



Delek Group Announces Consolidated Results for the Third Quarter of 2015

Tel Aviv, November 26, 2015, Delek Group Ltd. (TASE: DLEKG, US ADR: DGRLY) (hereinafter: "Delek Group" or "The Group") announced today its results for the three months period ending September 30, 2015. The full financial statements are available in English on Delek Group's website at: www.delek-group.com.

THIRD QUARTER OF 2015 HIGHLIGHTS

- The E&P sector contributed NIS 87 million to the Group's net income in the third quarter of 2015 versus NIS 38 million in the same period last year;
- The Tamar field reached peak production of natural gas, selling a record 2.5 BCM in the third quarter of 2015, compared with 2.2 BCM in the same period of last year;
- Towards final regulatory resolution, with the approved Framework by the Israeli Government for increasing the amount of natural gas produced from the Tamar natural gas reservoir and the rapid development of the Leviathan, Karish and Tanin and other natural gas reservoirs;
- Delek Group is taking advantage of opportunities in the international energy market: has acquired 19.9% of Ithaca Energy and continues to examine further strategic investments in the E&P field;
- Delek Group signed an agreement to sell its remaining holdings in Republic Companies, Inc., representing another successful step forward in the Groups' execution of the sale of its non-core businesses;
- Net income, excluding a one-off impairment loss in the Company's traded financial portfolio, amounted to approximately to NIS 75 million in the third quarter of 2015, compared with NIS 150 million in the same period of last year;
- Declared a dividend of NIS 80 million.

Group revenues for the third quarter of 2015 were approximately NIS 1.7 billion, compared to NIS 2.0 billion in the same period last year. The decrease was primarily due to lower revenues from Delek Israel because of low distillate prices, countered by an increase in revenues from the E&P sector as a result of record production from the Tamar reservoir.

Operating profit in the third quarter of 2015 totaled NIS 341 million compared with NIS 240 million as reported in the same period last year, mainly due to increased contribution from the E&P sector as well as the Fuel Operations segment in Israel.

Net loss for third quarter of 2015 totaled NIS 261 million, compared with a net profit of NIS 150 million in the third quarter of 2014. The primary contributing factor to the net loss, despite a positive operating profit, was due to a P&L write-down in the values of the Group's financial investments, accounted for as available-for-sale financial assets, which includes the shareholdings of foreign companies mainly operating in the energy industry. As of September 30, 2015, the Group recognized a cumulative impairment on some of these investments

amounting to NIS 336 million. It is noted that as of November 25, the market value of these investments reflected an appreciation of NIS 70 million from these levels. It is noted that, until September 30, 2015, income of NIS 45 million had been recognized on these investments.

The positive contributing factors to the **net income** were the increased contribution of the Oil and Gas Exploration, and Gas Production Operations from sales of gas from the Tamar field which reached peak production.

Cash balance at the Delek Group correct as of September 30, 2015 stood at NIS 3.3 billion (excluding unutilized credit lines). In October 2015, Delek Group completed a successful expansion of Series B31 Debentures, with raising an additional amount of NIS 722 million.

Commented Mr. Bartfeld, President and CEO of Delek Group; "Our third quarter results again demonstrate the correct strategic decision we took as a Group to focus our operations on the exploration and production of oil and gas, given the strong increase in our earnings from this sector. The strategic investment we have made in Itacha Energy is a direct continuation of our strategy, whereby our focus is centered on the Eastern Mediterranean energy sector, along with the creation of a strong and stable arm of operations in the international energy market. This is an important step which expands our international operations and diversifies our E&P activities. Ithaca Energy is synergistic to Delek Group's existing operations, is complementary to our activity in this sector and we believe will contribute to the continued growth at Delek Group."

Mr. Bartfeld continued, "We are continuing with our strategy to identify opportunities in the international energy sector for further investments. Now, with the approval of the Framework by the National Security Cabinet and the Israeli Government, in the near future we intend to focus on accelerating the development of Leviathan and the expansion of Tamar project, based on the timetable and conditions of the Framework. In addition, we look forward to promoting the development of Aphrodite in Cyprus, along with our new strategic partner in the reservoir, BG International."

