

20 JULY 2023

# 2023 Half year results

Conference call for Investors and Analysts

Givaudan  
Human by nature

# Sales performance

Gilles Andrier  
Chief Executive Officer

# 2023 Half year results

## Solid Business Performance

- Sales of CHF 3,535 million, an increase of 2.4% on a like-for-like\* basis and a decrease of 3.2% in Swiss francs
- Strong sales performance in high growth markets, in Europe and in Fine Fragrances
- Performance improvement initiatives are well on track with first results already delivered
- EBITDA of CHF 763 million – EBITDA margin of 21.6% compared to 22.4% in 2022
- Comparable EBITDA of CHF 803 million, a margin of 22.7% compared to 22.5% in 2022
- Free cash flow of 104 million, or 2.9% of sales, an improvement of CHF 251 million over 2022

\* Like-for-like: excludes the impact of currency, acquisitions and disposals

# Half year sales performance

## Solid growth in challenging markets

In CHF million



<b>-3.2%</b>	<b>1.6%</b>	<b>-7.1%</b>
<b>2.4%</b>	<b>6.4%</b>	<b>-0.9%</b>
<b>6.2%</b>	<b>4.7%</b>	<b>7.6%</b>

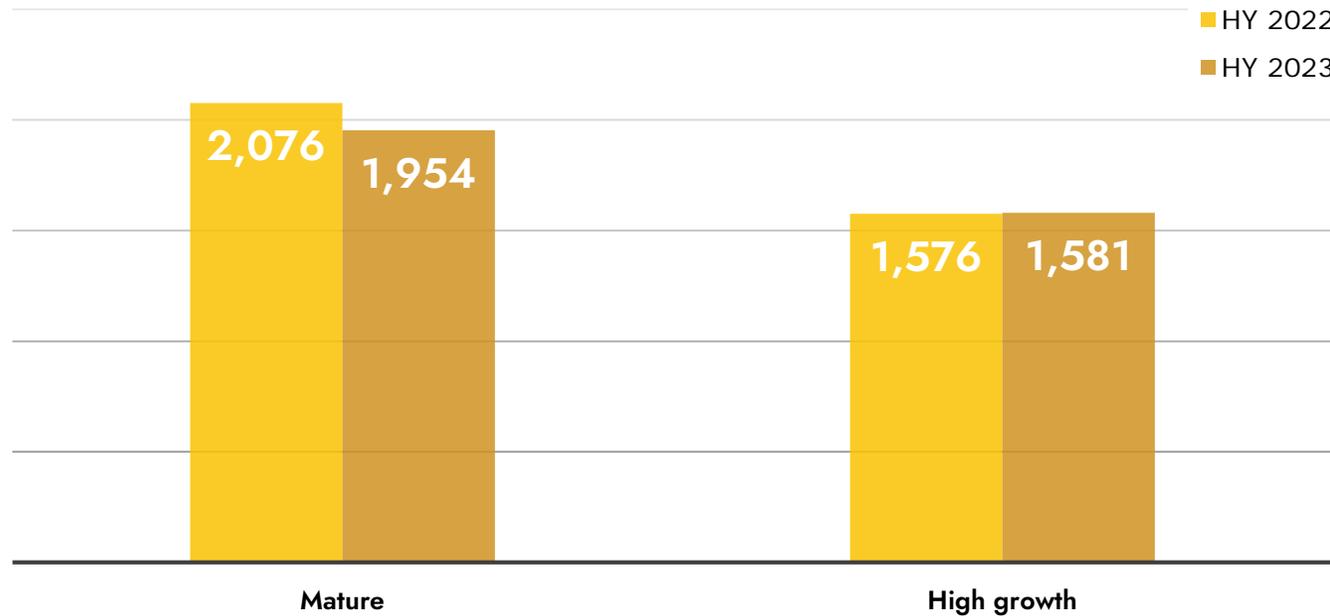
<b>% 2023 growth in CHF</b>
<b>% 2023 growth on LFL* basis</b>
<b>% 2022 growth on LFL* basis</b>

