



Delek Group Announces Consolidated First Quarter 2019 Results

Tel Aviv, May 30, 2019, Delek Group Ltd. (TASE: DLEKG, US ADR: DGRLY), ("Delek Group" or "The Group") announced yesterday its results for the first quarter ending March 31, 2019. The full financial statements will be available in English on Delek Group's website at: www.Delek-Group.com

1Q 2019 HIGHLIGHTS

- **Net income for 1Q19 amounted to NIS 290 million, up 19% compared with NIS 243 million in 1Q18; the E&P sector contributed NIS 174 million to net income**
- **The Leviathan project is 84% complete, and remains on schedule for gas sales to begin by the end of 2019; technical inspections of the EMG pipeline continue to proceed**
- **With the acquisition of Chevron's North Sea assets and the divestment of the Phoenix Insurance Company in progress, Delek Group is delivering on its long-term strategy of becoming a pure-play international energy firm**

Group revenues in 1Q19 totaled NIS 1,985 million compared with NIS 1,781 million in the same period last year, an increase of 19%. Driving the growth were higher sales volumes of gas from Tamar, and the first-time consolidation of the Greater Stella Area (GSA) assets that Ithaca Energy purchased at the end of 2018.

Group operating profit in 1Q19 totaled NIS 455 million, compared with NIS 332 million in 1Q18, an increase of 37%. Contributing to the increase was the consolidation of Ithaca's GSA assets, which was in part offset by a write down in the value of Delek Petroleum Ltd shares held by a Group subsidiary.

Net income for 1Q19 was NIS 290 million compared with NIS 243 million in the same period last year. The current **cash balance** as of March 31, 2019 was NIS 2.4 billion, including unutilized credit lines and marketable securities.

MANAGEMENT COMMENT

Mr. Asaf Bartfeld, President and CEO of Delek Group, commented, "The acquisition of Chevron's North Sea portfolio is a key part of the Delek Group's strategic focus on building a world class international E&P business. Acquiring these assets accelerates implementation of that strategy and further strengthens the Group's oil and gas business. We see exciting growth opportunities in the North Sea and are looking forward to working with Ithaca to deliver upon our value and growth targets."

MAIN BUSINESS HIGHLIGHTS

CONTRIBUTION OF PRINCIPAL OPERATIONS TO NET INCOME* (NIS MILLIONS)

	1Q 2019	1Q 2018	FY 2018
Oil and Gas E&P Operations in Israel and its Surroundings	117	99	437
Oil and Gas E&P Operations in the North Sea	57	53	283
Fuel Operations in Israel	9	32	70
Contribution to continuing operations before discontinued operations and capital and other gains	183	184	790
Finance Expenses, Asset Sales, and Others	107	59	(273)
Net Income (Loss) Attributed to Group's Shareholders	290	243	517

*The full report, including the full notes for the above items, will be available on the Group's website at www.delek-Group.com

OIL AND GAS EXPLORATION & PRODUCTION

Delek Group's strategy is to focus on the development of its core assets in the Eastern Mediterranean E&P and expand its activities in global E&P markets, with the intention of becoming a key international player in the energy industry with full operational capabilities.

Tamar & Leviathan

Tamar's gas sales reached 2.7 BCM during 1Q19, up from 2.4 BCM in the prior period. The development of the Leviathan project is approximately 84% complete, with the platform and all undersea piping in place. The project remains on schedule for first gas to be delivered by the end of 2019. Inspections of the undersea EMG pipeline connecting Israel and Egypt continue to progress. Once all technical checks are concluded, gas exports to Egypt within the context of the Dolphinus sales agreement are set to begin

Ithaca Energy

Ithaca, a wholly-owned subsidiary of Delek Group, contributed NIS 163 million to Delek Group's operating income in 1Q19, compared with NIS 103 million in the similar period last year. Profits were driven by higher production volumes following the consolidation of new assets in the Greater Stella Area (GSA) purchased during 4Q18. Production during 1Q19 was 21,000 barrels of oil equivalent per day (boepd), an increase of 15% compared with the 18,200 boepd seen during 1Q18. In total, Ithaca produced approximately 1.9m barrels of oil equivalent (boe) this quarter. Production costs continue to be approximately USD 18 per barrel, although one-time accounting incomes led to significantly lower production costs of USD 14.9 per barrel in 1Q19. Ithaca has hedged approximately 70% of its 2019-2020 production, at average levels of USD 71 per barrel of oil and approximately USD 7.50 per mmbtu of gas.

