Givaudan
ENGAGING
THE
SENSES

FULL YEAR 2009 RESULTS
Givaudan reinforces its leadership position

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- 1.6% growth in local currencies on a comparable basis
- Sustained EBITDA margin at 20.7%
- Net income up 79% to CHF 199 million
- Free cash flow tripled to CHF 459 million
- Strengthened balance sheet, net debt reduced by CHF 939 million
- Cash dividend of CHF 20.60 proposed

Geneva, 16 February 2010 . "Givaudan's overall performance in 2009, against the backdrop of a difficult business environment, is a very satisfactory achievement. It is also a strong sign of our unique capability to understand and deliver innovation to support our customers, demonstrating at the same time a deep knowledge of the markets we serve. Givaudan fared better than the overall market because of the solid base we have put in place through the integration of Quest International as well as the exceptional efforts and dedication of our employees.", said Gilles Andrier, Givaudan CEO.

In 2009, Givaudan group sales totalled CHF 3,959 million, an increase of 1.4% in local currencies and a decrease of 3.1% in Swiss francs compared to the previous year. On a comparable basis (in local currencies and excluding the impact of divestments), sales increased by 1.6% versus 2008.

Sales of the Fragrance Division were CHF 1,824 million, an increase of 0.9% in local currencies and a decrease of 3.9% in Swiss francs versus 2008.

Sales of the Flavour Division were CHF 2,135 million, an increase of 1.9% in local currencies and a decrease of 2.5% in Swiss francs compared to the previous year. On a comparable basis, sales increased by 2.2% versus 2008.

Gross Margin

The gross profit margin declined to 45.0% from 45.6% as a result of strong increases in raw material, energy and transportation costs. Although basic commodity and energy prices have declined from the peak in the first quarter of 2009, the impact of this decline on Givaudan's margins was not fully reflected in 2009. Production volumes were significantly lower in 2009 than in 2008, driven both by lower sales volumes, as well as a strong focus on reducing inventory levels.

Production costs could not be reduced in the same proportion, as a consequence putting pressure on the Gross Margin.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

EBITDA declined to CHF 758 million in 2009 from CHF 765 million last year. On a comparable basis EBITDA was CHF 820 million, below the CHF 842 million reported last year. The comparable EBITDA margin was 20.7% in 2009, slightly higher than the 20.6% reported in 2008. The lower gross profit was more than compensated by integration savings and cost containment measures. When measured in local currency terms, the EBITDA on a comparable basis increased by 1.7%.

Operating Income

The operating income increased to CHF 460 million from CHF 379 million last year. On a comparable basis, excluding CHF 65 million of integration costs, the operating income increased to CHF 525 million in 2009 from CHF 486 million in 2008. The operating margin on a comparable basis increased to 13.3% in 2009 from 11.9% reported last year, mainly as a result of the lower amortisation of intangible assets, as well as integration savings and other cost containment measures partially offset by continued pressure on the gross profit margin. When measured in local currency terms, the operating income on a comparable basis increased by 14.4%.

Financial Performance

Financing costs were CHF 142 million in 2009, down from CHF 153 million in 2008. Other financial expense, net of income was CHF 51 million in 2009, versus CHF 71 million in 2008. In 2009 Givaudan continued to incur some exchange rates losses, but these were lower than in 2008. The Group continued to incur significant hedging costs to protect against ongoing currency volatility.

The Group’s income taxes as a percentage of income before taxes were 25% in 2009, versus 28% in 2008.

Net Income

In actual terms, the net income increased by 79.3% to CHF 199 million in 2009 from CHF 111 million in 2008. This represents 5.0% of sales in 2009, versus 2.7% in 2008. Basic earnings per share increased to CHF 25.07 in 2009 from CHF 14.98 in the previous year.

Cash Flow

Givaudan delivered an operating cash flow of CHF 738 million, an increase of CHF 197 million on 2008. A strong focus on working capital management delivered a reduction in inventories of CHF 126 million, down 16.7% versus 2008 levels, and accounts receivables were maintained at 2008 levels, despite a strong sales increase in the last quarter versus prior year comparatives.

Total net investments in property, plant and equipment were CHF 95 million, down from the CHF 194 million incurred in 2008 as the Group reprioritised investments. Intangible asset additions were CHF 64 million in 2009, a significant portion of this investment being in the company’s ERP project, based on SAP. Implementation was completed in the Netherlands and the UK and the project focus has now moved to North and South America. Operating cash flow after investments was CHF 589 million, up 113.4% versus the CHF 276 million recorded in 2008. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 459 million in 2009, a three-fold increase versus 2008.

