

## **THIRD ACQUISITION FOR FRUTAROM IN 2017: CONTINUES EXPANDING ITS GLOBAL REACH AND DEEPENING ITS PRESENCE IN GROWING EMERGING MARKETS**

### **Acquires 60% of the Vietnamese flavors company WFF and will build a new modern plant in Vietnam**

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: The Company announces that today it signed an agreement for the purchase of 60% of the Vietnamese company Western Flavors Fragrances Production ("**WFF**") for approx. USD 1.3 million (VND 28.7 billion). The purchase agreement includes an option for purchasing the balance of WFF shares beginning four years from completion of the transaction at a price based on the future business performance of WFF during that period. The transaction is expected to be completed within the upcoming weeks and will be financed through independent means.

WFF's sales volume in the 12 month period ended February 2017 totaled approx. USD 1.5 million (approx. VND 34 billion).

WFF was founded in 2003, has 44 employees and engages in the development, production and marketing of flavors, mostly in the field of sweet flavors and with emphasis on the dairy, beverages, confectionery and baked goods segments. The company has a broad portfolio of products and around 300 customers from among the leaders in their fields in Vietnam. WFF has a plant and laboratory in southern Vietnam in Ho Chi Minh City and a sales and marketing office in Hanoi, in the country's northern region, and is one of a handful of flavors producers in the Vietnamese market having a research, development and applications laboratory, production site and local sales and marketing platform. Frutarom intends to build a modern new flavors plant in Ho Chi Minh City which will enable it to significantly expand its activity in the Vietnamese market and in the growing countries of the region.

The Director of WFF, Mrs. Phuong Nguyen, the main shareholder in WFF and with 20 years of experience in the flavors and food industry, will continue managing the company's activity.

Vietnam, with a population of 90 million, is one of the Southeast Asia's growing economies with a projected growth rate for next year of over 6% based mainly on continued rapid growth in the country's foreign trade. The Vietnamese economy is characterized by significant government investment in infrastructure and national projects, a high rate of participation in the work force and rising personal consumption which is responsible for around 70% of the GNP<sup>1</sup>.

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<sup>1</sup> According to World Bank figures.



WFF's activity is synergetic with Frutarom's activity in Vietnam and Southeast Asia in the field of sweet flavors which has grown in recent years at a faster rate than the market. The acquisition of WFF is part of the fulfillment of Frutarom's strategy to significantly expand its activity in Asia. In this framework Frutarom acquired in 2015 the Indian flavors company Sonarome and the Chinese taste solutions company Inventive, and in 2016 inaugurated a new modern flavors plant, including an advanced R&D laboratory, in Shanghai, China.

Frutarom intends to continue significantly expanding its activity in Asia based both on rapid organic growth and an interesting acquisition pipeline including in additional key regional countries, along with optimal exploitation of the many cross-selling opportunities and taking steps to integrate the procurement, production, R&D and sales and marketing platforms in the countries of the region.

**Ori Yehudai, President and CEO of Frutarom Group**, said: "The acquisition of the Vietnamese flavors company WFF is the continuation of Frutarom's implementation of its rapid and profitable growth strategy and fulfillment of its vision 'to be the preferred partner for tasty and healthy success.' The acquisition will contribute to strengthening our position in Vietnam with the attaining of a significant relative advantage of having a local R&D, sales production presence in one of Southeast Asia's important growing markets.

"We intend to take steps to quickly combine the broad supply of Frutarom's product portfolio in the growing Vietnamese market while exploiting the many cross-selling opportunities opening up to us in Vietnam, along with strengthening WFF's management and R&D, production, sales and marketing capabilities and combining our existing activity in Vietnam and Southeast Asia with WFF's activity," said **Mr. Yehudai**. "We will also work on building a modern production site in Ho Chi Minh City, greatly increasing production capacity which will allow us to continue accelerating our growth in Vietnam and in the growing countries of the Southeast Asia region."

In conclusion, **Mr. Yehudai** said: "We are working on finding and making further strategic acquisitions of companies and activities in our fields of operations, with special emphasis on markets with high rates of growth in Asia, Central and South America, Central and Eastern Europe and in Africa. The implementation of this strategy has led to the percentage of our sales in emerging markets having grown from 27% in 2010 to 42% in 2016 while the scope of activity has more than quadrupled. We will continue carrying out our rapid and 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 multinational company operating in the global flavors and 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 27,000 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 employs approximately 4,800 people worldwide and engages in two 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, and 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, Ireland, Switzerland, Germany, Belgium, Italy, Spain, Slovenia, Russia, Poland, Turkey, Israel, South Africa, China, India, Guatemala, Peru, Chile, Brazil, Mexico and New Zealand. The Company's global marketing organization encompasses branches in Israel, the US, Canada, the UK, Ireland, 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, visit our website: [www.frutarom.com](http://www.frutarom.com).

