



**Capricorn**

# Creating a MENA Gas and Energy Champion

**Investor Presentation**

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**29 September 2022**



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The Recommended Combination relates to the acquisition of an Israeli limited partnership and is proposed to be effected by means of a scheme of arrangement under the laws of Israel. A transaction effected by means of a scheme of arrangement is not subject to proxy solicitation or tender offer rules under the U.S. Exchange Act. Accordingly, the Scheme is subject to the disclosure requirements, rules and practices applicable in Israel to schemes of arrangement, which differ from the requirements of U.S. proxy solicitation or tender offer rules.

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**Simon Thomson**  
*Chief Executive Officer  
Capricorn*

- ✓ Joined Cairn Energy (now Capricorn Energy) in 1995
- ✓ Capricorn Board member since 2006
- ✓ CEO of Capricorn Energy since 2011



**Yossi Abu**  
*Chief Executive Officer  
NewMed*

- ✓ Joined Delek Drilling (now NewMed Energy) in 2009
- ✓ CEO of NewMed since 2011
- ✓ Former senior professional advisor to Israel Minister of Finance Roni Bar-On
- ✓ Led Leviathan and Tamar developments



**James Smith**  
*Chief Financial Officer  
Capricorn*

- ✓ Joined Capricorn Energy in 2014
- ✓ Capricorn Board Member and CFO since 2014
- ✓ Former energy sector investment banker



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**Simon Thomson**  
**CEO, Capricorn**



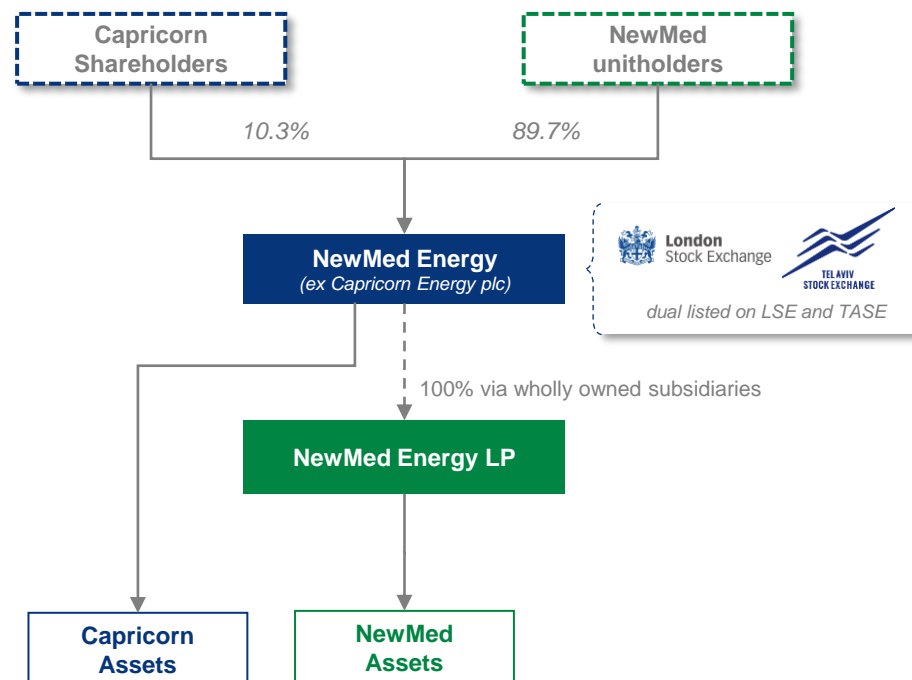


# Transaction Overview

*Recommended strategic combination of NewMed and Capricorn, achieved through an all-stock reverse takeover*

Key Terms	<ul style="list-style-type: none"> <li>Pro-forma ownership<sup>1</sup>: 89.7% NewMed shareholders, 10.3% Capricorn shareholders</li> <li>Pre-completion dividend to Capricorn shareholders of \$620m<sup>2</sup> <ul style="list-style-type: none"> <li>£1.72 dividend per share</li> <li>£0.99 exchange value per share<sup>3</sup></li> </ul> </li> <li>Combined company will be headquartered in the UK with leadership from both companies</li> <li>Combined company will be LSE listed, with secondary listing on TASE</li> </ul>
Premium	<ul style="list-style-type: none"> <li>Exchange ratio represents c.13% premium to the current Capricorn share price<sup>4</sup></li> <li>c.46% premium to the theoretical ex-dividend share price<sup>5</sup></li> </ul>
Timing	<ul style="list-style-type: none"> <li>Completion targeted in Q1 2023</li> </ul>

## Post transaction shareholding structure



Source: Partnership information

<sup>1</sup> Based on NewMed issued share capital (pre-dilution) of 1,174m, Capricorn issued share capital (pre-dilution) of 315m, exchange ratio of 2.3373x. <sup>2</sup> Proposed pre-completion special dividend of \$620m paid to Cleopatra's existing shareholders and to participants in certain of Cleopatra's share plans, of a cash sum in settlement of their "dividend equivalent" rights. <sup>3</sup> Based on NewMed GBP closing price of £2.30/sh as of 28 September 2022 and exchange ratio of 2.3373x. <sup>4</sup> Based on Capricorn GBP share price of £2.40 on 28 September 2022. <sup>5</sup> Based on £0.99 exchange value per share and theoretical Capricorn GBP share price ex-dividend of £0.68.

