



FULL YEAR RESULTS 2013

Delivering on mid-term targets

- Sales of CHF 4.4 billion, up 5.5% on a like-for-like basis
- Developing markets now account for 45% of sales and grew 9.7% on a like-for-like basis
- EBITDA increased by 9.1% to CHF 970 million
- EBITDA margin improved to 22.2% from 20.9% in 2012
- Net income of CHF 490 million, up 19.5% year on year
- Free cash flow improved to 15.2% of sales, compared to 12.0% in 2012
- Proposed dividend of CHF 47.00 per share, up 30% year on year

Geneva, 30 January 2014 – Givaudan Group full year sales were CHF 4,369 million, an increase of 5.5% on a like-for-like basis and 2.6% in Swiss francs when compared to 2012.

Fragrance Division sales were CHF 2,083 million, an increase of 5.1% on a like-for-like basis and 3.0% in Swiss francs.

Flavour Division sales were CHF 2,286 million, an increase of 5.8% on a like-for-like basis and 2.3% in Swiss francs.

Gross Margin

The gross margin increased to 44.7% from 42.4%, driven by the residual price increases implemented during the last two years to offset increases in raw material costs, and the positive leverage effect from the strong volume gains. In addition, the Company is capitalising on its recently completed ERP project to create supply chain efficiencies. The transfer of products to the new Flavours manufacturing facility in Makó, Hungary continues in line with project timelines.

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

The EBITDA increased by 9.1% to CHF 970 million in 2013 from CHF 889 million in 2012. A strong gross profit and a continued focus on internal costs were the main enablers of the improvement. When measured in local currency terms, the EBITDA increased by 10.5%. The EBITDA margin increased to 22.2% in 2013 from 20.9% in 2012.

Operating Income

The operating income increased by 10.7% to CHF 693 million, from CHF 626 million for the same period in 2012. When measured in local currency terms, the operating income increased by 12.5%. The operating margin increased to 15.9% in 2013 from 14.7% in 2012.

Financial Performance

Financing costs were CHF 85 million in 2013, versus CHF 84 million for the same period in 2012. In 2013, the Group incurred a non-cash charge of CHF 9 million, following the decision to close out an interest rate swap. This charge was offset by lower interest expense on a lower debt level. Other financial expense, net of income, was CHF 28 million in 2013, flat versus the CHF 28 million reported in 2012, despite the currency volatility in certain markets.

The Group's income taxes as a percentage of income before taxes were 16% in 2013 versus 20% in 2012.

Net Income

The net income increased to CHF 490 million in 2013 from CHF 410 million in 2012, an increase of 19.5%, driven by an improved operating performance, stable financial expenses and a lower income tax rate. This results in a net profit margin of 11.2%, versus 9.6% in 2012. Basic earnings per share increased to CHF 53.43 versus CHF 45.04 for the same period in 2012.

Cash Flow

Givaudan delivered an operating cash flow of CHF 888 million in 2013, compared to CHF 781 million in 2012, driven by a higher EBITDA and a tight control on working capital. As a percentage of sales, working capital decreased, as inventory levels increased at a slower rate than sales and payment terms were improved.

Total net investments in property, plant and equipment were CHF 123 million, down from CHF 148 million incurred in 2012. During 2013 the Group continued its investments to support growth in developing markets, most notably through the initiation of a new flavours savoury facility in Nantong, China and a fragrance creative centre and compounding facility in Singapore. In 2012 the Company was making significant investments in the centralised Flavours facility in Hungary. Intangible asset additions were CHF 51 million in 2013, as the Company implemented the ERP project in new facilities and completed the implementation in smaller affiliates. Total net investments in tangible and intangible assets were 4.0% of sales, compared to 4.5% in 2012.

Operating cash flow after net investments was CHF 714 million in 2013, versus the CHF 588 million recorded in 2012. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 662 million in 2013, versus CHF 512 million for the comparable period in 2012, mainly driven by a higher EBITDA, lower working capital requirements and lower investments than in 2012. As a percentage of sales, free cash flow in 2013 was 15.2%, compared to 12.0% in 2012.

Financial Position

Givaudan's financial position remained solid at the end of December 2013. Net debt at December 2013 was CHF 816 million, down from CHF 1,153 million at December 2012. At the end of December 2013 the leverage ratio was 18%, compared to 24% at the end of 2012.

Dividend Proposal

At the Annual General Meeting on 20 March 2014, Givaudan's Board of Directors will propose a cash dividend of CHF 47.00 per share for the financial year 2013, an increase of 30% versus 2012. This is the thirteenth consecutive dividend increase following Givaudan's listing at the Swiss stock exchange in 2000. The total amount of this distribution will be made out of reserves for additional paid-in capital which Givaudan shows in equity as at the end of 2013.

