



ACKERSTEIN

GROUP

INVESTOR PRESENTATION

August 2023



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**Israel's leading
manufacturer & provider of
concrete products and solutions**
for infrastructure, construction and
landscape design

98

Year of
excellence

1.09

ILS Billion
Equity

17

Production
facilities

624

Employees

Industry Segment

Infrastructure and
landscape design products



Civil & Industrial Engineering Segment

Unique solutions for complex
projects with combined
prefabricated buildings & elements



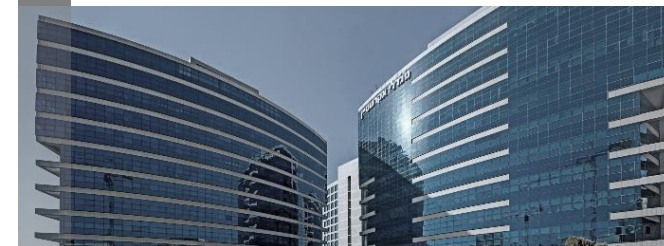
Overseas Industry Segment

Landscape design
products in Western US



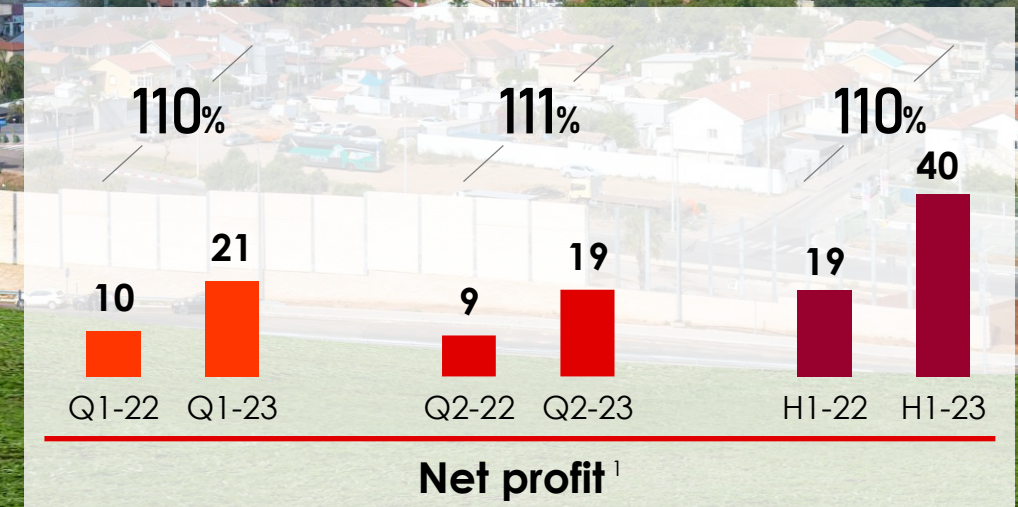
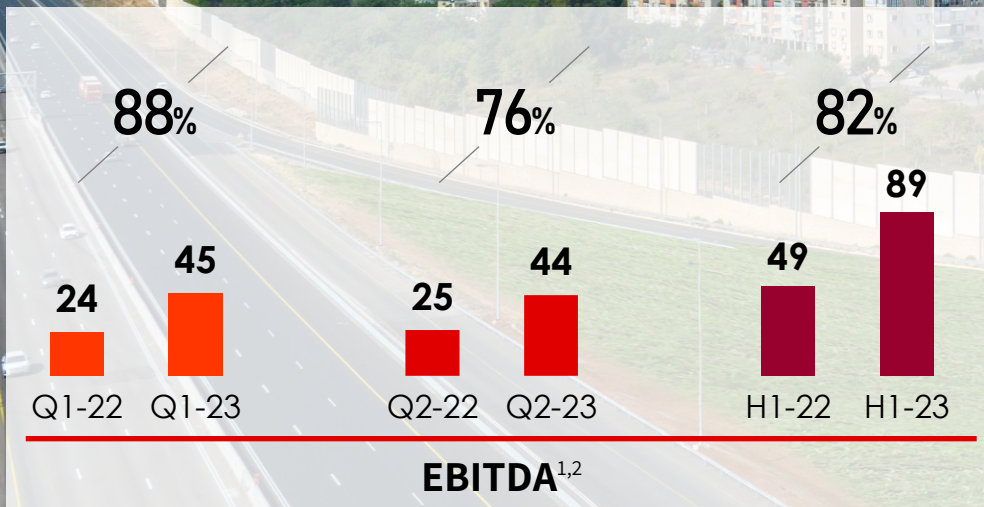
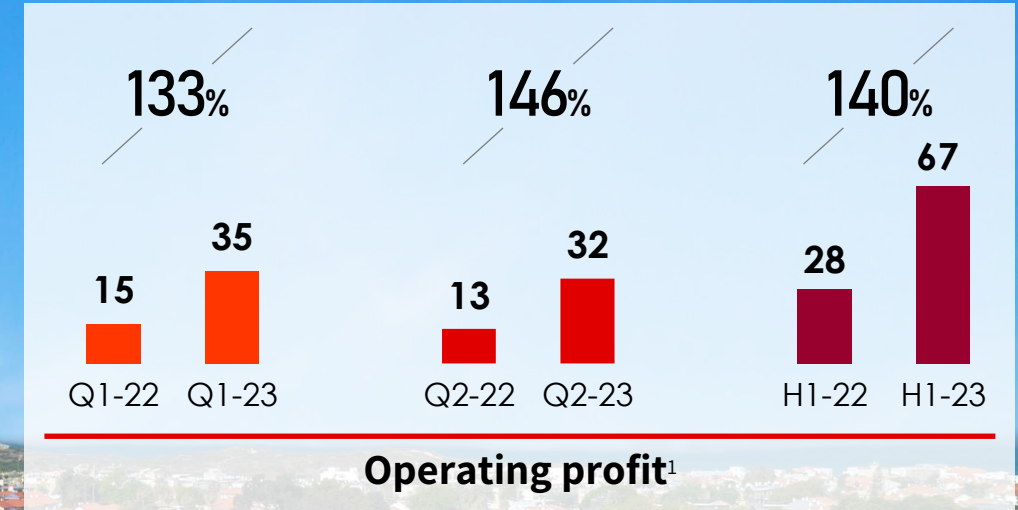
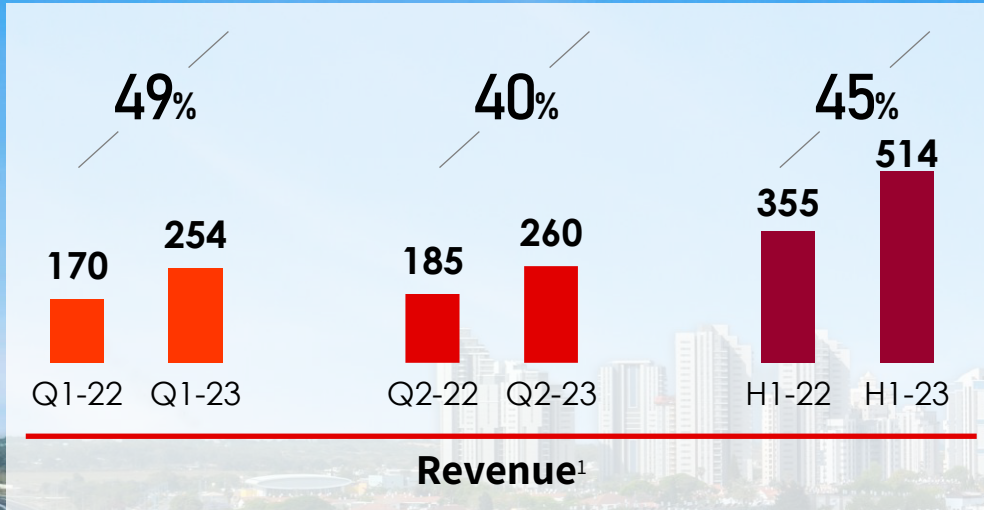
Real Estate Segment

Commercial, industrial and
retail properties



First half 2023: Continued growth and enhanced profitability

driven by 2022 investments to expand production capacity



(1) The above amounts in millions of ILS
(2) The EBITDA presented above does not include other expenses and income

