

Annual Report 2015

Financial summary

2 February 2016



Givaudan

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KEY FIGURES

Financial Review

For the year ended 31 December

2015

2014

in millions of Swiss francs except earnings per share data

Sales	4,396	4,404
Gross profit	2,030	2,027
<i>as % of sales</i>	<i>46.2%</i>	<i>46.0%</i>
EBITDA^a	1,070	1,053
<i>as % of sales</i>	<i>24.3%</i>	<i>23.9%</i>
Operating income	794	760
<i>as % of sales</i>	<i>18.1%</i>	<i>17.3%</i>
Income attributable to equity holders of the parent	635	563
<i>as % of sales</i>	<i>14.4%</i>	<i>12.8%</i>
Earnings per share - basic (CHF)	68.98	61.18
Earnings per share - diluted (CHF)	68.14	60.35
Operating cash flow	915	806
<i>as % of sales</i>	<i>20.8%</i>	<i>18.3%</i>
Free cash flow	720	604
<i>as % of sales</i>	<i>16.4%</i>	<i>13.7%</i>

a) EBITDA: **E**arnings **B**efore **I**nterest (and other financial income (expense), net), **T**ax, **D**epreciation and **A**mortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

KEY FIGURES

Financial Review

For the Six Months Ended 31 December (unaudited)

in millions of Swiss francs, except for earnings per share data

	2015	2014
Sales	2,212	2,213
Gross profit	1,014	1,007
as % of sales	45.8%	45.5%
EBITDA^a	504	491
as % of sales	22.8%	22.2%
Operating income	366	338
as % of sales	16.5%	15.3%
Income attributable to equity holders of the parent	296	258
as % of sales	13.4%	11.7%
Earnings per share - basic (CHF)	32.16	28.05
Earnings per share - basic (CHF)	31.77	27.64
Operating cash flow	574	588
as % of sales	25.9%	26.6%
Free cash flow	472	426
as % of sales	21.3%	19.2%

a) EBITDA: **E**arnings **B**efore **I**nterest (and other financial income (expense), net), **T**ax, **D**epreciation and **A**mortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

KEY FIGURES by division

FRAGRANCE DIVISION

For the year ended 31 December

2015

2014

in millions of Swiss francs

Sales to third parties	2,096	2,108
EBITDA^a	498	505
<i>as % of sales</i>	23.7%	23.9%
One off items	(12)	
COMPARABLE EBITDA	510	505
<i>as % of sales</i>	24.3%	23.9%
Operating income	374	370
<i>as % of sales</i>	17.8%	17.5%

FLAVOUR DIVISION

For the year ended 31 December

2015

2014

in millions of Swiss francs

Sales to third parties	2,300	2,296
EBITDA^a	572	548
<i>as % of sales</i>	24.9%	23.9%
One off items	32	42
COMPARABLE EBITDA	540	506
<i>as % of sales</i>	23.5%	22.1%
Operating income	420	390
<i>as % of sales</i>	18.3%	17.0%

a) EBITDA: **E**arnings **B**efore **I**nterest (and other financial income (expense), net), **T**ax, **D**epreciation and **A**mortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

KEY FIGURES GROUP

For the year ended 31 December

2015

2014

in millions of Swiss francs

Sales to third parties	4,396	4,404
EBITDA^a	1,070	1,053
<i>as % of sales</i>	24.3%	23.9%
One off items	20	42
COMPARABLE EBITDA	1,050	1,011
<i>as % of sales</i>	23.9%	23.0%
Operating income	794	760
<i>as % of sales</i>	18.1%	17.3%

a) EBITDA: **E**arnings **B**efore **I**nterest (and other financial income (expense), net), **T**ax, **D**epreciation and **A**mortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

