



## **HORIZON - 2007**

### **Reorganizing For The Future**

**Analyst Conference Presentation**

**June 25, 2007**

# The Horizon Project

Aligning business processes and organizational structure with the Group's objectives and strategy



# The Master Goal Of The Change

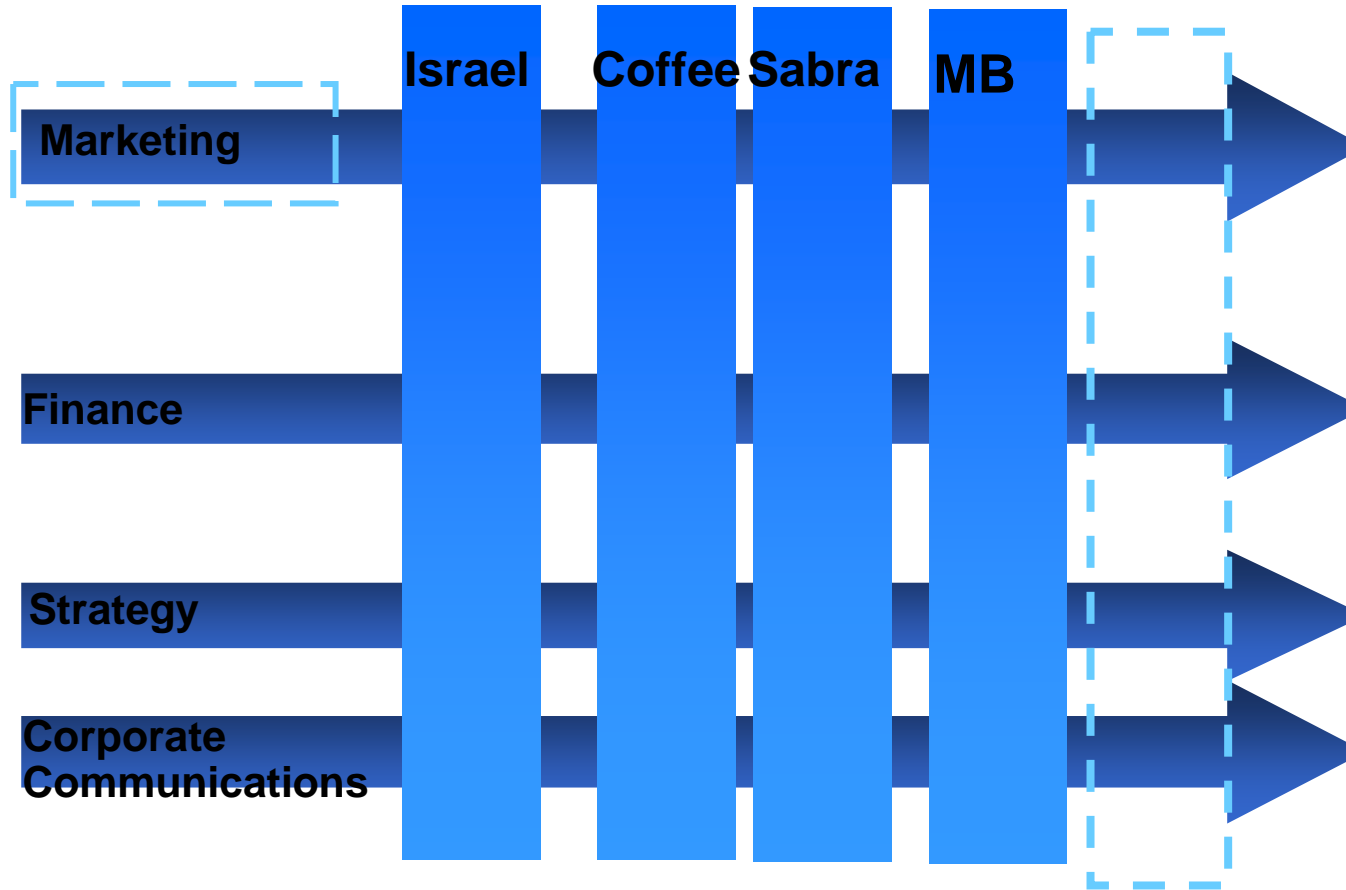
**Create one global company that operates according to the international standards of the world's leading corporations as it strives to achieve the Group's visionary goals.**



