

Givaudan<sup>®</sup>  
Leading Sensory Innovation



Half Year Results 2005

Tuesday, 9 August 2005

**Givaudan**<sup>®</sup>  
Leading Sensory Innovation



**Gilles Andrier**  
Chief Executive Officer

## Highlights

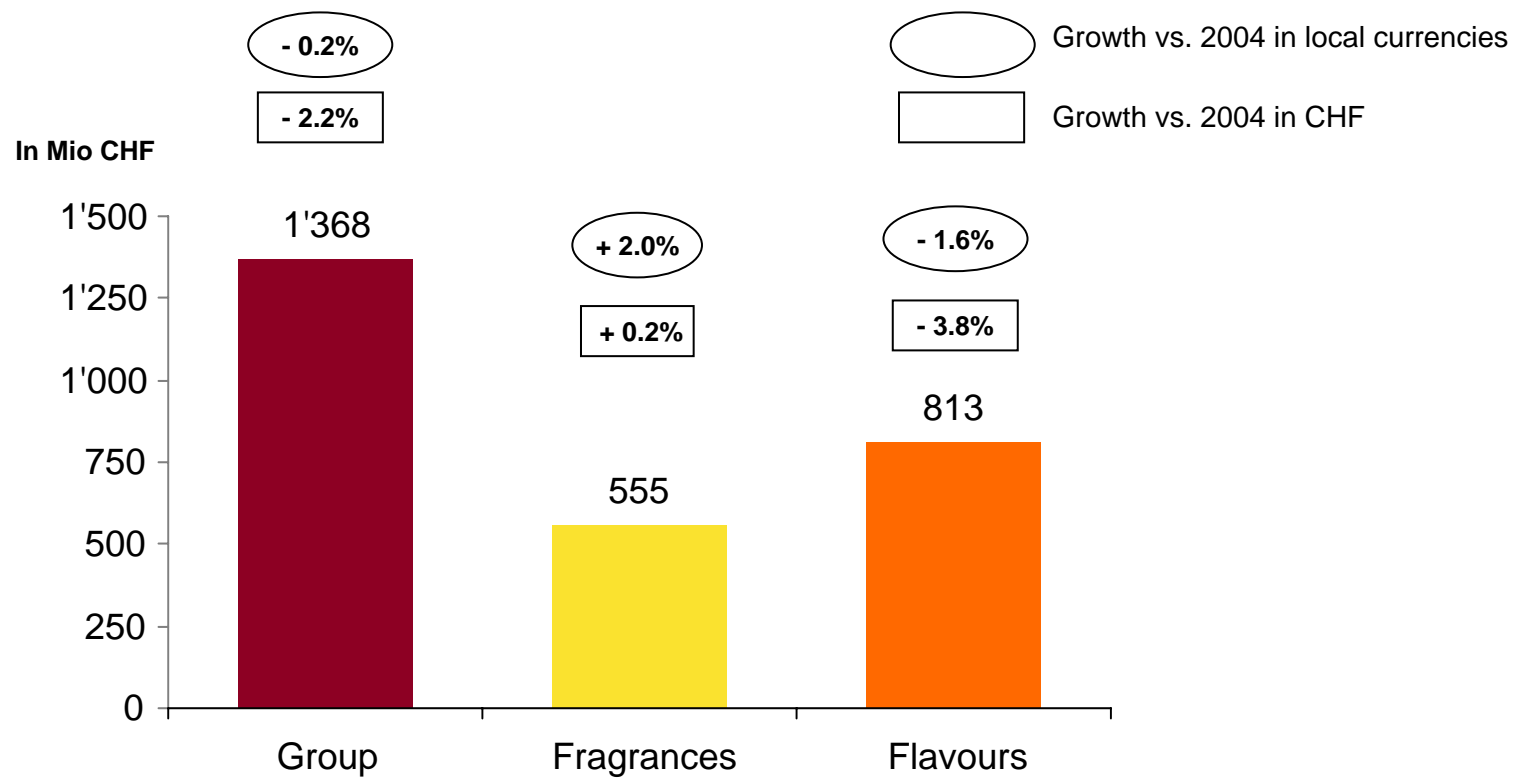
- Sustained sales with positive underlying growth
- Regained growth momentum in the second quarter
- Strong profitability
- 3rd share buy back started
- Confident to reach another good result in 2005

