

Oil Refineries Ltd.

2006 Results

March 22nd, 2007

Disclaimer

With regard to this presentation please note the terms of use in the website especially paragraphs 2,3,4,and 5 thereof.

The data in this presentation refers to the consolidated pro-forma statements as set out in Note 24 of the Company's financial statements, i.e. – the data relates to the Company's financial performance excluding both the financial results of ORA during the reviewed period and the capital gain recorded on the sale of ORA.



Agenda

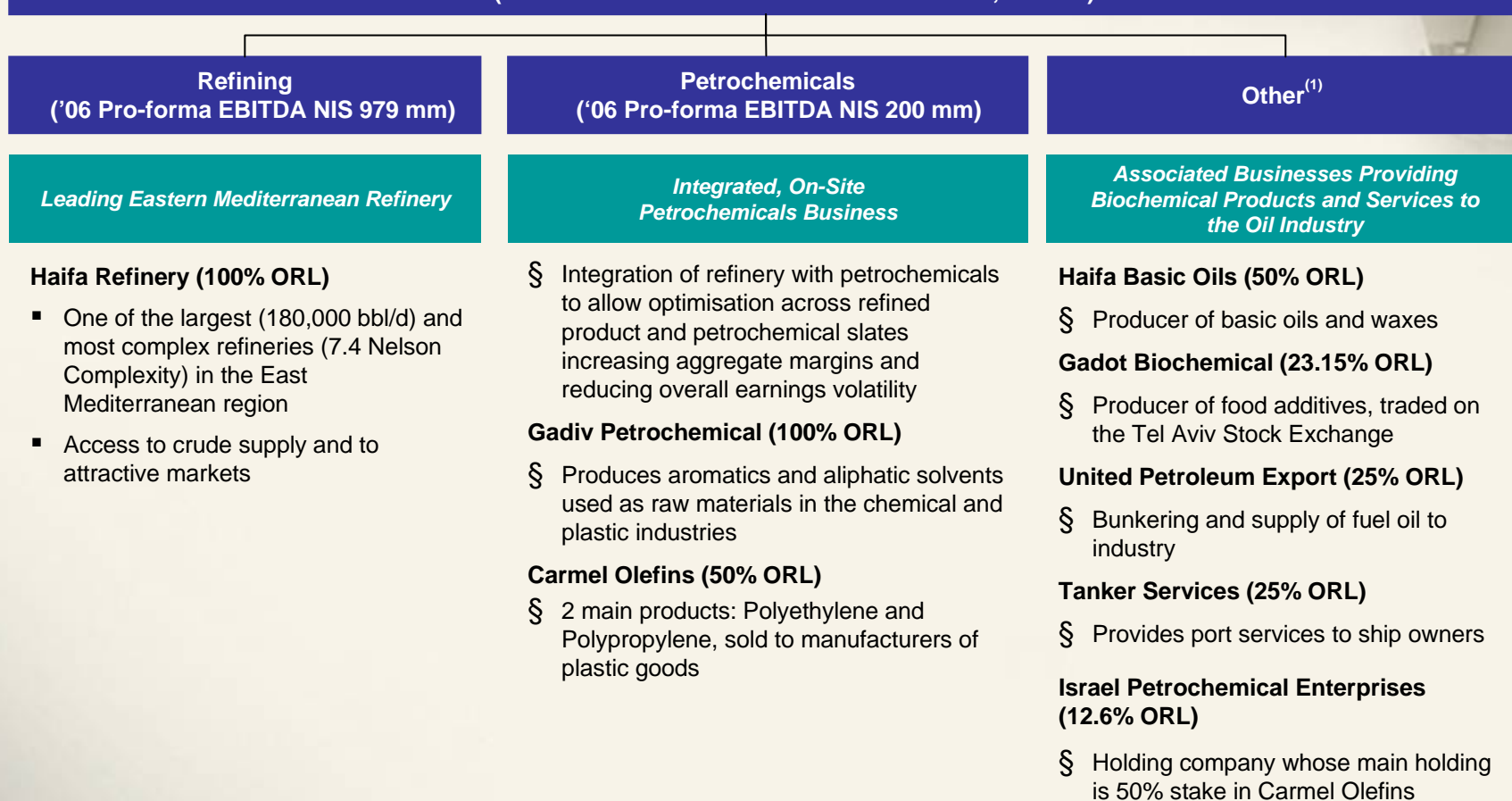
- **Company overview**
- Market overview
- Segment review
- Financial overview
- Outlook
- Q&A



ORL: Leader in Eastern Mediterranean Refinery & Petrochemicals

ORL provides exposure to the attractive East Mediterranean refining market and to an integrated petrochemical business

ORL (Consolidated Pro-forma 2006 EBITDA NIS 1,179 mm)



(1) "Other" activities are not consolidated but accounted using the equity method. In fiscal year 2006, "Other" activities contributed NIS 32.6 mm to ORL's net income.

ORL – Investment Highlights

High Quality Refinery

- § One of the largest (180,000 bbl/d) and most complex refineries (7.4 Nelson Complexity) in the East Mediterranean region
- § Track record of continuous investment and upgrading program
- § Strong refining margins and full compliance with 2009 Euro V standards

Strategic Location

- § By far the dominant player in the Israeli market with twice the capacity of its nearest competitor
- § Advantaged access to Russian and Caspian crude supply among others
- § Positioned near fast growing markets short high quality fuels: Turkey, Greece and Cyprus

Petrochemical Integration

- § Allows optimisation across refined product and petrochemical slates increasing aggregate margins and earning diversification
- § Cost efficiencies through use of joint facilities and joint management (Gadiv)

Strong Financial Position

- § Strong balance sheet with appropriate leverage
- § Strong cash flow generation allowing for growth CAPEX and dividend distribution

Growth Opportunities

- § Expansion of the petrochemicals activities and increasing synergies
- § Increasing refining complexity and flexibility
- § Efficiency improvements through natural gas introduction
- § Growth opportunities from more stringent fuel specifications
- § Potential for vertical integration and related energy business growth following privatization and market liberalization

