2016 Half Year Report

Strong sales growth

Givaudan engage your senses

Our profile

Givaudan captures the essence of the moment, bringing you memorable fragrances and flavours to be enjoyed throughout the day.

We are proud to be the industry leader, with approximately 25% of market share of the fragrance and flavour industry. To stay in front, we challenge ourselves daily, inspire our partnerships across the globe, and serve our customers with heart and soul.

Together with our customers in the food, beverage, consumer goods and fragrance and cosmetics industries, we create products that delight consumers the world over. With a passion to understand consumer preferences and a relentless drive to innovate, we are at the forefront of creating scents and tastes that touch consumers' emotions.

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Key figures
First half of 2016

- Sales of CHF 2.3 billion, up 6.2% on a like-for-like basis*
- Project pipeline and win rates sustained at a high level
- EBITDA of CHF 638 million in 2016
- EBITDA margin improved to 27.3% from 25.9% in 2015
- Net income of CHF 368 million, up 7.6% year-on-year
- Free cash flow of 7.4% of sales, compared to 11.4% in 2015

CHF 2.3 billion
Group sales

27.3%
EBITDA margin

For the six months ended 30 June, in millions of Swiss francs, except for earnings per share data	**2016**	2015 [b]
Group Sales	**2,334**	**2,184**
Fragrance sales	1,132	1,023
Flavour sales	1,202	1,161
Like-for-like sales growth	**6.2%**	**1.3%**
Gross profit	**1,093**	**1,016**
as % of sales	46.8%	46.5%
EBITDA [a]	**638**	**566**
as % of sales	27.3%	25.9%
Operating income	**500**	**428**
as % of sales	21.4%	19.6%
Income attributable to equity holders of the parent	**368**	**342**
as % of sales	15.7%	15.6%
Operating cash flow	**237**	**341**
as % of sales	10.2%	15.6%
Free cash flow	**174**	**248**
as % of sales	7.4%	11.4%
Earnings per share – basic (CHF)	**40.00**	**37.15**

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 of long-lived assets.
b) Previous year figures have been restated in early adoption of IFRS 9 (see Note 3)

in millions of Swiss francs, except for employee data	**30 June 2016**	31 December 2015
Current assets	2,278	2,279
Non-current assets	3,881	4,003
Total assets	**6,159**	**6,282**
Current liabilities	1,164	1,014
Non-current liabilities	2,061	1,853
Equity	2,934	3,415
Total liabilities and equity	**6,159**	**6,282**
Number of employees	**10,032**	**9,907**

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

At a glance
Key financial indicators

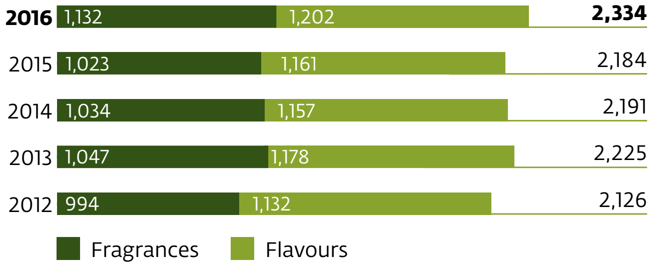
6.2%
Organic sales growth

CHF 368 million
Net Income

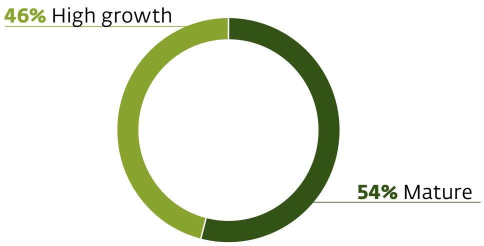
CHF 174 million
Free cash flow

7.4%
Free cash flow
as % of sales

Half year group sales
in millions of Swiss francs



Sales in high growth and mature markets



97
Locations worldwide

35
Production sites

25%
Market share

10,032
Employees

Business performance
Sustained high level of profitability

Group sales
Givaudan Group sales for the first six months of the year were CHF 2,334 million, an increase of 6.2% on a like-for-like basis and 6.9% in Swiss francs.

Fragrance Division sales were CHF 1,132 million, an increase of 9.7% on a like-for-like basis and 10.7% in Swiss francs.

Flavour Division sales were CHF 1,202 million, an increase of 3.0% on a like-for-like basis and 3.5% in Swiss francs.

