



Tel Aviv, 11 April, 2019. Delek Group (TASE: DLEKG, US ADR: DGRLY) ("the Company") announces:

- **Delek Group has signed an agreement to acquire 22.45% of the Caesar Tonga oil field in the Gulf of Mexico from a subsidiary of Royal Dutch Shell plc for a purchase price of USD 965 million.**
- **Caesar Tonga currently produces approximately a total gross of 71,000 barrels of oil equivalent per day. The Group will be joining three multinational energy companies who already own stakes in the field.**
- **Delek Group's interest in the field stands at proven reserves of 78 million barrels of oil equivalent (2P) and generate annual EBITDA of approximately USD 230 million.**
- **The acquisition will be financed by non-recourse loans from international banks against the asset, along with Delek Group funds.**
- **The completion of the transaction is subject to, among other things, the right of first refusal possessed by the field's other co-owners.**

Asaf Bartfeld, President and CEO of Delek Group: "This is an important opportunity for Delek Group, which provides access to a producing oil asset with stable output since 2012, significant proven reserves, strong cash flow, and partnership with leading players in the global energy market"

Delek Group announces today, 11 April, 2019, that it has signed an agreement to acquire 22.45% interest in the Caesar Tonga oil field from Shell Offshore Inc., a subsidiary of Royal Dutch Shell plc, ("Shell"). The field is one of the ten largest deepwater resources in the US Gulf of Mexico, with a production horizon spanning tens of years. Delek Group will co-own the asset with 3 other leading oil and gas companies in the international energy market: Anadarko Petroleum (33.75%, and the field's operator); Equinor (23.5%); and Chevron (20.25%). As part of the transaction, Delek Group will sign a long-term off-take agreement with a Shell affiliate (Shell Trading (US) Company) to purchase oil produced from the field for a period of 30 years at either market prices or prices matched to third party offers.

According to the agreement signed yesterday, Delek Group has acquired 22.45% of the exploration, development and production rights for oil and gas in the Caesar Tonga field. Located in the Gulf of Mexico 300 km south of Louisiana at a depth of 1,500 meters, the field contains 8 wells connected by an undersea pipeline network to a production platform owned by Anadarko, which transports the oil and gas through an existing pipeline to the coasts of Louisiana and Texas. Since the development of the Caesar Tonga is based on existing infrastructure, it has a low cost of production.

Production from the field commenced in 2012 and the current production rate stands at 71 thousand barrels per day of oil equivalent (total gross), with 90% of the output being oil. The expected life of the field is 30 more years, and Delek Group's interest reflects 78 million barrels of oil equivalent (2P) reserves assuming no change in the current production rate. The Group's share of the asset generates annual EBITDA of approximately USD 230 million.

The transaction is taking place for a consideration of USD 965 million, with the closing payment estimated to be USD 785 million after adjustment of the cumulative net cash flow at the asset from the effective date of the transaction (January 1, 2019) until the date of completion of the transaction by the end of the third quarter of 2019. Financing of the transaction will be by reserve based loan (RBL) facilities from a consortium of international banks granted to the special purpose entity, and through debt which will be taken out by the purchaser (a wholly-owned foreign subsidiary of Delek Group), with liens on the asset linked to the foreseen annual cashflow of USD 230 million. (This is based on an assumed daily production of 16,000 barrels of oil at an average price of USD 60 per barrel.) Note that all debt issued to the acquiring entity is non-recourse to Delek Group.

The transaction is subject to a number of contingencies, foremost of which is the right of first refusal held by the three other co-owners in the field. This can be exercised within 30 days of the execution of the asset purchase agreement. The transaction is also subject to obtaining all regulatory authorizations.

Asaf Bartfeld, President & CEO, Delek Group: "The transaction for acquisition of the rights in the Caesar Tonga field is a further important stage in implementing Delek Group's strategy to expand and establish our operations on the international stage. This is a strategic opportunity, which provides the Group access to a producing oil asset with significant proven reserves, with a strong cash flow and partnership with leading players in the global energy market. This activity, alongside the oil and gas exploration activity we are carrying out in the North Sea and the Gulf of Mexico, gives added emphasis to the Group's position in the international energy market."

About The Delek Group

Delek Group is an independent E&P and the pioneering visionary behind the development of the East Med. With major finds in the Levant Basin, including the Leviathan (21.4 TCF) and Tamar (11.2 TCF) reservoirs and others, 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

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