



GELITA

UPTO DATE

The Newsletter for GELITA Customers

#30

GELITA wellness drinks:

Beauty in
liquid form

Dear Readers,

Feeding a rapidly growing world population is going to be one of the most difficult challenges facing us in the future. This is no abstract theory, but a hard fact. By the year 2030 the demand for food will increase by 50 % and by 2050 it will have doubled. As such, the demand for high-quality collagen protein products will also increase – e.g. gelatine for foodstuffs and pharmaceuticals along with collagen peptides for protein enrichment and for functional performance in health and nutrition products. To further compound the challenge of a growing population, standards of living are also rising and as a result our eating habits are changing. We are living longer and we desire to stay healthy, active and attractive as we age. To support these trends, innovations in food,

pharmaceutical and health and nutrition industries are required; and GELITA provides these innovative solutions. Beverages enhanced with GELITA's special and optimized Bioactive Collagen Peptides® (VERISOL® for *Beauty from Within* and FORTIGEL® for *Mobility*) offer added value by increasing beauty and mobility on a sip-by-sip. In addition to maintaining youth and fitness, GELITA's products provide sweet delicacies with their light, foamy or chewy forms and tender mouth feel.

A topic on our agenda for quite some time" is the scarcity of raw materials. At GELITA we have a number of strategies intended to secure these valuable resources including supply partnerships and joint ventures. Newly structured innovation processes and the resulting synergies are also part of our strategic initiatives. GELITA is focused on providing benefits to you, even better, benefits for your customers. We invite you to participate in our innovation processes for our mutual success.

We wish you good reading, health and mobility!

Michael Teppner

Global Vice President Marketing & Communication
GELITA AG



Dr. Franz Josef Konert, Chairman of the Management Board of GELITA AG

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GELITA worldwide
South Africa

Creative
Sound effects
Harmonious gelatine



Internal

All pulling together

GELITA staff worldwide have taken to heart the internal project "ONE GELITA." The goal of this project is to involve employees more in formulating and maintaining our company guidelines – and in doing so promoting the "ONE GELITA" concept.

■ The starting point of the project was the question: "How can we do things better?" In workshops at GELITA locations worldwide, employees formulated their ideas and presented them in posters. At the end of each workshop, the participants were photographed with their posters. The company then produced a collage of these snapshots formed into the word "ONE": this is now in full view in

the foyer of our headquarters in Eberbach. Almost 600 employees are portrayed on the collage with their visions of "ONE GELITA." The company intends to provide each location with a large backlit version of the "ONE GELITA" collage plus smaller table-top versions of these for display. In this way, all employees will be reminded of the importance of their engagement in "ONE GELITA."

"Our focus will be on

In spite of the difficult economic situation, GELITA was able to increase its turnover for 2011 by 16.5% to 510 mill. euros. Dr. Franz Josef Konert, Chairman of the Management Board of GELITA, explained what made the company so successful, what mega-trends are important for the company and why raw materials procurement is such a challenge.

■ Dr. Konert, GELITA is world market leader. What do you intend doing to keep it that way?

We wish to maintain our market position by following a clearly defined company strategy in line with the vision we have of what we want to achieve. Our strategy for growth is especially important in this respect and this is based on three pillars—innovation, customer management and acquisition.

How do you see GELITA expanding in future?

Initially, we want to concentrate on our core business and on the production of collagen proteins; this is so important as

this is where we have the most know-how. We also of course want to grow in all of our business areas involving gelatine, e.g. in pharmaceuticals, in technical areas and in the area of collagen peptides, where beauty and mobility are the key areas. Externally we want to grow via acquisition. Internal growth will benefit from the restructuring of our innovation processes.

What has this restructuring of the innovation processes involved?

We have introduced new processes that will enable us to implement more rapidly any ideas that our employees generate. These apply not only to products but to all the procedures in use in the company.

