



# *Ampal*



## COMPANY PRESENTATION

May 2011

### **About Ampal:**

Ampal-American Israel Corporation ("Ampal" or the "Company") and its subsidiaries acquire interests primarily in businesses located in the State of Israel or that are Israel-related. Ampal is seeking opportunistic situations in a variety of industries, with a focus on energy, chemicals and related sectors. Ampal's goal is to develop or acquire majority interests in businesses that are profitable and generate significant free cash flow that Ampal can control. For more information about Ampal please visit our web site at [www.ampal.com](http://www.ampal.com).

### **Safe Harbor Statement on Forward-Looking Statements**

Certain information in this presentation includes forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934) and information relating to Ampal that are based on the beliefs of management of Ampal as well as assumptions made by and information currently available to the management of Ampal. When used in this presentation, the words "anticipate," "believe," "estimate," "expect," "intend," "plan," and similar expressions as they relate to Ampal or Ampal's management, identify forward-looking statements. Such statements reflect the current views of Ampal with respect to future events or future financial performance of Ampal, the outcome of which is subject to certain risks and other factors which could cause actual results to differ materially from those anticipated by the forward-looking statements, including among others, the economic and political conditions in Israel, the Middle East, including the situation in Iraq and Egypt, and the global business and economic conditions in the different sectors and markets where Ampal's portfolio companies operate. Should any of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary from those described herein as anticipated, believed, estimated, expected, intended or planned. Subsequent written and oral forward-looking statements attributable to Ampal or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements in this paragraph. Please refer to Ampal's annual, quarterly and periodic reports on file with the SEC for a more detailed discussion of these and other risks that could cause results to differ materially. Ampal assumes no obligation to update or revise any forward-looking statements.

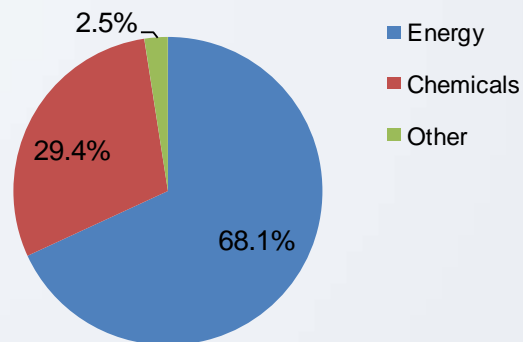
### **Use of Non-GAAP Financial Measures**

Ampal uses certain non-GAAP financial measures in this presentation. Ampal uses non-GAAP financial measures as supplemental measures of performance and believes these measures provide useful information to investors in evaluating our operations, period over period. However, non-GAAP financial measures have limitations as analytical tools, and should not be considered in isolation or as a substitute for Ampal's financial results prepared in accordance with GAAP. In addition, investors should note that any non-GAAP financial measures Ampal uses may not be the same non-GAAP financial measures, and may not be calculated in the same manner, as that of other companies. Reconciliations of our non-GAAP financial measures are included in this presentation.

# Company Profile | AMPAL

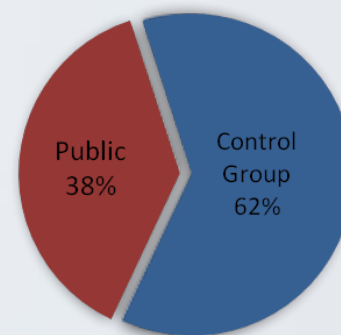
## Proportion of Investments

(Holdings Book Value\*)



## Holding Structure

Traded on NASDAQ and TASE



## General Data

- Incorporated in New York
- Invests in companies with a stable cash flow
- Market Value (Million US\$)\*\* **67**
- Equity (Million US\$) **201**