Consolidated Financial Statements

Consolidated Income Statement

For the year ended 31 December

in millions of Swiss francs, except for earnings per share data	Note	2015	2014
Sales	6	4,396	4,404
Cost of sales		(2,366)	(2,377)
Gross profit		2,030	2,027
as % of sales		46.2%	46.0%
Selling, marketing and distribution expenses		(608)	(635)
Research and product development expenses		(366)	(405)
Administration expenses		(169)	(176)
Share of (loss)/profit of jointly controlled entities	9	(2)	(1)
Other operating income	10	41	52
Other operating expense	11	(132)	(102)
Operating income		794	760
as % of sales		18.1%	17.3%
Financing costs	13	(61)	(63)
Other financial income (expense), net	14	(27)	(20)
Income before taxes		706	677
Income taxes	15	(71)	(114)
Income for the period		635	563
Attribution			
Income attributable to equity holders of the parent		635	563
as % of sales		14.4%	12.8%
Earnings per share – basic (CHF)	16	68.98	61.18
Earnings per share – diluted (CHF)	16	68.14	60.35

Consolidated Statement of Comprehensive Income

For the year ended 31 December

in millions of Swiss francs	Note	2015	2014
Income for the period		635	563
Items that may be reclassified to the income statement			
Available-for-sale financial assets			
Movement in fair value, net		2	4
(Gains) losses removed from equity and recognised in the consolidated income statement	14	(12)	(2)
Movement on income tax	15	–	–
Cash flow hedges			
Movement in fair value, net		(15)	(47)
(Gains) losses removed from equity and recognised in the consolidated income statement	14	11	12
Movement on income tax	15	1	2
Exchange differences arising on translation of foreign operations			
Change in currency translation		(206)	153
Movement on income tax	15	5	5
Items that will not be reclassified to the income statement			
Defined benefit pension plans			
Remeasurement (gains) losses	7	67	(358)
Movement on income tax	15	(24)	99
Other comprehensive income for the period		(171)	(132)
Total comprehensive income for the period		464	431
Attribution			
Total comprehensive income attributable to equity holders of the parent		464	431

Consolidated Statement of Financial Position

As at 31 December

in millions of Swiss francs	Note	2015	2014
Cash and cash equivalents	17	478	412
Derivative financial instruments	4	17	21
Derivatives on own equity instruments	25	6	10
Available-for-sale financial assets	4, 18	2	64
Accounts receivable - trade	4, 19	901	911
Inventories	20	716	771
Current tax assets	15	16	22
Other current assets	4	143	146
Current assets		2,279	2,357
Property, plant and equipment	21	1,384	1,430
Intangible assets	22	2,197	2,293
Deferred tax assets	15	260	258
Post-employment benefit plan assets	7	15	7
Financial assets at fair value through income statement	4	35	35
Jointly controlled entities		27	17
Other long-term assets	18	85	75
Non-current assets		4,003	4,115
Total assets		6,282	6,472
Short-term debt	4, 23	208	57
Derivative financial instruments	4	18	19
Accounts payable - trade and others	4	400	423
Accrued payroll & payroll taxes		120	119
Current tax liabilities	15	70	82
Financial liability: own equity instruments	25	48	54
Provisions	24	12	12
Other current liabilities		138	155
Current liabilities		1,014	921
Derivative financial instruments	4	62	50
Long-term debt	4, 23	947	1,150
Provisions	24	51	36
Post-employment benefit plan liabilities	7	637	735
Deferred tax liabilities	15	92	88
Other non-current liabilities		64	79
Non-current liabilities		1,853	2,138
Total liabilities		2,867	3,059
Share capital	26	92	92
Retained earnings and reserves	26	5,361	5,187
Own equity instruments	26	(79)	(78)
Other components of equity	25, 26	(1,959)	(1,788)
Equity attributable to equity holders of the parent		3,415	3,413
Total equity		3,415	3,413
Total liabilities and equity		6,282	6,472

