

# 2014 Full Year Results

## Solid performance in a challenging environment

29 January 2015



Givaudan

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# Gilles Andrier

## Chief Executive Officer

# 2014 Full Year Results

## Financial highlights

- Sales CHF 4.4 billion, up 3.7% on a like-for-like\* basis
- Developing markets grew 7.0%, mature markets grew 1.1%; both on a like-for-like basis
- EBITDA margin improved to 23.9% in 2014 from 22.2% in 2013
- Free cash flow was 13.7% of sales, compared to 15.2% in 2013
- Dividend of CHF 50.00 per share proposed, up 6.4% year on year

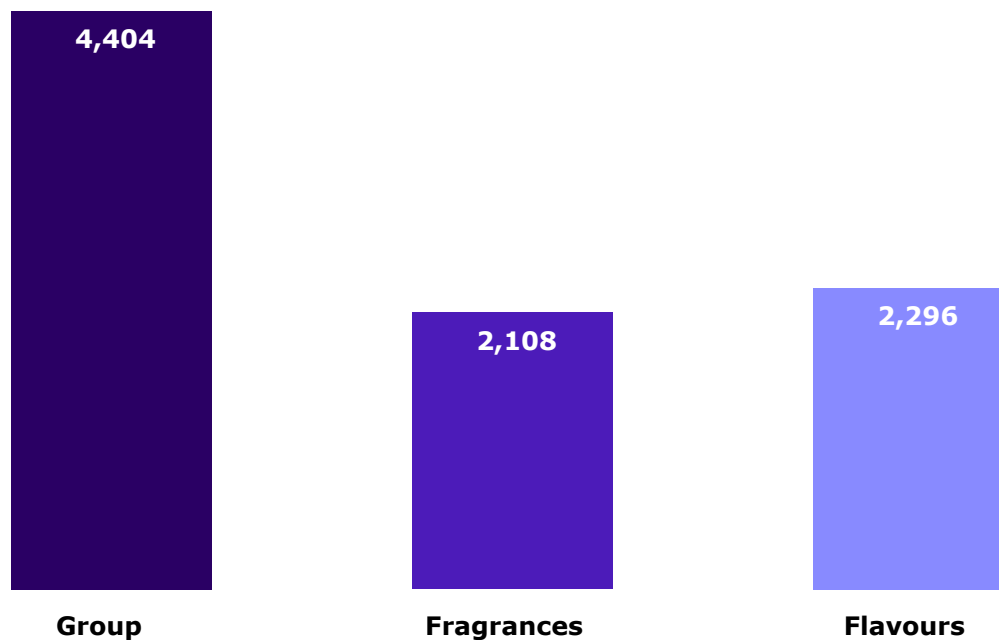
\* Like-for-like (LFL) excludes the impact of currency, acquisitions and disposals

Our 2014 results are a convincing demonstration of the continued value we bring to our customers, across all regions and segments

# 2014 Full Year Results

## Sales performance: Solid performance in a difficult trading environment

In million CHF



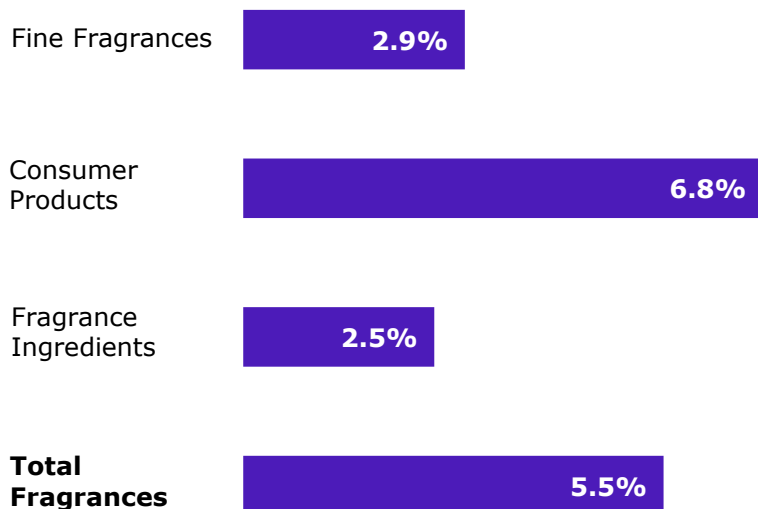
	Group	Fragrances	Flavours
% 2008 – 2014 CAGR	5.2%	5.5%	4.9%
% 2014 growth on LFL* basis	3.7%	3.6%	3.7%
% 2014 growth in CHF	0.8%	1.2%	0.4%

