Givaudan

MEDIA RELEASE

Half Year Results 2013

Strong Operating Performance

Sales CHF 2.2 billion, up 5.7% on a like-for-like basis

Full project pipeline and strong win rate across all regions and segments

Developing markets account now for 45% of sales and grew 9.4% on a like-for-like basis

EBITDA increased by 16.4% to CHF 509 million

EBITDA margin improved to 22.9% from 20.6% in 2012

Net income CHF 271 million, up 36.0% year on year

Free cash flow improved to 9.3% of sales, compared to 5.7% in 2012

Geneva, 25 July 2013 – Givaudan Group sales for the first six months of the year totalled CHF 2,225 million, an increase of 5.7% on a like-for-like basis and 4.7% in Swiss francs.

Fragrance Division sales were CHF 1,047 million, an increase of 5.5% on a like-for-like basis and 5.3% in Swiss francs.

Flavour Division sales were CHF 1,178 million, an increase of 5.8% on a like-for-like basis and 4.1% in Swiss francs.

Gross Margin

The gross margin increased to 44.3% from 42.3%, driven by the residual price increases implemented during the last two years to offset increases in raw material costs, and the positive leverage effect from the strong volume gains. In addition, the Company is capitalising on its recently completed ERP project to create supply chain efficiencies. The transfer of products to the new Flavours manufacturing facility in Makó, Hungary continues in line with project timelines.

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

The EBITDA increased by 16.4% to CHF 509 million from CHF 437 million in the first six months of 2012. A strong gross profit and a continued focus on internal costs were the main enablers of the improvement. When measured in local currency terms, the EBITDA increased by 15.8%. The EBITDA margin increased to 22.9% in 2013 from 20.6% in 2012.

Operating Income

The operating income increased by 23.8% to CHF 377 million, from CHF 305 million for the same period in 2012. When measured in local currency terms, the operating income increased by 22.9%. The operating margin increased to 16.9% in 2013 from 14.3% in 2012.

Financial Performance

Financing costs were CHF 39 million in the first half of 2013, versus CHF 45 million for the same period in 2012. The decrease was as a result of the re-financing activities. Other financial expense, net of income, was CHF 10 million in 2013, versus CHF 14 million in 2012, lower as a result of the relatively stable currency environment and the continued centralisation of Treasury activities.

The Group's income taxes as a percentage of income before taxes were 18% in 2013 compared to 19% in June 2012.

Net Income

The net income for the first six months of 2013 was CHF 271 million compared to CHF 200 million in 2012, an increase of 35.5%. This results in a net profit margin of 12.2%, versus 9.4% in 2012. Basic earnings per share were CHF 29.61 versus CHF 21.98 for the same period in 2012.

Cash Flow

Givaudan delivered an operating cash flow of CHF 299 million for the first six months of 2013, compared to CHF 263 million in 2012, driven by a higher EBITDA. Although working capital increased for the first six months of 2013 when compared to the same period in 2012, working capital as a percentage of sales decreased.

Total investments in property, plant and equipment were CHF 35 million, down from CHF 63 million incurred in 2012. In 2012 the Company was making significant investments in the centralised Flavours facility in Hungary. Intangible asset additions were CHF 23 million in 2013, as the Company implemented the ERP project in new facilities and completed the implementation in smaller affiliates. Total net investments in tangible and intangible assets were 2.6% of sales, compared to 4.3% in 2012.

Operating cash flow after net investments was CHF 242 million, versus the CHF 172 million recorded in 2012. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 207 million in the first half of 2013, versus CHF 122 million for the comparable period in 2012. As a percentage of sales, free cash flow in the first six months of 2013 was 9.3%, compared to 5.7% in 2012.

Financial Position

Givaudan's financial position remained strong at the end of June 2013. Net debt at June 2013 was CHF 1,276 million, up from CHF 1,153 million at December 2012. The main increase in the net debt was the payment of the CHF 331 million dividend in the first quarter of 2013. The leverage ratio was 26%, compared to 24% at the end of 2012.

