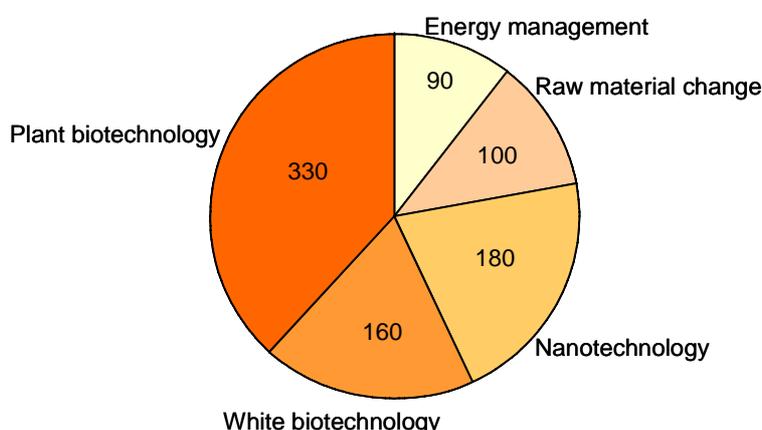


## BUSINESS INSIGHTS

### The Top 10 Food and Drinks Ingredients Companies

Emerging opportunities, growth strategies and innovation in the leading players

**BASF R&D spend on key growth areas  
2006-08 €m**



Source: The Top 10 Food and Drinks Ingredients Companies

“BASF has shifted its focus of innovation from process to product innovation. The company increased its innovation spend by 20.0% in 2006 and it expects to generate annual sales of over €4.0bn (\$5.2bn) as of 2010 from new or improved products and applications that have been on the market for a maximum of five years. Around 20.0% of this figure is expected to come from new products. It is looking to grow the market share of its existing products through innovations and has also identified five growth clusters as part of its long-term growth plans. It has decided to spend around €860.0m (\$1.1bn) between 2006-08 on R&D...”

**Assess the performance of leading food and drinks ingredients companies, identify their strengths and weakness and learn from their growth strategies with this new management report...**

## The Top 10 Food and Drinks Ingredients Companies

Emerging opportunities, growth strategies and innovation in the leading players

### Danisco financial performance

Year	Turnover (DKKm)	Operating profit (Dkkm)
2003	16,551	2,354
2004	16,397	2,108
2005	17,835	2,086
2006	20,912	2,159

Source: The Top 10 Food and Drinks Ingredients Companies

"Ingredients constituted 63.5% of the total revenue and amounted to DKK13.3bn (\$2.2bn). Organic growth was 5.0% while currency fluctuations added 4.0%. The segment recorded revenues of DKK6.9bn (\$1.2bn) for the six months ending October 2006, exhibiting a growth of 4.6% over the same period of the prior year. Six month EBIT rose by 9.1% to DKK949.0m (\$161.9m) over the same period last year..."

New trends in innovation and NPD are emerging in the global food and drinks ingredients industry. The key trend of healthy ingredients is focusing on themes including weight management and functional food and drinks and the leading players have also identified new opportunities in areas from biotechnology to bio-fuel production.

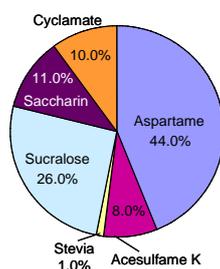
### The Top 10 Food and Drinks Ingredients Companies: Emerging opportunities, growth strategies and innovation in the leading players

is a new report published by Business Insights that analyzes the innovation and growth strategies of the top 10 players in the ingredients industry. This report identifies the product areas that the top 10 players are seeking to develop and also highlights the respective markets where each individual company is looking to grow. It also examines the comparative strengths, weaknesses, opportunities and threats facing the world's leading ingredients companies.

**Assess the food and drinks ingredients market competitive landscape and benchmark the performance and strategies of its leading players with this new report.**

## Key findings from this report...

### Global intense sweetener market share, 2005-2006



Source: The Top 10 Food and Drinks Ingredients Companies

"The global non-caloric sweetener market is estimated at around \$1.0bn. On a global basis, Sucralose has a 26.0% share of the market. Over the next four years Sucralose has the potential to increase its market share up to 50.0% of an expanded market on the back of additional production capacities which are slated to go on-stream by 2010. Tate & Lyle has been the exclusive producer of Sucralose since 2004..."

- **Kerry increased its expenditure on R&D by 12.4% in 2005**, taking it to €124.7m (\$155.3m). This represented 2.8% of the company's total revenue and 4.1% of the company's ingredients revenue.
- **Personalized nutrition is expected to become a major industry trend** and two of the top 10 players (DSM and BASF) have already identified plans to address this.
- **Tate & Lyle controls 7.0% of the texturants, sweeteners and functional ingredients market** and intends to increase its share to 14.0% in the next 5 to 7 years. It estimates the market at £6.8bn (\$12.1bn) for the year 2006.
- **New revenue streams are emerging through diversification into industries providing synergies with existing resources and knowledge.** Current areas of interest range from industrial biotechnology to bio-fuel production.
- **Asia and in particular China are key regions for the leading food and drinks companies** to use as a low cost manufacturing base and target as a key growth market.

