



# Strauss Group Financial Results

Q2 and H1 2020 Earnings Presentation

August 17<sup>th</sup>, 2020





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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.

# Coronavirus Update

## General

- Group Management is vigilantly managing the event and continues to assess and manage the risks on an ongoing basis in all countries of operations, since due to its nature this is an unfolding event that is evolving and changing constantly, sometimes on a daily basis.
- At the date of this report and throughout the quarter in general, the Group's manufacturing facilities have continued to operate normally. The Group is cooperating closely with its suppliers and customers to ensure that the supply chain is able to meet the continuing high demand that was also observed in the second quarter, and is taking steps to increase production capacity and maximize the availability of products and services.
- During the quarter the Group continued to take action to preserve financial stability and flexibility and ensure adequate liquidity in all geographies. The Company has also continued to invest in developing its brands and to strengthen its partnerships, while exploring various business opportunities and making advance preparations for the challenges that lie ahead as the year progresses.

# Coronavirus Update - continued

## Impacts of COVID-19 crisis on the Group's business

- Consumer behavior – Trends include increased in-home consumption of food and beverages and a decline in away-from-home (AFH) consumption due to social distancing and lockdowns imposed on consumers in some countries of operations; continued growth in online shopping; a drop in purchases of impulse products, leading brands grew stronger than private labels
- Geographies – Above average sales growth in Israel continued, among other things due to increased in-home food consumption following the lockdowns imposed on consumers and the closure of AFH entertainment and dining venues (albeit growth has slowed compared to the first quarter during the outbreak and lockdown phase). In the US and Eastern Europe sales have tapered off, whereas in Brazil, China and sales at the water company sales were stable.
- Product categories – Growth in demand for the Group's products was evident, such as dairy products, salads and dips and spreads, chocolate tablets and honey. By contrast, sales of confectionery, single serve snacks and small packs that mainly serve for AFH consumption (particularly in Israel and the US) remained weak.
- Sales channels – Group's sales to the retail chains increased, offset by a drop in sales in the institutional and AFH market, such as hotels, offices, cafés (including the Elite Café chain), restaurants and open-air markets, and impulse (on-the-go (OTG)) sales.

# Coronavirus Update - continued

## Impacts on the Group's business units

- Strauss Israel – Increased demand for dairy products, salads and confectionery, offset by lower demand for single serve snacks; consumer preference for larger pack sizes. Online grocery shopping continues to support increased sales to retailers offset by a drop in sales to the institutional and AFH channel. Demand for the Group's products remains high, but has slowed in relation to initial pandemic outbreak and lockdown phase. Most of the manufacturing sites and the accompanying supply chain facilities remained open. Supply chain and manufacturing costs continued to rise due to the costs of personal hygiene, separation of shifts, support of production-line and front-line employees, and contribution to the community.
- Strauss Coffee – Impact on the coffee business was mixed. Modern trade sales (sales to the large retail chains) rose moderately as consumers had stocked up on basic coffee brands, coffee beans and capsules for home consumption in preparation for the lockdowns in most countries of operations. Growth was also observed in online sales. These were offset by sales to the traditional trade channel, which includes stores, groceries and open-air markets, which suffered due to restrictions on opening hours and a drop in customer traffic. Sales to the institutional and AFH channel dropped significantly as a result of the discontinuation of the activities of hotels, cafés, restaurants, offices and the points of sale of the Elite Café chain in Israel (which accounted for c10% of coffee sales in 2019). The coffee business was impacted by rising green coffee prices and the strengthening of the USD. The coffee company's supply and distribution chain was operational throughout the quarter, with temporary local shutdown of coffee plants that were mitigated through a backup plan to supply coffee from sites in other countries.

# Coronavirus Update - continued

## Impacts on the Group's business units

- Strauss Water – Israel - a gradual return to pre-COVID activity levels was observed, IT costs continued to increase as employees shifted to working from home, and there were additional one-time costs related to hygiene and personal protective equipment.
- Strauss Water - China - continued to emerge from the lockdown, and in parallel, sales continued to recover. During the quarter, online sales in China grew.
- The International Dips & Spreads business – During the quarter the Company's sales decreased, mainly as a result of the drop in sales to convenience stores, grocery stores and AFH sales. Supply chain challenges posed local difficulties in fully meeting demand. In addition, wage costs continued to rise due to incentives and support for production, operations and sales employees, besides the additional costs of personal protective equipment and high supply chain costs due to building high inventory levels in light of the uncertainty at the start of the crisis. Obela experienced steady demand for its dip products, and high supply chain costs due to the impacts of the lockdown in Australia.





# Giora Bardea

Group CEO





# **7 months** after the COVID-19 **pandemic**

it is clear that this crisis is  
**Here To Stay....**

let's stop waiting for  
"the day after"  
& adjust ourselves to the  
**New Reality**

**DON'T  
FORGET  
THE  
MASK**





# Strauss remains resilient



**Cost control and a disciplined use of cash will enable us to continue our journey**

# Financial Highlights

## Q2 2020

Q2'20 Sales: NIS 1938mm; growth: -6.5%

Q2'20 Organic growth excluding FX: 1.5%

Q2'20 gross margins: 38.4% (down 120 bps vs. Q2'19)

EBIT and EBIT margins: NIS 223mm (down 1.6%); 11.5% (up 50 bps vs. Q2'19)

Net income and net margins: NIS 135mm (up 10.1%); 6.9% (down 100 bps vs. Q2'19)

EPS: 1.16 (up 9.7% VS. Q2'19)

## YTD 2020

YTD 2020 Sales: NIS 4106mm; growth: -1.7%

YTD 2020 Organic growth excluding FX: 4.9%

YTD 2020 Gross margins: 39.5% (down -40 bps vs. YTD 2019)

EBIT and EBIT margins: NIS 491mm (down 1%); 12% (up 10 bps vs. YTD 2019)

Net income and net margins: NIS 306mm (up 4%); 7.4% (up 40 bps vs. YTD 2019)

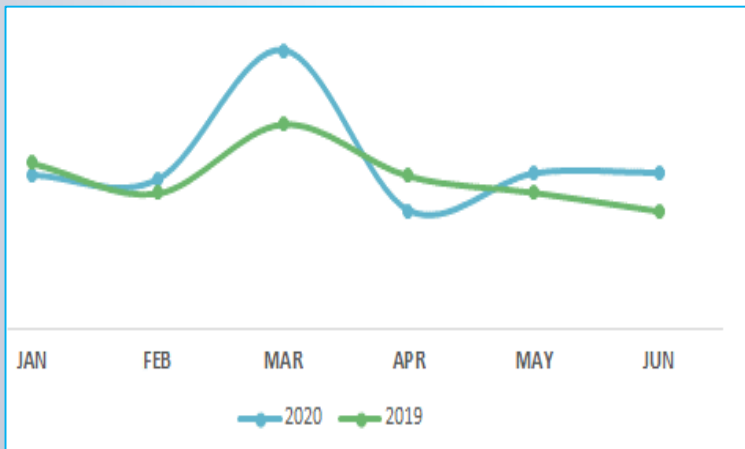
EPS: 2.64 (up 3.6% VS. YTD 2019)



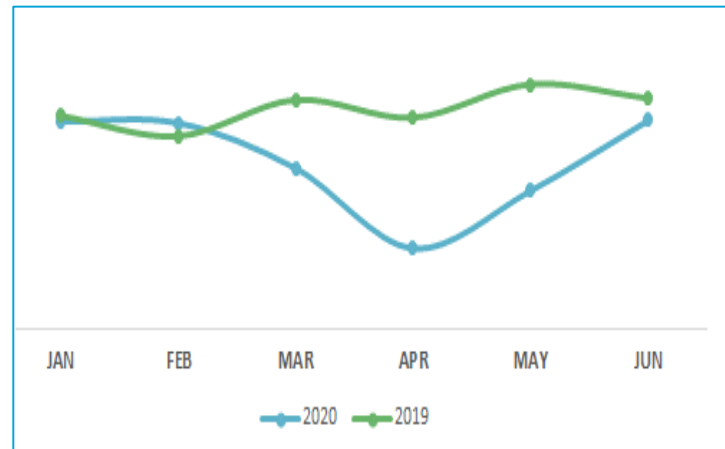
# May and June Improve after April Trough

- Following gradual lockdown reliefs, revenues return to normal levels after a challenging April
- This gradual improvement continues in July

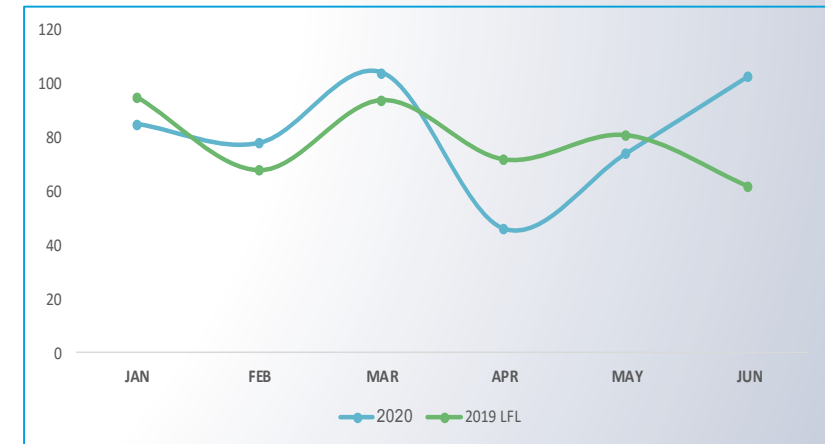
## Retail Sales



## Away From Home Sales



## Monthly EBIT trend



# Currency headwinds intensify during Q2

- Currency devaluations in various geographies negatively impact results:

	H1	Q2
Revenues	-266	-164
% of revenues	-6.5%	-8.5%
Gross Profit	-82	-51
% of GP	-5.1%	-7.0%
EBIT	-25	-17
% of EBIT	-5.0%	-7.6%



- Material cost tailwind on the back of strong NIS offset impact on P&L



# Our Employees and Our Communities First

- We continue to care first and foremost for our employees health and safety
- And continue to support our communities worldwide



# Looking forward – Investment & Innovation continue in H2



Product and  
category innovation  
in our core  
businesses



Building new plants  
& production  
facilities across  
regions



Assimilate and grow  
our new acquisitions  
in Brazil



Develop the Alpro  
offering in Israel



Allocate Capex for  
continued growth  
and productivity





# Ariel Chetrit

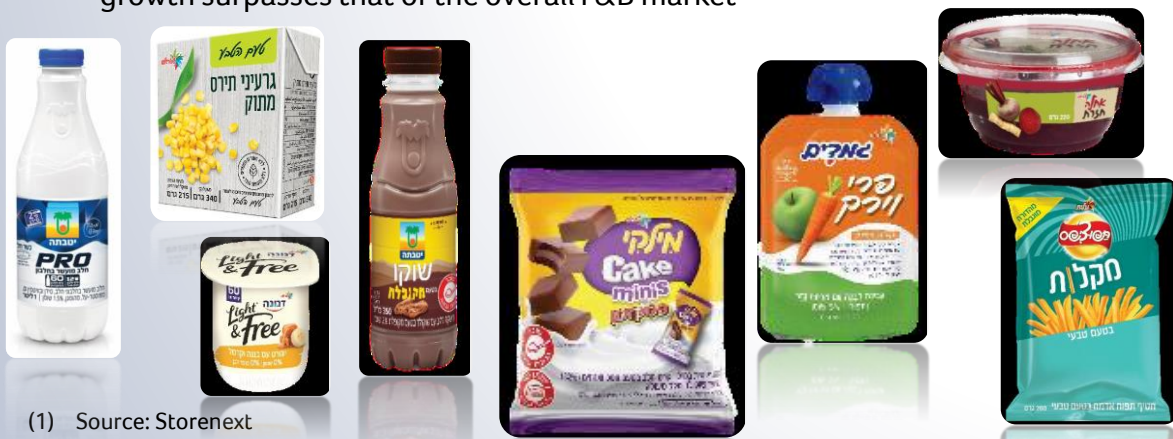
Group CFO



# Quarter and Full Year Highlights

## Strauss Israel

- Strauss Israel grew a stellar top line of 5.9% during Q2 2020, and an even stronger 9.1% in H1 due to ongoing COVID 19 Headwind as consumers were largely under lockdown and are adjusting to the “new normal” of living with Coronavirus
- Sales were strong particularly in the H&W segment which was up 10.2% led by the dairy category and sales of home cooking products; but F&I was down 4.1% due to exposure to AFH and convenience stores as well as social distancing affects on consumer behavior
- Production was adjusted due to SKU rationalization
- Gross margins expanded by 100 bps due mainly to impact of strong NIS on material costs
- EBIT was up 21.7% on higher sales, efficiencies and cost savings related to COVID-19 and margins were up 150 bps to 11.5%
- Market share ticked up to 12.0% from 11.8% in the corresponding quarter as growth surpasses that of the overall F&B market



(1) Source: Storennext

## Strauss Coffee

- Strauss Coffee revenues declined by 0.8% in local currency during the quarter and by c18% in NIS due to significant currency headwinds, led by the sharp decline of the BRL vs. the NIS, as well as a weakness in AFH and foodservices channels on the back of COVID-19
- Higher quantities sold were eroded by slightly lower selling prices in some geographies and channel shift; profit margins were eroded by higher green coffee prices and higher costs associated with COVID-19
- Sales in 3C <sup>(1)</sup> were up 9.5% in local currency during the quarter on the back of higher volume that was offset by the AFH channel
- Sales in Poland were up sharply c17% whilst CIS posted a modest rise of 2.7%; lower sales were recorded in Romania and Serbia
- Coffee margins eroded due to the rise in Green Coffee prices
- 3C <sup>(1)</sup> market share in Brazil R&G value was 28.0% <sup>(2)</sup> for 2020, compared to 28.3% in H1 2019;
- The regulator in Brazil approved the Mitzui acquisition



(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





# Quarter and Full Year Highlights

## International Dips & Spreads

- The Int'l D&S business posted a 9% decline in local currency as a result of lower sales at the AFH channels and convenience stores as well as challenges in the supply chain which caused difficulties in supplying demand for products
- An increase in costs associated with COVID-19 had a negative impact on profit margins
- Sabra sales declined 9% in local currency whilst sales at Obela sales were up 5.1% in local currency but costs were higher mainly due to lockdown in Australia; despite this Obela operating loss continued to shrink during the quarter
- Sabra EBIT declined sharply due to lower sales, higher costs and mix.
- Hummus market share in North America increased to 62.6% in H1, up from 61.5%



## Strauss Water

- Strauss water sales improve towards the end of the quarter as Israel came out of lockdown, however, sales during the quarter were flat mainly due to lockdown
- EBIT during the quarter was aided by a Chinese government grant of NIS c11 million for operations in a preferred region of the country
- Israel EBIT was up slightly due to mitigation plans which offset higher costs associated with COVID-19
- Sales at HSW were up 4.9% in local currency as China lifted lockdown during the quarter.
- Sales of HSW <sup>(1)</sup> (100%), water JV in China, were up 4.9% in local currency (-1.3% in NIS) in Q2 2020 to NIS 139 m from NIS 141 <sup>(2)</sup> m in Q2 2019
- H1 sales declined by 11.3% in local currency to NIS 245 m from NIS 295 <sup>(2)</sup> m in YTD 2019 (-16.9% in NIS)
- Net profits for Q2 2020 at HSW were NIS 38m up 150% in local currency (135% in NIS) from 16m NIS last year and up by 73% in H1 in local currency (61.5% in NIS) to NIS 51 m from 32 m, due the government grant



(1) Note: HSW revenues are not included in Strauss water results; net income is added to Strauss water EBIT in Non GAAP management reports

