

Company news

Ad hoc announcement pursuant to article 53 LR
Geneva, 25 January 2024

2023 Full year results

Strong financial performance | record free cash flow |
2025 guidance on track

- Sales of CHF 6.9 billion, an increase of 4.1% on a like-for-like¹ basis and a decrease of 2.8% in Swiss francs
- Strong performance in high growth markets with 10.0% growth on a like-for-like basis
- EBITDA² of CHF 1,473 million and EBITDA margin of 21.3%, versus 20.7% in 2022
- Comparable EBITDA³ margin of 22.4% compared to 20.9% in 2022
- Net income of CHF 893 million, an increase of 4.3% over 2022, and an increase of 14.3% when measured in local currency terms
- Record free cash flow⁴ of CHF 920 million, an increase of 92% over 2022, or 13.3% of sales
- Proposed dividend of CHF 68.00 per share, up 1.5% year-on-year

“We are very pleased with our strong financial performance in 2023, despite the challenging environment that we have faced throughout the year. Our clearly defined strategic positioning and the proactive steps that we have taken to adapt to the broader environment have supported the achievement of these industry leading results” said CEO Gilles Andrier. “We are well on course in all areas of our 2025 strategy and we will remain focused on supporting the growth of our customers with innovative and differentiating solutions.”

Sales performance

Full year Group sales were CHF 6,915 million, an increase of 4.1% on a like-for-like (LFL) basis and a decrease of 2.8% in Swiss francs when compared to 2022.

In an operating environment which continues to be challenging in some key markets and segments, Givaudan sustained good business momentum whilst maintaining its project pipeline, operations and global supply chain at a high level.

The good growth was achieved across product segments and geographies, with the high growth markets growing at 10.0% on a LFL basis and the mature markets declining by 0.6% LFL.

The Company implemented price increases to fully compensate for the increases in input costs in 2023.



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Fragrance & Beauty sales were CHF 3,312 million, an increase of 7.6% LFL and 1.7% in Swiss francs, against a comparable growth of 5.5% LFL in 2022.

On a business unit level Fine Fragrance sales increased by 14.0% LFL, Consumer Products sales increased by 7.1% LFL and Fragrance Ingredients and Active Beauty delivered growth of 1.0% LFL.

The strong growth was driven by the continued excellent performance of Fine Fragrances with sustained high levels of new business, an acceleration of the volume growth of our Consumer Products business in the second half of 2023 and price increases in all business units.

The excellent performance was achieved across all business and customer groups, with a particularly strong performance with the local and regional customers.

Sales in Taste & Wellbeing were CHF 3,603 million, an increase of 1.1% on a LFL basis and a decrease of 6.7% in Swiss francs, against a comparable growth of 5.2% LFL in 2022.

On a regional basis, sales in Latin America increased by 16.8% LFL. In South Asia, Africa and the Middle East, sales increased by 13.2% LFL. In Europe, sales increased by 3.0% LFL. In Asia Pacific, sales decreased by 2.6% LFL and in North America sales decreased by 7.5% LFL.

From a segment perspective, there was double-digit growth in snacks and good growth in sweet goods, offset by weaker volumes in the other segments of health care, savoury and dairy.

Gross margin

The gross profit increased by 3.0% from CHF 2,762 million in 2022 to CHF 2,846 million in 2023. When measured in local currency terms, the gross profit increased by 11.1%. The gross margin dilution effect of the pricing actions to compensate for higher input costs, as well as the lower cost absorption due to lower volumes were more than offset by price increases and by the margin improvement measures taken under the Group's Performance Improvement programme in 2023. As a result, the gross margin increased to 41.2% in 2023 compared to 38.8% in 2022.

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

The EBITDA² was CHF 1,473 million in 2023 compared to CHF 1,476 million in 2022. The EBITDA increased by 8.8% when measured in local currency terms. The EBITDA margin increased to 21.3% in 2023 compared to 20.7% in 2022, whilst on a comparable basis³, the EBITDA margin was 22.4% in 2023 compared to 20.9% in 2022, with a positive contribution from the Group's Performance Improvement programme and continuing effective cost management across the business.

The EBITDA of Fragrance & Beauty increased to CHF 769 million in 2023 compared to CHF 698 million in 2022, whilst the EBITDA margin increased to 23.2% in 2023 from 21.4% in 2022. On a comparable basis the EBITDA margin of Fragrance & Beauty was 24.7% in 2023 compared to 21.6% in 2022.