**A significant part of
Israel's tremendous
development and
investment momentum**



**The leading company for the production and supply of
products and solutions along the entire value chain,**
from infrastructure, prefabricated buildings & elements,
to landscape design products

A glimpse into the future:

investment and development momentum is expected to grow

By 2050,
Israel's population is expected to double

Source: CBS



HOUSING



TRANSPORTATION



WATER, DRAINAGE &
SEWERAGE



Unprecedented national investment plans

to develop extensive transportation network, energy and water infrastructure

FIVE-YEAR PLAN

investments to promote transportation in Israel between 2023 and 2027

Approx. ILS **50_B**

Focus on enhancing public transportation, expanding mass transit systems, and upgrading road infrastructure

TEL AVIV AREA METRO PROJECT

Approx. ILS **150_B**

ISRAEL RAILWAYS

2040 strategic development plan

Approx. ILS **95_B**

400 km of new track and approx. 55 new stations. Includes plan to double coastal railways, with a budget of ILS 15.5B

5-year plan – [link to source](#)

Tel Aviv area metro project: [source](#)

2021 Annual report - Israel Railways. [link](#)

The Marker - Infrastructure 360 conference, November 2022 - [link to article](#), [link to presentation](#)

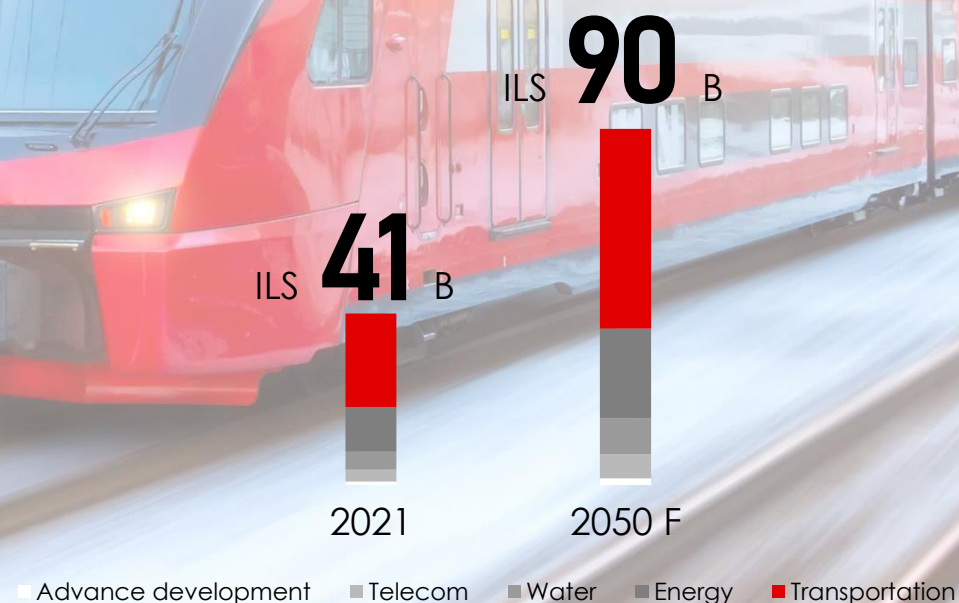
Public investment policy and structural reforms to increase productivity and growth in the economy, Aharon Institute, September 2022. [link](#)

Gross domestic investment in infrastructure, CBS. [link](#)

”

Israel should double the current level of investment in infrastructure, particularly in the field of transportation

Dr. Adi Brander, Bank of Israel, Infrastructure Conference 360



From planning to execution



**30 minutes from Haifa to Tel Aviv:
the new railways are on their way
to final approval**

Globes 11.6.2023

**After years of planning: the government approved
two lines for the Tel Aviv metro project**

YNet 22.5.2022

**The metro plan is progressing: a tender
has been published for the position of
project manager**

Globes 29.1.2023

**At a cost of three billion shekels: the Tel
Aviv metropolitan area sewage expansion
project is underway**

Israel Today 23.2.2022

**The new barrier at seam zone was approved
NIS 360 million will be allocated to replace the old fence
with a "massive" concrete wall**

YNet 10.4.2022

Power multipliers

integrating into any construction or infrastructure project in Israel



Extensive professional knowledge

with 98 years of experience across diverse projects



Widest variety of products & solutions under one roof



Nationwide deployment of advanced production facilities & delivery capacity



Financial strength enables investment in innovative products and processes



High barriers to entry for competitors

Achievements and strategic focus

in four of our business segments

Industry



Civil & Industrial Engineering



Overseas Industry

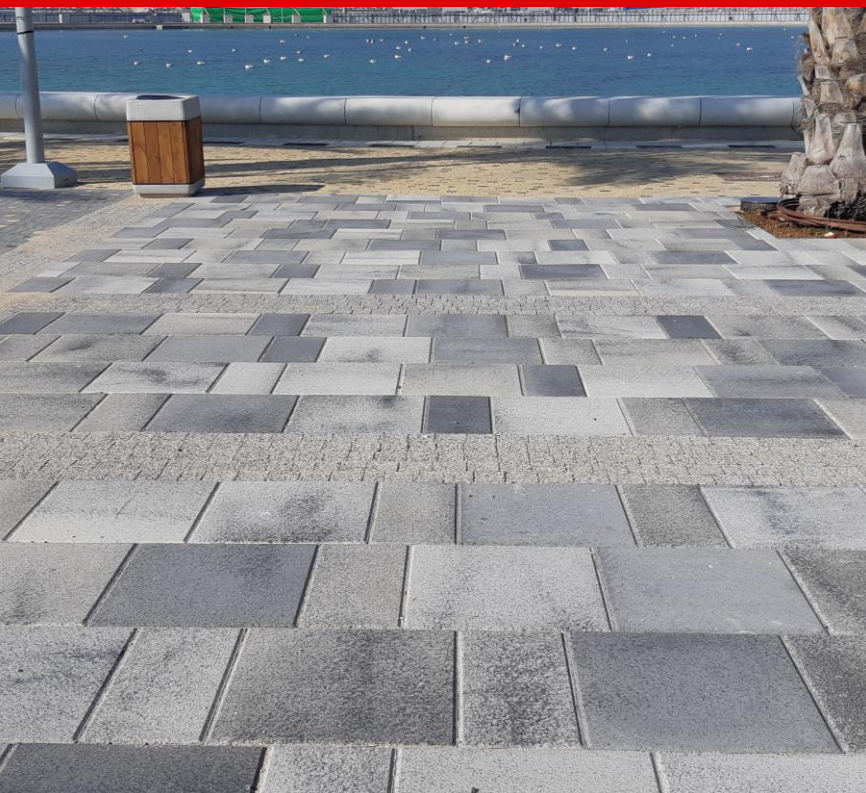


Real Estate

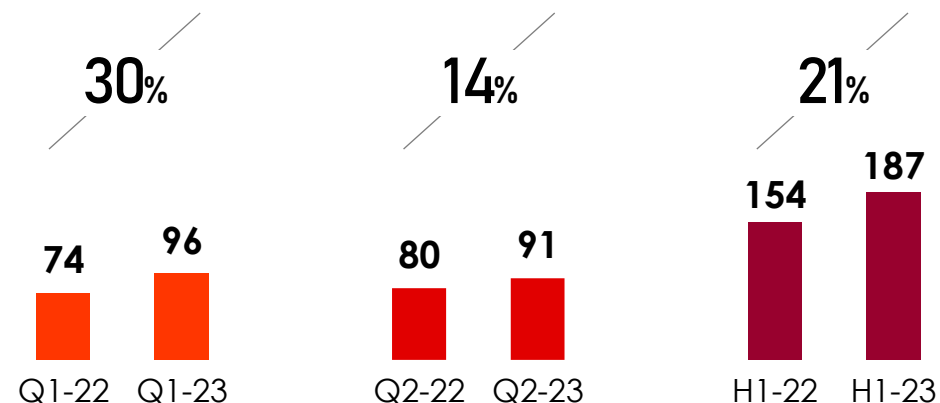


Industry segment

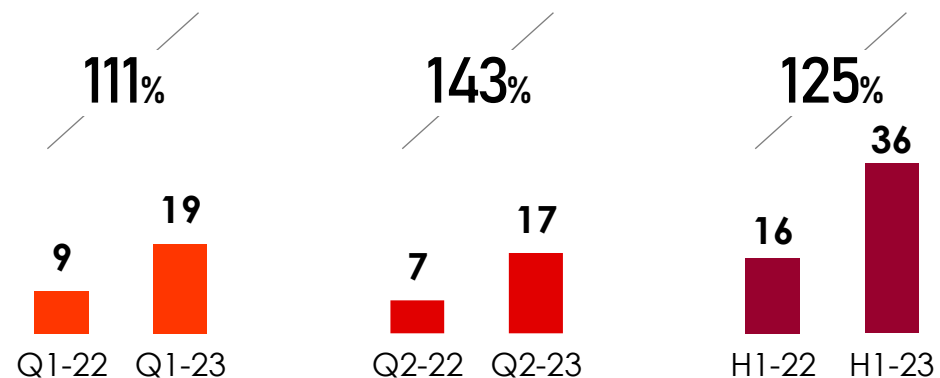
H1 2023: Sustained revenue and profit growth, due to 2022 investment initiatives



