

Delek Group

Q3 2020 Earnings Presentation

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November 30, 2020





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<https://www.ithacaenergy.com/investors/results-reports-and-publications/year/2020>

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2020 Accomplishments amid Covid-19 Crisis

- ✓ The Group met all its commitments to bondholders and banks on-time
- ✓ Asset disposals on good terms totaling more than NIS 3.5 billion, of which the company has received more than NIS 3 billion to date
- ✓ Signed stand-still agreements with lending banks
- ✓ Signed amended Deed of Trust with bondholders
- ✓ Completion of capital issuance in the amount of approx. NIS 310 million
- ✓ Zero debt to financial institutions¹ following repayments of liabilities totaling more than NIS 1.2 billion
- ✓ Repayment of principal and interest on bonds totaling close to NIS 1.1 billion on-time and in-order during the last nine months²

Delek Group has executed complex transactions, on good terms and in extremely short time frames



Asset Disposals and Additional Proceeds during 2020

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Asset disposals

Sale of Pi-Glilot (Delek Israel)	NIS 720 million
Sale of overriding royalties – Karish-Tanin	NIS 318 million
Sale of power plants (Delek Israel) ¹	NIS 367 million
Sale of Holdings in Cohen Development (51.76%)	NIS 207 million
Termination of swaps – The Phoenix transaction	NIS 143 million
Sale of holding in IDE (20%)	NIS 164 million
Sale of holding in Mehadrin (18.55%)	NIS 74 million
Sale of Delek Israel (70%) ²	NIS 525 million
Option to sell additional 5% of Delek Israel ³	NIS 37.5 million
Securitization of overriding royalties – Leviathan ⁴	NIS 608 million
Sale of Delek Royalties	NIS 41 million
Refinancing – real estate asset in Herzliya	NIS 24 million
Total amount of disposals	NIS ~3.2 billion

Dividends and additional proceeds

Dividends from Delek Drilling ⁵	NIS 190 million
Dividends from Delek Israel ⁶	NIS 194 million
Dividends from Cohen Development	NIS 9 million
Dividends from Ithaca	NIS 410 million
Capital raising ⁷	NIS 310 million
Other proceeds ⁸	NIS 136 million
Total	NIS ~1.2 Billion

During a period of 9 months the Group has executed transactions from which it received proceeds of more than NIS 3 billion to date

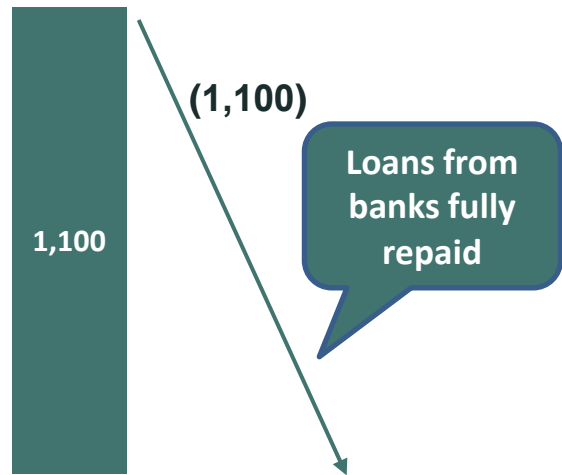
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1. The transaction hasn't been completed yet.
 2. Of which an amount of NIS 450 million was received. The balance will be paid by June 30, 2021.
 3. The option is exercisable until no later than June 30, 2021.
 4. Net proceeds excluding transaction expenses and interest reserves amounted to NIS 498 million and were transferred to the trust fund of the bondholders.
 5. The Company's share in dividends of NIS 116 million paid in January 2020 and \$65 million that was declared and will be paid on December 7, 2020
 6. NIS 44 million in March 2020 and NIS 150 million in July 2020, following the sale of Pi-Glilot
 7. May 2020 – NIS 136 million; August 2020 – NIS 174 million. Additional capital raising of about NIS 140 million is expected during December 2020.
 8. Proceeds received during 2020 including mainly insurance payments, the balance of proceeds following the sale of the power stations by Delek Israel, overriding royalties and loan repayments to the Company..



