Givaudan
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Company news
Ad hoc announcement pursuant to article 53 LR
Geneva, 23 July 2024

2024 Half year results
Strong financial performance

- Sales of CHF 3,737 million, an increase of 12.5% on a like-for-like[1] basis and 5.7% in Swiss francs
- Sales performance demonstrates the global strength of Givaudan's business, with excellent growth across all business segments, geographies and customer groups
- Comparable EBITDA[3] of CHF 929 million, a margin of 24.8% compared to 22.7% in 2023
- Net income of CHF 588 million, an increase of 30.9% over 2023
- Free cash flow[4] of 5.3% of sales or CHF 197 million
- Change to the Executive Committee

"We are very pleased with our strong performance in the first half of 2024, driven by a high level of volume related sales growth across all markets, segments and customer groups, which translates into a broad set of industry leading financial results. These results once again highlight the unique position of Givaudan and the strategic choices that we have made in having an extensive range of highly value-added products and solutions to support the growth of all of our customers around the world."
Gilles Andrier, CEO

Sales performance

Givaudan Group sales for the first six months of the year were CHF 3,737 million, an increase of 12.5% on a like-for-like[1] (LFL) basis and 5.7% in Swiss francs.

Givaudan continued the year with strong business momentum, a healthy project pipeline and maintained its operations and global supply chain at a high level.

The strong growth was achieved across all product segments, geographies and customer groups, with the high growth markets growing at 20.5% on a LFL basis and the mature markets growing at 6.0% LFL.

Fragrance & Beauty sales were CHF 1,826 million, an increase of 15.3% LFL[1] and 9.2% in Swiss francs.

On a business unit basis, Fine Fragrance sales increased by 14.9% LFL against a high prior year comparable growth of 16.2%, Consumer Products sales increased by 17.3% LFL and sales of Fragrance Ingredients and Active Beauty increased by 8.0% LFL.

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Taste & Wellbeing sales were CHF 1,911 million, an increase of 9.9% LFL[1] and 2.6% in Swiss francs.

On a regional basis, sales increased in all regions: Asia Pacific by 9.3% LFL; South Asia, Africa and the Middle East by 12.5% LFL; Europe by 5.5% LFL; North America by 4.5% LFL and Latin America by 32.6% LFL. Within the product segments, there was strong double-digit growth in snacks and beverages, as well as good momentum in sweet goods, dairy and savoury.

Gross margin

The gross profit increased by 13.7% from CHF 1,448 million in 2023 to CHF 1,646 million in 2024. The gross margin in the first half of 2024 improved as a result of higher cost absorption due to higher volumes as well as the margin improvement measures taken under the Group's Performance Improvement programme initiated in 2023. As a result, the gross margin increased to 44.1% in 2024 compared to 41.0% in 2023.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)[2]

The EBITDA increased by 18.7% to CHF 906 million from CHF 763 million for the same period in 2023, whilst the EBITDA margin was 24.2% in 2024 compared to 21.6% in 2023. On a comparable basis, the EBITDA margin increased to 24.8% in 2024 compared to 22.7% in 2023, again as a result of higher cost absorption due to higher volumes and the impact of the Group's Performance Improvement programme.

The EBITDA of Fragrance & Beauty increased to CHF 500 million in 2024 compared to CHF 383 million for the first six months of 2023, whilst the EBITDA margin increased to 27.3% in 2024 from 22.9% in 2023. On a comparable basis the EBITDA margin of Fragrance & Beauty was 28.1% in 2024 compared to 24.3% in 2023.

The EBITDA of Taste & Wellbeing increased to CHF 406 million from CHF 380 million in 2023 and the EBITDA margin increased to 21.3% in 2024 from 20.4% in 2023. On a comparable basis the EBITDA margin of Taste & Wellbeing was 21.7% in 2024 compared to 21.3% in 2023.

Operating income

The operating income increased to CHF 729 million, compared to CHF 586 million in 2023, an increase of 24.4%. When measured in local currency terms, the operating income increased by 40.1%. The operating margin increased to 19.5% in 2024 from 16.6% in 2023.

The operating income for Fragrance & Beauty increased to CHF 424 million in 2024, versus CHF 313 million for the same period in 2023. The operating margin increased to 23.2% in 2024 from 18.7% in 2023.

In Taste & Wellbeing, the operating income increased to CHF 305 million in 2024 from CHF 273 million in 2023. The operating margin increased to 15.9% in 2024 compared to 14.6% in 2023.

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Financial performance

Financing costs were CHF 59 million in the first half of 2024, a slight decrease versus CHF 61 million for the same period in 2023. Other financial income, net of expenses, were CHF 30 million in 2024 versus CHF 9 million of other financial expenses, net of income in 2023. The increase in income was 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 16% in 2024, compared with 13% for the same period in 2023. As a reminder, the effective tax rate in 2023 was impacted by one-time effects of tax changes in Switzerland.

