Givaudan

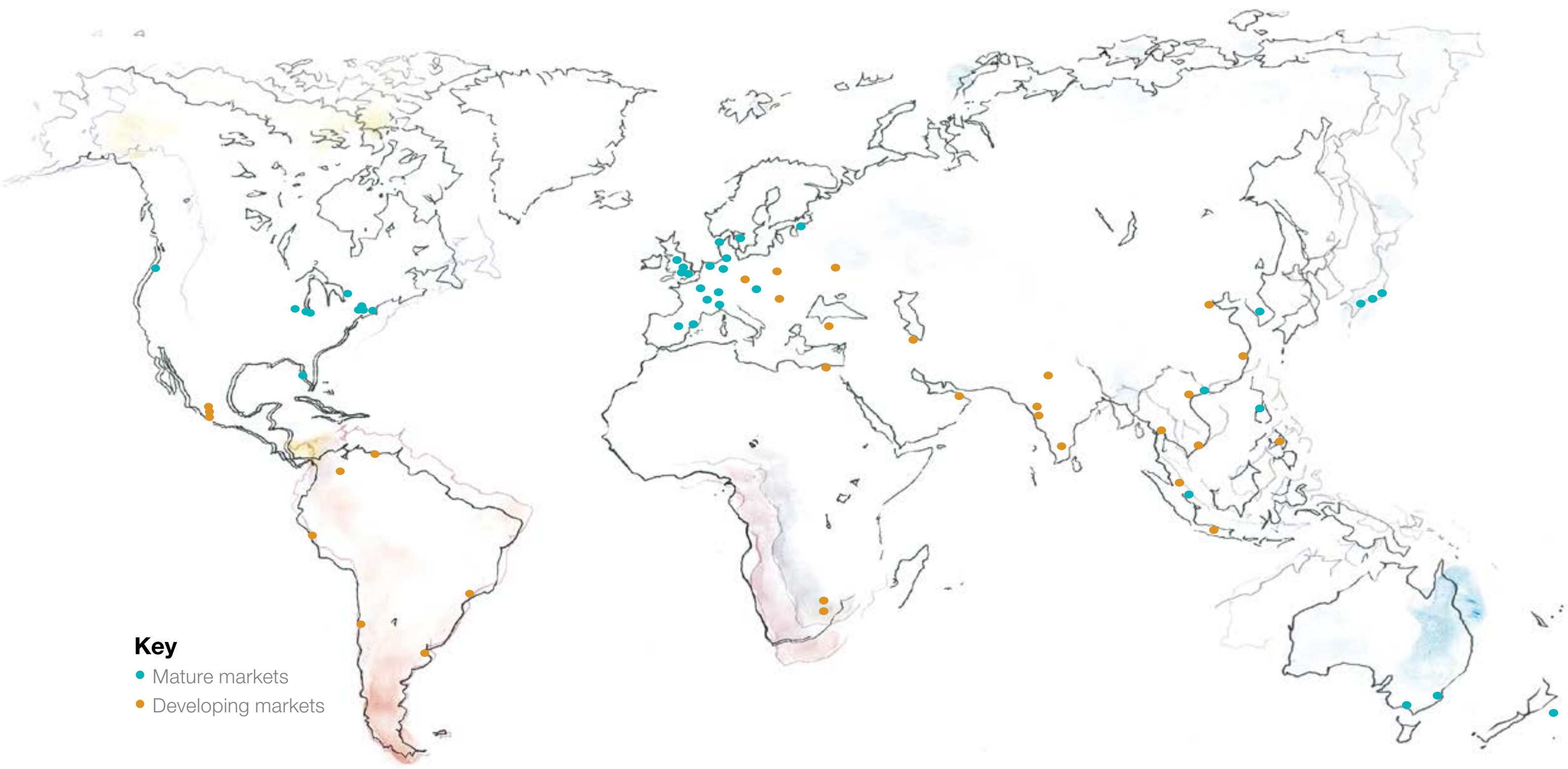
ENGAGING
THE
SENSES

Half Year Report 2014

Introduction and contents

About Givaudan

As the leading company in the fragrance and flavour industry, Givaudan develops unique and innovative fragrance and flavour creations for its customers around the world. We have a market share of approximately 25%, and this industry leadership position is underpinned by a sales and marketing presence in all major markets. We create fragrances for personal and home care brands that range from prestige perfumes to laundry care, and in flavours our expertise spans beverages, savoury, snacks, sweet goods and dairy products.



84	34	25 %	9,560
Locations worldwide	Production sites	Market share	Employees

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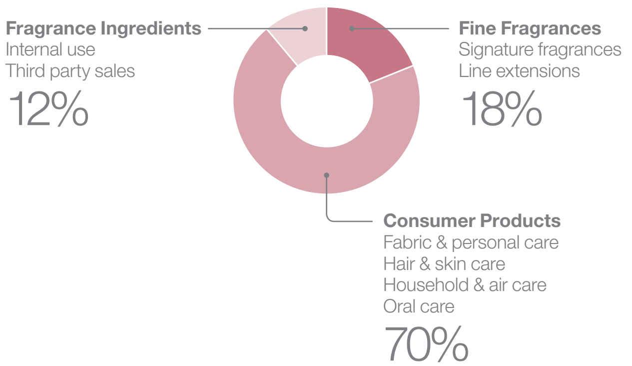
What we do

Fragrance Division 47% of Group sales

Our talents extend across three business areas – Fine Fragrances, Consumer Products and Fragrance Ingredients – through which we create scents for leading brands worldwide. In-depth consumer understanding, a high-performing research and development organisation and an efficient global operations network support our business. Our perfumery team is the largest in the industry.