## Gas

- One of the largest upstream energy independents listed in London
- >90% gas weighted portfolio
- Pivotal player in meeting regional energy demand

## Financial Strength

- Long reserve life
- Expectation of contracted, secure and visible cash flows
- Strong balance sheet

## Growth

- Visible near-term growth
- Expectation to double production by 2030 from existing portfolio<sup>1</sup>
- Geared to supply LNG to Europe

## Returns

- Attractive shareholder returns
- Planned annual dividend of >30% of annual FCF (pre-growth capex)

## ESG

- Commitment to Net Zero Scope 1+2 by 2040
- Premium list governance



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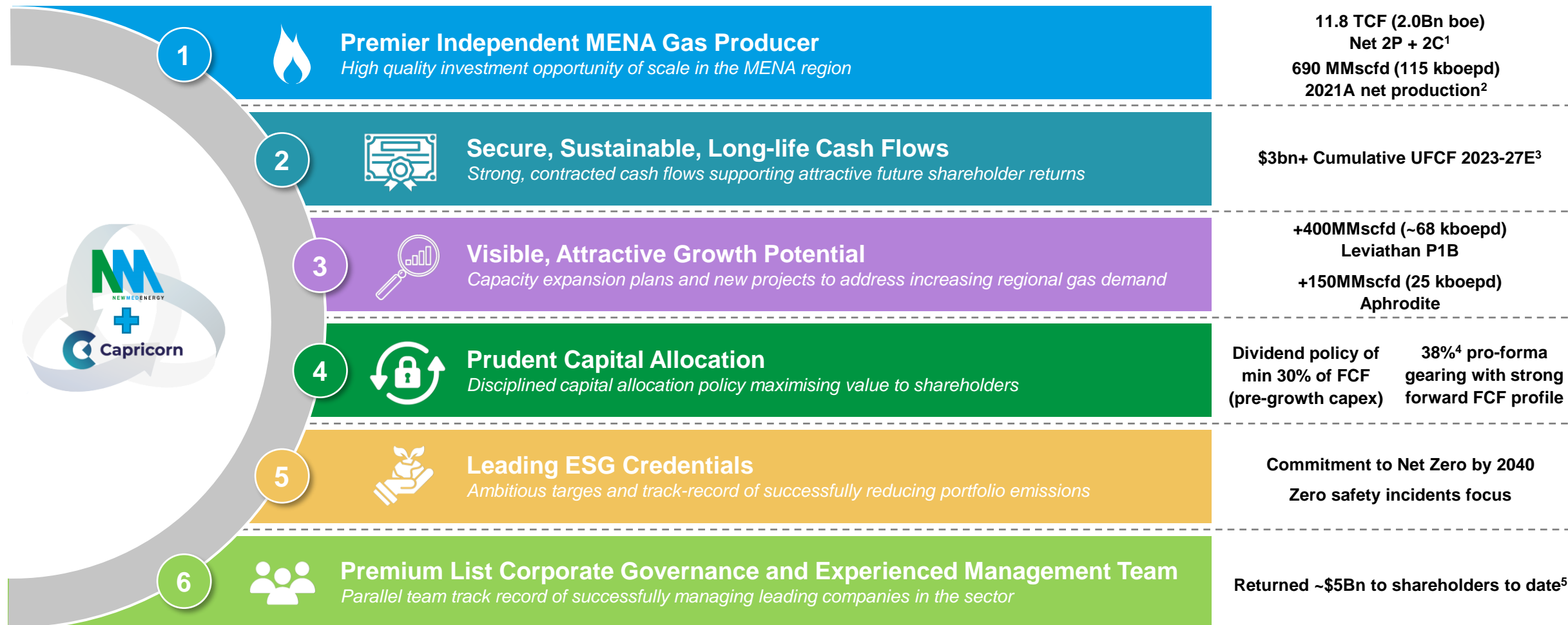
Capricorn



**Yossi Abu**  
**CEO, NewMed**







Source: Partnership information; Note: European independent energy peers include Harbour Energy, AkerBP, Energean, Kosmos and Neptune. BCF = 0.167 Mmboe

<sup>1</sup> Year end 2021 CPR. Boe include Capricorn oil 2P and 2C. <sup>2</sup> Comprised fully of Leviathan's 45.34% working interest; <sup>3</sup> Unlevered free cash flow for existing producing assets, according to Leviathan NSAI report as of December 2021 and Capricorn estimate. <sup>4</sup> Calculated as proforma post dividend net debt of \$1,967m as of Jun-2022 divided by EV. EV calculated as a sum of the net debt and theoretical proforma market cap calculated based on the £0.99/sh value from the exchange and proforma shares issued of 3,256m (315m Capricorn shares and 1,174m NewMed shares at 2.3373x exchange ratio). <sup>5</sup> Capricorn dividends and buybacks in the last 15 years.

# 1 Creating a MENA Gas and Energy Champion



## Cyprus

### Aphrodite

Large discovered resources expected to underpin standalone LNG export development to deliver additional gas to Europe and global markets



## Israel

### Leviathan Phase 1A

Large, long-life, flagship producing asset delivering gas to strong credit quality off-takers under long-term, take-or-pay contracts with downside protection



## Israel

### Leviathan Phase 1B

Low-cost, high-return brownfield expansion of flagship project expected to facilitate delivery of LNG to European export markets



## Mauritania

### Offshore Mauritania

Exploration prospectivity in a proven play



## Egypt

### Egypt Western Desert

Cash generative producing assets with attractive near-field appraisal, development and exploration opportunities in Western Desert



