

perfumer  
& flavorist

2005

INDUSTRY

TOP

10

Acquisitions  
Innovations  
New faces  
Asian boom  
Trend watching

Plus: *P&F* Pathfinders

Welcome to *Perfumer & Flavorist's* 2005 Industry Top 10.\* To be fair, it's not *exactly* 10; we have an estimated tie at number 9. Still, this year's list includes *the* leading industry shapers — companies grappling with the emergent East, changing consumer trends, an accelerating merger and acquisition cycle, and succeeding. This survey of F&F companies examines the major developments over the last 12 months, crystal balls the future and provides an overview snapshot of the industry as it stands.

In addition, we bring you our 2005 *P&F* Pathfinders. What exactly is a Pathfinder? A true Pathfinder is a major influence, just outside the Top 10, that's making big headlines and viably competing with top-tier organizations. Pathfinders are innovators, ambitious upstarts or age-old F&F stalwarts, and just maybe even tomorrow's industry giants. Considering the rate at which the corporate landscape shifts, this who's who is a must-read.

**\*A Note on Rankings**

Top 10 rankings are based on 2004 sales data (including estimates) provided by John Leffingwell.\*\* All estimates are based on published sources and/or best estimates. Exchange rates are as of December 31, 2004. (Because Mastertaste's results are undisclosed, the company has been placed on the Pathfinders list. It is probable that the company's results place it in the Top 10.) The Pathfinder listing is presented in alphabetical order. Sales figures for 2004 are provided, where available.

\*\*Leffingwell & Associates, 4699 Arbor Hill Road, Canton, GA 30115; tel: 770-889-5111; fax: 770-887-0089; e-mail: leffingwell@mindspring.com; www.leffingwell.com.



# Givaudan<sup>®</sup>

## Givaudan

Geneva

2004 sales: \$2.35 billion

CEO: Gilles Andrier



Gilles Andrier

“Our ambition is to become the essential source of sensory innovation, based on our wide-range of expertise under the following four capabilities: sensory intelligence, sensory creation, sensory technology and sensory service.”

—Gilles Andrier, CEO

**We seem to have some new faces in P&F's 2005 Industry Top 10, not the least of which is Gilles Andrier, who has assumed the role of CEO following Juerg Witmer's move to board chair.** (Henri Meier, former chairman of the board, has retired.) The

change up top comes as Givaudan reports good news from its fragrance

division for 2004 (up 0.4 percent), particularly fine fragrance (rising in

the double digits). The flavor division reported an increase of 3.5 percent in the period. In addition, all business segments recorded positive sales growth, with the highest growth rate coming from Latin America. The confectionery and dairy segments posted the strongest gains.

Amidst these results, Givaudan is consolidating European flavor production. Over the last year the company has constructed a savory development center in Kempththal (Zurich, Switzerland). The addition includes savory creation and application facilities as well as experimental kitchens and pilot equipment to test flavors under industrial conditions. At the same time, the company's Parisian culinary technology center activities have been shifted to the Kempththal site. As the company moves to improve its efficiencies in this sector, will we see more production consolidation?

All of the changes in the last year have brought to light some new areas for growth. As CEO Gilles Andrier said, “There are lots of organic drivers for us to develop into new business opportunities, such as an increase of disposable income and changing life styles in emerging markets and stronger end consumer segmentation.” With all of these opportunities the company's strategy remains consistent. “Our primary focus,” explained Andrier, “has been to concentrate on innovation, to strengthen our leading position in Asia Pacific, Eastern Europe and Latin America, as well as to broaden our customer base. Our ambition is to become the essential source of sensory innovation, based on our wide-range of expertise under the following four capabilities: sensory intelligence, sensory creation, sensory technology and sensory service.”



### Crystal ball

Look for: Completion of the transfer of flavor compounding production from Barneveld (Netherlands) to the company's German and Swiss sites by December.



### Question mark

What is new CEO Gilles Andrier's strategy for this industry leader?



## More on the Web [www.perfumerflavorist.com](http://www.perfumerflavorist.com)

Gilles Andrier discusses Givaudan's challenges, goals, strategies and more

## Fragrance Wins

- Burberry Brit for Women (Burberry)
- Burberry Brit for Men (Burberry)
- Eau des Merveilles (Hermes)
- Love in Paris (Nina Ricci/Puig)
- Black Code (Armani)
- Bond No. 9 Chinatown (Laurice Rahme)
- Crystal Noir (Versace)



# IFF

## IFF

New York

2004 sales: \$2.03 billion

Chairman and chief executive: Richard Goldstein



Richard Goldstein

"I do believe that there are going to be some further consolidations in the industry. We'll just wait and see what they may be."

