

Agro FOOD

Industry hi-tech

Anno 15 • September/October 2004

Published by Tekno Scienze

European Journal of Nutraceuticals & Functional Foods

Sensing the Global Market



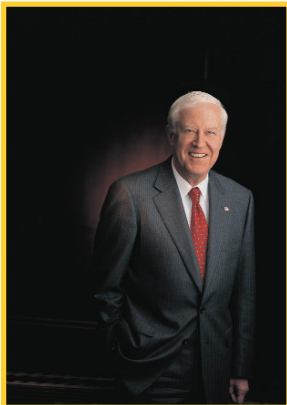
Kenneth P. Manning
Chairman, President and CEO of
Sensient Technologies Corporation

5

Sensient: Making Sense of the Global Market



Sensient Technologies Corporation
777 East Wisconsin Avenue - Milwaukee, WI 53202 - U.S.A.
www.sensient-tech.com



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

The Milwaukee-based company, Sensient Technologies Corporation has experienced outstanding growth in less than a decade. It has gone from being a domestic company with limited market share to a global company supplying flavours, fragrances and colours used to make a variety of foods and beverages, pharmaceuticals, cosmetics, home and personal care products, specialty printing and imaging products, computer imaging and industrial colours. Agro FOOD Industry HiTech interviewed Chairman, President and CEO Kenneth P. Manning, who explains how he led the

company to its current successful position.

GLOBAL MARKET

Sensient is an international company with business interests around the world. Mr. Manning describes Sensient's global reach: "We have 77 locations in 30 countries and sell products in 150 countries.

Our operations in North America and in Europe can support virtually any customer in any country. In the Asia Pacific region we're growing rapidly. We're particularly focused on China, Japan, Australia and New Zealand. In Europe we have factories, research laboratories, and people that support the customer and perform product development with a 24-48 hour turnaround on sample requests. We're growing in terms of capability in Asia and have plans for development in South America."

AN INTERNATIONAL CULTURE

Sensient clearly has an international culture. It's worldwide reach is reflected in the backgrounds of the company's employees.

"We have developed from a domestic corporation into a truly multinational company. When I became CEO, about 95% of our employees were U.S. citizens and almost all of our business was domestic. Today two-thirds of our employees are citizens from countries all over the world and over half of our revenues come from non-U.S. business. The corporate staff based in Milwaukee

reflect the company's international culture since many of them have an overseas background.



ACQUISITIONS: KEY TO GROWTH

Sensient Technologies was founded in 1882 as a small distillery which eventually branched out into the manufacture of yeast. In recent years, the company has followed a strategy of targeted growth through carefully-considered acquisitions. "These acquisitions, which are now substantially completed, allowed Sensient to acquire products and technologies and access new markets. Acquisitions helped build Sensient into a global business, selling products in 150 countries. Ten years ago Sensient was in a low growth marketplace with revenue from commodity products such as yeast, frozen potatoes and cheese. We needed to break out of those markets and we decided to target the colour, fragrance and flavour sectors. Initially, we set out to acquire ten companies; and we actually acquired 20 companies.

Today, Sensient is a completely new company with new products. We have divested the company of commodities businesses and undergone a complete change to emphasize high-growth, technology-oriented specialty businesses.

We are now a leading developer, manufacturer and supplier of colors, flavors and fragrances worldwide. We provide savory flavors, dehydrated flavor systems, confectionery and bakery flavors, dairy flavors and flavors for beverages.

We also provide synthetic and natural colors for foods and beverages, technical colors for non-foods, including specialty inks and dyes, cosmetic colors and fragrances, pharmaceutical colors and coatings, and aroma chemicals."

Sensient will close 2004 with \$1 billion of sales, making it the third largest flavour company in the world and the largest food and beverage colour group in the world.

INVESTING IN TECHNOLOGY

Acquisitions have been key to going global, and the new technologies they have brought to Sensient are and will be key to further expand business. "The company is now focused on developing this technology to produce new products that can be brought to market quickly. In addition, we are in the process of developing some strategic alliances. These alliances are business relationships where Sensient will provide products to commodity manufacturers who are trying to add value to existing products by benefiting from our services and technologies. This is a program we have just started and which we expect to be quite successful," says Manning.

EXCITING TECHNOLOGIES

Sensient has been exploring some exciting technologies. Mr. Manning explains: "In the area of fragrances, our extraction technology is on the leading edge. Few companies can duplicate our supercritical CO2 extraction. We have a very broad range of flavours which come from our extraction technologies business. This extraction process is performed in the U.K. and in Germany.