— Producing Assets

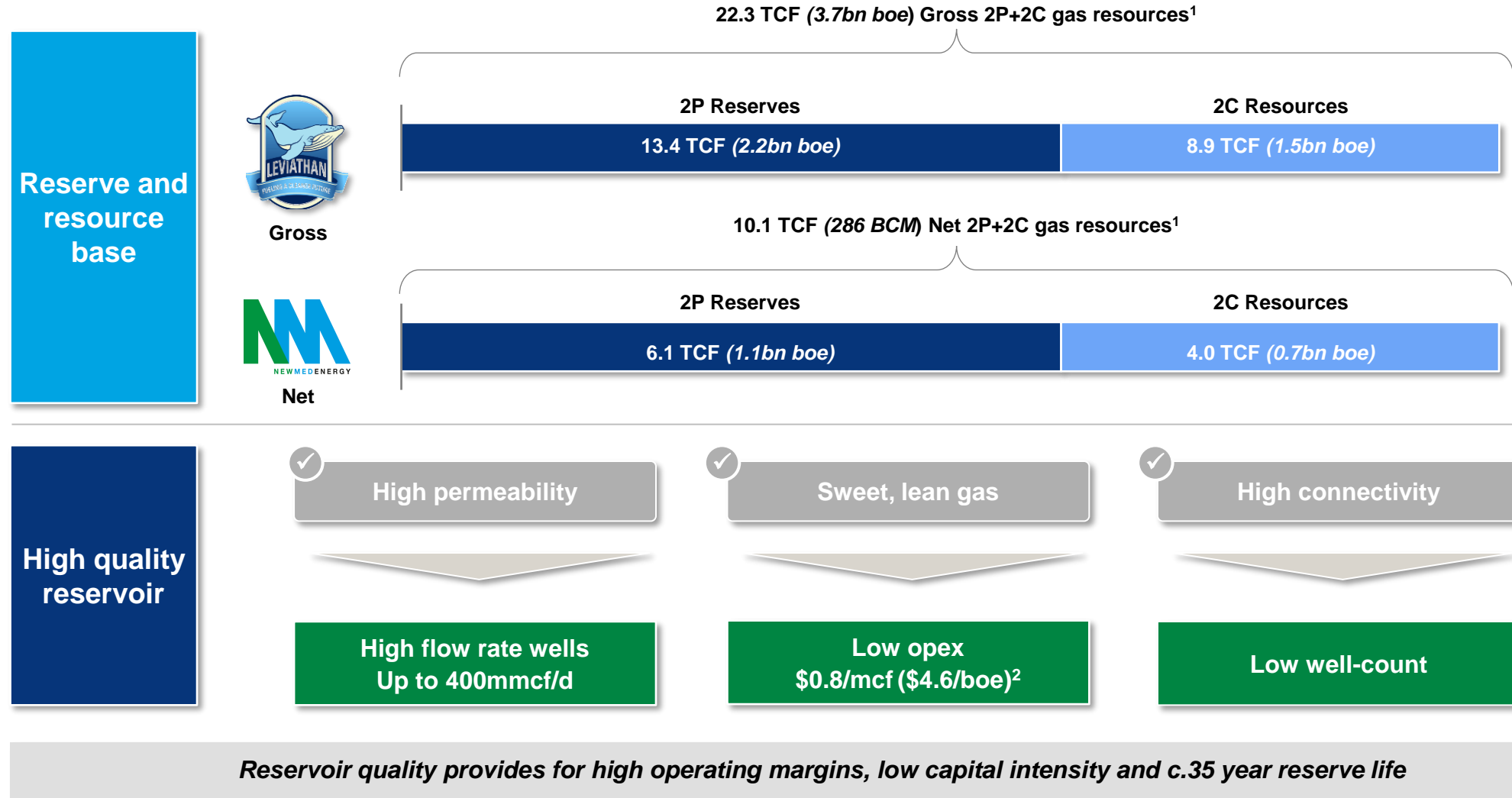
— Development and Key Exploration Assets





*World class gas-focused portfolio of producing and development assets*



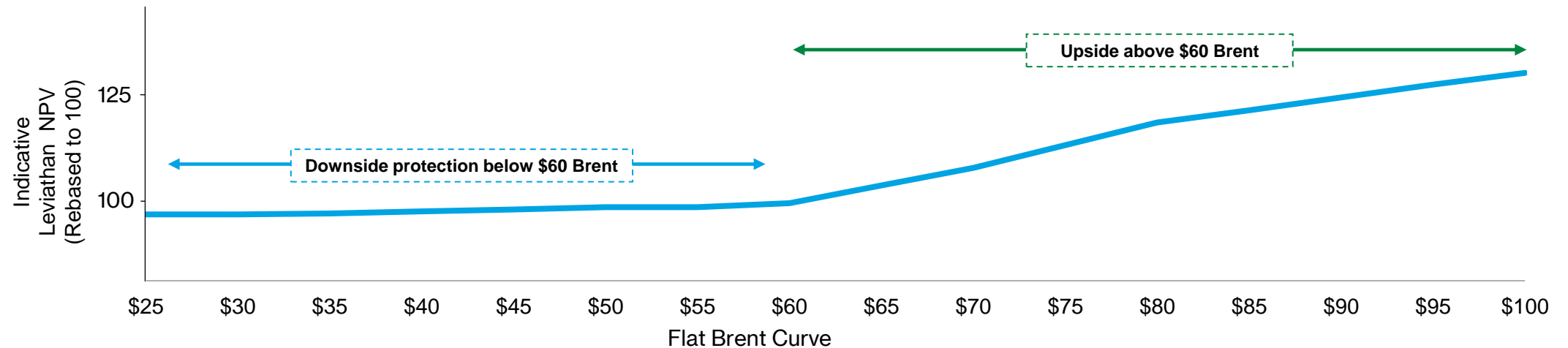
# 1 Leviathan: High Quality Reserves and Resources with Low-cost Production

*NewMed Energy's core asset Leviathan ranks as one of the world's most attractive gas fields*



-  Multi-decade production beyond 2050
-  Predictable price mechanism with downside protection (average realised Q2 2022 gas price of \$6.5/mcf)
-  Long-term domestic and regional export contracts with take-or-pay mechanism
-  Expansion Capex potentially funded from cash flows

