

Alternative performance measures

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Introduction

On 1 January 2019 the Directive Alternative Performance Measures (DAPM), issued by the SIX Exchange Regulation, came into force with the purpose to promote the clear and transparent use of alternative performance measures.

The Directive prescribes that clear and comprehensible definitions must be disclosed for all alternative performance measures used. Also, for alternative performance measures that are based on a measure included in the financial statements prepared in accordance with recognised accounting standards and which have been adjusted by adding or omitting specific items, a reconciliation statement must be disclosed to a comparable measure in the financial statements according to the recognised accounting standard. Significant reconciliation items must be explained.

Givaudan's Alternative Performance Measures

In the 2023 Full Year Results Media Release and on pages 68 to 71 of the 2023 Integrated Annual Report, the Group uses a number of Alternative Performance Measures that are listed and defined below.

Like-for-Like (LFL)

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.

Reconciliation tables of the LFL sales to the reported sales in accordance with IFRS have been included in the 2023 Full Year Results Media Release.

EBITDA

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.

In millions of Swiss francs	2023	2022
Income for the period	893	856
Interest and other financial (income) expense, net	127	184
Income taxes	96	72
Operating income	1,116	1,112
Depreciation	202	209
Amortisation	154	155
Impairment	1	–
EBITDA	1,473	1,476

Comparable EBITDA

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.

A reconciliation table of the published EBITDA to the Comparable EBITDA (EBITDA as defined in the section EBITDA above) has been included in the 2023 Full Year Results Media Release. In that reconciliation table, all significant one-off items have been explained.

Free Cash Flow (FCF)

FCF refers to operating cash flow after net investments, interest paid, lease payments and purchase and sale of own equity instruments.

In millions of Swiss francs	2023	2022
Cash flows from (for) operating activities	1,373	948
Purchase of property, plant and equipment	(215)	(226)
Proceeds from the disposal of property, plant and equipment	4	15
Purchase of intangible assets	(60)	(78)
Proceeds from the disposal of intangible assets	–	–
Interest paid	(97)	(72)
Lease payments	(56)	(57)
Purchase and sale of own equity instruments, net	(29)	(51)
Free cash flow (FCF)	920	479
Sales	6,915	7,117
Free cash flow (FCF) as a % of sales	13.3%	6.7%

Does not include the acquisition of assets in the form of an asset deal.

Net debt to EBITDA Ratio

The Net debt to EBITDA ratio is calculated as follows:

In millions of Swiss francs	31 December 2023	31 December 2022
Short-term debt	442	356
Long-term debt	4,463	4,649
Less: cash and cash equivalents	(600)	(475)
Net debt	4,305	4,530
EBITDA	1,473	1,476
Net debt to EBITDA ratio	2.92	3.07
Comparable EBITDA	1,547	1,486
Net debt to Comparable EBITDA ratio	2.78	3.05