

FRUTAROM'S LARGEST ACQUISITION**REPORTING ITS 1ST ACQUISITION FOR 2016
AFTER 12 ACQUISITIONS IN 2015****CONTINUES FULFILLING ITS RAPID AND PROFITABLE GROWTH
STRATEGY****SIGNED AN AGREEMENT FOR THE PURCHASE OF
WIBERG OF AUSTRIA, WORLD LEADER IN SAVORY FLAVOR
SOLUTIONS, FOR APPROX. USD 130 M (€119 M)****WIBERG SALES IN 2015¹ APPROX. USD 172 M (€155 M)****FRUTAROM CONTINUES TO CONSOLIDATE ITS POSITION AS ONE OF
THE WORLD'S 10 LARGEST COMPANIES IN ITS FIELD****FRUTAROM SALES INCLUDING THE ACQUISITIONS REACH AN
ANNUAL RATE OF USD 1.1 B²****RAISES 2020 TARGET TO USD 2 BILLION IN SALES
WITH CORE ACTIVITY EBITDA MARGIN ABOVE 22%**

Herzliya, Israel

Frutarom Industries Ltd. ("**Frutarom**"), one of the world's 10 largest companies in the field of flavors and specialty fine ingredients, continues its momentum of acquisitions and implementation of its rapid and profitable growth strategy: The Company announced today (Monday) the signing of an agreement for the purchase of 100% of the shares of Sagema GmbH of Austria and Wiberg GmbH of Germany (including Wiberg's 50% ownership share in a Canadian subsidiary and 51% ownership share in a Turkish company) (collectively: "**Wiberg**") for approx. USD 130.4 million (€119 million). Wiberg sales for 2015¹ are expected to stand at approx. USD 172 million (€155 million), achieving impressive rates of growth beyond the growth rates of markets in which it operates, with adjusted EBITDA³ of approx. USD 19 million (€17 million). The total value of assets acquired stood at USD 131 million (€107.8 million) as of December 31, 2014. The transaction will be financed using bank debt. Completion of the transaction is subject to approval from the German and Austrian antitrust authorities which Frutarom expects will be granted at the beginning of 2016.

^{1,3} Based on annualized sales and EBITDA for Wiberg in the first ten months of 2015, in accordance with its managerial reports, including full consolidation of subsidiaries and net of non-recurring expenses and expenses unrelated to ongoing operations that will not recur following completion of the transaction.

² Based on annualized Frutarom sales plus the reported acquisitions.



Founded in 1947, Wiberg now ranks as a top international group in its field, boasting a superb reputation and strong brand name in the specialty and innovative savory solutions (the non-sweet spectrum of flavors) that include flavor extracts, seasoning blends and functional ingredients for the food industry, with special emphasis on processed meats and convenience foods as well as activity focused on innovative culinary solutions for restaurants, catering firms and chefs which constitute an interesting and distinctive premium market. Wiberg employs some 670 personnel throughout the world and operates five production sites, the largest of which is a modern and efficient state-of-the-art facility in Germany with extensive production capacity and substantial room for expansion, and in Austria, Turkey, Canada, and Los Angeles in the USA. Wiberg headquarters in Salzburg, Austria includes a modern R&D center and advanced laboratories. The company has sales and marketing platforms in some 70 countries, with a presence in Europe, North America, Africa and Asia. Wiberg's broad customer base encompasses thousands of food manufacturers, including some of the top in their fields.

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 considers the field of savory flavors an important growth engine for itself and about 10 years ago embarked 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; and FoodBlenders in the UK, BSA of Canada with activity also in India, and AMCO in Poland in 2015.

Frutarom sees great strategic importance for this field, in which now holds a leading market position, and focuses on developing unique innovative natural and healthy products with high added value at its sites throughout the world. Wiberg's activity is largely synergetic with Frutarom's global savory activity and will enable Frutarom to reinforce its supply of savory products, with emphasis on the growing field of culinary solutions and on offering Wiberg's wide selection of products and solutions in this field to its customers throughout the world. Frutarom intends to make the most of its global sales and marketing infrastructure in leveraging and realizing the many cross-selling opportunities generated by this acquisition by expanding the customer base and the product portfolio.

