

Investor presentation  
October 2014 – January 2015



Reinforcing a leadership position –  
outperforming the market

Givaudan

engage your senses

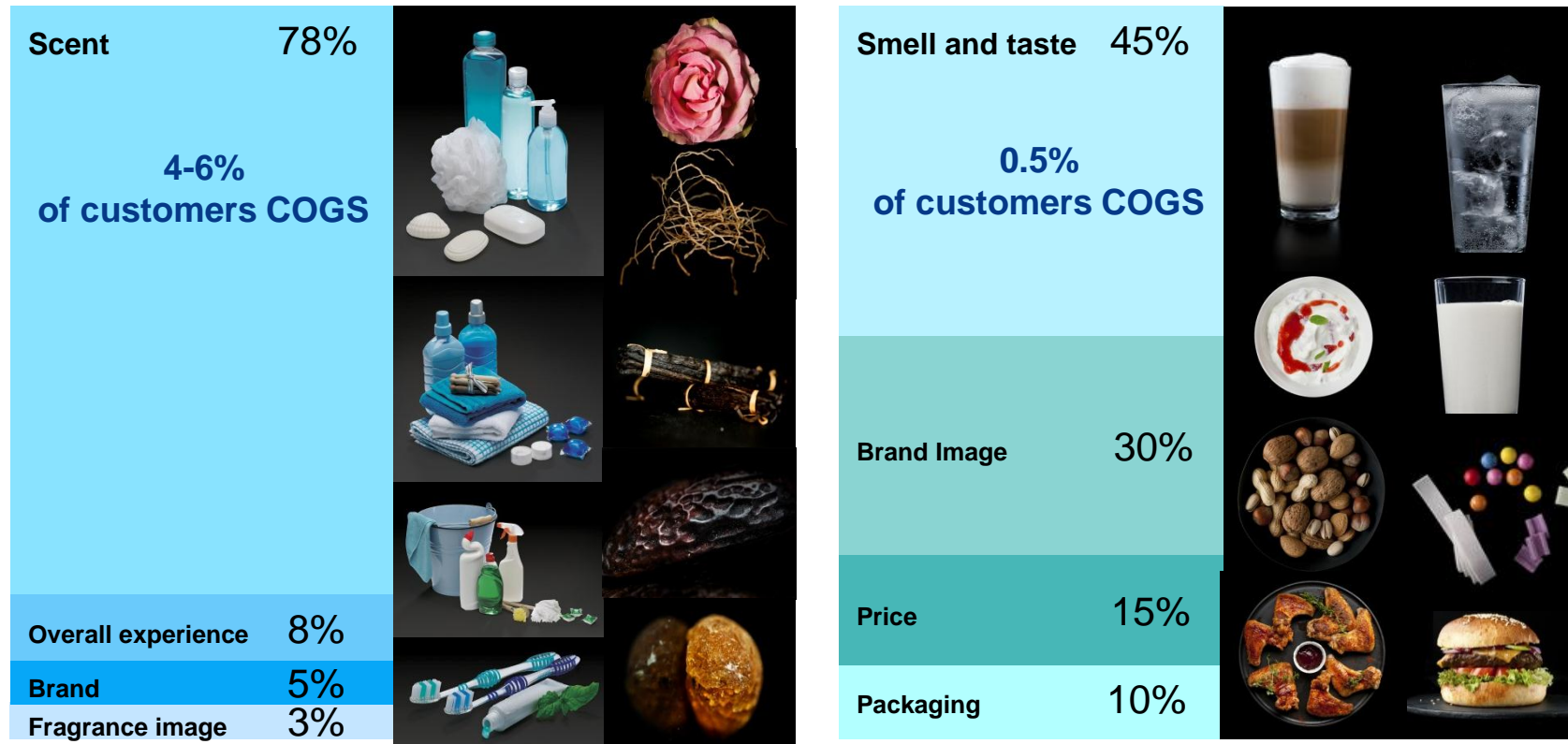


Givaudan products drive millions of consumer decisions every day!



# Key drivers of consumer repurchase decisions

## Fragrance and Flavour industry



Source: AC Nielsen (European) study



# The industry



# Fragrance and Flavour industry

Total market is CHF 18-19 billion

## End consumer market



## Branded products

Multi-national

Food service

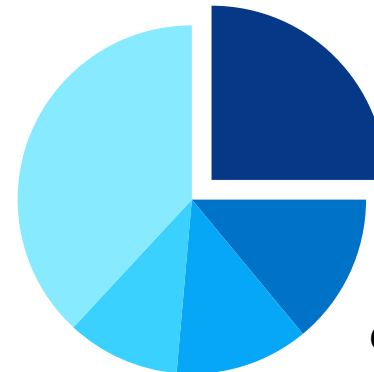
our  
customers

Regional/local

Private label



## Market share



- Givaudan
- Firmenich
- IFF
- Symrise
- Others

**CHF 18-19 billion**

The cost of flavours and fragrances to our customers is typically between 0.5 - 5% of their product cost.

