Delek Group Announces Consolidated Full Year Results 2013

Tel Aviv, March 31, 2014, Delek Group Ltd. (TASE: DLEKG, OTCQX: DGRLY) (hereinafter: "Delek Group" or "The Group") announced today its results for the fourth quarter and full year period ended December 31, 2013. The full financial statements are available in English on Delek Group's website at: www.delek-group.com.

FINANCIAL HIGHLIGHTS OF THE FULL YEAR 2013 PERIOD

- **Group net income amounted to NIS 740 million, an increase of 59% compared with net income of NIS 464 million last year;**
- **Group operating profit grew to NIS 1.7 billion, a 57% increase compared with NIS 1.1 billion in the same period last year;**
- **Tamar field successfully producing natural gas since March 2013**
- **Delek Group declared a dividend of NIS 160 million for the fourth quarter of 2013, contributing to a total of NIS 540 million for 2013;**

Group revenues in 2013 totaled NIS 38.5 billion, a slight increase compared with NIS 37.9 billion in 2012.

Group operating profit in 2013 totaled NIS 1.7 billion, a 57% increase compared with NIS 1.1 billion in 2012. The increase was primarily due to the strong improvement in the insurance and finance sectors in Israel as well as natural gas sales from Tamar which began production at the end of March 2013.

Net income in 2013 totaled NIS 740 million, a 59% increase compared with net income of NIS 464 million in 2012.

Mr. Bartfeld, CEO of Delek Group, commented "2013 was a year in which we realized some of the fruit of our abilities to successfully execute on our strategy. We realized NIS 2.1bn of value from our non-core assets during 2013 and we also successfully reduced our debt levels by NIS 1.6bn over the same period. We are also very proud of the first and very successful year of production of our world class natural gas asset – Tamar, which supplied 5.1 BCM to the Israeli market. In 2013, the Tamar partners continued to sign supply contracts locally, which has enabled a significant reduction in production costs amongst local industries and has had a positive impact on the overall Israeli economy. In addition, our recent discovery of Tamar SW increased Tamar 2P reserves to 307 BCM, and this is another example of the additional potential that we are continuing to realize within our licenses."

Continued Mr. Bartfeld, "With many important milestones already behind us, we are looking ahead to 2014 and I believe we are entering another crucial year, not only for our Group, but also for our industry and Israel as a whole."

MAIN BUSINESS HIGHLIGHTS

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

	FY 2013	FY 2012*	Q4 2013	Q4 2012*
Oil and Gas Exploration, and Gas Production Operations	70	22	25	28
Fuel Operations in Delek Europe	14	57	(32)	(9)
Fuel Operations in Israel	34	9	4	(4)
Motorway Service Area Operations in the UK	(2)	(16)	(5)	(17)
Insurance and Finance Operations in Israel	368	168	101	100
Oversees Insurance Operations	65	33	26	33
Fuel Operations in the US	194	669	-	123
Automotive Operations	125	77	17	50
Capital Gains & Others	(128)	(555)	(11)	(97)
Net Income Attributed Group's Shareholders	**740**	**464**	**125**	**207**

*Portions of the above tables have been extracted from Delek Group's Annual 2013 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*, a 10 TCF natural gas field off the coast of Israel** completed its first full year of production. Tamar and Yam Tethys together produced 6.4 BCM in 2013. An updated resource assessment of the Tamar Project was published in February 2014. The recent Tamar South West discovery increased Tamar's total 2P production reserves to 307 BCM.

Additional supply contracts were recently signed by the Tamar partners. On February 19, 2014, a supply agreement of up to approximately 1.8 BCM was signed with NBL Eastern Mediterranean Marketing Limited, to export natural gas to consumers in Jordan, through the Arab Potash Company and Jordan Bromine Company. , Supply is expected to commence in 2016, and expected to last for about 15 years.

***Leviathan*, a 19 TCF natural gas discovery off the Northern coast of Israel;** On January 5, 2014, the Leviathan partners signed the first Take-Or-Pay natural gas supply agreement with the Palestine Power Generation Company PLC for the supply of up to approximately 4.75 BCM for 20 years. The estimated aggregated level of revenues is expected to total to ~US$ 1.2 billion. In addition, from a regulatory point of view, the licenses in which the Leviathan discovery is positioned were declared a lease.

As of March 2014, the Leviathan partners came to an arrangement with the Israeli Antitrust Commissioner in order to create additional competition in the local natural gas supply market. It was agreed that the partners will sell their holdings in the 366/Alon C license and 364/Alon A license, where the Karish and Tanin natural gas reservoirs are located.

Gas Production Summary; Net income from the sector for 2013 was NIS 70 million, an increase compared to a net income of NIS 22 million in 2012. The growth was mainly due to the increase in revenues from the Tamar project.

Downstream Energy Sector Highlights

Delek – the Israel Fuel Company Ltd. (fully held by Delek Group); Net income in 2013 amounted to NIS 36 million compared with a net income of NIS 18 million in 2012. The increase was primarily due to a one-off gain from selling a gas station which was partially offset by inventory losses.

