

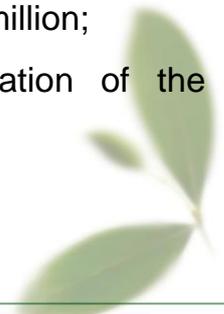
PRESS RELEASE

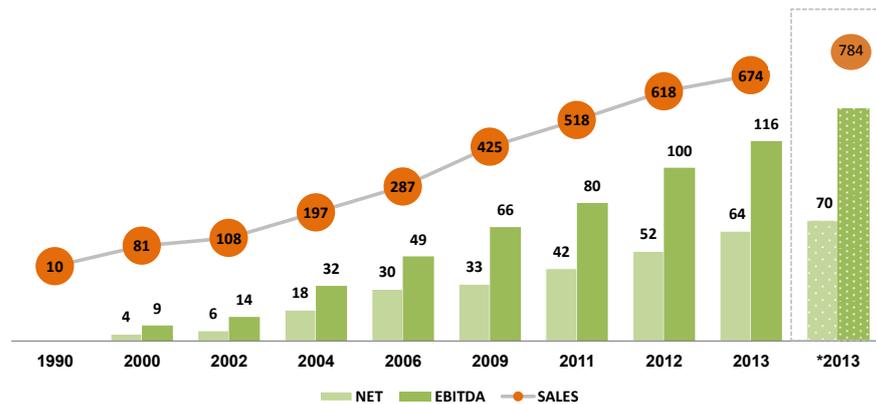
March 19, 2013

FRUTAROM'S RAPID PROFITABLE GROWTH STRATEGY LED TO RECORD RESULTS IN 2013 AND IN THE FOURTH QUARTER OF 2013

REVENUES GREW BY 9% TO US\$674 MILLION;
EBITDA INCREASED BY 15.5% TO US\$116 MILLION;
SHARP RISE OF 22% IN NET PROFIT TO US\$64 MILLION;

- Sharp rise in **Gross Profit** from core business, including the Flavors and Specialty Fine Ingredients activities, (net of one-time expenses) to **39.8%** of total sales, compared with 37.6% in 2012;
- **EBITDA** from core business (net of one-time expenses) reached a record of US\$119.5, **18.8%** of sales;
- **Net Profit** (net of one-time expenses) reached an annual record of **US\$67.5** million (**10%** of revenues) ;
- Sharp increase of 32% in **Fourth Quarter Revenues** of 2013 to US\$192 million reflecting **6.2%** organic growth;
- **Fourth Quarter EBITDA** from core business (net of one-time expenses) increased by 41% reaching US\$ **30.7** million, **17.9%** of sales;
- **Net Profit in Fourth Quarter** (net of one-time expenses) increased by **49.9%**, reaching **US\$ 17.2** million, 9% of sales;
- **Frutarom sales** (including full consolidation of the acquisitions of 2013) would have reached **\$784 million** and net profit would have been \$70 million;
- Revenues from **emerging markets** (including full consolidation of the acquisitions of 2013) has increased to **46%**;





*2013 – Frutarom sales and net profit combined with the four acquisitions made in 2013, had they been acquired and consolidated on 1.1.2013.

Ori Yehudai, President and CEO of Frutarom:

“2013 was another record year for Frutarom during which we accomplished a quantum leap in our positioning and results. The successful implementation of our strategy of combining profitable organic growth with strategic acquisitions has led to successful achievement of key strategic goals, including: strategic change in our product mix while significantly increasing our Flavors activity, the most profitable of our activities, and improving our Specialty Fine Ingredients product mix; change in our geographic sales mix while significantly expanding our market share in emerging markets and in the United States; improvement in profits and profitability rates while optimizing resources resulting from the acquisitions we made, creating operational savings and strengthening our competitiveness and market position as one of the leading global flavors and fine ingredients houses, strategically positioned at the crossroad between the growing worlds of taste and health.

We see significant potential for an additional quantum leap in sales and profits over the coming years. We continue to leverage the many cross-selling opportunities presented by the recent acquisitions, four of which were made over the last few months, which have only partially contributed to the results in 2013. We are also working on leveraging the many technological capacities we have gained through the acquisitions, and are seeking more synergetic acquisitions. We continue to successfully implement projects to streamline and optimize our resources, the results of which have already been seen in the second half of 2013, including the building of a global purchasing system and consolidation of plants, and are working to utilize the significant opportunities for operational synergies created following the latest acquisitions.

We believe that these actions, combined with continued successful implementation of our rapid and profitable growth strategy and a strong pipeline of future acquisitions, will serve as a springboard for another significant quantum leap in Frutarom sales, profit and profitability. Our revenue target of one billion dollars and an EBITDA margin of 20% in our core business will serve as a further catalyst for the continued strengthening of Frutarom's position, while creating value to our shareholders”.