The EBITDA of Taste & Wellbeing decreased to CHF 704 million from CHF 778 million in 2022, and the EBITDA margin decreased to 19.5% in 2023, from 20.1% in 2022. On a comparable basis the EBITDA margin of Taste & Wellbeing was 20.3% in 2023 flat compared to 2022.

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Operating income

The operating income was CHF 1,116 million compared to CHF 1,112 million in 2022, an increase of 0.3%. When measured in local currency terms, the operating income increased by 11.1%. The operating margin was 16.1% in 2023 compared to 15.6% in 2022.

The operating income for Fragrance & Beauty increased to CHF 624 million in 2023, versus CHF 558 million in 2022. The operating margin increased to 18.8% in 2023 from 17.1% in 2022.

In Taste & Wellbeing, the operating income decreased to CHF 492 million in 2023 from CHF 554 million in 2022. The operating margin decreased to 13.7% in 2023 compared to 14.4% in 2022.

Financial performance

Financing costs in 2023 were CHF 120 million versus CHF 100 million in 2022, due to higher interest expenses linked to the increases in borrowing rates. Other financial expenses, net of income, was CHF 7 million in 2023 compared with CHF 84 million in 2022, with the decrease related to mark-to-market adjustments on marketable securities and significantly lower foreign exchange losses compared to the prior year.

The income tax expense as a percentage of income before taxes was 10%, compared to 8% in 2022, with the tax rate being largely due to one-time effects of tax changes in Switzerland in 2023 and the tax effect of internal post acquisition entity restructuring in 2022. Excluding these one-time effects, the income tax expense as a percentage of sales before tax would have been 17% in 2023 and 16% in 2022.

Net income

The net income was CHF 893 million in 2023 compared to CHF 856 million in 2022, an increase of 4.3% in Swiss francs and when measured in local currency terms, an increase of 14.3%, resulting in a net profit margin of 12.9% versus 12.0% in 2022. Basic earnings per share were CHF 96.81 compared to CHF 92.83 for the same period in 2022.

Cash flow

Givaudan delivered an operating cash flow of CHF 1,373 million in 2023, compared to CHF 948 million in 2022, an increase of 45% over 2022.

Net working capital as a percentage of sales was 24.1%, compared to 26.8% in 2022, with the positive impact of the inventory management focus under the Group's Performance Improvement programme contributing to the reduction.

Total net investments in property, plant and equipment were CHF 211 million, at the same level as 2022.

Intangible asset additions were CHF 60 million in 2023, compared to CHF 78 million in 2022 as the Company continued to invest in its digital roadmap and in bringing all acquired entities on to the Givaudan operating platform.

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Total net investments in tangible and intangible assets were 3.9% of sales in 2023, compared to 4.1% in 2022.

Operating cash flow after net investments was CHF 1,102 million in 2023, versus CHF 659 million in 2022. Free cash flow⁴ was CHF 920 million in 2023, versus CHF 479 million for the comparable period in 2022. As a percentage of sales, free cash flow in 2023 was 13.3%, compared to 6.7% in 2022.

Financial position

Givaudan's financial position remained solid at the end of 2023. Net debt at December 2023 was CHF 4,305 million, compared to CHF 4,530 million in December 2022. The net debt to EBITDA ratio⁵ was 2.9, compared to 3.7 in June 2023 and 3.1 in December 2022.

Dividend proposal

At the Annual General Meeting on 21 March 2024, Givaudan's Board of Directors will propose a cash dividend of CHF 68.00 per share for the financial year 2023, an increase of 1.5% versus 2022. This is the twenty-third 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 to 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 21 March 2024, all current Board members will stand for re-election. All Board members will be elected for a term of office ending at the Annual General Meeting in 2025.

The 2023 full year reports can be downloaded on www.givaudan.com › investors › financial results › results centre: 2023 Integrated Report on Economic and ESG Performance; 2023 Governance, Compensation and Financial Report.

Further information and reconciliations of the Group's Alternative Performance Measures can be found in the Appendix of the 2023 Financial Report.

A conference call will be broadcast on www.givaudan.com on Thursday 25 January 2024 at 15:00 CET.