# Fragrance and Flavour industry

## “How to win business” model in a competitive bidding situation

- **Product life cycles are getting shorter**

- **Our customers issue over 35,000 briefings pa**

- To a small number of Fragrance and Flavour houses
  - The brief defines the olfactive and organoleptic requirements and cost-in-use target
  - As well as product and brand related information and requirements

- **Our submissions draw on leading global market knowledge and capabilities**

- Creation capability and our fragrance and flavour ingredients palette and technology
  - Evaluation and application process
  - Consumer insight and local market understanding
  - Regulatory compliance and advice

**→ Revenue stream over the life cycle of the customers' product**

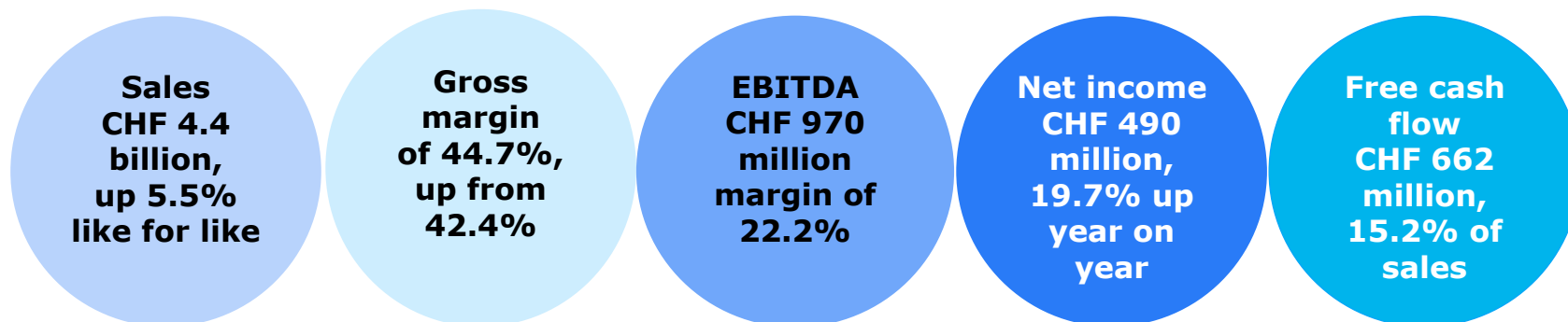


Where are we now?



# Full year 2013 results

Delivering on mid-term targets





# Half year 2014 results

Delivering on mid-term targets

**Sales**  
**CHF 2.2**  
**billion,**  
**up 4.5%**  
**like for like**

**Gross**  
**margin**  
**of 46.6%,**  
**up from**  
**44.3%**

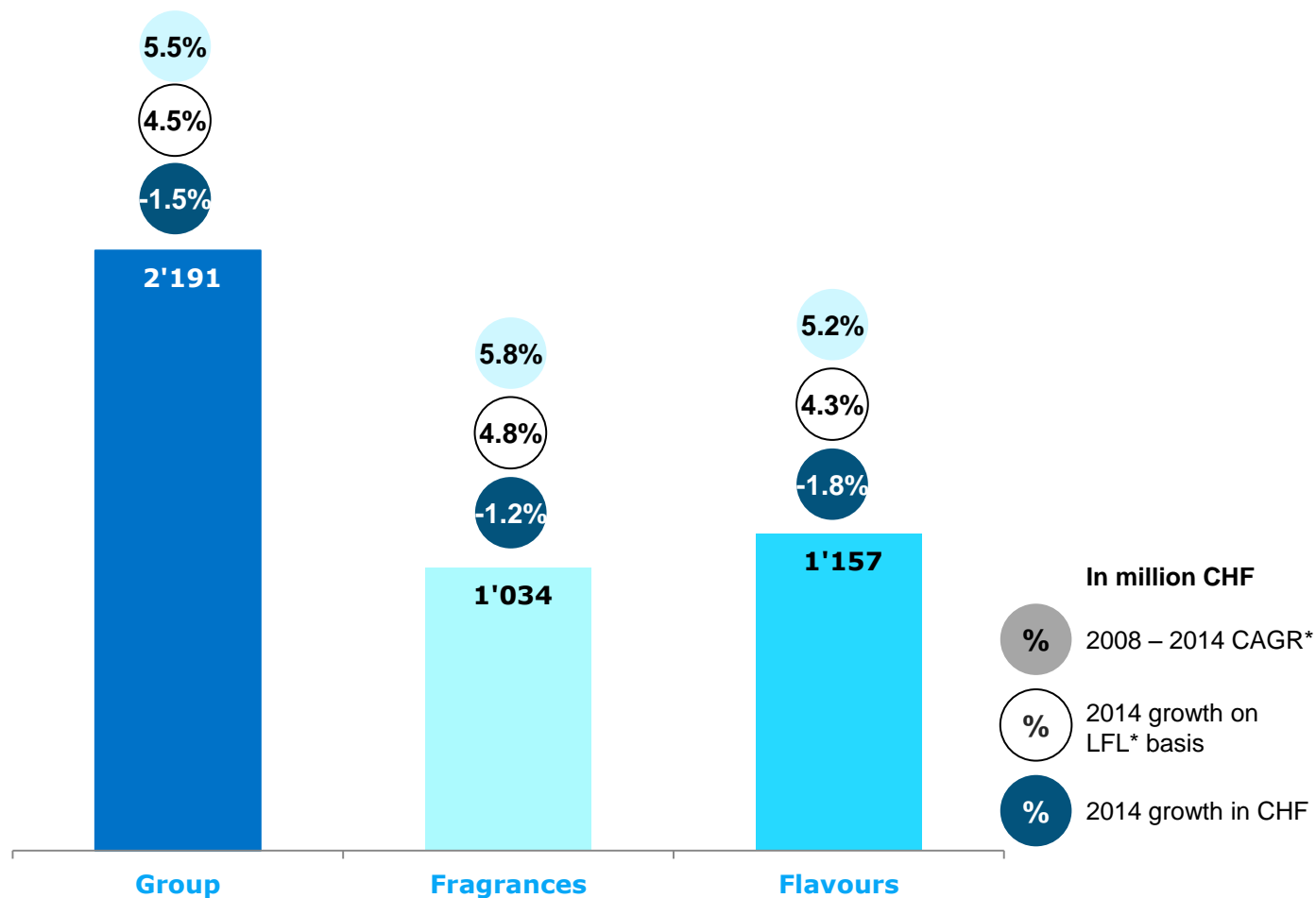
**EBITDA**  
**CHF 562**  
**million**  
**margin of**  
**25.6%**

