

May 14, 2015

FOURTH FRUTAROM ACQUISITION THIS YEAR

**FRUTAROM EXPANDS ITS PRESENCE IN THE GROWING
MARKETS OF INDIA AND AFRICA:**

**ACQUIRES CONTROLLING SHARE IN THE INDIAN
FLAVORS AND FRAGRANCES COMPANY SONAROME**

SONAROME SALES IN 2014: \$12M

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 growth strategy, and announces today that it has acquired 60% of the share capital of the flavors and fragrances company Sonarome Private Ltd. ("**Sonarome**") in exchange for a cash payment of US\$ 17.2 million (reflecting a company value of US\$ 28.6 million). The purchase agreement includes an option for Frutarom to acquire the remaining balance of shares starting two years from now at a price conditional on the company's business performance. The transaction is being financed using bank debt.

Sonarome, which was founded in 1981, engages in the development, production and marketing of flavors and fragrances. Sales for Sonarome have grown quickly in recent years at a double-digit annual rate, reaching US\$ 12 million in 2014. Sonarome's manufacturing, marketing, and research and development are based in Bangalore, India where it has additional production capacity. In addition to its activities in India, Sonarome has extensive activity in about 20 African markets, particularly in Nigeria, South Africa, Ethiopia, Kenya and Mozambique, which also constitute key growing target markets in Frutarom's growth strategy. Sonarome has a broad customer base that includes global and local food and beverages manufacturers.

The founders of Sonarome, T.S. Gulhati and Mrs. R Gulhati, and their son N. Gulhati, have amassed rich and fruitful experience in the industry, and those successfully running Sonarome today will continue in their roles with the company as management and shareholders.

Ori Yehudai, President and CEO of Frutarom Group, said: "The acquisition of Sonarome is the continuation of the Frutarom Group's implementation of its rapid growth strategy and realization of its vision '*to be the preferred partner for tasty and healthy success.*' Frutarom has set itself the goal of expanding its activity in the emerging high-growth markets of India and Africa, both through internal growth and by means of acquisitions. The acquisition of Sonarome, one of India's leading domestic companies in the field of flavors and fragrances, is another key step towards attaining this goal. Combined with Sonarome's activity, Frutarom will continue to develop and deepen its presence in the important markets of India and Africa, capitalize on Sonarome's R&D and sales and marketing platform and integrate it with Frutarom's global R&D and sales and marketing infrastructure in order to leverage and realize the many cross-selling opportunities arising from this acquisition. We will also work towards leveraging Sonarome's production and supply chain capabilities to accelerate our growth in India.

"The acquisition of Sonarome will provide Frutarom with the advantages of a global manufacturer having a local R&D and production platform in cutting delivery time and improving



service to customers in the region. It will also contribute towards accelerating the momentum of expanding activity in the growing markets of Africa where Frutarom began independent operations four years ago, which also gained a boost with the acquisition of JanDeRee in South Africa about two years ago. In addition to its flavors activity, Sonarome maintains an excellent and growing infrastructure for activity in the field of fragrances as well, particularly in India and the emerging markets of Africa, and Frutarom will work towards utilizing this infrastructure in penetrating additional emerging markets.

"Frutarom's workforce following the acquisition will benefit from a substantial boost and reinforcement by experienced and efficient managers and employees at every level. Sonarome's outstanding, strong, and seasoned management team will contribute to Frutarom from its rich experience and together with it will lead towards continued and accelerated growth in India and Africa."

Mr. Yehudai summarized in saying: "Thanks to Frutarom's proven experience in executing acquisitions and realizing the synergetic opportunities inherent in combining the acquired activities with its own, we are certain that this acquisition too will contribute to Frutarom's continued rapid and profitable growth and generate top value for our customers, employees and investors. Sonarome is our fourth acquisition this year as 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."

Contact Details:

ir@frutarom.com, +972-9-9603800

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.

