FULL YEAR 2010 RESULTS
All integration targets achieved – entering a new era of profitable growth

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- Sales CHF 4.2 billion, up 8.9% in local currencies
- Comparable EBITDA improved to CHF 963 million, up 18.4% in local currencies
- Comparable EBITDA margin improved to 22.7%, reaching pre-acquisition levels
- Net income CHF 340 million, up 71%
- Free cash flow CHF 437 million, 10.3% of sales
- Strengthened balance sheet, net debt reduced to CHF 1,353 million
- Tax free cash dividend of CHF 21.50 proposed

Gilles Andrier, Chief Executive Officer, comments: "I am proud that we have successfully achieved all our integration targets and delivered excellent 2010 results. As the clear market leader, we now enter with confidence into the next era of profitable growth. It is our continuous aspiration to be the essential partner to our customers in developing sustainable fragrance and flavour creations."

**Geneva, 8 February 2011** – . In 2010, Givaudan Group sales totalled CHF 4,239 million, an increase of 8.9% in local currencies and 7.1% in Swiss francs compared to the previous year. Sales of the Fragrance Division were CHF 1,988 million, an increase of 10.5% in local currencies and 9.0% in Swiss francs. Sales of the Flavour Division were CHF 2,251 million, an increase of 7.5% in local currencies and 5.4% in Swiss francs compared to the previous year.

**Gross Margin**
The gross profit margin increased to 46.1% from 45.0% as a result of higher volumes, favourable product mix and relatively stable input costs.

**Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)**
EBITDA increased to CHF 887 million in 2010 from CHF 758 million last year. On a comparable basis, excluding integration and restructuring expenses, EBITDA increased to CHF 963 million from CHF 820 million reported last year. The comparable EBITDA margin was 22.7% in 2010, compared to the 20.7% reported in 2009. Higher sales and gross margin, as well as tightly controlled operating expenses, all contributed to this result. When measured in local currency terms, EBITDA on a comparable basis increased by 18.4%.

**Operating Income**
Operating income increased to CHF 556 million from CHF 460 million last year. On a comparable basis, excluding CHF 99 million of integration and restructuring costs, operating income increased to CHF 655 million in 2010 from CHF 525 million in 2009. The operating margin on a comparable basis increased to 15.5% in 2010 from 13.3% reported last year, mainly as a result of the higher sales and proportionally lower operating expenses. When measured in local currency terms, operating income on a comparable basis increased by 25.5%.

**Financial Performance**
Financing costs were CHF 93 million in 2010, down from CHF 142 million in 2009. Other financial

expenses, net of income, were CHF 26 million in 2010, versus CHF 51 million in 2009. In particular, the impairment charges incurred in the first half of 2009 were not repeated in 2010. The Group's income taxes as a percentage of income before taxes were 22% in 2010, versus 25% in 2009.

**Net Income**

Net income increased by 70.9% to CHF 340 million in 2010 from CHF 199 million in 2009. This represents 8.0% of sales in 2010, versus 5.0% in 2009. Basic earnings per share increased to CHF 37.87 in 2010 from CHF 25.07 in the previous year.

**Cash Flow**

Givaudan delivered an operating cash flow of CHF 730 million, a reduction of CHF 8 million on 2009. The strong sales growth required a higher working capital but, as a percentage of sales, working capital remained stable.

Total net investments in property, plant and equipment were CHF 105 million, up from the CHF 85 million incurred in 2009, mainly driven by the investment in the new savoury flavours production facility in Hungary. Intangible asset additions were CHF 72 million in 2010, a significant portion of this investment being in the company's Enterprise Resource Planning (ERP) project based on SAP. Implementation was completed in the remainder of Europe, South America and North America (Fragrances), with the project focus now moving to North America (Flavours) and Asia. Operating cash flow after investments was CHF 553 million, down 6.1% versus the CHF 589 million recorded in 2009. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 437 million in 2010, down from CHF 459 million in 2009, mainly driven by the working capital requirements and higher investments in 2010. Free cash flow as a percentage of sales was 10.3%, compared to 11.6% in 2009.

**Financial Position**

Givaudan's financial position remained solid at the end of December 2010. A strong operating performance was only dampened by pressure on working capital, although as a percentage of sales, working capital remained constant. Net debt at December 2010 was CHF 1,353 million, down from CHF 1,499 million (excluding the Mandatory Convertible Securities - MCS) at December 2009. In March 2010, MCS with a value of CHF 750 million matured and the Givaudan shares were delivered to holders of these securities. In total 736,785 new shares were delivered to holders of MCS, increasing the total number of outstanding shares to 9,233,586. At the end of December 2010 the leverage ratio (defined as net debt divided by net debt plus equity) was 28%, compared to 30% at the end of 2009.

