



# Strauss Group Financial Results

Q3 2019 Earnings Presentation

November 20<sup>th</sup>, 2019





## Disclaimer

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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 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)(1).

In addition, non-GAAP 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 position and comparability between current and prior periods. Management uses these measures to establish and monitor budgets and operational goals and to evaluate the performance of the Company. Please see the GAAP to non-GAAP reconciliation tables in the Company's MD&A Report for a full reconciliation of the Company's GAAP to non-GAAP results.

# רבעון נוסף של צמיחה בשטראוס – הרגליים חזקות בקרקע – הראש בעתיד

## מיקודים ב-2019

### 1. אנשים- מנהיגות- הנהלה

איוש הנהלה  
רציפות ניהולית תרבותית  
מחויבות בעלים  
אמון

### 2. רציפות –

יציבות עיסקית-ובניית גמישות עיסקית  
צמיחה כמותית -כספית,  
שיפור מתמשך בריווחיות  
איזון מטבעי  
חוב

### 3. שיפור מתמשך במעמד התחרותי

צמיחה מעל הממוצע בארץ ובעולם  
נתחי שוק בשווקים

### 4. הערכות קדימה

תהליך ייעוד  
חטיבת חדשנות וצמיחה הסדרה  
סימון מוצרים בישראל  
שטראוס +

# Financial Highlights

## Q3 2019

Q3'19 Sales: NIS 2243mm; growth: 4%

Q3'19 Organic growth excluding FX: 6.1%

Q3'19 gross margins: 39.6% (up 200 bps vs. Q3'18)

EBIT and EBIT margins: NIS 256mm (up 9.4%); 11.4% (up 50 bps vs. Q3'18)

Net income and net margins: NIS 153mm (up 6.5%); 6.8% (up 20 bps vs. Q3'18)

EPS: 1.32 (up 5.8% VS. Q3'18)

## YTD 2019

YTD 2019 Sales: NIS 6422mm; growth: -0.1%

YTD 2019 Organic growth excluding FX: 2.6%

YTD 2019 Gross margins: 39.8% (up 160 bps vs. YTD 2018)

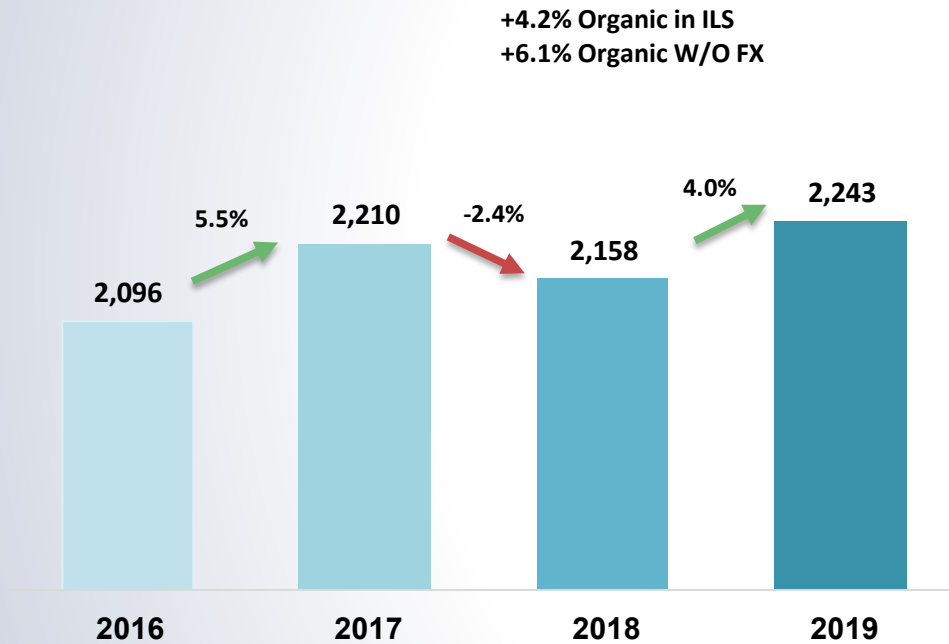
EBIT and EBIT margins: NIS 752mm (up 8.1%); 11.7% (up 90 bps vs. YTD 2018)

Net income and net margins: NIS 446mm (up 11.1%); 6.9% (up 70 bps vs. YTD 2018)

EPS: 3.86 (up 10.5% VS. YTD 2018)

