

# HY 2021 results presentation

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11 February 2021

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# Your presenters today

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CHIEF EXECUTIVE OFFICER

Gilbert Ghostine

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6 years at Firmenich

Previously 21 years at Diageo most recently leading APAC



CHIEF FINANCIAL OFFICER

Benoit Fouillard

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Joined Firmenich 1 September 2020

Previously at Criteo, SAP, Business Objects and British Telecom

# Agenda

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**01** HY 2021 in review

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**02** Financial review

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**03** Q&A

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**04** Appendix

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# 01

# HY 2021 in review

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CHIEF EXECUTIVE OFFICER

Gilbert Ghostine

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# HY 2021 at a glance

## Driving growth and profitability



- Revenue +14.0% at constant currency, +2.3% organically
- Double-digit growth in key markets and segments
- Adj. EBITDA: +4.7% at constant currency
- FCF: CHF 182M (+21%)

## Integrating largest-ever acquisition



- Leader in naturally derived, renewable, biodegradable and sustainable ingredients
- Security of supply for customers
- Integration in progress, with pandemic impact on revenue and profit
- Confirmed quality of assets and strategic rationale

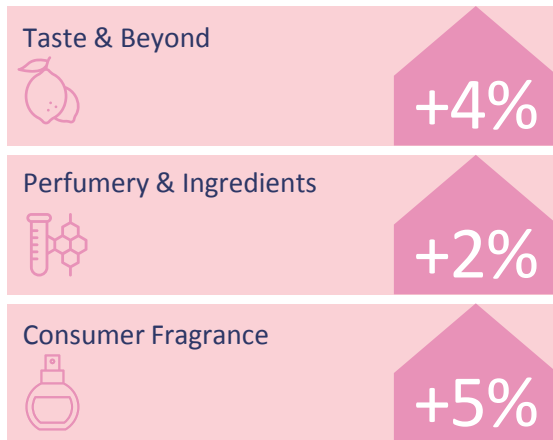
## Well positioned for post-crisis rebound



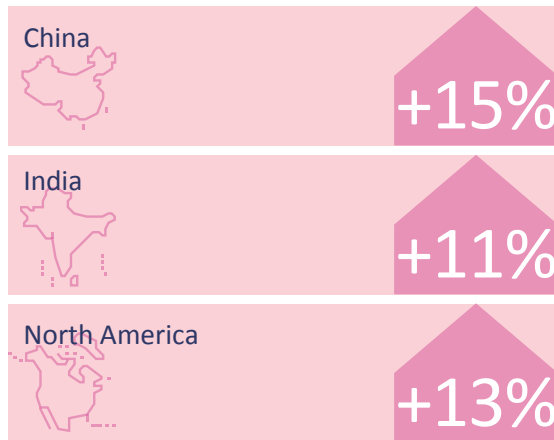
- Proved our resilience
- Investing for the future
- Cultivating our Responsible Business Leadership
- Clear strategic priorities

# H1 2021: Solid performance despite the crisis

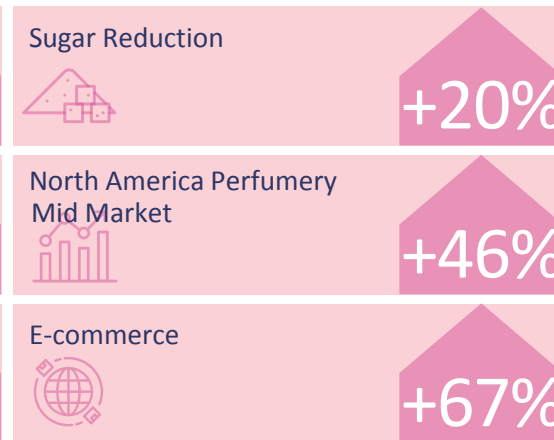
## Growth across our divisions:



## Growth in key geographies:



## Growth in key initiatives:



## Challenges



# DRT: Integration of our largest acquisition in progress

## Transformative acquisition



Largest acquisition in Firmenich history



Leader and most strongly backward integrated in naturally-derived renewable ingredients



Leading innovation platform for renewable, biodegradable and sustainable ingredients