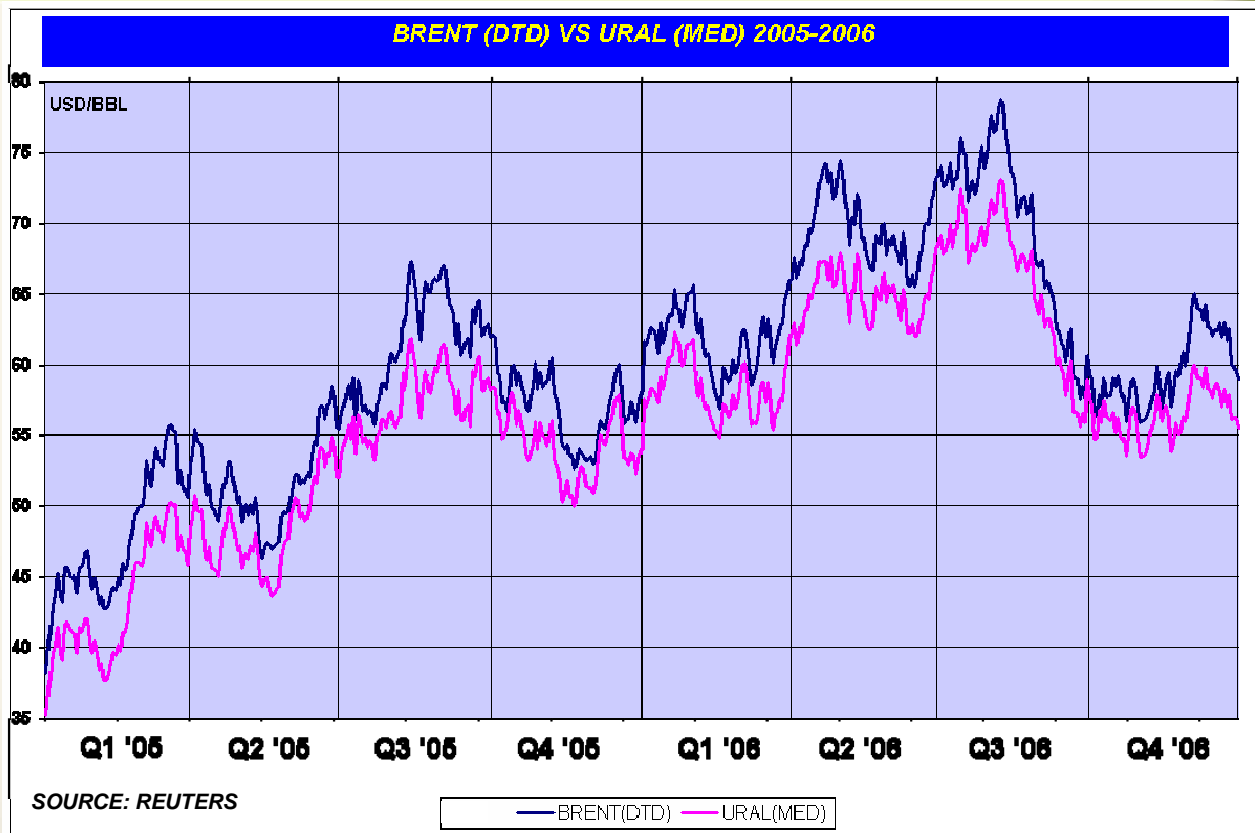


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Oil price

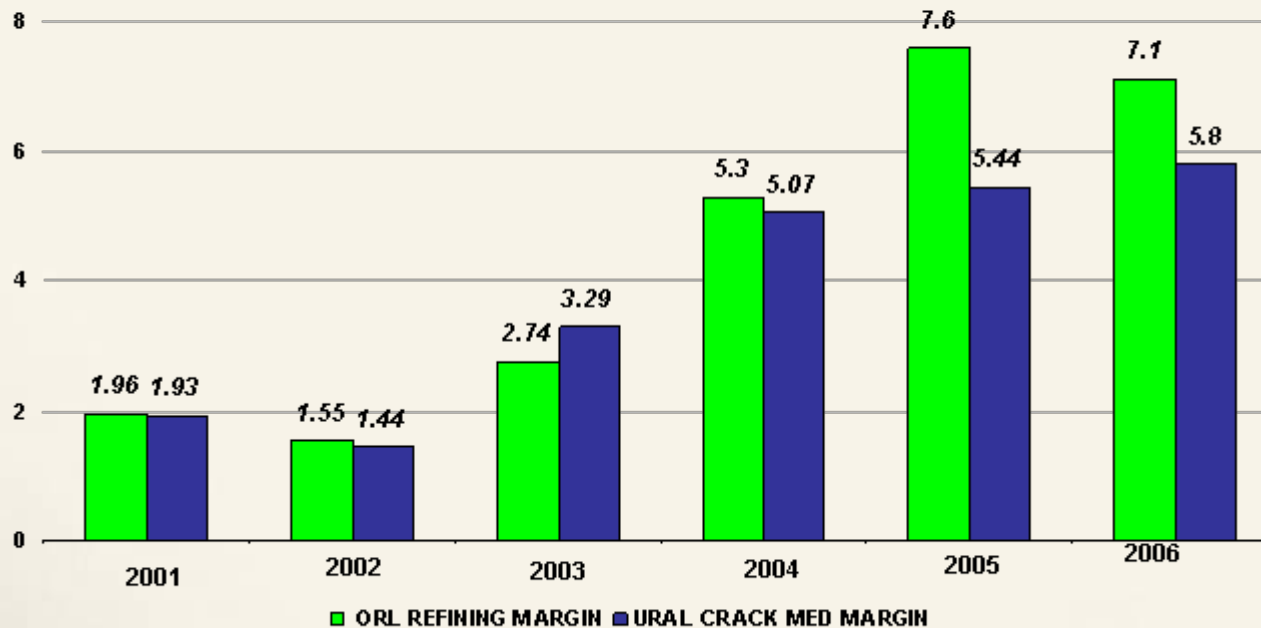


- The Brent crude oil average price for Q4 was USD/Bbl 59.60 a decrease of 14.4% compared to Q3'06 (69.60) and an increase of 4.75% compared to Q4'05 (56.90).

