

TALKINGPOINT

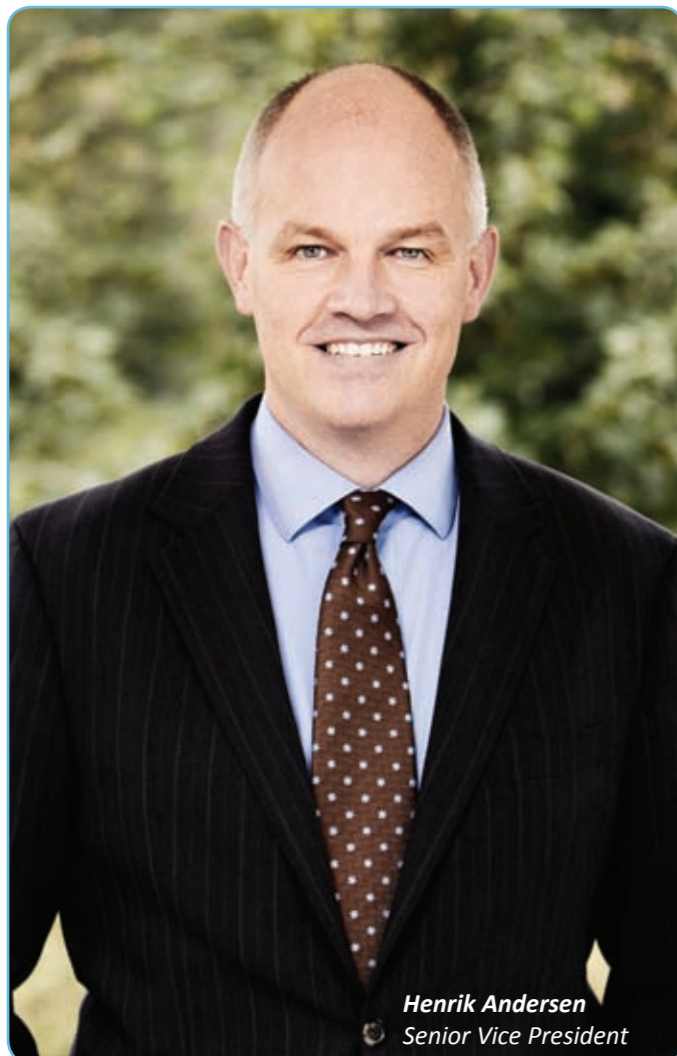
THE ARLA FOODS INGREDIENTS NEWSLETTER · ISSUE 27 · JANUARY 2010



Closer to Nature™



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Henrik Andersen
Senior Vice President

Great expectations for 2010

If ever there was a year full of exciting prospects, 2010 must surely be it. As we conclude another year of double-digit growth for Arla Foods Ingredients, we are confident that the coming 12 months will prove equally successful.

Following the recent opening of our new application centre, our customers can today enjoy the full benefit of our technical and creative expertise, now gathered under one roof.

The application centre will serve as the hub of our work with Twintell®, the three-step application programme available to assist our customers in their new product development. With Twintell®, we wish to send customers a clear message about what we can actually offer – the closest possible cooperation for driving joint business success.

2010 will also be the year when we double production capacity at our production plant in Argentina to support our rapidly growing market presence in the region. Another important commitment for us is to establish new production facilities in the US, an objective we worked towards throughout 2009. Overall, the Americas are expected to contribute significantly to our ambitious growth plan.

To keep you more closely informed as developments unfold, we have decided to make this the last printed issue of Talking Point. Later this year, you will receive the first online issue. Our new online Talking Point will serve as an important channel for future up-to-date communication, not to mention boost our environmental effort by dispensing with printing and distribution.

Of course, our strong progress would not be possible without strong customer relations and the backing of our business partners. We wish to take this opportunity to thank you for your continuing support.

Great opportunities await us in 2010. Best wishes to you all – and good luck.

The best of talent and technology

New centre opens for inspiring customer innovations

International customers can expect great things of Arla Foods Ingredients' purpose-built application centre. Located in Aarhus, Denmark, the centre is specially designed for optimised customer development projects and opened its doors just prior to the launch of the Twintell® Application Programme in November.

