

# 2015 Half Year Results

Strongly improved free cash flow, on track to  
achieve 2015 targets

17 July 2015



Givaudan

engage your senses



# Gilles Andrier

## Chief Executive Officer

# 2015 Half Year Results

## Financial highlights

- Sales of CHF 2.2 billion, up 1.3% on a like-for-like\* basis
- Project pipeline and win rates sustained at a high level
- EBITDA of CHF 566 million in 2015
- EBITDA margin improved to 25.9% from 25.6% in 2014
- Net income of CHF 339 million, up 11.2% year on year
- Free cash flow of 11.4% of sales, compared to 8.1% in 2014

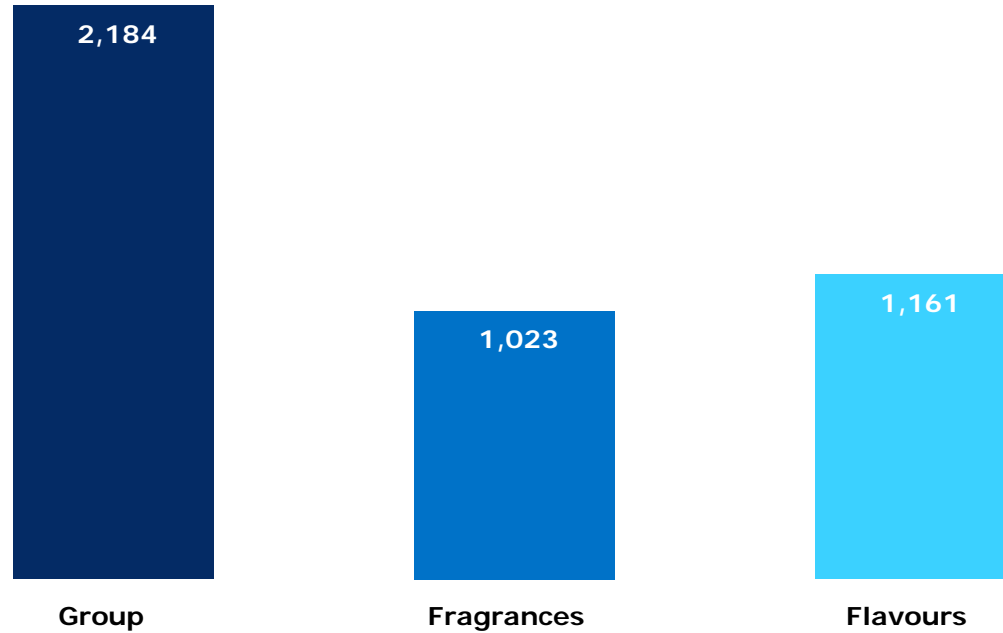
\* Like-for-like (LFL) excludes the impact of currency, acquisitions and disposals

**Our 2015 six month results are a convincing demonstration of the continued value we bring to our customers, across all regions and segments**

# 2015 Half Year Results

## Sales performance: Sustained growth in a difficult environment

In million CHF



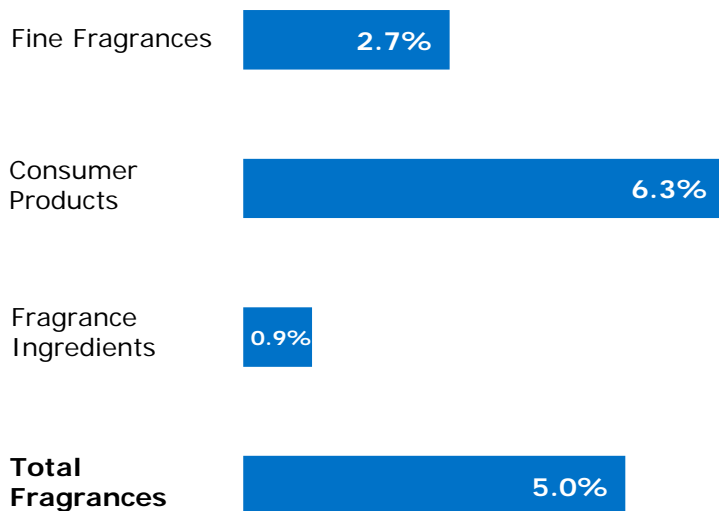
	Group	Fragrances	Flavours
% 2008 – 2015 CAGR	4.9%	5.0%	4.8%
% 2015 growth on LFL* basis	1.3%	0%	2.6%
% 2015 growth in CHF	(0.3)%	(1.1)%	0.4%

\* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

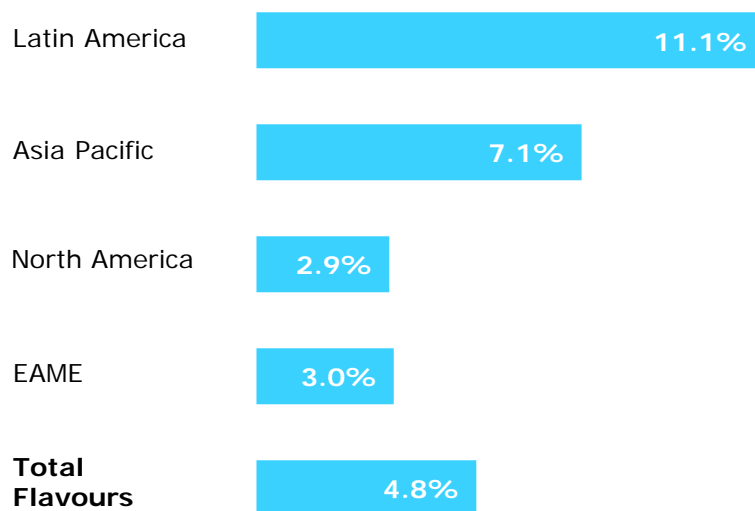
# 2015 Half Year Results

## HY 2008 to HY 2015 sales CAGR: In line with mid-term guidance

### Fragrances



### Flavours



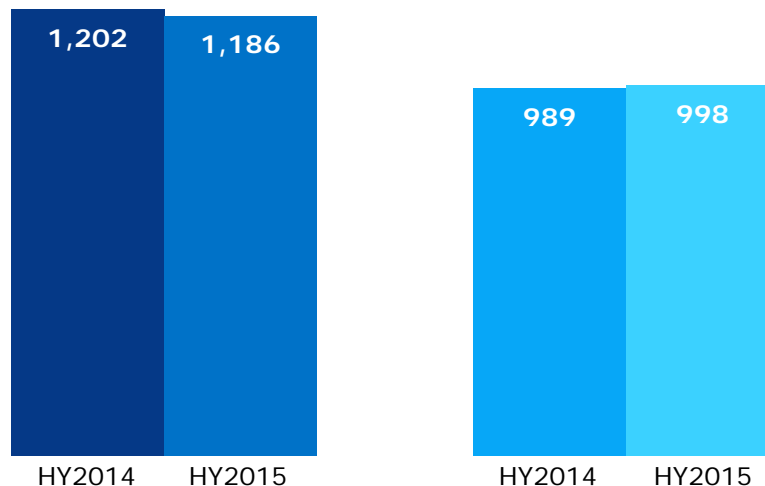
**Group 4.9%**

LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

# 2015 Half Year Results

## Sales evolution by market: Presence in developing markets continues to increase

In million CHF



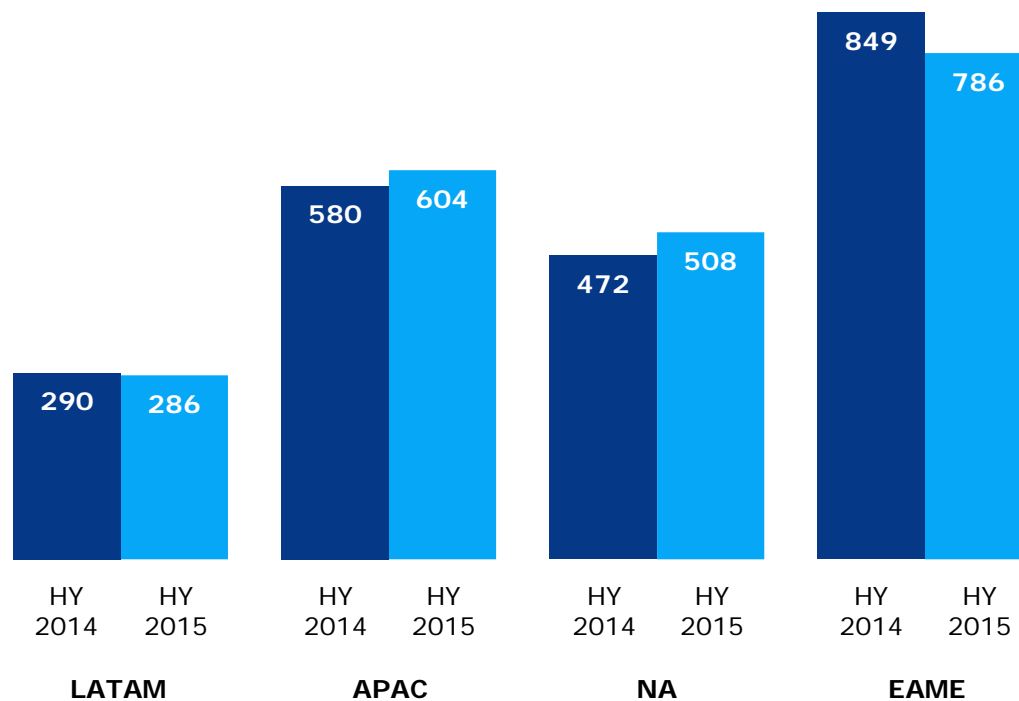
	Mature		Developing	
% of total sales	55%	54%	45%	46%
% 2008 – 2015 CAGR	1.8%		9.3%	
% 2015 growth on LFL* basis	1.0%		1.8%	

\* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

# 2015 Half Year Results

## Sales evolution by region

In million CHF



	LATAM	APAC	NA	EAME
% 2015 growth on LFL* basis	5.4%	1.9%	0.8%	0.1%
% 2008 – 2015 CAGR	12.1%	8.0%	1.9%	2.6%
% 2008 – 2015 CAGR Developing (Ø 9.3%)	12.1%	10.2%	-	5.8%
% 2008 – 2015 CAGR Mature (Ø 1.8%)	-	3.4%	1.9%	1.1%

\* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

# 2015 Half Year Results

## Fragrance Division: Operational Performance

### Fine Fragrances grew 0.8% LFL\*

Good growth in Western Europe, Asia and Middle East, offsetting a weak market in Brazil and North America

### Consumer Products grew 1.0% LFL\*

Local and regional customers demonstrated good growth across all regions

Sales in developing markets more than offsetting lower sales growth in mature markets

