Strauss Group

Now in China

Analyst Conference
October 17, 2010

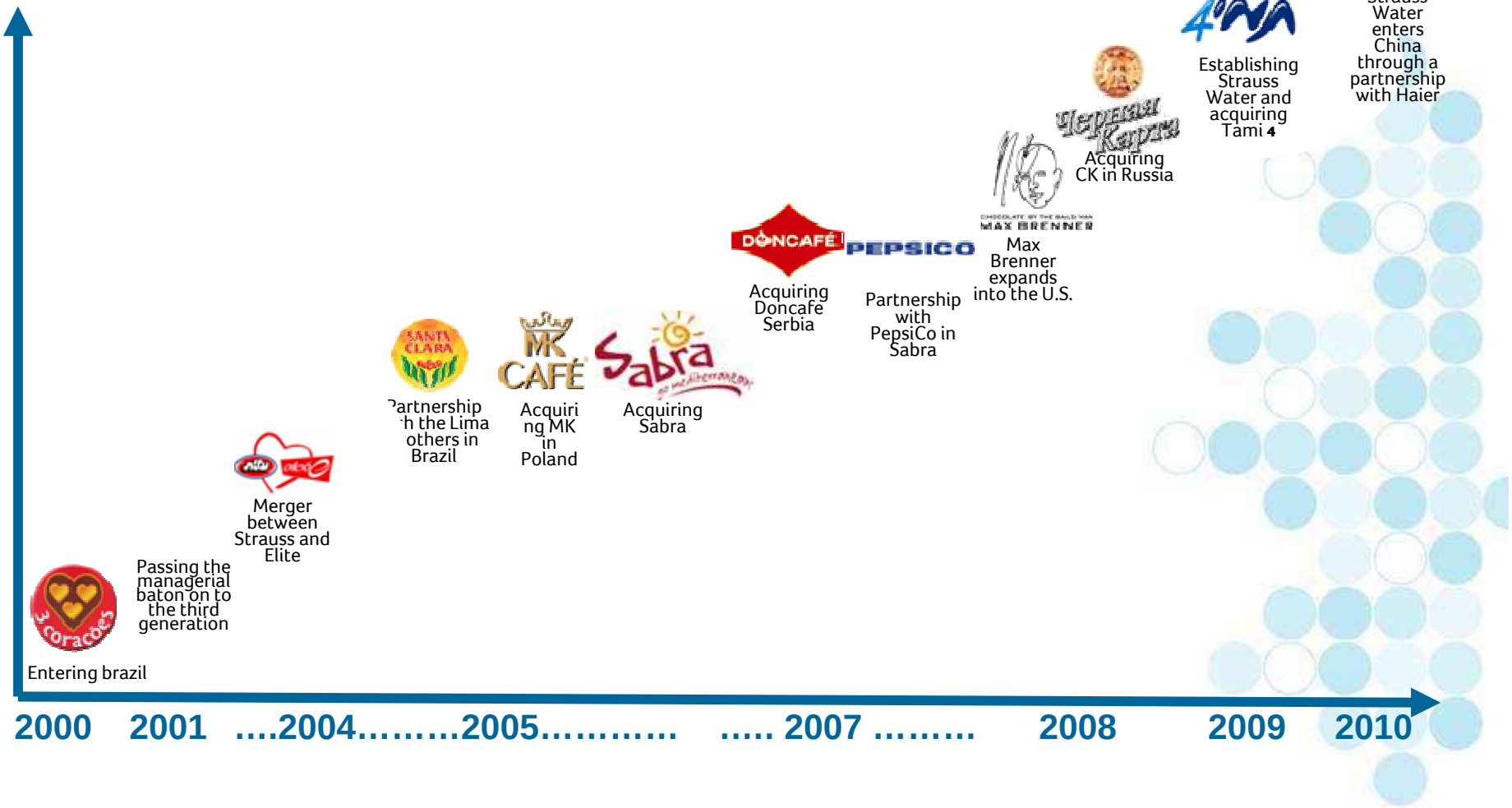
Strauss Group at a glance

- An F&B company, operating in 22 countries with a strong home base in Israel-the second largest food group in Israel
- Ranks fifth in the global coffee market (in green coffee terms)
- A US market leader in dips and spreads
- Israel's leading water company
- Strategic partnerships with leading global companies such as Danone , PepsiCo and TPG
- Employs 13,000 people in Israel & the world
- Net revenues in 2009: NIS 6.37 billion ($1.62)
- Holds a high credit rating AA+
- Ranks among the top ten companies in MAALA's social responsibility index

The shift from an Israeli company to a global corporation demanded modification and development of organizational capabilities

- Strong home base
- Visionary thinking
- Business and strategy development
- Focusing on creating added value and unique concepts
- Specializing in partnerships management
- Global capabilities and managerial processes
- Innovation and daring
- Organizational agility
- Technological excellence

Major milestones
in the international expansion process



Strauss Group identified the drinking water category as a business opportunity that fits well with the Group's Mission