# 2016-2019 Q3 | Strauss Group growth journey

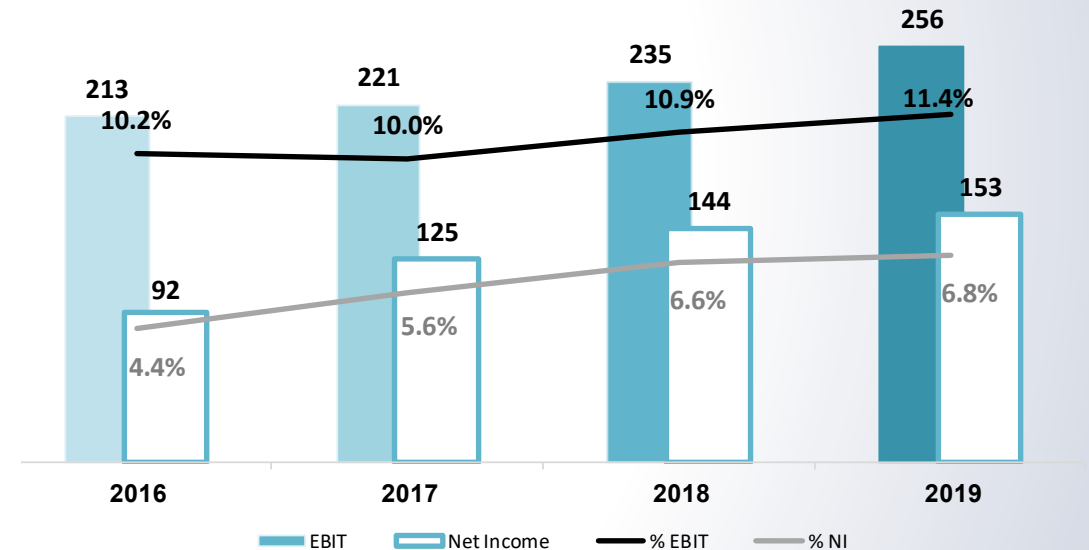
## Net Sales



2.3% CAGR growth since 2016

With key currencies devaluing

## EBIT & Net Income

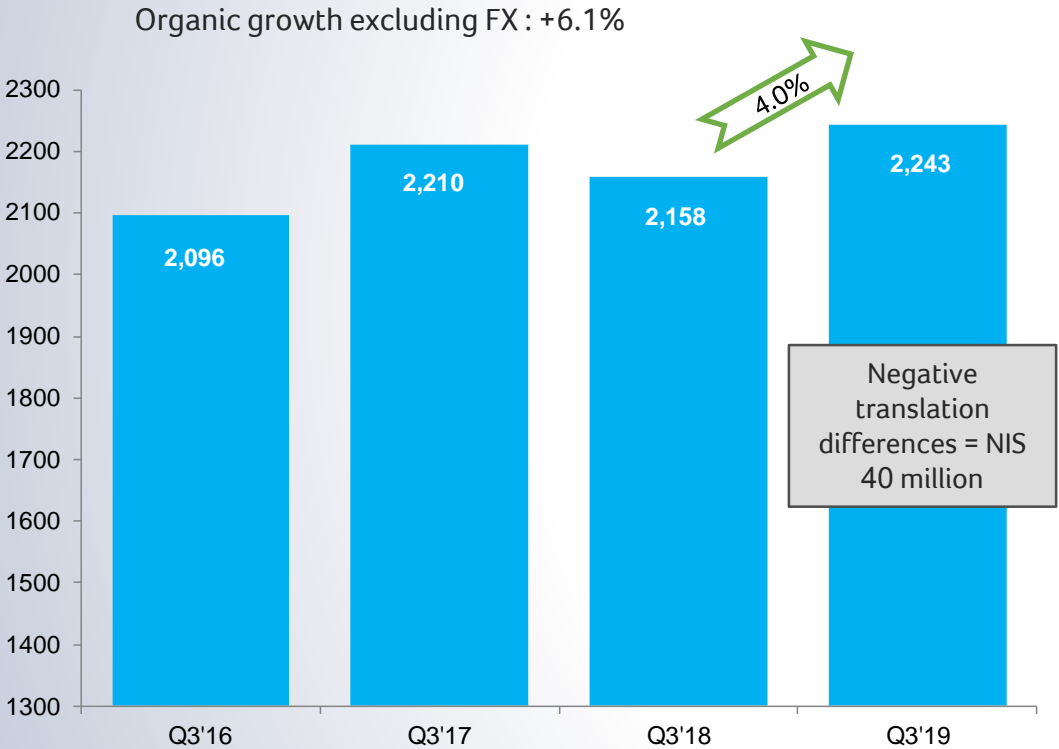


+6.3% CAGR EBIT increase since 2016

+18.5% CAGR Net Income increase since 2016

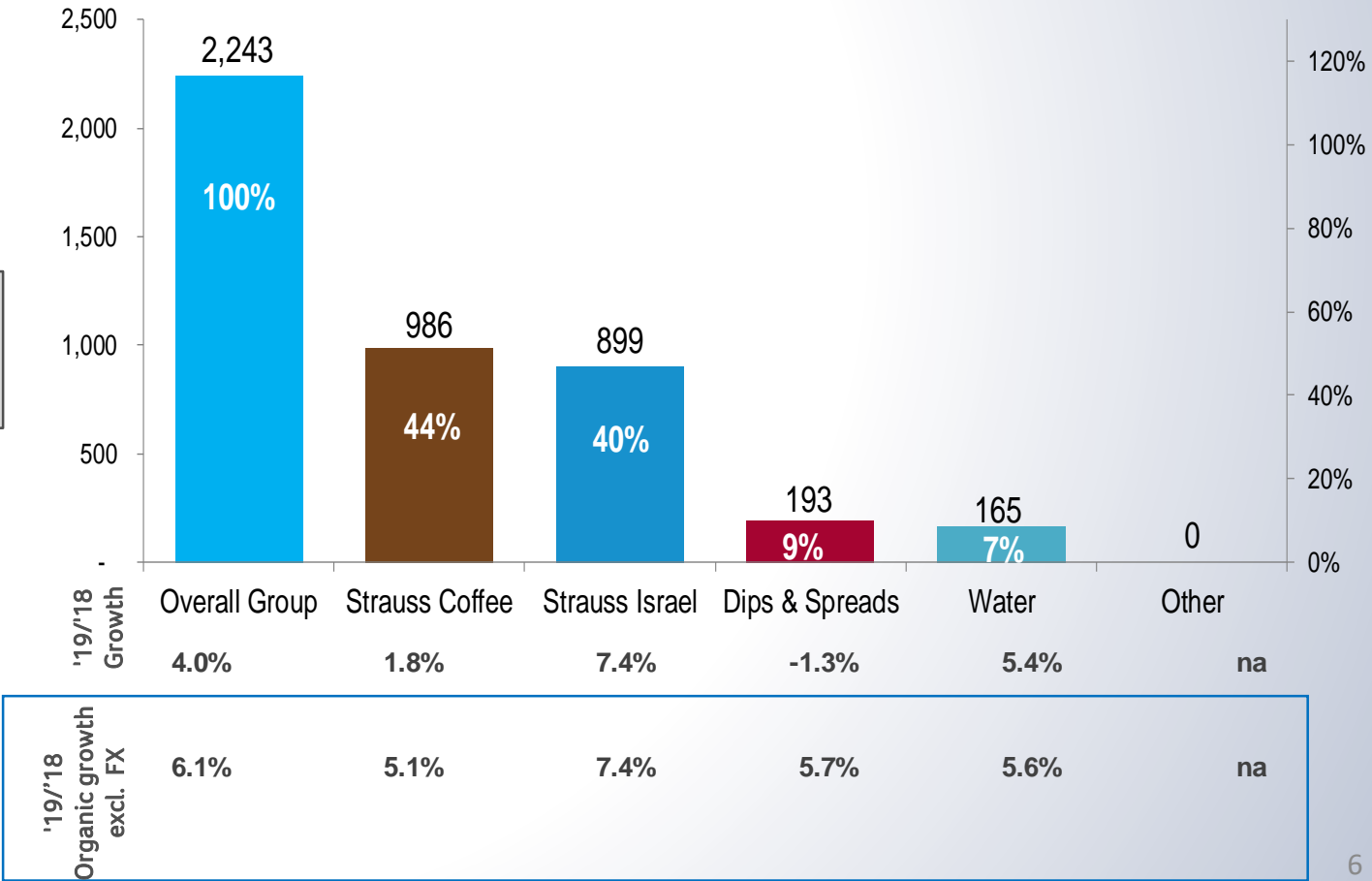
# Sales

Q3 2019 Consolidated Sales NIS mm Non-GAAP



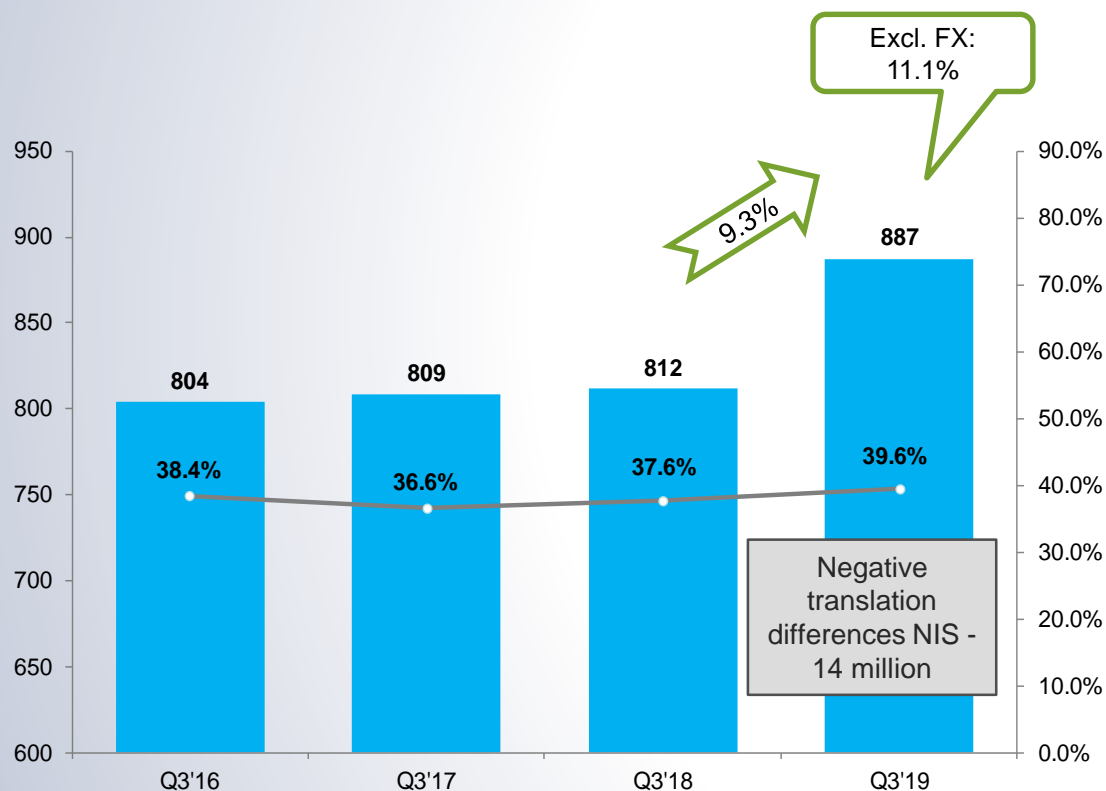