The modern building contains 2,000m² of test and analysis laboratories – meat and dairy laboratories for the functional milk protein team and a large laboratory for the bakery team, including a high-speed continuous cake machine and a pilot-scale tunnel oven.

To inspire optimum innovation, the centre also contains a customer room, made for easy adaptation to specific development projects.

Realisation of a dream

The need for flexibility has been a key driver in shaping the application centre, where knowledge sharing and work in cross-organisational teams are priorities.

Henrik Andersen, senior vice president, welcomes the unique opportunities the application centre provides.

"It has been a long-held dream to build this advanced facility in Denmark. I believe we now have a unique combination of great talented people and state of the art technology," he says.

"It is highly important to create the best possible environment to support our cooperation with customers and, through that, support our customers' growth."

Employee involvement

Company employees have been closely involved in tailoring the design of the application centre, which lies in connection with a new office building.

"We have looked forward to moving into the new buildings for a long time," says Arnd Wilmsen, senior director, functional milk proteins. "We have a strong team with valuable competences – now we also have the optimum conditions for working with our customers to develop innovative solutions to their challenges."

For bakery business area director, Carsten Valentin, the centre provides an excellent opportunity for his team to develop their international reputation within the bakery industry.

"The centre gives our bakery and functional milk protein experts the best possible environment for reaching our goal, which is to provide our customers with world-class service," he says.

Construction of the new Arla Foods Ingredients head office continues on a neighbouring plot and is scheduled for completion in May 2010.

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One, two, three...launch!

The new Twintell® Application Programme is the fastest way to the market

Fast responses to fast-changing markets are the secret of successful business. At Arla Foods Ingredients, we have taken the matter in hand with the launch of our Twintell® Application Programme – a structured, A-Z approach to managing customers' new product development.

Twintell® is as simple as it is effective. In just three steps, customers can see their ideas and needs turn into commercially viable products, fully tested and ready to go into production. Bringing targeted new products to market has never been faster or cheaper.

"Twintell® is at the core of what makes us stand out from the crowd. Our track record shows that we both improve products and reduce costs when we are part of our customers' new product development process," says Henrik Andersen, senior vice president.

Dairy, bakery and meat products are among the main food application areas targeted by the Twintell® programme, which is offered to customers free of charge.

Step 1: Define

The first step of the programme is to define the challenge, whether the customer is looking to improve a product's texture, extend shelf life, simplify the recipe or cut costs. This includes pinpointing a set of precise and measurable objectives, taking into account the customer's product specifications and existing processing equipment. Deadlines are also set for steps two and three.

Step 2: Develop

Customers are then invited to our application centre in Denmark or Argentina for a week of intensive trials using our functional milk proteins. At both centres, we have extensive pilot-scale equipment capable of simulating large-scale production facilities and running multiple tests a day. The testing continues until a satisfactory result is achieved.

Step 3: Deploy

Commercial trials follow at the customer's own plant. Here, our decades of upscaling experience come into play, ensuring that what worked at pilot level is just as successful in large-scale production. Once this is complete, customers will find themselves with a validated technical solution and a fully evaluated and documented process.

"With Twintell®, we offer customers a chance to test our competencies with no strings attached," Henrik Andersen declares. "This comprehensive innovation programme gives the best of what Arla Foods Ingredients can provide."

For more information, go to www.arlafoodsingredients.com



Step 1: Define



Step 2: Develop



Step 3: Deploy



Yogurt in real life

Nothing is left to chance on the yogurt pilot plant. That's why all yogurt solutions can be readily scaled up and launched into commercial productions

Why try out new yogurt recipes in 500-litre batches when you can both get realistic results with just 10 litres and run many more tests a day?

A large number of customers have already experienced that small-scale trials on the Arla Foods Ingredients pilot yogurt plant save time and resources and are about as close to real-life production as it is possible to get.

Now, with the opening of the new application centre in Denmark, the yogurt application team is even better placed to put the pilot plant through its paces hand-in-hand with the Twintell® Application Programme.

20 tests a day

"We can run up to 20 tests a day. Apart from speeding up development, that is important for comparing results, as the milk and cultures used in yogurt production often vary from day to day," explains Claus Andersen, dairy application group manager.

