"Alon Holdings Blue Square"

Investor Presentation
Q1 2012

אלון החזקות ברבוע כחול

"Get Out Of The Box"

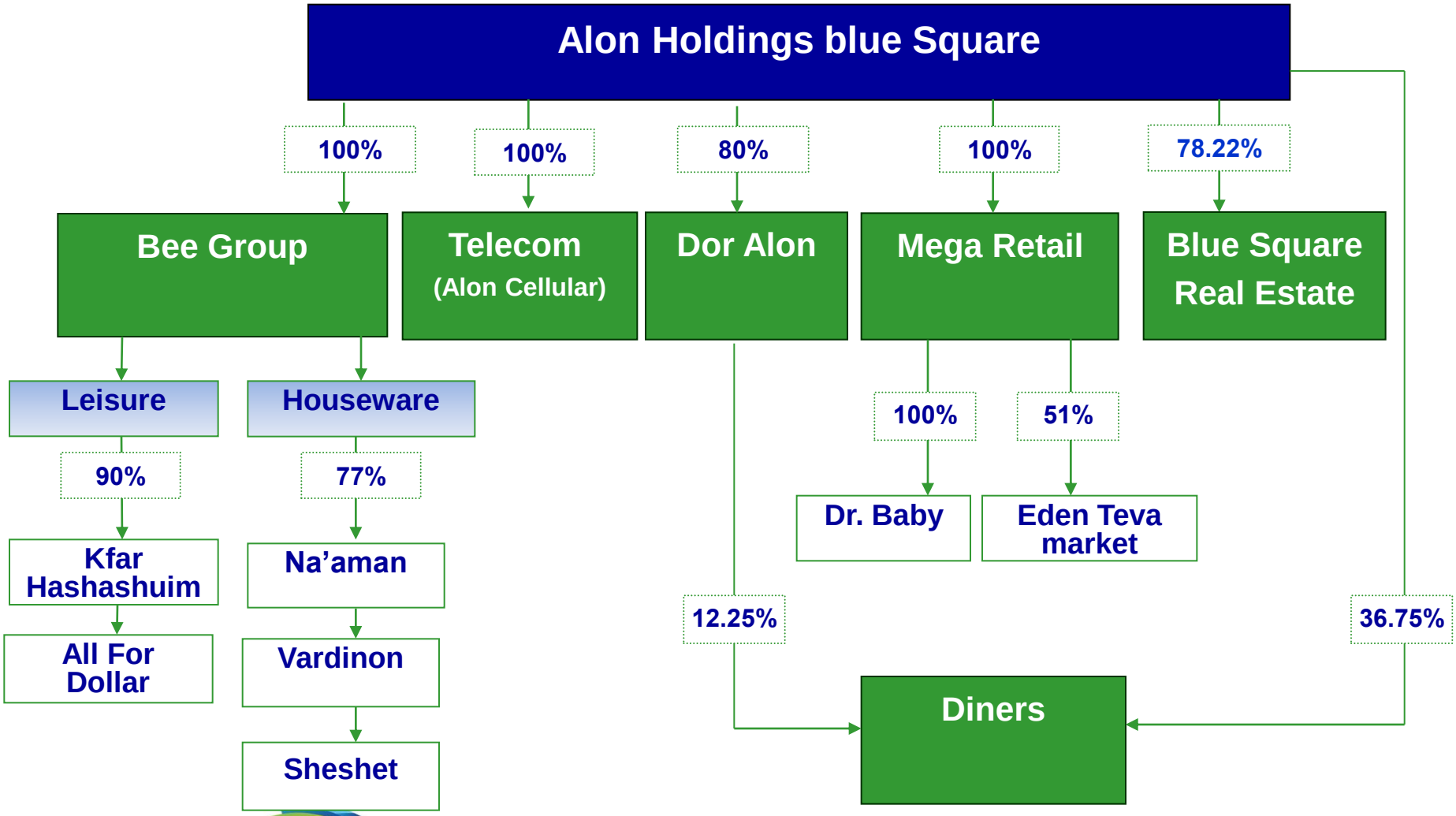
5 Fields Of Activity – Revenues of NIS15 billion a year

