

STRAUSS GROUP



October 2012

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Strauss Group

- A Food and Beverage company, operating in 19 countries with a strong home base in Israel and a focus on high value add, branded products
- Israel's second-largest food group
- Brazil's largest coffee player and the world's fourth largest coffee company
- The US market leader in dips and spreads
- Israel's leading water purification company
- Maintains strategic and financial partnerships with leading global companies such as Danone, PepsiCo, Haier, TPG and Virgin
- Listed on the TASE with an EV of NIS 7.2 billion (\$1.8 billion) and an Equity Value of NIS 4.8 billion (\$1.2 billion)
- 2011 Revenues: NIS 7.7 billion (\$1.9 billion)

Note: Conversion of NIS to \$ at \$1.0 = NIS 4.0



Our Mission:

**IMPROVING
PEOPLE'S
LIVES**



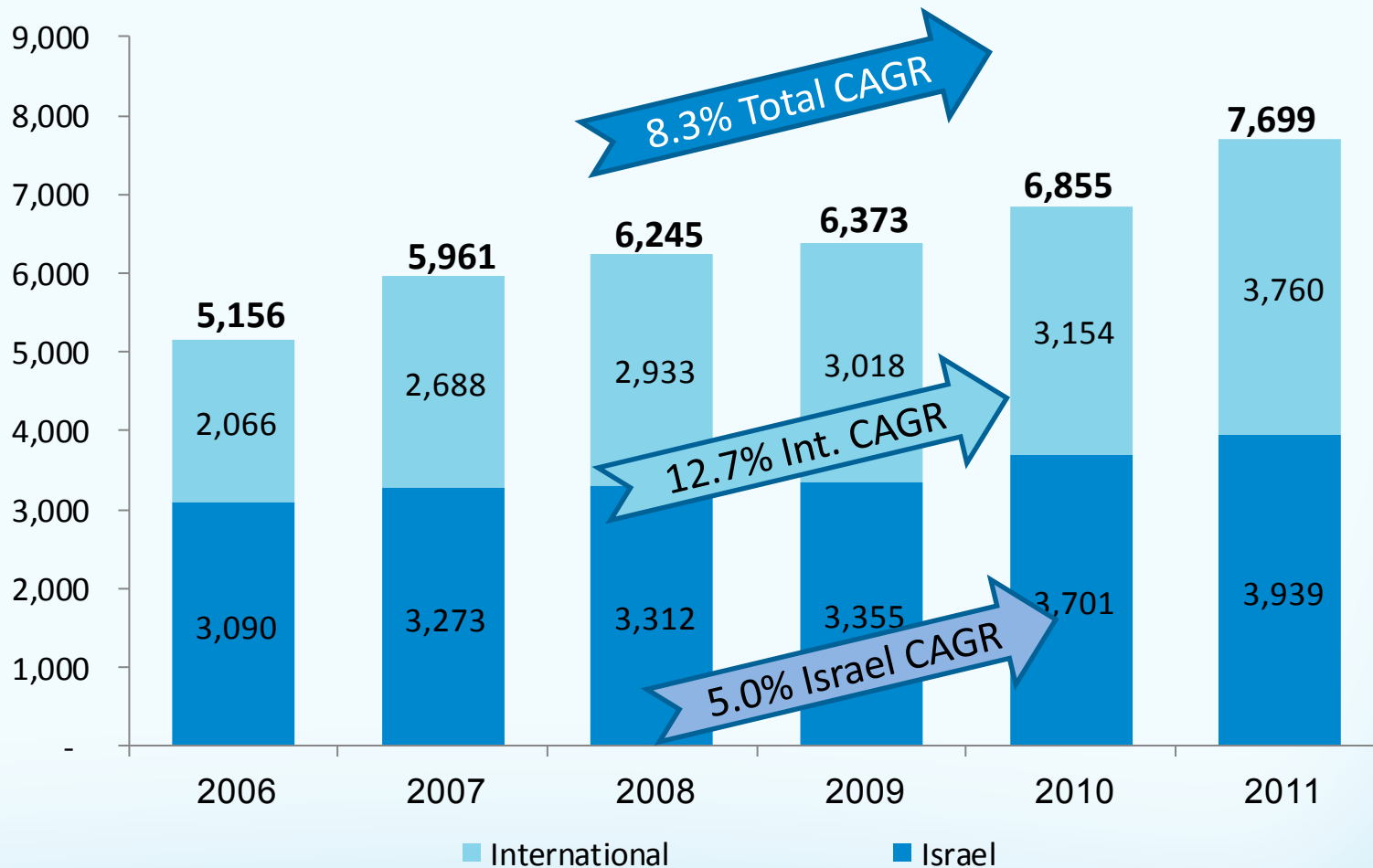


Strauss
OUR CORPORATE BRAND

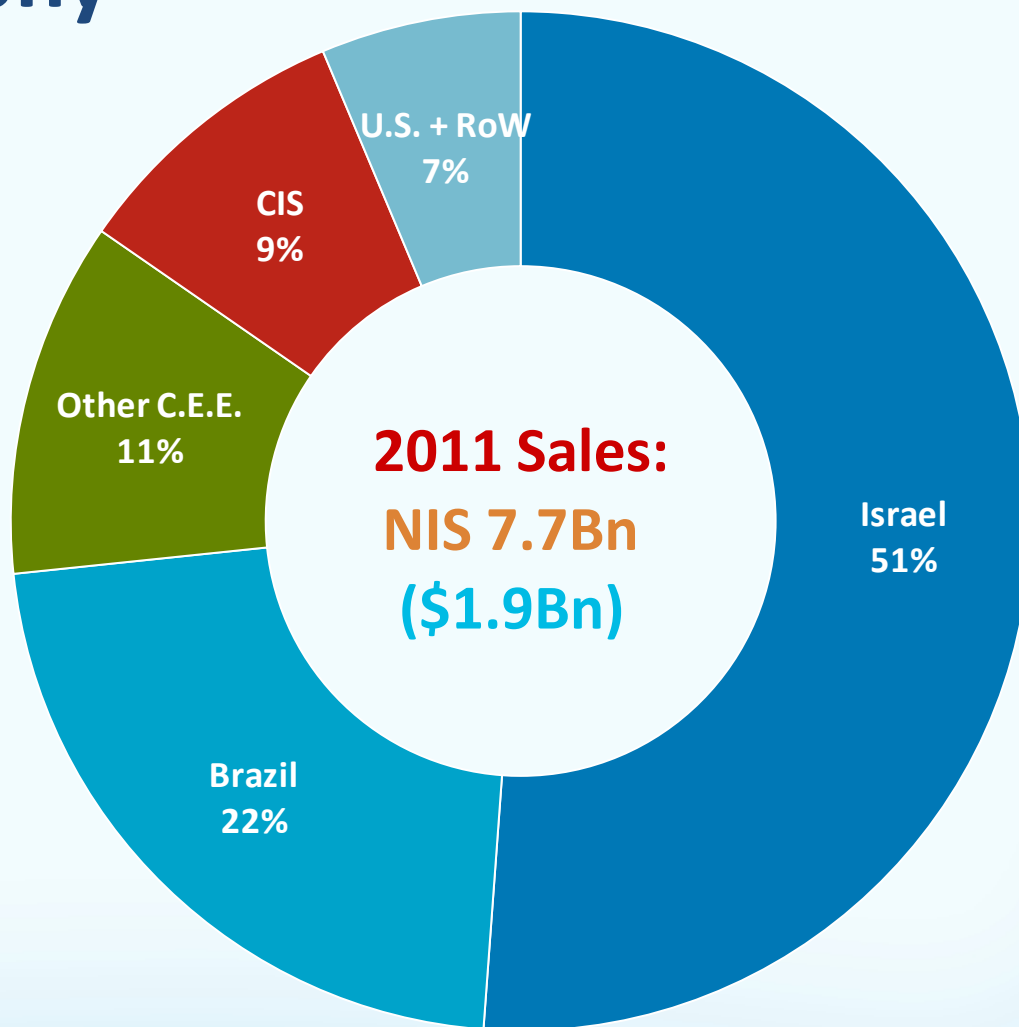


A compelling growth story

Consolidated net sales (NIS millions)



2011 Sales – By Geography



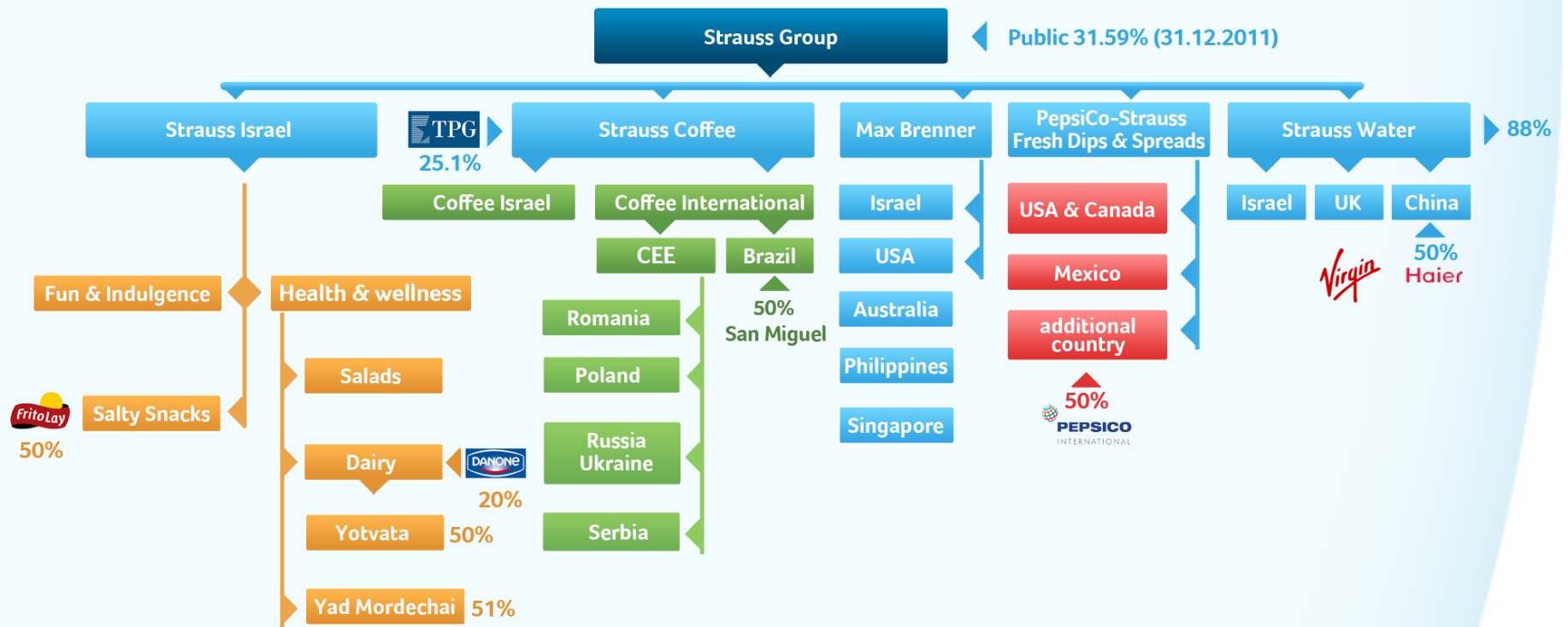
Note: Conversion of NIS to \$ at \$1.0 = NIS 4.0

2011 Sales – By Major Category

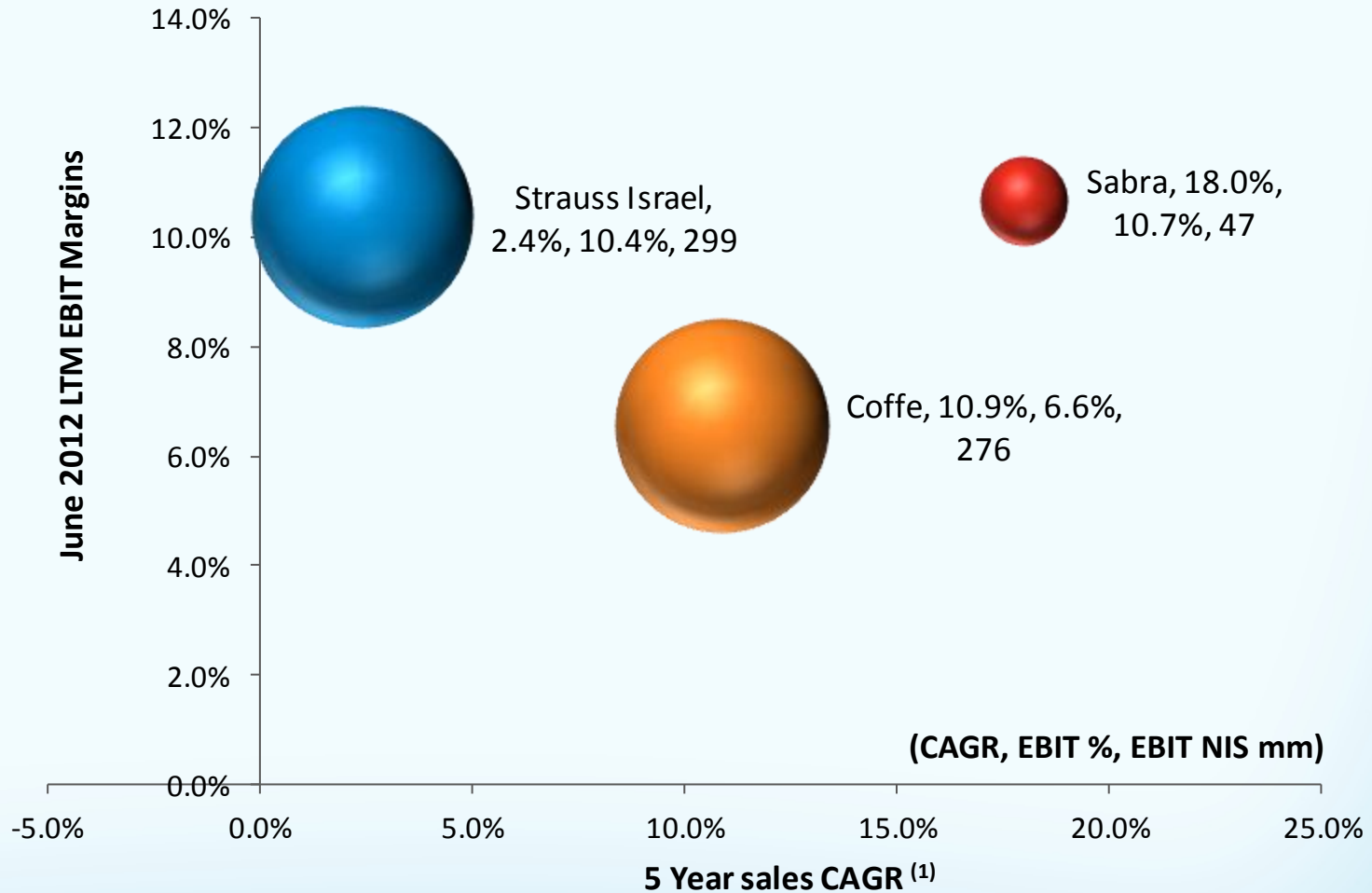


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Strauss Group Ownership Structure



