

Investor presentation

Creating for happier, healthier lives with love for nature.

Let's imagine together.



Givaudan

engage your senses

What we do



Givaudan products  
drive millions of consumer decisions every day!



# Fragrance & Beauty, Taste & Wellbeing, provide our customers compounds, ingredients and integrated solutions that engage consumers



Beverages



Savoury



Oral care



Personal care



Fine Fragrances



Snacks



Dairy



Sweet goods



Household



Beauty & skin care

How we do it



# A unique business model driven by our purpose

Creating for happier, healthier lives with love for nature.

- **Winning business** assumes: being on a core supplier list, submitting a brief, developing a solution and being selected by the customer
- Our products are **unique co-creations with our customers**:
  - Consumer-differentiating, bespoke, value-added Fragrance and Beauty, Taste and Wellbeing solutions driven by innovation
  - Agility and service are key
  - Scent and taste determine consumer purchase and repeat decisions whilst representing only a minor fraction of costs 0.5-2.0% in flavours and consumer fragrances to 4-6% in fine fragrances, i.e. a very minor portion of the end product costs
- **High barriers to entry** and high shifting costs for customers

# A unique business model with high barriers to entry

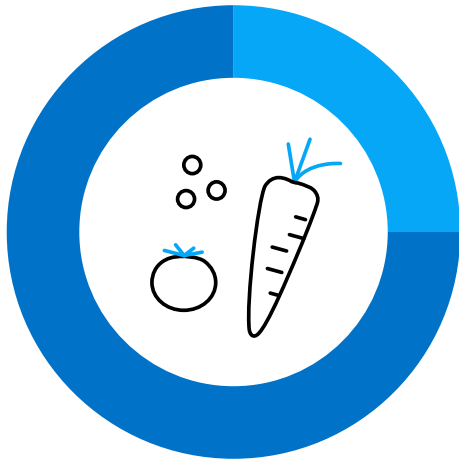
## Mastering complexity is a key feature of our space

- A **research-driven innovation process** and a deep understanding of consumer preferences around the world
- **Sustainability goals** creating significant innovation opportunities (e.g. move from non-renewable to renewable, etc.)
- **IP / formulae owned by Givaudan**
- Mastering **high complexity and volatility** at every step:
  - >11,400 raw materials and a sophisticated supply chain with over 2,500 raw material suppliers
  - >122,600 products made to order, delivered just in time to >10,000 customers
  - >310,000 customer submissions / product briefs managed annually, and ca. 15% of our portfolio up for review due to the life cycle of products
- **Compliance and regulations**

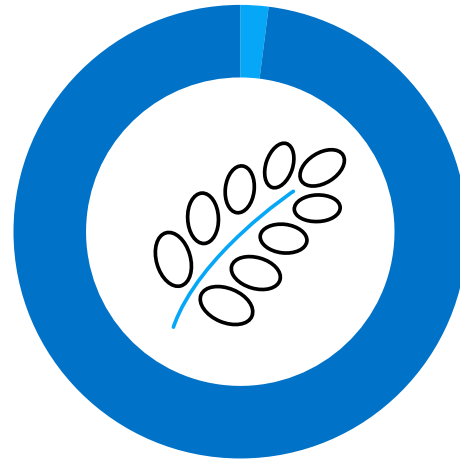
# Operating in a significant addressable market

## Givaudan's expanded market space worth **CHF 42bn**

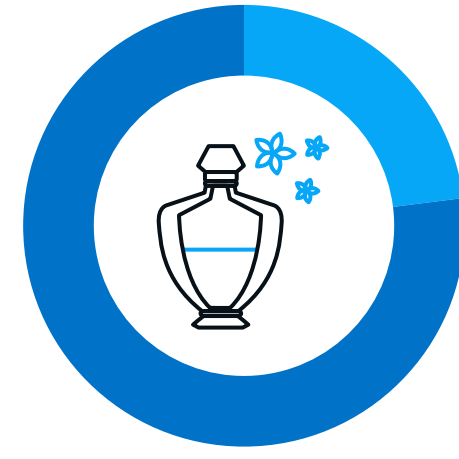
> ● Givaudan market share as of 2020  
● Market potential as of 2020



+



+



Flavour & Taste  
**13.1 bn CHF**

Market Potential as of 2020

Functional & Nutrition  
**14.1 bn CHF**

Market Potential as of 2020  
(Givaudan scope of activities)

Fragrance & Beauty  
**14.8 bn CHF**

Market Potential as of 2020

Source: Based on Givaudan internal estimates



# A research-driven innovation process

## Supported by unrivalled capabilities and innovation

Update figures

› 69

Creation and application Centres

› >122,600

Products sold per year

› CHF 536 mln

R&D spend in 2020

› > 500

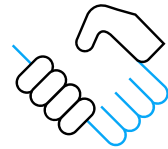
Employees in Science & Technology

› > 3,600

Active patents



### Innovation initiatives and priorities



Supplier enabled innovation partnerships with bioscience companies



Delivering differentiating technologies and solutions in Flavours, nutritional and functional ingredients (clean label delivery systems, health and wellbeing solutions etc.)



Enabling novel consumer experiences in Fragrances: naturals, new sensory experiences, sustainable new molecules and precursors etc.

# Business processes enabled by digital tools

## Selected digital initiatives

### Carto - AI enabled creative design



A product creation experience:

- Playful and multi-sensorial human/machine interaction
- Smart suggestions powered by AI
- Collaboration-oriented environment enabling customer co-creation

### Consumer and customer foresight



Discover new consumer behaviours through advanced analysis of social media and other external data

Capturing insights and converting them into business foresights

### Robotic process automation



Create a virtual workforce to take over repetitive tasks, creating bandwidth for more value added activities

E.g. supply chain, HR, compliance forms, etc.

### Factory 2.0



Identify how technology can improve the manufacturing environment:

- Automation (robots, processes)
- Safety (training, monitoring)
- Decision making (forecasting, predictive maintenance)
- Sustainability (greener processes)

### Traceability



Guarantee traceability of products and their constituents, from source to consumer

Leverage technology to enable source-to-consumer traceability of raw materials

Track biodiversity impact, carbon footprint, water waste thanks to this traceability

# Sustainable value creation

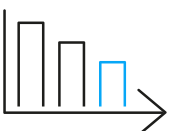



## Having a positive impact on nature

**Our ambition is to become a climate-positive business (scope 1, 2, 3) before 2050**

**Target**

- 70% absolute scope 1 + 2 GHG emissions between 2015 and 2030
- 20% absolute scope 3 GHG emissions between 2015 and 2030
- 100% renewable electricity by 2025

**Achievement**





 <p><b>GHG emissions</b></p>	 <p><b>-30% scope 1+2</b> <b>+11% scope 3</b></p>
 <p><b>Renewable electricity</b></p>	 <p><b>81 %</b></p>

**Protecting the environment through industry-leading water stewardship and waste management**

**Target**

- 15% water per tonne of product by 2020<sup>1</sup>
- 20% waste per tonne of product by 2020<sup>2</sup>

**Achievement**

 <p><b>Water</b></p>	 <p><b>-31 %</b></p>
 <p><b>Waste</b></p>	 <p><b>-14 %</b></p>

