Givaudan

Media Release

Geneva, 31 January 2017

2016 Full Year Results
Solid financial performance - in line with 2020 guidance

- Sales of CHF 4.7 billion, up 4.2% on a like-for-like basis
- EBITDA of CHF 1,126 million, up 5.2% in swiss francs
- EBITDA margin of 24.1% in 2016
- Net income of CHF 644 million, up 3.1% year-on-year
- Free cash flow of 12.8% of sales
- Proposed dividend of CHF 56.00 per share, up 3.7% year-on-year

Business performance

Givaudan Group full year sales were CHF 4,663 million, an increase of 4.2% on a like-for-like basis and 6.1% in Swiss francs when compared to 2015.

Fragrance Division sales were CHF 2,230 million, an increase of 5.6% on a like-for-like basis and 6.4% in Swiss francs.

Flavour Division sales were CHF 2,433 million, an increase of 3.0% on a like-for-like basis and 5.8% in Swiss francs.

Gross Margin

The gross margin declined to 45.6% from 46.2% in 2015, mainly as a result of the lower gross margin on the acquired Spicetec Flavors business.

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

The EBITDA increased to CHF 1,126 million in 2016 from CHF 1,070 million in 2015, an increase of 5.2% in Swiss francs and 3.7% in local currency. The EBITDA margin declined slightly to 24.1% in 2016 from 24.3% in 2015. In 2016 the Group recognised one-off non-cash gains of CHF 62 million, mainly following a change in pension plans. As a reminder, in 2015 the Group recognised a net one-off non-cash gain of CHF 20 million, mainly following a change in pension plans.

Operating Income

The operating income increased by 10.2% to CHF 875 million from CHF 794 million for the same period in 2015. When measured in local currency terms, the operating income increased by 8.1%. The operating margin increased to 18.8% in 2016 from 18.1% in 2015.

Givaudan International SA, Chemin de la Parfumerie 5, 1214 Vernier, Switzerland
Phone: +41 22 780 91 11, Fax: +41 22 780 91 50, Web: www.givaudan.com

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Financial Performance
Financing costs in 2016 were CHF 51 million, versus CHF 61 million for the same period in 2015. In 2016 the Group continued to refinance at lower interest rates. Other financial expense, net of income, was CHF 40 million in 2016, up versus the CHF 37 million reported in 2015, as a result of increased hedging costs and exchange losses in markets where currencies could not be hedged.

The income tax expense as a percentage of income before taxes was 18%, flat when compared to the underlying rate in 2015. As a reminder, in 2015 income tax expense was impacted by one-time items following changes in Swiss Accounting Law and the Group's operating structure.

Net Income
The net income increased to CHF 644 million in 2016 from CHF 625 million in 2015, an increase of 3.1%. This results in a net profit margin of 13.8%, versus 14.2% in 2015. Basic earnings per share increased to CHF 69.95 versus CHF 67.89 for the same period in 2015.

Cash Flow
Givaudan delivered an operating cash flow of CHF 805 million in 2016, compared to CHF 915 million in 2015. The decrease was mainly as a result of higher working capital and taxes paid. As a percentage of sales, working capital was flat when compared to 2015.

Total net investments in property, plant and equipment were CHF 135 million, compared to CHF 125 million in 2015. During 2016 the Group continued its investments to support growth in high growth markets, most notably the start of a new flavours savoury facility in Pune, India and the investment in the Zurich Innovation Centre (ZIC).

Intangible asset additions were CHF 40 million in 2016 compared to CHF 35 million in 2015 as the Company continued to invest in its IT platform. Total net investments in tangible and intangible assets were 3.8% of sales in 2016, compared to 3.6% in 2015.

Operating cash flow after net investments was CHF 630 million in 2016, versus the CHF 756 million recorded in 2015. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 597 million in 2016, versus CHF 720 million for the comparable period in 2015. As a percentage of sales, free cash flow in 2016 was 12.8%, compared to 16.4% in 2015.

Financial Position
Givaudan’s financial position remained solid at the end of the year. Net debt at December 2016 was CHF 930 million, compared to CHF 677 million at December 2015. At the end of December 2016 the leverage ratio was 19%, compared to 15% at the end of 2015.

Dividend Proposal
At the Annual General Meeting on 23 March 2017, Givaudan’s Board of Directors will propose a cash dividend of CHF 56.00 per share for the financial year 2016, an increase of 3.7% versus 2015. This is the sixteenth consecutive dividend increase following Givaudan’s listing at the Swiss stock exchange in 2000.

