



Delek Group Announces Consolidated Results for the Third Quarter of 2017

Tel Aviv, November 29, 2017, Delek Group Ltd. (TASE: DLEKG, US ADR: DGRLY) (hereinafter: "Delek Group" or "The Group") announced today its results for the three month period ending September 30, 2017. The full financial statements are available in English on Delek Group's website at: www.delek-group.com

Highlights

- Net profit in the third quarter of 2017 amounted to over NIS 1 billion (compared with NIS 85 million in the corresponding quarter);
- Oil and gas exploration continues to make a significant contribution to the Group's profits, and amounted to a net profit of NIS 341 million in the first nine months (a 16% growth over the corresponding period).
- The completion of the sale of the Phoenix to the international insurance company Sirius is expected to contribute to the Company over NIS 2.3 billion in cash;
- The Group intends to realize in the short term the rights to its royalties from the Tamar Field through an issue on the stock exchange or by way of selling its rights to a third party;
- The Group is to distribute a dividend of NIS 120 million to its shareholders;

Mr. Asaf Bartfeld, President and CEO of Delek Group, commented, "We concluded the third quarter with record profits of over NIS 1 billion, which are in line with our strategy to focus on energy, and at the same time to expand our operations into international markets. The transaction for the sale of Phoenix to Sirius is progressing according to the milestones set out in the agreement between the parties. Once completed, we expect it to bring an addition NIS 2.3 billion in cash plus interest to the group. We hope that in the short-term we will receive the necessary regulatory approvals for its completion. The Delek Group continues to focus on its goal of becoming an international energy company, and our recent acquisition of Ithaca is an important platform for our continued consolidation in the global market and for the implementation of this goal."

Results Summary

The Delek Group, headed by the Chairman of the Board of Directors, Gabi Last, and managed by Asaf Bartfeld, today published its third quarter results of 2017. The results indicate that the Group's net profit increased in the third quarter of the year, with record profits of NIS 1.024 billion, compared to a net profit of NIS 85 million in the corresponding quarter last year.

The strong increase in the Group's profits in addition to the results of the first and second quarters of 2017, bring Delek Group's net profit in the first nine months of the year to NIS 1.424 billion, compared with net income of NIS 250 million in the first nine months of last year.

Oil and Gas E&P Highlights

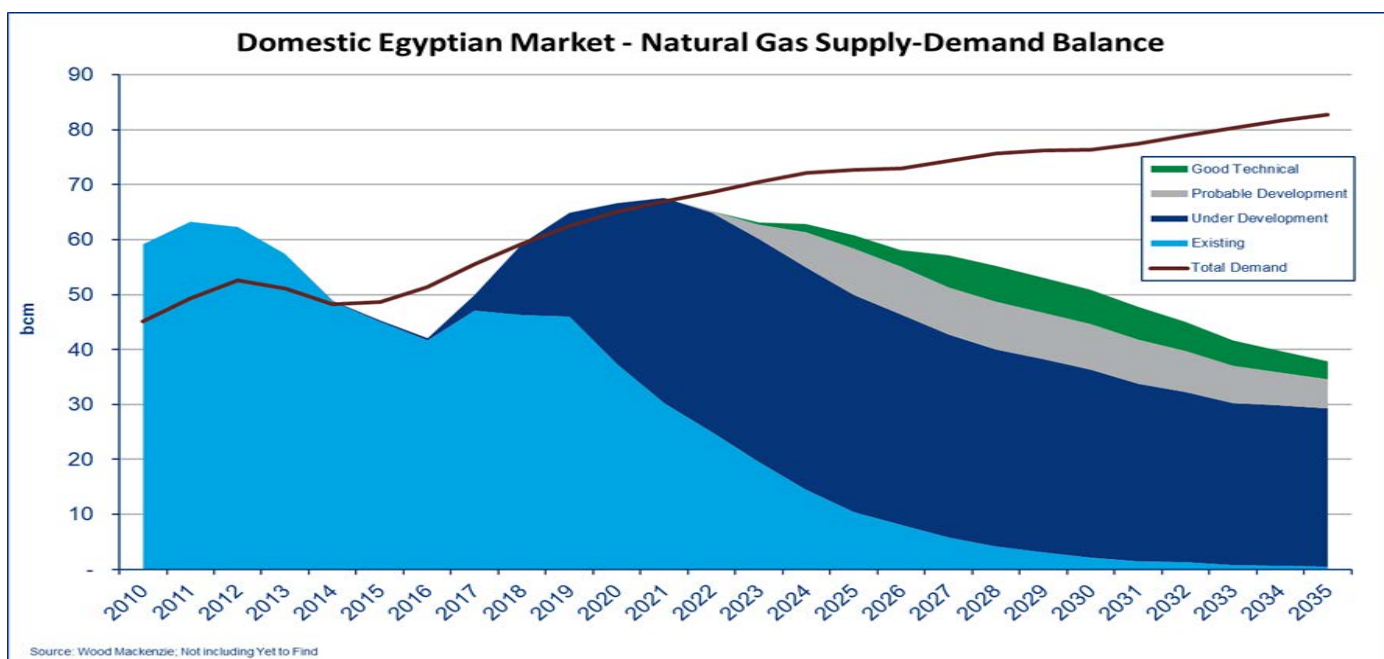
In the third quarter of 2017, the sale of 9.25% of the holdings of Delek Drilling in the Tamar reservoir to the Tamar Petroleum partnership was completed, resulting in a net profit of NIS 873 million. The sale of the rights was made in accordance with the gas outline, in which the partnership undertook to sell all its holdings in Tamar by the end of 2021. After the sale of the rights, approximately 22% of the rights in the Tamar reservoir will remain exercisable.