**Net income**  
**CHF 305**  
**million,**  
**12.6% up**  
**year on**  
**year**

**Free cash**  
**flow**  
**CHF 178**  
**million,**  
**8.1% of**  
**sales**

# Half year 2014 results

Sales performance: solid on a LFL basis

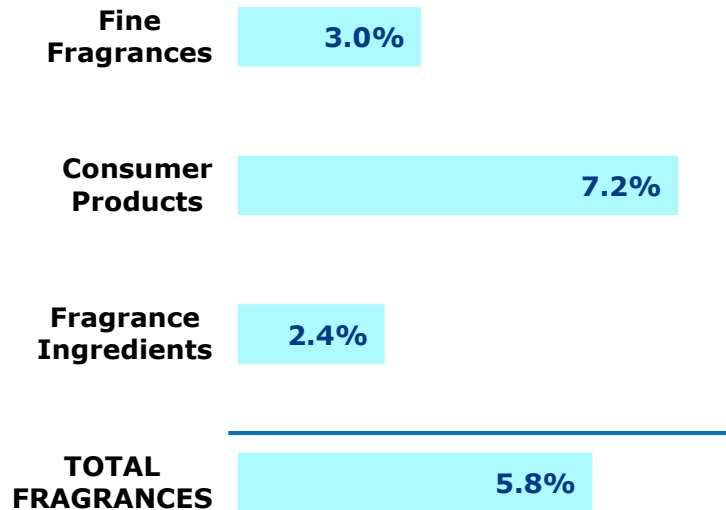


\*LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

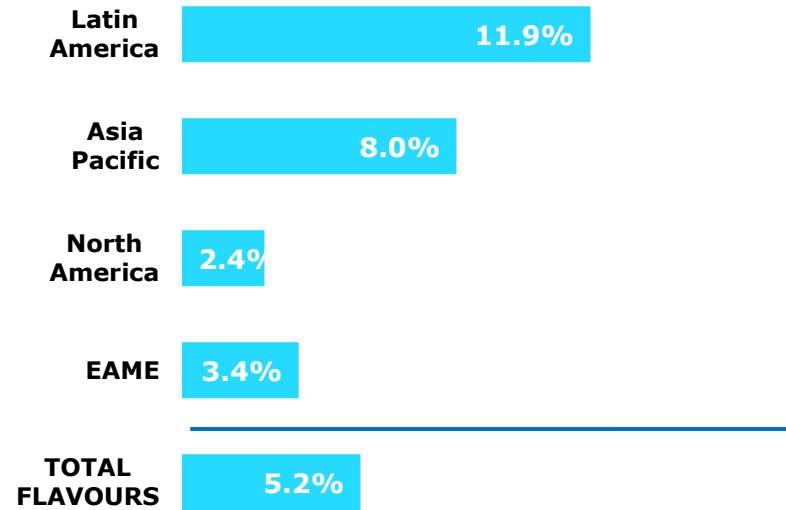
# HY 2008 to HY 2014 sales CAGR

At top end of mid-term guidance

## Fragrances



## Flavours



**Group 5.5%**

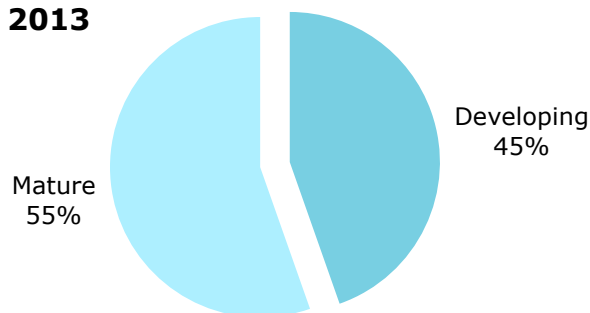
\* All figures on a LFL (like-for-like), which excludes the impact of currency, acquisitions and disposals



