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Fifth Acquisition by Frutarom This Year

Frutarom Acquires BSA of Canada Which Specializes in Unique Savory Solutions

BSA Sales Amounted to CAD 37M (Approx. USD 34M) in 2014

Strategic Acquisition for Frutarom That Expands Its Capabilities and Raises Its Market Share in the Field of Savory Solutions in North America and India

HERZLIYA, Israel, May 17, 2015 (GLOBE NEWSWIRE) -- 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 growth strategy, and announces today that it has signed a purchase agreement for the acquisition of 95% of the share capital of Investissements BSA Inc. ("**BSA**") in exchange for a cash payment of CAD 42.75 million (approximately USD 35.6 million). The purchase agreement provides for the acquisition of the remaining balance of shares starting two years from

now at a price conditional on the company's business. The transaction is being financed using bank debt and will be completed within the next few weeks.

BSA was founded in 1989 by Mr. Marcel Baril with his rich and successful industrial experience, has a large and efficient production site in Montreal and employs around 140 people. BSA's main activities include the development, production and marketing of unique and innovative savory flavor solutions (the non-sweet spectrum of flavors) that include seasoning blends and functional ingredients for the food industry, with particular focus on the areas of processed meats and convenience foods. BSA sales in 2014 (for the 12 months ending Aug. 2014) reached approximately CAD 37 million (approximately USD 34 million).

In addition to its North American operations, in recent years BSA has developed an interesting operation in India in which it holds a 90% stake, with 10% owned by a local partner who manages its activity. The company in India has local production facilities and supplies customers in the Indian market with savory flavor solutions, and also assists the group in procuring raw materials in source countries. BSA's activity in India will contribute towards strengthening and securing Frutarom's position in the growing Indian market and joins the growing activity of the Indian company Sonarome whose acquisition was announced by Frutarom just several days ago.

The worldwide market for savory flavors is growing due to the rise in standard of living and lifestyle along with changes in consumer habits leading to higher demand for processed and convenience foods, both in home consumption and eating out. Frutarom considers the field of savory flavors an important strategic growth engine and in 2006 began substantially expanding in this field through the acquisition of the savory activities of the Nesse group, Gewurzmueller and Christian Hansen in 2006, 2007 and 2009 respectively, the acquisition of EAFI and the savory activities of Rieber and of FSI in 2011, the acquisition of Savoury Flavours in 2012, the acquisition of 75% of the Russian company PTI in 2013, and the acquisition of FoodBlenders in 2015. Frutarom sees great importance for this field, in which now holds a leading position in Europe and invests heavily in developing unique innovative products with high added value at its sites throughout the world. The activity of BSA is synergetic to a large extent with Frutarom's global savory activity and will enable Frutarom to reinforce its supply of products in the field of savory and to continue expanding and deepening its activity and market share in Canada, North America and in India.

Mr. Baril and the four partners currently running BSA successfully will continue in their management roles with the company, with some of them as shareholders as well.

Ori Yehudai, President and CEO of Frutarom Group, said: "The acquisition of BSA 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.*' This is an important and significant strategic acquisition that solidifies Frutarom's position as one of the world's top companies for flavors, and reinforces its presence and standing as a leading global producer of savory solutions. Until now Frutarom has already enjoyed market leadership for savory solutions in Europe, and the acquisition of BSA is expected to boost its position in this field in North America and India as well.

"Thanks to Frutarom's proven experience carrying out acquisitions and capitalizing on the abundant synergies and cross-selling opportunities inherent in merging the acquired activity with those of Frutarom Group, 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," said Mr. Yehudai. "Frutarom intends to utilize and combine BSA's sales and marketing platform in Canada and India together with Frutarom's sales and marketing infrastructure in the United States and around the world in order to realize and leverage the many cross-selling possibilities created by this acquisition by expanding both the customer base and the product portfolio.

"Frutarom considers the field of savory flavors a key strategic growth engine and the BSA acquisition, following its previous acquisitions in this field, is a further step towards reinforcing Frutarom's leadership in this important field and we intend to continue investing towards substantially expanding our savory flavor activities in additional countries around the globe, including through acquisitions," added Mr. Yehudai. "These days we are completing construction of a new modern plant in China which will also be capable of producing savory products and is designed to provide a response to customer needs in this field in the Asian market."

Mr. Yehudai concluded by saying: "We are continuing to implement our rapid and profitable growth strategy. The acquisition of the BSA group is the fifth acquisition we have executed this year and we continue to search out and perform further strategic acquisitions of companies and operations in our fields of activity, with special focus on activities and markets exhibiting high rates of growth."

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 the over 31,000 products it produces to over 16,000 customers in more than 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 3,100 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, UK, Switzerland, Germany, Spain, Italy, Slovenia, Russia, Turkey, Israel, South Africa, China, Guatemala, Peru, Chile and Brazil. The Company's global marketing organization encompasses branches in Israel, the US, 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 and Indonesia. The Company also works through local agents and distributors throughout the world. For further information, please visit our website at: www.frutarom.com.

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