

# 2016 Full Year Results

## Solid financial performance - in line with 2020 guidance

31 January 2017



Givaudan

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# Gilles Andrier

## Chief Executive Officer

# 2016 Full Year Results

## Financial highlights

- Sales of CHF 4.7 billion, up 4.2% on a like-for-like basis
- EBITDA of CHF 1,126 million, up 5.2% in Swiss Francs
- EBITDA margin of 24.1% in 2016
- Net income of CHF 644 million, up 3.1% year-on-year
- Free cash flow of 12.8% of sales
- Proposed dividend of CHF 56.00 per share, up 3.7% year on year

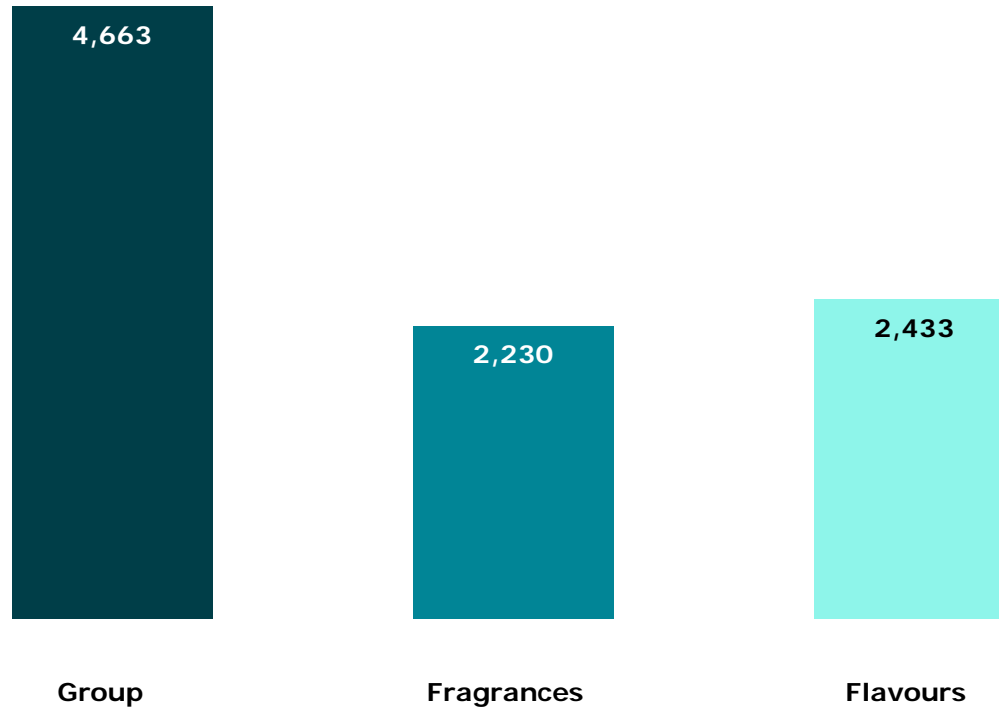
\* Like-for-like (LFL) excludes the impact of currency, acquisitions and disposals

**Our 2016 full year results are a convincing demonstration of the continued value we bring to our customers, across all regions and segments**

# 2016 Full Year Results

## Sales performance: In line with 2020 guidance

in million CHF



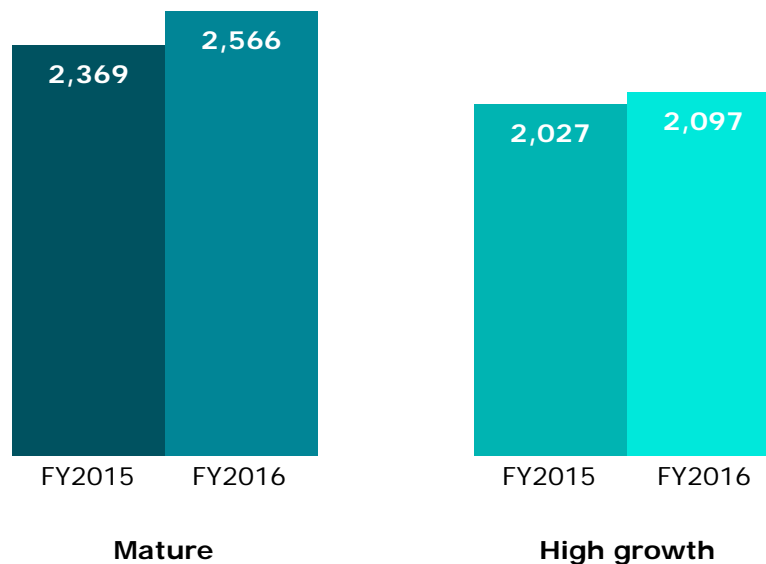
	Group	Fragrances	Flavours
% 2016 growth on LFL* basis	4.2%	5.6%	3.0%
% 2016 growth in CHF	6.1%	6.4%	5.8%

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

# 2016 Full Year Results

## Sales evolution by market: Solid performance in high growth markets, acquisitions mainly accredited to the mature markets

