Givaudan
ENGAGING THE SENSES

Full Year Results 2006 - Sustained leadership position

- Sales of CHF 2,909 million, growth of 3.5% in local currencies
- Gross profit of CHF 1,436 million, resulting in a gross margin of 49.4%
- Operating profit at a comparable basis increased to CHF 550 million
- Net profit sustained at CHF 412 million
- Earnings per share CHF 58.62
- Proposed dividend of CHF 18.80 per share (previous year CHF 17.60), an increase of 7%

Geneva, Switzerland, 20 February 2007. In 2006, Givaudan's total sales increased to CHF 2,909 million, representing a 4.7% rise in Swiss Francs and a 3.5% rise in local currencies. Despite the continued ingredients streamlining in both divisions, the company continued to deliver above market sales growth for the sixth consecutive year. This streamlining impacted annual sales by CHF 33 million. Without this effect, sales in local currencies would have increased by 4.9%

The Fragrance Division recorded sales of CHF 1,223 million, resulting in a growth rate of 6.9% in local currencies and 8.2% in Swiss francs. This result was based on the strong performance of all three core businesses namely Fine Fragrances, Consumer Products and speciality ingredients. Fine Fragrance sales grew at a double-digit rate following last year's flat development. Consumer Products again significantly outgrew the market. In Fragrance Ingredients, commodities continued to be streamlined, whilst specialties delivered a double-digit growth rate.

The Flavour Division recorded sales of CHF 1,686 million, representing a growth rate of 1.2% in local currencies and 2.4% in Swiss Francs. The streamlining of commodity ingredients impacted flavour sales by CHF 16 million, mainly in North America and in Europe, Africa and Middle East (EAME). Without this effect, the underlying sales growth would have been 2.3% in local currencies. Latin America, EAME and China continued to show strong growth, whilst sales in the mature markets of North America and Japan declined. The Confectionery, Dairy and Savoury segments continued on their solid growth paths, whereas Beverage sales suffered, primarily in North America and Japan.

Givaudan's gross profit margin further improved to 49.4% from 48.9% in 2005. This sound performance underlines Givaudan's continuous efforts to improve efficiency and productivity in the supply chain and allowed the company to offset the increase in raw material costs. The Group's net profit after tax rose to CHF 412 million, up 1.5% compared to the very strong previous year's result. Earnings per share rose to CHF 58.62 from CHF 56.57, due to a lower number of outstanding shares and the increase in net profit. Cash flow generation continued to be strong, amounting to CHF 449 million at the end of 2006. The equity-to-asset ratio further improved to 59%.

The Board of Directors will recommend at the next Annual General Meeting, which takes place on 30 March 2007 in Geneva, to increase the ordinary dividend to CHF 18.80 from the CHF 17.60 paid in 2006. This represents the sixth successive total dividend per share increase since the company went public in 2000.

In 2006, several new initiatives and projects were launched to maintain and further expand Givaudan's market position. The Accelerated Sales Growth Strategies for both divisions were developed over several months and introduced in July. Givaudan's management identified specific growth opportunities in key strategic areas, respective initiatives were developed and action plans are being implemented. At its meetings in 2006, the Board of Directors analysed and discussed in depth various options to complement Givaudan's strategy of profitable organic growth by value adding acquisitions. As a result, an announcement was made on 22 November 2006 to acquire Quest International, a division of Imperial Chemical Industries PLC. This acquisition is complementary to Givaudan's organic growth strategy and will enable Givaudan to implement its growth initiatives even faster.