## Secure and stable cash flows with downside protection



**Long-life cash flows underpinned by a substantial portion of long-term, take-or-pay contracts**



## Key Considerations

Dry gas with limited impurities requires simple processing facilities

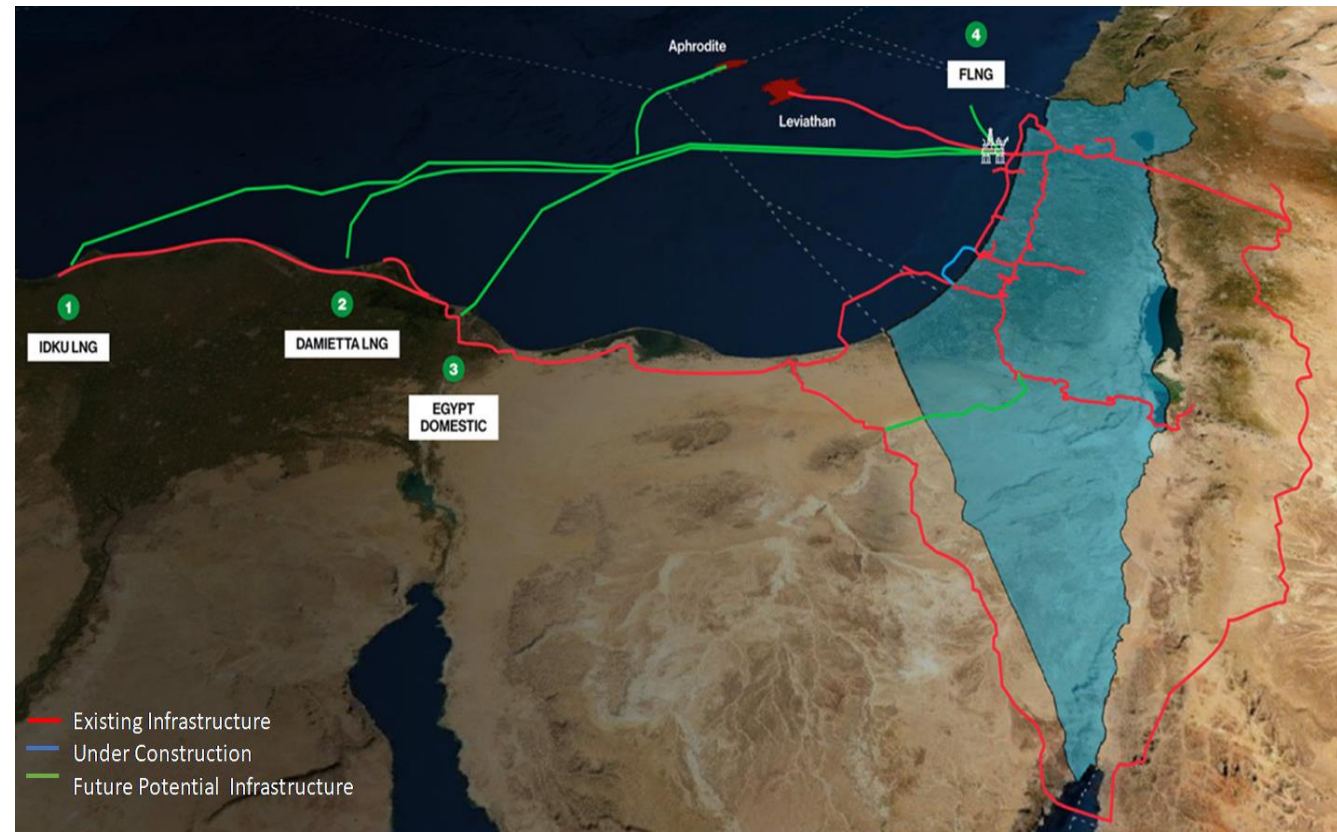
Original development designed with provision for expansion

### Phase 1A

- Initial stage of development; sanctioned Feb 2017; first gas end 2019
- 4 high rate wells with capacity of over 1.2 BCF/d
- Ultra low Scope 1+2 emissions: ~1.7kgCO<sub>2</sub>e/boe

### Phase 1B

- Concept select underway with Pre-FEED expected 2023
- Platform capacity expansion with addition of a Regional Export Module (REM)
- Two additional wells, subsea infrastructure and processing trains
  - Incremental capacity: 900MMscf/d
- Gas liquefaction capacity
  - Utilisation of available Egyptian liquefaction capacity
  - Addition of FLNG vessel to diversify export markets
- Additional infill wells to be added as required dependant on market demand and to maintain excess well capacity



**Leviathan capacity expansion can meet growing regional gas demand and provide LNG to international markets this decade**

## 1 Leviathan

### Phase 1B Facilities Expansion



- Platform capacity expansion with addition of a Regional Export Module (REM) adding 900 MMscfd (150kboepd) capacity
- Capacity expansion to 2.1Bcf/d (350kboepd)
- Expansion to export pipeline capacity
- Additional pipeline sales to Israel, Egypt and Jordan
- Access to under-used regional liquefaction capacity, or dedicated facilities
- Pre-FEED 2023; Target first gas < 2030
- Partners: Chevron (39.66%), Ratio (15%)

## 2 Aphrodite

### Tieback to existing facilities



- Development of subsea facilities with ~500MMscfd (83kboepd) capacity, tied back to existing Egyptian gas network
- Raw gas to be flowed to existing liquefaction facilities via existing pipelines
- Spare capacity in Egyptian network and processing facilities combined with minimal regulatory bottlenecks make it a favourable option
- Pre-FEED 2023/2024; Target first gas <2030
- Partners: Chevron (35%), Shell (35%)