In June 2009, Givaudan successfully completed its CHF 420 million rights issue, with 99.7% of rights being exercised.

Financial Position

Givaudan's financial position was significantly strengthened in 2009. As a result of a strong focus on cash generation, lower capital expenditures and the proceeds of the rights issue, net debt at December 2009 was CHF 2,248 million, down from CHF 3,182 million at December 2008. Excluding the Mandatory Convertible Securities, net debt at December 2009 was CHF 1,499 million, down from CHF 2,438 million at December 2008. At the end of 2009 the leverage ratio was 30%, compared to 46% at the end of 2008.

Dividend

The Board of Directors will recommend to the Annual General Meeting on 25 March 2010 to distribute a cash dividend to the shareholders of CHF 20.60 per share. This represents an increase of 3.0% over 2008

Outlook

For the full year 2010, Givaudan is confident to further outgrow the underlying market, based on its growing pipeline of briefs and new wins.The integration achievements have reinforced Givaudan's unique platform for accelerated growth and performance improvement. The company is confident to achieve the announced savings target of CHF 200 million by 2010 and therefore to reach its pre-acquisition EBITDA margin level of 22.7% by 2010. In an improving environment, Givaudan continues to focus on its growth initiatives to expand in developing countries and in key segments.

Key Figures

in Mio CHF except per share data	2009	2008
Group sales	3,959	4,087
Fragrance sales	1,824	1,898
Flavour sales	2,135	2,189
Gross profit	1,780	1,862
as % of sales	*45.0%*	*45.6%*
EBITDA at comparable basis 1) 2)	820	842
as % of sales	*20.7%*	*20.6%*
EBITDA 1)	758	765
as % of sales	*19.1%*	*18.7%*
Operating income at comparable basis 2)	525	486
as % of sales	*13.3%*	*11.9%*
Operating income	460	379
as % of sales	*11.6%*	*9.3%*
Net income	199	111
as % of sales	*5.0%*	*2.7%*
Basic Earnings per share 3) 4)	25.07	14.98

in Mio CHF	**31 December 2009**	**31 December 2008**
Current assets	*2,389*	*2,180*
Non-current assets	*4,694*	*4,817*
Total Assets	**7,083**	**6,997**
Current liabilities	*1,466*	*1,052*
Non-current liabilities	*2,805*	*3,852*
Equity	*2,812*	*2,093*
Total liabilities and equity	**7,083**	**6,997**

*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.

3) The weighted average number of shares outstanding has been retrospectively increased as a result of the share capital increase for all periods before the capitalisation to consider the bonus element of the rights issue.

4) The Mandatory Convertible Securities will convert in March 2010, thus impacting the future earnings per share calculation

Fragrance Division

The Fragrance Division recorded sales of CHF 1,824 million, an increase of 0.9% in local currencies and a decrease of 3.9% in Swiss Francs. After a challenging first quarter, business momentum recovered, improving consistently during the three consecutive quarters. The Division achieved sales growth of 5.3% in local currencies during the fourth quarter of this year.

Total sales for Fragrance compounds (Fine Fragrances and Consumer Products combined) increased 0.8% when measured in local currencies but decreased 4.3% in Swiss Francs to CHF 1,576 million from CHF 1,647 million.

An excellent performance of our Consumer Products business, with an increase in sales of 3.6% in local currencies, contributed to the overall solid sales result and could offset the 7.6% sales decline in local currencies of the Fine Fragrance business unit. Fine Fragrances was particularly affected by the reduction of inventories throughout the supply chain in the first half of the year and the ongoing contraction of the mature markets at retail level. Fragrance Ingredients sales increased by 2.2% in local currencies which represents a solid achievement given the strong sales decline experienced in the beginning or the year which could be offset by double-digit growth in the second half of 2009.

EBITDA decreased to CHF 333 million from CHF 348 million last year. In comparable terms, EBITDA decreased to CHF 370 million from CHF 400 million. An unfavourable product mix due to lower sales in Fine Fragrances and underutilisation of capacities due to lower production volumes, particularly in fragrance ingredients, affected the gross profit margin. Operating expenses were reduced due to further integration savings and cost containments, partially offsetting the gross margin decline. The EBITDA margin on a comparable basis declined to 20.3% compared to the 21.1% of last year.

The operating income increased by 24.8% to CHF 191 million from CHF 153 million last year mainly due to lower integration and amortisation costs in 2009. The operating margin on a comparable basis increased to 12.5% from 12.1%, mainly as a result of lower amortisation of intangible assets, partially offset by lower gross profit margin. Operating income on a comparable basis was CHF 228 million, below the CHF 230 million.

