

STRAUSS GROUP



May 23rd, 2018

Q1 2018 Earnings Presentation



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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 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 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 position and comparability between current and prior periods. Management uses these measures to establish and monitor budgets and operational goals and to evaluate the performance of the Company. Please see the GAAP to non-GAAP reconciliation tables in the Company's MD&A Report for a full reconciliation of the Company's GAAP to non-GAAP results.

(1) In Q1'16 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.

Giora Bardea

Strauss Group Interim C.E.O.

Q1 2018 Financial Highlights

NIS mm; Non-GAAP

Q1'18 Sales: NIS 2167mm; growth: 4%

Q1'18 Organic growth excluding FX: 7.8%

Q1'18 gross margins: 38.4% (up 100 bps vs. Q1'17)

EBIT and EBIT margins: NIS 254mm (up 14%); 11.7% (up 100 bps vs. Q1'17)

Net income and net margins: NIS 146mm (up 26.9%); 6.8% (up 130 bps vs. Q1'17)

EPS: 1.28 (up 18.8% VS. Q1'17)

The group declared dividend of NIS 160mm (NIS 1.39 per share) to be paid on June 10th

Strauss Israel – Another Stellar Quarter; Market Share Expands to 12.2%

- Innovation continues to drive top line growth of 5.8% during the quarter
- Once again growth achieved due to innovation and new distribution agreements
- Market share continues to expand to 12.2% for the quarter with significant strides across most categories
- Gross margins erode predominantly due to higher milk prices
- We continue to focus on delivering healthier products with less sugar, salt and fat contents



Strauss Coffee – Q1 2018 EBIT expands by 30%

- Strong top line growth continues in Q1 up 7.0% in local currencies, 2.5% in NIS
- Growth in Q1 2018 is attributed mainly to increased volumes in Brazil, Israel and Poland
- Brazil 3C₍₁₎ continues to lead growth with 16.6% increase in local currency for the quarter
- Currency negatively impacted the quarter by NIS 40 million; mainly due to BRL depreciation of NIS 46 million;
- 3C₍₁₎ market share in Brazil R&G was 27% ⁽²⁾ at the end of Q1 2018



(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



International Dips and Spreads

- Sales improve in Q1 by 13% to NIS180 million
- Hummus market share in North America continue to rise towards pre-recall level and was at 59.4% for the quarter
- Obela operations in Australia continue to outperform and in Q1 2018 grew 30% in local currency
- Obela continues selling Hummus products in Germany
- Sabra continues to be a global market leader and the no. 1 producer of Hummus in North America



Strauss Water

- In Q1 Strauss Water continued the strong momentum of the previous quarters with top line growth of 7.6% (excluding HSW)
- Sales of HSW (100%), water JV in China, grew by 3% (2.7% excluding FX) in Q1 2018 to NIS 121 million up from NIS 118 million in Q1 2017
- The relatively low growth rate is due to the delayed launch of new products in 2018 and due to a decision to exclude products with low profitability as well as a salesforce reorganization including the introduction of new sales channels
- Net profits at HSW for the first quarter 2018 were NIS 7 million compared to NIS 10 million in Q1 2017



Shahar Florence

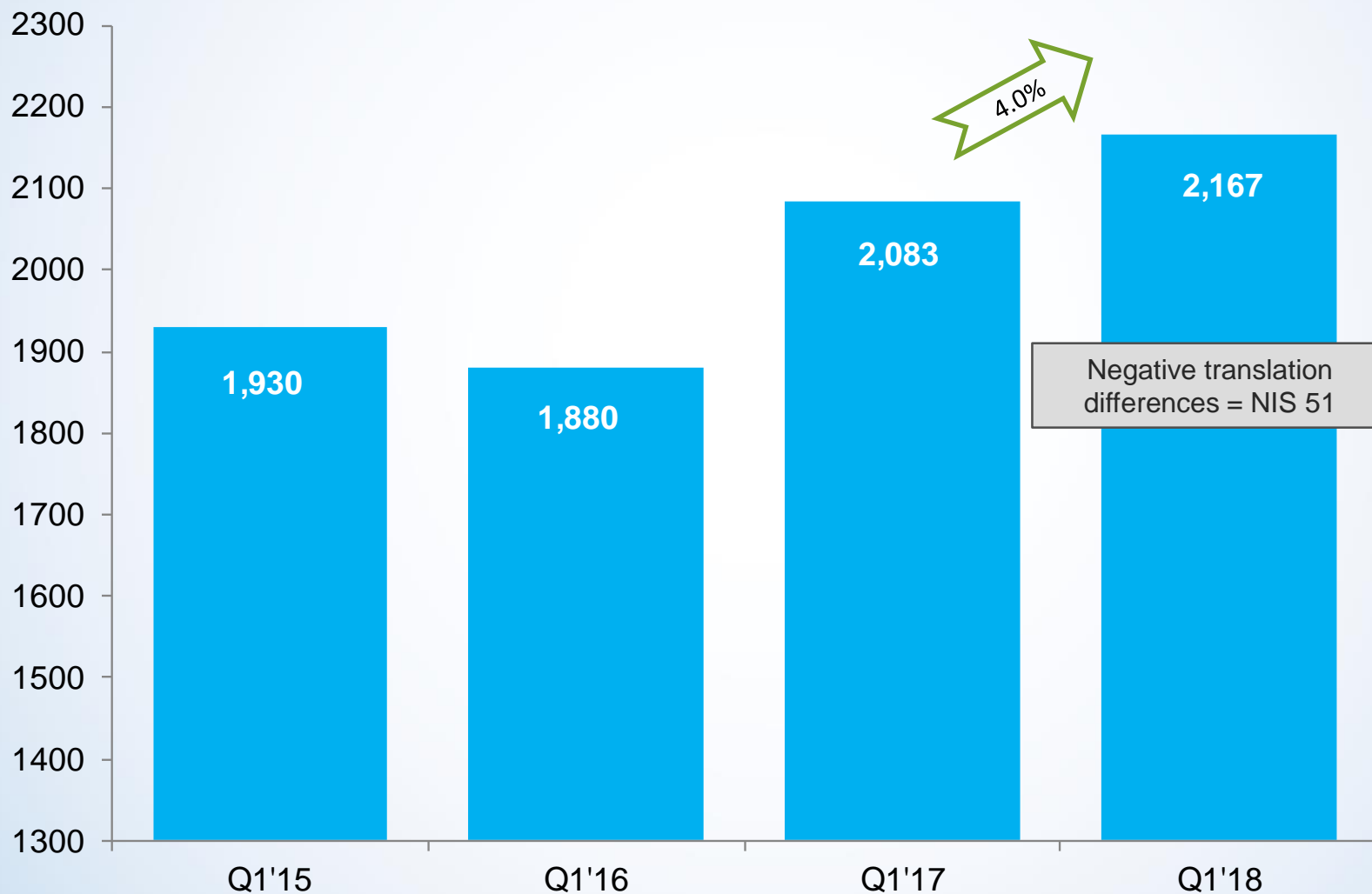
Strauss Group C.F.O.

Q1 2018

Strong Sales Growth Continues - 4.0% in Q1

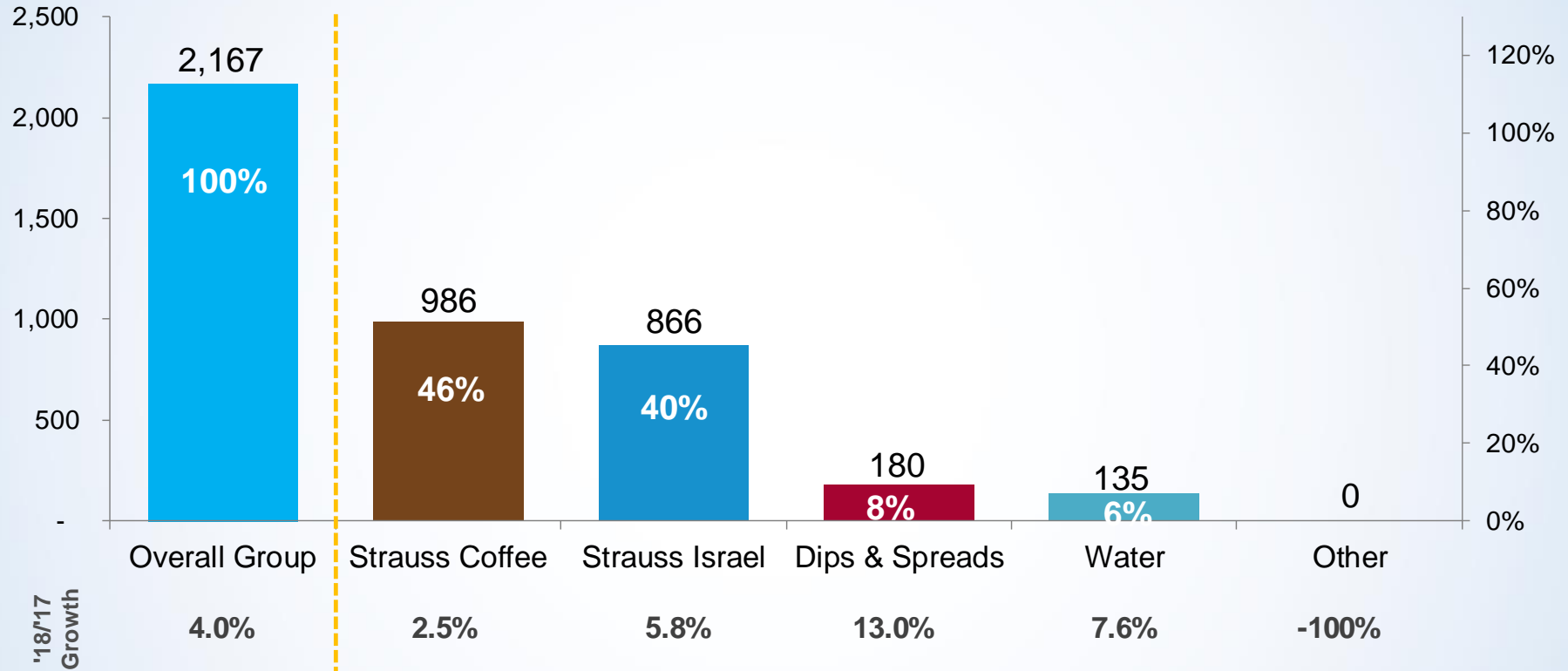
Q1 2018 Consolidated Sales NIS mm; Non-GAAP

- Organic growth excluding FX : +7.8%



Q1 2018 Sales by Segment

NIS mm; Non-GAAP; % sales contribution

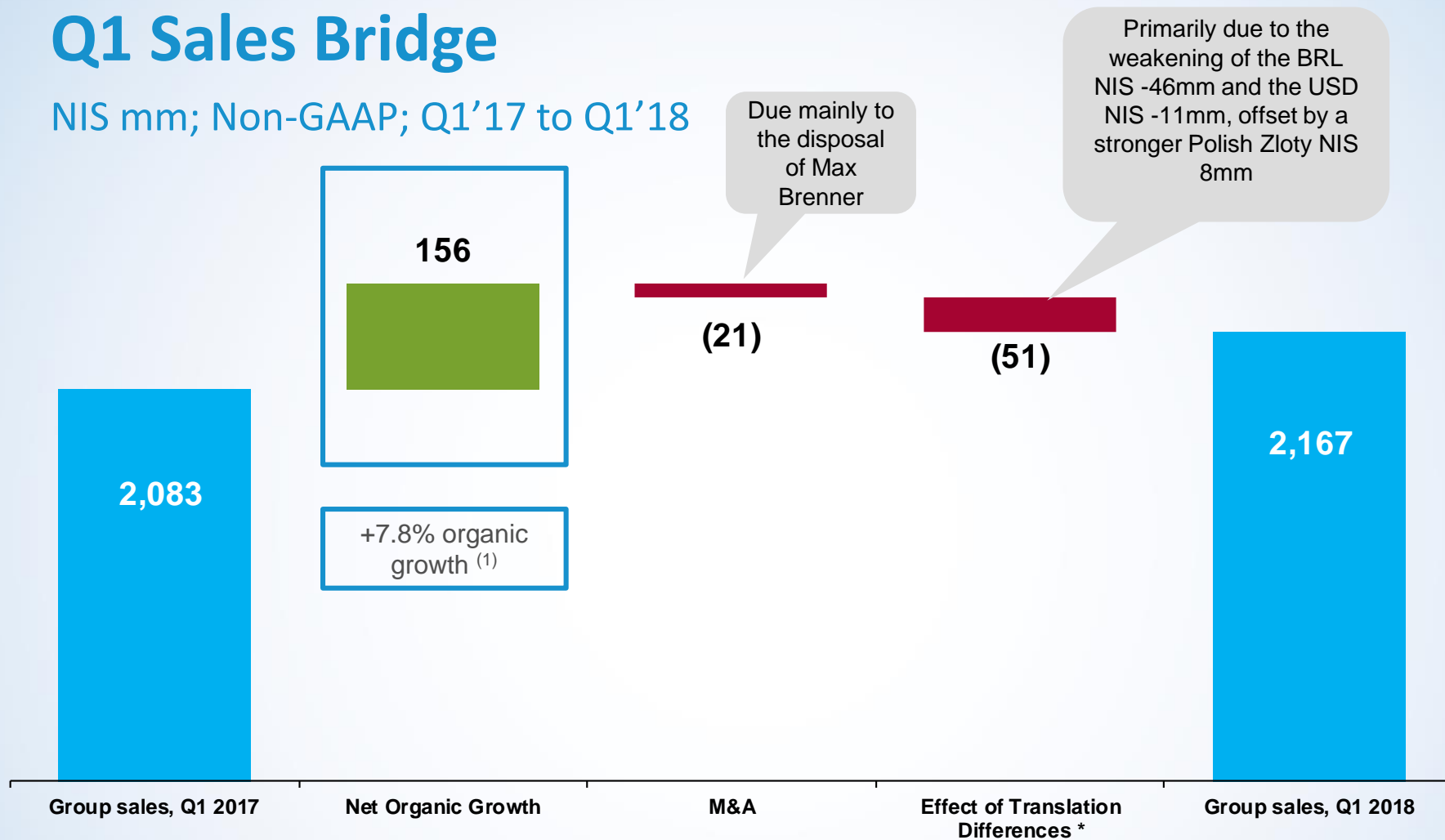


Segment	'18/'17 Growth	'18/'17 Organic growth excl. FX
Overall Group	4.0%	7.8%
Strauss Coffee	2.5%	7.3%
Strauss Israel	5.8%	5.8%
Dips & Spreads	13.0%	21.3%
Water	7.6%	7.5%
Other	-100%	na



