

March 20, 2019

DIC Publishes its Results for the Fourth Quarter and Year of 2018

**Net asset value (NAV) as at March 14, 2019 amounted to approximately
NIS 1.5 billion, approximately NIS 10.52 per share**

**The Company continues to maintain significant liquid balances which
amounted, as at March 14, 2019, to approximately NIS 1,849 million**

The LTV ratio as at March 14, 2019 amounted to 64%

**The Company's shareholders' equity as at December 31, 2018 amounted
to NIS 2.3 billion**

**The Company is evaluating various alternatives for dealing with the
requirements of the Concentration Law with respect to 2019**

Sholem Lapidot, the Company's CEO: "2018 and the subsequent period were characterized by significant financial activity in the Company, in which we strengthened our liquid balances through a significant realization of Shufersal shares, while increasing our share in the other portfolio companies, and acquiring our shares and debentures at bargain prices from our perspective. We are continuing to evaluate various alternatives for dealing with the requirements of the Concentration Law with respect to 2019, regarding pyramid structures, including possible measures on the relevant tiers of the Group, along with continued business development of the Group's member companies, including significant attention to the Company's leverage ratio and liquidity."

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Main Points

- The investees' contribution to DIC's profit in 2018 amounted to approximately NIS 800 million, as compared with approximately NIS 244 million last year. The significant increase since last year was primarily due to the partial realization of the stake in Shufersal, which was offset by the impairment of the investment in the subsidiary Cellcom.
- The value of DIC's holdings in the investees amounted to approximately NIS 4.1 billion as at March 14, 2019.
- Profit in 2018 amounted to approximately NIS 539 million, as compared with loss of approximately NIS 273 million last year. The profit was primarily due to the transaction in which the Company sold 16.6% of Shufersal's issued share capital, for a total net consideration of NIS 848 million, in which profit of NIS 1,232 million was recognized as a result of the aforementioned sale, and the revaluation of the balance of the investment in Shufersal as at that date to fair value. The Company also presented a decrease in financing expenses, since last year it recorded financing expenses of NIS 230 million, with respect to the exchange of debentures (Series F) with debentures (Series J). On the other hand, the impairment of the investment in the subsidiary Cellcom, in the cumulative sum of NIS 562 million, offset the significant increase in profit.
- Loss in the fourth quarter of 2018 amounted to a total of NIS 347 million, as compared with profit in the amount of NIS 90 million in the corresponding quarter last year, and was primarily due to the impairment of the investment in the subsidiary Cellcom, in the amount of NIS 294 million.
- The Company's shareholders' equity as at December 31, 2018 amounted to NIS 2,317 million, as compared with NIS 1,666 million as at December 31, 2017. The increase was primarily due to the profit this year and the positive effects of the USD's increase vs. the NIS.
- The Company's total liquid resources as at March 14, 2019 amounted to approximately NIS 1,849 million, an increase vs. DIC's total liquid resources as at December 31, 2017, which amounted to approximately NIS 1,817 million, following the dividend distribution in cash, the purchase of Company shares and debentures, and the investments in subsidiaries at a scope of approximately NIS 666 million, as well as debt repayments at a scope of approximately NIS 827 million.
- The Company's net debt as at March 14, 2019, amounted to approximately NIS 2,632 million, as compared with approximately NIS 3,348 million as at December 31, 2017.
- The average lifetime of DIC's liabilities as at March 14, 2019 was 3.98 years.
- The LTV ratio as at March 14, 2019 amounted to approximately 64%, as compared with approximately 55% proximate to the publication of the reports for the third quarter of 2018. The

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increase in the LTV ratio was primarily due to the decrease in the market price of the subsidiary Cellcom, a dividend distribution and the acquisition of Company shares.

- DIC's net asset value (NAV, based on the market value of its primary investments) as at March 14 2019 amounted to approximately NIS 1.5 billion.
- In 2018, and until the publication date of the report, the Company performed a self-purchase of Company shares for a total consideration of approximately NIS 115 million, and a self-purchase of debentures for a total consideration of approximately NIS 129 million.
- In December 2018, the Company acquired a total of approximately 3% of Property & Building's issued share capital, in consideration of approximately NIS 55 million, and in the months January and February 2019, the Company acquired an additional total of approximately 1.4% of the issued share capital of Property & Building, in consideration of NIS 26 million. In November and December 2018, the Company acquired approximately 9.2% of Elron's issued share capital, at a total cost of NIS 31 million.
- After the balance sheet date, the Company distributed dividends in the amount of approximately NIS 104 million.

Name of company	Stake as at March 14, 2019	Market value as at March 14, 2019	Holding value NIS millions
Cellcom	44.1%	1,878	828
Property & Building	68.8%	1,958	1,348
Shufersal	26%	6,168	1,605
Elron	59.5%	272	161
Epsilon	68.8%	-	54
Other investments			125
Total assets			4,121
Net financial debt (As at March 14, 2019)			(2,632)
NAV			1,489
LTV			64%

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