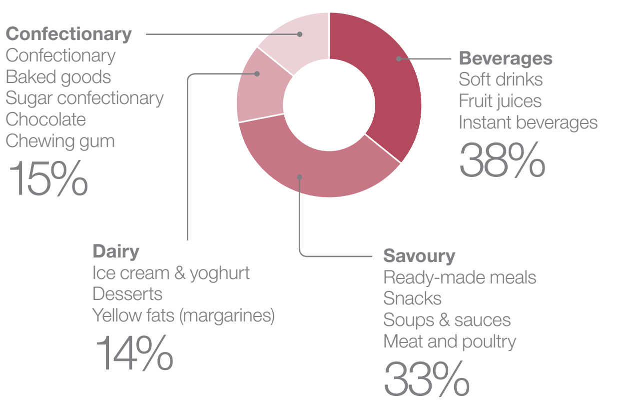
Fragrance Division sales



Flavour Division 53% of Group sales

We work with food and beverage manufacturers to develop flavours and tastes for market-leading products across all continents. We are a trusted partner to the world's leading food and beverage companies, combining our global expertise in sensory understanding, analysis and consumer-led innovation in support of unique product applications and new market opportunities.

Flavour Division sales



Financial highlights

CHF 2.2 billion	45 % of sales	CHF 562 million
Sales up 4.5% LFL*	**in developing markets**	**EBITDA**
25.6 %	CHF 305 million	CHF 178 million
EBITDA margin	**Net income, up 12.6% year on year**	**Free cash flow**

* LFL: Like-for-like excludes the impact of currency, acquisitions and disposals.

Key figures

For the first 6 months of 2014, in millions of Swiss francs, except per share data	2014	2013
Group sales	**2,191**	2,225
Fragrance sales	1,034	1,047
Flavour sales	1,157	1,178
Gross profit	**1,020**	985
as % of sales	46.6%	44.3%
EBITDA[a]	**562**	509
as % of sales	25.6%	22.9%
Operating income	**422**	377
as % of sales	19.2%	16.9%
Income attributable to equity holders of the parent	**305**	271
as % of sales	13.9%	12.2%
Earnings per share – basic (CHF)	**33.13**	29.61
Earnings per share – diluted (CHF)	**32.71**	29.29
Operating cash flow	**218**	299
as % of sales	9.9%	13.4%
Free cash flow	**178**	207
as % of sales	8.1%	9.3%

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment on joint ventures.

In millions of Swiss francs, except employee data	30 June 2014	31 December 2013
Current assets	2,275	2,301
Non-current assets	3,876	3,901
Total Assets	**6,151**	6,202
Current liabilities	956	1,290
Non-current liabilities	2,006	1,489
Equity	3,189	3,423
Total liabilities and equity	**6,151**	6,202
Number of employees	**9,560**	9,331

Business performance

Givaudan Group sales for the first six months of the year totalled CHF 2,191 million, an increase of 4.5% on a like-for-like basis and a decline of 1.5% in Swiss francs.

Fragrance Division sales were CHF 1,034 million, an increase of 4.8% on a like-for-like basis and a decline of 1.2% in Swiss francs.

Flavour Division sales were CHF 1,157 million, an increase of 4.3% on a like-for-like basis and a decline of 1.8% in Swiss francs.

Gross margin

The gross margin increased to 46.6% from 44.3%, driven by the positive leverage effect from the strong volume gains, lower operational costs following the closure of the Flavours facility in Bromborough, UK and supply chain efficiencies. The transfer of products to the new Flavours manufacturing facility in Makó, Hungary from Kemptthal, Switzerland, continues in line with project timelines.

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

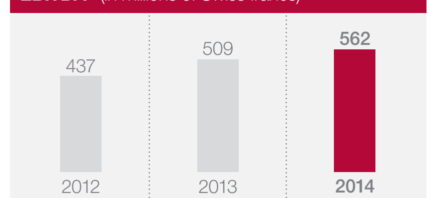
In the first six months of 2014, the EBITDA increased by 10.5% to CHF 562 million from CHF 509 million. An improved gross profit was the main driver behind the increased EBITDA. In the first six months of 2014 the Group recognised a one-off gain of CHF 38 million in the Flavours division on the disposal of land at its Dübendorf location in Switzerland. When measured in local currency terms, the EBITDA increased by 17.5%. The EBITDA margin increased to 25.6% in 2014 from 22.9% in 2013.

Operating income

The operating income increased by 11.8% to CHF 422 million, from CHF 377 million for the same period in 2013. When measured in local currency terms, the operating income increased by 20.7%. The operating margin increased to 19.2% in 2014 from 16.9% in 2013.

Sales (in millions of Swiss francs)

EBITDA[a] (in millions of Swiss francs)



Operating income (in millions of Swiss francs)

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment on joint ventures.

CHF 178 million

Free cash flow

Financial performance

Financing costs were CHF 32 million in the first half of 2014, versus CHF 39 million for the same period in 2013. The decrease was as a result of the lower net debt in the Group. Other financial expense, net of income, was CHF 14 million in 2014 versus CHF 10 million in 2013. The main increase in financial expense was driven by continued currency volatility in emerging markets.

