

Delek Drilling

J.P. MORGAN EMERGING MARKETS CREDIT CONFERENCE

September - 2020

DELEK DRILLING EASTERN MED E&P OPERATION

Transforming the Levant Basin into a Natural Gas Export Hub



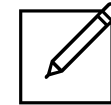
Tel-Aviv listed LP
with a market
cap of c. \$1.6
Billion



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

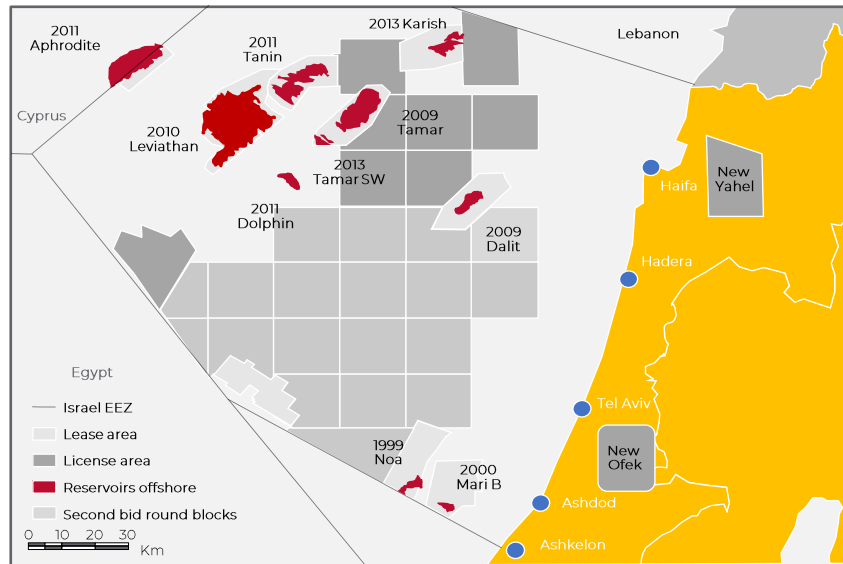


Financial
strength based
on robust cash-
flow and
economic value
of assets

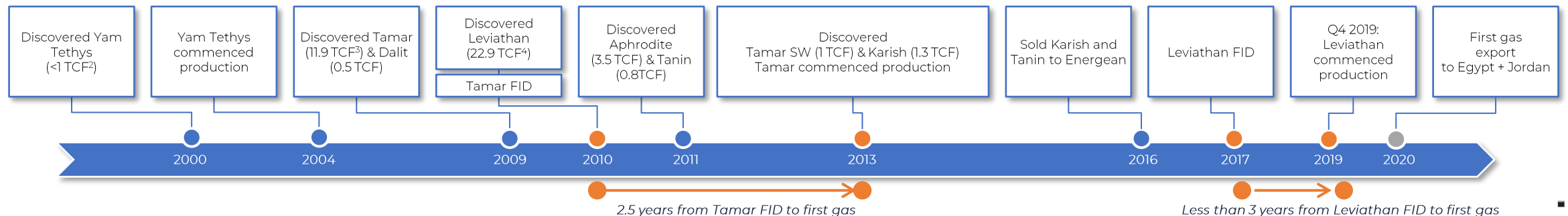
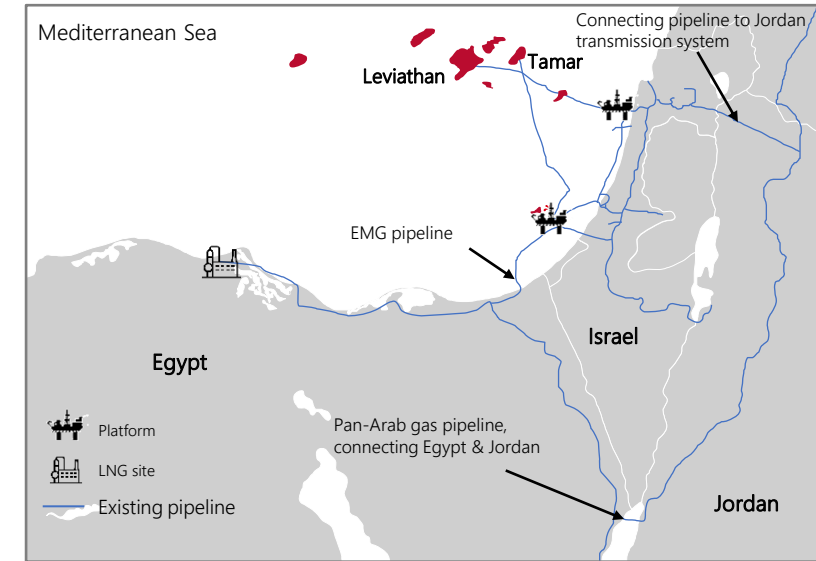
DELEK DRILLING – THE LEADING E&P PARTNERSHIP IN THE EAST MED