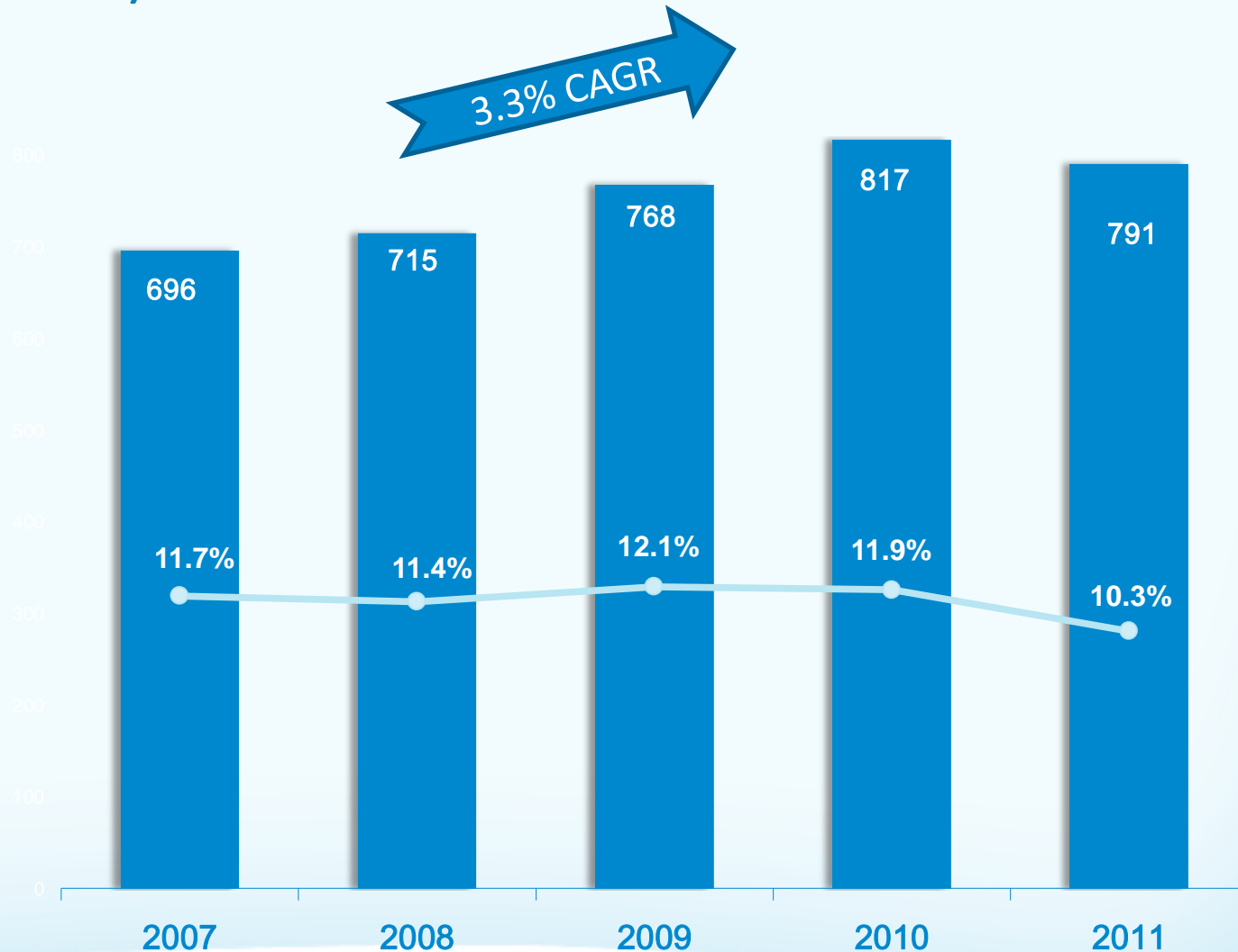
Three Main Mature Businesses: Historical 5 year Sales CAGR vs. June 2012 LTM EBIT Margins



(1) Based on 2006-2011 Sales CAGR

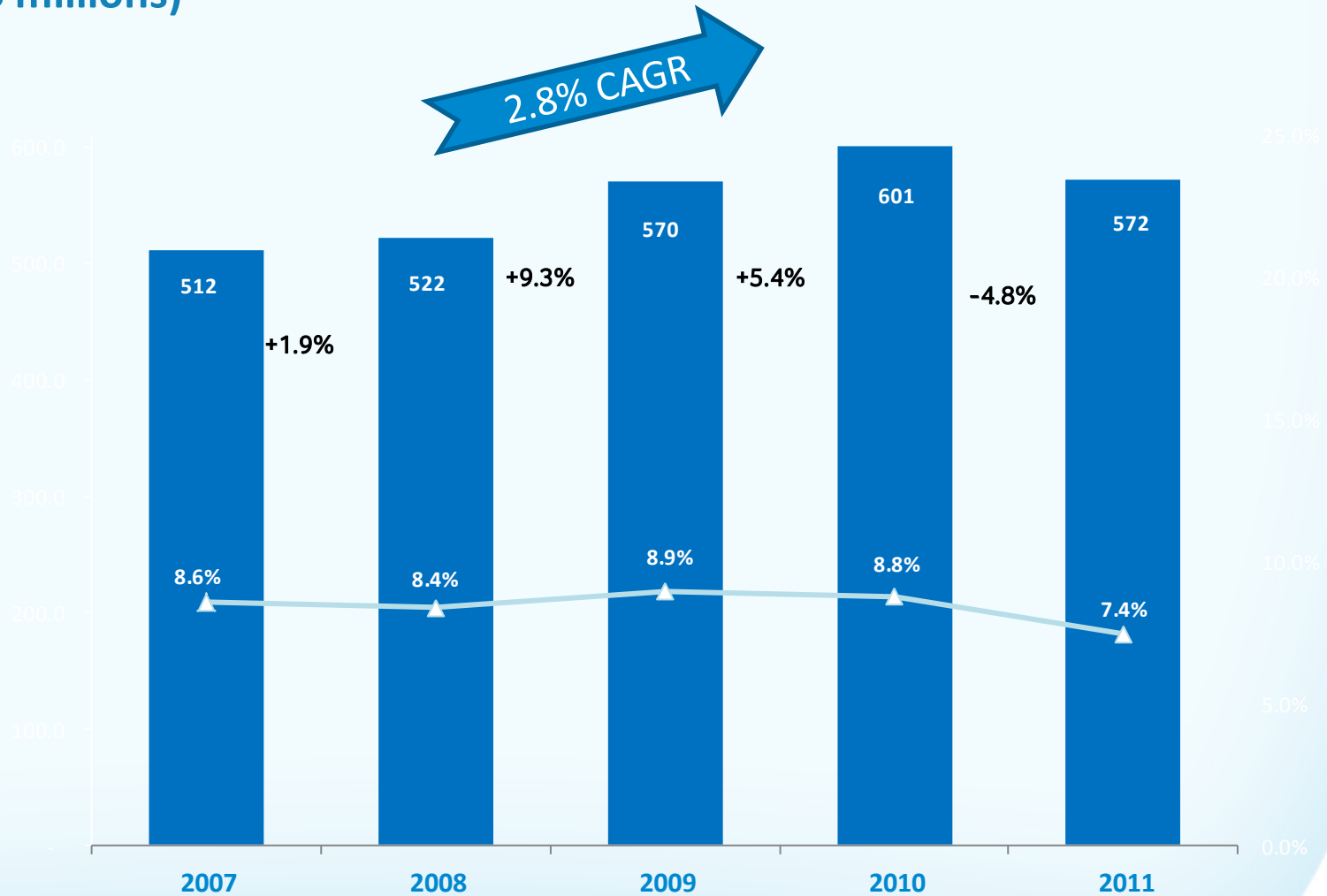
Consolidated EBITDA

(NIS millions)



Consolidated EBIT

(NIS millions)





STRAUSS
ISRAEL

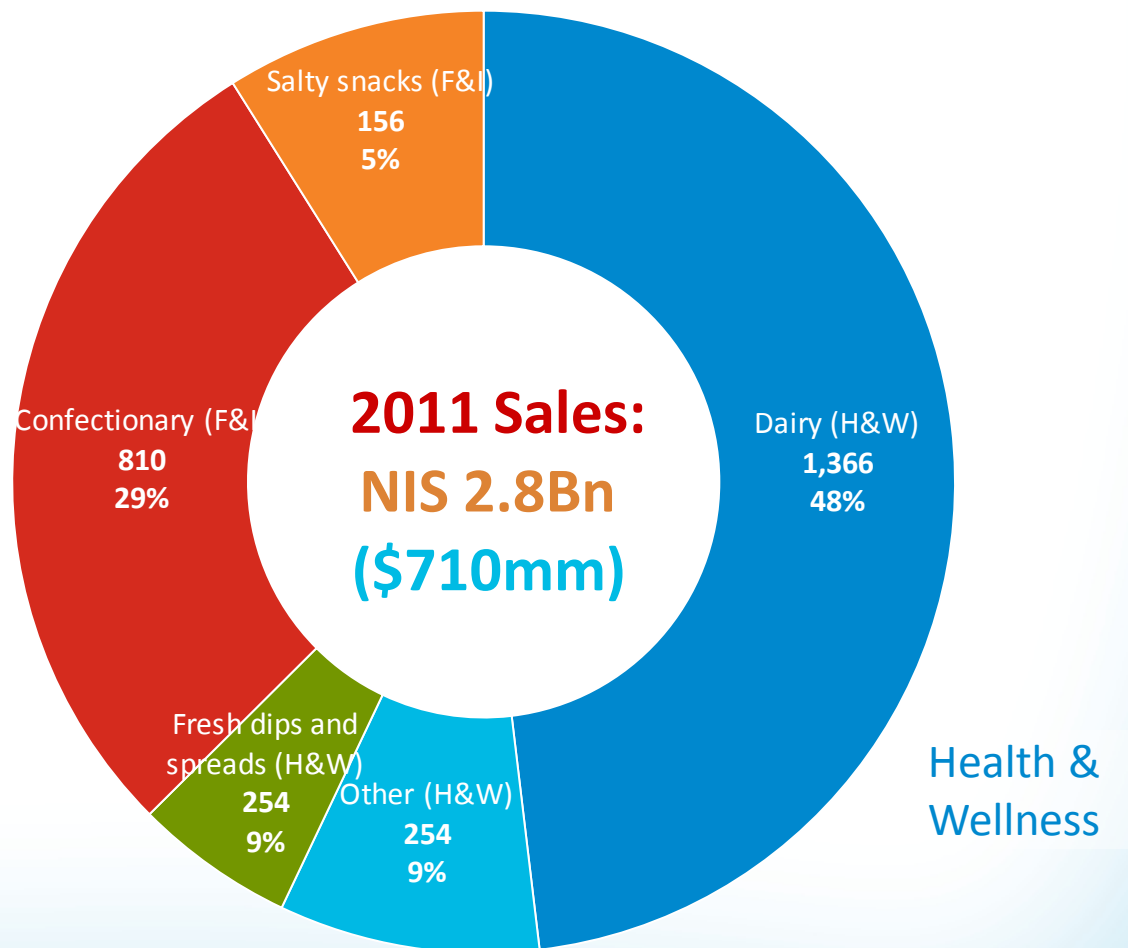


Strauss Israel - Summary

- Israel's second largest food group
- Growing above market and consistently increasing market share
 - June YTD value market share ⁽¹⁾: 12.2%
- Balanced and diversified product portfolio, addressing various consumer preferences and trends
- Highly branded
- The largest advertiser in Israel

