



STRAUSS GROUP

March 22nd, 2017

Shahar Florence— EVP and Chief Financial Officer
CAGE 2017
London



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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.



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

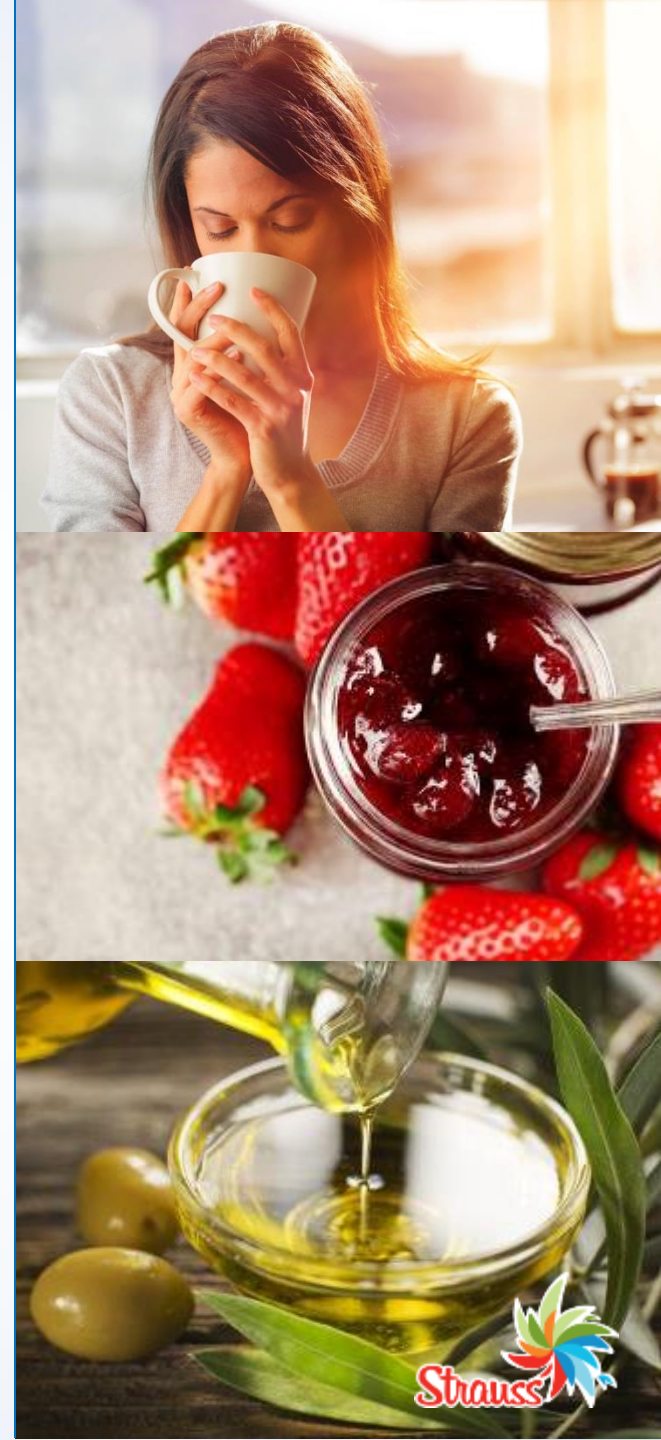


On a Mission to Improve People's Lives



Focusing on our Strategy

- We are a Global, Branded, Diverse F&B company:
 - A family controlled public company
 - With a mission to Improve consumer well-being
- We aspire to be a growth company:
 - Long term high single digit growth
 - Expand margins
 - Distribute dividends
- We plan to grow by:
 - Playing where we can win (#1 or strong #2)
 - Reinforcing our strong home base
 - Developing fast growing global niches
- We intend to win and create value by:
 - Innovation and strong brand creation
 - Leveraging strategic partnerships



Strauss Group At A Glance

Key Financials (Non-GAAP)

2015 Sales:
NIS 7.6 Bn
(USD 1.9Bn⁽¹⁾)

YTD 2016 Sales:
NIS 5.9 Bn
(USD 1.5Bn⁽¹⁾)