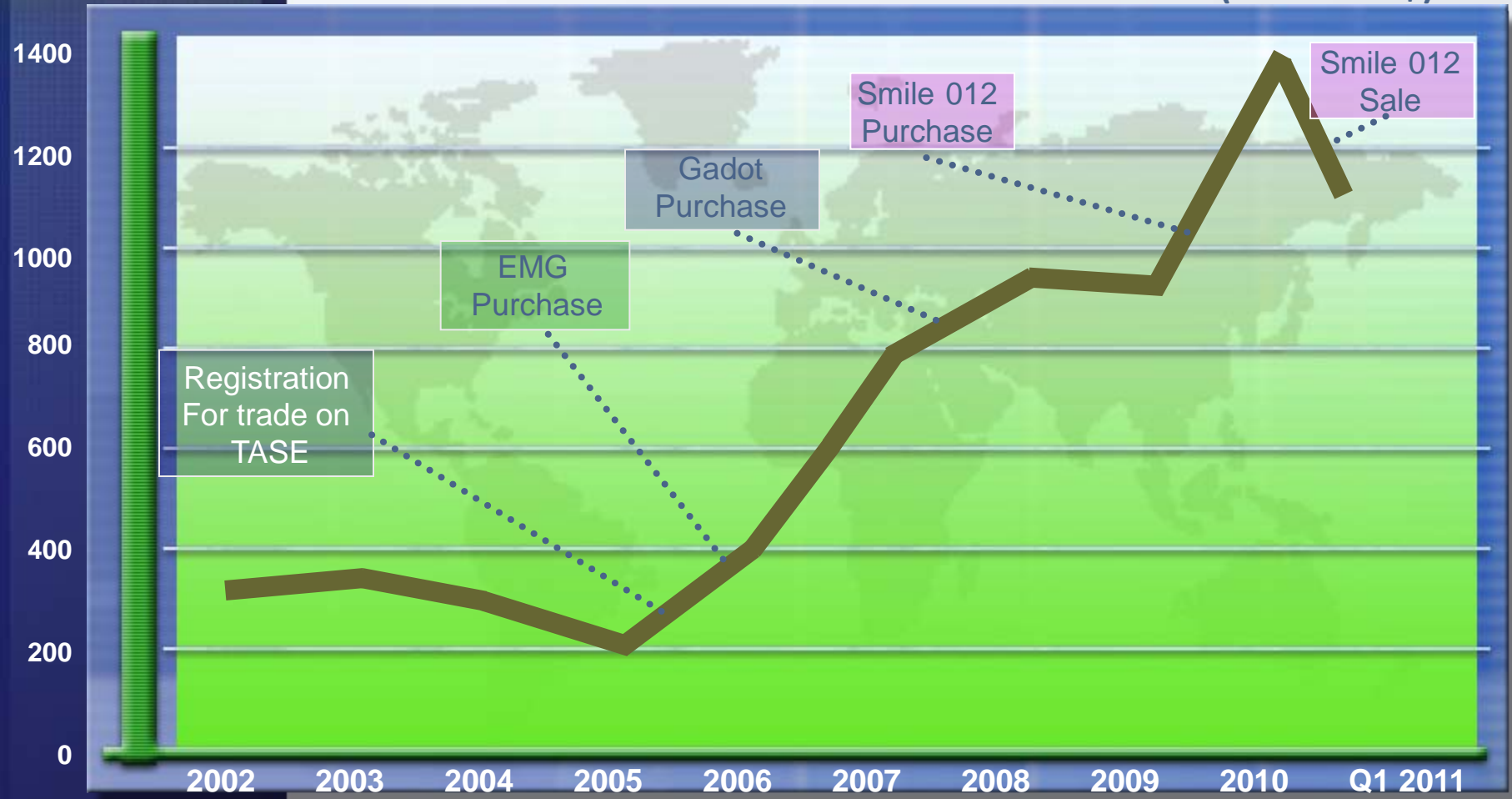
\*The Company Financial Statements are prepared in accordance with US GAAP (and not IFRS).

