



Margin improvement initiatives approved and launched

Geneva, 22 January 2004 - Since becoming an independent publicly quoted company in June 2000, Givaudan has strived to become the leading company in the fragrance and flavours industry. It has focused on an ambitious top-line growth strategy, looking at organic growth as well as acquisitions.

A number of internal programmes were launched with investment character, which resulted in additional upfront expenses. These programmes, together with the acquisitions of FIS and the Wisconsin-based cheese flavouring company IBF, have enabled Givaudan to become in 2003 the leading flavour and fragrance company, growing above market.

Since the FIS acquisition, programmes have been underway to bring back the savoury margins to pre-acquisition levels. In addition, Givaudan announced in August 2003 that further initiatives would be launched to improve operational results, counterbalancing the temporary negative effects of exchange rate developments, the structurally weaker product mix in flavours and increased cost in the sourcing of important raw materials.

After in-depth analysis of potential areas for improvements throughout the group, various projects to enhance cost efficiency have now been defined and approved. Some have already been started; others with longer term time horizon will be implemented in the first half of 2004. In the frame of these programmes 300 positions have been identified for elimination through attrition/retirement and targeted job reductions. Some of these reductions have already occurred in the second half of 2003. Additionally, a number of non headcount related initiatives are underway which will contribute to further operational improvements.

All these initiatives have been evaluated and the restructuring cost of CHF 68 million will be reflected in the 2003 results. Future savings on an annualised basis will be CHF 67 million, of which CHF 47 million will positively influence the results of 2004.

The positive sales trend as announced in the nine months sales release has continued throughout the last quarter 2003, leading to full year sales results within market expectations. Full year results 2003 will be announced as foreseen on 2 March 2004.

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