

### **STRAUSS GROUP**

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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)<sup>(1)</sup>. 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.













### Creating Wonders Out of Basics

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











### Strauss Group At A Glance 2017 Key Financials (Non-GAAP)

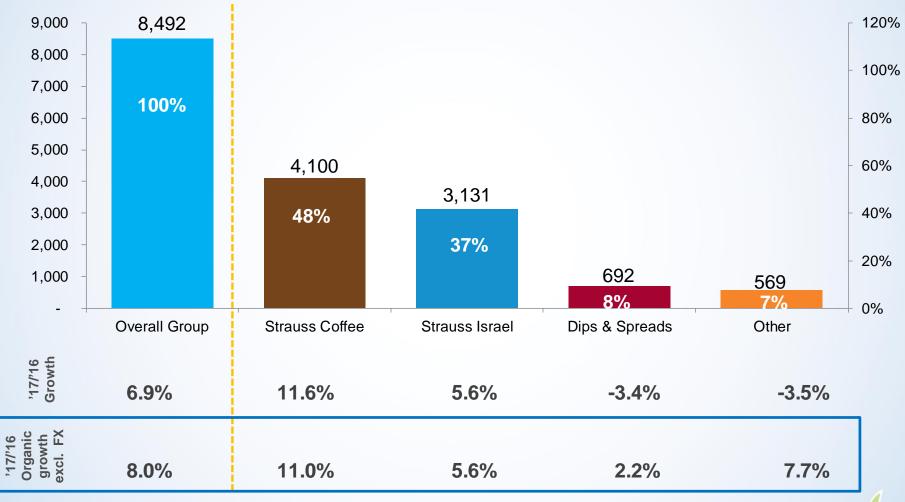
2017 Sales: <b>NIS 8,492</b> (Million) (Q1 2018 NIS 2,	Constant Currency Organic Sales growth 2017 : <b>8.0%</b>	2017 EBIT: <b>NIS 780</b>
2017 Net Income: <b>23.7%</b>	2017 Stock Performance: +25%	Net Debt / EBITDA: <b>2.0x</b>

Another Year of Progress with Strong, Sustainable, Profitable Growth - A Solid Execution



### **2017 Sales by Segment**

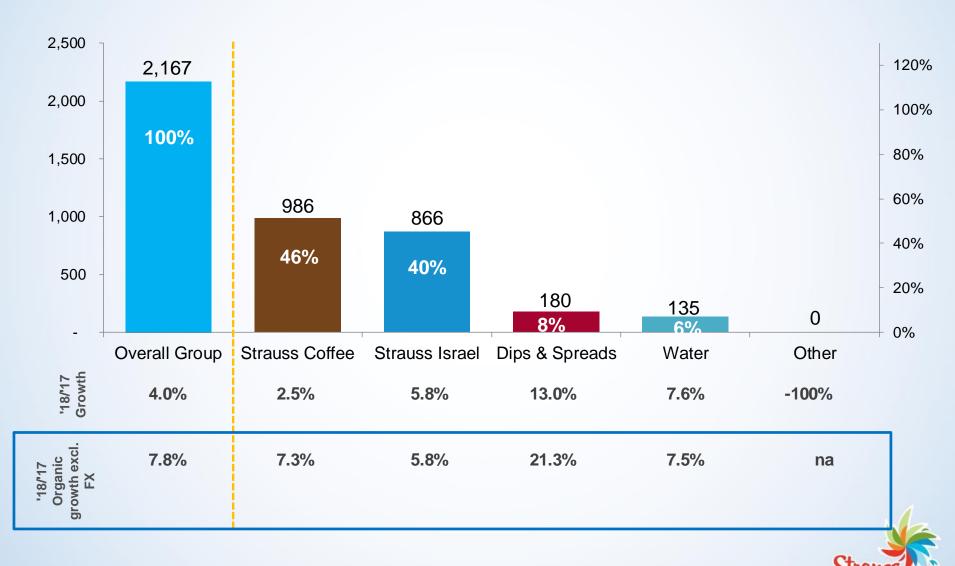
NIS mm; Non-GAAP; % sales contribution





### Q1 2018 Sales by Segment

NIS mm; Non-GAAP; % sales contribution



7

### **Market Leadership & Consumer Value**





### Local Excellence. Global Reach.





### **Main Partnerships**





### **Main Strategic Focus**

### Brand Building

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

#### Innovation

### Efficiencies and Cost Reductions



# **Strauss Israel**



### 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**

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

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### 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





## Our Value Creation in the Giobal Arena in the Last 10 Years





# Três Corações JV (3C)

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

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### **Três Corações Net Sales**

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



# 2006 brl 609mm

# **6.1x 2017** BRL **3,720mm**

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 Margin | 1.8%

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.