\* Like-for-like: excludes the impact of currency, acquisitions and disposals

# Sales evolution by market

## Good performance in high growth markets

In CHF million



**57%**   **55%**

**-2.6%**

**5.4%**

**43%**   **45%**

**8.9%**

**7.4%**

% of total sales

% 2023 growth on LFL\* basis

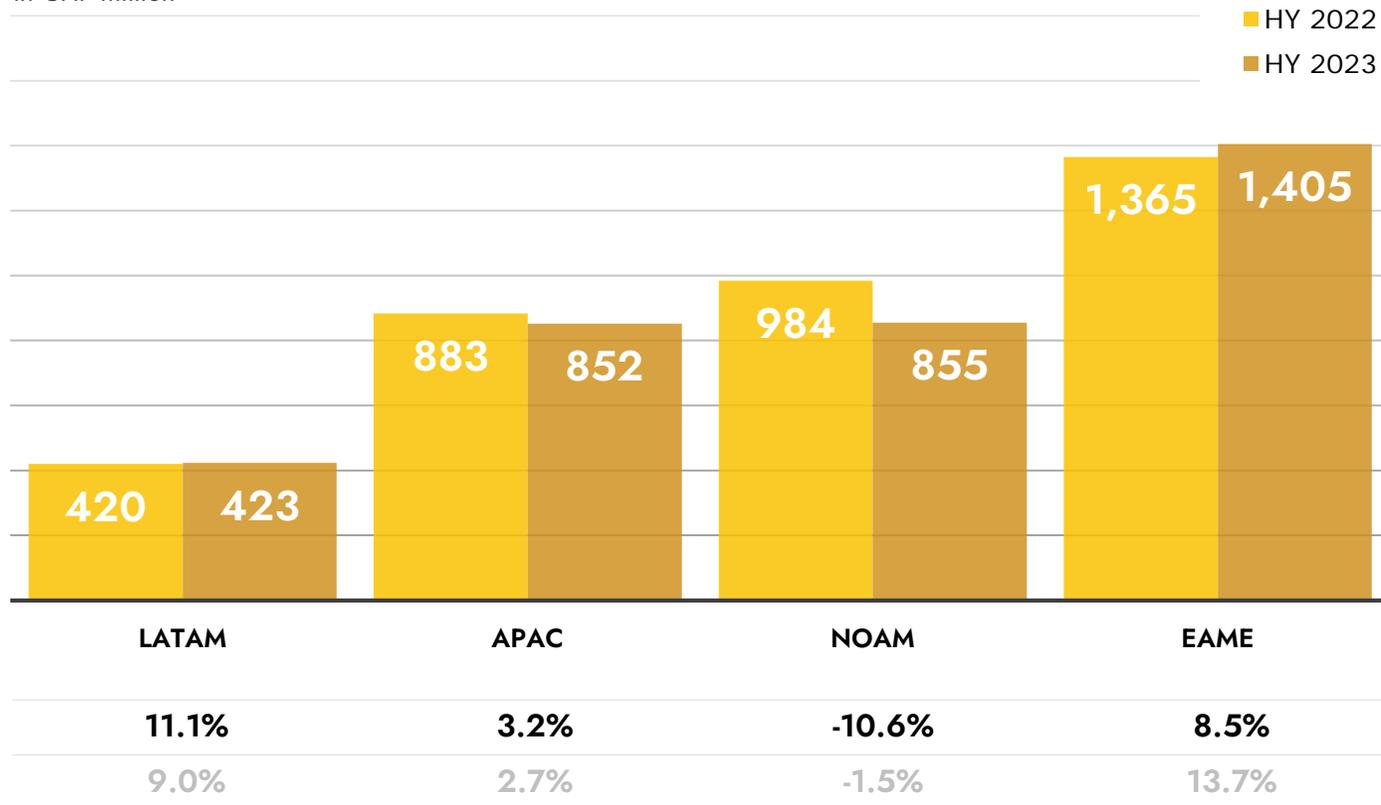
% 2022 growth on LFL\* basis

\* Like-for-like: excludes the impact of currency, acquisitions and disposals

# Sales evolution by region

## Strong growth in LATAM & EAME

In CHF million



% 2023 growth on LFL\* basis

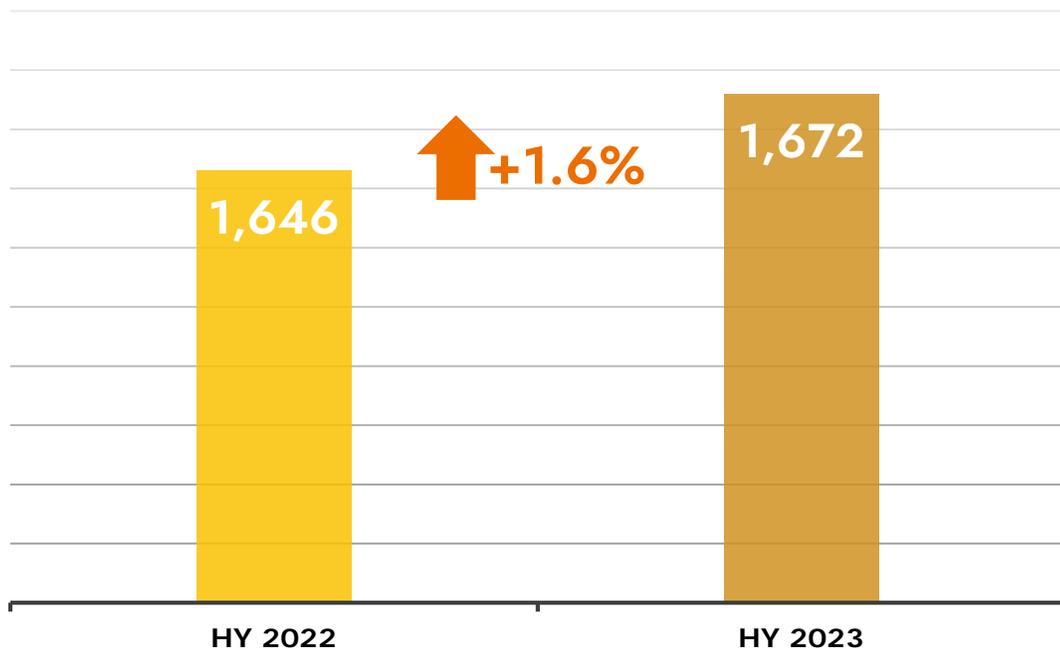
% 2022 growth on LFL\* basis

\* Like-for-like: excludes the impact of currency, acquisitions and disposals

# Fragrance & Beauty

## Sales growth of **6.4%** on a LFL\* basis

In CHF million



### Fine Fragrance sales increased by **16.2% LFL\***

- Excellent growth maintained across prestige brands, as well as with regional brands in high growth markets
- Strong contribution of new wins

### Consumer Product sales increased by **3.7% LFL\***

- Sustained growth and improving momentum in challenging market conditions

### Sales of Fragrance Ingredients and Active Beauty increased by **4.4% LFL\***

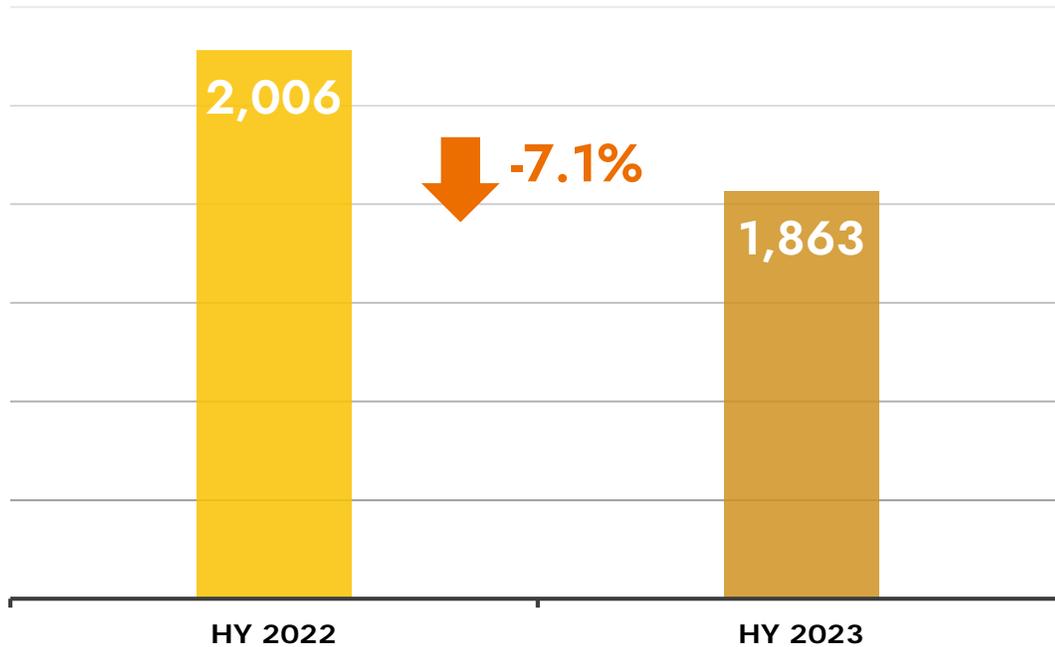
- Continued good demand against strong prior year comparable growth of 8% LFL\*

