

# Half Year 2023 results presentation

16<sup>th</sup> February 2023



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# Your presenters

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CHIEF EXECUTIVE OFFICER

**Gilbert Ghostine**



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CHIEF FINANCIAL OFFICER

**Benoit Fouillard**





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## Agenda

01

HY 2023 IN REVIEW

02

FINANCIAL REVIEW

03

Q&A

04

APPENDIX



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# 01

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## HY 2023 in review

CHIEF EXECUTIVE OFFICER

**Gilbert Ghostine**

# At a glance

## RECORD REVENUE AND STRONG ADJUSTED EBITDA

+11.5%

Double-digit  
Revenue  
growth at  
constant  
currency

+7.3%

Adj. EBITDA  
growth at  
constant  
currency

## PROACTIVE AND AGILE EXECUTION IN CHALLENGING MARKETS

- Double-digit Revenue growth, sustained demand across all key markets, driven by a balanced contribution of volume / mix and pricing
- Adaptable business model, with proactive pricing initiatives to preserve profitability, whilst ensuring customer supply security
- 7.3% Adj. EBITDA growth, at constant currency, despite inflationary environment, whilst maintaining strong investment in R&D
- Delivering breakthrough innovation and leading in natural, renewable products
- Continuously raising the bar in ESG

### Notes:

Half year ending 31 December

Revenue and Adjusted EBITDA growth figures expressed at constant currency

Please refer to Alternative Performance Measurements in Appendix for definition of non-IFRS terms

# Continue to lead the industry, with momentum across all divisions and key geographies

## STRONG REVENUE GROWTH ACROSS THE BUSINESS



Taste & Beyond

↗ +16%



Fine Fragrance

↗ +20%



Consumer Fragrances

↗ +6%



Ingredients

↗ +8%

## REVENUE GROWTH ACROSS ALL REGIONS, STRONG MOMENTUM IN KEY GEOGRAPHIES

Europe



↗ +17%

China



↗ +18%

India



↗ +24%

## ADJ. EBITDA GROWTH at constant currency



Adj. EBITDA at constant currency

↗ +7%



# Innovation investment driving growth

## SUPERIOR PERFORMANCE IN KEY INITIATIVES



Sugar  
reduction

↗ +32%



Plant-based  
proteins

↗ +10%



Renewable  
fragrances

↗ +42%

## CONTINUED LEADERSHIP IN INNOVATION

### New ingredients

Developing solutions that respond to consumer demand for more natural, traceable and sustainable products



### Digitalization & AI

Pioneering AI-enabled and digital-first collaborative platforms for product development and selection, expanding to new geographies

### Reinventing fragrance encapsulation with PopScent® EcoMax

First capsule made with 100% biodegradable ingredients<sup>1</sup>



### Proving wellness benefits with EmotiCODE™ Focus

First AI-generated patent-pending fragrance design rules proven to improve mental performance



# Leadership in natural and sustainable products

## FIRGOOD™



Success for our unique Firgood™ collection, with new significant customer wins in the first semester, including the latest perfume, Fame by Paco Rabanne

## Casmiwood™



Extending our green chemistry processes with Casmiwood™, a new woody synthetic and differentiating ingredient for perfumery

## SmartProteins®



Campus proteins expertise: Serving the ongoing consumer shift toward more plant-based alternatives to meat and dairy products, with better-tasting and more diverse analogs

# Effective and proactive pricing actions

## CONTINUED CHALLENGING EXTERNAL ENVIRONMENT

### INFLATION

- Raw materials
- Volatile energy markets
- Logistics

### FOREIGN EXCHANGE

- Impact across the business, especially P&I
- Strong CHF



## PROTECTING MARGINS

- Proactive pricing initiatives in place, inc. energy surcharge
- Sustained customer demand
- Working with customers to offset input cost inflation
- Expense discipline

## PROTECTING CUSTOMER SUPPLY

- Higher safety inventories to ensure best-in-class service
- Leveraging vertical integration
- Diversifying sources of supply
- Committed to strong cash generation