Net income

The net income for the first six months of 2024 was CHF 588 million compared to CHF 449 million in 2023, an increase of 30.9%, resulting in a net profit margin of 15.7% versus 12.7% in 2023. Basic earnings per share were CHF 63.76 versus CHF 48.69 for the same period in 2023.

Cash flow

Givaudan delivered an operating cash flow of CHF 427 million for the first six months of 2024, compared to CHF 340 million in 2023.

Net working capital was 29.1% of sales compared to 31.2% in June 2023, as the Group continues to focus on improving the management of working capital.

Total net investments in property, plant and equipment were CHF 110 million, compared to CHF 103 million in 2023. Intangible asset additions were CHF 17 million in 2024, compared to CHF 25 million in 2023.

Total net investments in tangible and intangible assets were 3.4% of sales, compared to 3.6% in 2023.

Operating cash flow after net investments was CHF 300 million versus CHF 212 million in 2023. Free cash flow[4] was CHF 197 million in the first half of 2024, versus CHF 104 million for the comparable period in 2023. As a percentage of sales, free cash flow in the first six months of 2024 was 5.3%, compared to 2.9% in 2023.

Financial position

Givaudan's financial position remained strong at the end of June 2024. Net debt at June 2024 was CHF 4,718 million, up from CHF 4,305 million at the end of December 2023 and compared to CHF 5,236 million at June 2023. The net debt to EBITDA ratio[5] was 2.9, compared to 3.7 in June 2023 and 2.9 at the end of December 2023.

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Change to the Executive Committee

Givaudan announces the appointment of **Stewart Harris**, currently Head of Corporate Finance & Business Development, as **Chief Financial Officer (CFO)** effective 1 August 2024. He succeeds Tom Hallam, who will retire as CFO on 31 January 2025. To ensure a smooth transition, Tom Hallam will remain available until the end of January 2025 to provide management advice and support on some strategic projects.

Stewart Harris is a British national, born in 1969. He joined Givaudan as Group Treasurer in 2009 following a successful career at DSM Nutritional Products and Roche. Stewart graduated from a KPMG accountancy traineeship in Glasgow, UK and subsequently qualified as a fellow of the Chartered Association of Certified Accountants. He will become Chief Financial Officer and a member of the Givaudan Executive Committee effective 1 August 2024. Stewart has over 30 years of experience in corporate and regional Finance management, including financial reporting, compliance and risk management, planning and management of business development activities, as well as the Company's five-year strategy development process. Over the past 8 years, Stewart has been responsible for leading the Company's M&A activities. He was instrumental to the completion of many of Givaudan's successful acquisitions, contributing to fuelling growth and transformation.

Tom Hallam will retire following a distinguished 35-year career in finance, culminating in his 8-year tenure as Chief Financial Officer at Givaudan. Tom Hallam began his career in the UK working in various industries and positions. He joined Givaudan in 2008 as Group Controller, based in Vernier, Switzerland with responsibility for financial reporting and compliance, strategic planning and management of Givaudan's business development process before being nominated Chief Financial Officer in 2017. He was instrumental in steering Givaudan to achieve its ambitious financial targets while bringing a new level of excellence to the finance function. He leaves a legacy of financial success and expertise as well as a strong and efficient global finance organisation, enabling Givaudan to pursue its strategy and deliver value in the long-term.

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% LFL and free cash flow[4] 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 2024 Half Year Report can be downloaded on www.givaudan.com: 2024 Half year report, 2024 Half year financial summary

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A conference call will be broadcast on www.givaudan.com on Tuesday 23 July 2024 at 11:00 CEST.

Further information and reconciliations of the Group's Alternative Performance Measures can be found in the Appendix to the 2024 Half year report.

Upcoming Company Events

Summer investor conference – 28 August 2024
Nine month sales – 10 October 2024
Investor field trip – 23-24 October 2024
Full year results – 24 January 2025

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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	2024	2023	% change in CHF
Group sales	**3,737**	**3,535**	5.7%
– Fragrance & Beauty sales	1,826	1,672	9.2%
– Taste & Wellbeing sales	1,911	1,863	2.6%
Like-for-like sales growth [1]	**12.5%**	**2.4%**	
Gross profit	**1,646**	**1,448**	13.7%
– as % of sales	44.1%	41.0%	
EBITDA [2]	**906**	**763**	18.7%
– as % of sales	24.2%	21.6%	
Operating income	**729**	**586**	24.4%
– as % of sales	19.5%	16.6%	
Net Income	**588**	**449**	30.9%
– as % of sales	15.7%	12.7%	
Operating cash flow	**427**	**340**	25.6%
– as % of sales	11.4%	9.6%	
Free cash flow [4]	**197**	**104**	89.4%
– as % of sales	5.3%	2.9%	
Net Debt (at 30 June)	4,718	5,236	-9.9%
Net debt/EBITDA [5]	2.9	3.7	
Earnings per share – basic (CHF)	**63.76**	**48.69**	31.0%

