Delek Group Announces
Consolidated Third Quarter 2018 Results

Tel Aviv, November 29, 2018, Delek Group Ltd. (TASE: DLEKG, US ADR: DGRLY) (hereinafter: "Delek Group" or "The Group") announced today its results for the third quarter period ended September 30, 2018. The full financial statements will be available in English on Delek Group's website at: www.Delek-Group.com

THIRD QUARTER 2018 HIGHLIGHTS

- **Net income amounted to NIS 323 million, compared with NIS 1,024 million in Q3 2017; the E&P sector contributed NIS 211 million to net income with significantly better profitability at Ithaca Energy**
- **The Leviathan project is now 70% complete, and remains on schedule for gas sales to begin by the end of 2019**
- **Ithaca Energy's purchase of its partner's stakes in reserves and production platform to close by the end of this year, while Delek Group continues to divest non-core assets such as the Phoenix Holding Ltd**

Group revenues in the third quarter of 2018 totaled NIS 2.3 billion compared with NIS 1.8 billion in the third quarter of 2017, an increase of 27%. Driving the growth were record sales volumes of gas from Tamar, improved prices and volumes at Ithaca Energy, as well as an increase in Delek Israel's revenues.

Group operating profit in the third quarter of 2018 totaled NIS 397 million, compared with NIS 1,603 million in the third quarter of 2017. Excluding profits from the sale of the 9.25% interest in Tamar which occurred at this time last year, 3Q17 operating profit stood at NIS 157 million, implying a year-on-year increase of 153%. The main sources of this improvement were significantly better profitability at Ithaca, and continued strong performance of the Israeli E&P sector.

Net income in the third quarter was NIS 323 million compared with NIS 1,024 million in the third quarter of 2017. Adjusting for the impact of the sale of the 9.25% stake in Tamar last year, 3Q18 net income rose by 113% from ILS 151 million in 3Q17. The current **cash balance** as of September 30, 2018 was NIS 2.0 billion, including unutilized credit lines and marketable securities.

MANAGEMENT COMMENT

Mr. Asaf Bartfeld, President and CEO of Delek Group, commented, "We further advanced in delivering on Delek Group's strategy this quarter. We delisted our Delek Energy subsidiary, stabilized production at Ithaca, and progressed in the development of the Leviathan field, which should achieve first gas by the end of 2019."

MAIN BUSINESS HIGHLIGHTS

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

	Q3 2018	Q3 2017	FY 2017
Oil and Gas E&P Operations in Israel and its Surroundings	123	47	364
Oil and Gas E&P Operations in the North Sea	88	43	20
Fuel Operations in Israel	34	34	100
Automotive Operations	4	14	63
Contribution to continuing operations before discontinued operations and capital and other gains	**249**	**138**	**547**
Profit from Oil and Gas assets sales	(28)	867	859
Finance Expenses & Others	102	19	(190)
Net Income (Loss) Attributed to Group's Shareholders	**323**	**1,024**	**1,216**

*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 E&P and expand its activities in global E&P markets, with the intention of becoming a key international player in the energy industry with operational capabilities.

Tamar & Leviathan

Tamar's gas sales reached a new quarterly record of 2.8BCM during 3Q18. The development of the Leviathan project is approximately 70% complete. The project remains on budget and on schedule with first gas sales anticipated by the end of 2019. Construction of the production platform continues to progress, while the sea-floor pipeline is complete and now connects the gas field to the Israeli shoreline. An agreement was reached in October 2018 to use the EMG pipeline, providing an effective logistics solution for the implementation of the Dolphinus sales agreement to export natural to Egypt. The Group is also taking steps towards the sale of its remaining 22% stake in the Tamar field, which is targeted to occur during 2019.

