



Delek Group Announces Consolidated Results for the Third Quarter of 2014

Tel Aviv, November 27, 2014, Delek Group Ltd. (TASE: DLEKG, OTCQX: DGRLY) (hereinafter: "Delek Group" or "The Group") announced today its results for the three month period ended September 30, 2014. The full financial statements are available in English on Delek Group's website at: www.delek-group.com.

THIRD QUARTER 2014 HIGHLIGHTS

- **The Group continues to examine and make progress on its preparations for an additional listing of shares on the London Stock Exchange;**
- **The estimate of contingent and prospective natural gas resources in the Aphrodite Reservoir was increase from 4.1 TCF up to a new best estimate of 4.5 TCF;**
- **Net income reached NIS 150 million for the third quarter of 2014;**
- **Delek Group announced a dividend of NIS 150 million for the third quarter of 2014;**
- **The Company made a number of divestitures during 2014. Delek Europe was sold on August 28; Roadchef was sold on September 30; 34% of Republic was sold together with the control on October 26; Barak Capital was sold in July 2014;**
- **Holdings in Roadchef, Delek Europe, Barak Capital and partially in Republic were sold for total proceeds of NIS 2.85 billion**

Group revenues for the third quarter of 2014 were approximately NIS 5.2 billion, compared with NIS 5.6 billion in the same period last year. There were an increase of revenues from the oil and gas exploration and development operations. On the other hand, there were a decrease in the revenues from the Israeli downstream operations and the Finance and Insurance operations.

Operating profit was NIS 439 million in the third quarter of 2014 compared with NIS 422 million in the same period of last year. The increase was mainly due to an increased contribution from the oil and gas exploration, and the gas production operations segment, which was somewhat offset by a decrease in the contribution from the fuel operations in Israel in as well as by a depreciation charge at Phoenix, the insurance company, which is in the process of being sold.

Net income for the third quarter of 2014 totaled NIS 150 million, representing 103% growth compared with a net income of NIS 74 million in the third quarter of 2013.

The increase was due to the contribution to the net income of the oil and gas exploration, and gas production operations segment as well as a contribution of the insurance and financial services segment and the automotive operations.

Cash balance at the Delek Group, correct as of November 27, 2014, stands at NIS 2.7 billion (including unutilized credit lines).

In accordance with the Company's strategic plan to concentrate on developing its core assets in the field of energy, the Company divested from and realized the value in some of its non-core assets. The Group's principal assets will be concentrated in the energy field, in both the gas and oil upstream operations and the Israeli downstream operations.

In addition, the Company is currently exploring the possibility and making preparations for registering the Company's shares for trading on the London Stock Exchange in mid-2015, in addition to its current listing in Israel.

Commented Mr. Bartfeld, CEO of Delek Group, "During the third quarter, as well as October, we made a series of successful exits. This is a solid representation of our ongoing achievements and success in executing on our strategic decision to focus on the upstream energy. In the coming quarters, we intend to continue our strategy of focusing the group on the exploration, development and production of natural gas and oil with an emphasis on promoting the development plans of Leviathan, as well as identifying new opportunities in these areas."

Mr Bartfeld continued, "We continue to promote the listing of Delek Group shares for trading on the London Stock Exchange. We believe that as a leading Israeli company with strong results, high liquidity and strong balance sheets, the Group is positioned as an attractive investment for foreign investors. We believe that a UK listing will allow increased exposure to the Group's energy activities to a large and diverse international investors' base, and is a step in our long-term goal of becoming a leading international energy company."