1. Use of municipal and groundwater, baseline 2009  
 2. Includes incinerated and landfilled waste, baseline 2015

# Sustainable value creation

## Procurement practices bringing benefits to all involved

CHF **2.2** bn

Raw material / consumable spend per year

**>225**

People in global procurement worldwide

**>11,400**

Number of different raw materials sourced

**57%**

Natural raw materials

**43%**

Synthetic raw materials

## Sourcing for shared value

Programmes

Overall impact

**Responsible Sourcing**



**Drive compliance and continuous improvement**

Updated RS programme to be launched in early 2021

**Sourcing at Origin**



**Secure supply locally**

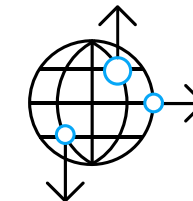
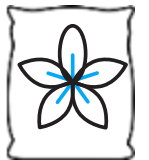
**Communities at Source**



**Support producer communities**

Sourcing for Shared Value covers raw material categories

**40**



Sourcing for Shared Value is rolled out in countries

**26**

# Our unique positioning

## A multi-year expansion, positioning Givaudan for multiple growth opportunities



# Givaudan: A naturally-hedged portfolio (products, geography, customers) for consistent growth

**6.3**  
CHF billion  
in sales

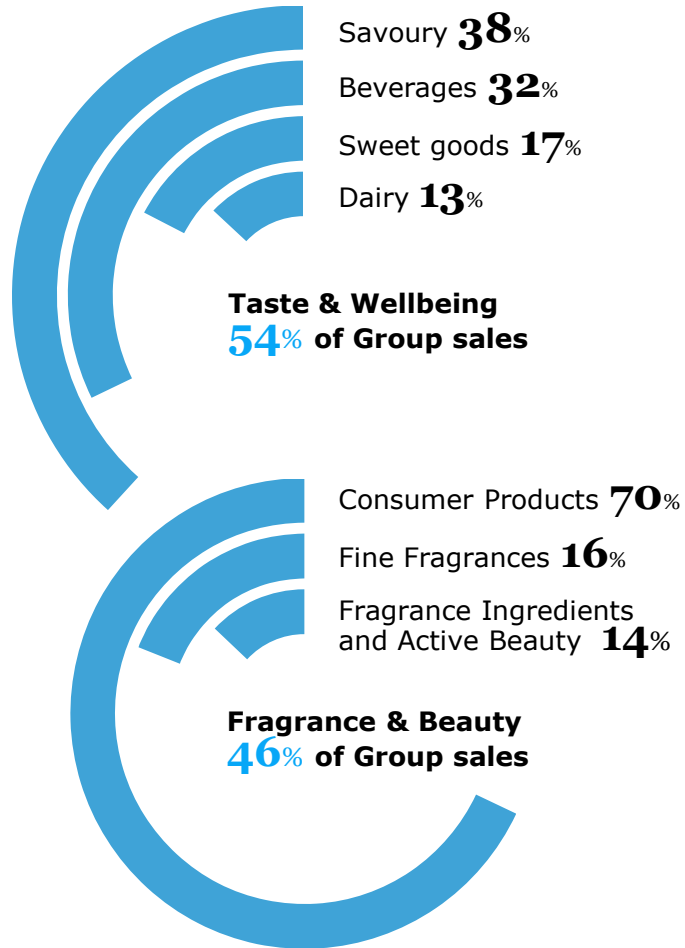
**58%**  
of sales in  
mature markets

**42%**  
of sales in high  
growth markets

**15,852**  
full time  
employees

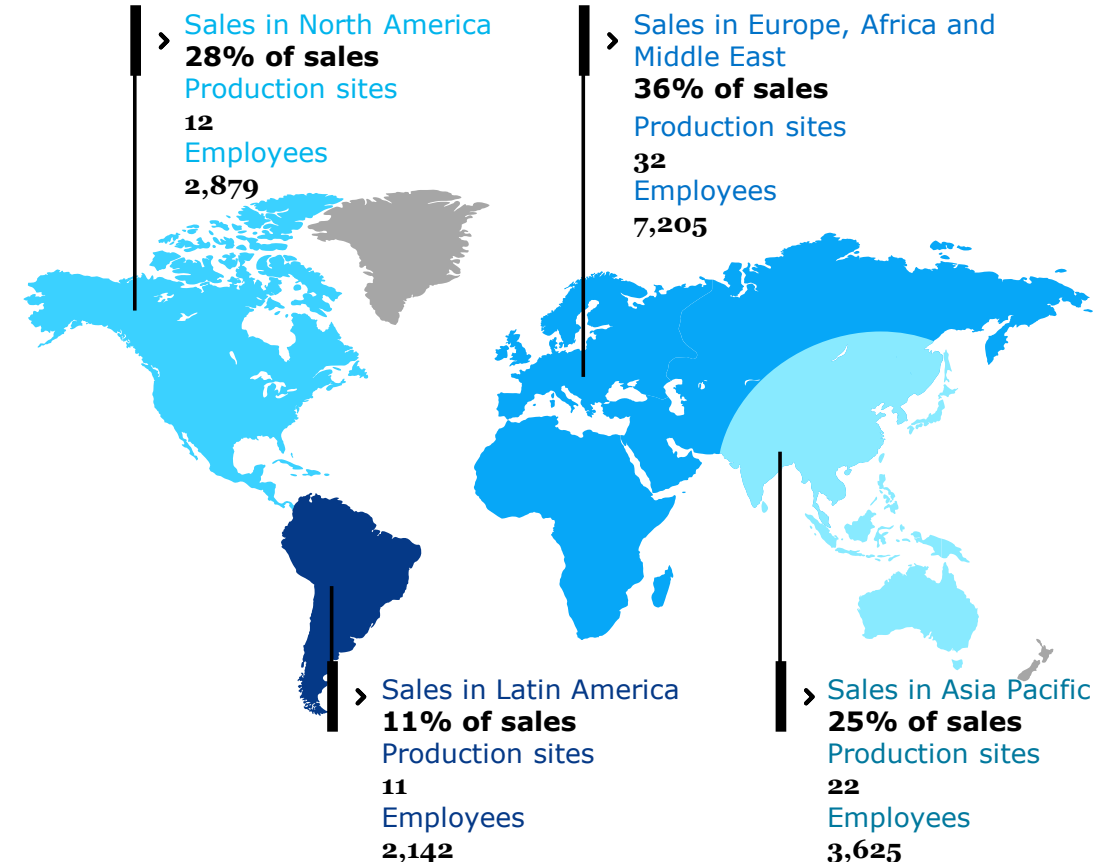
**181**  
locations

**77**  
production sites



## Our customers

50% multi-national | 50% local and regional



2020 Full Year Results

Excellent Financial Performance - 2020 Strategy delivered



## 2020 Full year results

### Performance highlights

- Sales of CHF 6.3 billion, up 4.0% on a like-for-like\* basis and 1.9% in Swiss francs
- EBITDA of CHF 1,397 million, an increase of 9.6%; comparable EBITDA margin of 22.8% up from 21.5% in 2019
- Free cash flow of CHF 811 million or 12.8% of sales
- Proposed dividend of CHF 64.00 per share, up 3.2% year-on-year
- Successful delivery of 2020 guidance; Over the five year period 2016-2020:
  - Average like-for-like sales growth of 4.9%
  - Average free cash flow of 12.6%

