



2019

Full-year
results

Financial summary

Key figures

Financial Review

For the year ended 31 December

in millions of Swiss francs except earnings per share data	2019	2018
Sales	6,203	5,527
Gross profit	2,530	2,329
as % of sales	40.8%	42.1%
EBITDA^a	1,275	1,145
as % of sales	20.6%	20.7%
Operating income	920	883
as % of sales	14.8%	16.0%
Income attributable to equity non-controlling interests	-	-
Income attributable to equity holders of the parent	702	663
as % of sales	11.3%	12.0%
Earnings per share - basic (CHF)	76.17	71.92
Earnings per share - diluted (CHF)	75.59	71.36
Operating cash flow	1,136	916
as % of sales	18.3%	16.6%
Free cash flow	787	703
as % of sales	12.7%	12.7%

a) 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.

Financial Review

For the six months ended 31 December (unaudited)

in millions of Swiss francs except earnings per share data	2019	2018
Sales	3,109	2,853
Gross profit	1,256	1,147
as % of sales	40.4%	40.2%
EBITDA^a	615	544
as % of sales	19.8%	19.1%
Operating income	429	394
as % of sales	13.8%	13.8%
Income attributable to equity non-controlling interests	-	-
Income attributable to equity holders of the parent	322	292
as % of sales	10.4%	10.2%
Earnings per share - basic (CHF)	34.93	31.66
Earnings per share - basic (CHF)	34.65	31.52
Operating cash flow	865	647
as % of sales	27.8%	22.7%
Free cash flow	639	590
as % of sales	20.6%	20.7%

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.

Group

For the year ended 31 December

in millions of Swiss francs	2019	2018
Sales to third parties	6,203	5,527
EBITDA^a	1,275	1,145
as % of sales	20.6%	20.7%
One off items	(56)	(13)
Comparable EBITDA	1,331	1,158
as % of sales	21.5%	21.0%
Operating income	920	883
as % of sales	14.8%	16.0%

a) 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.

Flavour Division

For the year ended 31 December

in millions of Swiss francs	2019	2018
Sales to third parties	3,404	3,002
EBITDA^a	720	637
as % of sales	21.1%	21.2%
One off items	(14)	2
Comparable EBITDA	734	635
as % of sales	21.6%	21.2%
Operating income	487	470
as % of sales	14.3%	15.7%

a) 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.

Fragrance Division

For the year ended 31 December

in millions of Swiss francs	2019	2018
Sales to third parties	2,799	2,525
EBITDA^a	555	508
as % of sales	19.8%	20.1%
One off items	(42)	(15)
Comparable EBITDA	597	523
as % of sales	21.3%	20.7%
Operating income	433	413
as % of sales	15.5%	16.4%

a) 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.

Consolidated financial statements

Consolidated Income Statement

For the year ended 31 December

in millions of Swiss francs, except for earnings per share data	2019	2018
Sales	6,203	5,527
Cost of sales	(3,673)	(3,198)
Gross profit	2,530	2,329
as % of sales	40.8%	42.1%
Selling, marketing and distribution expenses	(791)	(716)
Research and product development expenses	(528)	(477)
Administration expenses	(221)	(208)
Share of results of joint ventures and associates	4	5
Other operating income	41	63
Other operating expense	(115)	(113)
Operating income	920	883
as % of sales	14.8%	16.0%
Financing costs	(79)	(55)
Other financial income (expense), net	(33)	(56)
Income before taxes	808	772
Income taxes	(106)	(109)
Income for the period	702	663
Attribution		
Income attributable to non-controlling interests	–	–
Income attributable to equity holders of the parent	702	663
as % of sales	11.3%	12.0%
Earnings per share – basic (CHF)	76.17	71.92
Earnings per share – diluted (CHF)	75.59	71.36

Consolidated Statement of Comprehensive Income

For the year ended 31 December

in millions of Swiss francs	2019	2018
Income for the period	702	663
Items that may be reclassified to the income statement		
Cash flow hedges		
Movement in fair value, net	(56)	(4)
Gains (losses) removed from equity and recognised in the consolidated income statement	6	8
Movement on income tax	4	–
Exchange differences arising on translation of foreign operations		
Movement in fair value arising on hedging instruments of the net assets in foreign operations	51	37
Currency translation differences	(99)	(140)
Movement on income tax	(6)	–
Items that will not be reclassified to the income statement		
Defined benefit pension plans		
Remeasurement gains (losses) of post-employment benefit obligations	(91)	162
Movement on income tax	(3)	(35)
Other comprehensive income for the period	(194)	28
Total comprehensive income for the period	508	691
Attribution		
Total comprehensive income attributable to non-controlling interests	–	–
Total comprehensive income attributable to equity holders of the parent	508	691

