# Investor presentation February 2022



Human by nature

# What we do

## Givaudan products drive millions of consumer decisions

## every day!

22 General Investor Relations presentation

January 2022

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



# How we do it

2022 General Investor Relations presentation

### 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.)
- $\boldsymbol{\cdot}$  IP / formulae owned by Givaudan
- Mastering high complexity and volatility at every step:
  - >11,000 raw materials and a sophisticated supply chain with over 3,000 raw material suppliers
  - >120,000 products made to order, delivered just in time to >10,000 customers
  - >300,000 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

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



57% of sales in mature markets

43% of sales in high growth markets

16,842 full time employees

185

79

locations

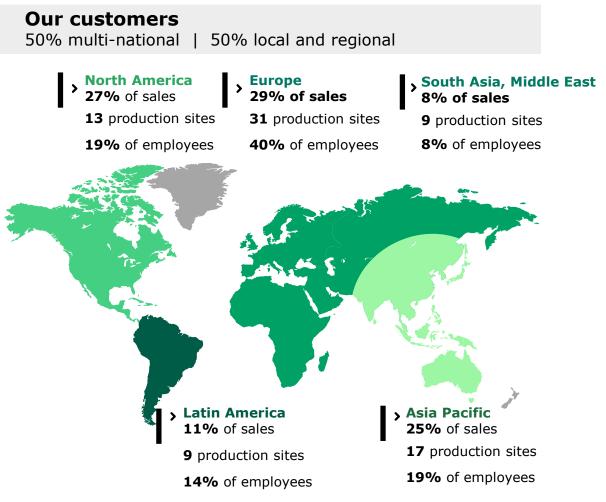
production sites

Savoury **37**% Beverages **35**% Sweet goods **16**% Dairy **12**%

Taste & Wellbeing54% of Group sales

Consumer Products **67**% Fine Fragrances **19**% Fragrance Ingredients and Active Beauty **14**%

Fragrance & Beauty **46**% of Group sales

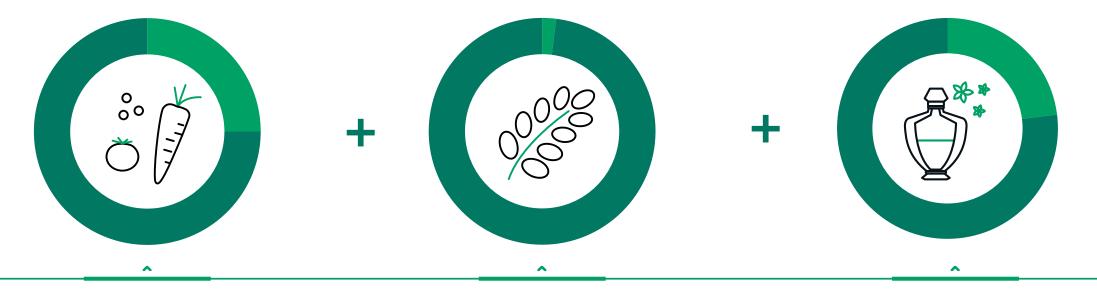


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Operating in a significant addressable market Givaudan's expanded market space worth CHF 42bn

Givaudan market share as of 2020 Market potential as of 2020



Flavour & Taste 13.1 bn CHF

Market Potential as of 2020

Source: Based on Givaudan internal estimates

Functional & Nutrition (Sense, Health & 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

Givaudan

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### A research-driven innovation process Supported by unrivalled capabilities and innovation



> 69 Creation and application Centres

>>120,000 Products sold per year CHF 562 mln R&D spend in 2021, 8.4% of sales

> 550 21, Employees in Science & Technology

> 3,600
Active
patents

#### **Innovation initiatives and priorities**



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Supplier enabled innovation partnerships with bioscience companies