Significant Decrease in Financial Liabilities during 2020

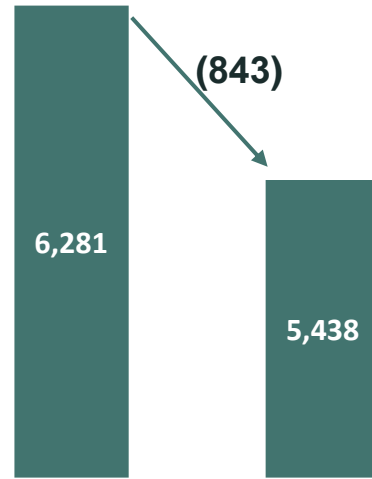
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Loans from secured banks¹



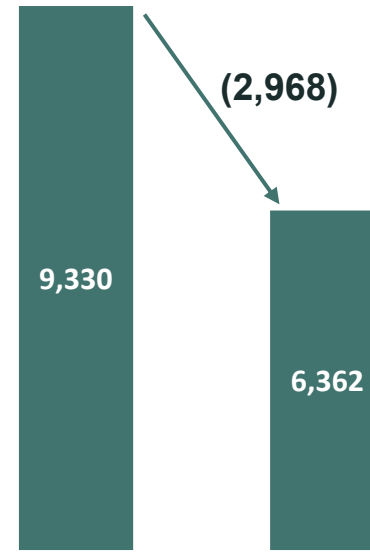
December 31, 2020 Financial statements approval date

Debentures²



December 31, 2020 Financial statements approval date

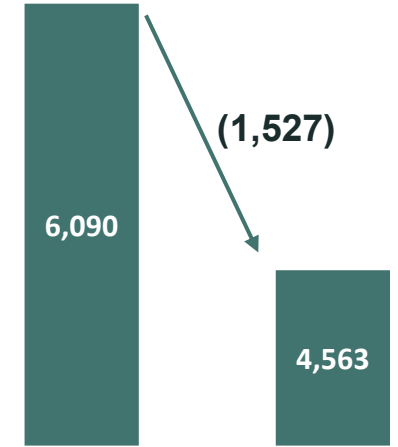
Financial liabilities - gross



December 31, 2020 Financial statements approval date

Financial liabilities - net

NIS millions



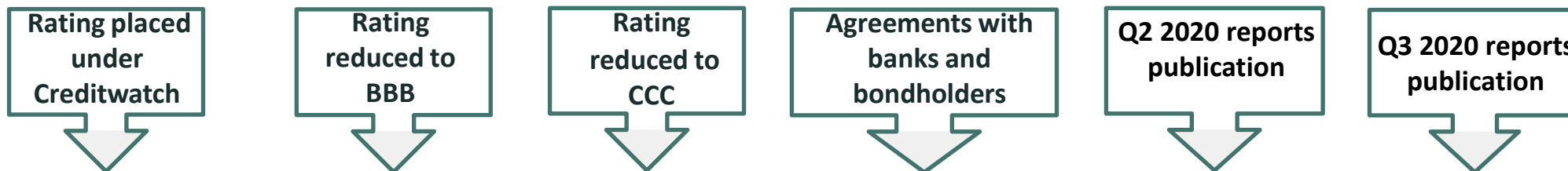
December 31, 2020 Financial statements approval date

5 1. As at the financial statements' approval date, debt to financial institutes amounted to NIS 412 million, including \$37 million to BNP, of which \$30 million repaid recently, as well as convertible loan from BP and a loan from a financial institute secured by the Company's rights in a real estate asset in Herzliya.
 2. Excluding debt that was raised by a wholly owned subsidiary against the rights for overriding royalties from the Leviathan field in the amount of NIS 608 million.



