

# Strauss Group

## Q1 2009 Results

Analysts Conference  
May 26, 2009





# Q1 2009 Highlights

- Solid start to 2009 with growth in sales and profits
- Q1 organic\* growth 6.3%, despite challenging global economic conditions; reported sales growth 1.2%
  - Israel (incl. coffee) growth 2.1%, in line with market growth
  - Global coffee organic growth 11.7%
  - Sabra organic growth 38.5%
  - Max Brenner organic growth 3.6
- The global slowdown impacted the growth pace in various markets



\* Organic growth net of the impact of currencies





## Q1 2009 Highlights (Cont.)

- Strauss responded to the challenges with efficiency programs, innovations and product launches
- Continued sustainability while navigating the unprecedented macro challenges.
- Reiterated 2009 objectives
  - Increase cash flow
  - Enhance competitive position and increase market share in all businesses
  - At least preserve 2008 operating and net income
  - Invest in developing key assets; people and brands
  - Continue to invest, increasing preparedness for end of recession



# Q1 2009 Financial Summary

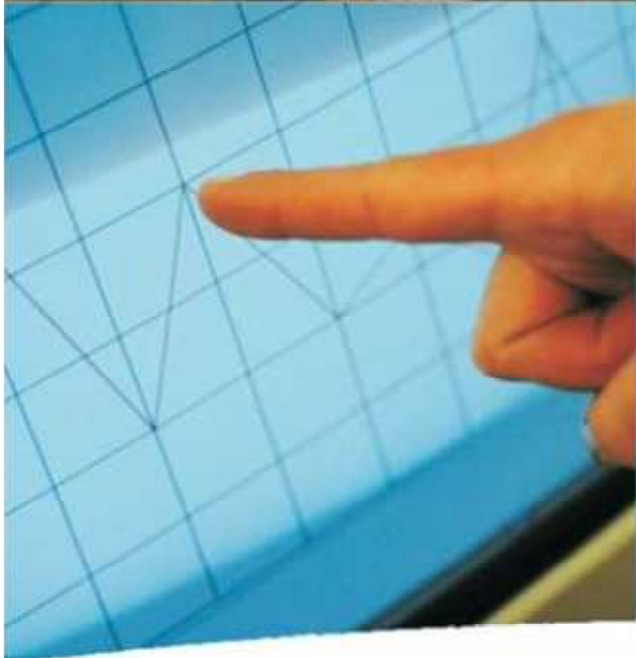
# Q1 2009 Highlights

On a pro-forma basis

- Q1 reported sales NIS 1.52 B, up 1.2%  
Organic growth\* 6.3%
- Gross profit NIS 551 M, same as LY  
Gross margin 36.2%, slightly eroded from 36.7% LY  
Pricing and efficiencies partially cover input costs
- Operating profit down 1.5%  
Operating margin eroded to 8.8%, mainly due to the coffee activity
- Financial income NIS 5 M compared to financial expense of NIS 25 M LY.
- Net income up 22.3%
- Strong Balance Sheet

\* Organic growth net of the impact of currencies





# Sound Financial Standing

- Cash and short term financial investments NIS 701 M
- Gross total debt NIS 1,431 M, the majority (80%) long-term 2014-2018
- Shareholders equity: NIS 1,787 M
- Net debt/EBITDA: 1.0
- Current Ratio (current assets/current liabilities): 1.7
- Financial liabilities out of total Balance Sheet: 0.51

\* As of March 31, 2009

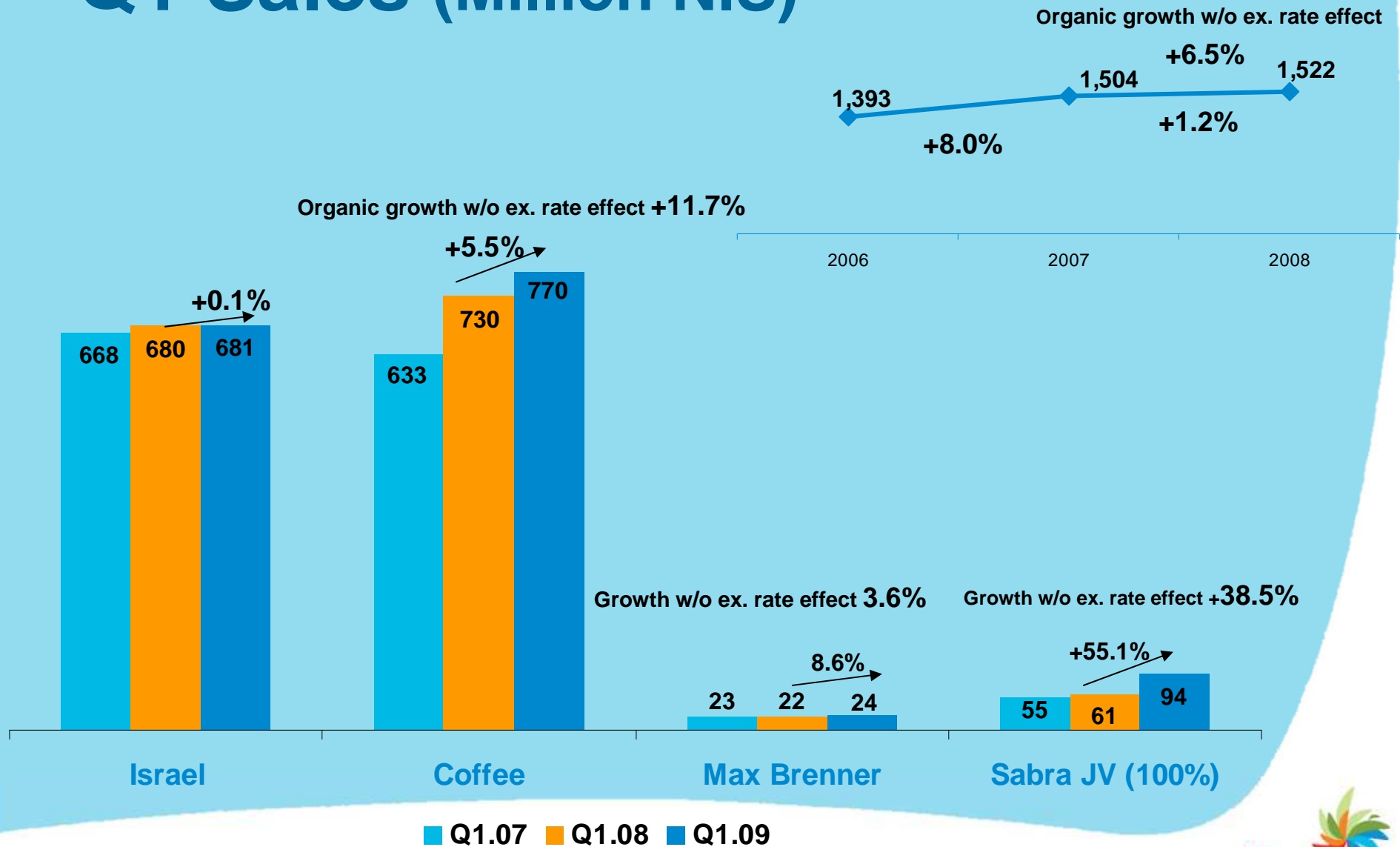
# Q1 2009 Financial Highlights

	Accounting GAAP			Pro-forma Non-GAAP		
	2009	2008	% Chg	2009	2008	% Chg
Sales	1,522	1,504	1.2%	1,522	1,504	1.2%
<i>Organic Growth*</i>			6.3%			6.3%
<i>Gross Profit</i>	556	546	1.9%	551	551	0.0%
Operating Profit	135	125	8.0%	135	137	-1.5%
Net Profit	74	84	-11.5%	80	65	22.3%

