Strong operating performance

Half Year Results 2013

Vernier, 25 July 2013
Gilles Andrier
CEO
Our 2013 six month results are a convincing demonstration of the continued value we bring to our customers, across all regions and segments

* Like-for-like (LFL) excludes the impact of currency, acquisitions and disposals
Half Year Results 2013

Sales performance: Above average growth rates of the last five years

- Group: 2,225
  - 5.6%
  - 5.7%
  - 4.7%

- Fragrances: 1,047
  - 6.0%
  - 5.5%
  - 5.3%

- Flavours: 1,178
  - 5.3%
  - 5.8%
  - 4.1%

* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

2008 – 2013 CAGR*:
- In million CHF
- 2013 growth on LFL* basis
- 2013 growth in CHF

* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals
HY 2008 to HY 2013 sales CAGR
At top end of mid-term guidance

**Fragrances**

- Fine Fragrances: 2.6%
- Consumer Products: 7.8%
- Fragrance Ingredients: 1.4%
- TOTAL FRAGRANCES: 6.0%

**Flavours**

- Latin America: 11.4%
- Asia Pacific: 8.3%
- North America: 2.9%
- EAME: 3.6%
- TOTAL FLAVOURS: 5.3%

**Group**: 5.6%

*All figures on a LFL (like-for-like), which excludes the impact of currency, acquisitions and disposals*
Sales evolution by market
On track for 50% of sales from developing markets in 2015

HY 2012
- Developing: 43%
- Mature: 57%

HY 2013
- Developing: 45%
- Mature: 55%

2013 growth on LFL* basis:
- Developing: +10.8%
- Mature: +2.1%

In million CHF
- Developing: 2012: 914, 2013: 990

* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals
## Sales evolution by region

### 2008 – 2013 CAGR by region and market

**Mature – 2.1%**
- EAME: 1.3%
- NA: 2.7%
- APAC: 2.9%
- LATAM: 2.1%

**Developing – 10.8%**
- EAME: 7.1%
- NA: 12.6%
- APAC: 13.1%
- LATAM: 10.8%

* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

**In million CHF**
- HY 2012
- HY 2013
- 2013 growth on LFL* basis
- 2008 – 2013 CAGR*

### Latin America
- 2008: 281, CAGR 10.5%
- 2013: 298, CAGR 13.1%

### Asia Pacific
- 2008: 563, CAGR 6.1%
- 2013: 587, CAGR 9.4%

### North America
- 2008: 481, CAGR 3.7%
- 2013: 505, CAGR 2.7%

### EAME
- 2008: 801, CAGR 4.7%
- 2013: 835, CAGR 3.0%
Fragrance Division
Sales and EBITDA

Fine Fragrances grew 2.5%
- Strong performance in developing markets, mature markets flat versus 2012
- Perfumers recognised for their creativity, again winning a number of top awards in Europe and the USA

Consumer Products grew 7.9%
- Strong growth across all customer groups
- Double digit growth in Latin America and strong single growth in Asia Pacific
- Double digit growth in personal care, especially among international clients, and solid increase in fabric care in Asia and Latin America

Fragrance Ingredients declined 2.9%
- Impacted by discontinuation of some commodity products
Flavour Division
Sales and EBITDA

Strong growth in developing markets and double digit growth in Health and Wellness taste solutions

- Asia Pacific increased 6.4% driven by China, India and Indonesia
- Europe, Africa and Middle East grew 5.2% driven by the developing markets and growth across all mature countries in Europe
- North America grew 5.0% with strong growth in Beverages and Dairy
- Latin America increased 7.9% driven by strong growth in Argentina and Brazil
Matthias Währen
CFO
Half Year Results 2013

Highlights

- Sales CHF 2.2 billion, up 5.7% in local currencies
- EBITDA increased by 16.4% to CHF 509 million
- EBITDA margin improved to 22.9%
- Net income of CHF 271 million, up 36% year on year
- Net investments down significantly versus 2012, at 2.6% of sales
- Free cash flow of CHF 207 million, 9.3% of sales
- Net debt of CHF 1.3 billion, leverage at 26%
Exchange rates development
Results largely unaffected by currencies, despite some significant individual currency movements versus Swiss franc

