



Media Release

Geneva, 17 July 2015

2015 Half year results

Strongly improved free cash flow, on track to achieve 2015 targets

- Sales of CHF 2.2 billion, up 1.3% on a like-for-like basis
- Project pipeline and win rates sustained at a high level
- EBITDA of CHF 566 million in 2015
- EBITDA margin improved to 25.9% from 25.6% in 2014
- Net income of CHF 339 million, up 11.2% year on year
- Free cash flow of 11.4% of sales, compared to 8.1% in 2014

Business performance

Givaudan Group sales for the first six months of the year were CHF 2,184 million, an increase of 1.3% on a like-for-like basis and a decline of 0.3% in Swiss francs.

Fragrance Division sales were CHF 1,023 million, flat on a like-for-like basis and a decline of 1.1% in Swiss francs.

Flavour Division sales were CHF 1,161 million, an increase of 2.6% on a like-for-like basis and 0.4% in Swiss francs.

Gross Margin

The gross margin was 46.5% in 2015 compared to 46.6% in 2014. Savings from the transfer of products to the new flavours manufacturing facility in Makó, Hungary from Kempththal, Switzerland more than offset general increases in operational expenses. However, the gross margin was distorted by the impact of currency movements following the appreciation of the Swiss franc.



Geneva, 17 July 2015

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

The EBITDA increased by 0.6% to CHF 566 million from CHF 562 million for the same period in 2014. A continued focus on internal costs was the main enabler of the improvement. In the first six months of 2015 the Group recognised a net one-off non-cash gain of CHF 20 million, mainly following a change in pension plans. As a reminder, in the first six months of 2014 the Group recognised a one-off gain of CHF 38 million in the Flavour Division on the disposal of land at its Dübendorf location in Switzerland. When measured in local currency terms, the EBITDA increased by 6.4%. The EBITDA margin increased to 25.9% in 2015 from 25.6% in 2014.

Operating Income

The operating income increased by 1.6% to CHF 428 million from CHF 422 million for the same period in 2014. When measured in local currency terms, the operating income increased by 8.8%. The operating margin increased to 19.6% in 2015 from 19.2% in 2014.

Financial Performance

Financing costs were CHF 31 million in the first half of 2015, versus CHF 32 million for the same period in 2014. The decrease was as a result of the lower net debt in the Group. Other financial expense, net of income, was CHF 16 million in 2015 versus CHF 14 million in 2014.

The interim period income tax expense as a percentage of income before taxes was 11%, considerably lower than in 2014 following changes in Swiss Accounting Law and the Group's operating structure. Excluding these items, the income tax expense as a percentage of income before taxes was 19%.

Net Income

The net income for the first six months of 2015 was CHF 339 million compared to CHF 305 million in 2014, an increase of 11.2%. This results in a net profit margin of 15.5% versus 13.9% in 2014. Basic earnings per share were CHF 36.82 versus CHF 33.13 for the same period in 2014.

Cash Flow

Givaudan delivered an operating cash flow of CHF 341 million for the first six months of 2015 compared to CHF 218 million in 2014, driven by a sustained EBITDA and an improvement in working capital. Working capital as a percentage of sales slightly decreased in 2015 when compared to the same period in 2014.



Geneva, 17 July 2015

Total investments in property, plant and equipment were CHF 57 million, compared to CHF 46 million incurred in 2014. The Group completed the investment in Nantong, China and progressed as planned with the investment in Singapore. Intangible asset additions were CHF 17 million in 2015, compared to CHF 21 million in 2014. As a reminder, in 2014 the Group received cash of CHF 56 million as a result of the sale of land at its Dübendorf location in Switzerland. Total net investments in tangible and intangible assets were 3.4% of sales, compared to 0.5% in 2014.

Operating cash flow after net investments was CHF 267 million, versus the CHF 207 million recorded in 2014. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 248 million in the first half of 2015, versus CHF 178 million for the comparable period in 2014. As a percentage of sales, free cash flow in the first six months of 2015 was 11.4%, compared to 8.1% in 2014.

