Delek Group Announces Consolidated Results for the First Quarter of 2013

Tel Aviv, May 29, 2013, Delek Group Ltd. (TASE: DLEKG , OTCQX: DGRLY) (hereinafter: "Delek Group" or "The Group") announced today its results for the three month period ending March 31, 2013. The full financial statements are available in English on Delek Group's website at: www.delek-group.com.

FIRST QUARTER 2013 HIGHLIGHTS

- **First quarter operating profit increases to NIS 908 million, compared with NIS 549 million in the first quarter of last year, a growth of 65%;**
- **Gross profit from the sale of Delek US shares was NIS 800 million (NIS 591 million after tax);**
- **First quarter net income of NIS 50 million compared with net income of NIS 110 million in the first quarter of last year (the decline is due to the accounting treatment of sale of shares in Delek US). Including the gross profit from the sale of Delek US shares the net income would have been approximately NIS 641 million;**
- **Tamar gas field started production in March 2013;**
- **Karish situated off the Israeli coast was declared a natural gas discovery;**
- **Declared a dividend of NIS 150 million for the quarter.**

Group revenues for the first quarter of 2013 were NIS 17.7 billion, at around the same level when compared with NIS 17.8 billion in the first quarter of 2012.

Net income for the first quarter of 2013 totaled NIS 50 million, compared with a net income of NIS 110 million in the first quarter of 2012. The reduction in net income was due to a high level of tax expense in the quarter. In line with accounting rules, the tax expense generated from the sale of Delek US shares appears as an expense in the profit and loss statement, but because the subsidiary is still considered to be under control of the Delek Group, the amount gained from the sale is recognized only as an increase in the capital reserves on the balance sheet.

On May 7, 2013, the Company completed a tender of 103,500 treasury shares for a total of approximately NIS 97million. This increased Delek Group's public float of shares and it is expected to be subsequently upgraded in the TA 25 index and the TA 100 index at a higher weighting.

Commented Mr. Bartfeld, CEO of Delek Group, "We are currently in a very exciting period for our gas sector; the start of production in March at the Tamar gas field, marked an important milestone not only for the Delek Group but for Israel as a whole. Tamar will change the landscape of the Israeli energy market and will chart a significant growth contribution to the Israeli economy. In addition, we saw a significant upward revision of the estimated reserves in Leviathan, bringing its best estimate to 19 TCF. Furthermore, Karish, off the Israeli coast, was recently pronounced a natural gas discovery and the appraisal well at Aphrodite 2 in Cyprus is due to commence in the coming weeks."

Mr Bartfeld continued, "We are pleased with our results of the quarter. Our operating income grew substantially though due to the accounting treatment of our sale of Delek US shares, we recognized a tax expense but not a corresponding income which lowered our net income in the quarter. In the past few months, we have taken a number of important strategic steps at Delek Group. We sold some of our holdings in Delek Automotive as well as Delek US and took Delek Israel private. This is in line with our strategy to become more focused on the upstream energy sector, a sector in which we see very significant future upside potential for Delek Group."

MAIN BUSINESS HIGHLIGHTS

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

	Q1 2013	Q1 2012	FY 2012
US Fuel Sector Operations	138	115	669
Oil and Gas Exploration	(5)	11	22
Delek Europe	-	1	57
Israeli Fuel Sector Operations	1	-	9
UK Service Station Sector	(21)	(25)	(16)
Insurance and Finance Operations in Israel	138	67	150
Insurance and Finance Operations in US	37	6	33
Automotive operations	51	54	77
Contribution to Net Income before Capital Gains & Others	**339**	**229**	**1,001**
Others and Capital Gains	(289)	(119)	(555)
Net Income	**50**	**110**	**446**

* Parts of the above table have been extracted from Delek Group's First Quarter 2012 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.

UPSTREAM ENERGY

Oil and Gas Exploration Sector Highlights. The activities in Israel are carried out through Delek Energy Ltd., Delek Drilling LP and Avner Oil Exploration LP, of which Delek Group has a controlling share.

***Tamar,* a 10 TCF natural gas discovery off the coast of Israel;** After four years of intensive investment in infrastructure, Tamar started to deliver natural gas to the domestic economy on March 30, 2013.

On May 26, the Company's gas subsidiaries signed a limited-recourse bridge loan with JPMorgan Chase Bank, Citibank and HSBC Bank PLC for the total amount of USD 300 million. In parallel, the gas partnerships are currently preparing to refinance their loan agreement with a consortium of foreign banks headed by HSBC Bank Plc and Barclays Bank Plc, dated April 20, 2012.

In addition, on April 11, 2013, Israel Electric Company announced its decision to the Tamar partners its intention to exercise its option to increase the contractual amounts of natural gas it will consume.

