



## **PRESS RELEASE**

### **FRUTAROM ACQUIRES THE SAVORY FUNCTIONAL SYSTEMS ACTIVITIES OF CHR. HANSEN GROUP IN GERMANY**

**THE ACTIVITY'S 2008 SALES TOTALED US\$ 7.7 M  
(ABOUT EURO 5.6 M)**

### **FRUTAROM CONTINUES TO IMPLEMENT RAPID GROWTH STRATEGY AND TO CARRY OUT ATTRACTIVE ACQUISITIONS**

**Haifa, Israel – June 21, 2009, Frutarom Industries Ltd. (LSE: FRUTq, TASE: FRUT, OTC: FRUTF)** ("Frutarom") announced today that it has signed an agreement to acquire the Savory activity and assets of Chr. Hansen A/S (hereunder: "**CH**") in Germany, in consideration for a cash payment of approximately US\$ 7.3 million (Euro 5.275 million). The activity's 2008 sales (for the financial year ending on August 31, 2008) totaled approximately US\$ 7.7 M (about Euro 5.6 M). In the last 9 months, the sales of the acquired activity demonstrated growth and reached approximately US\$ 7 M (about Euro 5 M)

The Savory Functional Systems activities of CH develops, produces and markets unique and innovative savory solutions (the non-sweet taste spectrum), including flavors, seasoning compounds and functional ingredients for the food industry, with special emphasis on the fields of processed meat and convenience food. The acquired activity holds an extensive customer base, mainly among leading meat producers in Germany, and export activities to Scandinavia and UK. This activity is extremely synergetic to Frutarom's German activities, Gewürzmüller and Nesse, acquired in 2007 and 2006.

The acquired activity has a production site in Holdorf, Germany, located 140 km. from Frutarom's production site in Nesse. During the following months, Frutarom intends to shut down the Holdorf site and transfer the production to its sites in North and South Germany, while achieving significant operational savings.

According to **Ori Yehudai, President and Chief Executive Officer of the Frutarom Group**, "This acquisition is an additional step in the implementation of Frutarom's rapid growth strategy and further establishes Frutarom's position as one of the ten largest global leaders in the field of flavors and as a leading global producer of savory flavors solutions. The acquired activity is especially synergetic and will be integrated with the successful activity of Gewürzmüller and Nesse, which were acquired by Frutarom in 2006 and in 2007. The acquired activity holds a significant market share among leading industrial meat customers in Germany, and it will strengthen Frutarom's positioning and its market share among these customers.



The acquisition considerably boosts both Frutarom's technological capabilities and its product offering to customers worldwide in the field of savory flavors and functional products, as well as Frutarom's extensive global customer base."

**Yehudai** added, "Thanks to Frutarom's proven experience in making acquisitions and in realizing the synergy and cross selling opportunities, we are convinced that this acquisition will benefit Frutarom's continued fast growth and profitability and will create added value for our customers, our employees and our investors. Frutarom will act to extract the greatest advantage from the operational synergy between its activities and the acquired activity in Germany and elsewhere to achieve optimal operational efficiency and maximal savings, which will be achieved in a short period of time due to the closing of the production site in Holdorf and transferring the activity to our existing sites in Germany. Above and beyond the extensive synergy existing in the German market, there is synergy between the acquired activity and Frutarom's activity in additional countries, particularly in Scandinavia and UK."

**Yehudai** concluded and said that, "Frutarom will continue to implement its rapid growth strategy. The acquisition of the Savory activity of CH is Frutarom's so far third acquisition this year and Frutarom is continuously seeking additional strategic acquisitions of companies and activities in its field. We believe that our solid capital structure and ability to produce cash from operating activities, together with available credit lines from leading banks in the world, will enable us to utilize acquisition opportunities created and that will be created due to the global economic crisis".

### **Background on the Company**

Frutarom is a global company with significant production and development centers on three continents that markets its products on five continents to over 20,000 customers in more than 120 countries. Frutarom's products are intended mainly for the food, beverage, flavor, fragrance, pharmaceutical, nutraceutical, health food, functional food, food additive, and cosmetic industries.

Frutarom operates through two Divisions:

- The Flavors Division, which develops, produces and markets flavor compounds and food systems.
- The Fine Ingredients Division, which develops, produces and markets natural flavor extracts, natural functional food ingredients, natural pharmaceutical/nutraceutical extracts, specialty essential oils and citrus products, and aroma chemicals.

Frutarom's products are produced at its plants in the United States, England, Switzerland, Germany, Israel, Denmark, China, and Turkey. The Company's global marketing organization includes branches in Israel, the United States, England, Switzerland, Germany, Belgium, Holland, Denmark, France, Hungary, Romania, Russia, Ukraine, Kazakhstan, Belarus, Turkey, Brazil, Mexico, China, Japan, Hong Kong, India and Indonesia. The Company also works through local agents and distributors worldwide. Frutarom has about 1,500 employees worldwide.

For further information, visit our website: [www.frutarom.com](http://www.frutarom.com).