

Investor presentation

Responsible growth. Shared success.



October 2018 – January 2019

Givaudan

engage your senses



Givaudan products

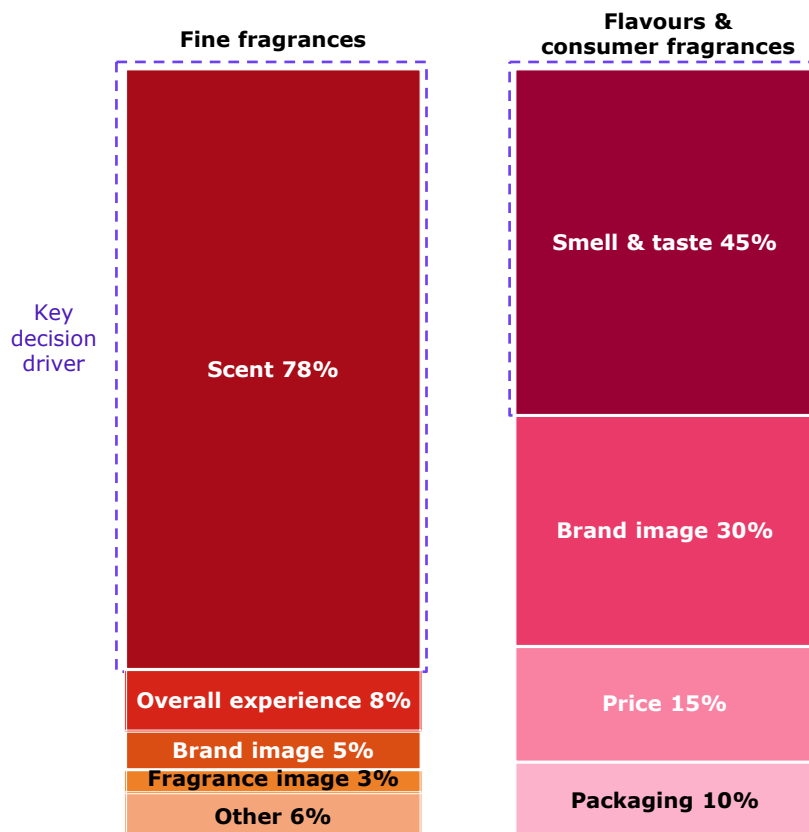
drive millions of consumer decisions every day!



F&F: the key driver of consumer repurchase decisions

Critical contribution towards customer decision making despite being a low cost component

Scent & taste determine customer decisions ...



... and represent only a minor fraction of costs

Share of F&F ingredients in customer's COGS



- F&F ingredients usually represent a **very minor portion of the end product costs** while having **significant influence on the repurchase decisions of the consumer**
- Consumer goods producers have **no incentive to compromise on the quality of F&F ingredients** as they are **key drivers of market success**
- Consequently, F&F ingredients are a **key ingredient to consumer goods producers**

Sources: AC Nielsen (European) study, company information..

The fragrance and flavour industry



The fragrance and flavour industry

End consumer markets

Our customers

Multi-national | Regional | Local | Foodservice | Private label

The cost of flavours and fragrances to our customers is typically between 0.5 – 6% of their product cost



