Givaudan
Human by nature

Transcript

2026 Summer Investor Conference

Panel discussion and Q&A session

Date: 27 August 2026
Location: Widder Hotel, Zurich

Company representatives
- Christian Stammkoetter, Chief Executive Officer
- Stewart Harris, Chief Financial Officer
- Antoine Khalil, President Taste & Wellbeing
- Maurizio Volpi, President Fragrance & Beauty
- Claudia Pedretti, Head of Investor Relations

Panel discussion

Christian Stammkoetter:
With this, we're now moving to a panel discussion, and I would invite Maurizio, Antoine, and Stewart to join me here on stage.

Antoine, I'll start with you and ask a few questions to go a little deeper into what I shared earlier. We've highlighted that the division is well positioned to benefit from structural tailwinds. Yet short-term performance is below our ambition, and we have identified optimisation opportunities. How will you execute the approach in practice to restore growth momentum?

Antoine Khalil:
Thank you, Christian.

And again, a very warm welcome and good morning to everyone. It's nice to see some familiar faces and some new ones as well, and I'm looking forward to the engagement and the discussion in the course of the day.

So, coming to your question, Christian, and you rightly mentioned in the presentation that we have identified and are enabling three clear, concrete growth vectors: a differentiated segment strategy, sharpening our regional execution, as well as owning a bigger piece of the customer recipe through integrated solutions.

I'm not going to spend too much time talking about the what, but what I want to talk about is more the how: how we're going to turn all of these vectors into accelerators, and what we are going to do better and differently to turn those growth vectors into growth, which is what we are all aiming for.

Let me start with the core of what we do, which is our commercial excellence engine, where everything sits. We are empowering this engine and sharpening it even more with four concrete actions:

The first action, and it's not a surprise to any of you, is rebalancing our internal resources. We are beefing up the resources behind the sub-segments and segments that are showing clear growth expectations for the future and where we have the "right to win". You mentioned, Christian, functional drinks, low- and no-sugar carbonated soft drinks, high protein, natural colours. Let me give you two examples that show we have what it takes to win in those segments and grab our fair share.

First, functional beverages. If you look at the market, four or five years ago nobody was talking about functional beverages or expecting them to be where they are today and where they are projected to be in the future. It's a sub-segment projected to grow at 9% CAGR for the next five years and reach almost USD 1 billion in potential.

It's an exciting sub-segment for us. We have everything needed to be able to win there, and this is where we have realigned our resources internally. We have created a global task force. It is no longer only regionally led. It's a global, cross-functional task force involving technical teams, marketing, our flavourists, innovation, science and technology, and, very importantly, our Consumer & Market Insights teams.

To give you a little flavour of that topic, over the past 12 months we have conducted extensive market research with more than 5,000 consumers, both qualitative and quantitative. We wanted to understand what we are really talking about when we talk about functional drinks. Everybody talks about it, our peers talk about it, customers talk about it, but as we do at Givaudan, we wanted to go back to the consumer, where everything starts and ends, and understand their need states.

This research identified four key need states that consumers really value in functional beverages, and around which we have geared up this task force globally and embedded it into the regions. The first is longevity and defence, which covers immunity and gut health, both super important for consumers today and in the future.

The second is hydration and performance. It's no longer just hydration with minerals. It's hydration and rehydration, and how we can improve physical as well as cognitive performance.

The third is energy and focus, which is a classic one, but remains super important, not only for partygoers or people who want to focus and wake up in the morning, but throughout the day and across different consumer need states.

And the fourth is mood shifts, which obviously covers relaxation but also a very important need state we identified: sleep. Consumers are asking how they can improve their sleep, because improving sleep improves everything else during the day. This is also interconnected with beauty, hydration, and overall wellbeing.

Just to give you a bit of flavour, and without dwelling too much on the research, which we can discuss further during lunch, this work has allowed us over the past 12 months to focus on functional beverages, generate concepts and ideas, develop fully integrated solutions, and go full speed to market with our global customers, local customers, and private-label players.

The second example on differentiated execution is natural colours. You mentioned it, Christian. It's an exciting space for all of us. Today, in North America alone, natural colours represent close to USD 400 million in potential and are expected to approach USD 1 billion by 2030 and approximately USD 1.4 billion beyond that. We are very well positioned in natural colours in North America. We have the capabilities, expertise, shades, hues, and technologies that will allow us to gain share. And this is not just because I'm saying it today. If you look at our pipeline, and without sharing numbers, just to give you the magnitude, we have more than doubled our pipeline over the past 12 months through the transition from synthetic to natural colours. And our year-to-date performance in North America in natural colours in the first half of 2026 has been very strong. When I say strong, I mean strong double-digit growth. I'm not going to say more than that.

The second action for our commercial engine is regional execution, and I want to use North America as an example. You've seen it in the strategic cycle: growth has been essentially flat, and year-to-date performance is also below expectations. Yet it's an exciting space. Yes, it's challenging. There are inflation and other issues we are all aware of. Nevertheless, there are plenty of opportunities in North America: GLP-1, UPF reformulation, better-for-you products, and many other trends. All of these are opportunities for Givaudan. So far, our exposure in North America has been mainly with global and large regional accounts, as well as an ingredients business that Christian referred to, which has not been performing as it should over at least the last two years.

What we're doing now is expanding our reach. We have created three commercial units in North America: a cross-functional beverage unit, a food unit, and a channel unit focused on private label, food service, and distribution. We are expanding toward local customers, private label, and food service, where we are under-indexed. It's happening. We see the pipeline building, we see conversion taking place, and I am very confident about the recovery and sequential improvement of North America in Q3, Q4, and beyond.