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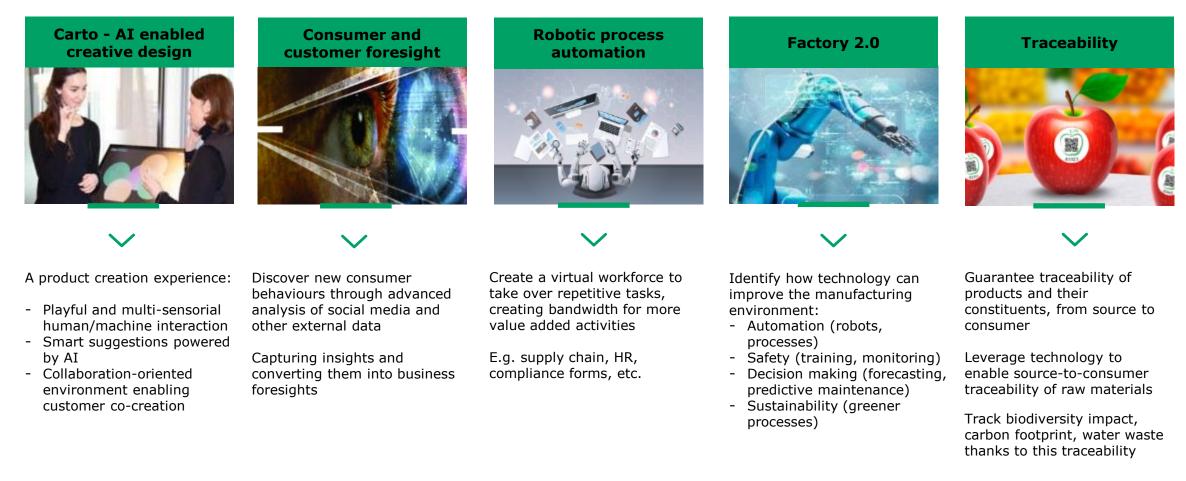
Delivering differentiating technologies and solutions in Flavours, nutritional and functional ingredients (clean label delivery systems, health and wellbeing solutions etc.)

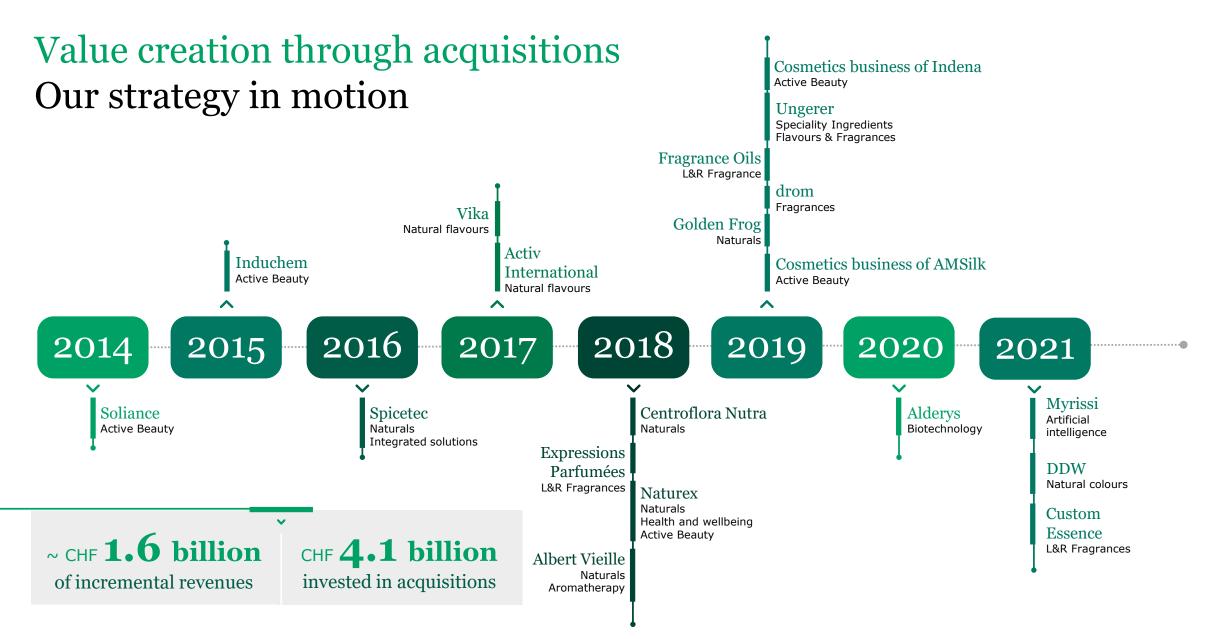


Enabling novel consumer experiences in Fragrances: naturals, new sensory

naturals, new sensory experiences, sustainable new molecules and precursors etc.

