

Givaudan<sup>®</sup>



10 August 2004

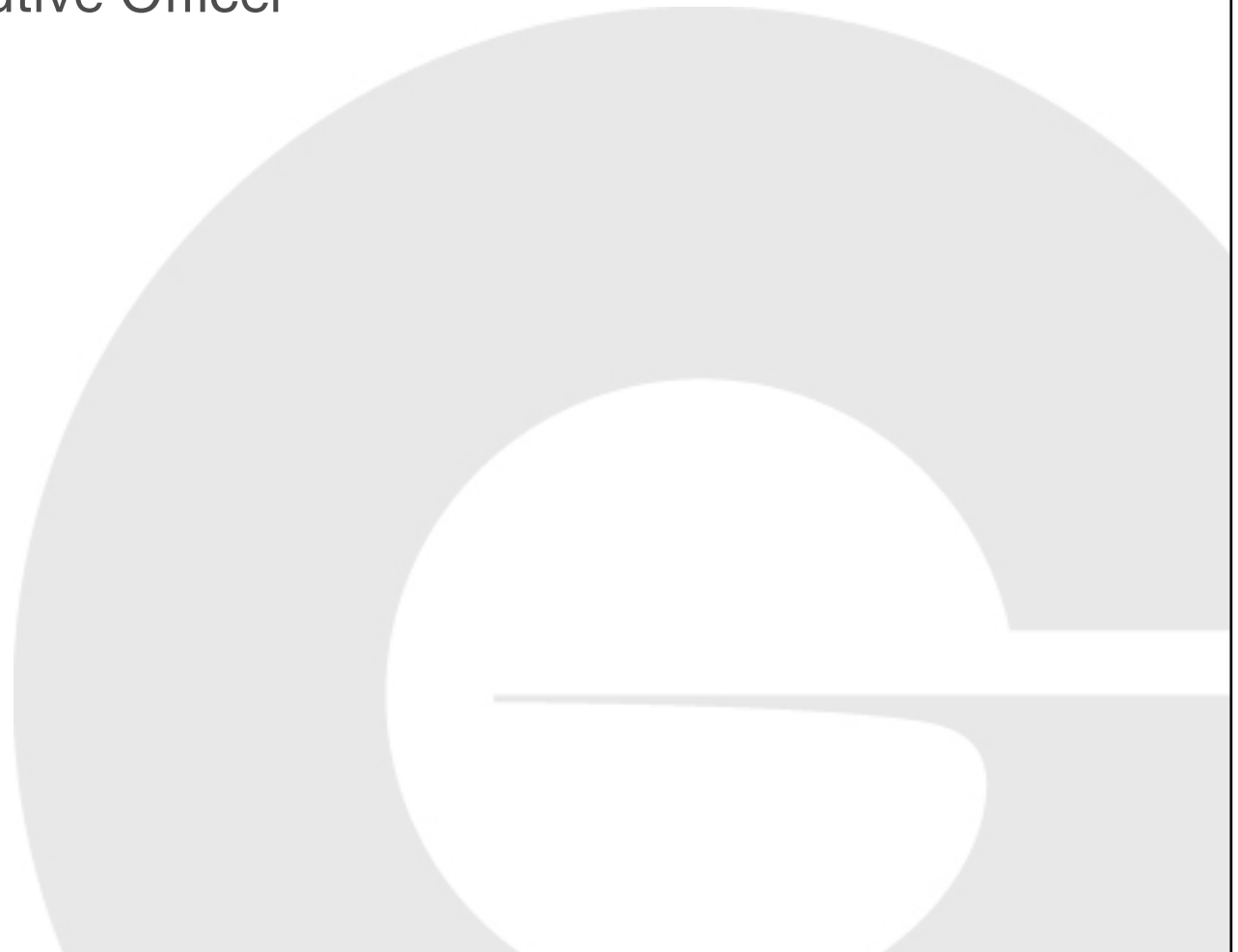
## Half Year Results 2004

Strong sales momentum and improved profitability

Givaudan<sup>®</sup>

**Dr Jürg Witmer**

Chief Executive Officer



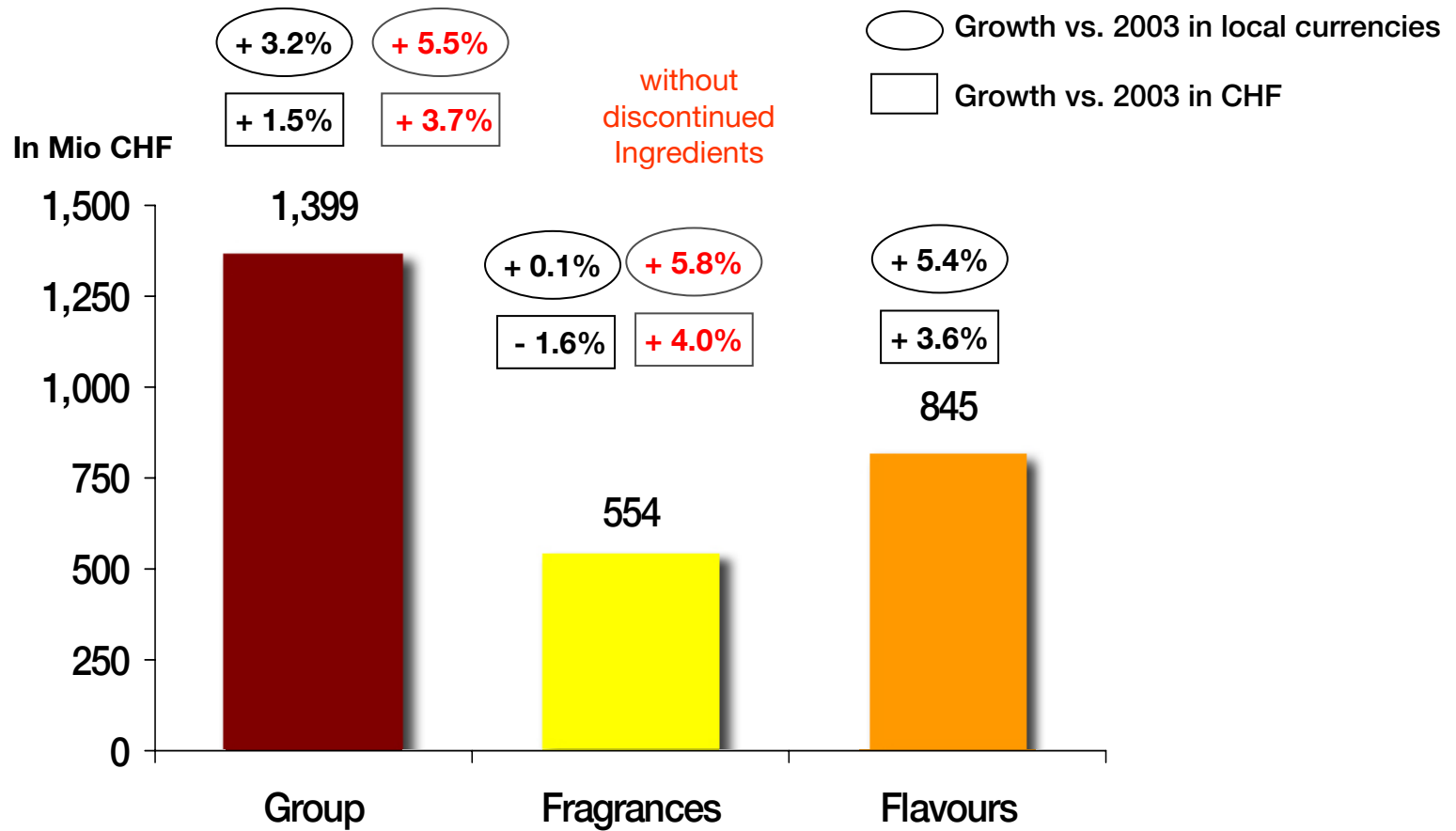
## Overview

- Strong sales momentum
- Substantially improved profitability
- Margin improvement initiatives on track
- Strong cash flow and share buy back
- Confident to reach substantially improved results



## Strong Sales Momentum

Sales by division





## Substantially Improved Profitability

- Gross profit margin increased from 46.2% to 48.3%
- Operating margin\* increased from 18.3% to 20.2%
- Net profit margin\* increased from 12.1% to 15.7%
- Improvements due to
  - ◆ more favourable product mix and enhanced savoury margins
  - ◆ first results from the margin improvement initiatives
  - ◆ diminished temporary factors affecting last year's profitability
  - ◆ lower pension charges
  - ◆ strong financial performance

\*comparable = incl. change in accounting policy regarding goodwill amortisation



## Margin Improvement Initiatives on Track

- Targeted full year savings CHF 47 million