Developed in close cooperation with a dairy equipment manufacturer, the pilot plant has recently been upgraded with new computer control system, and automatically controlled, two-step homogenisation. Every twist and turn in the tubes is precisely calculated to simulate a large-scale process. Adjustable parameters enable fine-tuning to match individual production plants.

No compromise

"Small details matter in yogurt production. So no compromises have been made in designing our plant. As a result, solutions tested in our application trials can be directly tested in commercial production lines," Claus Andersen states.

In line with Twintell®, all customer development projects start with a definition of needs – whether customers simply want to reduce costs or whether they also want to improve the functionality of their yogurt. The right combination of functional milk proteins and processing parameters is often found within a couple of days of testing.

Valuable synergy

"Our ingredients, equipment and knowledge create a fantastic synergy. It's a unique setup," says Claus Andersen.

Round the world, the results of that synergy are being enjoyed on a daily basis. Optimised yogurt is good for business.

For more information please contact:

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Delicious ice cream costs less

Replace skimmed milk powder with NUTRILAC® IC – and never look back

Creamy indulgence, delicious flavours and a melt-in-the-mouth consistency make ice cream one of the most popular snacks on consumer lips. Using NUTRILAC® IC functional milk proteins from Arla Foods Ingredients, ice cream manufacturers can give consumers everything they desire and save costs into the bargain.

NUTRILAC® IC is the opportunity many manufacturers have been waiting for – to replace up to 100% of the expensive skimmed milk powder (SMP) in ice cream recipes and, at the same time, enhance the quality of the final product.

Pioneering success

"There have been many attempts to replace SMP in the past, typically with whey powder," says Mads Bjerregaard Larsen, technical sales manager. "But it has not been possible to replace all the SMP due to the whey off-taste, the undesirable yellow colour it gives the final product and the unfavourable development of ice and lactose crystals.

"When SMP is replaced 100% with NUTRILAC® IC, ice cream tastes at least as good if not better."

Costs cut more than 20%

Customers who opt for NUTRILAC® IC experience average cost savings of more than 20%. The improved sensory quality, including a typically slighter softer and more scoopable texture, is also good for an ice cream's brand image.

Development of tailored customer solutions takes place in the high-tech ice cream laboratory in the Arla Foods Ingredients application centre in Denmark, where the Twintell® Application Programme is now an integrated procedure. Throughout the three-step programme, the ice cream team's extensive ice cream knowledge makes all the difference.

Another member of the ice cream team, technical sales manager Jesper Høstrup explains why.

"We have worked intensively with ice cream for a long time, running thousands of tests and investigating process parameters in relation to our products. This is how we make sure the solution we deliver is the best one for individual customer needs."

Over 100 weekly trials

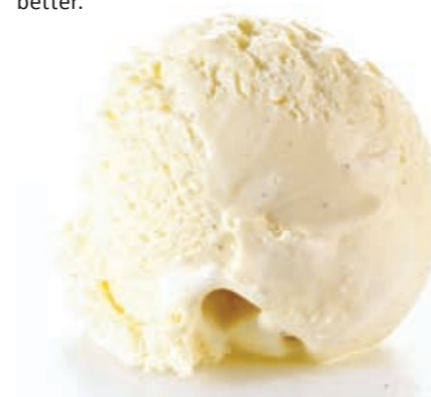
Every week, the ice cream laboratory can run more than 100 pilot-scale application trials and host a number of customer visits – a key capability that, along with close customer dialogue, ensures a short time to market for new or improved products.

"To make the development process go even faster, customers can join us in our application centre and fine-tune the solutions exactly to their process and specific market conditions" Mads Bjerregaard Larsen adds.

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Excellently eggless

Speed up sponge cake development in our bakery lab and swap egg for a natural profit-booster at no cost to quality. See Twintell® at work

Imagine making an appealing, fresh-tasting sponge cake entirely without egg. Arla Foods Ingredients has both the milk-based functional solutions to make it happen and a pilot-scale high-speed mixer to run realistic application trials – giving rapid access to up to 30% savings on liquid egg costs.

Flexible all or some replacement

This technology gives bakers ultimate egg replacement flexibility. Whether they wish to replace all the egg in sponge cake recipes or just a part of it, the result will be a cake of matching quality.