## Some key questions answered by this report...

### CSM R&D expenditures by business segment

€m	2004	2005	% of Total 2005 Revenue
Bakery Supplies Europe	14.3	14	0.5
Bakery Supplies North America	5.8	6.8	0.2
PURAC	11.7	10.8	0.3

Source: The Top 10 Food and Drinks Ingredients Companies

"The success of CSM's innovation program will be one of the key drivers of growth for the company in the next few years. CSM intends to spend an incremental €30.0m (\$38.9m) every year on innovation. The goal for the innovation program is to increase the revenue generated by innovative products from 5.0% to 15.0% by 2008. The company's 3S program identifies four key areas with potential for innovation..."

- Who are the top 10 players in the global food and drinks ingredients market and how are they performing?
- What are the key trends emerging in the global food and drinks ingredients industry?
- Which growth and innovation strategies are being used by the top 10 players in the global food and drinks ingredients industry?
- How do the leading ingredients players compare in terms of market positioning?
- What were the most interesting and innovative products launched recently by the leading players?
- Which geographical markets are the leading players increasingly focusing on?
- What are the new business areas that ingredients companies are looking to enter?

## This new report will enable you to...

### Ajinomoto ingredients (Amino Acids) geographical revenues

JPYm	2005	2006
Japan	61,200	64,800
Asia	32,700	32,700
America	56,100	58,500
Europe	101,600	99,800
<b>Total</b>	<b>251,646</b>	<b>255,794</b>

Source: The Top 10 Food and Drinks Ingredients Companies

"For the financial year 2005-06, overall growth in the revenues of Amino Acids segment was 1.6%. Japan constitutes 25.3% of the total Amino Acids revenue and recorded growth of 5.9%. Asia contributed 12.8% of segment's revenues but failed to register any growth over the prior year. America recorded a growth rate of 4.3% and constitutes 22.9% of the total Amino Acids revenue. The growth in Japan and America was offset by revenue decline of 1.8% in Europe..."

- **Create more effective competitive strategies** based on this report's SWOT analyses and market positioning of the top 10 food and drinks ingredients companies.
- **Benchmark the world's leading food and drinks ingredients companies** with this report's ranking of the top 10 ingredients companies detailing their financial performance and future prospects.
- **Identify and target future growth areas** from this report's analysis of the acquisitions and divestments made by leading ingredients companies and their strategies for growth.
- **Understand the key trends in food and drinks ingredients** and the impact that they are expected to have on the market using this report.
- **Enhance your product development strategies** with this report's analysis of the leading ingredients companies innovation and NPD strategies.

## Sample Information: 'The Top 10 Food and Drinks Ingredients Companies'

### Chapter 12: Archer Daniels Midland Company

#### Strengths

##### Strong financial performance

ADM recorded strong financial performance in 2005-06. The company registered the consolidated revenue of \$36.6bn, up 1.8% from the previous year. Gross profit of the company rose by 22.0% to \$3.0bn on the back of higher average selling prices of agricultural commodities and increased sales volumes and selling prices of Corn Processing products which carries out the company's ingredients business. The division recorded the revenues of \$4.9bn registering an increase of 11.4% over the previous year. The operating profit of the segment increased by 65.5% to \$877.4m. ADM is significantly larger than many of the other large ingredient companies and its financial strength is a competitive advantage.

##### Increasing demand for sweeteners and starch products

The increasing demand for sweeteners and starch products provides strong growth potential for the company's Corn Processing division. Sweeteners and starch products constitute 43.9% of the total revenue of division. The revenue generated by sweeteners and starch products rose 12.0% to \$2.1bn.

##### Robust logistics operations

The company has strong logistics operations. ADM's fleet of transportation facilities includes more than 20,000 railcars, 2,000 barges and 1,500 tractor-trailers which connect 500 crop storage elevators. The company also has 100 ships under charter, operating on six continents. In 2005, there were 474,000 rail cars in US, of which the company owns 4.0%, which gives it substantial advantage given the pricing power held by the railcar companies. Additionally, the company also earns revenues by leasing its transportation facilities. Strong logistics operations provide a cost advantage.

#### Weaknesses

##### Fluctuating energy prices

The operation of processing plants depend significantly on electricity, natural gas and coal and the company's transportation operations are dependent on diesel and other petroleum products. Hence fluctuations in prices of these products can have adverse effects on the company's production costs and profitability.

##### Low R&D expenditure

The company's R&D expenditure is \$45.0m which constitutes just 0.1% of the total revenue of the company. On an absolute as well as relative (to revenue) basis, ADM's R&D spend is lower than other ingredient companies. With rising competition in ingredients as well as bioenergy and biodegradable plastics, this could prove to be a set back for the company.

Figure 12.53: ADM SWOT analysis

Strengths	Weaknesses
Strong financial performance Increasing demand for sweeteners and starch products Robust logistics operations	Fluctuating energy prices Low R&D expenditure
Opportunities	Threats
Increase in demand for bio-energy and biodegradable plastics Growth in Asian economies	Intense competition in all business segments Opposition to GMO food

Source: The Top 10 Food and Drinks Ingredients Companies

Order this report today to find out more...

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