- Already positive impact on half year performance
- Major contributing factors
  - ◆ Improved sourcing and supply chain management
  - ◆ Activity based staff reductions in all regions
  - ◆ Efficiency gains in all areas
- Still on-going major initiatives
  - ◆ Transfer of compounding activities from Barneveld (Netherlands) to Dortmund (Germany) and Kempththal (Switzerland)
  - ◆ Transfer of Culinary Technology Centre in Tremblay (France) to Kempththal



## Strong Cash-Flow and Share Buy Back

- Operating cash flow before investments increased from CHF 164 mio to CHF 234 mio
- Extension until mid 2005 of on-going share buy back for 800'000 shares
  - ◆ company bought already back 300'000 shares until June 2004
  - ◆ thereof 200'000 shares approved for cancellation at the General Assembly 2004



## Sales Evolution by Quarter

In mio CHF

	Q1 2003	versus Q1 2002 PF	
		in CHF	in l.c.
Fragrances	283.7	-2.6%	6.9%
Flavours	401.6	-8.0%	4.8%
<b>Givaudan Total</b>	<b>685.3</b>	<b>-5.8%</b>	<b>5.6%</b>

	Q2 2003	versus Q2 2002 PF	
		in CHF	in l.c.
Fragrances	279.6	-4.0%	4.1%
Flavours	414.4	-11.9%	-2.5%
<b>Givaudan Total</b>	<b>694.0</b>	<b>-8.9%</b>	<b>-0.1%</b>