(2) Restated



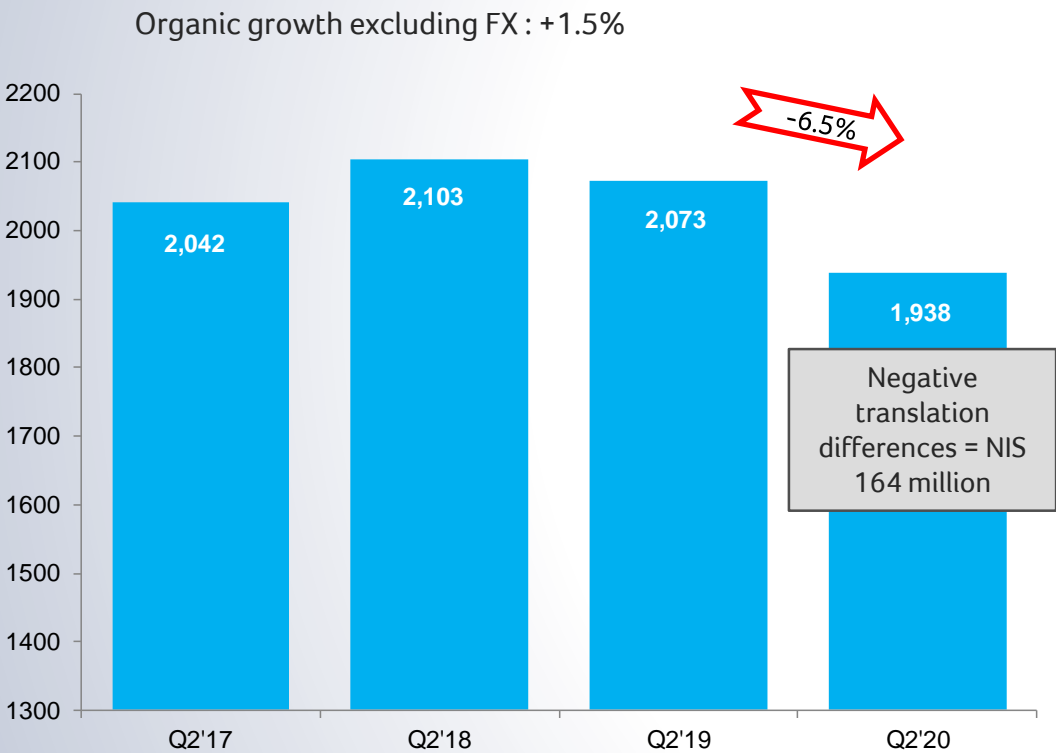


# Q2 2020



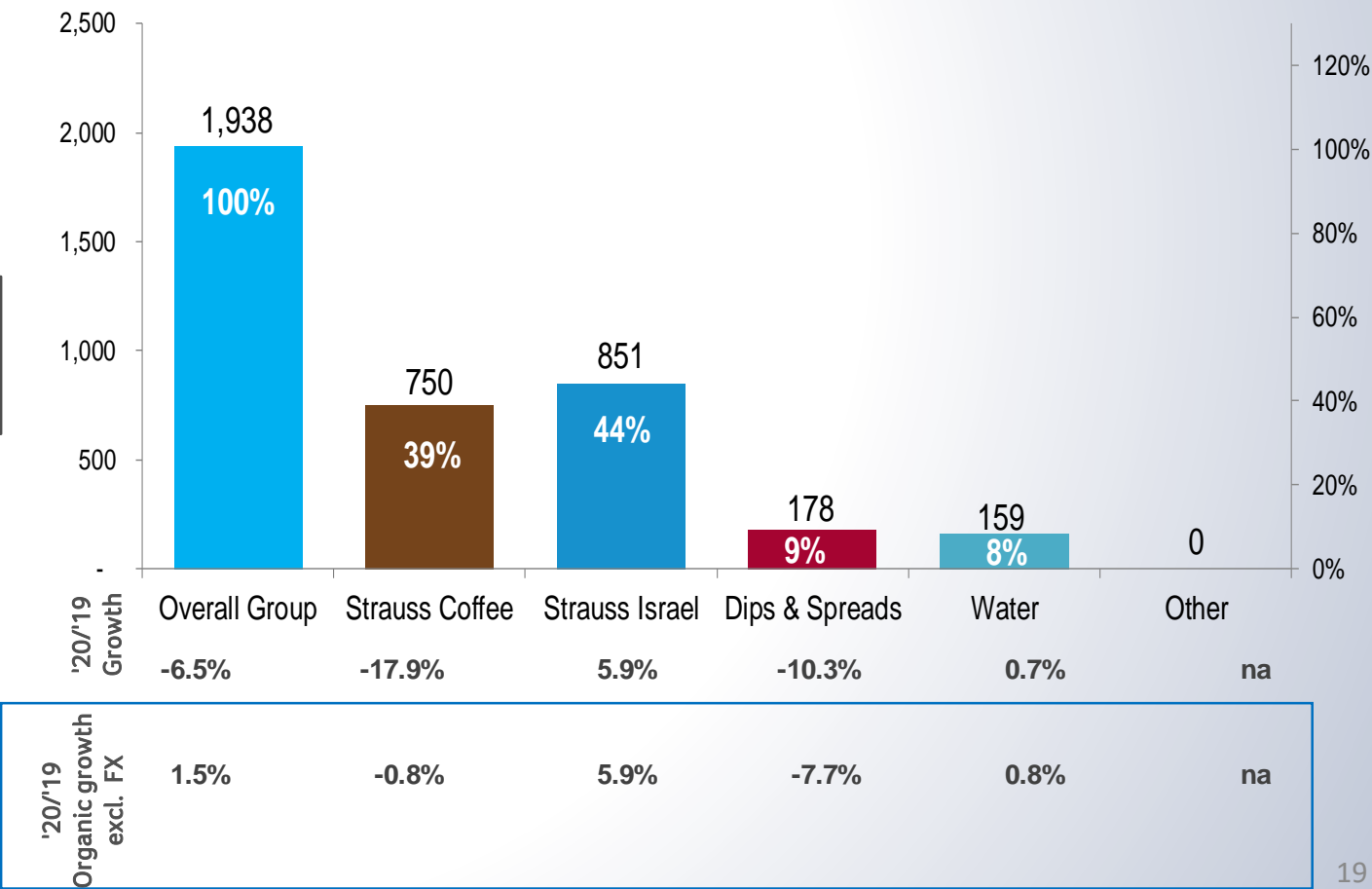
# Sales

Q2 2020 Consolidated Sales NIS mm Non-GAAP



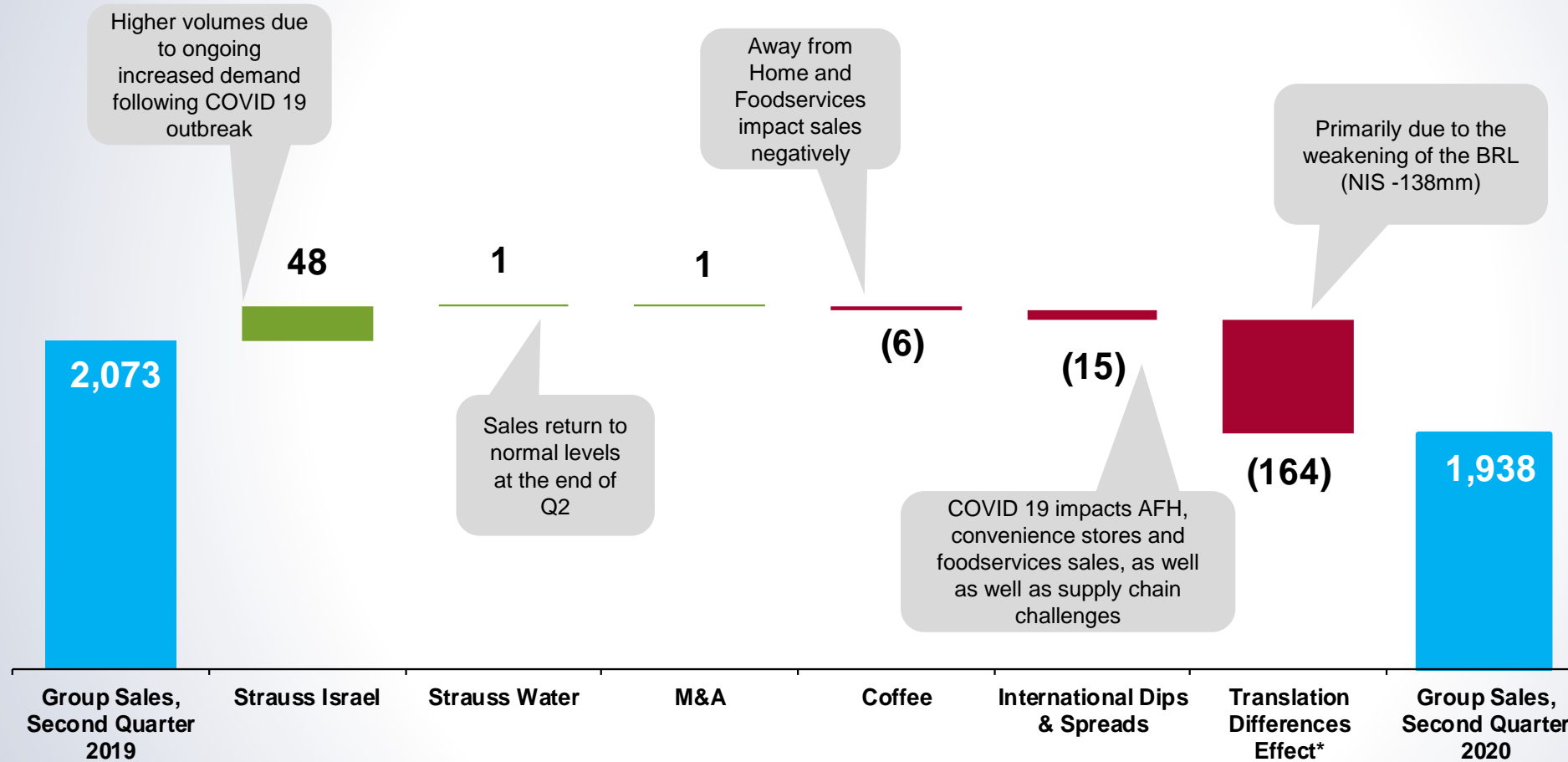
Q2 2020 Sales by Segment

NIS mm; Non-GAAP; % sales contribution



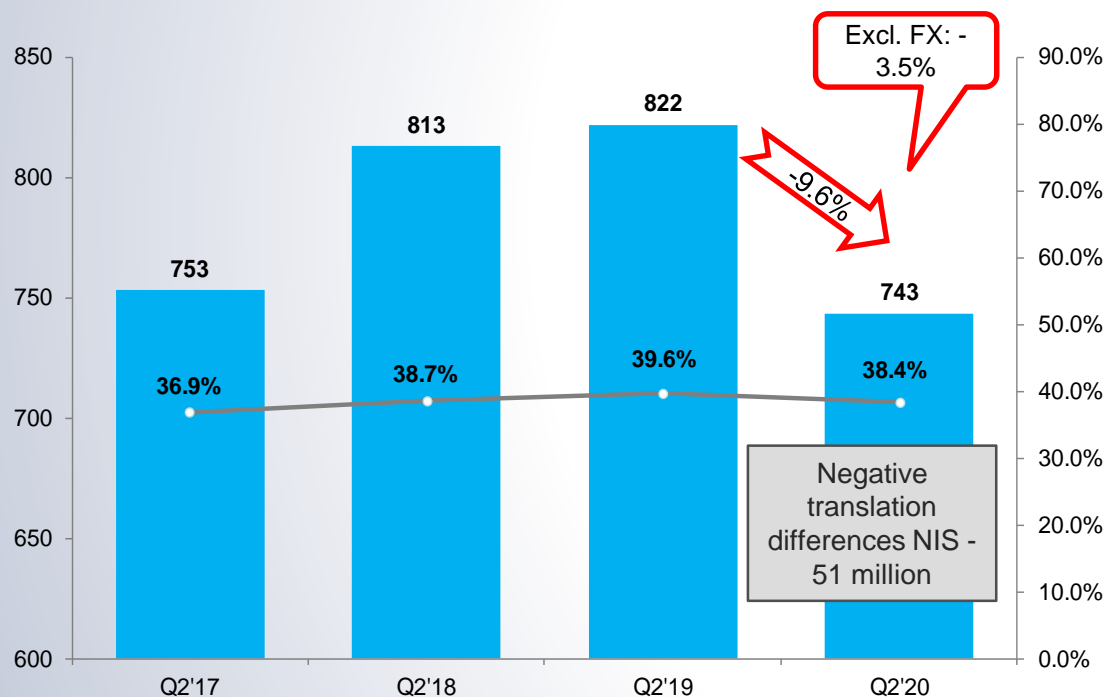
# Q2 Sales Bridge

NIS mm; Non-GAAP; Q2'19 to Q2' 20

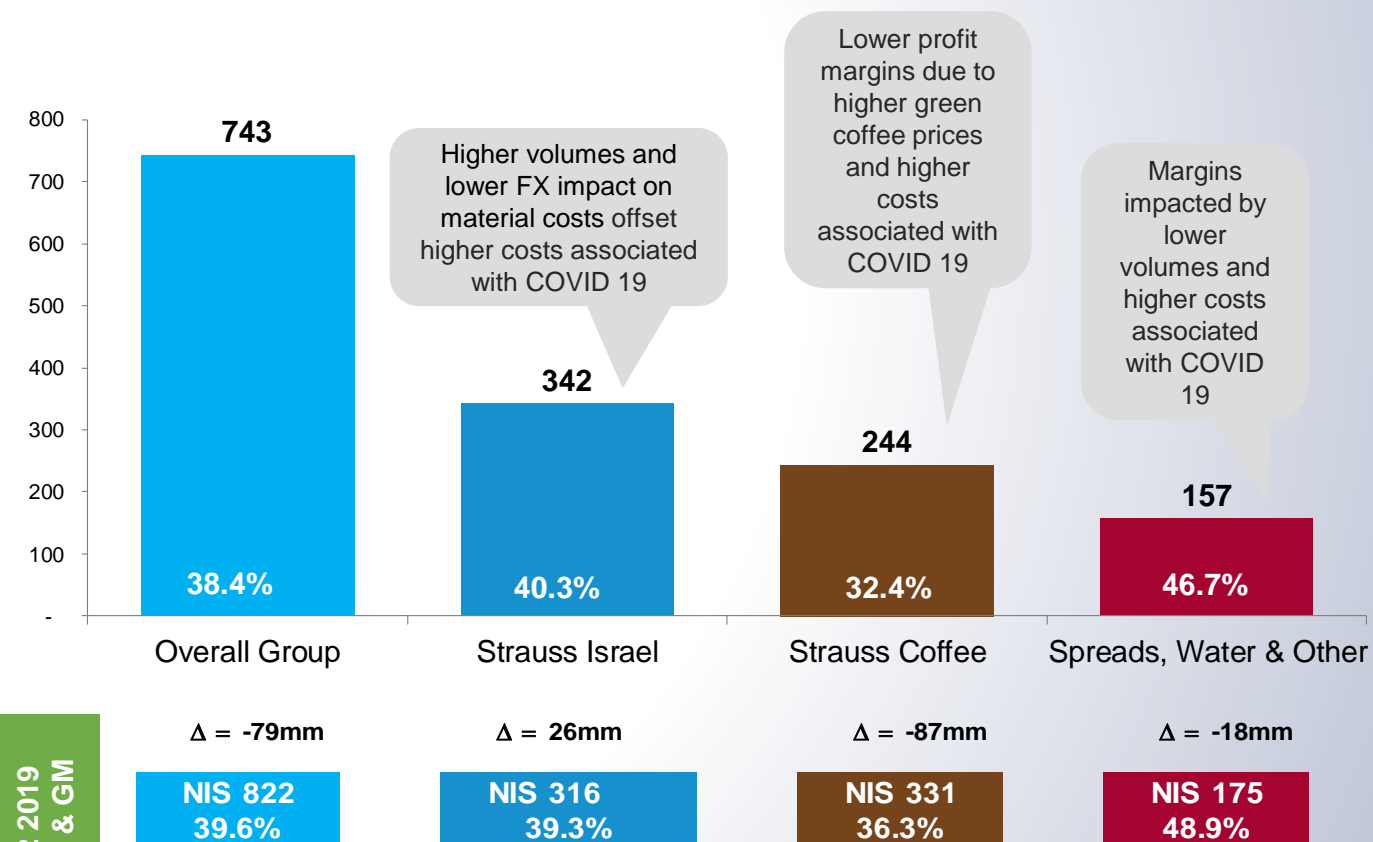


# Gross Profit

Q2 Consolidated Gross Profit and Gross Margins  
NIS mm; Non-GAAP



Q2 2020 Gross Profit and Gross Margins NIS mm;  
Non-GAAP; % Margin

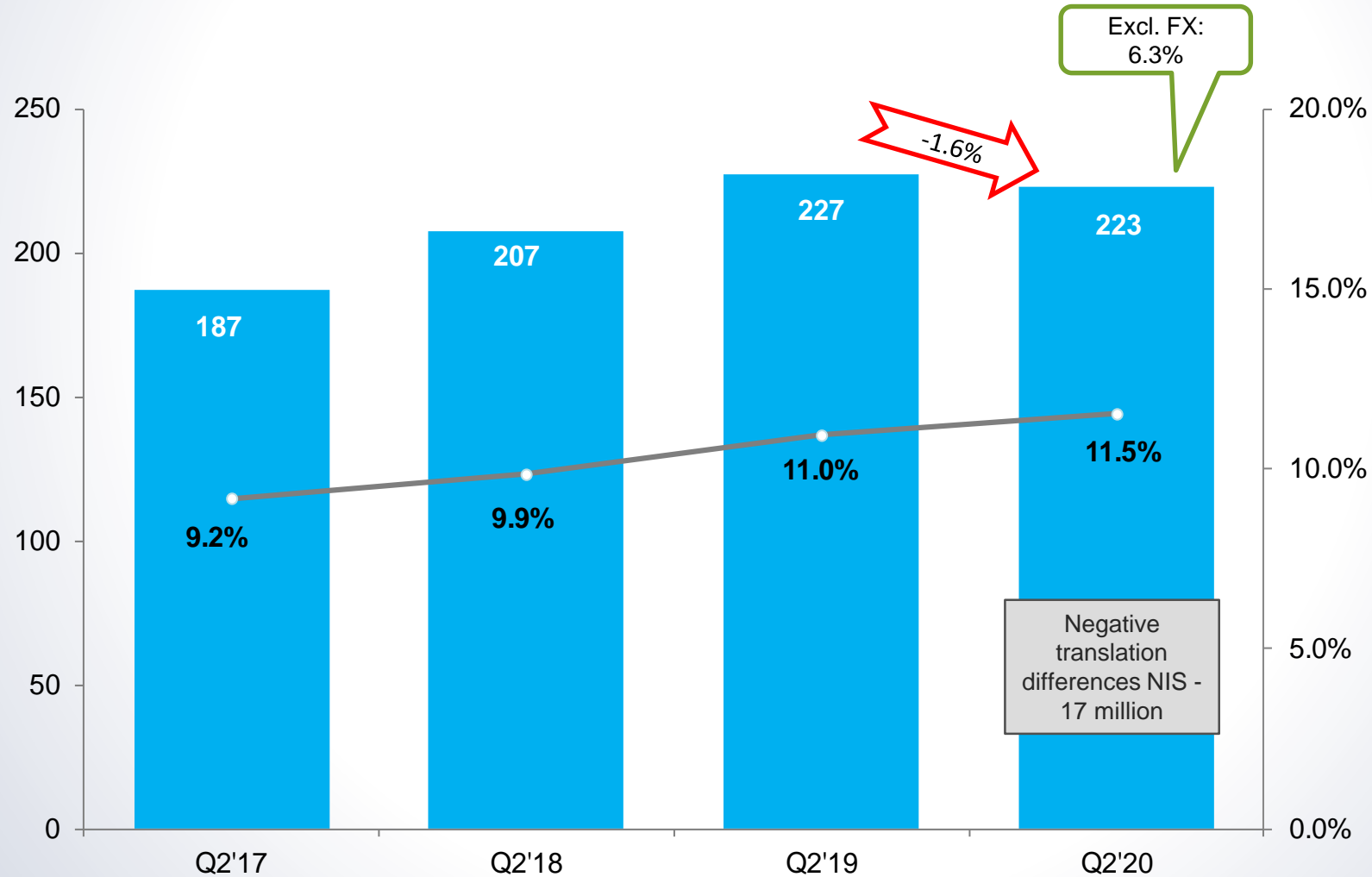


(1) Note: Três Corações joint venture (Brazil): a company jointly held by the Group (50%) and by the São Miguel Group (50%) (3C)

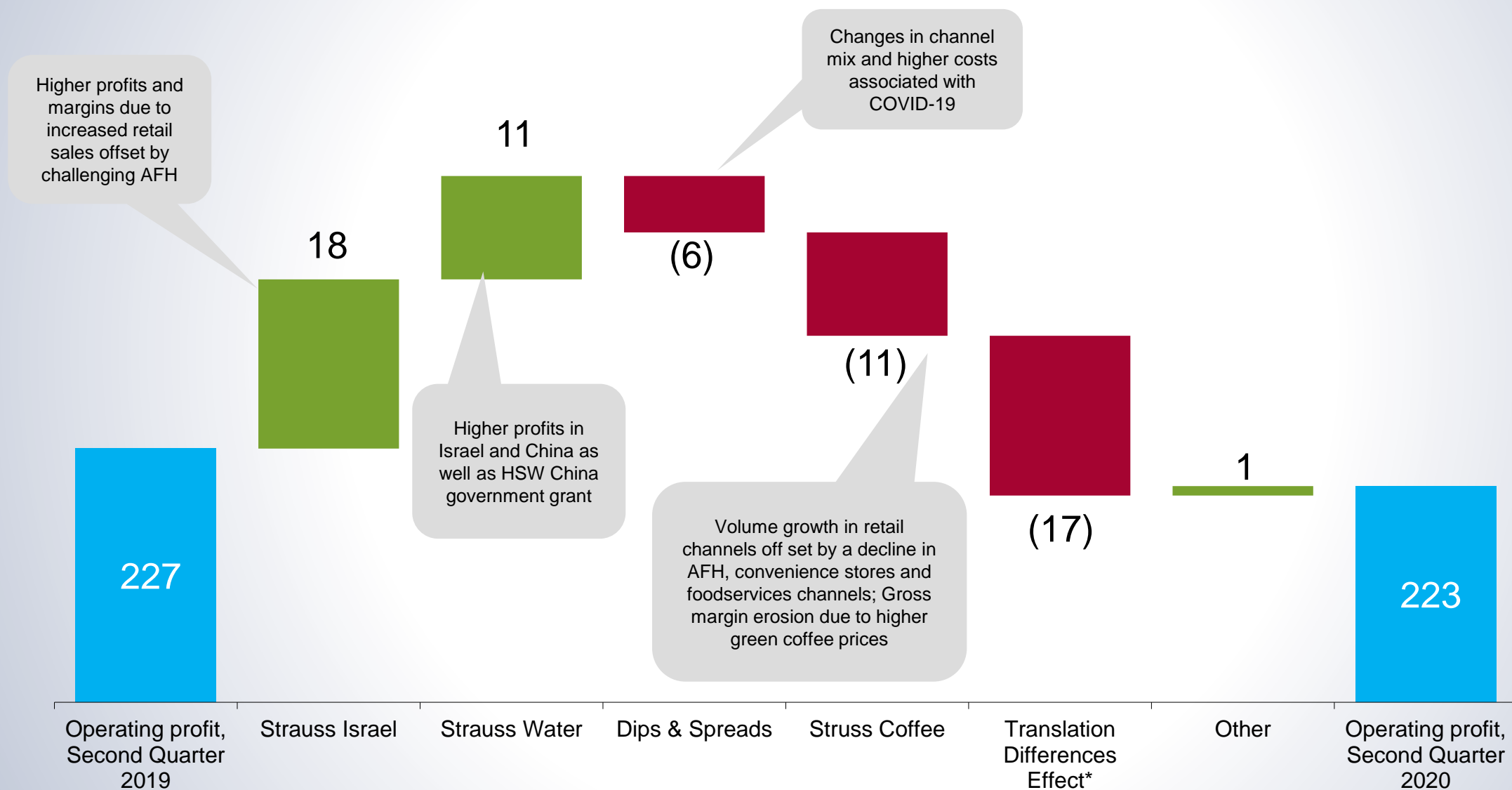


# EBIT

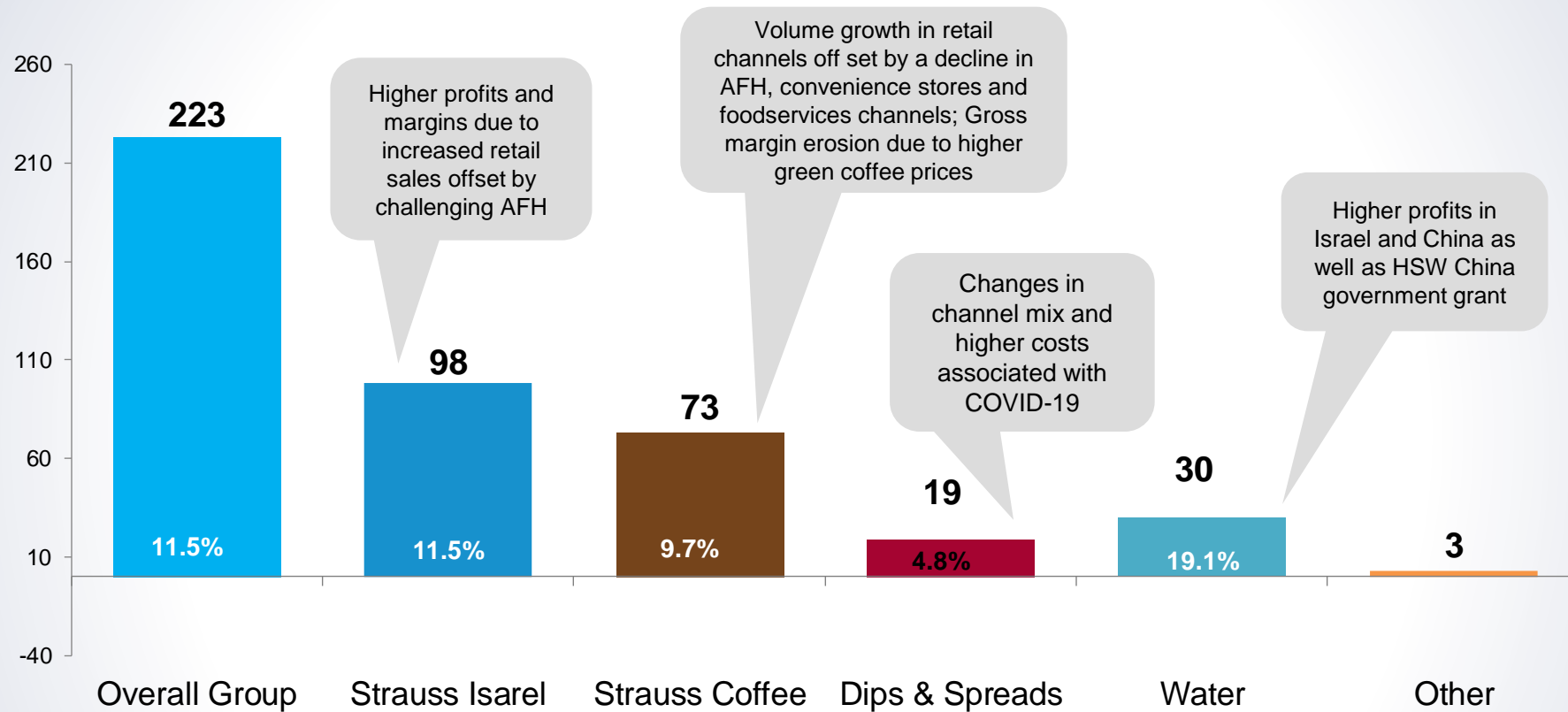
Q2 Consolidated EBIT and EBIT Margins  
NIS mm; Non-GAAP



# Q2 EBIT Bridge NIS mm; Non-GAAP; Q2'19 to Q2'20



# Q2 2020 EBIT and EBIT Margins | NIS mm; Non-GAAP; % Margin



Q2'19  
EBIT & EBIT %

Δ = -4mm	Δ = 18mm	Δ = -26mm	Δ = -8mm	Δ = 11mm	Δ = 1mm
NIS 227 11.0%	NIS 80 10.0%	NIS 99 10.9%	NIS 27 13.5%	NIS 19 11.9%	NIS 2 NA

