Welcome to *P&F*'s 2006 Industry Top 12*.

You might notice two things about this year's list. First, it's Top *12*, instead of the usual 10. And then there's that curious asterisk.

Let's start with the 12. Our 2006 list includes two extra spots to make room for a pair of key players hovering just outside the top spots. Frutarom and Robertet are interesting, innovative companies that deserve to be included among the industry's leaders. A picture of where the industry is and where it's heading wouldn't be complete without their inclusion.

Now, about that asterisk. It is a near certainty that Mastertaste belongs among the Top 12. However, the company — or, rather, the parent company, Kerry Group — does not disclose firm sales data. So, instead of ranking the organization, we've included it as an unranked entity.

And, finally, we're again including our list of *P&F* magazine Pathfinders — an unranked listing of companies that are doing important, noteworthy work, even if their relative sales figures don't raise them into the Top 12. The list isn't intended to be an exhaustive index of important companies as much as a snapshot of innovators. So read on and enjoy!

A note on rankings and dollar conversions …

P&F magazine Top 12* rankings are based on 2005 sales data (including estimates) provided by John Leffingwell.+ US dollar sales are based on December 31, 2005, exchange rates, with the exception of Firmenich, which had a fiscal year ending in June 2005. For Firmenich, we used the June 30, 2005, exchange rates. If the December 31, 2005, exchange rate had been used, Firmenich dollar sales and market share would have been $1544.9 million and approximately 9.7 percent, respectively.

Sales figures for 2005 are provided, when available.

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2006 Industry Top 12*

Plus: *P&F* magazine's Pathfinders

1 Givaudan

Geneva
2005 sales • $2,108.9 million
CEO • Gilles Andrier

Givaudan again tops the list, and the reason is clear: The company had a good year. Despite cuts in lower value-added ingredients, Givaudan flavor and fragrance sales rose 1.3 percent and 4.2 percent, respectively, in local currencies. (Phasing out of these types of ingredients is expected to continue until next year.) Overall sales rose 2.5 percent. Excluding the effect of the eliminated ingredients, sales would have grown 3.5 percent. It appears that Givaudan's goal of growth outpacing the market is shaping up.

Perhaps running one of the world's largest flavor plants will give the company a further push toward even faster expansion. This month, the company's 52,000-m^2 Shanghai, China, flavor facility is expected to be operational, aiding creation, technical and production efforts in the region. The existing Shanghai facility now will be dedicated solely to fragrance.

In another move that is sure to affect the bottom line, the company has closed its US production sites in New Milford, Connecticut, and Oconomowoc, Wisconsin. The activities of these two sites will be transferred to Cincinnati and Devon, Kentucky. The decision for the closures was made in an effort to continue consolidating the company's flavor operating asset base and to streamline its savory product line. Completion of the closure and consolidation initiatives is expected by mid-2007.

Gilles Andrier

"Because we currently maintain a pretty sizable growth, we can't continue growing by relying solely on big clients, so it is also important to go after selective and smaller sustainable markets."

— Gilles Andrier

2 IFF

New York
2005 sales • $1,993.4 million
Chairman and CEO • Robert Amen

The biggest personnel change on our list this year is the retirement of IFF chairman and CEO Richard Goldstein, who left the company in May. Now comes the announcement that the company has appointed Robert Amen chairman and CEO. (Interim charman and CEO Arthur Martinez has resumed his role as IFF's lead director.) Amen was previously with International Paper Company where he spent 26 years, serving as president since 2003.

Of the appointment, Martinez said, "We are delighted that Rob Amen will be joining IFF. Rob is a seasoned executive with a proven ability to strategically manage and grow businesses around the globe, complemented by significant sales, marketing and finance expertise. We look forward to his leadership in pursuing new opportunities for IFF."

In the meantime, the company has opened a creative center for fine fragrance and beauty care in Paris. The new 5,000-m^2 facility, based in Neuilly-sur-Seine, unites both fine fragrances and beauty care, including toiletries.