“Our experience is that most of our customers choose a 50% egg replacement solution as they wish to keep egg on the ingredient declaration,” says Kim Jensen, bakery technical manager. “Complete replacement is more relevant for consumers who do not eat egg or for customers who want to exploit all the advantages of having no eggs in their cake products.”

Fast development, less waste

The functional egg-replacement solutions are part of the well-known NUTRILAC® range. The high-speed mixer is a new investment that supplements the bakery development lab’s pilot-scale tunnel oven. All parameters are computer controlled for precise simulation of the continuous processes applied within individual bakeries.

“Using our pilot-scale equipment, product development can happen faster and with less waste. We can run up to ten tests a day but, generally, just four to six tests are necessary to determine the optimum solution,” Kim Jensen explains.

Proven to work

Arla Foods Ingredients is in the process of documenting the potential of its egg-replacement solution to improve the fresh-keeping quality of the final cake product. Other key benefits are already proven: major cost savings, ease of use and an 18-month shelf life – not to mention the natural, clean-label image that comes with all Arla Foods Ingredients solutions.

For more information please contact: kijee@arlafoods.com



Naturally great meat

Cut the caseinate in meat products and enjoy lower costs at higher functionality

Sausage, ham and pâté are becoming less expensive to produce with Arla Foods Ingredients’ alternative to caseinate. Made entirely from milk, NUTRILAC® SA-5820 is quite possibly the strongest caseinate substitute on the market, suitable for direct replacement and creating an opportunity to make meat products of even higher quality.

Minimum 10% saving

Tests show that the functional milk protein gives a top performance at minimum 10% less cost than traditional caseinate.

“It looks like caseinate prices on the world market are still on the way up,” says Niels Erikstad, meat group sales manager. “That means average savings are getting higher.”

The quality advantage

In addition to the cost benefit, NUTRILAC® SA-5820 provides a series of functional advantages. These include a significant reduction in cooking loss and gel separation and improved freeze-thaw and heat stability.

“The ability of NUTRILAC® SA-5820 to give improved emulsifying properties, texture and bite makes it an excellent choice quite apart from its merits as a caseinate alternative,” Niels Erikstad adds.

One-to-one naturalness

NUTRILAC® SA is particularly easy to use, replacing caseinate at a one-to-one ratio. A pure milk-based ingredient, it makes a natural addition to clean product labels.

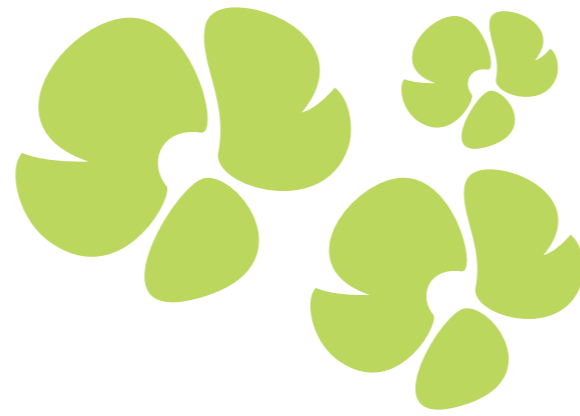
Niels Erikstad points out that the solution is one of many in the meat group portfolio.



“One-to-one caseinate replacement provides customers with a quick cost and quality improvement opportunity,” he says. “We are also ready to work with customers on more complex product development projects through our Twintell® Application Programme.”

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Workplace for the world

Arla Foods Ingredients is realising the vision of becoming a truly international company. Nationalities from all over the world are today represented among the staff based at the head office and application centre in Denmark. Mariana Gomez Vazzana and Fernando Javier Gallardo from Argentina are among them.



Mariana Gomez Vazzana,
Technical manager, Bakery

Attracted to the heart of the business

Mariana Gomez Vazzana already had considerable experience of Arla Foods Ingredients when she moved to Denmark in early 2009 to take on the job of technical manager within the bakery business unit. For two years previously, she had been employed as customer service manager at Arla Foods Ingredients South America (AFISA) in Buenos Aires.

"I was attracted by the opportunity to work for a bigger organisation in Denmark, at the heart of Arla's business. Here it's like starting an international career. There are many possibilities," says Mariana, who originally trained as a chemical engineer.

When Mariana joined the company in Argentina, her boss was the then sales manager Carsten Valentin. Today, he is bakery business area director – and her boss again.