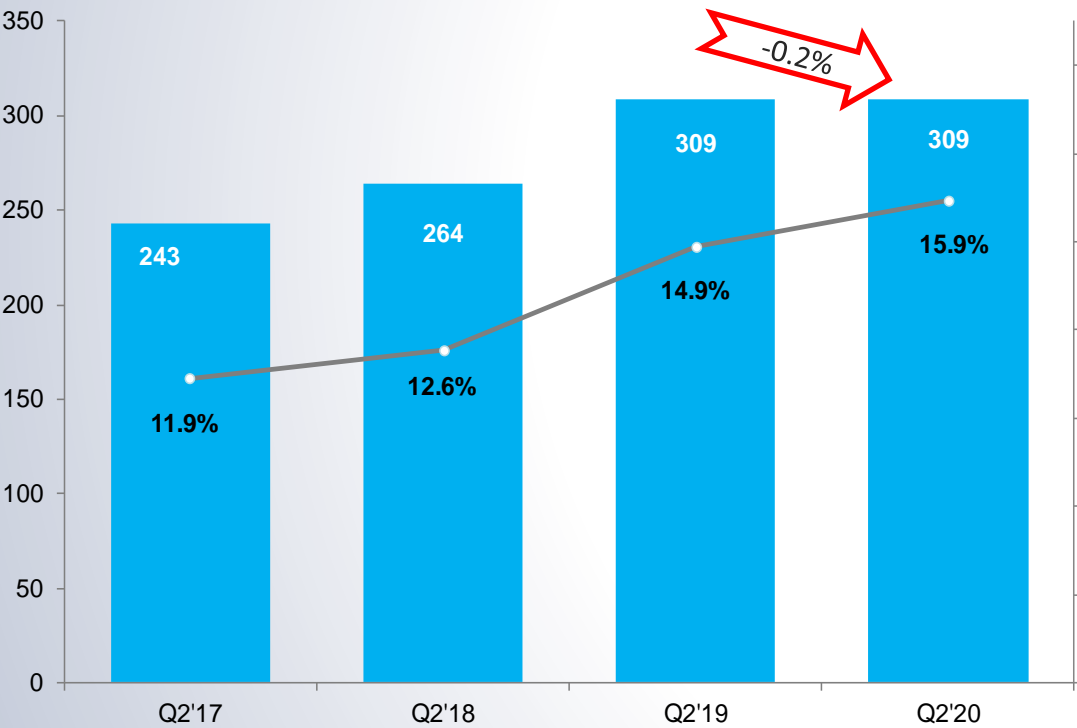
## Notes:

- (1) 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 down 10.3m NIS on Q2 2019



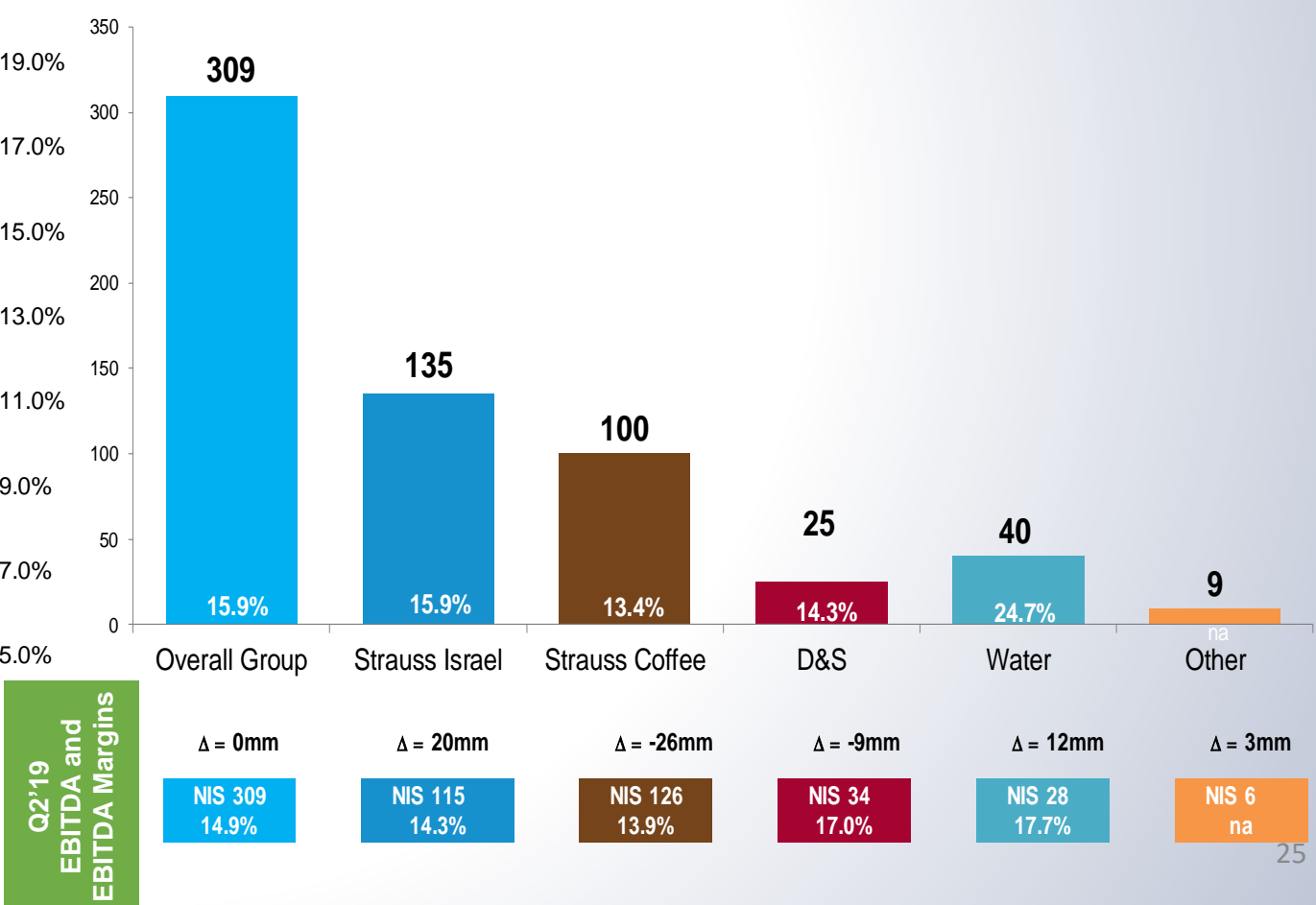
# EBITDA

Q2 2020 Consolidated EBITDA and EBITDA Margins  
NIS mm; Non-GAAP



\* Note change in EBITDA due to new IFRS16 rules as of 2019

Q2 2020 EBITDA and EBITDA Margins NIS mm; Non-GAAP; % Margin



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

Q2 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).

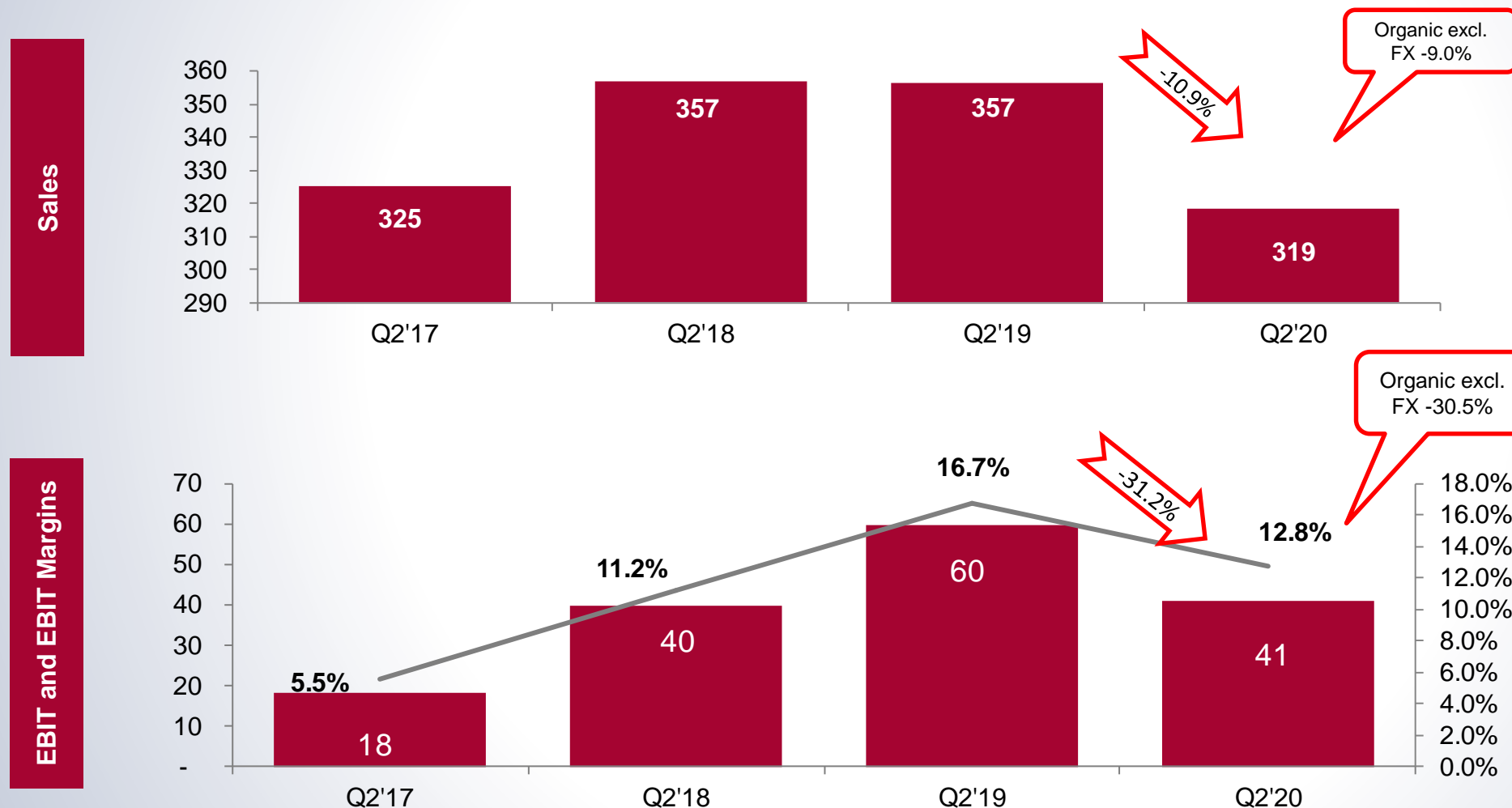
Source: Três Corações Alimentos S.A. Consolidated Interim Financial Statements as of June 30<sup>th</sup>, 2020.

(\*) EBIT before Other Expenses/ Income.



# Sabra Q2 Snapshot

NIS mm; Non-GAAP; for 100% share

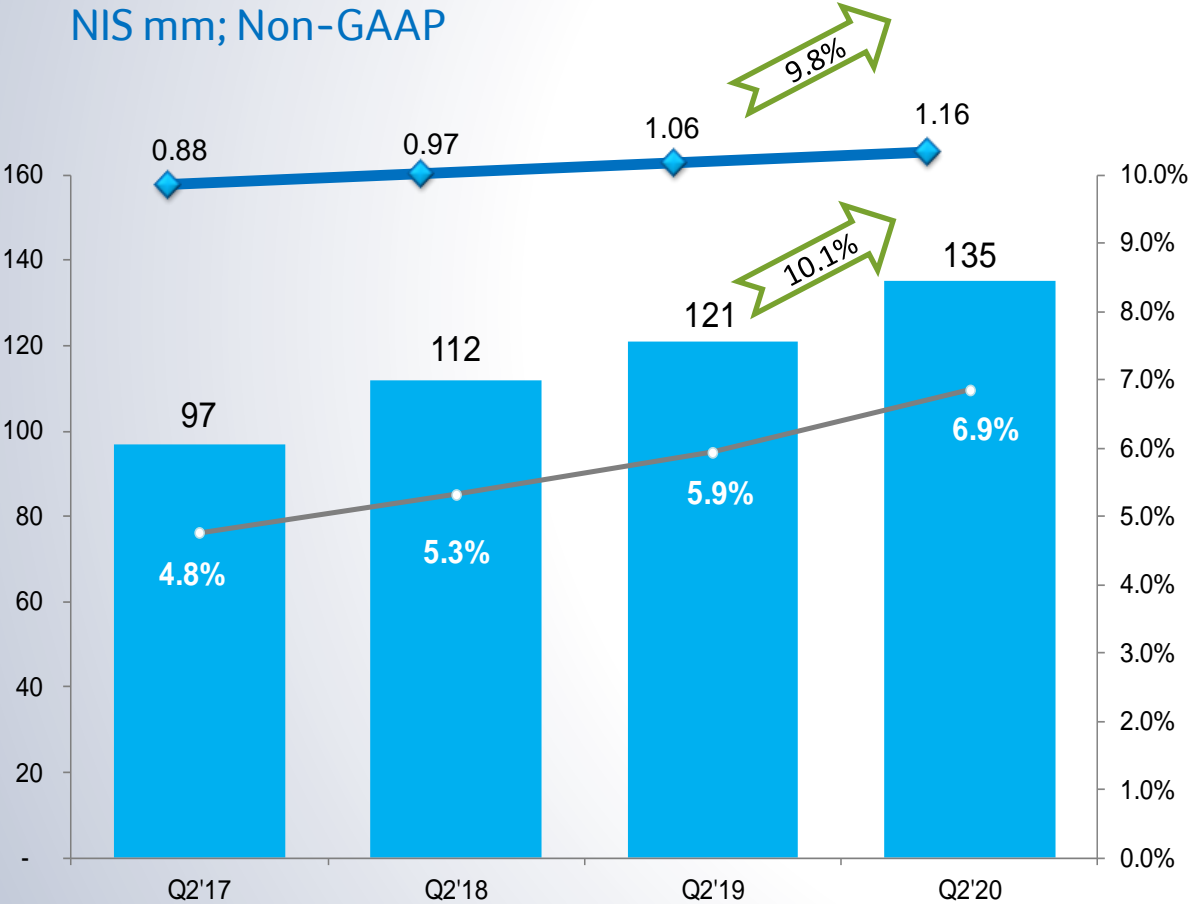


Note: Sabra Dipping Company ("Sabra") is a company jointly held by PepsiCo (50%) and Strauss Group (50%) .

# Net Income

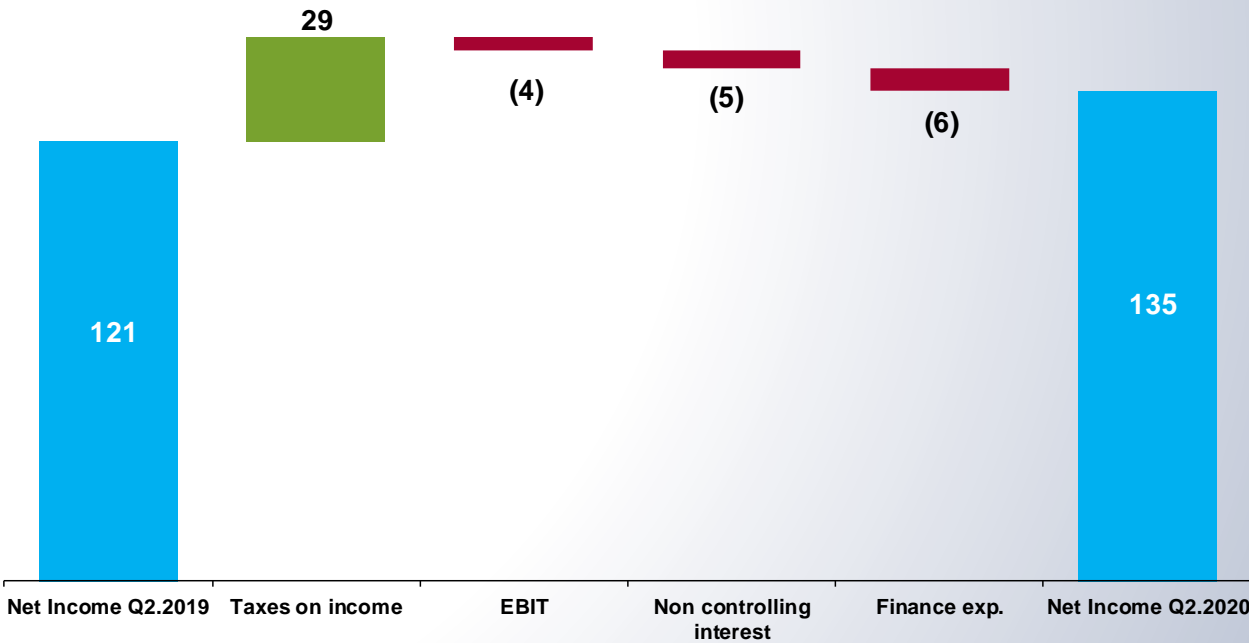
Q2 Net Profit (attributed to the Company's shareholders),  
Net Margins and EPS

NIS mm; Non-GAAP



Q2Net Profit (attributed to the Company's  
shareholders) Bridge NIS mm;

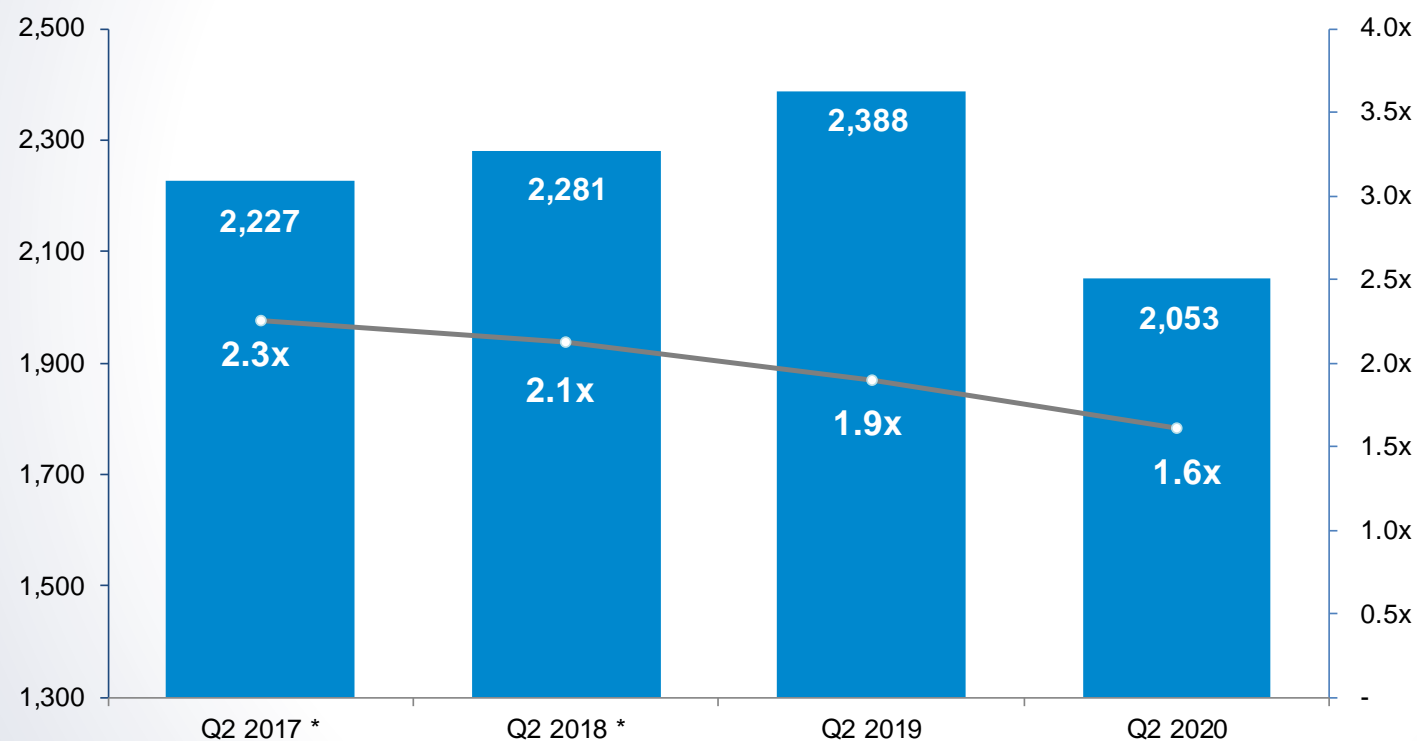
Non-GAAP; Q2'19 to Q2'20





# Net Debt and Net Debt /EBITDA (LTM)

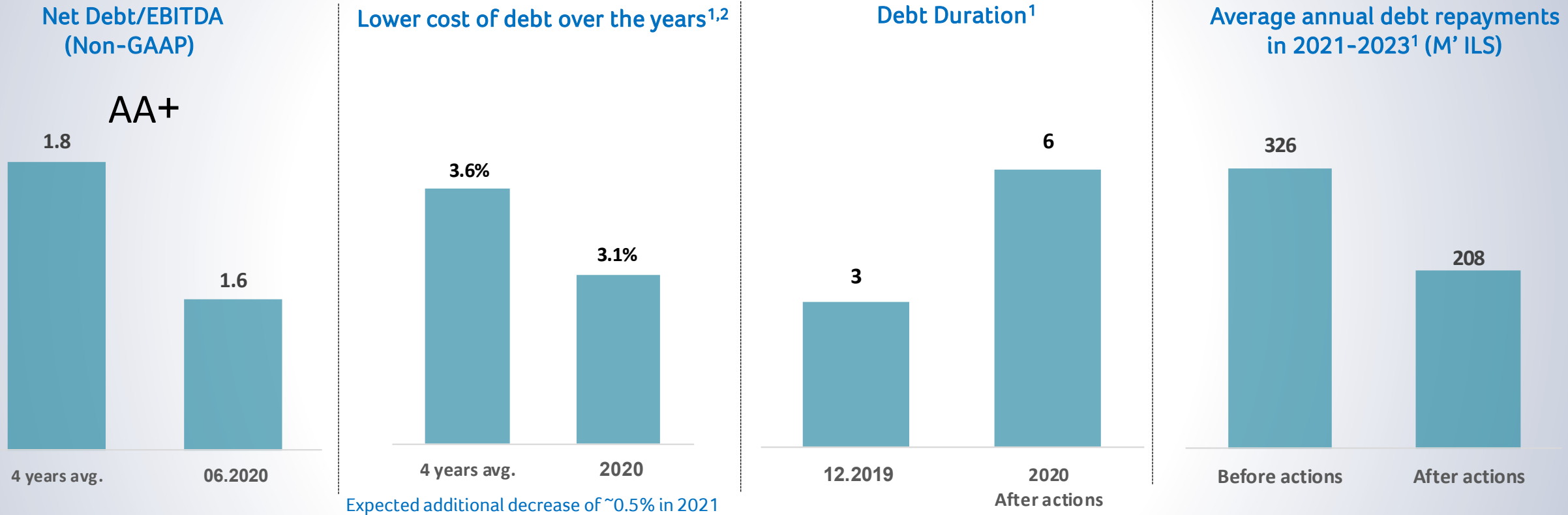
Non-GAAP EBITDA, net debt includes partnerships; NIS mm



\* Net Debt figures for Q2 2016 and 2017 were reclassified in Q2 2018; see note 2.6 in 2018 annual report

# A closer look at our Debt| Financial flexibility will enable future growth

Recent debt optimization actions were focused on lowering costs and increasing debt duration



<sup>1</sup> Calculated based on debentures and long term loans from Banks and others in the consolidated FS (IFRS)

<sup>2</sup> calculated by dividing interest expenses to average debt, excluding one time finance expense from early redemption of loans in 2020