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

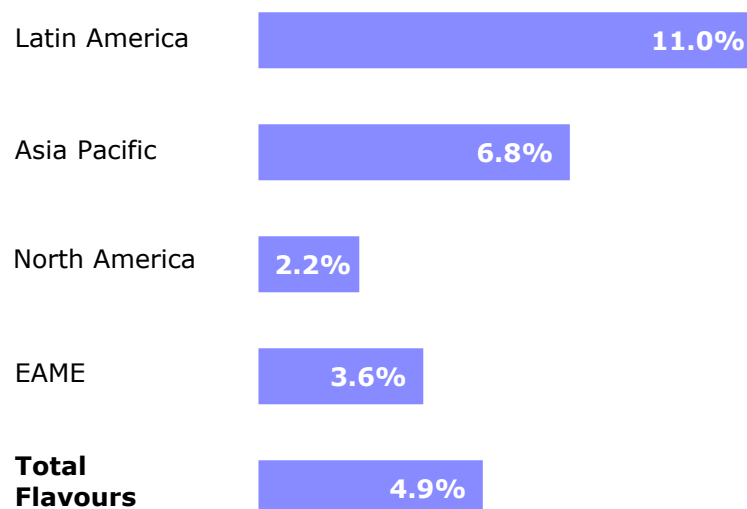
# 2014 Full Year Results

## FY 2008 to FY 2014 sales CAGR: In line with mid-term guidance

### Fragrances



### Flavours



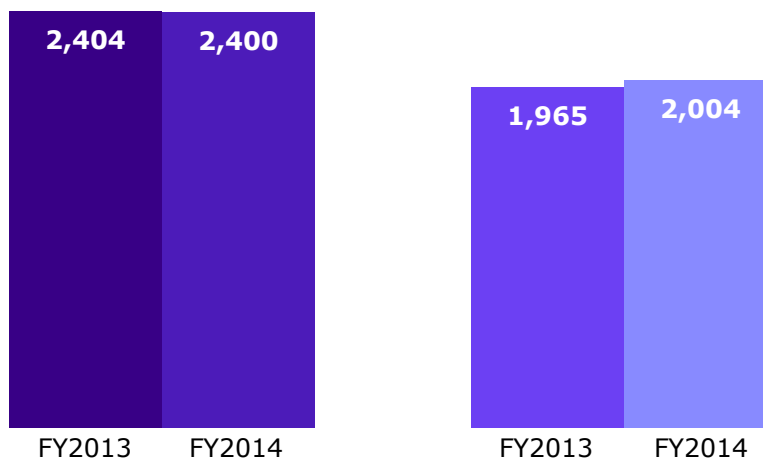
Group **5.2%**

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

# 2014 Full Year Results

Sales evolution by market: Solid LFL growth in all markets, absolute amounts continue to be impacted by currencies

In million CHF



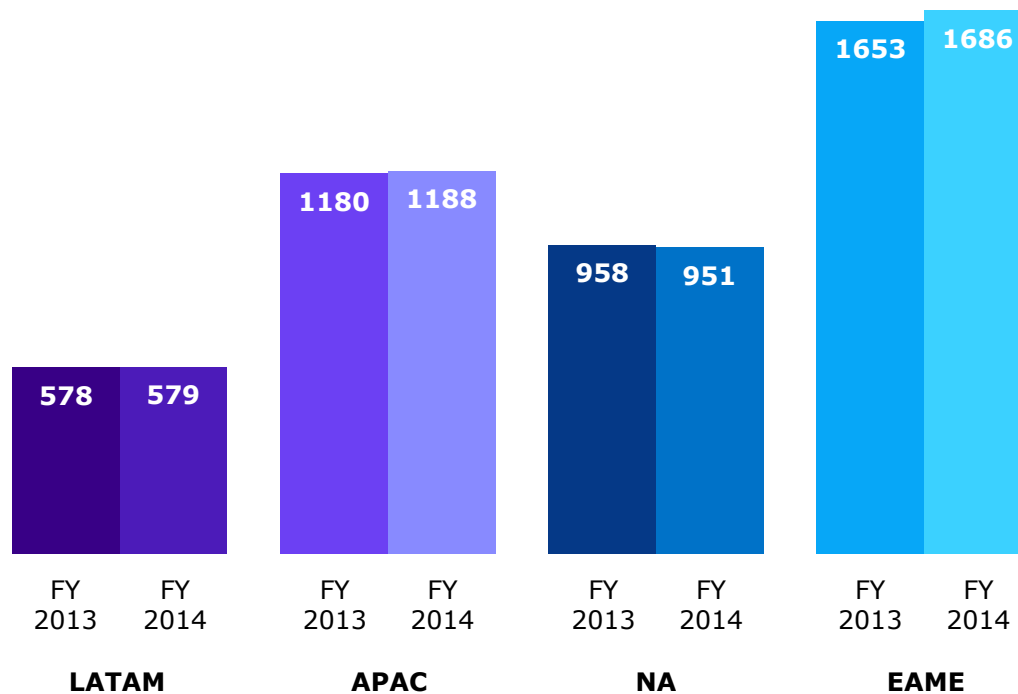
	Mature		Developing	
% of total sales	55%	54%	45%	46%
% 2008 – 2014 CAGR	1.8%		10.1%	
% 2014 growth on LFL* basis	1.1%		7.0%	

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

# 2014 Full Year Results

## Sales evolution by region: Latin America continues strong momentum

In million CHF



	LATAM	APAC	NA	EAME
% 2014 growth on LFL* basis	11.3%	4.2%	0.6%	2.5%
% 2008 – 2014 CAGR	12.7%	8.2%	1.9%	3.0%
% 2008 – 2014 CAGR Developing (Ø 10.1%)	12.7%	10.4%	-	6.8%
% 2008 – 2014 CAGR Mature (Ø 1.8%)	-	3.7%	1.9%	1.3%

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

# 2014 Full Year Results

## Fragrance Division: Operational Performance

### Fine Fragrances grew 2.5%

Growth mainly driven by Latin America and Middle East

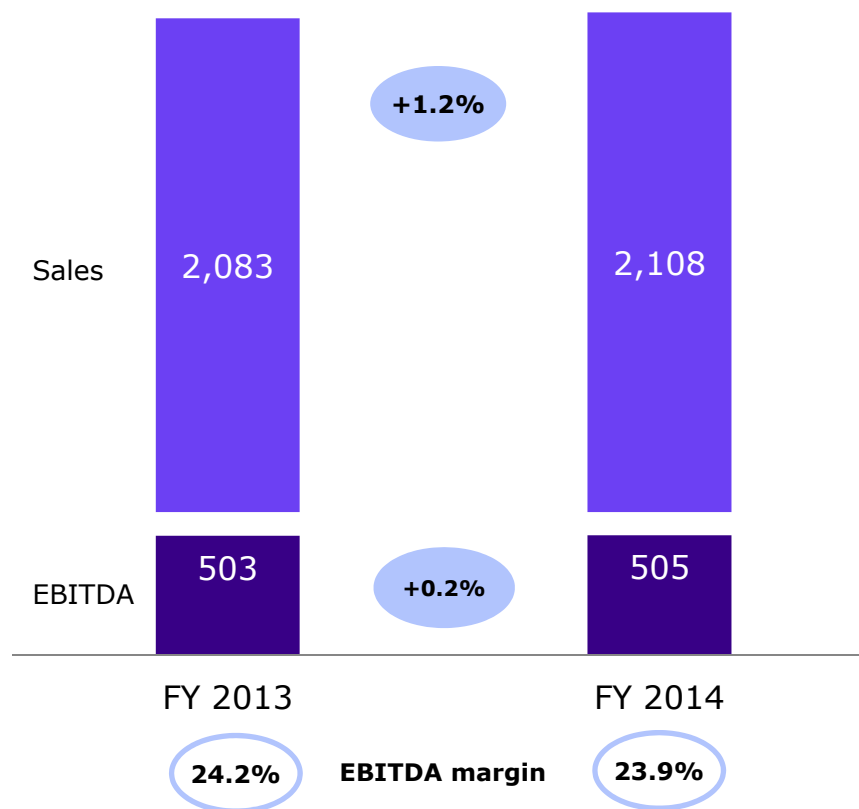
### Consumer Products grew 3.3%

Solid growth across all customer groups  
Double-digit growth in Latin America for the third consequent year, double-digit growth in Africa and the Middle East  
Growth in all major categories, notably fabric and personal care

