

Company news

Ad hoc announcement pursuant to article 53 LR
Geneva, 25 January 2023

2022 Full year results

Solid business performance in a challenging environment

- Sales of CHF 7.1 billion, an increase of 5.3% on a like-for-like¹ basis and 6.5% in Swiss francs
- Strong performance in high growth markets with 9.9% growth on a like-for-like basis
- EBITDA² of CHF 1,476 million and EBITDA margin of 20.7%, versus 22.2% in 2021
- Comparable EBITDA³ margin of 20.9% compared to 22.5% in 2021
- Net income of CHF 856 million, an increase of 4.2% over 2021
- Free cash flow⁴ of 6.7% of sales or CHF 479 million
- Proposed dividend of CHF 67.00 per share, up 1.5% year-on-year
- CDP Double A rating for climate and water for the fourth consecutive year

“We are very pleased with our solid performance in 2022, despite the challenging environment that we have faced throughout the year. Once again we have demonstrated our strong focus on supporting the growth of our customers through excellent supply chain performance, whilst at the same time delivering innovative and impactful solutions which are a key part of our 2025 strategy,” said CEO Gilles Andrier.

“With the ongoing challenges which the external environment brings, I am extremely grateful to all Givaudan employees around the world for their continued commitment in supporting us in continuing to deliver industry leading performance.”

Sales performance

Full year Group sales were CHF 7,117 million, an increase of 5.3% on a like-for-like (LFL) basis and 6.5% in Swiss francs when compared to 2021.

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 to support the growth of our customers. The good growth was achieved across product segments and geographies, with the mature markets growing at 1.9% and the high growth markets at 9.9% on an LFL basis. The key strategic growth pillars of the Company's 2025 strategy all contributed positively to the growth.

The Company continues to implement price increases in collaboration with its customers to fully compensate for the increases in input costs.

Fragrance & Beauty sales were CHF 3,256 million, an increase of 5.5% LFL and 5.3% in Swiss francs. The good growth was driven by the sustained strong performance of Fine Fragrances and Fragrance Ingredients combined with the return to good growth momentum in the Consumer Products business in the second half of 2022. In Active Beauty the single-digit growth was achieved against a high double-digit comparable growth in 2021. Across all businesses and customer groups, the good performance was

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supported by the increased impact in the second half of the year of the pricing actions implemented with customers to compensate for the increases in input costs.

On a business unit level Fine Fragrance sales increased by 14.3% LFL, Consumer Products sales increased by 2.0% LFL, and sales of Fragrance Ingredients and Active Beauty delivered growth of 10.2% LFL.

Sales in Taste & Wellbeing were CHF 3,861 million, an increase of 5.2% on a LFL basis and an increase of 7.5% in Swiss francs.

On a regional basis, sales in Asia Pacific increased by 5.3% LFL; in South Asia, Africa and the Middle East, sales increased by 17.6% LFL; in Europe, sales increased by 11.1% LFL; in North America sales decreased by 6.4% LFL; and in Latin America, sales increased by 16.7% LFL basis.

In the key strategic focus areas, solid single-digit sales increases were recorded in plant-based proteins, health & wellness and in Naturals.

Gross margin

The gross profit decreased from CHF 2,855 million in 2021 to CHF 2,762 million in 2022. The gross margin decreased to 38.8% in 2022 compared to 42.7% in 2021 mainly as a result of the dilution effect of the pricing actions to compensate for higher input costs, as well as the higher raw material, energy and freight costs.

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

The EBITDA² decreased by 0.4% to CHF 1,476 million in 2022 compared to CHF 1,482 million in 2021, with strong operating cost discipline partially offsetting the lower gross profit level. The EBITDA margin was 20.7% in 2022 compared to 22.2% in 2021, whilst on a comparable basis³, the EBITDA margin was 20.9% in 2022 compared to 22.5% in 2021.

The EBITDA of Fragrance & Beauty increased to CHF 698 million in 2022 compared to CHF 696 million in 2021, whilst the EBITDA margin decreased to 21.4% in 2022 from 22.5% in 2021. On a comparable basis the EBITDA margin of Fragrance & Beauty was 21.6% in 2022 compared to 22.6% in 2021.

The EBITDA of Taste & Wellbeing decreased to CHF 778 million from CHF 786 million in 2021, whilst the EBITDA margin decreased to 20.1% in 2022, from 21.9% in 2021. On a comparable basis the EBITDA margin of Taste & Wellbeing was 20.3% in 2022 compared to 22.4% in 2021.

Operating income

The operating income was CHF 1,112 million compared to CHF 1,089 million, an increase of 2.1% versus 2021. The operating margin was 15.6% in 2022 compared to 16.3% in 2021.

