



Press Release

Petach Tikva, Israel; May 29, 2017

Strauss Group announces yet another strong quarter with 10.8% top line growth and net profits up by 8.1%⁽¹⁾

The stellar results were driven by continued strong performance at Strauss Israel and Strauss Coffee and improvement in the results of Strauss Water; The Group focused on the active optimization of its portfolio during the quarter

Gadi Lesin, President and CEO of Strauss Group (May 29, 2017): "Strauss-Group continues to actively manage its portfolio in order to optimize performance; during the past few months we have completed the acquisition of the full ownership of Strauss Coffee and Strauss Water, the sale of the Max Brenner chain to the local franchisee and have expanded our investment in China by exercising our option to acquire an additional 15% stake in the Haier Strauss Water Joint Venture ; these strategic moves were carried out along with the continued improvement of the group's financial results. Strauss Israel delivered an especially strong quarter, and our core businesses in coffee and water have continued to post consistent growth. We continue to implement our strategy and believe that it will deliver value to our shareholders, employees, partners and, of course, to our consumers all over the world."

Q1 2017 highlights⁽¹⁾

- Organic sales growth, excluding foreign exchange effects, was c7.4%. Shekel sales were NIS c2.1 billion compared to NIS 1.9 billion in the corresponding period in 2016; sales were impacted by a positive currency translation amounting to NIS c51 million as a result of the continued strengthening of the BRL against the NIS compared to last year.
- Gross profit was NIS c780 million (c37.4% of sales), up c7.4% compared to the corresponding period last year. Gross margins were down c1.2%.
- Operating profit (EBIT) was NIS c223 million (c10.7% of sales), up c5.0% compared to the corresponding period last year. EBIT margins were down c0.6%.
- EPS for shareholders of the Company was NIS c1.08, up c8.1% compared to the corresponding period.
- Negative cash flows from operating activities totaled NIS c86 million, compared to NIS c26 million in 2016.

(1) Data represent the Company's non-GAAP figures, which include the proportionate consolidation of jointly controlled businesses (without implementation of IFRS 11) and do not include share-based payment, valuation of the balance of commodity hedging transactions as at end-of-period and other income and expenses, unless stated otherwise.

Non GAAP Figures ⁽¹⁾

	First Quarter		
	2017	2016	Change
Total Group Sales (NIS mm)	2,083	1,880	10.8%
Organic Sales Growth excluding FX			7.4%
Gross Profit (NIS mm)	780	726	7.4%
Gross Margins (%)	37.4%	38.6%	-120 bps
EBITDA (NIS mm)	278	269	3.5%
EBITDA Margins (%)	13.4%	14.3%	-90 bps
EBIT (NIS mm)	223	213	5.0%
EBIT Margins (%)	10.7%	11.3%	-60 bps
Net Income Attributable to the Company's Shareholders (NIS mm)	116	107	8.1%
Net Income Margin Attributable to the Company's Shareholders (%)	5.5%	5.7%	-20 bps
EPS (NIS)	1.08	1.00	8.1%
Operating Cash Flow (NIS mm)	-86	-26	331.8%
Capex (NIS mm) ⁽²⁾	-61	-56	8.9%
Net debt (NIS mm)	2,689	1,748	53.9%
Net debt / annual EBITDA	2.7x	1.9x	0.8x

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(1) Investments include the acquisition of fixed assets and investment in intangibles and deferred expenses.

Note: Financial data were rounded to NIS millions. Percentages changes were calculated on the basis of the exact figures in NIS thousands.

