

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.

of salt, sugar, fat and umami helped drive increased volumes as well. Double-digit growth was recorded in the Beverage and Snacks segment.

In August 2010, the Givaudan Board approved the investment for a new centralised savoury flavours production facility. In line with our strategy the new site will be located in Makó, Hungary, close to the fast-growing markets of Eastern Europe.

North America

After a solid start in the first half, sales continued to accelerate and recorded double-digit growth in the second half, resulting in a 7.2% growth for the full year.

Growth was realised across most segments with Sweet Goods and Beverages posting double-digit gains. The Dairy and Savoury segments delivered solid performance. Supported by the economic recovery, customers increased their emphasis on the development of innovative products and technologies.

Latin America

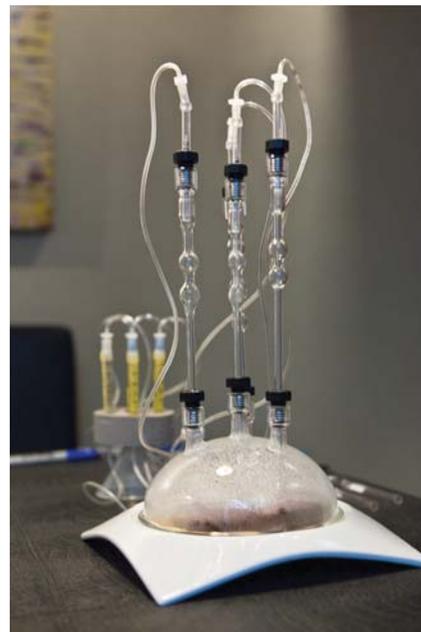
Sales increased at a strong double-digit growth rate of 13.5% in local currencies against high comparables. Organic growth at key customers as well as new wins from local and regional customers helped drive the results with the markets of Argentina, Brazil, Peru and Mexico leading the way. Increased sales can be attributed to Beverage, Savoury and Confectionery segments. The region successfully implemented the new global enterprise system based on SAP during the second half of the year while still delivering this outstanding result.



ChefsCouncil™ Hong Kong

ChefsCouncil™ is a diverse and rotating panel of chefs, food scientists and flavourists focusing on culinary trends, creativity and innovation. In October, Michelin-starred restaurant chefs joined Givaudan experts for our global ChefsCouncil™ event in Hong Kong to inspire the group's artistry in developing consumer-relevant, 'chef-to-shelf' concepts for snacks, soups and ready-meals.

The event generated ideas which broadened the team's understanding of taste enhancement and how we taste. This, in turn, opened up new avenues to enrich our ingredients palette. The dishes presented and the inspiring translations shown by chefs and flavourists will be used to develop more enjoyable and healthy eating experiences for consumers.



Argentina and Brazil Beef exploration

The first CulinaryTrek™ Beef experience in Latin America has been undertaken by our Flavours team to enhance our understanding of the culinary process and capture the sensory profiles of beef dishes that consumers love. The culinary exploration allowed our experts to research the beef cuisine authenticity through a trip around signature cuisine and traditional restaurants. Their special interest was in beef flavours based on their growing popularity and importance around the world – above all in relation to products such as sausages, processed meats and snacks.