\* Forward looking details in the above

# Q2 GAAP and Non-GAAP | Financial Highlights

NIS mm

	GAAP			Adjusted Non-GAAP		
	Q2 2020	Q2 2019	% Chg.	Q2 2020	Q2 2019	% Chg.
<b>Sales</b>	1,333	1,338	(0.4%)	1,938	2,073	(6.5%)
<b>Gross Profit</b>	534	558	(4.3%)	743	822	(9.6%)
<i>GP Margin</i>	40.0%	41.7%		38.4%	39.6%	
<b>Operating Profit</b>	208	222	(5.7%)	223	227	(1.6%)
<i>EBIT Margin</i>	15.6%	16.5%		11.5%	11.0%	
<b>Net Profit (to SH)</b>	126	127	(0.7%)	135	121	10.1%
<i>NP Margin</i>	9.4%	9.5%		6.9%	5.9%	
<b>Operating Cash Flow</b>	248	221		277	306	
<b>Capex <sup>(1)</sup></b>	(52)	(55)		(73)	(98)	
<b>Net debt</b>	1,900	2,175		2,053	2,388	
<b>Change in WC (CF)</b>	86	19		46	2	

(1) Capex includes acquisitions of fixed assets and investment in intangible assets





# YTD 2020



# YTD GAAP and Non-GAAP Financial Highlights

NIS mm

	GAAP			Adjusted Non-GAAP		
	YTD 2020	YTD 2019	% Chg.	YTD 2020	YTD 2019	% Chg.
<b>Sales</b>	2,878	2,768	4.0%	4,106	4,179	(1.7%)
<b>Gross Profit</b>	1,169	1,145	2.1%	1,621	1,667	(2.7%)
<i>GP Margin</i>	40.6%	41.4%		39.5%	39.9%	
<b>Operating Profit</b>	447	464	(3.6%)	491	496	(1.0%)
<i>EBIT Margin</i>	15.5%	16.7%		12.0%	11.9%	
<b>Net Profit (to SH)</b>	282	283	(0.6%)	306	293	4.0%
<i>NP Margin</i>	9.8%	10.2%		7.4%	7.0%	
<b>Operating Cash Flow</b>	369	311		354	355	
<b>Capex <sup>(1)</sup></b>	(100)	(101)		(139)	(168)	
<b>Net debt</b>	1,900	2,175		2,053	2,388	
<b>Change in WC (CF)</b>	7	(92)		(146)	(233)	

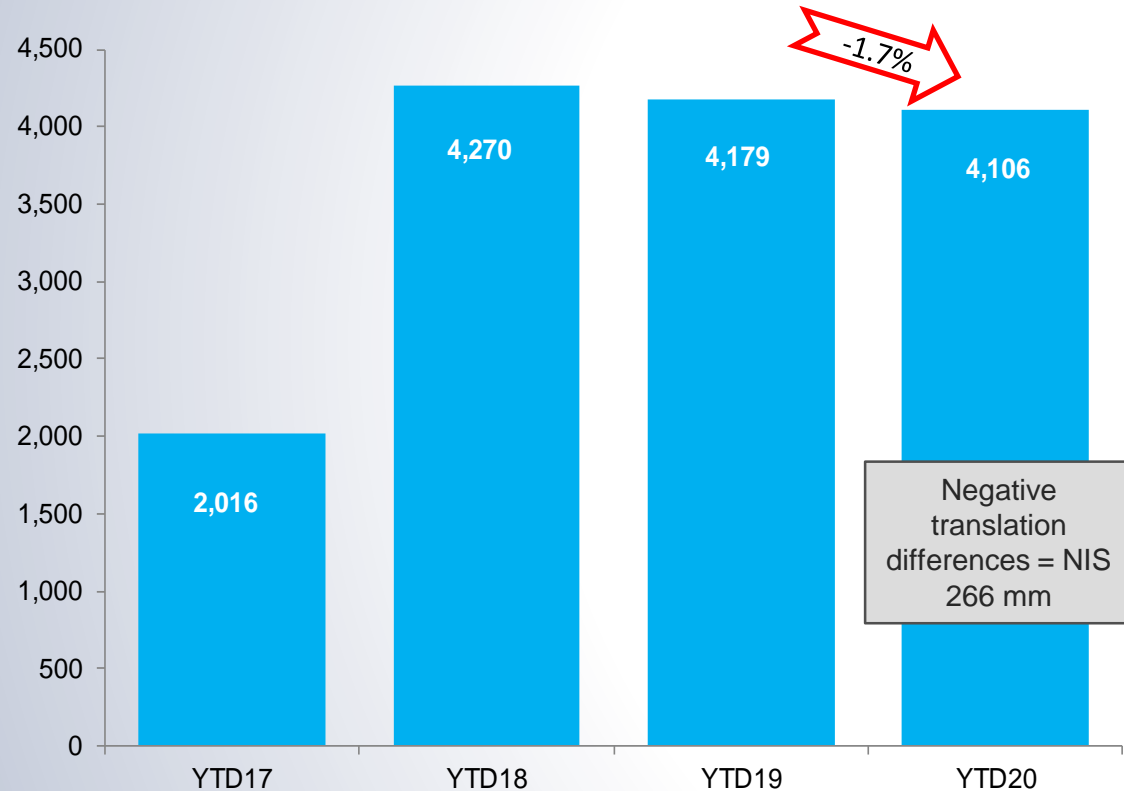
(1) Capex includes acquisitions of fixed assets and investment in intangible assets



# Sales

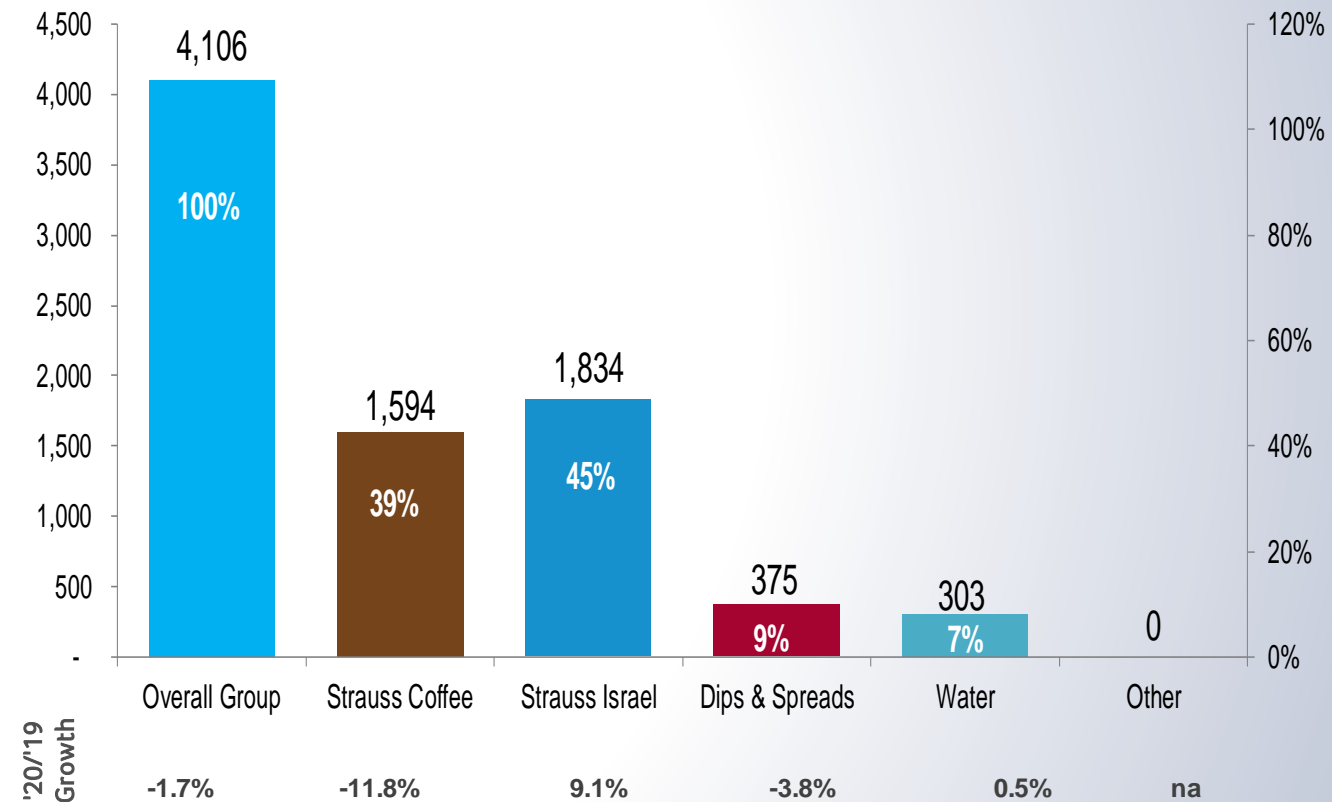
## YTD 2020 Consolidated Sales NIS mm Non-GAAP

Organic growth excluding FX : +4.9%



## YTD 2020 Sales by Segment

NIS mm; Non-GAAP; % sales contribution

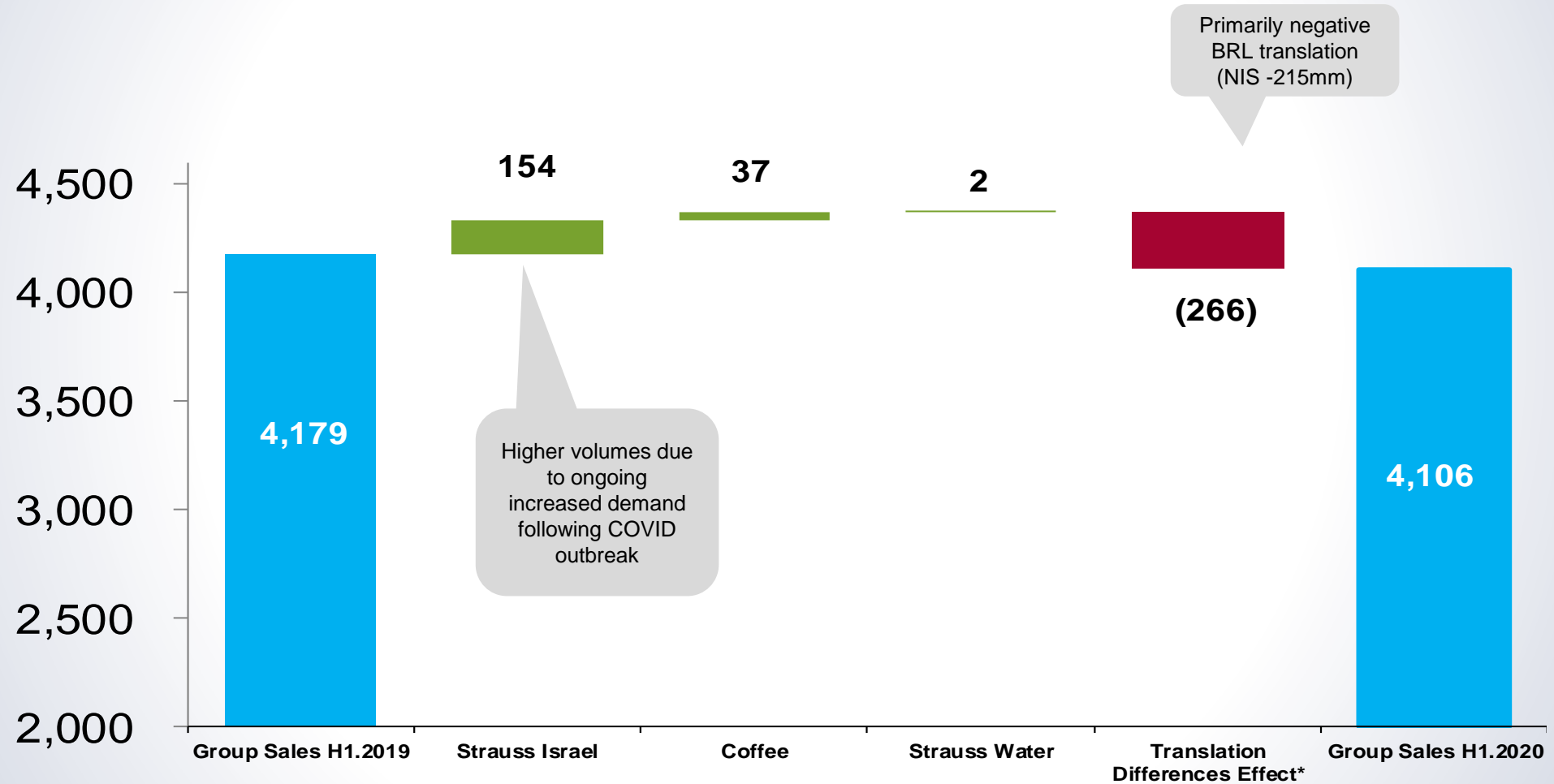


'20/'19 Growth	-1.7%	-11.8%	9.1%	-3.8%	0.5%	na
'20/'19 Organic growth excl. FX	4.9%	2.3%	9.1%	-0.1%	0.6%	na