5 Year ⁽²⁾ Constant
Currency Organic Sales
CAGR:
5.9%

2015 Gross Margins:
37.0%
YTD 2016 Gross Margins:
38.3%

2015 EBIT Margins:
8.6%
YTD 2016 EBIT Margins:
10.3%

2015 Net Margins:
3.8%
YTD 2016 Net Margins:
4.7%

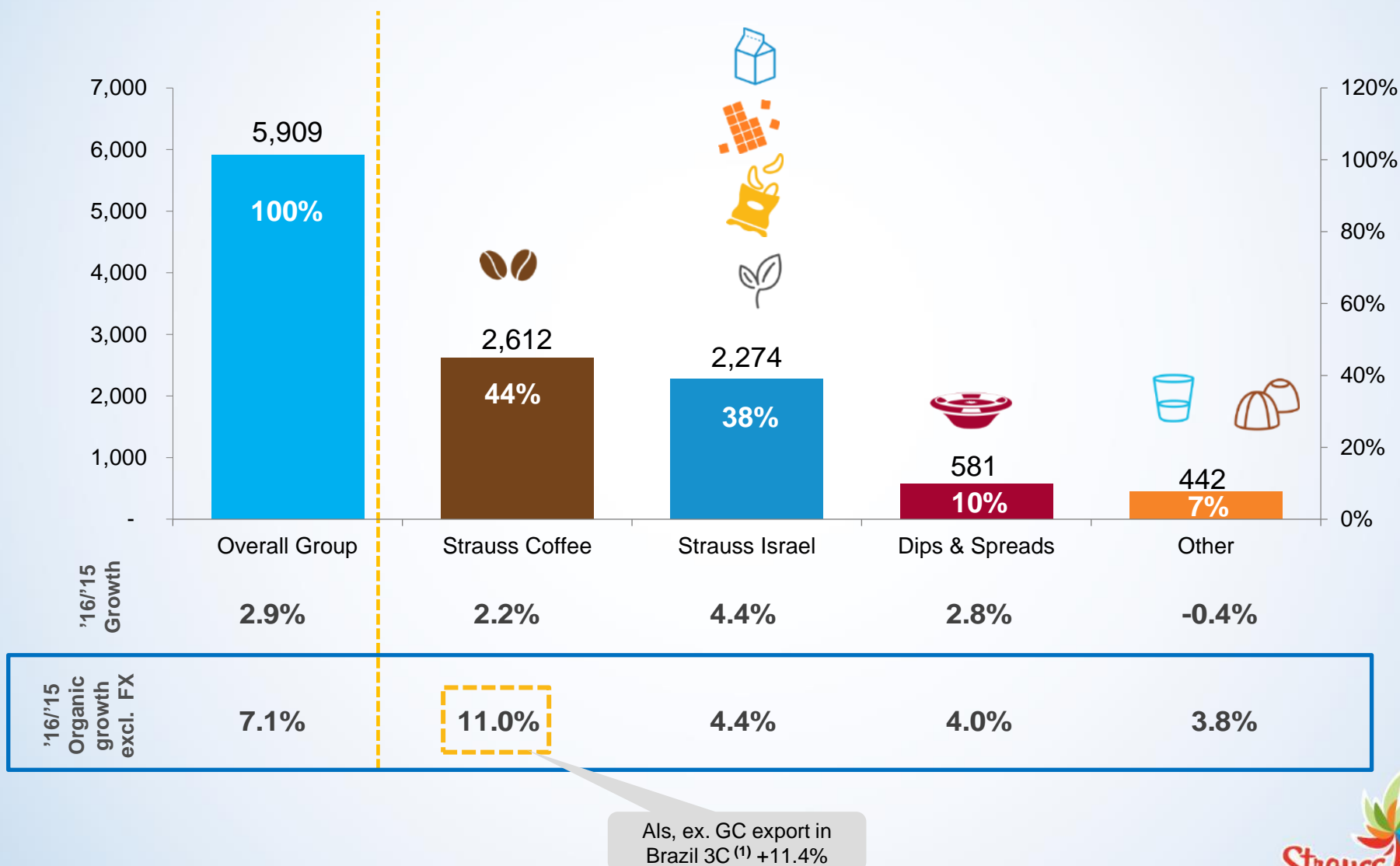
Net Debt / 2015 EBITDA:
1.9x
Net Debt / YTD 2016 EBITDA:
1.6x

(1) Conversion from NIS to USD based on USD 1 = NIS 3.85 (as of Jan 1st, 2017).

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

YTD 2016 Sales by Segment

NIS mm; Non-GAAP; % sales contribution



(1) Três Corações joint venture (Brazil): a company jointly held by the Group (50%) and by the São Miguel Group (50%) ("3C").

