

2018 Full Year Results  
Financial summary



Givaudan

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# Key figures

## Financial Review

For the year ended 31 December

in millions of Swiss francs except earnings per share data	2018	2017
<b>Sales</b>	<b>5,527</b>	<b>5,051</b>
<b>Gross profit</b>	<b>2,329</b>	<b>2,250</b>
as % of sales	42.1%	44.5%
<b>EBITDA<sup>a</sup></b>	<b>1,145</b>	<b>1,089</b>
as % of sales	20.7%	21.6%
<b>Operating income</b>	<b>883</b>	<b>869</b>
as % of sales	16.0%	17.2%
<b>Income attributable to equity non-controlling interests</b>	<b>–</b>	
<b>Income attributable to equity holders of the parent</b>	<b>663</b>	<b>720</b>
as % of sales	12.0%	14.2%
<b>Earnings per share - basic (CHF)</b>	<b>71.92</b>	<b>78.18</b>
<b>Earnings per share - diluted (CHF)</b>	<b>71.36</b>	<b>77.54</b>
<b>Operating cash flow</b>	<b>916</b>	<b>861</b>
as % of sales	16.6%	17.0%
<b>Free cash flow</b>	<b>703</b>	<b>594</b>
as % of sales	12.7%	11.8%

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

# Key figures

## Financial Review

For the six months ended 31 December (unaudited)

in millions of Swiss francs except earnings per share data	2018	2017
<b>Sales</b>	<b>2,853</b>	<b>2,568</b>
<b>Gross profit</b>	<b>1,147</b>	<b>1,118</b>
as % of sales	40.2%	43.5%
<b>EBITDA<sup>a</sup></b>	<b>544</b>	<b>492</b>
as % of sales	19.1%	19.2%
<b>Operating income</b>	<b>394</b>	<b>380</b>
as % of sales	13.8%	14.8%
<b>Income attributable to equity non-controlling interests</b>	<b>-</b>	
<b>Income attributable to equity holders of the parent</b>	<b>292</b>	<b>336</b>
as % of sales	10.2%	13.1%
<b>Earnings per share - basic (CHF)</b>	<b>31.66</b>	<b>36.48</b>
<b>Earnings per share - basic (CHF)</b>	<b>31.51</b>	<b>36.17</b>
<b>Operating cash flow</b>	<b>647</b>	<b>592</b>
as % of sales	22.7%	23.1%
<b>Free cash flow</b>	<b>590</b>	<b>462</b>
as % of sales	20.7%	18.0%

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

# Key figures

## Group

For the year ended 31 December

in millions of Swiss francs	2018	2017
<b>Sales to third parties</b>	<b>5,527</b>	<b>5,051</b>
<b>EBITDA<sup>a</sup></b>	<b>1,145</b>	<b>1,089</b>
as % of sales	20.7%	21.6%
<b>One off items</b>	<b>(13)</b>	<b>(87)</b>
<b>Comparable EBITDA</b>	<b>1,158</b>	<b>1,176</b>
as % of sales	21.0%	23.3%
<b>Operating income</b>	<b>883</b>	<b>869</b>
as % of sales	16.0%	17.2%

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

## Flavour Division

For the year ended 31 December

in millions of Swiss francs	2018	2017
<b>Sales to third parties</b>	<b>3,002</b>	<b>2,708</b>
<b>EBITDA<sup>a</sup></b>	<b>637</b>	<b>603</b>
as % of sales	21.2%	22.3%
<b>One off items</b>	<b>2</b>	<b>2</b>
<b>Comparable EBITDA</b>	<b>635</b>	<b>601</b>
as % of sales	21.2%	22.2%
<b>Operating income</b>	<b>470</b>	<b>473</b>
as % of sales	15.7%	17.5%

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

## Fragrance Division

For the year ended 31 December

in millions of Swiss francs	2018	2017
<b>Sales to third parties</b>	<b>2,525</b>	<b>2,343</b>
<b>EBITDA<sup>a</sup></b>	<b>508</b>	<b>486</b>
as % of sales	20.1%	20.7%
<b>One off items</b>	<b>(15)</b>	<b>(89)</b>
<b>Comparable EBITDA</b>	<b>523</b>	<b>575</b>
as % of sales	20.7%	24.5%
<b>Operating income</b>	<b>413</b>	<b>396</b>
as % of sales	16.4%	16.9%

