



Media Release

Geneva, 29 January 2021

2020 Full Year Results

Excellent financial performance – 2020 guidance delivered

- Sales of CHF 6.3 billion, up 4.0% on a like-for-like¹ basis and 1.9% in Swiss francs
- EBITDA² of CHF 1,397 million, an increase of 9.6% over 2019
- Comparable EBITDA³ margin of 22.8% compared to 21.5% in 2019
- Net income of CHF 743 million, an increase of 5.8% over 2019
- Free cash flow⁴ of 12.8% of sales or CHF 811 million
- Proposed dividend of CHF 64.00 per share, up 3.2% year-on-year
- Successful delivery of 2020 guidance: Average 4.9% like-for-like sales growth and 12.6% average free cash flow over the five-year period 2016-2020

Business Performance

Givaudan Group full year sales were CHF 6,322 million, an increase of 4.0% on a like-for-like basis and 1.9% in Swiss francs when compared to 2019.

Fragrance & Beauty sales were CHF 2,924 million, an increase of 5.4% on a like-for-like basis and 4.5% in Swiss francs.

Taste & Wellbeing sales were CHF 3,398 million, an increase of 2.8% on a like-for-like basis and a decrease of 0.2% in Swiss francs.

As the COVID-19 pandemic continues to have an impact on a global level, Givaudan sustained strong business momentum whilst maintaining its operations and global supply chain with minimal disruption. The good growth was achieved across most product segments and geographies, with particularly strong performance in the household, health and personal care segments within Givaudan Fragrance & Beauty, as well as in packaged foods, savoury, snacks and nutraceuticals in Givaudan Taste & Wellbeing. 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 solid improvement in the second half of the year, despite continued restrictions on retail and travel retail activity. In Taste & Wellbeing the prolonged restrictions affecting foodservice and out-of-home food consumption impacted the performance throughout 2020.

"I am very pleased that in an unprecedented environment related to COVID-19, we have been able to deliver such a strong financial performance in 2020, as well as successfully delivering on all of our ambitious targets in relation to our 2016-2020 strategy", said CEO Gilles Andrier. "These excellent results once again demonstrate the strength of our business and our ability to deliver industry leading financial results, whilst successfully executing upon our longer term strategic ambitions."





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

- Protecting and supporting all of 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;
- Taking care of the communities in which it operates.

Gross Margin

The gross profit increased by 5.1% from CHF 2,530 million in 2019 to CHF 2,659 million in 2020. Due to continued productivity gains and strong cost discipline, the gross margin increased to 42.1% in 2020 compared to 40.8% in 2019.

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

The EBITDA² increased by 9.6% to CHF 1,397 million in 2020 compared to CHF 1,275 million in 2019, whilst the EBITDA margin was 22.1% in 2020 compared to 20.6% in 2019. On a comparable basis³, the EBITDA margin was 22.8% in 2020 compared to 21.5% in 2019.

in millions of Swiss francs	2020			2019		
	Group	Fragrance & Beauty	Taste & Wellbeing	Group	Fragrance & Beauty	Taste & Wellbeing
EBITDA as published	1,397	677	720	1,275	555	720
EBITDA as published in %	22.1	23.2	21.2	20.6	19.8	21.1
Givaudan Business Solutions (GBS) costs ^a	-6	-6		-31	-31	
Acquisition and restructuring expenses ^b	-39	-7	-32	-25	-11	-14
Comparable EBITDA	1,442	690	752	1,331	597	734
Comparable EBITDA in %	22.8	23.6	22.1	21.5	21.3	21.6

a. In 2020, the Group incurred costs of CHF 6 million in relation to the finalisation of the implementation of the Givaudan Business Solutions organisation, compared with CHF 31 million in 2019.

b. Acquisition and restructuring expenses incurred of CHF 39 million (2019: CHF 25 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 was CHF 996 million compared to CHF 920 million, an increase of 8.3% versus 2019. The operating margin was 15.8% in 2020 compared to 14.8% in 2019.

Financial Performance

Financing costs in 2020 were CHF 86 million versus CHF 79 million in 2019, largely related to the increase in the net debt of the Group in connection with the acquisitions that the Group has made. Other financial expense, net of income, was CHF 34 million in 2020 compared with CHF 33 million in 2019.

The income tax expense as a percentage of income before taxes was 15%, compared to 13% in 2019.



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Net Income

The net income was CHF 743 million in 2020 compared to CHF 702 million in 2019, an increase of 5.8%. This results in a net profit margin of 11.8%, versus 11.3% in 2019. Basic earnings per share were CHF 80.59 compared to CHF 76.17 for the same period in 2019.