The Group's activities in the oil and gas exploration and production sector in Israel and worldwide amounted to a net profit of NIS 341 million in the first nine months of the year, compared with NIS 294 million in the first nine months of

last year, reflecting a sharp increase of 16% in net profit. The Group's revenues in the third quarter totaled NIS 604 million, compared to NIS 493 million in the same quarter last year.

The Group announced that it intends to realize its high-level royalties from the Tamar and Dalit reservoirs, already in the short-term. The total royalty rate of the Delek Group and Delek Energy from the Tamar reservoir is expected to jump from a total of 1.5% (total royalty rate from the Tamar reservoir held by the Delek Group and Delek Energy) to 6.5% and that as of the date of repayment of the investment in the Tamar reservoir. The realization of the high-level royalty is expected to be done by transferring the right to royalties from the Company to a special-purpose company, and the listing of that special-purpose company on the Tel Aviv Stock Exchange or by way of sale to a third party.

With regard to the possibility of exporting natural gas from Israel to Egypt, the Group reiterated that there was no change in the Partnership's assessments regarding the possibilities of gas exports, and that the negotiations between the parties continue with the aim of signing significant long-term export agreements. A recent independent report by Wood Mackenzie Company on demand and supply forecasts from Egypt over the next few years demonstrates that Egypt's natural gas demand is expected to exceed the domestic supply in Egypt. This, even if the "Zohar" reservoir is fully developed in accordance with the original timetables set for it. It concludes that a shortage of natural gas is expected in Egypt over the coming years, which supports the Partnership's existing assessments that Egypt continues to be a major target for the export of gas from the Tamar and Leviathan projects.



A major step in the implementation of the Delek Group's strategy to become an international exploration and production (E&P) company was the successful completion of the acquisition of the entire shares of the international energy company Ithaca Energy, an international energy company operating in the North Sea region, with proven capabilities in the field of operations, drilling reservoirs and producing deep-water oil and gas, and its activities are synergetic with the Group's activities.

In the third quarter of 2017, Ithaca Energy's revenues amounted to \$74 million, compared to \$45 million in the corresponding quarter last year, representing an increase of 64%. The increase is mainly due to an increase in the company's sales, due to the start of the production from the Stella reservoir, alongside the increase in oil barrel prices and a decrease in production costs. The average selling price per barrel increased from \$44 a barrel in the third quarter of 2016 to \$51 per barrel in the current third quarter, in line with the rise in the price of Brent. In this context, it should be noted that as of the date of publication of the financial statements, the price of the barrel is about \$61 compared to the average price of \$40 per barrel, which it was at the time of Delek Group's acquisition of control of Ithaca.

