

Oil Refineries Ltd.

Fourth Quarter & Full Year Results

March, 2008



November 2007

ORL

Oil Refineries Ltd.

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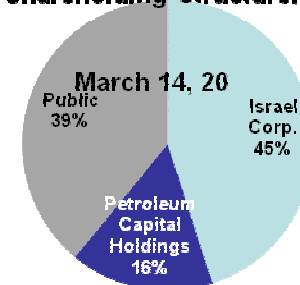
Oil Refineries - Overview

One of Israel's Largest and Most Complex Energy Groups

Listed on TASE: Mkt. Cap. \$1.9bn
Major Shareholder: 45.1% Israel Corp., \$8.2bn global holding co.

- Launched comprehensive \$1.1 billion, five-year strategic investment plan
 - \$850million to aggressively upgrade refining capabilities
 - \$270 million investment in environmental, safety and operational & product quality activities

Shareholding Structure.



Complex Refinery

- Leading East Mediterranean Refinery
- 2007 EBITDA NIS1,076m, 75% of total
- One of largest (180,000 bbl/d) and most complex refineries (7.4 NC) in East Med.
- Access to crude supply and attractive markets
- Export ~25%-30% of revenues

Integrated Petrochemicals

- Integrated petrochemical business increases margins and reduces volatility
- 2007 EBITDA NIS 352m, 25% of total
- **Gadiv Petrochemical (100%)**
 - Produces aromatics and aliphatic solvents
- **Carmel Olefins (50%)**
 - Produces Polyethylene and Polypropylene

In addition, Oil Refineries is invested in other businesses providing products and services to oil industry

2007 Highlights

We are an Integrated Refiner.. On the Move

February

- Privatized by the Israeli Government ; majority acquired by new dynamic and professional shareholders

July

- ORL shares join Premier TA-25 Index
- Carmel Olefins commissions new polypropylene plant, doubling production capacity to 450 kpta

August

- New professional Board nominated under Chairman Yossi Rosen
- Board approves \$50 million investment to upgrade largest crude refining unit 4

September

- Board of Directors approves distribution of a NIS 280 million dividend

November

- Launch \$1.1 bn, five-year strategic plan to restructure business
- *\$270m allocated for investment in improving environmental responsibility*
- *Reorganize into three sectors - Refining, Petrochemical and Trade, under a global HQ*
- Rating agency Maalot awards Company AA/Stable rating

December

- Complete a 3x oversubscribed, NIS 1.8 billion (\$474 million), three-series bond offering

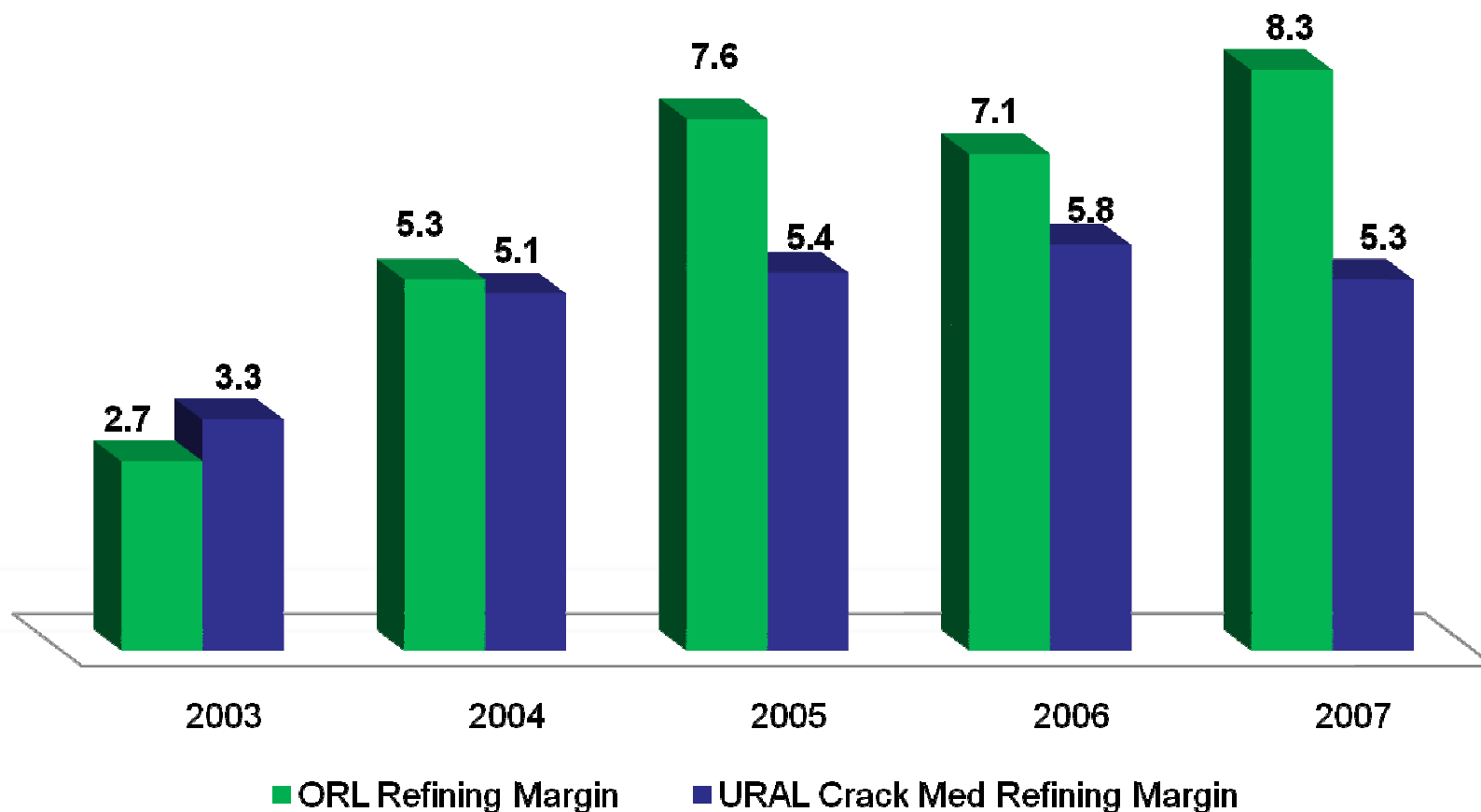
Refining Segment

One of largest and most complex Eastern Mediterranean refineries

- Produce 180,000 bpd, with 7.4 Nelson Complexity Index
 - Euro V transport fuel standard compliant
 - Ability to process wide range of crudes
 - Highly educated, technology driven, experienced workforce
 - Track record of continuous investment and upgrades
 - Leverage deep experience and knowledge to optimize production, maximizing returns
- Export represents ~25%-30% of revenues
 - Main export regions – Cyprus, Turkey and Italy

Annual Refining Margins (USD/bpd)

