

2016 Half year results

Financial summary

18 July 2016



Givaudan

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KEY FIGURES

Financial Review

For the six months ended 30 June

2016

2015

in millions of Swiss francs except earnings per share data

Sales	2,334	2,184
Gross profit <i>as % of sales</i>	1,093 46.8%	1,016 46.5%
EBITDA^a <i>as % of sales</i>	638 27.3%	566 25.9%
Operating income <i>as % of sales</i>	500 21.4%	428 19.6%
Income attributable to equity holders of the parent <i>as % of sales</i>	368 15.7%	342 17.6%
Earnings per share - basic (CHF)	40.00	37.15
Earnings per share - diluted (CHF)	39.62	36.69
Operating cash flow <i>as % of sales</i>	237 10.2%	341 15.6%
Free cash flow <i>as % of sales</i>	174 7.4%	248 11.4%

a) EBITDA: **E**arnings **B**efore **I**nterest (and other financial income (expense), net), **T**ax, **D**epreciation and **A**mortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

KEY FIGURES GROUP

For the six months ended 30 June

2016

2015

in millions of Swiss francs

Sales to third parties	2,334	2,184
EBITDA^a	638	566
<i>as % of sales</i>	<i>27.3%</i>	<i>25.9%</i>
One off items	55	20
COMPARABLE EBITDA	583	546
<i>as % of sales</i>	<i>25.0%</i>	<i>25.0%</i>
Operating income	500	428
<i>as % of sales</i>	<i>21.4%</i>	<i>19.6%</i>

a) EBITDA: **E**arnings **B**efore **I**nterest (and other financial income (expense), net), **T**ax, **D**epreciation and **A**mortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

KEY FIGURES by division

FRAGRANCE DIVISION

For the six months ended 30 June	2016	2015
<i>in millions of Swiss francs</i>		
Sales to third parties	1,132	1,023
EBITDA^a	351	244
<i>as % of sales</i>	<i>31.0%</i>	<i>23.8%</i>
One off items	55	(12)
COMPARABLE EBITDA	296	256
<i>as % of sales</i>	<i>26.2%</i>	<i>25.0%</i>
Operating income	287	181
<i>as % of sales</i>	<i>25.4%</i>	<i>17.7%</i>

FLAVOUR DIVISION

For the six months ended 30 June	2016	2015
<i>in millions of Swiss francs</i>		
Sales to third parties	1,202	1,161
EBITDA^a	287	322
<i>as % of sales</i>	<i>23.9%</i>	<i>27.8%</i>
One off items	0	32
COMPARABLE EBITDA	287	290
<i>as % of sales</i>	<i>23.9%</i>	<i>25.0%</i>
Operating income	213	247
<i>as % of sales</i>	<i>17.7%</i>	<i>21.3%</i>

a) EBITDA: **E**arnings **B**efore **I**nterest (and other financial income (expense), net), **T**ax, **D**epreciation and **A**mortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June	2016	2015 ^a
in millions of Swiss francs, except for earnings per share data		
Sales	2,334	2,184
Cost of sales	(1,241)	(1,168)
Gross profit	1,093	1,016
<i>as % of sales</i>	46.8%	46.5%
Selling, marketing and distribution expenses	(311)	(294)
Research and product development expenses	(197)	(183)
Administration expenses	(89)	(79)
Share of (loss) profit of jointly controlled entities	-	(1)
Other operating income	60	36
Other operating expense	(56)	(67)
Operating income	500	428
<i>as % of sales</i>	21.4%	19.6%
Financing costs	(27)	(31)
Other financial income (expense), net	(18)	(13)
Income before taxes	455	384
<i>as % of sales</i>	19.5%	17.6%
Income taxes	(87)	(42)
Income for the period	368	342
Attribution		
Income attributable to equity holders of the parent	368	342
<i>as % of sales</i>	15.7%	15.6%
Earnings per share – basic (CHF)	40.00	37.15
Earnings per share – diluted (CHF)	39.62	36.69

a) Previous year figures have been restated in early adoption of IFRS 9.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June in millions of Swiss francs	2016	2015 ^a
Income for the period	368	342
Items that may be reclassified to the income statement		
Cash flow hedges		
Movement in fair value, net	(42)	(4)
Gains (losses) removed from equity and recognised in the consolidated income statement	6	6
Movement on income tax	2	-
Exchange differences arising on translation of foreign operations		
Change in currency translation	(112)	(283)
Movement on income tax	(1)	4
Items that will not be reclassified to the income statement		
Defined benefit pension plans		
Remeasurement of post employment benefit obligations	(233)	49
Movement on income tax	61	(17)
Other comprehensive income for the period	(319)	(245)
Total comprehensive income for the period	49	97
Attribution		
Total comprehensive income attributable to equity holders of the parent	49	97

a) Previous year figures have been restated in early adoption of IFRS 9.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 30 June

2016 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Available-for-sale financial assets	Currency translation differences	Defined benefit pension plans remeasurement	Total equity
Balance as at 1 January published	92	5,361	(79)	(70)	12	(1,396)	(505)	3,415
Balance as at 1 January restated	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

