

Firmenich



FIRNEWS 2014

## Innovation-Driven Growth

Firmenich posted dynamic sales growth for its fiscal year ended June 30, 2014 with a strengthened portfolio thanks to a sharp focus on innovation. We recorded increases in all geographic regions, as we vigorously pursued growth opportunities in both developed and high growth markets.

Sales increased 7% in local currencies, 2% in Swiss Francs to reach CHF 2,952 million, with high-growth markets accounting for approximately half of our sales turnover.

Geographically, sales growth was driven by dynamic increases in China, India, Middle-East and Africa. The Americas and South East Asia followed with a solid sales momentum. As economic growth remained sluggish in the eurozone, our growth in Western Europe was more modest.

## Shaping a Unique Palette

Marking our commitment to leadership in Ingredients, we launched the very first one of a new family of sustainable molecules, Clearwood™. Created from white biotechnology, Clearwood™ is the result of over 10 years of internal Research and Development as well as our partnership with Amyris.

Also, we entered a joint venture with Jasmine Concrete in India, the leader in Indian floral extracts and natural specialties for the Fragrance and Flavor Industry. By strengthening our integration at the source, we are offering the finest Naturals to our clients and our creators.

In Synthetics, through our Sharing Innovation program, we released two new captives to the market, Z11 and Firascone™. Z11 is one of our most historically successful dry precious wood notes, while Firascone™ is a fruity and aromatic rose with subtle saffron notes.

## Advancing Technology

We put our Science to work this year to increase consumer experiences, while contributing to improving health and nutrition as well as hygiene and sanitation.

Committed to leading Fragrance Technologies, we enlarged our portfolio of solutions to delight consumers with greater perfume bloom and longevity. Building on our breadth of solutions in Home Care, we strengthened our offering to further enhance consumer experiences in Body Care as well.

Enriching our health and nutrition platform, aiming to offer great taste with reduced sugar, salt and fat levels, we launched our third generation of TasteGem® sucrose enhancer. This latest addition to our sweet flavour modifier range offers greater performance at a reduced cost to our clients.

Pursuing our vision of developing technologies to improve sanitation and hygiene, we discovered new solutions to counter malodors. Building on this work we entered a collaboration with the Bill and Melinda Gates Foundation in the context of their "Reinvent the Toilet Challenge", aiming to bring sustainable sanitation solutions to the 2.5 billion people worldwide without access to safe, affordable sanitation.

## Expanding our Footprint

We expanded our reach in high growth markets through new production and office facilities. We inaugurated our state-of-the-art Durarome® flavor plant near Jakarta in Indonesia. Also we opened office and development facilities in Mumbai, India, while launching offices in Ghangzhou, China.

## Thought Leadership in Sustainability

We improved our industry leading safety performance in FY14 by 37% and achieved our highest level of global product quality since we have been maintaining statistics. Also we improved our performance on all tracked environmental indicators compared with our FY09 baseline.

Committed to driving business and sustainable development in an integrated way, we joined the World Business Council for Sustainable Development (WBCSD), a CEO-led, global association of some 200 international companies sharing this goal.

Also, we published two academic case studies; one with the Wharton Business School on our innovative consumer insight work with populations at the base of the pyramid in India and one with IMD on our work with vetiver farmers in Haiti.

# Overview 2014



## Family Owned and Financially Independent

Firmenich remained fully owned by the Firmenich family and committed to its independence, thanks to the financial solidity of the Group.

Michel Firmenich was elected to the Board of Directors in replacement of Gerald Meyer who retired after 11 years of dedicated service. We extend our heartfelt thanks to Gerald for his many contributions to the Board thanks to his in-depth knowledge of the company and industry.

Throughout Firmenich's 119 year history, our employees have been the foundation of our success. Their relentless pursuit of creativity and innovation and commitment to excellence in execution ensure that we deliver value to our clients and lay the groundwork for growth. It is thanks to the energy, ability and talent of our people, that we are well positioned to innovate into the future.