Q1 Sales Bridge

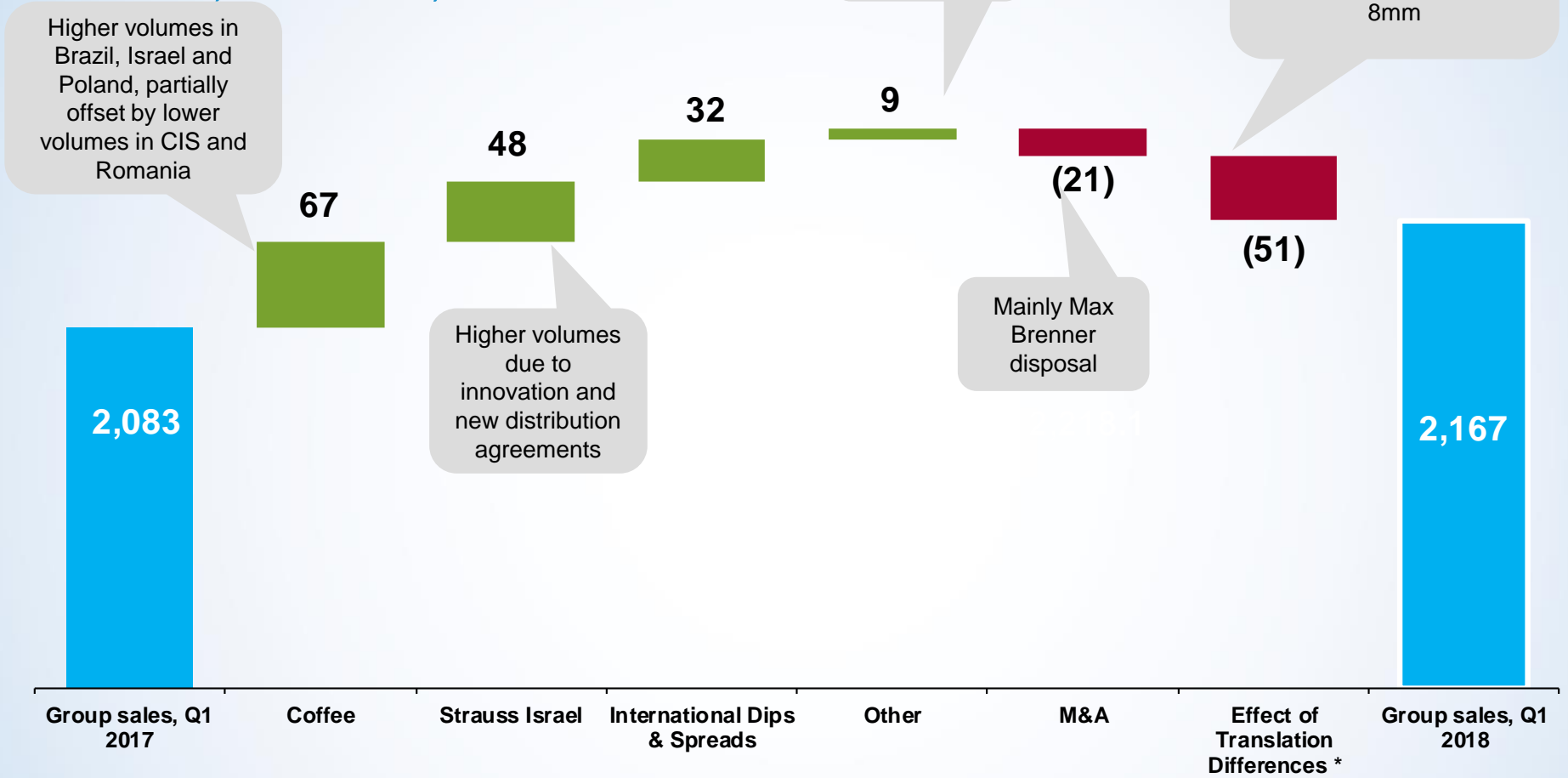
NIS mm; Non-GAAP; Q1'17 to Q1'18



(1) Excluding FX

Q1 Sales Bridge

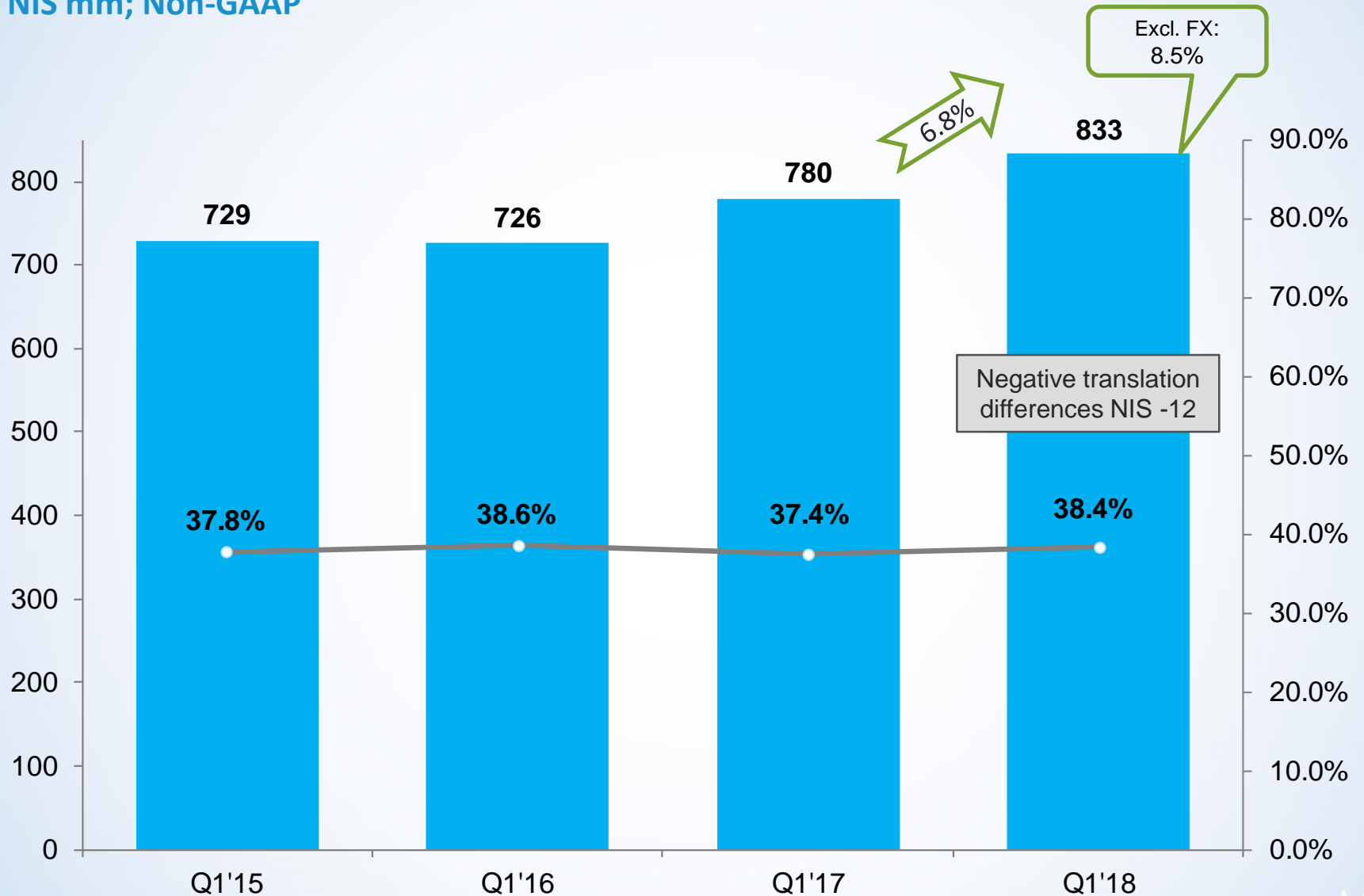
NIS mm; Non-GAAP; Q1'17 to Q1'18



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

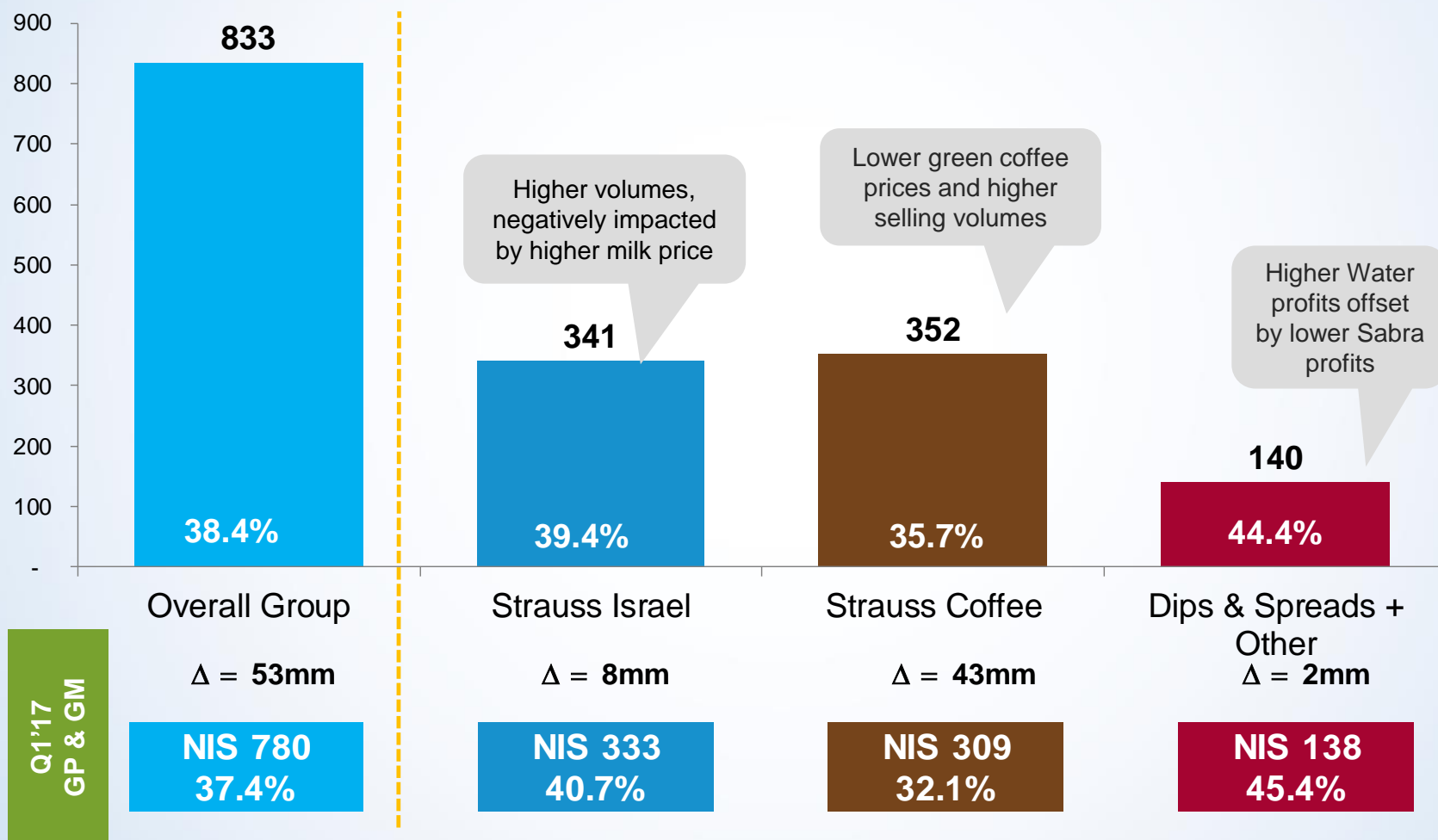
Q1 Consolidated Gross Profit and Gross Margins

