



# ALON USA

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# Forward-Looking Statements

All statements contained in or made in connection with this presentation that are not statements of historical fact are forward-looking statements intended to be covered by the safe harbor provisions of the Securities Act of 1933 or the Securities Exchange Act of 1934. The words “believe”, “intend”, “plan”, “expect”, “should”, “estimate”, “anticipate”, “potential”, “future”, “will” and similar terms and phrases identify forward-looking statements. Forward-looking statements reflect the current expectations of the management of Alon USA Energy, Inc. (“Alon”) regarding future events, results or outcomes. These expectations may or may not be realized and actual results could differ materially from those projected in forward-looking statements. Alon’s businesses and operations involve numerous risks and uncertainties, many of which are beyond our control, which could result in the expectations reflected in forward-looking statements not being realized or which may otherwise affect Alon’s financial condition, results of operations and cash flows. These risks and uncertainties include, among other things, changes in price or demand for our products; changes in the availability or cost of crude oil and other feedstocks; changes in market conditions; actions by governments, competitors, suppliers and customers; operating hazards, natural disasters or other disruptions at our or third-party facilities; and the costs and effects of compliance with current and future state and federal regulations. For more information concerning factors that could cause actual results to differ from those expressed in forward-looking statements, see Alon’s Form 10-Q for the quarter ended September 30, 2014 which has been filed with the Securities and Exchange Commission and is available on the company’s web site at <http://www.alonusa.com>. Alon undertakes no obligation to update or publicly release the results of any revisions to any forward-looking statements that may be made to reflect events or circumstances that occur, or that we become aware of, after the date of this presentation or to reflect the occurrence of unanticipated events.

# Alon USA Energy - Overview

Alon is an independent refiner and marketer of petroleum products with 217,000 barrels per day of refining capacity focused on growth and innovation to meet both the energy and environmental needs of today, operating primarily in the western and south-central regions of the U.S.

Financial Highlights (in millions)	2013	YTD 3Q 2014 <sup>1</sup>
Revenue	\$7,046	\$5,276
Adjusted EBITDA <sup>2</sup> (see note below on turnaround impact)	271	257
Net cash provided by operating activities	162	145
Net debt at year end and quarter end	388	362

- » YTD 3Q 2014, wholesale gasoline and diesel sales volumes exceeded 580 million gallons, including volumes sold to Alon USA's retail locations
- » Largest licensee of 7-Eleven in the U.S., operating nearly 300 convenience stores
- » Leading marketer of asphalt in Texas and California

# Strategically Located Assets

## Refining

217,000 bpd of capacity

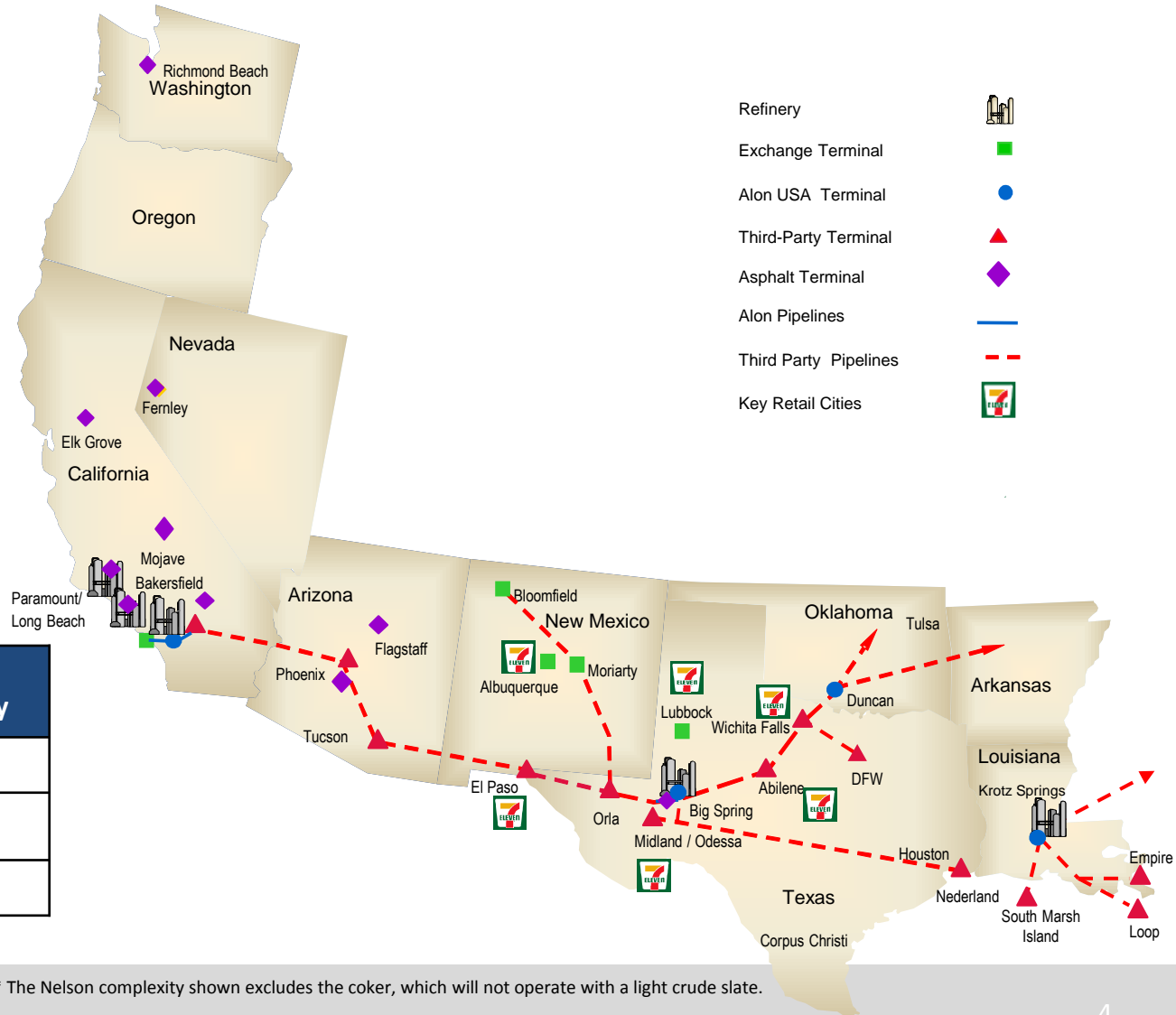
## Retail

294 stores in Central and West Texas and New Mexico

## Asphalt

10 terminals in the Southwestern and Western U.S.

