Givaudan
ENGAGING THE SENSES

Half Year Results 2008: Integration on track - profitability further improved

- Sales up 13.5% in local currencies and 4.5% in Swiss francs to CHF 2,095 million
- Sales up 3.0% in local currencies on a comparable pro forma basis
- Comparable pro forma EBITDA margin improved by 1.2 percentage points to 22.5%
- Net profit increased by 13.3% to CHF 94 million
- Integration on track: CHF 50 million in incremental synergies, CHF 35 million cost

Geneva, 5 August 2008. In the first half year 2008, the business of Givaudan has proven resilient with above market growth in a difficult economic environment.

Sales totalled CHF 2,095 million, representing a growth of 13.5% in local currencies and 4.5% in Swiss francs. On a pro forma basis – which reflects the combined activity of Givaudan and Quest over the period ending 30 June 2008 and assumes that the acquisition had taken place on 1 January 2007 - sales increased by 3.0% in local currencies and excluding the ongoing portfolio streamlining. Including this effect, sales on a pro forma basis increased 1.7% in local currencies and declined by 6.5% in Swiss francs.

This good performance again reflects the strong complementarities of the combined businesses as well as the effective integration process which created practically no disruption. The EBITDA and operating profit margins in comparable pro forma terms improved by 1.2 and 0.4 percentage points respectively, despite rising raw material, energy and transportation costs. Net profit increased by 13.3% to CHF 94 million. Earnings per share were CHF 13.22.

Sales

Fragrance Division sales reached CHF 962 million, growing 14.7% in local currencies and 5.7% in Swiss francs. On a pro forma basis and excluding the impact of discontinued ingredients, sales showed a growth of 1.1% in local currencies and a decrease of 7.0% in Swiss francs. The moderate local currency growth was driven by the solid performance of the Consumer Products business and a double-digit sales growth in specialty ingredients. Sales in Fine Fragrances declined compared to prior year particularly due to heavy de-stocking in the earlier part of the year. Growth in the second quarter, driven by new launches, compensated substantially for this decline.

Flavour Division sales totalled CHF 1,133 million, representing a growth of 12.6% in local currencies and 3.4% in Swiss francs. On a pro forma basis and excluding the discontinuation of commodity ingredients and the St. Louis divestment, sales increased 4.6% in local currencies and declined by 3.9% in Swiss francs.

Asia Pacific reported a single-digit growth rate in the first six months versus good 2007 comparables. Accelerating growth in the second quarter driven by growth of the existing business and new wins in all major segments fuelled sales performance in the European and North American regions. Despite uncertainty about the macro-economic environment in the USA, the region continued to deliver strong incremental revenue from new wins. Latin America delivered strong growth in the second quarter, offsetting a weak performance in the first quarter.

Gross Profit

The gross profit margin on a pro forma basis declined from 47.6% to 46.5%. As a result of increasing raw material, energy and transportation costs, Givaudan will continue to pursue price increases, whilst maintaining tight cost control and pursuing further efficiency gains.

Earnings before Interest, Tax, Depreciation and Amortisation

The EBITDA increased to CHF 444 million from CHF 338 million, an increase of 31.4%.

The EBITDA margin, on a comparable basis, increased to 22.5% from 21.3% in pro forma terms reported last year, mainly as a result of integration savings. On a comparable basis, the EBITDA was CHF 472 million, slightly below the CHF 478 million in pro forma terms reported last year, mainly as a result of exchange rate developments. When measured in local currency terms, the EBITDA on a comparable pro forma basis increased by 6.3%.

Operating Profit

The operating profit rose to CHF 238 million from CHF 186 million last year, an increase of 28.0%.

The operating margin, on a comparable basis, increased to 13.0% from 12.6% in pro forma terms reported last year, mainly as a result of integration savings. On a comparable basis, the operating profit was CHF 273 million, below the CHF 283 in pro forma terms million reported last year, mainly as a result of exchange rate developments. When measured in local currency terms, the operating profit on a comparable pro forma basis increased by 8.4%.

Cash Flow

Operating cash flow amounted to CHF 93 million compared to CHF 157 million in 2007, including a step change in the working capital requirements to bring the acquired business to the high Givaudan service level standard, as well as a temporary effect caused by the integration and the SAP implementation projects. Capital expenditures increased to CHF 130 million compared to CHF 110 million last year, mainly driven by integration related investments.