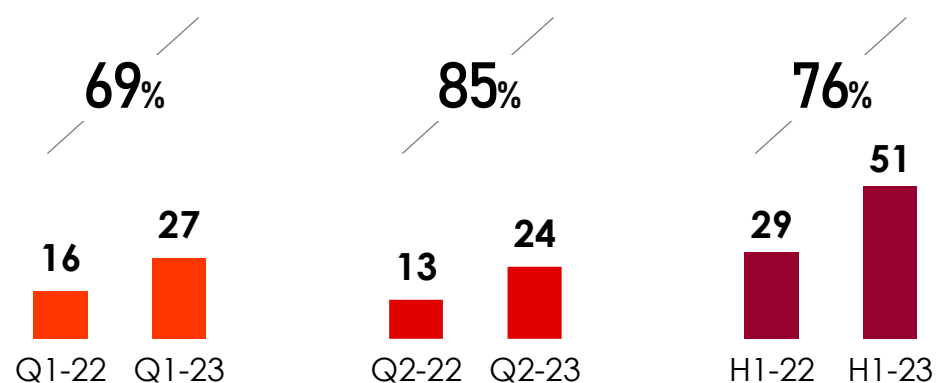
Revenue¹



Operating income¹



EBITDA¹



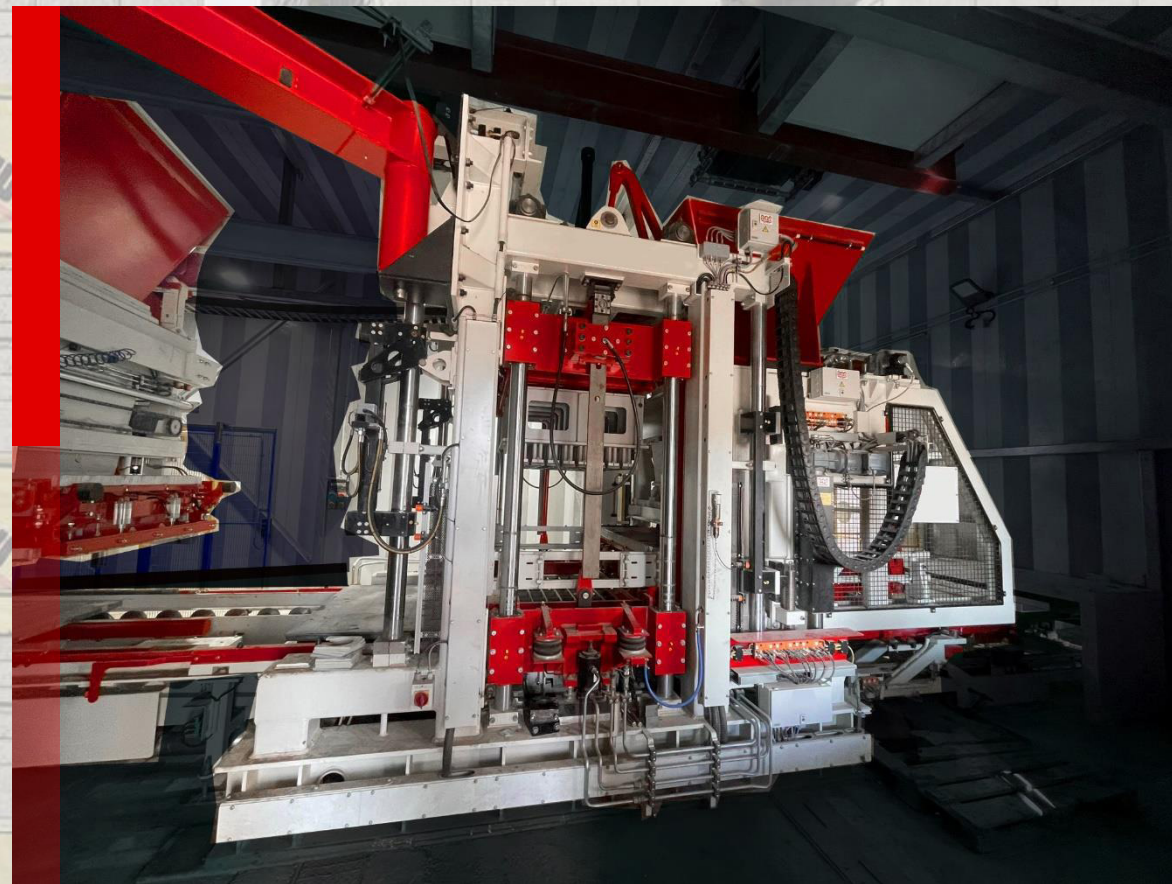
(1) Amounts in millions of ILS

The widest range of products for hundreds of public and private projects



Expanded the landscape design production line in 2022

Adding ~10% to the potential production capacity

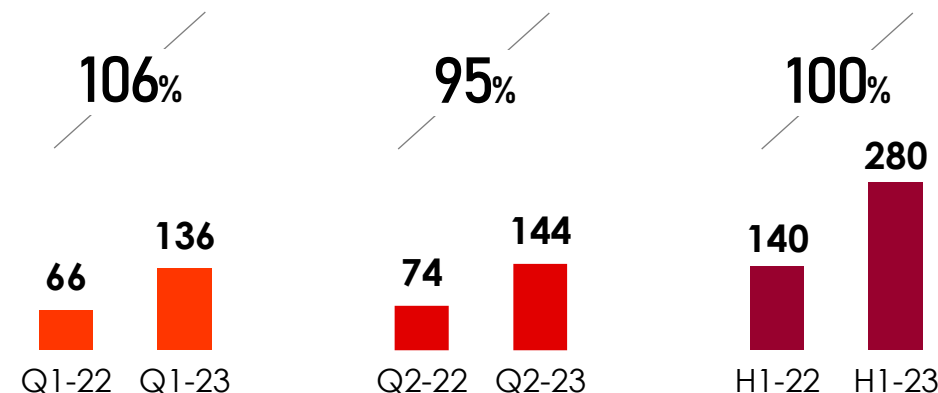


Civil & Industrial Engineering segment

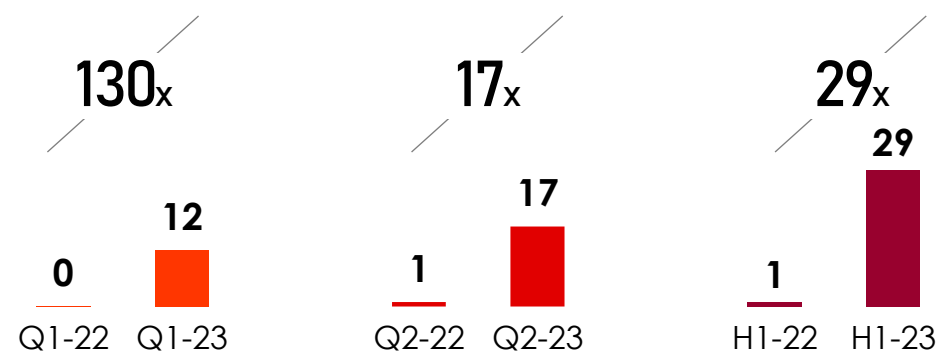
H1 2023: Revenue growth and profitability boost, driven by increase in project size and scope of work