We have measured the changes and the rate of innovation and have found that these have increased over the past two

"We involve our customers in our innovation process."

years. However, in this respect, we have not yet achieved our goals. It is a longer-term project as it also means changing attitudes. We also include our customers in our innovation processes and base our relationships on development partnerships in order to continuously improve our products.

'Made by GELITA.'



"We are
accelerating
know-how
transfer."

Dr. Franz Josef Konert,
Chairman of the Management
Board of GELITA



China is regarded as the market with the strongest growth. What can GELITA get out of this market? And where are the challenges?

The Chinese market with its double-digit growth is indeed an important pillar for us. At present, we have one plant in northern China, two in southern China and a sales office in Shanghai. The intercultural exchange is of course a challenge on its own. But we are training our people to cope with this. We are prioritizing know-how transfer and are investing in training our Chinese engineers – as they will manage the companies in the future.

What other markets promise opportunities for GELITA?

Asia, India and Vietnam all have a huge potential. And we believe that Africa will also be amongst those over the next decades.

What are the next mega-trends?

For our company, six are relevant: First of all, the increasing world population and the corresponding need for more protein. Then there is the demographic development where people are getting older, need protein longer. The third is that people are working longer so that employers need to take this into account. There is also the wellness and fitness trend where people

want to remain fit and healthy to old age and where products will be required to satisfy their need for beauty and mobility. The fifth is the development within the BRIC states of Brazil, Russia, India and China. We have been well represented in Brazil for decades now and are in China too. However, building up a plant in a new country is a tremendous challenge for a medium-sized company such as GELITA, especially regarding finances and management. Finally, one has to mention the concentration process among suppliers. These are starting to combine to form global concerns. It will be a huge challenge to face up to this power base.

This brings us to the situation on raw materials. Why is it that this is getting increasingly difficult?

This is principally because these by-products that are produced in slaughterhouses are foodstuffs in their own right and they are consumed in many countries. In Mexico e.g. crisps are made from pigskin and in China pigs' feet and pigskin are regarded as delicacies. In so far we are competing with the foodstuff markets. Another of our raw materials is bovine split. We need this middle layer for our products. However, here we are in competition with the automobile and fashion industries; this is because tanners often don't split the skins but sell them complete. In this way, countless bovine skins are not available for us – they end up in the leather industry.

"In the case of raw materials we are in competition with other markets. This is what makes it so difficult."

In addition, it has to be taken into account that agricultural land for raising cattle or pigs is not increasing anywhere. On the contrary, due to the increase in population, arable land in or near residential or industrial areas is being increasingly used for building – with the consequence that animal herds cannot increase to the extent required to provide adequate amounts of meat and protein for the population. A further aspect is the pres-

ence of the large markets of China and Russia. If these countries cannot produce enough to cover their needs they import pigs from the USA and Europe and cattle from South America. In such cases, the split is gone – for only half- or whole animals are imported.

And how are we going to secure our requirement for raw materials?

Here we are using different strategies. We are trying to arrange long-term supply agreements with our suppliers and are even thinking of joint ventures in China. In Europe, we have our own collection system. In Germany, our logistic experts go directly to the slaughterhouses to collect the goods. In principle, we are trying to secure our raw materials by entering partnerships with pre-suppliers and are also looking at joint ventures. Apart from this, we are working on assessing new materials such as chicken and fish in order to secure new sources of protein.

Many of our innovations are developed in Germany. What role does this "made" or better „engineered in Germany" play in other countries?

First of all, we have very high quality and safety standards in Germany and we have to ensure these are implemented in other countries. This is because we want to guarantee that the quality brand GELITA is implemented in every location throughout the world. "Made by" in the sense of "made according to the processes" that have been established here is an important precondition. Our focus, however, is primarily on "Made by GELITA" rather than "Made in Germany."

As far as innovation is concerned, we have three development centers; the largest of these is in Eberbach, Germany, the others being in North- and South America. We will surely also establish one in China – one that will cater for the requirements of the local market. This is because, although the requirements and needs in North- and South America and China are not principally different, they are in some aspects. A manufacturer producing fruit gums in South America for example requires a different type of gelatine as the humidity is different from that in Europe. In so far we have to establish know-how on a local basis.