NIS mm; Non-GAAP



Q1 2018 Gross Profit and Gross Margins

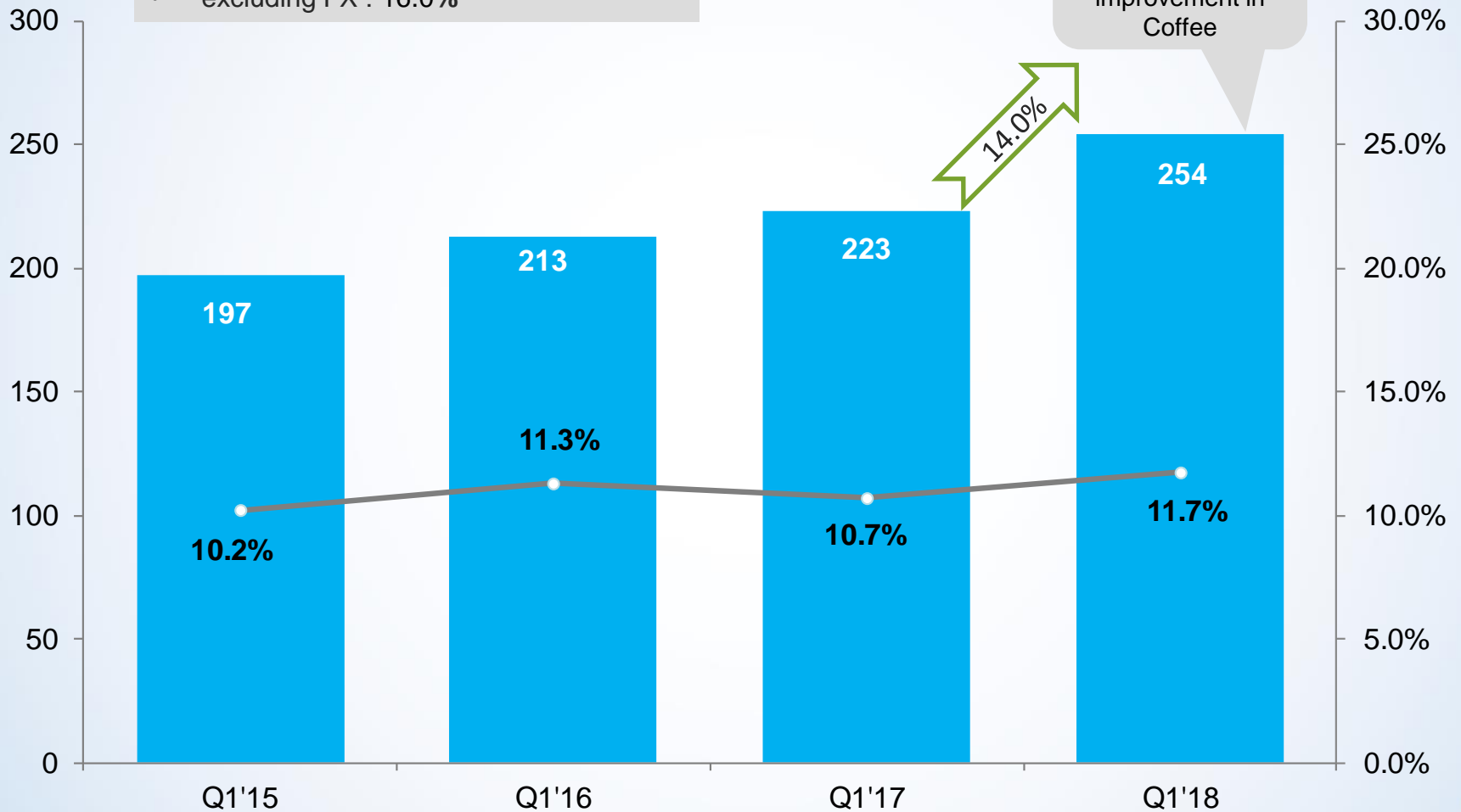
NIS mm; Non-GAAP; % Margin



Q1 Consolidated EBIT and EBIT Margins

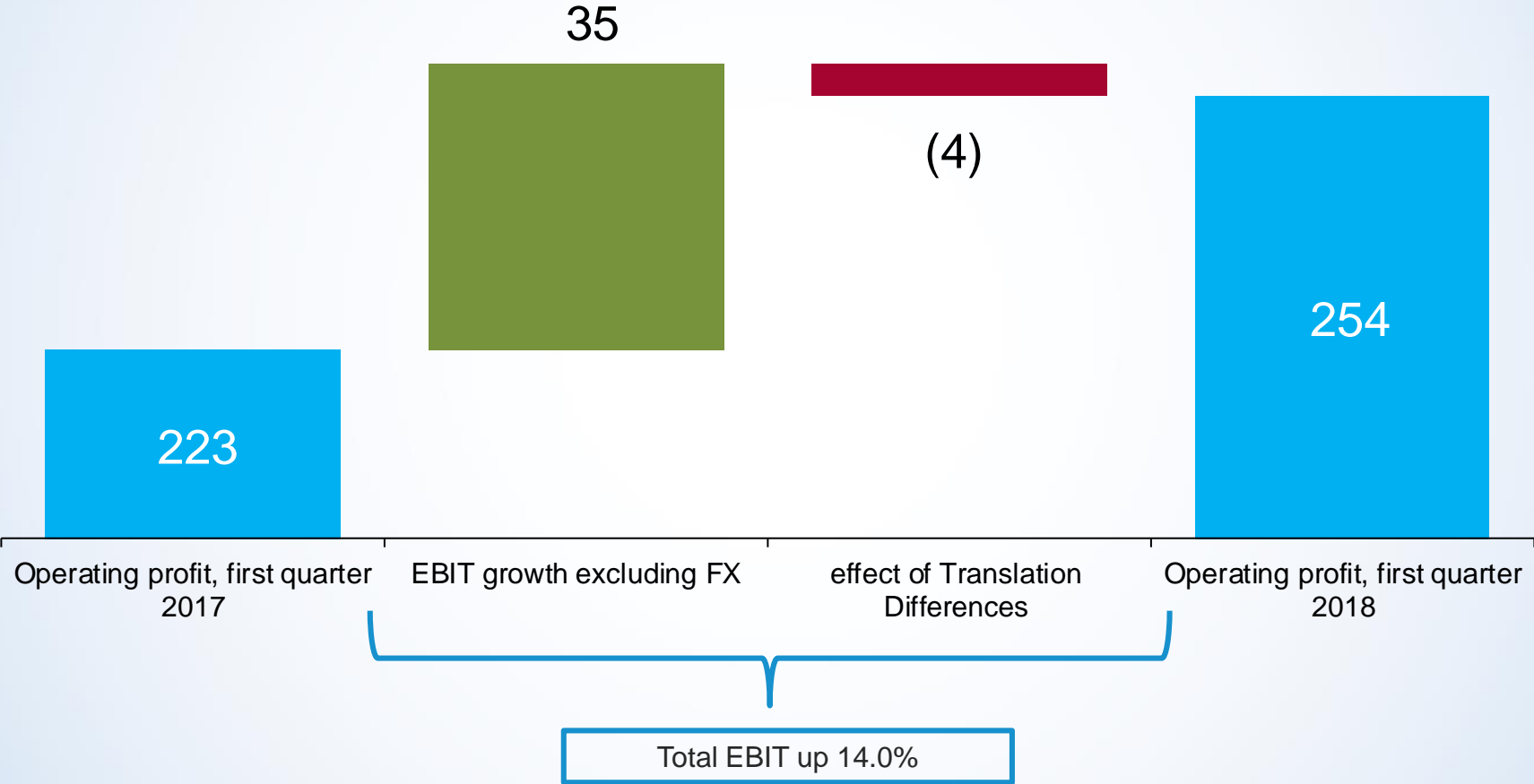
NIS mm; Non-GAAP

- Q1'18 / Q1'17: 14.0%
- excluding FX : 16.0%



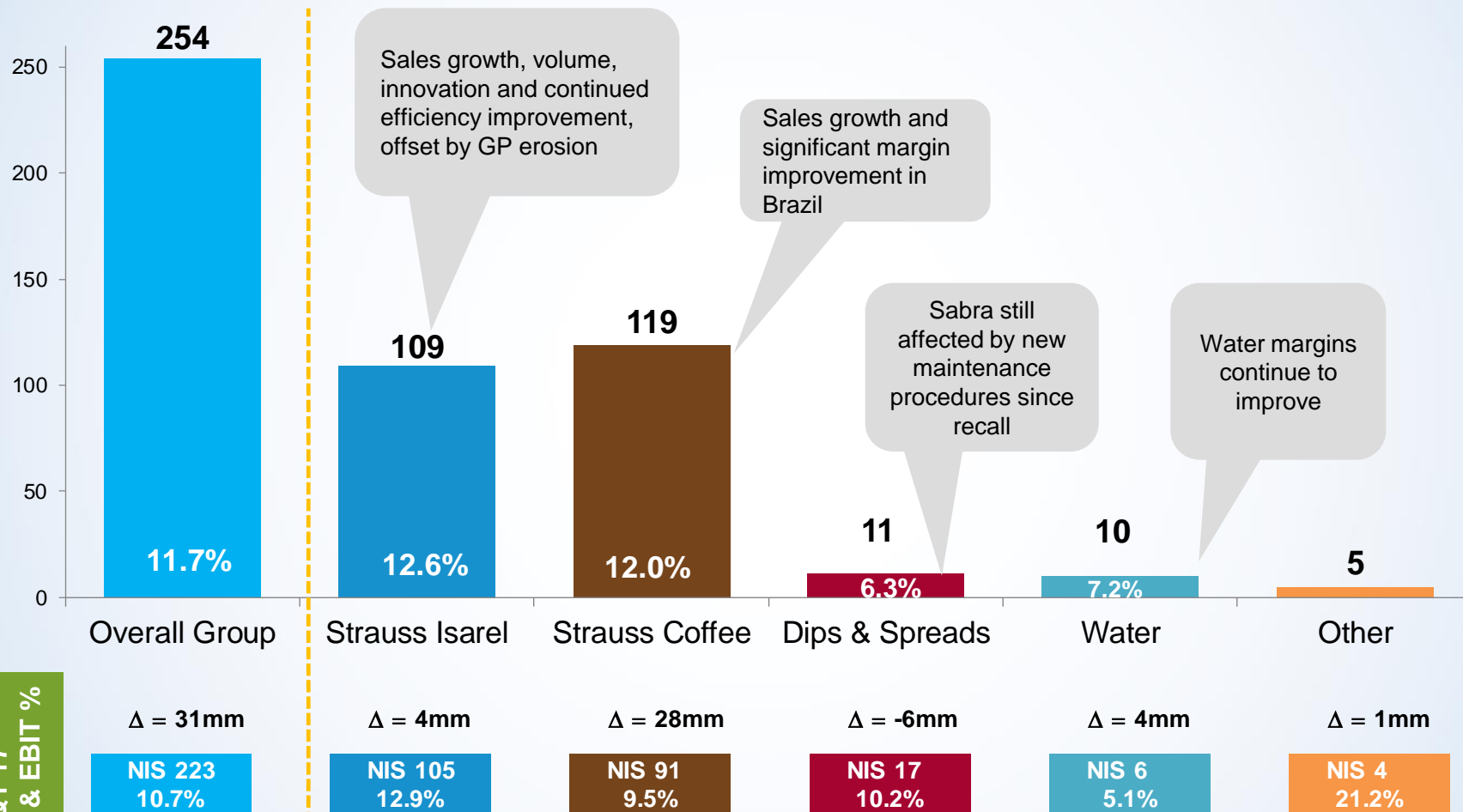
Q1 EBIT Bridge

NIS mm; Non-GAAP; Q1'17 to Q1'18



Q1 2018 EBIT and EBIT Margins

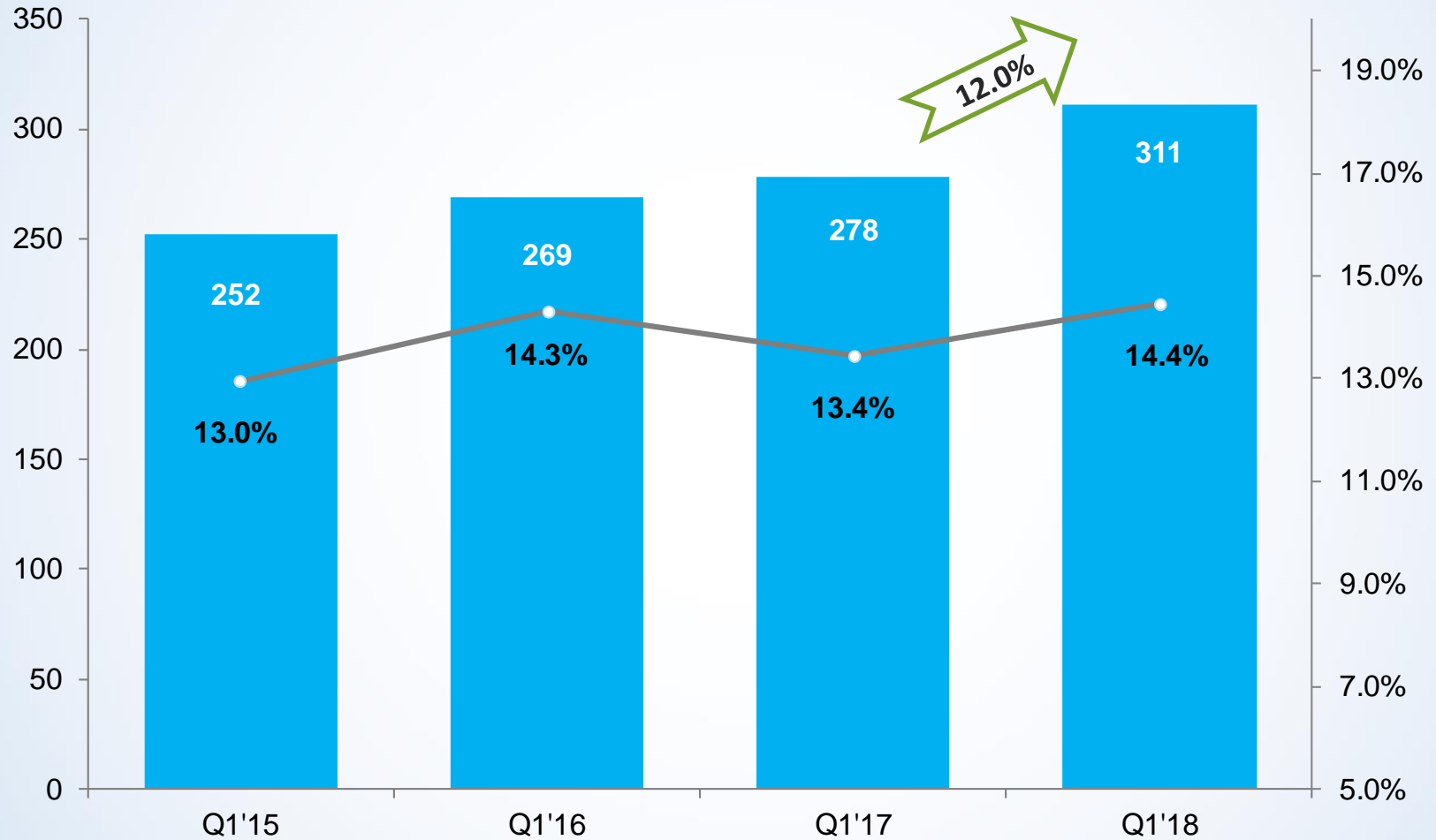
NIS mm; Non-GAAP; % Margin



Q1'17
EBIT & EBIT %

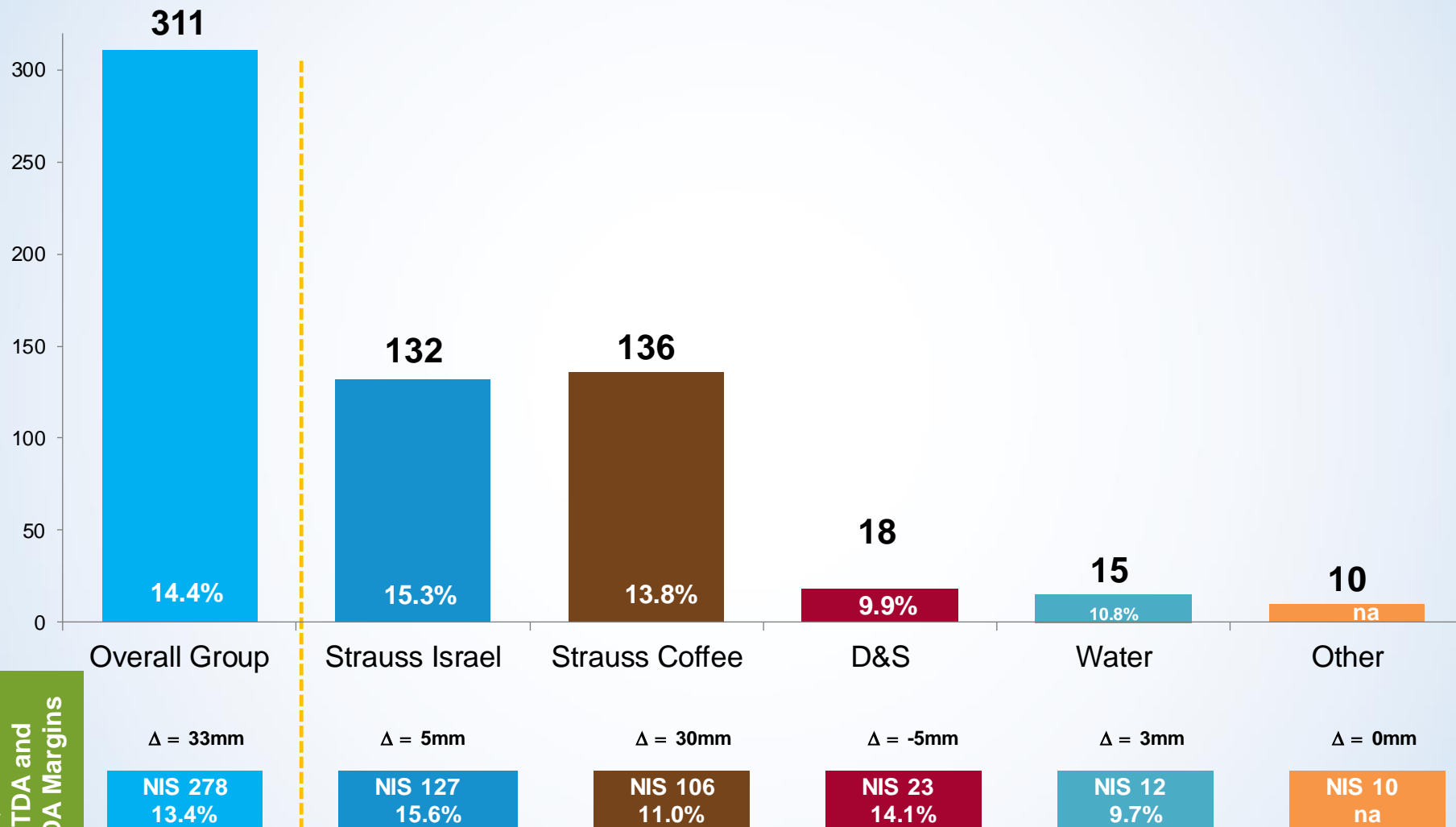
Q1 2018 Consolidated EBITDA and EBITDA Margins

