

## Company news

Ad hoc announcement pursuant to article 53 LR  
Geneva, 21 July 2022

## 2022 Half year results

### Solid business performance in a challenging environment

- Sales of CHF 3,652 million, an increase of 6.2% on a like-for-like<sup>1</sup> basis and 8.3% in Swiss francs
- Good sales performance across the portfolio and markets, despite strong prior year comparables
- Comparable EBITDA<sup>3</sup> of CHF 820 million, a margin of 22.5% compared to 24.2% in 2021
- Net income of CHF 440 million
- Free cash flow<sup>4</sup> of -4.0% of sales or CHF -147 million, driven by higher working capital requirements and investments
- First sustainable-linked financing event with renewal of the Group Committed Credit Facility

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“We are very pleased with our solid performance in the first half of 2022, despite the challenging environment that we are continuing to operate in. I am proud of the way in which we have again demonstrated the resilience of our business and our strong focus on supporting the growth of our customers around the world.” Gilles Andrier, CEO

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## Sales performance

**Givaudan Group sales for the first six months of the year were CHF 3,652 million**, an increase of 6.2% on a like-for-like<sup>1</sup> basis and 8.3% in Swiss francs.

In a very challenging operating environment, driven by higher input costs and inbound supply chain disruptions, Givaudan sustained good business momentum whilst maintaining its operations and global outbound supply chain at a high level. The good growth was achieved across product segments and geographies, with the mature markets growing at 5.4% and the high growth markets at 7.4% on a like-for-like basis.

With higher input costs in 2022, the Company is well on track in implementing price increases in collaboration with its customers to fully compensate for the increases in input costs.

**Fragrance & Beauty sales were CHF 1,646 million**, an increase of 4.7% on a like-for-like<sup>1</sup> basis and 5.3% in Swiss francs, against strong comparable growth of 10.1% in 2021. The good growth was driven by continued strong volume increases in Fine Fragrances with a sustained high level of new business, as well as double-digit growth in Fragrance Ingredients. Consumer Products returned to growth in the second quarter and the demand for Fragrance Ingredients continued to remain strong.



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On a business unit level Fine Fragrance sales increased by 17.9% on a like-for-like basis, Consumer Products sales increased by 0.4% on a like-for-like basis, and sales of Fragrance Ingredients and Active Beauty delivered growth of 8.0% on a like-for-like basis.

**Taste & Wellbeing sales were CHF 2,006 million**, an increase of 7.6% on a like-for-like<sup>1</sup> basis and an increase of 10.9% in Swiss francs.

On a regional basis, sales in Asia Pacific increased by 5.1% on a like-for-like basis; in South Asia, Africa and the Middle East, sales increased by 16.9% on a like-for-like basis; in Europe, sales increased by 14.0% on a like-for-like basis; in North America sales decreased by 0.9% on a like-for-like basis, and in Latin America, sales increased 17.1% on a like-for-like basis.

Whilst the sales performance was still affected by the impact of the COVID-19 pandemic across many countries, as well as supply chain challenges, good business momentum was maintained across all regions. The foodservice segment continued to experience a strong recovery and is now almost back to pre-COVID levels. In the key strategic focus areas, sales increased double-digit in plant-based proteins and health & wellness and solid single-digit in Naturals.

## Gross profit

The gross profit decreased by 1.4% from CHF 1,480 million in 2021 to CHF 1,459 million in 2022, although the gross profit increased by 0.4% when measured in local currency terms. Due to the gross margin dilution effect of the pricing actions to compensate for higher input costs, as well as the higher raw material, energy and freight costs, the gross margin decreased to 40.0% in 2022 compared to 43.9% in 2021.

## Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)<sup>2</sup>

The EBITDA increased by 0.9% to CHF 816 million from CHF 809 million for the same period in 2021, whilst the EBITDA margin was 22.4% in 2022 compared to 24.0% in 2021. On a comparable basis, the EBITDA margin was 22.5% in 2022 compared to 24.2% in 2021. The impacts of higher input costs at the gross profit level, as well as higher outbound freight costs, were partly compensated by strict cost control across the business during the first half of 2022.