How important is it for GELITA as a global company to be present on different markets?

We produce where our raw materials are. For example, in Mexico and South America there are corresponding concentrations of raw materials and structures. We need slaughterhouses, a reservoir of animals and suitable organizations. To take an example: In Vietnam, there are some 35 million living pigs; however, it makes no sense establish a gelatine plant there as there are no suitable organizational structures. The animals are often slaughtered at 30 °C, transported by moped and sold at small markets.

Of course, nearness to the customer is also a priority; this is why our sales and service organizations are global. We service both local and global customers

and they expect GELITA to act globally, i.e. local sales organizations and a service organization that can tackle problems locally, preferably at the machine.

How do you compensate for a very challenging job?

Primarily my family. I have a small daughter and two grown-up children. I am also active in sports activities. I use the GELITA gym, play tennis and ski.

Do you supplement your fitness and wellness with GELITA® Collagen Proteins?

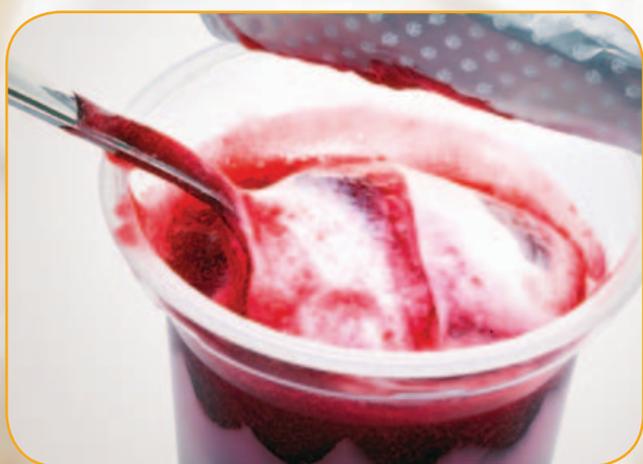
I am a fan and daily consumer of CH-Alpha, especially after a long run or a game of tennis when I feel the odd twinge of pain. Since starting on a daily ampoule of CH-Alpha this has essentially disappeared. And when I occasionally cook, I of course use our own leaf gelatine.



Dr. Franz Josef Konert, Chairman of the Management Board of GELITA

“Products are in demand that enhance beauty and mobility.”





Fine spreads and creamy desserts

Delicious
temptation

Nice new world of candy

GELITA® Collagen Proteins – ideal for new product ideas

The technological advantages of GELITA® Collagen Proteins make it possible to produce tasty delicacies from light and foamy marshmallows to crunchy meringues. Delicatessen manufacturers too become interested when they test the melting qualities of the new cottage cheese specialties that can be produced with gelatine products from GELITA.

They are called “pink suckling pig” and “sweet bacon” and attract children and adults alike. These funny little figures can also be designed differently – with the help of GELITA® Collagen Proteins. They can be produced to meet the specific requirements of the application with respect to form, color and consistency. This can be really exciting when it comes to the development of new product ideas. Sweet dreams can be fulfilled with the use of GELITA® Collagen Proteins – for they can be adapted to the wishes of the manufacturer and the taste of the consumer. Their excellent technological properties such as the formation of thermo-reversible gels make them indispensable as ingredients for universal use: Once the fruit gum is in the mouth it adjusts itself immediately to the temperature. Thus, the point at which the melting–or solidification point should be reached can be precisely defined: the higher the Bloom value the more quickly the mass hardens.

Fine, fluffy, colorful

Do today's sweet tooth generation prefer the marshmallow-type of candy? If so, then GELITA® Gelatines make for perfect whipping and are particularly soft but stable. What makes GELITA® Collagen Proteins so smooth? They reduce the

surface tension of the water and bind the water molecules. This produces a fine and smooth surface and the foodstuffs taste as creamy as if they contained fat. This opens up new possibilities for product composition as well as fat reduction – also for tasty dairy products with lots of mouth feel. They are also being accepted by more and more consumers as mild, lightly spreading cottage cheeses either containing fat or in light versions.