## 3 Egypt Western desert assets

### Egypt Western desert

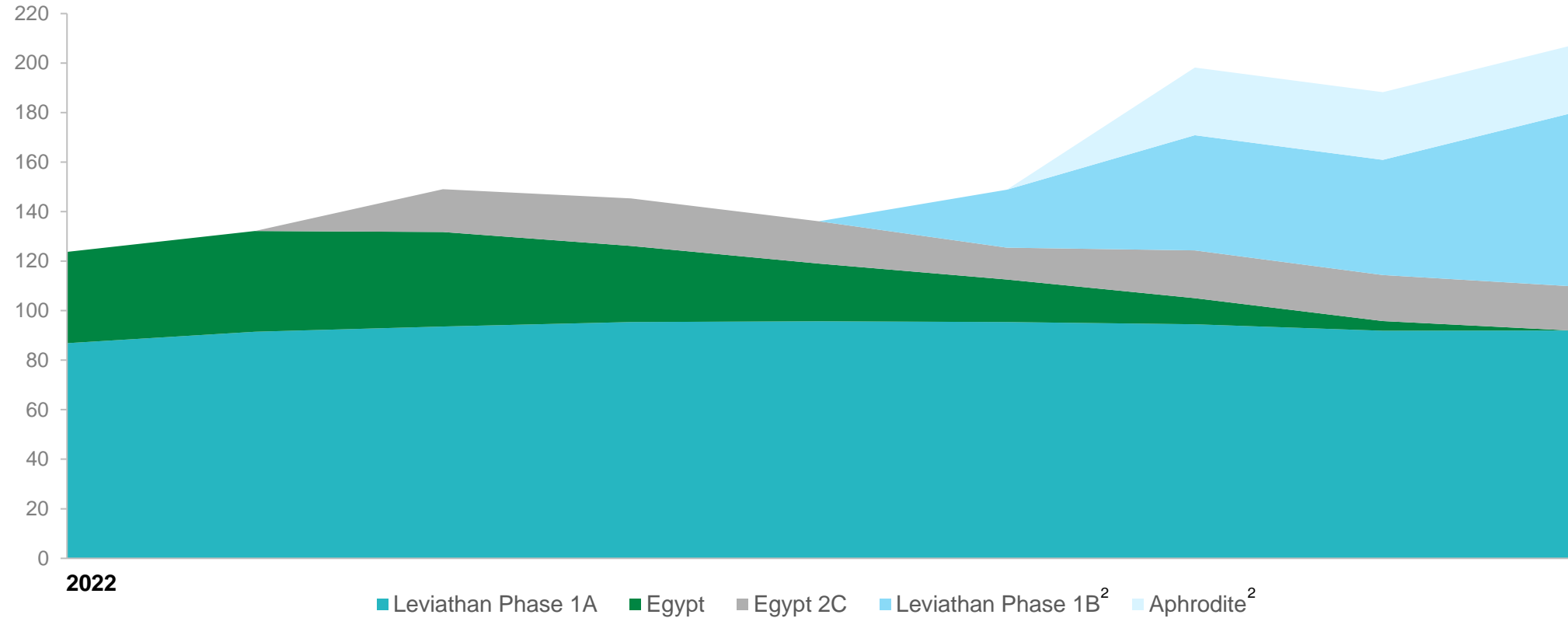


- Low-cost, gas-weighted onshore production with strong near-term development and exploration potential
- Producing fields split over four distinct areas, including the Obaiyed area, containing Egypt's largest onshore gas field
- Active drilling programme targeting robust opportunity inventory with current focus on liquids
- Rapid payback, high IRR opportunities
- Partner: Cheiron (50%)



## Estimated net production profile<sup>1</sup>

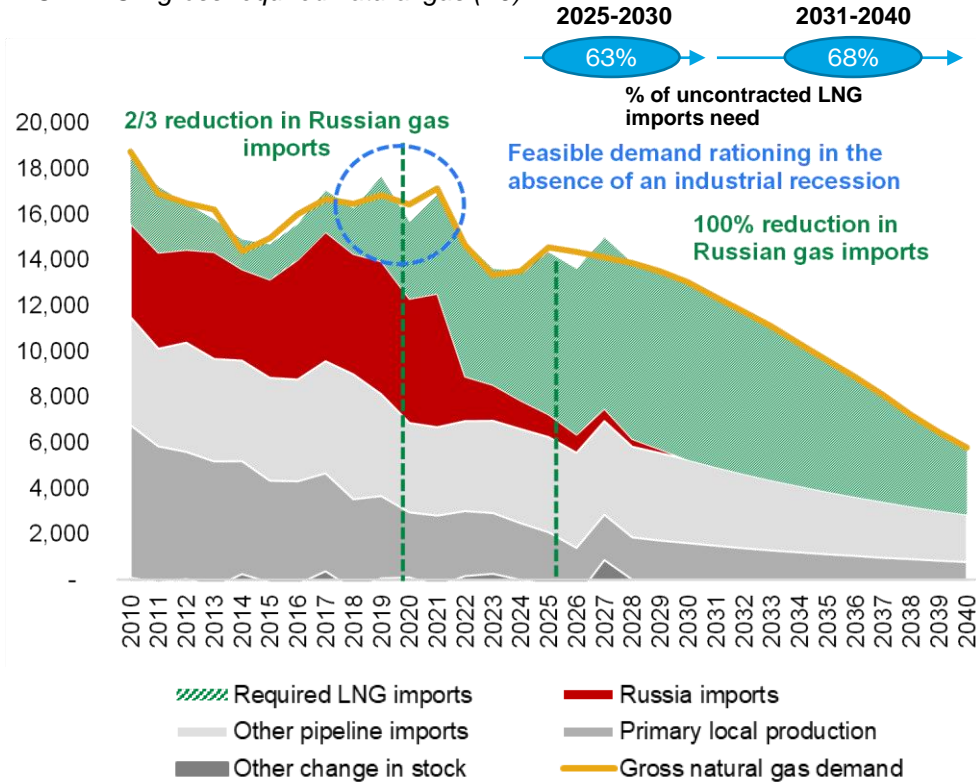
kboed



**Leviathan Phase 1B and Aphrodite development expected to deliver portfolio production > 1.2Bcf/d (200 kboepd) production by 2030**

#### Europe seeking to replace ~21 BCF/d<sup>1</sup> of Russian gas supply in 2030

EU27 + UK gross required natural gas (PJ)



#### Well placed to supply gas to Europe

##### Trilateral Natural Gas Agreement

- Signed by Israel, Egypt and the European Union in Jun-2022
- Aimed at reducing European dependence on Russian supplies

##### Israel's Contribution

- Deal to allow Israel to ramp up natural gas exports to Europe
- 22% surge in natural gas output in H1 2022, as Israel promises to accelerate production

##### Leviathan Role

- Leviathan along with Tamar: major contributors to production increase
- Expansion of regional export infrastructure and addition of dedicated liquefaction capacity

