

Strauss Group to Acquire Fino Grao in Brazil, Through Tres Coracoes

Strauss Group is completing another step in its journey of global expansion:

Strauss Coffee is expanding and consolidating its position in Brazil through its subsidiary Tres Coracoes, owned jointly with Sao Miguel FIP, that signed a Letter of Intent to acquire the businesses of the coffee company Fino Grao.

Fino Grao is the second-largest coffee player in Minas Gerais province and its capital Belo Horizonte, in Brazil, after Tres Coracoes.

The Transaction totals NIS 70 million.

Gadi Lesin, President & CEO of Strauss Group, said today: " Under the expansion strategy of the Group, Strauss Coffee is taking another step toward enhancing its leadership position in Brazil, by acquiring Fino Grao for NIS 70 million. This transaction will facilitate the capture of synergies in production, distribution and sales, while retaining the leadership position of Tres Coracoes in Minas Gerais and Belo Horizonte.

About the transaction

Tres Coracoes, a subsidiary of Strauss Coffee (50%), will pay in consideration of Fino Grao's coffee business an amount which equals approximately one multiplier of Fino Grao's revenues in 2010, namely NIS 70 million. The transaction is conditional, inter alia, on receipt of all required approvals from the authorities in Brazil

About Fino Grao

Fino Grao's revenues in 2010 stood at 32 million Brazilian Real (NIS 68-74 million). Sales are comprised primarily of Roast and Ground coffee as well as cappuccino and espresso products. Fino Grao has the second-largest market share in Belo Horizonte, after Tres Coracoes.

About Strauss Coffee

Strauss Coffee is the fifth-largest coffee company in the world in terms of green coffee volumes, and one of the fastest growing coffee companies in the world in the past seven years. The company's revenues stood at NIS 3.4 billion at the end of 2010.

Strauss Coffee's activities focus on the R&G (Roast & Ground) sector and other coffee related products, providing coffee solutions to both the in-home and away from home markets, namely coffee shops, restaurants, hotel and offices.

The Company enjoys a leading position in the coffee markets in Central and Eastern Europe, Brazil and Israel.

About Tres Coracoes

3C is primarily engaged in the production and distribution of roast and ground coffee. The company also produces and sells other products such as corn products, coffee filter, cappuccino, chocolate, espresso, and powdered drinks. Owner of the trademarks Santa

Clara, Kimimo, 3 Coracoes, Pimpinela, Principal, Claralate, Dona Clara, Claramil and Frisco, the company is positioned among the two largest groups in the roasted and ground coffee market in Brazil.

3C's manufacturing units are located in the states of Ceará, Rio Grande do Norte, Minas Gerais and Rio de Janeiro, and it operates 23 distribution centers in most of Brazil's states.