



For immediate release

Strauss-Elite Presents Results for the Third Quarter and First Nine Months of 2006

Continued accelerated growth in the Group's sales and profit

The fourth year in a row with continued double-digit growth in revenues

Tel Aviv, November 20, 2006. Strauss Elite Group's (STEL.TA) Chairperson, Ofra Strauss, and Erez Vigodman, President and CEO of the Strauss-Elite Group presented the Group's financial results for the third quarter and first nine months of 2006.

Highlights

- Continued accelerated growth in the Group's third quarter and first nine months sales and profits in 2006.
- Group sales in the third quarter increased by 20.2% totaling NIS 1,340.0 million. Sales for the first nine months of the year increased by 24.4%, reaching NIS 3,844.8 million.
- Operating profit was NIS 119.2 million compared with NIS 109.1 million (before the Clubmarket debt allowance), an increase of 9.3%. In the first nine months of the year, operating profit grew by 13.7% and totaled NIS 331.1 million, compared with NIS 291.2 million (before the effect of the Clubmarket debt allowance).
- Reported net profit for the third quarter totaled NIS 70.6 million compared to NIS 56.5 million in the third quarter of last year. For the first nine months of the year reported net profit totaled NIS 303.1 million compared with NIS 128.2 million for the same period last year.
- Pro-forma net profit for the quarter excluding the net influence of one-time factors, which includes a capital gain in the third quarter, totaled NIS 62.7 million, an increase of 7.5% over the pro-forma net profit of the comparable quarter last year. In the first nine months of the year, the pro-forma net profit totaled NIS 177.5 million, an increase of 12.7% over the same period of last year.

Management Comment

Erez Vigodman, President and CEO of Strauss-Elite stated, "Strauss-Elite has presented yet another quarter of double digit growth with continued improvement in both operating and net profit. The accelerated growth was due mainly to the broadening of our international business activities which grew in the third quarter by 70.3% year over year, and 75.8% in the first nine months of the year as compared with the same period last year."



Mr. Vigodman continued, “The accelerated sales and profit growth in the international markets is a testimony to the successful integration of the new businesses we acquired within our international operation during 2005. The good results are particularly evident in the international coffee business of the Group as well as in the fresh salads operation in the US.”

“I would like to emphasize the strong standing of the Company’s business in Israel during the third quarter in which many of its facilities were under the threat of missiles. In this period, the Company did its utmost to ensure the continuation of supply of products and to help the Strauss-Elite employees that were in the affected areas,” concluded Mr. Vigodman.

Main Third Quarter and Nine Month 2006 Figures

Main financial highlights, in NIS millions

	Nine Months			Third Quarter		
	2006	2005	% Change	2006	2005	%Change
Sales	3,844.8	3,090.2	24.4	1,340.0	1,114.5	20.2
Gross Profit	1,443.6	1,236.6	16.7	502.5	433.7	15.9
Operating Profit	331.1	256.9	28.9	119.2	115.7	3.0
Operating Profit (before Clubmarket impact) Pro-forma	331.1	291.2	13.7	119.2	109.1	9.3
Net Profit	303.1	128.2	136.4	70.6	56.5	25.0
Net Profit (Pro-forma)*	177.5	157.5	12.7	62.7	58.3	7.5
EPS (NIS)	2.92	1.24	135.5	0.68	0.54	25.9

* Pro-Forma is net of one-time income and expenses

Main Data by Geographic segments, in NIS millions

	Nine Months			Third Quarter		
	2006	2005	% Change	2006	2005	% Change
<u>Israel</u>						
Sales	2,372.6	2,252.6	5.3	822.7	810.7	1.5
Operating Profit *	243.6	240.8	1.2	85.8	88.1	(2.6)
<u>International</u>						
Sales	1,472.2	837.6	75.8	517.3	303.8	70.3
Operating Profit *	87.5	50.4	73.6	33.4	20.9	59.8

* Operating Profit for the first nine months of 2005 does not include the doubtful debt allowance for Clubmarket.



Sales Summary

The Company's sales for the first nine months of the year totaled NIS 3,844.8 million compared with NIS 3,090.2 million for the same period last year, and increase of 24.4%. Organic growth (excluding the effect of merger and acquisitions) for the first nine months of 2006 was 9.7%.

In the third quarter sales increased by 20.2% and totaled NIS 1,340.0 million compared to NIS 1,114.5 million for the comparable quarter last year. Organic growth for the quarter was 6.6%.

The main reason for the increase in sales activities was the broadening of the international operation of the Company which started in 2005 and which became more marked from the start of 2006. Growth was evident across all the Company's business lines.

Sales in Israel (including exports and Max Brenner) – Sales for the first nine months of the year increased by 5.3% and totaled NIS 2,372.6 million compared with NIS 2,252.6 million for the same period last year. In the third quarter, sales in Israel increased by 1.5% and totaled NIS 822.7 million compared with NIS 810.7 million in the third quarter of last year. The improvement in sales was due mainly to the substantial increase in the sales of fresh foods as well as from Max Brenner Chocolate Bar in Israel.