MAIN BUSINESS HIGHLIGHTS

CONTRIBUTION OF PRINCIPAL OPERATIONS TO NET INCOME (NIS MILLIONS)					
	9M 2014	9M 2013	Q3 2014	Q3 2013	FY 2013
Oil and Gas Exploration, and Gas Production Operations	147	46	53**	41	70
Fuel Operations in Delek Europe	(4)	46	-	27	14
Fuel Operations in Israel	39	30	(5)	16	34
Motorway Service Area Operations in the UK	(2)	3	14	24	(2)
Insurance and Finance Operations in Israel	187	296*	71	59*	368
Oversees Insurance Operations	17	38	19	17	65
Automotive Operations	95	108	44	24	125
Fuel Operations in the US	10	194	-	(7)	194
Contribution to Net Income before Capital Gains & Others	489	761	196	201	868
Capital Gains & Others ⁽¹⁾	(1,134)	(118)	(46)	(127)	(128)
Net Income (Loss) Attributed Group's Shareholders	(645)	643	150	74	740

* Restated, see Note 2d financial statements.

** Excluding onetime effects.

⁽¹⁾ In the nine months ended September 30, 2014, and in light of actions taken to dispose of several assets as aforesaid, the Company included a number of accounting write downs due to changes in the fair value of such assets, including Delek USA, Republic, and The Phoenix. For information concerning these write downs. In the third quarter of 2014, the item includes gains of approximately NIS 250 million on the sale of Roadchef shares, offset by losses of approximately NIS 210 million on the sale of Delek Europe. This item also includes the results of other operations, unattributed finance expenses, other expenses, and tax expenses.

Parts of the above table have been extracted from Delek Group's Third Quarter of 2014 Directors Report. Please review the full report available on the Group's website www.delek-group.com to view the notes for each of the items above.

ENERGY & INFRASTRUCTURE

OIL AND GAS EXPLORATION (ISRAEL) SECTOR HIGHLIGHTS

Tamar Project, 11 TCF natural gas discoveries (Tamar and Tamar SW). Tamar produced 2.2 BCM of natural gas in the third quarter of 2014. In addition, Tamar sold 104 million barrels of condensate in the third quarter of 2014.

On October 17, 2014 a non-binding Letter of Intent ("LOI") was signed between the Tamar Partners, including the Company's gas subsidiaries, and Dolphinus Holdings Limited in which the parties confirmed their intention to carry out exclusive negotiations on an agreement for the supply of natural gas from the Tamar Project using the existing gas pipeline operated by East Mediterranean Gas Ltd for exclusive marketing to customers in Egypt. The supply period as stipulated in the LOI is for 7 years to supply 250,000 MMBtu per day on an interruptible basis (with a minimum of cumulative amount of 5 BCM over a period of 3 years), and the price includes a floor rate and will be linked to the price of Brent.

In addition, the Tamar partners, including the Company's gas subsidiaries, are in advanced stages with Union Fenosa Gas SA of Spain towards the completion and signing of a Binding Agreement for the supply of natural gas to its existing liquefaction facilities in Egypt.

Leviathan, a 22 TCF natural gas discovery; On September 3, 2014, Noble Energy Mediterranean Ltd signed a non-binding LOI with the National Electric Power Company of Jordan. The estimated scope of the final agreement is for the supply of 45 BCM over a period of 15 years. The supply of the gas will take place at points to be determined on the Israeli-Jordanian border. The price of gas stipulated in the LOI is similar to the prices set in other agreements for the export of gas from Israel and is linked to the prices of a barrel of Brent oil and includes a floor price.

In addition, the Leviathan partners, including the Company's gas subsidiaries, continue their negotiations with BG International Ltd., a subsidiary of the British company BG Group PLC, towards the signing of a Binding Agreement for the supply of natural gas to its existing liquefaction facilities in Egypt.

Aphrodite, a 4.5 TCF (Contingent & Prospective) natural gas discovery located in the Block 12 license, off the coast of Cyprus; on November 19, 2014, a full reservoir update report prepared by Netherland, Sewell & Associates, Inc. was released, which increased the estimate of contingent and prospective natural gas resources in the Aphrodite Reservoir from 4.1 TCF up to a new best estimate of 4.5 TCF, and condensate resources from 8.1 MMboe to 9 MMBoe at the same category, as at September 30, 2014.

