



Passion for Taste & Health



Company Overview

March 2017



DISCLAIMER

This presentation includes statements data, forecasts, goals and Company plans that are "forward-looking statements", as defined in the Securities Law - 1968, whose occurrence is not certain and which are not solely in the Company's control. These forward-looking statements are included, inter alia, in discussions of strategy, objectives, goals, plans, events, future intentions or other information relating to future events or issues whose occurrence is not certain.

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This forward looking information could include facts and data based on the Company's subjective assessment, including with regards to the current status of the Company and its business, the current situation in the industry in which the Frutarom Group operates, macro-financial facts and information, all as are known to the Company on the date on which this presentation was prepared, some of which were given to the Company by external sources, the content of which was not independently examined by the Company, and therefore the Company is not responsible for their verity.

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Subject to the requirements of applicable law, the Company does not intend to update any industry information or forward-looking statements appearing in this presentation, and is not required to publish any additional presentations for its shareholders in future.

It is to be emphasized that the financial estimations and the pro-forma figures included in this presentation are based on figures which were not audited or reviewed by an auditor and therefore the actual results may differ from these financial estimations.

Frutarom's Foundations

Founded in 1933, Frutarom combined the cultivation of aromatic plants and flowers with the extraction and distillation of flavors, fine ingredients and essential oils.



A Leading Fast Growing Global Flavor & Fine Ingredient House

Global Presence

- A Top **10** flavor house
- Sales in over **150** countries
- **27,000** customers

Broad Product Portfolio

- **60,000** products
- Over **5,000** raw materials
- Innovative pipeline

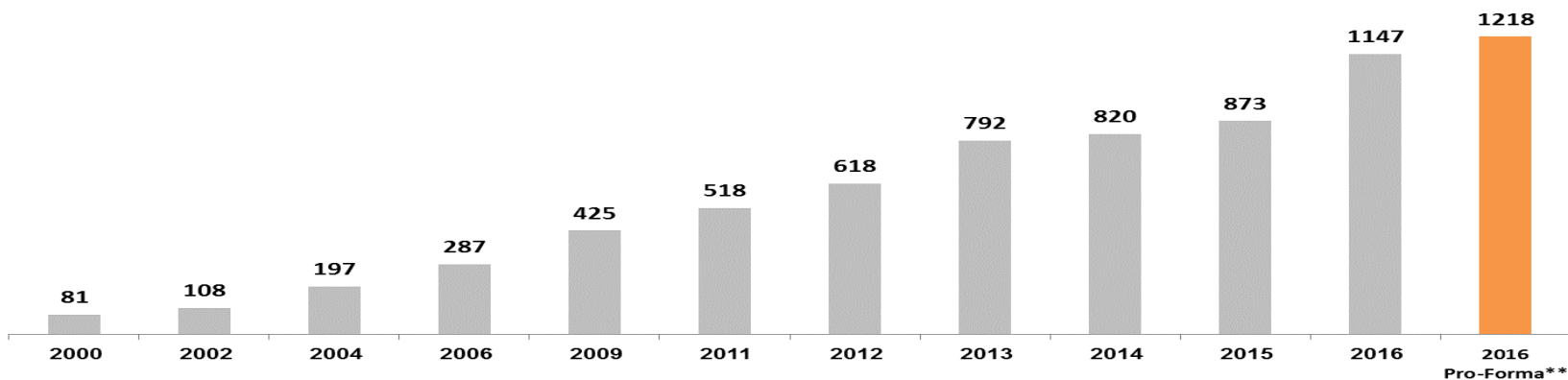
Financial Success 2000-2016

- **14x** growth in sales (CAGR 18%)
- **24x** growth in EBITDA*
- **35x** growth in Net Profit*

Public Company

- Listed on London & TLV Stock Exchanges
- From \$13M to approx. **\$3.3 B** market cap