Actions Led to Significant Decrease in Bond Yields

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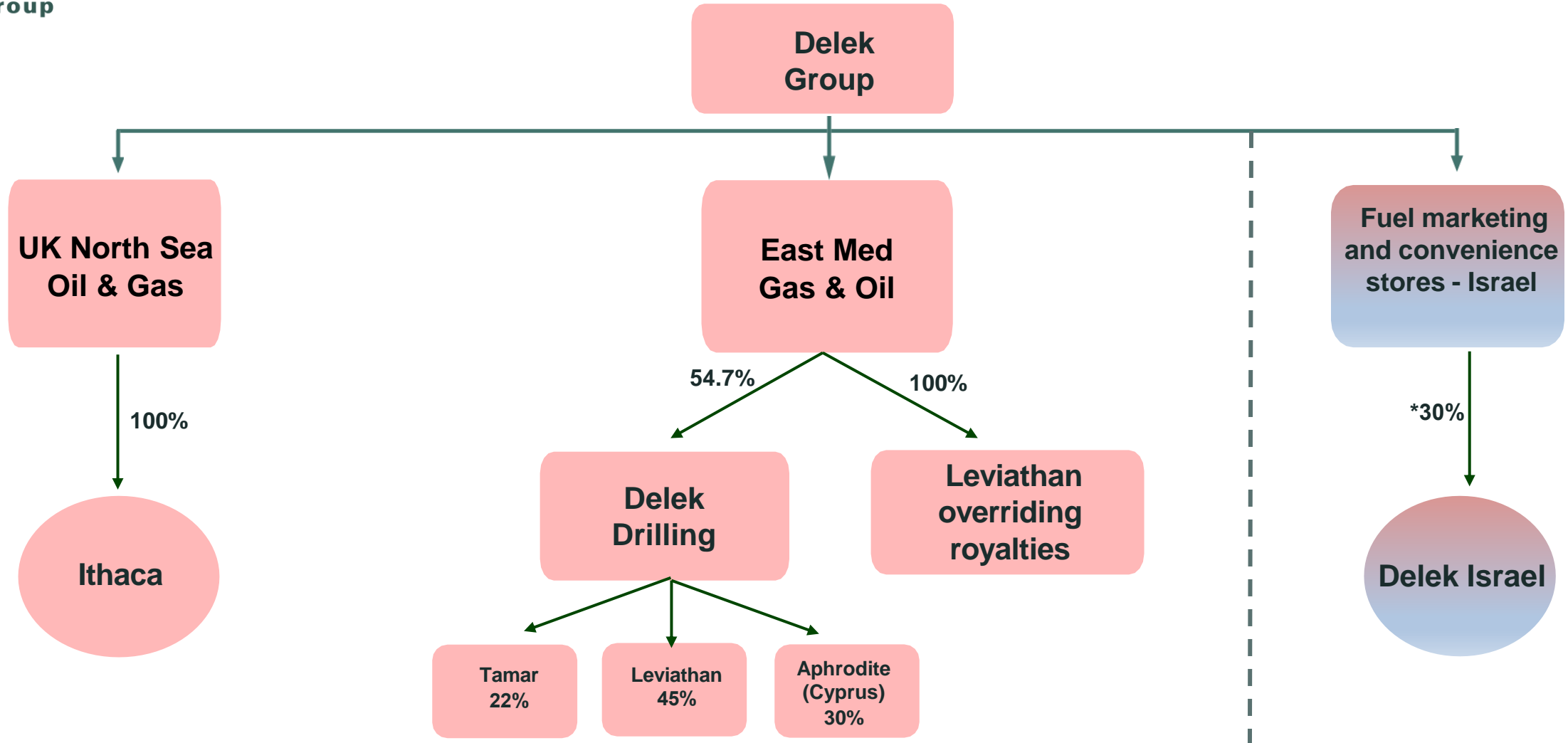