We would like to also warmly thank our clients for inspiring us with their desire to capture the hearts and minds of consumers worldwide. It is the spirit of our client partnerships and the quality of our collaborations that bring bold new ideas to countless consumers around the world everyday.

Yves Boisdron  
*Chairman of the Board*  
*As of July 1, 2013*

Patrick Firmenich  
*CEO*

02

PERFUMERY



Credit Photo: Anaël Dang



"I am inspired by the honey and liqueur notes of the mysterious Rose de Mai."

Xiaodan YIN, Fragrance Development Manager, Perfumery, Paris, France

# Perfumery

## Dynamic Progression

Perfumery posted robust sales growth in local currencies as the Body and Home Care segment grew across all key categories and Fine Fragrance delivered steady progression. Thanks to our balanced portfolio we recorded solid results across all geographies with a particular momentum across high growth markets as well as with local clients.

Body and Home Care broadened its market-share in both developed and high growth markets with a good balance across global and local clients. This achievement was largely driven by our leadership in Fragrance Technologies which delight consumers with greater perfume bloom and longevity. Building on our leading Home Care solutions, we strengthened our offering to further enhance consumer experiences in Body Care as well.

Fine Fragrance posted strong performances driven by continued progression in North America and across high growth markets, while Western Europe posted a notable rebound as consumers responded enthusiastically to new and creative product launches.

## Celebrating Creativity

During the year, Firmenich received numerous awards in acknowledgement of our performance across a critical range of benchmarks, including best fragrance creation, excellence in execution, sustainability and collaboration. Our passion for Fine Fragrance was also reflected in the significant number of awards we received from the Fragrance Foundation U.S.A. and its partners in Europe, the Middle-East and Russia.

Nurturing our culture of creativity, we gathered our global community of Perfumers in Tournettes, near Grasse, South of France for a worldwide meeting. With guest speakers including creative figures such as French film director Luc Besson or fashion designer Pierre Cardin, discussions focused on creativity, inspiration, ingredient creation, as well as tailored design tools. Together we explored how to continuously bring new emotions, tonalities and originality to the perfumes we create in order to be the reference and preference of our clients.

## Perspectives

We continue to broaden and deepen our understanding of consumers around the world and the impact fragrance can have on daily life. By developing proprietary technologies and building upon the strength of our creation capabilities, we aim for the highest levels of performance and creativity to meet and exceed our clients' expectations. While we are dedicated to shaping tomorrow's fragrances and ensuring they bring memorable moments to consumers, we are also committed to improving sanitation and hygiene around the world, such as, through solutions that counter malodors.

## Inspiring Story!

### At the Source of the Finest Flowers of India

To offer our clients and creators the finest portfolio of Naturals, we entered a Joint Venture with Jasmine Concrete in Chennai, India, a family-owned enterprise and the leader in Indian floral extracts and natural specialties for the Fragrance & Flavor Industry.

This new source of Fine Naturals builds on the expertise of our Center of Excellence in Grasse. While our site in France is dedicated to CO2 extractions and high technology solutions, our new Southern Indian base will focus primarily on the extraction and distillation of Naturals. Also, it will broaden our access to India's breadth of extraordinary varieties of flowers, spices and woods.

Thanks to this partnership at the source, we can offer the finest quality and most authentic Naturals while also guaranteeing the full traceability of our products.

# Flavors

## Continued Sales Growth

For the second consecutive year, Flavors recorded solid sales growth, driven by strong performances in Sweet Goods and Savory and modest growth in Beverages. A balanced portfolio of categories and technologies allowed us to maintain momentum across all geographies.

Beverages achieved another year of growth, with citrus flavors such as orange, lemon and lime remaining popular with consumers. Health-driven options such as flavored waters and the use of our taste modulation technologies in colas and juices continued to gain momentum. We also pursued our progression in hot drinks, as flavored coffee and tea continue to be a source of opportunity.

