

## Company news

Ad hoc announcement pursuant to article 53 LR  
Geneva, 20 July 2023

## 2023 Half year results

### Solid business performance

- Sales of CHF 3,535 million, an increase of 2.4% on a like-for-like<sup>1</sup> basis and a decrease of 3.2% in Swiss francs
- Sales performance demonstrates the global strength of Givaudan's business, with excellent growth in Fine Fragrances, high growth markets and Europe
- Comparable EBITDA<sup>3</sup> of CHF 803 million, a margin of 22.7% compared to 22.5% in 2022
- Net income of CHF 449 million, an increase of 9.0%, when measured in local currency terms
- Free cash flow<sup>4</sup> of 2.9% of sales or CHF 104 million, an improvement of CHF 251 million over 2022
- Performance improvement initiatives are well on track with first results already delivered
- Rated 'A' by CDP: Givaudan has once again been recognised for its global leadership in engaging its supply chain on climate as part of CDP's latest Supplier Engagement Rating Leaderboard

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"We are pleased with our solid performance in the first half of 2023, with particularly strong performance in Fine Fragrances, high growth markets and Europe. In an environment where we are still facing ongoing challenges in some key markets and business segments, I am very happy with our delivery against our performance improvement plan objectives, as well as our continued strong focus on supporting the growth of our customers around the world." Gilles Andrier, CEO

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## Sales performance

**Givaudan Group sales for the first six months of the year were CHF 3,535 million**, an increase of 2.4% on a like-for-like<sup>1</sup> (LFL) basis and a decrease of 3.2% in Swiss francs.

In an operating environment which continues to be challenging in some key markets and segments, Givaudan sustained good business momentum whilst maintaining its operations and supply chain at a high level. The solid growth was achieved across product segments and geographies, with the high growth markets growing at 8.9% and the mature markets declining by 2.6% LFL.

With sustained higher input costs in 2023, the Company continues to implement price increases in collaboration with its customers to fully compensate for the increases in input costs.

**Fragrance & Beauty sales were CHF 1,672 million**, an increase of 6.4% LFL<sup>1</sup> and 1.6% in Swiss francs. The good growth was driven by the strong performance of Fine Fragrances with sustained high levels of new business, as well as the impact of price increases across all businesses.



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On a business unit basis, Fine Fragrance sales increased by 16.2% LFL against a high prior year comparable growth of 17.9%, Consumer Products sales increased by 3.7% LFL and sales of Fragrance Ingredients and Active Beauty increased by 4.4% LFL.

**Taste & Wellbeing sales were CHF 1,863 million**, a decrease of 0.9% LFL<sup>1</sup> and a decrease of 7.1% in Swiss francs.

On a regional basis, sales in Asia Pacific decreased by 5.0% LFL; in South Asia, Africa and the Middle East, sales increased by 19.1% LFL; in Europe, sales increased by 3.6% LFL; in North America sales decreased by 11.7% LFL, and in Latin America, sales increased by 10.5% LFL.

Within the product segments, there was strong double-digit growth in snacks and good momentum in sweet goods, whilst weaker volumes in other segments resulted in a reduced sales level compared to the same period in 2022.

## Gross margin

The gross profit decreased by 0.8% from CHF 1,459 million in 2022 to CHF 1,448 million in 2023, although the gross profit increased by 5.4% when measured in local currency terms. The gross margin dilution effect of the pricing actions to compensate for higher input costs, as well as the lower cost absorption due to lower volumes were offset by the margin improvement measures taken under the Group's Performance improvement programme announced and initiated at the beginning of the year. As a result the gross margin increased to 41.0% in 2023 compared to 40.0% in 2022.

## Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)<sup>2</sup>

The EBITDA decreased by 6.6% to CHF 763 million from CHF 816 million for the same period in 2022, whilst the EBITDA margin was 21.6% in 2023 compared to 22.4% in 2022. On a comparable basis, the EBITDA margin increased to 22.7% in 2023 compared to 22.5% in 2022, again as a result of the Group's Performance improvement programme, including continuing effective cost management across the business during the first half of 2023.

