



Delek Group

Sale of 30% stake in IDE Holdings Ltd

January 2, 2019

Sale of Holdings in IDE Holdings Ltd ("IDE")

Tel Aviv, January 2, 2018. Delek Group (TASE: DLEKG, US ADR: DGRLY) ("the Company") announces further to what was stated in section 3.D.(2) of the update to Chapter A, Description of the Company's Business for Q3 2018, published on November 29, 2018 (ref. no. 2018-01-115659), that on January 1, 2019 an agreement was signed for the sale of 30% of the shares of IDE ("the Sold Shares"), so that after completion of the transaction the Company will hold 20% of the shares of IDE. The shares were sold to Alpha Water 2 Limited Partnership ("Alpha 2"), whose General Partner is the General Partner that today manages the Alpha Water Partnership, which prior to the transaction held 50% of the shares of IDE (namely, after the transaction the Alpha Partnerships will hold 80% of the shares of IDE and the Company 20%, as stated above).

The overall consideration the Company will receive for the Sold Shares is NIS 530 million, of which part will be received as a distribution of dividends from IDE and part (NIS 350 million) as a payment from Alpha 2.

The transaction is expected to complete during the first half of 2019, subject to fulfillment of a number of contingent conditions stipulated in the sales agreement, including receipt of approvals from the competent authorities. At the completion date of the transaction the parties will also enter into a shareholders' agreement that includes inter alia the right of first refusal and of tag along.

If the transaction is completed as stated, the Company is expected to recognize a profit of NIS 200 million (based upon the figures of the financial statements to September 30, 2018), which will be attributed to the income statement in the financial statements of the quarter in which the transaction is completed.

Warning of forward looking information - The Company's estimates concerning completion of the transaction and the expected profit for it is forward looking information in the meaning of the Securities Law, 1968, for which there can be no certainty that they will take place, in whole or in part, and especially there is no certainty that the contingent conditions under the sales agreement will be fulfilled. These estimates are based and dependent, inter alia, on factors over which the Company has no control, and they therefore may not come about in the manner described in this report.

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on January 2, 2018.

About The Delek Group

Delek Group is an independent E&P and the pioneering visionary behind the development of the East Med. With major finds in the Levant Basin, including the Leviathan (21.4 TCF) and Tamar (11.2 TCF) reservoirs and others, Delek is leading the region's development into a major natural gas export hub. In addition, Delek has embarked on an international expansion with a focus on high-potential opportunities in the North Sea and North America. Delek Group is one of Israel's largest and most prominent companies with a consistent track record of growth. Its shares are traded on the Tel Aviv Stock Exchange (TASE:DLEKG) and are part of the TA 35 Index.

For more information on Delek Group please visit www.delek-group.com

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