Food



Beverages



Fine Fragrances



Household



Personal care

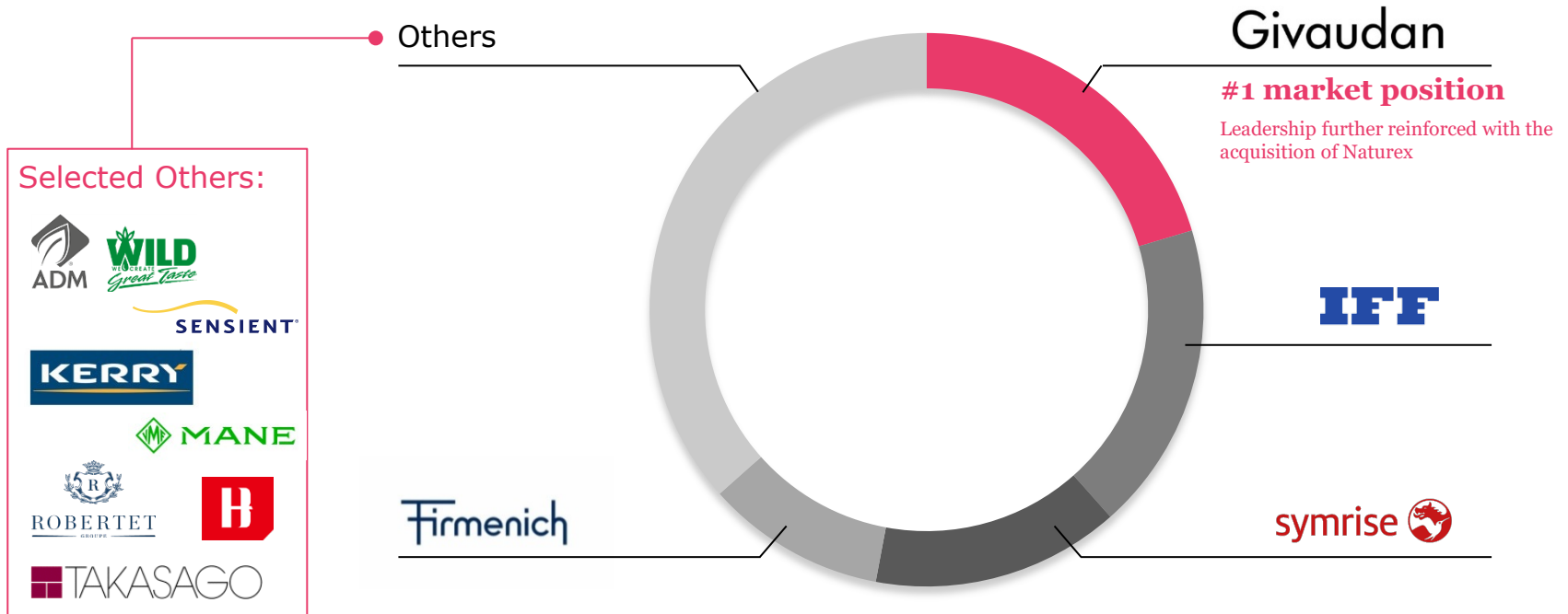


Cosmetics

Market leader in a scale-oriented, consolidated industry...

The total flavours & fragrances market size is c. USD 26 billion

Leading market share...



...supported by substantial barriers to entry that continue to protect incumbents

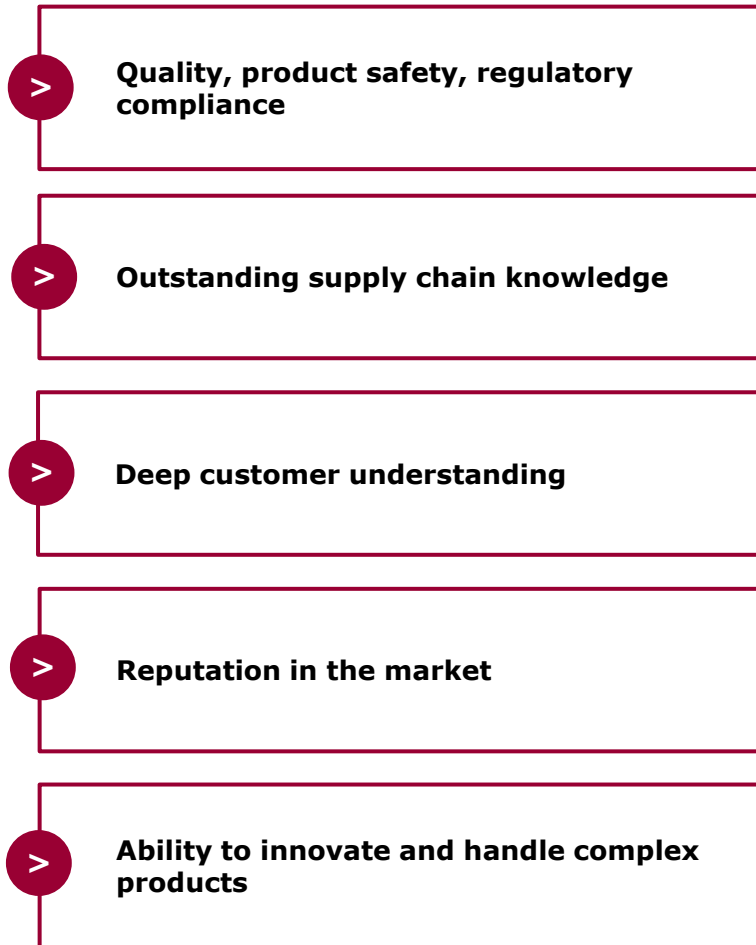
- Innovation and creation
- Critical mass and global presence
- Regulation
- Preferred supplier lists
- Intellectual property
- Complexity of supply chains
- Consumer testing expertise

Sources: IHS, Leffingwell

How to win business in a competitive environment

Being the partner of choice is the key priority

Key factors to become the partner of choice



Supplier selection process

1. Core supplier list

- (more or less formalised with local and regional customers)
- Large customers only work with a limited number of suppliers and send product briefs only to them
- Likelihood of future contracts is significantly reduced after removal from the core supplier list

2. Submission of briefs

- Clearly defines the requirements on sensory characteristics of the product
- Sets cost-in-use target & brand related requirements

3. Development of F&F

- Dissection of brief, analysis of market intelligence, development of sample formulae, conduction of initial internal tests

4. Evaluation & validation

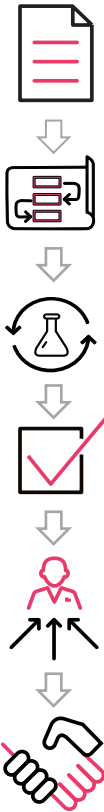
- Test formulae are evaluated against customer specifications; further consumer / panel testing is conducted before final product submission

5. Submission & selection by customer

- Based on price, compliance with specifications of the brief, timely delivery, quality control, regulatory compliance, product consistency
- Good previous experience with supplier might influence but not guarantee selection

6. Win of brief & start of production

- Once chosen by the customer and after passing regulatory approval, the flavour or fragrance is ready for production



Once selected, **high switching costs**

Our actual performance



2017 Full year results

Performance highlights

Group sales	CHF 5,051 million - up 4.9% LFL*
EBITDA	CHF 1,089 million
EBITDA margin	21.6%
Net income	CHF 720 million - up 11.7% year-on-year
Free cash flow	CHF 594 million - 11.8% of sales