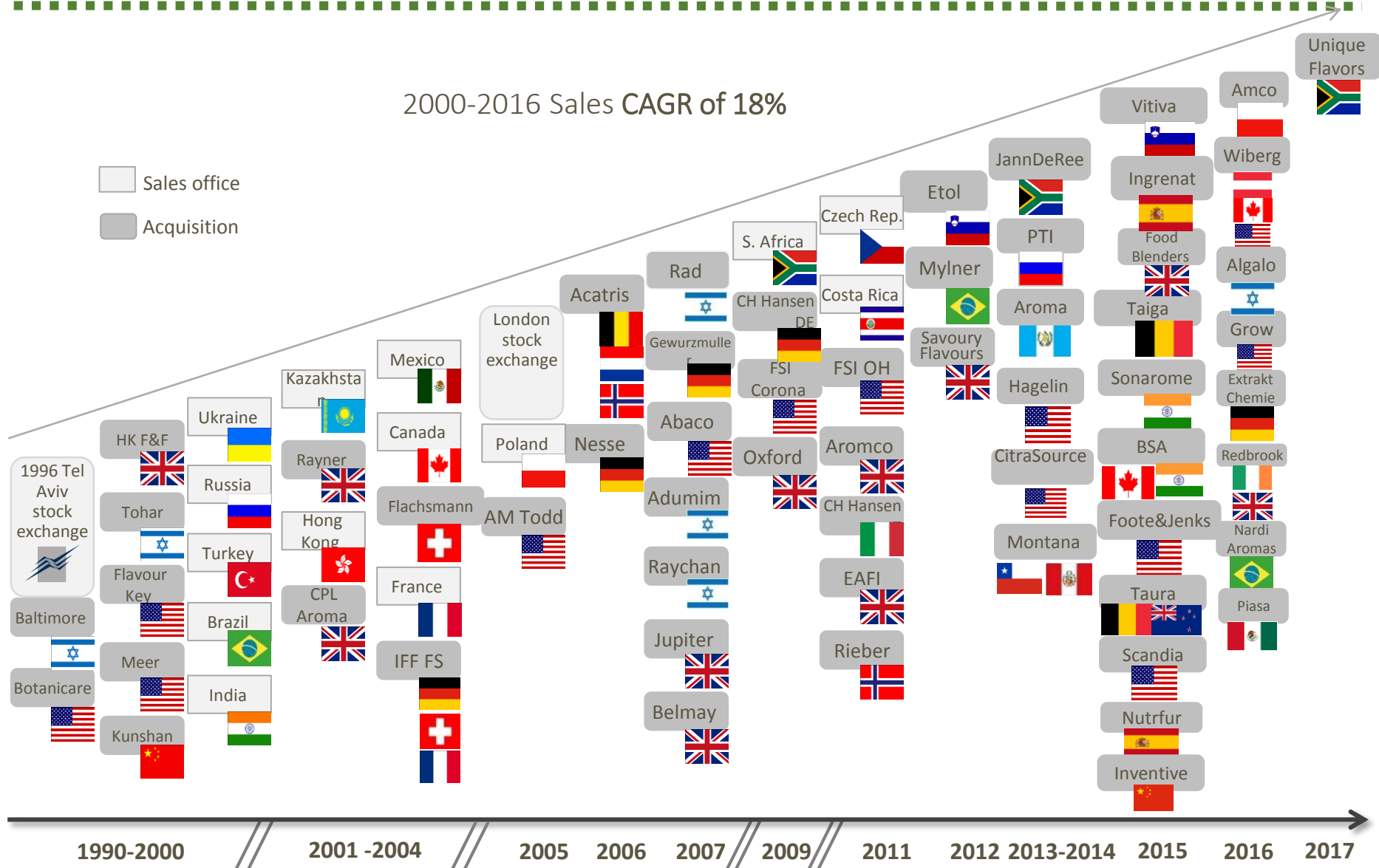
Revenue, \$M



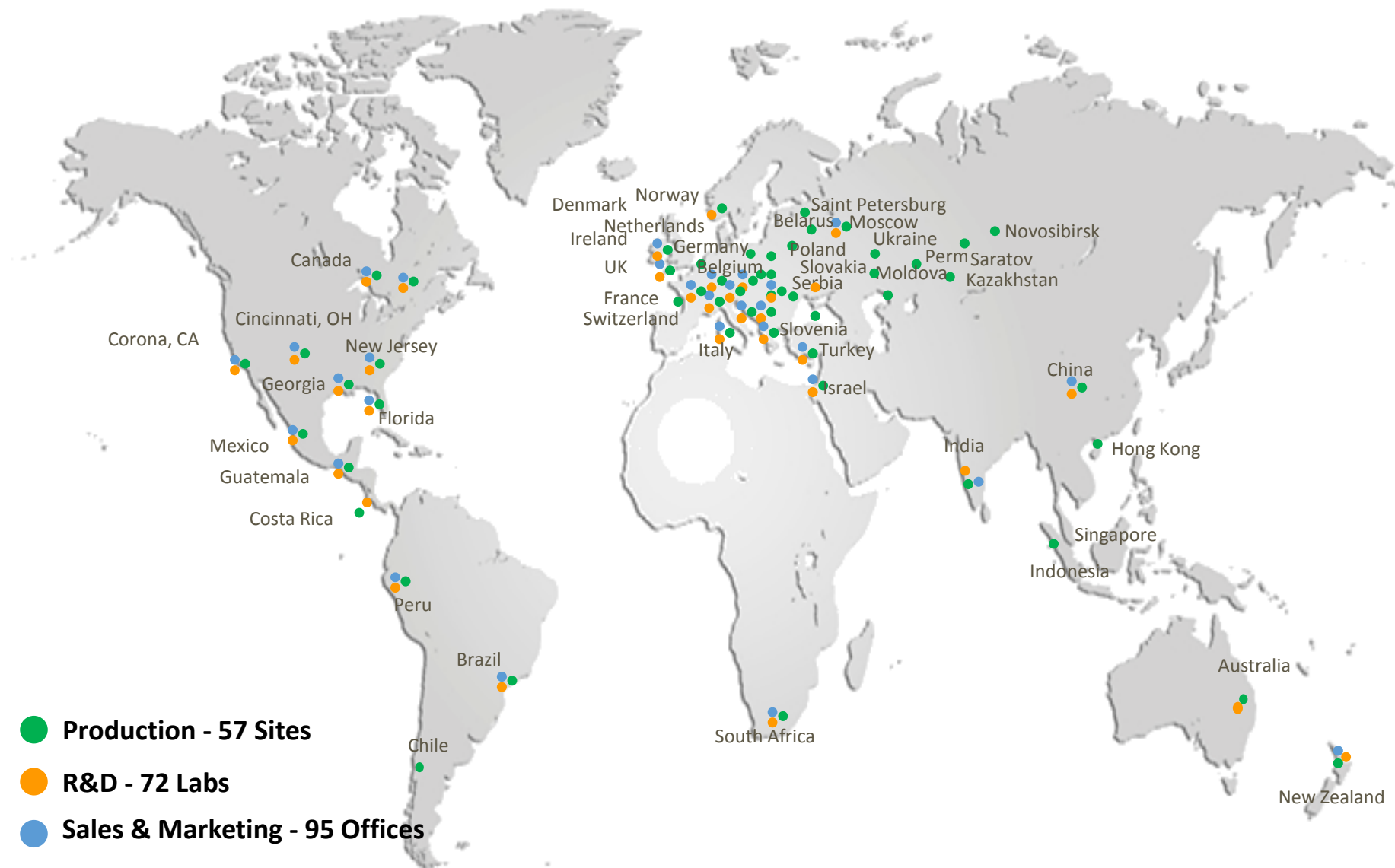
* Excluding non-recurrent expenses

** Assuming all acquisitions made and completed in 2016 were consolidated as of 1.1.2016

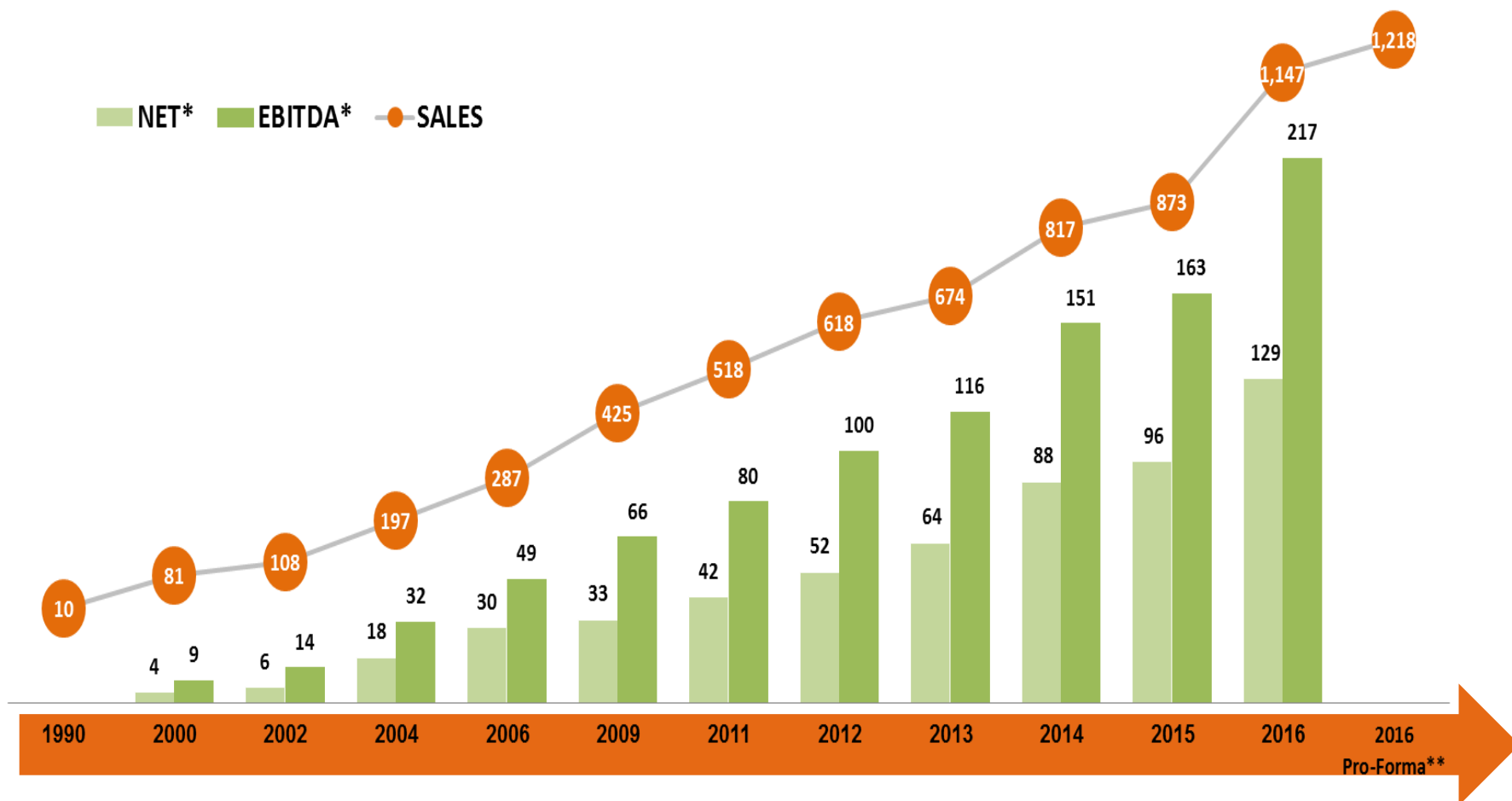
Global Expansion throughout the years



Global Presence



A Profitable Growth Story

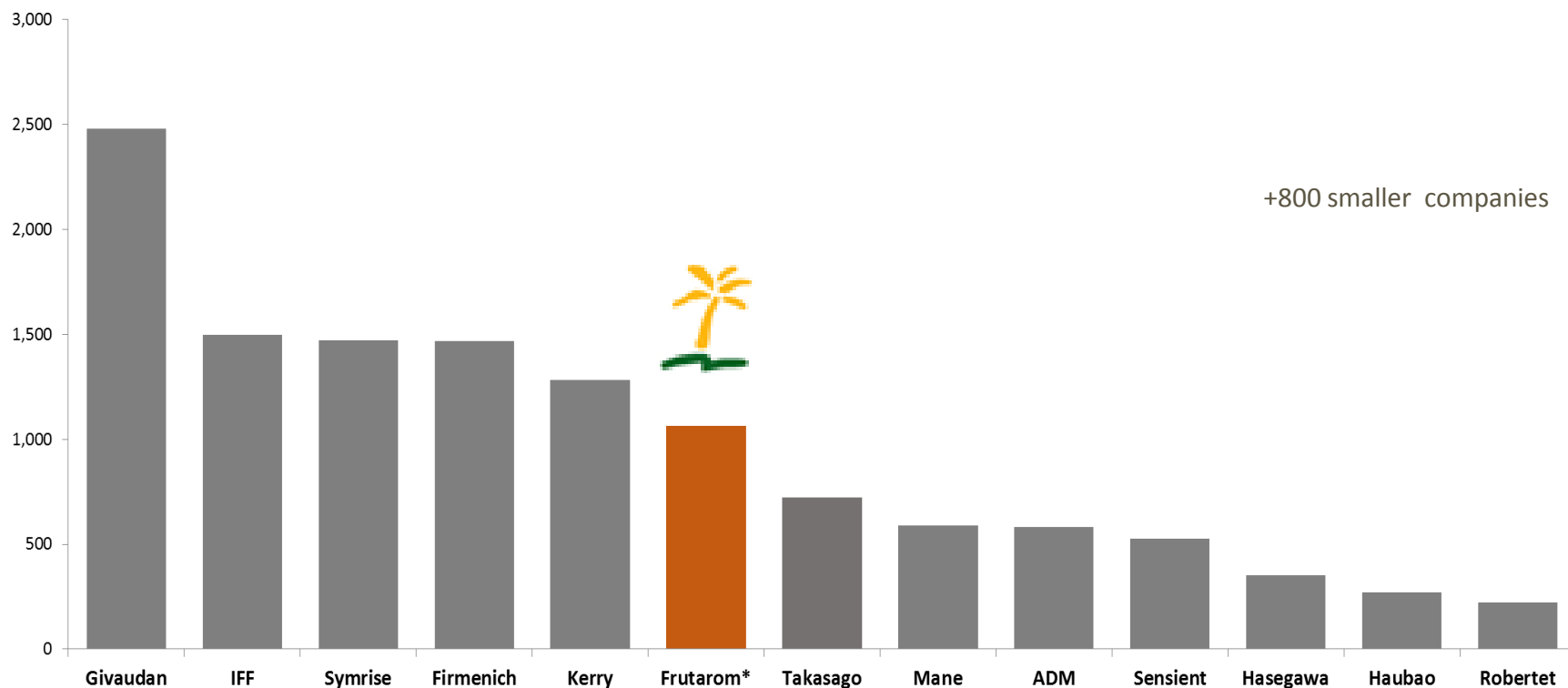


* Excluding non-recurrent expenses

** Assuming all acquisitions made and completed in 2016 were consolidated as of 1.1.2016

A Top-Ten Flavor House

Estimated Sales of Flavors
US\$ M

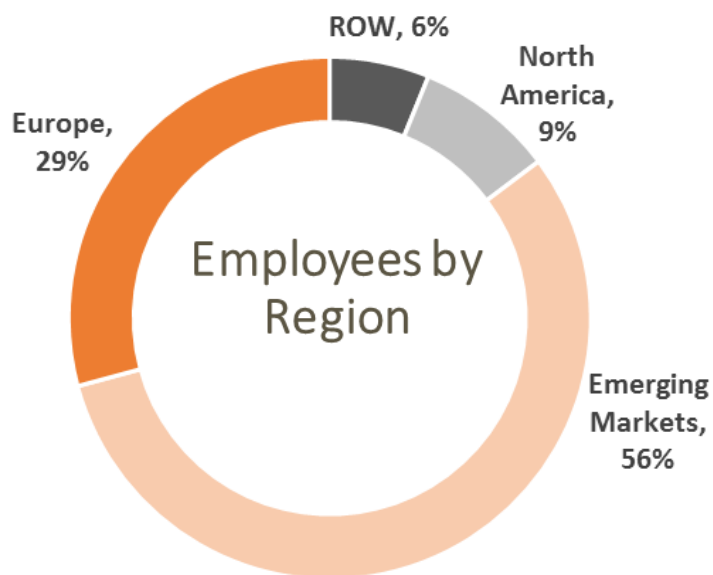


Source: Companies' Publications, Leffingwell & Associates, Frutarom's estimations