Bond series	March 12, 2020	April 1, 2020	May 5, 2020	June 21, 2020	August 31, 2020	November 25, 2020
Series 13	285%	506%	197%	147%	40%	19%
Series 22	278%	749%	185%	133%	47%	30%
Series 18	176%	322%	114%	119%	50%	44%
Series 19	146%	299%	109%	114%	51%	43%
Series 33	96%	159%	96%	111%	59%	43%
Series 31	60%	91%	56%	63%	37%	29%
Series 34	38%	63%	38%	40%	24%	16%



Group Structure Following Business Focus Actions

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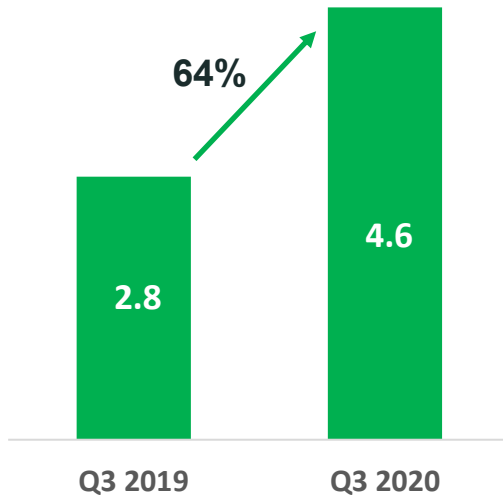
7 * The Company holds 40% of Delek Israel. As part of the control sale agreement, the company sold an additional 10%, for which the consideration is expected to be paid by June 30, 2021. The buyer was also granted an option to purchase an additional 5% of the transaction price until the said date.



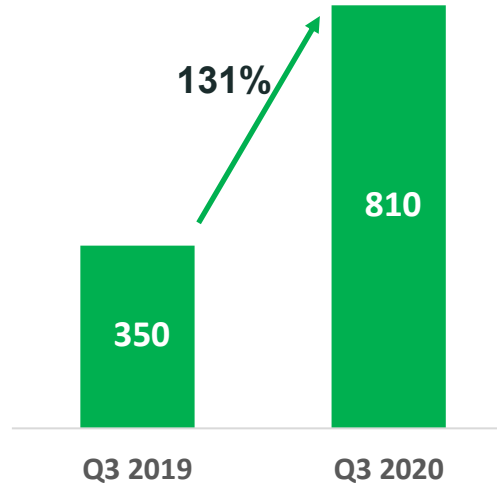
Record Quarter for Delek Drilling



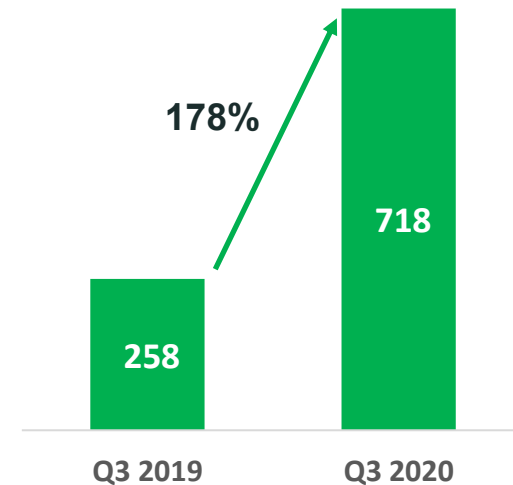
Sales Volume (BCM)



Revenues (NIS million)



EBITDA (NIS million)



- ✓ Strong domestic demand for natural gas and record sales volumes of 1.3 BCM to export markets.
- ✓ Q3 sales volume surpassed the pre covid-19 level recorded in Q1.
- ✓ Net revenues from the Leviathan field amounted to \$153 million, an increase of 57% from Q2 2020.
- ✓ Following the financial results and the successful refinancing of Leviathan field, Delek Drilling declared a dividend of \$65 million. Delek Group's stake - ~NIS 120 million.

