



STRAUSS GROUP

Ibex Investors TASE Conference

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GAAP to Non-GAAP Reconciliations

In addition to reporting financial results in accordance with generally accepted accounting principles (GAAP), the Company provides non-GAAP adjusted operating results which include the results of jointly controlled entities as if they were proportionately consolidated. Strauss Group has a number of jointly controlled companies: the Três Corações joint venture (3C) - Brazil (a company jointly held by Strauss Group (50%) and by the São Miguel Group (50%) in Brazil), Sabra Dipping Company (a 50%/50% JV with PepsiCo in the U.S. and Canada), Strauss Frito-Lay Ltd. (a 50%/50% JV with PepsiCo Frito-Lay in Israel) and PepsiCo Strauss Fresh Dips & Spreads International (a 50%/50% JV with PepsiCo outside the U.S. and Canada)⁽¹⁾.

In addition, non-GAAP adjusted figures exclude any share-based payments, mark to market of commodity hedging transactions as at end-of-period, other expenses or income and taxes referring to these adjustments.

Company Management believes that these measures provide investors with transparency by helping to illustrate the underlying financial and business trends relating to the Company's results of operations and financial condition and comparability between current and prior periods. Management uses the measures to establish and monitor budgets and operational goals and to evaluate the performance of the Company. Please see the GAAP to Non-GAAP Adjusted Reconciliation tables in the Company's MD&A report for a full reconciliation of the Company's GAAP to non-GAAP adjusted results.

(1) In Q2'15 the subsidiary Strauss Water signed a series of share exchange and transfer agreements with companies of the Haier Group, as well as a joint venture agreement, with the aim of restructuring the Haier Strauss Water joint venture in China. The change in respect of the above agreements was reflected in the non-GAAP reports commencing in the third quarter of 2015. For further information, see Note 12.6 to the Consolidated Financial Statements as at December 31, 2015.



**Strauss is a branded,
multi-category
Global Food &
beverage company**



**Our Mission: Creating
Wonders Out of Basics**





Our Strategy

Selective Global Expansion

Right Product

Right Geography

Right Global Partner

Whilst maintaining home base excellence

Local Excellence. Global Reach.



PEPSICO



Haier



Strauss Group At A Glance

2017 and YTD 2018 Key Financials (Non-GAAP)

2018 Sales:

NIS 8,577m

Constant Currency Organic
Sales growth 2018 :

4.8%

2018 EBIT:

NIS 865m

2018 Net Income:

+17.8%

2018 Stock Performance:

+32%

Net Debt / EBITDA:

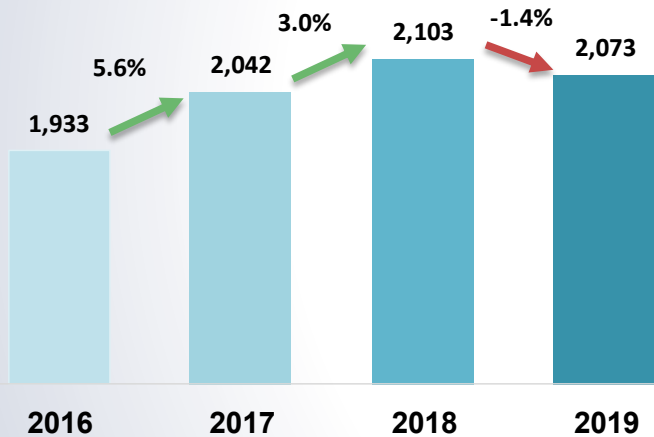
1.9x

(Q2 2019)

