

Oil Refineries Ltd.

Third Quarter 2008 Results



November 2008

Not **UPDATED** 2007

ORL

Oil Refineries Ltd.

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Agenda

- Macro-Economic Review
 - Analysis of Third Quarter 2008 Results
 - Implementation of Strategic Plan
 - Benefits of the Hydro-Cracker
 - Synergies between ORL and the Petrochemical Businesses
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Brent Crude Oil Prices

Jan 2007 - Nov 2008



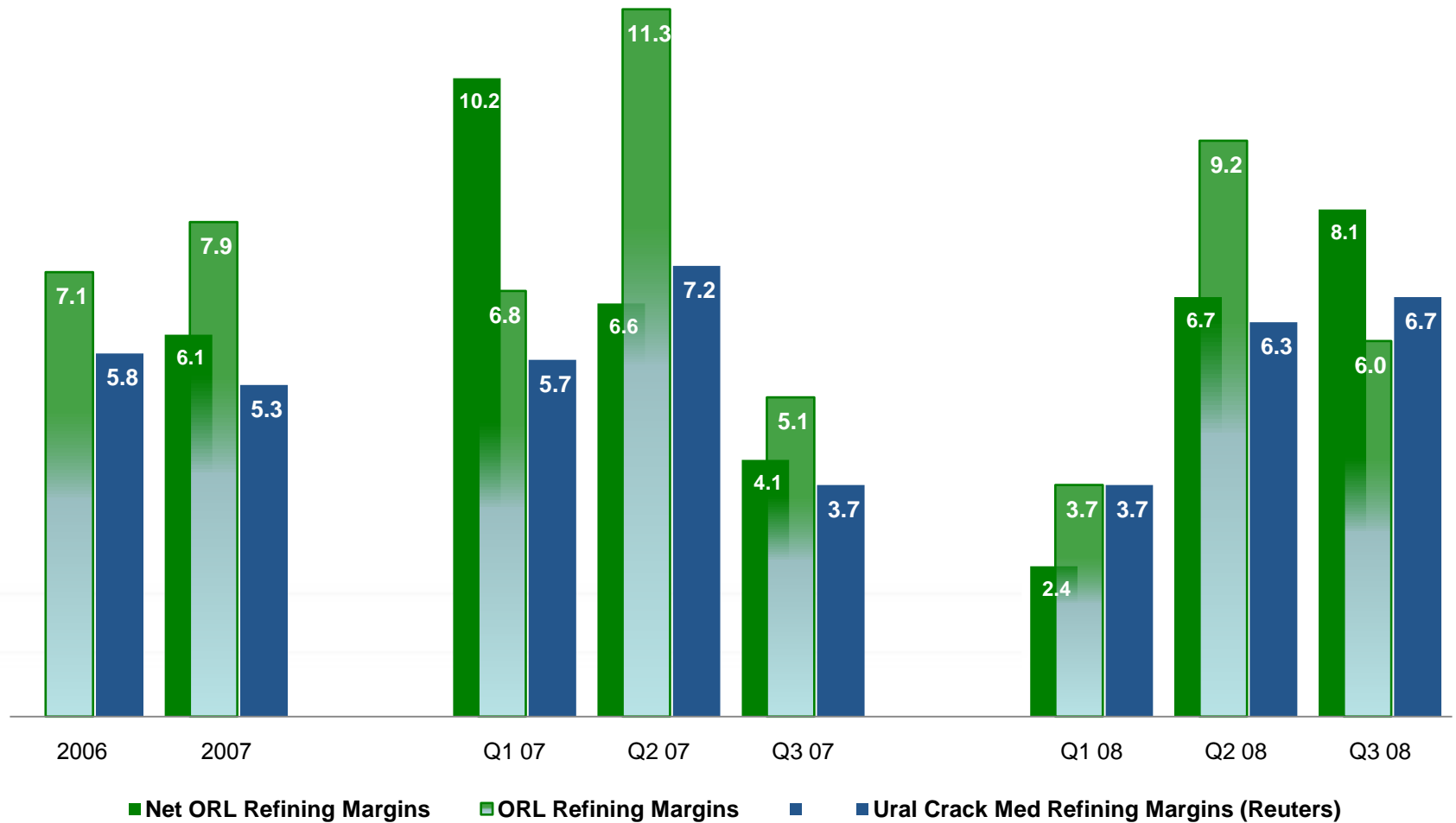
Production and Refining Capacity

Production and Refining Capacity						
'000 metric ton	1-9 08	1-9 07	% Change	Q3 08	Q3 07	% Change
Refinery	6,150	5,677	8%	2,098	1,856	13%
<i>Utilization</i>	91%	84%	8%	93%	82%	13%
Gadiv Petrochemical Industries	352	347	1%	113	121	-7%
Carmel Olefins	275	290	-5%	99	149	-34%