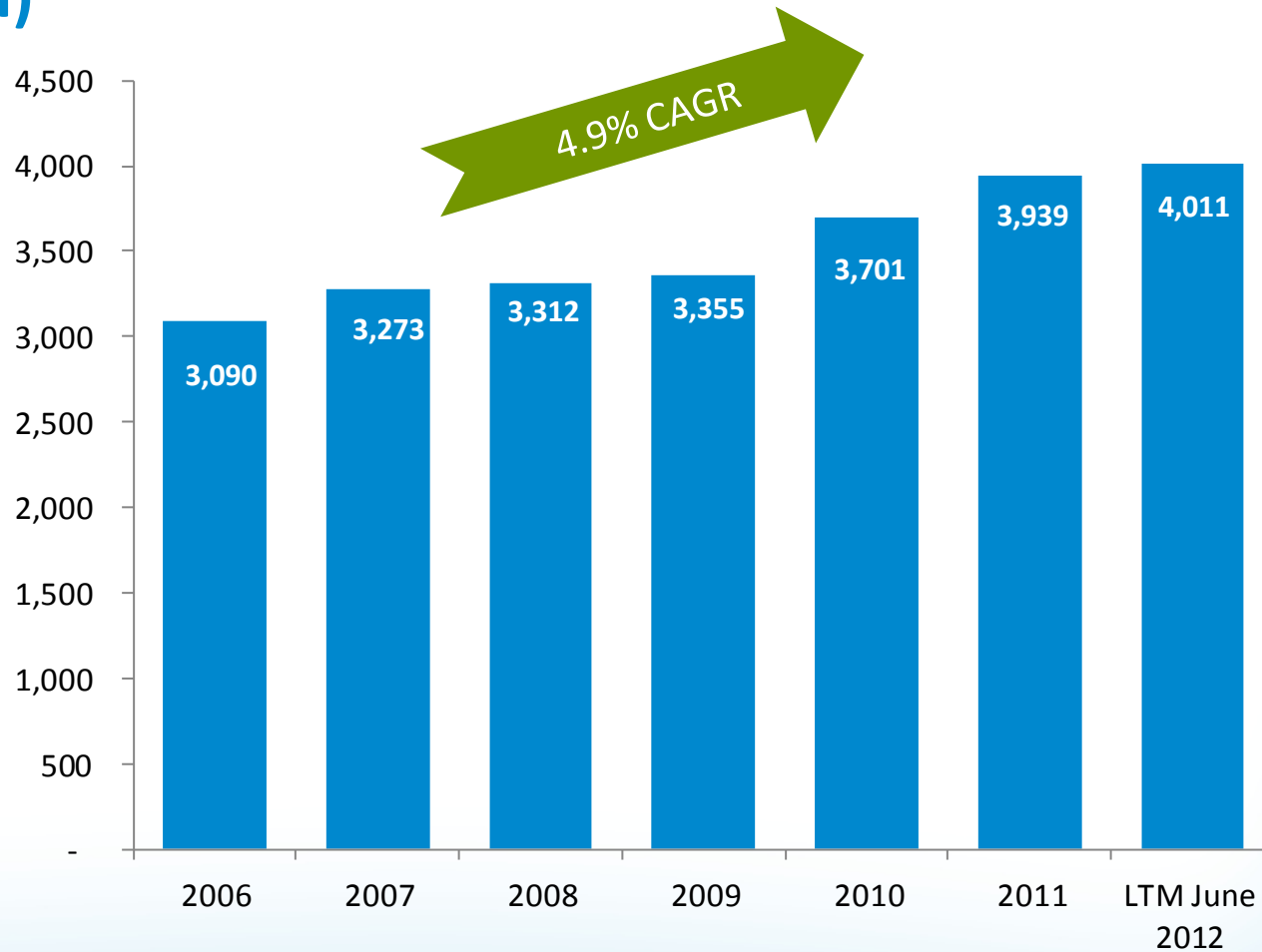
2011 Sales – By Major Category (NIS mm)

Fun &
Indulgence

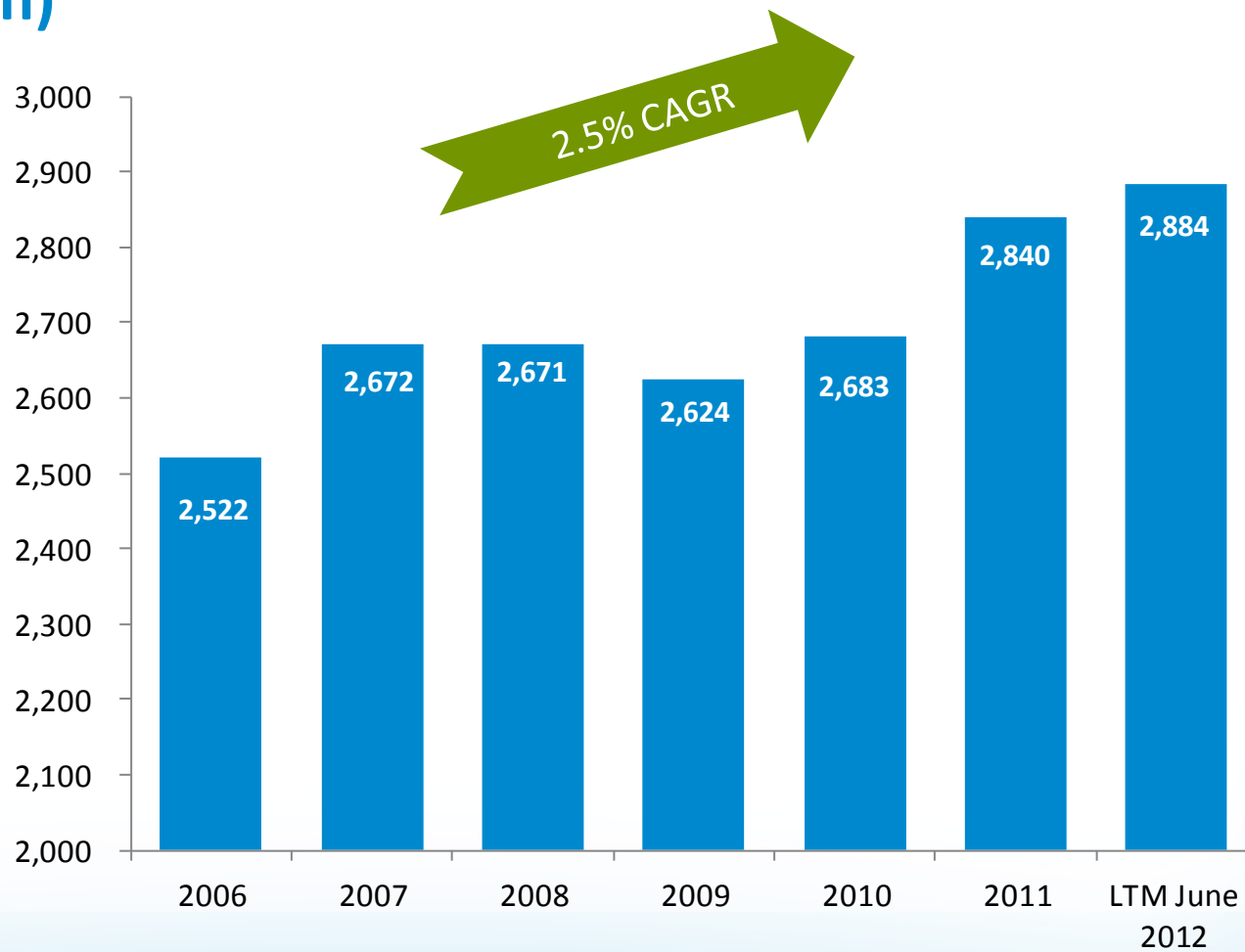


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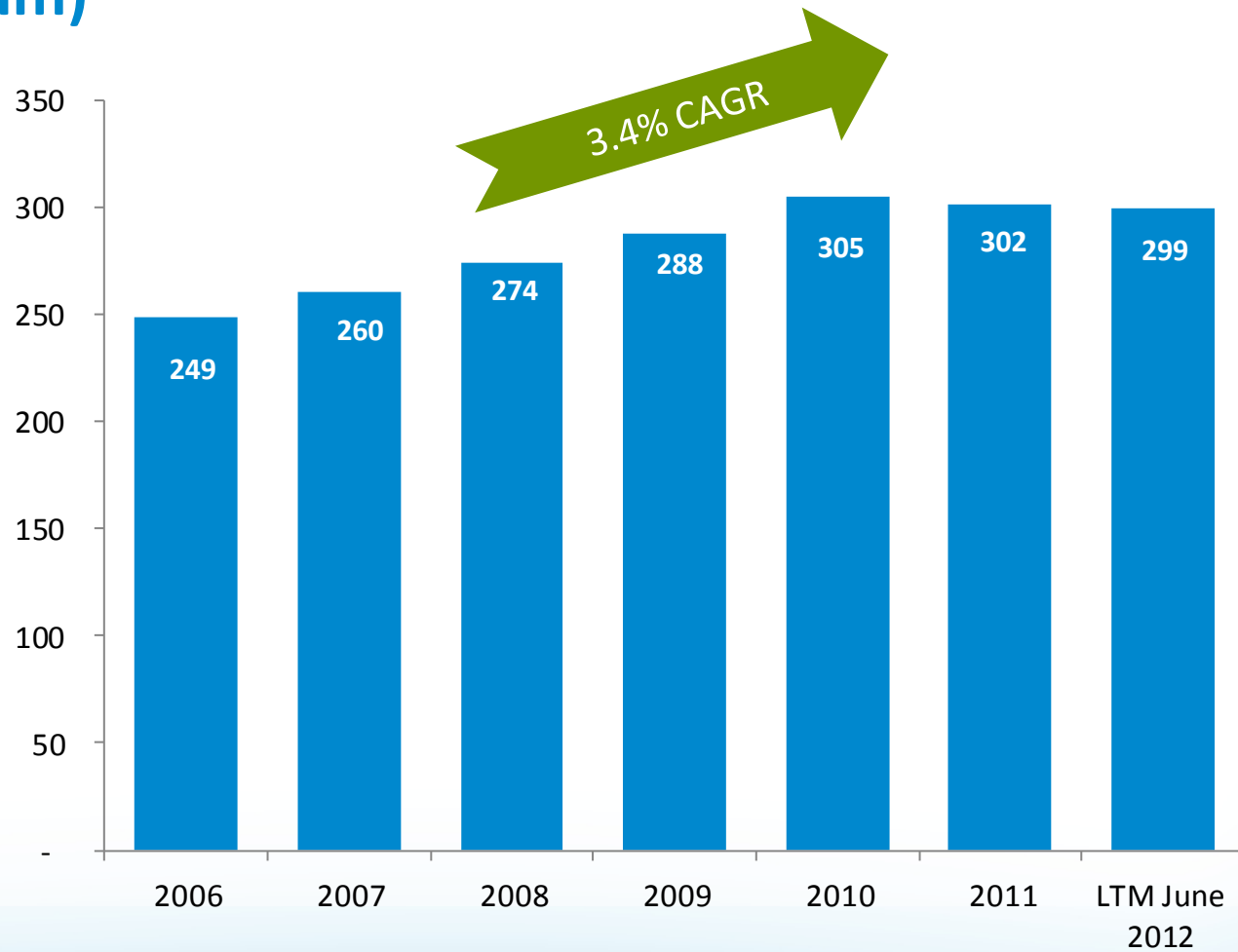
Israel Home Base Sales (NIS mm)



Strauss Israel – Sales (NIS mm)



Strauss Israel – EBIT (NIS mm)





