

# Investor presentation

Creating for happier, healthier lives with love for nature.  
Let's imagine together.



What we do



Givaudan products  
Drive millions of consumer decisions every day!



# Fragrance & Beauty, Taste & Wellbeing, provide our customers Compounds, ingredients and integrated solutions that engage consumers



Beverages



Savoury



Oral care



Personal care



Fine Fragrances



Snacks



Dairy



Sweet goods



Household



Beauty & skin care

How we do it



# A unique business model driven by our purpose

Creating for happier, healthier lives with love for nature.

- **Winning business** assumes: being on a core supplier list, submitting a brief, developing a solution and being selected by the customer
- Our products are **unique co-creations with our customers**:
  - Consumer-differentiating, bespoke, value-added Fragrance and Beauty, Taste and Wellbeing solutions driven by innovation
  - Agility and service are key
  - Scent and taste determine consumer purchase and repeat decisions whilst representing only a minor fraction of costs 0.5-2.0% in flavours and consumer fragrances to 4-6% in fine fragrances, i.e. a very minor portion of the end product costs
- **High barriers to entry** and high shifting costs for customers

# A unique business model with high barriers to entry

## Mastering complexity is a key feature of our space

- A **research-driven innovation process** and a deep understanding of consumer preferences around the world
- **Sustainability goals** creating significant innovation opportunities (e.g. move from non-renewable to renewable, etc.)
- **IP / formulae owned by Givaudan**
- Mastering **high complexity and volatility** at every step:
  - >11,400 raw materials and a sophisticated supply chain with over 2,500 raw material suppliers
  - >122,600 products made to order, delivered just in time to >10,000 customers
  - >310,000 customer submissions / product briefs managed annually, and ca. 15% of our portfolio up for review due to the life cycle of products
- **Compliance and regulations**

# Givaudan: A naturally-hedged portfolio (products, geography, customers) for consistent growth

**6.3**  
sales in  
CHF billion

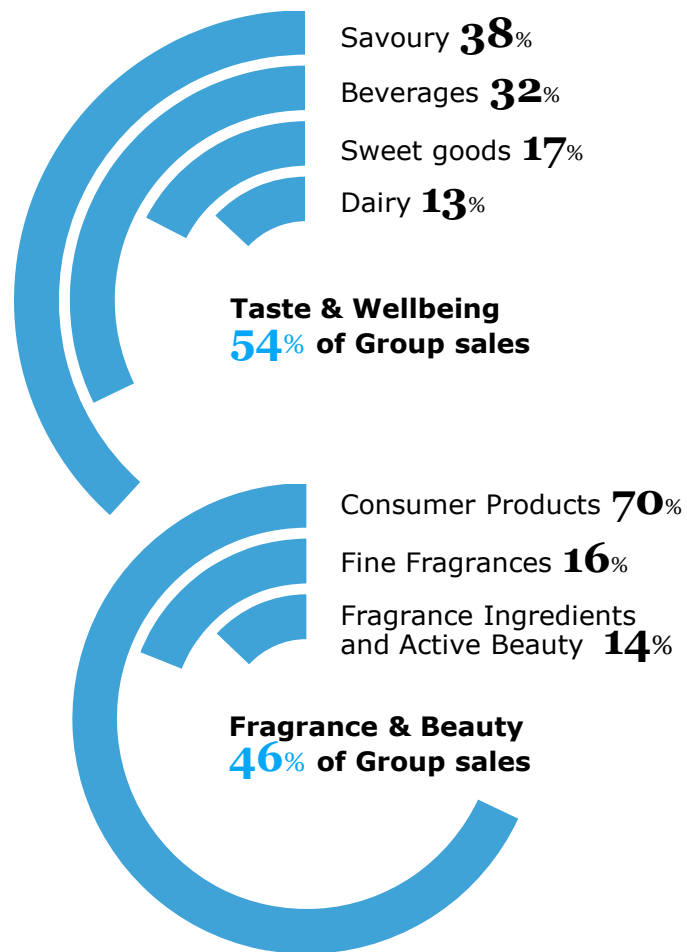
**58%**  
of sales in  
mature markets

**42%**  
of sales in high  
growth markets

**15,852**  
full time  
employees

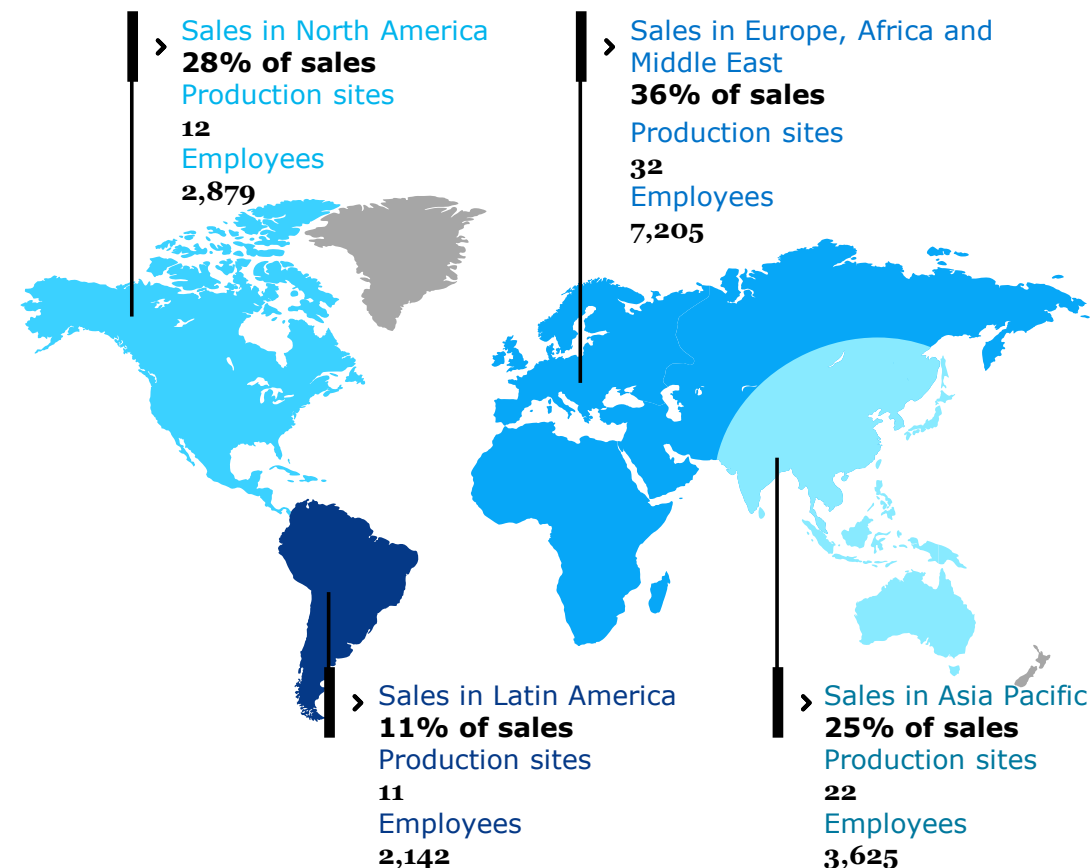
**181**  
locations

**77**  
production sites



## Our customers

50% multi-national | 50% local and regional

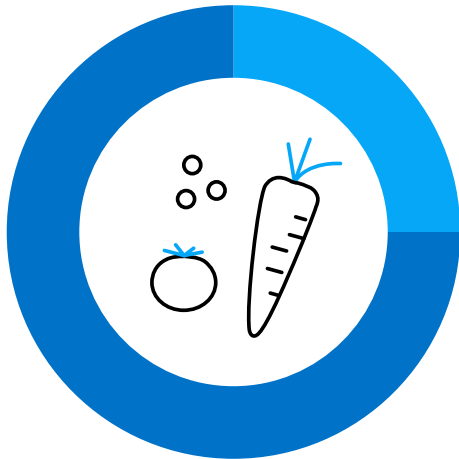




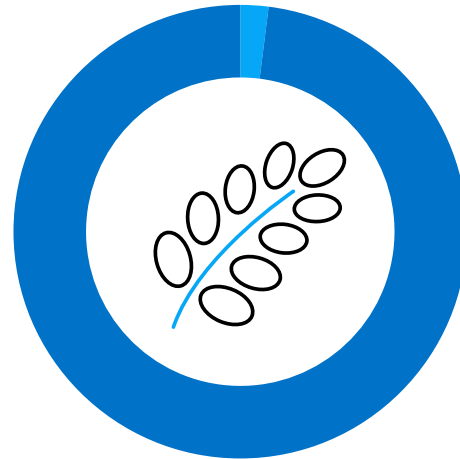
# Operating in a significant addressable market