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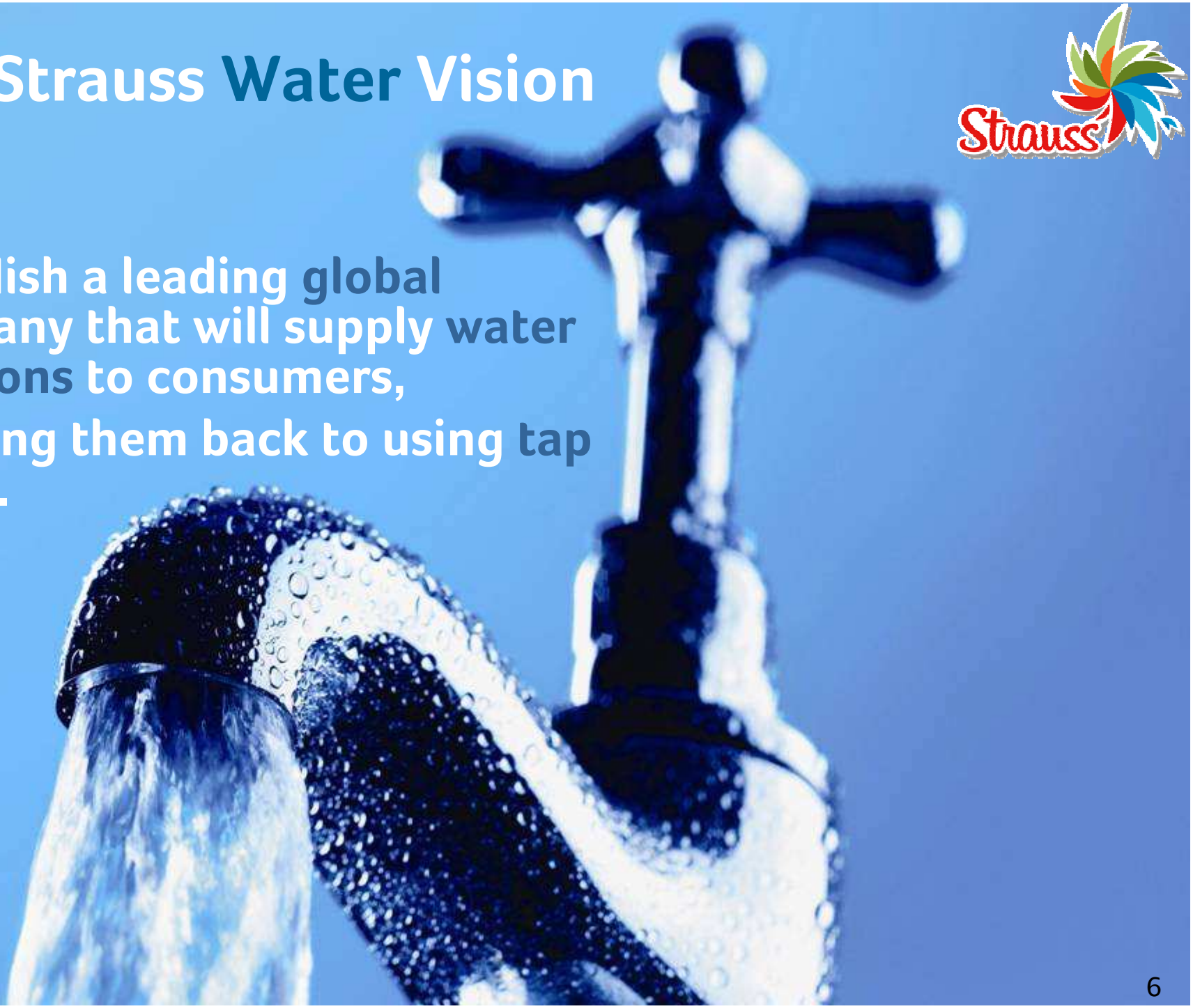
The Strauss Water Vision



Establish a leading global company that will supply water solutions to consumers, bringing them back to using tap water.

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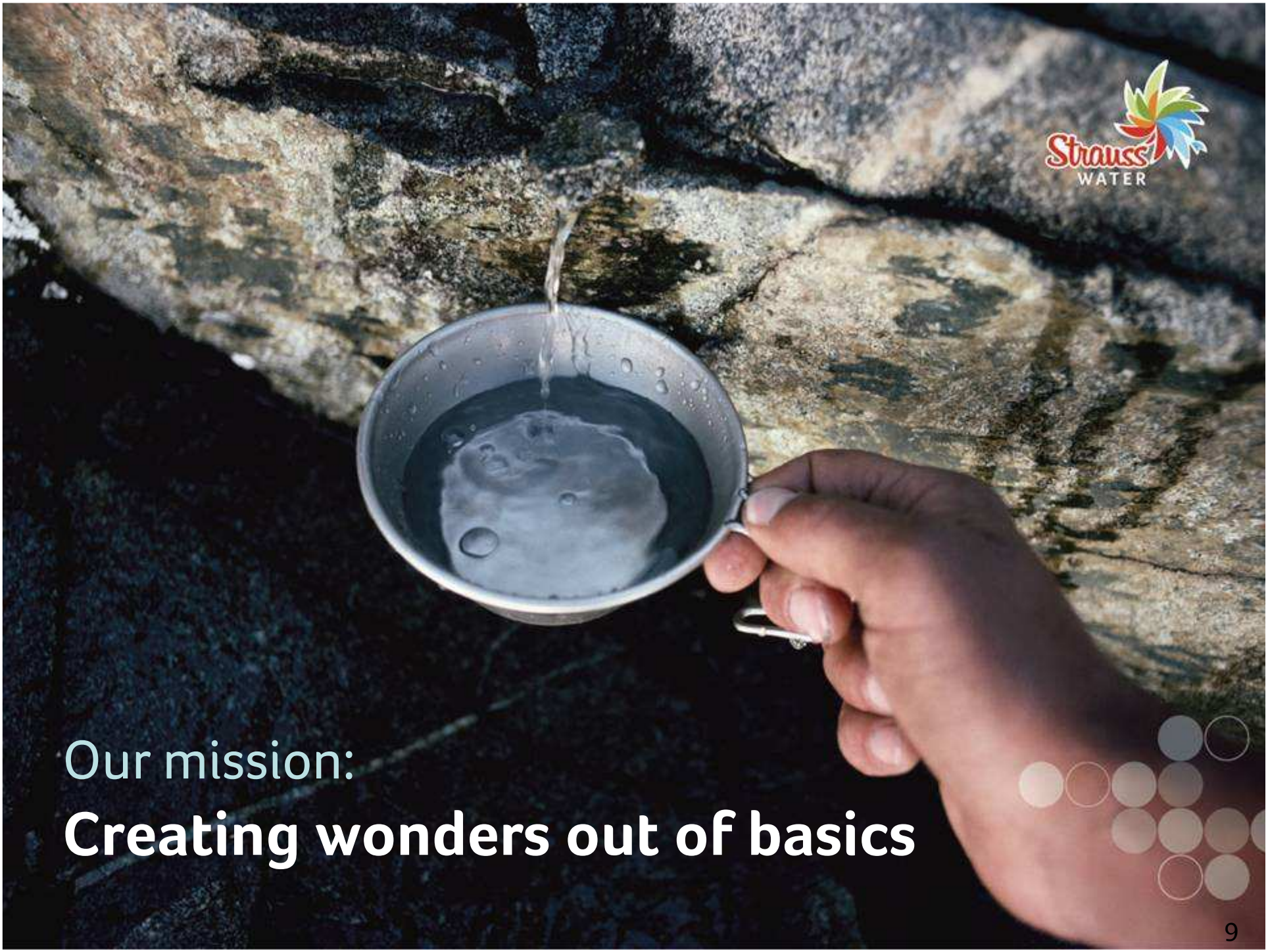
The Strauss brand is taking its first steps in the world as a consumer brand