**Well-placed to deliver reliable source of gas to regional and European markets**



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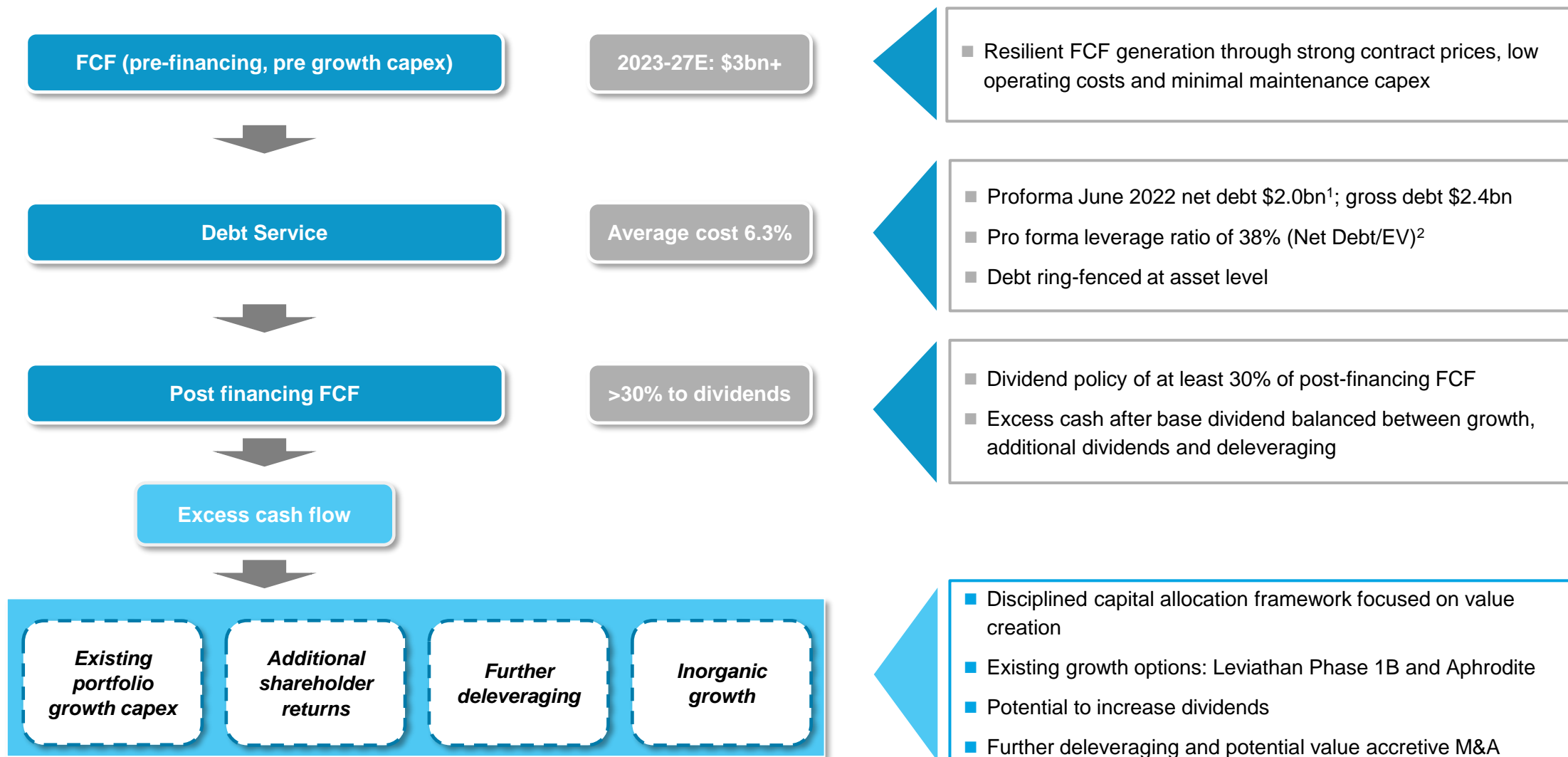
**James Smith**  
**CFO, Capricorn**





## 4 Prudent Capital Allocation Policy

*Resilient cash flows and prudent balance sheet support material and sustainable dividend capacity*

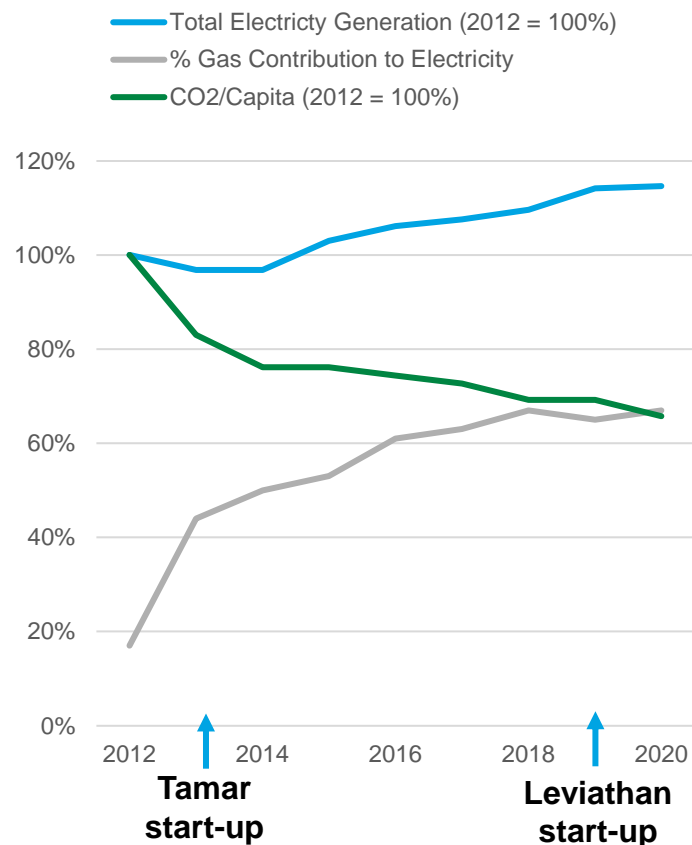


Source: Partnership information;

<sup>1</sup> Proforma net debt after \$620m dividends. <sup>2</sup> Calculated as proforma post dividend net debt of \$1,967m as of Jun-2022 divided by EV. EV calculated as a sum of the net debt and theoretical proforma market cap calculated based on the £0.99/sh value from the exchange and proforma shares issued of 3,256m (315m Capricorn shares and 1,174m NewMed shares at 2.3373x exchange ratio).

