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Strong performance, delivering a record free cash flow

Full Year Results 2012

Vernier, 5th February 2013

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Gilles Andrier

CEO

Full Year Results 2012
Financial Highlights

- Sales CHF 4.3 billion, up 6.6% in local currencies
- EBITDA increased by 15% to CHF 870 million
- EBITDA margin improved to 20.4%
- Free cash flow of CHF 512 million, 12% of sales
- Leverage of 23.8% achieved
- Proposed dividend of CHF 36.00 per share proposed, up 64% year on year

Our 2012 results are a convincing demonstration of the continued value we bring to our customers, across all regions and segments

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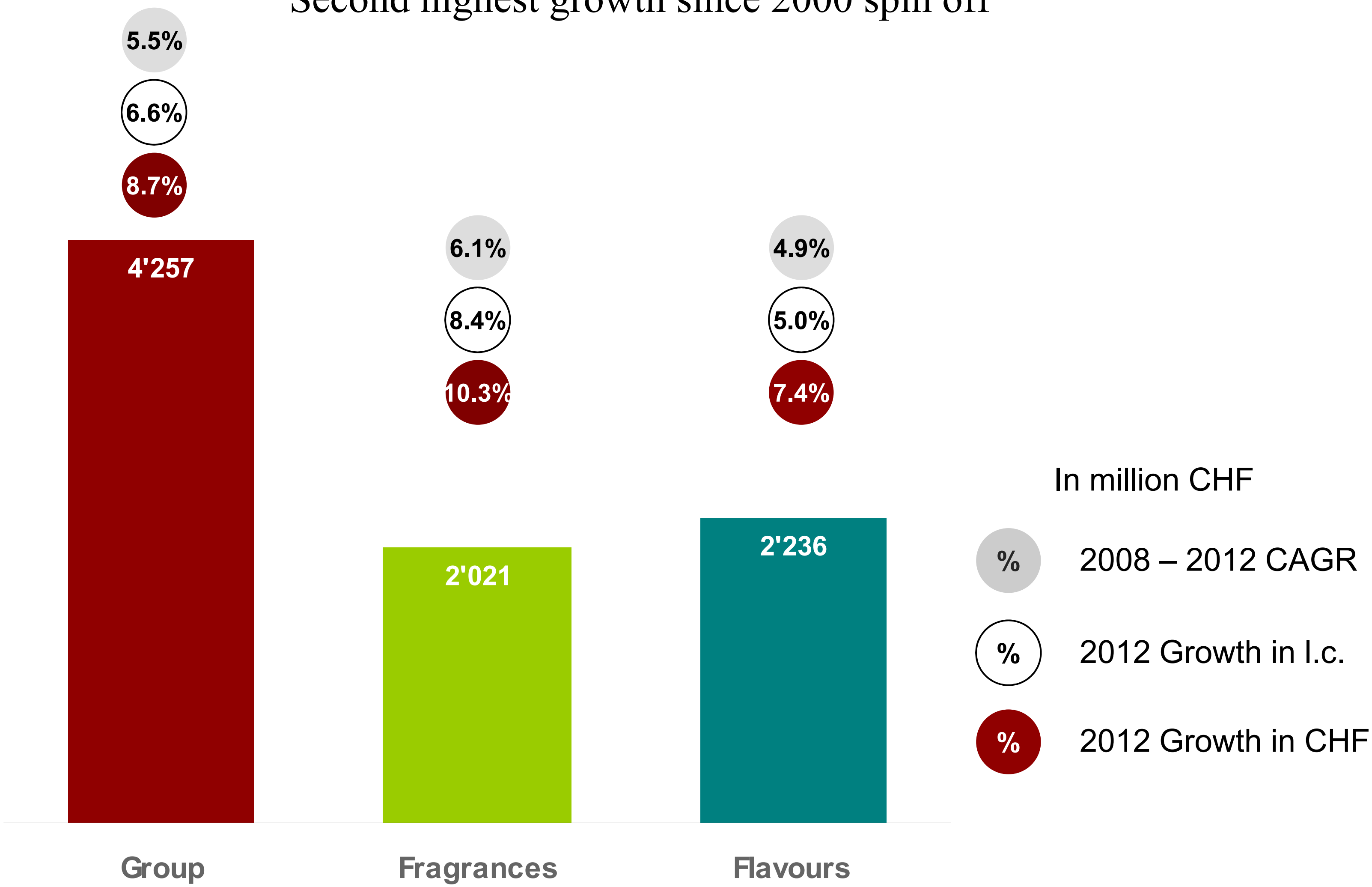
Full Year 2012 sales performance

Second highest growth since 2000 spin off



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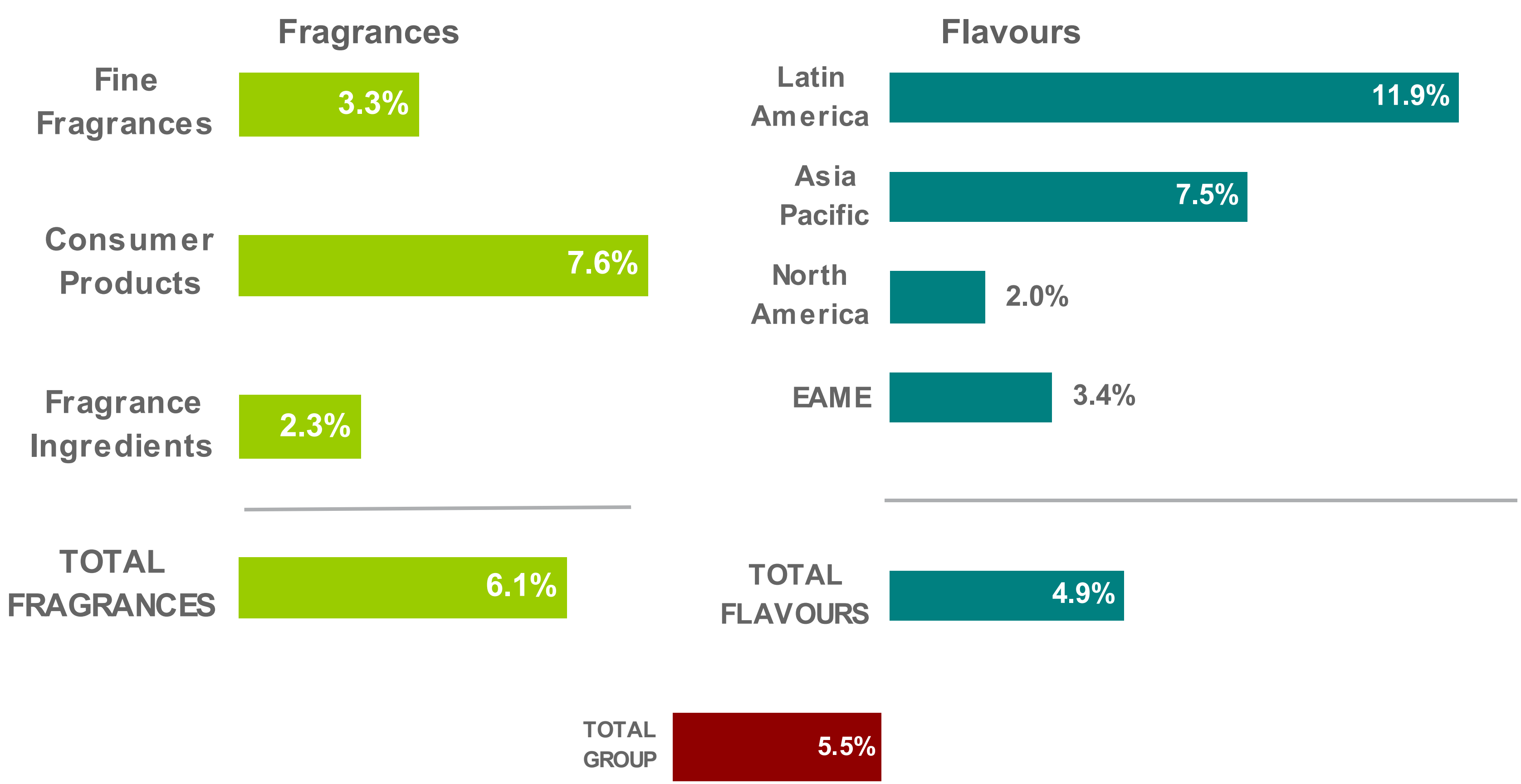
FY 2008 to FY 2012 sales CAGR