\* Like-for-like: excludes the impact of currency, acquisitions and disposals

# Taste & Wellbeing

## Sales growth of **-0.9%** on a LFL\* basis

In CHF million



### Sales by region

	2022 Sales Growth LFL*	2023 Sales Growth LFL*
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%

### Sales Commentary

- Strong double-digit growth across all markets in SAMEA and in Latin America
- Good performance in Europe against strong prior year comparables
- Weaker volumes in North America continuing to impact growth
- Asia Pacific performance impacted by weaker demand

\* Like-for-like: excludes the impact of currency, acquisitions and disposals

# Operating performance

Tom Hallam  
Chief Financial Officer

# 2023 Half year results

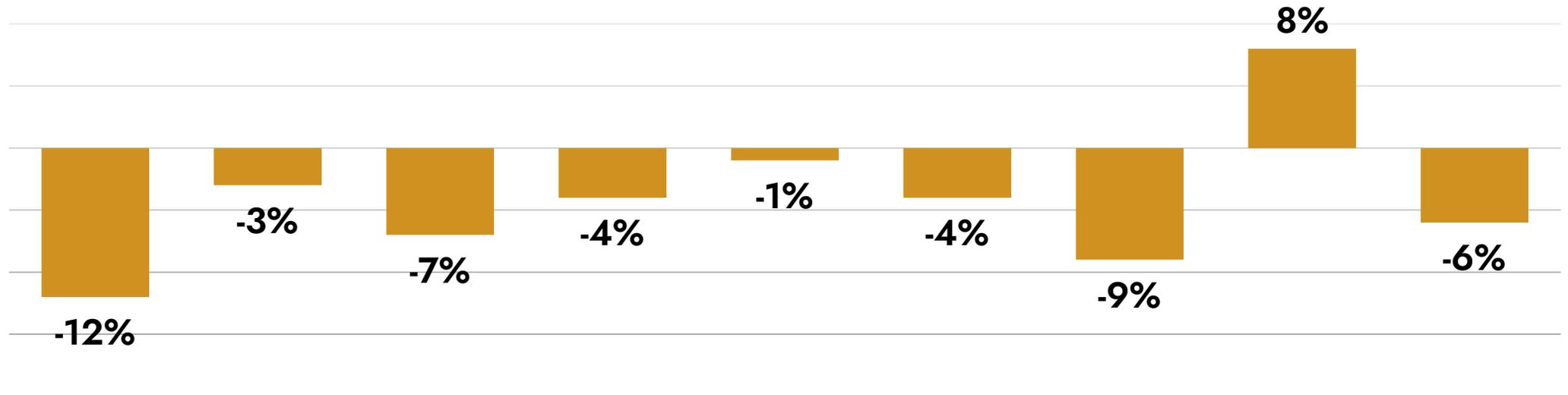
## Performance highlights

- Sales of CHF 3,535 million, an increase of 2.4% on a like-for-like\* basis and a decrease of 3.2% in Swiss francs
- Reported EBITDA of CHF 763 million compared to CHF 816 million, with an EBITDA margin of 21.6% compared to 22.4% in 2022
- Comparable EBITDA margin of 22.7%, versus 22.5% in 2022
- Income before tax of CHF 516 million versus CHF 512 million in 2022
- Net income of CHF 449 million, an increase of 2.0% compared to 2022
- Free cash flow of 104 million, or 2.9% of sales, an improvement of CHF 251 million over 2022
- Net debt to EBITDA at 3.68, compared with 3.07 as at 31 December 2022 and 3.45 as at 30 June 2022

