



STRAUSS GROUP REPORTS FIRST QUARTER 2010 RESULTS

STRAUSS GROUP OPENS 2010 WITH STRONG FIRST QUARTER, PRESENTING 11.5% SALES GROWTH, 34.4% EBIT GROWTH & 15.5% NET INCOME GROWTH

Ofra Strauss, Chairperson of Strauss Group, and Gadi Lesin, President & CEO of Strauss Group, announced today that the Group continues to present strong sales growth, while improving its margins, gross operating profit and net profit, and operating cash flow

FIRST QUARTER FINANCIAL HIGHLIGHTS:

- **Sales up 11.5%, totaling NIS 1.7 billion. Organic growth net of exchange rate impact totaled 2.9%**
- **Pro-forma¹ gross profit up 24.0%, totaling NIS 684 million, compared to NIS 551 million last year**
- **Pro-forma operating profit up 34.4%, totaling NIS 181 million, compared to NIS 135 million last year**
- **Pro-forma net profit for shareholders totaled NIS 92 million, compared to NIS 80 million last year, a 15.5% increase**
- **Operating cash flow totaled NIS 73 million, compared to NIS 36 million last year.**

Tel Aviv, Israel, May 24, 2010 – The Strauss Group (STRS.TA) today reported its results for the first quarter of 2010.

Ofra Strauss, Chairperson of Strauss Group, said today, "Strauss Group opened 2010 with further international expansion while continuing to invest in the development of new categories, which will become future growth drivers for the company.

"Strauss Group will continue to operate under the strategy that has characterized its activities in recent years: further development of international infrastructure and enhancement of the home base in Israel, while increasing investment in brands, innovation, and strategic partnerships and retaining and developing our people."

Gadi Lesin, President & CEO of Strauss Group, said today, "Strauss Group is presenting a strong first quarter with sales growth and increased gross, operating and net profits and margins, while improving its operating cash flow. Our sales growth is evident in all Group activities; Strauss continues to expand in its

¹ Proforma results neutralizing employee options, hedging transactions, non-recurring other income (capital gains) other expenses (capital losses, write offs)



home base in Israel, with sales in the Israeli market increasing by 11.4% following the acquisition of Tami4. Strauss Coffee grew by 7.5%, Sabra by 34.1% and Max Brenner by 7.7%.

"In 2010, the Group will continue to invest in its future growth drivers, Sabra, Strauss Water and coffee, while further enhancing its leadership position in Israel."

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

| | First Quarter | | |
|------------------------------|---------------|-------|-------|
| | 2010 | 2009 | Chg % |
| Sales | 1,696 | 1,522 | 11.5% |
| Gross Profit | 684 | 551 | 24.0% |
| Operating Profit (1) | 181 | 135 | 34.4% |
| Profit for the Period | 117 | 95 | 23.1% |
| Net Profit (2) | 92 | 80 | 15.5% |

(1) Before other income (expenses)

(2) Attributed to the shareholders of the Company

HOME BASE

The sales for the entire business of the Strauss Group in Israel include the Health & Wellness and Fun & Indulgence divisions, the coffee business in Israel, Max Brenner in Israel and the Tami4 activity.

In the first quarter of 2010 Strauss Group's sales in Israel totaled NIS 969 million compared to NIS 870 million in 2009, an increase of 11.4%.

Further to the acquisition of Tami4 in the fourth quarter of 2009, the Group has intensified its connection with the Israeli consumer and has expanded beyond retail and away-from-home (AFH) sales into a direct interface with the consumer

THE COFFEE SECTOR

In the global coffee business the Group focuses on the development, manufacture, marketing and sale of branded coffee products in Israel and in various emerging markets such as Central and Eastern Europe and Brazil.

Sales by Strauss's Coffee Sector in the first quarter of 2010 totaled NIS 827 million compared to NIS 770 million last year, an increase of 7.5%. After neutralizing the impact of currency exchange rates, sales growth amounted to 0.7%.

In the first quarter, growth in the Company's activity continued in Brazil as well as in the former Yugoslavia countries, Poland and Israel. Coffee sales in the quarter were positively influenced by the growth in sales volumes and by the strengthening of the various currencies compared to last year.