**“I am very pleased that in an unprecedented environment related to COVID-19, we have been able to deliver such a strong financial performance in 2020, as well as successfully delivering on all of our ambitious targets in relation to our 2016-2020 strategy.”**

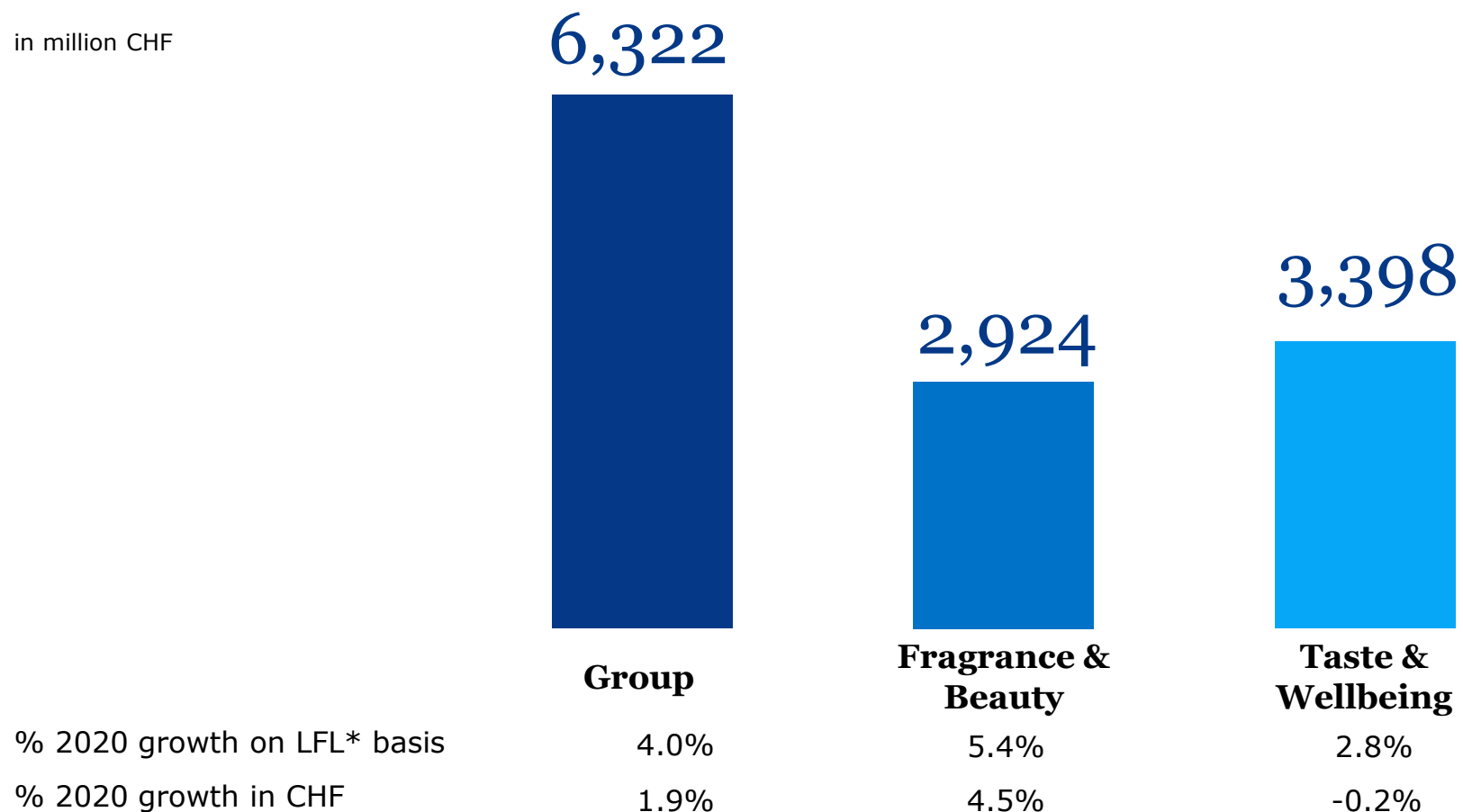
\* Like-for-like: excludes the impact of currency, acquisitions and disposals



