



israel corp

invest | innovate | grow

November 18th, 2019



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Our Main Messages

Expanding our portfolio by developing a top-notch investment vehicle

Managing a balanced portfolio while maximizing value to shareholders

Our main investment sector focus will be Food (Tech), Agri (Tech), Healthcare and Industry 4.0

Investing in sectors that ride on the global megatrends, are adjacent to the group activities, and are complementary with the team expertise

Striving to combine between global companies and Israeli technologies and innovation

Create a new strategic pillar in the long term

Our global presence and capabilities position ILCO to create significant value in both European and Israeli investments

Team with Multinational & Multi industry expertise alongside experience with complex business processes

Access to a diverse group of key opinion leaders in the different sectors

Overview



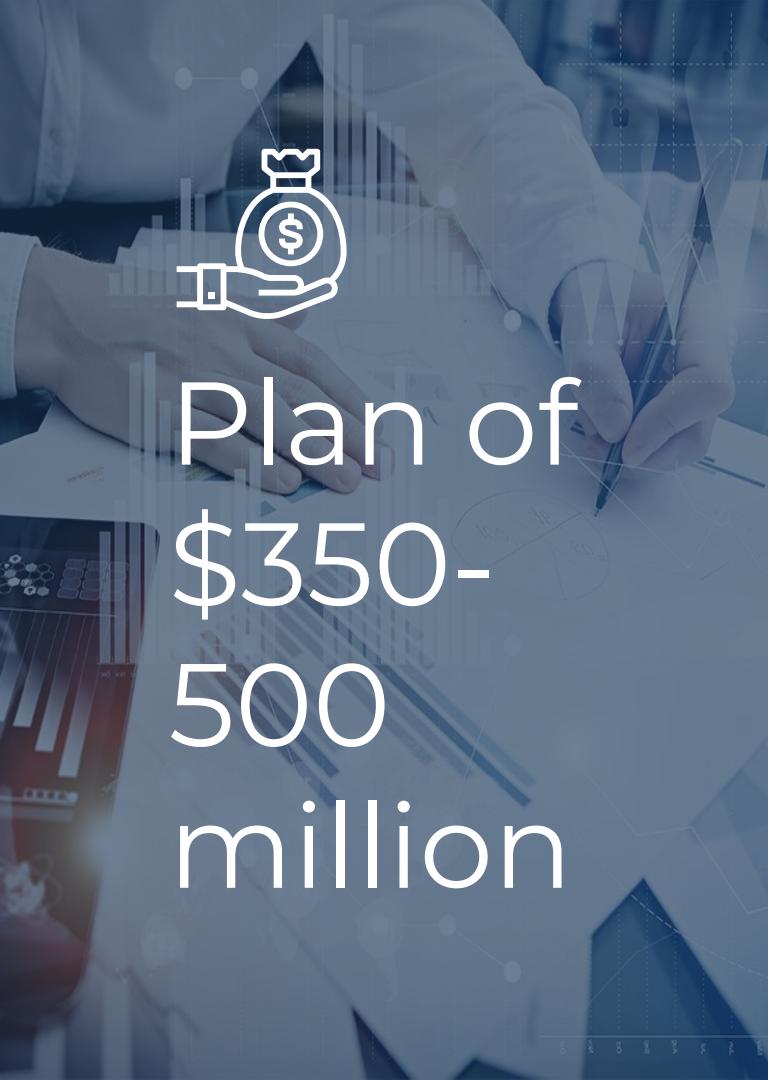
Israel Corp (“ILCO”) has decided to update its strategy and become an active investment firm, by building a balanced portfolio



ILCO intends to invest between \$350-500 million in building its portfolio gradually over time



During the last few months ILCO team and board conducted multiple sessions to define its new investment strategy together with international and local consultants



Plan of \$350- 500 million

Plan Guiding Principles

Building and managing a balanced portfolio while maximizing value

Avoid investing in start-up companies

Strive to combine between global companies and Israeli technologies

No intention to change ILCO net debt over time

Israel Corp Wining Aspiration

EXPANDING ILCO portfolio by developing a top-notch investment vehicle. Value creation will be based on leveraging the **GROUP ASSETS and ISRAELI UNIQUENESS** to significantly improve the acquired companies' performance.