In 2009, further progress was achieved on the integration of our supply chain. In line with the Division's strategy to have a cost competitive ingredients palette for its perfumers, the closure of the commodity ingredients manufacturing site in Lyon, France was completed by end of March 2009. In Mount Olive, USA, the second phase of our expansion was finished in mid-2009 allowing for the full consolidation of the complete compounding activities in North America. In November, the first important expansion of our ingredients manufacturing site in Pedro Escobedo, Mexico, was completed. The installation of a multi-purpose manufacturing unit will further support the production of speciality ingredients at competitive costs. In order to better serve our customers in the emerging markets, the further expansions of our commercial offices in Moscow and Dubai were also completed.

Global presence contributes to the in-depth consumer understanding of the Fragrance Division. In addition to investments in our knowledge management tool, Miriad 2.0™, teams ensure on-the-ground connection with local markets; capturing opinions, experiences and associations with fragrance and observing consumer behaviour when buying and using products. This information forms the source of our databases which inspire commercially successful fragrance design. Key tools in Miriad 2.0™ have been expanded to incorporate information from developing markets.

Simultaneously BlogTrek, another Miriad 2.0™ tool, connects with online communities to feel the pulse of consumer opinion about fine fragrance launches.

Givaudan's new enterprise system based on SAP was successfully implemented in the important Ashford site in the UK.

Fine Fragrances

Fine Fragrance sales declined 7.6% in local currencies, impacted by weak consumer demand and the effect of destocking, particularly in Europe and North America.

Despite the fact that sales were lower for the full year, this business unit showed a clear strengthening in performance during the second half of 2009 in a strongly declining market. This was a result of Givaudan's ability to win important new fragrance projects which were successfully launched in the market, and the continued strong, double-digit performance in Latin America.

Givaudan's success was also demonstrated by a strong presence at the 2009 annual fragrance award ceremonies in the US, UK, Germany and France where twelve fragrances created by Givaudan won awards.

Consumer Products

Sales in Consumer Products increased by 3.6% in local currencies, driven by a strong performance in the developing markets. Both, regional and international customers contributed to this success. Sales in mature markets remained flat compared to prior year.

Asia Pacific reported strong sales growth among all customer groups, driven both by new wins and growth of the existing business. Sales growth was especially strong in China, India and Indonesia.

Latin American sales posted a high double-digit growth, as a result of the excellent sales across all customer groups, especially in Brazil and Argentina.

Sales in Europe, Africa and the Middle East increased slightly, driven by a good momentum in the developing markets of Central and Eastern Europe, Africa and the Middle East. Local and regional customer sales increased in both developing and mature markets.

North American sales, despite returning to growth in the fourth quarter, decreased overall mainly driven by declining sales in the discretionary air care segment.

On a worldwide basis, sales in the fabric and oral care segments recorded the strongest performance, followed by personal care. Sales in the household category, particularly in the air care segment, were below last year.

Fragrance Ingredients

Sales of Fragrance Ingredients increased by 2.2% in local currencies, a solid performance given the underlying market contraction based on heavy destocking on the customer side during the first six months of 2009.

A novel ingredient, Cosmone - a rich, powdery musk with high impact - was launched in 2009. The ingredient, which can be used across fine fragrance, personal and fabric care applications quickly gained wide market acceptance.

The second phase of the expansion and upgrade of our ingredient manufacturing plant in Pedro Escobedo, Mexico, was completed in November. Additional production of specialty ingredients will be transferred to the plant in the course of 2010.

Flavour Division

The Flavour Division reported sales of CHF 2,135 million, representing a growth of 1.9 % in local currencies and a decline of 2.5 % in Swiss francs, which was a solid performance despite the current global business climate. Excluding the effects of the divested business, sales performance in local currencies increased 2.2%.

During the fourth quarter of this year, the Division achieved sales growth of 4.3% in local currencies.

The adverse and volatile economic environment impacted particularly the performance in North America, Central and Eastern Europe. However, the Asia Pacific and Latin America regions posted strong growth rates, with an increase in sales of 8.2% and 14.1% in local currencies respectively. Throughout all regions, our sales were impacted by the inventory reductions undertaken by our customers. However, product innovation continued to be a key business driver and as a result, an increase in new opportunities, combined with an improving ability for Givaudan to win those new projects lead to a strong inflow of new wins, particularly in the important area of Health and Wellness. When looking at the product segments, Dairy and Beverages posted solid gains, mainly led by Health & Wellness applications.