Cash Flow

Givaudan delivered an operating cash flow of CHF 1,133 million in 2020, compared to CHF 1,136 million in 2019.

Net working capital as a percentage of sales was 24.4%, compared to 24.0% in 2019.

Total net investments in property, plant and equipment were CHF 180 million, compared to CHF 201 million in 2019, as the Group continues to invest in expanding its capabilities in high growth markets. As a reminder, in 2018 the Group completed an agreement to sell and leaseback the Zurich Innovation Centre (ZIC) for a total consideration of CHF 173 million, of which CHF 60 million was received in the first six months of 2019.

Intangible asset additions were CHF 37 million in 2020, compared to CHF 45 million in 2019 as the Company continued to invest in its IT platform capabilities, including those related to the integration of the acquisitions that the Group has made.

Total net investments in tangible and intangible assets were 3.4% of sales in 2020, compared to 4.0% in 2019. Excluding the impact of the ZIC transaction, total net investments in tangible and intangible assets in 2019 would have been 5.1% of sales.

Operating cash flow after net investments was CHF 916 million in 2020, versus CHF 890 million in 2019. Free cash flow⁴, defined as operating cash flow after investments and interest paid, was CHF 811 million in 2020, versus CHF 787 million for the comparable period in 2019. As a percentage of sales, free cash flow in 2020 was 12.8%, compared to 12.7% in 2019.

Financial Position

Givaudan's financial position remained solid at the end of the year. Net debt at December 2020 was CHF 4,040 million, compared to CHF 3,679 million at December 2019, with the increase largely driven by the acquisition of Ungerer in the first quarter of 2020. At the end of December 2020 the leverage ratio⁵ was 50%, compared to 47% at the end of 2019.

Dividend Proposal

At the Annual General Meeting on 25 March 2021, Givaudan's Board of Directors will propose a cash dividend of CHF 64.00 per share for the financial year 2020, an increase of 3.2% versus 2020. This is the twentieth consecutive dividend increase following Givaudan's listing at the Swiss stock exchange in 2000.



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2020 guidance: Responsible growth. Shared success.

The Company's 2020 ambition was to create further value through profitable, responsible growth. Givaudan's 2020 ambition was defined around the three strategic pillars of 'Growing with our customers', 'Delivering with excellence' and 'Partnering for shared success'.

As part of the Company's 2020 strategy, Givaudan also sought to create value through targeted acquisitions, which complemented existing capabilities in providing winning solutions for its customers. Since 2014, Givaudan has completed sixteen acquisitions, which are fully in line with the growth pillars within the Company's 2020 strategy.

Ambitious financial targets were also a fundamental part of Givaudan's 2020 strategy, with the Company targeting to outpace the market with 4-5% sales growth and a free cash flow of 12-17% of sales, both measured as an average over the five-year period of the strategy cycle. Givaudan has successfully achieved average sales growth of 4.9% on a like-for-like basis and an average free cash flow of 12.6% of sales for the five-year strategy period 2016-2020.

As part of its 2020 strategy, it was also Givaudan's intention to maintain its dividend practice and with a proposed increase in the dividend to CHF 64 per share for 2020, Givaudan has increased the dividend each year since its listing at the Swiss stock exchange in 2000.

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.

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 & 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.



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Key Figures

For the twelve months ended 31 December, in millions of Swiss francs except per share data	2020	2019
Group Sales	6,322	6,203
Fragrance & Beauty sales	2,924	2,799
Taste & Wellbeing sales	3,398	3,404
Gross profit	2,659	2,530
as % of sales	42.1%	40.8%
EBITDA²	1,397	1,275
as % of sales	22.1%	20.6%
Operating income	996	920
as % of sales	15.8%	14.8%
Income attributable to equity holders of the parent	743	702
as % of sales	11.8%	11.3%
Earnings per share – basic (CHF)	80.59	76.17
Operating cash flow	1,133	1,136
as % of sales	17.9%	18.3%
Free cash flow	811	787
as % of sales	12.8%	12.7%

in millions of Swiss francs, except for employee data	31 December 2020	31 December 2019
- Current assets	3,299	3,242
- Non-current assets	7,359	7,154
Total assets	10,658	10,396
- Current liabilities	1,796	1,830
- Non-current liabilities	5,354	4,907
- Equity	3,508	3,659
Total liabilities and equity	10,658	10,396
Number of employees	15,852	14,969