## Integration is in progress

New leadership and organization in place

Growth and profitability strategy deployed

70+ integration workstreams underway

Knowledge-sharing & Best-of-both worlds alignment

## Quality of assets and strategic rationale confirmed

High quality, lean and agile platform

Energized team with strong technical expertise and cultural fit

Complementary end markets with sustainable growth and innovation potential

Customers value our proprietary capabilities and footprint

Material impact of pandemic, not changing our long-term view



# Investing for the future

## Leadership in Naturals

- Naturals Platform
  - Innovation from Flavors to Flavorful Ingredients & Clean Label
  - Responsible & sustainable sourcing
- Partnership with SCA3P, world's leading producer of lavandin in Grasse
- Partnership with Authentic in Madagascar, for the most sustainable and ethical value chain in Vanilla

## Driving Innovation

- Pioneering AI-augmented creation
- Strengthening our position in high-growth segments
  - Sugar Reduction
  - Meat & Dairy Analogues

## Executive Leadership

- New Perfumery Leadership organization
- Senior new hires
  - Group CFO
  - Taste & Beyond: SVP Innovation
  - Perfumery: Chief Consumer & Innovation Officer

# We continue to strengthen our leadership as a Global Responsible Business



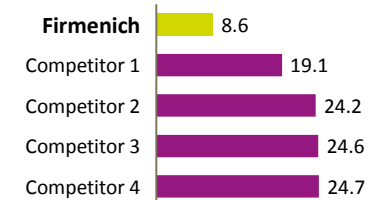
CLIMATE FORESTS WATER

- **AAA rating for 3<sup>rd</sup> consecutive year**
- **1 of only 2 companies worldwide**
- **#1 of 148 companies in Switzerland**



- **ESG risk rating 8.6 (negligible risk)**
- **1/445 in Chemicals**
- **1/123 in Specialty Chemicals**
- **Top 1% among 13,544 companies worldwide**

## #1 in our industry



# Firmenich ESG ambitions

CARBON NEUTRALITY IN OUR DIRECT OPERATIONS BY 2025  
 CARBON POSITIVE IN OUR DIRECT OPERATIONS BY 2030

OUR VISION

As a leading responsible family company, driving an inclusive business model has always been our priority. We set ourselves pioneering 2025 and 2030 goals to create value for our stakeholders today and for the generations to come.

We commit to:

- OPERATE globally with the highest standards of **governance, ethics** and **transparency**
- DELIVER **100% of our products** with a measurable improved **social** and **environmental impact**
- PROTECT the **environment, biodiversity** and **people** through impactful science and innovation

AMBITION

#1 IN RENEWABLE INGREDIENTS

#1 IN CONSCIOUS PERFUMERY

#1 IN DIET TRANSFORMATION

STREAMS



TARGETS

- **Carbon Positive** in our Operations
- **Water Neutral** in water stressed areas
- **Zero** Waste to Landfill
- **100%** Renewable Electricity
- **100%** Plastic Recycled
- **100%** Fragrances will be Renewable (ISO 16128\*)

- Committed to Regenerative Agriculture
- **70 %** Renewable Ingredients
- **90 %** Certified Terpenes & Resins
- **99%** Ultimately or Partially Biodegradable Ingredients in our Fragrance Portfolio

- **Protect Human Rights**
- **No Gender Pay Gap**
- **No Ethnic Pay Gap**
- **100% Living Wage**
- **Certified ingredients**
- **Safety: Total Recordable Case (TRC) rate below 0.20**

DRIVERS



IMPACTFUL SCIENCE



RESPONSIBLE SOURCING



BUSINESS ETHICS



DIGITAL ACCELERATION

\* ISO 16128 provides guidelines on definitions for natural and organic cosmetic ingredients

# Strategic priorities

## Focus resources to maximize organic growth



- Align organization to profitable high growth markets and segments
- Leverage changing consumer preferences post Covid
- Supply chain agility and resilience

## Deliver breakthrough innovation



- Use our consumer insights to prioritize our innovation pipeline
- Leverage DRT proprietary biorefinery capabilities
- Transform through digitalization

## Consolidate leadership in natural, sustainable, renewable & biodegradable products



- Grow our Naturals Platform
- Leverage DRT proprietary raw material access across our business

