



## Delek Group Announces Consolidated Results for the First Quarter of 2015

**Tel Aviv, May 27, 2015, Delek Group Ltd. (TASE: DLEKG, US ADR: DGRLY)** (hereinafter: "Delek Group" or "The Group") announced today its results for the three month period ending March 31, 2015. The full financial statements are available in English on Delek Group's website at: [www.delek-group.com](http://www.delek-group.com).

### FIRST QUARTER 2015 HIGHLIGHTS

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- **First quarter net income at NIS 210 million, compared with a net loss of NIS 195 million in the first quarter of last year;**
- **Delek Group starts 2015 with a more focused business, which is reflected in its balance sheet, following the sales of various non-core assets in 2014; Delek Group's sales of Delek US shares contributed a gain of NIS 115 million in the quarter;**
- **Delek Group continues negotiations to sell control at Phoenix Holdings Ltd. as part of the Groups' ongoing strategy to focus on its E&P assets;**
- **The Tamar field continued successful production of natural gas and sold approximately 1.97 BCM in the first quarter of 2015, compared with 1.7 BCM last year;**
- **The E&P sector contributed NIS 67 million to the Group's net income in the first quarter of 2015 versus NIS 38 million in the same period last year**
- **Declared a dividend of NIS 150 million for the quarter.**

**Group revenues** for the first quarter of 2015 were approximately NIS 5.5 billion, an increase of 10% compared to NIS 5.0 billion in the same period last year.

**Operating profit** in the first quarter of 2015 totaled NIS 137 million. This is compared with NIS 397 million as reported in the same period last year, mainly due to a reduction from the insurance segment in Israel which was partially offset by an increase in the E&P sector.

**Net Income** for the first quarter of 2015 totaled NIS 210 million, compared with a net loss of NIS 195 million in the first quarter of 2014. The improvement was due to the increased contribution of Oil and Gas Exploration, and Gas Production Operations from sales of gas from the Tamar field as well as the sale of Delek US shares which contributed NIS 115 million to the Group's net income. In addition, Delek Automotive contributed NIS 78 million, mainly due to its realization of its holdings in US-listed Mobileye.

**Cash balance** at the Delek Group correct as of March 31<sup>st</sup>, 2015 stood at NIS 3.8 billion (including unutilized credit lines).

On February 22, 2015, Delek Group completed a successful offering of NIS 800 million in Series 31 Debentures to investors, which were oversubscribed by an excess of NIS 124 million. On May 17, 2015, the Group published an exchange tender offer proposing to purchase all of the Debentures Series B15 in return for the Company's

Debentures Series B31, which will be issued as an expansion of the Series, registered for trading on the Tel-Aviv Stock Exchange.

On December 8, 2014, the Board of Directors approved a share buy-back totaling up to NIS 200 million. This plan was 66% utilized, amounting to approximately NIS 130 million. On May 10, 2015, the Board of Directors approved a further buy-back plan at the amount of up to NIS 70 million, which is the remaining balance of the previous unutilized plan.

**Commented Mr. Bartfeld, President and CEO of Delek Group,** “The first quarter results demonstrate once again the stability and the financial strength of the Group. We are focused on completing the sale of Phoenix to Fosun International, on the basis of the Memorandum of Understanding signed. We continue to identify international opportunities in the energy sector in order to make strategic investments which will be synergistic and complementary to the activities of the Group today.”

**Mr. Bartfeld continued,** “We believe we are moving in a promising direction in our discussions with the governmental ministries in the gas sector. We hope an eventual agreement will create the regulatory certainty that is necessary to carry out investments by the partnerships. Specifically, to accelerate the development plans of Leviathan and expansion of the Tamar Project, after receiving the required approvals.”

## MAIN BUSINESS HIGHLIGHTS

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

	Q1 2015	Q1 2014	FY 2014
Oil and Gas Exploration, and Gas Production Operations	67	38	93
Fuel Operations in Israel	15	28	18
Insurance and Finance Operations in Israel	(24)	94	255
Automotive Operations	78	30	107
Sold Operations	-	(11)	21
<b>Contribution of Principal Operations before Capital Gains &amp; Others</b>	<b>136</b>	<b>179</b>	<b>494</b>
Capital Gains & Others <sup>1</sup>	74	(374)	(1,259)
<b>Net Income Attributed Group's Shareholders</b>	<b>210</b>	<b>(195)</b>	<b>(765)</b>

<sup>1</sup>Data for the first quarter of 2015 includes gains of NIS 115 million on the sale of Delek US shares and revaluation of the balance of the investment in Delek US, as well as NIS 39 million on reversal of the impairment of the investment in The Phoenix. 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 First Quarter 2015 Directors Report.

Please review the full report available on the Group's website [www.delek-group.com](http://www.delek-group.com) to view the notes for each of the items above.

## ENERGY & INFRASTRUCTURE

### OIL AND GAS EXPLORATION SECTOR HIGHLIGHTS

**Tamar Project, 11 TCF natural gas discoveries (Tamar and Tamar SW).** Tamar produced 1.97 BCM of natural gas in the first quarter of 2015, compared with 1.7 BCM (including Yam Tethys) in the same period last year. In addition, Tamar sold 93 thousand barrels of condensate in the first quarter of 2015, compared with 76 in the previous year.