NIS mm; Non-GAAP



Q1 2018 EBITDA and EBITDA Margins

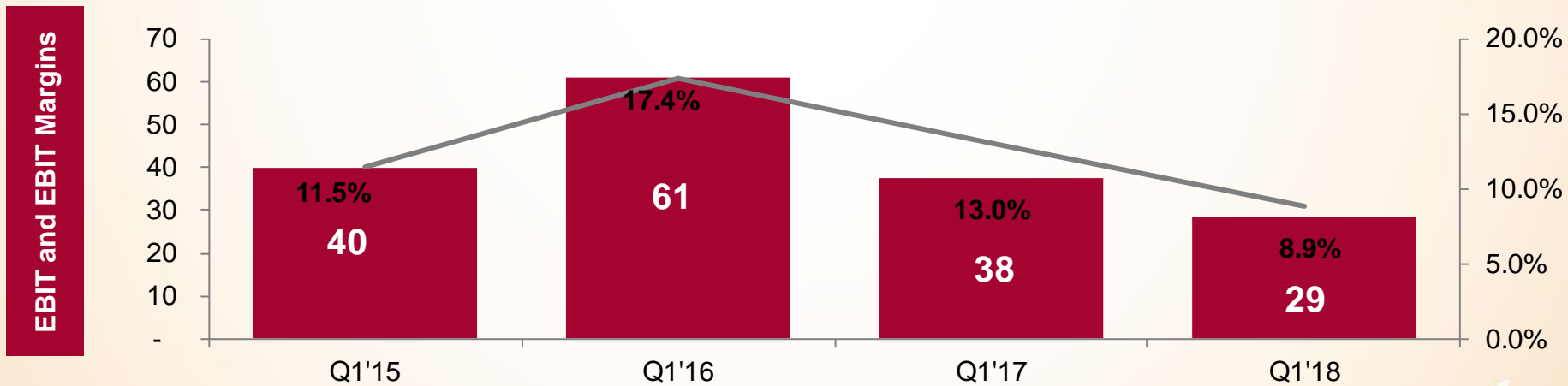
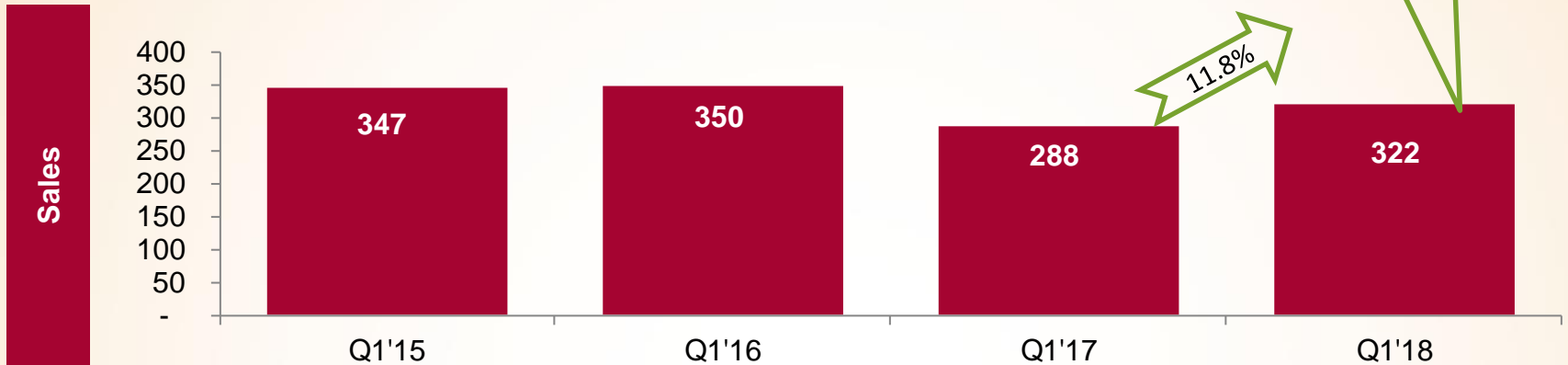
NIS mm; Non-GAAP; % Margin



Q1'17
EBITDA and
EBITDA Margins

Sabra Q1 Snapshot

NIS mm; Non-GAAP; for 100% share



Note: Sabra Dipping Company ("Sabra") is a company jointly held by PepsiCo (50%) and Strauss Group (50%).

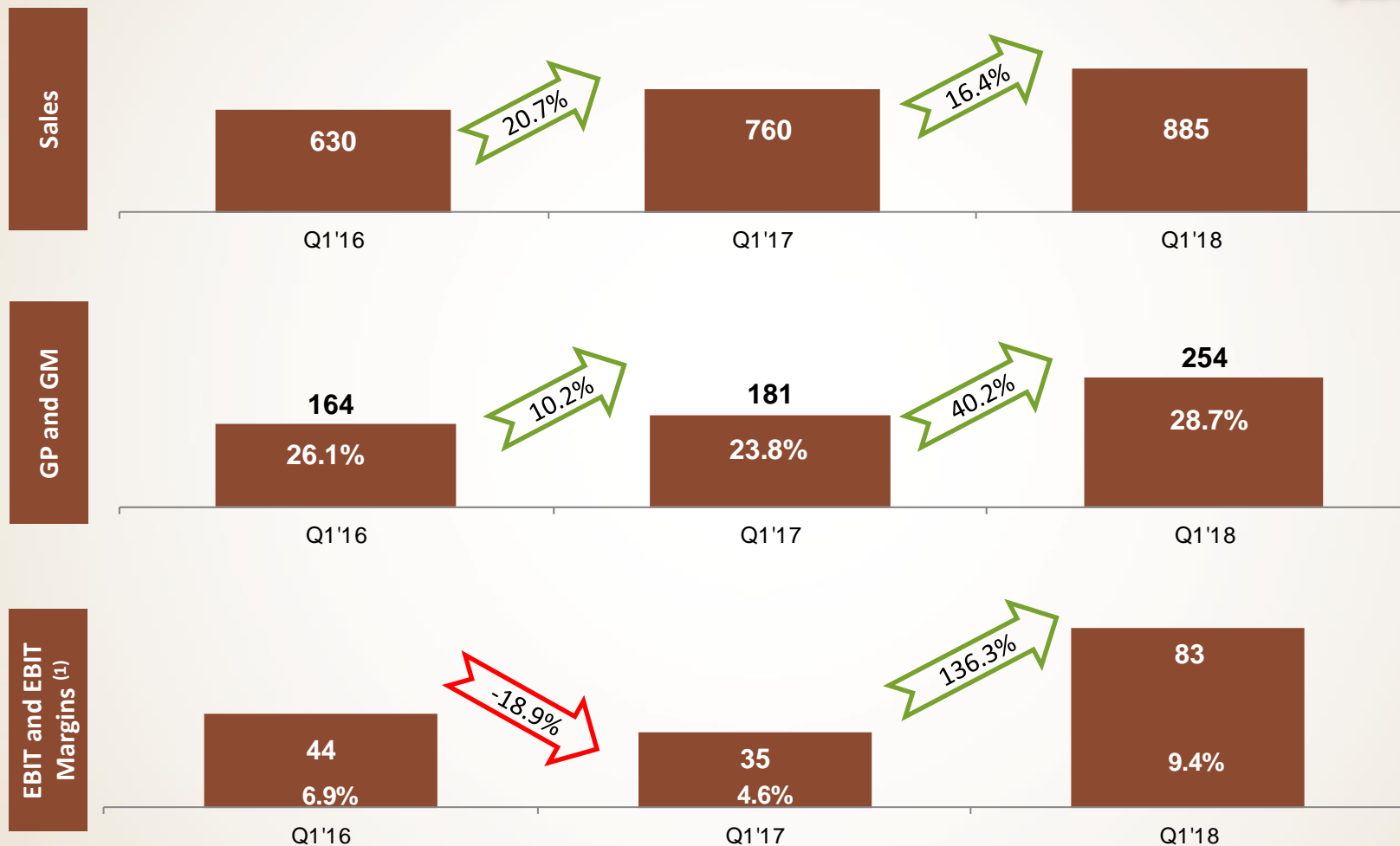


Três Corações Alimentos S.A. (Três Corações J.V.)



Q1 Snapshot

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



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

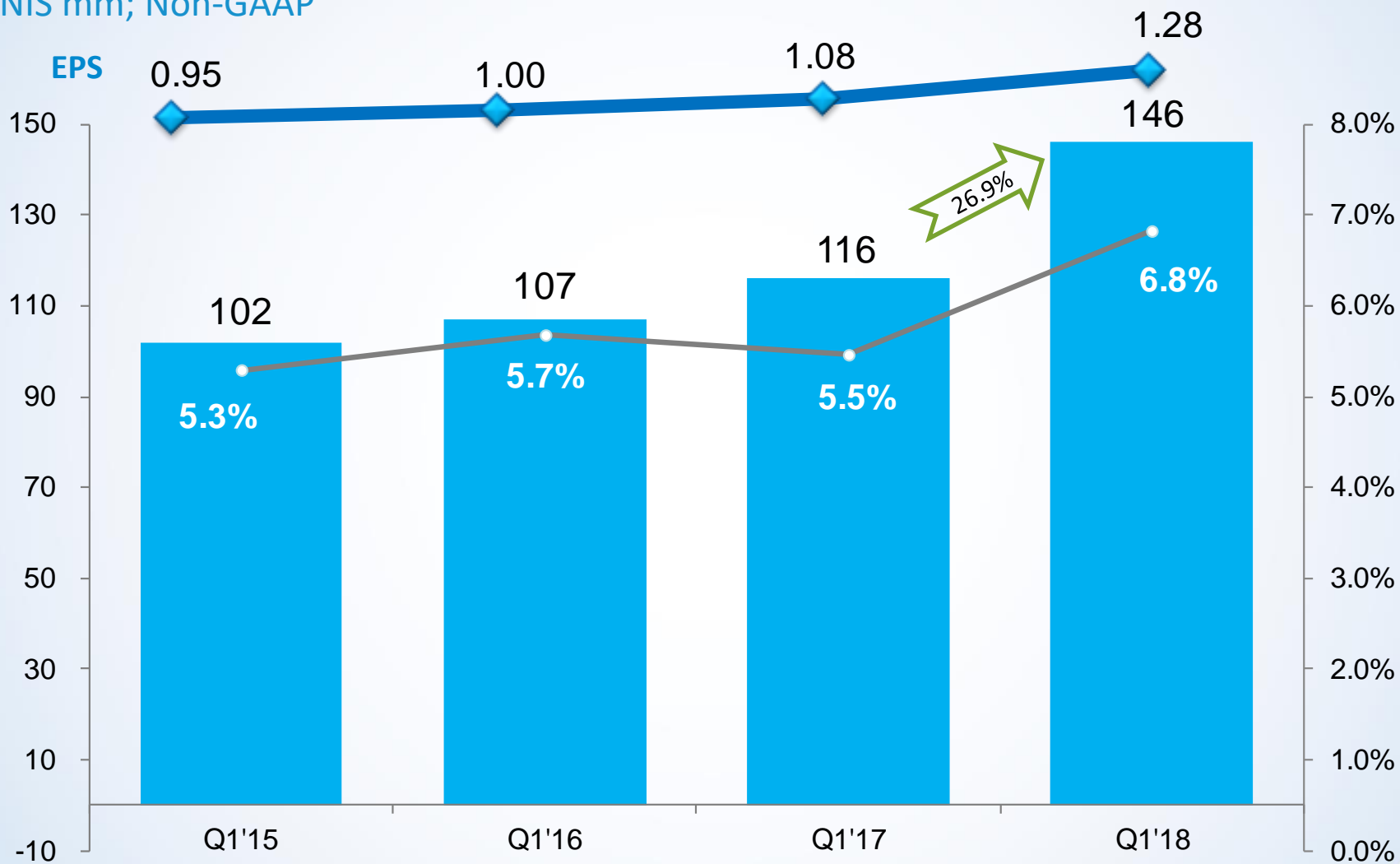
Source: Três Corações Alimentos S.A. Consolidated Interim Financial Statements as of March 31st, 2018.

(1) EBIT before Other Expenses/ Income.



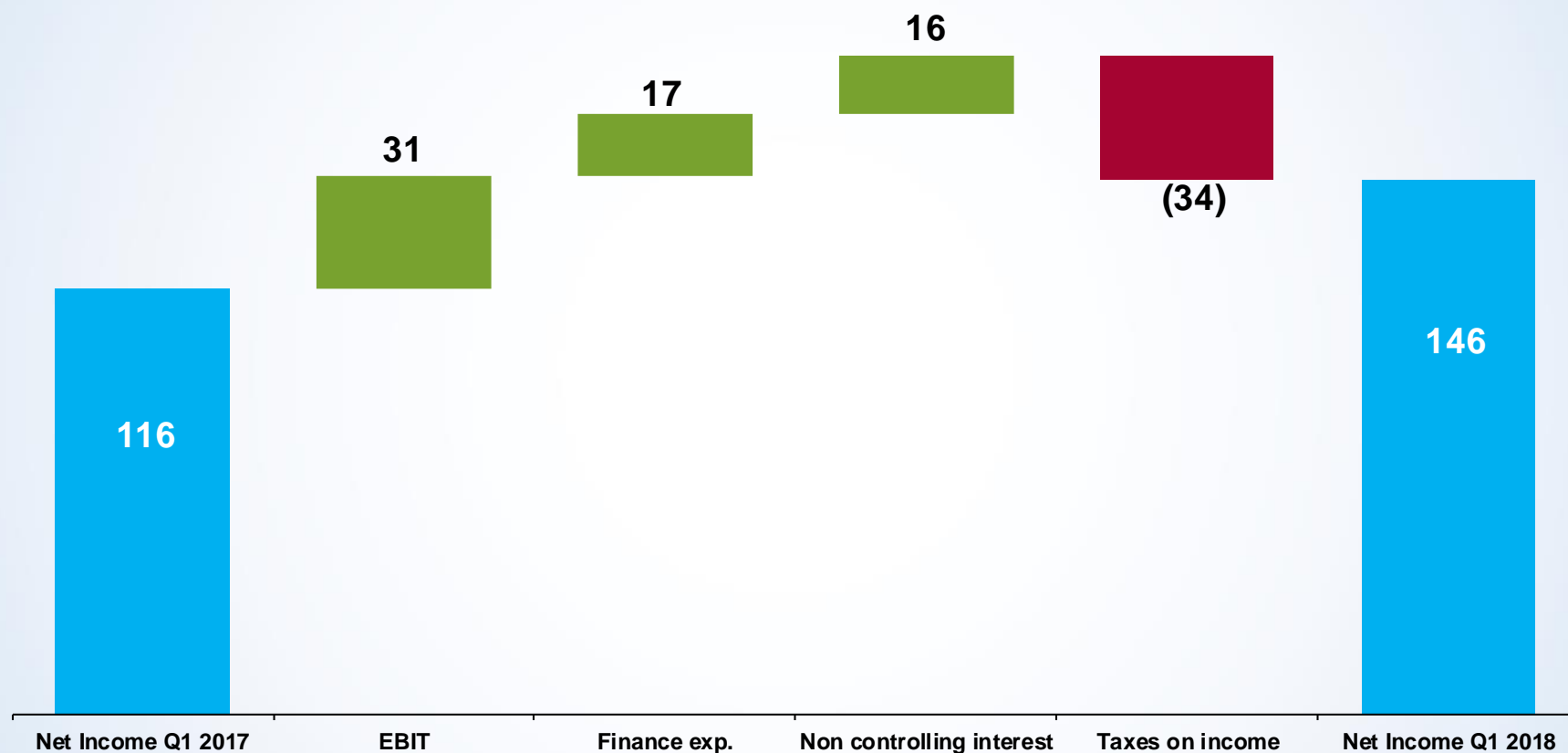
Q1 Net Profit (attributed to the Company's shareholders), Net Margins and EPS