## Sustained Sales with Positive Underlying Growth

- Strong performance in fragrance consumer products
- Good growth for flavours in the areas of strategic focus
- Increased momentum in high growth markets
- Lower market prices for vanilla and citrus
- Further portfolio rationalisation in both divisions
- Strong comparables

## Sustained Sales

### Sales by Division



## Regained Sales Momentum in 2nd Quarter 2005

In mio CHF

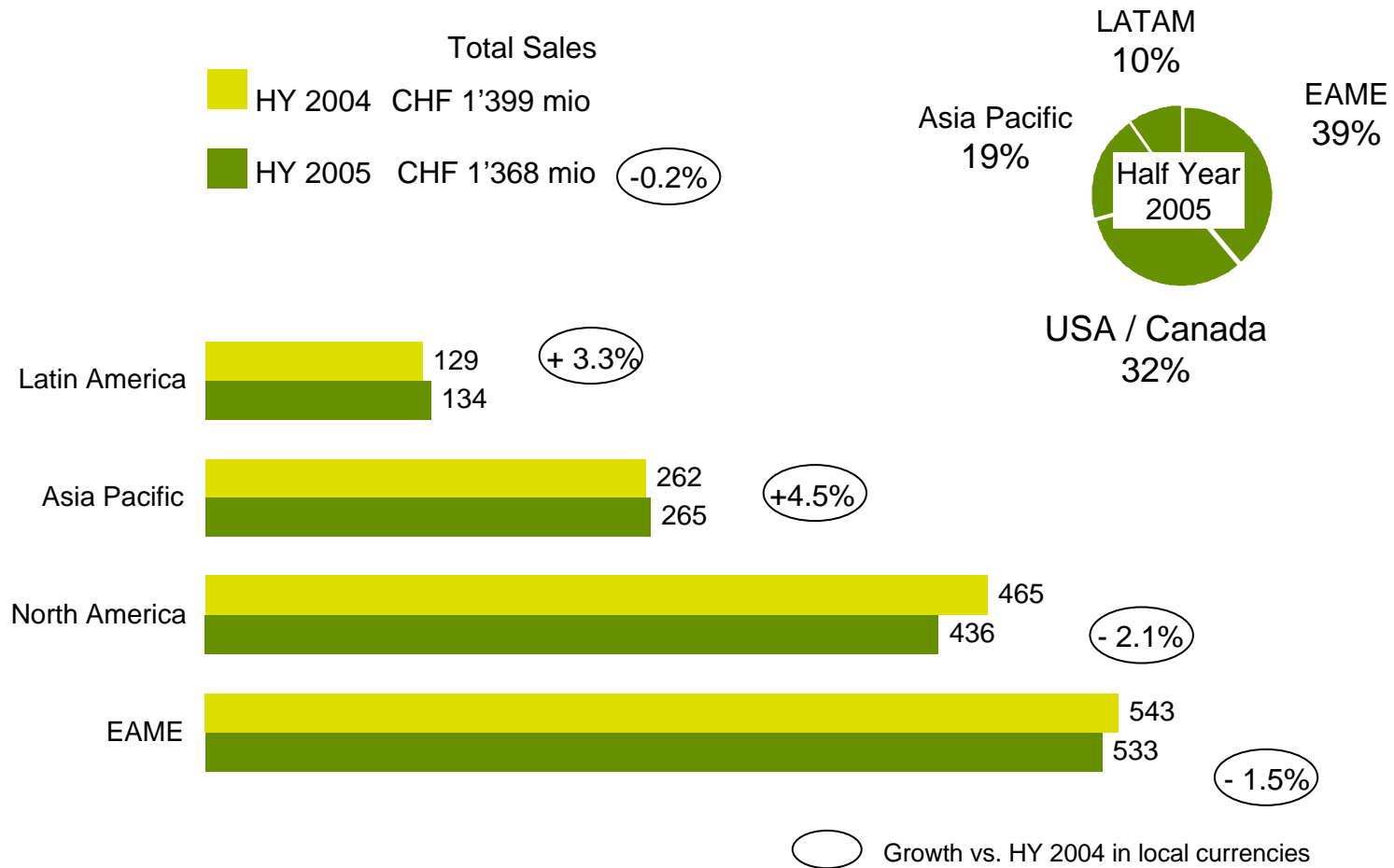
	Q1 2004	versus Q1 2003		Q2 2004	versus Q2 2003	
		in CHF	in l.c.		in CHF	in l.c.
Fragrances	278.4	-1.8%	-0.3%	275.6	-1.5%	0.5%
Flavours	423.2	5.4%	7.2%	422.2	1.9%	3.7%
<b>Givaudan Total</b>	<b>701.6</b>	<b>2.4%</b>	<b>4.1%</b>	<b>697.8</b>	<b>0.5%</b>	<b>2.4%</b>

