

Investor presentation
Responsible growth. Shared success.



Givaudan

engage your senses



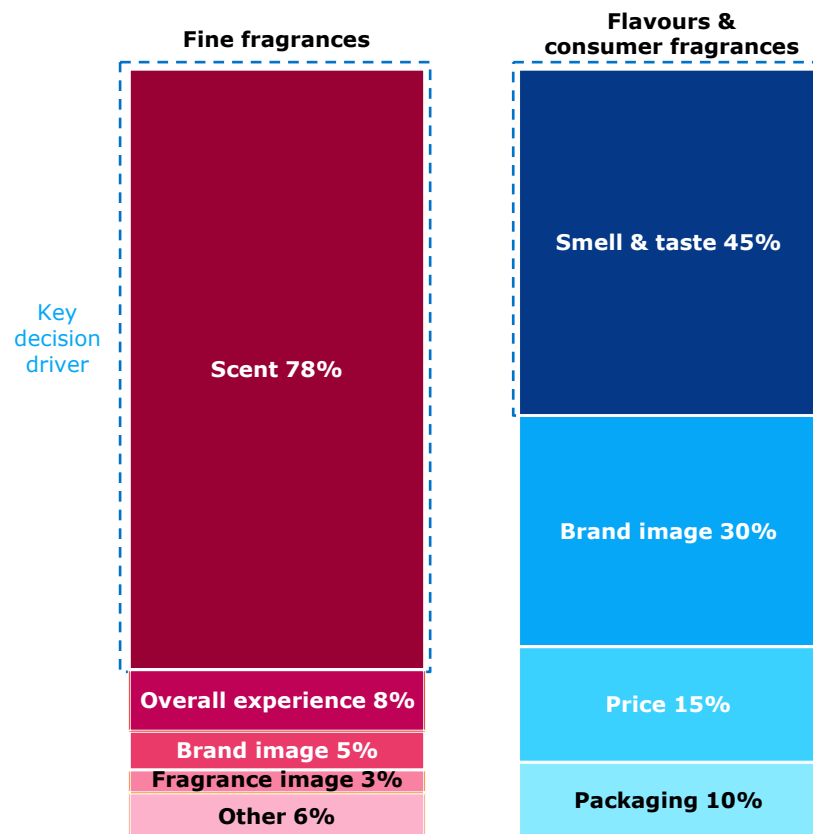
Givaudan products
drive millions of consumer decisions every day!



F&F: the key driver of consumer repurchase decisions

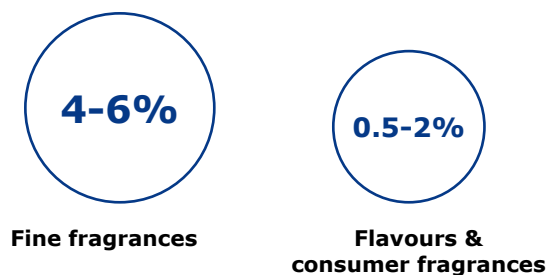
Critical contribution towards customer decision making despite being a low cost component

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**

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

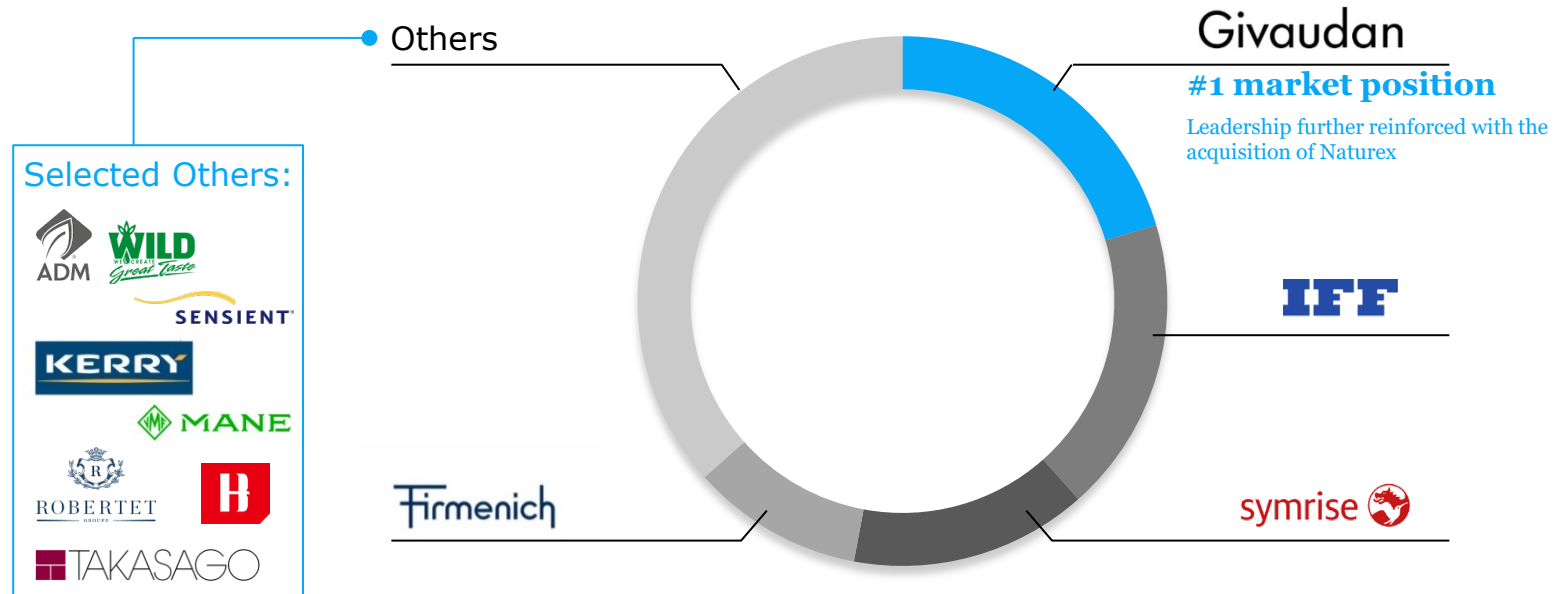


Cosmetics

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



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 and 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