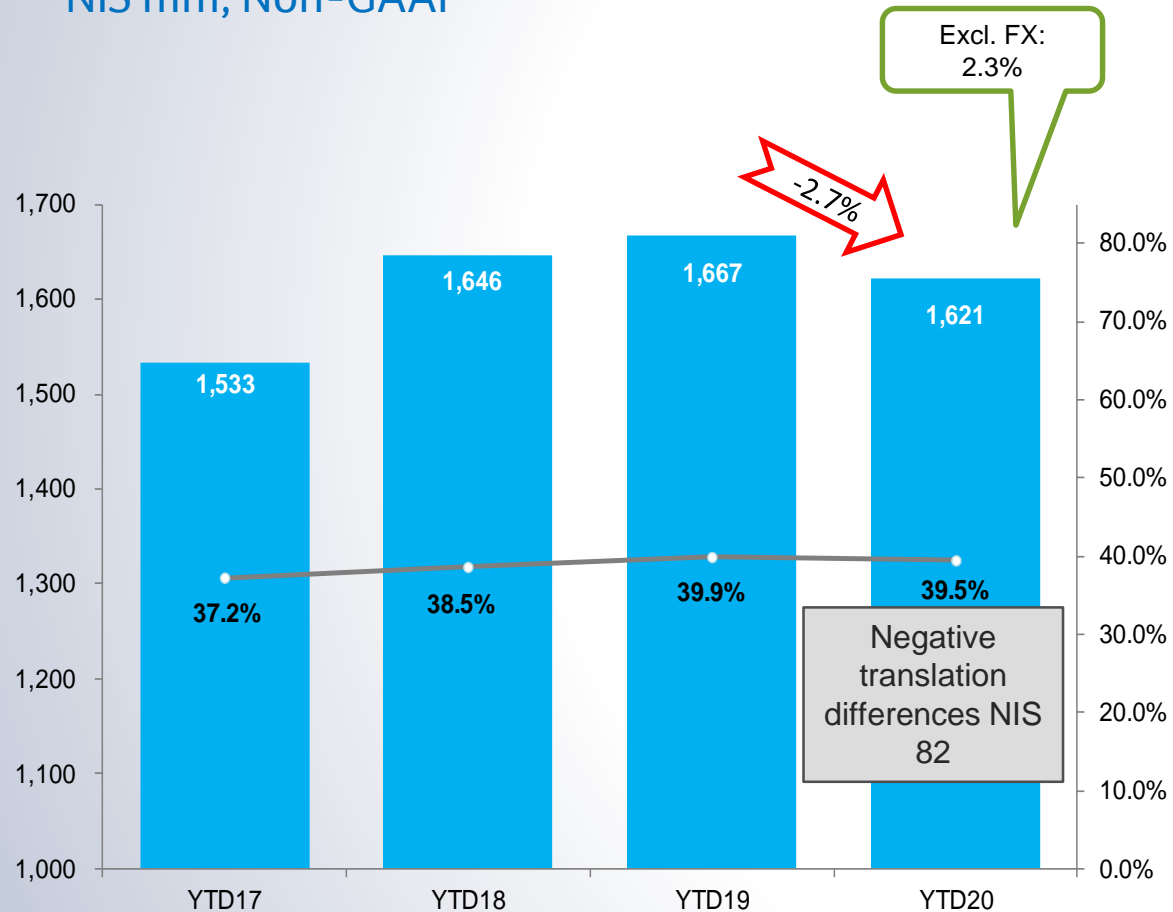
# YTD Sales Bridge

NIS mm; Non-GAAP; YTD 2019 to YTD 2020

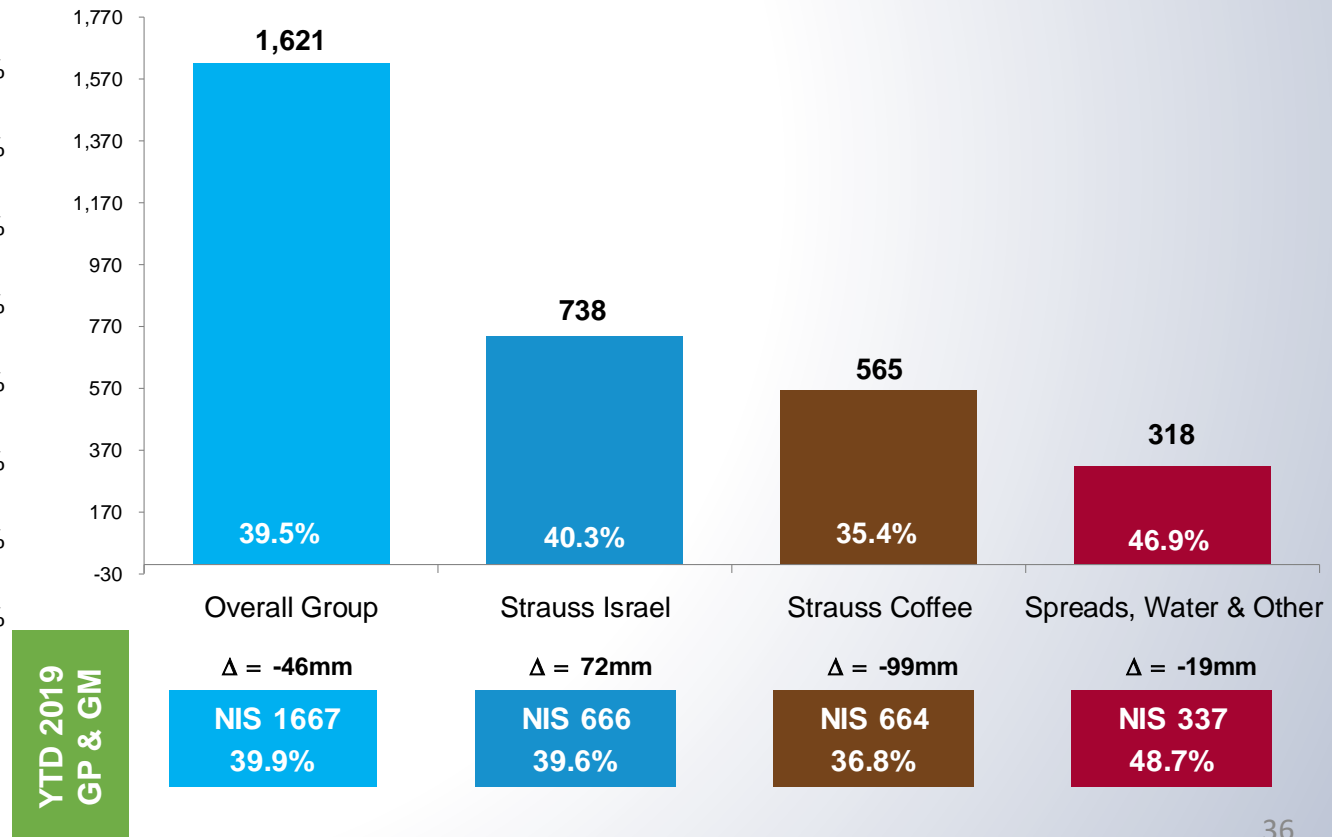


# Gross Profit

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

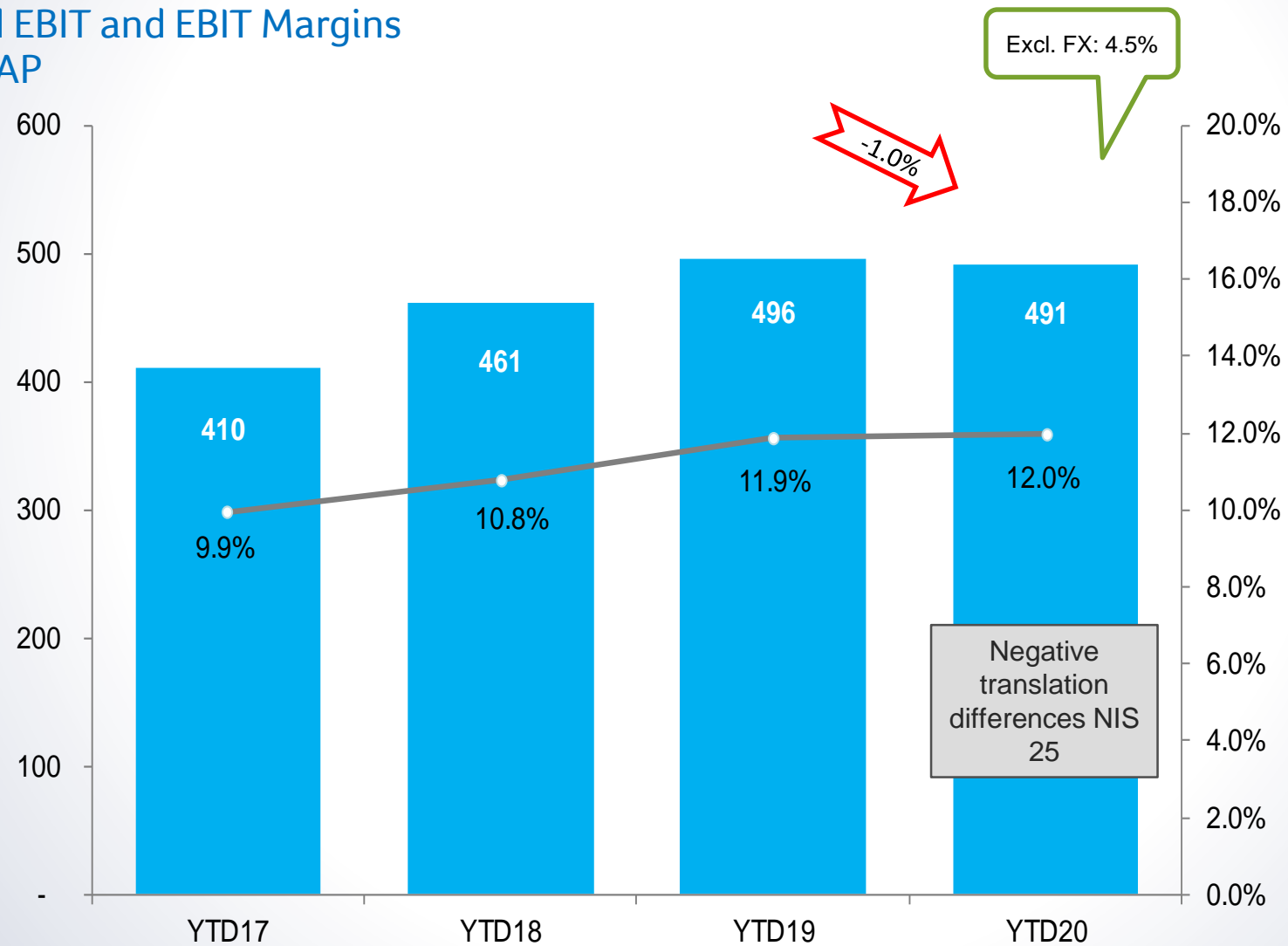


YTD 2020 Gross Profit and Gross Margins  
NIS mm; Non-GAAP; % Margin



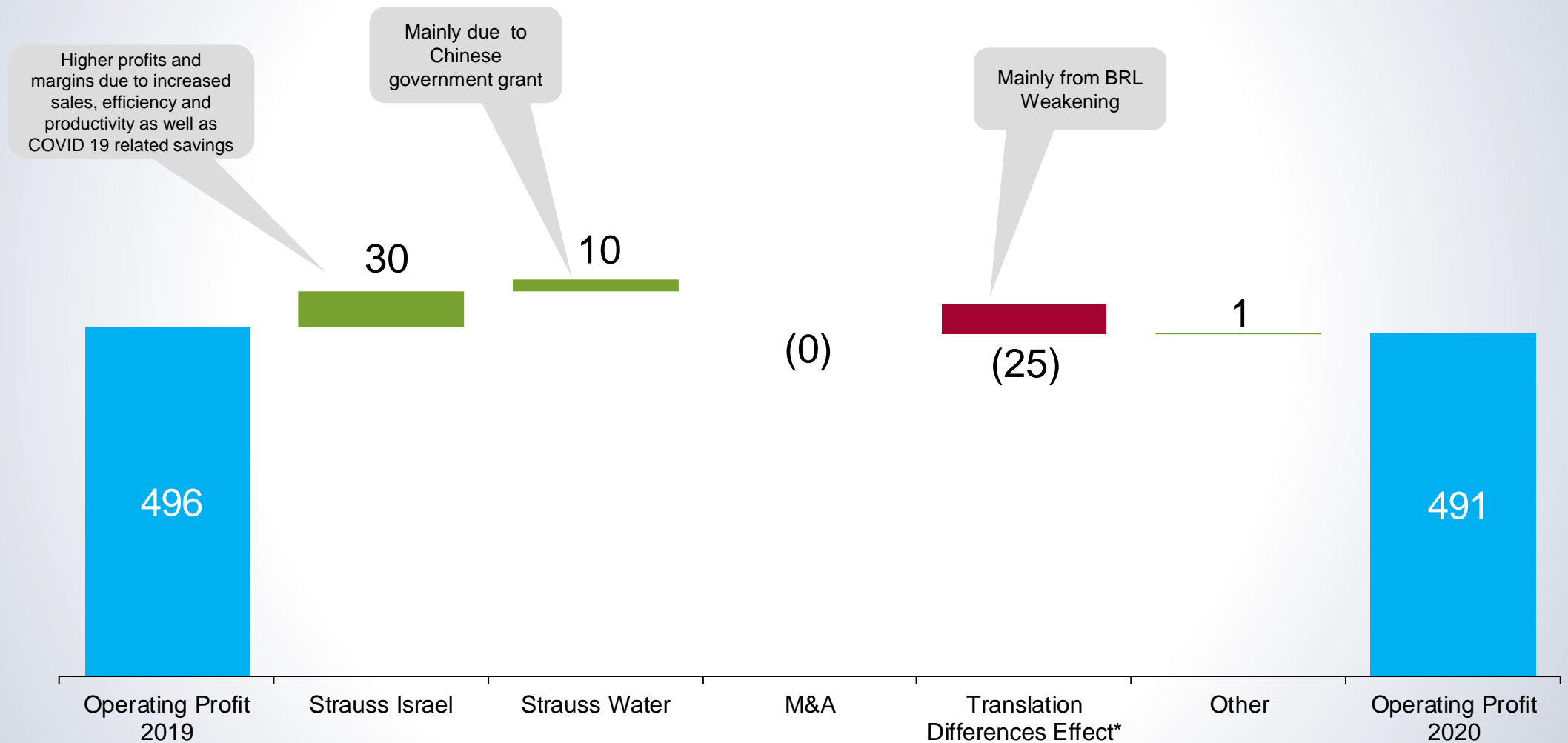
# EBIT

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

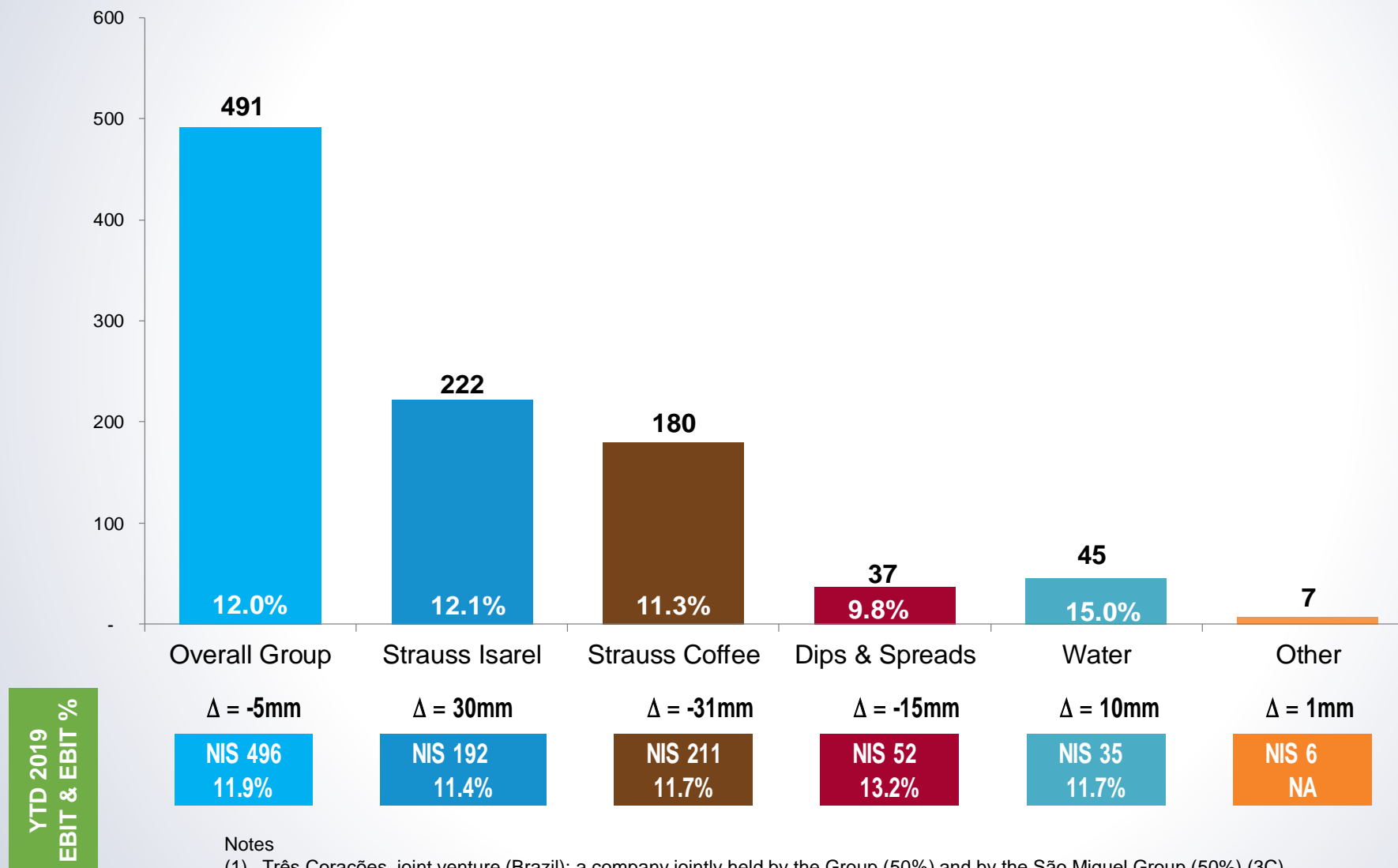




## YTD EBIT Bridge NIS mm; Non-GAAP; YTD 2019 to YTD 2020

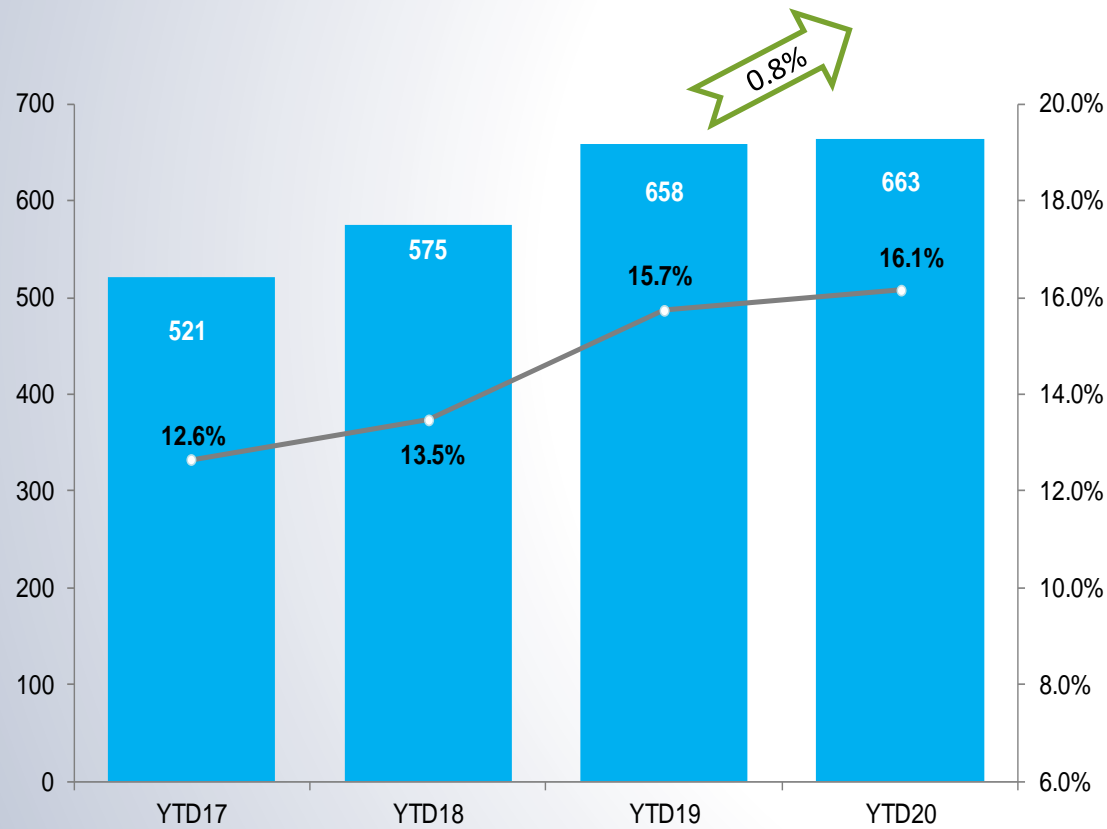


# YTD 2020 EBIT and EBIT Margins NIS mm; Non-GAAP; % Margin



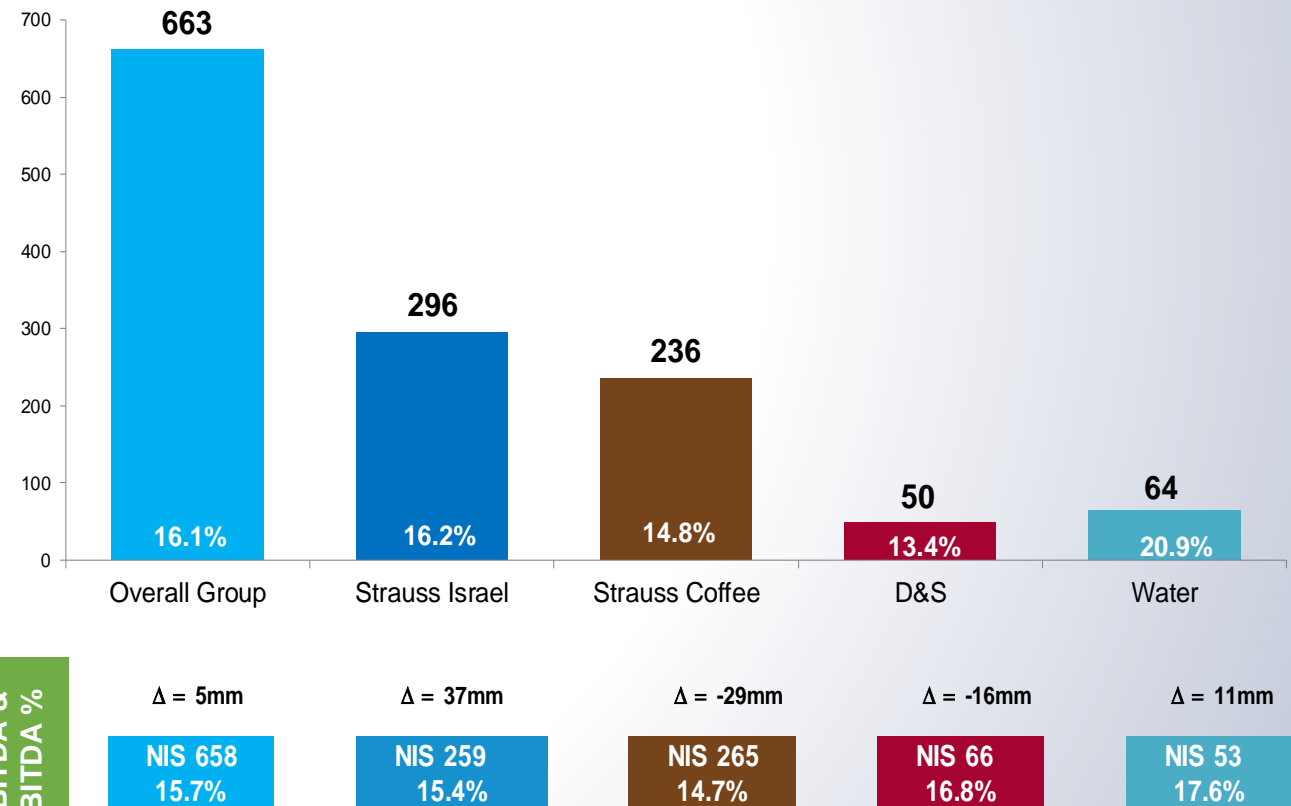
# EBITDA

YTD 2020 Consolidated EBITDA and EBITDA Margins  
NIS mm; Non-GAAP



\* Note change in EBITDA due to new IFRS16 rules as of 2019

YTD 2020 EBITDA and EBITDA Margins NIS mm;  
Non-GAAP; % Margin





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

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



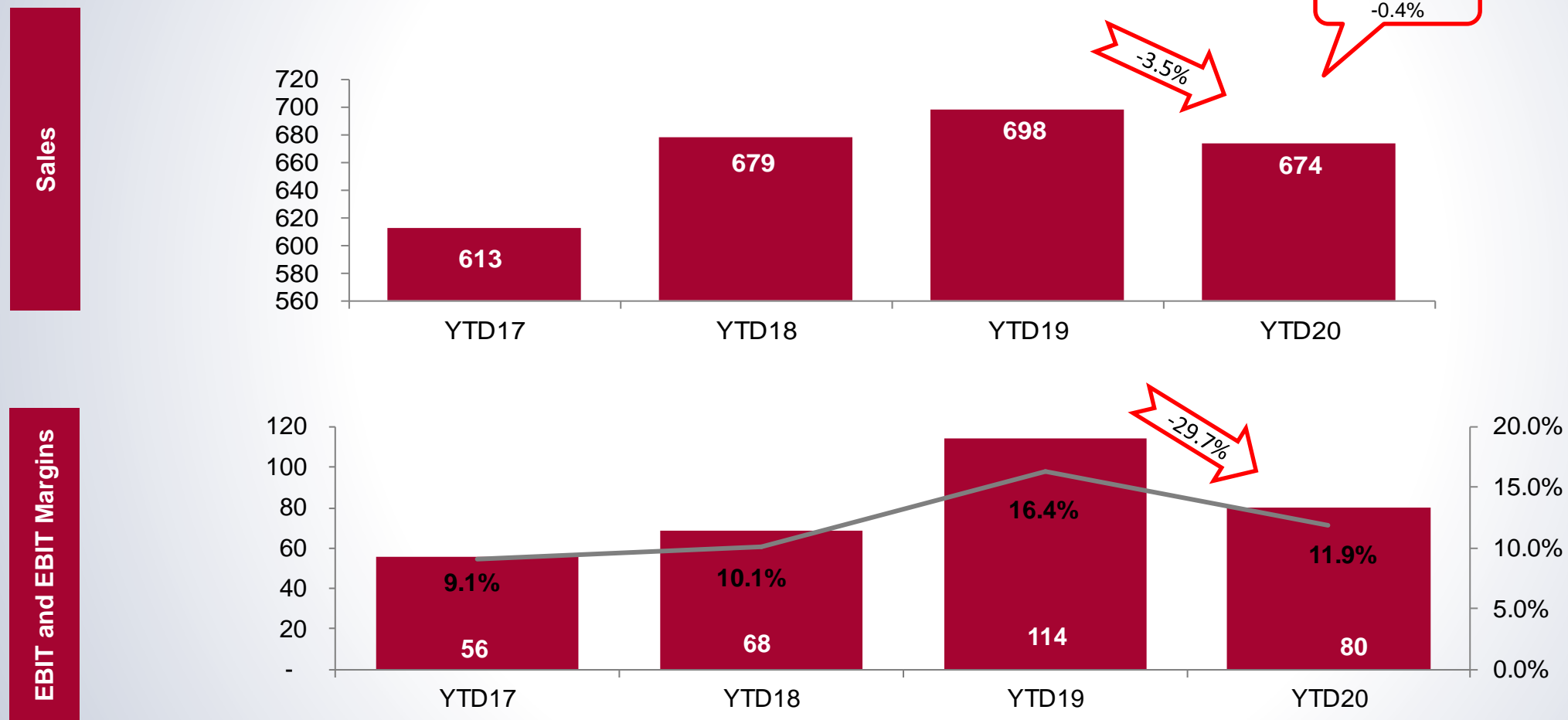
Note: Três Corações joint venture (Brazil): a company jointly held by the Group (50%) and by the São Miguel Group (50%) (3C).

Source: Três Corações Alimentos S.A. Consolidated Interim Financial Statements as of June 30<sup>th</sup>, 2020.

(1) EBIT before Other Expenses/ Income.

# Sabra YTD Snapshot

NIS mm; Non-GAAP; for 100% share

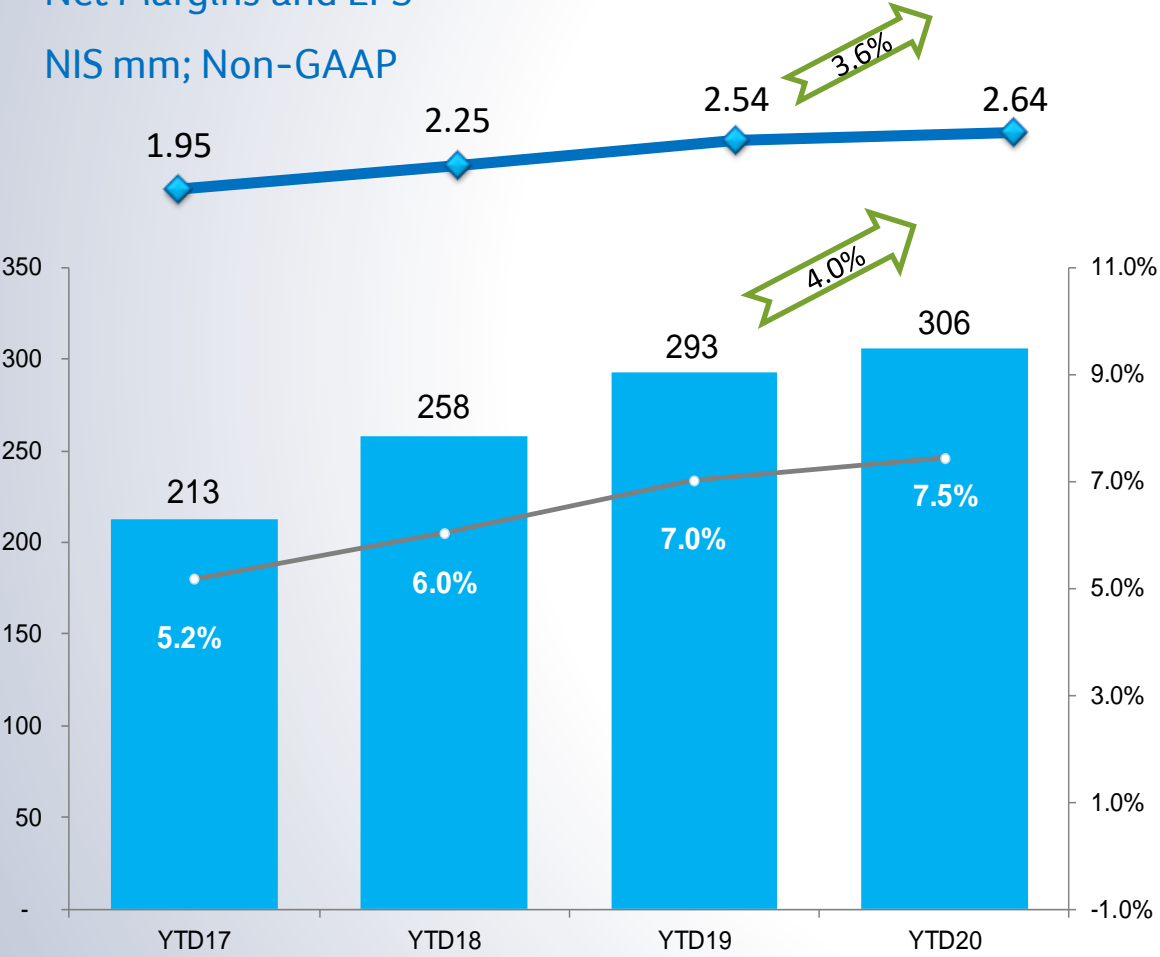


Note: Sabra Dipping Company ("Sabra") is a company jointly held by PepsiCo (50%) and Strauss Group (50%) .