Q3 2019 Sales by Segment

NIS mm; Non-GAAP; % sales contribution

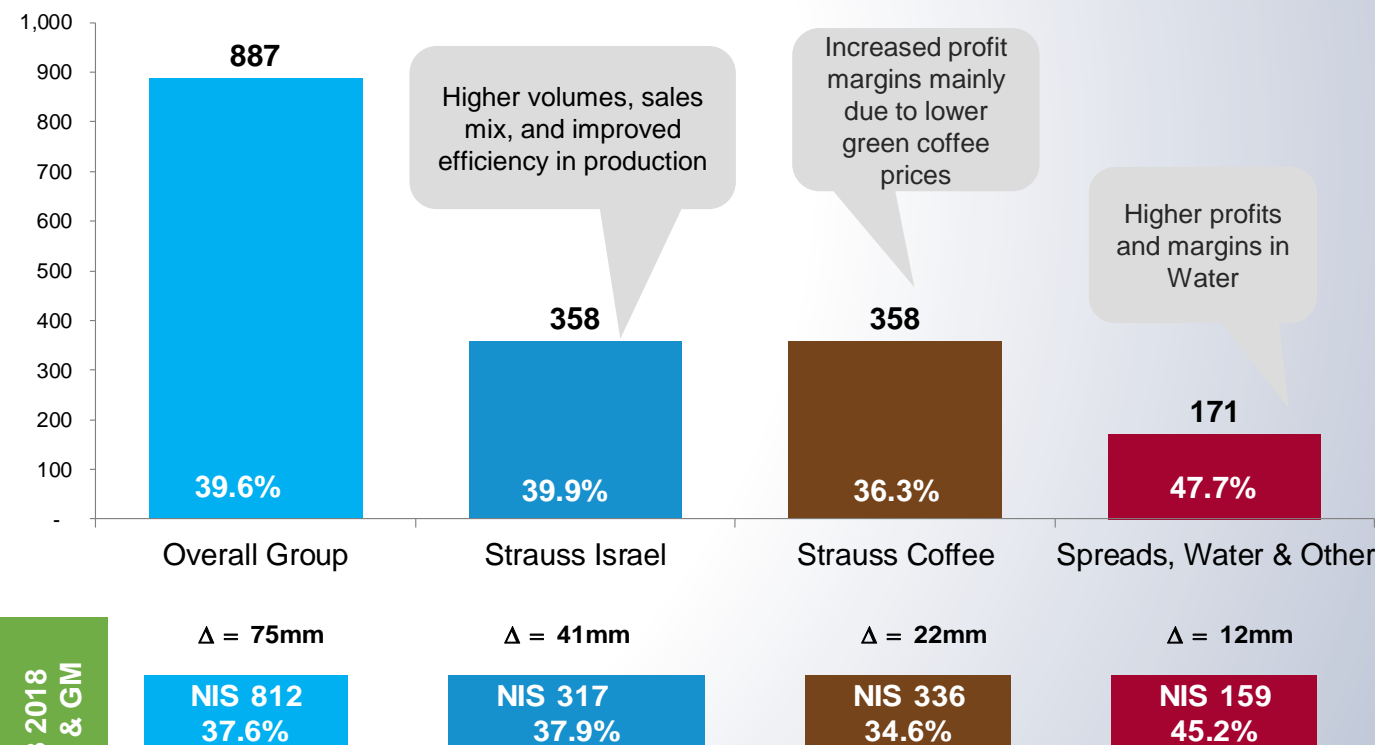


# Gross Profit

Q3 Consolidated Gross Profit and Gross Margins  
NIS mm; Non-GAAP



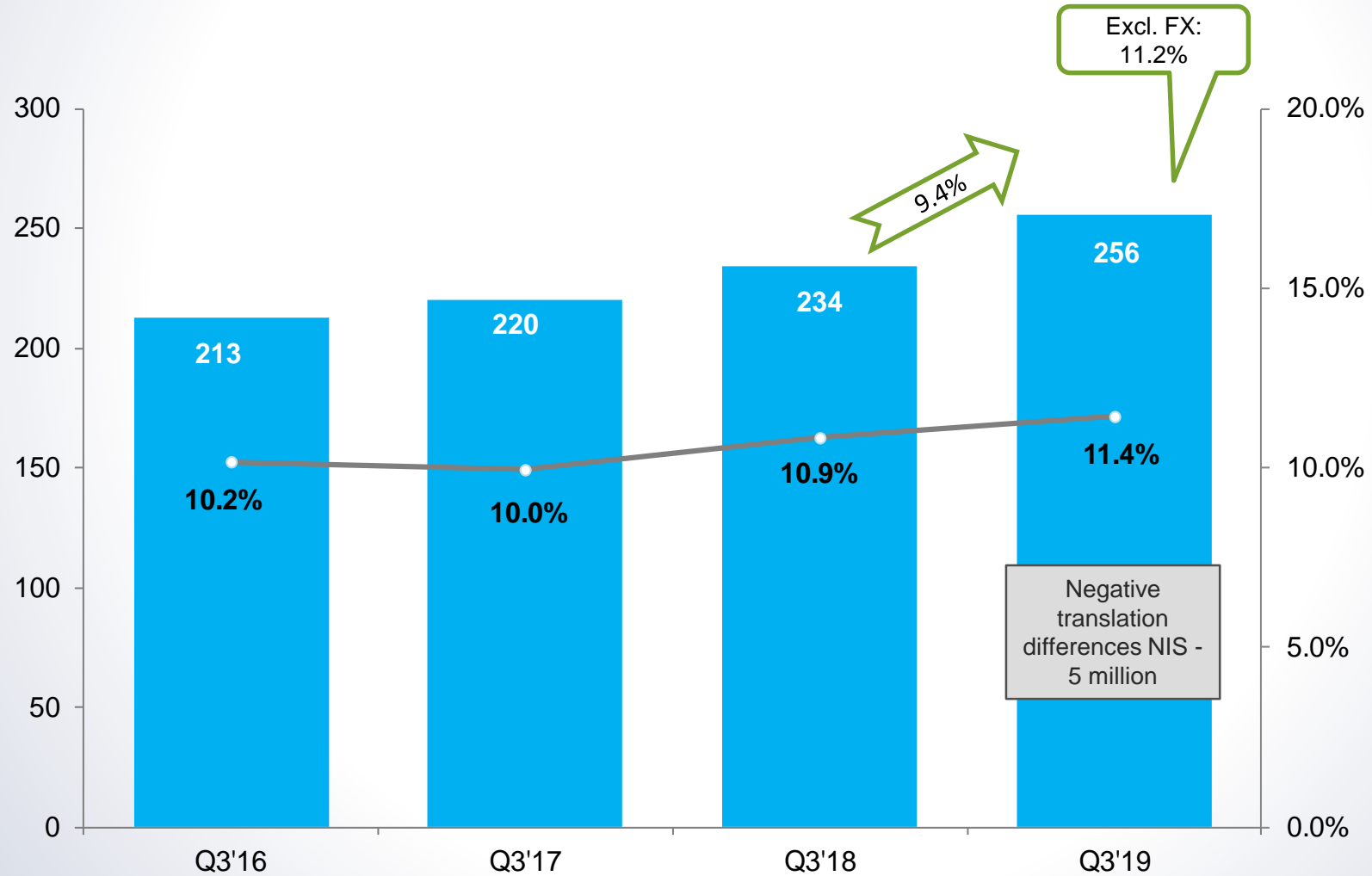
Q3 2019 Gross Profit and Gross Margins NIS mm;  
Non-GAAP; % Margin



(1) Note: Três Corações joint venture (Brazil): a company jointly held by the Group (50%) and by the São Miguel Group (50%) (3C)