Of the new facility, IFF senior vice president/North America regional manager Nicolas Mirzayantz said, "Our new creative center will allow us to further expand on that promise and strengthen our ability to create fragrances that have strong long-term emotional connections with consumers. It will offer our perfumers and customers an environment that fosters the fusion of creative inspiration, consumer insights and fragrance technology."

With Robert Amen assuming the helm at IFF, the company's global business growth strategy moving forward is a question mark.

In addition to honing its fragrance creation operations, IFF opened its expanded fragrance plant in Singapore. Based in Jurong, the new facility increases both storage and production capacities.

At the time, Goldstein said of the expansion, "This expanded plant takes us an important step further in our efforts to achieve IFF's global corporate strategy. This is a critical strategic development, as a significant percentage of our company's ongoing growth will come from Asia Pacific and specifically the countries that this plant will support."

3 Firmenich

Geneva
2005 sales • $1,586.6 million
CEO • Patrick Firmenich

What makes Firmenich so unique is its status as the world's largest privately held flavor and fragrance company. In 2005, the company crossed the 2-billion CHF mark. At that time, Firmenich invested 10 percent of its annual turnover in research and development. The company filed more than 35 patents during this period, including proprietary F&F ingredients. In addition, Firmenich developed more F&F delivery systems.

Sales results were most remarkable in the flavors division, which had results more than twice those of the market rate. (The unit so far has achieved 21 consecutive quarters of organic local currency growth.) Of the results, the flavor division's corporate vice president, Donald Hartman, said, "In sweet goods, the acquisition of Noville [completed in March 2005] helped position us as a key oral care player, as planned, thanks to increased flavor sales for oral care products such as functional chewing gum and toothpaste. Similarly, we posted record sales in seafood flavors — part of our savory foods segment, building on our purchase of Norwegian family company Bjørge Biomarin in 2002."

Patrick Firmenich

Sales results were most remarkable in the flavors division, which had results more than twice that of the market rate.

The perfumery division posted increased local currency sales in all four business units — fine fragrance, body care, home care and perfumery ingredients — with double-digit growth for body care. Home care sales benefited from the acquisition of Noville. Will the gains continue? Corporate vice president of the perfumery division, Michel Bongi, reported, "With record adoptions at the close of our 2005 fiscal year, we are set to continue to grow our share of the perfumery market into 2006."

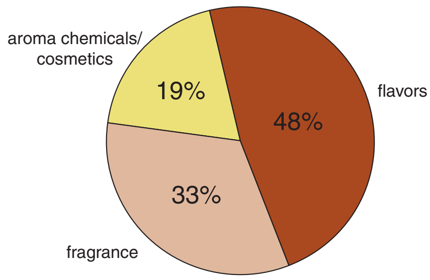
4 Symrise

Holzminden, Germany
2005 sales • $1,360.2 million*
CEO • Gerold Linzbach

Following the ascension of its new CEO, Symrise has engaged in a divisional rearrangement that has resulted in three distinct segments: flavors, fragrances and sensory ingredients. In addition to the closure of its Hamburg, Germany, household creative center, the company merged personal care and fine fragrance into a single beauty care unit. Symrise also expanded its production, laboratory and application technology facilities in Nordlingen, Germany, including a new flavor extraction and distillation plant. In New York, the company established a new 17,000-ft^2 fragrance studio that teamed sales, marketing, evaluation and perfumery departments. At the same time, Symrise (and its owner, EQT Partners AB) made an unsuccessful bid to acquire Degussa AG's food ingredients business, although it did purchase natural active ingredient developer Kaden Biochemicals.

Gerold Linzbach

Symrise 2005 sales breakdown



5 Quest International

Naarden, The Netherlands/
Ashford, UK
2005 sales • $963.4 million
Chairman and chief executive • Charles Knott

Although Quest's sales were down last year, the numbers are a bit misleading. Excluding sales losses from the sale of its food ingredients business, the company's fragrance sales rose 5 percent, while flavor sales rose 2 percent.