The EBITDA of Fragrance & Beauty decreased to CHF 362 million in 2022 compared to CHF 375 million for the first six months of 2021, whilst the EBITDA margin decreased to 22.0% in 2022 from 24.0% in 2021. On a comparable basis the EBITDA margin of Fragrance & Beauty was 22.2% in 2022 compared to 24.2% in 2021.

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The EBITDA of Taste & Wellbeing increased to CHF 454 million from CHF 434 million in 2021, an increase of 4.5%, whilst the EBITDA margin decreased to 22.6% in 2022, from 24.0% in 2021. On a comparable basis the EBITDA margin of Taste & Wellbeing was 22.7% in 2022 compared to 24.3% in 2021.

## Operating income

The operating income increased to CHF 631 million, compared to CHF 613 million in 2021, an increase of 2.9%. When measured in local currency terms, the operating income increased by 5.5%. The operating margin decreased to 17.3% in 2022 from 18.2% in 2021.

The operating income for Fragrance & Beauty decreased to CHF 291 million in 2022, versus CHF 301 million for the same period in 2021. The operating margin decreased to 17.7% in 2022 from 19.2% in 2021.

In Taste & Wellbeing, the operating income increased to CHF 340 million in 2022 from CHF 312 million in 2021, an increase of 8.7%. The operating margin decreased to 16.9% in 2022 compared to 17.3% in 2021.

## Financial performance

Financing costs were CHF 48 million in the first half of 2022, stable versus CHF 46 million for the same period in 2021. Other financial expense, net of income, was CHF 71 million in 2022 versus CHF 1 million in 2021, with the increase related to mark-to-market adjustments on marketable securities and increased foreign exchange losses.

The interim period income tax expense as a percentage of income before taxes was 14% in 2022, compared with 15% for the same period in 2021.

## Net income

The net income for the first six months of 2022 was CHF 440 million compared to CHF 481 million in 2021, resulting in a net profit margin of 12.1% versus 14.3% in 2021. Basic earnings per share were CHF 47.74 versus CHF 52.19 for the same period in 2021.

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Geneva, 21 July 2022

## Cash flow

Givaudan delivered an operating cash flow of CHF 131 million for the first six months of 2022, compared to CHF 415 million in 2021.

Net working capital was 29.6% of sales compared to 28.3% in 2021, with higher accounts receivable and inventory levels related to the good sales growth and continuing supply chain challenges, particularly on the inbound supply chain.

Total net investments in property, plant and equipment were CHF 130 million, compared to CHF 79 million in 2021. Intangible asset additions were CHF 34 million in 2022, compared to CHF 41 million in 2021, as the Company continues to invest in its IT and digital platform capabilities and in bringing all acquired entities on to the Givaudan operating platforms.

Total net investments in tangible and intangible assets were 4.5% of sales, compared to 3.6% in 2021.

Operating cash flow after net investments was CHF -33 million versus CHF 295 million recorded in 2021. Free cash flow<sup>4</sup> was CHF -147 million in the first half of 2022, versus CHF 186 million for the comparable period in 2021. As a percentage of sales, free cash flow in the first six months of 2022 was -4.0%, compared to 5.5% in 2021.

## Financial position

Givaudan's financial position remained solid at the end of June 2022, as the Company continues to invest for future growth, whilst managing the short term working capital challenges. Net debt at June 2022 was CHF 5,129 million, up from CHF 4,394 million at the end of December 2021 and CHF 4,727 million in June 2021. The net debt to EBITDA ratio<sup>5</sup> was 3.45, compared to 2.97 at the end of December 2021.

In June 2022, the Group refinanced its multi-bank committed credit facility in the amount of CHF 1.25 billion for a period of five years, with two-year extension options and the possibility to upsize the facility during its term. This renewed facility is also the first financing event completed under the Group's sustainable-linked financing framework.

## Our mid and long term ambition

Our 2025 strategy, 'Committed to Growth, with Purpose', is our intention to deliver growth in partnership with our customers, through creating inspiring products for happier, healthier lives and having a positive impact on nature, people and communities.

