



# PetroMed<sup>4</sup>

**APRIL 2009 | Other**

## **Oil Refinery**

- Maalot S&P put the A-rated Oil Refineries bonds on its watch list with a negative outlook, due to the continued erosion predicted in the refinery industry due to updated forecasts, the financing of its investment plan and the uncertainty regarding Carmel Olefins. Oil Refineries controlled by the Israel Corporation, is investing \$1.1 billion in infrastructure, including hydrogen splitting facilities for separating crude oil and its components. The new facility which will be operational in 2012 will be able to handle 25,000 barrels of crude a day. The components will be used to produce diesel fuel and kerosene. Even though this investment will ultimately strengthen the company's assets and profitability, financing of the plan with debt will significantly increase leverage. This factor plus the growing concerns of declining profitability are likely to weaken the company's debt coverage ratios.