Strauss Water

Entering the Chinese market


Strauss
WATER
Our mission:
Creating wonders out of basics

Strauss
WATER
Our promise is
"To enrich people's quality of life by transforming water into wonders"

Why we are here

We are here to take part in reshaping the way people drink water.

We are here to enrich people's quality of life by delivering better, innovative solutions to meet their drinking water needs.

We are here to make quality and tasty drinking water an appealing experience and to create lifetime relationship with our customers.

Our vision is to be a a global company. Today we are active in 2 major markets:

Market leader

Entry stages

Strauss
WATER
And today we are proud to announce our entry into China, Our 3rd and very significant market.

For years we have been conducting significant manufacturing and supply chain operations in China

We have had our Strauss Water
offices in Shanghai since 2008

And now we are announcing our entry into China's consumer market

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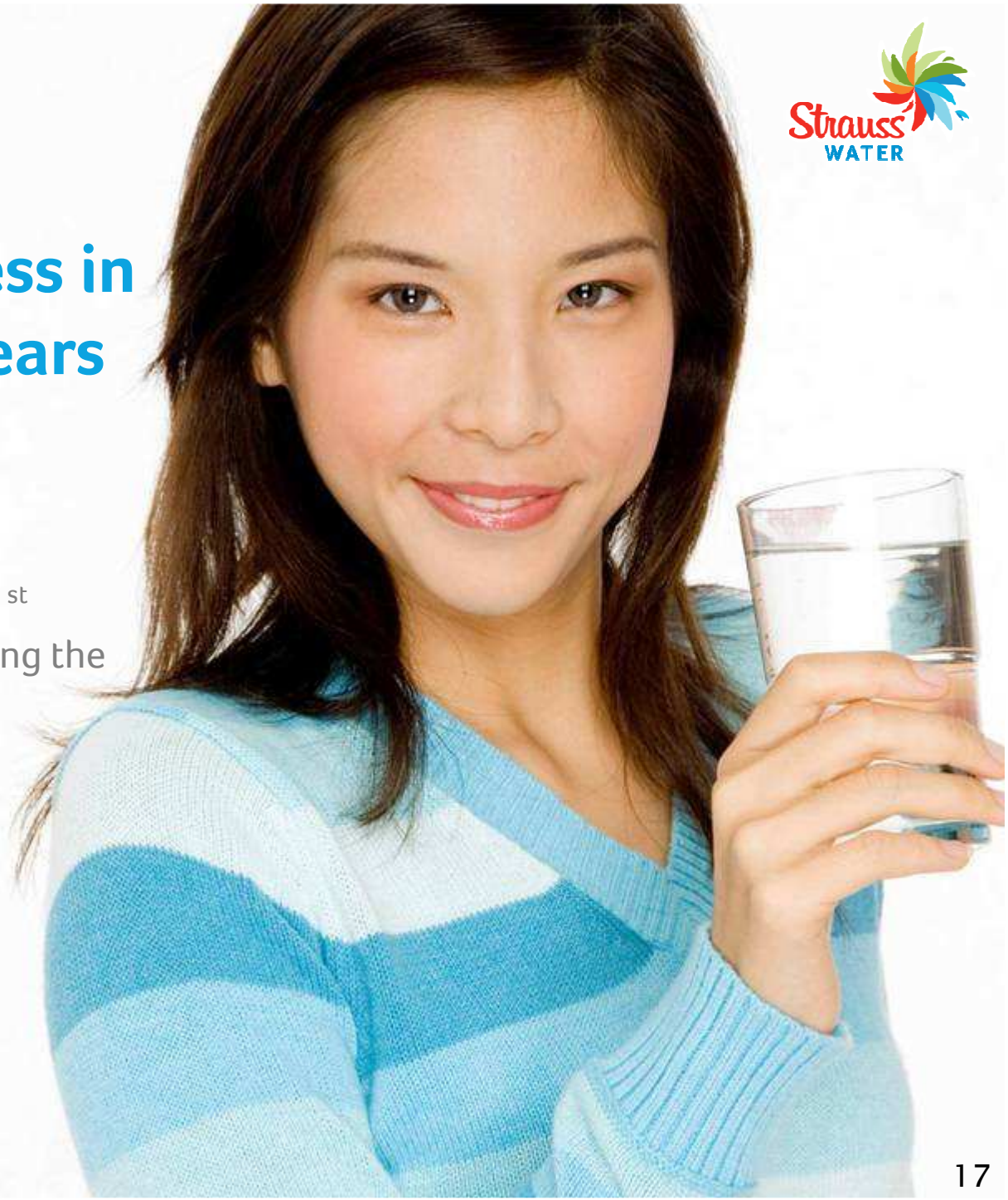
The journey to establish a business in China started 4 years ago

