

June 13, 2017

FRUTAROM ANNOUNCES THE ACQUISITION OF THE BALANCE OF SHARES IN NUTRAFUR OF SPAIN WHICH ENGAGES IN SPECIALTY NATURAL PLANT EXTRACTS FOR FOOD AND HEALTH PRODUCTS

Herzliya, Israel

Frutarom Industries Ltd. ("**Frutarom**"), one of the world's 10 largest companies in the field of flavors and specialty fine ingredients, announced today its acquisition yesterday of 20.92% of the shares of the Spanish company Nutrafur S.A. ("**Nutrafur**") from the company's founding families for US\$ 2.36 million (approx. € 2.1 million) such that Frutarom now holds 100% of Nutrafur shares. The transaction was completed upon signing.

Nutrafur, of which 79% of its shares were acquired by Frutarom on September 3, 2015, specializes in the research and development, manufacture, and sales and marketing of specialty natural plant extracts bearing antioxidant properties or scientifically proven healthy qualities and supported by clinical studies for the food, pharma, nutraceutical and cosmetics markets. Nutrafur has accumulated many years of know-how and excellent capabilities in the extraction of active components from vegetation, particularly rosemary, olive and citrus. Nutrafur products have blended in well with Frutarom's portfolio of natural ingredient solutions and are helping Frutarom expand its lineup of natural products for both food and health products. Nutrafur's activity in the field of antioxidants, particularly for food preservation and the extension of shelf life based on natural components, has further established Frutarom's portfolio of solutions in this field which was substantially strengthened following the acquisitions in 2015 of Vitiva and Ingrenat which also have activity in this growing field. Active antioxidant ingredients constitute an important supporting product for food manufacturers, and Frutarom has integrated Nutrafur's specialty ingredients into the comprehensive portfolio of products and solutions offered to its many customers in the savory field as well.

Frutarom continues working to capitalize on the many cross-selling opportunities arising from the acquisition and supporting the continued rapid development and production of natural functional solutions that combine taste and health in response to consumer demand and major trends in the global food market for healthier and more natural foods. This field is growing at a rapid pace, and Frutarom's unique capabilities give it a competitive advantage.

The acquisition of Nutrafur was part of the overall move to expand activity and production capacity through optimization and operational streamlining in the natural plant extracts platform of Frutarom's Specialty Fine Ingredients Division which is progressing successfully and according to plan. Nutrafur has an R&D and sales center and an efficient manufacturing site in Murcia, Spain with large production capacity and the possibility for considerable expansion which Frutarom is working to realize while investing in the site towards increasing the production capacity.

A significant increase in production capacity of natural plant extracts following the acquisitions of Vitiva, Ingrenat and Nutrafur has provided for substantial streamlining, including the closure and sale of the Frutarom plant at North Bergen, New Jersey and transfer of its activity to its other plants. At the same time Frutarom continues taking steps to increase production capacity at the Vitiva, Ingrenat and Nutrafur manufacturing plants and to optimize production between the various plants according to their varying technological extracting specializations while



significantly boosting their operational efficiency. This platform was augmented in late 2016 by the acquisition of Extrakt-Chemie with significantly greater production capacity than utilized, for GMP pharma products as well. These actions, which will contribute to significant improvement in cost structure and competitive ability in the field of natural plant extracts, which is at the heart of Frutarom's growth strategy, are expected to bring savings estimated at over US\$ 6 million (on an annual basis) which will begin to be reflected in Frutarom's results during the second half on 2017.

Ori Yehudai, President and CEO of Frutarom Group, said: "Over the past two years Frutarom has made a major leap forward in strengthening its position as a leading global producer of natural specialty ingredients by acquiring Vitiva, Ingrenat, Nutrafur and Extrakt-Chemie while deepening and expanding our activity in the growing field of natural extracts from plants and antioxidants for food products. We will continue investing in the significant expansion of our global activity in this important and growing field, both through strategic acquisitions and in collaboration with universities, research institutes and startup companies in developing innovative products.

"We are pleased with the Nutrafur acquisition which has brought Frutarom advanced R&D capabilities along with a top-level and experienced managerial team, as well as substantial customers," said Yehudai. "The acquisition paved the way, in accordance with our plan, for improvement in our flexibility and operational efficiency. Since we are making further investments at the company's site to expand production capacity, we completed the purchase of the balance of holdings in the company such that today we own 100% of its share capital."

Mr. Yehudai concluded by saying: "We have an excellent pipeline of future acquisitions which, together with our continuing rapid and profitable internal growth, will enable us to achieve the target we set for ourselves of at least US\$ 2 billion in sales 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 4,750 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.

