

STRAUSS WATER

Building a Global
Water Brand

July 2009





Agenda

- 💧 Introducing Strauss Water
- 💧 The Global Water Opportunity
- 💧 Introducing H₂Q
- 💧 The Tami 4 Acquisition
- 💧 Strauss Water



Global Drinking Water Opportunity

Rami Ronen, CEO Strauss Water



Safe Water is a Growing Scarce

Water Contamination Source Map



Only 1% of the world's water is drinkable:

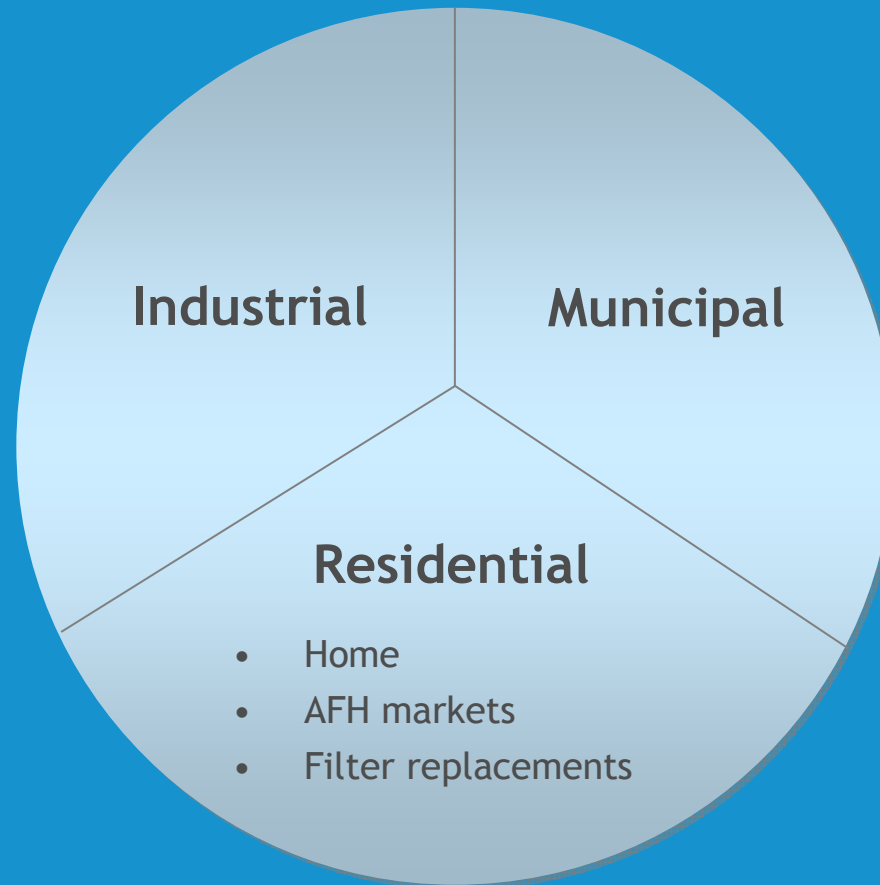
- 1.2 billion people do not have access to safe water
- 4,000 children die every day due to lack of safe water
- Drinking tap water is still common particularly in the developing world although it is rarely drunk directly and is typically boiled first

It's not just a problem of the Developing World:

- US EPA estimates that nearly \$300 billion must be invested in water infrastructure to ensure safe drinking water
- 7 MM Americans fall ill every year due to contaminated drinking water

Global Water Treatment & Services Market Ranges between \$100 B - \$130 B

Divided into
the following
3 segments:



Source: Frost & Sullivan



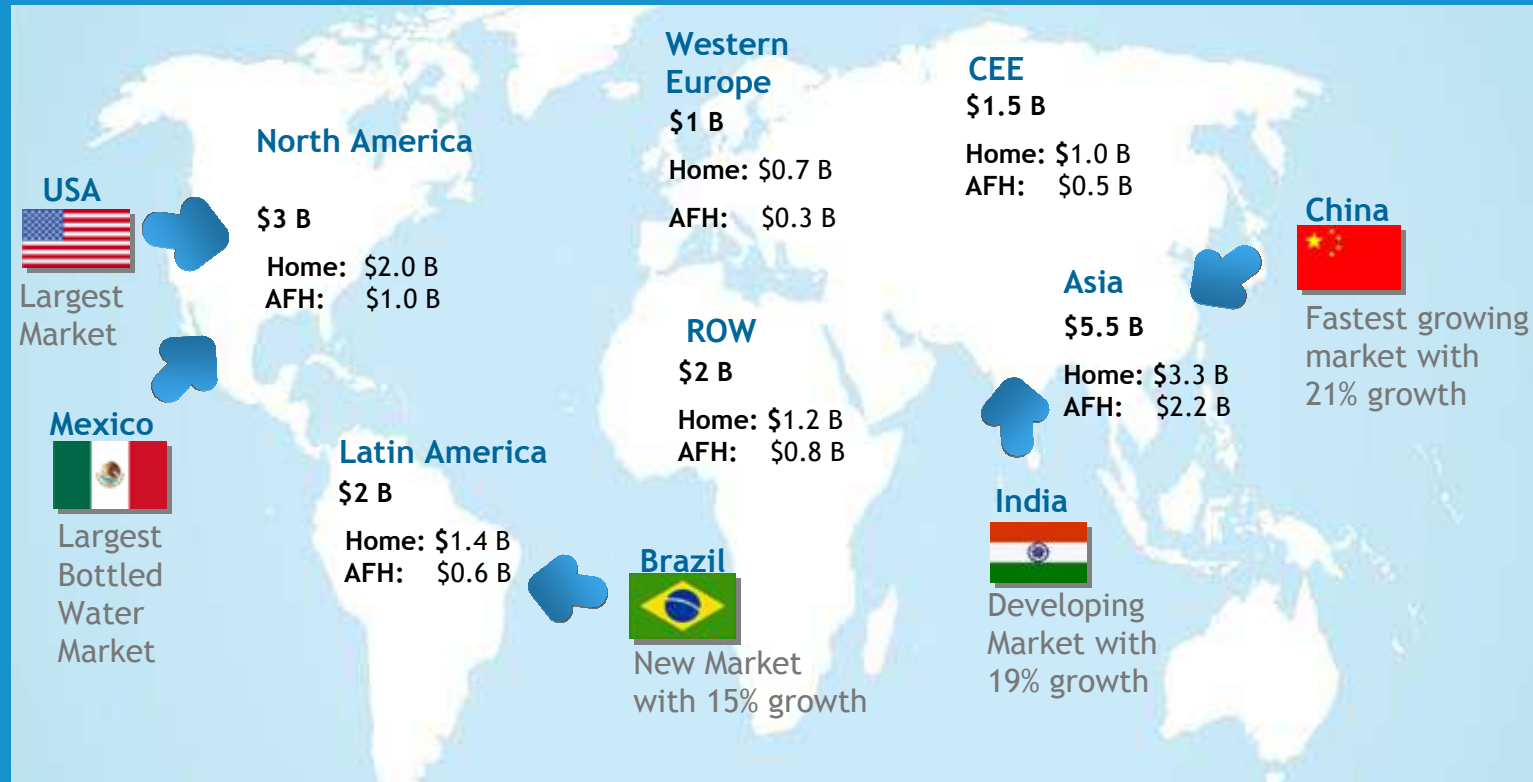
Residential Water Treatment Market is ~\$15 billion & growing ~20%

Given rapid industrialization & population growth, safe water is no longer an assumed right

Rather, consumers will have to start paying for safe water

The Global Opportunity

Multiple opportunities in various parts of the world



* Includes replacements

Given growing distrust of tap water

Consumers have shifted to drinking bottled water & purified water via POU solutions

Type	Market Size	Water Source	Solution Type
Tap	-	Tap	
Bottled Water	~\$60 B	Tap or Sourced	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Individual</p>  </div> <div style="text-align: center;"> <p>Cases</p>  </div> <div style="text-align: center;"> <p>Bulk</p>  </div> </div>
Purified Water (via POU Solutions)	\$15 B	Tap	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Simple</p>  </div> <div style="text-align: center;">  </div> <div style="text-align: center;"> <p>Advanced</p>  </div> </div>

Source: Frost & Sullivan, Global Industry Analysts



Bottled Water - an industry under attack

- 💧 Questionable bottled water safety
- 💧 Economic downturn
- 💧 Environmental concerns

For the first time in its history, the US market experienced negative growth:

- Q3/08 volume growth was -0.1%
- In October, sales declined by ~9% while a year ago they grew by 14%²

“There’s a free substitute called tap water which does not exist for snacks.”

