



For immediate release

Strauss Group Opens 2007 with Further Accelerated Growth in Sales, Operating Profit and Net Profit

Tel Aviv, May 28, 2007 - Strauss Group's (STRS.TA) Chairperson, Ofra Strauss, and Erez Vigodman, President & CEO of Strauss Group, announced today the results for the first quarter of 2007, presenting accelerated growth in sales and profit.

Financial Highlights First Quarter 2007

- Group sales increased by 9.6% to NIS 1,378.7 million.
- Operating profit increased by 22.2% to NIS 135.3
- Net profit up 15.7% to NIS 72.2 million

Comments of Management

Ofra Strauss, Chairperson of Strauss Group said today that the company continues to implement the processes which have been manifested in recent years in growth and improved profitability in Israel, in concurrence to further significant international expansion which is accompanied by continuous improvement in profitability.

Erez Vigodman, President & CEO of Strauss Group, said today that all business portfolios of the Group in Israel and abroad contributed to the accelerated growth in sales, improved profitability, yield and value creation.

In addition to the Israeli activity, which continued its organic growth trend that we have witness in recent years, and the coffee activity which is growing organically at a double-digit rate with increased profits, our new growth engines in the U.S., Sabra and Max Brenner also contributed a great deal to the further international expansion momentum and improved profitability of the Group.

Financial Highlights

In NIS million

	First Quarter		
	2007	2006	% Change
Sales	1,378.7	1,257.4	9.6
Gross Profit	524.8	473.0	11.0
Operating Profit	135.3	110.7	22.2
Net Profit	72.2	62.4	15.7
Net Profit (Pro-forma)*	73.4	62.4	17.6
Earnings Per Share (Pro-forma) (NIS)	0.70	0.60	17.5

** Pro-Forma results exclude one-time income and expenses, net of relevant taxes*



Breakdown by Geographic Segment, in NIS millions

	First Quarter		
	2007	2006	% Change
<u>Israel*</u>			
Sales	820.9	791.6	3.7
Operating Profit	95.7	87.3	9.6
<u>International**</u>			
Sales	557.8	465.8	19.8
Operating Profit	39.6	23.4	69.2

**Israel includes export and Max Brenner Israel, H2Q*

*** International activity includes International Coffee, Sabra and Max Brenner*

Financial Review:

Sales

Sales in the first quarter totaled NIS 1,378.7 million compared with NIS 1,257.4 million in the first quarter of 2006, an increase of 9.6%.

The Company's growth was due mainly to the increase in Brazil and Serbia sales, strong quarter for the snacks and beverage segments in Israel and significant growth in Max Brenner and Sabra activities in the U.S.

Activities in Israel

The company's Israeli activities include mainly Strauss Israel and Max Brenner activity in Israel. Sales in Israel for the first quarter of 2007 increased by 3.7% to NIS 820.9 million compared with NIS 791.7 million in the same period last year. The Company's growth in its Israeli activities was partially due to the timing of Passover holiday (in the beginning of April this year compared to mid April last year), along with growth in the snacks and beverage segments and in Max Brenner activity. Excluding Max Brenner, Strauss Israel sales increased by 3.1% in the first quarter of 2007 to NIS 806.9 million. Operating profit for the first quarter of 2007 excluding max Brenner activity increased by 6.0% compare to the same period last year.

International Activity

Strauss international activity includes International Coffee, Sabra and Max Brenner activity outside Israel.

International Coffee Activity

International coffee sales in the first quarter of 2007 grew by 11.9% to NIS 480.8 million. Excluding the effect of exchange rates outside Israel, International Coffee sales grew by 14.1%.



The Company recorded growth in Brazil and Former Yugoslavia as well as from the Away From Home activity (AFH) in most of the regions.

The operating profit of the international coffee activity grew by 34.6% in the first quarter, totaling NIS 33.3 million compared to NIS 24.7 million in the corresponding period last year.

"Sabra" Salad Operations in the U.S.:

The Company's Sabra operations continued its strong growth in the first quarter of 2007. Sabra's first quarter sales reached NIS 67.8 million, representing growth of 88.9% compare to last year, excluding the effect of exchange rate Sabra's sales grew by 98.5%.

During the first quarter as well as in 2006, the brand Sabra continued to record the strongest growth in its category in the U.S. Sabra's market share grew significantly to 24.2% at the end of the first quarter compared to 20.8% at the end of 2006.

The company's growth in the U.S. is supported by the consumer trends developing in the American market, along with the expansion of Sabra's activity in leading retail chains such as Giant, Shows, Sams Club, Price Choper, Acme and Eagle.

Along with the accelerated growth, Sabra's gross and operating profit improved significantly due mainly to production and selling efficiencies and due to the strong sales growth.

