

Doral Energy – Update Report

03.09.2023

Stock Exchange
TASESymbol
DORLSector
TechnologySub-sector
Renewable EnergyStock price target
NIS 19.5Closing price
NIS 8.1Market cap
NIS 1.4 BnNo. of shares
177.7 MnAverage Daily
Trading Volume
33 stocksStock Performance
(Since Jan. 2023)
3%

Year	Revenues* (M NIS)	EBITDA* (M NIS)
2021A	72	64
2022A	109	89
2023E	165	134

Doral presents good growth in Q2 2023 with 36% increase in revenues from sale of electricity, coupled with 29% growth in aggregate EBITDA; In our estimation, 2024 will be a turning point in Doral's revenues with entry of new profitable projects alongside growth in revenues from DoralTech; price target is updated.

Doral presents further growth in its operations alongside revenue growth of approx. NIS 68.0M in H1 23 vs. NIS 50.0 in H1 2022. Doral's portfolio is approx. 18.9 GW (DC) and approx. 13.4 GWh, including approx. 2.9 GW (DC) and 2.28 GWh of mature projects (projects that are yielding and ready for connection, under construction or nearing construction and/or after winning competitive procedures or signing a PPA). In the US, Doral demonstrated accelerated progress in photovoltaic and storage projects, including the construction of the first part of the Mammoth North project (480 MWp) in Indiana. The company signed agreements for the sale of electricity for each Indiana project (approx. 1,560 MWp) for 15 years and received building permits for the entire Indiana project. In Israel, Doral is building solar projects combined with storage and has already commercially operated the first project of this type. The company operates in a variety of technologies, including solar, solar + storage, Agrivoltaics, stand-alone storage, and biogas.

As one of the dominant players in Israel, Doral enjoys advantages of scale in procurement and access to various technologies that can serve it in the future. Against this backdrop, the company established Doral Tech to invest in start-ups developing synergistic technologies for Doral's activities, similar to the activity of other energy companies in the US market.

Other significant events in H1 2023:

- Signed an agreement for the sale of green electricity and green certificates to Melisron for a period of 10 years for approx. NIS 500 million. The company also signed agreements for the sale of green electricity to ICL for a period of 15 years and in the amount of approx. NIS 360 million and to Migdal Insurance for a period of 10 years in the amount of approx. NIS 220 million.
- Signed a precedential financial closure for the financing of solar projects combined with storage, with Mizrahi Bank and other institutional entities in the amount of over NIS 1 billion. The company foresees this agreement as a crucial foundation for securing financing for further solar and storage projects under new Electricity Authority regulations, allowing electricity sales on the free market (Virtual PPAs).

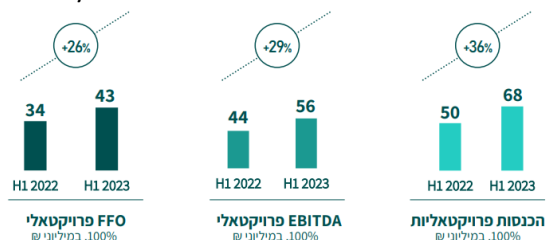
We will remind that the global growth potential is far from saturated. Renewable energy investments peaked at \$350 billion in 2020, with solar and wind power accounting for \$290 billion of the total. In addition, we see a tailwind for renewable energies in the US by the huge plans of the Biden administration with a cumulative scope of approx. \$3 trillion. We anticipate significant growth in the company's activity in 2023, we are updating the economic model based on the company's progress in the various projects. Price target is updated to NIS 19.5 mainly due to macro-economic effects.

Attached on the next page is a breakdown of key events in H1 2023 and recent months.

*Annual revenues/EBITDA from projects (representing 100% ownership in the projects), excluding management fees and other corporate-level revenues.

Key events in H1 2023 and in recent months:

- As of June 30, the group companies own, together with partners, generating systems that flow the electricity produced in them to the electricity grid and/or directly to consumers, with a capacity of approximately 226.5 megawatts and a storage capacity of approximately 24.4 megawatt hours.
- On June 27, 2023, the company entered a memorandum of understanding with Bank Mizrahi for the provision of senior debt of approximately NIS 2 billion and additional credit facilities of approximately NIS 1.5 billion. The financing is intended for the establishment of solar projects combined with storage in Israel, intended to be integrated into the market regulation model.
- On April 4, 2023, upon receipt of the required approvals, a corporation wholly owned by the company entered into an agreement with a consortium of lenders led by Bank Mizrahi-Tefahot Ltd. and other institutional entities, in an agreement to finance senior debt in the amount of NIS 575 million, for a cluster of solar projects combined storage, whose construction cost is estimated at NIS 675 million.
- On March 31, Doral Natural Energy Ltd., a company fully owned by the company, which holds an electricity supply license, entered into an agreement with ICL Group Ltd., which owns and operates, among other things, many industrial areas throughout the country that consume significant amounts of electricity, in the agreement for the sale of green electricity. As part of the agreement, ICL undertook to purchase from the company, starting on January 1, 2024 and for a period of 15 years, electricity in the amount estimated at about 75 million kWh per year and for a total of about NIS 360 million for the entire period.
 - o The agreement with ICL promotes and strengthens the company's activity in the field of electricity supply and the supply of "green" electricity to business consumers in the Israeli economy, and also creates diversification in the assets to which the company is expected to supply electricity, which at the time of this report includes commercial properties, office buildings, industrial properties and other properties.
- On March 22, Doral Renewable Energy signed an agreement with Migdal Insurance Company Ltd. for the sale of electricity, green electricity and green certificates. According to the agreement, Migdal will purchase electricity and green certificates from the company, starting on June 1, 2024, for an estimated amount of approximately 50 million kWh per year, for a total amount of approximately NIS 220 million for the entire 10-year period.
- On March 13, the company purchased 100% of the interests of Great Bend Solar, LLC, which owns a photovoltaic project under development in Ohio, USA, with a capacity of approximately 48 MW. In accordance with the purchase agreement, the company paid \$5.4 million, entered as an asset under construction. The purchase agreement also contains an additional payment of \$1.3 million contingent upon the achievement of certain project milestones, none of which have been achieved as of the date of this report.
- On February 23, Doral Electricity signed an agreement with Melisron, one of the leading and largest real estate companies in Israel, for the sale of green electricity and certificates. Melisron committed to purchase electricity in an estimated amount of NIS 500 million for the entire 10-year period, with the price attributed to the component Production is determined by the Electricity Authority. The company will associate some of the electricity meters at Melisron sites with its own photovoltaic production facilities that produce green electricity.
- In the second quarter of 2023, the company's revenues from the sale of electricity grew by approximately 36% to approximately NIS 68 million; EBITDA also increased by 29% as detailed below.



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