The Group's income taxes as a percentage of income before taxes were 19% in 2014, compared to 18% in June 2013.

Net income

The net income for the first six months of 2014 was CHF 305 million compared to CHF 271 million in 2013, an increase of 12.6%. This results in a net profit margin of 13.9%, versus 12.2% in 2013. Basic earnings per share were CHF 33.13 versus CHF 29.61 for the same period in 2013.

Cash flow

Givaudan delivered an operating cash flow of CHF 218 million for the first six months of 2014, compared to CHF 299 million in 2013, as a higher EBITDA was more than offset by temporary working capital requirements. Working capital as a percentage of sales decreased in 2014 when compared to the same period in 2013.

Total investments in property, plant and equipment were CHF 46 million, compared to CHF 35 million incurred in 2013. Intangible asset additions were CHF 21 million in 2014, compared to CHF 23 million in 2013, as the company continued to invest in its IT platform and implement SAP in new facilities. In addition, the Group received cash of CHF 56 million as a result of the sale of land at its Dübendorf location in Switzerland. Total net investments in tangible and intangible assets were 0.5% of sales, compared to 2.6% in 2013.

Operating cash flow after net investments was CHF 207 million, versus the CHF 242 million recorded in 2013. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 178 million in the first half of 2014, versus CHF 207 million for the comparable period in 2013. As a percentage of sales, free cash flow in the first six months of 2014 was 8.1%, compared to 9.3% in 2013.

Financial position

Givaudan's financial position remained strong at the end of June 2014. Net debt at June 2014 was CHF 1,129 million, up from CHF 816 million at December 2013. The leverage ratio was 24%, compared to 18% at the end of 2013. The main reason for the increase in the leverage ratio was the payment of the CHF 433 million dividend in the first quarter of 2014.

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%.

Fragrance Division

Fragrance Division sales were CHF 1,034 million, an increase of 4.8% on a like-for-like basis and a decline of 1.2% in Swiss francs.

The acquisition of Soliance on the 2nd June 2014 contributed CHF 3 million of sales in the period.

Total sales for Fragrance compounds (Fine Fragrances and Consumer Products combined) increased by 4.4% on a like-for-like basis. In Swiss francs, sales of compounds declined to CHF 905 million from CHF 926 million.

Fine Fragrance sales grew 5.0% on a like-for-like basis driven by strong growth in Latin America.

Sales for the Consumer Products business increased by 4.2% on a like-for-like basis driven by the strong performance of developing markets and despite last year's strong comparables.

Sales of Fragrance Ingredients increased by 7.6% on a like-for-like basis driven by good growth in specialities and the Asian and North American market.

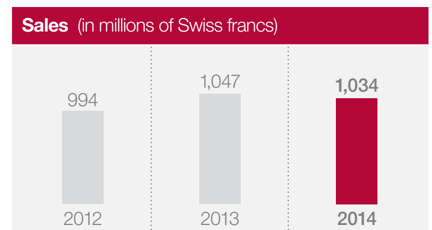
EBITDA declined slightly to CHF 252 million, compared to CHF 253 million for the first six months of 2013. The EBITDA margin increased slightly to 24.3% in 2014 from 24.1% in 2013.

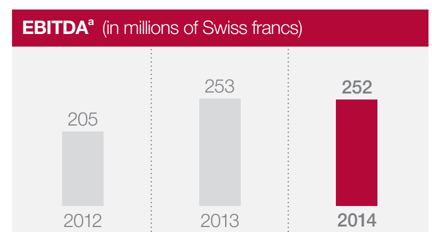
The operating income decreased by 2.6% to CHF 188 million in 2014, versus CHF 193 million for the same period in 2013. The operating margin decreased to 18.1% in 2014 from 18.4% in 2013.

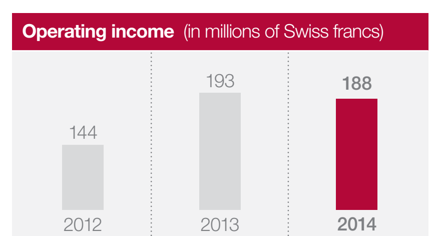
Fine Fragrances

Fine Fragrance sales grew 5.0% on a like-for-like basis in the first half of the year with the business delivering growth in both the developing and the mature markets.

In developing markets, strong double-digit growth in Latin America continued to drive performance. New wins with key accounts contributed significantly to the growth. In Central Asia, Middle East and Africa strong growth and new business in the Middle East more than offset a flat performance in Russia. In mature markets, growth in Western Europe more than compensated for lower sales in North America where new business was more than offset by erosion.







a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment on joint ventures.

At the major award ceremonies in Europe and the USA, Givaudan delivered another strong showing led by: Tom Ford's Plum Japonais, Tobacco Oud and Rive D'Ambre, Bottega Veneta pour Homme, James Bond Quantum, Ralph Lauren Polo Red, Le Male by Jean Paul Gaultier, Narciso Rodriguez for her, One Million Intense, Black for Comme des Garçons, Victoria by Victoria's Secret and Playing with the Devil by Kilian.