	Q1 2005	versus Q1 2004		Q2 2005	versus Q2 2004	
		in CHF	in l.c.		in CHF	in l.c.
Fragrances	273.1	-1.9%	0.8%	281.9	2.3%	3.2%
Flavours	395.6	-6.5%	-3.2%	417.4	-1.1%	0.0%
<b>Givaudan Total</b>	<b>668.7</b>	<b>-4.7%</b>	<b>-1.6%</b>	<b>699.3</b>	<b>0.2%</b>	<b>1.3%</b>

# Increased Momentum in High Growth Markets

In mio CHF



## Sustained Strong Profitability

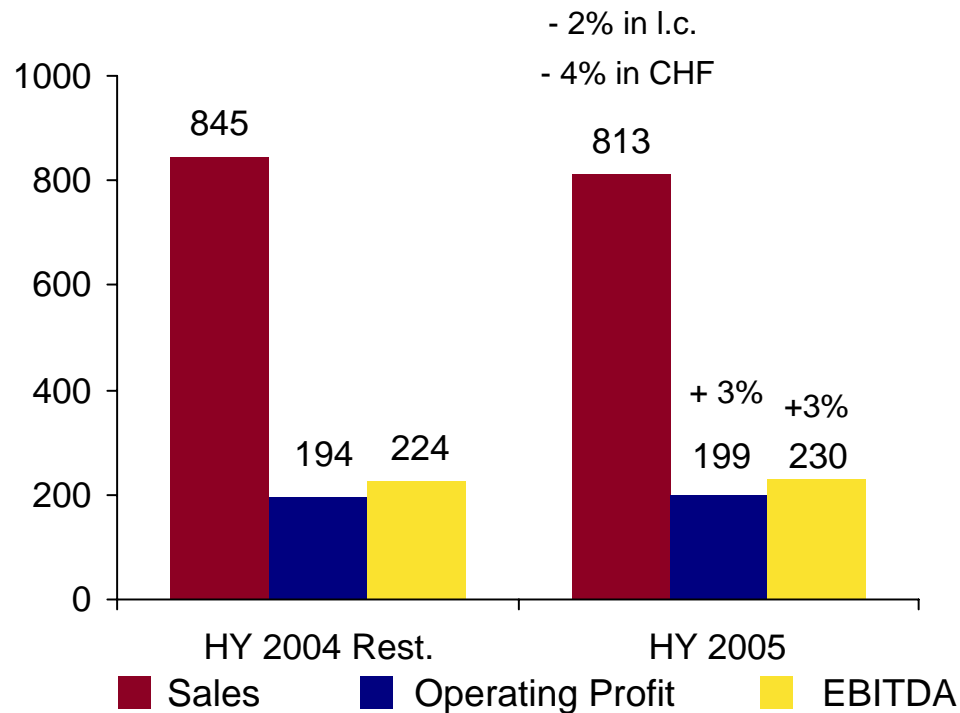
- Gross margin improved from 48.3% to 49.3%
- Operating margin improved from 20.5% to 20.6%
- Net profit margin decreased from 16.3% to 15.2%
- Earnings per share decreased from CHF 29.48 to CHF 28.76



