Delek Group Announces Consolidated Results for 2012

Tel Aviv, March 24, 2013, Delek Group Ltd. (TASE: DLEKG, OTCQX: DGRLY) (hereinafter: "Delek Group" or "The Group") announced today its results for the fourth quarter and full year period ended December 31, 2012. The full financial statements are available in English on Delek Group's website at: www.delek-group.com.

FINANCIAL HIGHLIGHTS OF THE FULL YEAR 2012 PERIOD

- **Group net income amounted to NIS 446 million. This is compared with net income of NIS 2.6 billion last year though it is important to note that Delek Group recorded a one-time accounting profit gain of NIS 3.3bn in 2011 due to the acquisition of Cohen Development;**
- **The 2012 Group net income excluding capital and other gains amounted to NIS 1 billion, compared to NIS 546 million last year (*please see table after the net income table in the directors report for more information*)**
- **Group operating profit grew to NIS 2.9 billion, a 78% increase compared with NIS 1.6 billion in the same period last year;**
- **Delek Group declared a dividend of NIS 220 million for the fourth quarter of 2012, contributing to a total for 2012 of NIS 365 million;**
- **Strong improvement at US Oil Refineries;**
- **In 2012, the Tamar gas partners signed 14 deals for the supply of natural gas to the domestic Israeli market in Israel for a total estimated revenues of approximately $39 billion;**

Group revenues in 2012 were NIS 71.6 billion, a 21% increase compared with NIS 59.2 billion in 2011. The increase was primarily due to the Lion Oil refinery operations which were consolidated in the corresponding period last year for only nine months. Lion's contribution in 2012 was NIS 13.7 billion compared with NIS 7.8 billion last year.

Operating profit in 2012 totaled NIS 2.9 billion, a 78% increase compared with NIS 1.6 billion in 2011. The increase was primarily due to the strong improvement in the US Refining Segment as well as an operating profit from Republic which reported an operating loss in 2011.

Net income in 2012 totaled NIS 446 million, compared with net income of NIS 2.6 billion in 2011. In 2011, the Group recorded a one-time accounting profit gain of NIS 3.3 billion due to the acquisition of Cohen Development. The contribution to the net income excluding capital and other gains amounted to NIS 1 billion in 2012, compared to NIS 546 million last year.

Mr. Bartfeld, CEO of Delek Group, commented "2012 was a year of continued development of our natural gas discoveries as well as continued strengthening of our financial position. Our cash balance of NIS 1.9 billion firmly places us as one of the strongest companies in the Israeli market."

Continued Mr. Bartfeld, "We are very excited with the upcoming start of production from the Tamar gas field expected soon, which will serve the domestic Israeli market's energy needs for the next two decades, further improving our cash flow. In the past year, we secured many significant contracts for the supply of natural gas from Tamar and we are looking forward to reaping the financial rewards from our investments in this field in the future. The Israeli energy industry has become a very vibrant sector in the past few years and we are proud of our status as the leading domestic player in this market. We also recently started drilling at the Karish site, which has a good chance between 36 and 77% of finding natural gas. At the same time, we are continuing our work on the development plan for Leviathan.”

Concluded Mr. Bartfeld, ”The refining segment and gas stations contributed NIS 669 million to our net profit in 2012. Our sale of our holdings in Delek US to date (14% in 2012 and an additional 16% last week) supports our long term strategy to focus on the supply of energy as our core activity. It also enables us to significantly further strengthen our balance sheet by lowering our debt levels. The free cash flow of these sales, amounting to NIS 2.4 billion, has already significantly contributed to our strong financial stability.”

MAIN BUSINESS HIGHLIGHTS

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

	FY 2012	FY 2011	Q4 2012	Q4 2011
US Fuel Sector Operations	669	378	123	(30)
Oil and Gas Exploration and Gas Production Sector	22	199	28	34
Delek Europe	57	12	(9)	(7)
Israeli Fuel Sector Operations	9	9	(4)	(7)
Road services in the UK	(16)	(23)	(17)	(10)
Insurance and Finance Operations(2)	191	(48)	129	(50)
Automotive Operations	77	19	50	10
Contribution to Net Income before Capital Gains & Others	1,009	546	300	(60)
Capital Gains & Others (1)	(563)	2,064	(97)	2,219
Net Income attributed Group’s shareholders	**446**	**2,610**	**203**	**2,159**

(1) **Composition of capital and other gains:**

	2012	2011
Writedown of goodwill in insurance and finance operations	-	(299)
Gains on revaluation (impairment) of an investment in Delek Automotive	10	(250)
Impairment of assets in Gadot (mainly in China)	(23)	(230)
Gains on the revaluation of an investment in the Avner Partnership (gains following assumption of control)	-	3,282
Equity and impairment losses on loans to Delek Real Estate	-	(104)
	(96)	-
Other (including financing and tax expenses in headquarters companies and other adjustments)	(454)	(335)
Total others	**(563)**	**2,064**

* Parts of the above tables have been extracted from Delek Group's Annual 2012 Directors Report.
Please review the full report available on the Group's website www.delek-group.com to view the full notes for each of the items above.