Refinery	Crude Capacity (bpd)	Nelson Complexity
Big Spring	73,000	10.5
Krotz Springs	74,000	8.3
California	70,000	9.2*



# What do lower crude prices mean for ALJ?

## » Profitability

- › Absolute crude price does not determine profitability for a refiner like it does for an oil producer
- › Refiners' profitability depends on the difference between refined product prices and crude prices
- › Retail fuel margins typically improve in a falling price environment
- › Lower crude prices drive improved relative value in secondary products

## » Balance Sheet

- › Supply & offtake agreements at all locations limit inventory levels and thus exposure to oil volatility

**Refining is more defensive than other energy sectors in falling crude environment**

# Alon USA's Strategic Focus

## Strengthening Balance Sheet, Increasing Returns to Shareholders

- Reduced net debt by over \$500 million since the start of 2012 to \$362 million at the end of 3Q 2014
- Increased regular dividend by 67% to \$0.10 per share per quarter in August 2014
- Announced a special dividend of \$0.21 per share in October 2014

## Focusing on High-return, Low-cost Projects to Enhance Gross Margin

- Vacuum tower project at Big Spring implemented in June 2014 expected to have a payback period of less than two years
- Several projects identified at the Big Spring and Krotz Springs refineries with payback periods of two years or less

## Developing Logistics Business

- Will use assets currently utilized in our businesses
- Will construct a new 140,000 bpd rail unloading facility at Bakersfield, which will meaningfully increase the EBITDA of our logistics business

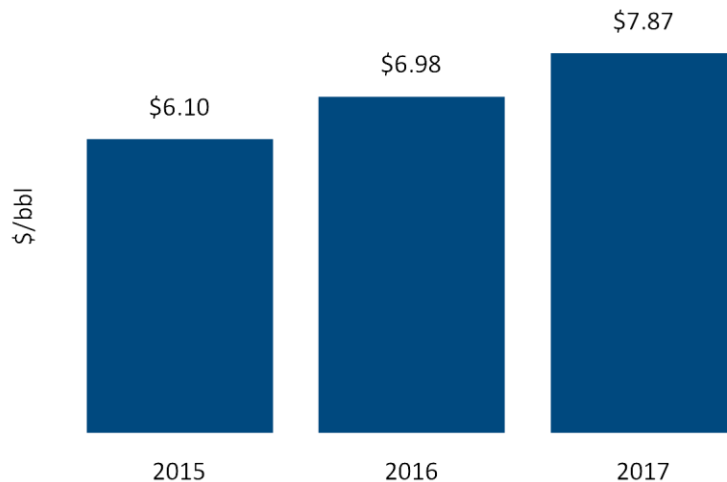
# Where We Are Heading

- » Expect to form a logistics MLP in late 2015 using existing assets across our businesses
- » Expect to drop down Krotz Springs at accretive terms for both ALDW and ALJ
- » After reducing net debt by over \$500 million since the start of 2012 by mostly using cash from operations, refocusing cash flow to low-risk, high-return projects
- » Transforming California assets from a drag on earnings to an earnings contributor by leveraging existing assets in growing logistics business
- » Growing retail business through new builds and/or acquisitions
- » Improving asphalt results by maximizing sales of high-performance grades, focusing on reducing costs and right-sizing operations

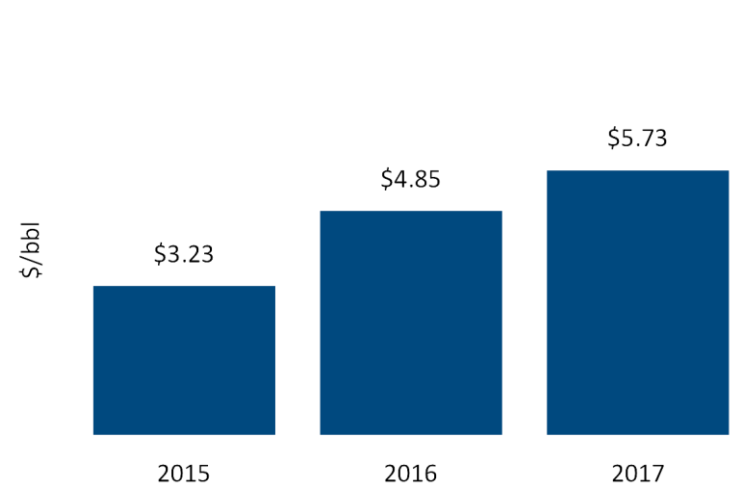
# Sustainable Feedstock Advantage

- » WTI-based crudes and light sweet Gulf Coast crudes (LLS) are expected to trade at a discount to international benchmarks (Brent), providing a sustainable feedstock advantage for Big Spring and Krotz Springs
- » Alon USA has hedged the Brent-LLS spread in 2015 and 2016 at volumes of 5 Mbpd and 11 Mbpd, respectively, at a strike price of \$7/bbl, supporting the profitability of Krotz Springs