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 improving its annual free cash flow to between 14% and 16% of sales by 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%. The leverage ratio is defined as net debt, divided by net debt plus equity. For this ratio calculation, the Company has decided to exclude from equity any impact arising from the changes of IAS 19 - Employee Benefits (revised) going forward.

Key Figures

For the six months ended 30 June, in million CHF except per share data	HY 2013	HY 2012 [2]
Group sales	**2,225**	**2,126**
Fragrance sales	1,047	994
Flavour sales	1,178	1,132
Gross profit	**985**	**899**
as % of sales	*44.3%*	*42.3%*
EBITDA [1]	**509**	**437**
as % of sales	*22.9%*	*20.6%*
Operating income	**377**	**305**
as % of sales	*16.9%*	*14.3%*
Income attributable to equity holders of the parent	**271**	**200**
as % of sales	*12.2%*	*9.4%*
Earnings per share – basic (CHF)	**29.61**	**21.98**
Earnings per share – diluted (CHF)	**29.29**	**21.83**
Operating cash flow	**299**	**263**
as % of sales	*13.4%*	*12.4%*
Free cash flow	**207**	**122**
as % of sales	*9.3%*	*5.7%*

1. EBITDA: **E**arnings **B**efore **I**nterest (and other financial income (expense), net), **T**ax, **D**epreciation and **A**mortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.
2. Previous year figures have been restated as a result of changes to accounting policies and presentation (note 3 p. 16 in the Half Year Report 2013)

in million CHF except for employee data	**30 June 2013**	**31 December 2012** [2]
Current assets	*2,397*	*2,195*
Non-current assets	*3,986*	*4,089*
Total assets	**6,383**	**6,284**
Current liabilities	*1,382*	*985*
Non-current liabilities	*1,709*	*2,033*
Equity	*3,292*	*3,266*
Total liabilities and equity	**6,383**	**6,284**
Number of Employees	**9,266**	**9,124**

2. Previous year figures have been restated as a result of changes to accounting policies and presentation (note 3 p. 16 in the Half Year Report 2013)

Fragrance Division

Fragrance Division sales were CHF 1,047 million, an increase of 5.5% on a like-for-like basis and 5.3% in Swiss francs.

Total sales for Fragrance compounds (Fine Fragrances and Consumer Products combined) increased by 6.7% on a like-for-like basis. In Swiss francs, sales of compounds increased to CHF 926 million from CHF 870 million.

Fine Fragrance sales grew 2.5% on a like-for-like basis. The growth was mainly driven by new business in Latin America.

Consumer Product sales increased by 7.9% on a like-for-like basis, driven by a strong performance in Asia Pacific, Latin America and CAMEA and across all customer groups.

Sales of Fragrance Ingredients declined by 2.9% on a like-for-like basis. The decline was driven by the discontinuation of the sales of some commodity products.

EBITDA increased by 23.4% to CHF 253 million, compared to CHF 205 million for the first six months of 2012. The EBITDA margin increased to 24.1% in 2013, from 20.6% in 2012.

The operating income increased by 33.9% to CHF 193 million in 2013, versus CHF 144 million for the same period in 2012. The operating margin increased to 18.4% in 2013 from 14.5% in 2012.

Fine Fragrances

Fine Fragrance sales grew 2.5% on a like-for-like basis in the first half year. Sales recovered strongly in the second quarter.

The business continues to make strong progress in developing markets. At the half year, sales growth in Latin America was double-digit, through a combination of new wins and volume growth, with Brazil continuing to lead the way. In Central Asia, Middle East and Africa the business also delivered strong growth.

In Western Europe and North America sales growth in the second quarter was double-digit, driven by an increase in new business and a reduction in the level of erosion.

Givaudan's fragrances had another strong showing at the major award ceremonies in Europe and the USA. Fragrances recognised include Tom Ford Noir, Tom Ford Café Rose, Prada Luna Rossa, James Bond 007 by James Bond, Red Sin by Christina Aguilera, and True Reflection for Kim Kardashian.