International Sales - For the first nine months of the year international sales grew by 75.8% and totaled NIS 1,472.2 million compared with NIS 837.6 million in the same period of last year. For the quarter, sales increased by 70.3% and totaled NIS 517.3 million compared to NIS 303.8 million for the same quarter last year.

Excluding merger and acquisition effects, organic sales growth from international operations during the first nine months of the year was 17.7% and approximately 16.0% in the third quarter.

The accelerated growth in international sales was due mainly to the acquisitions that the Company executed abroad (mainly during the second half of 2005). Amongst the acquisitions, was the purchase of the Company's partner's portion (60%) of Doncafé in Serbia, the purchase of the MK brand in Poland, the acquisition of 51% of Sabra Salads in the United States and the merger of the operation in Brazil with that of Santa Clara.

Gross Profit

Gross profit totaled NIS 1,443.6 million for the first nine months of the year (37.6% of sales) compared with NIS 1,236.6 million (40.0% of sales) in the comparable period last year, an increase of 16.7%. The increase in gross profit was due to the strong growth of the Company's various activities in Israel and abroad. Conversely, there was a 2.4% decline in the gross margins, which was evident in both the Israeli and the international operations. For the quarter, gross profit totaled NIS 502.5 million (37.5% of sales) compared with NIS 433.7 million (38.9% of sales) in the comparable period last year, an increase of 15.9%.

The main reason for the decline in total gross margins was due to an expected change in the operational mix of the Group, which showed an increase in the scope of international activities in



general and in Brazil in particular, which are characterized by gross margins which are lower than that of the Group average as a whole.

Operating Profit

The operating profit for the company for the first nine months of the year increased by 13.7% and totaled NIS 331.1 million (8.6% of sales) compared with NIS 291.2 million (9.4% of sales) for the comparable period last year (excluding the impact of the debt allowances for Clubmarket).

Operating profit for the quarter rose by 9.3% and totaled NIS 119.2 million (8.9% of sales) compared with NIS 109.1 million (9.8% of sales), last year (excluding the impact of the debt allowances for Clubmarket).

Operating Profit in Israel (including Max Brenner's results in Israel) – For the first nine months of the year operating profit for Israeli operations totaled NIS 243.6 million (10.3% of sales) compared with NIS 240.8 million (10.7% of sales) for the same period last year, an increase of 1.2%.

In the third quarter, operating profit in Israel totaled NIS 85.8 million (10.4% of sales) compared with NIS 88.1 million (10.9% of sales) in the comparable quarter last year, a decline of 2.6%.

The operating profit for the Israeli operation was impacted by the decline in gross margins and by the accelerated investment that the Company made in its Max Brenner expansion plans. Excluding the Max Brenner results, operating profit for the Israeli activities in the first nine months increased by 4.8%, and 0.8% for the quarter, over the same periods last year.

Operating Profit from International Operations – For the first nine months of the year operating profit from international operations grew by 73.6% and totaled NIS 87.5 million (5.9% of sales) compared with NIS 50.4 million (6.0% of sales) in the comparable period of last year. For the quarter, operating profit grew by 59.8% compared with the same quarter last year and totaled NIS 33.4 million (6.5% of sales).

The increase in operating profit from international operations was due to the accelerated growth in this segment, from increased operating profit in the various countries and from the discontinuation of goodwill amortization.

Net Profit

Net profit for the first nine months of the year totaled NIS 303.1 million compared with NIS 128.2 million for the same period last year. For the quarter net profit totaled NIS 70.6 million compared with NIS 56.5 million for the same quarter last year.

Pro-forma net profit, excluding the impact of one time factors (which include bad debt allowances in Clubmarket, other revenues and expenses less tax impacts) increased by 12.7% for the first nine months and totaled NIS 177.5 million compared with NIS 157.5 million for the comparable period last year.



For the quarter, pro forma net profit (excluding all the one time influences) totaled NIS 62.7 million compared with NIS 58.3 million last year, an increase of 7.5%.

About Strauss-Elite:

Strauss-Elite 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-Elite enjoys a leading market position in most of its product categories and markets in which it operates. The company has 8,600 employees worldwide, of which 4,900 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.

Strauss Elite Contact:

Yaffa Cohen
Director of Investor Relations
Strauss-Elite Ltd.
Tel. +972 3 675 2545
Mobile. +972 54 577 2195
yaffac@strauss-elite.co.il

External IR Contacts:

Ehud Helft / Kenny Green
GK Investors Relations

Tel (US): 1 866 704 6710, (UK): 0871 474 1218
Tel (International): +972 54 452 3521
kenny@gk-biz.com / Ehud@gk-biz.com



Table 1

Summary of consolidated results of the Company for the third quarter and first nine months of 2006 (in NIS millions):