# Net Income

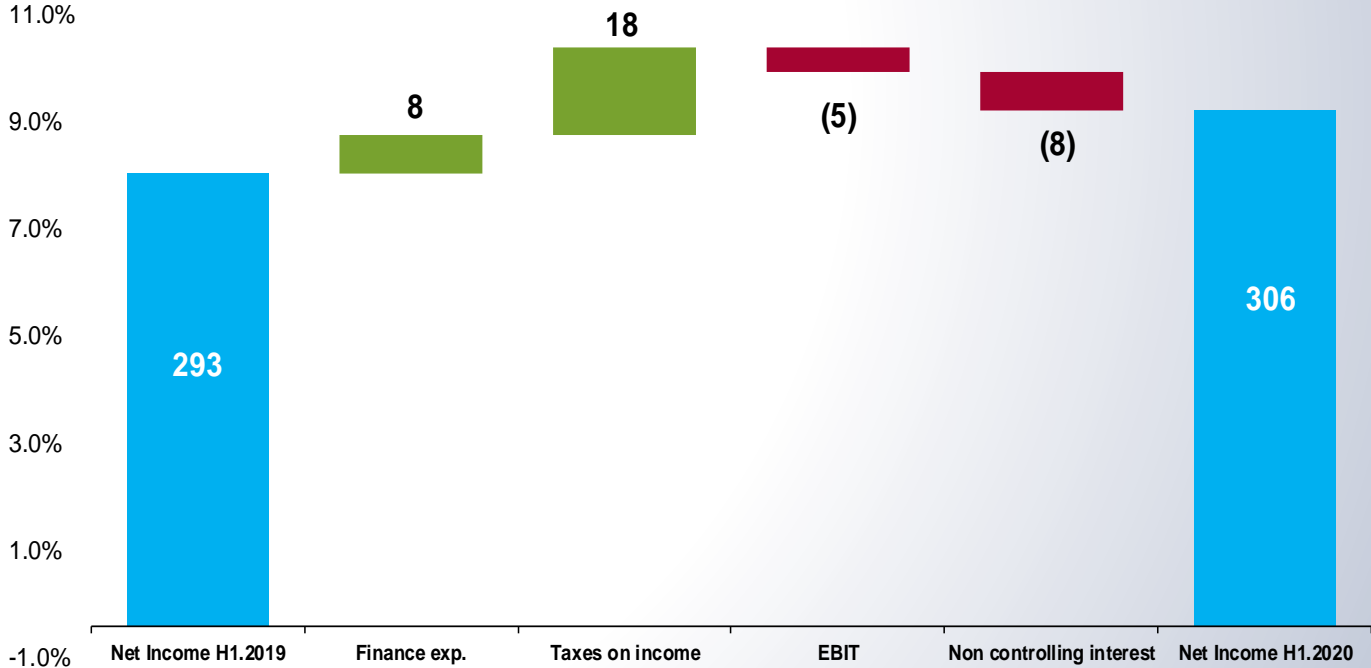
YTD Net Profit (attributed to the Company’s shareholders),  
Net Margins and EPS

NIS mm; Non-GAAP



YTD Net Profit (attributed to the Company’s shareholders)  
Bridge NIS mm;

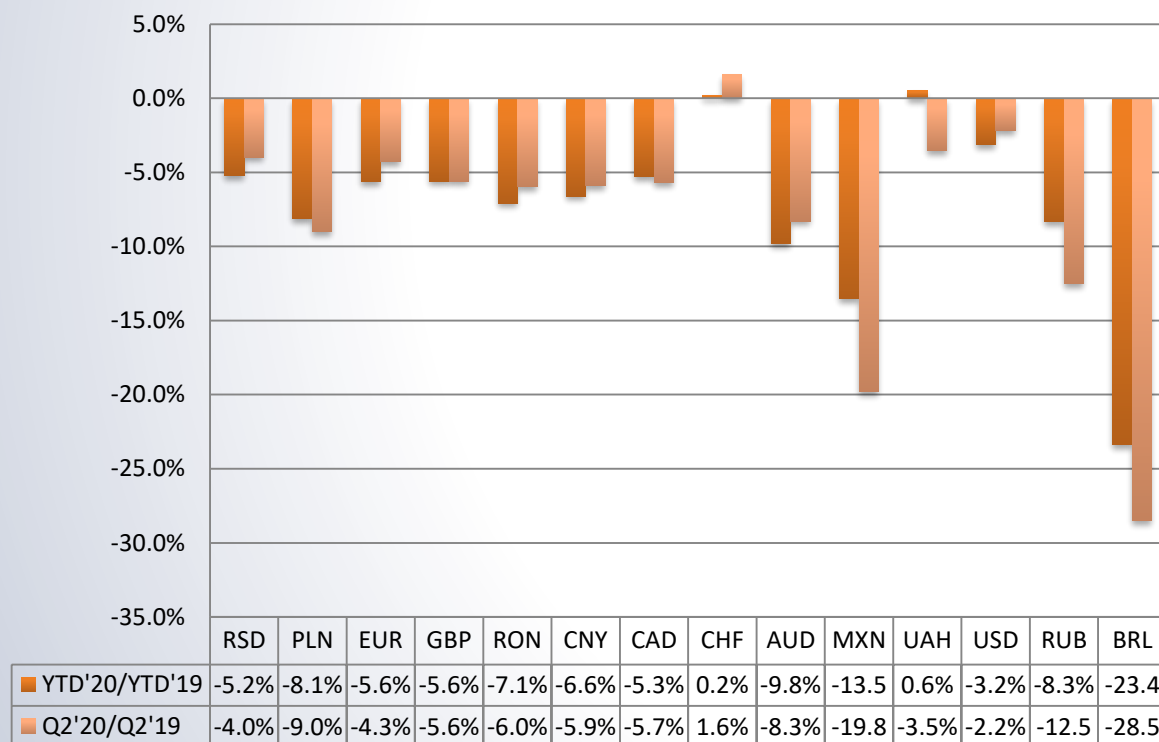
Non-GAAP; YTD 2019 to YTD 2020



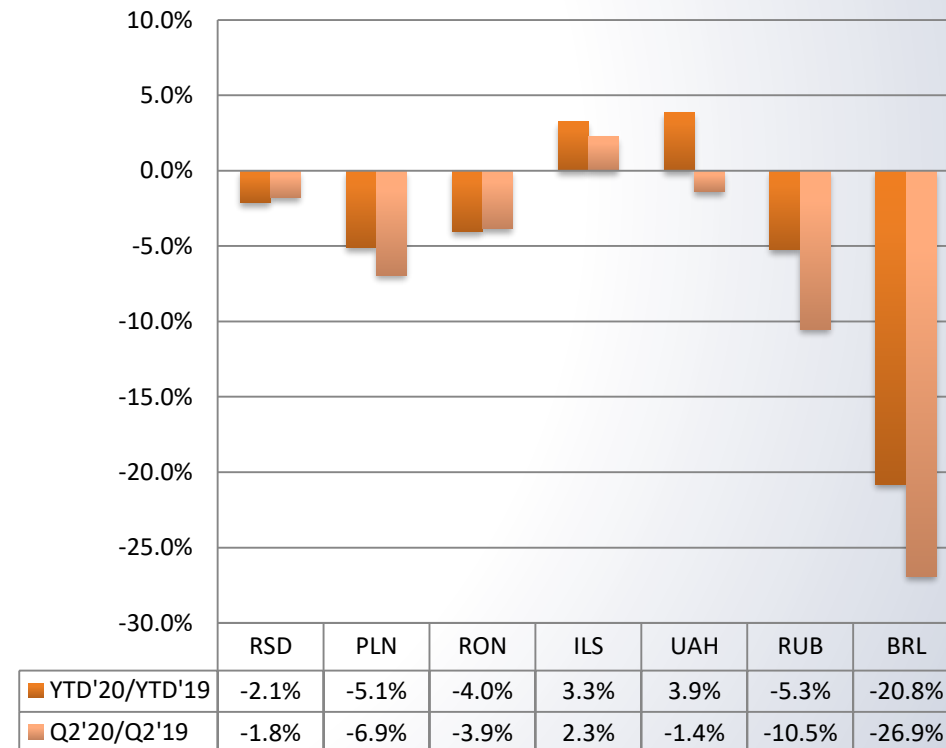


# Currencies

## Local Currencies vs. the NIS



## Local Currencies vs. the USD



# Strauss Israel

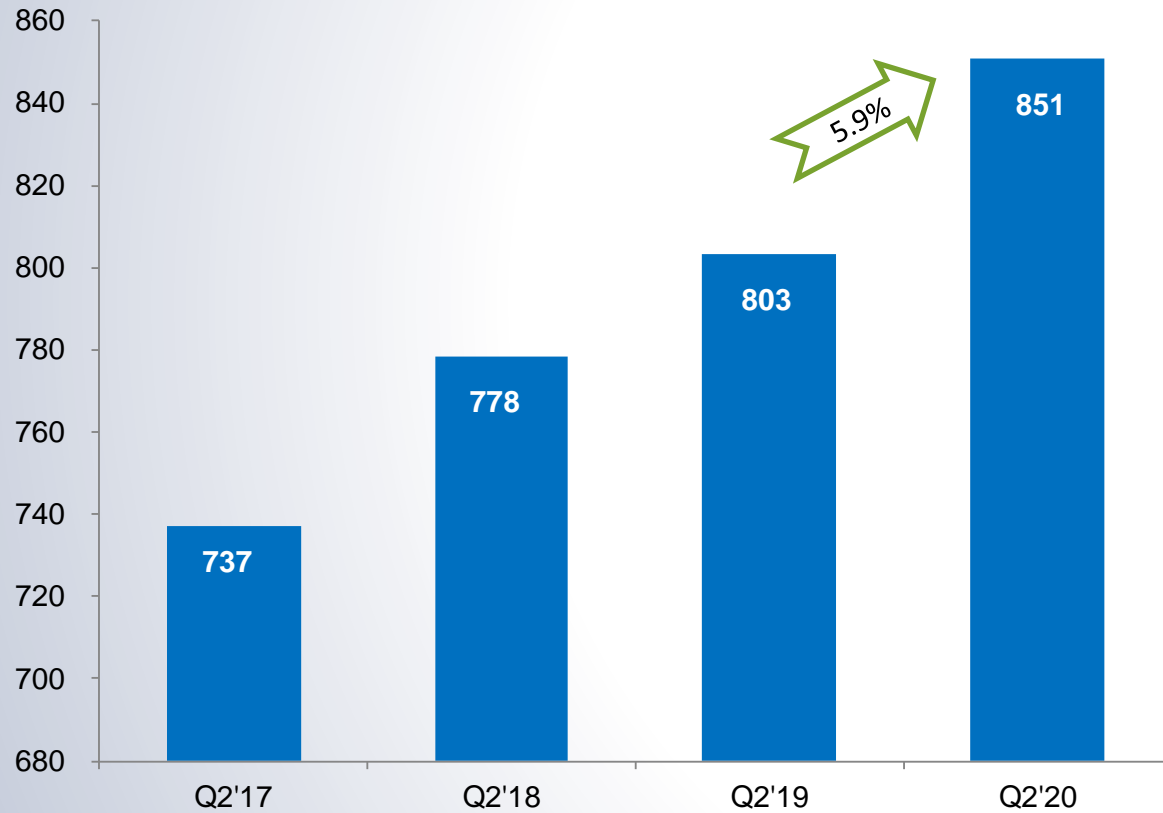
## Strauss Israel Non-GAAP Financial Highlights Q2 and YTD 2020 NIS mm



Strauss Israel (Non GAAP)						
	YTD 2020	YTD 2019	% Chg.	Q2 2020	Q2 2019	% Chg.
<b>Revenue:</b>						
H&W	1,235	1,099	12.3%	618	561	10.2%
F&I	599	581	3.1%	233	242	(4.1%)
<b>Total Revenue</b>	<b>1,834</b>	<b>1,680</b>	<b>9.1%</b>	<b>851</b>	<b>803</b>	<b>5.9%</b>
<b>Total Gross Profit</b>	<b>738</b>	<b>666</b>	<b>10.9%</b>	<b>342</b>	<b>316</b>	<b>8.4%</b>
<i>Gross Margins</i>	40.3%	39.6%	0.6%	40.3%	39.3%	0.8%
<b>EBIT:</b>						
H&W	149	119	25.6%	83	64	30.7%
<i>Margins</i>	12.1%	10.8%	1.3%	13.4%	11.3%	2.0%
F&I	73	73	(0.5%)	15	16	(11.8%)
<i>Margins</i>	12.2%	12.6%	(0.5%)	6.4%	7.0%	(0.6%)
<b>Total EBIT</b>	<b>222</b>	<b>192</b>	<b>15.7%</b>	<b>98</b>	<b>80</b>	<b>21.7%</b>
<i>Margins</i>	12.1%	11.4%	0.6%	11.5%	10.0%	1.5%
<b>EBITDA:</b>						
H&W	193	157	23.4%	105	83	27.6%
<i>Margins</i>	15.7%	14.2%	1.4%	17.0%	14.7%	2.3%
F&I	103	102	0.7%	30	32	(7.7%)
<i>Margins</i>	17.2%	17.6%	(0.4%)	12.7%	13.2%	(0.5%)
<b>Total EBITDA</b>	<b>296</b>	<b>259</b>	<b>14.3%</b>	<b>135</b>	<b>115</b>	<b>17.7%</b>
<i>Margins</i>	16.2%	15.4%	0.8%	15.9%	14.3%	1.5%

# Strauss Israel

Q2 2020 Strauss Israel Sales  
NIS mm; Non-GAAP



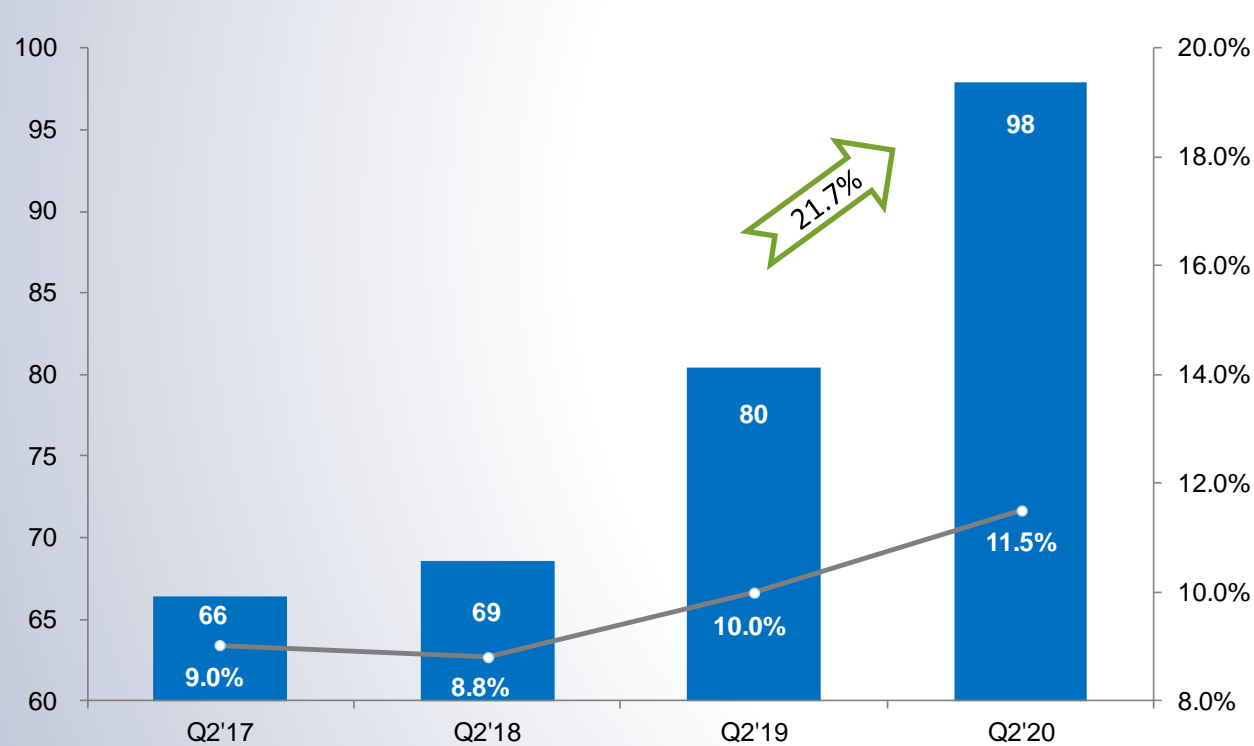
YTD 2020 Strauss Israel Sales  
NIS mm; Non-GAAP