MAIN BUSINESS HIGHLIGHTS

CONTRIBUTION OF PRINCIPAL OPERATIONS TO NET INCOME (NIS MILLIONS)

| | 9M 2015 | Q3 2015 | Q2 2015 | Q1 2015 | 9M 2014 | Q3 2014 | Q2 2014 | Q1 2014 | FY 2014 |
|--|-------------|--------------|------------|------------|--------------|------------|--------------|--------------|--------------|
| Oil and Gas Exploration, and Gas Production Operations | 214 | 87 | 60 | 67 | 63 | 38 | (13) | 38 | 93 |
| Fuel Operations in Israel | 76 | 21 | 40 | 15 | 39 | (5) | 4 | 40 | 4 |
| Automotive Operations ² | 128 | 10 | 40 | 78 | 95 | 44 | 21 | 30 | 107 |
| Contribution to continuing operations before sold-off operations, discontinued operations and capital and other gains | 418 | 118 | 140 | 160 | 197 | 77 | 12 | 108 | 204 |
| Insurance and finance operations in Israel (pending sale) | 26 | 9 | 41 | (24) | 187 | 71 | 22 | 94 | 255 |
| Sold-off operations | - | - | - | - | (35) | (8) | (4) | (23) | 35 |
| Impairment of marketable securities portfolio ¹ | (336) | (336) | - | - | - | - | - | - | - |
| Capital Losses & Others | (137) | (52) | (159) | 74 | (994) | 10 | (630) | (374) | (1,259) |
| Net Income Attributed Group's Shareholders | (29) | (261) | 22 | 210 | (645) | 150 | (600) | (195) | (765) |

¹As of September 30, 2015, the Group recognized the cumulative impairment on some of these investments in profit or loss, in light of their significant and/or continued impairment. The total loss recognized in profit or loss in the third quarter of 2015 amounted to NIS 336 million. It is noted that, until September 30, 2015, income of NIS 45 million had been recognized on these investments. The total economic loss, as of September 30, 2015, amounted to NIS 291 million. Immediately prior to the financial statements' approval, the market value of these investments reflected an appreciation of NIS 70 million, as compared to their market value on September 30, 2015.

²Includes recognized gains on the sale of Mobileye shares; see Section 6 below and Note 3 to the financial statements.

Please review the full report available on the Group's website www.delek-group.com to view the notes for each of the items above.

ENERGY & INFRASTRUCTURE

OIL AND GAS EXPLORATION & PRODUCTION SECTOR HIGHLIGHTS

Tamar Project, 10.6 TCF natural gas discoveries (Tamar and Tamar SW). Tamar produced 2.5 BCM of natural gas in the third quarter of 2015, compared with 2.2 BCM in the same period last year. This is an increase of 13.6% compared to the same quarter last year and a 47% increase from Tamar's first year Q3 production in 2013. Yet, this high level of sales did not meet the full demand in the Israeli market, which filled the gap from imported Liquefied Natural Gas and fossil fuels.

Tamar sold 117,000 barrels of condensate in the third quarter of 2015, compared with 104,000 barrels in the previous period.

Aphrodite, a 4.5 TCF (Contingent & Prospective) natural gas discovery located in the Block 12 license, off the coast of Cyprus. On November 24, 2015, Noble Energy Inc. sold 35% of the rights in Block 12 (half of the rights that Noble itself owns) to BG International, who will become a strategic partner in Block 12. Apart from Noble, BG will join the other partners in Block 12: the Group's gas subsidiaries Delek Drilling - Limited Partnership and Avner Oil Exploration - Limited Partnership that each hold 15% of the rights.

Leviathan, a 22 TCF natural gas discovery. On November 24, 2015, a letter of intent was signed between the Leviathan Partners and Dolphinus Holdings Limited, confirming their intention to negotiate an agreement for the supply of 4 BCM per year for a period of 10-15 years of natural gas from Leviathan using an existing gas pipeline operated by East Mediterranean Gas Limited ("EMG"). This represents an important milestone agreement, paving the way for the further international contracts and collaboration in the Eastern-Mediterranean region.

With regard to developments on the regulatory front: During the third quarter, the Ministerial Committee for National Security, the Government and the Knesset (Israeli Parliament) approved an Framework calling for increasing natural gas production at the Tamar field and accelerated development of the Leviathan, Karish, Tanin and other natural gas fields. Furthermore, on November 5, 2015, it was announced that the Prime Minister, acting as the Minister of Economy, had announced his intention to use powers granted under Section 52 of the Antitrust Law, to sidestep the Antitrust Authority.

Karish, a 1.8 TCF (Contingent & Prospective), and Tanin, a 1.2 TCF (Contingent & Prospective) natural gas discoveries off the coast of Israel. In November 2015, the Group's gas subsidiaries signed an agreement with Noble Energy, whereby Noble would grant the Group's partnerships the right to sell Noble's rights in the 366/Alon C and 364/Alon A licenses (the Karish and Tanin licenses) for US\$ 67 million. This agreement is contingent on the final and unconditional approval of the gas Framework, and on approval by a meeting of the unit-holders in the partnerships.

Ithaca Energy Inc. (19.9% owned by Delek Group). In October 2015, the Group purchased 19.9% of the share capital of Ithaca Energy for US\$ 66 million. Delek Group will be entitled to two places on its Ithaca's Board of Directors as well as representation on the various Board committees.