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

2018 Half year results

Performance highlights

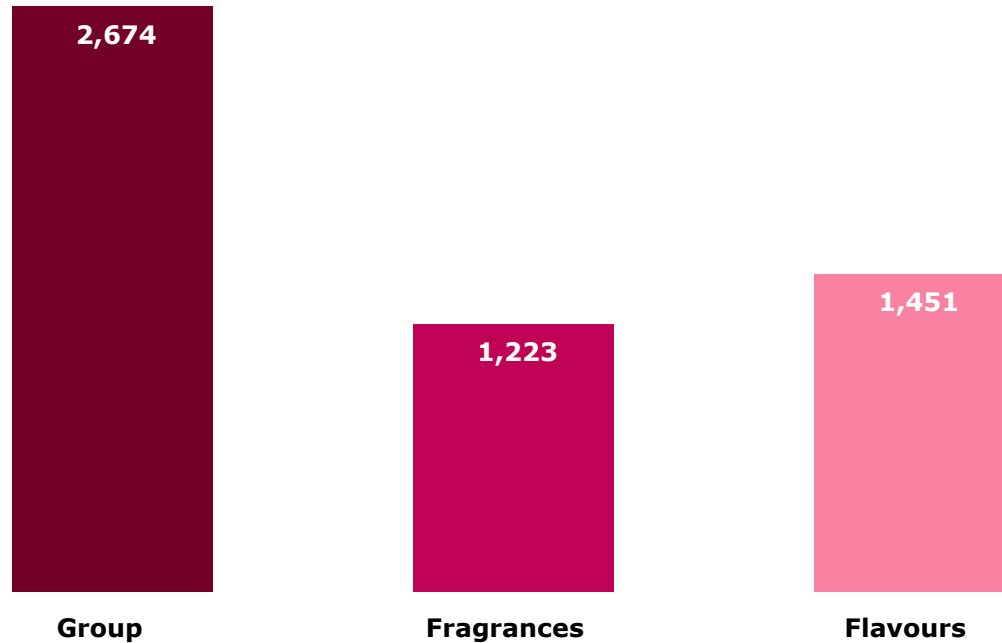
Group sales	CHF 2,674 million - up 5.6% LFL*
EBITDA	CHF 601 million
EBITDA margin	22.5%
Net income	CHF 371 million – down 3.4% year-on-year
Free cash flow	CHF 113 million - 4.2% of sales

