

Oil Refineries Ltd.

Second Quarter and First Six Month 2009 Results



August 2009

November 2007

ORL

Oil Refineries Ltd.

Disclaimer

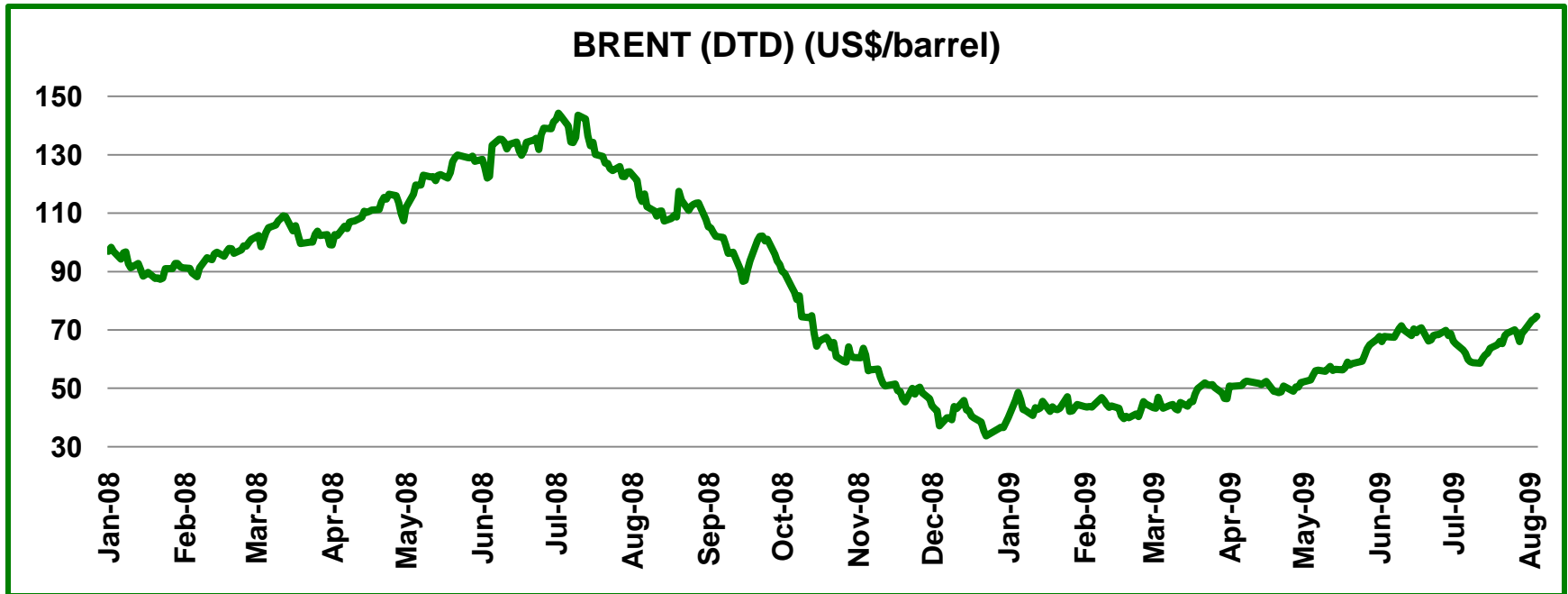
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Agenda

- Review of Operating Environment
- Second Quarter and Six Month 2009
 - Six Month 2009 Consolidated Results (incl. Second Quarter)
 - Review of Main Segments' Performance
- Implementation of Strategic Plan
 - Hydrocracker investment update
 - Projects completed to date
 - New projects planned for completion
- Looking Ahead

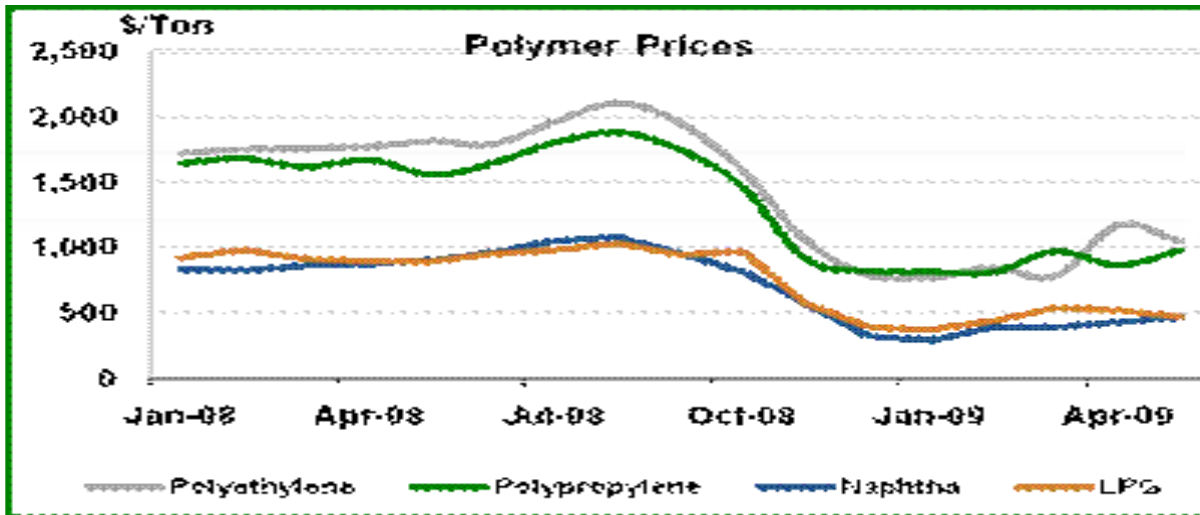
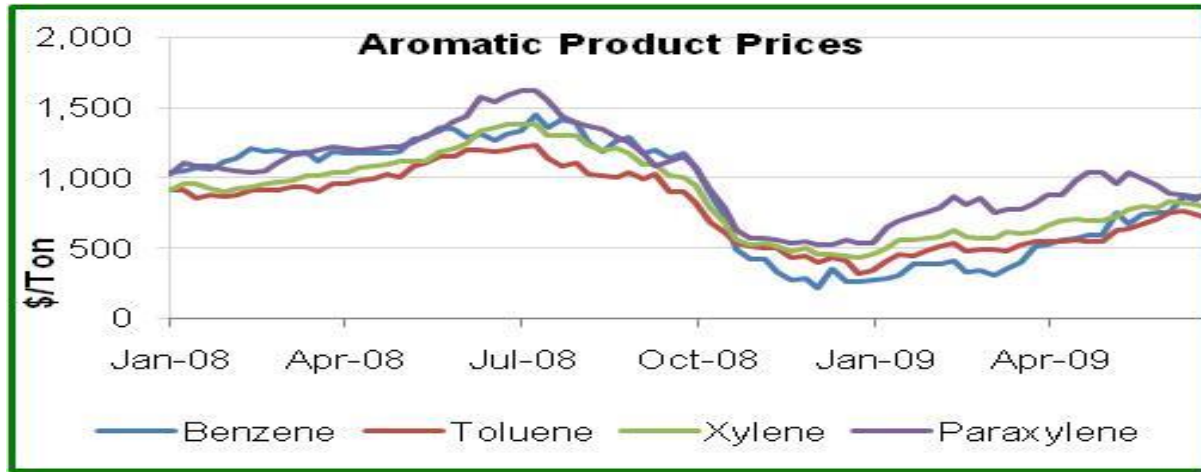
Operating Environment