Steadily higher than regional benchmark since 2004

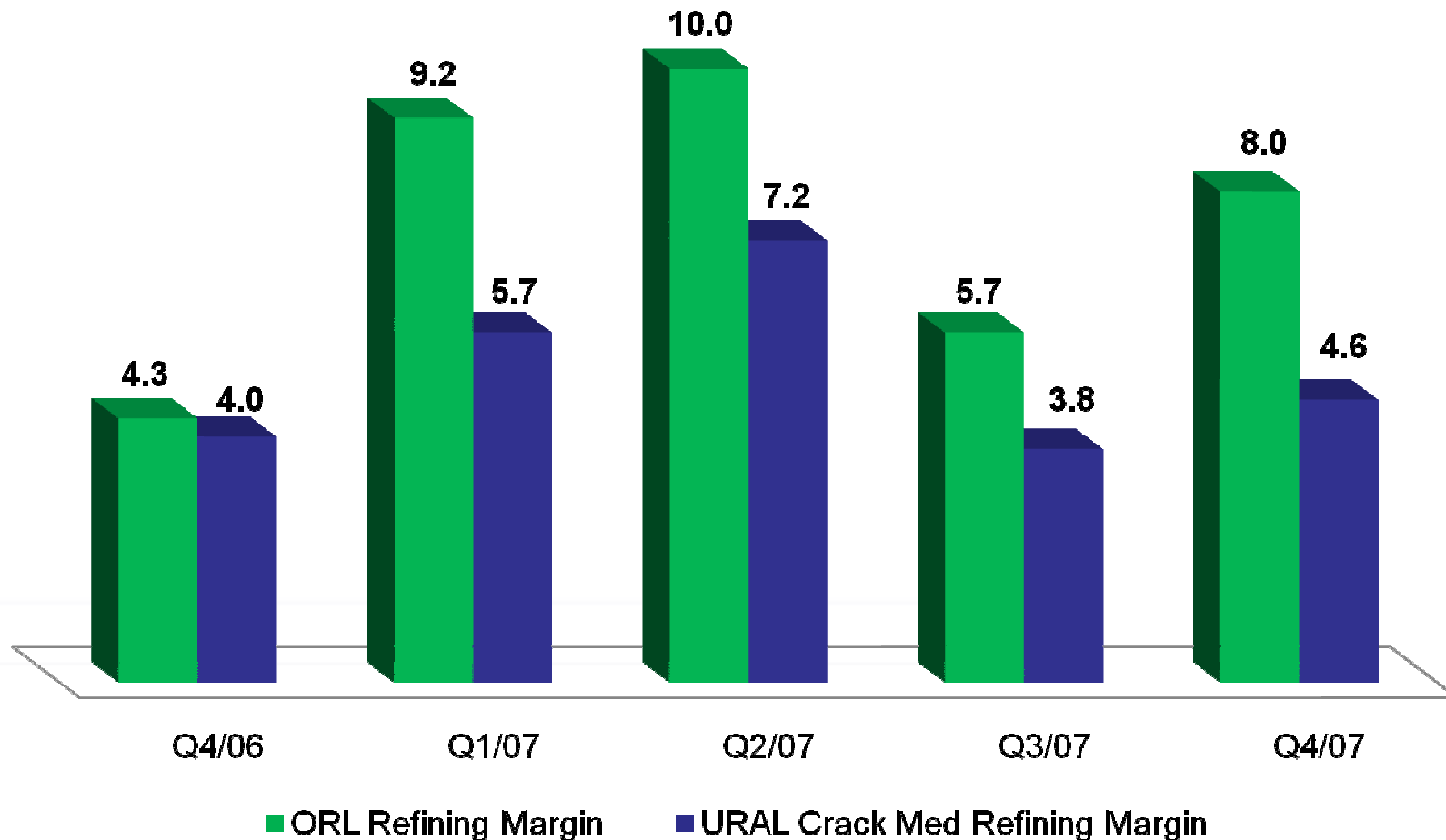


ORL margins include Ashdod till 2006

Source: Reuters – European Urals Cracking Refineries in Med. and ORL.

Refining Margins (USD/bpd)

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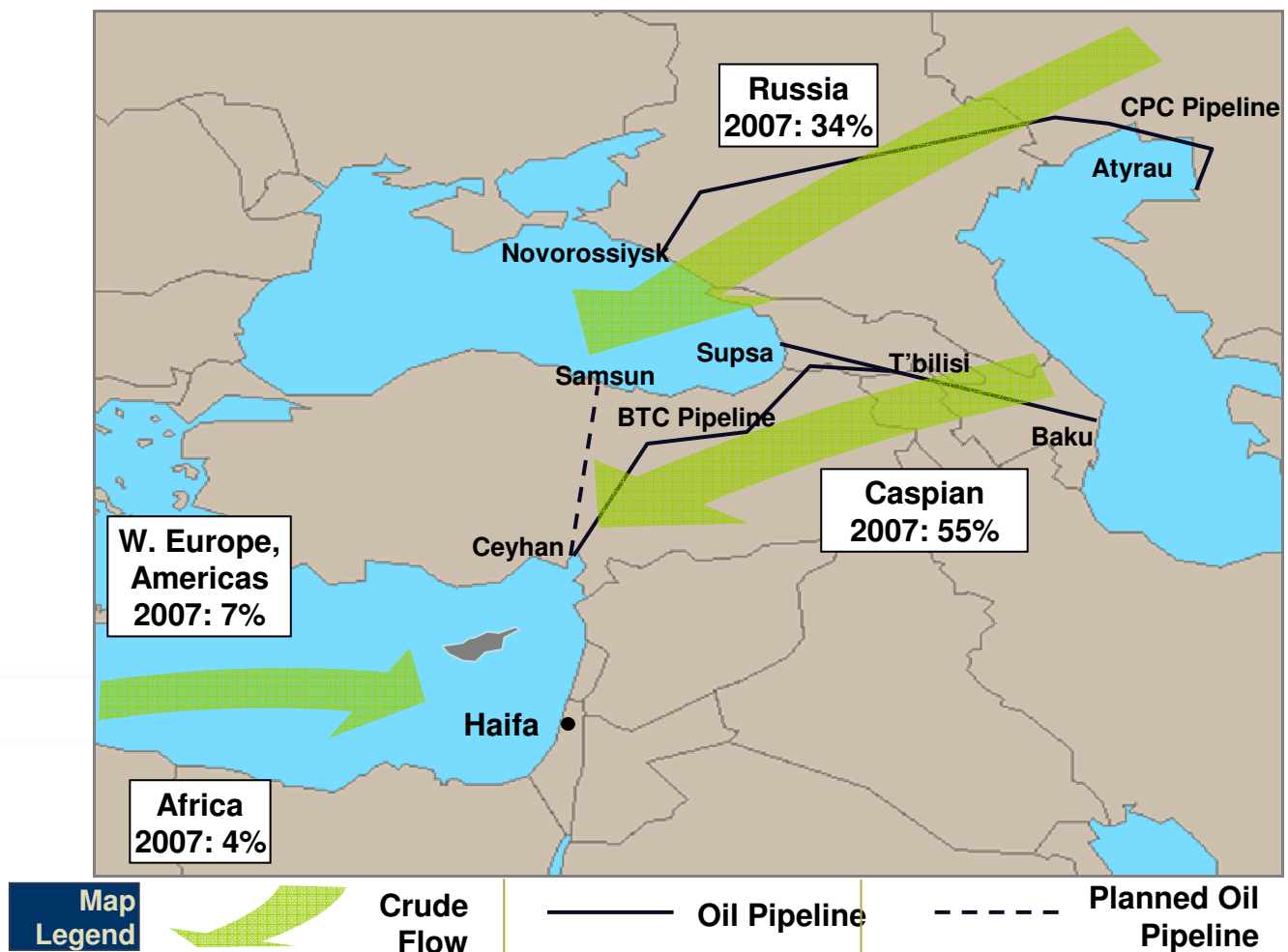


ORL margins include Ashdod till 2006

Source: Reuters – European Urals Cracking Refineries in Med. and ORL.