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

2018 Half year sales performance

Strategic focus areas delivering in both divisions

In million CHF



% 2018 growth on LFL* basis

5.6%

6.5%

4.9%

% 2018 growth in CHF

7.7%

7.5%

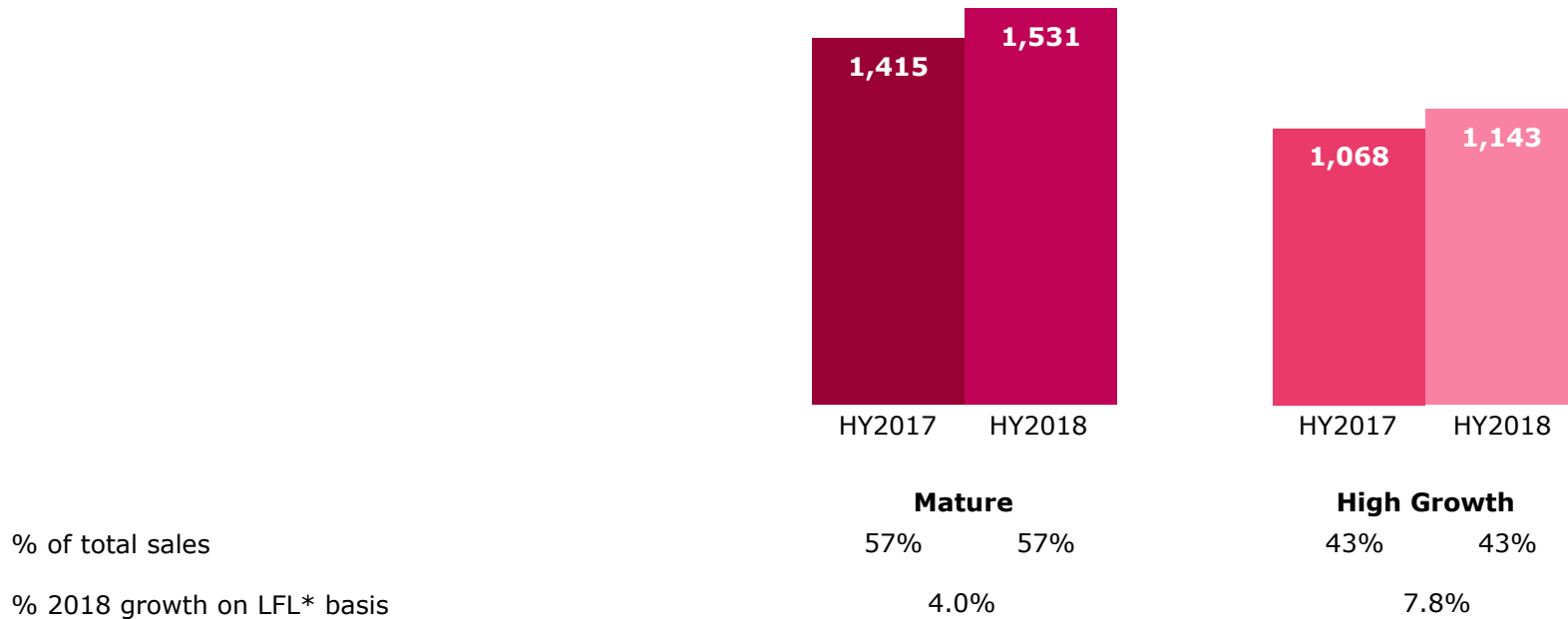
7.8%

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

Sales evolution by market

Good recovery in high growth markets

In million CHF

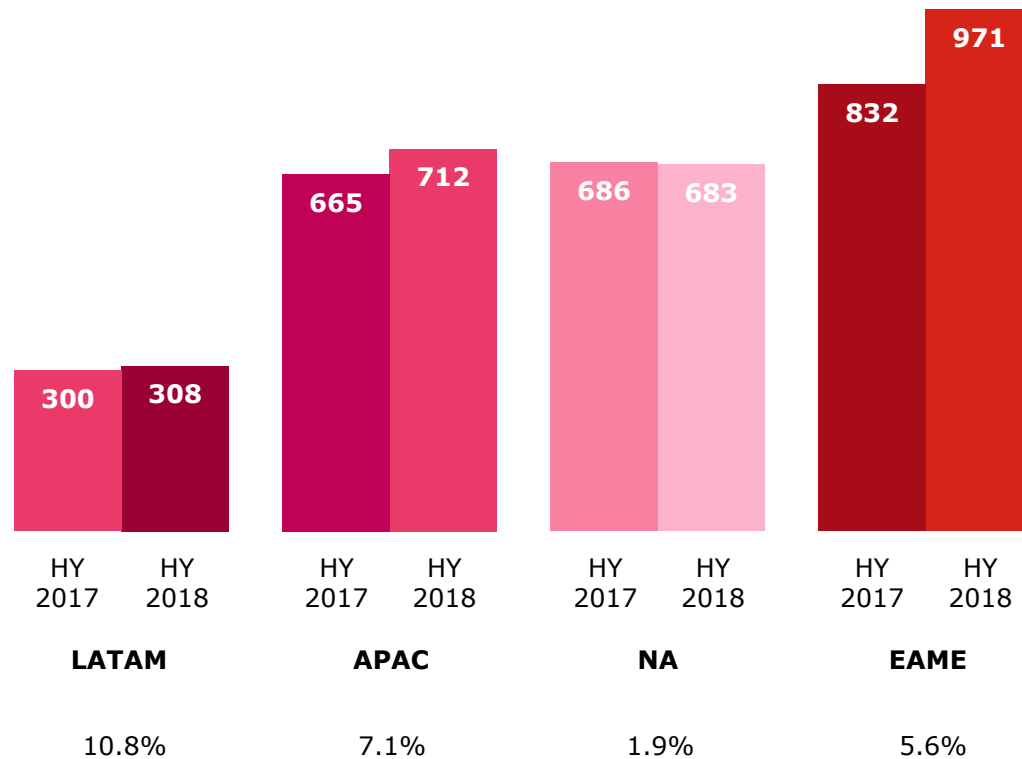


* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

Sales evolution by region

Good growth achieved across all geographies

In million CHF

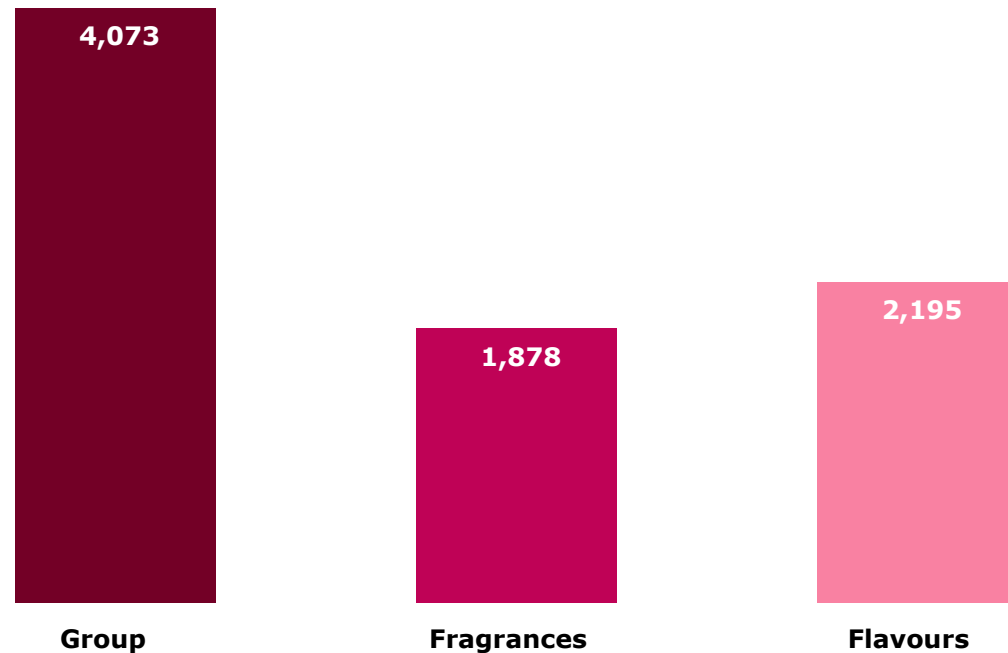


* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

2018 Nine month sales

Sustained good performance

In million CHF



% 2018 growth on LFL* basis	5.7%	6.6%	4.8%
% 2018 growth in CHF	8.4%	7.9%	8.8%

Includes the sales of Naturex from 1 September 2018.

