

December 23, 2014

**FRUTAROM CONTINUES STRENGTHENING ITS
POSITION AS A TOP GLOBAL PLAYER IN HEALTHY
SOLUTIONS FOR FOOD PRODUCTS**

**ANNOUNCES THE ACQUISITION OF VITIVA OF
SLOVENIA FOR APPROX. US\$10 MILLION**

**VITIVA IS ONE OF THE LEADING EUROPEAN
PRODUCERS FOR SPECIALTY NATURAL BOTANICAL
EXTRACTS FOR THE FOOD, HEALTH, AND COSMETIC
INDUSTRIES, ALONG WITH GROWING ACTIVITY IN
NATURAL FOOD COLORS**

Vitiva has a cutting-edge plant and top notch personnel with impressive R&D capabilities

Frutarom Industries Ltd. ("**Frutarom**"), one of the world's 10 largest companies in the field of flavors and specialty fine ingredients, continues its momentum of acquisitions and the implementation of its strategy for rapid and profitable growth: the Company today announced the signing of an agreement to purchase the shares of Vitiva of Slovenia ("**Vitiva**") for a cash payment of approximately US\$10 million. The transaction will be completed over the coming weeks. Vitiva specializes in the research and development, production, marketing and sales of specialty natural extracts from plants exhibiting antioxidant activity or scientifically proven health attributes backed up by clinical studies and of natural colors for customers in the food, pharmaceutical, nutraceutical, and cosmetics markets. Among its customers are some of the world's top food, pharmaceuticals, and cosmetics manufacturers. Vitiva's revenues have grown from US\$8.7 million in 2013 to approximately US\$11 million for the 12-month period ending November 2014 (27% increase). Its activity will be integrated within the framework of Frutarom's specialty fine ingredients division.

Vitiva has many years of experience and excellent capabilities in extracting active elements from plants (particularly rosemary, olive and citrus, among others) and this will help Frutarom expand its portfolio of natural products for the food industry as well as in the fields of health and cosmetics. In addition, Vitiva has R&D abilities and a pool of knowledge based on longstanding research for continuing to expand its current product portfolio and toward entry into other fields such as the field of pet food and livestock feed preservation. Combining these abilities with Frutarom's capabilities in the field of antioxidants, particularly in the area of food preservation and protection and lengthening shelf life based on natural ingredients, will even further strengthen Frutarom's position as a leading player in R&D, production, and sales for these types of solutions. The natural food colors activity will join



the natural food colors activity by Montana Food which was acquired by Frutarom this past September, advancing the implementation of Frutarom's strategy of penetration into this burgeoning field with the intention of continuing to invest in a major expansion of its global activity in this growing area.

Vitiva has an R&D, marketing and sales center and a modern, efficient production site in Slovenia with large output capacity along with the possibility for significant expansion. Vitiva has 61 employees, including 10 engaged in research, development and applications from these, and 8 holders of PhD degrees with expertise in the field of antioxidants.

Frutarom will work towards capitalizing on the many cross-selling opportunities inherent in this acquisition and bolster the substantial ongoing development and expansion of its activity in natural functional solutions which combine taste and health and provide Frutarom a key competitive advantage. Active antioxidant ingredients are an important complementary product to food manufacturers, including meat and sausage producers, and Frutarom also intends to include these specialty ingredients in the overall portfolio of products and solutions offered to its many customers in the savory sector. In 2007 Frutarom acquired RAD which specializes in natural extracts with antioxidant activity from oregano, and the current acquisition expands on and supplements the solutions offered to thousands of customers in this field.

Ori Yehudai, President and CEO of Frutarom Group, said today: "Frutarom is a leading global producer of natural specialty fine ingredients and acquiring Vitiva fits in well with our rapid and profitable growth strategy which is based on natural flavor and health products.

"The acquisition of Vitiva brings Frutarom advanced R&D capabilities and a top-rate experienced management team. The acquisition represents another milestone in carrying out Frutarom's rapid and profitable growth strategy while broadening our portfolio of natural products and solutions at this important crossroads of consumer preference for healthier and tastier products making inroads in the worldwide food, health and cosmetics industries. Thanks to Frutarom's proven experience in successfully executing acquisitions and capitalizing on the inherent synergetic opportunities arising from combining the acquired activity with Frutarom's activities and the many cross-selling opportunities, we are convinced that this acquisition will also contribute towards Frutarom's continued rapid and profitable growth and generate value for our customers, our employees, and our investors."

The CEO of Vitiva, Mr. Ohad Cohen, said: "We are proud to be joining the Frutarom family. Following the acquisition, Vitiva will be able to enjoy many development and growth opportunities stemming from combining both companies' R&D and scientific and technological expertise, expanding the product range, and from Vitiva's ability to substantially boost its marketing capability by virtue of Frutarom's global infrastructure while continuing to extend excellent service to its customers. I have no doubt that Frutarom is the best home for Vitiva."

Mr. Yehudai concluded in saying: "The acquisition of Vitiva is the third acquisition we have performed this year, and we are striving to identify and execute further strategic acquisitions of companies and operations in our fields of activity. We will continue implementing our rapid growth strategy which is based on combining profitable internal growth and strategic acquisitions."



About Frutarom:

Frutarom is a multinational company operating in the global flavors and fine ingredients markets. Frutarom has significant production and development centers on four continents and markets and sells over 31,000 products its products to over 15,500 customers in more than 145 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, which employs approximately 2,700 people worldwide, has 2 main 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, aroma chemicals, essential oils, unique citrus products, natural gums and stabilizers. 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, UK, Russia, Switzerland, Germany, Slovenia, Turkey, Italy, Israel, China, Guatemala, South Africa, Peru, Chile and Brazil. The Company's global marketing organization encompasses branches in Israel, the US, UK, Switzerland, Germany, Slovenia, Belgium, the Netherlands, Denmark, France, Italy, Hungary, Romania, Russia, Ukraine, Poland, Kazakhstan, Belarus, Turkey, Brazil, Mexico, Guatemala, Costa Rica, Peru, Chile, South Africa, 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.