Growth most notably in fabric and oral care

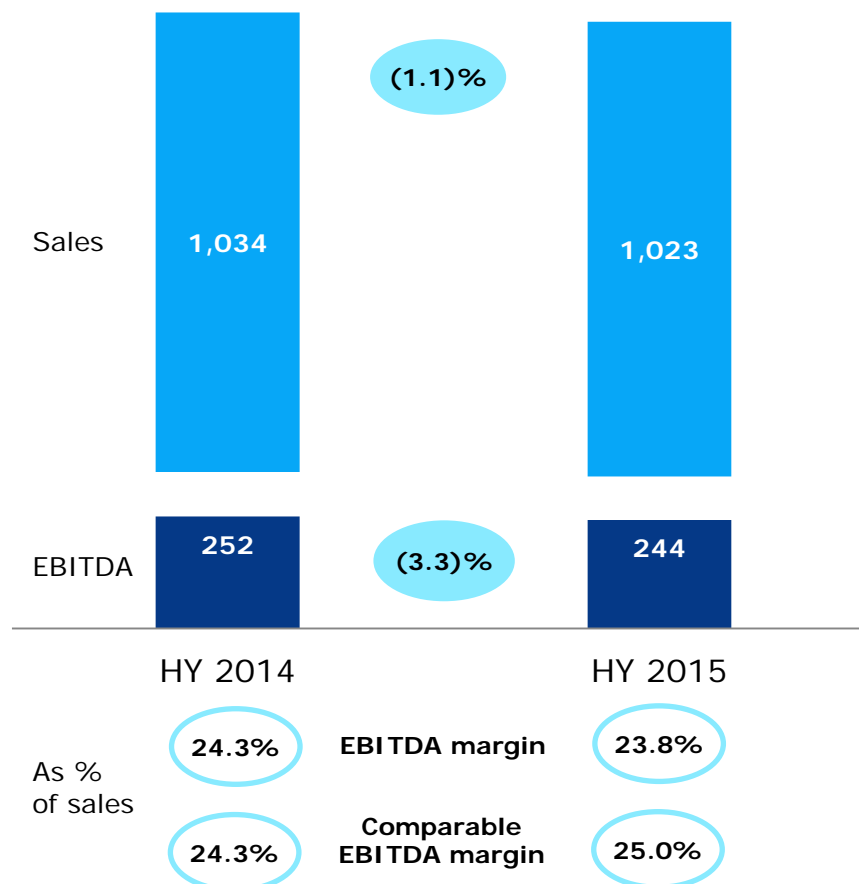
### Fragrance and Cosmetic Ingredients declined 7.9% LFL\*

Ongoing transfer of products to Mexico and joint venture partner in China

### Soliance contributed CHF 17 million sales, growing double digit in local currency

\* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

### Sales and EBITDA CHF million





# 2015 Half Year Results

## Flavour Division: Operational Performance

**Strong growth in the mature markets, driven by North America, with Beverages and Dairy demonstrating the strongest segmental performance**

Asia Pacific increased 1.5% LFL\* driven by China and India, improved momentum in the second quarter

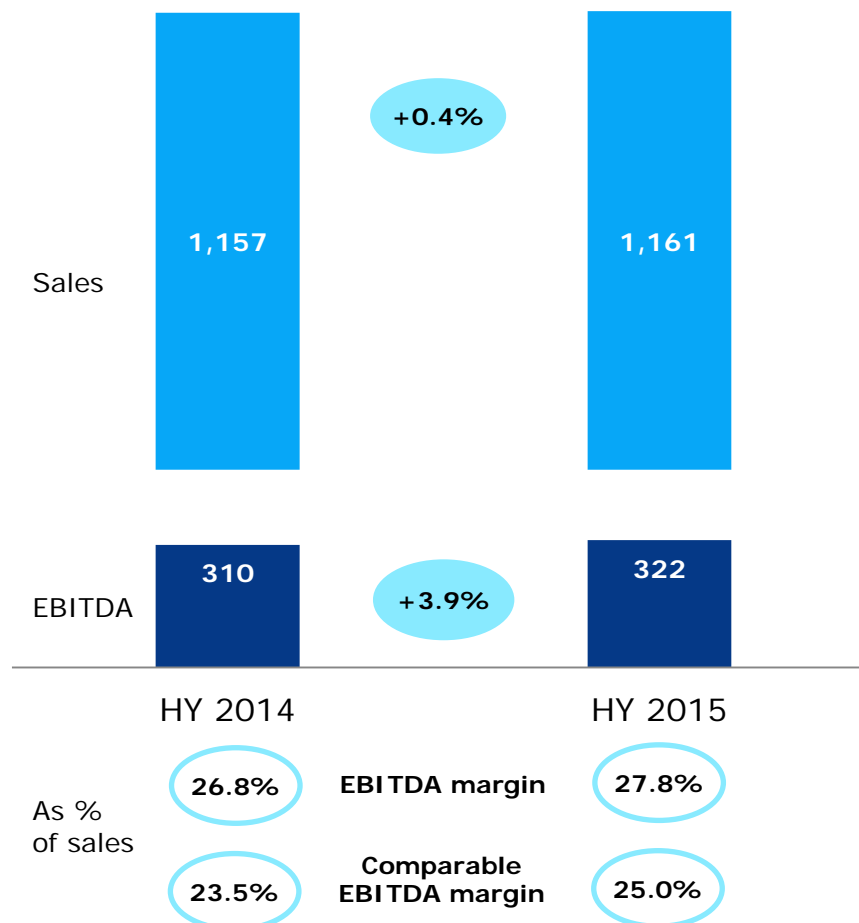
Europe, Africa and Middle East grew 0.2% LFL\* driven by the mature markets of France, Germany, Spain and the UK. Challenging economic conditions continued to affect Eastern Europe, Africa and Middle East

North America grew 6.1% LFL\* with strong growth in Beverages and Dairy

Latin America increased 6.9% LFL\* driven by strong growth in Argentina and Brazil

\* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

### Sales and EBITDA CHF million



# Matthias Währen

## Chief Financial Officer

# 2015 Half Year Results

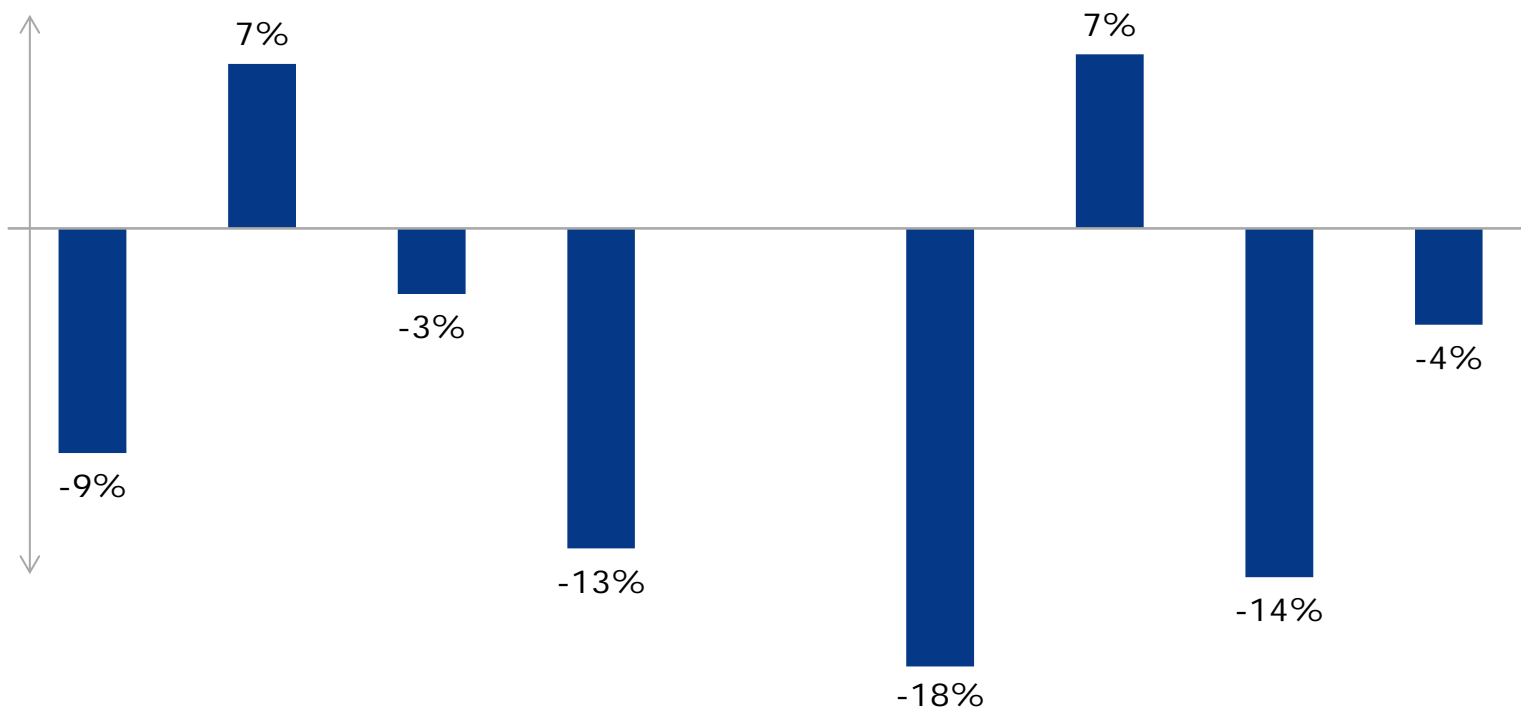
## Highlights

- Sales CHF 2.2 billion, up 1.3% on a like-for-like\* basis
- EBITDA increased to CHF 566 million
- EBITDA margin improved to 25.9%
- Net income of CHF 339 million, up 11.2% year on year
- Investments up versus underlying HY 2014, at 3.4% of sales
- Free cash flow of CHF 248 million, 11.4% of sales
- Net debt of CHF 1,050 million, leverage at 23%

\* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

## 2015 Half Year Results

**Exchange rate development:** Results largely unaffected by currencies, despite the significant strengthening of the Swiss franc early in the year



	<b>JPY</b>	<b>USD</b>	<b>GBP</b>	<b>EUR</b>	<b>SGD</b>	<b>BRL</b>	<b>CNY</b>	<b>MXN</b>	<b>IDR</b>
HY 2015	0.79	0.95	1.45	1.06	0.70	0.32	0.15	0.06	0.73
HY 2014	0.87	0.89	1.49	1.22	0.70	0.39	0.14	0.07	0.76