At top end of mid-term guidance



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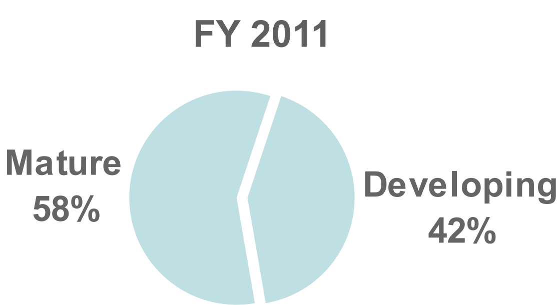
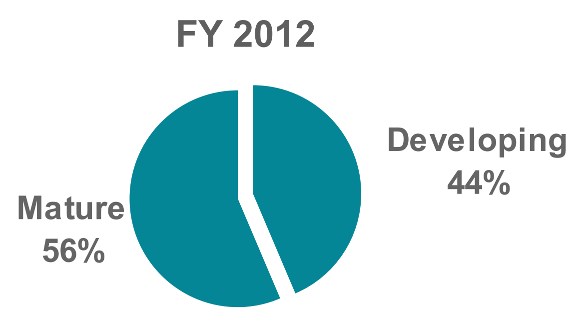
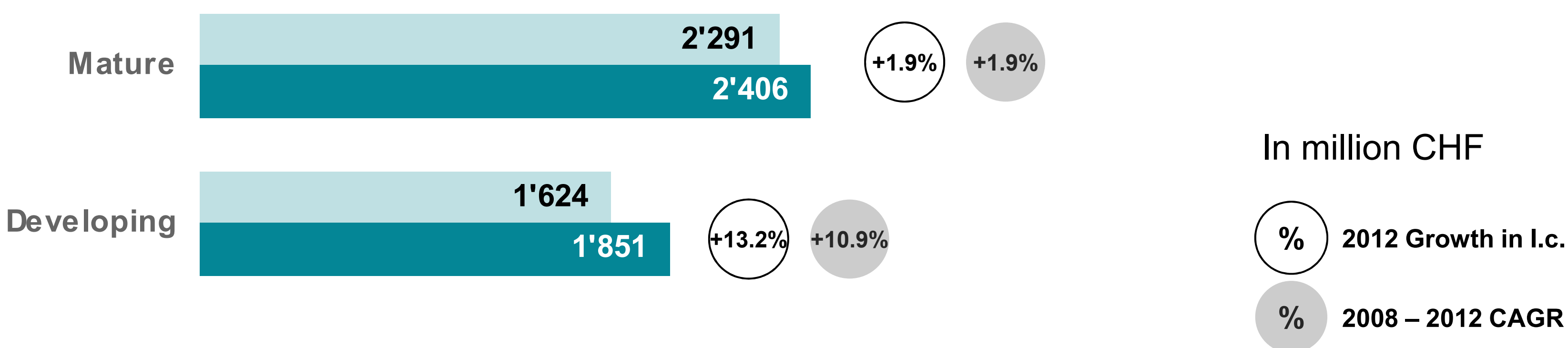
Sales evolution by market