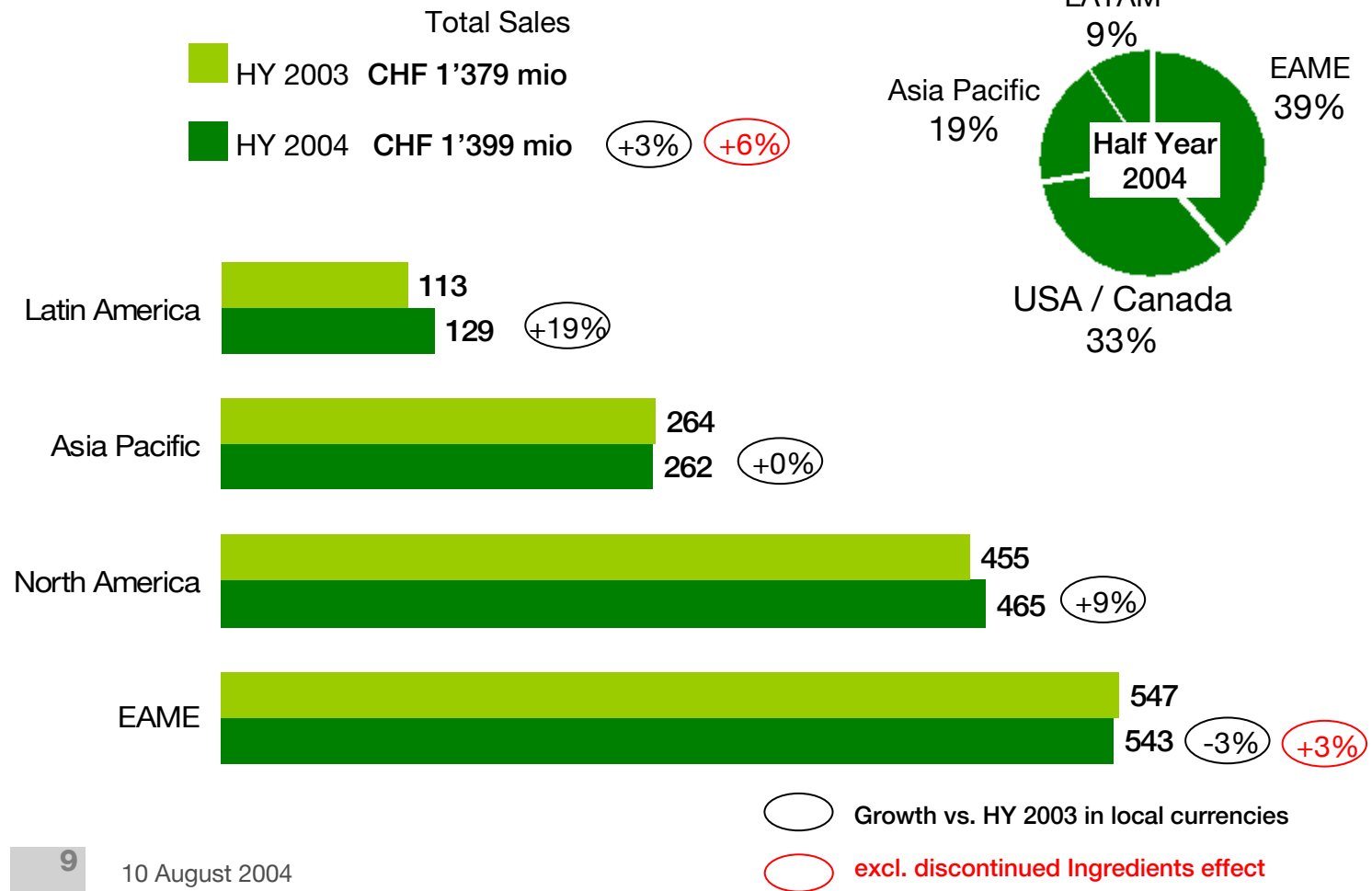
	Q1 2004	versus Q1 2003	
		in CHF	in l.c.
Fragrances	278.4	-1.8%	-0.3%
<i>w/o disc. Ingrid.</i>		4.2%	5.9%
Flavours	423.2	5.4%	7.2%
<b>Givaudan Total</b>	<b>701.6</b>	<b>2.4%</b>	<b>4.1%</b>
<i>w/o disc. Ingrid.</i>		<b>4.9%</b>	<b>6.7%</b>

	Q2 2004	versus Q2 2003	
		in CHF	in l.c.
Fragrances	275.6	-1.5%	0.5%
<i>w/o disc. Ingrid.</i>		3.7%	5.7%
Flavours	422.2	1.9%	3.7%
<b>Givaudan Total</b>	<b>697.8</b>	<b>0.5%</b>	<b>2.4%</b>
<i>w/o disc. Ingrid.</i>		<b>2.6%</b>	<b>4.4%</b>