Gross profit in the first quarter increased by 29.7% and totaled NIS 298 million (36.0%) compared to NIS 230 million (29.8%) last year. The increase in gross profit was mainly the result of the strengthening of the currencies in the different countries and the decrease in raw material prices compared to last year.

The operating profit of the Coffee Sector in the first quarter increased by 55.3% and totaled NIS 78 million (9.4% of sales) compared to NIS 50 million (6.5% of sales) last year. The operating profit was influenced mainly by the growth in gross profit in relation to last year.

THE ISRAEL SECTOR – STRAUSS ISRAEL

Sales

In the first quarter of 2010 sales by the Israel Sector totaled NIS 697 million compared to NIS 681 million last year, an increase of 2.4%. The sales were positively influenced by the timing of Passover holiday and continued investment in innovation.

Gross profit in the Israel Sector totaled NIS 291 million in the first quarter of 2010 compared to NIS 281 million last year, an increase of 3.7%. The gross profit rate rose from 41.2% to 41.8% this year. Most of the improvement is due to the continued implementation of streamlining activities in the cost of sales.

Operating profit in Israel in the first quarter of 2010 increased by 8.3% and amounted to NIS 89 million. The operating profit margin in the Israel Sector in the first quarter improved and totaled 12.8% compared to 12.1% in the corresponding period last year. The growth in the operating profit in Israel is due to the improvement in gross profit and continued streamlining.

THE SABRA REFRIGERATED DIPS BUSINESS IN THE USA

Sabra's activity has been proportionately consolidated (50%) since the closing of the transaction with PepsiCo, beginning in the second quarter of 2008.

In the first quarter of 2010 Sabra's sales continued to grow, as did its market shares, and it maintained a leading position in the refrigerated flavored spreads and dips category. Sabra's average market share in the first quarter of this year was 43.0% compared to an average market share of 37.4% in the corresponding period last year and an average market share of 41.2% in the fourth quarter of 2009 (according to IRI data published in March 2010).

Sales (100%) in the first quarter of 2010 Sabra's sales totaled NIS 127 million compared to NIS 94 million last year, an increase of 34.1%. After neutralizing the currency impact, growth amounted to 45.5%.

The operating profit (100%) in the first quarter of 2010 totaled NIS 20 million (15.9% of sales) compared to NIS 14 million last year (14.8%), an increase of 44.7%



MAX BRENNER

In the first quarter of 2010 Max Brenner's sales totaled NIS 26 million compared to NIS 24 million last year, an increase of 7.7%. After neutralizing the impact of the erosion of the Dollar in relation to the Shekel, growth in the quarter amounted to 11.2%.

As at the date of the report, 29 Max Brenner Chocolate Bars were operating around the world: 6 in Israel, 2 in the USA, 2 in the Philippines, 1 in Singapore and 18 in Australia. Seven branches are owned by the Company, and all other branches are operated under franchise.

The Company continues to invest in the development of core infrastructure for the Max Brenner business in Israel and abroad, and in 2010 the Company plans to open additional stores while continuing to invest in core infrastructure for the business.

STRAUSS WATER

In 2009 Strauss presented Strauss Water and its strategy. Strauss Water will lead and manage the Strauss Group's activity in the water industry and will serve as one of the Group's growth drivers in the coming years. In this context the Company announced the acquisition of Tana Industries (Tami4) through its subsidiary, H2Q.

Following the establishment of Strauss Water, the operations of H2Q and Tami4 were merged with the aim of integrating the technology developed by H2Q with Tami4's capabilities, in order to serve as the infrastructure for Strauss Water's activities in Israel and internationally.

Strauss Water's pro-forma sales (assuming that the Tami4 business had been fully consolidated from the beginning of 2009) amounted to NIS 83 million in the first quarter of 2010 compared to NIS 67 million last year, an increase of 23.2%. In 2010 the Company plans to continue to invest in the development of infrastructure for the global expansion of the water business.

For additional information:

Investors Contact

Yaffa Cohen-Ifrah

Director of Investor Relations

Strauss Group Ltd.