EXPANDING

- Diversify risk
- Balance ILCO portfolio
- Create a new strategic pillar

GROUP ASSETS

- Highly experienced management and global reach
- Main focus sectors adjacent to current activities

ISRAELI UNIQUENESS

- “Roll up strategy” using the direct access to the vibrant and dynamic innovation ecosystem

Initial Investment Thesis



Acquire a platform

- Established business
- Management
- Go-to-market capabilities
- 'Foot on the ground'
- Infrastructure for growth

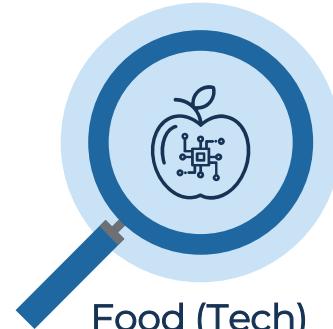


Business building

- Integration of innovation to create disruptive plays:
 - Product portfolio
 - Expansion to adjacent markets
 - Improving processes
- Geographical expansion
- Other plays

Sectors – Main Focus

The main focus sectors were chosen by ILCO based on a combination of alignment with global megatrends, and ability to provide technological upside based on the Israeli innovation eco system



Food (Tech)



Agri (Tech)



Healthcare



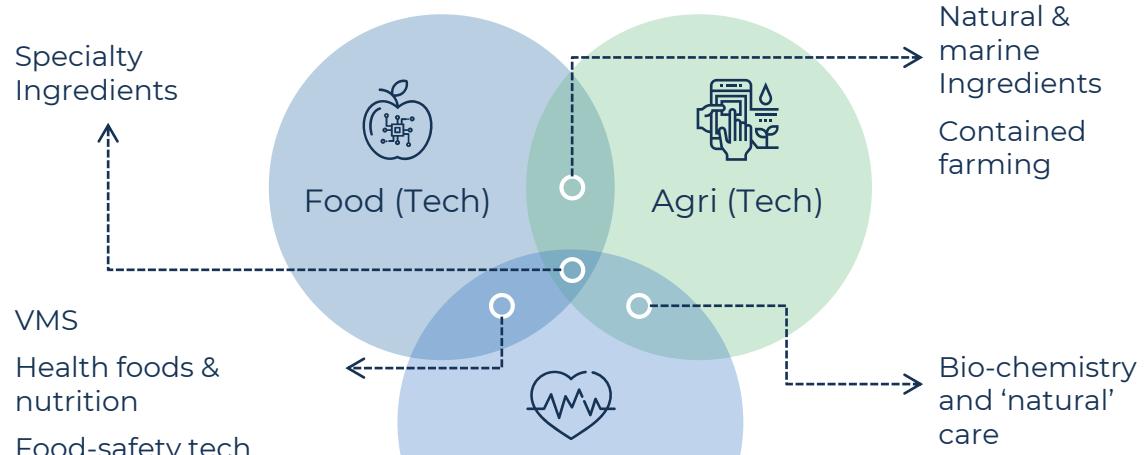
Industry 4.0

Recent trends are highlighting that three of the target sectors are becoming more inter-connected

New consumer preferences:

- Health awareness
- Conscious eating
- On demand availability
- Sustainability

Driving to convergence of the food, agriculture and healthcare industries in many of the sub segments



The Industry 4.0 sector corresponds with ILCO substantial experience in the industrial eco system



Industry 4.0

Our new investment strategy focuses mainly on sectors with strong connection to the Global Megatrends and with a Technology Potential

PwC identifies the most significant underlying drivers that are disrupting the economy, business and society in the world – The Megatrends



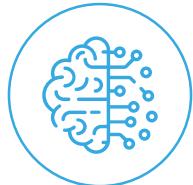
Shift in global economic power

The focus of global growth has shifted. Western economic dominance is a relatively recent historical phenomenon that is waning, and the developments are essentially a rebalancing of the global economies.