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Sales performance – January to December

in millions of Swiss francs	2019 Sales as reported	Like-for-like development ¹	2020 Sales like-for-like ¹	Change % on like-for-like basis ¹	Acquisition impact ²	Currency effects	2020 Sales as reported	Change % in Swiss francs
Group	6,203	247	6,450	4.0%	306	-434	6,322	1.9%
- Fragrance & Beauty	2,799	151	2,950	5.4%	191	-217	2,924	4.5%
- Taste & Wellbeing	3,404	96	3,500	2.8%	115	-217	3,398	-0.2%

a. Acquisition impact in millions of Swiss francs

Acquired Company	Sales included from	Group	Fragrance & Beauty	Taste & Wellbeing
Albert Vieille	May 2019	5	5	
Golden Frog	September 2019	8		8
drom	September 2019	83	83	
Fragrance Oils	September 2019	42	42	
Ungerer	February 2020	190	58	132
Cosmetic business of Indena	May 2020	3	3	
Discontinued and disposed business		(25)		(25)
Total		306	191	115

Sales performance – October to December (quarter only)

in millions of Swiss francs	2019 Sales as reported	Like-for-like development ¹	2020 Sales like-for-like ¹	Change % on like-for-like basis ¹	Acquisition impact	Currency effects	2020 Sales as reported	Change % in Swiss francs
Group	1,539	74	1,613	4.8%	36	-117	1,532	-0.5%
- Fragrance & Beauty	710	57	767	8.1%	15	-57	725	2.0%
- Taste & Wellbeing	829	17	846	2.1%	21	-60	807	-2.6%

Sales evolution by market – January to December

in millions of Swiss francs	2019 Sales as reported	Like-for-like development ¹	2020 Sales like-for-like ¹	Change % on like-for-like basis ¹	Acquisition impact	Currency effects	2020 Sales as reported	Change % in Swiss francs
Mature markets	3,544	52	3,596	1.5%	211	-161	3,646	2.9%
High growth markets	2,659	195	2,854	7.4%	95	-273	2,676	0.7%



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Sales evolution by region – January to December

in millions of Swiss francs	2020 Sales as reported	2019 Sales as reported	Change % on like-for- like basis ¹	Change % in Swiss francs
LATAM	674	699	17.6%	-2.3%
APAC	1,602	1,630	0.6%	-1.9%
NOAM	1,768	1,641	5.7%	7.2%
EAME	2,278	2,233	1.1%	2.1%

Givaudan Fragrance & Beauty

Fragrance & Beauty sales were CHF 2,924 million, an increase of 5.4% on a like-for-like basis and 4.5% in Swiss francs.

Sales growth was driven by the particularly strong volume growth of the Consumer Products business unit, despite the COVID-19 impact on Fine Fragrance and Active Beauty.

Total sales for Fragrance Compounds (Fine Fragrances and Consumer Products combined) increased by 5.9% on a like-for-like basis. In Swiss francs, sales of compounds increased to CHF 2,529 million from CHF 2,427 million in 2019.

Fine Fragrances sales decreased by 6.0% on a like-for-like basis with sales impacted by the global COVID-19 pandemic. Whilst the months of March through May experienced a strong reduction in demand due to restrictions in retail and travel retail channels in the major fine fragrance markets, performance improved gradually in the second half of the year, with growth of 4.2% compared to the same period in 2019.

Consumer Products sales increased by 9.2% on a like-for-like basis against a strong comparable growth of 7.8% in 2019, driven by strong performance of new wins and continuing strong demand for household, health and personal care products related to COVID-19. This excellent growth was delivered in both high growth and mature markets and across all customer groups and regions.

Sales of Fragrance Ingredients and Active Beauty increased by 2.5% on a like-for-like basis, with low single-digit growth both in Fragrance Ingredients and in Active Beauty despite the impact of COVID-19.

The EBITDA of Givaudan Fragrance & Beauty was CHF 677 million in 2020 compared to CHF 555 million in 2019, an increase of 22.0%. The increase is mainly driven by higher sales, the contribution and synergies of the recent acquisitions and the result of actions taken to contain operating expenses.

The EBITDA margin was 23.2% in 2020 compared to 19.8% in 2019. On a comparable basis the EBITDA margin of Givaudan Fragrance & Beauty improved to 23.6% in 2020 compared to 21.3% in 2019.



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In 2020 Fragrance & Beauty incurred costs associated with the GBS project of CHF 6 million, compared to CHF 31 million in 2019.

The operating income was CHF 536 million in 2020, versus CHF 433 million for the same period in 2019. The operating margin was 18.4% in 2020 compared to 15.5% in 2019.

Fine Fragrances

Fine Fragrances sales decreased by 6.0% on a like-for-like basis with solid growth in the second half of the year not able to compensate for the significant impact of the COVID-19 pandemic related to restricted retail and travel retail activity throughout the year.

