
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

**REPORT OF A FOREIGN ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16
OF THE SECURITIES EXCHANGE ACT OF 1934**

April 2, 2018

Commission File Number 001-36761

Kenon Holdings Ltd.

**1 Temasek Avenue #36-01
Millenia Tower
Singapore 039192
(Address of principal executive offices)**

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

EXHIBITS 99.1 AND 99.2 TO THIS REPORT ON FORM 6-K ARE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-201716) OF KENON HOLDINGS LTD. AND IN THE PROSPECTUSES RELATING TO SUCH REGISTRATION STATEMENT.

Exhibits

99.1 [Press Release, dated April 2, 2018: Kenon Holdings Reports Full Year 2017 Results and Additional Updates](#)

99.2 [Financial Information for the Year Ended December 31, 2017 of Kenon and OPC and Reconciliation of Certain non-IFRS Financial Information](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KENON HOLDINGS LTD.

Date: April 2, 2018

By: /s/ Barak Cohen

Name: Barak Cohen

Title: Co-Chief Executive Officer

KENON HOLDINGS LTD.

By: /s/ Robert L. Rosen

Name: Robert L. Rosen

Title: Co-Chief Executive Officer



Kenon Holdings Reports Full Year 2017 Results and Additional Updates

Kenon continues to enhance shareholders' value– New Qoros investor advanced full RMB6.63 billion investment amount; Completion of Inkia transaction recording \$397 million net gain; Cash distribution of \$665 million; OPC demonstrates solid results

Singapore, April 2, 2018. Kenon Holdings Ltd. (NYSE: KEN, TASE: KEN) ("**Kenon**") announces its results for 2017 and additional updates to its businesses.

Key Highlights

Inkia Sale and Cash Distribution

- In December 2017, Inkia Energy Limited, a wholly-owned subsidiary of IC Power Ltd. completed the sale of its Latin American and Caribbean businesses to I Squared Capital, an infrastructure private equity firm, for total consideration of approximately \$1,332 million, subject to final closing adjustments and including deferred consideration in the form of a four-year \$175 million deferred payment obligation accruing 8% interest payable in kind.
- As a result of the sale, Kenon's 2017 results attributable to discontinued operations includes a net gain (after tax) on the sale of discontinued operations of \$397 million.
- In March 2018, Kenon made a cash distribution of \$665 million, or \$12.35 per share, to its shareholders.

OPC

- OPC's financial results for 2017:
 - OPC's revenues in 2017 increased to \$365 million, as compared to \$324 million in 2016.
 - OPC's net income in 2017 was \$14 million, as compared to \$20 million in 2016.
 - OPC's EBITDA in 2017 was \$86 million, as compared to \$67 million in 2016.
- In March 2018, OPC completed the acquisition of 95% of the shares of Tzomet Energy, which is developing a natural gas-fired power station in Israel with a capacity of approximately 396 MW. The total consideration for the acquisition is estimated at approximately \$23 million, subject to adjustments and milestones. Tzomet Energy still requires (among other requirements) a license from the Electricity Authority.
- In December 2017, OPC-Rotem and OPC-Hadera signed agreements for the purchase of natural gas with Energean Israel Ltd. ("Energean") for a period of fifteen years, subject to adjustments.

Qoros Third Party Investment

- Qoros has confirmed that all remaining funds for the new investment in Qoros, totalling RMB6.63 billion (\$1,052 million), have now been advanced by the new investor. In January 2018, Kenon announced that a China-based investor related to the Baoneng group (the "New Qoros Investor") completed a transaction to purchase 51% of Qoros from Wuhu Chery and Kenon for RMB3.315 billion (\$526 million), which is part of an investment structure to ultimately invest a total of approximately RMB6.63 billion by the New Qoros Investor. As a result, Kenon now has a 24% stake in Qoros.

- In January 2018, Chery repaid Kenon RMB120 million (approximately \$18 million) out of the total RMB244 million (approximately \$38 million) previously advanced to Chery.
 - Qoros sold approximately 11,400 cars in the first quarter of 2018, an over 200% increase as compared to approximately 3,700 cars sold in the first quarter of 2017. A substantial number of such sales reflect purchase orders introduced by the New Qoros Investor.
-

Discussion of Results for the Year ended December 31, 2017

Kenon's consolidated results of operations from its operating companies essentially comprise the consolidated results of OPC as well as results from discontinued operations of IC Power Ltd. ("IC Power"). The results of Qoros Automotive Co., Ltd. ("Qoros") and ZIM Integrated Shipping Ltd. ("ZIM") are reflected under results from associates.

See Exhibit 99.2 of Kenon's Form 6-K dated April 2, 2018 for summary Kenon consolidated financial information; summary OPC consolidated financial information; a reconciliation of OPC's EBITDA (which is a non-IFRS measure) to net income and summary operational information of each of OPC's generation businesses.

OPC

The following discussion of OPC's results of operations is derived from OPC's consolidated financial statements.

