Fragrance Division

The Fragrance Division recorded sales of CHF 1,988 million, an increase of 10.5% in local currencies and 9.0% in Swiss francs. After a double-digit performance in the first half year, sales continued to show a strong growth in the second half on top of stronger comparables.

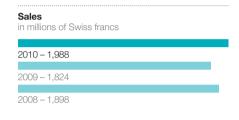
Total sales for Fragrance compounds (Fine Fragrances and Consumer Products combined) increased 10.5% in local currencies and 9.0% in Swiss francs to CHF 1,719 million from CHF 1,576 million.

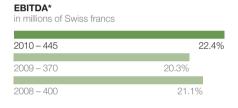
Fragrance Ingredients sales increased by 10.7% in local currencies thanks to an overall high level of demand, notably for specialities. All three business units performed very well in 2010. Particularly Fine Fragrances, which was affected by the reduction of inventories last year, rebounded strongly with an annual sales growth of 18.3%. The less cyclical Consumer Products business delivered an increase in sales of 8.3%. A certain element of restocking has been seen in both Fine Fragrances and Fragrance Ingredients sales.

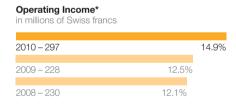
EBITDA increased to CHF 398 million from CHF 333 million last year. In comparable terms, EBITDA increased to CHF 445 million from CHF 370 million reported last year. Favourable product mix due to higher sales in Fine Fragrances and a good utilisation of capacities due to higher production volumes across all business units helped to increase the gross profit margin. The EBITDA margin on a comparable basis increased to 22.4% compared to the 20.3% of last year.

The operating income increased by 25.1% to CHF 239 million from CHF 191 million last year due to a higher gross profit and stable operating expenses. The operating margin on a comparable basis increased to 14.9% from 12.5% reported last year, mainly as a result of higher gross margin and overall cost absorption. Operating income on a comparable basis was CHF 297 million, above the CHF 228 million reported last year.

The new multi-purpose manufacturing unit in Pedro Escobedo, completed in November 2009, became fully operational early in 2010 and helped meet the recent increase in demand for fragrance ingredients. In October, the closure of our compounding facility in Argenteuil was completed and its products are now being produced in Ashford, UK and Vernier, Switzerland. The fragrance ingredients site in Naarden, the Netherlands, is planned to cease its activities fully by 2012 and first product transfers to other productions sites have already started.







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

* On a comparable basis.

Performance

Sustainable business model Corporate governance Financial Report

The new Fragrance Creative Centre in São Paulo, Brazil, was officially opened in October 2010. This centre houses both the regional Fine Fragrances and Consumer Product teams with Perfumery, Applications laboratories and the latest evaluation facilities for Air care, Household, Fabric and Personal care. The new facility doubles the size of the current unit and offers the teams better capabilities in creation, application and technology to meet growing demand in Brazil and elsewhere in Latin America.

SAP was successfully implemented in Brazil, Argentina, Colombia and in the ingredients manufacturing sites of Mexico and Spain.

Fine Fragrances

Fine Fragrance sales had a continued strong growth momentum throughout 2010, delivering 18.3% growth compared to 2009. Customers increased their inventories at the beginning of the year and returned to more normalised order patterns towards the end of the year. This performance was strongly supported by an inflow of new wins, in all key segments including prestige mass, specialty retail and direct sell.

On a regional basis Europe and North America delivered strong double-digit gains. In Latin America, the business delivered solid volume gains building on the exceptionally strong growth in 2009. The pipeline of briefs and new wins continuously improved throughout the year. Givaudan had another strong showing at the annual award ceremonies in the USA, France, UK, Germany and Italy where the following products with Givaudan fragrances won awards:

- FiFi® Awards in the USA: Marc Jacob's Lola was the Fragrance of the Year, Women's Luxe; Victoria Secret's Love Rocks' won Women's Private Label Fragrance of the Year; John Varvatos Artisan and Yves Rocher Comme une Evidence were selected for Best Packaging Awards.
- Grand Prix du Parfum in France:
 Nina Ricci's, Ricci Ricci won the Best
 Women's Fragrance and Design; Paco
 Rabanne One Million won The Perfume
 Shop Fragrance of the Decade Award
 for Men.
- FiFi® Awards in the UK: Marc Jacob's Lola was the Best New Prestige Fragrance for Women; D&G Rose the One won the House of Fraser People's Choice Award for Women; Gucci by Gucci pour Homme won the House of Fraser People's Choice Award for Men; Paco Rabanne One Million won The Perfume Shop Fragrance of the Decade Award for Men.
- Cosmetic Executive Women's Beauty Awards in the USA: Marc Jacob's Lola won Women's Scent Prestige, John Varvatos Artisan won Men's Scent, Avril Lavigne Black Star won Women's Scent Mass.



Using technology to inspire creation

Miriad® 2.0 is the portal into Givaudan's extensive portfolio of consumer understanding tools. Launched in 2009, Miriad® 2.0 uses Motion Analytics to unveil a stunning array of market history, current trends and olfactive preferences. Bridging the communication gap between consumer and perfumer, Miriad® 2.0 is designed to meet modern marketing challenges and brings a new level of consumer understanding to fragrance design for all product categories.