Crude Availability and Sourcing

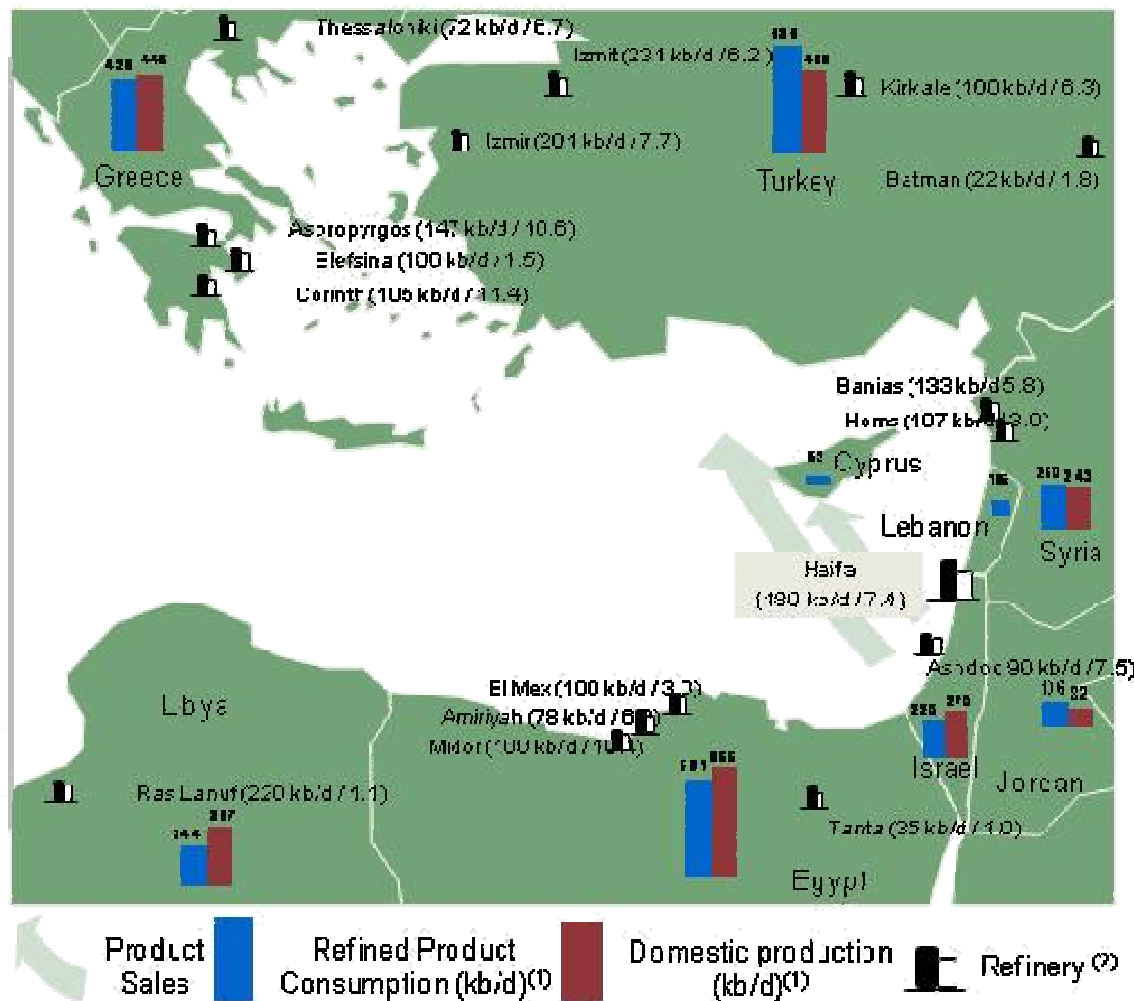
Cost Advantage due to Close Proximity to Russian & Caspian Crudes



Note: Nelson Complexity figures used. Source: Company reports / Oil & Gas Journal.
 (1) Source: Energy Information Agency (International Energy Annual 2004), PFC Energy, ORL (Nelson Complexity Data for Israel refineries).

Eastern Mediterranean Location

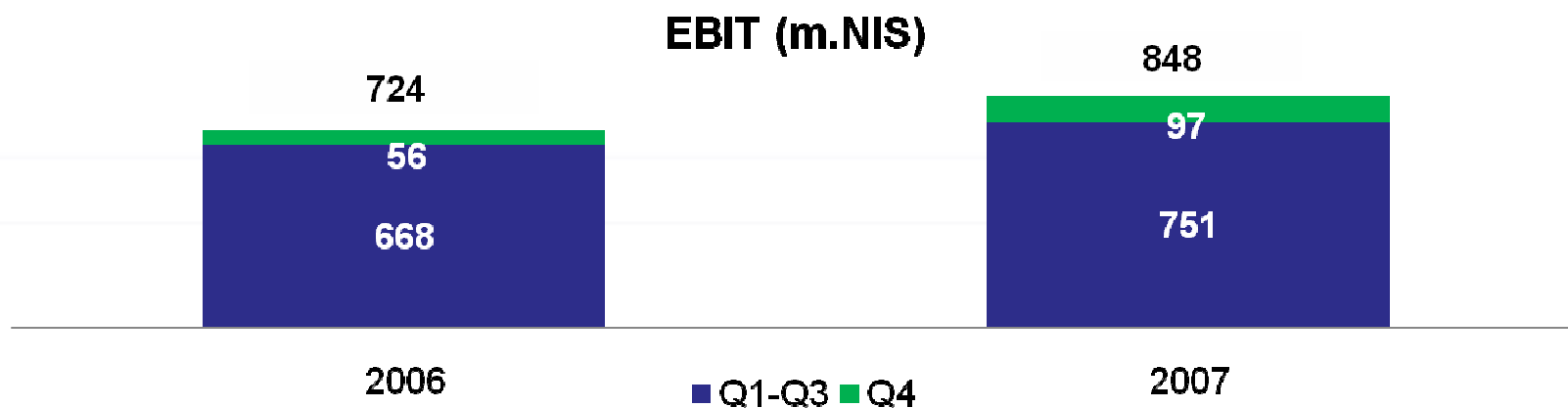
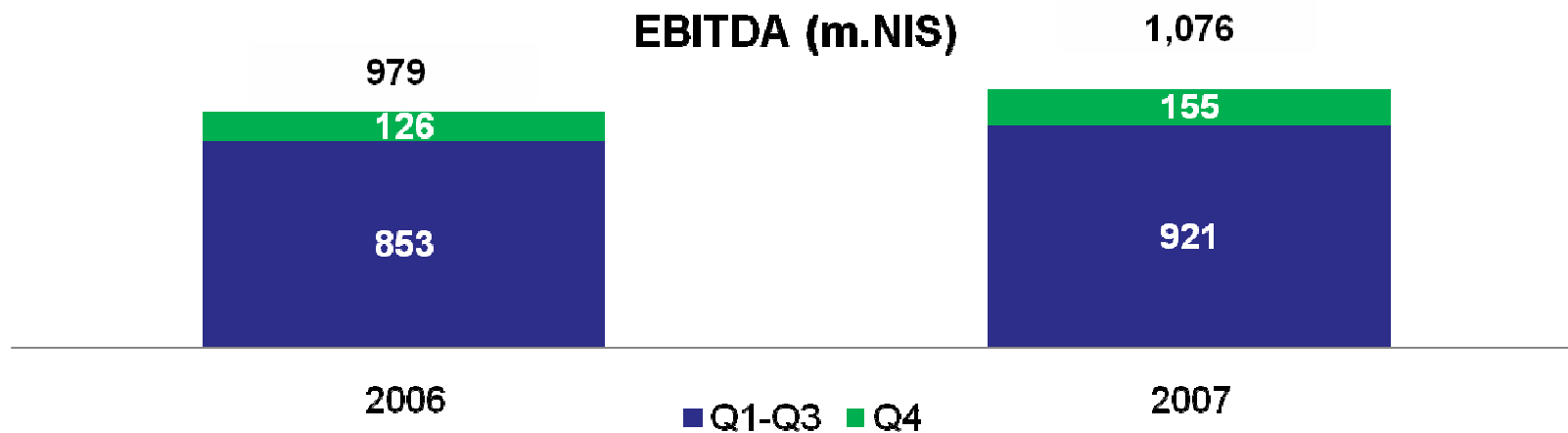
Growing Markets Short of High Quality Fuels