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

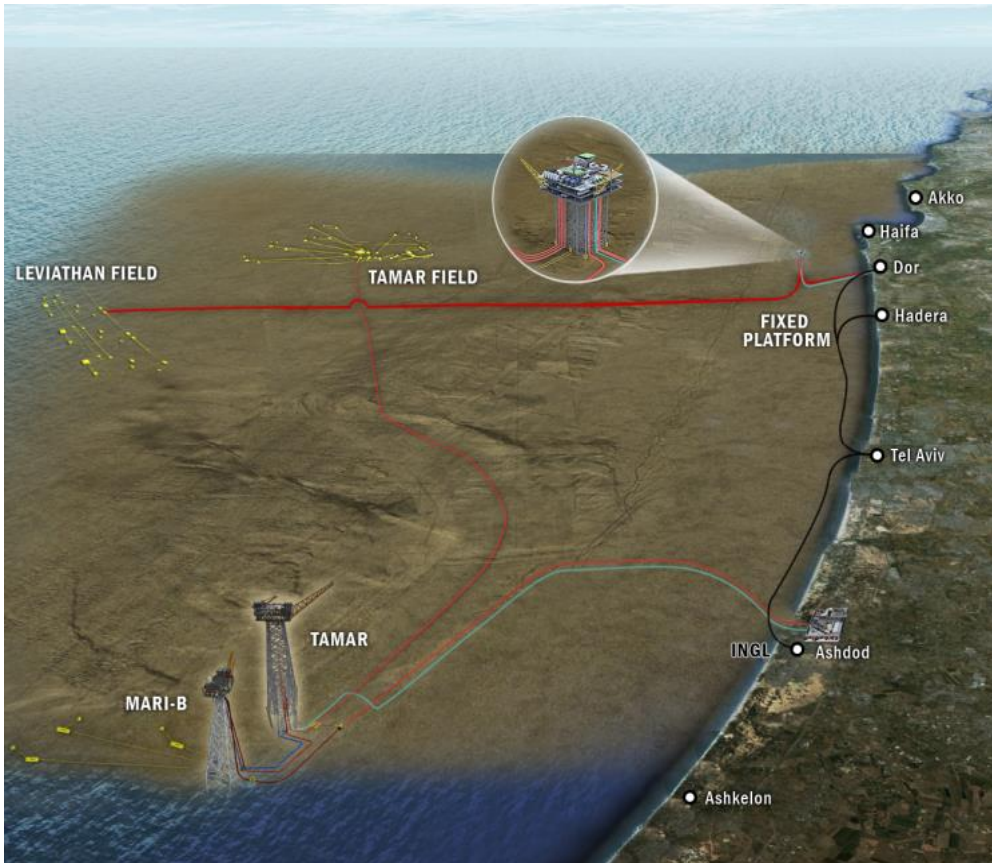
¹ Dolphin license has expired; following the sale of Karish and Tanin, Delek Drilling holds an entitlement to royalties

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%, Noble Energy (operator) 39.7%
- **2P+2C Resources* (Recently updated)**
22.8 tcf (649 bcm), 41 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)

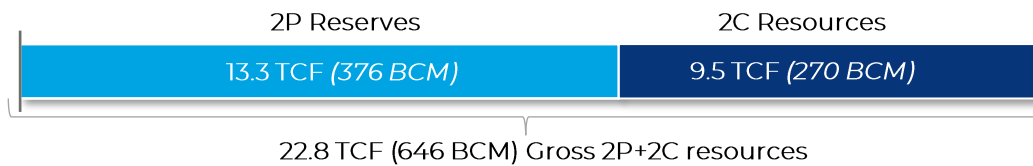
*Resources estimate as of June 20

LEVIATHAN GAS FIELD – UNIQUE ASSET CHARACTERISTIC

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- Discovered in 2010, Leviathan is one of the world's most attractive gas assets
- Noble Energy is the operator of the field on behalf of the Leviathan Partners. On July 20, 2020 Chevron Corporation entered into an agreement to acquire 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 base³