\* w/o exchange rate

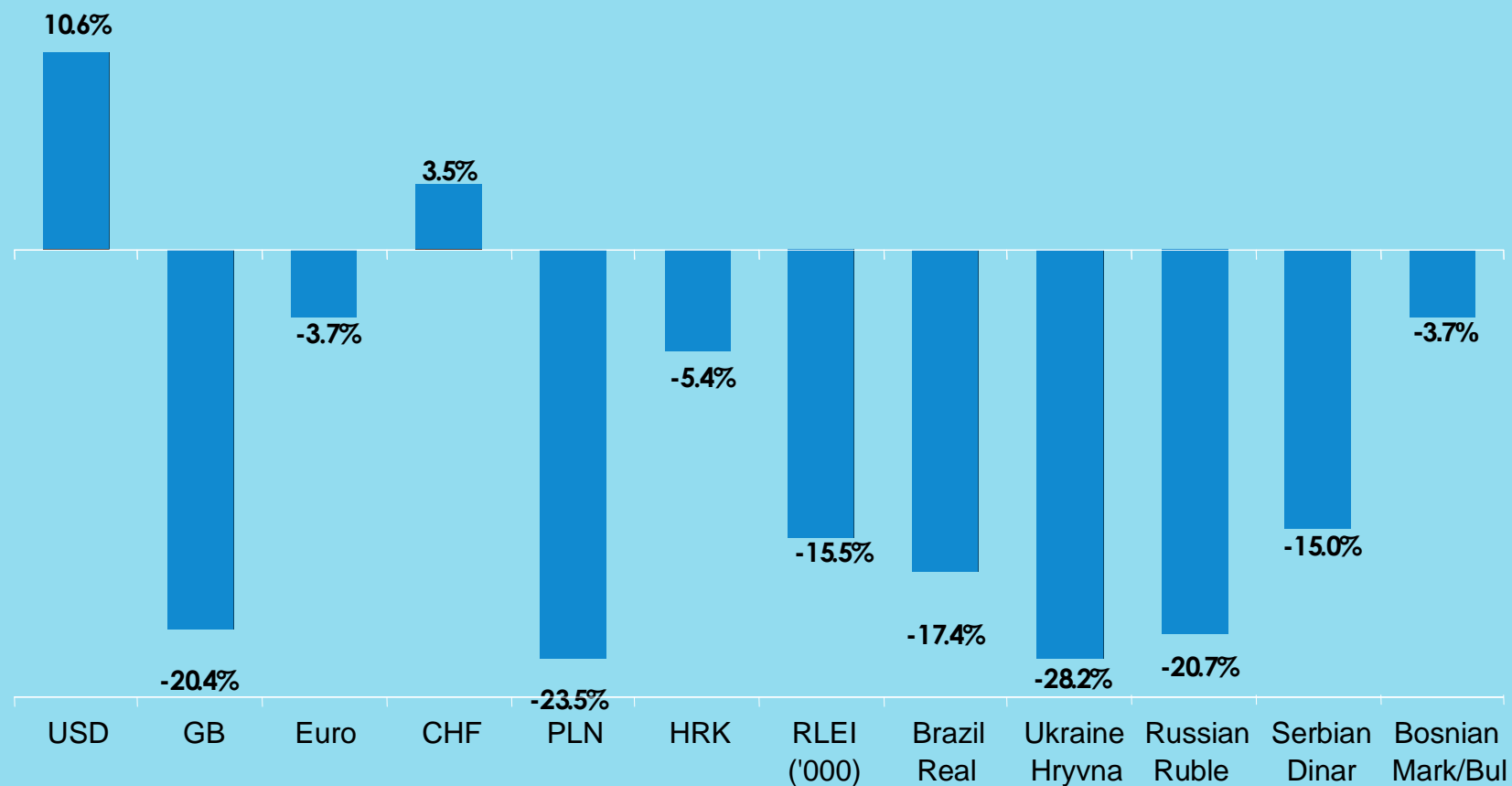


# Q1 Sales (Million NIS)



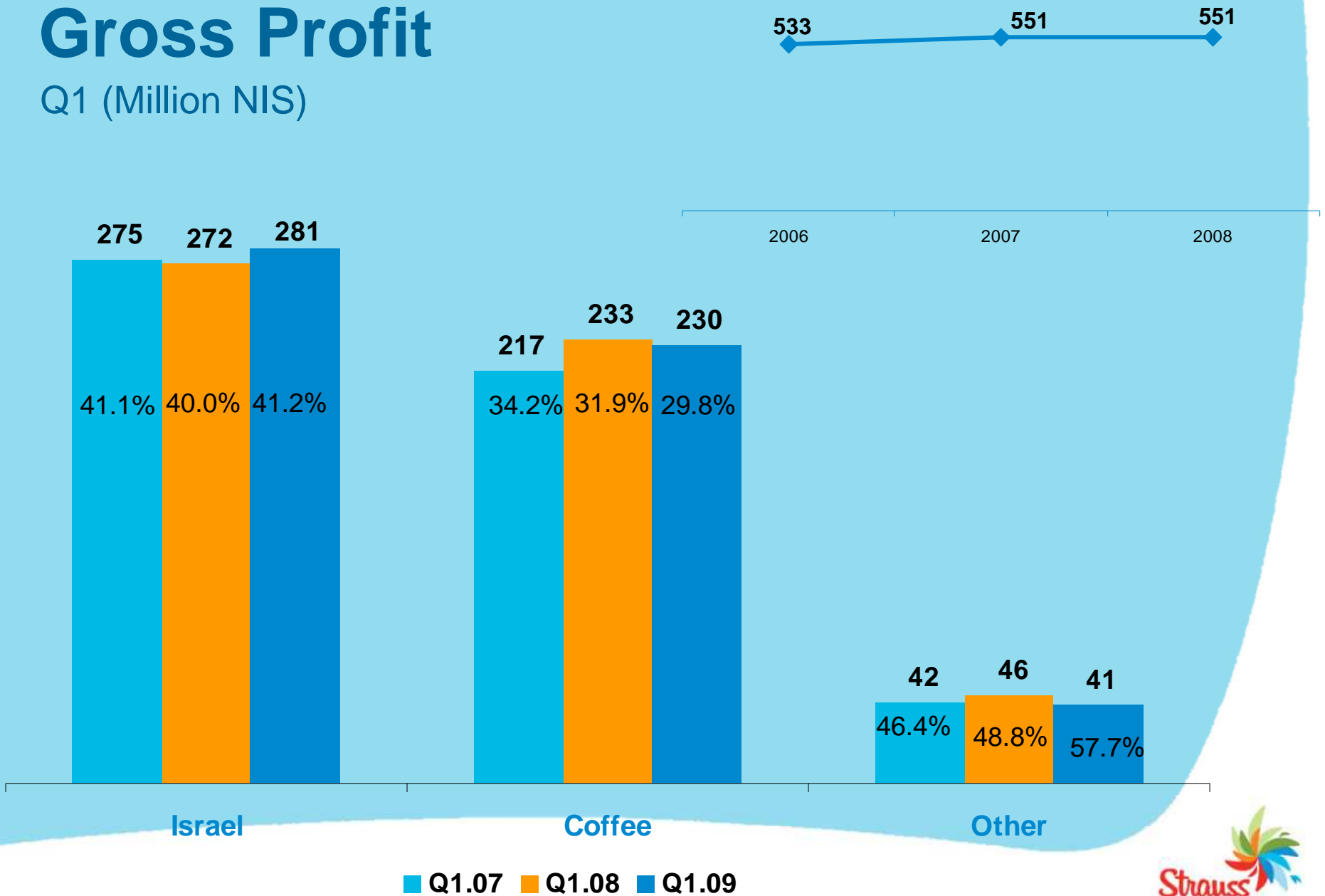
# Significant Impact of FX

Q1 