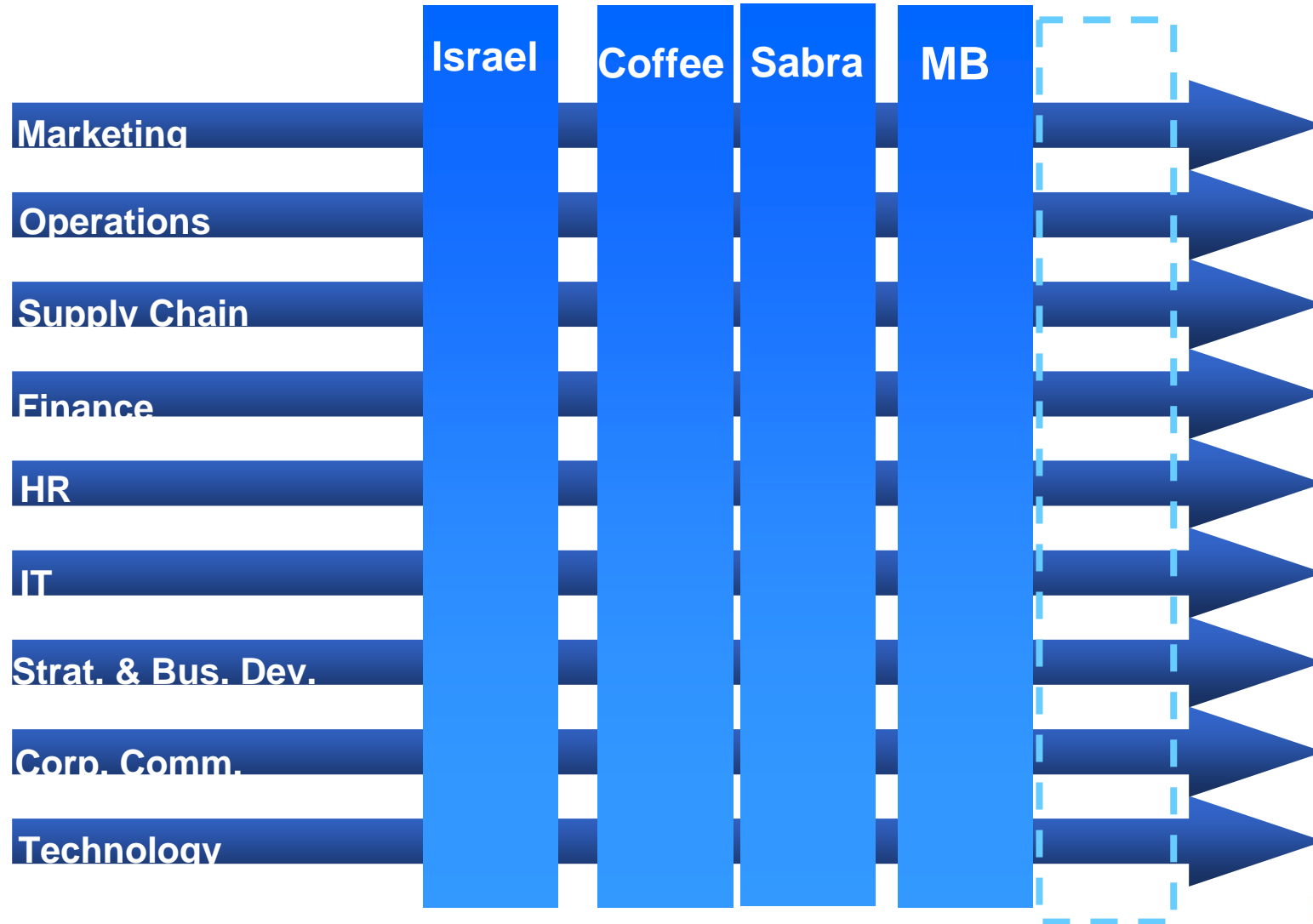
# The Group Organizational Structure



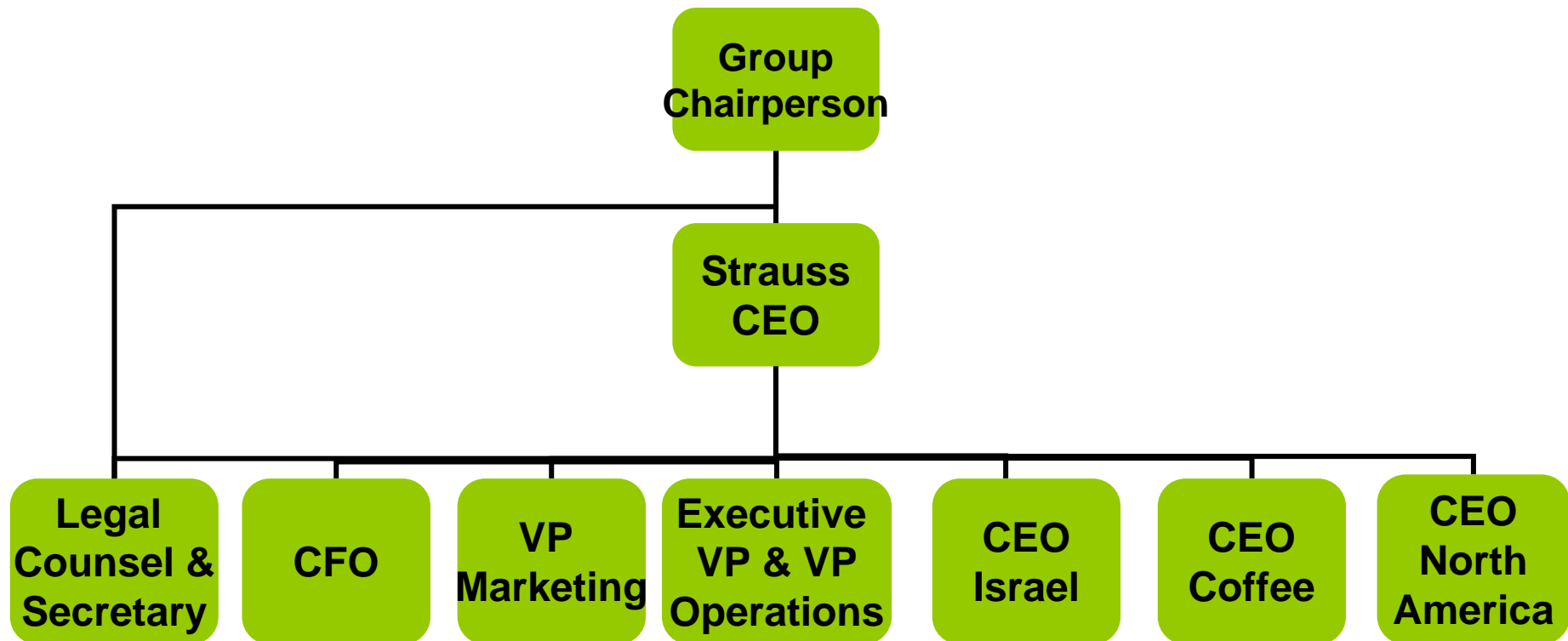
# The Group's Current Operating Model



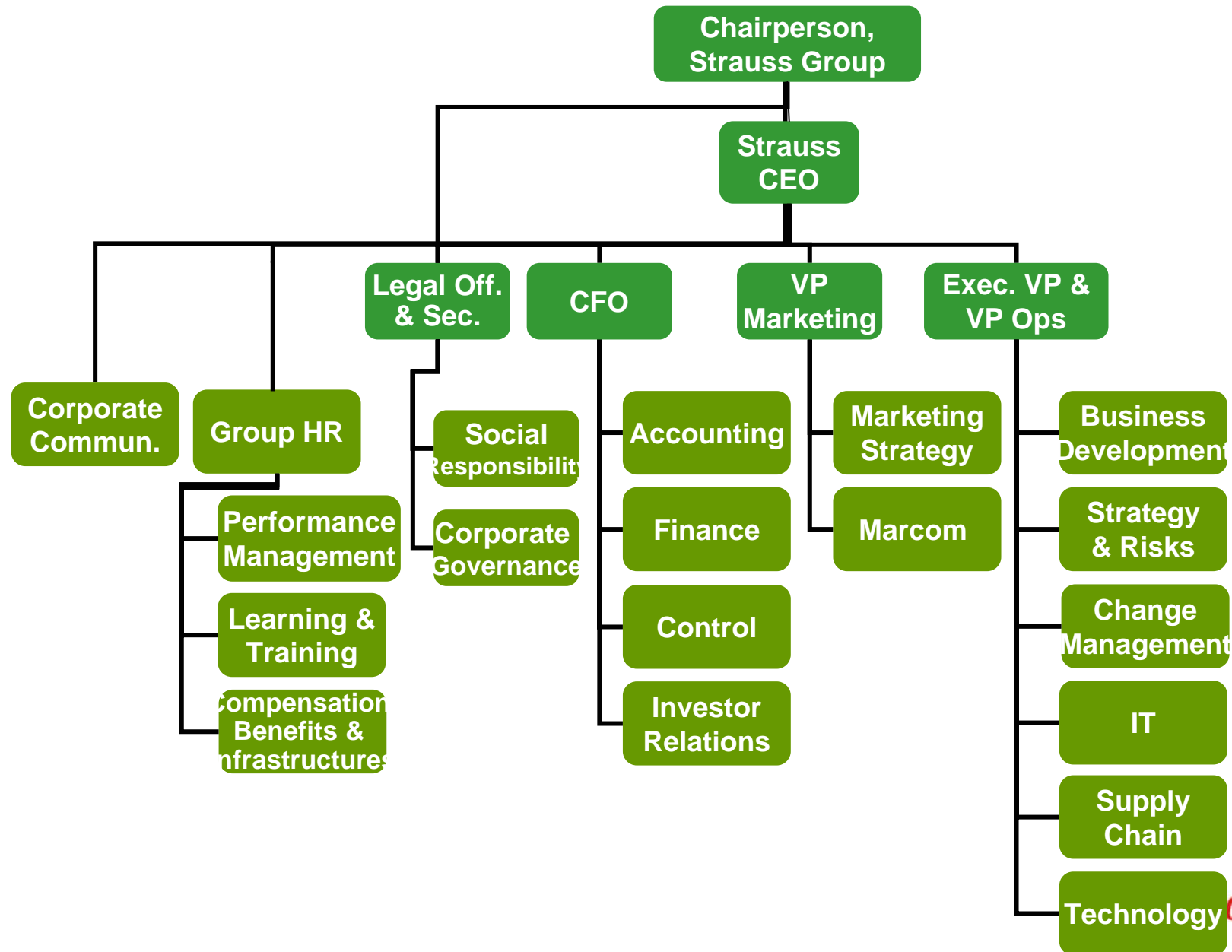
# The Group's New Operating Model



# Chairperson and Group Management



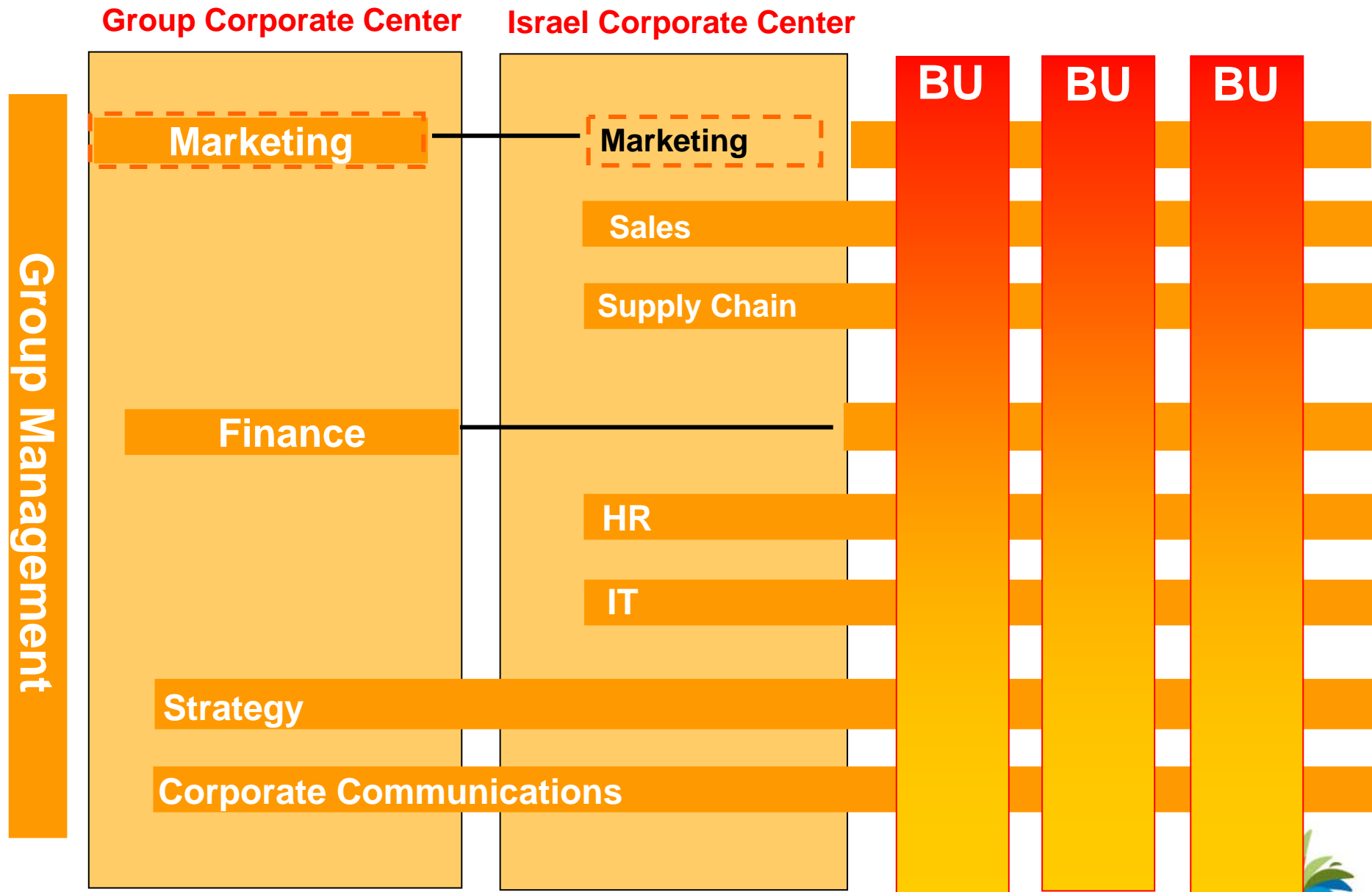
# Corporate Structure



# The Organizational Change In Israel

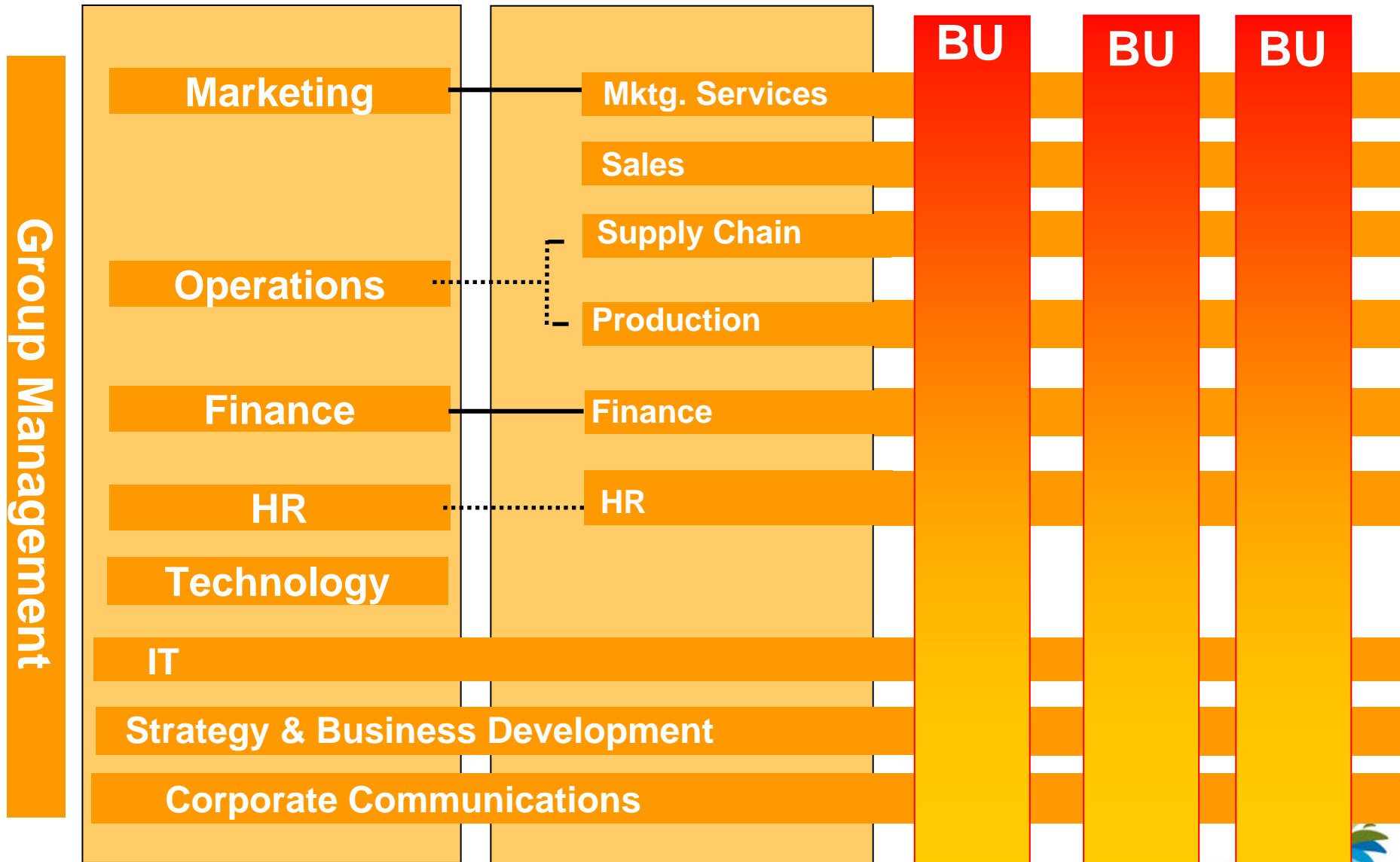