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

The value proposition for investors



Givaudan at a glance

The global leader in the flavour and fragrance industry

5.1

Sales in CHF billion

109

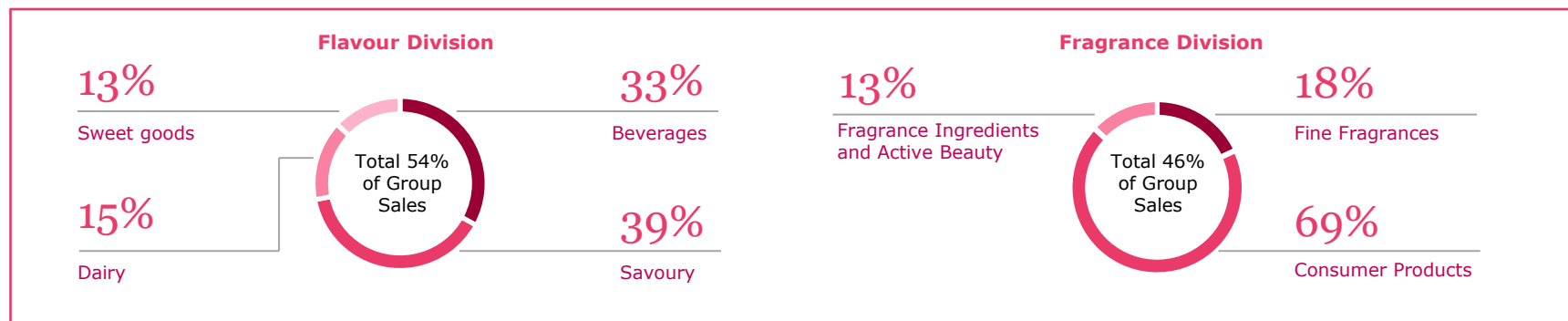
Locations

46

Production sites

11,170

Full time employees



Sales in North America

CHF 1,352 million (27%)

Production sites

9

Employees

2,231

Sales in Europe, Africa and Middle East

CHF 1,723 million (34%)

Production sites

18

Employees

4,819

Sales in Latin America

CHF 618 million (12%)

Production sites

6

Employees

1,471

Sales in Asia Pacific

CHF 1,358 million (27%)

Production sites

13

Employees

2,649

Our unique positioning

Givaudan well positioned to benefit from multiple growth opportunities

We have diversified and grown Givaudan to meet the constant changes in the market

1. Geographic expansion into high growth markets

- 1990s: expansion from mature to high-growth markets, matching the growth of our multinational customers
- Entry into India and China in 1993-94, Middle East in 1999

2. Customer diversification

- Early 2000s: Diversifying into the local and regional customer base (e.g. Private Labels in Europe, Natura Boticario in Latam)
- This continues today, and GBS will further enhance our flexibility in serving L&R customers

3. Quest: scaling up

- 2007: F&F market leadership secured
- Further growth on geographic and customer axes
- Expansion across applications e.g. oral care, fine fragrances, snacks

4. Expanding beyond Flavours & Fragrances

- Moving into Active Beauty, naturals extracts and integrated solutions
- Executing our focused M&A strategy in adjacent areas
- Acquisition of Naturex strengthens our presence in Natural Ingredients and positions us as the #1 in Naturals with our customers

...whilst enhancing our operational capabilities through business optimisation and excellence

SAP implementation

Managing the business more consistently

Givaudan Business Solutions (GBS)

Enhance margins by streamlining operations and customer service

Combining business areas

Rising barriers to entry

One solution to one customer and one product

Flavours & Fragrances

Consumer understanding

Trend research

Selection of unique and commodity ingredients

Creativity

Technology
(encapsulation)

Integrated solutions

Major contribution to development of end product:

Technological combination of smell & taste with unique ingredients to get lion share of COGS

One unique ingredient to many

Unique ingredients

Active cosmetic ingredients
Nutritional ingredients
Functional ingredients

Sourcing know-how
- sustainable
- competitive price
- ethic

Science & Technology
- extraction know how
- biotechnology

Production
- novel biotechnological approaches

Creating additional value by combining and cross selling solutions from complementary business areas

Broad and differentiated portfolio

Supported by unrivalled capabilities and innovation

60

Creation and application centres

Over 3,300

Number of active patents

481

Employees in Science & Technology

424

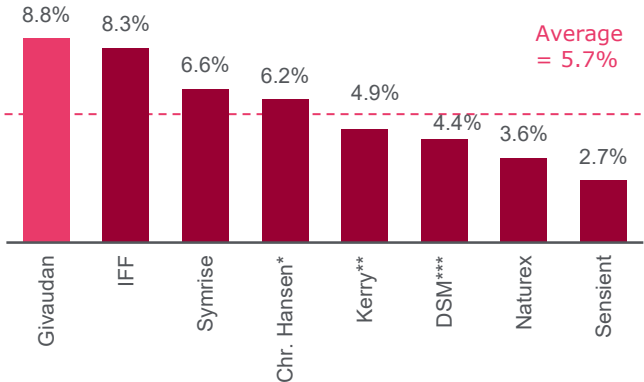
2017 R&D spend in CHF mn

Over 74,000

Products sold per year

Five-year average R&D as % of sales (FY13-17)

Several new inventions filed by Givaudan in recent years
2017: 33, 2016: 29



Continued development focus by Givaudan over last few decades, resulting in leadership position

Selected innovation initiatives

Consumer Sensory Insights

- Consumer insights throughout the creation cycle
- Consumer testing network- survey, panels, big data, etc
- Givaudan Chef's Council & TasteTrek®

Innovators and partnerships

- Extended innovation ecosystem globally
- Selected partnership in incubators, accelerators and with academia
- Plugged into disruptive and digital trends

Innovation Centres

- From molecular research to application expertise
- New technologies in delivery systems (eg. encapsulation)
- Market specific capabilities around the globe