currency vs. NIS (average exchange rates)



# Gross Profit

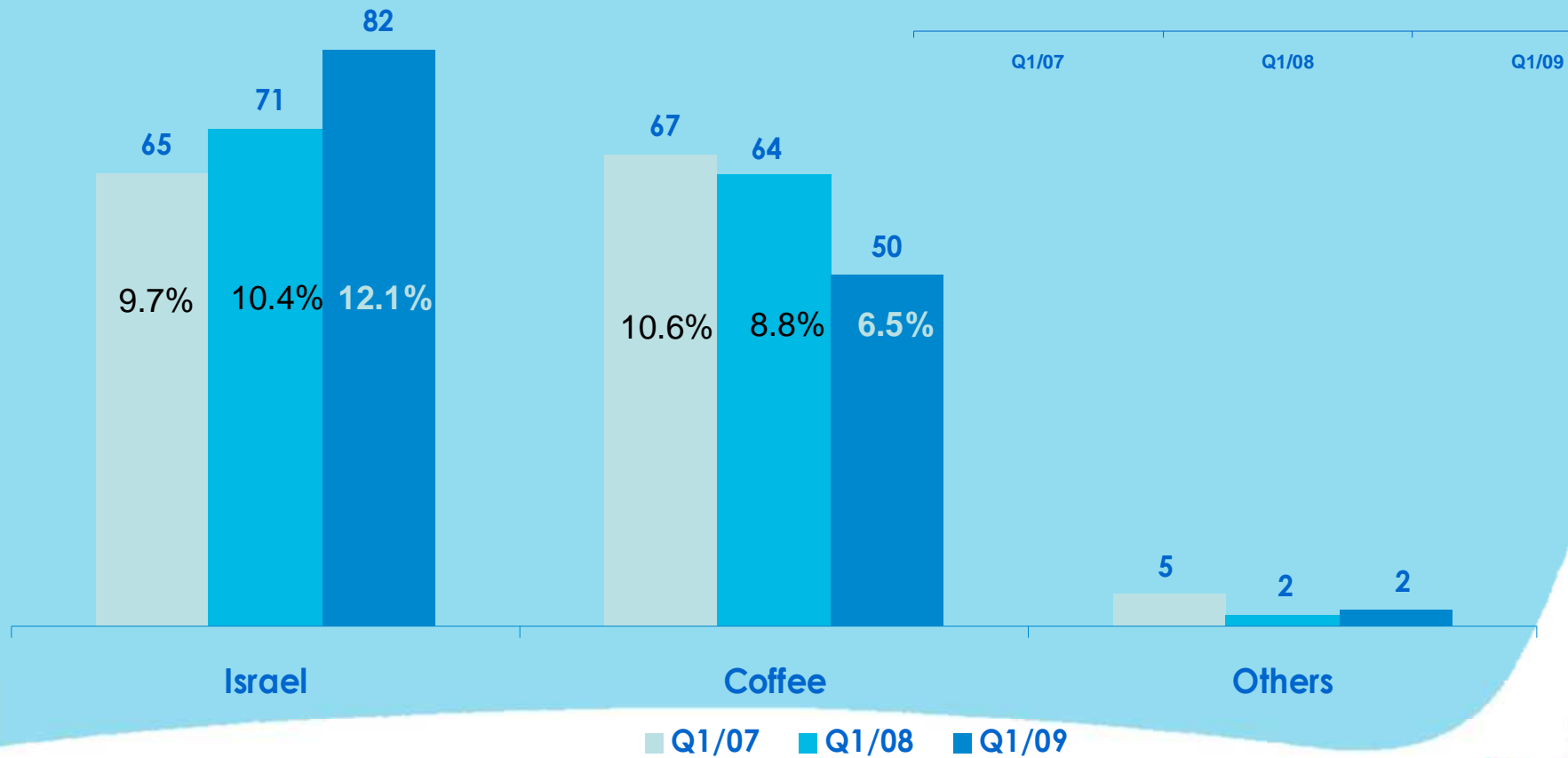
Q1 (Million NIS)



# Operating Profit

Q1 Pro-forma (Million NIS)

