



Offer To Invest in the Parent Company of Ithaca Energy & Oil and Gas Marketing Agreements

September 23, 2019

Offer for an Equity Investment in the Parent Company of Ithaca Energy Limited and Marketing Agreements for Oil and Gas

Tel Aviv, September 22, 2019. Delek Group (TASE: DLEKG, US ADR: DGRLY) (“the Company”) announces further to the Company’s Immediate Report dated August 12, 2019 (ref. no. 2019-01-068808) concerning negotiations with potential investors to make an equity investment in the parent company of Ithaca Energy Limited, a wholly owned (100%) subsidiary of Delek Group (“Ithaca’s Parent Company”) and concerning discussions with international trading companies to sign marketing agreements for oil and gas, the Company provides an update as follows:

1. On September 20, 2019 Ithaca’s Parent Company, received a signed offer from an international trading company (“the Investor”) to make an equity investment in Ithaca’s Parent Company through the purchase of USD 100 million in preferred shares of Ithaca’s Parent Company. The preferred shares carry a guaranteed dividend yield, and will automatically convert to approximately 4% of common shares at the time of Ithaca’s Parent Company’s initial public share offering, reflecting an equity value of USD 2.5 Billion for Ithaca Energy (pre money). In addition, there will be an agreed adjustment mechanism to the investment linked to the actual IPO price (“the Offer”).
2. In addition, the Offer also includes entering into agreements with the Investor for the marketing of oil and gas for a five years period. As part of this the Investor has proposed an advance payment on account of future sales, as is customary in transactions like this, which will be used to fund Ithaca’s working capital in the sum of up to USD 150 Million.

In addition to examining the aforementioned Offer received by the Company, negotiations are underway with other potential investors.

Warning of forward looking information - The update provided above is only an offer and not a signed agreement. There is no certainty that it will take place or might take place in a materially different manner from what is stated above. Estimates regarding the possibility of completing the marketing agreement its terms as stated above are forward looking information in the meaning of section 23A of the Securities Law 1969, and there is no certainty that it will take place or might take place in a materially different manner from what is stated above. This may be on account of various factors including non-fulfillment of all the remaining contingent terms of the transaction, non-completion of due diligence, non-receipt of the approvals required in law, lack of progress in the negotiations for investment agreements or signature on investment agreements at terms different from those described above.

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on September 22, 2019.

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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