**Integration and Restructuring**

In 2010 Givaudan successfully completed the integration of Quest International, which started in 2007. The integration process was completed as planned and met previously communicated financial targets, transforming Givaudan into the leading player in the industry. Annual savings of CHF 230 million per year are being generated from the combined operations of the two companies, allowing the Group to achieve pre-acquisition profitability levels, and in particular an EBITDA margin in 2010 of 22.7%. Total integration costs were CHF 440 million.

In 2010 Givaudan announced the streamlining of its savoury manufacturing in the UK and Switzerland, as well as other efficiency programmes, and in the same year the Group incurred restructuring costs of CHF 27 million and impairments of CHF 10 million. Total costs of the restructuring programme are expected to be CHF 75 million, of which CHF 55 million are cash related. The restructuring is expected to be completed in 2011.

**Dividend Proposal**

The Board of Directors of Givaudan will propose to the Annual General Meeting, on 24 March 2011, a cash dividend of CHF 21.50 per share for the financial year 2010. This is the tenth consecutive dividend increase in the past ten years, since Givaudan's listing at the Swiss Stock Exchange in 2000. The total amount of this dividend distribution will be made out of reserves for additional paid-in capital which Givaudan shows in its balance sheet as per the end of 2010. Pursuant to the new Swiss tax legislation, this dividend payment will not be subject to Swiss withholding tax and it will also not be subject to income tax on the level of the individual shareholders who hold the shares as part of their private assets and are resident in Switzerland for tax purposes.

**Board Succession Planning**

In order to facilitate a smooth board succession planning over the next years, the Board of Directors will propose to the Annual General Meeting, two changes to the Articles of Incorporation, allowing flexible terms of office between one and three years and allowing to increase the number of board members from seven to a maximum of nine.

The Board will propose the re-election of Prof Henner Schierenbeck for a term of one year. He will then have served for twelve years as a board member and will no longer stand for re-election. In addition Ms Lilian Fossum Biner, a Swedish national, will be proposed as a new member for a term of three years. Ms Biner is a board member of two companies listed in Sweden, Oriflame Cosmetics SA and RNB, Retail and Brands AB.

**Short-term Outlook**

Given the recent sharp increase in some key raw material prices towards the end of 2010, the company expects an overall strong raw material price increase in 2011. Givaudan will work in close collaboration with its customers to make the necessary adaptation of its prices.

**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 over the next five years. By delivering on the company's five-pillar growth strategy - emerging markets, Health and Wellness as well as market share gains with targeted customers and segments - 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 once the targeted leverage ratio, defined as net debt, divided by net debt plus equity, of 25% has been reached.

**Key Figures**

| **in million CHF**<br>except per share data | **2010** | **2009** |
|---|---|---|
| Group sales | 4,239 | 3,959 |
| Fragrance sales | 1,988 | 1,824 |
| Flavour sales | 2,251 | 2.135 |
| Gross profit | 1,956 | 1.780 |
| *as % of sales* | *46.1%* | *45.0%* |
| EBITDA at comparable basis 1) 2) | 963 | 820 |
| *as % of sales* | *22.7%* | *20.7%* |
| EBITDA 1) | 887 | 758 |
| *as % of sales* | *20.9%* | *19.1%* |
| Operating income at comparable basis 2) | 655 | 525 |
| *as % of sales* | *15.5%* | *13.3%* |
| Operating income | 556 | 460 |
| *as % of sales* | *13.1%* | *11.6%* |
| Net income | 340 | 199 |
| *as % of sales* | *8.0%* | *5.0%* |
| Basic Earnings per share | 37.87 | 25.07 |

| in million CHF | 31 December 2010 | 31 December 2009 |
|---|---|---|
| *Current assets* | *2,609* | *2,389* |
| *Non-current assets* | *4,314* | *4,694* |
| **Total Assets** | **6,923** | **7,083** |
| *Current liabilities* | *1,107* | *1,466* |
| *Non-current liabilities* | *2,370* | *2,805* |
| *Equity* | *3,446* | *2,812* |
| **Total liabilities and equity** | **6,923** | **7,083** |

*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) EBITDA at comparable basis excludes acquisition related restructuring expenses. Operating income at comparable basis excludes acquisition related restructuring expenses and impairment of long-lived assets.*

# Fragrance Division

The Fragrance Division recorded sales of CHF 1,988 million, an increase of 10.5% in local currencies and 9.0% in Swiss francs. After a double-digit performance in the first half year, sales continued to show a strong growth in the second half on top of stronger comparables.