Ambitious targets are an integral part of this strategy, with the Company aiming to achieve organic sales growth of 4-5% on a like-for-like basis<sup>1</sup> and free cash flow<sup>4</sup> of at least 12%, both measured as an average over the five-year period strategy cycle. In addition, we aim to deliver on key non-financial targets around sustainability, diversity and safety, linked to Givaudan's purpose.

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Our bold and ambitious long-term purpose goals are defined in four domains: creations, nature, people and communities. Our ambitions include doubling our business through creations that contribute to happier, healthier lives by 2030, becoming climate positive before 2050, becoming a leading employer for inclusion before 2025 and sourcing all materials and services in a way that protects the environment and people by 2030.

## Further information

The 2022 Half Year Report can be downloaded on [www.givaudan.com](http://www.givaudan.com): [2022 Half year report](#), [2022 Half year financial summary](#)

A conference call will be broadcast on [www.givaudan.com](http://www.givaudan.com) on Thursday 21 July 2022 at 15:00 CEST.

Further information and reconciliations of the Group's Alternative Performance Measures can be found in the [Appendix of the 2022 Half year report](#).

## Upcoming Company Events

Half year conference – 30 August 2022

Nine month sales – 11 October 2022

Investor Day – 20 October 2022

Full year results – 25 January 2023

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## Key tables

### Key figures

For the six months ended 30 June In millions of Swiss francs except for earnings per share data	2022	2021
<b>Group sales</b>	<b>3,652</b>	<b>3,373</b>
– Fragrance & Beauty sales	1,646	1,564
– Taste & Wellbeing sales	2,006	1,809
<b>Gross profit</b>	<b>1,459</b>	<b>1,480</b>
– As % of sales	40.0%	43.9%
<b>EBITDA<sup>2</sup></b>	<b>816</b>	<b>809</b>
– As % of sales	22.4%	24.0%
<b>Operating income</b>	<b>631</b>	<b>613</b>
– As % of sales	17.3%	18.2%
<b>Income attributable to equity holders of the parent</b>	<b>440</b>	<b>481</b>
– As % of sales	12.1%	14.3%
<b>Earnings per share – basic (CHF)</b>	<b>47.74</b>	<b>52.19</b>
<b>Operating cash flow</b>	<b>131</b>	<b>415</b>
– As % of sales	3.6%	12.3%
<b>Free cash flow</b>	<b>-147</b>	<b>186</b>
– As % of sales	-4.0%	5.5%

In millions of Swiss francs except for employees	30 June 2022	31 December 2021
– Current assets	3,942	3,407
– Non-current assets	7,972	8,027
<b>Total assets</b>	<b>11,914</b>	<b>11,434</b>
– Current liabilities	2,872	2,322
– Non-current liabilities	5,021	5,171
– Equity	4,021	3,941
<b>Total liabilities and equity</b>	<b>11,914</b>	<b>11,434</b>
<b>Number of employees</b>	<b>16,815</b>	<b>16,842</b>

Ad hoc announcement pursuant to article 53 LR  
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## EBITDA

In millions of Swiss francs except for earnings per share data	2022			2021		
	Group	Fragrance & Beauty	Taste & Wellbeing	Group	Fragrance & Beauty	Taste & Wellbeing
<b>EBITDA as published</b>	<b>816</b>	<b>362</b>	<b>454</b>	<b>809</b>	<b>375</b>	<b>434</b>
<b>EBITDA as published in %</b>	<b>22.4%</b>	<b>22.0%</b>	<b>22.6%</b>	<b>24.0%</b>	<b>24.0%</b>	<b>24.0%</b>
– Givaudan Business Solutions (GBS) costs				-1	-1	
– Acquisitions and restructuring expenses <sup>a</sup>	-4	-3	-1	-7	-2	-5
<b>Comparable EBITDA <sup>3</sup></b>	<b>820</b>	<b>365</b>	<b>455</b>	<b>817</b>	<b>378</b>	<b>439</b>
<b>Comparable EBITDA in %</b>	<b>22.5%</b>	<b>22.2%</b>	<b>22.7%</b>	<b>24.2%</b>	<b>24.2%</b>	<b>24.3%</b>

a. Acquisition and restructuring expenses incurred of CHF 4 million (2021: CHF 7 million) are largely related to the acquisitions that the Group has undertaken and the ongoing optimisation of the manufacturing footprint.