### Business processes enabled by digital tools Selected digital initiatives





# Future value creation Through our 2025 strategy

### Givaudan's purpose Driving sustainable performance, and acting as a force for good



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### 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

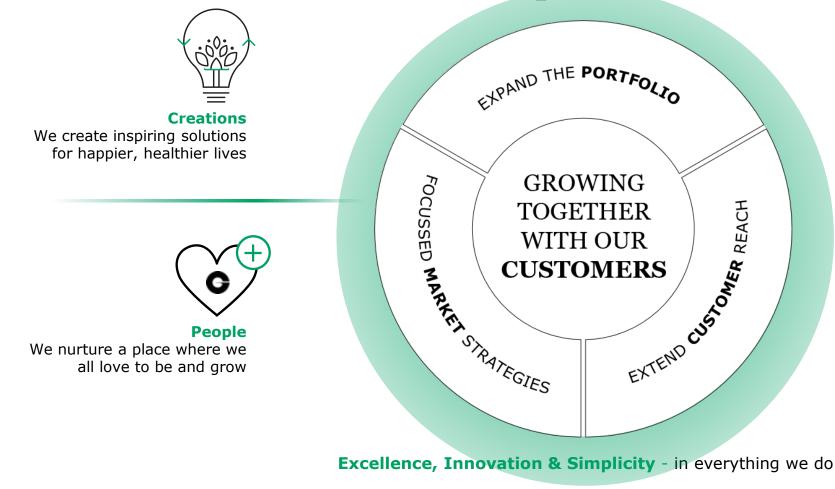
- Consumers are
- focussing on
- health and
- transparency

- Consumers will buy more consciously
- Responsible businesses will
- create a positive impact on society and the planet



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

### Strategy 2025 Committed to Growth, with Purpose







**Communities** We bring benefits to all communities that work with us

4-5% GROWTH PURPOSE LINKED TARGETS >12% FCF

16

### 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 - 2025Average FCF<sup>2</sup> as % of sales **Purpose commitments** 

### Purpose linked targets

2021 – 2025 Progress towards all published purpose targets

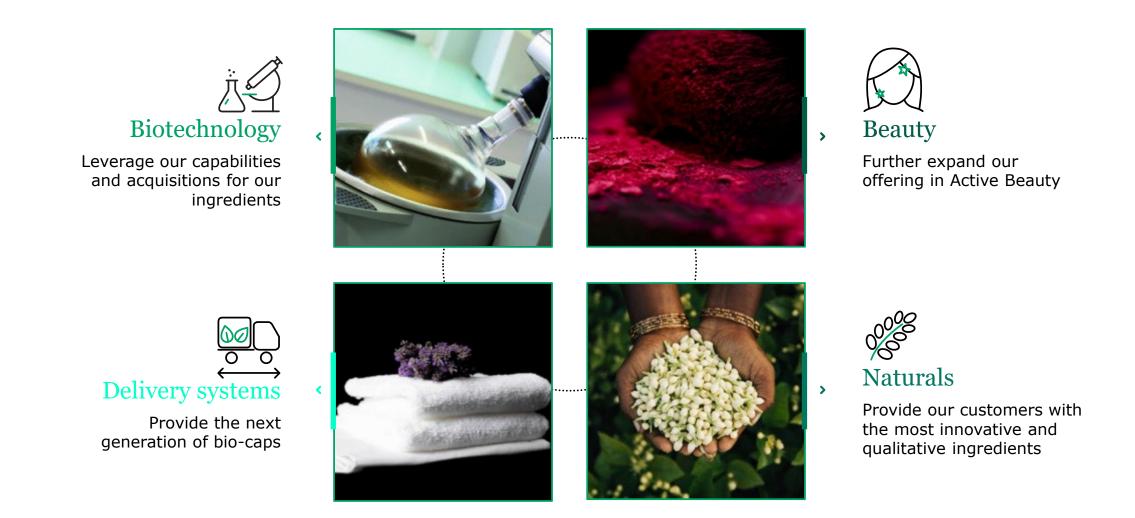
1. Like-for-like (LFL) is defined as: (a) sales calculated using the invoicing exchange rates of the prior year, (b) excluding sales of businesses acquired from the acquisition date until the period end date, up to 12 months from the acquisition date, and (c) excluding sales of the businesses disposed 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, lease payments and purchase and sale of own equity instruments

# Leveraging the full portfolio to reach our growth ambitions in Taste & Wellbeing

Flavour and tast Strengthen our core	te Health, wellbeing and nutrition Build market leadership
~	Naturals space
Flavour and taste	Natural functional ingredients
Naturals Protein	Colouring Preservatives Texturants
	Natural nutritional ingredients
	Microbiome Botanicals
	HW&N space
	Integrated solutions

### New and superior product offering in Fragrance & Beauty



### Purpose and 2025 strategy Encapsulate our approach to ESG

### Purpose-linked targets Encapsulate our approach to ESG

## Creations

#### By 2030

 We will double our business through creations that contribute to happier, healthier lives.