Frutarom Industries Ltd. (“Frutarom”), a top-ten company in the Flavors and Fine Ingredients market, reports a sharp increase in revenues and profit in 2013. Revenues reached US\$674 million; EBITDA (net of one-time expenses) grew by 28.3% to US\$67.5 million. Records were also achieved in gross profit, operating profit and earnings per share. **Frutarom revenues would have reached \$784 million and net profit would have been \$70 million, if the four acquisitions made in 2013 had been consolidated on 1.1.2013.**



Frutarom's record results for the fourth quarter and for the year were the result of the substantial expansion of the Company's activity in emerging markets with high growth rates and in the United States; the successful integration of all eight acquisitions made over 2011 and 2012 into Frutarom's global activity, contributing to both an increase in sales and improved profit and profitability; improved product mix resulting from the development of new high margin products; stability in the prices of the raw materials we use for our products; and the effect of the actions taken by Frutarom in order to utilize the many operational synergies resulting also from recent acquisitions and which have only partially been realized in 2013. Integration of the five acquisitions made by Frutarom in 2013 and 2014 (JannDeRee in South Africa, PTI in Russia – with sales in additional locations in Eastern Europe, Aroma in Guatemala, Hagelin in the United States -with significant sales in Africa and in Latin America - and the American CitraSource) is moving ahead successfully and will contribute to Frutarom's accelerated growth in revenues and profit already in 2014 and in the coming years.

The integration and operational efficiency projects and processes, which include consolidation of production sites and activities and transfer of activities to countries where operational costs are lower, have begun to contribute to an improvement in the Company's results in the second half of 2013, and will fully come to fruition in 2014. These projects, together with additional activities planned for 2014 and continued building of global purchasing system, will contribute to the continued improvement of the Company's results over the next years.

The successful implementation of Frutarom's strategy over the past few years to change the geographic sales mix while substantially expanding its sales in emerging markets with high growth rates and in the United States, resulted in Frutarom's tripling revenues this year (combined with the four acquisitions made this year, had they been consolidated from the beginning of the year) in developing markets, and doubling them in the United States (compared to 2010). At the same time, the Flavors activity in the United States grew by a factor of four. As a result of this massive growth, the share of Frutarom's revenues in Western Europe is now 34%, compared with 51% in 2010.

Frutarom was also successful in achieving its goal of significantly increasing its activities in the Flavors segment, the more profitable of its activities. In 2013 the Flavors activity already represents 73% of total Frutarom's revenues compared to 33% in 2000. In parallel, Frutarom has also worked to improve its Specialty Fine Ingredients product mix. The successful penetration of these new high margin products has contributed to both the increase in sales of the Specialty Fine Ingredients activity and to the improvement of its margins, a trend which Frutarom anticipates will continue over the coming years.

Revenues

Frutarom revenues in 2013 grew by 9% reaching an annual record high of **US\$673.7** million, compared with US\$618.0 million in 2012. Currency effect was negligible. The acquisitions made in 2013 contributed US\$37 million to revenues in the period. Net of the contribution of the acquisitions, sales grew by 3% this year.

Frutarom revenues in Q4 2013 grew by **32.4%**, reaching a fourth quarter record of **US\$191.8** million, compared with US\$144.9 million during Q4 2012. Currency effects contributed to growth in sales this quarter of 1.6% (US\$2.3 million). The acquisitions made during the fourth quarter contributed US\$35.9 million to revenues in the quarter. Net of the contribution of the acquisitions and currency effects, organic growth this quarter **reached 6.2%** compared with Q4 of last year.



Flavor revenues for the year increased by 8.1% compared with last year, reaching a record high of US\$494.4 million, compared with US\$457.3 million in 2012. The accelerated growth in Flavors, the most profitable among Frutarom's activities, is the result of organic growth and contribution from the acquisitions, which was US\$21.7 million. Net of the acquisitions' contribution, Flavor sales grew by 3.3% this year.

Flavors revenues in Q4 2013 increased by 24.6%, reaching a fourth quarter record high of US\$139.3 million, compared with US\$111.7 during the same quarter last year. Currency effect contributed 1.6% to growth. The acquisitions made during the fourth quarter of 2013 contributed US\$20.6 million to revenues in Flavors during this quarter. Organic growth in Flavors net of acquisitions and currency effect reached 4.6% this quarter in comparison with Q4 of 2012.

Frutarom's revenues in Specialty Fine Ingredients increased by 3.4%, reaching US\$145.6 million, compared with US\$140.8 million in 2012.

Specialty Fine Ingredients revenues increased in Q4 2013 by 14.4%, reaching US\$33.8 million compared with US\$29.5 million in the same quarter last year. Currency effect this quarter contributed 1.5%. Organic growth in Specialty Fine Ingredients was **12.9%** compared with the same quarter last year.

