Delek Group Announces Consolidated Full Year Results 2014

Tel Aviv, March 30, 2015, Delek Group Ltd. (TASE: DLEKG, US ADR: DGRLY) (hereinafter: "Delek Group" or "The Group") announced today its results for the fourth quarter and full year period ended December 31, 2014. The full financial statements are available in English on Delek Group's website at: www.delek-group.com

FINANCIAL HIGHLIGHTS OF THE FULL YEAR 2014

- **The year 2014 was marked by value realization - Delek Group completed a series of successful divestitures and sold non-core assets for total proceeds of NIS 4.9 billion generating cash of NIS 4 billion;**
- **The Group strengthened its balance sheet and lowered its net financial debt by 44% to NIS 3.3 billion at year-end 2014, compared with NIS 5.9 billion as at the end of 2013;**
- **Due to the sale of non-core assets, various assets were re-valued, resulting in a write-down charge of NIS 1,021 million which led to a net loss of NIS 765 million in 2014;**
- **The Company signed a non-binding MOU for the sale of a portion of Phoenix Holdings Ltd.;**
- **The Tamar field continued successful production of natural gas and sold approximately 7.5 BCM in 2014 and the development plan for the Aphrodite field in Cyprus is expected to advance in the coming months;**
- **The strengthening of the dollar versus the shekel significantly improved the equity of the Company, contributing to total comprehensive profit of NIS 401 million;**
- **Delek Group declared a dividend of NIS 150 million for the fourth quarter of 2014, contributing to a total of NIS 450 million for 2014;**

Group revenues in 2014 totaled NIS 19.1 billion, compared with NIS 20.8 billion in 2013.

Group operating profit in 2013 totaled NIS 1.1 billion compared with NIS 1.4 billion in 2013. The decrease was primarily due to the impairment of goodwill of NIS 508 million of Phoenix.

Net loss in 2014 totaled NIS 765 million compared with net income of NIS 740 million in 2013. The loss was due to the write-down of various holdings of which the Company divested in 2014 and/or intends to divest in the near future. In line with IFRS accounting rules, following the sale of Delek Europe, Roadchef, Barak Capital, the control and a stake of Republic Insurance Companies, Delek US and Delek Automotive shares as well as the non-binding MOU signed to sell and cede control of Phoenix Holdings Ltd., a total of NIS 1,021 million was written-down which significantly impacted the net profit.

On February 22, 2015, Delek Group completed a successful offering of NIS 800 million in Series 31 Debentures to investors, which were oversubscribed by an excess of NIS 124 million.

On December 9, 2014, Delek Group's Board of Directors approved a share buyback plan of up to NIS 200 million until March 8, 2015. Until that date, Delek Group purchased a total of 132,392 shares for a total consideration of NIS 132.3 million, representing an average price of NIS 999.6 per share.

With regard to the previously discussed dual listing of Delek Group's shares in London, due to the volatility in international energy markets, as well as the regulatory issues pending resolution in Israel, management have decided to delay the process.

Mr. Bartfeld, President and CEO of Delek Group, commented "Over the past year we maintain and advanced the strong focus on the Group on the energy sector. We successfully completed a series of successful divestitures which contributed NIS 4 billion to our cash flow, that proves, once again, our strength, our financial flexibility and our ability to execute on complex strategic plans and realize the goals we set ourselves. Additionally, we appreciate the confidence the Israeli investor community has in us, which was reflected, in part, due to the excess demand for our recent bond offering."

Continued Mr. Bartfeld, "The year 2015 will be characterized by the continued advancement of our focus on energy, while utilizing our outstanding financial capabilities. We are actively seeking and examining a new strategic investment in the international energy market, which will be both synergistic and complementary to the activities of the Group today, which will provide continued growth, and allow us to setup a stable and strong operations arm in the international energy field, along with our ongoing activities in Israel. "

MAIN BUSINESS HIGHLIGHTS

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

	FY 2014	FY 2013	Q4 2014	Q4 2013
Oil and Gas Exploration, and Gas Production Operations	93	70	30	25
Fuel Operations in Israel	4	34	(35)	4
Insurance and Finance Operations in Israel	255	368	68	101
Automotive Operations	107	125	12	17
Fuel Operations in Delek Europe	(4)	14	-	(32)
Motorway Service Area Operations in the UK	(2)	(2)	-	(5)
Fuel Operations in the US	10	194	-	-
Oversees Insurance Operations	17	65	-	26
Contribution to Net Income before Capital Gains & Others	**480**	**868**	**75**	**136**
Capital Losses & Others(1)	(1,245)	(128)	(195)	(11)
Net Income (Loss) Attributed Group's Shareholders	**(765)**	**740**	**(120)**	**125**