2020 Half year results

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

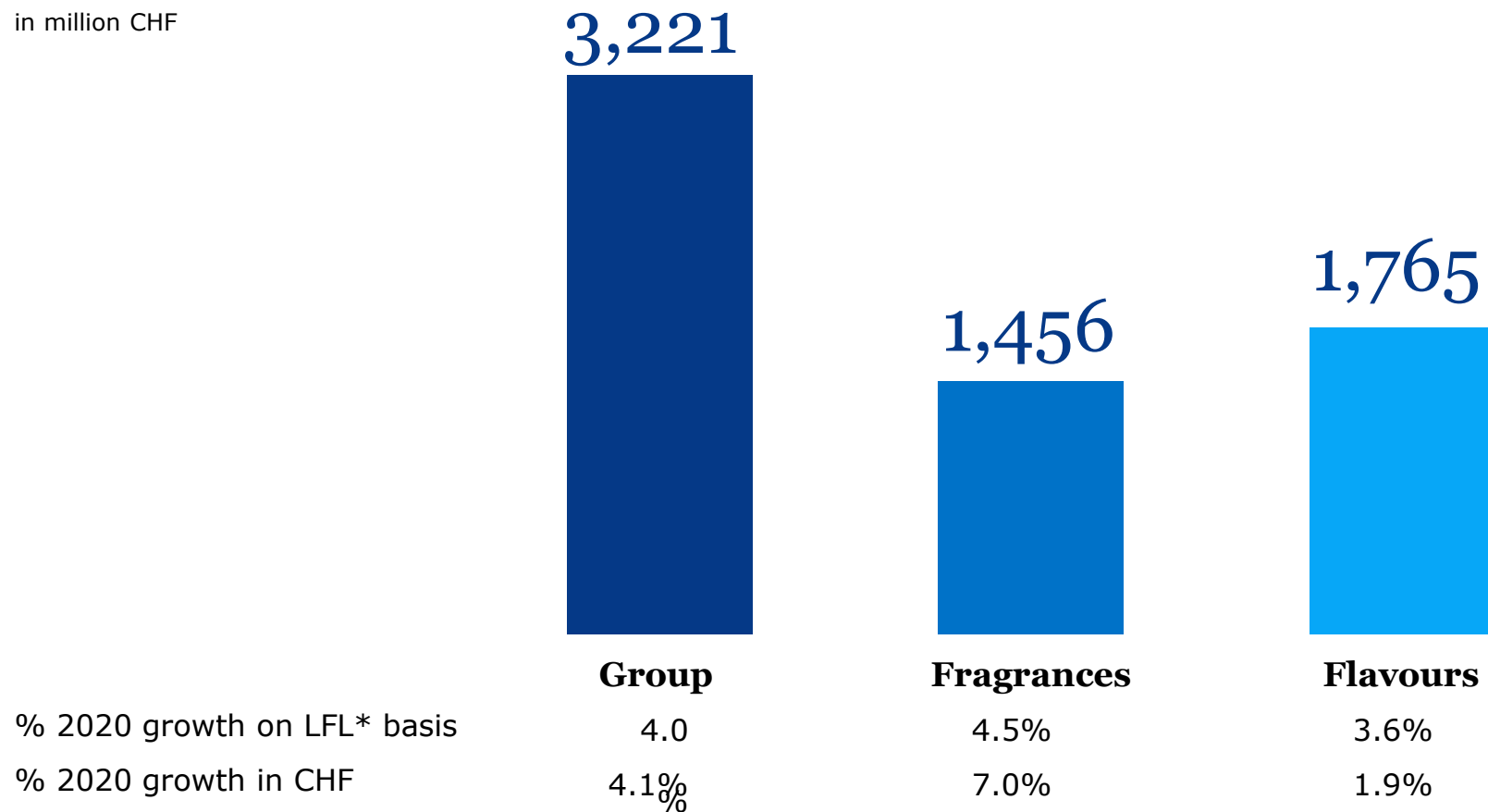
- Delivery of 2020 guidance is fully on track