136      137      135  
-1.5%

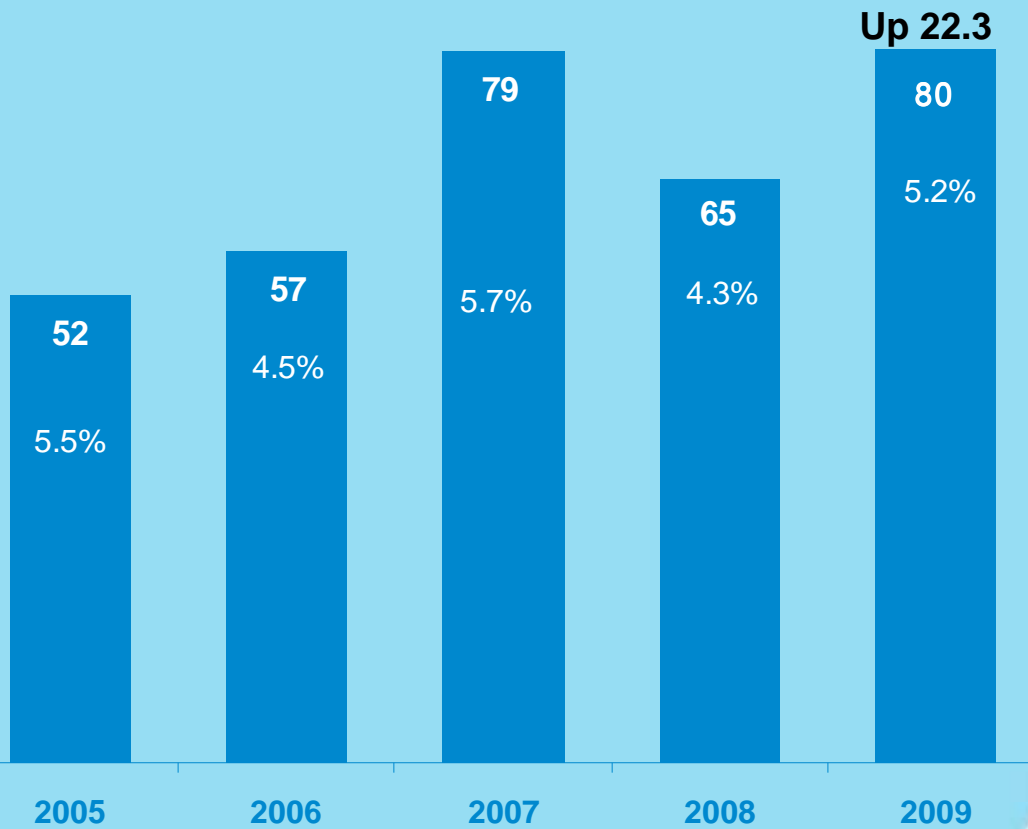




# Q1 Net Profit

Pro-forma (Million NIS)

Accounting Net Profit  
NIS 74.5 M down 11.5%



The 2005 results are based on Israeli GAAP





# Consolidated Cash Flow

Q1 (Million NIS)

	<b>2009</b>	<b>2008</b>
<b>Net Income</b>	<b>90.1</b>	<b>93.1</b>
<b>Operating Cash Flow</b>	<b>36.4</b>	<b>(46.2)</b>
<b>Cash Flow from Investing Activity</b>	<b>(44.7)</b>	<b>(99.6)</b>
<b>Free Cash Flow</b>	<b>(8.4)</b>	<b>(145.8)</b>

# Balance Sheet (Million NIS)

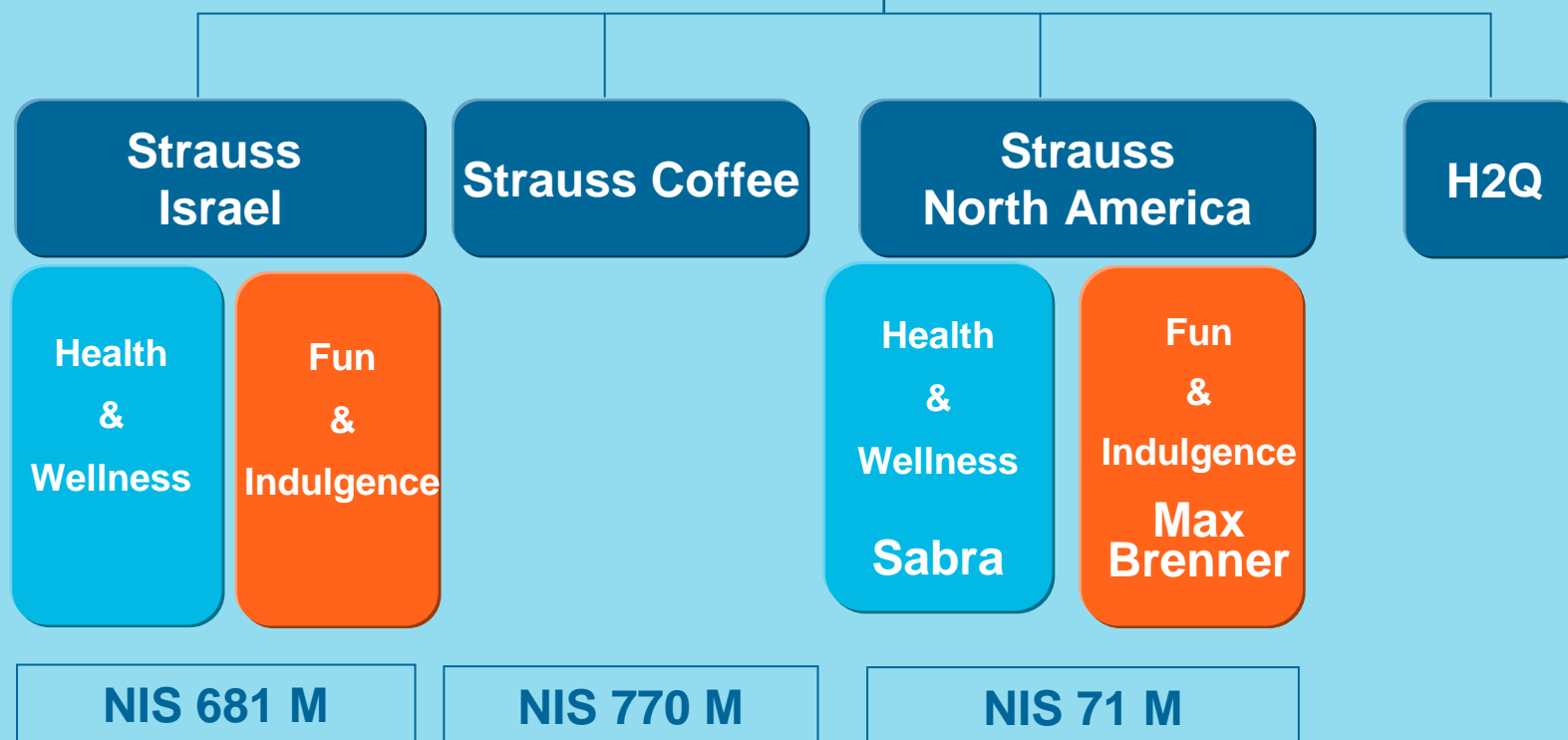
	As at Mar 31				Deviation Millions NIS
	2009		2008		
	Millions NIS	%	Millions NIS	%	
Cash and Marketable Securities	701	12.9%	470	9.7%	231
Accounts Receivables	1,074	19.8%	940	19.5%	134
Other Accounts Receivables	245	4.5%	304	6.3%	-59
Inventory	739	13.6%	631	13.1%	109
Investments & Long Term Loans	117	2.2%	109	2.3%	8
Fixed Assets	1,234	22.7%	1,208	25.0%	26
Intangible Assests	1,245	22.9%	1,081	22.4%	164
Other Assets	73	1.3%	83	1.7%	-9
<b>Total Assets</b>	<b>5,429</b>	<b>100.0%</b>	<b>4,825</b>	<b>100.0%</b>	<b>604</b>
Current Bank Liabilities	289	5.3%	355	7.4%	-67
Accounts Payables	657	12.1%	635	13.2%	22
Other Creditors	682	12.6%	527	10.9%	155
Long Term Liabilities	1,142	21.1%	1,284	26.6%	-142
Minority Interest	873	16.1%	210	4.3%	663
Group Equity	1,787	32.9%	1,814	37.6%	-27
<b>Total Liabilities &amp; Equity</b>	<b>5,429</b>	<b>100.0%</b>	<b>4,825</b>	<b>100.0%</b>	<b>604</b>