**Brent-WTI Cushing Forward Spread <sup>1</sup>**



**Brent-LLS Forward Spread <sup>1</sup>**

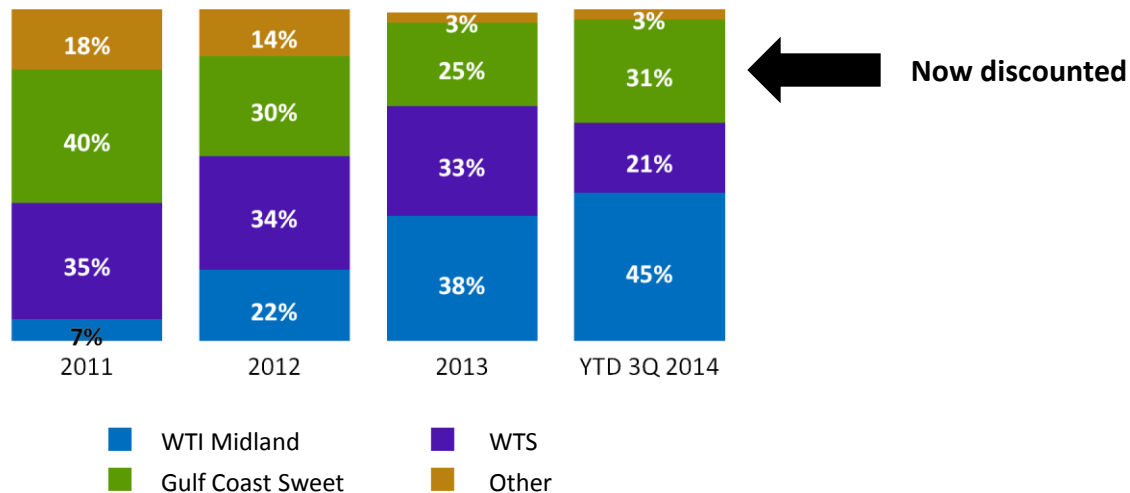




# Advantaged Crude Slate

- » Alon's crude slate has shifted increasingly towards discounted Midland-priced crudes since 2011
- » Processed 66% Midland-priced crudes YTD 3Q 2014, up from 42% in 2011
- » With LLS becoming discounted to Brent, Alon's crude slate is 100% advantaged, including 3% related to discounted blendstocks
- » Long-term, these crudes are expected to be discounted to Brent, providing a sustainable feedstock advantage

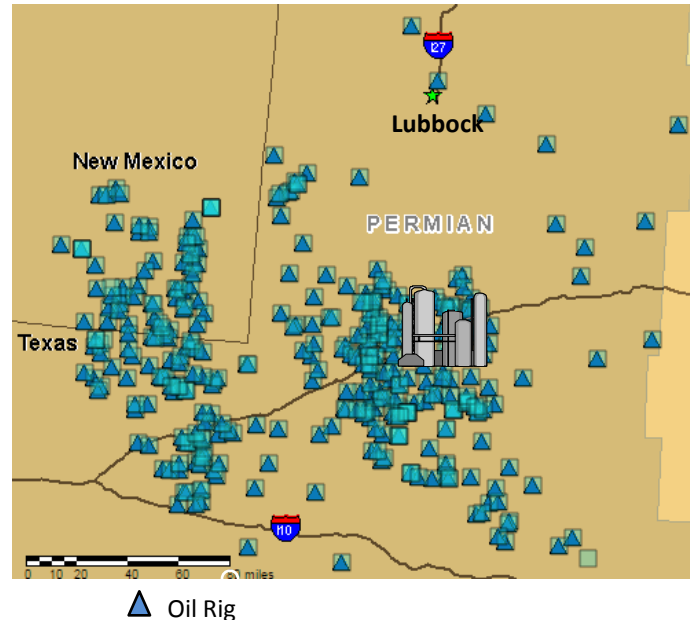
Alon's Consolidated Crude Slate <sup>1</sup>



# Big Spring: In the Heart of the Permian Basin

- » Permian activity is generally expected to be less impacted by lower crude prices than other U.S. shale plays, given stacked zones and more robust well economics
- » 368 active rigs in the Permian in February 2015, including 20 oil rigs in Howard County<sup>1</sup>
- » Local WTI supplied through Big Spring was 40 Mbpd in 3Q 2014 – up 17% from 2Q 2014

Permian Basin Activity Overview <sup>1</sup>

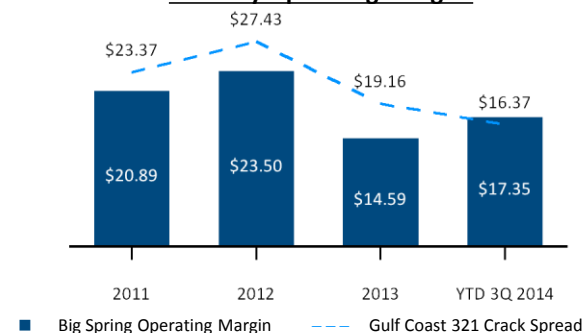


<sup>1</sup> Source: Baker Hughes, RigData; Rig information as of February 13, 2015

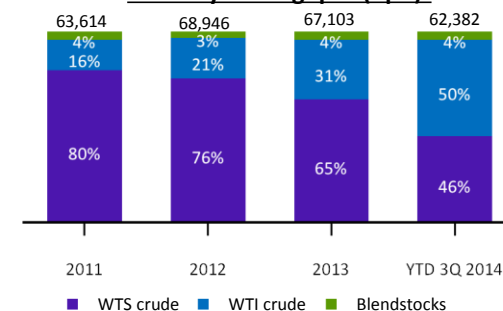
# Big Spring Refinery Overview

- » Big Spring refinery:
  - › 73,000 bpd (~26 MMbbl/year) sour crude cracking refinery
  - › 10.5 Nelson Complexity
  - › Processes 100% Midland-priced crude
  - › Distillate yield of 38.6% and combined gasoline and distillate yield of 88% in 3Q 2014
- » Integrated wholesale fuels marketing business supplies ~640 branded sites, including substantially all of Alon's retail sites
  - › In 2013, over 90% of gasoline and over 90% of diesel produced at Big Spring was transferred to our wholesale business, including branded and unbranded marketing
  - › YTD 3Q 2014, wholesale gasoline and diesel sales volumes exceeded 580 million gallons, including volumes sold to Alon USA's retail locations
  - › Alon's retail gasoline and diesel sales represent ~30% and ~7%, respectively, of Big Spring's gasoline and diesel production