The third action, linked to the second, extends beyond North America. We have launched two key initiatives. One is what we call Ignite Local and Regional. We are already well exposed to global and regional accounts across the world, but there is still significant opportunity in local champions and fragmented markets. In many countries, around 60-70% of the market sits with global and regional players, while 30-40% sits with local champions and fragmented players. We are now tapping more aggressively into that 30-40%, either directly through expanded local reach or through distribution.

The other exciting space where we remain underrepresented is food service. Food service went through a very rough period during and after COVID. Recovery has been gradual, but for us it remains a highly attractive opportunity because we are under-indexed, meaning the ceiling is high and we can clearly gain share and grow. It's a market with approximately USD 2.5 billion of flavour and taste potential. We are not going after everything. This is not a shotgun approach. We are creating dedicated teams, particularly in North America, Europe, and Asia Pacific, focused on pockets of growth where we can bring value, whether in beverages, frappes, syrups, savoury applications, or sauces. These are attractive and margin-accretive opportunities. Plenty happens in food service, but not all areas deliver the margins that are appropriate for Givaudan. And last but not least, Christian, you referred to the heart of what we do: creation. We are incredibly proud of our flavourists, their capabilities, the work they have delivered over the years, the investment we continue to make in them, and the creativity they bring. But even the best flavourist with a poor or mediocre palette cannot do much. That is why we have the best palette in the industry, and we continue to invest through science and technology to equip our teams with molecules, delivery systems, capabilities, and technologies that allow them to create the best solutions. Whether in high-fat, sugar and salt reduction, reaction flavours, reformulation, masking, mouthfeel, or other capabilities, these tools enable flavourists to perform at the highest level. I'll give you one example. Innovation can come through classic chemistry, green chemistry, or bioscience, which we develop both internally and with partners. But the fourth area that you referred to is digital and AI. Our Science & Technology team has spent the last nine months working with a digital platform and has screened nine million molecules capable of interacting with sweet receptors in humans. Remember that number: nine million. In those nine months, the team identified two potential molecules that could become the next breakthrough in sweet modulation. They are now moving into the analytical and testing phase. Without digital capabilities, screening nine million molecules would have taken years, if not decades. The journey continues.

So, to wrap up on this first question, Christian, I believe we have the right plans, the right expansion opportunities, and a strong portfolio. We are optimising those elements that are underperforming. We're investing even more in science and technology and leveraging all the enablers we need. We are very confident that through these three growth vectors we will continue the sequential improvement that Taste & Wellbeing has already started in Q1 and Q2 this year.

Christian Stammkoetter:
Thank you, Antoine. I think that's very, very clear and very encouraging.

I have a question, and I would ask you to answer it briefly so that we have enough time later for Maurizio, Stewart and the Q&A. You can see that consumers are really being influenced by what is happening through the MAHA movement and by GLP-1. Eating behaviours are changing, and a lot has been written about it. You mentioned it as well. How can the Taste & Wellbeing division really help customers turn those trends, and sometimes challenges, into growth opportunities for us and for them?

Antone Khalil:
I'll keep it short. I know there'll be some tasting taking place as well. Maybe we can start passing around the new concept you can see behind us, Pop Mallow. But before I jump into that, Christian, give me three minutes. The opportunity really lies in one simple consumer truth, which I'm sure you're all aware of. Consumers want healthier, better-for-you, more nutrient-dense products. Yet they will never compromise on taste. They want more protein in a product and great taste. They want less sugar and indulgence. They want cleaner labels and great sensory experiences. So we are in the era of the "and's", not the era of the "or's". Which, for us, is super exciting because that's exactly where Givaudan Taste & Wellbeing brings its strengths.

What you are tasting here today, the Pop Mallow, started where everything starts at Givaudan: with consumers. That's what matters. We conducted deep research with our Consumer Insights team and used our digital tool called Customer Foresight, which projects what consumers today, especially Gen Z and Gen Alpha, would like to see in a new concept or product. In a nutshell, they looked at popcorn, which is simple, basic and has existed for ages. They looked at marshmallow, which everybody loves, especially younger consumers. The tool and the insights we generated created this concept, which we're calling Pop Mallow. As you taste it, I hope you enjoy it. We used our technologies to reduce the fat content in the product. It's an ice cream, obviously, and we reduced the fat by 30% using our taste solutions, mouthfeel technologies and dairy authenticity capabilities. We also used a natural colour based on beetroot to create the full taste experience that you are hopefully enjoying today. But this is just the beginning.

If I'm sitting with a customer and we're co-creating together, as we do day-in and day-out, we can ask: why don't we load this product with 20 or 25 grams of protein? Why don't we add 5 grams of prebiotic? Why don't we reduce the sugar content by 50% or 60%? This is where the creativity and the power of Givaudan come into play, using all our technologies to help customers co-create products that deliver health benefits while also providing the great taste and food experience consumers expect. I hope I kept it short enough.

Christian Stammkoetter:
Yes, perfect, Antoine. And I hope you enjoyed the product as well. I think we can all feel the excitement and the many opportunities we have, as well as the structural strengths we possess. Thank you for sharing that.

Moving now to the **Fragrance & Beauty** division, I think the results are simply outstanding, not just in terms of sales, but also in terms of market share gains. What gives you the confidence that this momentum can be sustained through the 2030 cycle?