# Sales performance

## Good growth in both divisions

in million CHF

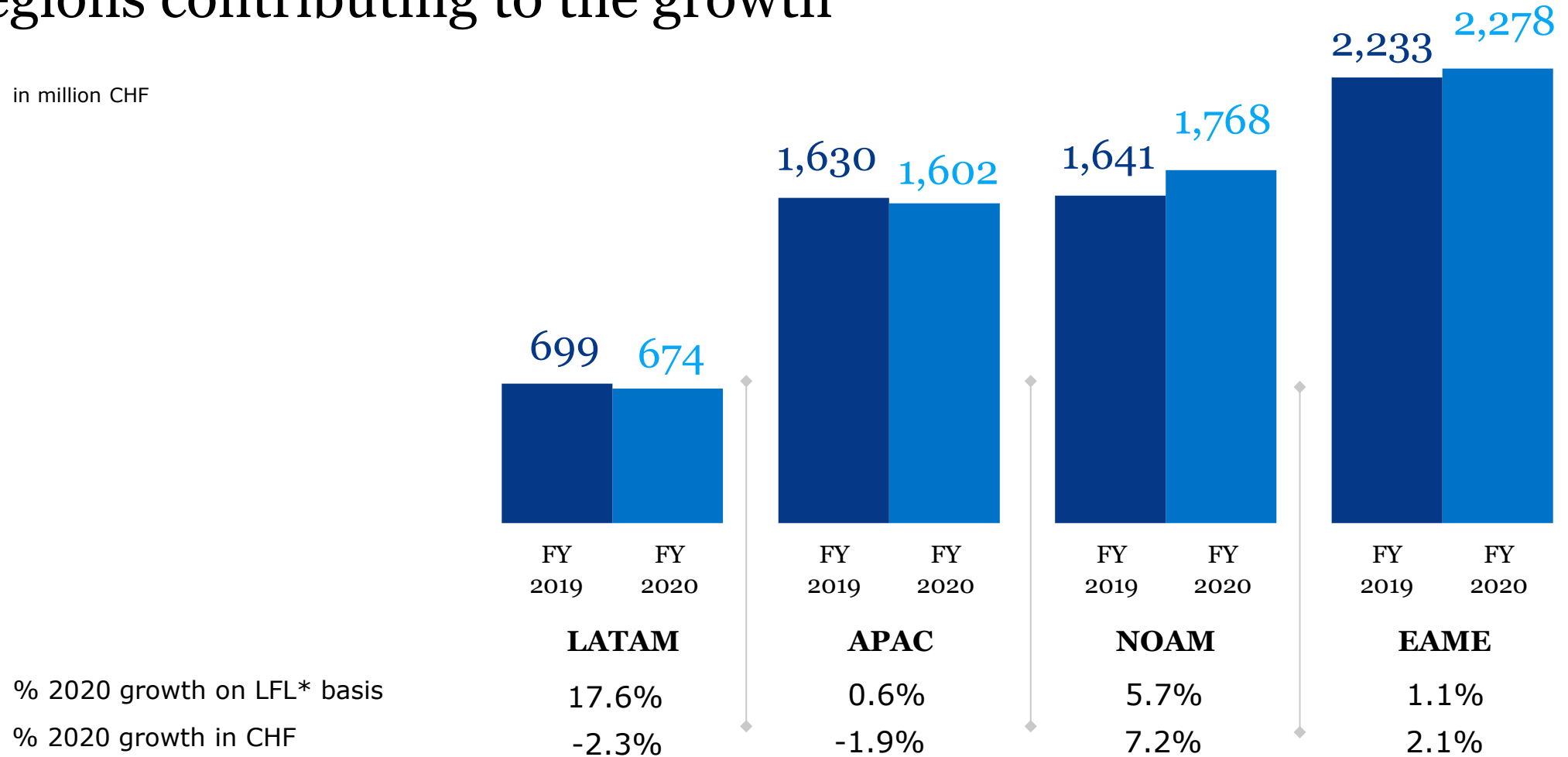


\* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

# 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

# Operating performance

## Excellent financial performance

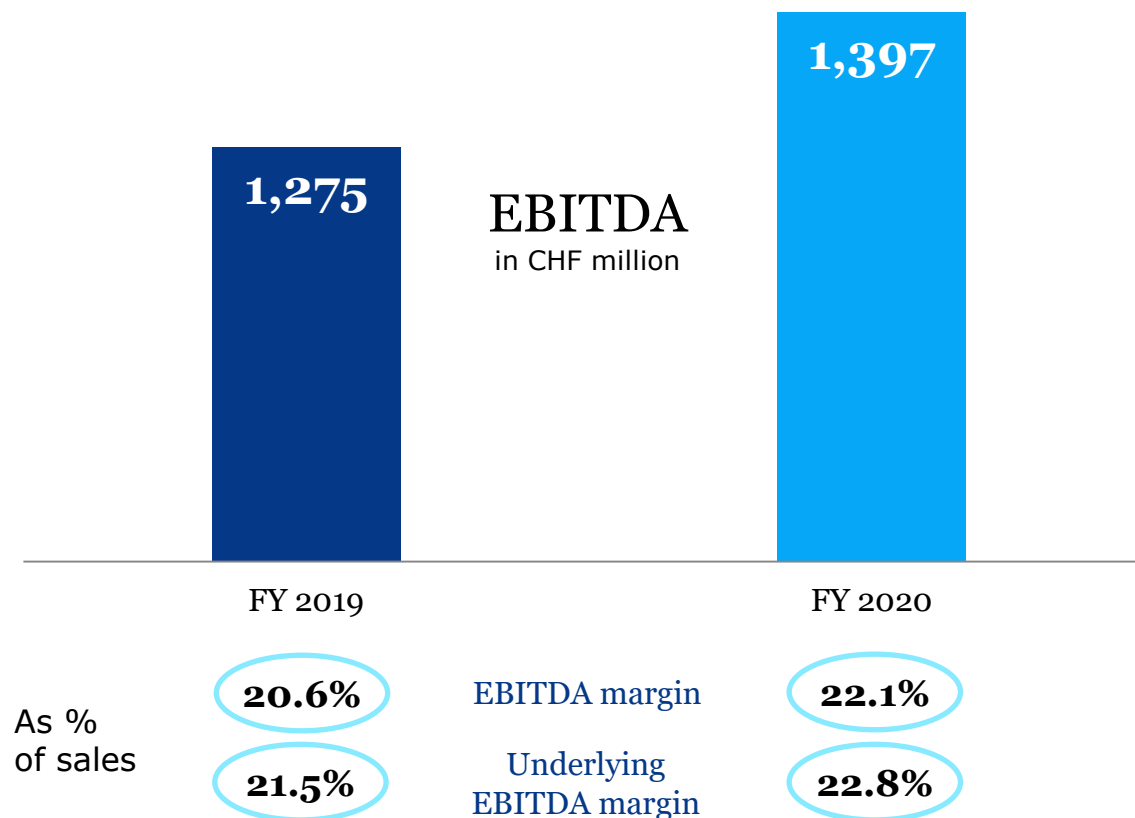
**Sales** of CHF 6,322 million, an increase of 4.0% on a like-for-like basis\* and 1.9% in Swiss francs

**Gross margin** of 42.1%, compared to 40.8% in 2019, as a result of continued productivity gains, improved contribution of acquired companies, GBS savings and cost discipline

**EBITDA** of CHF 1,397 million compared to CHF 1,275 million in 2019. Acquisition and restructuring costs of CHF 39 million, compared to CHF 25 million in 2019. Impact of costs for GBS project of CHF 6 million in 2020, compared with CHF 31 million in 2019

**EBITDA margin** of 22.1% compared to 20.6% in 2019, with the underlying margin at 22.8% versus 21.5% in 2019

40.8% Gross margin 42.1%  
in %



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

# Free cash flow

## Sustained underlying performance

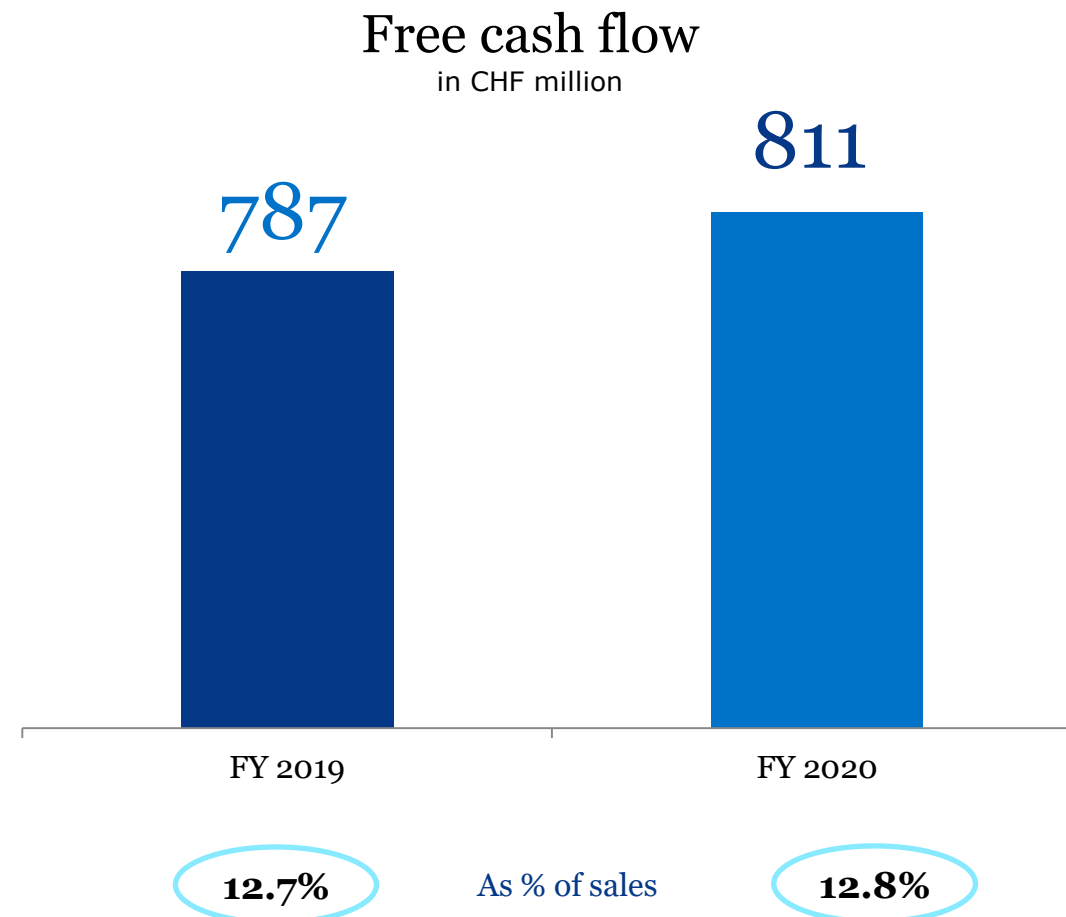
**Free cash flow** of CHF 811 million, compared to CHF 787 million in 2019. Free cash flow is 12.8% of sales compared to 12.7% in 2019.