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

# Consolidated financial statements

## Consolidated Income Statement

For the year ended 31 December

in millions of Swiss francs, except for earnings per share data	2018	2017
Sales	5,527	5,051
Cost of sales	(3,198)	(2,801)
<b>Gross profit</b>	<b>2,329</b>	<b>2,250</b>
as % of sales	42.1%	44.5%
Selling, marketing and distribution expenses	(716)	(669)
Research and product development expenses	(477)	(424)
Administration expenses	(208)	(178)
Share of (loss) profit of jointly controlled entities	5	–
Other operating income	63	42
Other operating expense	(113)	(152)
<b>Operating income</b>	<b>883</b>	<b>869</b>
as % of sales	16.0%	17.2%
Financing costs	(55)	(42)
Other financial income (expense), net	(56)	(32)
<b>Income before taxes</b>	<b>772</b>	<b>795</b>
Income taxes	(109)	(75)
<b>Income for the period</b>	<b>663</b>	<b>720</b>
<b>Attribution</b>		
Income attributable to non-controlling interests	–	–
Income attributable to equity holders of the parent	663	720
as % of sales	12.0%	14.2%
<b>Earnings per share – basic (CHF)</b>	<b>71.92</b>	<b>78.18</b>
<b>Earnings per share – diluted (CHF)</b>	<b>71.36</b>	<b>77.54</b>

## Consolidated Statement of Comprehensive Income

For the year ended 31 December

in millions of Swiss francs	2018	2017
<b>Income for the period</b>	<b>663</b>	<b>720</b>
<b>Items that may be reclassified to the income statement</b>		
<b>Cash flow hedges</b>		
Movement in fair value, net	(4)	3
Gains (losses) removed from equity and recognised in the consolidated income statement	8	5
<b>Movement on income tax</b>	<b>-</b>	<b>-</b>
<b>Exchange differences arising on translation of foreign operations</b>		
Movement in fair value arising on hedging instruments of the net assets in foreign operations	37	
Change in currency translation	(140)	63
<b>Movement on income tax</b>	<b>-</b>	<b>-</b>
<b>Items that will not be reclassified to the income statement</b>		
<b>Defined benefit pension plans</b>		
Remeasurement gains (losses) of post employment benefit obligations	162	55
<b>Movement on income tax</b>	<b>(35)</b>	<b>(38)</b>
<b>Other comprehensive income for the period</b>	<b>28</b>	<b>88</b>
<b>Total comprehensive income for the period</b>	<b>691</b>	<b>808</b>
<b>Attribution</b>		
Total comprehensive income attributable to non-controlling interests	-	
Total comprehensive income attributable to equity holders of the parent	691	808

## Consolidated Statement of Financial Position

As at 31 December

in millions of Swiss francs	2018	2017
Cash and cash equivalents	423	534
Derivative financial instruments	11	16
Financial assets at fair value through income statement	4	2
Accounts receivable - trade	1,253	1,147
Inventories	1,098	902
Current tax assets	41	32
Prepayments	53	123
Other current assets	238	98
<b>Current assets</b>	<b>3,121</b>	<b>2,854</b>
Derivative financial instruments	2	1
Property, plant and equipment	1,759	1,579
Intangible assets	3,999	2,482
Deferred tax assets	208	207
Post-employment benefit plan assets	22	21
Financial assets at fair value through income statement	61	63
Jointly controlled entities	33	33
Investment property	2	16
Other long-term assets	61	53
<b>Non-current assets</b>	<b>6,147</b>	<b>4,455</b>
<b>Total assets</b>	<b>9,268</b>	<b>7,309</b>
Short-term debt	4	308
Derivative financial instruments	12	12
Accounts payable - trade and others	719	662
Accrued payroll and payroll taxes	178	149
Current tax liabilities	95	49
Financial liability - own equity instruments	93	93
Provisions	24	57
Other current liabilities	225	195
<b>Current liabilities</b>	<b>1,350</b>	<b>1,525</b>
Derivative financial instruments	43	60
Long-term debt	3,266	1,300
Provisions	73	67
Post-employment benefit plan liabilities	490	644
Deferred tax liabilities	238	99
Other non-current liabilities	85	76
<b>Non-current liabilities</b>	<b>4,195</b>	<b>2,246</b>
<b>Total liabilities</b>	<b>5,545</b>	<b>3,771</b>
Share capital	92	92
Retained earnings and reserves	5,811	5,682
Own equity instruments	(142)	(157)
Other components of equity	(2,051)	(2,079)
<b>Equity attributable to equity holders of the parent</b>	<b>3,710</b>	<b>3,538</b>
Non-controlling interests	13	
<b>Total equity</b>	<b>3,723</b>	<b>3,538</b>
<b>Total liabilities and equity</b>	<b>9,268</b>	<b>7,309</b>