in million CHF



% of total sales

54% 55%

46% 45%

% 2016 growth on LFL\* basis

2.4%

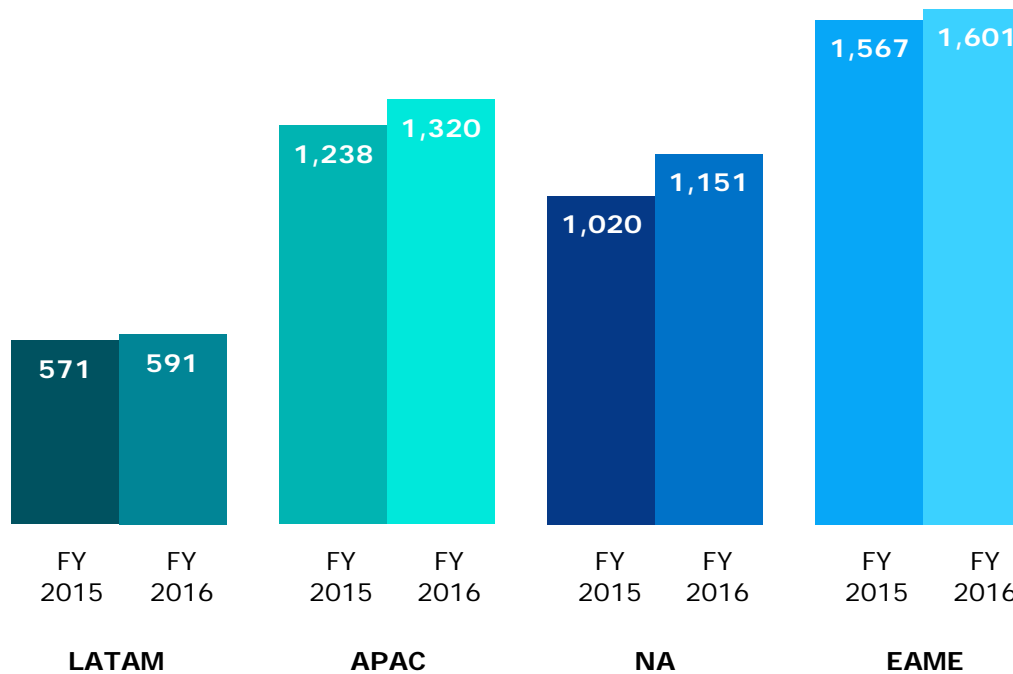
6.4%

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

# 2016 Full Year Results

## Sales evolution by region: All regions growing at faster pace than 2015

in million CHF



% 2016 growth on LFL\* basis

13.2%

4.6%

2.9%

1.6%

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

# 2016 Full Year Results

## Fragrance Division: Operational Performance

### Fine Fragrances grew 7.2%

Growth driven by Latin America, Middle East and strong double-digit growth in North America

### Consumer Products grew 6.1%

Strong growth in both mature and high growth markets

Double-digit growth in Latin America

Double-digit growth with local and regional customers

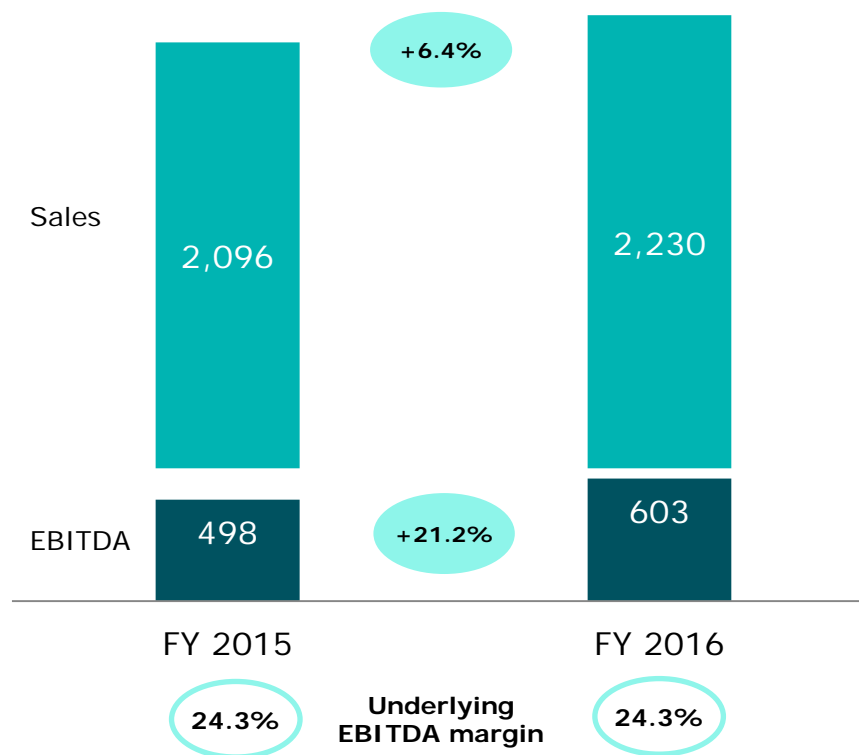
Double-digit growth in fabric care and home care segments

### Fragrance and Cosmetic Ingredients grew 1.0%

Good growth in Active Beauty with recent launches

Sourcing from Mexico and China (JV) allows the Group to remain competitive in Fragrance Ingredients

### Sales and EBITDA in million CHF



# 2016 Full Year Results

## Flavour Division: Operational Performance

Double digit growth with Targeted Customers and in Health & Wellness contributed to the overall performance