Sweet Goods delivered strong sales growth, thanks in part to the popularity of traditional flavors such as vanilla and hazelnut. Greek Yogurt continues to drive growth in the Dairy category, while in Bakery & Cereal, wholegrain and butter flavors increased in popularity. Confection growth was driven largely by gum and candy flavor favorites such as watermelon and peppermint.

Savory Foods recorded solid revenue growth thanks to strong performances in Soups & Sauces, Proteins and Fats & Oils. Chicken, the perennial favorite, was joined by Seafood tonalities as the top flavor favorites, whereas mushroom, onion, and garlic/herb, led the vegetarian trends. Consumers also gravitated towards more refreshing condiments, as Citrus tonalities such as lime proved to be popular for Sauces.

## Renewed Approach to Innovation

Firmenich Flavors is focusing its innovation on critical consumer priorities, including areas such as health and nutrition as well as natural and sustainable. Through this focused approach we aim to respond to consumers' increasing demand for healthier and more nutritious food and beverages as well as for sustainable natural products.

## Perspectives

Innovation will continue to be at the forefront of our approach to future business growth. As consumers continue to pursue products that deliver greater health and nutrition benefits as well as a heightened sustainable and natural profile, we are committed to finding new and innovative ways to meet this growing demand.

Indeed, as we leverage our best-in-class consumer insights on flavor and taste preferences, we are firmly linking our innovation efforts to consumer preferences.

### Inspiring Story!

#### Our Flavor of the Year: Blackberry

Berry flavors have always been popular, yet recently consumers have been even more attracted by the interesting profile of Blackberry. Rich in antioxidants and other nutrients, Blackberry has been gaining popularity for its health and nutrition properties as well as its appealing, powerful and complex flavor profile.

"Consumers are becoming highly discerning in their preferences, opting for more and more complexity in taste profiles. This has caused a natural evolution towards flavors such as blackberry," says Hidemi Tashiro, Master Flavorist, Firmenich.

According to AromaSphere®, our proprietary tool mapping consumers' language as it relates to flavor, the words used by consumers to describe the profile of blackberry indicate its complexity. Indeed they qualify blackberry as ripe, sweet, acidic, juicy, seedy, jammy, spicy, and even floral at low levels.



Credit Photo: Anaet Dang



“We are inspired by the unique, intriguing profile of the blackberry: Sweet and juicy, spicy and floral, it has the ability to surprise the palate with every bite.”

Sandy Cook, Senior TechnoChef; CY Song, Senior Flavorist;  
Jamie Matthews, Associate Food Technologist, Savory, Princeton, NJ, USA

04

INGREDIENTS



Credit Photo: Anaël Dang



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**“I am inspired by Clearwood™, which conveys the “Substantive heart” of Patchouli with its warm, woody, creamy and soft notes.”**

**Pierre-Alain Blanc**, Master Perfumer and Head of Perfumery New Ingredients, Geneva, Switzerland

# Ingredients

## Sales in Positive Territory

Ingredients sales were in positive territory this year in a context of continued market commoditization. Over the last months, we focused on driving innovation, commercial excellence and operational efficiency.

## Shaping a Unique Portfolio

Committed to offering distinctiveness and uniqueness through our palette of ingredients, we evolved and sharpened our portfolio this year in many ways.

## Delivering Cost Effectiveness

Focusing on speed, flexibility and cost-efficiency we increased our range of cost-effective molecules while maintaining the highest standards of quality. For instance, we reached a new milestone with our signature ingredient Hedione® by offering it at a highly cost-competitive price while maintaining its legendary olfactive profile.

## Sharing Innovation

Also to offer specialized and highly differentiated ingredients to the market, we released two new captives this year through our Sharing Innovation program, Z11 and Firascone™. Z11 is one of our most historically successful dry precious wood notes, while Firascone™ is a fruity and aromatic rose with subtle saffron notes.