on track for 50% of sales from developing markets in 2015







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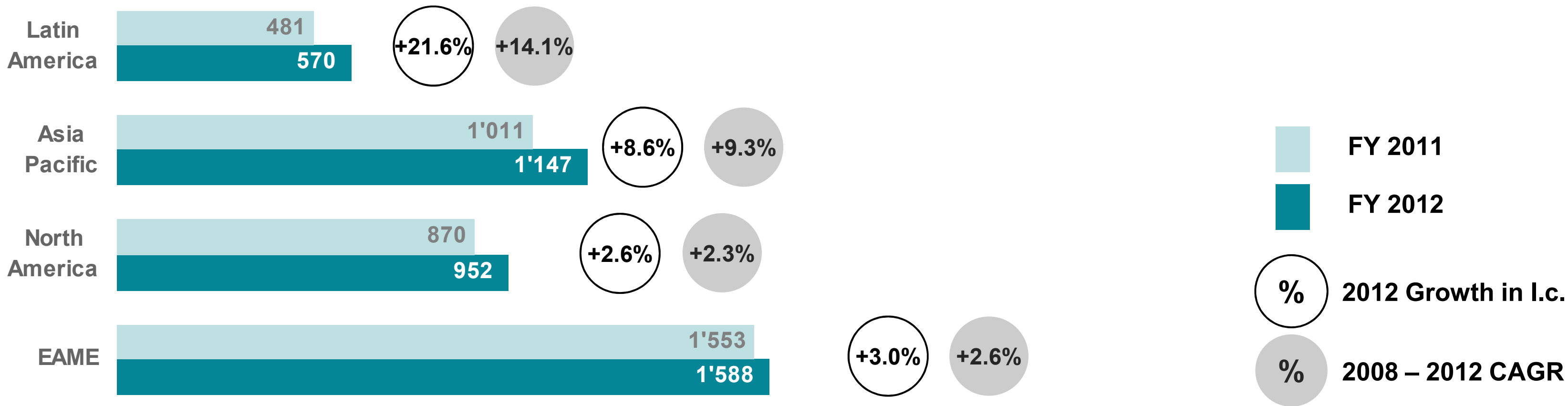
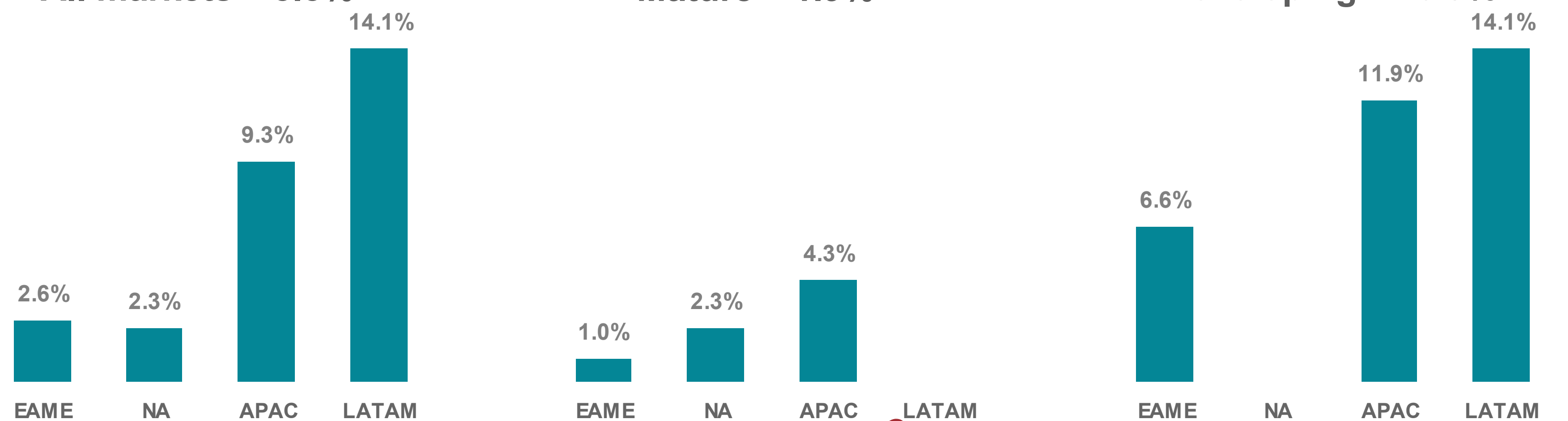
Sales evolution by region
(in million CHF)

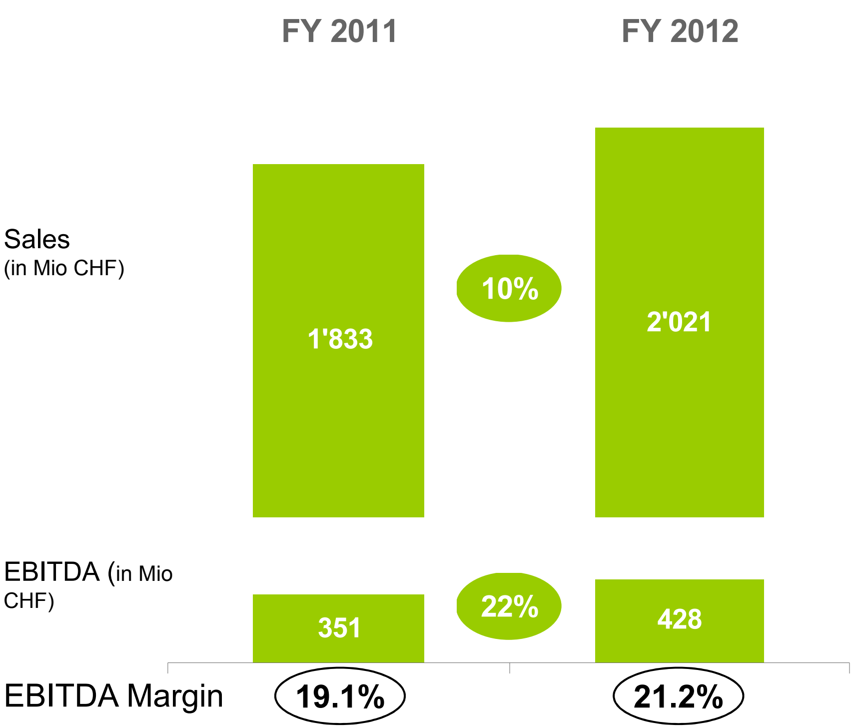


2008 – 2012 CAGR

All markets – 5.5% | Mature – 1.9% | Developing – 10.9%



Fragrance Division
Sales and comparable EBITDA



Fine Fragrances grew 4.2% in l.c.

- Strong performance in developing markets and Europe more than offsetting lower performance in North America
- Perfumers recognised for their creativity, again winning a number of top awards

Consumer Products up 12.1% in l.c.

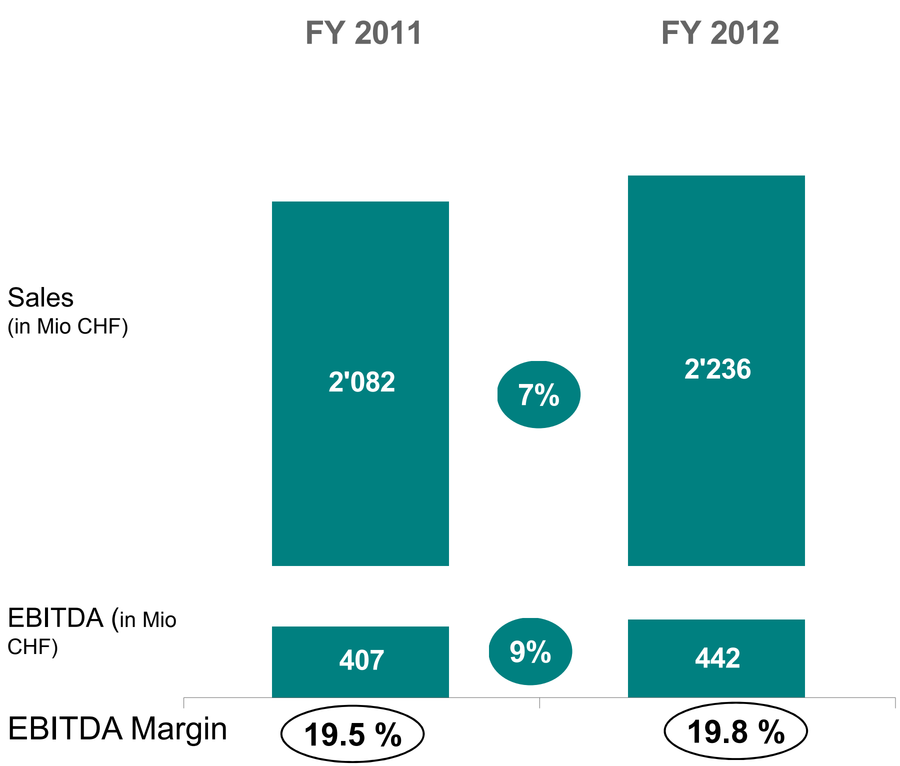
- Important new wins, soft erosion rate on existing business and price increases all contributed
- Double digit growth in Latin America and Asia Pacific
- Double digit growth in fabric and oral care