The mixture is the thing

When mixed with other ingredients GELITA® Collagen Proteins develop their full power: due to their fine particle consistency all the ingredients keep together and remain neutral in taste. Whether cold or stirred and heated is unimportant. As natural emulsifiers, they produce stable oil-in-water compounds: confectionery and other products then have longer shelf lives – unless the consumer cannot resist the tasty temptation!

FURTHER INFORMATION:
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Colorful range

Convincing: GELITA® Collagen Proteins

- Selectable melting- and solidification points
- Highly soluble in cold and warm products
- Homogeneous emulsions, long shelf lives
- Pleasant mouth feel and perfect texture
- Naturally pure brand with clean label (no E-numbers), non-allergenic

Gelatine with stringent purity requirements



Gelatine with no health risk – at GELITA, food safety has the highest priority. The company voluntarily maintains a very stringent Quality Assurance System that far exceeds all legal requirements.

█ This wouldn't have happened at a GELITA plant: At the beginning of April the authorities in China found residual amounts of potentially carcinogenic chromium in the edible gelatine produced by several Chinese manufacturers. These chemicals were passed on through the delivery chain and consequently found in yogurts, fruit jellies and pharmaceutical capsules. The manufacturers were extremely lax with respect to the health of the general public and used technical gelatine containing tanned leather residues instead of food-grade gelatine and delivered this to customers. 43 factories were closed down immediately. Some did not even have the equipment necessary for determining chromium levels.

Everything under control

The Chinese GELITA plants in Cangnan and Liaoyuan are good examples of high quality and ethical gelatine production facilities. Before the gelatine is dispatched to a customer, it must be ascertained that it is suitable for use in the food or pharmaceutical industries. In the case of GELITA, this is ensured by stringent selection of raw materials, monitoring the production processes and process-oriented controls, all of which ensure that no contaminants can enter the food chain. Tests for chromium and other heavy metals are of course carried out. This high quality standard is officially confirmed at GELITA: by certification according to ISO 9001 and additionally

by FSSC 22000 (Food Safety System Certification). The latter certification process is recognized by the international GFSI initiative and requires an extremely high standard of food safety. It is valid for animal and plant foodstuffs with longer shelf lives and includes the entire manufacturing and delivery chains of a globally networked production. Together with ISO 9001 they supplement each other perfectly for control purposes – up to and including customer feedback.



Bioactive collagen peptides

Is it possible to drink health and beauty? Yes, it is – with the help of innovative beauty and health drinks containing collagen proteins from GELITA. These collagen proteins make for youthful looks and strengthen bones and joints. Perhaps they will soon be in your products...

GELITA is setting a positive example: the GELITA product samples presented at the fitness trade fair FIBO and at InCosmetics showed just how good wellness drinks of the future will look and taste. They contain much water for optimal liquid intake, have fresh aromas plus strengthening collagen proteins. "CollagenWater™" is the name of the beverage that promotes the perfect complexion and makes a look in the mirror well worthwhile. Sip-for-sip, beauty is built up from within; nails are strengthened and the skin is tautened. The deep effects go so far that the natural aging processes of connective tissue are slowed down. With its lychee taste, it is precisely within the trend of exotic fruit beverages. Such rejuvenation via beauty drinks is due to peptides.

VERISOL® Bioactive Collagen Peptides™, an ingredient developed specifically for beauty from within.