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

2020 Half year sales performance

Good growth in both divisions

in million CHF

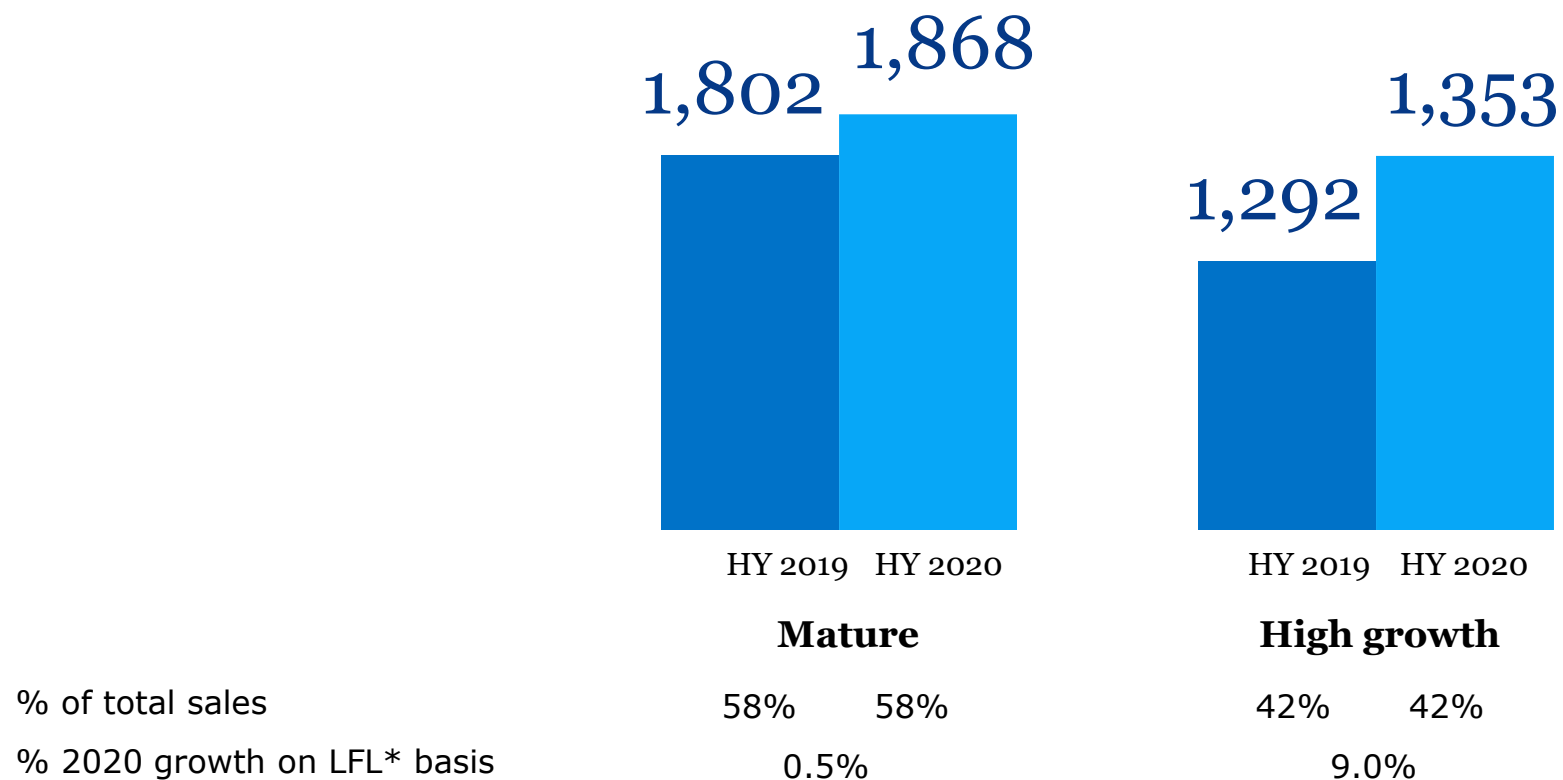


* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

2020 Half year sales evolution by market

Strong performance from high growth markets

in million CHF

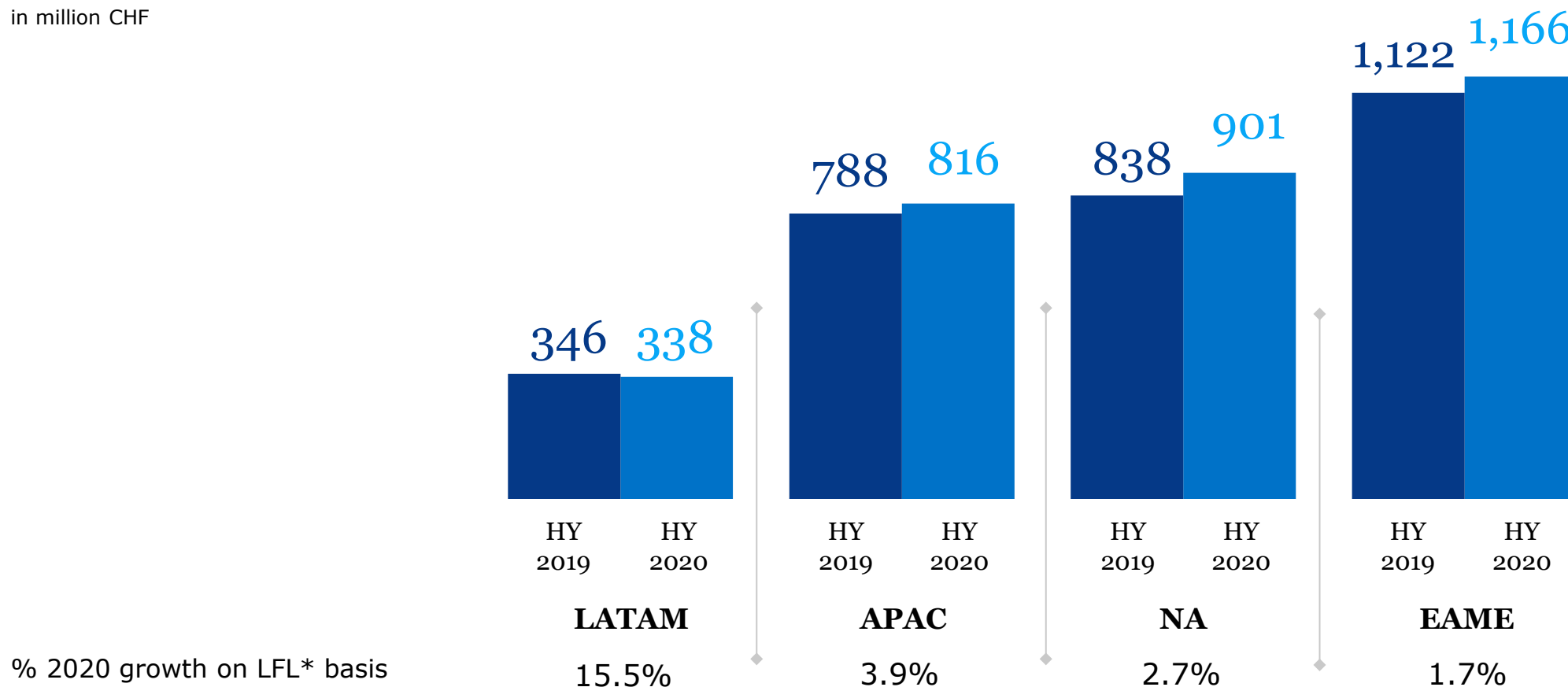


* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

2020 Half year sales evolution by region