Summary Financial Information of OPC

	2017	2016
	(\$ millions)	
Revenues	365	324
Cost of sales	266	251
Finance Expenses, net	33	20
Net income	14	20
EBITDA ¹	86	67

- *Revenues* - Revenues increased by \$41 million in 2017, as compared to 2016. As OPC's revenues are denominated in NIS, translation of its revenues to US Dollars had a positive impact of \$21 million. Excluding the impact of exchange rate fluctuations on the translation of OPC's revenues from NIS into US Dollars, revenues increased by \$20 million, primarily as a result of (i) a \$17 million increase due to the higher electricity tariffs in 2017 as compared to 2016 and increased volume of sales, and (ii) \$3 million collected from customers for sales in prior periods, which payments had been delayed due to a delay in availability of relevant data;
- *Cost of sales* - Cost of sales increased by \$15 million in 2017, as compared to 2016. Translation of OPC's cost of sales to US Dollars increased its cost of sales by \$16 million. Excluding the impact of exchange rate fluctuations on the translation of OPC's cost of sales from NIS into US Dollars, cost of sales decreased by \$1 million, primarily as a result of (i) a \$9 million decrease in energy purchases due to the increased availability of the OPC-Rotem station (in 2016 the OPC-Rotem power plant incurred a scheduled major maintenance) and (ii) a \$4 million decrease in gas costs, as the gas price is indexed to the US Dollar (this impact was partially offset by higher quantities of gas purchased in 2017). These effects were partially offset by a \$11 million increase in payments to IEC due to the increase in infrastructure and system cost rates and \$1 million in payments made to IEC in connection with payments made for prior periods which had been delayed due to a delay in availability of relevant data;
- *Financing Expenses, net* - Financing expenses, net increased by approximately \$13 million in 2017 as compared to 2016 primarily as a result of (i) a \$6 million early payment (make-whole) fee incurred as a result of the early repayment in full of OPC's mezzanine loan in May 2017, (ii) a \$3 million increase in financing expenses relating to OPC's August 2017 bond issuance (iii) a \$3 million increase due to impact of exchange rate fluctuations, and (iv) a \$1 million increase in expenses as a result of fluctuations in the CPI;
- *Net income* - Net income decreased by \$6 million in 2017 as compared to 2016. The decrease is primarily due to (i) a \$15 million increase in cost of sales, (ii) a \$3 million increase in selling, general and administrative expenses mainly due to a \$2 million increase in payroll and directors fees and a one-off grant, and a \$1 million increase in professional and legal fees, (iii) a \$13 million increase in finance expenses, net, (iv) a \$9 million increase in tax expenses, primarily as OPC's income before tax from 2017 included losses for which OPC did not register a deferred tax asset, and decrease of corporate tax rate in 2016, which impacted OPC's deferred taxes, and (v) a \$2 million increase in depreciation and amortization due to an earlier than scheduled maintenance of OPC-Rotem plant, which increased fixed assets. These increases were partially offset by a \$41 million increase in revenues; and
- *EBITDA* - EBITDA increased by \$19 million in 2017, as compared to 2016, primarily for the reasons specified above.

¹ EBITDA is a non-IFRS measure. See Exhibit 99.2 of Kenon's Form 6-K dated April 2, 2017 for the definition of OPC's EBITDA and a reconciliation to its total net income for the applicable period

Liquidity and Capital Resources

As of December 31, 2017, OPC had cash and cash equivalents of \$147 million, deposits and restricted cash of \$76 million, and consolidated indebtedness of \$618 million, consisting of \$30 million of short-term indebtedness and \$588 million of long-term indebtedness.

Business Developments

Update on the Construction of the OPC-Hadera Plant

OPC-Hadera is constructing a 148 MW co-generation power plant in Israel. OPC expects that the total cost of completing the OPC-Hadera plant will be approximately NIS 1 billion (approximately \$288 million) (including the original acquisition of OPC-Hadera).

Construction of the OPC-Hadera plant began in June 2016, and the plant is expected to commence commercial operations by the first half of 2019. As of December 31, 2017, OPC-Hadera had invested an aggregate of NIS 562 million (approximately \$162 million) in the project and completed approximately 83% of the project.

Update on Tzomet Project

In April 2017, OPC entered into agreements (including an option agreement) for the acquisition of 95% of the shares of Tzomet Energy Ltd., which is developing a natural gas-fired power station in Israel with capacity of approximately 396 MW. In August 2017, the Israeli Electricity Authority (“EA”) received a letter from the Israel Concentration Committee stating that it believed that, for reasons of broad economy concentration (i.e. taking into account businesses owned by related entities of Kenon's controlling shareholder), OPC should not be granted a contingent license for the construction of the Tzomet facility. In March 2018, OPC completed the acquisition of 95% of the shares of Tzomet Energy, although Tzomet still requires (among other requirements) a license from the EA. The total consideration for the acquisition is estimated at approximately \$23 million, subject to certain adjustments, of which \$3.65 million was paid in March 2018, an additional \$3.65 million is expected to be paid in the second quarter of 2018, and the remaining consideration will be paid at financial closing of Tzomet project.