### Fragrance and Cosmetic Ingredients grew 7.4%

Strong growth in all major markets  
Double-digit growth in Specialities

### Sales and EBITDA CHF million





# 2014 Full Year Results

## Flavour Division: Operational Performance

**Health and Wellness, Developing Markets and Targeted Customers contributed to the overall performance**

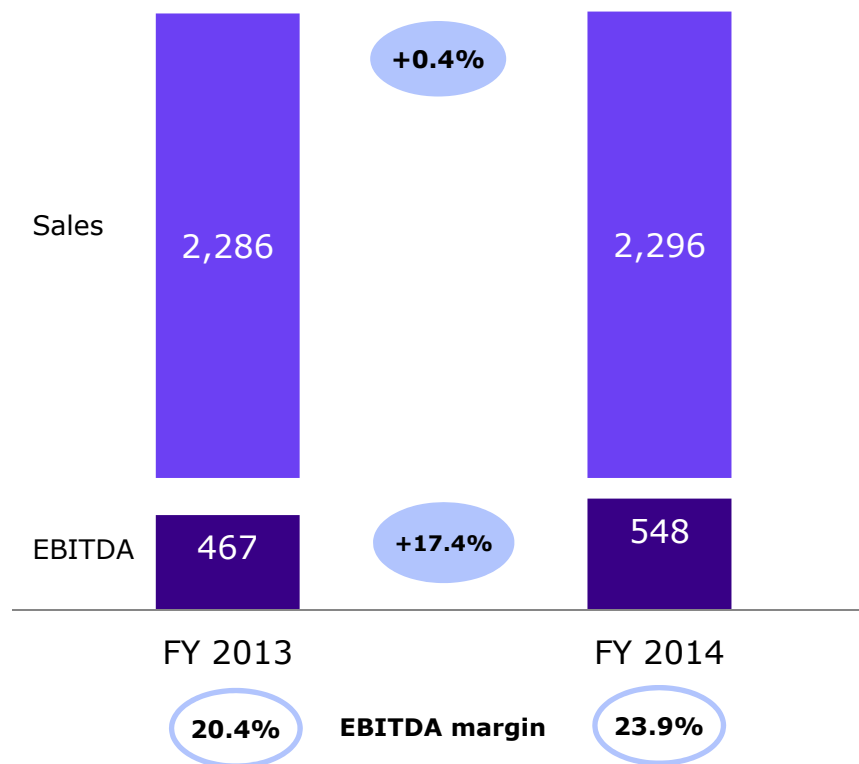
Asia Pacific increased 3.9% driven by China, India and the Philippines

Europe, Africa and Middle East grew 2.3% driven by the developing markets of Africa, Middle East and Poland, mature markets in Europe of Benelux, Northern Europe and Italy offset by declines in the UK, Ireland and Germany

