Company Overview
March 2015
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Frutarom’s Foundations

Founded in 1933, Frutarom combined the cultivation of aromatic plants and flowers with the extraction and distillation of flavors, fine ingredients and essential oils.
Frutarom - A Leading Fast Growing Global Flavor and Fine Ingredient House

Global company

- Sales in over 150 countries
- 16,000 customers
- A Top 10 flavor house

Broad product portfolio

- 31,000 products
- Over 4,000 raw materials
- Innovative pipeline

Financial success since 2000

- 10.1x growth in sales (CAGR 18%)
- 16.8x growth in EBITDA
- 21.9x growth in net profit

Public company

- Listed on London & TLV Stock Exchanges
- From $13M to approx. $1.9B market cap


10 81 108 197 287 425 518 618 674 820

1,000
800
600
400
200
0

Sales in $M
Frutarom - A Global Company

We provide our customers with global and local support

- **Production – 37 Sites**
- **R&D – 42 Labs**
- **Sales & Marketing – 73 Offices**
Our Employees are our Key Asset

Workforce by Region

- USA 24%
- EM 36%
- Europe 30%
- Israel 10%

Workforce by Function

- Operations 48%
- Sales & Marketing 23%
- G&A 15%
- R&D 14%

Over 3,000 employees worldwide
Frutarom - A Profitable Growth Story
Estimated Sales of Flavors
US$ M

Source: Companies’ Publications, Leffingwell & Associates, Reuters, Frutarom’s estimations
* Considering only Core Activity

+800 smaller companies
Frutarom’s Goals & Strategy

✓ Above industry Growth  ✓ Continue Margin Expansion  ✓ Continue Acquisitions Strategy

Over $1.5 billion in revenues by 2020

Over 22% EBITDA in our core business by 2020*

Geographic Focus
Accelerating growth in key Emerging Markets
Expanding Market Share In The US

Customer Focus
Added value solutions to MNCs
Local Mid Size & Private Label

Unique Offering
Natural & Clean Label
Taste & Health
more profitable segments

Leveraging Cross Selling Opportunities

Supply Chain Optimization
Integration of operations
Global Purchasing

* Given current product mix
Accelerated Growth and Market Share in Emerging Markets

**Asia**
- Expanded R&D and sales force in **China**, **Indonesia**, **Philippines**, **Thailand**, **Vietnam**, and **Sri Lanka**
- Building a state-of-the-art plant in **China** with both savory and sweet flavors capabilities
- Setting up flavor operation in **India**
- Evaluating strategic **acquisition** opportunities

**Central and South America**
- Acquired Mylner in **Brazil**, Aroma in **Guatemala** and Montana in **Peru** and **Chile**
- Cross selling and optimization opportunities
- Evaluating strategic **acquisition** opportunities

**Central and Eastern Europe**
- Market leadership in Central and East Europe
- Acquired Etol in **Slovenia** and PTI in **Russia**
- One of the only global players with major production sites in **Russia**
- Cross selling and optimization opportunities

**Africa**
- Fast growing operation in **South Africa**, reinforced by JannDeRee acquisition
- Enhanced R&D and sales force in fast growing markets (**Kenya**, **Nigeria** and others)
Expanding Flavors’ Market Share in the US

**USA**

Focus on the US as a key strategic market

**Strengthening US presence through 2 strategic acquisitions**
- Flavor Specialties in the West Coast in 2009
- Flavor Solutions in Cincinnati in 2011

**Above market rate internal growth**

**Additional substantial foothold through the acquisition of Hagelin in 2013**
- Lucrative beverage market
- Diversified customer base
- Technological know how

**Acquisition of CitraSource in 2014**
- Strengthening Citrus capabilities and leadership
- Presence in Florida
Growing Share of Emerging Markets and the USA

Sales by Geography

<table>
<thead>
<tr>
<th>Year</th>
<th>Emerging Markets</th>
<th>Western Europe</th>
<th>USA</th>
<th>ROW</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>451</td>
<td>(13%) 59</td>
<td>(9%) 41</td>
<td>(51%) 229</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td>(11%) 68</td>
<td>(11%) 66</td>
<td>(42%) 262</td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td>(34%) 281</td>
<td>(46%) 376</td>
</tr>
</tbody>
</table>

Growth Rate

- 2.2x growth in the US
- 3x growth in Emerging Markets
- 6x growth in Flavors US
## Growing Core Business

### Taste Solutions
72% of sales

- Unique, high quality creation of sweet and savory flavors for food and beverage products
- Expertise in local and global tastes
- Operational flexibility and local global supply chain
- Value-added functional savory solutions for the food industry (snacks, meat, fish, organic, and culinary segments)
- Comprehensive sweet and savory food systems
- Unique technologies for fruit, spice, vegetable, meat and fish preparations