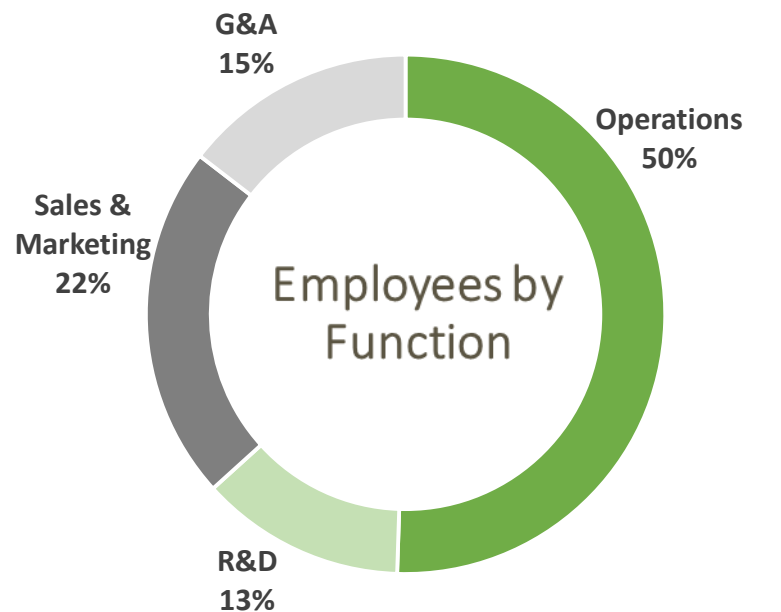
* Considering only Core Activity

Our Employees are the Key to Our Success

4,700 employees worldwide



■ ROW ■ North America ■ Emerging Markets ■ Europe



■ Operations ■ R&D ■ Sales & Marketing ■ G&A

Goals & Strategy

✓ Above-industry Growth

✓ Continue Margin Expansion

✓ Continue Acquisitions Strategy



\$2 Billion in revenues in 2020



Above **22%** EBITDA in our core business by 2020 *

Unique Offering

Natural & Clean Label
Taste & Health
More profitable segments

Customer Focus

Innovative solutions to MNCs
Local Mid Size & Private Label

Geographic Focus

Expand market share in North America
Accelerate growth in key Emerging Markets

Leverage
Cross-selling Opportunities

Supply Chain Optimization

Integration of operations
Global Purchasing

* Given current product mix

Frutarom's Unique Offering



Growing Core Business



Flavors

- Unique, high quality creation of sweet and savory flavors for food and beverage
- Local and global tastes

Savory Solutions

- Value-added functional savory solutions for the food industry (snacks, meat, fish, ready meals, convenience food, organic, and culinary segments)

Food Systems

- Comprehensive sweet and savory food systems
- Unique technologies for fruit, spice, vegetable, meat and fish preparations



Natural Health

- Innovative, science-based health ingredients for phyto-pharmaceuticals, dietary supplements, functional foods, cosmetics, and personal care
- Supporting the growing demand for natural health and beauty

Flavors & Fragrance Specialty Ingredients

- Specialty botanical extracts, distillates, essential oils and aroma chemicals

Natural Colors

Wide array of natural colors for food, beverage and cosmetics

Natural Solutions for Food Protection

Natural anti-oxidants and anti-microbials. Biotechnology based products for natural food preservation and shelf life extension

Expands offering to enhance customer partnership

***Taste
Solutions***

***Fine
Ingredients***

Sharing the Passion for Taste & Health



*We develop tailored solutions combining **excellent taste**
with **health and functionality** all under one roof*

Consumer Trends

Health, Wellness, functional food

79% of consumers indicate that they actively make dietary choices to prevent health conditions such as obesity, diabetes and high cholesterol, but unwilling to forgo taste even for health...

Growth Drivers

- **Aging** and rising **obesity**
- Consumers' preference for **Natural and Healthy**
- **Awareness** and need for **transparency**
- **Lifestyle & Income** - willingness to try new food
- **Snacking** and eating meals throughout the day
- Growing willingness to purchase **Private Label** Products

Opportunities

- **Avoidance Products** ("Free-from"/"zero") or **Moderation Products** with "diet", "low", "less"
- **Clean Label** Products
- **Natural** and **Organic** products
- Positive **Nutrition** and **Functional** Food
- **Healthier convenience food**
- Growing market share in **Private Label** sector

Meeting Consumer Trends Through Artful Creation and Innovation

Food Industry Goes Natural



- Dropping low-calorie sweetener aspartame from Diet Pepsi due to consumer's preference for soft drinks that are free of artificial sweeteners.



- Nestle USA removing artificial flavors and FDA certified colors from all Nestle chocolate candy by end of 2015
- Nestle UK removing all artificial ingredients from all its confectionary in the UK



- Removing artificial flavors from most products and replacing them with natural alternatives, as of this year.
- Removing artificial colors by end of July 2015.
- Replacing artificial preservatives and additives by end of 2017.



- Replacing synthetic colors and artificial preservatives from best selling classic Macaroni & Cheese starting 2016.



- Collaborating with Evolution Fresh to Let Simple Ingredients Shine in New Smoothies and Greek Yogurts, as customers are looking for foods with fewer ingredients that are minimally processed and taste great.



- Transforming to cleaner labels across all brands to meet consumer trends for food made with genuine, simple ingredients.



- aiming to stop using artificial colors and flavors in its cereals and snack bars by the end of 2018.
- growing pressure to remove synthetic ingredients from products due to health concerns



Strategically Positioned to meet Market Trends

Creation through Science and Innovation



Frutarom - the Origin of Taste

Not Just Great Taste - Pioneering **Disruptive Innovation**

Aroma Solutions

From natural flavors to delivery systems

Organic Flavors

Certified organic flavors

Citrus Expertise

- Tree to Market Understanding
- Control of RM
- Strong Science

Taste Enhancers

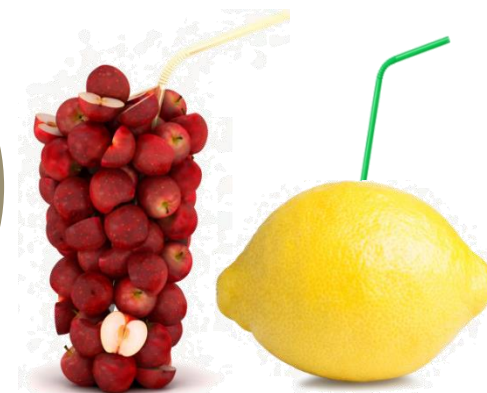
- Sweetness enhancers
- Sodium enhancers

Natural Fruit Ingredients

Specialty ingredients through innovative technology

FTNF & Beverage Base

- Growing consumer demand
- Citrus expertise
- Clean label



Extensive global library of flavors developed with skill and passion over decades of artful creation

Healthy and Tasty Success

Global manufacturer of natural, science-based and high quality ingredients for healthy nutrition and tasty solutions.

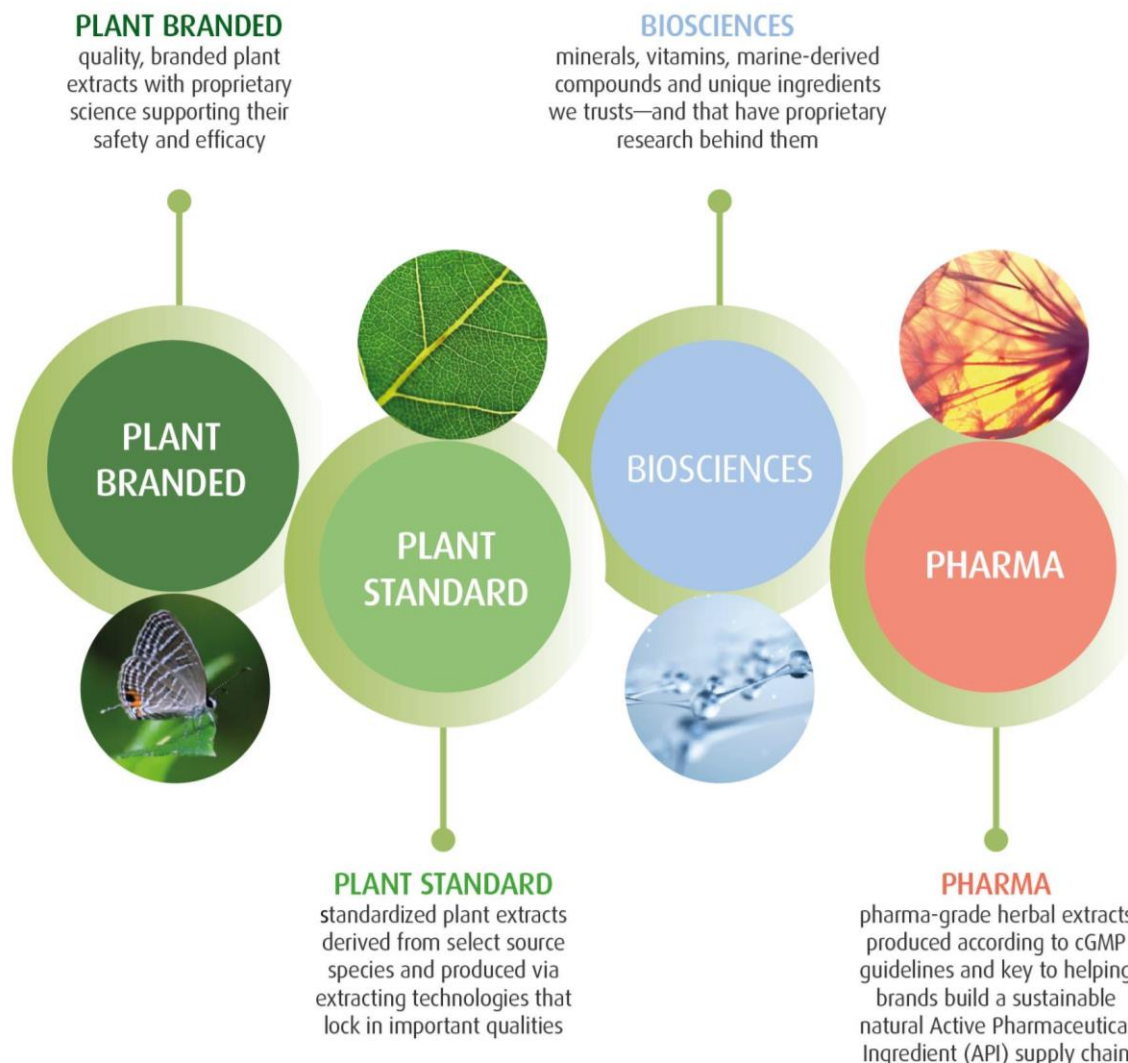
Innovative and market-oriented formulations, geared to growing markets like cognitive health, cardiovascular health and wellness.