Refining margins

ORL VS MED REFINING MARGINS 2001-2006

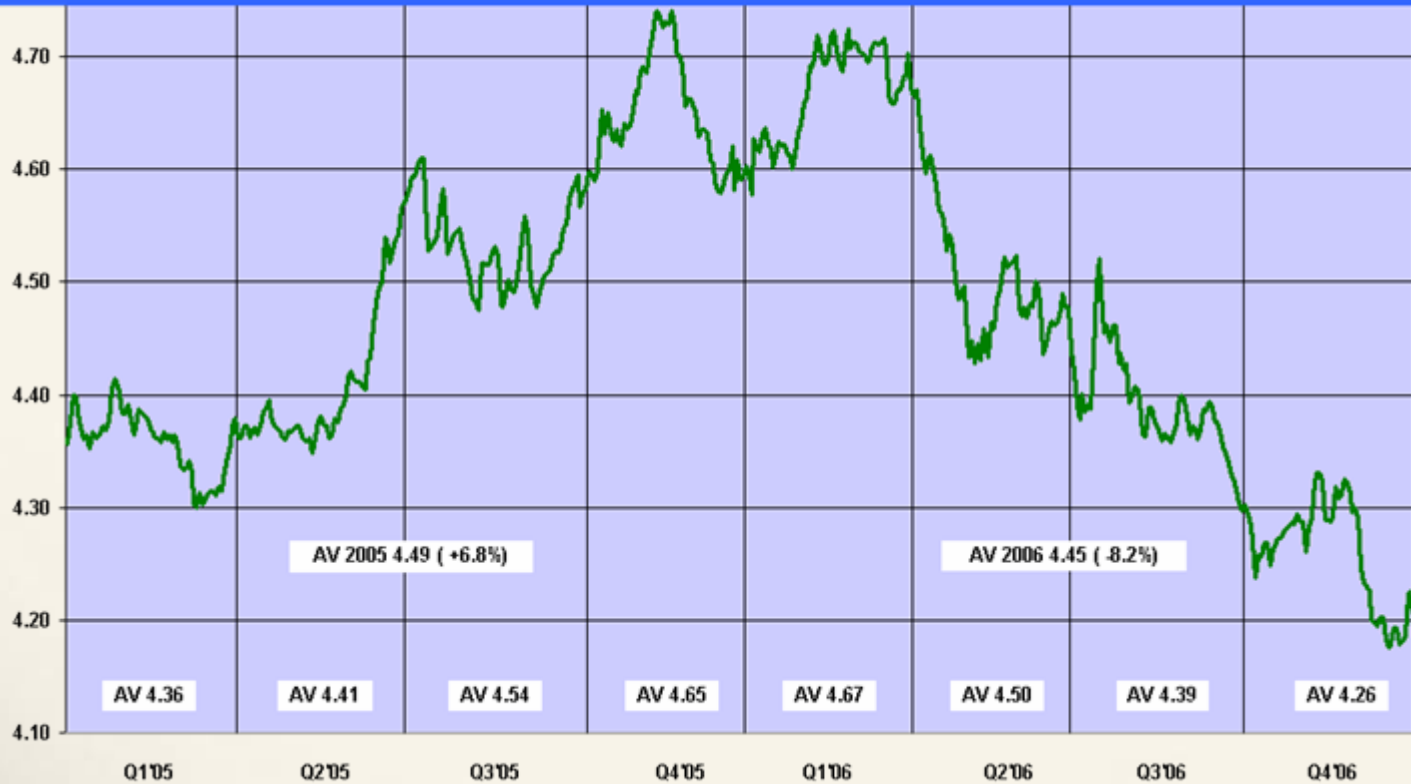
USD/BBL



Source: Reuters – European Urals Cracking Refineries in Mediterranean

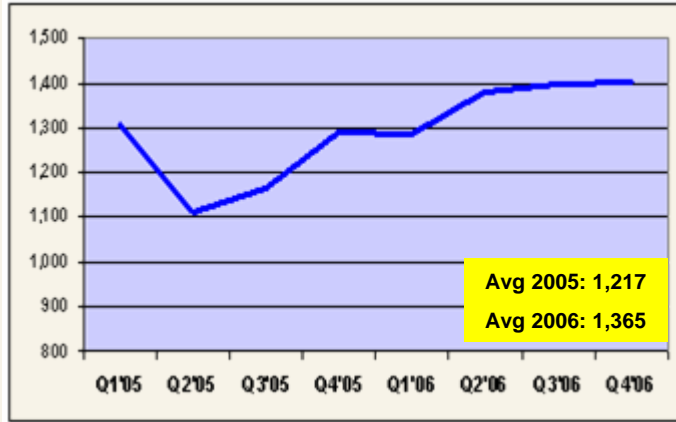
Exchange Rate

RATE OF EXCHANGE USD/NIS 2005-2006

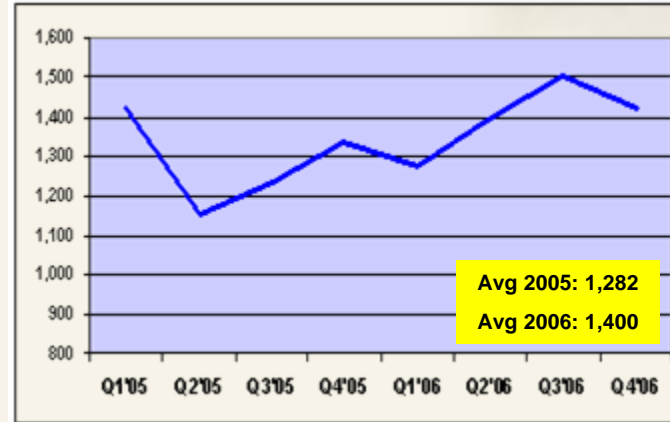


Polymers – Carmel Olefins Ltd

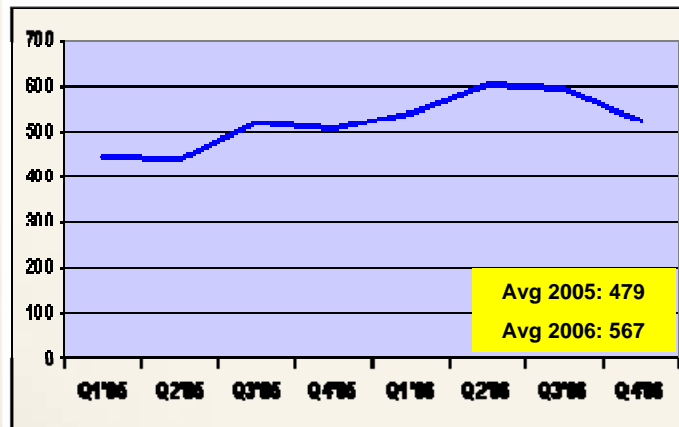
Polyethylene prices (USD/Ton)



Polypropylene prices (USD/Ton)

