

Strauss Group Financial Results

Q1 2022 Earnings Presentation | May 25th, 2022



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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).

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.





Giora Bardea

Group CEO





Strauss is a resilient company with the right **people, brands & partners** to emerge stronger from this crisis as we have done successfully over the last 80 years



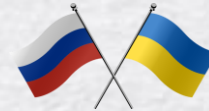
Our diversified portfolio continues to expand generating **double digit** growth – Coffee, Water, Health & Wellness and our Foodtech continue to **execute well**, providing stable & healthy growth



In the face of **confectionary & Sabra challenges** we are more determined than ever to fix the issues & exit stronger with better infrastructure. We are confident that we will return to full capacity, in the near future



Strauss Israel other **business** were unaffected by the recall, continue to execute well showing stable growth



Russia Ukraine – business is gradually returning, we continue to support our employees, overall, there is no material financial impact



We remain committed as ever to all our stakeholders, to our strategic plan & to meet our goals





Ariel Chetrit

Group CFO



Q1 Highlights



Strauss Israel

- Strauss Israel announced a voluntary recall of all products manufactured in the confectionary factory in Nof HaGalil on April 24th
- The confectionary plant will return to full operation after thorough repair
- Recall negative impact – Sales (-64M’); EBIT (-154M’); Net income (-119M’);
- Strong sales and EBIT performance in H&W segment due to dairies and fresh food divisions
- Commodity inflationary pressures continue led by raw milk, sugar and energy
- Strauss market share improved to 12.7% compared to 12.4% amidst a relatively weak Food & Beverage market
- After the recall occurrence and near the report publication date, there has been a decline in S. Israel Confectionary market share. Yet, market share in other categories remained stable



Q1 Highlights



Strauss Coffee

- Strong sales momentum on reported growth of 32.6% and organic growth excluding FX of 35.8% in Q1
- Sales growth was led by Brazil⁽¹⁾, up 77.2% in local currency, price increase and volume growth
- Decrease in sales and EBIT in Russia and Ukraine as a result of the Russian invasion; The decrease is insignificant to the Group, and there has been gradual improvement in the operating results after the balance sheet date
- Strong sales growth in most European countries in LC
- Gross margins continue to erode in Q1 on elevated green coffee prices at a higher rate than selling prices increase
- EBIT increases on higher sales offset by lower gross margins
- AFH segment continued to improve across all geographies



Q1 Highlights



International Dips & Spreads

- On February 9, 2022, Sabra Board of Directors approved an adjustment plan at Sabra's plant in Virginia, USA
- The plan increased costs and reduced production capacity of the plant
- Sales declined 30.8% in Q1 in local currency mainly due to production challenges
- Operating loss as a result of the decrease in sales along with fixed costs and one-time expenses
- Sabra's market share is down to 45.8% due to inability to meet demand
- Sabra's operating loss is expected to range between 15-17mm' USD in Q2 which includes one time expenses of 6-8mm' USD (Strauss' share at 50%)



Q1 Highlights



Strauss Water

- Strong sales momentum continues with a 7.5% increase for the first quarter
- Installed base continues to increase in Israel
- Haier Strauss Water (HSW) sales growth of 12.6% in local currency to reach ¥ 343m
- Operating profit margin is up 13.8% vs 12.8% in the corresponding period due to HSW performance despite commodity inflationary pressure
- Production in the new site in China continues to expand



Q1 Highlights



Growth and Innovation

- Overall equity capital gains of NIS 8m during the quarter
- Fair value of NIS 412m as of March 31st 2022 compared to 149m as of March 31st 2021
- A new company joined the Kitchen portfolio to a total of 23 companies
- During February The Kitchen FoodTech Hub won the Innovation Authority's tender for tech incubators for the second time



Financial Highlights | Organic Excluding FX Non GAAP



Q1 2022

Q1'22 Organic Sales growth: 11.5%

Q1'22 Organic Gross Profit growth: -17.6%

Q1'22 Organic EBIT growth: -64.1%

Q1'22 Organic Net Income growth: -79%

Financial Highlights | Reported Non GAAP



Q1 2022

Q1'22 Sales: NIS 2,272mm; growth: 10.2%

Q1'22 gross margins: 29.1% (down 1030 bps vs. Q1'21)

EBIT and EBIT margins:
NIS 102mm (down -64.7%); 4.5% (down -950 bps vs. Q1'21)

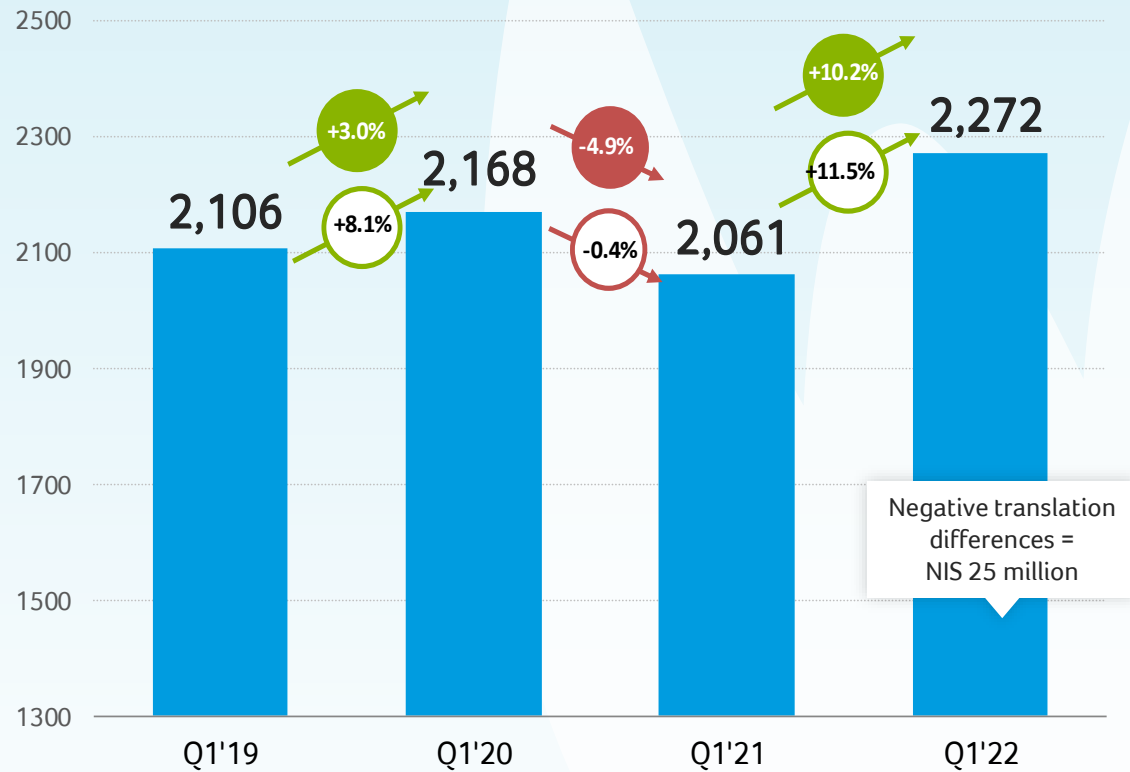
Net income and net margins:
NIS 43mm (down -79.2%); 1.9% (down -810 bps vs. Q1'21)



Sales



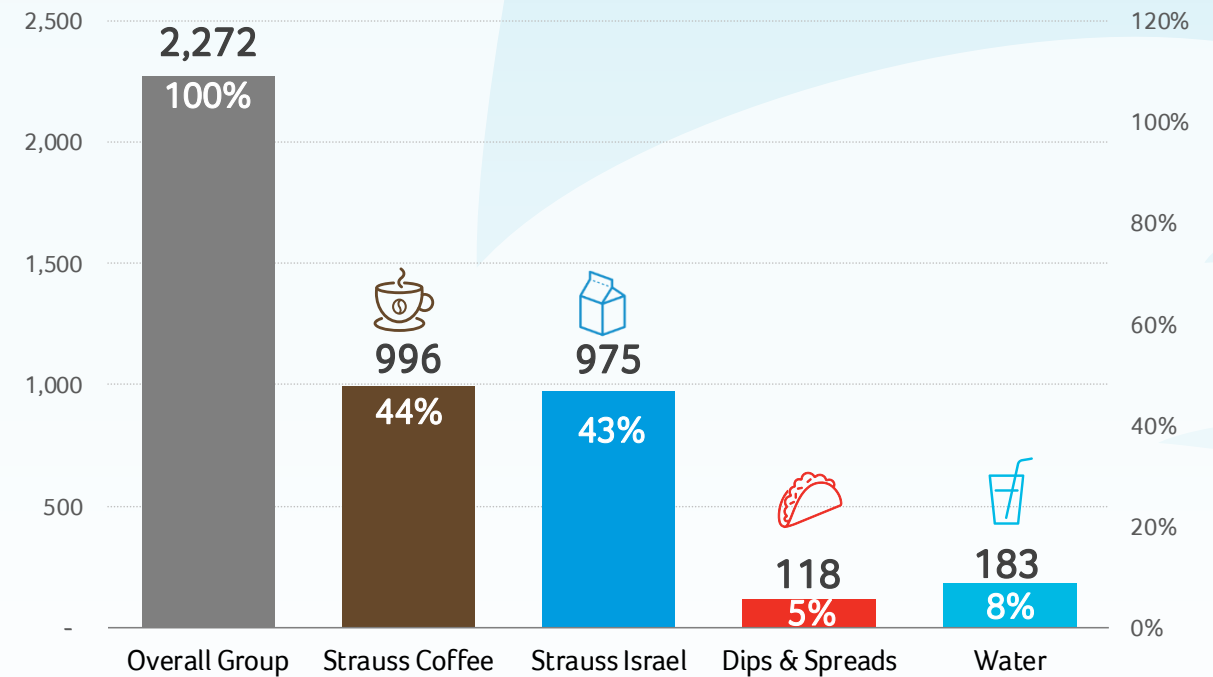
Q1 2022 Consolidated Sales NIS mm Non-GAAP