Agreement for Purchase of Natural Gas

In December 2017, OPC-Rotem and OPC-Hadera signed agreements for the purchase of natural gas with Energean. Pursuant to this agreement, OPC-Rotem and OPC-Hadera will purchase from Energean 5.3 billion m³ and 3.7 billion m³, respectively, of natural gas over a period of fifteen years (subject to adjustments based on their actual consumption of natural gas) or until the date of consumption of the full contractual quantity, commencing at the commercial operation date of the Energean natural gas reservoir. According to Energean's public disclosure, the supply of gas is currently expected to commence in 2021, however there is no guarantee that the gas supply will be available by such date.

*Qoros*²

Updates Regarding Third Party Investment

In January 2018, Kenon announced that the New Qoros Investor completed a transaction to purchase 51% of Qoros from Kenon and Chery³ for RMB3.315 billion (approximately \$526 million), which is part of an investment structure to invest a total of approximately RMB6.63 billion (approximately \$1,052 million) by the New Qoros Investor of which RMB6.5 billion will ultimately be invested in Qoros' equity. As a result, Kenon and Chery now have 24% and 25% stakes in Qoros, respectively. In connection with this investment, Kenon received total cash proceeds of RMB 1.69 billion (\$268 million) and Chery received total cash proceeds of RMB 1.625 billion (\$258 million).

² Convenience translations of RMB amounts into US Dollars use a rate of 6.3: 1, unless otherwise indicated.

³ For purposes of this section, any references to Kenon will be deemed to include Quantum (Kenon's wholly-owned subsidiary which owns Kenon's interest in Qoros) and any references to Chery will be deemed to include Wuhu Chery (the direct owner of Chery's interest in Qoros).

The investment agreement for the transaction provides that following the sale of equity interests, Qoros' shareholders (including the New Qoros Investor) will invest a total of RMB6.5 billion in Qoros' equity in proportion to their post-investment equity ownership. The New Qoros Investor has advanced their proportionate share totalling RMB3.315 billion directly to Qoros. As a result, all funds for the investment, totalling RMB6.63 billion, have now been advanced by the New Qoros Investor.

Kenon and Chery will use proceeds they received from the sale of their Qoros interests to fund their respective portions of the investment in Qoros, or to partially fund together with the conversion of existing shareholder loans. The transaction will not involve any new money invested from Kenon or Chery. In total, Kenon is required to invest RMB1.56 billion and as a result retained RMB130 million, which funds were paid to Ansonia as further detailed below.

The investment agreement provides for repayment of existing shareholder loans owing from Qoros in the principal amount of RMB944 million (approximately \$150 million) to each of Kenon and Chery, in two equal tranches. Qoros has applied to the relevant authorities to complete a capital increase of RMB6.5 billion, including the conversion of these existing shareholder loans. In connection with this process, the parties are in advanced discussions for Kenon and Chery to retain amounts equal to the amounts of these shareholder loans in the event they are converted to equity and therefore not be required to fund these amounts to Qoros, ultimately maintaining a substantially similar economic result. A portion of the loan repayments to Kenon or sale proceeds retained by Kenon will be applied to the repayment of shareholder loans from Ansonia, as discussed below.

Guarantee Obligations

As part of the investment, the New Qoros Investor will assume its pro rata share of the guarantees and equity pledges based on post-investment equity ownership in Qoros, which will be subject to further adjustment following any future changes in the equity ownership in Qoros (including as a result of the exercise of the put option or investment right by a shareholder under the investment agreement). The New Qoros Investor has assumed its proportionate obligations with respect to the RMB3 billion and RMB700 million loan facilities, and as a result, in January 2018, Chery repaid Kenon RMB120 million (approximately \$18 million¹) out of the total RMB244 million (approximately \$39 million) previously advanced, and a significant portion of the Qoros equity pledged by Kenon to Chery was released. These repayments and releases of equity pledges were required under the terms of the advances, which provided for repayment of the advances and release of pledges to Chery upon a reduction of guarantee obligations of Chery, and the investment by the New Qoros Investor resulted in guarantee reductions for Chery requiring such repayment and releases from the pledge. The New Qoros Investor is still in the process of assuming its proportionate obligations with respect to the RMB1.2 billion loan facility after which Kenon will also be proportionately released from its pledge obligations thereunder, subject to the Qoros bank lender consent. Substantially all of Kenon's equity in Qoros is currently pledged.

Repayment of Loans to Ansonia

Kenon is party to loan agreements with Kenon's major shareholder Ansonia, which were entered into in 2016 to provide loans to Kenon to fund Qoros. The total outstanding amount of the loans owing from Kenon to Ansonia was approximately \$75 million (including interest) as of December 31, 2017.

Under the terms of these loan agreements, Kenon is required to use the proceeds from realizations of certain investments in Qoros and repayments of shareholder loans from Qoros to Kenon to repay the loans with Ansonia. Accordingly, \$20 million in proceeds retained by Kenon from the sale of equity in Qoros to the New Qoros Investor was applied to the partial repayment of the Ansonia loans in January 2018, leaving a balance of approximately \$55 million (linked to RMB proceeds received by Kenon) of loans owing to Ansonia. Amounts retained under the new investment, including a portion of any Qoros shareholder loan repayments or amounts retained by Kenon from the sale of its interest in Qoros to the New Qoros Investor, would similarly be required to be applied to the repayment of the Ansonia loans.