Fragrance Ingredients down 3.9% in l.c.

- Strong growth in specialties
- Asia Pacific and Latin America best performing markets
- Successful transfer of products to Mexico to maintain competitiveness

Flavour Division

Sales and comparable EBITDA



Double-digit growth in developing markets and Health and Wellness taste solutions; Beverages and Snacks segments with strongest growth

- Asia Pacific increased 4.4% in l.c. driven by Indonesia, Philippines and Thailand
- Europe, Africa and Middle East grew 3.6% in l.c. driven by the developing markets
- North America grew 4.1% in l.c. with strong growth in Snacks and Beverage
- Latin America increased 13.2% in l.c. driven by strong growth in Argentina, Brazil and Mexico

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Matthias Währen

CFO

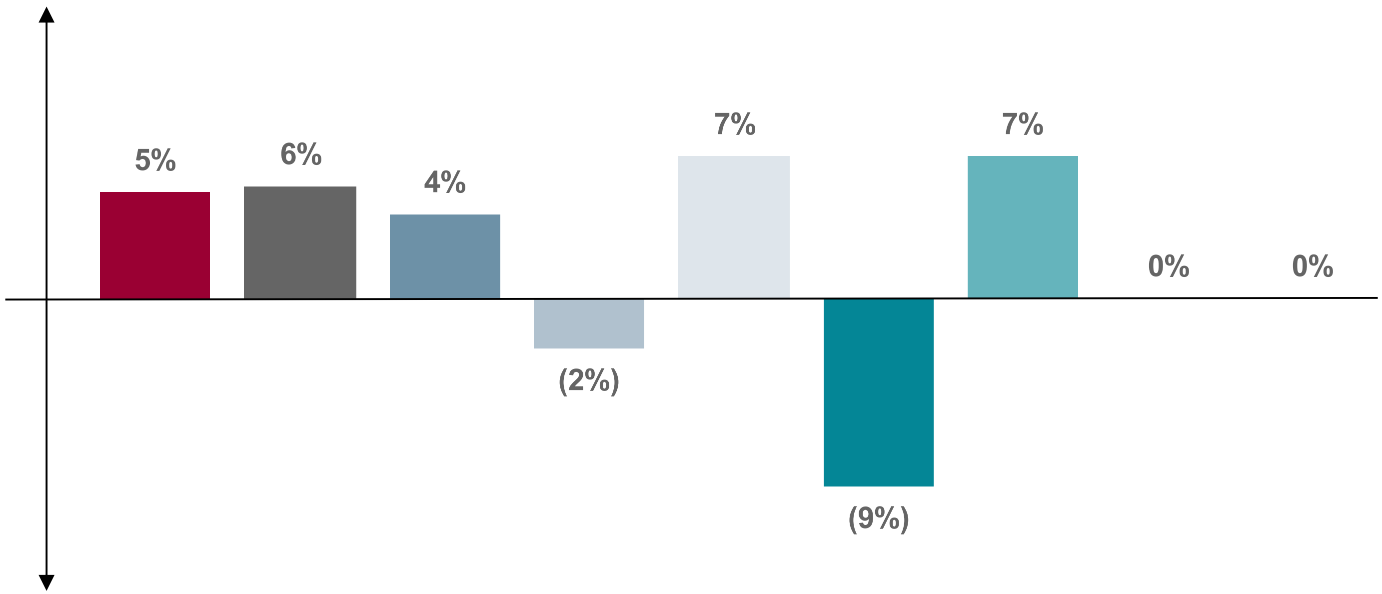
Full Year Results 2012
Highlights

- Sales CHF 4.3 billion, up 6.6% in local currencies
- EBITDA increased by 15% to CHF 870 million
- EBITDA margin improved to 20.4%
- Net income of CHF 411 million, up 63% year on year
- Significant improvement in working capital management, in line with long term targets
- Free cash flow of CHF 512 million, 12% of sales
- Net debt of CHF 1.2 billion, leverage of 23.8% achieved
- Proposed dividend of CHF 36.00 per share proposed, up 64% year on year

Exchange rates development

Swiss franc overall stable against all currencies for the FY 2012

**Average Exchange Rates
FY 2012 vs. FY 2011**



	JPY	USD	GBP	EUR	SGD	BRL	CNY	MXN	IDR
FY 2012	1.17	0.93	1.48	1.20	0.75	0.48	0.15	0.07	1.00
FY 2011	1.11	0.88	1.42	1.23	0.70	0.53	0.14	0.07	1.00

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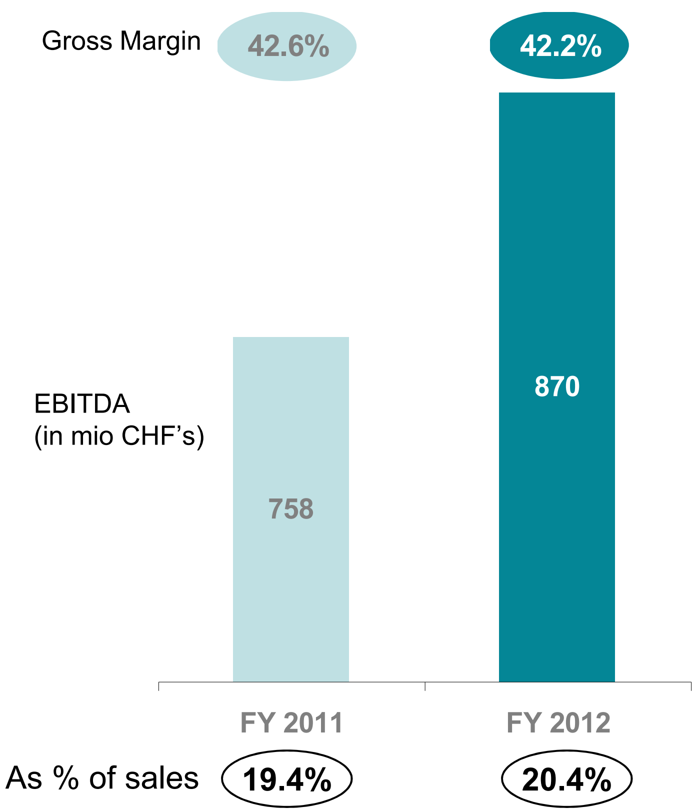
Operating performance

