

SIXTH ACQUISITION FOR FRUTAROM IN 2017

ACQUIRES THE SWISS SAVORY SOLUTIONS COMPANY MÜHLEHOF GEWÜRZE FOR USD 7M

STRENGTHENS ITS MARKET LEADERSHIP IN SWITZERLAND

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 by announcing today that it has signed an agreement for the purchase of 100% of the shares of the Swiss company Mühlehof Gewürze AG ("**Mühlehof**") for approximately US\$ 7 million (CHF 6.69 million). The transaction was completed upon signing and financed through bank debt.

According to Mühlehof management reports, its sales turnover for the 12 months ending in June 2017 totaled approx. US\$ 3.4 million (CHF 3.35 million).

Mühlehof, which was founded in 1979, engages in the development, production and marketing of savory taste solutions (the non-sweet spectrum of flavors), including flavors, seasoning blends, marinades and functional ingredients for the food industry, with emphasis on convenience foods and meats. Mühlehof, with 9 employees, has a site in Switzerland for development, manufacturing and marketing which is included among the acquired assets. Mühlehof has a product portfolio of specialized solutions that are tailor-made for its customers and Swiss tastes that is based on considerable know-how and experience, and a broad customer base which includes leading Swiss retail chains for which Frutarom foresees a large number and variety of cross-selling opportunities.

Mühlehof's activity is synergetic with Frutarom's activity in Europe in the field of savory, which has grown significantly in recent years, particularly with its activity in Switzerland. Frutarom is a leading player in Switzerland in the field of flavors, including savory taste solutions and flavor extracts and products also containing fruit or vegetable or other natural components (Food Systems) and in the field of natural specialty fine ingredients, particularly in natural pharma/nutraceutical extracts and natural functional food ingredients. The acquisition of Mühlehof will strengthen Frutarom's market leadership in Switzerland, allowing it to continue expanding and deepening its activity and market share in the country and to generate and exploit synergies in the areas of R&D, sales, operations, purchasing and logistics and attaining significant savings from the merger.



Frutarom sees great strategic importance for rapid growth in the field of savory flavors in which now holds a leading market position, and is focused on developing unique innovative natural and healthy products with high added value at its sites throughout the world. The global market for savory flavors is growing due to the rise in standard of living and changes in lifestyle and consumer habits bringing about increased demand for processed and convenience foods both for home consumption and for eating out. Frutarom embarked about 10 years ago on a strategic course of action to significantly build up its global savory activity by acquiring leading companies in their fields possessing unique solutions and a strong position in strategic target markets. Among the companies and activities acquired: Nesse, Gewürzmüller and the savory activity of Chr. Hansen in Germany (in 2006, 2007 and 2009 respectively); EAFI in the UK, the savory activities of Rieber in Norway, US-based FSI and the savory activities of Chr. Hansen in Italy in 2011; Savoury Flavours in the UK and ETOL in 2012; JannDeRee in South Africa and PTI in Russia in 2013; FoodBlenders in the UK and BSA of Canada, with activity also in India, in 2015; and AMCO of Poland, Wiberg of Austria, Redbrook of Ireland and Piasa of Mexico in 2016; and Unique Flavors in South Africa in 2017.

Ori Yehudai, President and CEO of Frutarom Group, said: "This is another acquisition of activity in Frutarom's core field which strengthens our market leadership in the field of savory overall and in Switzerland in particular, and enables us to offer our customers and Mühlehof customers a broader portfolio of solutions based on the innovation and technologies of Frutarom products in the savory segment, and to even further improve our service with our now having a production base in Switzerland in the field of savory solutions. In addition, we will work towards achieving the maximum possible commercial and operational efficiency from merging Mühlehof's activity with our activity in Switzerland, Germany, Austria and Italy."

In conclusion, **Mr. Yehudai** said: "The Mühlehof acquisition is a continuation of the implementation of Frutarom's rapid and profitable growth strategy and the realization of its vision 'to be the preferred partner for tasty and healthy success.' This is the sixth acquisition we have made this year after having acquired Unique Flavors in South Africa, the French flavors company René Laurent, the Vietnamese flavors company WFF, SDFLC in Brazil with its flavor solutions for ice creams and desserts, and acquiring Flavours and Essences in the UK which we announced last week. Since 2015 we have already acquired 25 companies which have been successfully integrated into our global activity and have been and will continue contributing to further growth in sales and improved profits and margins through maximal capitalization on the synergies they bring. We have an outstanding pipeline of further strategic acquisitions of companies and activities within the scope of our operations and we will continue carrying out our rapid profitable growth strategy, which is based on combining profitable internal growth and strategic acquisitions, in order to achieve the targets we recently 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 additives 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.