We have selected China as our 1st priority to expand after evaluating the global opportunity map

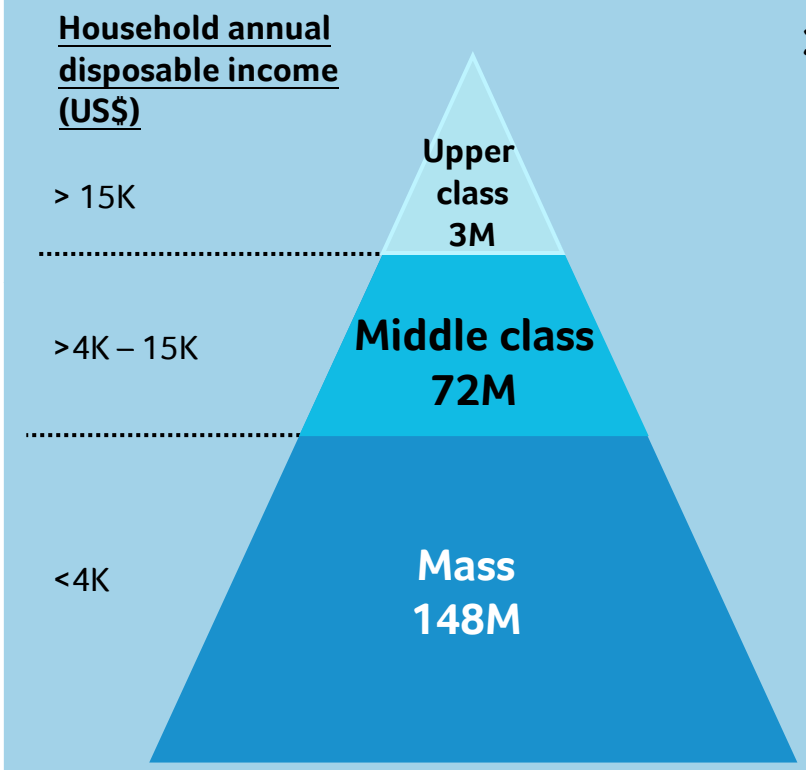


China is expected to account for 36% of incremental global GDP by 2030

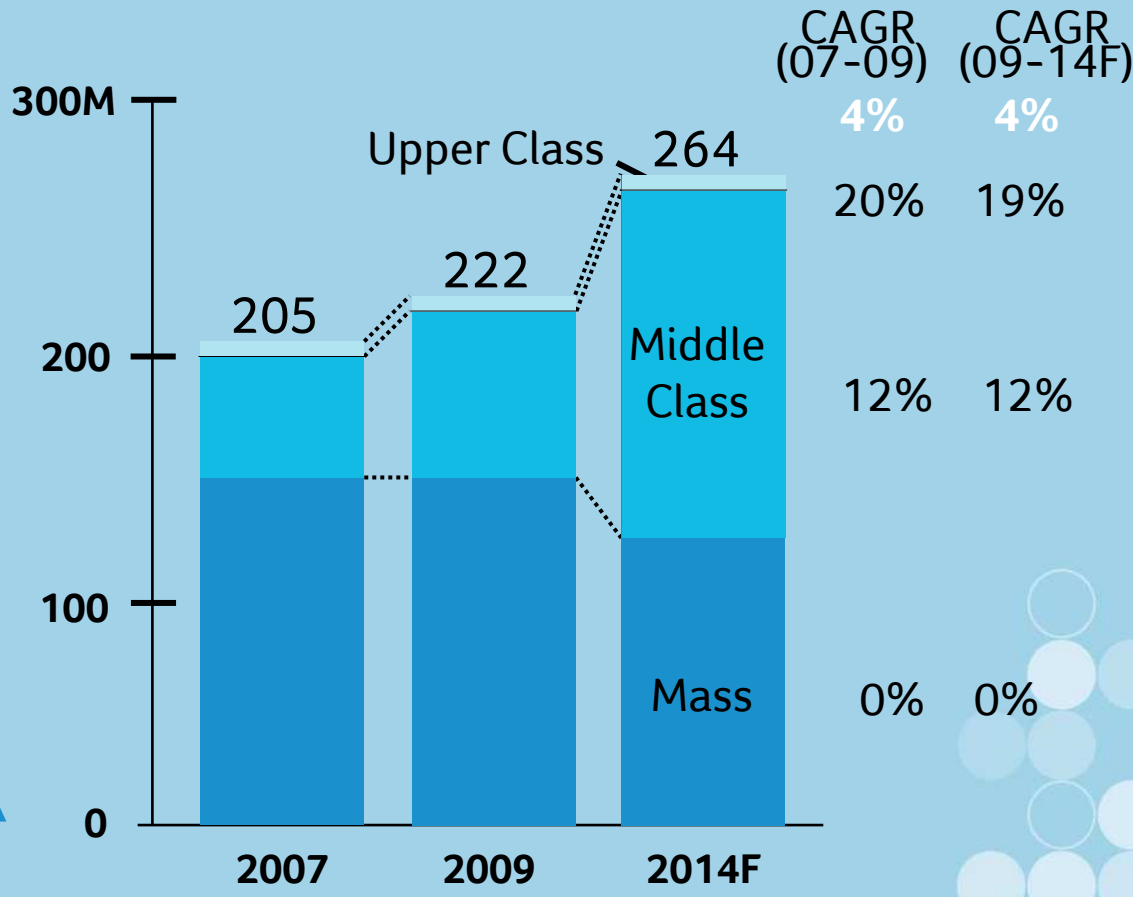
*Applying 1970-2004 regional CAGRs to derive 2030 projections
** Others: Mexico, Thailand, Turkey, Poland, Philippines, Czech Rep.
Source: GDDC, Total Economy Database