Average Free cash flow over the 2016-2020 strategy period of 12.6%

**Operating cash flow** of CHF 1,133 million, compared to CHF 1,136 million in 2019

**Total net investments** of CHF 217 million, or 3.4% of sales, as the Group continues to invest in growth and information systems. The net investments in 2019 were 4% of sales, or 5.1% excluding the impact of the ZIC transaction

**Net Working capital** of 24.4% of sales compared to 24.0% in 2019



# Strategy 2020

## Responsible growth. Shared success.



\* Over the five-year period 2016-2020



Creating additional value through 16 acquisitions since 2014

**CHF 1.5 bn** annualised revenue contribution from companies acquired since 2014



Intention to maintain current dividend practice as part of this ambition

- Dividend increased y.o.y every year since Givaudan was listed in 2000

# Value creation through acquisitions

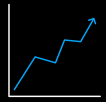
## Expanding our portfolio



# Strategy 2020 Successfully Delivered

## Highlights of key achievements 2016-2020

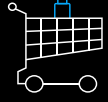
### Growing with our customers



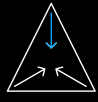
High growth markets



Health and well-being



Consumer preferred products



Integrated solutions

**Expanding product and customer portfolio** for growth

**Doubling sales in Naturals** to close to CHF 2 billion

Achieving **No. 1 position in Fine Fragrance**

Building **CHF 100 million** businesses in **Active Beauty** and in **Plant based proteins**

**Local & Regional** customers accounting for **54% of Group Sales**

### Delivering with excellence



Excellence in execution

**Successful implementation** of Givaudan Business Solutions (GBS) with benefits of CHF 60 million per annum

**Integration** of acquired companies & **improving financial performance**

Establishment of the **Givaudan Digital Factory** in Paris

**Earned key sustainability recognitions**, including CDP leadership scores & EcoVadis Gold Status

### Partnering for shared success



Innovators



Suppliers



People



Communities

**Strengthening global innovation ecosystem** with opening of new flagship Innovation Centre in Zurich

**Doubling of sales** from innovation linked to external collaborations

Launch of **"Connect to win"** programme to accelerate innovation in partnership with suppliers

Strong improvement in **employee engagement and in safety performance**

Looking forward

Future value creation through our strategy 2025





**OUR PURPOSE:**

Creating for happier,  
healthier lives  
with love for nature.

**Creations**

Let's imagine together with customers that through our creations more people will enjoy happier, healthier lives



**Communities**

Let's imagine together that all communities benefit by working with Givaudan



**Nature**

Let's imagine together that we show our love for nature in everything we do



**People**

Let's imagine together that Givaudan is a place where we all love to be and grow



Working to become a



# Megatrends

## Impacting 2025 strategy

Consumer base is growing

Living longer and more consciously

Sustainability is of high concern

COVID-19:  
E-commerce, self-care and localisation gain importance

### Trend >



### Impact >

- Asia and Africa leading the way

- Consumer behaviours are changing

- Consumers will buy more consciously
- Responsible companies will act

- Consumers will buy more online and increase spending on self-care
- Localisation will be even more important