# 2015 Half Year Results

## Operating performance: Consistent improvement

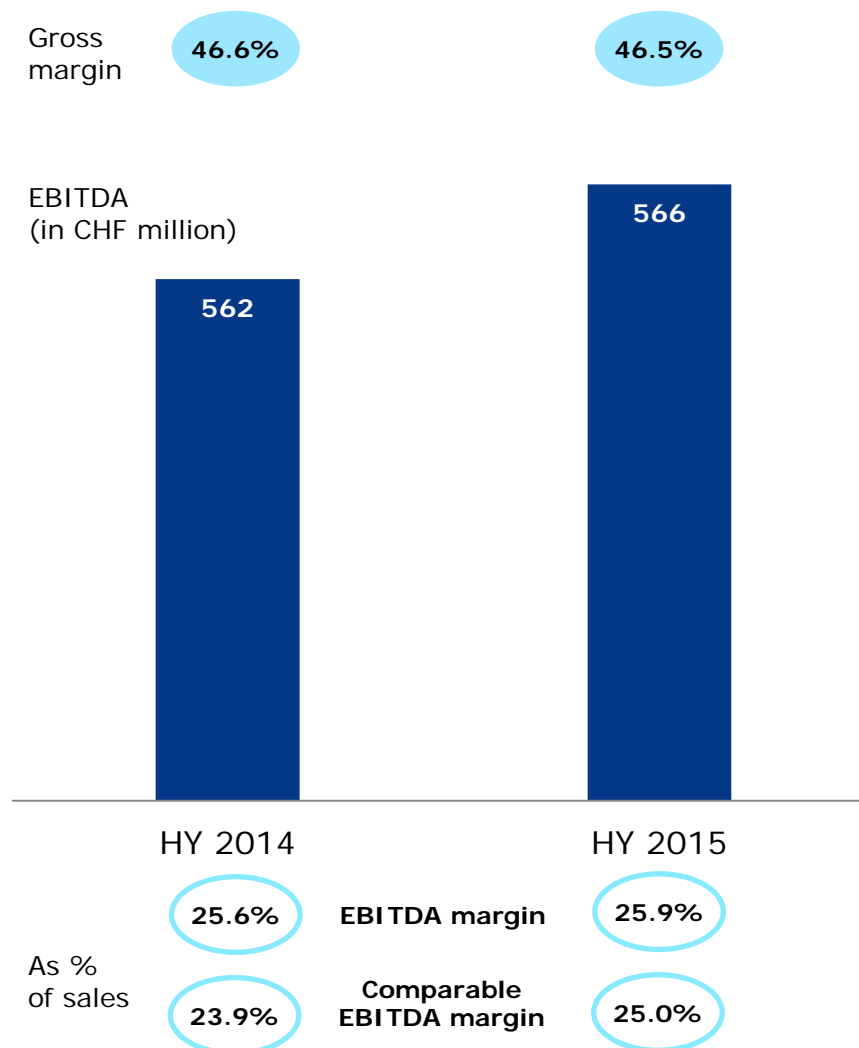
**Sales** of CHF 2,184 million  
(2014: CHF 2,191 million)

**Gross margin** of 46.5% compared to 46.6% in 2014, lower operational costs in Flavours and supply chain efficiencies, offset by impact of currencies

**EBITDA** of CHF 566 million, up 0.6%, driven by strong cost control. One off net non cash gain of CHF 20 million in 2015, compared to one-off gain of CHF 38 million in 2014

**EBITDA margin** of 25.9%, up from 25.6% in 2014

**Operating income** of CHF 428 million, up 1.6% from 2014, driven by higher EBITDA and lower amortisation of intangibles

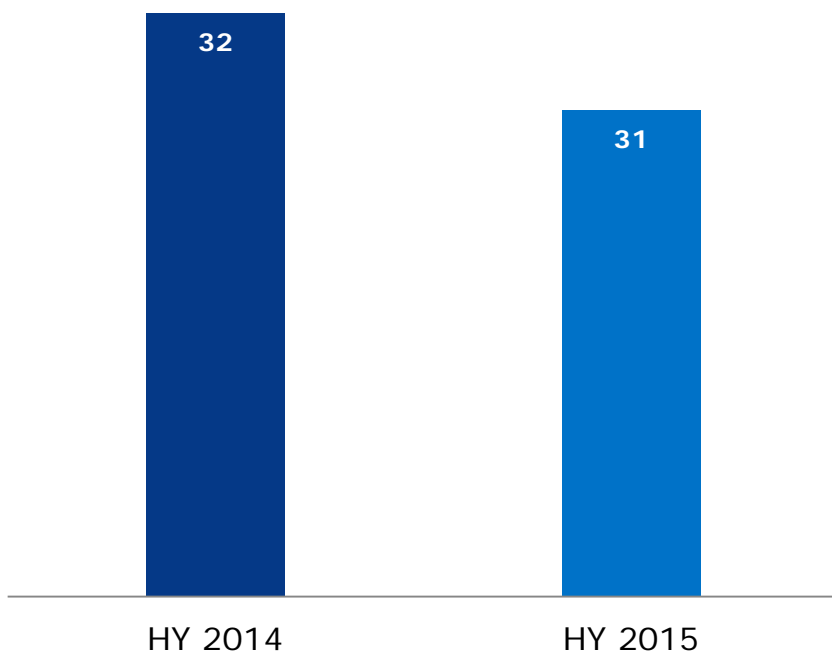


# 2015 Half Year Results

## Financing costs and other financial expenses

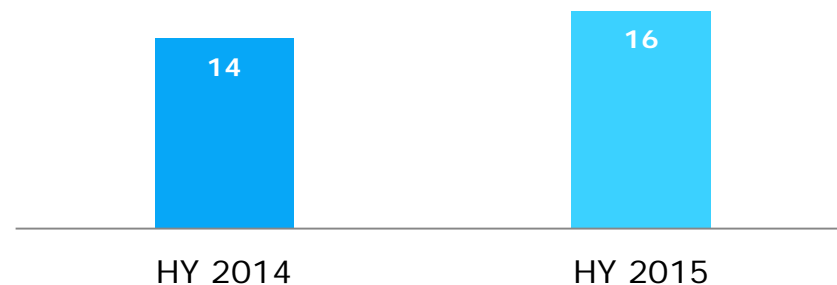
### Financing costs

(in CHF million)



### Other financial expenses (net)

(in CHF million)