Tel: +972 3-6752545

Mob: +972 54-5772195

Email: yaffa.cohen-ifrah@strauss-group.com

www.strauss-group.com

Media Contact

Osnat Golan

Corporate Communications Director

Strauss Group Ltd.

Tel: +972 3-6752281

Mob: +972 52-8288111

Email: osnat.golan@strauss-group.com

www.strauss-group.com



FINANCIAL RESULTS:

Sales

In the first quarter of 2010 the Group's sales amounted to NIS 1,696 million compared to NIS 1,522 million last year, an increase of 11.5%. After neutralizing the currency impact, growth amounted to 8.1%. Organic growth, after neutralizing the impact of changes in exchange rates in the quarter, amounted to 2.9%.

Gross Profit

The financial accounting gross profit in the first quarter of 2010 totaled NIS 683 million (40.3%) compared to NIS 556 million last year (36.5%), an increase of 22.8%. The management accounting gross profit in the first quarter amounted to NIS 684 million compared to NIS 551 million last year, an increase of 24.0%, growing from 36.2% to 40.3%.

The gross profit improved in most of the Group's businesses, notably Sabra and Strauss Coffee. The gross profit was positively influenced by the decrease in material costs and by the growth in sales volumes, as well as by the consolidation of the Tami4 activity for the first time.

The Group has contended with the changes in raw material prices and exchange rates through operational streamlining in most areas of its activity and by raising the prices of its products in the coffee business outside of Israel.

Operating Profit before Other Income (Expenses)

The financial accounting operating profit (before other income and expenses) in the first quarter of 2010 totaled NIS 177 million (10.4% of sales) compared to NIS 135 million (8.8%) last year, an increase of 31.6%. The growth in the Group's operating profit is mainly due to the increase in the operating profit and to maintaining the operating expense level.

The management accounting (pro-forma) operating profit in the first quarter of 2010 totaled NIS 181 million (10.7% of sales) compared to NIS 135 million (8.8%) last year, an increase of 34.4%.

The increase in the Group's management accounting operating profit is evident in all of the Company's activities. The operating profit in the Coffee Sector improved by 55.3%, in the Israel Sector by 8.3%, and in all other activities there was a significant improvement following the consolidation of Tami4 for the first time and the continued growth in Sabra's profits (44.7%).

Income for the Period

The financial accounting income for the period in the first quarter of 2010 amounted to NIS 109 million compared to NIS 90 million last year. The pro-forma income for the period in the first quarter of 2010 amounted to NIS 117 million compared to NIS 95 million last year, an increase of 23.1%. The increase in profit is mainly the result of the increase in the operating profit.



Income for the Period for the Shareholders of the Company

The financial accounting income for the period for the shareholders of the Company in the first quarter of 2010 totaled NIS 84 million compared to NIS 74 million last year, an increase of 12.2%. The increase in profit is due mainly to the increase in the operating profit.

The management accounting (pro-forma) income for the shareholders of the Company in the first quarter of 2010 totaled NIS 92 million compared to NIS 80 million last year, an increase of 15.5%. The increase in profit is due mainly to the increase in the operating profit.

Income for the Period for Minority Shareholders

In the first quarter of 2010 the minority share in the income of subsidiaries totaled NIS 25 million compared to NIS 16 million in the corresponding period last year, an increase of 60.6%. The increase in the minority share in the first quarter of 2010 is due mainly to the continued growth in the profits of the Coffee sector.



Table 1

Following are the condensed results of business operations (based on the Company's Pro-forma statements) for the quarters ended March 31, 2010 and 2009 (in NIS millions):

| | Three Months | | |
|---|--------------|--------------|-------------|
| | 2010 | 2009 | % Chg |
| Sales | 1,696 | 1,522 | 11.5 |
| Cost of sales not including impact of hedging transactions | 1,012 | 971 | 4.4 |
| Revaluation of the balance of hedging transactions on commodities as at the end of the period | 1 | (5) | |
| Cost of sales | 1,013 | 966 | 4.9 |
| Gross Income | 683 | 556 | 22.8 |
| Selling and marketing expenses | 401 | 334 | 19.9 |
| General and administrative expenses | 105 | 87 | 20.3 |
| Operating income before other income (expenses) | 177 | 135 | 31.6 |
| Other income (expenses), net | (7) | (5) | |
| Operating Income | 170 | 130 | 31.2 |
| Financing income (expenses), net | (8) | 4 | |
| Income before taxes on income | 162 | 134 | 20.3 |
| Taxes on income | (53) | (44) | 19.7 |
| Effective tax rate | 32.7% | 32.9% | |
| Income for the period | 109 | 90 | 20.6 |
| Income attributed to the shareholders of the Company | 84 | 74 | 12.2 |
| Income attributed to minority interest | 25 | 16 | 60.6 |