Crude Oil Prices

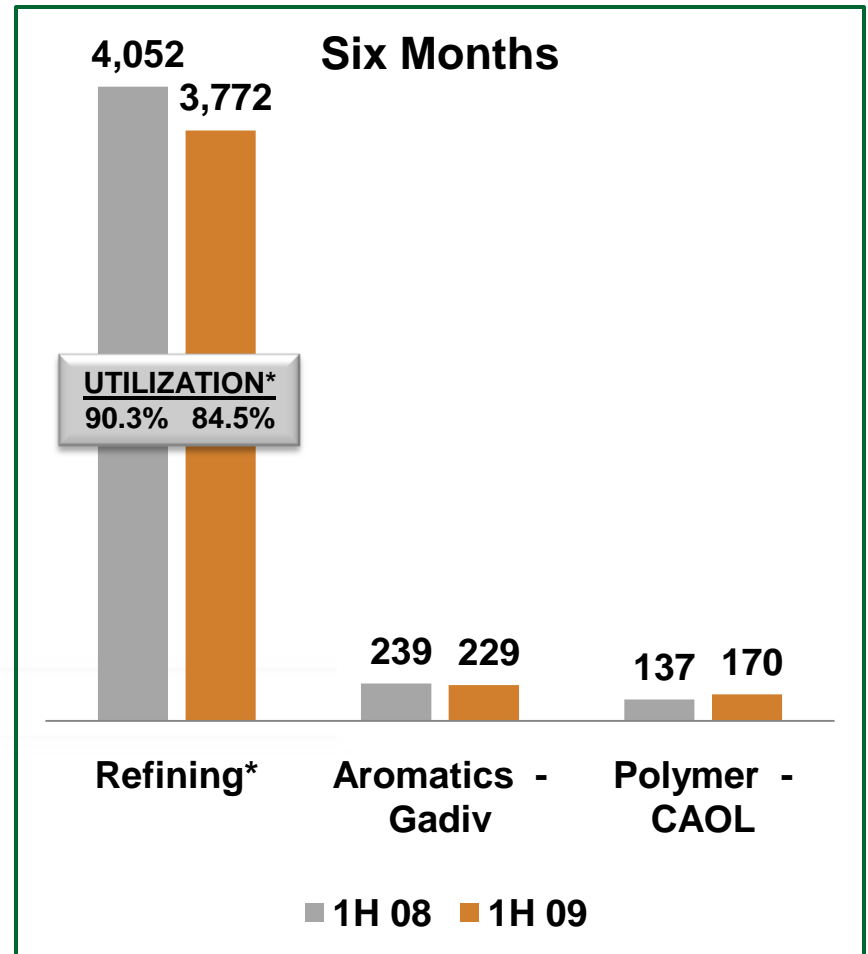
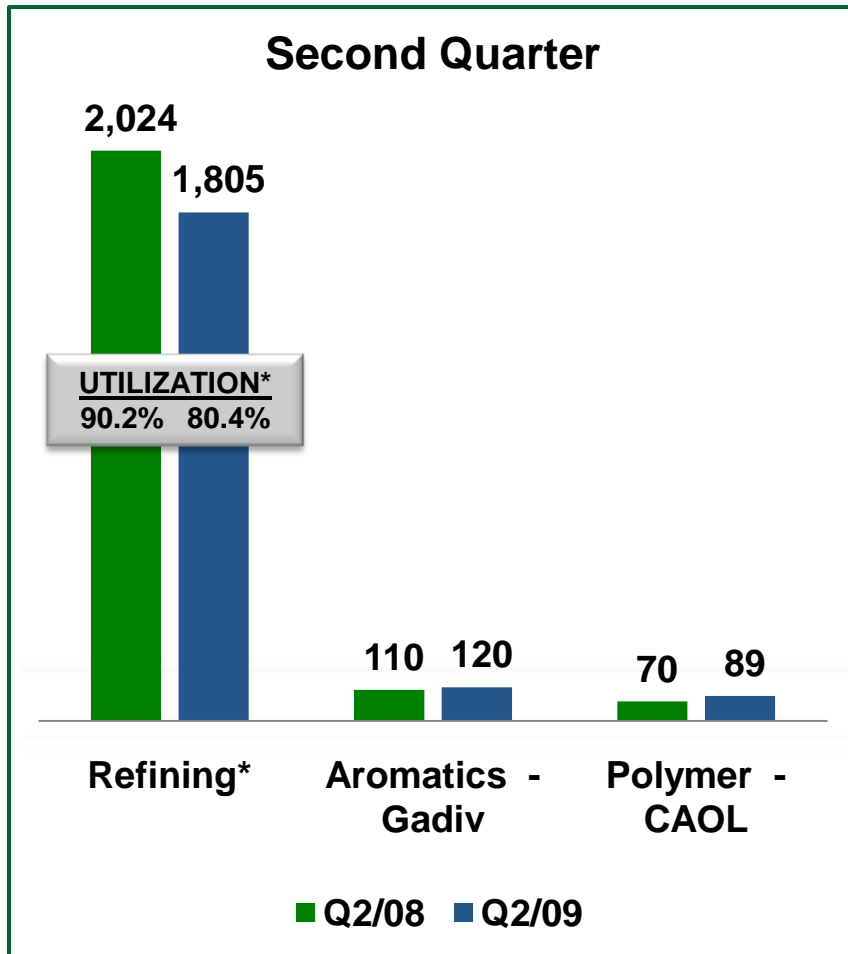


- Continue to operate in highly volatile market
- In 2008 crude oil prices dropped from USD/bbl 96 to USD/bbl 37
- Since end-08 crude oil prices up 86% to USD/bbl 68 at end-June 09
 - Increased 46% during the second quarter alone