Since that time, Quest's parent, ICI plc, has acquired Shaw Mudge & Co., which reported sales of $19 million in 2005. At the time, the company said, "This acquisition is in line with ICI's 'grow aggressively' strategy for its Quest fragrance business. It will support Quest's important market position in hair care, open up opportunities at a select number of targeted customers, and build on the company's relationship with Procter & Gamble."

So what is the company doing to move forward? Quest has been busy developing a line of true-to-fruit flavors using a novel freezing technology. The move has taken the company into unique flavors, including arcuri, pitahaya and cactus fruit. "Consumers are looking for new taste sensations that satisfy their curiosity," said Esther van Ommeren, senior flavorist at Quest. "They also expect sophisticated flavor varieties of the known brands and are willing to pay a premium for these."

The company is innovating in other ways, developing allergen-free nut flavors that have not been derived from nuts. Nut flavors turn up in more than one-fourth of ice cream launches and one-fifth of bakery sector products—a serious problem for those who are allergic to nuts. Quest is addressing contemporary health issues elsewhere with its ImpaQ line, which seeks to lower salt, fat, and sugars in foods and beverages without harming taste. How the company continues to innovate with health concerns and how it takes advantage of the Shaw Mudge acquisition will shape the results on next year's list significantly.

6 Takasago International

Tokyo
2005 sales • $898.3 million
Chairman and CEO • Yoshinari Niimura

As the numbers show, Takasago celebrated its 85th birthday with a healthy sales increase of 4.5 percent over 2004. Takasago USA head Sean Traynor cited his group's major accomplishment that year as the smooth integration of creative resources and sales, CIMR (Consumer Insights and Market Research), manufacturing, and customer service, thus honing the organization's competitiveness.

Yoshinari Niimura

Things were humming along on the fragrance side, with Takasago perfumers scoring wins with *F by Ferragamo*, tennis star Maria Sharapova's signature scent, Adidas Original's first men's scent and Marc Jacobs' *Splash Cotton*. At the same time, Takasago-formulated scents were winning FiFis (*Stetson Black*) and Perfumers' Choice Awards (*Cool Water* and Dawn OXY Ultra Concentrated).

On the technical front, the company continued its commitment to leading-edge research. In 2005, Takasago awarded its $10,000 Ryoji Noyori Prize to Tsutomu Katsuki, an affiliate of the Kyushu University. Katsuki was recognized for his contributions to the advancement of ecological asymmetric synthesis, demonstrating the power of molecular catalysis comparable to that of enzymes. According to a company announcement, "He has discovered asymmetric epoxidation of allylic alcohols in collaboration with K. Barry Sharpless and recently reported asymmetric epoxidation of simple olefins using aqueous hydrogen peroxide. He first introduced chiral catalysts activated by photo-irradiation and realized various aerobic asymmetric oxidations."

7 Sensient Technologies Flavors & Fragrances

Milwaukee
(flavor and fragrance group • Indianapolis)
2005 sales • $516.4 million ("conventional" 2005 F&F sales minus 23 percent attributed to sales in dehydrated onion, garlic, chiles and vegetables)
Chairman, president and chief executive • Kenneth Manning

In 2005, Sensient reported increased traditional flavor sales in North America and Asia, with food and beverage flavor results showing growth in Latin America. At the same time, gross margin was affected negatively by rising raw material, energy, transportation and manufacturing costs. As a result, selling prices have increased, which will be reflected in 2006 results. At year's close, the company estimated that it provided 30,000 flavors worldwide. Sensient's flavors and fragrances group revenue is broken down as follows:

- Fragrances: 8 percent
- Confectionery and bakery flavors: 5 percent
- Beverage flavors: 13 percent
- Savory flavors: 18 percent
- Dairy flavors: 22 percent
- Dehydrated flavors (excluded from our 2005 flavor and fragrance group sales results): 23 percent
- Other flavors: 11 percent