STRAUSS COFFEE

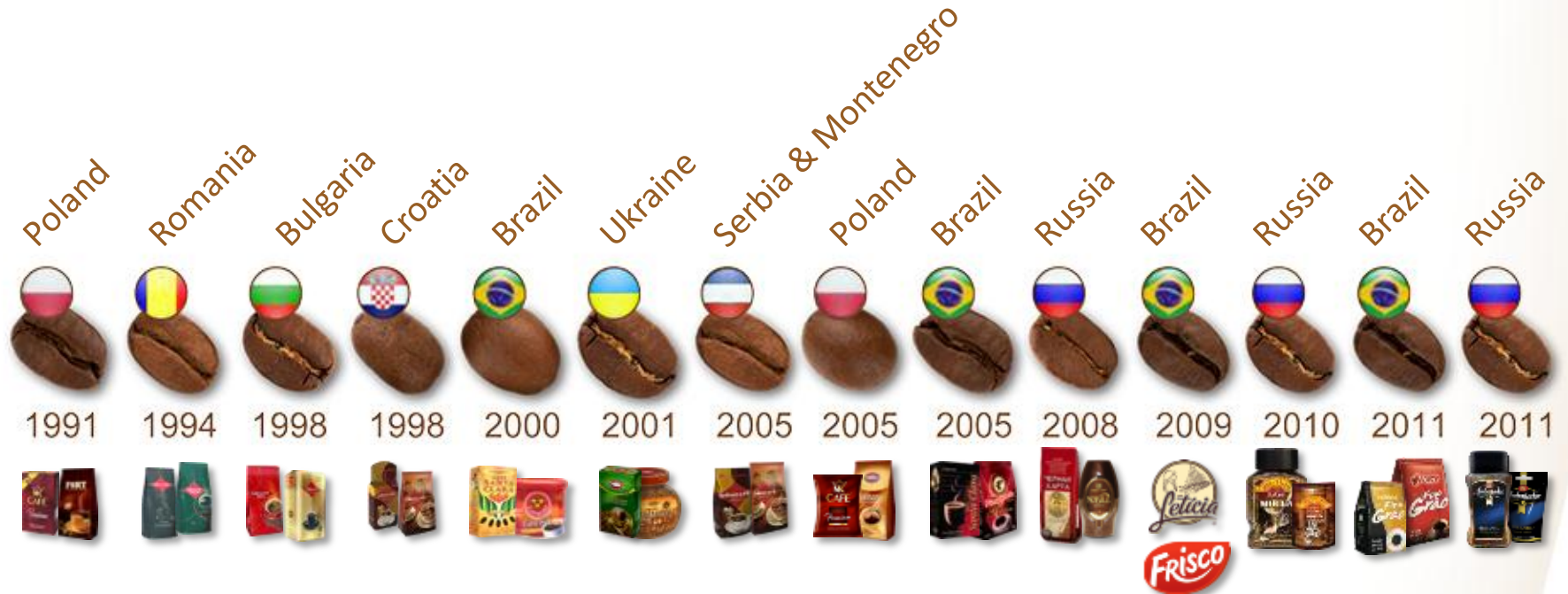




Strauss Coffee Overview

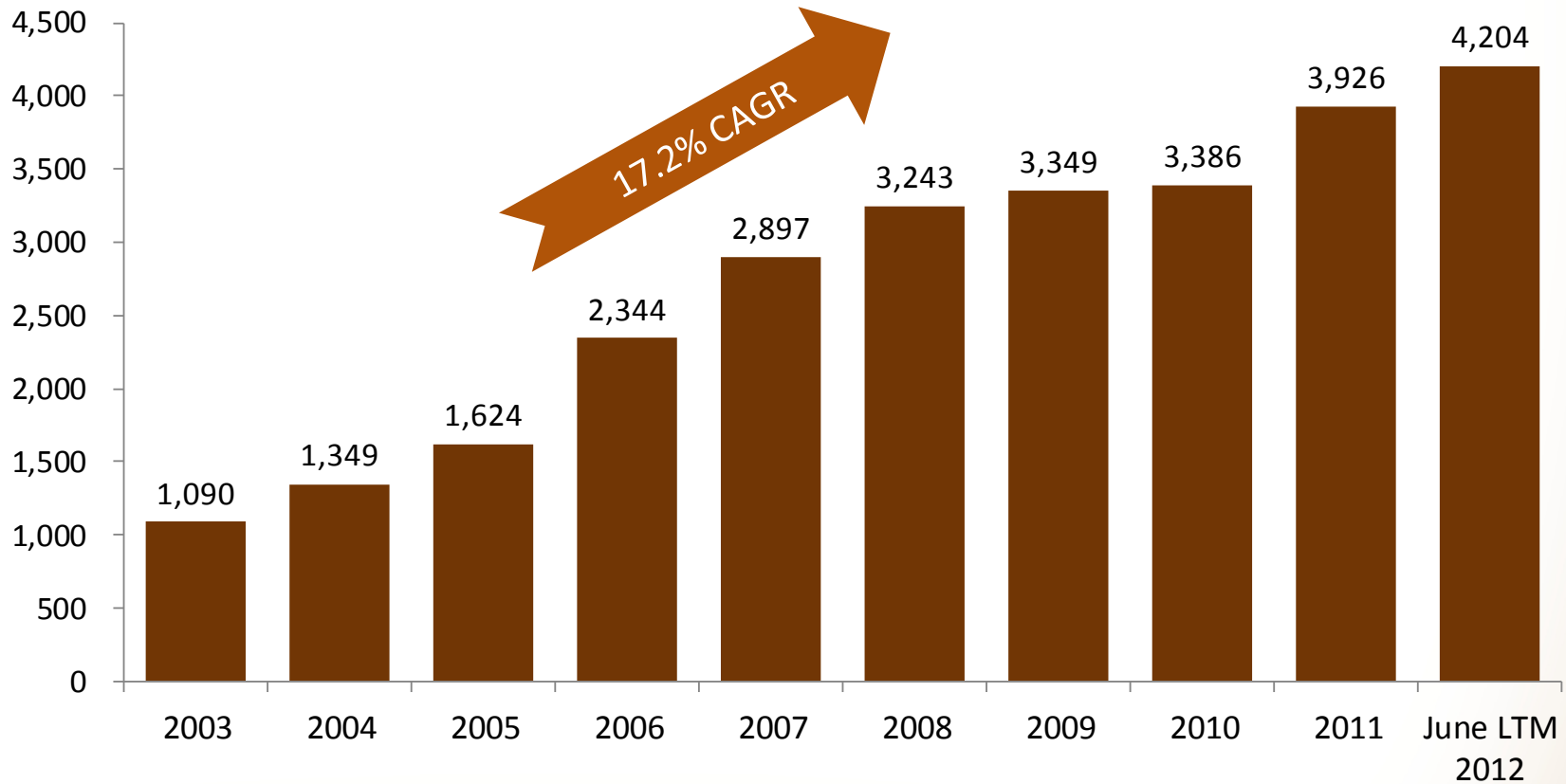
- World's **forth** largest coffee company in terms of consumer spending and the **fifth** largest coffee company in terms of green coffee usage
- Sales up almost 4x since 2003 due to organic growth and M&A activities
- **Focused on** roast & ground but also provides instant coffee, cappuccino, espresso and other coffee products
- Operates in **Retail** and **AFH** (Away From Home) channels
- Active in **Brazil**, Israel, CIS & CEE
- **June 2012 LTM turnover** of NIS 4.2mm (\$1.1 billion)

We took the know how that existed in Israel and went out into the world of Coffee

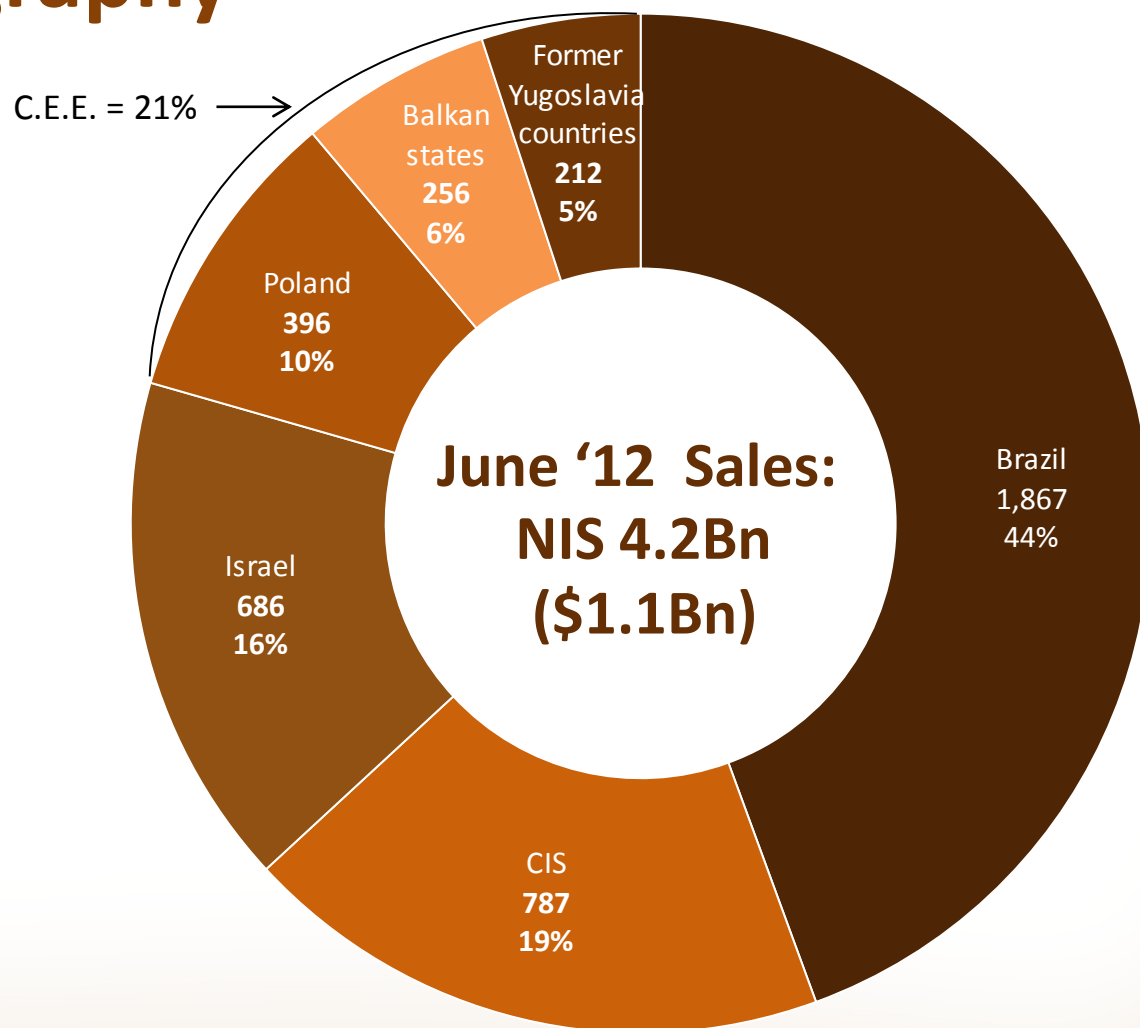


Strauss Global Coffee Development

Sales (NIS Millions)