—Richard Goldstein,  
Chairman and CEO

**Perennial flavor and fragrance leader IFF has had a busy year of sales, restructuring and eastward expansion.** The company

has divested its European fruit prep business to flavor and fragrance up-and-comer Frutarom, and has closed its Canadian manufacturing site, transferring activities to New Jersey and Texas (though sales and third-party-managed warehouse/distribution activities continue in the region). But there's more to IFF's strategy than trimming down.

While optimizing operations close to home, the company has begun construction on a new plant in China, addressing growing ingredients market needs in Asia/Pacific. The importance of China's recent economic boom is also evidenced by IFF's sensory and consumer insight group's recent market research project. The body's study examined living conditions, beliefs and economic statuses of the Chinese consumer, seeking insights into this emerging powerhouse.



The company has begun construction on a new plant in China

Goldstein told us: "Were we to do another acquisition, there would have to be some strategic rationale for doing it. Simply buying turnover would not be a strategic benefit that would carry the day. I do believe that there are going to be some further consolidations in the industry. We'll just wait and see what they may be."



### Crystal ball

Look for:

- High material costs.
- Low sale prices (particularly vanilla).
- Sales (2005) to rise in the low single digits.

## Fragrance Wins

Liz (Liz Claiborne)

Divine Paradise (Coty/Chupa Chups)



# Firmenich

## Firmenich

Geneva

2004 sales: \$1.7 billion (estimate based on Q3 results)

CEO: Patrick Firmenich



Patrick Firmenich

### We just can't seem to escape the "A" word.

Acquisitions. In the last 12 months, Firmenich had a hand in the continuing consolidation of the flavor and fragrance industry, acquiring Noville Inc. The purchase strengthened Firmenich's position in US home and oral care markets. From Noville's point of view, the current industry landscape made

the sale quite attractive. According to Noville head Daniel Carey: "The intense competition and market consolidation in our industry have made it difficult for a company like Noville to achieve sustainable growth on its own." Cary has been appointed general manager and vice president, Noville division. How will the new addition fit into this Swiss company's strategy and structure? That remains to be seen, though upon the purchase Firmenich head Patrick Firmenich called Noville "an excellent cultural fit."

The future, though, doesn't just lie in expansion. Innovation is another key tool. In 2004 Firmenich invested 10 percent of sales into R&D. In addition, the company filed more patents than the previous year. Finally, Firmenich addressed a hot issue — the environment — via its biodegradability lab. On top of these activities, Firmenich extended its automated production warehouse in Geneva, completed its US perfumery facility, and developed the automation of its North American and Brazilian production and warehousing.

At 110 years old — happy birthday! — Firmenich is still growing.

## Fragrance Wins

Peony Angel (Thierry Mugler)  
Blu Notte Pour Femme, Blu Notte Pour Homme (Bulgari)  
Spark Seduction (men's and women's)

## Family Ties

What makes Firmenich a unique presence in the *P&F* 2005 Industry Top 10 is its family owned status. The company was founded in 1895 by Philippe Chuit and Martin Naef. Soon, Fred Firmenich became the majority partner. Today, the Firmenich family maintains a strong presence in the company: Patrick (CEO), Charles (vice chairman of the board) and Pierre-Yves (member of the board). In addition, Ferdinand Naef has a role as vice president of R&D.

In the last 12 months, Firmenich had a hand in the continuing consolidation of the flavor and fragrance industry, acquiring Noville Inc.



### Question mark

How will the Noville division's role develop within Firmenich?



# symrise

creating brands. supporting brands.



## Symrise

Holzminden, Germany

2004 sales: \$1.6 billion (based on annual report)

CEO: Gerold Linzbach

Gerold Linzbach has taken the helm at this German giant, a sign that the company's integration phase has given way to development and growth.

**Symrise is getting a new look.** Starting at the top, Gerold Linzbach has taken the helm at this German giant, a sign that the company's integration phase has given way to development and growth. Said Linzbach, "We now need to expand our global business..."

Sometimes expansion requires reductions. By the close of 2006, the company will cut 580 jobs, 350 of which are in Germany. Remaining staff will adhere to the 40-hour work week (previously 37.5), and wages will remain frozen for the time being. In addition, Symrise is relocating production sites to lower-wage countries. Amid these moves, Symrise will invest as much as 46 million euros in its German operations in the next two-plus years. Related projects include an expansion of flavor and fragrance production in Holzminden and consolidation of natural flavoring substance production (the company will retain its Nordlingen site).