(1) In 2014, and in light of actions to dispose of various assets, the Company included a number of accounting write-downs due to changes in the fair value of such assets and one-time gains (losses) following their sale. For more information concerning these write downs, see Section 2 in the Company's Annual 2014 Directors Report. This item also includes the results of other operations, unattributed finance expenses, other expenses, and tax expenses.
*Portions of the above tables have been extracted from Delek Group's Annual 2014 Directors Report.
The full report, including the full notes for the above items, is available on the Group's website at www.delek-group.com

ENERGY & INFRASTRUCTURE

OIL AND GAS EXPLORATION SECTOR HIGHLIGHTS

Tamar Project, **11 TCF natural gas discoveries (Tamar and Tamar SW).** Tamar and Yam Tethys together produced 7.5 BCM of natural gas in 2014, compared with 6.4 BCM in 2013. In addition, Tamar sold 348 million barrels of condensate in 2014, compared with 246 in 2013. An updated resource assessment of the Tamar Project was published in February 2015.

The Tamar partners are working on a project to install compressors which will increase Tamar's maximum capacity to 12 BCM/Y from 10 BCM/Y. This is expected to be completed by June 2015.

On March 17, 2015, the letter of intent for the export of natural gas to Egypt which was signed with Dolphinus Holdings Limited was executed into a signed contract. The agreement is for the supply of 250,000 MMBtu per day over 7 years on an interruptible basis. The Buyer is responsible for transporting the gas from Ashkelon to Egypt via the existing gas pipeline operated by the East Mediterranean Gas Company. The price includes a floor rate and is linked to the price of Brent.

The Tamar partners together with Union Fenosa Gas SA of Spain are in advanced stages towards the signing of a Binding Agreement for the supply of natural gas to its existing liquefaction facilities in Egypt.

In addition, NBL Eastern Mediterranean Marketing Limited is in discussion with the Arab Potash Company and Jordan Bromine Company to increase the supply of natural gas which is expected to commence in 2016, and expected to last for about 15 years.

***Leviathan,* a 22 TCF natural gas discovery.** On December 22, 2014, the Anti-Trust Commissioner in Israel informed the Company and its partners of its decision not to submit the agreed signed order for confirmation and that it is reconsidering issuing a ruling declaring the partners in Leviathan as a restrictive arrangement. The Authority agreed to conduct an oral hearing prior to issuing this ruling.

Leviathan partners are in discussions with the various regulators including the Antitrust Commissioner in order to reach an agreement for a structural change, which, in the Authority's opinion, will encourage competition in the natural gas market in Israel, as well as agreements covering all the other remaining regulatory issues which fall under the Ministry of Energy’s and the Ministry of Finance’s responsibility. This is in order to create the necessary certainty for the partners to make the needed investment decisions for the development of the Leviathan project and Tamar’s expansion project.

In February 2015, the Antitrust Authority postponed the publication of their statement by two months, in light of the willingness of all sides to seek a solution to ensure a competitive natural gas market. The partners continue to work together with the various authorities with a goal to reach an agreement.

On March 10, 2015, the Palestine Power Generation Company gave a 30-day conditioned cancellation notice to the Leviathan partners on the supply agreement signed on January 5, 2014, due to various issues including non-receipt of Antitrust Authority and other regulatory approvals, and the delay in approving the development plan of Leviathan.

Aphrodite, **a 4.5 TCF (Contingent & Prospective) natural gas discovery located in the Block 12 license, off the coast of Cyprus.** The partners in Block 12 together with the government of Cyprus are examining options for the development of Block 12 which will enable the supply of natural gas to the local market in Cyprus as well as the export of natural gas via pipelines to other markets, including Egypt. In the second half of 2015, the Aphrodite partners will submit to the Government of Cyprus a notice declaring Aphrodite commercial under the SPC with a drafted development plan of Aphrodite. This will include a preliminary plan for the establishment of a FPSO with an estimated initial production capacity of approximately of 800 mmcf/d.

Gas Production Summary; Net income from the sector for 2014 was NIS 93 million, an increase compared to a net income of NIS 70 million in 2013. The growth was mainly due to the increase in revenues from the Tamar project in 2014, while in 2013, Tamar gas production only commenced in the second quarter.

Downstream Energy Sector Highlights

Delek – the Israel Fuel Company Ltd. (fully held by Delek Group); net income in 2014 amounted to NIS 18 million compared with a net income of NIS 36 million in 2013. The decrease was primarily due to increased financial expenses due to the early redemption of bonds as well as inventory losses.

Delek Europe. Delek Group sold Delek Europe BV on August 28, 2014, for €355 million (NIS 1.7 billion). Hence, Delek Europe’s results ceased to be consolidated within Delek Group’s results from that date onwards.