# Performance by Business Unit



# Strauss Group's Business Portfolio



Q1 2009 Net Sales – NIS 1,522M





# Strauss Israel Highlights

- Slowdown in the growth rate of the Israeli Food & Beverage market; Q1 market up 3.7%, relevant Strauss categories grew by 2.8%.
- Strauss Q1 sales totaled NIS 681 million, up 0.1%; sales including coffee up 2.1%
- Strong quarter for *Fun & Indulgence* partially due to the Passover holiday
- Strong emphasis on activities with value proposition for consumers
- Continuous improvement in operating profits and **margins**.  
Q1 operating profit up 16.0%  
Operating margin 12.1% vs 10.4% LY

# Strauss Israel Highlights

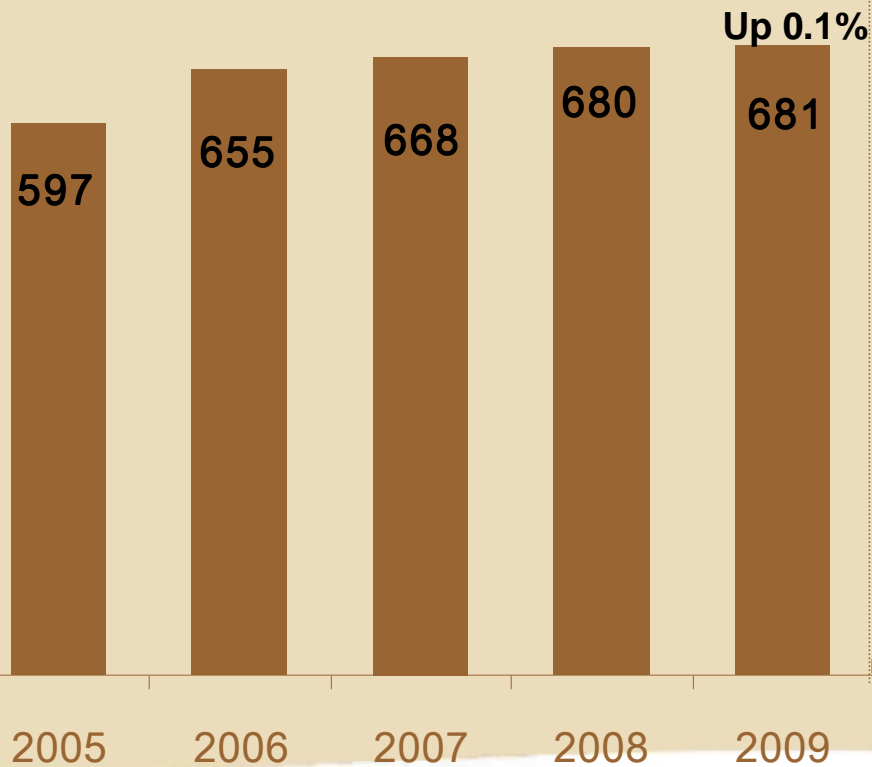


- Improved cost structure and decrease in the selling and G&A expenses
- Competitive retail market environment
- Strauss responded to the challenges with
  - Innovations
  - Product launches
  - Efficiency programs
- Market share improved to 12.3% from 12.0% in Q4 2008

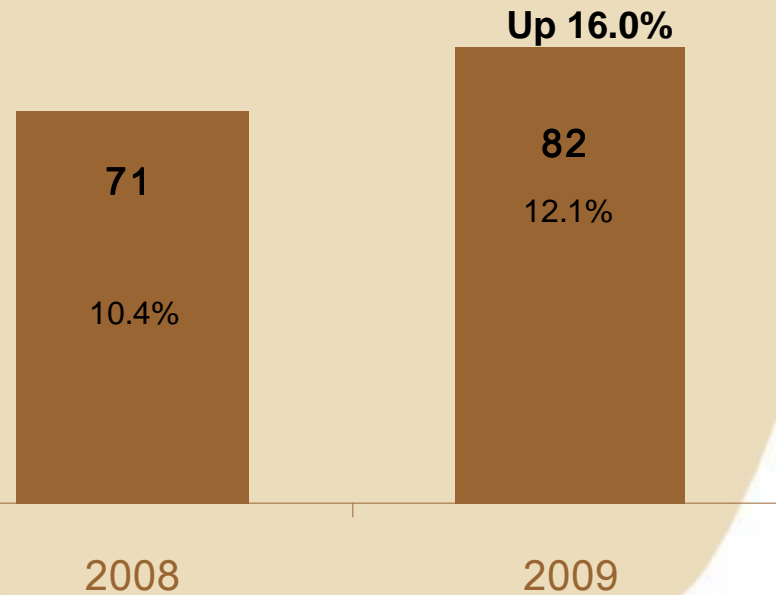
# Strauss Israel Q1 Highlights

(Million NIS)