Retooling the existing business isn't Symrise's only growth strategy. The company recently acquired flavor manufacturer Flavours Direct (Corby, England), strengthening Symrise's foothold in Great Britain and Ireland (2004 Flavours Direct sales: 10 million euros).



### Question mark

Will Symrise's job cuts, work-week expansion and German investments make the company a leaner, more cost-effective operation? Is Symrise eyeing any further acquisitions? And what will new head Gerold Linzbach's legacy be?

## Fragrance Wins

Be Delicious (DKNY)  
Kenzo Air



## Quest International

Naarden, The Netherlands/Ashford, UK

2004 sales: 1.1 billion

Chairman and chief executive: Charles Knott

**“Quest has implemented a whole program to track and understand trends in various areas such as design, fashion, art, architecture and food behavior,” Quest perfumer Michel Girard told us last**



*Quest's scent seekers in Sri Lanka.*

“The fine fragrance market as a whole showed some signs of recovery, particularly in the USA with an increase in the number of new fragrance launches. In Europe, the industry found itself under increasing regulatory and legislative pressure...”

—Charles Knott,  
chairman and CEO

**year.** “We work with trend agencies and our marketing department is responsible for being our eyes and ears at exhibitions, on the net and in the press. All of these areas are major sources of inspiration for perfumers...” Obviously Quest feels that the latest innovations will lead it to success.

The company has ventured as far as Sri Lanka, seeking the “new” — in this case, exotic scents from remote locations. Last year, collaborating with Rainforest Rescue International, Quest used biocaptive techniques to isolate scents from scarlet Rangoon creeper, papaya flower, cinnamon, tea, beach gardenia and more. The adventure doesn't end there. According to chairman and CEO Charles Knott, “The biocaptive expedition program continues to discover new scents from nature, through the use of non-invasive techniques that leave rare plants undisturbed. The team recently returned from the Pantanal Region of Brazil.” Uncovering these rare and new ingredients might one day shape the trends the company is always monitoring. And with activities in over 30 countries, a growing and diverse portfolio is crucial to Quest's success. This is particularly true considering Charles Knott's recent observation: “Interestingly, whilst products propagate, the consumer has the opportunity to be increasingly selective. Creating sensory impact that gains commercial advantage, through on-shelf impact or memorability during or after use is the goal of all fragrance suppliers.”

Of course, 2004 was the first full year Quest operated sans food segment. The focus, then, lay on fragrance. The company recently opened a new fine fragrance creative center in Paris (the inaugural event featured a recreated scent originally intended for Marie-Antoinette's gloves). The facility marks an upgrade of lab facilities, enabling greater investment in fragrance. The site will also host consumer trends gathering. Just another tool in the company's innovation strategy.



### Question mark

Is Quest (and parent company ICI) poised to play a part in the industry's acquisition game?



## More on the Web [www.perfumerflavorist.com](http://www.perfumerflavorist.com)

Quest head Charles Knott on leveraging knowledge, biocaptive expeditions and nurturing creativity.

## Fragrance Wins

Trussardi Jeans  
True Star  
John Varvatos  
Aquazur  
Apparition



**TAKASAGO**

## Takasago International

Tokyo

2004 sales: \$983.7 million (projected estimate based on Q3 sales)

CEO: Yoshinari Niimura



Sean Traynor

“As part of Takasago’s commitment to globalization, the global management of the company’s aroma chemical business has been moved from Japan to Rockleigh, NJ.”

—Sean Traynor,  
president, Takasago USA

**In the today’s flavor and fragrance industry, the other “A” word (after “acquisitions”) is “Asia.”** This booming region — lead by powerhouses China, India and Singapore — is home to an emerging consumer public that possesses growing power, influence and appetites.

In the last year, Takasago completed the expansion of its Singapore facilities. The country serves as the company’s regional headquarters, covering Southeast Asia and Oceania. Over the coming years, the Singaporean operation will see a staff increase of 30 percent — a vote of confidence in this increasingly important region. At the same time, Takasago established Takasago International (Shanghai) Co. Ltd., which imports and sells materials in China. The operation also exports Chinese raw materials to Takasago’s group. The annual sales target? About \$5 million. By 2010 the company hopes to see that rise to \$10 million.