Consumer Products

Sales for the Consumer Products business increased by 4.2% on a like-for-like basis against last year's strong comparables. This performance was achieved across all customer groups. Developing markets posted good growth on top of the double-digit increase in the same period of last year. Mature markets showed mixed results when compared with the solid increase experienced in the first half of 2013.

In Latin America the double-digit sales growth was driven by international customers. Sales in Asia showed a good increase across all customer groups. In Europe, Africa and the Middle East, sales growth was spread across all customers, driven in particular by good performance with local and regional customers. The sales in North America were down compared to prior year, mainly driven by international customers. Local and regional customers reported good growth against last year's double-digit increase.

On a product segment basis, strong increases were seen in the personal care and fabric care segments, followed by home care. Oral care sales decreased when compared to last year's strong sales.

4.8%

Sales growth in Fragrances

On a like-for-like basis compared to 2013.

Fragrance Ingredients

Sales of Fragrance Ingredients increased by 7.6% on a like-for-like basis. After a strong first quarter, the growth momentum continued in the second quarter in most regions, especially in Asia and North America, whereas the result was below last year in Latin America. All major product categories showed increased sales versus prior year, led by the growth of Specialities.

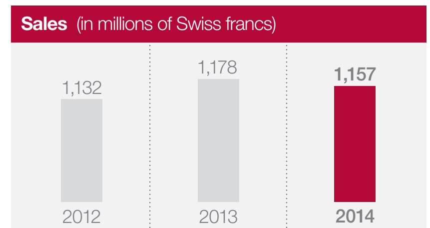
Flavour Division

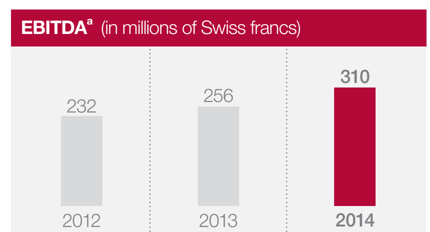
Flavour Division sales were CHF 1,157 million during the first six months of 2014, an increase of 4.3% on a like-for-like basis and a decline of 1.8% in Swiss francs.

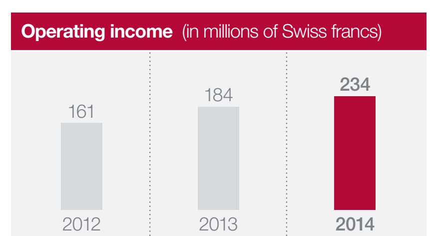
Sales growth was driven by the developing markets of Asia Pacific, Africa, Middle East and Latin America, driven mainly by new wins and existing business growth. The mature markets of North America and Western Europe were flat as a result of unfavourable market conditions. Growth across all major segments was realized with strength in Snacks, Beverages, Dairy and Sweet Goods. The evolution of Health and Wellness sales continued with solid gains as sweetness, salt and masking capabilities delivered improved taste solutions for customers.

EBITDA increased by 21.2% to CHF 310 million in 2014, from CHF 256 million for the first six months of 2013. The EBITDA margin was 26.8% in 2014, up from 21.7% in 2013. In the first six months of 2014 the Group recognised a one-off gain of CHF 38 million in the Flavours division on the disposal of land at its Dübendorf facility in Switzerland.

The operating income increased by 26.9% to CHF 234 million in 2014, from CHF 184 million for the same period in 2013. The operating margin increased to 20.2% in 2014 from 15.6% in 2013.







a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment on joint ventures.

Asia Pacific

Sales in Asia Pacific rose 7.0% on a like-for-like basis. New wins and growth of existing products in the developing markets of China, Indonesia, Philippines and Vietnam contributed to the sales expansion with double digit gains while the mature markets grew as a result of good growth from Australia and Singapore markets. All major segments had positive gains with Beverages, Dairy, Savoury and Snacks each delivering strong growth as a result of existing business increases.

Europe, Africa and Middle East

Sales grew by 2.5% on a like-for-like basis, driven mainly by the emerging markets of Africa, Middle East, Poland and Turkey. The mature markets of France, Germany, Ireland and UK were flat when compared to prior year. Beverages, Dairy and Snacks segments drove the overall increase.

North America

Sales were flat on a like-for-like basis in North America with a strong performance in Sweet Goods, Dairy and Snacks offset by the Beverage and Savoury segments.

Latin America

Growth in Latin America was 14.1% on a like-for-like basis with strong increases coming from Argentina, Brazil and Peru. New wins and volume expansion contributed to the growth in all segments with exceptional growth coming from Beverages, Dairy, and Snacks segments.

4.3%

Sales growth in Flavours

On a like-for-like basis compared to 2013.

Half Year

Financial report

Contents:

Interim Condensed Consolidated financial statements
(unaudited)

Condensed Consolidated Income Statement
For the six months ended 30 June

in millions of Swiss francs, except for per share data	Note	2014	2013
Sales		2,191	2,225
Cost of sales		(1,171)	(1,240)
Gross profit		**1,020**	**985**
as % of sales		46.6%	44.3%
Marketing and distribution expenses		(308)	(311)
Research and product development expenses		(198)	(201)
Administration expenses		(83)	(62)
Share of (loss)/profit of jointly controlled entities		(1)	
Other operating income	7	42	5
Other operating expense	8	(50)	(39)
Operating income		**422**	**377**
as % of sales		19.2%	16.9%
Financing costs	9	(32)	(39)
Other financial income (expense), net	10	(14)	(10)
Income before taxes		**376**	**328**
Income taxes		(71)	(57)
Income for the period		**305**	**271**
Attribution			
Income attributable to equity holders of the parent		305	271
as % of sales		13.9%	12.2%
Earnings per share – basic (CHF)	11	**33.13**	**29.61**
Earnings per share – diluted (CHF)	11	**32.71**	**29.29**

The notes on pages 17 to 22 form an integral part of these interim condensed consolidated financial statements (unaudited).

