

PRESS RELEASE

21.9% GROWTH IN FRUTAROM SALES DURING THIRD QUARTER; RECORD THIRD QUARTER REVENUES OF APPROXIMATELY US\$ 135.3 MILLION

14.2% growth brings record revenues for first nine months to \$386.9 million; Accumulated net profit of \$34.1 million

Third Quarter Results for 2011:

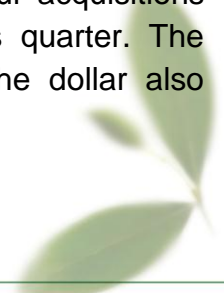
10.5% growth brings record gross profit for third quarter to \$47.7 million

\$14.2 million operating profit after excluding one-time expenses for acquisitions

\$19.9 million EBITDA after excluding one-time expenses for acquisitions

Frutarom Industries Ltd., a top-ten company in the Flavors and Fine Ingredients markets, reports continued rapid growth and record revenues over the first nine months of 2011 and for the third quarter of this year. Frutarom's successful implementation of its rapid profitable growth strategy, combining internal growth and strategic acquisitions, has this year yielded the completion of five additional strategic acquisitions. The successful integration of these acquisitions which is underway will bring about further improvement in the Company's profits and profitability.

Frutarom reports a **growth of 21.9% in revenues for the third quarter of 2011, a record of \$135.3 million** compared to sales of approximately \$111 million in the same quarter last year. This growth in sales stems from a healthy rise in flavors activities, which grew at a rate higher than the market's growth rate. This growth is also the result of continued, fast expansion of flavors activities in the United States, substantially strengthened following the acquisition of Flavor Systems International in October this year. The rise in sales in the third quarter was also positively impacted by the contribution of the successful acquisitions completed over the year to date, contributing \$10.3 million to sales this quarter. The strengthening of European currencies and of the Israeli shekel versus the dollar also contributed 9.6% to sales in dollar terms.



Over the first nine months of 2011, Frutarom's revenues grew by 14.2%, reaching a record high of \$386.9 million dollars in revenues, compared to \$338.7 million during the same period last year. The strengthening of European currencies and of the Israeli shekel versus the dollar contributed 7.5% to sales in dollar terms. Acquisitions performed over 2011 contributed \$17.2 million.

Profitability during the third quarter was affected by the global trend of substantial rises in prices of most of the raw materials which Frutarom uses for the manufacture of its products. This trend has recently leveled off, and over the last few weeks of the quarter prices began stabilizing, some even decreasing. Frutarom expects its future profitability to improve in light of a number of factors, including the combination of raw material price stabilization and the impact, not yet fully realized this quarter, of Frutarom's continued adaptation of sales price, and the constant efforts to increase operational efficiency in existing activities. The successful integration of the companies acquired this year, which also contributed to sales, but as expected only marginally this quarter, is also expected to improve future profitability. The integration of the new activities will be completed by the end of the year.

Gross profit during the third quarter of 2011 grew by 10.5%, reaching a third quarter record high of \$47.7 million, compared to \$43.2 million during the same quarter last year; **gross profitability** during the third quarter of 2011 reached 35.2%.

Operating profit during the third quarter of 2011, after excluding one-time expenses for acquisitions, came to \$14.2 million, compared to \$15 million during the same quarter last year. **Operating profitability, after excluding one-time expenses**, came to 10.5% for the third quarter of 2011.

EBITDA for the third quarter of 2011, after excluding one-time expenses for acquisitions, came to \$19.9 million, compared to \$19.8 million during the same quarter last year. **The EBITDA rate after excluding one-time expenses** came to 14.7%.

Net profit for the third quarter of 2011 totaled \$8.7 million, compared to approximately \$11.1 million dollars for the same quarter last year. **The rate of net profit** for the third quarter reached 6.4% of total revenues.

Gross profits for the first nine months of 2011 totaled \$34.1 million, (64.6% of the total balance sheet), compared to approximately \$35.3 million during the same period last year. **The rate of gross profits** reached 8.8% of total revenues.



Frutarom's equity capital as of September 30, 2011 stood at \$395.5 million (64.6% of the total balance sheet) compared to \$351.5 million (66.1% of the balance sheet) at the end of the same period last year.

Ori Yehudai, President and CEO of Frutarom, commented that "Frutarom continues to successfully combine internal growth with strategic acquisitions.

"Despite challenging market conditions, we created successful internal growth, higher than the market's growth rate. We believe that the combination of the moderation and stabilization of the trend of increasing prices of raw materials, the actions we take to adapt our product prices, operational streamlining and successful integration of activities acquired this year will improve Frutarom's future profits and profitability.

"We have completed five acquisitions since the beginning of this year, which fit in with Frutarom's rapid growth strategy and global expansion program: strengthening and expanding activities in the United States, the largest flavors market in the world, entering into Savory activities in this market, as well as into the fast growing area of Food Service and of innovative flavored-coffee products, promoting our penetration into a very large market where we were previously not players. We also expanded our Savory activities in Europe, and established and increased our market share in other markets such as in Scandinavia, Italy and emerging markets. The integration of the acquired activities is successfully progressing, and is expected to contribute to the improvement of our future profits and profitability. We have a strong pipeline of additional strategic acquisitions opportunities supporting our rapid and profitable expansion strategy, and by using this, together with the internal growth which we are achieving, we will continue to strengthen our position as one of the leading players.

About Frutarom

Frutarom is a multi-national company operating in the global flavor and fine ingredients markets. Frutarom has significant production and development centers on three continents and markets over 20,000 products to over 13,000 customers in more than 120 countries on five continents. 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 1,600 people worldwide, has two 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 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 and Indonesia. The Company also works through local agents and distributors worldwide.

For further information visit: www.frutarom.com