Kenon's Put Option; the New Qoros Investor's Right to make Further Investments in Qoros

During the three-year period beginning from the closing of the investment, Kenon has the right to cause the New Qoros Investor to purchase up to 50% of its remaining equity interest in Qoros, following the related capital increase, for up to RMB1.56 billion (approximately \$248 million), being the price for 50% of Kenon's remaining 24% interest in Qoros, subject to adjustments for inflation. From the third anniversary of the closing until April 2023, Kenon has the right to cause the New Qoros Investor to purchase up to all of its remaining equity interests in Qoros for up to a total of RMB3.12 billion (approximately \$495 million) (for Kenon's full 24% interest in Qoros), subject to adjustment for inflation. Another company within the Baoneng group effectively guarantees this put option by also serving as a grantor of the option. The put option requires six months' notice for exercise.

⁴ Convenience translations of RMB amount into US Dollars in January 2018 of 6.5: 1.

For a detailed disclosure of the investment in Qoros, see Kenon's report on Form 6-K submitted to the SEC on January 8, 2018.

Business Updates

Car Sales

For the year ended December 31, 2017, Qoros sold approximately 15,000 cars, as compared to approximately 24,000 cars in 2016. Qoros sold approximately 11,400 cars in the first quarter of 2018, as compared to approximately 3,700 total cars sold in the first quarter of 2017, of which a substantial amount reflect purchase orders introduced by entities related to the New Qoros Investor.

ZIM

Discussion of ZIM's Results for 2017

ZIM carried approximately 2,629 thousand TEUs in 2017, representing an 8% increase as compared to 2016, in which ZIM carried approximately 2,429 thousand TEUs. ZIM's revenues increased by 17% in 2017 to approximately \$3.0 billion, as compared to approximately \$2.5 billion in 2016, due to the increase in carried quantities, as well as the increase in industry container freight rates. ZIM's operating expenses and cost of services increased by 9% to approximately \$2.6 billion, as compared to approximately \$2.4 billion in 2016, primarily as a result of an increase in cargo handling expenses, as well as an increase in bunker prices.

Additional Kenon Updates

Sale of Inkia Businesses

On November 24, 2017, Kenon, through its subsidiaries Inkia and IC Power Distribution Holdings Pte. Ltd. ("ICPDH") entered into a share purchase agreement with Nautilus Inkia Holdings LLC which is an entity controlled by I Squared Capital, pursuant to which Inkia and ICPDH agreed to sell all of their interests in power generation and distribution companies in Latin America and the Caribbean (the "Inkia Businesses") in consideration for \$1,332 million, consisting of (i) \$935 million cash proceeds paid by the buyer, (ii) retained cash at Inkia of \$222 million, and (iii) \$175 million, which was deferred in the form of a Deferred Payment Obligation bearing interest of 8% per annum, payable in kind. The buyer also assumed Inkia's obligations under Inkia's \$600 million 5.875% Senior Unsecured Notes due 2027. The final purchase price is subject to certain adjustments, including adjustments for working capital, debt and cash at closing.

The consideration that Inkia received in the transaction is before estimated transaction costs, management compensation, advisor fees, other expenses and taxes, which are estimated to be in the aggregate approximately \$263 million, of which \$27 million comprises taxes to be paid upon payment of the \$175 million Deferred Payment Obligation.

In January 2018, Kenon used a portion of the proceeds of the transaction to repay debt of IC Power (\$43 million of net debt outstanding), and to repay its loan facility with Israel Corporation (\$240 million including accrued interest, and \$3 million withholding tax).

The net proceeds to Kenon after the repayment of certain debt, taxes and expenses amounted to \$635 million.

Cash distribution

In March 2018, Kenon distributed \$665 million to its shareholders as a return of capital resulting from a capital reduction.

Kenon's (Unconsolidated) Liquidity and Capital Resources

As of December 31, 2017, cash, gross debt, and net debt⁵ (a non-IFRS financial measure, which is defined as gross debt minus cash) of Kenon (unconsolidated) were \$62 million, \$240 million and \$178 million, respectively.

The net proceeds from the sale of the Inkia Businesses, after repayment of certain debt, taxes and expenses, amounted to \$635 million, consisting of (i) \$935 million cash received from the sale and (ii) \$222 million retained cash at Inkia, minus (iii) \$243 million repayment of the full outstanding loan from Israel Corporation Ltd. (\$240 million paid to Israel Corporation, plus \$3 million withholding tax), (iv) \$43 million net debt full outstanding of IC Power, and (v) \$236 million expenses related to the Inkia sale. An additional \$27 million in taxes remains to be paid upon payment of the \$175 million Deferred Payment Obligation.

In January 2018, Kenon received total cash proceeds of RMB1.69 billion (\$268 million) from the New Qoros Investor from the sale of its Qoros interests, which Kenon will use to fund all or a portion of its required investment in Qoros and repayments to Ansonia. Furthermore, in January 2018, Kenon used \$20 million from these proceeds towards partial repayment of loans to Ansonia. See the discussion above for a more detailed discussion of the third party investment in Qoros, and repayment of the Ansonia loans.

