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11 November, 2015

11TH ACQUISITION BY FRUTAROM THIS YEAR

FRUTAROM ACQUIRES AMCO OF POLAND
SPECIALIZING IN UNIQUE SAVORY SOLUTIONS

AMCO SALES AMOUNTED TO USD 19.5 M (71 M PLN)
IN 12-MONTH PERIOD ENDING SEPTEMBER 2015

STRATEGIC ACQUISITION FOR FRUTAROM THAT EXPANDS ITS CAPABILITIES AND RAISES ITS MARKET SHARE IN THE FIELD OF SAVORY SOLUTIONS IN THE GROWING POLISH MARKET

AMCO brings impressive R&D capabilities, quality personnel and a modern state-of-the-art plant with significant possibilities for expansion
Herzliya, Israel

Frutarom Industries Ltd. ("**Frutarom**"), one of the world's 10 largest companies in the field of flavors and specialty fine ingredients, continues the momentum of acquisitions and implementing its rapid and profitable growth strategy: the Company announces today the signing of an agreement to purchase 75% of the share capital AMCO Sp. z o.o. ("**AMCO**") of Poland for USD 20.7 million (82.25 million PLN). The purchase agreement includes an option for acquiring the remaining balance of shares starting two and a half years from the closing date of the transaction at a price based on the company's business performance. The transaction will be financed using bank debt and will be completed within the next few weeks.

AMCO, founded in 1998, has an R&D and sales and marketing center along with an efficient and modern state-of-the-art production site in Warsaw, Poland with large production capacity and significant room to expand. AMCO employs a staff of 70, including 12 engaged in R&D with advanced academic degrees. AMCO's main activity is the development, production and marketing of unique and innovative savory flavor solutions (the non-sweet spectrum of flavors) that include seasoning blends, marinades, and functional ingredients for the food industry. AMCO sales in the 12-month period ending September 2015 reached approximately USD 19.5 million (approx. 71 million PLN).

The worldwide market for savory flavors is growing due to the rise in standard of living and changes in lifestyle and consumer habits, leading to rising demand for processed and convenience foods both for home consumption and when eating out. Frutarom views 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 acquisitions of FoodBlenders in the UK and of BSA in Canada 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 natural and healthy products with high added value at its sites throughout the world. The activity of AMCO 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 Poland and neighboring countries. Poland, with its population of 38 million, is a growing central country in Europe and considered one of the largest consumer markets there, with a stable economy and strong industrial sector. The country has a large and efficient food industry which manufactures finished food products also for Western, Central and Eastern European markets. Growth rates in Poland in recent years have reached approx. 4% and, according to forecasts by analysts, the Polish market is expected to grow by 4-5% annually in upcoming years, a much higher rate of growth than expected for Western Europe.

The company's founders who have been running AMCO successfully will continue in their managerial roles with the company and as shareholders.

Ori Yehudai, President and CEO of Frutarom Group, said: "The acquisition of AMCO 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 a key 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 natural, healthy and innovative savory solutions. The acquisition constitutes a significant entry into the important and expanding Polish market where Frutarom is gaining a modern state-of-the-art production site. As a global manufacturer, this acquisition provides Frutarom the advantages of possessing a local R&D and production platform for shortening delivery times and improving customer service in the region. In the future, AMCO's R&D labs and modern state-of-the-art plant will also help boost Frutarom's activity in Poland in the field of sweet flavors.

"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 AMCO's R&D, sales and marketing infrastructure and production and supply chain platform in Poland together with Frutarom's R&D, sales, marketing and manufacturing infrastructures and platforms 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, and to capitalize on the operational synergies between AMCO's activity and the activities of Frutarom.

"Frutarom considers the field of savory flavors a key strategic growth engine and the AMCO 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. "We have recently started up operations at our new modern plant in China which is also 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 AMCO is our eleventh this year and we continue to seek 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. We will continue implementing our rapid growth strategy, which is based on combining profitable internal growth and strategic acquisitions, towards attaining the goals we recently set for ourselves: Sales of at least USD 1.5 billion with an EBITDA margin of over 22% from our core activities by the year 2020."

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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 the over 43,000 products it produces to over 19,000 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 3,500 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.

Related Documents

 [AMCO Eng PR Final \(002\).docx \(483.1 Kb\)](#)

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