

2019 Half Year Results

Financial summary



Givaudan

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Key figures

Financial Review

For the six months ended 30 June

in millions of Swiss francs except earnings per share data	2019	2018
Sales	3,094	2,674
Gross profit	1,274	1,182
as % of sales	41.2%	44.2%
EBITDA^a	660	601
as % of sales	21.3%	22.5%
Operating income	491	489
as % of sales	15.9%	18.3%
Income attributable to equity non-controlling interests	-	-
Income attributable to equity holders of the parent	380	371
as % of sales	12.3%	13.9%
Earnings per share - basic (CHF)	41.24	40.26
Earnings per share - diluted (CHF)	40.94	39.84
Operating cash flow	271	269
as % of sales	8.8%	10.1%
Free cash flow	148	113
as % of sales	4.8%	4.2%

a) 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.

Group

For the six months ended 30 June

in millions of Swiss francs	2019	2018
Sales to third parties	3,094	2,674
EBITDA^a	660	601
as % of sales	21.3%	22.5%
One off items	(30)	(25)
Comparable EBITDA	690	626
as % of sales	22.3%	23.4%
Operating income	491	489
as % of sales	15.9%	18.3%

a) 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.

Key figures – by Division

Flavour Division

For the six months ended 30 June

in millions of Swiss francs	2019	2018
Sales to third parties	1,733	1,451
EBITDA^a	390	351
as % of sales	22.5%	24.2%
One off items	(11)	
Comparable EBITDA	401	351
as % of sales	23.1%	24.2%
Operating income	278	286
as % of sales	16.0%	19.7%

a) 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.

Fragrance Division

For the six months ended 30 June

in millions of Swiss francs	2019	2018
Sales to third parties	1,361	1,223
EBITDA^a	270	250
as % of sales	19.8%	20.4%
One off items	(19)	(25)
Comparable EBITDA	289	275
as % of sales	21.3%	22.4%
Operating income	213	203
as % of sales	15.7%	16.6%

a) 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.

Consolidated financial statements

Consolidated Income Statement

For the six months ended 30 June

in millions of Swiss francs, except for earnings per share data	2019	2018
Sales	3,094	2,674
Cost of sales	(1,820)	(1,492)
Gross profit	1,274	1,182
as % of sales	41.2%	44.2%
Selling, marketing and distribution expenses	(373)	(342)
Research and product development expenses	(259)	(224)
Administration expenses	(109)	(95)
Share of (loss) profit of jointly controlled entities	3	6
Other operating income	11	9
Other operating expense	(56)	(47)
Operating income	491	489
as % of sales	15.9%	18.3%
Financing costs	(36)	(23)
Other financial income (expense), net	(18)	(35)
Income before taxes	437	431
Income taxes	(57)	(60)
Income for the period	380	371
Attribution		
Income attributable to equity non-controlling interests	–	–
Income attributable to equity holders of the parent	380	371
as % of sales	12.3%	13.9%
Earnings per share – basic (CHF)	41.24	40.26
Earnings per share – diluted (CHF)	40.94	39.84

Consolidated Statement of Comprehensive Income

For the six months ended 30 June

in millions of Swiss francs	2019	2018
Income for the period	380	371
Items that may be reclassified to the income statement		
Cash flow hedges		
Movement in fair value, net	(49)	4
Gains (losses) removed from equity and recognised in the consolidated income statement	3	3
Movement on income tax	4	–
Exchange differences arising on translation of foreign operations		
Movement in fair value arising on hedging instruments of the net assets in foreign operations	22	–
Change in currency translation	(46)	(31)
Movement on income tax	(4)	–
Items that will not be reclassified to the income statement		
Defined benefit pension plans		
Remeasurement gains (losses) of post employment benefit obligations	(87)	131
Movement on income tax	(1)	(29)
Other comprehensive income for the period	(158)	78
Total comprehensive income for the period	222	449
Attribution		
Total comprehensive income attributable to non-controlling interests	–	–
Total comprehensive income attributable to equity holders of the parent	222	449