In January 2018, Chery repaid Kenon RMB120 million (approximately \$18 million) out of the total RMB244 million (approximately \$39 million) previously advanced by Kenon, and a significant portion of the Qoros equity pledged by Kenon to Chery was released prior to the transfer to the New Qoros Investor. See the discussion above for a more detailed discussion of the third party investment in Qoros with respect to Kenon's Qoros guarantee obligations.

In March 2018, Kenon made a cash distribution of \$665 million.

¹ Kenon's gross debt and net debt do not include Kenon's back-to-back guarantee obligations in respect of Qoros' indebtedness, discussed in Kenon's report on Form 6-K submitted to the SEC on January 8, 2018.

Investors' Conference Call

Kenon's management will host a conference call for investors and analysts on April 10, 2018. Kenon's and OPC's managements will host the call and will be available to answer questions after presenting the results. To participate, please call one of the following teleconferencing numbers:

Singapore: 3158-3851
US: 1-866-229-7198
Israel: 03-918-0691
UK: 0-800-4048-418
International: +65-3158-3851

About Kenon

Kenon is a holding company that operates dynamic, primarily growth-oriented businesses. The companies it owns, in whole or in part, are at various stages of development, ranging from established, cash-generating businesses to early stage development companies. Kenon's businesses consist of:

- OPC Energy (76% interest) – a leading owner, developer and operator of power generation facilities in the Israeli power market;
- Qoros (24% interest) – a China-based automotive company;
- ZIM (32% interest) – an international shipping company; and
- Primus Green Energy, Inc. (91% interest) – an early stage developer of alternative fuel technology.

Kenon remains committed to its strategy to realize the value of its businesses for its shareholders. In connection with this strategy, Kenon may provide its shareholders with direct access to its businesses, which may include spin-offs, listings, offerings, distributions or monetization of its businesses. Kenon is actively exploring various ways to materialize this strategy in a rational and expeditious manner. For further information on Kenon's businesses and strategy, see Kenon's publicly available filings, which can be found on the SEC's website at www.sec.gov. Please also see <http://www.kenon-holdings.com> for additional information.

Caution Concerning Forward-Looking Statements

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to statements about (i) with respect to OPC, statements with respect to the OPC-Hadera and Tzomet projects, including expected installed capacity, cost, financing and timing of the completion, (ii) with respect to the sale of the Inkia Businesses, the final purchase price, use of proceeds, and expected expenses relating to the transaction including expected taxes, (iii) with respect to Qoros, statements with respect to the terms of the third party investment in Qoros by the New Qoros Investor, including statements with respect to proceeds from the sale of equity interests to the New Equity Investor retained by Kenon, assumption by the New Qoros Investor of its pro rata share of the guarantees and equity pledges, repayment of the shareholder loans to Ansonia and the advanced discussions by the parties for Kenon to retain proceeds from this sale in lieu of shareholder loan repayments, and (iv) other non-historical matters. These statements are based on Kenon's management's current expectations or beliefs, and are subject to uncertainty and changes in circumstances. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond Kenon's control, which could cause the actual results to differ materially from those indicated in such forward-looking statements. Such risks include (i) with respect to OPC, risks relating to a failure to complete the development of the OPC-Hadera and Tzomet projects on a timely basis, within the expected budget, or at all, including risks related to license and other approvals required to proceed with the Tzomet project, (ii) with respect to the sale of the Inkia Businesses, the amount of final closing adjustments and expenses, including taxes, payable in connection with the transaction, (iii) with respect to Qoros, risks relating to the completion of the transactions contemplated by the investment agreement, including repayment of shareholder loans and the put option, and the outcome of discussions on the retention of proceeds by Kenon from its sale of equity in Qoros to the New Qoros Investor and (iv) other risks and factors, including those risks set forth under the heading "Risk Factors" in Kenon's Annual Report on Form 20-F filed with the SEC and other filings. Except as required by law, Kenon undertakes no obligation to update these forward-looking statements, whether as a result of new information, future events, or otherwise.

Contact Info

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Financial Information for the Year Ended December 31, 2017 of Kenon and OPC and

Reconciliation of Certain non-IFRS Financial Information

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Appendix A

Summary Kenon consolidated financial information

Kenon Holdings Ltd and subsidiaries Consolidated Statements of Financial Position as at December 31, 2017 and 2016

	As at December 31	
	2017	2016
	\$ millions	
Current assets		
Cash and cash equivalents	1,417	327
Short-term investments and deposits	7	90
Trade receivables, net	44	284
Other current assets, including derivatives	36	50
Income tax receivable	-	11
Inventory	-	92
Total current assets	1,504	854
Non-current assets		
Investments in associated companies	122	208
Deposits, loans and other receivables, including derivative instruments	107	177
Deferred payment receivable	175	-
Deferred taxes, net	-	25
Property, plant and equipment, net	616	3,497
Intangible assets, net	2	377
Total non-current assets	1,022	4,284
Total assets	2,526	5,138
Current liabilities		
Loans and debentures	448	483
Trade payables	59	286
Other payables, including derivative instruments	83	91
Guarantee deposits from customers	-	57
Provisions	44	120
Income tax payable	172	8
Total current liabilities	806	1,045
Non-current liabilities		
Loans, excluding current portion	504	1,973
Debentures, excluding current portion	85	857
Derivative instruments	-	45
Deferred taxes, net	53	225
Trade payables	-	44
Income tax payable	27	-
Other non-current liabilities	-	55
Total non-current liabilities	669	3,199
Total liabilities	1,475	4,244
Equity		
Share capital	1,267	1,267
Shareholder transaction reserve	4	27
Translation reserve	(2)	(22)
Capital reserve	19	12
Accumulated deficit	(305)	(603)
Equity attributable to owners of the Company	983	681
Non-controlling interests	68	213
Total equity	1,051	894
Total liabilities and equity	2,526	5,138