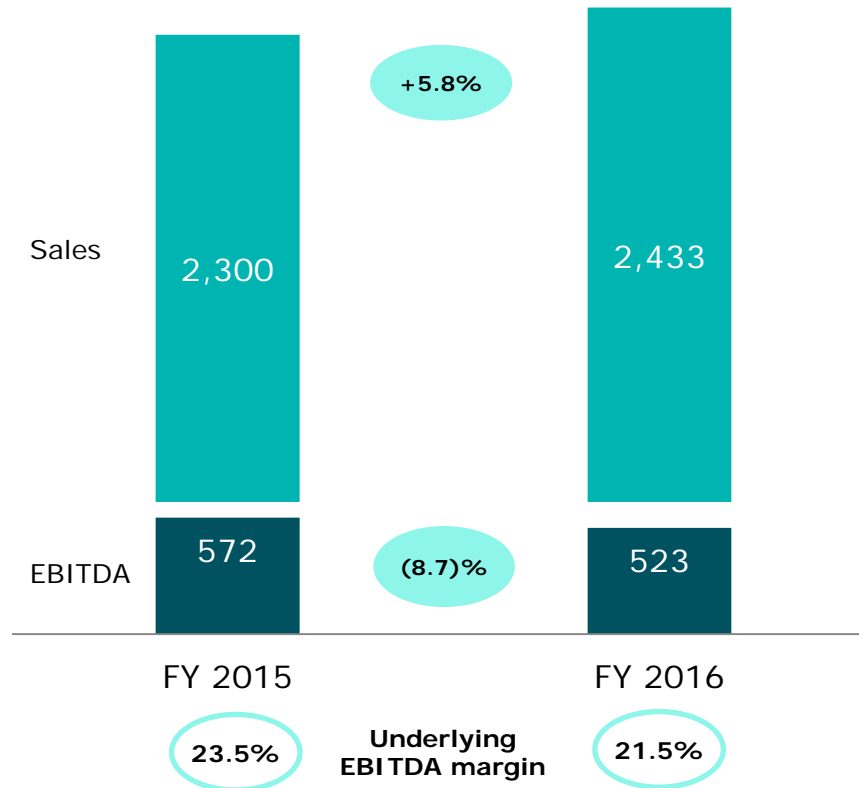
Asia Pacific increased 5.1% driven by double digit growth in India

Europe, Africa and Middle East were flat as declines in mature markets of Germany, UK and France were offset by Southern Europe and certain pockets of Africa

North America declined 1.0% mainly as a result of high comparables.

Latin America increased 17.1% driven by double digit growth in Argentina and Brazil supported by good growth in Mexico

Sales and EBITDA  
in million CHF





# Tom Hallam

## Chief Financial Officer

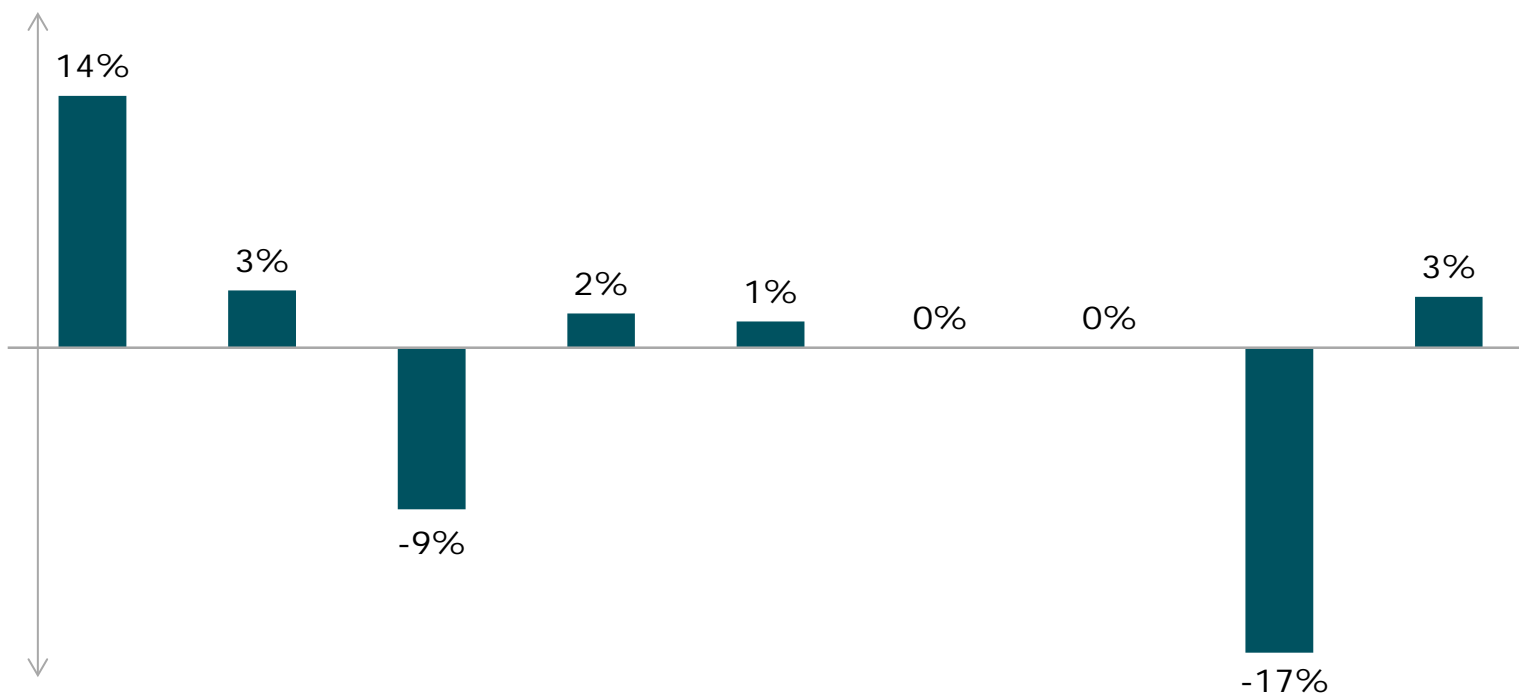
# 2016 Full Year Results

## Highlights

- Sales of CHF 4.7 billion, up 4.2% on a like-for-like basis
- EBITDA of CHF 1,126 million, up 5.2% in Swiss Francs
- EBITDA margin of 24.1% in 2016
- Net income of CHF 644 million, up 3.1% year-on-year
- Investments slightly above 2015, at 3.8% of sales
- Free cash flow of 12.8% of sales
- Net debt of CHF 930 million, leverage at 19%
- Proposed dividend of CHF 56.00 per share, up 3.7% year on year

# 2016 Full Year Results

**Exchange rate development:** Results largely unaffected by currencies, despite some significant individual currency movements versus Swiss francs