700 selling points

<u>The Largest retail Group In Israel</u>

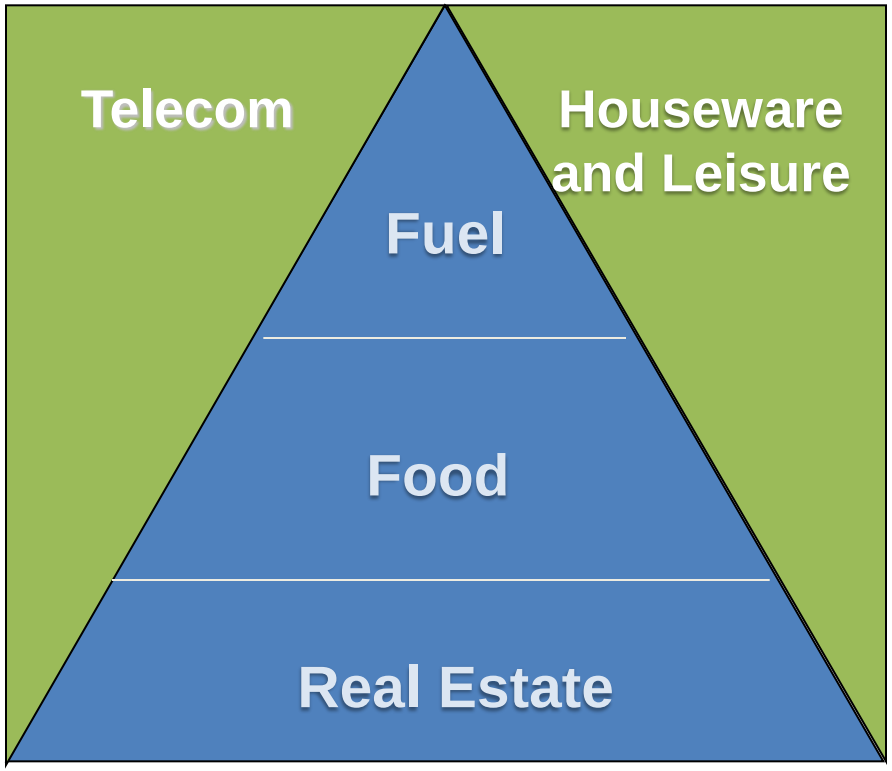
אלון החזקות ברבוע כחול

Holdings Structure



אלון החזקות ברבוע כחול

Presence in all major consumption areas



אלון החזקות ברבוע כחול

Food Retail of the Group

Leading the health food sector with "Eden Teva Market"

Growing private brand.

The largest chain of convenience stores in Israel.

Advantage – strategic location in cities and neighbor - hoods

40% are HD format, 45% neighbor-hood and 15% convenience stores.

Key Points Summary of Q1 2012:

- Increased competition and lower selling prices reduced operating profit.
- Additional moves to reduce operating costs.
- Reducing number of employees (both in headquarter and branches).
- Exiting loosing branches of about 20,000 square meters.
- Starting May 2012 we will physically arrange the shelves in our stores.
- Efficiency program should increase profitability by NIS80 millions.

Fuel Sales

- Leading gas supplier in industry and refueling.
- World-leading International partners (Chevron).
- Most Innovative and growing company in sector.
- Unique deployment in the Kibbutz and Moshav.
- Pioneer in the commercial fueling sites and convenience stores.

Key Points Summary of Q1 2012:

- A vast improvement in operating margin compare to previous quarter.
- Partial contribution of efficiency program – full impact is expected further down the year.
- Adequate S.S.S growth in our convenience stores (AM:PM and Alonit).
- Re-adjusting capex plans (mainly the rate of opening new stores).

אלון החזקות ברבוע כחול

Real estate Tree

- Income of NIS 200 million from yielding assets.
- Traded in Tel Aviv 100 index.
- Tens of thousands of additional construction rights.
- Approximately 98.5% of premises are in long term lease agreements.
- Approximately 264 thousand sq' meters in 120 assets, about 78% in center Israel.

Key Points Summary of Q1 2012:

- Continuing the development and improvement of yielding assets.
- New development project – "Comverse Building".
- In Q2 2012 – full payment for the land of the wholesale market project.
- Till now 567 units sold, additional 50 units are currently under negotiation.