Reserve life

- 2P : 31 years⁴
- 2P + 2C : 54 years⁴

Strong asset value and financial profile

NPV10
(45.34% WI)

- 2P: \$4.0bn⁵
- 2C: \$0.4bn⁵
- 2P + 2C: \$4.4bn⁵

Avg. financial metrics through
2034
(45.34% WI)²

- 2P Revenue: \$938.9mm⁵
- 2P EBITDA: \$677.8mm⁵

² Based on 2021 - 2034

³ Not including Leviathan Deep oil prospective resources; excludes 0.1TCF produced in 1H2020

⁴ Based on gross capacity of 12 BCM p.a.

⁵ NPV10s as of 30th June 2020 according to latest NSAI report from July 2020;

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

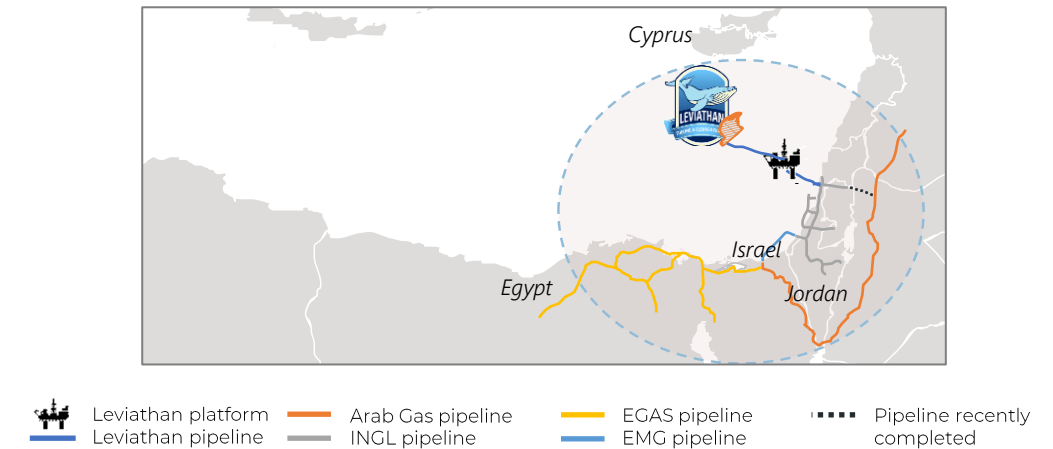
Egypt

- 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 Noble Energy in the EMG pipeline connecting Israel and Egypt