Concepts and healthy solutions for:

- FUNCTIONAL FOODS & BEVERAGES
- PHARMA
- DIETARY SUPPLEMENTS

High Barriers to Entry:

- Highly Regulated –
- Driven by Science Long Term
- Long product lifecycles



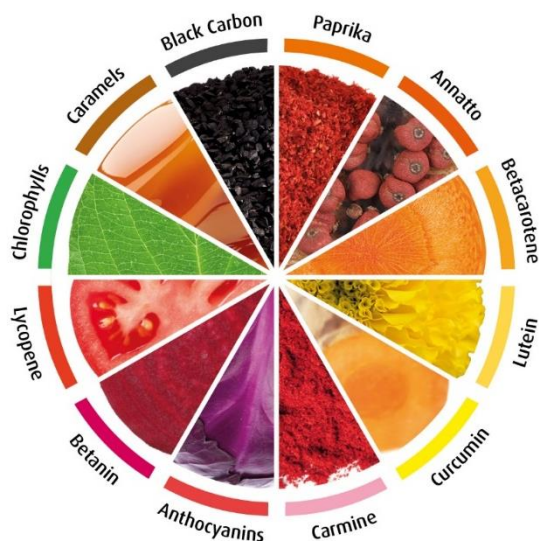
Natural and Clean Label trend drives Natural Color growth

Natural food color market is expected to reach **\$1.7B** by 2020 at an annual growth of 6-7%*

1

Two Domains of Expertise in natural Colors: Pigments Extraction and Formulated Solutions

Primary extracts



Clean label range (E-number free)



Frutarom is Strategically positioned to serve this fast growing market:

- Strong R&D and cutting-edge technologies to provide a wide array of natural colors for food & beverage and cosmetics
- Over 15 years of experience in all development processes (aqueous and solvent extraction)
- Efficient supply chain integration
- Offering a full solution of Flavor & Color
- Strengthening position with recent acquisitions of **Montana Food**, **Ingrenat** and **Vitva** and leveraging cross selling.

* Sources: NATCOL – Natural food Colors Association , NBJ's Nutritional Raw Material & Ingredient Supply Report, FICCI -Global Nutraceutical Industry: Investing in Healthy Living, Canadian database, Frutarom estimations as of Oct 2016

Natural Solutions for Food Protection – the Natural choice

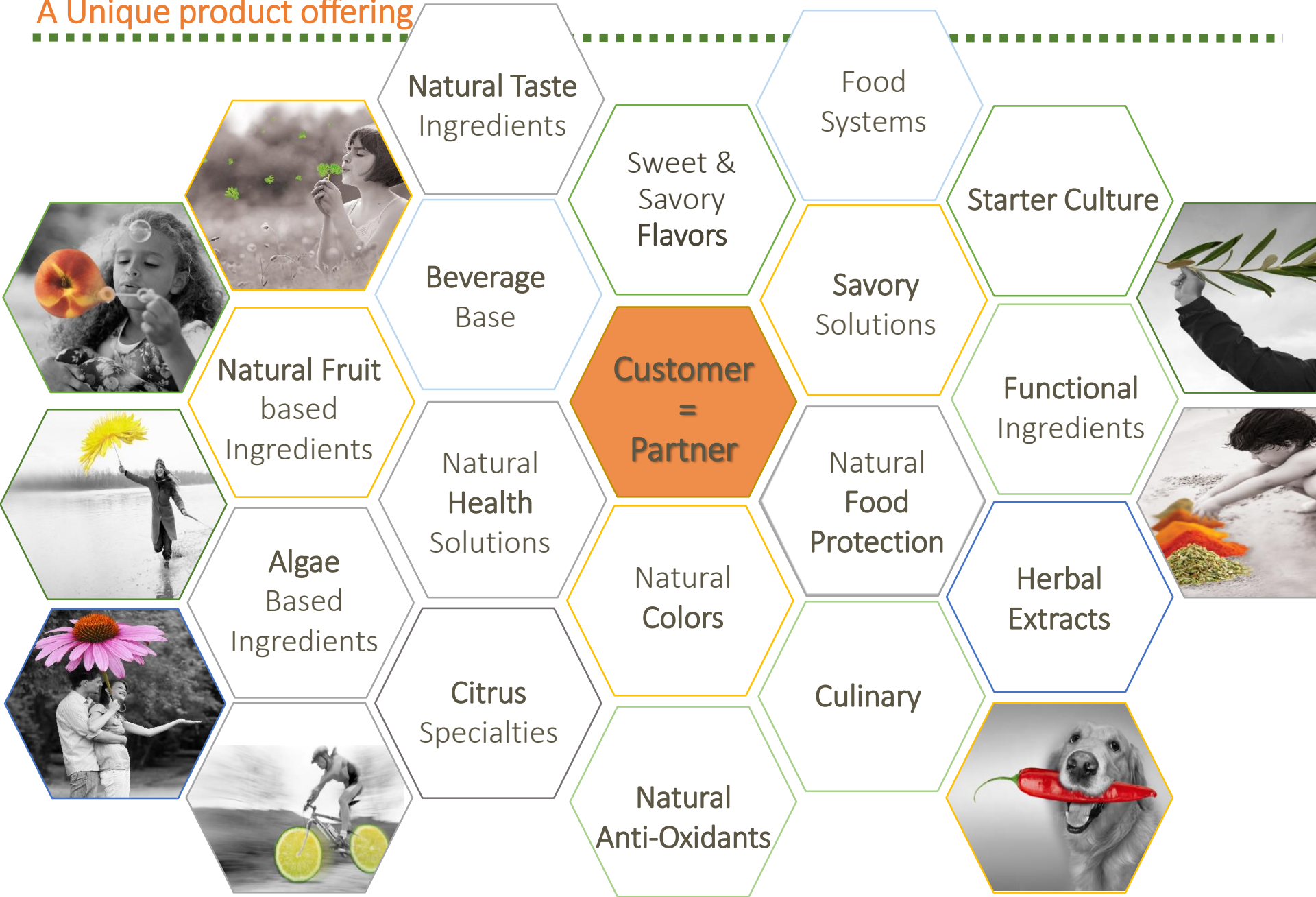
Market trend pushes for more **Natural and Clean Label** products - the need for **Natural Ingredients** is rising



- Offering a Full Solution of Taste & Food Protection
- Unique capabilities to balance off-taste with Flavor
- Significant potential in the Pet Food and Feed industries
- Growth potential in emerging countries
- Strengthening Strategic Position with recent acquisitions of Vitiva, Ingrenat and Nutrafur
- Leveraging Cross Selling



A Unique product offering



Frutarom's Customer Focus



Growing Mid-Sized Food & Beverage Market

New Mid-size & Local Companies Emerging

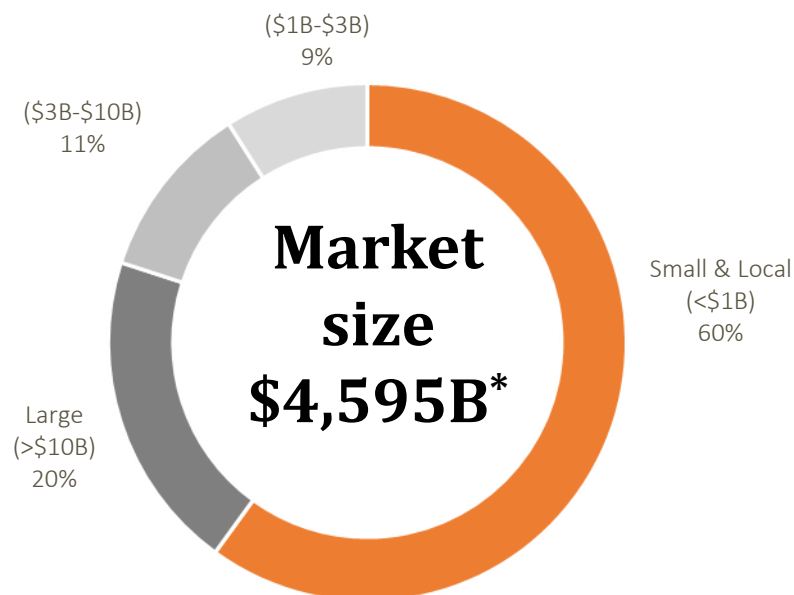
- *Growing Private Label Sector*
- *Developing Markets*

Fragmented market

Service Expectations

The Global Food Market

(% of Market Share)



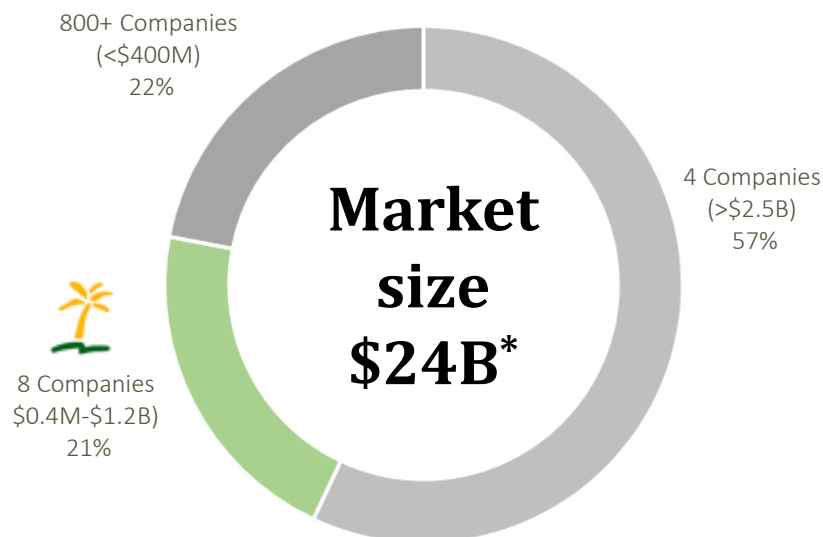
F&F Market Fragmented But Consolidating

Large F&F players with full service platform, focused on top multinational customers

Many small niche companies with limited service capability and regional focus only

Few mid-sized players with both regional strength and global platform

The Global F&F Market (% of Market Share)