Local Excellence. Global Reach.



PEPSICO





Haier



Main Partnerships

International expansion via world class leading partners

Minority Ownership	Dairy		<ul style="list-style-type: none"> Since 1969 20% stake in Strauss Dairy business Additional licensing agreement for the use of Danone's know-how and trademarks primarily in Israel
	Coffee (SCBV)		<ul style="list-style-type: none"> Since 2008 25% stake in SCBV bought at a post money equity valuation of about USD 1.2Bn (100%) July 2013: announced that TPG and Strauss are reviewing possible TPG exit alternatives from SCBV
	Water		Since 2012 , 2012-2014 72% (STRS) 28% Virgin; Starting January 1 st 2014 Strauss Water achieved control in VSW
Jointly Controlled Partnerships (50%/50%)	Salty Snacks		<ul style="list-style-type: none"> Since 1990 Additional licensing agreement for the use of PepsiCo's know-how and trademarks primarily in Israel
	Salty Snacks Sabra; Obela		Since 2007 (Sabra) and 2012 (Obela)
	3C (Coffee Brazil)		Since 2005
Equity Holding	Water		<ul style="list-style-type: none"> Since 2011 (Haier) ; reorganization in 2015 to equity Haier: 66%

Accounted for as Minority Interest

Accounted for under the Equity Method;

Proportionately Consolidated under the Group's non GAAP adjusted figures

Equity Holding

Strategic Focus

**Brand
Building**

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

Innovation

**Efficiencies and
Cost Reductions**

Strauss Israel

Strauss Israel Business Segments

Strategic Focus

Health & Wellness – Dairy, Enriched milk, Olive oil, Honey

Fun & Indulgence – Confectionary & pastry, Salty Snacks

Innovation &
Branding

Increase Market
Share

Maintain Current
Profile Margins

Cost reductions
along with price
reductions to
consumers

Strauss Israel

- Top line growth of 4.4% continues despite a challenging environment and a declining food & beverage market in Israel
- Market share gains – reached 11.7% in January 2017*
- Innovation continues – we introduced 568 new products in 2016
- Efficiency measures help sustain healthy margins
- We continue to focus on delivering healthier products with less sugar, salt and fat contents



Successful New Product Launches in 2016



Strauss Coffee

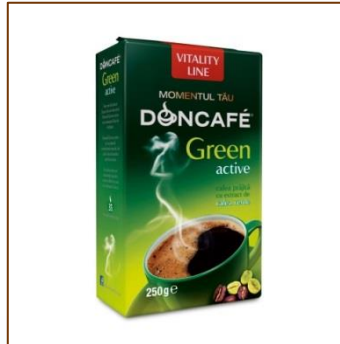
- Stellar top line growth of 9% in Q3 attributed to increased volumes and selling prices
- Reversed currency trend started in Q3 – BRL strengthens; still negative impact for the 9 months of NIS130m (positive NIS 25m in Q3)
- 3C₍₁₎ sales grew 21.6% in Q3 and 18.9% YTD
- 3C market share in R&G at 21.9% ⁽²⁾ in November 2016
- Recent studies suggest health benefit properties in coffee
- During Q4 SCBV realized an option to acquire NDKW



(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

New Product Launches | Strauss Coffee





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



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

Três Corações JV (3C)

Três Corações Net Sales

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



2006

BRL **609mm**
(c\$187mm)

4.2x

2015

BRL **2,540mm**
(c\$780mm)
(YTD 16 BRL 2,170mm)

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.

USD = 3.26 BRL as of 1.3.2017



Três Corações EBIT

BRL mm for 100% ownership



2006

20.0x

2015

BRL **11mm** (\$3.4mm)

EBIT Margin | 1.8%

BRL **220mm**
(\$67.5mm)

EBIT Margin | 8.6%
(YTD 16 BRL 184mm)

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.

