



# STRAUSS GROUP

March 23<sup>rd</sup>, 2016

Gadi Lesin | CAGE 2016



# Disclaimer

This presentation does not constitute an offering to purchase or sell securities of Strauss Group Ltd. (the “**Company**”) or an offer for the receipt of such offerings. The presentation's sole purpose is to provide information. The information contained in the presentation and any other information provided during the presentation (the “**Information**”) does not constitute a basis for investment decisions and does not comprise a recommendation, an opinion or a substitute for the investor's sole discretion. The Information provided in the presentation concerning the analysis of the Company's activity is only an extract, and in order to receive a complete picture of the Company's activity and the risks it faces, one should review the Company's reports to Israel Securities Authority and the Tel Aviv Stock Exchange. The Company is not liable, and will not be held liable, for any damage and/or loss that may be caused as a result of use of the Information.

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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)<sup>(1)</sup>.

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.





**We are a branded,  
multi-category  
and innovative food  
& beverage group**

# Strauss Group Today

Non-GAAP

2015 Sales:

**NIS 7.6 Bn**

(USD 2Bn<sup>(1)</sup>)

5 Year <sup>(2)</sup> Constant  
Currency Organic Sales  
CAGR:

**5.9%**

2015 Gross Margins:

**37.0%**

2015 EBIT Margins:

**8.6%**

2015 Net Margins:

**3.8%**

Net Debt / 2015  
EBITDA:

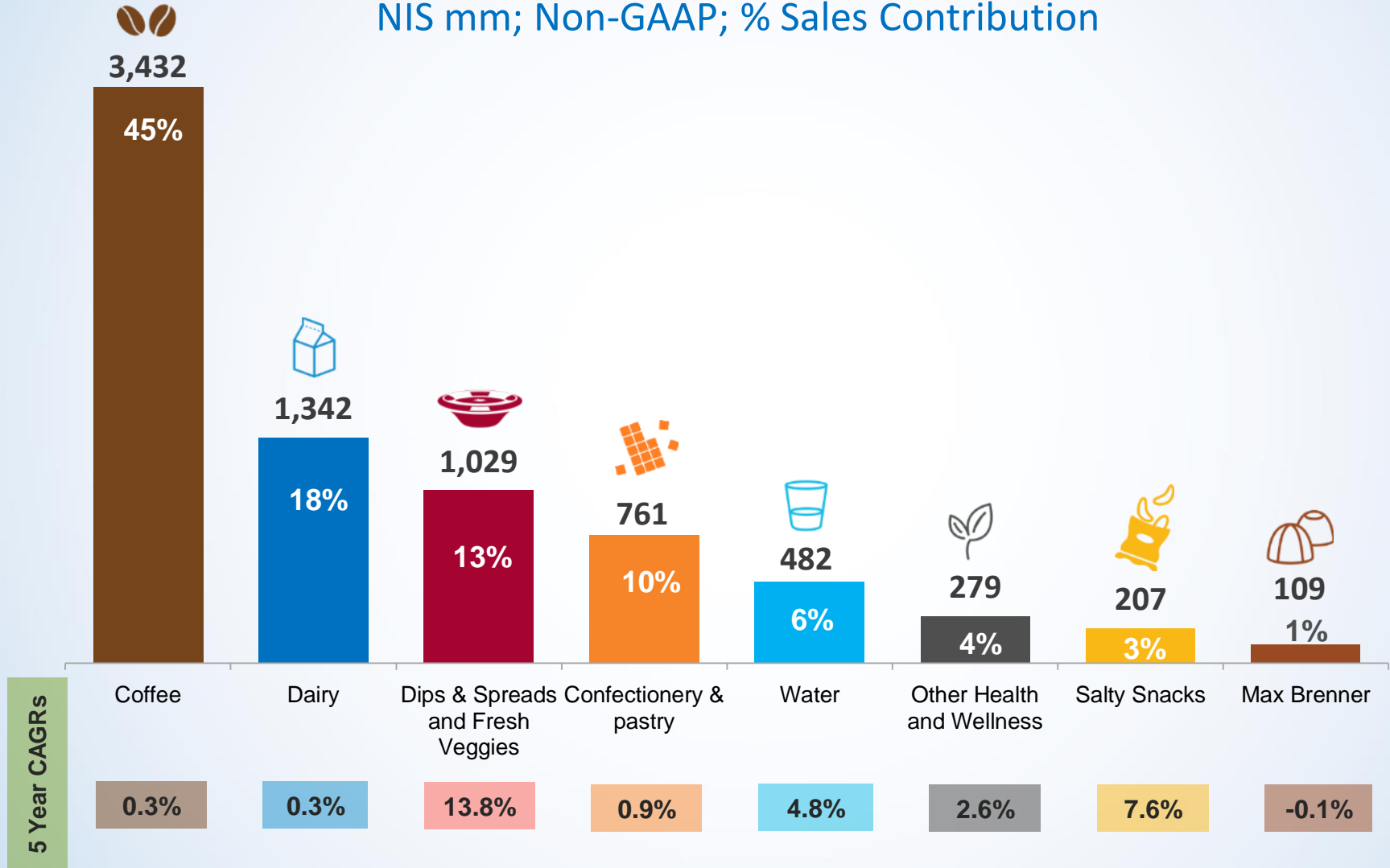
**1.9x**

(1) Conversion from NIS to USD based on USD 1 = NIS 3.875 (as of March 11<sup>th</sup>, 2016).

(2) 5 Year CAGRs based on FY 2010 – FY 2015.

# 2015 Sales by Category

NIS mm; Non-GAAP; % Sales Contribution



Note: Figures were rounded to NIS millions. Growth was calculated on the basis of the exact figures in NIS thousands. 5 year CAGRs based on 2010-2015.