**Another Year of Progress with Strong, Sustainable,
Profitable Growth - A Solid Execution**

2016-2019 Q2 | Strauss Group growth journey

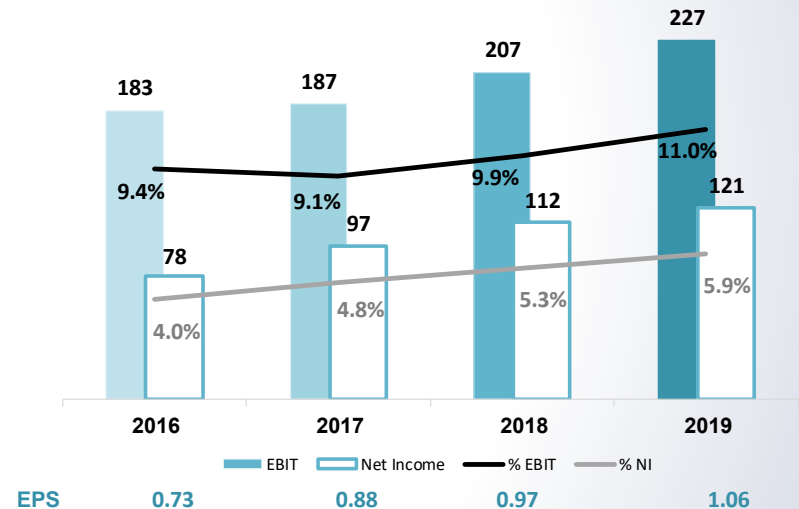
Net Sales



2.4% CAGR growth since 2016

With key currencies devaluing

EBIT & Net Income



+7.4% CAGR EBIT increase in 3Y

+15.8% CAGR Net Income increase in 3Y

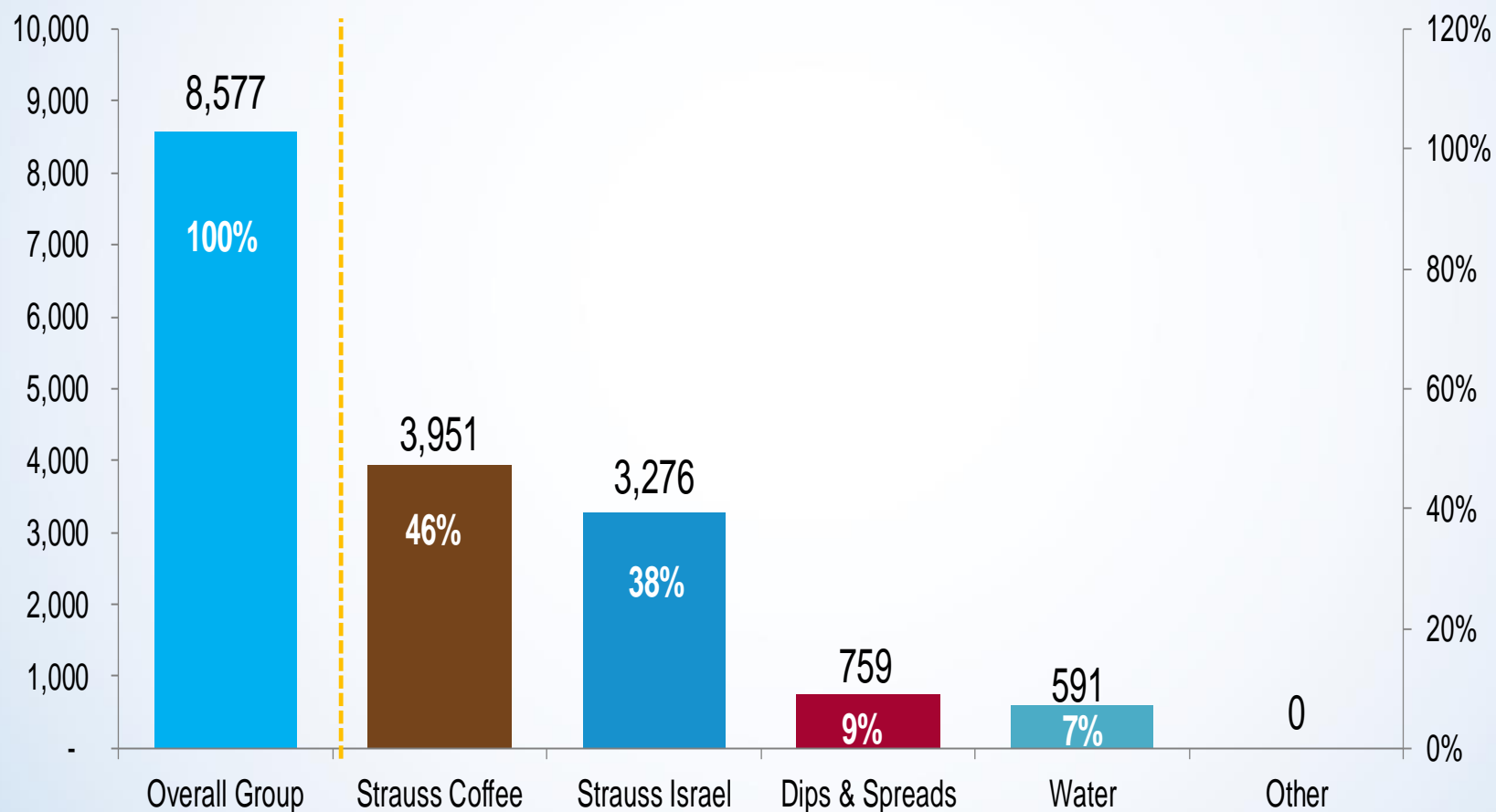
A collage of fresh ingredients including blueberries, raspberries, almonds, and a jar of yogurt, with text overlays.

