

PRESS RELEASE

**RECORD YEAR FOR FRUTAROM - CONTINUES TO GROW
AND EXPAND FOR THE NINTH CONSECUTIVE YEAR**

**SHARP GROWTH IN SALES AND CONSIDERABLE
IMPROVEMENT IN PROFIT AND MARGINS; CASH FLOW MORE
THAN DOUBLED; EARNINGS PER SHARE GREW BY 55%**

SALES IN 2008 GREW SHARPLY BY 28.5% TO US\$ 473.3M

GROSS PROFIT GREW BY 34.8% TO US\$ 176.3M

OPERATING PROFIT GREW BY 64% TO US\$ 56.6M

EBITDA GREW BY 57.2% TO US\$ 76.3 M

NET PROFIT GREW BY 53.9% TO US\$ 37.2 M

CASH FLOW FROM CURRENT ACTIVITIES GREW BY 145% TO US\$37M

EARNINGS PER SHARE GREW BY 55% TO US\$ 0.65

**FRUTAROM WILL DISTRIBUTE DIVIDEND OF NIS 0.18 PER SHARE, FOR
AN OVERALL AMOUNT OF NIS 10.4 M (US\$ 2.45 M)**

- The results reflect Frutarom's continued successful implementation of its rapid and profitable growth strategy, the successful merger of the seven acquisitions made in 2007 and the measures taken to adjust its selling prices to the price increases of raw materials used in production, while further improving profit and margins
Gross margin – 37.2% compared to 35.5% in parallel quarter
Operating margin – 12% compared to 9.4% in parallel quarter
EBITDA margin – 16.1% compared to 13.2% in parallel quarter
Cash flow from current activities – US\$ 37 M compared to US\$ 15.1 M in 2007
- After focusing during 2008 on the integration and utilization of the many synergies from the seven acquisitions made in 2007, during the first quarter of 2009, Frutarom resumed its acquisitions strategy
- Ori Yehudai, Frutarom's President and Chief Executive Officer: "Frutarom will continue to act determinedly to implement its rapid growth strategy which combines organic growth and strategic

acquisitions. We consider the challenging and complex period which global economics undergoes as an opportunity for further strengthening. Frutarom entered this challenging and crisis-related economic period, as a leading, global, stronger-than-ever company, with a solid capital structure. Frutarom's core businesses, mostly intended for the food industry, a basic human need, which place it in a stable and defensive field and its ability to generate cash from current activities, will enable it to successfully glide through the global economic crisis and exploit opportunities which have emerged and continue to emerge as a result of this crisis."

Haifa, Israel – March 19, 2008. Frutarom (LSE: FRUTq, TASE: FRUT, OTC: FRUTF) today presented its 2008 full year and fourth quarter results.

Frutarom, a producer of flavors and specialty fine ingredients, continues to successfully implement its rapid and profitable growth strategy, reflected in its organic growth and the execution of strategic acquisitions. Frutarom is today the seventh largest company in the field of flavors and specialty fine ingredients. In accordance with Frutarom's plan, its sharp and continuing growth in sales, combining organic growth, at a rate surpasses the industry's average, the execution of the 7 strategic acquisitions made in 2007, and the actions taken to adjust its selling prices to the price increases in raw materials used in production, are translated to an improvement in margins, profit and in cash flow.

Frutarom reports record sales of US\$ 473.3 M for the year 2008 - a growth of 25% compared with 2007, excluding the effect of the strengthening of European currencies and the Shekel against the US dollar. Without excluding the aforementioned effect, sales increased by 28.5%. At the same time, Frutarom achieved an increase of **34.8% in the annual gross profit** to US\$ 176.3 M, an **improvement of gross margin to 37.2%** compared to 35.5% last year, a **leap of 64% in operating profit** which totaled US\$ 56.6 M, and a **significant improvement of operating margin to 12%** compared to 9.4% during the same period last year. **During 2008, EBITDA grew by 57.2%** and reached US\$ 76.3M, while **improving the EBITDA margin to 16.1%** compared to 13.2% during the same period last year. In 2008 **net profit grew by 53.9%** and reached US\$ 37.2M compared to US\$ 24.2 M during 2007 **and net margin reached 7.9%** compared to 6.6%.

