



## Media Release

Geneva, 2 February 2016

## 2015 Full Year Results Strong financial performance

- Sales of CHF 4.4 billion, up 2.7% on a like-for-like basis
- EBITDA of CHF 1,070 million, up 8.0% in local currencies
- EBITDA margin improved to 24.3% from 23.9% in 2014
- Net income of CHF 635 million, up 12.7% year-on-year
- Free cash flow of 16.4% of sales, compared to 13.7% in 2014
- Proposed dividend of CHF 54.00 per share, up 8.0% year on year

"With these solid annual results, I am pleased to announce that we have delivered on all of the ambitious mid-term targets that we set in 2010. I am particularly happy with the sales growth in developing markets in the second half of the year" commented Gilles Andrier, CEO.

### Business performance

Givaudan Group full year sales were CHF 4,396 million, an increase of 2.7% on a like-for-like basis and a decline of 0.2% in Swiss francs when compared to 2014.

Fragrance Division sales were CHF 2,096 million, an increase of 1.9% on a like-for-like basis and a decline of 0.6% in Swiss francs.

Flavour Division sales were CHF 2,300 million, an increase of 3.5% on a like-for-like basis and 0.2% in Swiss francs.

### Gross Margin

The gross margin increased to 46.2% from 46.0%. Savings from the transfer of products to the new flavours manufacturing facility in Makó, Hungary from Kempththal, Switzerland more than offset general increases in operational expenses.

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

The EBITDA increased to CHF 1,070 million in 2015 from CHF 1,053 million in 2014, an increase of 1.6% in Swiss francs and 8.0% in local currency. A continued focus on internal costs was the main enabler of the improvement. The EBITDA margin increased to 24.3% in 2015 from 23.9% in 2014. In 2015 the Group recognised a net one-off non-cash gain of CHF 20 million, mainly following a change in pension plans. As a reminder, in 2014 the Group recognised a one-off gain of CHF 42 million on the disposal of land at its Dübendorf location in Switzerland.



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## **Operating Income**

The operating income increased by 4.5% to CHF 794 million from CHF 760 million for the same period in 2014. When measured in local currency terms, the operating income increased by 12.7%. The operating margin increased to 18.1% in 2015 from 17.3% in 2014.

## **Financial Performance**

Financing costs in 2015 were CHF 61 million, versus CHF 63 million for the same period in 2014. In 2015 the Group continued to refinance at lower interest rates. Other financial expense, net of income, was CHF 27 million in 2015, up versus the CHF 20 million reported in 2014, as a result of increased hedging costs and exchange losses in markets where currencies could not be hedged.

The income tax expense as a percentage of income before taxes was 10%, considerably lower than in 2014 following changes in Swiss Accounting Law and the Group's operating structure. Excluding these one-time items, the income tax expense as a percentage of income before taxes was 18%.

## **Net Income**

The net income increased to CHF 635 million in 2015 from CHF 563 million in 2014, an increase of 12.7%. This results in a net profit margin of 14.4%, versus 12.8% in 2014. Basic earnings per share increased to CHF 68.98 versus CHF 61.18 for the same period in 2014.

## **Cash Flow**

Givaudan delivered an operating cash flow of CHF 915 million in 2015, compared to CHF 806 million in 2014, driven by a slightly higher EBITDA and an improvement in working capital. As a percentage of sales, working capital decreased as a result of lower inventories at the end of the year.

Total net investments in property, plant and equipment were CHF 125 million, up from CHF 110 million incurred in 2014. During 2015 the Group continued its investments to support growth in developing markets, most notably a new flavours savoury facility in Nantong, China and a fragrance creative centre and compounding facility in Singapore. As a reminder, in 2014 the Group received cash of CHF 58 million as a result of the sale of land at its Dübendorf location in Switzerland.

Intangible asset additions were CHF 35 million in 2015 compared to CHF 46 million in 2014 as the Company continued to invest in its IT platform. Total net investments in tangible and intangible assets were 3.6% of sales in 2015 and 2014.

Operating cash flow after net investments was CHF 756 million in 2015, versus the CHF 650 million recorded in 2014. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 720 million in 2015, versus CHF 604 million for the comparable period in 2014, mainly driven by a higher EBITDA and lower working capital requirements, offset by higher net investments. As a percentage of sales, free cash flow in 2015 was 16.4%, compared to 13.7% in 2014.



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## **Financial Position**

Givaudan's financial position remained solid at the end of the year. Net debt at December 2015 was CHF 677 million, down from CHF 795 million at December 2014. At the end of December 2015 the leverage ratio was 15%, compared to 17% at the end of 2014.

