

PRESS RELEASE

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FRUTAROM IS ACQUIRING CONTROL OF THE SLOVANIAN FLAVOR COMPANY ETOL

ETOL'S SALES TURNOVER US\$68 million
OVER 12 MONTHS ENDING ON 30.9.11

FRUTAROM STRENGTHENS AND DEEPENS ITS PRESENCE IN EMERGING MARKETS AND EXPANDING ITS NATURAL FLAVORS PORTFOLIO

Frutarom Industries Ltd. ("**Frutarom**"), one of the ten largest flavor solutions and fine ingredients companies in the world, forges ahead with its successful rapid growth strategy and reports its second acquisition for 2012. On 16.1.2012, Frutarom acquired 56% of the share capital of the Etol d.d. ("**Etol**"), a Slovenian public company. The acquisition was performed outside the Slovenian stock market in return for the amount of approximately (€19.6 million) (US\$ 24.9 million). In the coming weeks, Frutarom intends to submit a takeover bid in the Slovenian stock market for the purchase of the remaining shares. If the bid is accepted in full, Frutarom will own all of Etol's share capital.

Etol, founded in 1924, is a leading flavor company, with a long-standing reputation. Etol develops, manufactures, and markets flavors, focusing on natural flavor products for the food and beverage industry. Etol also has great experience in the development of fruit based flavors and products and Food Systems, specializing in local fruits of the region, as well as extensive activities in the growing area of bases for beverages that Frutarom has identified as a strategic area for the company, and in which it plans to further invest in order to substantially expand its activity.

Etol has exhibited impressive growth rates over the past few years, and its sales turnover has increased by 46%, from revenues of €31.5 million (\$39.5 million) in 2006 to revenues of €46 million (US\$61 million) in 2010. Over the twelve months ending on September 30, 2011 Etol's sales turnover grew at a rate of 7.5% compared to the same period in 2010, reaching €48.5 million (US\$68 million). The EBITDA in 2009 stood at approximately €8.2 million (US \$11.4 million) and at €8.4 million (US \$11.1 million) net of one-time expenses in 2010.

Equity as of September 30, 2011 stood at approximately €28.9 million (US\$39.3 million).

Etol employs some 240 employees including a leading human capital in the areas of research and development and sales, and an experienced and successful management team. Etol has a manufacturing and marketing site in Sofia Vas, Slovenia, in which it has invested extensively over the past few years, and has incorporated innovative technologies. Etol also has additional real estate properties for future expansion. Etol's products are sold to over 46 countries outside of Slovenia, to a wide customer base in Central and Eastern Europe and in emerging markets, including Russia, Poland, the Ukraine, Turkey, Croatia, Serbia, Belarus, Hungary, Slovakia, Macedonia, the Czech Republic, Kazakhstan and other emerging markets characterized by higher than average growth rates in comparison with the world average market growth. Leading



food and beverage manufacturers in the countries it operates are among Etol's customers, including large multi-national food companies.

The acquisition is synergetic with Frutarom's activities, and is expected to significantly increase Frutarom's customer base and scope of sales in emerging markets, expand its product portfolio and deepen its operations and market share in these important markets. Frutarom intends to utilize Etol's research and development, sales, marketing and production capacities to develop its business in the region.

According to Frutarom's President and Chief Executive Officer, **Ori Yehudai**:

"Frutarom considers this an important and strategic acquisition, which significantly expands Frutarom's operations in Central- and Eastern Europe and strengthens its presence and market share in these markets, and further positions Frutarom as a leading global player. Etol's proven abilities and many years of experience in the flavors field, with its specialization also in natural products in beverage bases, are a strategic asset for Frutarom. We forecast sales growth in the emerging markets in which Etol is active, as a result of the anticipated growth in demand and of changes in consumer preferences for processed foods and beverages. Frutarom proactively acts, and will continue to act, for the acceleration of growth in these emerging markets, by focusing on strengthening of its research and development, manufacturing and marketing and sales capabilities in these important target countries, and through additional strategic acquisitions".

"After five acquisitions in 2011, Frutarom is performing its second acquisition in the first month of 2012, and continues to pursue additional strategic acquisitions and to implement its rapid growth strategy and the realization of the vision '**To be the preferred partner for tasty and healthy success**'. We continue to seek out strategic acquisitions which will bring high added value for our shareholders and implement our rapid growth strategy combining internal profitable growth with strategic acquisitions, which together allow us to achieve our ambitious goals", 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 13,000 customers in more than 130 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.

