



Givaudan Half Year Results 2005 - Sustained Sales and Strong Profitability

Geneva, 9 August 2005 - In the first half year 2005, Givaudan recorded sales of CHF 1,368 million. It maintained its sales in local currencies at the level of last year, despite the on-going reduction of commodity ingredients in both divisions. In Swiss Francs, this translates into a decline of 2.2%. The gross profit increased by one percentage point. Operating profit remained strong, at last year's level, whereas net profit was slightly affected by higher net financial expenses. Cash flow and balance sheet remained solid.

Divisional Sales

Fragrance sales grew 2.0% in local currencies, in line with the market. Sales in Swiss Francs remained at last year's levels. Consumer Products sales continued to outgrow the market substantially, whereas Fine Fragrance sales were affected by strong comparables. The important number of new wins could not compensate for the erosion of existing business due to shorter life cycles and reduction of inventories in the distribution channels. In Fragrance Ingredients, specialities again showed a very good growth, whereas commodities further decreased according to strategy.

Flavour sales declined by 1.6% in local currencies and 3.8% in Swiss Francs against the previous year's strong comparables. Sales were affected by our strategy to rationalise low margin flavour ingredients and by lower market prices for vanilla and citrus. Both, Asia Pacific and Latin America, had a good sales performance, whereas Europe and North America could not match last year's strong performance. All regions grew during the second quarter reversing the first quarter's decline.

Gross Profit

The gross margin improved from 48.3% in the first half of 2004 to 49.3%, despite a trend of increasing raw material prices. This improvement is mainly the result of the margin improvement initiatives and consolidation of the flavour production sites in Europe.

Operating Profit

In the first half year, EBIT amounted to CHF 282 million compared to CHF 287 million for the same period of last year. The operating margin remained at 20.6%, thanks to the improved gross margin.

Cash Flow

Cash flow generation remained high. Operating cash flow before investments amounted to CHF 168 million compared to a high CHF 234 million last year, 2004 being mainly influenced by an extraordinary tax credit. Capital spending amounted to CHF 53 million, in line with last year's level.

Net Profit

Net profit decreased from CHF 228 million to CHF 208 million, mainly due to higher net financial expenses. Earnings per share decreased slightly from CHF 29.48 to CHF 28.76.

Share Buy Back Programme

On 3 May 2005, Givaudan finalised its second share buy back for 800,000 shares. A total of 600,000 shares have already been cancelled by the Annual General Meetings in 2004, and 2005 respectively. The remaining 200,000 shares are foreseen to be cancelled at the next Annual General Meeting in 2006.

On 6 May 2005, Givaudan started a third share buy back programme for 720,000 shares, aiming at reducing the share capital to CHF 64.8 million. The programme will last until 31 May 2006. At the end of June 2005, 24,800 shares have been bought back under this new programme.

Outlook

Givaudan's focus is to create value for its shareholders by driving profitable organic growth and leveraging its unique expertise in sensory innovation. Givaudan strives to further consolidate its leading position in the fragrance and flavour industry by providing innovative solutions and superior service to our customers. Priority will be given to balancing tight cost control measures with investments in efficiency improvement and high growth areas.

In a challenging environment and despite strong comparables, Givaudan remains confident that it will sustain its leading market position and deliver another good result in 2005.

Key Figures

In Mio CHF except per share data	2005	2004 (restated) (1)	2004 (reported)
Group Sales	1,368	1,399	1,399
Fragrances Sales	555	554	554
Flavour Sales	813	845	845
Gross Profit	674	675	676
as % of sales	49.3%	48.3%	48.3%
EBITDA	335	339	335
as % of sales	24.5%	24.2%	23.9%
Operating Profit	282	287	283
as % of sales	20.6%	20.5%	20.2%
Net Income	208	228	229
as % of sales	15.2%	16.3%	15.7%
Earnings per share (basic)	28.76	29.48	28.45

In Mio CHF	31 June 2005	31 December 2004 (restated) (1)	31 December 2004 (reported)
Current assets	1,933	1,766	1,735
Non-current assets	2,727	2,564	2,564
Total Assets	4,660	4,330	4,299
Current liabilities	1,231	1,190	882
Non-current liabilities	1,387	1,152	1,152
Equity	2,042	1,988	2,265
Total liabilities and equity	4,660	4,330	4,299

1) Givaudan early adopted IFRS3 "Business Combinations", IAS36 "Impairment of Assets" (revised 2004) and IAS38 "Intangible Assets" (revised 2004) with effective date beginning on 1 January 2004 . The Group adopted all other new and revised standards with effective date beginning on 1 January 2005 . Comparative information is presented according to the transitional provisions set out in each relevant standard (see note 3 in the Half Year Report 2005).

Available Documents and Links:

[Half Year Report 2005](#)

[Half Year 2005 Results Presentation](#)

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