



Company news

Ad hoc announcement pursuant to article 53 LR
Geneva, 22 July 2021

2021 Half year results Good business momentum - Strong financial performance

- Sales of CHF 3,373 million, up 7.9% on a like-for-like¹ basis and 4.7% in Swiss francs
- Excellent sales across all markets and segments, with strong contribution from 2025 strategic growth areas
- Strong performance of high growth markets with a like-for-like growth of 10.4%
- Comparable EBITDA³ margin of 24.2% compared to 23.7% in 2020
- Net income of CHF 481 million, up by 16.3% year-on-year
- Free cash flow⁴ of 5.5% of sales or CHF 186 million

Business performance

Givaudan Group sales for the first six months of the year were CHF 3,373 million, an increase of 7.9% on a like-for-like basis and 4.7% in Swiss francs.

Givaudan Fragrance & Beauty sales were CHF 1,564 million, an increase of 10.1% on a like-for-like basis and 7.4% in Swiss francs.

Givaudan Taste & Wellbeing sales were CHF 1,809 million, an increase of 6.1% on a like-for-like basis and 2.5% in Swiss francs.

As the COVID-19 pandemic continued to have an impact on a global level, Givaudan sustained good business momentum whilst maintaining its operations and global supply chain at a high level. The strong growth was achieved across most product segments and geographies, with the mature markets growing at 6.1% and the high growth markets at 10.4% on a like-for-like basis. In Fragrance & Beauty the product segments most affected by the COVID-19 pandemic, namely Fine Fragrances and to a lesser extent Active Beauty, showed a strong improvement in the first half of 2021 as retail activity picked up and as customers and consumers maximised the availability of other channels, including direct selling and e-commerce. In Taste & Wellbeing the foodservice segment was still impacted by COVID-19 pandemic however experienced a strong recovery in the second quarter, as restrictions in relation to out of home food and beverage consumption started to be lifted in certain markets.





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"I am really pleased with our strong performance in the first half of 2021, with all parts of our business contributing to the excellent financial results and a strong contribution from our 2025 strategic growth areas," said CEO Gilles Andrier. "In an environment which still contains many uncertainties related to the COVID-19 pandemic, we have shown our resilience, our focus on supporting our customers and our ability to capture opportunities to assert our market leadership."

From the onset of the COVID-19 pandemic and in line with the Company's purpose, Givaudan continues to be strongly focused on:

- Protecting and supporting its employees, be it those on site or those who are still working from home;
- Meeting the demands of its customers. Particularly for those products which support consumers throughout the pandemic around the world;
- Supporting the communities in which it operates.

Gross profit

The gross profit increased by 8.9% from CHF 1,359 million in 2020 to CHF 1,480 million in 2021. Due to high operating leverage related to the strong sales volume growth and cost discipline, the gross margin increased to 43.9% in 2021 compared to 42.2% in 2020.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)²

The EBITDA increased by 10.2% to CHF 809 million from CHF 734 million for the same period in 2020, whilst the EBITDA margin was 24.0% in 2021 compared to 22.8% in 2020. On a comparable basis, the EBITDA margin was 24.2% in 2021 compared to 23.7% in 2020.

in millions of Swiss francs	2021			2020		
	Group	Fragrance & Beauty	Taste & Wellbeing	Group	Fragrance & Beauty	Taste & Wellbeing
EBITDA as published	809	375	434	734	333	401
EBITDA as published in %	24.0	24.0	24.0	22.8	22.9	22.7
Givaudan Business Solutions (GBS) costs	-1	-1		-4	-4	
Acquisition and restructuring expenses ^a	-7	-2	-5	-24	-4	-20
Comparable EBITDA³	817	378	439	762	341	421
Comparable EBITDA in %	24.2	24.2	24.3	23.7	23.4	23.8

a. Acquisition and restructuring expenses incurred of CHF 7 million (2020: CHF 24 million) are largely related to the acquisitions that the Group has undertaken and the ongoing optimisation of the manufacturing footprint.

Operating income

The operating income increased to CHF 613 million, compared to CHF 532 million in 2020. When measured in local currency terms, the operating income increased by 17.3%. The operating margin increased to 18.2% in 2021 from 16.5% in 2020.



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Financial performance

Financing costs were CHF 46 million in the first half of 2021, versus CHF 39 million for the same period in 2020, largely related to the increase in net debt of the Group in connection with the recent acquisitions. Other financial expense, net of income, was CHF 1 million in 2021 versus CHF 13 million in 2020.

The interim period income tax expense as a percentage of income before taxes was 15% in 2021, compared with 14% for the same period in 2020.

Net income

The net income for the first six months of 2021 was CHF 481 million compared to CHF 413 million in 2020, an increase of 16.3%, resulting in a net profit margin of 14.3% versus 12.8% in 2020. Basic earnings per share were CHF 52.19 versus CHF 44.81 for the same period in 2020.