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June

in millions of Swiss francs	Note	2014	2013
Income for the period		**305**	**271**
Items that may be reclassified to the income statement			
Available-for-sale financial assets			
Movement in fair value for available-for-sale financial assets, net		3	4
(Gain) loss on available-for-sale financial assets removed from equity and recognised in the consolidated income statement		(2)	-
Cash flow hedges			
Fair value adjustments in year		(22)	14
Removed from equity and recognised in the consolidated income statement		6	4
Exchange differences arising on translation of foreign operations			
Change in currency translation		11	(8)
Income tax relating to items that may be reclassified to the income statement		2	
Items that will not be reclassified to the income statement			
Defined benefit pension plans			
Remeasurement gains (losses) on defined benefit pension plans		(104)	136
Income tax relating to items that will not be reclassified to the income statement		28	(40)
Other comprehensive income for the period		**(78)**	**110**
Total comprehensive income for the period		**227**	**381**
Attribution			
Total comprehensive income attributable to equity holders of the parent		227	381

The notes on pages 17 to 22 form an integral part of these interim condensed consolidated financial statements (unaudited).

Condensed Consolidated Statement of Financial Position

At period ended

in millions of Swiss francs	Note	30 June 2014	31 December 2013
Cash and cash equivalents		293	513
Derivative financial instruments		12	29
Derivatives on own equity instruments		9	15
Available-for-sale financial assets		63	62
Accounts receivable – trade		919	844
Inventories		745	692
Current income tax assets		14	18
Other current assets		220	128
Current assets		**2,275**	**2,301**
Derivative financial instruments			2
Property, plant and equipment		1,328	1,343
Intangible assets		2,271	2,284
Deferred income tax assets		169	168
Post-employment benefits plan assets		12	9
Financial assets at fair value through income statement		31	30
Jointly controlled entities		1	
Other long-term assets		64	65
Non-current assets		**3,876**	**3,901**
Total assets		**6,151**	**6,202**
Short-term debt	12	105	420
Derivative financial instruments		10	22
Accounts payable – trade and others		394	419
Accrued payroll & payroll taxes		100	129
Current income tax liabilities		80	82
Financial liability: own equity instruments		81	49
Provisions		12	16
Other current liabilities		174	153
Current liabilities		**956**	**1,290**
Derivative financial instruments		26	23
Long-term debt	12	1,317	909
Provisions		41	32
Post-employment benefits plan liabilities		467	366
Deferred income tax liabilities		87	87
Other non-current liabilities		68	72
Non-current liabilities		**2,006**	**1,489**
Total liabilities		**2,962**	**2,779**
Share capital	13	92	92
Retained earnings and reserves	13	4,929	5,057
Own equity instruments	14	(98)	(70)
Other components of equity		(1,734)	(1,656)
Equity attributable to equity holders of the parent		**3,189**	**3,423**
Total equity		**3,189**	**3,423**
Total liabilities and equity		**6,151**	**6,202**

The notes on pages 17 to 22 form an integral part of these interim condensed consolidated financial statements (unaudited).

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June

2014

in millions of Swiss francs	Note	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Available-for-sale financial assets	Currency translation differences	Defined benefit pension plans remeasurement	Total equity
Balance as at 1 January		92	5,057	(70)	(34)	20	(1,353)	(289)	3,423
Income for the period			305						305
Other comprehensive income for the period					(15)	1	12	(76)	(78)
Total comprehensive income for the period			305		(15)	1	12	(76)	227
Dividends paid	13		(433)						(433)
Movement on own equity instruments, net	14			(28)					(28)
Net change in other equity items			(433)	(28)					(461)
Balance as at 30 June		92	4,929	(98)	(49)	21	(1,341)	(365)	3,189

2013

in millions of Swiss francs	Note	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Available-for-sale financial assets	Currency translation differences	Defined benefit pension plans remeasurement	Total equity
Balance as at 1 January		92	4,898	(47)	(64)	12	(1,210)	(415)	3,266
Income for the period			271						271
Other comprehensive income for the period					18	4	(8)	96	110
Total comprehensive income for the period			271		18	4	(8)	96	381
Dividends paid	13		(331)						(331)
Movement on own equity instruments, net	14			(24)					(24)
Net change in other equity items			(331)	(24)					(355)
Balance as at 30 June		92	4,838	(71)	(46)	16	(1,218)	(319)	3,292

The notes on pages 17 to 22 form an integral part of these interim condensed consolidated financial statements (unaudited).

