



# Phoenix Insurance Agencies (1989) Ltd.

September 7, 2025

## Rating

### New

Issuer rating set at '+ilAA+/ilA-1', rating outlook

### Stable

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## Table of Contents

- Summary .....2
- Rating Action .....2
- Key Considerations .....2
- Liquidity .....4
- Rating Outlook .....4
- Negative Scenario .....4
- Positive Scenario .....5
- Environmental, Social, and Corporate Governance Factors .....5
- List of Ratings .....5

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**\*\*Phoenix Insurance Agencies (1989) Ltd.\*\***

# Summary

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- Phoenix Insurance Agencies Ltd. ("Phoenix Agencies" or "the Company") operates through its subsidiaries in the marketing, distribution, and sale of a variety of insurance and savings products for businesses and individuals.
- The credit profile of Phoenix Agencies is supported by continuous growth in market share and improvement in operational parameters alongside low leverage.
- The company's rating is also supported by the strategic importance of Phoenix Agencies to the PHOENIX FINANCIAL LTD group, one of the largest financial groups in Israel.
- Accordingly, we assign a long-term rating of '+ilAA' and a short-term rating of '+ilA-1' to Phoenix Insurance Agencies Ltd.
- The stable rating outlook reflects our assessment that the company will maintain its leading position in the marketing and distribution of insurance and savings products, while keeping its debt to EBITDA ratio below 2x and its FFO (funds from operations) to debt ratio above 45%. The outlook is also supported by the stable credit profile of the parent company PHOENIX FINANCIAL LTD (ilAA/Stable), one of the largest financial groups in Israel.

# Rating Action

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On September 7, 2025, S&P Maalot assigned a long-term rating of '+ilAA' to Phoenix Insurance Agencies Ltd. The rating outlook is stable. S&P Maalot also assigned the company a short-term rating of '+ilA-1'.

# Key Considerations

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**Phoenix Agencies was founded in 1989 and is engaged in the marketing, sale, and distribution of insurance and savings products to businesses and private clients.**

The company operates through its subsidiaries a network of agencies that connect clients to a variety of financial and insurance products available in the market, tailored to the client's needs. The product basket distributed by the company includes, among others, financial savings products, life insurance, health, general insurance, pension, and provident funds. The controlling shareholder of the company is PHOENIX FINANCIAL LTD, holding about 95% of the shares.

**The company has a leading competitive position and operates in a market characterized by continuous growth.** The volume of assets managed in long-term savings in Israel is growing at high rates, and despite some volatility, the average annual premium volume in the insurance market is also growing. The ongoing growth in the main activity markets provides tailwinds and gives the company high growth potential. This is alongside partners and management with many years of experience in the industry.

In recent years, the company has implemented a strategy of growth and expansion based on increasing market share through marketing all the financial and insurance solutions offered by the group, as well as through mergers and acquisitions, including the acquisition of several leading insurance agencies with strong brands. Among the company's holdings are the Agam agencies.

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Leaders, Shekel, and Oren Mizrah. The implementation of the acquisition strategy allows the company to expand its customer base and increase the sales potential to existing customers. The company sells a wide range of products and does not have significant dependence on a single category. The company markets the products and services of all players in the market.

A significant part, constituting about 65% of revenues, is based on recurring income, mainly from the financial, pension, life and health insurance, and general insurance sectors, with high customer retention rates. This model provides stability and high visibility to revenues. In addition, the long-standing relationships with insurance companies and the reputation built over three decades create significant entry barriers for new players. Direct sales channels may pose competition over time, but the company's ability to provide a unique solution to customers mitigates the risk. Given its leading business position, the company demonstrates high profitability.

On the other hand, it should be noted that the field of insurance and long-term savings is characterized by volatility and intense competition, which leads to ongoing erosion in management fees and premiums. Therefore, there may be pressure on the company's revenues. In addition, companies operating in the market are subject to strict regulation, which sometimes limits growth potential. Given the company's current market share (about 7%), it is not exposed to any limitation. We also see as weaknesses the concentration in the local activity market, lack of geographic diversification, and the relatively small scale of activity compared to international brokers.