# Local Excellence. Global Reach.



**PEPSICO**

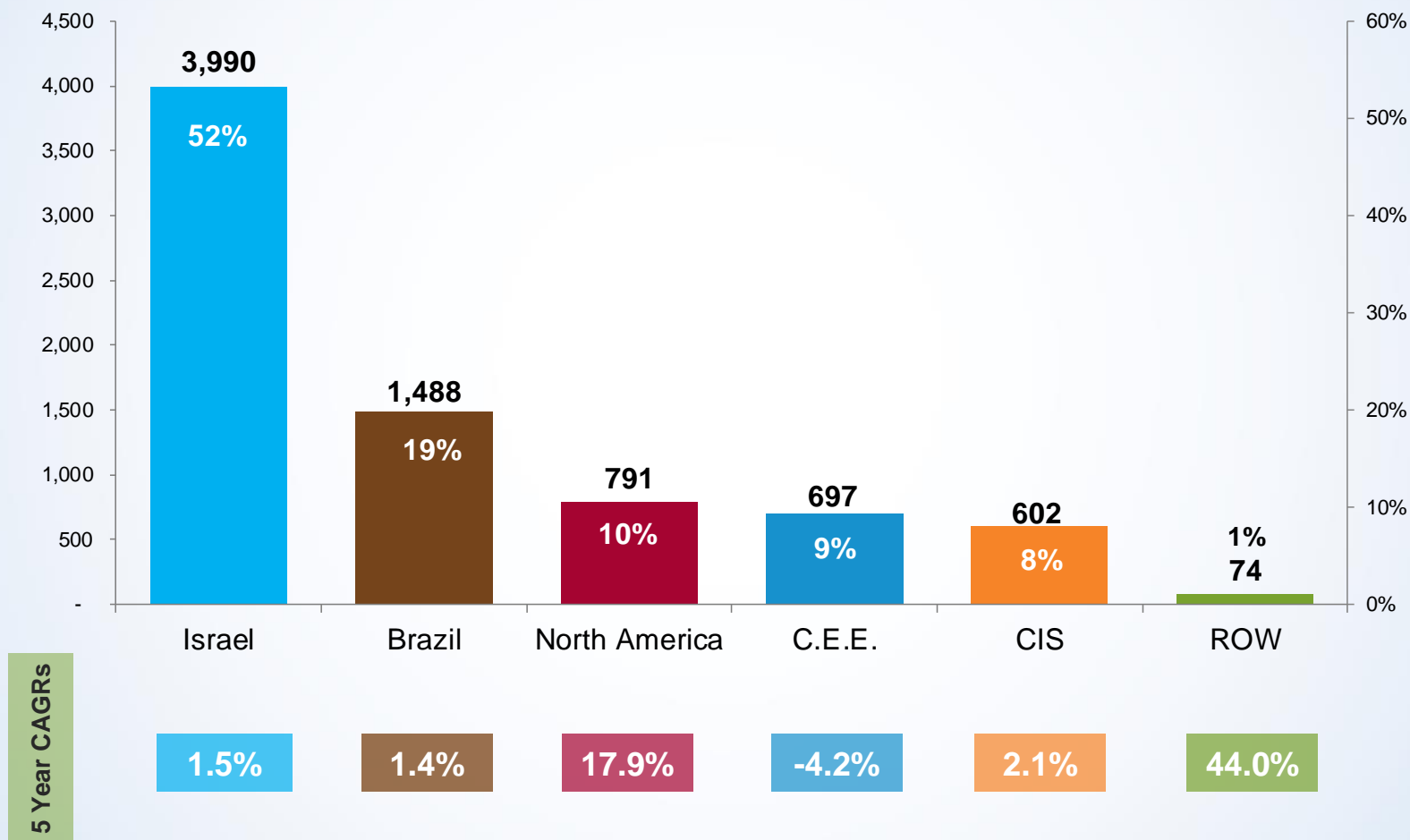


**Haier**



# 2015 Sales by Geography

NIS mm; Non-GAAP; % Sales Contribution



Note: 5 year CAGRs based on 2010-2015.

Figures for Israel include Strauss's 50% share in the salty snacks business; figures for Brazil reflect Strauss's 50% share in 3C (our JV with Sao Miguel Group in Brazil); figures for North America and ROW include Strauss's 50% share in Sabra and Obela as well as in Haier Strauss Water in China (up and including Q2'15).