Total sales for Fragrance compounds (Fine Fragrances and Consumer Products combined) increased 10.5% in local currencies and 9.0% in Swiss francs to CHF 1,719 million from CHF 1,576 million. Fragrance Ingredients sales increased by 10.7% in local currencies thanks to an overall high level of demand, particularly for specialities.

All three business units performed very well in 2010. Fine Fragrances, which was particularly affected by the reduction of inventories at retail level last year, rebounded strongly with an annual sales growth of 18.3%. The less cyclical Consumer Products business delivered an increase in sales of 8.3%. A certain element of restocking has been seen in both Fine Fragrances and Fragrance Ingredients sales.

EBITDA increased to CHF 398 million from CHF 333 million last year. In comparable terms, EBITDA increased to CHF 445 million from CHF 370 million reported last year. A favourable product mix due to higher sales in Fine Fragrances and a good utilisation of capacities due to higher production volumes across all business units helped to increase the gross profit margin. The EBITDA margin on a comparable basis increased to 22.4% compared to the 20.3% of last year.

Operating income increased by 25.1% to CHF 239 million from CHF 191 million last year due a higher gross profit and stable operating expenses. The operating margin on a comparable basis increased to 14.9% from 12.5% reported last year, mainly as a result of higher gross margin and overall cost absorption. Operating income on a comparable basis was CHF 297 million, above the CHF 228 million reported last year.
The new multi-purpose manufacturing unit in Pedro Escobedo, Mexico, completed in November 2009, became fully operational early in 2010 and supported the recent increase in demand for fragrance ingredients. In October, the closure of our compounding facility in Argenteuil, France, was completed and its products are now being produced in Ashford, UK and Vernier, Switzerland. The Naarden ingredients site, Netherlands, is planned to cease activities fully by 2012 and first product transfers to other production sites have started.
The new Fragrance Creative Centre in São Paulo, Brazil, was officially opened in October 2010. This centre houses both the regional Fine Fragrances and Consumer Product teams with Perfumery, Applications laboratories and the latest evaluation facilities for Air Care, Household, Fabric and Personal care. The new facility doubles the size of the current unit and offers the teams better capabilities in creation, application and technology to meet growing demand in Brazil and elsewhere in Latin America.
SAP was successfully implemented in Brazil, Argentina, Colombia and in the ingredients manufacturing sites of Mexico and Spain.

### Fine Fragrances

Sales in Fine Fragrances had a continued strong growth momentum throughout 2010, delivering 18.3% growth compared to 2009. Customers increased their inventories at the beginning of the year and returned to more normalised order patterns towards the end of the year. This performance was strongly supported by an inflow of new wins, in all key segments including prestige, mass, speciality retail and direct sell.

On a regional basis Europe and North America delivered strong double-digit gains. In Latin America, the business delivered solid volume gains building on the exceptionally strong growth of 2009. The pipeline of briefs and new wins continuously improved throughout the year.

Fragrances created by Givaudan won a significant number of awards for our clients' products. In the prestige feminine category, Givaudan fragrances for Lola by Marc Jacobs and Ricci Ricci by Nina Ricci won every award in the US and all countries in Europe. In the prestige men's category, One Million by Paco Rabanne and Artisan by John Varvatos also won several awards. In total, 19 Fine Fragrances products with fragrances created by Givaudan were recognised in different ceremonies across Europe and the USA.

In addition, the Fragrance Foundation, New York, awarded Givaudan's Miriad® 2.0 the FiFi® Technological Breakthrough of the Year for Fragrance Creation & Formulation.
Miriad® 2.0 is an interactive knowledge management tool which combines in-depth knowledge about ingredients, consumers and markets in one single, globally-accessible system.
This award is an acknowledgement of Givaudan's ability to bring the consumer voice to every phase of the fragrance development process.

### Consumer Products

The Consumer Products business grew by 8.3% in local currencies, driven by sales increases across all customer groups. Developing as well as mature markets contributed to this achievement. Asia Pacific reported strong double-digit sales growth, spread across all customer groups and all products segments, especially in India, Thailand and China.

Latin America posted significant growth driven by sales in the Fabric Care segment, led by Mexico and Venezuela. Local and regional customer sales showed double-digit growth followed by international customers.

Europe, Africa and the Middle East reported a sales increase across developing and mature markets, driven by international customers. Local and regional customer sales reported strong growth in the developing markets of the region.

