

2018 Half Year Results
Financial summary



Givaudan

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Key figures

Financial Review

For the six months ended 30 June

in millions of Swiss francs except earnings per share data	2018	2017
Sales	2,674	2,483
Gross profit	1,182	1,132
as % of sales	44.2%	45.6%
EBITDA^a	601	597
as % of sales	22.5%	24.0%
Operating income	489	489
as % of sales	18.3%	19.7%
Income attributable to equity holders of the parent	371	384
as % of sales	13.9%	15.5%
Earnings per share - basic (CHF)	40.26	41.70
Earnings per share - diluted (CHF)	39.84	41.37
Operating cash flow	269	269
as % of sales	10.1%	10.8%
Free cash flow	113	132
as % of sales	4.2%	5.3%

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

Group

For the six months ended 30 June

in millions of Swiss francs	2018	2017
Sales to third parties	2,674	2,483
EBITDA^a	601	597
as % of sales	22.5%	24.0%
One off items	(25)	(24)
Comparable EBITDA	626	621
as % of sales	23.4%	25.0%
Operating income	489	489
as % of sales	18.3%	19.7%

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

Key figures – by Division

Flavour Division

For the six months ended 30 June

in millions of Swiss francs	2018	2017
Sales to third parties	1,451	1,346
EBITDA^a	351	321
as % of sales	24.2%	23.9%
One off items		
Comparable EBITDA	351	321
as % of sales	24.2%	23.9%
Operating income	286	258
as % of sales	19.7%	19.2%

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

Fragrance Division

For the six months ended 30 June

in millions of Swiss francs	2018	2017
Sales to third parties	1,223	1,137
EBITDA^a	250	276
as % of sales	20.4%	24.2%
One off items	(25)	(24)
Comparable EBITDA	275	300
as % of sales	22.4%	26.3%
Operating income	203	231
as % of sales	16.6%	20.3%

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

Consolidated financial statements

Consolidated Income Statement

For the six months ended 30 June

in millions of Swiss francs, except for earnings per share data	2018	2017
Sales	2,674	2,483
Cost of sales	(1,492)	(1,351)
Gross profit	1,182	1,132
as % of sales	44.2%	45.6%
Selling, marketing and distribution expenses	(342)	(320)
Research and product development expenses	(224)	(206)
Administration expenses	(95)	(81)
Share of (loss) profit of jointly controlled entities	6	–
Other operating income	9	10
Other operating expense	(47)	(46)
Operating income	489	489
as % of sales	18.3%	19.7%
Financing costs	(23)	(21)
Other financial income (expense), net	(35)	(17)
Income before taxes	431	451
Income taxes	(60)	(67)
Income for the period	371	384
Attribution		
Income attributable to equity holders of the parent	371	384
as % of sales	13.9%	15.5%
Earnings per share – basic (CHF)	40.26	41.70
Earnings per share – diluted (CHF)	39.84	41.37

Consolidated Statement of Comprehensive Income

For the six months ended 30 June

in millions of Swiss francs	2018	2017
Income for the period	371	384
Items that may be reclassified to the income statement		
Cash flow hedges		
Movement in fair value, net	4	4
Gains (losses) removed from equity and recognised in the consolidated income statement	3	2
Movement on income tax	–	–
Exchange differences arising on translation of foreign operations		
Change in currency translation	(31)	(69)
Movement on income tax	–	–
Items that will not be reclassified to the income statement		
Defined benefit pension plans		
Remeasurement gains (losses) of post employment benefit obligations	131	37
Movement on income tax	(29)	(8)
Other comprehensive income for the period	78	(34)
Total comprehensive income for the period	449	350
Attribution		
Total comprehensive income attributable to equity holders of the parent	449	350