## Sales



## EBIT Pro-forma

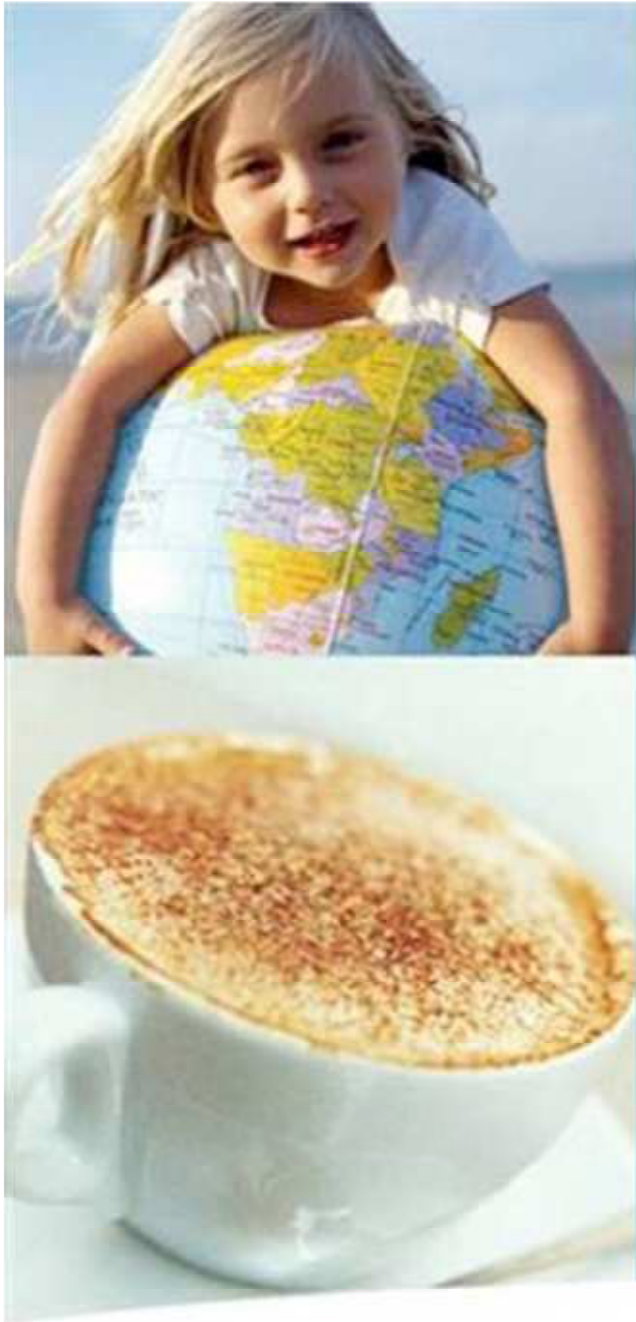


Israel pro-forma sales including coffee



# Strauss Global Coffee





# Strauss Coffee Highlights

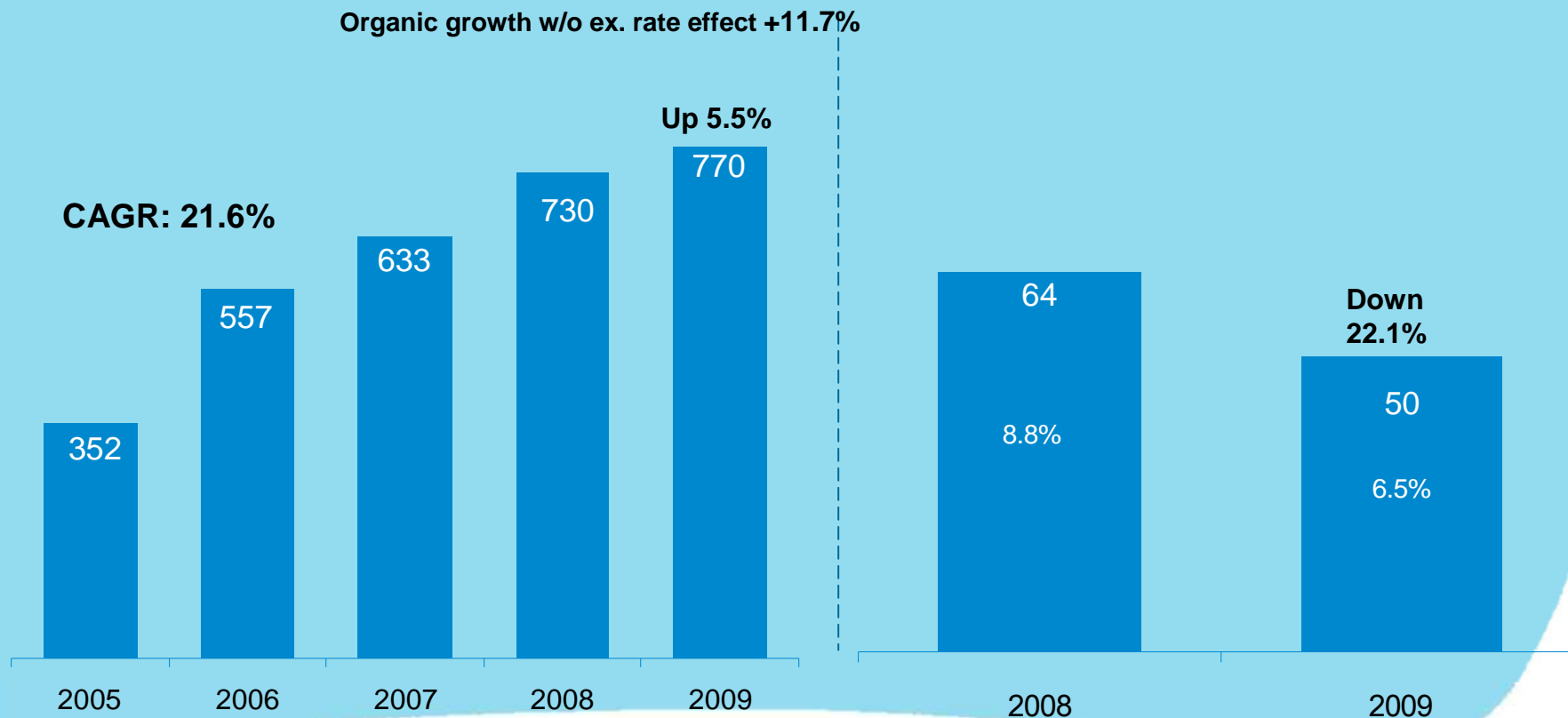
- Q1 2009 sales up 5.5%;  
Organic growth 11.7% w/o exchange rate effect
- Q1 gross profit down 1.4%.  
Gross profit affected by the sales growth and price increase that partially compensated for the increase in green coffee in local currencies due to appreciation of US \$
- Q1 EBIT down 22.1%.  
Operating profit was affected by the decrease in gross profit.
- AFH sales same as last year

# Strauss Global Coffee Growth

Q1 Highlights (Million NIS)

## Sales

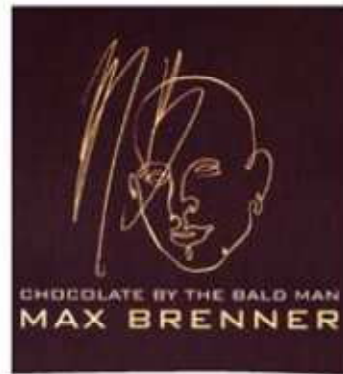
## EBIT Pro-forma\*



\* Neutralizing the impact of hedging in commodities, before other income (expenses)