Maurizio Volpi:
Yeah, so there are basically two elements that give me the confidence. One is the dynamic of the market, which has never been as strong as it is today. I've been 27 years in the industry, and I've never seen such a dynamic.

The second is our capacity to win market share. If I look at the market, all the elements that drive growth are there. If we look at the top ten countries in terms of population, with the exception perhaps of Brazil, Mexico and the US, consumption is still relatively low. Even in the US, consumption is not that high. So the opportunity is massive from that angle. The younger generation is buying perfume as if there is no tomorrow. We have trends that I didn't even know existed, like fragrance wardrobing and smell-maxxing, which sound beautiful to my ears, and I am clearly very positive about them. We have also been positively surprised by the impact of social media. We were a little afraid because perfume is not really something that naturally travels through social media, but social media has created an incredible desire for the product. The same has happened in consumer products. We see our consumer products customers investing more. To reassure you, the average dosage of perfume in consumer products is still only 1%, so there is still another 99% to go. The opportunity is huge.

Now, when it comes to our capacity to win market share, there are two elements. Last year in this room, I said that the best news we could have is that our market share is, quote, only 15%.

And I have to say, as you mentioned, the more companies we acquire, the more we realise there are customers we didn't previously know about. So most likely the market share estimate of 15% is even slightly overstated. The second element is our ability to win share. At the end of 2023, we were number two in Fragrance & Beauty because of acquisitions made by one of our competitors. Our biggest competitor was 10% bigger than us. Today, we are 10% bigger than that competitor. What's even more surprising is that when you look at the core of what we do, Fine Fragrance and Consumer Products, we are 35% bigger than our largest competitor. Just to give you an idea, that difference represents CHF 1 billion. It's not a small difference. We are

70% bigger than our second-largest competitor and three times larger than our third-largest competitor in fragrances. The reason is simple. Many of them are very exposed to fragrance ingredients, which for us represent between 8% and 9% of sales. So the opportunity for us to continue winning share is huge.

We have very strong innovation capabilities. We have been the company that has released the fewest captives into the market. When a company releases a captive to the market, it usually means either they are desperate, or the captive is not very good. In twelve years, I have released one captive, and maybe I even made a mistake.

We are also very strong on talent. Our perfumery school is the envy of the entire industry. Believe it or not, despite artificial intelligence, customers still love to interact with perfumers. We have never had such a large inflow of students as we have today.

As you mentioned, and if you'll excuse my language, we are probably the most 'sexy' buyer of ingredients because we are at least 35% bigger than the second-largest buyer. When suppliers have innovation to sell, they come to us first.

And finally, I keep using the word 'sexy', perhaps too often, but we are also an attractive buyer of companies. We have proven that we are successful in acquisitions. We are very pragmatic in the way we approach them. Companies enjoy becoming part of Givaudan because we leave them a certain level of independence, they generate value, and they enjoy working with us.
I'm very positive that we can keep going and drive the maximum competitive juice.

Christian Stammkoetter:
Thank you, Maurizio.

So, when you look at trends, technology and AI, you were also mentioning R&D and innovation. How are they shaping the next chapter and how will, for example, AI technology help our customers win?

Maurizio Volpi:
Maybe I'll focus on AI before R&D, because I covered part of the R&D topic before.
We are all consumers. As consumers, we don't really care whether something comes from AI, human creativity or whatever. We simply want our pain points to be solved. And I would refer to three pain points.

The first one, and I invite you to try it at the future-proof exhibition with our colleague Curtis from Shanghai, is fragrance filling optimisation. You'll be asked to try it yourself and see if you can beat the algorithm. If any of you beats the algorithm, I'll buy you a fragrance. Or maybe even two. We've gained 10-20% additional capacity in filling, which is the most automated part of our operations. And that is incredibly important because, with the level of demand we have, we would not have been able to keep up without the help of AI. So that's the first pain point: servicing customers faster. I always say it's a bit like the lift system in the US. You press the floor you want to go to and somebody tells you which lift to take in order to maximise speed.

The second element, which is very critical, is speed of response to customer briefs. Customers, especially in China and across Asia, and increasingly everywhere else, want responses to briefs incredibly quickly. To address that, we introduced a tool a few years ago called Smart Submission. Joanne, who is an extremely passionate colleague and responsible for digital transformation in fragrances, will also be demonstrating it at the booth. This has been a total game changer because it allows us to respond to fragrance briefs incredibly quickly.

The third example is creativity. But not creativity in the romantic sense people often imagine. Everybody asks the same question: machine versus perfumer. It's not only about giving perfumers tools to enhance creativity. One of the biggest threats to creativity has come from the so-called Chemical Strategy for Sustainability, which requires extensive reformulation work. Creative perfumers don't like reformulating, and customers don't like it either. Using algorithms to support reformulation has saved a tremendous amount of creative time, allowing perfumers to focus instead on winning briefs, which is definitely more exciting. So that's the AI part.

When it comes to R&D, I mentioned it before, but our key focus remains captives. As I said earlier, over the last 12 years we have launched only slightly more captives than our two largest competitors combined, but while I have released one, they have each released roughly ten. A captive is supposed to remain captive. If you release it, it's a bit like football transfers. If you sell a football player, most likely it wasn't your best football player. You are usually trying to support sales in Fragrance Ingredients, which in our case is not really necessary because Fragrance Ingredients is only a small contributor to the division. So we remain very strong in captives and very strong in encapsulation.

