

PRESS RELEASE

August 18, 2011

FRUTAROM PRESENTS 14.3% SALES GROWTH IN Q2 TO AN APROXIMATE TOTAL OF US\$ 130.6 M;

NET PROFIT US\$ 12.3 M ;

RECORD RESULTS FOR H1 2011 IN NET PROFIT:
US\$ 25.4M

GROSS PROFIT INCREASED BY 3.4% TO US\$ 48.5 M

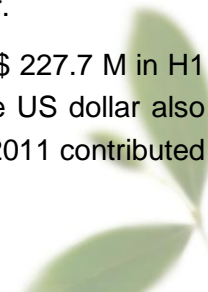
OPERATING PROFIT - US\$ 17 M , OPERATING MARGIN 13%

EBITDA - US\$ 22.2 M , EBITDA MARGIN 17%

Frutarom Industries Ltd., a top-ten company in the Flavors and Fine Ingredients markets, continues to successfully implement its rapid profitable growth strategy, which combines internal growth and strategic acquisitions. The Company enjoyed continued growth in H1 along with the successful completion of three acquisition strategies, which will contribute to further improve profit and profitability as those planned mergers will progress.

Frutarom reports **14.3% revenue growth over Q2 2011 reaching US\$ 130.6 M**, as compared to sales of US\$ 114.3 M in the same quarter last year, which was exceptionally strong and was characterized by strong growth as a result of the recovering global economy and the resulting restocking trend. The growth in sales in Q2 2011 derived from the contribution of the successful acquisitions that were completed during the first half of the year and which strengthened Frutarom's presence in the European Savory market. The strengthening of European currencies and the Israeli Shekel against the US dollar also contributed to the growth in sales. In local currency terms, 3.3% growth in Frutarom's sales was achieved in comparison to the same quarter last year.

Incomes in H1 2011 increased by 10.5% reaching US\$ 251.6 M compared to US\$ 227.7 M in H1 2010. The strengthening of European currencies and the Israeli Shekel against the US dollar also contributed to the growth in US dollar by 6.6%. Acquisitions completed during early 2011 contributed US\$ 6.9 M.



The Company maintained its gross, operational and EBITDA profitability margins that characterized its activity in the last five years (with the exception of 2010 which was exceptional, and in which the exceptionally high profitability was affected also from the continued increase of raw-materials prices that are being used by Frutarom to manufacture its products. Frutarom expects further improved profitability as it will achieve greater efficiency, finalize its recent mergers and extract their synergies potential as well as due to a certain observed moderation of the increase of raw-materials prices.

Gross profit in Q2 2011 increased by 3.4% reaching US\$ 48.5 M. Gross margin reached 37.1%.

Operating profit in Q2 2011 totaled approximately US\$ 17 M, compared to US\$ 19.4 M in the same quarter last year. Operating margin in Q2 2011 totaled approximately 13%.

EBITDA in Q2 2011 increased and reached US\$ 22.2 M compared to US\$ 24 M in the same quarter last year, and the EBITDA margin totaled 17%.

Profit before tax in Q2 2011 totaled US\$ 16.2 M compared to US\$ 17.1 M in the same quarter last year. Profit margin before tax in Q2 reached 12.4%

Net profit in Q2 reached US\$ 12.3 M compared to US\$ 13 M in the same quarter last year. Net margin reached 9.4% of total incomes.

Net profit in H1 reached a record US\$ 25.4 M compared to US\$ 24.1 M in the same period last year. Net margin reached 10.1% of total incomes.

Earnings per share in Q2 2011 reached US\$ 0.21 per share as compared to US\$ 0.23 per share in the same quarter last year.

Earnings per share in H1 2011 increased by 5.3% and reached a record US\$ 0.44 per share as compared to US\$ 0.42 per share in the same period last year.

Frutarom's equity as at June 30, 2011 totaled US\$ 402.2 M (70.6% of the balance sheet) compared to US\$ 319.8 M (64.9% of the balance sheet) in the same quarter last year.

Ori Yehudai, Frutarom's President and CEO, commented: "We are pleased with the results achieved during the second quarter and the first half year in comparison with 2010 which was exceptionally strong".

"In recent quarters, we have witnessed a significant global trend of raw materials prices increase, including in many of the raw materials used by Frutarom in the manufacture of its products. This trend seems to have moderated somewhat in recent weeks. The actions that we took to protect our profitability, the pricing update that we performed, and our continuous efforts to improve our efficiency, have enabled us maintaining the profitability level that characterized our activity in the recent years".

"Frutarom successfully combines profitable internal growth and strategic acquisition. We intend to further expand our activity in the main areas in which we operate and accelerate growth and increase market share in emerging markets including: Asia, Central and South America, Eastern Europe and Africa, in which growth rates are higher."

"In H1 2011, we completed three acquisitions of savory activities in Europe: the savory activity of the Norwegian company Rieber & Søn, the assets and activity of UK Company EAFI and the assets and



activity of Christian Hansen Italia. These acquisitions go along with our strategy in recent years to further significantly expand our activity within the Savory field".

"Frutarom proved throughout the years its ability to incorporate and integrate successfully acquired activities within its own global activity. Thus it estimates that in the following quarters those acquisitions will contribute to improved profit and profitability. Those actions, along with continued optimization processes, strict management of expenses structure and continued adjustment of sale prices, will allow us to better utilize the diverse abilities of our production sites around the world, our innovation and the growing demand for health products".

"We have a stronger than ever pipeline of acquisitions to support our expansion strategy, in addition to internal growth. Frutarom's solid capital structure, the company's net debt level, combined with the financial support, will allow us to continue implementing with determination our rapid growth strategy in order to strengthen Frutarom's business and competitive position as a global leading company in the Flavors and Fine Ingredient market, this 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.