Economic growth leading to more affluent Chinese consumers

China's urban household (2009)



Number of Urban Households (M)



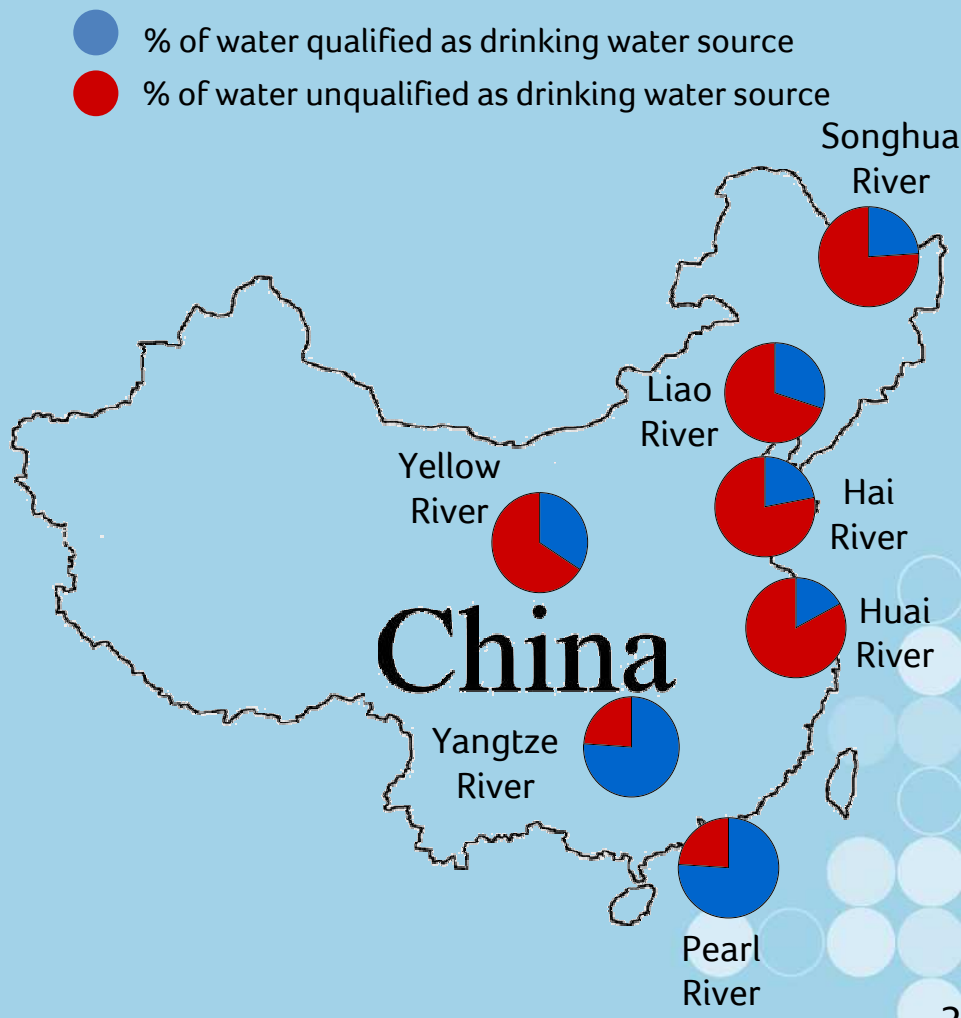
Note: Upper Class defined as households with annual income >RMB100K; Middle class between RMB25K – RMB100K
Source: SW Business Plan

China's water safety and quality – a serious issue due to limited water sources and vast pollution

Highlights

- Scarce and poor quality water sources
  - 20% of global population, but only 8% of water sources
  - ~60% of China's main rivers water, are not qualified as a drinking water source
- Severe pollution problem due to rapid industrialization
  - Current pollution level is 5X of 1980
- Urban households have limited access to safe water
  - Water in 17 out of the 44 largest cities is unfit for consumption
  - ~30% of bottled water was found unqualified in a recent official spot-check

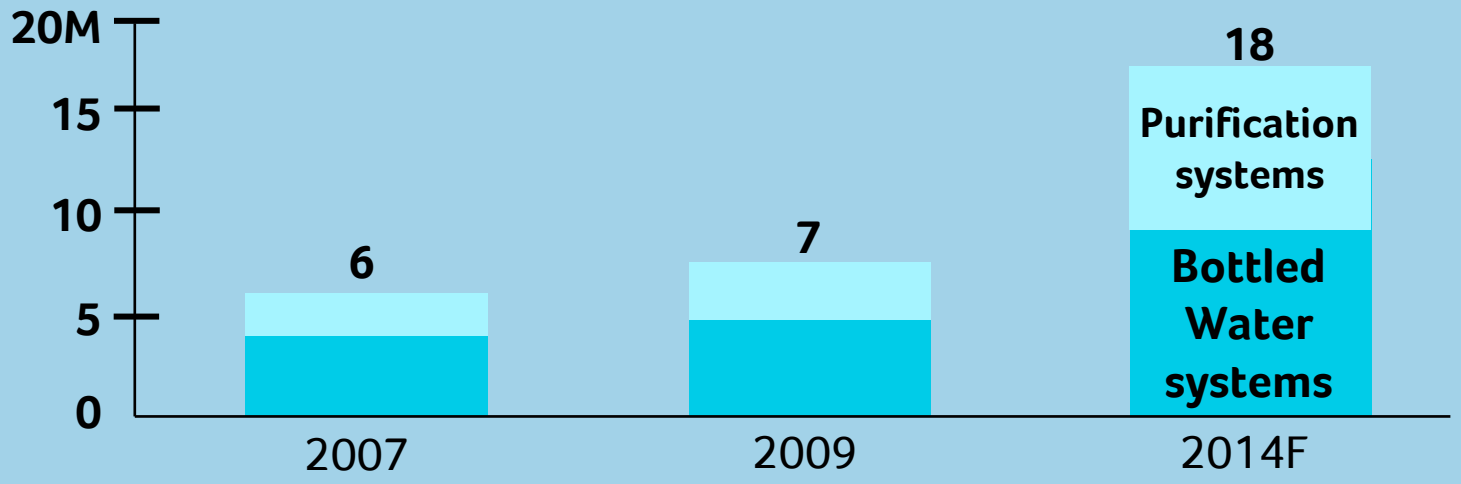
Water quality in major rivers



Source: China Rivers Survey 2005; literature search; Bain analysis

Penetration of residential water treatment solutions increasing, esp. for purification systems…