Gross margin
The gross margin increased to 46.8% in 2016 from 46.5% in 2015 as a result of strong volume growth and a tight control on production costs.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)
The EBITDA increased by 12.8% to CHF 638 million from CHF 566 million for the same period in 2015. Strong volume growth and a continued focus on internal costs was the main enabler of the improvement. In the first six months of 2016 the Group recognised a one-off non-cash gain of CHF 55 million, following a change in pension plans. As a reminder, in the first six months of 2015 the Group recognised a net one-off non-cash gain of CHF 20 million. When measured in local currency terms, the EBITDA increased by 10.7%. The EBITDA margin increased to 27.3% in 2016 from 25.9% in 2015.

Operating income
The operating income increased by 16.8% to CHF 500 million from CHF 428 million for the same period in 2015. When measured in local currency terms, the operating income increased by 13.9%. The operating margin increased to 21.4% in 2016 from 19.6% in 2015.

Financial performance
Financing costs were CHF 27 million in the first half of 2016, versus CHF 31 million for the same period in 2015. The decrease was as a result of the lower net debt in the Group. Other financial expense, net of income, was CHF 18 million in 2016 versus CHF 13 million in 2015.

The interim period income tax expense as a percentage of income before taxes was 19% in 2016. As a reminder, the rate in 2015, at 11%, was considerably lower following changes in Swiss Accounting Law and the Group's operating structure. Excluding these items in 2015, the income tax expense as a percentage of income before taxes was 19%.

Net income
The net income for the first six months of 2016 was CHF 368 million compared to CHF 342 million in 2015, an increase of 7.6%. This results in a net profit margin of 15.7% versus 15.6% in 2015. Basic earnings per share were CHF 40.00 versus CHF 37.15 for the same period in 2015.

Cash flow
Givaudan delivered an operating cash flow of CHF 237 million for the first six months of 2016 compared to CHF 341 million in 2015, driven by a temporary increase in working capital, which increased to 26.9% of sales, compared to 26.3% in 2015.

Total investments in property, plant and equipment were CHF 33 million, compared to CHF 57 million incurred in 2015. Intangible asset additions were CHF 12 million in 2016, compared to CHF 17 million in 2015. Total net investments in tangible and intangible assets were 1.9% of sales, compared to 3.4% in 2015.

Operating cash flow after net investments was CHF 192 million, versus the CHF 267 million recorded in 2015. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 174 million in the first half of 2016, versus CHF 248 million for the comparable period in 2015. As a percentage of sales, free cash flow in the first six months of 2016 was 7.4%, compared to 11.4% in 2015.

Financial position

Givaudan's financial position remained strong at the end of June 2016. Net debt at June 2016 was CHF 986 million, up from CHF 677 million at December 2015. The leverage ratio was 21% compared to 15% at the end of 2015. The main reason for the increase in the leverage ratio was the payment of the CHF 495 million dividend in the first quarter of 2016.

> With these strong sales results we sustain a high level of profitability.

2020 guidance: Responsible growth. Shared success

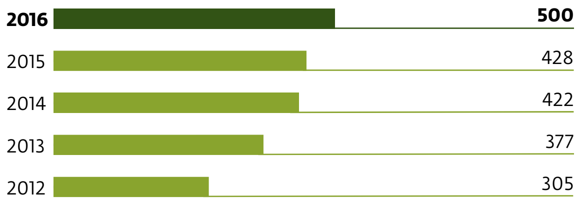
The Company's 2020 ambition is to create further value through profitable, responsible growth. Capitalising on the success of the 2011-2015 strategy, Givaudan's 2020 ambition is built on the three strategic pillars of 'growing with our customers', 'delivering with excellence', and 'partnering for shared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

Sales: for the Group
in millions of Swiss francs

EBITDA: for the Group
in millions of Swiss francs

Operating income: for the Group[a]
in millions of Swiss francs



a) Previous year figures have been restated as a result of changes to accounting policies and presentation (see note 3 of the Financial Report).

Fragrance Division

Fragrance sales

Fragrance Division sales were CHF 1,132 million, an increase of 9.7% on a like-for-like basis and an increase of 10.7% in Swiss francs. Including Induchem, the growth was 11.0% in local currency. The sales of Induchem, which was acquired on 31 August 2015, amounted to CHF 13 million for the first half of 2016.

Total sales for Fragrance compounds (Fine Fragrances and Consumer Products combined) increased by 10.4% on a like-for-like basis. In Swiss francs, sales of compounds increased to CHF 977 million from CHF 892 million.

Fine Fragrance sales grew 11.1% on a like-for-like basis driven by strong new business and low erosion.

Sales for the Consumer Products business increased by 10.2% on a like-for-like basis as a result of a strong performance in high growth markets and a solid increase in mature markets.

Sales of Fragrance Ingredients and Active Beauty increased by 5.2% on a like-for-like basis. The sales of Induchem, which was acquired on 31 August 2015, amounted to CHF 13 million for the first half of 2016. Including Induchem, the growth of Fragrance Ingredients and Active Beauty was 14.8% in local currency.