אלון החזקות ברבוע כחול

Houseware and Leisure Products

Sales in groups supermarkets and convenience stores – utilizing synergy.

Specific treatment of problematic revenue sources.

Efficiency plan: consolidation of headquarters, transfer to new logistic center (NIS20 mil one-time expense)

About 240 independent sale points in israel

Key Points Summary of Q1 2012:

- 3.7% operating margin, major change from operating loss.
- Successful implementation of efficiency plans.
- Fully operational logistic center with improved performance.
- Structural changes including new strategic partner in Kfar Hashashuim and All for Dollar.

אלון החזקות ברבוע כחול

Looking Forward

- Implementation of efficiency programs (trade conditions, rent expenses) and adjusting expenses in all segments.
- Examining existing loosing branches.
- Increasing revenues on existing fixed overheads.
- Utilization of synergies – You Club is launching our cellular activity (“The Ultimate Triple”).
- Strengthening our real estate segment by improving existing yielding assets.
- Continuing the streamlining of Bee Group operations and transferring most of Bee headquarters to Na’aman.

Financial Data

1. Income Statements for Q1 2012.
2. Segments reporting.
3. Consolidates Balance Sheet
4. Financial Liabilities – Alon Holdings Solo

אלון החזקות ברבוע כחול

Consolidated Income Statements

אלון החזקות ברבוע כחול

Consolidated Income Statements
NIS in millions

	1-3/2012		1-3/2011		Rate of change
Revenues	3,896.4		3,709.5		
Less - government levies	-717.9		-702.3		
Net revenues	3,178.5	100.0%	3,007.1	100.0%	5.7%
Cost of sales	2,479.9		2,277.6		
Gross profit	698.6	22.0%	729.5	24.3%	(4.2%)
Selling, general and administrative expenses	663.1	20.9%	637.7	24.2%	4.0%
Operating profit before other income/losses and changes in fair value of investments property	35.6	1.1%	91.7	3.1%	(61.2%)
Other income	-		1.0		
other losses	-0.2		-2.9		
Changes in fair value of investment property	2.7		3.1		
Operating profit	38.1	1.2%	92.9	3.1%	(59.0%)
Finance income	19.7	0.6%	45.0	1.5%	
Finance expenses	-62.9	(2.0%)	-85.7	(2.9%)	
Finance expenses, net	-43.2	(1.4%)	-40.7	(1.4%)	
Share of loss in associates	3.6		1.2		
Income before taxes on income	-1.5	(0.0%)	53.4	1.8%	(102.9%)
Taxes on income	-4.3	(0.1%)	15.7	0.5%	
Net income for the year	2.8	(0.1%)	37.7	1.3%	(92.6%)
Contributed to equity holders	-6.3		30.0		
Non-controlling interest	9.1		7.7		

Segment Reporting

אלון החזקות ברבוע כחול

Segments Reporting - IFRS 8
Q1 2012 (NIS in millions)

	Supermarkets	Non-food Retail and Wholesale	Real estate	Commercial and fueling sites	Adjustments	Total
Net segment revenues	1626.0	114.2	8.1	1430.3	0.0	3178.5
Inter segment revenues	0.0	12.1	0.0	8.7	-20.8	0.0
Operating profit (loss) before other gains and losses, net and changes in fair value of investment property	17.2	4.7	2.2	33.2	-14.8	42.4
operating profit margin	1.1%	3.7%	27.0%	2.3%	0.0%	1.3%
Segment profit	16.9	4.5	4.9	33.4	-14.8	44.9
Segment profit margin	1.0%	3.6%	60.3%	2.3%	0.0%	1.4%
Unallocated corporate expenses						-6.8
Operating profit						38.1

אלון החזקות ברבוע כחול

Segments Reporting - IFRS 8
Q1 2011 (NIS in millions)

