Creating for happier, healthier lives with love for nature. Let’s imagine together.
What we do
Givaudan products drive millions of consumer decisions every day!
Fragrance & Beauty, Taste & Wellbeing, provide our customers compounds, ingredients and integrated solutions that engage consumers.
How we do it
A unique business model driven by our purpose
Creating for happier, healthier lives with love for nature.

- **Winning business** assumes: being on a core supplier list, submitting a brief, developing a solution and being selected by the customer

- Our products are **unique co-creations with our customers**:
  - Consumer-differentiating, bespoke, value-added Fragrance and Beauty, Taste and Wellbeing solutions driven by innovation
  - Agility and service are key
  - Scent and taste determine consumer purchase and repeat decisions whilst representing only a minor fraction of costs 0.5-2.0% in flavours and consumer fragrances to 4-6% in fine fragrances, i.e. a very minor portion of the end product costs

- **High barriers to entry** and high shifting costs for customers
A unique business model with high barriers to entry

Mastering complexity is a key feature of our space

• A **research-driven innovation process** and a deep understanding of consumer preferences around the world

• **Sustainability goals** creating significant innovation opportunities (e.g. move from non-renewable to renewable, etc.

• **IP / formulae owned by Givaudan**
• Mastering **high complexity and volatility** at every step:
  • 11,000 raw materials and a sophisticated supply chain with over 4,000 suppliers
  • >110,000 products made to order, delivered just in time to >10,000 customers
  • >310,000 customer submissions / product briefs managed annually, and ca. 15% of our portfolio up for review due to the life cycle of products

• **Compliance and regulations**
Operating in a significant addressable market
Givaudan’s expanded market space worth **CHF 42bn**

- Flavour & Taste: 13.1 bn CHF
  - Market Potential as of 2020
- Functional & Nutrition: 14.1 bn CHF
  - Market Potential as of 2020
- Fragrance & Beauty: 14.8 bn CHF
  - Market Potential as of 2020

Source: Based on Givaudan internal estimates
A research-driven innovation process
Supported by unrivalled capabilities and innovation

- 69 Creation and application Centres
- >110,000 Products sold per year
- CHF 528 mln R&D spend in 2019
- > 500 Employees in Science & Technology
- > 3,600 Active patents

Innovation initiatives and priorities

- Supplier enabled innovation partnerships with bioscience companies
- Delivering differentiating technologies and solutions in Flavours, nutritional and functional ingredients (clean label delivery systems, health and wellbeing solutions etc.)
- Enabling novel consumer experiences in Fragrances: naturals, new sensory experiences, sustainable new molecules and precursors etc.
Business processes enabled by digital tools

Selected digital initiatives

**Carto - AI enabled creative design**
- A product creation experience:
  - Playful and multi-sensorial human/machine interaction
  - Smart suggestions powered by AI
  - Collaboration-oriented environment enabling customer co-creation

**Consumer and customer foresight**
- Discover new consumer behaviours through advanced analysis of social media and other external data
- Capturing insights and converting them into business foresights

**Robotic process automation**
- Create a virtual workforce to take over repetitive tasks, creating bandwidth for more value added activities
- E.g. supply chain, HR, compliance forms, etc.

**Factory 2.0**
- Identify how technology can improve the manufacturing environment:
  - Automation (robots, processes)
  - Safety (training, monitoring)
  - Decision making (forecasting, predictive maintenance)
  - Sustainability (greener processes)

**Traceability**
- Guarantee traceability of products and their constituents, from source to consumer
- Leverage technology to enable source-to-consumer traceability of raw materials
- Track biodiversity impact, carbon footprint, water waste thanks to this traceability
Sustainable value creation
Having a positive impact on nature

Our ambition is to be a climate-positive business (scope 1, 2 and 3) before 2050

Target
-70% absolute scope 1 + 2 GHG emissions between 2015 and 2030
-20% absolute scope 3 GHG emissions between 2015 and 2030
100% renewable electricity by 2025

2019 performance

Protecting the environment through industry-leading water conservation and acting on waste minimisation

-15% water per tonne of product by 2020¹
-4% waste per tonne of product, year on year average²

¹ Use of municipal and groundwater, baseline 2009
² Includes incinerated and landfilled waste, baseline 2015
Sustainable value creation
Procurement practices bringing benefits to all involved

CHF 2.7 bn
Raw material / consumable spend per year

226
People in global procurement worldwide

>11,000
Number of different raw materials sourced

57%
Natural raw materials

43%
Synthetic raw materials

Sourcing for shared value

Programmes

- Responsible Sourcing
  
  Drive compliance and continuous improvement
  Updated RS programme to be launched in early 2021

- Sourcing at Origin
  Secure supply locally

- Communities at Source
  Support producer communities

Overall impact

40
Sourcing for Shared Value covers raw material categories

29
Sourcing for Shared Value is rolled out in countries

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Our unique positioning
A multi-year expansion, positioning Givaudan for multiple growth opportunities