Givaudan's expanded market space worth **CHF 42bn**

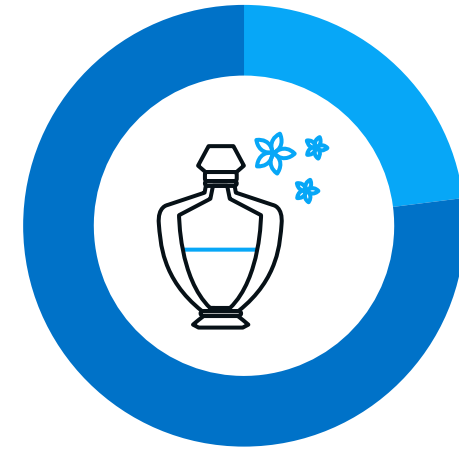
> ● Givaudan market share as of 2020  
● Market potential as of 2020



+



+



**Flavour & Taste**  
**13.1 bn CHF**

Market Potential as of 2020

**Functional & Nutrition**  
**14.1 bn CHF**

Market Potential as of 2020  
(Givaudan scope of activities)

**Fragrance & Beauty**  
**14.8 bn CHF**

Market Potential as of 2020

Source: Based on Givaudan internal estimates

# A research-driven innovation process

## Supported by unrivalled capabilities & innovation

› 69

Creation and application Centres

› over 122,600

Products sold per year

› CHF 536 mln

R&D spend in 2020

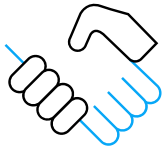
› over 500

Employees in Science & Technology

› over 3,600

Active patents

### Innovation initiatives and priorities



Supplier enabled innovation partnerships with bioscience companies



Delivering differentiating technologies and solutions in Flavours, nutritional and functional ingredients (clean label delivery systems, health and wellbeing solutions etc.)



Enabling novel consumer experiences in Fragrances: naturals, new sensory experiences, sustainable new molecules and precursors etc.



# Business processes enabled by digital tools

## Selected digital initiatives



### Carto - AI enabled creative design

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A product creation experience:

- Playful and multi-sensorial human/machine interaction
- Smart suggestions powered by AI
- Collaboration-oriented environment enabling customer co-creation



### Consumer and customer foresight

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Discover new consumer behaviours through advanced analysis of social media and other external data

Capturing insights and converting them into business foresights



### Robotic process automation

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Create a virtual workforce to take over repetitive tasks, creating bandwidth for more value added activities

E.g. supply chain, HR, compliance forms, etc.



### Factory 2.0

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Identify how technology can improve the manufacturing environment:

- Automation (robots, processes)
- Safety (training, monitoring)
- Decision making (forecasting, predictive maintenance)
- Sustainability (greener processes)



### Traceability

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Guarantee traceability of products and their constituents, from source to consumer

Leverage technology to enable source-to-consumer traceability of raw materials

Track biodiversity impact, carbon footprint, water waste thanks to this traceability

# Value creation through acquisitions

## Expanding our portfolio



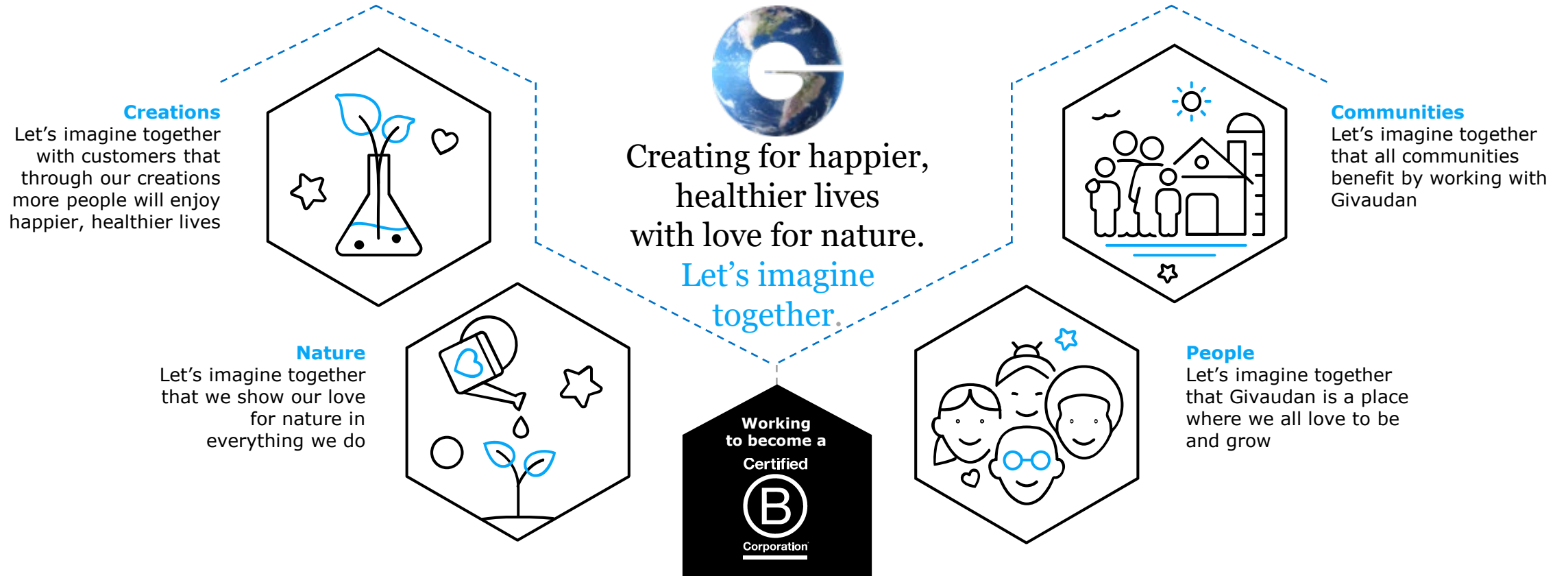
Looking forward

Future value creation through our 2025 strategy



# Givaudan's purpose

## Driving sustainable performance, and acting as a force for good



# Megatrends

## Impacting 2025 strategy

Consumer base is growing

Living longer and more consciously

Sustainability is of high concern

COVID-19:  
E-commerce, self-care and localisation gain importance

### Trend >



### Impact >

- Asia and Africa leading the way

- Consumer behaviours are changing

- Consumers will buy more consciously
- Responsible companies will act

- Consumers will buy more online and increase spending on self-care
- Localisation will be even more important

