

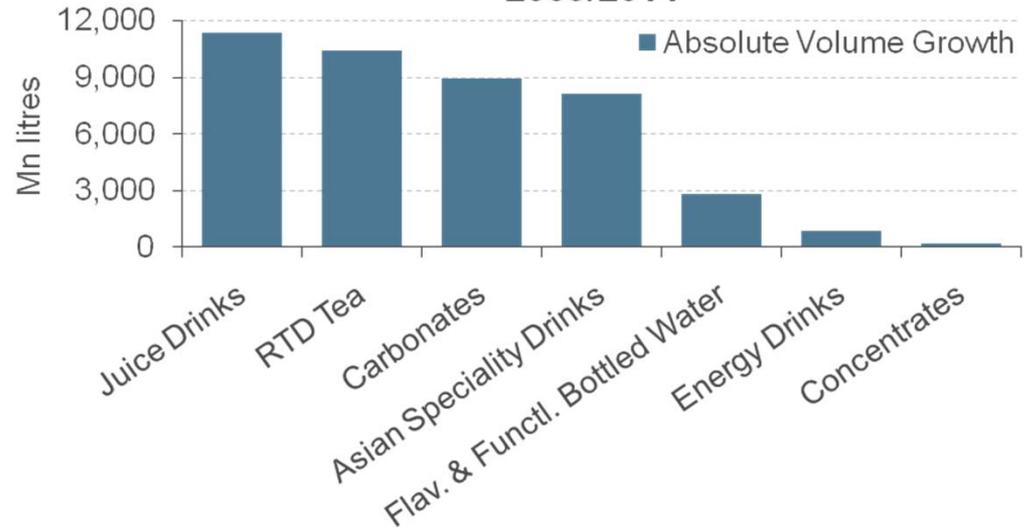
Natural Flavours Increasingly Popular in Soft Drinks

- Within the significant beverages category, it is soft drinks that offers the best scope for future growth and there are a number of specific segments that are of particular interest to flavour suppliers.

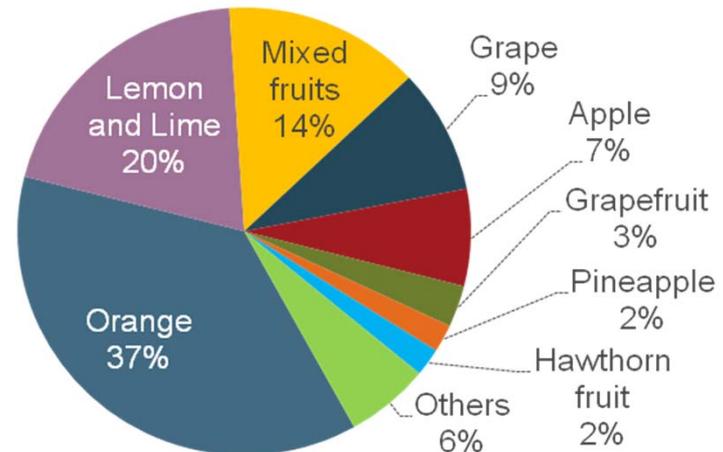
Healthy soft drinks drive category

- The most significant overall volume increases within soft drinks will be seen by juice drinks and RTD tea, with each set to grow by well over 10 billion litres over 2009-2014.
- In both of these categories, adult-orientated products, often using healthy superfruit or other botanical flavours, will drive market growth so there will be growing emphasis on natural flavours for these markets.
- China is currently the largest market for juice drinks, and is expected to post the strongest growth, with over eight billion litres extra being consumed by 2014. As in many countries, orange and citrus flavours are the most popular in this category in China. However, for companies such as IFF it is important to have local knowledge and consumer insight, as certain flavours are specific to a country or region. With the opening of a Creative Center in Shanghai recently, this will allow IFF to develop flavours that meet local demand.

Global Soft Drinks Market by Volume 2009/2014



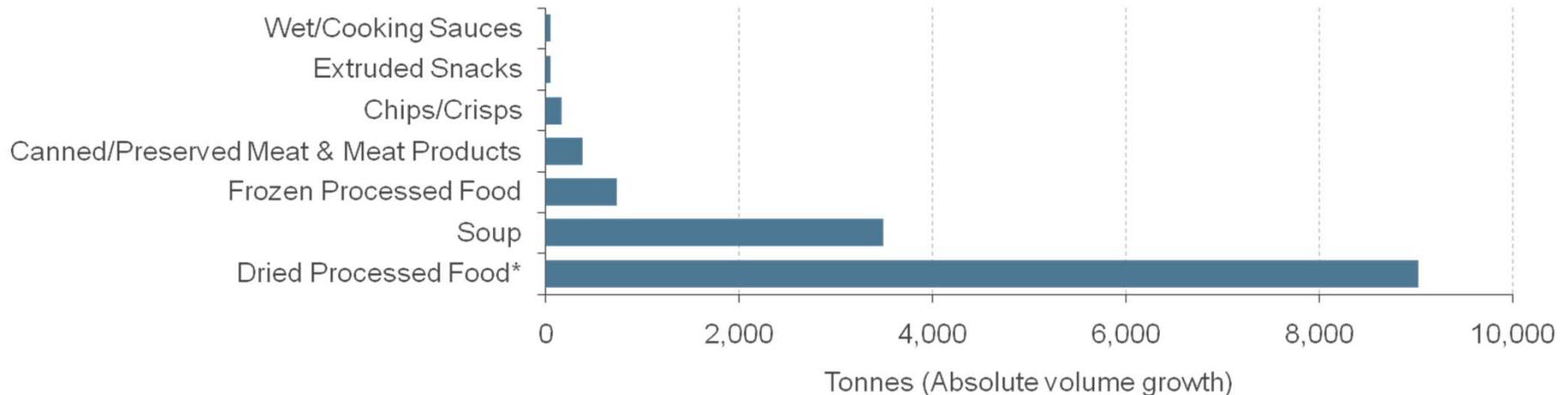
China: Juice Drink Market by Flavour 2009 (% Volume Share)



Demand for Natural Flavours in Processed Foods

- The need for added flavour in processed foods means that this continues to be one of the largest markets for flavours. However, this category as much as any other has seen manufacturers look to use more natural flavours, as consumers want to eat more healthy foods without artificial ingredients such as flavours and colours. IFF has responded to this demand with a range of natural meat flavours, with beef flavours being the most recent addition to its portfolio. These flavours were developed through its CulinEssence programme, which combines the technological expertise of the company with the knowledge of chefs from around the world. IFF has therefore created a range of beef (and chicken) flavours that meet the tastes of different regions of the world, and can be used in a variety of applications including soups, noodles, sauces and savoury snacks.
- IFF's continued investment in its CapLock encapsulation system, is also an important technology for the application of flavours in dried processed foods. These types of foods undergo rigorous processing and have a long shelf life, but the flavours still need to act the same at the end of the product's life as at the start. By using encapsulation technology, the flavours are protected. With global volume demand for dried processed food far from static (3% CAGR, 2009-2014), this is a worthwhile investment by IFF.

Consumption of Flavours by Category 2009/2014



Notes: Selected categories for meat flavours

* Dried Processed Food includes noodles and dried/instant soups