### Fine Ingredients
18% of sales

- Specialty botanical extracts, distillates, essential oils and aroma chemicals
- Innovative, science-based health ingredients for phyto-pharmaceuticals, nutraceuticals, dietary supplements, functional foods, cosmetics, and personal care
- Supporting the growing demand for health, wellness and beauty
- Food protection solutions
- Natural Colors

### Trade & Marketing
10% of sales

Strengthening Frutarom’s partnership and offering to customers
Passion for Taste & Health

We develop tailored solutions combining excellent taste with health and functionality all under one roof
Consumers Trends
Health, Wellness & Functional Food

79% of consumers indicate that they actively make dietary choices to prevent health conditions such as obesity, diabetes and high cholesterol, but unwilling to forgo taste even for health...

Growth drivers

- Natural & Healthy
- Aging population and Rising obesity
- Rising Consumer Awareness
- Lifestyle & Income
- Food Sensitivities

Opportunities

- Natural products and clean label
- Avoidance products ("Free-from"/"zero") or Moderation Products with "diet", "low", "less"
- Positive Nutrition and Functional Food
- Convenience and Processes Food
- Food Protection by Natural Solutions

Meeting Consumer Trends Through Artful Creation and Innovation

Strategic Position to meet Market Trends

Creation through Science and Innovation

- **Health & Wellness**
  - Reduced fat, calories & salt

- **Functional Food**
  - Products with Health properties

- **Natural and Clean Label**

- **Cost Reduction**

- **Natural Taste Solutions**

- **Convenience Ready Meals**
Frutarom - the Origin of Taste

Not Just Great Taste - Pioneering Disruptive Innovation

Aromatic Solutions
From natural flavors to delivery systems

Organic Flavors
certified organic flavors

Citrus Expertise
- Tree to Market Understanding
- Control of RM
- Strong Science

Taste Enhancers
- Sweetness enhancers
- Sodium enhancers

FNTF & Beverage Base
- Growing consumer demand
- Citrus expertise
- Clean label

Extensive global library of flavors developed with skill and passion over decades of artful creation
Healthy and Tasty Success

A global supplier of natural **Specialty Health Ingredients**

**Functional food**
- Life Cycle Extension
- Add Functionality

**Dietary Supplements**
- Microencapsulated Iron for Food Supplements
- Food Fortification

**Pharma & Cosmetics**
- Phytopharmaceutical Extracts with DMF
- Botanical Extracts
- Algae

**High Barriers to Entry**
- Highly Regulated - QC/QA/DMF/Claims
- Driven by Science - proof of efficiency is key
- Long Term - long product lifecycles

**Product Innovation for**
**HEALTHY and TASTY nutrition –Super Foods**
- IncaBerry - ideal for many health dietary applications
- Mentarillo - a natural cognitive enhancer contributes to the improvement of memory, learning and mood
- Curry leaf extract - a new energy booster
Natural and Clean Label trend drives Natural Color growth

Natural food color market is expected to grow over 10% annually. Food Color market is expected to reach $1.3B by 2017.

Strategically positioned to serve this fast growing market

- Strong R&D and cutting-edge technologies to provide a wide array of natural colors for food & beverage (and cosmetics)
- Over 15 years of experience in all development processes (aqueous and solvent extraction)
- Efficient supply chain integration
- Offering a full solution of Flavor & Color
- Strengthening position with recent acquisitions of Montana Food, Ingrenat and Vitiva and leveraging cross selling.

1 Markets and Markets - Global Natural Colors and Flavors Market by Types, Applications and Geography: Forecasts up to 2017
Food Protection by Natural Solutions – the Natural choice

Market trend pushes for more **Natural and Clean Label** products - the need for **Natural Ingredients** is rising

- **Leading Market Position**

- **Natural Ability to Improve Shelf Life**

- **Clean Label**

- **Developed Countries Neglect Synthetics Completely**

- **Strict Regulation**

- **Market Growth Rate of nearly 7%**

- Offering a Full Solution of Taste & Food Protection

- Unique capabilities to balance off-taste with Flavor

- Great potential in the Pet Food and Feed industries

- Growth potential in emerging countries

- Strengthening Strategic Position with recent acquisitions of Vitiva and Ingrenat

- Leveraging Cross Selling
Customer in the Center

Customer = Partner

- Sweet & Savory Flavors
- Savory Solutions
- Food Protection by Natural Solutions
- Starter Culture & Functional Ingredients
- Beverage Base
- Natural Health Solutions
- Natural Taste Ingredients
- Natural Color Solutions
- Food Systems
Growing Mid-Sized Food & Beverage Market

Over 65% of Market Controlled by Mid-Sized and Local Companies

- Fragmented market
- New mid-sized/local companies emerging
  - Private label
  - Developing markets
- Service expectations

The Global Food Market
(% of Market Share)