The EBITDA of Fragrance & Beauty increased to CHF 383 million in 2023 compared to CHF 362 million for the first six months of 2022, whilst the EBITDA margin increased to 22.9% in 2023 from 22.0% in 2022. On a comparable basis the EBITDA margin of Fragrance & Beauty was 24.3% in 2023 compared to 22.2% in 2022.

The EBITDA of Taste & Wellbeing decreased to CHF 380 million from CHF 454 million in 2022 and the EBITDA margin decreased to 20.4% in 2023, from 22.6% in 2022. On a comparable basis the EBITDA margin of Taste & Wellbeing was 21.3% in 2023 compared to 22.7% in 2022.

## Operating income

The operating income decreased to CHF 586 million, compared to CHF 631 million in 2022, a decrease of 7.2%. When measured in local currency terms, the operating income increased by 0.2%. The operating margin decreased to 16.6% in 2023 from 17.3% in 2022.

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The operating income for Fragrance & Beauty increased to CHF 313 million in 2023, versus CHF 291 million for the same period in 2022. The operating margin increased to 18.7% in 2023 from 17.7% in 2022.

In Taste & Wellbeing, the operating income decreased to CHF 273 million in 2023 from CHF 340 million in 2022, a decrease of 19.7%. The operating margin decreased to 14.6% in 2023 compared to 16.9% in 2022.

## Financial performance

Financing costs were CHF 61 million in the first half of 2023, an increase versus CHF 48 million for the same period in 2022, due to higher interest expenses, largely related to the increases in borrowing rates. Other financial expenses, net of income, were CHF 9 million in 2023 versus CHF 71 million in 2022, with the decrease related to lower mark-to-market adjustments on marketable securities and a reduction in foreign exchange losses compared to the prior year.

The interim period income tax expense as a percentage of income before taxes was 13% in 2023, compared with 14% for the same period in 2022.

## Net income

The net income for the first six months of 2023 was CHF 449 million compared to CHF 440 million in 2022, an increase of 9.0% when measured in local currency terms, resulting in a net profit margin of 12.7% versus 12.1% in 2022. Basic earnings per share were CHF 48.69 versus CHF 47.74 for the same period in 2022.

## Cash flow

Givaudan delivered an operating cash flow of CHF 340 million for the first six months of 2023, compared to CHF 131 million in 2022.

Net working capital was 31.2% of sales compared to 29.6% in June 2022, due to the currency effects of the sales reported in Swiss francs. When measured in local currency net working capital was 29.3% of sales, a decrease of 0.3% compared to June 2022.

Total net investments in property, plant and equipment were CHF 103 million, compared to CHF 130 million in 2022. Intangible asset additions were CHF 25 million in 2023, compared to CHF 34 million in 2022.

Total net investments in tangible and intangible assets were 3.6% of sales, compared to 4.5% in 2022.

Operating cash flow after net investments was CHF 212 million versus CHF -33 million recorded in 2022. Free cash flow<sup>4</sup> was CHF 104 million in the first half of 2023, versus CHF -147 million for the comparable period in 2022. As a percentage of sales, free cash flow in the first six months of 2023 was 2.9%, compared to -4.0% in 2022.

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## Financial position

Givaudan's financial position remained solid at the end of June 2023, as the Company continues to invest for future growth, whilst managing the short term working capital challenges. Net debt at June 2023 was CHF 5,236 million, up from CHF 4,530 million at the end of December 2022 and CHF 5,129 million in June 2022, mainly due to the debt funded acquisition of the Cosmetic ingredients business from Amyris. The net debt to EBITDA ratio<sup>5</sup> was 3.68, compared to 3.07 at the end of December 2022 and 3.45 in June 2022.

## Our mid and long term ambition

Our 2025 strategy, 'Committed to Growth, with Purpose', is our intention to deliver growth in partnership with our customers, through creating inspiring products for happier, healthier lives and having a positive impact on nature, people and communities.

Ambitious targets are an integral part of this strategy, with the Company aiming to achieve organic sales growth of 4-5% on a like-for-like basis<sup>1</sup> and free cash flow<sup>4</sup> of at least 12%, both measured as an average over the five-year period strategy cycle. In addition, we aim to deliver on key non-financial targets around sustainability, diversity and safety, linked to Givaudan's purpose.