**The company has shown consistent growth in recent years, both organically and through acquisitions. In our assessment, in 2025**

revenues are expected to grow by 15%-20%, among other things thanks to small acquisitions and organic growth. Growth is expected to moderate later, in line with the industry. The adjusted EBITDA forecast for 2025 is about NIS 500 million. The adjusted EBITDA margin is expected to be about 44%, and is expected to improve to 45%-46% from 2026, among other things thanks to the realization of synergies and efficiency.

The company operates with relatively low leverage, as reflected in the expected debt to EBITDA ratio of about 1.2x and the expected FFO to debt ratio of 55%. The FOCF (free operating cash flow) to debt ratio is expected to be about 50%, reflecting significant free cash flow generation relative to debt. These ratios indicate a conservative capital structure, strong debt service capacity, and sufficient financial flexibility. Phoenix Agencies currently relies mainly on bank debt, alongside a non-material owner's loan. However, we estimate that in the future the company will work to expand its range of funding sources, including other institutional investors and the capital market, which will contribute to diversifying the funding base and reducing debt refinancing costs over time.

**We expect the company to distribute about 80% of its profit as a dividend in accordance with its official policy. Depreciation expenses, capital**

expenditures (capex), and working capital needs are expected to remain in line with the historical average. Our forecasts also include future acquisitions in line with the trend in recent years and our understanding of the company's long-term intentions.

**3. September 7, 2025 | New Rating**

**\*\*Phoenix Insurance Agencies (1989) Ltd.\*\***

Belonging to the PHOENIX FINANCIAL LTD group is a significant strength. Phoenix Agencies is an integral part of the group's insurance product distribution and sales activities, serving as a growth engine and the executing arm in this area. Its affiliation and importance to the PHOENIX FINANCIAL LTD group, in our assessment, support its financial stability, both due to their contribution to the company's access to financing sources and their potential expansion in the future, as well as potential cash flow support if needed. In a transaction signed in September 2025, the parent company increased its holding in the company to 95% from 78%. We estimate that the increase in holding strengthens the integration between Phoenix Agencies and the group and indicates a long-term strategic commitment to developing the company as a significant growth engine and as a complementary activity to the group's core business. We believe this step strengthens the support the group will provide to the company and the relationship between them.

# Liquidity

We assess the liquidity level of Phoenix Agencies as adequate, as we expect the company's sources-to-uses ratio to exceed 1.2x in the next 12 months. The assessment is based on cash balances, the ability to generate ongoing cash flow, and a managed and moderate debt repayment schedule in the next 12 months.

We estimate that the main sources available to the group in the 12 months starting July 1, 2025, are:

- Cash of about NIS 190 million
- FFO of about NIS 350 million

The main uses of the group expected in the same period are:

- Debt maturities of about NIS 100 million
- Capital expenditures of about NIS 50 million
- Acquisition of activities in the amount of NIS 50-100 million
- Dividend distribution of about NIS 240 million

# Rating Outlook

The stable rating outlook reflects our assessment that the company will maintain its leading position in the marketing and distribution of insurance and savings products, while keeping its debt to EBITDA ratio below 2x and its debt to FFO ratio above 45%. The outlook is also supported by the stable credit profile of the parent company PHOENIX FINANCIAL LTD, which holds one of the largest insurance groups in Israel.

## Negative Scenario

We may lower the rating if there is a deterioration in the company's performance, including a significant decline in profitability, and at the same time the debt to EBITDA ratio rises above 2.0x and the FFO to debt ratio falls below 45%. Such deterioration may result from changes in

## 4. September 7, 2025 | New Rating

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macroeconomic conditions in Israel and market conditions in the insurance and savings sectors. We will also consider a negative rating action if the company implements an aggressive acquisition policy using debt. A downgrade at the group level may also lead to a downgrade of the company.

### **Positive Scenario**

We do not expect a rating upgrade in the near term, as we believe the current rating fully reflects the company's credit profile. However, we will consider a positive rating action if there is a significant improvement in the company's business profile, i.e., expansion of activity without an increase in leverage.