## Successfully execute M&A integrations



# 02

# Financial review

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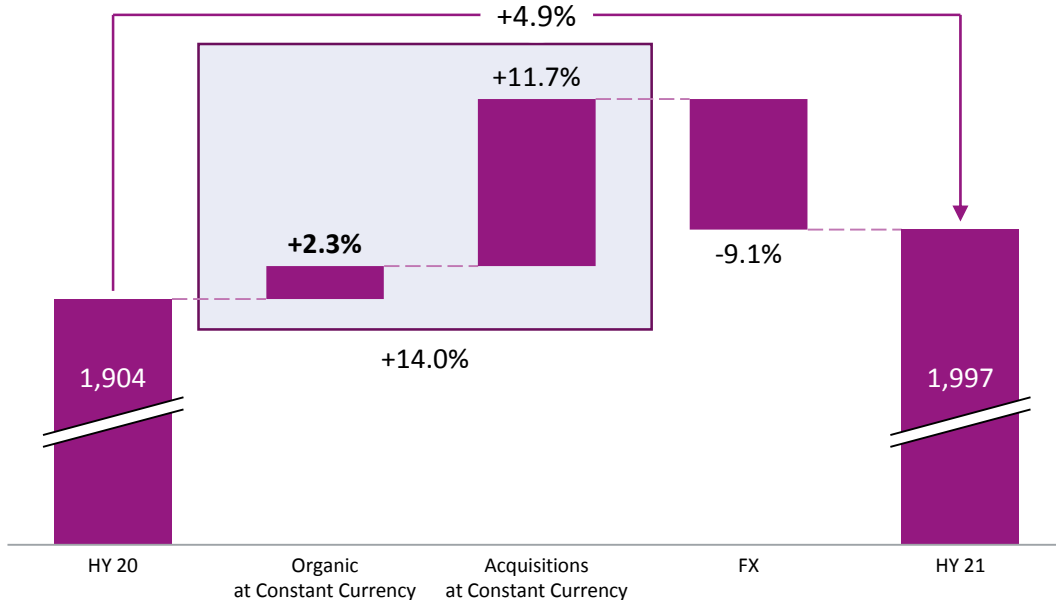
CHIEF FINANCIAL OFFICER

Benoit Fouilland

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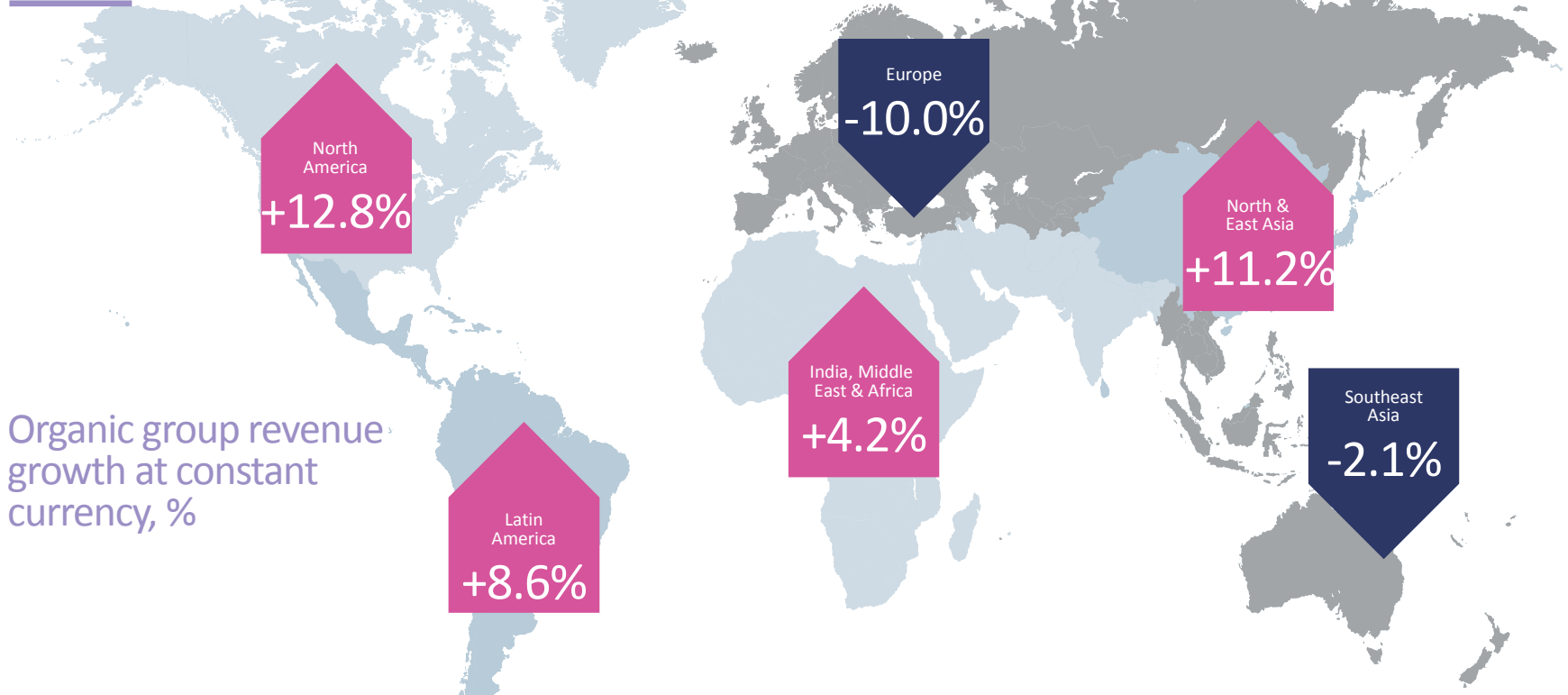
# Delivered sustained revenue growth despite crisis