All regions contributing to the growth

in million CHF



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

2019 Full year results

Performance highlights

> CHF
6,203
million
Group sales

> **1,275**
million
EBITDA

> CHF
702
million
Net income

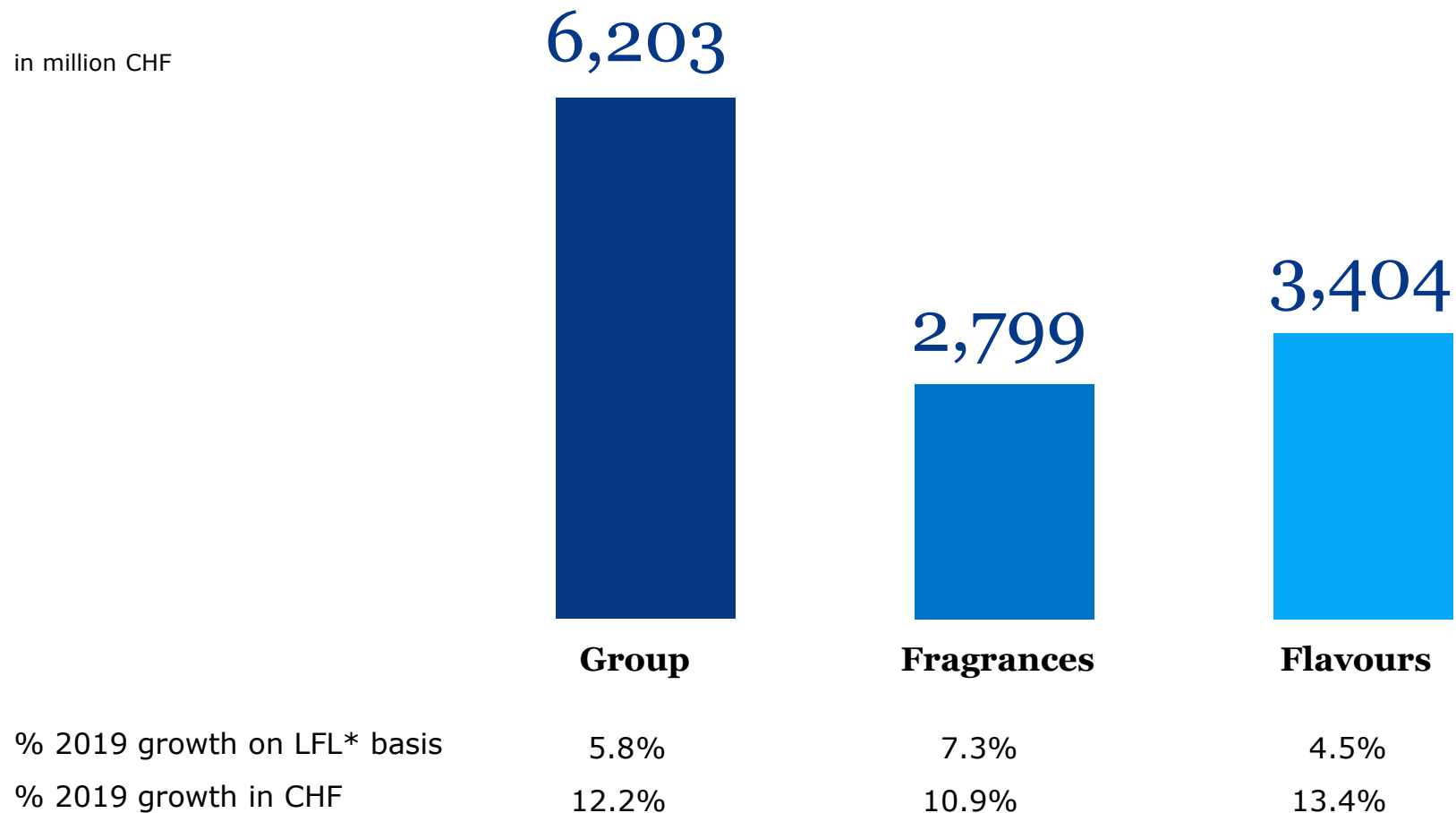
> **+5.8%**
Sales
growth LFL

> **21.5%**
EBITDA
margin

> **787**
million
FCF
12.7% of sales

2019 Full year sales performance

Excellent growth in both divisions

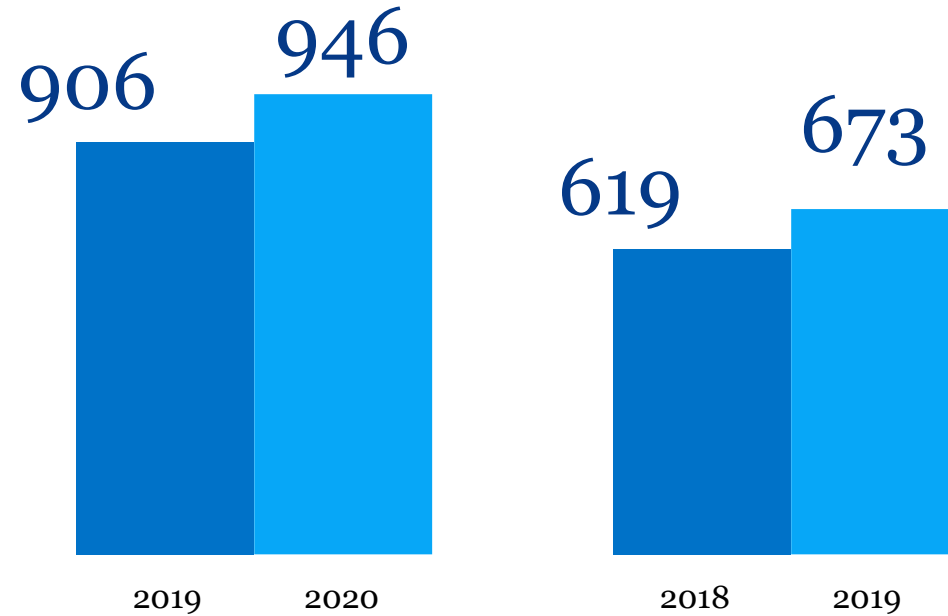


* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

2019 Full year results

Sales evolution by market

in million CHF



% of total sales

Mature

57% 57%

High growth

43% 43%

% 2019 growth on LFL* basis

2.4%

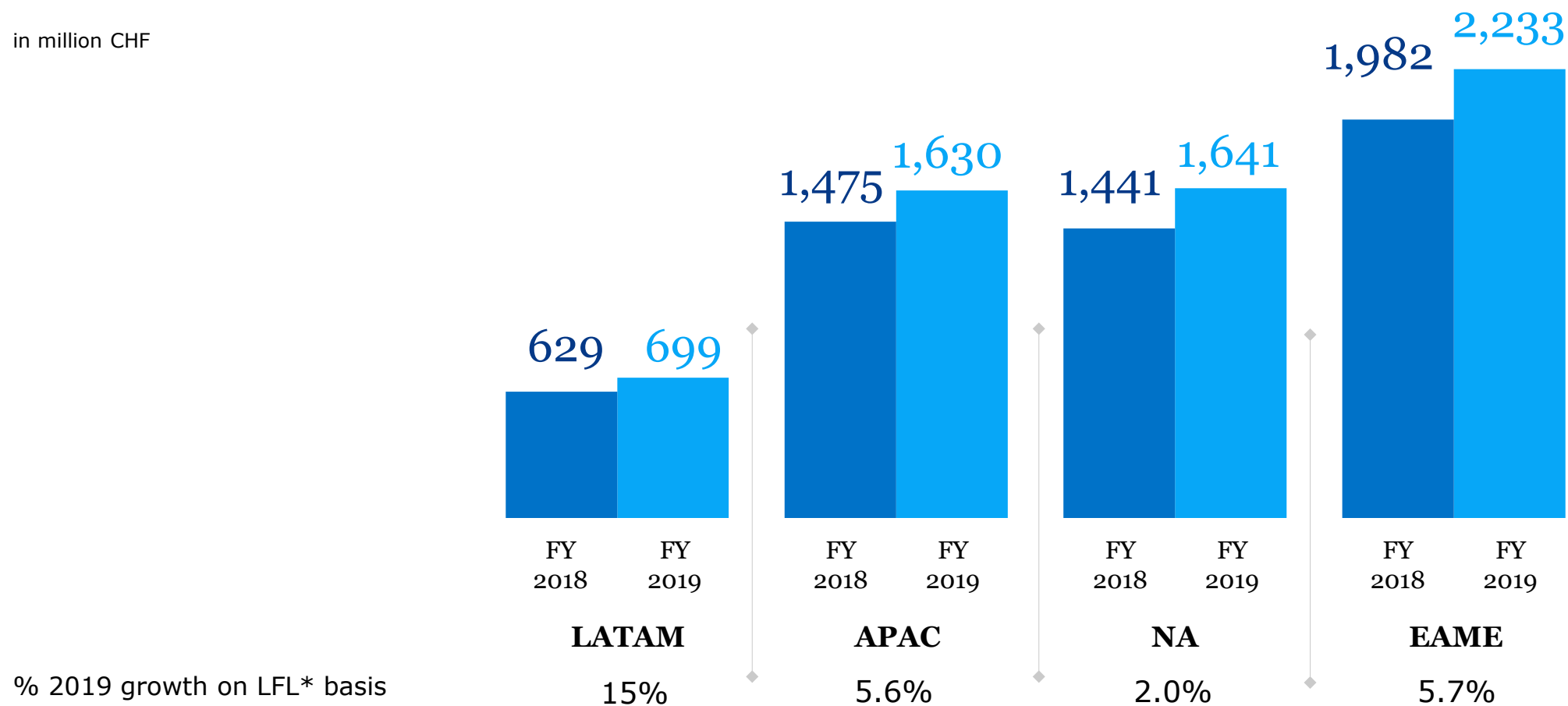
10.2%

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

2019 Full year results - Sales evolution by region

Strong growth shown by Latin America

in million CHF



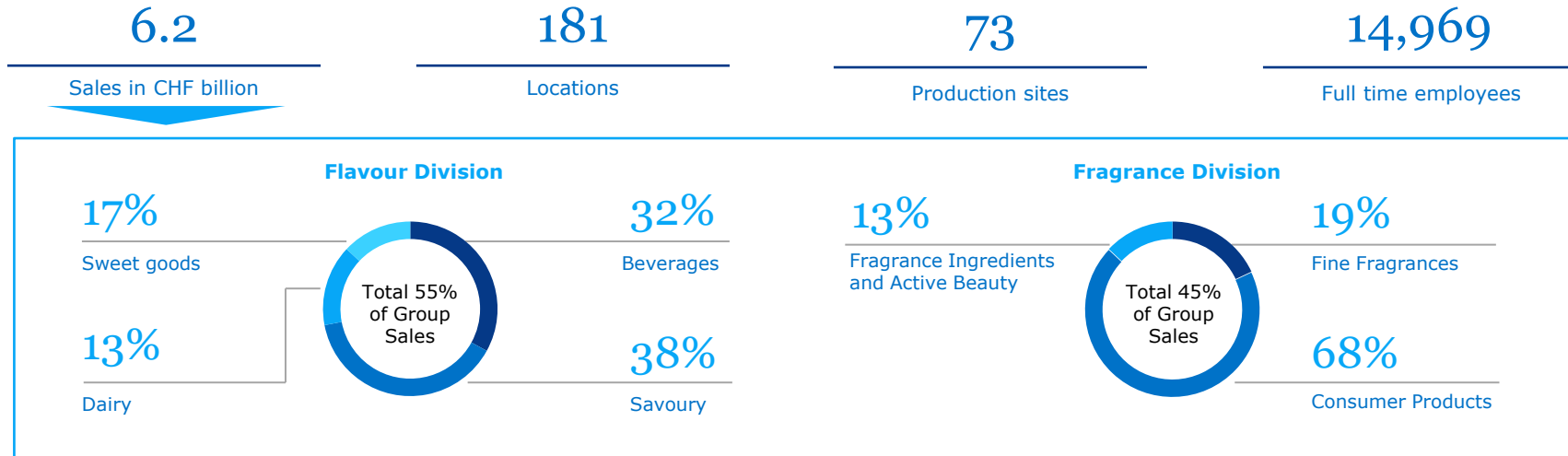