China's residential water treatment marker volume (M units)

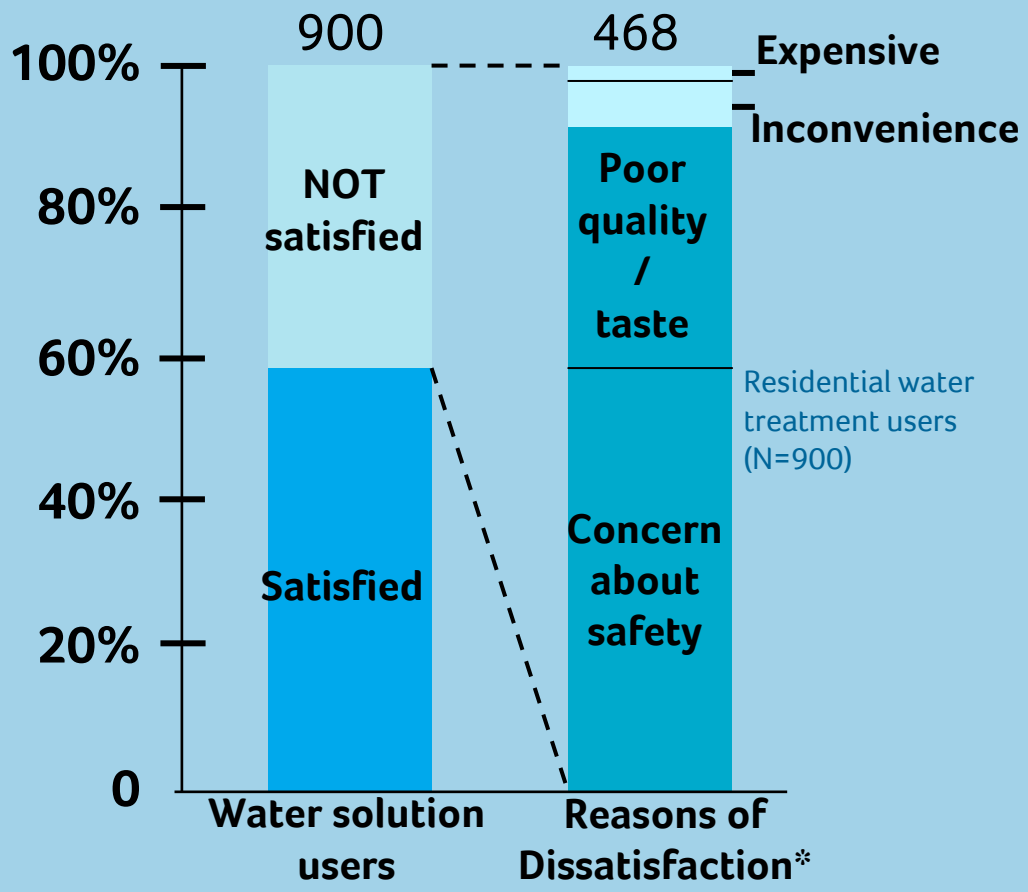


	2007	2009	2014F	CAGR (09-14F)
Penetration rate*	38%	43%	58%	
Residential water treatment market (USD B)	0.4	0.6	~1.5-2.3	27%
Drinking water water treatment market** (USD B)	5	7	~19-20	20%
				14%

Note: *Penetration rate = total installment base / total number of urban middle and upper class households
**Drinking water market = Residential water treatment solutions + bottled water market
Source: CMM report, ISI, SW Business Plan, Bain analysis

…however consumers are dissatisfied with the safety and quality of current solutions

~40% of users are dissatisfied with the safety and quality of current solutions



"With a water dispenser, I may have to drink the water for a long time and I'm concerned about hygiene."

"I am worried that it may not be good to my health in the long run if I keep drinking purified water from a specific type of purifier."

"Filtration systems seem safer than bottled water systems… but not sure whether the solution I'm using is indeed safe and good for my health."

Note: *369 users dissatisfied with existing solution, users can mention up to 2 reasons of dissatisfaction
Source: GfK Consumer Research in Beijing, Shanghai and Qingdao; FutureBrand Consumer Survey

Major players are undifferentiated in product offering and don't provide a compelling solution

KSF for entering the Chinese market

1. Route to market
2. Brand

Today we are happy to announce the establishment of our partnership with Haier and the creation of a new company:

"Haier–Strauss Water"

Haier-Strauss Water

Will create long-term relationships with customers in China. Providing them with drinking water solutions for life, that are: based on our unique business model, innovative products, and our breakthrough "MAZE" integrated purification technology

Who is Haier Group?