Upcoming Company Events

Annual General Meeting – 21 March 2024

First quarter sales and annual investor conference – 11 April 2024

Half year results – 23 July 2024

Half year conference – 28 August 2024

Nine month sales – 10 October 2024

Investor days – 23 - 24 October 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	2023	2022
Group sales	6,915	7,117
– Fragrance & Beauty sales	3,312	3,256
– Taste & Wellbeing sales	3,603	3,861
Gross profit	2,846	2,762
– As % of sales	41.2%	38.8%
EBITDA²	1,473	1,476
– As % of sales	21.3%	20.7%
Operating income	1,116	1,112
– As % of sales	16.1%	15.6%
Income attributable to equity holders of the parent	893	856
– As % of sales	12.9%	12.0%
Earnings per share – basic (CHF)	96.81	92.83
Operating cash flow	1,373	948
– As % of sales	19.9%	13.3%
Free cash flow	920	479
– As % of sales	13.3%	6.7%

In millions of Swiss francs except for employees	31 December 2023	31 December 2022
– Current assets	3,615	3,707
– Non-current assets	7,513	7,802
Total assets	11,128	11,509
– Current liabilities	2,061	1,925
– Non-current liabilities	5,069	5,347
– Equity	3,998	4,237
Total liabilities and equity	11,128	11,509
Number of employees	16,263	16,676

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EBITDA

In millions of Swiss francs	2023			2022		
	Group	Fragrance & Beauty	Taste & Wellbeing	Group	Fragrance & Beauty	Taste & Wellbeing
EBITDA as published	1,473	769	704	1,476	698	778
EBITDA as published in %	21.3%	23.2%	19.5%	20.7%	21.4%	20.1%
– Acquisitions, restructuring and project related expenses ^a	-74	-48	-26	-10	-4	-6
Comparable EBITDA ³	1,547	817	730	1,486	702	784
Comparable EBITDA in %	22.4%	24.7%	20.3%	20.9%	21.6%	20.3%

- a. Acquisition, restructuring and project related expenses incurred of CHF 74 million are largely related to the Group's Performance Improvement programme, announced in January 2023, as well as costs related to footprint optimisation and the Competition Authority investigation into the fragrance industry.

Sales performance – January to December

In millions of Swiss francs	2022		2023		Change %			2023		Change %
	Sales as reported	LFL development ¹	Sales LFL ¹	LFL basis ¹	Acquisition impact (net)*	Currency effects	Sales as reported	In Swiss francs		
Group	7,117	290	7,407	4.1%	16	-508	6,915	-2.8%		
– Fragrance & Beauty	3,256	246	3,502	7.6%	24	-214	3,312	1.7%		
– Taste & Wellbeing	3,861	44	3,905	1.1%	-8	-294	3,603	-6.7%		

* Acquisition impact (net)

in millions of Swiss francs

Acquisitions & divestments	Sales included from	Group	Fragrance & Beauty	Taste & Wellbeing
Amyris	April 2023	24	24	
Discontinued and disposed business		-8		-8
Total		16	24	-8

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Sales performance – October to December (quarter only)

In millions of Swiss francs	2022		2023	Change %			2023	Change %
	Sales as reported	LFL development ¹	Sales LFL ¹	LFL basis ¹	Acquisition impact (net)	Currency effects	Sales as reported	In Swiss francs
Group	1,658	131	1,789	7.9%	7	-146	1,650	-0.5%
– Fragrance & Beauty	767	86	853	11.2%	10	-62	801	4.5%
– Taste & Wellbeing	891	45	936	5.0%	-3	-84	849	-4.7%

Sales performance Fragrance & Beauty

In millions of Swiss francs	2022 Sales growth LFL ¹	2023 Sales growth LFL ¹
Fine Fragrances	14.3%	14.0%
Consumer Products	2.0%	7.1%
Fragrance Ingredients and Active Beauty	10.2%	1.0%

Sales performance Taste & Wellbeing

In millions of Swiss francs	2022 Sales growth LFL ¹	2023 Sales growth LFL ¹
Europe	11.1%	3.0%
South Asia, Middle East and Africa	17.6%	13.2%
North America	-6.4%	-7.5%
Latin America	16.7%	16.8%
Asia Pacific	5.3%	-2.6%

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Sales evolution by market – January to December

In millions of Swiss francs	2022		2023		Change %			2023	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	3,156	315	3,471	10.0%	1	-321	3,151	-0.1%	
Mature markets	3,961	-25	3,936	-0.6%	15	-187	3,764	-5.0%	

Sales evolution by region – January to December

In millions of Swiss francs	2023		2022	Change %	
	Sales as reported	Sales as reported	Sales as reported	LFL basis ¹	In Swiss francs
LATAM	847	838	838	15.1%	1.1%
APAC	1,698	1,772	1,772	3.9%	-4.1%
NOAM	1,653	1,881	1,881	-6.8%	-12.1%
EAME	2,717	2,626	2,626	8.4%	3.4%

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.