## Committed to Scope 1+2 Emissions Net Zero by 2040

### Track record with Israel focus



### Commitment and road map

- Committed to Net Zero Scope 1+2 by 2040
  - Operational decarbonisation activities underway in Egypt
  - Zero routine flaring by 2030 in line with World Bank initiative
  - Continue to pursue carbon sequestration opportunities
  - Portfolio of high quality, diversified carbon offsets
- Committed to UN SDGs and transparent ESG disclosure under TCFD, SASB and GRI
- Continued pursuit of gas resources with the aim to offset regional and international coal fired power generation, as proven in Israel
- MOU with Enlight Renewable Energy
  - Joint development of renewable energy projects across MENA
  - Intention to leverage local partnerships and relationships for future developments

**Track-record of successfully reducing emissions at the portfolio and national level**

## Principles



Respect



Relationships



Responsibility

## Oversight

### Proposed Board Structure

Non-Executive Chair: Simon Thomson<sup>1</sup>

5 Independent Directors (2 from Capricorn)

2 Shareholder Directors

2 Executive Directors: CEO & CFO

## Governance

Nomination &  
Governance  
Committee



Audit  
Committee



Remuneration  
Committee



Risk  
Management  
Committee



Sustainability  
Committee



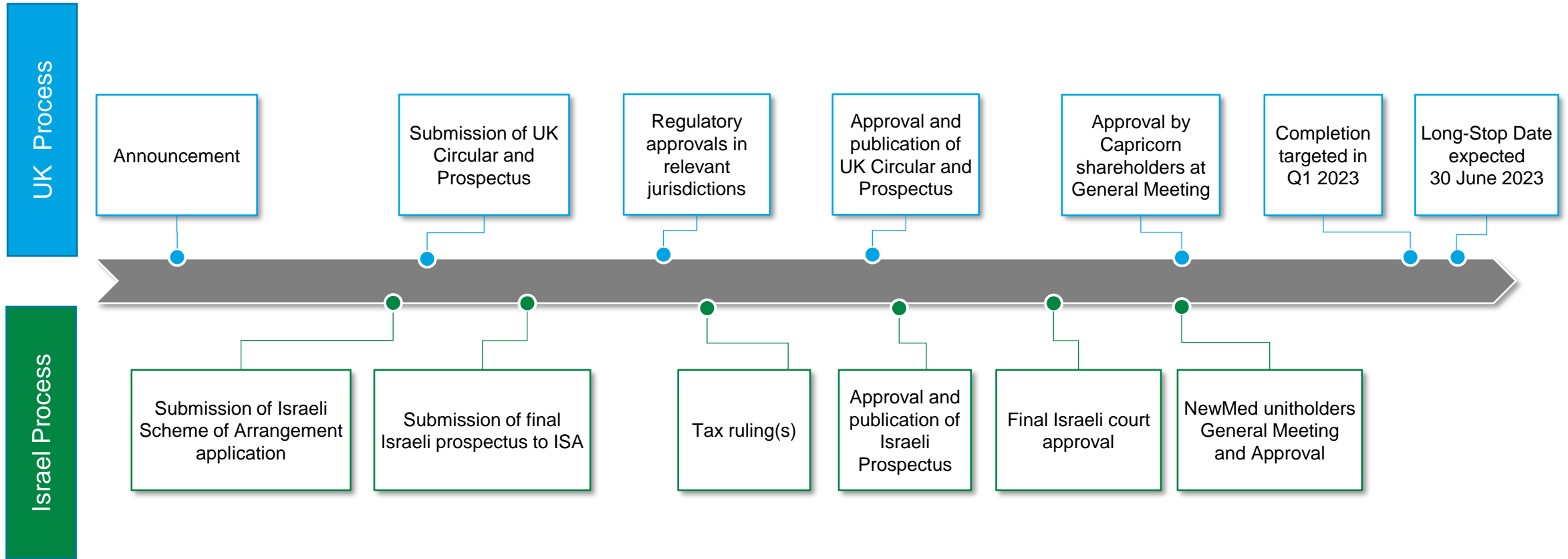
Executive  
Committee



## Relationship Agreement Highlights

- Customary independence provisions under the listing rules
- 12-month lock-up of Delek Group's shares
- Delek Group's right of appointment of two directors while their ownership stake remains above 25%
- Delek Group to remain below 50% at completion and be subject to usual Takeover Code rules on further acquisitions







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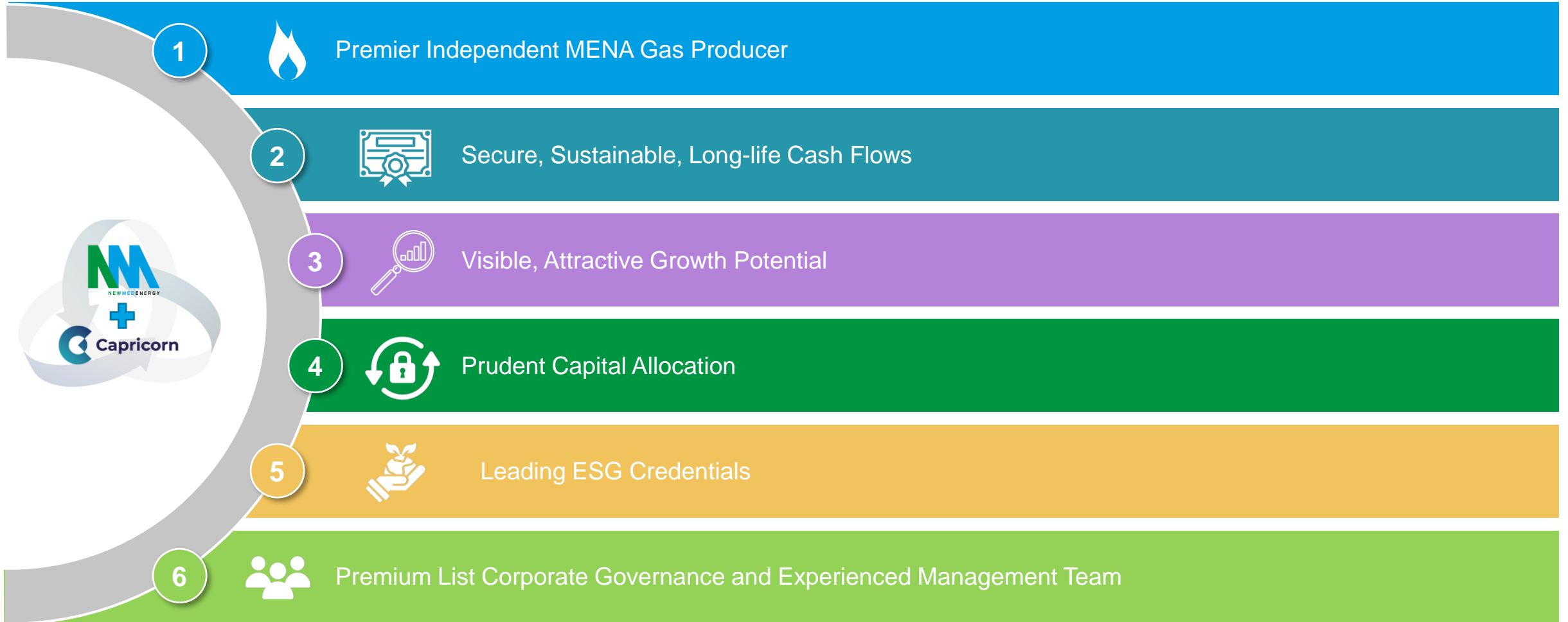