\* Like-for-like: excludes the impact of currency, acquisitions and disposals

# Half year results

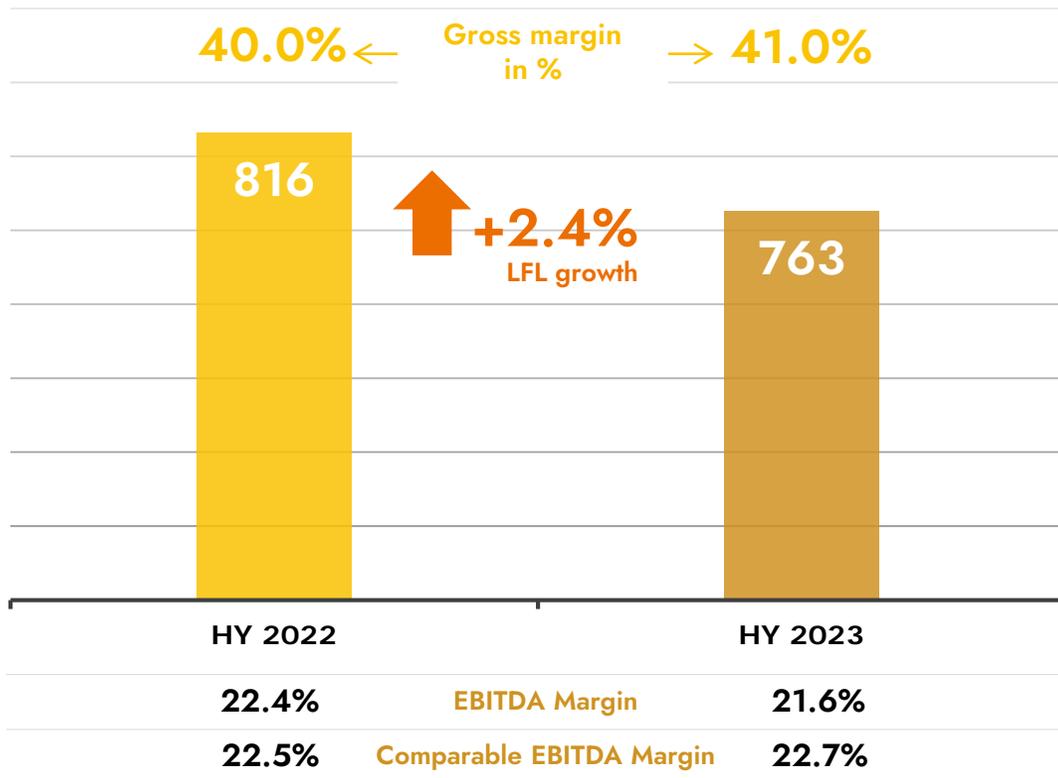
## Exchange rate development



	JPY	USD	GBP	EUR	SGD	BRL	CNY	MXN	IDR
HY 2023	0.67	0.91	1.13	0.99	0.68	0.18	13.16	5.02	0.61
HY 2022	0.77	0.94	1.22	1.03	0.69	0.19	14.51	4.65	0.65
Units	100	1	1	1	1	1	100	100	10,000

# Operating performance Group

EBITDA in CHF million



**Sales** of CHF 3,535 million, an increase of 2.4% on a like-for-like basis\* and a decrease of 3.2% in Swiss francs

**Gross margin** of 41.0%, compared to 40.0% in 2022, with performance improvement programmes already delivering first results

**EBITDA** of CHF 763 million compared to CHF 816 million in 2022

Acquisition and restructuring costs of CHF 40 million, compared to CHF 4 million in 2022, mainly related to the Group's Performance Improvement programme

**EBITDA margin** of 21.6% compared to 22.4% in 2022, with the comparable margin at 22.7% versus 22.5% in 2022

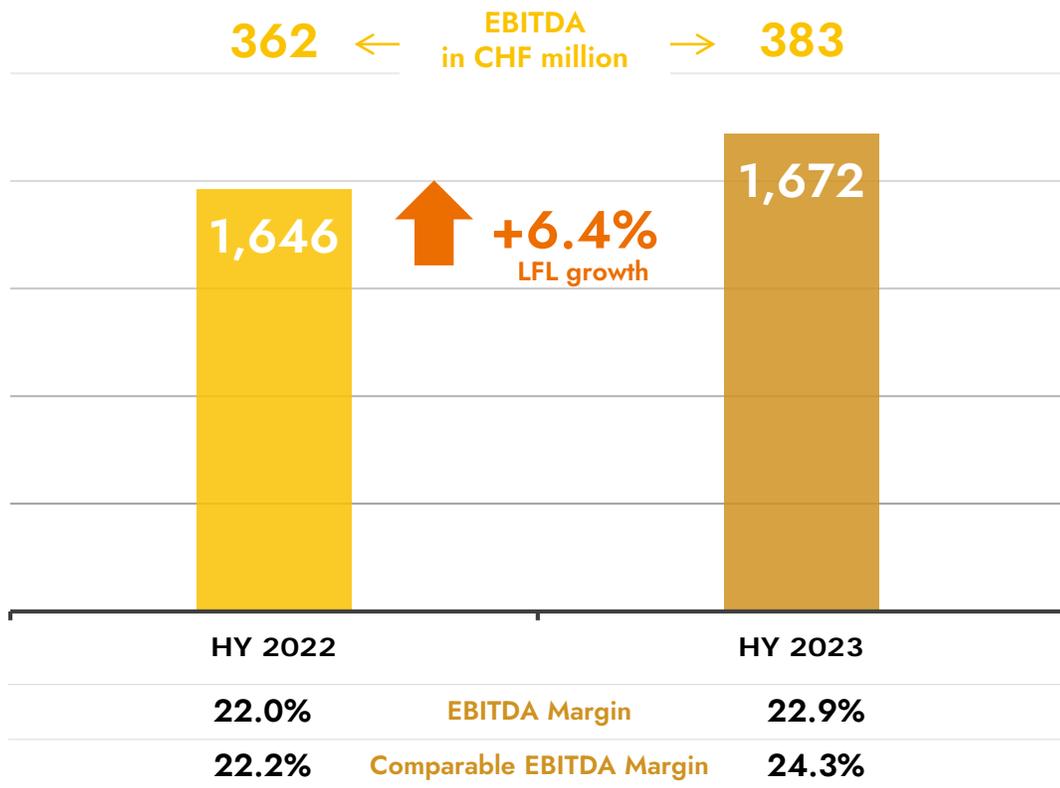
As % of sales

\* Like-for-like: excludes the impact of currency, acquisitions and disposals

# Operating performance

## Fragrance & Beauty

Sales in CHF million



**Sales** of CHF 1,672 million, an increase of 6.4% on a like-for-like basis\* and 1.6% in Swiss francs

**EBITDA** of CHF 383 million, increased from CHF 362 million in 2022. Acquisition and restructuring costs of CHF 23 million, compared to CHF 3 million in 2022, mainly related to the Group's Performance Improvement programme