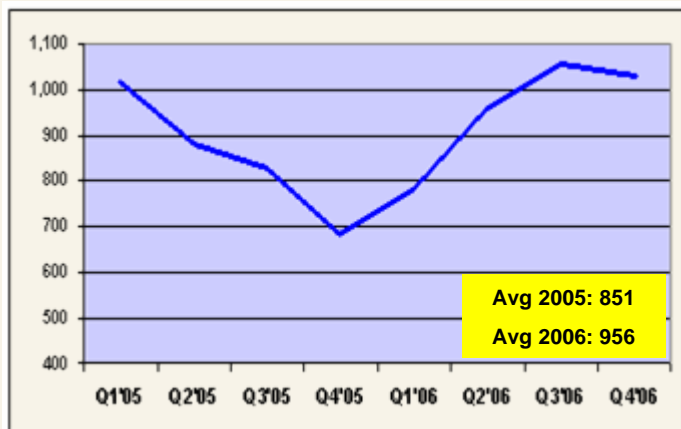


Naphtha prices (USD/Ton)

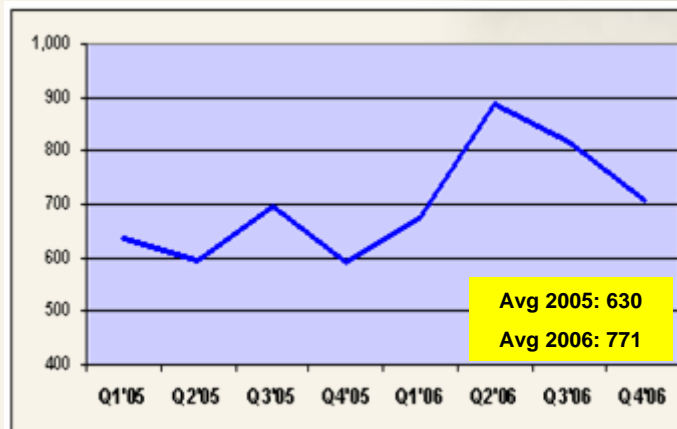


Aromatics – Gadiv Petrochemical Ind. Ltd

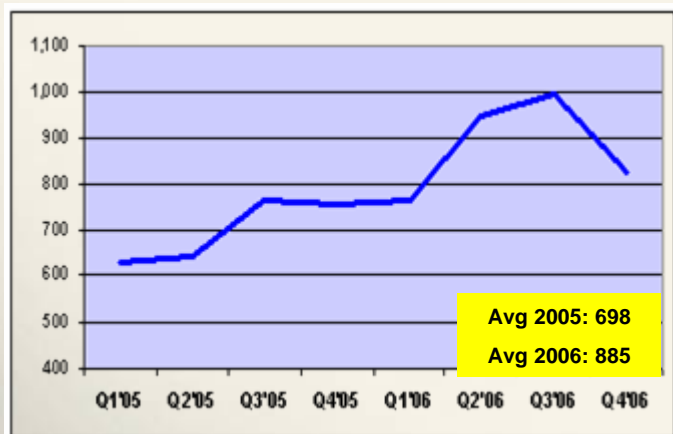
Benzene prices (USD/Ton)



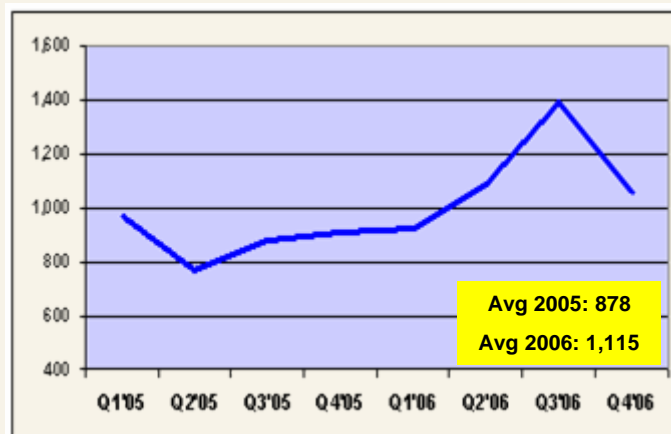
Toluene prices (USD/Ton)



Virgin Xylene prices (USD/Ton)



Paraxylene prices (USD/Ton)



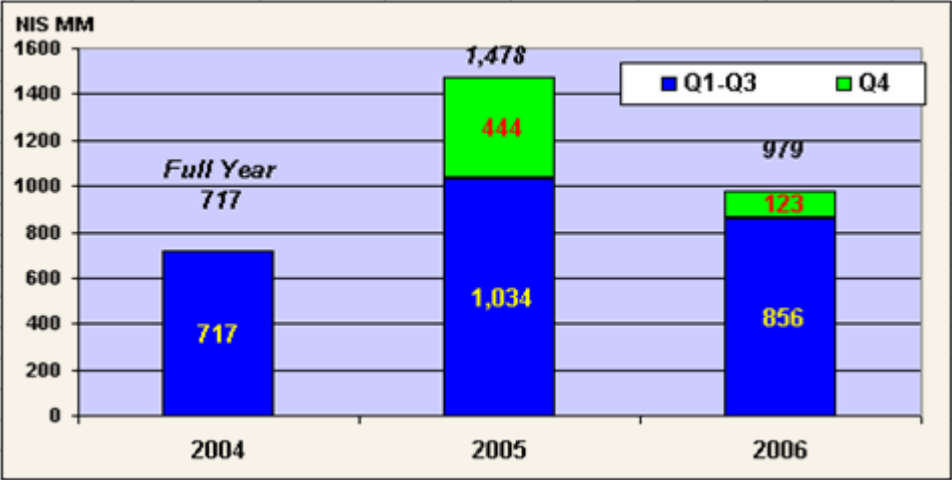
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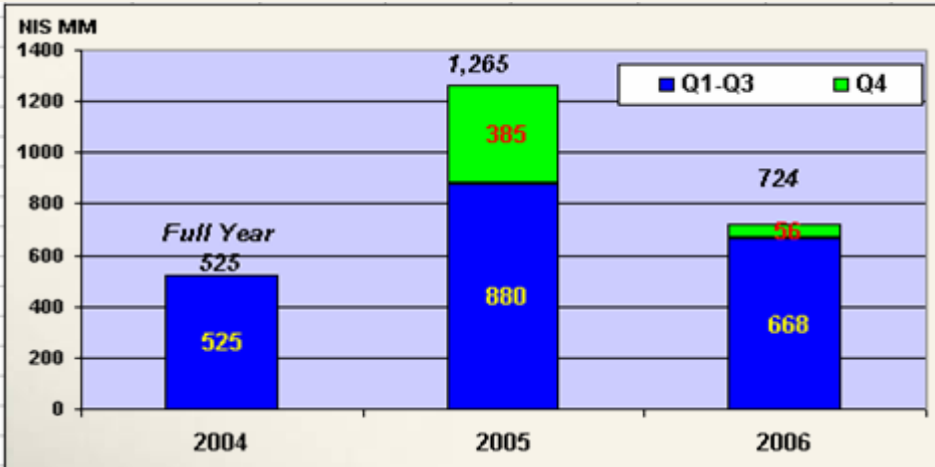