Demographic & social change

Explosive population growth in some areas against declines in others, contributes to everything from shifts in economic power to resource scarcity to the changes in societal norms.



Technological breakthrough

The combination of the internet, mobile devices, data analytics and cloud computing will continue to transform our world.



Rapid urbanisation

The rise in prominence of cities in the global economy. More than half of the population live in urban areas and 1.5 million people are added to the global urban population every week.



Climate change & resource scarcity

Scarcity of resources and the impact of climate change. As the world becomes more populous, urbanised and prosperous, demand for energy, food and water will rise. But the Earth has a finite amount of natural resources that can be used to satisfy this demand.

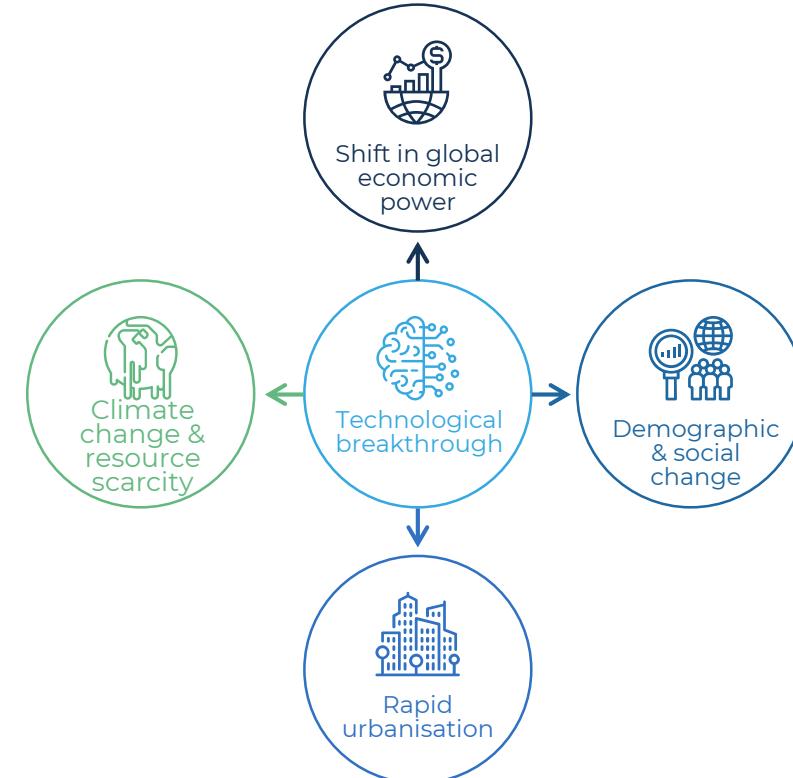
'Technological breakthrough' is a catalyst for other trends while also being key to resolving many of the global issues we face

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The interconnectivity that characterises the world today means that none of these megatrends exists in isolation; when the trends collide and overlap, new investment themes appear

- Megatrends Whitepaper, Blackrock

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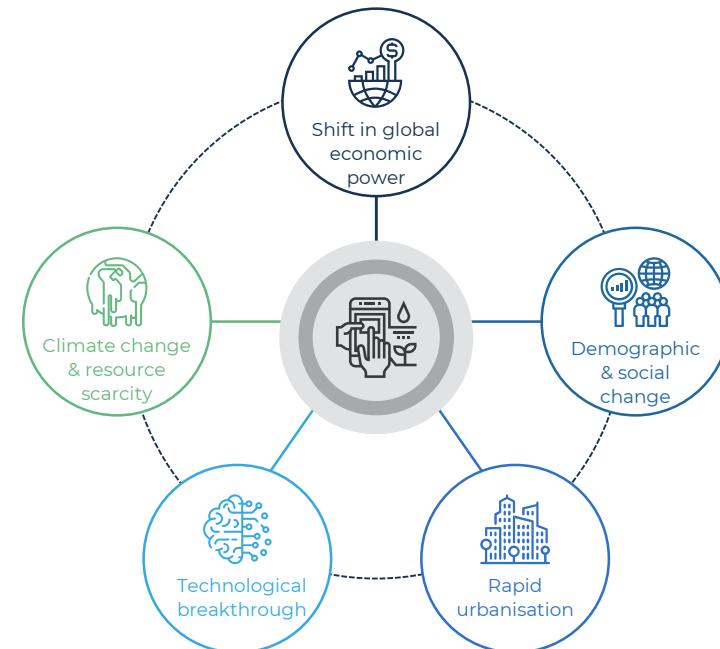