Operating Environment Petrochemical Product Prices

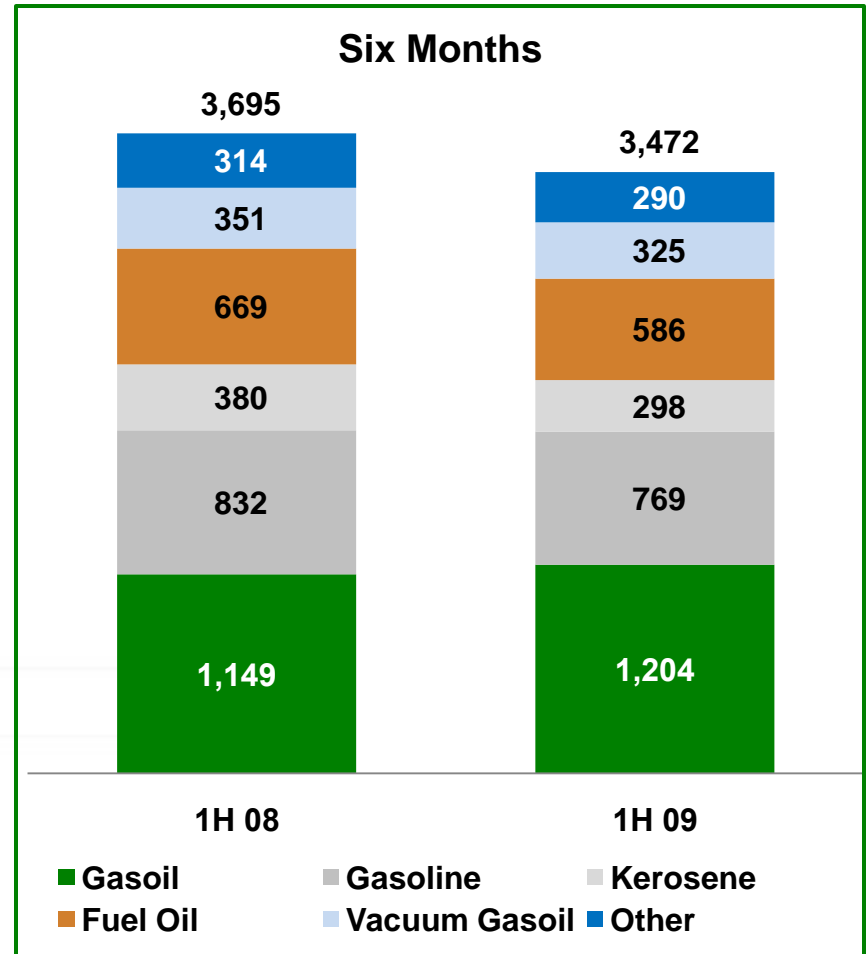
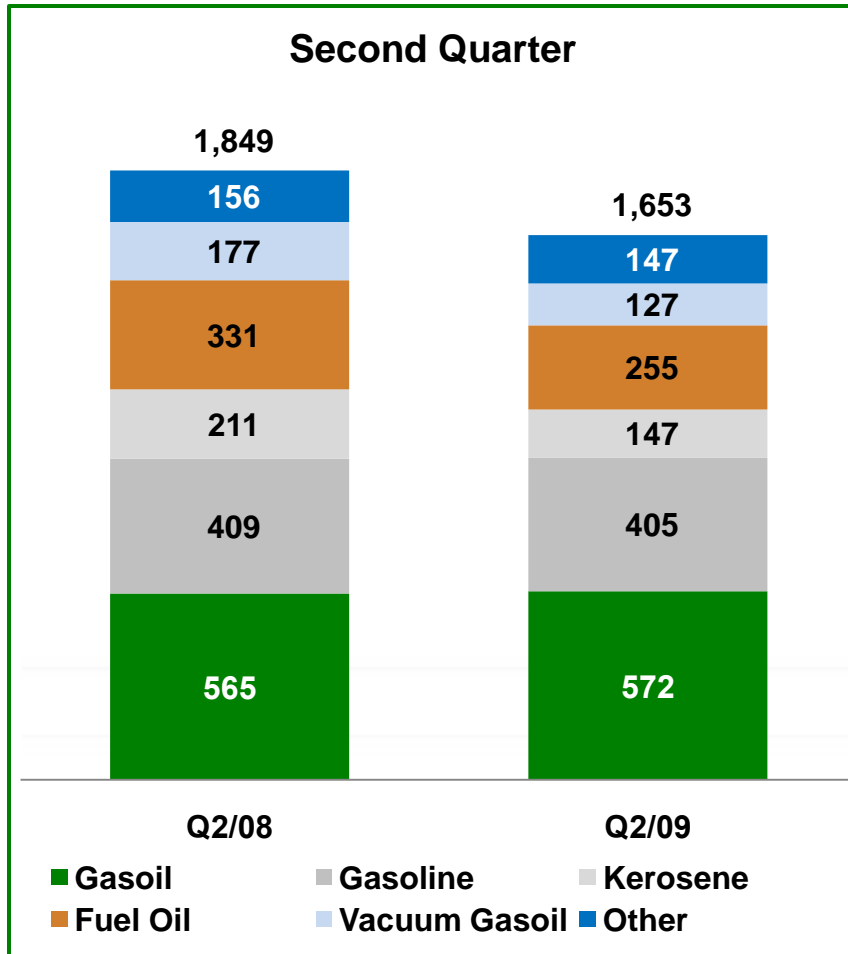


Refining and Production* (000 tons)