Refining results

REFINING EBITDA

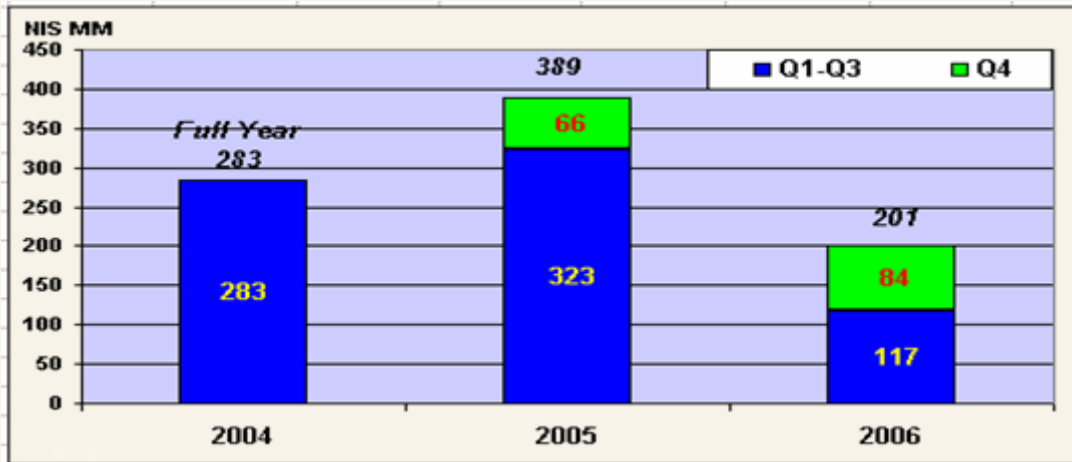


REFINING EBIT

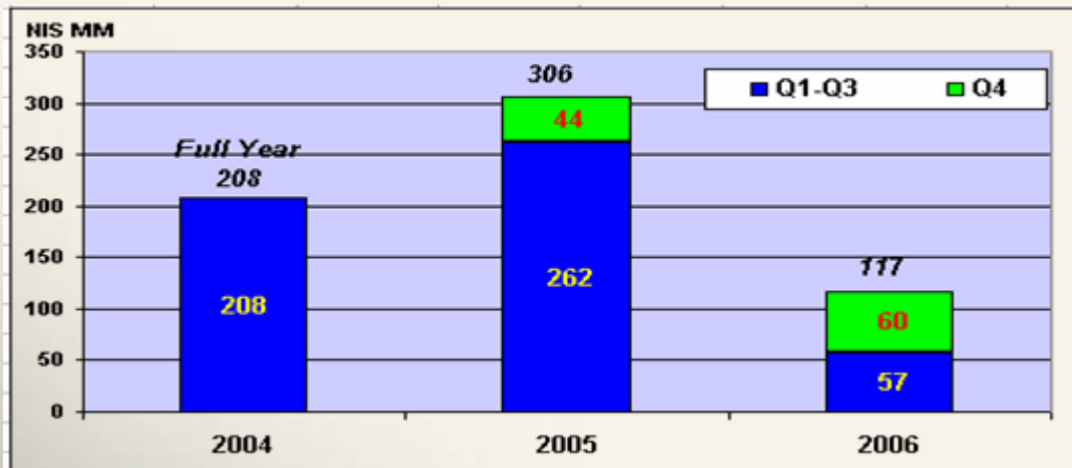


Carmel – Polymers (100 %)

CARMEL EBITDA

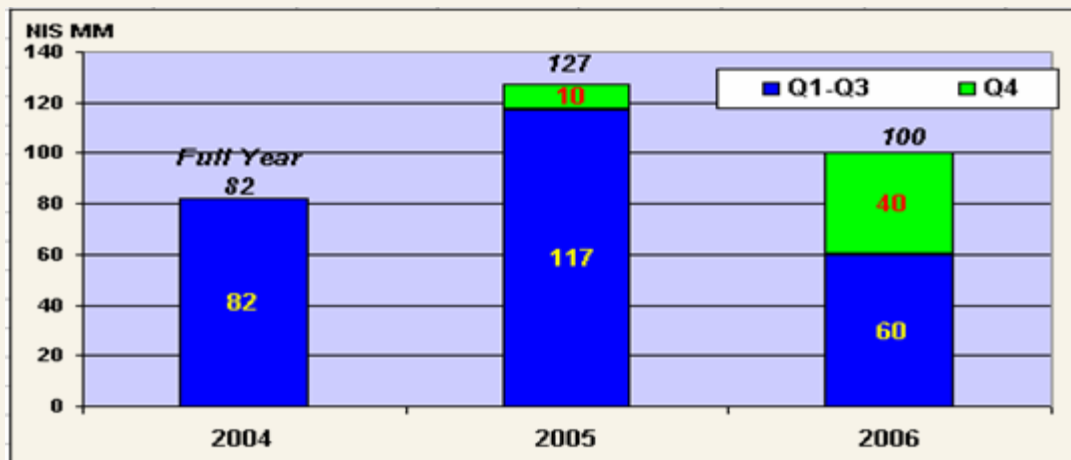


CARMEL EBIT

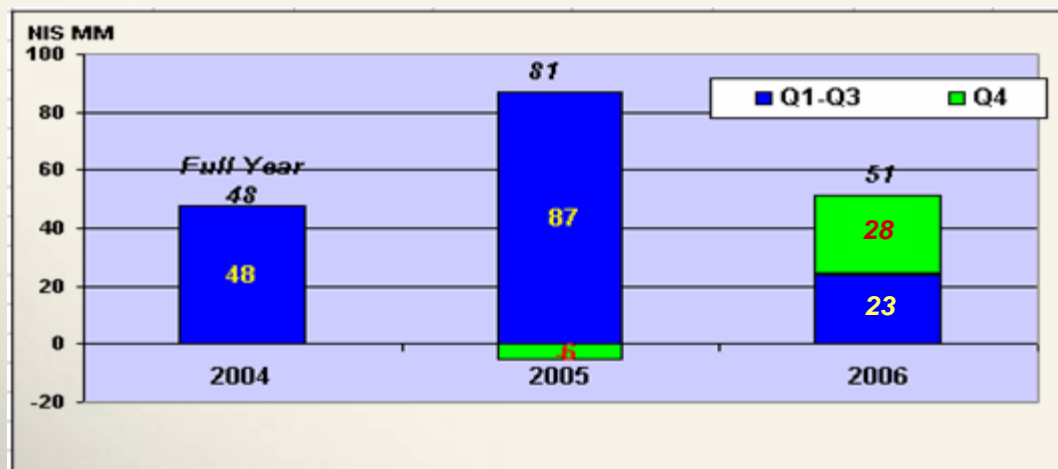


Gadiv – Aromatics (100%)

