



For immediate release

Strauss Group Reports Continued Strong Momentum for Fourth Quarter and Full Year 2006

4th Year in a Row with Double-Digit Revenue Growth; Accelerated Growth in Profits

Tel Aviv, March 19, 2007 - Strauss Group's (STRS.TA) Chairperson, Ofra Strauss, and Erez Vigodman, President and CEO of the Strauss Group, presented the Group's financial results for the fourth quarter and full year of 2006.

Highlights

- Group sales for 2006 increased by 23.4% to NIS 5,155.8 million. Sales for the fourth quarter increased by 20.5% to NIS 1,311.0 million.
- Operating profit for 2006 increased by 18.1% to NIS 425.5 million compared with NIS 360.4 million (before the Clubmarket debt allowance) in 2005. For the fourth quarter, operating profit increased by 36.2% to NIS 94.4 million, compared with NIS 69.3 million (before the effect of the Clubmarket debt allowance) in the 4th quarter of 2005.
- Reported net profit for 2006 totaled NIS 348.8 million compared with NIS 168.4 million for 2005. Reported net profit for the fourth quarter of 2006 reached NIS 45.7 million compared with NIS 40.3 million in the fourth quarter of 2005.
- Pro-forma net profit for 2006 (excluding one-time factors) totaled NIS 226.0 million, an increase of 17.5% over the 2005 pro-forma net profit of NIS 192.4 million. Pro-forma net profit for the fourth quarter of 2006 totaled NIS 48.4 million, an increase of 38.4% compared with the parallel period of 2005.

Comments of Management

Commenting on the results, Mrs. Ofra Strauss, Chairperson of the Strauss Group, said today: "2006, with its excellent results, constitutes another milestone in our efforts to enhance our Israel operations while and significantly expanding internationally, with a view to becoming a leading global, international, company".

Mr. Erez Vigodman, President and CEO of Strauss Group, said, "Our strong fourth quarter concludes a record year for the Strauss Group in terms of increased sales and profit, substantial turnover and strong profitability. Our strong business portfolio and other major processes completed throughout the year contributed to the steady sequential double-digit growth throughout the year".



Financial Highlights

In NIS millions

	Twelve Months			Fourth Quarter		
	2006	2005	% Change	2006	2005	%Change
Sales	5,155.8	4,177.8	23.4	1,311.0	1,087.6	20.5
Gross Profit	1,945.2	1,659.9	17.2	501.6	423.3	18.5
Operating Profit (reported)	425.5	328.7	29.4	94.4	71.9	31.3
Operating Profit (before Clubmarket impact) Pro-forma	425.5	360.4	18.1	94.4	69.3	36.2
Net Profit	348.8	168.4	107.1	45.7	40.3	13.4
Net Profit (Pro-forma)*	226.0	192.4	17.5	48.4	35.0	38.4
Earnings Per Share (NIS)	3.36	1.61	108.7	0.44	0.37	18.9
Earnings Per Share (Pro-forma)* (NIS)	2.18	1.65	17.7			

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

Breakdown by Geographic Segment, in NIS millions

	Twelve Months			Fourth Quarter		
	2006	2005	% Change	2006	2005	% Change
<u>Israel**</u>						
Sales	3,090.1	2,952.5	4.7	717.5	699.9	2.5
Operating Profit *	300.6	300.0	0.2	57.0	59.2	(3.8)
<u>International***</u>						
Sales	2,065.7	1,225.3	68.6	593.5	387.7	53.1
Operating Profit *	124.9	60.4	106.8	37.4	10.1	270.3

*Operating Profit for 2005 does not include a doubtful debt allowance associated with Clubmarket

**Israel include export and Max Brenner Israel

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



Sales

Sales for 2006 totaled NIS 5,155.8 million compared with NIS 4,177.8 million in 2005, an increase of 23.4%. Excluding the contribution of mergers and acquisitions, the Company's revenues grew by 9.5% for the year.

For the fourth quarter, sales increased by 20.5% to NIS 1,311.0 million compared to NIS 1,087.6 million for the fourth quarter of 2005. Excluding the contribution of mergers and acquisitions, revenue growth for the period was 9.7%.

The Company's primary growth driver for the year was its international operations, which grew organically by 17.7% during the year to accelerate the expansion which began in 2005. The Company also recorded sales growth in all other business segments.

Activities in Israel

Sales in Israel for 2006 increased by 4.7% to NIS 3,090.1 million compared with NIS 2,952.5 million in 2005. Excluding the sales of Max Brenner Israel, sales increased by 4.4%. During the third quarter of the year, the Company's sales in Israel's northern region were reduced as a result of the Second Lebanese War; in addition, the war impacted the Company's operating margins, due to the expenses of public-service operations carried by the Company during that period.

Taken as a whole, the Company's 2006 activities in Israel were characterized by steady and/or growing market share in most of its product lines, with stand-out performance achieved by its Fresh Coffee segment. This was due partially to the Company's acquisition of a controlling interest in Coffee To Go (CTF) (now rebranded as Elite Coffee) towards the end of the year, a step taken in line with its identification of the rapidly growing "Coffee To Go" market in Israel.