Max Brenner (part of the Israeli and International activity):

In the first quarter of 2007, Max Brenner's sales grew by 150.6% to NIS 23.1 million. The strong performance is driven by strong growth in the U.S. following the opening of two Chocolate Bars in New York City, and in the number of Chocolate Bars in Israel as well.

In the first quarter of 2007, Max Brenner recorded significant decrease in its operating loss compared to the same period last year, primarily due to the improvement in gross margins, increase in sales and lower overhead expenses.

Gross Profit

Gross profit totaled NIS 524.8 million (38.1% of sales), an increase of 11.0% compared with NIS 473.0 million (37.6% of sales) in the first quarter of 2006. The increase derived from the Company's strong sales growth in both Israel and abroad. The company's gross margins improved mainly due to the increase in gross margins in some of the activities in Israel, and the significant improvement in Sabra's and Max Brenner's gross margins.

Operating Profit

Operating profit for the first quarter of 2007 increased by NIS 24.6 million, or 22.2% to NIS 135.3 million (9.8% of sales) compared with NIS 110.7 million (8.8% of sales) for the first quarter of 2006.

Operating Profit in Israel: The Company' operating profit from its Israeli operations (including Max Brenner Israel) for the first quarter of 2007 increased by 9.6% to NIS 95.7 million. The



operating profit for the Israeli operation was impacted by the gross margins and lower operating loss in Max Brenner.

increase in

Operating Profit from International Operations: Operating profits from international operations for the first quarter of 2007 were NIS 39.6 million, an increase of 69.2% compared to NIS 23.4 million recorded in the parallel period of 2006. The increase in operating profit from international operations derived from the significant expansion of the Company's international operations, significant improvement in Sabra's profitability, as well as improved gross margins in most regions and activities.

Net Profit

The Company's consolidated net profit for the first quarter of 2007 was NIS 72.2 million compared with NIS 62.4 million for the same period last year an increase of 15.7%.

About Strauss Group:

Strauss Group is an Israel-based international food and beverage company focused on branded beverages, fresh foods and snacks. The company operates in Israel, where it is the second largest food and beverage company, and in Central and Eastern Europe and Brazil, where it has a leading position in roast and ground coffee. The company also recently expanded into the US Mediterranean salads market, and accelerated the expansion of its chain of Max Brenner "Chocolate Bars."

Strauss Group enjoys a leading market position in most of its product categories and markets in which it operates. The company has 10,500 employees worldwide, of which 5,600 are based in Israel.

The Strauss and Elite brands have an established reputation for excellence and a strong recognition across all product categories. The Group's aim is to provide a wide variety of superior quality products based on the latest trends in health, fun and indulgence, and the growing away-from-home market.

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**Table 1**

Summary of consolidated results of the Company for the First Quarter (in NIS million):

	First Quarter		
	2007	2006	% Chg
Sales	1,378.7	1,257.4	9.6%
Cost of Sales	<u>853.9</u>	<u>784.4</u>	
Gross Profit	524.8	473.0	11.0%
	38.1%	37.6%	
Sales and Marketing Expenses	308.4	289.8	6.4%
G&A Expenses	<u>81.1</u>	<u>72.5</u>	11.9%
Operating Profit	135.3	110.7	22.2%
	9.8%	8.8%	
Financing Expenses, net	(11.5)	(8.9)	29.2%
Other Revenues (Expenses), net	(1.2)	=	
Profit Before Income Tax	122.6	101.8	20.4%
	8.9%	8.1%	
Income Tax	<u>(38.1)</u>	<u>(30.4)</u>	
Profit After Income Tax	84.5	71.4	18.3%
Company Interest in Affiliates, net	(0.2)	1.2	
Minority Interest in Subsidiaries	<u>(12.1)</u>	<u>(10.2)</u>	18.6%
Net Profit	<u>72.2</u>	<u>62.4</u>	<u>15.7%</u>
	5.2%	5.0%	
Net Profit Proforma*	<u>73.4</u>	<u>62.4</u>	<u>17.6%</u>

* Pro-Forma results exclude one-time income and expenses, net of relevant taxes

Table 2

Consolidated Balance Sheet as at March 31, 2007 (in NIS million):



	As at March 31	
	2007	2006
Cash and Marketable Securities	512	151
Accounts Receivable	896	905
Other Accounts Receivable	278	233
Inventory	585	543
Investments & Long Term Loans	84	78
Investment Property	20	20
Fixed Assets	1,053	1,073
Other Assets	956	930
Discontinued Operation	0	0
Total Assets	4,385	3,913
Current Bank Liabilities	314	672
Accounts Payable	546	528
Other Creditors	529	531
Long Term Liabilities	1,314	745
Minority Interest	233	187
Discounted Operation	0	0
Group Equity	1,449	1,250
Total Liabilities & Equity	4,385	3,913