2013 Total Market Size $4,784bn

- Large (>US$ 10B), 15%
- US$3-10B, 10%
- US$1-3B, 7%
- Small & Local (< US$1B), 68%

*Source: Feb, 2014 Datamonitor, Euromonitor and Frutarom’s estimations
**F&F Market Fragmented But Consolidating**

Large F&F players with full service platform, focused on top multinational customers

Many small niche companies with limited service capability and regional focus only

Few mid-sized players with both regional strength and global platform

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**Market Share by size**

2014 F&F Sales* (% of Market Share)

- **55%**
  - 4 companies >$2.5bn
- **25%**
  - 8 Companies >$400m, <$1.2bn
- **19%**
  - 800+ Companies <$400m

*Source: Leffingwell & Associates, Frutarom’s estimations*
Private Label – Mid-Sized and Local

Private label grew nearly **27%** in India between 2012 and 2014.

**Growth Potential in Emerging Markets** - in key markets, such as China, India and Brazil, value share of Private Label is below **5%** versus up to **45%** in Europe.

Globally, **3-in-5** agree they would buy more private label if a larger variety of products were available.

**67%** believe private label offers extremely good value for money.

**62%** say buying private label makes them feel like a smart shopper.

Private label accounts for **$1 of every $3** spent in the consumer packaged goods (CPG) market in Europe.

Source: The Nielsen Company, November 2014
Private Label – Mid-Sized and Local

Market Share

Source: The Nielsen Company, November 2014
Frutarom’s Strategy: Clear Focus Going Forward

Profitable Internal Growth

Geographic Focus
- Developed markets (Europe and USA)
- Emerging markets (Asia, LATAM, Central and Eastern Europe, Africa)

Customer Focus
- Mid-sized and local
- Private label
- Multinational

Product Offering
- Natural Flavor solutions (extracts, fruit bases specialty, essential oils)
- Natural health solutions /functional food ingredients
- Natural color solutions
- Food Protection by Natural Solutions
- Cost reduction solutions

Core Competencies
- R&D and innovation – internal and external
- Efficiencies, scale and synergies – cross selling
- Experienced global management
- Customer-driven organization
Proven Acquisition Track Record

- 41 successful acquisitions
- Strict acquisition criteria:
  - Highly valuable and experienced employees
  - Major synergies and cross-selling potential
  - Additional unique products and technology
  - Positive impact on EPS
- Focus on integration execution
  - Optimization of cross selling opportunities
  - Optimization and harmonization of resources
Recent Acquisitions – Realization Our Strategy

Geographic Focus

Continue to strengthen Frutarom’s position in the US and Emerging Markets

- **Hagelin**
  - Strengthening position in the US and EM.
  - Expertise in Beverage

- **CitraSource**
  - Strengthening Citrus capabilities & leadership
  - Presence in Florida – World Center for Citrus

- **PTI**
  - Russia & CIS
  - Strengthening Leadership in East Europe
  - Savory Solutions leadership

- **Aroma**
  - Guatemala
  - Strengthening market position in Central America

- **Montana Food**
  - Peru & Chile
  - Strengthening market position in South America

Natural Fine Ingredients

Continue to improve product mix & Strengthen position in Health & Wellness

- **Montana Food**
  - Peru & Chile
  - Natural Colors

- **Vitiva**
  - Slovenia
  - Food protection
  - Natural Colors
  - Health Ingredients

- **Ingrenat**
  - Spain
  - Food protection
  - Natural Colors

✓ Cross Selling opportunities
✓ Strong management, R&D and sales
✓ Opportunities for additional improvement in margins
**Ongoing Projects for Resource Optimization**

Leveraging economy of scale

- Capitalizing on the operational synergies enhanced by the recent acquisitions;
- Other projects for optimization and margin improvement under way;
- Building and strengthening the global purchasing organization.
Frutarom Presents Strong 2014

- **Revenues** Reached $820M
- **Revenues growth** 21.6%
  - 4.9% YoY Pro-forma growth (net of currency effect)
- **Gross Profit** Reached $320.6M
  - 41.0% gross margin in Core Business*
- **EBITDA** $151M
  - 20% EBITDA margin in Core Business*
- **Net Profit** Reached $87.6M
  - 10.7% net margin

Results driven by:
- Organic growth above average market growth rates
- Improved product mix
- Successful integration of the acquisitions - already contributing to sales and profits and expected to further contribute to growth and margin improvement

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1 Pro-Forma Growth - Assuming acquisitions performed in 2013 had been consolidated as of January 1, 2013; that CitraSource, which was acquired during the first quarter of 2014, had been consolidated as of March 1, 2013; and that Montana Food, acquired during the fourth quarter of 2014, had been consolidated as of November 1, 2003.
# Constantly Improving Core Business Margins & Profits