Production Capacity Breakdown (Refining) by Main Refined Product Groups						
'000 ton	1-9 08	1-9 07	% Change	Q3 08	Q3 07	% Change
Gasoil	1,715	1,444	19%	566	465	22%
Gasoline	1,242	1,205	3%	410	369	11%
Kerosene	645	560	15%	265	192	38%
Fuel Oil	1,003	994	1%	334	322	4%
Vacuum Gasoil	549	522	5%	198	188	5%
Other	483	447	8%	169	152	11%
Total	5,637	5,172	9%	1,942	1,688	15%

Refining Margins

USD/bbl



Note: 'Net' margin is ORL's refining margin calculated for comparison purposes and excludes impact of IFRS, inventory gains and inventory write-off

Calculating Refining Margin

(US\$)

	1-9 08	1-9 07	Q3 08	Q3 07	Q2 08	Q2 07	Q1 08	Q1 07
Margin per ton	45.6	57.0	43.6	66.8	66.8	82.4	27.1	49.5
IFRS derivatives' impact	<u>11.6</u>	<u>3.9</u>	<u>(23.9)</u>	<u>4.3</u>	<u>17.6</u>	<u>(9.4)</u>	<u>5.9</u>	<u>18.0</u>
	58.7	70.4	19.7	41.6	84.4	73.0	33.0	67.5
Net impact of buying\selling timing differences	<u>(14.4)</u>	<u>(10.2)</u>	<u>6.8</u>	<u>(12.0)</u>	<u>(35.5)</u>	<u>(25.0)</u>	<u>(15.3)</u>	<u>7.3</u>
Provision for decline in inventory value	11.0		32.4					
Net Margin per ton	41.7	50.8	58.9	29.6	48.9	48.0	17.7	74.8
Net Margin per barrel	5.7	7.0	8.1	4.1	6.7	6.6	2.4	10.2
Avg. Ural Crack Med Refining Margin (\$/bbl)	5.6	5.5	6.7	3.7	6.3	7.2	3.7	5.7

Consolidated P&L by Segments

Nine Months 2008 - (m. US\$)

	Refining Segment	Trade Segment	Petrochemical Polymers	Segment Aromatics	Cancellation of inter- company Transactions	Consolidated
Revenues	6,397	369	383	474	(642)	6,981
COGS	<u>6,227</u>	<u>360</u>	<u>362</u>	<u>429</u>	<u>(638)</u>	<u>6,740</u>
Gross Profit	170	9	21	45	(4)	241
SG&A	(51)	(1)	(6)	(21)	3	(76)
Operating Profit	119	8	15	24	(1)	165
Finance Expenses						(89)
Pre-tax Income						76
Tax						(3)
Equity						-
Net Income						73
EBITDA	152	8	19	29	-	208