Consolidated Statement of Changes in Equity

For the year ended 31 December

2015 in millions of Swiss francs	Note	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Available- for-sale financial assets	Currency translation differences	Defined benefit pension plans remeasure- ment	Total equity
Note		26	26	25, 26					
Balance as at 1 January		92	5,187	(78)	(67)	22	(1,195)	(548)	3,413
Income for the period			635						635
Other comprehensive income for the period					(3)	(10)	(201)	43	(171)
Total comprehensive income for the period			635		(3)	(10)	(201)	43	464
Dividends paid	26		(461)						(461)
Movement on own equity instruments, net				(1)					(1)
Net change in other equity items			(461)	(1)					(462)
Balance as at 31 December		92	5,361	(79)	(70)	12	(1,396)	(505)	3,415

2014 in millions of Swiss francs	Note	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Available- for-sale financial assets	Currency translation differences	Defined benefit pension plans remeasure- ment	Total equity
Note		26	26	25, 26					
Balance as at 1 January		92	5,057	(70)	(34)	20	(1,353)	(289)	3,423
Income for the period			563						563
Other comprehensive income for the period					(33)	2	158	(259)	(132)
Total comprehensive income for the period			563		(33)	2	158	(259)	431
Dividends paid	26		(433)						(433)
Movement on own equity instruments, net				(8)					(8)
Net change in other equity items			(433)	(8)					(441)
Balance as at 31 December		92	5,187	(78)	(67)	22	(1,195)	(548)	3,413

Consolidated Statement of Cash Flows

For the year ended 31 December

in millions of Swiss francs	Note	2015	2014
Income for the period		635	563
Income tax expense	15	71	114
Interest expense	13	47	52
Non-operating income and expense	13, 14	41	31
Operating income		794	760
Depreciation of property, plant and equipment	21	112	110
Amortisation of intangible assets	22	157	180
Impairment of long-lived assets	21, 22	7	3
Other non-cash items			
- share-based payments		40	31
- pension expense	7	1	40
- additional and unused provisions, net	24	30	15
- other non-cash items		43	20
Adjustments for non-cash items		390	399
(Increase) decrease in inventories		4	(47)
(Increase) decrease in accounts receivable		(76)	(40)
(Increase) decrease in other current assets		3	(14)
Increase (decrease) in accounts payable		(7)	(1)
Increase (decrease) in other current liabilities		(4)	(24)
(Increase) decrease in working capital		(80)	(126)
Income taxes paid		(107)	(112)
Pension contributions paid	7	(45)	(61)
Provisions used	24	(12)	(15)
Purchase and sale of own equity instruments, net		(43)	(37)
Impact of financial transactions on operating, net		18	(2)
Cash flows from (for) operating activities		915	806
Increase in long-term debt		200	450
(Decrease) in long-term debt		(202)	(201)
Increase in short-term debt		506	145
(Decrease) in short-term debt		(564)	(562)
Interest paid		(36)	(46)
Distribution to the shareholders paid	26	(461)	(433)
Purchase and sale of derivative financial instruments financing, net		(16)	(47)
Others, net		(5)	(3)
Cash flows from (for) financing activities		(578)	(697)
Acquisition of property, plant and equipment	21	(126)	(168)
Acquisition of intangible assets	22	(35)	(46)
Increase in share capital of jointly controlled entities	9	(14)	(17)
Acquisition of subsidiary, net of cash acquired	5	(91)	(37)
Proceeds from the disposal of property, plant and equipment	21	1	58
Interest received		1	3
Purchase and sale of available-for-sale financial assets, net		52	6
Purchase and sale of derivative financial instruments, net		-	-
Others, net		(13)	(8)
Cash flows from (for) investing activities		(225)	(209)
Net increase (decrease) in cash and cash equivalents		112	(100)
Net effect of currency translation on cash and cash equivalents		(46)	(1)
Cash and cash equivalents at the beginning of the period	17	412	513
Cash and cash equivalents at the end of the period		478	412