

# THE KEY INTERVIEW: Neptune Returns With Combo Krill Oil Claims

26 Aug 2014 --- The potential for krill oil in nutraceuticals is expanding, as suppliers identify solutions to combine the omega 3 source with other compounds. Neptune Technologies & Bioresources recently announced the opening of its newly constructed plant in Sherbrooke, Québec. The new facility, which will soon be in operation, is able to produce more than 150 metric tons of krill oil annually and is equipped to allow for a doubling of capacity going forward.

On top of focusing on the production of Neptune's proprietary krill oil (NKO), three new formulations will be launched that benefit heart and circulation, bones and joints, and brain and vision health. The moves come as the company looks to regain its position after being out of the market for a 20-month period. In November 2012, Neptune suffered a tragedy, in which their manufacturing facility and inventory were completely destroyed. The explosion left the company without manufacturing facilities and inventory of their flagship Neptune Krill Oil product.

Neptune pioneered the krill oil industry in 2003 with the introduction of NKO which gave it a stronghold in the market and a coveted ingredient among nutraceutical manufacturers and distributors.

Research has found that the phospholipid-enhanced omega 3 in NKO allows for different digestion and 2.5 times (2.5x) higher absorption rates than those found in fish oils. Because of a patented extraction process, NKO also provides up to seven times (7x) more antioxidant, astaxanthin, than other krill oils.

"A lot of things have happened over the past year. We have secured our IP with major competitors. We are now getting royalties from all large manufacturers who sell into the US or Australia. We also signed a supply agreement with Olympic Seafood and the Rimfrost group to be able to capitalize on the expansion of krill oil market. This is in addition to the capacity of the new plant, which will be 150 metric tons at the first stage, with an option to advance to the second stage of 300 metric tons," Michel Timperio, Senior VP of Global Sales told FoodIngredientsFirst.

For Timperio, Neptune perceives itself as innovative in biotech, which is behind their continuing research of various krill biomass. "We have expanded from nutra into pharma and have developed a medical food and a prescription drug candidate, Capre. It is being developed to address the prevention and treatment of cardiometabolic disorders, including hypertriglyceridemia, a condition which is characterized by abnormally high levels of triglycerides," he explains. "We find that the value creation is in offering an additional benefit. Krill oil can function in conjunction or as an alternative to statin medicine, which have sometimes been shown to have side effects. We have been out of the market with our flagship product for over 20 months, so we are now reflecting on how we can reposition some of the market share lost over that period."

The off period has allowed Neptune to focus on product development. Neptune has developed three new condition-specific formulas to be launched in Q3 2014. Each includes NKO, which enhances absorption rates of complementary ingredients:

- NKOBeat – Neptune added Coenzyme Q10 (CoQ10) among other ingredients to support heart health and healthy circulation.
- NKOFlex – Neptune added Vitamin D to NKO along with other ingredients to support bone and joint health.
- NKOFocus – To support brain and vision health, Neptune formulated a blend that includes thiamine and lutein among other ingredients.

In terms of application opportunities, functional food is definitely an area that Neptune is assessing for product potential. "I believe that we will also see other delivery forms with better composition. So far, most new delivery forms have had challenges in stability and bioavailability," Timperio says. "With some of the new emerging technology within the omega 3 category, these challenges will be overcome and I believe it will bring some new possibilities," he adds.

Krill oil is still coming from a small base within the omega 3 market as a whole, hampered by its high price compared to other fish oils. In the US, krill oil accounts for less than 8% of the overall omega 3 category, but Timperio does stress that it is growing at a faster rate than any other member of the category.

"For us to grow further, I believe that there will be pressure on pricing to get closer to the fish oil price level, which is not happening yet, because the raw material and processing are both still very expensive. I think that the awareness combined with a downward pressure on price, will lead to more product differentiation between traditional omega 3 and phospholipid omega 3," he says.

"I believe that these two things are the challenges that we are facing in order to be able to reach a 20-25% share of the category. If you take a low grade fish oil, there is clearly a very major difference in price. In the case of a high quality fish oil, in some cases krill oil will still cost 35-50% more. There is a big difference still, but we believe that in the future, technology will help bring the price down," he adds.

But krill oil is far less established in other markets and the new product launches will be focused on mature markets, such as the US. Elsewhere the focus will be on developing a market for pure krill oil. But Timperio stresses that you can't really grow further in emerging markets, without consolidating in the US.

With the omega 3 market consolidating as a whole, it will be interesting to see how the nutraceutical krill oil market develops in the US market and beyond.

***By Robin Wyers***

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