**EBITDA margin** of 22.9% compared to 22.0% in 2022, with the comparable EBITDA margin at 24.3% versus 22.2% in 2022

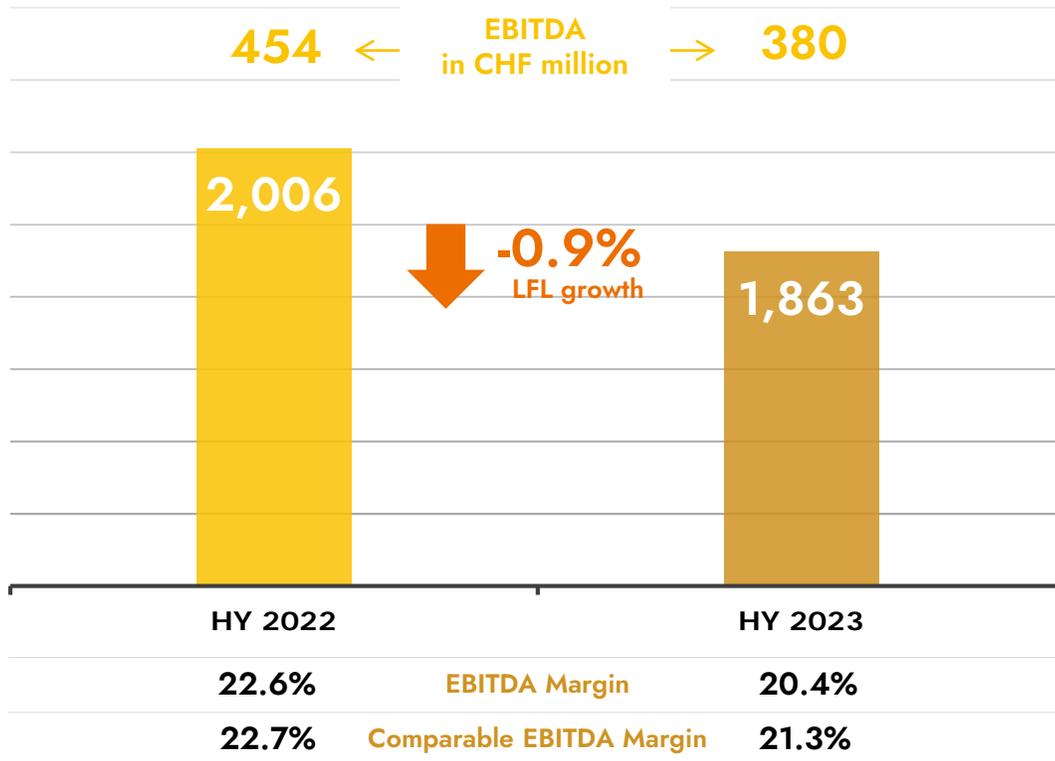
As % of sales

\* Like-for-like: excludes the impact of currency, acquisitions and disposals

# Operating performance

## Taste & Wellbeing

Sales in CHF million



**Sales** of CHF 1,863 million, a decrease of 0.9% on a like-for-like basis\* and a decrease 7.1% in Swiss francs

**EBITDA** of CHF 380 million, decreased from CHF 454 million in 2022

Acquisition and restructuring costs of CHF 17 million, compared to CHF 1 million in 2022, mainly related to the Group's Performance Improvement programme

**EBITDA margin** of 20.4% compared to 22.6% in 2022, with the comparable EBITDA margin at 21.3% versus 22.7% in 2022

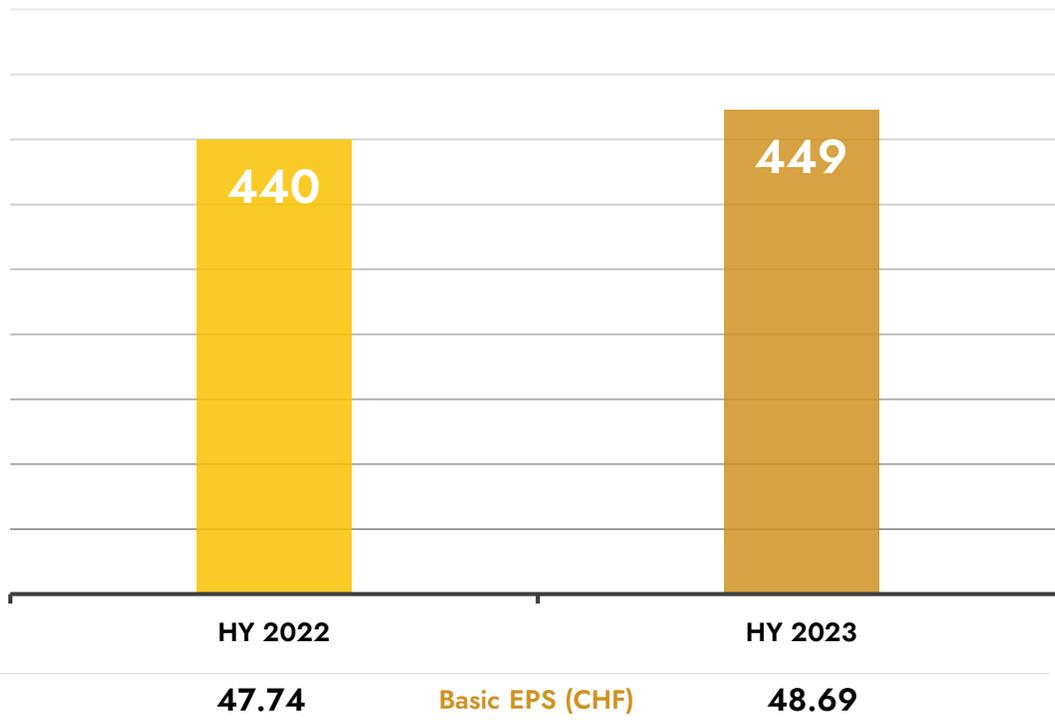
As % of sales

\* Like-for-like: excludes the impact of currency, acquisitions and disposals

# Net income

## 12.7% of sales

In CHF million



**Income before tax** of CHF 516 million compared to CHF 512 million in 2022

**Net income** of CHF 449 million, or 12.7% of sales, versus CHF 440 million, or 12.1% of sales in 2022

Higher interest costs driven by rising interest rates

Other non-operating costs, including Fx, reduced from CHF 71 million in 2022 to CHF 9 million in 2023

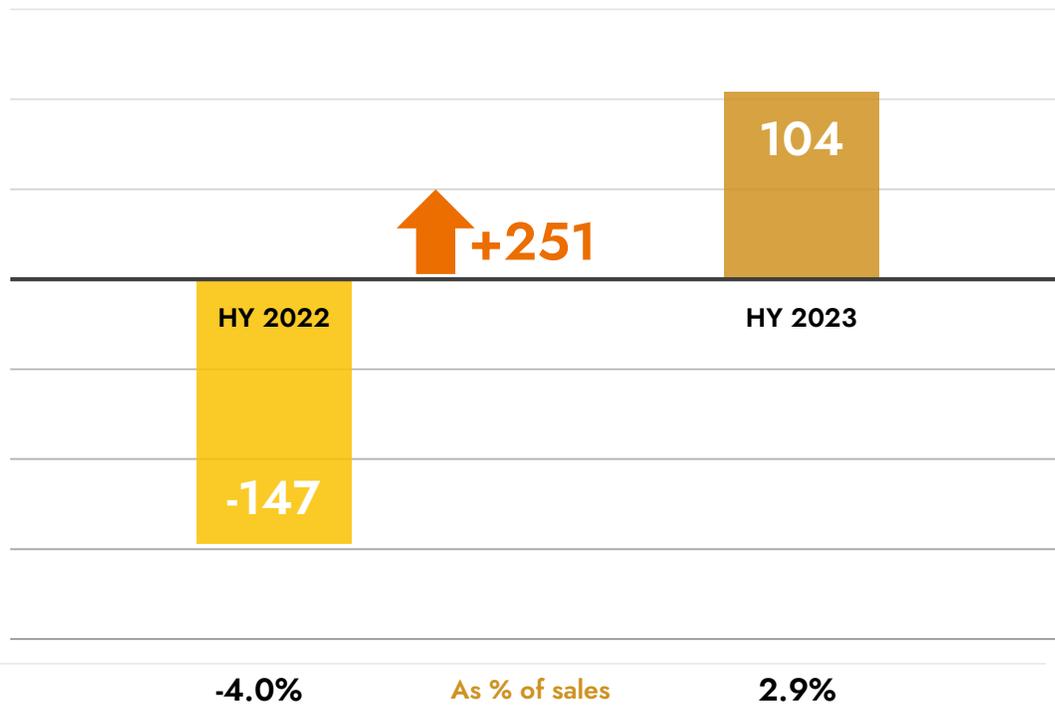
**Effective tax rate** of 13%, compared to 14% in 2022