2015 ^a in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Available-for-sale financial assets	Currency translation differences	Defined benefit pension plans remeasurement	Total equity
Balance as at 1 January published	92	5,187	(78)	(67)	22	(1,195)	(548)	3,413
Balance as at 1 January restated	92	5,209	(78)	(67)		(1,195)	(548)	3,413
Income for the period		342						342
Other comprehensive income for the period				2		(279)	32	(245)
Total comprehensive income for the period		342		2		(279)	32	97
Dividends paid		(461)						(461)
Movement on own equity instruments, net			(26)					(26)
Net change in other equity items		(461)	(26)					(487)
Balance as at 30 June restated	92	5,090	(104)	(65)		(1,474)	(516)	3,023

a) Previous year figures have been restated in early adoption of IFRS 9.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in millions of Swiss francs	30 June 2016	31 December 2015 ^a	1 January 2015 ^a
Cash and cash equivalents	260	478	412
Derivative financial instruments	9	17	21
Derivatives on own equity instruments	3	6	10
Financial assets at fair value through income statement	1	2	64
Accounts receivable - trade	1028	901	911
Inventories	761	716	771
Current tax assets	25	16	22
Other current assets	191	143	146
Current assets	2,278	2,279	2,357
Property, plant and equipment	1,357	1,384	1,430
Intangible assets	2,071	2,197	2,293
Deferred tax assets	289	260	258
Post-employment benefit plan assets	13	15	7
Financial assets at fair value through income statement	75	76	76
Jointly controlled entities	26	27	17
Other long-term assets	50	44	34
Non-current assets	3,881	4,003	4,115
Total assets	6,159	6,282	6,472
Short-term debt	305	208	57
Derivative financial instruments	38	18	19
Accounts payable - trade and others	427	400	423
Accrued payroll & payroll taxes	107	120	119
Current tax liabilities	71	70	82
Financial liability: own equity instruments	71	48	54
Provisions	7	12	12
Other current liabilities	138	138	155
Current liabilities	1,164	1,014	921
Derivative financial instruments	101	62	50
Long-term debt	941	947	1150
Provisions	54	51	36
Post-employment benefit plan liabilities	807	637	735
Deferred tax liabilities	89	92	88
Other non-current liabilities	69	64	79
Non-current liabilities	2,061	1,853	2,138
Total liabilities	3,225	2,867	3,059
Share capital	92	92	92
Retained earnings and reserves	5,246	5,373	5,209
Hedging reserve	(104)	(70)	(67)
Own equity instruments	(114)	(79)	(78)
Defined benefit plans	(677)	(505)	(548)
Cumulative translation differences	(1509)	(1396)	(1195)
Equity attributable to equity holders of the parent	2,934	3,415	3,413
Total equity	2,934	3,415	3,413
Total liabilities and equity	6,159	6,282	6,472

a) Previous year figures have been restated in early adoption of IFRS 9.

CONSOLIDATED CASH FLOW

For the six months ended 30 June	2016	2015 ^a
in millions of Swiss francs		
Income for the period	368	342
Income tax expense	87	42
Interest expense	22	23
Non-operating income and expense	23	21
Operating income	500	428
Depreciation of property, plant and equipment	57	54
Amortisation of intangible assets	81	80
Impairment of long-lived assets	-	4
Other non-cash items		
- share-based payments	18	16
- pension expense	(35)	(10)
- additional and unused provisions, net	3	16
- other non-cash items	(18)	22
Adjustments for non-cash items	106	182
(Increase) decrease in inventories	(52)	(20)
(Increase) decrease in accounts receivable	(131)	(87)
(Increase) decrease in other current assets	(51)	(36)
Increase (decrease) in accounts payable	9	6
Increase (decrease) in other current liabilities	(17)	(41)
(Increase) decrease in working capital	(242)	(178)
Income taxes paid	(65)	(51)
Pension contributions paid	(22)	(27)
Provisions used	(5)	(6)
Purchase and sale of own equity instruments, net	(24)	(12)
Impact of financial transactions on operating, net	(11)	5
Cash flows from (for) operating activities	237	341
Increase in long-term debt	-	200
(Decrease) in long-term debt		(127)
Increase in short-term debt	214	306
(Decrease) in short-term debt	(116)	(300)
Interest paid	(18)	(19)
Distribution to the shareholders paid	(495)	(461)
Purchase and sale of derivative financial instruments financing, net	6	(6)
Others, net	2	(3)
Cash flows from (for) financing activities	(407)	(410)
Acquisition of property, plant and equipment	(33)	(57)
Acquisition of intangible assets	(12)	(17)
Increase in share capital of jointly controlled entities		(3)
Proceeds from the disposal of property, plant and equipment	-	-
Interest received	1	1
Purchase and sale of financial assets at fair value through income statement, net	1	(5)
Others, net	(5)	4
Cash flows from (for) investing activities	(48)	(77)
Net increase (decrease) in cash and cash equivalents	(218)	(146)
Net effect of currency translation on cash and cash equivalents	-	(50)
Cash and cash equivalents at the beginning of the period	478	412
Cash and cash equivalents at the end of the period	260	216

a) Previous year figures have been restated in early adoption of IFRS 9.