Fragrance education

As fragrance industry leaders, we believe in sharing our knowledge and understanding. Through a series of events and the launch of iPerfumer, an iPhone application to help consumers choose perfumes, we have positioned ourselves as fragrance educators.

Our programme of consumer-facing events has included partnerships with Printemps in Paris, Harrods in London, Longwood Gardens in Philadelphia and O Boticário in São Paulo.



10 Years in Dubai

Givaudan was the first fragrance Company to establish a full office in Dubai in 2000 and has since built a strong presence in the region. The office is our regional hub, serving the huge area of Africa and the Middle East.

After ten years we are the fragrance specialist in this region. Having fragrance experts on the ground makes us the ideal partner for multinational brands looking for local knowledge and global expertise. The Middle East is also a region where understanding local needs and culture is vital. Our early investment has led to steady growth of an average of 16% in sales year on year.

- Duftstars in Germany: Marc Jacob's Lola won Parfum Exclusif Femme; Paco Rabanne One Million won Best Prestige Men and Grand Prix du Public Prestige; Jean-Paul Gaultier Le Male was Parfum Classique Homme.
- Accademia del Profumo in Italy: Marc Jacob's Lola won Best New Prestige Fragrance for Women; Acqua di Parma Magnolia Nobile won Best Olfactive Creation for Women; Calvin Klein CK Free won Best Perfume of the Year for Men.

In addition to the above mentioned awards, the Company further demonstrated its leadership position with Miriad® 2.0, which was the winner of this year's FiFi® Technological Breakthrough of the Year award for Fragrance Creation and Formulation. This was reinforced by the launch of iPerfumer, a new application for the iPhone to help consumers navigate the perfume market. This tool is available for free download from the Apple App Store.

New perfumes created by Givaudan during the year included:

Women's Fragrances

Avon

- Eternal Magic
- Herve Leger Femme

Beauty Avenues

- Signature Orange Sapphire
- Victoria's Secret Bombshell

Coty

- Beyonce Heat
- Love, Chloe

Elizabeth Arden

• Peace, Love & Juicy Couture

Estee Lauder

• Tommy Hilfiger Loud for Her

Natura

- Amo Chamego
- Ekos Águas De Banho Ópera Amazonica Canto Vermelho

Procter & Gamble

- Gucci Guilty
- Boss Orange Sunset

Men's Fragrances

Coty

• Davidoff Champion

Estée Lauder

• Tommy Hilfiger Loud for Him

L'Oreal

• Big Pony Collection No 2

L.V.M.H.

• 7 De Loewe

Procter & Gamble

- Boss Bottled Night
- Gucci by Gucci Homme Sport

Puig

• The Secret By Antonio Banderas



Consumer connection

Whether visiting communities in Asia, Latin America and Eastern Europe to talk about washing laundry, or using technology to help people navigate the fine fragrance market, Givaudan engages with its consumers.

Our award-winning tools use a variety of techniques to collect information about the way that perfume is perceived by people around the world. Perfume Pulse, for example, is a database of fragrance insights based on true-life scent associations which can be interrogated by customers and perfumers to inspire fragrance creation.

Powered by Givaudan, the iPerfumer iPhone App launched in June as a consumer guide to perfume. Over five months, 30,000 people across 150 different countries have downloaded iPerfumer, and the community continues to grow.

iPerfumer is available for free download from Apple App Store, Android Market Link (with Android Browser) and as a Facebook app.

Consumer Products

The Consumer Products business grew by 8.3% in local currencies driven by sales increases across all customer groups. Developing as well as mature markets contributed to this achievement.

Asia Pacific reported strong double-digit sales growth spread across all customer groups and all product segments, especially in India, Thailand and China.

Latin America posted significant growth driven by sales in the Fabric Care segment, led by Mexico and Venezuela. Local and regional customers' sales showed double-digit growth followed by international customers.

Europe, Africa and the Middle East reported a sales increase across developing and mature markets, driven by international customers. Local and regional customer sales reported a strong growth in the developing markets of the region.

Sales in North America increased, supported by the good performance in the Air care category and a solid sales volumes with international customers.

On a worldwide basis, all product segments posted a sales increase versus prior year. Fabric Care sales showed the strongest performance followed by a significant growth in Household. Within the Household segment, the air care category delivered a strong double-digit increase especially in North America and Asia Pacific. Sales in the Personal Care segment were also significantly above last year across all regions.

Fragrance Ingredients

Sales for Fragrance Ingredients increased by 10.7% in local currencies, a performance achieved across all product categories. Givaudan specialties have shown a particularly strong sales increase thanks to a sustained high level of demand for innovative ingredients.

The multi-purpose production unit in our ingredients manufacturing site of Pedro Escobedo, Mexico, became fully operational in early 2010. To ensure the competitiveness of our ingredients, several key products were transferred to Pedro Escobedo.

The fragrance ingredients manufacturing unit in Naarden, the Netherlands, is scheduled to be closed by 2012 and products will be transferred to other Givaudan plants.

By the end of 2010, all ingredients manufacturing sites were using SAP.