# 2015 Half Year Results

**Net income:** increasing by 11% as a result of continued strong operating performance

**Income before tax** of CHF 381 million, up from CHF 376 million in 2014, driven by:

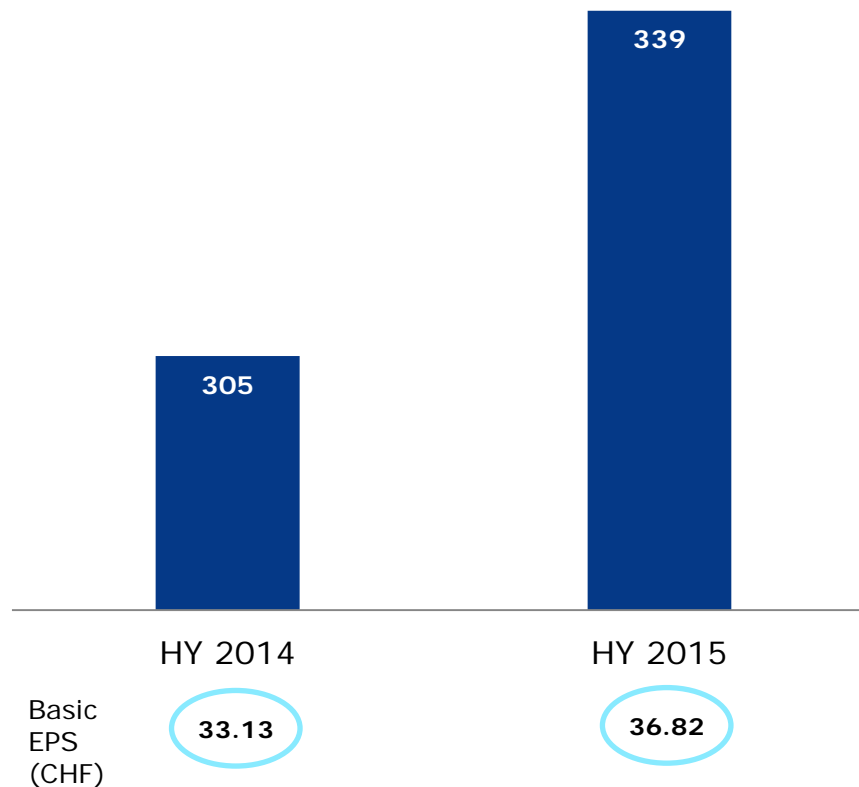
- Improved EBITDA
- Flat financial expenses

**Effective tax rate** of 11%, underlying tax rate of 19%, the same as in June 2014

**Net income** of CHF 339 million, or 15.5% of sales, versus 13.9% in 2014

**Basic EPS** of CHF 36.82, versus CHF 33.13 in 2014

Net income  
In CHF million



# 2015 Half Year Results

## Free cash flow: strong underlying performance

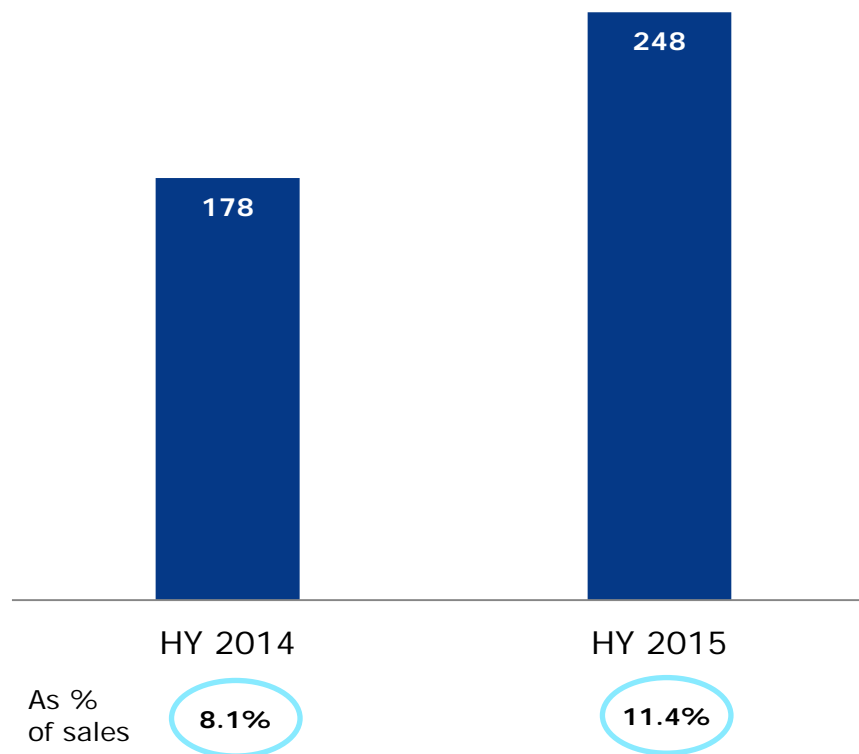
**Operating cash flow** of CHF 341 million, up from CHF 218 million in 2014

**Working capital** as a % of sales down slightly versus HY 2014

**Total investments** of CHF 74 million, including the completion of the facility in Nantong, China, compared to CHF 67 million in 2014