As 2005 closed, Sensient announced cost-cutting actions, including the closure of several facilities, as well as the elimination of jobs. The actions are expected to cost approximately $8 million, with projected annual savings of $10 million. Moving forward, Sensient has reported a first-quarter 2006 revenue increase of 4.8 percent over the same quarter 2005. First-quarter revenue for the flavors and fragrances group increased 7.7 percent to $170.5 million. This revenue benefited from strong sales of flavors in North America, improved pricing and product mix.

Gross margin was affected negatively by rising raw material, energy, transportation and manufacturing costs.

8 T. Hasegawa

Tokyo
2005 sales • $405.7 million
President and CEO • Tokujiro Hasegawa

Last year's sales for this centenarian company fell 5.2 percent from 2004 totals. However, earnings jumped 7.2 percent. Flavors accounted for 89 percent of sales, while fragrance accounted for 11 percent.

Moving forward, T. Hasegawa has lowered its 2006 year-end dividend forecast to 47.34 billion yen, down from 49.72 billion yen. Ordinary income and net income forecasts also fell from 6.64 billion yen to 5.87 billion yen and 4.04 billion yen to 3.665 billion yen, respectively. The company has cited a declining sales outlook for green tea and fruit-processed products for the changes.

T. HASEGAWA flavors & fragrances

MANE

9 Mane SA

Le Bar-sur-Loup, France
2005 sales • $311.4 million
President • Jean Mane

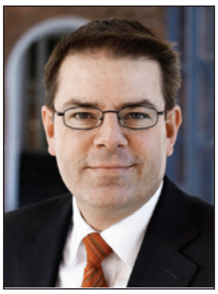
Mane's geographic diversity (the company has more than 20 locations on four continents, including sites in the United States, Japan, Brazil and France), R&D expenditure (10 percent), and 130-plus years of experience in the F&F industry have paid off. In 2005, the company posted a 2.7 percent sales increase. For the period, sales broke down by category as follows: flavors, 44 percent; fragrances, 36 percent; and raw materials, 20 percent.

10 Danisco

Copenhagen, Denmark
2005 sales • $279.4 million* (nonofficial results extrapolated from company comments on performance)
CEO • Tom Knutzen

New faces seem to pop up each year on our list. This time it's Danisco's turn. In May 2006, Tom Knutzen assumed the role of CEO, succeeding the retiring Alf Duch-Pedersen. Knutzen has joined the executive board, and has spent some time working with Duch-Pedersen in getting to know Danisco's business and organization.

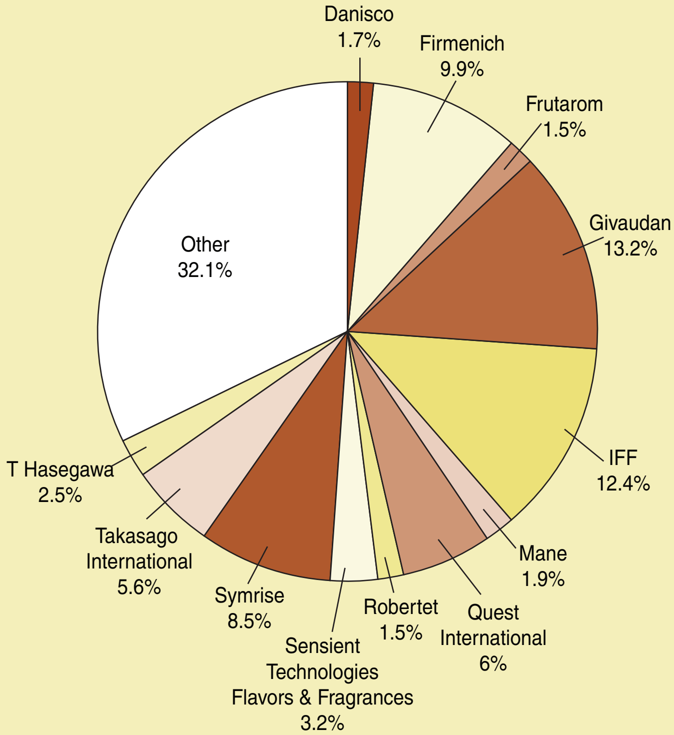
In the meantime, the company has been making some moves in Asia. Danisco opened a new innovation center in Singapore to serve the company's activities in Southeast Asia. Located within Danisco Singapore Pte. Ltd., the 1,200-m^2 center houses and consolidates the activities of the regional cultures creation center, flavor creation center and application support. The company has said that its primary interest lies in developing products that are better catered to the Asian taste and palate. The move follows the construction of a new production facility at Danisco Flavors' existing site in Penang, Malaysia. At the time, Danisco Flavors' vice president Mac Mardi said, "With the rapid growth we've had in the Asia Pacific region and the increasing sourcing of local raw materials, there's a need for a strong manufacturing presence to service our customers, and to strengthen and expand our market position."