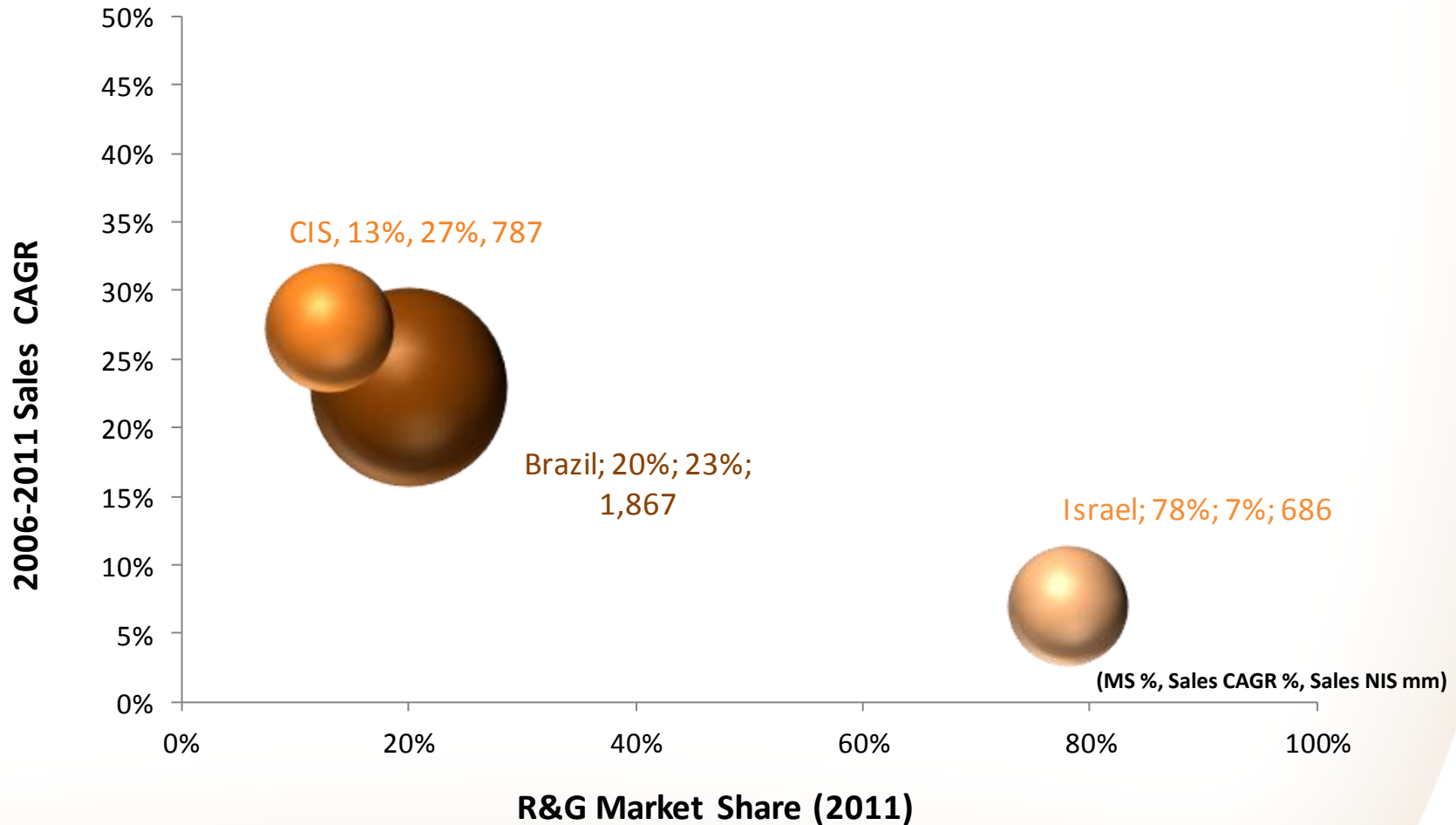


2012 June LTM Sales - by Geography



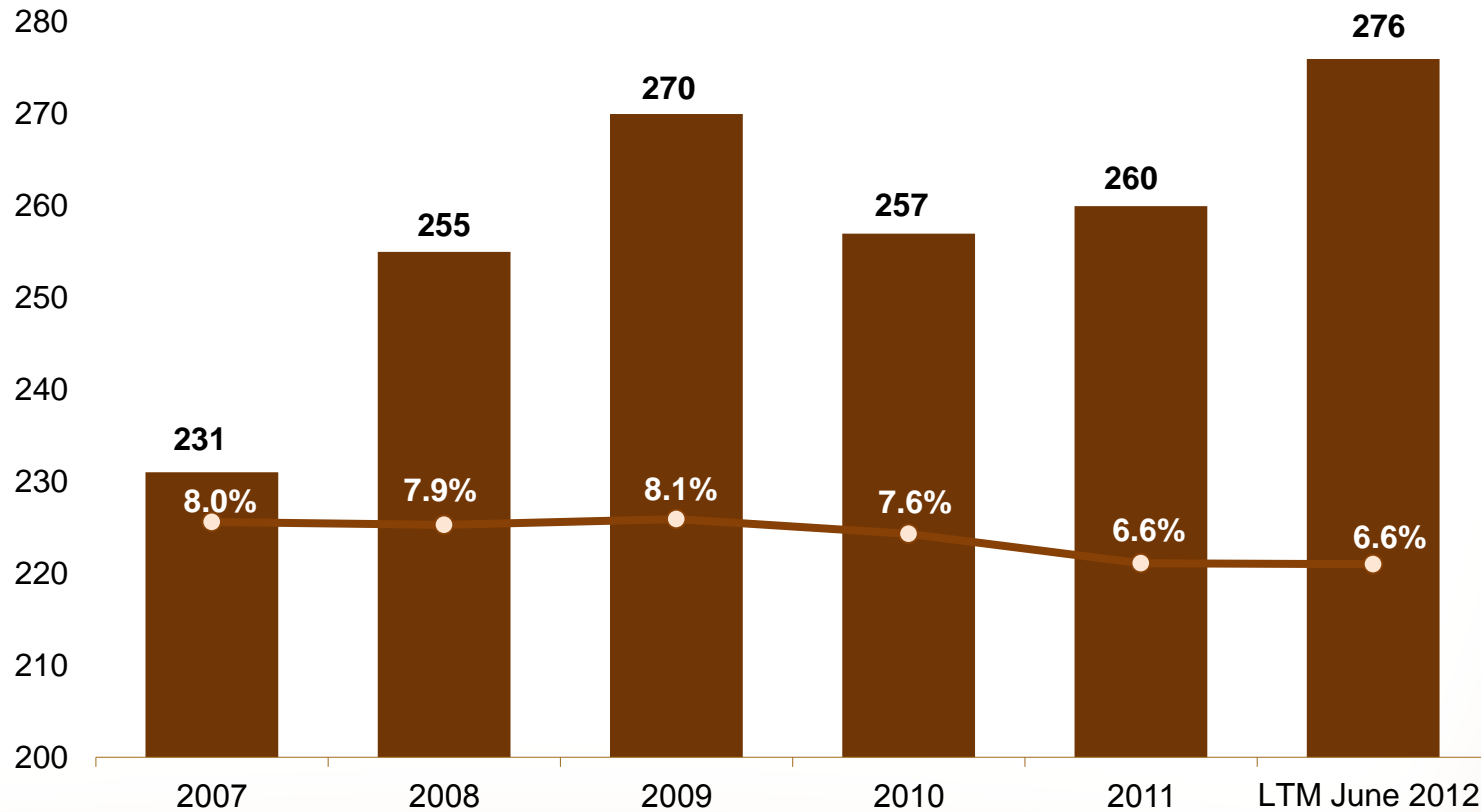
Note: Conversion of NIS to \$ at \$1.0 = NIS 4.0

Strauss Coffee Three Growing Geographies



Strauss Coffee EBIT

(NIS Millions)



The Brazil story
is one of

Entrepreneurship
Emerging market
Partnership
M&A

And love....
for Coffee

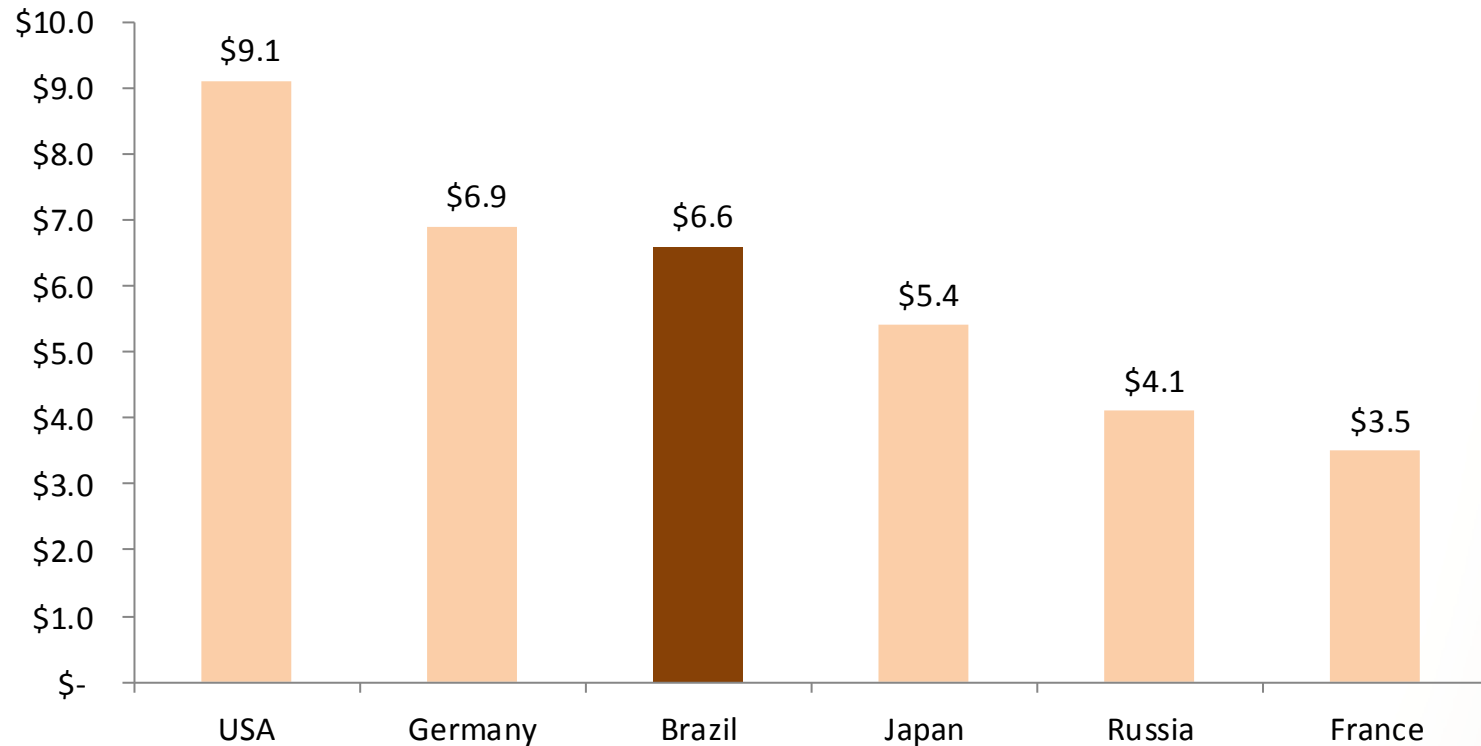




Strauss Coffee in Brazil: 3corações

- Brazil is a key growth potential market for Strauss Coffee
 - Third largest, fastest growing coffee market in the world
 - Fragmented market, with Strauss constantly increasing market share and driving market consolidation
- 3corações is a 50/50 partnership between Strauss Coffee and San Miguel
- #1 player in Brazil
 - Particular strength in the Northeast states
 - Growing positions in Sao Paulo and the South
- R&G coffee as a core. Other products include: corn, powdered juices, spices, and green coffee export
- A full fledge operation with 8 factories and 17 distribution centers
- A Nation Wide distribution platform

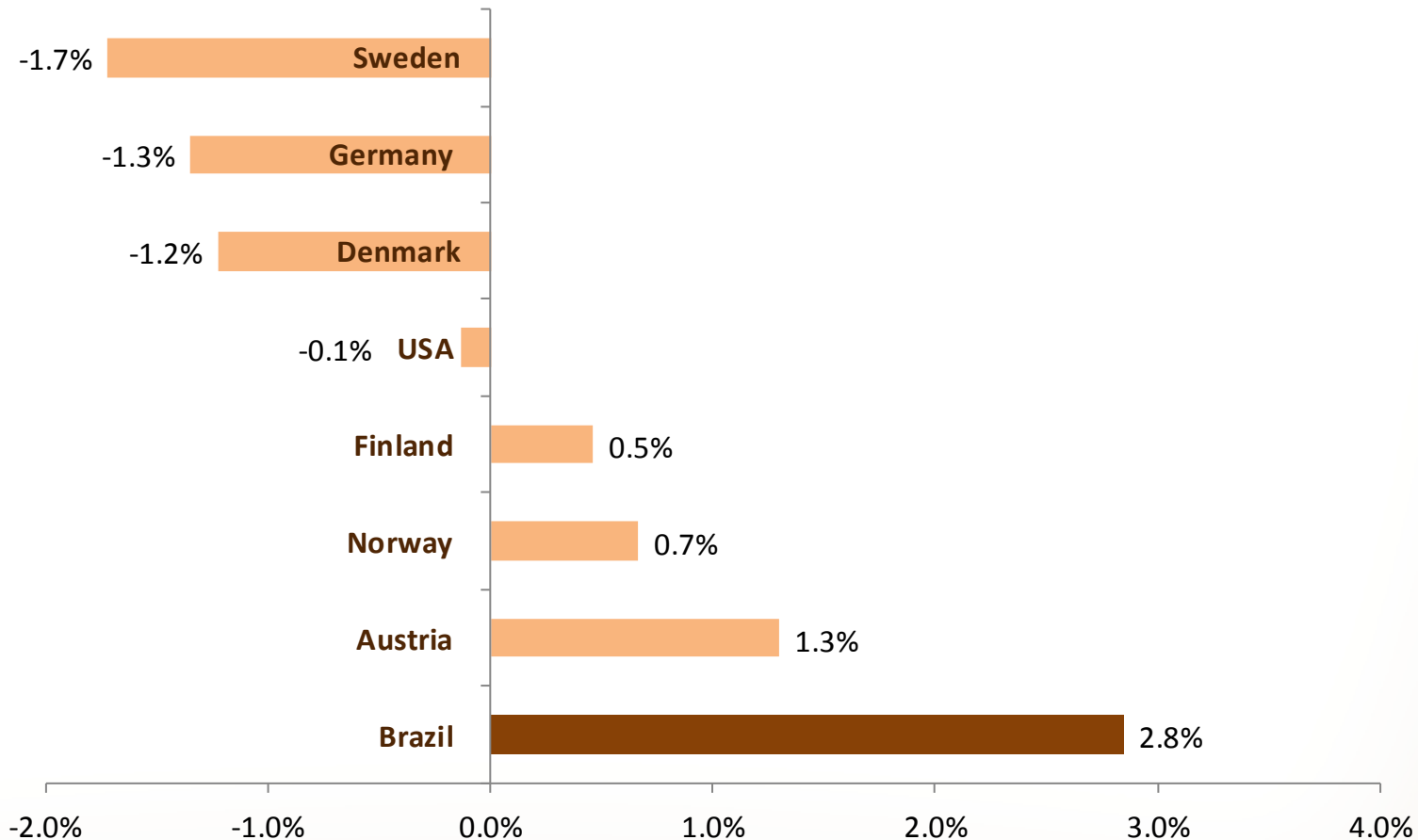
Brazil is the Third Largest Coffee Market in the World (\$ Bn.)