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. 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 targeting an annual free cash flow of between 14% and 16% of sales in 2015.

Givaudan confirms its intention to return above 60% of the Company's free cash flow to shareholders while maintaining a medium term leverage ratio target below 25%. The leverage ratio is defined as net debt, divided by net debt plus equity. For this ratio calculation, the Company has decided to exclude from equity any impact arising from the changes of IAS 19 - Employee Benefits (revised) going forward.

Key Figures

For the twelve months ended 31 December, in million CHF except per share data	2013	2012 ²
Group sales	4,369	4,257
Fragrance sales	2,083	2,021
Flavour sales	2,286	2,236
Gross profit	1,954	1,806
<i>as % of sales</i>	44.7%	42.4%
EBITDA ¹	970	889
<i>as % of sales</i>	22.2%	20.9%
Operating income	693	626
<i>as % of sales</i>	15.9%	14.7%
Income attributable to equity holders of the parent	490	410
<i>as % of sales</i>	11.2%	9.6%
Earnings per share - basic (CHF)	53.43	45.04
Earnings per share - diluted (CHF)	52.83	44.74
Operating cash flow	888	781
<i>as % of sales</i>	20.3%	18.3%
Free Cash Flow	662	512
<i>as % of sales</i>	15.2%	12.0%

¹ EBITDA: Earnings **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 Previous year figures have been restated as a result of changes to accounting policies and presentation (see note 2.1.1 in the Annual Report 2013).

in million CHF except for employee data	31 December 2013	31 December 2012 ²
<i>Current assets</i>	2,301	2,195
<i>Non-current assets</i>	3,901	4,089
Total assets	6,202	6,284
<i>Current liabilities</i>	1,290	985
<i>Non-current liabilities</i>	1,489	2,033
<i>Equity</i>	3,423	3,266
Total liabilities and equity	6,202	6,284
Number of employees	9,331	9,124

² Previous year figures have been restated as a result of changes to accounting policies and presentation (see note 2.1.1 in the Annual Report 2013).

Fragrance Division

Fragrance Division sales were CHF 2,083 million, an increase of 5.1% on a like-for-like basis and 3.0% in Swiss francs.

Total sales for Fragrance compounds (Fine Fragrances and Consumer Products combined) increased by 6.0% on a like-for-like basis. In Swiss francs, sales of compounds increased to CHF 1,847 million from CHF 1,781 million.

Fine Fragrance sales grew 1.8% on a like-for-like basis. The growth was mainly driven by strong growth in Latin America and a moderate growth in North America.

Consumer Product sales increased by 7.1% on a like-for-like basis, driven by a strong performance in developing markets and a moderate growth in the mature markets and across all customer groups.

Sales of Fragrance Ingredients declined by 1.1% on a like-for-like basis, however, showed a moderate growth in the second half of the year.

EBITDA increased by 15.6% to CHF 503 million from CHF 435 million in 2012. The EBITDA margin increased to 24.2% in 2013, from 21.5% in 2012.

The operating income increased by 20.6% to CHF 380 million in 2013, versus CHF 315 million for the same period in 2012. The operating margin increased to 18.3% in 2013 from 15.6% in 2012.

Fine Fragrances

Fine Fragrance sales grew 1.8% on a like-for-like basis. Growth was delivered in developing as well as mature markets as new business more than compensated for erosion.

In developing markets Latin America again delivered strong growth led by Brazil where new business drove double-digit growth. This performance more than offset lower sales in Eastern Europe. In the mature markets of Western Europe and North America the business delivered growth as a number of key wins contributed to the gains.

Givaudan's fragrances had another solid showing at the major award ceremonies in Europe and the US. Fragrances that were recognised include Tom Ford Noir, Tom Ford Café Rose, Prada Luna Rossa, James Bond 007 by James Bond, Red Sin by Christina Aguilera and True Reflection for Kim Kardashian.

Consumer Products

The Consumer Products Business Unit sales increased by 7.1% on a like-for-like basis against last year's double-digit comparables. Higher win rate, moderate erosion on existing business and some residual pricing effect contributed to this growth. This solid performance was achieved across all customer groups and was driven by strong sales growth in developing markets and moderate growth in mature markets.

Sales in Latin America grew double-digit for the second year in a row, driven largely by international customers. This growth was sustained by a strong performance in the fabric care, deodorant and personal wash segments. In Asia, all customers groups contributed to the strong sales increase, led by dynamic sales in the fabric care and personal care segments. In Europe, Africa and the Middle East, the sales increase was underlined by all customer types. The growth was strongly driven by increases in the personal care and home care segments. The positive sales performance in North America was supported by a double-digit increase with local and regional customers.