Tom Knutzen

DANISCO

Top 12
estimated market share



11 Robertet

Grasse, France
2005 sales • $245.1 million
Chief executive •
Philippe Maubert

In 2005, Robertet sales crossed the 200-million euro mark with no debts. The company saw its sales climb 1.6 percent over 2004 totals. Although Robertet long ago expanded worldwide, the parent company continues to handle about 50 percent of the group's production. Many things have changed for this company since it was founded more than 150 years ago, but its focus on natural materials hasn't. The company hopes that by seeking out novel raw materials and encouraging innovative perfumery, among other activities, it will achieve approximately 10 percent annual growth. Although Robertet expects this to occur via organic growth with customers and new geographic regions, the company also is keeping an eye out for strategic acquisitions to fuel expansion.

12 Frutarom

Haifa, Israel
2005 sales • $243.8 million
President and CEO •
Ori Yehudai

To say that Frutarom has had a busy year is like saying Mount Everest is big. This fast-moving company saw its 2005 sales increase by nearly 24 percent, fueled largely by its seemingly insatiable appetite for acquisition. At the same time, net profit jumped to 70.4 percent, reaching $26.9 million (2004: $15.8 million). Yet, Frutarom head Ori Yehudai isn't satisfied. He has stated that the company seeks to cross the $500-million sales mark by 2008.


Ori Yehudai

How did they do it? Let's start with all those acquisitions. The company has integrated the flavoring extracts business of A.M. Todd Botanical Therapeutics into its US operation's activities in North Bergen, New Jersey. In addition, Frutarom acquired a 70-percent stake in German savory ingredients provider GewurzMuhle Nesse. (The remaining 30 percent is to be acquired in 2007.) It also inked deals to distribute tea tree oil for Unifect and to distribute to the Canadian market through Nealanders International.

The company's expansion has been geographic, as well as economic. Frutarom UK recently opened a sales and marketing office in Indonesia to serve East Asia. At the time, Yehudai said, "Indonesia is one of the largest emerging markets in the world, with more than 200 million residents. We believe that this office … will make a serious contribution to our continued growth in this developing region." Meanwhile, the company's stake in GewurzMuhle Nesse expands its influence in the European flavor market, particularly in Poland, the Czech Republic, Latvia and Yugoslavia.

Mastertaste

Teterboro, NJ
2005 sales • not available
Parent company • Kerry Group, Tralee, Ireland
Chief executive (Mastertaste) • Kevin Lane

Your success, our passion.

