

FIFTH FRUTAROM ACQUISITION IN 2016

PURCHASES EXTRAKT CHEMIE OF GERMANY ENGAGED IN THE EXTRACTION OF NATURAL SPECIALTY INGREDIENTS FOR THE PHARMA, FOOD AND COSMETICS INDUSTRIES

FRUTAROM CONTINUES STRENGTHENING ITS POSITION AS A GLOBAL PLAYER IN NATURAL SPECIALTY INGREDIENT EXTRACTS

Herzliya, Israel

Frutarom Industries Ltd. ("**Frutarom**"), one of the world's 10 largest companies in the field of flavors and natural specialty fine ingredients, continues its momentum of acquisitions and the implementation of its rapid and profitable growth strategy with the announcement that it has acquired 100% of the German partnership Extrakt Chemie Dr. Bruno Stellmach GmbH & Co. KG ("**Extrakt Chemie**") as well as the property on which Extrakt Chemie's plant is situated in exchange for approximately USD 6 million in cash (approx. € 5.3 million) plus the assumption of debt (net) amounting to approx. USD 2.2 million (approx. € 2 million). Revenues of Extrakt Chemie for the fiscal year ended February 2016 amounted to approx. USD 10 million (approx. € 9 million). The purchase agreement includes a mechanism for future consideration conditional on the business performance of Extrakt Chemie during 2016 and 2017. The transaction was independently financed.

Extrakt Chemie was established in 1969 and has a long-standing reputation and knowhow in specialty ingredient extracts, primarily for pharma, natural medications, nutritional supplements, foods and cosmetics. Extrakt Chemie develops, produces and markets specialty solutions of natural extracts, some that include plant-sourced enzymes for use mainly as raw material (API) in the pharmaceutical market, with proven benefits in, among other things, the treatment of liver diseases, digestive problems and the prevention of infections.

Extrakt Chemie has a leading position in the German market. Its 150 customers include top global pharma companies with whom the company has long-lasting relationships. The company is also active in other Western European countries such as Denmark, Switzerland, France and Austria as well as in the Australian market, and maintains an efficient production site with GMP certification for pharmaceutical products in Stadthagen, close to Hannover in northwest Germany, which also includes a research and development laboratory. Extrakt Chemie has a staff of about 35 employees.



Extrakt Chemie's production capabilities and products reinforce Frutarom's production and technological infrastructure and its portfolio of natural solutions in the pharma field. Frutarom will work towards capitalizing on opportunities for optimizing its global resources in the field of natural extracts along with the cross-selling opportunities arising from this acquisition in expanding its R&D and production of natural specialty solutions combining taste and health in response to consumer demand and major trends towards healthier and more natural products in the global medications, nutritional supplements, foods and cosmetics markets. This field has been growing at a rapid pace and Frutarom's unique capabilities give it a solid competitive edge.

Extrakt Chemie's owners, and foremost among them its chief technologist and commercial manager with their decades of experience in the market for natural plant-based extracts, will join Frutarom's managerial ranks in its Specialty Fine Ingredients Division.

Ori Yehudai, President and CEO of Frutarom Group, said: "Over the past two years Frutarom has taken a major strategic step in strengthening its position as a leading global manufacturer of specialty fine ingredients. We acquired Montana Food in Peru and Vitiva in Slovenia along with Nutrafur and Ingrenat in Spain, companies engaged among other things in natural plant extracts and natural colors, as well as Florida-based CitraSource and Scandia specializing in natural citrus-based specialty ingredients, and also Algalo and Grow with their unique technologies for natural raw material extracts.

"The acquisition of Extrakt Chemie is a natural continuation in the strengthening of our global infrastructure for natural ingredient extracts while diversifying and broadening our production capacity and capabilities in the field of pharma and natural medications and adding an efficient, high quality and reputable production base to Frutarom's global production network," continued **Mr. Yehudai**. "This acquisition blends in well with our rapid and profitable growth strategy, deepening and expanding Frutarom's activity in the growing field of natural extracts, with emphasis on improving our operational efficiency which contributes to the continual improvement in Frutarom's profitability. We will continue investing in significantly expanding our global activity in this important and growing field, both through strategic acquisitions and research and development, and by creating partnerships with knowledge centers specializing in innovative natural ingredients.

"The acquisition of Extrakt Chemie is the 30th acquisition we have made in the past five years and the fifth we have completed since the beginning of 2016 in continuing the implementation of our rapid and profitable growth strategy combining strategic acquisitions with internal growth surpassing the rates of growth in markets in which we operate," **Mr. Yehudai** said in conclusion. "We have an excellent pipeline of future acquisitions which will contribute, along with continued reinforcement of our market leadership in joining together the worlds of natural flavors and health, towards achieving the goals we recently set out: USD 2 billion in sales by 2020 along with an EBITDA margin of over 22% in our core activities."

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About Frutarom:

Frutarom (LSE: FRUT, TASE: FRUT) is a leading global company operating in the global flavors and natural fine ingredients markets. Frutarom has significant production and development centers on all six continents and markets and sells over 49,000 products to more than 28,000 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 more than 4,500 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 algae-based biotechnical products, natural food colors, natural substances for food protection, 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, Poland, 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, Austria, Slovenia, Belgium, the Netherlands, Denmark, France, Italy, Spain, Hungary, Romania, Russia, 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.