# Israel's Current Operating Model

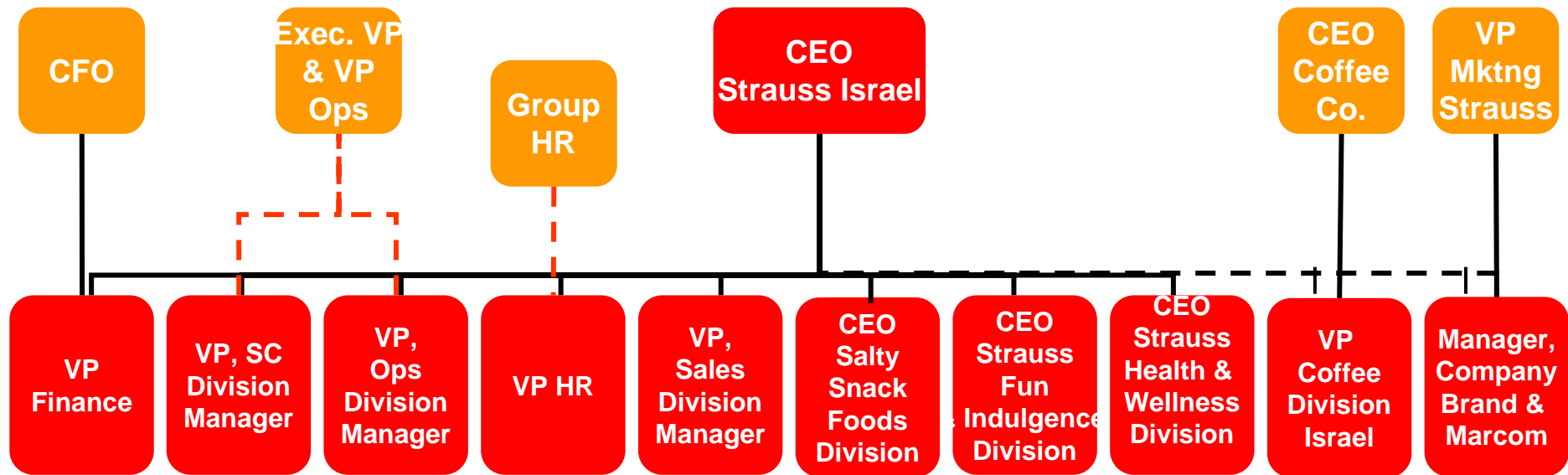


# Israel's New Operating Model

Group Corporate Center    Israel Corporate Center



# Israel New Organizational Structure



# Streamlining Objectives



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# Summary of Streamlining Objectives

- The total savings/improvements of this process are expected to result in a 1%-3% improvement in the operating margin of Group activity in Israel (about 1% of company sales in Israel).
- Savings will be gained in about three years from 2008.
- The projected savings are based on work performed by Accenture Consulting and on company management estimates.
- The company is expected to record reorganization costs in the next two years at a total of NIS 15-18 million.



# Summary of Reorganization Objectives

1. Retention and strengthening leadership in Israel
2. Leveraging the Group's competitive capabilities
3. Separating the Supply chain including production from the business division to create operational excellence while increasing focus on quality, operating efficiency and operational professionalism.
4. Realizing the potential of the merger in Israel in areas not yet fully tapped
5. Adaptation of the organization for international expansion
6. Development of a new organizational culture that encourages partnership, teamwork, specialization, performance-based management, together with organizational discipline.
7. Improved profitability- 1%-3% improvement in operating margin in Israel
8. Shift financial resources to investments in future international growth



# Thank You