Ithaca Energy

Ithaca contributed NIS 151 million to Delek Group's operating income in the quarter, compared with a NIS 41 million contribution in 2017. This was driven by higher production volumes, as well as beneficial oil and gas prices during the quarter. Though energy prices have subsequently weakened, Ithaca is protected from the immediate impacts of this trend through hedges that cover approximately 80% of its 2019 production, at average levels of USD 65 per barrel of oil and USD 7.70 per mmbtu of gas. (This does not include volumes that will be acquired through the Stella partners transaction discussed below.)

Production during the quarter was 16,500 barrels of oil equivalent per day, significantly higher than the 14,400 boed seen in the third quarter of 2017. This increase represents better operational performance, as well as the new connection of the Stella floating production platform (FPF) to the Harrier gas field during May 2018. Ithaca plans to increase exposure to the Greater Stella Area (GSA) in the years to come, connecting new assets to its existing platform. Vorlich is the next field planned to be attached in 2020, with proven and probable reserves of 25 million boe.

On 24 August 2018, Ithaca Energy signed an agreement to purchase its partners' shares in the Stella FPF and surrounding energy reserves. The deal should close by the end of 2018, at a net upfront cost of USD 130 million. On a pro-forma basis, this acquisition will increased Ithaca's annual 2018 production to 22,000 boed from 15,000; reduce annual 2018 production costs to USD18/boe from USD19/boe; and add 20 million boe in reserves.

During 4Q18, Ithaca Energy completed a successful debt refinancing. The company's RBL framework was increased to USD 400 million, with maturity pushed out to December 2022. Ithaca arranged an additional 5 year loan of USD 300 million from an international consortium of lenders which was used for early repayment of existing bonds, resulting in a savings on interest payments.

Gulf of Mexico

Exploration in the Gulf of Mexico began during August 2018 at the Canoe prospect. Initial results showed that layers of sand were found with oil, but the operator did not made an announcement of a discovery. The Group intends to further analyse the results in order to assess the Canoe's commercial feasibility. However, from additional data that has been examined and in parallel to the operator's assessments, the potential for hydrocarbon resources at the prospect is significantly lower than initial estimates. As such, Delek Group has taken a USD 11 million reserve for costs relating to drilling at Canoe.

A new campaign at the Tau prospect began in September 2018. Proximate to the date the Group's 3Q18 financial report was approved, drilling had reached approximately 3,000 feet below level, with the main target layer being in the range of 15,000-26,000 feet below sea level. So far, USD 28 million has been spent on drilling at Tau, out of a total budget of USD 41 million.

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 51 million compared with NIS 56 million in the third quarter of 2017. On 22 August, 2018, Delek Israel purchased the Ashkelon and Sorek electric power stations (fully owned by another Group subsidiary) for ILS 474 million.

OTHER ASSETS

Continuing in efforts to divest non-core assets, Delek Group sold 16% of the Phoenix Insurance Company during the quarter. The majority of this sale (14.7%) was concluded through swap transactions with Israeli financial institutions, while the remaining portion (1.3%) was disposed of in a direct sale. Delek Group's remaining 30% holding in the Phoenix represents the controlling stake in the insurance firm, and the Group continues in its efforts to find a strategic investor to acquire this asset. In addition, in an effort to simplify our holding structure, the Group delisted Delek Energy Systems, a subsidiary within the E&P sector.

DIVIDEND

On November 28, 2018, the Company's Board of Directors resolved to distribute a dividend of NIS 150 million to be paid during December 2018. Including this announcement, Delek Group has disbursed NIS 490 million in dividends during calendar year 2018.

CONFERENCE CALL DETAILS

The Company will be hosting a **conference call in English** today on Thursday, November 29, 2018 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 with total gross natural gas resources discovered since 2009 of approximately 40 TCF.

In addition, Delek Group has a number of other assets including downstream energy, water desalination, and finance.

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

Contact Information

Yonah Weisz
Head of Investor Relations
Delek Group Ltd.
Tel: +972 9 863 8443
Email: **investor@delek-group.com**