A solid performance in a difficult environment



- Sales of CHF 4,257 million (2011: CHF 3,915 million)
- Gross Margin of 42.2%, down from 42.6%, higher selling prices not fully compensating for incremental pension costs, one off inventory write offs and start up costs in Makó
- EBITDA of CHF 870 million, up 15%, driven by
  - Operating expenses under control
  - No integration costs
  - positive currency impact of CHF 22 million
  - One off gain of CHF 27 million
- EBITDA margin of 20.4%, up from 19.4% in 2011
- Operating Income of CHF 607 million, up 37% from 2011, driven by higher EBITDA and lower amortisation.

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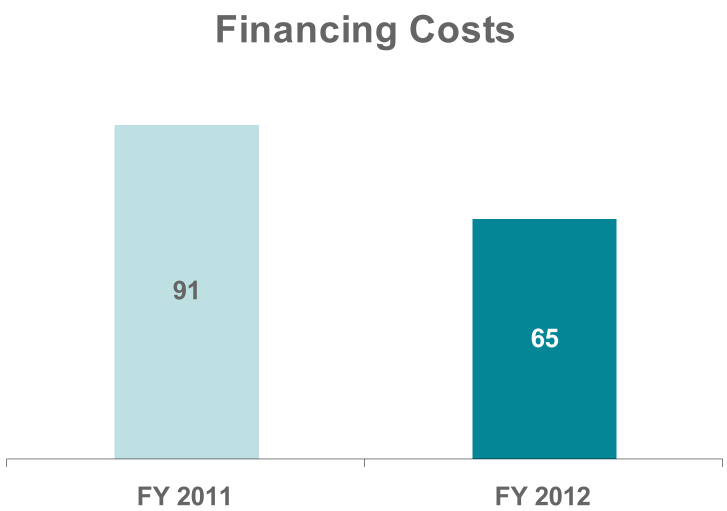
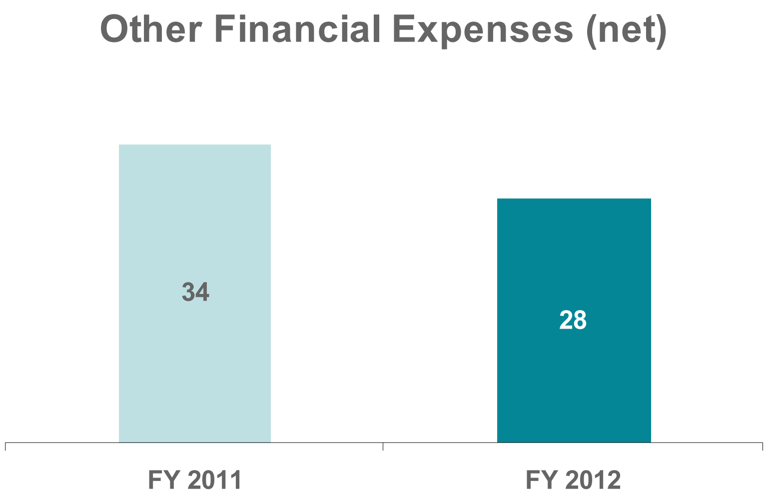
Financing costs and other financial expenses

Under control and helped by stable currency environment





- Financing costs down in 2012, with lower interest rate financing locked in for foreseeable future
- Other financial income and expenses lower, driven by stable currency environment

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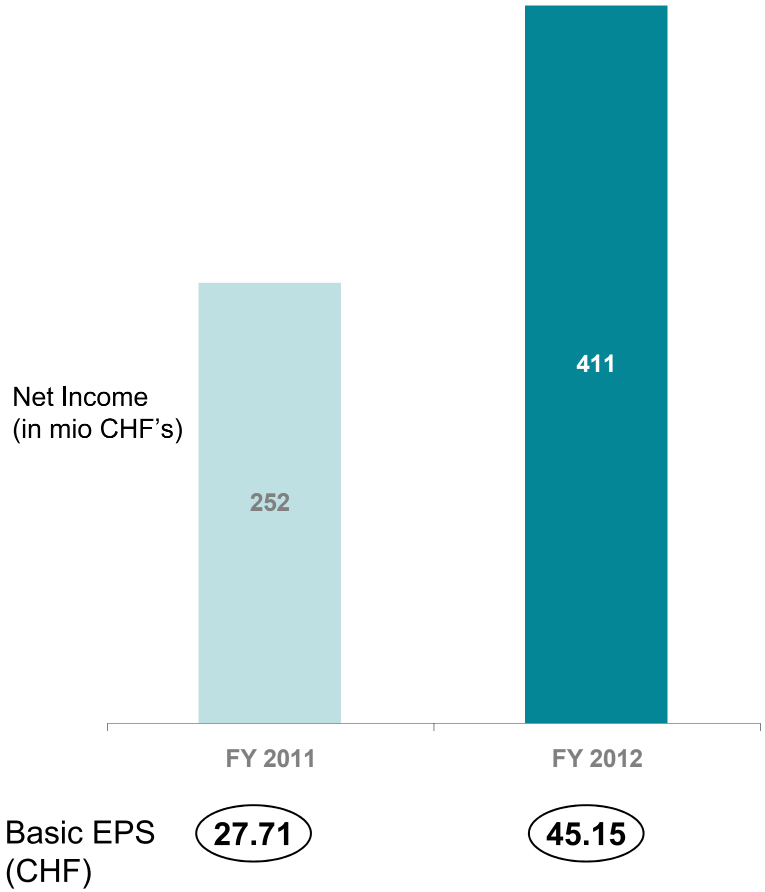
Net Income

Up significantly with improved business and financial performance



- Income before tax of CHF 514 million, up from CHF 318 million in 2011, driven by:
  - Improved EBITDA
  - Lower amortisation and no integration costs
  - Lower financial expenses
- Effective tax rate of 20%, down from 21% in 2011
- Net Income of CHF 411 million, or 9.7% of sales, up 63% year on year
- Basic EPS of CHF 45.15, versus CHF 27.71 in 2011