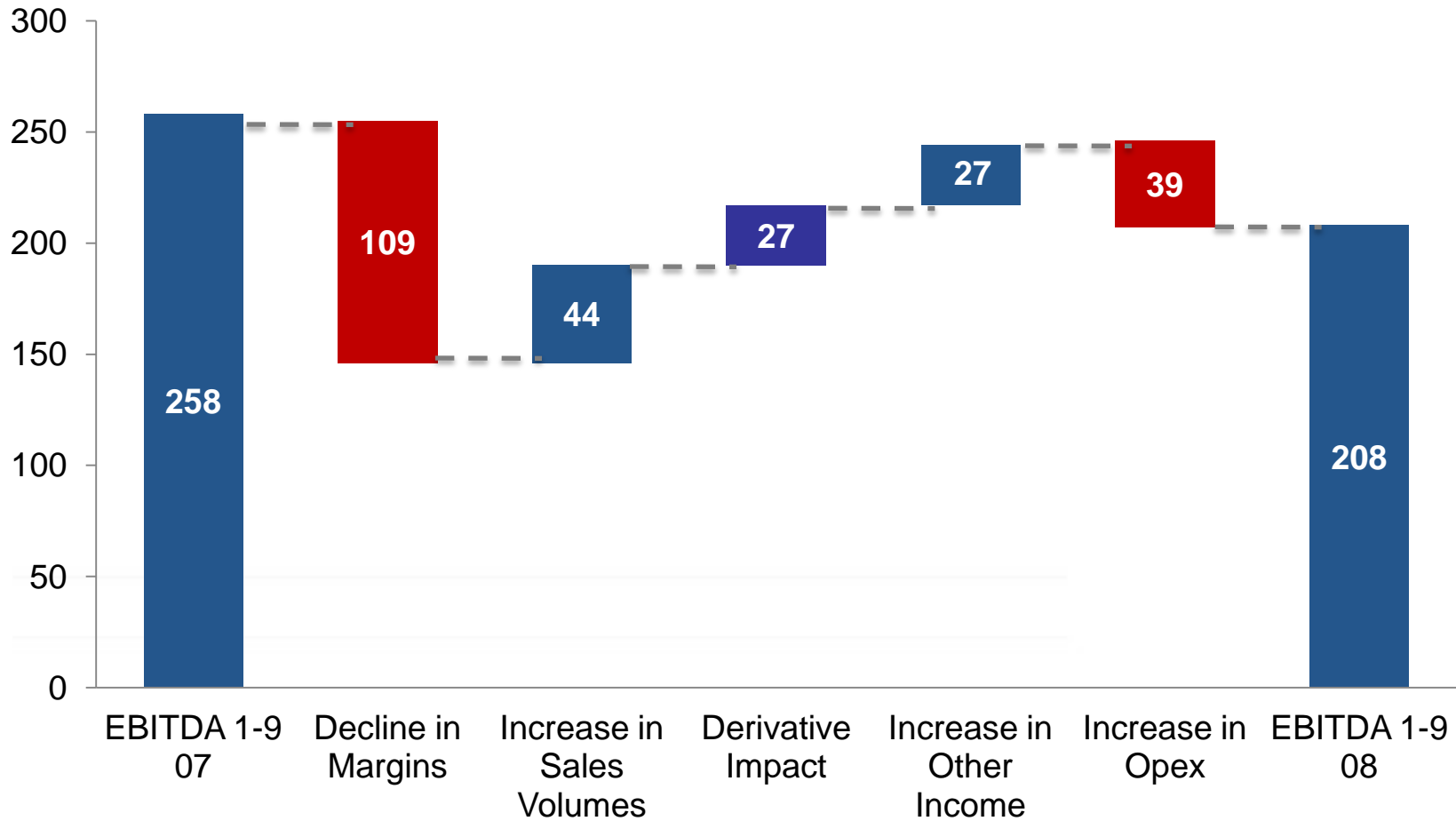
Consolidated P&L by Segments

Third Quarter 2008 - (m. US\$)

	Refining Segment	Trade Segment	Petrochemical Polymers	Segment Aromatics	Cancellation of inter-company Transactions	Consolidated
Revenues	2,496	58	142	164	(235)	2,625
COGS	<u>2,442</u>	<u>53</u>	<u>129</u>	<u>154</u>	<u>(235)</u>	<u>2,543</u>
Gross Profit	54	5	13	10	-	82
SG&A	(16)	(1)	(6)	(6)	1	(28)
Operating Profit	38	4	7	4	1	54
Finance Expenses						(51)
Pre-tax Income						3
Tax Income						1
Equity						(4)
Net Income						-
EBITDA	49	4	12	7	-	72