Leviathan,* a 19 TCF natural gas discovery off the coast of Israel*; Following the successful completion of Leviathan 4, a second appraisal well at the beginning of March 2013, a full reservoir update report was released on May 1, 2013, which increases the estimate of contingent resources from 17 TCF up to a best estimate of 19 TCF.

Aphrodite, **a 5.2 TCF natural gas discovery located in the Block 12 license off the coast of Cyprus;** On May 26, 2013, the Company's gas subsidiaries together with Noble Energy approved the drill of the appraisal well at Aphrodite 2, which is expected to start in the coming weeks and last for approximately four months. The budget of USD 117 million (100%) has been approved. The depth of the well is expected to be approximately 1,750 meters and the planned final depth drilling is approximately 5,600 meters below sea level.

Karish, a **best estimate prospect of 2 TCF off the coast of Israel;** On May 22, 2013, the discovery of natural gas at the Karish 1 well was announced. A full reservoir update report is expected to be released in the coming months.

Gas Production Summary*;* During the quarter, revenues from the sale of oil and gas including royalties reached NIS 224 million compared with NIS 200 million in the first quarter of 2012. The increase is mainly due to a provision recorded in the first quarter of last year because of the potential implications of a decline in the natural gas supply capacity from the Mari B well as well as a decline in the effective rate of royalties due to the State, due to the development costs of Noa and Pinnacles reservoirs which began production in the second half of 2012.

Net loss from the sector for first quarter of 2013 was NIS 5 million, compared to a net income of NIS 11 million in the first quarter of 2012. The decline in profit compared with last year was mainly due to the recording of depreciation expenses on investments made in developing Noa and Pinnacles reservoirs.

DOWNSTREAM ENERGY

Delek US (NYSE: DK; Delek Group holds 37% end-Q1 2013): Revenues in the first quarter of 2013 were a record NIS 8.6 billion compared with NIS 8.2 billion in the first quarter of 2012. The results were positively impacted by the refineries ability to process local discounted oil, including oil from Midland Texas (WTI) which was trading in the first quarter at a discount of $7.80 per barrel. In addition, an increase in the number of barrels sold at the Tyler refinery and the ability of Delek US to purchase cheaper crude oil to the refinery in El Dorado contributed to the improvement in operating profitability of Delek US.

Net income in the first quarter of 2013 was a record NIS 261 million compared with a net income of NIS 169 million in the first quarter of 2012. Results were improved due to the significant contributions from the Company's refining segment.

During March 2013, Delek Group sold a total of 10 million shares of Delek US shares at USD 39.5 per share, realizing accounting gains recorded on the sale of these shares (pre-tax), amounted to NIS 788 million, and were recognized entirely as an increase in equity. Conversely, the Company recognized tax expenses of NIS 157 million in profit or loss.

Delek – the Israel Fuel Company Ltd. (TASE: DLKIS.TA; Delek Group holds 100% as of April 24, 2013): The Company's fully owned subsidiary, Delek Petroleum, successfully completed a tender offer of the full public float for a total of NIS 157 million. While holding 87% of "Delek" the Israeli Fuel Company shares as at March-end, as of April 24, 2013, Delek Petroleum holds 100%.

Revenues in the first quarter of 2013 were NIS 1.7 billion compared with NIS 1.6 billion in the first quarter of 2012, representing an increase of 6.5%. This increase was due primarily to the increased average price of gasoline compared with that of last year, an increase in the quantities sold in the direct marketing segment and an increase in sales at the Menta convenience stores.

Net loss in the first quarter of 2013 was NIS 2 million compared with NIS 1 million in the first quarter of 2012. Delek Israel's results were impacted by the lowering of fuel marketing margins at the end of 2012 and increased provisions for doubtful debts. Delek Israel continues to take steps in order to mitigate the effects.

Delek Europe. Revenues in the first quarter of 2013 were NIS 3.6 billion compared with NIS 4.1 billion in the first quarter of 2012, a reduction of 11%. The lower level of revenues was due to the lower quantities of gas sold in the quarter which was offset partially by an increase in convenience store sales.

Net income in the quarter was at the breakeven point compared with a net income of NIS 1 million in the first quarter of 2012.

In the scope of the process to sell Delek Group's fully owned subsidiary, Delek Petroleum's holdings in Delek Europe, in April 2013, Delek Petroleum received a number of Indicative Offers for its holdings and the process is ongoing.