Supplier Enabled Innovation

- Strategic partnerships with key suppliers
- Focus on bio-technology / bio-transformation
- Sustainable sourcing philosophy

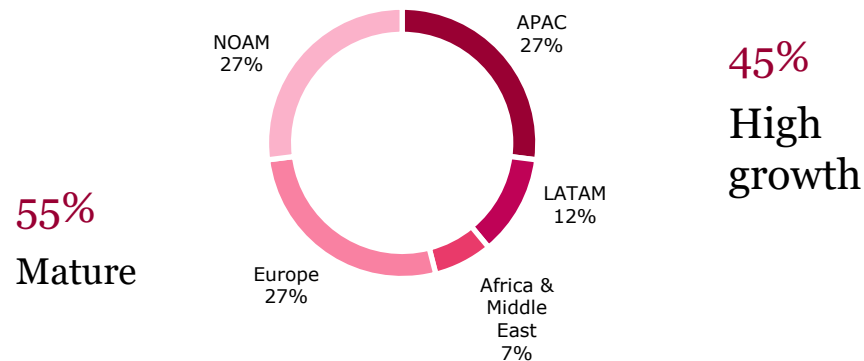
Notes: *Christian Hansen FY16/17 ended 31 August 2017; **Taste and Nutrition division only for Kerry; ***Nutrition division only for DSM

Business profile

Well balanced business with natural hedges

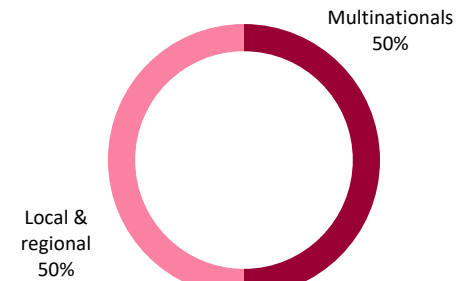
Geography

- Operates in 100+ countries
- Subsidiaries and branches in 40+ countries
- Future emphasis on high growth markets



Customers and products

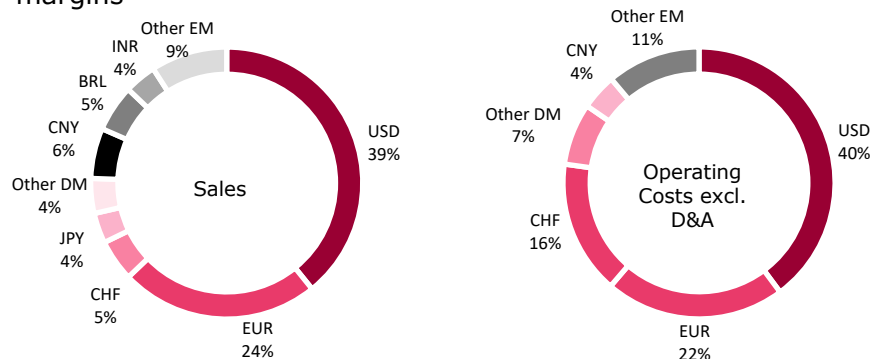
- Diversified customer base ranging from multinationals to regional and local customers, from premium brands to private and white label



- #1 market position among Multinational customers
- #1 market position among Local & Regional customers
- #1 market position in China

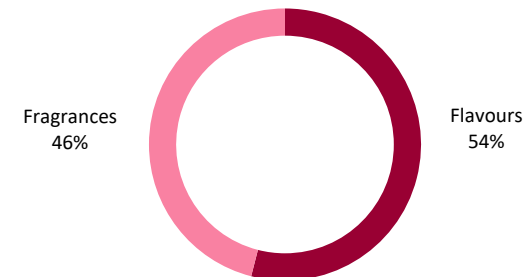
Currency

- Creation and production centres close to customers
- Sales and expenses balanced across major currencies protecting margins