Agri (Tech) – Megatrends Implications

There are many challenges effecting food supply globally. Agriculture companies must be able to answer the growing demand for food, with an increasing number of constraints.

Global challenges that effect industry

- Global Population to reach 9.7B by 2050 (~7.5B in 2018)
- By 2030, there will be a 35% increase in global demand for food, 40% for water and 50% for energy
- Extreme climate change
- Food loss and waste throughout the supply chain
- Limited availability of new farming land and soil constraints
- Impact of urbanization on rural labor supply
- Price and availability of energy

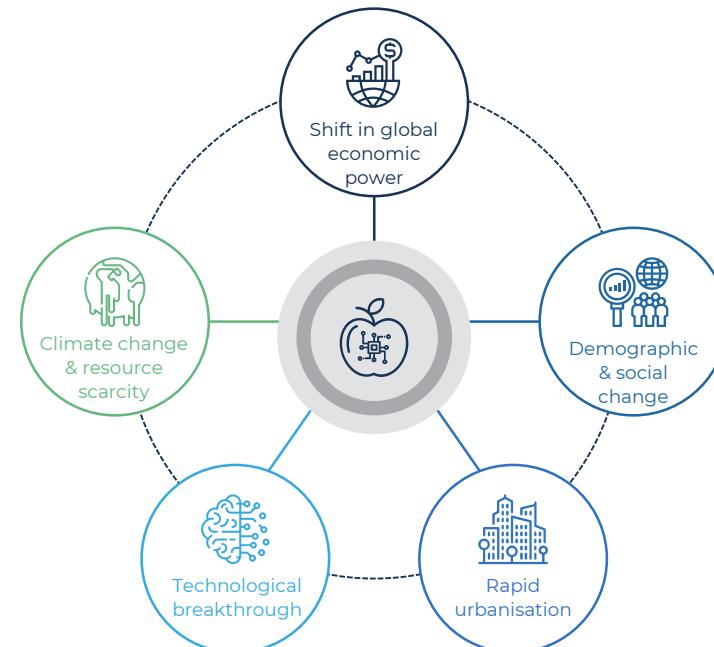


Food (Tech) – Megatrends Implications

There are many issues effecting the global food supply chain. Industry players must come up with new ways to improve how food is produced, distributed, and stored

Global challenges that effect industry

- Global Population to reach 9.7B by 2050 (~7.5B in 2018)
- By 2030, there will be a 35% increase in global demand for food
- Consumer preferences are changing - fresh food is being preferred over processed foods, and consumers want their food to be more convenient
- Consumers are losing trust in what they eat, consumers are looking for products that are more respectful to the environment, social issues and, above all, traceable
- Globally it is estimated that approximately one-third of all fresh fruit and vegetables produced is lost before it reaches consumers