## Group revenue In CHF m



- Solid topline performance despite the crisis
- Strong contribution from acquisitions
- FX impact in HY 21 topline due to CHF appreciation

# Encouraging rebound in key geographies, despite ongoing challenges

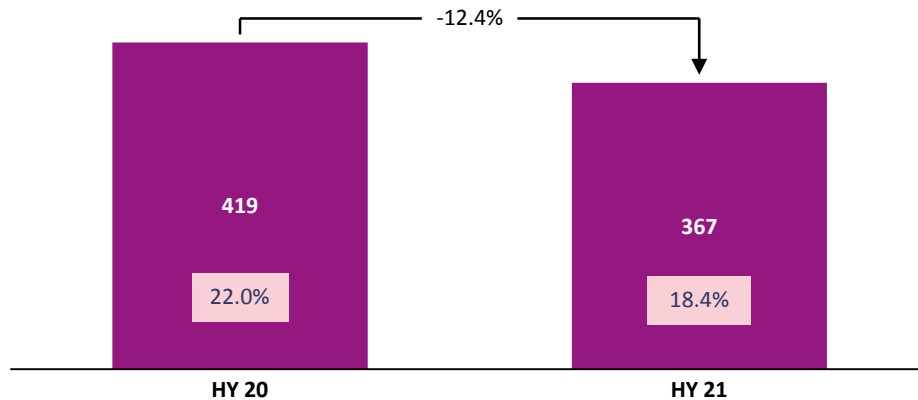


Organic group revenue growth at constant currency, %

# Stable profitability on an organic basis, material impact from acquisitions and FX

## Adj. EBITDA

In CHF m and as % of revenue

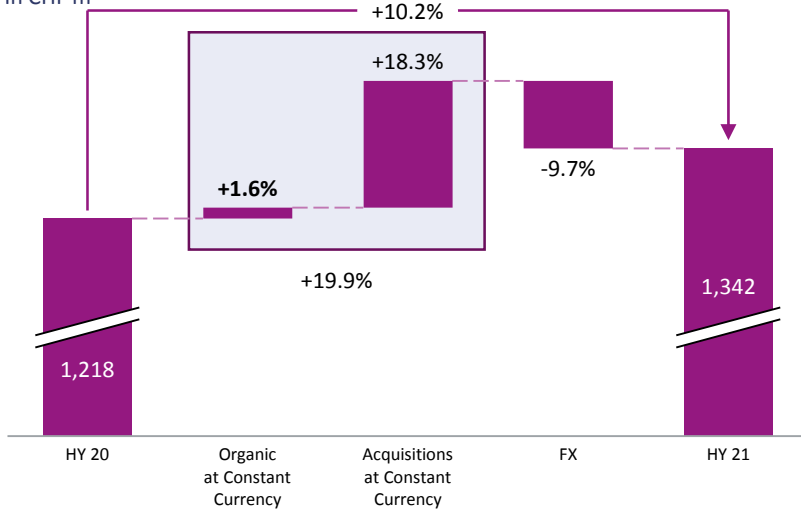


- On an organic basis at constant currency, Adj. EBITDA margin remained stable