Givaudan is well positioned for another good result in a transition year

Key figures 2006

In Mio CHF except per share data	**2006**	**2005**
Group Sales	2,909	2,778
Fragrances Sales	1,223	1,131
Flavour Sales	1,686	1,647
Gross Profit	1,436	1,359
as % of sales	*49.4*	*48.9*
EBITDA at comparable basis[1)3)]	660	640
as % of sales	*22.7*	*23.0*
EBITDA[1)]	628	640
as % of sales	*21.6*	*23.0*
Operating Profit at comparable basis[2)]	550	534
as % of sales	*18.9*	*19.2*
Operating Profit	514	513
as % of sales	*17.7*	*18.5*
Net Income	412	406
as % of sales	*14.2*	*14.6*
Earnings per share (basic)	58.62	56.57

In Mio CHF	**31 December 2006**	**31 December 2005**
Current assets	*1,920*	*1,723*
Non-current assets	*2,780*	*2,793*
Total Assets	**4,700**	**4,516**
Current liabilities	*619*	*763*
Non-current liabilities	*1,285*	*1,316*
Equity	*2,796*	*2,437*
Total liabilities and equity	**4,700**	**4,516**

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

2) Comparable operating profit for 2006 excludes restructuring charges, long-lived asset impairments, a one time gain on a land disposal and the net cost of the butter flavour litigation case settlement. Comparable operating profit for 2005 excludes long-lived asset impairments.
3) Comparable EBITDA for 2006 excludes restructuring charges, a one time gain on a land disposal and the net cost of the butter flavour litigation case settlement

Fragrance Division

In 2006, the Fragrance Division recorded sales of CHF 1,223 million, resulting in a growth rate of 6.9% in local currencies and 8.2% in Swiss francs. This result is based on the strong performance of all three core businesses namely Fine Fragrances, Consumer Products and speciality ingredients.

Fine Fragrance sales grew at a double-digit rate following last year's flat development. Consumer Products again significantly outgrew the market. In Fragrance Ingredients, commodities continued to be streamlined, whilst specialties delivered a double-digit growth rate.

The division's operating profit increased to CHF 195 million, resulting in an increased operating margin of 15.9% versus 14.2% in 2005. The favourable product mix, due to the higher share of fine fragrance and speciality ingredients sales, had a positive impact on the operating margin. In addition, increased volumes led to a higher absorption of fixed production costs. These favourable developments more than compensated for further increases of raw material prices and price pressure from customers. In addition, these developments enabled the division to further invest in marketing and product development in order to sustain the excellent growth momentum.

Important investments have been made in 2006 to further increase the degree of automation and the capacity of the compounding facilities. This will enable Givaudan to sustain its high service levels, which are unique in the industry. The Mount Olive, USA, production facilities are being expanded and additional compounding robots were installed. In Vernier, Switzerland, a high capacity mixing tank, the largest in the industry, was installed.

The creative team of perfumers has been strengthened by students who have graduated from Givaudan's Perfumery School, located in Paris. In autumn, a new three-year programme started with promising young talents, laying the foundation for sustained future success.

Flavour Division

In 2006, the Flavour Division recorded sales of CHF 1,686 million, representing a growth rate of 1.2% in local currencies and 2.4% in Swiss Francs. The streamlining of commodity ingredients impacted flavour sales by CHF 16 million, mainly in North America and in Europe, Africa and Middle East (EAME). Without this effect, the underlying sales growth would have been 2.3% in local currencies. Latin America, EAME and China continued to show strong growth, whilst sales in the mature markets of North America and Japan declined. The Confectionery, Dairy and Savoury segments continued on their solid growth paths, whereas Beverage sales suffered, primarily in North America and Japan.

The operating margin decreased from 21.4% to 18.9%., resulting in an operating profit of CHF 319 million. On a comparable basis, the operating margin declined from 22.6% to 21.1%. This comparison excludes asset impairments and restructuring charges for site closures (2005, 2006), the one time impact of the butter flavour claims and the net income from a sale of land (2006). Increased expenses to fund the growth strategies of the division and higher raw material prices were the reasons for the margin decrease.

Givaudan strengthened its position as the clear industry leader through important investments. The inauguration of the Shanghai creation, technology and production centre in November was a significant milestone for Givaudan in Asia and especially in the fast-growing market in China.

This afternoon, 20 February, at 15.00 CET, a conference call between the company and analysts/investors will be broadcasted on Givaudan's web site http://www.givaudan.com.

Available Documents and Links:

Annual Report 2006

Financial Report 2006

Full Year 2006 Results Presentation

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