Natural Fine Ingredients – Targeted Focus on Accelerated Fast Growing Markets

Natural Fine Ingredients for Natural Colors, Natural Food Protection & Natural Health ingredients

Health Ingredients

Market Size ~ 2.5B\$

CAGR ~6.5%

Pharmaceuticals,
Nutraceuticals, Cosmetics
and Functional applications
Diversified market with
~45% share in the emerging
markets



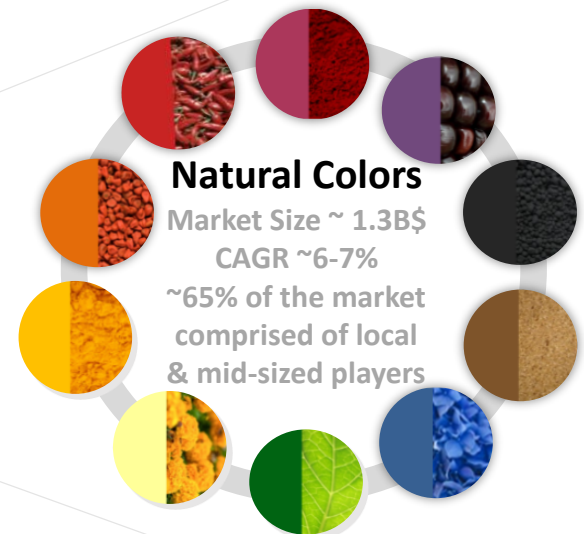
**Total
Estimated
Market size
of 4.5B\$***

Natural Colors

Market Size ~ 1.3B\$

CAGR ~6-7%

~65% of the market
comprised of local
& mid-sized players



Natural Food Protection

Market Size ~ 0.7B\$

CAGR ~6%

Main catalysts for
growth are the
European & US
markets

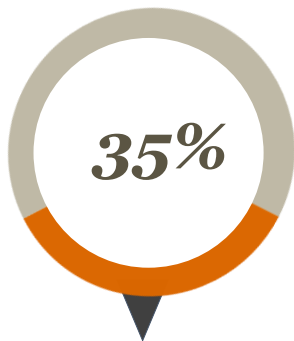


Strategic Project to Grow Market Share

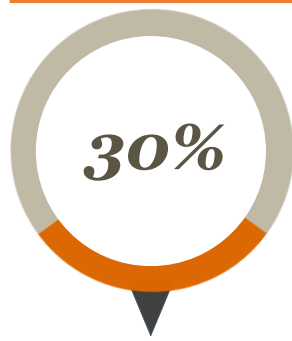
* Sources: NATCOL – Natural food Colors Association , NBI's Nutritional Raw Material & Ingredient Supply Report, FICCI -Global Nutraceutical Industry: Investing in Healthy Living, Canadian database, Frutarom estimations as of Oct 2016

Private Label – Mid-Sized and Local

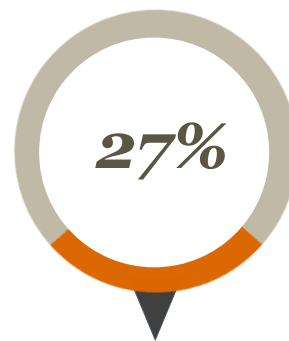
- Substantial Market Share in EU
- Growing Penetration Rate in US
- High Growth Potential in Emerging Markets



Value share of Private label averages 35% in Europe



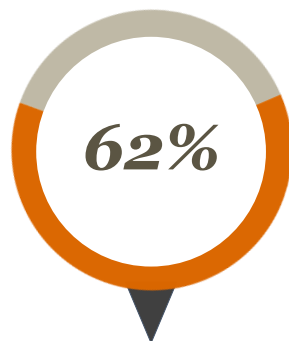
Private label accounts for \$1 of every \$3 spent in the consumer packaged goods (CPG) market in Europe



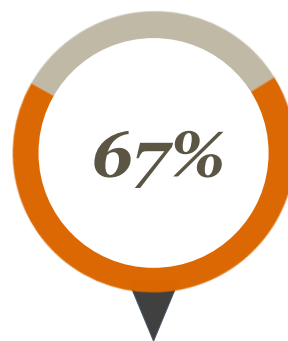
Growth in Private Label Sector in India between 2012-2014



Value share of Private Label still below 5% in Key Emerging Markets (such as China, India and Brazil) –Substantial Growth Potential