E Environment S Social G Governance

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#### Before 2030

- Our operations' carbon emissions will be cut by 70% and our supply chain emissions by 20%
- We will replace single-use plastics with eco-friendly alternatives across our sites and operations

#### Before 2040

 Our operations' will be climate positive and our supply chain emissions will be cut by 50%

#### Before 2050

 Our supply chain will be climate positive



#### Before 2025

- Everyone on our sites will have access to mental and physical health initiatives, tools and training
- We will reduce our total recordable injury rate by 50%
- We will be rated among the leading employers for inclusion globally

#### Before 2030

- 50% of our senior leaders will be from high growth markets
- 50% of our senior leadership will be women





#### By 2030

- We will source all materials and services in a way that protects people and the environment
- We will improve the lives of millions of people in communities where we source and operate



#### Givaudan

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### History of acting sustainably with solid track record of ESG ratings Confidence in achieving ambitious purpose targets



Transparent disclosure of comprehensive, audited ESG data based on reporting standards



Givaudan has applied the GRI frameworks since 2010



Givaudan has adopted Integrated reporting since 2016

1. 2021 score published end of Feb. 2022

### Creations for happier, healthier lives of millions of people Doubling our business by 2030

We will impact millions of lives by working with our customers to develop creations for happier, healthier lives

#### **By 2030**

We will double our business through creations that contribute to happier, healthier lives



#### **Taste & Wellbeing**

Going beyond great taste to create food experiences that do good and feel good, for body, mind and planet

- Flavour and taste solutions: authentic flavours, kitchen ingredients, tasteenhancing technologies
- Natural functional ingredients: colours, preservatives, texturants
- Natural nutritional ingredients: microbiome, botanicals
- **Plant-based food**: non-animal protein alternatives
- Solutions to reduce undesirable ingredients (sugar, salt, fat) and add healthsupporting nutrients (vitamins, minerals fibers)



#### **Fragrance & Beauty**

Craftsmanship, creativity, and passion for happier, healthier lives through fragrances for every moment

- **Consumer products** for personal, home, fabric and oral care
- Fragrances and beauty products that spark happiness and delight
- Fragrances to improve emotional wellbeing: leveraging neuro-sciences to enhance sleep, emotional benefits and wellbeing

### Sustainable value creation Having a positive impact on nature



Emissions Scope 1+2+3

Before 2050

We will be a **climate positive** business<sup>1</sup>



Scope 1+2 – **31**%

Δ%



Electricity Renewable sources

By 2025

Power **100%** of our sites with renewable electricity

84%



Water Efficiency

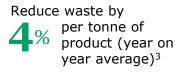
By 2030

Improve water **25%** efficiency by on sites facing water stress<sup>2</sup>



Waste Efficiency

**Current target** 





100%

0

**Plastics** 

Alternatives

Before 2030

Replace **Single**-

use plastics

with eco-friendly

alternatives

100% plastics circularity before 2030

#### in Progress

Absolute reduction since 2015.

1. Scope 1, 2, 3, with intermediate targets before 2030 and 2040.

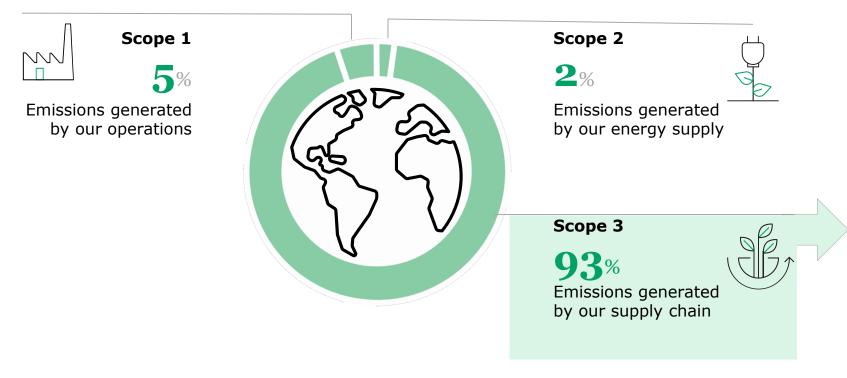
2. For municipal and groundwater (m<sup>3</sup>) per tonne of production. baseline 2020.

