



Press Release

Petach Tikva, Israel; May 23, 2018

Strauss Group continues to deliver excellent results in sales, profit and cash flow, with sales up 4% during the quarter (7.8% organic growth excluding foreign exchange effects) and net profit rising 29.6% to NIS 146 million⁽¹⁾

Stellar growth across all segments: Israel, Coffee, Sabra-Obela and Strauss Water; Strauss Group will distribute dividends in the amount of NIS 160 million

Giora Bardea, Interim CEO of Strauss Group (May 23, 2018): "Strauss Group continues to grow at an impressive rate, delivering excellent results in sales and profit. Revenues are up 7.8% organically during the quarter excluding FX translation, and performance has generated positive growth across all segments. Strauss Israel's income rose 5.8% compared to the corresponding period as the company increased its market share in food & beverages to 12.2%⁽²⁾. The coffee operation grew organically 7.3% in the quarter excluding FX translation. Sabra-Obela's dips and spreads business grew 21.3% organically excluding foreign exchange effects, with Sabra's market share in hummus in the US reaching 59.4%. Strauss Water revenues rose 7.6%, primarily thanks to strong growth in its operations in Israel. Net income in the quarter was NIS 146 million, up 26.9% compared to last year".

Q1 2018 highlights⁽¹⁾

- Organic sales growth, excluding foreign exchange effects, was c7.8%. Shekel sales were NIS c2.2 billion compared to NIS c2.1 billion in the corresponding period in 2017; sales were impacted by a negative currency translation amounting to NIS c51 million mainly as a result of the depreciation of the BRL against the NIS compared to last year.
- Gross profit was NIS c833 million (c38.4% of sales), up c6.8% compared to the corresponding period last year. Gross margins were up c1%.
- Operating profit (EBIT) was NIS c254 million (c11.7% of sales), up c14.0% compared to the corresponding period last year. EBIT margins were up c1%.
- EPS for shareholders of the Company was NIS c1.28, up c18.8% compared to the corresponding period.
- Positive cash flows from operating activities totaled NIS c106 million, compared to negative cash flows of NIS c86 million in 2017.

- (1) Data represent the Company's non-GAAP figures, which include the proportionate consolidation of jointly controlled businesses (without implementation of IFRS 11) and do not include share-based payment, valuation of the balance of commodity hedging transactions as at end-of-period, including adjustments required for deferral of profit or loss from commodity derivatives until the inventory is sold to external parties, and other income and expenses, unless stated otherwise.
- (2) Storenext

Non GAAP Figures ⁽¹⁾

| First Quarter | | | |
|--|-------|-------|----------|
| | 2018 | 2017 | Change |
| Total Group Sales (NIS mm) | 2,167 | 2,083 | 4.0% |
| Organic Sales Growth excluding FX | | | 7.8% |
| Gross Profit (NIS mm) | 833 | 780 | 6.8% |
| Gross Margins (%) | 38.4% | 37.4% | +100 bps |
| EBITDA (NIS mm) | 311 | 278 | 12.0% |
| EBITDA Margins (%) | 14.4% | 13.4% | +100 bps |
| EBIT (NIS mm) | 254 | 223 | 14.0% |
| EBIT Margins (%) | 11.7% | 10.7% | +100 bps |
| Net Income Attributable to the Company's Shareholders (NIS mm) | 146 | 116 | 26.9% |
| Net Income Margin Attributable to the Company's Shareholders (%) | 6.8% | 5.5% | +130 bps |
| EPS (NIS) | 1.28 | 1.08 | 18.8% |
| Operating Cash Flow (NIS mm) | 106 | -86 | 222.9% |
| Capex (NIS mm) ⁽²⁾ | -70 | -61 | 14.8% |
| Net debt (NIS mm) | 2,082 | 2,689 | -22.6% |
| Net debt / annual EBITDA | 2.0x | 2.7x | (0.7x) |

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(2) Investments include the acquisition of fixed assets and investment in intangibles.

Note: Financial data were rounded to NIS millions. Percentages changes were calculated on the basis of the exact figures in NIS thousands.