= Organic Sales Growth excl. FX

Q1 2022 Sales by Segment

NIS mm; Non-GAAP; % sales contribution

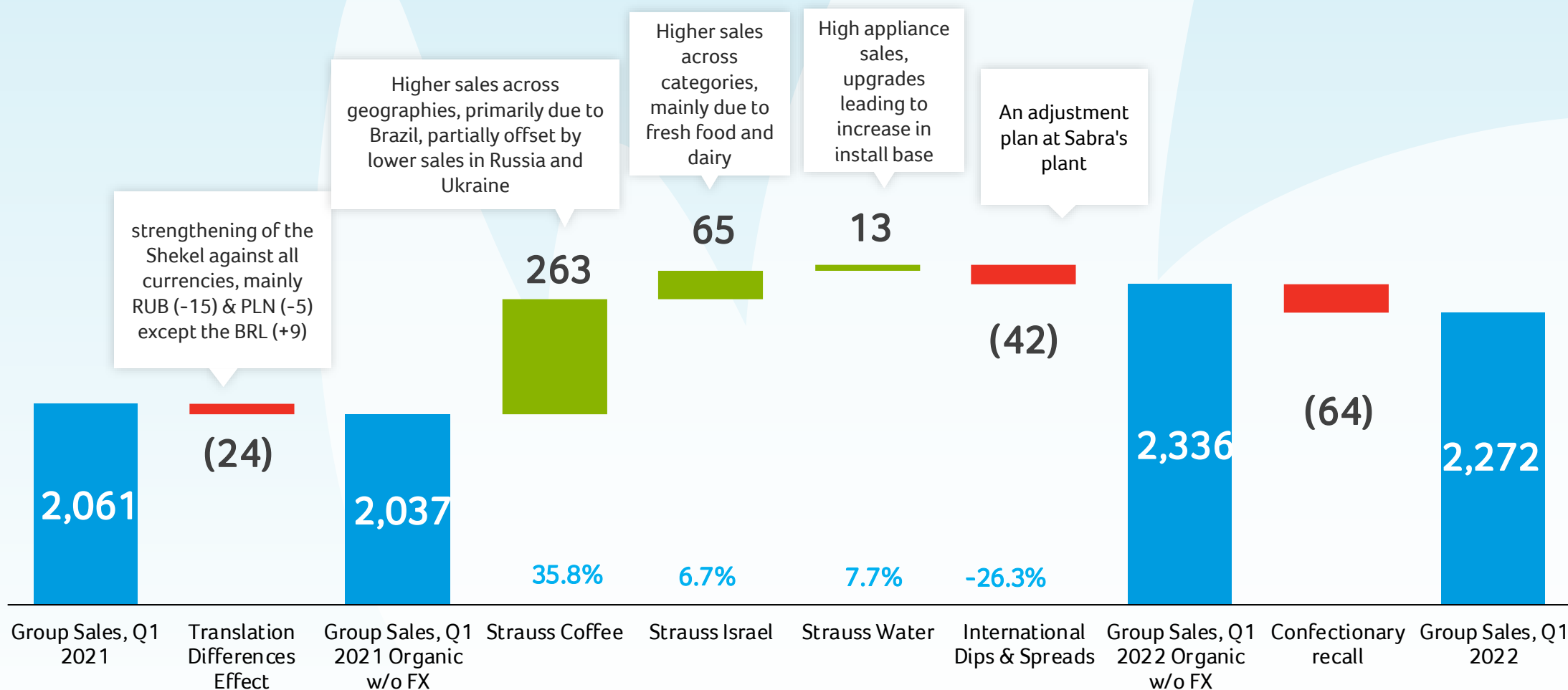


'22/'21 Growth 10.2% 32.6% 0.1% -28.6% 7.5%

'22/'21 Organic growth excl. FX 11.5% 35.8% 0.1% -26.3% 7.7%

Q1 Sales Bridge

NIS mm; Non-GAAP; Q1'21 to Q1'22

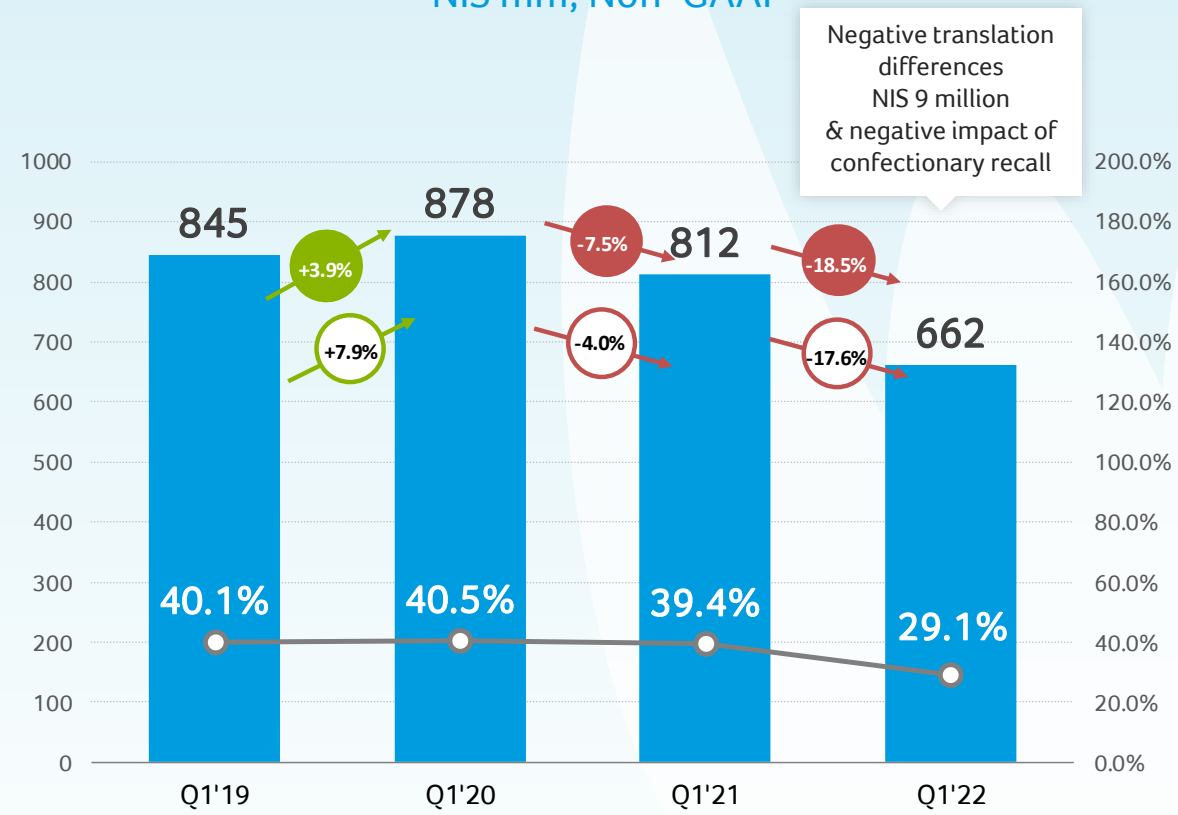


Gross Profit



Q1 Consolidated Gross Profit and Gross Margins

NIS mm; Non-GAAP

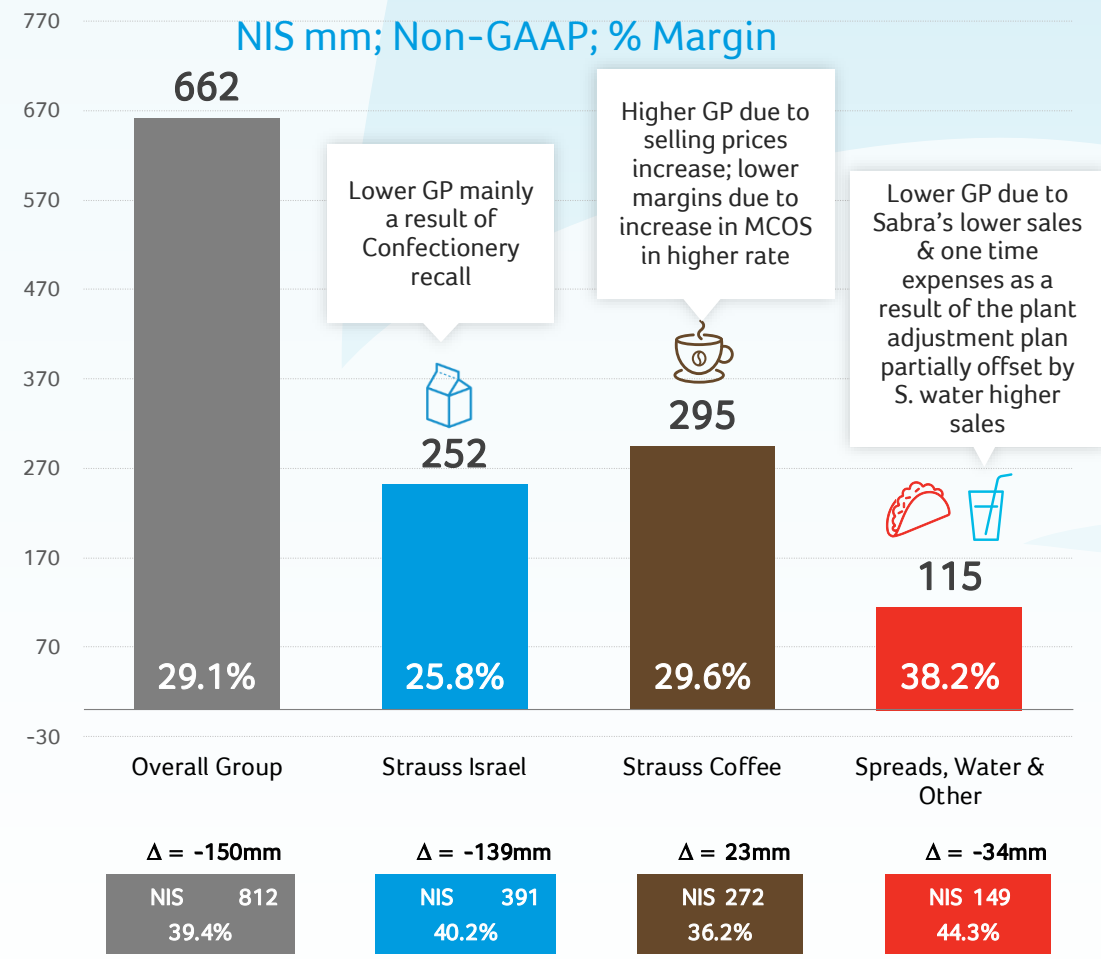


Negative translation differences NIS 9 million & negative impact of confectionary recall

= Organic Gross Profit Growth excl. FX

Q1 2022 Gross Profit and Gross Margins

NIS mm; Non-GAAP; % Margin



Lower GP mainly a result of Confectionary recall

Higher GP due to selling prices increase; lower margins due to increase in MCOS in higher rate

Lower GP due to Sabra's lower sales & one time expenses as a result of the plant adjustment plan partially offset by S. water higher sales

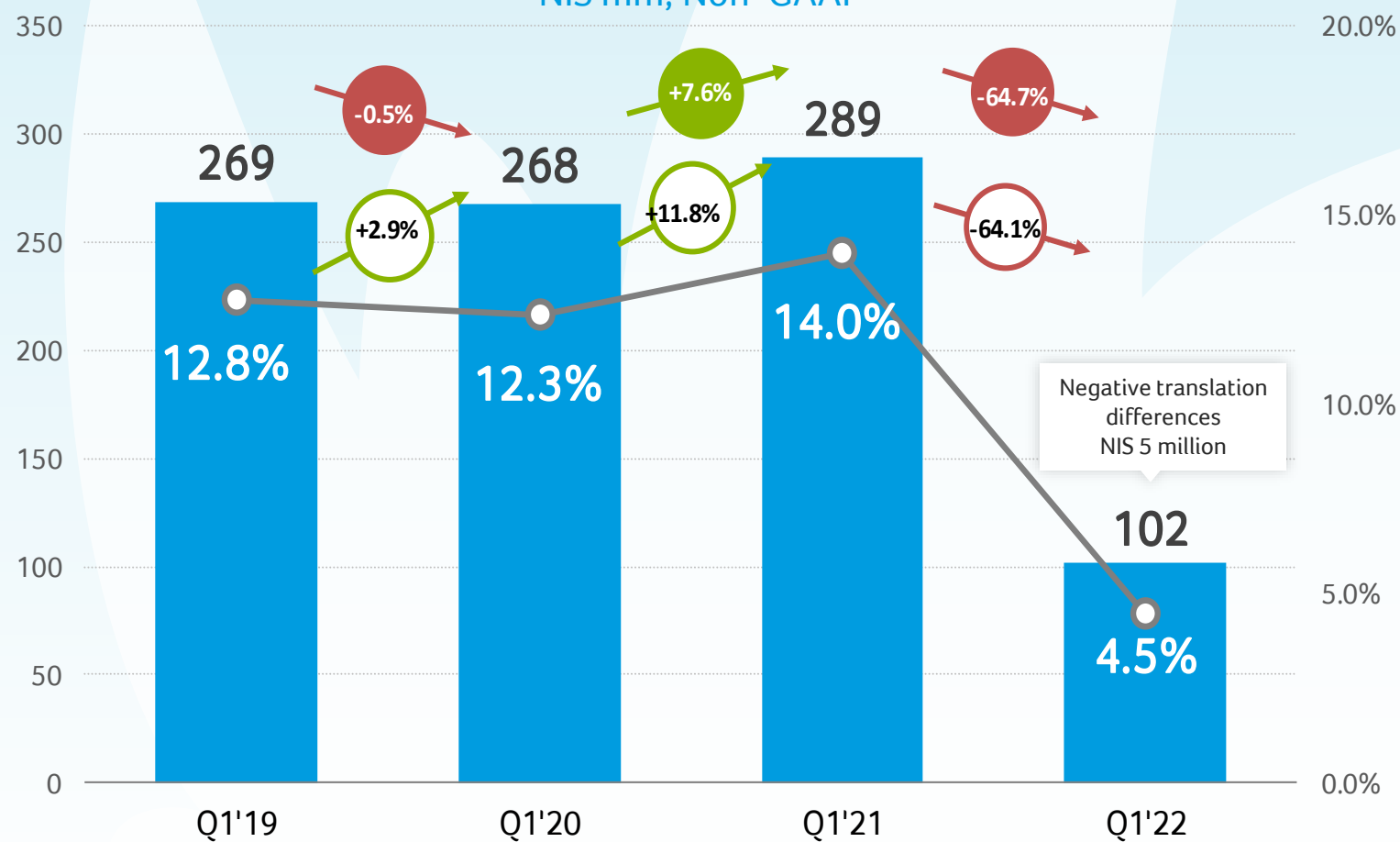
Q1 2021 GP & GM

EBIT



Q1 Consolidated EBIT and EBIT Margins

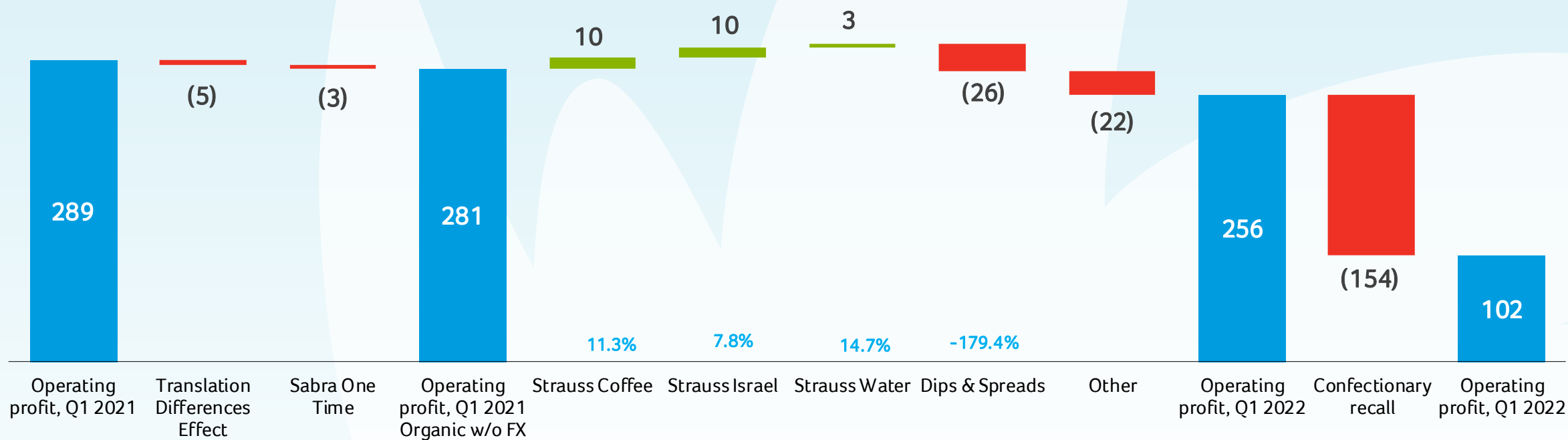
NIS mm; Non-GAAP



→ = Organic EBIT Growth excl. FX

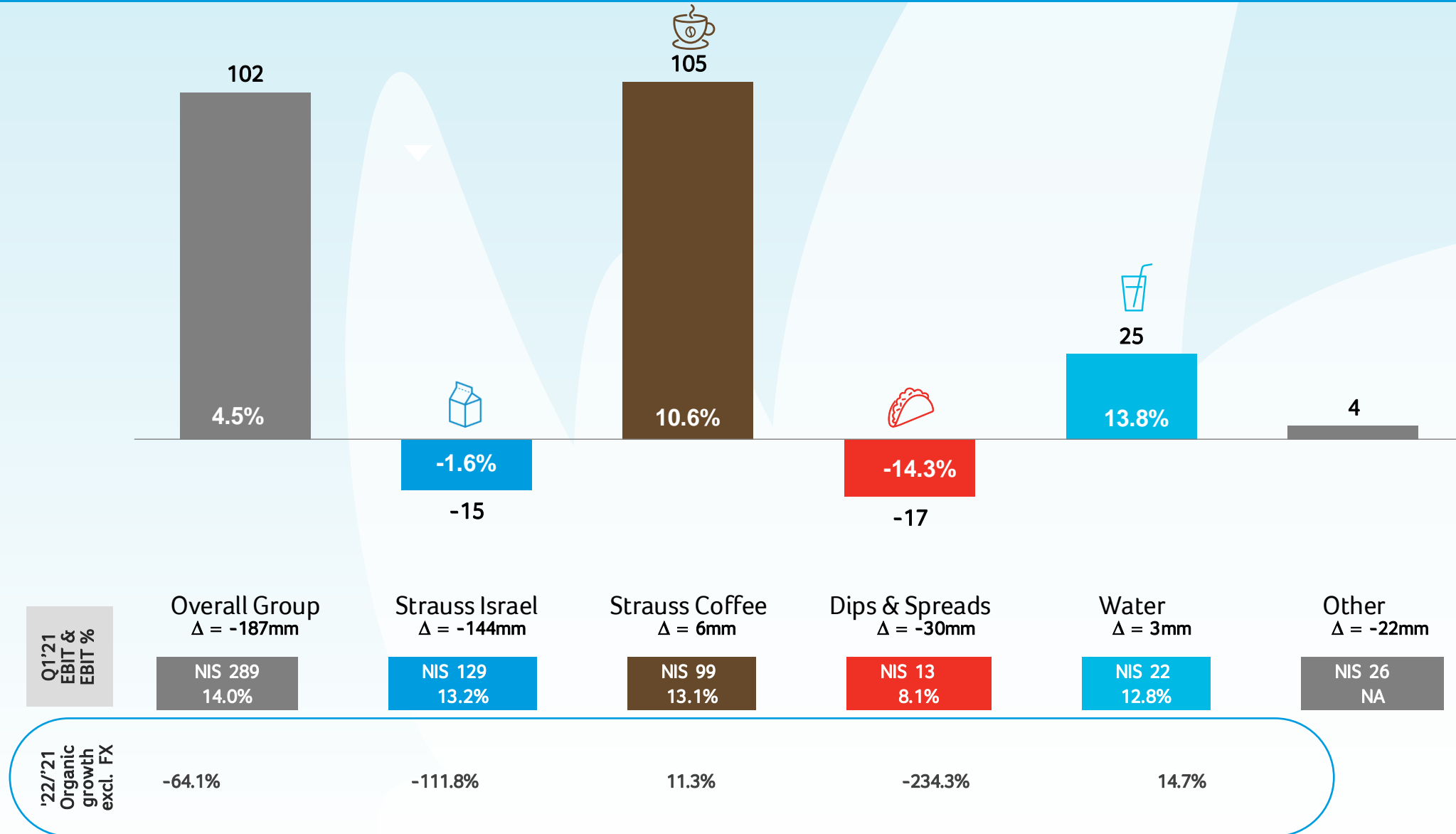
Q1 EBIT Bridge

NIS mm; Non-GAAP; Q1'21 to Q1'22



Q1 2022 EBIT and EBIT Margins

NIS mm; Non-GAAP; % Margin



Notes:

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

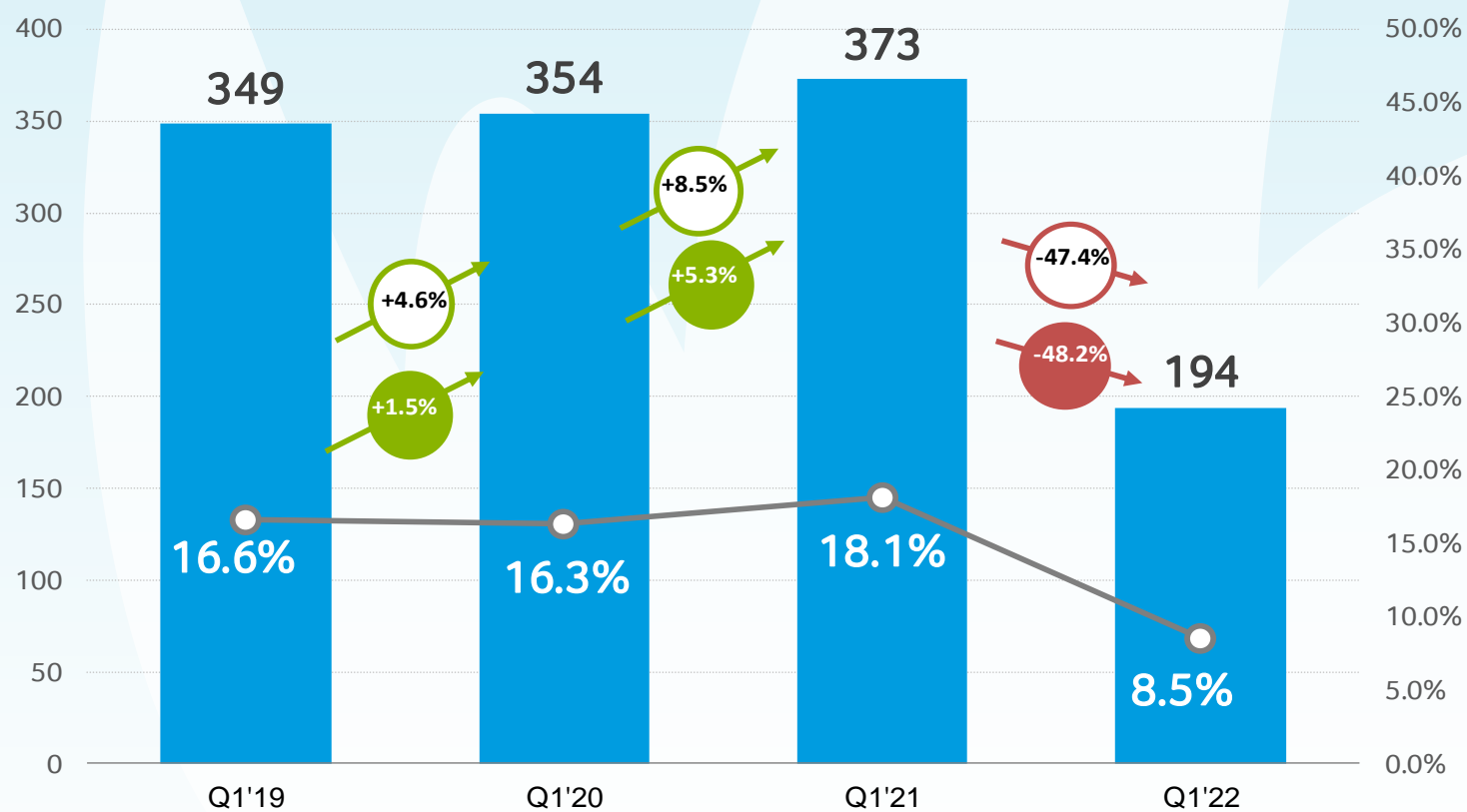
(2) Water EBIT includes net profits from HSW

EBITDA



Q1 2022 Consolidated EBITDA and EBITDA Margins

NIS mm; Non-GAAP



= EBITDA Growth excl. FX

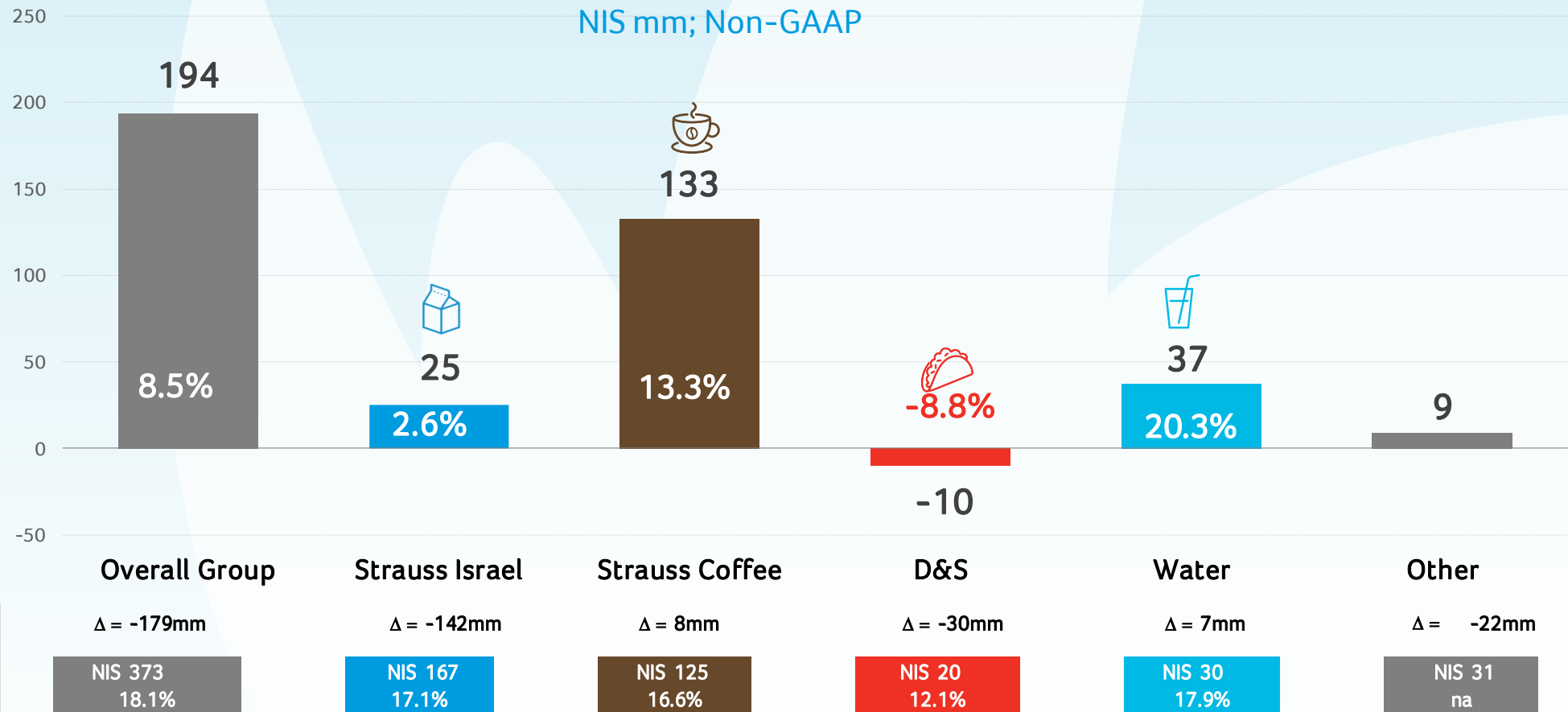
* Note change in EBITDA due to new IFRS16 rules as of 2019

EBITDA



Q1 2022 Consolidated EBITDA and EBITDA Margins

NIS mm; Non-GAAP



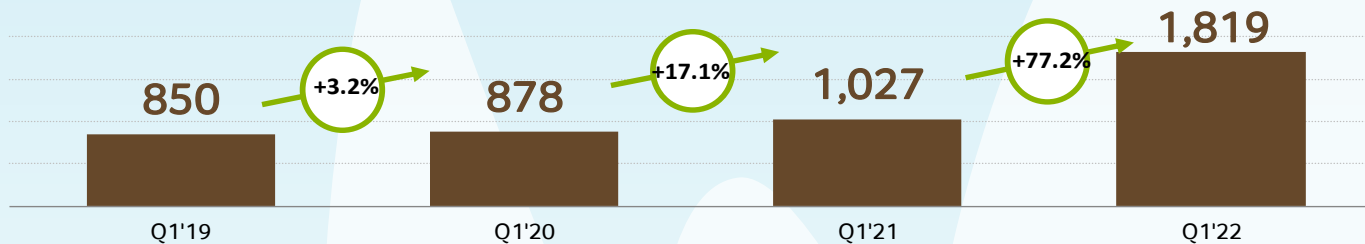


Três Corações Alimentos S.A. (Três Corações J.V.)

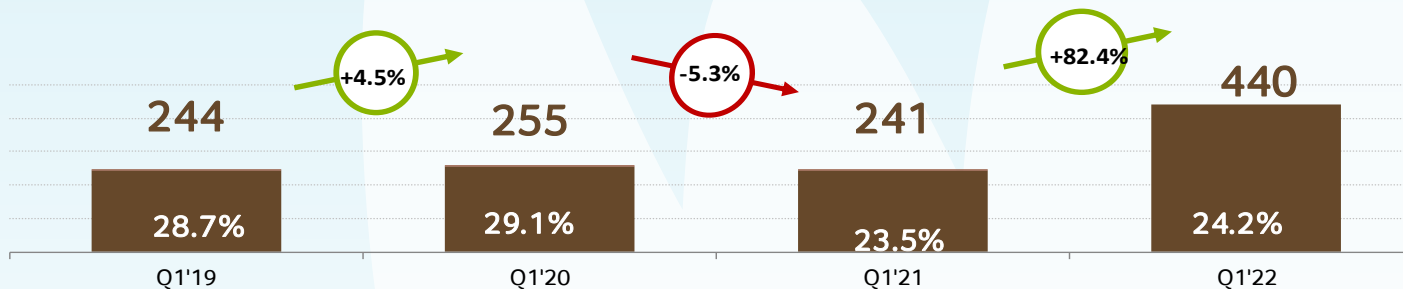


Q1 Snapshot | BRL mm for 100% ownership and including inter-company sales

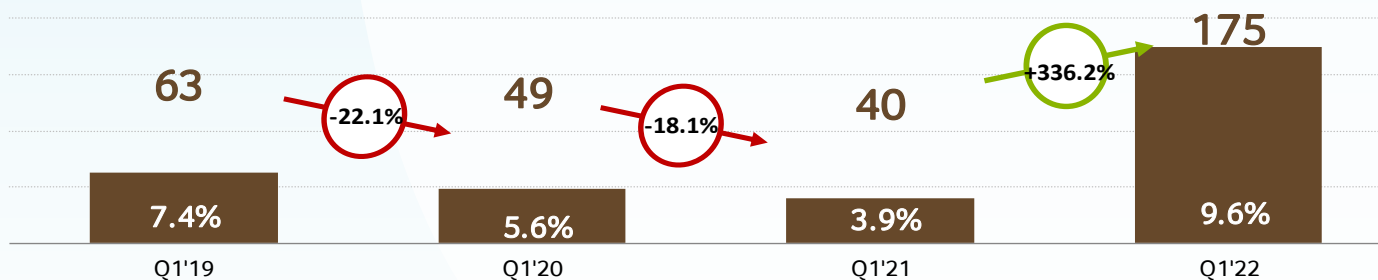
Sales



GP and GM



EBIT and EBIT Margins (*)



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 March 31st, 2022.

(*) EBIT before Other Expenses/ Income.

