



STRAUSS GROUP REPORTS SOLID NINE MONTH RESULTS

**Continued Improvement in Gross and Operating Profits
with Organic Sales growth* and Significant Improvement in Cash Flow**

NINE MONTH FINANCIAL HIGHLIGHTS:

- **Organic growth, net of exchange rate impacts, totaled 4.2%. Reported sales totaled NIS 4.7 billion;**
- **Pro-forma operating profit increased 2.0%, yoy reaching NIS 429 million;**
- **Profit for the period up 1.1%, totaling NIS 265 million;**
- **Pro-forma net profit for shareholders amounted to NIS 198 million compared to NIS 229 million last year, 13.5% decrease resulting from one-time capital gain included in 2008;**
- **Strong cash generation: cash flow improved as a result of improved working capital, mainly decrease in inventory level. Operating cash flow totaled NIS 459 million compared to NIS 49 million last year;**

THIRD QUARTER FINANCIAL HIGHLIGHTS:

- **Organic growth, net of exchange rate impacts, totaled 3.2%. Reported sales totaled NIS 1.6 billion;**
- **Pro-forma operating profit increased 2.0%, totaling NIS 159 million;**
- **Pro-forma net profit for shareholders totaled NIS 64 million, 34.7% decrease resulting mainly from a growing minority share in profit following TPG's investment in Strauss Coffee.**
- **Operating cash flow totaled NIS 179 million compared to NIS 48 million last year.**

*net of exchange rate impacts



Tel Aviv, Israel, November 25, 2009 – The Strauss Group (STRS.TA) today reported its results for the third quarter and first nine months of 2009.

Ofra Strauss, Chairperson of Strauss Group, said today, "Strauss Group is taking the actions required to adjust the company to its new environment given the impact of the global crisis, while working adamantly according to the strategy that has characterized us in recent years, making further investment in brands and innovation, developing infrastructures, enhancing strategic partnerships and retaining its capabilities and people."

Gadi Lesin, President & CEO of Strauss Group, said today, "During the first nine months, Strauss succeeded in meeting its pre-defined goals, improving both its gross and operating profits with organic sales growth. In addition the company generated significant cash flow indicating the financial strength of the Group."

"We are operating according to the work plans and objectives defined at the beginning of the recession, with continued investment in our future growth engines. In Israel the company managed to improve its profit and profitability rates despite the slowed growth. In October we completed the Tana Industries (Tami 4) acquisition, which compliments Strauss's entry into the water category. This acquisition is expected to boost our competitive position in Israel, and serve as another growth driver for our international activities. Work on the new Sabra salads plant in the US is progressing well and it will be ready in time to supply the growing demand for Sabra's products. At the same time, our coffee company achieves further growth in this challenging year as well."

MAIN PRO-FORMA DATA FOR THE FIRST NINE MONTHS (in NIS million):

	Nine Months			Third Quarter		
	2009	2008	Chg %	2009	2008	Chg %
Sales	4,658	4,682	-0.5%	1,622	1,646	-1.4%
Gross Profit	1,726	1,721	0.3%	607	604	0.6%
Operating Profit (1)	429	421	2.0%	159	156	2.0%
Profit for the Period	265	262	1.1%	91	112	-18.2%
Net Profit (2) (3)	198	229	-13.5%	64	99	-34.7%

(1) Before other income (expenses)

(2) Attributed to the shareholders of the Company

(3) Net profit in 2008 include financial income of NIS 42 million



THE ISRAEL SECTOR – STRAUSS ISRAEL

In the first nine months sales by all of Strauss Israel's activity, including the coffee business in Israel, totaled NIS 2,450 million, a decrease of 1.2%. Sales by the Israeli sector (excluding coffee) totaled NIS 1,990 million, a decrease of 1.8%.

In the third quarter sales by all of Strauss Israel's activity, including the coffee business in Israel, totaled NIS 830 million, a decrease of 2.8%. Sales by the Israeli sector (excluding coffee) totaled NIS 682 million, a decrease of 3.4%. Sales in the third quarter were influenced mainly by the continued weakening of the food market in Israel.

In the first nine months of 2009 the effects of the recession in Israel on the growth rate of the food and beverages industry were felt. According to StoreNext figures, the Israeli food market decreased in the first nine months of the year by 1.4% on average in financial terms, and in the third quarter, the food market decreased by 1.9%.

Strauss Israel continues to invest considerable resources towards understanding consumer behavior and providing the right response, to the changes in purchasing power that occur during a recessionary period, as well as continuing to focus on the fundamental elements – product quality, service level and pricing management.