# 2025 Strategy

## Committed to Growth, with Purpose



### Creations

We create inspiring solutions for happier, healthier lives



### People

We nurture a place where we all love to be and grow



### Nature

We show our love for nature through impactful actions



### Communities

We bring benefits to all communities that work with us



**Excellence, Innovation & Simplicity** - in everything we do

**4-5% GROWTH**

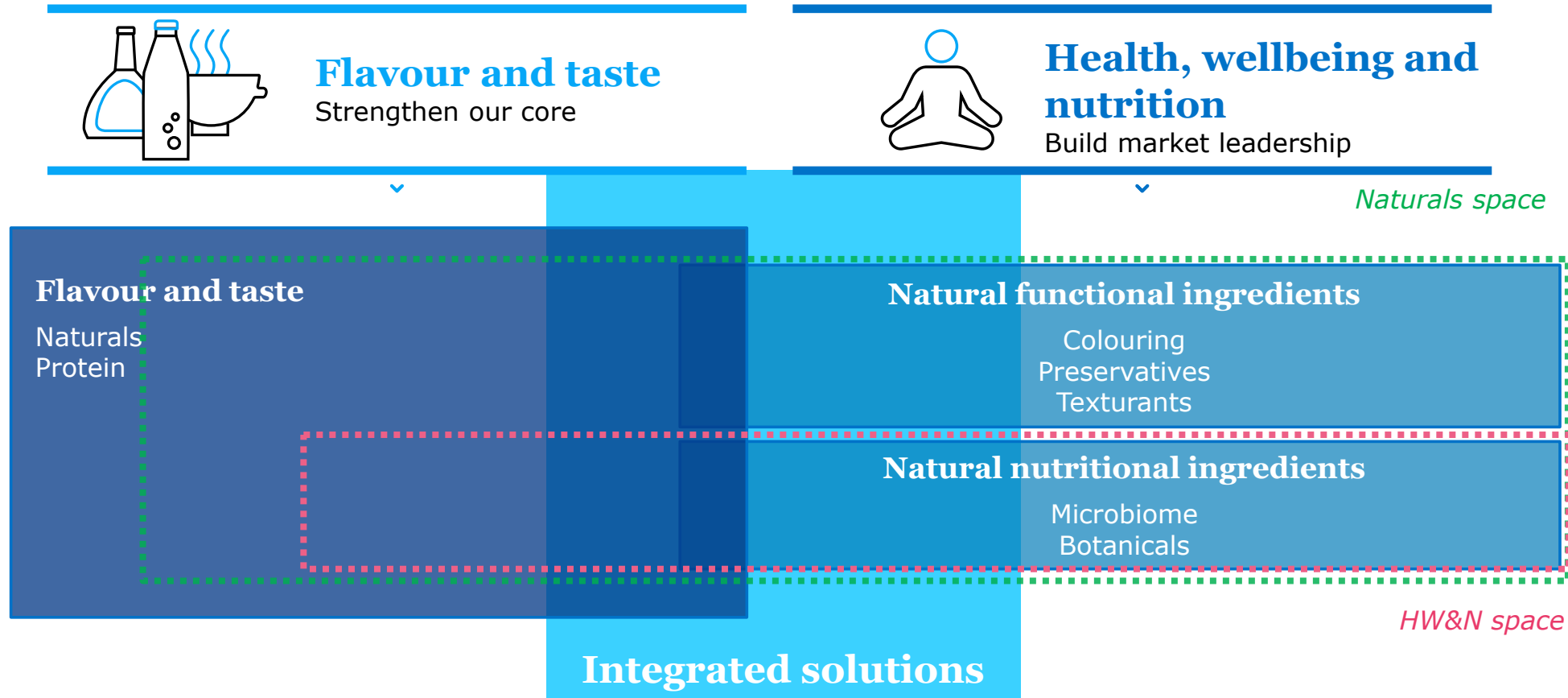
**PURPOSE LINKED TARGETS**

**>12% FCF**

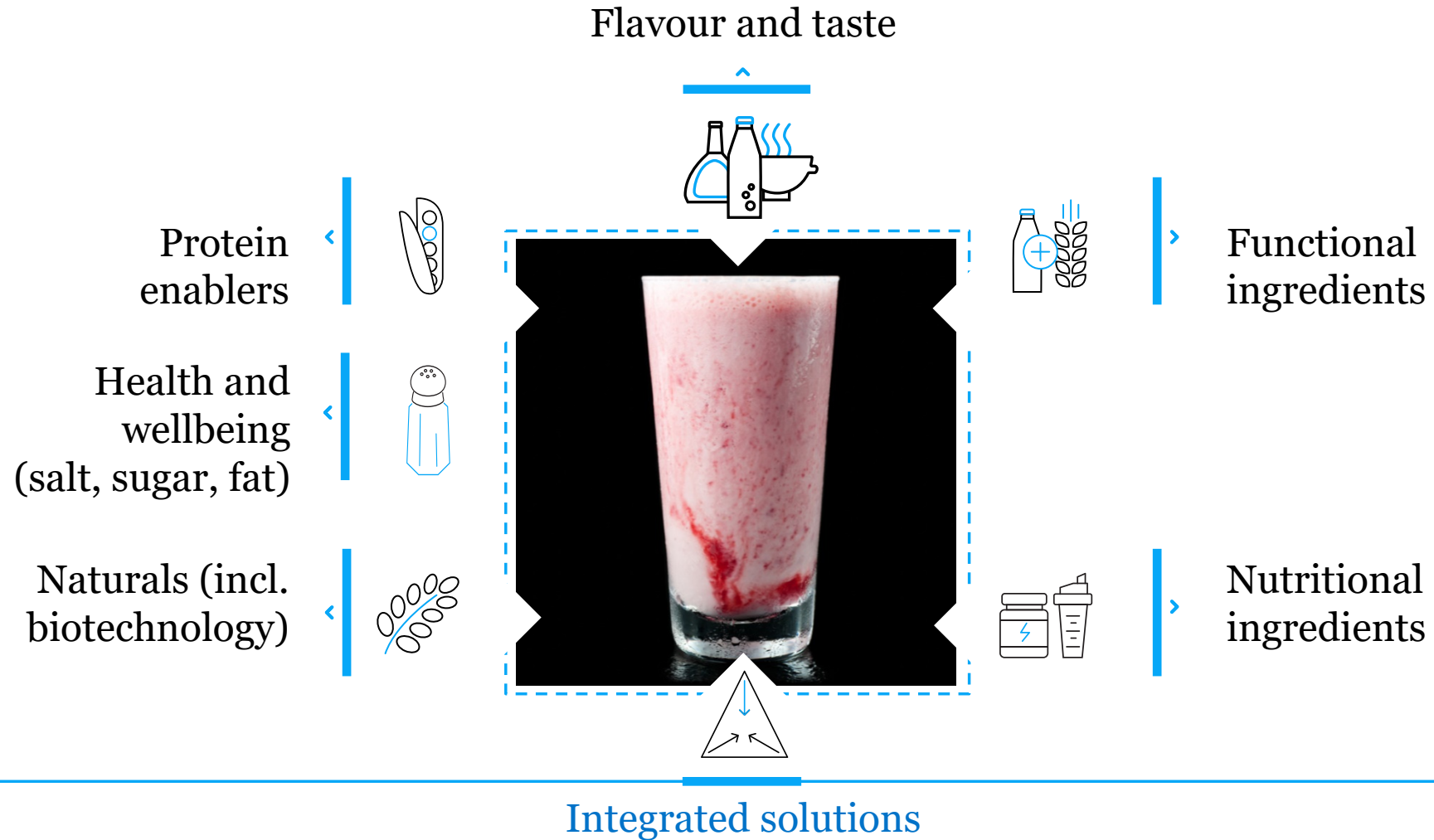


# Taste & Wellbeing: best in class product offering

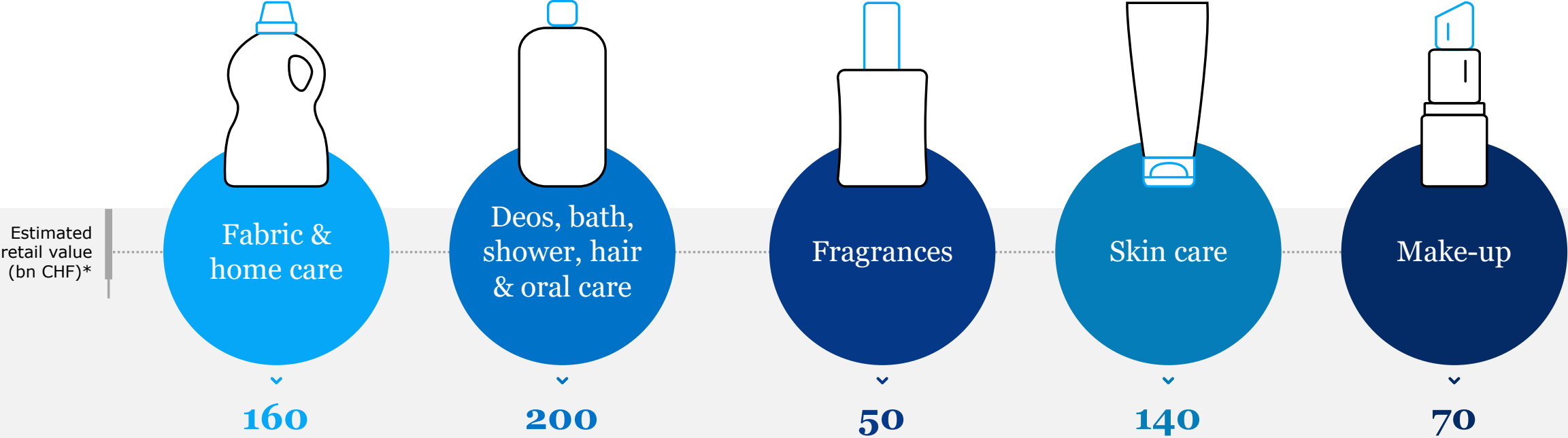
## Leveraging the full portfolio to reach our growth ambitions



# Taste & Wellbeing: best in class product offering



# Fragrance & Beauty: growing with all customers across all categories



\* Source Euromonitor


# Fragrance & Beauty: new and superior product offering



**Biotechnology**  
Leverage our capabilities and acquisitions for our ingredients



**Beauty**  
Further expand our offering in Active Beauty



**Delivery systems**  
Provide the next generation of bio-caps



**Naturals**  
Provide our customers with the most innovative and qualitative ingredients

# 2025 Strategy

## Performance commitments

### Sales growth

**4.0 – 5.0%**

2021 – 2025  
Average Like for Like<sup>1</sup> Sales Growth

### Free cash flow

**>12% of Sales**

2021 – 2025  
Average FCF<sup>2</sup> as % of sales

### Purpose commitments

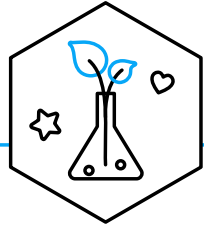
**Purpose  
linked targets**

2021 – 2025  
Progress towards all published  
purpose targets

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. Free Cash Flow (FCF) refers to operating cash flow after net investments, interest paid and lease payments

# 2025 Strategy

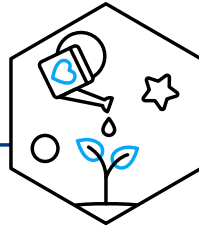
## Performance commitment - Purpose linked targets



### Creations

#### By 2030

- We will double our business through creations that contribute to happier, healthier lives<sup>1</sup>



### Nature

#### Before 2030

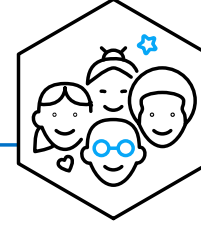
- Our operations' carbon emissions will be cut by 70% and our supply chain emissions by 20%<sup>3</sup>
- We will replace single-use plastics with eco-friendly alternatives across our sites and operations<sup>2</sup>

#### Before 2040

- Our operations' will be climate positive and our supply chain emissions will be cut by 50%<sup>3</sup>

#### Before 2050

- Our supply chain will be climate positive



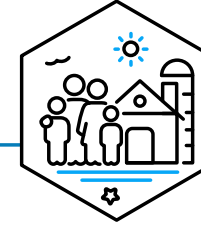
### People

#### Before 2025

- Everyone on our sites will have access to mental and physical health initiatives, tools and training<sup>2</sup>
- We will reduce our total recordable injuries cases by 50%<sup>1</sup>
- We will be rated among the leading employers for inclusion globally<sup>2</sup>

#### Before 2030

- 50% of our senior leaders will be from high growth markets<sup>1</sup>
- 50% of our senior leadership will be women<sup>1</sup>



### Communities

#### By 2030

- We will source all materials and services in a way that protects people and the environment<sup>2</sup>
- We will improve the lives of millions of people in communities where we source and operate<sup>2</sup>