# Commercial success with sustainability

## INDUSTRY LEADING RECOGNITION



LexisNexis names Firmenich as one of the world's most dynamic innovators

Only company in our industry



**CLIMATE FORESTS WATER**

1 of only 2 companies worldwide to be triple A for 5 consecutive years



SBTi approval of our Net-Zero emissions target

One of 1<sup>st</sup> companies globally



51st out of over 15,500 companies worldwide and industry leader

ESG Risk Rating: 7.5

# Priorities for H2 23

**01**

PROFITABLE  
ORGANIC  
GROWTH AND  
MARKET SHARE  
GAINS



**02**

OFFSET INFLATION  
THROUGH  
PROACTIVE  
PRICING TO  
PRESERVE  
PROFITABILITY



**03**

LEADING IN  
BREAKTHROUGH  
INNOVATION



**04**

RETURN TO  
STRONG CASH  
GENERATION  
WITH  
NORMALIZED  
WORKING CAPITAL





02

Financial  
review

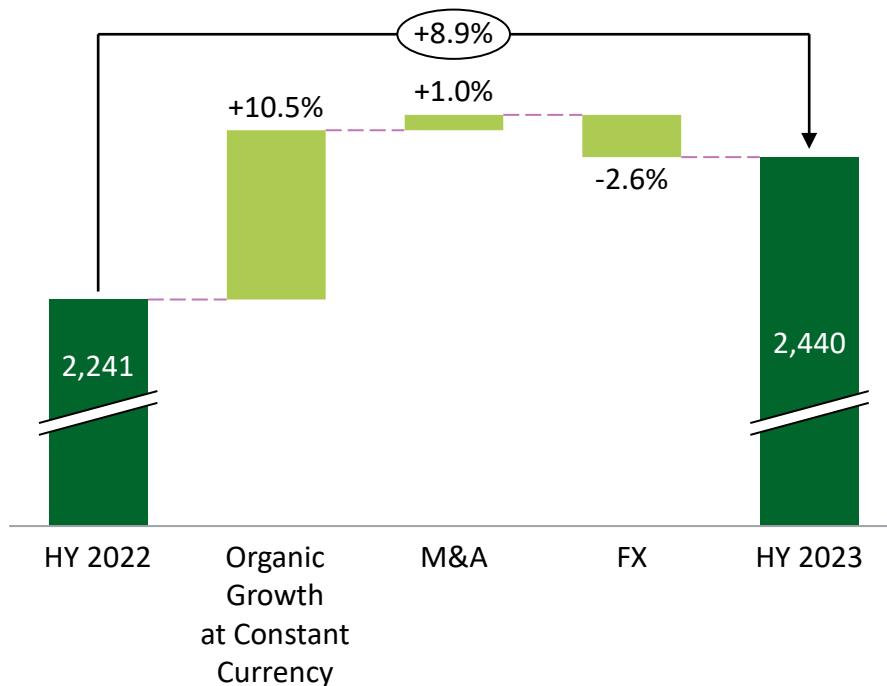
CHIEF FINANCIAL OFFICER

**Benoit Fouillard**

# Double-digit Revenue growth with momentum across the business

## REVENUE & GROWTH

In CHF m

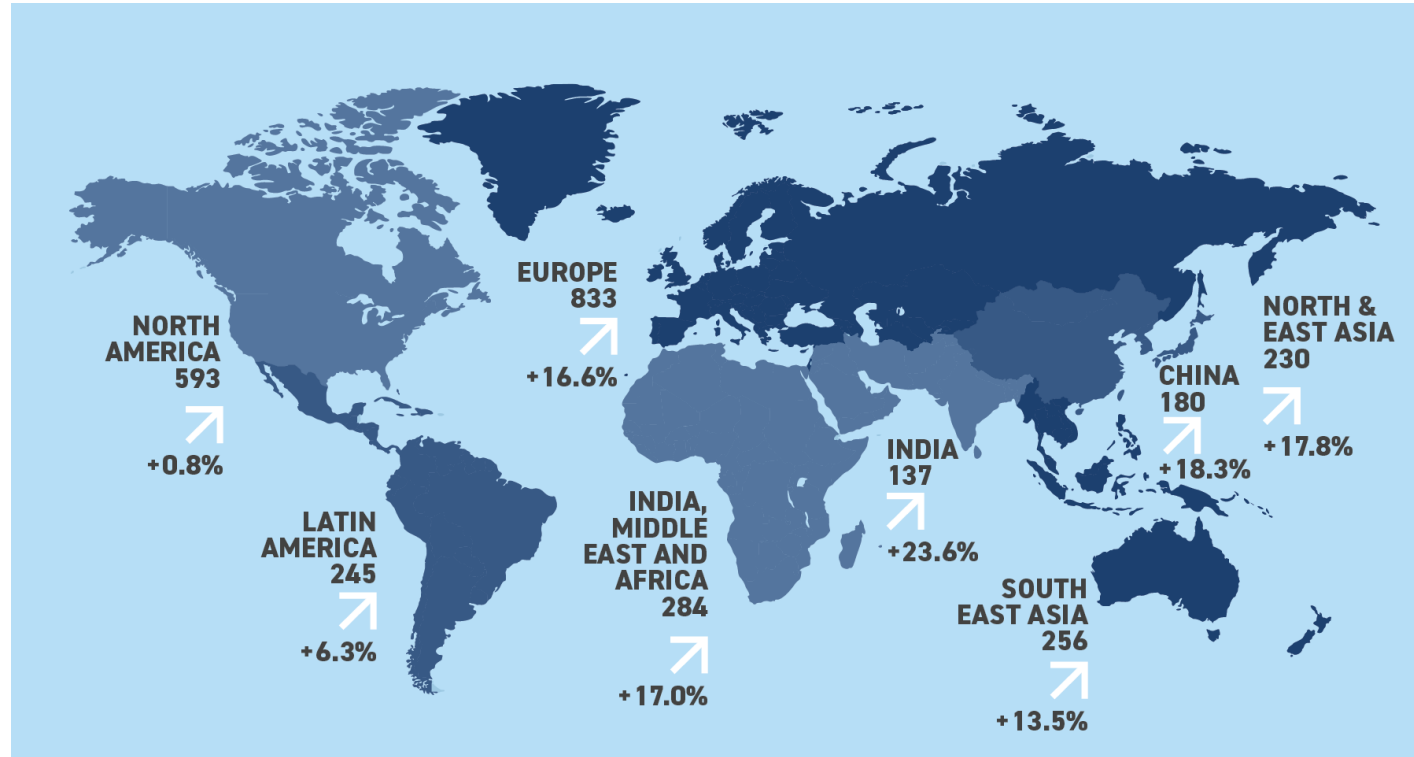


- +11.5% Revenue growth at constant currency
- Strong momentum across divisions, on the back of superior customer service and sustained demand
- Positive impact of both volume/mix and pricing
- Outperforming key competitors and gaining market share in core areas
- Revenue growth driven by ongoing investment and innovation initiatives