Financial Position

Givaudan's financial position remained strong at the end of June 2015. Net debt at June 2015 was CHF 1,050 million, up from CHF 795 million at December 2014. The leverage ratio was 23% compared to 17% at the end of 2014. The main reason for the increase in the leverage ratio was the payment of the CHF 461 million dividend in the first quarter of 2015.

Mid-term Guidance

Mid-term, the overall objective is to grow organically between 4.5% and 5.5% per annum, assuming a market growth of 2-3%, and to continue on the path of market share gains. By delivering on the Company's five-pillar growth strategy – developing markets, Health and Wellness, market share gains with targeted customers and segments, research and sustainable sourcing – Givaudan expects to outgrow the underlying market and to continue to achieve its industry-leading EBITDA margin while targeting an annual free cash flow of between 14% and 16% of sales by the end of 2015. Givaudan confirms its intention to return above 60% of the Company's free cash flow to shareholders while maintaining a medium term leverage ratio target below 25%.



Geneva, 17 July 2015

Key Figures

For the six months ended 30 June, in millions of Swiss francs **except per share data**

	2015	2014
Group sales	2,184	2,191
Fragrance sales	1,023	1,034
Flavour sales	1,161	1,157
Gross profit	1,016	1,020
as % of sales	46.5%	46.6%
EBITDA ¹	566	562
as % of sales	25.9%	25.6%
Operating income	428	422
as % of sales	19.6%	19.2%
Income attributable to equity holders of the parent	339	305
as % of sales	15.5%	13.9%
Earnings per share – basic (CHF)	36.82	33.13
Earnings per share – diluted (CHF)	36.37	32.71
Operating cash flow	341	218
as % of sales	15.6%	9.9%
Free cash flow	248	178
as % of sales	11.4%	8.1%

in millions of Swiss francs, **except for employee data**

	30 June 2015	31 December 2014
Current assets	2,140	2,357
Non-current assets	3,780	4,115
Total assets	5,920	6,472
Current liabilities	869	921
Non-current liabilities	2,028	2,138
Equity	3,023	3,413
Total liabilities and equity	5,920	6,472
Number of Employees	9,750	9,704

1. EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.



Geneva, 17 July 2015

Fragrance Division

Fragrance Division sales were CHF 1,023 million, flat on a like-for-like basis and a decline of 1.1% in Swiss francs. Including Soliance, the growth was 1.4% in local currency.

Total sales for Fragrance compounds (Fine Fragrances and Consumer Products combined) increased by 1.0% on a like-for-like basis. In Swiss francs, sales of compounds declined to CHF 892 million from CHF 905 million.

Fine Fragrance sales grew 0.8% on a like-for-like basis driven both by mature and developing markets.

Sales for the Consumer Products business increased by 1.0% on a like-for-like basis, as a result of the good performance in developing markets.

Sales of Fragrance and Cosmetic Ingredients decreased by 7.9% on a like-for-like basis, mainly affected by lower commodity sales. The sales of Soliance, which was acquired on 2 June 2014, were CHF 17 million for the first six months of 2015, growing double-digit in local currency when compared to the same period of last year. Including Soliance, the growth of Fragrance and Cosmetic Ingredients was 4.0% in local currency.

The EBITDA declined to CHF 244 million in 2015 compared to CHF 252 million for the first six months of 2014. The EBITDA margin declined to 23.8% in 2015 from 24.3% in 2014. The Division incurred one-off non-cash charges of CHF 12 million in the first six months of 2015.

The operating income decreased by 3.5% to CHF 181 million in 2015, versus CHF 188 million for the same period in 2014. The operating margin decreased to 17.7% in 2015 from 18.1% in 2014.

Fine Fragrances

Fine Fragrance sales grew 0.8% on a like-for-like basis in the first half of the year with sales improving in the second quarter.

On a regional basis the business delivered growth in both mature and developing markets. In the developing markets, a combination of new business and volume growth in Asia and the Middle



Geneva, 17 July 2015

East more than compensated for lower sales in Latin America, which were impacted by a weak market in Brazil. In the mature markets, sales growth in Western Europe was favourably impacted by a strong inflow of new business. This growth more than offset lower sales in North America where new business was not able to offset erosion.

