

Strauss Group Financial Results

Q1 2024 Earnings Presentation | May 27th, 2024



Disclaimer

GAAP to Non-GAAP Reconciliations



This presentation does not constitute an offering to purchase or sell securities of Strauss Group Ltd. (the "Company") or an offer for the receipt of such offerings. The presentation's sole purpose is to provide information. The Information provided in the presentation concerning the analysis of the Company's activity is only an extract, and in order to receive a complete picture of the Company's activity and the risks it faces, one should review the Company's reports to the Israel Securities Authority and the Tel Aviv Stock Exchange.

The presentation may contain forward-looking statements as defined in the Israeli Securities Law, 5728-1968. All forward-looking statements in this presentation are made based on the Company's current expectations, evaluations and forecasts, and actual results may differ materially from those anticipated, in whole or in part, as a result of different factors including, but not limited to, changes in market conditions and in the competitive and business environment, regulatory changes, currency fluctuations or the occurrence of one or more of the Company's risk factors. In addition, forward-looking forecasts and evaluations are based on information in the Company's possession while preparing the presentation. The Company does not undertake any obligation to update forward-looking forecasts and evaluations made herein to reflect events and/or circumstances that may occur after this presentation was prepared.

In addition to reporting financial results in accordance with generally accepted accounting principles (GAAP), the Company provides non-GAAP operating results which include the results of jointly controlled entities as if they were proportionately consolidated. Strauss Group has a number of jointly controlled companies: the Três Corações joint venture (3C) - Brazil (a company jointly held by Strauss Group (50%) and by the São Miguel Group (50%) in Brazil), Sabra Dipping Company (a 50%/50% JV with PepsiCo in the U.S. and Canada), Strauss Frito-Lay Ltd. (a 50%/50% JV with PepsiCo Frito-Lay in Israel) and PepsiCo Strauss Fresh Dips & Spreads International (a 50%/50% JV with PepsiCo outside the U.S. and Canada).

In addition, non-GAAP figures exclude any share-based payments, mark to market of commodity hedging transactions as at end-of-period, other expenses or income and taxes referring to these adjustments.

Company Management believes that these measures provide investors with transparency by helping to illustrate the underlying financial and business trends relating to the Company's results of operations and financial position and comparability between current and prior periods. Management uses these measures to establish and monitor budgets and operational goals and to evaluate the performance of the Company. Please see the GAAP to non-GAAP reconciliation tables in the Company's MD&A Report for a full reconciliation of the Company's GAAP to non-GAAP results.





Shai Babad

Group CEO





OUR BRANDS' IMPACT ON OUR COMMUNITIES DURING THE WAR



Soda production line at Tami4 back to operations



Thousands of donations to soldiers and evacuated families



Honoring 11 bereaved families with their loved ones on chocolate bars



Special coffee from cafes impacted by the war



OUR Q1 PERFORMANCE

Net Sales

2,589m

Net Sales

-0.7%

Organic Growth

1.4%

Sales vs 23'

Gross profit

874m

Gross

33.7%

Gross Margin

4.3%

Gross vs 23'

EBIT

204m

EBIT

7.8%

EBIT Margin

-2.4%

EBIT vs 23'

Net profit

159m

Net Profit

6.2%

Net Margin

18.7%

Net vs 23'





Q1 PERFORMANCE BY BUSINESSES



Sales
vs 2023

1,309m
1,287m



954m
951m



193m
188m



2,589m
2,554m

EBIT
vs 2023

151m
148m

38m
60m

24m
21m

204m
208m

% EBIT

11.6%

4.0%

12.3%

7.8%



Highlights

- New category structure implemented during Q1 as per the Strauss “One” reorg
- F&I strong performance
- Sales in Israel negatively impacted by high-holiday timing
- Market share increased to 12.2%
- Price increase implemented in January, average raise of 1.7%

Performance by division

Values in NIS millions

	Health & Wellness	Fun & Indulgence	Coffee Israel
Sales vs 2023	731m 743m	361m 306m	217m 238m
EBIT vs 2023	74m 85m	42m 24m	35m 39m
%EBIT	10.2%	11.5%	16.3%

Financial performance

Values in NIS millions





Coffee International – Mixed results – Strong performance in CEE and weak in Brazil



Highlights

- Poland posted a strong set of quarterly results with revenues up 14.8% in local currency
- A weaker performance for the other CEE countries
- Weak results in Brazil as sales and EBIT decline



Global Coffee



Financial performance

Values in NIS millions





Strauss water – Continued growth and profit momentum



Highlights

China

- Stellar sales growth of 13%
- Net margin at 10.1%

Israel **

- Sales rise 3% on higher installed base
- EBIT up 10.1%
- EBIT margins up to 12.3% from 11.5%



Performance by division

Values in NIS millions



	Strauss Water	Haier Strauss Water
Sales VS 2023	193M 188M	216M* 191M
EBIT/Net*** VS 2023	24m 21m	26m* 24m
% EBIT	12.3%	12.2%*

Financial performance

Values in NIS millions

Net sales



Operating Income



Operating margin



* HSW 100% Of total shares

** Israel including UK and ROW; Israel EBIT includes net income from HSW proportion

*** EBIT for Strauss Water; Net for HSW



WHERE WE WANT TO GO

UPDATED STRATEGY – DOUBLE DOWN ON THE CORE

**STRONGER
HOME BASE**



**BRAZIL COFFEE
& BEYOND**



**INTERNATIONAL
WATER PLAYER**



FUTURE READY & RESILIENT



HOW WE PLAN TO GET THERE



RENEW THE CORE

- Optimize **core categories & brands** in **Israel** with a focus on **snacking**
- Optimize and maintain **R&G leadership** in **Brazil**
- Optimize and increase **portfolio offering** of **water** solutions

EXPAND & BUILD

- Build **plant-based** solutions & **Innovation** around the core in **Israel**
- Expand **Non-R&G and beyond coffee** in **Brazil** through M&As and organic growth
- Grow **China** and enter **new geographies** in Water

TRANSFORM

- Embark on a journey of **Performance transformation**
- Maintain values while adopting a **high-performance culture**
- **Optimize portfolio** to focus on the core



Ariel Chetrit

Group CFO



Q1 Highlights – Strauss Group



- Group Net sales grew 1.4% (-0.7% organic excluding FX effect). Growth is mainly attributed to the F&I segment in Israel following confectionery strong results, as well as an increase in market share and the solid performance of Strauss Water, offset by weakness in Coffee mainly in Brazil, Israel and Russia.
- The NIS continued to weaken against major currencies during the quarter mainly the BRL (56M) and the PLN (10M), offset by a negative impact of the RUB (-22) million, with total net contribution of NIS52 million to Net sales.
- Input inflation this quarter was mostly in Cocoa +143%, green coffee with Robusta at an all time high +59%.
- During the quarter credit rating company S&P upgraded its outlook for Strauss to Stable from Negative and reiterated the company's credit rating of AAil+



Q1 Highlights



Strauss Israel

- Strauss Israel net sales increased by 1.7% driven by the Confectionery turnaround and was offset by a decline in Coffee Israel; Growth was driven by a price increase of 3.4%
- H&W segment was down 1.6% due to the reclassification of the Energy category, excluding this change, H&W was up 0.7%. H&W performance during the quarter was driven by the Dairy and the Food segments with market share growth as well as pricing. Sales of the Energy category totaled NIS16 million during Q1.
- H&W EBIT margin was 10.2% down from 11.4% in Q1'23 mainly due to higher marketing expenses and continued input inflation
- F&I Sales were up 18.1% as sales normalize to pre-recall level; F&I EBIT was up c71% to NIS42 million following the continued recovery of Confectionery
- Coffee Israel was down c9% due to volume decrease on the back of higher pricing and due to the war effect
- Strauss Israel grew in market share in the first quarter to 12.2% vs 11.9% in Q1'23
- An average price increase of 1.7% for the company's products in Israel was announced during January; In May the company raised prices of its dairy products



Q1 Highlights



Coffee International

- International Coffee sales were down 4.5% in local currency during the first quarter led by Brazil and Russia due to lower volumes following price hikes
- Sales in Brazil were down by 4.3% in local currency to BRL880 million mainly due to lower volumes; Top line was aided by tailwind FX effects of NIS56 million, as a result of the strengthening of the BRL against the NIS
- R&G market share in Brazil declined to 33.1% from 33.7% last year
- Brazil EBIT declined 58.6% to BRL18.2 million as a result of the decline in sales and higher expenses
- Poland had a strong quarter with sales up 14.8% on higher volumes and pricing; In Russia sales were down 9.6% following a strong quarter in the corresponding quarter last year
- In February 2024, Serbia Coffee was sold to Atlantic Grupa for EUR38.8 million



Q1 Highlights



Strauss Water

- Sales grew 3% in the first quarter mainly due to higher installed base
- Haier Strauss Water (HSW) sales grew 13% in local currency to reach ¥421m (100% share), mainly due to better mix; Market share continued to improve during the quarter
- Higher profit up 10.2% and higher profitability of 12.3% (up from 11.5%) over last year was mainly due to improved profits of HSW



Financial Highlights | Reported Non GAAP



Q1 2024

Q1'24 Sales: NIS 2,589mm
Sales growth: 1.4%, Organic Sales growth: -0.7%

Q1'24 Gross margin: 33.7% (90 bps up vs. Q1'23)

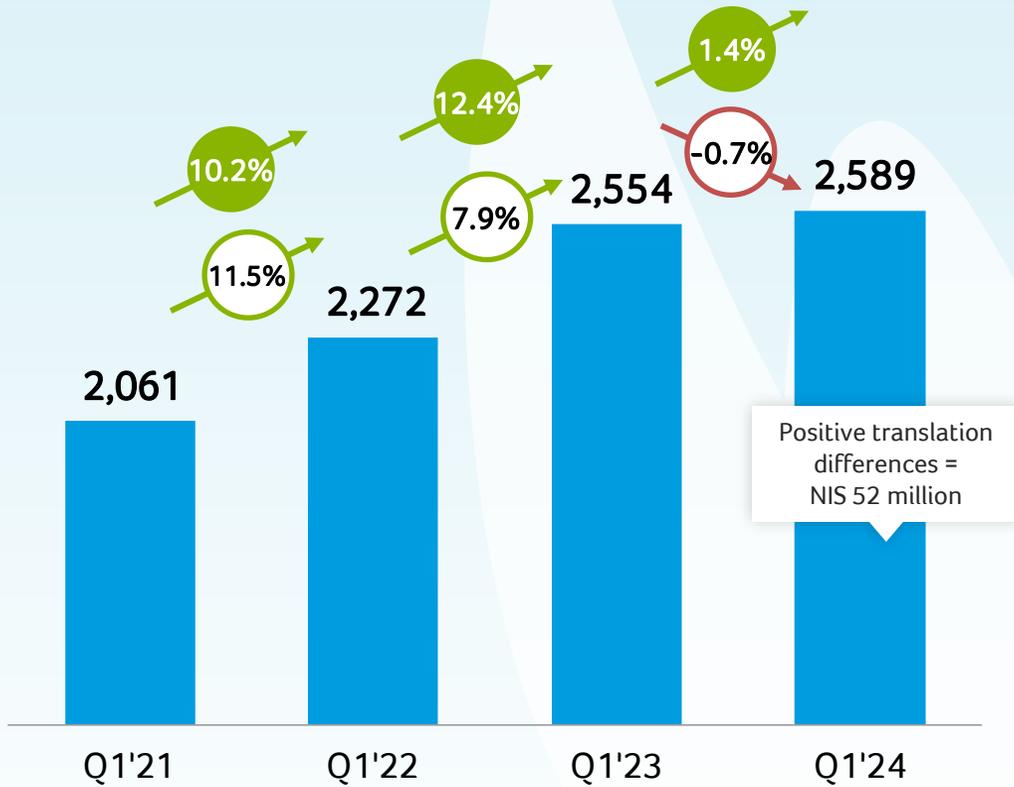
EBIT and EBIT margins:
NIS 204mm (down -2.4%); 7.8% (-30 bps down vs. Q1'23)

Net income and Net margins:
NIS 159mm (up 18.7%); 6.2% (90 bps up vs. Q1'23)