# Max Brenner

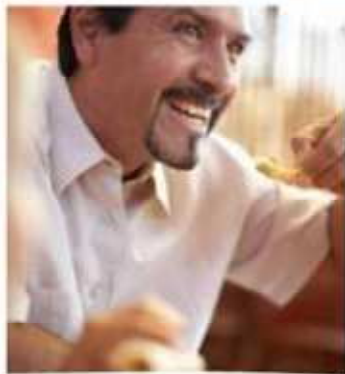
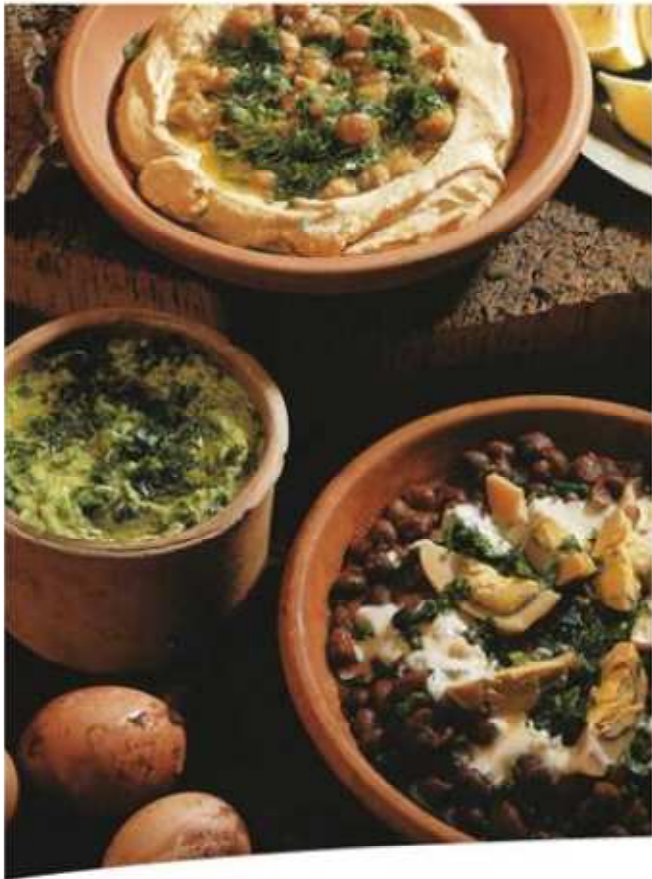
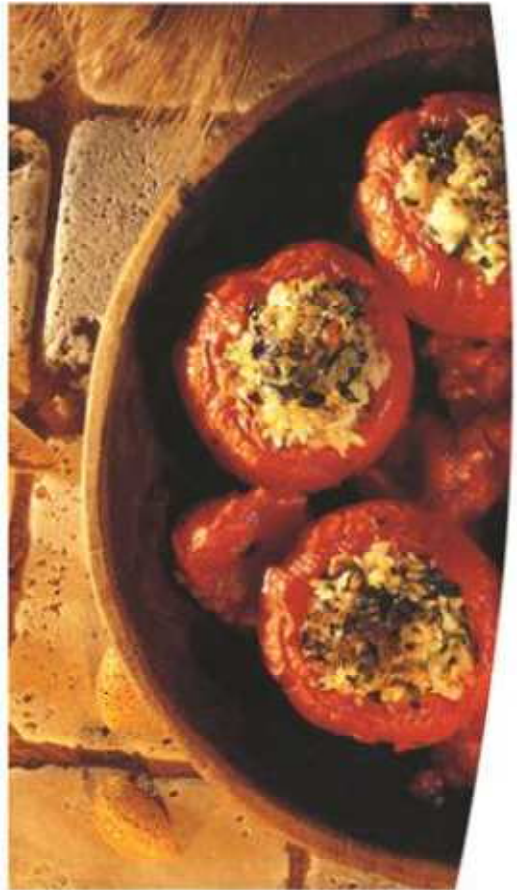




# Max Brenner

- Q1 sales of NIS 24 M, up 8.6%, w/o exchange rate impact up 3.6%
- Improvement in profitability
- Continued focus on building infrastructure and capabilities for future growth
- New location in Philadelphia expected to open in June 2009

# Sabra





# Sabra

- Sabra continues to be the fastest growing brand nationwide and again increased its market share
- Q1 sales totaled NIS 94 M (100%), up 55.1% (growth w/o exchange rate effect 38.5%)
- Q1 market share\* 37.4% compared to 27.4% LY; Category growth driven by Sabra
- Increase in household penetration from 3.8 million to 5 million households in 3 months
- Operating profit up (NIS 14 M vs. NIS 5 M LY)
- Continued focus on building the brand via market innovation (new flavors, packaging solutions) and category expansion