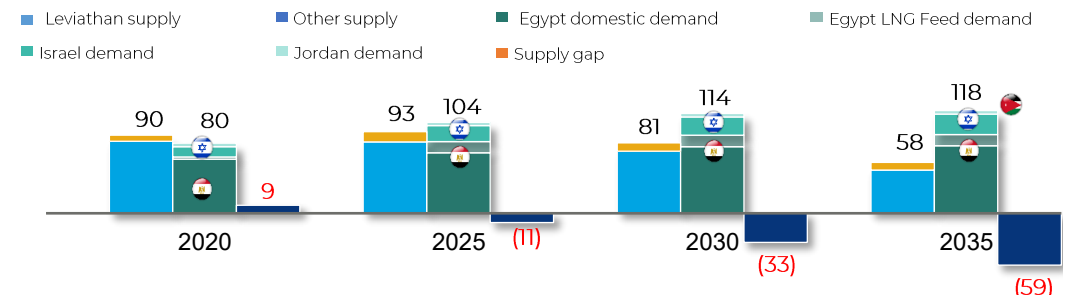
Jordan

- 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

Key markets and connectivity



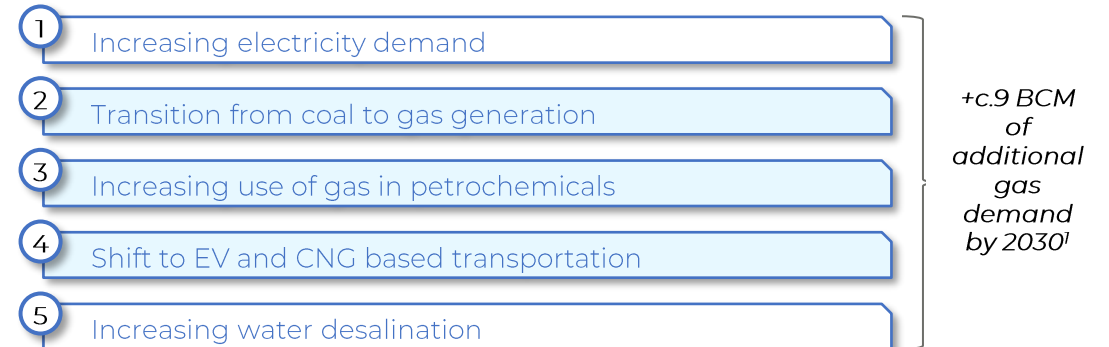
Regional supply and demand dynamics (BCM)



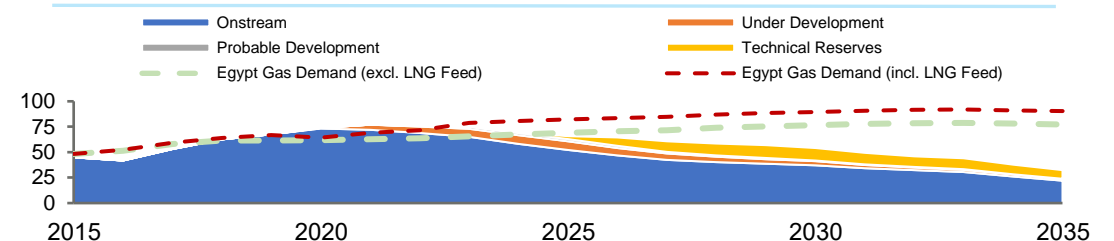
... WELL POSITIONED TO TAKE ADVANTAGE OF INCREASING REGIONAL GAS DEMAND

- 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

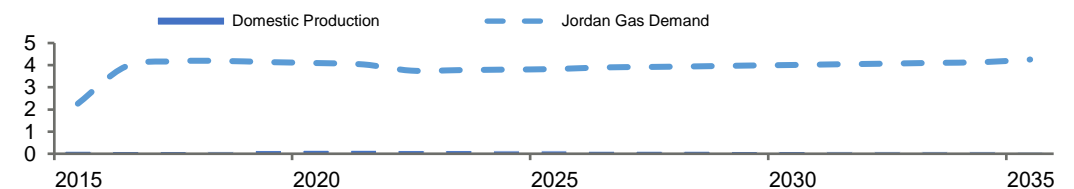
Key drivers of Israel's gas demand growth



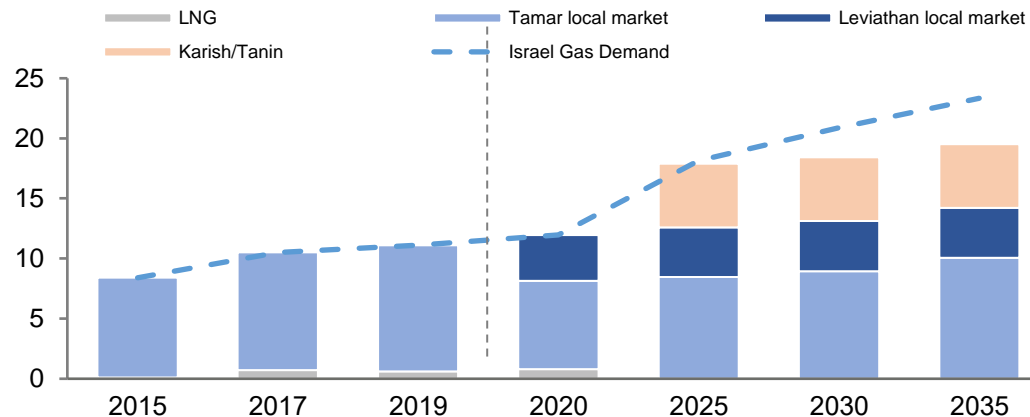
Egypt Supply Demand Dynamics³



Jordan– Stable demand with no domestic supply³



Country supply and demand dynamics (BCM)