Delek Europe (Delek Group holds 100% indirectly); Net income in 2013 was NIS 14 million, compared with a net income of NIS 57 million in 2012. The decline was due to a decrease in the number of litres of gasoline sold, which was partially offset by an increase in sales of convenience stores. Also the decline was due to inventory losses during the reporting period compared with inventory gains last year.

Roadchef (fully held by Delek Group); Net loss for Roadchef was reduced to NIS 2 million in 2013, compared with a net loss of NIS 16 million last year. The improvement was primarily driven by a development plan to renovate the motorway stations, establishing a chain of fast food “McDonalds” restaurants at those sites. The site development plan is an important component of future growth plan for Roadchef. By the end of 2013, Roadchef completed the development of 19 of the 28 service stations.

Delek US (NYSE: DK; Delek Group holds 25.4% end-Q1 2014): Net income in the full year of 2013 was NIS 454 million compared with a net profit of NIS 1,050 million in 2012. The decline in profitability was due to the decrease in Gold Coast crack spreads 5-3-2 from an annual average of $26.50 in 2012 to $17.93 in 2013. Also the activity was affected by adverse changes in market conditions, whereby the oil originating in Midland Texas (WTI) was traded at a discount of approximately $2.32 per barrel in the fourth quarter of 2013 compared with a discount of $3.55 in the same period of last year.

On March 18, 2014, Delek Group completed the sale of an additional 5% of its holdings of Delek US ordinary shares for a total of approximately NIS 315 million (approximately US$ 91 million). This follows the sale of 42% of Delek US shares since mid-2012 which has resulted in total proceeds of NIS 2.9 billion. Following the sale, the Company currently holds approximately 25.4% of the outstanding share capital of Delek US.

The sale of Delek US shares 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 balance sheet.

INSURANCE AND FINANCIAL SERVICES

The activities of this segment are conducted through two insurance companies; Israeli insurance company, Phoenix Holdings Ltd. (TASE: PHOE) of which Delek Group holds 52% as of 2013-end, and general US insurer, Republic Companies, Inc. that is a wholly owned subsidiary. On December 25, 2013, Delek Group completed the sale of 3% of its holdings in Phoenix Holdings Ltd for a total of NIS 90 million.

Phoenix reported a record net income of NIS 739 million in 2013, compared to NIS 250 million in 2012. This was primarily due to the positive equity market returns in the period compared with the same period last year.

Republic Companies reported a net profit amounting to US$ 19 million in the full year of 2013, compared with US$ 9 million in 2012. The increase is primary explained by the lower losses occurred due to a lesser number of weather events and damage caused in 2013 compared with the previous year.

DIVIDEND DISTRIBUTION

On March 30, 2014, the Board of Directors of Delek Group declared a cash dividend distribution for the fourth quarter of 2013 in the amount of approximately NIS 160 million (or NIS 13.6278 per share) to shareholders. The ex-date is April 8, 2014 and the dividend will be paid on April 24, 2014.

CONFERENCE CALL DETAILS

The Company will be hosting a **conference call in English** on March 31, 2014 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. Please begin placing your calls at least 5 minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

US Dial-in Number: 1 888 407 2553
UK Dial-in Number: 0 800 917 5108
ISRAEL Dial-in Number: 03 918 0650
INTERNATIONAL Dial-in Number: +972 3 918 0650
At:
8:30am Eastern Time, 1:30pm UK Time, 3:30pm Israel Time

On the call, CEO Asaf Bartfeld, CFO Barak Mashraki will review and discuss the results, and will be available to answer your questions.

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 38 TCF.

In addition, Delek Group has a number of assets in downstream energy, in water desalination, and in the finance sector. In 2013, the Company's revenues were NIS 38 billion ($11 billion). Delek Group's shares are traded on the Tel Aviv Stock Exchange (TASE: DLEKG) and holds a ADR program (OTCQX: DGRLY). Delek Group is part of the Tel Aviv 25 Index.

For more information on Delek Group please visit www.delek-group.com.

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Delek Group Income Statement (NIS Millions)

	2013	2012*	Q4 2013	Q4 2012*
Revenues	38,455	37,930	10,054	9,697
Cost of revenues	31,304	31,594	8,202	8,135
Gross profit	**7,151**	**6,336**	**1,852**	**1,562**
Sales, marketing and gas station operating expenses	3,653	3,592	962	921
General and administrative expenses	1,551	1,571	416	411
Other expenses, net	201	65	282	54
Operating profit	**1,746**	**1,108**	**192**	**176**
Finance income	124	315	11	84
Finance expenses	1,539	1,548	290	210
Profit (loss) after financing	**331**	**(125)**	**(87)**	**50**
Gain (loss) from disposal of investments in investees and others, net	(8)	60	(10)	30
The Group's share in the profits of associate companies and partnerships, net	437	214	411	105
Profit before income tax	**760**	**149**	**314**	**185**
Tax on Income	501	102	79	60
Profit from continuing operations	259	47	235	125
Profit from discontinued operations, net	1,076	955	-	235
Net profit	**1,335**	**1,002**	**235**	**360**
Attributable to -				
Equity holders of the parent	740	464	125	207
Non-controlling interest	595	558	110	153
	1,335	**1,002**	**235**	**360**

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