A group of children are standing in a field of lush green plants, possibly a vegetable garden or farm. The children are wearing school uniforms. One child in the foreground is wearing a yellow shirt, while others are in blue and white shirts. They appear to be engaged in a conversation or activity. The background is filled with rows of green plants, creating a sense of a healthy and productive environment.

# Purpose and 2025 Strategy

## Encapsulate our approach to ESG

# Purpose-linked targets

## Encapsulate our approach to ESG

### Creations

E S G



#### By 2030

- We will double our business through creations that contribute to happier, healthier lives.

### Nature

E G



#### Before 2030

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#### Before 2040

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#### Before 2050

- Our supply chain will be climate positive

### People

S G



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### Communities

E S G



#### By 2030

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E Environment S Social G Governance





# History of acting sustainably with solid track record of ESG ratings

## Confidence in achieving ambitious purpose targets



**Double 'A rating'** for climate and water for two consecutive years

**CDP leader board** recognition for supplier engagement



Awarded the **EcoVadis Platinum** medal, the highest accolade, ranking us in the top 1%



Rated as 'low-risk' in 2020 with a score of 17 and an industry **ranking 6 out of 416**



Included in **SXI Swiss Sustainability 25 Index**

**FTSE4Good Index Series**

Ranked in the top 1% in the **FTSE4Good Index Series**, among our peers



**MSCI ESG AAA Rating** since 2017

### Transparent disclosure of comprehensive, audited ESG data based on reporting standards



Givaudan has applied the GRI frameworks since 2010



Givaudan has adopted **Integrated reporting** since 2016

# Creations for happier, healthier lives of millions of people

## Doubling our business by 2030

We will impact millions of lives by working with our customers to develop creations for happier, healthier lives

### By 2030

> We will double our business through creations that contribute to happier, healthier lives



### Taste & Wellbeing

Going beyond great taste to create food experiences that do good and feel good, for body, mind and planet

- **Flavour and taste solutions:** authentic flavours, kitchen ingredients, taste-enhancing technologies
- **Natural functional ingredients:** colours, preservatives, texturants
- **Natural nutritional ingredients:** microbiome, botanicals
- **Plant-based food:** non-animal protein alternatives
- **Solutions to reduce undesirable ingredients** (sugar, salt, fat) and add health-supporting nutrients (vitamins, minerals fibers)

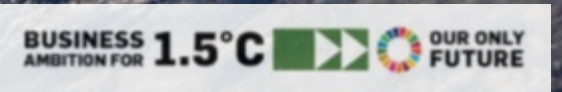


### Fragrance & Beauty

Craftsmanship, creativity, and passion for happier, healthier lives through fragrances for every moment

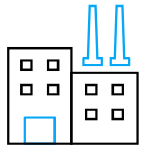
- **Consumer products** for personal, home, fabric and oral care
- **Fragrances and beauty products** that spark happiness and delight
- **Fragrances to improve emotional wellbeing:** leveraging neuro-sciences to enhance sleep, emotional benefits and wellbeing

“A bold ambition and clear roadmap. Before 2050, we will become a climate positive business (scope 1, 2 and 3).”