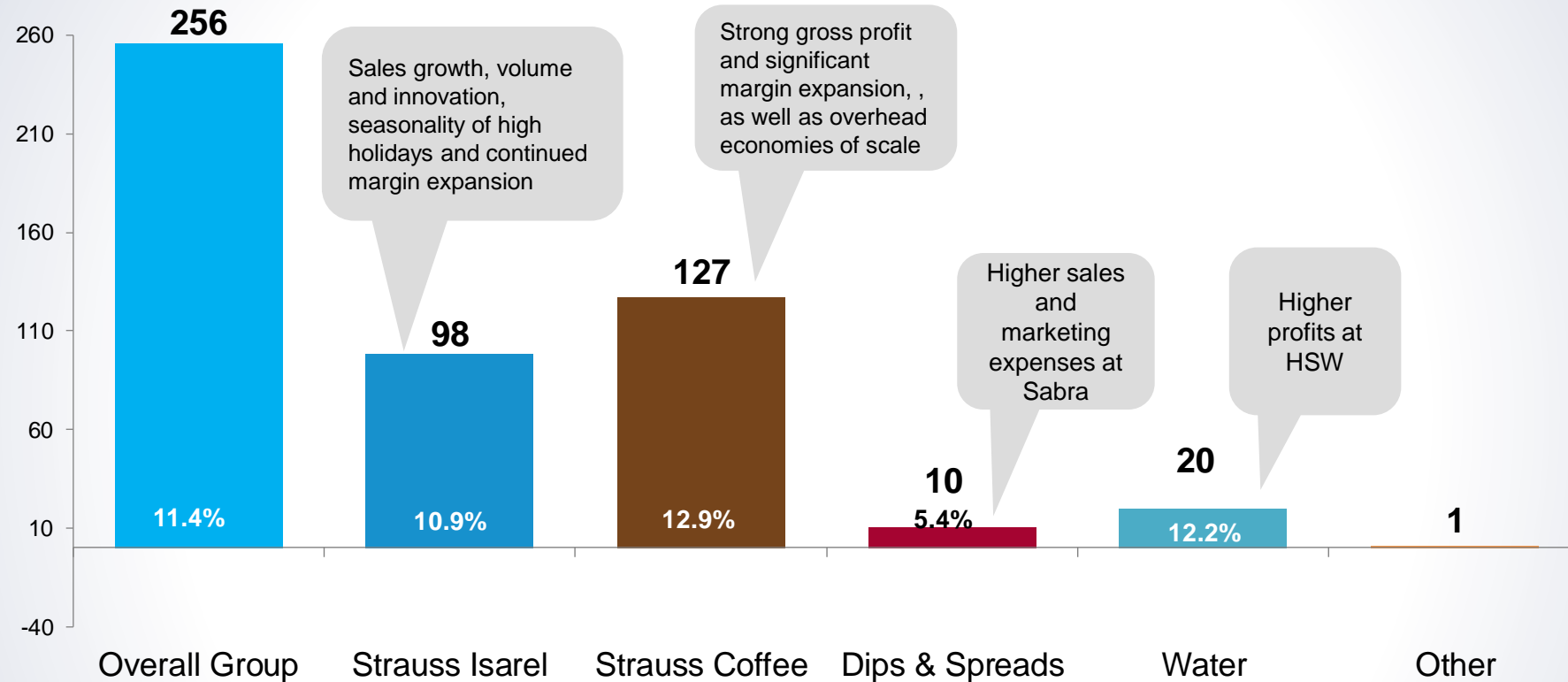
# EBIT

Q3 Consolidated EBIT and EBIT Margins  
NIS mm; Non-GAAP





# Q3 2019 EBIT and EBIT Margins | NIS mm; Non-GAAP; % Margin

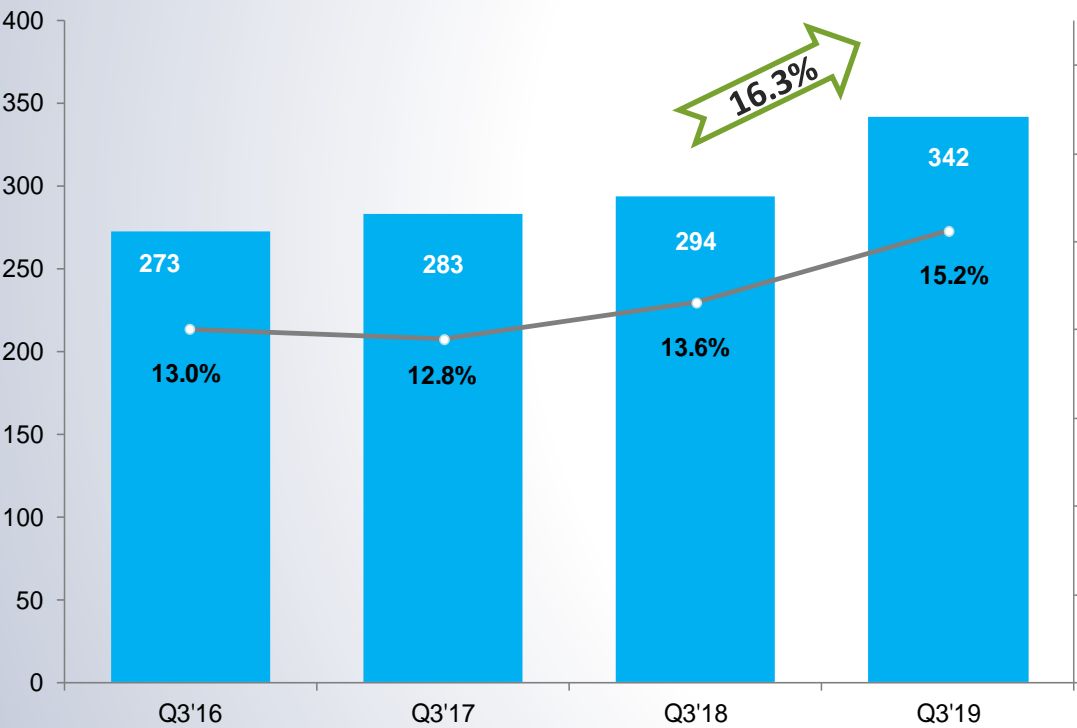


Q3'18 EBIT & EBIT %	$\Delta = 21\text{mm}$	$\Delta = 8\text{mm}$	$\Delta = 16\text{mm}$	$\Delta = -2\text{mm}$	$\Delta = 2\text{mm}$	$\Delta = -3\text{mm}$
	NIS 235	NIS 90	NIS 111	NIS 12	NIS 18	NIS 4
	10.9%	10.7%	11.4%	6.0%	11.5%	NA

- (1) Note: Três Corações joint venture (Brazil): a company jointly held by the Group (50%) and by the São Miguel Group (50%) (3C)  
 (2) Water EBIT includes net profits from HSW  
 (3) Excluding FX Strauss Coffee EBIT was unchanged on Q3 2018