Gas Production Summary: The contribution to net income from the sector for the third quarter of 2014 was NIS 53 million excluding onetime effects, compared with a net profit of NIS 41 million in the same period in 2013. It should be noted that there was a depreciation expense in respect of Noa in the amount of NIS 15 million in the third quarter of 2014.

DOWNSTREAM ENERGY SECTOR HIGHLIGHTS

Delek Europe; on August 28, 2014, the closing of the agreement to sell the Company's holdings in Delek Europe BV for the amount of € 355 million (NIS 1.7 billion) was reached. A total of €180 million was received during the third quarter of 2014 and the remaining balance of €175 million was granted as a loan.

Roadchef (fully held by Delek Group); on September 30, 2014, the Company's sold its entire holdings in Roadchef to Antin Infrastructure Partners, a European infrastructure fund, for approximately GBP 153 million (approximately NIS 900 million). On the closing date, the Company recognized a profit of approximately NIS 253 million.

INSURANCE AND FINANCIAL SERVICES

In light of the sale process of the **Phoenix** (of which Delek Group holds 52%), in the third quarter of 2014 the Company recognized a NIS 50 million impairment on its investment in the Phoenix. In the third quarter, **Phoenix** contributed a profit of NIS 71 million to the Group's net income compared with NIS 59 million in the same period last year. The results of The Phoenix's operations in the reporting period were materially affected by a decrease in Israeli interest rates, which was offset by a higher income from management fees.

On October 23, 2014, a transaction to sell approximately 34% of its holdings in **Republic** (of which Delek Group currently holds 66%) was completed and the control of Republic was transferred to a group of investors from the United States. Proceeds totaling approximately US\$ 75 million (approximately NIS 280 million) have been paid in full.

The Group's holdings in **Barak Capital**, of which the Group held approximately 47%, were sold for NIS 240 million in July 2014.

DIVIDEND DISTRIBUTION

On November 26, 2014, the Board of Directors of Delek Group declared a cash dividend distribution for the third quarter of 2014 in the amount of approximately NIS 150 million (approximately NIS 12.7761 per share) to the shareholders on record as of December 14, 2014 and the dividend will be paid on December 30, 2014.

CONFERENCE CALL DETAILS

The Company will be hosting a **conference call in English** on Thursday, November 27, 2014. 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: 1 888 668 9141

UK Dial-in Number: 0 800 917 5108

ISRAEL Dial-in Number: 03 918 0644

INTERNATIONAL Dial-in Number: +972 3 918 0644

At:

8:30am Eastern Time, 1:30pm UK Time, 3:30pm Israel Time

On the call, Chairman Gabriel Last, CEO Asaf Bartfeld and 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 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

Delek Group Income Statement (NIS Millions)

	9M 2014	9M 2013	Q3 2014	Q3 2013	FY 2013
Revenues	14,897	15,344	5,209	5,596	20,850
Cost of revenues	11,346	11,979	3,924	4,414	16,227
Gross profit	3,551	3,365	1,285	1,182	4,623
Sales, marketing and gas station operating expenses	1,377	1,294	467	435	1,755
General and administrative expenses	949	912	320	305	1,261
Other income (expenses), net	(470)	82	(59)	(20)	(162)
Profit (loss) from operating activities	755	1,241	439	422	1,445
Finance income	203	169	84	89	109
Finance expenses	970	1,150	276	505	1,316
Profit (loss) after financing	(12)	260	247	6	238
Gains (loss) from disposal of investments in investees and others, net	-	3	-	-	(8)
Group's share in earnings (loss) of associate companies and partnerships, net	150	366	64	180	430
Profit (loss) before income tax	138	629	311	186	660
Income tax (tax benefit)	122	415	120	153	492
Profit (loss) from continuing operations	16	214	191	33	168
Profit (loss) from discontinued operations, net	(385)	912	78	61	1,167
Net profit (loss)	(369)	1,126	269	94	1,335
Attributable to -					
Company shareholders	(645)	643	150	74	740
Non-controlling interest	276	483	119	20	595
	(369)	1,126	269	94	1,335

The notes are an integral part of the financial statement and can be found at www.delek-group.com.