



CONVENIENCE TRANSLATION

The Hebrew version is the binding version

HSW* to invest 375m RMB in the construction of a manufacturing plant in China

*HSW is the Haier and Strauss Water joint venture in China

Giora Bardea, CEO of Strauss Group: “An investment like this at a time like this, strengthens the connection between Israel and China, and between Strauss and the Haier Group. This reflects our great confidence in our business activities and partnerships in China.”

Ronen Zohar, CEO of Strauss Water: “At a time when hygiene and food safety are more important than ever, we see it as both a business and a humanitarian mission to supply quality water systems to the Chinese public.”

Strauss Group is increasing its investments in China precisely at the present time. HSW’s Board of Directors recently confirmed an investment of 375m RMB in the construction of a manufacturing and assembly plant for the company’s products in China. The plant will be built in the city of Qingdao in eastern China on the Yellow Sea coast and is the first to be owned by the company in China.

The cost of building the plant is estimated at 375m RMB (approximately 190m NIS). The two-story facility will cover an area of 120 thousand square meters. Construction is scheduled to begin at the end of Q1 2020 and to be completed within a year. The investment was approved in alignment with the company strategy, which has set the goal of becoming a leader in the supply of POU (point-of-use) water solutions to the Chinese public. The new plant will place HSW on a par with the leading competitors in the market. Through Strauss Water, Strauss Group has invested over 48m NIS in the Chinese JV in support of the realization of its strategy.

Giora Bardea, CEO of Strauss Group: “As part of Strauss Group’s global expansion we are continuing to invest in our business operations in China, strengthening our extensive collaboration with Haier Group. Investing in China precisely at this time also strengthens the connection between Israel and China, and reflects our great confidence in our business activities in China and in our relationship with Haier.”

Ronen Zohar, CEO of Strauss Water: “At a time when hygiene and food safety are more important than ever, we see it as both a business and humanitarian mission to supply quality water systems to the Chinese public. This is especially true in regions where the corona virus has broken out. This



investment in-house production, together with the development of innovation and engineering capabilities, will give the company greater flexibility in the development and production of innovative and unique products, faster market penetration and enable launch of high-quality products. This will significantly leverage our high-level competitive capabilities in a growing and evolving market.”

HSW was established in 2010 as a partnership between Strauss Water and Haier Group, with the aim of penetrating the purified water market in China. Today, the company has the third largest market share in China and has recorded 35% average growth in the years 2014 to 2019.

The company is active in POU (point-of-use) systems, and primarily sells water treatment products that utilize state-of-the-art reverse osmosis and nanofiltration technologies.

The company sales channels are dedicated stores for the company products, Haier electrical appliance stores, and electrical and electronic appliance chains, as well as dedicated online stores and popular e-commerce platforms.

In 2019 the company worked extensively on the creation of new growth engines, while maintaining high sales and profitability, despite the economic crisis in China.

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