Roadchef. On September 30, 2014, the Company sold its entire holdings in Roadchef to Antin Infrastructure Partners, a European infrastructure fund, for approximately GBP 153 million (approximately NIS 910 million). Hence, Roadchef’s results ceased to be consolidated within Delek Group’s results from that date onwards.

Delek US (NYSE: DK). Following the balance sheet date, Delek Group completed the sale of an additional 5% of its holdings for a total of US$ 110 million. This follows the sale of approximately 23% of Delek US shares in 2014 which resulted in total proceeds of NIS 1.4 billion. Following the sale, the Company currently holds approximately 2.1% of the outstanding share capital of Delek US.

The sale of Delek Europe, Roadchef and the lowering of Delek Group's direct holdings of Delek US is part of the Group's strategy to increase its focus on its core business of Exploration and Production, as well as strengthening the Group's balance sheet.

INSURANCE AND FINANCIAL SERVICES

In light of the sale process of **Phoenix** (of which Delek Group holds 52%), the Company recognized a NIS 508 million impairment on its investment in Phoenix. In 2014, **Phoenix** contributed a profit of NIS 255 million to the Group's net income compared with NIS 368 million in the same period last year. The results of Phoenix's operations in the reporting period were materially affected by lower management fees in 2014.

On January 27, 2015, a non-binding memorandum of understanding was signed between the Company and a foreign Company with activities in the insurance sector, encompassing details of an agreement to sell the control in Phoenix at a range of between 42% to 52.3% of the equity

On October 23, 2014, a transaction to sell 34% of its holdings in **Republic** (of which Delek Group currently holds 66%) was completed and control was transferred to a group of investors from the United States. Proceeds totaling approximately US$ 75 million (approximately NIS 263 million) have been received.

The Group's holdings in **Barak Capital**, of which the Group held approximately 47%, were sold for NIS 237 million in July 2014.

DIVIDEND DISTRIBUTION

On March 30, 2015, the Board of Directors of Delek Group declared a cash dividend distribution for the fourth quarter of 2014 in the amount of approximately NIS 150 million (or NIS 12.7761 per share) to shareholders. The ex-date is on April 13, 2015 and the dividend will be paid on April 30, 2015.

CONFERENCE CALL DETAILS

The Company will be hosting a **conference call in English** on March 31, 2015 at 3.30pm Israel time, 8.30am Eastern Time. Management will also be available to answer investor questions.
To participate, please call one of the following teleconferencing numbers:
Israel on: 03-9180685
USA on: 1-888-281-1167
UK on: 0-800-917-5108
International: +972-3-918-0685

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 assets in downstream energy, water desalination, and in the finance sector.
For more information on Delek Group please visit www.delek-group.com or Email: **investor@delek-group.com**

Investor Relations Contact

Dalia Black / Dina Vince
Delek Group
Tel: +972 9 863 8444
Email: **investor@delek-group.com**

Delek Group Income Statement (NIS Millions)

	2014	2013 (*)		10-12/2014	10-12/2013 (*)
Revenues	19,123	20,850		4,226	5,506
Cost of revenues	14,193	16,227		2,847	4,248
Gross profit	**4,930**	**4,623**		**1,379**	**1,258**
Sales, marketing and gas station operating expenses	1,883	1,755		506	461
General and administrative expenses	1,253	1,261		304	349
Other expenses, net	699	162		229	244
Operating profit	1,095	1,445		340	204
Finance income	244	109		41	5
Finance expenses	(1,249)	(1,316)		(279)	(231)
Profit (loss) after financing	**90**	**238**		**102**	**(22)**
Gains (loss) from disposal of investments in investees and others, net	-	(8)		-	(8)
The Group's share in the profits of associate companies and partnerships, net	205	430		55	64
Profit before income tax	**295**	**660**		**157**	**34**
Income tax	197	492		75	107
Profit (loss) from continuing operations	**98**	**168**		**82**	**(73)**
Profit (loss) from discontinued operations,	(447)	1,167		(62)	255
Net profit (loss)	**(349)**	**1,335**		**20**	**182**
Attributable to -					
Company shareholders	(765)	740		(120)	125
Non-controlling interest	416	595		140	57
	(349)	**1,335**		**20**	**182**

(*) Re-classified, see Note 2AI to the financial statements.

Summary of key one-time write-downs in the reporting period: (NIS millions)

	2014
The Phoenix	508
Recognition of currency differences on the investment in Delek USA	263
One-time expenses in natural gas operations	103
Republic	60
Barak Capital	34
Gadot	30
Delek Israel	23
Total principal one-time write-downs	**1,021**

For more information concerning the accounting write-downs, see Note 14 to the financial statements.