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2020 Guidance – Responsible growth. Shared success.
The Company's 2020 ambition is to create further value through profitable, responsible growth. Capitalising on the success of the 2011-2015 strategy, Givaudan's 2020 ambition is built on the three strategic pillars of growing with its customers; delivering with excellence; and partnering for shared success.

Ambitious financial targets are a fundamental part of Givaudan's strategy. We aim to outpace the market with 4-5% sales growth and a free cash flow of 12-17% of sales, both measured as an average over the five-year period of our strategy cycle. It is Givaudan's intention to maintain its current dividend practice as part of this ambition.

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Key Figures

For the twelve months ended 31 December, in million CHF **except per share data**	**2016**	**2015**
Group sales	**4,663**	**4,396**
Fragrance sales	2,230	2,096
Flavour sales	2,433	2,300
Gross profit	**2,128**	**2,030**
as % of sales	45.6%	46.2%
EBITDA [1]	**1,126**	**1,070**
as % of sales	24.1%	24.3%
Operating income	**875**	**794**
as % of sales	18.8%	18.1%
Income attributable to equity holders of the parent	**644**	**625**
as % of sales	13.8%	14.2%
Earnings per share – basic (CHF)	**69.95**	**67.89**
Operating cash flow	**805**	**915**
as % of sales	17.3%	20.8%
Free cash flow	**597**	**720**
as % of sales	12.8%	16.4%

in million CHF except for employee data	**31 December 2016**	**31 December 2015**
Current assets	2,343	2,279
Non-current assets	4,171	4,003
Total assets	**6,514**	**6,282**
Current liabilities	959	1,014
Non-current liabilities	2,262	1,853
Equity	3,293	3,415
Total liabilities and equity	**6,514**	**6,282**
Number of Employees	**10,476**	**9,907**

1. EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

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Fragrance Division

Fragrance Division sales were CHF 2,230 million, an increase of 5.6% on a like-for-like basis and 6.4% in Swiss francs. Including Induchem, the growth was 6.4% in local currency.

Total sales for Fragrance Compounds (Fine Fragrances and Consumer Products combined) increased by 6.3% on a like-for-like basis. In Swiss francs, sales of compounds increased to CHF 1,933 million from CHF 1,823 million in 2015.

Fine Fragrances sales grew 7.2% on a like-for-like basis, driven by both strong new business and low erosion.

Consumer Products sales increased by 6.1% on a like-for-like basis, mainly driven by a double-digit growth with local and regional customers and sustained by a solid increase with international customers.

Sales of Fragrance Ingredients and Active Beauty increased by 1.0% on a like-for-like basis. The sales of Induchem, which was acquired on 31 August 2015, amounted to CHF 24 million for 2016. Including Induchem, the growth of Fragrance Ingredients and Active Beauty was 6.7% in local currency.

The EBITDA increased to CHF 603 million in 2016 from CHF 498 million in 2015. In 2016 the division recognised one-off non-cash gains of CHF 62 million following a change in pension plans. As a reminder, the division incurred a one-off non-cash charge of CHF 12 million in 2015. The EBITDA margin increased to 27.0% in 2016 from 23.7% in 2015, mainly as a result of the one-off non cash gains.

The operating income increased by 32.1% to CHF 493 million in 2016, versus CHF 374 million for the same period in 2015. The operating margin increased to 22.1% in 2016 from 17.8% in 2015.

Fine Fragrances

Fine Fragrances sales grew 7.2% on a like-for-like basis with strong growth delivered in both high growth and mature markets. Growth in high growth markets was driven by Latin America and the Middle East which saw a combination of new business and volume gains at a number of customers. In mature markets, strong double-digit growth in North America was delivered by new business and the continued solid performance of existing fragrances. These gains more than compensated for a slight sales decrease in Western Europe where new business was not sufficient to offset erosion.

At the major award ceremonies in the USA and Europe a number of Givaudan fragrances were recognised including: Tom Ford Noir Pour Femme, Tom Ford Venetian Bergamot, Valentino Donna, Narciso Rodriguez L'Absolu, James Bond 007 for Women, Bottega Veneta Pour Homme Extreme, Armani Privè Ambre Eccentrico, La Collection 34 and Prada Infusion d'Oeillet.

Consumer Products

The Consumer Products Business increased by 6.1% on a like-for-like basis with strong growth in both high growth and mature markets. This performance was supported by a double-digit growth with local and regional customers and sustained by a solid increase with international customers.