# 2016-2018 Main Strategic Focus

**Brand  
Building**

**Focus on Our  
Strongest Assets**  
Invest In The Best

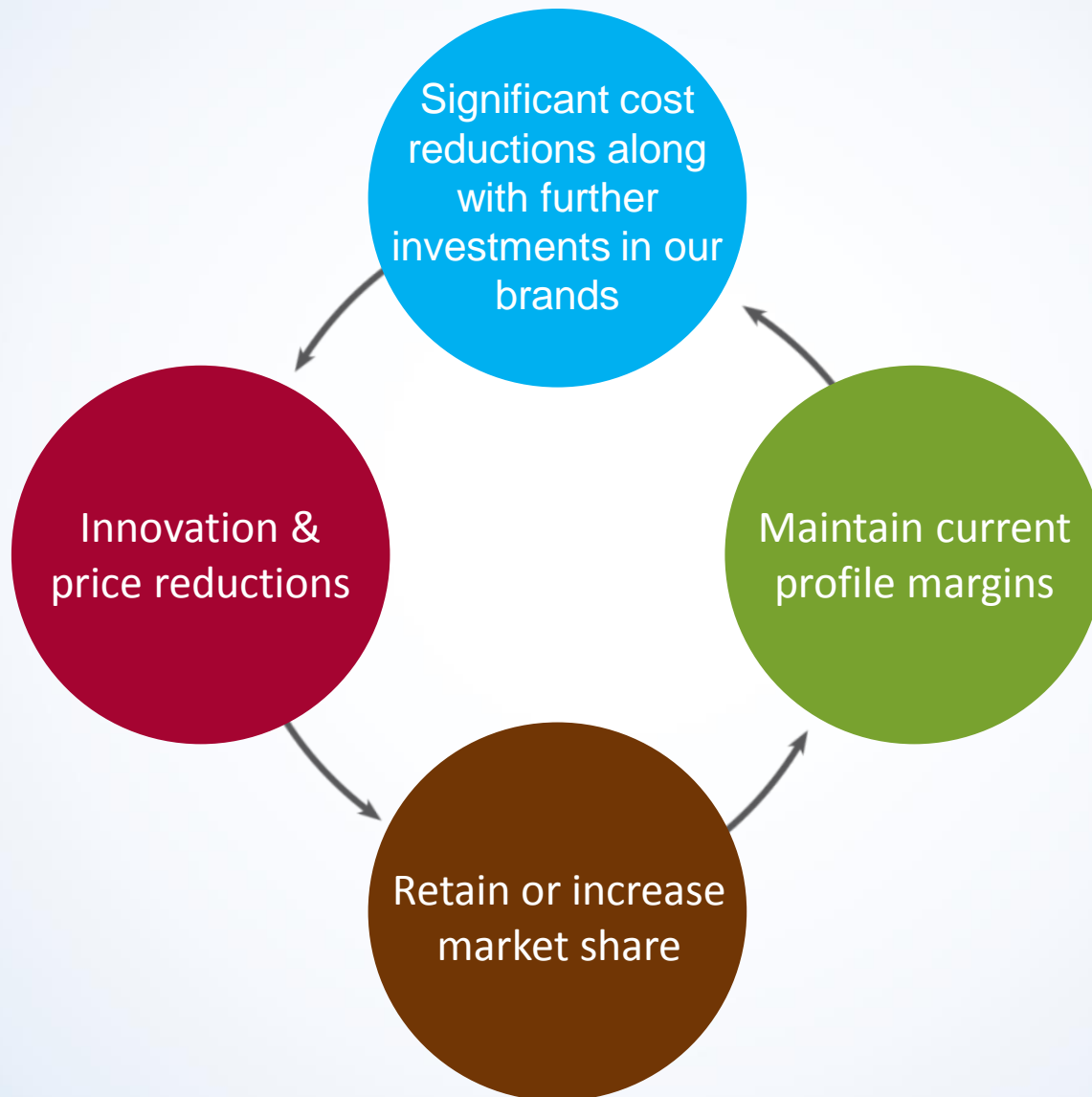
**Innovation**

**Efficiencies and  
Cost Reductions**

A collage of fresh ingredients including blueberries, raspberries, goji berries, and oatmeal, with a jar of yogurt in the center. The text "Strauss Israel" is overlaid in a blue font on a semi-transparent white background.

# Strauss Israel

# Strauss Israel 2016-2018 Main Strategic Focus



# Strauss Israel

## New Product Launches and Initiatives





# Danone Pro: High Protein Yogurt

Ideal for people who engage in physical activity



# Yotvata

New reduced cost packaging along with double digit price reduction



# Shoham



SOURCE:palgag.co.il



# DATA BASED RELATIONSHIP WITH OUR CONSUMERS

ITS NOT ONLY AN APP,  
IT'S A WHOLE NEW  
INTEGRATION







Our Value Creation in the  
**Global Arena**  
in the Last 10 Years

# Três Corações JV (3C)

# Três Corações Net Sales

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



**2006**

**BRL 609mm**

**4.2x**

**2015**

**BRL 2,540mm**

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%

**20.0x**

## 2015

BRL **220mm**

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.

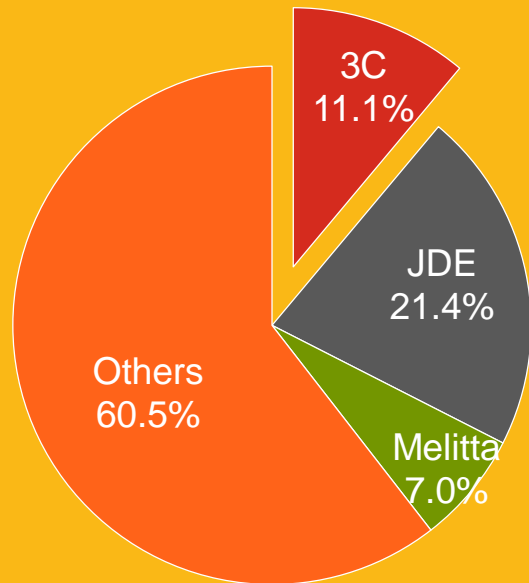




# Brazil R&G Coffee Volume Market Share

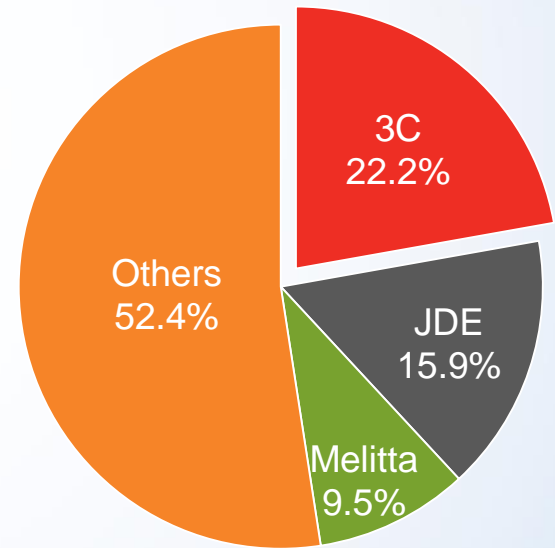


## 2006



## 2.0x

## 2015



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

Source: Nielsen (data for the years 2006 and 2015).