Indra Nooyi, Chairman & CEO, PepsiCo Oct. 2008



Given the:

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

POU Solutions will be a Preferred Alternative



H₂Q

Overview



H₂Q Water

Safe and Healthy Water - Guaranteed.

- 💧 Breakthrough technology providing consumers with high quality, safe & fresh drinking water from the tap
- 💧 Designed according to & certified by the most stringent international standards

H₂Q V3 Purifier: Description

Gravity-fed device which removes:

- 💧 Bacteria & Viruses
- 💧 Heavy Metals
- 💧 Organic Particles
- 💧 Aesthetics

The gravity-based design results in possible
lower costs than competing technologies

Superior Purification | Affordability | Simplicity

Removes the harmful impurities & keeps the beneficial ones



At the price and simplicity of Active Carbon we offer better than RO purification

Very Expensive Price

Reverse Osmosis

Ultra-Filtration

Low Price

UV/Ozone

Active Carbon

Aesthetics Only





The way to ensure safe and healthy water- meet the highest international standards

The H2Q Purifier will comply with the highly regarded standards of the US NSF/EPA

It is in the final stages of certification by the US WQA





IP Protection

- 💧 H₂Q has developed an IP strategy and established a process through which internal developments are continuously evaluated for potential IP protection
- 💧 H₂Q has applied for IP protection for both the core purification technologies & enabling features

H₂Q Market Focus : The Home Market

H₂Q has identified unmet needs within the home market:

- Limited safety & health claims - does not treat the truly harmful contaminants like bacteria & viruses
- Lack of affordable solutions for water treatment beyond aesthetics
- Minimal features to meet consumer daily needs (ie hot, cold & ambient water, ease of use for cooking)

H₂Q's technology fits the home market:

- Given the compact purifier size, technology fits home solution
Current technology will enable H₂Q to provide a more affordable offering than competitors': more functionality at a possible lower price
- Due to simplicity of the technology, H₂Q will be able to create a simple and profitable after market service model

Based on the extensive market analysis & match with H₂Q technology,
decided to focus on the home market



Tami 4 (Tana Water) Overview

Tami 4 is a market leader in Israel and one of the leading companies in the world in developing and manufacturing drinking water solutions for the home and AFH market segments



Revolutionizing water drinking in Israeli homes

Tami 4 has accomplished a worldwide breakthrough by successfully penetrating the residential segment with a designated water bar, and managed to position itself as a true substitute to bottled water



Worldwide recognition and multiple awards for design and innovation

Has won several design awards such as Best POU Cooler at Aquatech 2005



Tami 4 - Financials

	2007	2008	% Chg
Revenues	193	248	28%
Operating Profit	16	34	113%
EBITDA	20	40	100%

Acquisition - Details

- 💧 The deal signed subjected to Due Diligence and suspending terms
- 💧 Price paid (after completion of process): NIS 291 million.
- 💧 EBITDA multiplier*: 5.8 - 6

Based on 12 months ended June 30, 2009



Integrating H₂Q & Tami 4 - Creating Strauss Water

Strauss Water

The acquisition of Tana Water will accelerate & strengthen the execution of H₂Q's Vision & Strategy, enabling a more rapid creation of Strauss Water



H₂Q
Breakthrough
Technology for
safe and healthy
water

+



Tana Water
World leader in
POU appliances
Skills & Capabilities
Proven Residential
Business Model

+



Global Markets
Growth
Opportunity
Fragmented
Competition
No global leader



**Leading Global
Water Brand**



Thank you