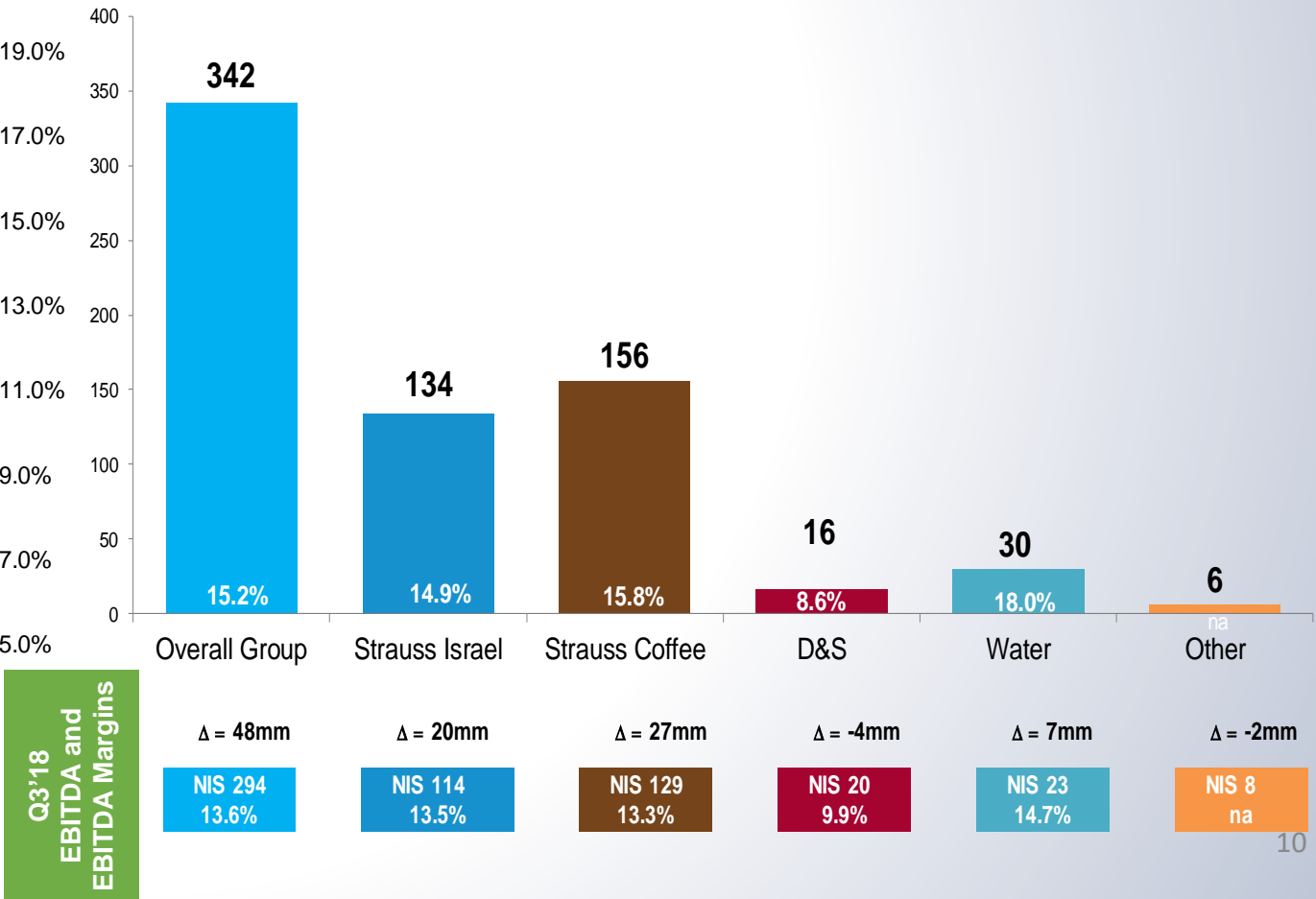
# EBITDA

Q3 2019 Consolidated EBITDA and EBITDA Margins  
NIS mm; Non-GAAP



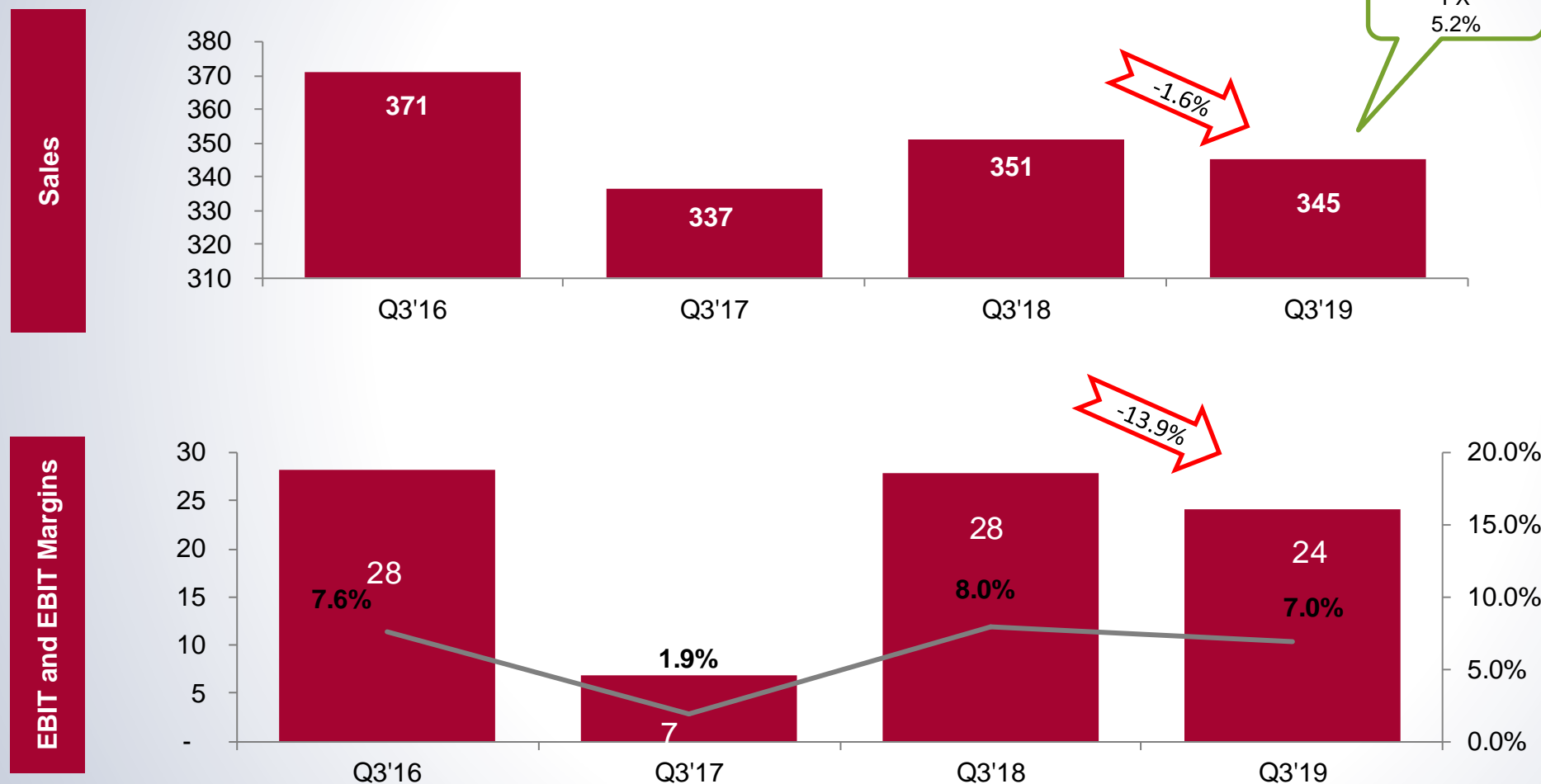
\* Note that Q3'19 includes additional NIS29 mm due to new IFRS16 rules; excluding this growth is 6.5%

Q3 2019 EBITDA and EBITDA Margins NIS mm; Non-GAAP; % Margin



# Sabra Q3 Snapshot

NIS mm; Non-GAAP; for 100% share



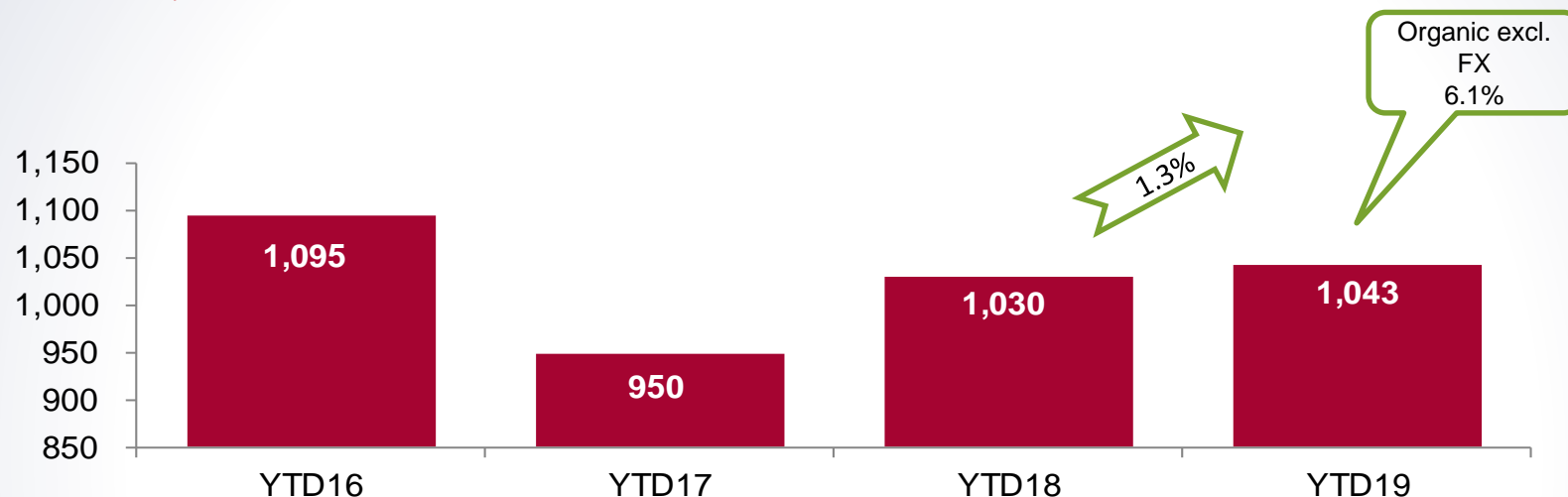
Note: Sabra Dipping Company ("Sabra") is a company jointly held by PepsiCo (50%) and Strauss Group (50%) .