	JPY	USD	GBP	EUR	SGD	BRL	CNY	MXN	IDR
FY 2016	0.91	0.99	1.34	1.09	0.71	0.29	0.15	0.05	0.74
FY 2015	0.80	0.96	1.47	1.07	0.70	0.29	0.15	0.06	0.72

# 2016 Full Year Results

## Operating performance: Consistent improvement

Sales of CHF 4,663 million  
(2015: CHF 4,396 million)

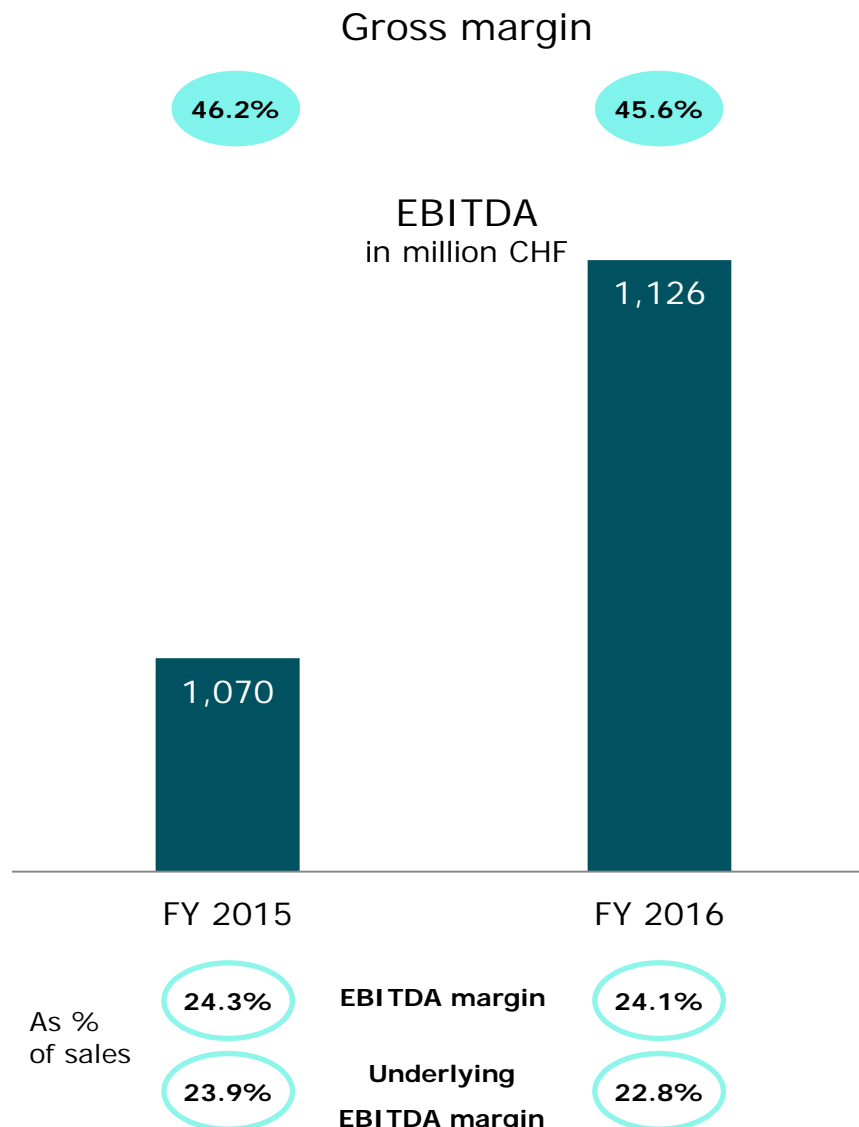
Gross margin of 45.6% compared to 46.2%  
in 2015, mainly driven by impact of Spicetec

EBITDA of CHF 1,126 million, up 5.2% in  
CHF and 3.7% in l.c. driven by:

- Targeted investments to support 2020 strategy
- Underlying operating expenses under control
- One-off gain in 2016 of CHF 62 million (2015: CHF 20 million)

EBITDA margin of 24.1%, down from 24.3%  
in 2015

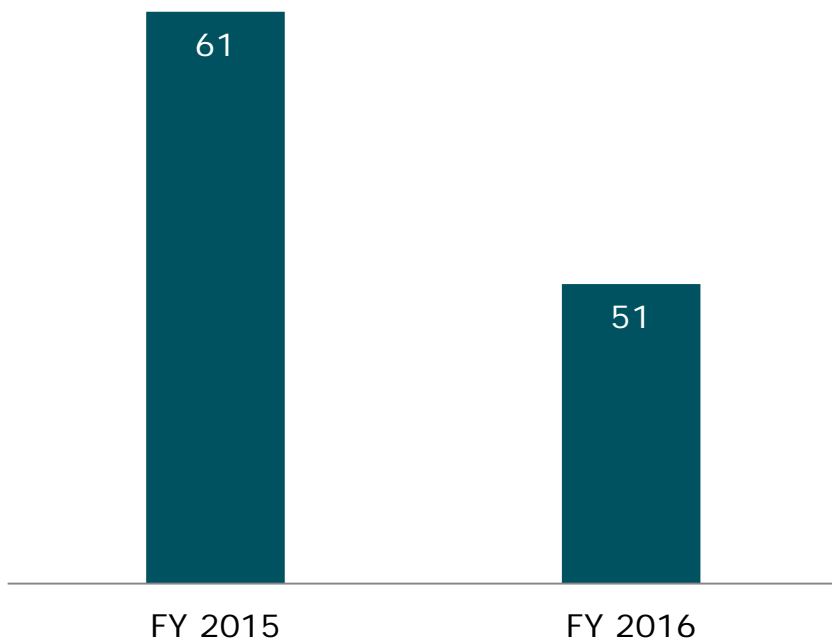
Operating income of CHF 875 million, up  
10.2% from 2015 driven by higher EBITDA  
and lower amortisation charge