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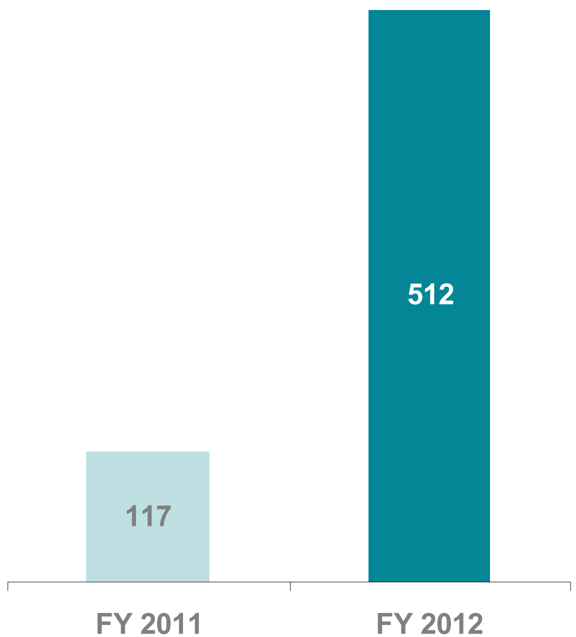
Free Cash Flow

Significantly improved over FY 2011

Free cash flow
(in mio CHF's)



As % of sales 3.0% 12.0%

- EBITDA increased by 15%, as a result of higher operational performance and lower integration costs
- Inventories down by CHF 90 million, working capital as a % of sales at 25.8%
- CAPEX mainly driven by investment in Makó
- SAP implementation completed

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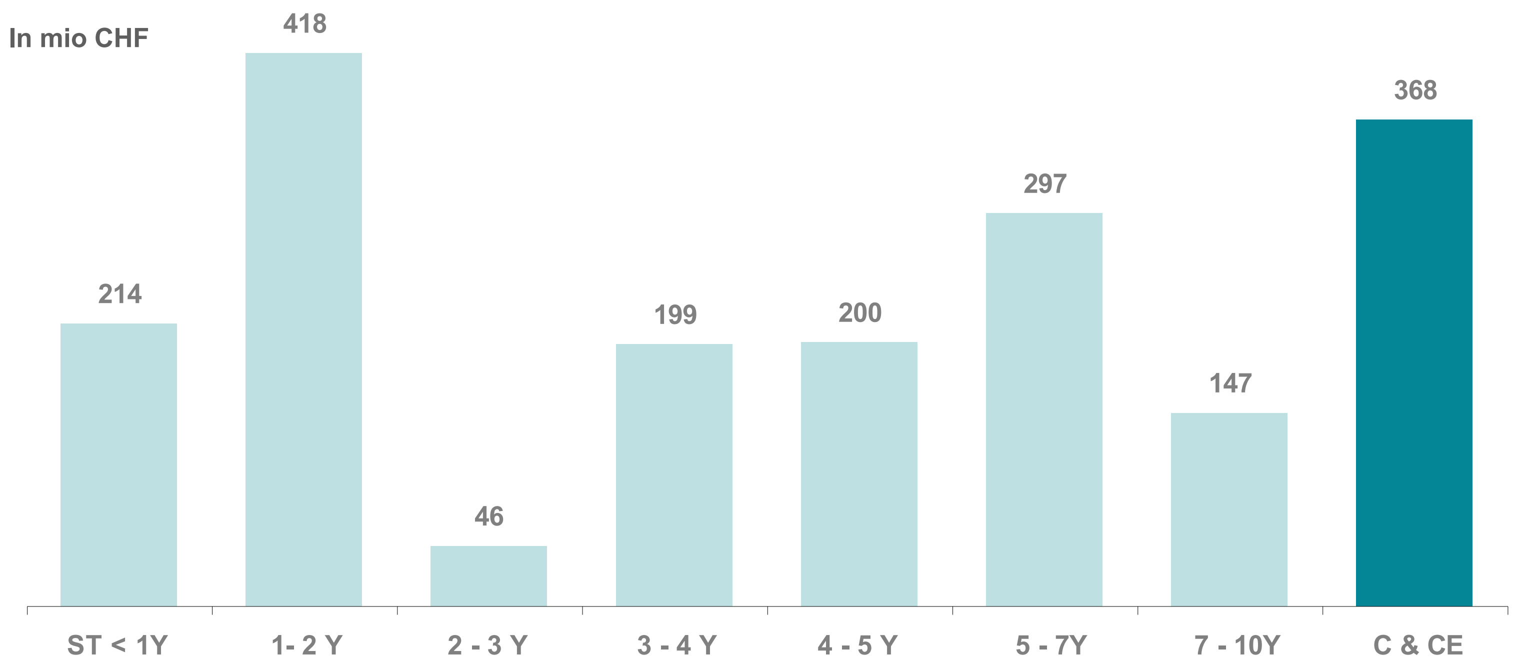
Conservative debt profile

> 85% of debt issued with fixed interest rates

- June 2012: Reimbursement of CHF 300 million straight bond
- CHF 173 million reduction in other bank facilities
- Gross debt reduced by CHF 477 million in the year