Gulf of Mexico

Exploration at the Tau prospect in the Gulf of Mexico concluded during 1Q19. The campaign led to inconclusive results for the time being; while indications of hydrocarbons are present, no exploitable discoveries were made. Though the operator believes geological potential still exists in the area, the drilling has been sealed and abandoned, pending further analysis of data. Delek Group's net investment in the Tau prospect was USD 70 million. In February 2019, the Group made a USD 10 million loan to GulfSlope, the Group's joint venture partner and operator in the Gulf of Mexico explorations, which was subsequently converted to equity, and resulted in Delek Group taking a 22% stake in the company.

DOWNSTREAM ENERGY SECTOR

Delek – the Israel Fuel Company Ltd. (fully held by Delek Group): Operating profit in 1Q19 amounted to NIS 27 million compared with NIS 48 million in the same period last year. The decline was due mainly to a negative revaluation of inventory made during the quarter.

OTHER ASSETS

Delek Group's transformation into a global energy firm shifts into high gear. During 2019, Delek Group made significant strides in delivering on its strategy of becoming a pure-play energy firm in the global E&P sector. During 1Q19, the Group sold 30% of its share in IDE for NIS 530 million. In addition, two major transactions were concluded following the close of the first quarter, highlighting the asset optimization underway at the Group.

On 23 May 2019, Delek Group reached a binding agreement with Centerbridge Partners and Gallatin Point Capital for the sale of a 32.5% stake in the Phoenix Insurance Company for NIS 1.72 billion. Adjustments will be made to the final price based on future profits achieved by the purchasers, ranging from an additional NIS 860 million to a reduction of up to NIS 200 million. The completion of this sale would signify the full divestiture of Delek Group's last principle non-E&P asset, and is pending regulatory approvals.

This morning, 30 May, 2019, Ithaca Energy announced it is to acquire Chevron North Sea Limited for USD 2 billion. The transaction will add a further ten producing field interests to the existing Ithaca portfolio. Following the transaction, Ithaca's asset base will consist of approximately 225 million boe in 2P reserves, plus a further 45 million boe of 2C resources. The enlarged portfolio would produce approximately 80,000 boepd at an operating cost of approximately USD 17 per boe. The transaction has an effective date of 1 January 2019 and is expected to complete by the end of 3Q19. After accounting for cashflows generated over this period, Delek Group anticipates a net price payable of approximately USD 1.65 billion.

DIVIDEND

On May 29, 2019, the Company's Board of Directors resolved to distribute a dividend of NIS 120 million to be paid during June 2019.

NET FINANCIAL DEBT*

As at 31 March, 2019	NIS Millions
Liabilities	
Debentures	7,283
Bank and other loans	762
Other liabilities	290
Total liabilities	8,335
Assets	
Cash and deposits	811
Pledged deposits from swap transactions	212
Financial investments	378
Loans	1,079
Other assets	166
Treasury shares	164
Total Assets	2,810
Net Financial Debt	5,525

*This table, including full notes, is contained in financial reports that will be available on the Group's website at www.delek-group.com

CONFERENCE CALL DETAILS

The Company will be hosting a **conference call in English** today on Thursday, May 30, 2019 at 3:30pm (Israel Time), 8:30am (ET), 1:30pm (UK). To participate in the conference call, please dial:

Israel: 03-918-0664
The USA: 1-888-407-2553
The UK: 0-800-917-9141
International: +972-3-918-0664

A day following the conference calls, a recording of both the calls will be hosted on the Company's website at: <http://ir.delek-group.com>.

ABOUT THE DELEK GROUP

The Delek Group, Israel's dominant integrated energy company, is the pioneering leader of the natural gas exploration and production activities that are transforming the Eastern Mediterranean's Levant Basin into one of the energy industry's most promising emerging regions. Having discovered Tamar and Leviathan, two of the world's largest natural gas finds since 2000, Delek and its partners are now developing a balanced, world-class portfolio of exploration, development and production assets with total gross natural gas resources discovered since 2009 of approximately 40 TCF.

In addition, Delek Group has a number of other assets including downstream energy, water desalination, and finance.

For more information, please visit www.delek-group.com or email: investor@delek-group.com

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