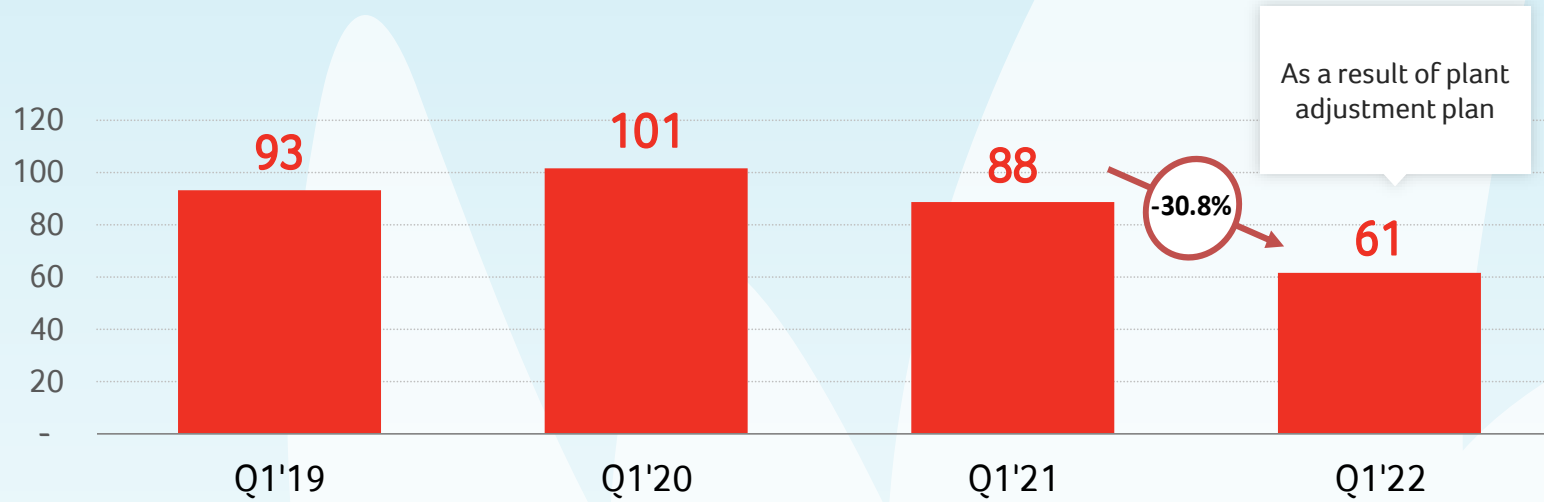


Sabra Q1 Snapshot

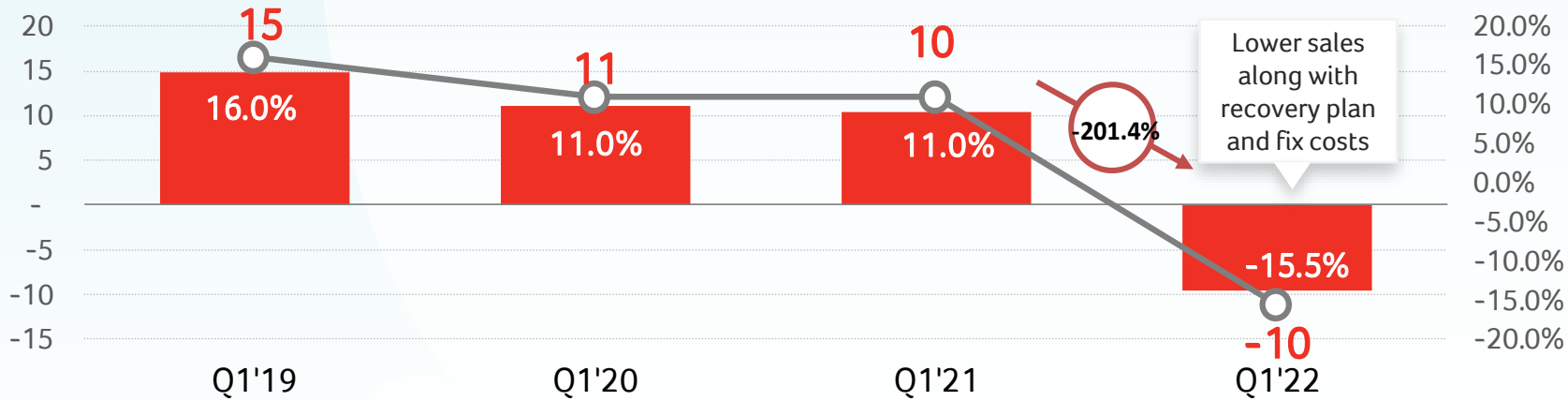
\$ mm; Non-GAAP; for 100% share



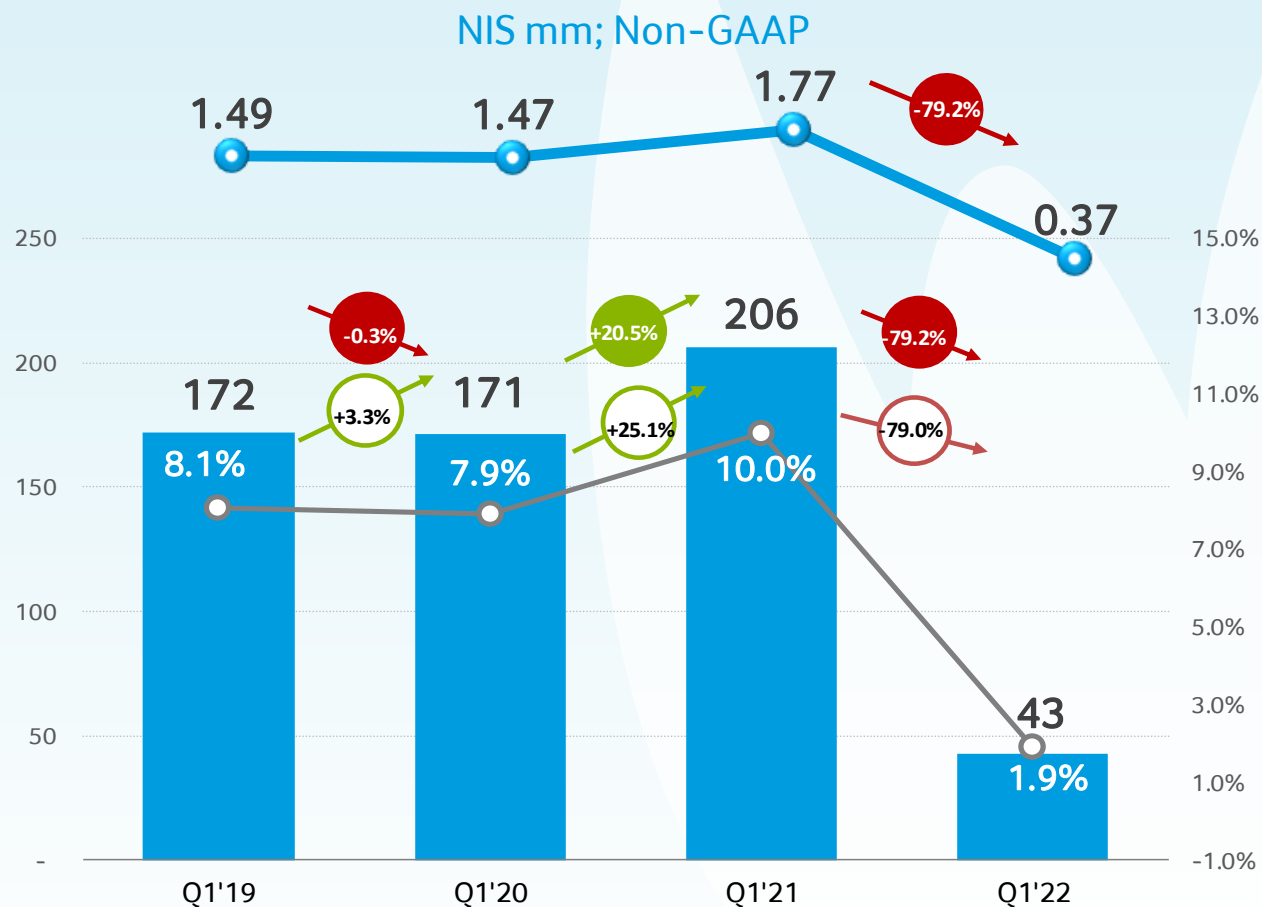
Sales



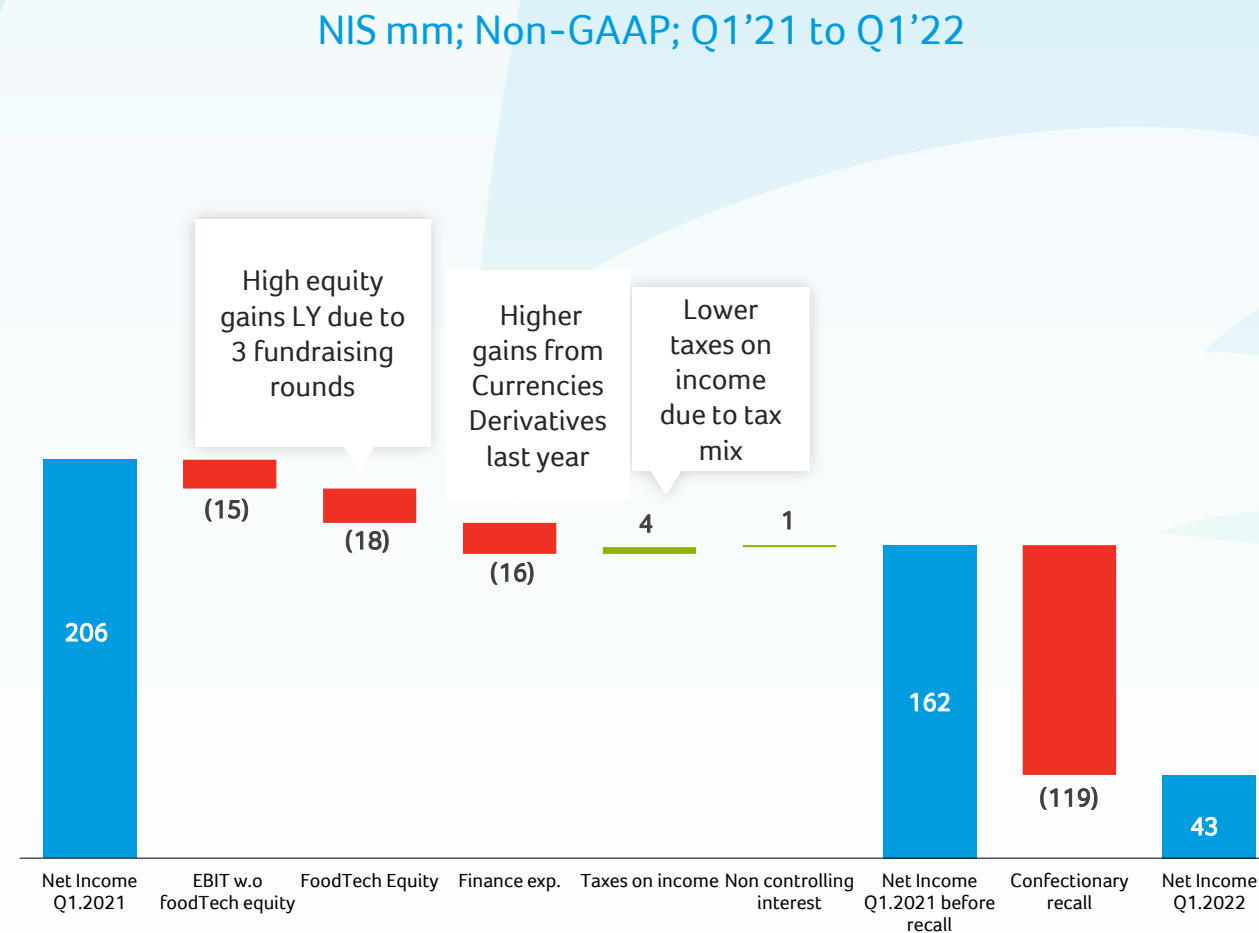
EBIT and EBIT Margins




Q1 Net Profit (attributed to the Company's shareholders), Net Margins and EPS



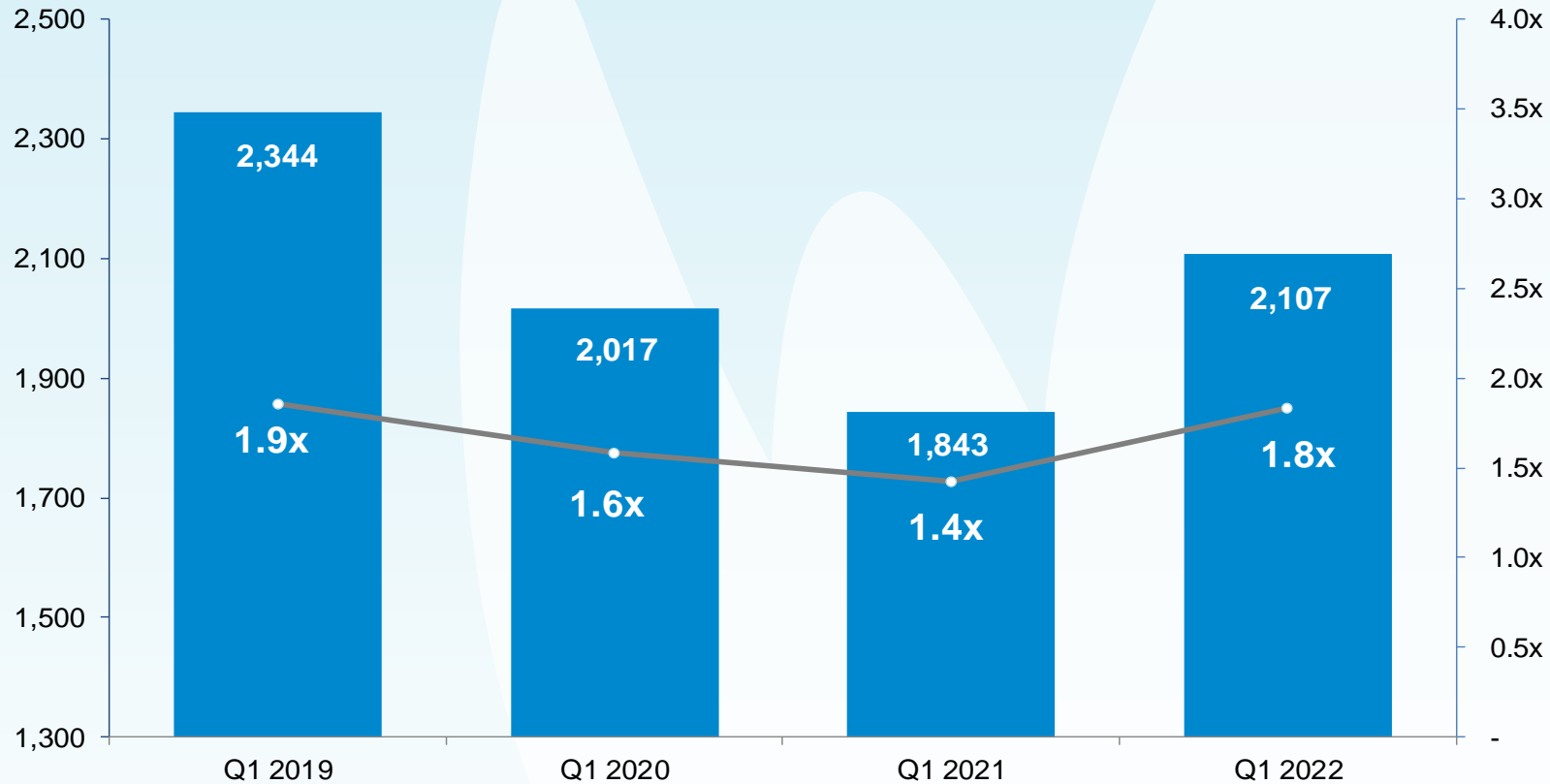
Q1 Net Profit (attributed to the Company's shareholders) Bridge