\*\*Based on closing price on NASDAQ on May 11, 2011



# Major Milestones | AMPAL

Total Assets (Million US\$)





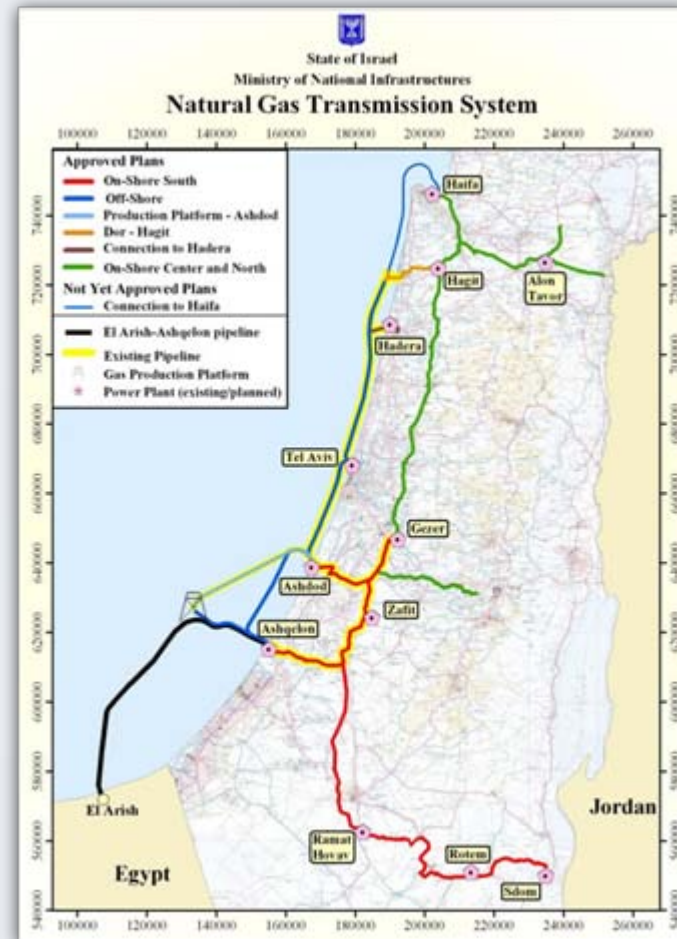
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Energy

## EMG Profile

- EMG was established and registered in Egypt in 2000 and has constructed an off-shore gas pipeline from El-Arish (Egypt) to Ashkelon (Israel) as well as on shore facilities.
- The gas flow to Israel began in June 2008.
- At the end of 2010 EMG provided gas to Israel Electric Corporation and Mashav at an annual rate of 2.5 BCM.
- In 2011, EMG's contractual obligations are gradually increasing and EMG provides gas to its customers in an annual rate of 3.0 BCM.
- Egypt has undertaken to export up to 7 BCM of natural gas annually for 20 years renewable to Israel through EMG.
- EMG's contracts with Israeli customers for Egyptian natural gas may have terms of up to 20 years, with a total of 140 BCM.



## Natural Gas in Israel

- Demand for natural gas in Israel continues to increase both for electricity generation and industrial conversions.
- EMG is one of only two gas suppliers in Israel.
- EMG supplies more than half of the natural gas consumed by the Israeli market
- EMG is currently the only company that can provide additional quantities of gas to Israel in the years 2011-2013