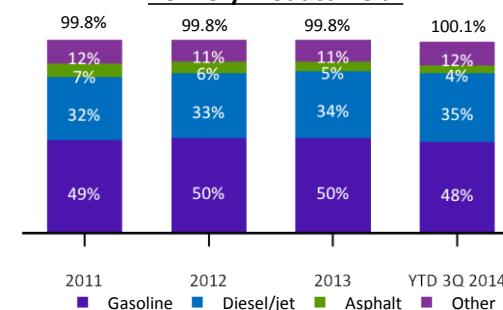
**Refinery Operating Margin<sup>1</sup>**



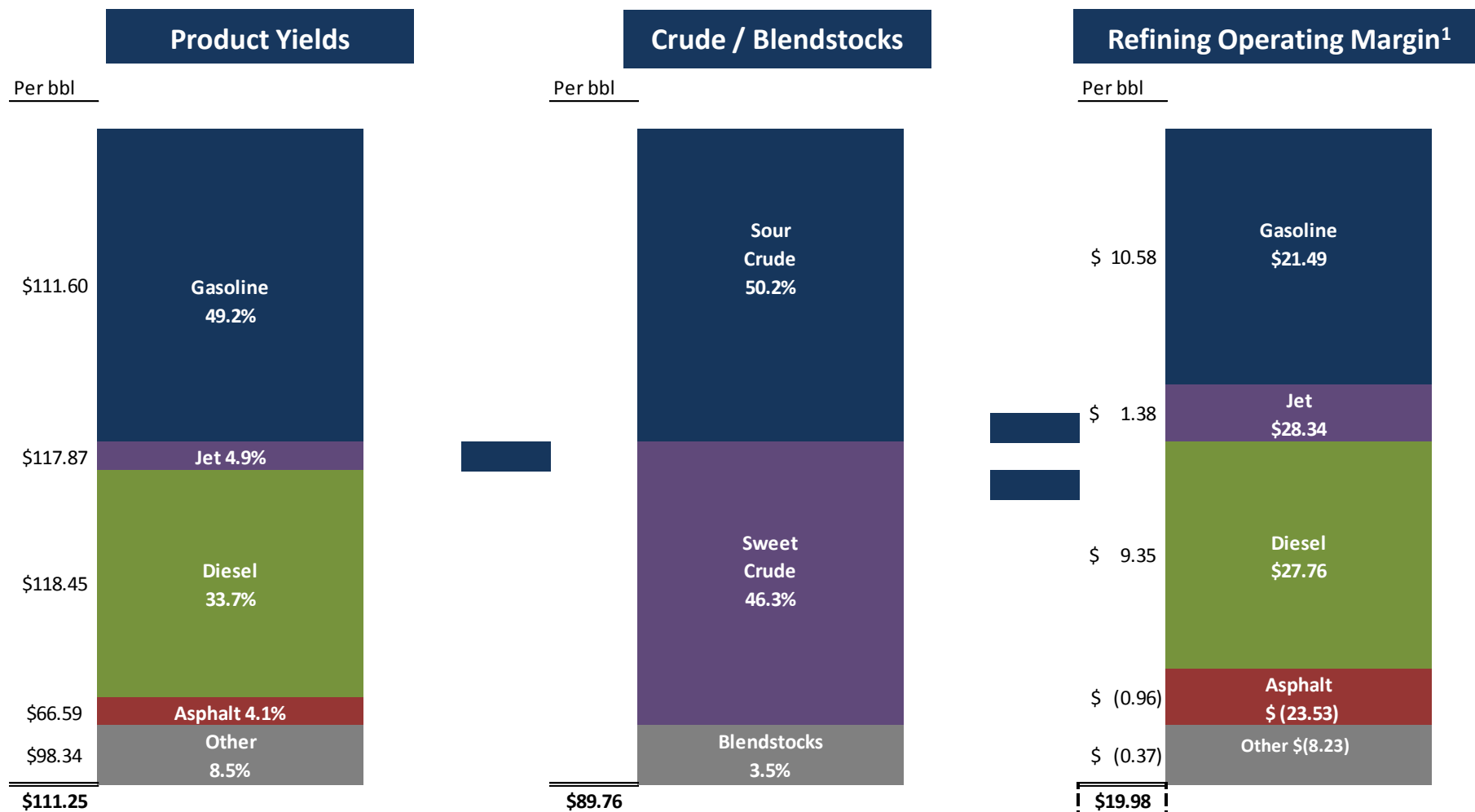
**Refinery Throughput (bpd)<sup>1</sup>**



**Refinery Product Yield<sup>1</sup>**



# How Big Spring Made Money 3Q 2014



<sup>1</sup> Some numbers may not add due to rounding. "Other" includes costs relating to RINs, pipeline fees, supply related costs and other raw materials purchased at the refinery.  
Charts are not to scale.