## **Dividend Proposal**

At the Annual General Meeting on 17 March 2016, Givaudan's Board of Directors will propose a cash dividend of CHF 54.00 per share for the financial year 2015, an increase of 8.0% versus 2014. This is the fifteenth consecutive dividend increase following Givaudan's listing at the Swiss stock exchange in 2000. This distribution will be primarily made out of reserves for additional paid-in capital which Givaudan shows in equity as at the end of 2015, with the remainder being paid out of available earnings.

## **2020 Guidance – Responsible growth. Shared Success.**

The Company's 2020 ambition is to create further value through profitable, responsible growth. Capitalising on the success of the 2011-2015 strategy, Givaudan's 2020 ambition is built on the three strategic pillars of growing with its customers; delivering with excellence; and partnering for shared success.

Ambitious financial targets are a fundamental part of Givaudan's strategy. We aim 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 our strategy cycle. It is Givaudan's intention to maintain its current dividend practice as part of this ambition.



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## Key Figures

For the twelve months ended 31 December, in million CHF except per share data

	2015	2014
<b>Group sales</b>	<b>4,396</b>	<b>4,404</b>
Fragrance sales	2,096	2,108
Flavour sales	2,300	2,296
<b>Gross profit</b>	<b>2,030</b>	<b>2,027</b>
as % of sales	46.2%	46.0%
<b>EBITDA <sup>1</sup></b>	<b>1,070</b>	<b>1,053</b>
as % of sales	24.3%	23.9%
<b>Operating income</b>	<b>794</b>	<b>760</b>
as % of sales	18.1%	17.3%
<b>Income attributable to equity holders of the parent</b>	<b>635</b>	<b>563</b>
as % of sales	14.4%	12.8%
<b>Earnings per share – basic (CHF)</b>	<b>68.98</b>	<b>61.18</b>
<b>Operating cash flow</b>	<b>915</b>	<b>806</b>
as % of sales	20.8%	18.3%
<b>Free cash flow</b>	<b>720</b>	<b>604</b>
as % of sales	16.4%	13.7%

in million CHF except for employee data	31 December 2015	31 December 2014
Current assets	2,279	2,357
Non-current assets	4,003	4,115
<b>Total assets</b>	<b>6,282</b>	<b>6,472</b>
Current liabilities	1,014	921
Non-current liabilities	1,853	2,138
Equity	3,415	3,413
<b>Total liabilities and equity</b>	<b>6,282</b>	<b>6,472</b>
<b>Number of Employees</b>	<b>9,907</b>	<b>9,704</b>

1. 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.



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## Fragrance Division

Fragrance Division sales were CHF 2,096 million, an increase of 1.9% on a like-for-like basis and a decline of 0.6% in Swiss francs. Including Soliance and the recently acquired company Induchem, the growth was 3.1% in local currencies. Induchem contributed CHF 9 million following the acquisition on 27 August 2015.

Total sales for Fragrance Compounds (Fine Fragrances and Consumer Products combined) increased by 2.7% on a like-for-like basis. In Swiss francs, sales of compounds decreased to CHF 1,823 million from CHF 1,844 million in 2014.

Fine Fragrances sales grew 3.0% on a like-for-like basis, driven by growth in both mature and developing markets.

Consumer Products sales increased by 2.7% on a like-for-like basis, driven by a strong performance of the developing markets.

Sales of Fragrance and Cosmetic Ingredients decreased by 4.0% on a like-for-like basis, due to the lower sales performance of Fragrance Ingredients. As in 2014 the Cosmetic Ingredients business continued to grow double digit in 2015.

The EBITDA declined to CHF 498 million in 2015 from CHF 505 million in 2014. The EBITDA margin declined to 23.7% in 2015 from 23.9% in 2014. The Division incurred a one-off non-cash charge of CHF 12 million in 2015.

The operating income increased by 0.9% to CHF 374 million in 2015, versus CHF 370 million for the same period in 2014. The operating margin increased to 17.8% in 2015 from 17.5% in 2014.

### Fine Fragrances

Fine Fragrance sales grew 3.0% on a like-for-like basis with growth being achieved in both developing and mature markets as new business more than compensated for erosion.

Growth in developing markets was driven by Asia and the Middle East where both regions realised strong double-digit growth driven by a combination of new wins as well as volume gains at a number of accounts. In mature markets, solid gains in North America more than offset a slight decrease of sales in Western Europe.

At the major industry award ceremonies in Europe and the USA, a number of Givaudan fragrances received recognition including: A Thousand Wishes by Bath and Body Works, Tom Ford's Velvet Orchid and Mandarino Di Amalfi, Intoxicated by Kilian, Bottega Veneta Pour Homme Eau Extreme, Bottega Veneta Knot, Christian Dior Miss Dior Blooming Bouquet, Narciso by Narciso Rodriguez. In addition, J'Adore received a Hall of Fame award at the ceremonies in the USA.



