Givaudan
ENGAGING THE SENSES

FULL YEAR RESULTS 2012
Strong performance, delivering a record free cash flow

- Sales CHF 4,257 million, up 6.6% in local currencies
- Developing markets grew 13.2% 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
- Free cash flow of CHF 512 million, 12% of sales
- Leverage of 24% achieved
- Proposed dividend of CHF 36.00 per share, up 64% year on year

Geneva, 5 February 2013 – Givaudan Group sales totalled CHF 4,257 million, an increase of 6.6% in local currencies and 8.7% in Swiss francs compared to 2011.

Sales of the Fragrance Division were CHF 2,021 million, an increase of 8.4% in local currencies and 10.3% in Swiss francs.

Sales of the Flavour Division were CHF 2,236 million, an increase of 5.0% in local currencies and 7.4% in Swiss francs compared to 2011.

Gross Margin

The gross profit margin decreased to 42.2% from 42.6%, as higher selling prices could not fully compensate for the additional pension costs and the incremental costs associated with the start-up of the Flavours manufacturing facility in Makó, Hungary.

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

The EBITDA increased by 14.8% to CHF 870 million in 2012 from CHF 758 million last year. The improvement in the EBITDA was hampered by higher pension costs and the costs associated with the start-up of the facility in Makó, Hungary. In the second half of 2012 the Group recorded a CHF 27 million gain on the sale of a non-strategic business.

When measured in local currency terms, EBITDA increased by 11.9%. The EBITDA margin was 20.4% in 2012, compared to the 19.4% reported in 2011.

Operating Income

The operating income increased by 37.0% to CHF 607 million from CHF 443 million last year. The increase in operating income was greater than the increase in EBITDA as a result of the lower amortisation of intangible assets. When measured in local currency terms, the operating income increased by 32.5%. The operating margin increased to 14.3% in 2012; the operating margin in 2011 was 11.3%.

Financial Performance

Financing costs were CHF 65 million in 2012, down from CHF 91 million in 2011. Other financial expenses, net of income, were CHF 28 million in 2012, versus CHF 34 million in 2011, as currencies were stable during 2012. The Group’s income taxes as a percentage of income before taxes were 20% in 2012, versus 21% in 2011.

Net Income

Net income increased to CHF 411 million in 2012 from CHF 252 million in 2011, driven by an improved operating performance, lower financial expenses and a lower income tax rate. This represents 9.7% of sales in 2012, versus 6.4% in 2011. Basic earnings per share increased to CHF 45.15 in 2012 from CHF 27.71 in the previous year.

Cash Flow

Givaudan delivered an operating cash flow of CHF 781 million, up from the CHF 456 million generated for the comparable period in 2011, mainly due to a higher EBITDA and a decrease in inventories. As a percentage of sales, working capital decreased, mainly as a result of lower inventory levels.

Total net investments in property, plant and equipment were CHF 148 million, down from the CHF 176 million incurred in 2011, as the Company completed the investment in the European savoury manufacturing facility in Hungary.

Intangible asset additions (net) were CHF 45 million in 2012, a significant portion of this investment being in the Company’s Enterprise Resource Planning (ERP) project based on SAP. The Company completed the implementation of this project on a global basis in the year. This investment was partially offset by the sale of an intangible asset related to a non-strategic business. Operating cash flow after investments was CHF 588 million, versus the CHF 194 million recorded in 2011. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 512 million in 2012, up from CHF 117 million in 2011, mainly driven by the higher EBITDA, lower working capital requirements and lower investments in 2012. Free cash flow as a percentage of sales was 12.0%, compared to 3.0% in 2011.

Financial Position

Givaudan’s financial position remained solid at the end of December 2012. Net debt at this date was CHF 1,153 million, down from CHF 1,453 million at December 2011. At the end of December 2012 the leverage ratio (defined as net debt divided by net debt plus equity) was 24%, compared to 29% at the end of 2011.

Dividend Proposal

The Board of Directors of Givaudan will propose to the Annual General Meeting, on 21 March 2013, a cash dividend of CHF 36.00 per share for the financial year 2012, an increase of 64% versus 2011. This is the twelfth consecutive dividend increase following Givaudan’s listing at the Swiss stock exchange in 2000. The total amount of this distribution will be made out of reserves for additional paid-in capital which Givaudan shows in equity as at the end of 2012.