## Consolidated Statement of Changes in Equity

For the year ended 31 December

2018 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Currency translation differences	Remeasurement of post employment benefit obligations	Equity attributable to equity holders of the parents	Non-controlling interests	Total equity
<b>Balance as at 1 January</b>	<b>92</b>	<b>5,682</b>	<b>(157)</b>	<b>(65)</b>	<b>(1,456)</b>	<b>(558)</b>	<b>3,538</b>		<b>3,538</b>
Income for the period		663					663	–	663
Other comprehensive income for the period				4	(103)	127	28		28
<b>Total comprehensive income for the period</b>		<b>663</b>		<b>4</b>	<b>(103)</b>	<b>127</b>	<b>691</b>	<b>–</b>	<b>691</b>
Dividends paid		(534)					(534)		(534)
Movement on own equity instruments, net			15				15		15
Non-controlling interests								13	13
<b>Net change in other equity items</b>		<b>(534)</b>	<b>15</b>				<b>(519)</b>	<b>13</b>	<b>(506)</b>
<b>Balance as at 31 December</b>	<b>92</b>	<b>5,811</b>	<b>(142)</b>	<b>(61)</b>	<b>(1,559)</b>	<b>(431)</b>	<b>3,710</b>	<b>13</b>	<b>3,723</b>

  

2017 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Currency translation differences	Remeasurement of post employment benefit obligations	Equity attributable to equity holders of the parents	Non-controlling interests	Total equity
<b>Balance as at 1 January</b>	<b>92</b>	<b>5,477</b>	<b>(109)</b>	<b>(73)</b>	<b>(1,519)</b>	<b>(575)</b>	<b>3,293</b>		<b>3,293</b>
Income for the period		720					720		720
Other comprehensive income for the period				8	63	17	88		88
<b>Total comprehensive income for the period</b>		<b>720</b>		<b>8</b>	<b>63</b>	<b>17</b>	<b>808</b>		<b>808</b>
Dividends paid		(515)					(515)		(515)
Movement on own equity instruments, net			(48)				(48)		(48)
<b>Net change in other equity items</b>		<b>(515)</b>	<b>(48)</b>				<b>(563)</b>		<b>(563)</b>
<b>Balance as at 31 December</b>	<b>92</b>	<b>5,682</b>	<b>(157)</b>	<b>(65)</b>	<b>(1,456)</b>	<b>(558)</b>	<b>3,538</b>		<b>3,538</b>



## Consolidated Statement of Cash Flows

For the year ended 31 December

in millions of Swiss francs	2018	2017
Income for the period	663	720
Income tax expense	109	75
Interest expense	42	29
Non-operating income and expense	69	45
<b>Operating income</b>	<b>883</b>	<b>869</b>
Depreciation of property, plant and equipment	127	114
Amortisation of intangible assets	125	104
Impairment of long-lived assets	10	2
<b>Other non-cash items</b>		
- share-based payments	38	35
- pension expense	39	14
- additional and unused provisions, net	(7)	69
- other non-cash items	(43)	(52)
<b>Adjustments for non-cash items</b>	<b>289</b>	<b>286</b>
(Increase) decrease in inventories	(9)	(107)
(Increase) decrease in accounts receivable	(72)	(125)
(Increase) decrease in other current assets	(35)	(29)
Increase (decrease) in accounts payable	(11)	136
Increase (decrease) in other current liabilities	38	12
<b>(Increase) decrease in working capital</b>	<b>(89)</b>	<b>(113)</b>
<b>Income taxes paid</b>	<b>(73)</b>	<b>(73)</b>
Pension contributions paid	(46)	(53)
Provisions used	(25)	(10)
Purchase and sale of own equity instruments, net	(23)	(45)
<b>Cash flows from (for) operating activities</b>	<b>916</b>	<b>861</b>
Increase in long-term debt	1,971	350
(Decrease) in long-term debt	(258)	(17)
Increase in short-term debt	2,345	670
(Decrease) in short-term debt	(2,620)	(705)
<b>Cash flows from debt, net</b>	<b>1,438</b>	<b>298</b>
Interest paid	(29)	(24)
Purchase and sale of derivative financial instruments, net	(22)	-
Other, net	(5)	(7)
<b>Cash flows from financial liabilities</b>	<b>1,382</b>	<b>267</b>
Distribution to the shareholders paid	(534)	(515)
<b>Cash flows from (for) financing activities</b>	<b>848</b>	<b>(248)</b>
Acquisition of property, plant and equipment	(239)	(191)
Acquisition of intangible assets	(55)	(53)
Payments for investment property		(1)
Acquisition of subsidiaries, net of cash acquired	(1,694)	(224)
Proceeds from the disposal of property, plant and equipment	110	2
Proceeds from disposal of investment property	14	
Interest received	2	3
Dividends received from jointly controlled entities	4	2
Purchase and sale of financial assets at fair value through income statement, net	5	-
Impact of financial transactions on investing, net	(3)	35
Other, net	(3)	(2)
<b>Cash flows from (for) investing activities</b>	<b>(1,859)</b>	<b>(429)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(95)</b>	<b>184</b>
Net effect of currency translation on cash and cash equivalents	(16)	22
<b>Cash and cash equivalents at the beginning of the period</b>	<b>534</b>	<b>328</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>423</b>	<b>534</b>