Sales | NIS mm; Non-GAAP



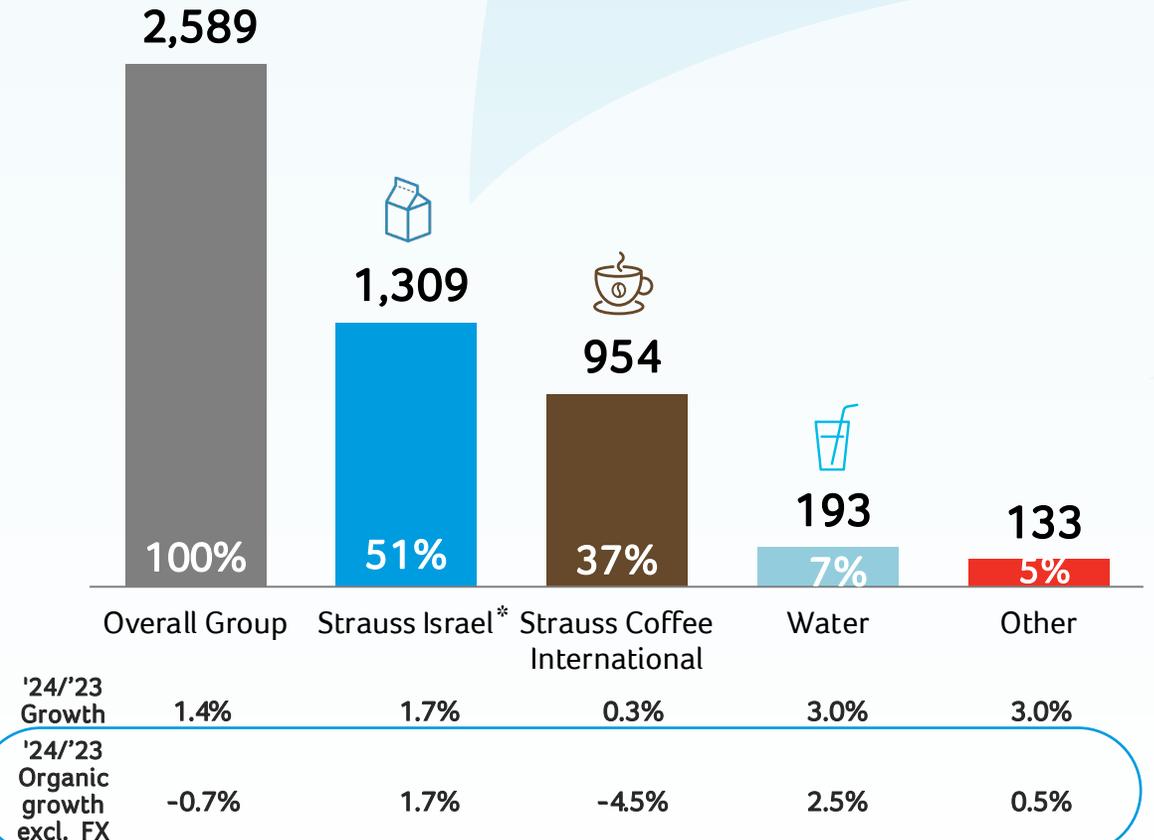
Q1 2024 Sales



= Organic Sales Growth excl. FX

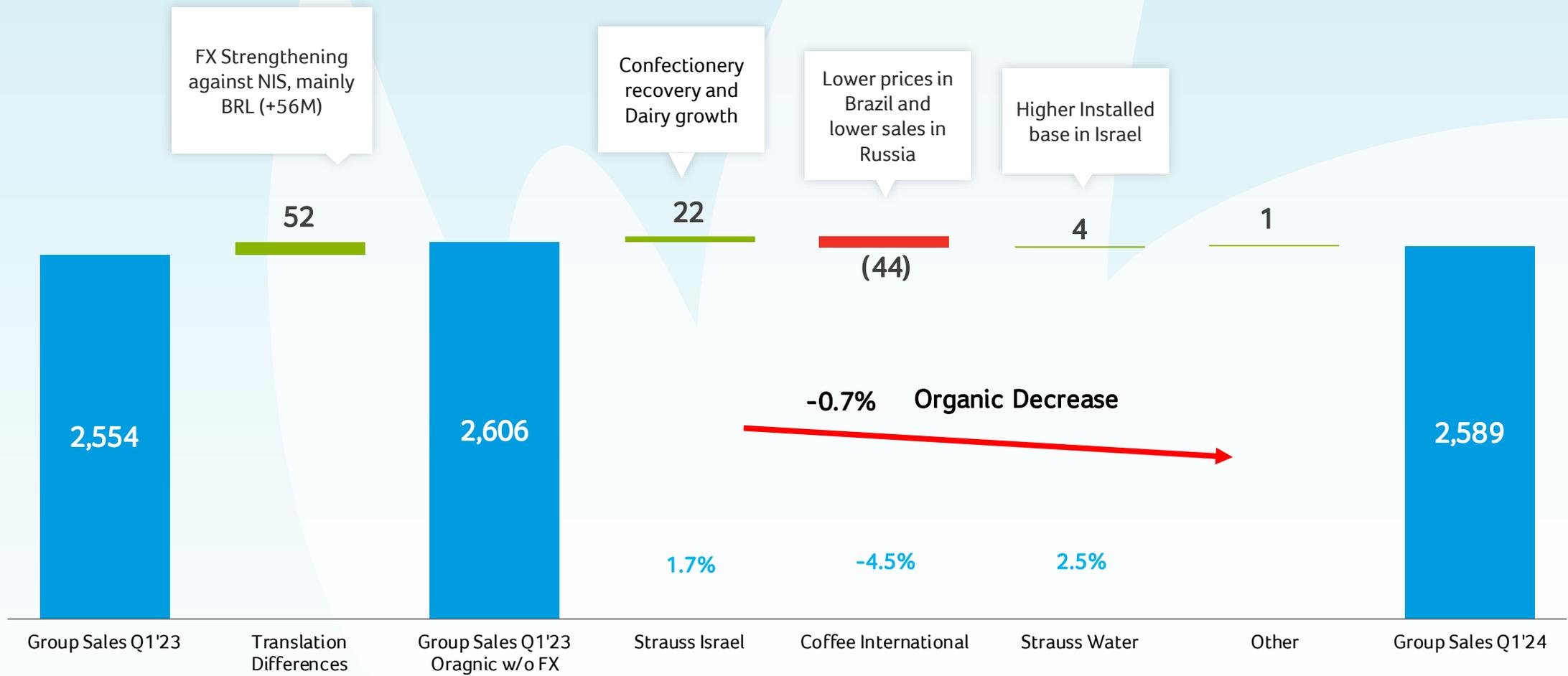
Q1 2024 Sales by Segments

% sales contribution



Q1 Sales Bridge

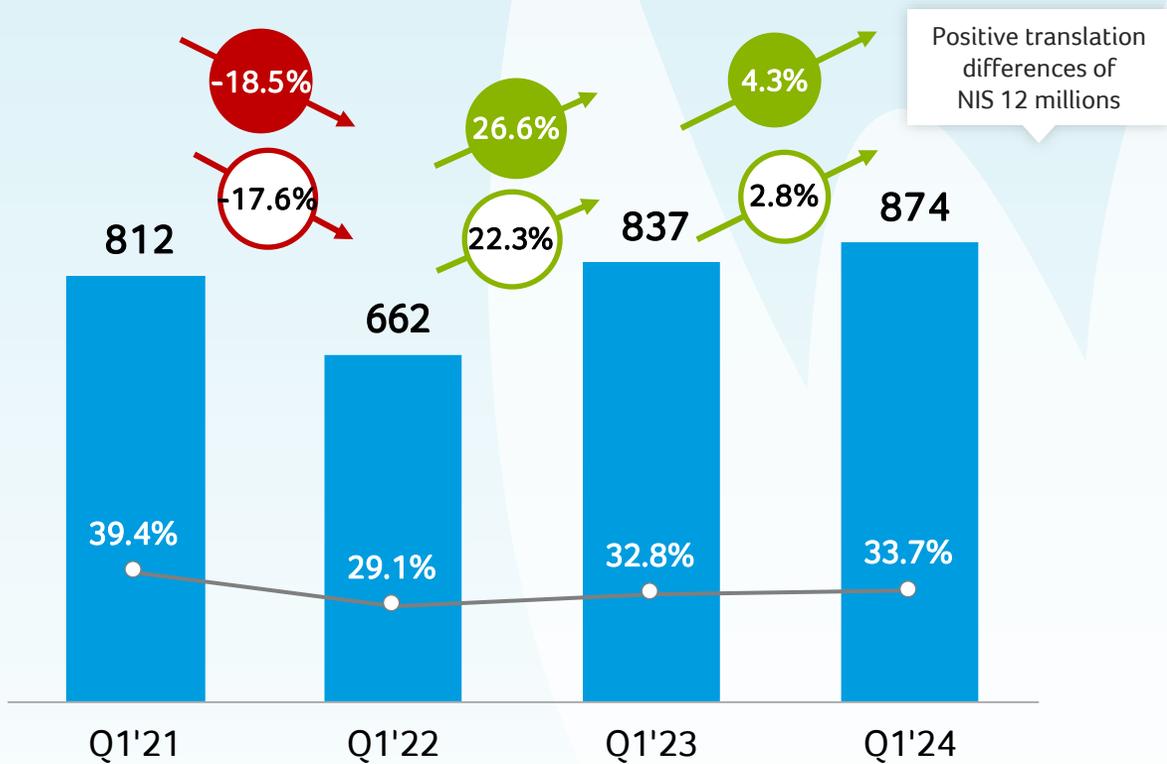
NIS mm; Non-GAAP; Q1'23 to Q1'24



Gross Profit | NIS mm; Non-GAAP



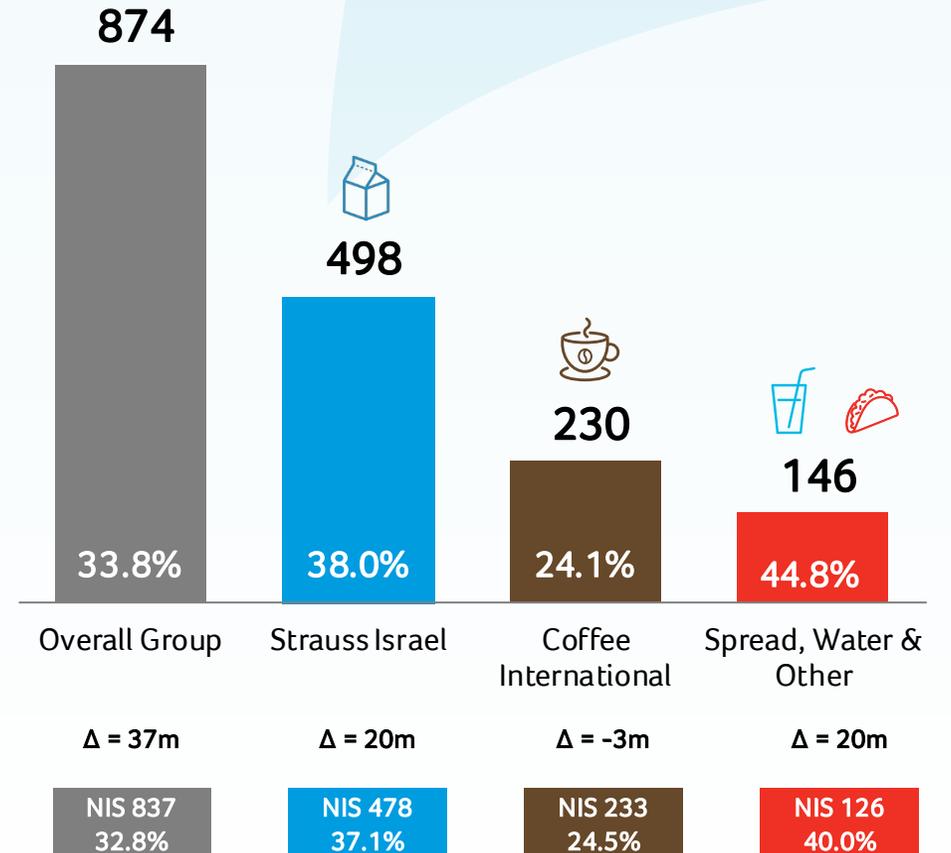
Q1 2024 Gross Profit and Gross Margins



= Organic Gross Profit Growth excl. FX

Q1 2024 Gross Profit by Segments

NIS mm; Non-GAAP; % Margin



Q1 2023 GP & GM

NIS 837
32.8%

NIS 478
37.1%

NIS 233
24.5%

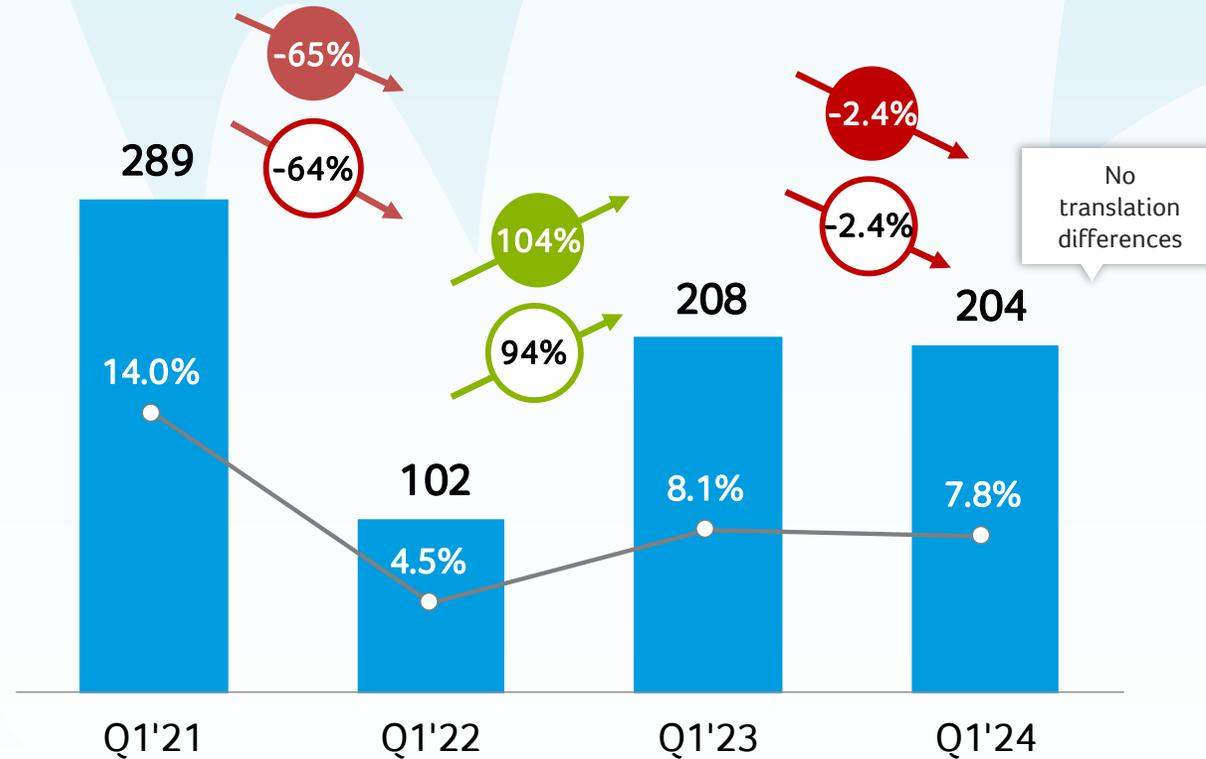