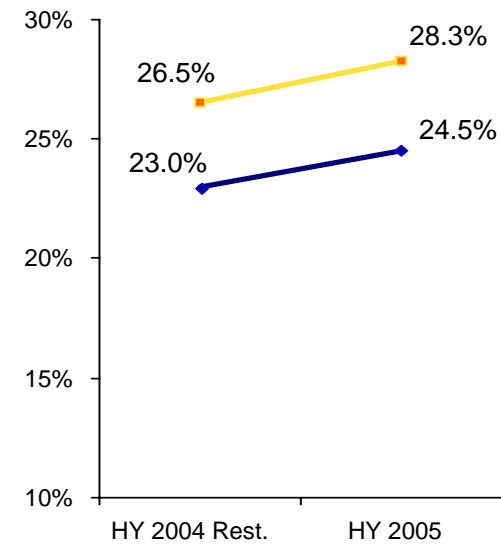
# Flavour Division

## Sales, Operating Profit and EBITDA

In Mio CHF



In % of sales



## Flavour Division

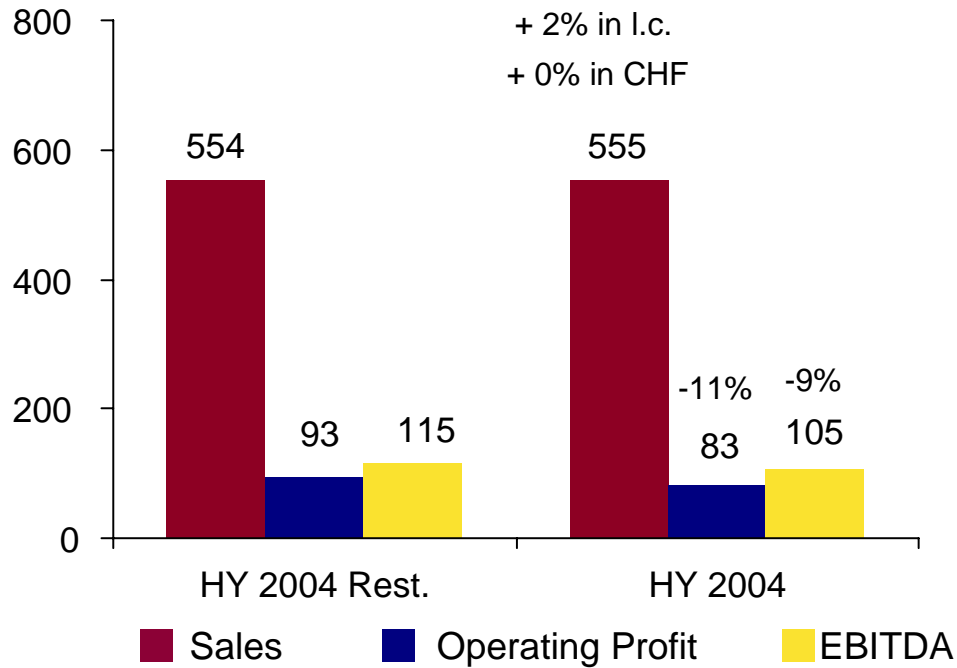
### Key accomplishments first half 2005

- Good growth in areas of strategic focus
  - Asia Pacific, Eastern Europe, Latin America
  - Savoury, Foodservice
  - Health and Wellness
- Sales growth in North America and Europe impacted by strong comparables, portfolio rationalisation and lower market prices for vanilla and citrus
- Improved sales momentum in Q2
- Significantly improved profitability thanks to improved product mix and margin improvement initiatives
- European site consolidation on track
- Set up of a new flavour creation, application and production centre in Shanghai well under way