 = Organic Net Income Growth excl. FX

Net Debt and Net Debt / EBITDA (LTM)

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



Q1 GAAP and Non-GAAP

Financial Highlights, NIS mm



| | GAAP | | | Adjusted Non-GAAP | | |
|-----------------------------|---------|---------|---------|-------------------|---------|---------|
| | Q1 2022 | Q1 2021 | % Chg. | Q1 2022 | Q1 2021 | % Chg. |
| Sales | 1,511 | 1,509 | 0.1% | 2,272 | 2,061 | 10.2% |
| Gross Profit | 459 | 630 | (27.2%) | 662 | 812 | (18.5%) |
| <i>GP Margin</i> | 30.4% | 41.7% | | 29.1% | 39.4% | |
| Operating Profit | 81 | 273 | (70.4%) | 102 | 289 | (64.7%) |
| <i>EBIT Margin</i> | 5.4% | 18.1% | | 4.5% | 14.0% | |
| Net Profit (to SH) | 14 | 203 | (93.0%) | 43 | 206 | (79.2%) |
| <i>NP Margin</i> | 0.9% | 13.5% | | 1.9% | 10.0% | |
| Operating Cash Flow | (31) | 209 | | (124) | 178 | |
| Capex ⁽¹⁾ | (59) | (48) | | (78) | (65) | |
| Net debt | 1,780 | 1,631 | | 2,107 | 1,843 | |
| Change in WC (CF) | (89) | (23) | | (247) | (110) | |

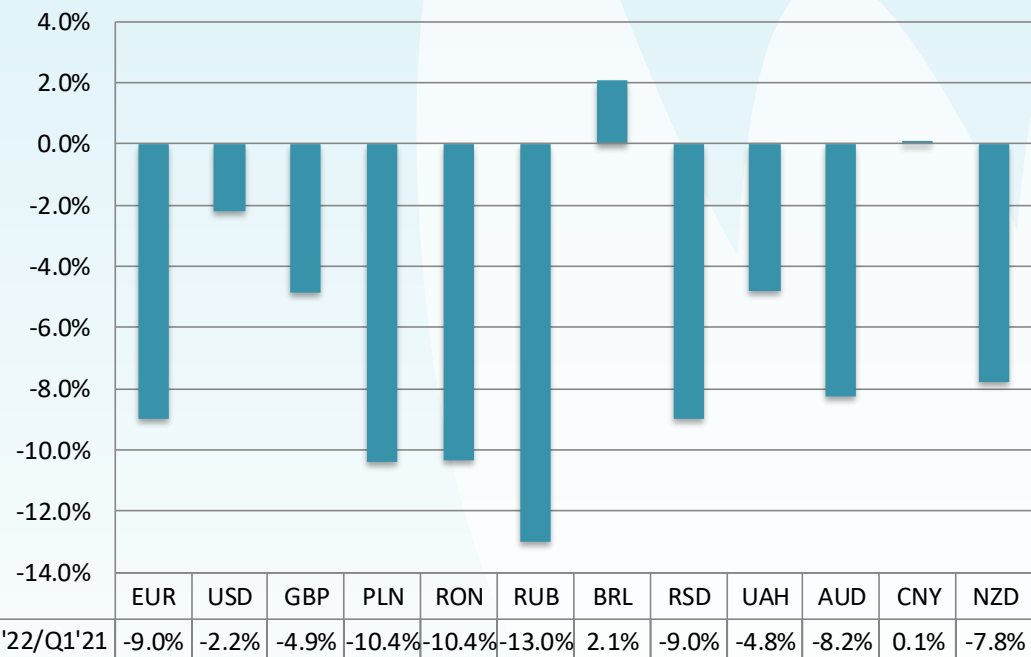


Currencies



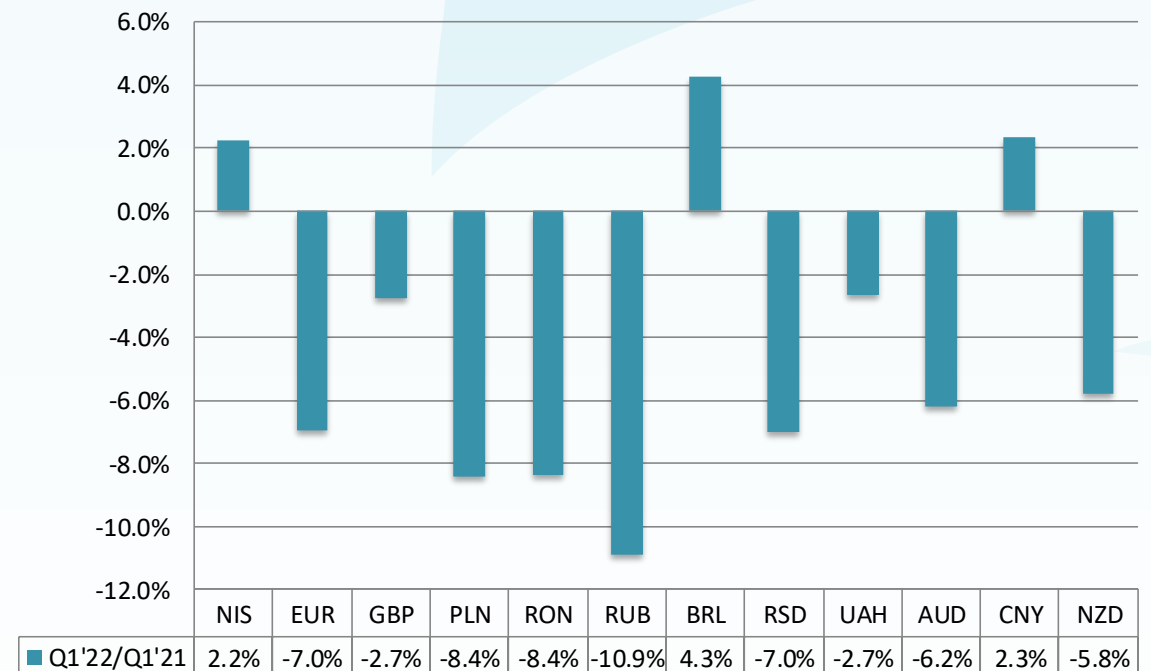
Local Currencies vs. the NIS

Change in average exchange rate (1 local currency = x NIS)



Local Currencies vs. the USD

Change in average exchange rate (1 local currency = x USD)





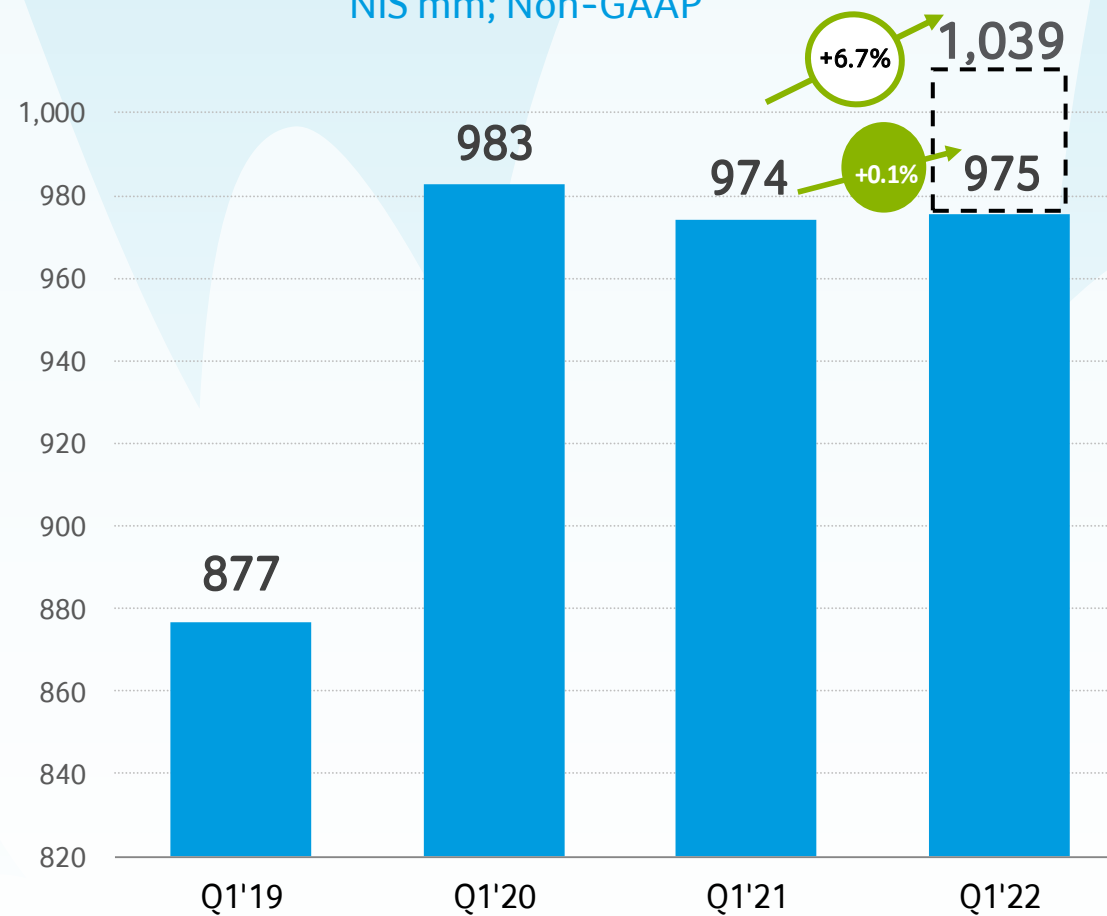
| Strauss Israel (Non GAAP) | | | |
|---------------------------|----------------|--------------|-----------------|
| | Q1 2022 | Q1 2021 | % Chg. |
| Revenue: | | | |
| H&W | 669 | 639 | 4.8% |
| F&I | 306 | 335 | (8.8%) |
| Total Revenue | 975 | 974 | 0.1% |
| Total Gross Profit | 252 | 391 | (35.7%) |
| <i>Gross Margins</i> | <i>25.8%</i> | <i>40.2%</i> | <i>(14.4%)</i> |
| EBIT: | | | |
| H&W | 82 | 76 | 7.2% |
| <i>Margins</i> | <i>12.2%</i> | <i>12.0%</i> | <i>0.2%</i> |
| F&I | (97) | 53 | (285.9%) |
| <i>Margins</i> | <i>(31.8%)</i> | <i>15.6%</i> | <i>(47.4%)</i> |
| Total EBIT | (15) | 129 | (111.8%) |
| <i>Margins</i> | <i>(1.6%)</i> | <i>13.2%</i> | <i>(14.8%)</i> |
| EBITDA: | | | |
| H&W | 104 | 99 | 5.7% |
| <i>Margins</i> | <i>15.6%</i> | <i>15.5%</i> | <i>0.1%</i> |
| F&I | (79) | 68 | (216.6%) |
| <i>Margins</i> | <i>(25.9%)</i> | <i>20.3%</i> | <i>(46.2%)</i> |
| Total EBITDA | 25 | 167 | (85.0%) |
| <i>Margins</i> | <i>2.6%</i> | <i>17.1%</i> | <i>(14.5%)</i> |