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 basis¹
- 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

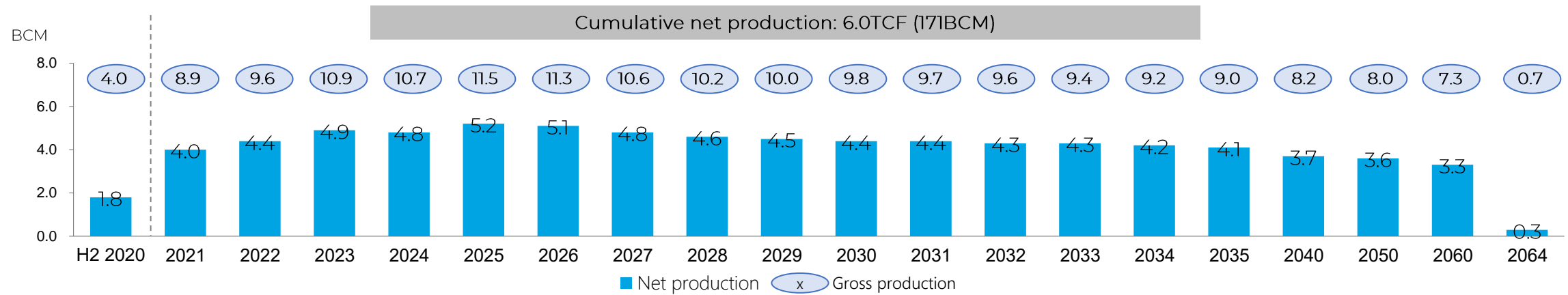
- 2.1 bcm/y until 06/2020
- 3.6 bcm/y until 06/2022
- 4.7 bcm/y remaining term with a Take or Pay commitment
- Brent linked formula
- Floor price

Represent Approx. 70% of sales in phase 1a

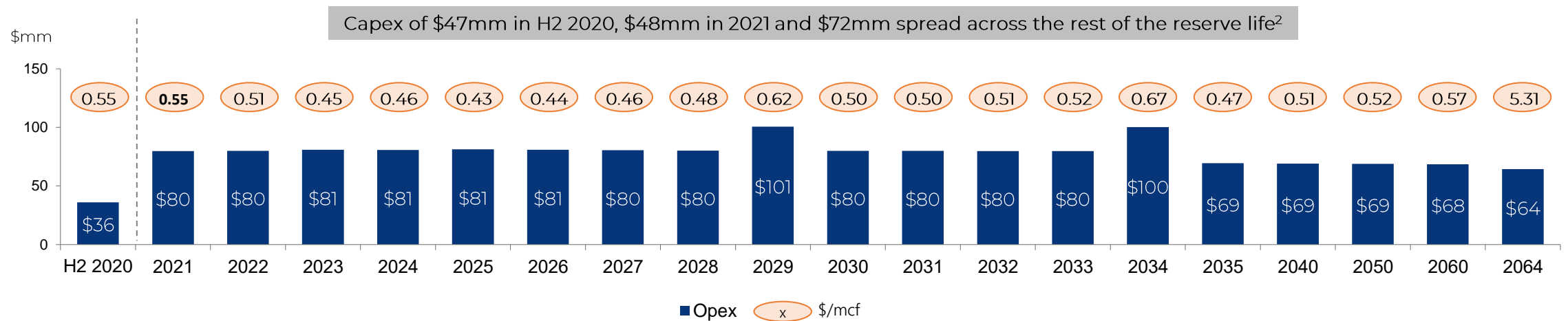
1. Under legal/regulatory procedures

LONG LOW COST PLATEAU PRODUCTION

Net production profile (2P)¹



Net OPEX profile (2P)^{1,2}



¹ Based on gross 12 BCM p.a. production capacity; Additional wells not included, hence moderate reduction in production profile