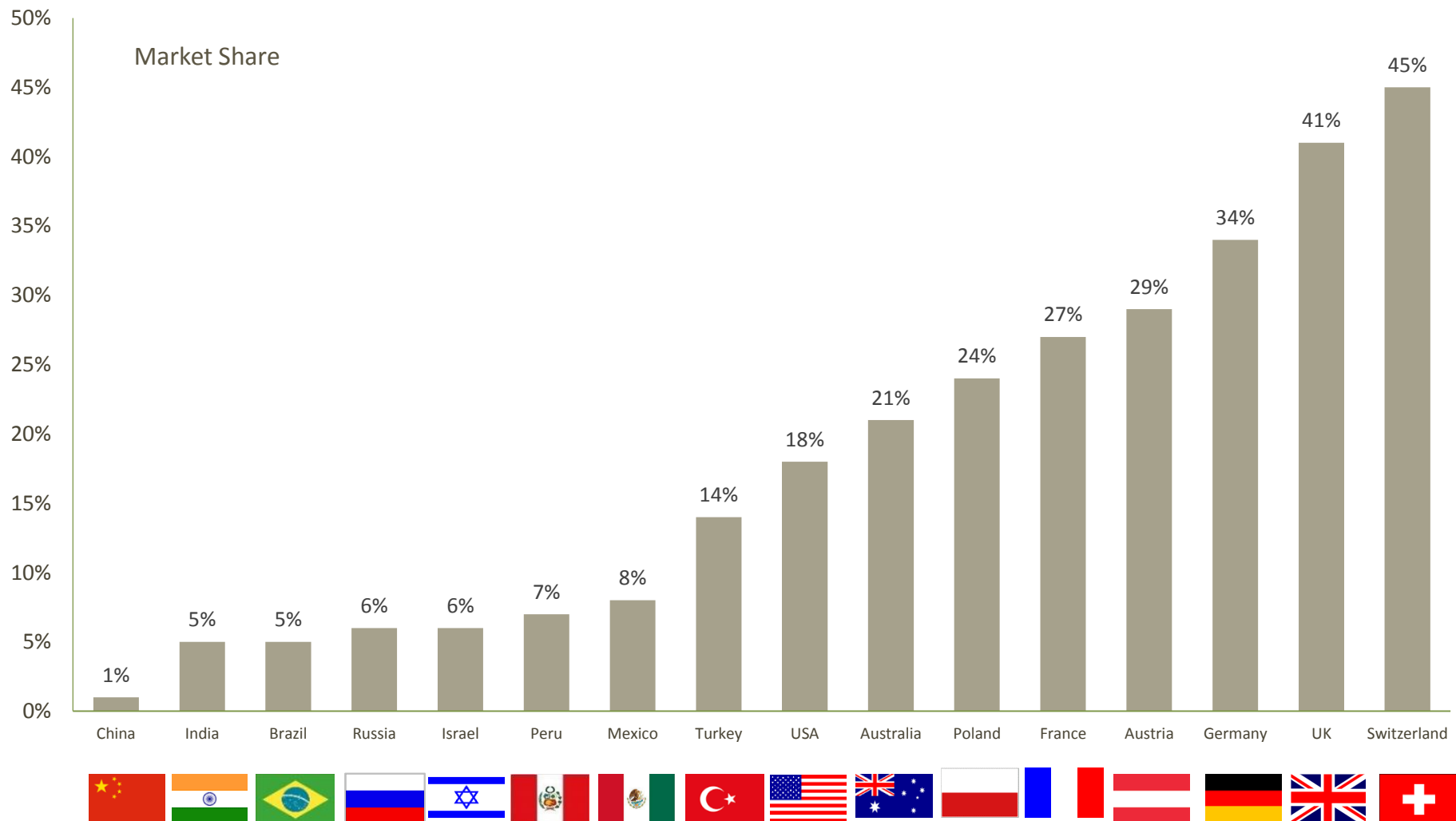


Of consumers say buying private label makes them feel like a smart shopper



Of consumers believe private label offers extremely good value for money

Private Label – Mid-Sized and Local

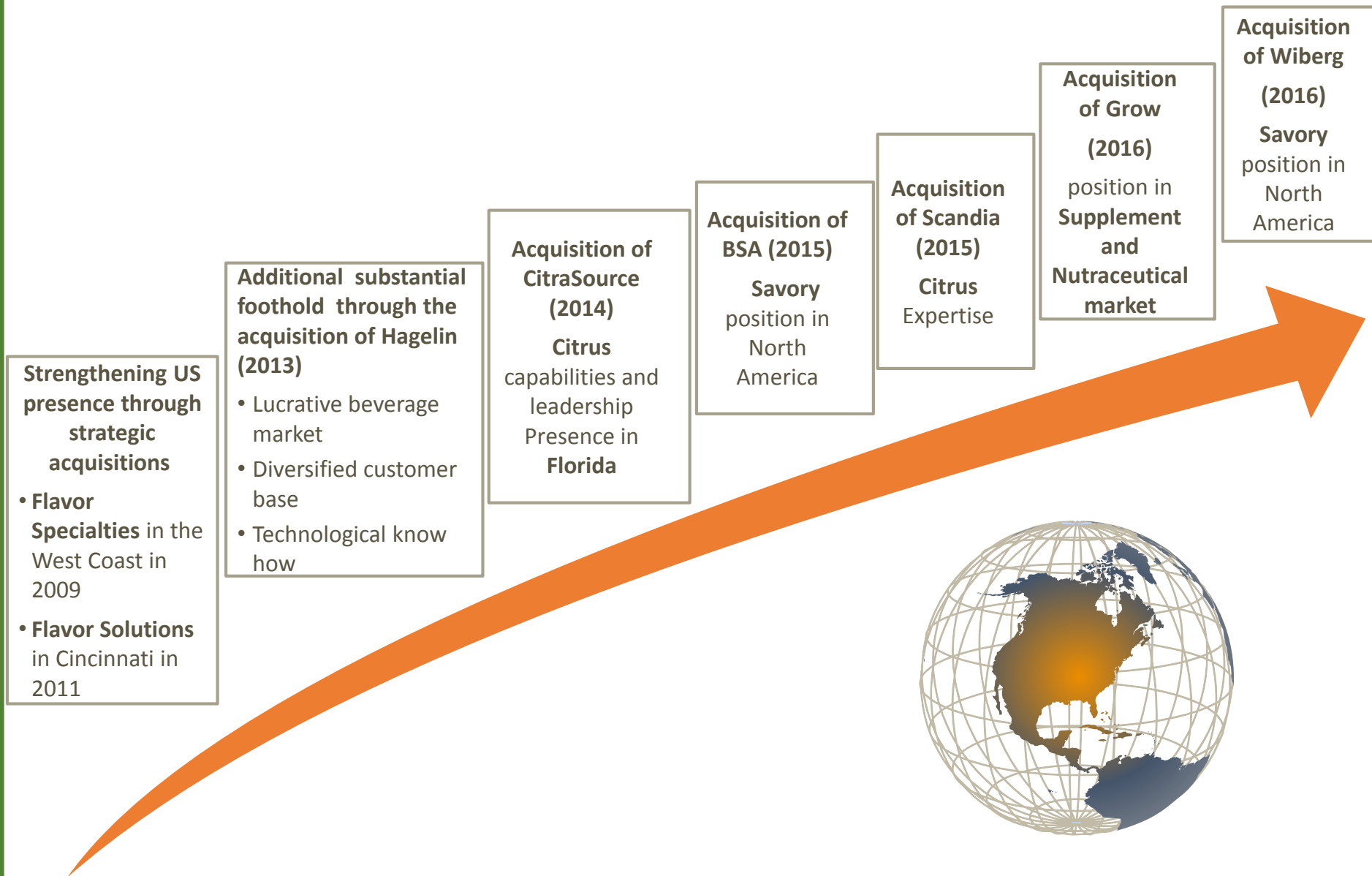


Source: The Nielsen Company, November 2014

Frutarom's Geographic Focus



Accelerated Growth and Gain of Market Share in North America



Accelerated Growth in Emerging Markets

Asia



- New State-of-the-art plant in **China**
- Acquisition of **Inventive** in **China & Hong Kong**
- Acquisition of **Sonarome** and **BSA** in **India**
- Expanded R&D and sales force in **China, Indonesia, Philippines, Thailand, Vietnam, Sri Lanka and India**
- Evaluating strategic **acquisition** opportunities

East & Central Europe



- Market leadership in Central and East Europe
- Acquired Etol in **Slovenia** and PTI in **Russia**
- Acquired Amco in **Poland**
- One of the only global players with major production sites in **Russia** and **Central Europe**
- **Wiberg** acquisition contributes to strengthen market leadership

Central & South America



- Acquired Piasa in **Mexico**
- Acquired Mylner and Nardi Aromas in **Brazil**
- Acquired Aroma in **Guatemala**
- Acquired Montana in **Peru** and **Chile**
- Evaluating strategic **acquisition** opportunities

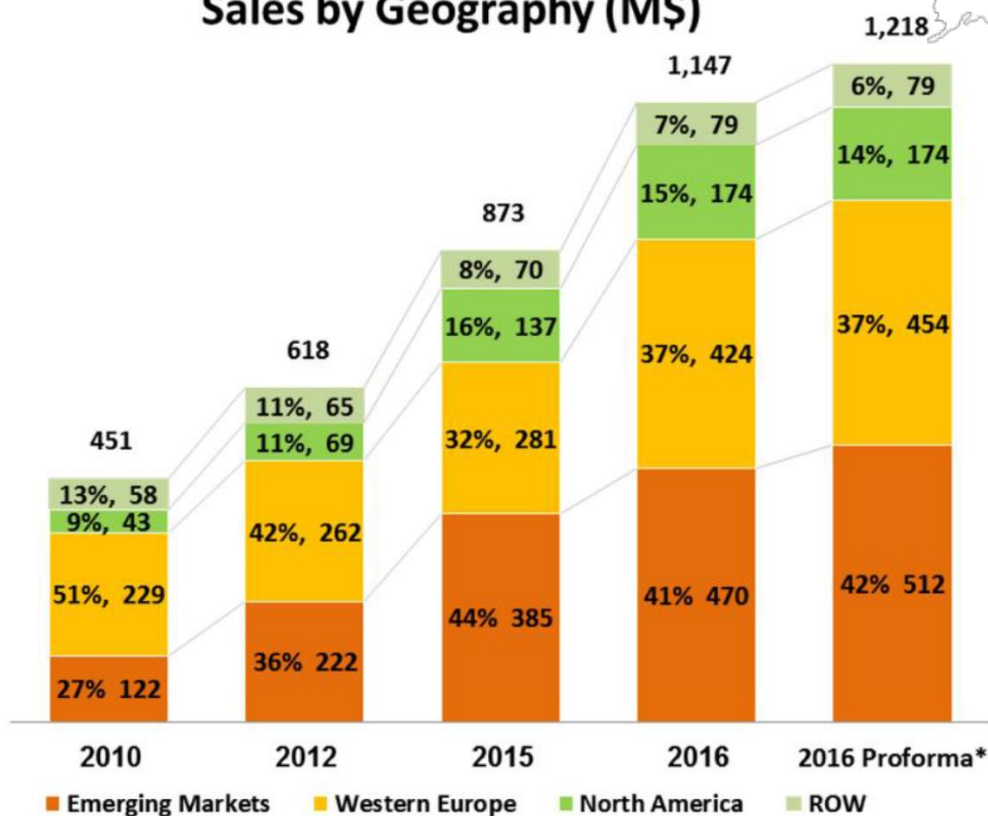
Africa



- Acquired **Unique Flavors** in 2017
- New State-of-the-art plant in **South Africa**
- Fast growing operation, reinforced by JannDeRee, Hagelin, Sonarome and Unique acquisitions
- Enhanced R&D and sales force in fast growing markets (**Kenya, Nigeria** etc.)

Above Market Growth in North America & Emerging Markets

Sales by Geography (M\$)



**4x growth
in North
America**

**3.8x growth
in Emerging
Markets**

**8x growth in
Flavors
North
America**

*Assuming all acquisitions made and completed in 2016 were consolidated as of 1.1.2016

Frutarom's Growth Strategy



Frutarom's Strategy: Clear Focus Going Forward

Profitable Internal Growth



Geographic Reach

- ☐ Developed markets (Europe and USA)
- ☐ Emerging markets (Asia, LATAM, Central and Eastern Europe, Africa)



Customer Focus

- ☐ Mid-sized and local
- ☐ Private label
- ☐ Multinational



Product Offering

Integrated solutions

- ☐ Natural Flavor solutions (extracts, fruit bases specialty, essential oils)
- ☐ Natural health solutions /functional food ingredients
- ☐ Natural color solutions
- ☐ Natural Solutions for Food Protection
- ☐ Cost reduction solutions



Core Competencies

- ☐ R&D and innovation – internal and external
- ☐ Efficiencies, scale and synergies – cross selling
- ☐ Experienced global management
- ☐ Customer-driven organization

Frutarom's Strategy: Clear Focus Going Forward

Proven Acquisition Track Record of 58 Successful Acquisitions

Strict Acquisition Criteria:

- Highly valuable and experienced management and employees
- Acquiring new customers
- Market share gain
- Product portfolio expansion
- R&D capabilities and unique technologies
- Capacity expansion
- Cost reduction opportunities
- Positive impact on EPS

Focus on Integration Execution

- Retaining Management and Customers
- Cross selling opportunities
- Optimization & Harmonization of Resources
- Global Knowledge Sharing
- Operational Streamlining
- Cost Reduction and savings

■ Accelerated Growth

■ Margin Improvement

■ Value Creation

Realizing Strategy through Acquisitions

Geographic Focus

North America

Hagelin 

- Strengthening market position in the **US and EM**
- Expertise in Beverages

CitraSource 

- Strengthening Citrus capabilities & leadership
- Presence in **Florida** – World Center for Citrus

Scandia Citrus 

- Strengthening market position in the **US**
- Expertise in specialty Citrus solutions

BSA 

Canada, India  


- Strengthening savory position in **North America and India**

Wiberg  

USA, Canada

- Strengthening savory position in **North America**

Emerging Markets

PTI  Russia & CIS 

- Strengthening leadership position in **Eastern Europe**
- Savory solutions leadership

Amco  Poland 

- Strengthening savory solutions leadership in **Eastern Europe**

Aroma  Guatemala 

- Strengthening market position in **Central America**

Montana Food 

Peru & Chile

- Strengthening market position in **LATAM**

Sonarome  India 

- Strengthening market position in **India and Africa**

Inventive  China 

- Strengthening market position in **Southeast Asia**

Nardi Aromas  

- Strengthening beverage flavoring capabilities in **Brazil**

Piasa  

- Savory solutions leadership in **Mexico and LATAM**

Unique Flavors 

Natural & Healthy

Continuing to improve product mix and strengthening position in Health & Wellness

Montana Food 

Peru & Chile

- Strengthening market position in **LATAM**

Vitiva  

Slovenia

- Food protection
- Natural Colors
- Health Ingredients

Ingrenat 

Spain 

- Food protection
- Natural Colors

Nutrafur  

- Specialty natural plant extracts for food, health and food protection

Algalo  

- Biotechnology startup for Algae-Based products

Extrakt Chemie 

- Natural extracts for Pharma

CitraSource 

- Strengthening Citrus capabilities & leadership
- Presence in **Florida** – World Center for Citrus

Scandia Citrus 

- Strengthening market position in the **US**
- Specialty Citrus solutions Expertise

Taura   

- Belgium, New Zealand, Australia
- Strengthening market position in Natural Fruit-Based Ingredients and specialty solutions

