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Mr. Kenneth P. Manning,
Chairman, President and CEO
Sensient Technologies Corporation

Sensient: a move into technology

GAYLE DE MARIA

Sensient Technologies Corp. has come a long way in less than a decade: it has changed from a commodities company to a global leader in flavours, fragrances and colours for the food and speciality chemicals market.

COMPANY STORY

Headquartered in Milwaukee, Wisconsin, USA, Sensient Technologies began operations in 1882 as a gin distiller. With prohibition, the company began manufacturing yeast, and eventually branched out into cheese, frozen potatoes and other food commodities. But Mr Kenneth Manning realized that he had to transform the company when he became CEO in 1996 or the company would no longer be around. Focusing on the two most promising areas, flavours and fragrances, and food colours, Mr Manning began a radical change. He started the acquisition of 21 businesses throughout the world. He also divested the company of underperforming businesses, including the original yeast operation. Today Sensient is a completely new company with new products; in fact it has become the largest food and beverage colour company and third-largest flavour and fragrances company in the world. "In the past, 95 percent of our employees were American citizens and 95 percent of the business was based in USA", Mr Manning says. "Today the company has 70 major locations in 30 different countries and only 1/3 of our employees are in the U.S. Over half of our revenue comes from non-U.S. business. "And today, Mr Manning states, we have reached 1 billion dollars in sales: the first time since the birth of the company in 1882".



A WORLD WIDE GROWTH

Sensient is growing rapidly in the Asia Pacific Region, especially in China. "Economic expansion is raising the purchasing power of Chinese consumers.



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This growing urban population is beginning to buy many products that use our company's colour and flavour systems", says Mr Manning. Sensient in fact has three locations in China: in Shanghai there are sales and research offices; in Guangzhou there is a plant as well as research and development facilities and in Qingdao, Sensient has just opened its newest flavour plant. Sensient sees opportunities all around the world, for example in Indonesia, Australia, New Zealand, and the Philippines. "We are also developing strategies to move into India", states Mr Manning. In South America, Mr. Manning singles out Brazil as a promising economy that is poised for strong growth and demand for Sensient's products. Sensient's current strategic emphasis is focused in China and Eastern Europe (Poland, Hungary, Romania, Serbia, Ukraine).

Flavour products

One of Sensient's most recent developments has been a sensory system trademarked as Sensational Flavours which affect the sensory system, creating such sensations as heating and cooling.

Sensient has also developed time-release encapsulated flavours, particularly for chewing gum. These encapsulated flavours extend the flavour profile of the gum and enable multiple flavours to be embodied in a piece of gum through flavour layering.



Sensient's newest flavour plant in Qingdao, China

Encapsulation can also be used as a delivery system for natural nutraceutical ingredients, such as Beta Glucan, Mannan, Omega-3, carotenoids, prebiotics and natural flavours extracts. In addition, Sensient is exploring how to

deliver health benefits of some natural colourants like carotenoids and anthocyanins without adding the accompanying colour to the food product.

Colours for food

There is a high demand in Europe in natural colours. Because of this, Sensient opened a new Technical Service Centre in Hamburg, Germany, in August 2005. It is one of the four technical centres for the Colour Group and it includes new application laboratories and training seminar rooms. It also includes a new state-of-the-art natural colour production line. Today it focuses on high performance dispersions, emulsion systems, encapsulation systems and nanotechnology. "We expect to see our next generation products from these areas", states Mr Manning.

"There is no doubt that natural flavours are increasing in popularity, especially in western and central Europe. However, synthetic flavours are still the most popular overall: they are more available, have a longer shelf-life and are less expensive", says Mr Manning.

While Europe has a strong demand for natural colours, Sensient has a strong and growing market base in Asia, Brazil and Indonesia for synthetic colours. These are stable, reliable and reasonably priced colours", says Mr Manning. Sensient has anticipated the trend towards darker and more intense colours for confectionery. Carmine, which is produced from female beetles, found in Peru, creates highly attractive colours that are among the most stable colours in formulation.



"We also develop systems that change colour when triggered by moisture. Very popular today are cereals for children that start as a blue colour and, when milk is added, turn red", says Mr Manning. Sensient is actively

working on additional "triggers" for colour change.

Combining different technologies

Sensient also has combined its expertise in food and colour technology to perfect a process to enable high-speed printing on food products with a line of food-grade inkjet inks.

"Sensient has pioneered a new high-speed, non-contact printing solution that is being used to print a variety of information on various foods, including confectionery products.

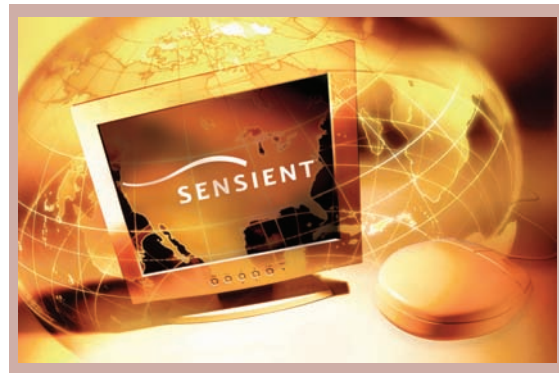
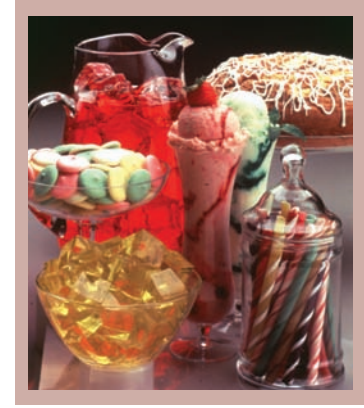
The specially designed food-grade inks can be formulated using either synthetic or natural colours. One example of this new technology is Procter & Gamble's Pringles Prints chips

line. Various messages are printed onto each chip, proving to be a successful novelty of P&G.

Customized products

As Sensient is a world wide company, operates within different countries and cultures. "For this reason, says Mr

Manning, every product we produce is a customized product based on different tastes and applications". Synthetic flavours, for example, are used in extremely hot regions, such as Brazil and Indonesia because they are more stable than natural



ones. In addition, Sensient produces regional flavours, especially for beverages, to accommodate local tastes. "We are sensitive to cultural differences and customize our flavours and colours to meet local market demands", adds Mr Manning.

The key milestones for success

But how did Sensient reach this world wide success?

Mr Manning enumerated what he considers are the three main key milestones: First of all, the completion of

the acquisition programme where Sensient found the starting point it needed to move forward. Secondly, facilitating the transfer of technology between colours and flavours".

Providing the means and the systems to transfer technology between our units has been a milestone", says Mr Manning.

"Finally, a huge milestone had been our move into technology, whether by developing it ourselves or buying it through our acquisitions. Our move into technology is the future of the company because it will lead to growth. Today we have the technical infrastructure and the professional expertise to develop the new products and technology that will lead to breakthroughs in the future", concludes Mr Manning.





Sensient Technologies Corporation

777 East Wisconsin Avenue

Milwaukee, WI 53202-5304

www.sensient-tech.com

1-800-558-9892