We are also experiencing a bit of a MAHA moment because by 2029 all encapsulation technologies will need to move towards biodegradability. We were the first company to launch biodegradable encapsulation. Now we are also working to bring encapsulation into Fine Fragrance, as you may have seen through our collaboration with Microcaps. And we are already using encapsulation through our joint venture in Active Beauty, which is also growing very fast.

Christian Stammkoetter:
Very good. Thank you very much, Maurizio.

That sounds very encouraging for what we can expect from Fragrance & Beauty in this cycle.

Stewart, from a financial perspective, capital allocation is critical for long-term value creation. How do you see the capital allocation priorities supporting the strategic execution we have heard about today and delivering sustainable growth?

Stewart Harris:
Thanks, Christian, and once again, good morning, everyone.

With so many exciting opportunities, capital allocation is obviously a challenge. If you look back over the long term, our capital allocation principles have always been designed to balance three things:

The ability to invest in our business, either organically or through M&A; Providing consistent shareholder returns; and maintaining a strong balance sheet. Those long-term principles have allowed us to deliver consistent, industry-leading financial performance, create significant long-term value for shareholders, and are reflected in our very strong investment-grade credit profile. We have managed that balancing act very effectively over the long term.

And if we look towards 2030, you've heard this morning about many exciting opportunities. I think it's critically important that our framework remains flexible enough to keep us focused on strategic execution and, as we've heard consistently throughout the morning, capturing opportunities for growth. Those principles will continue to guide our decisions as we move forward and allow the business to capitalise on those opportunities.

The balance sheet remains strong. We have a solid M&A pipeline to support some of the strategic ambitions you've heard about. We also have attractive organic opportunities to continue investing in growth. So I think our capital allocation framework remains fully aligned with our strategic ambitions, which are focused on execution and growth.

In that context, given where leverage stands today, given the growth agenda and given the M&A pipeline, we spoke this morning about investing in growth, M&A, and delivering consistent and increasing shareholder returns. I think that means that, in the very short term, excess shareholder returns, for example in the form of share buy-backs, are not a consideration for us. We will continue to pursue our strategy and growth agenda with the confidence that each of us has outlined this morning.

Q&A session

Claudia Pedretti:
Before we begin, I would just like to remind everyone joining us via webcast that we will start by taking questions from the audience here in the room. In the meantime, please use the chat box

in the webcast to send through your questions and I will read them out for you. Now we're ready to get started. Who would like to ask the first question?

Alexander Sloane, Barclays:

Thanks very much for the presentations, and thanks also for the candour on the Taste & Wellbeing performance and strategy. I have a question on the Health & Functional segment that you've highlighted as underperforming. Could you give us a sense of how dilutive that business is to the growth of Taste & Wellbeing? Would it be around one percentage point dilutive to overall growth, or is that the wrong way to think about it?

And a related question on North America. You showed a slide indicating that performance over the past five years has been relatively flat and has been an area of underperformance. Is there a greater weighting of the Health & Functional segment in North America, or are there other factors behind that underperformance, such as end-market mix or customer mix, which I think you alluded to in your presentation?

Christian Stammkoetter:

Good. First, obviously, I understand that you would like more detail, but I also want to be clear that I do not want to give numbers on that.

What I can say is that it has a measurable impact on the division's performance. It is a material impact, and that's why we need to address it. I think that's also why it was important to move it into a dedicated business unit, because it becomes clearer and more visible. We also have to acknowledge that in some of the more commoditised natural ingredients businesses there is very little added value that we provide. In that sense, it is not really playing to our strengths.

That's something we need to be very clear about, and it is exactly why we are addressing it. What I can say is that, when you look at the profile of the business, a large part of it is based in the US. The business itself has significant exposure to the US, and that's why it has a much greater impact on the North American numbers than you would see in other regions.

Antoine Khalil:

Maybe just to add to that, and thanks for the question.

You've seen on the slide, and I know everybody here likes numbers and percentages, that 86% of the division is the core of what we do. Then we have the remaining 14%. The natural ingredients portfolio that Christian is referring to and that we need to optimise represents around 50% of that 14%. So you can do the maths and get a sense of what that means for the division in terms of impact and size. And yes, the major exposure is in the US. But in the US, as I mentioned in the first question of the panel, our ingredients exposure is primarily with large global and regional players.

Over the past 12 months, our plan has been to expand beyond those customers into local players, many of which are growing very quickly, as well as into private label. This is where we are gaining market share, which will also allow us to further accelerate North America and bring it back to solid positive growth. So that just completes the answer to your question.

Philip Ngotho, Kepler Cheuvreux:
I have two questions. When you say that in the US the ambition is to focus more on local customers, what does that entail in terms of investment in the workforce? Do you need to make more significant investments there as well?

And secondly, regarding the growth areas you've identified, for example functional beverages, can you give us a sense of how much of the portfolio that represents today, approximately? What is the share of the business?

Antoine Khalil:
I'm not going to share how much functional beverages represent today.

What I can say is what I mentioned earlier: it's a huge and exciting opportunity for us. We are very well positioned to win in that space. The category is growing at 9% globally, and our objective is to grow faster than 9% in functional beverages because we have the capabilities, the footprint, the consumer insights, the technologies and the expertise required to do so.

Coming to the first part of your question, local customers are key for us in terms of growth. There is nothing fundamentally new in this. We have been investing globally, both in high-growth and mature markets, to expand our reach with local customers. What we are doing now is going beyond the top 20 or top 30 local players in each country or region.