Bone mobility – made easy

How light can a health-promoting sports beverage be without disrupting training? GELITA has tried this out and as a result developed "MobilityWater." This tasty power drink contains FORTIGEL® Collagen Proteins that have been proven to promote joint cartilage growth so that age- and mechanical stress-related joint wear and tear is combated. Active people who are fit or those in the age group 55+ with

typical joint symptoms can benefit from the power provided by the beverage. FORTIGEL® becomes active at the weak points of the body – it regenerates bones, cartilage, tendons, ligaments and tissue. Available as an immediately soluble additive for sports and wellness drinks, it also can also be added to other beverages for stabilizing the locomotor system. It is available with a pleasant lime taste but can be provided with other flavors of your choice!

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New fitness drinks – all the rage!



Trend: Product protein

Enriching yes, burdening no



The triumphal march of protein-containing food supplements is apparently unstoppable – and will obviously be the mega-trend for the next few years. GELITA® Collagen Proteins provide a healthy basis by increasing body consciousness and supporting the goal of remaining attractive and fit for as long as possible.

— A beautiful body attracts not only envious looks; it is also an indication of vitality and health. Consumers are becoming more aware of this and are consciously trying to shape their figures. This is achieved primarily by targeted training and altered eating habits. The latest health trends shown at the IFT Wellness Fair 2012 in Chicago confirmed this. Calorie counting is apparently out; people are now placing more value on converting bothersome "padding" of fat into muscular tissue. The fact that this is possible with the help of protein is already known by four out of ten Americans as shown by a study conducted

by the International Food Council (IFIC) in 2011. As a result, those in the know are now trying to incorporate more protein-containing food in their diets.

Body-styling instead of body-building

Manufacturers of food and food supplements should be pleased that so many people have this sort of knowledge. It really means that there is now a "go-ahead" for new protein-enriched products. There is however one limitation: without some sporting activity

it is not possible to strengthen muscle and shape the body. As a result, many food-stuffs are being targeted towards fitness: bars, smoothies and sports beverages. Light products such as cottage cheese and other slimming aids are banking on the rapid satiation effect of the proteins. Consequently, this is a fertile area for the high-quality GELITA® Collagen Proteins. They are ideal for adding natural proteins to liquid or solid foods. Just perfect: PEPTIPLUS® Collagen Proteins enrich but don't burden the body. They burn off fat intensively; and this can be enhanced by sports activity – the perfect way to style the body.

Musical table jelly

GELITA® products certainly help to conjure up the most fantastic of creations for the table – but how about when they are used for making music?

Industrial design students in Paris were inspired by table jellies – and used them to make music! They developed an experimental mold with different forms so that they could mix, pour and set themselves. They then added colored components so that, once they solidified, they ended up with all sorts of forms – cones, stepped pyramids and other decorative elements. When they were placed on a sound plate and touched, they reacted by producing different digital sounds. Stronger pressure produced other sounds than gently touching and still others when tapped with a finger. The “music” could also be influenced by the color additives and salt content. Behind all this there was a clever processor and an open-source software so that the kinetic energy produced was converted into music. Originally, the experiment was performed with plant agar-agar, but surely GELITA® Instant Gelatine would produce the better music: Are you ready to experiment?



Meat and sausage products



Protein powder



Dairy products



Diet drinks



From the Paris design studio L'ENSCI – Les Ateliers, created by Raphaël Pluinage and Marianne Cauvard.

The “noisy gelatine” video can be found under: vimeo.com/38796545. Photo Gelatine: Véronique Huygues

Masthead

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A face-lift for DAVIS Gelatine

New design for proven quality: DAVIS Gelatine, a subsidiary of GELITA, looks even better in its new design!

Consumers in Asia, Australia and New Zealand can now use DAVIS Gelatine for their creations. DAVIS originated from the GELITA plant in New Zealand and is now producing 500g, 125g and 50g packs of its gelatine. This clear and taste-neutral powder gelatine is ideal for savory or sweet dishes. There is a recipe for Panna Cotta in each pack.



Dates to note:

Where to find GELITA and see its innovative products for the mega-trends of tomorrow. We will be present at the following trade fairs in the second half of this year:

FIPAN Sao Paulo	July 17. - 20.
FISA Sao Paulo	September 18. - 20.
SSW Las Vegas (SupplySideWest)	November 5. - 9.
HIE Frankfurt (Healthy Ingredients Europe)	November 13. - 15.