North America grew 2.3% with strong growth in Beverages, Dairy and Snacks

Latin America increased 10.7% driven by strong growth in Argentina and Brazil

### Sales and EBITDA CHF million



# Matthias Währen

## Chief Financial Officer

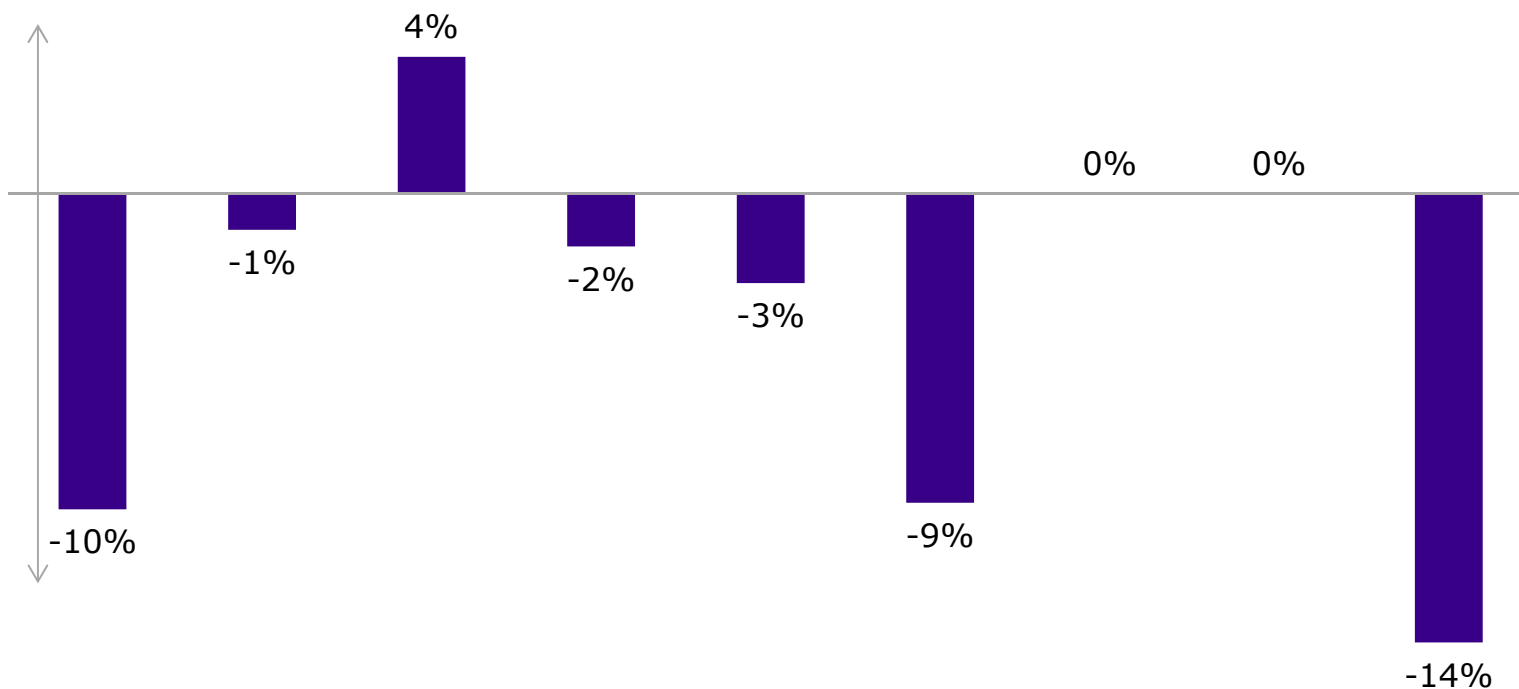
# 2014 Full Year Results

## Highlights

- Sales CHF 4.4 billion, up 3.7% on a like-for-like basis
- EBITDA increased by 8.5% to CHF 1,053 million
- EBITDA margin improved to 23.9%, including a one-off gain of CHF 42 million
- Net income of CHF 563 million, up 14.9% year on year
- Working capital increased to 25.8% from 22.6% as % of sales due to timing of sales
- Underlying investments up versus 2013, at 4.8% of sales
- Free cash flow of CHF 604 million, 13.7% of sales
- Net debt of CHF 795 million, leverage at 17%
- Dividend of CHF 50.00 per share proposed, up 6.4% year on year

## 2014 Full Year Results

**Exchange rate development:** Results largely unaffected by currencies, despite some significant individual currency movements versus Swiss francs



	<b>JPY</b>	<b>USD</b>	<b>GBP</b>	<b>EUR</b>	<b>SGD</b>	<b>BRL</b>	<b>CNY</b>	<b>MXN</b>	<b>IDR</b>
FY 2014	0.86	0.92	1.51	1.21	0.72	0.39	0.15	0.07	0.77
FY 2013	0.95	0.93	1.45	1.23	0.74	0.43	0.15	0.07	0.89

# 2014 Full Year Results

## Operating performance: Consistent improvement

**Sales** of CHF 4,404 million  
(2013: CHF 4,369 million)

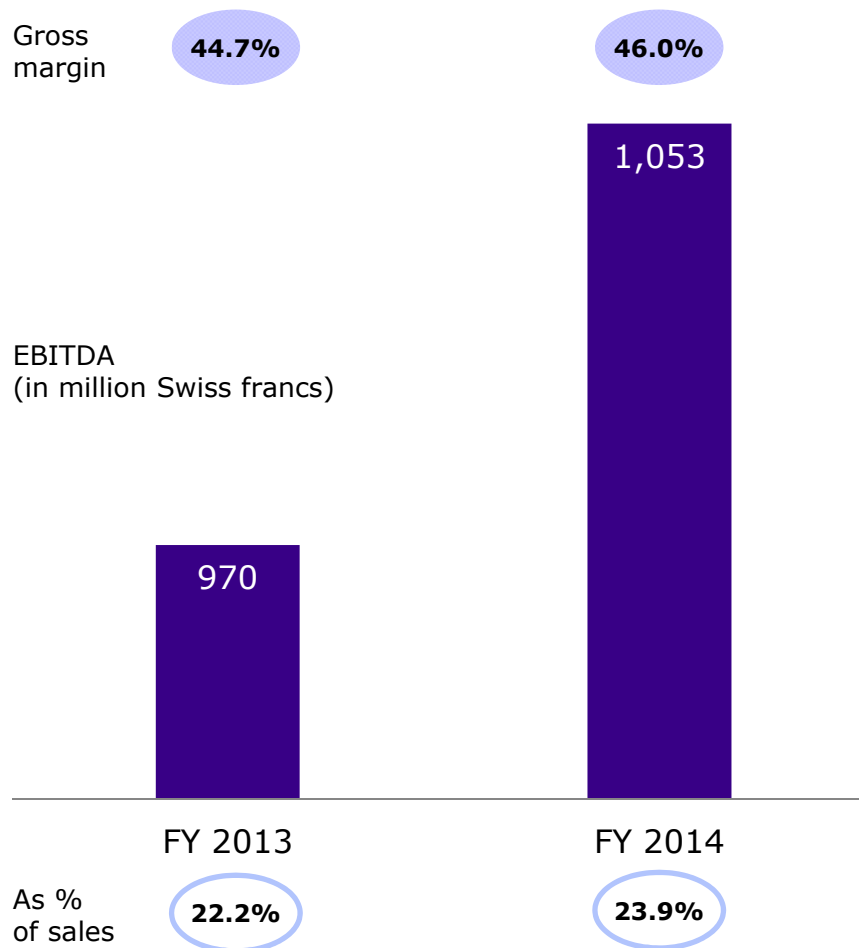
**Gross margin** of 46.0%, up from 44.7%,  
driven by solid sales volumes, lower  
operational costs in Flavours and supply  
chain efficiencies

**EBITDA** of CHF 1,053 million, up 8.5%,  
driven by:

- Improved Gross Profit
- Operating expenses under control
- One-off gain of CHF 42 million