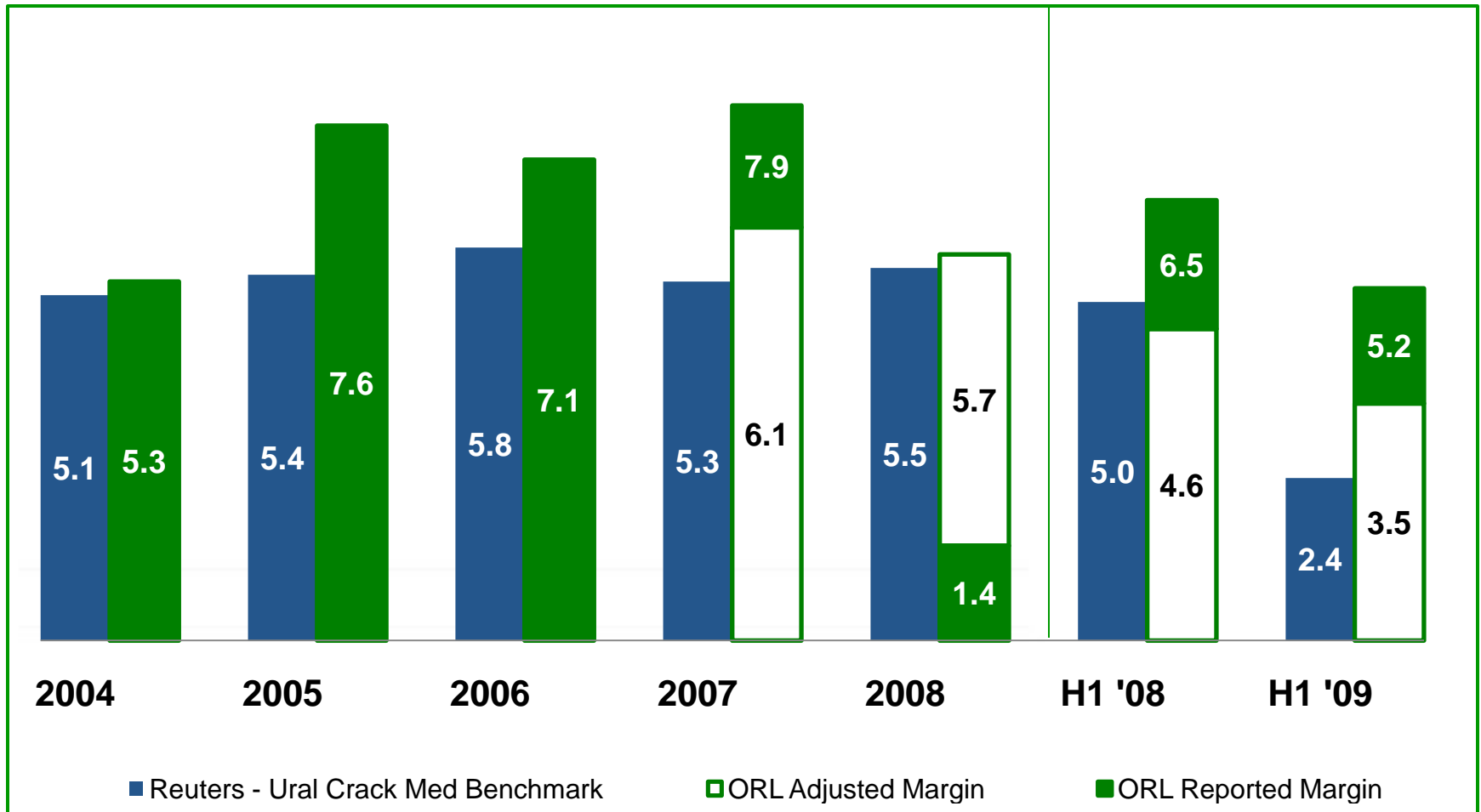


* During 3 weeks of Q209, major crude unit (4) was closed for periodic turnaround and upgrade

Product Production Breakdown (000 tons)



ORL Refining Margin vs. Regional Benchmark *USD/bbl*

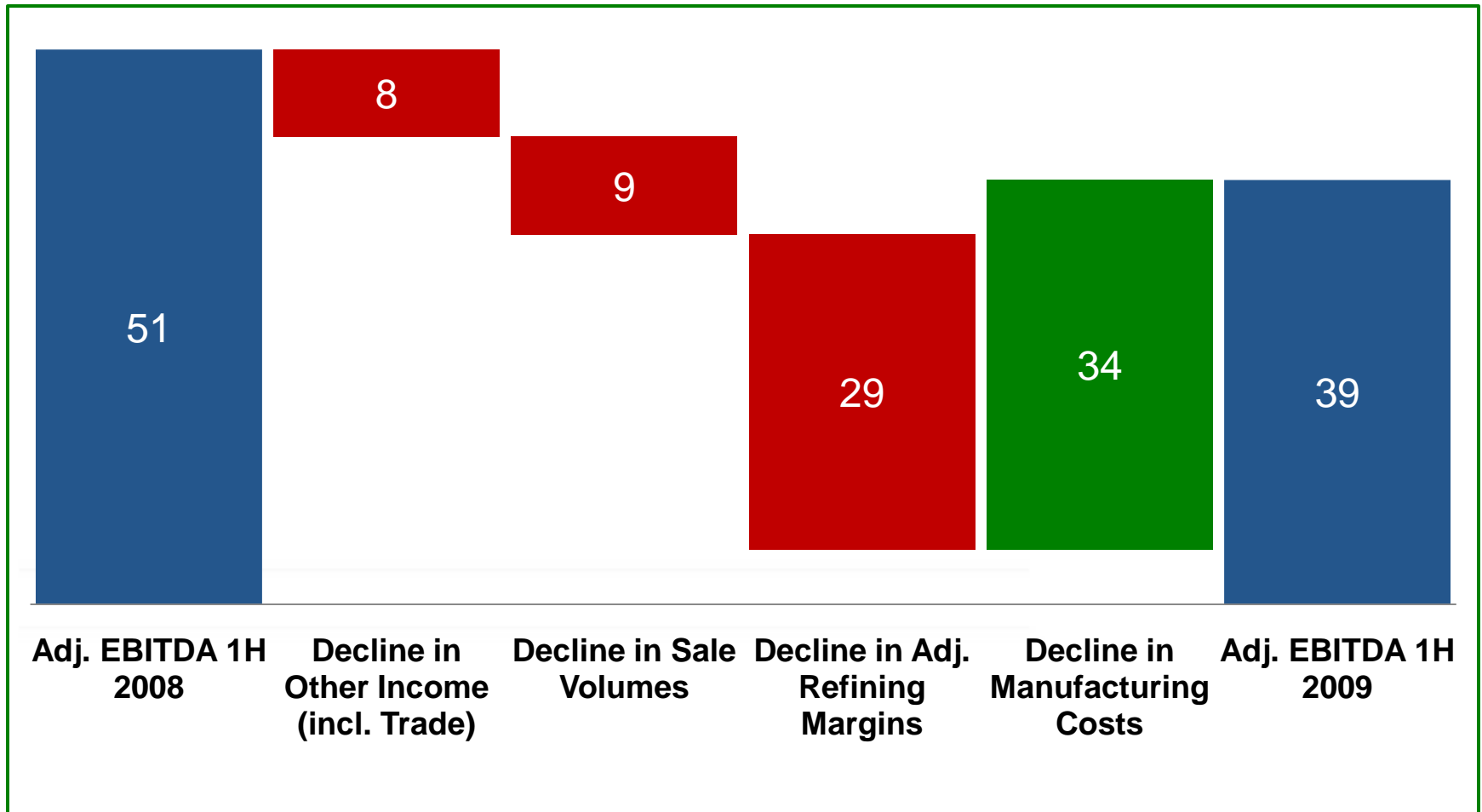


Note: Adjusted margin is ORL's refining margin calculated for comparison purposes and excludes impact of inventory w/o and gains as well as IFRS