The EBITDA increased to CHF 351 million in 2016 compared to CHF 244 million for the first six months of 2015. In the first six months of 2016 the division recognised one-off non-cash gain of CHF 55 million following a change in pension plans. As a reminder, the division incurred one-off non-cash charges of CHF 12 million in the first six months of 2015. The EBITDA margin increased to 31.0% in 2016 from 23.8% in 2015.

The operating income increased by 59% to CHF 287 million in 2016, versus CHF 181 million for the same period in 2015. The operating margin increased to 25.4% in 2016 from 17.7% in 2015.

Fine Fragrances

Fine Fragrance sales grew 11.1% on a like for like basis. New business, which was well above last year's level, and low erosion contributed to the strong half year performance.

On a regional basis, North America recorded double-digit growth led by new launches as well as continued strong performance of existing products. In Latin America the business recorded solid growth with new business and volume gains at a number of accounts driving solid results. The gains in North and Latin America were partly offset by lower sales in EAME and Asia where an improving performance in the second quarter could not compensate for the slow start to the year.

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'Oeuillet.

Consumer products

The Consumer Products business unit sales grew by 10.2% on a like-for-like basis with double-digit growth in high growth markets and a solid increase in mature markets. All customer groups and product segments contributed to this performance.

Latin America delivered double-digit growth with all customer groups and all product segments, whilst Asia recorded a double-digit growth supported by all sub-regions, spread across all product segments and all customer groups. In Europe, Africa and the Middle East, sales growth was driven by good performance with local and regional as well as global customers. The Africa and Middle East business delivered double-digit growth supported by all product segments and sub-regions. Sales in North America continued to increase compared to prior year, mainly driven by local and regional customers. Sales were very strong in the home care segment.

On a product segment basis, sales increased among all product segments. The sales growth was led by a double-digit increase in the fabric care segment, followed by home care. Oral care and personal care segments contributed as well to the growth.

Fragrance Ingredients and Active Beauty

Sales of Fragrance Ingredients and Active Beauty increased by 5.2% on a like-for-like basis. The sales of Induchem, which was acquired on 31 August 2015, amounted to CHF 13 million for the first half of 2016. Sales of Fragrances ingredients saw strong sales growth in the European and Asian markets, whilst sales were below last year in Latin America. Including Induchem, the growth of Fragrance Ingredients and Active Beauty was 14.8% in local currency.

Sales: Fragrance Division
in millions of Swiss francs

Flavour Division

Flavour sales

Flavour Division sales were 1,202 million during the first six months of 2016, an increase of 3.0% on a like-for-like basis and 3.5% in Swiss francs.

The increased sales were positively impacted by new wins and existing business expansion in the high growth markets of Argentina and Brazil in Latin America as well as India, Indonesia, Thailand and Vietnam in Asia Pacific. The mature markets of Japan, Korea and Australia delivered good results. Europe and Africa rebounded in the second quarter despite challenging economic conditions in Western Europe and Sub-Saharan Africa. North America results were solid against a strong prior year comparable. Dairy, Savoury and Snacks contributed to the overall growth.

The EBITDA decreased to CHF 287 million in 2016 from CHF 322 million for the first six months of 2015. The EBITDA margin was 23.9% in 2016, down from 27.8% in 2015. As a reminder, in the first six months of 2015 the division recognised a one-off non-cash gain of CHF 32 million.

The operating income decreased to CHF 213 million in 2016 from CHF 247 million for the same period in 2015. The operating margin decreased to 17.7% in 2016 compared to 21.3% in 2015.

On 23 May 2016, as part of its 2020 strategy to strengthen capabilities in integrated savoury solutions, Givaudan announced that it is acquiring ConAgra Foods' Spicetec Flavors & Seasonings business. As closing has not been completed, the proposed acquisition has no impact on the financial results to June 2016.

Asia Pacific

Sales in Asia Pacific increased 4.8% on a like-for-like basis driven by expansion in the high growth markets of India, Indonesia, Thailand and Vietnam. The mature markets of Japan, Korea and Australia delivered good results. Snacks and Sweet Goods achieved double-digit growth from expansion of the existing business portfolio while new wins fuelled increases in Dairy and Savoury.

Europe, Africa and Middle East

Sales decreased 0.7% on a like-for-like basis. The region delivered growth of 2.0% in the second quarter despite a challenging economic environment. The high growth markets of Africa were impacted by lower sales in Sub-Saharan Africa while any gains realised in Eastern Europe were offset by Russia. The mature markets of Western Europe were impacted by lower sales in France, Germany and Great Britain. Snacks and Sweet Goods grew as a result of new wins.