The Brazil R&G Coffee Market in 2015 is

# Growing

volume



value



tres :

# A Significant Opportunity



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





# Sabra-Obela



# Sabra Net Sales

NIS mm for 50% ownership | Non-GAAP



2006

NIS 85mm

8.4x

2015

NIS 711mm



# Sabra EBIT

NIS mm for 50% ownership | Non-GAAP



## 2006

NIS **8mm**

EBIT Margin | 9.6%

**11.8x**

## 2015

NIS **94mm**

EBIT Margin | 13.2%

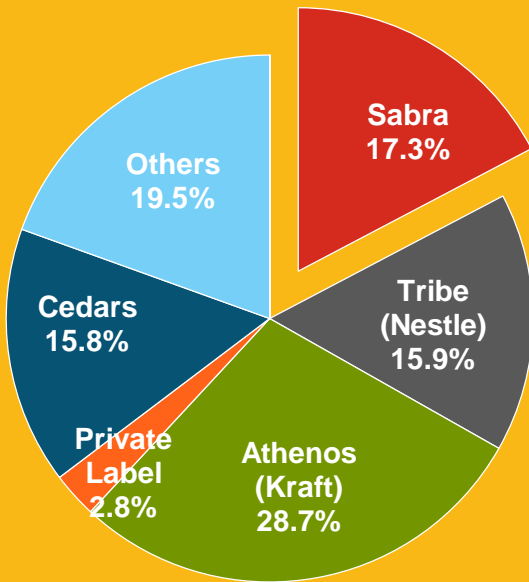


# Sabra U.S. Hummus

## Value Market Share

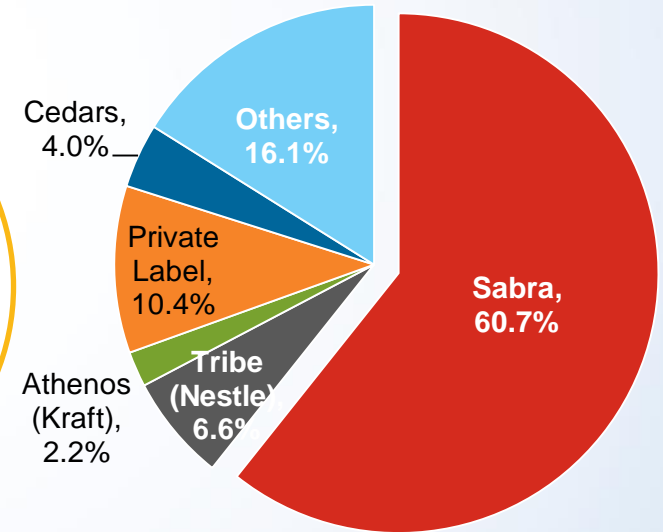


# 2006



# 3.5x

# 2015



# “Hummus Is Conquering America”



**Lady Gaga:**

“I can't get enough of **hummus**.”



**Natalie Portman:**

“I consume my own weight in **hummus** every day.”



**Katy Perry:**

“I always must have fruit, granola & **hummus** backstage.”

Mass Media Coverage Spreads the Word, Raises Awareness and Establishes Hummus as America's Next Top Food Trend

The Washington Post



YAHOO!