Source: Respective company reports / Oil & Gas Journal.
 Source: Energy Information Agency (International Energy Annual 2004), PFC Energy, ORL (Nelson Complexity Data for Israel refineries). (1)
 Data for each of the refineries includes: Location (Capacity / Nelson complexity). (2)

Refining Segment

One of largest and most complex Eastern Mediterranean refineries



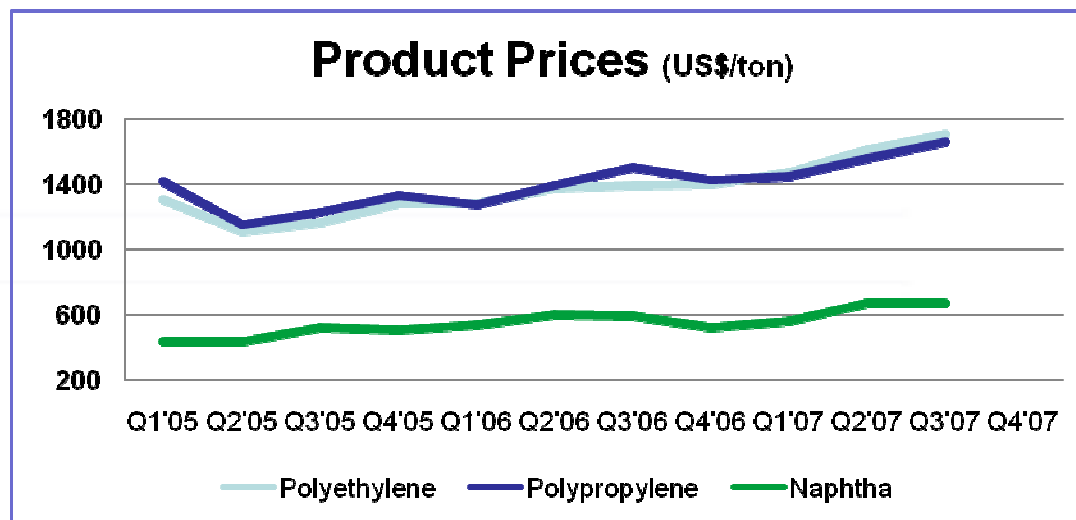
Numbers for 2005 and 2006 pro-forma and exclude sold-ORA(1)

Polymers Segment Carmel Olefins – (50%-

owned)

Synergies resulting in optimisation across product slates increasing aggregate margins

- Commissioned new polypropylene plant in Q3'07
 - Doubles polypropylene production capacity to 450 ktpa
- ~50% of products sold locally; balance exported
- Strong global demand for polypropylene, primarily in ORL's key markets (Turkey, etc.)
- Highly and steady cash-generative business

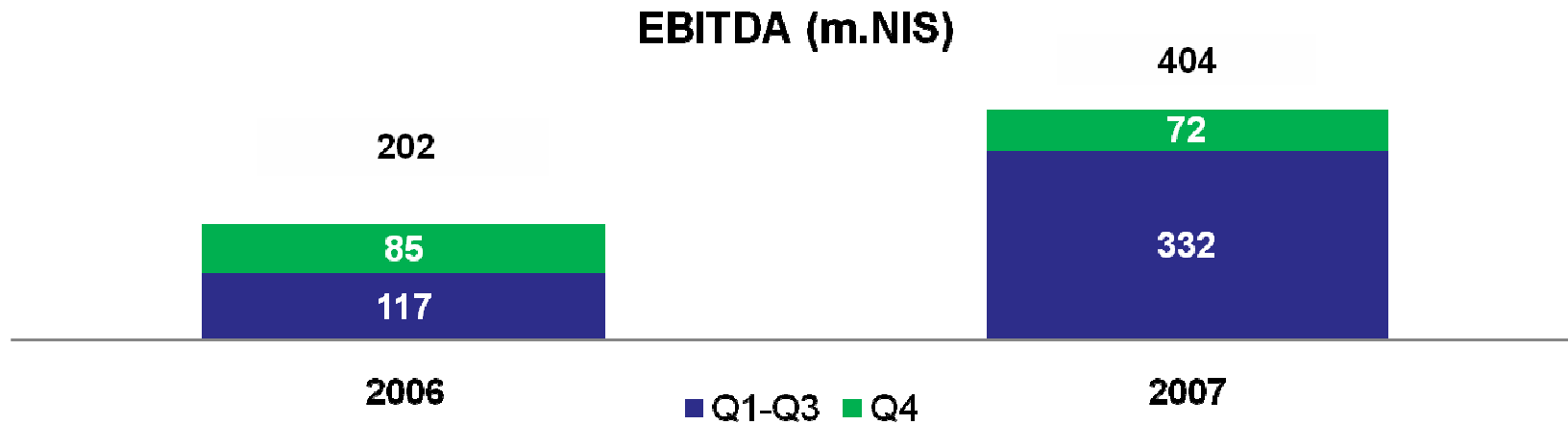


Numbers shown are on a 100% basis.(1)