Inventive  

- Strengthening market position in **Southeast Asia**

Grow  

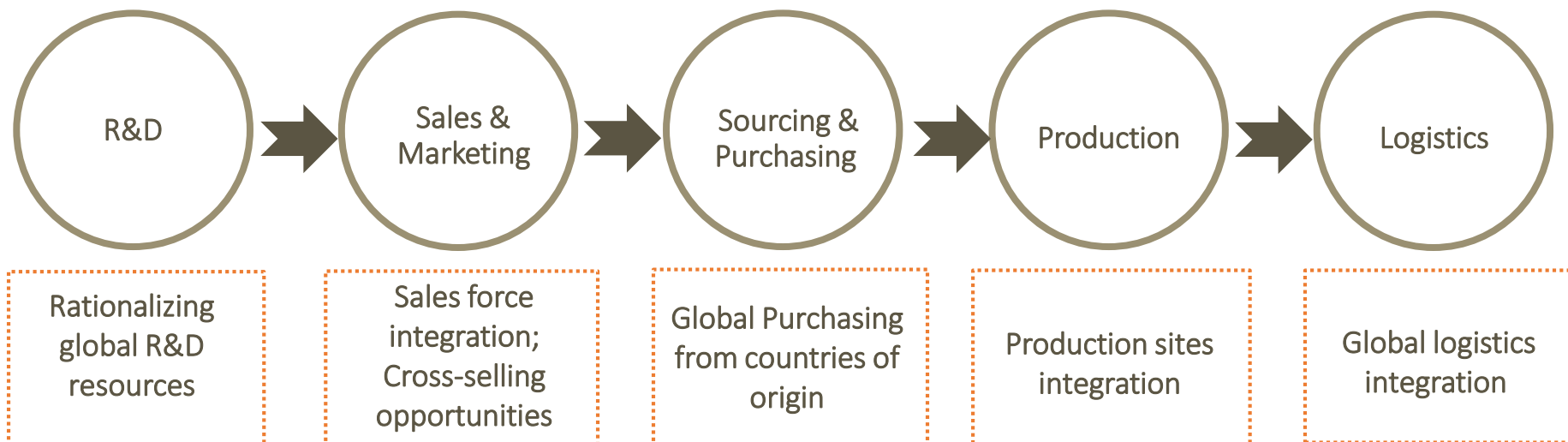
- Biotechnology products for the supplement and nutraceutical market

Leveraging Synergies

- Strong management, R&D and sales
- Cross-selling opportunities
- Additional improvement in margins
- Optimization & Savings

Resource Optimization

Leveraging economies of scale



- **Several projects underway for optimization and margin improvement, including:**
 - Reorganization of the production infrastructure of the Savory business in Europe following the Wiberg acquisition (Flavors Activity) is almost completed and will yield **annual savings of over US 12M**, some of which are partially already starting to be seen in Q1 2017 and the balance will be reflected during 2017
 - Streamlining of the global production resources in the field of natural plant extracts (Specialty Fine Ingredients Activity) which is planned to yield **annual savings of US\$ 6M**, to be reflected starting H2 2017
- The projects are advancing successfully and according to plan with **US\$ 20-22M expected total operational savings** on an annual basis vs Frutarom's Q2/2016 cost structure, to be reflected gradually during the course of 2017
- Building and strengthening the **global purchasing organization** will contribute to improved competitiveness, profits and profitability

Frutarom's 2016 Annual and Q4/2016 Results

FRUTAROM
FOUNDED 1933



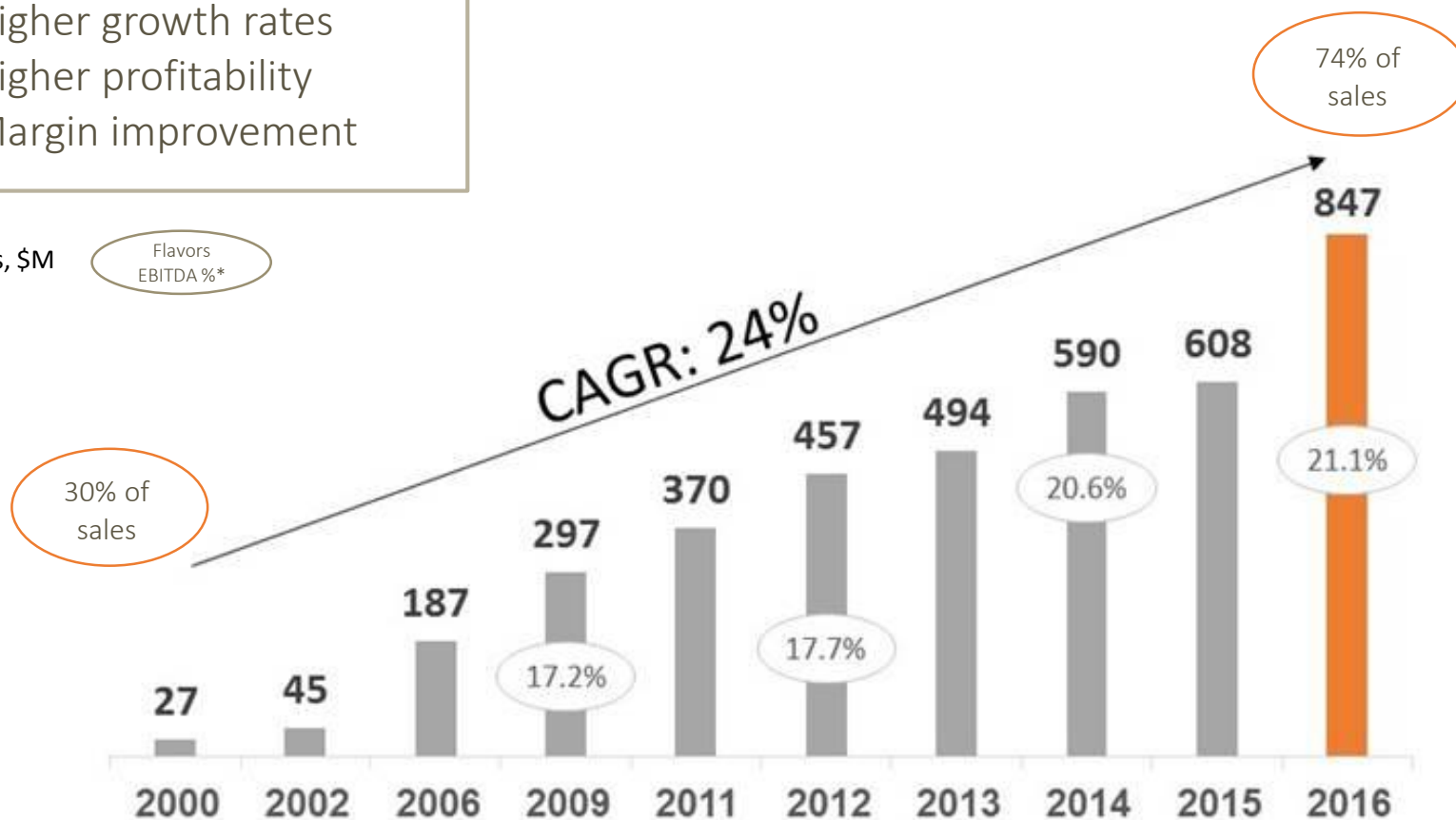
Constantly Improving Flavor Division's Profit and Profitability

Flavor Activity Trends

- Higher growth rates
- Higher profitability
- Margin improvement

Sales, \$M

Flavors
EBITDA %*

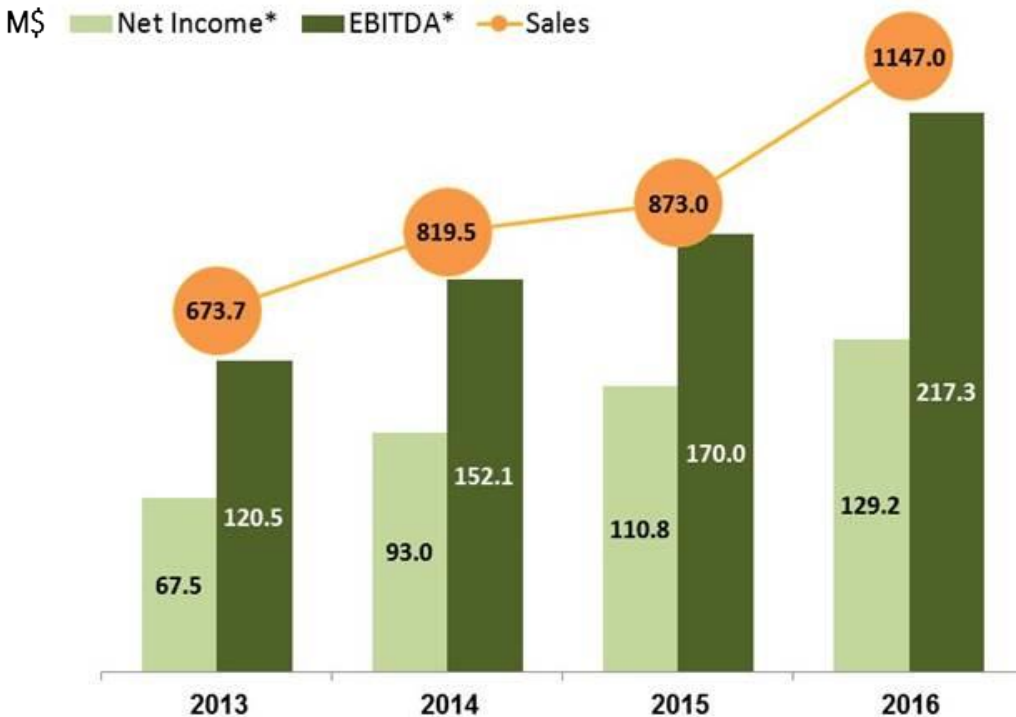


Major contributors to growth in Profit & Profitability :

- Successful integration of recent acquisitions
- Above market organic growth rate
- Exploiting operational efficiencies

*net of non-recurrent expenses

2016 KPI's - Record High Revenues and Profits



Revenues - \$1,147M

Flavor Business approx. 74% of Revenues

Growth - Sales Growth – 31.4%

Sales YoY Growth – 5.3% (on LFL basis)*

Core Business YoY Growth – 5.9% (on LFL basis)*

Flavors YoY Growth – 6.1% (on LFL basis)*

Specialty Fine Ingredients YoY Growth – 6.1% (on LFL basis)*

Gross Profit - \$448.0M*

31.4% YoY Growth*

40.4% Core Business Gross Margin*

EBITDA - \$217.3M*

27.9% YoY Growth*

20.1% Core Business EBITDA Margin*

Net Income - \$129.2M*

16.6% YoY Growth*

11.3% Net Margin*

Operating Cash Flow – \$124.6M

36.0% YoY Growth

* Sales on a constant currency and pro-forma basis, assuming the acquisitions performed and completed in 2015 had been consolidated on January 1, 2015, and the acquisitions performed in 2016 had been consolidated in 2015 according to their date of acquisition; Gross Profit, EBITDA, Net income, their growth rates and profitability margins are net of non-recurrent expenses which reduced reported 2016 Gross profit by 10.4M\$, the operating profit by 24.9M\$ and the Net Income in 18.1M\$, and on a constant currency basis.