Net Profit

Net profit increased by 13.3% to CHF 94 million, resulting in a margin of 4.5%. Basic earnings per share increased to CHF 13.22.

Integration Progress

The first major phase of the integration has been successfully completed after more than a year, with the complete integration of the commercial and administrative areas. Further progress is being made on the initiatives related to purchasing, supply chain and IT systems.

Incremental savings of CHF 50 million were achieved during the first six months of 2008. The company is well on track to achieve the targeted CHF 130 million savings at the end of 2008. Integration related costs amounted to CHF 35 million in the first six months of the year, in line with the overall plan.

The global business transformation project Outlook - to implement a SAP-based system supporting the supply chain, regulatory and finance processes - is on time and on budget.

In early May, the system went successfully live in France, giving full confidence for the further roll out phases. In 2008 and 2009, all facilities in Europe will be migrated, followed by North America in 2009, Latin America in 2010 and Asia Pacific in 2011.

Outlook

For the full year 2008, Givaudan is confident to grow its sales in line with the market, excluding the ongoing product streamlining and the divestiture of the St. Louis facility in the USA.

The company applies its successful profitability improvement strategy to the new, combined portfolio by streamlining lower value adding products. In 2008, these streamlining activities and the divestiture of St. Louis are expected to amount to CHF 68 million.

Givaudan is confident to achieve the savings target of CHF 200 million by 2010 with total projected integration costs of CHF 440 million. The integration achievements have reinforced Givaudan's confidence that the combined capabilities and talents offer a unique platform for accelerated growth and performance improvement. The company is well positioned to grow again above market beginning in 2009 and to reach pre-acquisition margin levels by 2010.

Key Figures in actual terms

in Mio CHF except per share data	**HY 2008**	**HY 2007**
Group sales	2,095	2,005
Fragrance sales	962	909
Flavour sales	1,133	1,096
Gross profit	974	952
as % of sales	*46.5%*	*47.5%*
EBITDA 1)	444	338
as % of sales	*21.2%*	*16.9%*
Operating profit	238	186
as % of sales	*11.4%*	*9.3%*
Net income	94	83
as % of sales	*4.5%*	*4.1%*
Earnings per share (basic)	13.22	11.72

in Mio CHF	30 June 2008	31 December 2007
Current assets	*2,207*	*2,242*
Non-current assets	*5,217*	*5,655*
Total Assets	**7,424**	**7,897**
Current liabilities	*1,110*	*1,013*
Non-current liabilities	*3,899*	*4,202*
Equity	*2,415*	*2,682*
Total liabilities and equity	**7,424**	**7,897**

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

Key Figures in actual / pro forma terms [1) 4)]

in Mio CHF except per share data	HY2008 Actual	HY 2007[1) 4)] pro forma
Group sales	2,095	2,239
Fragrance sales	962	1,038
Flavour sales	1,133	1,201
Gross profit	974	1,065
as % of sales	*46.5%*	*47.6%*
EBITDA at comparable basis 2) 3)	472	478
as % of sales	*22.5%*	*21.3%*
EBITDA 2)	444	471
as % of sales	*21.2%*	21.0%
Operating profit at comparable basis 3)	273	283
as % of sales	*13.0%*	*12.6%*
Operating profit	238	276
as % of sales	*11.4%*	*12.3%*
Net income	94	141
as % of sales	*4.5%*	*6.3%*
Earnings per share (basic)	13.22	19.77

1) On 2 March 2007 Givaudan acquired 100% control of UK-based Imperial Chemical Industries PLC

fragrances and flavours business. The 2007 income statement key figures shown in the table above are pro forma information derived from the Consolidated Income Statement as if the acquisition had occurred on 1 January 2007.

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

3) Comparable EBITDA and operating profit for 2007 and 2008 exclude acquisition related expenses and non acquisition related expenses (2007 only).

4) The final valuation of the Quest related intangible assets occurred within the 12 months of the date of acquisition resulted in adjustments to the 2007 financial results (see Note 4 of the interim financial report).

On 5 August 2008 at 15.00 CET a conference call between the company and analysts and investors will also be broadcasted on Givaudan's web site http://www.givaudan.com.

Available Documents as downloadable files:

Half Year Report 2008
Half Year Results 2008 Presentation

For further information please contact:

Peter Wullschleger, Givaudan Media Relations
5, chemin de la Parfumerie, CH-1214 Vernier
T +41 22 780 90 93, F +41 22 780 90 90
E-mail: peter_b.wullschleger@givaudan.com