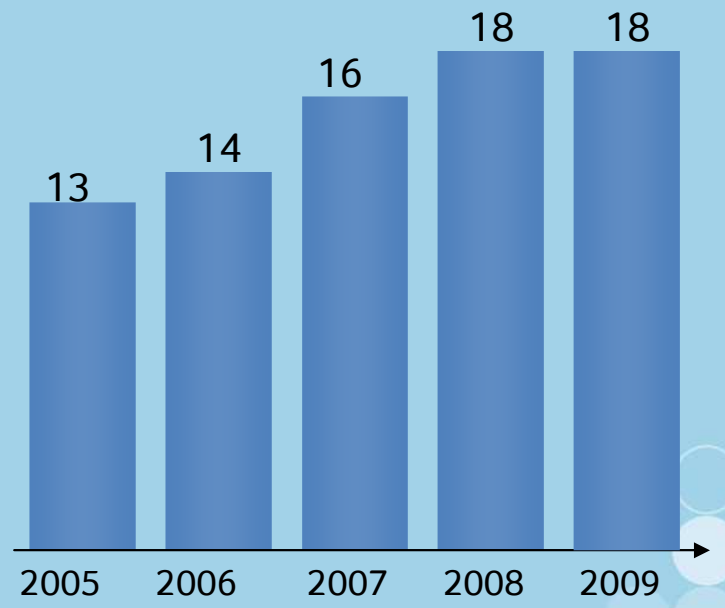
Haier is China's leading consumer electronics player

- Biggest consumer electronics and white goods brand in china
  - 29 factories
  - 8 R&D centers
  - 19 trading companies
  - More than 60,000 employees worldwide

- Euromonitor 2010 – Haier is the #1 white goods brand in the world. First Chinese company to win global leadership

Haier Group Sales revenue

2005-2009 (USD B)



Note: Others including PC, mobile phone, engine, bio-equipment, real-estate, etc
Source: Haier Group annual reports; Haier Group website; Bain analysis

Haier – An Icon of the Chinese Industry

- Haier is one of the most admired **Chinese company/brand** in the world
  - Elected as top company / brand by Forbes, Business Week, Fortune, Financial Times, Wall Street Journal, as well as the Chinese gov't

- Haier's **top management** was elected as China's business leaders
  - Zhang Ruimin: Top 50 global business leader by Financial Times
  - Yang Mianmian: Top 50 Most Influential Business Women by Fortune
  - Zhou Yunjie: National award of Most capable mgr in international business development

- Haier's **management model** was selected as case studies by HBS, INSEAD and EU Union

Note: Others including PC, mobile phone, engine, bio-equipment, real-estate, etc
Source: Haier Group annual reports; Haier Group website; Bain analysis

Haier – the strongest route to market in china

- 25,000 POS across China – 8,000 are exclusive Haier stores
- More than 10,000 service centers across China

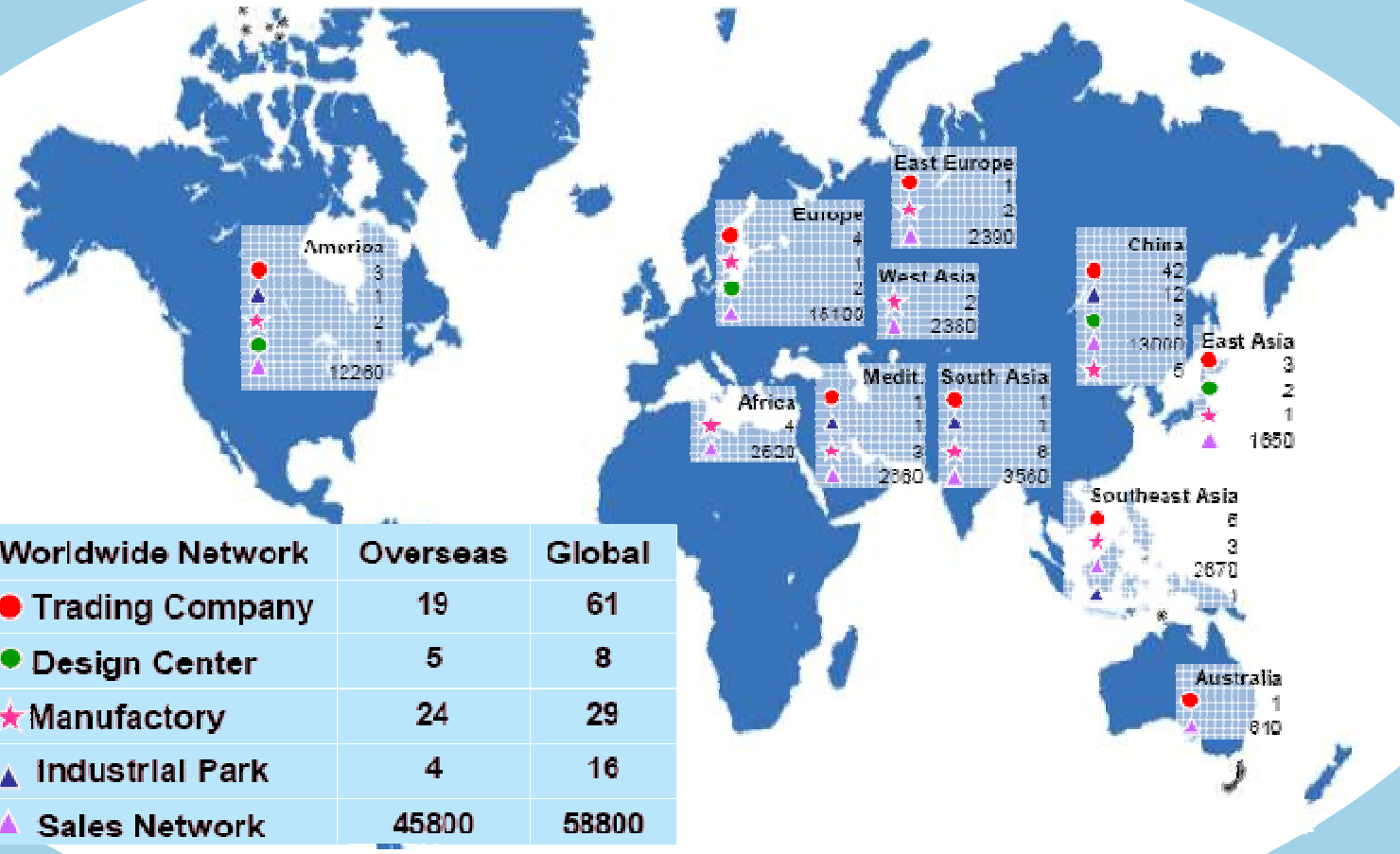
Haier Group: Competitive Position 2009

Rank	Product type	Volume share
#1	Refrigeration appliances	33.6%
#1	Home laundry appliances	33.1%
#1	Dishwashers	22.3%
#2	Vacuum cleaners	21.2%
#5	Microwaves	1.2%
#7	Irons	0.7%
#7	Food preparation appliances	0.5%
#10	Large cooking appliances	2.4%
#12	Small cooking appliances	1.1%
#13	Small kitchen appliances (noncooking)	0.5%