## Driving Game-Changing Technology

Committed to breakthrough innovation, we launched Clearwood™ the very first ingredient of our new family of sustainable molecules from our white biotechnology platform. Totally renewable and highly cost-effective, this very first ingredient of its kind was born from the intuition of our perfumers, over 10 years of internal Research and Development as well as our partnership with Amyris.

## Enriching our Naturals Palette

To offer our clients and creators the finest and most authentic portfolio of Natural Ingredients, we entered a joint venture with Jasmine Concrete in India, a family-owned enterprise and the leader in Indian floral extracts specializing in the extraction of Indian Flowers, such as jasmine sambac and tuberose.

## Perspectives

Firmenich will continue its focus on innovation to further strengthen the differentiation of its portfolio of ingredients today and into the future. Through its on-going focus on breakthrough innovation, client intimacy and operational efficiency, the Group is committed to leading in value-added ingredient solutions for the industry.

## Inspiring Story!

### A new Ingredient is born: Clearwood™

Resulting from 10 years of Research and Development, Firmenich is pleased to introduce its new sustainable perfumery ingredient: Clearwood™.

This is what our Perfumers say about it:

"It is on days like today that I am most proud to be a perfumer at Firmenich. The introduction of Clearwood™ opens up new creative possibilities for Fine Fragrance creation. For me, it is the first time a dark woody note with a sheer signature becomes available. This breakthrough ingredient will revolutionize how perfumers play with the patchouli character," says Harry Fremont, Master Perfumer, Firmenich.

"Clearwood™ is an intense and long lasting woody note, but at the same time, light and transparent. It differs from other dark woody notes by its simplicity and cleanliness. It brings great versatility and lends itself for use in every conceivable type of product from Home Care to Fine Fragrance," says Gary Marr, Master Perfumer, Firmenich.

## Committed to Leading Innovation

We put our Science to work this year to advance our leadership in a number of areas, namely to enhance consumer experiences, contribute to increasing health and nutrition, improve hygiene and sanitation and further the uniqueness of our ingredients' palette.

We strengthened our portfolio of delivery technologies, a critical platform for our Perfumery and Flavor Divisions. In particular, to delight consumers with greater perfume bloom and longevity we leveraged our leadership in Home Care delivery systems to enhance Body Care experiences.

Advancing our health and nutrition offering, we selected and launched our third generation of TasteGem® sucrose enhancer. This latest addition to our sweet flavour modifier range offers greater performance at a reduced cost for our clients.

Also pursuing our vision of developing value-adding and sustainable technologies to improve sanitation and hygiene, we discovered new solutions to counter malodors.

Furthermore we worked closely with all Divisions to offer the greatest breadth of ingredients from cost-effective molecules all the way to highly differentiating breakthrough solutions.

This led to filing 23 new patent applications for ingredients, processes and delivery systems throughout the year.





Crédit Photo: Didier Jordan

From left to right: Armand de Villoutreys, Helen Wyatt, Eric Nicolas, Patrick Firmenich, Aldo Uva, Bhavesh Shah, Toni Gautier.

## Board of Directors

Mr. Yves Boisdron	Chairman
Mr. Olivier Bazil	Vice Chairman
Mr. Patrick Firmenich	Chief Executive Officer
Dr. Antoine Firmenich	
Mr. Michel Firmenich	
Ms. Karen Jones	
Ms. Barbara Kux	
Mr. Edward S. Mork	
Mr. André Pometta	

