



Non-Binding Letter of Intent for a Joint Transaction Concerning Ithaca Infrastructure

February 10, 2020

Tel Aviv, February 9, 2020. Delek Group (TASE: DLEKG, US ADR: DGRLY) (“the Company”) announces that on February 6, 2020 a non-binding Letter of Intent was signed between Ithaca Energy (UK) Ltd, a wholly owned (100%) subsidiary of the Company (“**Ithaca**”) and a global investment company, on behalf of its own account and on behalf of the funds it manages (“**LOI**” and “**the Buyer**”, respectively), in which the parties confirmed their intention to enter into a transaction to set up a new infrastructure company that would be held 40% by Ithaca and 60% by the Buyer (“**the New Infrastructure Company**”).

The New Infrastructure Company will buy from Ithaca as part of a sale and charter agreement part of Ithaca’s production facilities. This includes the fully-owned floating production facility FPF-1 proximate to the Stella field, and the floating production, storage and offloading vessel for oil, which is owned 85% by Ithaca and is proximate to the Captain Field (“**The Acquired Facilities**”). The transaction will be carried out based at an estimated value (subject to due diligence as stated below) of the Acquired Facilities between USD 875 million (based on current known production) and an estimated USD 1.05 billion, depending on the de facto daily production and total actual reserves of the relevant areas, in addition to a further number of conditions detailed in the LOI.

The parties will act to add additional assets to the venture, beyond the Acquired Facilities, to maximize and create value for the New Infrastructure Company, including facilities owned by the Buyer.

The LOI establishes a timetable to carry out due diligence and to enter into a binding agreement. It includes a number of commercial conditions for the proposed transaction, which will serve as a basis for negotiations on the terms of the binding agreement. Inter alia, it is stipulated in the LOI that the Infrastructure Company will be able to take decisions on material matters, budgetary issues, expenses, distributions and financial matters that will be defined by the parties in the detailed agreement, with Ithaca’s approval.

It is clarified that the LOI is not binding and that it is the intention of the parties to negotiate the signing of a binding agreement. The binding agreement (if it will be signed) will be subject to a number of contingent conditions, including receipt of the required approvals, as agreed between the parties as part of the binding agreement.

Warning of forward looking information:

The information stated above concerning the possible signing of the binding agreement and the terms of the binding agreement is forward looking information in its meaning in the Securities Law, 1968, for which there can be no certainty that it will take place, in whole or in part, in the manner stated or in any other manner, and it may take place in a manner materially different from what is described above, and in particular there can be no certainty that the parties shall reach agreement on the terms of the binding agreement, since the binding agreement shall be signed according to the terms stipulated above or according to other terms, and there can be no certainty that all the contingent terms that shall be set in the binding agreement, if it shall be signed, will be fulfilled.

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on February 9, 2020.

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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