Cash flow

Givaudan delivered an operating cash flow of CHF 415 million for the first six months of 2021, compared to CHF 389 million in 2020.

Net working capital was 28.3% of sales compared to 27.9% in 2020, with temporarily higher accounts receivable and inventory levels related to the good business momentum and continuing COVID-19 pandemic.

Total net investments in property, plant and equipment were CHF 79 million, compared to CHF 122 million in 2020, when there was the impact of the completion of the new Fragrance & Beauty facility in China.

Intangible asset additions were CHF 41 million in 2021, compared to CHF 17 million in 2020, 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 3.6% of sales, compared to 4.3% in 2020.

Operating cash flow after net investments was CHF 295 million versus CHF 250 million recorded in 2020, an increase of 18.0%. Free cash flow⁴ was CHF 186 million in the first half of 2021, versus CHF 178 million for the comparable period in 2020, an increase of 4.5%. As a percentage of sales, free cash flow in the first six months of 2021 was 5.5%, compared to 5.5% in 2020.

Financial position

Givaudan's financial position remained solid at the end of June 2021. Net debt at June 2021 was CHF 4,727 million, up from CHF 4,040 million at the end of December 2020 and CHF 4,631 million in June 2020. The leverage ratio⁵ was 54% compared to 50% at the end of 2020 and 56% in June 2020.



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2025 guidance: Committed to Growth, with Purpose

The Company's 2025 ambition is to deliver sustainable value creation for all stakeholders. Givaudan's 2025 strategy is fully in line with its purpose and places customers at the heart of its business, supporting them to grow and create products that are loved by consumers.

The 2025 strategy is focused around three growth drivers, 'Expand the portfolio', 'Extend customer reach' and 'Focussed market strategies' and is supported by four growth enablers, which are aligned with the Company's purpose domains, namely creations, nature, people and communities. These three growth drivers and four enablers are all underpinned by a commitment to 'Excellence, Innovation and Simplicity in everything we do'.

Ambitious targets are an integral part of Givaudan's 2025 strategy, with the Company aiming to achieve organic sales growth of 4-5% on a like-for-like basis and free cash flow of at least 12%, both measured as an average over the five-year period strategy cycle. In addition, the Company aims to deliver on key non-financial targets around sustainability, diversity and safety, linked to Givaudan's purpose.

Givaudan's purpose

The Company's purpose, 'Creating for happier, healthier lives with love for nature. Let's imagine together', is at the heart of its strategy. Under the purpose, Givaudan has defined bold and ambitious goals in four domains, namely creations, nature, people and communities. These ambitions include doubling its 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.



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Key figures

For the six months ended 30 June in millions of Swiss francs except for earnings per share data	2021	2020
Group Sales	3,373	3,221
Fragrance & Beauty sales	1,564	1,456
Taste & Wellbeing sales	1,809	1,765
Gross profit	1,480	1,359
as % of sales	43.9%	42.2%
EBITDA²	809	734
as % of sales	24.0%	22.8%
Operating income	613	532
as % of sales	18.2%	16.5%
Income attributable to equity holders of the parent	481	413
as % of sales	14.3%	12.8%
Earnings per share – basic (CHF)	52.19	44.81
Operating cash flow^a	415	389
as % of sales	12.3%	12.1%
Free cash flow	186	178
as % of sales	5.5%	5.5%

a. After careful consideration with the Group auditors, the Group has determined that purchase and sale of own equity instruments relates to financing activities and has been reclassified from cash flows from (for) operating activities into cash flows from (for) financing activities.

in millions of Swiss francs, except for employee data	30 June 2021	31 December 2020
- Current assets	3,606	3,299
- Non-current assets	7,736	7,359
Total assets	11,342	10,658
- Current liabilities	2,414	1,796
- Non-current liabilities	5,262	5,354
- Equity	3,666	3,508
Total liabilities and equity	11,342	10,658
Number of employees	16,130	15,852



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Sales performance – January to June

in millions of Swiss francs	2020 Sales as reported	Like-for-like development ¹	2021 Sales like-for-like ¹	Change % on like-for- like basis ¹	Acquisition impact (net) ^a	Currency effects	2021 Sales as reported	Change % in Swiss francs
Group	3,221	255	3,476	7.9%	(9)	(94)	3,373	4.7%
- Fragrance & Beauty	1,456	147	1,603	10.1%	8	(47)	1,564	7.4%
- Taste & Wellbeing	1,765	108	1,873	6.1%	(17)	(47)	1,809	2.5%

a. Acquisition impact (net)

in millions of Swiss francs

Acquired Company	Sales included from	Group	Fragrance & Beauty	Taste & Wellbeing
Ungerer	February 2020	13	4	9
Cosmetics business of Indena	May 2020	4	4	
Myrissi	April 2021	-	-	
Discontinued and disposed business		(26)		(26)
Total		(9)	8	(17)