Consolidated Statement of Financial Position

in millions of Swiss francs	30 June 2019	31 December 2018
Cash and cash equivalents	239	423
Derivative financial instruments	8	11
Financial assets at fair value through income statement	3	4
Accounts receivable - trade	1,384	1,253
Inventories	1,278	1,098
Current tax assets	52	41
Prepayments	66	53
Other current assets	179	238
Current assets	3,209	3,121
Derivative financial instruments	–	2
Property, plant and equipment	2,183	1,759
Intangible assets	3,960	3,999
Deferred tax assets	220	208
Post-employment benefit plan assets	14	22
Financial assets at fair value through income statement	64	61
Jointly controlled entities	37	33
Investment property	2	2
Other long-term assets	75	61
Non-current assets	6,555	6,147
Total assets	9,764	9,268
Short-term debt	696	4
Derivative financial instruments	21	12
Accounts payable - trade and others	835	719
Accrued payroll & payroll taxes	137	178
Current tax liabilities	90	95
Financial liability: own equity instruments	94	93
Provisions	19	24
Other current liabilities	198	225
Current liabilities	2,090	1,350
Derivative financial instruments	89	43
Long-term debt	3,253	3,266
Provisions	72	73
Post-employment benefit plan liabilities	572	490
Deferred tax liabilities	250	238
Other non-current liabilities	79	85
Non-current liabilities	4,315	4,195
Total liabilities	6,405	5,545
Share capital	92	92
Retained earnings and reserves	5,639	5,811
Own equity instruments	(176)	(142)
Other components of equity	(2,209)	(2,051)
Equity attributable to equity holders of the parent	3,346	3,710
Non-controlling interests	13	13
Total equity	3,359	3,723
Total liabilities and equity	9,764	9,268

Consolidated Statement of Changes in Equity

For the six months ended 30 June

2019 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
Balance as at 1 January	92	5,811	(142)	(61)	(1,559)	(431)	3,710	13	3,723
Income for the period		380					380		380
Other comprehensive income for the period				(42)	(28)	(88)	(158)		(158)
Total comprehensive income for the period		380		(42)	(28)	(88)	222		222
Dividends paid		(552)					(552)		(552)
Movement on own equity instruments, net			(34)				(34)		(34)
Non-controlling interests arising on business combination									–
Net change in other equity items		(552)	(34)				(586)		(586)
Balance as at 30 June	92	5,639	(176)	(103)	(1,587)	(519)	3,346	13	3,359

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
Balance as at 1 January	92	5,682	(157)	(65)	(1,456)	(558)	3,538		3,538
Income for the period		371					371		371
Other comprehensive income for the period				7	(31)	102	78		78
Total comprehensive income for the period		371		7	(31)	102	449		449
Dividends paid		(534)					(534)		(534)
Movement on own equity instruments, net			(14)				(14)		(14)
Non-controlling interests arising on business combination									
Net change in other equity items		(534)	(14)				(548)		(548)
Balance as at 30 June	92	5,519	(171)	(58)	(1,487)	(456)	3,439		3,439

Consolidated Statement of Cash Flows

For the six months ended 30 June

in millions of Swiss francs	2019	2018
Income for the period	380	371
Income tax expense	57	60
Interest expense	31	17
Non-operating income and expense	23	41
Operating income	491	489
Depreciation of property, plant and equipment	88	58
Amortisation of intangible assets	80	52
Impairment of long-lived assets	1	2
Other non-cash items		
- share-based payments	18	19
- pension expense	19	19
- additional and unused provisions, net	4	-
- other non-cash items	(18)	4
Adjustments for non-cash items	192	154
(Increase) decrease in inventories	(180)	(178)
(Increase) decrease in accounts receivable	(137)	(80)
(Increase) decrease in other current assets	(13)	28
Increase (decrease) in accounts payable	131	12
Increase (decrease) in other current liabilities	(72)	(54)
(Increase) decrease in working capital	(271)	(272)
Income taxes paid	(63)	(61)
Pension contributions paid	(18)	(20)
Provisions used	(9)	(9)
Purchase and sale of own equity instruments, net	(51)	(12)
Cash flows from (for) operating activities	271	269
Increase in long-term debt	6	350
(Decrease) in long-term debt	(170)	(9)
Increase in short-term debt	1,296	1,091
(Decrease) in short-term debt	(817)	(435)
Cash flows from debt, net	315	997
Interest paid	(10)	(13)
Purchase and sale of derivative financial instruments, net	(2)	(20)
Lease payments	(19)	
Others, net	-	(3)
Cash flows from financial liabilities	284	961
Distribution to the shareholders paid	(552)	(534)
Cash flows from (for) financing activities	(268)	427
Acquisition of property, plant and equipment	(138)	(129)
Acquisition of intangible assets	(17)	(21)
Acquisition of subsidiary, net of cash acquired	(61)	(247)
Proceeds from the disposal of property, plant and equipment	61	7
Proceeds from disposal of investment property		14
Interest received	3	1
Purchase and sale of financial assets at fair value through income statement, net	2	(605)
Impact of financial transactions on investing, net	(17)	(5)
Others, net	(20)	(6)
Cash flows from (for) investing activities	(187)	(991)
Net increase (decrease) in cash and cash equivalents	(184)	(295)
Net effect of currency translation on cash and cash equivalents	-	(8)
Cash and cash equivalents at the beginning of the period	423	534
Cash and cash equivalents at the end of the period	239	231

All trademarks mentioned enjoy legal protection.

This Financial summary may contain forward-looking information. Such information is subject to a variety of significant uncertainties, including scientific, business, economic and financial factors. Therefore actual results may differ significantly from those presented in such forward looking statements. Investors must not rely on this information for investment decisions.