Givaudan
ENGAGING THE SENSES

HALF YEAR RESULTS 2012 Good business momentum with strongly improved net profit

- Sales CHF 2.1 billion, up 6.9% in local currencies, in line with mid-term guidance
- Full project pipeline and strong win rate across all regions and segments
- Developing markets account now for 43% of sales and grew 14% in local currencies
- Comparable EBITDA increased by 12% to CHF 428 million
- Comparable EBITDA margin improved to 20.1%
- Net income CHF 201 million, up 68% year on year
- Strongly improved free cash flow to 5.7% of sales

Geneva, 3 August 2012 – Givaudan group sales for the first six months of the year totalled CHF 2,126 million, an increase of 6.9% in local currencies and 6.0% in Swiss francs. Fragrance Division sales were CHF 994 million, an increase of 8.3% in local currencies and 7.2% in Swiss francs. Flavour Division sales were CHF 1,132 million, an increase of 5.6% in local currencies and 5.0% in Swiss francs.

Gross Margin
The gross margin decreased to 42.1% from 43.0%. The company continued to use some raw materials which were purchased at the peak of the market in 2011. In addition and as previously announced, the company incurred additional pension costs, as well as incremental costs associated with the start-up of the Flavours manufacturing facility in Makó, Hungary.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)
The comparable EBITDA increased by 12.0% to CHF 428 million, from CHF 382 million in the first six months of 2011. The improvement in the EBITDA was hampered by higher pension costs and the start-up of the facility in Makó, Hungary. When measured in local currency terms, the EBITDA on a comparable basis increased by 12.3%. The EBITDA margin increased to 20.1% in 2012, the comparable EBITDA margin in 2011 was 19.1%.

Operating Income
The comparable operating income increased by 27.7% to CHF 295 million, from CHF 231 million for the same period in 2011. When measured in local currency terms, the operating income on a comparable basis increased by 27.3%. The operating margin on a comparable basis increased to 13.9% in 2012, the comparable operating margin in 2011 was 11.5%.

Financial Performance
Financing costs were CHF 35 million in the first half of 2012, down from CHF 39 million for the same period in 2011. Other financial expense, net of income was CHF 14 million in 2012, versus CHF 22 million in 2011, as the relatively stable currency environment reduced hedging costs.

The Group's income taxes as a percentage of income before taxes were 18% in 2012, versus 22% in 2011.

Net Income

The net income for the first six months of 2012 was CHF 201 million, versus CHF 120 million in 2011. This results in a net profit margin of 9.5%, versus 6.0% in 2011. Basic earnings per share were CHF 22.09 versus CHF 13.19 for the same period in 2011.

Cash Flow

Givaudan delivered an operating cash flow of CHF 263 million for the first six months of 2012, compared to CHF 50 million in 2011, mainly driven by a higher EBITDA and a decrease in inventories. As a percentage of sales, working capital increased slightly, mainly as a result of accounts receivable driven by strong sales growth.

Total investments in property, plant and equipment were CHF 63 million, down from CHF 68 million incurred in 2011, the main investment continued in the centralised flavours facility in Hungary. Intangible asset additions were CHF 37 million in 2012, a significant portion of this investment being in the company's ERP project, based on SAP. The company has recently completed the implementation of this project on a global basis.

Operating cash flow after investments was CHF 172 million, versus the CHF (51) million recorded in 2011. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 122 million in the first half of 2012, versus CHF (95) million for the comparable period in 2011. As a percentage of sales, free cash flow in the first six months of 2012 was 5.7%.

Financial Position

Givaudan's financial position remained solid at the end of June 2012. Net debt at June 2012 was CHF 1,553 million, up from CHF 1,453 million at December 2011. The main increase in the net debt was due to the CHF 200 million payment of the dividend in the first quarter of 2012. The leverage ratio was 31%, compared to 29% at the end of 2011.

Mid-term Guidance

Mid-term, the overall objective is to grow organically between 4.5% and 5.5% per annum, 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 – 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 once the targeted leverage ratio, defined as net debt, divided by net debt plus equity, of 25% has been reached. For this ratio calculation, the Company has decided to exclude from equity any impact arising from the proposed changes of IAS 19 - Employee Benefits (revised) going forward.

Key Figures

in million CHF except per share data	**HY 2012** (ended 30 June)	**HY 2011**
Group sales	2,126	2,005
Fragrance sales	994	927
Flavour sales	1,132	1,078
Gross profit	895	862
as % of sales	*42.1%*	*43.0%*
EBITDA at comparable basis [1, 2]	428	382
as % of sales	*20.1%*	*19.1%*
EBITDA [1]	428	368
as % of sales	*20.1%*	*18.4%*
Operating income at comparable basis [2]	295	231
as % of sales	*13.9%*	*11.5%*
Operating income	295	215
as % of sales	*13.9%*	*10.7%*
Income attributable to equity holders of the parent	201	120
as % of sales	*9.5%*	*6.0%*
Earnings per share - basic (CHF)	22.09	13.19
Earnings per share - diluted (CHF)	21.94	13.12
Operating cash flow	263	50
as % of sales	*12.4%*	*2.5%*
Free cash flow	122	(95)
as % of sales	*5.7%*	*(4.7)%*

[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] *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.*

in million CHF except for employee data	**30 June 2012**	**31 December 2011**
Current assets	*2,225*	*2,469*
Non-current assets	*4,246*	*4,247*
Total Assets	**6,471**	**6,716**
Current liabilities	*1,050*	*1,192*
Non-current liabilities	*1,902*	*2,029*
Equity	*3,519*	*3,495*
Total liabilities and equity	**6,471**	**6,716**
Number of employees	**9,060**	**8,913**

Fragrance Division

Fragrance Division sales were CHF 994 million, an increase of 8.3% in local currencies and 7.2% in Swiss francs.

