



## CONVENIENCE TRANSLATION

### The Hebrew version is the binding version

#### **Strauss Group announces exercise of option to acquire Norddeutsche Kaffeewerke GmbH (NDKW) manufacturer of freeze-dried instant coffee**

This morning, Strauss Group announced its decision to exercise the option to acquire Norddeutsche Kaffeewerke GmbH (NDKW), manufacturers of freeze-dried instant coffee using the world's most advanced technology. Strauss Coffee will be acquiring the German freeze-dried instant coffee plant which it has leased since 2012.

NDKW has mainly served Strauss Coffee in the manufacture of products for the Strauss Coffee subsidiaries in Russia and the CIS countries. Exercise of the option is not expected to impact the existing production operations.

According to the lease agreement with the owners of the German company, the exercise price of the option is €32.1 million plus a waiver of the outstanding balance of a loan amounting to €17.9 million.

Strauss estimates that no further investment in the plant will be required in the near future, and the transaction will be funded by Strauss Coffee's own resources.

**Tomer Harpaz, Strauss Coffee CEO:** "The acquisition is another step in the implementation of Strauss Coffee's strategy to promote the global coffee culture and bring consumers the most sophisticated coffee products available. The production site we are acquiring is the hi-tech of the coffee world and includes the cutting-edge micro-grinding technology, which enables us to manufacture a super-premium instant coffee product. The acquisition places Strauss in the very small, exclusive group of manufacturers possessing production sites and technologies of this kind.

"The most recent product launched in Israel, Intense instant coffee, was manufactured at the NDKW plant using this technology."

As mentioned, in 2012 Strauss Coffee closed an agreement with Norddeutsche Kaffeewerke GmbH, located near the city of Hamburg, for the production of freeze-dried instant coffee by Strauss Coffee's technologists and production workers. Production requires specialization in



advanced production processes and a considerable financial investment. After the acquisition, the German plant will be exclusively owned by Strauss Coffee.

### **About Strauss Coffee**

Strauss Coffee is a global coffee company, one of the five leading companies of its kind in the world (in terms of green coffee procurement, according to Euromonitor), with annual sales of over one billion dollars. The company has built and invested in local coffee brands, which are leaders in various markets including Brazil, Poland, Romania, Serbia, Russia, Ukraine and Israel. The company operates 14 production sites worldwide and employs around 7,500 people. Strauss Coffee is committed to promoting the coffee culture among a steadily growing consumer public all over the world who share a passion for coffee. In 2015 the company achieved a sales turnover of NIS 3.4 billion. In the first nine months of 2016 the sales turnover amounted to NIS 2.6 million.

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