## EMG

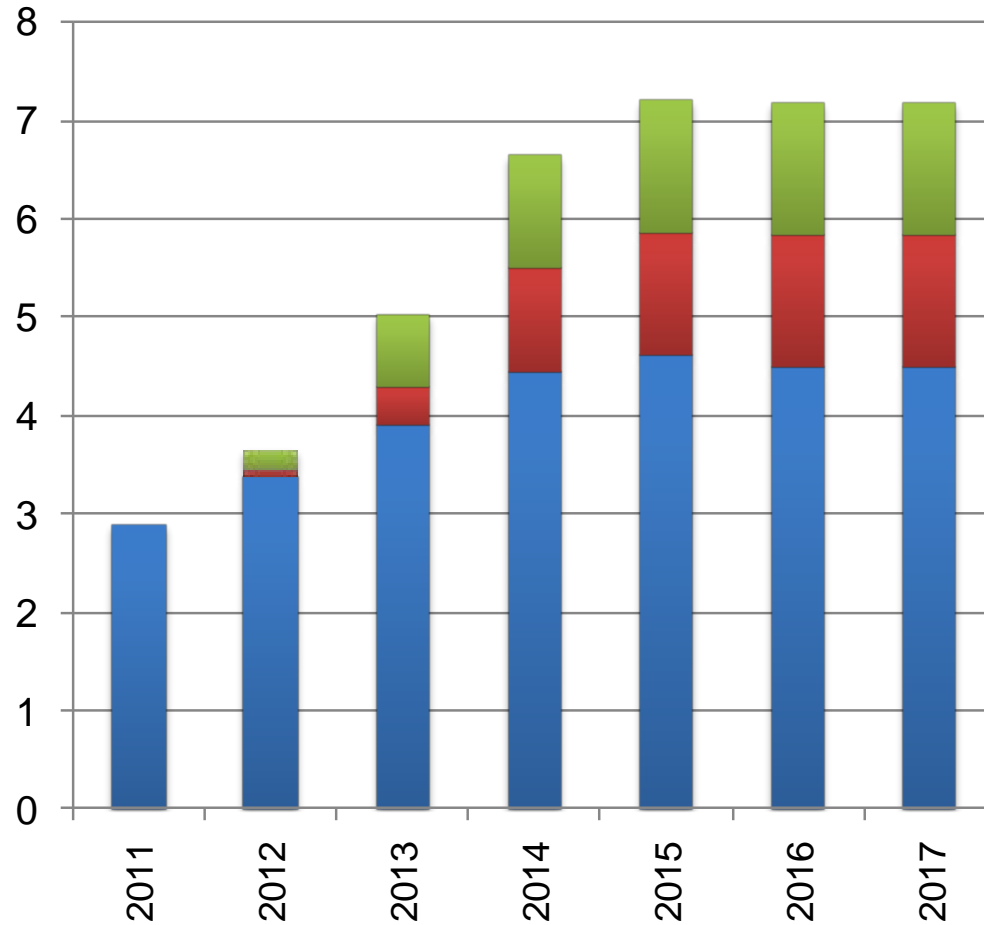
- EMG has access to Egyptian gas reserves totaling in excess of 2,500 BCM from proven diverse sources
- EMG has skilled and professional management with decades of experience in Egypt and its gas industry
- EMG has already concluded several long term contracts for the sale of over 90 BCM valued at over US\$15 billion
- EMG's estimated revenues (assuming delivery of 7 BCM annually) – **over US\$ 1.0 billion**
- Estimated EBITDA (with provision of 7 BCM annually) – over US\$ 350 million
- Pipeline construction cost – approximately US\$ 460 million
- Debt Balance - US\$ 203 million
- First Dividend is expected in 2011 (according to a declared policy).



# EMG | Signed & Potential Contracts

Energy

BCM



- Under Final Negotiation
- Signed Options
- Signed Contracts



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## EMG Pipeline – 2011 updates

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- During the quarter ended March 31, 2011, EMG supplied more than 70% of its contracted gas obligations.
- The gas supply suffered a supply interruption from February 5<sup>th</sup>, 2011 to March 15<sup>th</sup>, 2011, due to an explosion and subsequent fire in a facility of GASCO (the Egyptian gas transport company) which is part of a pipeline leading to Jordan, Lebanon and Syria, located some 30 kilometers (about 18.6 miles) from EMG's pipeline.
- On April 27<sup>th</sup>, 2011, there was an explosion at a gas valve station 2 kilometers from Al Arish, Egypt and some 30 kilometers from the EMG terminal. The station is owned and operated by GASCO. Following the explosion a standard shut down procedure was initiated, affecting gas transportation throughout the pipeline.
- EMG was advised that the government of Egypt has been implementing security measures for securing its gas transportation system in the Sinai from further attacks, and that these measures are expected to be completed and gas deliveries are expected to resume by the end of May 2011.
- Neither EMG's pipeline nor its system were damaged, and the interruption was due to the damage to GASCO's system.