Consolidated EBITDA Bridge

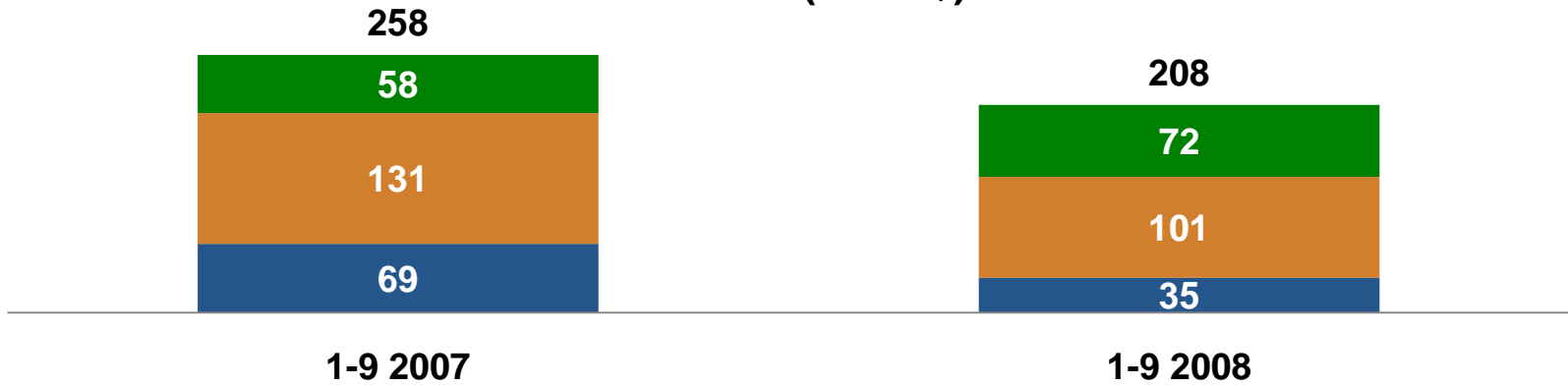
(m. US\$)



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Consolidated Results

EBITDA (m.US\$)



EBIT (m.US\$)



■ Q1 ■ Q2 ■ Q3

Refining and Trade Segment

EBITDA (m.US\$)



EBIT (m.US\$)