Source: Euromonitor 2011

...with Historical High Growth in Consumption Per Capita

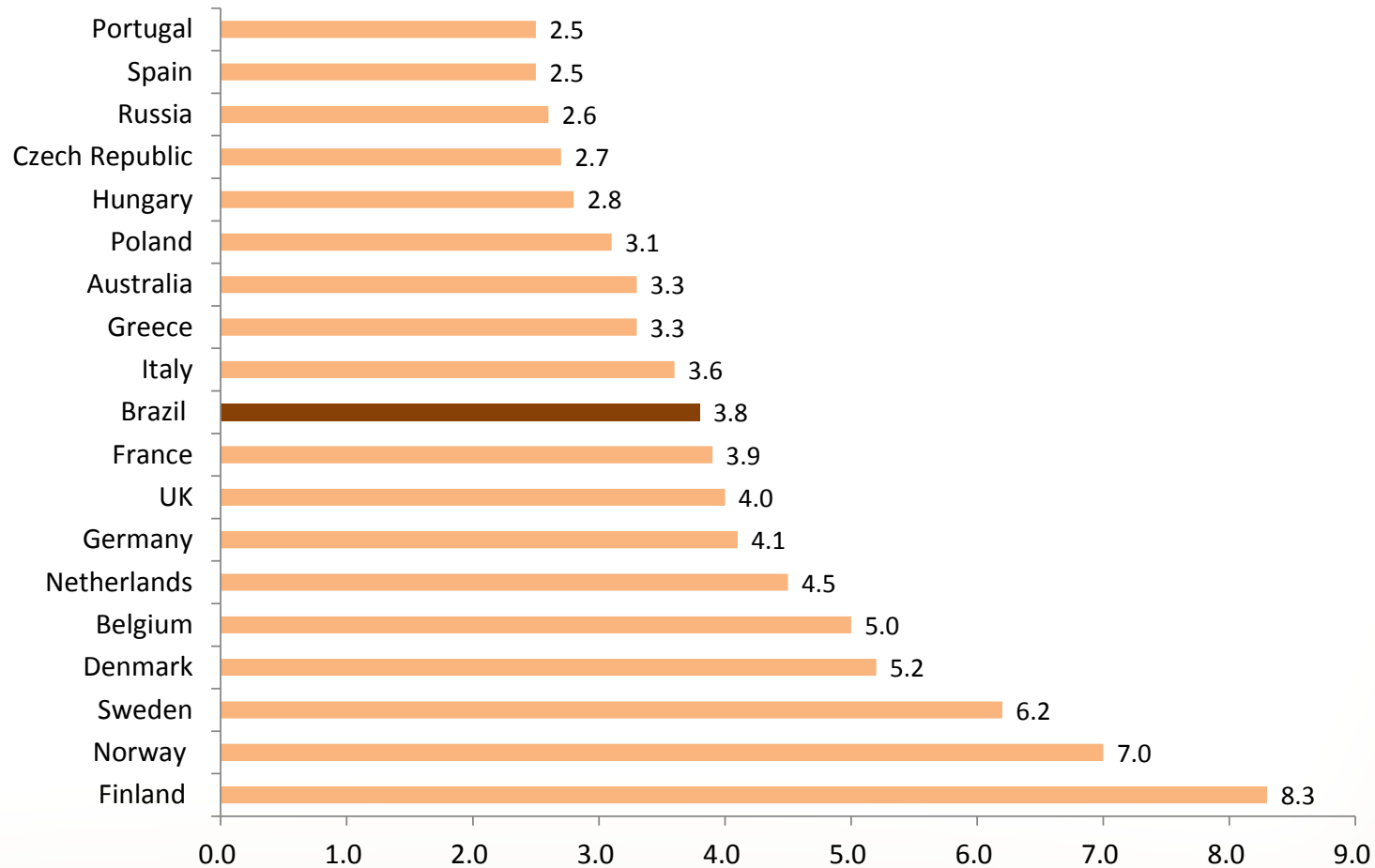
2004 – 2011 CAGR of Per Capita Consumption of Coffee



Source: MONTHLY COFFEE MARKET REPORT - Jun2012

...and Potential for Further Growth in Consumption

Daily Cups Per Consumer

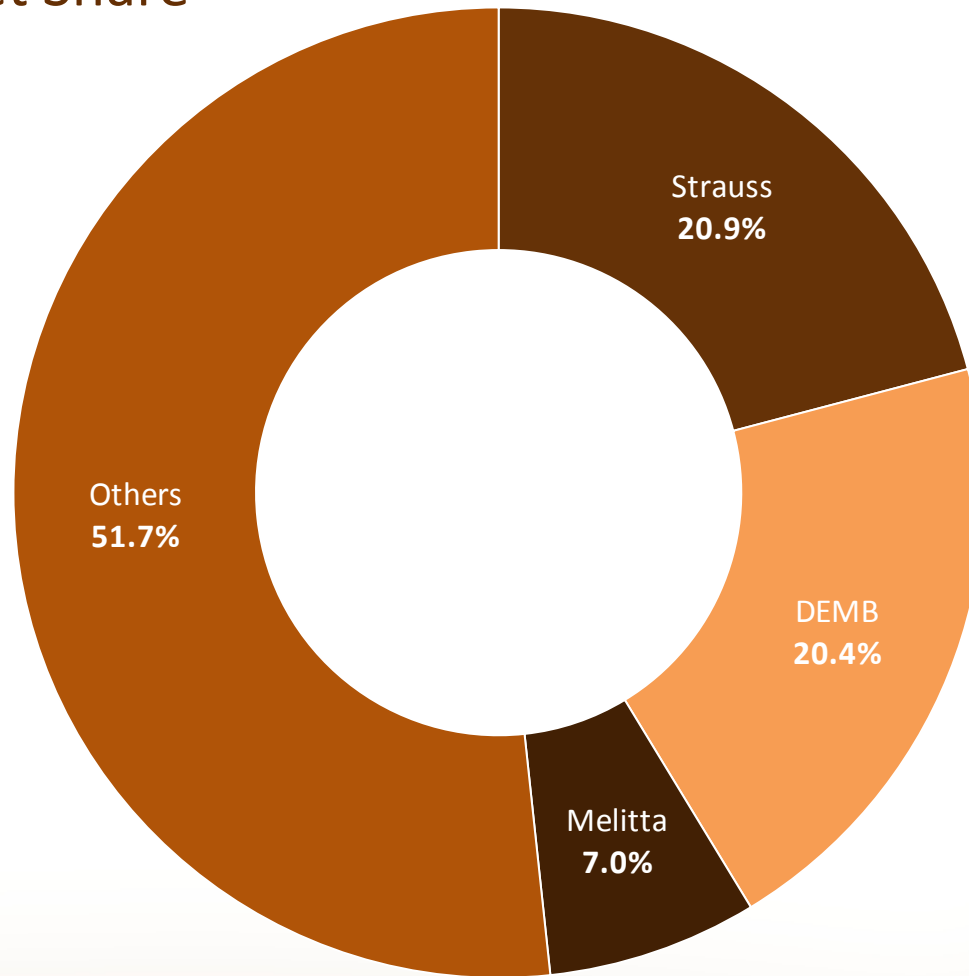


Source: Euromonitor, ABIC, U&A



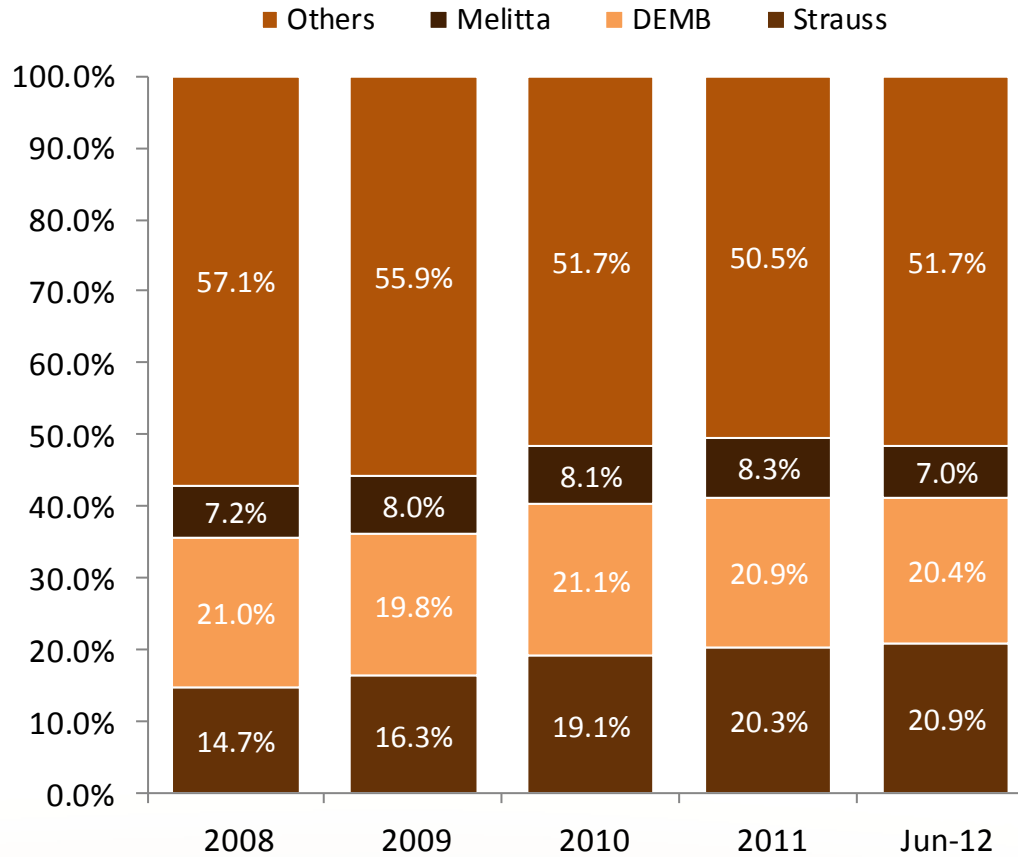
It is a Highly Fragmented Market

June 2012 Market Share



Source: Nielsen

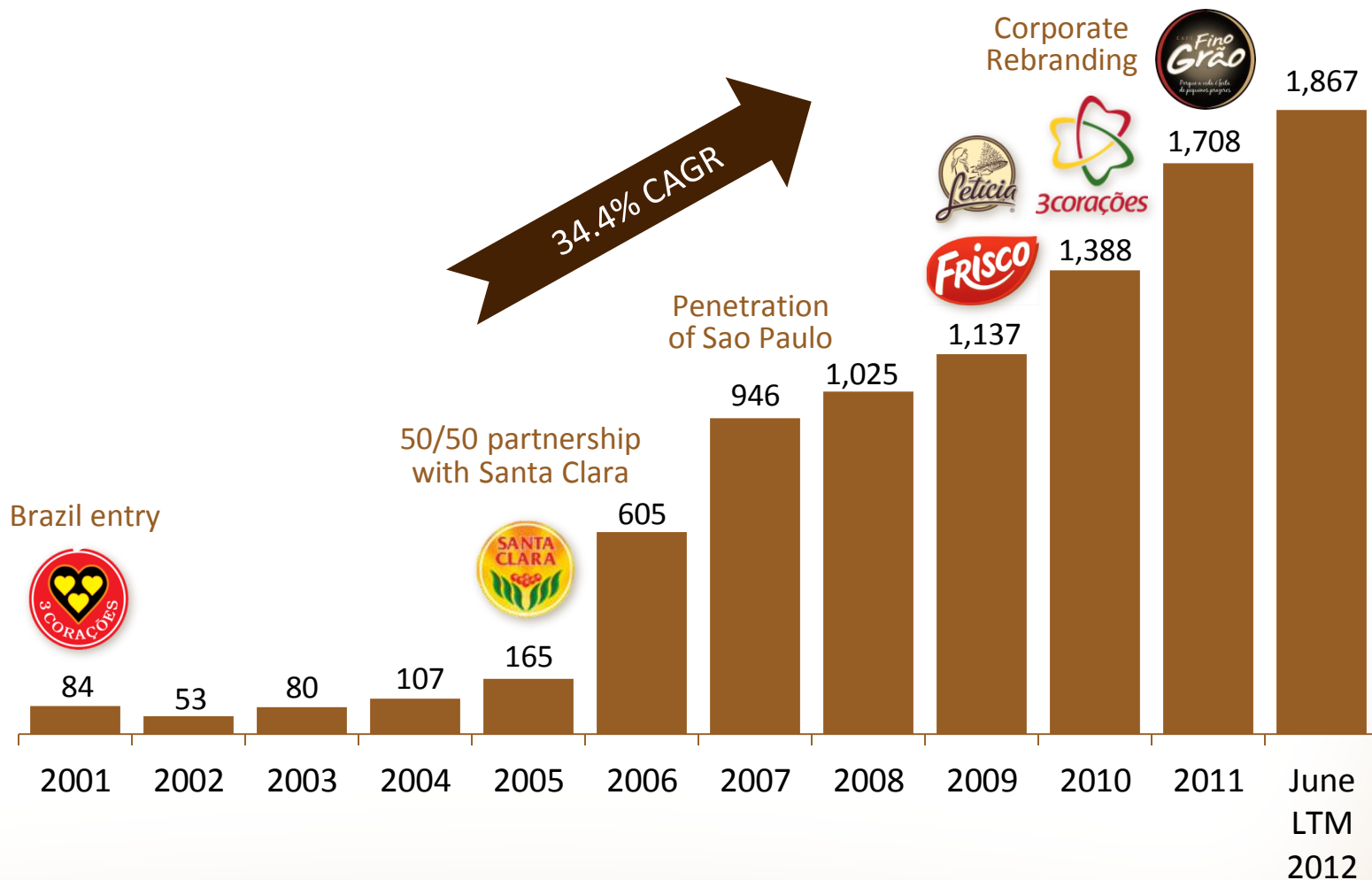
With Strauss Constantly Increasing Market Share and Driving Market Consolidation