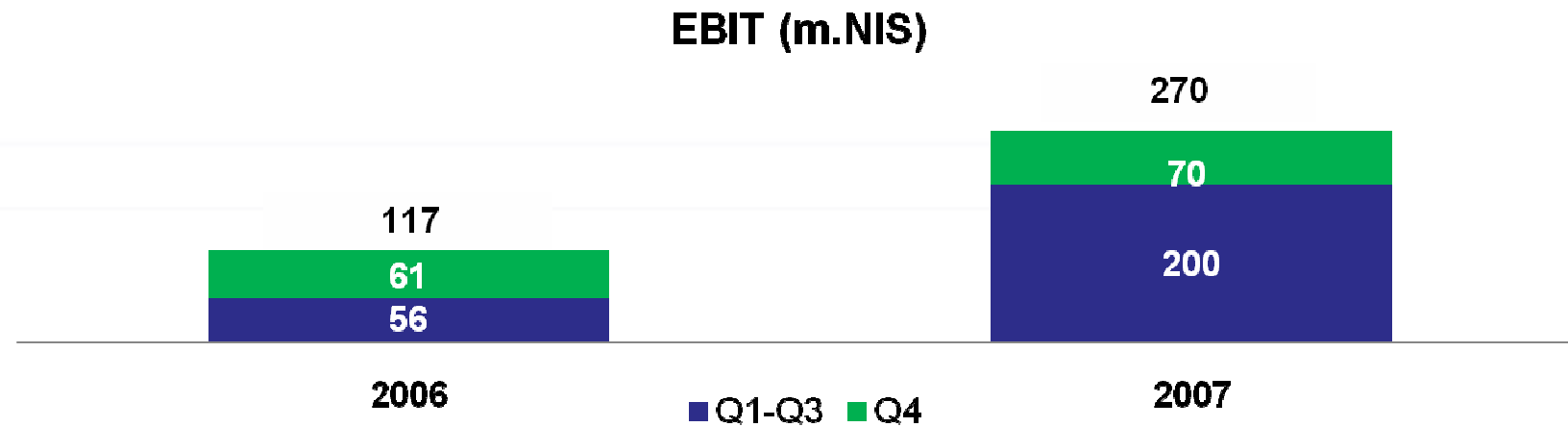
Polymers Segment Results

Carmel Olefins

EBITDA (m.NIS)



EBIT (m.NIS)

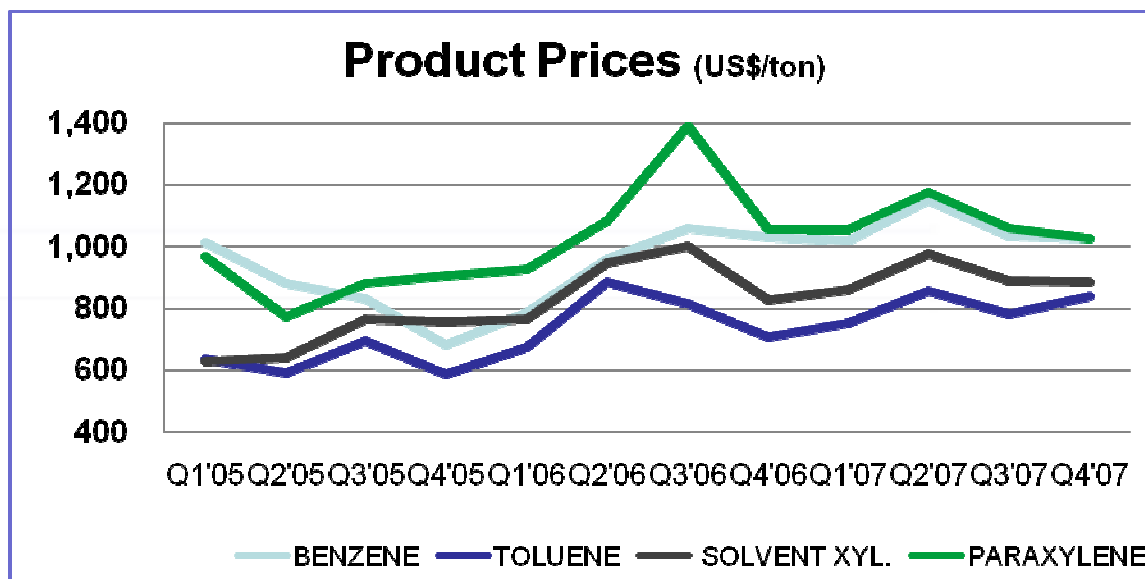


* Results for the 100%-company

Aromatics Segment Gadiv Petrochemical – (100%-owned)

Synergies resulting in optimisation across product slates increasing aggregate margins

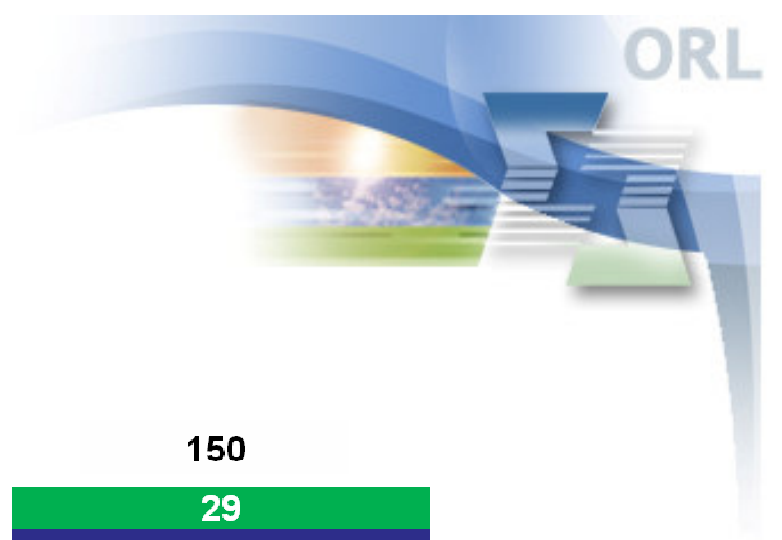
- One of Israel’s largest petrochemical companies
 - Capacity 470k tpa
 - All feedstock received from ORL
- Leading Mediterranean aromatics producer
 - Benzene, Toluene, Xylene, Paraxylene, Orthoxylene, Solvents, Phtalic Anhydride
 - Products used as raw materials in plastic, food, pharmaceutical and chemical industry
- Over 95% of products exported to 30 countries, mainly Europe, US and Far-East