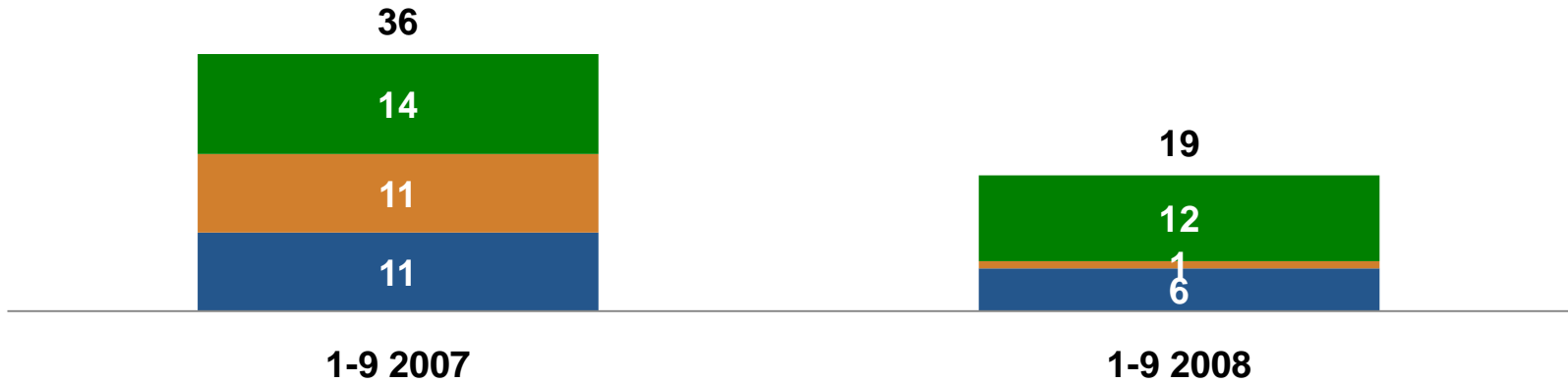


■ Q1 ■ Q2 ■ Q3

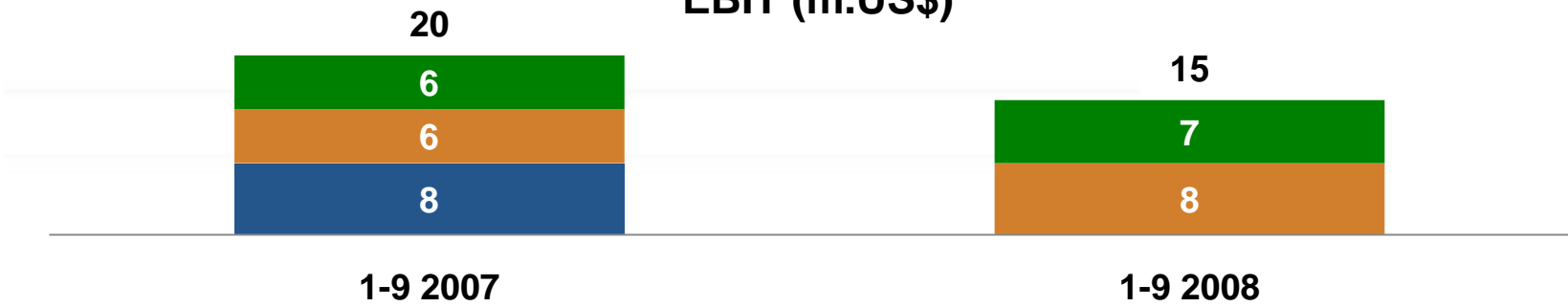
Polymers Segment

Carmel Olefins - Results of 50% of Activity

EBITDA (m.US\$)



EBIT (m.US\$)

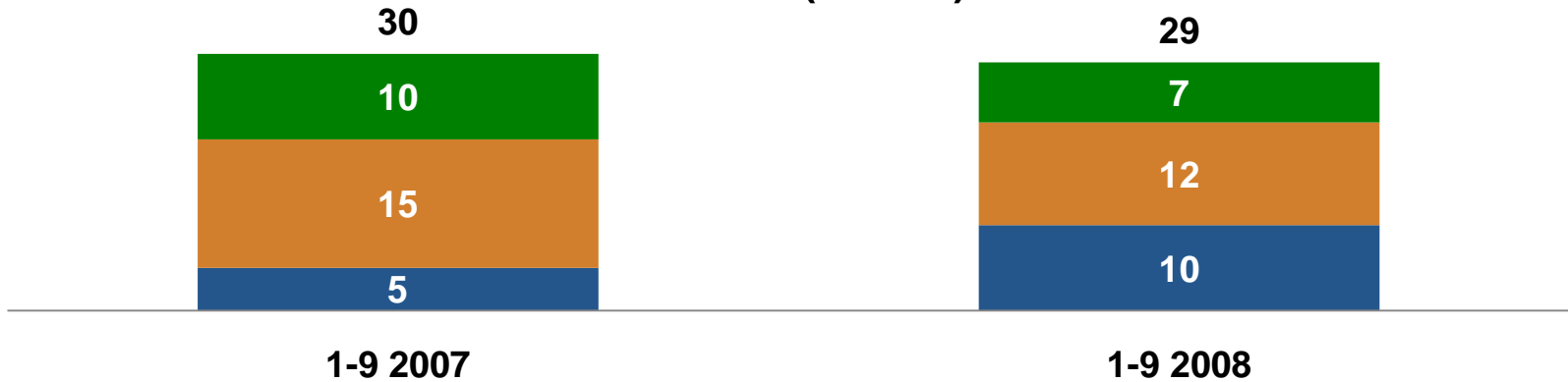


■ Q1 ■ Q2 ■ Q3

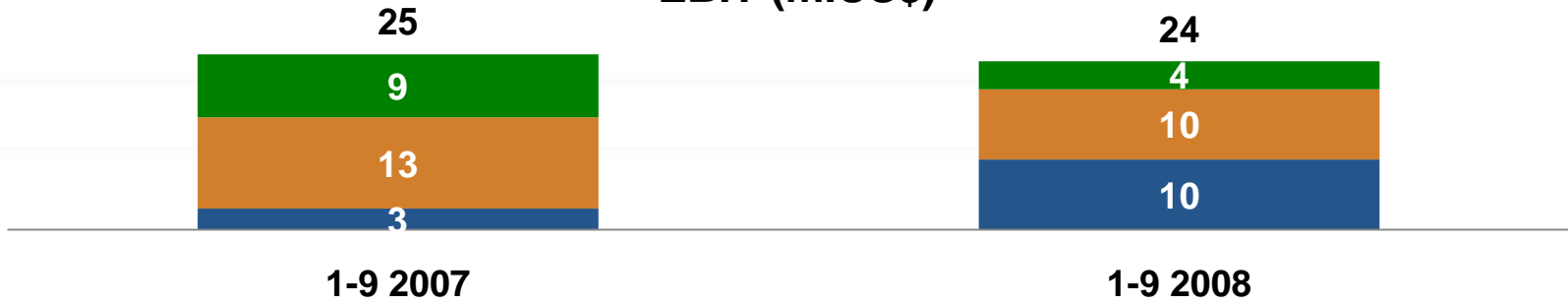
Aromatics Segment

Gadiv Petrochemicals - 100% Held by ORL

EBITDA (m.US\$)