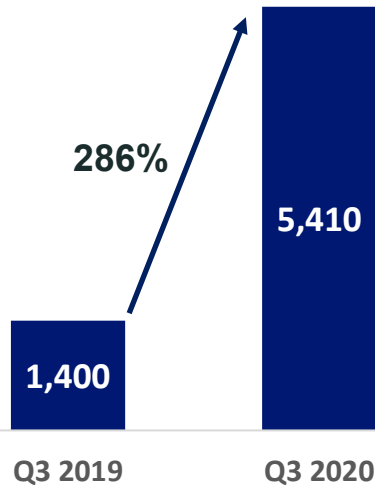


Ithaca Continues to Deliver Strong Cash Flow and Financial Position

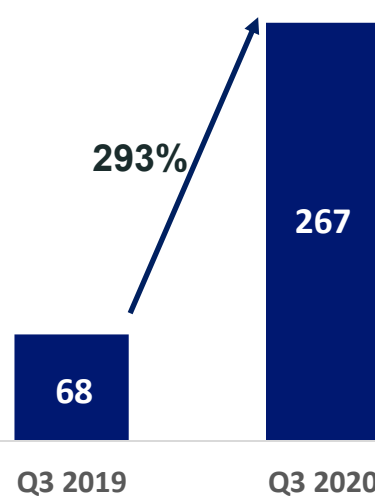


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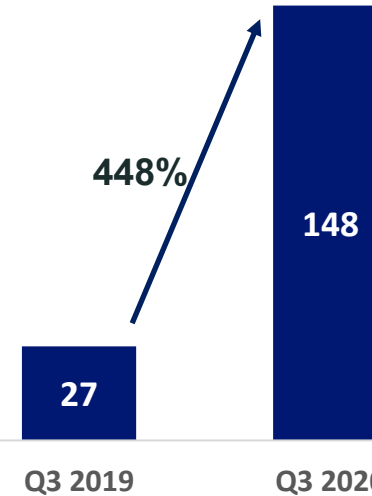
Sales Volume (kboe)



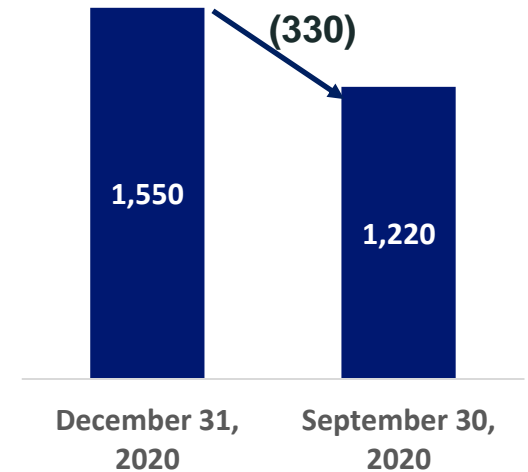
Revenues (\$ million)



Cash Flow from Operations (\$ million)



Net Debt (\$ million)



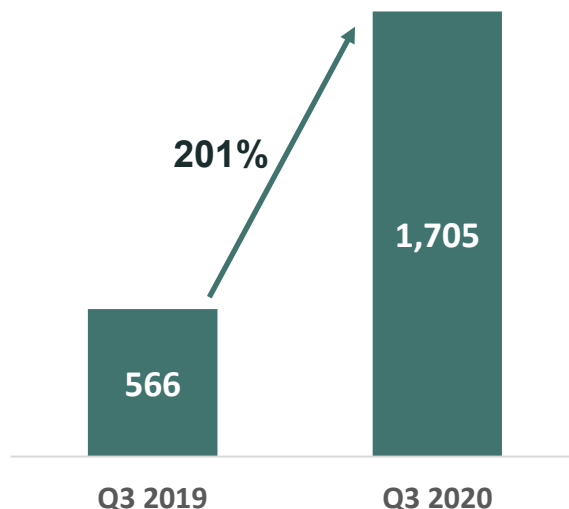
- ✓ Average production of 59 kboed and 68 kboed in the third quarter and nine months, respectively. The gap is attributed to planned maintenance. The Company expects production of 68 kboed in Q4.
- ✓ Q3 production cost of \$18/boe (nine months - \$15/boe), mainly due to maintenance expenses.
- ✓ Solid financial position with net debt to EBITDA ratio of 1.5 and high liquidity with headroom of \$380 million (before dividend distribution).
- ✓ \$100 million dividend, above Delek Group's estimate in its forecasted cash flow from August 30, 2020.