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June

in millions of Swiss francs	Note	**2014**	2013
Income for the period		305	271
Income tax expense		71	57
Interest expense		26	33
Non-operating income and expense		20	16
Operating income		**422**	**377**
Depreciation of property, plant and equipment		54	55
Amortisation of intangible assets		86	77
Other non-cash items			
- share-based payments		18	7
- pension expense		20	25
- additional and unused provisions, net		12	(1)
- other non-cash items		(37)	(7)
Adjustments for non-cash items		**153**	**156**
(Increase) decrease in inventories		(53)	(27)
(Increase) decrease in accounts receivable		(72)	(102)
(Increase) decrease in other current assets		(90)	(51)
Increase (decrease) in accounts payable		(16)	27
Increase (decrease) in other current liabilities		(16)	1
(Increase) decrease in working capital		**(247)**	**(152)**
Income taxes paid		**(49)**	**(54)**
Pension contributions paid		(32)	(28)
Provisions used		(8)	(9)
Purchase and sale of own equity instruments, net		(9)	-
Impact of financial transactions on operating, net		(12)	9
Cash flows from (for) operating activities		**218**	**299**
Increase in long-term debt	12	450	234
Increase in short-term debt	12	119	-
(Decrease) in short-term debt	12	(482)	(104)
Interest paid		(29)	(35)
Distribution to the shareholders paid	13	(433)	(331)
Purchase and sale of derivative financial instruments financing, net		(18)	6
Others, net		(2)	(1)
Cash flows from (for) financing activities		**(395)**	**(231)**
Acquisition of property, plant and equipment		(46)	(35)
Acquisition of intangible assets		(21)	(23)
Increase in share capital of jointly controlled entities		(1)	
Acquisition of subsidiary, net of cash acquired	4	(33)	
Proceeds from the disposals of property, plant and equipment		56	1
Interest received		1	1
Purchase and sale of available-for-sale financial assets, net		5	2
Purchase and sale of derivative financial instruments, net		-	-
Others, net		(1)	(1)
Cash flows from (for) investing activities		**(40)**	**(55)**
Net increase (decrease) in cash and cash equivalents		**(217)**	**13**
Net effect of currency translation on cash and cash equivalents		(3)	4
Cash and cash equivalents at the beginning of the period		513	368
Cash and cash equivalents at the end of the period		**293**	**385**

The notes on pages 17 to 22 form an integral part of these interim condensed consolidated financial statements (unaudited).

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

1. Group organisation

Givaudan SA and its subsidiaries (hereafter 'the Group') operate under the name Givaudan. Givaudan SA is a limited liability company incorporated and domiciled in Switzerland. The Group is headquartered in Vernier, near Geneva, Switzerland.

Givaudan is a leading supplier of creative fragrance and flavour products to the consumer goods industry. It operates in over 100 countries and has subsidiaries and branches in more than 40 countries. Worldwide, it employs 9,560 people.

On 2 June 2014, Givaudan acquired 100% of Soliance SA and its affiliates. Soliance SA provides innovative cosmetic solutions to its international clients and partners and develops high added-value ingredients, derived from vegetable sources, microorganisms and microalgae (see note 4).

The Group is listed on the SIX Swiss Exchange (GIVN).

2. Basis of preparation of financial statements

These financial statements are the unaudited interim condensed consolidated financial statements (hereafter "the interim financial statements") of the Group for the six month period ended 30 June 2014 (hereafter "the interim period"). They have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The interim financial statements include the operations of Givaudan SA and its controlled subsidiaries where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

These interim financial statements should be read in conjunction with the 2013 consolidated financial statements as they provide an update of the most recent financial information available.

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

The Group operates in markets where no significant seasonal or cyclical variations in sales are experienced during the financial year.

These interim financial statements are not audited. The 31 December 2013 statement of financial position has been derived from the audited 2013 consolidated financial statements. Givaudan SA's Board of Directors approved these interim financial statements on 15 July 2014.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in the 2013 consolidated financial statements for the year ended 31 December 2013, with the exception of the adoption as of 1 January 2014 of the standards and interpretations described below.

- Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities
- Investment Entities: amendments to IFRS 10, IFRS 12 and IAS 27
- Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting
- Annual Improvements to IFRSs 2010-2012 Cycle. The amendment to IFRS 3 Business combinations will be applied prospectively to business combinations for which the acquisition date is on or after 1 July 2014.
- IFRIC 21 Levies

The Group assessed that the adoption of the above standards does not result in any impact in these interim financial statements.

4. Acquisitions

On 2 June 2014, Givaudan acquired 100% of Soliance SA and its affiliates for a purchase price of CHF 34 million. Soliance provides innovative cosmetic solutions to its international clients and partners and develops high added-value ingredients, derived from vegetable sources, microorganisms and microalgae. It is located in Pomacle, France and employs 89 people. From 2 June 2014, the acquisition contributed CHF 3 million of sales and CHF 0.2 million of EBITDA to the Group's consolidated six month results.

The goodwill of CHF 4 million on the acquisition relates mainly to the value of the qualified workforce and expected synergies that do not meet the criteria for recognition as separable intangible assets. None of the goodwill arising from the acquisition is expected to be tax deductible.

The Group incurred transaction related costs of CHF 1 million (2013: nil) related to external legal fees and due diligence.
These expenses are reported within Other Operating Expense in the condensed consolidated income statement.

The identifiable assets and liabilities of Soliance SA acquired are recorded at fair value at the date of acquisition. Total net assets acquired of CHF 30 million consist of cash (CHF 1 million), working capital (CHF 7 million), fixed assets (CHF 8 million), intangible assets which are made up of manufacturing processes and formulae (CHF 39 million), deferred tax liabilities (CHF 13 million) and other liabilities (CHF 12 million). The total purchase price of CHF 34 million was settled in cash, resulting in goodwill of CHF 4 million.