Operating profit pro-forma in Israel increased by 9.9% in the first nine months of 2009 and amounted to NIS 235 million. The growth in the operating profit in Israel is due to the improvement in the gross profit and to the continued improvement in the cost structure.

The operating profit margin in Israel improved in the first nine months and amounted to 11.8% compared to 10.6% in the corresponding period last year.

The operating profit in Israel increased in the third quarter by 6.0% and amounted to NIS 86 million. The growth in the operating profit is due to the improvement in the cost structure. The operating profit margin in Israel improved in the quarter, amounting to 12.7% compared to 11.5% in the corresponding period last year.

The improvement in the operating profit in the first nine months and in the quarter was achieved mainly by streamlining production expenses and material cost.

THE COFFEE SECTOR

Sales – Organic sales growth, net of currency effect, amounted to 7.9%.

Reported sales totaled NIS 2,440 million months, increased by 1.2% and net of currency effect increased by 10.9%.

Coffee sales in the first nine months were adversely impacted by the changes in the exchange rates of the different operating currencies combined with the difficulty in raising prices in the prevailing macroeconomic conditions in some of the countries where the Company operates. The sales growth in local currency was especially strong in Brazil, where the Company continues to grow at an accelerated pace increasing its market share and expanding in additional geographical regions across the country. The Company also continues to grow in the former USSR countries.



Organic sales growth in the third quarter, net of currency effect amounted to 7.0%. Reported sales totaled NIS 858 million, a decrease of 0.4%. After neutralizing the impact of currency exchange rates, growth amounted to 7.0%.

The growth in local currency in the third quarter is evident mainly in the Company's businesses in Brazil and in the former USSR countries. Coffee sales in the quarter were positively influenced by the growth in volumes in part of the clusters, and were negatively influenced by the changes in the exchange rates of the various currencies.

Operating profit of the coffee business in the first nine months of 2009 totaled NIS 192 million (7.9% of sales) compared to NIS 216 million (9.0% of sales) last year, a decrease of 11.4%. The decrease in the operating profit is mainly the result of the decrease in the gross profit and the impact of currency exchange rates.

The operating profit of the coffee business in the third quarter totaled NIS 69 million (8.0% of sales) compared to NIS 79 million (9.2%) in the corresponding period last year.

THE SABRA REFRIGERATED DIPS BUSINESS IN THE USA

Commencing in the second quarter of 2008 the Company has proportionately consolidated the Sabra business (50%) according to the rate of its holding following the closing of the transaction with PepsiCo.

In the first nine months Sabra's pro-forma sales (assuming the full consolidation of Sabra's business) growth net of exchange rate effect totaled 32.2%. Reported sales totaled NIS 310 million compared to NIS 209 million last year, an increase of 48.2%.

In the third quarter Sabra's sales growth net of exchange rate effect growth in the quarter totaled 25.2%. Reported sales totaled NIS 108 million compared to NIS 79 million last year, an increase of 36.0%.

Sabra's pro-forma operating profit in the first nine months increased 91.9%, totaling NIS 52 million (16.8% of sales) compared to NIS 27 million last year (13.0%).

In the third quarter operating profit totaled NIS 20 million (18.7% of sales) compared to NIS 12 million last year (15.3%), an increase of 66.4%.

Sabra has continued to grow its market share and to maintain a leading position in the refrigerated flavored spreads category. Sabra's average market share in the first nine months of 2009 was 38.6% compared to an average market share of 31.8% in the corresponding period last year (according to IRI figures published on October 4, 2009).



THE MAX BRENNER BUSINESS

Sales in the first nine months, net of currency effect, increased by 0.9%.
Reported sales totaled NIS 74 million compared to NIS 70 million last year, an increase of 5.3%.

In the third quarter Max Brenner's sales, net of currency effect, increased by 11.7%.
Reported sales totaled NIS 28 million compared to NIS 24 million last year, an increase of 15.1%.

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FINANCIAL RESULTS:

Sales

Organic sales growth, net of currency effect amounted to 4.2%. Reported sales totaled NIS 4,658 million compared to NIS 4,682 in the corresponding period last year, a decrease of 0.5%. After neutralizing the currency impact, growth amounted to 3.6%.

In the third quarter the Group's organic sales growth, net of currency effect amounted to 3.2%. Reported sales totaled NIS 1,622 million compared to NIS 1,646 million in the corresponding period last year, a decrease of 1.4%. After neutralizing the currency impact the Group's sales increased by 1.9%.

