

THE 12TH ACQUISITION BY FRUTAROM THIS YEAR

FRUTAROM EXPANDS ITS PRESENCE IN CHINA AND SOUTHEAST ASIA:

ACQUIRES THE FLAVORS COMPANY *INVENTIVE*

INVENTIVE'S SALES AMOUNTED TO APPROX. USD 14M FOR THE 12-MONTH PERIOD ENDED OCTOBER 2015

Herzliya, Israel

Frutarom Industries Ltd. ("**Frutarom**"), one of the world's 10 largest companies in the field of flavors and specialty fine ingredients, continues implementing its rapid and profitable growth strategy and announces today its acquisition of 100% of the share capital of the Hong Kong based companies Inventive Technology Ltd. and Prowin International Ltd. (hereinafter collectively "**Inventive**") for USD 17 million. The purchase agreement includes a mechanism for future consideration conditional on the company's business performance over the three year period following the acquisition. The transaction was financed using bank debt.

Inventive was founded in 1998 and engages in the development, manufacture and marketing of flavors and innovative flavor inclusions through the application of innovative solutions and unique technologies for combining flavors with fruit components, chocolate, grains and nuts in many food products, particularly dairy products, ice creams, pastries and beverages. In the 12 months ending October 2015 sales for Inventive reached USD 13.7 million. Inventive has manufacturing, research and development, and marketing facilities at Zhàoqìng in southern China where it has excess production capacity, as well as an R&D and sales center in Shanghai and sales and marketing offices in Hong Kong. The company has a broad customer base which includes blue-chip global food and beverage makers along with leading Chinese food and beverage manufacturers, and its products are sold in China, Southeast Asia, the Middle East and South America. The company's management maintains excellent long-lasting relationships with these leading customers and Frutarom will make use of these ties to capitalize on the abundant and varied cross-selling opportunities.

The company's founders, with their rich and accomplished experience in the industry and who have been successfully running Inventive, will continue in their roles of managing the company and will contribute from their experience towards accelerating the growth of this joint activity.



Ori Yehudai, President and CEO of Frutarom Group, said: "The acquisition of Inventive is the continuation of Frutarom Group's implementation of its rapid growth strategy and the realization of its vision '*to be the preferred partner for tasty and healthy success.*' We have made it a main goal to expand our activity in the emerging markets of China and Southeast Asia with their high rates of growth, both through internal growth and by means of acquisition. The acquisition of Inventive, one of China's leading local companies in flavors and flavor inclusions, is another important step towards attaining this goal. Growth rates for processed food consumption in China continue to be high and stem from the urbanization of Chinese society, the entry of women into the workforce, and changes in the lifestyle and spending habits of the Chinese consumer. Processed food consumption in China is projected to surpass that of the United States in 2015 while the average Chinese consumer consumes just around one quarter of the processed food consumed by the average American consumer, so the potential for continued growth is quite strong.

"In combination with Inventive's activities, Frutarom will continue developing and deepening its presence in the important markets of China and Southeast Asia and will utilize and integrate Inventive's R&D and sales and marketing platform with Frutarom's own global R&D and sales and marketing infrastructure in order to leverage and realize the many cross-selling opportunities generated by this acquisition," said **Mr. Yehudai**.

"Construction was recently completed on our modern advanced Chinese plant, with its state-of-the-art laboratories for development and applications, which will provide us for the first time the ability to develop and produce savory flavoring solutions locally in China, and we are convinced that our new plant will contribute towards taking a leap forward in our activities in China and Southeast Asia which constitute target markets for growth and for leveraging our competitive advantages," continued **Mr. Yehudai**. "We intend to work towards attaining maximum optimization in the operations of the two plants – Inventive's and Frutarom's – and provide Inventive customers the best of Frutarom's capabilities and its wide-ranging product portfolio.

"By virtue of the acquisition, Frutarom's workforce will enjoy a substantial boost and reinforcement by experienced and efficient managers and employees at every level," added **Mr. Yehudai**. "The outstanding, strong, and seasoned management at Inventive will lend its rich experience to Frutarom, become incorporated into Frutarom management in Southeast Asia markets, and together lead the way ahead to accelerated growth in these important markets.

"Thanks to Frutarom's proven experience carrying out acquisitions and capitalizing on the potential synergies inherent in merging the acquired activity with those of Frutarom, we are certain that this acquisition too will contribute to the continuation of Frutarom's rapid and profitable growth and generate high value for our customers, employees and investors," concluded **Mr. Yehudai**. "The acquisition of Inventive is the twelfth acquisition we have made this year, and we are continuing to seek out and perform further strategic acquisitions of companies and operations in our fields of activity while strengthening our position as a leading global player in the field of natural solutions for taste and health."

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About Frutarom:

Frutarom (LSE: **FRUT**, TASE: **FRUT**) is a multinational company operating in the global flavors and fine ingredients markets. Frutarom has significant production and development centers on four continents and markets and sells over 43,000 products to more than 19,000 customers in over 150 countries. Frutarom's products are intended mainly for the food and beverages, flavor and fragrance extracts, pharmaceutical, nutraceutical, health food, functional food, food additives and cosmetics industries.

Frutarom, which employs approximately 3,500 people worldwide, has 2 main core activities:

- The Flavors Activity which develops, produces and markets flavor compounds and food systems;
- The Specialty Fine Ingredients Activity, which develops, produces and markets natural flavor extracts, natural functional food ingredients, natural pharma/nutraceutical extracts, natural food colors, natural algae based biotechnical products, natural antioxidants used in natural food protection systems, aroma compounds, essential oils, unique citrus products, natural gums and resins. The Specialty Fine Ingredients products are sold primarily to the food and beverages, flavor and fragrance, pharmaceutical/nutraceutical, cosmetics and personal care industries.

Frutarom's products are produced at its plants in the US, Canada, the UK, Switzerland, Germany, Belgium, Italy, Spain, Slovenia, Russia, Turkey, Israel, South Africa, China, India, Guatemala, Peru, Chile, Brazil and New Zealand. The Company's global marketing organization encompasses branches in Israel, the US, Canada, the UK, Switzerland, Germany, Slovenia, Belgium, the Netherlands, Denmark, France, Italy, Spain, Hungary, Romania, Russia, the Ukraine, Poland, Kazakhstan, Belarus, Turkey, Brazil, Mexico, Guatemala, Costa Rica, Peru, Chile, South Africa, China, Japan, Hong Kong, India, Indonesia and New Zealand. The Company also works through local agents and distributors throughout the world. For further information, please visit our website at: www.frutarom.com.