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The value proposition for investors

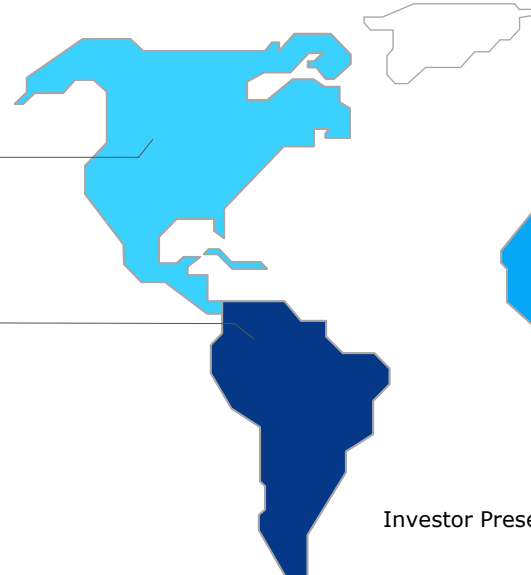


Givaudan at a glance as of 31.12.2019

The global leader in the flavour and fragrance industry

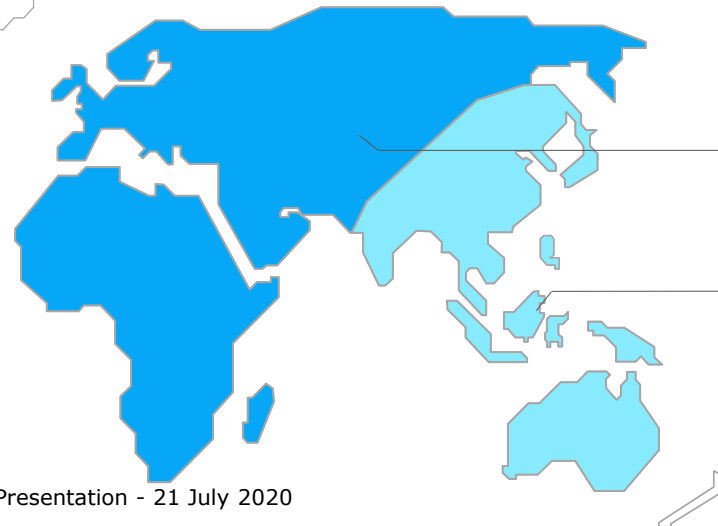


Sales in North America
CHF 1,641 million
Production sites
12
Employees
2,606



Sales in Latin America
CHF 699 million
Production sites
10
Employees
1,882

Sales in Europe, Africa and Middle East
CHF 2,233 million
Production sites
32
Employees
7,072