Our bold and ambitious long-term purpose goals are defined in four domains: creations, nature, people and communities. Our ambitions include doubling our business through creations that contribute to happier, healthier lives by 2030, becoming climate positive before 2050, becoming a leading employer for inclusion before 2025 and sourcing all materials and services in a way that protects the environment and people by 2030.

## Further information

The 2023 Half Year Report can be downloaded on [www.givaudan.com](http://www.givaudan.com): [2023 Half year report](#)  
[2023 Half year financial summary](#)

A conference call will be broadcast on [www.givaudan.com](http://www.givaudan.com) on Thursday 20 July 2023 at 15:00 CEST.

Further information and reconciliations of the Group's Alternative Performance Measures can be found in the Appendix to the 2023 Half year report.

### Upcoming Company Events

Half year conference – 30 August 2023

Investor day – 6 October 2023

Nine month sales – 12 October 2023

Full year results – 25 January 2024

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## Key tables

### Key figures

For the six months ended 30 June In millions of Swiss francs except for earnings per share data	2023	2022
<b>Group sales</b>	<b>3,535</b>	<b>3,652</b>
– Fragrance & Beauty sales	1,672	1,646
– Taste & Wellbeing sales	1,863	2,006
<b>Gross profit</b>	<b>1,448</b>	<b>1,459</b>
– As % of sales	41.0%	40.0%
<b>EBITDA<sup>2</sup></b>	<b>763</b>	<b>816</b>
– As % of sales	21.6%	22.4%
<b>Operating income</b>	<b>586</b>	<b>631</b>
– As % of sales	16.6%	17.3%
<b>Income attributable to equity holders of the parent</b>	<b>449</b>	<b>440</b>
– As % of sales	12.7%	12.1%
<b>Earnings per share – basic (CHF)</b>	<b>48.69</b>	<b>47.74</b>
<b>Operating cash flow</b>	<b>340</b>	<b>131</b>
– As % of sales	9.6%	3.6%
<b>Free cash flow</b>	<b>104</b>	<b>-147</b>
– As % of sales	2.9%	-4.0%

In millions of Swiss francs except for employees	30 June 2023	31 December 2022
– Current assets	3,747	3,707
– Non-current assets	7,819	7,802
<b>Total assets</b>	<b>11,566</b>	<b>11,509</b>
– Current liabilities	2,890	1,925
– Non-current liabilities	4,730	5,347
– Equity	3,946	4,237
<b>Total liabilities and equity</b>	<b>11,566</b>	<b>11,509</b>
<b>Number of employees</b>	<b>16,439</b>	<b>16,676</b>

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## EBITDA

In millions of Swiss francs	2023			2022		
	Group	Fragrance & Beauty	Taste & Wellbeing	Group	Fragrance & Beauty	Taste & Wellbeing
<b>EBITDA as published</b>	<b>763</b>	<b>383</b>	<b>380</b>	<b>816</b>	<b>362</b>	<b>454</b>
<b>EBITDA as published in %</b>	<b>21.6%</b>	<b>22.9%</b>	<b>20.4%</b>	<b>22.4%</b>	<b>22.0%</b>	<b>22.6%</b>
– Acquisition and restructuring expenses <sup>a</sup>	-40	-23	-17	-4	-3	-1
<b>Comparable EBITDA <sup>3</sup></b>	<b>803</b>	<b>406</b>	<b>397</b>	<b>820</b>	<b>365</b>	<b>455</b>
<b>Comparable EBITDA in %</b>	<b>22.7%</b>	<b>24.3%</b>	<b>21.3%</b>	<b>22.5%</b>	<b>22.2%</b>	<b>22.7%</b>

- a. Acquisition and restructuring expenses incurred of CHF 40 million are largely related to the Group's Performance Improvement programme, announced in January 2023, which is aiming for increased operational excellence and margin improvement through organisational simplification, working capital improvement, as well as footprint optimisation.