# Organic Growth Opportunities at Big Spring

- » Evaluating low-risk projects with payback periods of less than two years to enhance the refinery's gross margin, focused on:
  - › LPG recovery, increased aromatics recovery, producing chemical-grade propylene
  - › Increasing ability to process WTI Midland crude, which traded below WTS in 2014
- » Evaluating potential for significant expansion of the Big Spring refinery
- » Vacuum tower project completed in 2Q 2014 increased diesel yield by over 3,000 bpd
  - › Cost less than \$30 million\* and is expected to generate annual EBITDA of \$22 million<sup>1</sup>

**Short-term low-cost projects will drive meaningful returns at Big Spring**

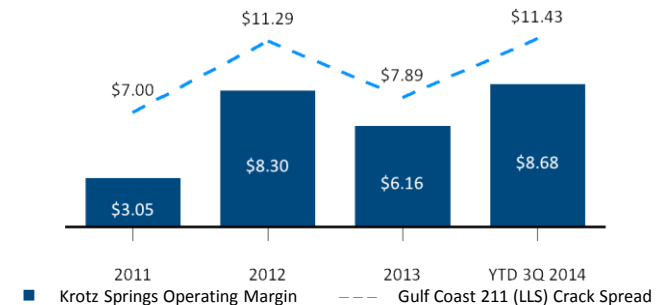
\* Includes \$6 million of sustaining capital

<sup>1</sup> \$22 million annual EBITDA uplift based on \$10/bbl spread between diesel and gasoline, natural gas price of \$3.80/MMBtu, and a Gulf Coast WTI-Based 3-2-1 benchmark crack spread of \$16.90/bbl.

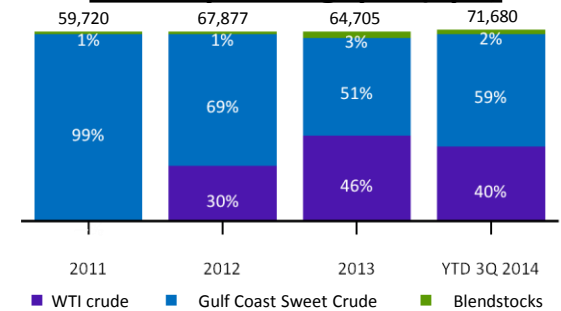
# Krotz Springs Refinery Overview

- » 74,000 bpd sweet crude residual cracking refinery
- » 8.3 Nelson Complexity
- » Historically processed a mix of LLS and HLS type crudes
- » Transporting 30,000 bpd of WTI Midland-priced crude through the AMDEL pipeline to process at Krotz Springs
- » High liquid recovery of 101-102%
- » One of the newest refineries in the U.S. (1980)<sup>1</sup> with industry low operating costs
- » High distillate yield capability of over 40%

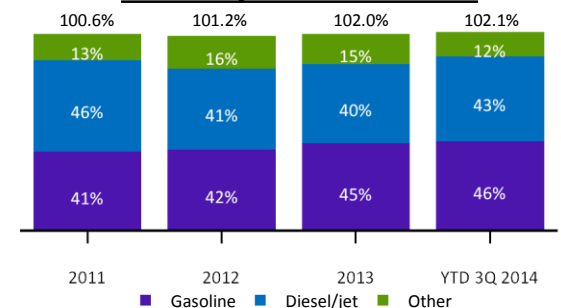
## Refinery Operating Margin



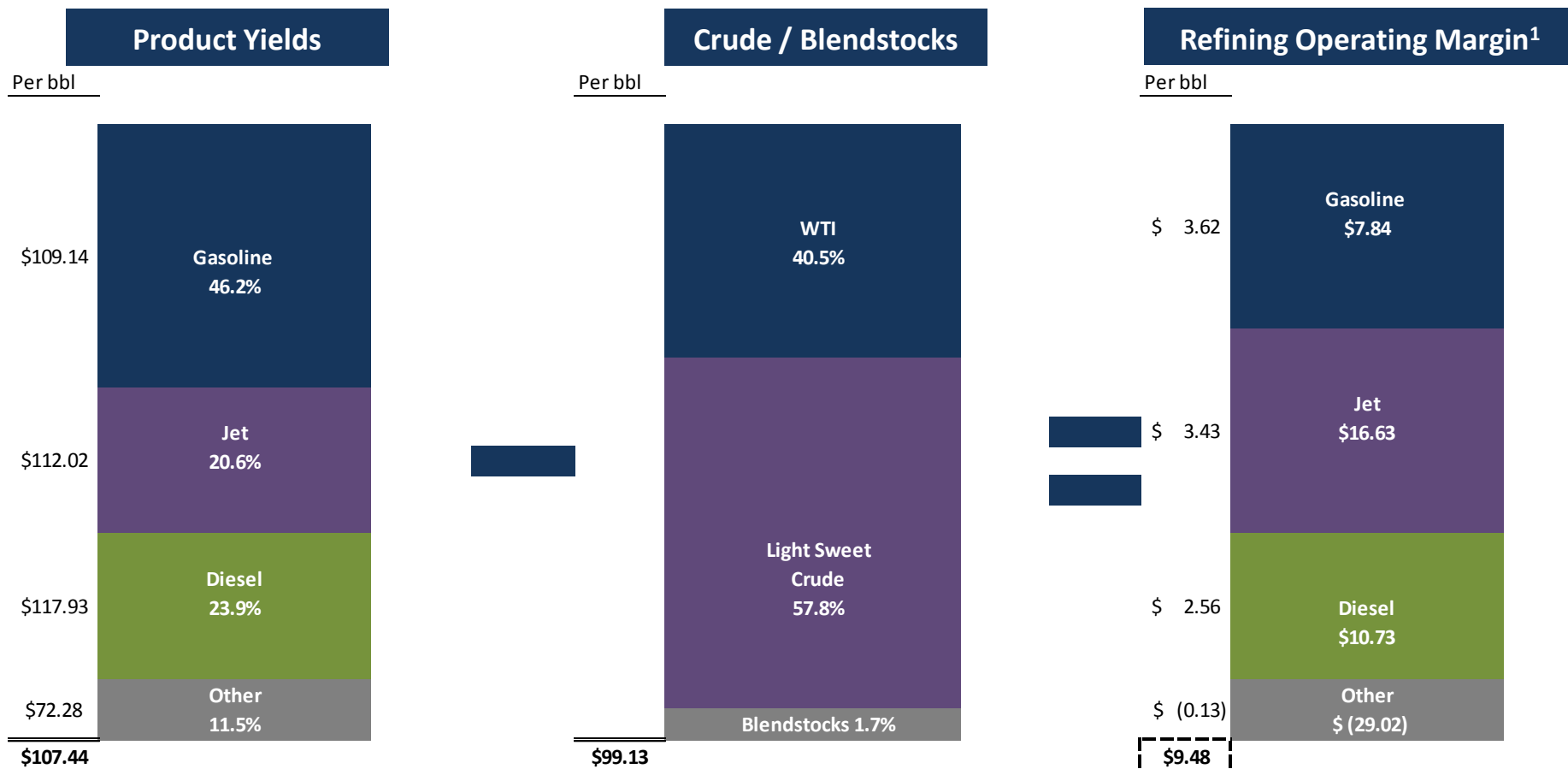
## Refinery Throughput (bpd)