Latin America

Sales increased 16.7% in Latin America on a like-for-like basis with strong growth in Argentina, Brazil and Colombia. New wins and existing business growth was realised across all segments with strong performance coming from Beverages and Snacks.

North America

Sales across North America increased 0.4% on a like-for-like basis. New wins and growth of existing business in Dairy, Savoury and Sweet Goods were offset by lower sales in the Beverage segment, which had seen strong growth in the prior year.

Sales: Flavour Division
in millions of Swiss francs

2016 Half Year Financial Report

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Interim condensed consolidated financial statements (unaudited)

Condensed consolidated income statement

For the six months ended 30 June

in millions of Swiss francs, except for earnings per share data	Note	**2016**	2015 [a]
Sales		2,334	2,184
Cost of sales		(1,241)	(1,168)
Gross profit		**1,093**	**1,016**
as % of sales		46.8%	46.5%
Selling, marketing and distribution expenses		(311)	(294)
Research and product development expenses		(197)	(183)
Administration expenses		(89)	(79)
Share of (loss) profit of jointly controlled entities		–	(1)
Other operating income	6	60	36
Other operating expense	7	(56)	(67)
Operating income		**500**	**428**
as % of sales		21.4%	19.6%
Financing costs	8	(27)	(31)
Other financial income (expense), net	9	(18)	(13)
Income before taxes		**455**	**384**
Income taxes	10	(87)	(42)
Income for the period		**368**	**342**
Attribution			
Income attributable to equity holders of the parent		368	342
as % of sales		15.7%	15.6%
Earnings per share – basic (CHF)	**11**	**40.00**	**37.15**
Earnings per share – diluted (CHF)	**11**	**39.62**	**36.69**

a) Previous year figures have been restated in early adoption of IFRS 9 (see Note 3).

The notes on pages 14 to 22 form an integral part of these interim condensed financial statements (unaudited).

Condensed consolidated statement of comprehensive income

For the six months ended 30 June

in millions of Swiss francs	Note	**2016**	2015 [a]
Income for the period		**368**	**342**
Items that may be reclassified to the income statement			
Cash flow hedges			
Movement in fair value, net		(42)	(4)
Gains (losses) removed from equity and recognised in the consolidated income statement		6	6
Movement on income tax	10	2	–
Exchange differences arising on translation of foreign operations			
Change in currency translation		(112)	(283)
Movement on income tax	10	(1)	4
Items that will not be reclassified to the income statement			
Defined benefit pension plans			
Remeasurement of post employment benefit obligations		(233)	49
Movement on income tax	10	61	(17)
Other comprehensive income for the period		**(319)**	**(245)**
Total comprehensive income for the period		**49**	**97**
Attribution			
Total comprehensive income attributable to equity holders of the parent		49	97

a) Previous year figures have been restated in early adoption of IFRS 9 (see Note 3).

The notes on pages 14 to 22 form an integral part of these interim condensed financial statements (unaudited).

Condensed consolidated statement of financial position

At period ended

in millions of Swiss francs	Note	30 June 2016	31 December 2015 [a]	1 January 2015 [a]
Cash and cash equivalents		260	478	412
Derivative financial instruments		9	17	21
Derivatives on own equity instruments		3	6	10
Financial assets at fair value through income statement		1	2	64
Accounts receivable - trade		1,028	901	911
Inventories		761	716	771
Current tax assets		25	16	22
Other current assets		191	143	146
Current assets		**2,278**	**2,279**	**2,357**
Property, plant and equipment		1,357	1,384	1,430
Intangible assets		2,071	2,197	2,293
Deferred tax assets		289	260	258
Post-employment benefit plan assets		13	15	7
Financial assets at fair value through income statement		75	76	76
Jointly controlled entities		26	27	17
Other long-term assets		50	44	34
Non-current assets		**3,881**	**4,003**	**4,115**
Total assets		**6,159**	**6,282**	**6,472**
Short-term debt	12	305	208	57
Derivative financial instruments		38	18	19
Accounts payable - trade and others		427	400	423
Accrued payroll & payroll taxes		107	120	119
Current tax liabilities		71	70	82
Financial liability: own equity instruments		71	48	54
Provisions		7	12	12
Other current liabilities		138	138	155
Current liabilities		**1,164**	**1,014**	**921**
Derivative financial instruments		101	62	50
Long-term debt	12	941	947	1,150
Provisions		54	51	36
Post-employment benefit plan liabilities		807	637	735
Deferred tax liabilities		89	92	88
Other non-current liabilities		69	64	79
Non-current liabilities		**2,061**	**1,853**	**2,138**
Total liabilities		**3,225**	**2,867**	**3,059**
Share capital	13	92	92	92
Retained earnings and reserves	13	5,246	5,373	5,209
Own equity instruments	14	(114)	(79)	(78)
Other components of equity		(2,290)	(1,971)	(1,810)
Equity attributable to equity holders of the parent		**2,934**	**3,415**	**3,413**
Total equity		**2,934**	**3,415**	**3,413**
Total liabilities and equity		**6,159**	**6,282**	**6,472**

a) Previous year figures have been restated in early adoption of IFRS 9 (see Note 3).