Q1 2022 Strauss Israel Sales

NIS mm; Non-GAAP

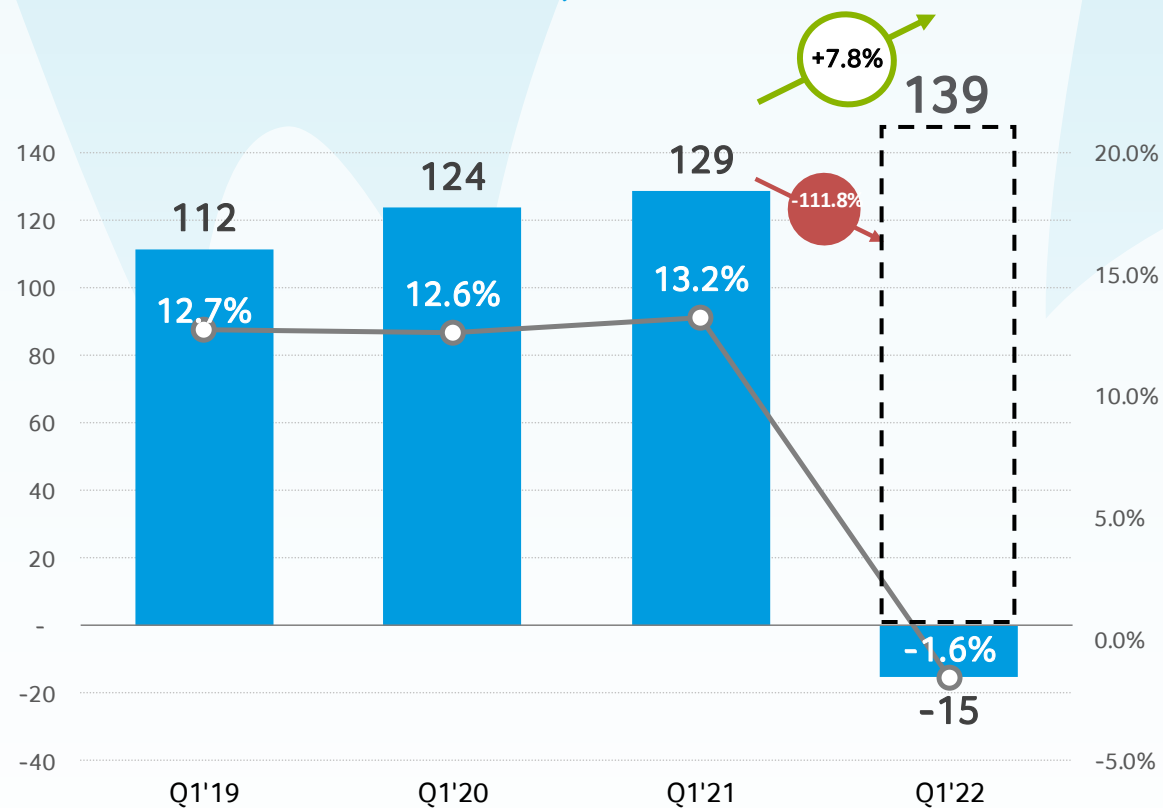


= Sales excluding
Confectionary
recall effect



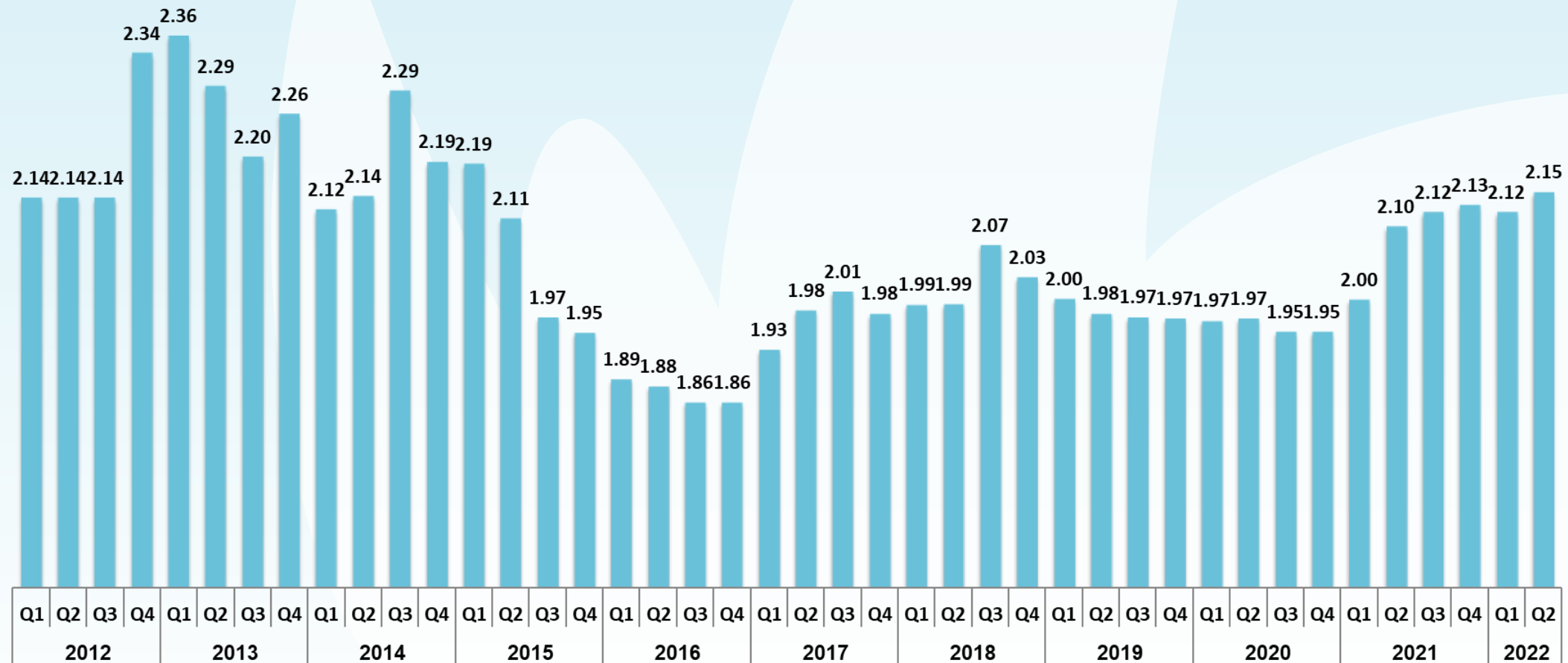
Q1 2022 Strauss Israel EBIT & EBIT Margins

NIS mm; Non-GAAP

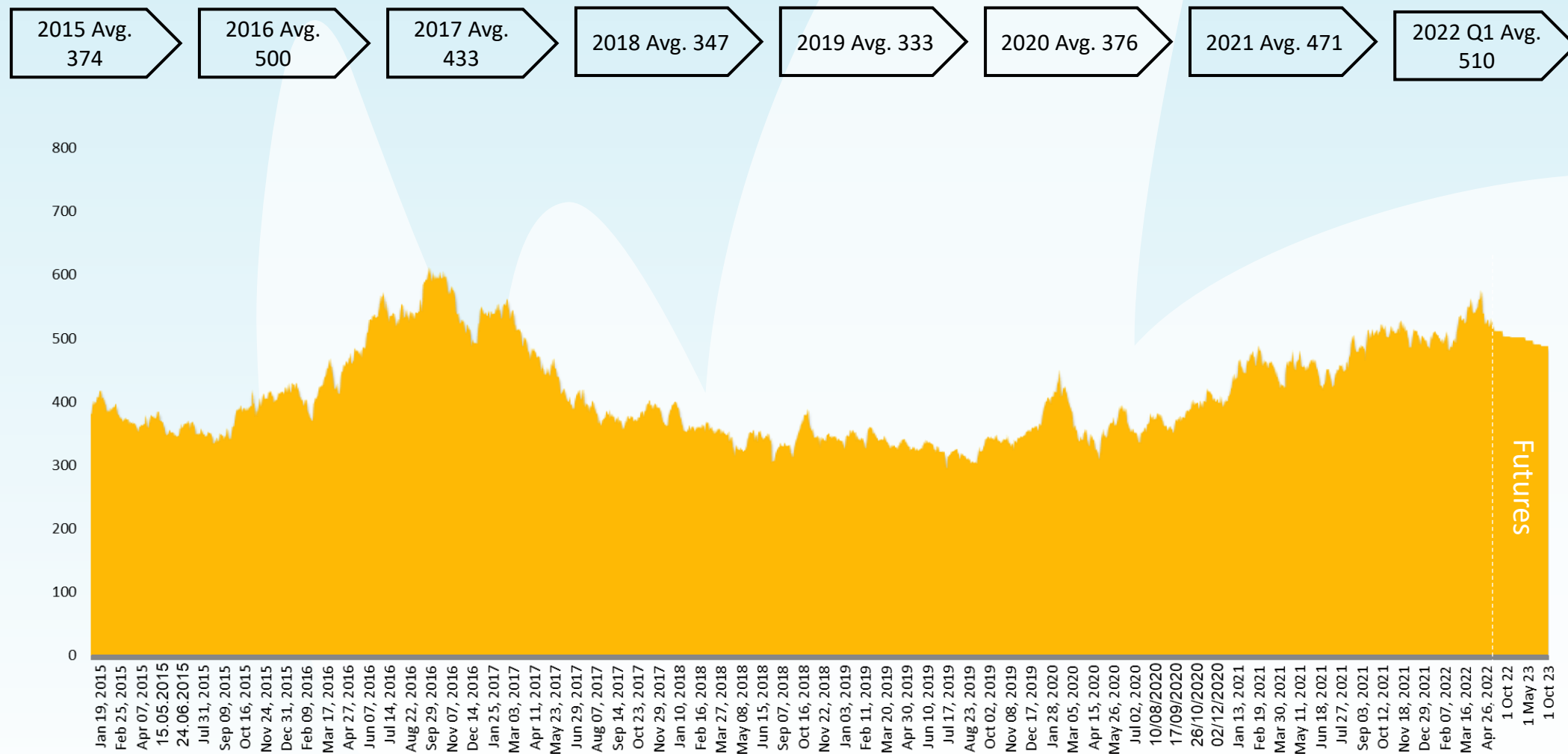


= EBIT excluding
Confectionary
recall effect

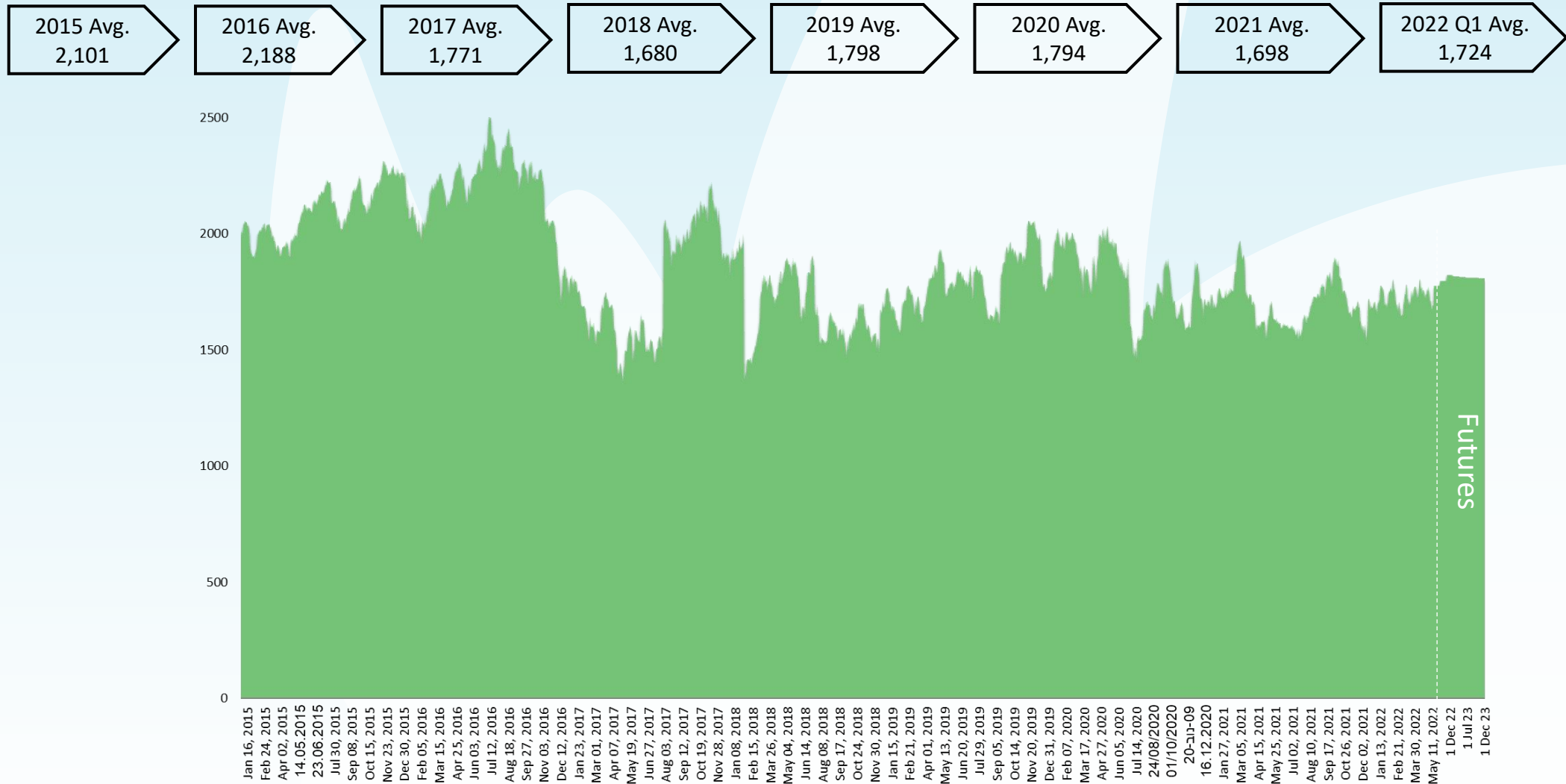
Target Milk Prices | 2012-2022 (ILS per Liter)



London Sugar Historical & Futures Prices | 2015-2022 (\$\T)



London Cocoa Historical & Futures Prices | 2015-2022 (GBP/T)





| Strauss Coffee (Non GAAP) | | | |
|---------------------------|--------------|--------------|---------------|
| | Q1 2022 | Q1 2021 | % Chg. |
| Revenue: | | | |
| Israel | 215 | 209 | 2.7% |
| International | 781 | 542 | 44.2% |
| Total Revenue | 996 | 751 | 32.6% |
| Total Gross Profit | 295 | 272 | 8.6% |
| <i>Gross Margins</i> | <i>29.6%</i> | <i>36.2%</i> | <i>(6.6%)</i> |
| EBIT: | | | |
| Israel | 47 | 59 | (19.4%) |
| <i>Margins</i> | <i>21.8%</i> | <i>27.8%</i> | <i>(6.0%)</i> |
| International | 58 | 40 | 45.9% |
| <i>Margins</i> | <i>7.5%</i> | <i>7.4%</i> | <i>0.1%</i> |
| Total EBIT | 105 | 99 | 6.9% |
| <i>Margins</i> | <i>10.6%</i> | <i>13.1%</i> | <i>(2.5%)</i> |
| EBITDA: | | | |
| Israel | 56 | 65 | (14.5%) |
| <i>Margins</i> | <i>25.9%</i> | <i>31.1%</i> | <i>(5.2%)</i> |
| International | 77 | 60 | 29.6% |
| <i>Margins</i> | <i>9.8%</i> | <i>10.9%</i> | <i>(1.1%)</i> |
| Total EBITDA | 133 | 125 | 6.2% |
| <i>Margins</i> | <i>13.3%</i> | <i>16.6%</i> | <i>(3.3%)</i> |



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 March 31st, 2022.



| Strauss Coffee Sales | | | | |
|--|------------|------------|--------------|----------------------------------|
| | Q1 2022 | Q1 2021 | % Change | |
| | | | NIS | Organic change in local Currency |
| Israel | 215 | 209 | 2.7% | 2.7% |
| International: | | | | |
| Três Corações Joint Venture (Brazil) (1) | 559 | 306 | 82.6% | 77.2% |
| Russia & Ukraine | 92 | 122 | (24.7%) | (13.3%) |
| Poland | 64 | 51 | 24.4% | 39.1% |
| Romania | 38 | 38 | 2.2% | 14.1% |
| Serbia | 28 | 25 | 11.7% | 22.6% |
| Total International | 781 | 542 | 44.2% | 49.1% |
| | | | | |
| Total Coffee | 996 | 751 | 32.6% | 35.8% |