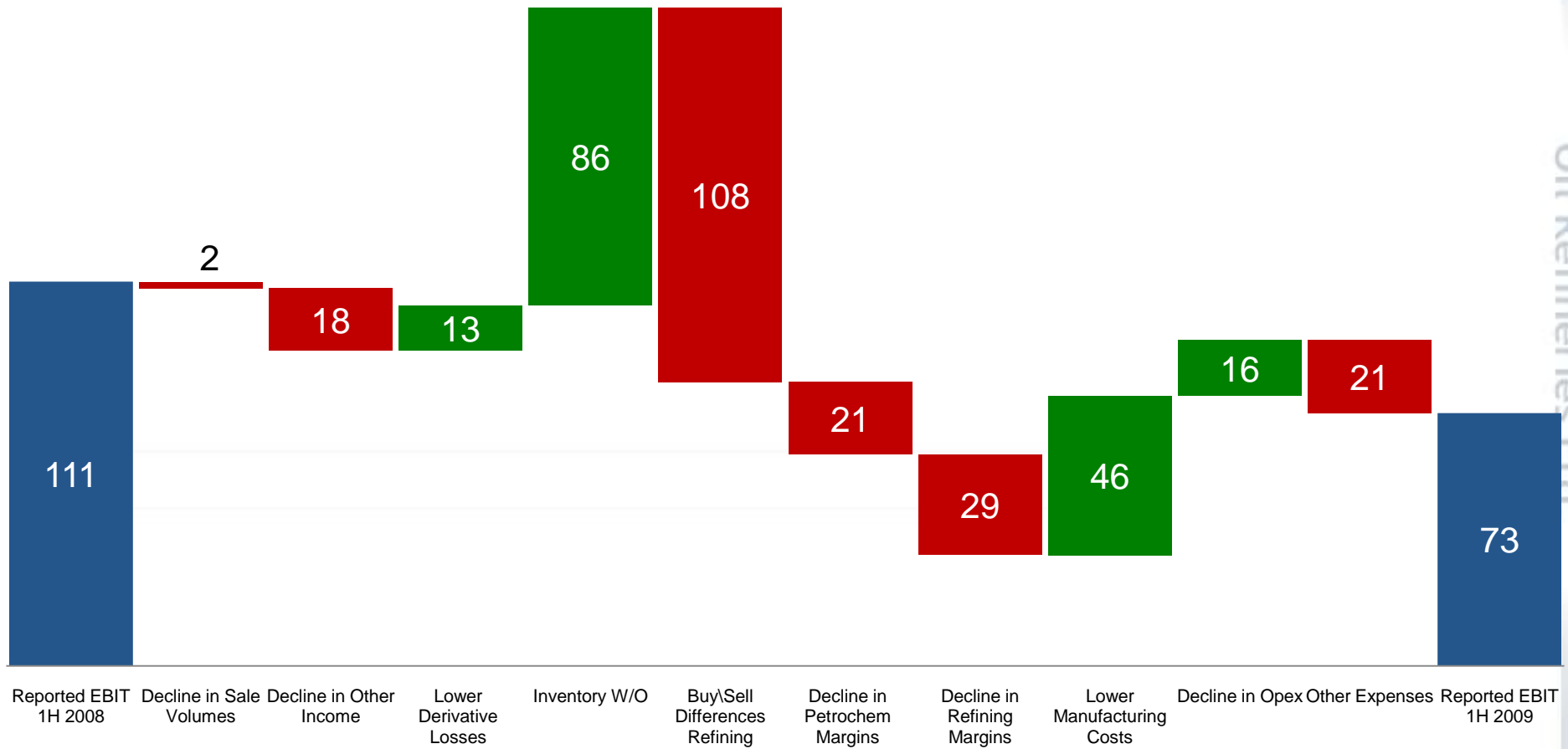
Calculating Refining Margin

USD/bbl	1H/09	1H/08
Avg. Ural Crack Med Refining Margin	2.4	5.0
ORL Adj. Margin	3.5	4.6
IFRS derivatives' impact	(1.2)	(1.6)
Net impact of buying\selling timing differences	(0.2)	3.5
Reversal of Q4/08 inventory w/o	6.6	-
Loss on sale of end-year 2008 inventory	(3.5)	-
Net Adjustments	1.7	1.9
ORL Reported Margin	5.2	6.5

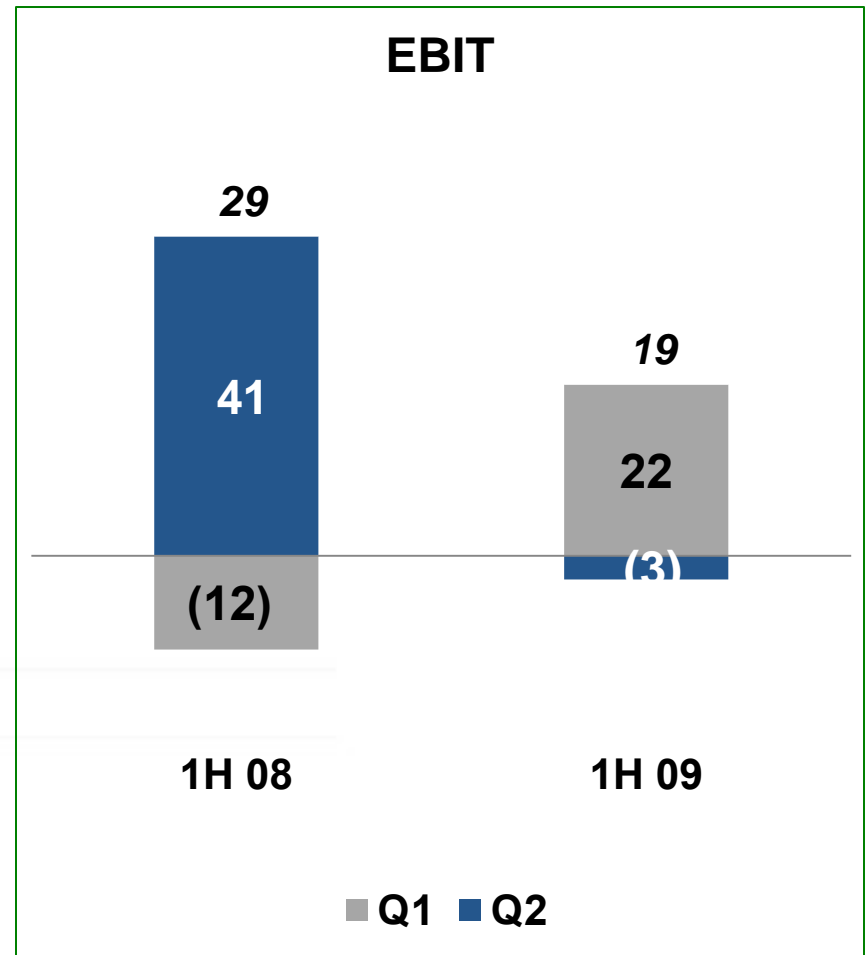
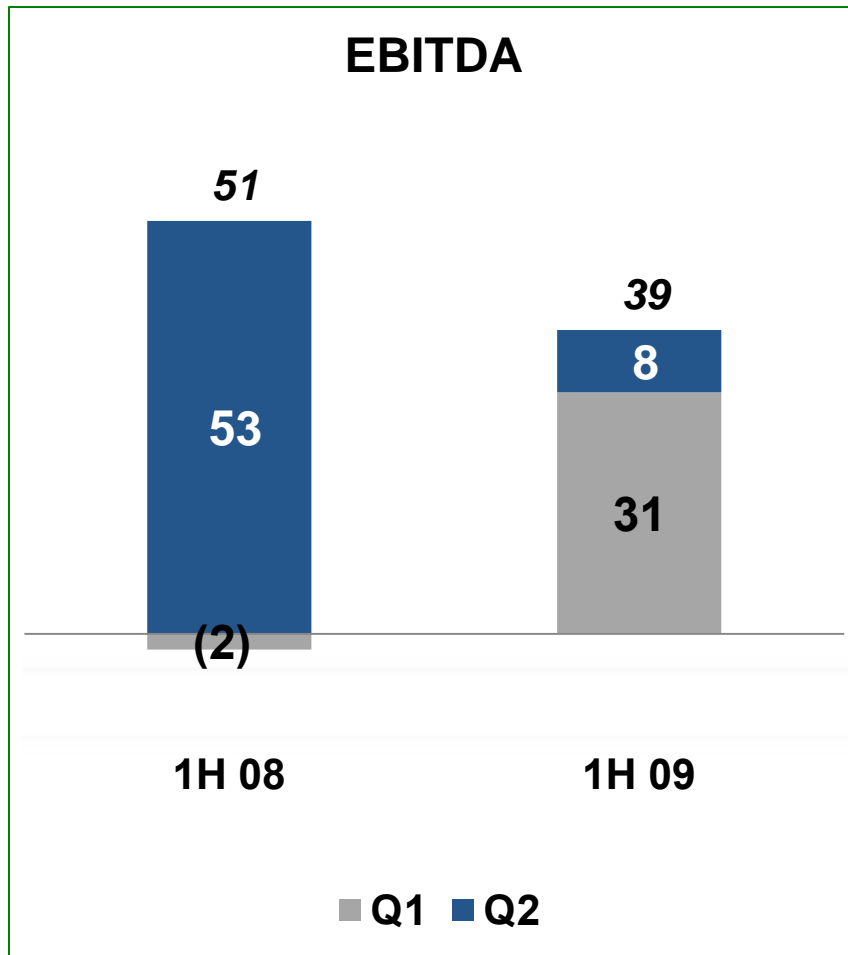
Change in Adjusted Refining & Trade Sector EBITDA m. US\$