The operating income for Fragrance & Beauty increased to CHF 558 million in 2022, versus CHF 547 million in 2021. The operating margin decreased to 17.1% in 2022 from 17.7% in 2021.

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In Taste & Wellbeing, the operating income increased to CHF 554 million in 2022 from CHF 542 million in 2021. The operating margin decreased to 14.4% in 2022 compared to 15.1% in 2021.

Financial performance

Financing costs in 2022 were CHF 100 million versus CHF 94 million in 2021. Other financial expense, net of income, was CHF 84 million in 2022 compared with CHF 30 million in 2021, with the increase related to mark-to-market adjustments on marketable securities and increased foreign exchange losses.

The income tax expense as a percentage of income before taxes was 8%, compared to 15% in 2021, with the reduction largely due to the one-time tax effects of internal post acquisition entity restructuring. Excluding these one-time effects, the income tax expense as a percentage of sales before tax would have been 15%.

Net income

The net income was CHF 856 million in 2022 compared to CHF 821 million in 2021, an increase of 4.2%, resulting in a net profit margin of 12.0% versus 12.3% in 2021. Basic earnings per share were CHF 92.83 compared to CHF 89.03 for the same period in 2021.

Cash flow

Givaudan delivered an operating cash flow of CHF 948 million in 2022, compared to CHF 1,288 million in 2021.

Net working capital as a percentage of sales was 26.8%, compared to 24.0% in 2021.

Total net investments in property, plant and equipment were CHF 211 million, compared to CHF 177 million in 2021, with the easing of COVID-19 restrictions around the world supporting a higher level of project activity in 2022.

Intangible asset additions were CHF 78 million in 2022, compared to CHF 70 million in 2021 as the Company continued to invest in its digital roadmap and in bringing all acquired entities on to the Givaudan operating platform.

Total net investments in tangible and intangible assets were 4.1% of sales in 2022, compared to 3.7% in 2021.

Operating cash flow after net investments was CHF 659 million in 2022, versus CHF 1,041 million in 2021. Free cash flow⁴ was CHF 479 million in 2022, versus CHF 843 million for the comparable period in 2021. As a percentage of sales, free cash flow in 2022 was 6.7%, compared to 12.6% in 2021.

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Financial position

Givaudan's financial position remained solid at the end of the year. Net debt at December 2022 was CHF 4,530 million, compared to CHF 4,394 million at December 2021. The net debt to EBITDA ratio⁵ was 3.07, compared to 2.97 at December 2021.

Dividend proposal

At the Annual General Meeting on 23 March 2023, Givaudan's Board of Directors will propose a cash dividend of CHF 67.00 per share for the financial year 2022, an increase of 1.5% versus 2021. This is the twenty-second consecutive dividend increase following Givaudan's listing at the Swiss stock exchange in 2000.

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-like¹ basis and free cash flow⁴ 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.

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.

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Further information

At the Annual General Meeting on 23 March 2023, Prof. Dr-Ing. Werner Bauer, Lilian Biner and Michael Carlos will retire from the Board of Directors, with all other Board members standing for re-election. In addition, the Board of Directors will propose to the Annual General Meeting of shareholders on 23 March 2023 to elect Roberto Guidetti as a new Board member, with effect as of the date of the Annual General Meeting of shareholders. All Board members will be elected for a term of office ending at the Annual General Meeting.

The 2022 Full Year Report can be downloaded on www.givaudan.com: 2022 Integrated Annual Report, 2022 Governance, Compensation and Financial Report.

Further information and reconciliations of the Group's Alternative Performance Measures can be found in the Appendix of the 2022 Financial Report.

A conference call will be broadcast on www.givaudan.com on Wednesday 25 January 2023 at 15:00 CET.

Upcoming Company Events

AGM – 23 March 2023

First quarter sales and annual investor conference – 13 April 2023

Half year results – 20 July 2023

Half year conference – 30 August 2023

Nine month sales – 12 October 2023

Investor day – 19 October 2023

Full year results – 25 January 2024

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Key tables

Key figures

For the twelve months ended 31 December In millions of Swiss francs except for earnings per share data	2022	2021
Group sales	7,117	6,684
– Fragrance & Beauty sales	3,256	3,091
– Taste & Wellbeing sales	3,861	3,593
Gross profit	2,762	2,855
– As % of sales	38.8%	42.7%
EBITDA²	1,476	1,482
– As % of sales	20.7%	22.2%
Operating income	1,112	1,089
– As % of sales	15.6%	16.3%
Income attributable to equity holders of the parent	856	821
– As % of sales	12.0%	12.3%
Earnings per share – basic (CHF)	92.83	89.03
Operating cash flow	948	1,288
– As % of sales	13.3%	19.3%
Free cash flow	479	843
– As % of sales	6.7%	12.6%