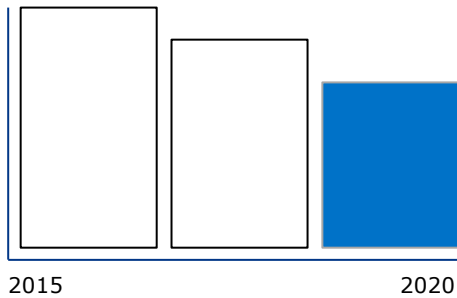
# Strong track record

## In reducing environmental footprint



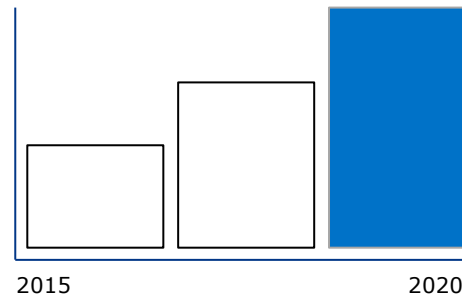
**Emissions**  
Scope 1+2

**-30%**



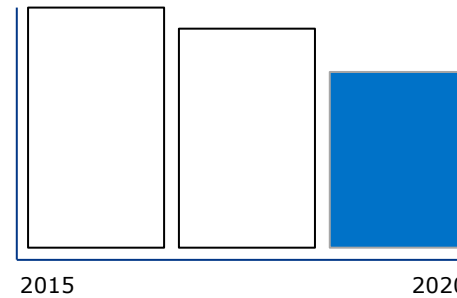
**Electricity**  
Renewable sources

**81%**



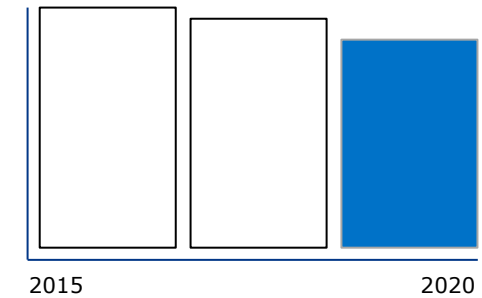
**Water**  
Efficiency

**-23%**



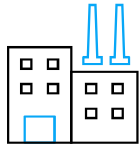
**Waste**  
Efficiency

**-14%**



# Ambitious targets

## For environmental leadership



### Emissions

Scope 1+2+3

#### Before 2050

We will be a **climate-positive** business<sup>1</sup>



### Electricity

Renewable sources

#### By 2025

Power **100%** of our sites with renewable electricity



### Water

Efficiency

#### Current target

Reduce water use by **15%** per tonne of product<sup>2</sup>



### Waste

Efficiency

#### Current target

Reduce waste by **4%** per tonne of product (year on year average)<sup>3</sup>



### Plastics

Alternatives

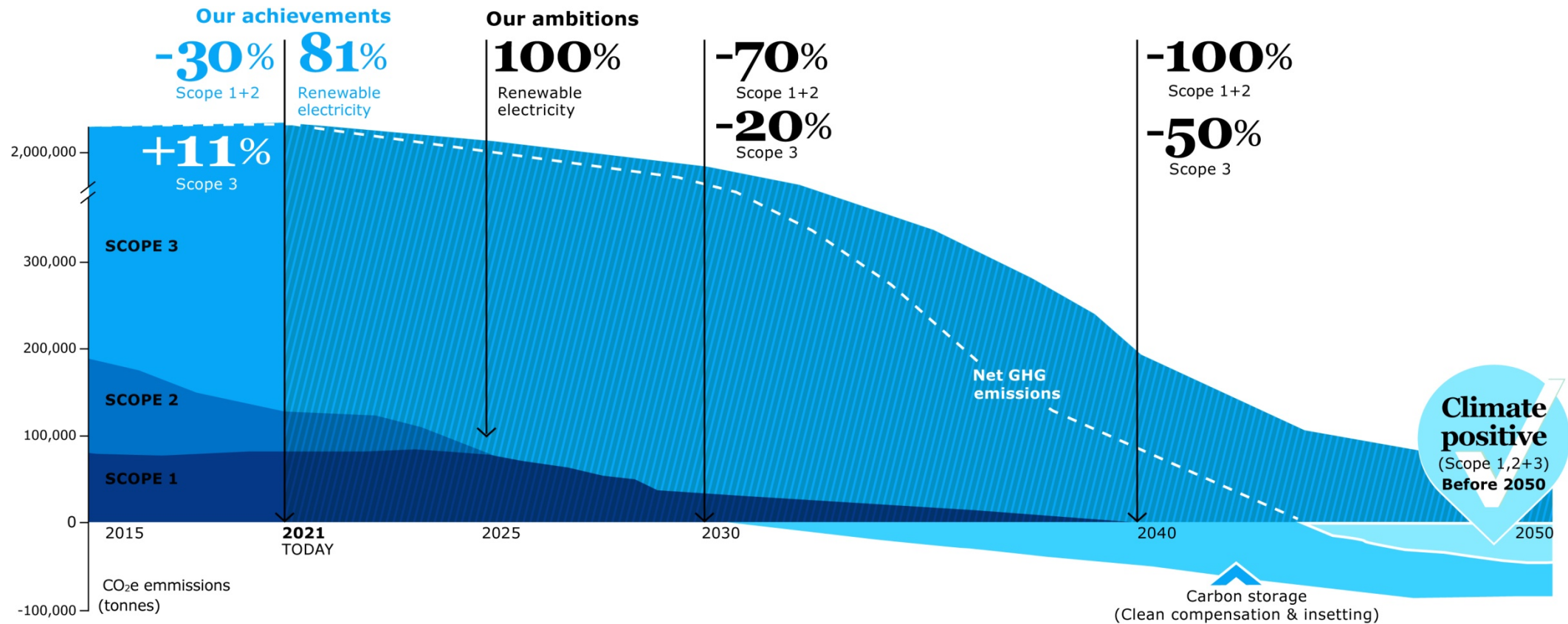
#### Before 2030

Replace **single-use plastics** with eco-friendly alternatives

1. Scope 1, 2, 3, with intermediate targets before 2030 and 2040.
2. For municipal and groundwater, baseline 2009.
3. For incinerated and landfilled waste, baseline 2015.

# We have set a bold climate ambition

## Clear agenda to reduce scope 1, 2 and 3 emissions



# Our purpose commitment to responsible sourcing

## Procurement practices bringing benefits to all involved

CHF 2.2 bn

Raw material / consumable  
spend per year

225

People in global procurement  
worldwide

>11,400

Number of different  
raw materials sourced

57%

Natural  
raw materials

43%

Synthetic  
raw materials

### Our new approach Sourcing4Good

“...to source all materials and services in a way that protects people and the environment by 2030”



Ensure **trust and compliance** across our entire supply chain



Embark on **collaborative, transformational projects** in selected supply chains



Bring **end-to-end** raw material traceability in key supply chains

# Sourcing4Good

## End-to-end value creation

Value for suppliers



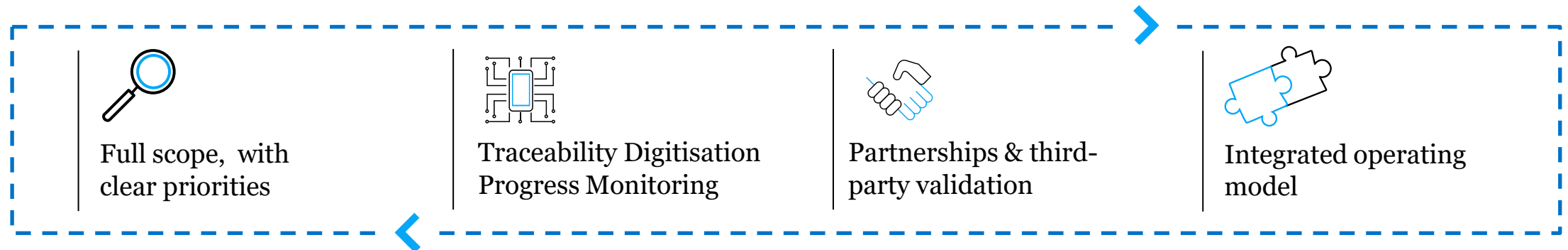
Value for our teams



Value for customers



## Sourcing4Good building blocks





# Fully traceable supply chain

## Enhancing agricultural practices

### Contributing to

#### Positive environmental impacts

- Soil health preservation
- Biodiversity conservation
- Increased carbon sequestration in the soil

**Full traceability** of Guarana seeds from the field to the final extract

**Improved incomes** for farmers

More **market visibility** for farmers

### Supported by

#### Sustainable agricultural practices

- Better fertilisation methods
- Improved pruning practices to increase fruit yields
- Investigating plant material improvement



#### Example: Guarana (Brazil)

An iconic botanical which seeds help fight tiredness and boost physical and mental performance. Used mostly in energy drinks and food supplements.