# Strategy 2025

## Committed to Growth, with Purpose



### Creations

We create inspiring solutions for happier, healthier lives



### People

We nurture a place where we all love to be and grow



### Nature

We show our love for nature through impactful actions



### Communities

We bring benefits to all communities that work with us



**Excellence, Innovation & Simplicity** - in everything we do

**4-5% GROWTH**

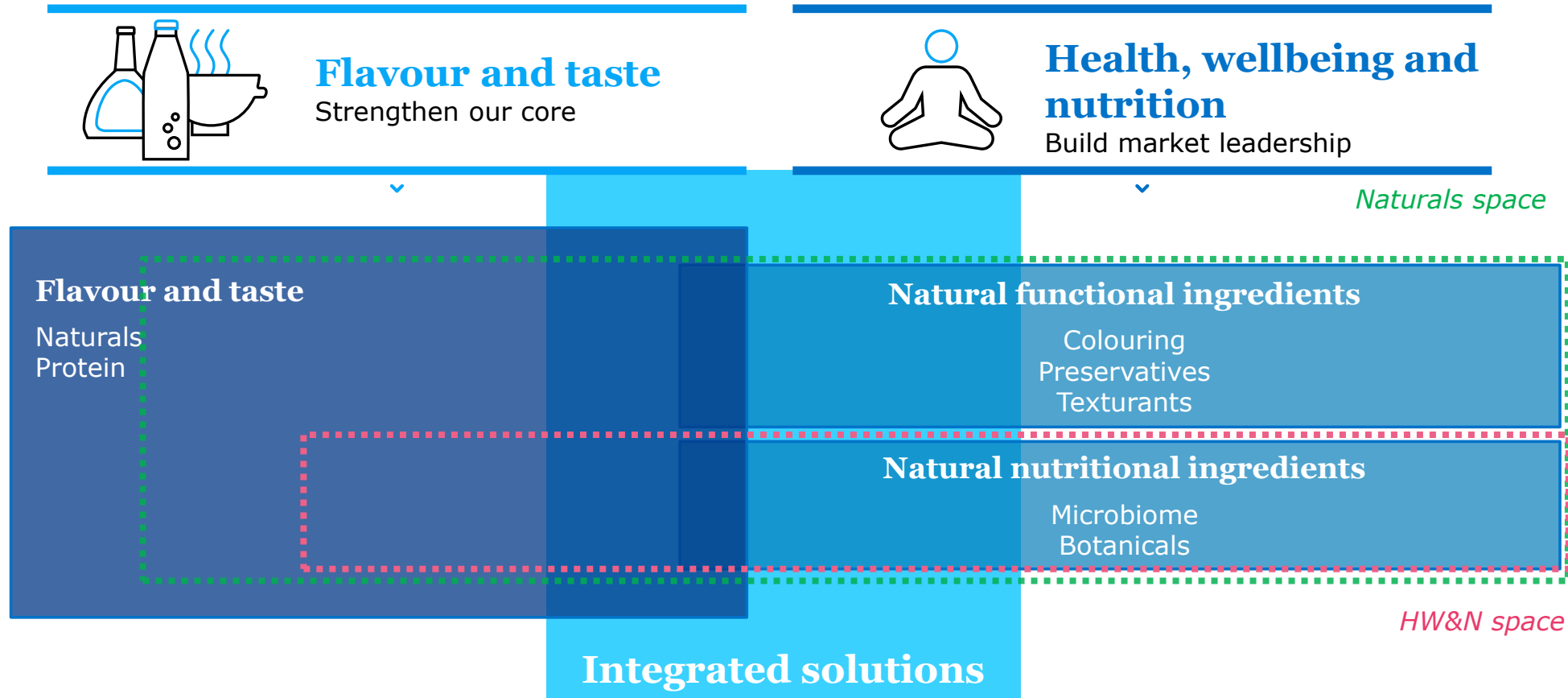
**PURPOSE LINKED TARGETS**

**>12% FCF**



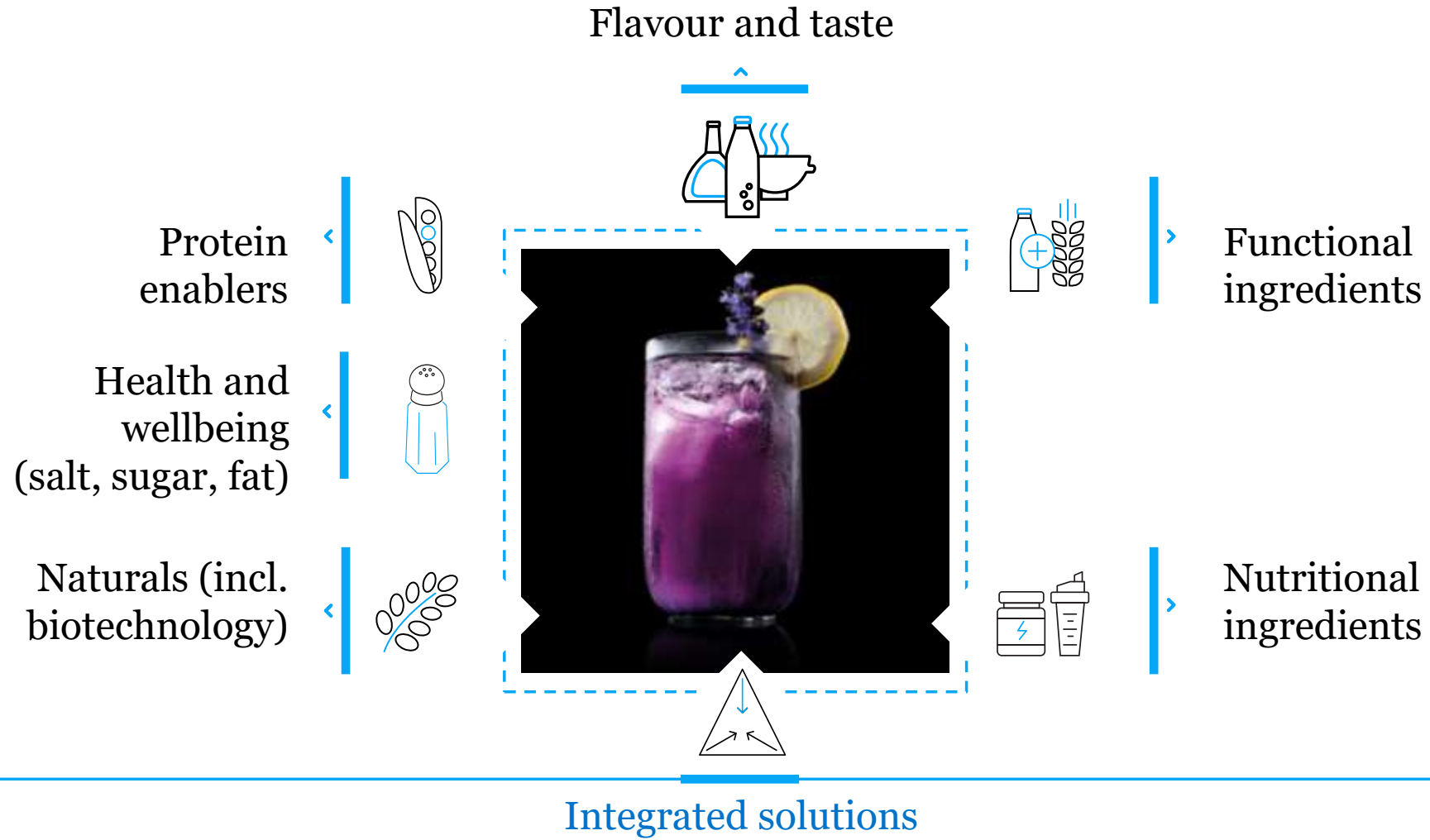
# Best in class product offering

## Leveraging the full portfolio to reach our growth ambitions

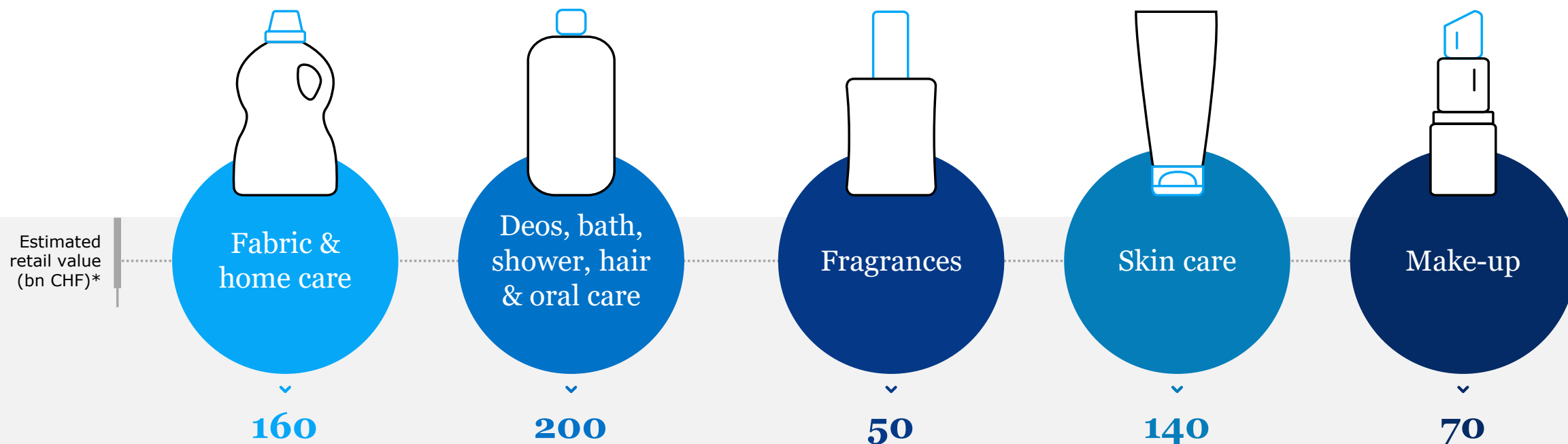




# Best in class product offering

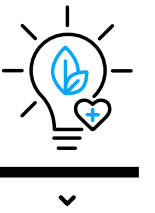


# Growing with all customers across all categories

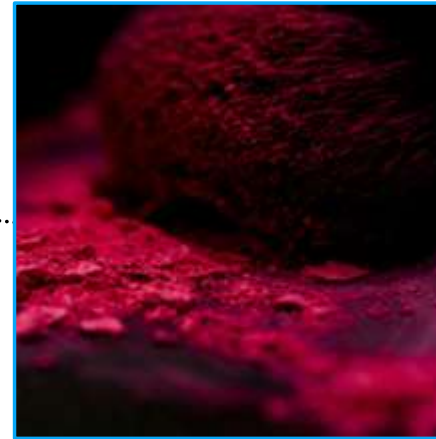


\* Source Euromonitor


# New and superior product offering



  
**Biotechnology**  
Leverage our capabilities and acquisitions for our ingredients



  
**Beauty**  
Further expand our offering in Active Beauty

  
**Delivery systems**  
Provide the next generation of bio-caps



  
**Naturals**  
Provide our customers with the most innovative and qualitative ingredients