"Carsten had told me he wanted someone to be in charge of the South American market. So I contacted him to find out more," Mariana explains.

With the support of former AFISA director Bjarne Schack Pedersen, Mariana moved to Denmark last March, becoming responsible not only for Latin America but also France, Spain, Italy, Greece and Eastern Europe. Her role is to build up Arla Foods Ingredients' bakery business on these markets.

"I'm very happy with the opportunity to be here," Mariana adds. "It's a challenge."

Empowered by speaking the same language

Fernando Javier Gallardo strongly believes in speaking the same language as the customer. Almost as soon as he started work for Arla Foods Ingredients in Denmark, he experienced what that meant in relation to a customer in Mexico.

"With this project in Mexico, we were able to speak Spanish together. Speaking the same language and knowing the culture helps you understand the customer in the right way – and get more business," says Fernando.

A food engineer from Buenos Aires, Fernando works within the Arla Foods Ingredients meat group as technical sales manager for Mexico, Brazil, Venezuela, the USA and, since the New Year, also Spain, France and Italy. Being fluent in Spanish, French and English is a tremendous advantage. Now in Denmark, he has gained a new language challenge.

"I am very anxious to improve my Danish, so I go to school twice a week," he says, and admits. "The language here is one of the most difficult things."

Fernando had considerable experience of the meat industry in Latin America before joining Arla Foods Ingredients, making him a valuable addition to the team – a team he is also pleased to be a part of.

"Now I'm working worldwide. It's a very multicultural experience," he remarks.



Fernando Javier Gallardo,
Technical sales manager



Clinical nutrition with appeal

Nourishing whey proteins support a growing market

Global sales of clinical nutrition products are expected to grow from USD 7.6 billion in 2009 to US 8.6 billion in 2011. Helping the trend on its way are whey proteins from Arla Foods Ingredients, the most bioavailable protein source on the market.

LACPRODAN® whey proteins have an outstanding composition that gives patients vital nourishment. At the same time, they contribute a refreshing, juice-like mouthfeel to clinical nutrition drinks that many patients find more appealing than the traditional high-viscosity protein drinks.

"Patients depend on effective absorption of proteins as they often have a very small appetite. Whey proteins help minimise muscle loss during hospitalisation, which is an important factor in promoting a fast recovery," says Erik Adamsen, nutritionist.

Unique amino acid profile

He points to the unique amino acid profile of whey proteins as a key advantage.

"Whey proteins meet or exceed all the essential amino acid requirements set by the Food and Agriculture Organization/World Health Organization," he adds. Up to 30% of the amino acids in whey protein are the branched-chain amino acids leucine, isoleucine and valine, which together make up around a third of the skeletal muscle in the human body and play an important role in protein synthesis. No other protein source contains such high proportions of these essential amino acids.

More resources available

In response to market growth, Arla Foods Ingredients has invested in additional resources to assist clinical nutrition customers. The company also supplies MIPRODAN® casein proteins for clinical nutrition drinks with low viscosity.

For more information about clinical nutrition opportunities, contact ERJEN@arlafoods.com



Milk-based boost for natural defence

Whey proteins contribute strongly to the immune health trend

Immune health is a primary driver on the functional food market, where, according to Mintel, a large proportion of new product launches claim to bolster the body's ability to fend off infection and disease.

Arla Foods Ingredients has developed a natural defence range with the ability to promote immune health through the immune system and gastrointestinal tract.

Highly bioactive

"Milk contains many bioactive components that have a positive influence on immune functions, which are believed to decline with age," says Anja Serena, nutritionist. The natural defence range includes LACPRODAN® ALPHA-10, LACPRODAN® CGMP-10 and LACPRODAN® MFGM-10, each with a high content of alpha-lactalbumin, caseinoglycomacropeptide and milk fat globule membrane respectively.

Superior effect

"LACPRODAN® MFGM in particular has produced good results in rat trials, where it has been seen to increase the number of beneficial lactobacilli in the gut," adds Anja Serena.

The ingredients are generally easy to apply in many applications, such as dairy bars, and beverage products.



For more information, contact ANSER@arlafoods.com



Twintell® Application Programme

Three steps to great results



Step 1: Define



Step 2: Develop



Step 3: Deploy