	Nine month period			Three month period		
	2006	2005	% Chg	2006	2005	% Chg
Sales	3,844.8	3,090.2	24.4	1,340.0	1,114.5	20.2
Cost of Sales	<u>2,401.2</u>	<u>1,853.6</u>		<u>837.5</u>	<u>680.8</u>	
Gross Profit	1,443.6	1,236.6	16.7	502.5	433.7	15.9
Other Sales & Mktng Exp.	<u>892.8</u>	<u>737.8</u>	21.0	<u>307.5</u>	<u>249.3</u>	23.3
G&A Expenses	<u>219.7</u>	<u>207.6</u>	5.8	<u>75.8</u>	<u>75.3</u>	0.7
Operating Profit before Clubmarket Debt Allow.	331.1	291.2	13.7	119.2	109.1	9.3
Allowance for doubtful debts – Clubmarket	-	(34.3)		-	6.6	
Operating profit after Clubmarket Debt allowance	331.1	256.9	28.9	119.2	115.7	3.0
Finance Expense, net	(32.1)	(25.6)	25.4	(15.5)	(14.4)	7.6
Other Revenues/(Exp), net	<u>156.2</u>	<u>(8.4)</u>		<u>14.7</u>	<u>(6.1)</u>	
Profit before Income Taxes	455.2	222.9	104.2	118.4	95.2	24.4
Taxes	<u>(117.3)</u>	<u>(67.5)</u>	73.8	<u>(34.2)</u>	<u>(25.7)</u>	33.1
Profit after taxes	337.9	155.4	117.4	84.2	69.5	21.2
Company portion in affiliates, net	3.3	1.3		1.2	0.1	
Minority portion of subsidiaries	<u>(38.1)</u>	<u>(27.8)</u>	37.1	<u>(14.8)</u>	<u>(13.1)</u>	
Net Profit from Continuing Operations	303.1	128.9	135.1	70.6	56.5	25.0
Cumulative influences from start of year for accounting procedure changes	-	(0.7)		-	-	
Net Profit	<u>303.1</u>	<u>128.2</u>	136.4	<u>70.6</u>	<u>56.5</u>	25.0
Net Profit (pro-forma) net of one-time expenses (1)	<u>177.5</u>	<u>157.5</u>	12.7	<u>62.7</u>	<u>58.3</u>	7.5

(1) Expenses due to doubtful debt for Clubmarket and other revenues and expenses less the taxes relating to it.



Chart 1

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

compared with compared with compared with

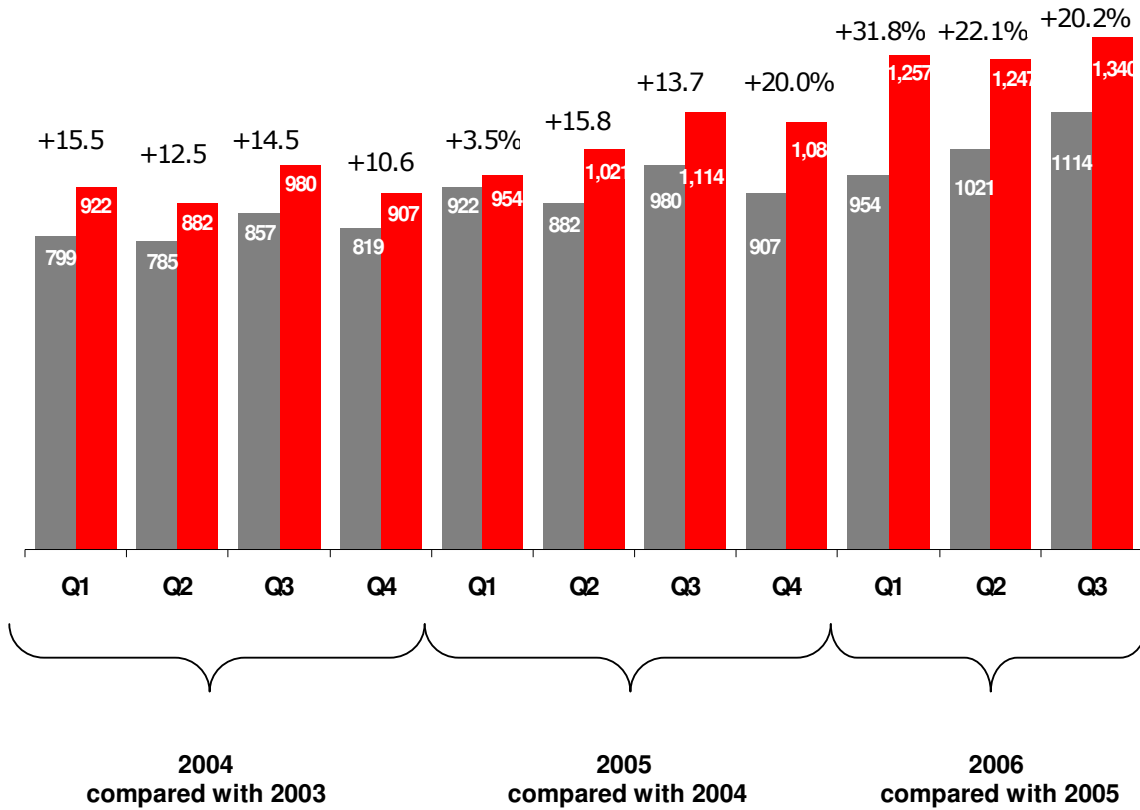




Chart 2

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

compared with compared with compared with

