

Avgol acquires the assets and operations of Cleaver Associates, Inc., its Global Contract Sales Agent

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Avgol, which engages in the manufacture of nonwoven fabrics for the hygiene market and the diaper industry, announced today that it signed an agreement to acquire the assets and operations of Cleaver Associates, the distributor of the majority of Avgol's products in North America and in other territories worldwide, for the consideration of USD 7 million.

Cleaver is Avgol's exclusive distributor in North America, and is a nonexclusive distributor in other territories. Approximately 80% of Avgol's sales in 2010 were carried out through Cleaver.

Within the scope of the agreement, Avgol shall acquire Cleaver's assets, including the rights to the trade name "Cleaver Associates," as well as the know-how, goodwill and the tangible assets developed by Cleaver, and shall integrate the sales and distribution operations that are being carried out through the U.S. company with Avgol's operations. Avgol intends to finance the said acquisition from its own current sources. Cleaver shall continue to market Avgol's products as usual, without change, until the end of 2012.

Shlomo Liran, Avgol's C.E.O.: "The acquisition of Cleaver is part of Avgol's strategy of merging its external sales and distribution systems into the Company's operations in order to proceed with our expansion plans in Avgol's international markets. Recently, Avgol announced the implementation of investments that are expected to expand our production capacity to about 140 thousand tons, at an investment of about USD 80 million. The production capacity will be expanded during 2011-2012 at Avgol's plant in the U.S. and on another continent. The acquisition of Cleaver is the natural progression of this strategy."

During the third quarter of 2010, Avgol reported revenue of approximately USD 75.2 million – growth of about 44% compared with the corresponding period last year. During the first nine months of 2010, Avgol's revenue totalled approximately USD 205 million, compared with about USD 153 million during the corresponding period last year; i.e., growth of about 34%. The net profit during the third quarter totalled about USD 8.4 million compared with USD 2.6 million during the corresponding period last year. During the first nine months of 2010, Avgol's net profit reached about USD 15.1 million.

Avgol is a global technology company, a world leader in the development, manufacture and marketing of nonwoven fabrics, primarily for the disposable diaper industry. Avgol manufactures more than 10% of the global market's raw materials for diapers. Currently, Avgol has 11 production lines: three lines in the U.S., two production lines in China, one production line in Russia, and 5 lines in Israel.