

2017 Full Year Results

Financial summary



Givaudan

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Key figures

Financial Review

For the year ended 31 December

in millions of Swiss francs except earnings per share data	2017	2016
Sales	5,051	4,663
Gross profit	2,250	2,128
as % of sales	44.5%	45.6%
EBITDA^a	1,089	1,126
as % of sales	21.6%	24.1%
Operating income	869	875
as % of sales	17.2%	18.8%
Income attributable to equity holders of the parent	720	644
as % of sales	14.2%	13.8%
Earnings per share - basic (CHF)	78.18	69.95
Earnings per share - diluted (CHF)	77.54	69.34
Operating cash flow	861	805
as % of sales	17.0%	17.3%
Free cash flow	594	597
as % of sales	11.8%	12.8%

a) 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.

Key figures

Financial Review

For the six months ended 31 December (unaudited)

in millions of Swiss francs except earnings per share data	2017	2016
Sales	2,568	2,329
Gross profit	1,118	1,035
as % of sales	43.5%	44.4%
EBITDA^a	492	488
as % of sales	19.2%	21.0%
Operating income	380	375
as % of sales	14.8%	16.1%
Income attributable to equity holders of the parent	336	276
as % of sales	13.1%	11.9%
Earnings per share - basic (CHF)	36.48	29.96
Earnings per share - basic (CHF)	36.17	29.72
Operating cash flow	592	568
as % of sales	23.1%	24.4%
Free cash flow	462	423
as % of sales	18.0%	18.2%

a) 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.

Key figures

Group

For the year ended 31 December

in millions of Swiss francs	2017	2016
Sales to third parties	5,051	4,663
EBITDA^a	1,089	1,126
as % of sales	21.6%	24.1%
One off items	(87)	62
Comparable EBITDA	1,176	1,064
as % of sales	23.3%	22.8%
Operating income	869	875
as % of sales	17.2%	18.8%

a) 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.

Key figures – by Division

Flavour Division

For the year ended 31 December

in millions of Swiss francs	2017	2016
Sales to third parties	2,708	2,433
EBITDA^a	603	523
as % of sales	22.3%	21.5%
One off items	2	
Comparable EBITDA	601	523
as % of sales	22.2%	21.5%
Operating income	473	382
as % of sales	17.5%	15.7%

a) 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.

Fragrance Division

For the year ended 31 December

in millions of Swiss francs	2017	2016
Sales to third parties	2,343	2,230
EBITDA^a	486	603
as % of sales	20.7%	27.0%
One off items	(89)	62
Comparable EBITDA	575	541
as % of sales	24.5%	24.3%
Operating income	396	493
as % of sales	16.9%	22.1%

a) 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.

Consolidated financial statements

Consolidated Income Statement

For the year ended 31 December

in millions of Swiss francs, except for earnings per share data	2017	2016
Sales	5,051	4,663
Cost of sales	(2,801)	(2,535)
Gross profit	2,250	2,128
as % of sales	44.5%	45.6%
Selling, marketing and distribution expenses	(669)	(640)
Research and product development expenses	(424)	(400)
Administration expenses	(178)	(186)
Share of (loss) profit of jointly controlled entities	–	(1)
Other operating income	42	75
Other operating expense	(152)	(101)
Operating income	869	875
as % of sales	17.2%	18.8%
Financing costs	(42)	(51)
Other financial income (expense), net	(32)	(40)
Income before taxes	795	784
Income taxes	(75)	(140)
Income for the period	720	644
Attribution		
Income attributable to equity holders of the parent	720	644
as % of sales	14.2%	13.8%
Earnings per share – basic (CHF)	78.18	69.95
Earnings per share – diluted (CHF)	77.54	69.34

Consolidated Statement of Comprehensive Income

For the year ended 31 December

in millions of Swiss francs	2017	2016
Income for the period	720	644
Items that may be reclassified to the income statement		
Cash flow hedges		
Movement in fair value, net	3	(14)
Gains (losses) removed from equity and recognised in the consolidated income statement	5	10
Movement on income tax	–	1
Exchange differences arising on translation of foreign operations		
Change in currency translation	63	(125)
Movement on income tax	–	2
Items that will not be reclassified to the income statement		
Defined benefit pension plans		
Remeasurement gains (losses) of post employment benefit obligations	55	(148)
Movement on income tax	(38)	33
Other comprehensive income for the period	88	(241)
Total comprehensive income for the period	808	403
Attribution		
Total comprehensive income attributable to equity holders of the parent	808	403