Changes in Consolidated Operating Profit (EBIT) *m. US\$*

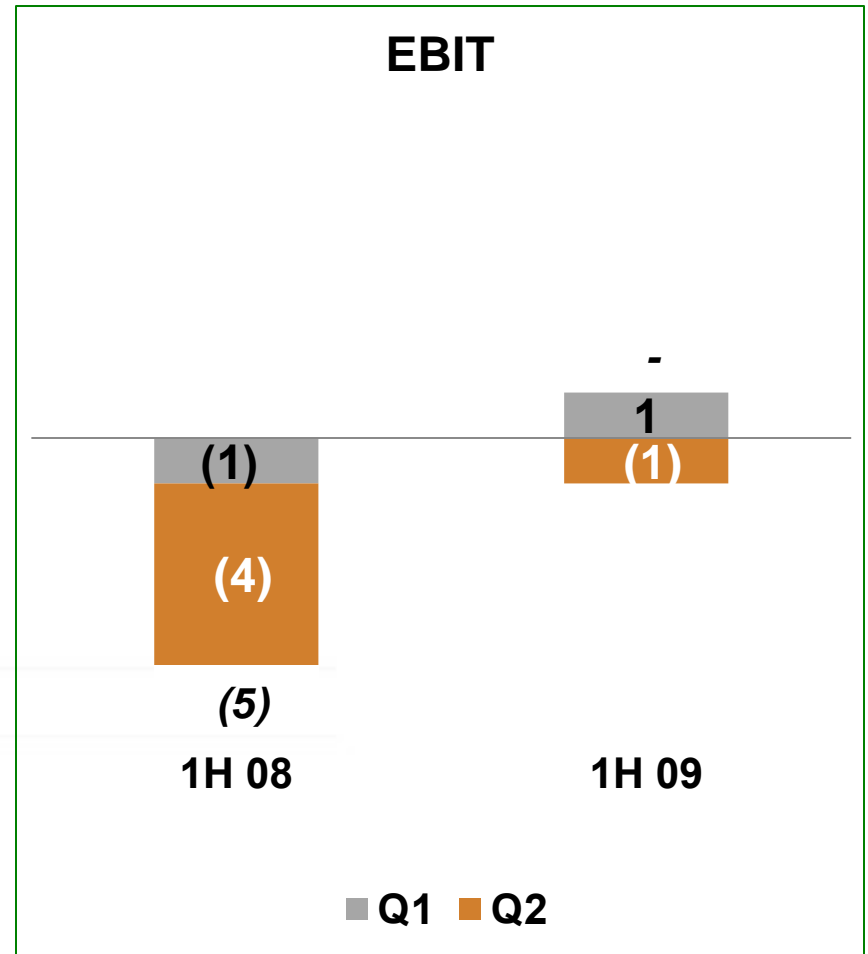
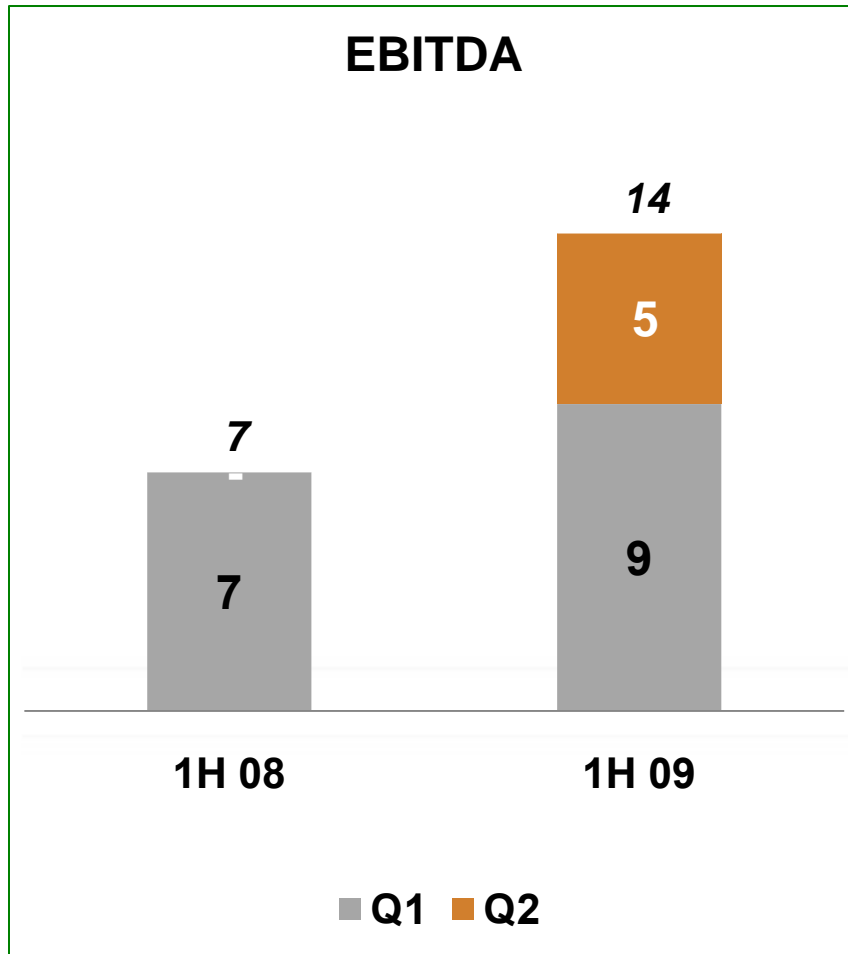