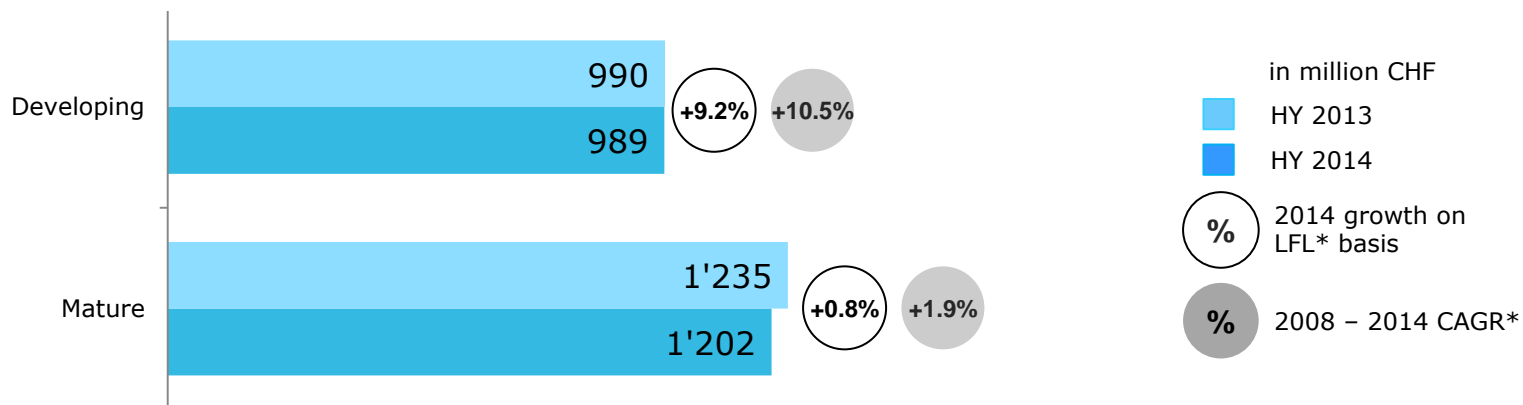
# Sales evolution by market

Good LFL growth in emerging markets,  
absolute amounts impacted by currencies

**HY 2013**



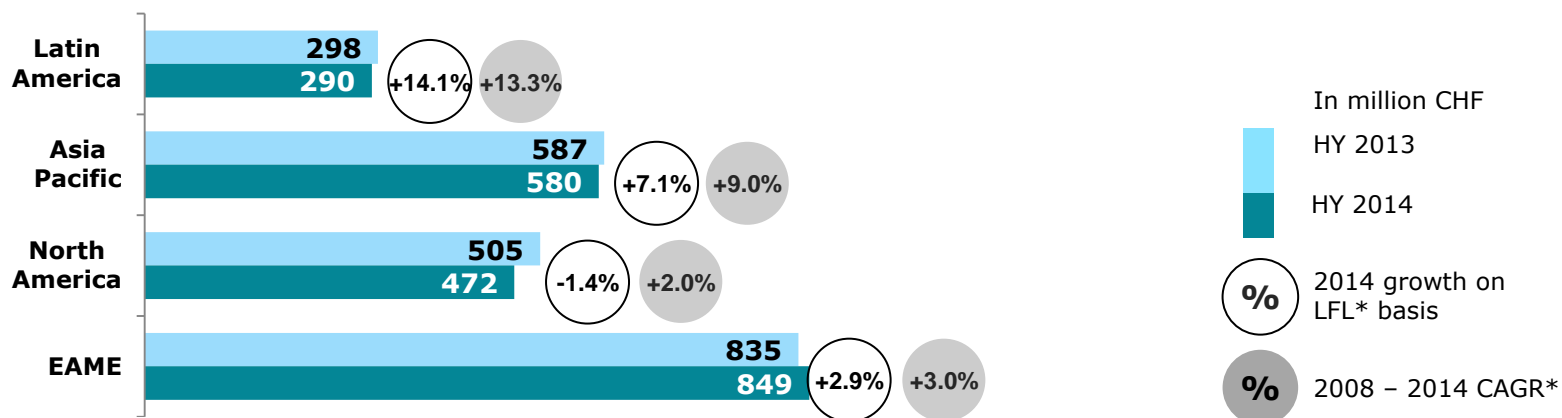
**HY 2014**



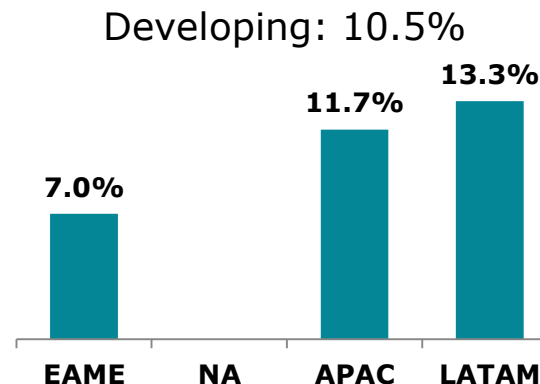