3. For incinerated and landfilled waste, baseline 2015.

Scope 3

-4%

### Givaudan's carbon footprint Our value chain emissions



#### About 2,300,000 tonnes GHG emissions per year

#### **TARGETS – Scope 3**

• Before **2050**, Our supply chain will be climate positive

#### Actions driving our Roadmap:

Engage suppliers in the netzero journey

Refine understanding of our ingredients footprint and drive ingredient innovation

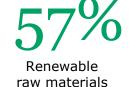
Reduce other emissions linked to our value chain

### Sustainable value creation Procurement practices bringing benefits to all involved

CHF 2.7 bn

Raw material / consumable spend per year

>225 People in global procurement worldwide >11,000 Number of different raw materials sourced





Non-renewable raw materials

### Sourcing4Good is a step change in our responsible sourcing journey



Ensures **trust and compliance** across our entire supply chain



It allows us to embark on **collaborative transformational projects** in selected supply chains



Brings **end-to-end** raw material traceability in key supply chains Builds on our heritage of action in sourcing responsibly.

This flagship programme is closely tied to our goal to source all materials and services in a way that protects **people** and the **environment** before 2030. A full scope with clear priorities across our full portfolio of spend

Collaboration with the right partners

Traceability, digitisation and progress monitoring

Third party validation and an integrated operating model

### Protecting the environment Preserving the biodiversity



Supporting the conservation of diversity of species

- Collaborating with the University of California, Riverside (UCR) on Citrus Variety Collection
- Supporting the care and preservation of the most extensive, unique and diverse citrus collection against threat of greening disease
- The collection includes 1,000 varieties of citrus fruits from around the globe



**Sustainable use of natural resources through best practices** 

- **Devil's Claw sustainable** wild collect programme in Namibia
- Securing the long term supply of this major medicinal plant
- Organising wild collect of roots and train locals to responsible practices



**Commitment to forest conservation** 

- Received the Conservation International's Hero award for the Tonka Bean programme in Venezuela
- Preserving the forests, the flora and fauna through the Conservation Stewards Program
- Empowering local communities to conserve 150,000 hectares of forests in the Caura Basin

### Fully traceable supply chain Enhancing agricultural practices

#### **Contributing to Positive environmental impacts**

- Soil health preservation
- Biodiversity conservation
- Increased carbon sequestration in the soil

**Full traceability** of Guarana seeds from the field to the final extract

**Improved incomes** for farmers

More market visibility for farmers

#### Supported by Sustainable agricultural practices

- Better fertilisation methods
- Improved pruning practices to increase fruit yields
- Investigating plant material improvement



**Example: Guarana (Brazil)** An iconic botanical which seeds help fight tiredness and boost physical and mental performance. Used mostly in energy drinks and food supplements.

### A place where people love to be and grow Diversity and inclusion

A diverse, inclusive organisation to best meet our business goals.

Before 2030, we will be an even more balanced and inclusive company

#### Before 2025

> We will be rated amongst the leading employers for inclusion globally

#### Before 2030

> 50% of our senior leaders will be from high growth markets 2021: 26%

#### Before 2030

> 50% of our senior leaders will be women 2021: 26%



### A place where people love to be and grow Caring for employees

Caring for employee's safety, health and mental well-being

#### Before 2025

> We will reduce our total recordable injury rate by 50% 2021: -22%

#### Before 2025

Everyone on our sites will have access to mental and physical health initiatives, tools and training



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# A strong track record of growth and value creation