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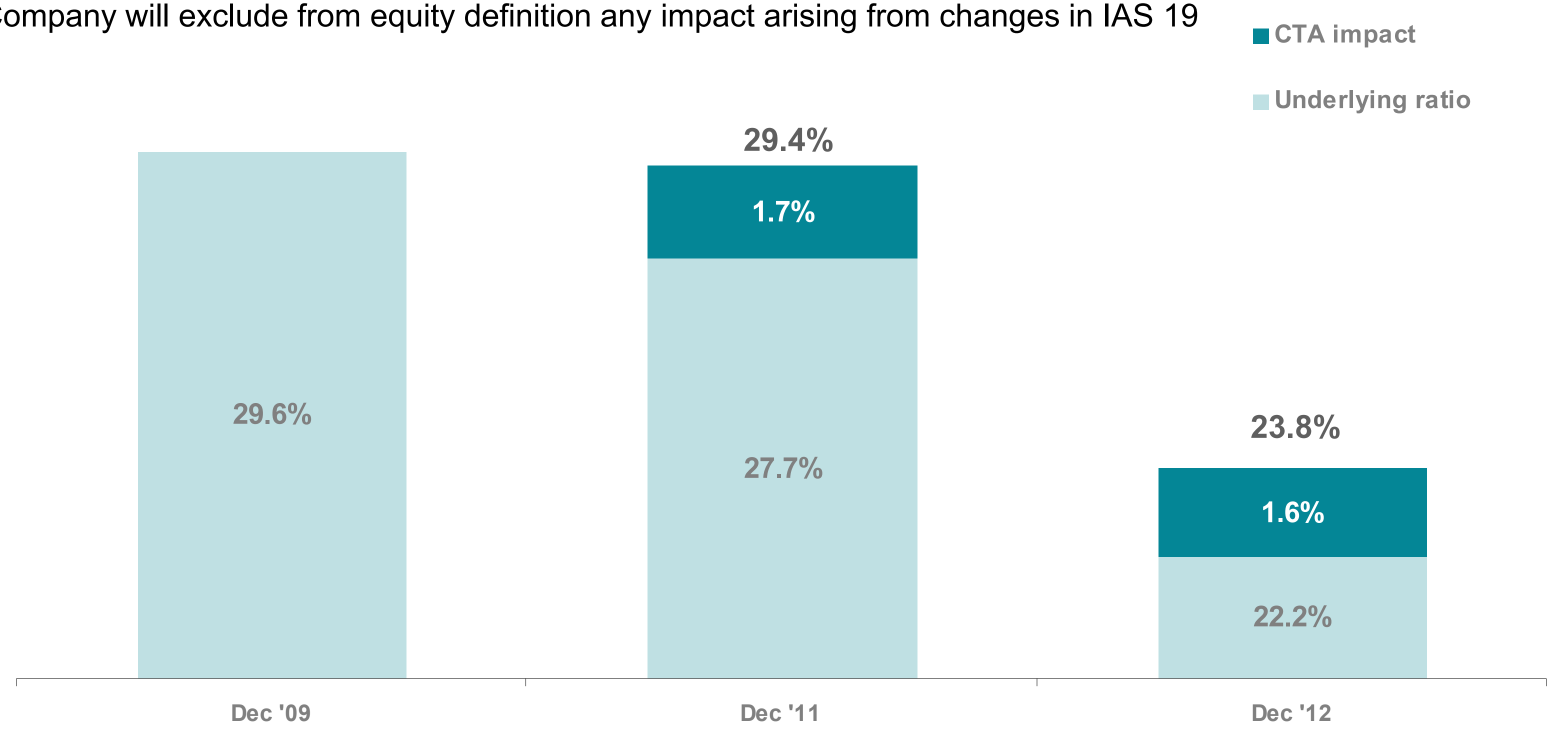
Leverage ratio

Target of 25% achieved

Leverage ratio of 23.8% at December 2012 as a result of operational performance and working capital management

- Intention to maintain a medium term leverage ratio target below 25%
- Company will exclude from equity definition any impact arising from changes in IAS 19



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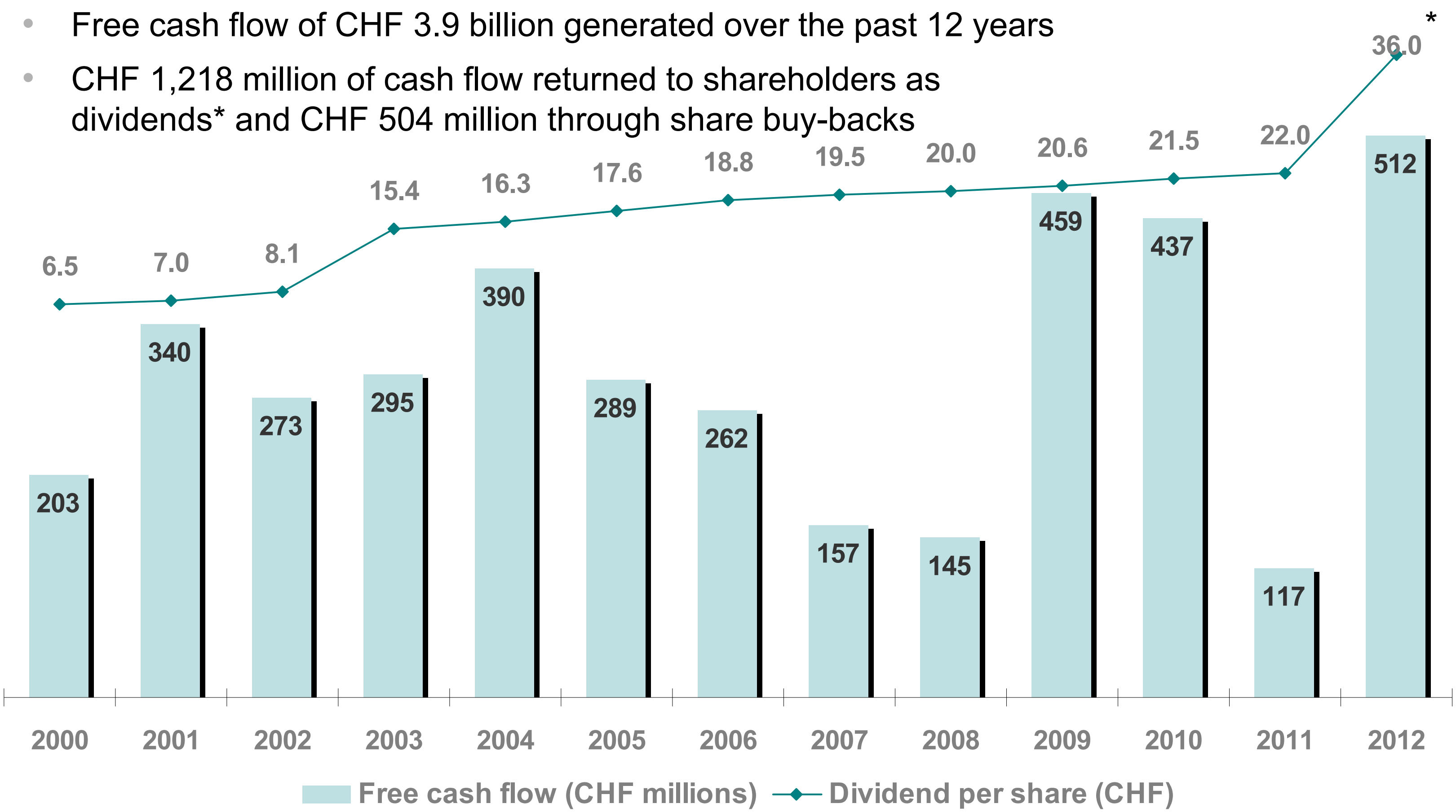
Dividend per share

Step change proposed, entering a new era of strong cash flows

- Free cash flow of CHF 3.9 billion generated over the past 12 years
- CHF 1,218 million of cash flow returned to shareholders as dividends* and CHF 504 million through share buy-backs