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**Yossi Abu**  
**CEO**



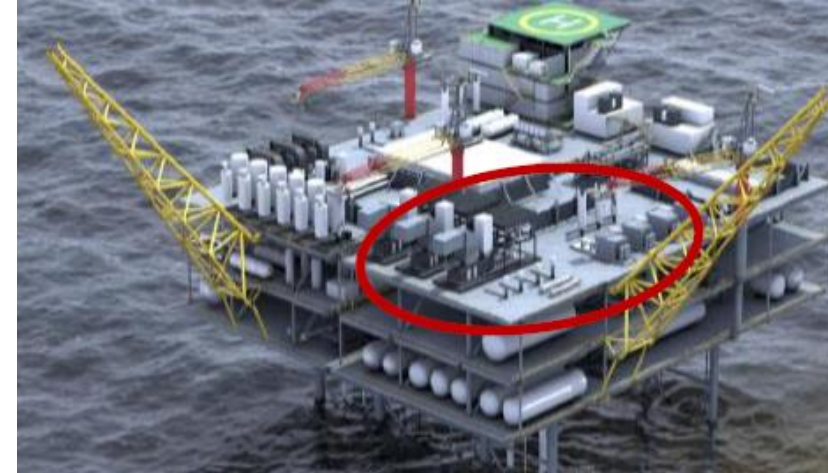




# Appendix

## Key considerations

- Existing platform designed to accommodate additional 900 MMscfd processing trains (~150 kboepd)
- Total Leviathan output to increase from 1.2 Bcf/d (~200 kboepd) to 2.1 Bcf/d (~350 kboepd)
- Regional export infrastructure is expected to be expanded to enable sales by pipe, with potential for export as LNG to EU via Egypt
- Dedicated liquefaction capacity is expected to be added to deliver reliable supply of LNG to EU and Asian markets



## Development Plan

- Two additional subsea production wells to support 1st REM gas (with high rate deliverability)
- Additional infield flow lines tying to existing subsea system
- Construction and installation of additional subsea capacity from the subsea manifold to the Leviathan Platform
- Additional processing modules as used in Phase 1A
- Dry, lean gas simplifies liquefaction processing requirements

## Key highlights

Additional Nameplate Capacity	c.900 MMscfd (~150 kboepd)
Target Pre-FEED	2023
Planned Development Concept	REM 900 to liquefaction facilities and regional market

***Leviathan expansion is an attractive, low-risk development opportunity that will drive the near-term growth offering by accessing strong regional and EU market gas demand***

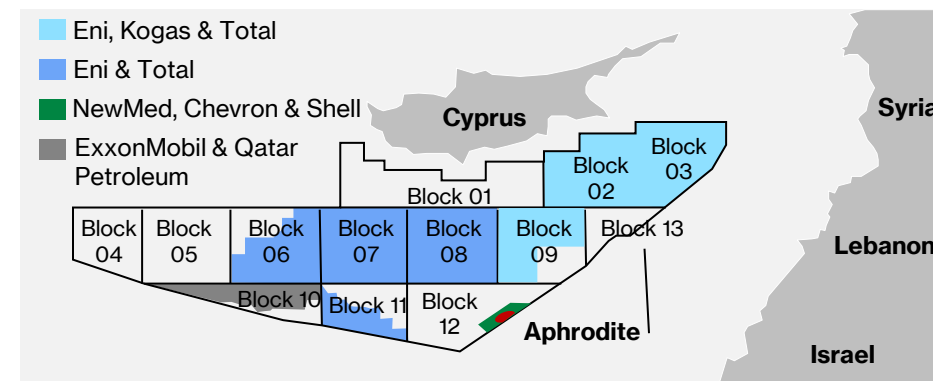
## Key considerations

- Gross contingent and prospective resources of ~4.5 TCF (~751.5 mmboe)
- Lean, sweet natural gas
- Aphrodite is geologically similar to Leviathan
- The Government and the partners are exploring development alternative to supply gas to the existing liquefaction facilities via existing pipelines

## Development Plan

- 25-yr (+10-yr option to extend) production license granted by the Government in 2019, along with the approval of a development outline
- Partners working with the Cypriot Government to update the development plan, and integrate the development with existing facilities
- Plans to drill a third appraisal well with a view to subsequently use it as a production well

## Geographical overview



## Key highlights

Additional Nameplate Capacity	~0.5 Bcf/d p.a. Gross (~80.5 kboepd)
Target Pre-FEED	2023 / 2024
Planned Development Concept	Tieback to existing facilities

***Aphrodite appraisal drilling in Q1 2023 will enable concept finalisation ahead of expected final investment decision***



## Key considerations

- Low-cost, gas-weighted onshore production with strong near-term development and exploration potential
- Producing fields split over four distinct areas, including the Obaiyed area, containing Egypt's largest onshore gas field
- Active drilling programme targeting robust opportunity inventory
- Production sharing contract in place
- Partners: Cheiron 50%

## Development Plan

- Five rig development drilling programme underway
- 10 exploration wells (9 operated) planned in first exploration phase out to 2024
- First operated seismic programmes beginning in 2022
- Four exploration concessions covering ~15,000 km, three operated



## Key highlights

H1 2022 production	~35,500 boepd average WI production
FY 2022 production guidance	33,000 boepd to 36,000 boepd WI production
FY 2022 capex guidance	US\$80-90m production and development Rolling near-field tie-back and field development programme + US\$20-25m exploration programme targeting step out opportunities
FY 2022 opex guidance	~US \$6/boe

***Low-cost producing asset base with strong development pipeline and attractive nearfield exploration opportunities***