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## **Consumer Products**

The Consumer Product business unit sales grew by 2.7% on a like-for-like basis with strong growth in developing countries more than offsetting lower sales in mature markets.

Latin America delivered double-digit growth against strong comparables, supported by all customer groups. In particular, the personal care and home care segments posted double-digit sales growth in the region. The solid sales growth in Asia was supported by all sub-regions and all customer groups, spread across all product segments. The performance was led by double-digit sales growth with local and regional customers and by the excellent performance in China and Japan.

In Europe, Africa and the Middle East, sales growth was also driven by solid performance with local and regional customers in all sub-regions. The Africa-Middle East zone delivered a strong sales increase across all customer groups. Sales in North America declined against last year, due to international customers, whereas local and regional customers posted strong growth compared to prior year.

On a product segment basis, the sales growth was sustained by the strong increase on the fabric care segment, followed by personal care and oral care. The home care segment contributed as well to the growth due to developing markets.

## **Fragrance and Cosmetic Ingredients**

Sales of Fragrance and Cosmetic Ingredients declined by 4.0% on a like-for-like basis. The Cosmetic Ingredients business showed a strong growth driven by a strong underlying demand and new product launches. Sales of Fragrance Ingredients were affected by lower demand of some global customers and the high comparables of the prior year. However, fragrance ingredients sales saw a good performance with local and regional customers in all developing markets.

The previously announced product transfers to the production site in Mexico and the joint venture partner in China are on schedule and will continue to ensure that the Group remains competitive in the fragrance ingredients market.



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## Flavour Division

Flavour Division sales were CHF 2,300 million in 2015, an increase of 3.5% on a like-for-like basis and 0.2% in Swiss francs.

Beverages, Dairy and Snacks segments favourably influenced the overall increase in sales. Growth in Latin America was driven by increased sales of health and wellness solutions as well as strong Beverages growth. New wins and increases from existing business contributed to the strong performance in North America. Despite demanding economic conditions in Eastern Europe and testing market conditions in Indonesia and Thailand, both Asia Pacific as well as Europe, Africa and Middle East regions grew when compared to 2014.

EBITDA increased by 4.4% to CHF 572 million from CHF 548 million in 2014. The EBITDA margin was 24.9% in 2015, up from 23.9% in 2014. In 2015 the Division recognised a one-off non-cash gain of CHF 32 million following a change in pension plans. As a reminder, in 2014 the Division recognised a one-off gain of CHF 42 million on the disposal of land at its Dübendorf facility in Switzerland.

The operating income increased by 7.9% to CHF 420 million in 2015 from CHF 390 million for the same period in 2014. The operating margin increased to 18.3% in 2015 from 17.0% in 2014.

### Asia Pacific

Sales in Asia Pacific grew 2.9% on a like-for-like basis. The emerging markets increased as a result of new wins and existing business growth in China and India offset by the difficult market conditions in South Asia. The mature markets contributed with increases in Japan, Korea and Singapore whilst sales in Oceania declined. Snacks and Sweet Goods segments contributed to the overall growth as a result of new wins.

### Europe, Africa and Middle East

Sales increased 0.4% on a like-for-like basis. Solid growth in the mature markets was driven mainly by Germany, Great Britain, Ireland and Spain. Challenging economic conditions in Eastern Europe continued to hamper emerging markets growth, particularly in Russia and Ukraine. Africa and Middle Eastern markets advanced in their expansion. Dairy, Snacks and Sweet Goods segments increased as a result of new wins and existing business growth.

### North America

Sales in North America increased 5.6% on a like-for-like basis. The strong performance was attributed to the growth of existing business and new wins with particularly good performance coming from Beverage, Dairy and Snacks segments.

### Latin America

Sales improved 10.9% on like-for-like basis with strong growth coming from Brazil, Argentina and Mexico. New win revenue and expansion of existing business contributed to the growth. Growth in Latin America was driven by increased sales of health and wellness solutions as well as strong Beverages growth. All major business segments improved with solid growth in Beverages, Savoury and Sweet Goods.



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## Annual General Meeting 2016

The Board of Directors will propose to elect Victor Balli, currently CFO at Barry Callebaut, as a new Board member for a term of one year.

All other Board members, except for André Hoffmann and Peter Kappeler will stand for re-election.

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

The 2015 Annual Report can be downloaded on [www.givaudan.com](http://www.givaudan.com).

A conference call will be broadcasted on [www.givaudan.com](http://www.givaudan.com) on 2 February 2016 at 15:00 CET.

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