NIS 126
40.0%

EBIT and EBIT Margins

NIS mm; Non-GAAP



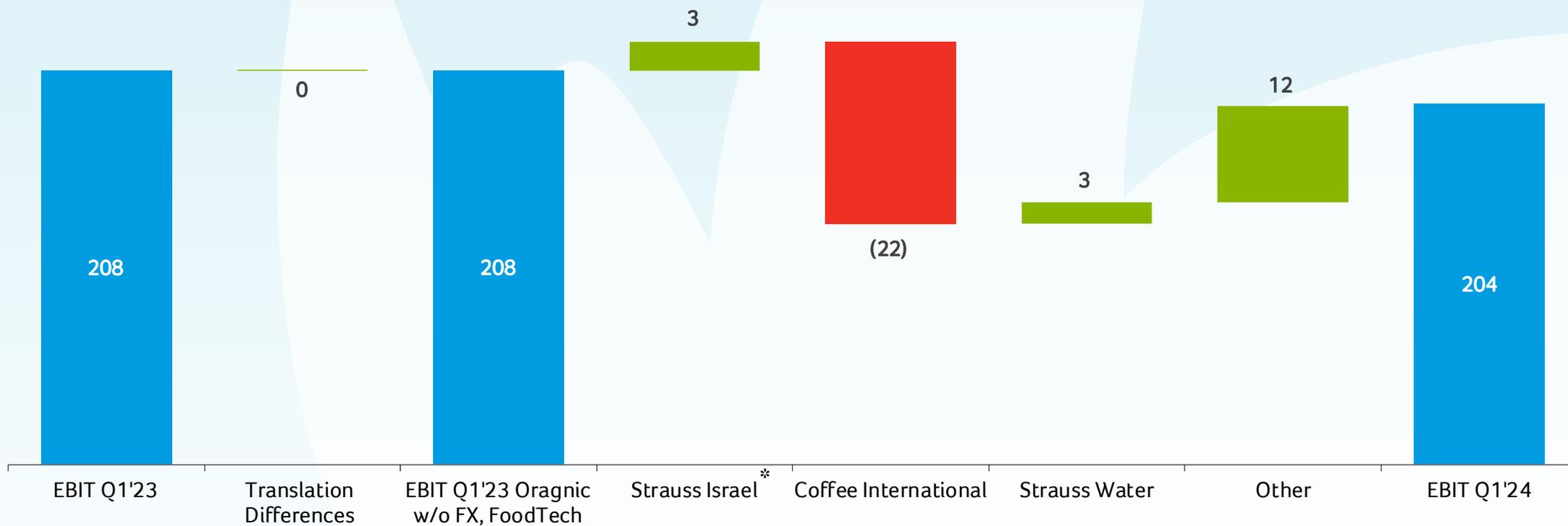
Q1 2024



 = Organic EBIT Growth excl. FX

Q1 EBIT Bridge

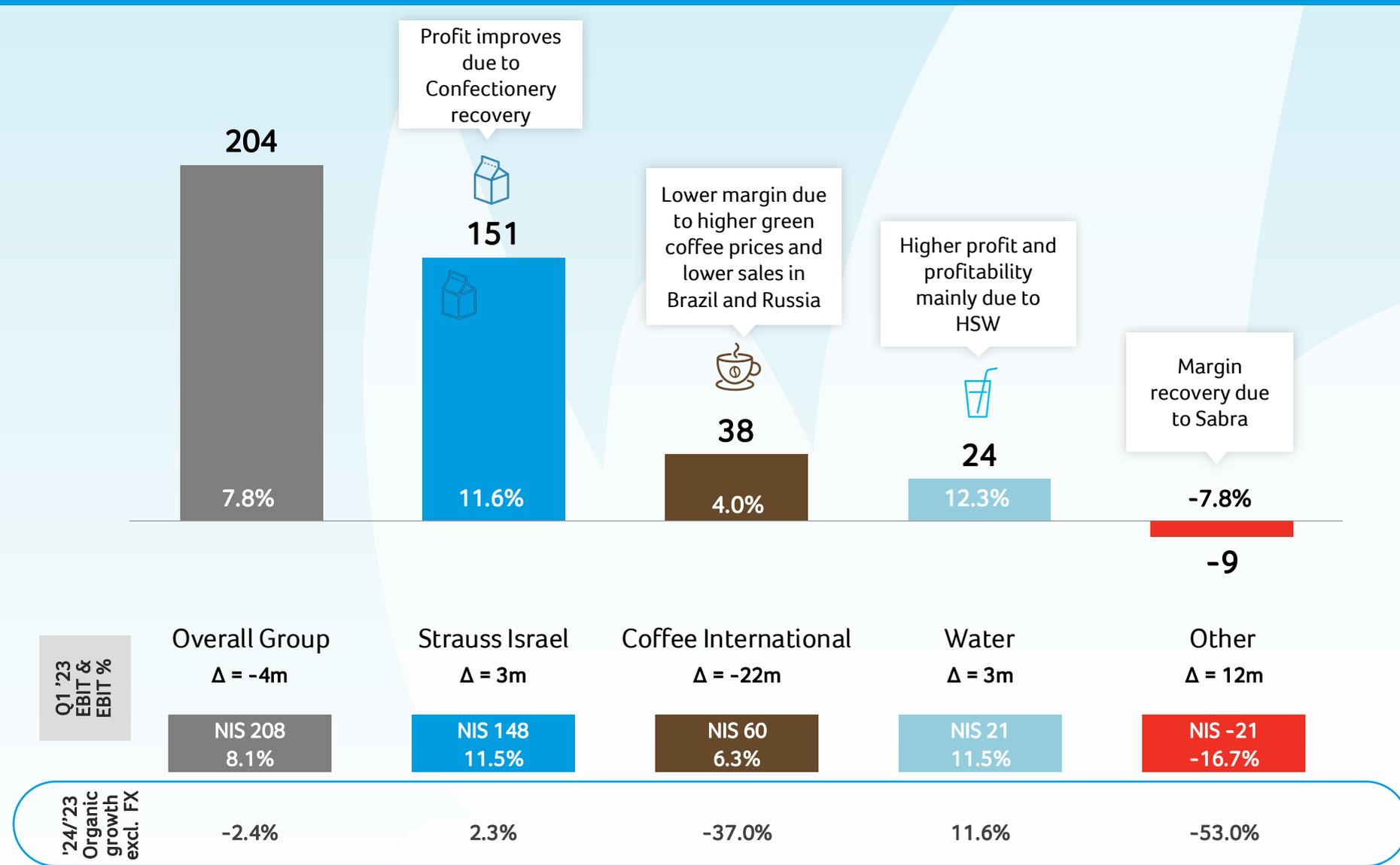
NIS mm; Non-GAAP; Q1'23 to Q1'24



* Strauss Israel includes all results of Coffee Israel including HQ costs allocations

Q1 2024 EBIT and EBIT Margins

NIS mm; Non-GAAP; % Margin



Notes:

(1) Três Corações joint venture (Brazil): a company jointly held by the Group (50%) and by the São Miguel Group (50%) (3C)

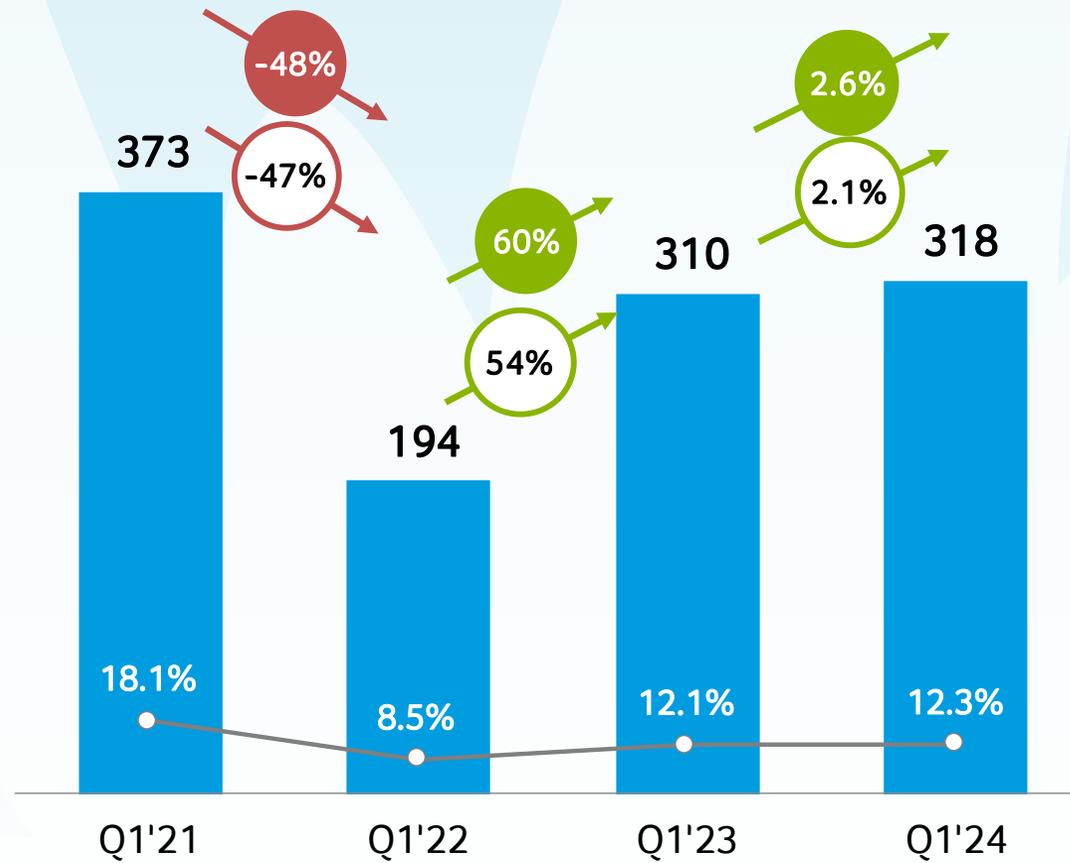
(2) Water EBIT includes net profits from HSW