Non GAAP Figures ⁽¹⁾

| | First Quarter | | | | | | | |
|--|----------------|----------------------------|-----------------------------------|---------------|--------------------|------------------|--------------|---------------------------------|
| | Sales (NIS mm) | Sales Growth vs. Last Year | Organic Sales Growth excluding FX | EBIT (NIS mm) | NIS Change in EBIT | % Change in EBIT | EBIT margins | Change in EBIT margins vs. 2017 |
| Sales and EBIT by Operating Segments and Activities | | | | | | | | |
| Strauss Israel: | | | | | | | | |
| Health & Wellness | 532 | 9.4% | 9.4% | 54 | 1 | 2.0% | 10.2% | -70 bps |
| Fun & Indulgence ⁽²⁾ | 334 | 0.6% | 0.6% | 55 | 3 | 4.8% | 16.4% | +60 bps |
| Total Strauss Israel | 866 | 5.8% | 5.8% | 109 | 4 | 3.4% | 12.6% | -30 bps |
| Strauss Coffee: | | | | | | | | |
| Coffee Israel | 217 | 2.0% | 2.0% | 41 | 1 | 3.1% | 19.0% | +10 bps |
| International Coffee ⁽²⁾ | 769 | 2.7% | 8.5% | 78 | 27 | 51.2% | 10.1% | +330 bps |
| Total Strauss Coffee | 986 | 2.5% | 7.3% | 119 | 28 | 30.1% | 12.0% | +250 bps |
| International Dips & Spreads: | | | | | | | | |
| Sabra (50%) ⁽²⁾ | 160 | 11.8% | 20.8% | 14 | -5 | -24.0% | 8.9% | -410 bps |
| Obela (50%) ⁽²⁾ | 20 | 24.0% | 25.9% | -3 | -1 | NM | NM | NM |
| Total International Dips & Spreads | 180 | 13.0% | 21.3% | 11 | -6 | -29.6% | 6.3% | -390 bps |
| Strauss Water (2)(3) | 135 | 7.6% | 7.5% | 10 | 4 | 52.2% | 7.2% | +200 bps |
| Other ⁽⁴⁾ | 0 | -100.0% | NM | 5 | 1 | 42.5% | NM | NM |
| Total Group | 2,167 | 4.0% | 7.8% | 254 | 31 | 14.0% | 11.7% | +100 bps |

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(2) Fun & Indulgence figures include Strauss's 50% share in the salty snacks business. International Coffee figures include Strauss's 50% share in the Três Corações joint venture (3C) – Brazil – a company jointly held by the Group (50%) and by the local São Miguel Group (50%). International D&S figures reflect Strauss's 50% share in Sabra and Obela. Strauss Water figures include Strauss's share in the joint venture in China, Haier Strauss Water (HSW). Until August 2017 the Company held a 34% stake in the joint venture, and commencing in September 2017, its percentage holding increased to 49% following the acquisition of an additional 15%.

(3) Commencing in the current quarter, Company Management has elected to report the results of the Strauss Water segment separately.

(4) In the second quarter of 2017 the Company realized the Max Brenner operation.

Note: Financial data were rounded to NIS millions. Percentages changes were calculated on the basis of the exact figures in NIS thousands. Total figures for International Dips & Spreads were calculated on the basis of the exact figures for Sabra and Obela in NIS thousands.

Appendix

| Condensed financial accounting (GAAP) | | | |
|--|------------|------------|--------------|
| First Quarter | | | |
| | 2018 | 2017 | Change |
| Sales | 1,446 | 1,408 | 2.7% |
| Cost of sales excluding impact of commodity hedges | 856 | 831 | 2.9% |
| Adjustments for commodity hedges | -11 | 9 | |
| Cost of sales | 845 | 840 | 0.5% |
| Gross profit | 601 | 568 | 5.9% |
| % of sales | 41.6% | 40.3% | |
| Selling and marketing expenses | 315 | 318 | -0.9% |
| General and administrative expenses | 95 | 93 | 3.0% |
| Total expenses | 410 | 411 | |
| Share of profit of equity-accounted investees | 58 | 44 | 31.5% |
| Operating profit before other expenses | 249 | 201 | 23.6% |
| % of sales | 17.2% | 14.3% | |
| Other expenses, net | 2 | 7 | |
| Operating profit after other expenses | 251 | 208 | 20.1% |
| Financing expenses, net | -16 | -29 | -45.7% |
| Income before taxes on income | 235 | 179 | 30.8% |
| Taxes on income | -67 | -30 | 121.6% |
| Effective tax rate | 28.3% | 16.7% | |
| Income for the period | 168 | 149 | 12.6% |
| Attributable to the Company's shareholders | 153 | 107 | 43.0% |
| Attributable to non-controlling interests | 15 | 42 | -64.9% |

Note: Financial data were rounded to NIS millions. Percentages changes were calculated on the basis of the exact figures in NIS thousands.

Investor Conference Calls

Strauss Group will host an Investor Conference call in Hebrew on Wednesday, May 23, 2018 at 14:00 Israel time to review the Financial Statements of the Company for the first quarter.

To join the conference call in Hebrew, please dial: 03-9180610.

Strauss Group will also host an Investor Conference call in English on Wednesday, May 23, 2018 at 15:30 local Israel time (13:30 UK, 08:30 Eastern Standard Time) to review the Financial Statements of the Company for the first quarter.

To join the conference call in English, please dial one of the following numbers:

UK: 0-800-917-5108

US: 1-888-407-2553

Israel: 03-9180644

The Financial Statements for the first quarter of 2018 and Investors Presentation are posted on the Group's Investor Relations website at:

<http://ir.strauss-group.com/phoenix.zhtml?c=92539&p=iroi-irhome>

For further information please contact:

Daniella Finn

Director of Investor Relations

Strauss Group Ltd.

972-54-577-2195

972-3-675-2545

Daniella.Finn@Strauss-Group.com

Osnat Golan

VP Communications, Digital & Sustainability

Strauss Group Ltd.

972-52-828-8111

972-3-675-2281

Osnat.Golan@Strauss-Group.com

Or

Shlomi Sheffer

External Communications Director

Strauss Group Ltd.

972-50-620-8000

972-3-675-6713

Shlomi.Sheffer@Strauss-Group.com