

FRUTAROM ACQUIRES THE SAVORY ACTIVITY OF CHR. HANSEN GROUP IN ITALY

THE ACTIVITY'S 2010 SALES TOTALED APPROX. US\$ 24.3 M (APPROX EUR 18.3 M)

FRUTAROM CONTINUES TO IMPLEMENT ITS RAPID GROWTH STRATEGY AND CARRY OUT STRATEGIC ACQUISITIONS

CONTINUES TO ESTABLISH ITS POSITION AS A LEADING PROVIDER OF SAVORY SOLUTIONS

Haifa, Israel – May 26, 2011, Frutarom Industries Ltd. (**LSE: FRUTq, TASE: FRUT, OTC: FRUTF**) announced today that it has signed an agreement to acquire the Savory activity and assets of Chr. Hansen Italy (**Christian Hansen ITALIA S.p/a**, hereunder: "**Chr. Hansen**") for a cash payment of approximately US\$ 35.2 M (Euro 25 M). The activity's 2010 sales totaled approximately US\$ 24.3 M (approximately Euro 18.3 M). The data is based on unaudited documents provided by Chr. Hansen. The acquisition will be subject to the approval of antitrust authorities. Frutarom estimates that the acquisition will be finalized within the coming weeks.

The Savory activity of Chr. Hansen develops, produces and markets innovative savory solutions (the non-sweet taste spectrum) including flavors, seasoning compounds and functional ingredients for the food industry, with special emphasis on processed meat and convenience food applications. The acquired activity is a leader in savory solutions with an extensive customer base comprised mainly of the leading Italian meat processors; the activity also enjoys sales in Russia, Ukraine, Poland, Czech Republic and France. The acquisition will provide Frutarom a substantial presence in Italy where the Company's local presence has been slight, and will serve as a platform on which to expand into this important market. Included among the assets purchased is a state-of-the-art, high-capacity plant located in Parma, Italy that will enable Frutarom to increase its activities and to take advantage of operational synergies with its existing savory activities in Europe. Also included among the assets are innovative R&D laboratories. The acquired activity employs some 45 employees augmenting the Frutarom workforce with skill and experience at all levels, including in R&D and sales.

The acquired activity is highly synergistic with Frutarom's current savory competencies in Europe which have grown significantly in recent years with a number of acquisitions, including the German companies Gewurzmuller and Nesse (acquired in 2007 and 2006 respectively), the German Savory Functional Systems activity of Chr. Hansen (acquired in 2009) along with the acquisitions of EAFI and Rieber completed in early 2011. This acquisition is additional step in establishing Frutarom's leading European position as a savory solution provider.

According to **President and Chief Executive Officer of Frutarom, Ori Yehudai**: "This acquisition is a continuation of Frutarom's rapid growth strategy, and further solidifies its position as one of the top ten flavor companies and as a leading global producer of savory solutions. The acquisition will join Frutarom's successful group of savory activities,



maximizing Frutarom's existing synergies in the field. We will strive to take advantage of the cross-selling opportunities offered by this acquisition and to exploit to the fullest extent the commercial and operational synergies across the relevant countries in order to reach optimal operational efficiencies and maximal savings."

"The acquired activity holds significant market share in the fields of savory flavors and processed meat in Italy, and it will strengthen Frutarom's positioning among these customers while significantly increasing Frutarom's local presence and market share in this important market. 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, "Frutarom is highly experienced in making acquisitions, in identifying synergies and pursuing the many cross-selling opportunities that arise when combining the acquired activity with that of the Group. We are confident that this acquisition will also contribute to Frutarom's continued fast and profitable growth and will create added value for our customers, our employees and our shareholders.

Yehudai concluded by saying, "The acquisition of the Savory activity of Chr. Hansen in Italy is Frutarom's third acquisition this year. Frutarom is continuously seeking additional strategic acquisitions of companies and activities in its field. We are acting to further realize the potential of our excellent acquisition pipeline, both in developed markets (such as the US and Western Europe) and emerging target markets in Asia, Central and South America, and Eastern Europe. We believe that our solid capital structure and ability to produce cash flow from operating activities, together with the support of the world's leading banks, will enable us to further implement additional acquisitions".

About Frutarom:

Frutarom is a multinational company, operating in the global field of flavors and specialty fine ingredients. Frutarom has significant production and development centers on three continents and it markets and sells over 20,000 products in five continents to over 13,000 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, which employs roughly 1,500 employees worldwide, operates through two main divisions:

- The Flavors Division, which develops, produces and markets flavor compounds and food systems.
- The Specialty 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, 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, Costa Rica, China, Japan, Hong Kong, India and Indonesia. The Company also works through local agents and distributors worldwide.

For further information, visit our website: www.frutarom.com.