## Sales Evolution by Region

In mio CHF

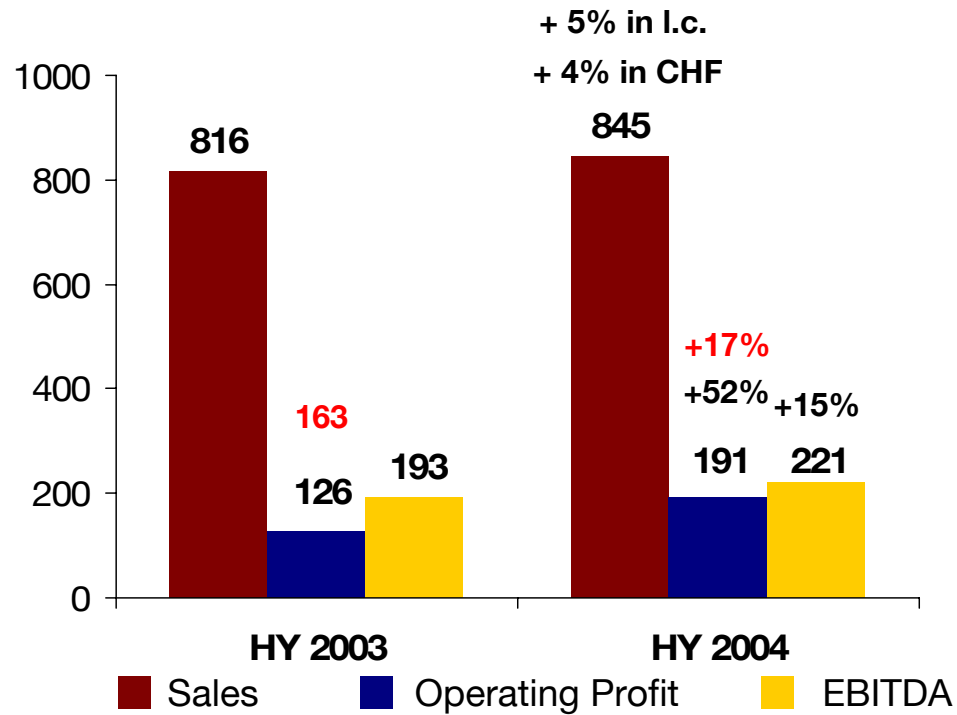




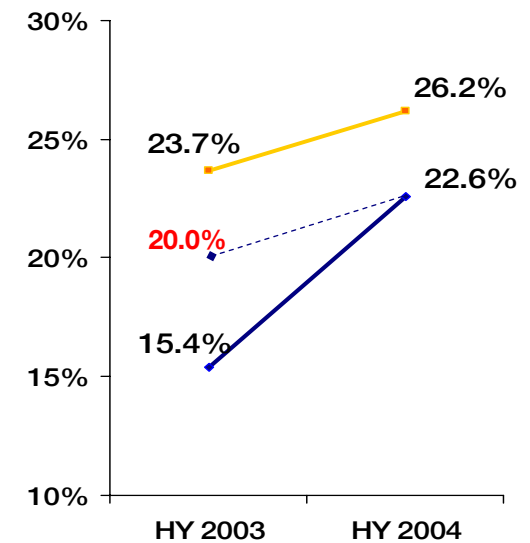
## Flavour Division

### Sales, Operating Profit and EBITDA

In Mio CHF



In % of Sales



**For information, comparable figures before Goodwill amortisation of CHF 37 mio in 2003**

## Flavour Division

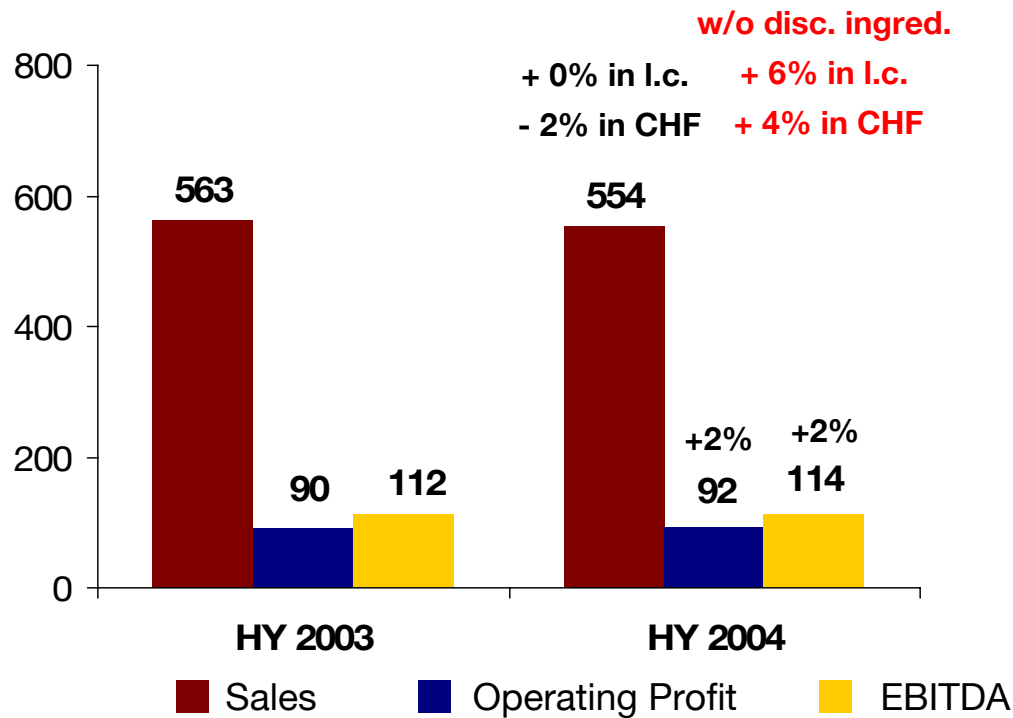
### Key accomplishments first half 2004

- Margins above pre-FIS-acquisition level
- Good growth in all regions and all segments globally
- Particularly strong performance in North and Latin America
- Good progress in the foodservice segment
- Improved product mix
- Expanded development centre in Singapore
- European site consolidation
- Strong project portfolio

