

# **PRESS RELEASE**

May 24, 2011

## **FRUTAROM PRESENTS 6.7% SALES GROWTH AND RECORD RESULTS IN NET PROFIT: US\$ 13.1M**

## **RECORD RESULTS ALSO ACHIEVED IN Q1 GROSS PROFIT AND EBITDA**

**Q1 SALES REACHED US\$ 121 M**

**GROSS PROFIT INCREASED BY 5% TO US\$ 45.7 M**

**OPERATING PROFIT - US\$ 16.6 , OPERATING MARGIN 13.7%**

**EBITDA - US\$ 21.5 M , EBITDA MARGIN 17.7%**

**PROFIT BEFORE TAX INCREASED BY 14.4% TO US\$ 17.5 M**

**EARNINGS PER SHARE INCREASED BY 18.2% TO A Q1 RECORD OF  
US\$ 0.23**

Frutarom (LSE: FRUTq, TASE: FRUT, OTC: FRUTF) presented its 2011 first quarter results today.

Frutarom Industries Ltd., a top-ten company in the Flavors and Specialty Fine Ingredients markets, continues to successfully implement its rapid profitable growth strategy, which is expressed by internal growth and by carrying out strategic acquisitions. The Company reports record results in Q1 2011 in gross profit, operating profit, EBITDA, net profit, and earnings per share compared to Q1 in previous years.

Frutarom reports **6.7% revenue growth over Q1 2011 reaching US\$ 121 M**, as compared to sales of US\$ 113.5 M in the same quarter last year, that was characterized by strong growth as a result of the recovering global economy and the resulting restocking trend. The growth in sales in Q1 2011 derived mainly from organic growth in Frutarom's core activities (Flavors and Specialty Fine Ingredients) and from the contribution of the two successful acquisitions that were completed during



the quarter. The strengthening of European currencies and the Israeli shekel against the US dollar also contributed to the growth in sales. In local currency terms, a 4.6% growth in Frutarom's sales was achieved in comparison to the same quarter last year.

**Gross profit in Q1 2011 increased by 5% reaching a record US\$ 45.7 M** compared to US\$ 43.5 M in Q1 2010; **Gross margin** reached 37.7%. The increase in gross profit was achieved despite the global increase in raw material prices, affecting many of the raw materials used by Frutarom in the manufacture of its products. Frutarom acts determinedly, and will continue to do so as long as this trend persists, including by adjusting the selling prices of its affected products in order to avoid future effect on its results. Frutarom's management continues working diligently to maximize efficiencies, examining and exploiting opportunities to maintain and reduce expenses in order to further improve its competitive structure.

**Operating profit in Q1 2011 totaled approximately US\$ 16.6 M**, similar to the same quarter last year. Operating margin in Q1 2011 totaled approximately 13.7%.

**EBITDA in Q1 2011** increased and reached approximately US\$ 21.5 M compared to US\$ 21.3 M in the same quarter last year and the EBITDA margin totaled 17.7%.

**Profit before tax in Q1 2011 increased by 14.4% totaling US\$ 17.5 M** (14.5% of sales) as compared to US\$ 15.3 M (13.5% of sales) in the same quarter last year.

**Net profit in this period increased by 18.2% and reached a quarterly record of US\$ 13.1 M** compared to US\$ 11.1 M in the same quarter last year. Net margin also increased and reached 10.8% compared to 9.8% in the same period last year.

**Earnings per share in Q1 2011 increased by 18.2%** and reached a Q1 record of US\$ 0.23 per share as compared to US\$ 0.19 per share in the same quarter last year.

**Frutarom's equity** as at March 31, 2011 totaled US\$ 380.1 M (68% of the balance sheet) compared to US\$ 316.6 M (61.9% of the balance sheet) in the same quarter last year.

**Ori Yehudai, Frutarom's President and CEO**, commented: "We are satisfied by the continued growth achieved in Q1 2011 and believe that it will persist during 2011. The first quarter has seen record results in gross profit, operating profit, EBITDA, net profit and in the earnings per share compared to first quarter of previous years. This achievement is a result of the implementation of our profitable growth strategy, combining continuous internal sales growth in Frutarom's core activities alongside the execution of strategic acquisitions while maintaining our competitive cost structure".

"In recent months, we have witnessed a global trend of raw material price increase, including in many of the raw materials used by Frutarom in the manufacture of its products. We have acted determinedly, and shall continue to do so as long as this trend prevails, to prevent future influences on the results of our activity including by adjusting the selling prices of affected products. We are constantly acting to expand our sources of supply and optimally use the diverse capabilities of Frutarom's production sites worldwide."

"In Q1 2011, we completed the acquisitions of the Savory activity of Norwegian company Rieber & Søn and of the assets and activity of UK company EAFI. These acquisitions are synergistic with our



activity, expanding our customer base and product portfolio and allowing us to better provide comprehensive and high-quality solutions and meet the demands of our diverse customers.

Frutarom's solid capital structure, has been supported by the strong cash flow achieved in the last two years, significantly contributing to the reduction of debt; combined with the strong support of leading financial institutions, it will allow us to continue implementing persistently our rapid growth strategy, combining organic, profitable growth and strategic acquisitions. We are acting to further realizing our excellent acquisition pipeline, both in developed markets such as the US and Europe and in emerging target markets in Asia, Central and South America, and Eastern Europe. Alongside the acquisitions, we will continue to act for achieving profitable, organic growth, to achieve our goal and again double our turnover within the next 4 years".

#### **About Frutarom**

**Frutarom** is a global company operating in the flavor and fine ingredients markets. Frutarom has significant production and development centers on three continents and it markets its products in five continents to over 13,000 customers in more than 120 countries. Frutarom's products are intended for the food, beverage, flavor, fragrance, pharmaceutical, nutraceutical, health food, functional food, food additives and cosmetic industries.

Frutarom, which employs approximately 1,500 people worldwide, has 2 main activities:

- The Flavors Segment, which develops, produces and markets flavor compounds and food systems.
- The Fine Ingredients Segment, which develops, produces and markets natural flavor extracts, natural functional food ingredients, natural pharma/nutraceutical extracts, specialty essential oils, citrus products and aroma chemicals.

Frutarom's products are produced in its plants in the US, UK, Switzerland, Germany, Israel, China, South Africa and Turkey. The Company's global marketing organization includes branches in Israel, the US, UK, Switzerland, Germany, Belgium, the Netherlands, Denmark, France, Hungary, Romania, Russia, Ukraine, Kazakhstan, Belarus, Turkey, Brazil, Mexico, Costa Rica, China, Japan, Hong Kong, India, Indonesia and South Africa. The Company also works through local agents and distributors worldwide.

For further information visit [www.frutarom.com](http://www.frutarom.com).

