

2017 Half Year Results

Financial summary



Givaudan

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Key figures

Financial Review

For the six months ended 30 June

in millions of Swiss francs except earnings per share data	2017	2016
Sales	2,483	2,334
Gross profit	1,132	1,093
as % of sales	45.6%	46.8%
EBITDA^a	597	638
as % of sales	24.0%	27.3%
Operating income	489	500
as % of sales	19.7%	21.4%
Income attributable to equity holders of the parent	384	368
as % of sales	15.5%	15.7%
Earnings per share - basic (CHF)	41.70	40.00
Earnings per share - diluted (CHF)	41.37	39.62
Operating cash flow	269	237
as % of sales	10.8%	10.2%
Free cash flow	132	174
as % of sales	5.3%	7.4%

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

Group

For the six months ended 30 June

in millions of Swiss francs	2017	2016
Sales to third parties	2,483	2,334
EBITDA^a	597	638
as % of sales	24.0%	27.3%
One off items	(24)	55
Comparable EBITDA	621	583
as % of sales	25.0%	25.0%
Operating income	489	500
as % of sales	19.7%	21.4%

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

Key figures – by Division

Flavour Division

For the six months ended 30 June

in millions of Swiss francs	2017	2016
Sales to third parties	1,346	1,202
EBITDA^a	321	287
as % of sales	23.9%	23.9%
One off items		
Comparable EBITDA	321	287
as % of sales	23.9%	23.9%
Operating income	258	213
as % of sales	19.2%	17.7%

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

Fragrance Division

For the six months ended 30 June

in millions of Swiss francs	2017	2016
Sales to third parties	1,137	1,132
EBITDA^a	276	351
as % of sales	24.2%	31.0%
One off items	(24)	55
Comparable EBITDA	300	296
as % of sales	26.3%	26.2%
Operating income	231	287
as % of sales	20.3%	25.4%

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

Consolidated financial statements

Consolidated Income Statement

For the six months ended 30 June

in millions of Swiss francs, except for earnings per share data	2017	2016
Sales	2,483	2,334
Cost of sales	(1,351)	(1,241)
Gross profit	1,132	1,093
as % of sales	45.6%	46.8%
Selling, marketing and distribution expenses	(320)	(311)
Research and product development expenses	(206)	(197)
Administration expenses	(81)	(89)
Share of (loss) profit of jointly controlled entities	–	–
Other operating income	10	60
Other operating expense	(46)	(56)
Operating income	489	500
as % of sales	19.7%	21.4%
Financing costs	(21)	(27)
Other financial income (expense), net	(17)	(18)
Income before taxes	451	455
Income taxes	(67)	(87)
Income for the period	384	368
Attribution		
Income attributable to equity holders of the parent	384	368
as % of sales	15.5%	15.7%
Earnings per share – basic (CHF)	41.70	40.00
Earnings per share – diluted (CHF)	41.37	39.62

Consolidated Statement of Comprehensive Income

For the six months ended 30 June

in millions of Swiss francs	2017	2016
Income for the period	384	368
Items that may be reclassified to the income statement		
Cash flow hedges		
Movement in fair value, net	4	(42)
Gains (losses) removed from equity and recognised in the consolidated income statement	2	6
Movement on income tax	–	2
Exchange differences arising on translation of foreign operations		
Change in currency translation	(69)	(112)
Movement on income tax	–	(1)
Items that will not be reclassified to the income statement		
Defined benefit pension plans		
Remeasurement gains (losses) of post employment benefit obligations	37	(233)
Movement on income tax	(8)	61
Other comprehensive income for the period	(34)	(319)
Total comprehensive income for the period	350	49
Attribution		
Total comprehensive income attributable to equity holders of the parent	350	49