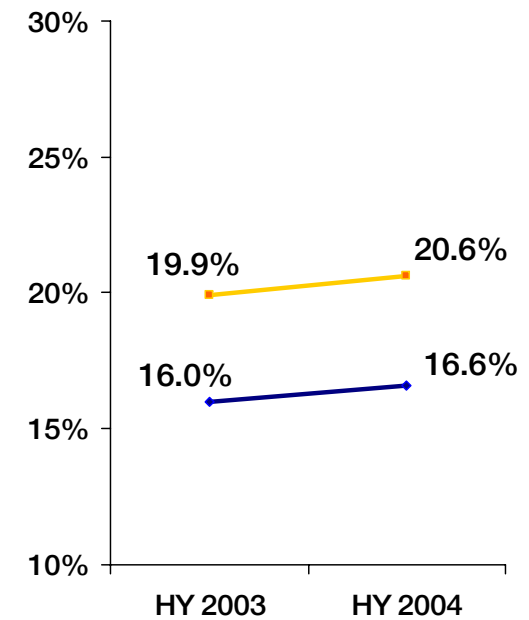


## Fragrance Division Sales, Operating Profit and EBITDA

In Mio CHF



In % of Sales



## Fragrance Division

### Key accomplishments first half 2004

- Sales growing above market
- Good performance in Fine Fragrances and Consumer Products
- Decline of commodity fragrance ingredients in line with strategy
- Double-digit growth of speciality fragrance ingredients
- Launch of two new patented molecules in the market
  - ◆ Javanaol, the most powerful marketed sandalwood molecule
  - ◆ Pharaone 10, a highly substantive, green pineapple note
- Former sunscreen filter plants in Vernier (Geneva) transformed into multi-purpose units for the production of specialities