# Strategy 2025

## Performance commitments

### Sales growth

**4.0 – 5.0%**

2021 – 2025  
Average like-for-like<sup>1</sup> sales growth

### Free cash flow

**>12% of Sales**

2021 – 2025  
Average FCF<sup>2</sup> as % of sales

### Purpose commitments

**Purpose  
linked targets**

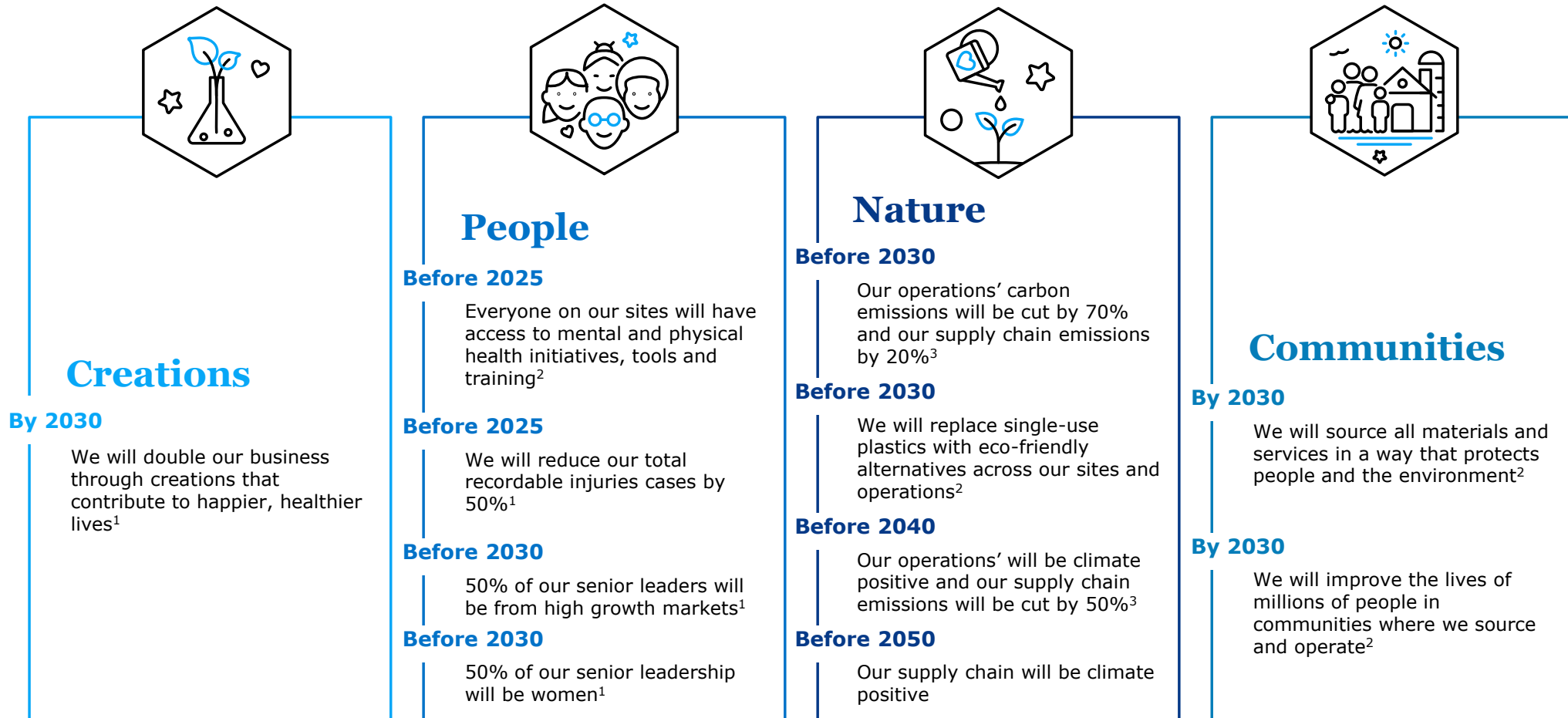
2021 – 2025  
Progress towards all published  
purpose targets

1. Like-for-like (LFL) is defined as: (a) sales calculated using the invoicing exchange rates of the prior year, (b) excluding sales of businesses acquired from the acquisition date until the period end date, up to 12 months from the acquisition date, and (c) excluding sales of the businesses disposed of from the disposal date until the period end date of the comparable prior period
2. Free Cash Flow (FCF) refers to operating cash flow after net investments, interest paid and lease payments



# Strategy 2025

## Performance commitment - Purpose linked targets



# A strong track record of growth and value creation

## Value creation history at Givaudan



## Key investment highlights

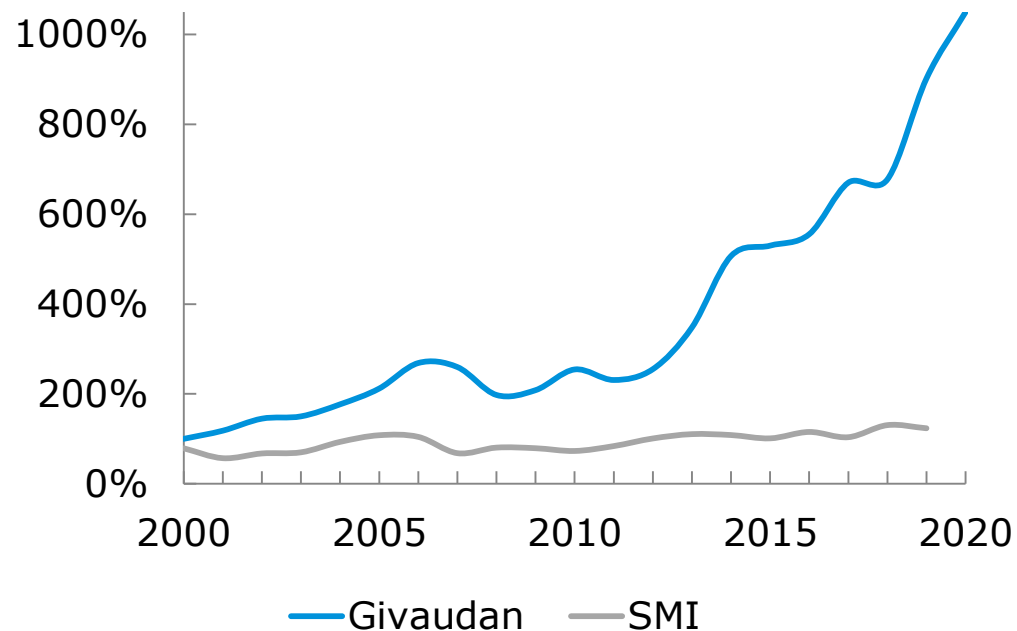
# Givaudan has a strong track record of delivering with excellence