Sale of Phoenix to Sirius

In the third quarter, Delek Group and international insurance company Sirius, which operates in the insurance and finance sector in the United States, England, Australia and Hong Kong, signed an agreement regarding the sale of all the Group's holdings in The Phoenix for a total cash consideration of NIS 2.5 billion, plus interest. In the first stage, Sirius acquired 4.9% of Phoenix's share capital from the Group for NIS 208 million in cash. A few days ago, Sirius

announced that it had completed Phoenix's due diligence examination and that it was exercising its option to acquire the balance of the Group's holdings in Phoenix (approximately 47%) for an additional NIS 2.3 billion plus interest, in accordance with the provisions of the agreement of the binding sale between the parties.

Dividend

The Delek Group concludes the third quarter of 2017 with cash balances, liquid financial investments and unutilized credit facilities in the amount of NIS 2.3 billion. The balance of the Company's retained earnings is NIS 3.4 billion.

The company's board of directors announced the distribution of a dividend to the shareholders in the amount of NIS 120 million.

Conference Call Details

The Company will be hosting a conference call in English on Wednesday, November 29, 2017 at 3:00pm (Israel Time), 8:00am (ET), 1:00pm (UK). To participate in the conference call, please dial:

Israel: 03-918-0664
The USA: 1-888-407-2553
The UK: 0-800-917-9141
International: +972-3-918-0664

This follows a Hebrew language call which will take place on Wednesday, November 29, 2017 at 11:00am (Israel Time). To participate in the conference call, please dial: 03-9180687.

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 Delek Group

Delek Group is an independent E&P and the pioneering visionary behind the development of the East Med. With eight consecutive finds in the Levant Basin, Delek is leading the region's development into a major natural gas export hub. In addition, Delek has embarked on an international expansion with a focus on high-potential opportunities in the North Sea and North America. Delek Group is one of Israel's largest and most prominent companies with a consistent track record of growth. Its shares are traded on the Tel Aviv Stock Exchange (TASE:DLEKG) and are part of the TA 35 Index.

For more information on Delek Group please visit www.delek-group.com or email: investor@delek-group.com

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Contribution of Principal Operations to Net Income* (NIS millions)

	1-9 2016	Q3 2016	Q2 2016	Q1 2016	1-9 2017	Q3 2017	Q2 2017	Q1 2017
Oil and Gas E&P operations ¹	294	111	72	111	341	84	130	127
Fuel Operations in Israel	45	37	4	4	80	34	26	20
Automotive Operations	50	15	-	36	50	14	18	18
Contribution to continuing operations before sold-off operations, discontinued operations, and capital and other gains	389	162	76	151	471	132	174	165
Profit from sale of operations and assets in oil and gas ²	-	-	-	-	873	873	-	-
Gains from the sale of oil and gas assets	(139)	(77)	4	(66)	80	19	6	55
Finance expenses & others								
Net Income attributed to Group's Shareholders	250	85	80	85	1424	1024	180	220

¹Also includes the Company's share in the results of development and production of gas and oil assets in the North Sea.

²In July 2017, Delek Drilling sold its 9.25% working interest in Tamar and Dalit, and therefore the group recognized net profit after tax of NIS 873 million.

The full report, including the full notes for the above items, is available on the Group's website at www.delek-group.com

Highlights from the Consolidated Income Statements (NIS millions)

	1-9 2017	1-9 2016	Q3 2017	Q3 2016	FY 2016
Revenues	4,937	4,280	1,777	1,554	5,778
Cost of revenues	3,451	2,742	1,288	986	3,744
Gross profit	1,486	1,538	489	568	2,034
Sales, marketing and gas station operating expenses	426	427	144	145	567
General and administrative expenses	148	131	59	51	182
Other income (expenses), net	1,322	(50)	1,332	(18)	201
Operating profit	2,234	930	1,618	354	1,486
Finance income	250	212	48	53	391
Finance expenses	(785)	(694)	(214)	(206)	(828)
Profit after finance expenses, net	1,699	448	1,452	201	1,049
Gains (loss) from disposal of investments in investees and others, net	150				-
Group's share in earnings (loss) of associate companies and partnerships, net	(91)	58	(142)	15	50
Profit before income tax	1,758	506	1,310	216	1,099
Income tax (tax benefit)	96	(48)	39	49	(118)
Profit from continuing operations	1,662	554	1,271	167	1,217
Profit from discontinued operations, net	821	196	390	135	343
Net profit	2,483	750	1,661	302	1,560
Attributable to -					
Company shareholders	1,424	250	1,024	85	625
Non-controlling interest	1,059	500	637	217	935
	2,483	750	1,661	302	1,560