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Latin America continued to deliver a double-digit growth across all customer groups and all sub-regions against strong comparables. Fabric care, personal care and home care segments posted double-digit sales growths in the region. The growth in Asia was across all product segments, with local and regional customers growing double-digit, led in particular by North Asia sub-region.

In Europe, Africa and Middle East, sales growth was reported on all customer groups and led by the fabric care segment. Both Africa-Middle East and Europe sub-regions posted strong growth against last year. Sales in North America increased compared to prior year thanks to all customer groups and a strong performance in the home care segment.

On a product segment basis the growth was led by a double-digit increase in the fabric care and home care segments, whilst personal care and oral care segments also contributed to the growth.

Fragrance Ingredients and Active Beauty
Sales of Fragrance Ingredients and Active Beauty increased by 1.0% on a like-for-like basis. The Cosmetic Ingredients business showed good growth with the recent launches, but faced strong comparables with the established product portfolio. Sales of Fragrance Ingredients increased slightly in most regions with the exception of Latin America.

Proportionally more of the fragrance ingredients produced in 2016 were from the Mexican plant and the joint venture in China, allowing the Group to remain competitive in the fragrance ingredients market.

Flavour Division

Flavour Division sales were CHF 2,433 million, an increase of 3.0% on a like-for-like basis and 5.8% in Swiss francs. Including Spicetec, which was acquired on 1 August and contributed CHF 71 million of sales, the growth was 6.0% in local currency.

From a segment perspective, Sweet Goods, Dairy and Snacks were strong contributors to the division growth. Beverages was slightly positive and Savoury was flat. Asia Pacific provided a robust growth while Latin America sales expanded rapidly. Europe, Africa and the Middle East was flat with reductions in Savoury and Beverages compensated by the other segments. All regions delivered a high level of new wins in the key segments. In line with our strategy, sales in Health and Well-being increased double-digit on a like-for-like basis.

EBITDA decreased by 8.7% to CHF 523 million from CHF 572 million in 2015. The EBITDA margin was 21.5% in 2016, down from 24.9% in 2015. As a reminder, in 2015 the division recognised a one-off non-cash gain of CHF 32 million following a change in pension plans.

The operating income decreased by 9.2% to CHF 382 million in 2016 from CHF 420 million for the same period in 2015. The operating margin decreased to 15.7% in 2016 from 18.3% in 2015.

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Asia Pacific
Sales in Asia Pacific grew 5.1% on a like-for-like basis. India delivered strong double-digit performance whilst Indonesia and Thailand delivered a high single-digit increase. Despite challenging market conditions, China reported good growth in the second half of the year. Growth in the mature markets was fuelled by strong double-digit growth in South Korea, with positive performance coming from Japan and Oceania. Sweet goods, Dairy and Snacks contributed significantly to the overall growth followed by Savoury and Beverages. Local and regional customers continued to grow strongly.

Europe, Africa and Middle East
Sales in Europe, Africa and Middle East were flat. Sales performance in the high growth markets of Russia and Ukraine improved, however Africa and the Middle East declined slightly due to the difficult economic conditions. Maghreb, Egypt and South Africa achieved good performance fuelled by new wins. Mature market sales declined versus prior year driven mainly by France, Germany and UK. Low single-digit increases in Italy, Iberia and Benelux compensated for the downturn in those Western European markets.

North America
On a like-for-like basis, sales in North America declined 1.0% in 2016. The overall performance was as a result of the softness in the US food and beverage market coupled with a strong prior year comparable.

Latin America
Latin America delivered a strong sales performance with an increase of 17.1% on a like-for-like basis. All segments grew double-digit fuelled by strong new wins. Double-digit growth in Guatemala, Colombia and Peru largely compensated a decline in Venezuela. Argentina and Brazil realised double-digit growth driven by new wins and existing volume growth, supported by good growth in Mexico.

Annual General Meeting 2017

All Board members except for Chairman Dr Jürg Witmer will stand for re-election. The Board will propose at the AGM on 23 March 2017 to elect the current Vice-Chairman Calvin Grieder as its new Chairman and intends to appoint Prof. Dr-Ing Werner Bauer as new Vice-Chairman.

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

The 2016 Annual Report can be downloaded on www.givaudan.com.
A conference call will be broadcast on www.givaudan.com on 31 January 2017 at 15.00 CET.

For further information please contact:
Peter Wullschleger, Givaudan Media and Investor Relations
T +41 22 780 9093
E peter_b.wullschleger@givaudan.com