# Sabra YTD Snapshot

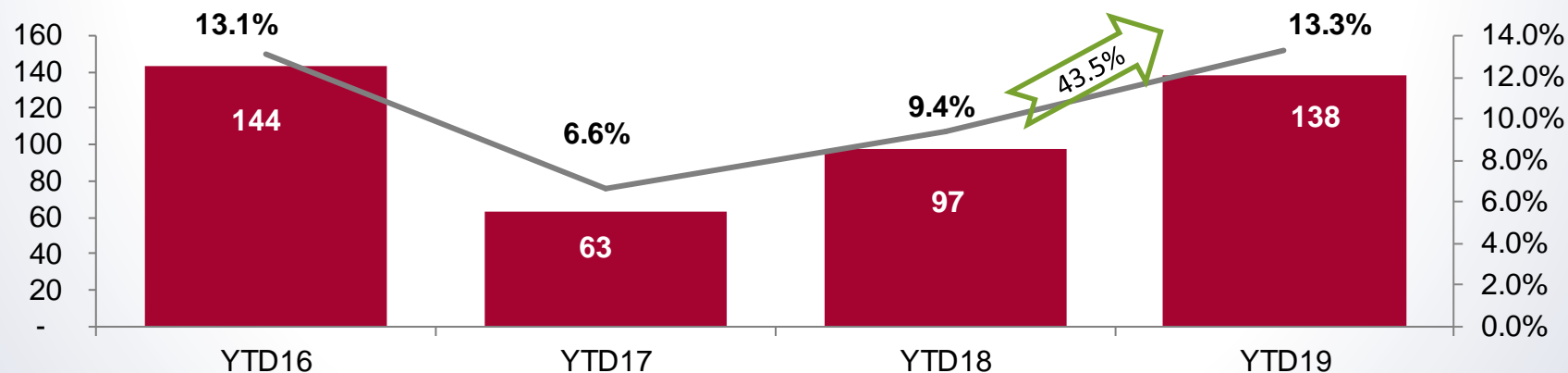
NIS mm; Non-GAAP; for 100% share



Sales



EBIT and EBIT Margins



Note: Sabra Dipping Company ("Sabra") is a company jointly held by PepsiCo (50%) and Strauss Group (50%) .



# Três Corações Alimentos S.A. (Três Corações J.V.)

Q3 Snapshot | BRL mm for 100% ownership and including inter-company sales



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

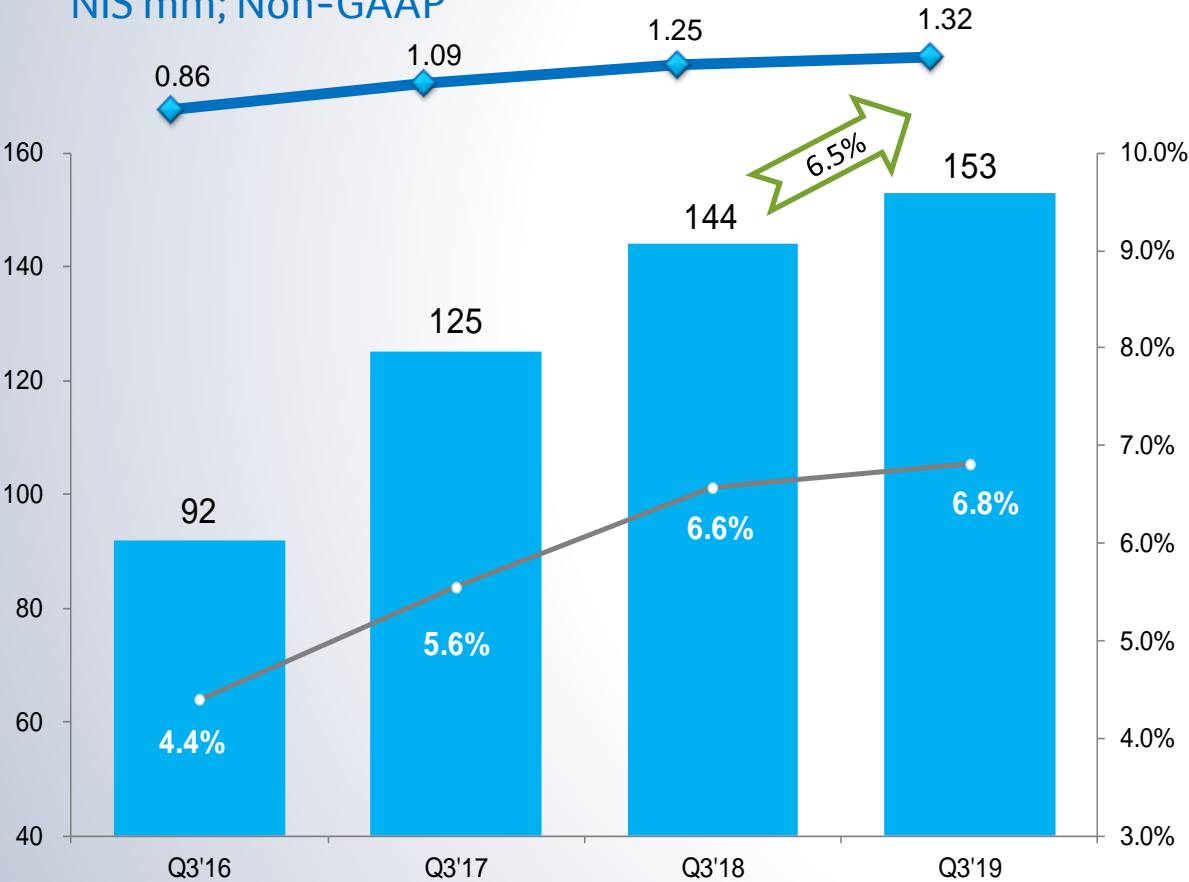
Source: Três Corações Alimentos S.A. Consolidated Interim Financial Statements as of September 30<sup>th</sup>, 2019.

(\*) EBIT before Other Expenses/ Income.

