

PRESS RELEASE

January 5, 2012

FRUTAROM TO ACQUIRE THE BRITISH COMPANY SAVOURY FLAVOURS

Frutarom Industries Ltd. (“**Frutarom**”) has signed an agreement for the acquisition of the British company Savoury Flavours (Holding) Ltd. and its subsidiaries (“**SFL**”), in return for the amount of approximately US\$ 5.88 million (£3.77 million). The transaction was completed upon signing. SFL grew at a fast rate of 28% from a turnover of approximately US\$5 million (£3.2 million) over the twelve months ending on September 30, 2010, to turnover of approximately US\$6.6 million (£4.1 million) for the same period ending in 2011.

Founded in 1999, SFL develops, manufactures, and markets savory taste solutions (the non-sweet taste spectrum), including mainly flavors, seasoning compounds, marinades and sauces, specializing in snacks and convenience foods. SFL has a development, manufacturing and marketing site in the UK, and a wide customer base including food manufacturers and private labels manufacturers in the UK and in emerging markets. SFL’s production site is located close to EAFI’s production site (acquired by Frutarom on February 1, 2011), which manufactures savory products as well. The geographic proximity, along with the two companies’ complimentary product portfolio, will allow significant business synergies between SFL and Frutarom’s savory activities throughout the world.

Frutarom’s Savory activities throughout the world have increased significantly over the past few years following the acquisition of Nesse, Gewurzmueller and Ch. Hansen, acquired by Frutarom in 2006, 2007 and 2009 respectively, and the acquisition of EAFI, the savory activities of Rieber and of Ch. Hansen and FSI in 2011. The acquisition of SFL will allow Frutarom to expand its savory product portfolio and expand activities in developing markets.

According to **President and Chief Executive Officer of Frutarom, Ori Yehudai**, “After five acquisitions completed in 2011, Frutarom is opening 2012 with an additional acquisition, which continues to strengthen its activities in the savory segment in Europe and in developing markets. This is an additional step towards strengthening Frutarom’s position in the UK market, where Frutarom is currently a leading sweet flavors manufacturer”.

“The global market for savory flavors is growing as a result of trends in improved quality-of-life and changes in consumer behavior, causing increased demand for processed and convenience foods. Frutarom has identified the savory segment as an important growth engine and is investing in the development of unique and innovative high added value products at its sites around the world. The acquisition of SFL, following previous acquisitions, is an additional step towards strengthening Frutarom’s leadership in this important segment, and we intend to continue to invest in the substantial expansion of our activities in the savory segment in additional destinations throughout the world, including through further acquisitions.

Mark Towler, Managing Director and founder of SFL, with his many years’ experience in the savory segment in general and specialized knowhow in the snacks and convenience food in particular, will continue to manage the business.”

“We are continuing to pursue additional strategic acquisitions and to implement our rapid growth strategy combining internal profitable growth with strategic acquisitions, in order to fulfill



our Growth destinations and the vision ‘**To be the preferred partner for tasty and healthy success**’”, Yehudai stated.

About Frutarom

Frutarom is a global company operating in the global flavor and fine ingredients markets. Frutarom has significant production and development centers in three continents and it markets its products in five continents to over 10,000 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 additives and cosmetic industries.

Frutarom, which employs approximately 1,600 people worldwide, has 2 main activities:

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

Frutarom’s products are produced in its plants in the US, UK, Switzerland, Germany, Israel, China, South Africa and Turkey. The Company’s global marketing organization includes branches in Israel, the US, UK, Switzerland, Germany, Belgium, the Netherlands, Denmark, Norway, France, Hungary, Romania, Russia, Ukraine, Kazakhstan, Belarus, Turkey, Brazil, Mexico, Costa Rica, China, Japan, Hong Kong, India, Indonesia and South Africa. The Company also works through local agents and distributors worldwide.

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