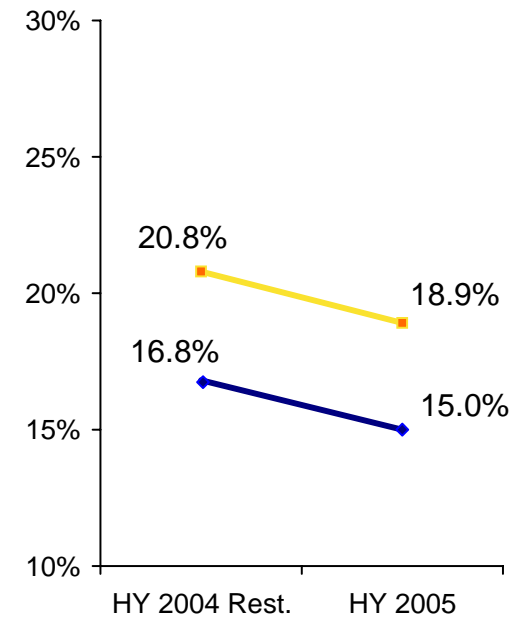
# Fragrance Division

## Sales, Operating Profit and EBITDA

In Mio CHF



In % of sales



## Fragrance Division

### Key accomplishments first half 2005

- Consumer Product sales substantially outgrew market in all regions and all segments
- In Fine Fragrances, new global launches and strong growth in Latin America could not compensate for erosion of existing business
- Double-digit growth of specialities in Fragrance Ingredients. Strong sales development of Javanol and Pharaone. Continued rationalisation of commodity ingredients.

## Strong Focus on Innovation

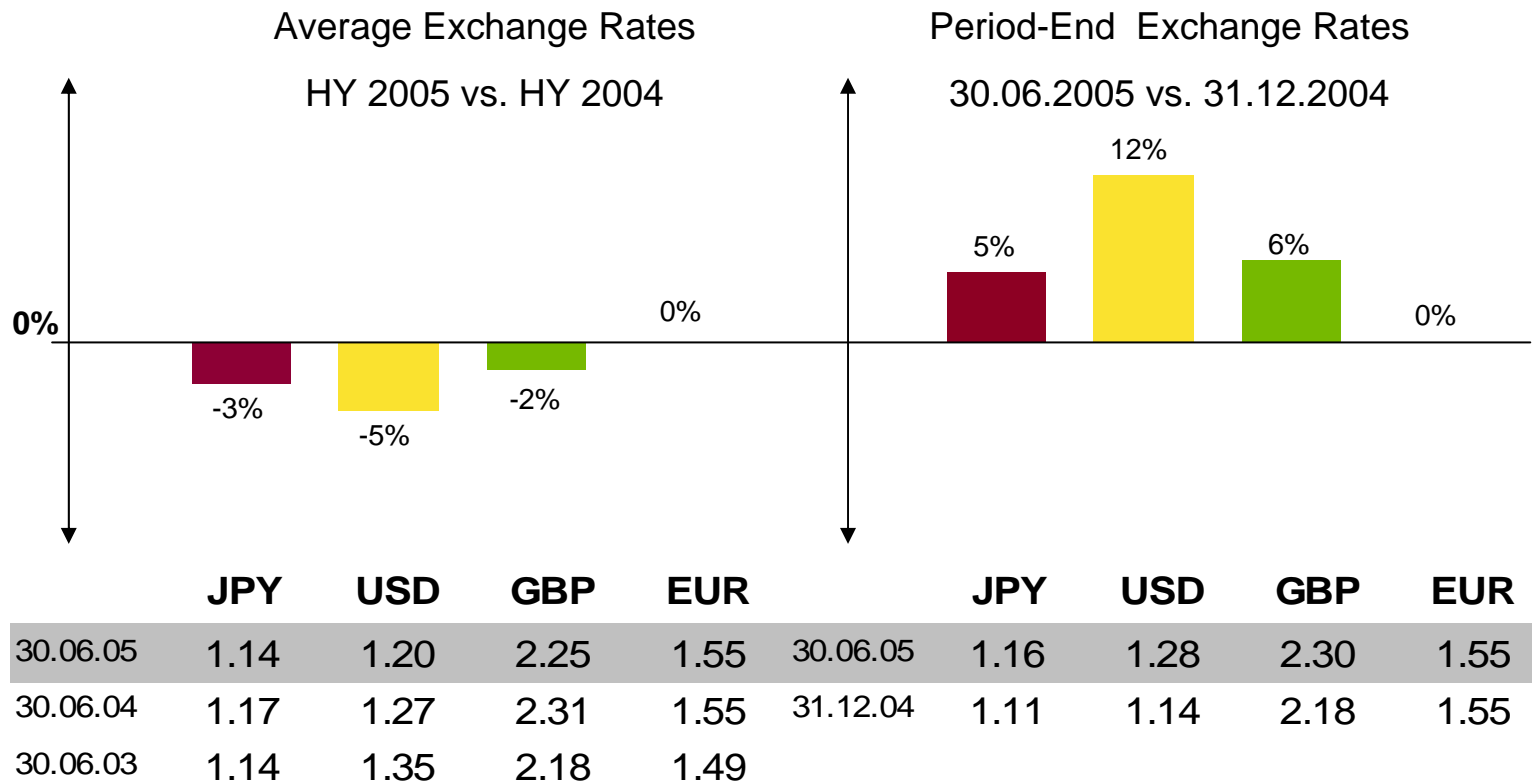
- Health and wellness:
  - Sweetness modification
  - Salt reduction
- New grapefruit and mint ingredients
- First application for Granuscent (novel fragrance delivery system) in home care
- New captive fragrance molecules:
  - Pomarose, fruity note with aspect of rose and apple pie
  - Cosmone, rich, intense musk note with good biodegradability
- Further progress in malodour research
- Continued advances in receptor biology