## Refinery Product Yield<sup>2</sup>



# How Krotz Springs Made Money 3Q 2014



<sup>1</sup> Some numbers may not add due to rounding. "Other" includes costs relating to RINs, pipeline fees, supply related costs and other raw materials purchased at the refinery.  
Charts are not to scale.

# Improving Value Proposition of Krotz Springs

## Organic Growth Projects

- Evaluating projects with less than two-year paybacks focused on:
  - Increasing LPG value
  - Improving distillate recovery
  - Enhancing gasoline blending

## Improved crude slate

- Processing 30,000 bpd of Midland-priced WTI
- Discount in LLS to Brent provides margin uplift
- Rail capacity provides optionality in crude sourcing

## Improved operations

- Achieved record quarterly throughput of almost 77,000 bpd in 3Q 2014
- Distillate yield was 44.5% and light product yield was over 90% in 3Q 2014
- Liquid recovery of 102.2% in 3Q 2014



# California Refining Assets Overview

- » In 4Q 2012, ceased refining operations due to unfavorable economics
- » Focused on reducing operating expenses; leveraging logistics assets

Terminal	Current Permitted Rail Capacity	Status
Long Beach	12,000 bpd	Providing services to third party
Paramount	14,000 bpd	In discussions with third parties

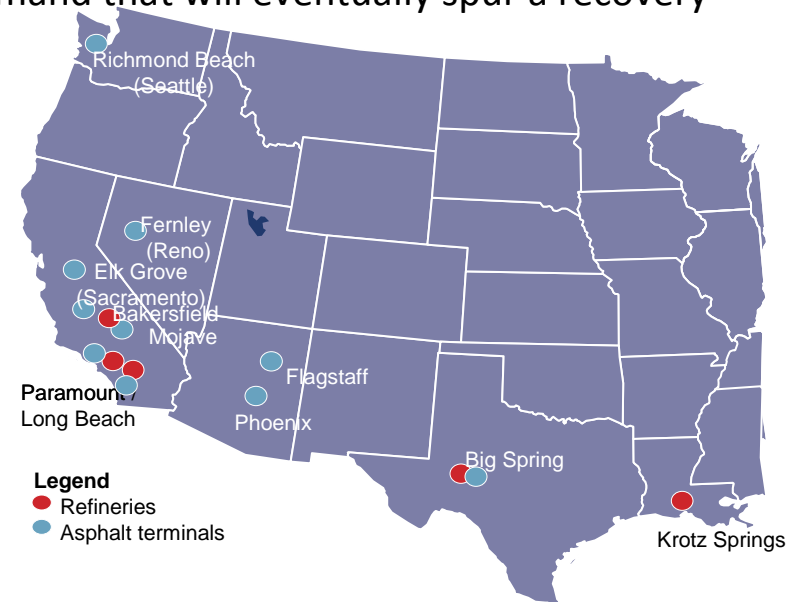
- » Received permit to construct a new 140,000 bpd rail unloading facility at the Bakersfield refinery
  - › Will allow shipments of light Mid-Continent crudes or heavy crudes
  - › Commercial discussions are ongoing
  - › Rail unloading facility now expected to startup in 2016
  - › Expect Bakersfield to generate ~\$30 million in annual EBITDA unloading one unit train per day or ~\$60 million unloading two unit trains per day
  - › Rail unloading facility and pipeline connectivity expected to cost \$50-70 million

# Improving the Asphalt Business

- » U.S. asphalt demand in 2013 was down 41% from the peak in 2005
- » Asphalt demand is largely driven by federal, state and local spending
- » The country's highways and bridges require capital investment of \$120 billion annually over six years to meet current demand, but only \$83 billion is currently being invested<sup>1</sup>
- » Underinvestment in infrastructure is driving pent-up demand that will eventually spur a recovery

## Steps Alon is taking to improve profitability:

- » Focusing on premium products with better margins (recycled ground tire rubber blends)
- » Working with suppliers to improve sourcing
- » Right-sizing terminal system and leased railcar fleet
- » Striving to be low-cost operator



**Alon is positioned well when asphalt demand inevitably recovers**

# Physically Integrated Retail Network

- » Largest 7-Eleven licensee in the U.S. with 294 stores (~50% fee owned) in Central/West Texas and New Mexico
- » Operating in one of the nation's strongest areas for economic activity
- » Remodel program continues to progress
- » Expanding store count through new builds and/or acquisitions
- » Retail gasoline and diesel sales represent approximately 30% and 7%, respectively, of Big Spring's gasoline and diesel production

## Locations in High Growth Markets<sup>1</sup>

Location	Total
Big Spring, Texas	7
Wichita Falls, Texas	11
Waco, Texas	9
Midland, Texas	17
Lubbock, Texas	21
Albuquerque, New Mexico	23
Odessa, Texas	35
Abilene, Texas	40
El Paso, Texas	83
Other locations in Central and West Texas	48
<b>Total Stores</b>	<b>294</b>