Although its financials have not yet been made public, it's a safe bet that Mastertaste is a Top 12 flavor and fragrance company. Following a multiyear international spending spree, the company has taken a break from acquisitions, focusing instead on its corporate structure and finding ways to exploit cross-divisional synergies and emerging business opportunities. Clearly, Mastertaste's boldest move — the purchase of fragrance house Manheimer — took it far beyond Kerry's traditional focus on food ingredients. Yet, when chief executive Kevin Lane laid out the company's priorities, the fragrance strategy started to make more sense: "We're now focused on aggressive organic growth — especially within our flavors and natural products divisions." The last part of that sentence is perhaps the most interesting because Mastertaste has since tweaked its structure to reflect its interest in both naturals *and* fragrance, not to mention the synergies that may well link the two categories. The most striking change of this structural realignment was the appointment of a single president to head both Mastertaste Natural Products and Manheimer Fragrance. Moving forward, it seems that Mastertaste's fragrance foothold will play a big part in its evolution as a key F&F player. The question is, just *how* big will the fragrance side of this flavor and fragrance house be?

Kevin Lane

P&F Magazine Pathfinders

5 for 2006

5 successful companies operating outside the Top 12

Sharpening strategic focus …
A.M. Todd

Kalamazoo, MI
Chief executive • Henry Todd Sr.

A.M. Todd long has been an expert in the peppermint and spearmint oil business, and it recently launched an initiative focused on nutraceuticals. The company also has clearly stated its interest in serving the oral care and confectionery markets while seeking strategic acquisitions, partnerships or joint ventures. None of this should come as a surprise to anyone who is familiar with the F&F industry. What might have been surprising was A.M. Todd's recent announcement that it is discontinuing its Zink & Triest vanilla bean trading business once all contractual obligations have been met. Why would this industry veteran exit vanilla after 70 years? According to chairman and CEO Henry Todd Sr., "[T]his exit from the vanilla bean trading business is one in keeping with our company's longer-term strategy. We look forward to focusing solely on our core business in flavors and botanical therapeutics."

More recently, A.M. Todd joined forces with the owners of Natural Advantage to form Taste Advantage LLC, providing enhanced natural flavor bases and ingredients. The venture will serve customers in the oral care, confectionery and beverage markets. Flavor systems developed by Taste Advantage include sweetness enhancers, bitter masking agents, flavor longevity agents and flavor definition enhancers.

Back row, left to right: Henry Todd Sr., A.M. Todd chairman; Ed Baranski, Taste Advantage director of operations; and Tony Willard, Taste Advantage president and A.M. Todd vice president business development. Front row: Carol Callahan, Taste Advantage technology advisor and Natural Advantage CFO; and Brian Byrne, Taste Advantage director of technology and Natural Advantage CEO and president.

One to watch: Shiono Koryo Kaisha Ltd.

Osaka, Japan

At nearly 200 years old (the drug wholesaler switched its focus to perfume in 1907), this Osaka, Japan-based flavor and fragrance house spans Asia's hot spots. With offices in Seoul, South Korea, Taiwan and Shanghai, China, the company seeks to expand its perfume manufacturing prowess. Shiono Koryo Kaisha, which employs about 240, maintains flavor and perfume operations in Tokyo, as well as flavor, perfume and R&D activities in Osaka. In 2000, the company surpassed the 301,000,000 yen mark and later achieved estimated sales of $178 million in 2004. Although this company often flies under the business news radar, it's certainly one to watch.

Treatt USA headquarters

120 and counting … Treatt

Bury St. Edmunds, England
Executive director • Hugo Bovill

Treatt plc celebrates its 120th anniversary this year. Founded in 1886 by Richard Court Treatt, an essential oil merchant in London, the company is now an independent global flavor and fragrance ingredient manufacturer, supplying 3,000 products to more than 90 countries. Several decades later, when Jim Bovill joined the company, the Bovill family began its long and continuing involvement with Treatt. (Hugo Bovill, managing director, joined the board of directors in 1987.) Not long after, Treatt began its association with the L Rose Company, which brought Treatt into citrus essential oils, a now defining segment of its business. Today, the company boasts major operations in the United Kingdom and the United States, and is unveiling Treatt China in Shanghai. The office supports the company's existing

TREATT PLC

Treatt was founded in London in 1886.

sales and marketing efforts in the region, and works alongside Treatt's current agent, Ter Chemicals Hong Kong, and its local distributor.