Takasago is expanding elsewhere, too. The company has opened its Takasago USA Sensoral Center of Excellence, a facility focused on the study of the trigeminal system. (The system affects sensory perception in the face and oral and nasal cavities.) The center’s staff will include applications personnel and flavorists that will develop flavor/application prototypes for the beverage, pharmaceutical, and oral hygiene categories. Takasago’s support of innovation extends to academia as well. The company sponsors the Ryoji Noyori Prize. This year’s recipient was Dieter Seebach of Switzerland’s Laboratorium fur Organische Chemie. The honor was in recognition of Seebach’s 40-plus years of work in the fields of materials science, biochemistry, synthetic organic chemistry and more.

Finally, Takasago has opened a European creative center in Paris. The facility headquarters all facets of the company’s creative fragrance development work, as well as fragrance research and sales (including fine fragrances, household goods, cosmetics and flavoring applications). In addition to the creative center in Paris, Takasago’s presence in France includes a production facility in Saint-Ouen.

Of the company’s recent activities, Takasago USA president Sean Traynor said, “[This year] will see the installation of new computerized fragrance compounding equipment in Northvale, NJ plant as well as the complete integration with the company’s enterprise software for real-time compounding control and inventory management. In support of the expansion of the flavor business, new spray dryer equipment has been installed in the Teterboro, NJ plant and in a new factory in Guangzhou, China which will be opened later this year.”

Of that move, chairman Yoshinari Niimura said, “[T]his new spray drying facility in China reflects our experience, commitment and confidence in this quickly growing region.”

Traynor continued: “As part of Takasago’s commitment to globalization, the global management of the company’s aroma chemical business has been moved from Japan to Rockleigh, NJ. In addition, the company’s ACEDESA aroma chemical subsidiary in Murcia, Spain has been renamed Takasago International Chemicals S.A. (TICSA) reflecting the closer integration of worldwide manufacturing facilities.”



### Question mark

How far will the Asian economic boom continue? How will Takasago’s operations in the region pay off?



Born in Japan (the company has factories in Fukaya and Itakura, and a basic research center in Kawasaki), the company has expanded stateside.



### T. Hasegawa

Tokyo  
2004 sales: \$490.4 million  
President: Tokujiro Hasegawa

**Founded in 1893 by Totaro Hasegawa, T. Hasegawa has grown to become a perennial flavor and fragrance leader.** Born in Japan (the company has factories in Fukaya and Itakura, and a basic research center in Kawasaki), the company has since expanded stateside. The US component of the company, T. Hasegawa USA, was founded on the west coast in 1978. The unit has steadily grown, now boasting a 56,000-ft<sup>2</sup> factory/warehouse/R&D site, and a companion 23,000-ft<sup>2</sup> office and warehouse space. In addition, the company has founded a Chicago culinary center, where food scientists, chemists, chefs, marketing staff and management concentrate on food and beverage product development. The site includes the T. Hasegawa Flavor Library, focusing on culinary and savory applications. The company is looking to exploit the facility for educational/demonstrational purposes. Given its willingness to expand, this elder statesman of flavor and fragrance is likely to remain a familiar player in the industry.



Sensient now realizes 59 percent of its sales overseas (Canada, 8 percent; Latin America, 9 percent; Asia Pacific, 10 percent; Europe, 30 percent).



### Sensient Technologies Flavors & Fragrances

Milwaukee (flavor and fragrance group: Indianapolis)  
2004 sales: \$484.2 million (total is minus 23 percent, representing dehydrated items)  
Chairman, president and chief executive: Kenneth Manning

**Who knew where Meadow Spring Distilling Co. — later National Distilling Co. — would go when it was founded 123 years ago?** From its roots selling Red Star Yeast brand yeast, the company has changed names several times, expanded globally, and diversified to food colorings and flavors and fragrances. Sensient now realizes 59 percent of its sales overseas (Canada, 8 percent; Latin America, 9 percent; Asia Pacific, 10 percent; Europe, 30 percent). In the past eight years the company has made 20 acquisitions, netting 77 locations in 30 countries, and employing 3,700.

The business' 2004 flavor and fragrance group results broke down as follows: confectionary and bakery, 5 percent; fragrances, 9 percent; other flavors, 10 percent; beverage flavors, 13 percent; savory flavors, 18 percent; and dairy flavors, 22 percent. The unit's structure is arranged in three segments: Sensient Flavors (comprised of North American, Latin American and European [includes C. Melchers] divisions), Sensient Dehydrated Flavors (comprised of North American and European divisions) and Sensient Fragrances.



#### Question mark

Will Sensient make any further acquisitions over the next 12 months?