NIS mm; Non-GAAP



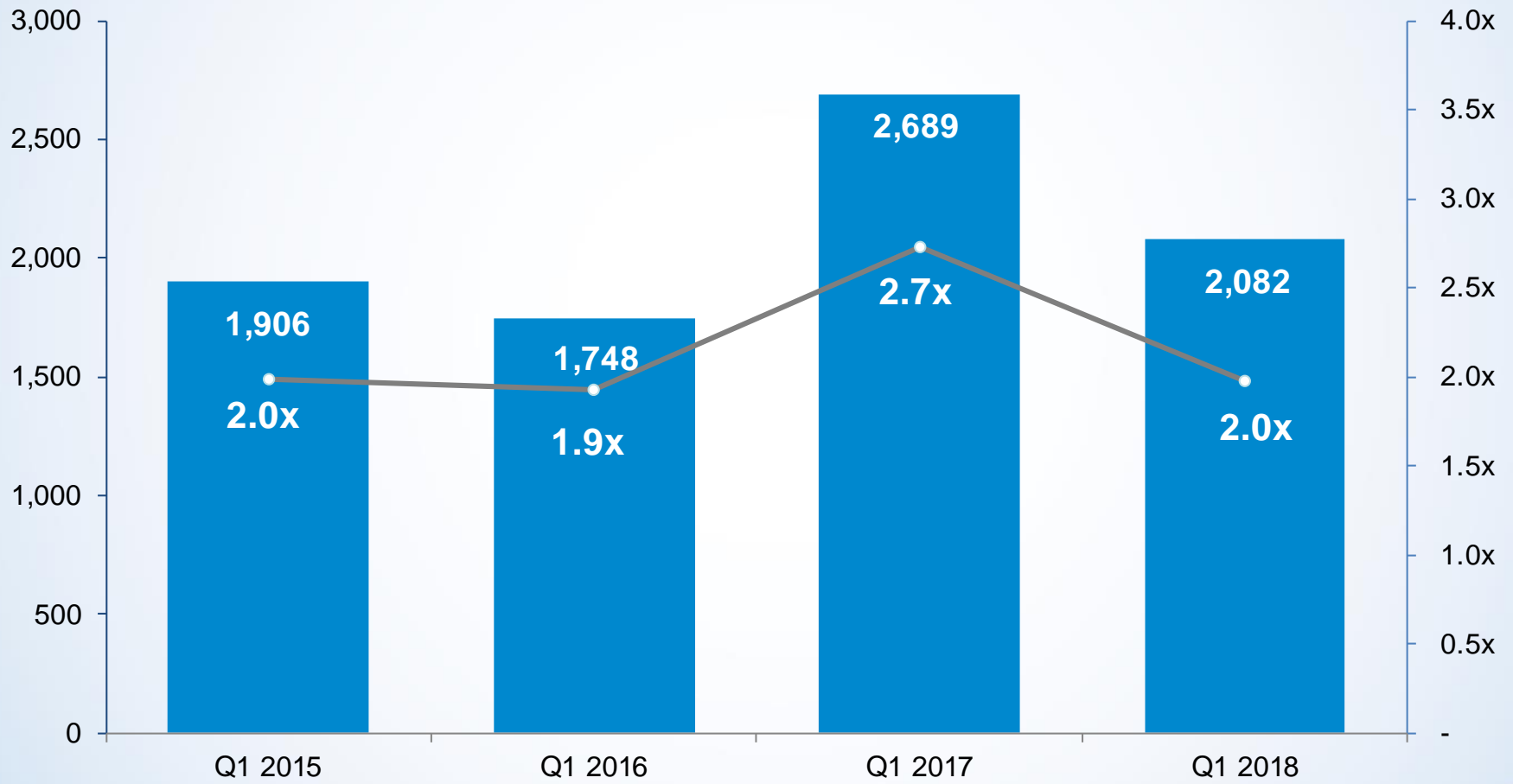
Q1 Net Profit (attributed to the Company's shareholders) Bridge

NIS mm; Non-GAAP; Q1'16 to Q1'17



Net Debt and Net Debt /EBITDA (LTM)

Non-GAAP EBITDA, net debt includes partnerships; NIS mm



Q1 GAAP and Non-GAAP Financial Highlights

NIS mm

	Adjusted Non-GAAP		
	Q1 2018	Q1 2017	% Chg.
Sales	2,167	2,083	4.0%
Gross Profit	833	780	6.8%
<i>GP Margin</i>	38.4%	37.4%	
Operating Profit	254	223	14.0%
<i>EBIT Margin</i>	11.7%	10.7%	
Net Profit (to SH)	146	116	26.9%
<i>NP Margin</i>	6.8%	5.5%	
Operating Cash Flow	106	(86)	
Capex ⁽¹⁾	(70)	(61)	
Net debt	2,082	2,689	
Change in WC (CF)	(157)	(278)	

(1) Capex includes acquisition of fixed assets and investment in intangible assets.

Thank You!

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Appendix

Appendix

Strauss Group



Local Currencies vs. the NIS

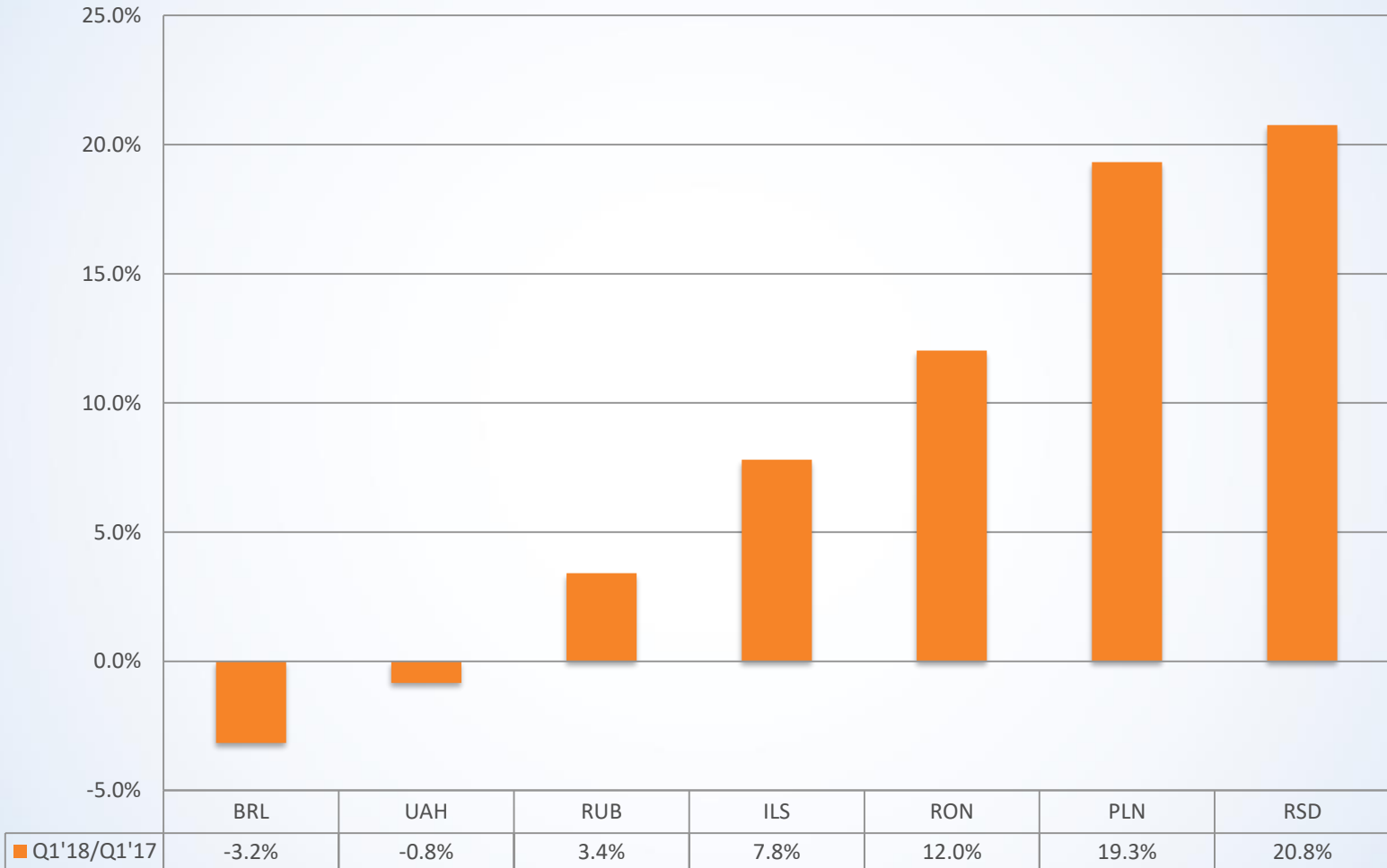
Change in average exchange rate (1 local currency = x NIS)



Current exchange rate as of June 30th, 2018.

Local Currencies vs. the USD

Change in average exchange rate (1 local currency = x USD)



Current exchange rate as of June 30th, 2018.

Appendix

Strauss Israel



Strauss Israel Non-GAAP Financial Highlights

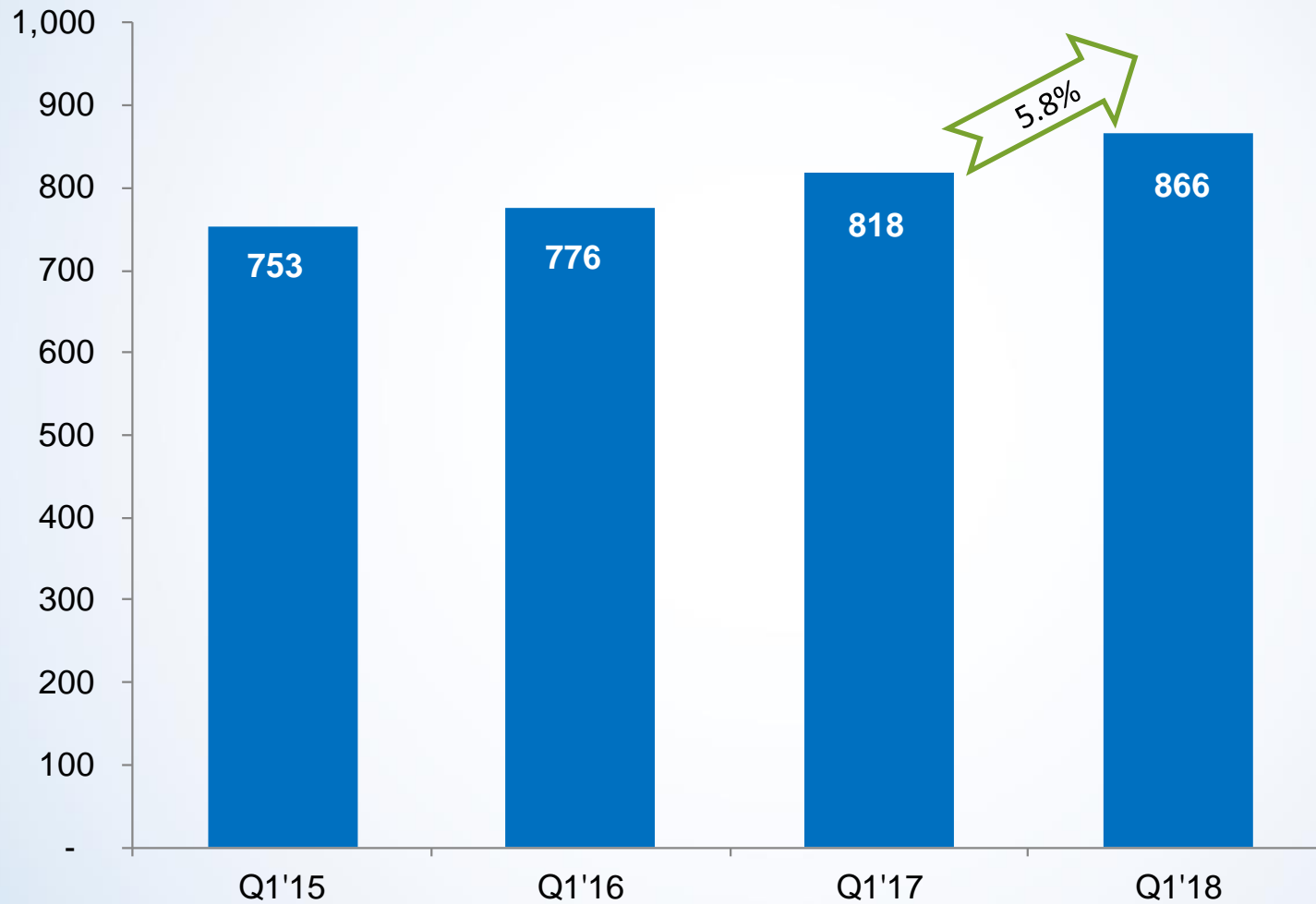
Q1 2018 NIS mm

Strauss Israel (Non GAAP)			
	Q1 2018	Q1 2017	% Chg.
Revenue:			
H&W	532	486	9.4%
F&I	334	332	0.6%
Total Revenue	866	818	5.8%
Total Gross Profit	341	333	2.3%
<i>Gross Margins</i>	39.4%	40.7%	(1.3%)
EBIT:			
H&W	54	53	2.0%
<i>Margins</i>	10.2%	10.9%	(0.7%)
F&I	55	52	4.8%
<i>Margins</i>	16.4%	15.8%	0.6%
Total EBIT	109	105	3.4%
<i>Margins</i>	12.6%	12.9%	(0.3%)
EBITDA:			
H&W	68	67	2.0%
<i>Margins</i>	12.8%	13.7%	(0.9%)
F&I	64	60	6.0%
<i>Margins</i>	19.3%	18.3%	1.0%
Total EBITDA	132	127	3.9%
<i>Margins</i>	15.3%	15.6%	(0.3%)

Note: Figures were rounded to NIS millions. Totals were calculated on the basis of the exact figures in NIS thousands.