The growth was driven by a very strong performance in the Consumer Products business unit, particularly in the developing markets of Latin America and Asia Pacific, as well as a moderate growth in the Fine Fragrance business.

Total sales for Fragrance compounds (Fine Fragrances and Consumer Products combined) increased by 10.0% in local currencies. In Swiss francs, sales of compounds increased to CHF 869 million from CHF 799 million.

Fine Fragrance sales grew 2.4% in local currencies. The growth was mainly driven by new business in Latin America and Europe. Consumer Product sales increased by 12.2% in local currencies, driven by a strong performance in Asia Pacific and Latin America, particularly with the large international customers.

The comparable EBITDA increased by 21.1% to CHF 201 million, compared to CHF 166 million for the first six months of 2011. The EBITDA margin increased to 20.2% in 2012, the comparable EBITDA margin in 2011 was 17.9%.

The comparable operating income increased by 48.9% to CHF 140 million in 2012, versus CHF 94 million for the same period in 2011. The operating margin on a comparable basis increased to 14.1% in 2012, the comparable operating margin in 2011 was 10.1%.

Fine Fragrances
Fine Fragrance sales grew 2.4% in local currencies, driven by a strong inflow of new business, which more than offset business erosion.

Sales in Latin America saw strong double digit growth with new wins and the underlying volume growth of established business driving this performance. In Europe, sales growth was driven by new wins across key accounts. Sales in North America declined as new business was not sufficient to offset erosion.

At the industry awards ceremonies, Givaudan had another exceptional year capped off by the FiFi® Awards in New York where Givaudan created fragrances won 10 out of the 13 fragrance awards and the presentation of the “Technological Breakthrough of the Year Award” for iPerfumer2 at the World Perfumery Congress.

Consumer Products
Sales for the Consumer Products business increased by 12.2% in local currencies in the first six months of 2012 driven by important new wins, low erosion on existing business and price increases. After a strong first quarter sales performance, the second quarter also recorded a double digit sales growth with positive growth in all regions. The solid half year performance was achieved

across all customer groups, in developing as well as in mature markets.

Sales in Asia Pacific and in Latin America posted strong double digit growth driven by International customers, as well as strong increases with Local and Regional customers.

In Europe, Africa and the Middle East, the moderate sales increase was driven by International, Regional and Local customers. Sales in North America showed a significant growth with a good performance with International customers.

On a product basis, sales grew across all segments, with a double-digit increase in Fabric Care as well as Oral Care. Personal Care delivered high single digit growth with positive gains in all regions except Europe, Africa and the Middle East.

Fragrance Ingredients
Sales of Fragrance Ingredients declined by 2.1% in local currencies, following a weak performance for sales of commodities. On the other hand, specialities grew double digit, particularly in Asia-Pacific and Latin America. In order to maintain a competitive ingredient portfolio, several products have been transferred from Europe to the Pedro Escobedo site in Mexico.

Flavour Division

Flavour Division sales were CHF 1,132 million, an increase of 5.6% in local currencies and 5.0% in Swiss francs.

Sales expansion in the first half was driven by double digit growth in developing markets and good gains in the mature markets of North America and Asia Pacific. All segments expanded globally with strong performance in Beverage, Sweet Goods and Snacks. Health and Wellness sales continue to evolve strongly with double digit gains as our sweetness, salt and masking capabilities delivered improved taste solutions for our customers.

Construction of the CHF 170 million plant at Makó in Hungary is completed. Commercial production is expected to start during the second half of the year. This will be a best-in-class savoury manufacturing facility and an integral part of the improved supply chain to support our growth strategy in the developing markets of Eastern Europe.

The comparable EBITDA increased by 5.1% to CHF 227 million, from CHF 216 million for the first six months of 2011. The EBITDA margin was 20.1% in 2012, the comparable EBITDA margin in 2011 was 20.0%.

The comparable operating income increased by 13.1% to CHF 155 million in 2012, from CHF 137 million for the same period in 2011. The operating margin on a comparable basis increased to 13.7% in 2012, the comparable operating margin in 2011 was 12.7%.

Asia Pacific
Sales in Asia Pacific rose 6.1% in local currencies. Both the developing and mature markets contributed to the good result with increased sales volume of existing products and new wins. The developing markets double digit growth was driven by strong performances in India, Indonesia and Thailand supported by continued strength in the mature markets of Japan and Korea.

All segments had positive gains with Beverage, Dairy and Snacks each delivering strong growth as a result of existing business increases.

Europe, Africa and Middle East
Sales grew by 4.4% in local currencies with double digit growth in the developing markets particularly in Africa and in Eastern Europe and low single digit growth in Western Europe, with a strong performance in the UK. The financial uncertainties in the Euro zone continue to hamper the overall consumption of consumer goods.
Performance was driven by sales growth of existing business in the developing markets and volume gains. The Beverage, Snacks and Savoury segments delivered good year over year performance.

North America
Sales increased 3.9% in local currencies, driven by growth in Beverage and Snacks segments. Volume growth and new wins contributed strongly to each segments increase versus prior year.

Latin America
Growth across the region was 12.8% in local currencies with increases coming from all the major

markets with the strongest performances in Argentina and Mexico leading the way. New wins and volume growth contributed to the upturn in Beverage, Savoury and Sweet Goods segments.

On 3 August 2012 at 15.00 CET a conference call between the company and analysts and investors will be broadcasted on Givaudan's web site www.givaudan.com.

Available documents as downloadable files:

Half Year Report 2012
Half Year Results 2012 presentation

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