# 2016 Full Year Results

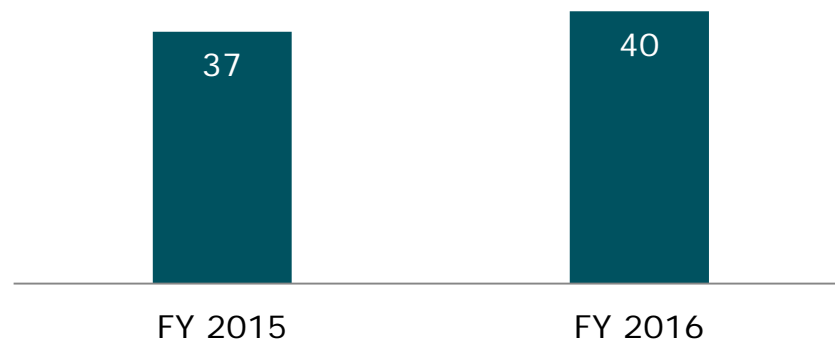
## Financing costs and other financial expenses

Financing costs  
in million CHF



Financing costs down in 2016, following re-financing over recent years at attractive interest rates.

Other financial expenses (net)  
in million CHF



Other financial income and expenses impacted by unhedged currency volatility in certain markets.

# 2016 Full Year Results

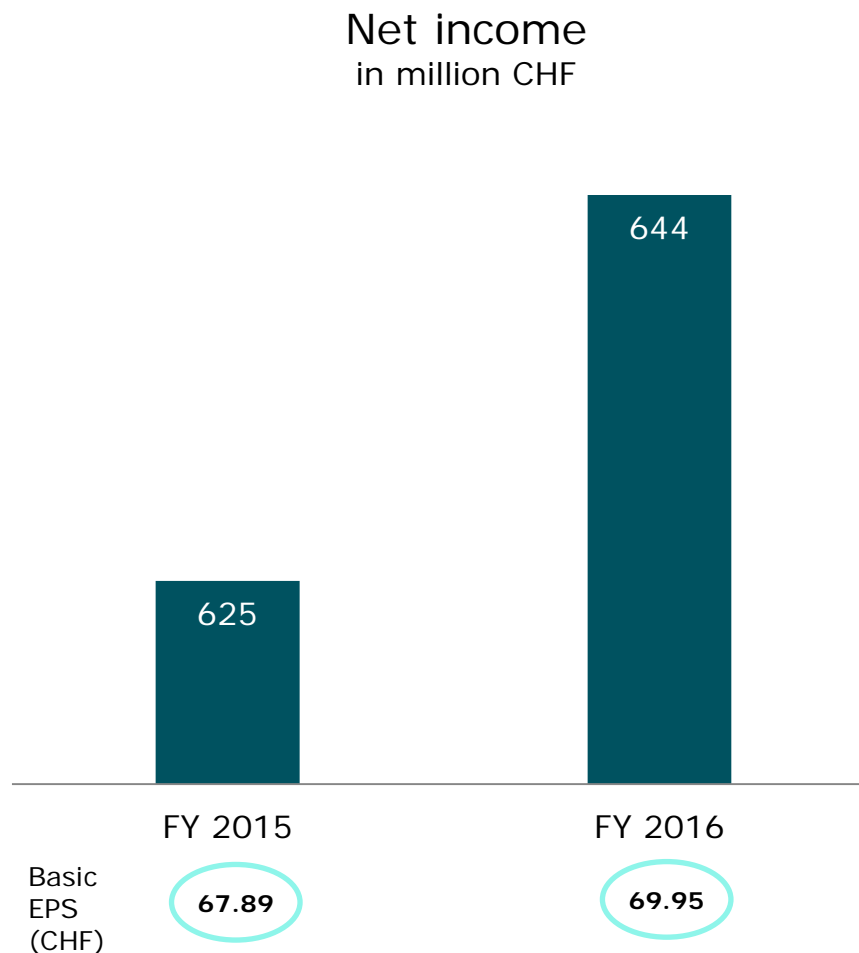
**Net income:** increasing by 3.1% as a result of continued solid operating performance