## **Environmental, Social, and Corporate Governance Factors**

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ESG factors do not have a material impact on the credit rating analysis of Phoenix Insurance Agencies Ltd.

## **Methodology and Related Articles**

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- [Methodology - General: S&P Rating Principles, February 16, 2011](#)
- [Methodology - General: Industry Risk, November 19, 2013](#)
- [Methodology: Country Risk Assessment Methodology, November 19, 2013](#)
- [Methodology: Methodology for Assessing Corporate Liquidity Profiles, December 16, 2014](#)
- [Methodology: Methodology for Calculating Financial Ratios and Adjustments, April 1, 2019](#)
- [Methodology - General: Group Company Rating Methodology, July 1, 2019](#)
- [Methodology - General: Credit Risks Arising from Environmental, Social, and Corporate Governance Factors, October 10, 2021](#)
- [Methodology: General Corporate Rating Methodology, January 7, 2024](#)
- [Methodology: Methodology for Assessing Management and Corporate Governance of Non-Financial Companies, January 7, 2024](#)
- [Rating Scales and Definitions: S&P Global Ratings Scale Definitions, December 2, 2024](#)
- [Rating Scales and Definitions: The Relationship Between the Global and Local Rating Scales, March 27, 2025](#)



# List of Ratings

| Phoenix Insurance Agencies 1989 Ltd. | Rating       | Date Rating First Published | Last Date Rating Updated |
|--------------------------------------|--------------|-----------------------------|--------------------------|
| Issuer Rating(s)                     |              |                             |                          |
| Short Term                           | ilA-1+       | 07/09/2025                  | 07/09/2025               |
| Long Term                            | ilAA+\Stable | 07/09/2025                  | 07/09/2025               |

## Issuer Rating History

|            |                    |              |
|------------|--------------------|--------------|
| Long Term  | September 07, 2025 | ilAA+\Stable |
| Short Term | September 07, 2025 | ilA-1+       |

5 | September 7, 2025 New Rating

\*\*Phoenix Insurance Agencies (1989) Ltd.\*\*

| PHOENIX FINANCIAL LTD | Rating    | Date Published | Last Date Rating Updated | First Rating Date |
|-----------------------|-----------|----------------|--------------------------|-------------------|
| Issuer Rating(s)      | Long Term | ilAA\Stable    | 14/03/2007               | 09/07/2025        |

| Issue Rating(s)       |          |      |            |            |
|-----------------------|----------|------|------------|------------|
| Senior Unsecured Debt | Bond 4   | ilAA | 03/02/2020 | 09/07/2025 |
|                       | Bond 5   | ilAA | 03/02/2020 | 09/07/2025 |
|                       | Series 6 | ilAA | 14/12/2021 | 09/07/2025 |

## Issuer Rating History



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| Long Term         |                |
|-------------------|----------------|
| July 11, 2023     | ilAA\Stable    |
| October 06, 2019  | ilAA-\Stable   |
| October 07, 2018  | ilA+\Positive  |
| February 19, 2017 | ilA+\Stable    |
| November 17, 2015 | ilA+\Negative  |
| May 20, 2014      | ilA+\Stable    |
| November 18, 2012 | ilA+\Negative  |
| July 18, 2012     | ilA+\Watch Neg |
| January 12, 2012  | ilA+\Stable    |
| August 26, 2010   | ilA\Stable     |
| March 19, 2009    | ilA\Negative   |
| November 16, 2008 | ilAA\Watch Neg |
| March 14, 2007    | ilAA\Stable    |

Additional Details

| Data                   |                   |
|------------------------|-------------------|
| Event Occurrence Time  | 07/09/2025 08:57  |
| Time Event First Known | 07/09/2025 08:57  |
| Rating Initiator       | The Rated Company |

6 | September 7, 2025  
New Rating

**\*\*Phoenix Insurance Agencies (1989) Ltd.\*\***

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**7** | September 7, 2025

New Rating