The operating margins of the Company's activities in Israel were impacted by its significant investment in the Max Brenner brand. As a result, the operating margins of Israeli activities increased by just 0.2% compared to their level in 2005. Excluding these investments, operating margins increased by 5%.

International Coffee Activity

International coffee sales for 2006 grew by 59.6% to NIS 1,881.0 million.

The Company's international coffee operations achieved organic growth of 15.1% during the year, together with significant growth associated with the new operations it acquired during the year. The operating profit of its international coffee operations increased by 94.7% to NIS 117.8 million compared to NIS 60.5 million in 2005 reflecting its success at integrating the businesses it acquired in 2005 and improving the overall efficiency of its operations.



On a regional basis, the Company recorded growth in sales and profits from most of its coffee operations. Particularly strong growth was recorded in Brazil, a region in which the Company has succeeded in winning a leading market share from incumbent competitors. The Company's success in this competitive market has been achieved partially through a reduction in selling prices, resulting in a reduction of the gross margin of its Brazilian operations.

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

The Company's Sabra operations, which it acquired in the third quarter of 2006, achieved impressive growth throughout the reporting period. Sabra's 2006 sales reached NIS 170 million, representing pro-forma growth of 40.3% compared to 2005. The growth derived primarily from an increase in hummus category product sales, enabling it to increase its hummus category market share to 20.8% for 2006 from 15.3% for 2005. Sabra is now positioned as the #2 player in the U.S. hummus market.

At the end of 2006, the Company purchased the activities of Carousel Ltd. as a platform for a 2007 launch of a new line of Sabra-branded milk-based dips and spreads.

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

In 2006, Max Brenner's sales grew by 75.7% to NIS 57.8 million. During the third quarter, the Company opened its first Chocolate Bar in New York City, an event which was received with great enthusiasm by customers and the local press. To leverage this interest, during the fourth quarter, the Company opened a second New York branch.

Despite the sharp increase in sales, Max Brenner recorded an operating loss for the period, due primarily to the expenses associated with the opening of its stores and expanding operations in the U.S., Israel and the Greek Islands.

Gross Profit

Gross profit for 2006 totaled NIS 1,945.2 million (37.7% of sales), an increase of 17.2% compared with NIS 1,659.9 million (39.7% of sales) for 2005. The increase derived from the Company's strong sales growth in both Israel and abroad, mitigated somewhat by a 2% decline in the Company's gross margins. This decline reflected a rise in the cost of green coffee, the lower gross margins of Brazilian sales and a shift in the Company's revenue mix toward lower margin sales.

For the fourth quarter, gross profit totaled NIS 501.6 million (38.3% of sales), an increase of 18.5% compared with NIS 423.3 million (38.9% of sales) in 2005.



Operating Profit

Operating profit for 2006 increased by NIS 65.1 million, or 18.1% to NIS 425.5 million (8.3% of sales) compared with NIS 360.4 million (excluding the write-off of a portion of the Clubmarket debt) (8.6% of sales) for 2005.

Operating profit for the fourth quarter rose by 36.2% to NIS 94.4 million (7.2% of sales) compared with NIS 69.3 million (6.4% of sales) for the fourth quarter of 2005, excluding the impact of the Clubmarket debt allowances.

Operating Profit in Israel: The Company' operating profit from Israeli operations (including Max Brenner Israel) for 2006 totaled NIS 300.6 million (9.7% of sales) compared with NIS 300.0 million (10.2% of sales) for 2005.

For the fourth quarter, operating profit from Israeli operations totaled NIS 57.0 million (7.9% of sales) compared with NIS 59.2 million (8.8% of sales) in the fourth quarter of 2005, a decline of 3.8%.

Operating Profit from International Operations: Operating profits from international operations for 2006 were NIS 124.9 million, an increase of 106.8% compared to NIS 64.5 million recorded from international operations in 2005. In the fourth quarter, operating profits from international operations increased by 270.3% to NIS 37.4 million (6.3% of sales) compared to NIS 10.1 million (2.6% of sales) in the parallel period of 2005.

The increase in operating profit from international operations derived from the expansion of the Company's international operations, driving an increase in gross profit despite the erosion in gross margins, the success of ongoing efficiency efforts and accelerated expansion.

Net Profit

The Company's consolidated net profit for 2006 was NIS 348.8 million compared with NIS 168.4 million for 2005. Excluding the impact of one-time factors, including the allowance for the Clubmarket bad debt (a charge taken in 2005) and other one-time expenses recorded in both 2005 and 2006, net income for 2006 was NIS 226.0 million, an increase of 17.5% compared with NIS 192.4 million in 2005.

For the fourth quarter, pro-forma net income (excluding one-time charges) was NIS 48.4 million, an increase of 38.4% compared with NIS 35.0 million for the fourth quarter of 2005.