GADIV EBITDA

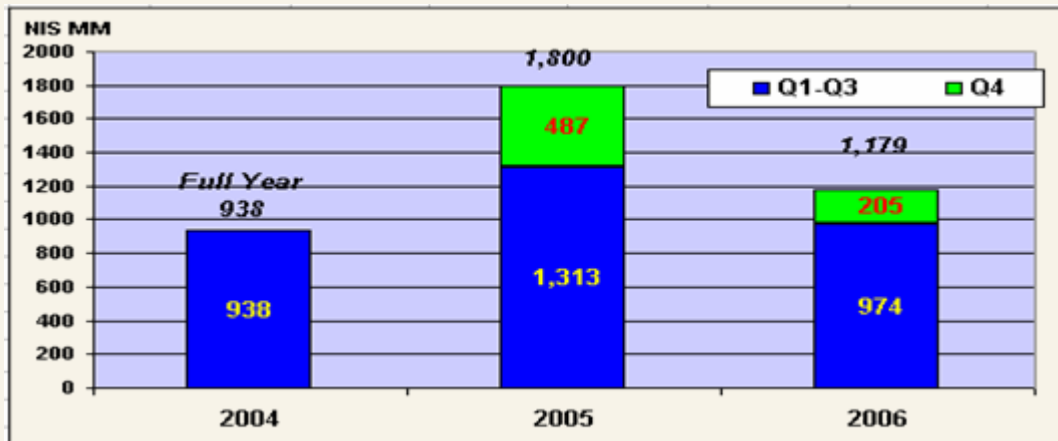


GADIV EBIT

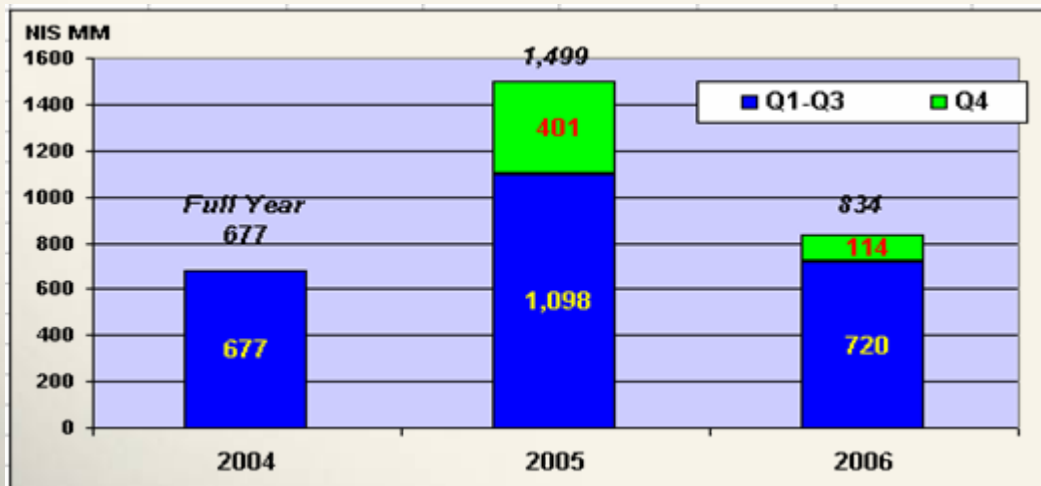


Consolidated EBITDA & EBIT

ORL CONSOLIDATED EBITDA

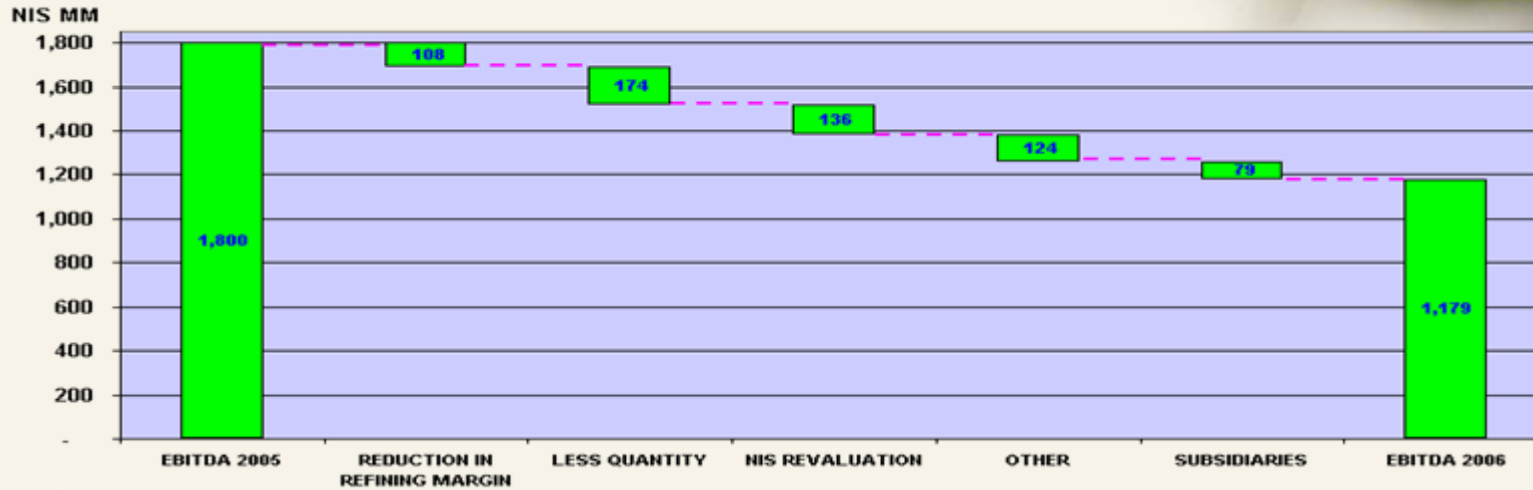


ORL CONSOLIDATED EBIT

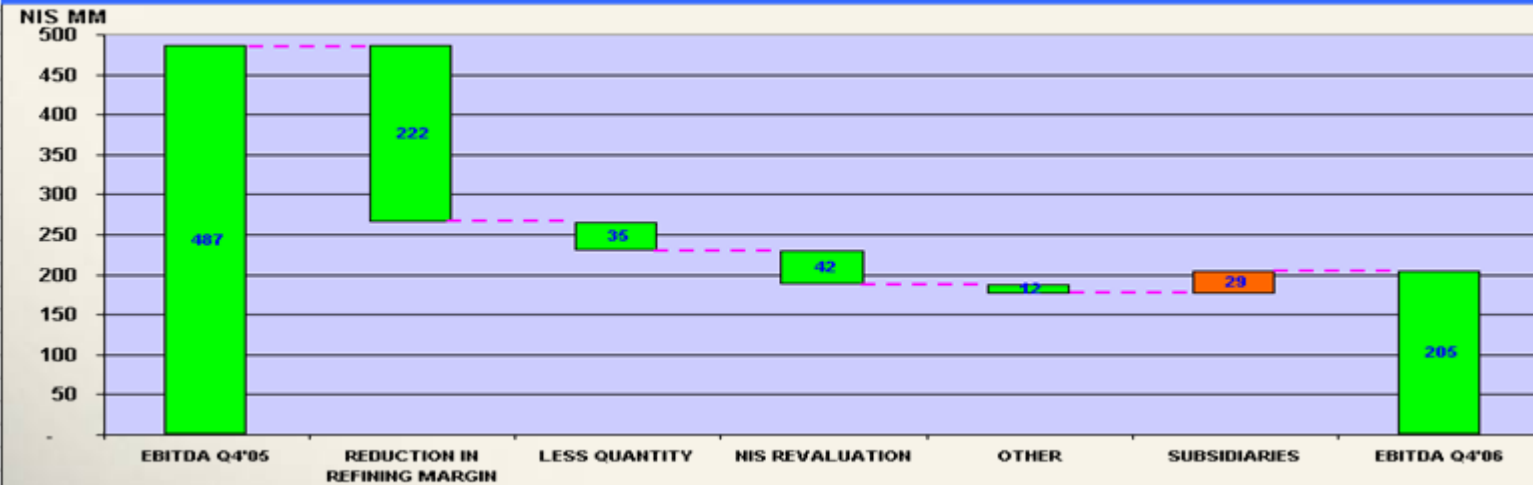


Consolidated EBITDA Bridge

EBITDA BRIDGE 2005 TO 2006



EBITDA BRIDGE Q4'05 TO Q4'06



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Consolidated Income Statement

ORL CONSOLIDATED RESULTS

NIS MM

	Q4'05	Q4'06	Q3'06	2005	2006