Source :Euromonitor, Market position in China

Haier Global Position

Haier Global Organization



Worldwide Network	Overseas	Global
Trading Company	19	61
Design Center	5	8
Manufactory	24	29
Industrial Park	4	16
Sales Network	45800	58800

How are we going to win in the Chinese market?

Implementing our unique business model

Water **for life**

Staying close to the customer, understanding the needs and supplying the most suitable comprehensive solutions

Products with breakthrough technologies in water purifying appliances and accompanying products

Customer acquisition through multiple touch points

Caring for our customers
Providing excellent support & service

How are we going to create our competitive advantage?

Introducing our proprietary technology:

MAZE™
Integrated Purification

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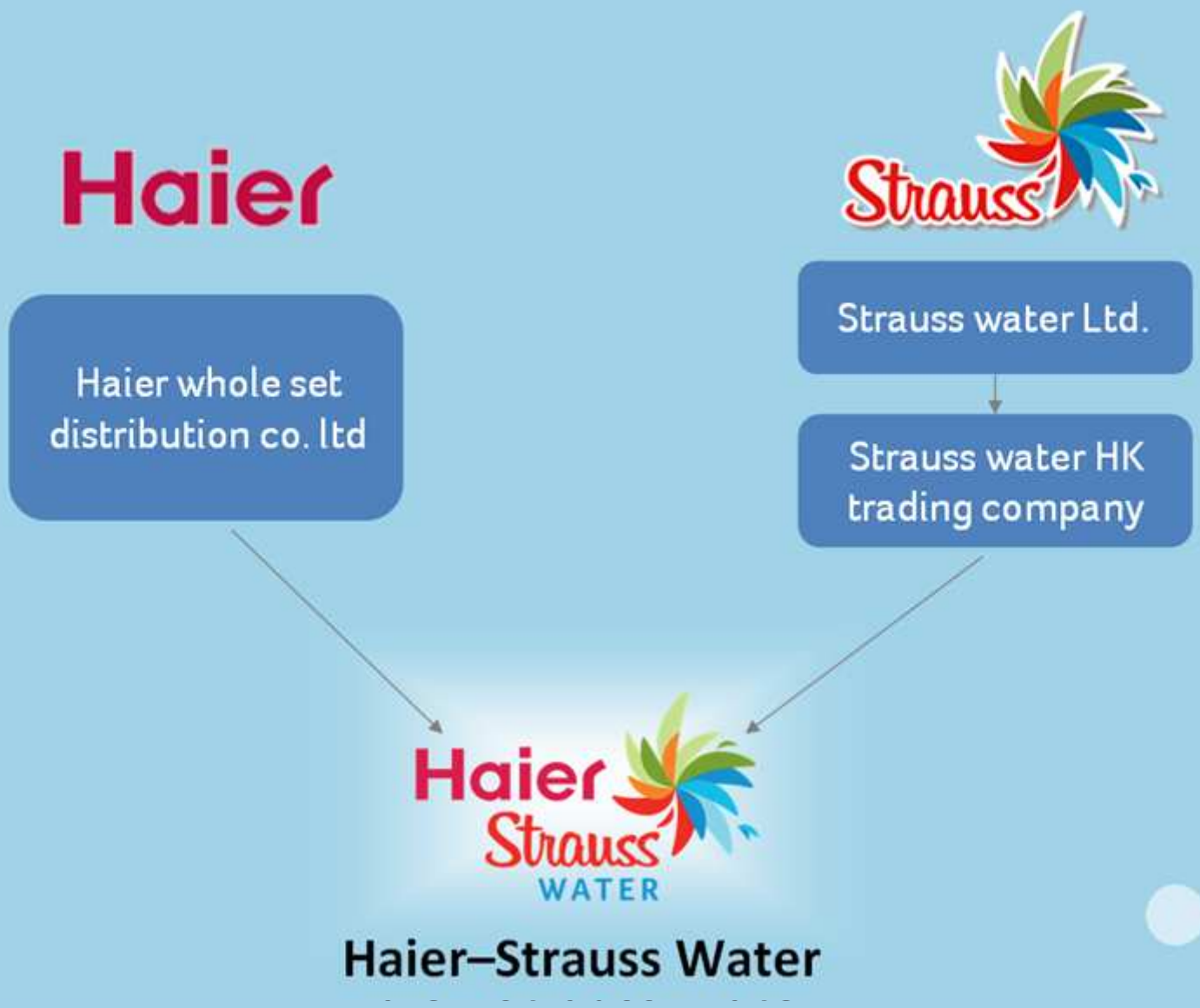
Strauss
WATER
About the transaction

The Deal structure



Facts and Figures

1. A Chinese company – equally owned by Strauss Water and Haier

2. Initial investment to establish the company – $20M ($10M each)

3. Joint board of directors – each side nominates 3 board members

4. Key executive positions nominated by both partners

5. General Manager – Mr. JiangBing Chang – ex. GM of Haier's living appliances division

6. Company HQ in Qingdao

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