# Renewable Energy

Energy

## Global Wind Energy (“GWE”)

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- GWE is owned equally by Clal and Ampal (50%/50%)
- GWE focuses on the new development and acquisition of controlling interests in renewable energy, including wind energy projects outside of Israel
- GWE seeks to either develop or acquire wind energy opportunities with a goal of establishing at least 150 MW of installed capacity by the middle of 2011
- GWE currently has projects in Greece and Poland, which are in varying developmental stages, with a total capacity of over 250 MW
- As of March 31, 2011, GWE received a production license for 2 projects for a total capacity of approximately 60MW wind farms, and 20MW photovoltaic projects, all in Greece.



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## Ethanol Project in Colombia

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- Production of Bio-Ethanol fuel from sugarcane
- The Project includes the development of a 11,000 hectare sugar cane plantation (Agricultural Project) and the design, construction and operation of an ethanol production plant (Industrial Project). 10,000 hectares are already available for the Project, including purchased and leased land.
- The Colombian government supports the development of the ethanol industry and, since 2000, has adopted a series of measures to encourage the supply and demand for ethanol and to create a regulatory framework to set prices, including the adoption of a series of laws, decrees and resolutions to stimulate carburant alcohol production, sale and consumption, and including the Colombian Law that stipulates mandatory E10 blending for gasoline use in urban areas.
- Ampal holds a loan of approximately US\$22 million convertible to 25% of the Project, to be converted upon the first withdrawal from the financing bank.





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Chemicals



## Gadot Profile

- The leading Israeli company for chemical supply and services to customers throughout the supply chain of chemicals from producer to end-user (mainly liquid chemicals).
- Operates in the fields of procurement, marketing and distribution (shipping with a fleet of tankers and ISO-Tanks), storage in Terminals, trailers and special storage areas for hazardous materials.
- Gadot is the representative, marketer and distributor in Israel to more than 100 international chemical companies including DuPont, Exxon, BASF, DOW, CHEVRON, SHELL and others.



## Chemicals Field

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- Years of experience in storage, handling, packaging, transporting and shipping hazardous materials.
- Provides services to the entire chemicals supply chain in Israel.
- Geographic Areas of Activity: Israel, Western Europe, South and Central America, USA.
- Clients, including major Israeli companies:  
Teva, Makhteshim, ICL, Palsan, HP and others.
- Completed in the 3<sup>rd</sup> quarter of 2010 the purchases of ADPO Ghent (which owns and operates a state of the art chemical storage terminal in Ghent, Belgium) and of Merhav Agro (a supplier of agricultural protection products in Israel)



## Financial Highlights

US\$ in Millions	Q1 2011 (unaudited)	Q1 2010 (unaudited)	2010
<b>Revenues</b>	135	118	497
<b>Adjusted EBITDA*</b>	5	5	26



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Sale of 012 Smile

## Sale of 012 Smile Telecom Ltd.

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- On March 3, 2011 the Company completed the sale of its indirect wholly owned subsidiary, 012 Smile Telecom Ltd. ("012 Smile") to Partner Communications Company Ltd.
- Excluding bank debt, the purchase price was valued at approximately 690 million New Israeli Shekels ("NIS"), or US\$190 million, of which approximately NIS 40 million, or US\$11 million, was paid and is to be paid by third party payments to 012 Smile, and assigned to the Company. As part of the transaction closing, Partner has assumed approximately NIS 0.8 billion, or US\$220 million, of bank debt, bringing the total transaction value to approximately NIS 1.49 billion, or US\$400 million.
- The Company will record a gain before tax of approximately US\$61 million, or 220 million NIS as a result of the sale. The aforesaid gain was recognized partially on December 31, 2010 (approximately US\$20 million) and partially on March 31, 2011 (approximately US\$41 million).