Board of Directors

In line with its long-term succession planning, the Board of Directors will propose to the Annual General Meeting the re-election of Irina du Bois and Peter Kappeler for terms of one and three years respectively.

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 whilst 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

in million CHF except per share and employee data	**2012**	**2011**
Group sales	4,257	3,915
Fragrance sales	2,021	1,833
Flavour sales	2,236	2,082
Gross profit	1,798	1,666
as % of sales	*42.2%*	*42.6%*
EBITDA[1)]	870	758
as % of sales	*20.4%*	*19.4%*
Operating income	607	443
as % of sales	*14.3%*	*11.3%*
Income attributable to equity holders of the parent	411	252
as % of sales	*9.7%*	*6.4%*
Earnings per share - basic (CHF)	45.15	27.71
Earnings per share - diluted (CHF)	45.85	27.55
Operating cash flow	781	456
as % of sales	*18.3%*	*11.6%*
Free Cash Flow	512	117
as % of sales	*12.0%*	*3.0%*
Number of employees	9,124	8,913

*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.*

in million CHF	**31 December 2012**	**31 December 2011**
Current assets	*2,195*	*2,469*
Non-current assets	*4,155*	*4,247*
Total assets	**6,350**	**6,716**
Current liabilities	*985*	*1,192*
Non-current liabilities	*1,685*	*2,029*
Equity	*3,680*	*3,495*
Total liabilities and equity	**6,350**	**6,716**

Fragrance Division

The Fragrance Division recorded sales of CHF 2,021 million, an increase of 8.4% in local currencies and of 10.3% in Swiss francs as the strong performance in the first six months continued into the second half of the year.

Total sales for Fragrance compounds (Fine Fragrances and Consumer Products combined) increased by 10.3% in local currencies and by 12.2% in Swiss francs to CHF 1,781 million from CHF 1,587 million. Fragrance Ingredients sales decreased by 3.9% in local currencies.

EBITDA increased to CHF 428 million from CHF 351 million last year. The EBITDA margin increased to 21.2% compared to the 19.1% reported last year.

Operating income increased to CHF 308 million from CHF 204 million last year as a result of the growth in volume, price increases to recover from the impact of higher raw material costs and lower amortisation charges for intangible assets. The operating margin increased to 15.2% from 11.1% reported last year.

The main capital investments in 2012 were in Mexico and the UK. The success of the encapsulation technologies meant that the division had to increase capacity in the Fragrance manufacturing site in Pedro Escobedo, Mexico. In Ashford, UK, a new Science and Technology Sensory Centre of Excellence opened in September. This new centre combines science and consumer understanding so as to develop perfumes with higher performance and benefits. In Singapore, the state-of-the-art creative centre and a new production centre entered into the final planning phase and construction is scheduled to start in 2013.

Fine Fragrances

Fine Fragrances sales grew by 4.2% in local currencies. A strong performance in developing markets and in Europe more than compensated for lower sales in the US.

Growth in developing markets was driven by a combination of new business and volume gains at a number of customers. In mature markets, the good growth in Europe was not sufficient to offset the erosion and challenging comparables in North America.

Strategically, the business continued to make excellent progress against its main growth initiatives in developing markets and at targeted accounts and segments.

At the industry awards ceremonies, Givaudan had another exceptional year capped by the FIFI® Awards in New York where our fragrances won ten of the thirteen fragrance awards. Our iPerfumer2, winner of the FiFi® Technological Breakthrough of the Year, also won the award for Information Technology at the World Perfumery Congress.

Consumer Products

Sales for the Consumer Products business unit increased by 12.1% in local currencies against last year's strong comparables. Important new wins, a soft erosion rate on existing business and price increases contributed to this growth. This solid performance was driven by developing markets, supported by good growth in mature markets.

Asia Pacific and Latin America posted strong double-digit growth, spread across all customer categories.

In Europe, Africa and the Middle East, the moderate sales increase was driven by Africa and the Middle East and international customers. Sales in North America showed significant growth, particularly with international customers.

On a product basis, sales grew across all segments, with a double-digit increase in fabric care and oral care. Personal care delivered high single-digit growth with positive gains in all regions.

Fragrance Ingredients

Sales in Fragrance Ingredients decreased by 3.9% in local currencies, driven by the lower sales volume in commodities.

Sales of specialities reported a strong increase, exceeding last year's growth rate. The best results were in Asia Pacific and Latin America.