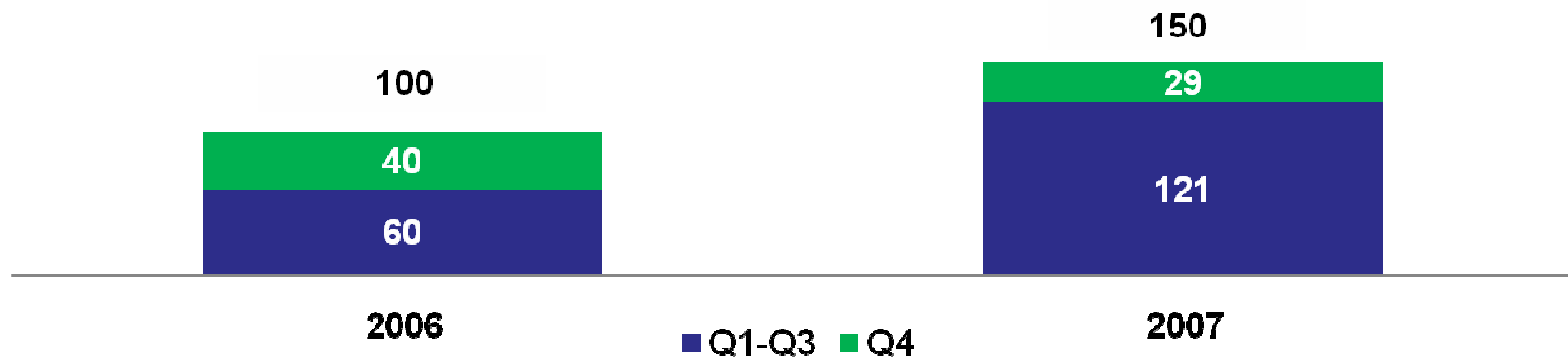
Source: ICIS

Aromatics Segment Results

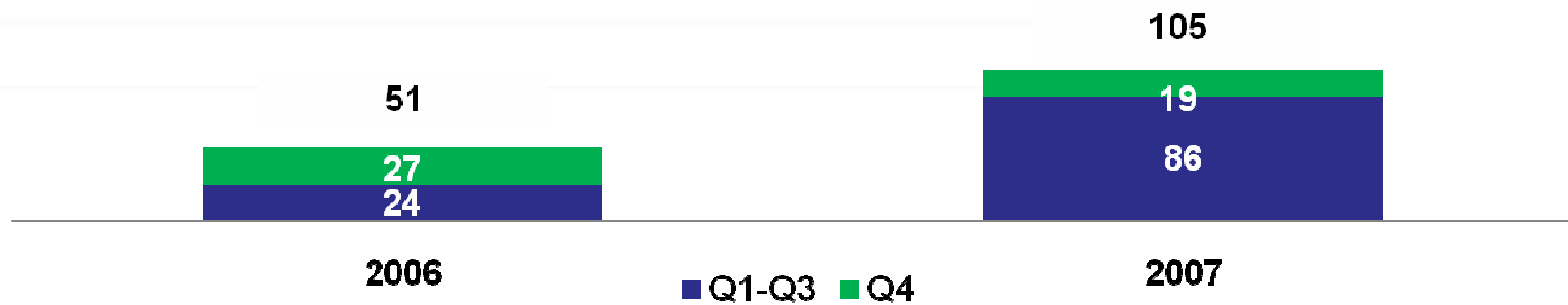
Gadiv Petrochemcial



EBITDA (m.NIS)



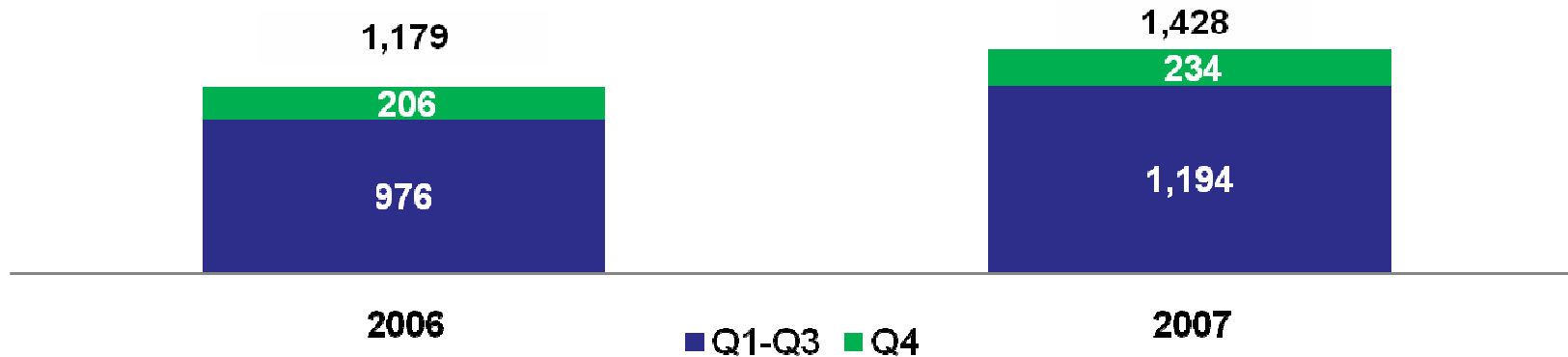
EBIT (m.NIS)



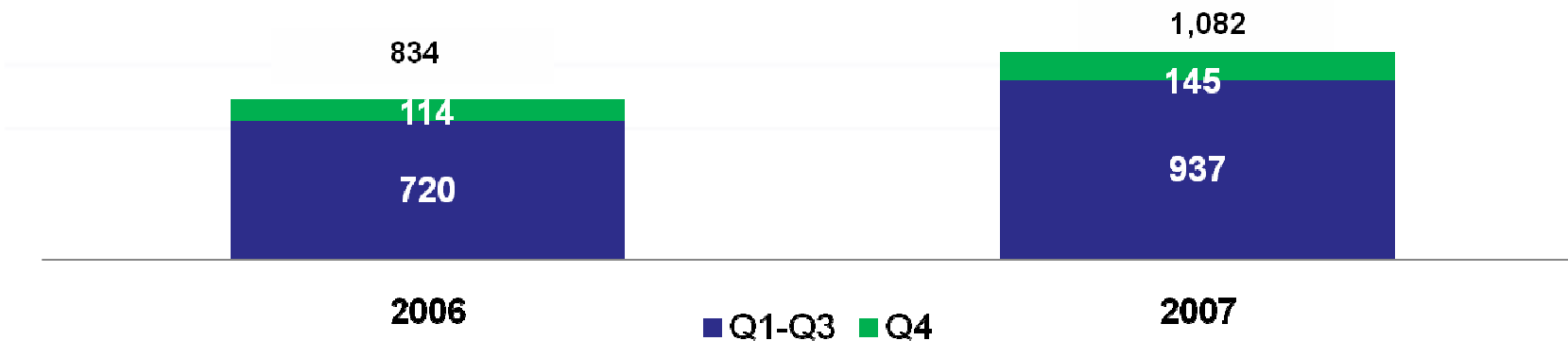
Oil Refineries

Consolidated Financial Results

EBITDA (m.NIS)



EBIT (m.NIS)