GROSS PROFIT	483	194	133	1,799	1,151
EBIT	401	114	56	1,499	834
FINANCING EXPENSES	51	15	23	144	106
TAXES	104	41	8	354	222
PROFIT AFTER TAX	246	58	24	1,001	506
INVESTEE COMPANIES	9	11	-	43	32
NET PROFIT	255	69	24	1,044	538
<i>EPS (NIS)</i>	<i>0.13</i>	<i>0.03</i>	<i>0.01</i>	<i>0.52</i>	<i>0.27</i>
<i>EBITDA</i>	<i>487</i>	<i>205</i>	<i>143</i>	<i>1,800</i>	<i>1,179</i>

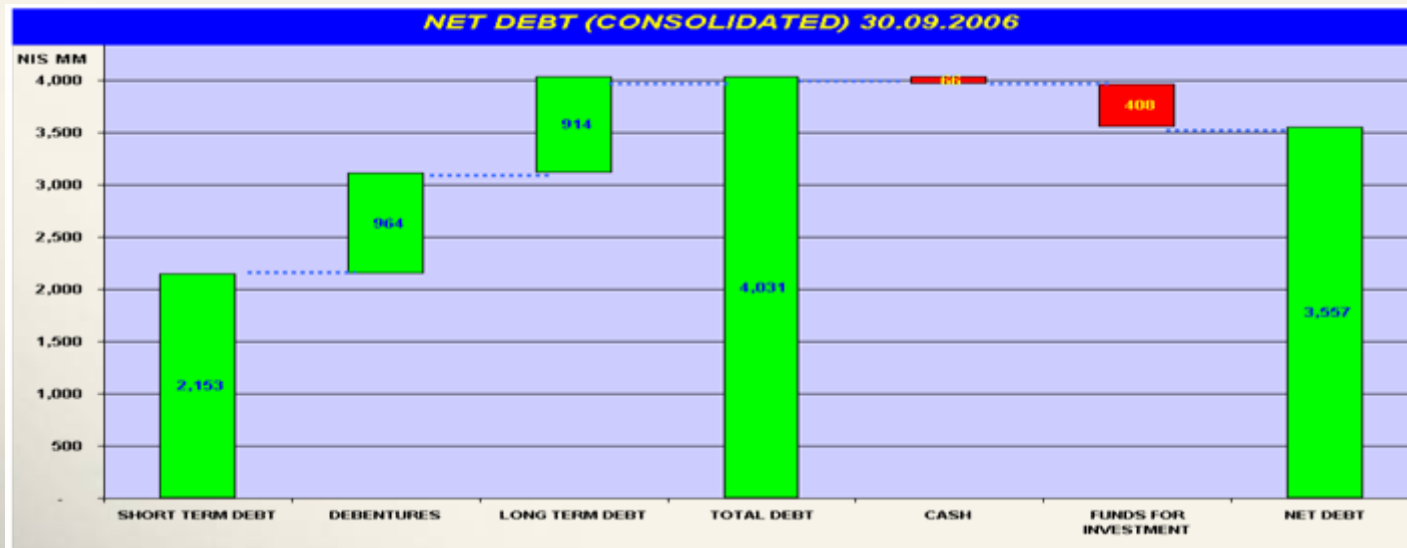
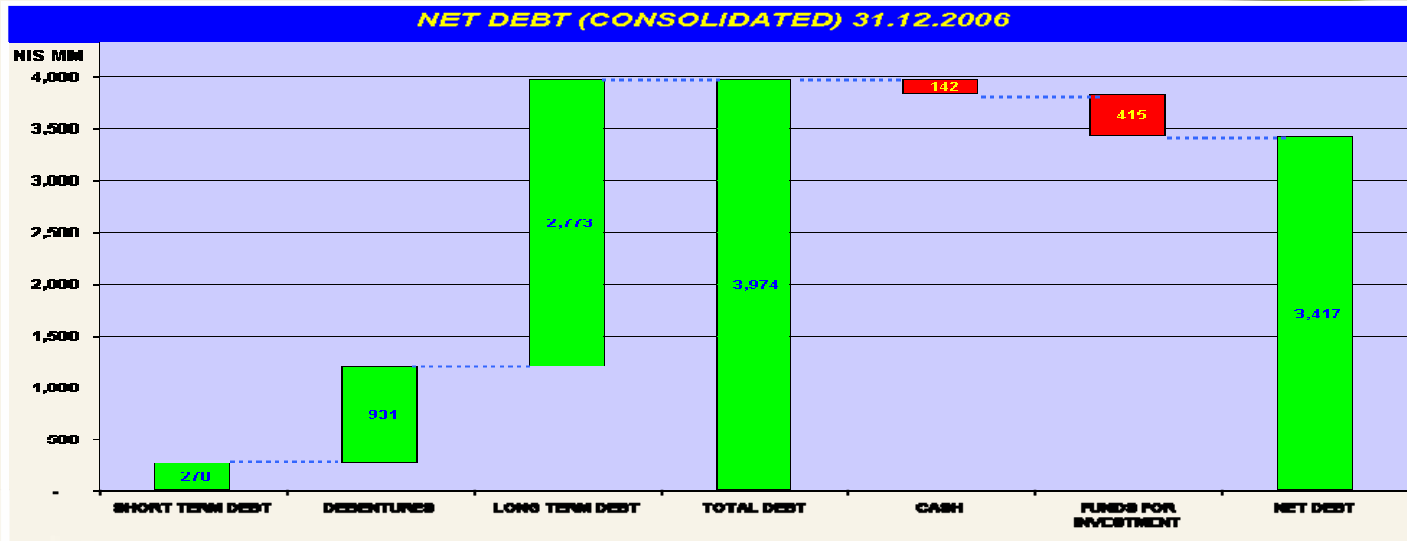
Consolidated Balance Sheet