# All regions driving revenue growth

## REVENUE & GROWTH BY REGION

In CHF m, Revenue growth at constant currency



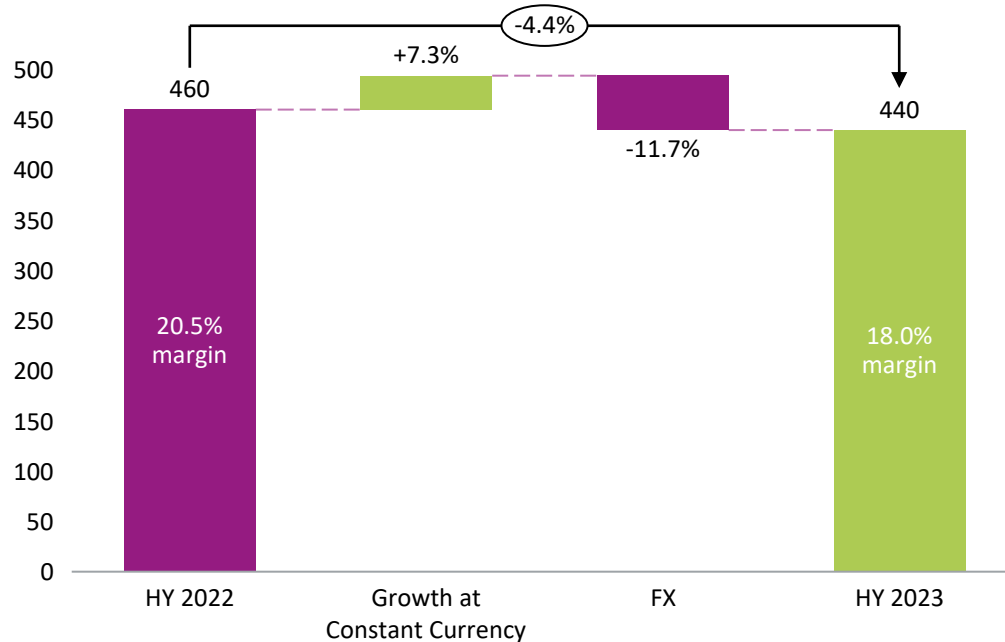


## ADJUSTED EBITDA

# Growth at constant currency, driven by volume/mix and pricing, in a challenging cost environment

### ADJ. EBITDA & Growth

In CHF m, Adj EBITDA margin as % of revenue



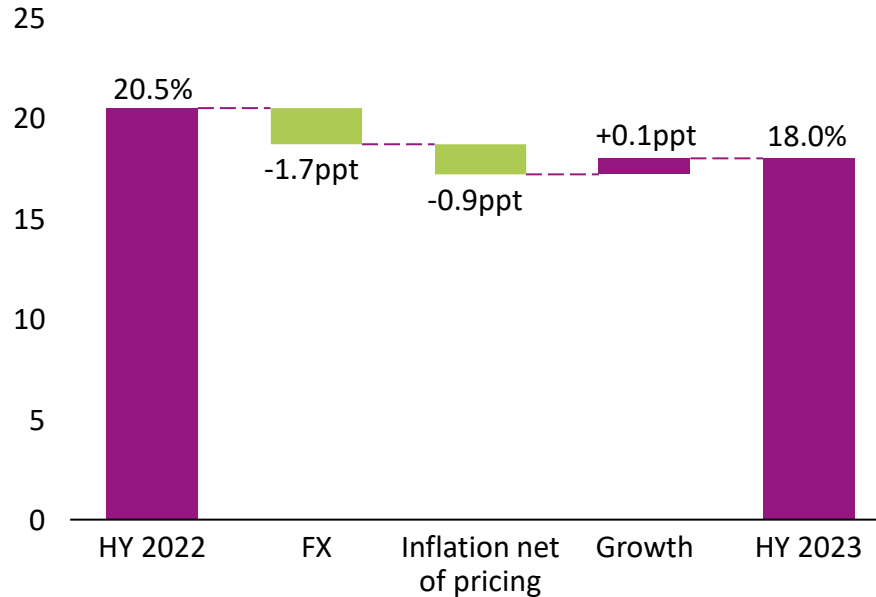
- +7.3% Adj. EBITDA growth at constant currency
- Balanced contribution from volume/mix and strong pricing, mitigated by inflation
- Proactive pricing initiatives offsetting ongoing raw material, transportation and energy cost inflation
- Negative CHF -54m FX impact

## ADJUSTED EBITDA

# Adj. EBITDA margin materially impacted by FX and inflation

### ADJ. EBITDA Margin

% of revenue



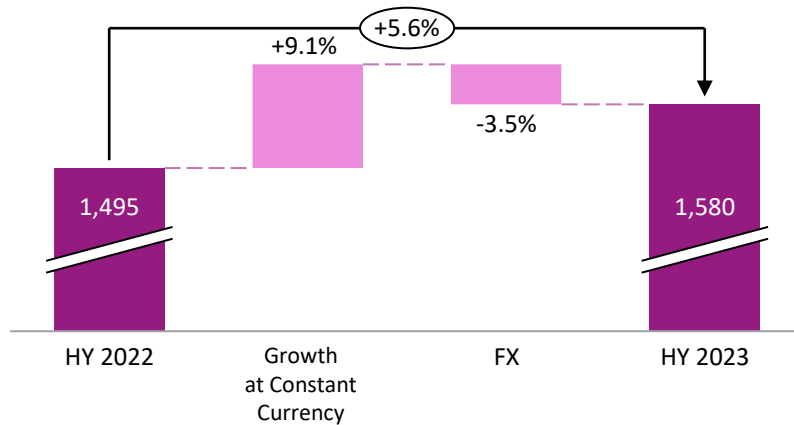
- Group Adj. EBITDA margin of 18.0%
- Negative FX impact of -1.7 ppt on Adj. EBITDA margin
- Adj. EBITDA margin further impacted by -0.9 ppt due to inflation, net of pricing
- Solid underlying Adj. EBITDA margin across divisions