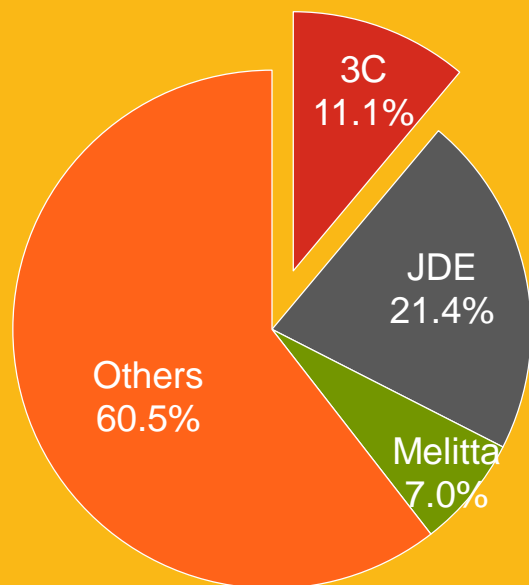
USD = 3.26 BRL as of 1.3.2017



Brazil R&G Coffee Volume Market Share

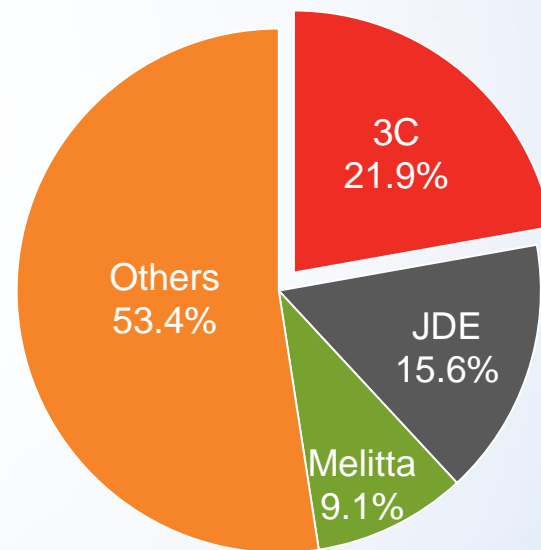


2006



2.0x

November 2016



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

Obela



Sabra-Obela





Vision:

To become

**A global
leader** of the
fresh dips and
spreads category



International Dips and Spreads

- Sabra is the no. 1 producer of Hummus in North America with a c60% market share in the US.
- Hummus is well positioned as an attractive food– healthy, exotic and rich in protein
- On track to roll out Obela in Europe through the Florentine acquisition completed in 2015;
- Healthy growth continues in Australia
- This has been a challenging quarter for Sabra
- Our top priority is food safety
- Increased regulatory environment in the U.S. which we intend to learn, implement & master



Sabra Net Sales

NIS mm for 50% ownership | Non-GAAP



2006

NIS **85mm**
(c\$22mm)

8.4x

2015

NIS **711mm**
(c\$184mm)

Conversion from NIS to USD based on USD 1 = NIS 3.85 (as of Jan 1st, 2017).



Sabra EBIT

NIS mm for 50% ownership | Non-GAAP



2006

NIS **8mm**
(c\$2mm)

EBIT Margin | 9.6%

11.8x

2015

NIS **94mm**
(c\$24.4mm)

EBIT Margin | 13.2%

Conversion from NIS to USD based on USD 1 = NIS 3.85 (as of Jan 1st, 2017).