Adj. Refining & Trade Segments *EBITDA and EBIT (m. US\$)*



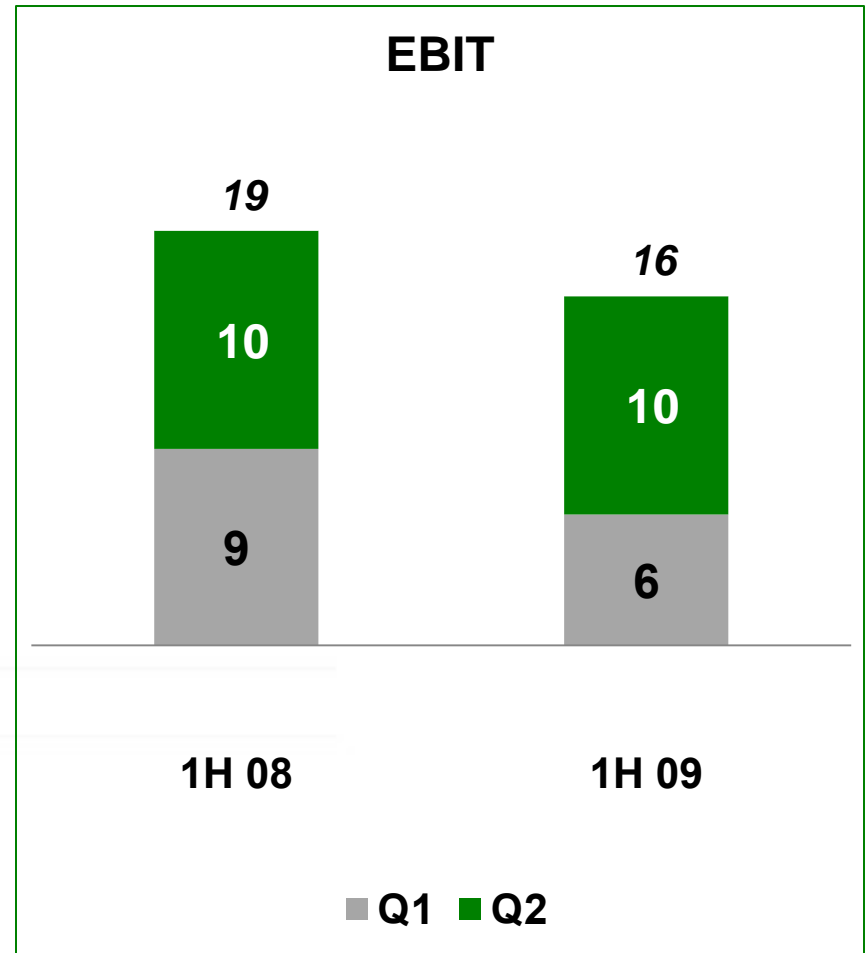
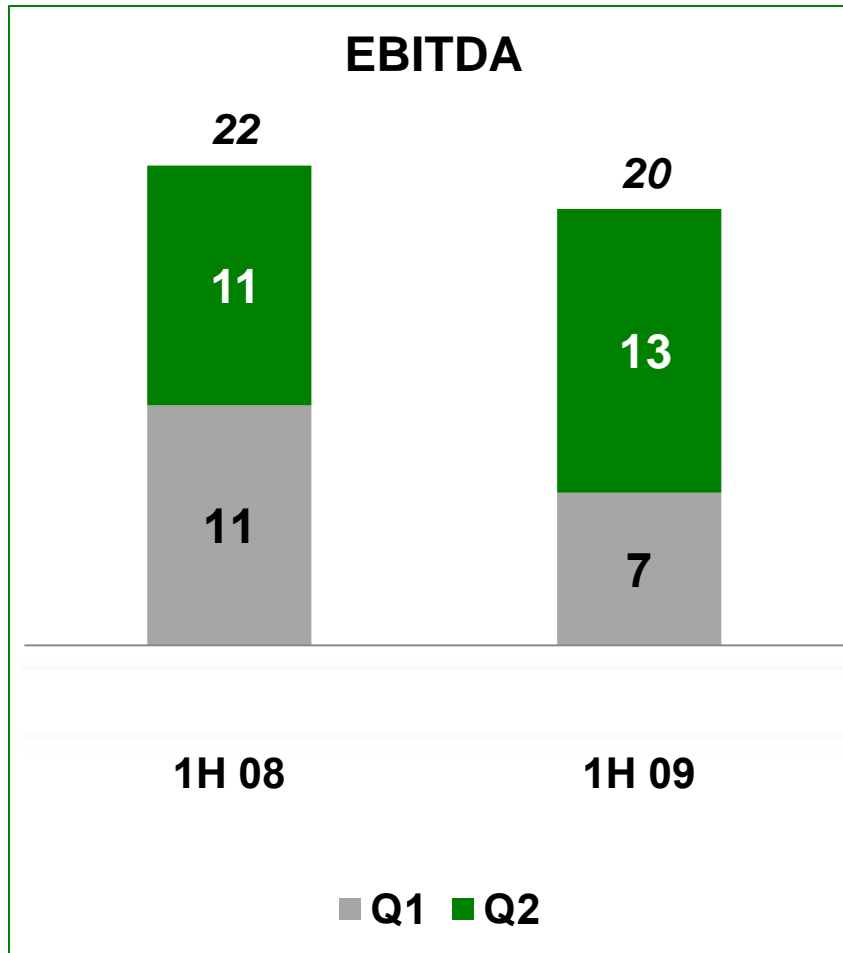
Petrochemicals - Polymers

Carmel Olefins - Results of 50% of Activity - EBITDA and EBIT (m. US\$)



Petrochemicals - Aromatics

*Gadiv Petrochemicals - 100% Held by ORL -
EBITDA and EBIT (m. US\$)*



Consolidated P&L by Segments -

As Reported - First Six Months 2009 - (m. US\$)

	Refining Segment	Trade Segment	Petrochemical Segment		Cancellation of inter-company Transactions	Consolidated
			Polymers	Aromatics		
Revenues	1,829	248	177	165	(226)	2,193
COGS	<u>1,743</u>	<u>244</u>	<u>165</u>	<u>137</u>	<u>(221)</u>	<u>2,068</u>
Gross Profit	86	4	12	28	(5)	125
SG&A	22	1	12	12	2	45
Op. Profit, sectors	64	3	-	16	(3)	80
Other Expenses						(7)
Op. Profit						73
Finance Expenses						9
Equity						4
Pre-tax Profit						86
Income Tax						(19)
Net Profit						67