Kenon Holdings Ltd and subsidiaries
Consolidated Statements of Profit & Loss for the years ended December 31, 2017 and 2016

	For the year ended December 31,	
	2017	2016
	\$ millions	
Revenue	366	324
Cost of sales and services (excluding depreciation)	(267)	(251)
Depreciation	(31)	(27)
Gross profit	68	46
Selling, general and administrative expenses	(56)	(47)
Impairment of assets and investments	29	(72)
Other income	1	1
Operating profit/(loss)	42	(72)
Financing expenses	(70)	(47)
Financing income	3	7
Financing expenses, net	(67)	(40)
Provision of financial guarantee	–	(130)
Share in losses of associated companies, net of tax	(111)	(186)
Loss before income taxes	(136)	(428)
Income taxes	(73)	(2)
Loss for the year from continuing operations	(209)	(430)
Profit for the year from discontinued operations (after tax)	478	36
Profit/(loss) for the year	269	(394)
Attributable to:		
Kenon's shareholders	237	(412)
Non-controlling interests	32	18
(Loss)/ Profit for the year	269	(394)
Basic/diluted (loss)/profit per share attributable to Kenon's shareholders (in dollars):		
Basic/diluted profit/(loss) per share	4.40	(7.67)
Basic/diluted (loss) per share from continuing operations	(4.00)	(8.08)
Basic/diluted profit per share from discontinued operations	8.40	0.41

Kenon Holdings Ltd and subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2017 and 2016

	For the year ended December	
	31	
	2017	2016
	\$ millions	
Cash flows from operating activities		
(Loss)/Profit for the year	269	(394)
Adjustments:		
Depreciation and amortization	178	172
Impairment of assets and investments	(8)	72
Financing expenses, net	276	171
Share in losses of associated companies, net	111	186
Capital gains/(losses), net	(26)	3
Provision for financial guarantee	–	130
Bad debt expense	7	5
Share-based payments	1	1
Income taxes	278	59
	<u>1,086</u>	<u>405</u>
Change in inventories	1	(40)
Change in trade and other receivables	(63)	(69)
Change in trade and other payables	(568)	23
Change in provisions and employee benefits	2	(41)
Cash generated from operating activities	458	278
Income taxes paid, net	(66)	(117)
Dividends received from investments in associates	–	1
Net cash provided by operating activities	<u><u>392</u></u>	<u><u>162</u></u>

Kenon Holdings Ltd and subsidiaries
Consolidated Statement of Cash Flows, continued
For the years ended December 31, 2017 and 2016

	For the year ended December 31	
	2017	2016
	\$ millions	
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangible assets	5	–
Short-term deposits and loans, net	(5)	222
Cash paid for businesses purchased, less cash acquired	–	(206)
Disposal of subsidiary, net of cash disposed of and exit from combination	793	–
Investment in associates	–	(111)
Sale of securities held for trade and available for sale, net	–	17
Acquisition of property, plant and equipment	(228)	(281)
Acquisition of intangible assets	(10)	(9)
Proceeds from realization of long-term deposits	5	–
Interest received	7	6
Payment of consideration retained	–	(2)
Payment to release financial guarantee	(72)	(36)
Exercisable purchase assignment	10	–
Insurance claim received	80	–
Net cash provided by (used in) investing activities	585	(400)
Cash flows from financing activities		
Dividend paid to non-controlling interests	(29)	(33)
Proceeds from issuance of shares to holders of non-controlling interests in subsidiaries	100	10
Payment of issuance expenses related to long-term debt	(35)	–
Payment of consent fee	(5)	–
Receipt of long-term loans and issuance of debentures	1,939	799
Repayment of long-term loans and debentures	(1,506)	(445)
Short-term credit from banks and others, net	(126)	(5)
Payment of swap unwinding and early repayment fee	(47)	–
Purchase of non-controlling interest	(14)	–
Interest paid	(180)	(151)
Net cash provided by financing activities	97	175
Increased / (Decrease) in cash and cash equivalents	1,074	(63)
Cash and cash equivalents at beginning of the year	327	384
Effect of exchange rate fluctuations on balances of cash and cash equivalents	16	6
Cash and cash equivalents at end of the year	1,417	327

Information regarding reportable segments

The following table sets forth selected financial data for Kenon's reportable segments for the periods presented:

	Year Ended December 31, 2017 ¹				Consolidated Results
	OPC	Qoros ²	Other ³	Adjustments ⁴	
	<i>(in millions of USD, unless otherwise indicated)</i>				
Sales	\$ 365	\$ -	\$ 1	\$ -	\$ 366
Depreciation and amortization	(30)	-	(1)	-	(31)
Impairment of assets and investments	-	-	29	-	29
Financing income	1	-	13	(11)	3
Financing expenses	(34)	-	(47)	11	(70)
Share in (losses) income of associated companies	-	(121)	10	-	(111)
Profit / (Loss) before taxes	\$ 23	\$ (121)	\$ (38)	\$ -	\$ (136)
Income taxes	(9)	-	(64)	-	(73)
Profit / (Loss) from continuing operations	\$ 14	\$ (121)	\$ (102)	\$ -	\$ (209)
Segment assets ⁵	\$ 937	\$ -	\$ 1,469 ⁶	\$ -	\$ 2,406
Investments in associated companies	-	2	120	-	122
Segment liabilities	741	-	726 ⁷	-	1,467
Capital expenditure ⁸	109	-	121	-	230

(1) In December 2017, Inkia completed the sale of the Inkia Business.

(2) Associated company.

(3) Includes the results of Primus and HelioFocus (which was liquidated in July 2017); the results of ZIM, as an associated company; as well as Kenon's and IC Green's holding company and general and administrative expenses.

(4) "Adjustments" includes inter-segment financing income and expenses.

(5) Excludes investments in associates.

(6) Includes Kenon's, IC Green's and IC Power holding company assets.

(7) Includes Kenon's, IC Green's and IC Power holding company liabilities.

(8) Includes the additions of Property, Plant and Equipment, or PP&E, and intangibles based on an accrual basis.

	Year Ended December 31, 2016 ¹				Consolidated Results
	OPC	Qoros ²	Other ³	Adjustments ⁴	
	<i>(in millions of USD, unless otherwise indicated)</i>				
Sales	\$ 324	\$ —	\$ —	\$ -	\$ 324
Depreciation and amortization	(27)	—	-	-	(27)
Impairment of assets and investments	-	—	(72)	-	(72)
Financing income	3	—	16	(12)	7
Financing expenses	(23)	—	(36)	12	(47)
Share in losses of associated companies	-	(143)	(43)	-	(186)
Provision of financial guarantee	-	—	(130)	-	(130)
Profit / (Loss) before taxes	\$ 20	\$ (143)	\$ (305)	\$ -	\$ (428)
Income taxes	—	—	(2)	-	(2)
Profit / (Loss) from continuing operations	\$ 20	\$ (143)	\$ (307)	\$ -	\$ (430)
Segment assets ⁵	\$ 668	\$ —	\$ 4,262	\$ -	\$ 4,930
Investments in associated companies	-	118	90	-	208
Segment liabilities	534	—	3,710	-	4,244
Capital expenditure ⁸	73	—	245	-	318

(1) Results during this period have been reclassified to reflect the results of the Inkia Business as discontinued operations.

(2) Associated company.

- (3) Includes the results of Primus and HelioFocus (which was liquidated in July 2017); the results of ZIM, as an associated company; as well as Kenon's and IC Green's holding company and general and administrative expenses.
- (4) "Adjustments" includes inter-segment financing income and expenses.
- (5) Excludes investments in associates.
- (6) Includes Kenon's, IC Green's and IC Power holding company assets.
- (7) Includes Kenon's, IC Green's and IC Power holding company liabilities.
- (8) Includes the additions of PP&E and intangibles based on an accrual basis.

Information regarding reportable segments

	Year Ended December 31, 2015 ¹				
	OPC	Qoros ²	Other ³	Adjustments ⁴	Consolidated Results
	<i>(in millions of USD, unless otherwise indicated)</i>				
Sales	\$ 326	\$ —	\$ —	\$ -	\$ 326
Depreciation and amortization	(26)	—	1	—	(25)
Asset impairment	-	—	(7)	—	(7)
Financing income	3	—	8	—	11
Financing expenses	(26)	—	(10)	—	(36)
Share in (losses) income of associated companies	-	(196)	9	—	187
Gain from distribution of dividend in kind	-	—	210	—	210
Income (loss) before taxes	\$ 30	\$ (196)	\$ 199	\$ —	\$ 33
Income taxes	(8)	—	(1)	—	(9)
Income (loss) from continuing operations	\$ 22	\$ (196)	\$ 198	\$ —	\$ 24
Segment assets ⁵	\$ 811	\$ —	\$ 3,303 ⁶	\$ —	\$ 4,114
Investments in associated companies	-	159	210	—	369
Segment liabilities	677	—	2,542 ⁷	—	3,219
Capital expenditure ⁸	18	—	556	—	574

- (1) Results during this period have been reclassified to reflect the results of the Inkia Business as discontinued operations.
- (2) Associated company.
- (3) Includes the results of Primus and HelioFocus (which was liquidated in July 2017); the results of ZIM and Tower (up to June 30, 2015), as associated companies; as well as Kenon's and IC Green's holding company and general and administrative expenses.
- (4) "Adjustments" includes inter-segment sales.
- (5) Excludes investments in associates.
- (6) Includes Kenon's, IC Green's and IC Power holding company assets.
- (7) Includes Kenon's, IC Green's and IC Power holding company liabilities.
- (8) Includes the additions of PP&E and intangibles based on an accrual basis.