**A strong home base
in Israel**

**Leading global
business in Coffee,
Water & Dips and
Spreads**

2018 Sales by Segment

NIS mm; Non-GAAP; % sales contribution





Strauss Israel

We are the largest F&B company in Israel

- **12% market share**
- **We have been growing 3-5% top line and growing our market share for the past 12 consecutive quarters**
- **Our top line growth stems from our leading brand positioning, scale and innovation**
- **c70% of our products are the leading brand, 30% a strong number 2**
- **We continue to focus on delivering healthier products with less sugar, salt and fat contents**



* Source: Storenext

A close-up photograph of a white ceramic cup filled with dark coffee, topped with a thick layer of golden-brown foam. The cup sits on a matching white saucer. Three sugar cubes are placed on the saucer: two in the foreground and one to the right. A silver spoon lies on the saucer to the right of the cup. The entire set is on a light-colored wooden surface with visible grain. A semi-transparent white rectangular box is overlaid on the middle of the cup, containing the text 'Strauss Coffee' in a bold, brown, sans-serif font.

Strauss Coffee

Note: Três Corações Joint Venture, a company jointly held by the Group (50%) and by the São Miguel Group (50%), (3C).

**Among the top 4
coffee companies
globally**

**We operate in three
geographies – Brazil,
Eastern Europe and Israel**



Brazil – c45% of Revenues

- Tres Coracoes is a Joint Venture between Strauss Group and Brazilian based Sao Miguel
- sales grew 660% in a decade to over US\$1 billion
- EBIT grew c33X
- EBIT margins improved from 2% to 8-9%
- Mkt share increased to 28% from 11%
- We are the #1 coffee company in Brazil



- (1) Note: Três Corações joint venture (Brazil): a company jointly held by the Group (50%) and by the São Miguel Group (50%) (3C)
- (2) Source: Nielsen

Três Corações Net Sales

BRL mm for 100% ownership and including inter-company sales



2006
BRL 609mm

6.6x

2018
BRL 3,995mm

Note: Três Corações Joint Venture: a company jointly held by the Group (50%) and by the São Miguel Group (50%) (3C).

Source: Três Corações Alimentos S.A Consolidated Financial Statements.