**Income before tax** of CHF 784 million, up from CHF 696 driven by higher operating profit

**Effective tax rate** of 18%, flat versus the underlying rate in 2015 (2015 actual rate of 10%)

**Net income** of CHF 644 million, or 13.8% of sales, versus 14.2% in 2015

**Basic EPS** of CHF 69.95, versus CHF 67.89 in 2015



# 2016 Full Year Results

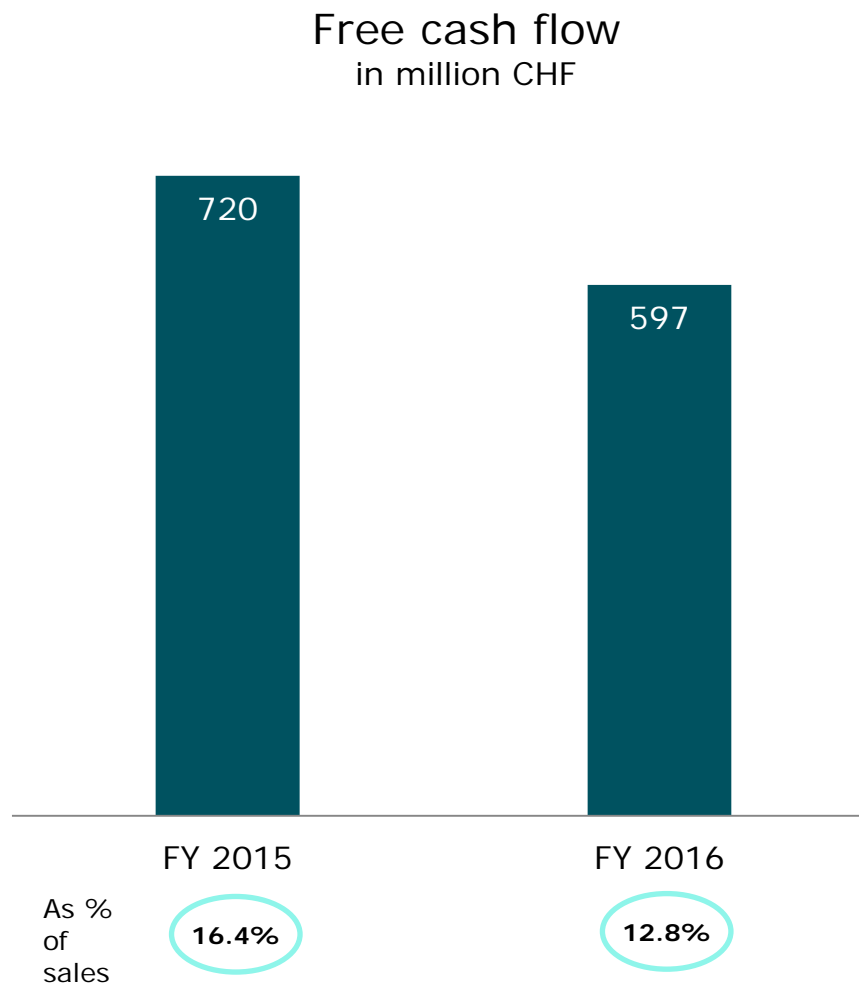
## Free cash flow: In line with mid term targets

Operating cash flow of CHF 805 million, down from CHF 915 in 2015

Working capital as a % of sales flat versus 2015

Total investments of CHF 175 million, including new facilities in India and Switzerland

Net Investments as % of sales were 3.8%, slightly above the level in 2015



# 2016 Full Year Results

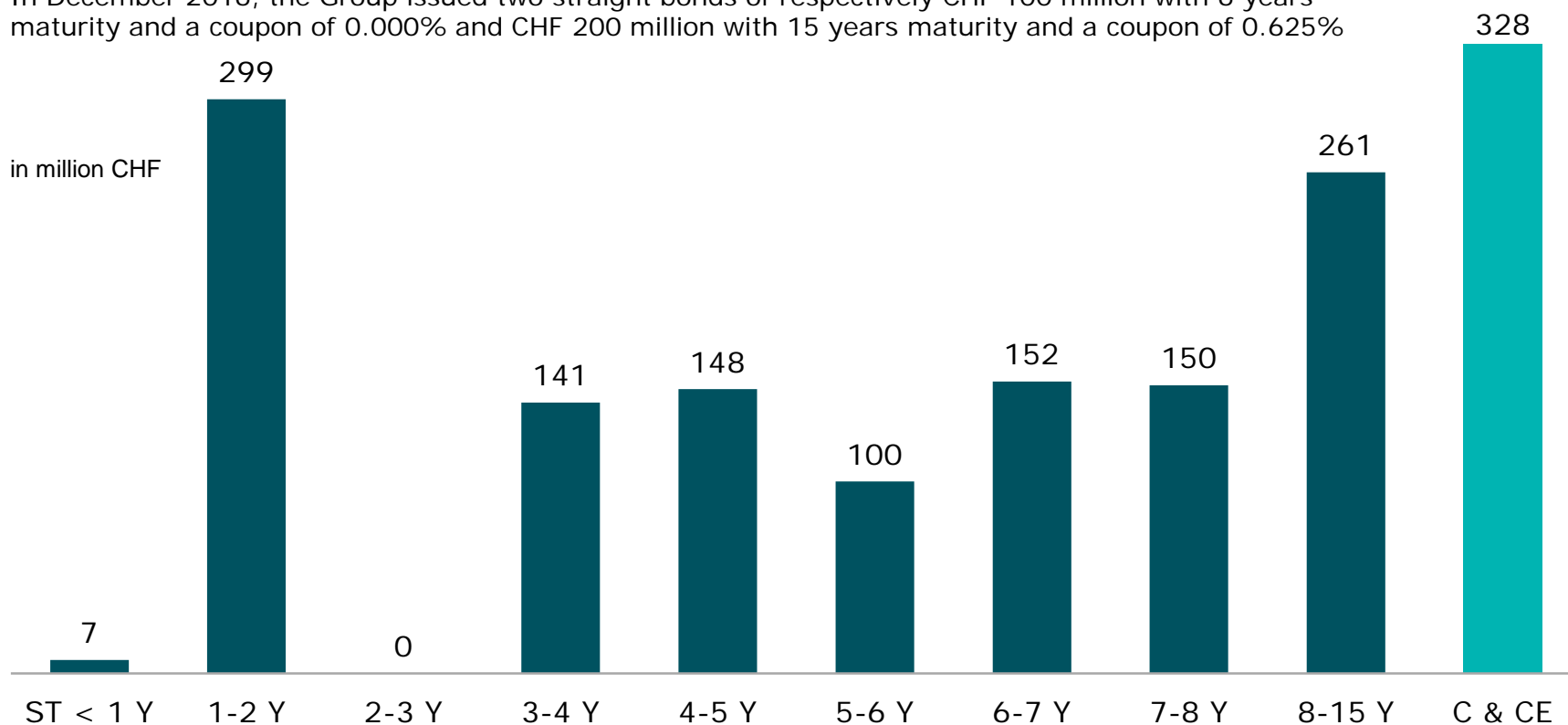
## Conservative debt profile

### Reimbursements

April 2016 reimbursement of USD 55 million (CHF 53 million) private placement, with an annual interest rate of 5.49%  
December 2016, reimbursement of CHF 150 million Straight Bond with an annual interest rate of 1.250%

### Issues

In December 2016, the Group issued two straight bonds of respectively CHF 100 million with 6 years maturity and a coupon of 0.000% and CHF 200 million with 15 years maturity and a coupon of 0.625%