Consumer Products

Sales for the Consumer Products business increased by 7.9% on a like-for-like basis against double-digit comparables for the same period last year. This half year performance was achieved across all customer groups and was supported by double-digit sales growth in developing markets. Sales in mature markets also posted a solid increase.

The double-digit performance sales increase in Latin America was strongly driven by international customers. Local and regional customer sales increased as well, led by sales in the fabric care segment.

In Asia, sales growth was supported by all customer groups, especially in the developing countries.

In Europe, Africa and the Middle East, international customers were the main driver of the sales increase, sustained by a strong performance in the home care and personal care segments.

The good improvement in North America was underlined by a solid performance with local and regional customers across all product segments.

On a product segment basis, sales grew in all segments. The increase was led by a double-digit increase in personal care, especially among international clients. The solid increase in fabric care came from sales in Asia and Latin America, while the sales increase on home care was spread across all regions. Oral care sales grew significantly as well.

Fragrance Ingredients

Sales of Fragrance Ingredients declined by 2.9% on a like-for-like basis as a result of the discontinuation of the sales of some commodity products. After a weak performance in the first three months, Fragrance Ingredients achieved better results in the second quarter against weaker comparables. The year-to-date results are above the 2012 sales in the European and Asian markets, but cannot fully compensate the decline in the Americas.

Flavour Division

Flavour Division sales were CHF 1,178 million during the first six months of 2013, an increase of 5.8% on a like-for-like basis and 4.1% in Swiss francs.

Sales growth in the first half was driven by the developing markets of Asia Pacific, Eastern Europe, Africa and Middle East and Latin America, coupled with gains in the mature markets of North America and Western Europe. All segments expanded with strong performances in Beverages, Dairy, Savoury and Sweet Goods. Health and Wellness sales continued to evolve strongly with double-digit gains as sweetness, salt and masking capabilities delivered improved taste solutions for our customers.

EBITDA increased by 10.2% to CHF 256 million, from CHF 232 million for the first six months of 2012. The EBITDA margin was 21.7% in 2013, up from 20.5% in 2012.

The operating income increased by 14.8% to CHF 184 million in 2013, from CHF 161 million for the same period in 2012. The operating margin increased to 15.6% in 2013 from 14.2% in 2012.

Asia Pacific

Sales in Asia Pacific rose 6.4% on a like-for-like basis. New wins and growth of existing products in the developing markets of China, India and Indonesia contributed strongly to the sales expansion. The mature markets of Japan and Australia had lower sales against high comparables. All segments had positive gains with Beverages, Dairy and Savoury each delivering strong growth as a result of existing business increases.

Europe, Africa and Middle East

Sales grew by 5.2% on a like-for-like basis, driven by the growth in the developing markets of Africa, Middle East and Russia. Increases achieved across all mature markets of Western Europe also contributed to the positive sales development in Europe, with the UK and Ireland leading the way. Overall performance was driven by sales growth of existing business and volume gains in the developing markets. All segments delivered good year-over-year growth with strength coming from Beverages, Savoury and Snacks.

North America

Sales increased 5.0% on a like-for-like basis, driven by growth in Beverages, Dairy, Snacks and Sweet Goods segments. New wins contributed strongly to the sales expansion over prior year.

Latin America

Growth in the region was 7.9% on a like-for-like basis with strong increases coming from Argentina and Brazil. New wins and volume growth contributed to the growth in Beverages, Savoury, Dairy and Snacks segments.

The Half Year Report 2013 is available on Givaudan's internet site www.givaudan.com. A conference call will be broadcast on Givaudan's website www.givaudan.com on 25 July 2013 at 15.00 CET.

For further information please contact:

Peter Wullschleger, Givaudan Media and Investor Relations
Chemin de la Parfumerie 5
1214 Vernier
T +41 22 780 9093
F +41 22 780 9090
E peter_b.wullschleger@givaudan.com