Consolidated Statement of Financial Position

in millions of Swiss francs	30 June 2018	31 December 2017
Cash and cash equivalents	231	534
Derivative financial instruments	12	16
Financial assets at fair value through income statement	612	2
Accounts receivable - trade	1,226	1,147
Inventories	1,075	902
Current tax assets	35	32
Prepayments	61	123
Other current assets	116	98
Current assets	3,368	2,854
Derivative financial instruments	3	1
Property, plant and equipment	1,611	1,579
Intangible assets	2,694	2,482
Deferred tax assets	192	207
Post-employment benefit plan assets	24	21
Financial assets at fair value through income statement	64	63
Jointly controlled entities	39	33
Investment property	2	16
Other long-term assets	59	53
Non-current assets	4,688	4,455
Total assets	8,056	7,309
Short-term debt	970	308
Derivative financial instruments	8	12
Accounts payable - trade and others	640	662
Accrued payroll and payroll taxes	124	149
Current tax liabilities	55	49
Financial liability: own equity instruments	114	93
Provisions	47	57
Other current liabilities	174	195
Current liabilities	2,132	1,525
Derivative financial instruments	42	60
Long-term debt	1,655	1,300
Provisions	67	67
Post-employment benefit plan liabilities	521	644
Deferred tax liabilities	127	99
Other non-current liabilities	73	76
Non-current liabilities	2,485	2,246
Total liabilities	4,617	3,771
Share capital	92	92
Retained earnings and reserves	5,519	5,682
Own equity instruments	(171)	(157)
Other components of equity	(2,001)	(2,079)
Equity attributable to equity holders of the parent	3,439	3,538
Total equity	3,439	3,538
Total liabilities and equity	8,056	7,309

Consolidated Statement of Changes in Equity

For the six months ended 30 June

2018 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Currency translation differences	Remeasure- ment of post employment benefit obligations	Total equity
Balance as at 1 January	92	5,682	(157)	(65)	(1,456)	(558)	3,538
Income for the period		371					371
Other comprehensive income for the period				7	(31)	102	78
Total comprehensive income for the period		371		7	(31)	102	449
Dividends paid		(534)					(534)
Movement on own equity instruments, net			(14)				(14)
Net change in other equity items		(534)	(14)				(548)
Balance as at 30 June	92	5,519	(171)	(58)	(1,487)	(456)	3,439
2017 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Currency translation differences	Remeasure- ment of post employment benefit obligations	Total equity
Balance as at 1 January	92	5,477	(109)	(73)	(1,519)	(575)	3,293
Income for the period		384					384
Other comprehensive income for the period				6	(69)	29	(34)
Total comprehensive income for the period		384		6	(69)	29	350
Dividends paid		(515)					(515)
Movement on own equity instruments, net			(68)				(68)
Net change in other equity items		(515)	(68)				(583)
Balance as at 30 June	92	5,346	(177)	(67)	(1,588)	(546)	3,060

Consolidated Statement of Cash Flows

For the six months ended 30 June

in millions of Swiss francs	2018	2017
Income for the period	371	384
Income tax expense	60	67
Interest expense	17	15
Non-operating income and expense	41	23
Operating income	489	489
Depreciation of property, plant and equipment	58	56
Amortisation of intangible assets	52	52
Impairment of long-lived assets	2	
Other non-cash items		
- share-based payments	19	15
- pension expense	19	16
- additional and unused provisions, net	-	5
- other non-cash items	4	(31)
Adjustments for non-cash items	154	113
(Increase) decrease in inventories	(178)	(114)
(Increase) decrease in accounts receivable	(80)	(103)
(Increase) decrease in other current assets	28	1
Increase (decrease) in accounts payable	12	43
Increase (decrease) in other current liabilities	(54)	(37)
(Increase) decrease in working capital	(272)	(210)
Income taxes paid	(61)	(55)
Pension contributions paid	(20)	(32)
Provisions used	(9)	(3)
Purchase and sale of own equity instruments, net	(12)	(33)
Cash flows from (for) operating activities	269	269
Increase in long-term debt	350	-
(Decrease) in long-term debt	(9)	(10)
Increase in short-term debt	1,091	544
(Decrease) in short-term debt	(435)	(149)
Cash flows from debt, net	997	385
Interest paid	(13)	(14)
Purchase and sale of derivative financial instruments, net	(20)	-
Others, net	(3)	(2)
Cash flows from financial liabilities	961	369
Distribution to the shareholders paid	(534)	(515)
Cash flows from (for) financing activities	427	(146)
Acquisition of property, plant and equipment	(129)	(97)
Acquisition of intangible assets	(21)	(27)
Acquisition of subsidiary, net of cash acquired	(247)	(111)
Proceeds from the disposal of property, plant and equipment	7	1
Proceeds from disposal of investment property	14	
Interest received	1	
Purchase and sale of financial assets at fair value through income statement, net	(605)	
Impact of financial transactions on investing, net	(5)	
Others, net	(6)	5
Cash flows from (for) investing activities	(991)	(229)
Net increase (decrease) in cash and cash equivalents	(295)	(106)
Net effect of currency translation on cash and cash equivalents	(8)	(2)
Cash and cash equivalents at the beginning of the period	534	328
Cash and cash equivalents at the end of the period	231	220