EBITDA and EBITDA margins

NIS mm; Non-GAAP



Q1 2024



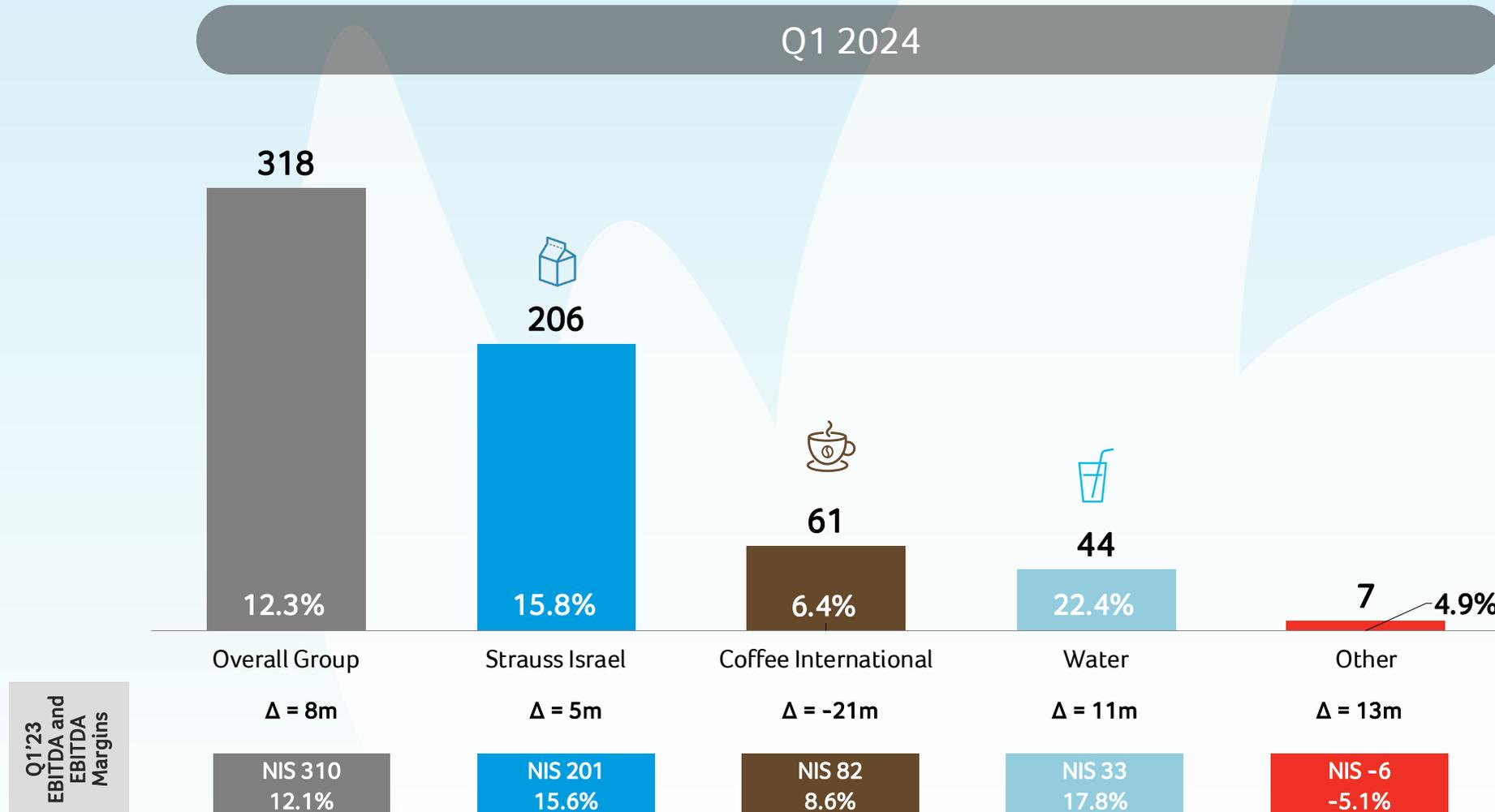
= EBITDA Growth excl. FX

EBITDA and EBITDA margins

NIS mm; Non-GAAP



Q1 2024

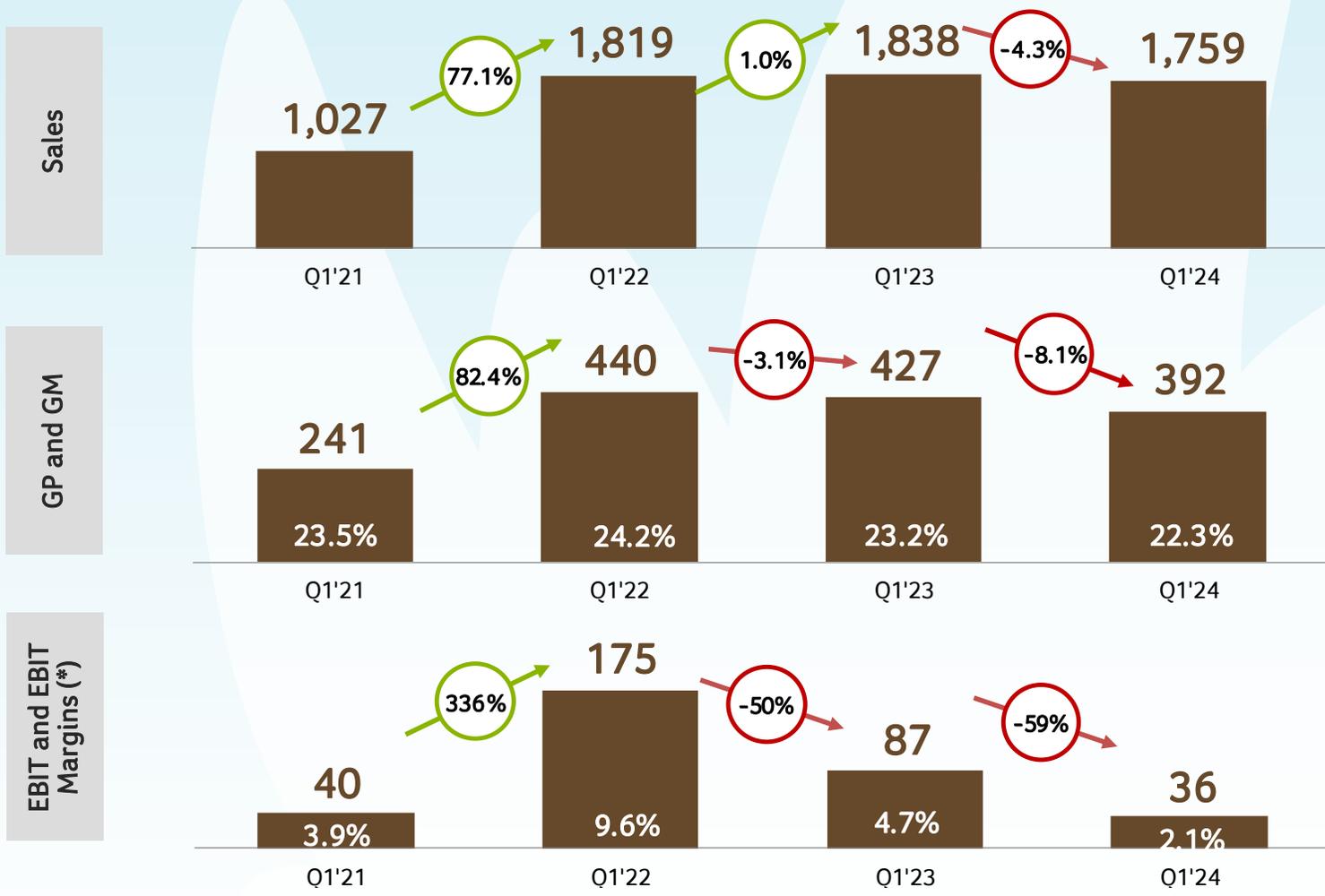




Três Corações Alimentos S.A. (Três Corações J.V.)



Q1 Snapshot | BRL mm for 100% ownership and including inter-company sales



Note: Três Corações joint venture (Brazil): a company jointly held by the Group (50%) and by the São Miguel Group (50%) (3C).

Source: Três Corações Alimentos S.A. Consolidated Interim Financial Statements as of March 31st, 2024.

(*) EBIT before Other Expenses/ Income.



Sabra Q1 Snapshot

\$ mm; Non-GAAP; for 100% share

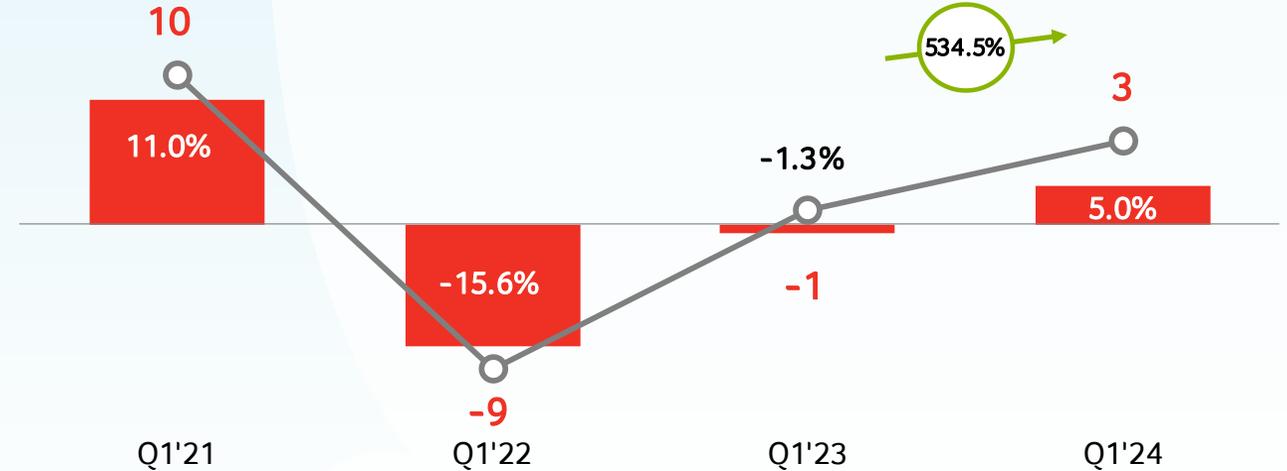


Slightly improved sales due to recovery from last year plant adjustments

Sales



EBIT and EBIT Margins

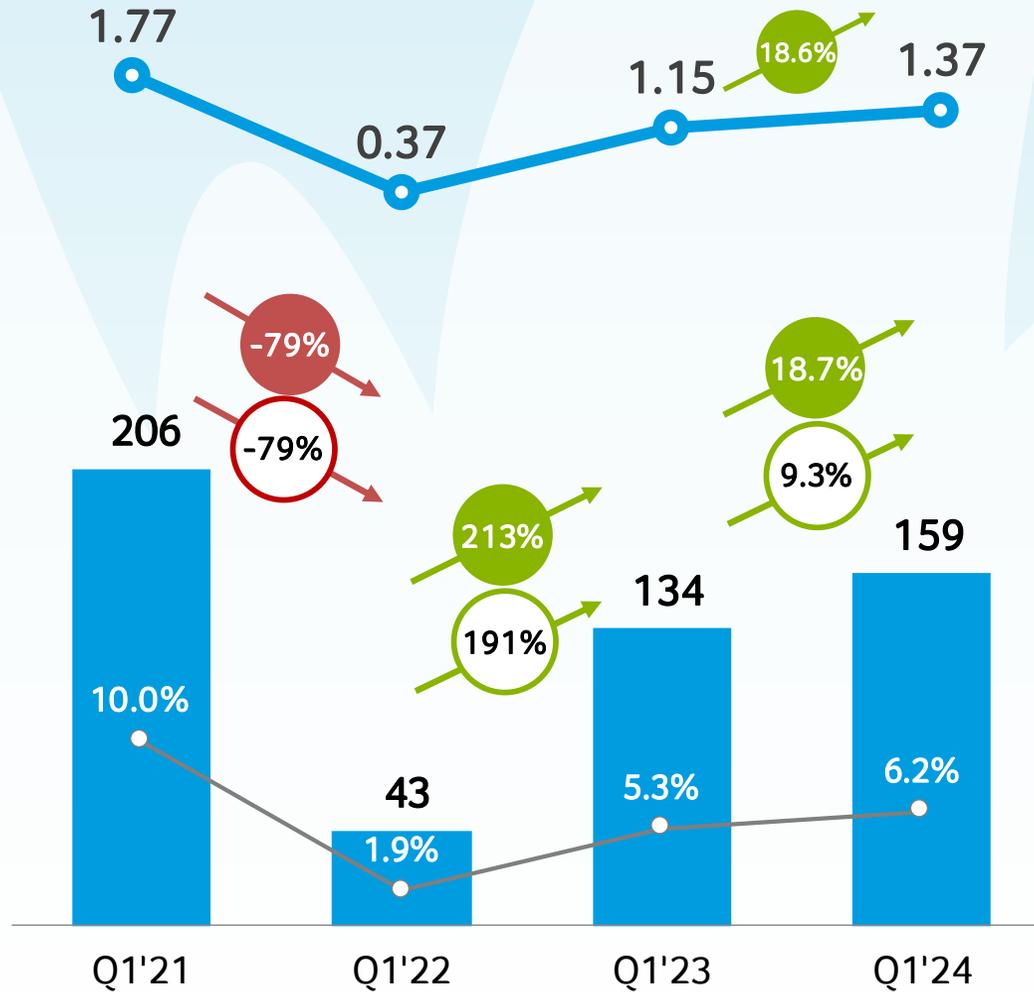


Net Income

NIS mm; Non-GAAP (attributed to the Company's shareholders)



Q1 Net Income, Net Margin and EPS



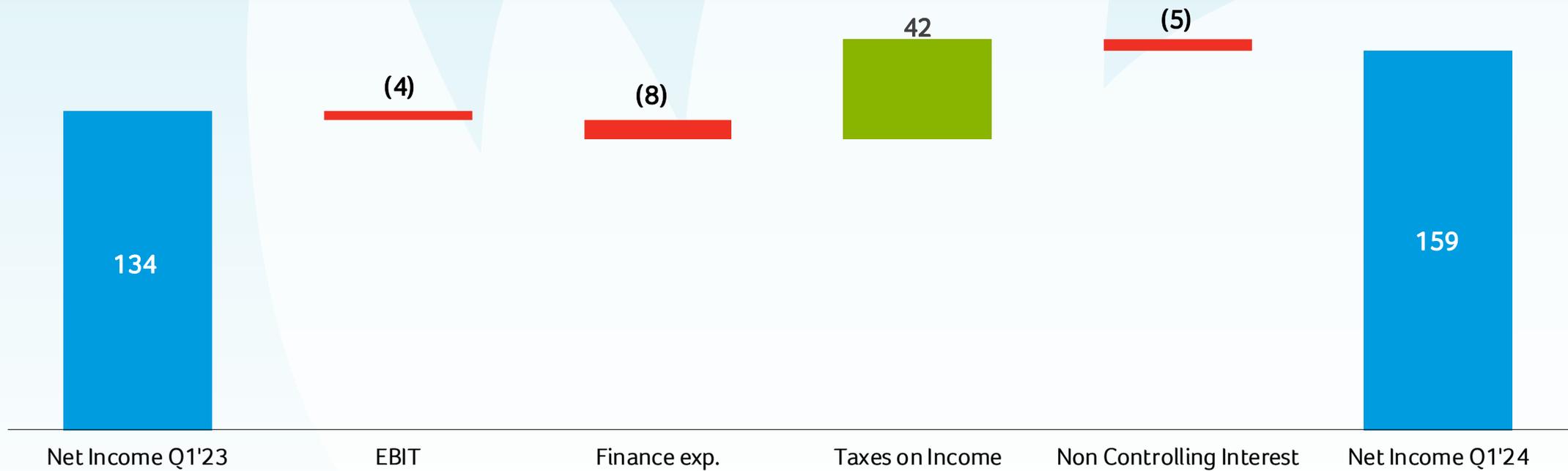
= Organic Net Income Growth excl. FX

Net Income

NIS mm; Non-GAAP (attributed to the Company's shareholders)

