PRESS RELEASE

Firmenich Reports Solid Half Year Results despite Pandemic

Delivering sustained revenue and free cash flow growth, while demonstrating resilient profitability. Integrating largest-ever acquisition.

Geneva, Switzerland, February 11, 2021 – Firmenich International SA, the world's largest privately-owned Perfume and Taste company, announced its Half Year Results for the six months ended 31 December 2020.

Financial Highlights

- Total Revenue reached CHF 1,997 million, up 2.3% on an organic basis at constant currency[1]. Including acquisitions, Total Revenue increased 14.0% year-over-year at constant currency. On a reported basis, Total Revenue increased 4.9% year-over-year
- Adjusted EBITDA[2] of CHF 367 million, up 1.6% year-over-year on an organic basis at constant currency, and down -12.4% year-over-year on a reported basis
- Adjusted EBITDA margin of 18.4%. On an organic basis at constant currency, Adj. EBITDA margin remained stable year-over-year. On a reported basis, Adj. EBITDA margin decreased by 360 basis points, due to the negative impact of foreign exchange and the impact of the pandemic on our acquisitions
- Free Cash Flow[3] of CHF 182 million, up 20.7% year-over-year
- EBITDA to Free Cash Flow conversion ratio of 50%, an increase of 13 percentage points from 37% in HY 2020

Operating Highlights

- Demonstrated sustained organic revenue growth across Taste & Beyond and Perfumery & Ingredients divisions, despite the global Covid-19 pandemic
- Delivered double-digit revenue growth in key geographies: China +15.1%, North America +12.8% and India +11.4%, on an organic basis at constant currency
- We are in the process of integrating DRT, our largest ever acquisition, to build the leading innovation platform for renewable, biodegradable and sustainable ingredients. The pandemic had a material impact on revenue and profit during the first half of the year
- Strengthened leadership team with new senior appointments and a new Perfumery leadership organization
- Cultivated responsible business leadership, obtaining a CDP AAA rating for the 3rd year running, and an industry-leading Sustainalytics ESG rating of 8.6, in the top 1% of the 13,500 companies rated

"Firmenich continued to perform strongly across its business in the first half of FY2021. I would like to warmly thank all of our 10,000 colleagues around the world for their tremendous resilience and agility. For more than 125 years, our people have been the bedrock of our success. Together, we have weathered many major global crises, and I am confident we will once more emerge stronger from these testing times" said Patrick Firmenich, Chairman of the Board.

"Firmenich delivered a solid performance in the past six months, underpinned by sustained organic growth, despite new peaks in the pandemic. In a challenging environment, I am pleased that we demonstrated again the strength of our business, growing at double-digit rates in key markets such as China, North America and India. Thanks to the dedication of our colleagues, we maintained the highest level of service for our customers, supplying the global food chain and essential home and personal care products. I firmly believe that we are well positioned to capture the opportunities that will arise after this public health crisis," said Gilbert Ghostine, CEO of Firmenich.

HY2021 Performance

Total Revenue reached CHF 1,997 million, up 2.3% year-over-year on an organic basis at constant currency. Including acquisitions, Total Revenue increased 14.0% year-over-year at constant currency. On a reported basis, Total Revenue increased 4.9% year-over-year. Foreign exchange, in comparison to prior year rates, had an unfavorable impact of minus CHF 174 million on Total Revenue.

Taste & Beyond Revenue increased +3.6%, organically at constant currency, driven by Beverages, Sweet Goods, and Sugar Reduction, more than offsetting the temporary negative impact of the crisis on Foodservice and Savory goods.

Perfumery & Ingredients Revenue increased +1.6%, organically at constant currency, driven primarily by Consumer Fragrance and Ingredients. Our Mid-Market Perfumery platform in North America delivered strong double-digit organic growth. Fine Fragrance continues to be impacted by the retail closures and travel restrictions, yet we have seen an encouraging sequential improvement in the second quarter.

Adjusted EBITDA

Adjusted EBITDA reached CHF 367 million, up 1.6% on an organic basis at constant currency, and down 12.4% on a reported basis. Foreign exchange, in comparison to prior year rates, had an unfavorable impact of minus CHF 72 million on the Adjusted EBITDA.

Adjusted EBITDA margin was 18.4%, a decrease of 3.6 percentage points in comparison to 22.0% in the prior year. Half of this decrease is explained by foreign exchange and the remaining half is due to the impact of the pandemic on our acquisitions. On an organic basis at constant currency, Adjusted EBITDA margin stayed constant in comparison to the prior year.

Cash Flow

Free Cash Flow increased 20.7% year-over-year to CHF 182 million, thanks to tight working capital management, underscoring our prudent execution during the crisis. As a result, our conversion ratio of EBITDA to Free Cash Flow reached 50%, an increase of 13 percentage points in comparison to the prior year.

DRT Integration

Last fiscal year, we completed the transformational acquisition of DRT, a leader in naturally-derived renewable ingredients. This acquisition enables Firmenich to build the world's leading innovation platform for renewable, biodegradable and sustainable ingredients for Fragrances, Flavors and Nutrition. While we are in the process of integrating DRT, revenue and profit were materially impacted by the pandemic in the first half of the year, as a result of lower volume and demand in the DRT industrial end markets as well as in the fine fragrance market. Despite this soft start, we remain entirely confident in the strategic fit of the acquisition, as well as in the quality of the assets and the team. Feedback from our customers on the value of our unique and proprietary access to renewable ingredients confirms our confidence that DRT provides us a long-term competitive advantage.

Responsible Business

We have continued to strengthen our leading position in Environmental, Social and Governance issues. Running our business responsibly and sustainably is a core pillar of our company culture. We are very proud of our ESG credentials and awards that recognize our commitment to both climate change and social causes. Among other achievements, we would like to highlight that we are one of only two companies worldwide to have been awarded, for the third year in a row, the CDP AAA rating for climate change, water security and forests. Additionally, we are proud to have received an ESG rating of 8.6 from Sustainalytics, placing us in the lead in our industry and in the top 1% of companies rated worldwide.

Disclosure

This information is provided by Firmenich International SA pursuant to the EU Market Abuse Regulation 596/2014 and the Swiss FMIA. The information was submitted for publication, through the contact persons set out below, at 7:00 CET on 11 February 2021. Further information is available for investors on https://investors.firmenich.com.

Contacts

Firmenich
Diego Chantrain, Investor Relations
Email: investor_relations@firmenich.com

FTI Consulting (Financial PR)
Jonathon Brill
Email: firmenich@fticonsulting.com
Tel: +44 (0) 20 3727 1000

About Firmenich

Firmenich is the world's largest privately-owned perfume and taste company, founded in Geneva, Switzerland, in 1895 and has been family-owned for 125 years. Firmenich is a leading business-to-business company operating primarily in the fragrance and taste market, specialized in the research, creation, manufacture and sale of perfumes, flavors and ingredients. Renowned for its world-class research and creativity, as well as its leadership in sustainability, Firmenich offers its customers superior innovation in formulation, a broad and high-quality palette of ingredients, and proprietary technologies including biotechnology, encapsulation, olfactory science and taste modulation. Firmenich had an annual turnover of CHF 3.9 billion at end June 2020. More information about Firmenich is available at www.firmenich.com

[1] 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 margin and Adjusted EBITDA, from one year to another.

[2] 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.

[3] 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.