EBIT (m.US\$)



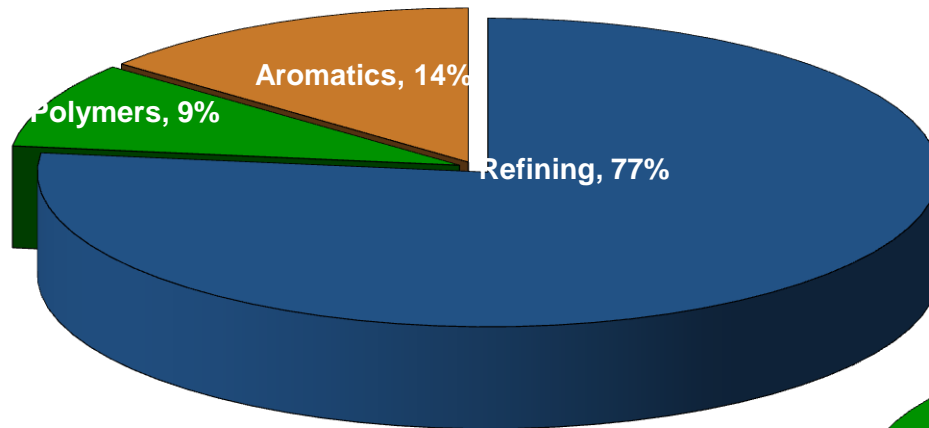
■ Q1 ■ Q2 ■ Q3

EBITDA Breakdown

million US\$

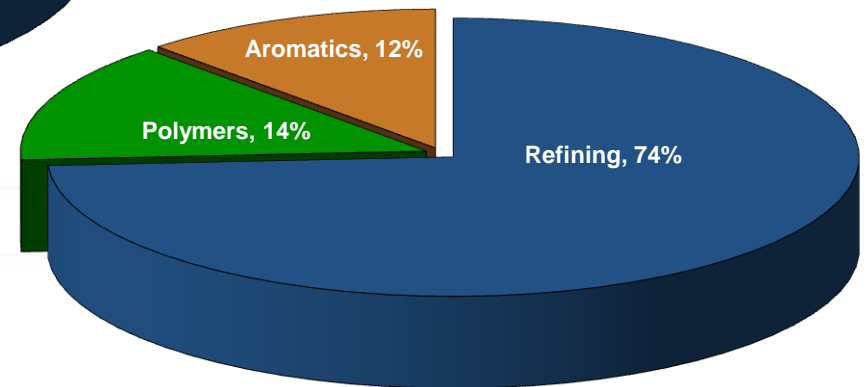
1-9 2008 – EBITDA

(consolidated total - \$208 million)