# Net Income

Q3 Net Profit (attributed to the Company's shareholders),  
Net Margins and EPS

NIS mm; Non-GAAP



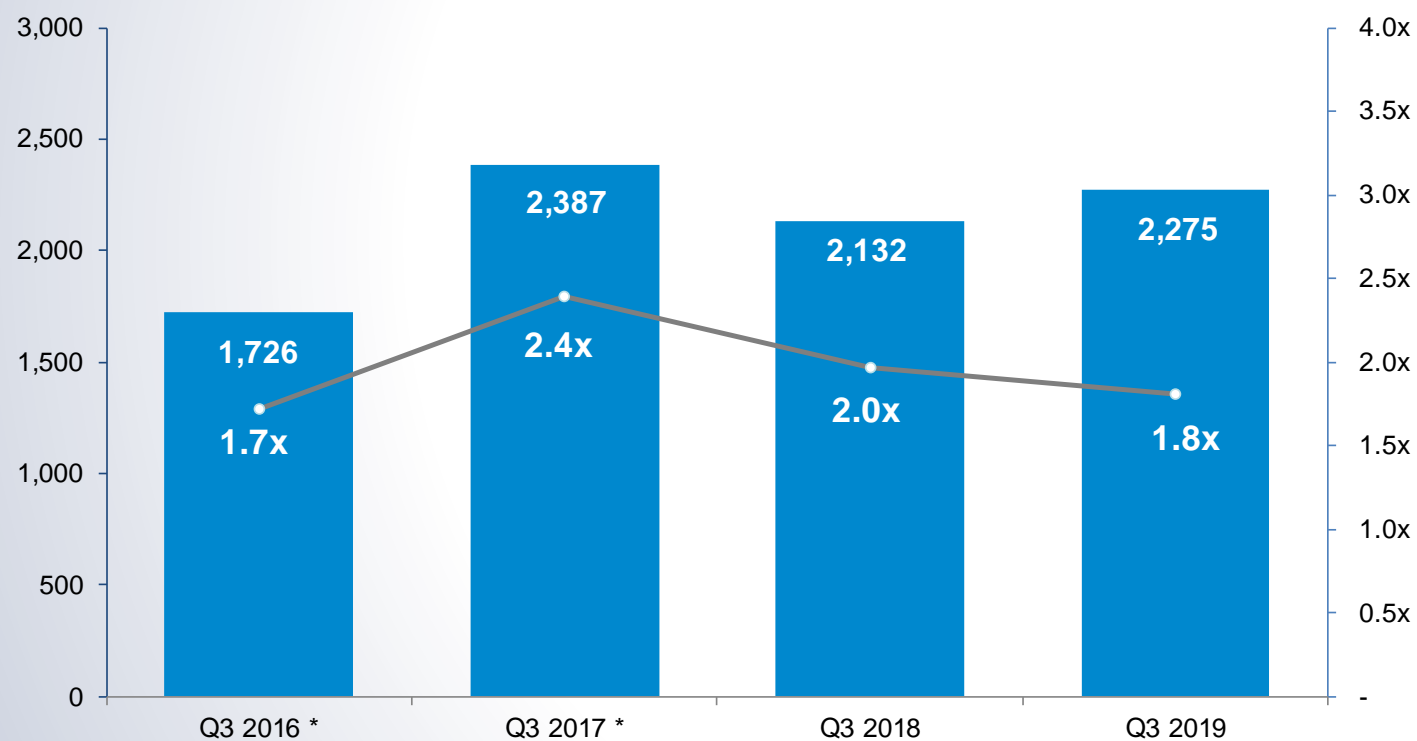
Q3 Net Profit (attributed to the Company's  
shareholders) Bridge NIS mm;

Non-GAAP; Q3'18 to Q3'19



# Net Debt and Net Debt /EBITDA (LTM)

Non-GAAP EBITDA, net debt includes partnerships; NIS mm



Note:

1. Net debt balance at end of quarter includes NIS 336 mm following implementation of IFRS 16
2. 1.8x in Q3 2019 reflects the adjusted LTM EBITDA following IFRS-16

\* Net Debt figures for Q3 2016 and 2017 were reclassified in Q4 2018; see note 2.6 in 2018 annual report





