

## **PRESS RELEASE**

### **FRUTAROM ACQUIRES GEWURZMULLER, A COMPANY SPECIALIZING IN UNIQUE SAVORY FLAVORS**

**GEWURZMULLER'S 2006 SALES TOTALLED US\$ 65 M  
(ABOUT EURO 46 M)**

**FRUTAROM ESTABLISHES ITS POSITION  
AS ONE OF THE 10 LARGEST COMPANIES  
IN THE WORLD IN ITS FIELD**

**FRUTAROM CONTINUES TO IMPLEMENT RAPID  
GROWTH STRATEGY**

Haifa, Israel – October 14, 2007, Frutarom Industries Ltd. (LSE: FRUTq, TASE: FRUT, OTC: FRUTF) ("Frutarom") announced today that it has signed an agreement to acquire 100% of the share capital of the German companies Gewurzmuller GmbH and Blessing Biotech GmbH ("Gewurzmuller" and "Blessing Biotech" respectively and together the "Gewurzmuller Group"), in consideration for a cash payment of US\$ 67 million (Euro 47.3 million). The acquisition agreement also determines an earn out mechanism for a future payment, such that the final consideration to be paid will reflect a value for the Gewurzmuller Group based on a 7.1 multiple of the 2007 EBITDA. The Gewurzmuller Group's sales for 2006 totaled approximately US\$ 65 million (Euro 46 million). Frutarom used long term loans to finance the acquisition.

**Gewurzmuller** was established by the Rendlen family, the seller, in 1896 and today is a leading international group with an excellent reputation in its field. Gewurzmuller, which employs 190 people, develops, produces and markets unique and innovative savory solutions, including savory flavors, seasoning compounds and functional ingredients for the food industry, with special emphasis on the fields of processed meat and convenience food. **Blessing Biotech** develops, produces and markets starter cultures, which are natural products based on microbiological processes, mainly fermentation of microorganisms and enzymes, and which are used to manufacture food, especially meat, dairy and baked goods. Starter cultures enable food manufacturers to control flavor, color, texture and shelf life.

The Gewürzmüller Group operates two production sites in Stuttgart, Germany. The main site, which was built two years ago, is modern and efficient and would allow a substantial increase in production capacity. The main site also meets the most stringent standards of the European food and beverage industry.

The Gewürzmüller Group has sales and marketing representatives in 12 countries. The Group's extensive customer base includes thousands of food manufacturers, among them leaders in their field, especially in East and West Europe, in particular Germany, Austria, Switzerland, Sweden, Denmark, Russia, Ukraine and Bulgaria.

According to **Ori Yehudai, President and Chief Executive Officer of the Frutarom Group**, "The acquisition of Gewürzmüller continues the implementation of Frutarom's rapid growth strategy and of realizing its vision, *"To be the preferred partner for tasty and healthy success."* This is an important strategic and significant acquisition that further establishes Frutarom's position as one of the ten largest global leaders in the field of flavors and enhances its presence and position as a leading global producer of savory flavors. Gewürzmüller's activity is especially synergetic and will be integrated with the successful activity of the German company Nesse, which was acquired by Frutarom at the beginning of 2006, and with Frutarom activity in Israel. 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 customer base."

The global savory flavors market is growing annually by 4%-6% and at even higher rates in the emerging markets, where Gewürzmüller is also active, due to changes and the rise in the level and way of life and in consumer habits. These changes are heightening demand for processed and convenience foods for consumption in and out of the home. Frutarom considers the field of savory flavors to be an important strategic growth engine and is investing considerably at its sites worldwide in innovative and unique products with high added value. **Yehudai** noted, "The acquisition of Gewürzmüller, following the acquisition of Nesse last year, is another milestone in developing and strengthening Frutarom's savory activity, and we intend to continue investing in this important market segment. The Blessing Biotech activity opens up for Frutarom an innovative and fascinating field that is at the technological forefront of ingredients with the greatest added value for manufacturing food products."

**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's personnel in the fields of unique savory flavors and functional ingredients will benefit from the significant addition of experienced and skilled employees at all levels. The Gewürzmüller Group's strong, experienced management, including the Rendlen family (the sellers), will be integrated into Frutarom's and together lead the activity in Europe and Frutarom's global savory activity. The Gewürzmüller Group has extensive research and development activity, possesses patented products and processes, and collaborates with leading European universities. Frutarom's research and development team will be augmented by skilled, experienced and high quality personnel.

**Yehudai** added, "Above and beyond the extensive synergy existing in the German market, there is synergy between the Gewürzmüller group's and Frutarom's activity in many additional countries, particularly in the western and eastern European markets. We intend to take advantage of our global marketing and sales infrastructure to leverage and realize the many cross selling opportunities created by this acquisition, by broadening both the customer base and the product portfolio."

Frutarom will act to extract the greatest advantage from the operational synergy between its activities and the Gewürzmüller Group's activities in Germany and elsewhere in order to achieve optimal operational efficiency and savings.

**Yehudai** concluded by saying, "Frutarom will continue to implement its rapid growth strategy. The acquisition of the Gewürzmüller group is Frutarom's sixth so far this year. Frutarom continuously seeks additional strategic acquisitions of companies and activities in its field."

#### 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 5,000 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 1,300 employees worldwide.

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