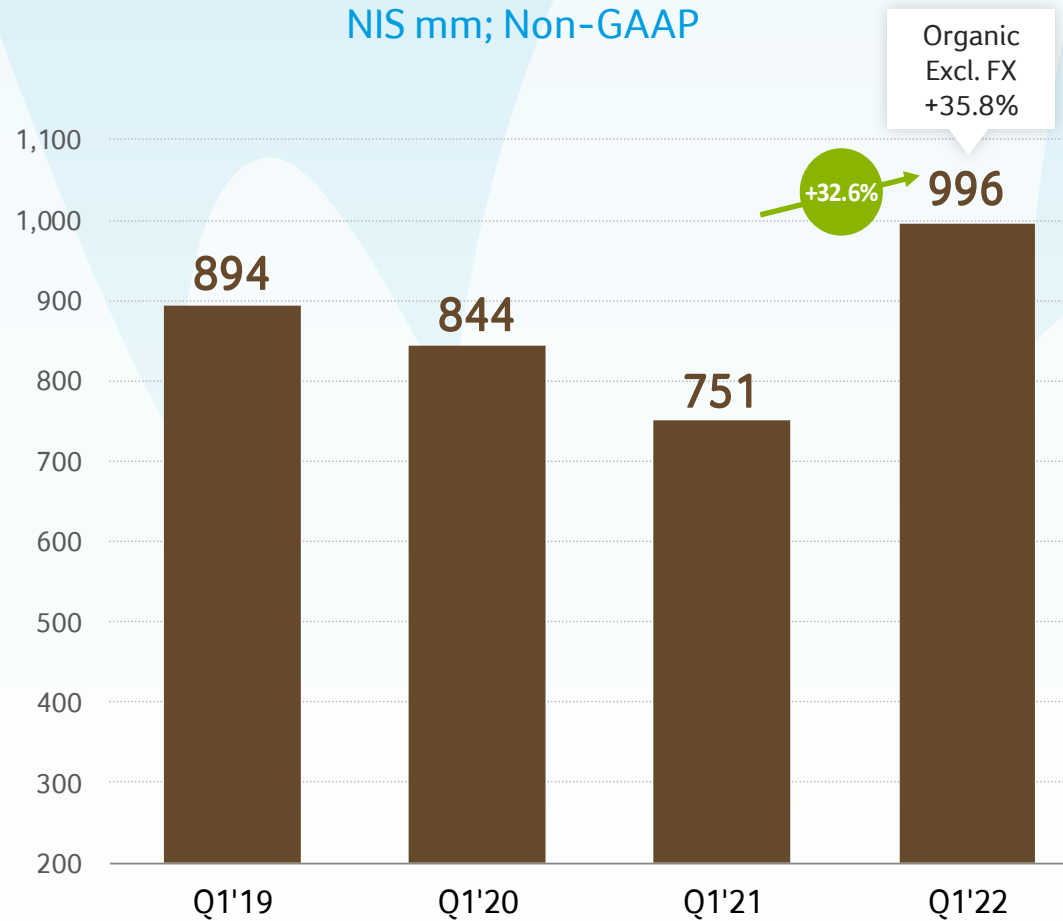
Note: (1) Três Corações joint venture (Brazil): a company jointly held by the Group (50%) and by the São Miguel Group (50%) (3C).

Source: Três Corações Alimentos S.A. Consolidated Interim Financial Statements as of March 31st, 2022.



Q1 2022 Strauss Coffee Sales

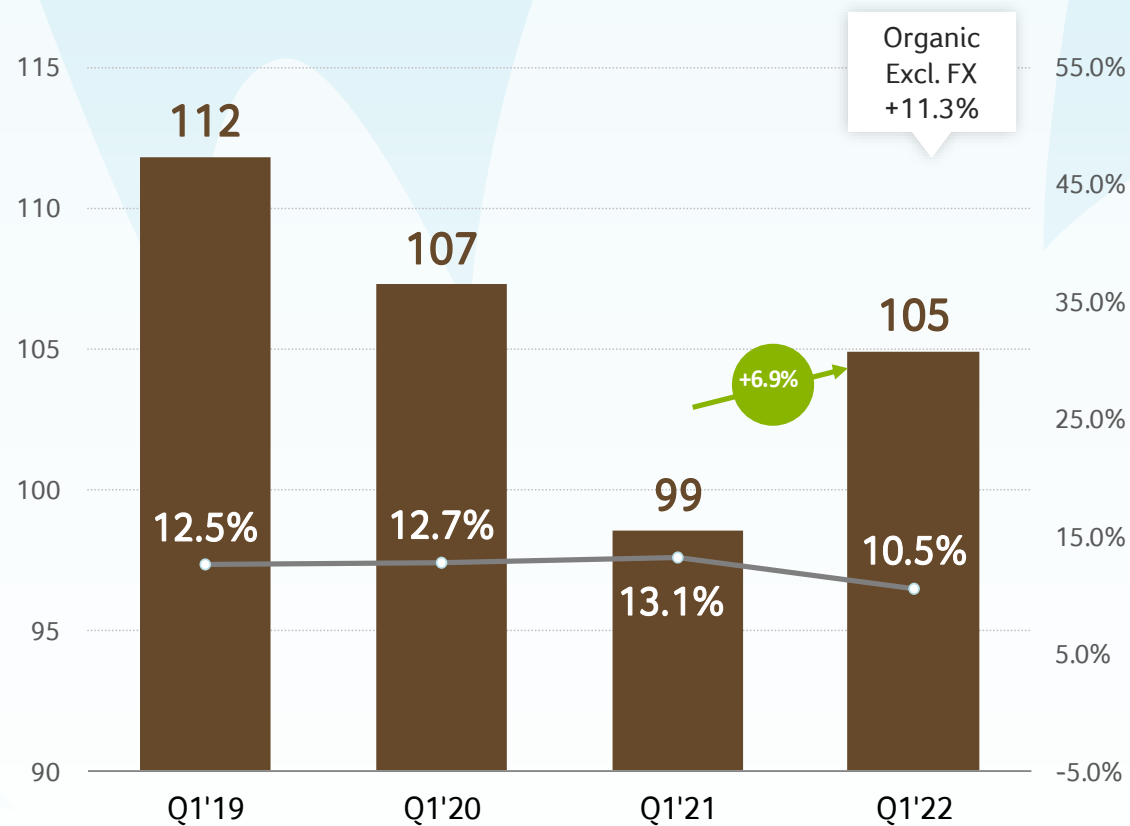
NIS mm; Non-GAAP





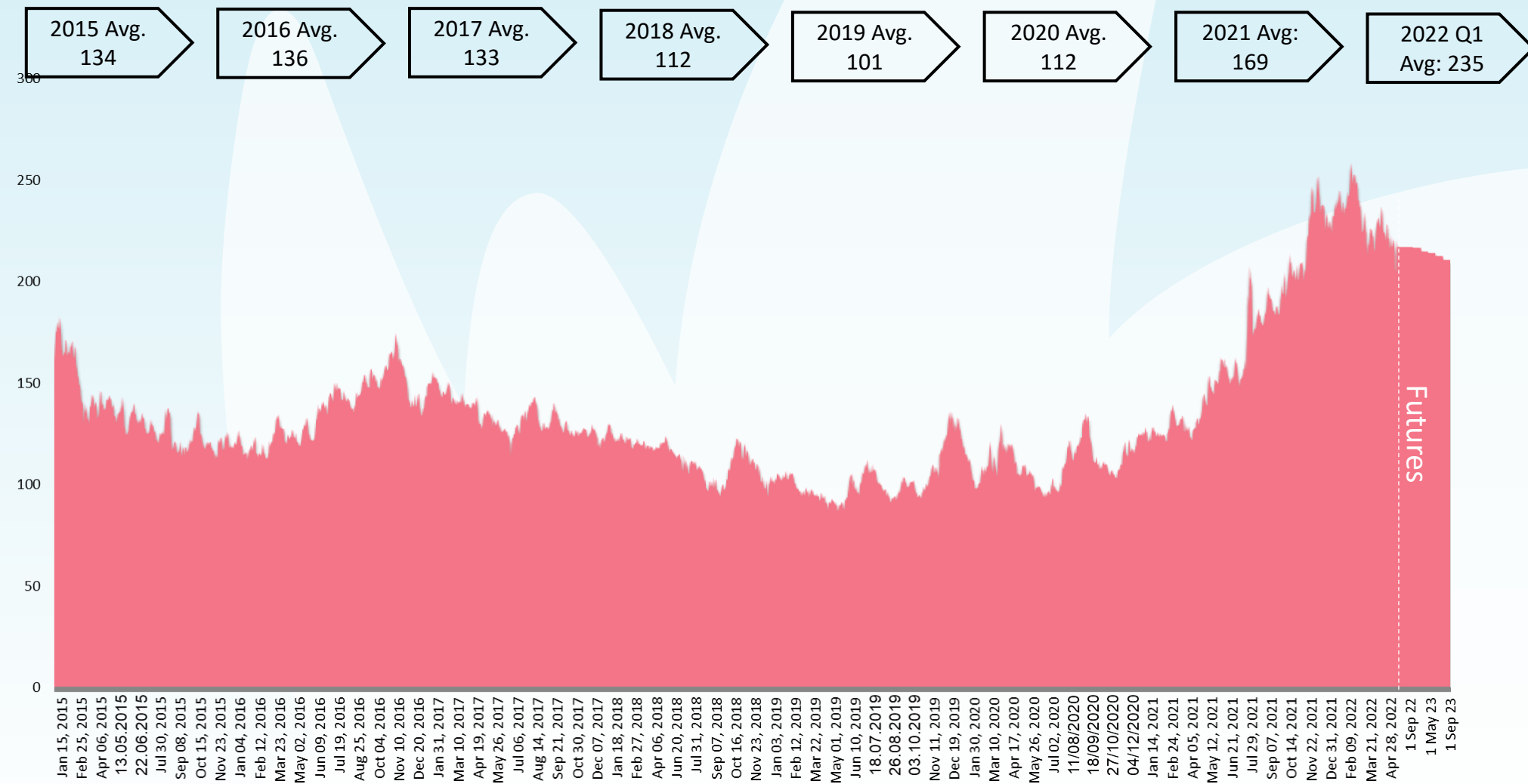
Q1 2022 Strauss Coffee EBIT & EBIT Margins

NIS mm; Non-GAAP

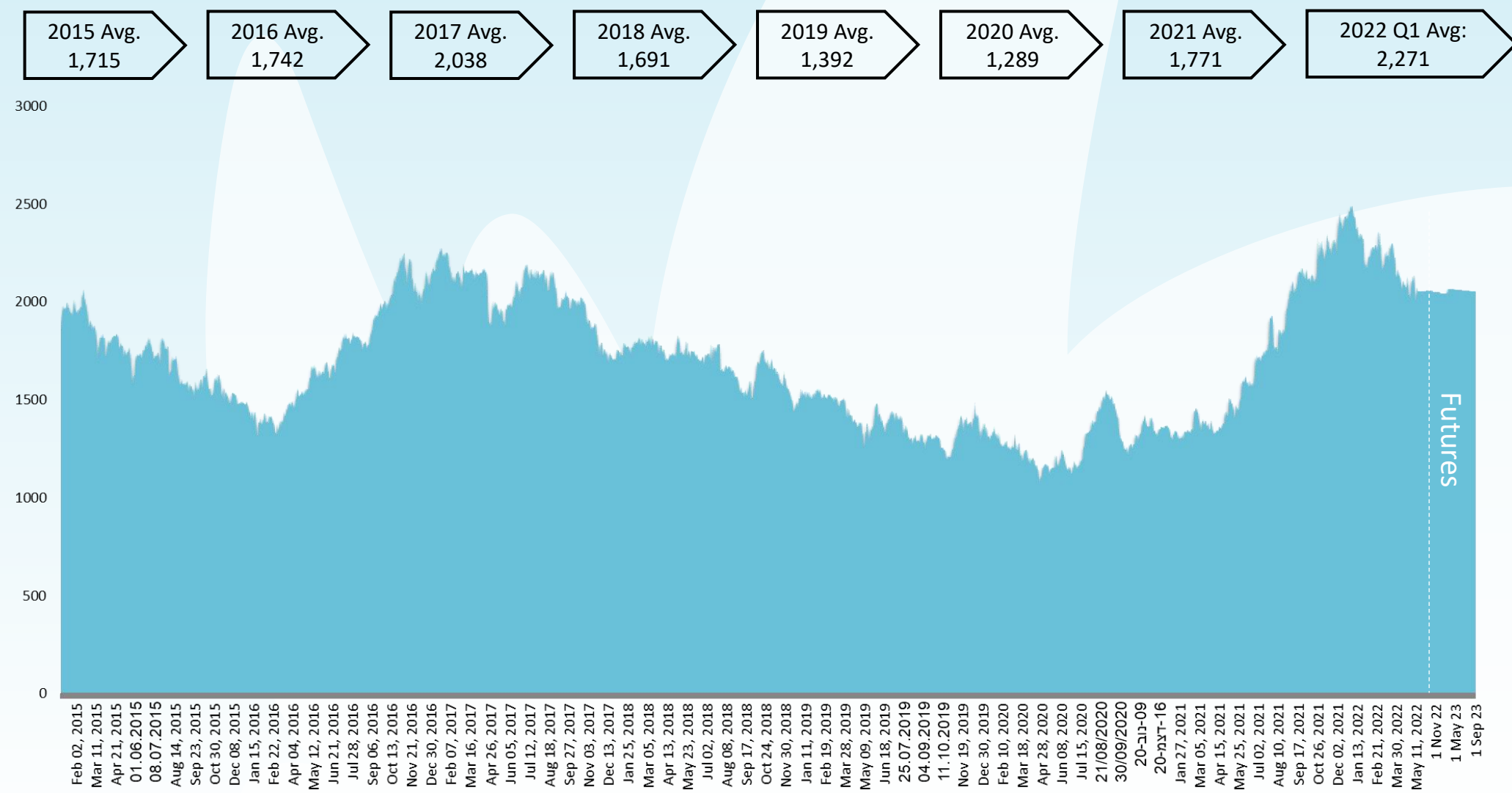




Arabica Historical & Futures Prices | 2015-2022 (C\Lbs.)