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**Matthias Währen**  
Chief Financial Officer

## Exchange Rates Development



## Business Statement

In Mio CHF	HY 2005		HY 2004 Rest.		Change in %
		in % of sales		in % of sales	
Sales	1,368	100.0	1,399	100.0	- 2%
Cost of sales	(694)	(50.7)	(724)	(51.7)	- 4%
<b>Gross Profit</b>	<b>674</b>	<b>49.3</b>	<b>675</b>	<b>48.3</b>	-
Marketing, development & distribution expenses	(314)	(23.0)	(310)	(22.3)	+ 1%
Administration expenses	(51)	(3.7)	(49)	(3.5)	+ 4%
Amortisation of intangible assets	(9)	(0.7)	(9)	(0.6)	-
Other operating income (expenses), net	(18)	(1.3)	(20)	(1.4)	- 10%
<b>Operating profit</b>	<b>282</b>	<b>20.6</b>	<b>287</b>	<b>20.5</b>	<b>- 2%</b>



## Key Operating Ratios

in % of Sales	HY 2005	HY 2004 Rest.
Gross Profit Margin	49.3%	48.3%
Operating Return On Sales (EBIT)	20.6%	20.5%
EBITA	21.3%	21.2%
EBITDA	24.5%	24.2%
EBIDA	20.0%	19.6%
Gross Additions to PPE	3.9%	3.6%

## Income Statement

In Mio CHF	HY 2005		HY 2004 Rest.		Change
		in % of sales		in % of sales	in %
Sales	1,368	100.0	1,399	100.0	- 2%
Operating profit	282	20.6	287	20.5	- 2%
Financial income (expenses), net	(13)	(0.9)	6	0.4	n r
<b>Result before taxes</b>	<b>269</b>	<b>19.7</b>	<b>293</b>	<b>20.9</b>	<b>- 8%</b>
Income taxes	(61)	(4.5)	(65)	(4.6)	- 6%
<b>Result after taxes</b>	<b>208</b>	<b>15.2</b>	<b>228</b>	<b>16.3</b>	<b>- 9%</b>
Minority interest	-		-		n r
<b>Net income</b>	<b>208</b>	<b>15.2</b>	<b>228</b>	<b>16.3</b>	<b>- 9%</b>
<b>Earnings per share - basic (CHF)</b>	<b>28.76</b>		<b>29.48</b>		<b>- 2%</b>