Sales in Asia Pacific
CHF 1,630 million
Production sites
19
Employees
3,409

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

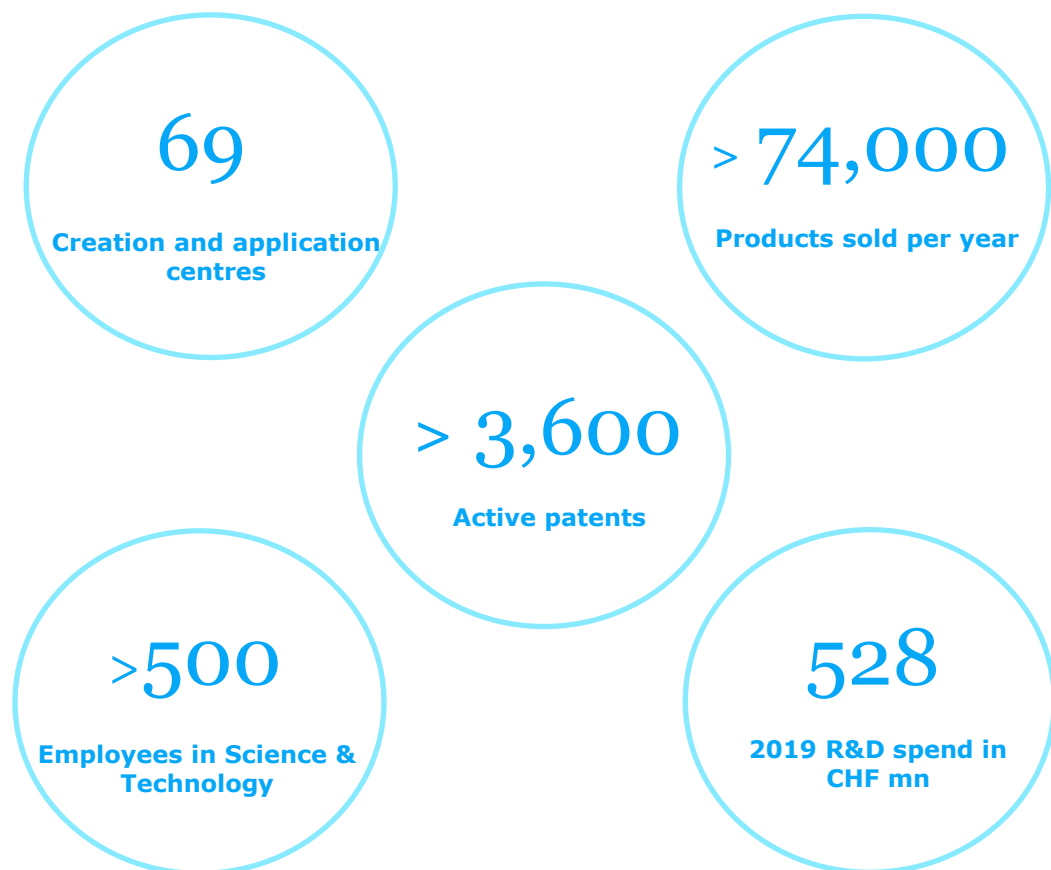
Production

- 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



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®

Innovation Centres

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

Innovators and partnerships

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

Supplier Enabled Innovation

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

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

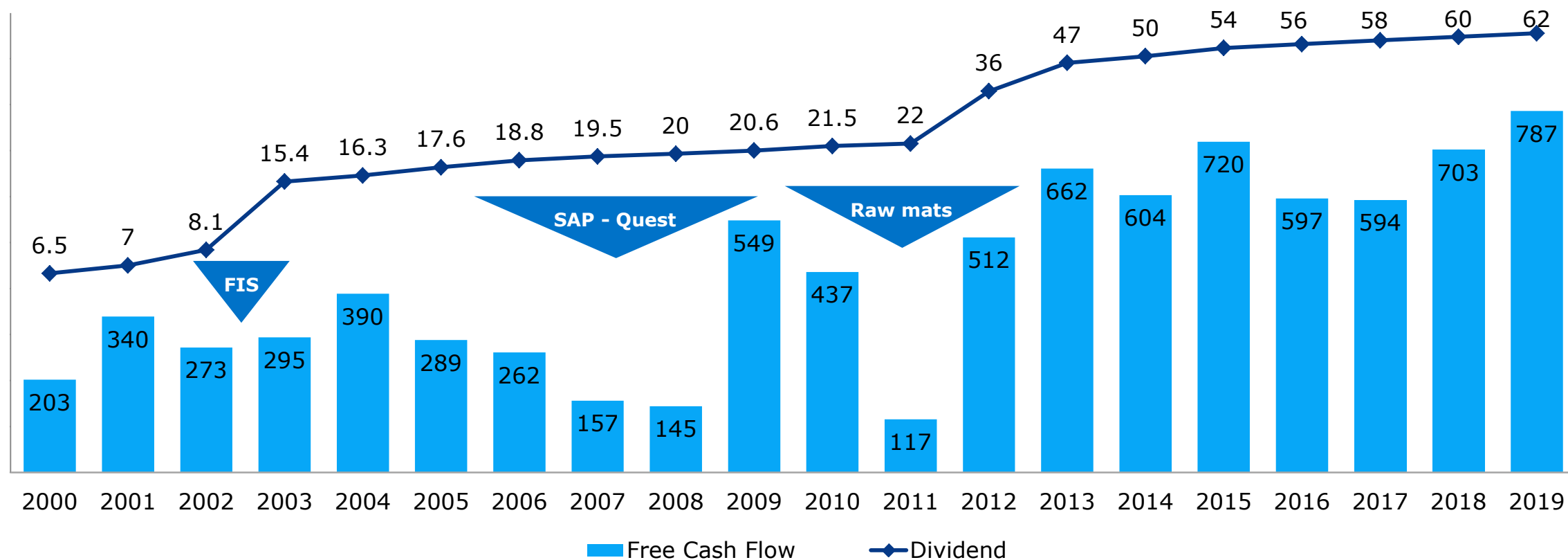
Givaudan



Dividend per share

Increasing 3.3% YoY

Free cash flow of CHF 8.6 billion generated over the past 20 years
 CHF 4,770 million of cash flow returned to shareholders as dividends* and CHF 504 million (net) through share buy-backs



2020 strategy

Responsible growth. Shared success.

