2016 Half Year Results

Strong sales growth - sustained high level profitability

18 July 2016
Gilles Andrier
Chief Executive Officer
2016 Half Year Results
Financial highlights

• Sales of CHF 2.3 billion, up 6.2% on a like-for-like* basis

• Project pipeline and win rates sustained at a high level

• EBITDA of CHF 638 million in 2016

• EBITDA margin improved to 27.3% from 25.9% in 2015

• Net income of CHF 368 million, up 7.6% year on year

• Free cash flow of 7.4% of sales, compared to 11.4% in 2015

* Like-for-like (LFL) excludes the impact of currency, acquisitions and disposals
2016 Half Year Results
Sales performance: strong performance

In million CHF

<table>
<thead>
<tr>
<th>Division</th>
<th>% 2016 growth on LFL* basis</th>
<th>% 2016 growth in CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>6.2%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Fragrances</td>
<td>9.7%</td>
<td>10.7%</td>
</tr>
<tr>
<td>Flavours</td>
<td>3.0%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals
2016 Half Year Results

Sales evolution by market: Underlying presence in high growth markets continues to increase, offset by currency weakness

In million CHF

<table>
<thead>
<tr>
<th>Market</th>
<th>Mature</th>
<th>High Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of total sales</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>% 2016 growth on LFL* basis</td>
<td>2.3%</td>
<td>10.7%</td>
</tr>
</tbody>
</table>

* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals
2016 Half Year Results
Sales evolution by region

In million CHF

<table>
<thead>
<tr>
<th>Region</th>
<th>HY 2015</th>
<th>HY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>LATAM</td>
<td>286</td>
<td>296</td>
</tr>
<tr>
<td>APAC</td>
<td>604</td>
<td>669</td>
</tr>
<tr>
<td>NA</td>
<td>508</td>
<td>548</td>
</tr>
<tr>
<td>EAME</td>
<td>786</td>
<td>821</td>
</tr>
</tbody>
</table>

% 2016 growth on LFL* basis
- LATAM: 18.1%
- APAC: 8.7%
- NA: 2.9%
- EAME: 2.0%

* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals
2016 Half Year Results
Fragrance Division: Operational Performance

Fine Fragrances grew 11.1% LFL
Double-digit growth in North America and solid performance in Latin America offsetting lower sales in EAME and Asia

Consumer Products grew 10.2% LFL
Double-digit growth in high growth markets with all customer groups and segments contributing to the good performance
Local and regional customers demonstrated good growth across all regions
Double-digit growth in fabric care, complemented by good growth in home care, oral care and personal care.

Fragrance Ingredients and Active Beauty grew 5.2% LFL
Strong growth of Fragrance Ingredients in Europe and Asia

Induchem contributed CHF 13 million sales
2016 Half Year Results

Flavour Division: Operational Performance

Strong growth in the high growth markets of Argentina and Brazil, with Dairy, Savoury and Snacks demonstrating the strongest segmental performance

Asia Pacific increased 4.7% LFL driven by India and Indonesia, Thailand and Vietnam.

Europe, Africa and Middle East declined 0.7% LFL as a result of weaker performance in France, Germany and Great Britain. Gains in Eastern Europe were offset by weak demand in Russia.

North America grew 0.4% LFL against high comparables.

Latin America increased 16.7% LFL driven by strong growth in Argentina, Brazil and Colombia.
Matthias Währen
Chief Financial Officer
2016 Half Year Results

Highlights

• Sales CHF 2.3 billion, up 6.2% on a like-for-like basis

• EBITDA increased to CHF 638 million

• EBITDA margin improved to 27.3%

• Net income of CHF 368 million, up 7.6% year on year

• Free cash flow of CHF 174 million, 7.4% of sales

• Net debt of CHF 986 million, leverage at 21%
2016 Half Year Results

Exchange rate development: Results largely unaffected by currencies, despite the continued currency swings

<table>
<thead>
<tr>
<th></th>
<th>JPY</th>
<th>USD</th>
<th>GBP</th>
<th>EUR</th>
<th>SGD</th>
<th>BRL</th>
<th>CNY</th>
<th>MXN</th>
<th>IDR</th>
</tr>
</thead>
<tbody>
<tr>
<td>HY 2016</td>
<td>0.88</td>
<td>0.99</td>
<td>1.41</td>
<td>1.10</td>
<td>0.71</td>
<td>0.27</td>
<td>0.15</td>
<td>0.55</td>
<td>0.73</td>
</tr>
<tr>
<td>HY 2015</td>
<td>0.79</td>
<td>0.95</td>
<td>1.45</td>
<td>1.06</td>
<td>0.70</td>
<td>0.32</td>
<td>0.15</td>
<td>0.62</td>
<td>0.73</td>
</tr>
</tbody>
</table>
2016 Half Year Results

Operating performance: Sustained high level profitability

Sales of CHF 2,334 million (2015: CHF 2,184 million)

Gross margin of 46.8% compared to 46.5% in 2015, strong volumes and good control of expenses

EBITDA of CHF 638 million, up 12.8%, driven by strong cost control. One off non cash gain of CHF 55 million in 2016, compared to net one-off gain of CHF 20 million in 2015

EBITDA margin of 27.3%, up from 25.9% in 2015

Operating income of CHF 500 million, up 16.8% from 2015, driven by higher EBITDA and flat amortisation of intangible charge
**2016 Half Year Results**

Financing costs and other financial expenses

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**Other Financial Income and Expenses** are higher than in 2015, driven by increased volatility in foreign exchange markets, which has lead to a significant increase in hedging costs and losses in currencies which could not be hedged, most notably the Argentinian Peso.
2016 Half Year Results

Net income: increasing by 8% as a result of continued strong operating performance

Income before tax of CHF 455 million, up from CHF 384 million in 2015, driven by:

• Improved EBITDA
• Flat financial expenses

Effective tax rate of 19%, same as underlying tax rate in June 2015

Net income of CHF 368 million, or 15.8% of sales, versus 15.7% in 2015

Basic EPS of CHF 40.00, versus CHF 37.15 in 2015
2016 Half Year Results
Free cash flow: strong underlying performance

Operating cash flow of CHF 237 million versus CHF 341 million in 2015

Working capital as a % of sales up slightly versus HY 2015, as well as in absolute terms given strong sales

Total investments of CHF 45 million, or 1.9% of sales, compared to 3.4% in 2015
2016 Half Year Results
Conservative debt profile

April 2016: Reimbursement of USD 55 million US private placement
2016 Half Year Results

Leverage ratio: Continuing to de-leverage on a yearly basis

- Leverage ratio of 21% as at June 2016, up versus December 2015 as a result of the dividend payment in Q1 2016
- Intention to maintain a medium term leverage ratio target below 25%
- Company will exclude from equity definition any impact arising from changes in IAS 19
2016 Half Year Results

Financial summary

• Sales of CHF 2.3 billion, an increase of 6.2% on a like-for-like basis, briefs pipeline and win rate sustained at a high level

• Strong set of financial metrics
  • Sustaining the EBITDA margin
  • Net income of CHF 368 million, up 7.6% versus 2015
  • Solid cash flow and strong balance sheet
  • Net debt CHF 986 million, leverage ratio 21%
Gilles Andrier
Chief Executive Officer
Responsible growth.
Shared success.

Growing with our customers

4–5%
Average organic sales growth*

Delivering with excellence

12–17%
Average free cash flow as % of sales*

Partnering for shared success

Partner of choice

* Over a five-year period by 2020

Intention to maintain current dividend practice as part of this ambition
Q & A
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