

SENSIENT

SCREEN PROCESS & DIGITAL IMAGING

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Sensient: Investing in new product development

Kenneth P Manning, Chairman, President and CEO, Sensient

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Investing in new product development

Sensient Technologies specialises in the manufacture and marketing of colours, flavours and fragrances. In this article SP&DI discusses the company's past, present and future with the company's chairman and CEO, Kenneth Manning.

Q: The focus of Sensient's business has changed radically from commodities to technology-oriented specialty chemicals businesses. Could you describe this change?

A: Sensient has completed the move out of its commodities businesses, such as yeasts, frozen potatoes and bulk cheese, and is now firmly focused on technology and new product development in the specialist areas of flavour, fragrance and colour. The business is the product of 21 acquisitions with operations including ink jet inks, nano technology and organic chemicals.

Q: How would you describe the company today?

A: With the move away from commodity products to specialty areas, productivity, measured as sales per employee has more than doubled from \$140,000 in 1988 to over \$300,000 in 2006 and we expect further increases. Although we are still interested in compelling acquisitions, new technology is now the company's focus and the preference is to acquire or licence technology where there is an

opportunity to broaden the product line. This process had led to rapid new product expansion with the introduction of 150 new products during 2006 and a 20 percent increase expected for 2007.

Q: What is Sensient's global infrastructure? How do you manage company units, especially in the UK and Europe?

A: Sensient celebrates its 125-year anniversary in 2007 and for the first time in its history the company has chosen to host the celebration (and board meeting) in Europe to demonstrate the international standing of its customers, employees and facilities.

The company appreciates the varying different tastes and demands of different EU countries. The secret is to identify market preferences and position the profit centre as close to that region as possible. For example, in the UK, flavours are managed by a facility in Bletchley, while colours are managed from Kings Lynn. The European general manager has total authority regarding R&D, manufacturing and sales. As a whole, the company prides itself on being physically close and responsive to its customers.

Q: What have been your company's most important new technology and product introductions, especially in the inkjet inks and specialty inks area?

A: Sensient continues to make progress in technology and quality for high speed printing on food products which represents a strong and growing market. Another exciting area is self-dispersing carbon black pigments for desktop inkjet printers. This is a novel type of ink designed to offer superior performance at a good price and the company has filed for a patent on the technology.

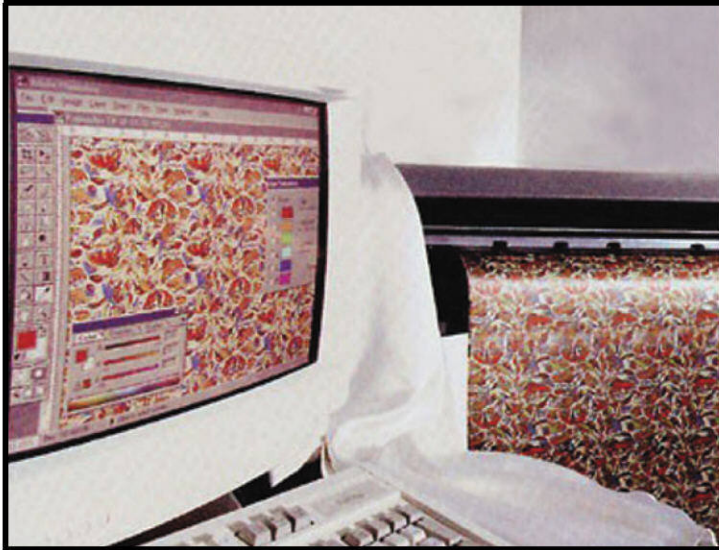
Work also continues in the textile sector where traditional sublimation products are being supplemented by direct printing technology which helps reduce the environmental impact of the printing process.

Q: Customers of printed products are increasingly concerned about their environmental impact. What is Sensient's position on the development of more environmentally friendly ink products?

A: Sensient is pleased that its customers are demanding more environmentally sound ink products. The company is keen to see the industry move in this



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direction and is prepared to embrace its customers' goals and move with them. As examples of its work in this area, Sensient offers soy based ink products and where its products do use solvent, low volatility eco-solvents are used.

Q: Regarding growth plans, is Sensient focused on organic growth or acquisition and which industry sectors is the company looking at?

A: Growth is driven by organic developments, primarily the acquisition and licensing of new technologies. This process has delivered benefits for customers and the market in general and there will be more to come. Although the USA and Europe are Sensient's traditional markets, opportunities are emerging in markets including China and Brazil. These areas are becoming more commercially sophisticated and, over time, will represent good territories. India also represents an intriguing market with its large population, increasing disposable income and high levels of education.

Q: How does Sensient view the global makeup of the ink and printing industries?

A: Sensient views the recent consolidations in the global ink sector as good for the market and good for customers. Consolidation drives the development of superior products and helps reduce prices as original equipment manufacturers and the aftermarket work to cement their market position. Consolidation has also helped stabilise a market that saw many ups and downs, especially during the initial introduction of wide format inkjet technology.



Q: The aftermarket ink business is growing in the UK. What are Sensient's views on the battle between OEM and aftermarket ink suppliers and is Sensient technology found in both?

A: Sensient serves both the original equipment manufacturers and aftermarket sector. Competition will serve the customer well as it focuses the OEM's attention on reducing prices and the aftermarket on improving product quality. The result is that the consumer, whom we all work for, will receive a better product at a reasonable price.

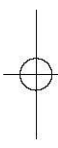
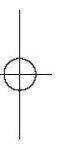
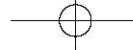
Q: What is your plan for the company overall?

A: Continuing global expansion is key to Sensient's growth plans. The company sees recent entrants to the European market, such as Romania and Bulgaria, as opportunities with Romania starting to invest in building its infrastructure. Other areas offering growth opportunities include the Baltic states, Poland, India and Russia. Geographic expansion into Brazil is proving interesting and China simply continues to expand.

For the first time, Sensient's entire operation is focused on technology and new product development. The process of consolidating 21 separate operations is finished and the focus has now switched to research driven developments which are clearly driving productivity and earnings.

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