Três Corações EBIT

BRL mm for 100% ownership



2006

BRL **11mm**

EBIT Margin | 1.8%

33.0x

2018

BRL **364mm**

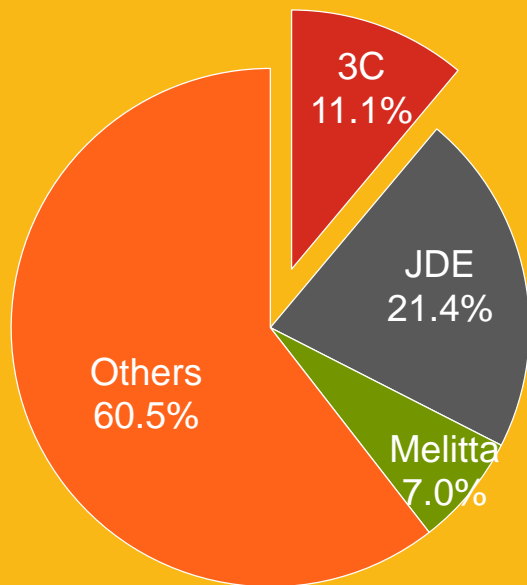
EBIT Margin | 8.6%

Note: Três Corações Joint Venture: a company jointly held by the Group (50%) and by the São Miguel Group (50%) (3C).
Source: Três Corações Alimentos S.A Consolidated Financial Statements.
EBIT before Other Expenses/ Income.



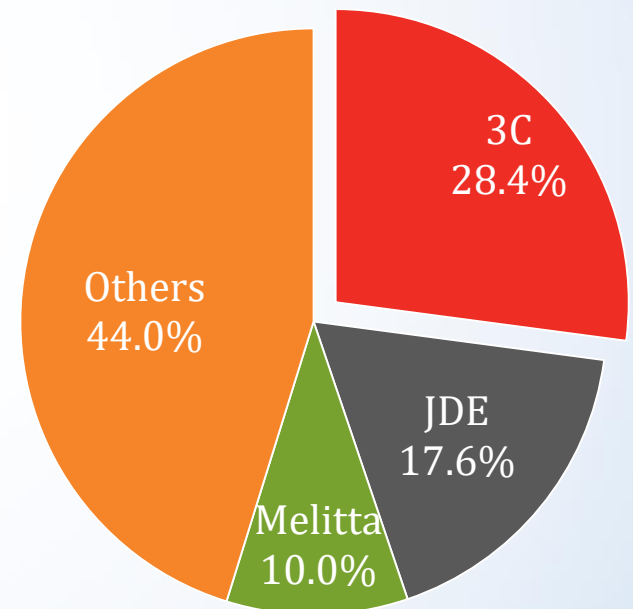


2006



2.5x

September 2019



Note: Três Corações Joint Venture: a company jointly held by the Group (50%) and by the São Miguel Group (50%) (3C).

Source: Nielsen

Eastern Europe – c30% of Revenues

We operate in Russia, Ukraine, Poland, Romania and Serbia

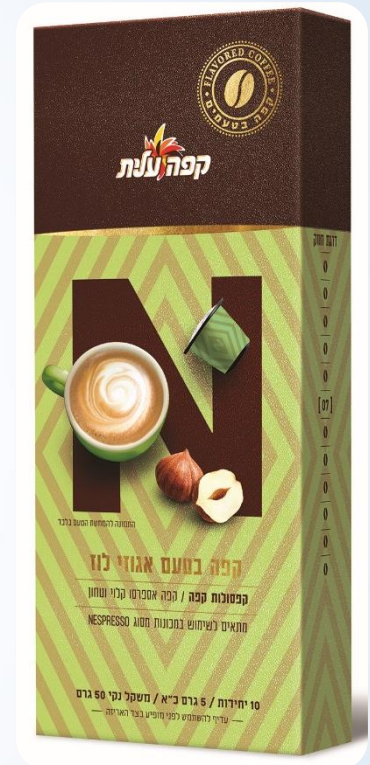
- We have been selling coffee in EE since the 1990's
- #1 or #2 brands in most markets