High growth markets delivered double-digit growth, driven by Latin America where consumer and customer demand remained strong. The mature markets recorded double-digit sales decreases driven by Western Europe which was heavily affected by the strong reduction in global prestige fine fragrance sales. North America recorded a low single-digit sales decline as certain customers and channels were able to partially compensate for weaker sales with retailers directly impacted by lockdowns.

Consumer Products

Consumer Products sales increased by 9.2% on a like-for-like basis against a strong comparable growth of 7.8% in 2019, driven by strong underlying win rate performance and continuing strong demand for household, health and personal care products related to COVID-19. This excellent growth was delivered in both high growth and mature markets and across all customer groups and regions.

On a regional basis, Latin America reported double-digit growth across all customer groups and sub-regions. Asia modest sales increase was led by local and regional customers. Europe, Africa and the Middle East delivered high single-digit sales growth led by local and regional customers and strong double-digit growth in the African and Middle East sub-region. North America posted double-digit growth spread across all products segments and customer groups.

On a product segment basis, sales growth was led by double-digit increase in Home Care followed by high single-digit growth in Fabric Care and Personal Care.

Fragrance Ingredients and Active Beauty

Sales of Fragrance Ingredients and Active Beauty increased by 2.5% on a like-for-like basis. Active Beauty performed well in the difficult market conditions and closed the year with low single-digit growth on like-for-like basis against strong comparables, most notably driven by double-digit performance of premium active ingredients. Fragrance Ingredients delivered low single-digit growth in 2020.



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Givaudan Taste & Wellbeing

Taste & Wellbeing sales were CHF 3,398 million, an increase of 2.8% on a like-for-like basis and a decline of 0.2% in Swiss francs.

The sales performance was impacted by the COVID-19 pandemic across all regions, particularly in relation to the lockdown restrictions which have been in place in many countries throughout the year. In this respect, Taste & Wellbeing experienced weaker demand in foodservice and out-of-home food consumption categories and an increased demand for existing products in categories such as immunity products, juice based beverages, culinary solutions, nutritional bars, savoury and snacks.

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

From a segment perspective Beverages, Dairy, Sweet Goods, Savoury and Snacks all contributed to the positive sales performance driven by increased demand for traditional centre of the store foods.

The EBITDA was CHF 720 million, flat compared to 2019. The EBITDA margin increased to 21.2% in 2020, from 21.1% in 2019. On a comparable basis the EBITDA margin of Taste & Wellbeing was 22.1% in 2020 compared to 21.6% in 2019.

The operating income decreased to CHF 460 million in 2020 from CHF 487 million in 2019, largely due to unfavourable exchange rate effects. The operating margin decreased to 13.5% in 2020 compared to 14.3% in 2019.

Asia Pacific

Sales in Asia Pacific decreased by 1.0% on a like-for-like basis. In the high growth markets, China delivered strong double-digit performance, followed by solid single-digit growth in Thailand, whereas the markets in Indonesia, Malaysia, Philippines and India were strongly impacted by the COVID-19 crisis. From a segment perspective growth was achieved in Savoury and Snacks, however this was more than offset by weaker performance in Beverages, Dairy and Sweet Goods.

Europe, Africa and Middle East

Sales in Europe, Africa and Middle East increased by 2.0% on a like-for-like basis. The mature markets of France, Germany, Benelux and Northern Europe achieved good single-digit growth, whilst in the high growth markets there was continued excellent business momentum driven by double-digit growth in Russia, Turkey, Maghreb and Egypt. The growth was mainly achieved in the segments of Dairy, Savoury and Snacks.

North America

On a like-for-like basis, sales in North America increased by 4.3% across all customer segments and the performance was a result of new wins and the growth of existing business in Beverages, immunity products, Snacks, and Sweet Goods.



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Latin America

Sales in Latin America increased 10.7% on a like-for-like basis, led by strong double-digit growth in Brazil and Argentina and good single-digit growth in Mexico. The growth was driven by the segments of Beverages, Dairy, Sweet Goods and Savoury.

Annual General Meeting 2021

At the Annual General Meeting on 25 March 2021 Thomas Rufer will not stand for re-election. All other Board members will stand for re-election for a term of office ending at the Annual General Meeting 2022.

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 and lease payments.
5. Leverage ratio is defined as net debt divided by the sum of net debt and equity (as defined for leverage ratio).

The 2020 Integrated Annual Report can be downloaded on www.givaudan.com – investors – financial results – results centre. Further information and reconciliations of the Group's Alternative Performance Measures can be found in the Appendix of the 2020 Financial Report.

A conference call will be broadcasted on 29 January 2021 at 15.00 CET on www.givaudan.com.

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