Gross Profit

The accounting gross profit in the first nine months totaled NIS 1,732 million (37.2%) compared to NIS 1,708 million last year (36.5%), an increase of 1.4%. The pro-forma gross profit in the first nine months increased by 0.3% to 37.0% compared to 36.8% for the corresponding period in 2008 .

The gross profit was positively impacted by the improvement in activities in Israel and by the streamlining measures undertaken by Sabra, and was adversely affected by the impact of currency exchange rates. The Group has contended with the changes in raw material prices and exchange rates by implementing streamlining measures in all areas of its activity and by raising the prices of its products in the coffee business outside of Israel.

The accounting gross profit in the third quarter increased by 4.0% and rose to 37.6% this year as against 35.7% last year. The pro-forma gross profit increased by 0.6% to 37.4% this year, up from 36.7% in 2008.

Exchange rates adversely impacted the gross profit in the coffee business in the third quarter, while the improvement in Sabra and the Company's activities in the Israel sector had positively effected the gross profit.

Operating Profit before Other Income (Expenses)

The accounting operating profit (before other expenses) totaled NIS 425 million (9.1% of sales) in the first nine months of the year compared to NIS 381 million (8.1%) in the corresponding period last year, an increase of 11.7%.

The pro-forma operating profit totaled NIS 429 million (9.2% of sales) in the first nine months compared to NIS 421 million (9.0%) last year, an increase of 2.0%.

The increase in the Group's pro-forma operating profit is due mainly to the increase in the operating profit of the Israel sector, which improved by 9.9%, and to the improvement in Sabra's operating profit. The Group's operating profit rate in the first nine months rose to 9.1% in 2009 from 8.1% last year.

The accounting operating profit (before other expenses) increased 27.1%, totaling NIS 159 million (9.8% of sales) in the third quarter compared to NIS 125 million (7.6%) in the corresponding period last year. The improvement is the result of the improvement in the gross profit and of the decrease in G&A expenses.



The pro-forma operating profit totaled NIS 159 million (9.8% of sales) in the third quarter compared to NIS 156 million (9.5% of sales) last year, an increase of 2.0%.

The increase in the Group's pro-forma operating profit is due mainly to the increase in the operating profit of the Israel sector and Sabra, which is the result of continued streamlining and the decrease in selling and G&A expenses. The improvement in the operating profit is mainly the result of the improvement in the gross profit and the streamlining moves.

Income for the Period

The accounting income for the period in the first nine months amounted to NIS 237 million compared to NIS 421 million last year.

The pro-forma income for the period in the first nine months amounted to NIS 265 million compared to NIS 262 million last year, an increase of 1.1%.

Income for the period in the third quarter totaled NIS 90 million compared to NIS 262 million last year.

The pro-forma income for the period in the third quarter amounted to NIS 91 million compared to NIS 112 million last year, a decrease of 18.2%.

Income for the Period for the Shareholders of the Company

The accounting income for the period for the shareholders of the Company in the first nine months totaled NIS 174 million compared to NIS 338 million last year, a decrease of 55.3%. The decrease is due mainly to the capital gain in respect of the issue to TPG Capital, which was included in the corresponding period last year, and to the growth in the profit attributed to the minority interest (which in this period also includes TPG Capital's share of the profits of Strauss Coffee).

The pro-forma income for the shareholders of the Company in the first nine months totaled NIS 198 million compared to NIS 229 million last year, a decrease of 13.5%. The decrease is due to the growth in the profit attributed to the minority interest.

The accounting income for the period for the shareholders of the Company in the third quarter totaled NIS 62 million compared to NIS 249 million last year, a decrease of 75.0%. The decrease is due both to the fact that in the corresponding quarter last year other income was included in respect of the issue to TPG Capital, and to the increase in the minority share of the income following the TPG transaction (the acquisition of 25.1% of Strauss Coffee by TPG Capital).

The pro-forma income for the shareholders of the Company in the third quarter totaled NIS 64 million compared to NIS 99 million last year, a decrease of 34.7%, which is mainly the result of the growth in the minority share of the income compared to last year.