# A place where people love to be and grow

## Diversity and inclusion

A diverse, inclusive organisation to best meet our business goals.

**Before 2030, we will be an even more balanced and inclusive company**

### Before 2025

- > We will be rated amongst the leading employers for inclusion globally

### Before 2030

- > 50% of our senior leaders will be from high growth markets  
2020: 25%

### Before 2030

- > 50% of our senior leaders will be women  
2020: 25%



# A place where people love to be and grow

## Caring for employees

Caring for employee's safety, health and mental well-being

### Before 2025

- > We will reduce our total recordable injuries cases by 50%

### Before 2025

- > Everyone on our sites will have access to mental and physical health initiatives, tools and training



# A place where people love to be and grow

## Improving people's lives

- All communities benefit by working with Givaudan

### Before 2030

- > We will improve the lives of millions of people in communities where we source and operate



# A strong track record of growth and value creation

## Value creation history at Givaudan



## Key investment highlights

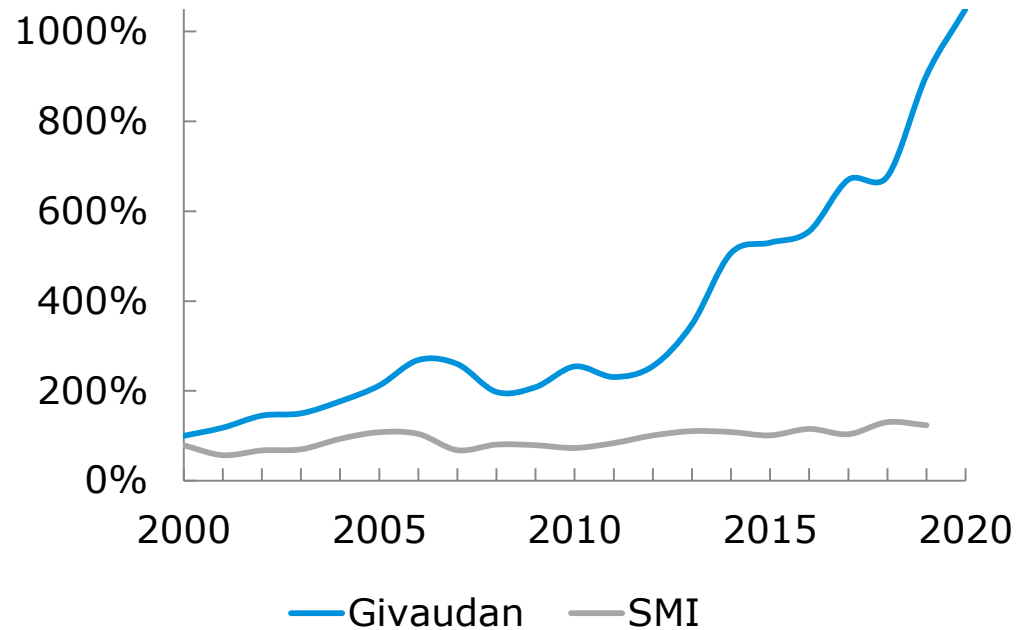
# Givaudan has a strong track record of delivering with excellence

- A company inspired by its purpose, engaged in the B Corp certification and part of the B Builders Movement
- A highly resilient / defensive business model:
  - Key products that are the most important part of consumer staples and the decisive factor behind the repurchase decisions of consumers
  - High barriers to entry (complexity, R&D, consumer insight, regulations, etc.)
  - Competition focused on innovation, quality and service, not on price
- Natural hedges for sustainable growth:
  - Diversified exposures to all regions and market segments (including premium, private label and regional players in emerging markets)
  - Emerging markets/urbanisation-driven growth model
- Consistency in strategy, execution, result delivery and stability of management

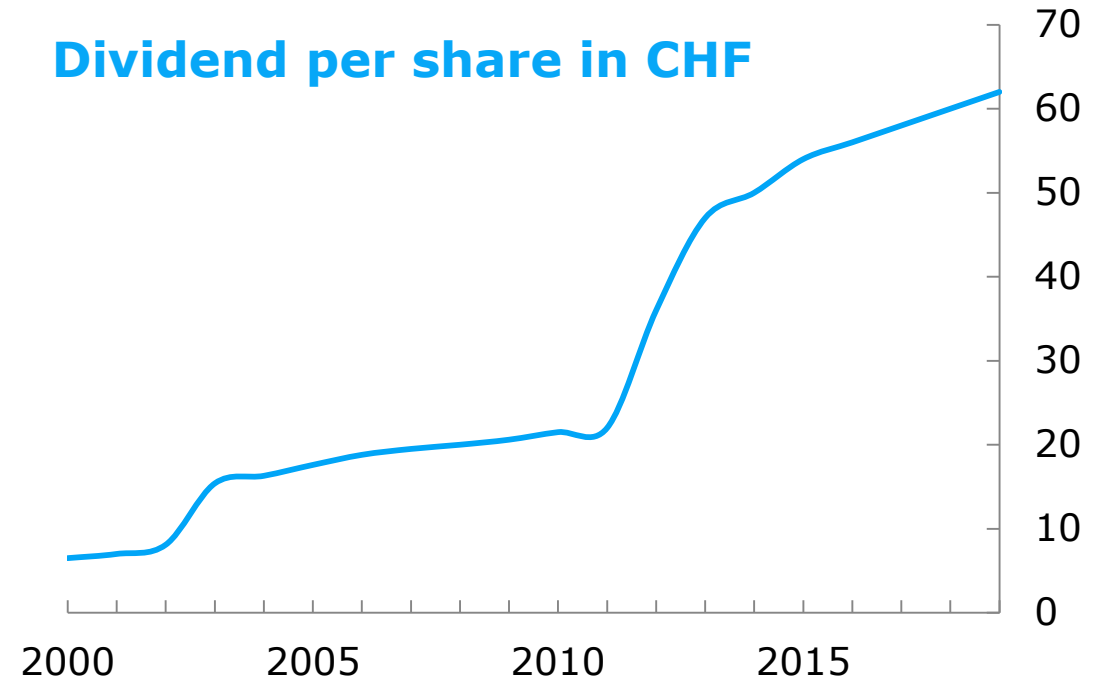
# Value creation at Givaudan

## Sustained value creation for shareholders

### Share price evolution vs SMI



### Dividend per share in CHF



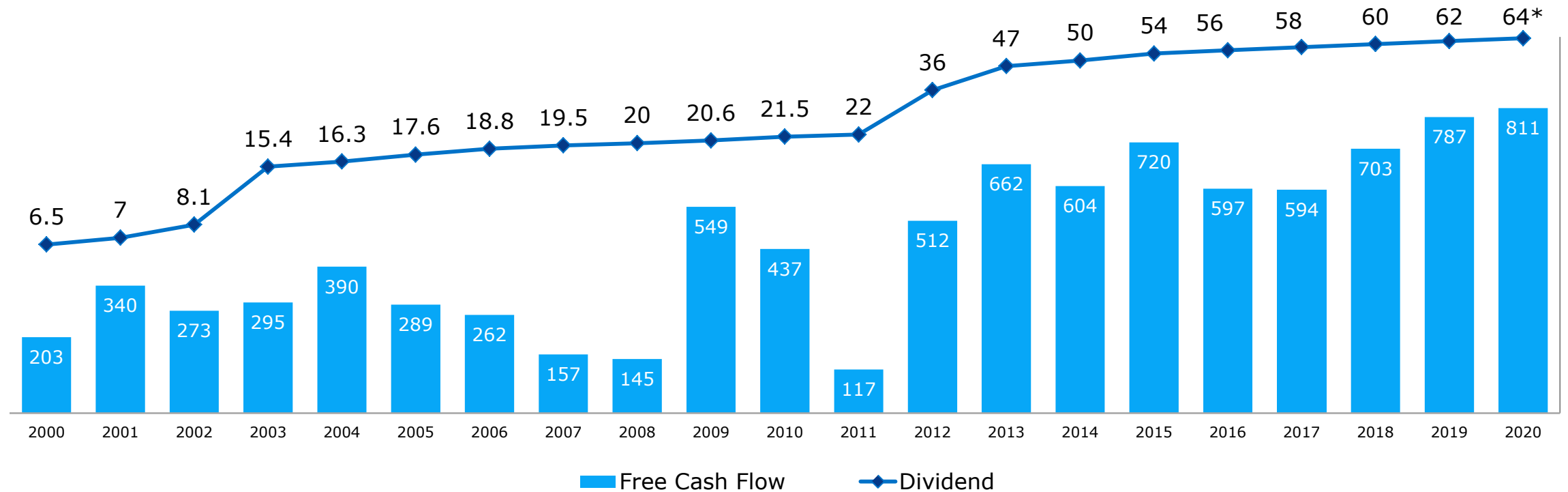
>CHF **35 Billion**  
of Total Shareholder return since  
the IPO