# שטראוס ישראל

## סיכום רבעון 3 | 2019

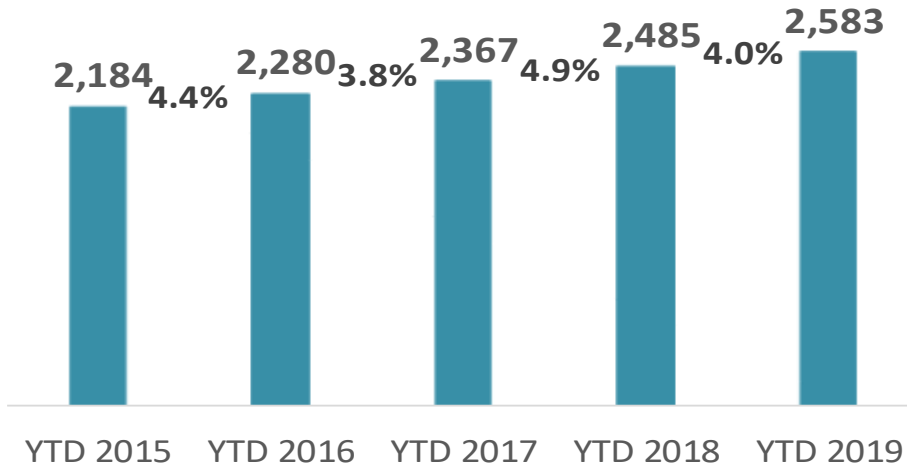
כנס אנליסטים



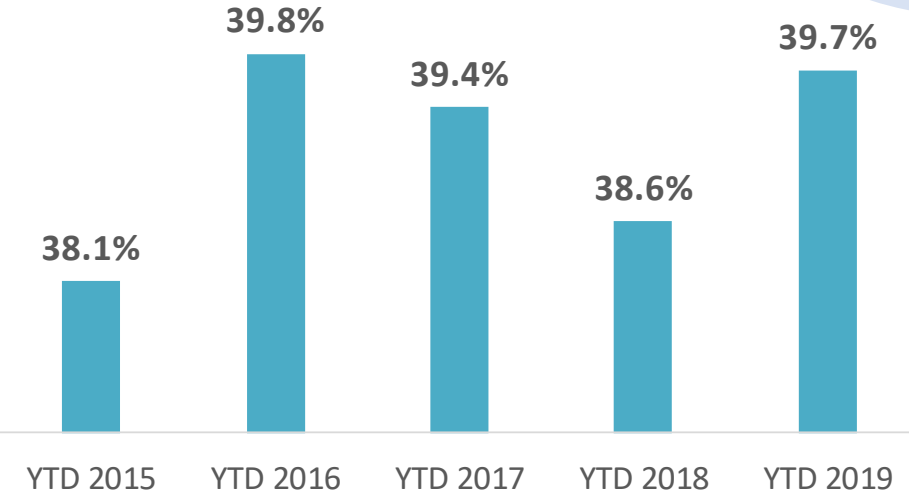


# 2014 - 2019 | 1-9.2019 Highlights - Snapshot

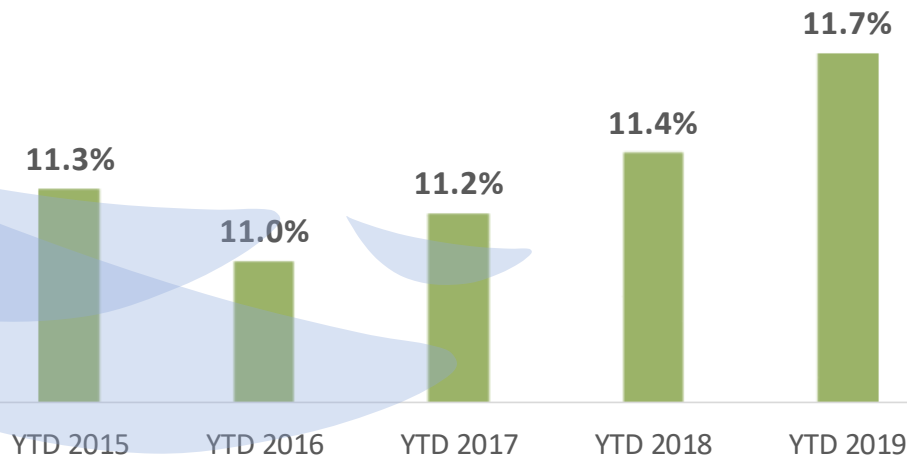
Net Sales



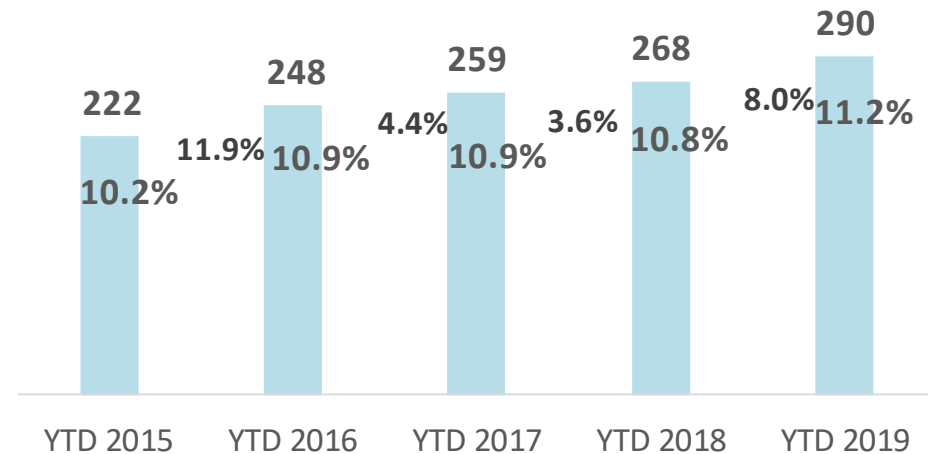
Gross Profit Margin



MS



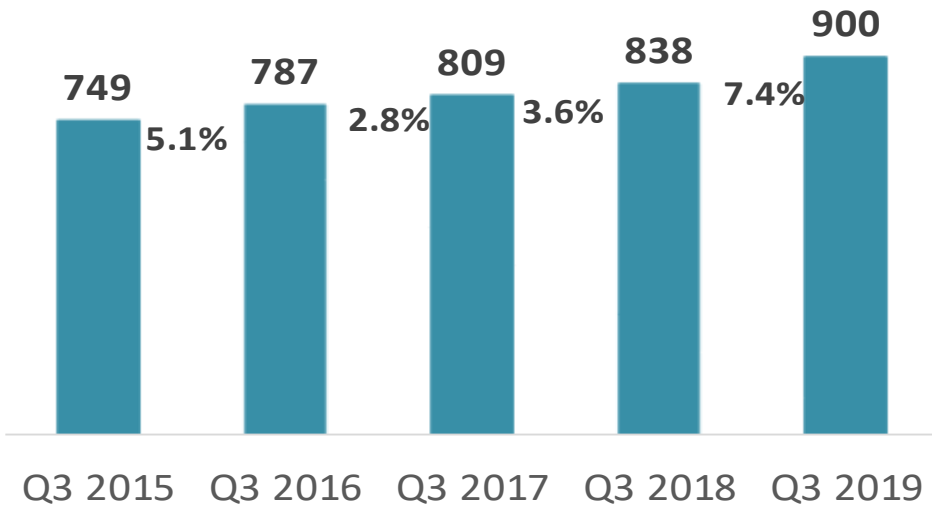
Operating Profit



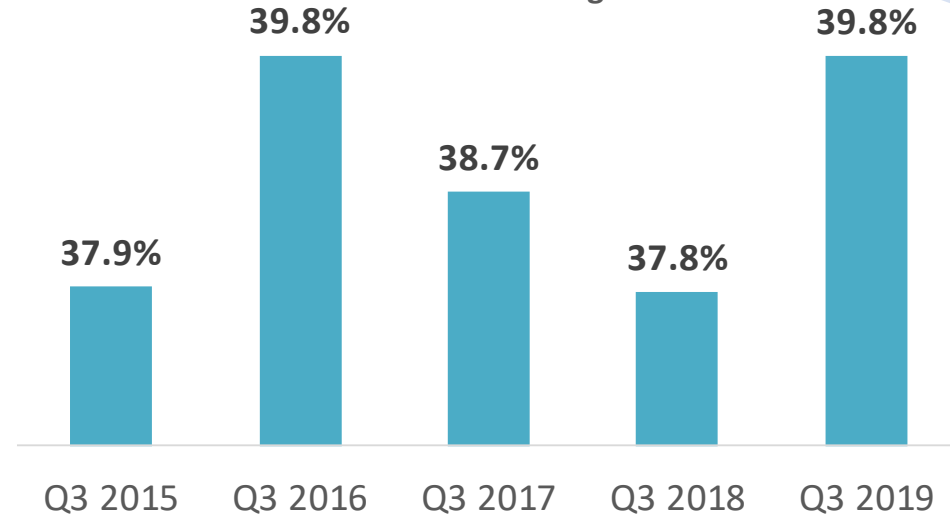


# 2014 – 2019 | Q3 Highlights – Snapshot

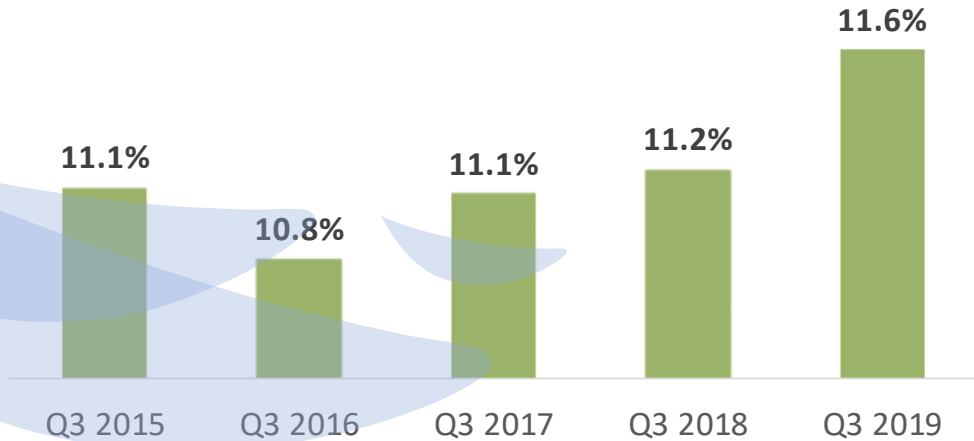
Net Sales



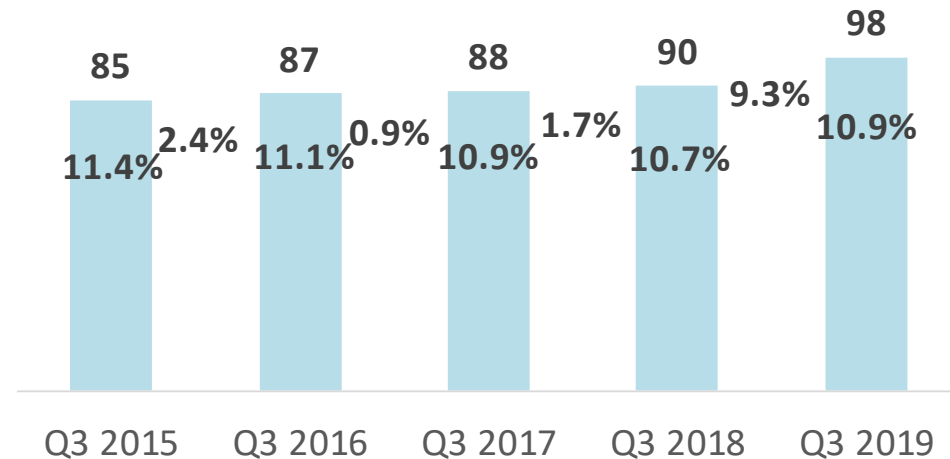
Gross Profit Margin



MS



Operating Profit





# תיאבון לאוכל טוב יותר

תיאבון זה טעם, חוויה ותשוקה לחדשנות ושיפור

היערכות לרפורמת סימון המוצרים



# עיקרי הרפורמה

## סימון כלל מוצרי המזון (הארוז מראש) בישראל החל מינואר 2020 על פי 2 עקרונות:

סימון מספר **כפיות סוכר** בטבלת הרכיבים שמופיעה על כל מוצר  
כולל סוכר שנמצא באופן טבעי בחומרי הגלם.

סימון **במדבקה אדומה** של מוצרים המכילים כמות שומן רווי,  
נתרן וסוכר, מעבר לסף שהוגדר על ידי משרד הבריאות





# שיפור וחדשנות כדרך חיים





# הפחתה

## סוכר



## נתרן



## שומן רווי





# מתאימים מוצרים לצרכים השונים של הצרכנים שלנו

## חלבון כערך מוסף



## אלטרנטיבות בעולם הסוכר



## מעל 500 מוצרים ללא גלוטן



## דל לקטוז



## טבעוני







100%

מקטגוריית הירקות  
לא תסומן במדבקות

91%

מקטגוריית החלב  
לא תסומן במדבקות

91%

מקטגוריית המלוחים  
לא תסומן במדבקות

85%

מקטגוריית מוצרי יטבתה  
לא תסומן במדבקות

7%

מקטגוריית המתוקים והמאפים  
לא תסומן במדבקות

100%

מקטגוריית הסלטים  
לא תסומן במדבקות





# מחקרי צרכנים מראים שכולנו רוצים לאכול גם משהו מפנק

הדרך שלנו להציע את זה בצורה מאוזנת

היא לייצר את אותם המוצרים

## גם באריזות אישיות





# תודה

