



Binding Memorandum of Understanding for Sale of Delek Pi Gelilot

May 7, 2020

Tel Aviv, May 7, 2020. Delek Group (TASE: DLEKG, US ADR: DGRLY) ("the Company") announces that on May 7, 2020 Delek The Israel Fuel Corporation Ltd, a subsidiary held 100% indirectly by the Company ("Delek Israel"), signed a binding Memorandum of Understanding ("Memorandum of Understanding") with a third party for the sale of all the rights of Delek Israel in Delek Pi Gelilot Limited Partnership ("Pi Gelilot") and in the land on which the fuel terminals are operated by Pi Gelilot in Haifa, Ashdod, Be'er Sheva and Jerusalem (jointly "the Terminals") in consideration of NIS 720 million plus VAT (if it applies) that will be paid to Delek Israel.

The rights sold include, inter alia, the rights of Delek Israel in Pi Gelilot, ownership or leasehold rights in the land where the Terminals are operated, the operations of the Terminals, goodwill, knowledge, rights in equipment, existing installations and tanks that exist at the Terminals.

Under the Memorandum of Understanding, Pi Gelilot will continue to supply Delek Israel the services it supplies at the Ashdod, Be'er Sheva and Haifa terminals for a period of 10 years at the same terms and the same service level as currently provided, with an option for a period of 5 additional years subject to minimum revenues at each Terminal, as stipulated in the Memorandum of Understanding. Similarly, it is stipulated that Pi Gelilot will continue to provide Delek Israel with the services it provides at the Jerusalem Terminal for a period of two years.

The Memorandum of Understanding is subject to receiving the approvals of the Boards of Directors of the parties and a deposit of NIS 100 million by the buyer in escrow within one business day from receipt of approvals of the Boards. Under the Memorandum of Understanding, a detailed agreement will be signed within 30 days from the date of signature of the Memorandum of Understanding, and the balance of the consideration will be paid within 30 days from the date of signature of the detailed agreement.

The transaction is subject to contingent conditions, including inter alia receipt of the required regulatory approvals in respect of transfer of the rights from Delek Israel to the buyer and all the other approvals required in law, by not later than the end of 90 days from the date of signature of the Memorandum of Understanding.

It should be noted that the Company is continuing to work to dispose of all its holdings in Delek Israel as stated in the Company's Periodic Report as of December 31, 2019, published on May 3, 2020 (ref. no. 2020-01-043356).

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on May 7, 2020.

About The Delek Group

Delek Group is an independent E&P company with activities in the UK North Sea and the East Mediterranean. Delek Group has significant holdings in the Leviathan and Tamar natural gas reservoirs in the East Mediterranean (Israel's territorial water), with reserves and resources of more than 30 TCF and annual production of approximately 20 BCM. These reservoirs are a major natural gas supplier to the growing markets of Israel, Egypt and Jordan and Delek continues to lead the region's development into a major natural gas export hub. Through its wholly owned subsidiary Ithaca, Delek Group holds high-quality oil and natural gas assets in the UK North Sea totaling more than 270 million barrels of oil equivalent (boe) and producing about 27 million boe per year. 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 (DLEKG:IT) And its ADRs are traded on the US OTC market (DGRLY:US).

For more information on Delek Group please visit www.delek-group.com

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