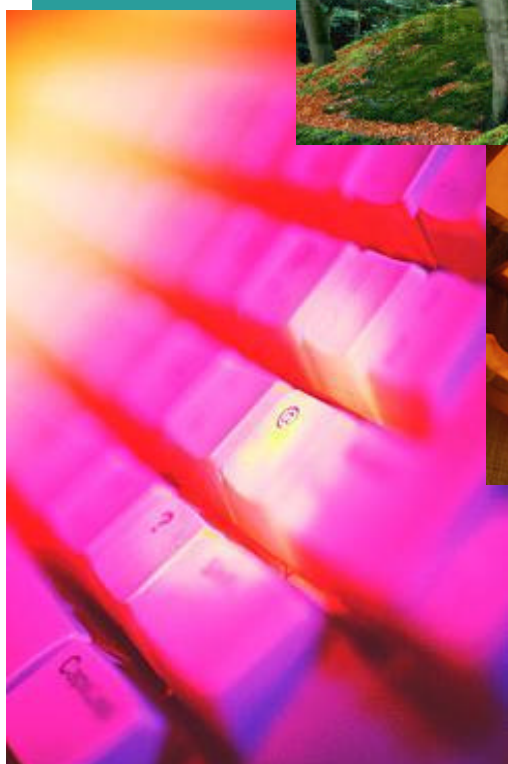
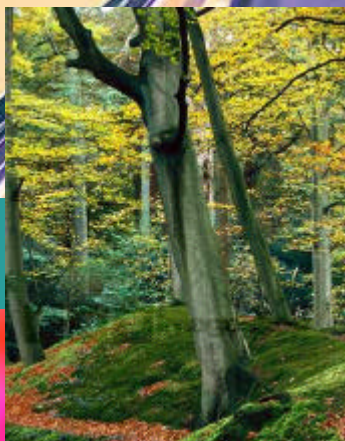


# CAF News



A review on Chewing Gum Trends

Press Clippings

Our customers ask

...and much more!

# Editorial

This year we are celebrating the 10th anniversary of our Factory in Wuzhou, P. R. of China. Our first client and a key customer was Joyco China, with their successful 'TaTa', and since then the excellence of Cafosa's bases has won a fine reputation and wide acceptance. Our market share in China doubled last year, so we shall increase our production capacity to better serve the Chinese Market.

What is making us grow in this particular market year on year? Basically, the same as in the rest of the

world, our differentiation:

- ✓ While other manufacturers offer exactly what is already on the market, Cafosa is trying to show the Chinese manufacturers other ways of increasing their business, so, in a market that is still dominated by bubble gum products, an important part of our sales are for Chewing Gum.

- ✓ As for quality, in China we are producing the same range of products as in the other Cafosa factories, so they comply with the most stringent international food regulations (including FDA/FCC), which is not the case with all the local manufacturers.

There is still another important point to bear in mind: we manufacture some of our own raw ma-

terials.

Again the point is the quality: when we began in China there was not an acceptable quality Ester Gum so we established a partnership with the world's gum rosin main manufacturer. The Ester Gum obtained from this strategic alliance (in which we have a 70% share) is highly appreciated even by other companies manufacturing gum base.

So by now we have an installed production of 10.000 Tm x year in gum base and 6.000 Tm of gum rosin derivatives.

And on the occasion of this 10th anniversary we want to thank all our customers and other friends for the confidence they have placed in us. Our sole aim is to maintain this confidence and increase it for the next 10!

Danny Lam  
General Manager  
Wuzhou Cafosa Gum Ltd.



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Studies and acquisitions

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On the web

# News from Cafosa

## What's new?

When we talk about Trends in Chewing gum it is very clear that in developed markets such as the USA or Europe the emerging products are the added-value chewing gums. This added value can go from an extra-strong breath-freshening flavour to the addition of active principles for achieving whitening, oral care, functional, nutraceutical or even medicated chewing gum.

The trend started with adult products, but now it is reaching children (with specific oral care chewing gums, or vitamin added...), a segment of the market where nowadays sour flavours are the hottest thing.

The shape of the product (in the case of adult dragees and small coated pieces, for example) and its packaging is another factor to be taken into account. Both for adults and kids the packaging must be:

- ✓ convenient (metal tins, re-sealable boxes or bags)
- ✓ ecological (refillable, in recyclable materials)
- ✓ attractive and nicely designed

In the case of children, the use of licensed characters (for labels, inside in tattoos, etc.) and making the product be (or look like) a toy is also highly appreciated.

At Cafosa, in addition to more than 200 regular gum bases, we have many choices to match all these trends, from Freshhh Gum — a gum base specially developed for extra-fresh dragees— to All in Gum, a free-flowing powder gum that can be directly compressed using any of the existing technologies available on the market.

All in Gum is a specially interesting product —which is attracting considerable attention in the sector— because it is a single product bringing together some of the

most trendy features in today's chewing gum market:

- ✓ Ideal for Breath Freshener and oral care products
- ✓ Ideal for value-added products aimed at children (vitamins, oral care, calcium...).
- ✓ Does not retain powder flavours in the formulation: the release is instantaneous and there is no need for coating
- ✓ Allows the easy addition of any active principle
- ✓ Versatile formulation: many different products (flavours, design...) with just one base

All in Gum is, therefore, the quickest and more cost-effective way to develop compressed chewing gum which, of course, complies with both FDA and Food Chemicals Codex specifications and can be manufactured under Pharmaceutical GMP conditions if required.