**Basic EPS** of CHF 48.69 per share, versus CHF 47.74 in 2022

# Free cash flow

## Improvement driven by higher operating cash flow

In CHF million



**Free cash flow** of CHF 104 million, compared to CHF -147 million in 2022. Free cash flow is 2.9% of sales compared to -4.0% in 2022

**Operating cash flow** of CHF 340 million, compared to CHF 131 million in 2022

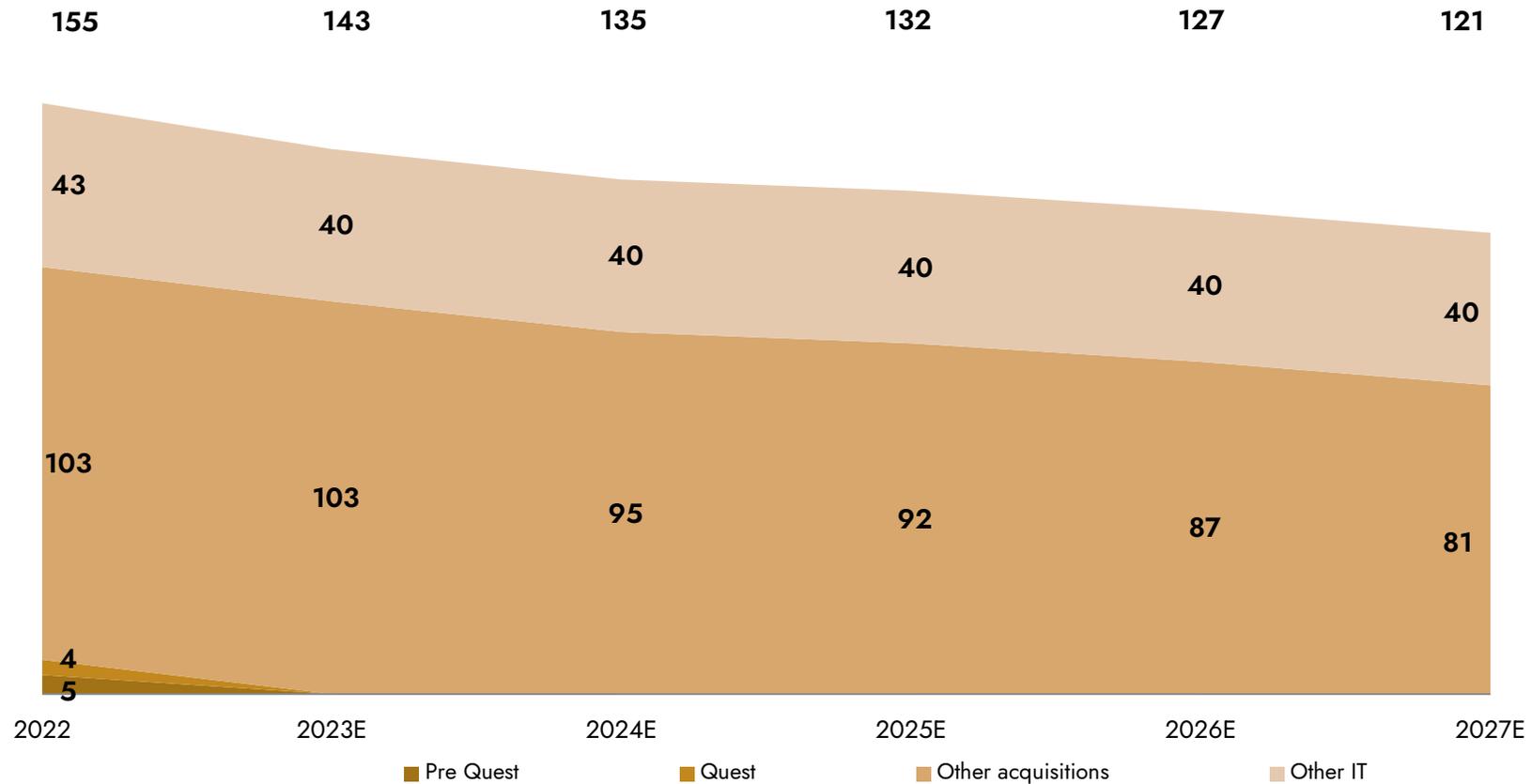
**Total net investments** of CHF 128 million, or 3.6% of sales, compared to CHF 164 million, or 4.5% of sales in 2022

**Net working capital** of 31.2% of sales compared to 29.6% in 2022, due to the currency effects of the sales reported in Swiss francs