# PERFUMERY & INGREDIENTS

## Growth driven by Fine Fragrance and Ingredients

### REVENUE & GROWTH

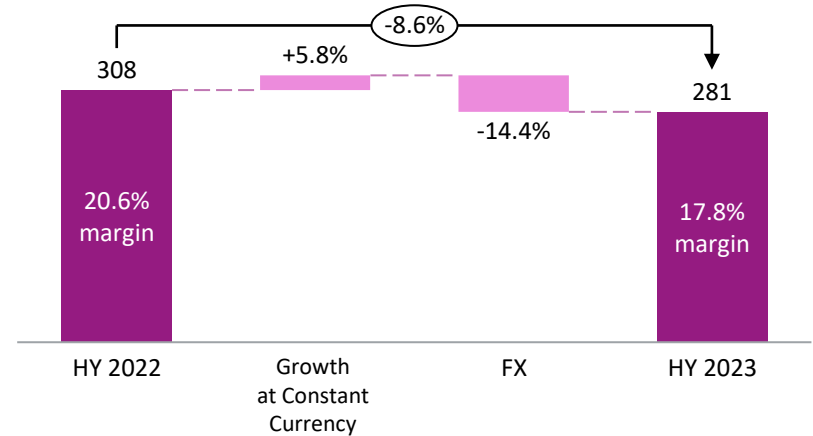
In CHF m



- Fine Fragrance: +20.2% growth, outperforming the industry
- Consumer Fragrances: solid +6.1% growth, driven by strong pricing
- Ingredients: +8.1% growth with strong pricing and sustained customer demand

### ADJ. EBITDA & GROWTH

In CHF m, Adjusted EBITDA margin as % of revenue

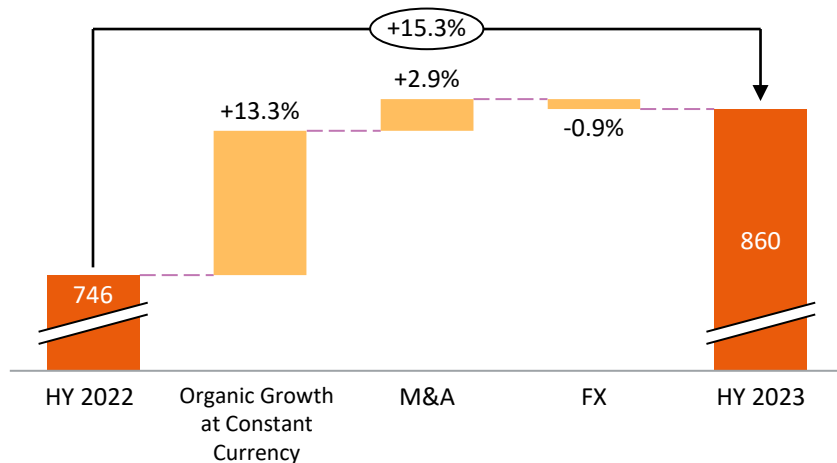


- Adj. EBITDA growth of +5.8% at constant currency, driven by pricing and volume/mix
- Negative FX impact of CHF -44 million
- Negative FX impact of -2.1 ppt on Adj. EBITDA margin
- Inflation mitigated by proactive pricing measures