1990s until today
Geographic expansion

- Expansion from mature to high growth markets, supporting global customers expansion
- Givaudan pioneer into India and China in 1993-1994, Middle East in 1999

2000s until today
Customer diversification

- Supporting growth of strong emerging local and regionals, e.g. private labels in Europe, Natura Boticario in Latam,
- Further rapid expansion thanks to acquisitions: Expressions Parfumées, drom, Ungerer, Golden Frog,

2007
Quest scale up

- F&F Market leadership secured
- Further expansion across geographies and customers
- Applications portfolio expansion into: snacks, oral care, fine fragrances for women

2010 until today
Expanding core F&F and beyond

- A combined growth and M&A strategy (2015 & 2020 Plans), resulted into:
  - Moving into: Health and wellness, Active Beauty
  - Becoming #1 in naturals and moving into adjacent food functional ingredients
  - Expanding Integrated Solutions
  - Expanding local and regionals customer base

SAP implementation

Managing the business more consistently

Givaudan Business Solutions (GBS)

Enhance margins by streamlining operations and customer service

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Givaudan: A naturally-hedged portfolio (products, geography, customers) for consistent growth

- **Sales in Europe, Africa and Middle East**
  - 36% of sales
  - Production sites: 32
  - Employees: 7,072

- **Sales in Asia Pacific**
  - 26% of sales
  - Production sites: 19
  - Employees: 3,409

- **Sales in Latin America**
  - 11% of sales
  - Production sites: 10
  - Employees: 1,882

- **Sales in North America**
  - 27% of sales
  - Production sites: 12
  - Employees: 2,606

- **Our customers**
  - 50% multi-national
  - 50% local and regional

- **Taste & Wellbeing 55% of Group sales**
  - Savoury 38%
  - Beverages 32%
  - Sweet goods 17%
  - Dairy 13%

- **Fragrance & Beauty 45% of Group sales**
  - Consumer Products 68%
  - Fine Fragrances 19%
  - Fragrance Ingredients and Active Beauty 13%

- **All figures as of 31.12.2019**

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Value creation through acquisitions
Expanding our portfolio

Aligned with market trends and our strategic priorities

Naturals
Spicetec
Activ International
Vika
Centroflora Nutra
Naturex
Albert Vieille
Golden Frog
Ungerer
Indena

Active Beauty
Soliance
Induchem
Naturex
AMSilk
Indena
Alderys

Local and regional customers
Naturex
Expressions Parfumées
drom
Fragrance Oils
Ungerer

Integrated Solutions
Spicetec
Vika
Activ International

Ingredients
Ungerer
Albert Vieille

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Looking back

Value creation through our strategy 2020
Strategy 2020
Responsible growth. Shared success.

Growing with our customers
4-5%
Average organic sales growth*

Delivering with excellence
12-17%
Average free cash flow as % of sales*

Partnering for shared success
Partner of choice
- Extended partnership network in innovation
- Deepened collaboration with suppliers on innovation & sustainability
- Improved employee engagement
- Enriched communities that work with Givaudan

Creating additional value through 16 acquisitions since 2014
CHF 1.5 bn annualised revenue contribution from companies acquired since 2014

Intention to maintain current dividend practice as part of this ambition
- Dividend increased y.o.y
- > CHF 2 billion returned to shareholders in cash dividends 2016-2019

* Over a five-year period by 2020

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Acquisitions contributing to value creation
Strategy 2020 in motion

~ CHF 1.5 Billion of incremental revenues
CHF 3.6 Billion invested in acquisitions

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Our latest results
2020 Half year performance highlights

Sales of CHF 3,221 million, up 4.0% on a like-for-like* basis and 4.1% in Swiss francs

Excellent performance of those parts of portfolio which are not impacted by COVID-19

Strategic focus areas, acquired businesses and high growth markets strongly contributing to growth

EBITDA of CHF 734 million in 2020, an increase of 11.3% compared to 2019

Underlying EBITDA margin of 23.7%, compared to 22.3% in 2019

Free cash flow of 5.5% of sales, compared to 4.8% in 2019

Delivery of 2020 guidance is fully on track

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

Future value creation through our strategy 2025
OUR PURPOSE:
Creating for happier, healthier lives with love for nature.

Nature
Let’s imagine together that we show our love for nature in everything we do

People
Let’s imagine together that Givaudan is a place where we all love to be and grow

Creations
Let’s imagine together with customers that through our creations more people will enjoy happier, healthier lives

Communities
Let’s imagine together that all communities benefit by working with Givaudan

Working to become a Certified B Corporation

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Megatrends
Impacting 2025 strategy

Trend

- Consumer base is growing
- Living longer and more consciously
- Sustainability is of high concern
- COVID-19: E-commerce, self-care and localisation gain importance

Impact

- Asia and Africa leading the way
- Consumer behaviours are changing
- Consumers will buy more consciously
- Responsible companies will act
- Consumers will buy more online and increase spending on self-care
- Localisation will be even more important
Strategy 2025
Committed to Growth, with Purpose