<table>
<thead>
<tr>
<th>2014 Gross Profit</th>
<th>2014 EBIT</th>
<th>2014 EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>($M, Core business)</td>
<td>($M, Core business)</td>
<td>($M, Core business)</td>
</tr>
<tr>
<td>223.6</td>
<td>250.7</td>
<td>303.7</td>
</tr>
<tr>
<td>Margin</td>
<td>Margin</td>
<td>Margin</td>
</tr>
<tr>
<td>37.5%</td>
<td>39.5%</td>
<td>41.0%</td>
</tr>
</tbody>
</table>

**Major contributors to growth in Profit & Profitability:**

- Organic growth above market growth rates
- Improved product mix
- Successful integration of recent acquisitions
- Exploiting operational efficiencies
Frutarom Presents Strong Q4 of 2014

Results driven by:

- Organic growth above average market growth rates
- Improved product mix
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## Constantly Improving Core Business Margins & Profits

<table>
<thead>
<tr>
<th>Q4 Gross Profit</th>
<th>Q4 EBIT</th>
<th>Q4 EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>($M, Core business)</td>
<td>($M, Core business)</td>
<td>($M, Core business)</td>
</tr>
<tr>
<td><strong>Margin</strong></td>
<td><strong>Margin</strong></td>
<td><strong>Margin</strong></td>
</tr>
<tr>
<td>Q4 2012</td>
<td>Q4 2013</td>
<td>Q4 2014</td>
</tr>
<tr>
<td>51.5</td>
<td>66.1</td>
<td>73.2</td>
</tr>
<tr>
<td>9.6%</td>
<td>11.6%</td>
<td>15.3%</td>
</tr>
<tr>
<td>Q4 2012</td>
<td>Q4 2013</td>
<td>Q4 2014</td>
</tr>
<tr>
<td>13.6</td>
<td>19.9</td>
<td>27.5</td>
</tr>
<tr>
<td>Q4 2012</td>
<td>Q4 2013</td>
<td>Q4 2014</td>
</tr>
<tr>
<td>20.5</td>
<td>27.8</td>
<td>35.4</td>
</tr>
</tbody>
</table>

### Major contributors to growth in Profit & Profitability:

- Organic growth above market growth rates
- Improved product mix
- Successful integration of recent acquisitions
- Exploiting operational efficiencies
Flavors - Most Profitable Activity Growing Fast

Revenues and Profitability

(Revenues in US$ M)

- **EBITDA Margin**
- **% of total sales**

- **CAGR 00-14**: 24.7%

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues (US$ M)</th>
<th>EBITDA Margin</th>
<th>% of total sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>27</td>
<td>32%</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>45</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>187</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>297</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>370</td>
<td>16.50%</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>457</td>
<td>17.50%</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>494</td>
<td>18.30%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>590</td>
<td>20.50%</td>
<td></td>
</tr>
</tbody>
</table>

- **Above average market growth rates**
- **Increasing market share in Emerging Markets** - LATAM, Asia, Central & Eastern Europe, Africa
- **US flavor sales** grew by more than 6x since 2010
- Leveraging **global R&D and innovation** capabilities and **unique product offering**
- Actions for **operational optimizations and synergies**, including due to recent acquisitions, drive margin improvement
Fine Ingredients – Improved profitability

**EBITDA Margin**

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>13.2%</td>
</tr>
<tr>
<td>2012</td>
<td>13.9%</td>
</tr>
<tr>
<td>2013</td>
<td>16.8%</td>
</tr>
<tr>
<td>2014</td>
<td>17.3%</td>
</tr>
</tbody>
</table>

**Improvement driven by**

- Enhanced product mix
- Focus on **Natural** high added value taste and health Fine Ingredients
- New **innovative** products successfully launched
Profitable Growth Generates Solid Balance Sheet & Cash Flow from Operations

Cumulative Cash Flow

- $443M - Cumulative cash flow since 2009-2014

Balance Sheet
- Net debt (31.12.14) - USD 167.5M
- Equity (31.12.14) - USD 522 M
- Net Debt/EBITDA –
  - Currently 1.10x
  - Historically below 2x
Positive Outlook for 2015-2016

✓ Profitable internal growth
✓ Focus on innovative, health oriented, natural product mix
✓ Successful integration of the recent acquisitions
✓ Additional projects to improve efficiency and merge activities and operations
✓ Strengthening & leveraging global purchasing
✓ Strong acquisitions pipeline
Frutarom’s Goals

**Above-Industry Organic Growth**
Continue successful strategy of combining rapid profitable organic growth with strategic acquisitions

**Margin Expansion**
Over $1.5 billion in revenues by 2020

**Proven Acquisition Track Record**
Over 22% EBITDA in our core business by 2020*

* Given current product mix
Frutarom’s Vision

To Be The Preferred Partner
For Tasty And Healthy Success