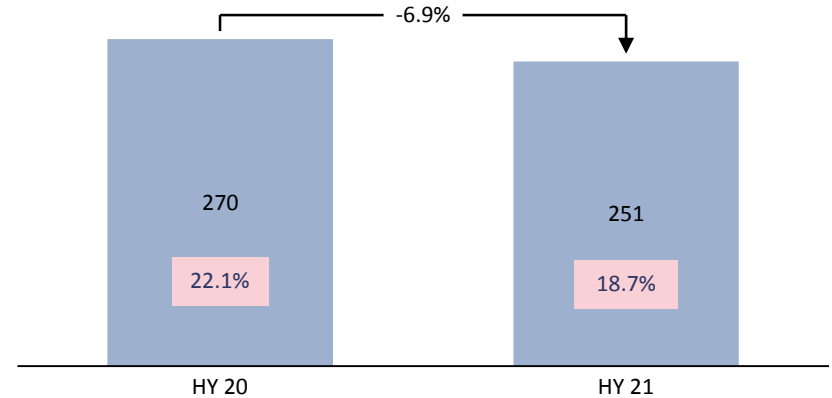


# Perfumery & ingredients: Resilient despite challenging period for Fine Fragrance

**Revenue & Growth**  
In CHF m



**Adj. EBITDA**  
In CHF m and as % of revenue

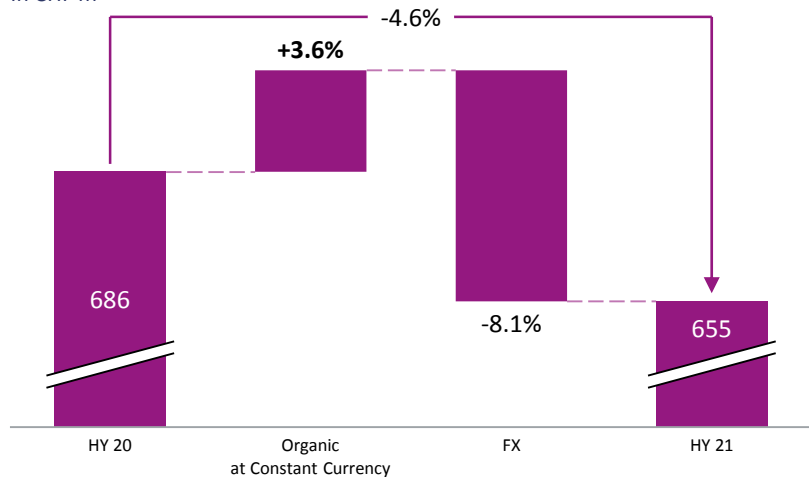


- Growth in Consumer Fragrance, Mid-Market and Ingredients
- Sequential improvement in Fine Fragrance in Q2

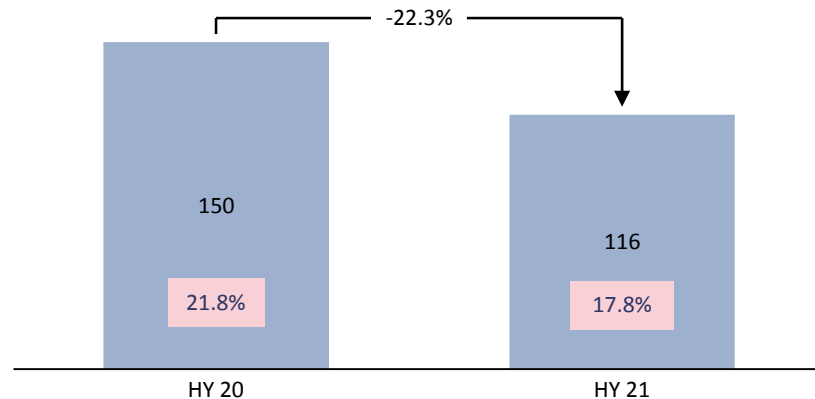
- Negative FX impact and temporary effect of acquisitions
- On organic basis at constant currency, Adj. EBITDA margin increased +130bps