There are local champions emerging everywhere, either directly or through distribution.
So yes, there is certainly a greater focus on boots on the ground and a reallocation of resources to serve those local accounts. What does that mean internally, from both a development and an operational perspective? First, it means leveraging our portfolio and our library. Of course, I may be biased, but I stand by this: we have a flavour and taste solutions library that is second to none in the industry. Importantly, it's not just a global portfolio; it's also regional and country specific. If you are sitting in Indonesia or Brazil as a key account manager and going to visit a local customer, you have a portfolio that is specifically designed to meet the needs of consumers in Brazil, Argentina, Indonesia and many other markets. That's the first element.

The second is digital. Similar to what we're doing in Fragrance & Beauty, we have a tool called Smart Selection. With the touch of a button, you can identify the flavour or taste solution you want to propose. The digital algorithm, supported by Ooby, can generate a complete concept in seconds. Traditionally, that might have taken a marketer three, four, five or even ten days to develop. That means our commercial teams are much better equipped to bring value to local customers, who often rely on companies like us more heavily than global customers do. We can approach them from a more consultative perspective, bringing value-added flavour and taste solutions. We are no longer just talking about a flavour. We are discussing the entire recipe and helping them compete more effectively in their markets. That's a big part of what we're doing.

And then, of course, otherwise we would need to create armies of Givaudan people around the world. So we also rely heavily on distribution. In fact, in the more fragmented end of the market, we will rely on distributors even more. We already have a strong global distribution network, but that's not enough. We are expanding it further, particularly in emerging markets where there is still significant opportunity. Those distributors can hold stock, understand the portfolio and what is happening in the market, and help bring our solutions to customers much more effectively.

Celine Pannuti, J.P. Morgan:
Thank you. My first question is on margins. I understand you're probably not going to want to give numbers on the top line, and therefore probably not on margins either. But I'm trying to understand this directionally. The part of the portfolio you've been discussing, namely 50% of the 14%, clearly has an impact on margins. Once that issue is addressed, what could be the potential upside? More broadly, when we look at the medium term and what you've presented today, and by the way, congratulations on a very good presentation, has this changed the way you think about the margin potential of Taste & Wellbeing over the medium term and how we should think about bridging towards that?

And my second question is on Consumer Products. Maurizio, you talked about the ability to gain market share. Consumer Products has been growing very quickly. Can you talk about your recent market share performance and whether there are specific categories where you have performed particularly well? And what sort of normalisation should we expect for this part of the portfolio going forward?

Stewart Harris:
I'll take the margin question. Thanks for the question, Celine.

I think it's fair to say that we've recognised that this part of the business is dilutive to both growth and margin. Given the size of the business, I'm not going to get into quantifying that impact here. But if you look back consistently over the past 15 years, as we showed earlier in the presentation, the Taste & Wellbeing margin has generally been around 21% to 22%.

And I think we've said over the last couple of years that, despite three consecutive years of margin improvement in Taste & Wellbeing, we continue to believe there is more to come from that business. The portfolio optimisation, whatever form that ultimately takes, is clearly designed to support that continued improvement.

One year ago, when we sat here, we upgraded the group's margin sweet spot from 22% to 24%, to 22% to 25%. So I think you can see that, for Taste & Wellbeing, our objective is to continue moving that business consistently into that margin corridor. And certainly, the optimisation of the Health & Functional business unit will support that objective.

Maurizio Volpi:
On Consumer Products, Celine, growth is really coming from everywhere. Clearly, there is a very positive trend in favour of Fabric & Home Care, and Fabric Care in particular, as I mentioned earlier.

I would say it's a little similar to the MAHA trend. In Europe, regulation is pushing for biodegradable capsules by 2029, and there is strong demand from customers not only in Europe but globally, because Europe tends to set the standards that the rest of the world eventually adopts. In that area we are very strong and have been growing very strongly.

We have also been growing very strongly in Personal Care. Personal Care is a very important space for local and regional customers, and today I would say that this is probably where we still have the greatest opportunity to gain market share. Whether through organic growth at Givaudan or through acquisitions, we are very well positioned.

So I would say that both in Fabric & Home Care and in Personal Care we have been performing very well, and I see good reasons for that performance to continue. As for normalisation, it's difficult for me to make a forecast and I'm not really going to do that.

For the moment, what I can say is that we are strong and we are winning market share.

Usama Tariq, ABN Amro – Oddo BHF:
Thank you for the opportunity. I have a question on the competitive landscape.

One of your key competitors has been reshuffling the deck recently. Do you see any increase in competitive pressure coming through, particularly in Fragrance & Beauty?

There have also been some targeted investments in key regions such as APAC. Any colour you can provide on that would be appreciated. Thank you.

Maurizio Volpi:
No, we haven't seen more competition. Competition is always tough. People sometimes suggest that some of our competitors may have been a little less focused or perhaps more distracted by other matters. I don't think any competitor has really been distracted. Maybe the head of a division can be distracted, but as I always say, the head of the division doesn't win or lose any brief. So, no, to be honest, I haven't seen any material difference. In the end, everybody

chooses the narrative they want to tell. What I can say is that we have consistently gained market share. So, you know, that's really the key point for me.

Claudia Pedretti:
I would like to remind everyone joining us via webcast that if you'd like to ask a question, please send it through the chat box and we will take those questions as well. Are there any more questions from the room? Please, Bettina.

Bettina Baur, UBP:
Thank you for taking my question. I was wondering whether the weakness you've seen in the US, and more recently in Latin America, particularly in Taste & Wellbeing, can really be attributed exclusively to category softness and the issues you discussed around Health & Functional.