And coming soon...	
ANUGA	Köln, Germany, 11-15/10/03
FI EUROPE	Frankfurt, 18-20/11/03
ISM	Köln, Germany, 01-04/02/04
EXPO GOLOSINAS	México D.F., Mex. 11-13/02/04
FI ASIA-CHINA	Shanghai, China, 23-25/03/04
CM EXPO	Wiesbaden, Germ. 27-29/04/04

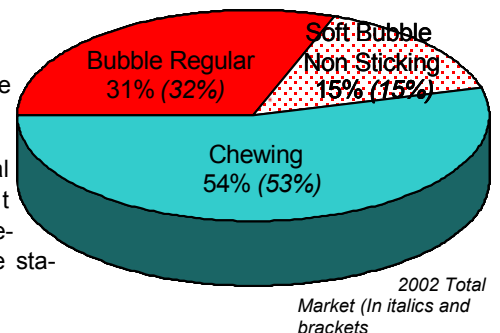
## The Market in 2002

With the Market Information available from different sources (magazines, market studies, customs statistics...) and our own experience, we have updated our annual report about the world Gum Base market situation :

- The Market is divided in two groups: companies that purchase their gum base from external suppliers ('Open Market') and those who have integrated the production of their own bases

('Captive Market').

- The Global Market growth remains quite stable.
- One in two gum manufacturers worldwide chooses Cafosa.
- In the Open Market, Cafosa's share is greater than the shares of the two next competitors added together.



# Press Clippings

**CAFO SA**

## Ireland introduces new tax on chewing gum

The Irish Republic is adopting a tax on chewing gum to help curb the mess that it leaves behind.

Under the new law, consumers will foot the bill of an extra five to ten cents added to the purchase price of each pack.

Around 80 million packs of chewing gum are sold in Ireland each year and as much as 500 tons are disposed of on its streets annually.

Retailers will collect the tax the Revenue Commissioners and the money will be used to clean up the streets instead of taxpayers' cash. (...)

Wrigley says it is disappointed to hear that the Irish Government is taxing its customers and says that it feels that education and litter fines are the answer.

It says: "Such a levy would penalise the vast majority of consumers who dispose of

their gum appropriately and fail to address the root cause of gum residue—irresponsible behaviour".

Proposals for the tax are already being drawn up and will be brought before the Cabinet in autumn. The government is reported to want to pass the law as soon as possible.

*Kennedy's Confection  
August 2003*

## Concord Confections adds Philadelphia Chewing Gum

Concord, Ontario-based Concord Confections Inc., the maker of Dubble Bubble, acquired Haver-town, Pa.-based Philadelphia Chewing Gum Crop. The Philadelphia company founded in 1946 makes a variety of bubble-gum brands: Swell, El bubble cigars, Cry Baby, Gold Rocks Nugget and Joe Blo. Operations at the plant will continue, as will the products. However, product development and sales and marketing will be handled out of the Ontario office.

*Candy Industry  
July 2003*

10 years, average levels of consumption have increased by only 3% in that time". According to the 2002 information from BCCCA members and customs data, chewing gum sales drove growth of sugar and non-sugar confectionery by 4.9 to £1,562 million at consumer values. (...)

*Confectionery Production  
June 2003*

## Chewing gum sales continue to increase

Annual statistics from the Biscuit, Cake, Chocolate and Confectionery Alliance (BCCCA) show that the chewing gum business has experienced dramatic growth of 18% between 2001 and 2002. In total British consumers bought over £315 million of chewing gum last

year. Overall, the Alliance's annual statistics show steady growth in 2002, catching up on the fluctuations of previous years. The total market is now worth around £6,806 million at consumer values, an increase of just over 2% on 2001 and 20% more than in

1992.

Mike Webber, director general of the BCCCA comments: "Manufacturers have been extending well-loved brands to accommodate our busy lives and capitalise on demand for higher value products. While the market has grown 20% over the last

## Last but not least...

Send your opinions, suggestions or whatever else to

[mktbd@cafosa.com](mailto:mktbd@cafosa.com)

## Our customers ask...

Send your questions to:

CAFOSA GUM S.A.

Our customers ask

Calabria 267

08029 Barcelona

Spain

Tel.: + 34 934 100 300

Fax: + 34 934 932 801

E-mail: [customers@cafosa.com](mailto:customers@cafosa.com)



## On the web

<http://www.cm-expo.com>

Information on the two Confectionery Manufacturing Expos which will be held on 2004: one in April in Germany and the other in September in the USA.

## I have a gum base stock in my warehouse and I want to use it. How can I know if it is still within its shelflife?

The shelflife of a gum base is determined by its characteristics and format. The same gum base reference will have a longer shelflife in slabs than in pellets, because the surface exposed to light and/or air is bigger in a pellet than it is in a slab.

Gum base oxidation is the measurement for its shelflife. If the gum base is oxidised the chewing gum can have bad odours

or rancid tastes. It also becomes harder when initially bitten and, if it is a bubble gum, bubbles are poor.

There are some organoleptic details that show whether a gum base is oxidised:

- A transversal cut of the slab or sheet shows two or more layers, with the external one being more fragile.

- Pellets are hard and fragile
- Different odours/tastes than the standard ones are noticeable when chewing the gum base

To find out for certain whether a gum base is oxidised, do not hesitate to contact our Technical Department to arrange to send a sample to our labs for analysis.