

PRESS RELEASE

November 16, 2010

Frutarom, the world's seventh largest Flavors and Specialty Fine Ingredients supplier, publishes its financial results for Q3 2010:

FRUTAROM CONTINUES TO PRESENT PROFITABLE GROWTH IN Q3 AND THE FIRST NINE MONTHS OF 2010

**PRESENTS A SHARP INCREASE IN PROFITABILITY:
NET PROFIT INCREASED BY 11%**

TO US\$ 11.1 M

CONSIDERABLE IMPROVEMENT IN MARGIN:

GROSS – 38.9%; EBITDA – 17.9%

OPERATING – 13.5%; NET – 10%

EARNINGS PER SHARE INCREASED BY 10.9% TO \$US 0.19

Frutarom's revenues and the increase in profitability in Q3 and the first nine months of the year result mainly from the following factors:

- Growth in sales of the Flavors Segment
- Growth in sales of the Specialty Fine Ingredients Segment supported by successful penetration of new, mainly natural, products with high margins
- Competitive expense level achieved and maintained by Frutarom as a result of the steps taken in 2009

Haifa, Israel – November 16, 2010. Frutarom (LSE: FRUTq, TASE: FRUT, OTC: FRUTF) today presented its results of the third quarter and the first nine months of 2010.

Frutarom, the world's seventh largest manufacturer of Flavors and Specialty Fine Ingredients reports an increase of 11.1% in net profit in Q3 2010 totaling US\$ 11.1 M compared to a net profit of US\$ 10 M in Q3 2009. Frutarom's net profit margin reached approximately 10% of the Company's total revenues in Q3



2010 compared to a net profit margin of approximately 9% in the same quarter last year. The continued implementation of the rapid and profitable growth strategy contributes to the increase in sales and to the improvement in margins. **Frutarom's net profit in the first nine months of 2010** increased by approximately 37.2% reaching approximately US\$ 35.3 M compared to a net profit of approximately US\$ 25.7 M in the same period in 2009. **The net profit achieved in the first three quarters of the year is higher than the net profit achieved in the entire year of 2009. Net profit margin in the first nine months of 2010** reached approximately 10.4% of the total revenues compared to approximately 8.1% in the same period last year.

Frutarom's revenues in Q3 2010 totaled US\$ 111.0 M, an increase of 4.8% in local currency terms compared to Q3 2009. The weakening of the Euro and the Pound Sterling against the US\$, which was slightly offset by the strengthening of the Swiss Franc and the NIS against the US\$, resulted in a 0.6% decrease in sales in US\$ terms compared to Q3 2009.

Frutarom's revenues in the first nine months of the year totaled US\$ 338.7 M, an increase of approximately 8.2% in local currency terms compared to the first nine months of 2009 which totaled US\$ 316.7. In US\$ terms, Frutarom's sales increased by approximately 6.9% compared to the first nine months of 2009.

The increase in sales in the third quarter and the first nine months of the year results mainly from the growth in Frutarom's core activities – the Flavor Segment and the Specialty Fine Ingredients Segment, which is also supported by a successful penetration of new, mainly natural, products with higher than average margins, developed by the Company in recent years.

The growth in the sales of Frutarom's core activities, the continuous improvement in the Company's product mix, along with the maintenance of the expense level achieved as a result of the steps taken by Frutarom to achieve operational efficiencies and strengthen its competitiveness, and the improvement in the global economic environment, led to the continued trend of profitable growth in sales and to the **Q3 record levels** in the net profit and in the gross, operating and EBITDA margins and in the earnings per share. **In the first nine months of 2010**, Frutarom achieved **record levels** in the operating, EBITDA and net profits and in the gross, operating and EBITDA margins.

Gross profit in Q3 2010 totaled US\$ 43.2 M, an increase of 4.7% compared to US\$ 41.2 M in the same quarter in 2009. **Gross margin** improved and reached 38.9% compared to 37.0% in the same period in 2009. **Frutarom's gross profit in the first nine months of 2010 totaled US\$ 133.5 M** compared to US\$ 115.9 M in the same period last year. **Gross margin** reached 39.4% compared to 36.6% in the first nine months in 2009.

Operating profit in Q3 2010 increased by 12.2% and reached US\$ 15.0 M compared to US\$ 13.3 M last year and **operating margin** increased and reached 13.5% compared to 11.9% in the same period of 2009. **Operating profit in the first nine months of 2010 increased at a sharp rate of 40.2%** and reached US\$ 50.9 M compared to US\$ 36.3 M in the same period last year. **Operating margin improved in the first nine months of the year** and reached 15.0% compared to 11.5% in the same period in 2009.

Increase of 8.3% was recorded in the EBITDA achieved by Frutarom in the third quarter of 2010 reaching \$US 19.8 M, which account for 17.9% of the sales, compared to EBITDA of US\$ 18.3, which accounted for 16.4% of the sales in Q3 of 2009. **The EBITDA achieved by Frutarom in the first nine months of 2010 increased by 29.8%** and reached US\$ 65.2 M, which account for 19.2% of the sales compared to EBITDA of US\$ 50.2 M, which accounted for 15.8% of the sales, in the same period in 2009.



Earnings per share in the third quarter of 2010 increased by 10.9% and reached a record of US\$ 0.19 compared to US\$ 0.18 per share in the same quarter last year. **Earnings per share in the first nine months of 2010 also reached record level, increasing by 36.9% and reaching US\$ 0.62** compared to US\$ 0.45 per share in the same period last year.

Frutarom's equity as at September 30, 2010 totaled US 351.5 M (66.1% of the balance sheet) compared to US\$ 311.9 M (57.7% of the balance sheet) as at September 30, 2009.

Ori Yehudai, Frutarom's President and CEO, summed up stating, "We are satisfied by the continued positive trends expressed in the continued achievement of internal growth while materially improving profit and margin which hit record levels also this quarter. We continue to witness fine results from the continued improvement of our product mix and from the steps we have taken to strengthen and improve Frutarom's competitiveness and operational efficiency.

We intend to keep growing in the main regions in which we operate and accelerate the growth in emerging markets, including Asia, Central and South America and Africa, which enjoy higher growth rates, and in North America, so that the market share of our sales, outside of Europe, will exceed 50% of our total sales within the next 4 years. We act to accelerate growth in these markets by focusing on the strengthening of our research & development, production, marketing and sales infrastructures in important target countries and while exploring options for strategic acquisitions also in these markets.

In the framework of Frutarom's focus on global and multinational customers and on mid-sized and local customers worldwide, we are acting incessantly to expand our natural product portfolio while putting a special emphasis on healthy and tasty food and taking advantage of the growing demand for natural products. At the same time, we put efforts in developing new and innovative, value-added products with higher than average margin and witness fine results from the further improvement in our product mix.

We continue to act for the execution of strategic acquisitions and for the implementation of our rapid growth strategy which combines internal growth and acquisitions. This combination will allow us to again double our sales turnover within the next 4 years, to approximately US\$ 1 billion. Our strong capital (US\$ 351.5 in equity), the low net debt level (US\$ 29.8) and the strong cash flow we achieve, along with the support of leading banks, will allow us to continue and implement acquisitions".

About Frutarom

Frutarom is a global company operating in the global flavor and fine ingredients markets. Frutarom has significant production and development centers in three continents and it markets its products in five continents to over 10,000 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 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 our website: www.frutarom.com.