Table 2

Following are the condensed financial accounting statements of income for quarters ended March 31, 2010 and 2009 (in NIS millions):

| | Three Months | | |
|---|--------------|--------------|-------------|
| | 2009 | 2008 | % Chg |
| Sales | 1,696 | 1,522 | 11.5 |
| Cost of sales | 1,012 | 971 | 4.4 |
| Gross Income | 684 | 551 | 24.0 |
| Selling and marketing expenses | 401 | 334 | 19.9 |
| General and administrative expenses | 102 | 82 | 23.6 |
| Operating income – management accounting | 181 | 135 | 34.4 |
| Financing income (expenses), net | (8) | 4 | |
| Income before taxes on income | 173 | 139 | 23.8 |
| Taxes on income | (56) | (44) | 25.3 |
| Income for the period – management accounting | 117 | 95 | 23.1 |
| Income attributed to the shareholders of the Company | 92 | 80 | 15.5 |
| Income attributed to minority interest | 25 | 15 | 63.2 |



Table 3

Following are the condensed results of business operations (based on the Company's management accounting (pro-forma) statements) of the business sectors for quarters ended March 31, 2010 and 2009 (in NIS millions):

| | Three Months | | |
|-------------------------|--------------|--------------|-------------|
| | 2010 | 2009 | % Chg |
| Israel | | | |
| Net sales | 697 | 681 | 2.4 |
| Gross income | 291 | 281 | 3.7 |
| Operating income | 89 | 82 | 8.3 |
| Coffee | | | |
| Net sales | 827 | 770 | 7.5 |
| Gross income | 298 | 230 | 29.7 |
| Operating income | 78 | 50 | 55.3 |
| Other | | | |
| Net sales | 172 | 71 | 141.7 |
| Gross income | 95 | 40 | 131.3 |
| Operating income | 14 | 3 | 494.5 |
| Total | | | |
| Net sales | 1,696 | 1,522 | 11.5 |
| Gross income | 684 | 551 | 24.0 |
| Operating income | 181 | 135 | 34.4 |



Table 4
Consolidated Balance Sheet (in NIS million):

| | March 31, 2010 | | March 31, 2009 | |
|---------------------------------------|----------------|-------|----------------|-------|
| | Millions NIS | % | Millions NIS | % |
| Cash and Marketable Securities | 864 | 14.5% | 701 | 12.9% |
| Accounts Receivables | 1,068 | 17.9% | 1,074 | 19.8% |
| Other Accounts Receivables | 232 | 3.9% | 245 | 4.5% |
| Inventory | 621 | 10.4% | 739 | 13.6% |
| Investments & Long Term Loans | 152 | 2.5% | 117 | 2.2% |
| Fixed Assets | 1,418 | 23.8% | 1,256 | 23.1% |
| Intangible Assets | 1,574 | 26.4% | 1,245 | 22.9% |
| Other Assets | 38 | 0.6% | 52 | 1.0% |
| Total Assets | 5,967 | | 5,429 | |
| Current Bank Liabilities | 289 | 4.8% | 289 | 5.3% |
| Accounts Payables | 665 | 11.1% | 657 | 12.1% |
| Other Creditors | 578 | 9.7% | 681 | 12.5% |
| Long Term Liabilities | 1,754 | 29.4% | 1,142 | 21.0% |
| Minority Interest | 897 | 15.0% | 873 | 16.1% |
| Group Equity | 1,784 | 29.9% | 1,787 | 32.9% |
| Total Liabilities & Equity | 5,967 | | 5,429 | |