Non GAAP Figures ⁽¹⁾								
	First Quarter							
	Sales (NIS mm)	Sales Growth vs. Last Year	Organic Sales Growth excluding FX	EBIT (NIS mm)	NIS Change in EBIT	% Change in EBIT	EBIT margins	Change in EBIT margins vs. 2016
Sales and EBIT by Operating Segments and Activities								
Strauss Israel:								
Health & Wellness	486	2.6%	2.6%	53	2	4.4%	10.9%	+20 bps
Fun & Indulgence ⁽²⁾	332	10.0%	10.0%	52	5	10.8%	15.8%	+10 bps
Total Strauss Israel	818	5.5%	5.5%	105	7	7.5%	12.9%	+20 bps
Strauss Coffee:								
Coffee Israel	212	9.1%	9.1%	40	5	13.6%	18.9%	+80 bps
International Coffee ⁽²⁾	749	28.0%	14.4%	51	6	15.2%	6.8%	-80 bps
Total Strauss Coffee	961	23.3%	13.2%	91	11	14.5%	9.5%	-70 bps
International Dips & Spreads:								
Sabra (50%) ⁽²⁾	144	-17.7%	-13.6%	19	-11	-38.3%	13.0%	-440 bps
Obela (50%) ⁽²⁾	16	54.2%	22.4%	-2	1	NM	NM	NM
Total International Dips & Spreads	160	-13.7%	-11.0%	17	-10	-39.9%	10.2%	-440 bps
Other ⁽²⁾	144	3.3%	5.7%	10	2	30.6%	7.1%	+150 bps
Total Group	2,083	10.8%	7.4%	223	10	5.0%	10.7%	-60 bps

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(2) Fun & Indulgence figures include Strauss's 50% share in the salty snacks business. International Coffee figures include Strauss's 50% share in the Três Corações joint venture (3C) – Brazil – a company jointly held by the Group (50%) and by the local São Miguel Group (50%). International D&S figures reflect Strauss's 50% share in Sabra and Obela. Other Operations figures include Strauss's 34% share in the joint venture in China, Haier Strauss Water (HSW).

Note: Financial data were rounded to NIS millions. Percentages changes were calculated on the basis of the exact figures in NIS thousands. Total figures for International Dips & Spreads were calculated on the basis of the exact figures for Sabra and Obela in NIS thousands.

Appendix

Condensed financial accounting (GAAP)			
First Quarter			
	2017	2016	Change
Sales	1,408	1,321	6.6%
Cost of sales excluding impact of valuation of balance of commodity hedging transactions	831	793	5.0%
Valuation of balance of commodity hedging transactions as at end of period	9	-6	
Cost of sales	840	787	6.8%
Gross profit	568	534	6.3%
% of sales	40.3%	40.4%	
Selling and marketing expenses	318	292	8.9%
General and administrative expenses	93	87	6.6%
Total expenses	411	379	
Share of profit of equity-accounted investees	44	51	-12.2%
Operating profit before other expenses	201	206	-2.1%
% of sales	14.3%	15.6%	
Other expenses, net	7	-2	
Operating profit after other expenses	208	204	2.4%
Financing expenses, net	-29	-30	-1.8%
Income before taxes on income	179	174	3.1%
Taxes on income	-30	-42	-28.5%
Effective tax rate	16.7%	24.1%	
Income for the period	149	132	13.2%
Attributable to the Company's shareholders	107	104	3.4%
Attributable to non-controlling interests	42	28	48.9%

Investor Conference Calls

Strauss Group will host an Investor Conference call in Hebrew on Monday, May 29, 2017 at 14:00 (Israel time) to review the Financial Statements of the Company for the first quarter.

To participate please dial: 03-918-0685

Strauss Group will also host an Investor Conference call in English on Monday, May 29, 2017 at 17:30 local Israel time (15:30 UK, 10:30 Eastern time) to review the Financial Statements of the Company for the first quarter.

To participate in the live call please dial one of the following numbers:

From the UK: 0-800-051-8913

From the US: 1-888-281-1167

From Israel: 03-918-0610

The Financial Statements and Investors Presentation are posted on the Group's Investor Relations website at:

<http://ir.strauss-group.com/phoenix.zhtml?c=92539&p=irol-irhome>

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