Or is there also a market share loss component? Perhaps you could elaborate a little further on the answer you provided earlier during the panel discussion.

Antoine Khalil:
We don't see any structural issues in the US or in Latin America. Our presence on the ground, the investment, the capabilities and the expertise are all there. We have everything needed to win. What we're doing differently now is, first, addressing the ingredients topic, which we have already covered at length, and second, expanding beyond our traditional customer base into local accounts and private label, where we are currently under-indexed. This is where we need to unlock opportunities to further accelerate growth in North America.

In Latin America, the situation is more macro-driven. I'm sure you all follow the news and what has been happening in Mexico. After many years of economic growth, particularly in food and beverage, the combination of the sugar tax and the tariffs imposed by the US administration over the past 12 to 18 months has had a significant impact on some of the large players in Mexico. Without mentioning names, I'm sure you know who I'm referring to. Many of them rely heavily on manufacturing in Mexico, particularly around Guadalajara and the northern border regions, and exporting to the US. They were significantly affected, which naturally reduced the opportunities available in that market. Nevertheless, over the past 12 months the team has worked hard to counteract that by expanding beyond our traditional strength in beverages and moving further into savoury, snacks and private label. I'm not going to share specific numbers, but we have significantly increased our pipeline in Mexico. And not just pipeline for the sake of pipeline because it looks good on a slide. What really matters is conversion and actual new revenue. We're bringing opportunities into the Givaudan Taste & Wellbeing machine, winning them, converting them and turning them into products that are already in the market or will be launched very soon.

So that's a little more colour on what we're doing in both North America and Latin America. There is nothing structural. The work is in progress, execution is at full throttle, and the good thing is that we know exactly where we need to focus. We understand what is working well and what is working less well and needs fixing. That's precisely the plan we have put in place.

Stewart Harris:
Bettina, I think it's also worth going back to the fundamentals of our business model. We are a project-driven business. If we experience erosion in a particular part of the business because of macroeconomic, regulatory or other external factors, we don't have an off-the-shelf product that we can simply sell to another customer in order to replace that business immediately. Because we are project-driven, it takes time to build a pipeline and convert that pipeline into new business that can replace what has been lost. That's why Antoine places so much emphasis on building a strong pipeline. A strong pipeline may not affect sales next month, but it gives us real confidence in the future strength of the franchise. It's important to keep those structural characteristics of the business model in mind and understand how they can affect short-term performance in a particular geography, customer segment or end market.

Claudia Pedretti:
We have a couple of questions from the webcast as well, so I'll group a few of them together. We'll start with some additional questions around Taste & Wellbeing.

The first relates to the pace of the sequential improvement. On the one hand, could you give a few examples of where you're already seeing traction build and where that sequential improvement is becoming visible? And secondly, looking more to the medium and longer term, when should we expect the division to return to a more normal growth algorithm of 4-6%?

Christian Stammkoetter:
Maybe just to build on that from a customer perspective. When you look at food and beverage today, you really have to de-average your strategies because the shifts taking place in the market are happening very quickly. The fragmentation of the market is accelerating. The areas that are growing and those that are not growing can change very rapidly.

Take social drinking as an example. Fewer consumers are moving into alcoholic beverages and many more are looking for non-alcoholic experiences. Or take functional products. Antoine mentioned this earlier. In dairy, for example, we're seeing the strong growth of high-protein products. What becomes critical for us is foresight and then doubling down on those opportunities.

When I talk about putting our natural hedges on steroids, that's exactly what I mean: identifying growth spaces quickly, projecting where they are going and then investing behind them.

Some of these opportunities are not necessarily growing with the customer portfolio of today. In functional beverages, for example, there are many new companies emerging and creating growth.

The US is a very good example of how quickly these shifts can occur. GLP-1 adoption has been by far the highest there, which means behavioural changes are happening faster as well.

At the same time, the recent waves of inflation have probably had a greater impact on US consumers than anything I can remember. As a result, affordability has become much more important. Private label has taken on a very different role. Historically, private-label penetration in the US has been very different from Europe. In Europe, we have a great deal of experience working with private-label customers, whereas in the US this is one of the shifts we need to adapt to. But structurally, we have all the capabilities we need. For me, it ultimately comes down to commercial execution. It's about de-averaging our approach across sub-segments, de-averaging further across customer groups, and then applying those learnings consistently across all regions. That's really what I mean when I talk about putting our natural hedges on steroids.

Claudia Pedretti:
Do we have more questions in the room? Artem.

Artem Chubarov, Rothschild Redburn:
Good afternoon and thank you for taking my question.

Throughout the presentation, when talking about the future-proof strategy, you've repeatedly mentioned increasing your share of customers' wallets, which I believe has also been one of the reasons why you've historically outgrown your end markets. At the same time, one of the attractive features of Givaudan's business model has always been that your products represent a very small percentage of customers' costs while remaining critically important to the final product. Is there any conflict there? By increasing your share of the wallet, do you eventually become a larger part of the customer's cost base, making negotiations more difficult? And does that mean you will need to become even more differentiated in the final product in order to justify that larger share?

Thank you.

Christian Stammkoetter:
It's a very good question. Maybe, you know, Maurizio, you want to start with Fragrance & Beauty?