# DANISCO

## Danisco

Copenhagen, Denmark

2004 sales: \$345.1 million (estimate at press time)

CEO: Alf Duch-Pedersen

What about further purchases? Johannes Kleppers, president of Danisco Flavours commented, “[We] would target acquisition candidates that can give us new technology, presence in new markets or strengthen our position in Europe and North America.”

### Success is sometimes a combination of addition and subtraction.

First, the addition side: Danisco has purchased Rhodia’s (Paris) food ingredients business (price: approximately 320 million euros). The segment produced sales of 211 euros in 2003. It employs 860 globally. In addition, Danisco Flavours has doubled its Asian flavor production, constructing a \$3-million production facility at its emulsifier and functional systems plant in Penang, Malaysia. Working in conjunction with the company’s existing Chinese flavor plant to serve the Asia Pacific region, the facility will replace Danisco’s Singapore facility. In explaining the move, Danisco Flavours vice president Mac Mardi cited “rapid growth” the company has experienced (Asia Pacific flavor market: about \$1.4 billion; annual market growth rate: 5 percent) in the region and a growing need for manufacturing capabilities. (The new construction doubles capacity, with expected annual two-digit increases for several years to come.) While the Chinese site handles all of that country, both facilities will collaborate on several functions, including raw material sourcing.

Now for the subtraction: Danisco has shifted Danisco Sweden AB’s flavor headquarters to Louvain-la-Neuve, Belgium. Danisco Sweden AB has retained its Norrköping sales unit, serving the Nordic, Baltic States and Russian markets. Seventy-two jobs were cut in the process. The company cited competition for the consolidation.

How else does the company plan to stay ahead? Danisco Flavours president Johannes Kleppers said, “We continuously strive to ensure that our product portfolio fits with the key food and drink mega trends of the day (e.g. health and well-being, indulgence and convenience). Our philosophy is to monitor market trends, anticipate the next big taste and demonstrate true innovation, to provide our customers with powerful product solutions.”



### Question mark

Will Danisco’s efficiencies shore up the bottom line? How hot will the Asia Pacific market get?



### More on the Web [www.perfumerflavorist.com](http://www.perfumerflavorist.com)

Johannes Kleppers, Danisco’s president of flavors, takes about new initiatives, product development and more.



### Mane SA

Le Bar-Sur-Loup, France

2004 sales: \$345.1 million (based on full-year report)

President: Jean Mane

Mane, founded more than 130 years ago and still family run, is seeing its business broken down as follows: flavors, 44 percent; fragrances, 36 percent; raw materials, 20 percent.

**Mane perfumers Karine Dubreuil and Fabrice Pellegrin recently told us, “[The] Mane marketing team is always looking for all new international emerging trends: new artistic streams as well as social attitudes, fashion trends or culinary taste.**

The team identifies which trends could be of interest for the fragrance market and shares those ideas with the perfumers. Then we work on the creation of innovating fragrances that illustrate the trend, mostly pro-actively for constant creative stimulation.” The company’s search for innovation doesn’t end there. This year, Mane’s Jungle Essence Technology was nominated for the Fragrance Foundation’s FiFi for “Technological Breakthrough of the Year.”

Mane, founded more than 130 years ago and still family run, is seeing its business broken down as follows: flavors, 44 percent; fragrances, 36 percent; raw materials, 20 percent. In support of these results, the company is investing 6.8 percent of expenditures in R&D. And continuing the theme of “heading east” in *P&F*’s 2005 Industry Top 10, Mane has expanded its Indonesian facilities, including more R&D space for the flavor and fragrance segments. The expansion includes enlarged testing areas, including the sensory analysis section, in addition to a sensory flavors formulation lab and application room. Production capacity was also extended. The show of faith in this growing region illustrates how this long-standing company plans to stay ahead.

# 2005 P&F Pathfinders\*

Just outside the Top 10, these movers, shakers, and up-and-comers are shaping the F&F industry

## AM Todd

### Stats

Kalamazoo, MI

2004 sales: NA

Chief executive: Henry Todd Sr.



Henry Todd Sr.

“We are always interested in evaluating strategic acquisitions, joint ventures or partnerships as a means of realizing our strategy.”

—Henry Todd Sr.,  
chief executive

Located in the heart of perfumery’s birthplace, Grasse, the company remains a key material producer of aromatic products, natural materials and aroma chemicals.