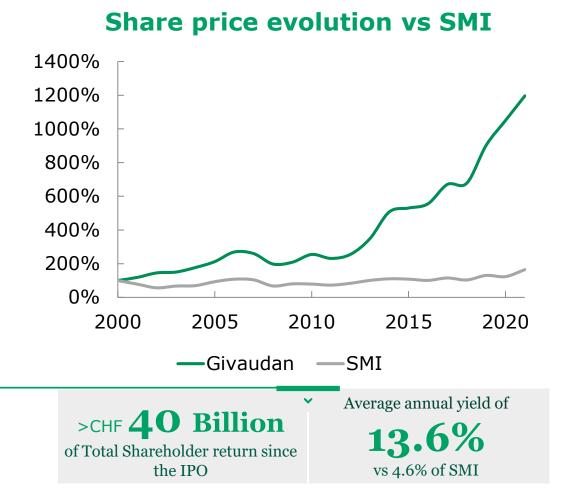


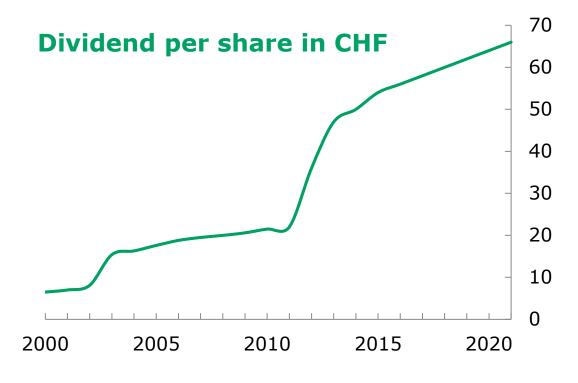
### Key investment highlights

### 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

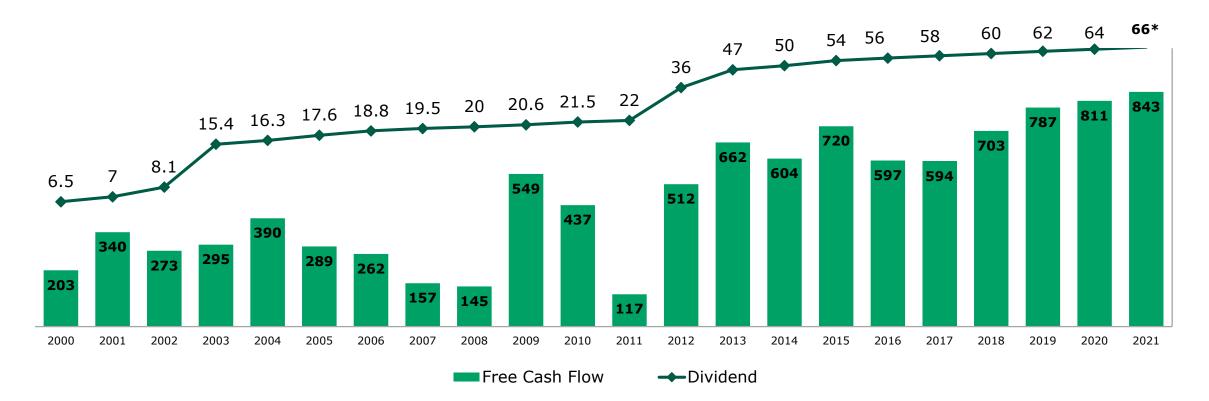
### Value creation at Givaudan Sustained value creation for shareholders





### Value creation at Givaudan Dividend per share, increasing 3.1% over 2020

\* Subject to approval of shareholders at the AGM in March 2022



# 2021 Full Year Results Strong start to the 2025 strategic cycle

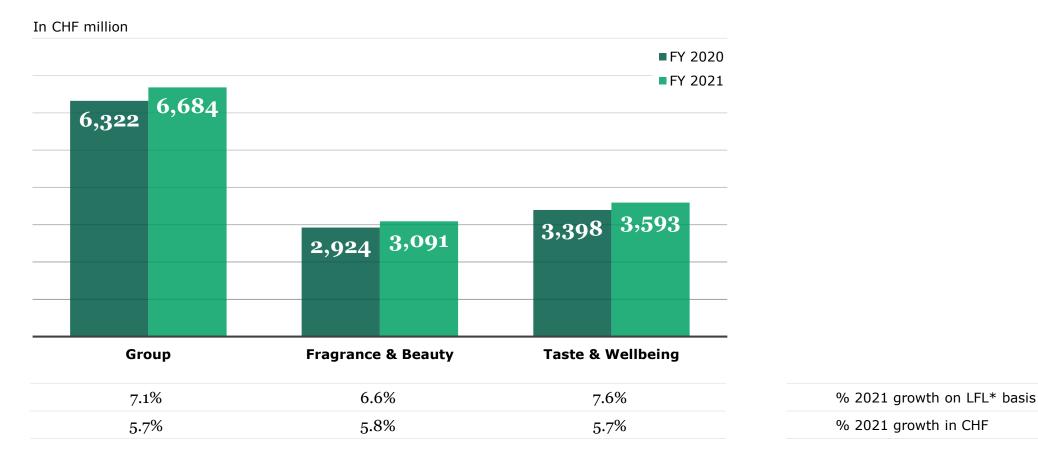


### 2021 Full year results Performance highlights

- Sales of CHF 6.7 billion, up 7.1% on a like-for-like\* basis and 5.7% in Swiss francs
- All 2025 strategic focus areas on track and contributing to the results
- EBITDA of CHF 1,482 million, an increase of 6.0% EBITDA margin of 22.2% compared to 22.1% in 2020
- Comparable EBITDA margin of 22.5% compared to 22.8% in 2020
- Free cash flow of CHF 843 million, an increase of 3.9% over 2020 Free cash flow of 12.6% of sales
- Proposed dividend of CHF 66.00 per share, up 3.1% year-on-year