Maurizio Volpi:
I would say your observation is correct. There is certainly a tension there. However, I would say that's a normal expectation, and in fact it's a good thing. What I have observed over 27 years in different roles, from local and regional account manager to consumer and marketing leadership roles, is what really drives consumer preference. Customers don't choose fragrances because the account manager is nice. They choose based on consumer preference. And consumer preference is driven by what I call "juice in the jar". The more juice in the jar you put, as a fragrance house and as a customer, the greater your chances of winning. Our task as a company is therefore to leverage our purchasing power and our innovation capabilities to put more juice in the jar. And today, customers cannot simply walk away from a superior fragrance.

As I mentioned last year, if you look at almost any consumer product category, the primary functional benefit is largely irrelevant. They all clean, they all deodorise, let's be frank.
The real differentiator is the perfume. So I think that creates a moat that is very difficult to walk away from. Of course, negotiations are not always easy, but that is independent of the share of wallet you have.

Antoine Khalil:
And maybe to add a Taste & Wellbeing perspective, the trend we call affordability, which has been building for a number of years, is definitely our friend. We're very well positioned for it.

If you look at what we have developed through Science & Technology in what we call commodity replacement solutions, we're helping customers navigate all the volatility that exists around cocoa, coffee, citrus, vanilla and other commodities, whether driven by El Niño, La Niña, climate effects, shortages or price fluctuations. We have developed technologies, including platforms such as SunThesis, that allow us to work hand in hand with customers on their recipes. In some cases, we can help reduce cocoa or coffee content by 20%, 30% or even up to 40% while incorporating our technologies into the formulation.

The objectives are threefold. First, to support consistency in the final product, reducing customers' exposure to fluctuations in raw material supply. Second, to provide greater consistency in pricing. And third, in some cases, to deliver actual savings in the recipe.

That's a winning formula for everyone because it can be achieved without compromising taste and while maintaining the same consumer experience. That's one way we increase our participation in product value.

The second element is what we call integrated solutions, or full solutions, something that has been a buzzword in the industry for years. Our position in Taste & Wellbeing is not to become a one-stop shop, unlike some of our peers. We're not interested in simply bundling ingredients together and telling customers we can mix everything for them. They can do that themselves.

They don't need us for that. We either bring real value, or we're not interested. The integrated solutions we develop are highly creative, highly value-added and directly linked to our core strengths in flavour and taste solutions.

Claudia Pedretti:
Maybe just adding to that, we have another question from the audience online, and it goes in the same direction. The question is asking a bit more about how we practically bring our end-to-end capabilities into play in order to capture a bigger share of the customer recipe?

Maurizio Volpi:
I can give that a try. First of all, we have broadened the scope of the division to become a truly Fragrance & Beauty division. We incorporated active cosmetic ingredients several years ago, and for the past two years we have also been active in make-up, meaning that we now cover all the major categories. It's interesting because if you take a category like make-up, there is essentially no perfume involved. So if we want to benefit from the growth of make-up, which is actually quite dynamic, especially among brands, we need to participate through what we call ODM activities.

The same is true for skincare, which is much more about skincare benefits than fragrances.

When it comes to a broader role within the full recipe of the product, one of our most successful areas has been encapsulation. Today, encapsulation is absolutely essential when you're talking about, I would say, around 50% of the potential in Consumer Products, particularly in Fabric Care. As you can see, it is becoming increasingly sophisticated and important, which is good news for us.

We're now also looking at bringing encapsulation into Fine Fragrance. This has always been a bit of a dream for many customers. We have started a collaboration with Microcaps, which is based on a different technology platform. We're still at the beginning of that journey, but potentially it will allow us to bring encapsulation into Fine Fragrance as well. And as I mentioned before, we're also bringing encapsulation into skincare through what we call vectorisation, increasing the penetration of active ingredients into the skin. This is again something we are doing through a joint venture. So we're extending both the categories we participate in and the solutions we provide to customers.

Christian Stammkoetter:
Maybe just to add to that, one of the things that has really surprised me, and which I mentioned in my presentation, is that it's not always visible from the outside just how much science and technology sits behind the creation process. When you spend time with the teams and learn about encapsulation technologies for deodorants, fabric softeners and many other applications,

it's genuinely impressive. And I think the same applies on the Taste & Wellbeing side. When you look at the bioscience solutions we offer, it is so much more than simple compounding.

Perhaps, Antoine, you can give a few more examples of what that end-to-end capability really means.

Antoine Khalil:
To build on that, we no longer create value simply by selling a flavour. The value of Givaudan today is flavour and beyond, which is what we call a taste solution. This is exactly where our capabilities, expertise and investments in science and technology come into play.

Take sweet modulators as an example. Everybody talks about reducing sugar by 30% or 40%. It almost becomes a competition about who can reduce the most. But reducing is one thing. Reducing while maintaining a great taste experience is something completely different. Removing sugar from a formulation is not a one-to-one exercise. Sugar contributes not only sweetness, but also the mouthfeel and overall sensory experience of a beverage, yoghurt or other product. This is where our science and creativity create value. We can tell a customer: you can still have your strawberry yoghurt, we can reduce the sugar content, maintain the sweetness consumers love, and at the same time preserve the mouthfeel and overall eating experience. That's where we create value for both customers and consumers.

And when we talk about end-to-end capabilities, it also comes down to expertise. The expertise required today is very different from what it was ten or fifteen years ago. Today, our technologists, flavourists, key account managers and marketers sit down with customers and talk about the entire recipe. We don't simply say, "Here's a strawberry flavour" or "Here's a banana flavour." We understand the full formulation, whether it's a beverage, a bouillon, a yoghurt or any other product. And we're able to help customers enhance that recipe, reformulate it, make it healthier, increase protein content, improve nutrition, or achieve other objectives. That end-to-end expertise is something we have built over many years, and it is why I intend to continue investing in what we call the functional upskilling of our teams within Taste & Wellbeing.

