



Delek Petroleum Signs Agreement to Acquire Over 800 Gas Stations in Europe from Chevron

May 24, 2007

 [Download PDF](#)

Tel Aviv, May 24th 2007. Delek Group (TASE: DLEKG) would like to announce as follows:

In August 2006, Delek Petroleum Ltd. (hereinafter: “**Delek Petroleum**”), a wholly-owned subsidiary of the Company, participated in a tender held by a Chevron Global Energy Inc. subsidiary (hereinafter: “**Chevron**”) for the acquisition of its marketing operations in the Benelux countries (Belgium, Netherlands and Luxembourg), consisting of approximately 803 fuel stations under the Texaco brand and 66 fuel stations under private brands (hereinafter: “**the Marketing Operations**”). In November 2006, during the period of exclusivity agreed upon between the parties and which was extended from time to time, Delek Petroleum initiated talks with Chevron's management.

Pursuant to this, on May 24, 2007, Delek Benelux B.V. (“**Delek Benelux**”), an indirectly, wholly owned subsidiary of Delek Petroleum, and subsidiaries of Chevron, signed an agreement under which Delek Benelux will acquire the outstanding share capital (100%) of three foreign companies who own the Marketing Operations. The consideration for the acquisition amounts to approximately €342 million, prior to working capital adjustments. Pursuant to the agreement, €10 million will be paid upon signing and the balance of the consideration will be paid upon completion of the transaction, the consideration will be adjusted based on the actual working capital at the date of completion, the adjustment is assumed by Delek Benelux to be in the range of €20-70million. The consideration was negotiated between the parties and follows a bidding process that included other parties.

The agreement specifies conditions for completing the transaction. These conditions include the receipt of certain anti-trust related regulatory approvals. The final date specified in the agreement for fulfilling the conditions is October 31, 2007, and is not extendable.

Delek Benelux will finance the transaction through a combination of shareholders' equity and bank financing. The breakdown between the two components and the financing terms, have not yet been determined.

As part of the agreement, the Company signed a guarantee agreement to guarantee Delek Benelux' commitment, based on the sale agreement, and Chevron signed a guarantee agreement to guarantee the sellers commitments, and all under conditions and limitations outlined in the guarantee agreements.

Following are details relating to the Marketing Operations:

General: The Marketing Operations include 803 fuel stations under the Texaco brand: 510 stations in the Netherlands, 278 stations in Belgium and 15 stations in Luxembourg. In addition the Marketing Operations include 66 fuel stations in the Netherlands under private brands. According to the agreement, Delek Petroleum will receive a seven-year license to use the Texaco brand. There are five main types of fuel stations:

1. Stations owned by Chevron or under long-term leases by Chevron and operated by them (Company-Owned, Company-Operated – “COCO”).
2. Stations owned by Chevron or under long-term leases by Chevron and operated by third parties (Company-Owned, Retailer-Operated – “CORO”).
3. Stations owned or leased by third parties and operated by the third parties, with Chevron as the exclusive fuel supplier (Retailer-Owned, Retailer-Operated – “RORO”).
4. Holdings of 40% to 55% in six companies (equity distributors) operating independently in the marketing of fuel (retail and commercial) in the Netherlands (“Equity Distributors”).
5. Authorized distributors: Supply of Chevron fuels to 19 stations in Belgium (“Authorized Distributors”).

The following table summarizes the different types of fuel stations and Chevron's proprietary rights therein, just prior to the date of signing:

Country	No. of stations owned or leased – and operated - by Chevron (COCO)	No. of stations owned or leased by Chevron and operated by third parties (CORO)	No. of stations owned or leased by third parties, with fuel supplied exclusively by Chevron (RORO)	No. of equity distributor stations (ED)	No. of authorized distributor stations (AD)	Total No. of stations
Netherlands	66	49	50	411	0	576
Belgium	19	137	103	0	19	278
Luxembourg	8	5	2	0	0	15
Total	93	191	155	411	19	869

Competition: Chevron operates in the Benelux countries alongside other large fuel marketing companies. The five largest fuel marketing companies

in the Netherlands constitute 80% of the market. Chevron is the third largest company, with a retail fuel market share of 15%. The six largest fuel marketing companies in Belgium constitute 80% of the market. Chevron is the fifth largest company with a market share of 12%. The six largest fuel marketing companies in Luxembourg constitute 90% of the market. Chevron is the sixth largest company with a market share of 10%.

Suppliers: Fuel products are purchased from the British Petroleum (BP)-owned Nerefco refinery and from other companies under swap agreements. The supply agreement with BP can be terminated as early as end-2007, with a one year extension option.

Principal Products: Apart from the sale of fuel products (primarily gasoline and diesel) at the fuel stations, in a significant number of the sites the Marketing Operations include convenience stores, carwash facilities and other operations such as restaurant/store franchises. These operations include 406 convenience stores, 82 carwash facilities and 60 restaurants/stores under the *Baker Street* brand.

Financial data:

The total assets of the Marketing Operations amounted to €396, €405 and €401 million in 2004, 2005 and 2006, respectively. The current liabilities of the Marketing Operations amounted to €128, €134 and €111 million in 2004, 2005 and 2006, respectively. The revenues of the Marketing Operations amounted to €1,135, €1,446 and €1,509 million in 2004, 2005 and 2006, respectively. The gross profit of the Marketing Operations amounted to €168, €172 and €170 million in 2004, 2005 and 2006, respectively. The operating income of the Marketing Operations amounted to €15, €20 and €23 million in 2004, 2005 and 2006, respectively. The net income of the Marketing Operations amounted to €14, €18 and €22 million in 2004, 2005 and 2006, respectively. The above-mentioned financial figures originate from the historical financial data provided by Chevron

The above-mentioned data relating to the Marketing Operations were submitted to the Company by Chevron and/or external consultants. The Company estimates that the closing of the transaction will take place in the third quarter of 2007, although there is no certainty that the transaction will indeed be closed or whether it will be closed in the said period, or that the working capital adjustment will be as detailed above. The information relating to the assessment that the transaction will be completed in the third quarter of 2007 constitutes forward-looking information that may not be realized, inter alia, if the above-mentioned conditions for completion of the transaction are not fulfilled, including the obtaining of regulatory permits related to anti-trust issues. The information regarding the final consideration constitutes forward looking information and may change given the working capital adjustment.

About The Delek Group

The Delek Group is one of the leading and most prominent and dynamic investment groups in Israel.

The Delek Group is diversified into the following three major subsidiaries:

- Delek Petroleum, with its two subsidiaries: Delek Israel, a gasoline and lubricants distributor in Israel, and Delek USA, which operates gas stations and convenience stores and a oil refinery in Southern United States.
- Delek Investments and Properties, a holding company with subsidiaries in the energy, infrastructure, automotive, finance and media sectors.
- Delek Real Estate, through its subsidiaries Dankner and Delek Belron Investments, owns and manages prime global real-estate investments.

Contact

Dalia Black

Head of Investor Relations
Delek Group
Tel: +972 9 863 8444
Email: black_d@delek.co.il

Ehud Helft / Kenny Green

International Investor Relations
GK Investor Relations
Tel: (US) 1 866 704 6710 / (UK) 0871 474 1218
E-mail: ehud@gk-biz.com / kenny@gk-biz.com