Givaudan
ENGAGING THE SENSES

FULL YEAR RESULTS 2011
Strong sales momentum in a challenging business environment

- Sales CHF 3.9 billion, up 5.2% in local currencies
- Pricing actions on track to recover raw material cost increases
- Comparable EBITDA of CHF 790 million
- Comparable EBITDA margin of 20.2%, improving in the second half of 2011
- Net income of CHF 252 million, 6.4% of sales
- Tax free cash dividend of CHF 22.00 proposed

Gilles Andrier, Chief Executive Officer, comments: "Our 2011 results are a convincing demonstration of the continued value we bring to our customers. The business achieved a strong sales momentum in a tough environment and a significant profit improvement in the second half of the year. We are well on track for 2012 and to deliver on our mid-term targets."

Geneva, 16 February 2012 – In 2011, Givaudan Group sales totalled CHF 3,915 million, an increase of 5.2% in local currencies and a decline of 7.6% in Swiss francs compared to 2010. Sales of the Fragrance Division were CHF 1,833 million, an increase of 4.7% in local currencies and a decline of 7.8% in Swiss francs. Sales of the Flavour Division were CHF 2,082 million, an increase of 5.7% in local currencies and a decline of 7.5% in Swiss francs compared to 2010.

Gross Margin
The gross profit margin decreased to 42.6% from 46.1% as a result of the sharp and broad-based increase in raw material costs. Givaudan has successfully implemented price increases in collaboration with its customers. These price increases started to become effective in the course of the second quarter of the year.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)
EBITDA declined to CHF 758 million in 2011 from CHF 887 million last year. On a comparable basis, excluding integration and restructuring expenses, EBITDA decreased to CHF 790 million from CHF 963 million reported last year. The continued strengthening of the Swiss franc against all currencies, and in particularly the USD, as well as the increase in raw material costs, significantly impacted absolute levels of EBITDA. When measured in local currency terms, EBITDA on a comparable basis declined by 8.6%. The comparable EBITDA margin was 20.2% in 2011, compared to the 22.7% reported in 2010, driven by a decline in the gross margin. The strengthening of the Swiss franc against all major currencies did not have any significant impact on EBITDA margins.

Operating Income
Operating income declined to CHF 443 million from CHF 556 million last year. On a comparable basis, excluding CHF 37 million of integration and restructuring costs, operating income declined to CHF 480 million in 2011 from CHF 655 million in 2010. The operating margin on a comparable basis decreased to 12.3% in 2011 from 15.5% reported last year. When measured in local currency terms, operating income on a comparable basis decreased by 14.4%.

Financial Income and Expense

Financing costs were CHF 91 million in 2011, down from CHF 93 million in 2010. Other financial expenses, net of income, were CHF 34 million in 2011, versus CHF 26 million in 2010, mainly driven by continued currency volatility. The Group's income taxes as a percentage of income before taxes were 21% in 2011, versus 22% in 2010.

Net Income

Net income decreased to CHF 252 million in 2011 from CHF 340 million in 2010 mainly as a result of the strengthening Swiss franc. This represents 6.4% of sales in 2011, versus 8.0% in 2010. Basic earnings per share decreased to CHF 27.71 in 2011 from CHF 37.87 in the previous year.

Cash Flow

Givaudan delivered an operating cash flow of CHF 456 million, down from the CHF 730 million generated for the comparable period in 2010, mainly due to a lower EBITDA and an increase in inventories. Inventories increased due to the higher raw material prices and higher safety stock required during the SAP implementation in Asia. As a percentage of sales, working capital increased, mainly as a result of higher inventory levels. Accounts receivable also increased at the end of the year, as a consequence of the strong sales performance in the last quarter.