Average annual yield of  
**13.3%**  
vs 4.1% of SMI

# Value creation at Givaudan

## Dividend per share, increasing 3.2% over 2019

\* Subject to approval of shareholders at the AGM in March 2021





# 2020 Full Year Results

Excellent Financial Performance - 2020 Strategy delivered



# 2020 Full year results

## Performance highlights

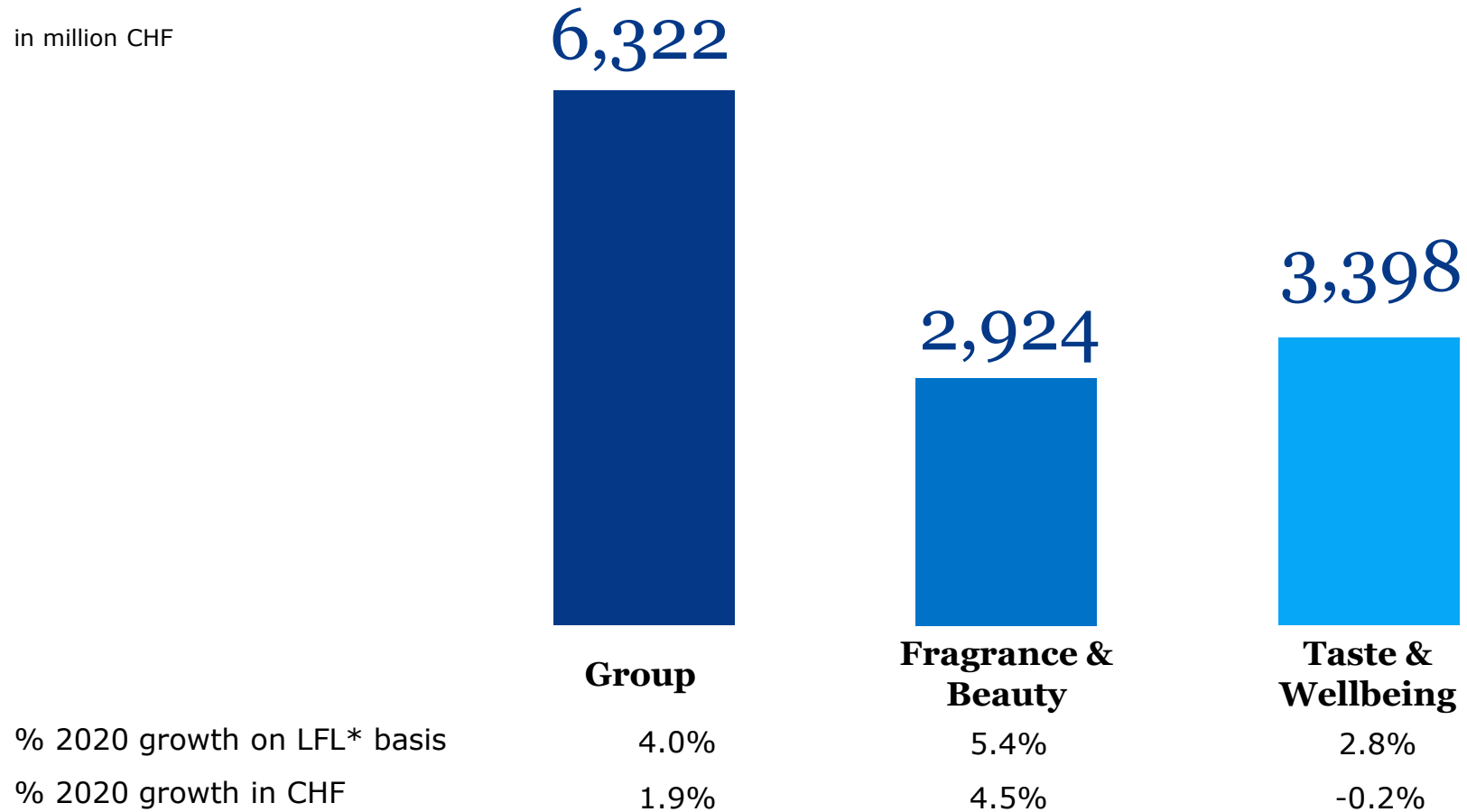
- Sales of CHF 6.3 billion, up 4.0% on a like-for-like\* basis and 1.9% in Swiss francs
- EBITDA of CHF 1,397 million, an increase of 9.6%; comparable EBITDA margin of 22.8% up from 21.5% in 2019
- Free cash flow of CHF 811 million or 12.8% of sales
- Proposed dividend of CHF 64.00 per share, up 3.2% year-on-year
- Successful delivery of 2020 guidance; Over the five year period 2016-2020:
  - Average like-for-like sales growth of 4.9%
  - Average free cash flow of 12.6%

\* Like-for-like: excludes the impact of currency, acquisitions and disposals

# Sales performance

## Good growth in both divisions

in million CHF



\* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

# Sales evolution by region

## All regions contributing to the growth

in million CHF



\* LFL (like-for-like) excludes the impact of currency, acquisitions and disposals

# Operating performance

## Excellent financial performance

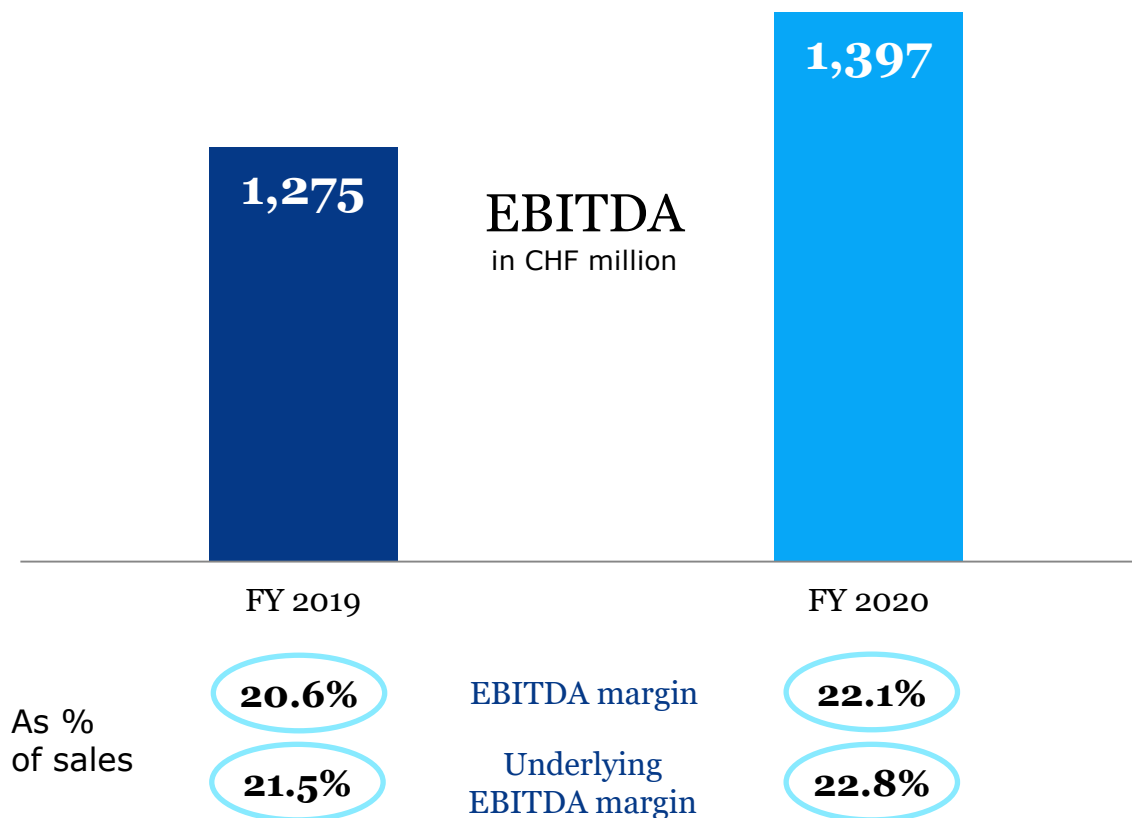
**Sales** of CHF 6,322 million, an increase of 4.0% on a like-for-like basis\* and 1.9% in Swiss francs

