Givaudan
ENGAGING THE SENSES

Full Year Results 2005 - Givaudan's leadership further strengthened

- Sales of CHF 2,778 million, growth of 2.5% in local currencies
- Gross profit of CHF 1,359 million, resulting in a margin of 48.9%
- Operating profit increased by 7% to CHF 513 million
- Strong operating cash flow of CHF 502 million
- Net profit increased by 21% to CHF 406 million
- Earnings per share increased by 27% to CHF 56.57 per share
- Proposed dividend of CHF 17.60 per share (previous year CHF 16.30), increase of 8%

Geneva, 21 February 2006 - In 2005, Givaudan continued to build on its leadership position in the Fragrance and Flavour industry by delivering above market sales growth. Total group sales reached CHF 2,778 million, reflecting an increase of 2.5% in local currencies and a 3.6% in Swiss Francs. The reported sales growth was impacted by the ongoing initiative to eliminate lower value-added ingredients both in Fragrances and Flavours. Excluding this streamlining effect, sales would have grown by 3.5% in local currencies, in line with Givaudan's objective to grow faster than the market.

The Fragrance division recorded sales of CHF 1,131 million, a growth of 4.2% in local currencies and 5.4% in Swiss Francs. This result was driven by consumer products, which recorded strong gains for the fifth consecutive year. Fine fragrances were slightly ahead of previous year's strong revenues. In fragrance ingredients, specialties showed an excellent performance. Flavours sales of CHF 1,647 million grew 1.3% in local currencies and 2.5% in Swiss Francs. Sales in the emerging markets of Asia Pacific, Latin America and Eastern Europe showed strong growth, while those in the mature markets of North America and Western Europe remained flat. Flavour division sales, in addition to the streamlining effect were also impacted by lower prices for natural vanilla.

In a challenging market environment, the gross profit margin was further improved from 47.7% to 48.9% in 2005. Despite a CHF 21 million asset impairment charge linked to site closures, operating profit increased by 7% to CHF 513 million, an EBIT margin of 18.5%. This good performance was achieved by prudent cost management, the positive impact of the European site consolidation in Flavours and the successful implementation of the margin improvement initiatives launched two years ago. The net profit increased by 21% to CHF 406 million. This substantial improvement is the consequence of the good operating performance and a good non-operating result. Earnings per share increased from CHF 44.64 to CHF 56.57 per share, due to the higher net profit and the lower average number of outstanding shares. The company has delivered a sound operating cash-flow before investments of CHF 502 million and maintained a strong balance sheet with an equity ratio of 54% of total assets.

In May 2005 Givaudan launched its third share buy back which is targeted at repurchasing a further 720,000 shares or 10% of the remaining outstanding share-capital of 7,200,000 shares. The Board of Directors has decided to extend this programme until 31 May 2007.

This year 2005 was a year of management transition. At the Annual General Meeting Henri B. Meier retired as Chairman of the Board and handed over his responsibility to Jürg Witmer who passed on the operational leadership of the company to the new CEO, Gilles Andrier. On 1 January 2005, Matthias Währen was appointed as new CFO.

Givaudan is confident to sustain its leading market position and to deliver another good result in 2006.

Key figures 2005

In Mio CHF except per share data	**2005**	**2004 (restated)(1)**	**2004 (reported)(1)**
Group Sales	2,778	2,680	2,680
Fragrances Sales	1,131	1,073	1,073
Flavour Sales	1,647	1,607	1,607
Gross Profit	1,359	1,278	1,280
as % of sales	*48.9*	*47.7*	*47.8*
EBITDA (2)	640	584	588
as % of sales	*23.0*	*21.8*	*21.9*
Operating Profit	513	480	484
as % of sales	*18.5*	*17.9*	*18.1*
Net Income	406	337	350
as % of sales	*14.6*	*12.6*	*13.1*
Earnings per share (basic)	56.57	44.64	46.36

In Mio CHF	**31 December 2005**	**31 December 2004 (restated)(1)**	**31 December 2004 (reported)(1)**
Current assets	*1,723*	*1,766*	*1,735*
Non-current assets	*2,793*	*2,564*	*2,564*
Total Assets	**4,516**	**4,330**	**4,299**
Current liabilities	*763*	*1,238*	*929*
Non-current liabilities	*1,316*	*1,104*	*1,105*
Equity	*2,437*	*1,988*	*2,265*
Total liabilities and equity	**4,516**	**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. Givaudan 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 2.22).He consolidated financial statements in the "Financial Report 2005".

2) EBITDA: Earnings Before Interest (and other financial income), Tax, Depreciation and Amortisation. This corresponds to operating profit before depreciation, amortisation and impairment of long-lived assets.

Fragrance Division

In 2005, the Fragrance Division recorded sales of CHF 1,131 million, resulting in a growth of 4.2% in local currencies and 5.4% in Swiss francs. This performance was driven by the core business, fragrance compounds and speciality ingredients. Fine fragrance sales were slightly ahead of previous year’s strong revenues and consumer products performance was above market growth for the fifth consecutive year. In line with the fragrance ingredients strategy, commodities were further reduced whilst specialties continued to grow double digit.

Due to higher operating cost, raw material prices and a provision mainly due to regulatory changes in the USA, the division’s operating profit decreased to CHF 161 million, resulting in an operating margin of 14.2% versus 15.8% in 2004.

To further develop its position in the fragrance market, Givaudan enlarged its fine fragrance creation studios in Paris and New York and redesigned its Perfumery School in Argenteuil (France). In Vernier (Switzerland), Givaudan upgraded its compounding facilities; besides installations for an improved work flow, high capacity mixing vessels were added for quicker and more efficient response to large orders.

Flavour Division

In 2005, the Flavour Division recorded sales of CHF 1,647 million resulting in a growth of 1.3% in local currencies and 2.5% in Swiss francs. Asia Pacific and Latin America showed above market growth. North America grew marginally, whereas Europe showed a small decline versus last year. Sales growth of these mature markets was affected by slower customer development activities as well as by lower selling prices for natural vanilla and the streamlining of low margin products.

Operating profit increased from CHF 310 million to CHF 352 million, resulting in a margin increase from 19.3% to 21.4%. This is a direct result of the successfully implemented margin improvement initiatives, the product portfolio rationalisation and the production consolidation activities in Europe.

At the end of 2005, Givaudan successfully completed the transfer of the liquid and dry flavour production from Barneveld (Netherlands) to Dortmund (Germany) and Zurich (Switzerland). The French market commercial team was moved from Tremblay (France) to the newly refurbished facilities in Argenteuil (France). In August 2005, the final phase of the Savoury Development Centre in Kemptthal (Switzerland) was completed with the inauguration of a fully dedicated pilot plant, capable of handling a wide range of food manufacturing processes. It will allow the development of flavours together with customers in a realistic setting.

As a consequence of the on-going streamlining of savoury base notes and the consolidation of production sites, Givaudan announced on 10 January 2006 the closure of its New Milford (Connecticut) and Oconomowoc (Wisconsin) sites. These activities will be transferred to Cincinnati (Ohio) and Devon (Kentucky) with a targeted completion by June 2007.

The expansion of the production facilities in Fukuroi, Japan, was completed in 2005 and now provides the necessary manufacturing capacity to serve the ever increasing business being generated in this important market. The construction of a fully dedicated flavour creation, application and production centre in Shanghai is progressing well and is scheduled to become operational in summer 2006.

Available Documents and Links:

Annual Report 2005

Financial Report 2005

Full Year 2005 Results Presentation

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