Total net investments in property, plant and equipment were CHF 176 million, up from the CHF 105 million incurred in 2010, mainly driven by the investment in the centralised flavour production facility in Hungary. Intangible asset additions were CHF 86 million in 2011, a significant portion of this investment being in the company's Enterprise Resource Planning (ERP) project based on SAP. Implementation was completed in North America and is on progress in Asia, with the project on track to be completed in June 2012. Operating cash flow after investments was CHF 194 million, down versus the CHF 553 million recorded in 2010. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 117 million in 2011, down from CHF 437 million in 2010, mainly driven by the lower EBITDA, additional working capital requirements and higher investments in 2011. Free cash flow as a percentage of sales was 3.0%, compared to 10.3% in 2010.

Financial Position

Givaudan's financial position remained solid at the end of December 2011. Net debt at December 2011 was CHF 1,453 million, up from CHF 1,353 million at December 2010. At the end of December 2011 the leverage ratio (defined as net debt divided by net debt plus equity) was 29%, compared to 28% at the end of 2010.

Dividend Proposal

The Board of Directors of Givaudan will propose to the Annual General Meeting, on 22 March 2012, a cash dividend of CHF 22.00 per share for the financial year 2011. This is the eleventh consecutive dividend increase following Givaudan's listing at the Swiss Stock Exchange in 2000. The total amount of this dividend distribution will be made out of reserves for additional paid-in capital which Givaudan shows in its balance sheet as per the end of 2011. Pursuant to Swiss tax legislation, this dividend payment will not be subject to Swiss withholding tax and it will also not be subject to income tax on the level of the individual shareholders who hold the shares as part of their private assets and are resident in Switzerland for tax purposes.

Board of Directors

At the Annual General Meeting on 24th March 2011 Prof Henner Schierenbeck was re-elected for a term of one year. He will retire from the Board at the Annual General Meeting in 2012, as he will then have served for twelve years as a Board member and Chairman of the Audit Committee. In 2011, Ms Lilian Biner, a Swedish national, was elected as a new Board member for a term of three years.

Short-term Outlook

During 2012, the company will continue to work in close collaboration with its customers to make the necessary adaptation of its prices to reflect the sharp increase in input costs. As the company will complete the full roll out of SAP, it will continue to leverage on this investment through initiatives such as shared services, as well as ensuring that its supply chain is efficient and requires reduced working capital levels.

Mid-term Guidance

Mid-term, the overall objective is to grow organically between 4.5% and 5.5% per annum, assuming 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.

Key Figures

in million CHF except per share data	**2011**	**2010**
Group sales	3,915	4,239
Fragrance sales	1,833	1,988
Flavour sales	2,082	2,251
Gross profit	1,666	1,956
as % of sales	*42.6%*	*46.1%*
EBITDA at comparable basis 1) 2)	790	963
as % of sales	*20.2%*	*22.7%*
EBITDA 1)	758	887
as % of sales	*19.4%*	*20.9%*
Operating income at comparable basis 2)	480	655
as % of sales	*12.3%*	*15.5%*
Operating income	443	556
as % of sales	*11.3%*	*13.1%*
Net income	252	340
as % of sales	*6.4%*	*8.0%*
Basic Earnings per share	27.71	37.87

in million CHF	**31 December 2011**	**31 December 2010**
Current assets	*2,469*	*2,609*
Non-current assets	*4,247*	*4,314*
Total Assets	**6,716**	**6,923**
Current liabilities	*1,192*	*1,107*
Non-current liabilities	*2,029*	*2,370*
Equity	*3,495*	*3,446*
Total liabilities and equity	**6,716**	**6,923**

*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 and investments in joint ventures.*

2) EBITDA at comparable basis excludes integration and restructuring expenses. Operating *income at comparable basis excludes integration and restructuring expenses and impairment of long-lived assets and investments in joint ventures.*

Fragrance Division

The Fragrance Division recorded sales of CHF 1,833 million, an increase of 4.7% in local currencies and a decline of 7.8% in Swiss francs. After a good sales performance in the first half year, sales continued to show strong growth in the second half, helped by price increases. The growth was driven by a strong performance in Consumer Products, particularly in the developing markets of Latin America and Asia Pacific.