# Alon's Strategic Advantages

- » Strategically located refineries with advantageous sources of crude
- » Existing assets have logistics EBITDA to support new logistics MLP; Bakersfield provides significant logistics EBITDA growth
- » Backlog of low-risk projects with payback periods of less than two years
- » Physically integrated refining and marketing system (wholesale and retail network) at Big Spring
- » Diversified operations provide stability
- » High quality assets with low operating costs
- » Strong liquidity position and flexibility provided by supply & offtake agreements at each refinery
- » Experienced management team

# Growth Initiatives & Operational Improvements

## Refining

- Opportunities to implement low-risk, high-return projects
- Increasing high margin distillate production
- Evaluating potential to increase throughput at Big Spring

## Retail and Wholesale

- Expanding retail store count through new builds and/or acquisitions
- Increasing volumes in integrated wholesale marketing business

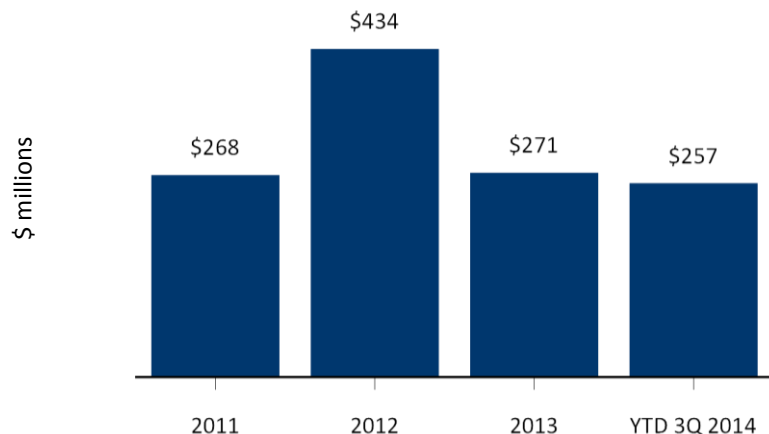
## Logistics

- Plan to form a logistics MLP in late 2015 using existing assets across our businesses
- Developing Bakersfield rail unloading terminal, which provides significant logistics EBITDA growth

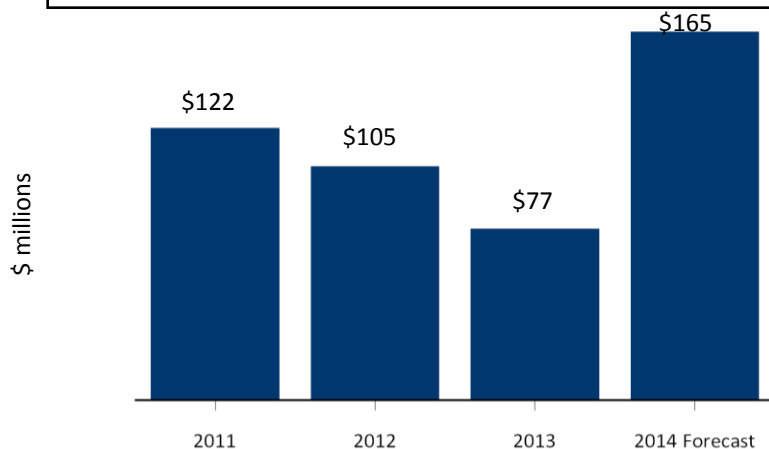
# Financial Summary

# Key Financial Metrics

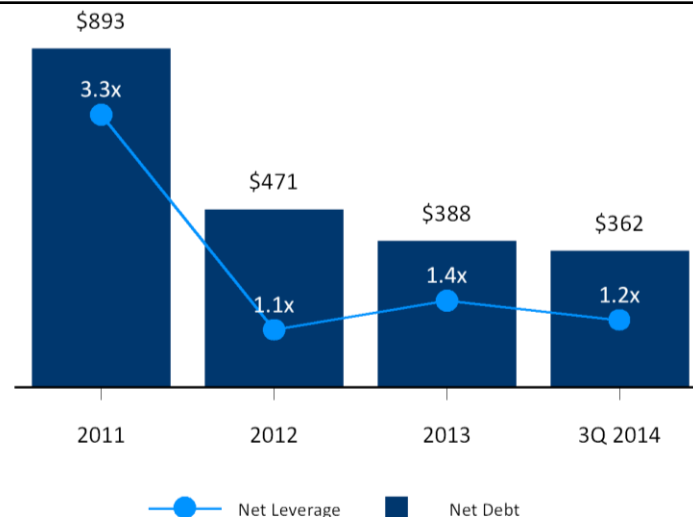
## Adjusted EBITDA<sup>1</sup>



## Capital Expenditures & Turnarounds



## Net Leverage (Net Debt/Adjusted EBITDA)<sup>2</sup>



- » Increase in capital expenditures in 2014 mainly relates to major five-year turnaround in 2Q 2014 at the Big Spring refinery and the vacuum tower project
- » Alon has low sustaining capex requirements – Big Spring and Krotz Springs combined require ~\$50 million in sustaining and regulatory spending and ~\$20 million for turnarounds annually

<sup>1</sup> See page 28 for a reconciliation of Adjusted EBITDA to Net Income under GAAP. Pro forma for the turnaround in 2Q 2014, YTD 3Q 2014 EBITDA would be higher by \$55-65 million.

<sup>2</sup> Net leverage for 3Q 2014 is based on LTM Adjusted EBITDA of \$310 million.