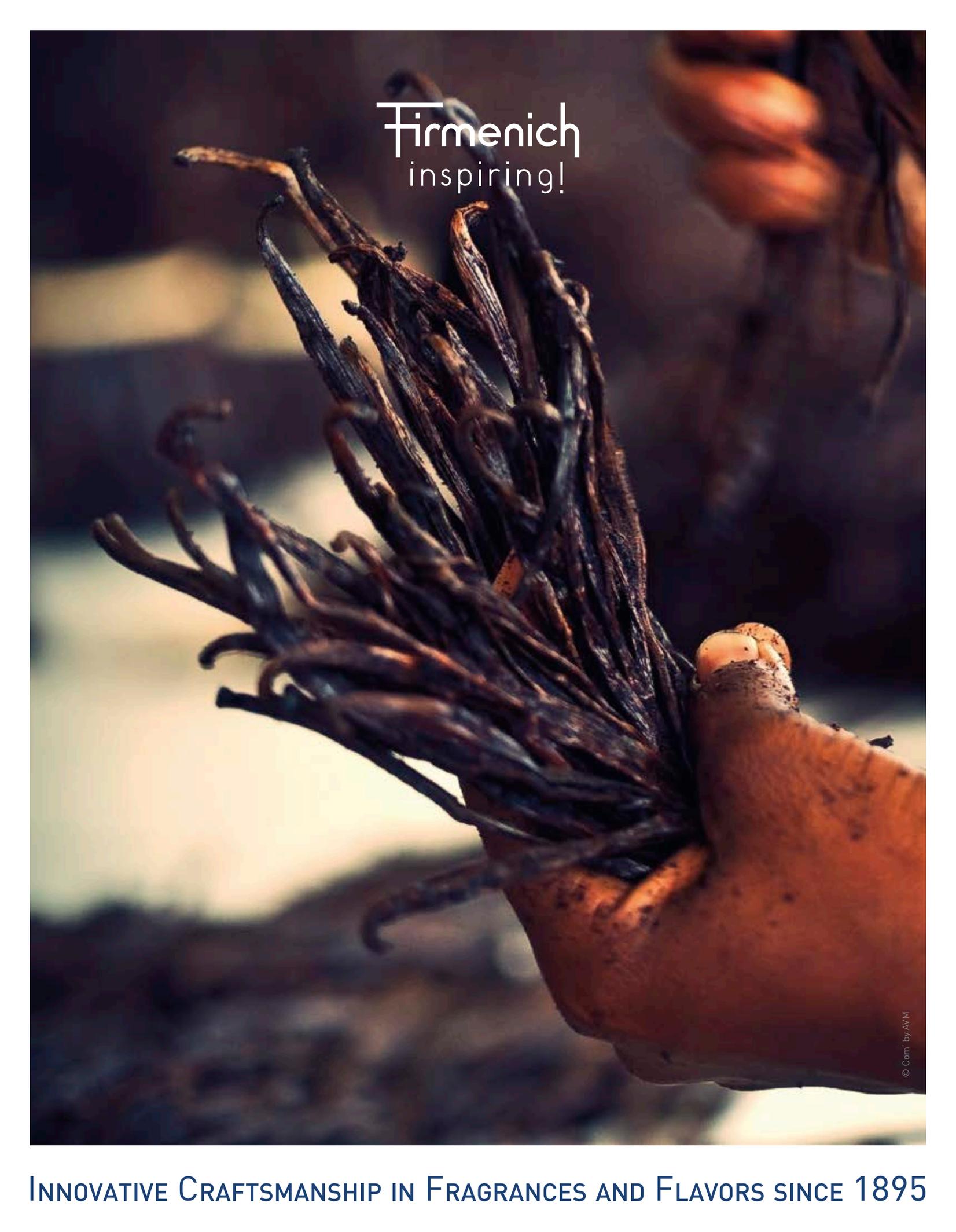
## Secretary to the Board

Mr. Dominique Graz

## Corporate Management

Mr. Patrick Firmenich	Chief Executive Officer
Mr. Armand de Villoutreys	President Perfumery Division
Dr. Toni Gautier	Corporate Vice President Research & Development
Mr. Eric Nicolas	Chief Financial Officer, Corporate Vice President Global Services & Group Strategy
Mr. Bhavesh Shah	Corporate Vice President, Chief Purchasing Officer
Mr. Aldo Uva	President Flavor Division
Ms. Helen Wyatt	Corporate Vice President Human Resources and Communication





Firmenich  
inspiring!

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INNOVATIVE CRAFTSMANSHIP IN FRAGRANCES AND FLAVORS SINCE 1895