Total sales for Fragrance compounds (Fine Fragrances and Consumer Products combined) increased 5.3% in local currencies and declined by 7.7% in Swiss francs to CHF 1,587 million from CHF 1,719 million. Fragrance Ingredients sales increased by 0.7% in local currencies.

EBITDA decreased to CHF 351 million from CHF 398 million last year. In comparable terms, EBITDA decreased to CHF 359 million from CHF 445 million reported last year. The EBITDA margin on a comparable basis decreased to 19.6% compared to the 22.4% of last year.

Operating income decreased to CHF 204 million from CHF 239 million last year as higher raw material prices made their impact felt. The operating margin on a comparable basis decreased to 11.6% from 14.9% reported last year. Operating income on a comparable basis was CHF 212 million, below the CHF 297 million reported last year.

In 2011, further investments were approved to expand the infrastructure in the developing markets. For example, in Moscow the creative and commercial teams moved into new and expanded offices, while in India we added additional floor space to expand the creative and development centre in order to meet the demands of this high growth market. The year also saw the further expansion of the production capabilities in the fragrance ingredients manufacturing site in Pedro Escobedo, Mexico. In Singapore, a state-of-the art creative, commercial centre and a high volume production centre was approved during the year, which should be operational in 2013.

Fine Fragrances
Fine Fragrances sales grew by 0.2% against the very strong comparables of the previous year. The year started with sales in the first half below 2010 levels. However, growth increased in the second half of the year driven by a strong pipeline of new wins across all major customer categories and distribution channels.

Looking at the performance on a regional basis, Latin America delivered the strongest growth, as a result of new wins and volume gains with most customer accounts. In Europe, Africa and the Middle East sales decreased as the new wins were unable to offset business erosion, partially attributed to the re-stocking impact of 2010.

Givaudan's perfumers were again recognised for their creativity, winning an unprecedented range of top awards. Givaudan captured no less than eight out of the 13 fragrance awards at the US FiFi® award ceremony, including the Consumer's Choice Award for Bombshell by Victoria's Secret. This was repeated in Germany where Givaudan won the majority of awards at the DUFSTAR ceremony. Givaudan received many accolades for Gucci Guilty by Gucci, which was honoured at four events; the FiFi® in New York and the CEW Beauty Awards, the FiFi® Awards in the UK, and at the German FiFi®, the DUFSTAR awards.

Consumer Products
Sales for the Consumer Products business unit increased by 6.9% in local currencies against last year's high comparables. This increase was across all customer groups as well as all regions. Sales in developing markets grew faster than sales in mature markets.

Asia Pacific reported strong growth led by international customers, especially in the fabric care segment, with China, Indonesia and Vietnam recording the strongest increases. All customer groups contributed to the growth in Latin America, with an excellent performance in Mexico. In Europe, Africa and the Middle East, sales increased across all customer segments, particularly in the developing markets. In North America, sales growth was driven by local and regional customers, with a double-digit increase in both fabric care and home care.

On a segment basis, sales in the fabric care and oral care achieved double-digit growth. Home care sales also rose, especially in Asia Pacific, while personal care sales were flat despite the good performance in the hair care and deodorant categories.

Fragrance Ingredients
Sales in Fragrance Ingredients increased 0.7% in local currencies. Price increases in all product categories compensated for the decline in volume, compared to the previous year. Sales of specialties showed a modest growth while the remaining product categories recorded slight declines in sales. The performance was mainly dampened towards the end of year, partially driven by destocking.

A novel fragrance ingredient, Paradisamide™ - a long lasting, fresh tropical fruit note -was launched on the market early this year and had a positive impact on sales.

The fragrance ingredients unit on the Naarden site in the Netherlands ceased production at the end of December 2011. Further investments in reaction and distillation capacities have been made in the ingredients manufacturing plant at Pedro Escobedo in Mexico, and they are expected to be fully operational early in 2012.

Flavour Division

The Flavour Division reported sales of CHF 2,082 million, a growth of 5.7% in local currencies and a decline of 7.5% in Swiss francs.