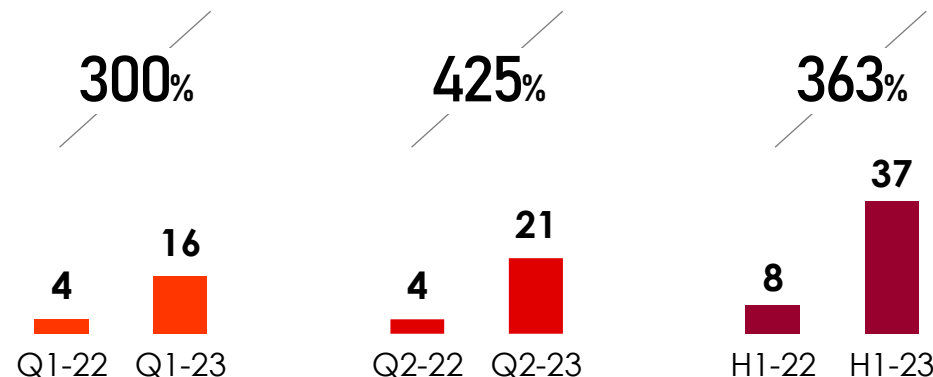
Revenue¹



Operating income¹



EBITDA¹



(1) Amounts in millions of ILS

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Customized solutions for diverse projects

Diverse client base: infrastructure contractors, developers, government, and more

Authorized supplier for the State of Israel and Israel Railways

Prefabricated buildings & elements



Protective elements and shelters



Transport infrastructure



Advanced fencing systems



Water and sewage infrastructure





Strategic focus for continued profitable growth

in Industry and Civil & Industrial
Engineering segments

1

Expanding activity in prefabricated construction

Entering new categories: industrial building prefabricated building and prefabricated logistics centers

2

Continuing to invest in innovation

Constant expansion of products and solutions

3

Integrating future construction and infrastructure projects

Maximizing the scope of work for each project

Prefabricated construction: the key to accelerating construction



Expected increase in housing units'
construction rate
from 50k to 70k annually



Significant shortage in labor



Faster

35%–65%

Shorter construction time

Smarter

50%–75%

Labor saving at construction site

Higher productivity: 3-4X

Accurate, high-quality and
diverse construction

Greener

90%

Reduction of construction waste

Reduces noise and air pollution

Improves working
conditions and safety

Expansion in the prefabricated construction category



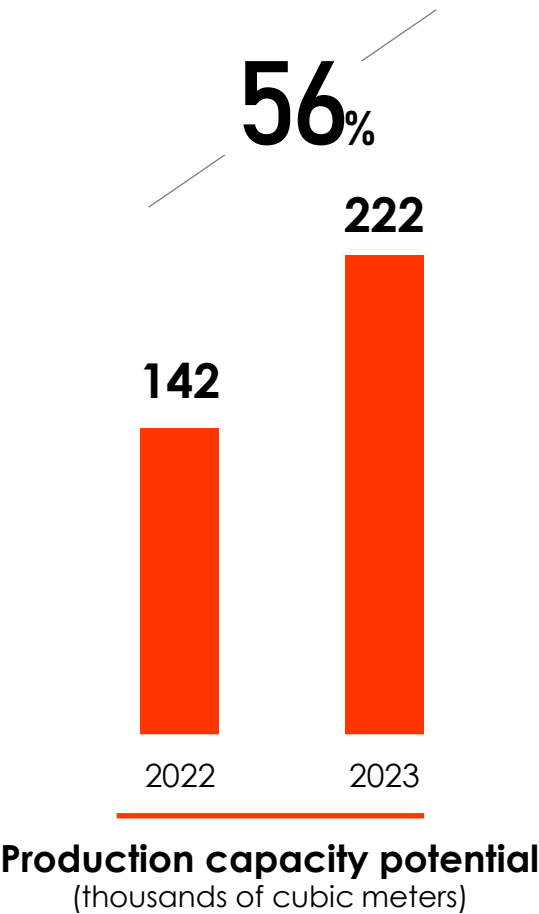
Expanding production capacity

in the existing plant in 2022 and developing production capabilities for future needs



Leveraging capabilities

in the design and execution of industrialized solutions



Expansion of Akerstein prefabricated production facility

Entering new categories: Industrial buildings and logistics centers



Acquired KALRAM

KALRAM operates in the field of perimeter protection for the business sector, specializing in steel construction & elements



Deal rational

Increasing company offerings, while maximizing KALRAM's potential

Expanding capabilities in construction of industrial buildings



Industrial building & logistics center construction market potential



Key factors for increased demand



Strengthening of online trade and the number of importers



Need for modern logistics buildings that integrate technology to allow for improvement in profitability



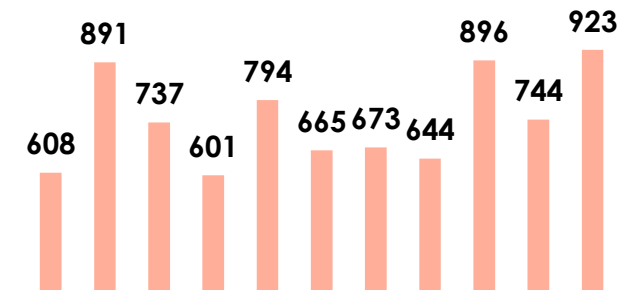
Solutions for small & medium-sized companies that outsource to logistics companies



Demand for residential housing leads to relocation of factories, military bases and storage areas from the center to the periphery

52%

Growth in industrial and storage areas in the last decade



2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021

Industrial and warehouse building construction starts
(in thousands of square meters)

Overseas Industry segment

H1 2023: Results impacted by macroeconomic environment and high interest rates

Implemented management-level personnel changes

Anticipating market recovery in H2 2024



	Q1-22		Q1-23		Q2-22		Q2-23		H1-22		H1-23	
Revenue¹	22		16	(27%) Change	25		17	(32%) Change	47		33	(30%) Change
Operating income (loss)¹	0		(4)		2		(7)		2		(11)	
EBITDA¹	2		(2)		4		(5)		6		(7)	

(1) Above amounts in millions of ILS

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Landscape design products production pioneer



Operating in the US West Coast
through subsidiary Aker-stone



Customers

- Distributors with building materials stores, landscape design contractors
- Establishing relationships with leading architectural firms in each region



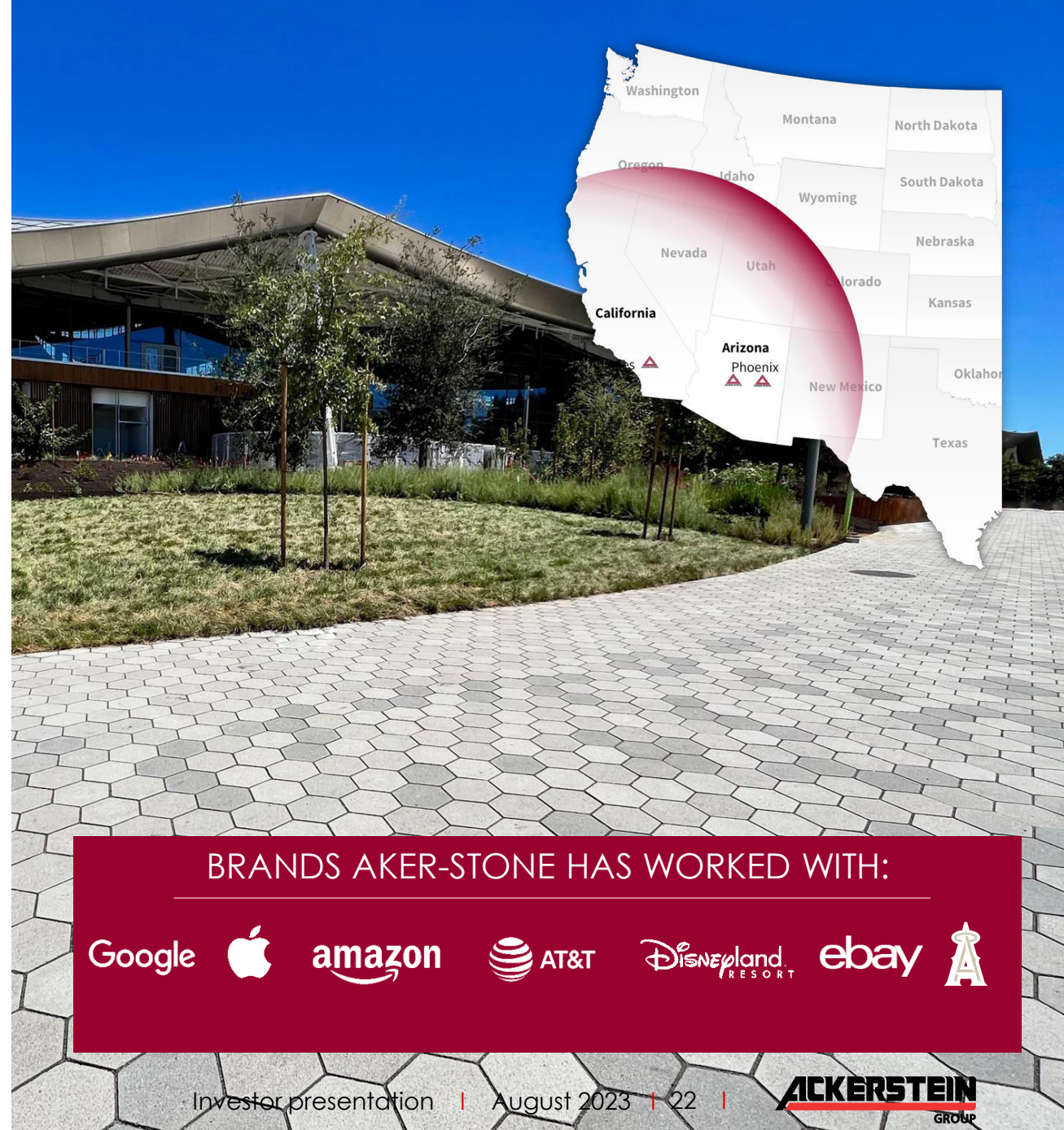
Diverse commercial and residential projects

