

# Flavour Division

The Flavour Division reported sales of CHF 2,251 million, representing a growth rate of 7.5% in local currencies and an increase of 5.4% in Swiss francs.

The strong momentum experienced in the first six months across all regions and segments continued on top of strong comparables in the second half of 2010. Growth has been strong due to the continued successful execution of the divisional growth strategies, such as the focus on developing markets, Health and Wellness initiatives and with targeted key accounts.

The Flavour Division saw an accelerating momentum in North America and Europe and continued strong growth across Asia Pacific and Latin America. All major segments posted gains with Beverage, Snacks and Sweet Goods delivering double-digit growth.

The briefs pipeline was strong throughout the year, supported by the continued focus of our customers on innovative products.

EBITDA increased to CHF 489 million from CHF 425 million last year. The comparable EBITDA increased to CHF 518 million from CHF 450 million reported last year. The comparable EBITDA margin increased to 23.0% in 2010 from 21.1% in 2009, mainly as a result of the higher sales, higher gross profit and tightly controlled expenses.

Operating income rose to CHF 317 million from CHF 269 million last year. The operating margin on a comparable basis increased to 15.9% from 13.9% reported last year. On a comparable basis, operating income was CHF 358 million, above the CHF 297 million reported last year.

Throughout all regions and segments, the Flavour Division worked closely with its customers on growth and innovation opportunities. In Health and Wellness applications, the division continued its successful commercialisation of sweetness and salt replacement solutions, translating into double-digit growth rate in this market segment.

## Asia Pacific

Sales in Asia Pacific achieved 8.4% growth in local currencies, a solid performance on top of high comparables. The developing markets of China, India and South-East Asia recorded double-digit increases coming from successful new wins and further customer penetration. Sales in mature markets increased with solid growth in Japan.

Growth was well balanced across all segments as new wins and organic customer growth helped each segment with particular strength coming from Snacks, Beverages and Confectionery.

## Europe, Africa, Middle East (EAME)

Sales grew at 5.6% in local currencies with the developing markets of Africa and the Middle East, as well as Eastern Europe (driven by Poland and Russia), delivering double-digit growth throughout the year. The mature markets of Western Europe also showed solid growth.

The region recorded growth across all segments supported by stronger customer collaboration translating into new wins and innovative flavour solutions. Expanded Health and Wellness offerings in the areas

### Sales

in millions of Swiss francs

2010 – 2,251
2009 – 2,135
2008 – 2,189

### EBITDA\*

in millions of Swiss francs

2010 – 518	23.0%
2009 – 450	21.1%
2008 – 442	20.2%

### Operating Income\*

in millions of Swiss francs

2010 – 358	15.9%
2009 – 297	13.9%
2008 – 256	11.7%

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.