Roadchef (Motorway Services in the UK; Delek Group holds 100% end –Q1 2013); Roadchef's revenue in the first quarter of 2013 was NIS 237 million versus NIS 272 million in the first quarter a year ago. Roadchef continues to develop new sites under the Roadchef brand as well as opening the fast food chain McDonalds at various sites. As of the first quarter of 2013, Roadchef completed the development of 15 of the 28 service stations.

EBITDA for the first quarter of 2013 improved to NIS 22 million versus NIS 15 million in the first quarter of 2012, represent an increase of 46.7%. The improvement at EBITDA is mainly due to the above-mentioned development program at the various sites, better efficiency in operating sites and headquarters, as well as the restructuring activities which have been carried out. Net loss for the first quarter of 2013 was NIS 21 million compared with NIS 25 million in the first quarter of 2012.

INSURANCE AND FINANCIAL SERVICES

The activities of this segment are primarily conducted through two insurance companies; Israeli insurance company, Phoenix Holdings Ltd. (TASE: PHOE), and general US insurer, Republic Companies, Inc. that is a wholly owned subsidiary.

The insurance and financial services sector contributed NIS 175 million to the Group's net income in the quarter, compared to a contribution to net income of NIS 73 million in the same period last year, an increase of 140%.

Phoenix reported net profit amounting to NIS 252 million in the first quarter of 2013, compared to NIS 121 million last year. Income from management fees increased by NIS 39 million as compared to the corresponding period of last year, due mainly to the fact that in the first quarter of 2013, Phoenix started collecting variable management fees on profit-sharing policies sold up to 2004, while no variable management fees were collected in 2012. In the first quarter of 2013, variable management fees on these policies totaled NIS 37 million.
During the quarter, Phoenix signed a cut-off agreement, ending the relationship with a particular reinsurer and signed a new reinsurance contract with another reinsurer, after the latter agreed to serve as a reinsurer for insurance operations included under the cut-off agreement. Consequently, Phoenix recorded a pre-tax gain of NIS 72 million.

Republic Companies reported a net profit of $10 million in the first quarter of 2013, compared with $2 million, in the first quarter of last year. Last year, there were increased weather damage losses of approximately USD 17 million (net of reinsurance and before tax). In addition, the realization of investments recorded increased income of approximately USD 9 million in the first quarter of 2013.

DIVIDEND DISTRIBUTION

On May 29, 2013, the Board of Directors of Delek Group declared a cash dividend distribution for the first quarter of 2013 in the amount of approximately NIS 150 million (approximately NIS 13.0136 per share) to the shareholders on record as of June 11, 2013 and the dividend will be paid on June 24, 2013.

CONFERENCE CALL DETAILS

The Company will be hosting a **conference call in English** on May 30, 2013. 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: 1 888 860 9642
UK Dial-in Number: 0 800 917 9141
ISRAEL Dial-in Number: 03 918 0691
INTERNATIONAL Dial-in Number: +972 3 918 0691
At:
9:30am Eastern Time, 2:30pm UK Time, 4:30pm 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 to date of 33 TCF.

Delek is Israel's largest and sole domestic supplier of natural gas. In addition, Delek has built an extensive network of global downstream assets, including 1,900 gas stations and convenience stores in the U.S., Europe and Israel; petroleum refineries in the U.S. with 140,000 barrel per day of nameplate production; and pipelines and storage facilities in the US, Europe and Israel. Delek also holds significant interests in leading water desalination, power generation, insurance and automotive companies.

In 2012, the Company's revenues were NIS 72 billion ($19 billion). Delek Group's shares are traded on the Tel Aviv Stock Exchange (TASE: DLEKG) as part of the TA25 Index.

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

Contact

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

Kenny Green / Ehud Helft
International Investor Relations
CCG Investor Relations
Tel: (US) 1 646 201 9246
E-mail: **delek-group-ir@ccgisrael.com**

Delek Group Income Statement (NIS Millions)

	Q1 2013	Q1 2012		2012
Revenues	17,738	17,813		71,598
Cost of revenues	15,293	15,693		62,422
Gross profit	**2,445**	**2,120**		**9,176**
Sales, marketing and gas station operating expenses	1,009	1,013		4,182
General and administrative expenses	515	547		2,056
Other expenses, net	13	11		65
Operating profit	**908**	**549**		**2,873**
Finance income	26	97		315
Finance expenses	(344)	(424)		(1,728)
Profit after financing	**590**	**222**		**1,460**
Gain from disposal of investments in inveseetees and others, net	-	-		60
The Group's share in the profits of associate companies and partnerships, net	139	108		214
Profit before income tax	**729**	**330**		**1,734**
Income tax	448	110		779
Net profit	**281**	**220**		**955**
Attributable to -				
Equity holders of the parent	42	110		446
Non-controlling interest	239	110		509
	281	**220**		**955**

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