- Depends on the execution of projects in the industry
- Influenced by the macroeconomic environment



Local production and supply

- Need for high availability and continuous supply of products
- Proximity to the customer



BRANDS AKER-STONE HAS WORKED WITH:



5 Reasons Phoenix continues to be one of the strongest real estate markets in the US:



Growing population

Positive immigration of over 277,000 people
In the last five years, mostly from California



Attractive job market

~90,000 new jobs created in 2022



Sunny weather

300+ days of sunshine a year



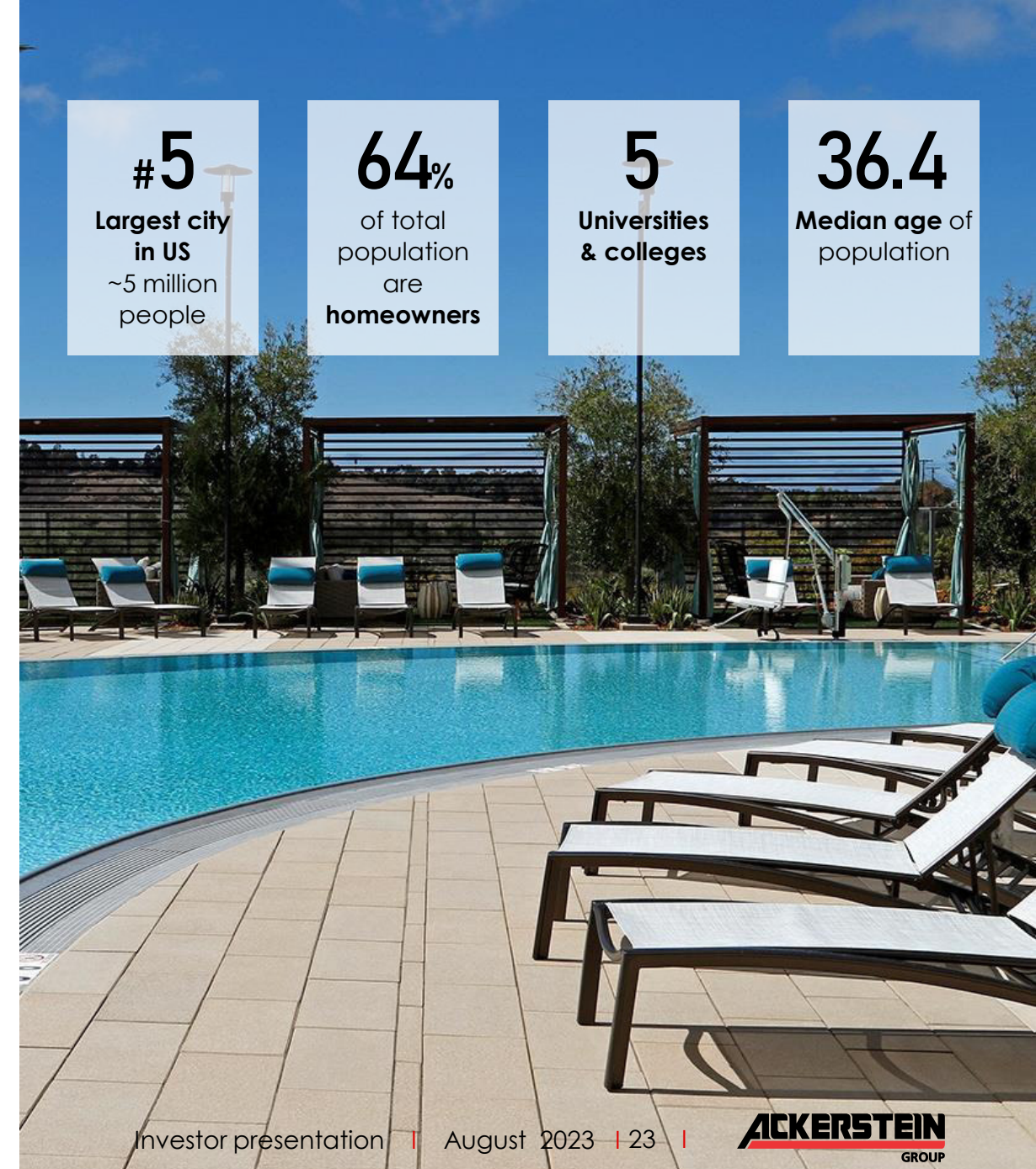
Strategic location

Up to 4 hour flight to all destinations in the US
easy access by train



Business friendly environment

Sources: (1) [AZBIGMEDIA](#) 2022 (2) 2023 [AZBIGMEDIA](#) (3) Metro Phoenix market overview 2022, [CBRE](#)
(4) [CITY MONITOR](#) (5) [AZBIGMEDIA](#)



#5

Largest city
in US
~5 million
people

64%

of total
population
are
homeowners

5

Universities
& colleges

36.4

Median age of
population

H2 2024: Expected market recovery

Anticipating a rise in housing unit construction in the coming years, due to:

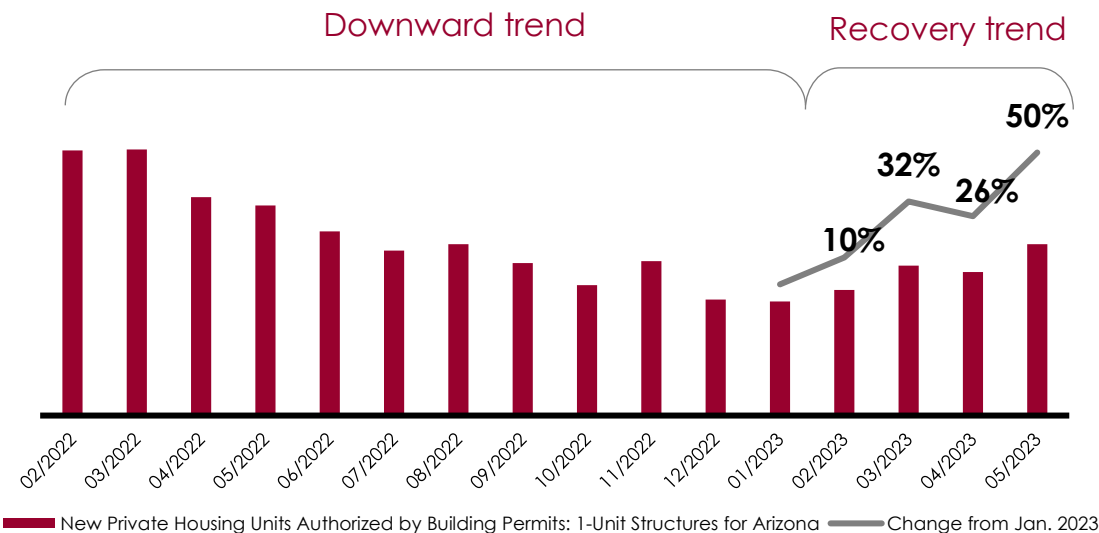


Continuous population growth

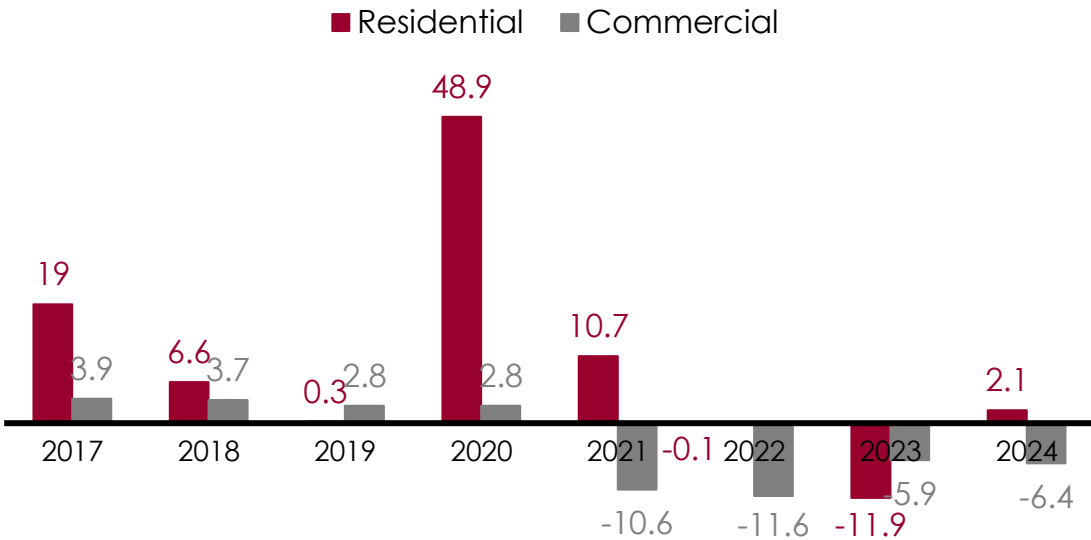


39% decrease in housing inventory from Jan 2023¹

Arizona: New private housing units authorized by building permits²



Phoenix: Rates of change in construction volumes by sector (in %)³



Source: Federal Reserve Economic Data (1)FRED [link](#) (2)FRED [link](#) (3) Cumming Management Group, Inc [link](#)

California market opportunity

Significant size and economic resilience
create many opportunities

Products are positioned as premium products,
suitable for residential and commercial projects

Completed major projects on the West Coast:
Disneyland, Apple office complex, Google offices,
Universal Studios, US Navy headquarters, others

Potential demand from different sectors



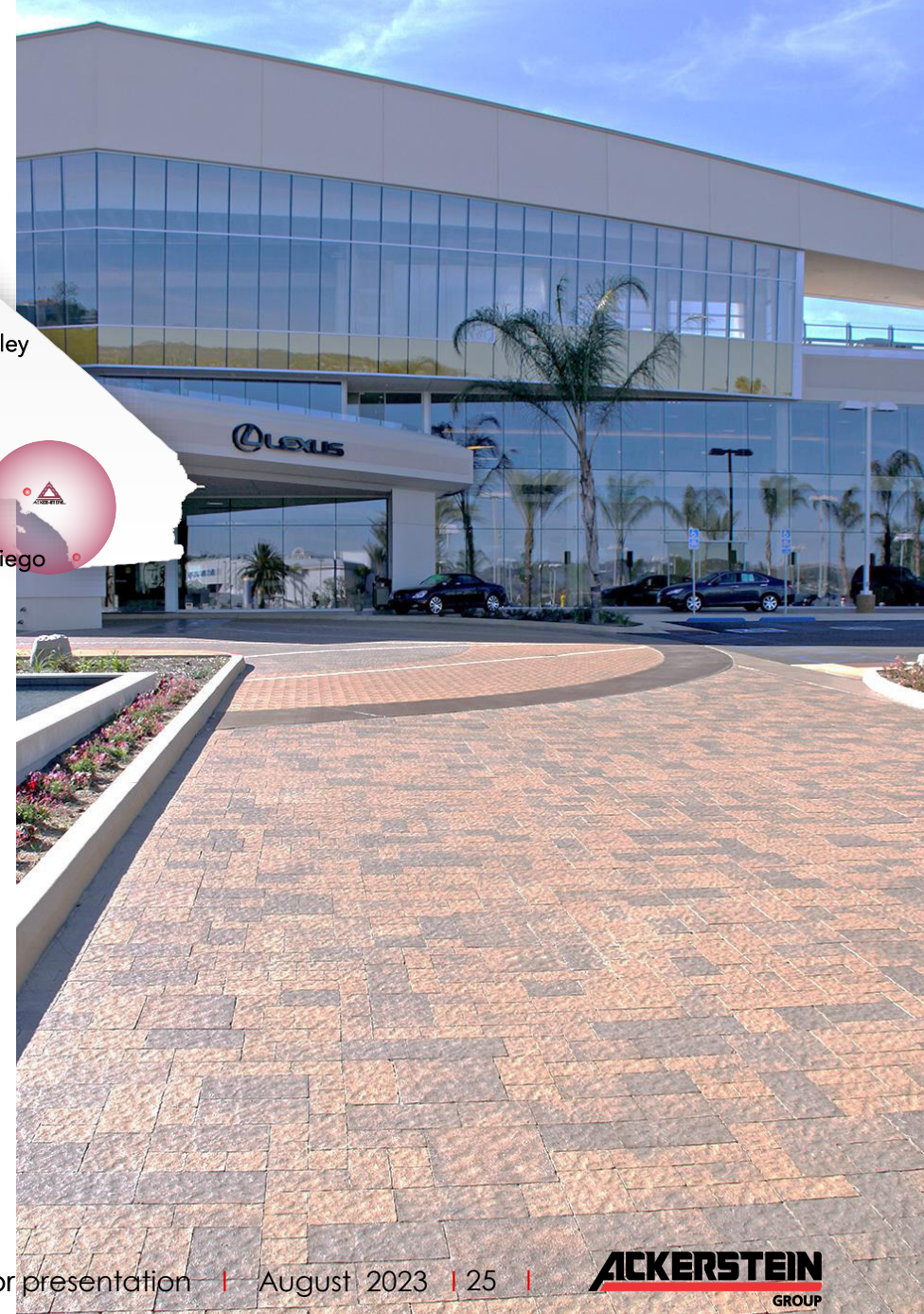
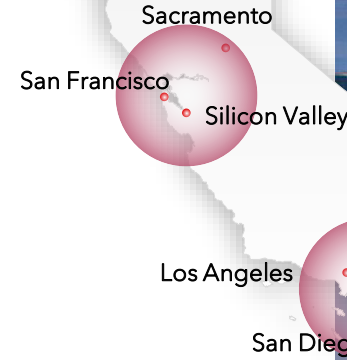
Technology



Hospitality



Entertainment



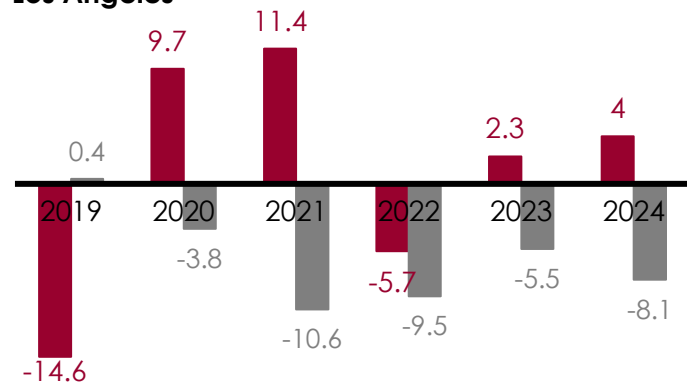
California construction industry snapshot:

Insights across cities

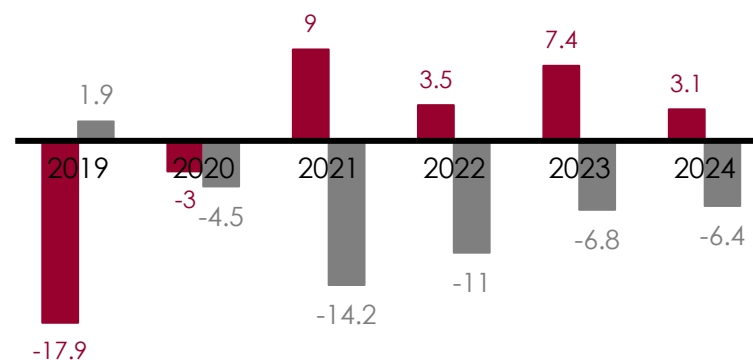
Change in construction volumes by sector (in%)¹

■ Residential ■ Commercial

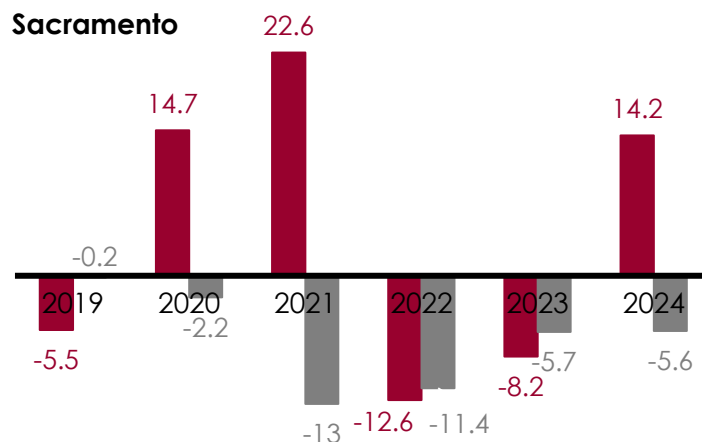
Los Angeles



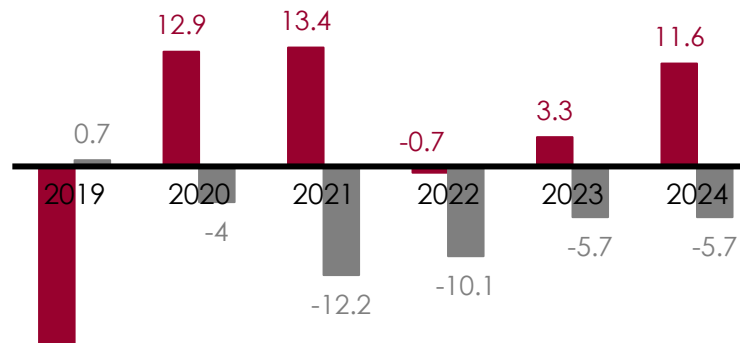
San Francisco



Sacramento



San Diego



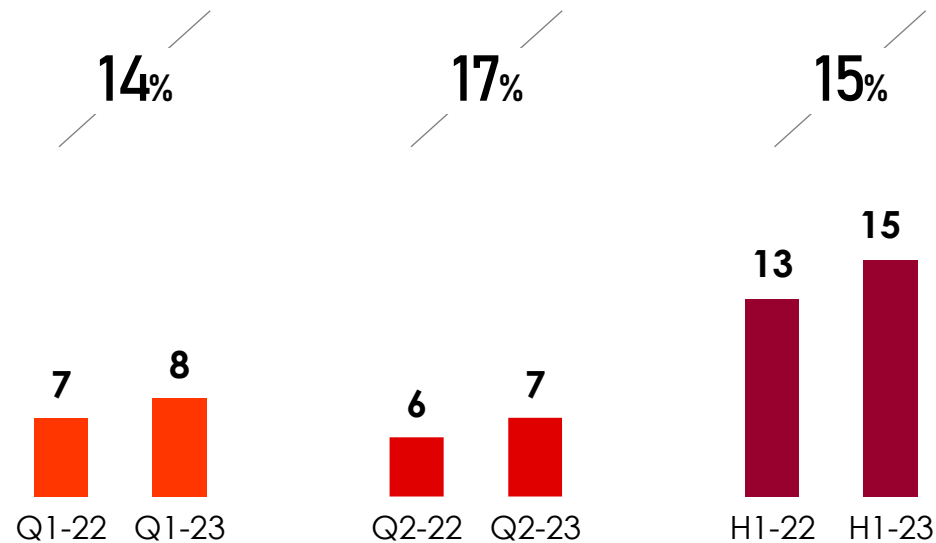
(1) Cumming Management Group, Inc. [link](#)



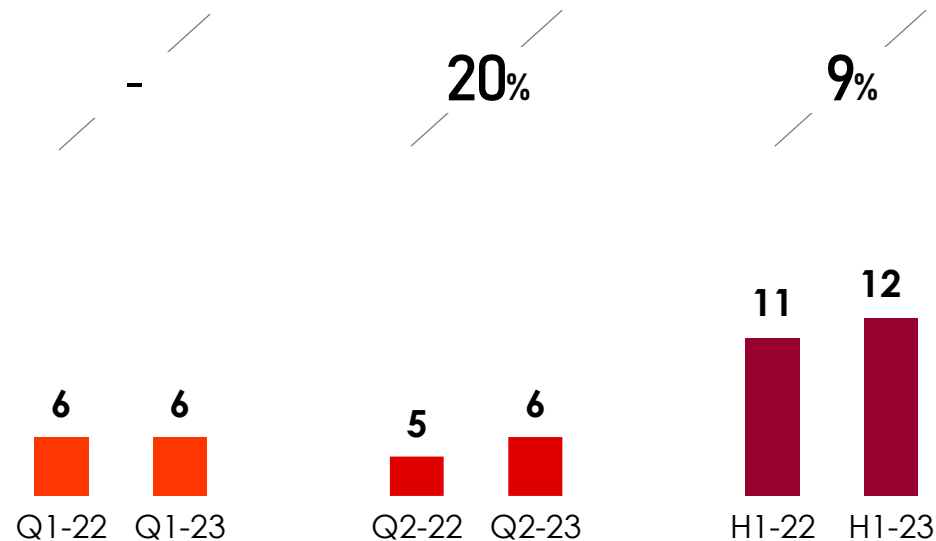
Real Estate segment



Revenue¹



NOI¹



(1) The above amounts in millions of ILS includes revenues and NOI from unrelated third party

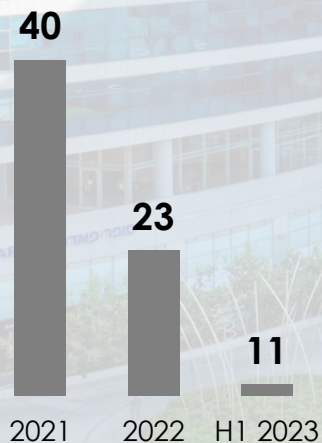
86k sq m
Built

25k sq m(built)
yielding

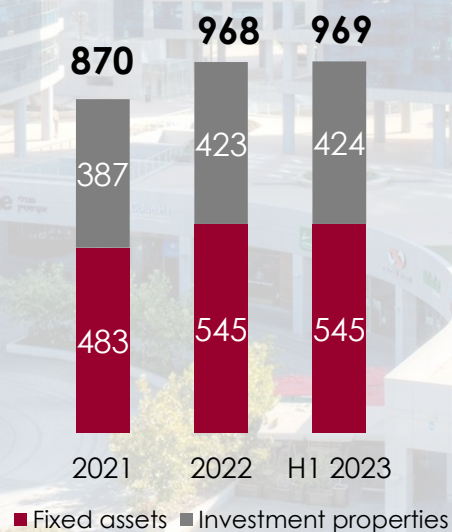
577k sq m
across 9 assets
About 364k sq m
classified as fixed assets

