



Givaudan: 14% net profit increase in 2000

Geneva, 13 March 2001 – In 2000 Givaudan (SWX: GIVN), a global leader in the fragrance and flavour industry with headquarters in Switzerland, recorded sales of CHF 2.4 billion resulting in an increase of 6% compared to 1999.

The gross profit margin rose by 0.3 percentage points to 48%, essentially due to further efficiency improvements, which were achieved through Givaudan's initiatives to shift towards global raw material purchasing and long-term supply chain improvements, as well as the continued streamlining of its production base.

Further improvements in the whole business process resulted - on a comparable pro forma basis - in an increase of the operating profit by 10% to CHF 427 million and a margin improvement from 17.4% to 18.1% in 2000. Net profit improved by 14% to CHF 265 million, accounting for 11.3 % of sales compared to 10.4% in 1999.

The Board of Directors proposes to the Annual General Meeting a dividend of CHF 6.50 per share.

Givaudan continues to focus on becoming the undisputed leader in the fragrance and flavour industry. Its strong scientific and technological base, unique creative potential and state-of-the art operating asset base in all key markets throughout the world are important prerequisites. Major new product wins in the second half of 2000 and the realignment of the business focus to the changing market environment will allow Givaudan to further improve sales in 2001. Barring extraordinary events Givaudan expects a good overall result in 2001.

Key figures on a comparable pro forma basis ¹⁾

<i>in millions of Swiss francs</i>	2000	1999	Change in %
Sales	2,356	2,231	6
Gross profit	1,130	1,065	
<i>Gross profit margin</i>	48.0%	47.7%	
Operating profit	427	389	10
<i>Operating profit margin</i>	18.1%	17.4%	
EBITDA ²⁾	567	516	10
<i>EBITDA margin</i>	24.1%	23.1%	
Net income	265	232	14
<i>Net income margin</i>	11.3%	10.4%	
Earnings per share in CHF ³⁾	30.95	26.90	
Total assets	4,114	3,557	
Total liabilities	1,432	981	
Total equity and minority interests	2,682	2,576	
Number of employees on 31 December 2000	5,075	4,907	

1) The pro forma figures show the combined financial statements as if the spin-off had occurred on 1 January 1999.

2) EBITDA: **E**arnings **B**efore Interest (and other financial income), **T**ax, **D**epreciation and **A** mortisation. This corresponds to operating profit before depreciation and amortisation.

3) The earnings per share reflect a number of 8,625,627 shares after the share split and the capital increase.

In the year 2000, sales in local currencies decreased on a global basis slightly by 1%. Asia Pacific, parts of Europe and Latin America showed good growth, whilst the market situation was more difficult in the mature markets of North America and most Western European countries, where industry consolidation and product portfolio streamlining amongst key customers led to postponed projects and fewer than expected new product launches. Fine Fragrance sales showed a positive development world-wide.

Marketing, development and distribution costs increased by 11% to CHF 538 million, as Givaudan significantly strengthened its position to serve the growing customer base in emerging markets. It also accelerated the entrance into new market segments such as the fragrance speciality retail business and food service. These efforts resulted in a number of interesting new wins and access to core listings in Fragrances. In the third quarter 2000, the Fragrance Ingredients business unit launched its Internet site, an important pillar of the company-wide ongoing e-business projects.

In 2000 major investment projects in the USA and in Asia were completed, thus strengthening Givaudan's presence in the emerging markets, vital for future sales growth, as well as gaining economies of scale in North America. The investments include a state-of-the art fragrance compounding centre in Mount Olive (New Jersey, USA) and a new flavour research centre in Cincinnati (Ohio, USA). In August the new combined fragrance and flavour compounding facility as well as a new fragrance creative centre in India started their operations. In October the second phase of the manufacturing plant and creative centre in Shanghai (China) for both flavours and fragrances became operational.

Givaudan's world-wide headcount increased by 168 to reach a total of 5,075 employees. This is primarily the consequence of supporting growth activities in Asia-Pacific and the staffing of the marketing and research centre in Cincinnati as part of the long-term development strategy. Performance based variable pay schemes have been extended to all employees of the Givaudan group. As a consequence of the spin-off, Givaudan introduced a new talent management system and a long-term incentive plan for key staff.

Givaudan reinforced the R&D function in both divisions, as it believes innovation in product applications will be the basis for long-term success. The new flavour research centre in Cincinnati (Ohio, USA) has already developed interesting leads for new flavour ingredients of natural origin and has gained new insights in the flavour matrix interaction with different food bases. New patented molecules, which were developed in the fragrance research centre of Dübendorf (Switzerland), were introduced to enhance the creative portfolio of Givaudan's perfumers. The collaboration with the research department of Roche in the domain of olfactory receptor genes produced its first promising results.

The 2000 annual report is available on Givaudan's web site <http://www.givaudan.com> as a downloadable pdf-file.

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