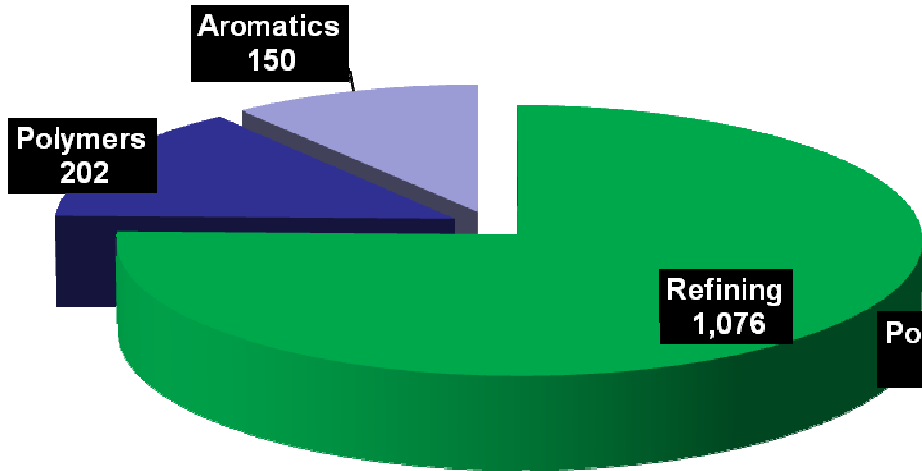


EBITDA Breakdown

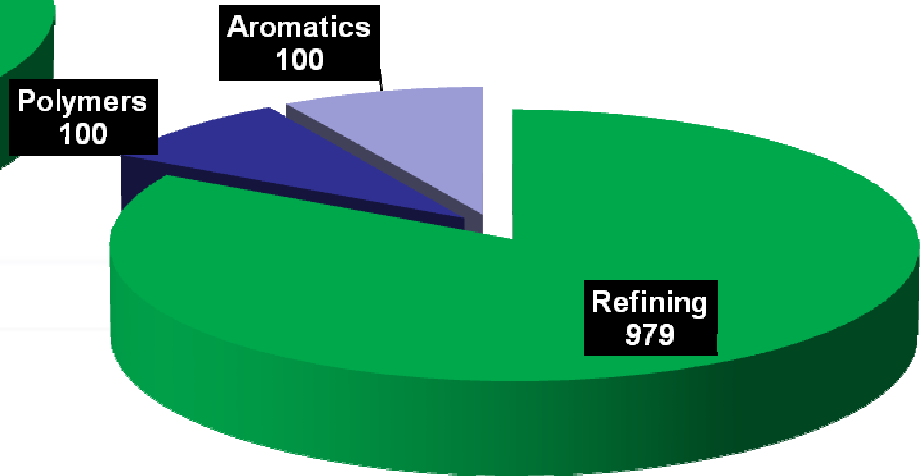
million NIS



EBITDA 2007 – 1,428

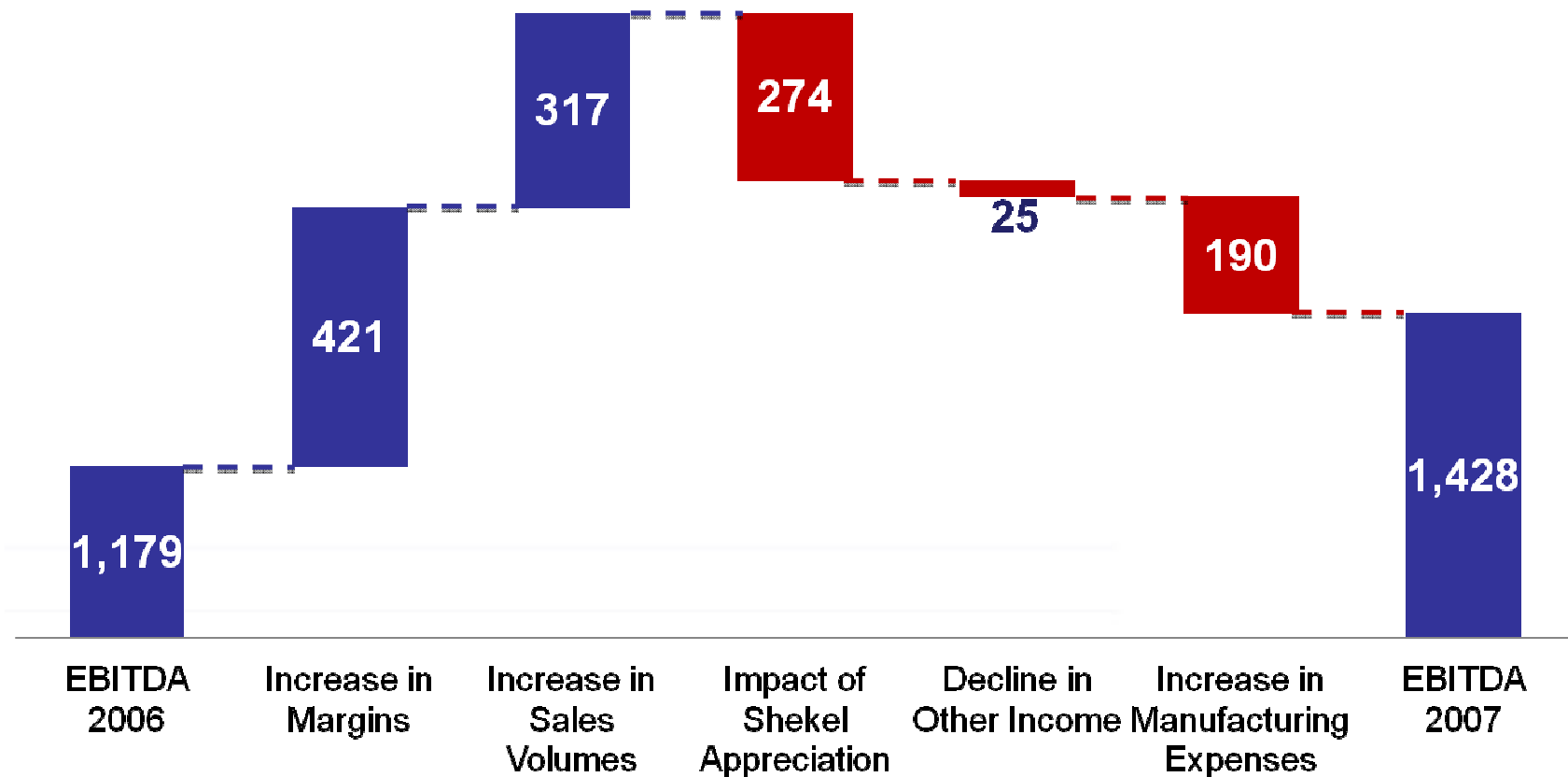


EBITDA 2006 – 1,179



Consolidated EBITDA Bridge

Full Year 2007 (m. NIS)



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(m. NIS)