# Double-digit Revenue growth across division

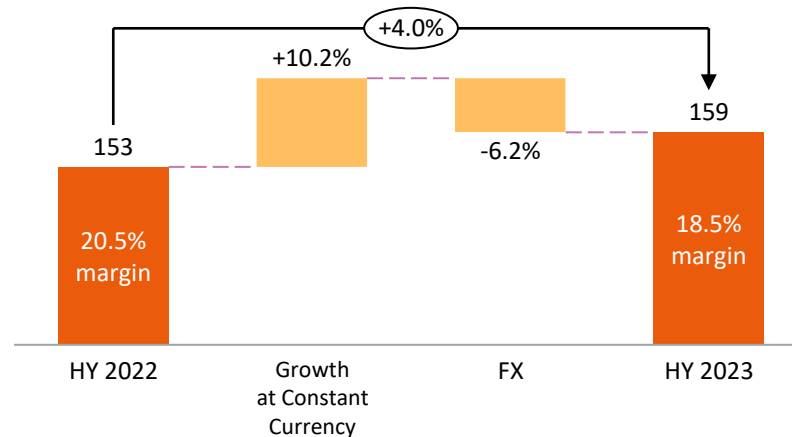
## REVENUE & GROWTH

In CHF m



## ADJ. EBITDA & GROWTH

In CHF m, Adjusted EBITDA margin as % of revenue

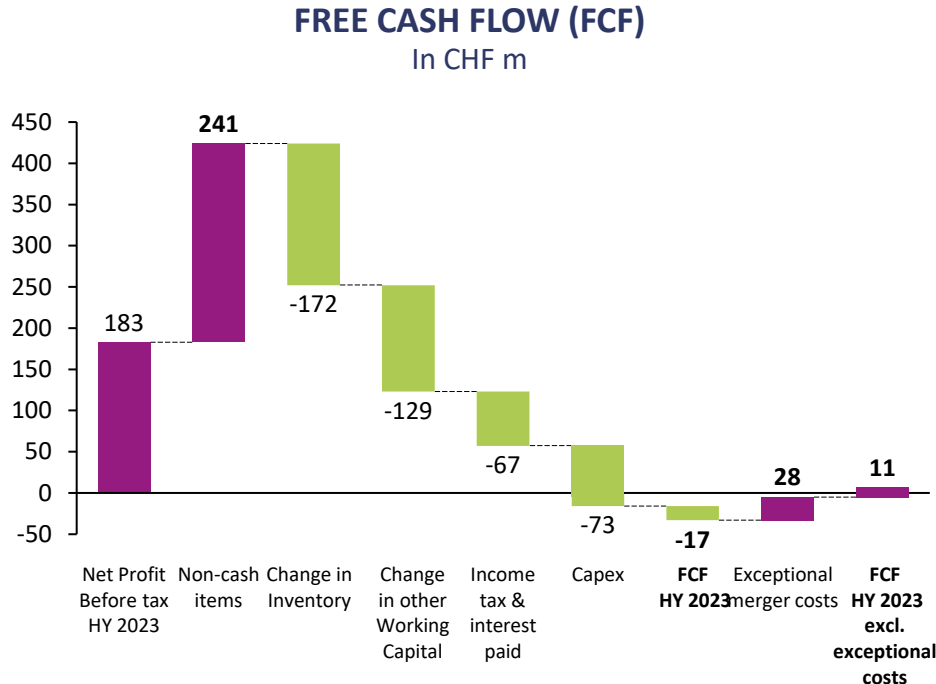


- +16.2% growth at constant currency and double-digit growth across all segments, with particular strength in Beverages
- Double-digit growth in key strategic initiatives and digital channels
- Significant new business wins from product innovation, as well as commercial focus and consumer insights

- Adj. EBITDA growth of +10.2% at constant currency, driven by pricing, volume/mix and acquisitions
- Negative CHF -9m impact of FX
- Negative -0.9 ppt FX impact on Adj. EBITDA margin
- Proactive pricing measures offsetting inflation

## FREE CASH FLOW

# Soft cash flow generation due to temporary material impact of high inventory levels on working capital



- High inventory levels linked to prioritizing customer service levels and to raw material cost inflation
- Inventory expected to return to normalized levels
- Strong Revenue performance in Q2 led to higher receivables
- Merger related exceptional costs of CHF 28 million

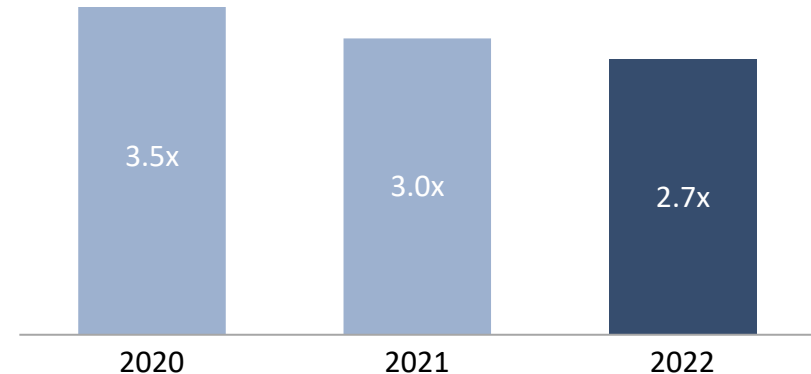
## LEVERAGE & FINANCIAL POLICY

# Sustained deleveraging, in line with commitment to strong investment-grade credit rating

### ADJUSTED LEVERAGE (S&P method estimate)

Leverage	(in CHFm)
Bond program	2,684
Other debt	288
Cash	– 584
Net debt (S&P)	2,389
Leases / Pensions	400
Hybrid 50% equity credit	– 370
Adjusted net debt	2,419
Adjusted EBITDA (12 months rolling pro-forma)	889
Adjusted leverage	2.7x