## Detail of Financial Income (Expenses)

in Mio CHF	HY 2005	HY 2004 Rest.
Interest charges	(31)	(28)
Net currency related gain (losses) incl. derivatives	13	18
Other derivatives net gains (losses)	(11)	9
Other financial income (expenses), net	16	7
<b>Total Financial income (expenses), net</b>	<b>(13)</b>	<b>6</b>

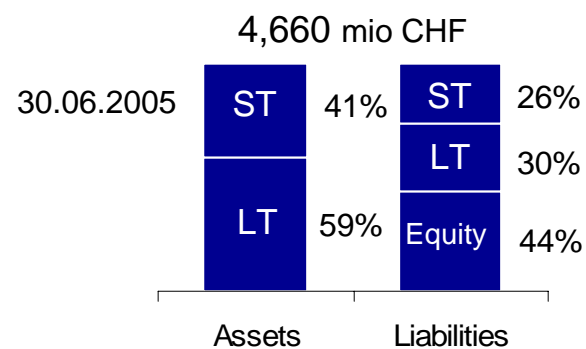
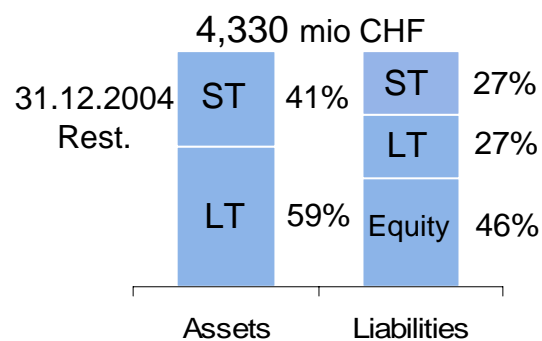
## Cash Flow Statement

in Mio CHF	HY 2005	HY 2004 Rest.
<b>Cash flows from (for) operating activities</b>	<b>168</b>	<b>234</b>
<b>Cash flows from (for) financing activities</b>	<b>(109)</b>	<b>(84)</b>
<b>Cash flows from (for) investing activities</b>	<b>99</b>	<b>(13)</b>
Net effect of currency translation on cash	11	-
<b>Increase (decrease) in cash</b>	<b>169</b>	<b>137</b>
Cash at the beginning of the year	459	494
<b>Cash at the end of June</b>	<b>628</b>	<b>631</b>

## Share Buy Back

- 2nd share buy back finalised
- 600,000 of 800,000 shares from 2nd share buy back cancelled
- 3rd share buy back for 720,000 shares initiated (end June 2005: 24,800)

## Balance Sheet

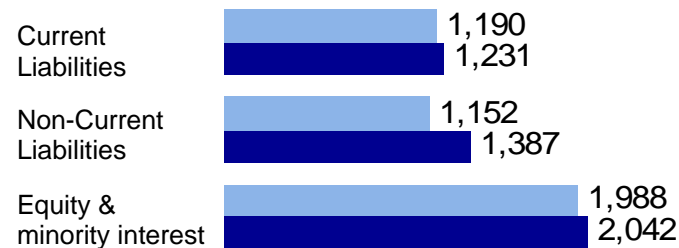


### Assets



31.12.2004 Rest.  
30.06.2005

### Liabilities and Equity



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Chief Executive Officer

## Outlook 2005

- Focus on
  - high growth markets
  - high value adding segments
  - innovation
- Strategic initiatives to close gaps (regions, customers, segments, technologies)
- Maintaining strict cost discipline
- On-going site consolidation
- Sustained focus on total shareholder return

**Givaudan remains confident to sustain its leading market position and to deliver another good result in 2005.**



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