New innovative high added value products developed in the Company's labs over the last few years contributed to organic growth in Specialty Fine Ingredients in 2013.

Frutarom's revenues in Trade and Marketing for 2013 (which is not a core business) increased by US\$17.4 million compared with 2012, reaching US\$39.7 million.

Frutarom revenues in Trade and Marketing for Q4 2013 reached US\$19.9 million compared with US\$4.3 in the same quarter last year.

Trade and Marketing, which increased following the acquisition of Etol and even more so after the acquisition of PTI, focuses on Central and Eastern Europe and Israel. PTI's trade and marketing activity acquired in the fourth quarter of the year, contributed most to the growth in sales in the fourth quarter and over the entire year - US\$15.3 million.

Gross Profit

Annual gross profit of Frutarom's core business (Flavors and Specialty Fine Ingredients activities) net of one-time expenses for acquisitions in the amount of US\$1.8 million, increased by 12.7% reaching US\$252.5 million. **Gross margin** of core business (net of one-time expenses) reached 39.8% compared with gross margin of 37.6% in 2012.

Gross profit of all Frutarom activities (net of one-time expenses) increased by 14.1% reaching an annual record high of US\$258.5 million (38.4% of revenues) compared with US\$226.7 million (36.7% of revenues) in 2012.

Gross profit of all Frutarom activities (including one-time expenses) increased by 13.5% reaching an annual record high of US\$256.8 million (38.1% of revenues) compared with US\$226.3 million (36.6% of revenues) in 2012.

Gross profit in Q4 2013 Frutarom's core business (Flavors and Specialty Fine Ingredients activities), net of one-time expenses, mainly for acquisitions, in the amount of US\$1.7 million, increased in Q4 2013 by 32.1% reaching US\$67.9 million. Gross profit from core business (net of said one-time expenses) in Q4 2013 reached 39.5%, compared with 36.5% in Q4 2012.



Gross profit for all Frutarom activities in Q4 2013 (net of one-time expenses) increased by 38.6% reaching a record fourth quarter high of US\$71.9 million (37.5% of revenues), compared with US\$51.9 million (35.8% of revenues) in the same quarter in 2012.

Gross profit of all Frutarom activities in Q4 2013 (including one-time expenses) increased in Q4 2013 by 36.3%, reaching a fourth quarter high of US\$70.2 million (36.6% of revenues) compared with US\$51.5 million (35.5% of revenues) in Q4 2012.

The organic growth in sales, the improvement in the product mix of Frutarom's core business and stability in the prices of the raw materials Frutarom uses in the manufacture of its products contributed to the improved gross profit and margin. The effect of the actions taken by Frutarom in order to utilize the many operational synergies resulting, among others, from recent acquisitions, has only partially been realized in 2013 and will continue to come to fruition and contribute to its results in 2014 and beyond. Frutarom continues to build and strengthen its global purchasing system, utilizing its strong purchasing power enhanced by the recent acquisitions and continuously expanding its network of suppliers with an emphasis on purchase of the raw materials used in the manufacture of its products from source countries (especially natural raw materials). The global purchasing system will also add to the continuation of the trend of improvement in profit and margin.

Operating Profit and EBITDA

Frutarom's annual operating profit in Frutarom's core business (Flavors and Specialty Fine Ingredients activities), net of one-time expenses, increased by 24.1%, reaching US\$91.0 million (14.3% of sales), compared with US\$73.3 million (12.3% of sales) in 2012.

Operating profit of all Frutarom activities (net of said one-time expenses) increased in 2013 by 23.6% to US\$91.9 million (13.6% of all sales). Operating profit of all Frutarom activities (including the one-time expenses) increased in 2013 by 19.1%, reaching a yearly record high of US\$86.8 million (12.9% of sales), compared with US\$72.8 million (11.8% of sales) last year.

In Q4 2013, operating profit from Frutarom's core business (Flavors and Specialty Fine Ingredients), net of one-time expenses (in the amount of US\$2.9 million) increased by 54.1% reaching US\$22.9 million (13.3% of sales) compared with US\$14.8 million (10.6% of sales) in the same quarter last year.

Operating profit of all Frutarom activities in Q4 2013 (net of one-time expenses) increased by 55.1%, reaching a fourth quarter high of US\$23.3 million (12.1% of sales) compared with US\$15.0 million (10.4% of sales) in the same quarter last year.

Operating profit of all Frutarom activities in Q4 2013 (including one-time expenses) increased by 48.4% reaching a fourth quarter high of US\$20.3 million (10.6% of sales) compared with US\$13.7 million (9.5% of sales) for the same quarter last year.

EBITDA in 2013 from Frutarom's core business (which include the Flavors and Specialty Fine Ingredients activities), net of one-time expenses, increased by 18.4%, reaching US\$119.5 million (18.8% of sales), compared with US\$100.9 million (16.9% of sales) in 2012.