The notes on pages 14 to 22 form an integral part of these interim condensed financial statements (unaudited).

Condensed consolidated statement of changes in equity

For the six months ended 30 June

2016 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 remeasure-ment	Total equity
Balance as at 1 January published		**92**	**5,361**	**(79)**	**(70)**	**12**	**(1,396)**	**(505)**	**3,415**
Balance as at 1 January restated		**92**	**5,373**	**(79)**	**(70)**		**(1,396)**	**(505)**	**3,415**
Income for the period			368						368
Other comprehensive income for the period					(34)		(113)	(172)	(319)
Total comprehensive income for the period			**368**		**(34)**		**(113)**	**(172)**	**49**
Dividends paid	13		(495)						(495)
Movement on own equity instruments, net	14			(35)					(35)
Net change in other equity items			**(495)**	**(35)**					**(530)**
Balance as at 30 June		**92**	**5,246**	**(114)**	**(104)**		**(1,509)**	**(677)**	**2,934**

2015 [a] 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 remeasure-ment	Total equity
Balance as at 1 January published		**92**	**5,187**	**(78)**	**(67)**	**22**	**(1,195)**	**(548)**	**3,413**
Balance as at 1 January restated		**92**	**5,209**	**(78)**	**(67)**		**(1,195)**	**(548)**	**3,413**
Income for the period			342						342
Other comprehensive income for the period					2		(279)	32	(245)
Total comprehensive income for the period			**342**		**2**		**(279)**	**32**	**97**
Dividends paid	13		(461)						(461)
Movement on own equity instruments, net	14			(26)					(26)
Net change in other equity items			**(461)**	**(26)**					**(487)**
Balance as at 30 June restated		**92**	**5,090**	**(104)**	**(65)**		**(1,474)**	**(516)**	**3,023**

a) Previous year figures have been restated in early adoption of IFRS 9 (see Note 3).

The notes on pages 14 to 22 form an integral part of these interim condensed financial statements (unaudited).

Consolidated statement of cash flows

For the six months ended 30 June

in millions of Swiss francs	Note	2016	2015[a]
Income for the period		368	342
Income tax expense		87	42
Interest expense		22	23
Non-operating income and expense		23	21
Operating income		**500**	**428**
Depreciation of property, plant and equipment		57	54
Amortisation of intangible assets		81	80
Impairment of long-lived assets		–	4
Other non-cash items			
- share-based payments		18	16
- pension expense		(35)	(10)
- additional and unused provisions, net		3	16
- other non-cash items		(18)	22
Adjustments for non-cash items		**106**	**182**
(Increase) decrease in inventories		(52)	(20)
(Increase) decrease in accounts receivable		(131)	(87)
(Increase) decrease in other current assets		(51)	(36)
Increase (decrease) in accounts payable		9	6
Increase (decrease) in other current liabilities		(17)	(41)
(Increase) decrease in working capital		**(242)**	**(178)**
Income taxes paid		**(65)**	**(51)**
Pension contributions paid		(22)	(27)
Provisions used		(5)	(6)
Purchase and sale of own equity instruments, net		(24)	(12)
Impact of financial transactions on operating, net		(11)	5
Cash flows from (for) operating activities		**237**	**341**
Increase in long-term debt	12	–	200
(Decrease) in long-term debt	12		(127)
Increase in short-term debt	12	214	306
(Decrease) in short-term debt	12	(116)	(300)
Interest paid		(18)	(19)
Distribution to the shareholders paid	13	(495)	(461)
Purchase and sale of derivative financial instruments financing, net		6	(6)
Others, net		2	(3)
Cash flows from (for) financing activities		**(407)**	**(410)**
Acquisition of property, plant and equipment		(33)	(57)
Acquisition of intangible assets		(12)	(17)
Increase in share capital of jointly controlled entities			(3)
Proceeds from the disposal of property, plant and equipment		–	–
Interest received		1	1
Purchase and sale of financial assets at fair value through income statement, net		1	(5)
Others, net		(5)	4
Cash flows from (for) investing activities		**(48)**	**(77)**
Net increase (decrease) in cash and cash equivalents		**(218)**	**(146)**
Net effect of currency translation on cash and cash equivalents		–	(50)
Cash and cash equivalents at the beginning of the period		478	412
Cash and cash equivalents at the end of the period		**260**	**216**

a) Previous year figures have been restated in early adoption of IFRS 9 (see Note 3).