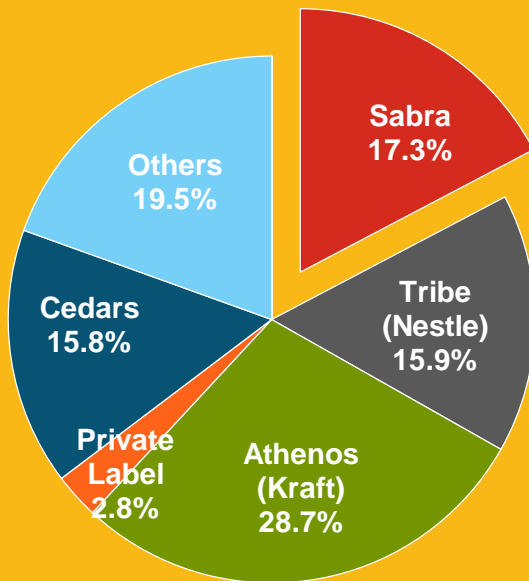


Sabra U.S. Hummus

Value Market Share

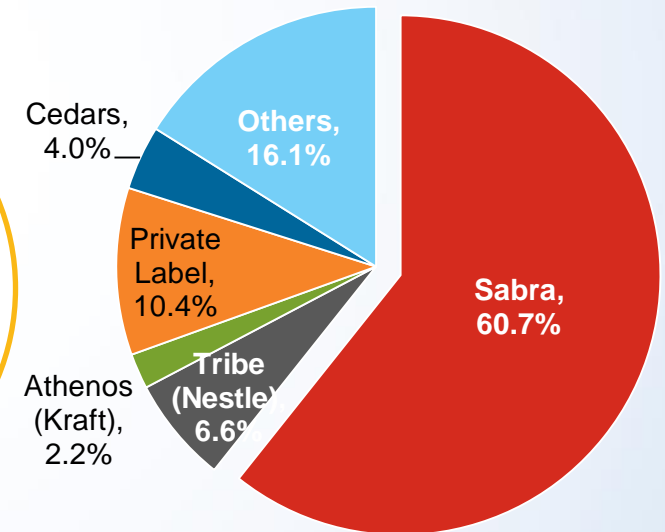


2006



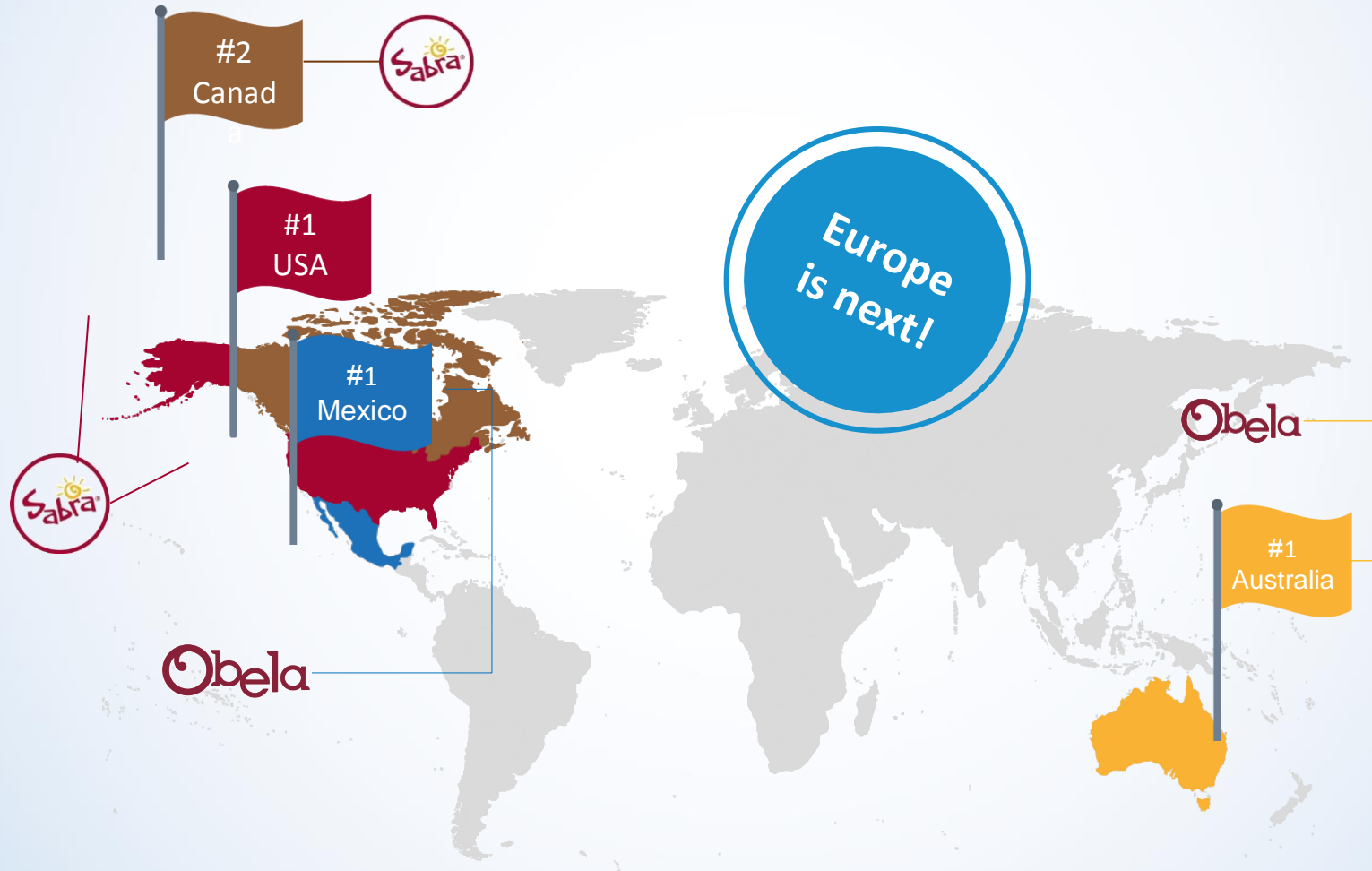
3.5x

2015



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.