Consolidated Statement of Financial Position

in millions of Swiss francs	30 June 2017	31 December 2016
Cash and cash equivalents	220	328
Derivative financial instruments	26	9
Derivatives on own equity instruments		3
Accounts receivable - trade	1,081	996
Inventories	886	788
Current tax assets	30	26
Other current assets	185	193
Current assets	2,428	2,343
Property, plant and equipment	1,431	1,442
Intangible assets	2,334	2,311
Deferred tax assets	251	259
Post-employment benefit plan assets	14	12
Financial assets at fair value through income statement	59	59
Jointly controlled entities	33	35
Investment property	15	
Other long-term assets	52	53
Non-current assets	4,189	4,171
Total assets	6,617	6,514
Short-term debt	711	7
Derivative financial instruments	8	32
Accounts payable - trade and others	493	494
Accrued payroll & payroll taxes	112	143
Current tax liabilities	37	46
Financial liability: own equity instruments	105	57
Provisions	7	6
Other current liabilities	168	174
Current liabilities	1,641	959
Derivative financial instruments	59	62
Long-term debt	938	1,251
Provisions	59	59
Post-employment benefit plan liabilities	668	722
Deferred tax liabilities	123	93
Other non-current liabilities	69	75
Non-current liabilities	1,916	2,262
Total liabilities	3,557	3,221
Share capital	92	92
Retained earnings and reserves	5,346	5,477
Own equity instruments	(177)	(109)
Other components of equity	(2,201)	(2,167)
Equity attributable to equity holders of the parent	3,060	3,293
Total equity	3,060	3,293
Total liabilities and equity	6,617	6,514

Consolidated Statement of Changes in Equity

For the six months ended 30 June

2017 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Currency translation differences	Remeasure- ment of post employment benefit obligations	Total equity
Balance as at 1 January	92	5,477	(109)	(73)	(1,519)	(575)	3,293
Income for the period		384					384
Other comprehensive income for the period				6	(69)	29	(34)
Total comprehensive income for the period		384		6	(69)	29	350
Dividends paid		(515)					(515)
Movement on own equity instruments, net			(68)				(68)
Net change in other equity items		(515)	(68)				(583)
Balance as at 30 June	92	5,346	(177)	(67)	(1,588)	(546)	3,060

2016 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Currency translation differences	Remeasure- ment of post employment benefit obligations	Total equity
Balance as at 1 January	92	5,373	(79)	(70)	(1,396)	(505)	3,415
Income for the period		368					368
Other comprehensive income for the period				(34)	(113)	(172)	(319)
Total comprehensive income for the period		368		(34)	(113)	(172)	49
Dividends paid		(495)					(495)
Movement on own equity instruments, net			(35)				(35)
Net change in other equity items		(495)	(35)				(530)
Balance as at 30 June	92	5,246	(114)	(104)	(1,509)	(677)	2,934

Consolidated Statement of Cash Flows

For the six months ended 30 June

in millions of Swiss francs	2017	2016
Income for the period	384	368
Income tax expense	67	87
Interest expense	15	22
Non-operating income and expense	23	23
Operating income	489	500
Depreciation of property, plant and equipment	56	57
Amortisation of intangible assets	52	81
Other non-cash items		
- share-based payments	15	18
- pension expense	16	(35)
- additional and unused provisions, net	5	3
- other non-cash items	(31)	(18)
Adjustments for non-cash items	113	106
(Increase) decrease in inventories	(114)	(52)
(Increase) decrease in accounts receivable	(103)	(131)
(Increase) decrease in other current assets	1	(51)
Increase (decrease) in accounts payable	43	9
Increase (decrease) in other current liabilities	(37)	(17)
(Increase) decrease in working capital	(210)	(242)
Income taxes paid	(55)	(65)
Pension contributions paid	(32)	(22)
Provisions used	(3)	(5)
Purchase and sale of own equity instruments, net	(33)	(24)
Impact of financial transactions on operating, net		(11)
Cash flows from (for) operating activities	269	237
Increase in long-term debt	-	-
(Decrease) in long-term debt	(10)	
Increase in short-term debt	544	214
(Decrease) in short-term debt	(149)	(116)
Cash flows from debt, net	385	98
Interest paid	(14)	(18)
Purchase and sale of derivative financial instruments, net	-	6
Others, net	(2)	2
Cash flows from financial liabilities	369	88
Distribution to the shareholders paid	(515)	(495)
Cash flows from (for) financing activities	(146)	(407)
Acquisition of property, plant and equipment	(97)	(33)
Acquisition of intangible assets	(27)	(12)
Acquisition of subsidiary, net of cash acquired	(111)	
Proceeds from the disposal of property, plant and equipment	1	-
Others, net	5	(3)
Cash flows from (for) investing activities	(229)	(48)
Net increase (decrease) in cash and cash equivalents	(106)	(218)
Net effect of currency translation on cash and cash equivalents	(2)	-
Cash and cash equivalents at the beginning of the period	328	478
Cash and cash equivalents at the end of the period	220	260