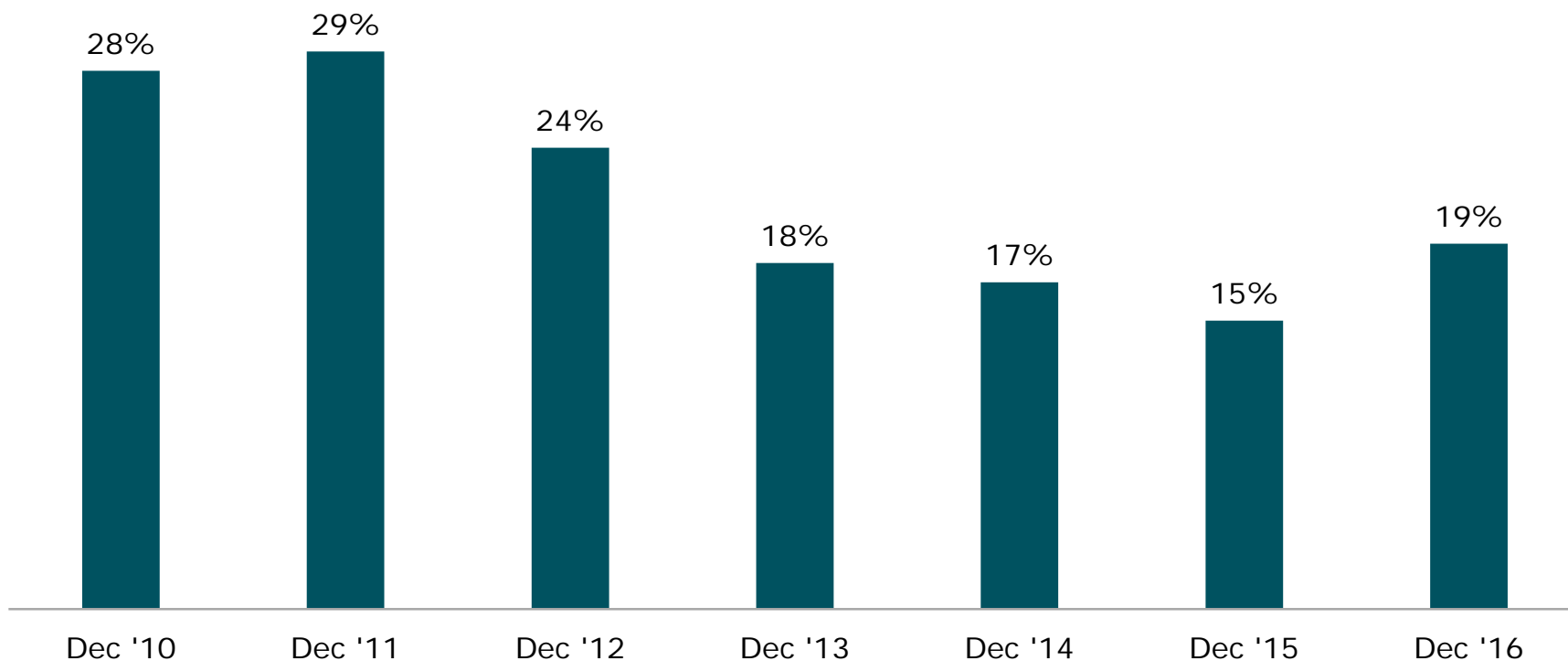




# 2016 Full Year Results

## Leverage ratio: In line with long term targets, impacted in 2016 by Spicetec acquisition

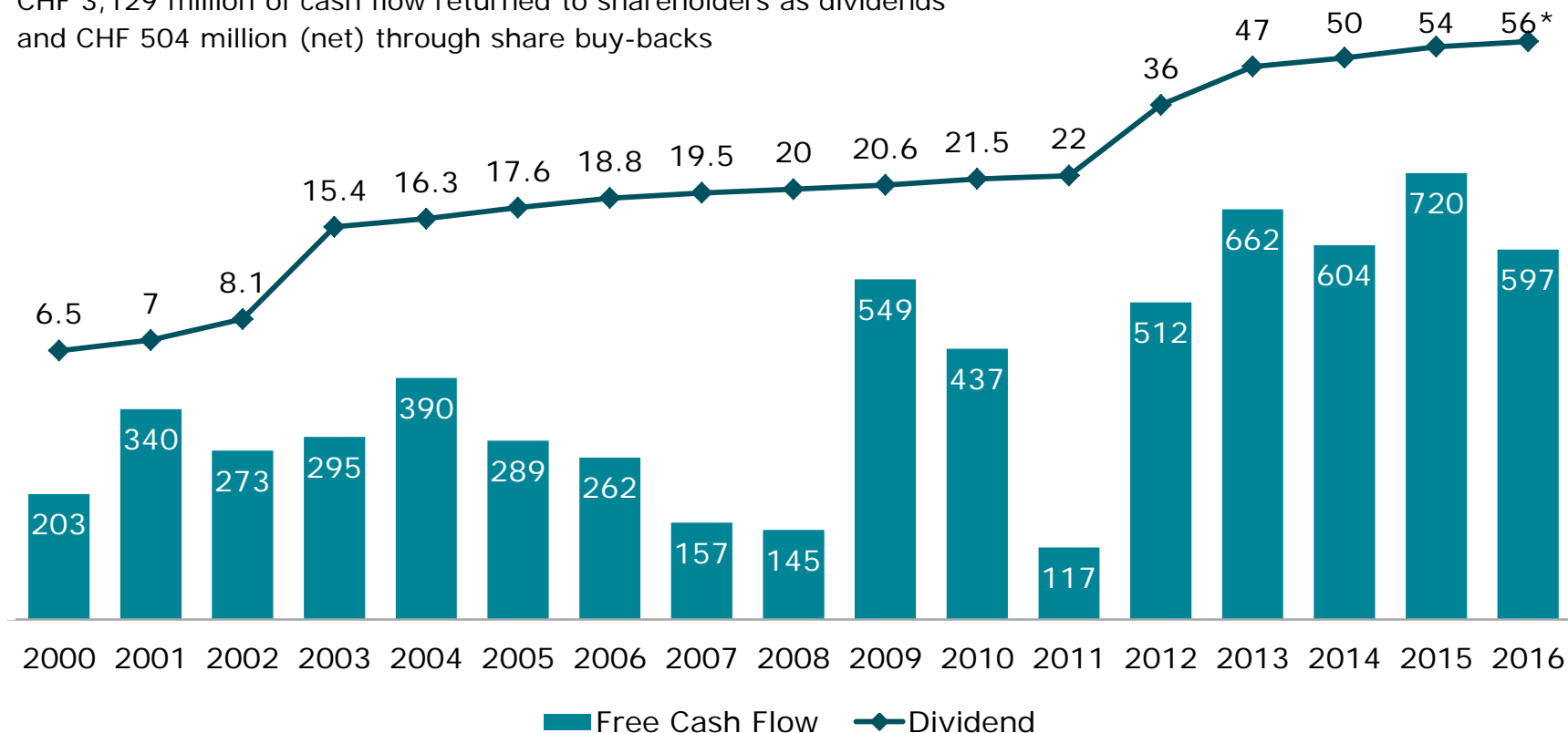
Leverage ratio of 19% as at December 2016 as a result of solid cash flow generation, offset by acquisition  
Intention to maintain a medium term leverage ratio target below 25%