- Creations
  We create inspiring solutions for happier, healthier lives

- Nature
  We show our love for nature through impactful actions

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

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

Excellence, Innovation & Simplicity - in everything we do

4-5% GROWTH  PURPOSE LINKED TARGETS  >12% FCF
Best in class product offering
Leveraging the full portfolio to reach our growth ambitions

Flavour and taste
Strengthen our core

Health, wellbeing and nutrition
Build market leadership

Integrated solutions

Flavour and taste
Naturals
Protein

Natural functional ingredients
Colouring
Preservatives
Texturants

Natural nutritional ingredients
Microbiome
Botanicals

Naturals space

HW&N space

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Best in class product offering

Flavour and taste

Protein enablers

Health and wellbeing (salt, sugar, fat)

Naturals (incl. biotechnology)

Integrated solutions

Functional ingredients

Nutritional ingredients
Growing with all customers across all categories

- Fabric & home care: 160
- Deos, bath, shower, hair & oral care: 200
- Fragrances: 50
- Skin care: 140
- Make-up: 70

* Source Euromonitor
New and superior product offering

**Biotechnology**
Leverage our capabilities and acquisitions for our ingredients

**Delivery systems**
Provide the next generation of bio-caps

**Beauty**
Further expand our offering in Active Beauty

**Naturals**
Provide our customers with the most innovative and qualitative ingredients
Performance commitments

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 and lease payments.

Strategy 2025

Sales growth

4.0 – 5.0%

2021 – 2025
Average Like for Like\(^1\) Sales Growth

Free cash flow

>12% of Sales

2021 – 2025
Average FCF\(^2\) as % of sales

Purpose commitments

Purpose linked targets

2021 – 2025
Progress towards all published purpose targets

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2. Free Cash Flow (FCF) refers to operating cash flow after net investments, interest paid and lease payments.
Strategy 2025

Performance commitment - Purpose linked targets

**Creations**

By 2030

- We will double our business through creations that contribute to happier, healthier lives.

**People**

Before 2025

- Everyone on our sites will have access to mental and physical health initiatives, tools and training

Before 2025

- We will reduce our total recordable injuries cases by 50%

Before 2030

- 50% of our senior leaders will be from high growth markets

Before 2030

- 50% of our senior leadership will be women

**Nature**

Before 2030

- Our operations’ carbon emissions will be cut by 70% and our supply chain emissions by 20%

Before 2030

- We will replace single-use plastics with eco-friendly alternatives across our sites and operations

Before 2040

- Our operations’ will be climate positive and our supply chain emissions will be cut by 50%

Before 2050

- Our supply chain will be climate positive

**Communities**

By 2030

- We will source all materials and services in a way that protects people and the environment

By 2030

- We will improve the lives of millions of people in communities where we source and operate
A strong track record of growth and value creation

Value creation history at Givaudan
Key investment highlights
Givaudan has a strong track record of delivering with excellence

• A company inspired by its purpose, engaged in the B Corp certification and part of the B Builders Movement

• A highly resilient / defensive business model:
  • Key products that are the most important part of consumer staples and the decisive factor behind the repurchase decisions of consumers
  • High barriers to entry (complexity, R&D, consumer insight, regulations, etc.)
  • Competition focused on innovation, quality and service, not on price

• Natural hedges for sustainable growth:
  • Diversified exposures to all regions and market segments (including premium, private label and regional players in emerging markets)
  • Emerging markets/urbanisation-driven growth model

• Consistency in strategy, execution, result delivery and stability of management
Value creation at Givaudan
Industry leading financial performance

Sales growth

Free cash flow as % of sales

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Value creation at Givaudan
Sustained value creation for shareholders

Share price evolution vs SMI
Dividend per share in CHF

>CHF 35 Billion of Total Shareholder return since the IPO
Average annual yield of 13.3% vs 4.1% of SMI
Creating value for profit, people and the planet
Global recognition as a force for good business

For the first time, we have ranked in the list of top 25 sustainable companies in the 2019 SXI Switzerland Sustainability 25®, reflecting our strong commitment to sustainability.

Our new flagship Innovation Centre in Kemptthal, Switzerland received a gold certificate from Leadership in Energy and Environmental Design (LEED).

Our CEO Gilles Andrier ranked number 30 on the prestigious Harvard Business Review’s annual ranking of 100 best-performing CEOs in the world. The ranking is based both on financial performance and ESG ratings, but this year saw an increased weight of ESG, reflecting the increasing importance of sustainability.

The assessment highlighted Givaudan’s particular strengths in the categories of labour and human rights, and sustainable procurement, with scores in the top 1%. Overall, Givaudan achieved a score of 75/100.

Our Pioneer Encapsulation Centre in Singapore was awarded the BCA Green Mark Gold Award, based on the Green Mark Criteria for the new non-residential buildings.

Givaudan has received CDP’s highest ‘A score’ for both its leadership in climate action and water security. This places us among the best performing businesses in terms of mitigating environmental impact.
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