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 10,106 employees worldwide, of which 5,227 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 2006 (in NIS millions):

	Twelve month period	
	2006	2005
Sales	5,155.8	4,177.8
Cost of Sales	<u>3,210.6</u>	<u>2,517.9</u>
Gross Profit	1,945.2	1,659.9
Other Sales and Marketing Expenses	<i>1,213.1</i>	<i>1,019.8</i>
G&A Expenses	<u>306.6</u>	<u>279.7</u>
Operating Profit before Clubmarket Debt Allowance	425.5	360.4
Allowance for Clubmarket Doubtful Debt	-	<u>(31.7)</u>
Operating Profit After Clubmarket Debt allowance	425.5	328.7
Financing Expenses, net	(42.5)	(32.4)
Other Revenues (Expenses), net	<u>153.8</u>	<u>(4.0)</u>
Profit Before Income Tax	536.8	292.3
Income Tax	<u>(142.5)</u>	<u>(88.5)</u>
Profit After Income Tax	394.3	203.8
Company Interest in Affiliates, net	4.4	1.3
Minority Interest in Subsidiaries	<u>(49.9)</u>	<u>(36.0)</u>
Net Profit from Continuing Operations	348.8	169.1
Cumulative effect of accounting procedure changes from beginning of year	-	(0.7)
Net Profit	<u>348.8</u>	<u>168.4</u>
Pro Forma Net Profit Net of One-Time Expenses (1)	<u>226.0</u>	<u>192.4</u>

(1) Expenses due to doubtful debt for Clubmarket and other revenues and expenses less related taxes



Chart 1

Strauss Group Consolidated
Pro-forma consolidated sales growth
Quarterly basis for 2004-2006

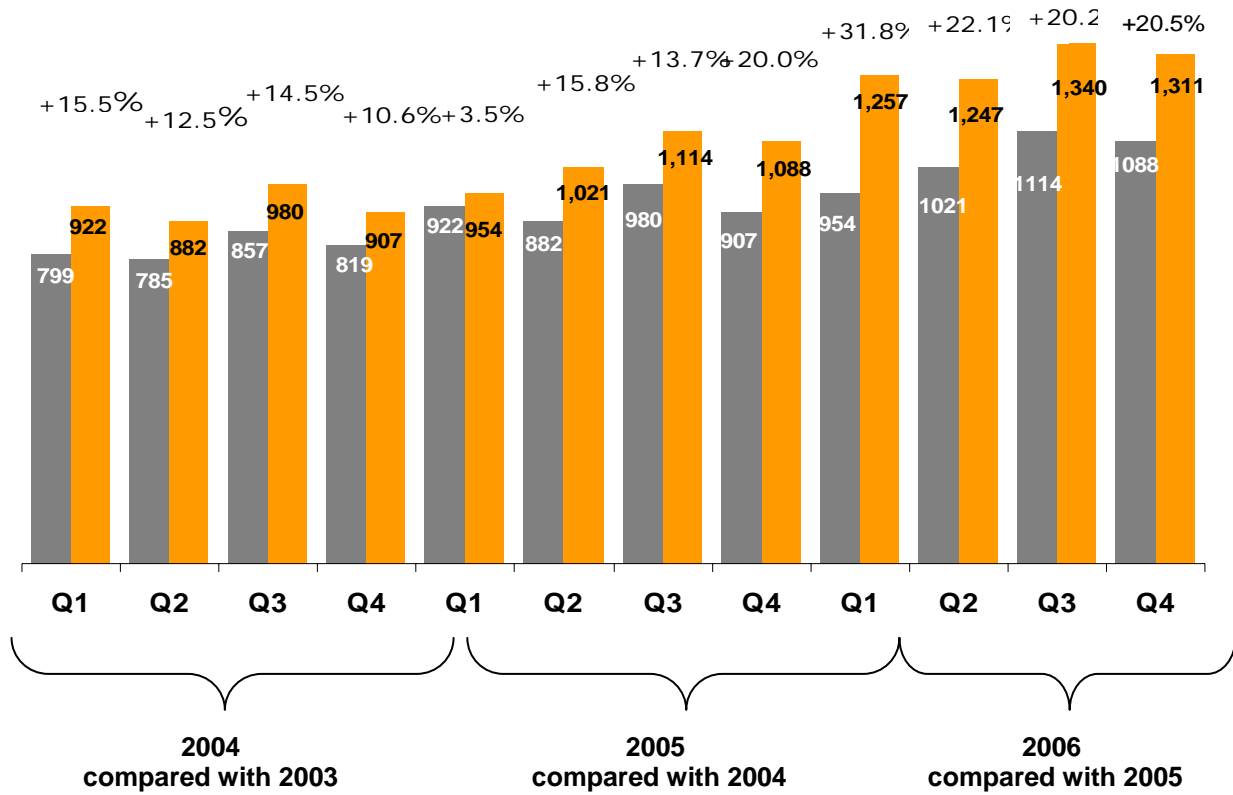




Chart 2

Consolidated Pro-Forma Operating Profit Growth
Quarterly Basis for 2004-2006