Frutarom will also take steps to maximize the reaping of operational synergies between its own activities and those of Wiberg in the various countries in order to achieve operational efficiencies and maximal savings estimated at more than USD 12 million (on an annual basis), most of which will already be attained over the coming year and partly during 2017. The substantial Wiberg activity will also now join the global purchasing system being built by Frutarom, with emphasis on the purchase in source countries of the raw materials used in the manufacture of its products as well as on maximum future exploitation of the economies of scale built up by Frutarom in recent years.

Wiberg has quality and professional personnel who will contribute much towards the successful business integration between Frutarom and Wiberg and help accelerate Frutarom's growth in the area of savory. Wiberg President and CEO, Mr. Marcus Winkler, who is third generation to the company's founders and has led it with great success, will continue providing guidance to the company in a consultancy capacity and contribute from his extensive experience and knowledge towards the successful merging of the Wiberg and Frutarom businesses.



Ori Yehudai, President and CEO of Frutarom Group, said: "The Wiberg acquisition is the largest strategic acquisition we have carried out so far and the first we'll be carrying through in 2016. This acquisition constitutes an important milestone for Frutarom Group's continuing implementation of its rapid growth strategy and the realization of its vision '*to be the preferred partner for tasty and healthy success*' while establishing our position as one of the world's largest, foremost and fastest growing companies in the fields of taste and health.

"Over the past decade Frutarom has consistently taken efforts towards establishing its position as a leading global player in the worldwide savory market by deepening its activity in this area along with making strategic acquisitions of leading quality companies in their fields in Western, Central and Eastern Europe, North America, Africa and Asia," said **Mr. Yehudai**. "We have just completed construction of a modern efficient plant in China with large production capacity in the savory field which will provide a response for the growing markets of Southeast Asia. The acquisition of Wiberg, among of the world's leading brands and whose name has become synonymous with innovation and quality, transforms Frutarom into a global market leader for savory solutions.

"Wiberg will also facilitate the acceleration of our penetration into the savory market in North America through its Canadian-based activity, which also has R&D labs, a factory and a sales platform on the West Coast of the United States, and augmenting the activity of BSA of Canada which we acquired earlier this year," continued **Mr. Yehudai**. "We will continue to work towards further solidifying our market leadership in this field, with emphasis on innovative, natural and healthy products and with a portfolio of distinctive solutions for the entire savory market including natural ingredients and unique technologies, natural flavors, natural substances for food protection, and natural colors, creating solutions that address consumer demand for healthier, tastier and more natural products.

"Thanks to Frutarom's proven experience carrying out acquisitions and capitalizing on the potential synergies and many cross-selling opportunities arising from combining the acquired activity with those of the Frutarom Group, we are certain that this acquisition too will contribute to the continuation of Frutarom's rapid and profitable growth and generate high value for our customers, employees and investors," added **Mr. Yehudai**. "Frutarom will take steps to utilize and integrate Wiberg's global R&D, sales and marketing, production and supply chain infrastructure and platforms with Frutarom's own R&D and sales and marketing and production infrastructures and platforms in order to leverage and realize the many cross-selling opportunities generated by this acquisition both by broadening our circle of customers and knowledge base and capabilities, and by expanding the product portfolio and the added value of comprehensive solutions we can give our customer.

"The year 2015 has been another milestone year in our journey of rapid and profitable growth while achieving of our ambitious goals and carrying out our growth strategy combining profitable internal growth and acquisitions," **Mr. Yehudai** said. "In the past four years we have nearly doubled our sales while more than doubling our profits. The acquisition of Wiberg which joins the 12 acquisitions we made this year already brings us to an annual rate of USD 1.1 billion in sales. We will continue fulfilling the combination of our internal profitable rapid growth strategy and carrying out additional strategic acquisitions of companies and operations in our fields of activity, with special emphasis on activities with high growth rates.

"Following intensive analysis of our strengthening competitive position and our pipeline for future acquisitions, we are pleased to update and boost our sales target for the year 2020 to USD 2 billion with an EBITDA margin of over 22% in our core activities," concluded **Mr. Yehudai**.

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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 four continents and markets and sells over 43,000 products to more than 19,000 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 4,000 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 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, 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, the 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.