Sales performance – April to June (quarter only)

in millions of Swiss francs	2020 Sales as reported	Like-for-like development ¹	2021 Sales like-for-like ¹	Change % on like-for- like basis ¹	Acquisition impact (net)	Currency effects	2021 Sales as reported	Change % in Swiss francs
Group	1,602	130	1,732	8.1%	(11)	(22)	1,699	6.1%
Fragrance & Beauty	711	73	784	10.2%	2	(10)	776	9.1%
Taste & Wellbeing	891	57	948	6.4%	(13)	(12)	923	3.6%

Sales evolution by market – January to June

in millions of Swiss francs	2020 Sales as reported	Like-for-like development ¹	2021 Sales like-for-like ¹	Change % on like-for- like basis ¹	Acquisition impact (net)	Currency effects	2021 Sales as reported	Change % in Swiss francs
Mature markets	1,868	115	1,983	6.1%	(6)	(39)	1,938	3.7%
High growth markets	1,353	140	1,493	10.4%	(3)	(55)	1,435	6.1%



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Sales evolution by region – January to June

in millions of Swiss francs	2020 Sales as reported	2021 Sales as reported	Change % on like-for-like basis ¹	Change % in Swiss francs
LATAM	338	365	21.2%	8.0%
APAC	816	851	6.3%	4.3%
NOAM	901	924	7.5%	2.5%
EAME	1,166	1,233	5.5%	5.7%

Givaudan Fragrance & Beauty

Fragrance & Beauty sales were CHF 1,564 million, an increase of 10.1% on a like-for-like basis and an increase of 7.4% in Swiss francs over 2020. This double-digit sales growth was mainly driven by the strong rebound of the Fine Fragrances and Active Beauty businesses, which were particularly impacted by the COVID-19 pandemic in the first half of 2020.

Total sales for Fragrance Compounds (Fine Fragrances and Consumer Products combined) increased by 9.4% on a like-for-like basis. In Swiss francs, sales of compounds increased to CHF 1,335 million from CHF 1,252 million in 2020.

Fine Fragrance sales increased by 34.5% on a like-for-like basis driven by a significant rebound on prestige fragrances and speciality retail. Particularly in the second quarter of 2021 the sales performance showed a very positive development, compared to a period in 2020 which experienced a strong reduction in demand as the COVID-19 pandemic severely restricted traditional retail channels in the major fine fragrance markets.

Consumer Products sales increased by 4.1% on a like-for-like basis, against a strong prior year comparable growth of 11.8%, which saw a strong demand for household, health and personal care products related to the onset of the COVID-19 pandemic. The growth in the first half of 2021 was driven by existing business and the contribution from new wins.

Sales of Fragrance Ingredients and Active Beauty delivered growth of 14.4% on a like-for-like basis against a slight decline of 0.1% reported in the first half of 2020.



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The EBITDA of Fragrance & Beauty increased to CHF 375 million in 2021 compared to CHF 333 million for the first six months of 2020. The increase was mainly driven by higher sales and the contribution of the recent acquisitions in terms of growth and synergies. The EBITDA margin increased to 24.0% in 2021 from 22.9% in 2020. On a comparable basis the EBITDA margin of the Fragrance & Beauty was 24.2% in 2021 compared to 23.4% in 2020.

The operating income increased by 13.7% to CHF 301 million in 2021, versus CHF 264 million for the same period in 2020. The operating margin increased to 19.2% in 2021 from 18.2% in 2020.

Fine Fragrances

Fine Fragrances sales increased by 34.5% on a like-for-like basis against the first half of 2020, where sales declined by 16.4% due to the impact of the COVID-19 pandemic. In the first six months of 2021 there was a strong rebound of the existing business across all customer groups. In addition, new business wins contributed to this strong performance bringing overall sales to levels above the pre-pandemic period.

All regions delivered strong double-digit sales growth. In the Western Europe region, the customers of prestige brands showed a very strong rebound after having suffered strongly from the COVID-19 pandemic, particularly in the first half of 2020. North America and high growth markets also recorded strong double-digit sales growth.

Consumer Products

Consumer Products sales increased by 4.1% on a like-for-like basis against a strong prior year comparable growth of 11.8%, which was driven by an increased demand for household, health and personal care products related to the onset of the COVID-19 pandemic. The growth in the first half of 2021 was achieved in both high growth and mature markets and across all customer groups.

On a regional basis, Latin America reported double-digit growth driven by new wins. Asia recorded mid-single-digit growth, with strong double-digit growth in the Greater China region, driven by local and regional customers and spread across most product segments. Europe, Africa and the Middle East sales were almost flat versus a double-digit prior year comparable, led by international customers and growth in the African and Middle East sub-region. The sales increase in North America was supported by double-digit growth with local and regional customers.