# Amortisation of intangible assets

## Total estimated annual amortisation charge

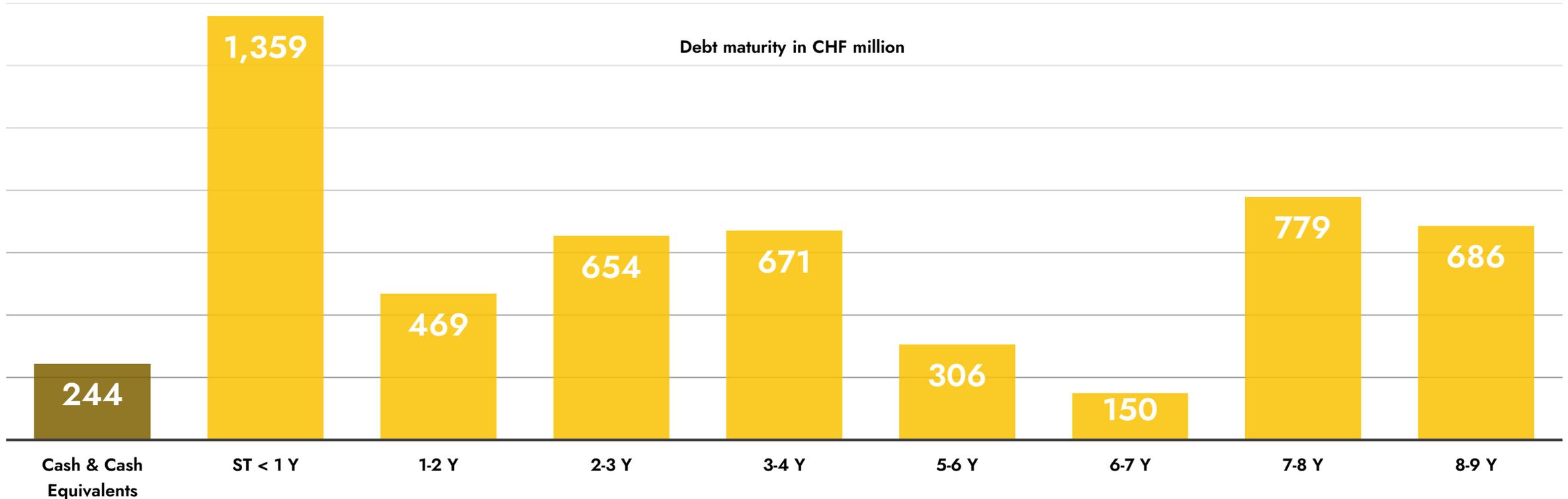
In CHF million (updated to include all recent acquisitions)



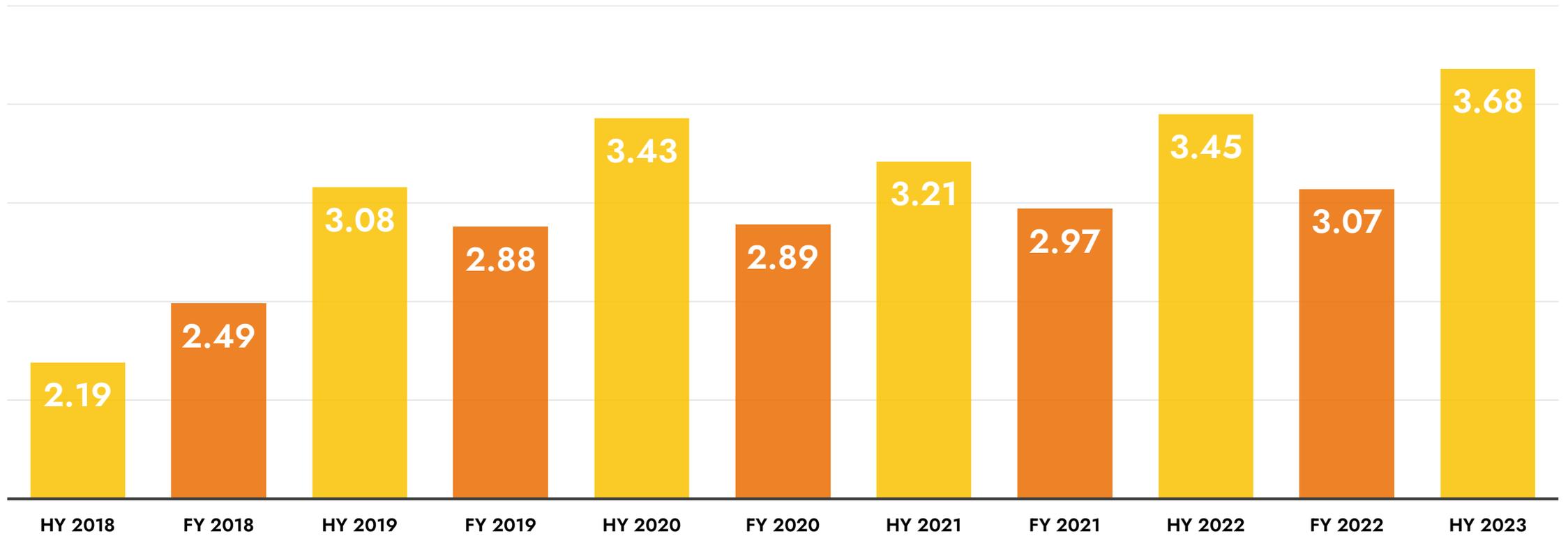
# Balanced debt structure

## Debt maturities

- In 2023, the Group exercised the option to extend the Group level committed credit facility for a further year until June 2028. This leaves one year of a further extension option which the Group plans to exercise next year
- The weighted average effective interest rate for the Group was 1.83% as at 30 June 2023 compared to 1.74% in December 2022 and 1.34% in June 2022
- The net debt to EBITDA ratio was 3.68 as at 30 June 2023 compared to 3.07 in December 2022 and 3.45 in June 2022



# Net debt to EBITDA



# 2025 Strategy and Outlook

Gilles Andrier  
Chief Executive Officer

# Strategy 2025

## Committed to Growth, with Purpose

**Creations**  
We create inspiring solutions for happier, healthier lives



**People**  
We nurture a place where we all love to be and grow



**Nature**  
We show our love for nature through impactful actions



**Communities**  
We bring benefits to all communities that work with us

**Excellence, Innovation & Simplicity - in everything we do**

# Strategy 2025

## Performance commitments

### Sales growth

**4.0 – 5.0%**

**2021 – 2025**  
**Average Like for Like<sup>1</sup> Sales Growth**

### Free cash flow

**>12% of Sales**

**2021 – 2025**  
**Average FCF<sup>2</sup> as % of sales**

### Purpose commitments

**Purpose  
linked targets**

**2021 – 2025**  
**Progress towards all published  
purpose targets**

1. 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
2. Free Cash Flow (FCF) refers to operating cash flow after net investments, interest paid, lease payments and purchase and sale of own equity instruments