UPSTREAM ENERGY

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

Yam Tethys; While there was a decline in the production of natural gas from the Mari B reservoir in the first half of 2012, it was moderated in the latter half of the year by increased production from the Noa and Pinnacles reservoirs, enabling Yam Tethys to maintain a more or less constant production level. These two relatively small reservoirs have had an important role in bridging the gap in the energy market until Tamar comes online.

Tamar, **a 9.7 TCF natural gas discovery off the coast of Israel** remains on track for production in the coming months. The production platform at Tamar arrived in late November. Commissioning is currently underway and natural gas is expected to start flowing soon.

During the fourth quarter of 2012, additional agreements were signed by the Tamar partners with companies ICL Group and Alon Gat Energy. These, together with the other contracts signed by the partners in Tamar with domestic customers throughout the year, brings a total of 14 deals signed to date, supplying 147-168 BCM with estimated cumulative revenue from the sale of natural gas of approximately $39 billion.

As of March 10, 2013, the Tamar project partners approved an increase in its budget to approximately $3.2bn (for 100% WI) versus the previously approved budget of $3.1bn (for 100% WI).

Following the completion of the pre-FEED stage by Daewoo Shipbuilding, the Tamar partners signed an agreement with Levant LNG Marketing and Pangea LNG BV for the completion of the FEED stage. The Levant LNG Marketing company and Gazprom Marketing & Trading Switzerland AG, agreed to hold exclusive negotiations over a six month period with the aim of signing a binding agreement for the sale of liquefied natural gas (LNG). It should be noted that the gas production from the FLNG facility is not expected to impact the Tamar supply to the domestic Israeli market. Production is planned through a dedicated system that will include new development drilling wells for this purpose.

Leviathan, **a 16.7 TCF natural gas discovery off the coast of Israel*.*** On November 11, 2012, the Ensco 5006 rig completed the planned work for sealing the Leviathan 2 evaluation drill which was abandoned. The rig was then moved to drill at Leviathan 4, a second appraisal well, which has been successfully completed as of the beginning of March 2013. A full reservoir update report is expected to be released within 60 days. Leviathan 4 is expected to be used in the future for production drilling, as part of the future development plan of Leviathan.

Finally, as part of the strategic process, the Leviathan partners are continuing negotiations with the aim of signing a binding agreement with Woodside Petroleum Ltd for the sale of 30% of the rights in the Leviathan license. On December 4, 2012, the main commercial terms were published.

Karish, **a prospective reservoir with a best estimate of 2 TCF of natural gas resources.** In mid-March the Ensco 5006 rig arrived at the Karish 1 drilling site to commence the drilling of an exploration well. It is expected to last for approximately 3 months with a budget estimated at $90 million. Based upon a report prepared by Netherland, Sewell and Associates there is a probability between 36% and 77% of a commercial natural gas discovery at the reservoir.

Aphrodite**, with natural gas resources estimated at 5.2 TCF located in the Block 12 license, Cyprus.** On February 12, 2013, the transfer of 30% of Noble Energy International Ltd.'s rights to the Company's gas partnerships was completed. These are now a part of the Production Sharing Contract (PSC) and each partner directly holds a 15% interest in the license, granting exploration rights, appraisal, development and production of oil and/or gas in the territorial waters of the Republic of Cyprus, the area known as Block 12.

Gas Production Summary*.* During 2012, revenues from oil and gas E&P sector, reached NIS 853 million compared with NIS 723 million in 2011. From the start of 2012, results of Avner LP were consolidated in the operating results due to the acquired control of Avner General Partner.

Net income from the sector for 2012 was NIS 22 million, as compared to a net income of NIS 197 million in 2011. The reduced net income in the sector in 2012 was due to the lower production from the Mari-B reservoir which was compensated somewhat from increased production at the Pinacles and Noa reservoirs.

DOWNSTREAM ENERGY

Delek US (NYSE: DK; Delek Group holds 52.9% as of end-Q4 2012): Net income in the full year of 2012 was NIS 1,050 million compared with a net profit of NIS 551 million in 2011. It is important to note that while Lion Oil refinery operations were fully consolidated in Delek Group's results in 2012, in 2011 the were only consolidated for nine months. The improvement in profitability was due to a significant important in margins in both the Tyler and El Dorado refineries resulting from an improved benchmark Gulf Coast 5-3-2 crack spread.

On March 20, 2013, Delek Group completed the sale of 16% of Delek US shares for a total profit of NIS 1.4bn. This follows the sale of 14% of Delek US shares earlier in 2012. Following the sale, the Company currently holds approximately 36.7% of the outstanding capital of Delek US. The sale of Delek US shares and the lowering of Delek Group's direct holdings of Delek US is part of the Group's strategy to increase its focus on the supply of energy and strengthen its balance sheet.