AM Todd, founded in 1891, once supplied half of the US essential oil business. Specializing in peppermint and spearmint oils, the company recently launched

AM Todd Botanical Therapeutics, a unit focused on nutraceutical ingredients. In addition, AM Todd has established Great Spirit Ventures, which invests in up-and-coming health/wellness businesses. The strategy? As company president Sharon Wicker recently told us, “[AM Todd’s] primary goal is to combine our knowledge of mint and other natural flavor ingredients with our expertise in extraction and application technologies to develop new products and flavor

formulations for customers in the oral care and confection markets.” But will the company seek any new acquisitions to further its goals? Of this, Henry Todd Sr. said, “Our company is interested in building our mint and flavor business by addressing consumer trends... We are always interested in evaluating strategic acquisitions, joint ventures or partnerships as a means of realizing our strategy. To the extent that acquisition can help us enhance our overall flavor technology and capability, we will certainly consider it.”

A.M. TODD

## Charabot

### Stats

Grasse, France

2004 sales: NA

President: Marc Thelotte

Renamed for Eugene Charabot in the 1920s, Charabot is easily one of the longest-operating flavor and fragrance companies (founded: 1799). Located in the heart of perfumery’s birthplace, Grasse, the company remains a key material producer of aromatic products, natural materials and aroma chemicals for the perfume, pharmaceutical, flavor and tobacco segments. The company has received ISO registration for fragrance compounds and raw material production. In addition to its headquarters, the company maintains creative perfumery centers in Paris and New York (Charabot boasts a presence throughout North America, Europe and Asia).

\*Listing is alphabetical, not ranked by sales.

PAI has pledged to keep “the decision center in Horsholm,” and intends to grow the business through internal expansion, investment and — wait for it — acquisitions.

## Chr. Hansen

### Stats

Horsholm, Denmark  
2004 sales (estimate of flavor operations only): \$175 million  
President and CEO (Chr. Hansen Holding): Erik Sorensen  
CEO (Chr. Hansen): Lars Frederiksen

It seems as though not a day goes by in flavor and fragrance without news of a divestiture/acquisition. Recently, PAI partners (Paris/London/Madrid/Milan) agreed to purchase Chr. Hansen Holding’s food ingredients business, Chr. Hansen, for DKK 8.2 billion (on a cash and debt free basis). At press time, the agreement was still subject to approval by Chr. Hansen shareholders. If the agreement moves ahead, PAI will acquire Chr. Hansen Holding’s food ingredients activities; this includes the company’s Hørsholm, Denmark headquarters facilities. (PAI has previously acquired several European companies, including those in the food industry.) Chr. Hansen executive vice president of business operations, Lars Frederiksen, has been named CEO of the division, heading the transition team. Leif Norgaard, Hans Thorkilgaard and Peter Olesen will remain as CFO, executive vice president of global production/supply and CSO, respectively. PAI has pledged to keep “the decision center in Horsholm,” and intends to grow the business through internal expansion, investment and — wait for it — acquisitions.

## Citrus & Allied

### Stats

Lake Success, NY  
2004 sales: NA  
CEO: Richard Pisano Sr.



CITRUS and ALLIED ESSENCES LTD.

Founded in 1933, this company is now run by its third generation.

Founded in 1933, this company is now run by its third generation, and focuses on essential oils, oleoresins, extracts and natural/synthetic aroma chemicals. The company has branched out from its home base, establishing a presence in: Elk Grove Village, IL; Corona, CA; Floral Park, NY; Belcamp, MD; Van Kleek Hills, Ontario, Canada; Tlal-nepantla and Colima, Mexico; Central America; and Hong Kong.

## Degussa Flavors & Fruit Systems

### Stats

Dusseldorf, Germany  
2004 sales: \$276 million (estimate at press time)  
Board chair: Utz-Hellmuth Felcht

**degussa.**

*creating essentials*

Degussa is saying goodbye to flavor.

Degussa is saying goodbye to flavor. In the last year the company put its flavors and texturants units up for sale as the company explored the sale of its food ingredients segment (2003 food ingredients business sales: 527 million euros). The company has divested its fruit systems business to Delaware-based private equity company Speyside Equity LLC (terms not disclosed). This newly created business will run under

## Who is Sweet Ovations?

- **Sites:** Philadelphia and Garden City, CA
- **Employees:** 200
- **2004 sales (as Degussa Fruit Systems):** 64 million euros
- **Market focus:** United States
- **Company origin:** Theresa Friedman & Sons → Continental Flavors & Fragrances → Sanofi Bio Industries → SKW Biosystems → Degussa → Sweet Ovations

the name Sweet Ovations LLC (see sidebar), based in Philadelphia (the new company will continue to receive some support services from Degussa).