* 2012 Dividend subject to shareholder approval at AGM in March 2013

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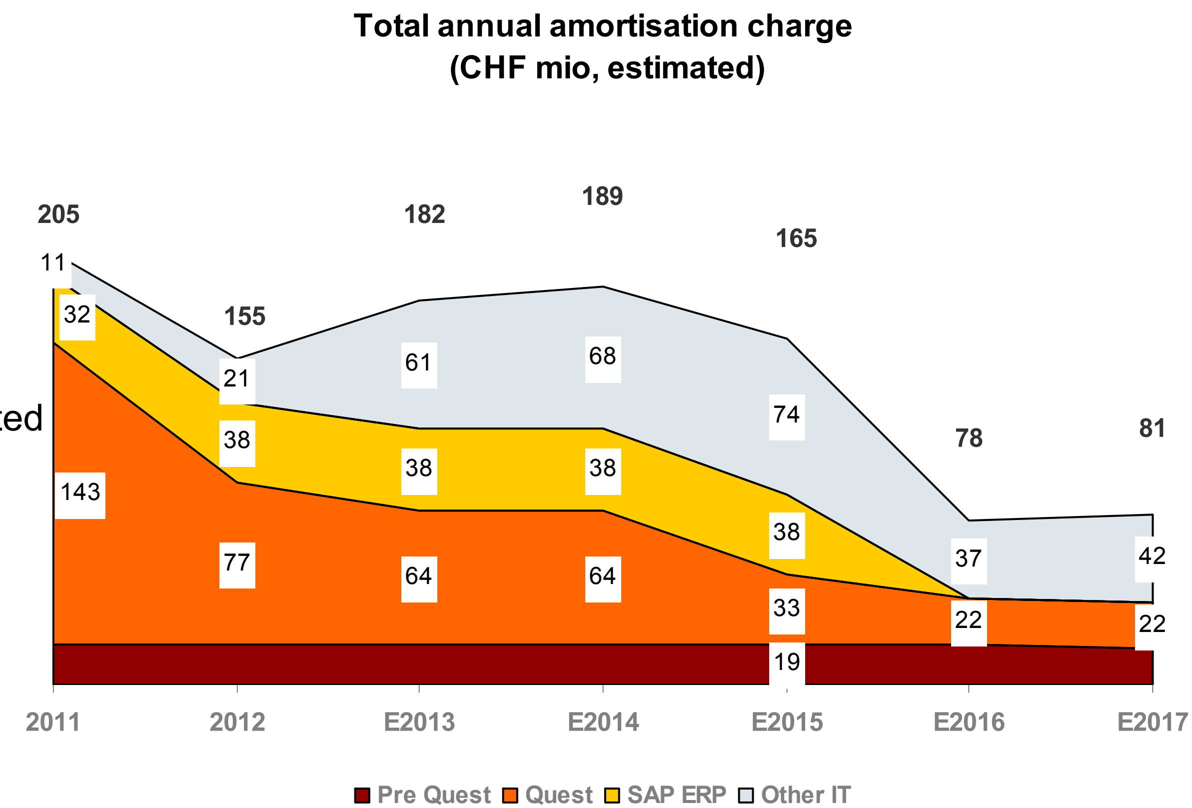
Amortisation of intangible assets
No significant change in long term forecast

- Pre Quest amortisation of intangible assets of approx. CHF 19 million p.a.
- Quest intangible assets (exc. Goodwill) amounts to CHF 1,225 million
- Intangible assets mainly related to customers, formulae and technologies
- IT amortisation updated to reflect size and scope of projects (e.g. regulatory engine)



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Financial summary

Solid results, strong financial position and cashflow

- Sales of CHF 4.3 billion, an increase of 6.6% in local currencies
  - Pricing actions and strong volumes in a difficult economic environment
  - Briefs pipeline and win rate remain strong
- Recovery of underlying EBITDA, with clear actions to improve going forward
- Net income of CHF 411 million, or 9.7% of sales
- Cash flow strongly improved to 12% of sales, with significant improvements in working capital
- Net debt CHF 1,153 million, leverage ratio 23.8%
- Tax free cash dividend of CHF 36.00 proposed
- Clarity on IAS 19 – Employee Benefits (Appendix)

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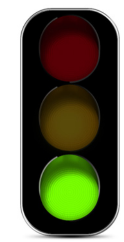
Gilles Andrier

CEO

Full Year Results 2012
Medium term guidance – on track

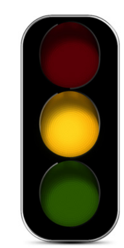
Organic sales growth of 4.5% - 5.5% per year based on market growth of 2% - 3%

- Strong business momentum in a challenging economic environment
- Delivering on the growth pillars
    - Emerging markets: accelerated growth, 44% of group sales
    - Health and Wellness: focusing on salt and sugar, understanding the sense of smell
    - Capitalising on R&D: encapsulation in Flavours and Fragrance
    - Targeted customers and segments: using IT technology such as iPerfumer2



Best-in-class EBITDA Margins

- Price pass through to mitigate raw material increases demonstrating the value proposition of our products
- Solid base to build going forward
    - Sustainable sourcing of raw materials
    - Leverage on SAP
    - Savings in 2014 as a result of Mako investment



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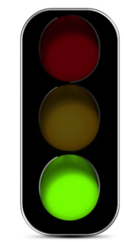
Medium term guidance – on track

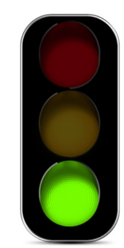
Free cash flow after capital investment and interest of 14% -16% of sales by 2015

- Investments to support growth in key emerging markets: Brazil, Indonesia, India, China etc
- Good progress on working capital management
- SAP investment completed
- Delivering 12% of sales in 2012



Returns to shareholders

- Below 25% leverage ratio at the end of 2012
- CHF 36.00 dividend per share proposed, an increase of 64% year on year
- Represents 65% of 2012 free cash flow
- Entering a new era of strong cash flows



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Appendix - IAS 19 (revised); Employee benefits

Impact on the Group in line with previous communications

- IAS 19 (revised) effective 1st January 2013, with retrospective impact
- Impact on 2013 Consolidated Financial Statements
- Income statement
  - No additional charge to overall income statement
  - Incremental charge incurred in 2012 of CHF 30 million covers any impact of IAS 19 (revised)
  - Presentation in the income statement will change: ~CHF 19 million expense transferred from Operating Expense to Other Financial Expense
- Financial Position impact on 1st January 2013
  - ~CHF 581 million additional pension liabilities, ~CHF 168 million deferred tax assets, ~CHF 413 million impact on equity
  - For the leverage ratio, company will exclude from equity definition the impact arising from changes in IAS 19
- Cash Flow
  - No impact on cash flow, nor on free cash flow guidance

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