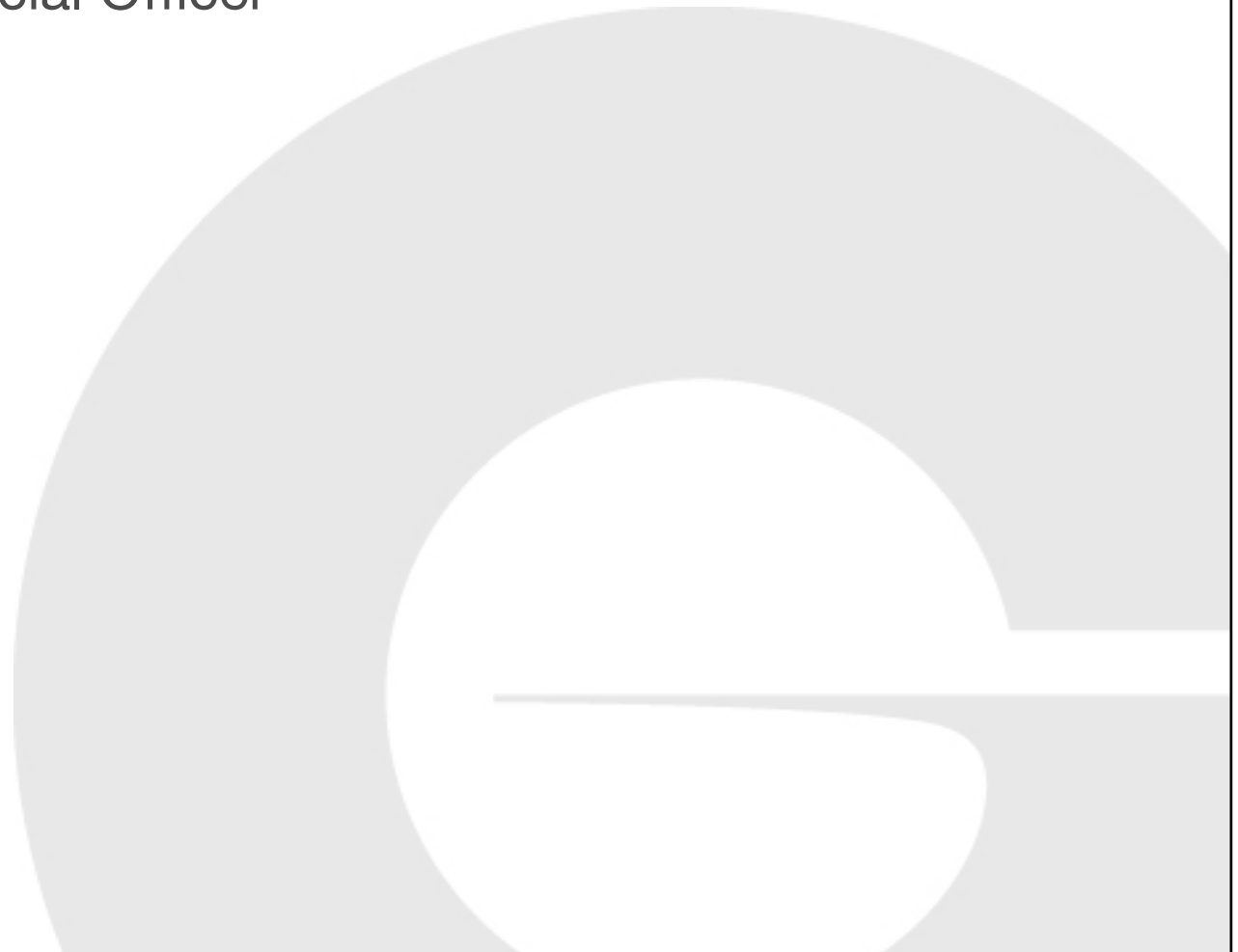
## High Rate of Innovation

- Further progress in the area of delivery systems and creation tools
- Enhancement of savoury notes portfolio
- New line of vanilla building blocks
- Azurone, a marine, ozonic note introduced as new captive
- Good progress in malodour research
  - ◆ Found new ingredients for prevention of mouth malodour (halitosis)
  - ◆ Filed patent application in the are for counteraction of human sweat
- Continued advances in receptor biology

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**Othmar Vock**

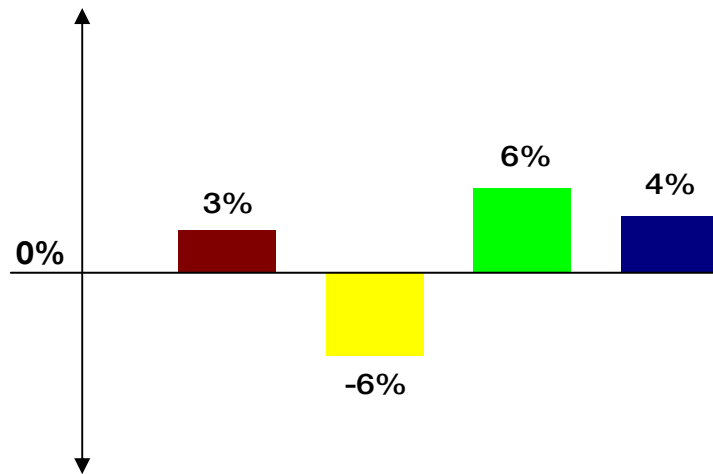
Chief Financial Officer



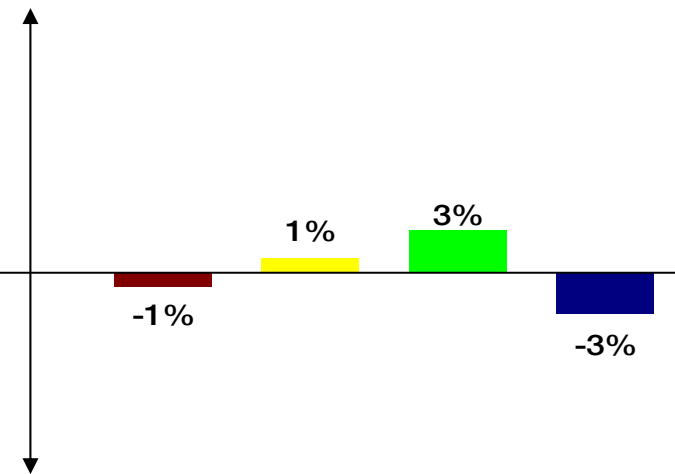


## Exchange Rates Development

Average Exchange Rates  
HY 2004 vs. HY 2003



Period-End Exchange Rates  
30.06.2004 vs. 31.12.2003



	JPY	USD	GBP	EUR		JPY	USD	GBP	EUR
30.06.04	1.17	1.27	2.31	1.55	30.06.04	1.15	1.25	2.27	1.52
30.06.03	1.14	1.35	2.18	1.49	31.12.03	1.16	1.24	2.21	1.56
30.06.02	1.26	1.64	2.36	1.47					



## Business Statement

In Mio CHF	HY 2004		HY 2003		Change in %
		in % of sales		in % of sales	
Sales	1'399	100.0	1'379	100.0	+ 1%
Cost of sales	(723)	(51.7)	(742)	(53.8)	- 3%
<b>Gross Profit</b>	<b>676</b>	<b>48.3</b>	<b>637</b>	<b>46.2</b>	<b>+ 6%</b>
Marketing, development & distribution expenses	(305)	(21.8)	(321)	(23.3)	- 5%
Administration expenses	(46)	(3.3)	(48)	(3.5)	- 4%
Amortisation of intangible assets	(9)	(0.6)	(46)	(3.3)	- 80%
Other operating income (expenses), net	(33)	(2.4)	(6)	(0.4)	+ 450%
<b>Operating profit</b>	<b>283</b>	<b>20.2</b>	<b>216</b>	<b>15.7</b>	<b>+ 31%</b>
<b>Operating profit before goodwill amortisation</b>	<b>283</b>	<b>20.2</b>	<b>253</b>	<b>18.3</b>	<b>+ 12%</b>