Claudia Pedretti:
Great, thank you. We have time for one or two more questions in the room. Bettina?

Bettina Baur, UBP:
Thank you. Thanks again for taking my question. You're obviously not the only ones using AI in your work. We do as well on a daily basis, and I actually had AI compare last year's strategy presentation with today's. It highlighted an interesting detail. Last year, in the Taste & Wellbeing 2030 strategy, you talked about expanding our position in pet food. This year, it seems to have been changed to explore pet food. So is that actually a downgrade in ambition, or is it simply a wording change that perhaps went unnoticed?

Antoine Khalil:
That's a great point. It's not a downgrade, that's for sure. I mentioned pet food last year, in exactly this forum, and pet food remains an exciting space for us. To give you some context, and I'm sure you're aware of the numbers, the pet food market represents around CHF 2.5 billion in potential from a palatant, flavour and colour perspective. So it's a huge market. At the same time, we need to be humble about where we are today. Pet food is a new space for Givaudan, and I said exactly the same thing last year. It's a space that we need to explore. Within that exploration, we obviously want to expand.

The reality is that we do not currently have a palatant business. Out of that CHF 2.5 billion opportunity, roughly CHF 2 billion is in palatants, a space where we do not currently participate. Nor are we interested in building that organically, because it is heavily linked to meat processing and related activities. What we are focusing on is where Taste & Wellbeing has a genuine right to win.

For example, when a pet owner opens a pouch of tuna for their cat, they want that experience to be positive. They want it to smell like a fresh tuna caught in the Atlantic rather than a rancid tuna. That's exactly what we've been working on over the past twelve months. We have developed a portfolio of flavours that smell appealing to pet owners without discouraging the pets themselves. After all, if I enjoy the smell but the cat refuses to eat it, we've failed. Today, we have a well-developed portfolio in that area.

At the same time, we've developed what we call palatant enhancers. These are plant-based rather than meat-based solutions that help make pet food more attractive to pets. A lot has happened over the past year.

On top of that, we can leverage our capabilities in natural colours, which are just as relevant for pets as they are for humans, and our beta-glucan and prebiotic capabilities, which are equally relevant. So yes, we are exploring this segment and we absolutely want to expand within it.

To capture the full CHF 2.5 billion opportunity, however, we would ultimately need to enter the palatant space. How we go about that remains to be seen and, Christian, you may want to add to this. It is probably more likely to come through an inorganic route. We're exploring the possibilities, but no decisions have been made at this stage.

Christian Stammkoetter:
I think there are also some learnings here. Perhaps surprisingly, the innovation cycles in pet food are significantly longer than they are in human food. That's because you have to convince both the pet owner and the pet itself, as Antoine was just describing. That's one of the reasons why the financial contribution from pet food during this strategic cycle is unlikely to be very significant. For this cycle, it's more about exploring the space and building a position where we

can compete. And then, of course, if an inorganic opportunity arises, we will consider it. There aren't many opportunities out there, but we will continue to look at them. From a capital allocation perspective, if entering pet food makes strategic and financial sense, inorganic expansion would certainly be one of the routes we would consider.

Alexander Sloane, Barclays:
Thanks for the follow-up. It's a quick question for Stewart.

The low single-digit cost inflation outlook for the second half is probably more benign than many might have feared back in March and April at the start of the Middle East conflict. I appreciate that the world remains a very volatile place, but as we sit here today, with oil prices where they are, do you think we are seeing the peak of the pressure? Or is it possible that some of the pressure that might have been expected from the move in oil prices will instead come through in the first half of next year?

Stewart Harris:
It's obviously a key question and one we've discussed before. When we updated you at the end of July, we indicated that we expected low single-digit cost inflation in the second half. We're now four or five weeks on from that update, and we don't see any reason to change that outlook for the second half. Oil prices move up and down, of course, but we've quantified our exposure to oil-derived raw materials, and most of what we need for the second half is already contracted.

So as far as the second half is concerned, we remain comfortable with that outlook. It's too early to take a view on 2027, and we'll provide an update later in the year.

Of course, geopolitical volatility continues to drive volatility in raw material markets. We also have El Niño, Super El Niño and, depending on how things evolve, broader climate-related impacts which, based on historical experience, can affect raw material availability and pricing in certain areas. So I think it's premature to take a firm view on that today. We'll provide a further update as the year progresses and as we get more visibility on the first half of next year.

Claudia Pedretti:
Great, thank you. I think we'll conclude the Q&A session at this stage, and I'll quickly hand back to you, Christian, for the closing remarks.

Christian Stammkoetter:
Yes, perfect. First of all, a big thank you to everyone who joined us online today.

And a big thank you as well to everyone here in the room for joining us and listening to my first assessment and the evolution of the strategy. We're now very happy to continue the discussion with you over lunch.

In the next room, we have a number of demonstrations and experiences that Maurizio has already mentioned, where we're bringing some of the tools we've talked about today to life. For example, you'll be able to see Optimizer and Ooby in action. I would really encourage all of you to spend some time with the teams and experience first-hand some of the things we're already doing, particularly in the areas of digital, AI and the application of technology across our business.

With that, I'd also like to extend a big thank you to Stewart, Maurizio and Antoine for joining me on the panel today. And again, I very much look forward to continuing the discussions with those of you here in the room, and to seeing those of you online again at one of our future events. Thank you very much.