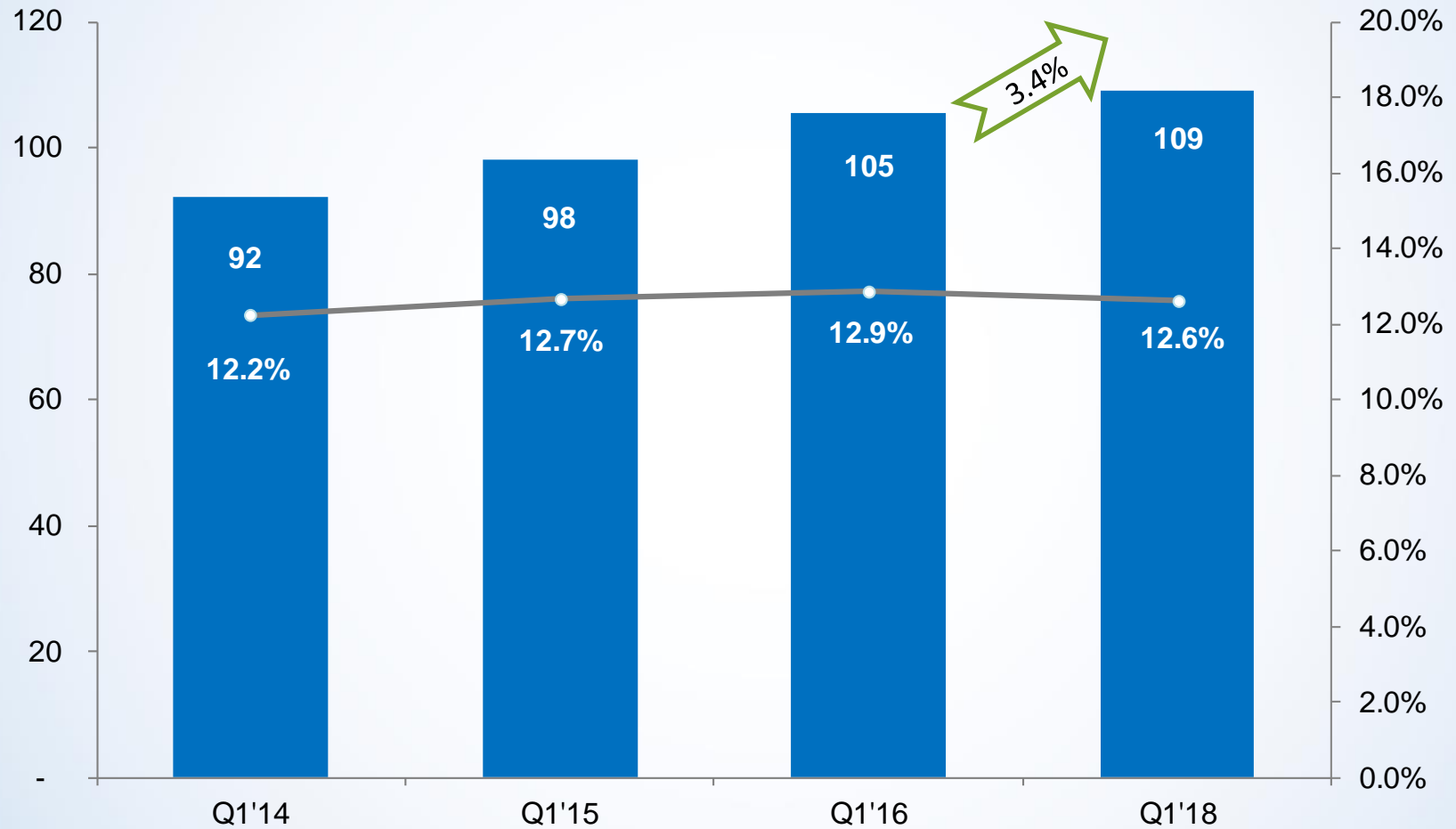
Q1 Strauss Israel Sales

NIS mm; Non-GAAP



Q1 Strauss Israel EBIT and EBIT Margins

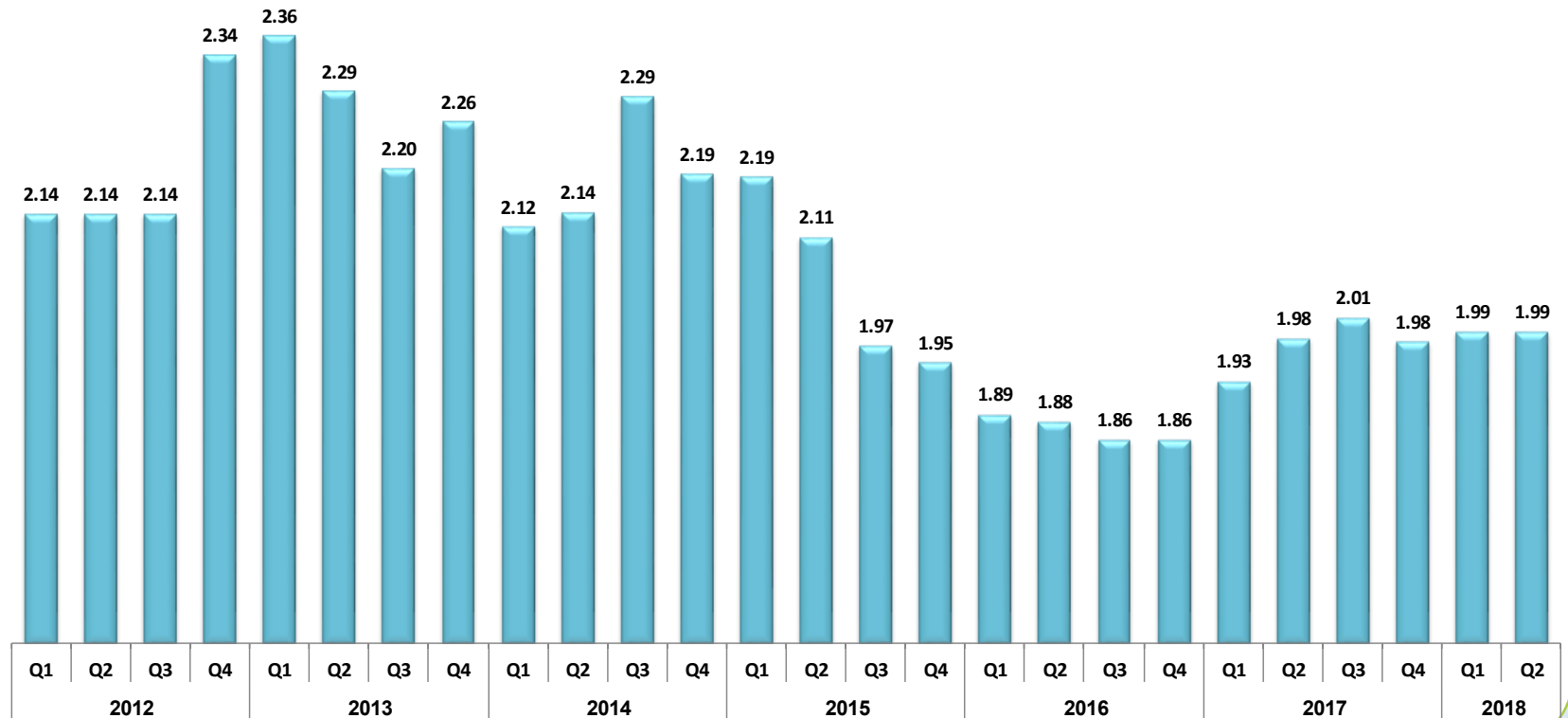
NIS mm; Non-GAAP



Target Milk Price (NIS per liter)

Price excluding Strauss transportation costs

Milk



London Sugar Historical & Futures Prices 2015-2018 (\$\T)

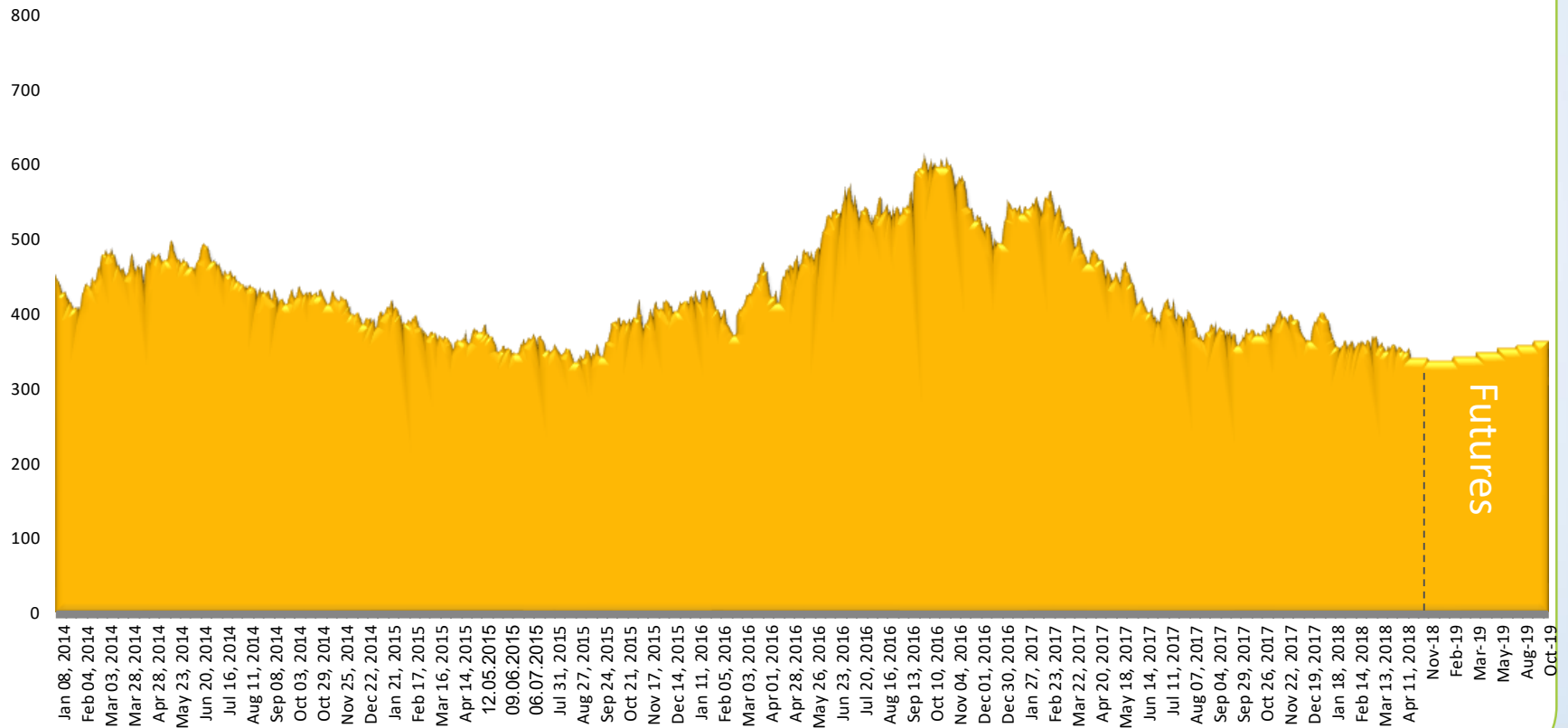
Sugar

2015 Avg. 374

2016 Avg. 500

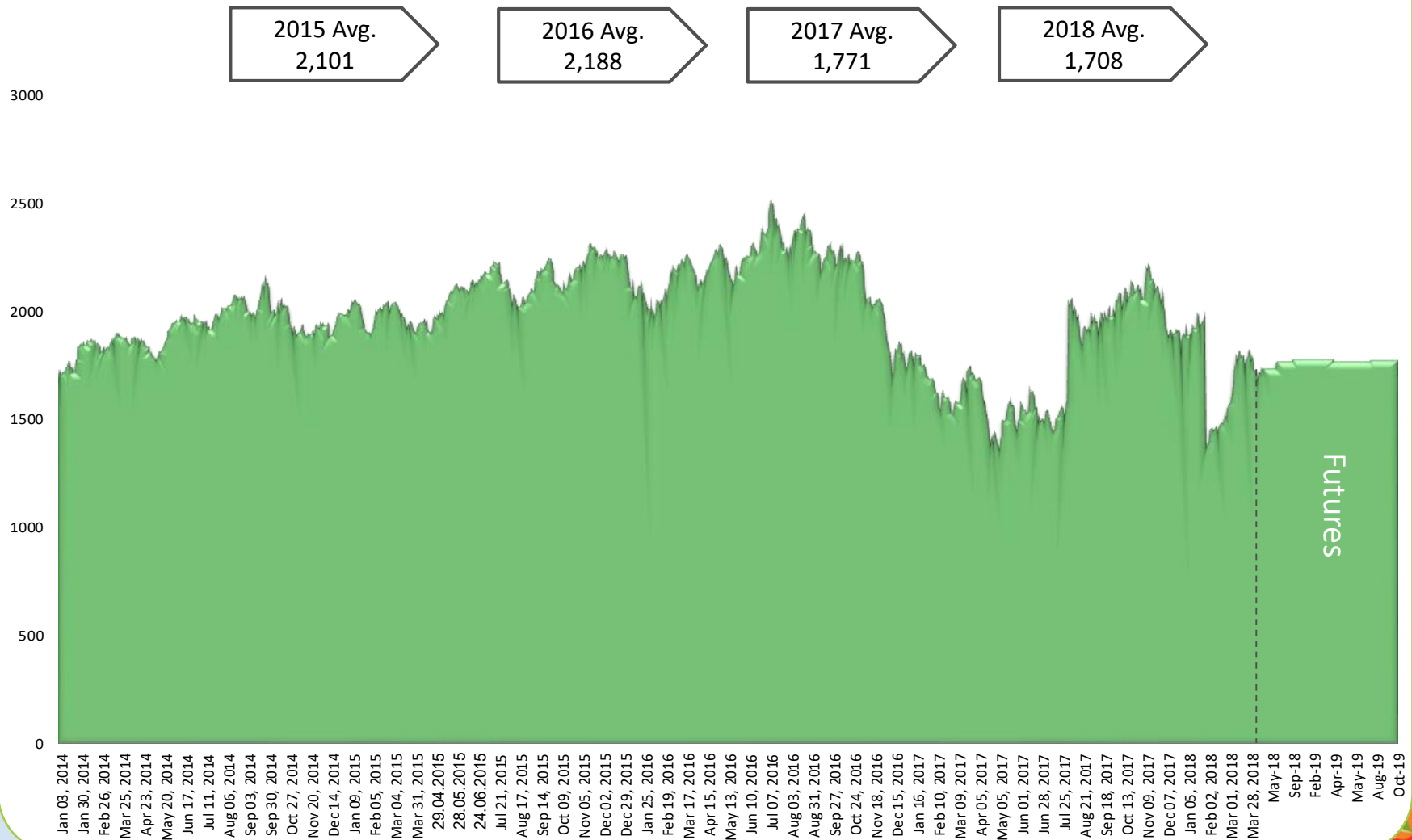
2017 Avg. 433

2018 Avg. 360



London Cocoa Historical & Futures Prices 2015-2018 (GBP\T)

Cocoa





Appendix

**Strauss
Coffee**

Strauss Coffee Non-GAAP Financial Highlights

Q1 2018 NIS mm

Strauss Coffee (Non GAAP)			
	Q1 2018	Q1 2017	% Chg.
Revenue:			
Israel	217	212	2.0%
International	769	749	2.7%
Total Revenue	986	961	2.5%
Total Gross Profit	352	309	14.0%
<i>Gross Margins</i>	35.7%	32.1%	3.6%
EBIT:			
Israel	41	40	3.1%
<i>Margins</i>	19.0%	18.9%	0.1%
International	78	51	51.2%
<i>Margins</i>	10.1%	6.8%	3.3%
Total EBIT	119	91	30.1%
<i>Margins</i>	12.0%	9.5%	2.5%
EBITDA:			
Israel	45	43	3.8%
<i>Margins</i>	20.6%	20.2%	0.4%
International	91	63	44.4%
<i>Margins</i>	11.9%	8.4%	3.5%
Total EBITDA	136	106	28.0%
<i>Margins</i>	13.8%	11.0%	2.8%

Note: Figures were rounded to NIS millions. Totals were calculated on the basis of the exact figures in NIS thousands.