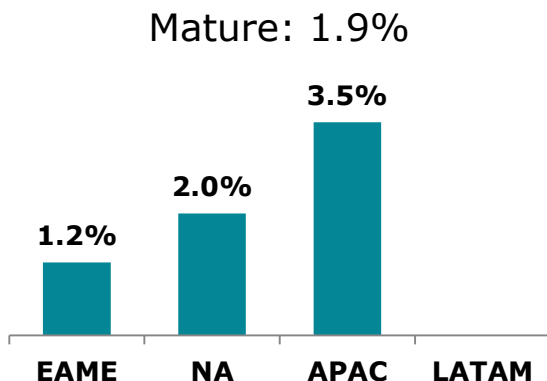
\* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

# Sales evolution by region

## Latin America continues strong momentum



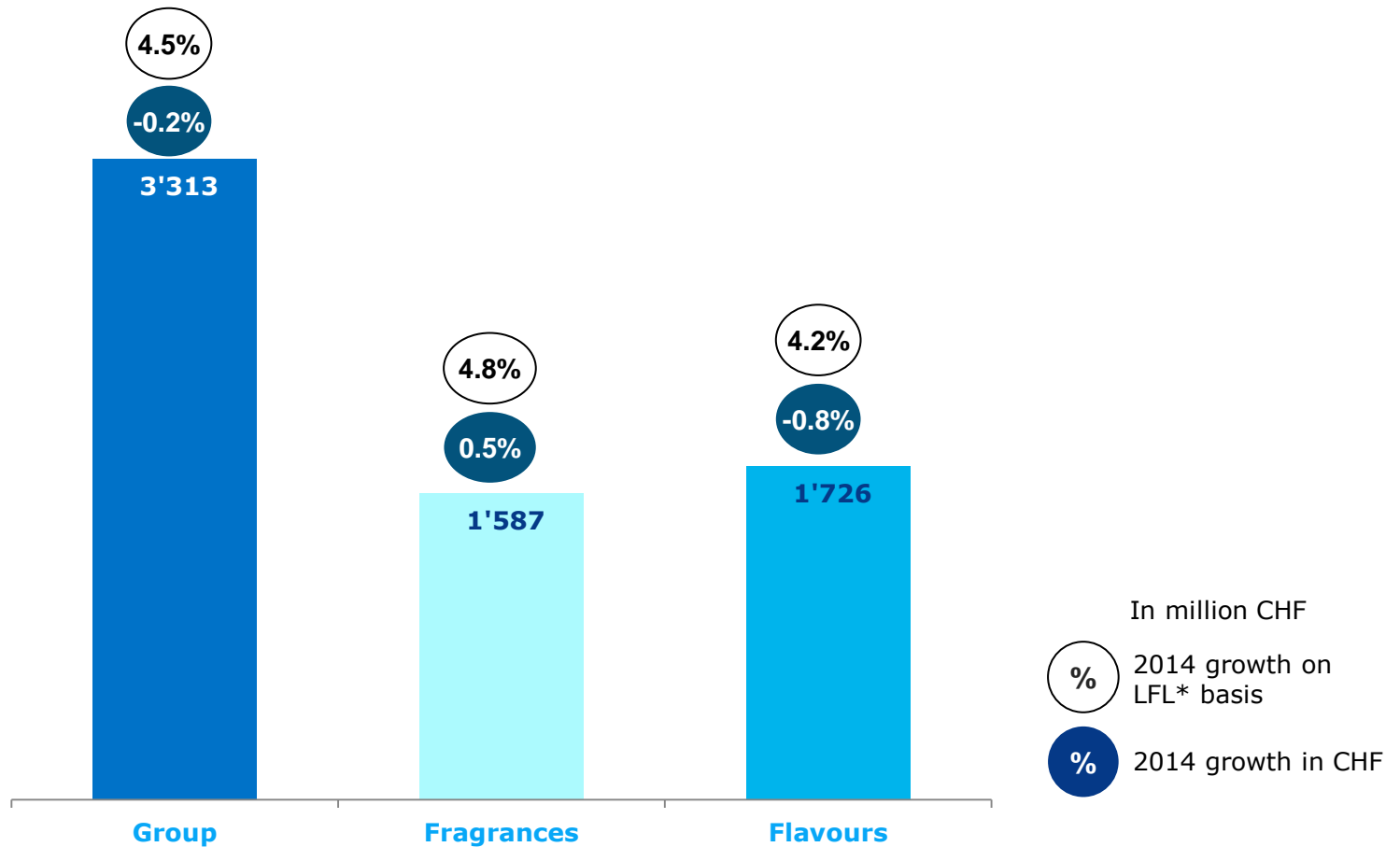
## 2008 – 2014 CAGR by region and market