The notes on pages 14 to 22 form an integral part of these interim condensed 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 10,032 people.

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

2. Basis 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 months period ended 30 June 2016 (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 2015 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 2015 statement of financial position has been derived from the audited 2015 consolidated financial statements. Givaudan SA's Board of Directors approved these interim financial statements on 15 July 2016.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in the 2015 consolidated financial statements for the year ended 31 December 2015, with the exception of the adoption as of 1 January 2016 of the standards and interpretations described below:

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- IFRS 14 Regulatory Deferral Accounts
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Amendments to IAS 16 and IAS 41: Agriculture : Bearer Plants
- Annual Improvements to IFRSs 2012-2014 Cycle
- Amendments to IAS 1: Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exceptions
- IFRS 9 Financial Instruments

The Group assessed that the adoption of the above standards does not affect the information already disclosed by the Group, except for IFRS 9 as described below.

As at 1 January 2016 the Group has early adopted IFRS 9 as issued in July 2014.

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. As a result of the adoption of IFRS 9, the Group classifies all financial assets as financial assets at fair value through the income statement except for trade receivables which are classified at amortised cost.

The adoption of IFRS 9 helps to align the accounting of financial assets with the objectives to collect contractual cash flows as they become due and to sell financial assets.

Financial assets at fair value through the income statement
Financial assets that are used to fund the settlements of long-term incentive plans recognised as liabilities meet the objective of collecting contractual cash flows and selling financial assets. Investments accounted for as available-for-sale financial assets in accordance with IAS 39 change their measurement category to "at fair value through the income statement" which is more consistent, in the Group's opinion, with the Group's strategic investment objectives.

Derivative financial assets accounted for at fair value through the income statement in accordance with IAS 39 remain in the same measurement category unless they are designated as effective hedging instruments.

Financial assets at amortised cost
Trade receivables meet the objective of collecting contractual cash flows over their life. Trade receivables accounted for as "loans and receivables" financial assets in accordance with IAS 39 change their measurement category to "at amortised cost".

The new hedging rules align hedge accounting more closely with the Group's risk management practices. The hedging strategy of the Group is not changed.

The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses than the incurred loss impairment model used in IAS 39. A simplified approach is applied for trade receivables for which the tracking of changes in credit risk is not required but instead the base lifetime expected credit loss at all times is applied. The current practice for measuring trade receivables does not change.

For financial liabilities, there is no change in their classification and measurement except for liabilities designated at fair value through the income statement for which the amount of change in the fair value that is attributable to changes in own credit risk is presented in other comprehensive income. The Group has currently only financial liabilities at amortised cost and therefore there is no impact on their classification.

The following tables summarise the impact of the above changes on the Group's financial position, on the statement of comprehensive income, and on earnings per share.

Financial position as at 1 January 2015

in millions of Swiss francs	Reported	Adjustments	Restated
Available-for-sale financial assets	64	(64)	
Financial assets at fair value through income statement		64	64
Current assets			
Financial assets at fair value through income statement	35	41	76
Other long-term assets	75 [a]	(41)	34
Non-current assets			
Retained earnings and reserves	5,187	22	5,209
Other components of equity	(1,788) [a]	(22)	(1,810)
Equity			

a) Including available-for-sale financial assets.

Comprehensive income for six months ended 30 June 2015

in millions of Swiss francs	Reported	Adjustments	Restated
Income statement			
Total other financial income (expense), net	(16)	3	(13)
Other comprehensive income			
Available-for-sale financial assets			
Movements in fair value, net	2	(2)	
(Gains) losses removed from equity and recognised in the consolidated income statement	–	–	
Exchange differences arising on translation of foreign operations			
Change in currency translation	**(282)**	**(1)**	**(283)**

Earnings per share

in Swiss francs	Reported	Restated
Basic earnings per share	36.82	37.15
Diluted earnings per share	**36.37**	**36.69**

Financial position as at 31 December 2015

in millions of Swiss francs	Reported	Adjustments	Restated
Available-for-sale financial assets	2	(2)	
Financial assets at fair value through income statement		2	2
Current assets			
Financial assets at fair value through income statement	35	41	76
Other long-term assets	85 [a]	(41)	44
Non-current assets			
Retained earnings and reserves	5,361	12	5,373
Other components of equity	(1,959) [a]	(12)	(1,971)
Equity			

a) Including available-for-sale financial assets.