Average Exchange Rates
HY 2013 vs. HY 2012

<table>
<thead>
<tr>
<th></th>
<th>JPY</th>
<th>USD</th>
<th>GBP</th>
<th>EUR</th>
<th>SGD</th>
<th>BRL</th>
<th>CNY</th>
<th>MXN</th>
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<tr>
<td>HY 2013</td>
<td>0.99</td>
<td>0.94</td>
<td>1.44</td>
<td>1.23</td>
<td>0.75</td>
<td>0.46</td>
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<td>0.07</td>
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<tr>
<td>HY 2012</td>
<td>1.17</td>
<td>0.93</td>
<td>1.46</td>
<td>1.20</td>
<td>0.73</td>
<td>0.50</td>
<td>0.15</td>
<td>0.07</td>
<td>1.01</td>
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Operating performance
Strong sales growth and operating leverage

- Sales of CHF 2,225 million (2012: CHF 2,126 million)
- Gross Margin of 44.3%, up from 42.3%, driven by solid sales volumes, residual price impact and supply chain efficiencies
- EBITDA of CHF 509 million, up 16.4%, driven by
  - Improved Gross Profit
  - Operating expenses under control
- EBITDA margin of 22.9%, up from 20.6% in 2012
- Operating Income of CHF 377 million, up 23.8% from 2012, driven by higher EBITDA and stable amortisation charge.
Financing costs and other financial expenses
Lower than HY 2012 driven by re-financing and process optimisation

Financing costs down in 2013, following re-financing over recent years at attractive interest rates

Other financial income and expenses lower as company leverages on centralised Treasury function

Financing costs (in Mio CHF)
- HY 2012: 45
- HY 2013: 39

Other financial expenses (net) (in Mio CHF)
- HY 2012: 14
- HY 2013: 10
Net Income
Up significantly with improved business and financial performance

- Income before tax of CHF 328 million, up from CHF 246 million in 2012, driven by:
  - Significantly improved EBITDA
  - Lower financial expenses
- Effective tax rate of 18%, versus 19% in 2012
- Net income of CHF 271 million, or 12.2% of sales, up 36% year on year
- Basic EPS of CHF 29.61, versus CHF 21.98 in 2012

<table>
<thead>
<tr>
<th>Basic EPS (CHF)</th>
<th>HY 2012</th>
<th>HY 2013</th>
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<tr>
<td></td>
<td>21.98</td>
<td>29.61</td>
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<table>
<thead>
<tr>
<th>Net Income (in Mio CHF)</th>
<th>HY 2012</th>
<th>HY 2013</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>200</td>
<td>271</td>
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Free Cash Flow

Continued steady improvement, focused on all elements

- EBITDA increased by 16.4%, strong operational performance
- Working capital as a % of sales down versus to 27% of sales, compared to 31% of sales at June 2012
- Net CAPEX and Intangible investments of CHF 57 million (2.6% of sales) compared to CHF 91 million (4.3% of sales) in 2012
Conservative debt profile
> 85% of debt issued with fixed interest rates

- Feb 2013: Entered into $250 million private placement in the USA
- May 2013: Reimbursement of $110 million private placement in the USA
- July 2013: Reimbursement of CHF 100 million private placement
Leverage ratio
Increased over December 2012, driven by 2012 dividend payment

- Leverage ratio of 26% as at June 2013, up from 24% at December 2012, driven by CHF 331 million dividend payment
- Intention to maintain a medium term leverage ratio target below 25%
- Company will exclude from equity definition any impact arising from changes in IAS 19
Financial summary
Strong results, strong financial position and cash flow

- Sales of CHF 2.2 billion, an increase of 5.7% on a like-for-like basis, briefs pipeline and win rate remain strong
- Operating leverage and strong cost focus driving improved EBITDA margin
- Net income of CHF 271 million, up 36% versus 2012
- Cash flow strongly improved to 9.3% of sales, driven by strong EBITDA and lower investments
- Net debt CHF 1.276 million, leverage ratio 26%
Gilles Andrier
CEO
Mid term guidance
Driven by five pillar strategy

4.5 – 5.5% organic sales growth p.a.
Best-in-class EBITDA
14 – 16% FCF* as % of sales by 2015
Above 60% FCF* return to shareholders

Driven by five pillar strategy

Developing Markets
Health and Wellness
Targeted customers and segments
Sustainable sourcing of raw materials
R & D

* FCF (Free Cash Flow)
Sales growth assumes a market growth of 2-3%
Above 60% return to shareholders whilst maintaining a leverage ratio of no more than 25%
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