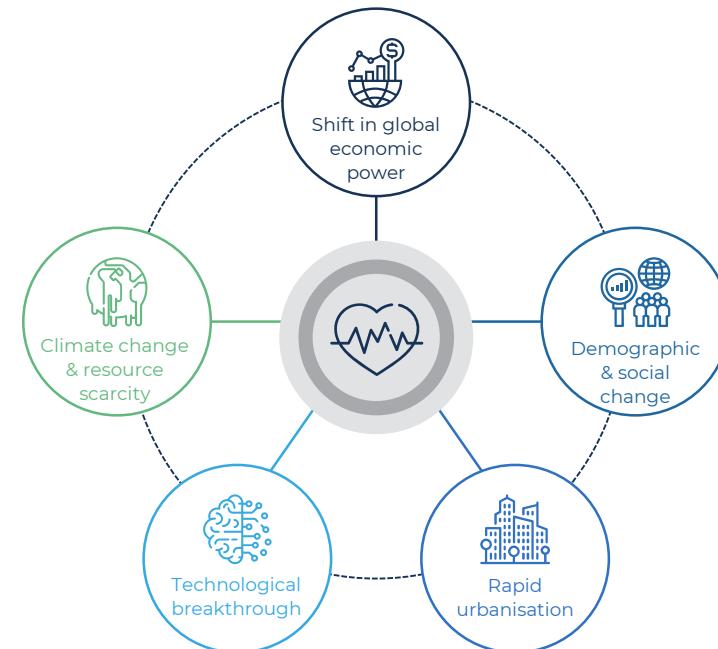


Healthcare – Megatrends Implications

Technology, demographic changes, and new customer expectations are some of the disruptive trends that are revolutionizing the global health industry

Global challenges that effect industry

- The fastest growing population segment will be aged over 65
- People lack access to a healthcare system
- There is more demand for home treatment in the elderly population
- Chronic Diseases are the number one killer worldwide
- Declining trust in institutions and technology is leading to consumers demanding more information about their treatment choices
- Population density in cities will overhaul existing healthcare systems
- Projected shortage of healthcare workers

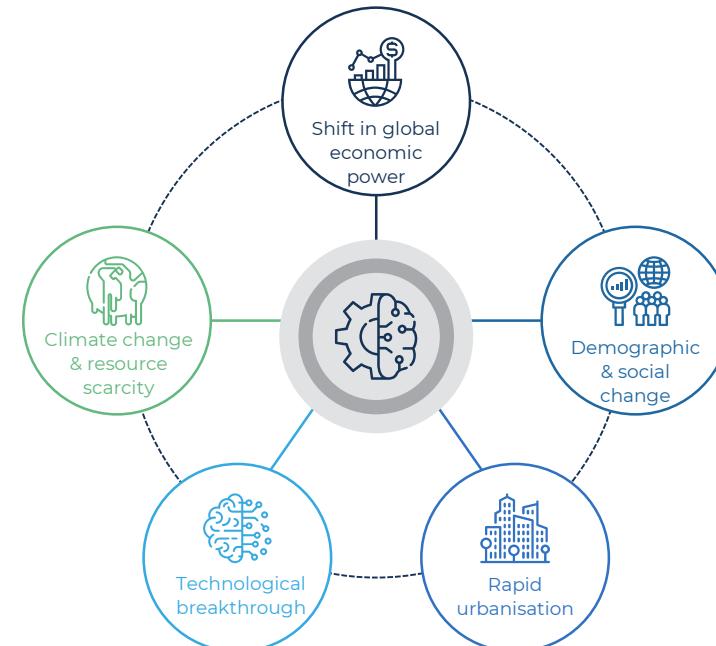


Industry 4.0 – Megatrends Implications

Companies have to overcome several challenges in order to increase productivity and resource efficiency

Global challenges that effect industry

- Aging workforce will place new constraints on existing factory methods
- The notion of resource scarcity can significantly impact prices of critical resources for manufacture and operation
- Increasing exposure to extreme weather events can impact operations and supply chains
- Connecting production lines to the internet, generates new vulnerabilities – including cyberattacks, data theft and espionage
- The massive amount of data generated by industrial businesses has enormous potential for optimizing assets, 99% of data is currently discarded
- Increased labour cost



Key Investment Guidelines

\$70-100M

ILCO investment per deal

Significant influence

(not necessarily the majority shareholder)

Deploy

\$350-500M

Investment guidelines are intended for guidance and for actively seeking opportunities. Should a relevant target arise outside the defined guidelines – if deemed attractive, it will be examined on a specific basis.

Europe/Israel

focus

Conservative financial leverage
Levels (at the target level)

Flexible
investment horizon



ILCO's competitive advantages create significant value in both European and Israeli investments

For European targets - Advantage over global peers



For Israeli targets - Advantage over Israeli peers

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THANK YOU

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