



Delek Group Announces Consolidated Third Quarter 2019 Results

Tel Aviv, December 2, 2019, Delek Group Ltd. (TASE: DLEKG, US ADR: DGRLY) (hereinafter: "Delek Group" or "The Group") announced on November 28, 2019 its results for the third quarter period ended September 30, 2018. The full financial statements are available in English on Delek Group's website at: www.delek-group.com

THIRD QUARTER 2019 HIGHLIGHTS

- Net income amounted to NIS 65 million, compared with NIS 323 million in Q3 2018; the E&P sector contributed NIS 101 million to net income
- The Leviathan project is fully complete, with domestic gas sales and exports to Egypt and Jordan scheduled to begin in the coming weeks
- With the acquisition of Chevron's North Sea assets and the full divestiture of the Phoenix Insurance Company, Delek Group has achieved its strategy of transforming itself into a pure-play international energy firm

Group revenues for 9M19 totaled NIS 6.1 billion, flat with NIS 6.1 billion in 9M18. In the third quarter of 2019, revenues totaled NIS 2.0 billion compared with NIS 2.2 billion in 3Q18, a decrease of 9%. This was mainly driven by lower contribution from Ithaca Energy. These results do not include revenue from the recently acquired Chevron North Sea assets, which will begin to appear on Ithaca's P&L as of 4Q19.

Group operating profit for 9M19 totaled NIS 1.0 billion, lower than NIS 1.2 billion in 9M18. In the third quarter of 2019 operating profit totaled NIS 306 million compared with NIS 397 million in 3Q18, a decrease of 23%.

Net income for 9M19 totaled NIS 545 million, lower than NIS 736 million in 9M18. In the third quarter of 2019 net income was NIS 65 million compared with NIS 323 million in 3Q18. The difference is due mainly to a large upward revaluation of the Phoenix Insurance Company that occurred in the same period last year. The current **cash balance** as of November 28, 2019 was approximately NIS 1.0 billion, including unutilized credit lines and marketable securities.

MANAGEMENT COMMENT

Mr. Asaf Bartfeld, President and CEO of Delek Group, commented, "The sale of the Phoenix Insurance Company, purchase of Chevron's North Sea Assets, and the commencement of gas sales from Leviathan represent the full implementation of Delek Group's strategy, and position it as a leading international energy firm for the next decade."

MAIN BUSINESS HIGHLIGHTS

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

	Q3 2019	Q3 2018	FY 2018
Oil and Gas E&P Operations in Israel and its Surroundings	99	123	437
Oil and Gas E&P Operations in the North Sea	2	88	283
Fuel Operations in Israel	30	34	70
Contribution to continuing operations before discontinued operations and capital and other gains	131	245	790
Finance Expenses & Others	(66)	78	(273)
Net Income (Loss) Attributed to Group's Shareholders	65	323	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 and the UK's North Sea. Having divested the last of its non-core assets, the Company is now set on becoming a key player in the international energy industry with operational capabilities.

Tamar & Leviathan

Tamar's sold 2.8BCM of natural during 3Q19. The Leviathan project is almost complete, with first commercial gas expected in the next few weeks, and inspections of the undersea EMG pipeline connecting Israel and Egypt have been completed successfully. The pipeline to Jordan is functioning, and the transfer of ownership in EMG shares to the partnership taking control of the infrastructure has been concluded. This means that along with supply to domestic Israeli customers, Leviathan will begin gas exports to Egypt and Jordan by the end of this year.

Ithaca Energy

Ithaca contributed NIS 54 million to Delek Group's operating income in the quarter, compared with a NIS 151 million contribution in 2018. Cashflow from operations stood at a healthy NIS 119 million for the quarter.

Production volumes were impacted by maintenance on the production platform at Stella, and reached 15,700 barrels of oil equivalent per day during 3Q19, below the 16,500 boed seen in the third quarter of 2018. Quarterly production costs were USD20.6/boe, up from USD17.1/boe last year. Lower gas prices also had an impact during the quarter, though Ithaca's hedges at average levels of approximately USD 65 per barrel of oil and USD 6.90 per mmbtu of gas mitigated this to some extent.

On a pro-forma basis, taking into account the acquisition of Chevron assets, full year 2019 production is expected to average approximately 75,000 boepd, approximately 60% liquids. Ithaca's expected average production over the final quarter of the year will be approximately 80,000 boepd.

DOWNSTREAM ENERGY SECTOR

Delek – the Israel Fuel Company Ltd. (fully held by Delek Group); operating profit contribution in the third quarter of 2018 amounted to NIS 41 million compared with NIS 51 million in the third quarter of 2018.

OTHER ASSETS

Non-core assets completely divested Delek Group its remaining 32.5% of the Phoenix Insurance Company on November 4, 2019, generating NIS 1.33 billion in cash. On November 10, 2019, Ithaca completed the acquisition of Chevron's North Sea assets, for a total sum of USD 1.67 billion. With these two transactions, the Company has achieved its strategy of transforming itself into a pure-play international E&P firm, with 95% of assets now linked to energy. The focus of the coming year will be the integration of the Chevron assets into Ithaca, with the ultimate goal of launching Ithaca's IPO in London as soon as practically possible.

NET FINANCIAL DEBT*

As at 28 November, 2019	NIS Millions
Liabilities	
Debentures	6,360
Bank and other loans	2,653
Other liabilities	94
Total liabilities	9,107
Assets	
Cash and deposits	453
Pledged deposits	265
Financial investments	381
Loans	490
Seller's loan for the sale of The Phoenix	235
Loans to Ithaca	900
Other payables	38
Treasury shares	207
Total Assets	2,969
Net Financial Debt	6,138

*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 Monday, December 2, 2019 at 3:30pm (Israel Time), 8:30am (ET), 1:30pm (UK). To participate in the conference call, please dial:

Israel:	03-918-0610
The USA:	1-888-668-9141
The UK:	0-800-917-5108
International:	+972-3-918-0610

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. Ithaca Energy, Delek Group's North Sea operator, concluded the acquisition of Chevron's North Sea assets for USD 1.67 billion in November 2019. The assets include 10 fields producing 60 kboe per day, with 131 mboe of 2P reserves and 45 mboe of 2C reserves.

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

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