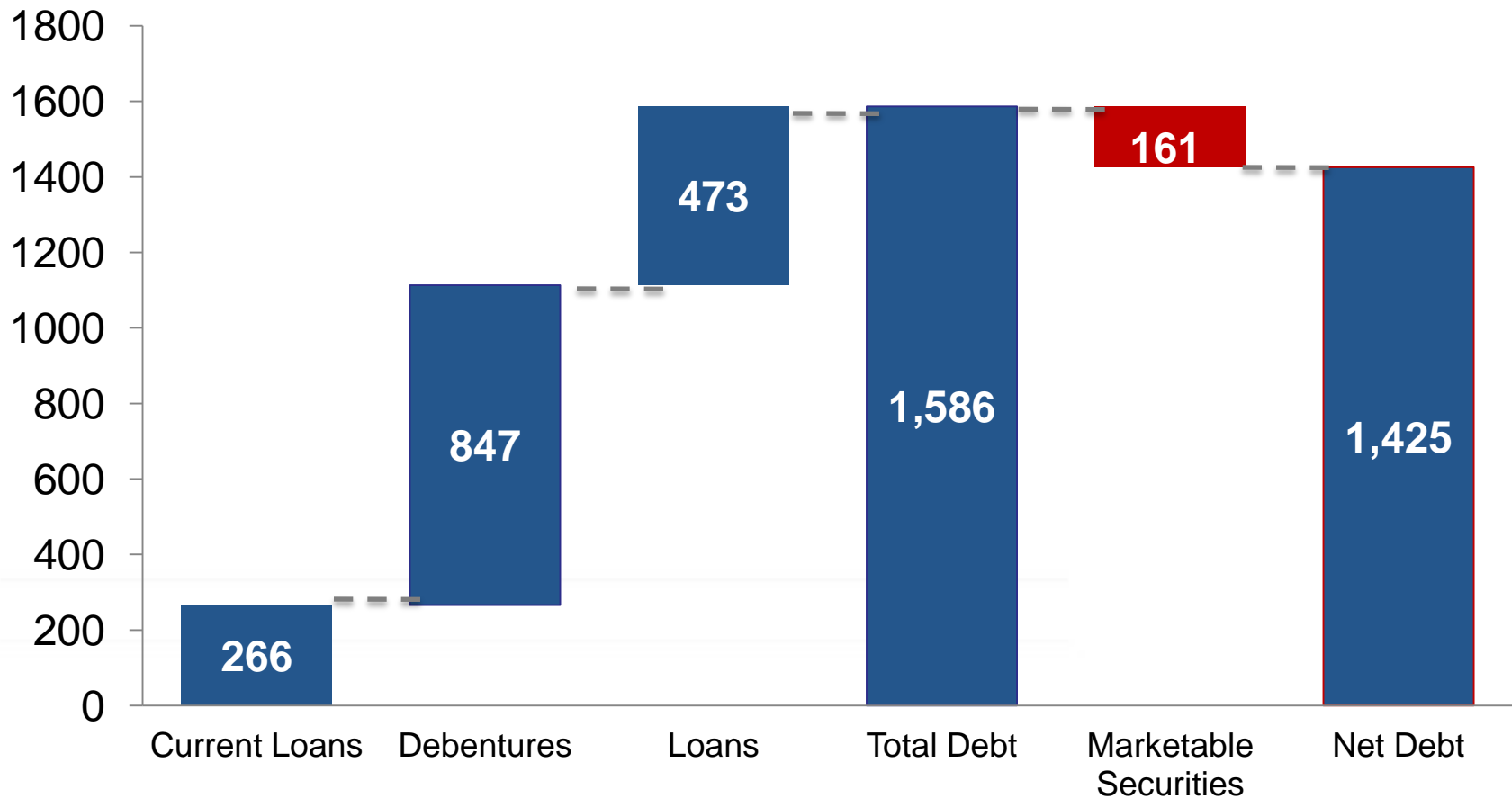
1-9 2007 – EBITDA

(consolidated total - \$258 million)



Consolidated Net Debt Bridge

30 Sept., 2008 (m. US\$)



Note: Loans & debentures include current maturities

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Implementing Strategic Plan

Refining Segment

Completed organization and manning of segment

- Increasing flexibility of crude unit 4 – Activation planned April 2009
- Converting HVGO Hydro-treater into mild Hydrocracker – underway
- Establishing a Hydrocracker – Investment approved, planning process underway.

Trade Segment

- Since January active in fuel products' trade and shipping

Petrochemical Segment

- Increasing Paraxylene and Benzene manufacturing – underway
- Increasing Phthalic Anhydride manufacturing – underway

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Hydro-Cracker Benefits

- Deepening the refining margin and increasing the refinery's complexity
- Expanding the margin base
- Increasing flexibility in ability to choose raw materials and product slate
- Enhancing ability to adapt to changing markets (such as increased demand for Diesel Oil and Kerosene)

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Synergies Resulting from ORL-Carmel Olefins Merger

- Optimize utilization of various feedstocks
- Efficient utilization of intermediate products driving higher added value
- Mutual brainstorming between professionals to identify opportunities
- Combine corporate HQs to achieve efficiency and operating effectiveness
- Achieve optimal investment planning in order to realize maximum added value in the areas of crude oil, fuel products, aromatics and polymers

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Summary of Main Quarterly Developments

- Board of Directors approved establishment of Hydro-Cracker
- Increase in utilization rates and production volumes of Fuel Oil and Kerosene
- Studying and preparing for optimization between ORL and Carmel Olefins. To be implemented immediately following merger approval
- Board of Directors decision to distribute a dividend (which will be offset from the dividend received in relation to the merger agreement with Carmel Olefins)
- Decline in fuel prices impacted inventory value and working capital

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On the Move



Thank You