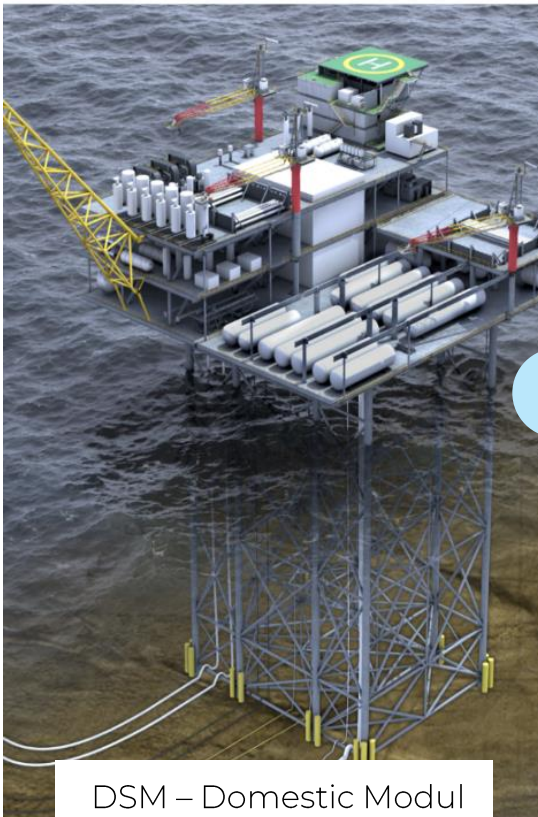
² Major well interventions included in Opex; No additional wells needed for 2P reserves case; Capex includes Abex

LEVIATHAN – MODULAR DEVELOPMENT

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Cost effective expansion options