**EBITDA margin** of 23.9%, up from 22.2%  
in 2013

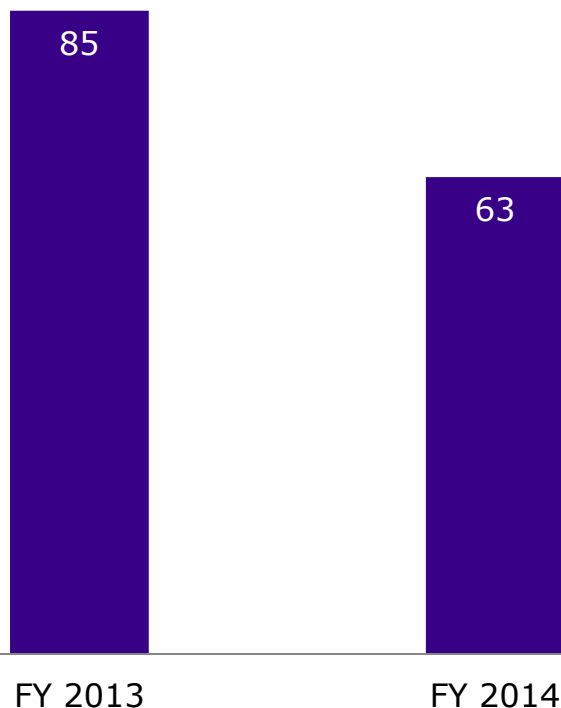
**Operating income** of CHF 760 million, up  
9.6% from 2013 driven by higher EBITDA



# 2014 Full Year Results

## Financing costs and other financial expenses

Financing costs  
(in CHF million)



Other financial expenses (net)  
(in CHF million)



Financing costs down in 2014, following re-financing over recent years at attractive interest rates. Pension charge to Financing also reduced. In addition, in 2013, the Group incurred a non-cash charge of CHF 9 million

Other financial income and expenses declining, despite currency volatility in developing markets

# 2014 Full Year Results

**Net income:** increasing by 15% as a result of continued strong operating performance

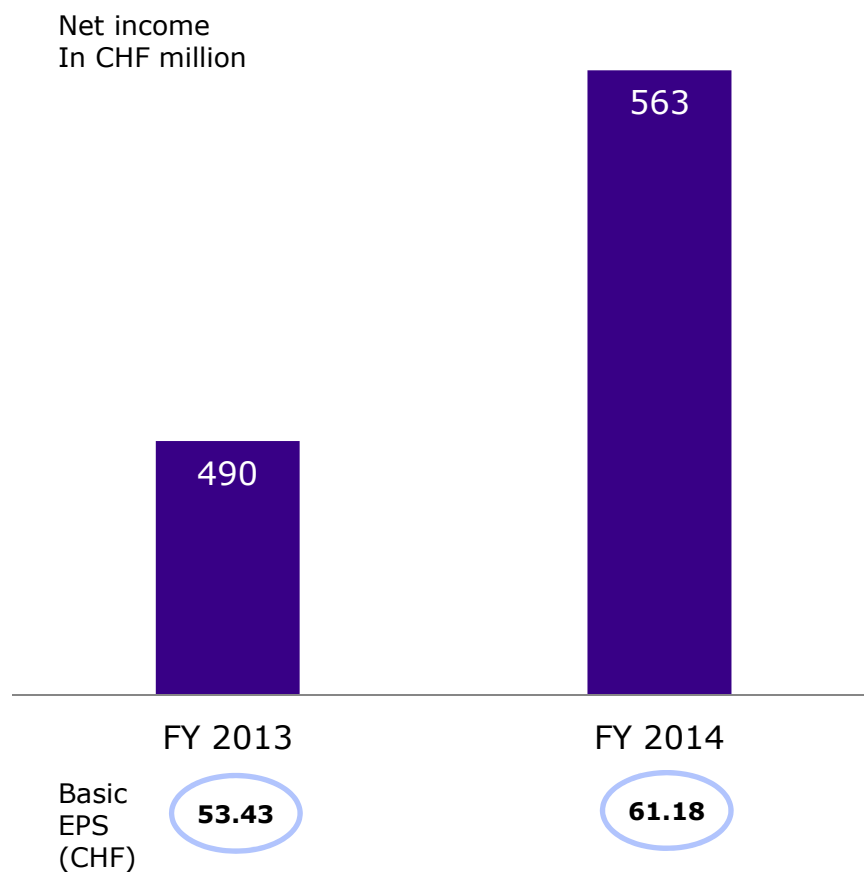
**Income before tax** of CHF 677 million, up from CHF 580 million in 2013, driven by:

- Significantly improved EBITDA
- Lower financial expenses

**Effective tax rate** of 17%, versus 16% in 2013

**Net income** of CHF 563 million, or 12.8% of sales, versus 11.2% in 2013

**Basic EPS** of CHF 61.18, versus CHF 53.43 in 2013

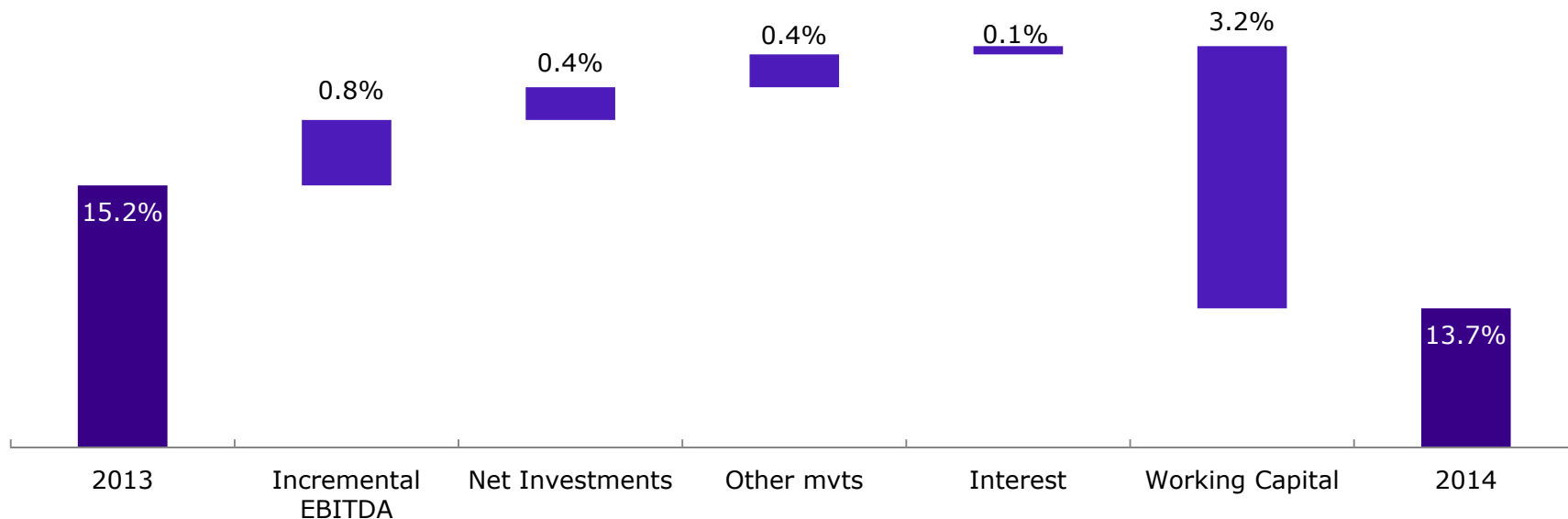


# 2014 Full Year Results

## Free cash flow: strong underlying performance

- Underlying **EBITDA**, excluding the one-off gain from the sale of land (CHF 42 million), up by 4.2%
- **Working capital** as a % of sales temporarily up to 25.8% of sales, compared to 22.6% of sales at December 2013
- **Net CAPEX** and Intangible investments of CHF 156 million (3.6% of sales) compared to CHF 174 million (4.0% of sales) in 2013
- **Free cash flow** of CHF 604 million, or 13.7% of sales, in 2014, compared to 15.2% in 2013

### FCF Bridge (as a % of sales)



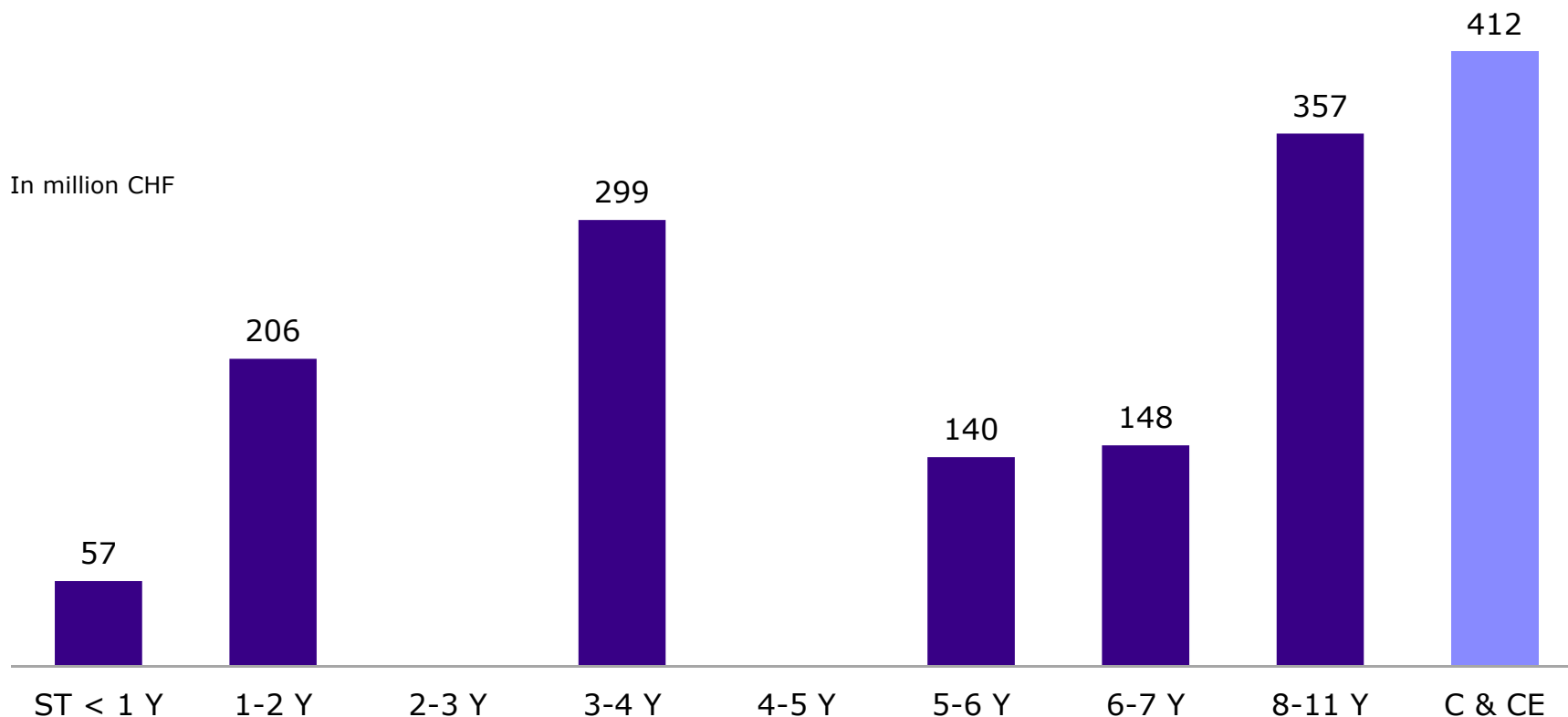


## 2014 Full Year Results

### Conservative debt profile: re-financing on a continuous basis to benefit from attractive rates

March 2014: Entered into a CHF 100 million 1.00% 6.5 year public bond and a CHF 150 million 1.75% 10 year public bond, the proceeds of which were used to reimburse a CHF 300 million public bond