In compliance with IFRS 3, these values determined are provisional and the Group has 12 months to finalise allocation of the acquisition price and harmonise the valuation methods and rules.

5. Fair value measurements recognised in the statement of financial position

Available-for-sale financial assets, corporate owned life insurance, and derivative assets and liabilities are the only items measured at fair value subsequent to their initial recognition.

Level 1 inputs to measure fair value are those derived from the quoted price (unadjusted) in active market. Level 2 inputs to measure fair value are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 inputs are unobservable inputs for the asset or liability.

Available-for-sale financial assets of CHF 63 million (31 December 2013: CHF 62 million) were measured with Level 1 inputs whereas CHF 36 million (31 December 2013: CHF 39 million) were measured with Level 2 inputs. Corporate owned life insurance of CHF 31 million (31 December 2013: CHF 30 million) were measured with Level 2 inputs.

Derivative assets of CHF 12 million (31 December 2013: CHF 31 million) and derivative liabilities of CHF 36 million (31 December 2013: CHF 45 million) were measured with Level 2 inputs. Derivative assets and liabilities consist of forward foreign exchange contracts that are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts, and of interest swaps that are measured using quoted interest rates and yield curves derived from quoted interest rates matching maturities of the contracts.

There was no transfer between Level 1 and Level 2 categories in the period. The Group did not carry out any transactions on Level 3 inputs during and at the period presented in these interim financial statements.

6. Segment information

Business segments

	Fragrances		Flavours		Group	
For the six months ended 30 June, in millions of Swiss francs	2014	2013	2014	2013	2014	2013
Segment sales	1,034	1,048	1,162	1,184	2,196	2,232
Less inter segment sales [a]	-	(1)	(5)	(6)	(5)	(7)
Segment sales to third parties	**1,034**	**1,047**	**1,157**	**1,178**	**2,191**	**2,225**
EBITDA	**252**	**253**	**310**	**256**	**562**	**509**
as % of sales	24.3%	24.1%	26.8%	21.7%	25.6%	22.9%
Depreciation	(26)	(25)	(28)	(30)	(54)	(55)
Amortisation	(38)	(35)	(48)	(42)	(86)	(77)
Acquisition of property, plant and equipment	19	12	27	23	46	35
Acquisition of intangible assets [b]	10	9	11	14	21	23
Capital expenditure	**29**	**21**	**38**	**37**	**67**	**58**

a) Transfer prices for inter-divisional sales are set on an arm's length basis.

b) Additions to intangible assets in the Fragrance division in 2014 exclude the intangible assets acquired as part of the Soliance acquisition.

Reconciliation table to Group's operating income

	Fragrances		Flavours		Group	
For the six months ended 30 June, in millions of Swiss francs	2014	2013	2014	2013	2014	2013
EBITDA	**252**	**253**	**310**	**256**	**562**	**509**
Depreciation	(26)	(25)	(28)	(30)	(54)	(55)
Amortisation	(38)	(35)	(48)	(42)	(86)	(77)
Impairment of long-lived assets						
Operating income	**188**	**193**	**234**	**184**	**422**	**377**
as % of sales	18.1%	18.4%	20.2%	15.6%	19.2%	16.9%
Financing costs					(32)	(39)
Other financial income (expense), net					(14)	(10)
Income before taxes					**376**	**328**
as % of sales					17.1%	14.8%

Classification of amortisation expense is as follows

	Fragrances		Flavours		Group	
For the six months ended 30 June, in millions of Swiss francs	2014	2013	2014	2013	2014	2013
Cost of sales	1	-	1	1	2	1
Marketing and distribution expenses	7	8	8	6	15	14
Research and product development expenses	12	12	20	19	32	31
Other operating expense	18	15	19	16	37	31
Total	38	**35**	**48**	**42**	**86**	**77**

7. Other operating income

For the six months ended 30 June, in millions of Swiss francs	2014	2013
Gains on fixed assets disposals	38	-
Other income	4	5
Total other operating income	**42**	**5**

In the first six months of 2014, the Group recognised a one-off gain of CHF 38 million on the disposal of land at its Dübendorf location in Switzerland.

8. Other operating expense

For the six months ended 30 June, in millions of Swiss francs	2014	2013
Amortisation of intangible assets	37	31
Losses on fixed assets disposals	2	1
Other business taxes	6	7
Acquisition related costs	1	
Other expenses	4	-
Total other operating expense	**50**	**39**

9. Financing costs

For the six months ended 30 June, in millions of Swiss francs	2014	2013
Interest expense	26	33
Net interest related to defined benefits pension plans	6	8
Derivative interest (gains) losses	(1)	(3)
Amortisation of debt discounts	1	1
Total financing costs	**32**	**39**

10. Other financial (income) expense, net

For the six months ended 30 June, in millions of Swiss francs	2014	2013
Fair value and realised (gains) losses from derivatives instruments, net (at fair value through income statement)	(2)	(12)
Exchange (gains) losses, net	18	15
Gains from available-for-sale financial assets	(3)	(1)
Realised gains from available-for-sale financial assets removed from equity	(2)	-
Unrealised (gains) from fair value through income statement financial instruments	(1)	(2)
Unrealised losses from fair value through income statement financial instruments	-	2
Interest income	(1)	(1)
Capital taxes and other non business taxes	4	6
Other (income) expense, net	1	3
Total other financial (income) expense, net	**14**	**10**

11. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the net income attributable to equity holders by the weighted average number of shares outstanding:

	2014	2013
Income attributable to equity holder of the parent (CHF million)	305	271
Weighted average number of shares outstanding		
Ordinary shares	9,233,586	9,233,586
Treasury shares	(28,213)	(80,399)
Net weighted average number of shares outstanding	9,205,373	9,153,187
Basic earnings per share (CHF)	33.13	29.61

Diluted earnings per share

For the calculation of diluted earnings per share, the weighted average number of shares outstanding is adjusted to assume conversion of all potentially dilutive shares:

	2014	2013
Income attributable to equity holder of the parent (CHF million)	305	271
Weighted average number of shares outstanding for diluted earnings per share of 120,070 (2013: 99,072)	9,325,443	9,252,259
Diluted earnings per share (CHF)	32.71	29.29

12. Debt

2014 in millions of Swiss francs	Within 1 to 3 years	Within 3 to 5 years	Thereafter	Total long-term	Short-term within 1 year	Total
Floating rate debt						
Bank facility		200		200		200
Bank overdrafts					6	6
Total floating rate debt		200		200	6	206
Fixed rate debt						
Bank borrowings	2	1		3	55	58
Straight bonds	149	298	397	844		844
Private placements	49		221	270	44	314
Total fixed rate debt	200	299	618	1,117	99	1,216
Balance as at 30 June	200	499	618	1,317	105	1,422

2013 in millions of Swiss francs	Within 1 to 3 years	Within 3 to 5 years	Thereafter	Total long-term	Short-term within 1 year	Total
Floating rate debt						
Bank facility						
Bank overdrafts					3	3
Total floating rate debt					3	3
Fixed rate debt						
Bank borrowings						
Straight bonds	149	298	147	594	300	894
Private placements	94		221	315	117	432
Total fixed rate debt	243	298	368	909	417	1,326
Balance as at 31 December	243	298	368	909	420	1,329

On 19 March 2014, the Group issued a 1.00% 6.5-year public bond (maturity 18 September 2020) with a nominal value of CHF 100 million; and a 1.75% 10-year public bond (maturity 19 March 2024) with a nominal value of CHF 150 million. These bonds were issued by Givaudan SA. The proceeds of CHF 250 million were mainly used to repay the 4.25% 5-year public bond with a nominal value of CHF 300 million which was redeemed on 19 March 2014.

On 28 April 2014, Givaudan United States, Inc. reimbursed a USD 75 million (CHF 66 million) private placement made on 16 April 2004, with an annual interest rate of 5.34%.

On 20 May 2014, Givaudan SA entered into a short-term loan (maturity 18 July 2014) for an amount of CHF 50 million, with an annual interest rate of 0.51%.

On 21 May 2014, Givaudan SA reimbursed a CHF 50 million private placement made on 23 May 2007, with an annual interest rate of 3.125%.

With the acquisition of Soliance on the 2nd of June 2014, the Group has included CHF 3 million of debt.

13. Equity

At the Annual General Meeting held on 20 March 2014 the distribution of an ordinary dividend of CHF 47.00 per share (2013: ordinary dividend of CHF 36.00 per share) was approved. The dividend payment has been made out of the additional paid in capital reserve.

At 30 June 2014, the share capital amounts to CHF 92,335,860, divided into 9,233,586 fully paid-up registered shares with a nominal value of CHF 10.00 each. Each share gives the right to one vote.

14. Own equity instruments

The Group holds own equity instruments and derivatives on own shares mainly to cover the anticipated obligations related to the executive share and share option plans. At 30 June 2014, the Group held 27,872 own shares (2013: 45,020), as well as derivatives on own shares equating to a net short position of 21,735 (2013: 36,582).

15. Contingent liabilities

Givaudan's affiliate Givaudan Fragrances Corporation is one of more than 100 companies that have been identified by the US Environmental Protection Agency ("EPA") as "Potentially Responsible Parties" for alleged contamination of the Lower Passaic River. The EPA recently released a study of the lower eight miles of the river which contains several potential options for future remediation. The EPA is seeking public comments on its study, will evaluate those comments, and make a final recommendation which is expected in the course of 2015. While management believes that Givaudan's obligations are limited, currently a reliable estimate of Givaudan's potential share of liability for costs cannot be made.

One of our US affiliates, Givaudan Flavors Corporation was named as a defendant in several lawsuits brought against it and other flavour and raw chemical supply companies. The plaintiffs alleged that they sustained pulmonary injuries due to diacetyl-containing butter flavours manufactured by one or more of the flavour and raw chemical supply company defendants. The majority of the cases filed against Givaudan Flavors Corporation have been settled. The Group has already recovered or will recover amounts it is entitled to under the terms of its insurance policies.

Givaudan SA

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Investor Calendar

Half Year Conference, Zurich: Thursday 28 August 2014

9 Month Sales results: Friday 10 October 2014

Full Year results: Thursday 29 January 2015

Annual General Meeting: Thursday 19 March 2015

www.givaudan.com/Investors/Investor+Calendar

The Givaudan Half Year Report 2014 is published in English, German and French.
The Givaudan Half Year Financial Report is published in English.