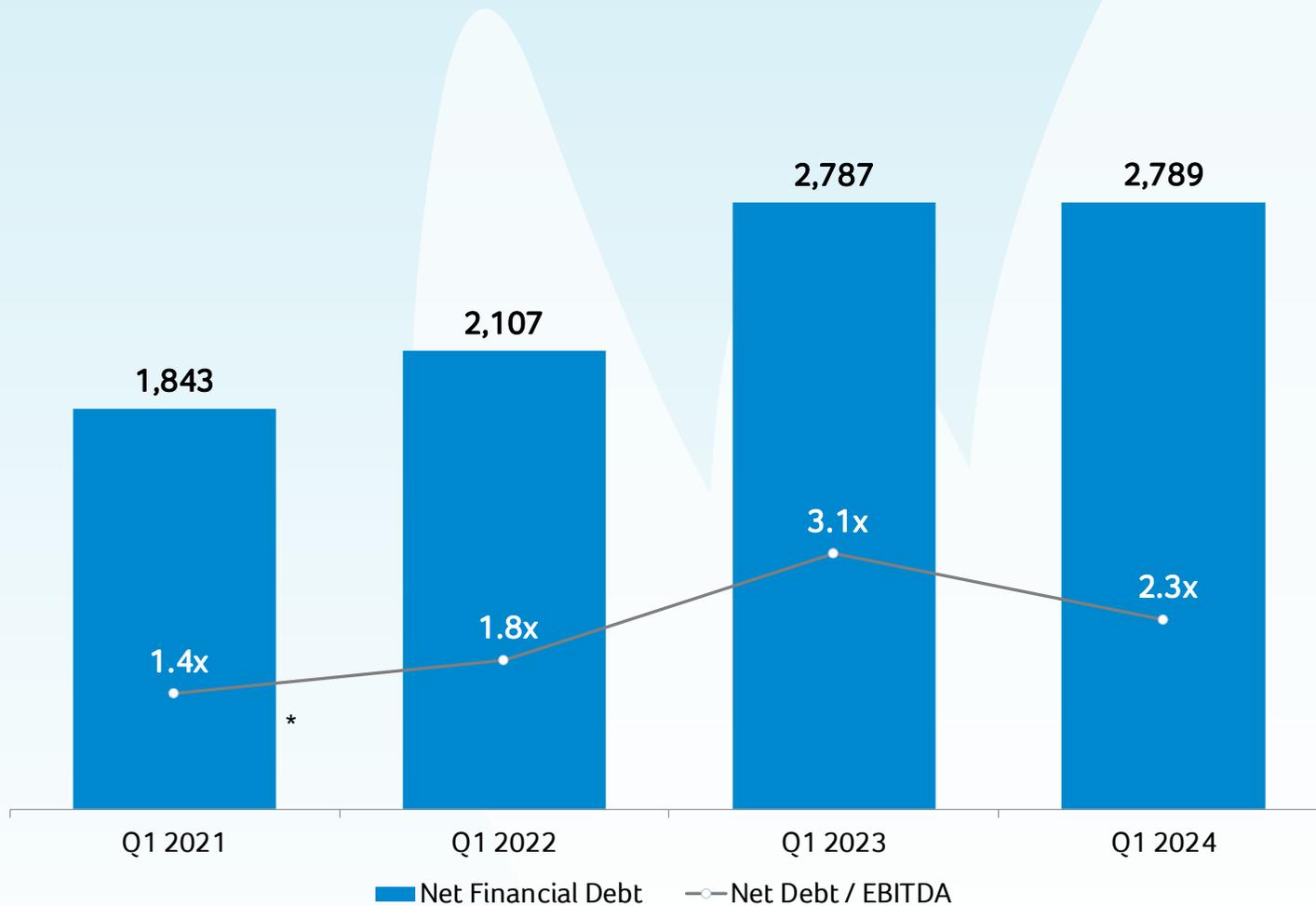


Q1 2024 Bridge



Net Debt and Net Debt / EBITDA (LTM)

Non-GAAP EBITDA, net debt includes partnerships; NIS mm



Q1 GAAP and Non-GAAP

Financial Highlights, NIS mm

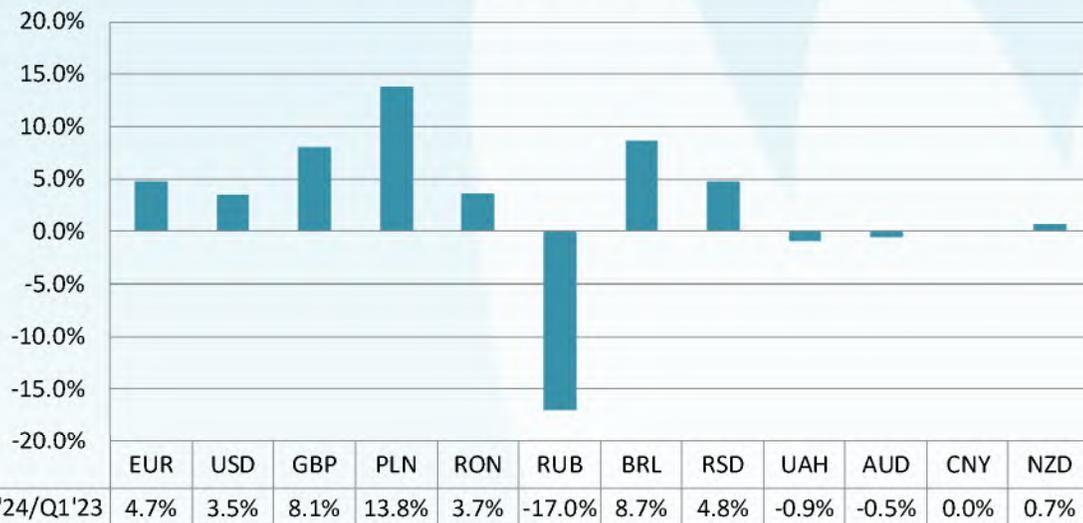


	GAAP			Adjusted Non-GAAP		
	Q1 2024	Q1 2023	% Chg.	Q1 2024	Q1 2023	% Chg.
Sales	1,726	1,713	0.8%	2,589	2,554	1.4%
Gross Profit	565	660	(14.5%)	874	837	4.3%
<i>GP Margin</i>	32.7%	38.6%		33.7%	32.8%	
Operating Profit	117	246	(52.7%)	204	208	(2.4%)
<i>EBIT Margin</i>	6.8%	14.4%		7.8%	8.1%	
Net Profit (to SH)	51	231	77.9%	159	134	18.7%
<i>NP Margin</i>	3.0%	13.5%		6.2%	5.3%	
Operating Cash Flow	25	(55)		(115)	(226)	
Capex ⁽¹⁾	(137)	(106)		(167)	(125)	
Net debt	2,326	2,358		2,789	2,787	
Change in WC (CF)	(93)	(266)		(282)	(489)	



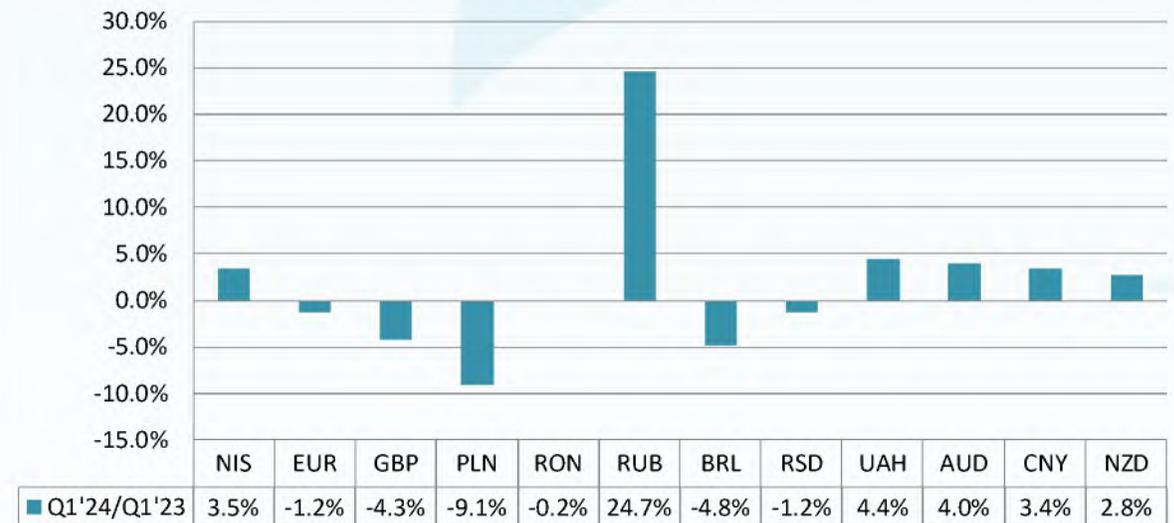
Local Currencies vs. the NIS

Change in average exchange rate (1 local currency = x NIS)



Local Currencies vs. the USD

Change in average exchange rate (1 local currency = x USD)





Strauss Israel (Non GAAP)

	Q1 2024	Q1 2023	% Chg.
Revenue:			
H&W	731	743	(1.6%)
F&I	361	306	18.1%
Coffee Israel	217	238	(8.7%)
Total Revenue	1,309	1,287	1.7%
Total Gross Profit	498	478	4.2%
<i>Gross Margins</i>	<i>38.0%</i>	<i>37.1%</i>	<i>0.9%</i>
EBIT:			
H&W	74	85	(12.2%)
<i>Margins</i>	<i>10.2%</i>	<i>11.4%</i>	<i>(1.2%)</i>
F&I	42	24	70.9%
<i>Margins</i>	<i>11.5%</i>	<i>7.9%</i>	<i>3.6%</i>
Coffee Israel	35	39	(8.7%)
<i>Margins</i>	<i>16.3%</i>	<i>16.3%</i>	<i>(0.0%)</i>
Total EBIT	151	148	2.3%
<i>Margins</i>	<i>11.6%</i>	<i>11.5%</i>	<i>0.1%</i>
EBITDA:			
H&W	99	109	(8.6%)
<i>Margins</i>	<i>13.6%</i>	<i>14.6%</i>	<i>(1.0%)</i>
F&I	61	42	44.4%
<i>Margins</i>	<i>16.8%</i>	<i>13.8%</i>	<i>3.1%</i>
Coffee Israel	46	50	(7.5%)
<i>Margins</i>	<i>21.3%</i>	<i>21.0%</i>	<i>0.3%</i>
Total EBITDA	206	201	2.8%
<i>Margins</i>	<i>16.3%</i>	<i>16.3%</i>	<i>(0.0%)</i>