Q4/2016 KPI's - Continued Accelerated Growth

Revenues - \$289.0M

Flavor Business approx. 74% of Revenues

Growth - Sales Growth – 28.1%

Sales YoY Growth – 3.8% (on LFL basis)*

Core Business YoY Growth – 4.2% (on LFL basis)*

Flavors YoY Growth – 5.1% (on LFL basis)*

Specialty Fine Ingredients YoY Growth – 3.0% (on LFL basis)*

Gross Profit - \$113.4M*

28.3% YoY Growth*

40.7% Core Business Gross Margin*

EBITDA - \$52.7M*

23.8% YoY Growth*

19.4% Core Business EBITDA Margin*

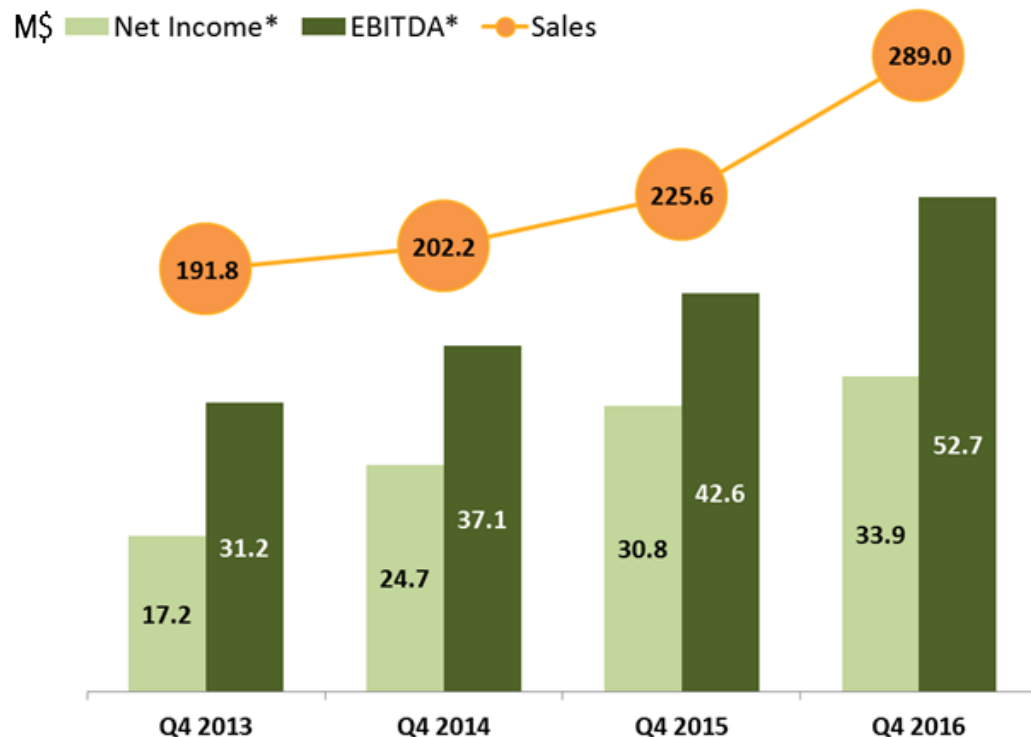
Net Income - \$33.9M*

10.3% YoY Growth*

11.7% Net Margin*

Operating Cash Flow - \$28.2M

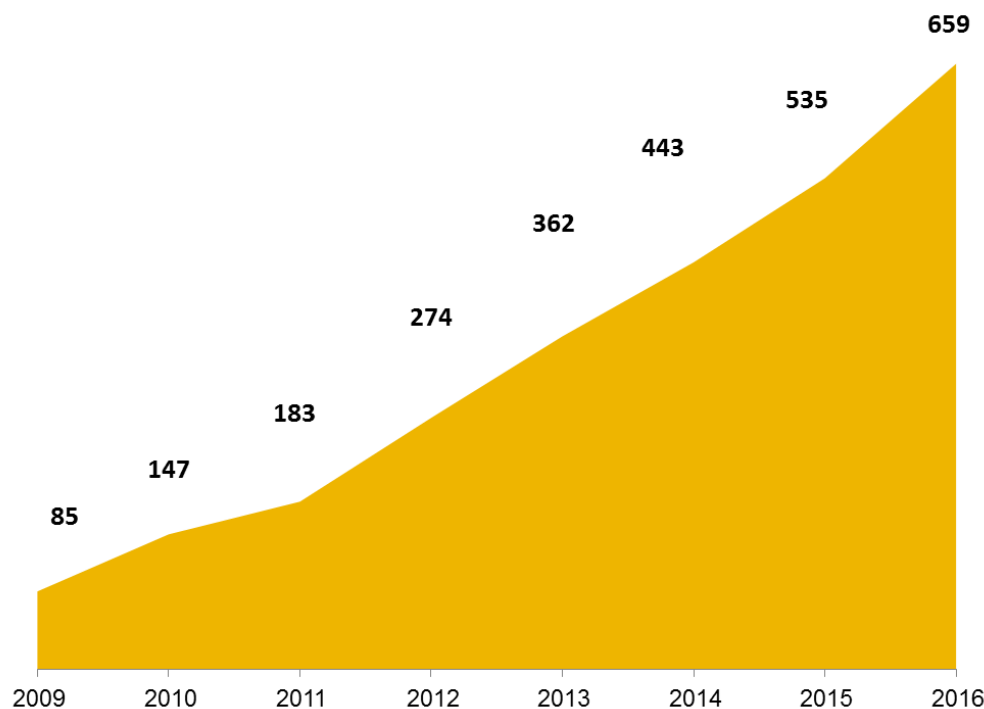
13.3% YoY Growth



* Sales on a constant currency and pro-forma basis assuming the acquisitions performed and completed in 2015 had been consolidated on January 1, 2015, and the acquisitions performed in 2016 had been consolidated in 2015 according to their date of acquisition; Gross Profit, EBITDA, Net income, their growth rates and profitability margins are net of non-recurrent expenses which reduced reported Q4/2016 Gross profit by 3.2M\$, the operating profit by 9.5M\$ and the Net Income in 6.9M\$, and on a constant currency basis.

Solid Balance Sheet & Cash Flow from Operations

Cumulative Cash Flow (M\$)



Cash Flow

- \$659M - Cumulative cash flow 2009-2016
- 2016 - \$124.6M YoY growth of 36.0%
- Q4/2016 - \$28.2M YoY growth of 13.3%

Balance Sheet

- Net debt (31.12.16) - \$420M
- Equity (31.12.16) - \$665M
- Equity Ratio¹ at approx. 41.9%
- Leverage Ratio² at approx. 26.5%
- Net Debt / EBITDA³ ratio = 1.9

¹ Equity ratio = shareholders equity / total assets

² Leverage ratio = net financial debt / total assets

³ 2016 Pro-Forma adjusted EBITDA

Positive Outlook for 2017 and Onwards

Strategy

- **Product Focus** - unique offering and product portfolio focused on **innovative** integrated solutions **combining taste** and **health, natural** and **clean label products**
- **Customer Focus** - mid-size and local customers, the private label sector and unique added value solutions to MNCs
- **Geographic Focus – Global leading position** with focus on North America and on high growth **Emerging Economies**

Recent Acquisitions

- Announced **34 acquisitions since 2011** and **20 acquisitions since the beginning of 2015**
- 9 companies acquired **since the beginning of 2016 for ~255M\$**
- **Cross-selling** will contribute to improved accelerated growth of the combined activities
- **Operational efficiencies and synergies** from successful integration of acquisitions expected to generate savings of \$20-22 M Vs Frutarom's Q2/2016 cost structure
- **Global purchasing will further** contribute to improvement in profits and margins
- **Strong acquisitions pipeline** for supporting growth strategy remains intact

Financial Strength

- Maintaining a **solid balance sheet** based on strong business fundamentals, healthy profitability and robust cash flow from operations
- **Cumulative cash flow** since 2009 - **approx. US\$ 659M**

Positive Outlook for 2017 & 2018

Profitable internal growth in core business

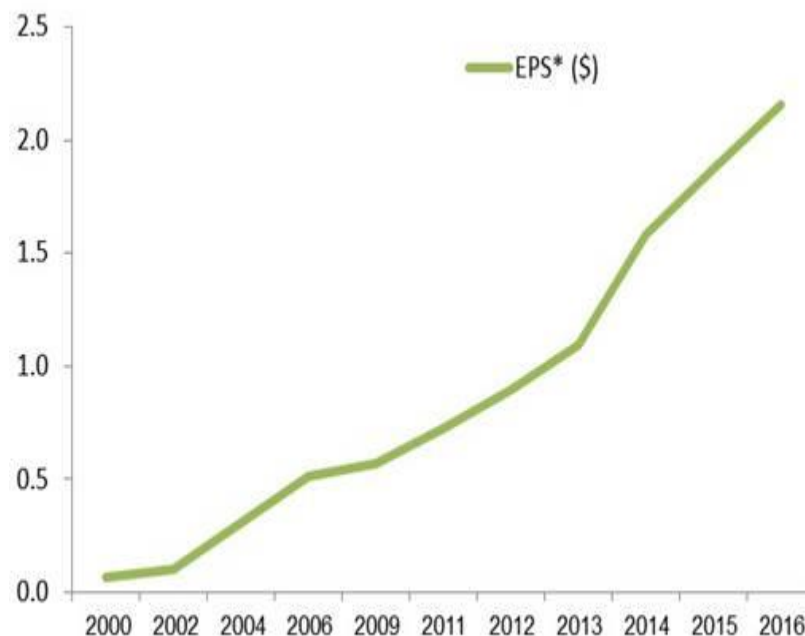
Focus on innovative, health & wellness oriented, natural product mix

Successful integration of the recent acquisitions

Additional projects to improve efficiency and merge activities and operations

Strengthening & leveraging of global purchasing

Strong acquisitions pipeline



* Excluding non-recurrent expenses

Frutarom's Strategic Goals

✓ Above-industry Growth

✓ Continue Margin Expansion

✓ Continue Acquisitions Strategy

Combining rapid profitable organic growth with strategic acquisitions

\$2 Billion in revenues in 2020

Above **22%** EBITDA in our core business by 2020^{*}

^{*} Given current product mix

Frutarom's Vision

To Be The Preferred Partner
For Tasty And Healthy
Success