### ADJUSTED LEVERAGE AS OF 31 DECEMBER





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03

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Q&A





04

Appendix

# Alternative performance measurements

## GROWTH AT CONSTANT CURRENCY (CCY)

Growth at Constant Currency is used by our management and Board of Directors to evaluate operating performance. We believe that the elimination of the effect of foreign currency variations can provide useful period-to-period comparisons of our operation performance and enable a better understanding of the underlying factors contributing to such performance.

Growth at Constant Currency is computed by comparing current period results converted at prior period foreign exchange rates to prior period results at prior period foreign exchange rates.

## GROWTH ON AN ORGANIC BASIS (ORGANIC)

Growth on an Organic Basis is used by our management and Board of Directors to evaluate operating performance. We believe that the elimination of the impact of business acquisitions and disposals can provide useful period-to-period comparisons of our operating performance and enable a better understanding of the underlying factors contributing to such performance.

Growth on an Organic Basis is calculated by excluding the impact of business acquisitions and disposals for a period of 12 months following or preceding the date of such business acquisition or disposal, respectively.

# Alternative performance measurements (cont.)

## REVENUE GROWTH ON AN ORGANIC BASIS AT CONSTANT CURRENCY (OCCY)

Revenue Growth on an Organic Basis at Constant Currency is used by our management and Board of Directors to evaluate operating performance. We believe that the elimination of the impact of business acquisitions, disposals and foreign currency variations from Revenue can provide useful like-for-like period-to-period comparisons of our sales performance and enable a better understanding of the underlying factors contributing to such performance.

Revenue Growth on an Organic Basis at Constant Currency is calculated as described above in the respective sections “Growth at Constant Currency” and “Growth on an Organic Basis”.

The table below provides the reconciliation of OCCY to Revenue growth as follows:

For the six months ended (In CHF m)	December 31, 2022	December 31, 2021	Year-over-year	Year-over-year in %
Revenue	2,440.1	2,241.3		
Revenue growth			198.8	8.9%
Effect of foreign exchange rates			-58.2	-2.6%
Growth at Constant Currency (CCY)			257.0	11.5%
Effect of business acquisitions and disposals			21.6	1.0%
Revenue Growth on an Organic Basis at Constant Currency (OCCY)			235.4	10.5%

# Alternative performance measurements (cont.)

## EBITDA

EBITDA is defined as earnings before financial income (expense), tax depreciation and amortization. It corresponds to operating profit before depreciation, amortization and impairment losses.

For the six months ended (In CHF m)	December 31, 2022	December 31, 2021
Operating profit	228.5	305.2
Depreciation of property, plant and equipment	91.7	87.3
Amortization of intangible assets	50.9	52.6
Impairment losses	-	5.5
<b>EBITDA</b>	<b>371.1</b>	<b>450.6</b>

# Alternative performance measurements (cont.)

## ADJUSTED EBITDA

Adjusted EBITDA is a measure used by our management and Board of Directors to evaluate our core operating performance. We define adjusted EBITDA as EBITDA adjusted to eliminate the impact of identified items of non-recurring nature and/or not directly attribute to the operating performance that may materially distort period-to-period comparisons and/or the evaluation of our on-going business performance.

The defined list of adjusted items comprises restructuring and transformation costs, acquisition and disposal-related costs, gain and loss on disposals of intangible assets and property, plant and equipment, and other items of a one-time and/or non-operating nature, which may include elements such as legal claims and settlements, or curtailments of defined benefits pension plans.

The table below discloses the adjusted items included in the EBITDA:

For the six months ended (In CHF m)	December 31, 2022	December 31, 2021
EBITDA	371.1	450.6
Restructuring and transformation costs	10.0	3.0
Acquisition and disposal related costs	59.0	5.1
Loss on disposal of intangible assets and property, plant and equipment	-	1.7
Other items of a one-time and/or non-operating nature	-	-
<b>Adjusted EBITDA</b>	<b>440.1</b>	<b>460.4</b>

# Alternative performance measurements (cont.)

## FREE CASH FLOW (FCF)

Free Cash Flow is a measure used by our management and Board of Directors to evaluate our ability to generate cash to return capital to shareholders, repay debt and fund potential acquisitions.