Over the year, various products were successfully transferred to the Mexican ingredient manufacturing plant to ensure the product portfolio's competitiveness.

Flavour Division

The Flavour Division reported sales of CHF 2,236 million, a growth of 5.0% in local currencies and 7.4% in Swiss francs.

All major segments grew favourably with Beverages and Snacks leading the way. The Flavour Division continued to be supported by the strategic pillars of expanding the developing markets, executing key initiatives involving Health and Wellness programmes, increasing market share amongst targeted customers, and partnering with the Foodservice Industry in developing key strategic solutions.

EBITDA increased to CHF 442 million from CHF 407 million last year. The start-up costs incurred in Makó, Hungary were offset by the CHF 27 million gain recognised as the result of the sale of a non-strategic business. The EBITDA margin increased to 19.8% in 2012 from 19.5% in 2011, mainly as a result of the higher sales and tight control on operating expenses.

Operating income increased to CHF 299 million from CHF 239 million last year as a result of lower amortisation charges for intangible assets. The operating margin increased to 13.4% from 11.5% reported last year.

Throughout all regions and segments, the Flavour Division worked closely with its customers on growth and innovation opportunities. In Health and Wellness applications, the division continued its successful commercialisation of sweetness and salt replacement solutions, translating into a strong double-digit growth rate.

Asia Pacific

Sales in Asia Pacific achieved 4.4% growth in local currencies. The developing markets of Indonesia, Philippines and Thailand attained double-digit growth while India delivered high single?digit growth. Sales in China were low single?digit growth against strong prior year comparables. Sales in the mature markets escalated as well with growth in Japan and Korea outperforming the markets. Oceania was negatively impacted by a decline in Australia.

Strong new wins and growth of existing business fuelled the expansion across all segments with gains coming from Beverage, Dairy, Savoury and Snacks. The region delivered double?digit growth in the divisional strategic growth pillars, with strong emphasis in targeted customers and Health and Wellness sales.

Investments continue in Asia Pacific to support the growth opportunities within the region. The India technical centre expansion is scheduled for completion in early 2013. The centre will service the fast-growing flavour needs in the Indian marketplace. Spray drying capacity in Indonesia will be operational in mid-2013 to service the developing markets of ASEAN and ground breaking will take place in Nantong, China in 2013 for a new savoury facility.

Europe, Africa and Middle East (EAME)

Sales increased 3.6% in local currencies despite the adverse economic conditions in Northern Africa and Southern Europe. The developing markets of Africa, South Eastern Europe, Poland and Russia achieved high single?digit growth. The mature markets increased with gains mainly coming from Ireland and the UK.

The region recorded expansion across all major segments with Beverage and Snacks leading the way. Growth was attributed to both new wins and advancement of the existing business in the region. All strategic pillars experienced strong growth with Health and Wellness and targeted customers delivering double-digit gains.

Construction of the state-of-the-art manufacturing site in Makó, Hungary was completed in the year, with commercial production commencing in the last quarter of the year. The site will serve as the European savoury manufacturing facility close to the fast-growing developing markets of Eastern Europe and enable the division to capture growth opportunities in culinary and Snacks segments.

North America

Sales increased 4.1% in local currencies as a result of new wins and gains on existing business. Sales increased, driven by double-digit growth in Snacks, high single?digit growth in Beverage and single-digit growth in Savoury and Sweet Goods.

The strategic growth pillars of Health and Wellness and targeted customers continued to expand at a double-digit rate despite high prior year comparables. New wins in Beverage and Savoury contributed to the strong single-digit gain in Foodservice.

Latin America

Sales improved by 13.2% in local currencies with all regions experiencing growth, with strength in Argentina, Brazil and Mexico. Sales growth can be attributed to new win revenue and expansion of established business. All major segments improved with double-digit growth in Beverage, Dairy and Savoury.

The Foodservice strategic pillar grew as a result of new wins and an increased focus on delivering key solutions to customers in the region. The strategic pillar of Health and Wellness grew as a result of higher demand for salt and sweetness enhancements and the targeted customers pillar grew as a result of market share gains.

Key investments in labs, offices and spray dry technology were concluded in Argentina and Brazil to support the continued strong growth in this region, particularly in the Beverage segment.

Available documents and links:

Annual Report 2012

Full Year Results 2012 presentation

This afternoon, 5 February 2012 at 15.00 CET, a conference call will be broadcasted on Givaudan’s internet site. Please click here.

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