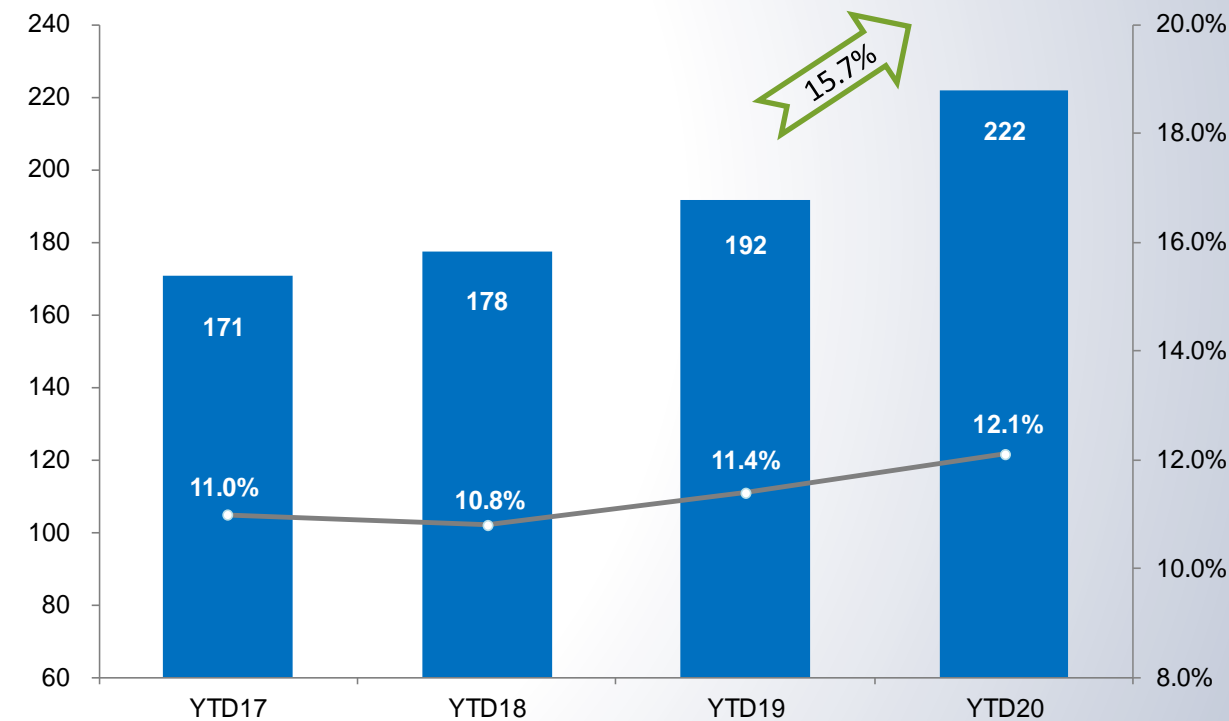


# Strauss Israel

Q2 2020 Strauss Israel EBIT & EBIT Margins  
NIS mm; Non-GAAP

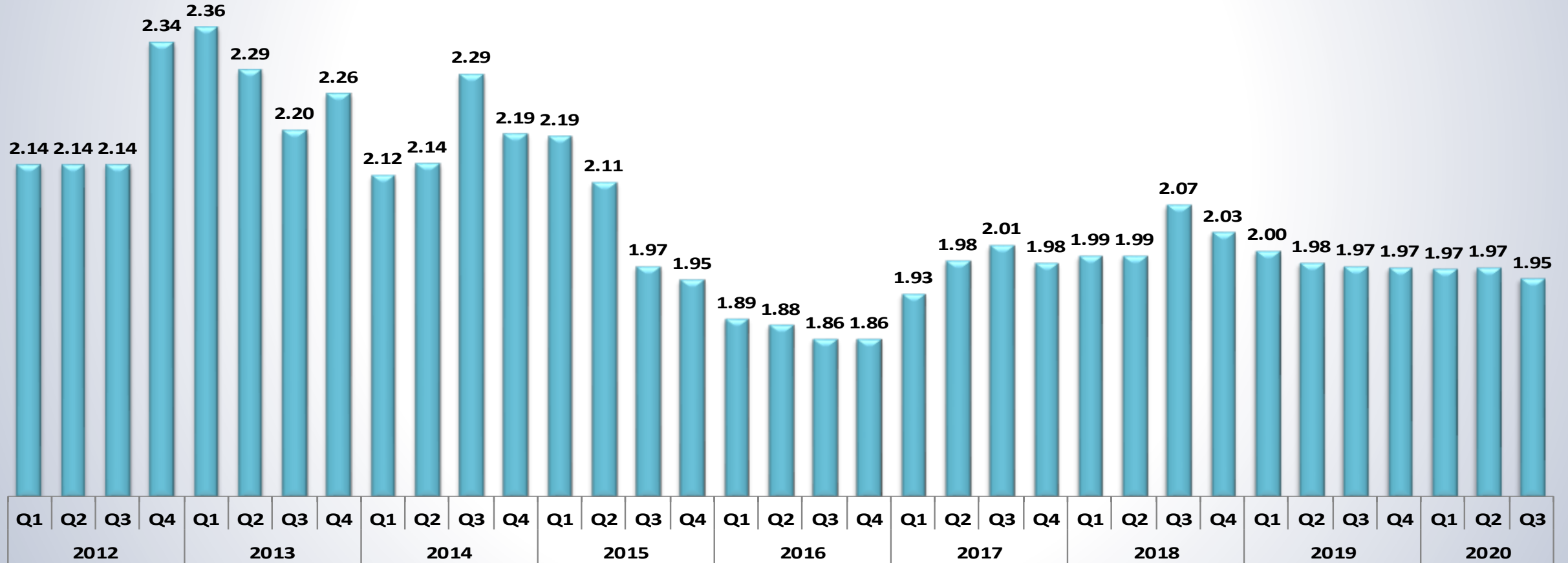


YTD 2020 Strauss Israel EBIT & EBIT Margins  
NIS mm; Non-GAAP



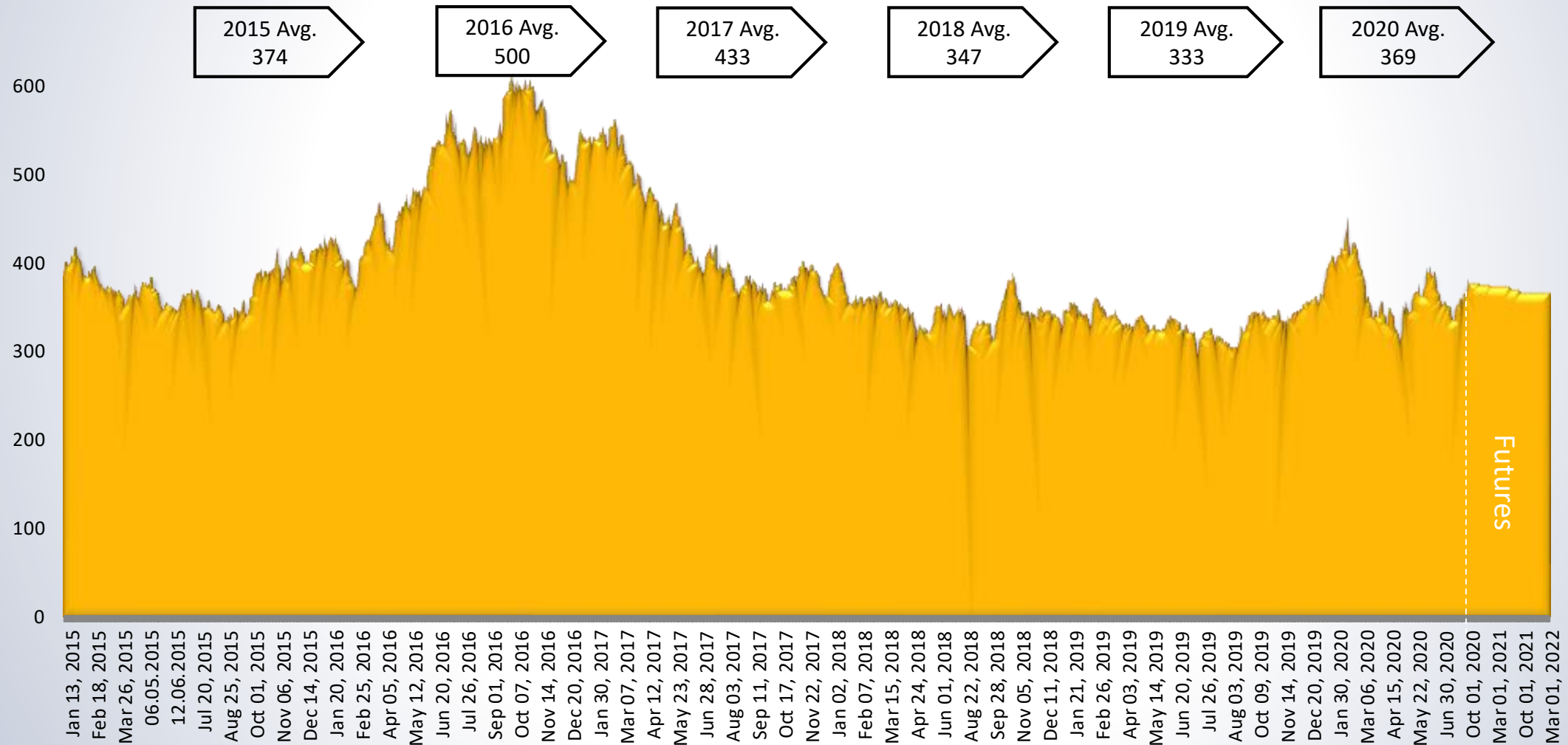
# Target Milk Price (NIS per liter)

Prices exclude Strauss transportation costs



# London Sugar Historical & Futures Prices 2015-2020

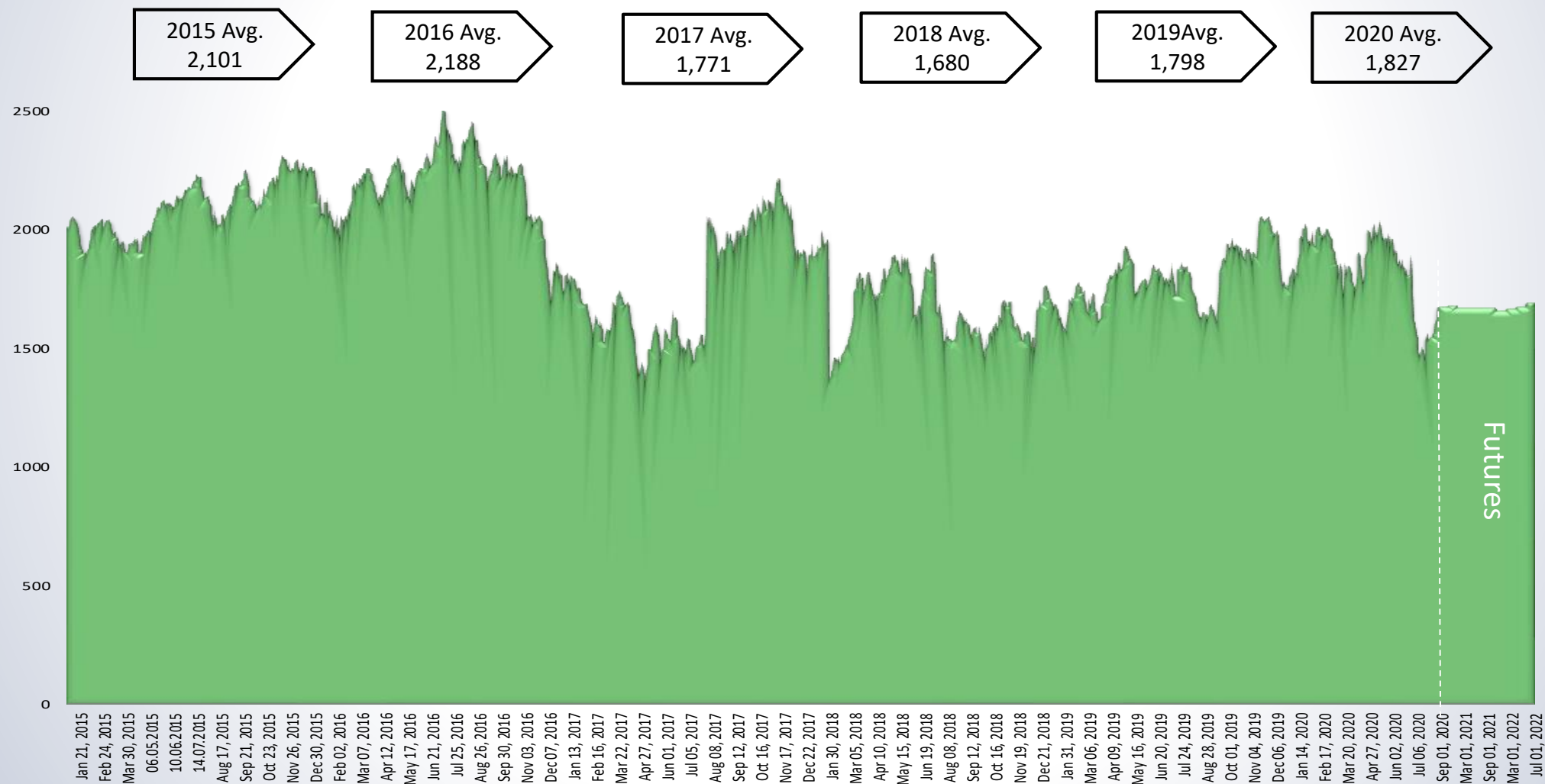
(\$\T)





# London Cocoa Historical & Futures Prices 2015-2020

(GBP\T)



# Strauss Coffee Non-GAAP Financial Highlights

Q2 and YTD 2020 NIS mm

Strauss Coffee (Non GAAP)						
	YTD 2020	YTD 2019	% Chg.	Q2 2020	Q2 2019	% Chg.
<b>Revenue:</b>						
Israel	368	387	(5.0%)	133	165	(19.9%)
International	1,226	1,420	(13.6%)	617	748	(17.4%)
<b>Total Revenue</b>	<b>1,594</b>	<b>1,807</b>	<b>(11.8%)</b>	<b>750</b>	<b>913</b>	<b>(17.9%)</b>
<b>Total Gross Profit</b>	<b>565</b>	<b>664</b>	<b>(15.0%)</b>	<b>244</b>	<b>331</b>	<b>(26.7%)</b>
<i>Gross Margins</i>	35.4%	36.8%	(1.4%)	32.4%	36.3%	(3.9%)
<b>EBIT:</b>						
Israel	86	86	0.3%	25	28	(10.0%)
<i>Margins</i>	23.4%	22.2%	1.2%	19.2%	17.1%	2.1%
International	94	125	(25.0%)	48	71	(33.3%)
<i>Margins</i>	7.7%	8.8%	(1.3%)	7.7%	9.5%	(1.8%)
<b>Total EBIT</b>	<b>180</b>	<b>211</b>	<b>(14.6%)</b>	<b>73</b>	<b>99</b>	<b>(26.6%)</b>
<i>Margins</i>	11.3%	11.7%	(0.4%)	9.7%	10.9%	(1.2%)
<b>EBITDA:</b>						
Israel	105	103	1.6%	35	37	(5.5%)
<i>Margins</i>	28.5%	26.7%	1.9%	26.5%	22.4%	4.0%
International	131	162	(19.1%)	65	89	(27.1%)
<i>Margins</i>	10.7%	11.4%	(0.8%)	10.6%	12.0%	(1.4%)
<b>Total EBITDA</b>	<b>236</b>	<b>265</b>	<b>(11.0%)</b>	<b>100</b>	<b>126</b>	<b>(20.7%)</b>
<i>Margins</i>	14.8%	14.7%	0.1%	13.4%	13.9%	(0.5%)

Note: (1) 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 June 30<sup>th</sup>, 2020.

# Strauss Coffee Non-GAAP Sales by Geography

## Q2 and YTD 2020 NIS mm

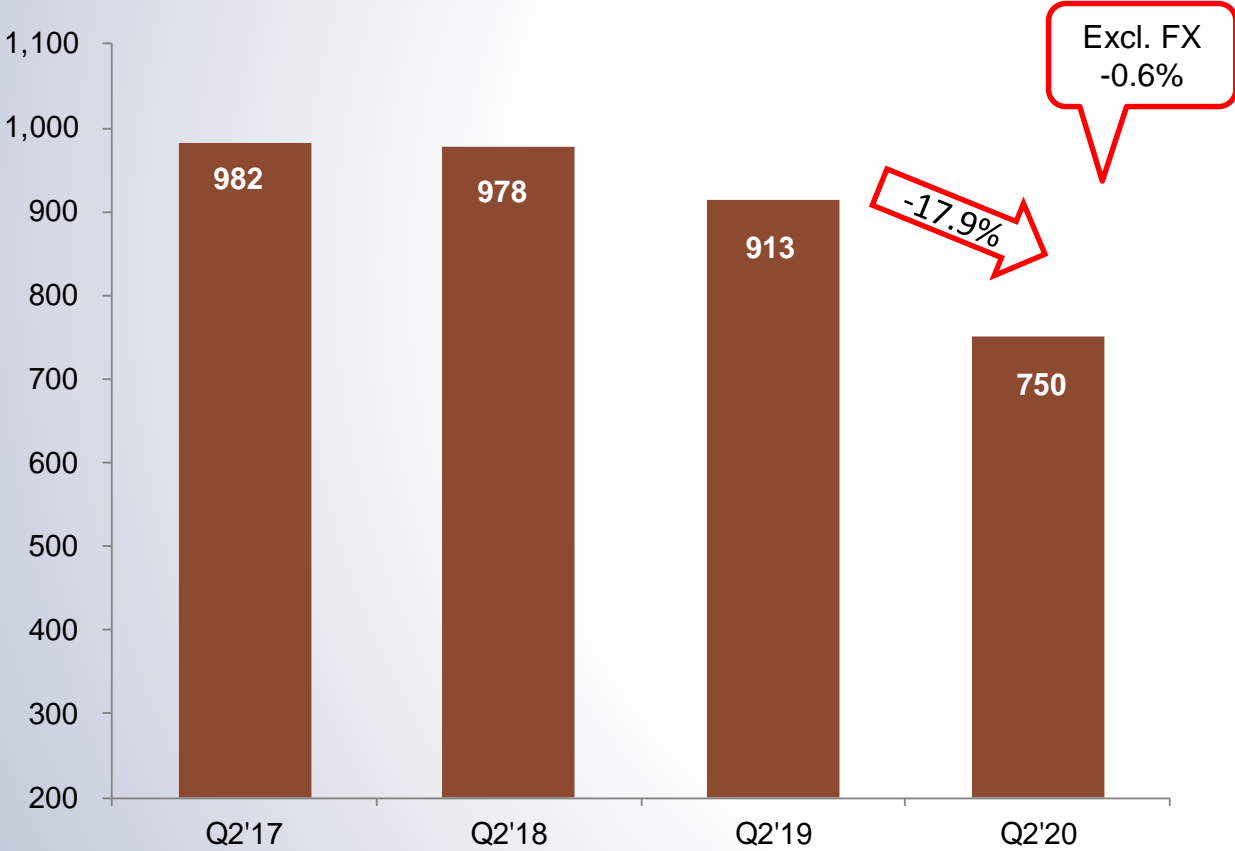
Strauss Coffee Sales								
	YTD 2020	YTD 2019	% Change		Q2 2020	Q2 2019	% Change	
			NIS	Local Currency			NIS	Local Currency
<b>Israel</b>	<b>368</b>	<b>387</b>	<b>(5.0%)</b>	<b>(5.0%)</b>	<b>133</b>	<b>165</b>	<b>(19.9%)</b>	<b>(19.9%)</b>
International:								
Três Corações Joint Venture (Brazil) (1)	709	880	(19.4%)	6.5%	366	470	(22.0%)	9.5%
CIS	260	252	3.3%	10.1%	122	133	(7.6%)	2.7%
Poland	136	135	0.9%	9.8%	68	64	6.4%	16.9%
Romania	71	88	(19.2%)	(13.3%)	34	45	(26.0%)	(21.3%)
Serbia	50	65	(23.5%)	(19.6%)	27	36	(24.9%)	(21.8%)
<b>Total International</b>	<b>1,226</b>	<b>1,420</b>	<b>(13.6%)</b>	<b>4.8%</b>	<b>617</b>	<b>748</b>	<b>(17.4%)</b>	<b>4.8%</b>
<b>Total Coffee</b>	<b>1,594</b>	<b>1,807</b>	<b>(11.8%)</b>	<b>2.4%</b>	<b>750</b>	<b>913</b>	<b>(17.9%)</b>	<b>(0.6%)</b>



Note: (1) 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 June 30<sup>th</sup>, 2020.

# Strauss Coffee

Q2 2020 Strauss Coffee Sales  
NIS mm; Non-GAAP



YTD 2020 Strauss Coffee Sales  
NIS mm; Non-GAAP



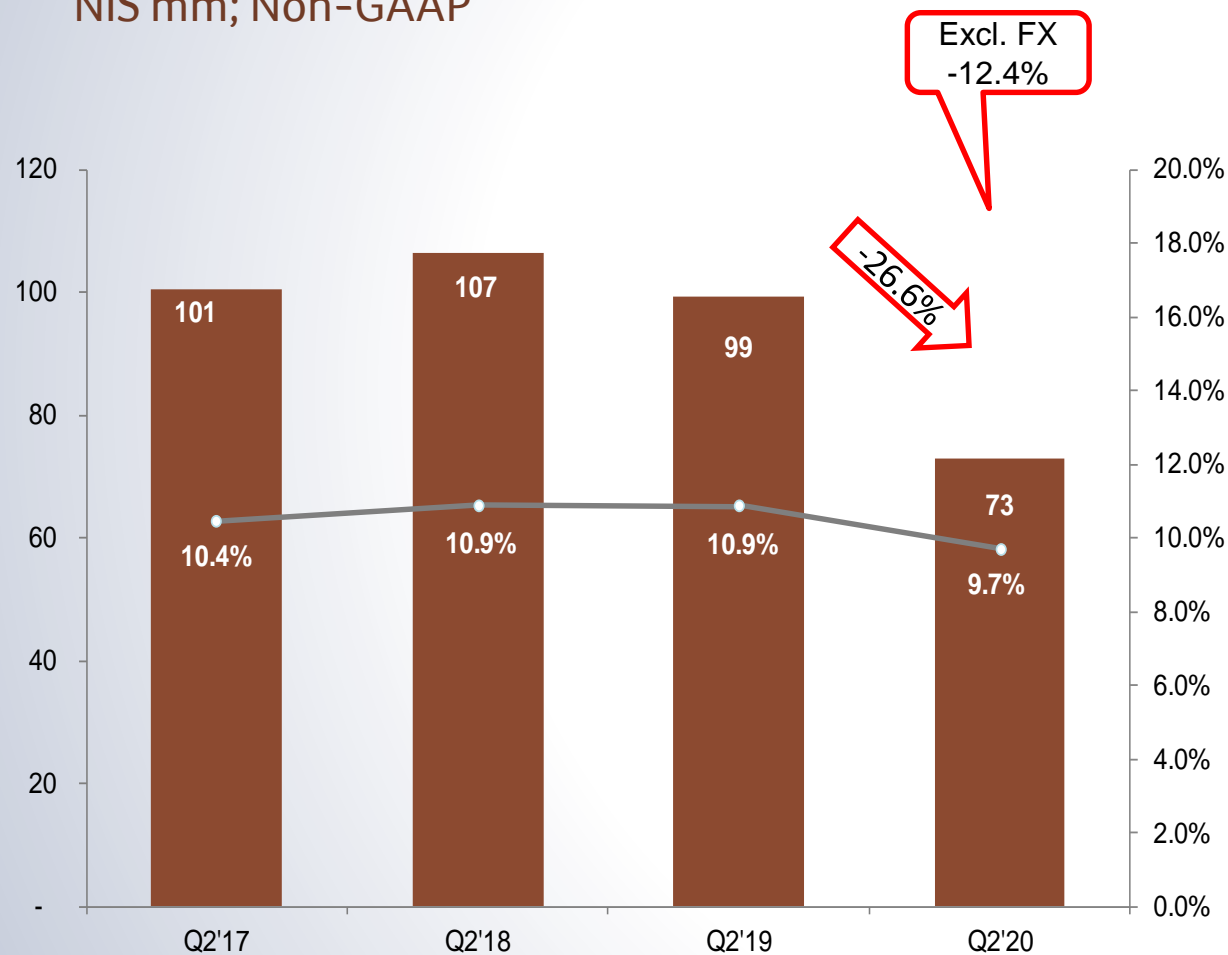
Note: Três Corações joint venture (Brazil): a company jointly held by the Group (50%) and by the São Miguel Group (50%) (3C).