In millions of Swiss francs except for employees	31 December 2022	31 December 2021
– Current assets	3,707	3,407
– Non-current assets	7,802	8,027
Total assets	11,509	11,434
– Current liabilities	1,971	2,322
– Non-current liabilities	5,301	5,171
– Equity	4,237	3,941
Total liabilities and equity	11,509	11,434
Number of employees	16,676	16,842

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EBITDA

In millions of Swiss francs	2022			2021		
	Group	Fragrance & Beauty	Taste & Wellbeing	Group	Fragrance & Beauty	Taste & Wellbeing
EBITDA as published	1,476	698	778	1,482	696	786
EBITDA as published in %	20.7%	21.4%	20.1%	22.2%	22.5%	21.9%
– Acquisitions and restructuring expenses ^a	-10	-4	-6	-22	-2	-20
Comparable EBITDA ³	1,486	702	784	1,504	698	806
Comparable EBITDA in %	20.9%	21.6%	20.3%	22.5%	22.6%	22.4%

a. Acquisition and restructuring expenses incurred of CHF 10 million (2021: CHF 22 million) are largely related to the acquisitions that the Group has undertaken and the ongoing optimisation of the manufacturing footprint.

Sales performance – January to December

In millions of Swiss francs	2021		2022		Change %	2022		Change %
	Sales as reported	LFL development ¹	Sales LFL ¹	LFL basis ¹		Acquisition impact (net)*	Currency effects	
Group	6,684	356	7,040	5.3%	167	-90	7,117	6.5%
– Fragrance & Beauty	3,091	170	3,261	5.5%	36	-41	3,256	5.3%
– Taste & Wellbeing	3,593	186	3,779	5.2%	131	-49	3,861	7.5%

* Acquisition impact (net)
in millions of Swiss francs

Acquired company	Sales included from	Group	Fragrance & Beauty	Taste & Wellbeing
Custom Essence	December 2021	36	36	
DDW	December 2021	140		140
Discontinued and disposed business		-9		-9
Total		167	36	131

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Sales performance – October to December (quarter only)

In millions of Swiss francs	2021		2022		Change %			2022	
	Sales as reported	LFL development ¹	Sales LFL ¹	LFL basis ¹	Acquisition impact (net)	Currency effects	Sales as reported	In Swiss francs	
Group	1,618	46	1,664	2.9%	27	-33	1,658	2.5%	
– Fragrance & Beauty	740	34	774	4.5%	5	-12	767	3.6%	
– Taste & Wellbeing	878	12	890	1.5%	22	-21	891	1.5%	

Sales performance Fragrance & Beauty

In millions of Swiss francs	2021		2022	
	Sales growth LFL ¹	Sales growth LFL ¹	Sales growth LFL ¹	Sales growth LFL ¹
Fine Fragrances	22.5%	14.3%	14.3%	14.3%
Consumer Products	1.5%	2.0%	2.0%	2.0%
Fragrance Ingredients and Active Beauty	14.2%	10.2%	10.2%	10.2%

Sales performance Taste & Wellbeing

In millions of Swiss francs	2021		2022	
	Sales growth LFL ¹	Sales growth LFL ¹	Sales growth LFL ¹	Sales growth LFL ¹
Europe	6.3%	11.1%	11.1%	11.1%
South Asia, Middle East and Africa	6.1%	17.6%	17.6%	17.6%
North America	5.8%	-6.4%	-6.4%	-6.4%
Latin America	19.3%	16.7%	16.7%	16.7%
Asia Pacific	7.4%	5.3%	5.3%	5.3%

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Sales evolution by market – January to December

In millions of Swiss francs	2021		2022		Change %			2022	Change %
	Sales as reported	LFL development ¹	Sales LFL ¹	LFL basis ¹	Acquisition impact (net)	Currency effects	Sales as reported	In Swiss francs	
High growth market	2,853	282	3,135	9.9%	49	-28	3,156	10.6%	
Mature markets	3,831	74	3,905	1.9%	118	-62	3,961	3.4%	

Sales evolution by region – January to December

In millions of Swiss francs	2022		2021	Change %	
	Sales as reported	Sales as reported	Sales as reported	LFL basis ¹	In Swiss francs
LATAM	838	723	723	10.4%	15.9%
APAC	1,772	1,688	1,688	5.2%	5.0%
NOAM	1,881	1,824	1,824	-5.4%	3.1%
EAME	2,626	2,449	2,449	11.9%	7.2%

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, which corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.