

FOOD IRELAND

A portrait of an older man with white hair, smiling, wearing a dark blue pinstriped suit jacket, a white shirt, and a red tie with white polka dots. The background is dark and slightly blurred.

**Sensient Technologies
Corporation -
A Market Driven
Business**

YEARBOOK AND DIRECTORY 2004

Senses Working Overtime

RECOGNISING THE POWER AFFORDED TO A MARKET DRIVEN COMPANY, SENSIENT

TECHNOLOGIES CORPORATION'S CHAIRMAN, PRESIDENT AND CEO, KENNETH P MANNING,

HAS TURNED THIS PREVIOUSLY COMMODITY DRIVEN BUSINESS INTO AN INTERNATIONAL

BILLION DOLLAR CONCERN WITHIN THE COLOUR, FLAVOUR AND FRAGRANCE INDUSTRY.

The American, Milwaukee-based company, Sensient Technologies Corporation, has facilities in over 30 countries; employs over 3,600 people and, within Ireland, supplies sweet and savoury flavours for soft drinks, soups, snacks, pizza and canned meats.

Formerly Universal Foods Corporation, the company changed its name in 2000 to better reflect the direction in which it was developing. Chairman, President and CEO, Kenneth P Manning has personally steered the company to its current successful position within the global food industry via a strong business strategy.



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

INTENSE COMPETITION

The company was established in 1882, trading in yeast and other food products such as frozen potatoes and cheese. "About 10 years ago we had a company in a low growth marketplace with revenue from such commodity products as yeast, frozen potatoes and cheese - but we knew it would not progress far. The yeast business was very capital intensive, the technology involved hadn't really changed in over a hundred years - and it wasn't going to change. The frozen potatoes business, because of intense competition, had practically been commoditised. We were only in the bulk cheese business, not the speciality end of the market. We had to break out of those markets. I decided to target the colour, fragrance and flavour sectors," explains Manning.



Sensient is now able to offer clients printing with a food grade ink onto food products such as biscuits.

ACQUISITIONS

The company needed to change and refine its product line.

Acquisitions were the building blocks of the strategy for change. In his quest for sustainable growth, Manning outlined a plan to identify and acquire the kinds of companies and technologies that were needed to go from a commodity driven company to a market driven one. "We were able to secure 20 acquisitions over seven years, which gave us the required technologies in the food and non-food areas. It also gave us positions in the markets which would have taken us years to develop if we'd had to build our own," Manning comments.

In terms of the food industry, Sensient is now in all sectors of the beverage and packaged foods industries. Sensient provides natural and synthetic food colours as well as flavours for foods and beverages, including savoury,

sweet, dehydrated, bakery, confectionery and dairy flavours. The company also produces colours for inkjet inks, cosmetics and pharmaceuticals.

What has driven the growth of Sensient is Manning's commitment to move into sophisticated products, while at the same time developing technology, and ultimately leaving the old culture behind. The company has now well and truly moved into the value added sector, and into other areas which can be described as a natural progression from the food industry - such as inkjet inks and specialty chemicals.

DIVERSIFICATION

Kenneth P Manning sees the company's diversification as benefiting both food and non-food customers: "We're in some non-food areas only because we have the background and technology from the food industry, and we're also in some food areas which we would never have entered, had it not been for our expertise in the non-food areas.

"For example, we are now able to offer clients printing with a food grade ink onto food products, which combines our expertise in food colours and inkjet inks." Writing and detailed images can be printed onto food products such as biscuits. This innovative process showcases Sensient's commitment to research and development within the food industry.

GLOBAL MARKET

When Sensient began seeking acquisitions, about seven years ago, Manning realised that success would come from looking to a global market, not just America. Now, Sensient operates 77 facilities in 30 countries with customers in 150 countries. More than half of its revenues are from non-US operations.

“Our global outlook is also represented in the staff role call. When I became CEO, about 95 per cent of our personnel were American citizens. Today nearly two-thirds of staff are nationals of countries other than the US, and of those who are American citizens, many were born in other countries - so we have clearly developed into an international organisation,” said Manning.

Europe is a very strong market for Sensient. The company operates successful colour and flavour businesses throughout Europe, and has moved east into the Czech Republic, Romania, Poland, Serbia and Hungary - with European products not only distributed around Europe, but also exported to America and the Far East.

“About a quarter of our revenue comes from Europe and half of our revenue comes from non-U.S. business, which includes, in addition to Europe, the Asia-Pacific region, Latin America and Canada. In Europe alone, we have 28 locations,” said Manning.