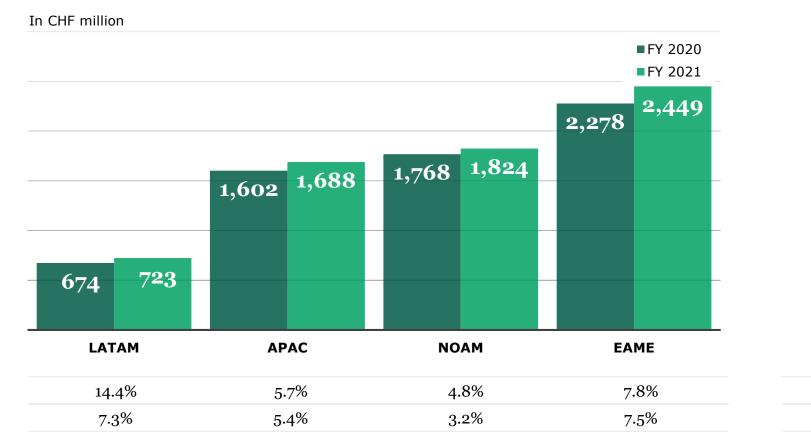
<sup>\*</sup> Like-for-like: excludes the impact of currency, acquisitions and disposals

### Sales performance Strong growth in both divisions



 $\ensuremath{^*}\xspace$  Like-for-like: excludes the impact of currency, acquisitions and disposals

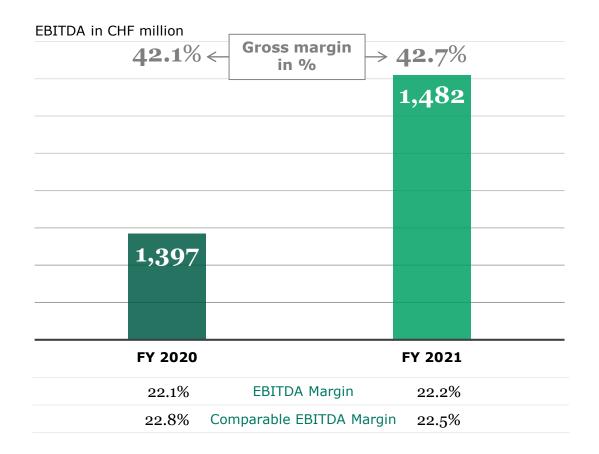
### Sales evolution by region All regions contributing to the growth



% 2021 growth on LFL\* basis % 2021 growth in CHF

 $\ensuremath{^*}\xspace$  Like-for-like: excludes the impact of currency, acquisitions and disposals

### Operating performance Group



**Sales** of CHF 6,684 million, an increase of 7.1% on a like-for-like basis\* and 5.7% in Swiss francs

**EBITDA** of CHF 1,482 million, increased from CHF 1,397 million in 2020

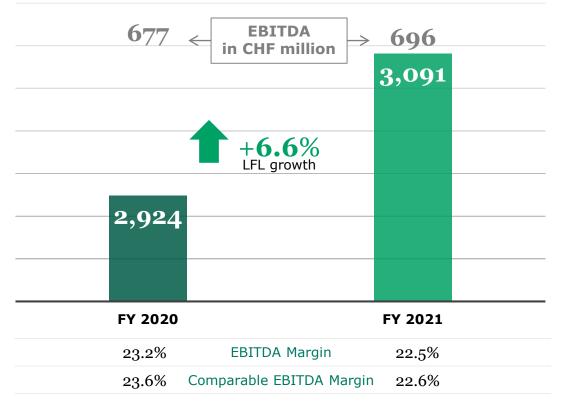
**EBITDA margin** of 22.2% compared to 22.1% in 2020, with the comparable EBITDA margin at 22.5% versus 22.8% in 2020

As % of sales

 $\ensuremath{^*}$  Like-for-like: excludes the impact of currency, acquisitions and disposals

### Operating performance Fragrance & Beauty

Sales in CHF million



**Sales** of CHF 3,091 million, an increase of 6.6% on a like-for-like basis\* and 5.8% in Swiss francs

**EBITDA** of CHF 696 million, increased from CHF 677 million in 2020

The increase was mainly driven by higher sales and the contribution of the recent acquisitions in terms of growth and synergies, despite the increased pressure on supply chain costs across the business