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



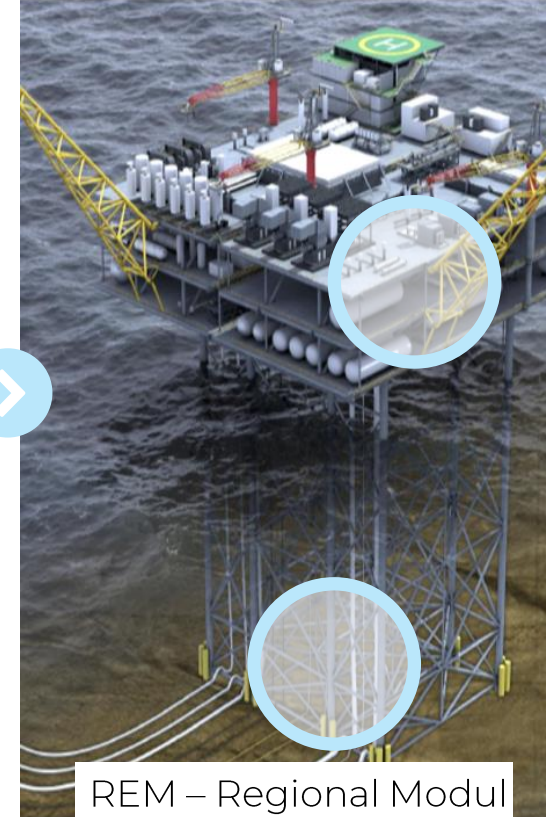
DSM – Domestic Modul

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

LEVIATHAN FINANCING



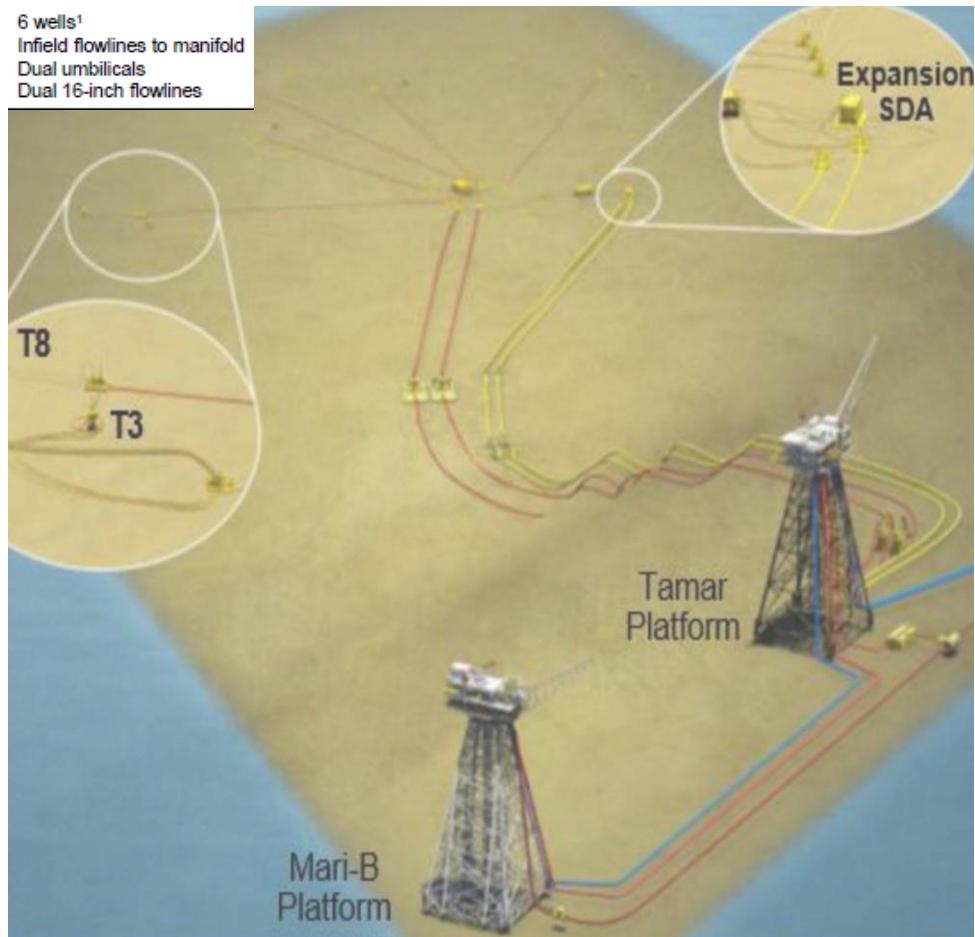
Successful Leviathan Bond Issuance

- 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			



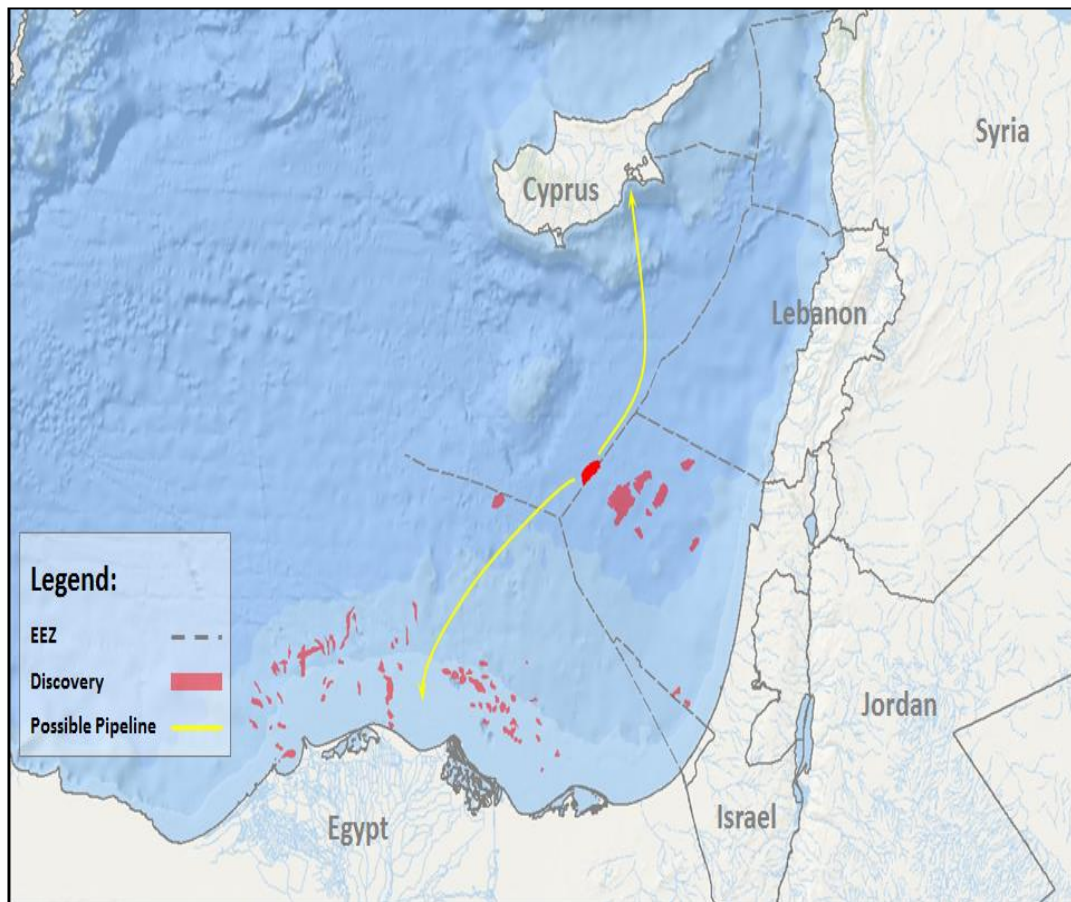
TAMAR – WORLD CLASS DEEPWATER PROJECT



- **Ownership**
Delek Drilling 22%, Isramco 28.7%, Dor Gas 4%, Everest 3.5%, Tamar Petroleum 16.75%, Noble Energy (operator) 25%
- **2P Reserves***
10.6 tcf (306 bcm); / 13.8 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 June 2020"

CYPRUS – APHRODITE FIELD