At the major industry award ceremonies in Europe and the USA, a number of Givaudan fragrances received recognition including: A Thousand Wishes by Bath and Body Works, Tom Ford's Velvet Orchid and Mandarino Di Amalfi, Intoxicated by Kilian, Bottega Veneta Pour Homme Eau Extreme, Bottega Veneta Knot, Christian Dior Miss Dior Blooming Bouquet, Narciso by Narciso Rodriguez. In addition, J'Adore received a Hall of Fame award at the ceremonies in the USA.

Consumer Products

The Consumer Product Business Unit sales grew by 1.0% on a like-for-like basis with good growth in developing markets more than offsetting lower sales growth in mature markets. Local and regional customers showed good growth across all regions.

On a product segment basis, the sales growth was sustained by the strong increase on the fabric care segment, followed by oral care. The home care and personal care segments contributed as well to the growth in developing markets.

Fragrance and Cosmetic Ingredients

Sales of Fragrance and Cosmetic Ingredients decreased by 7.9% on a like-for-like basis, mainly affected by lower commodity sales. The sales of Soliance, which was acquired on 2 June 2014, were CHF 17 million for the first six months of 2015, growing double-digit in local currency when compared to the same period of last year. Including Soliance, the growth of Fragrance and Cosmetic Ingredients was 4.0% in local currency. All product categories in Fragrance Ingredients declined, however, the specialities business was the least impacted. The earlier announced product transfers to the production site in Mexico and the joint venture partner in China are on schedule and will continue to ensure that the Group remains competitive in the fragrance ingredients market.



Geneva, 17 July 2015

Flavour Division

Flavour Division sales were 1,161 million during the first six months of 2015, an increase of 2.6% on a like-for-like basis and 0.4% in Swiss francs.

Sales growth during the second quarter was influenced by strong growth in the mature markets as well as the emerging markets of Asia Pacific and Latin America. New wins and existing business growth contributed to the increase. Difficult economic conditions continue to impact growth in Eastern Europe, Africa and the Middle East. Segment growth in Beverage, Dairy and Snacks was achieved as a result of new wins and existing business increases.

The EBITDA increased by 3.9% to CHF 322 million in 2015 from CHF 310 million for the first six months of 2014. The EBITDA margin was 27.8% in 2015, up from 26.8% in 2014. In the first six months of 2015 the Division recognised a one-off non-cash gain of CHF 32 million following a change in pension plans. As a reminder, in the first six months of 2014 the Division recognised a one-off gain of CHF 38 million in the Flavour Division on the disposal of land at its Dübendorf facility in Switzerland.

The operating income increased by 5.7% to CHF 247 million in 2015 from CHF 234 million for the same period in 2014. The operating margin increased to 21.3% in 2015 from 20.2% in 2014.

Asia Pacific

Sales in Asia Pacific increased 1.5% on a like-for-like basis. New wins and existing business expansion in the developing markets of China and India contributed to the growth. The mature and developing markets showed an improved momentum in the second quarter. Dairy and Snacks strengthened with solid growth from new wins.

Europe, Africa and Middle East

Sales increased 0.2% on a like-for-like basis, driven by solid growth in the mature markets of Western Europe, notably France, Germany, Spain and the UK. Challenging economic conditions continue to negatively impact sales in the emerging markets of Eastern Europe, Africa and the Middle East. Dairy, Savoury and Snacks increased as a result of new wins and existing business growth.



Geneva, 17 July 2015

Latin America

Growth in Latin America was 6.9% on a like-for-like basis with strong growth in Argentina and Brazil. New wins and existing business growth in Beverage, Dairy, Savoury and Sweet Goods led the way.

North America

Sales increased 6.1% on a like-for like basis. The strong performance carried forward from the first quarter as double-digit growth was achieved in the segments of Beverage and Dairy with moderate growth coming from Snacks. Growth from existing business as well as new wins contributed to the increase.

Note: Like-for-like excludes the impact of currency, acquisitions and disposals

The 2015 Half Year Report is available on Givaudan's internet site www.givaudan.com.

A conference call will be broadcast on Givaudan's website www.givaudan.com on 17 July 2015 at 15.00 CET.

On 27 August 2015 at 07:00 CET Givaudan will announce its 2020 strategy.

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