	Supermarkets	Non-food Retail and Wholesale	Real estate	Commercial and fueling sites	Adjustments	Total
Net segment revenues	1636.5	116.1	6.3	1248.2	0.0	3007.1
Inter segment revenues	0.0	9.8	0.0	7.5	-17.3	0.0
Operating profit (loss) before other gains and losses, net and changes in fair value of investment property	49.6	2.7	2.5	50.3	-7.5	97.7
operating profit margin	3.0%	2.4%	40.1%	0.0%	0.0%	3.2%
Segment profit	49.6	0.8	5.6	50.3	-7.5	98.8
Segment profit margin	3.0%	0.7%	88.8%	0.0%	0.0%	3.3%
Unallocated corporate expenses						-5.9
Operating profit						92.9

אלון החזקות ברבוע כחול

Alon Holdings Consolidated Balance Sheet

אלון החזקות ברבוע כחול

Consolidated Balance Sheet – Assets
NIS in millions

	Mar-31 2012	Dec-31 2011
Current assets		
Cash and cash equivalents	110.8	76.5
Investments in securities	331.0	300.1
Short-term deposits	97.4	103.9
Trade receivables	1,708.0	1586.1
Other accounts receivables	578.2	291.8
Inventory	784.1	676.6
Derivative financial instruments	0.0	2.5
Assets classified as held for sale	0.0	3.6
Income taxes receivables	129.8	125.8
Total current assets	3,739.3	3166.9
Non Current Assets		
Property and equipment, net	2,955.7	2,942.5
Investment property	585.9	576.1
Real estate inventory	99.7	100.0
Payments on account of real estate	214.2	191.6
Investments in securities	36.4	33.2
Loans receivable, net of current maturities	140.4	150.7
Investments in associates	206.3	202.7
Derivative financial instruments	1.3	0.9
Other long term receivables	184.4	174.3
Intangible assets, net	1,461.8	1,461.1
Deferred taxes	113.6	104.3
Total Non-Current Assets	5,999.6	5,937.3
Total Assets	9,738.9	9,104.2

Consolidated Balance Sheet – Liabilities
NIS in millions

	Mar-31 2012	Dec-31 2011
Current Liabilities		
Credit and loans from banks and others	982.0	1036.9
Current maturities of debentures and convertible debentures and loans	482.8	524.4
Trade payables	1,609.0	1243.9
Other accounts payable and accrued expenses	922.0	731
Customers' deposits	27.7	27.7
Derivative financial instruments	11.0	2.8
Income taxes payable	5.1	6.3
Provisions	70.8	78.3
Total current Liabilities	4,110.5	3651.3
Non Current Liabilities		
Long-term loans from banks and other, net of current maturities	1,107.2	1,184.4
Convertible debentures, net of current maturities	118.7	118.8
Debentures, net of current maturities	2,296.1	2,034.0
Loan from controlling interest	55.0	56.1
Other liabilities	269.7	264.6
Derivative financial instruments	13.8	16.7
Severance paid, net of founded amounts	60.1	62.2
Deferred taxes	158.8	162.8
Total Non-Current Liabilities	4,079.3	3,899.7
Total Liabilities	8,189.8	7,551.0

Consolidated Balance Sheet – Share Capital
NIS in millions

	Mar-31 2012	Dec-31 2011
Equity attributable to equity holders of the company:		
Ordinary Shares	**79.9**	**79.9**
Additional paid-in capital	**1,219.3**	**1,219.3**
Other reserves	**(17.0)**	**(16.4)**
Accumulated deficit	**(105.6)**	**(92.1)**
	1,176.5	**1,190.7**
Non-controlling interest	**372.6**	**362.5**
Total Equity	**1,549.1**	**1,553.2**
Total Equity and Liabilities	**9,738.9**	**9,104.2**

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Interim Capitalization, net, (NIS in millions) Alon Holdings Solo

	Mar-31 2012	Dec-31 2011
Current Liabilities:		
Current maturities of loans	17.2	17.2
Current maturities of debentures	88.2	88.2
Short-term credit from banks	62.5	90.4
Total Current Liabilities	167.8	195.8
Non-Current Liabilities:		
Banks loans	171.6	171.6
Debentures	233.3	232.3
Total non Current Liabilities	404.9	403.9
Current Assets:		
Cash and cash equivalents	1.9	1.9
Investments in securities	66.3	64.7
Total Current Assets	68.3	66.6
Total Debt, net	504.4	533.1

אלון החזקות ברבוע כחול

Thank You