Net Debt¹

Associated with real-estate

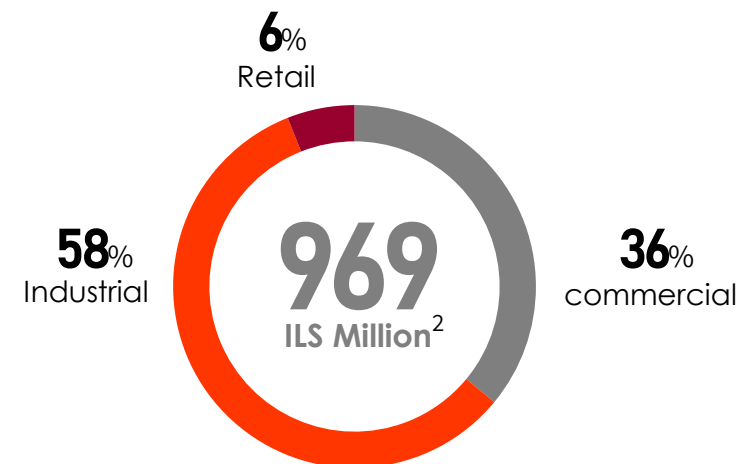


Real estate value¹



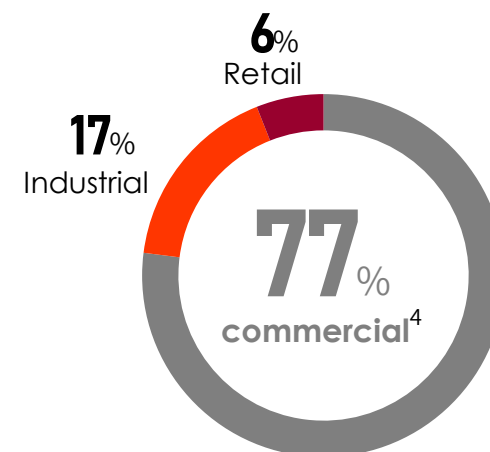
(1) The above amounts in millions of ILS

H1 2023 Real estate value breakdown



(2) Including real estate that is classified as fixed assets

H12023 Rental revenue³ breakdown



(3) Revenues from unrelated third party

(4) The average occupancy rate of the offices in Herzliya Pituach was 98% in H1 2023

Ackerstein House: Value-added features

23,000 square meters of
mixed-use space, including:

50 apartments
of 50 square meters each

500 square meters
of commercial space



Illustration

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Potential for growth and value creation



Illustration

30 |

Portfolio expansion

Potential value-add

Ashdod factory,
Nitzanei Shalom

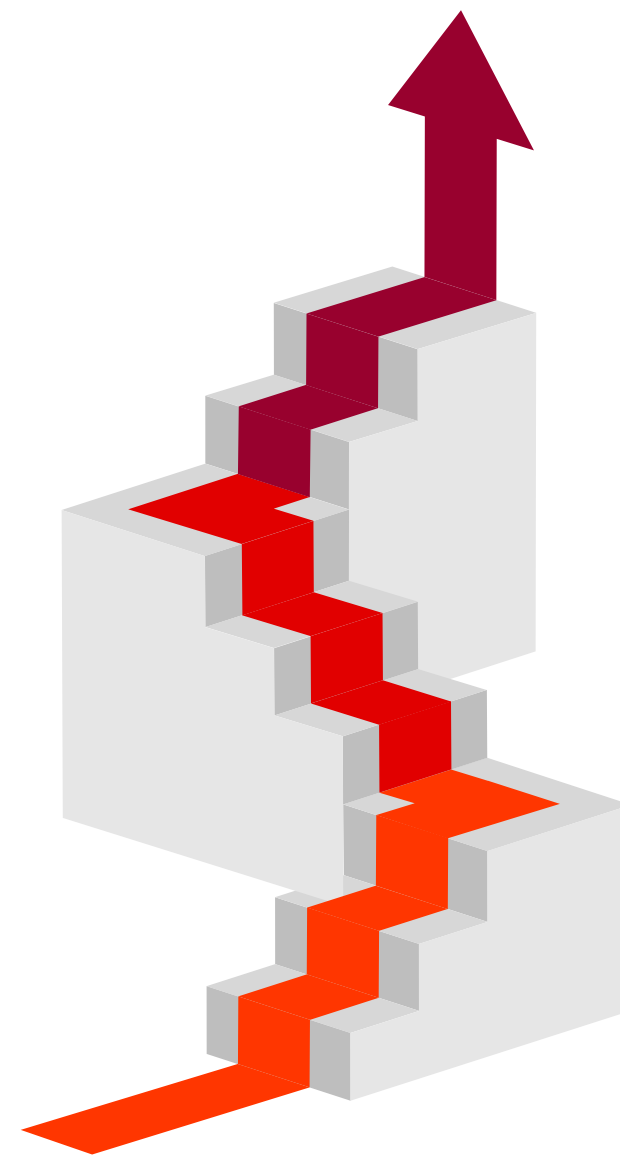
Value-add

Ackerstein Towers,
Ackerstein House

86k sq m

Built

30.6.2023



Financial data

H1 2023



Revenue, EBITDA and NOI

Consolidated basis, in thousands ILS

	H1 2023	2022
Revenue	514,172	782,253
EBITDA	88,919	117,858

Industry and Civil & Industrial Engineering segments

Revenue	466,796	661,338
EBITDA	88,740	93,449

Oversea Industry segment

Revenue	32,622	91,867
EBITDA	(7,137)	10,137

Real Estate segment

Revenue	14,163	28,829
NOI	11,336	22,970

The EBITDA presented above does not include other expenses and income and unallocated expenses (at the total level)



Consolidated balance sheet

As of June 30, 2023 and December 31, 2022, in million ILS

Current assets:	H1 2023	2022
Cash and cash equivalents	154	178
Short-term investments	-	65
Customers	305	263
Receivables and others	37	42
Inventory	121	113
Total	617	661

Non-current assets		
Right of use asset, net	41	42
Investment properties	424	422
Fixed assets	805	801
Other	7	8
Total	1,277	1,273

Total assets	1,894	1,934
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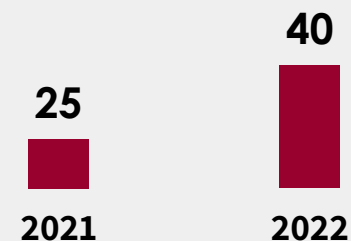
Current liabilities	H1 2023	2022
Credit from banks	45	54
Lease current liabilities	9	8
Trade payables	136	130
Other current liabilities	235	264
Total	425	456

Non-current liabilities		
Liabilities to banks	118	135
Lease liabilities	35	35
Liabilities with respect to other benefits after employment termination	3	4
Deferred taxes, net	225	220
Total non-current liabilities	381	394

Equity	1,088	1,084
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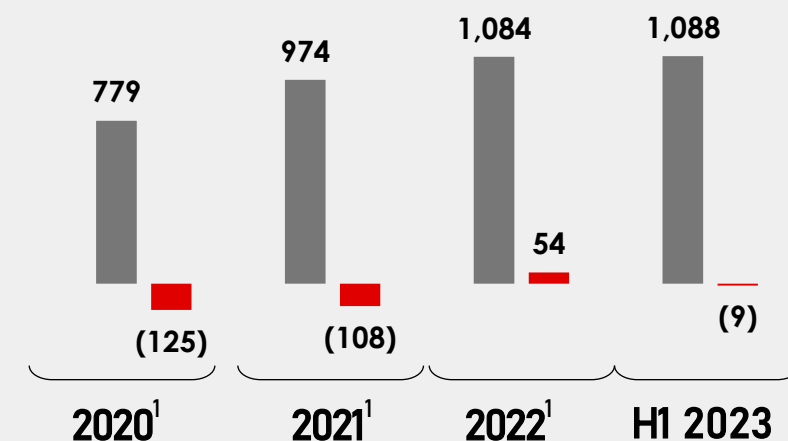
Total liabilities and equity	1,894	1,934
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Dividend (ILS M)
Attributed to profits generated
in the years below



Equity and Net Debt development (ILS M)

■ Equity ■ Financial Asset (Debt)



(1) Dec. 31



Integral part of the construction boom in Israel

Products and solutions along the entire value chain

Nationwide deployment of advanced production facilities

Maximizing the scope of work for every construction or infrastructure project

Expanding our offerings

Constant expansion of products and solutions

Entering prefabricated construction

Leveraging the momentum in logistics centers

Financial strength to support future growth

Strong and stable cash flow

Low leverage

Dividend distribution policy - not less than 50% of net income*

* Net profit without revaluation of real estate investment



Thank you!