Information regarding associated companies

	Carrying amounts of investment in associated companies		Equity in the net (losses) / earnings of associated companies	
	as at		for the year ended	
	December 31 2017	December 31 2016	December 31 2017	December 31 2016
	\$ millions		\$ millions	
ZIM	120	82	10	(43)
Qoros	2	118	(121)	(143)
Others	—	8	—	—
	122	208	(111)	(186)

Appendix B

Summary OPC consolidated financial information

OPC's Consolidated Statement of Income

	For the year ended	
	December 31,	
	2017	2016
	<i>(in millions of USD)</i>	
Sales	365	324
Cost of sales (excluding depreciation and amortization)	(266)	(251)
Depreciation and amortization	(30)	(27)
Gross profit	69	46
General, selling and administrative expenses	(13)	(6)
Operating income	56	40
Financing expenses	(34)	(23)
Financing income	1	3
Financing expenses, net	(33)	(20)
Income before taxes	23	20
Taxes on income	(9)	–
Net income for the period	14	20
Attributable to:		
Equity holders of the company	9	16
Non-controlling interest	5	4
Net income for the period	14	20

Summary Data from OPC's Consolidated Statement of Cash Flows

	For the year ended	
	December 31,	
	2017	2016
	<i>(in millions of USD)</i>	
Cash flows provided by operating activities	114	25
Cash flows used in investing activities	(158)	(19)
Cash flows provided by (used in) financing activities	163	(104)
Increase (decrease) in cash and cash equivalents	119	(98)
Cash and cash equivalents at end of the period	147	23
Investments in property, plant and equipment	630	509
Total depreciation and amortization	31	27

Summary Data from OPC's Consolidated Statement of Financial Position

	As at	
	December 31,	December 31,
	2017	2016
	<i>(in millions of USD)</i>	
Total financial liabilities ¹	596	454
Total monetary assets ²	147	28
Total equity attributable to the owners	173	116
Total assets	941	672

^{1.} Including loans from banks and others and debentures

^{2.} Including cash and cash equivalents, short-term deposits and restricted cash.

Appendix C

Definition of OPC's EBITDA and non-IFRS reconciliation

This press release, including the financial tables, presents EBITDA and net debt, which are financial metrics considered to be “non-IFRS financial measures.” Non-IFRS financial measures should be evaluated in conjunction with, and are not a substitute for, IFRS financial measures. The non-IFRS financial information presented herein should not be considered in isolation from or as a substitute for operating income, net income or per share data prepared in accordance with IFRS.

OPC defines “EBITDA” as for each period for each entity as net income before depreciation and amortization, financing expenses, net, and income tax expense. EBITDA is not recognized under IFRS or any other generally accepted accounting principles as measures of financial performance and should not be considered as a substitute for net income or loss, cash flow from operations or other measures of operating performance or liquidity determined in accordance with IFRS. EBITDA is not intended to represent funds available for dividends or other discretionary uses because those funds may be required for debt service, capital expenditures, working capital and other commitments and contingencies. EBITDA presents limitations that impair its use as a measure of our profitability since it does not take into consideration certain costs and expenses that result from our business that could have a significant effect on our net income, such as financial expenses, taxes, depreciation, capital expenses and other related charges.

OPC believes that the disclosure of EBITDA and net debt provides transparent and useful information to investors and financial analysts in their review of the company's, or its subsidiaries' and associate's, operating performance and in the comparison of such operating performance to the operating performance of other companies in the same industry or in other industries that have different capital structures, debt levels and/or income tax rates.

Set forth below is a reconciliation of OPC's net income to EBITDA for the periods presented. Other companies may calculate EBITDA differently, and therefore this presentation of EBITDA may not be comparable to other similarly titled measures used by other companies.

	For the year ended December 31, 2017
	<i>(in USD millions)</i>
Net income for the period	14
Depreciation and amortization	30
Financing expenses, net	33
Income tax expense	9
EBITDA	86

	For the year ended December 31, 2016
	<i>(in USD millions)</i>
Net income for the period	20
Depreciation and amortization	27
Financing expenses, net	20
EBITDA	67

Appendix D

Summary Financial Information of OPC's Subsidiaries

The tables below set forth a reconciliation of net debt to total debt for OPC's subsidiaries as of December 31, 2017:

	OPC-Rotem	OPC-Hadera	OPC Energy & Others	Total OPC
Total debt ⁽ⁱ⁾	383	144	91	618
Cash ⁽ⁱⁱ⁾	86	31	106	223
Net Debt	297	113	(15)	395

(i) Total debt comprises loans from banks and third parties and debentures, and includes long term and short term debt.

(ii) Includes cash and cash equivalents, short-term deposits and restricted cash, and long-term deposits and restricted cash.

The tables below set forth a reconciliation of net debt to total debt for OPC's subsidiaries as of December 31, 2016:

	OPC-Rotem	OPC-Hadera	OPC Energy & Others	Total OPC
Total debt ⁽ⁱ⁾	365	-	52	417
Cash ⁽ⁱⁱ⁾	22	1	23	46
Net Debt	343	(1)	29	371

(i) Total debt comprises loans from banks and third parties and debentures, and includes long term and short term debt.

(ii) Includes cash and cash equivalents, short-term deposits and restricted cash, and long-term deposits and restricted cash.