The annual EBITDA of all Frutarom activities (net of one-time expenses) for 2013 increased by 18.2%, reaching a yearly record high of US\$120.5 million (17.9% of sales) compared with US\$101.9 million during the same period last year (16.5% of sales).

The EBITDA of all Frutarom activities (including one-time expenses) for 2013 increased by 15.5%, reaching a yearly record high of US\$116.0 million (17.2% of sales) compared with US\$100.4 million during the same period last year (16.2% of sales).

The EBITDA of all Frutarom activities (including one-time expenses) for 2013 increased by 15.5%, reaching a yearly record high of US\$116.0 million (17.2% of sales) compared with US\$100.4 million during the same period last year (16.2% of sales).



EBITDA in Q4 2013 for Frutarom's core business net of one-time expenses increased by 41.0%, reaching US\$30.7 million (17.9% of sales) compared with US\$21.8 million during the same period last year (15.5% of sales).

EBITDA of all Frutarom activities in Q4 2013 (net one-time expenses) increased by 42.1% reaching a fourth quarter high of US\$31.2 million (16.2% of sales) compared with US\$21.9 million (15.1% of sales) for the same period last year .

The EBITDA of all Frutarom activities in Q4 2013 (including one-time expenses) increased in Q4 by 36.9% reaching a fourth quarter high of US\$28.3 million (14.7% of sales) compared with US\$20.7 million (14.3% of sales) for the same period last year.

Net profit, earnings per share

Net profit in 2013 (net of one-time expenses) increased by 28.3%, reaching US\$67.5 compared with US\$52.6 in 2012. Net margin reached 10.0% in 2013, compared with 8.5% in 2012.

In 2013, net profit (including one-time expenses) increased by 22.4%, reaching a yearly record high of US\$63.6 million, compared with US\$52.0 million in 2012. Net margin reached 9.4% in 2013, compared with 8.4% in 2012.

Net profit over Q4 2013 (net of one-time expenses) increased by 49.9%, reaching US\$17.2 million, 9% of revenues, compared with US\$11.5 million in the same quarter last year (7.9% of revenues).

Net profit in Q4 2013 (including one-time expenses) increased by 41.9%, reaching a fourth quarter high of US\$15.0 million, compared with US\$10.5 million in Q4 2012. Net margin totaled 7.8%, compared with 7.3% in Q4 2012.

Earnings per share in 2013 (net of one-time expenses) increased by 27%, reaching US\$1.16, compared with 0.91 in 2012.

Earnings per share (including one-time expenses), increased by 21.1% reaching a record high of US\$1.09 compared with US\$0.9 per share last year.

Earnings per share in Q4 2013 (net of one-time expenses) increased by 49.2%, achieving a record high of US\$0.29 per share, compared with US\$0.2 per share in Q4 2012.

Earnings per share in Q4 2013 (including one-time expenses) increased by 41.3%, achieving a fourth quarter record high of US\$0.26 per share, compared with US\$0.18 per share in Q4 2012.

Cash Flow, Dividends and Equity

Frutarom continues to create strong cash flow from operating activities, helping it to reduce its debt level and continue to make strategic acquisitions. Total cash flow from operating activities in **2013** reached **US\$88.7** million. **Over Q4 of 2013**, the Company achieved a cash flow from operating activities of **US\$30.6** million

The Company announced a **dividend** to be distributed, of NIS0.28 per share (US\$16.382 million, total).

Frutarom's capital structure (total assets of US\$970.8 million and **equity of US\$521.1** million as of December 31, 2013, constituting 53.7% of the total assets) and **net debt** (total loans after deduction of cash), which stands at **US\$190.7** million as of December 31, 2013, supported by the strong cash flow it achieves from operating activities, together with bank backing, will allow Frutarom to continue implementing its rapid and profitable growth strategy as it has done over the past few years, including further strategic acquisitions, while strengthening its competitiveness and position as one of the leading global companies in the field of flavors and fine ingredients.



About Frutarom

Frutarom is a global company operating in the global flavor and fine ingredients markets. Frutarom has significant production and development centers in four continents and it markets its products in five continents to over 15,500 customers in more than 145 countries. Frutarom's products are intended mainly for the food, beverage, flavor, fragrance, pharmaceutical, nutraceutical, health food, functional food, food additives and cosmetic industries .

Frutarom, which employs approximately 2,700 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, Russia, Switzerland, Germany, Slovenia, Italy, Israel, China, Turkey, Guatemala and Brazil. The Company's global sales and marketing organization includes branches in Israel, the US, UK, Switzerland, Germany, Slovenia, Belgium, the Netherlands, Denmark, France, Italy, Hungary, Romania, Russia, Ukraine, Poland, Kazakhstan, Belarus, Turkey, Brazil, Mexico, Costa Rica, South Africa, 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.