- A company inspired by its purpose, engaged in the B Corp certification and part of the B Builders Movement
- A highly resilient / defensive business model:
  - Key products that are the most important part of consumer staples and the decisive factor behind the repurchase decisions of consumers
  - High barriers to entry (complexity, R&D, consumer insight, regulations, etc.)
  - Competition focused on innovation, quality and service, not on price
- Natural hedges for sustainable growth:
  - Diversified exposures to all regions and market segments (including premium, private label and regional players in emerging markets)
  - Emerging markets/urbanisation-driven growth model
- Consistency in strategy, execution, result delivery and stability of management

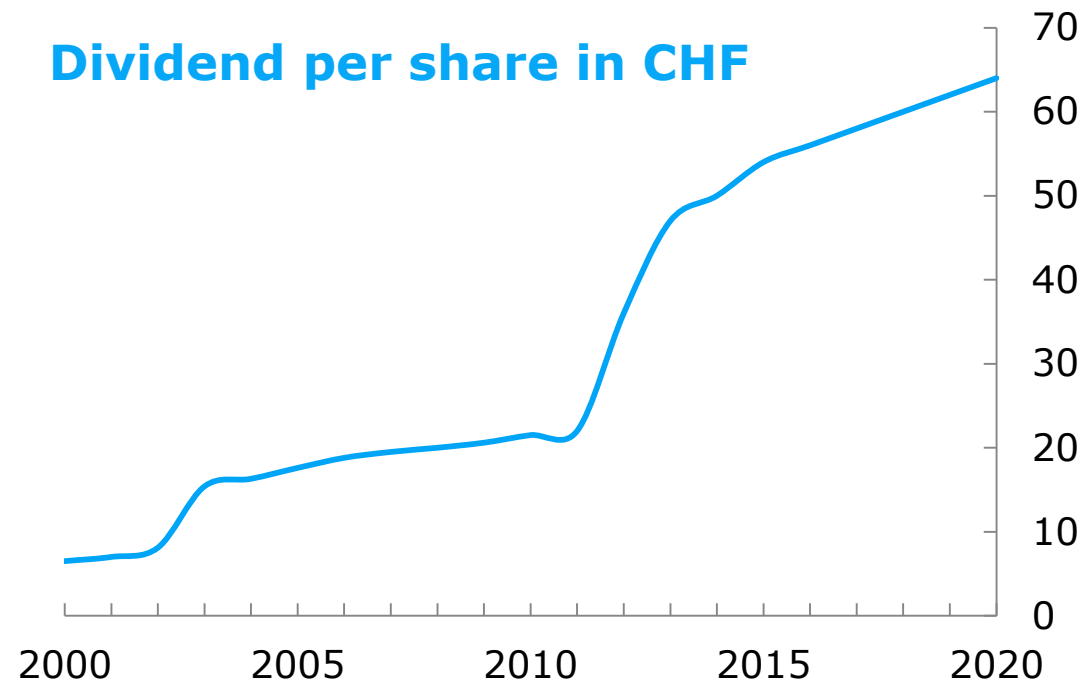
# Value creation at Givaudan

## Sustained value creation for shareholders

### Share price evolution vs SMI



### Dividend per share in CHF

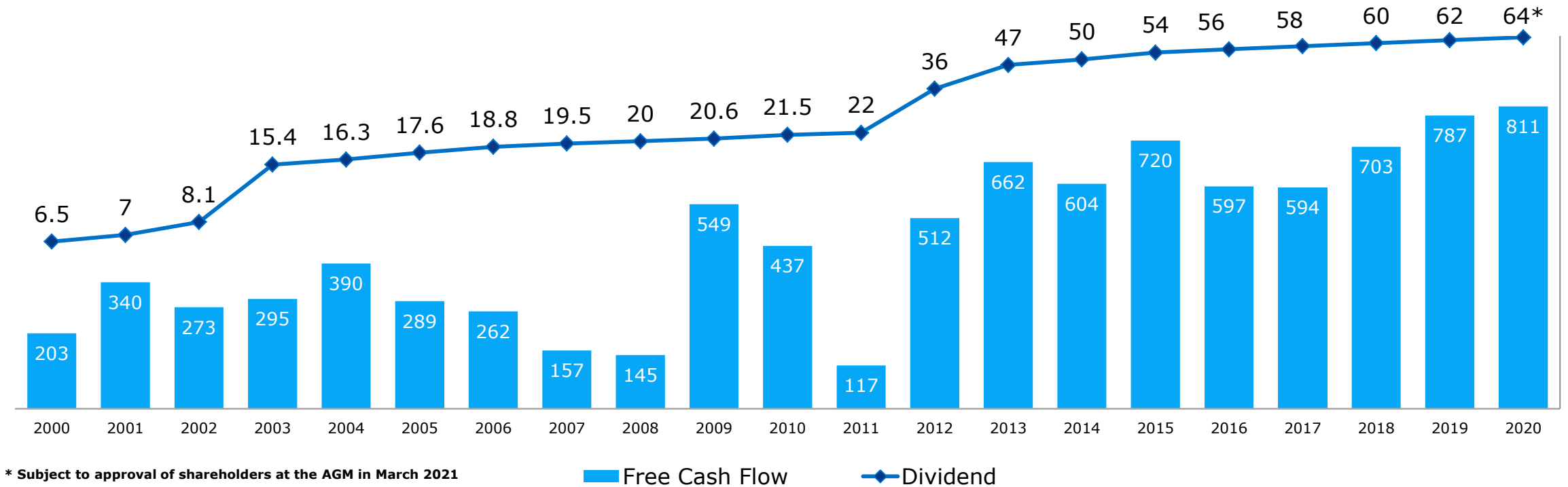


>CHF **35 Billion**  
of Total Shareholder return since  
the IPO

Average annual yield of  
**13.3%**  
vs 4.1% of SMI

# Value creation at Givaudan

## Dividend per share, increasing 3.2% over 2019



# Creating value for profit, people and the planet

## Global recognition as a force for good business



- › Committed to **B Corp Certification**, the gold standard for good business.



- › Awarded highest accolade, **EcoVadis Platinum** medal, with a score of 75/100, ranking us in the top 1%.



FTSE4Good

- › Inclusion in **FTSE4Good Index Series**, ranking us in top 1% of performers among our peers.



- › **Givaudan has received CDP double 'A rating'** for Climate action and water stewardship for the second consecutive year.

And CDP leader board recognition for supplier engagement.

# Disclaimer

**No warranty and no liability:** While Givaudan is making great efforts to include accurate and up-to-date information, we make no representations or warranties, expressed or implied, as to the accuracy or completeness of the information provided on this handout and disclaim any liability for the use of it.

**No offer and no solicitation:** The information provided on this handout does not constitute an offer of or solicitation for the purchase or disposal, trading or any transaction in any Givaudan securities. Investors must not rely on this information for investment decisions.

**Forward-looking information:** This handout may contain forward-looking information. Such information is subject to a variety of significant uncertainties, including scientific, business, economic and financial factors, and therefore actual results may differ significantly from those presented.

Copyright © 2021 Givaudan SA. All rights reserved.

# Follow us on social media

@givaudan

---



## **Investor relations contact:**

Pierre Bénaïch

Head of Investor and Media Relations

T +41 22 780 9053

E [givaudan.investors@givaudan.com](mailto:givaudan.investors@givaudan.com)