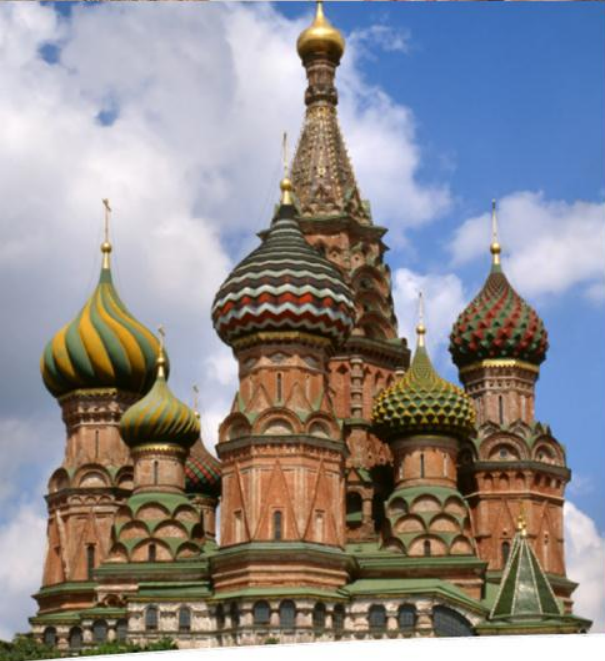


Source: Nielsen



Strauss Brazil - Sales





CIS

- Includes Russia and the Ukraine
- Russia is a key growth potential market for Strauss Coffee, mainly through instant coffee
- Active in the instant freeze dried and roast & ground sectors
- Average 2011 value market share:
 - **Instant freeze dried: 14% (#3)**
 - **Roast & ground: 13% (#2)**
- Started to operate an instant freeze-dried coffee plant in Germany
- 2 factories near Moscow
- Regional distribution network



Israel Coffee

- A mature market growing through the development of new products and channels
- Established in the mid 50's and since became a strong market leader
 - #1 in R&G with 78% value market share
 - #1 in Instant with 46% value market share
- Active in R&G, instant and chocolate powdered drinks
- Operates in the retail and AFH channels; also operates "On The Go" coffee shops
- 2 factories; utilizing Strauss Israel supply chain and S&D structure
-



SABRA & OBELA

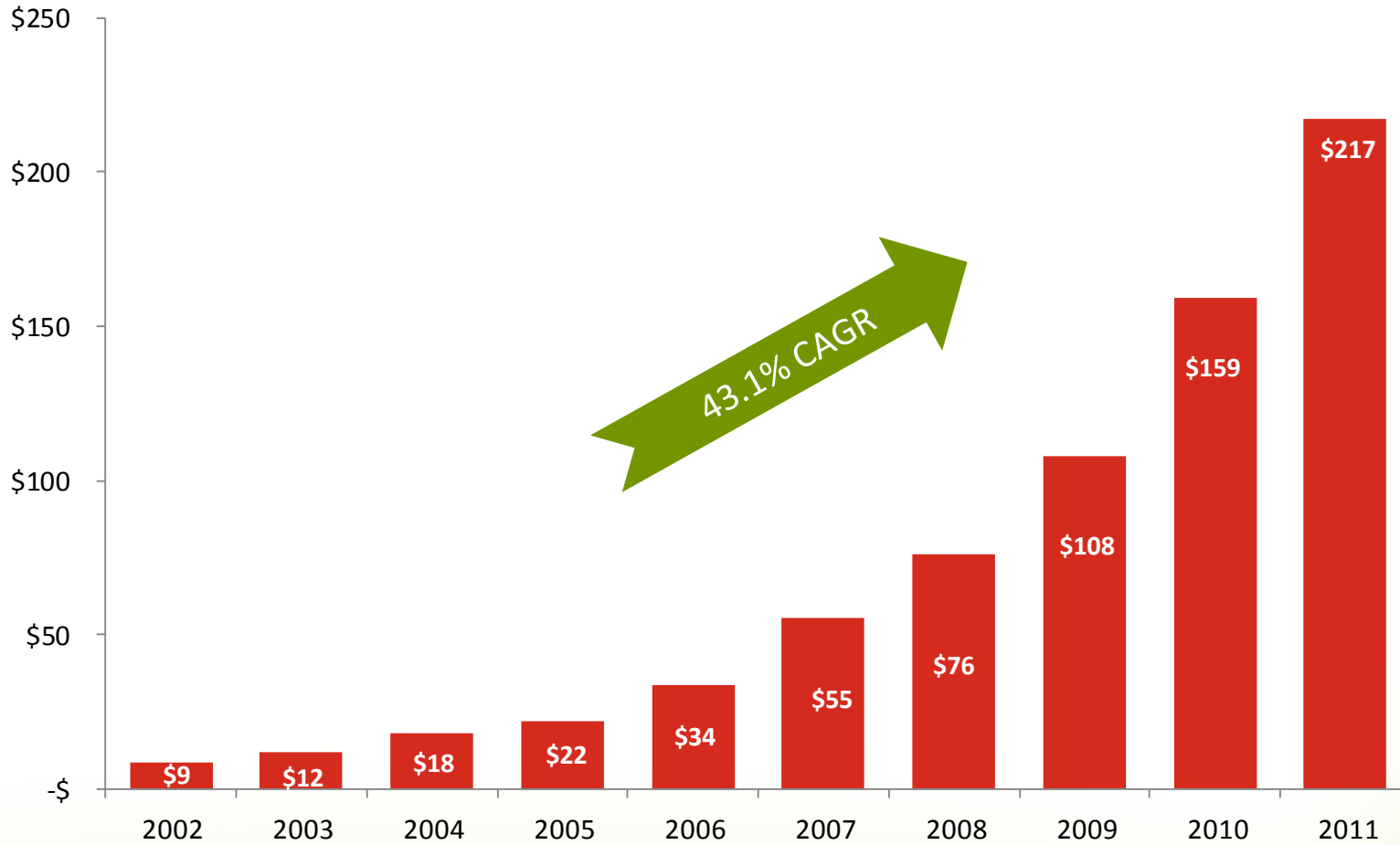


Strauss identified the opportunity in authentic fresh food and in 2005 acquired 51% of Sabra for \$8.8 million.

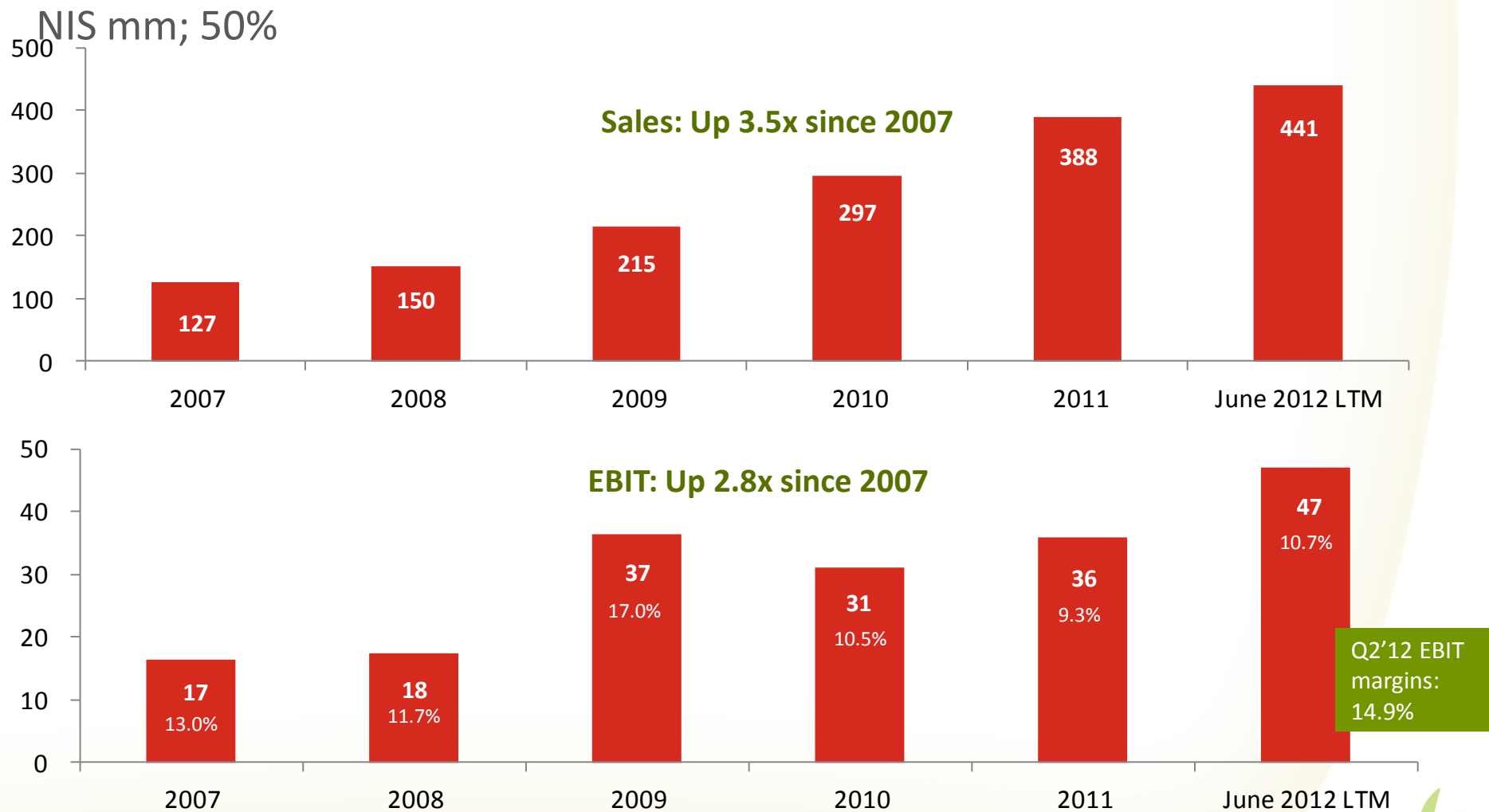


Sabra sales 2002-2011

In \$ millions for 100% ownership



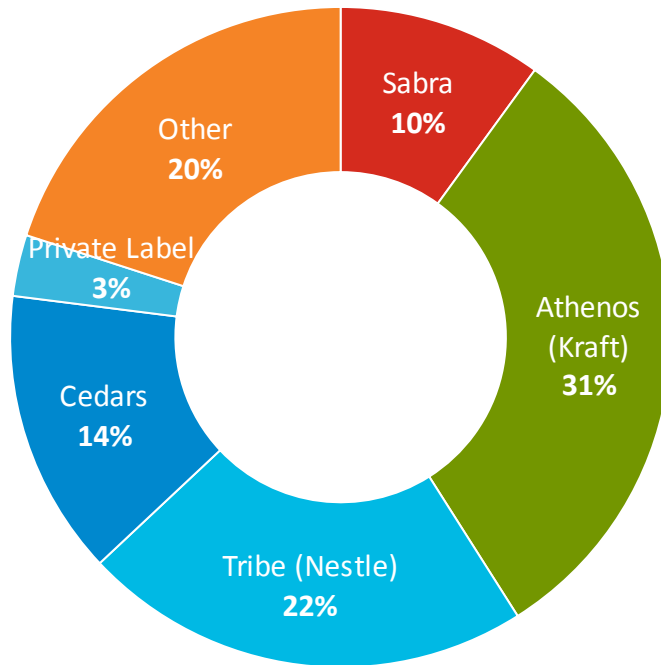
Sabra's Sales, EBIT and EBIT margins (as consolidated by Strauss)



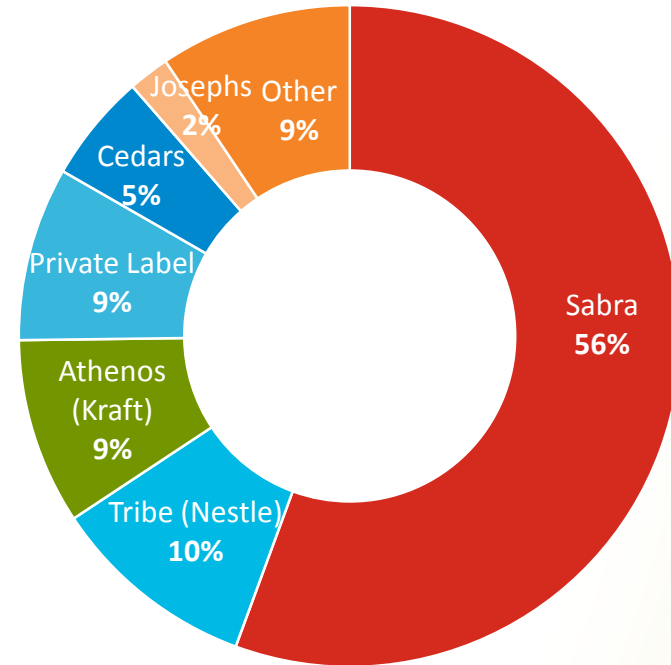
Sabra's market share

Hummus Market Share (\$ Share)

2005 (1)



2012 (1)