We define Free Cash Flow as cash flows from operating activities less purchase of intangible assets and property plant and equipment net of disposals.

Reconciliation of Cash flows from operating activities to Free Cash Flow is as follows:

For the six months ended (in CHF m)	December 31, 2022	December 31, 2021
Cash flows from operating activities	55.9	243.0
Purchase of property, plant and equipment	(61.0)	(69.2)
Purchase of intangible assets	(13.0)	(11.5)
Disposal of intangible assets, property, plant and equipment	0.8	-
<b>Free Cash Flow</b>	<b>(17.3)</b>	<b>162.3</b>

# Alternative performance measurements (cont.)

## NET DEBT

Net Debt is a measure used by management and Board of Directors to assess our financial position.

We define Net Debt as the sum of short-term and long-term financial debt less cash, cash equivalents and short-term financial investments. See Note 8 of the Interim Consolidated Financial Statements of Firmenich International SA. Net Debt comprises:

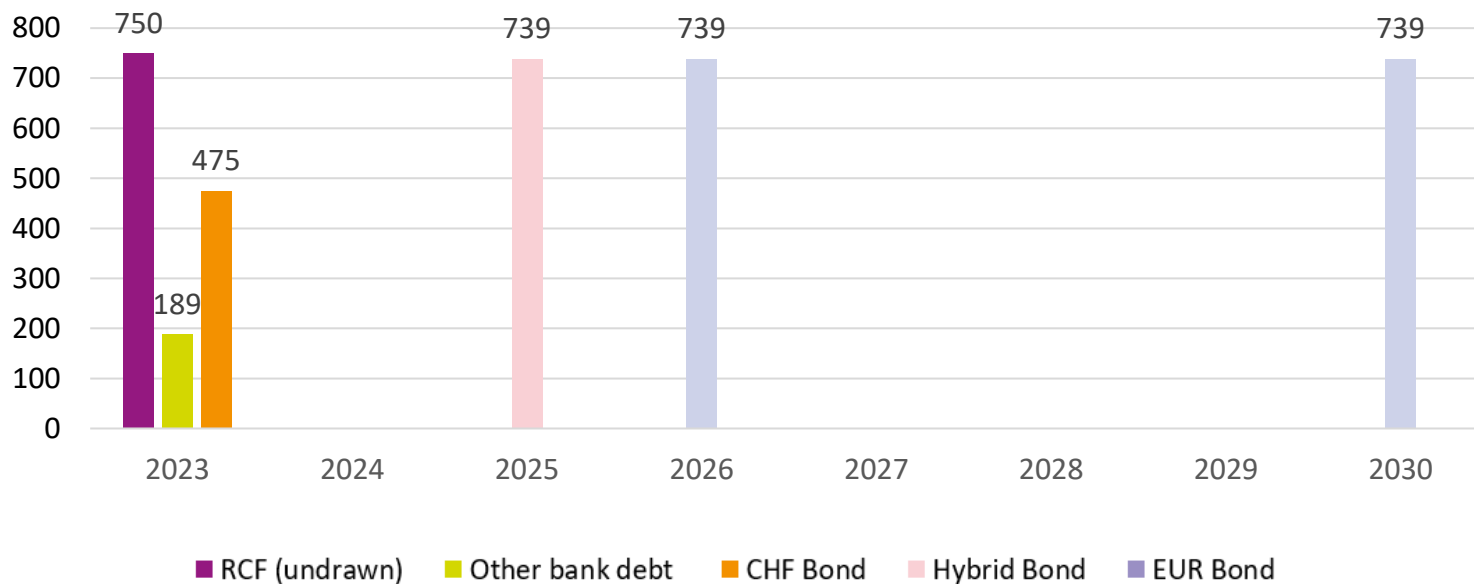
As at (In CHF m)	December 31, 2022	June 30, 2022
Short-term bank borrowing, bonds and lease liabilities	(577.2)	(105.7)
Long-term bank borrowing, bonds and lease liabilities	(1,730.3)	(2,250.3)
Cash, cash equivalents and financial investments	629.9	756.1
<b>Net Debt</b>	<b>(1,677.6)</b>	<b>(1,599.9)</b>



# Debt profile

## MATURITY PROFILE OF FIRMENICH FUNDING

In CHF m



Thank  
you

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