**Net investments** as % of sales were 3.4% in 2015, compared to 0.5% in 2014

Free cash flow  
In CHF million



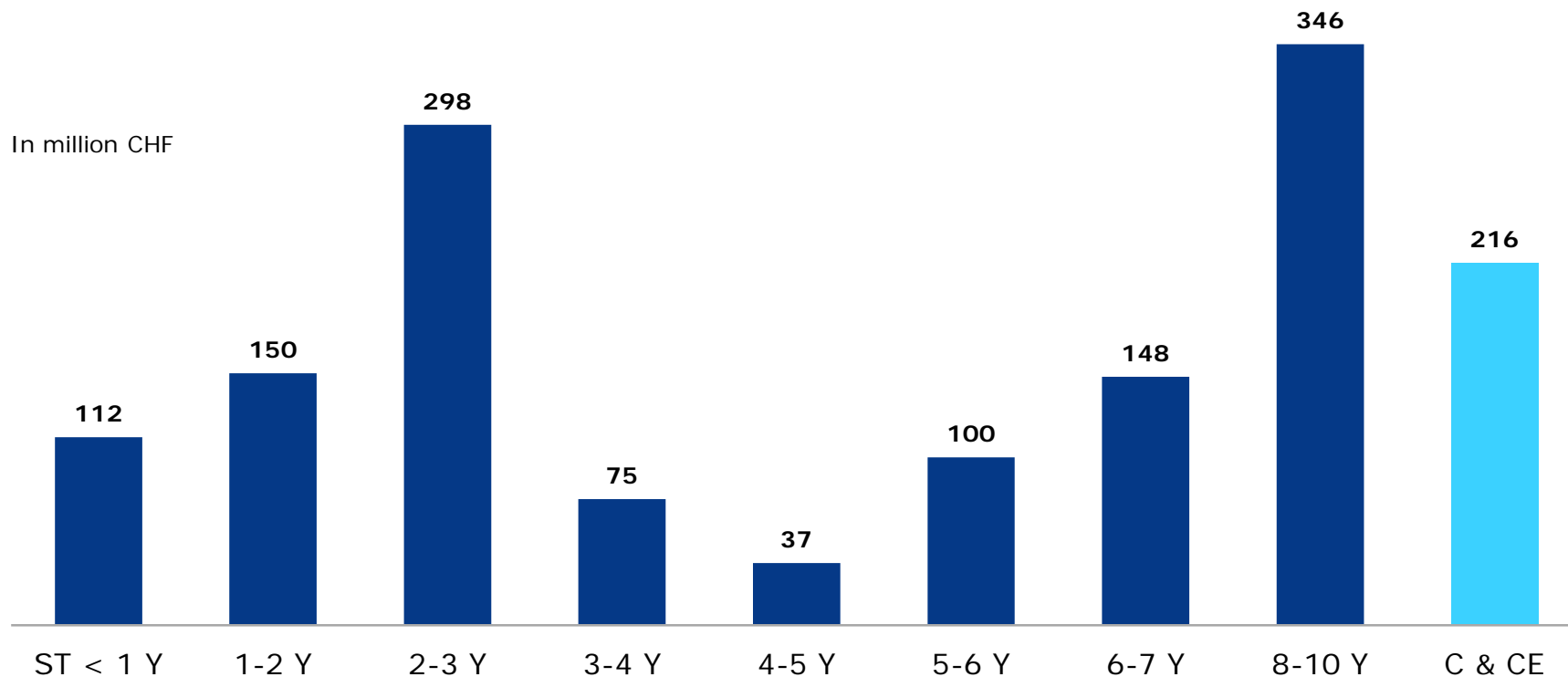


# 2015 Half Year Results

## Conservative debt profile

March 2015: Issued a CHF 200 million tranche of the multilateral facility, of which CHF 125 million was reimbursed before June 2015

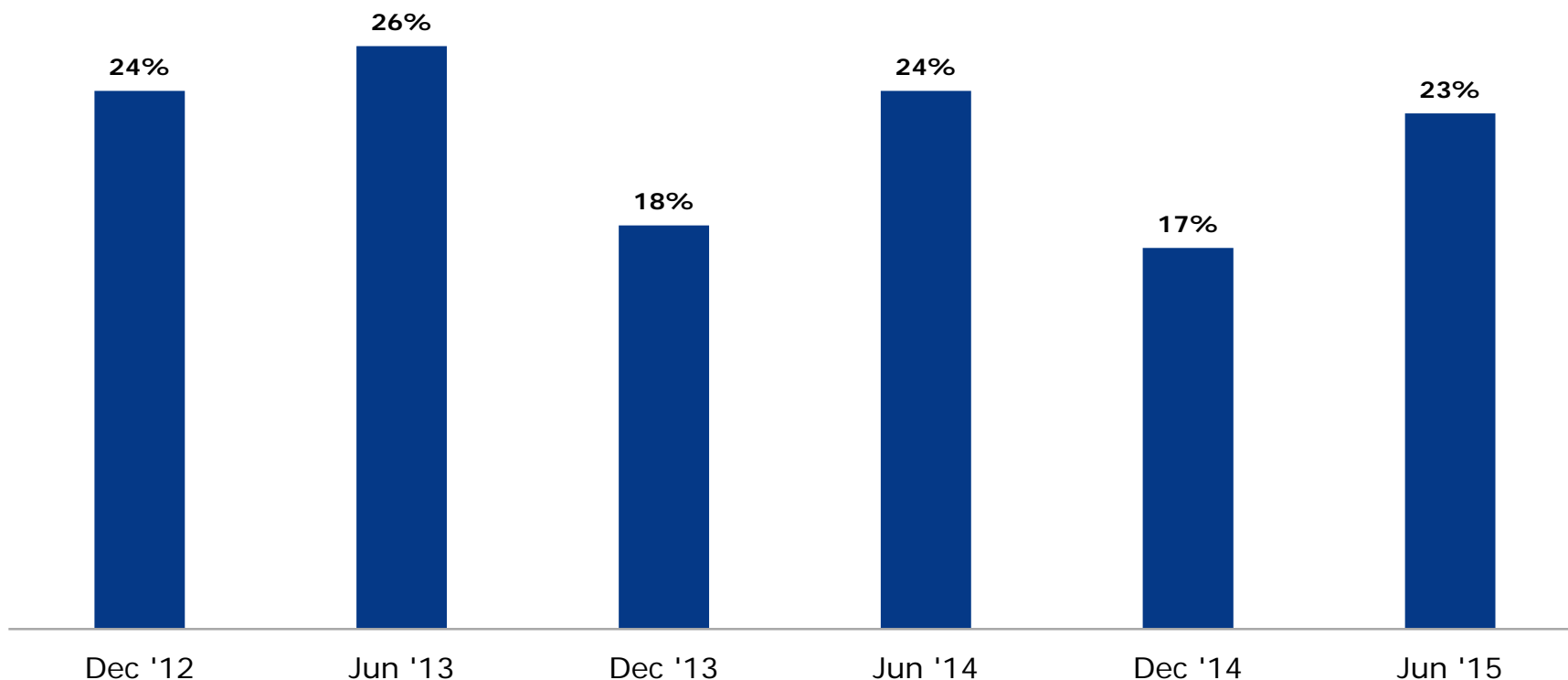
May 2015: Reimbursement of USD 50 million US private placement



