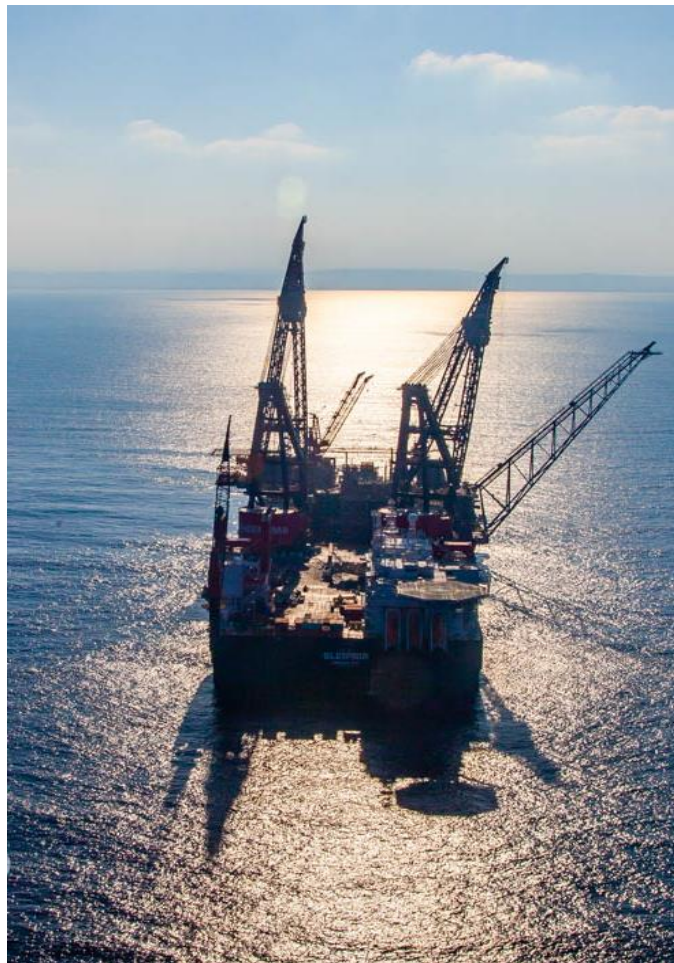
TAMAR RELATED DEBT

- Initial issuance of \$2.0B Tamar Bond (Devtam) with 5 bullets payment maturities of \$400mm each
- 2016, 2018 and 2020 bullets payed as well as \$320mm repayment due to sale of 9.25% WI
- \$640 mm outstanding in 2 series of \$320mm bullets payment in years : 2023, 2025
- A Mandatory pre-payment of the Devtam Bonds is expected upon closing of the Tamar sale transaction



NEAR TERM MILESTONES

Activity & Operation :



Leviathan
Gas Sales
to capacity

Israel
+
Jordan
+
Egypt

Tamar Divestment,
Structural Change
&
London Listing

Aphrodite

Leviathan
Deep

Leviathan Potential Expansion : DSMX + REM

YEARS 2021-2022



Delek Drilling

THANK YOU

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