BRL **11mm**)

# 2006

### **Três Corações EBIT**

BRL mm for 100% ownership



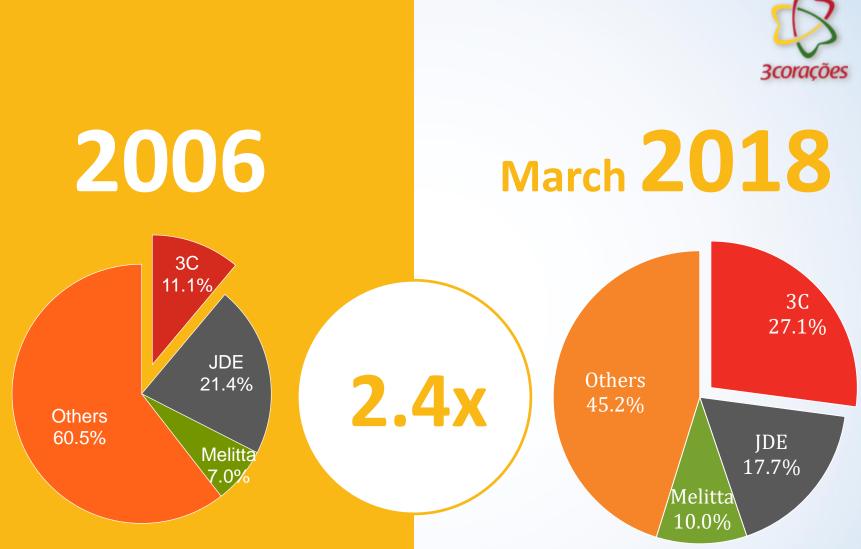
### EBIT Margin | 8.6%

2017

BRL 321mm

29.0x

**Brazil R&G Coffee Volume Market Share** 



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

### 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

# **Sabra-Obela**

### Sabra

### **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



### Sabra Net Sales NIS mm for 100% ownership | Non-GAAP



# 2006 NIS 170mm

### 2017 7.3x NIS 1,244mm



#### Sabra EBIT NIS mm for 100% ownership | Non-GAAP



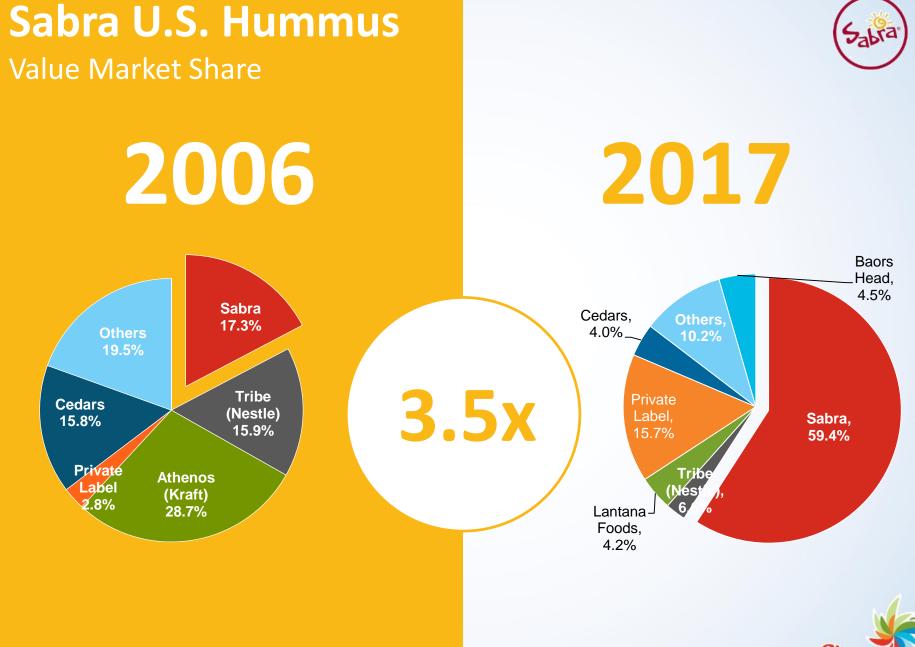
# 2006

NIS 8mm



# 2017 NIS 60mm





### Vision:

# To become a **global leader** of the fresh dips and spreads category





# Rediscover the Monder of Water

**The Strauss Water Story** 

### **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



### Strauss water (Israel &UK) at a glance





40 Trademarks and 8 registered patents



69

860 Employees



Over **700,000** 

Strauss Water POU installed



#### Every 5 minutes

a Strauss Water appliance is installed



Over **482,500** families Over **116,700** businesses



# Strauss Water China



### Beverage consumption is constantly growing water presenting the highest rate

Global beverage consumption, 2003-2018, (Billions of Liters)





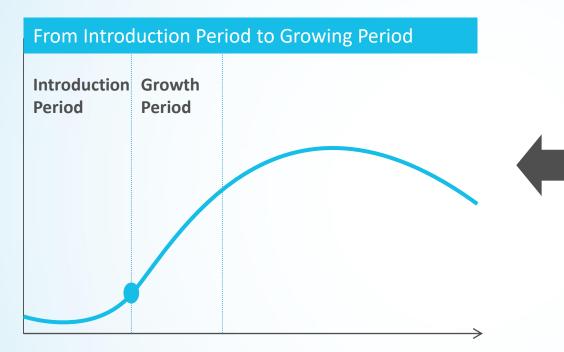
# Already a globally substantial \$11B growing market



# Haier Strauss Water is in the Early stage of a fast growing company aimed to be one of top 4 purification companies



## China water purifier market is still Nascent penetration is lower than 8% nationwide



In 2015 Water purifiers presented annual growth rate of 41.4% vs. 2.2% of whole home appliances

- The increasing early adopters drive the rapid growth of the market
- Housing decorating is the key driver, of which children/special events are triggers for water purifier purchase
- High cost of filter replacement has a negative impact on the market expansion.



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



### Alpha Strauss FoodTech community Alever to create

### competitive edge







Israel Our home base is a technology goldmine

**Technology** Is a transformative key

The Strauss Way is our guide



# Become the natural habitat of the FoodTech industry

Home Base

Supporting team

Providing full infrastructure

Opening doors to the food industry

Connecting to experts in all relevant domains



Actively Managing the Portfolio to Implement Strategy during 2016-2017





# Thank You!