April 2014: Reimbursement of USD 75 million US private placement



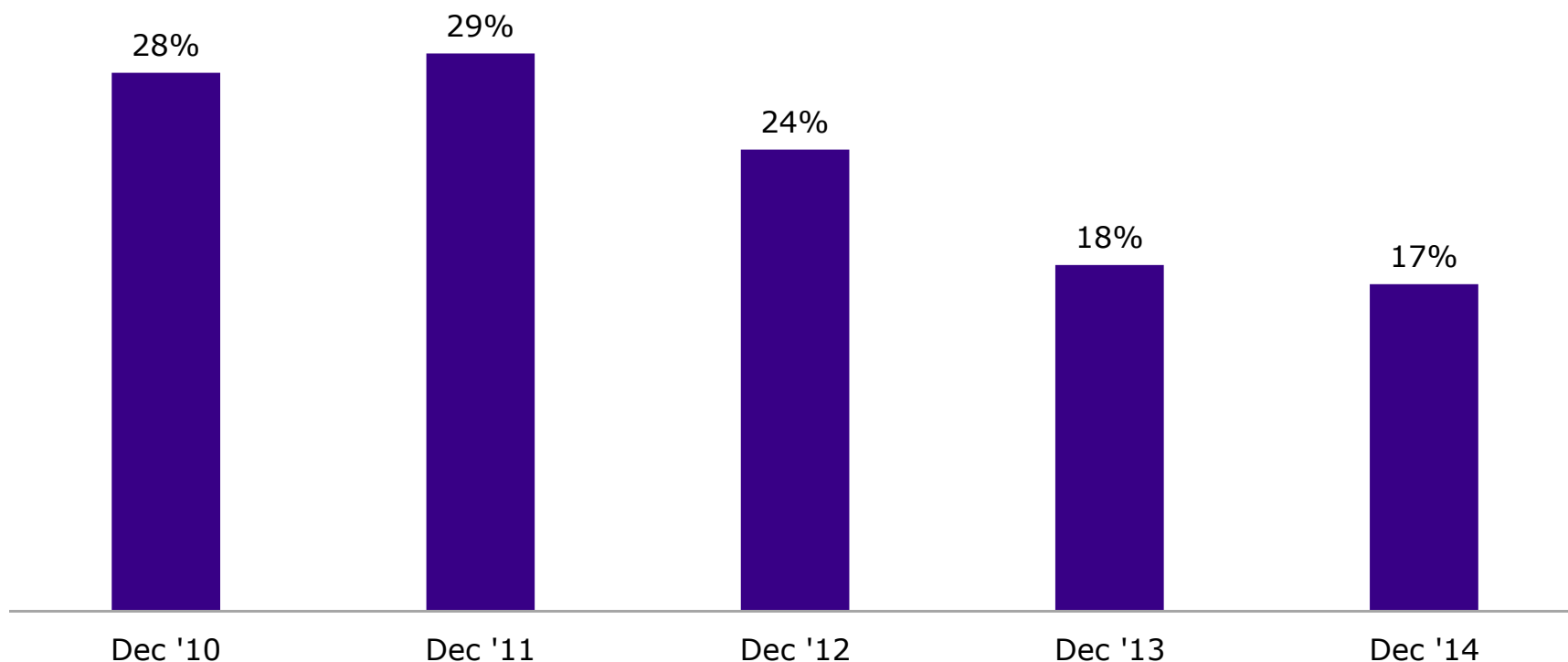
# 2014 Full Year Results

## Leverage ratio: Continuing to de-leverage on a yearly basis

Leverage ratio of 17% as at December 2014 as a result of solid cash flow generation

Intention to maintain a medium term leverage ratio target below 25%

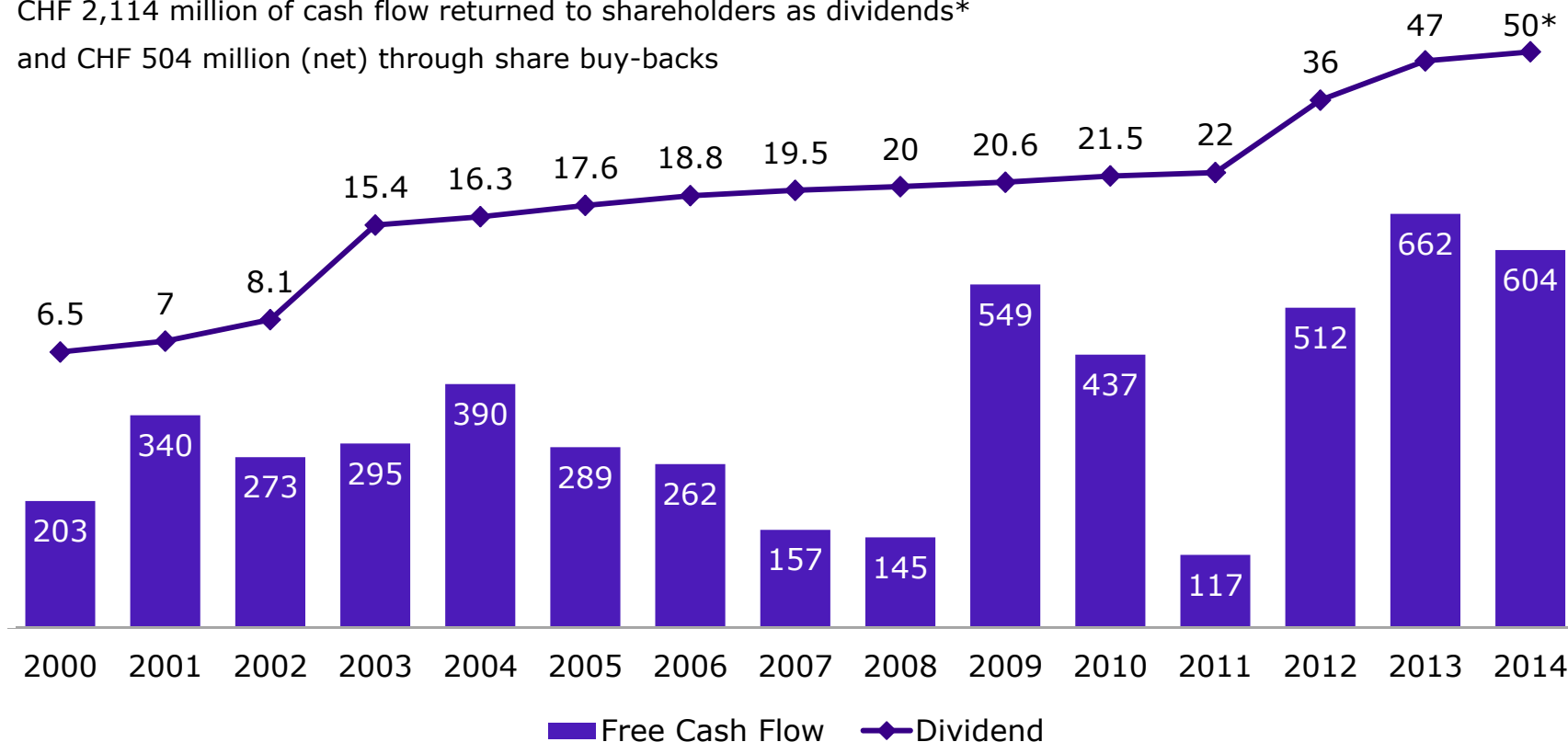
Company will exclude from equity definition any impact arising from changes in IAS 19