# Investor Relations Contact

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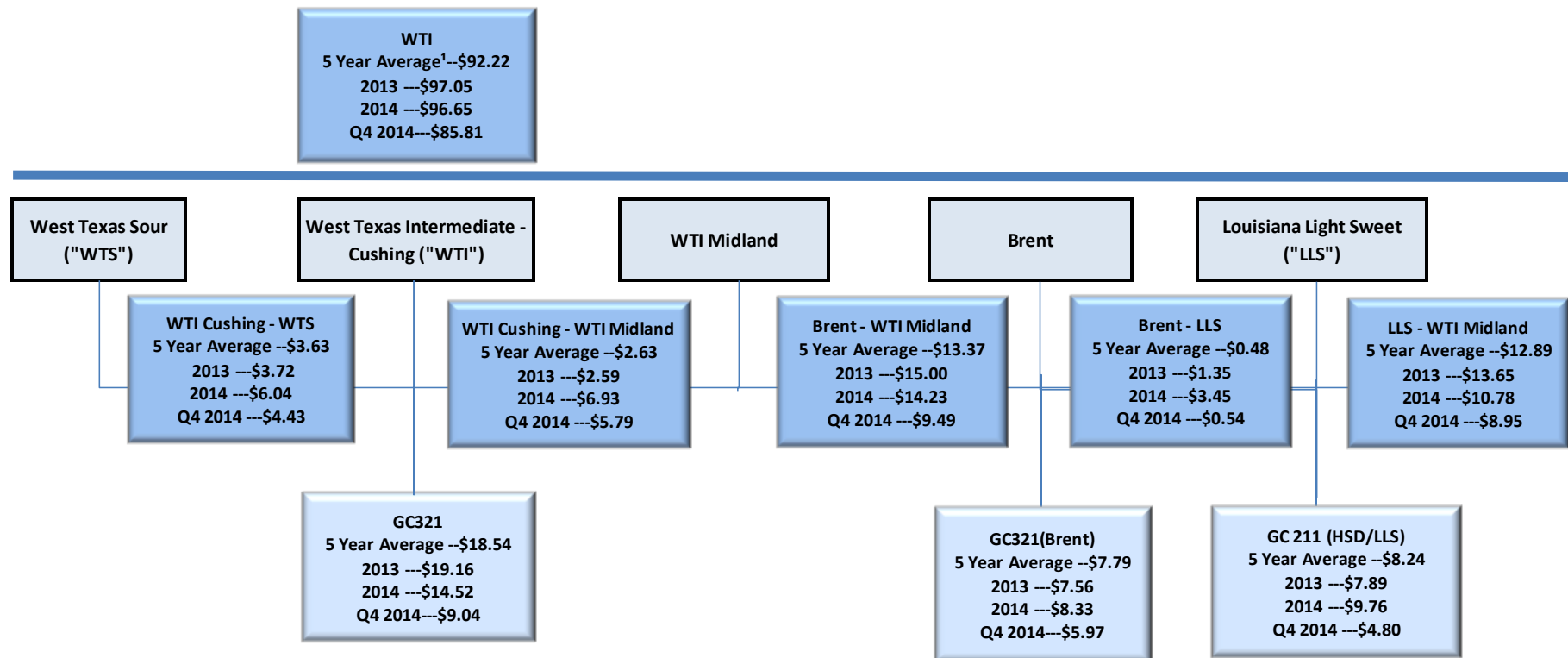


# Appendix

# Alon USA Partners – Cash Available for Distribution

ALL INFORMATION IS UNAUDITED (dollars in thousands, except per unit data)	For the Three Months Ended December 31, 2014		For the Year Ended December 31, 2014	
Net sales	\$	800,179	\$	3,221,373
Operating costs and expenses:				
Cost of sales		697,919		2,823,694
Direct operating expenses		25,944		105,760
Selling, general and administrative expenses		6,941		26,446
Depreciation and amortization		14,067		47,494
Total operating costs and expenses		744,871		3,003,394
Operating income		55,308		217,979
Interest expense		(12,229)		(46,706)
Other income, net		19		646
Income before state income tax expense		43,098		171,919
State income tax expense		999		2,784
Net income	\$	42,099	\$	169,135
Adjustments to reconcile net income to Adjusted EBITDA:				
Interest expense		12,229		46,706
State income tax expense		999		2,784
Depreciation and amortization		14,067		47,494
Adjusted EBITDA	\$	69,394	\$	266,119
Adjustments to reconcile Adjusted EBITDA to cash available for distribution:				
less: Maintenance/growth capital expenditures		2,133		16,064
less: Major and non-major turnaround and catalyst replacement capital expenditures		9,586		58,736
add: Major turnaround and catalyst replacement capital expenditures previously reserved		—		(23,000)
less: Major turnaround reserve for future years		1,500		5,650
less: Principal payments		625		2,500
less: State income tax payments		342		2,127
less: Interest paid in cash		11,203		44,948
Cash available for distribution	\$	44,005	\$	159,094
Cash available for distribution per unit	\$	0.70	\$	2.54

# Crude Differentials & Crack Spread Trends



	WTI Cushing – WTS	WTI Cushing – WTI Midland
January 2015 Average	\$1.56	\$1.79
February 2015 Average	\$2.67	\$2.92

# Adjusted EBITDA Reconciliation

(in \$ 000's)	2011	2012	2013	YTD 3Q 2014 <sup>1</sup>
Net income available to stockholders	42,507	79,134	22,986	31,750
Net income attributable to non-controlling interest	1,241	11,463	25,129	23,662
Income tax expense	18,918	49,884	12,151	14,454
Interest expense	88,310	129,572	94,694	85,473
Depreciation and amortization	113,730	121,929	125,494	91,501
(Gain) loss on disposition of assets	(729)	2,309	(9,558)	(745)
Unrealized (gains) losses on commodity swaps	(31,936)	31,936	—	10,774
Loss on heating oil call option crack spread contracts	36,280	7,297	—	—
<b>Adjusted EBITDA</b>	<b>268,321</b>	<b>433,524</b>	<b>270,896</b>	<b>256,869</b>