On a product basis, sales grew in all major segments. Fabric care, personal care and home care showed a particularly solid performance.

In 2013, investment focus continued in the developing markets, with a major capital commitment made in a new fragrance creative centre and compounding facility in Singapore.

Fragrance Ingredients

Sales of Fragrance Ingredients declined by 1.1% on a like-for-like basis in 2013. After the reported sales decline in the first half year of 2013, sales recorded a moderate growth in the second half of the year.

Sales grew significantly in the developing markets in 2013, driven by strong sales growth in the Asian market, especially in China and India, while growth was lower in Latin America. Sales in the European markets showed a solid single-digit growth in 2013 while sales continued to decrease in

the second half in North America.

Flavour Division

Flavour Division sales were CHF 2,286 million in 2013, an increase of 5.8% on a like-for-like basis and 2.3% in Swiss francs.

All major business segments grew favourably with Beverages, Dairy and Snacks leading the way. The strategic growth pillars of Health and Wellness, developing markets, targeted customer and segments contributed to the market success. Innovation partnerships with customers enabled delivery of new food and beverage product launches containing consumer preferred flavour and taste solutions. EBITDA increased by 2.9% to CHF 467 million, from CHF 454 million in 2012. The EBITDA margin was 20.4% in 2013, up from 20.3% in 2012.

The operating income increased by 0.6% to CHF 313 million in 2013, from CHF 311 million for the same period in 2012. The operating margin decreased to 13.7% in 2013 from 13.9% in 2012.

Asia Pacific

Sales increased 7.3% on a like-for-like basis. The developing markets achieved double-digit growth, led by China, India and Indonesia. The mature markets were flat, as growth in Japan was offset by weakness in the Oceania sub region.

Strong new wins and growth of existing business fuelled the expansion across all segments with gains coming from Beverage, Dairy and Snacks. The region delivered solid growth in the divisional strategic growth pillars, with strong emphasis on Health and Wellness sales.

Investments continue in Asia Pacific to support the growth opportunities within the region. Ground breaking took place in 2013 for a new manufacturing facility in Nantong, China to service the savoury opportunities in China.

Europe, Africa and Middle East

Sales increased 5.9% on a like-for-like basis, driven mainly by growth in the developing markets of Africa, Middle East and Russia from volume gains and expansion of existing business in the developing markets. The mature markets of Western Europe increased with gains mainly coming from Great Britain, Ireland and Southern Europe.

All major segments provided good year over year growth with Beverage leading the way followed by Savoury, Snacks and Sweet Goods. All strategic pillars experienced good growth with strong influence coming from Developing Markets, Foodservice, Targeted Customers and the Health and Wellness areas.

North America

Sales increased 3.0% on a like-for-like basis. Growth was driven by new wins in Beverages and Sweet Goods and double-digit volume gains in Snacks. Successful commercialisation of new delivery systems, solid growth in Foodservice and Dairy helped to complete the favourable performance for this market.

The strategic growth pillar of Health and Wellness continued to expand at a solid double-digit growth rate, despite a high prior year comparable, as a result of new wins and existing business growth.

Latin America

Sales improved 7.7% on a like-for-like basis with strong growth coming from Argentina, Brazil and Mexico. New win revenue and expansion of existing business contributed to the growth. All major business segments improved with solid growth in Beverage, Dairy, Savoury and Snacks.

The strategic pillars experienced solid growth with increased focus on delivering key solutions to customers in the region. Growth in developing markets of Latin America was led by market share gains with targeted customers as well as new business in the Health and Wellness platform.

Annual General Meeting 2014

At the Annual General Meeting 2014, to be held in Geneva on 20 March 2014, the Board of Directors will propose to eliminate the current 10% voting rights and registration rights restrictions in the articles of incorporation. Furthermore, the Board will propose the changes to implement the

Ordinance against Excessive Compensation with respect to Listed Stock Corporations of 22 November 2013.

The Board of Directors will also propose to elect the following candidates as new Board members for a term of one year each:

- Prof Dr Werner Bauer, former Executive Vice President and Head of Innovation, Technology, Research and Development at Nestlé S.A.
- Mr Calvin Grieder, currently CEO of Bühler.

As already announced, Mrs Irina du Bois will retire from the Board at the Annual General Meeting 2014.

Note: Like-for-like excludes the impact of currency, acquisitions and disposals

Media release. [DOWNLOAD](#)

On 30 January 2014 at 15.00 CET, a conference call will be broadcasted. Please click [here](#).

Available documents as downloadable files:

[Annual Report 2013](#)

[Full Year Results 2013 presentation](#)

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