### Crystal ball

Look for: Degussa will have exited flavor by this time next year.

## Frutarom

### Stats

Haifa, Israel  
2004 sales: \$196.8 million  
President and CEO: Ori Yehudai



Ori Yehudai

“Our goal is to become one of the leading players in the flavor industry, achieving sales of between \$500-600 million in 2008.”

—Ori Yehudai,  
president and CEO

Frutarom wants in to the P&F Top 10. Last year's results represented a 41.2 percent gain over 2003 sales. Operating and net profits, too, experienced healthy rises. Frutarom chief executive Ori Yehudai said in a company statement that these results clearly position the company to soon reach the top tier of flavor and fragrance companies. While Frutarom has been around for more than 70 years, it is only since 1990 that the company has been a truly global player, with representatives in the United Kingdom, Russia, Hong Kong and beyond.

Clearly the biggest news for Frutarom has been its acquisition of IFF's German, Swiss and French fruit prep business (purchase price: \$36.5 million; 2003 total revenues: \$90 million). Frutarom clearly believes moves like this one will propel it to the \$300 sales turnover target. The question is: why this business? How does Frutarom vet a potential acquisition? Ori Yehudai put it to us this way: “Integral elements of all Frutarom acquisitions include the potential for synergy and cross selling with existing activities, knowhow, experienced personnel and management, and leveraging our product portfolio.”

So, whatever the company's activities over the next 12 months, Ori Yehudai makes his overall plan perfectly clear: “Our goal is to become one of the leading players in the flavor industry, achieving sales of between \$500-600 million in 2008.”



**More on the Web**  
[www.perfumerflavorist.com](http://www.perfumerflavorist.com)

Ori Yehudai on  
Frutarom's future



### Question mark

Will Frutarom find another suitable acquisition or *acquisitions*? Will the company's 2005 results lift it into P&F's Top 10?

## Mastertaste (a division of Kerry Group)

### Stats

Rosemont, IL  
2004 sales: NA  
Chief executive (Mastertaste): Kevin Lane



Kevin Lane

Mastertaste, Kerry Group's (Tralee, Ireland) flavor division, has been on a shopping spree. The company recently acquired: J. Manheimer, which provides the company its first fragrance component; Flavurance, which anchors Mastertaste on the US west coast (part of a regional strategy); Fructamine, Italy's largest independent flavor house; and Mexico's Krauss, with strengths in the bakery segment. Total cost? About 170 million euros. How have the additions affected the company? President Kevin Lane said, “It's been a year since our last acquisition — the longest period Mastertaste has gone without acquiring a new company. We've put the time to good use — to restructure and regroup with a goal of serving our customers more efficiently. We're now focused on aggressive organic growth — especially within our flavors and natural products divisions.

“It’s been a year since our last acquisition — the longest period Mastertaste has gone without acquiring a new company.”

—Kevin Lane, president



#### More on the Web

[www.perfumerflavorist.com](http://www.perfumerflavorist.com)

Kevin Lane on Mastertaste’s strategies

“Within the fragrance division, our objective is to grow our business in the home environment and expand further into the bath and hair care categories.”

These latest additions to Mastertaste follow some seven previous purchases made since Kerry Group acquired Mastertaste in 1998. Like other companies among the *P&F* Pathfinders, Mastertaste is pursuing an aggressive campaign of growth through acquisition and innovation, and the results show. In 1998, the Mastertaste division boasted three sites; it now has 11 North American locations, three European sites, and an Australian operation, not to mention units in China and Singapore.

The financial angle of these moves can only be speculated upon, though the conventional wisdom is that Mastertaste belongs in the *P&F* Top 10. Though Kerry Group divisional results remain a closely held secret, the parent operation reported total group turnover of 4.13 billion euros in 2004, a healthy gain of 11.8 percent, year over year. Commenting on Mastertaste’s 2004 activities in a Kerry statement, Kerry chief executive Hugh Friel noted the division’s acquisitions will address growing demand for natural/complex flavors, convenience foods, nutreaceuticals and other emerging trends.

Looking forward, what are Mastertaste’s strategies? Kevin Lane listed them as follows: “Increase our customer base; continue to grow our citrus and beverage business; build on the number of food and beverage companies where we’ve achieved status as a core supplier; leverage our strength in organics and natural products; grow our fragrance business; become technologically advanced in a number of specifically chosen categories.”