Carbon footprint of gelatine and collagen peptides

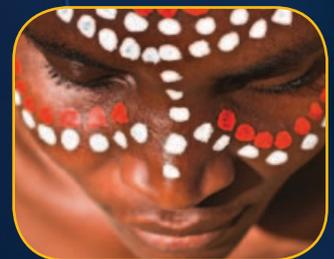
Caring for our planet has become one of the most important topics of our time. Whether as individuals or as a company, we are all being asked to do our very best to improve the impact of our actions.

GELITA, as part of the European Association of Gelatine Manufacturers (GME), has participated in assessing the carbon footprint of gelatine and collagen peptides during manufacture. Headed by an independent neutral expert company, a methodology has been developed for calculating the carbon footprint and all European plants have been evaluated on this basis.

The results show that between 2006 and 2010, the carbon footprint, excluding the supply chain of raw materials, has been continuously reduced; the total reduction being 4.3%. We see this as confirming our efforts to continuously improve performance in this

important area. GELITA, as a GME member, supports the idea of sharing this development with all other international gelatine associations to avoid the development of – in the worst case – differing calculation methods.

Within the entire value chain of the meat-processing industry, the production of gelatine and collagen peptides creates value for the community at large by converting by-products into beneficial protein products, fats and minerals, thus reducing environmental impact and enhancing the social and economic aspects of the meat industry. For that reason, gelatine can be considered a product with an overall positive environmental influence.



South Africa is magical with its incomparable combination of scenic variety and impressive cultural experiences.



Modern production facility in one of the oldest areas of the world inhabited by humans.

GELITA plant in South Africa:

Krugersdorp

GELITA plant Krugersdorp

Krugersdorp: the city, population over 420,000, is located in the province of Gauteng, some 40 km west of Johannesburg.

Employees: 70

Production volume: 2,000 tons/year

In November 2011, the GELITA plant in Krugersdorp celebrated its 60th anniversary. It is the only gelatine plant in South Africa and produces three-quarters of the country's demand. Both edible and technical gelatines are produced. The raw materials are bovine skins that are obtained from slaughterhouses and meat processors throughout the country. GELITA South Africa Pty. Ltd. also supplies special products such as "Liquifine", a liquid gelatine for use in the expanding wine industry. It also sells, among other products, GELITA® Instant Gelatine.

• Pretoria
 Johannesburg •
 Vereeniging

Bloemfontein

LESOTHO

Durban

GELITA – worldwide South Africa

Company portrait

South Africa is an unbelievable country – in beauty, variety and in its extremes. It is over a million square kilometers in area. Its landscape extends from deserts to rain forests, from sheer unlimited savannas to mountain ranges – and all of that between the Indian and Atlantic oceans with their vastly different coastal areas. Modern cities mingle with the anthropological places that are recognized as being the "cradle of humanity." Economic wealth exists side-by-side with extreme rurality. In spite of the tensions that exist in the country on the Cape, both inhabitants and tourists confirm the high quality of life. This includes the excellent wines which, in addition to the mining of natural resources, is a strong economic factor.

The city of Krugersdorp, the location of GELITA South Africa Pty. Ltd., thanks its creation to the gold found around the region of Johannesburg. Gold is still being mined here along with manganese, iron, asbestos and lime. Nearby, there is the paleoanthropological site of Kromdraai, which, together with others around Johannesburg is designated as the "cradle of humanity" and which since 1999 has UNESCO World Heritage status. A skeleton found here is assessed to be two million years old! Nevertheless, the GELITA plant in Krugersdorp is 60 years old! Congratulations!

GELITA FPM Ingredients.
Improving Quality of Life.



GELITA

The new FPM brochure
can be downloaded under
www.gelita.com

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Sioux City, IA 51102

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