# Taste & Beyond: solid organic growth, profitability impacted by pandemic

**Revenue & Growth**  
In CHF m



**Adj. EBITDA**  
In CHF m and as % of revenue

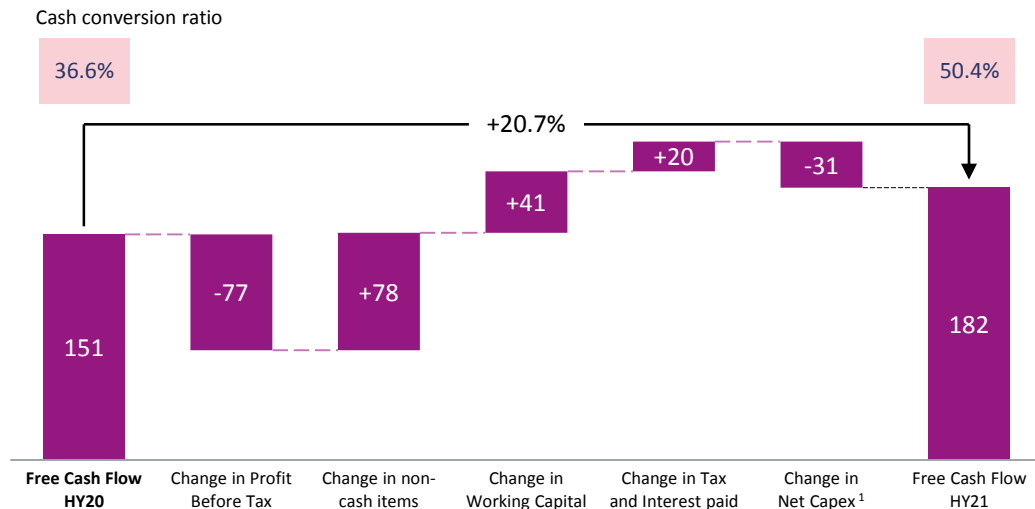


- Organic growth driven by Beverages, Dairy, Sugar Reduction
- Double-digit performance in key markets of China and North America
- High adoption rates linked to strength in consumer insights

- Impact of FX, mix pressure linked to Covid, and raw material price fluctuations, partly offset by cost control measures

# Free cash flow increased 21% thanks to tight Working Capital Management

In CHF m



- Payables/Receivables management offset reconstitution of Covid safety inventories
- Capex and integration expenses linked to DRT and MG acquisitions

Note: Financial Year ends 30 June

<sup>1</sup> Net Capex includes Disposals and Government grants

# Leverage & financial policy: Committed to strong investment-grade credit rating

## Pro forma leverage

Leverage	(in CHFm)
Bond program	2 895
Other debt	278
Cash	– 638
Net debt	2 534
Leases / Pensions	829
Hybrid 50% equity credit	– 405
Adjusted net debt	2 958
Pro forma EBITDA	844
Pro forma adjusted leverage	3.5x

## Mid-to-long term financial policy

### Leverage

- Aim to maintain a conservative capital structure commensurate with a strong investment grade credit rating

### Liquidity

- Preserve a conservative liquidity policy and aim to have a minimum of c. CHF 750mm funds on hand or available to draw at any time

### Dividend

- Stable dividend over time, historical average c.50% of FCF
- Dividend payout ratio comparable to publicly listed industry peers

**Commitment to a strong investment-grade credit rating, underpinned by a defensive capital structure with conservative liquidity and dividend policy**

# 03

# Q&A

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# 04

# Appendix

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# Definitions

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**Organic growth at constant currency** reflects the real internal growth of the business after removing the impact of acquisitions completed during the previous 12 months, and exchange rate movements. This provides a "like-for-like" comparison with the previous year in constant scope and constant invoicing currency, enabling deeper understanding of the business dynamics which contributed to the evolution of revenue, gross profit and Adjusted EBITDA, from one year to another.