Acquisition and restructuring costs of CHF 2 million, compared to CHF 7 million in 2020

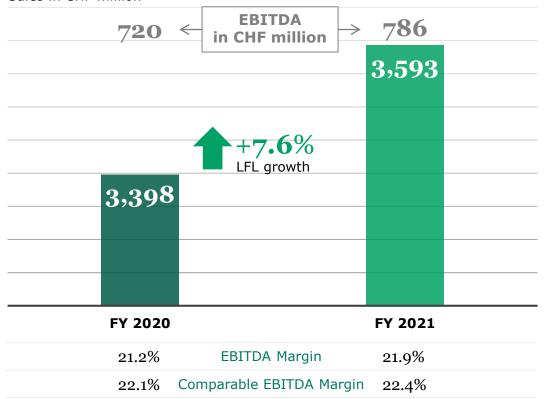
**EBITDA margin** of 22.5% compared to 23.2% in 2020, with the comparable EBITDA margin at 22.6% versus 23.6% in 2020

As % of sales

 $\ensuremath{^*}$  Like-for-like: excludes the impact of currency, acquisitions and disposals

### Operating performance Taste & Wellbeing

Sales in CHF million



**Sales** of CHF 3,593 million, an increase of 7.6% on a like-for-like basis\* and of 5.7% in Swiss francs

EBITDA of CHF 786 million, increased from CHF 720 million in 2020

Acquisition and restructuring costs of CHF 20 million, compared to CHF 32 million in 2020, largely related to the integration of the recently acquired companies and ongoing optimisation of the manufacturing footprint

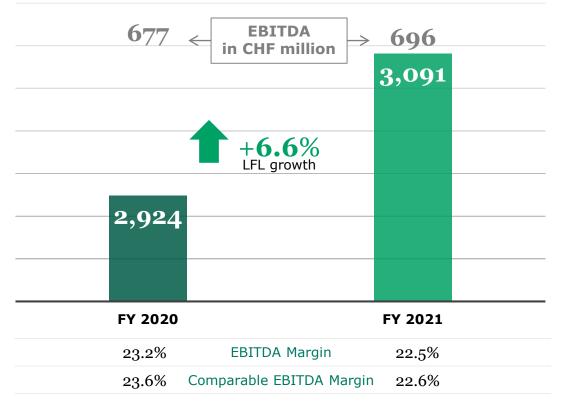
**EBITDA margin** of 21.9% compared to 21.2% in 2020. The comparable EBITDA margin was 22.4% versus 22.1% in 2020

As % of sales

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

### Operating performance Fragrance & Beauty

Sales in CHF million



**Sales** of CHF 3,091 million, an increase of 6.6% on a like-for-like basis\* and 5.8% in Swiss francs

**EBITDA** of CHF 696 million, increased from CHF 677 million in 2020

The increase was mainly driven by higher sales and the contribution of the recent acquisitions in terms of growth and synergies, despite the increased pressure on supply chain costs across the business

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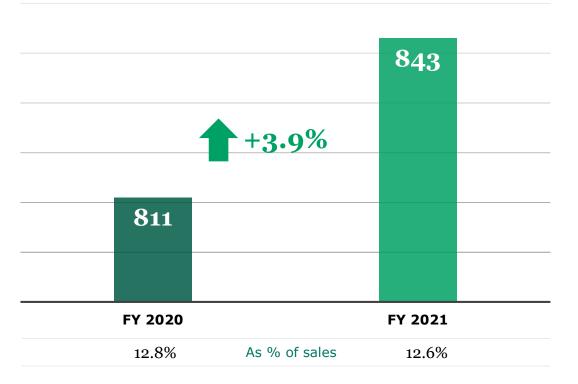
**EBITDA margin** of 22.5% compared to 23.2% in 2020, with the comparable EBITDA margin at 22.6% versus 23.6% in 2020

As % of sales

 $\ensuremath{^*}$  Like-for-like: excludes the impact of currency, acquisitions and disposals

### Free cash flow Sustained underlying performance

In CHF million



**Free cash flow** of CHF 843 million, compared to CHF 811 million in 2020. Free cash flow is 12.6% of sales compared to 12.8% in 2020

**Operating cash flow** of CHF 1,288 million, compared to CHF 1,189 million in 2020

**Total net investments** of CHF 247 million, or 3.7% of sales, as the Group continues to invest in growth and the integration of recent acquisitions. The net investments in 2020 were 3.4% of sales

**Net Working capital** of 24.0% of sales compared to 24.4% in 2020



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