

FRUTAROM CONTINUES EXPANDING ITS GLOBAL REACH AND DEEPENING ITS PRESENCE IN EMERGING MARKETS

ACQUIRES *UNIQUE FLAVORS* OF SOUTH AFRICA

SALES FOR *UNIQUE FLAVORS* IN THE 12 MONTH PERIOD ENDING JANUARY 2017 TOTALED USD 9 MILLION

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 Unique Flavors (Pty) Limited of South Africa ("**Unique**") in consideration for approx. USD 6.7 million (ZAR 90 million). The purchase agreement includes a mechanism for future consideration based upon Unique's future business performance. The transaction was completed upon the signing of the agreement and was financed through bank debt.

Unique's sales volume in the 12 months ending January 31, 2017 amounted to approx. USD 9 million (approx. ZAR 131 million).

Unique, which was founded in 2001, engages in the development, production and marketing of flavors, with emphasis on savory flavors (the non-sweet spectrum of flavors) and on sweet taste solutions. Unique, which has grown in recent years at a rapid pace, has an R&D, production and marketing site in Pretoria, South Africa, near Frutarom's new South African site, and a wide customer base in South Africa and other important emerging markets of the Sub-Saharan region like Ghana, Malawi, Zimbabwe and Mozambique. Unique has a workforce of 64 people and its activity is synergetic to Frutarom's flavors activity in Africa which has grown in recent years at a substantial pace surpassing the rate of market growth.

Frutarom will work towards merging the activities, including combining the R&D, sales and marketing, purchasing, production and supply platforms. The management of Unique, headed by the activity's CEO, shall be integrated into Frutarom's management in Africa, and together they will work towards accelerating Frutarom's growth in the region.

The acquisition of Unique is Frutarom's second acquisition in Africa and follows the acquisition in 2013 of the flavors company JannDeRee which was successfully integrated with Frutarom's South African activity. In recent years Frutarom has also made efforts at expanding its activity in Africa on the basis of its manufacturing infrastructure and its local and global R&D and marketing capabilities while capitalizing on the synergies generated by the acquisition that had been made. Last year Frutarom inaugurated a modern state-of-the-art production plant and R&D center in Johannesburg, South Africa to serve the growing markets of the region.



Ori Yehudai, President and CEO of Frutarom Group, said: "The acquisition of Unique is the 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.' The acquisition will contribute towards significantly strengthening our positioning in the rapidly growing regions of Africa, expanding the supply of our products to African countries and reinforcing our management and our R&D, production, sales and marketing capabilities. We intend to combine Unique's R&D and sales and marketing platform in Africa with Frutarom's global R&D and sales and marketing platform in order to realize and leverage the abundant cross-selling opportunities between their activities. We also intend to capitalize on the synergies and savings made available by combining Unique's activity with Frutarom's existing activity in South Africa."

In conclusion, **Mr. Yehudai** said: "We are working on seeking out and executing additional acquisitions of companies and activities in our fields of activity, with special focus on high-growth markets in Asia, Central and South America, Central and Eastern Europe and in Africa, with the share of our sales in emerging markets having grown from 27% in 2010 to over 40% in 2016. 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."

Contact Details:

ir@frutarom.com +972-9-9603800

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 52,000 products to more than 29,000 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 4,500 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, Ireland, Switzerland, Germany, Belgium, Italy, Spain, Slovenia, Russia, Poland, Turkey, Israel, South Africa, 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, 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, please visit our website at: www.frutarom.com.