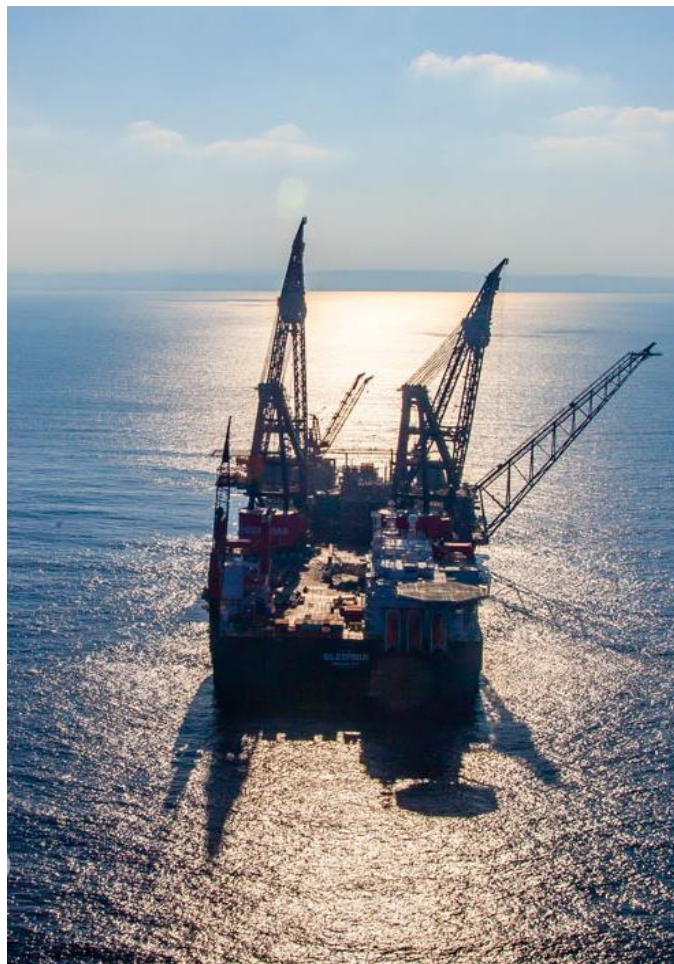


- **Ownership**
Delek Drilling 30%, Shell 35%, Noble Energy (operator) 35%
- **Discovered Contingent Resources (2C) ***
3.5 tcf (100 bcm)
- **Additional Prospective Resources (P50)**
1.0 tcf (29 bcm)
- **Location**
168 km south of Limassol
1,700m water depth
- **Target markets**
Cyprus - Domestic
Egypt - Domestic + LNG facilities
- **Estimated production capacity**
600-800 mmcfd
- **Status**
Development plan submitted to Cypriot Government

* reserves estimate -2019 Annual report

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 2020-2022



Delek Drilling

THANK YOU

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