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

Financial assets consisting of equity and debt securities of CHF 1 million (31 December 2015: CHF 2 million) were measured with Level 1 inputs whereas CHF 39 million (31 December 2015: CHF 41 million) were measured with Level 2 inputs. Corporate owned life insurance of CHF 36 million (31 December 2015: CHF 35 million) were measured with Level 2 inputs.

Derivative assets of CHF 9 million (31 December 2015: CHF 17 million) and derivative liabilities of CHF 139 million (31 December 2015: CHF 80 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.

5. Segment information

Business segments

	Fragrances		Flavours		Group	
For the six months ended 30 June, in millions of Swiss francs	**2016**	2015	**2016**	2015	**2016**	2015
Segment sales	1,132	1,023	1,210	1,167	2,342	2,190
Less inter segment sales [a]	–	–	(8)	(6)	(8)	(6)
Segment sales to third parties	**1,132**	**1,023**	**1,202**	**1,161**	**2,334**	**2,184**
EBITDA	**351**	**244**	**287**	**322**	**638**	**566**
as % of sales	31.0%	23.8%	23.9%	27.8%	27.3%	25.9%
Depreciation	(26)	(25)	(31)	(29)	(57)	(54)
Amortisation	(38)	(37)	(43)	(43)	(81)	(80)
Impairment of long-lived assets		(1)	–	(3)	–	(4)
Acquisition of Property, plant and equipment	16	32	29	25	45	57
Acquisition of Intangible assets	14	8	13	9	27	17
Total Gross Investments	**30**	**40**	**42**	**34**	**72**	**74**

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

Reconciliation table to Group's operating income

For the six months ended 30 June, in millions of Swiss francs	Fragrances 2016	Fragrances 2015	Flavours 2016	Flavours 2015	Group 2016	Group 2015 [a]
EBITDA	**351**	**244**	**287**	**322**	**638**	**566**
Depreciation	(26)	(25)	(31)	(29)	(57)	(54)
Amortisation	(38)	(37)	(43)	(43)	(81)	(80)
Impairment of long-lived assets		(1)	–	(3)	–	(4)
Operating income	**287**	**181**	**213**	**247**	**500**	**428**
as % of sales	25.4%	17.7%	17.7%	21.3%	21.4%	19.6%
Financing costs					(27)	(31)
Other financial income (expense), net					(18)	(13)
Income before taxes					**455**	**384**
as % of sales					19.5%	17.6%

a) Previous year figures have been restated in early adoption of IFRS 9 (see Note 3).

Classification of amortisation expenses is as follows:

For the six months ended 30 June, in millions of Swiss francs	Fragrances 2016	Fragrances 2015	Flavours 2016	Flavours 2015	Group 2016	Group 2015
Cost of sales	5	4	2	1	7	5
Selling, marketing and distribution expenses	9	8	9	8	18	16
Research and product development expenses	4	6	10	14	14	20
Administration expenses	1	–	1	–	2	–
Other operating expenses	19	19	21	20	40	39
Total	**38**	**37**	**43**	**43**	**81**	**80**

6. Other operating income

For the six months ended 30 June, in millions of Swiss francs	2016	2015
Gains on disposal of fixed assets	–	–
Other income	60	36
Total other operating income	**60**	**36**

In the first six months of 2016 the Group recognised a one-off non-cash gain of CHF 55 million (2015: CHF 32 million) following a change in the pension plans.

7. Other operating expense

For the six months ended 30 June, in millions of Swiss francs	2016	2015
Amortisation of intangible assets	40	39
Impairment of long-lived assets	–	4
Losses on disposal of fixed assets	1	1
Acquisition related costs	–	–
Other expenses	15	23
Total other operating expense	**56**	**67**

8. Financing costs

For the six months ended 30 June, in millions of Swiss francs	2016	2015
Interest expense	22	23
Net interest related to defined benefit pension plans	7	8
Derivative interest (gains) losses	(3)	(1)
Amortisation of debt discounts	1	1
Total financing costs	**27**	**31**

9. Other financial (income) expense, net

For the six months ended 30 June, in millions of Swiss francs	2016	2015 [a]
Fair value and realised (gains) losses from derivatives instruments, net (at fair value through income statement)	44	(53)
Exchange (gains) losses, net	(29)	64
Realised (gains) losses from financial instruments measured at fair value through income statement	–	–
Unrealised (gains) losses from financial instruments measured at fair value through income statement	(1)	(3)
Interest (income) expense	(1)	(1)
Capital taxes and other non business taxes	5	5
Other (income) expense, net	–	1
Total other financial (income) expense, net	**18**	**13**

a) Previous year figures have been restated in early adoption of IFRS 9 (see Note 3).