Consolidated Statement of Financial Position

As at 31 December

in millions of Swiss francs	2017	2016
Cash and cash equivalents	534	328
Derivative financial instruments	16	9
Derivatives on own equity instruments		3
Financial assets at fair value through income statement	2	1
Accounts receivable - trade	1,147	996
Inventories	902	788
Current tax assets	32	26
Prepayments	123	96
Other current assets	98	96
Current assets	2,854	2,343
Derivative financial instruments	1	–
Property, plant and equipment	1,579	1,442
Intangible assets	2,482	2,311
Deferred tax assets	207	259
Post-employment benefit plan assets	21	12
Financial assets at fair value through income statement	63	59
Jointly controlled entities	33	35
Investment property	16	
Other long-term assets	53	53
Non-current assets	4,455	4,171
Total assets	7,309	6,514
Short-term debt	308	7
Derivative financial instruments	12	32
Accounts payable - trade and others	662	494
Accrued payroll & payroll taxes	149	143
Current tax liabilities	49	46
Financial liability: own equity instruments	93	57
Provisions	57	6
Other current liabilities	195	174
Current liabilities	1,525	959
Derivative financial instruments	60	62
Long-term debt	1,300	1,251
Provisions	67	59
Post-employment benefit plan liabilities	644	722
Deferred tax liabilities	99	93
Other non-current liabilities	76	75
Non-current liabilities	2,246	2,262
Total liabilities	3,771	3,221
Share capital	92	92
Retained earnings and reserves	5,682	5,477
Own equity instruments	(157)	(109)
Other components of equity	(2,079)	(2,167)
Equity attributable to equity holders of the parent	3,538	3,293
Total equity	3,538	3,293
Total liabilities and equity	7,309	6,514

Consolidated Statement of Changes in Equity

For the year ended 31 December

2017 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Currency translation differences	Remeasure- ment of post employment benefit obligations	Total equity
Balance as at 1 January	92	5,477	(109)	(73)	(1,519)	(575)	3,293
Income for the period		720					720
Other comprehensive income for the period				8	63	17	88
Total comprehensive income for the period		720		8	63	17	808
Dividends paid		(515)					(515)
Movement on own equity instruments, net			(48)				(48)
Net change in other equity items		(515)	(48)				(563)
Balance as at 31 December	92	5,682	(157)	(65)	(1,456)	(558)	3,538
2016 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Currency translation differences	Remeasure- ment of post employment benefit obligations	Total equity
Balance as at 1 January	92	5,373	(79)	(70)	(1,396)	(505)	3,415
Income for the period		644					644
Other comprehensive income for the period				(3)	(123)	(115)	(241)
Total comprehensive income for the period		644		(3)	(123)	(115)	403
Dividends paid		(495)					(495)
Movement on own equity instruments, net			(30)				(30)
Transfers		(45)				45	
Net change in other equity items		(540)	(30)			45	(525)
Balance as at 31 December	92	5,477	(109)	(73)	(1,519)	(575)	3,293

Consolidated Statement of Cash Flows

For the year ended 31 December

in millions of Swiss francs	2017	2016
Income for the period	720	644
Income tax expense	75	140
Interest expense	29	42
Non-operating income and expense	45	49
Operating income	869	875
Depreciation of property, plant and equipment	114	113
Amortisation of intangible assets	104	132
Impairment of long-lived assets	2	6
Other non-cash items		
- share-based payments	35	33
- pension expense	14	(23)
- additional and unused provisions, net	69	10
- other non-cash items	(52)	(10)
Adjustments for non-cash items	286	261
(Increase) decrease in inventories	(107)	(38)
(Increase) decrease in accounts receivable	(125)	(107)
(Increase) decrease in other current assets	(29)	(53)
Increase (decrease) in accounts payable	136	55
Increase (decrease) in other current liabilities	12	52
(Increase) decrease in working capital	(113)	(91)
Income taxes paid	(73)	(127)
Pension contributions paid	(53)	(45)
Provisions used	(10)	(8)
Purchase and sale of own equity instruments, net	(45)	(48)
Impact of financial transactions on operating income/expense, net		(12)
Cash flows from (for) operating activities	861	805
Increase in long-term debt	350	299
(Decrease) in long-term debt	(17)	-
Increase in short-term debt	670	463
(Decrease) in short-term debt	(705)	(663)
Cash flows from debt, net	298	99
Interest paid	(24)	(33)
Purchase and sale of derivative financial instruments, net	-	(8)
Others, net	(7)	-
Cash flows from financial liabilities	267	58
Distribution to the shareholders paid	(515)	(495)
Cash flows from (for) financing activities	(248)	(437)
Acquisition of property, plant and equipment	(191)	(136)
Acquisition of intangible assets	(53)	(40)
Payments for investment property	(1)	
Increase in share capital of jointly controlled entities		(9)
Acquisition of subsidiary, net of cash acquired	(224)	(331)
Proceeds from the disposal of property, plant and equipment	2	1
Interest received	3	2
Dividends received from jointly controlled entities	2	
Purchase and sale of financial assets at fair value through income statement, net	-	23
Impact of financial transactions on investing, net	35	
Others, net	(2)	(13)
Cash flows from (for) investing activities	(429)	(503)
Net increase (decrease) in cash and cash equivalents	184	(135)
Net effect of currency translation on cash and cash equivalents	22	(15)
Cash and cash equivalents at the beginning of the period	328	478
Cash and cash equivalents at the end of the period	534	328