HEALTHY FOOD

Manning points to the trend within the food industry which can be clearly seen in Europe, America and markets such as Mexico and China. Consumers are demanding convenience food that is also healthy food. “This trend has produced changes in the food industry just in the last 18 months. We are reformulating flavours and ingredients so that foods do not contain a high number of calories, but offer attractive appearances and tastes.

“This is more than just a passing trend. People have come to realise that the food they eat directly impacts the quality and length of their lives. They are also willing to spend more money on food than they were 10

years ago so food manufacturers must produce more sophisticated products to match consumer demand.”

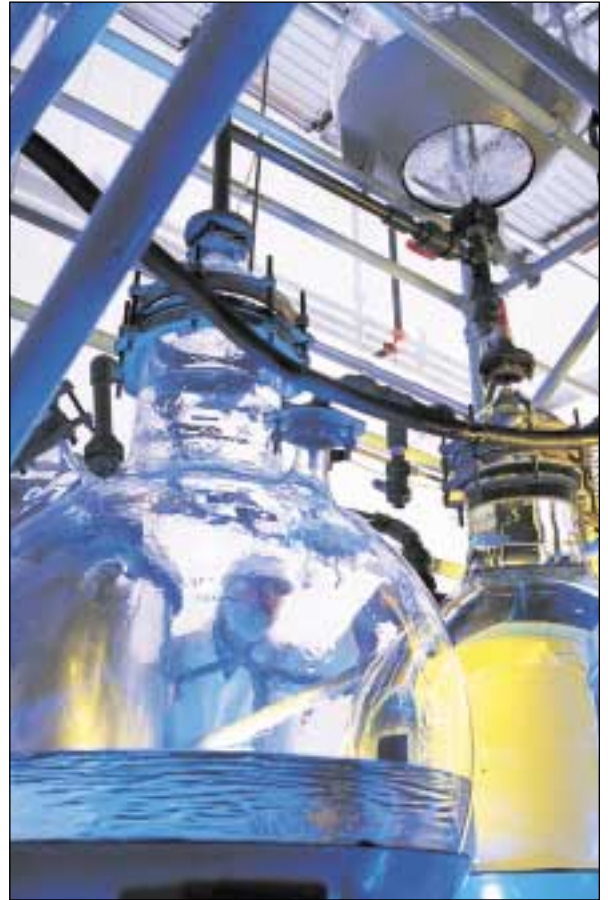
Kenneth P Manning sees similarities between American and European consumers, including a continued desire for new products. “That trend toward seeking novelty is very much in the forefront in the USA and Europe. It has not yet reached Asia, China, Thailand, Taiwan and Korea. Products that were popular in Europe 10 years ago are still being bought there. But those markets will certainly catch up as the disposable income levels begin to match those in America and Europe.”

Kenneth P Manning appreciates the expertise that each region can bring to an industry and a specific product. He explains, “Spain is a very important area in the fragrance market; Switzerland for inks and dyes; Ireland, UK, France and Germany for the food markets. As we become more established in Eastern Europe, we are finding our niche at the higher end of the market. In terms of non-food areas, the cosmetic colour (which has its genesis in the food colour business) is absolutely booming in France, with a great deal of product being exported to Japan, China and Brazil.

“We are also seeing traditional products being marketed in innovative packaging. The food industry is marketing itself more professionally, and the industry itself is now much more competitive. Markets are not becoming saturated. Instead, it is a business that is driven by new products.”

TECHNOLOGICAL EXPERTISE

When asked specifically about Ireland, Manning answers: “We always look at Ireland, as well as the UK and France for the future. Ireland’s importance as a financial



Europe is a very strong market for Sensient. The company operates successful colour and flavour businesses throughout Europe.

centre will continue to grow over the next few years. It is also a very attractive market from the point of view of disposable incomes and how the economy has developed.”

The future of Sensient Technologies Corporation is strongly focused on the business of flavours and colours for the food industry, while in tandem taking advantage of opportunities arising in non-food sectors which can benefit from Sensient’s technological expertise.

“I am very confident and upbeat about the future, I think the markets will perform well and the company has streamlined itself successfully. We are continuing to establish new technical capabilities and new geographic locations. Through growth in China and Eastern Europe, we are positioning ourselves to take advantage of the new opportunities that will emerge with a growing affluence in these regions. We have truly become market driven,” concludes Kenneth P Manning. ●