Other Segment

- Water sales continue to grow in Q3 to NIS 133m or 8.6%
- YTD 2016 water sales totaled NIS 371m up 2.5% (HSW result reclassification in Q3 2015)
- Haier Strauss Water JV in China demonstrates healthy growth with YTD sales amounting to NIS 240m (Q3 NIS 98m)
- Strauss water improved EBIT and CF
- Strauss water bought minority holding of 12.4% for NIS 69m in Nov 2016
- Max Brenner YTD 2016 sales declined to NIS 70 from NIS 80m, -12.8%



Strauss Water

Market Leadership & Consumer Value

- Israel's market leader in water purification with ~30% household penetration and ~79% value market share in water purifier bars
- New greenfield operation in China and the UK



Max Brenner

Chocolate Bars

BUILD YOUR OWN
CHOCOLATE

Decorate
your bar & stick
with your
yummy

CHOCOLATE BY THE BALD MAN
MAX BRENNER

STEP 1

Express
yourself

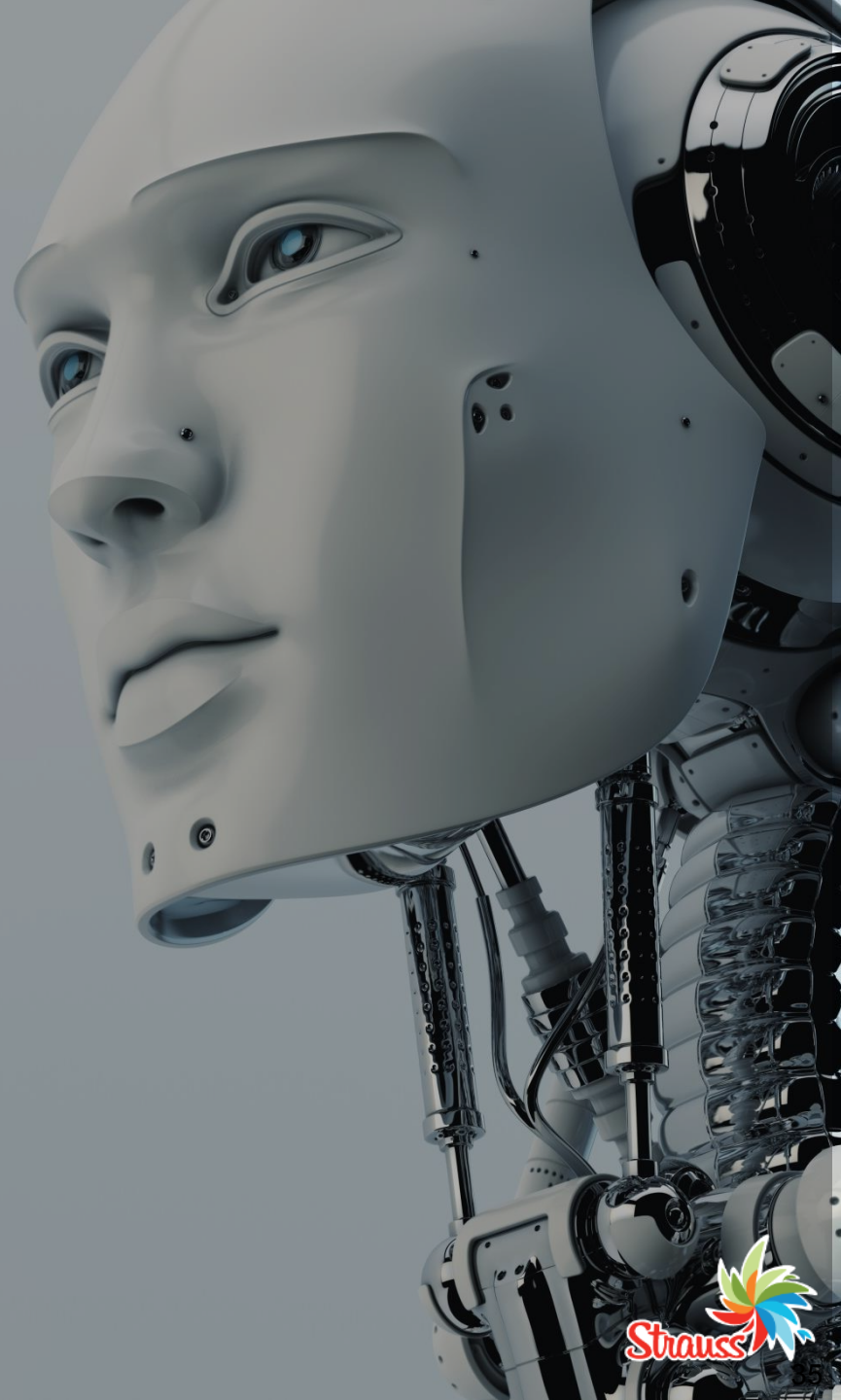