The following factors mainly contributed to the sharp growth in the Company's sales: organic growth in sales of flavors produced and sold by the Flavors Division; organic growth in the sale of specialty ingredients produced and sold by the Fine Ingredients Division; the merger of Belmay, Jupiter, Raychan, Adumim, Rad and Gewurzmuller, acquired during the second, third and last quarters of 2007 and their merge with Frutarom's global activity; utilization of the synergy and cross selling opportunities between Frutarom's divisions and its customers and products, both the existing ones and those added as a result of the acquisitions carried out in recent years; and the strengthening of the European currencies and the Shekel (in which most of Frutarom's sales are made) against the US dollar (a trend which reversed during the fourth quarter of 2008).

During the fourth quarter of 2008, Frutarom's sales totaled US\$ 98.7 M, a decrease of 1% compared to the same quarter last year, excluding the effect of the weakening of the European currencies and the Shekel (in which most of Frutarom's sales are made) against the US dollar, at rates of up to 24%. Without excluding the aforementioned effect, sales decreased by 9%. The considerable trend of reducing inventory levels among Frutarom's customers worldwide in the last few months, also affected the decrease in sales during the fourth quarter. Despite the sales decrease in the fourth quarter, gross margin increased and reached 36.9% compared to 33.8% during the first fourth quarter of 2007 and gross profit was not affected and totaled US\$ 36.5M compared to US\$ 36.6 M during the same period last year. Operating profit rose by 15.3% and totaled US\$ 8.4 M and operating margin recorded a significant improvement and reached 8.5% compared to 6.7% during the same period last year. During the fourth quarter of 2008, EBITDA grew 3.4% and reached US\$ 12.4 M. EBITDA margin improved and reached 12.6% compared to 11.1% during the same period last year. Net profit during the period increased by 25.8% and totaled US\$ 6 M compared to US\$ 4.8 M during the same period last year and net margin improved and reached 6.1% compared to 4.4%.

Earnings per share grew during the year 2008 by approximately 55% and totaled US\$ 0.65 compared to US\$ 0.42 per share during 2007. During the fourth quarter of 2008, earnings per share grew at a rate of 25% and reached US\$ 0.10 compared to US\$ 0.08 during the same period last year.

The sharp increase in profit generated a significant growth in cash flow from current activities. **During 2008, Frutarom more than doubled its cash flow from current activities that totaled US\$ 37 M compared to a cash flow of US\$ 15.1 M during 2007. During the fourth quarter of 2008, the Company generated cash flow from current activities in the amount of US\$ 15.8 M compared to US\$ 9.2 M during the same period last year.**

Frutarom's shareholders' equity **as at December 31, 2008**, totaled US\$ 278.3 M (54.5% of balance sheet total) compared to US\$ 251.1 M (45.8% of balance sheet total) **as at December 31, 2007**. Most of the increase in shareholders' equity resulted from the net profit generated during the period.

Ori Yehudai summed up and stated: "During the last months of 2008, the economic atmosphere in the world, which permeated to the global economy, materially changed the growth trend characterizing most of the world's economies in recent years. Frutarom entered this challenging and crisis-related economic period, as a leading, global, stronger-than-ever company, with a solid capital structure, experienced global management and varied and diversified customer base. Our core businesses are mostly geared for the food industry which is considered stable and defensive. We are partners in the creation process of essential products, which answer the basic human needs of consumers around the world. Such needs do not vanish in times of economic crisis, and indeed, analyzing previous economic crises tells us that the food industry and industries related usually demonstrate relatively low sensitivity to the effects of slowdown

and instability in the macro-economic environment, especially in comparison to many other industries. Frutarom's management is wisely and determinedly preparing for and coping with the effects of the economic crisis. We are convinced, that we will be able to achieve our goals and double Frutarom's turnover, so that it will reach US\$ 1 billion by 2012. We will continue to determinedly act for the implementation of our rapid growth strategy, combining organic growth and strategic acquisitions. After focusing during 2008 on the integration, consolidation and utilization of the many synergies from the seven acquisitions we made in 2007, during the first quarter of 2009, we resumed our acquisition strategy. We have already made two strategic acquisitions which enhance the further expansion of our global presence, our customer base throughout the world and the product range we offer them. Frutarom's solid capital structure and the strong support we receive from leading financial institutes will enable us to utilize acquisition opportunities created due to the global economic crisis and to continue implementing our acquisition strategy. We consider the challenging and complex period which global economics undergoes as an opportunity for further strengthening".

About the Company

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

Frutarom, which employs approximately 1,500 people worldwide, operates through two Divisions:

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

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

For further information, visit our website: www.frutarom.com.

Company Contact

Ori Yehudai, President & CEO

Frutarom Ltd.

Tel: +97299603800

Email: oyehudai@frutarom.com