Segments

- Balanced portfolio in most fragrance and flavour applications



Value creation at the heart of our procurement strategy

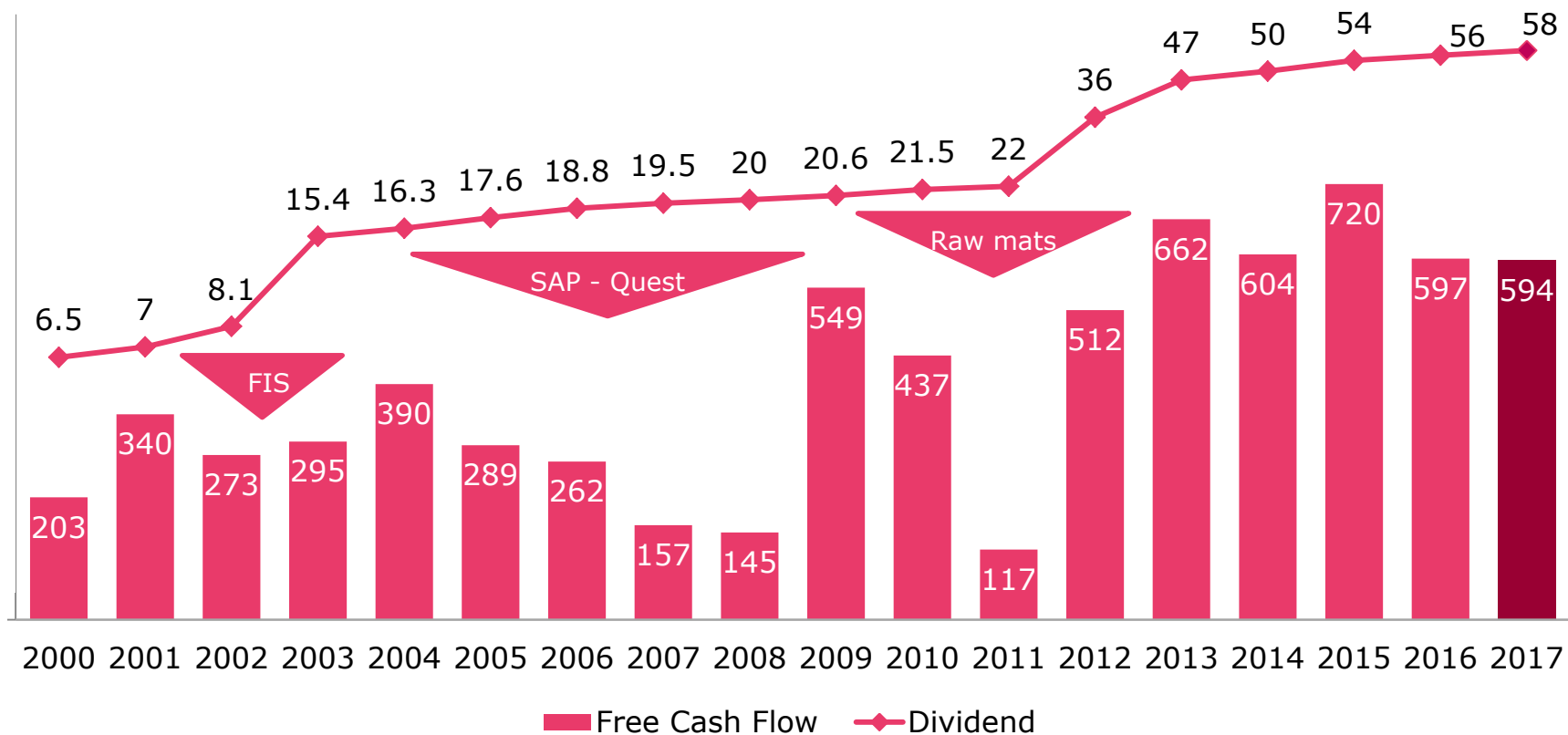
- Leadership through cost advantage
- Mitigate supply and price volatility
- Maximise supplier contribution to novel solutions
- Responsibility over the complete supply chain
- Increased sourcing of natural raw materials to satisfy demand
 - Today 60% of raw materials bought for flavours are natural
 - 20% of all raw materials bought for fragrances are natural
 - 60% of active beauty ingredients are natural



Dividend per share

Increasing 3.6% YoY

Free cash flow of CHF 7.1 Billion generated over the past 18 years
 CHF 3,664 million of cash flow returned to shareholders as dividends
 and CHF 504 million (net) through share buy-backs



2020 strategy

Responsible growth. Shared success.



New initiative: Givaudan Business Solutions

Delivering value by improving operational efficiencies

GBS will take some processes from each of the following areas:



Givaudan will invest **CHF 170 million until mid-2020** to transition to the GBS organisational structure. GBS is expected to generate **annual savings of CHF 60 million** once fully implemented.

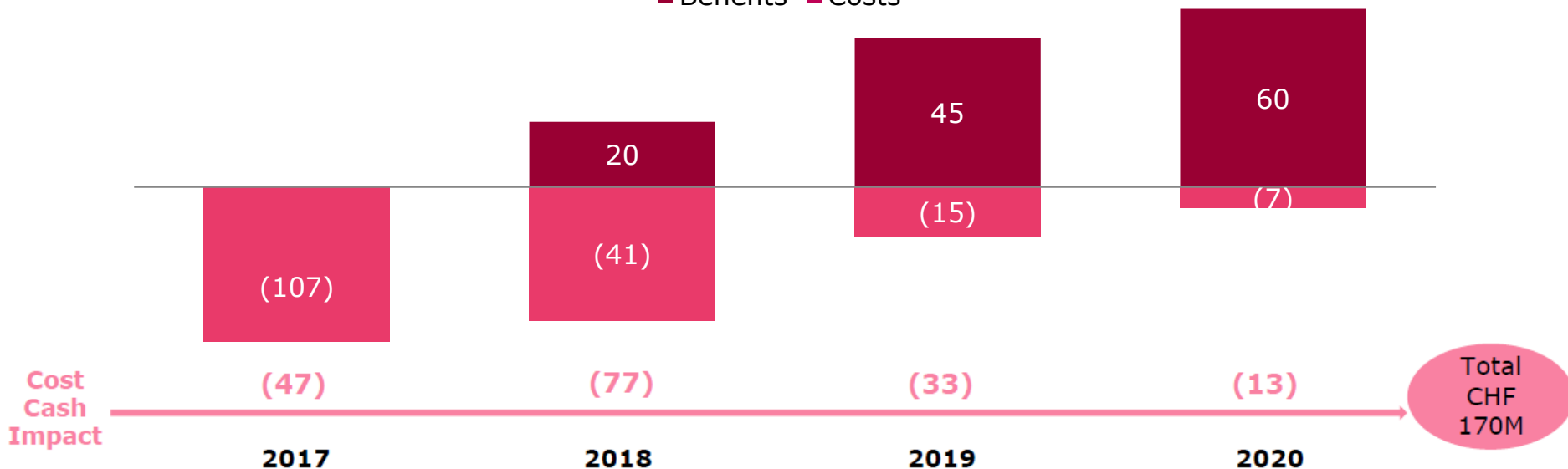
Givaudan Business Solutions

Project well on track

- Givaudan Business Solutions is well on track with the previously communicated costs and benefit outlook fully confirmed, following the completion of the detailed design activities
- The delivery centre locations in Budapest, Buenos Aires and Kuala Lumpur have been established and are offering efficient and agile solutions for our customers and employees
- First transition activities are well underway in Europe and in Asia Pacific, with the first handover of activities planned in the first half of 2018