If Mastertaste’s financials emerge next year, odds are we’ll see this growing business officially shoot into the top ranks.



#### Crystal ball

Look for: Growing focus on “organic,” particularly from the Crystals International segment, a focus on emerging food/flavor trends (fun, authentic ethnicity, indulgence, convenience, health).



#### Question mark

How will Mastertaste fold Manheimer’s fragrance activities into its primarily flavor-based business?

### Robertet

#### Stats

Grasse, France

2004 sales: \$278.8 million (estimate based on Q3 results)

Chief executive: Philippe Maubert



“We at Robertet are continuously enriching our long heritage in natural materials by discovering new naturals, accords and fragrances.”

—Jodi McGinnis, natural products coordinator

Robertet’s history stretches back to 1850. For a time, the company dealt in the exclusive processing of Provencale-area botanicals. (The company later won a gold medal at Paris’ 1900 World Exhibition.) The company has

continued developing methods of obtaining natural products, having long-ago begun work with such scent/fashion luminaries as Chanel and Guerlain. The company remains family run.

Innovation in naturals seems to still be the key to Robertet’s success. The company’s natural products coordinator, Jodi McGinnis, recently said, “We at Robertet are continuously enriching our long heritage in natural materials by discovering new naturals, accords and fragrances. One of the places we do this is in the Cape Floral Kingdom of South Africa with our CosmAfrica program...It gives Robertet’s perfumers the ability to tap into unique and rare ingredients indigenous to South Africa...In today’s very competitive environment, perfumers are constantly searching for novel raw materials and accords, thus establishing new trends in fragrances.”

Still, Robertet faces challenges likely familiar to many of its fellow Pathfinders. Said McGinnis: “In the next 12 months some of our biggest challenges include the euro/dollar parity. As a European company, our business is severely affected by a strong euro and a

### Fragrance Wins

Black — Kenneth Cole for Her (Kenneth Cole)  
Secret Wish (Anna Sui)



#### More on the Web

[www.perfumerflavorist.com](http://www.perfumerflavorist.com)

McGinnis discusses Robertet’s recent activities

The company maintains agents in Brazil, Korea, Indonesia, Jordan and elsewhere.

Almost 112 years after its founding, the flavor, fragrance and ingredient company continues as a family owned enterprise — a status that is growing rare in the age of acquisitions.

weak dollar. Another big challenge is new regulations. To satisfactorily create fragrances according to the multitude of laws and regulations that differ by country, customer, etc. takes a very buttoned up well organized company...”

## Shiono Koryo Kaisha Ltd.

### Stats

Osaka, Japan  
2004 sales: \$178 million (estimate)  
Founded: 1939  
Segments: flavor, fragrance  
Branches: Tokyo (flavor, perfume) Osaka (factory site, flavor, perfume, R&D)  
ISO certification: acquired 2002

## Treatt

### Stats

Bury St. Edmunds, England  
2004 sales: 31.81 million pounds  
Executive director: Hugo Bovill



Founded in 1886, RC Treatt and Treatt USA form a global leader in flavor and fragrance (global supply business: Americas, 24 percent; Europe, 30 percent; Africa/Asia/Middle East/Pacific, 24 percent; United Kingdom, 22 percent). The company maintains agents in Brazil, Korea, Indonesia, Jordan and elsewhere. This network sold to more than 80 countries last year, while sourcing from more still. To maintain continued growth, particularly in its Treatt USA facilities, the company is considering facility development and R&D functions, while developing supply partnerships in production countries, optimizing sourcing. (More than 90 percent of Treatt USA's sales are in natural ingredients.)



## Ungerer & Co.

### Stats

Lincoln Park, NJ  
2004 sales: NA



UNGERER & COMPANY

Ungerer knows how to keep it in the family. Almost 112 years after its founding, the flavor, fragrance and ingredient company continues as a family owned enterprise — a status that is growing rare in the age of acquisitions. Founder William P. Ungerer was a French-trained perfumer (he established the Ungerer Fund to aid World War I orphans in Grasse, France) based in New York. From his foundation, Ungerer has grown exponentially. The company now has subsidiaries in the United Kingdom, France and Mexico (the company has a presence in a total of 27 countries). Given its long history, it seems a good bet that Ungerer will be among next year's P&F Pathfinders. ■



**A nearly century-long legacy in print:** In 1906, William G. Ungerer, son of founder William P., started (and edited) *The American Perfumer*, the publication that eventually became *Perfumer & Flavorist* and *Cosmetics & Toiletries*.