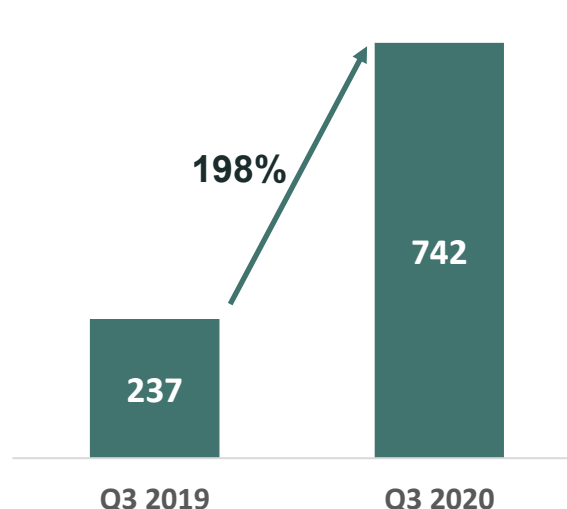
Strong Results for Delek Group

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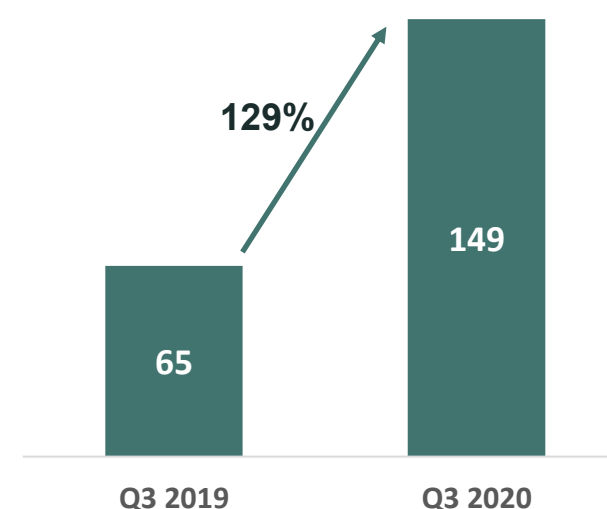
Revenues (NIS million)



Operating Income (NIS million)



Net Income (NIS million)



- ✓ Strong results for Delek Drilling and Ithaca, the Group's core assets, together with the consolidation of the Chevron assets in the UK North Sea, led to a sharp increase in revenues, operating income and net income.
- ✓ Strong performance of Delek Group's subsidiaries drove significant dividend distributions which generated NIS 600 million for Delek Group.
- ✓ Equity as at September 30, 2020 amounted to NIS 1,488 million, compared to NIS 1,428 million as at June 30, 2020.



Additional Developments Expected in the Group and its Core Assets

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- ✓ Continue to implement the strategy to strengthen the capital structure and liquidity
- ✓ Execution of a capital transaction in Ithaca
- ✓ Measures to increase liquidity beyond the projected cash flow that will be used, inter alia, for the benefit of a plan for bond repurchase



- ✓ Completion of the Turbo Expanders in the export pipeline to Egypt
- ✓ Sale of stake in Tamar field (22%)
- ✓ Examining alternatives for expanding transport capacity to Egypt
- ✓ Examining the possibility of an IPO of part of the activity in London
- ✓ Maintain financial strength



- ✓ Optimization and synergy utilization in Ithaca's assets
- ✓ Cost reduction
- ✓ Volrich production startup
- ✓ Continue to decrease financial liabilities
- ✓ Evaluate several alternatives for capital transaction



Thank you

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