# 2016 Full Year Results

## Dividend per share: Increasing 3.7% YoY

Free cash flow of CHF 6.6 billion generated over the past 17 years  
CHF 3,129 million of cash flow returned to shareholders as dividends\*  
and CHF 504 million (net) through share buy-backs



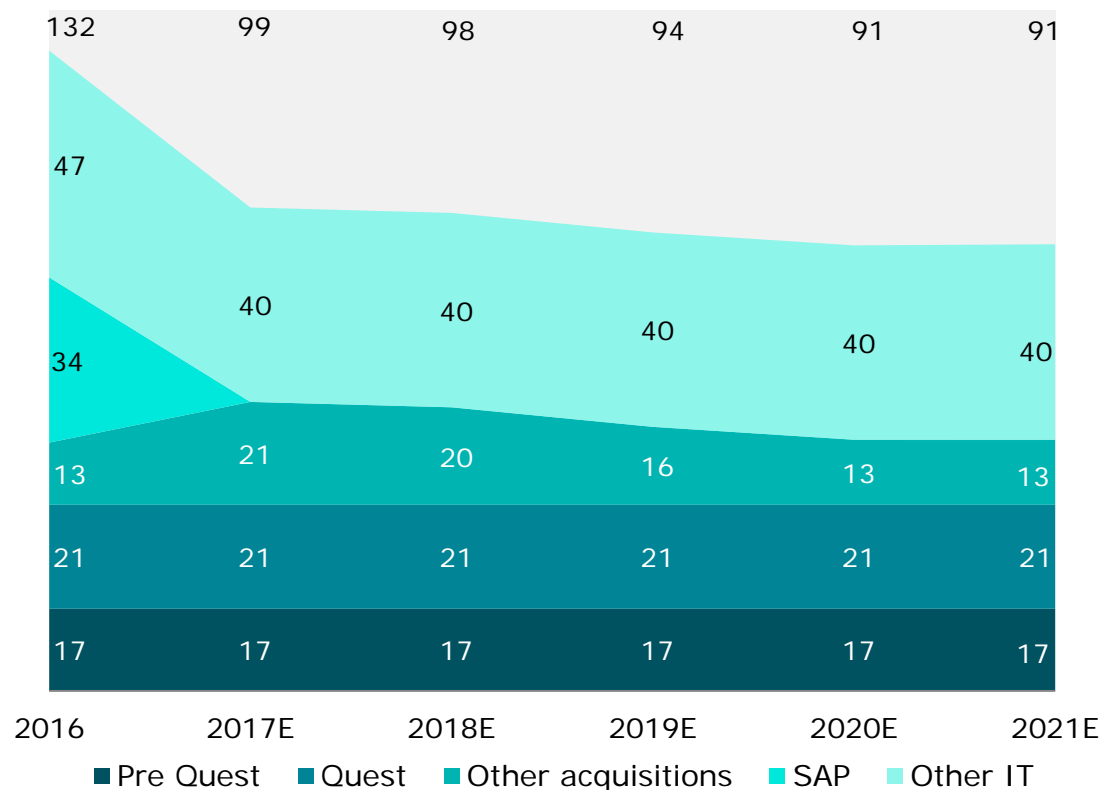
\* Subject to approval of shareholders at the AGM in March 2017

# 2016 Full Year Results

## Amortisation of intangible assets

- Pre Quest amortisation of intangible assets of approx. CHF 17 million p.a.
- Quest (exc. Goodwill)
- Other acquisitions: Soliance, Induchem and Spicetec (exc. Goodwill) 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 million CHF, estimated)



# 2016 Full Year Results

## Financial summary

- Sales of CHF 4.7 billion, an increase of 4.2% on a like-for-like basis, briefs pipeline and win rate remain strong
- Continued strong cost focus and investments to support 2020 targets
- Net income of CHF 644 million, up 3.1% year-on-year
- Free cash flow of 12.8% of sales
- Net debt of CHF 930 million, leverage at 19%
- Proposed dividend of CHF 56.00 per share, up 3.7% year on year

# Gilles Andrier

## Chief Executive Officer

# 2020 guidance Our commitment



Givaudan

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# 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**

\* Over a five-year period by 2020

Creating additional value through acquisitions

**Intention to maintain current dividend practice  
as part of this ambition**

# Q & A



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