# 2015 Half Year Results

## Leverage ratio: Continuing to de-leverage on a yearly basis

- Leverage ratio of 23% as at June 2015 as a result of solid cash flow generation and despite currency impact on equity following the strengthening of the Swiss franc in January 2015
- Intention to maintain a medium term leverage ratio target below 25%
- Company will exclude from equity definition any impact arising from changes in IAS 19

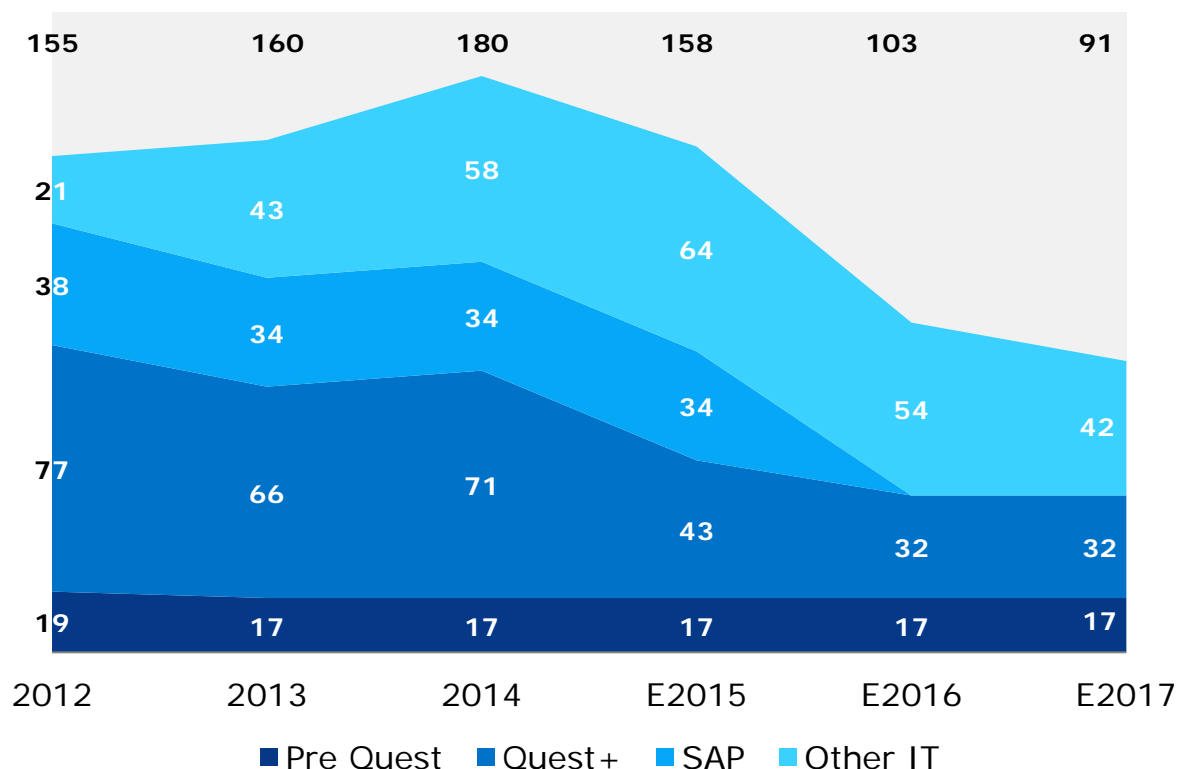


# 2015 Half Year Results

## Amortisation of intangible assets

- Pre Quest amortisation of intangible assets of approx. CHF 17 million p.a.
- Quest+ intangible assets (exc. Goodwill) amounts to CHF 1,225 million, updated to include Soliance intangible amortisation
- Intangible assets mainly related to customers, formulae and technologies
- IT amortisation updated to reflect size and scope of projects (e.g. regulatory engine)

Total annual amortisation charge  
(in CHF million, estimated)



# 2015 Half Year Results

## Financial summary

- Sales of CHF 2.2 billion, an increase of 1.3% on a like-for-like\* basis, briefs pipeline and win rate sustained at a high level
- Operating leverage and strong cost focus driving improved EBITDA margin
- Net income of CHF 339 million, up 11.2% versus 2014
- Strong cash flow, on track to deliver on 2015 targets
- Net debt CHF 1,050 million, leverage ratio 23%

\* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

# Gilles Andrier

## Chief Executive Officer

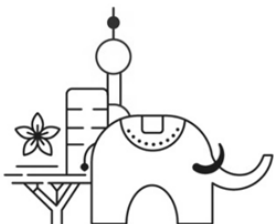
# 2015 Half Year Results

## On track to deliver on our ambitious mid-term guidance



### Driven by a five-pillar strategy

Developing markets



Research and development



Health and wellness



Sustainable sourcing of raw materials



Targeted customers and segments



<sup>1</sup> FCF (free cash flow), above 60% return to shareholders whilst maintaining a leverage ratio of no more than 25%  
<sup>2</sup> Sales growth assumes a market growth of 2-3%

# Q & A

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