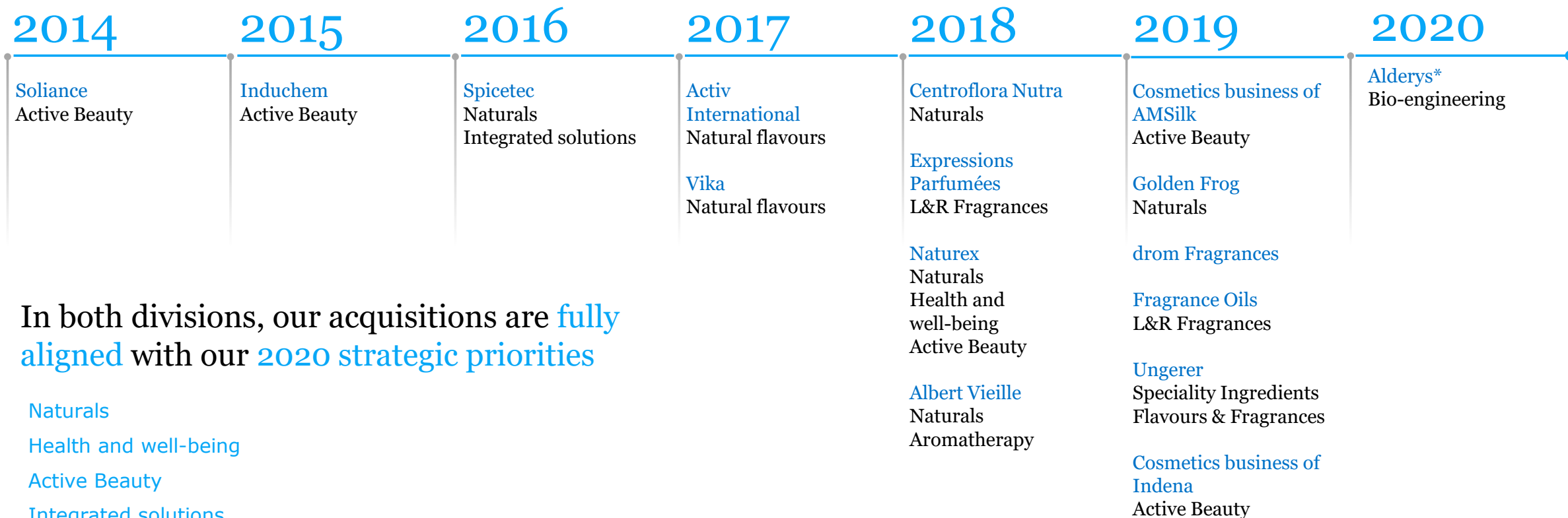


Acquisition update

2020 strategy in motion

~ CHF 1.5 billion
of incremental revenues

CHF 3.6 billion
invested in acquisitions



In both divisions, our acquisitions are **fully aligned** with our **2020 strategic priorities**

- Naturals
- Health and well-being
- Active Beauty
- Integrated solutions
- Local and regional customers

Acquisition focus

Outstanding portfolio aligned with market trends



Ungerer acquisition

Strengthening specialty ingredient capabilities and leadership in the fast growing local and regional customer segment



Ungerer profile

Leading independent company in the flavour and fragrance specialty ingredients business

- 8 manufacturing locations worldwide, presence in more than 60 countries
- 650 employees

Strategic rationale & fit

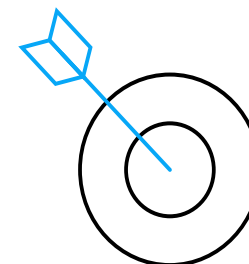
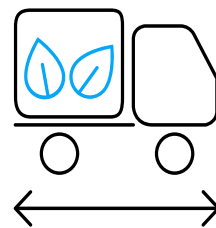
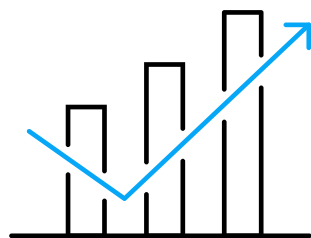
- Specialty ingredients: Natural ingredients, citrus and essential oils
- Local & regional customers
- Good cultural fit

Achievements in H1 2020

- Integration streams fully active in all functions and regions
- Go-forward growth strategy established that leverages the best of both companies
- Growth and synergy targets established and in progress
- Positive feedback from customers

2020 Outlook

Key themes review



2020 Outlook

- Continued confidence in the resilience of our industry and our company
- Visibility remains short due to on-going impacts related to the COVID-19 pandemic
- All elements of 2020 guidance confirmed

Focus on Operations

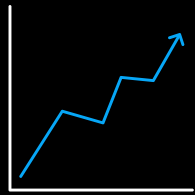
- Protecting and supporting all Givaudan personnel
- Focus on maintaining operations and supply chain performance at high levels to support our customers
- Leverage Business Continuity Plans to adapt as required
- Cost discipline throughout the business

Strategy

- Strong Focus on delivering 2020 guidance
- Continued integration of acquired companies on to Givaudan's operating platform
- Integration costs of ~CHF 50 million in 2020
- Preparing to announce the strategic roadmap for 2021-2025 in August 2020, in line with Givaudan's purpose

Responsible growth. Shared success.

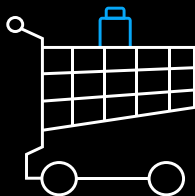
Growing with
our customers



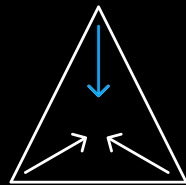
High growth
markets



Health and
well-being

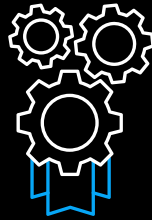


Consumer
preferred products



Integrated
solutions

Delivering
with excellence

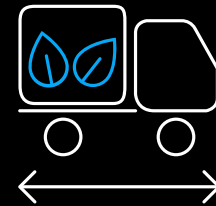


Excellence in
execution

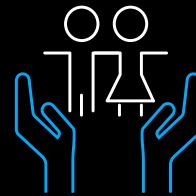
Partnering for
shared success



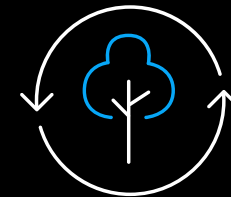
Innovators



Suppliers



People



Communities

2020 Financial Objectives

On track

Growing with
our customers

4-5%

Average organic sales
growth*

5.1%

In 2016-19

Delivering with
excellence

12-17%

Average free cash
flow as % of sales*

12.5%

In 2016-19

Partnering for
shared success

**Partner
of
choice**



Creating additional
value through acquisitions

CHF 1.5 bn annualised
revenue contribution from companies
acquired since 2014



Intention to maintain current
dividend practice as part of
this ambition

* Over a five-year period by 2020

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