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

Strauss Coffee non-GAAP figures represent 50% share in Três Corações joint venture (Brazil).

Strauss Coffee Non-GAAP Sales by Geography

Q1 2018 NIS mm

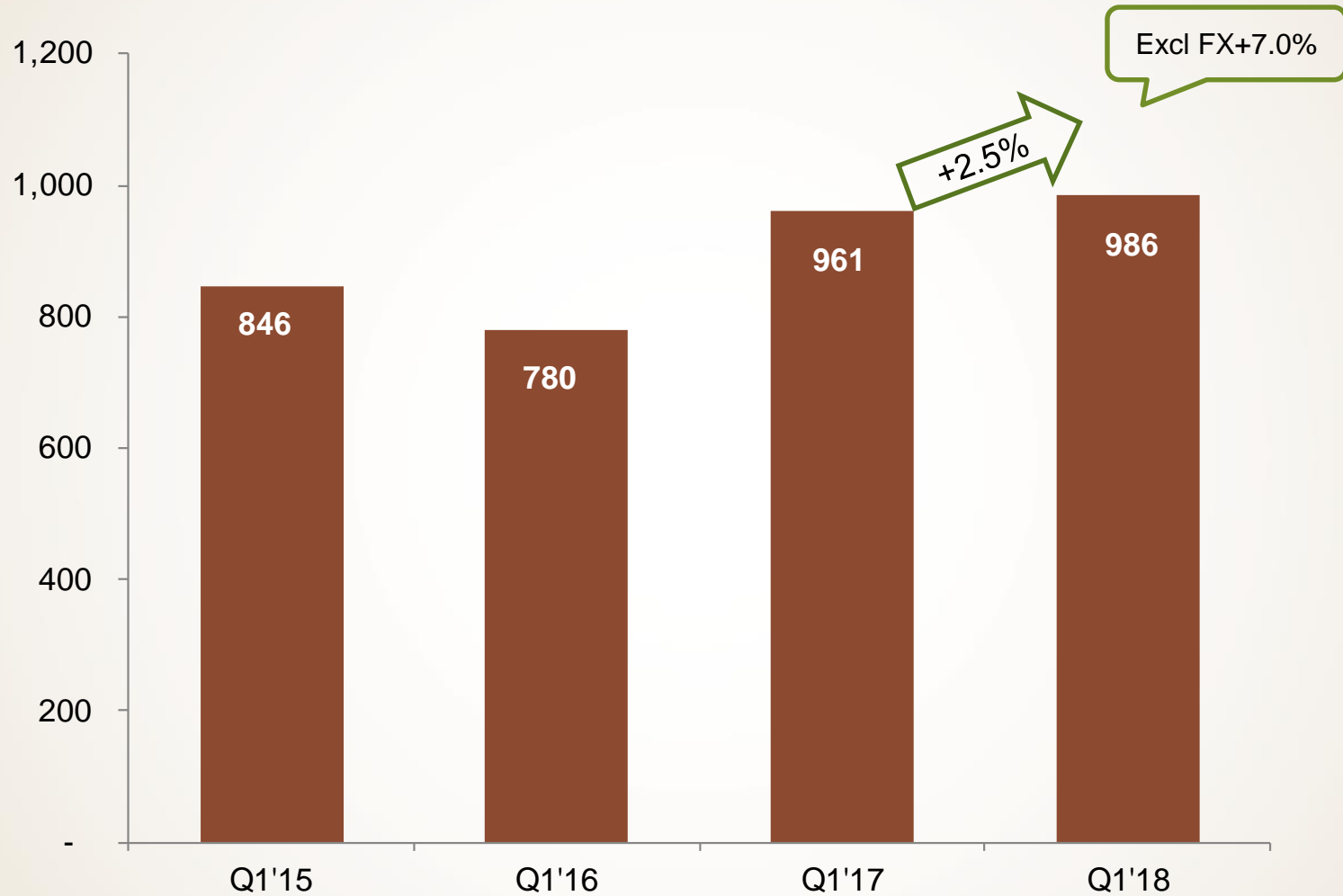
Strauss Coffee Sales				
	Q1 2018	Q1 2017	% Change	
			NIS	Local Currency
Israel	217	212	2.0%	2.0%
International:				
Três Corações Joint Venture (Brazil)	472	450	4.7%	16.6%
CIS	133	148	(9.8%)	(5.0%)
Poland	84	74	14.7%	3.6%
Romania	50	51	(2.9%)	(6.7%)
Serbia	30	26	15.1%	2.1%
Total International	769	749	2.7%	8.5%
Total Coffee	986	961	2.5%	7.0%

Note: Figures were rounded to NIS millions. Totals were calculated on the basis of the exact figures in NIS thousands.

Note: Três Corações joint venture (Brazil): a company jointly held by the Group (50%) and by the São Miguel Group (50%) ("3C"). Strauss Coffee non-GAAP figures represent 50% share in Três Corações joint venture (Brazil).

Q1 2018 Strauss Coffee Sales

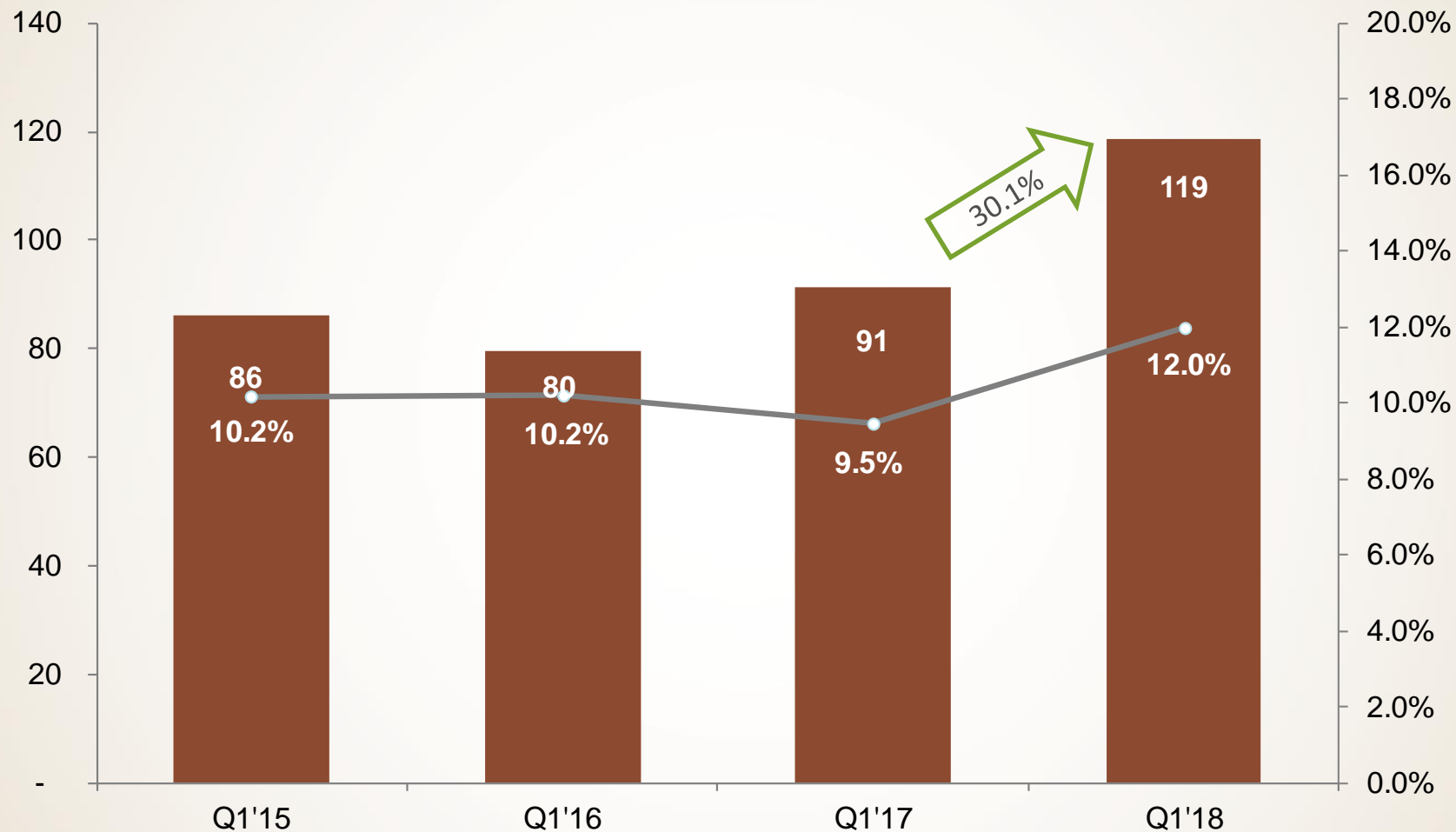
NIS mm; Non-GAAP



Strauss Coffee non-GAAP figures represent 50% share in Três Corações joint venture (Brazil).

Q1 Strauss Coffee EBIT and EBIT Margins

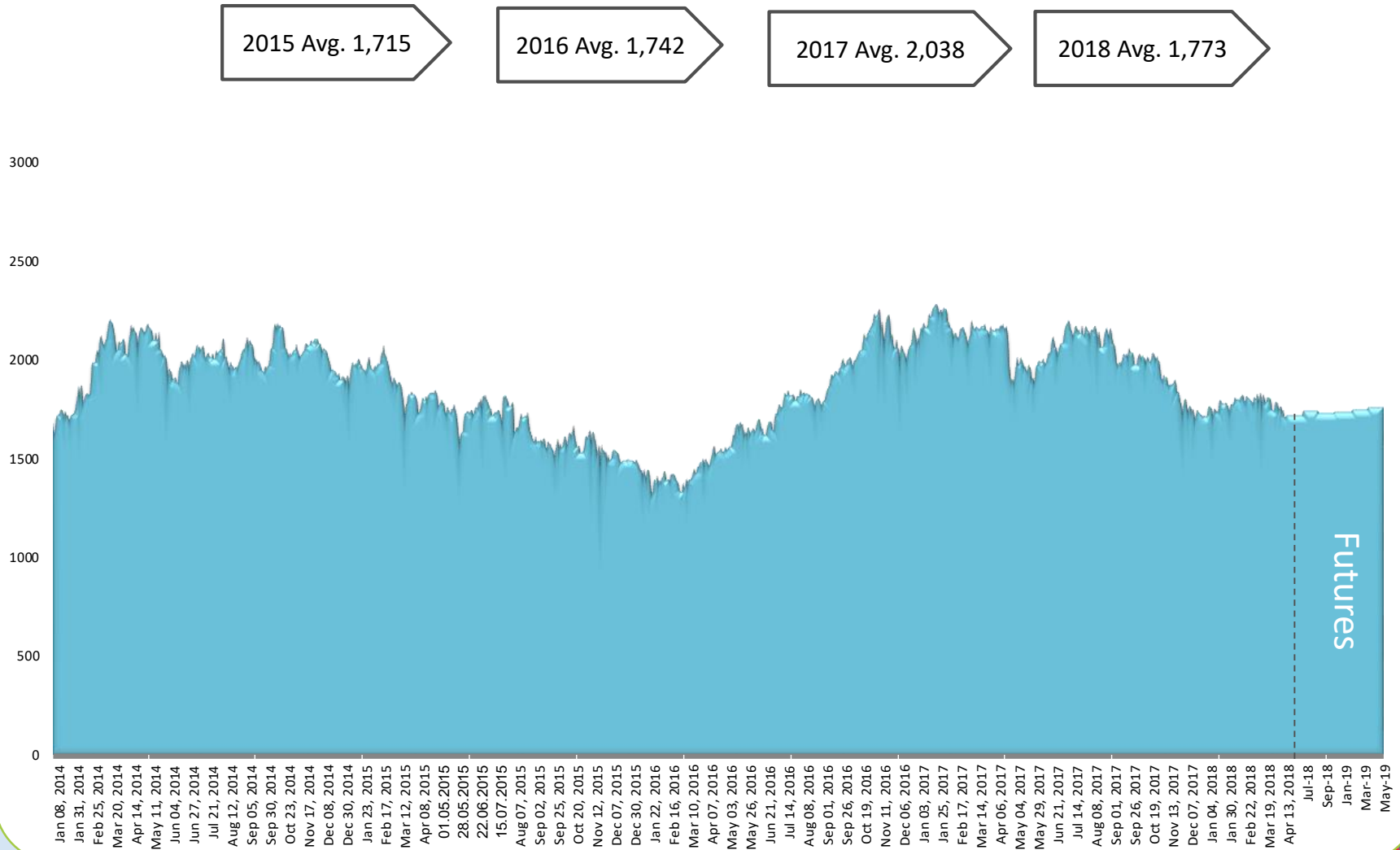
NIS mm; Non-GAAP



Strauss Coffee non-GAAP figures represent 50% share in Três Corações joint venture (Brazil).