CONSOLIDATED BALANCE SHEET

NIS MM

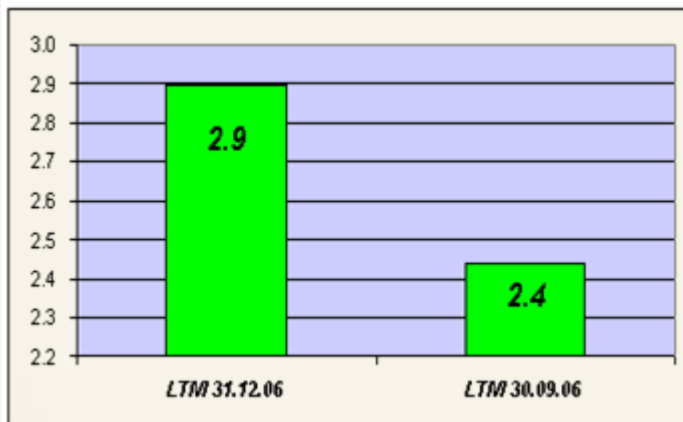
ASSETS	30.09.06	31.12.06	LIABILITIES & EQUITY	30.09.06	31.12.06
CASH AND CASH EQUIVALENTS	66	142	FINANCIAL CURRENT LIABILITIES	2,401	899
OTHER CURRENT ASSETS	1,852	2,059	OTHER CURRENT LIABILITIES	1,692	2,367
INVENTORY	2,384	2,738		4,093	3,266
	4,302	4,939			
			LONG TERM FINANCIAL LIABILITIES	1,616	3,061
LONG TERM INVESTMENTS	533	544	LONG TERM LIABILITIES	801	806
				2,417	3,867
FIXED ASSETS	3,851	3,902			
FUNDS FOR INVESTMENT	408	415			
OTHER ASSETS	49	48	SHAREHOLDERS' EQUITY	2,633	2,715
	9,143	9,848		9,143	9,848

Consolidated Net Debt

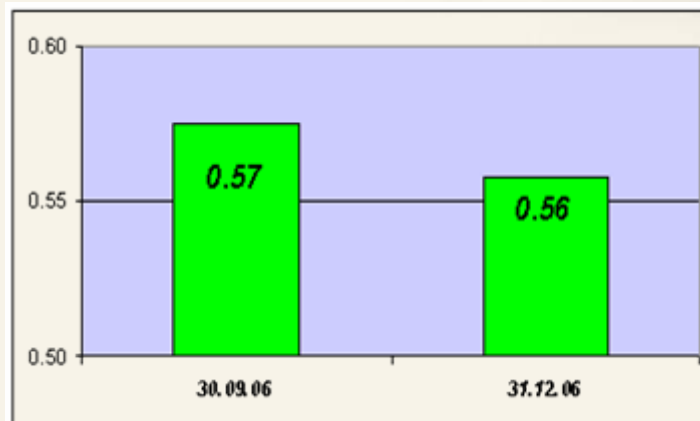


Key ratios

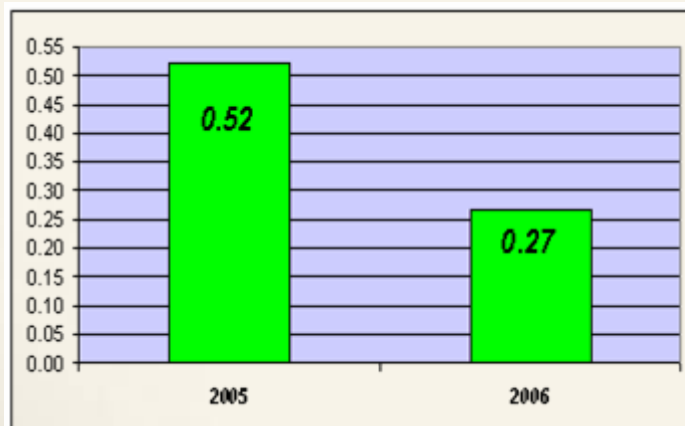
NET DEBT/EBITDA (LTM =LAST 12 MONTH)



NET DEBT/(NET DEBT +EQUITY)



EPS -EARNING PER SHARE (NIS)



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Outlook

- **Carmel Olefins starts new polypropylene plant successfully. New Propylene plant (OCU) to be commissioned in the second quarter**
- **ORL gets green light from Environmental Protection Ministry to go for natural gas**
- **ORL pushes forward with environment related projects**

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