10. Income taxes

The interim period income tax expense as a percentage of income before taxes was 19% (2015: was 11% following changes in Swiss Accounting Law and the Group's legal structure. Excluding these items, the income tax expense as a percentage of income before taxes in June 2015 was 19%).

11. Earnings per share

Basic earnings per share

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

	2016	2015[a]
Income attributable to equity holder of the parent (in millions of Swiss francs)	**368**	**342**
Weighted average number of shares outstanding		
Ordinary shares	9,233,586	9,233,586
Treasury shares	(33,052)	(26,986)
Net weighted average number of shares outstanding	**9,200,534**	**9,206,600**
Basic earnings per share (CHF)	**40.00**	**37.15**

a) Previous year figures have been restated in early adoption of IFRS 9 (see Note 3).

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:

	2016	2015[a]
Income attributable to equity holder of the parent (in millions of Swiss francs)	**368**	**342**
Weighted average number of shares outstanding for diluted earnings per share of 87,154 (2015: 114,548)	**9,287,688**	**9,321,148**
Diluted earnings per share (CHF)	**39.62**	**36.69**

a) Previous year figures have been restated in early adoption of IFRS 9 (see Note 3).

12. Debt

2016 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					2	2
Total floating rate debt					**2**	**2**
Fixed rate debt						
Bank borrowings					153	153
Straight bonds	299	100	298	697	150	847
Private placements		39	205	244		244
Total fixed rate debt	**299**	**139**	**503**	**941**	**303**	**1,244**
Balance as at 30 June	**299**	**139**	**503**	**941**	**305**	**1,246**

2015 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	299	100	298	697	150	847
Private placements		40	210	250	55	305
Total fixed rate debt	**299**	**140**	**508**	**947**	**205**	**1,152**
Balance as at 31 December	**299**	**140**	**508**	**947**	**208**	**1,155**

13. Equity

At the Annual General Meeting held on 17 March 2016 the distribution of an ordinary dividend of CHF 54.00 per share (2015: ordinary dividend of CHF 50.00 per share) was approved. The dividend payment has been primarily made out of additional paid-in capital reserve which Givaudan showed in total equity as at the end of 2015, with the remainder paid out of available retained earnings.

At 30 June 2016 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 2016, the Group held 14,887 own shares (2015: 21,706), as well as derivatives on own shares equating to a long position of 45,296 (2015: 65,288).

15. Contingent liabilities

From time to time and in varying degrees, Group operations and earnings continue to be affected by political, fiscal and regulatory developments, including those relating to environmental protection, in the countries in which it operates.

The activities in which the Group is engaged are also subject to physical risks of various kind. The nature and frequency of these developments and events, not all of which are covered by insurance, as well as their effect on the future operations and earnings are not predictable.

Givaudan Group companies are involved in various legal and regulatory proceedings of a nature considered typical of its business, including contractual disputes and employment litigation.

One of the Group's US affiliates, Givaudan Flavors Corporation was named as a defendant in several lawsuits brought against it and other flavour companies and raw diacetyl suppliers. The plaintiffs alleged that they sustained pulmonary injuries due to diacetyl containing butter flavours manufactured by one or more of the flavour 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.

16. Other information

On 23 May 2016, as part of its 2020 strategy to strengthen capabilities in integrated savoury solutions, Givaudan announced that it is acquiring ConAgra Foods' Spicetec Flavors & Seasonings business. As closing has not been completed, the proposed acquisition has no impact on the financial results to June 2016.

Givaudan SA

Chemin de la Parfumerie 5
1214 Vernier, Switzerland

General information

T + 41 22 780 91 11
F + 41 22 780 91 50

Media and investor relations

T + 41 22 780 90 53
F + 41 22 780 90 90

Share registry

SAG SEGA Aktienregister AG
Postfach
4601 Olten, Switzerland
T + 41 62 205 36 95
F + 41 62 205 39 66

Investor Calendar

Half year conference, Zurich: 25 August 2016
Nine month sales results: 11 October 2016
Full year results: 31 January 2017
Annual General Meeting: 23 March 2017

Dates may be subject to change, please consult the calendar on the Givaudan website: www.givaudan.com/investors/shareholder-information/investor-calendar

Translations: CLS, www.cls-communication.com

This Half Year Report and Financial statements may contain forward-looking information. Such information is subject to a variety of significant uncertainties, including scientific, business, economic and financial factors. Therefore actual results may differ significantly from those presented in such forward looking statements. Investors must not rely on this information for investment decisions.