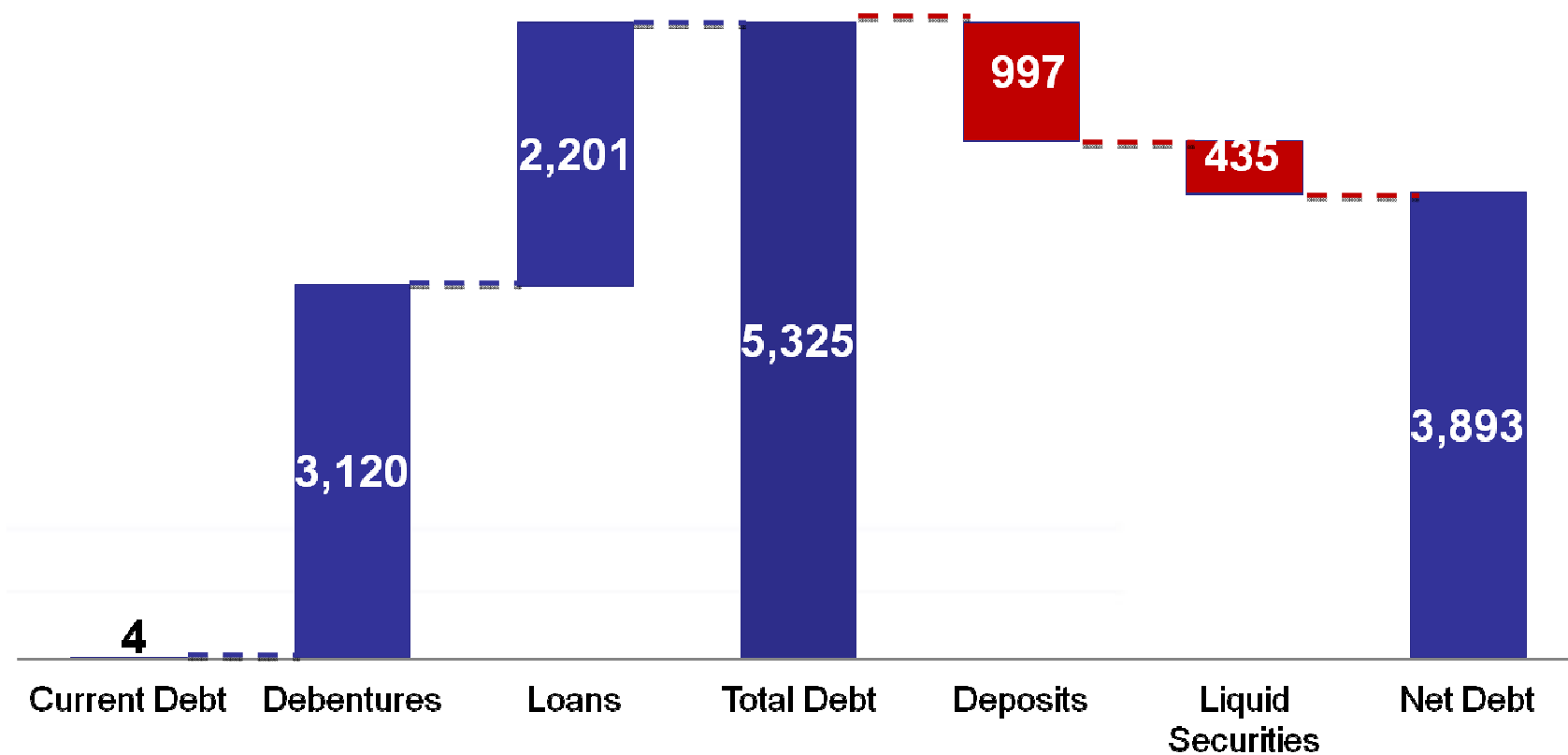
	<u>2007</u>	<u>2006</u>	<u>Q4'2007</u>	<u>Q4'2006</u>
Revenues	21,339	20,794	5,091	4,088
Gross Profit	1,496	1,150	247	193
Operating Profit	1,082	834	145	114
Finance Expenses	50	107	(30)	15
Privatization Grant	118	-	(1)	-
Tax	242	222	38	41
Profit after tax	673	505	140	58
Equity	20	33	(2)	11
Net Income	693	538	137	69
EPS	0.35	0.27	0.07	0.03
EBITDA	1,428	1,179	234	206

Consolidated Balance Sheet Highlights (m. NIS)

	Dec. 31, 2007	Dec. 31, 2006		Dec. 31, 2007	Dec. 31, 2006
CASH AND CASH EQUIVALENTS	997	142	FINANCIAL CURRENT LIABILITIES	831	899
MARKETABLE SECURITIES	435	415	OTHER CURRENT LIABILITIES	2,688	2,367
OTHER CURRENT ASSETS	2,008	2,058		3,519	3,266
INVENTORY	4,148	2,761			
	7,588	4,961	LONG TERM FINANCIAL LIABILITIES	4,498	3,061
			OTHER LONG TERM LIABILITIES	816	806
				5,314	3,867
LONG TERM INVESTMENTS	522	544			
FIXED ASSETS	3,871	3,880	SHAREHOLDERS' EQUITY	3,238	2,715
OTHER ASSETS	90	48		12,071	9,848
	12,071	9,848			

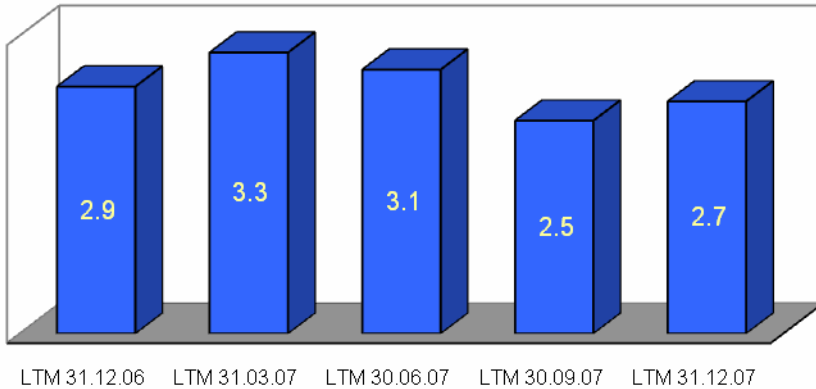
Consolidated Net Debt Bridge

(m. NIS) *as at December 31, 2007*

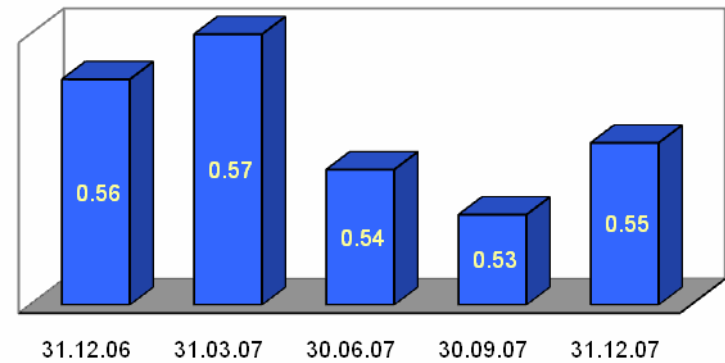


Key Ratios

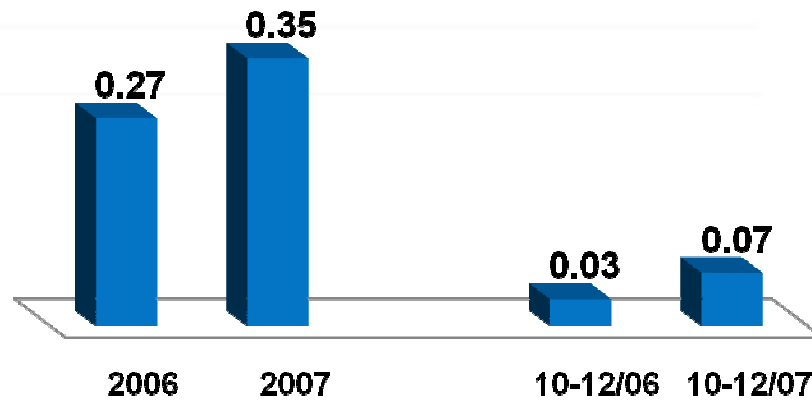
Net Debt/(Net Debt + Equity)



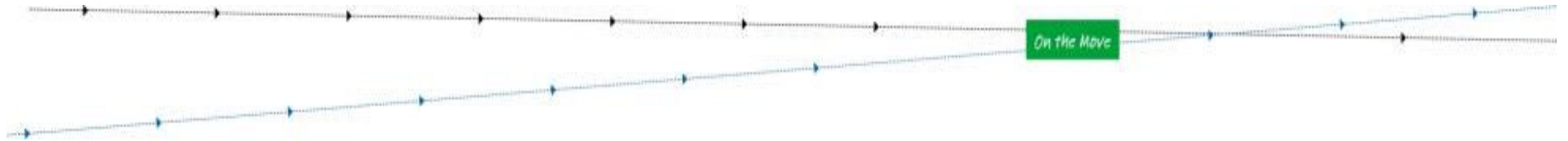
Net Debt/EBITDA



EPS (NIS)



Oil Refineries Ltd.



Thank You