## Sales performance – January to June

In millions of Swiss francs	2022		2023		Change %			2023	
	Sales as reported	LFL development <sup>1</sup>	Sales LFL	LFL basis <sup>1</sup>	Acquisition impact (net)*	Currency effects	Sales as Reported	In Swiss francs	
<b>Group</b>	<b>3,652</b>	<b>88</b>	<b>3,740</b>	<b>2.4%</b>	<b>10</b>	<b>-215</b>	<b>3,535</b>	<b>-3.2%</b>	
– Fragrance & Beauty	1,646	105	1,751	6.4%	11	-90	1,672	1.6%	
– Taste & Wellbeing	2,006	-17	1,989	-0.9%	-1	-125	1,863	-7.1%	

### \* Acquisition impact (net)

in millions of Swiss francs

Acquisitions & divestments	Sales included from	Group	Fragrance & Beauty	Taste & Wellbeing
Amyris	April 2023	11	11	
Discontinued and disposed business		-1		-1
<b>Total</b>		<b>10</b>	<b>11</b>	<b>-1</b>

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## Sales performance – April to June (quarter only)

In millions of Swiss francs	2022		2023	Change %			2023	Change %
	Sales as reported	LFL development <sup>1</sup>	Sales LFL	LFL basis <sup>1</sup>	Acquisition impact (net)	Currency effects	Sales as Reported	In Swiss francs
<b>Group</b>	<b>1,872</b>	<b>24</b>	<b>1,896</b>	<b>1.2%</b>	<b>10</b>	<b>-144</b>	<b>1,762</b>	<b>-5.7%</b>
– Fragrance & Beauty	836	50	886	5.9%	11	-62	835	0.0%
– Taste & Wellbeing	1,036	-26	1,010	-2.6%	-1	-82	927	-10.4%

## Sales performance Fragrance & Beauty - January to June

In millions of Swiss francs	2022	2023
	Sales growth LFL <sup>1</sup>	Sales growth LFL <sup>1</sup>
Fine Fragrances	17.9%	16.2%
Consumer Products	0.4%	3.7%
Fragrance Ingredients and Active Beauty	8.0%	4.4%

## Sales performance Taste & Wellbeing - January to June

In millions of Swiss francs	2022	2023
	Sales growth LFL <sup>1</sup>	Sales growth LFL <sup>1</sup>
Europe	14.0%	3.6%
South Asia, Middle East and Africa	16.9%	19.1%
North America	-0.9%	-11.7%
Latin America	17.1%	10.5%
Asia Pacific	5.1%	-5.0%

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## Sales evolution by market – January to June

In millions of Swiss francs	2022		2023		Change %			2023	Change %
	Sales as reported	LFL development <sup>1</sup>	Sales LFL	LFL basis <sup>1</sup>	Acquisition impact (net)	Currency effects	Sales as Reported	In Swiss francs	
High growth market	1,576	141	1,717	8.9%	4	-140	1,581	0.4%	
Mature markets	2,076	-53	2,023	-2.6%	6	-75	1,954	-6.0%	

## Sales evolution by region – January to June

In millions of Swiss francs	2023		2022		Change %	
	Sales as reported	Sales as reported	On LFL basis <sup>1</sup>	In Swiss francs	Change %	
LATAM	423	420	11.1%	0.5%		
APAC	852	883	3.2%	-3.5%		
NOAM	855	984	-10.6%	-13.0%		
EAME	1,405	1,365	8.5%	3.0%		

### Notes

- Like-for-like (LFL) is defined as: (a) sales calculated using the invoicing exchange rates of the prior year, (b) excluding sales of businesses acquired from the acquisition date until the period end date, up to 12 months from the acquisition date, and (c) excluding sales of the businesses disposed of from the disposal date until the period end date of the comparable prior period.
- EBITDA defined as Earnings before interest (and other financial income (expense), net), Tax, Depreciation and Amortisation, corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.
- Comparable EBITDA is the reported EBITDA, as adjusted for significant items of a non-recurring nature which have an impact on the understanding of the underlying normal operating activities.
- Free cash flow (FCF) refers to operating cash flow after net investments, interest paid, lease payments and purchase and sale of own equity instruments.
- Net debt to EBITDA ratio is defined as follows:
  - Net debt is calculated as the total of the consolidated short-term and long-term debt, less cash and cash equivalents.
  - EBITDA is defined as Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation, which corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.