BY BUSINESS ACTIVITY - January to June		2024			2023		
in million CHF		**Group**	**Fragrance & Beauty**	**Taste & Wellbeing**	Group	Fragrance & Beauty	Taste & Wellbeing
Sales as reported		**3,737**	**1,826**	**1,911**	**3,535**	**1,672**	**1,863**
- growth in CHF	%	5.7%	9.2%	2.6%	-3.2%	1.6%	-7.1%
- growth like-for-like [1]	**%**	**12.5%**	**15.3%**	**9.9%**	**2.4%**	**6.4%**	**-0.9%**
Acquisition impact (net) [A]		11	19	-8	10	11	-1
- acquisition impact (net)	%	0.3%	1.1%	-0.4%	0.3%	0.7%	0.0%
Currency effects		-250	-122	-128	-215	-90	-125
- currency effects	%	-7.1%	-7.2%	-6.9%	-5.9%	-5.5%	-6.2%
EBITDA as reported [2]		**906**	**500**	**406**	**763**	**383**	**380**
- EBITDA as reported	%	24.2%	27.3%	21.3%	21.6%	22.9%	20.4%
- Acquisition, restructuring expenses and project related expenses [B]		-23	-14	-9	-40	-23	-17
EBITDA comparable [3]		**929**	**514**	**415**	**803**	**406**	**397**
- EBITDA margin	%	24.8%	28.1%	21.7%	22.7%	24.3%	21.3%

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A. Acquisitions and divestments

January to June in million CHF	2024 Group	 Fragrance & Beauty	 Taste & Wellbeing	2023 Group	 Fragrance & Beauty	 Taste & Wellbeing
Acquisitions and divestments	**11**	**19**	**-8**	**10**	**11**	**-1**
- Amyris	19	19		11	11	
- discontinued and disposed business	-8		-8	-1		-1

B. Acquisition, restructuring and project related expenses incurred of CHF 23 million are largely related to costs incurred for footprint optimisation as well the Competition Authority Investigation in the fragrance industry. In 2023, acquisition, restructuring and project related expenses largely related to the Group's Performance Improvement programme, announced in January 2023, which was aiming for increased operational excellence and margin improvement through organisational simplification, working capital improvement, as well as footprint optimisation.

BY BUSINESS ACTIVITY - April to June (quarter only) in million CHF		2024 Group	 Fragrance & Beauty	 Taste & Wellbeing	2023 Group	 Fragrance & Beauty	 Taste & Wellbeing
Sales as reported		**1,916**	**927**	**989**	**1,762**	**835**	**927**
- growth in CHF	%	8.7%	10.9%	6.8%	-5.7%	0.0%	-10.4%
- growth like-for-like [1]	**%**	**12.3%**	**14.4%**	**10.5%**	**1.2%**	**5.9%**	**-2.6%**
Acquisition impact (net) [A]		9	13	-4	10	11	-1
- acquisition impact (net)	%	0.5%	1.5%	-0.4%	0.6%	1.3%	-0.1%
Currency effects		-72	-41	-31	-144	-62	-82
- currency effects	%	-4.1%	-5.0%	-3.3%	-7.5%	-7.2%	-7.7%

A. Acquisitions and divestments

April to June (quarter only) in million CHF	2024 Group	 Fragrance & Beauty	 Taste & Wellbeing	2023 Group	 Fragrance & Beauty	 Taste & Wellbeing
Acquisitions and divestments	**9**	**13**	**-4**	**10**	**11**	**-1**
- Amyris	13	13		11	11	
- discontinued and disposed business	-4		-4	-1		-1

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SALES PERFORMANCES BY BUSINESS ACTIVITY January to June	**2024** **Sales growth LFL [1] %**	2023 Sales growth LFL [1] %
Fragrance & Beauty	**15.3%**	**6.4%**
- Fine Fragrance	14.9%	16.2%
- Consumer Products	17.3%	3.7%
- Fragrance Ingredients and Active Beauty	8.0%	4.4%
Taste & Wellbeing	**9.9%**	**-0.9%**
- Europe	5.5%	3.6%
- South Asia, Middle East and Africa	12.5%	19.1%
- North America	4.5%	-11.7%
- Latin America	32.6%	10.5%
- Asia Pacific	9.3%	-5.0%

SALES PERFORMANCE BY GEOGRAPHY	**2024**			2023		
January to June, in million CHF	**Sales reported**	**LFL [1] %**	**CHF %**	Sales reported	LFL [1] %	CHF %
LATAM	450	31.5%	6.5%	423	11.1%	0.5%
APAC	897	11.4%	5.3%	852	3.2%	-3.5%
NOAM	881	5.9%	2.9%	855	-10.6%	-13.0%
EAME	1,509	11.4%	7.4%	1,405	8.5%	3.0%
High growth markets	1,722	20.5%	9.1%	1,581	8.9%	0.4%
Mature markets	2,015	6.0%	3.0%	1,954	-2.6%	-6.0%
Total Group	**3,737**	**12.5%**	**5.7%**	**3,535**	**2.4%**	**-3.2%**

Notes

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. 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.
3. 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.
4. Free cash flow (FCF) refers to operating cash flow after net investments, interest paid, lease payments and purchase and sale of own equity instruments.
5. 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.