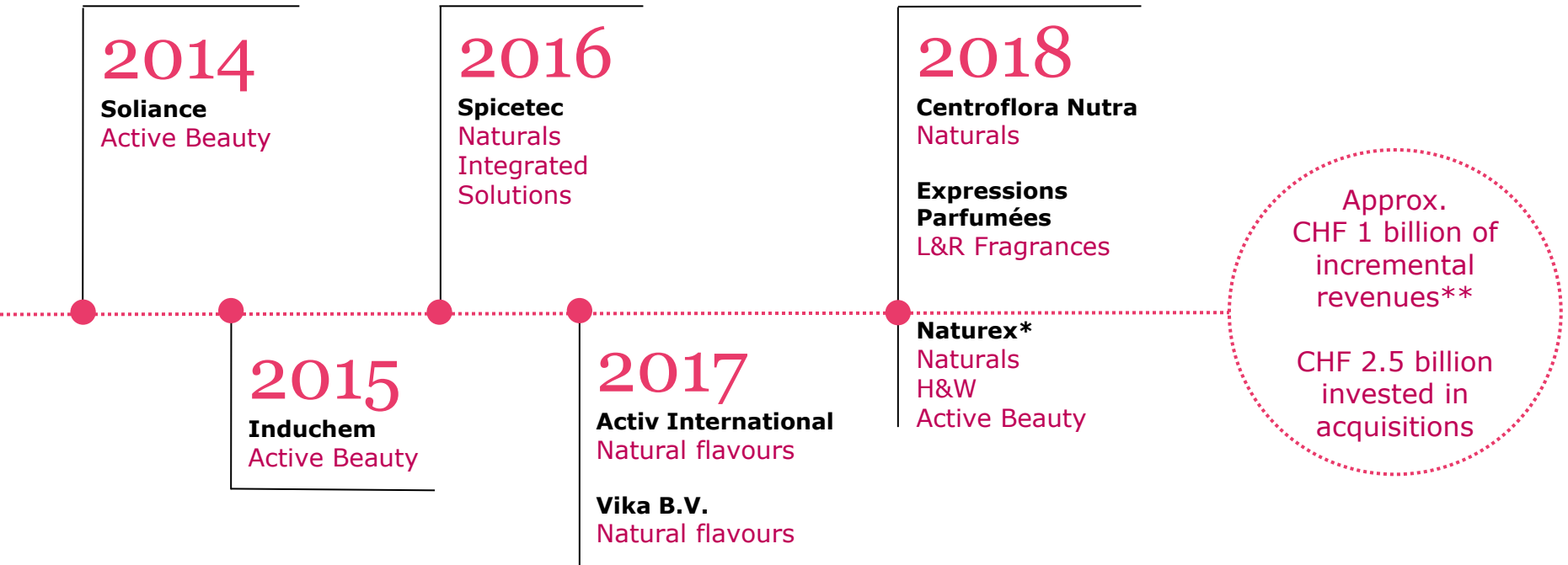
Expected Annual savings of CHF 60 million by 2020

■ Benefits ■ Costs



Acquisition update

2020 Strategy in motion



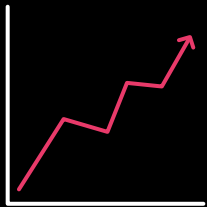
* Naturex acquisition not yet completed

** Proforma 2018, including Naturex

In both divisions, our acquisitions are fully aligned with our 2020 strategic priorities:
Naturals, Health & Well-being, Active Beauty, Integrated Solutions, local & regional customers

Responsible growth. Shared success.

Growing with our customers



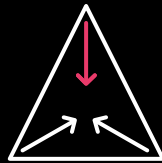
High growth
markets



Health and
well-being

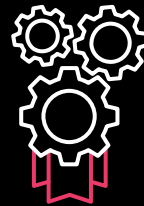


Consumer
preferred products



Integrated
solutions

Delivering with excellence

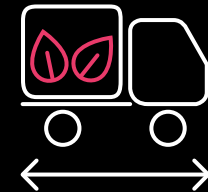


Excellence in
execution

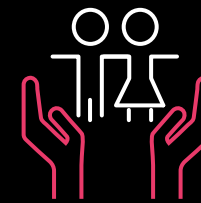
Partnering for shared success



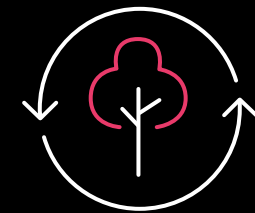
Innovators



Suppliers



People



Communities

2020 Financial objectives

On track

Growing with
our customers

4-5%

Average organic sales
growth¹

4.6% in 2016-17

Delivering
with excellence

12-17%

Average free
cash flow as
% of sales¹

12.3% in 2016-17

Partnering for
shared success

Partner
of choice

New partnerships with innovators,
employees, suppliers and communities
in which we operate

Continued leading-industry investment
in innovation and increase our network
of strategic partners

Further enhancing our responsible
sourcing, while managing our supply
risk and cost

Creating additional value through acquisitions

CHF 1bn annualised revenue contribution from companies acquired since 2014

Note: 1. Over a five-year period by 2020

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