Table 1

Following are the condensed financial accounting statements of income for the nine months and quarters ended September 30, 2009 and 2008 (in NIS millions):

	Nine Months			Third Quarter		
	2009	2008	% Chg	2009	2008	% Chg
Sales	4,658	4,682	-0.5	1,622	1,646	-1.4
Cost of sales not including impact of hedging transactions	2,932	2,963	-1.0	1,015	1,042	-2.5
Revaluation of the balance of commodity hedging transactions as at end of period	(6)	11		(4)	17	
Cost of sales	2,926	2,974	-1.6	1,011	1,059	-4.4
Gross Income	1,732	1,708	1.4	611	587	4.0
Selling and marketing expenses	1,049	1,053	-0.4	372	369	0.5
General and administrative expenses	258	274	-6.1	80	93	-13.2
Operating income before other income (expenses)	425	381	11.7	159	125	27.1
Other income (expenses), net	(27)	190		-	171	
Operating income after other income (expenses)	398	571	-30.4	159	296	-46.2
Financing income (expenses), net	(70)	(60)	16.9	(44)	(6)	634.6
Income before taxes on income	328	511	-35.9	115	290	-60.1
Taxes on income	(91)	(90)	0.6	(25)	(28)	-9.8
Effective tax rate	27.7%	17.6%		21.8%	9.7%	
Income for the period	237	421	-43.7	90	262	-65.5
Income attributed to shareholders of the Company	174	388	-55.3	62	249	-75.0
Income attributed to minority interest	63	33	94.7	28	13	112.2



Table 2

Following are the condensed results of business operations (based on the Company's Pro-forma statements) for the nine months and quarters ended September 30, 2009 and 2008 (in NIS millions):

	Nine Months			Third Quarter		
	2009	2008	% Chg	2009	2008	% Chg
Sales	4,658	4,682	-0.5	1,622	1,646	-1.4
Cost of sales	2,932	2,961	-1.0	1,015	1,042	-2.5
Gross Income	1,726	1,721	0.3	607	604	0.6
Selling and marketing expenses	1,049	1,046	2.9	372	362	2.8
General and administrative expenses	248	254	-2.9	76	86	-11.4
Operating income – management accounting	429	421	2.0	159	156	2.0
Financing income (expenses), net	(70)	(60)	16.9	(44)	(6)	634.6
Income before taxes on income	359	361	-0.3	115	150	-23.5
Taxes on income	(94)	(99)	-5.0	(24)	(38)	-36.3
Income for the period – management accounting	265	262	1.1	91	112	-18.2
Income attributed to shareholders of the Company	198	229	-13.5	64	99	-34.7
Income attributed to minority interest	67	33	106.8	27	13	104.3

Table 3

Following are the condensed results of business operations (based on the Company's management accounting statements) of the business sectors for the nine months and quarters ended September 30, 2009 and 2008 (in NIS millions):

	Nine Months			Third Quarter		
	2009	2008	% Chg	2009	2008	% Chg
Israel sector						
Net sales	1,990	2,026	-1.8	682	706	-3.4
Gross income	829	811	2.3	287	278	3.2
Operating income	235	214	9.9	86	81	6.0
Coffee sector						
Net sales	2,440	2,410	1.2	858	862	-0.4
Gross income	768	792	-3.0	275	288	-4.4
Operating income	192	216	-11.4	69	79	-13.8
Other*						
Net sales	228	246	-7.2	82	78	5.0
Gross income	129	118	8.5	45	38	17.1
Operating income	2	(9)		4	(4)	
Total						
Net sales	4,658	4,682	-0.5	1,622	1,646	-1.4
Gross income	1,726	1,721	0.3	607	604	0.6
Operating income	429	421	2.0	159	156	2.0

* Sabra's sales are 100% consolidated in the first quarter of 2008 and proportionately consolidated (50%) commencing in the second quarter of 2008 and thereafter.



Table 4
Consolidated Balance Sheet (in NIS million):

	September 30, 2009		September 30, 2008	
	Millions NIS	%	Millions NIS	%
Cash and Marketable Securities	1,207	20.1%	1,013	17.4%
Accounts Receivables	1,036	17.2%	1,069	18.3%
Other Accounts Receivables	287	4.8%	322	5.5%
Inventory	655	10.9%	717	12.3%
Investments & Long Term Loans	151	2.5%	110	1.9%
Fixed Assets	1,294	21.5%	1,208	20.7%
Intangible Assests	1,303	21.7%	1,312	22.5%
Other Assets	82	1.3%	85	1.5%
Total Assets	6,015	100.0%	5,836	100.0%
Current Bank Liabilities	271	4.5%	352	6.0%
Accounts Payables	629	10.5%	703	12.1%
Other Creditors	544	9.0%	796	13.6%
Long Term Liabilities	1,731	28.8%	1,290	22.1%
Minority Interest	913	15.2%	864	14.8%
Group Equity	1,927	32.0%	1,831	31.4%
Total Liabilities & Equity	6,015	100.0%	5,836	100.0%