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

## 9 months sales 2014

Sustained volume growth in all markets



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



Where we are going



# The opportunity

## The voice of our customers

“One billion new customers”

“Double sales”

“Unrelenting focus on innovation”

“Majority of consumers are not willing to sacrifice taste for health benefits”

“Thousands of new products introduced annually”

“Sustainable development model”

“Taste and smell are key drivers of consumer repurchase decisions”

→ Givaudan’s unrivalled capability puts it in the best position to capture an increasing share of the opportunity

# As we look to the future

## Our Vision

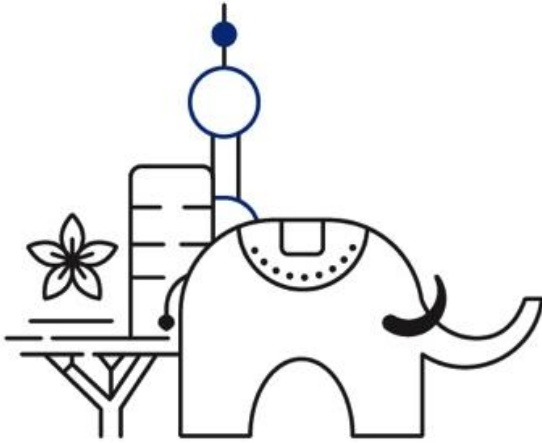
Our vision is to be our customers' essential partner. Together, we create tastes and scents that delight consumers, stir memories and touch people's emotions. We surprise with our creativity inspired by discovery, innovation and insightful consumer understanding. As we create the next essence for people to enjoy, we aspire to increase our market leadership and deliver a higher return to shareholders.

→ To deliver a higher return to our shareholders



# Growth platforms

## Developing markets



“True smell and taste experience can only take place in the local market”

1,300 creative, sales and marketing resources present in developing markets

Everyday we are gathering, evaluating and acting on consumer knowledge and understanding

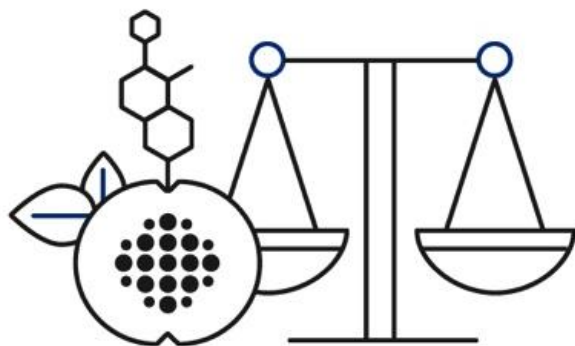
Leveraging our global and local knowledge to work with our customers

Increased sourcing possibilities for chemicals and naturals in developing markets

→ Sales in developing markets expected to reach 50% of Givaudan's total sales by 2015