Of the new office, Hugo Bovill said, "This is a positive move for us. Opening an office in China will enhance our ability to respond to current and future customer requirements, benefiting both our global and national customers in this rapidly growing region."

In its own nod toward future expansion, Treatt USA has purchased 6.5 acres of industrial property, including an 11,375-ft^2 office and warehouse building. (Treatt USA now owns 11.5 acres of industrial property in the area. The new acquisition is adjacent to the company's existing facility in Lakeland, Florida.)

Of the expansion, Hugo Bovill said, "The new building initially will provide increased space for material storage. In the longer term, ownership will enable us to further develop our position in the growing US market."

What has changed since last year's list …

Last year, we included Denmark-based Chr Hansen on our list of Pathfinders. Since that time, the company has sold its ingredients business to PAI partners for 1.1 billion euros. The move leaves Chr Hansen a pharmaceutical company. For its part, PAI has made several food industry purchases, including a 50-percent stake in dairy giant Yoplait and a co-controlling stake in United Biscuits.

Another Pathfinder has been doing some selling during the past year as well. Following its divestment of its fruit systems business, Degussa sold its food ingredients unit to Cargill for $670 million. (Cargill previously acquired Duckworth Flavours.) At the time of the sale, Degussa board chair Utz-Hellmuth Felcht said, "Food ingredients are a strategically ideal fit for a strong global food industry player such as Cargill. We believe that we have placed these operations in good hands and are very satisfied with the transaction as a whole."

Ungerer & Co.: history and a look ahead

Lincoln Park, NJ

Ungerer & Co. will forever have a special place in the heart of *P&F* magazine. Not only is the company one of the oldest family-run companies in the industry, but William G. Ungerer (son of founder William P.) started *The American Perfumer*, which, after several incarnations, split into *Perfumer & Flavorist* magazine and sister publication *Cosmetics & Toiletries*. What started as a great forum for one of New York's growing industries expanded to become an international leader for flavor and fragrance professionals. Ungerer's legacy has been similarly impressive. With a presence in more than 60 countries (including manufacturing plants in Mexico, Indonesia, Pennsylvania, England, Australia and China), the company has expanded far beyond its single East Coast office. Most recently, Ungerer has unveiled its Shanghai, China, manufacturing facility. The site covers perfumery, application, sales support and manufacturing duties for the region.

WILD Flavors Inc.

Owner and chairman • Hans-Peter Wild

Privately held and rapidly expanding, this 75-year-old flavor specialist now operates 14 manufacturing facilities and 70 subsidiaries and representatives globally. In the past year, the company has opened a new logistics center in Eppelheim, Germany. The warehouse contains 1,000 engines and 2.5 km of materials-handling equipment in the high-rack warehouse. WILD also has announced the groundbreaking for a manufacturing facility in Dubai, the United Arab Emirates' tax-free Jebel Ali Free Zone. The site will have a capacity of 75,000 t and will cater to the markets of the FCC, Levant, North Africa and the Indian subcontinent. The company is investing approximately AED 100 million in the launch phase of the new facility, which will employ 125 workers.

Of the new facility, Hans-Peter Wild said, "As one of the fastest-growing markets for the food and beverage industry, the Middle East and Africa represent a very important territory for us. The investment is a response to our company's double-digit growth in the Middle East during recent years. With the opening of our plant in Jebel Ali, we are establishing our solid presence in this market, providing the much-needed one-stop solution for our customers and partners in the region."

In addition, the company has signed agreements with Cognis for global cooperation in the field of food applications. The companies jointly will develop new products and systems, with a particular focus on the beverage, nutritional bars, sweets and ice cream markets. Cognis ingredients will be incorporated into WILD's flavor systems and fruit preparations.