

**Frutarom continues expanding its portfolio of natural specialty products in the field of dietary supplements and functional foods**

**Acquires the activity of AB-Fortis of Spain - developer of a unique innovative method of micro-encapsulation for effective delivery of daily dosages of iron**

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 the implementation of its rapid and profitable growth strategy also in natural specialty ingredients for the food, dietary supplement, pharmaceutical and cosmetic industries, and announces today that it has signed an agreement with AB Biotics S.A. of Spain for the acquisition of the activity of AB-Fortis with its patent-protected micro-encapsulation technology that enables delivery of iron with increased biological absorption while avoiding the side effects of metallic taste and digestive problems in the applications of functional foods and dietary supplements. The products provide a unique innovative way to effectively administer a daily dose of iron.

After successfully marketing products based on this technology to its customers over the past four years and having accompanied product launches in Europe, Asia and Latin America, Frutarom has decided to acquire the technology and expand its activity.

Iron is a vital component in building organic compounds, enabling oxygen to be carried by red blood cells and oxygen to be maintained within the cell structure. Iron deficiency constitutes a global health problem in developed and developing countries alike, and is particularly prevalent in children under the age of 6 among whom the iron deficiency is associated with psychomotor and cognitive development, as well as in pregnant women suffering from excess fatigue due to iron deficiency, whereby among these groups the percentage of population suffering from iron deficiency reaches 20% in developed countries and up to 60% in some developing countries<sup>1</sup>. In light of iron's low solubility, taking iron is usually characterized by low rates of biological absorption, leading to increased dosages and the side effects of metallic taste, problems in the digestive system that could range to the extent of nausea, vomiting and pyrosis, discoloration of teeth, and more. Coating the iron using AB-Fortis' unique micro-encapsulation technology significantly increases the ability of the iron to be absorbed in the tissues, makes the iron tasteless and allows for the administering of a lower dosage along with a significant reduction in side effects. The AB-Fortis activity will join Frutarom's established activity in specialty fine ingredients, the framework in which Frutarom develops, produces and markets active substances and natural specialty patent protected extracts with scientifically proven healthy qualities backed by clinical trials to tens of thousands of customers throughout the world.

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<sup>1</sup> Worldwide prevalence of anæmia 1993-2005, WHO Global Database on Anæmia, Geneva, 2008. 2) Draft SACN Report on Iron and Health – June 2009



**Yoni Glickman, President of Frutarom's Natural Product Solutions Unit**, said: "The acquisition of the AB-Fortis technology continues the fulfillment of Frutarom's broad strategic drive to strengthen its position as a leading, innovative global supplier of natural specialty products and functional food components in the fields of taste and health. AB-Fortis' unique micro-encapsulation technology expands Frutarom's diverse product portfolio in the growing field of specialty Health ingredients. Delivering Iron supplementation in a bio-available and palatable manner is an important objective for many of our food and supplement customers and we continue to work with them closely to bring this and other innovative solutions that combine our core competencies in Taste and Health"

In conclusion, **Ori Yehudai, President and CEO of Frutarom**, said: "We are continuing to expand the portfolio of natural specialty products we offer our customers which already now make up over 75% of our sales, whether through our in-house R&D or collaborations with universities, research institutes and start-ups, or through acquisitions. As part of the strategy of focusing on natural products with healthy qualities we acquired Grow, Nardi and Extrakt-Chemie in 2016 and Nutrafur and Vitiva in 2015. In recent years we further expanded our activities in natural products by also entering the field of natural colors for food (through the acquisitions of Montana Food, Vitiva and Ingrenat) and by significantly increasing our activity in the field of natural solutions for food protection (through the acquisitions of Vitiva, Ingrenat and Nutrafur), and recently we announced the acquisition of the specialty nutrition company Enzymotec which produces and markets specialty ingredients in the field of nutrition and medical food based on a unique technology for processing lipids (organic compounds containing fats) that support important biological functions. We will continue carrying out our rapid profitable growth strategy based on combining profitable internal growth and strategic acquisitions which will lead to our attaining the targets we set: sales of at least US\$ 2 billion with an EBITDA margin of over 22% in our core activities by the year 2020."

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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 60,000 products to more than 30,000 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 supplement and cosmetics industries.

Frutarom, which employs approximately 5,000 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 antioxidants that provide solutions for natural food protection, aroma compounds, essential oils and unique citrus products. 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, Ireland, Switzerland, Germany, Belgium, Italy, Spain, France, Slovenia, Poland, Russia, Turkey, Israel, South Africa, Morocco, China, India, Mexico, Guatemala, Peru, Chile, Brazil and New Zealand. The Company's global marketing organization encompasses branches in Israel, the US, Canada, the UK, Ireland, Austria, Switzerland, Germany, 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 the Company's website at: [www.frutarom.com](http://www.frutarom.com).