Israel – c25% of Revenues

We Are the number 1 coffee brand in Israel with over 50% Market Share

- Dominant position in R&G market
- EBIT margins in Israel were 26% in Q1 2019
- Successful launch of Nespresso compatible capsules; 50% of compatible market





Sustainability Coffee Project

- Partnership with women coffee growers
- Support women led coffee cooperatives
- Empowering women and promoting gender equality in coffee communities in the developing world



Sabra-Obela

International Dips & Spreads



Vision:

To become a **global leader** of the fresh dips and spreads category

International Dips and Spreads



- Sabra is a global market leader and the no. 1 producer of Hummus in North America with a c60% market share
- There is no obvious global leader in the category
- Global penetration includes Australia, New Zealand, Mexico and more recently Germany and Holland in Europe
- Sales grew over 700% in North America in the past decade and EBIT grew 1450%



Sabra Net Sales

NIS mm for 100% ownership | Non-GAAP



2006

NIS **170mm**

7.3x

2018

NIS **1,352mm**



Sabra EBIT

NIS mm for 100% ownership | Non-GAAP



2006

NIS **8mm**

14.5x

2018

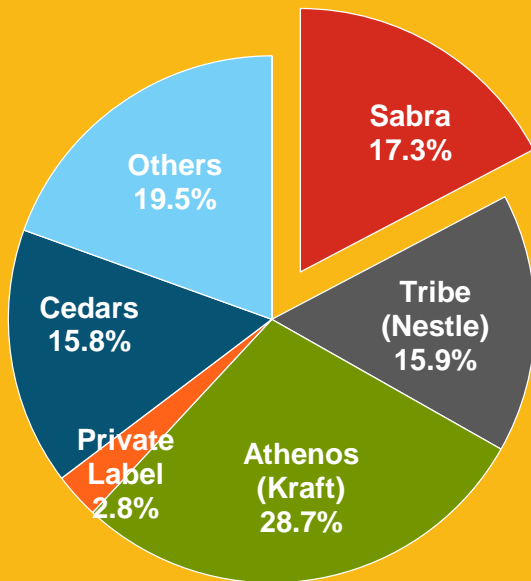
NIS **116mm**

Sabra U.S. Hummus

Value Market Share

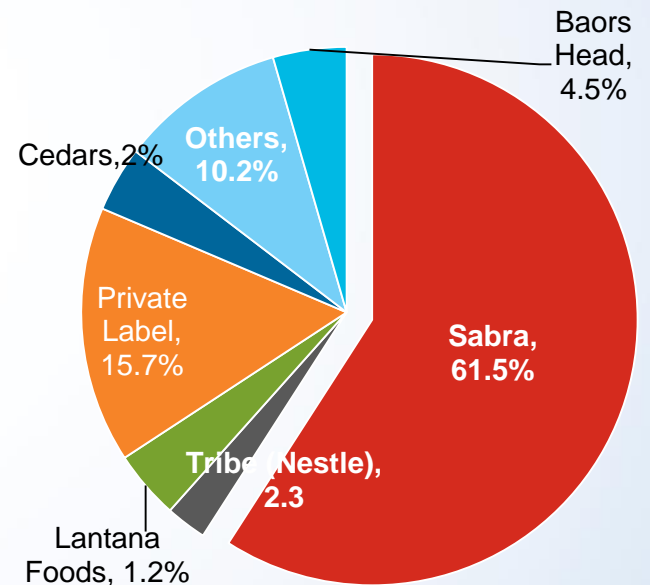


2006



3.5x

2019





Rediscover the
**Wonder of
Water**

The Strauss Water Story



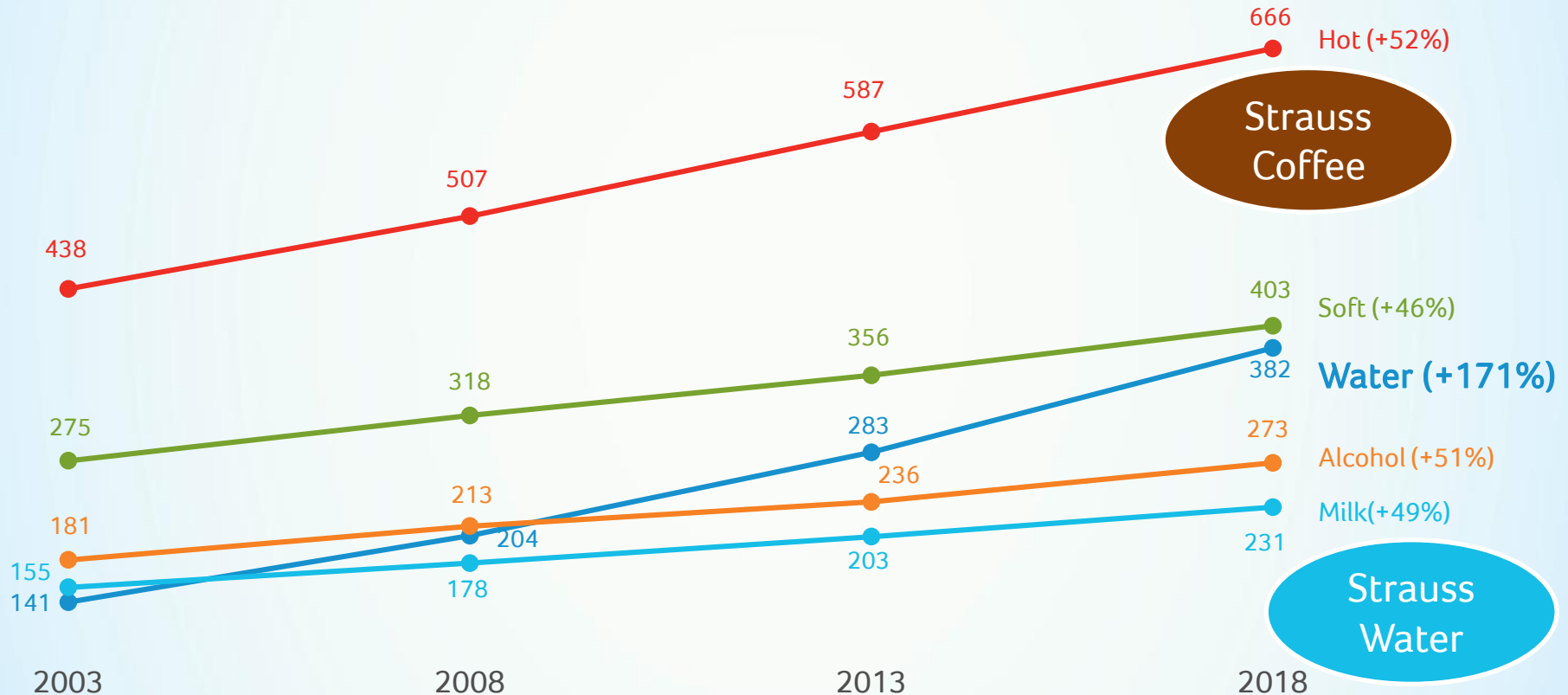
Strauss Water – Israel

- Strauss Water was the first to introduce drinking water bars globally
- Proprietary and patented technology developed in Israel
- Sales in Israel grew 9% in 2018, 6% in Q2 2019
- Number 1 brand leader



Beverage consumption is constantly growing - water presenting the highest rate

Global beverage consumption, 2003-2018, (Billions of Liters)



Source: Zenith International (57 countries surveyed)