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# Financials



# Condensed Solo\* (unconsolidated) Balance Sheet (Pro-Forma) – March 31, 2011

<u>Assets</u>		Liabilities and Shareholders' <u>Equity</u>	
	<u>US\$</u> (in Millions)		<u>US\$</u> (in Millions)
Cash, deposits and other financial items**	156.7	Banks and Debentures	381.0
Investments	391.0	Accounts Payable	20.6
Fixed Assets	2.6	Held for Sale Liabilities	3.8
Other	56.3	Equity	201.2
<b>Total</b>	<b>606.6</b>	<b>Total</b>	<b>606.6</b>

\* Including Gadot ,Merhav Ampal Energy Holdings, LP and Country Club Kfar Saba on equity basis and not consolidated.

\*\* Including a convertible loan of approximately US\$22M to the project in Colombia.

# Main Holdings – March 31, 2011

	Ampal's ownership %	Book Value (US\$ in Millions)	Method of Book Value
EMG*	12.5%	266.3	Cost
Gadot	100%	115.0	Consolidated
Other		9.7	
Total		391.0	

\* Ampal's Financial Statements reflect a 16.8% interest in the shares of EMG (approximately US\$366M), which includes the 8.6% interest in EMG held by Ampal's joint venture with certain Israeli institutional investors, of which a 4.3% interest in EMG (approximately US\$100.0M) is attributable to the institutional investors.

# Condensed Consolidated Balance Sheet – March 31, 2011

	US\$ (in Millions)		US\$ (in Millions)		
Current Assets (excluding cash, deposits and other financial items)	195.2	Current Liabilities (excluding banks and debentures)	103.3		
Cash, deposits and other financial items*	167.2	Loans:	Debentures	288.3	
Fixed Assets	199.9		Banks – Ampal	95.7	
Investments:	EMG (Ampal)		266.3	Banks – Gadot	193.6
	EMG (Institutional Investors)		105.3	Gadot – Construction of Vessels	70.9
	Other Investments	0.8	Capital Note – Institutional Investors in EMG	105.3	
Other Non-Current Assets	59.9	Other Liabilities (including Minority rights)	19.8		
Goodwill and Intangible Assets	87.3	Held for Sale Liabilities	3.8		
		<b>Equity</b>	<b>201.2</b>		
	<b>1,081.9</b>		<b>1,081.9</b>		

\*Including a convertible loan of approximately US\$22M to the project in Colombia



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Thank you!

# Appendix A – EBITDA Break-Down for Gadot

	Q1 2011 (Unaudited)	Q1 2010 (Unaudited)	Twelve Months Ended December 31, 2010
Revenues	135	118	497
Expenses	(126)	(108)	(452)
Profit	9	10	45
Marketing, sales, general, administrative and other expenses	(10)	(10)	(40)
Depreciation and amortization	6	4	17
EBITDA	5	4	22
Non-recurring and stock compensation expenses	*	1	4
Adjusted EBITDA	5	5	26

\* Less than 1.

Adjusted EBITDA is defined as earnings before interest, income tax provision, depreciation and amortization, adjusted for non recurring expenses. Management believes adjusted EBITDA for Gadot to be a meaningful indicator of its performance that provides useful information to investors regarding its financial condition and results of operations. Presentation of adjusted EBITDA is a non-GAAP financial measure commonly used by management to measure operating performance. While management considers adjusted EBITDA to be an important measure of comparative operating performance, it should be considered in addition to, but not as a substitute for, net income and other measures of financial performance reported in accordance with Generally Accepted Accounting Principles. Adjusted EBITDA does not reflect cash available to fund cash requirements. Not all companies calculate adjusted EBITDA in the same manner, and the measure as presented may not be comparable to similarly-titled measures presented by other companies.