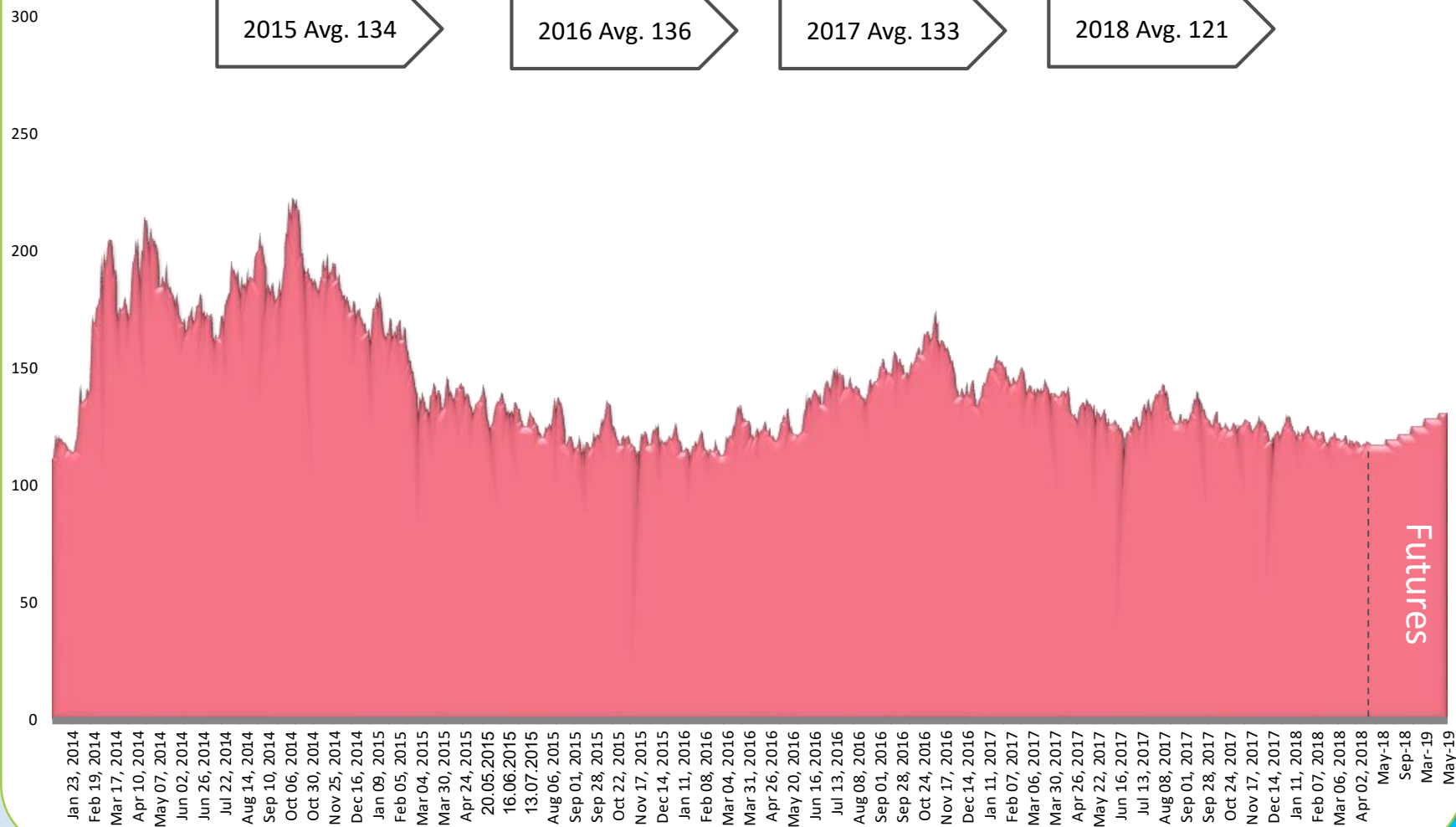
Robusta Historical & Futures Prices 2015-2018 (\$\T)

Robusta



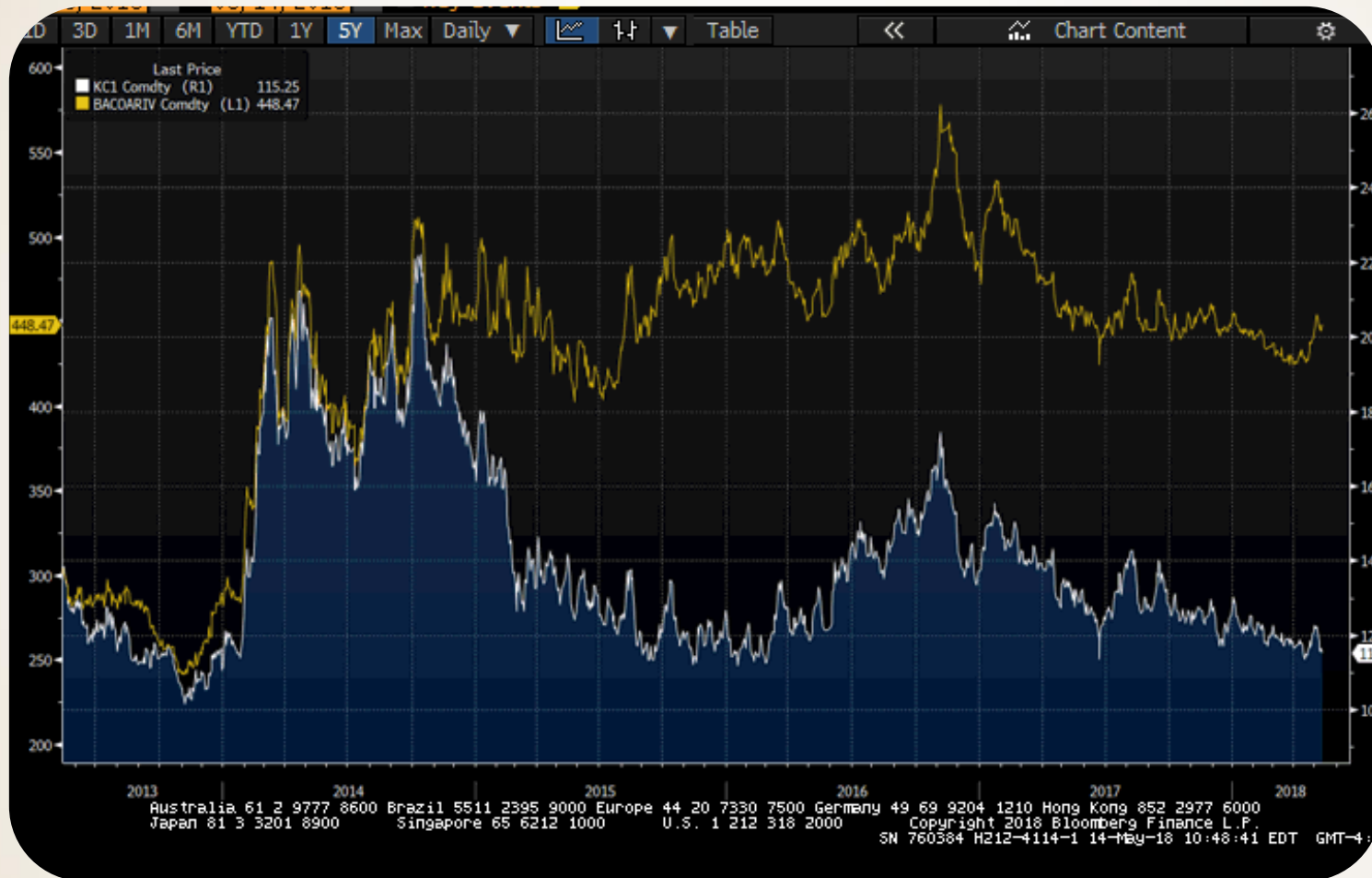
Arabica Historical & Futures Prices 2015-2018 (Cent\Lb)

Arabica



NY Arabica and Brazil Arabica

Indexed since 15.5.2013



NY Arabica (traded in USD)

Brazil Arabica (traded in BRL)

Source : Bloomberg

Appendix



Sabra & Obela

Strauss D&S Non-GAAP Financial Highlights

Q1 2018 NIS mm; 50% share

Dips & Spreads (Non GAAP)			
	Q1 2018	Q1 2017	% Chg.
Revenue:			
Sabra (50%)	160	144	11.8%
Obela (50%)	20	16	24.0%
Total Revenue	180	160	13.0%
EBIT:			
Sabra (50%)	14	19	(24.0%)
<i>Margins</i>	8.9%	13.0%	(4.1%)
Obela (50%)	(3)	(2)	NM
<i>Margins</i>	NM	NM	NM
Total EBIT	11	17	(29.6%)
<i>Margins</i>	6.3%	10.2%	(3.8%)
EBITDA:			
Total EBITDA	18	23	(20.8%)
<i>Margins</i>	9.9%	14.1%	(4.2%)

- Figures were rounded to NIS millions. Totals were calculated on the basis of the exact figures in NIS thousands.

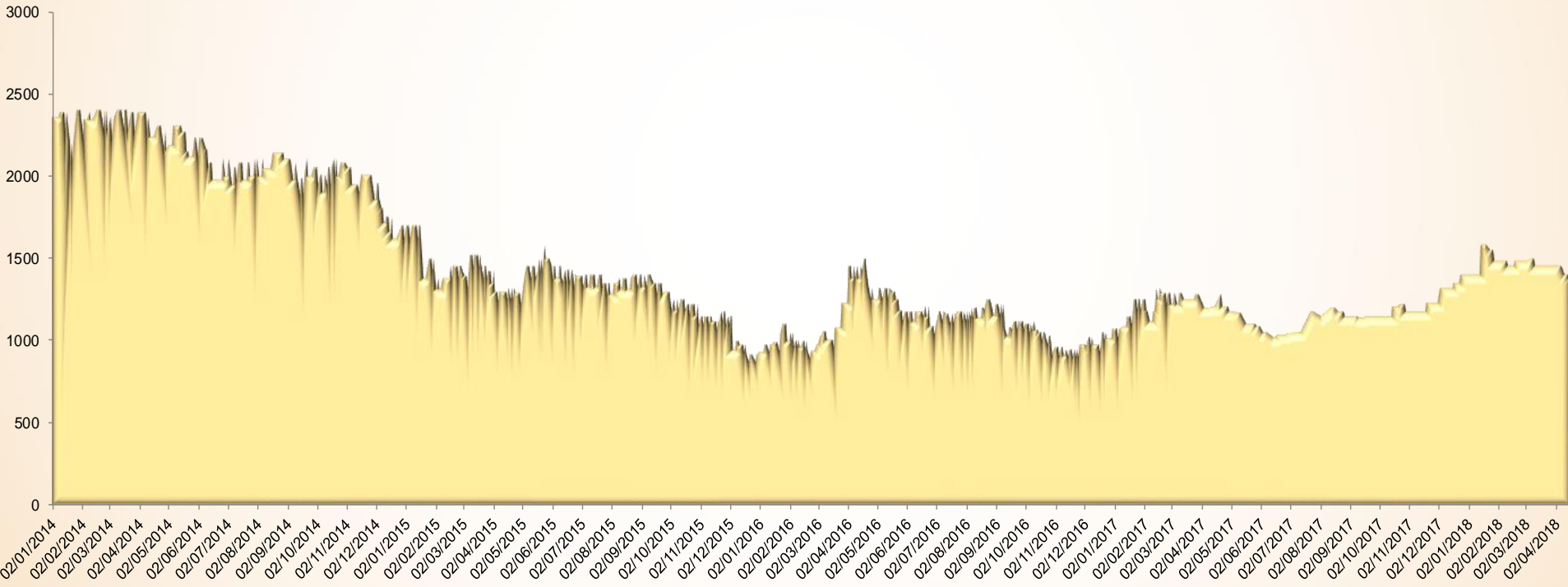
Humera Sesame Prices 2015-2018 (USD/Metric Ton)

2015 Avg.
1,324

2016 Avg.
1,109

2017 Avg.
1,193

2018 Avg.
1,465





Appendix

Strauss Water

Strauss Water Non-GAAP Financial Highlights

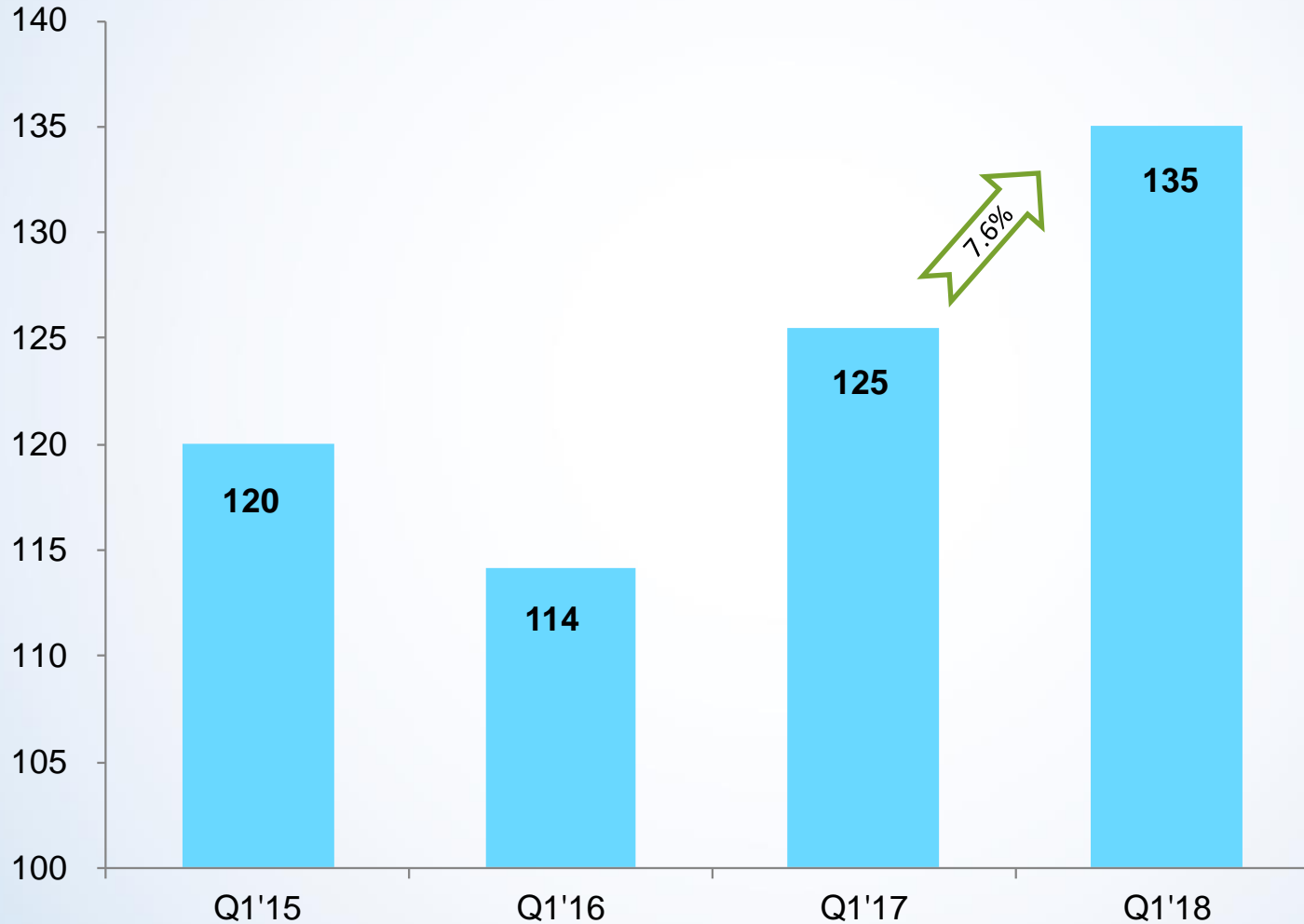
Q1 2018 NIS mm

Water (Non GAAP)			
	Q1 2018	Q1 2017	% Chg.
Revenue:	135	125	7.6%
EBIT:	10	6	52.2%
<i>EBIT Margins</i>	7.2%	5.1%	2.1%
EBITDA:	15	12	20.7%
<i>EBITDA Margins</i>	10.8%	9.7%	1.1%

- Figures were rounded to NIS millions. Totals were calculated on the basis of the exact figures in NIS thousands.

Q1 2018 Strauss Water Non-GAAP Sales

Non-GAAP; NIS mm



Q1 2018 Strauss Water Non-GAAP EBIT

Non-GAAP; NIS mm

