



Media Release

Geneva, 18 July 2016

2016 Half year results Strong sales growth - sustained high level profitability

- 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
- Changes to the Executive Committee

Business performance

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.



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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.

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.



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Key Figures

For the six months ended 30 June, in millions of Swiss francs **except per share data**

	2016	2015 ^b
Group sales	2,334	2,184
Fragrance sales	1,132	1,023
Flavour sales	1,202	1,161
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%
Earnings per share – basic (CHF)	40.00	37.15
Earnings per share – diluted (CHF)	39.62	36.69
Operating cash flow	237	341
as % of sales	10.2%	15.6%
Free cash flow	174	248
as % of sales	7.4%	11.4%

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

- 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 for early adoption of IFRS 9 (see note 3 in the Financial Report).



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Fragrance Division

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,



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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 subregions, 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 subregions. 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.

Flavour Division

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.



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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.

Changes to the Executive Committee

Effective 1 August, Givaudan announces the following changes to its Executive Committee: Adrien Gonckel, Chief Information Officer, will retire. Anne Tayac, currently Head of Fragrance Operations, will become a member of the Executive Committee with responsibility for designing, implementing and leading a global organisation for business services and solutions.

Adrien Gonckel will retire following a distinguished 43-year career during which he held various senior leadership roles within the IT departments of Roche, Roure and Givaudan. During his tenure, Adrien successfully led the SAP implementation, transformed IT into a globalised organisation and developed it to leading standards. Adrien's understanding of the business combined with the support of the strong team he had built allowed for those achievements. Fabien Jaunault, currently Head of IT Demand, is appointed Head of Global Information Management & Technology (IM&T), responsible for the Company's innovation strategy and day-to-day business operations in Information Management & Technology.



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As Head of Givaudan Business Solutions, **Anne Tayac** will be responsible for designing Givaudan Business Solutions (GBS), a global organisation for business services and solutions, to be gradually implemented in support of Givaudan's 2020 strategic pillar 'delivering with excellence'. Givaudan is committed to addressing fast-changing consumer desires and market trends, being agile and offering customers a superior experience. The introduction of Givaudan Business Solutions (GBS) will support the Company in delivering on this commitment by reducing internal complexities, offering best-in-class business processes, services and solutions to both divisions and corporate functions, and driving excellence across the organisation. Global IM&T, led by Fabien Jaunault, will be the first function to join Givaudan Business Solutions, effective August 2016.

Anne Tayac is a French national born in 1968. She began her career in Quality Assurance in the Fragrance and Flavour industry and joined Givaudan in 1996. She assumed roles of increasing responsibility in Quality Management, Customer Care, SAP deployment change management, F&F Supply Chain Excellence and was most recently responsible for leading Global Fragrance Operations. Anne has a Master's degree in Flavours and Fragrances from Sciences University in Le Havre, France and in Analytical Control and Quality from Sciences University in Marseille, France.

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

The 2016 Half Year Report can be downloaded on www.givaudan.com in English, French and German. A conference call will be broadcasted on www.givaudan.com on 18 July 2016 at 15:00 CET.

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