Delek – the Israel Fuel Company Ltd. (TASE: DLKIS.TA; Delek Group holds 86.9% as of end-Q4 2012): Net income in the full year of 2012 amounted to NIS 18 million compared with a net income of NIS 17 million in 2011. The results in 2012 were significantly impacted by the lowering of fuel marketing margins by the ministry of infrastructure on September 1, 2011. Delek Israel took steps in order to mitigate the effects and met its goals through the implementation of an efficiency plan which focused on three main aspects; lowering operating expenses, investing in infrastructure and lowering its days of customer credit outstanding.

Delek Europe (Delek Group holds 80% as of end-Q4 2012)**.** Net income in 2012 was NIS 59 million, compared with a net income of NIS 14 million in 2011. The improvement in 2012 was due to an increase in profitability at the convenience stores as well as a result of savings from the fuel procurement process.

On February 18, 2013, the Company announced that it is examining the possibility of the sale of all or part of its holdings in Delek Europe. In the scope of the selling process, third parties have been invited to submit offers to purchase the business in European operations, and the Company will explore the possibility of starting negotiations with bidders. It is emphasized, that there can be no certainty that these proposals will be accepted and that a deal for the sale of all or part of the European operations will occur and under what conditions.

Roadchef (fully held by Delek Group). RoadChef Ltd. is an operator of 20 motorway services areas across the UK. Roadchef's revenue in 2012 improved to NIS 1.4 billion versus NIS 1.2 billion last year, an increase of 17.5%. The improvement was due to the Roadchef's plan to develop and improve sites as well as the establishment of the fast food restaurant, McDonalds, at its sites. EBITDA in 2012 was reported at NIS 176 million versus NIS 156 million in 2011, an improvement of 8%. Net loss for Roadchef was reduced to NIS 17 million in 2012 versus a net loss NIS 23 million last year.

INSURANCE AND FINANCIAL SERVICES

The activities of this segment are conducted through two insurance companies; Israeli insurance company, Phoenix Holdings Ltd. (TASE: PHOE) of which Delek Group holds 56%, and general US insurer, Republic Companies, Inc. that is a wholly owned subsidiary.

The insurance and financial services sector contributed a profit of NIS 191 million to the Group's net income in 2012, compared to a negative contribution of NIS 48 million last year.

Phoenix reported net income amounting to NIS 241 million in 2012, compared to NIS 54 million in 2011. This was primarily due to the positive equity market returns in the period compared with the same period last year.

Republic Companies reported a net profit amounting to US$ 9 million in the full year of 2012, compared with a net loss of US$ 103 million in 2011. During 2011, Republic had high amortization of intangible asset expenses in addition to underwriting losses and losses resulting from adverse weather conditions. In 2012, Republic was also affected by adverse weather events which caused a loss, but had less impact that in 2011 and was therefore able to report a net income for the year.

DIVIDEND DISTRIBUTION

On March 21, 2013, the Board of Directors of Delek Group declared a cash dividend distribution for the fourth quarter of 2012 in the amount of approximately NIS 220 million (or NIS 19.33 per share) to shareholders. The ex-date is April 10, 2013 and the dividend will be paid on April 23, 2013.

CONFERENCE CALL DETAILS

The Company will be hosting a **conference call in English** on March 25, 2013 at 3pm Israel time, 9am Eastern Time. 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 0609
INTERNATIONAL Dial-in Number: +972 3 918 0609
At:
9am Eastern Time, 1pm UK Time, 3pm Israel Time

On the call, CEO Asaf Bartfeld, 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)

	2012	2011	Q4 2012	Q4 2011
Revenues	71,598	59,159	18,085	16,797
Cost of revenues	62,422	50,903	15,882	15,062
Gross profit	**9,176**	**8,256**	**2,203**	**1,735**
Sales, marketing and gas station operating expenses	4,182	4,157	1,086	1,117
General and administrative expenses	2,056	1,884	489	478
Other income (expenses), net	(65)	(602)	(54)	(629)
Operating profit	**2,873**	**1,613**	**574**	**(489)**
Finance income	315	626	84	(142)
Finance expenses	(1,728)	(1,951)	(249)	(498)
Profit (loss) after financing	**1,460**	**288**	**409**	**(845)**
Profit (loss) from disposal of investments in investees and others, net	60	3,749	30	3,689
Group's equity in earnings (losses) of associate companies and partnerships, net	214	(223)	105	(289)
Profit (loss) before income tax	**1,734**	**3,814**	**544**	**2,555**
Income tax	779	558	196	90
Net profit	**955**	**3,256**	**348**	**2,465**
Attributable to -				
Equity holders of the parent	446	2,610	203	2,159
Non-controlling interests	509	646	145	306
	955	**3,256**	**348**	**2,465**