## Sales performance – January to June

In millions of Swiss francs	2021		2022		Change %		2022		Change %	
	Sales as reported	LFL development <sup>1</sup>	Sales LFL	LFL basis <sup>1</sup>	Acquisition impact (net)*	Currency effects	Sales as Reported	In Swiss francs		
<b>Group</b>	<b>3,373</b>	<b>211</b>	<b>3,584</b>	<b>6.2%</b>	<b>92</b>	<b>-24</b>	<b>3,652</b>	<b>8.3%</b>		
– Fragrance & Beauty	1,564	74	1,638	4.7%	21	-13	1,646	5.3%		
– Taste & Wellbeing	1,809	137	1,946	7.6%	71	-11	2,006	10.9%		

### \* Acquisition impact (net)

in millions of Swiss francs

Acquired company	Sales included from	Group	Fragrance & Beauty	Taste & Wellbeing
Custom Essence	December 2021	21	21	
DDW	December 2021	77		77
Discontinued and disposed business		-6		-6
<b>Total</b>		<b>92</b>	<b>21</b>	<b>71</b>

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## Sales performance – April to June (quarter only)

In millions of Swiss francs	2021		2022		Change %			2022	
	Sales as reported	LFL development <sup>1</sup>	Sales LFL	LFL basis <sup>1</sup>	Acquisition impact (net)	Currency effects	Sales as Reported	In Swiss francs	
<b>Group</b>	<b>1,699</b>	<b>134</b>	<b>1,833</b>	<b>7.9%</b>	<b>46</b>	<b>-7</b>	<b>1,872</b>	<b>10.2%</b>	
– Fragrance & Beauty	776	54	830	6.9%	11	-5	836	7.7%	
– Taste & Wellbeing	923	80	1,003	8.7%	35	-2	1,036	12.2%	

## Sales performance Fragrance & Beauty

In millions of Swiss francs	2021 Sales growth LFL <sup>1</sup>	2022 Sales growth LFL <sup>1</sup>
Fine Fragrances	34.5%	17.9%
Consumer Products	4.1%	0.4%
Fragrance Ingredients and Active Beauty	14.4%	8.0%

## Sales performance Taste & Wellbeing

In millions of Swiss francs	2021 Sales growth LFL <sup>1</sup>	2022 Sales growth LFL <sup>1</sup>
Europe	1.7%	14.0%
South Asia, Middle East and Africa	3.5%	16.9%
North America	6.1%	-0.9%
Latin America	23.4%	17.1%
Asia Pacific	5.1%	5.1%



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## Sales evolution by market – January to June

In millions of Swiss francs	2021		2022		Change %			2022	
	Sales as reported	LFL development <sup>1</sup>	Sales LFL	LFL basis <sup>1</sup>	Acquisition impact (net)	Currency effects	Sales as Reported	In Swiss francs	
High growth market	1,435	106	1,541	7.4%	29	6	1,576	9.8%	
Mature markets	1,938	105	2,043	5.4%	63	-30	2,076	7.1%	

## Sales evolution by region – January to June

In millions of Swiss francs	2022		2021		Change %	
	Sales as reported	Sales as reported	On LFL basis <sup>1</sup>	In Swiss francs	Change %	In Swiss francs
LATAM	420	365	9.0%	15.3%		
APAC	883	851	2.7%	3.7%		
NOAM	984	924	-1.5%	6.4%		
EAME	1,365	1,233	13.7%	10.7%		

### Notes

- 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.
- EBITDA defined as Earnings before interest (and other financial income (expense), net), Tax, Depreciation and Amortisation, corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.
- Comparable EBITDA is the reported EBITDA, as adjusted for significant items of a non-recurring nature which have an impact on the understanding of the underlying normal operating activities.
- Free cash flow (FCF) refers to operating cash flow after net investments, interest paid, lease payments and purchase and sale of own equity instruments.
- Net debt to EBITDA ratio is defined as follows:
  - Net debt is calculated as the total of the consolidated short-term and long-term debt, less cash and cash equivalents.
  - EBITDA is defined as Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation, corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.