Another area Sensient specializes in is spray-dried flavours with naturally low bacteria content. These flavours have the greatest possible resistance to disease. Most of these flavours are developed and manufactured in Indianapolis, U.S. When it comes to colours, the potential applications of Sensient's encapsulated flavours and colours used in dairy products are innumerable. For example, our specialized colour could be added to a biscuit so



that when a child dips the biscuit into milk, the biscuit will change colour and after a certain time, it could change into another colour.

Our inkjet technology, which requires a highly purified product, is based on our food

colour technology. We have a facility in San Diego, which produces colours for desktop printers as well as a textile printing (sublimation) facility in Switzerland. The company's inkjet technology facilities can produce special hydrophilic and ultra-fine pigment dispersions for inkjet inks available in black and colour. These products have excellent light and waterfastness properties, as well as high tinctorial strength and shade brilliancy. The cosmetic technology business is located in Paris. We also have a small and growing cosmetics factory in New Jersey. We try to take existing technology, improve it and produce a new product. This is the quickest way to get to the market and create a return on investment."

FLAVORS, FRAGRANCES AND COLORS

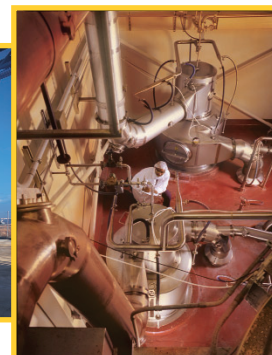
Sensient Technologies Corporation is divided into two segments serving the food and the non-food markets: the Flavours & Fragrances Group and the Colour Group.

"We have a small fragrance business in Spain where aroma chemicals, essential oils and fragrances are manufactured, but our primary business in the Flavours & Fragrances Group is flavours. Our flavour business is all over the world and our product line includes virtually every product that is being offered to the general public - it's a very comprehensive business," explains Manning.

Sensient Technologies is the world's leading manufacturer and marketer of synthetic food colours, as well as a leading producer of natural, cosmetic and specialty-ink colours for the food, pharmaceuticals, cosmetic, inkjet and display imaging industries. "We are the largest cosmetic colour company in the world today. The company has a significant presence in the areas of pharmaceutical colours and in imaging and inkjet printing. Our inkjet business is an example of how we are expanding into the non-food business by taking the food-based technology and applying it to totally unrelated markets. Our flat panel display technology, on the other hand, is not related to the food and beverage area. It begins with a totally different chemistry - organic chemicals for light-emitting diodes. This business is research-driven, experimental, and an investment in the future," adds Manning.

HEALTHY FOOD

About 65% of Sensient's total production finds its way into food products. Manning comments: "While the percentage may change



to reflect our growing business in specialty chemicals, we'll always be in the food and beverage business. Much of the technology we use in other markets was initially created in the food and beverage business."

Today consumers demand convenience foods that are also healthy foods. "This trend has changed the food industry," says Manning. "We are reformulating flavors and ingredients to reduce calorie content while continuing to offer excellent appearance and taste. We are participating in the low-carb product business. We are also looking at products for the elderly; products that might block the absorption of fat. Such businesses - nutrients for the elderly, fat-absorption blockers and low-carb nutrients - are all very promising. We are also focusing more on developing natural colors and flavors, which consumers definitely perceive as being healthier. Our natural colours and flavours have always been very popular in Germany and Japan, but now they're becoming particularly strong in emerging markets in Eastern Europe. We're doing very well in countries like Ukraine, Poland, Hungary, Romania, and even Serbia with these new natural products. We are the largest synthetic color manufacturer in the world and the second largest natural color manufacturer."

CUSTOMER FOCUSED

Sensient partners with its customers, providing support and product development assistance to successfully place its customers' end products on the market. Such support also includes assistance for the diverse regulations on the different target national markets.

"In the area of product development we are increasingly doing more for the customer - a trend deriving from our support policies and fewer internal resources available to customers. Today we have more control and management of our customers' intellectual property in the



product development process. As a corollary, we are retaining many of the rights to our technology, instead of ceding them to customers as in the past," says Manning. The future of Sensient Technologies Corporation is strongly focused on flavours and colours for the food industry, while at the same time applying the company's technological expertise in non-food areas.

"We will continue to expand our product base and establish new geographic locations. One of the ways we hope to do this is through strategic alliances with large companies somewhat more commodity-driven than us that want to have a partner who will help them add value to their products. We're very interested in China and Eastern Europe as growth markets and we're very interested in expanding our product offering not only within the food and beverage business, but also in non-food areas, such as the pharmaceutical business," concludes Sensient CEO Kenneth P. Manning.