Ithaca is an independent oil and gas operator focused on North Sea production, appraisal and development activities, holding both producing assets and assets under development. Ithaca is a partner in 11 producing oil

and gas fields, in three of which it acts as operator. Ithaca's shares are traded on the Toronto Stock Exchange (TSX) and on the AIM exchange in London.

In the Group's financial statement, Itacha will be presented based on equity method commencing in the fourth quarter.

Gas Production Summary. Net income from the sector for the third quarter of 2015 was NIS 87 million, an increase compared to a net income of NIS 38 million in the same period in 2014. This year-over-year increase was due, among other things, to a higher level of revenues from natural gas sales to customers in the Tamar Project and lower financing expenses.

DOWNSTREAM ENERGY SECTOR HIGHLIGHTS

Delek – the Israel Fuel Company Ltd. (fully held by Delek Group); Contribution to net income in the third quarter of 2015 amounted to NIS 21 million compared with a net loss of NIS 5 million in the same period last year. The increase was due to greater fuel and convenience store sales, and sales growth in the containerization and distribution segment. The increase was partially offset by lower margins on several products in the direct marketing segment.

INSURANCE AND FINANCIAL SERVICES

With regard to the Group's binding agreement with Fosun International Limited for the sale of all the Company's holdings in Phoenix Holdings Ltd (52.3%), the parties are continuing the process of the sale.

On September 29, 2015, in a positive development which occurred earlier than expected, the Group signed an agreement with AmTrust Financial Services Inc. to sell its remaining 66% holdings in Republic for US\$ 140 million. Simultaneous to signing the sales agreement, AmTrust also signed share purchase agreements with Republic's other shareholders, so that following these transactions AmTrust will hold 100% of Republic's share capital.

DIVIDEND DISTRIBUTION

On November 26, 2015, the Board of Directors of Delek Group declared a cash dividend distribution for the third quarter of 2015 in the amount of approximately NIS 80 million (approximately NIS 6.6758 per share) to the shareholders on record as of December 07, 2015 and the dividend will be paid on December 23, 2015.

CONFERENCE CALL DETAILS

The Company will be hosting a **conference call in English** on Monday, November 30, 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: 1-888-668-9141

UK Dial-in Number: 0-800-917-5108

ISRAEL Dial-in Number: 03-9180685

INTERNATIONAL Dial-in Number: +972-3-9180685

At:

9:30am Eastern Time, 2:30pm UK Time, 4:30pm 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

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 or Email: investor@delek-group.com

Contact

International Investor Relations

Dina Vince

Tel: +972 9 863 8443

Email: dinav@delek-group.com

Delek Group Income Statement (NIS Millions)

| | 9M 2015 | 9M 2014* | Q3 2015 | Q3 2014* | | 2014* |
|---|--------------|--------------|--------------|------------|--|--------------|
| Revenues | 4,924 | 5,887 | 1,702 | 2,041 | | 7,832 |
| Cost of revenues | 3,516 | 4,669 | 1,168 | 1,608 | | 6,227 |
| Gross profit | 1,408 | 1,218 | 534 | 433 | | 1,605 |
| Sales, marketing and gas station operating expenses | 418 | 427 | 140 | 144 | | 569 |
| General and administrative expenses | 134 | 159 | 43 | 60 | | 196 |
| Other income (expenses), net | (9) | 1 | (10) | 11 | | (80) |
| Operating profit | 847 | 633 | 314 | 240 | | 760 |
| Finance income | 348 | 296 | 22 | 177 | | 244 |
| Finance expenses | 1,051 | 970 | 541 | 326 | | 1,122 |
| Profit (loss) after financing | 144 | (41) | (178) | 91 | | (118) |
| Loss from disposal of investments in investees and others, net | (2) | - | - | - | | - |
| The Group's share in the profits of associate companies and partnerships, net | 118 | 131 | 6 | 66 | | 159 |
| Profit (loss) before income tax | 260 | 90 | (172) | 157 | | 41 |
| Income tax (tax benefit) | 129 | (41) | 24 | 42 | | (10) |
| Profit (loss) from continuing | 131 | 131 | (196) | 115 | | 51 |
| Profit (loss) from discontinued operations, net | 154 | (500) | 81 | 154 | | (400) |
| Net profit (loss) | 285 | (369) | (137) | 269 | | (349) |
| Attributable to - | | | | | | |
| Company shareholders | (29) | (645) | (261) | 150 | | (765) |
| Non-controlling interest | 314 | 276 | 146 | 119 | | 416 |
| | 285 | (369) | (137) | 269 | | (349) |

(*) Re-classified, see Note 2 to the financial statements.

The notes are an integral part of the financial statement and can be found at www.delek-group.com