**INTERNATIONAL BUSINESS TIMES**  
**THE WALL STREET JOURNAL.**



# Sabra's Expanded VA Hummus Plant



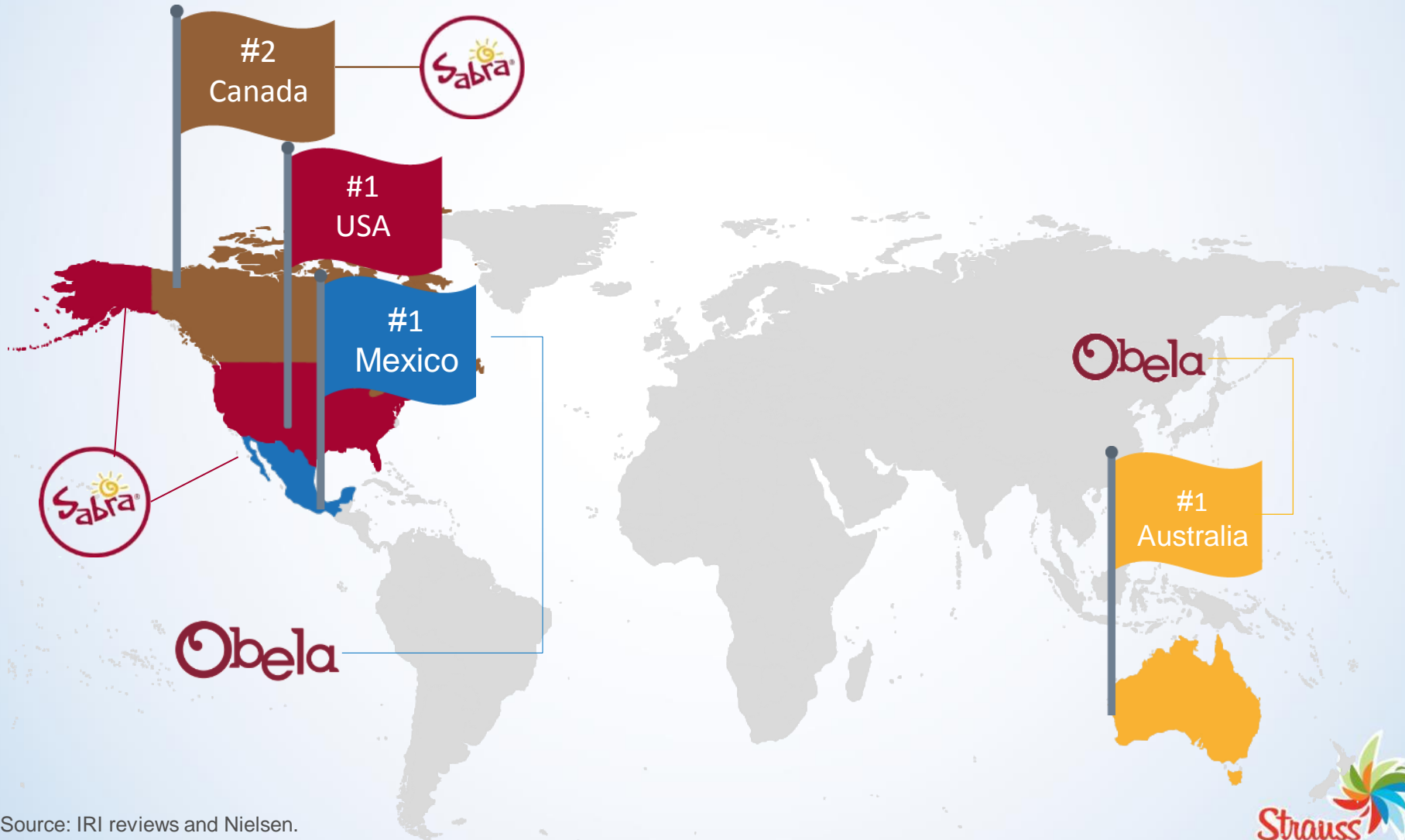


# Vision:

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

# Sabra and Obela Have Leading Market Positions in Hummus in all Markets in which We Play

Market Position in Hummus by Country



Source: IRI reviews and Nielsen.



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





A futuristic blue and white robotic hand is shown hovering over a computer keyboard. The hand is highly detailed with various joints and a glowing red light on its wrist. The keyboard is white with blue keys. The background is a soft, out-of-focus light blue.