The developing markets increased at near double digit growth over 2010 while the mature markets delivered above average growth despite the unfavourable economic conditions. All major segments grew favourably with Beverage, Savoury and Snacks leading the way. The strategic pillars in the Flavour Division achieved strong growth with emphasis on expanding the developing markets, implementing key Health and Wellness programs, gaining market share with targeted customers, and providing strategic solutions to the Food Service industry.

EBITDA decreased to CHF 407 million from CHF 489 million last year. The comparable EBITDA decreased to CHF 431 million from CHF 518 million reported last year. The comparable EBITDA margin decreased to 20.7% in 2011 from 23.0% in 2010.

Operating income declined to CHF 239 million from CHF 317 million last year. The operating margin on a comparable basis decreased to 12.9% from 15.9% reported last year. On a comparable basis, operating income was CHF 268 million, below the CHF 358 million reported last year.

Throughout all regions and segments, the Flavour Division worked closely with its customers on growth and innovation opportunities. In Health and Wellness applications, the division continued its successful commercialisation of sweetness and salt replacement solutions, translating into a double-digit growth rate.

Asia Pacific
Sales in Asia Pacific achieved a 10.5% growth in local currencies, a solid performance on top of a double digit prior year comparables. The developing markets of China, India and Vietnam recorded double digit gains while Indonesia delivered a high single digit increase. Sales in the mature markets escalated as well with solid growth in Japan and Oceania. Givaudan's global footprint was able to react quickly to support Japanese customers needs following the earthquake and tsunami in March.
Progress was well balanced across all segments as strong new wins complemented the established business growth with gains coming from Beverage, Dairy, Snacks and Savoury. The region delivered double digit growth in the divisional strategic growth pillars, with strong emphasis in Food Service and Health and Wellness sales.

To support growth momentum in India, Givaudan is working to expand the technical centre that will house expanded flavour creation, application and innovation capabilities to service the fast growing flavour and taste opportunities in the Indian marketplace.

Europe, Africa, Middle East (EAME)
Sales increased 5.0% in local currencies despite the ongoing difficult economic environment in the region. The developing markets of Africa, Middle East and Russia achieved high single digit growth. The mature markets increased with gains mainly coming from Germany, Ireland, the UK and Spain.

The region recorded expansion across all segments with Savoury and Snacks leading the way. Growth was attributed both to new wins as well as growth of the established business. The strategic pillars of Health & Wellness, Food Service and Targeted Customers delivered doubled digit growth. Consumer research around naturals was the key driver to the success for the ByNature™ natural flavour program which led to strong gains in Eastern and Western Europe markets.

The region is in the final stages of completing the construction of the new centralized savoury production facility. This state-of-the-art manufacturing site is located in Makó, Hungary, close to the fast-growing developing markets of Eastern Europe.

North America
Sales increased 1.4% in local currencies despite high prior year comparables and the continued economic uncertainty in the region. Volumes continue to be depressed, with the main gains coming from new wins in Beverages and Snacks. The strategic pillar of Food Service contributed strongly with double digit gains as a result of new wins in the Beverage and Dairy segments while Health and Wellness continued its growth trend against high comparables.

Latin America
Sales improved 7.1% in local currencies against high prior year comparables, with strong growth coming in the fourth quarter of the year. Argentina and Chile recorded double-digit gains, supported by the expansion of the established business and new win revenue, while Brazil and Mexico improved based on new wins in targeted customers and segments. Expansion across all segments was realized with strength coming from Beverages, Snacks and Sweet Goods segments. The strategic pillar of Health and Wellness gained significantly as key customers focused on sweetness enhancement.
An expansion of the production site in Argentina is being implemented to accelerate growth in the beverage category. The expanded spray drying capacity is expected to be completed in mid-2012.

Available documents and links:

Annual Report 2011

Full Year Results 2011 presentation

This afternoon, 16 February 2012 at 15.00 CET, a conference call will be broadcasted on Givaudan's internet site. Please click here.

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