Sales in North America increased, supported by the good performance in the Air Care category and solid sales volumes with international customers. On a worldwide basis, all product segments posted a sales increase versus prior year. Fabric Care sales showed the strongest performance followed by a significant growth in Household. Within the Household segment, the Air Care category delivered a strong double-digit increase, especially in North America and Asia Pacific. Sales in the Personal Care segment were also significantly above last year across all regions.

### Fragrance Ingredients

Sales for Fragrance Ingredients increased by 10.7% in local currencies, a performance achieved across all product categories. Givaudan specialities have shown a particularly strong sales increase thanks to a sustained high level of demand for innovative ingredients.
The multi-purpose production unit in our ingredients manufacturing site of Pedro Escobedo, Mexico, became fully operational in early 2010. To ensure the competitiveness of our ingredients, several key products were transferred to Pedro Escobedo.
The Fragrance Ingredients manufacturing unit in Naarden, the Netherlands, is scheduled to be closed by 2012 and products will be transferred to other Givaudan plants. By the end of 2010, all ingredients manufacturing sites were using SAP.

## Flavour Division

The Flavour Division reported sales of CHF 2,251 million, representing a growth rate of 7.5% in local currencies and an increase of 5.4% in Swiss francs.

The strong momentum experienced in the first six months across all regions and segments continued on top of strong comparables in the second half of 2010. Growth has been strong due to the continued successful execution of the divisional growth strategies such as the focus on developing markets, Health and Wellness initiatives and with targeted key accounts.

The Flavour Division saw an accelerating momentum in North America and Europe and continued strong growth across Asia Pacific and Latin America. All major segments posted gains with Beverage, Snacks and Sweet Goods delivering double-digit growth.
The briefs pipeline was strong throughout the year, supported by the continued focus of our customers on innovative products.

EBITDA increased to CHF 489 million from CHF 425 million last year. The comparable EBITDA increased to CHF 518 million from CHF 450 million reported last year. The comparable EBITDA margin increased to 23.0% in 2010 from 21.1% in 2009, mainly as a result of the higher sales, higher gross profit and tightly controlled expenses.

Operating income rose to CHF 317 million from CHF 269 million last year. The operating margin on a comparable basis increased to 15.9% from 13.9% reported last year. On a comparable basis, operating income was CHF 358 million, above the CHF 297 million 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 double-digit growth rate in this market segment.

**Asia Pacific**
Sales in Asia Pacific achieved 8.4% growth in local currencies, a solid performance on top of high comparables. The developing markets of China, India and South-East Asia recorded double-digit increases coming from successful new wins and further customer penetration. Sales in mature markets increased with solid growth in Japan.

Growth was well balanced across all segments as new wins and organic customer growth helped each segment, with particular strength coming from Snacks, Beverages and Confectionery.

**Europe, Africa, Middle East (EAME)**
Sales grew at 5.6% in local currencies with the developing markets of Africa and the Middle East, as well as Eastern Europe (driven by Poland and Russia), delivering double-digit growth throughout the year. The mature markets of Western Europe also showed solid growth.

The region recorded growth across all segments supported by stronger customer collaboration translating into new wins and innovative flavour solutions. Expanded Health and Wellness offerings in the areas of salt, sugar, fat and umami helped drive increased volumes as well. Double-digit growth was recorded in the Beverage and Snacks segment.

In August 2010, the Givaudan Board approved the investment for a new centralised savoury flavours production facility. In line with our strategy, the new site will be located in Mako, Hungary, close to the fast-growing markets of Eastern Europe.

**North America**
After a solid start in the first half, sales continued to accelerate and recorded double-digit growth in the second half, resulting in a 7.2% growth for the full year.

Growth was realised across most segments with Sweet Goods and Beverages posting double-digit gains. The Dairy and Savoury segments delivered solid performance. Supported by the economic recovery, customers increased their emphasis on the development of innovative products and technologies.

**Latin America**
Sales increased at a strong double-digit growth rate of 13.5% in local currencies against high comparables. Organic growth at key customers as well as new wins from local and regional customers helped drive the results with the markets of Argentina, Brazil, Peru and Mexico leading the way. Increased sales can be attributed to Beverage, Savoury and Confectionery segments. The region successfully implemented the new global enterprise system based on SAP during the second half of the year while still delivering this outstanding result.

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Available documents and links:

Annual & Financial Report 2010

Full Year 2010 Results Presentation

This afternoon, 8 February 2010 at 15.00 CET, a conference call will be broadcasted on Givaudan's internet site. Please click here.

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