Givaudan Half Year Results 2004

Givaudan maintains strong sales momentum and substantially improves profitability

Geneva, 10 August 2004 - In the first half of 2004, Givaudan maintained its strong sales momentum. Gross, operating and net margins substantially improved as some of the temporary factors affecting prior year comparables diminished and the margin improvement initiatives, announced in January 2004, started to have a positive impact. On a comparable basis, i. e. disregarding goodwill amortisation also in 2003, the operating profit increased by 12% to CHF 283 million and net profit by 32% to CHF 220 million.

Sales growth
Givaudan continued to outgrow the market. Sales grew by 3.2% in local currencies and 1.5% in Swiss Francs. Excluding sales of discontinued fragrance ingredients, group sales growth reached 5.5% in local currencies and 3.7% in Swiss Francs.
Flavour sales grew by 5.4% in local currencies and 3.6% in Swiss Francs. All regions and all segments showed a positive trend.
Excluding discontinued ingredients, Fragrance sales grew by 5.8% in local currencies and 4.0% in Swiss Francs, substantially above market growth. Fine Fragrances, Consumer Products and the fragrance speciality ingredients contributed to this good performance.

Margin improvement initiatives on track
The margin improvement initiatives announced in January 2004 are well under way and had already a positive impact on half year performance. Major contributors were the improved sourcing and supply chain management, activity based staff reductions in all regions and efficiency gains in all areas.

Gross profit
The gross profit margin improved from 46.2% at half year 2003 to 48.3%. This is the consequence of the first benefits of the margin improvement initiatives and a more favourable product mix in both divisions. Additional positive factors were the stabilising currencies, lower pension charges and the enhanced Savoury margins.

Operating Profit
In the first half year EBIT amounted to CHF 283 million. Considering the change in accounting policy relating to goodwill amortisation, EBIT in comparable terms improved from CHF 253 million to CHF 283 million, resulting in an improvement of the margin from 18.3% to 20.2%. Tight cost management in marketing and development as well as lower pension fund charges had a positive impact.

Cash Flow
Cash flow generation remained high. By half year 2004, Givaudan reports an operating cash flow before investments of CHF 234 million against CHF 164 million in the same period of 2003, an increase of 42%. Capital spending amounted to CHF 50 million.

Net Profit
Reflecting the higher EBIT, including the change in goodwill amortisation policy, and the improved financial result, net profit increased from CHF 167 million to CHF 220 million. Earnings per share increased from CHF 20.67 to CHF 28.45 in the first half of 2004.

Share buy back programme
Givaudan has an ongoing second share buy back programme for 800,000 shares, which has been

extended until mid 2005. Under this programme the company has already bought back 300,000 shares until end of June 2004, of which 200,000 have been approved for cancellation at the General Assembly 2004.

Outlook

Givaudan aims at consolidating its leading position in the fragrance and flavour industry based on its strong global sensory platform. Givaudan is in a excellent position to continuously enhance its performance thanks to its strategy of driving profitable organic growth through innovation, increased win rate and broadening the customer base.

The margin improvement initiatives announced in January 2004 are well on track and have delivered their first benefits. Targeted full year savings stemming from these initiatives amount to CHF 47 million. The announced intent to transfer the compounding activities from Barneveld (Netherlands) to Dortmund (Germany) and Switzerland as well as the planned transfer of the activities of the Culinary Technology Centre in Tremblay (France) to Kemptthal (Switzerland) will contribute to the achievement of this target. Notwithstanding the efforts to streamline the cost base, Givaudan continues to invest aggressively in state-of-the art research, creation, development and production capabilities. Several major expansion projects are planned or under way.

The strong balance sheet and the available liquid funds will allow Givaudan also in the future to channel further funds back to its shareholders and still pursue any potential value adding acquisition opportunities. Despite strong previous year sales comparables, Givaudan is confident to reach substantially improved results for the full year 2004.

Key Figures

in Mio CHF except per share data	**2004***	**2003**	**2003 (comparable basis)**
Group Sales	1,399	1,379	1,379
Fragrance sales	554	563	563
Flavour sales	845	816	816
Gross Profit	676	637	637
as % of sales	*48.3%*	*46.2%*	*46.2%*
EBITDA	335	305	305
as % of sales	*23.9%*	*22.1%*	*22.1%*
Operating Profit	283	216	253
as % of sales	*20.2%*	*15.7%*	*18.3%*
Net Income	220	130	167
as % of sales	*15.7%*	*9.4%*	*12.1%*
Earnings per share - basic	28.45	16.09	20.67

in Mio CHF	**30 June 2004**	**31 December 2003**
Current Assets	2,055	1,945
Non-current Assets	2,620	2,603
Total Assets	***4,675***	**4,548**
Current liabilities	658	633
Non-current liabilities	*1,539*	1,329
Minority interest	1	1
Equity	*2,477*	2,585
Total liabilities, minority interest and equity	4,675	4,548

*)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 . Goodwill amortisation for the first six months ended 30 June 2003 amounted to CHF 37 million.

To download the half year report 2004 as an electronic PDF file click here.

This afternoon, 10 August 2004, at 15.00 CET a conference call between the company and analysts and investors will be broadcasted over the web, to listen click here.

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