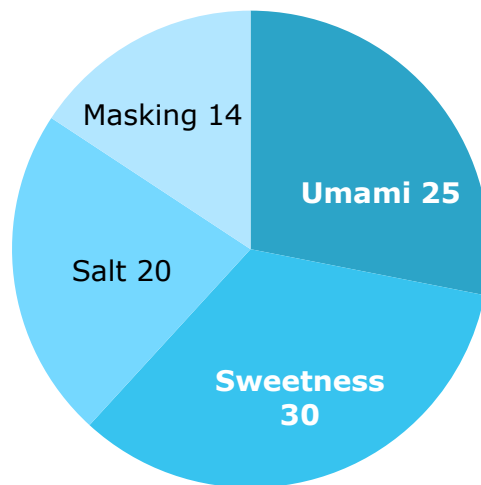
# Health and Wellness

## Already over 10% of Flavour sales

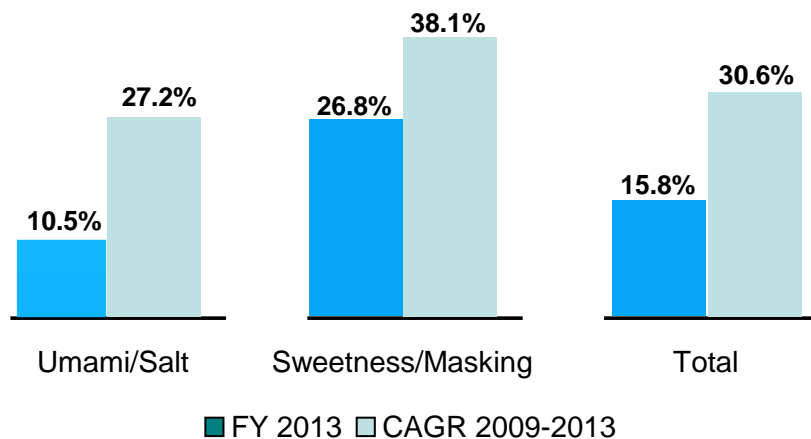


Palette of innovative ingredients for superior Health and Wellness applications

Number of ingredients in 2013



Sales growth for flavours containing H&W ingredients

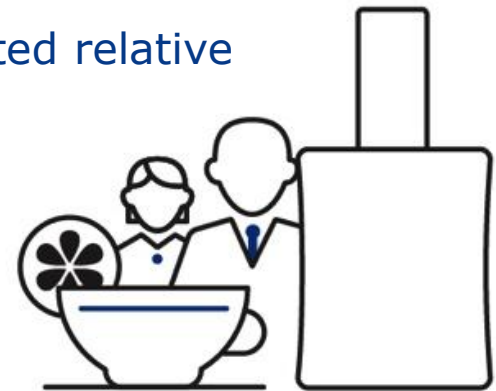


# Growth platforms

## Targeted customers and segments

"We are looking for a true partner. The model has shifted from: 'go to flavour house, get a flavour, put it in a product' ... to: 'uncover consumer insight, describe the desired sensorial experience and work out how the different elements deliver it.'"

- Build on existing strategic relationships with top accounts representing over CHF 5 billion in market potential
- Establish new relationships and strengthening existing ones at multi-national, regional and local accounts where we are currently under represented in sales
- Grow segments where Givaudan is under represented relative to it's overall leadership position
- Leveraging Givaudan's strengths to grow share in mature markets

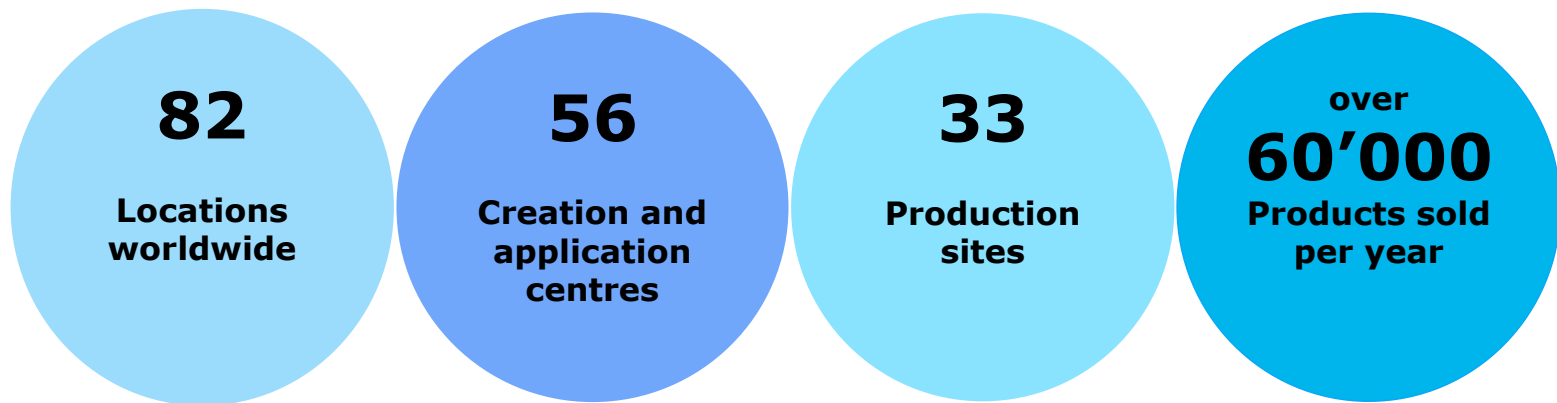


# The value proposition for investors



## Unrivalled capabilities

- Depth and range of customer relationships
- Global reach
- Unmatched resources to service our clients
- Broadest product offering