## Key Operating Ratios

	<b>HY 2004</b>	<b>HY 2003</b>
<b>in % of Sales</b>		
Gross Profit Margin	48.3%	46.2%
Operating Return On Sales (EBIT) before Goodwill amortisation	20.2%	18.3%
EBITA	20.9%	19.0%
EBITDA	23.9%	22.1%
EBIDA	19.3%	18.2%
Gross Additions to PPE	3.6%	2.9%



## Income Statement

In Mio CHF	HY 2004		HY 2003		Change
		in % of sales		in % of sales	
Sales	1'399	100.0	1'379	100.0	+ 1%
Operating profit	283	20.2	216	15.7	+ 31%
Financial income (expenses), net	2	0.1	(30)	(2.2)	nr
<b>Result before taxes</b>	<b>285</b>	<b>20.3</b>	<b>186</b>	<b>13.5</b>	<b>+ 53%</b>
Income taxes	(65)	(4.6)	(54)	(3.9)	+ 20%
<b>Result after taxes</b>	<b>220</b>	<b>15.7</b>	<b>132</b>	<b>9.6</b>	<b>+ 67%</b>
Minority interest	-	-	(2)	(0.2)	nr
<b>Net income</b>	<b>220</b>	<b>15.7</b>	<b>130</b>	<b>9.4</b>	<b>+ 69%</b>
Earnings per share - basic (CHF)	28.45		16.09		+ 77%
<b><u>Before Goodwill amortisation</u></b>					
<b>Net income</b>	<b>220</b>	<b>15.7</b>	<b>167</b>	<b>12.1</b>	<b>+ 32%</b>
Earnings per share - basic (CHF)	28.45		20.67		+ 38%



## Financial Performance

In Mio CHF	<b>HY 2004</b>	<b>HY 2003</b>
Interest charges	(26)	(26)
Net currency related gain (losses) incl. derivatives	18	1
Other derivatives net gains (losses)	8	(4)
Other financial income (expenses), net	2	(1)
<b>Total Financial income (expenses)</b>	<b>2</b>	<b>(30)</b>

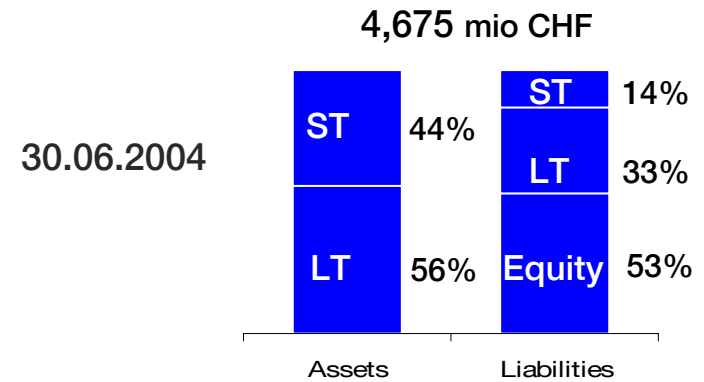
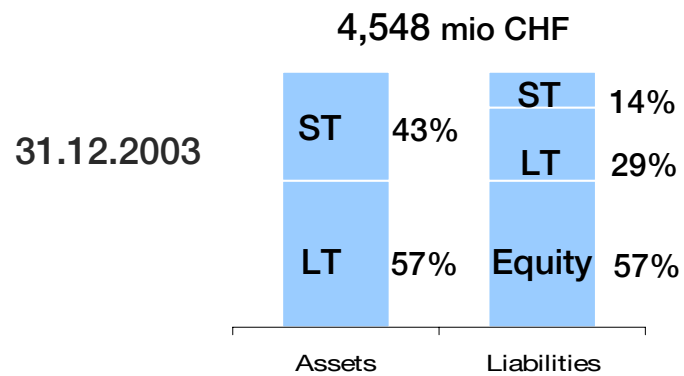


## Cash Flow Statement

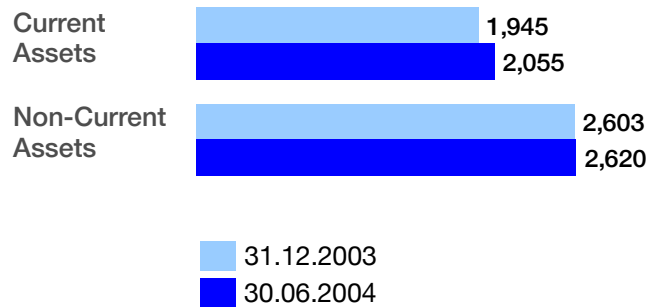
in Mio CHF	<b>HY 2004</b>	<b>HY 2003</b>
<b>Cash flows from (for) operating activities</b>	<b>234</b>	<b>164</b>
<b>Cash flows from (for) financing activities</b>	<b>(84)</b>	<b>(2)</b>
<b>Cash flows from (for) investing activities</b>	<b>(13)</b>	<b>(40)</b>
Net effect of currency translation on cash	-	(1)
<b>Increase (decrease) in cash</b>	<b>137</b>	<b>121</b>
Cash at the beginning of the year	494	454
<b>Cash at the end of June</b>	<b>631</b>	<b>575</b>