**Gross margin** of 42.1%, compared to 40.8% in 2019, as a result of continued productivity gains, improved contribution of acquired companies, GBS savings and cost discipline

**EBITDA** of CHF 1,397 million compared to CHF 1,275 million in 2019. Acquisition and restructuring costs of CHF 39 million, compared to CHF 25 million in 2019. Impact of costs for GBS project of CHF 6 million in 2020, compared with CHF 31 million in 2019

**EBITDA margin** of 22.1% compared to 20.6% in 2019, with the underlying margin at 22.8% versus 21.5% in 2019

40.8% Gross margin 42.1%  
in %



\* Like-for-like excludes the impact of currency, acquisitions and disposals

# Free cash flow

## Sustained underlying performance

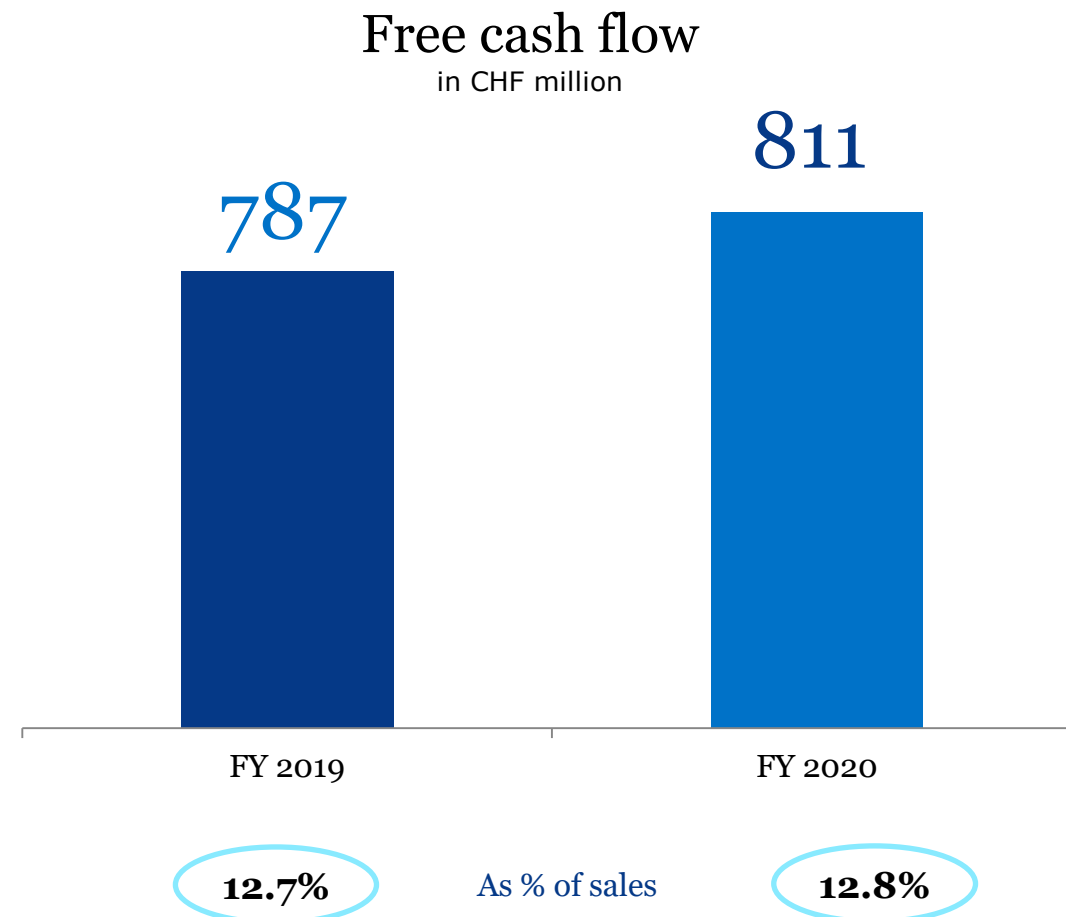
**Free cash flow** of CHF 811 million, compared to CHF 787 million in 2019. Free cash flow is 12.8% of sales compared to 12.7% in 2019.

Average Free cash flow over the 2016-2020 strategy period of 12.6%

**Operating cash flow** of CHF 1,133 million, compared to CHF 1,136 million in 2019

**Total net investments** of CHF 217 million, or 3.4% of sales, as the Group continues to invest in growth and information systems. The net investments in 2019 were 4% of sales, or 5.1% excluding the impact of the ZIC transaction

**Net Working capital** of 24.4% of sales compared to 24.0% in 2019



# 2020 Strategy Successfully Delivered

## Responsible growth. Shared success.

Growing with  
our customers

**4-5%**

Average organic sales  
growth\*

Delivering with  
excellence

**12-17%**

Average free cash  
flow as % of sales\*

Partnering for  
shared success

**Partner  
of choice**



Creating additional  
value through 16 acquisitions  
since 2014

**CHF 1.5 bn** annualised  
revenue contribution from companies  
acquired since 2014



Intention to maintain current  
dividend practice as part of  
this ambition

- Dividend increased y.o.y every year  
since Givaudan was listed in 2000

**4,9%**

2016-2020

**12.6%**

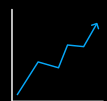
2016-2020

\* Over the five-year period 2016-2020

# 2020 Strategy Successfully Delivered

## Highlights of key achievements 2016-2020

### Growing with our customers



High growth markets



Health and well-being



Consumer preferred products



Integrated solutions

**Expanding product and customer portfolio** for growth

**Doubling sales in Naturals** to close to CHF 2 billion

Achieving **No. 1 position in Fine Fragrance**

Building **CHF 100 million** businesses in **Active Beauty** and in **Plant based proteins**

**Local & Regional** customers accounting for **54% of Group Sales**

### Delivering with excellence



Excellence in execution

**Successful implementation** of Givaudan Business Solutions (GBS) with benefits of CHF 60 million per annum

**Integration** of acquired companies & **improving financial performance**

Establishment of the **Givaudan Digital Factory** in Paris

**Earned key sustainability recognitions**, including CDP leadership scores & EcoVadis Gold Status

### Partnering for shared success



Innovators



Suppliers



People



Communities

**Strengthening global innovation ecosystem** with opening of new flagship Innovation Centre in Zurich

**Doubling of sales** from innovation linked to external collaborations

Launch of **“Connect to win”** programme to accelerate innovation in partnership with suppliers

Strong improvement in **employee engagement and in safety performance**



# Disclaimer

All figures relate to FY 2020 results.

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