# Well balanced business with natural hedges

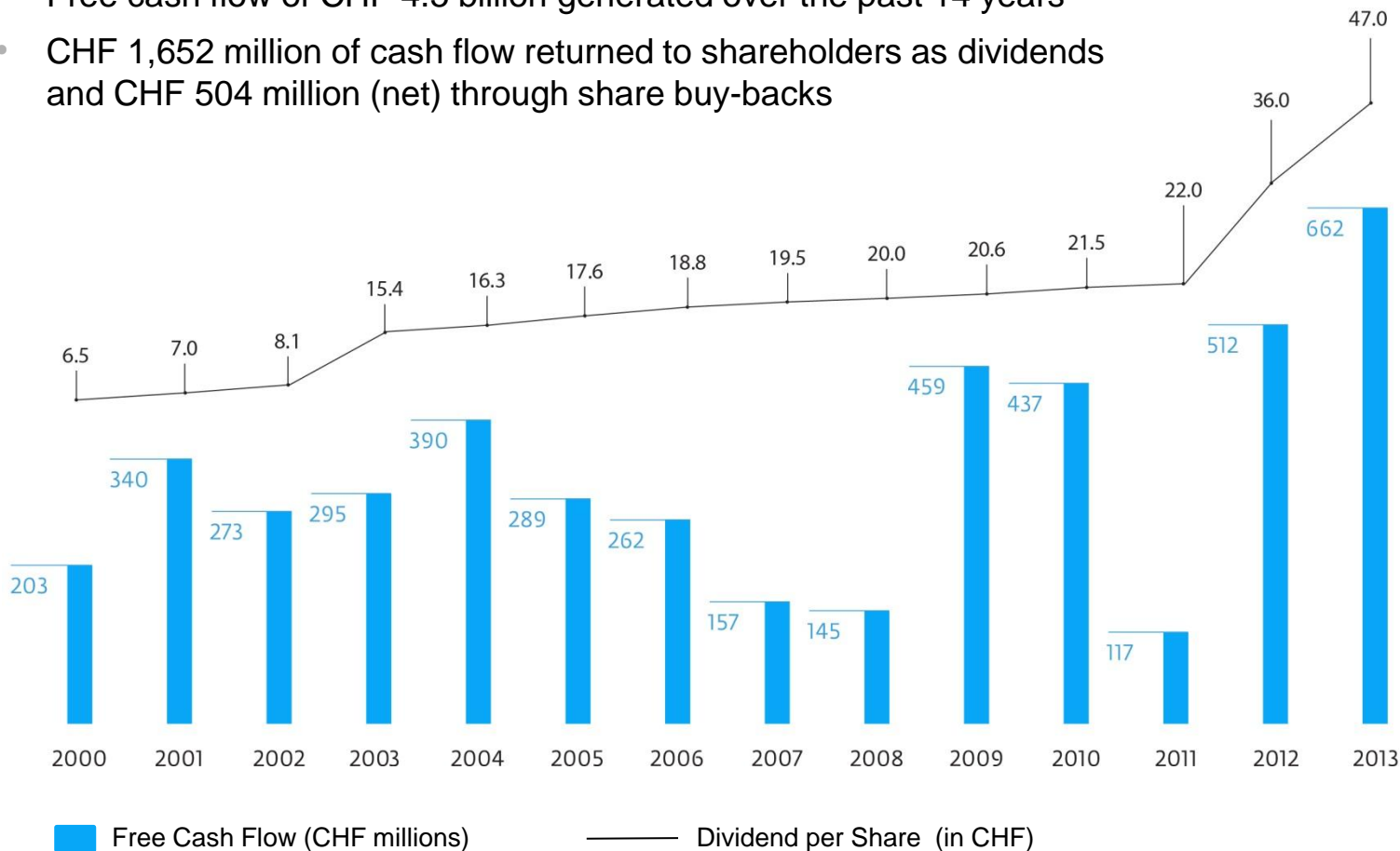




# Dividend per share

Doubling of dividend in two years reflects confidence in business model

- Free cash flow of CHF 4.5 billion generated over the past 14 years
- CHF 1,652 million of cash flow returned to shareholders as dividends and CHF 504 million (net) through share buy-backs



# Increased payout to shareholders

## What drives FCF to 14%-16% of sales by 2015

- Improving EBITDA (operational leverage of approx. 30%, depending on mix)
- Savings of CHF 30 mio (2014: CHF 15 mio; 2015: CHF 15 mio) from Flavour production in Makó (Hungary)
- Reduction of the double running cost (Mako/Kemptthal) of CHF 15 mio (2014: CHF 5 mio; 2015: CHF 10 mio)



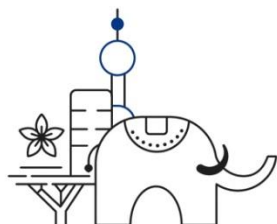
# Mid term guidance

## Ambitious 2015 targets



## Driven by five pillar strategy

Developing Markets



Research and  
Development



Health and Wellness



Sustainable Sourcing  
of Raw Materials



Targeted Customers  
and Segments



<sup>1</sup> FCF (free cash flow), above 60% return to shareholders whilst maintaining a leverage ratio of no more than 25%

<sup>2</sup> Sales growth assumes a market growth of 2-3%

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