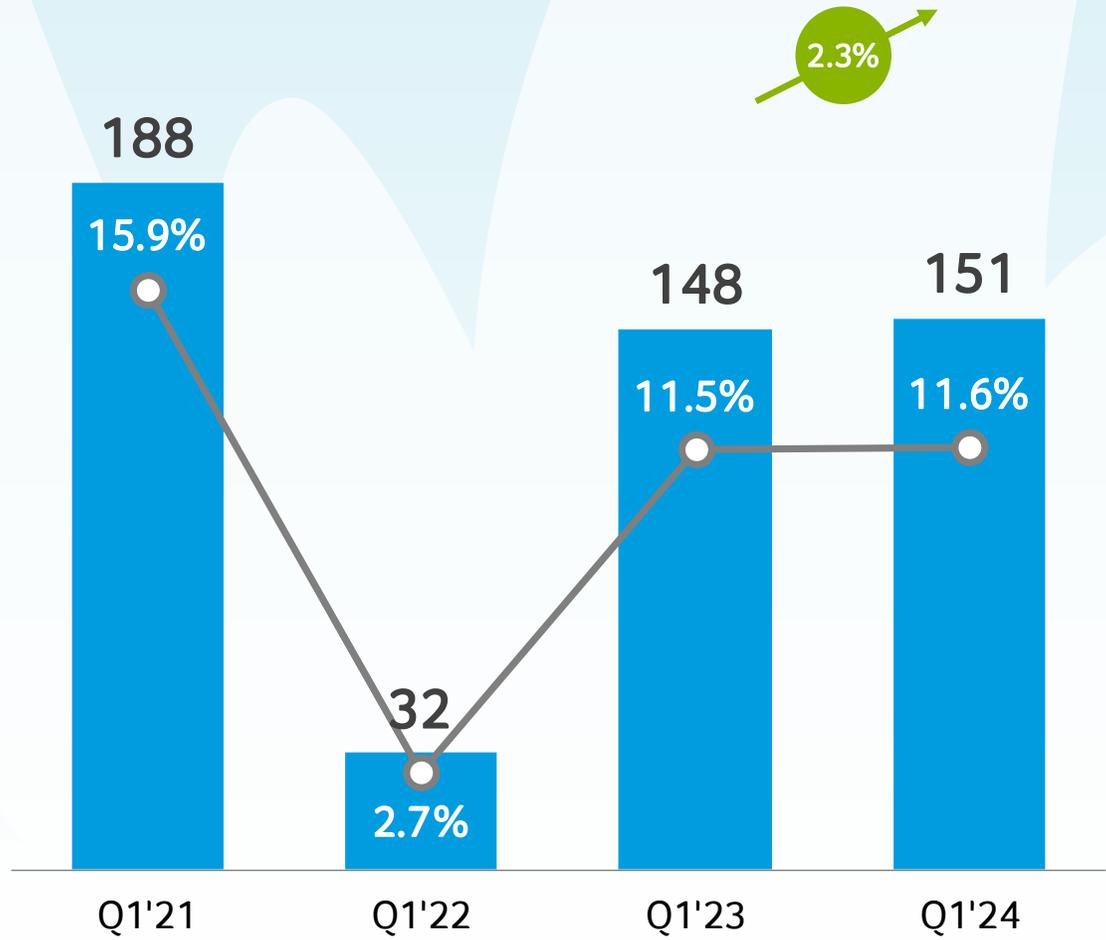
(1) Energy snacks were reclassified in Q1 24 to F&I, previously part of H&W



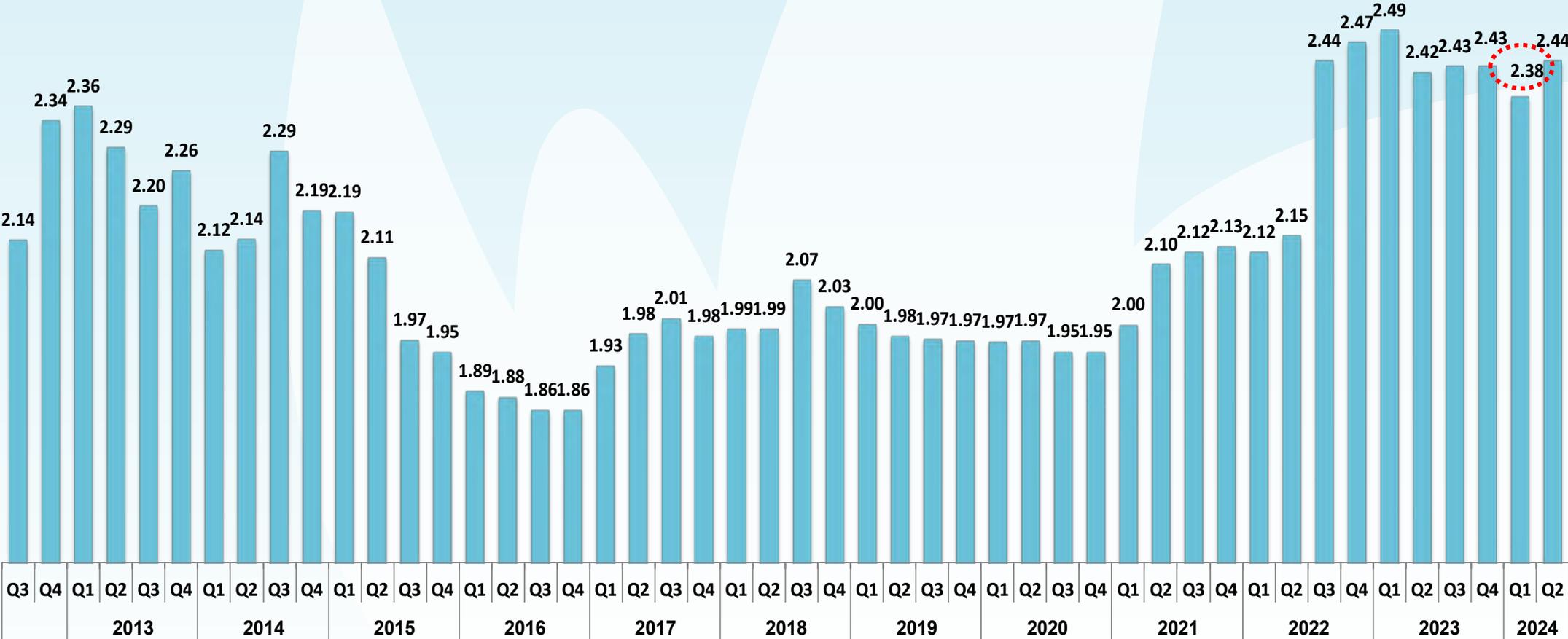




Q1 2024



Target Milk Prices | 2012-2024 (ILS per Liter)

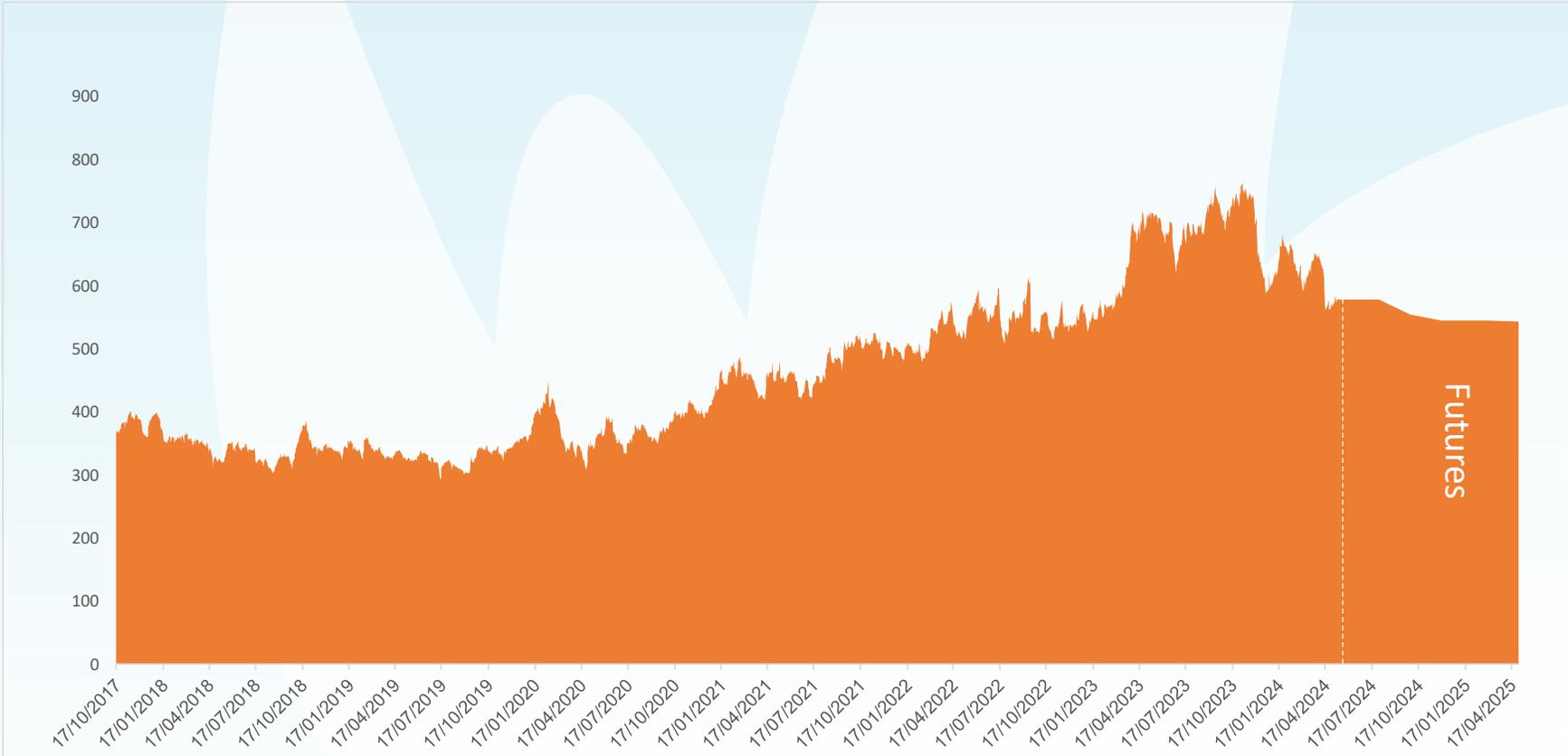


Source: Israeli Dairy Board (Production and Marketing) website

London Sugar Historical & Futures Prices | 2017-2024 (\$\T)



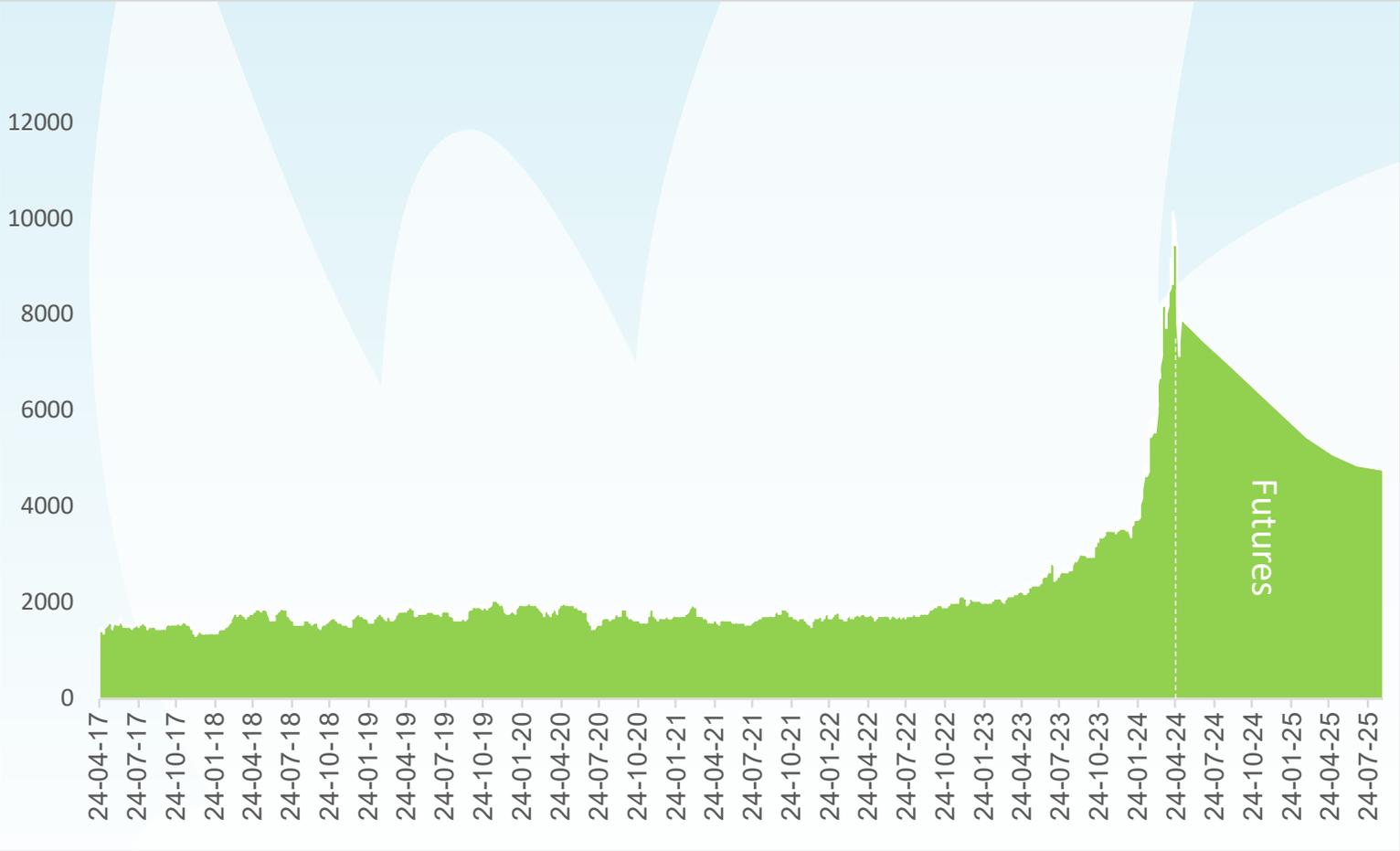
2020 Avg. 376 2021 Avg. 471 2022 Avg. 539 2023 Avg. 666 2024 Q1 Avg. 635



London Cocoa Historical & Futures Prices | 2017-2024 (GBP/T)