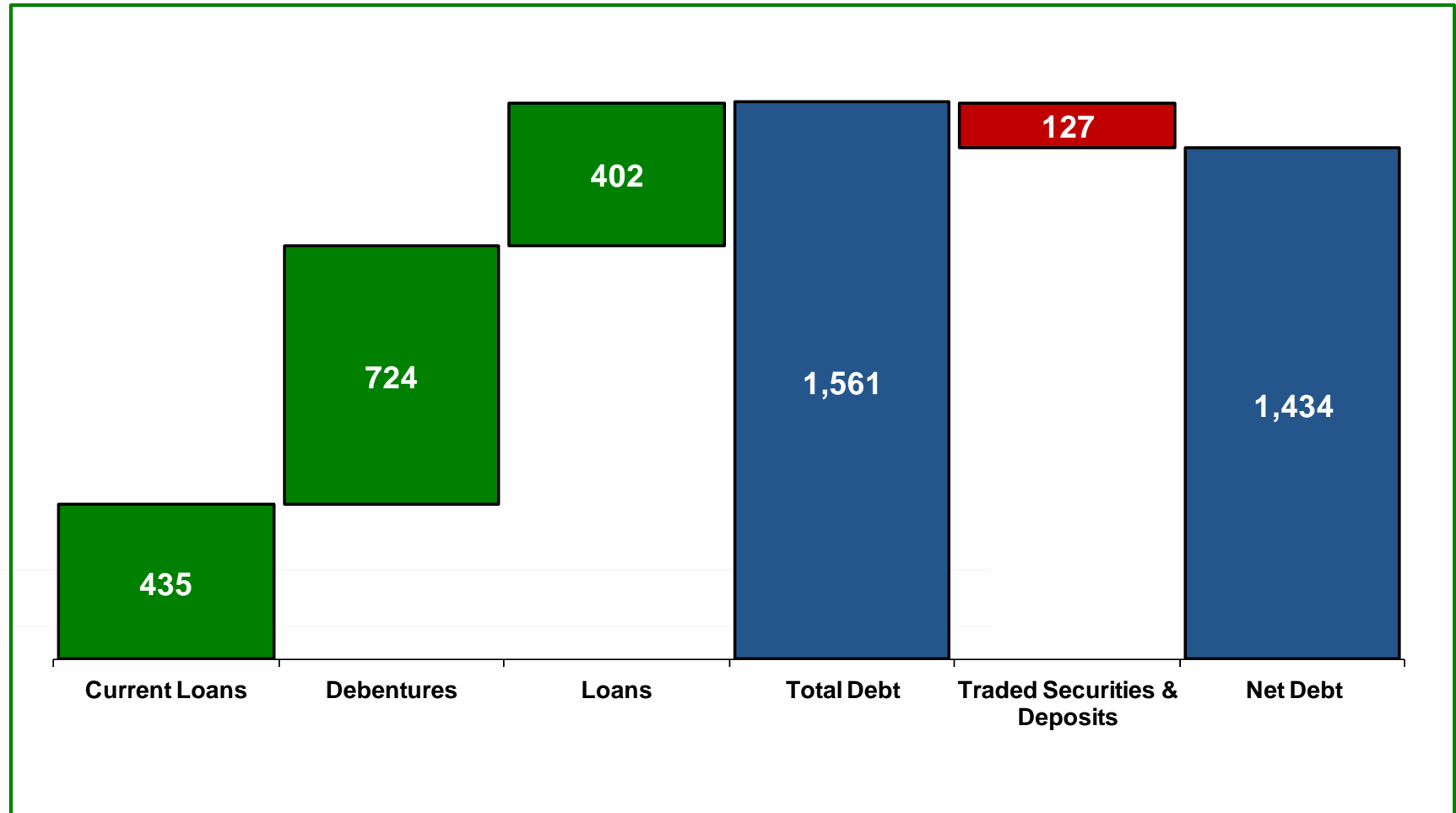
Consolidated P&L by Segments

As Reported - Second Quarter 2009 - (m. US\$)

	Refining Segment	Trade Segment	Petrochemical Segment		Cancellation of inter-company Transactions	Consolidated
			Polymers	Aromatics		
Revenues	959	190	92	99	(132)	1,208
COGS	<u>956</u>	<u>187</u>	<u>88</u>	<u>83</u>	<u>(128)</u>	<u>1,186</u>
Gross Profit	3	3	4	16	(4)	22
SG&A	11	1	5	6	(1)	22
Op. Profit, sectors	(8)	2	(1)	10	(3)	-
Other Expenses						(7)
Op. Profit						(7)
Finance Expenses						(6)
Equity						(1)
Pre-tax Profit						(14)
Income Tax						6
Net Profit						(8)

Consolidated Net Debt Bridge

30 June, 2009 (m. US\$)



Note: Loans & debentures include current maturities

Hydro-Cracker Investment - *Update*

Refining Margins Expected to Improve

Planning Stage Completed

Organizing Financing

- Discussions with Government Backed Export Credit Agencies (ECAs)
- Discussions with Israel Banking Sector
- Discussions with the local capital market

Activation planned end-2011 early-2012

Strategic Plan -

Projects Operational in 2009

Converting HVGO into Mild Hydrocracker – Completed Stage I

- Completed phase one in April 2009 – Increases complexity (Phase two mid-2010)
- Contributing to higher refining margins already starting Q2 09
- Gasoil refining capacity increased by 1.5%

Crude Unit 4 Shutdown and Upgrade – July 2009

- Shutdown for periodic maintenance
- Leveraging shutdown to upgrade unit to increase flexibility and utilization
- Will enable refining higher range of crudes starting Q3 09

Strategic Plan -

Projects to become operational in near future

Increasing Phthalic Anhydride – Q1 2010

- Increased manufacturing capacity of high-margin product

Increasing Paraxylene and Benzene Manufacturing - Q1 2010

- Increased manufacturing capacity of high-margin product

Converting HVGO into Mild Hydrocracker – Stage II

- Expected to end mid-2010
- Given success of Stage I, company moving to advance stage II
- Will contribute to higher refining margins; Gasoil refining capacity will increase by additional 1.5%

New Products

Bio-Diesel

- Announced readiness to provide advanced Bio-Diesel product to the local market

Improved Bitumene – PG-76

- Started providing this type of Bitumene to improve Asphalt quality

Oil Refineries - *Sound Foundation to Weather the Storm and Implement Strategic Plan*

Market Leading Refinery

- One of largest and most complex refineries in E. Mediterranean
- Fully Euro V Compliant

Unique Integration with Petrochemicals

- Fully integrated with Gadiv (50%) and Carmel Olefins (100%)
- Merger discussions with CAOL highlighted additional synergies

Understanding of Cyclical Markets

- Steadily beating regional benchmarks
- Management and technological team with long standing experience

Strong and Sound Balance Sheet

Now Projects Operational in 09

- Crude Unit 4 Upgrade & Mild-Hydrocracker will contribute to increased refining flexibility driving higher margins
- Increasing production of higher margin aromatic products

Thank You



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