**EBITDA**, defined as Earnings Before Interest, Tax, Depreciation and Amortization, corresponds to operating profit before depreciation, amortization, impairment losses and release of government grants.

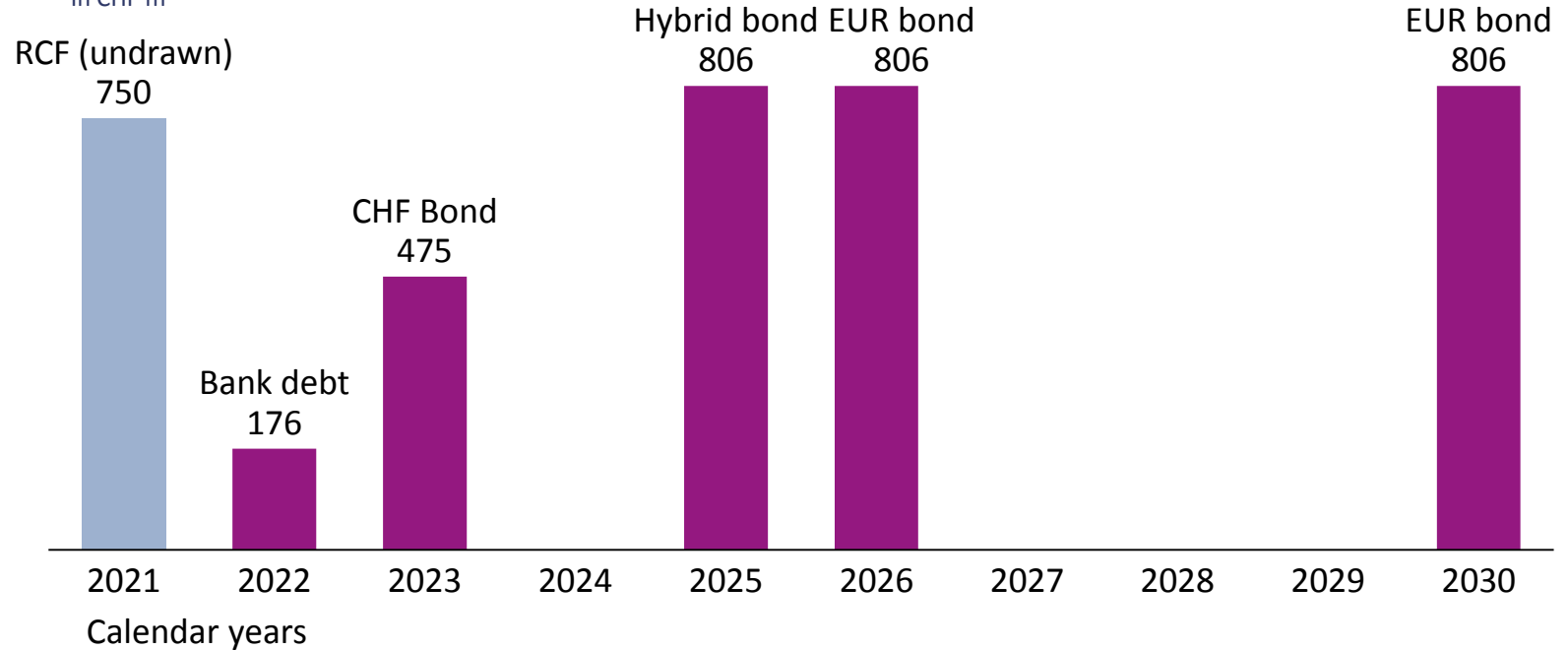
**Adjusted EBITDA** is the reported EBITDA, as adjusted for significant items that have an impact on the understanding of the underlying normal operating activities. Adjusted items comprise restructuring costs, gain and loss on non-current assets, acquisition-related costs and impact of curtailment.

**Free cash flow** equals cash flows from operating activities less net investments. It represents the cash generating capability of the Group to pay dividends, repay providers of capital, or carry out acquisitions, if any.

# Debt profile

## Maturity profile of Firmenich funding

In CHF m





# Thank you

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