On a product segment basis, the sales growth was led by Fabric Care followed by Personal Care and Home Care.

Fragrance Ingredients and Active Beauty

Sales of Fragrance Ingredients and Active Beauty grew by 14.4% on a like-for-like basis, against a slight sales decline of 0.1% in the prior year. Active Beauty saw a very strong rebound in the first half of the year and reported strong double-digit growth in both high growth and mature markets. Fragrance Ingredients reported strong single-digit growth driven by key international and local and regional customers.



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Givaudan Taste & Wellbeing

Taste & Wellbeing sales were CHF 1,809 million, an increase of 6.1% on a like-for-like basis and an increase of 2.5% in Swiss francs.

The strong sales performance was driven by new wins and good business momentum across all regions and mainly with local and regional customers. Whilst the sales performance was still affected by the impact of the COVID-19 pandemic across many countries, there were positive signs of recovery in certain markets where increased vaccination rates and progressive reopening resulted in higher demand for foodservice products, particularly in the second quarter of 2021.

In the key strategic focus areas, sales increased double-digit in plant-based proteins and high single-digit in health & wellness and Naturals.

From a segment perspective the positive sales performance was mainly driven by Beverages, Savoury and Snacks.

The EBITDA of Taste & Wellbeing increased to CHF 434 million from CHF 401 million in 2020, an increase of 8.4%, with continuing productivity gains and cost discipline contributing to the increase. The EBITDA margin increased to 24.0% in 2021, from 22.7% in 2020. On a comparable basis the EBITDA margin of Taste & Wellbeing was 24.3% in 2021 compared to 23.8% in 2020.

The operating income increased to CHF 312 million in 2021 from CHF 268 million in 2020, an increase of 16.7%. The operating margin increased to 17.3% in 2021 compared to 15.2% in 2020.

Asia Pacific

Sales in Asia Pacific increased by 5.1% on a like-for-like basis. In the high growth markets, China and Malaysia delivered strong double-digit performance, followed by solid single-digit growth in the Philippines and Vietnam, whilst Indonesia and Thailand were still impacted by the COVID-19 pandemic. In the mature markets, growth was driven by Australia, Korea and Singapore.

From a segment perspective the growth was mainly achieved in Beverages, Dairy, Sweet Goods and Savoury.

South Asia, Africa and the Middle East (SAMEA)

Sales in South Asia, Africa and the Middle East increased by 3.5% on a like-for-like basis. Double-digit growth was achieved in India, Algeria and Nigeria, which was partially offset by South Africa, where there is still a heavy impact from the COVID-19 pandemic and the Middle East. The sales growth in the region was driven by the Beverages and Dairy segments.



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Europe

Sales in Europe increased by 1.7% on a like-for-like basis. The mature markets of Germany, Italy, Spain and Sweden all achieved good single-digit sales growth, whilst in the high growth markets there was excellent business momentum driven by double-digit growth in Russia and Poland. Throughout the first half of 2021 the region was still impacted by the restrictions related to the COVID-19 pandemic with some relaxation in those measures being seen only more recently in a number of countries. The growth was mainly achieved in the segments of Beverages, Savoury and Snacks.

North America

On a like-for-like basis, sales in North America increased by 6.1% across all customer segments. The strong performance was a result of new wins, a rebound in Foodservice and the growth of existing business in Beverages, Immunity Products, Savoury, and Sweet Goods.

Latin America

Sales in Latin America increased 23.4% on a like-for-like basis, led by strong double-digit volume growth in Mexico, Brazil, Columbia, Chile and Argentina, and across all segments.

The Group has aligned the reporting of the regional performance of Givaudan Taste & Wellbeing with changes in the management structure of the business, effective 1 January 2021. For information, the comparable growth for the first six months of 2020 for South Asia, Africa and the Middle East was 5.1% and for Europe 2.2% respectively.



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The 2021 Half Year Report can be downloaded on www.givaudan.com. A conference call will be broadcast on www.givaudan.com on Thursday 22 July 2021 at 15:00 CEST.

Notes

1. Like-for-like (LFL) is defined as: (a) sales calculated using the invoicing exchange rates of the prior year, (b) excluding sales of businesses acquired from the acquisition date until the period end date, up to 12 months from the acquisition date, and (c) excluding sales of the businesses disposed of from the disposal date until the period end date of the comparable prior period.
2. 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.
3. 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.
4. Free cash flow (FCF) refers to operating cash flow after net investments, interest paid, lease payments and purchase and sale of own equity instruments.
5. Leverage ratio is defined as net debt divided by the sum of net debt and equity (as defined for leverage ratio).

Further information and reconciliations of the Group's Alternative Performance Measures can be found in the Appendix of the 2021 Half year report.

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