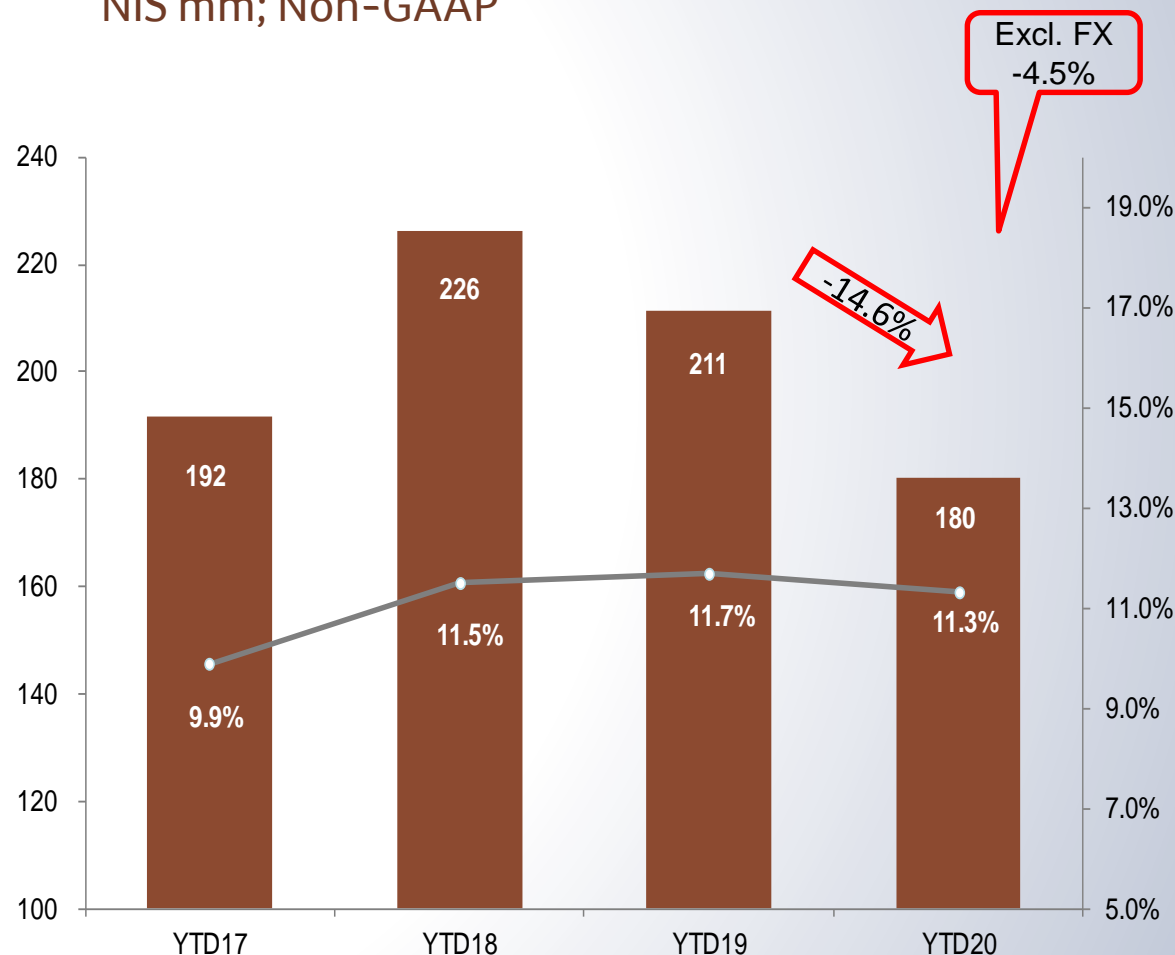


# Strauss Coffee

Q2 2020 Strauss Coffee EBIT & EBIT Margins  
NIS mm; Non-GAAP



YTD 2020 Strauss Coffee EBIT & EBIT Margins  
NIS mm; Non-GAAP

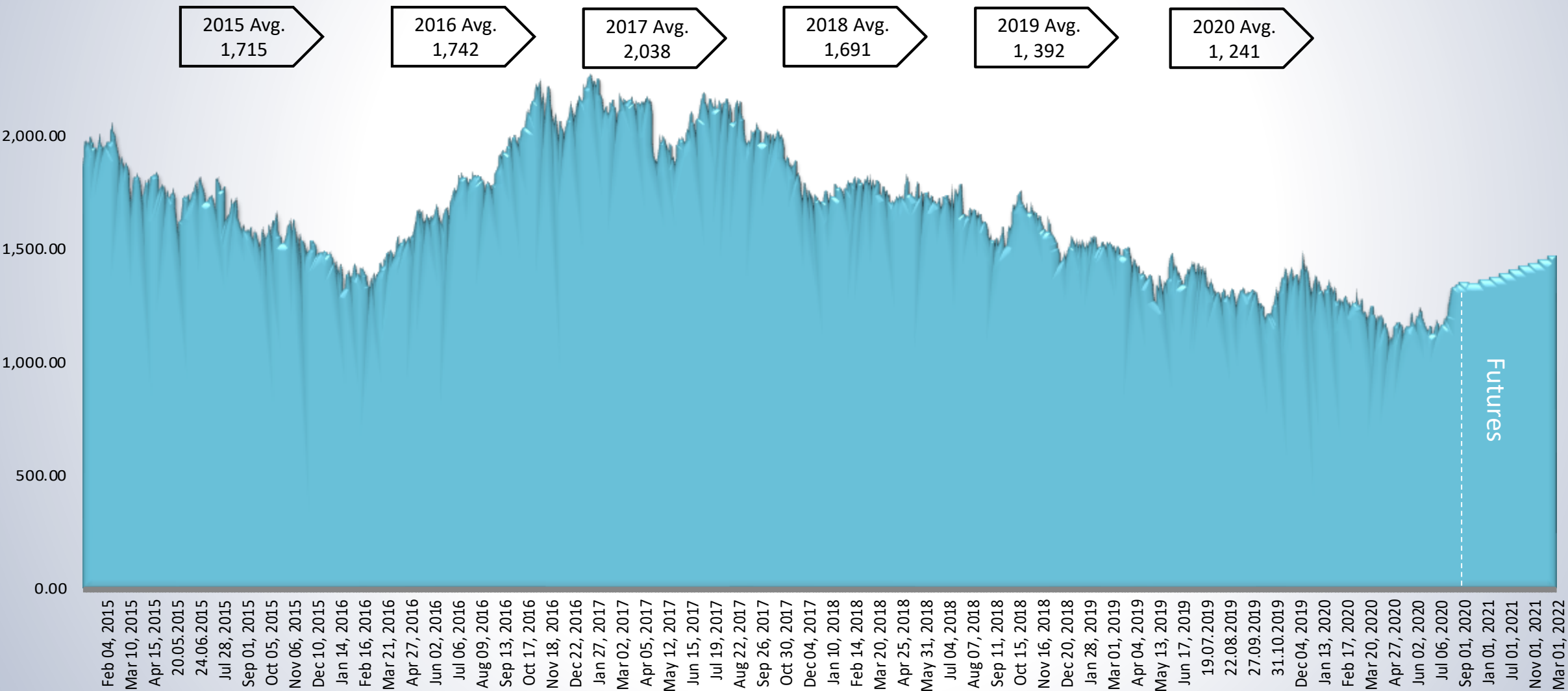


Note: Três Corações joint venture (Brazil): a company jointly held by the Group (50%) and by the São Miguel Group (50%) (3C).



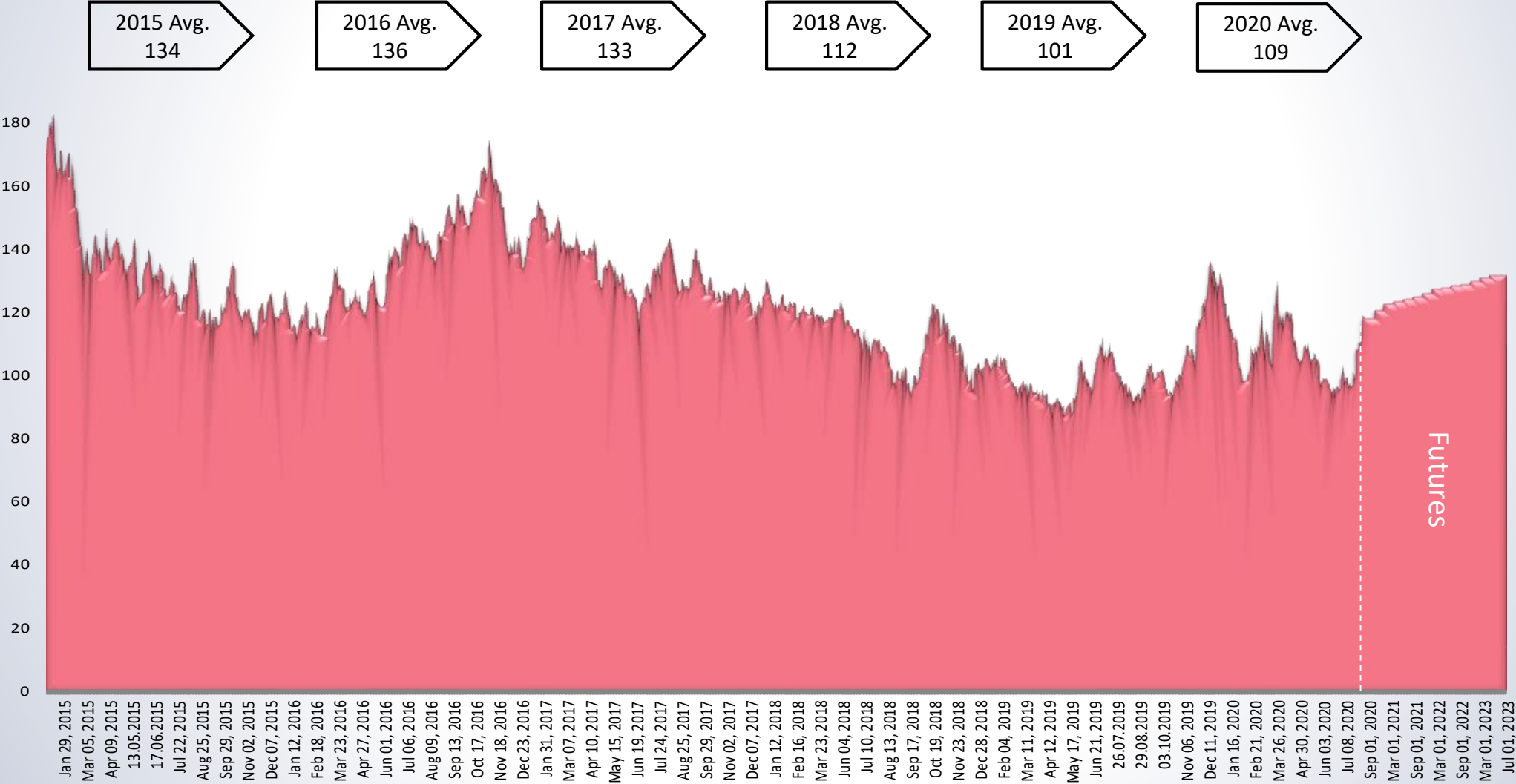
# Robusta Historical & Futures Prices 2015-2020

(\$\T)



# Arabica Historical & Futures Prices 2015-2020

(Cent\Lb)



# INTERNATIONAL DIPS & SPREADS

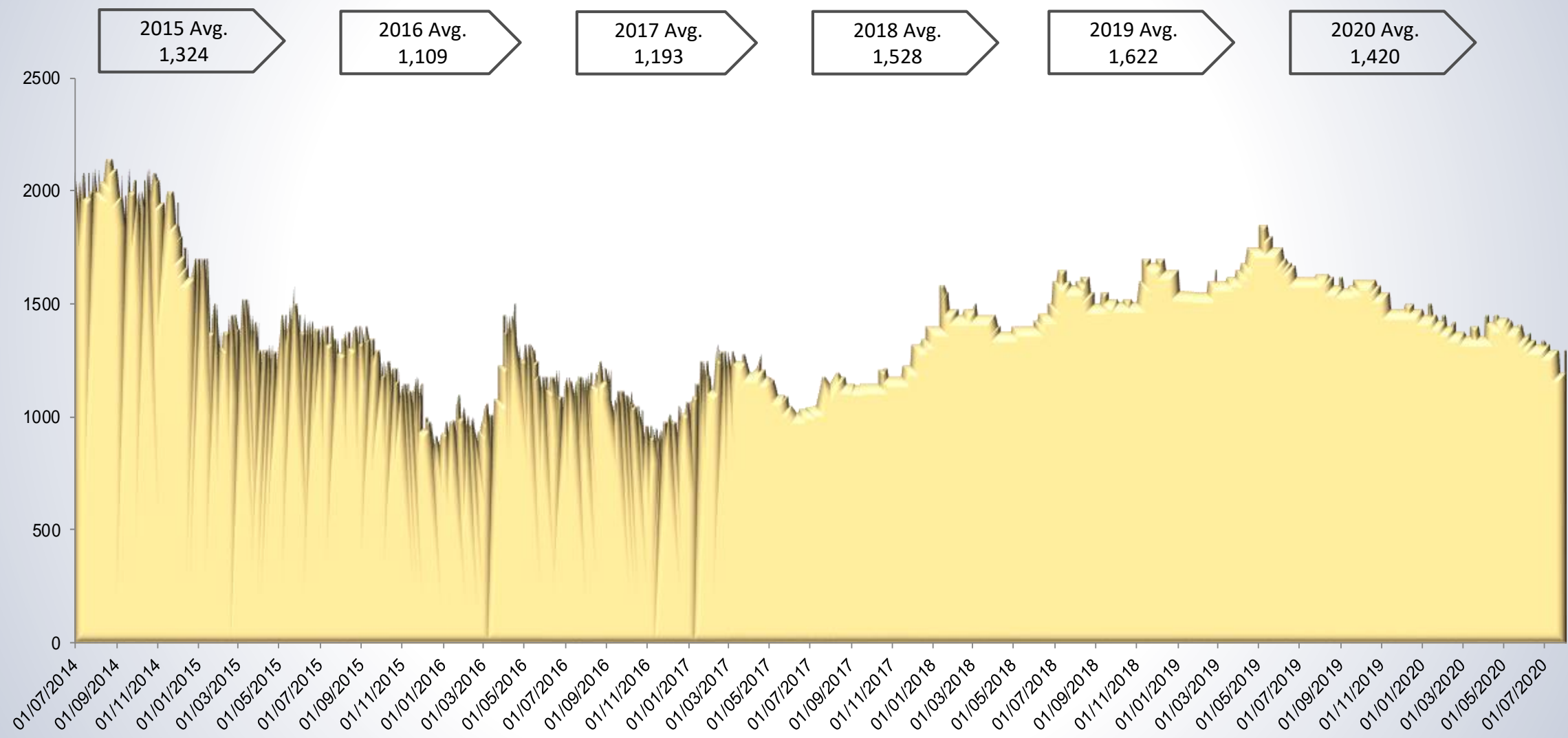
Strauss D&S Non-GAAP Financial Highlights  
YTD and Q2 2020 NIS mm; 50% share

	Dips & Spreads (Non GAAP)					
	YTD 2020	YTD 2019	% Chg.	Q2 2020	Q2 2019	% Chg.
<b>Revenue:</b>						
Sabra (50%)	338	349	(3.2%)	159	179	(10.9%)
Obela (50%)	38	41	(7.1%)	18	19	(4.0%)
<b>Total Revenue</b>	<b>375</b>	<b>390</b>	<b>(3.8%)</b>	<b>178</b>	<b>198</b>	<b>(10.3%)</b>
<b>EBIT:</b>						
Sabra (50%)	40	57	(29.7%)	21	30	(31.2%)
Margins	11.9%	16.4%	(4.5%)	12.8%	16.7%	(3.9%)
Obela (50%)	(3)	(5)	NM	(2)	(3)	NM
Margins	NM	NM	NM	NM	NM	NM
<b>Total EBIT</b>	<b>37</b>	<b>52</b>	<b>(29.1%)</b>	<b>19</b>	<b>27</b>	<b>(30.4%)</b>
Margins	9.8%	13.2%	(3.6%)	10.5%	13.5%	(3.1%)
<b>EBITDA:</b>						
<b>Total EBITDA</b>	<b>50</b>	<b>66</b>	<b>(23.4%)</b>	<b>25</b>	<b>34</b>	<b>(24.4%)</b>
Margins	13.4%	16.8%	(3.5%)	14.3%	17.0%	(2.8%)

- Figures were rounded to NIS millions. Totals were calculated on the basis of the exact figures in NIS thousands.



# HUMERA SESAME PRICES 2015-2020 (USD/METRIC TON)

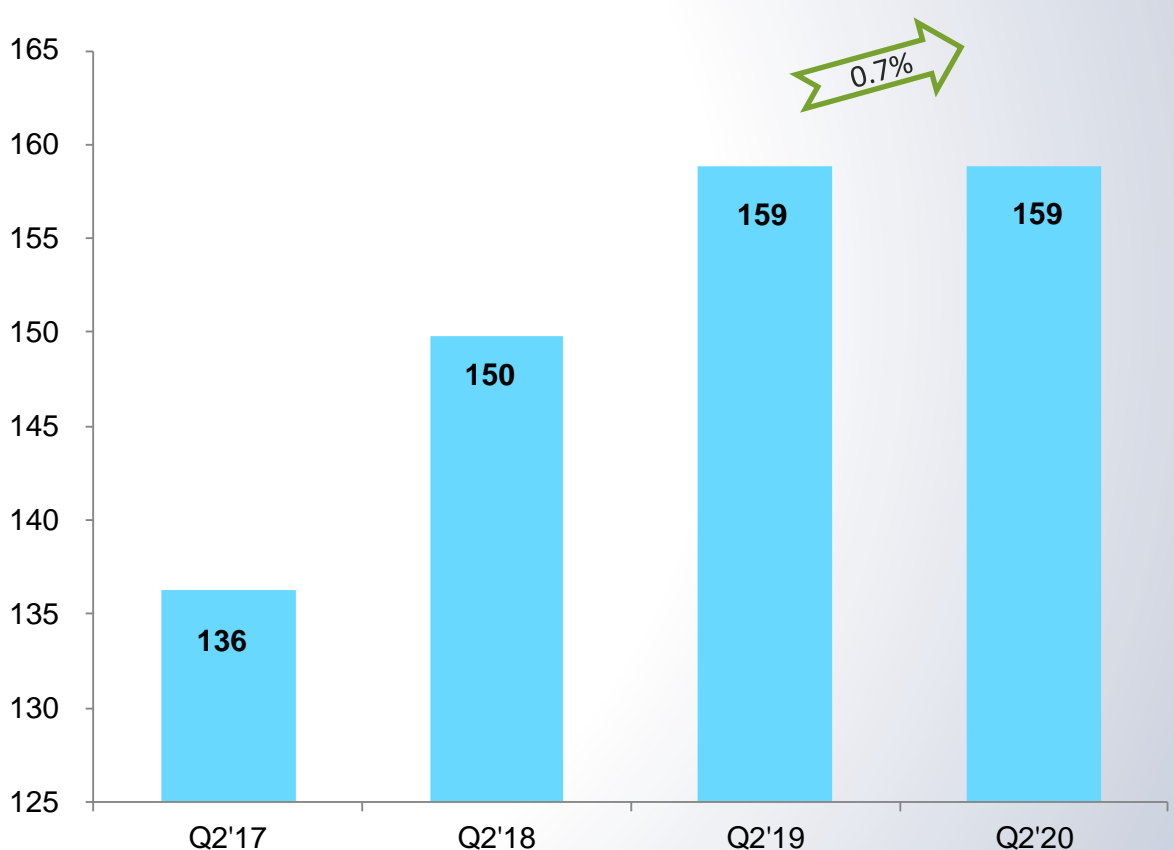


# Strauss Water

YTD 2020 Strauss Water Non-GAAP Sales  
NIS mm; Non-GAAP

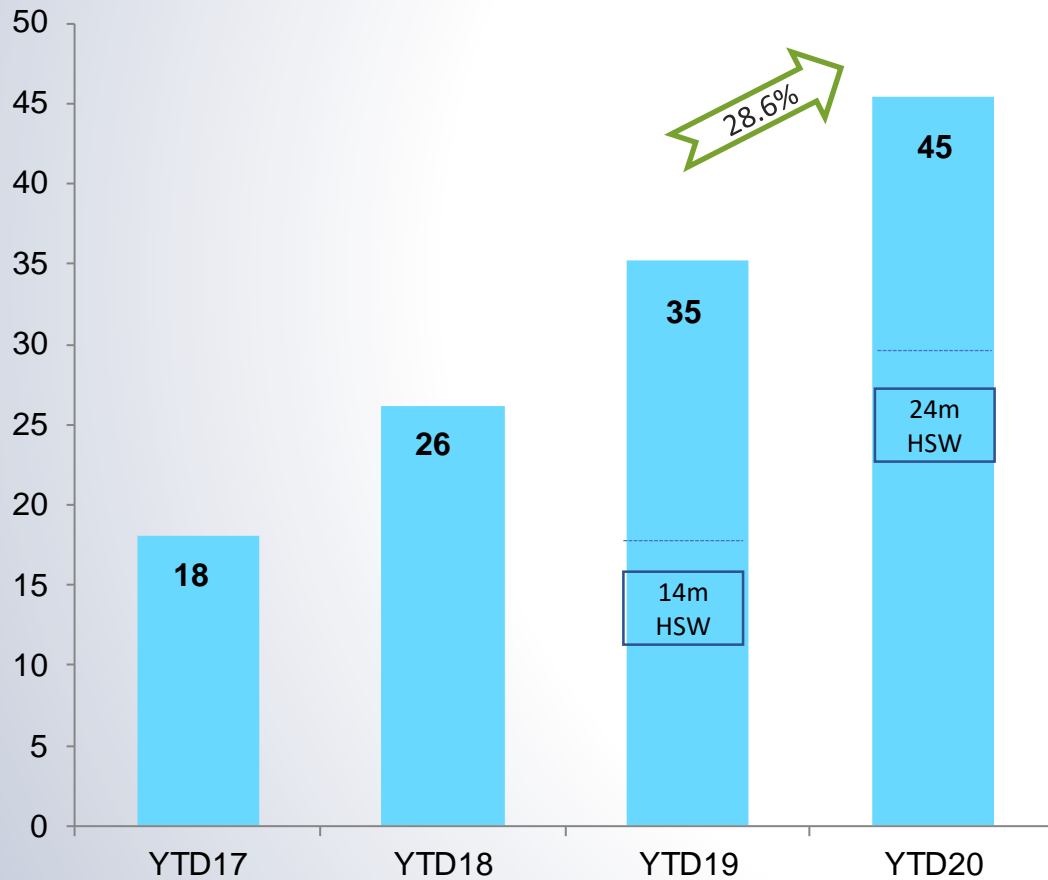


Q2 2020 Strauss Water Non-GAAP Sales  
NIS mm; Non-GAAP

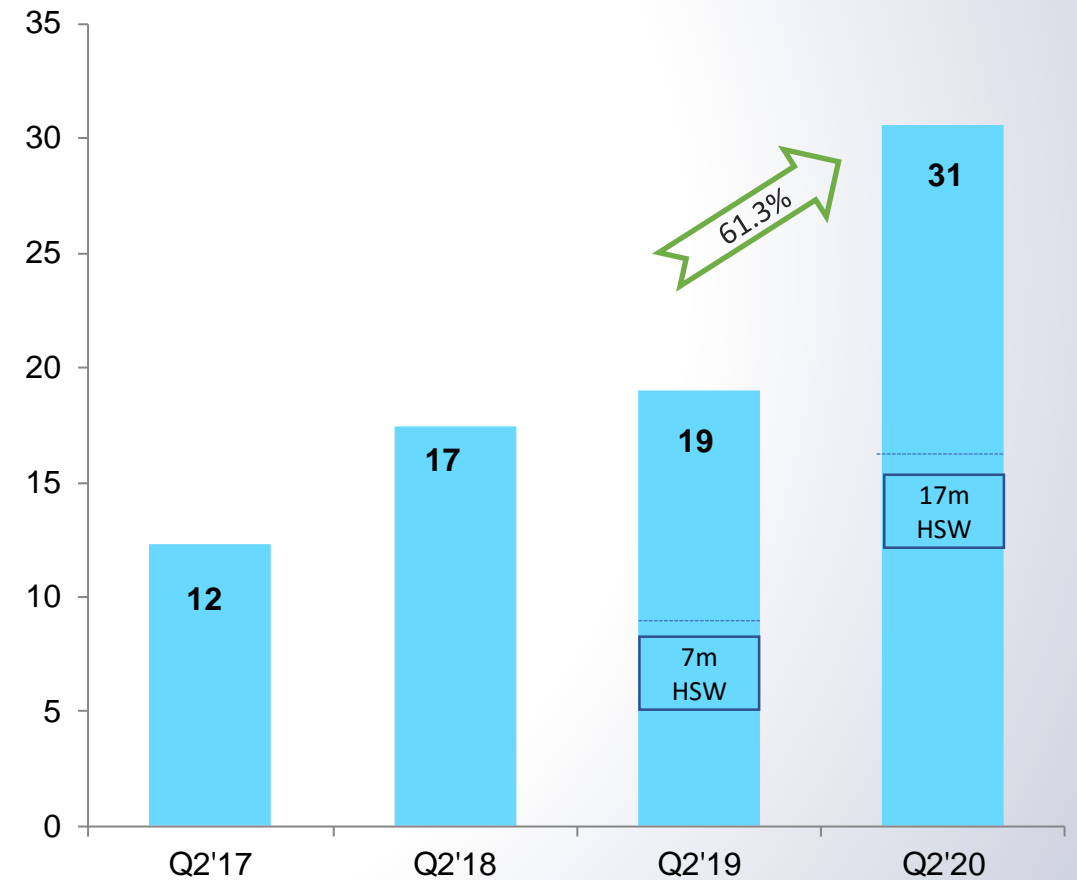


# Strauss Water

YTD 2020 Strauss Water Non-GAAP EBIT  
NIS mm; Non-GAAP



Q2 2020 Strauss Water Non-GAAP EBIT  
NIS mm; Non-GAAP



Note: 1. Water EBIT includes net profits from HSW – YTD 19 – 14m NIS; YTD 20 – 24m NIS; Q2 19 – 7m NIS; Q2 20 – 17m NIS  
2. Includes one time government grant for HSW in Q@



# Thank You

For further details please contact:

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