\* as of March 22, 2009 IRI report

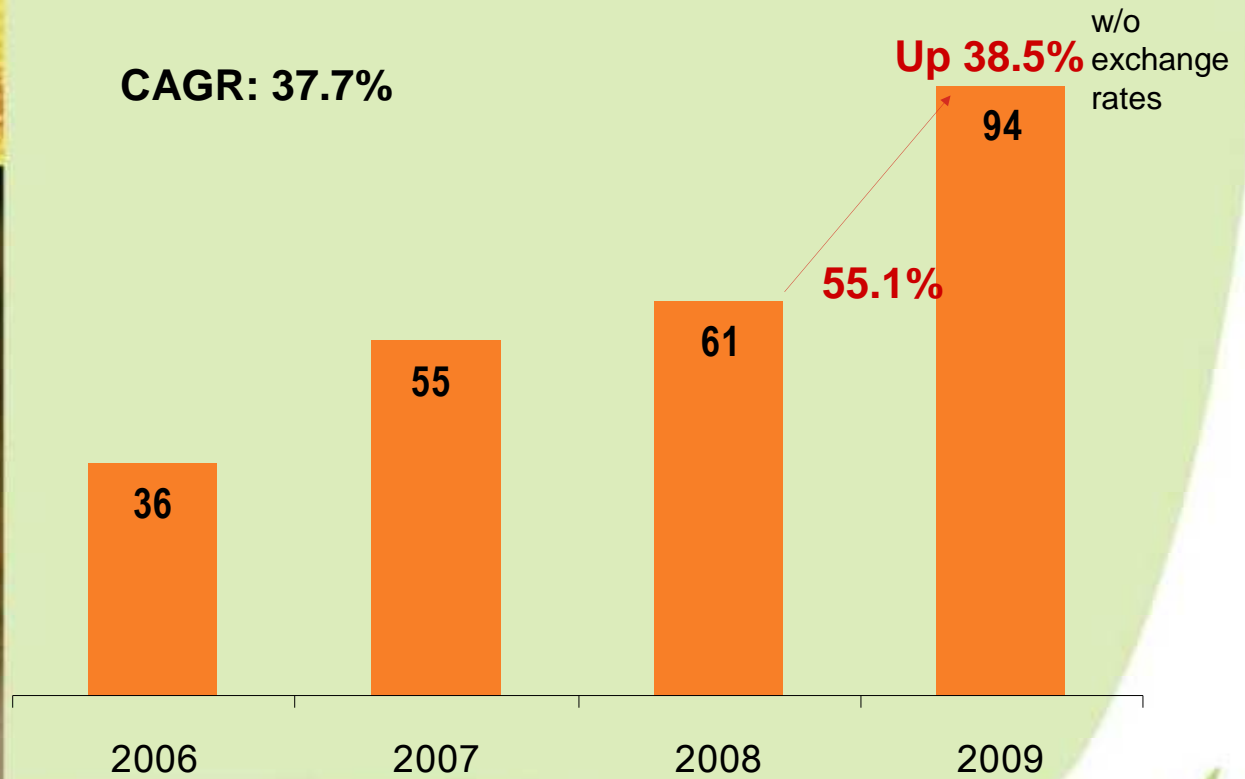




# Sabra JV (100%) Growth

## Q1 Sales (Million NIS)

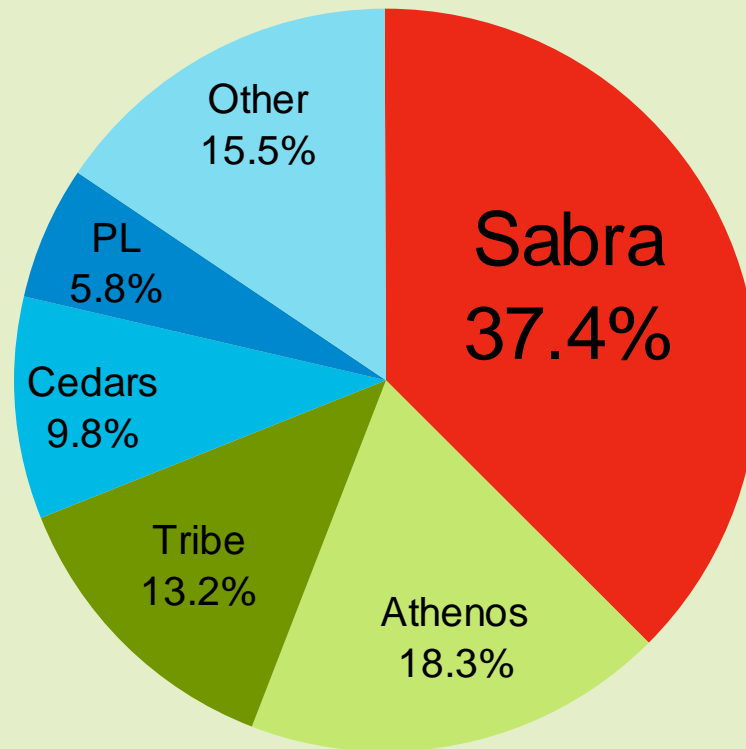
CAGR: 37.7%





# Sabra Market Share

Refrigerated Flavored Spreads – Q1 2009



Source: IRI, Calendar YTD ending March 22 2009 (\$ share)



# 2009 Summary

# Q1 2009 Highlights

- Solid start to 2009 with growth in sales and profits
- Q1 organic growth w/o exchange rate effect 6.3%, despite challenging global economic conditions; reported sales growth 1.2%
- Strauss responded to the challenges with efficiency programs, innovations and product launches
- Net income up 22.3%
- Operating cash flow NIS 31.1 M
- Strong Balance Sheet

# Thank You

For Additional Information Please Contact:

**Yaffa Cohen-Ifrah**

Director of Investor Relations

Strauss Group

E.Mail: [yaffa.cohen-ifrah@strauss-group.com](mailto:yaffa.cohen-ifrah@strauss-group.com)

Tel: +972 3 6752545



# Strauss Group Profit & Lost - Accounting

## Q1 Results (Million NIS)

	ACT 09	%	ACT 08	%	Diff	%
<b>Sales</b>	<b>1,521.8</b>		<b>1,504.1</b>		<b>17.7</b>	<b>1.2%</b>
Cost of sales not including the impact of hedging transactions	970.4	63.8%	952.8	63.3%	17.6	1.8%
Hedging transactions loss (gain)	-4.8	-0.3%	3.2	0.2%	-8.0	-249.4%
Inventory write off			2.3		-2.3	
<b>Gross profit</b>	<b>556.2</b>	<b>36.5%</b>	<b>545.8</b>	<b>36.3%</b>	<b>10.4</b>	<b>1.9%</b>
Selling expenses	219.9	14.4%	223.3	14.8%	-3.5	-1.6%
Marketing expenses	114.7	7.5%	108.6	7.2%	6.1	5.6%
G&A expenses	87.0	5.7%	89.2	5.9%	-2.2	-2.5%
<b>Operating profit before other income (expenses)</b>	<b>134.5</b>	<b>8.8%</b>	<b>124.6</b>	<b>8.3%</b>	<b>9.9</b>	<b>8.0%</b>
Other income (expense), net	-5.1	-0.3%	27.8	1.8%	-32.8	-118.3%
<b>Operating profit after other income (expenses)</b>	<b>129.5</b>	<b>8.5%</b>	<b>152.4</b>	<b>10.1%</b>	<b>-22.9</b>	<b>-15.0%</b>
Financing expenses, net	-4.8	-0.3%	24.5	1.6%	-29.3	-119.5%
<b>Income before taxes on income</b>	<b>134.2</b>	<b>8.8%</b>	<b>127.9</b>	<b>8.5%</b>	<b>6.4</b>	<b>5.0%</b>
Taxes on income*	-44.1	32.9%	-34.7	27.2%	-9.4	27.0%
<b>Income for the period</b>	<b>90.1</b>	<b>5.9%</b>	<b>93.1</b>	<b>6.2%</b>	<b>-3.0</b>	<b>-3.2%</b>
<b>Attributable to:</b>						
<b>The Company's shareholders</b>	<b>74.5</b>	<b>4.9%</b>	<b>84.1</b>	<b>5.6%</b>	<b>-9.7</b>	<b>-11.5%</b>
Minority interest	-15.7	-1.0%	-9.0	-0.6%	-6.7	73.9%
<b>Income for the period</b>	<b>90.1</b>	<b>5.9%</b>	<b>93.1</b>	<b>6.2%</b>	<b>-3.0</b>	<b>-3.2%</b>

# Strauss Group Profit & Loss - Pro-forma

## Q1 Results (Million NIS)

	<b>ACT 09</b>	<b>%</b>	<b>ACT 08</b>	<b>%</b>	<b>DIFF</b>	<b>%</b>
<b>Sales</b>	<b>1,521.8</b>	<b>100.0%</b>	<b>1,504.1</b>	<b>100.0%</b>	<b>17.7</b>	<b>1.2%</b>
Cost of sales not including the impact of hedging transactions	970.4	63.8%	952.8	63.3%	17.6	1.8%
<b>Gross profit</b>	<b>551.4</b>	<b>36.2%</b>	<b>551.3</b>	<b>36.7%</b>	<b>0.1</b>	<b>0.0%</b>
Selling expenses	220.0	14.5%	223.3	14.8%	-3.3	-1.5%
Marketing expenses	114.6	7.5%	108.6	7.2%	5.9	5.5%
G&A expenses	82.2	5.4%	82.6	5.5%	-0.4	-0.5%
<b>Operating profit before other income (expenses)</b>	<b>134.6</b>	<b>8.8%</b>	<b>136.7</b>	<b>9.1%</b>	<b>-2.1</b>	<b>-1.5%</b>
Financing expenses, net	-4.8	-0.3%	24.5	1.6%	-29.3	-119.5%
<b>Income before taxes on income</b>	<b>139.4</b>	<b>9.2%</b>	<b>112.2</b>	<b>7.5%</b>	<b>27.2</b>	<b>24.2%</b>
Taxes on income*	-44.5	31.9%	-37.2	33.2%	-7.2	19.4%
<b>Income for the period</b>	<b>94.9</b>	<b>6.2%</b>	<b>75.0</b>	<b>5.0%</b>	<b>19.9</b>	<b>26.6%</b>
<b>Attributable to:</b>						
<b>The Company's shareholders</b>	<b>79.7</b>	<b>5.2%</b>	<b>65.2</b>	<b>4.3%</b>	<b>14.5</b>	<b>22.3%</b>
Minority interest	-15.2	-1.0%	-9.8	-0.6%	-5.4	55.3%
<b>Income for the period</b>	<b>94.9</b>	<b>6.2%</b>	<b>75.0</b>	<b>5.0%</b>	<b>19.9</b>	<b>26.6%</b>