On April 2, 2015, the Prime Minister of Israel, Minister of National Infrastructure, Energy and Water Resources, and the Petroleum Commissioner of Energy and Water Resources, approved the export of fixed quantities of natural gas from the agreement signed by the Tamar partners on February 19, 2014, with NBL Eastern

Mediterranean Marketing Limited, which signed back to back agreement with two companies from Jordan, Arab Potash Company and Jordan Bromine Company.

In May 2015, Israel Electric Corporation (IEC) partially exercised the second option. As a result the maximum total amount the Tamar partners will supply IEC will amount to 87 BCM instead of 99 BCM.

**Leviathan, a 22 TCF natural gas discovery.** Leviathan partners continue working with the various regulators in order to reach an agreement for a comprehensive solution in order to create the necessary certainty for the partners to make the needed investment decisions for the development of the Leviathan project and Tamar's expansion project.

**Gas Production Summary.** Net income from the sector for the first quarter of 2015 was NIS 67 million, an increase compared to a net income of NIS 38 million in the same period in 2014. The growth was mainly due to the increase in revenues from the Tamar project as well as a decrease in financial expenses. In total, gas production reached 1.97 BCM in Q1 2015. Net finance expenses in the reporting period amounted to NIS 60 million, compared to NIS 120 million in the same period last year, a decrease of NIS 60 million. The decrease in finance expenses compared with last year was primarily due to the recognition in the first quarter of 2014 of finance expenses due to LIBOR hedges in the amount of NIS 40 million.

### **DOWNSTREAM ENERGY SECTOR HIGHLIGHTS**

**Delek – the Israel Fuel Company Ltd.** (fully held by Delek Group); Contribution to net income in the first quarter of 2015 amounted to NIS 15 million compared with a profit of NIS 28 million in the same period last year. The decrease was primarily due to decreased revenues which resulted from a world-wide drop in distillate prices. This decrease was offset by higher sales volumes in refuelling and retail areas.

**Delek US** (NYSE: DK, 2.0% held by Delek Group). During the first quarter of 2015, Delek Group completed the sale of an additional 5% of its holdings for a total consideration amount of US\$ 115 million, contributing NIS 115 million to the Group's net income in the first quarter of 2015. Following the sale, the Company holds approximately 2.0% of the outstanding share capital of Delek US.

### **INSURANCE AND FINANCIAL SERVICES**

The Group is continuing to advance the sale process of the control of Phoenix and has agreed with Fosun International Limited to extend the period of exclusivity set in the non-binding MOU until May 29, 2015.

### **DIVIDEND DISTRIBUTION**

On May 27, 2015, the Board of Directors of Delek Group declared a cash dividend distribution for the first quarter of 2015 in the amount of approximately NIS 150 million (approximately NIS 12.7761 per share) to the shareholders on record as of June 4, 2015 and the dividend will be paid on June 18, 2015.

### **CONFERENCE CALL DETAILS**

The Company will be hosting a **conference call in English** on Thursday, May 28, 2015. 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: 1-866-860-9642  
UK Dial-in Number: 0-800-051-8913  
ISRAEL Dial-in Number: 03-9180692  
INTERNATIONAL Dial-in Number: +972-3-918-0692

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

On the call, Mr. Gabi Last, Chairman of the Board of Directors, Mr. Asi Bartfeld, CEO, Mr. Barak Mashraki, CFO, and Mrs. Leora Pratt Levin, the Chief Legal Counsel will review and discuss the results, and will be available to answer your questions.

### **About The Delek Group**

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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](http://www.delek-group.com) or Email: [investor@delek-group.com](mailto:investor@delek-group.com)

### **Contact**

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**Delek Group Income Statement (NIS Millions)**

	<b>Q1 2015</b>	<b>Q1 2014</b>	<b>2014</b>
Revenues	5,510	4,990	19,123
Cost of revenues	4,593	3,779	14,193
<b>Gross profit</b>	<b>917</b>	<b>1,211</b>	<b>4,930</b>
Sales, marketing and gas station operating expenses	484	439	1,883
General and administrative expenses	324	319	1,253
Other income (expenses), net	28	(56)	(699)
<b>Operating profit</b>	<b>137</b>	<b>397</b>	<b>1,095</b>
Finance income	294	72	244
Finance expenses	(198)	(246)	(1,249)
<b>Profit after financing</b>	<b>233</b>	<b>223</b>	<b>90</b>
Loss from disposal of investments in investees and others, net	(4)	-	-
The Group's share in the profits of associate companies and partnerships, net	73	49	205
<b>Profit before income tax</b>	<b>302</b>	<b>272</b>	<b>295</b>
Income tax	26	96	197
<b>Profit from continuing operations</b>	<b>276</b>	<b>176</b>	<b>98</b>
Loss from discontinued operations, net	-	(248)	(447)
<b>Net profit (loss)</b>	<b>276</b>	<b>(72)</b>	<b>(349)</b>
Attributable to -			
Company shareholders	210	(195)	(765)
Non-controlling interest	66	123	416
	<b>276</b>	<b>(72)</b>	<b>(349)</b>

The notes are an integral part of the financial statement and can be found at [www.delek-group.com](http://www.delek-group.com)