2020 Avg. 1794 2021 Avg. 1698 2022 Avg. 1811 2023 Avg. 2650 2024 Q1 Avg. 5013





Strauss Coffee International (Non GAAP)			
	Q1 2024	Q1 2023	% Chg.
Total Revenue	954	951	0.3%
Total Gross Profit	230	233	(1.4%)
<i>Gross Margins</i>	<i>24.1%</i>	<i>24.5%</i>	<i>(0.4%)</i>
EBIT:			
Total EBIT	38	60	(36.3%)
<i>Margins</i>	<i>4.0%</i>	<i>6.3%</i>	<i>(2.3%)</i>
EBITDA:			
Total EBITDA	61	82	(25.1%)
<i>Margins</i>	<i>6.4%</i>	<i>11.1%</i>	<i>(4.7%)</i>



Note: (1) Três Corações joint venture (Brazil): a company jointly held by the Group (50%) and by the São Miguel Group (50%) (3C)

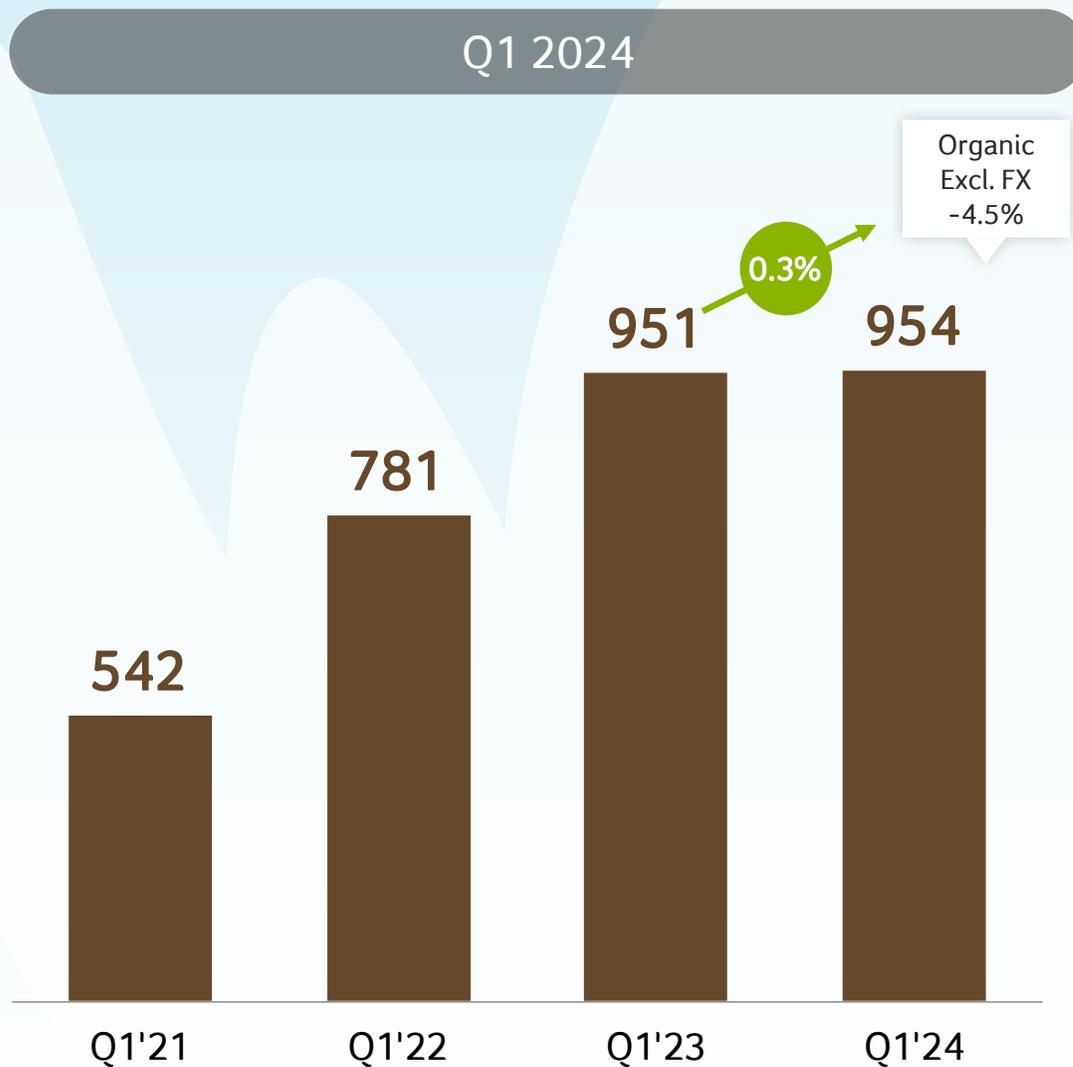
Source: Três Corações Alimentos S.A. Consolidated Interim Financial Statements as of March 31st, 2024



Coffee International Sales				
	Q1 2024	Q1 2023	% Change	
			NIS	Local Currency
Três Corações Joint Venture (Brazil) (1)	645	621	3.8%	(4.7%)
Russia & Ukraine	129	165	(21.7%)	(9.6%)
Poland	103	79	29.8%	14.8%
Romania	45	51	(12.3%)	(15.4%)
Serbia	21	35	(40.6%)	(43.1%)
Other	11	--		
Total International	954	951	0.3%	(4.5%)

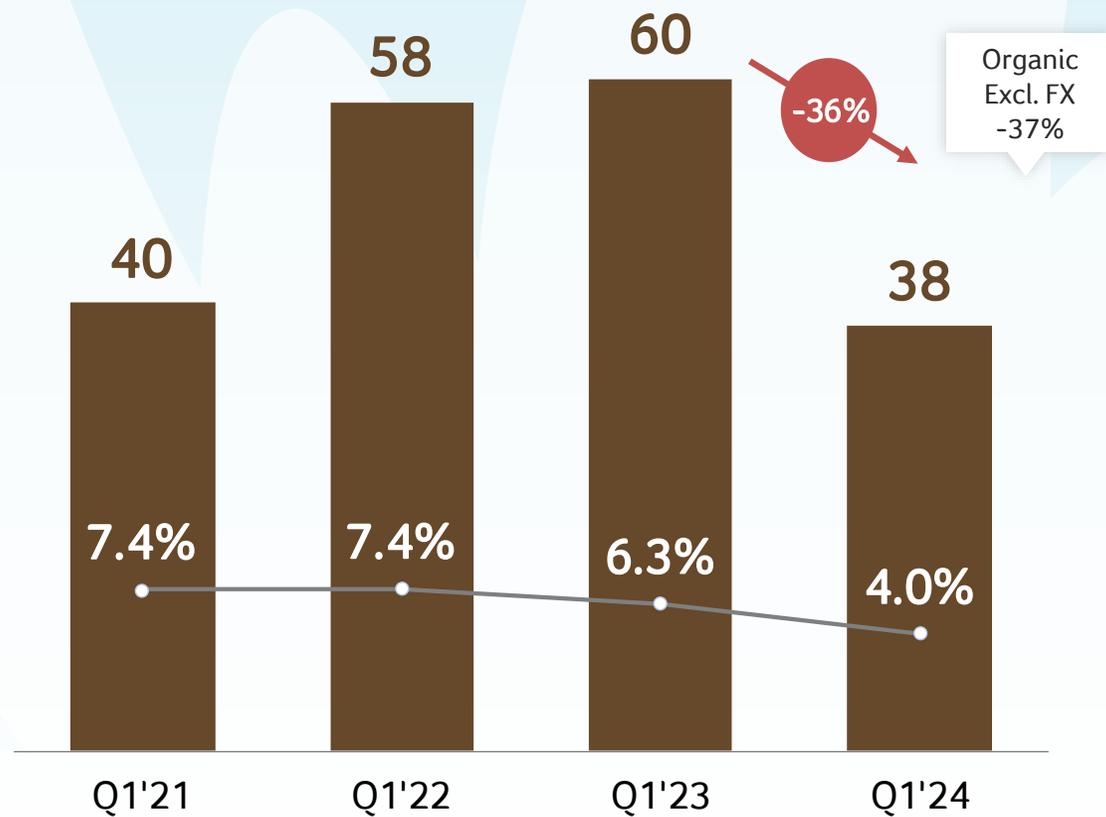
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Source: Três Corações Alimentos S.A. Consolidated Interim Financial Statements as of March 31st, 2024





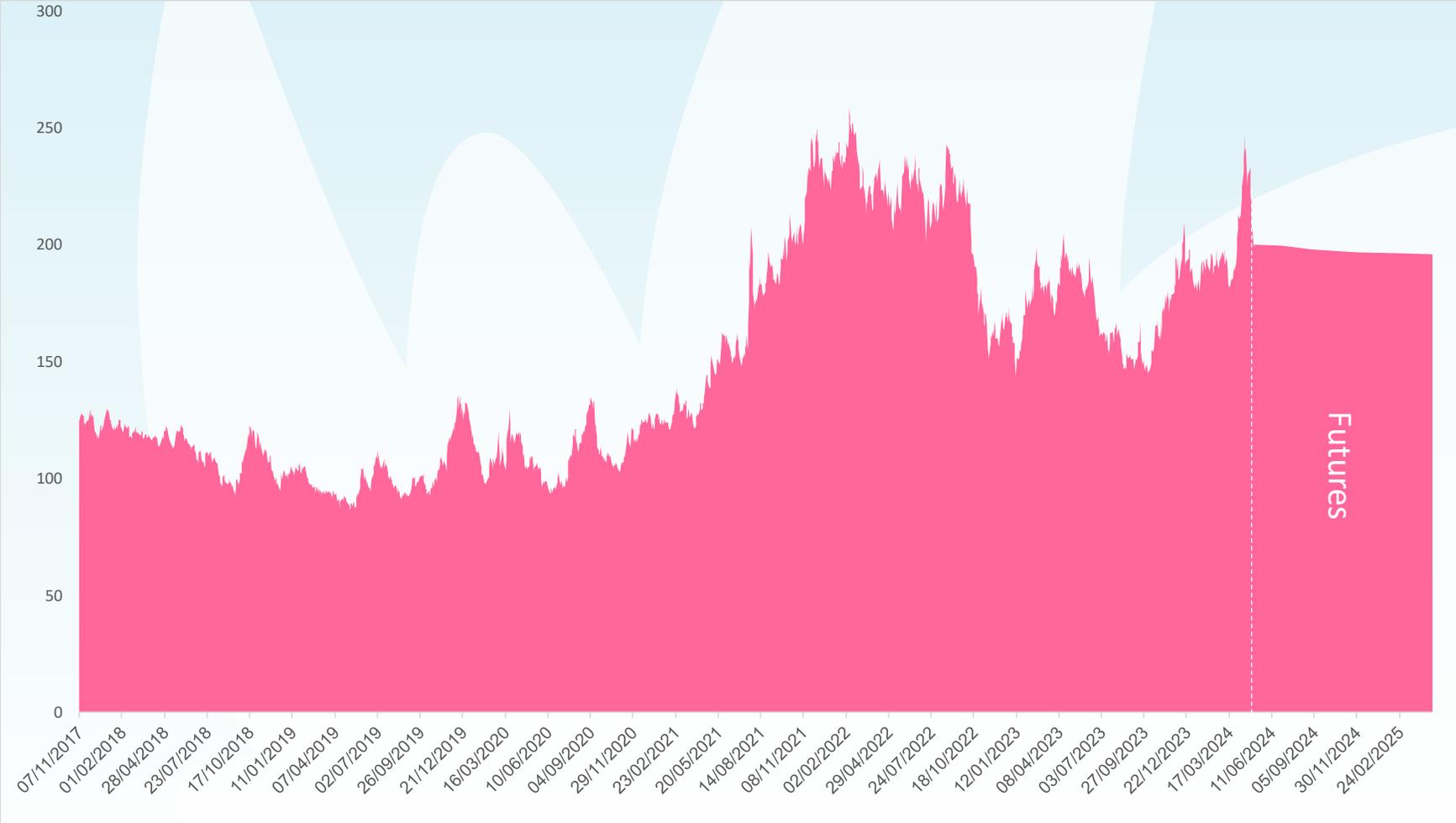
Q1 2024



Arabica Historical & Futures Prices | 2017-2024 (C\Lbs.)