TODAY MORE THAN EVER  
**TECHNOLOGY IS KEY**  
TO SUSTAINABLE PERFORMANCE

**Volume to Value**

---

**Pressure on Margins**





Alpha

The FoodTech  
Community

Strauss



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



ERIN'S CORN PIE

- 1 lb. hamburger
- 1 small onion, chopped
- 1 clove garlic, chopped
- 1 can (16 oz) whole kernel corn
- 1 can (16 oz) whole kernel corn
- 20-24 yucca
- 1/2 cup butter
- 1 tsp salt
- 1 cup sour cream
- 1 cup milk
- 1 egg, well beaten
- 1/2 cup shredded cheddar cheese

# The Kitchen

FoodTech Hub

Impuls

$$\sum \frac{1}{\sqrt{1-m^2}} = \frac{2}{\sqrt{1-m^2} \sqrt{1-v^2}}$$

$$\sum \frac{u_i}{\sqrt{1-m^2}} = \frac{2v}{\sqrt{1-m^2} \sqrt{1-v^2}}$$

Hyp.  $\sum y_v = \sum y_v$

$$\sum \phi = \sum \phi$$

$$y_v = m n_v \sqrt{1-v^2}$$

$$\phi = \phi_0 + m \phi$$

$$y = y' \quad z = z'$$



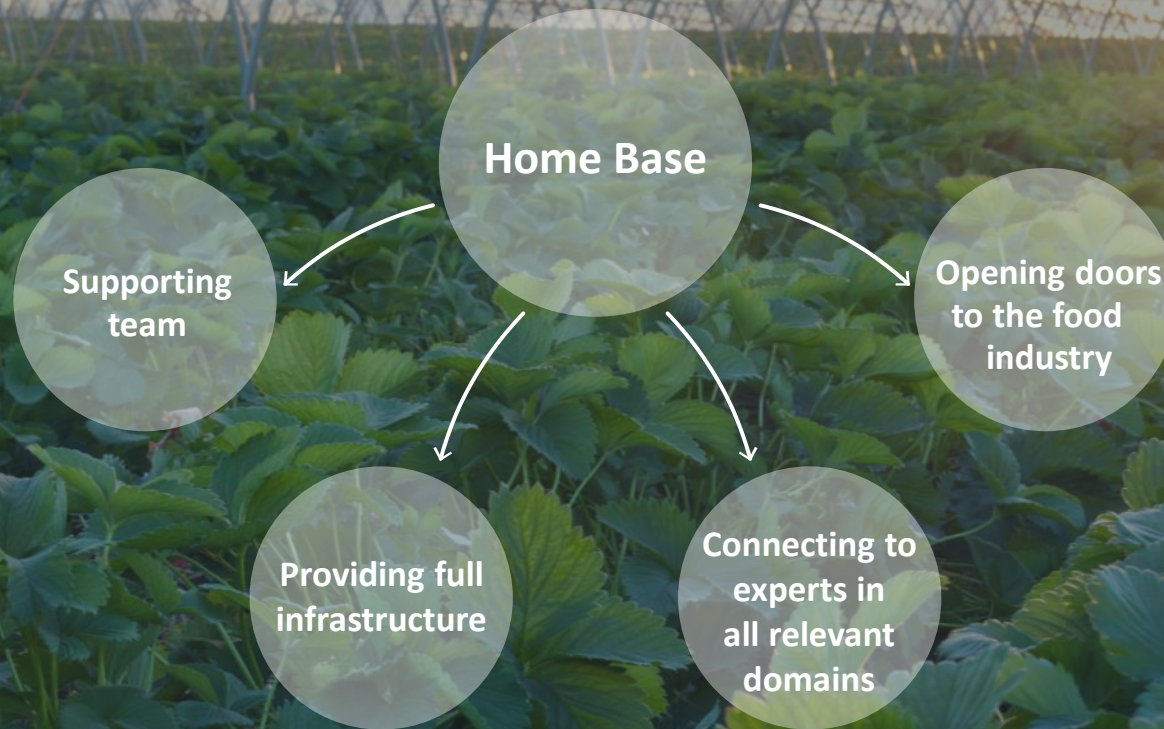
The Kitchen

# Welcome to The Kitchen

We nurture and invest in cutting edge technology startups which add value across the food supply chain



# Become the natural habitat of the FoodTech industry



# Investment Rationale

**Solid anchor in Israel**

**Strong  
international  
growth engines**

**Proven ability to build  
strong brands globally**

**Master in building  
partnerships with  
global leaders**



"You can design & create,  
and build the most  
wonderful place in the  
world. But it takes **people**  
to **make** the **dream** a  
**reality**"

*Walt Disney*