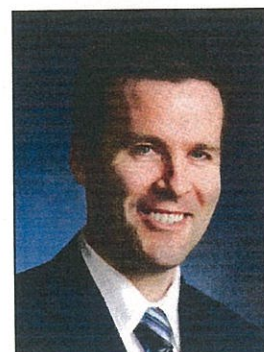


Milwaukee/Hoffman Estates, Illinois

2014 sales: \$724.7 million^d

Estimated market share: 2.9%

Chairman and CEO: Paul Manning



Paul Manning

P&F: What areas have been the main drivers for your business over the past year?

Manning: Sensient's strong 2014 performance was driven by continued execution by our color group and improved performance in our flavor business. We are increasing efficiencies and cutting costs in our flavor business, but we have also made great progress as we reposition the business with a focus on higher-value customer solutions.

P&F: What are the company's plans for major investments?

Manning: We are currently investing in our flavors business in order to improve efficiencies and streamline our manufacturing locations. This activity should be close to completion this year. After that, our focus will be on investments to drive growth, which could include acquisitions.

P&F: In what region and what areas of the business are you are putting most of your focus right now?

Manning: Asia Pacific and Latin America are two important regions for Sensient as they offer significant opportunities for growth. Within our product groups, we are very excited about trends we see in natural colors and digital inks. The potential for growth across Sensient flavors is very good. We are in the midst of a business restructuring, which is a key management focus, and we are confident this business will be delivering impressive results over the next few years.

P&F: Which regions are your fastest-growing areas? Are emerging markets a large part of your strategy over the next five years?

Manning: Asia Pacific, Latin America, South Africa and parts of the Middle East all have good growth profiles. Over the last several years, we have taken steps to capitalize on opportunities

Within our food and beverage businesses, Sensient's ability to identify and execute on our customers' formulation challenges will be very important. Customers want to exploit the consumer's desire for natural and healthy products.

—Paul Manning

in each of these markets. I anticipate that emerging markets will have a growing impact on our results based on the recent investments we have made.

P&F: What do you think will be the main driver for sales in 2016?

Manning: Continued execution in Asia and other emerging markets will drive our sales growth over the next year. In our more mature markets, such as Europe and North America, we have good exposure to a number of growth areas, including digital printing and cosmetic ingredients. Within our food and beverage businesses, Sensient's ability to identify and execute on our customers' formulation challenges will be very important. Customers want to exploit the consumer's desire for natural and healthy products. This often presents challenges for our customers that we can help solve.

P&F: How has your company dealt with the impact of raw material costs?

Manning: Sensient buys a wide range of raw materials, so no single item or category has had a significant impact on our results. Further, we have worked hard to develop and maintain a robust, multi-sourced supply chain. This helps us minimize the negative impacts of unfavorable

^dAccording to Leffingwell: "In 2014, Sensient restated sales of 'traditional flavors & fragrances' and 'natural ingredients' as separate categories for 2012, 2013 and 2014; comparison to previously reported figures indicates that some of the so-called dehydrated products possibly should have been included in sales." Sensient had a transitional year with new CEO Paul Manning, the company's former president and COO, who took the helm in February 2014. Sensient initiated a restructuring plan in the first quarter of 2014 to eliminate underperforming operations, consolidate manufacturing facilities, and improve efficiencies within the company (which is part of a plan that began in 2013). P&F spoke with Paul Manning about the company's major investments as well as its outlook for the coming years.

exposures to a single source of supply. It also gives us a competitive advantage, as supply chain strength is something our customers are paying more attention to.

P&F: Do you expect prices to stabilize this year?

Manning: We don't have any reason to anticipate unusual volatility.

P&F: What, in your opinion, were the company's biggest successes this year?

Manning: Sensient has had a number of important successes in the past 12 months. First, the progress we have made on our flavor restructuring has been very good. The business is in a much better position than it was 12–18 months ago, not just in terms of costs, but also the strength of our product offering and product development capabilities. Second, we continue to strengthen talent levels and capabilities across the company. Your ability to compete in our markets comes down to people, and our position with regard to human capital is as strong as it has ever been. Third, the continued impressive performance delivered by our color group. The results this business generated in 2014 are a testament to the benefits of a strong operating and investment strategy as well as top-notch management and employees.

P&F: What, in your opinion, is the biggest challenge that the U.S. F&F industry faces right now?

Manning: Attractive opportunities for flavor and fragrance companies exist, but identifying and executing on them takes more skill than it ever has. Many large players within the food and beverage industry have become more conservative, so discovering the innovators and sources of product development takes greater skill and effort. There are a lot of flavor companies with good technical capabilities. The most successful companies will be those that are nimble, responsive, and best at identifying consumer trends and customer needs.

p&f



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