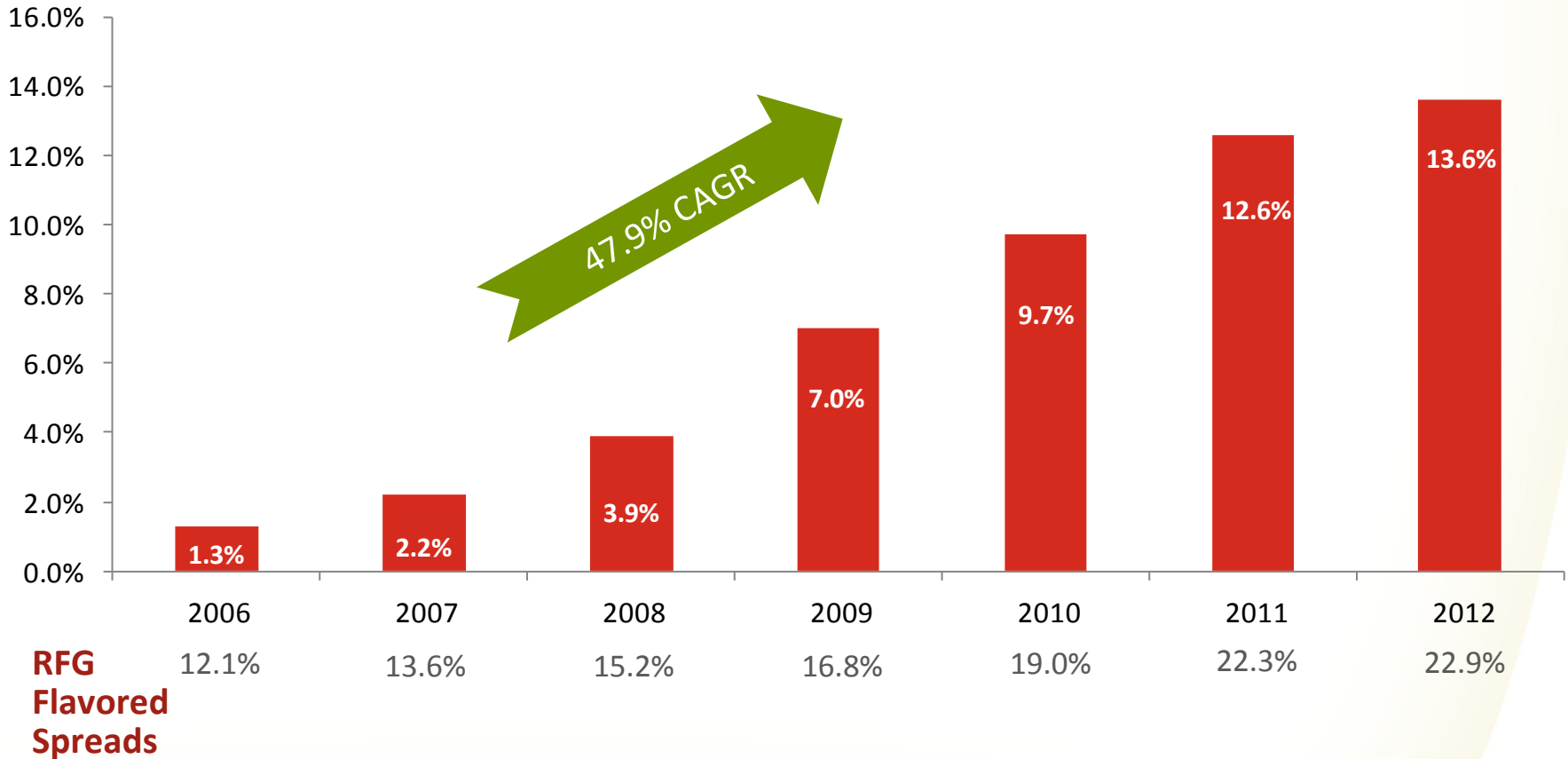
Source: IRI Reviews.



GROWTH STRATEGY

- Consumer
 - Household penetration
 - Per Capita Consumption
- Customer
 - Distribution
 - Velocity
- Product
- Production

Sabra's Household Penetration vs. HHP of total Category (Refrigerated Flavored Spreads)



Sources: IRI, Mars & Co Analysis.
 * L52W ending August 12, 2012.



Having won credibility for being outstanding at it's core – we now have permission to expand....

“SABRA'S DESTINATION” – A CATEGORY LEADER



Sabra Manufacturing Sites: Virginia & California



A new global
company



PEPSICO

Strauss



Obela





Obela's Mission:

Share the world





A global branded company

For Refrigerated
Dips and Spreads



Lead the
development of
the category and

**Gain
a Leading
Position**

Obela Launch in Mexico and Australia

- Opened a new production facility in Mexico
- Acquire a small scale business in Australia from PepsiCo



STRAUSS WATER





Our Promise

We improve
people's quality
of life by creating
wonders out of water

We make water safe and easy.
We deliver joy, vitality and
worry-free living.

Given the:

- Increasing distrust of tap water in both the developed & developing worlds
- Bottled water backlash in developed countries
- Global economic downturn

POU (point of use) solutions will become a preferred alternative

Strauss Water's Mission is to Become the Leading Global Drinking Water Solutions Provider

- 2011 Revenues: NIS 405mm (\$101mm)
- Active in 3 main markets: Israel (mature), China and the UK (greenfield operations)
- Strauss Water Israel is the market leader, with a well regarded & trusted brand and a profitable business model
 - 20% total household penetration in Israel
- Acquired Tana Industries (Tami 4) in 2009 for c. NIS 300mm
- 2008 sales and EBIT were NIS 248mm and 34mm (13.7% EBIT margin), respectively



We Created a New Business Model:



Water science,
technology and
expertise



Consumer-driven
experiences
& Customer focus



Global Markets



Leading Global
Water Brand



Our new business model

IP Development & Breakthrough Technologies

Maze Purification

Removes : Bacteria & Viruses, Heavy Metals (including arsenic & lead), Organic Particles, Aesthetics (sediments, coloring agents, odors and taste impurities)

Without electricity or water pressure



Strauss Water Products – an Exciting Experience



The T6



The T7



The WaterMaker Premium

Source of Business

60% Tap Water



20% Bottled Water



20% Filtered Water

BRITA



Quooker® Modern Tap in Stainless Steel Effect

Quooker



Office Water Suppliers



Thirst 4 Water



Source of Business

Senseo



Lavazza



Bevyz



illy



Nespresso



Green



Waterlogic



Soda stream



Our new business model

Global Markets

Building the infrastructure for global expansion

We chose to start with a growing market
that suffers from an especially acute
water quality problem

CHINA



海尔
Haier
Strauss
WATER
施特劳斯
净水



Strauss

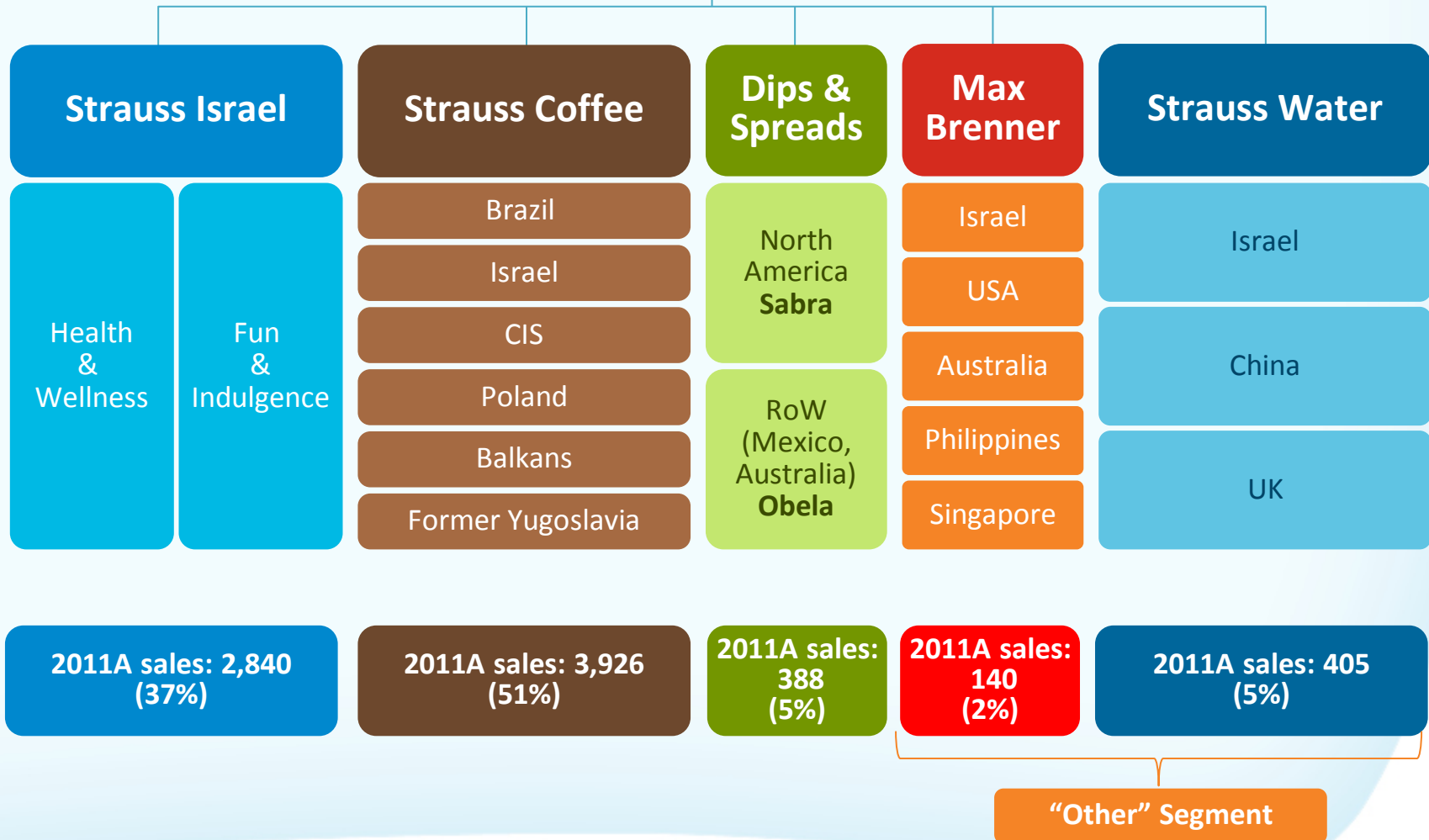
Establish a JV with Virgin Group to Create Water Company in the UK





THANK YOU!

Strauss Group's Business Portfolio



Consolidated Balance Sheets (NIS mm)

	As at June 30th 2012			
	2012		2011	
	Millions NIS	%	Millions NIS	%
Cash and Marketable Securities	873	12.5%	616	9.7%
Accounts Receivables	1,139	16.3%	1,075	16.9%
Other Accounts Receivables	331	4.7%	290	4.5%
Inventory	875	12.5%	864	13.6%
Investments & Long Term Loans	234	3.4%	168	2.6%
Fixed Assets	1,713	24.5%	1,576	24.7%
Intangible Assests	1,719	24.6%	1,728	27.1%
Other Assets	95	1.4%	56	0.9%
Total Assets	6,979	100.0%	6,373	100.0%
Current Liabilities	493	7.1%	631	9.9%
Accounts Payables	778	11.1%	689	10.8%
Other Creditors	714	10.2%	570	8.9%
Long Term Liabilities	2,279	32.7%	1,803	28.3%
Minority Interest	814	11.7%	905	14.2%
Group Equity	1,901	27.2%	1,775	27.9%
Total Liabilities & Equity	6,979	100.0%	6,373	100.0%

H1 2012: Strauss Group P&L (IFRS; NIS mm)

	First Half			Second Quarter		
	2012	2011	% Chg	2012	2011	% Chg
Sales	4,001	3,614	10.7	1,936	1,841	5.2
Cost of sales excluding impact of commodities hedging transactions	2,605	2,285	14.0	1,271	1,192	6.6
Valuation of balance of commodities hedging transactions as at end of period	(16)	14		(14)	(2)	
Cost of sales	2,589	2,299	12.6	1,257	1,190	5.6
Gross profit	1,412	1,315	7.4	679	651	4.4
% of sales	35.3%	36.4%		35.1%	35.3%	
Selling and marketing expenses	897	846	6.1	441	421	5.1
General and administrative expenses	215	221	(2.6)	104	115	(10.0)
Operating profit before other expenses	300	248	20.7	134	115	16.0
% of sales	7.5%	6.9%		6.9%	6.3%	
Other income (expenses), net	(8)	(6)	33.6	1	(4)	(112.4)
Operating profit	292	242	20.4	135	111	21.7
Financing expenses, net	(68)	(68)	0.2	(28)	(42)	(31.9)
Income before taxes on income	224	174	28.2	107	69	53.3
Taxes on income	(84)	(57)	46.8	(41)	(26)	56.8
Effective tax rate	37.7%	32.9%		38.4%	37.5%	
Income for the period	140	117	19.1	66	43	50.6
Attributable to:						
The Company's shareholders	98	81	21.4	41	26	57.9
Non-controlling interests	42	36	14.0	25	17	35.7

H1 2012: Strauss Group P&L (Non GAAP; NIS mm)

	First Half			Second Quarter		
	2012	2011	% Chg	2012	2011	% Chg
Sales	4,001	3,614	10.7	1,936	1,841	5.2
Cost of sales	2,605	2,285	14.0	1,271	1,192	6.6
Gross profit – non-GAAP management reports	1,396	1,329	5.1	665	649	2.5
% of sales	34.9%	36.8%		34.3%	35.2%	
Selling and marketing expenses	897	846	6.1	441	421	5.1
General and administrative expenses	206	204	1.1	99	103	(4.3)
Operating profit – non-GAAP management reports	293	279	5.2	125	125	0.5
% of sales	7.3%	7.7%		6.4%	6.8%	
Financing expenses, net	(68)	(68)	0.2	(28)	(42)	(33.6)
Income before taxes on income	225	211	6.4	97	83	16.5
Taxes on income	(83)	(60)	37.8	(39)	(25)	54.0
Income for the period – non-GAAP management reports	142	151	(6.3)	58	58	(0.3)
Attributable to:						
The Company's shareholders	100	109	(8.2)	35	39	(10.0)
Non-controlling interests	42	42	(1.4)	23	19	14.1