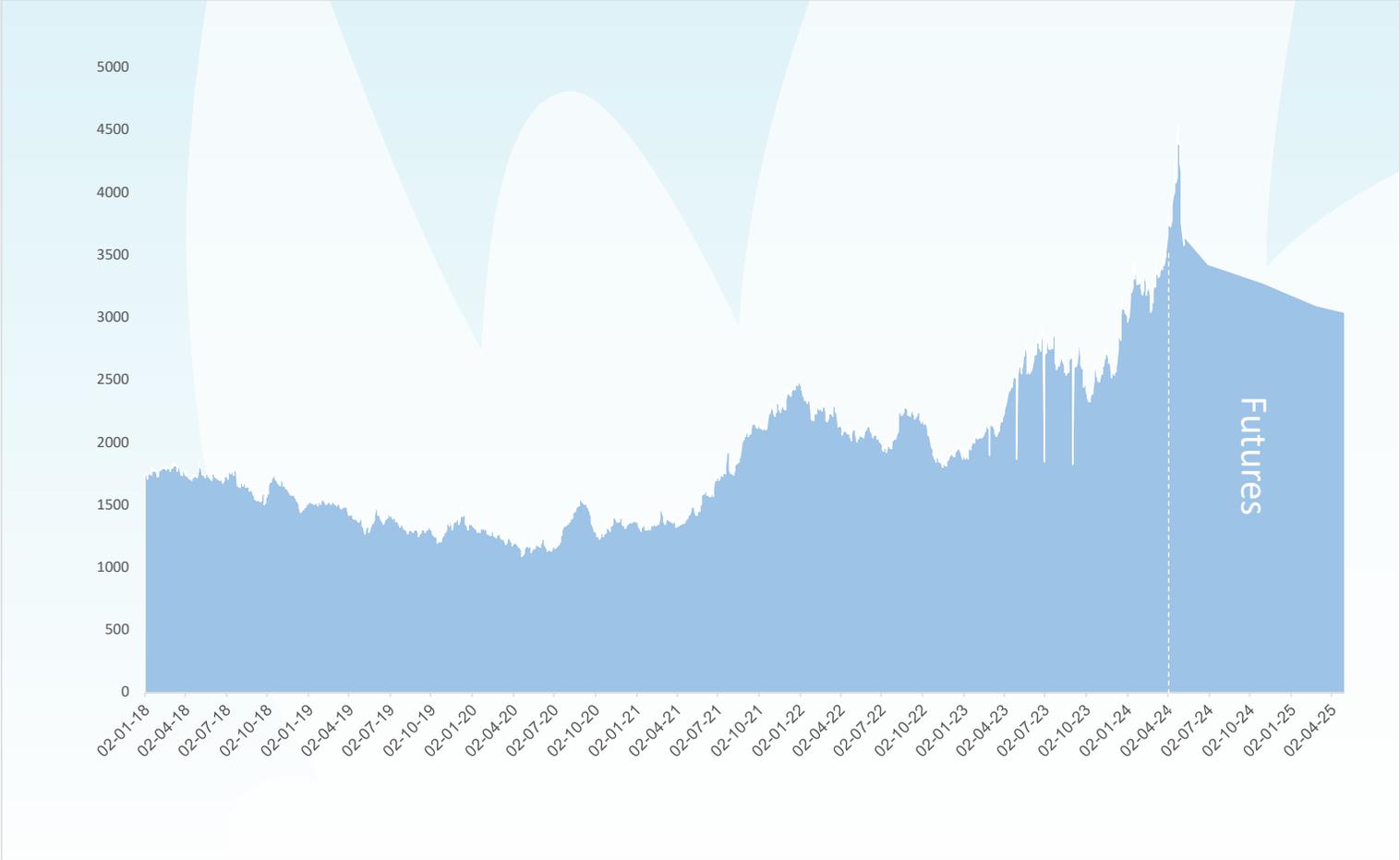
2020 Avg. 111 2021 Avg. 169 2022 Avg. 215 2023 Avg. 172 2024 Q1 Avg. 189



Robusta Historical & Futures Prices | 2017-2024 (\$\T)



2020 Avg. 1287 2021 Avg. 1771 2022 Avg. 2103 2023 Avg. 2480 2024 Q1 Avg. 3276



Sesame Humera Historical Prices | 2017-2024 (\$\T)



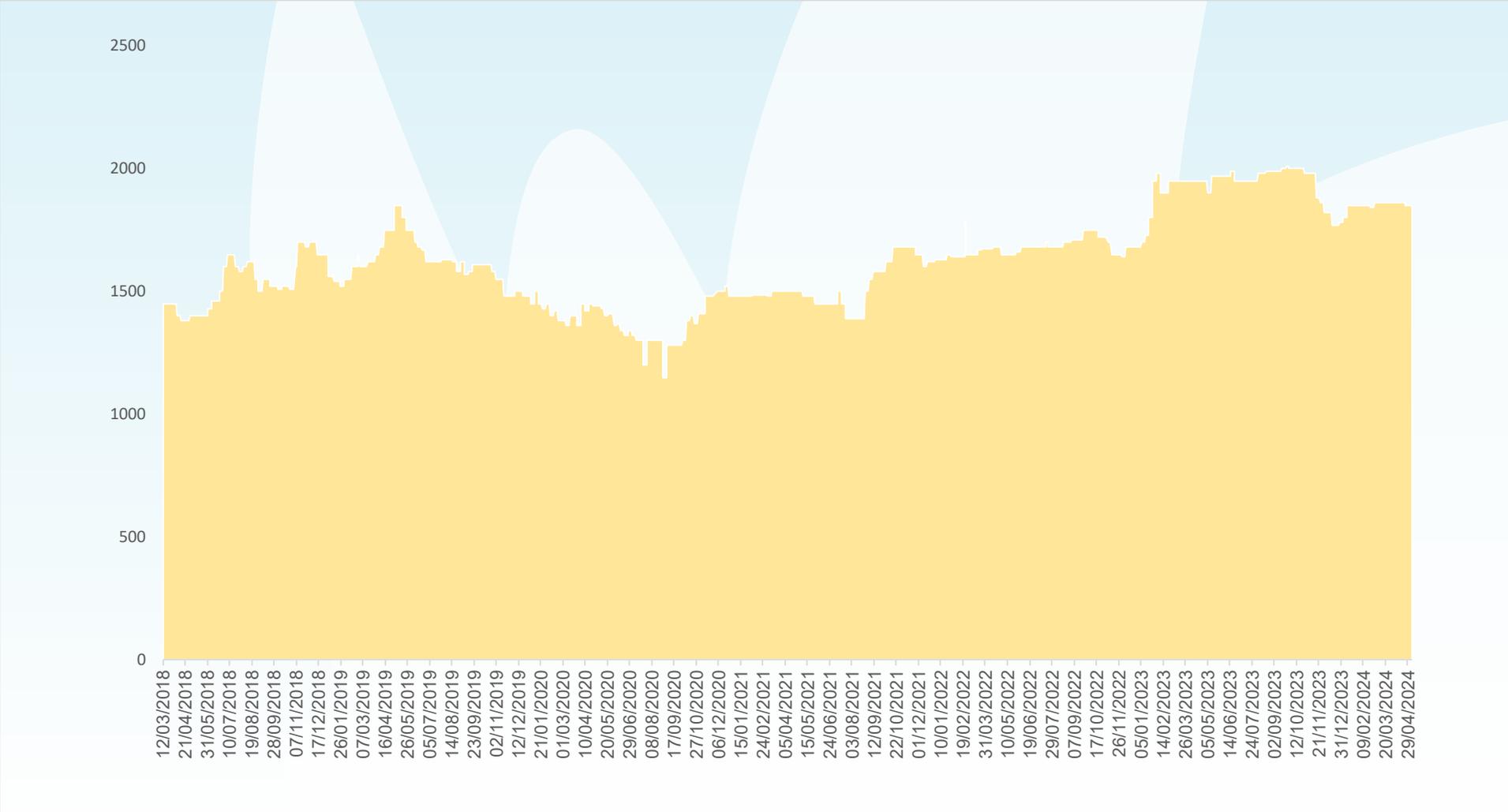
2020 Avg. 1379

2021 Avg. 1525

2022 Avg. 1677

2023 Avg. 1930

2024 Q1 Avg. 1846



Futures



Strauss Water

Sales; NIS mm; Non-GAAP

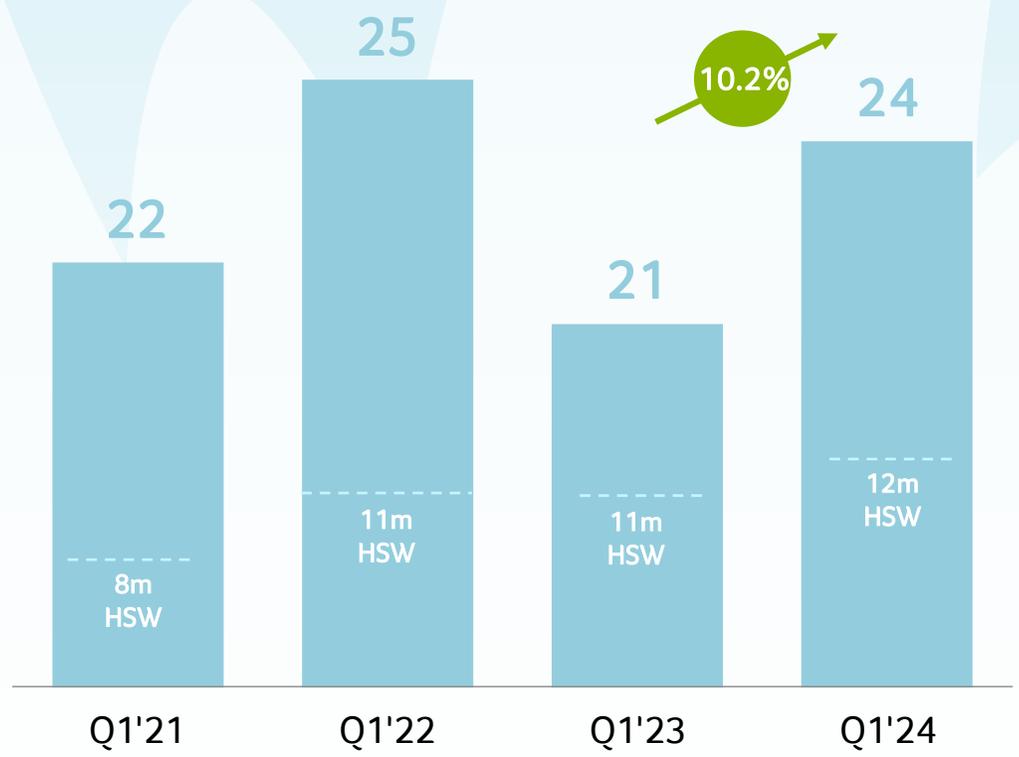


Q1 2024





Q1 2024





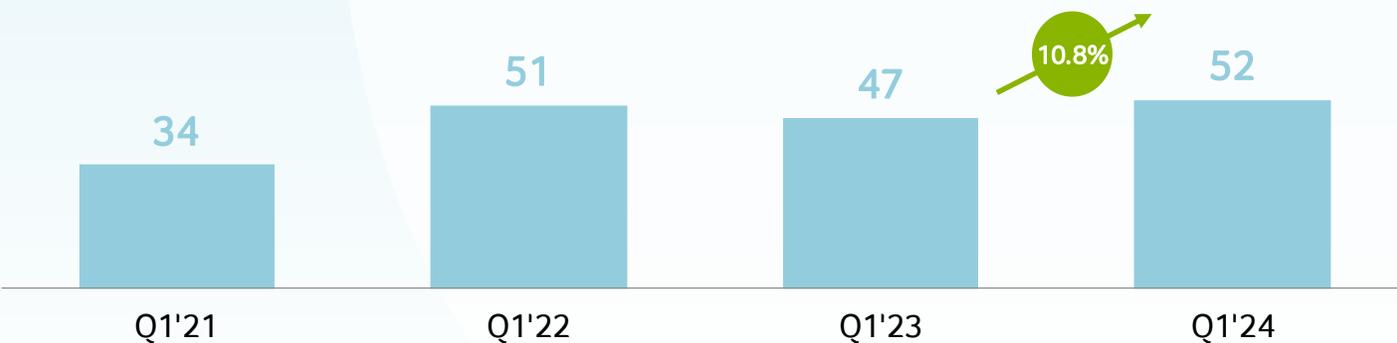
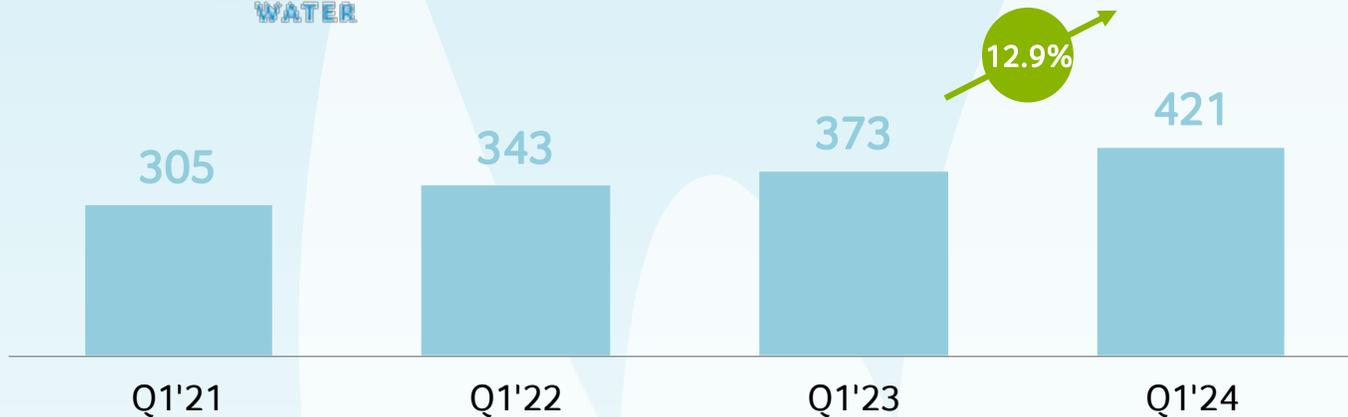
Haier Strauss Water Q1 Snapshot

¥mm; Non-GAAP; for 100% share



Sales

Net Income



Note: (1) Haier Strauss Water (HSW) is a company jointly held by Haier (51%) and Strauss Group (49%)





Thank You

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