Already a globally substantial \$11B growing market

North America

\$2.6B market

4.1% 5-year

CAGR

South America

\$0.8B market

7.4% 5-year

CAGR

Europe

\$1.4B market

3.3% 5-year

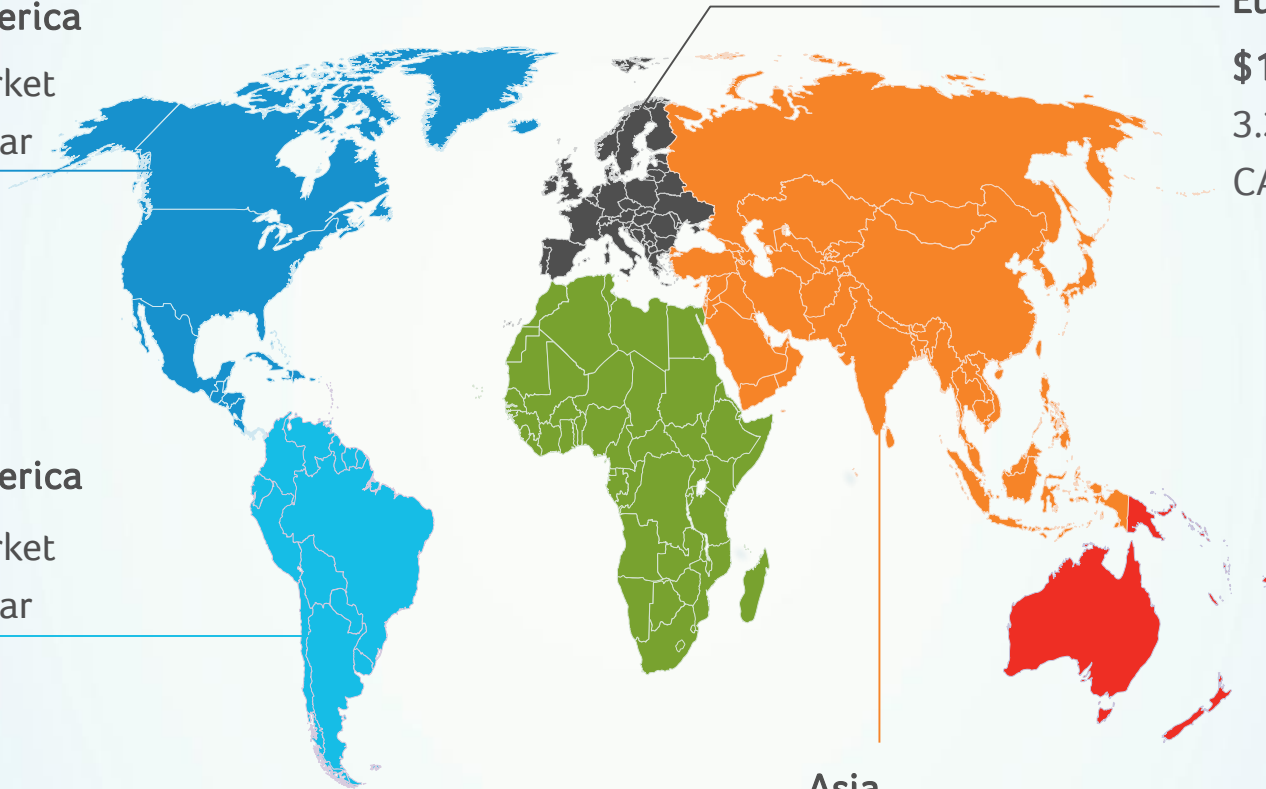
CAGR

Asia

\$6.1B market

7.8% 5-year

CAGR



Source: Zenith International (57 countries surveyed)

Strauss Water China

Haier Strauss Water is in the Early stage of a fast growing company aimed to be one of top purification companies China

Product Offering:



Quick view



2018 Revenues
NIS 562M
+14%



More than **2,000**
selling points



17% in Q2
2019
Growth (local
currency)