Upload your creation
#15years

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

TODAY MORE THAN EVER
TECHNOLOGY IS KEY
TO SUSTAINABLE PERFORMANCE

Volume to Value

Pressure on Margins





Alpha Strauss

The FoodTech
Community

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

1 can (16 oz) whole

20-24 yellow

1/2 cup

1 cup

1 cup

1 cup

1 cup

1 cup

The Kitchen

FoodTech Hub

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

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

$$\text{Hyp. } \sum \gamma_v = \sum \gamma_v$$

$$\sum \mathcal{E} = \sum \mathcal{E}$$

$$\gamma_v = \min_v \gamma_v$$

$$\mathcal{E} = \mathcal{E}_0 + m \mathcal{E}$$

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

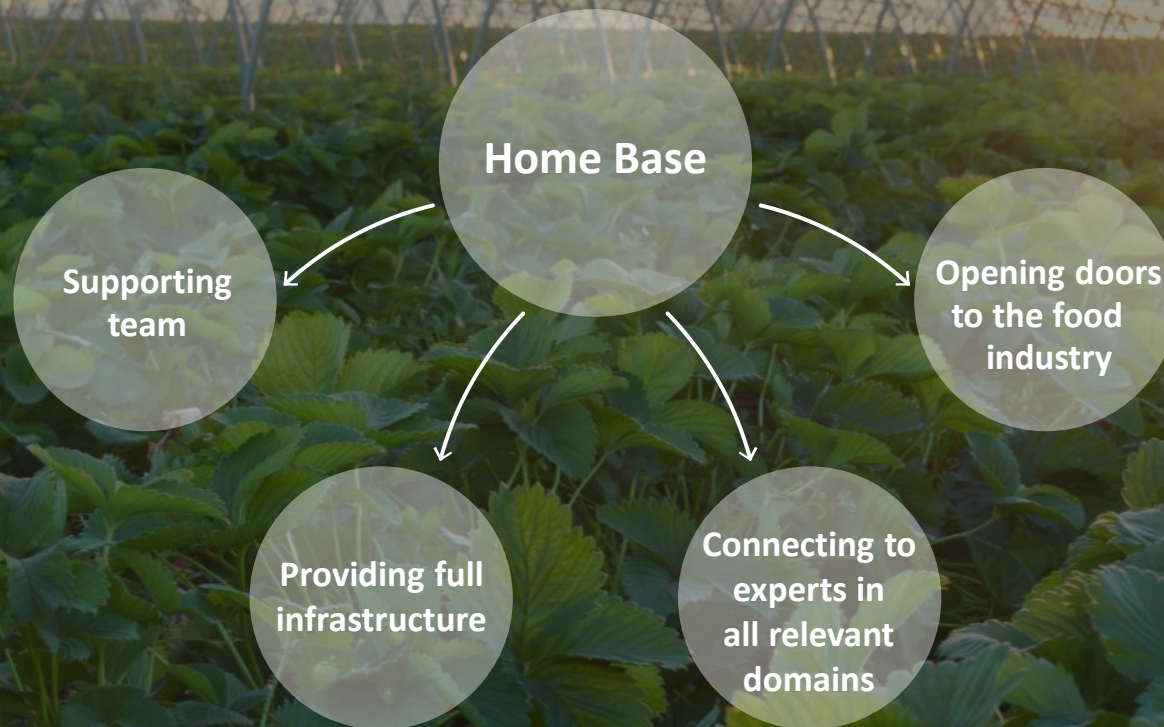


The Kitchen

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**

Thank You