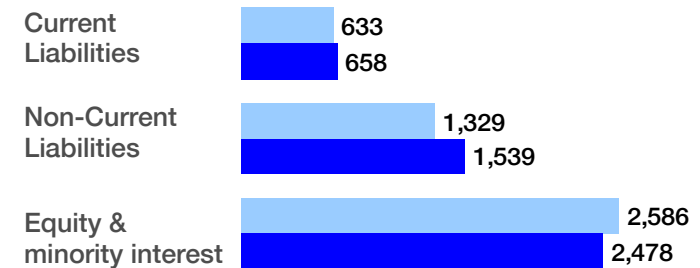
## Balance Sheet



### Assets



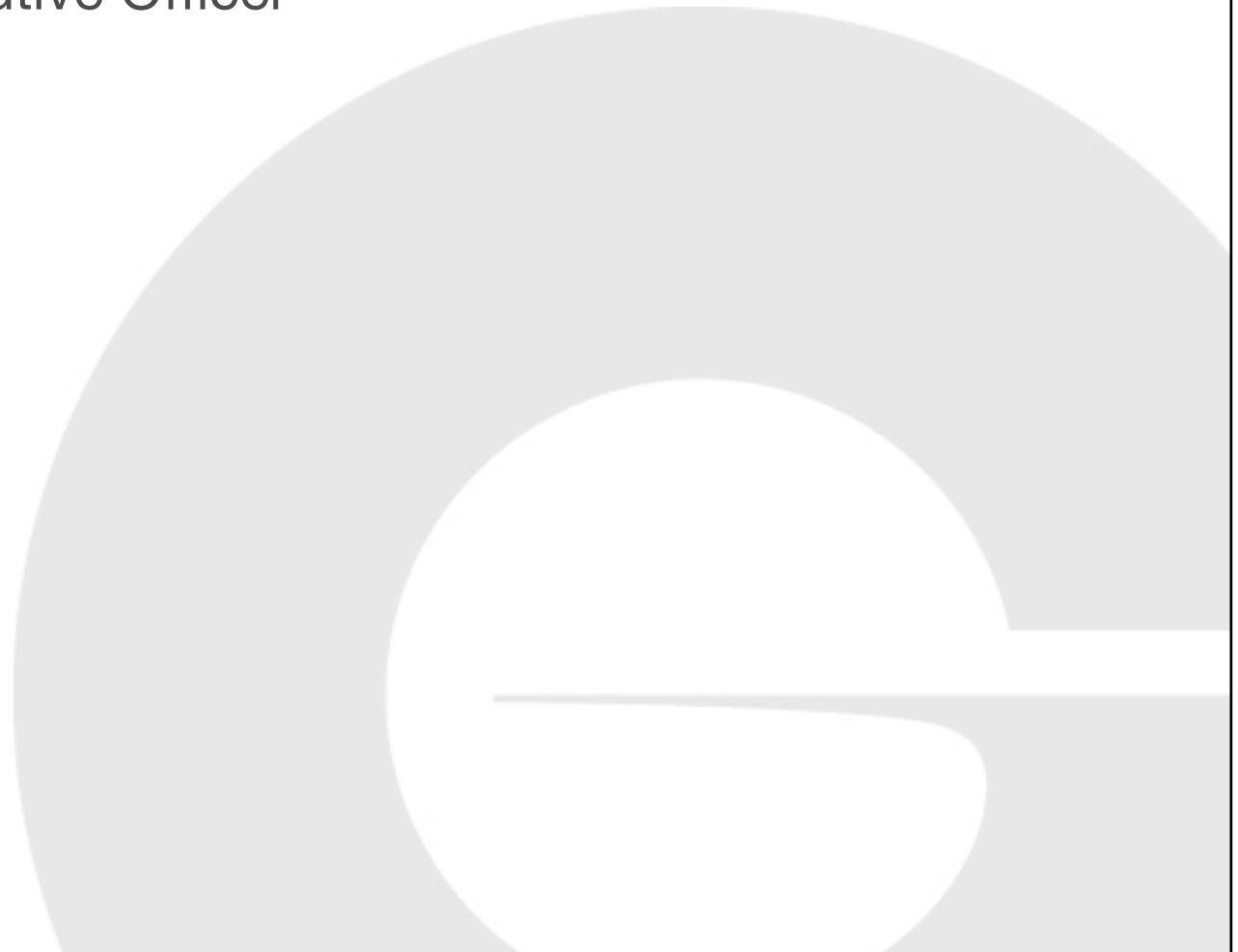
### Liabilities and Equity



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**Dr Jürg Witmer**

Chief Executive Officer





## Outlook 2004

- Grow further top line while maintaining strict cost discipline
- Continue to invest dynamically in research, creation, development and production capabilities
- Execute on schedule announced restructuring activities and margin improvement initiatives
- Continued focus on total shareholder return

**Despite strong previous year sales comparables,  
Givaudan is confident to reach substantially improved results**