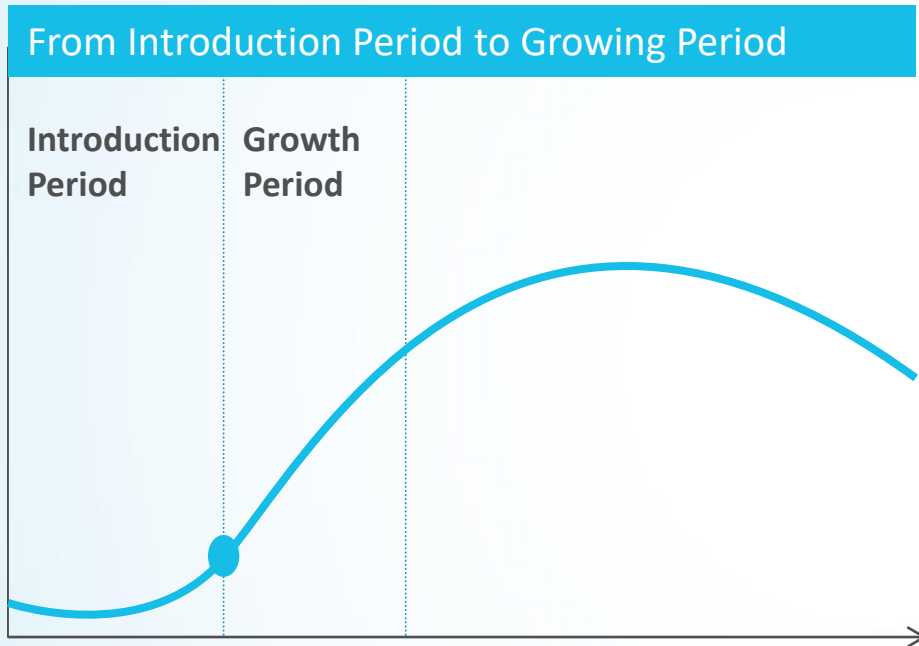
6 SKU's achieved
best seller award



Retail Distributors
& Online



China water purifier market is still Nascent penetration is lower than 8% nationwide



In 2015 Water purifiers presented annual growth rate of 41.4% vs. 2.2% of whole home appliances

- The increasing early adopters drive the rapid growth of the market
- Housing decorating is the key driver, of which children/special events are triggers for water purifier purchase
- High cost of filter replacement has a negative impact on the market expansion.

ICONIC BRANDS - HEALTHY PORTFOLIO FOR BALANCED EATING



GREAT PORTFOLIO OF SNACKS AND CONVENIENT PRODUCTS

Snacking



Convenient solutions



**FURTHER GROWTH ENGINES FOR
THE NEXT 10 YEARS...**



Alpha Strauss FoodTech community

A lever to create

competitive edge



Israel

Our home base is
a technology
goldmine



Technology

Is a transformative
key



The
Strauss Way
is our guide

Become the natural habitat of the FoodTech industry

- 13 Portfolio companies
- One company commercially selling cultured plant-based dairy alternatives
- Slaughter free meat revolution - leading the Cellular Agriculture revolution, starting with clean, healthy and ethical bovine cultured meat
- Deep Learning Robotics - developing a fast-learning robotic solution, based on machine-vision and 3D sensing, designed for easy implementation at food factories
- Computational protein design and biotechnology production of healthy, stable and cheap proteins with optimal taste profiles
- Creating a contamination-free food processing environment, by developing antimicrobial coatings and paints which destroys micro-organisms upon contact.

Investment Rational

- **Balanced portfolio - Strong home base with fast growing global businesses**
- **Long standing, leading global partners**
- **Strong Brand leadership**
- **Family owned – interest aligned with those of investors**
- **Above average growth rates**
- **c2% Dividend yield**
- **Stock is up 40% since 2018, and 70% since January 2017**
- **Independent Board of Directors**



Thank You!