# Key innovations addressing customer needs and consumer trends

## 2023 Highlights



### Geogaia™

Draws inspiration from Petrichor, which is defined as the smell that comes from the ground when rain falls after a dry period. 100% biodegradable formula and developed according to our Naturality Guide™



### Sense It®

First developed in 1993, it has become a universal and standardised language used around the world for food experience characterisation, differentiation, and product innovation

### B-Biome™ Score

100% transparent and microbiome-friendly label for cosmetic ingredients. A scientifically proven evaluation method allowing beauty brands to quickly understand the impact of active ingredients on the skin microbiome



### Customer Foresight

Launch of our Customer Foresight futurescoping platform. Harnessing human intelligence, AI and comprehensive forward looking data to better anticipate and shape the future of food



### Myrissi™

A new way of translating scents into colour patterns with this consumer-centric AI technology, and marking a key step forward in expanding our customer-centred digital solutions



### Cereboost®

An American Ginseng extract and potent natural adaptogen which has been scientifically shown to improve mood, attention and working memory by activating the gut-brain axis

# Givaudan leading the way in decarbonisation roadmap

## On track towards our climate ambitions

### Our actions to reach our ambitions

#### Our supply chain (scope 3)

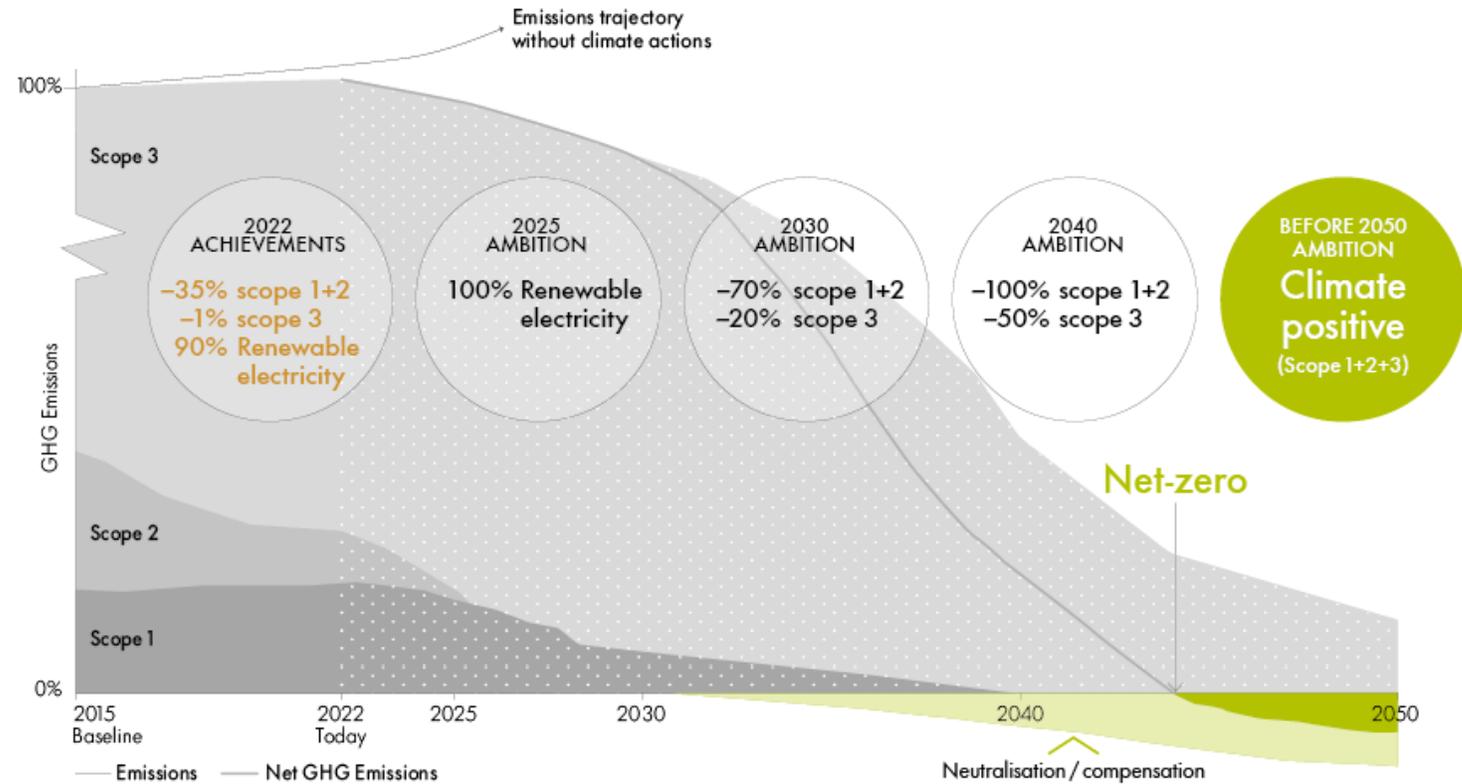
- › Sustainable procurement of ingredients
- › Low-carbon creations
- › Driving circularity and upcycling
- › Optimising packaging, logistics and transport of goods
- › Optimising business travel and employee commuting

#### Our operation (scope 1+2)

- › Energy efficiency
- › Renewable energy sources

#### Neutralisation / compensation

- › Natural Climate Solutions (NCS)
- › Carbon capture technology



Illustrative representation

#### ENABLERS TO REACH OUR AMBITIONS

- › Supplier engagement
- › Innovation
- › Budget and financial mechanisms
- › Advocacy and promotion
- › Partnership and governance
- › Model enhancement



# 2023 Outlook

## Key themes review



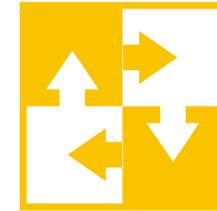
### 2023 outlook

- Very well positioned with our capabilities and our 2025 strategy
- Strong brief pipeline to support the growth of our customers
- Input costs confirmed to increase ~5% in 2023
- Delivering on pricing actions to compensate for higher input costs



### Performance improvement programme

- Strong focus on operational excellence and on review of the manufacturing footprint
- Reducing inventory levels as supply chain pressures ease
- Organisational simplification will be completed in 2023



### Financial impact

- Restructuring costs of CHF 60 million expected in 2023 (CHF 40 million cash and CHF 20 million non-cash)

**Q&A**

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