EBITDA increased to CHF 425 million from CHF 417 million last year. The comparable EBITDA increased to CHF 450 million from CHF 442 million reported last year. The comparable EBITDA margin increased to 21.1% in 2009 from 20.2% in 2008, driven by integration savings and tight cost containment throughout the year, both in manufacturing and commercial expenses.

The operating income rose to CHF 269 million from CHF 226 million last year. The operating margin on a comparable basis increased to 13.9% from 11.7% reported last year, due to the lower amortisation of intangible assets. On a comparable basis, operating income was CHF 297 million, above the CHF 256 million reported last year.

Givaudan's TasteSolutions™ programme, focusing on salt reduction, sweetness enhancement and bitterness masking saw double-digit growth for the second year running. Included in this programme is a bitterness masking technology which enables the company to incorporate the new high-intensity natural sweetener, Stevia into our applications, particularly beverages. Over the course of the year, Givaudan continued to develop creation and application knowledge for its salt reduction and sweetness enhancement toolbox.

The ongoing innovation initiatives in key icon flavours, like citrus, dairy, tea, coffee, vanilla and chicken – through the development of new materials for flavourists to deliver profiles with enhanced palatability, authenticity and stability – contributed to new significant opportunities and wins.

Givaudan continued to build its knowledge of consumer insights through extensive investments in quantitative and qualitative market research studies. The company continued with one of the key strategic alliances with the University of California at Riverside which has one of the largest citrus collections in the world. Throughout the year, Givaudan continued to explore the Mood & Emotions area with our consumer research capability. Utilising our VAS technology we are able to capture consumer information more effectively. Our ongoing investments in consumer understanding, sensory exploration and technology have given us a clear competitive edge with our customers.

AsiaPacific

Sales for APAC achieved 8.2% growth in local currencies, growing faster than the underlying market. After a slow start into the year, the region rebounded with solid growth rates for the remainder of 2009. The developing markets of China, India and Indonesia recorded double digit increases due to successful new wins and increased activity with existing customers. Sales in mature markets remained almost flat as a result of the continued difficult economic environment, particularly in Japan.

Growth in this region was well balanced across all segments with new wins and growth of the existing business. The Beverage segment showed particular strength.

Europe, Africa, Middle East (EAME)

The fourth quarter of 2009 showed renewed growth for the region offsetting most of the decline experienced earlier in the year. Despite the challenging environment, sales could almost be maintained at last year’s level and showed only a slight decline of 0.3 % in local currencies. The strong growth in the developing markets of Africa and Middle East could almost compensate the declines in Central and Eastern Europe. In Western Europe, Givaudan was able to sustain its sales at last year’s level, in a difficult environment.

New wins fuelled by innovative flavour solutions as well as increased market penetration in the region helped Snacks achieve a double-digit gain. Dairy segment sales were the other main driver of growth. All other segments declined as a result of the economic challenges in Europe.

Intimate customer partnerships supported by programmes such as ByNature as well as tailored key promotions around chicken, cheese, dairy and citrus and the ongoing expansion into new markets contributed to build a robust project pipeline.

Givaudan’s new enterprise system based on SAP was successfully implemented in the important Naarden and Barneveld sites in the Netherlands.

North America

Sales in comparable terms, which exclude the divestiture of the manufacturing site based in St. Louis, decreased 3.3% in local currencies as a result of destocking and lower consumer consumption due to the challenging economic environment in the US.

However, our strategic focus on key growth initiatives and our customers’ renewed emphasis on innovative products have resulted in a strong pipeline in these areas. In particular, there were significant wins in Health and Wellness, specifically sweetness enhancement and sodium replacement, through our TasteSolutions™ programme.

The closure of Owings Mills in the US was completed on schedule with production being consolidated into our remaining North American facilities.

Latin America

Latin America delivered the best regional performance, posting a strong 14.1% increase in local currencies, clearly outpacing the underlying market. Strength from the existing business with key customers as well as strong new wins from local and regional customers helped to drive all markets' strong results with Argentina, Brazil and Mexico leading the way with double-digit gains. Increased sales can be attributed to Beverage, Dairy and Confectionery segments as well as to Health and Wellness related wins, based on TasteSolutions™ technology, continue to demonstrate our leading capabilities in this important growth initiative for the division.

The closure of Vinhedo in Brazil was completed during the fourth quarter of the year and the production was transferred to Jaguare (Brazil).

Available Documents and Links:

Annual & Financial Report 2009

Full Year 2009 Results Presentation

This afternoon, 16 February 2010 at 15.00 CET, a conference call will be broadcasted on Givaudan's internet site. Please click here.

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