Robusta Historical & Futures Prices | 2015-2022 (\$\T)





International Dips & Spreads

Strauss D&S Non-GAAP Financial Highlights | Q1 2022 NIS mm; 50% share



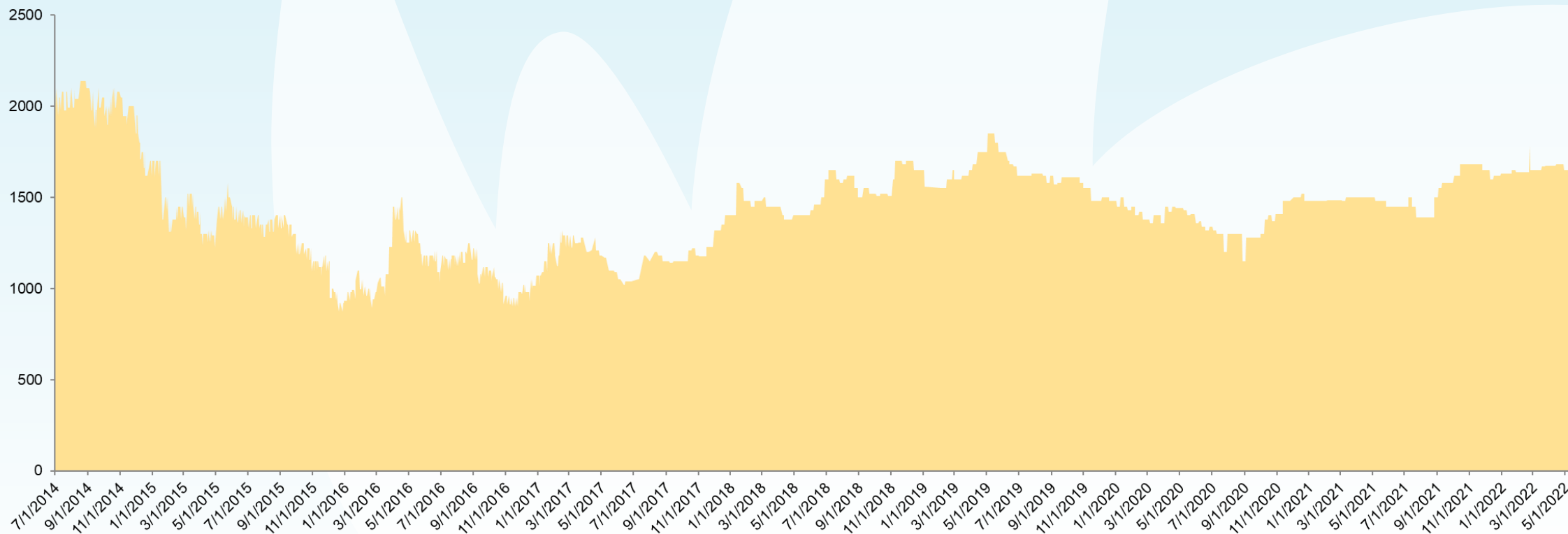
| Dips & Spreads (Non GAAP) | | | |
|---------------------------|----------------|--------------|-----------------|
| | Q1 2022 | Q1 2021 | % Chg. |
| Revenue: | | | |
| Sabra (50%) | 97 | 144 | (32.4%) |
| Obela (50%) | 21 | 22 | (3.5%) |
| Total Revenue | 118 | 166 | (28.6%) |
| EBIT: | | | |
| Sabra (50%) | (15) | 15 | (194.9%) |
| <i>Margins</i> | <i>(15.5%)</i> | <i>11.0%</i> | <i>(26.6%)</i> |
| Obela (50%) | (2) | (2) | NM |
| <i>Margins</i> | <i>NM</i> | <i>NM</i> | <i>NM</i> |
| Total EBIT | (17) | 13 | NM |
| <i>Margins</i> | <i>(14.3%)</i> | <i>8.1%</i> | <i>(22.4%)</i> |
| EBITDA: | | | |
| Total EBITDA | (10) | 20 | (151.9%) |
| <i>Margins</i> | <i>(8.8%)</i> | <i>12.1%</i> | <i>(20.9%)</i> |

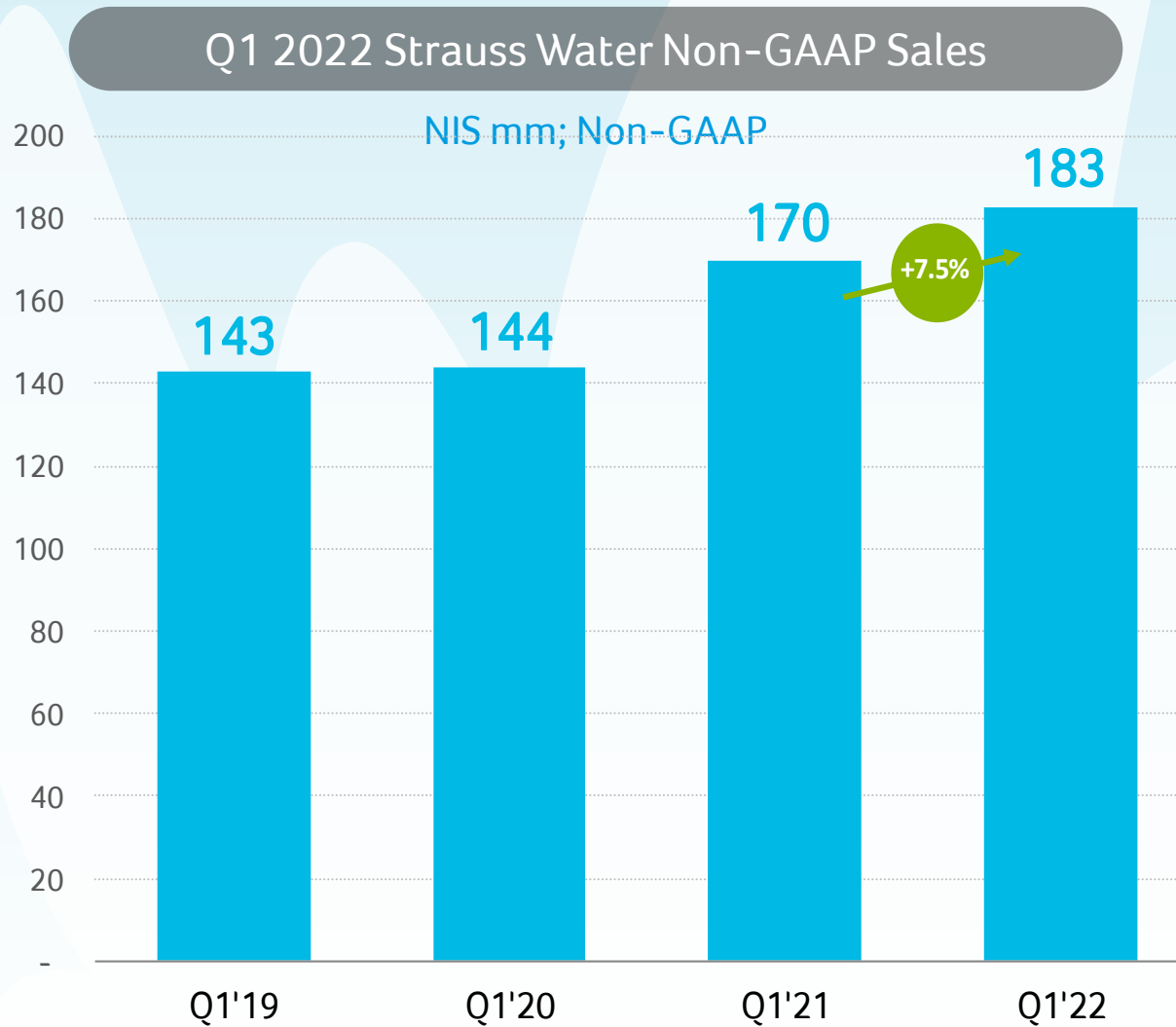


Sesame Humera Historical Prices | 2015-2022



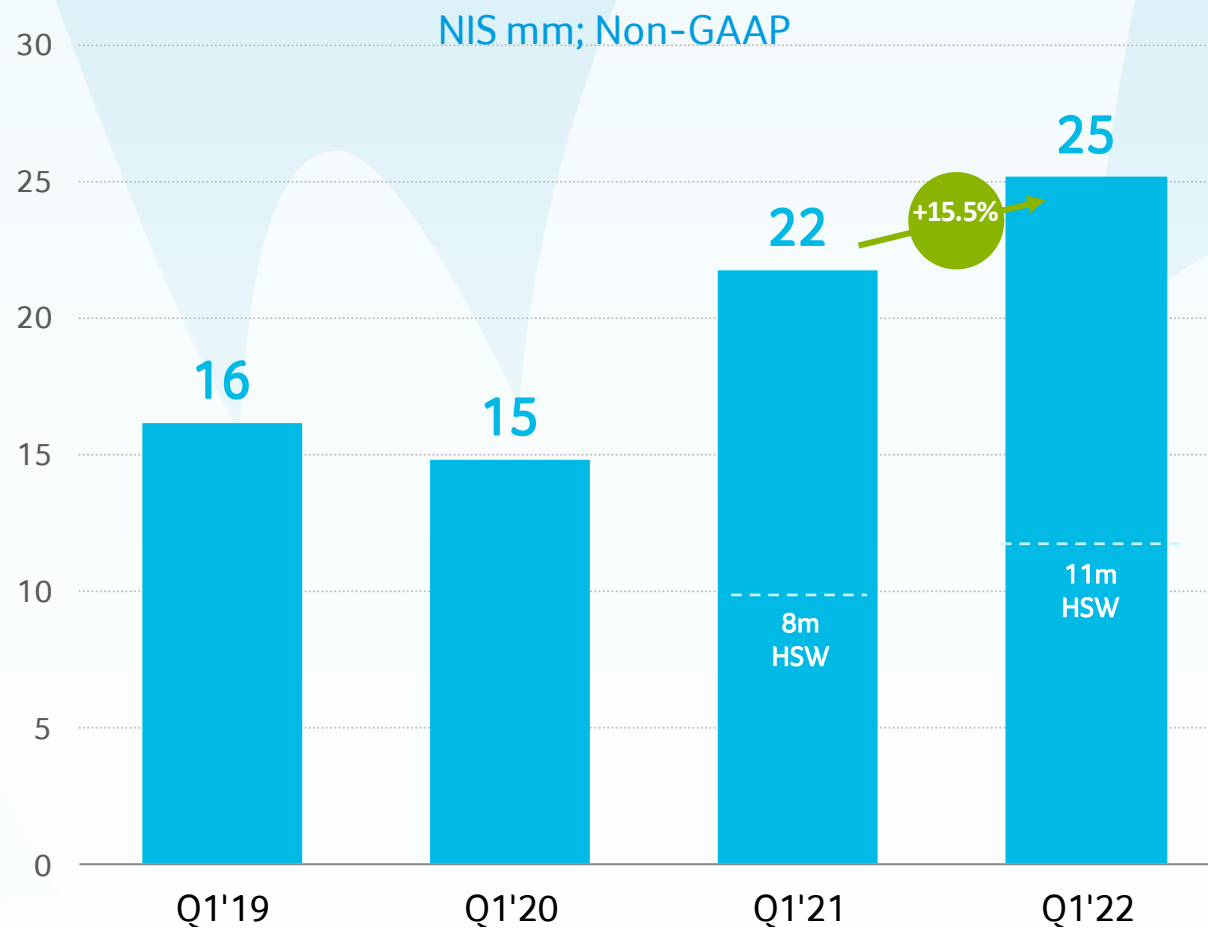
| | | | | | | | |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|
| 2015 Avg. 1,324 | 2016 Avg. 1,109 | 2017 Avg. 1,193 | 2018 Avg. 1,528 | 2019 Avg. 1,622 | 2020 Avg. 1,379 | 2021 Avg. 1,525 | 2022 Q1 Avg. 1,650 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|







Q1 2022 Strauss Water Non-GAAP EBIT



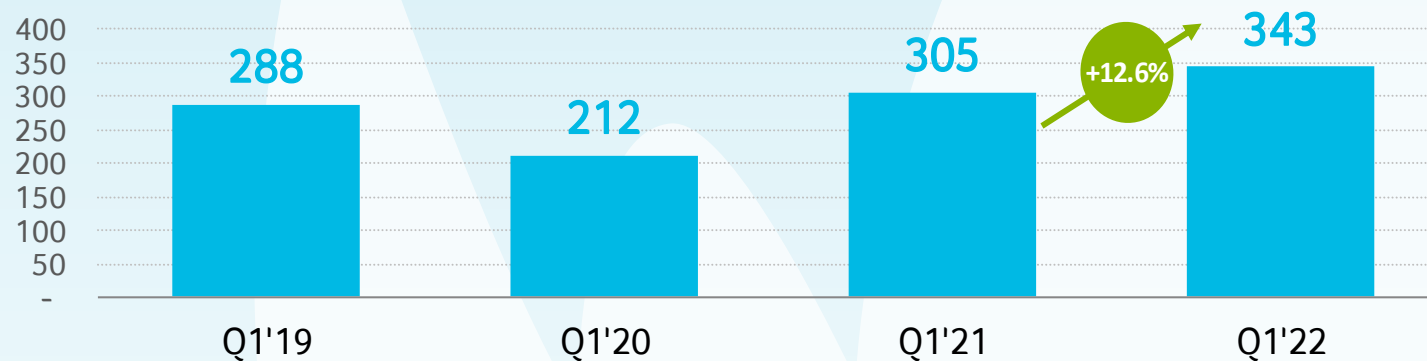


Haier Strauss Water Q1 Snapshot

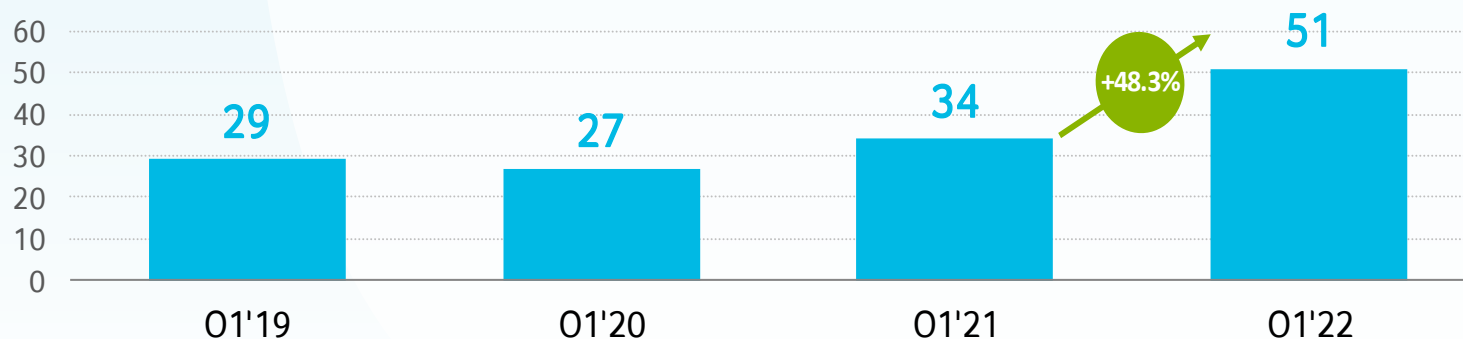
¥mm; Non-GAAP; for 100% share



Sales



Net Income



Note: (1) Haier Strauss Water (HSW) is a company jointly held by Haier (51%) and Strauss Group (49%)





Thank You

For further details please contact:

Daniella Finn | Investor Relations

Phone: + 972-3-675-2545

Daniella.finn@Strauss-Group.com

www.strauss-group.com