# 2014 Full Year Results

## Dividend per share: Increasing 6.4% YoY

Free cash flow of CHF 5.2 billion generated over the past 15 years  
CHF 2,114 million of cash flow returned to shareholders\*  
and CHF 504 million (net) through share buy-backs



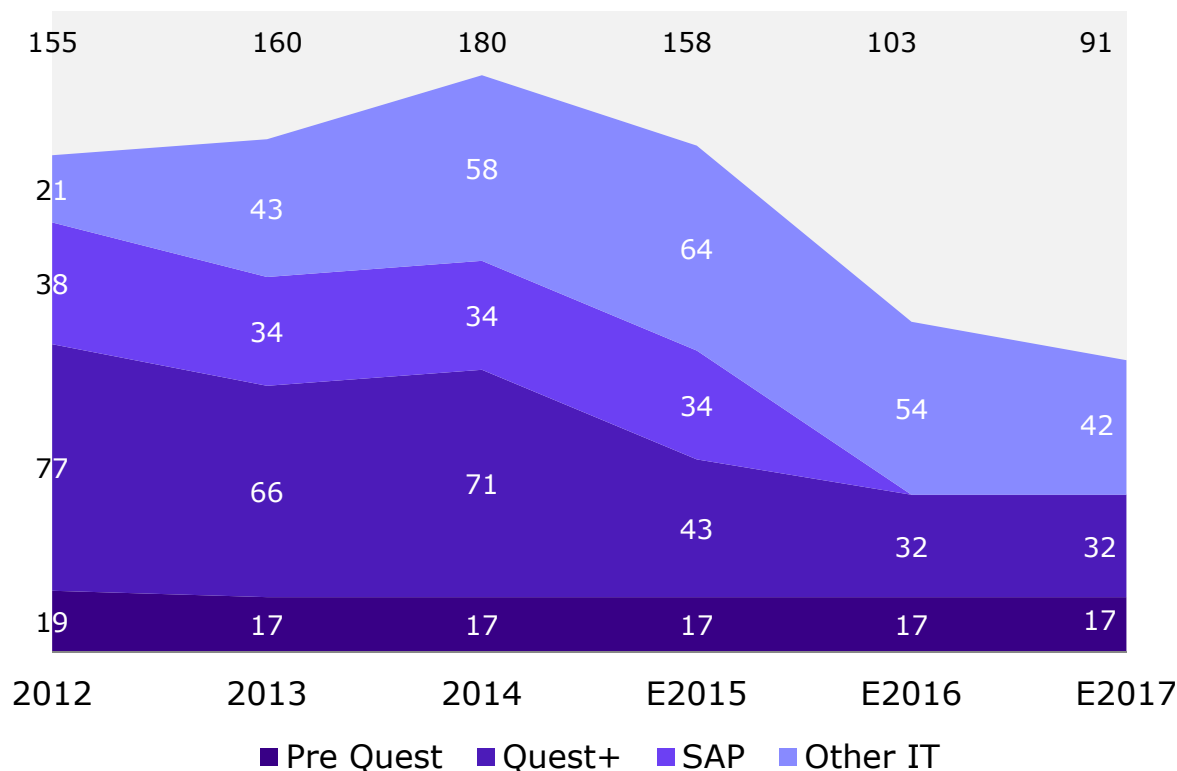
\* Subject to approval of shareholders at the AGM in March 2015

# 2014 Full Year Results

## Amortisation of intangible assets

- Pre Quest amortisation of intangible assets of approx. CHF 17 million p.a.
- Quest+ intangible assets (exc. Goodwill) amounts to CHF 1,225 million, updated to include Soliance intangible amortisation
- Intangible assets mainly related to customers, formulae and technologies
- IT amortisation updated to reflect size and scope of projects (e.g. regulatory engine)

Total annual amortisation charge  
(in CHF millions, estimated)



# 2014 Full Year Results

## Financial summary

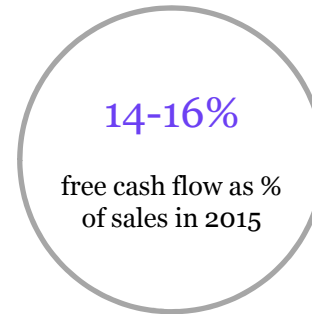
- Sales of CHF 4.4 billion, an increase of 3.7% on a like-for-like basis, briefs pipeline and win rate remain strong
- Operating leverage and strong cost focus driving improved EBITDA margin
- Net income of CHF 563 million, up 14.9% versus 2013
- Cash flow remains strong, despite temporary hike in working capital as a % of sales
- Net debt CHF 795 million, leverage ratio 17%
- Tax free cash dividend of CHF 50.00 per share proposed

# Gilles Andrier

## Chief Executive Officer

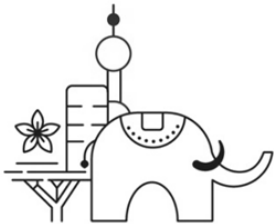
# 2014 Full Year Results

## On track to deliver on our ambitious mid-term guidance



### Driven by a five-pillar strategy

Developing markets



Research and development



Health and wellness



Sustainable sourcing of raw materials



Targeted customers and segments



<sup>1</sup> FCF (free cash flow), above 60% return to shareholders whilst maintaining a leverage ratio of no more than 25%

<sup>2</sup> Sales growth assumes a market growth of 2-3%

# Q & A



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