Consolidated Statement of Financial Position

As at 31 December

in millions of Swiss francs	2019	2018 ^a
Cash and cash equivalents	452	423
Derivative financial instruments	24	11
Financial assets at fair value through income statement	4	4
Accounts receivable - trade	1,365	1,253
Inventories	1,149	1,098
Current tax assets	50	41
Prepayments	35	53
Other current assets	163	238
Current assets	3,242	3,121
Derivative financial instruments	1	2
Property, plant and equipment	2,326	1,759
Intangible assets	4,286	4,008
Deferred tax assets	211	208
Post-employment benefit plan assets	32	22
Financial assets at fair value through income statement	177	61
Interests in joint ventures and investments in associates	34	33
Investment property		2
Other long-term assets	87	61
Non-current assets	7,154	6,156
Total assets	10,396	9,277
Short-term debt	335	4
Derivative financial instruments	29	12
Accounts payable - trade and others	833	719
Accrued payroll and payroll taxes	189	178
Current tax liabilities	111	95
Financial liability - own equity instruments	108	93
Provisions	18	24
Other current liabilities	207	225
Current liabilities	1,830	1,350
Derivative financial instruments	79	43
Long-term debt	3,796	3,266
Provisions	69	73
Post-employment benefit plan liabilities	601	490
Deferred tax liabilities	280	238
Other non-current liabilities	82	85
Non-current liabilities	4,907	4,195
Total liabilities	6,737	5,545
Share capital	92	92
Retained earnings and reserves	5,961	5,811
Own equity instruments	(168)	(142)
Other components of equity	(2,245)	(2,051)
Equity attributable to equity holders of the parent	3,640	3,710
Non-controlling interests	19	22
Total equity	3,659	3,732
Total liabilities and equity	10,396	9,277

a) The financial position as at 31 December 2018 has been restated to reflect the Naturex acquisition price allocation adjustment of CHF 9 million.

Consolidated Statement of Changes in Equity

For the year ended 31 December

2019 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Currency translation differences	Remeasurement of post employment benefit obligations	Equity attributable to equity holders of the parents	Non-controlling interests	Total equity
Balance as at 1 January	92	5,811	(142)	(61)	(1,559)	(431)	3,710	22	3,732
Income for the period		702					702	–	702
Other comprehensive income for the period				(46)	(54)	(94)	(194)		(194)
Total comprehensive income for the period		702		(46)	(54)	(94)	508	–	508
Dividends paid		(552)					(552)		(552)
Movement on own equity instruments, net			(26)				(26)		(26)
Non-controlling interests								(3)	(3)
Net change in other equity items		(552)	(26)				(578)	(3)	(581)
Balance as at 31 December	92	5,961	(168)	(107)	(1,613)	(525)	3,640	19	3,659

2018 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Currency translation differences	Remeasurement of post employment benefit obligations	Equity attributable to equity holders of the parents	Non-controlling interests ^a	Total equity ^a
Balance as at 1 January	92	5,682	(157)	(65)	(1,456)	(558)	3,538		3,538
Income for the period		663					663	–	663
Other comprehensive income for the period				4	(103)	127	28		28
Total comprehensive income for the period		663		4	(103)	127	691	–	691
Dividends paid		(534)					(534)		(534)
Movement on own equity instruments, net			15				15		15
Non-controlling interests								22	22
Net change in other equity items		(534)	15				(519)	22	(497)
Balance as at 31 December	92	5,811	(142)	(61)	(1,559)	(431)	3,710	22	3,732

a) The non-controlling interests as at 31 December 2018 have been restated to reflect the Naturex acquisition price allocation adjustment of CHF 9 million.

Consolidated Statement of Cash Flows

For the year ended 31 December

in millions of Swiss francs	2019	2018
Income for the period	702	663
Income tax expense	106	109
Interest expense	68	42
Non-operating income and expense	44	69
Operating income	920	883
Depreciation of property, plant and equipment	193	127
Amortisation of intangible assets	161	125
Impairment of long-lived assets	1	10
Other non-cash items		
- share-based payments	41	38
- pension expense	38	39
- additional and unused provisions, net	12	(7)
- other non-cash items	–	(43)
Adjustments for non-cash items	446	289
(Increase) decrease in inventories	(28)	(9)
(Increase) decrease in accounts receivable	(101)	(72)
(Increase) decrease in other current assets	25	(35)
Increase (decrease) in accounts payable	108	(11)
Increase (decrease) in other current liabilities	(19)	38
(Increase) decrease in working capital	(15)	(89)
Income taxes paid	(106)	(73)
Pension contributions paid	(37)	(46)
Provisions used	(21)	(25)
Purchase and sale of own equity instruments, net	(51)	(23)
Cash flows from (for) operating activities	1,136	916
Increase in long-term debt	660	1,971
(Decrease) in long-term debt	(184)	(258)
Increase in short-term debt	2,904	2,345
(Decrease) in short-term debt	(2,919)	(2,620)
Cash flows from debt, net	461	1,438
Interest paid	(51)	(29)
Purchase and sale of derivative financial instruments, net	–	(22)
Lease payments	(52)	
Transactions of non-controlling interests	(3)	
Other, net	(7)	(5)
Cash flows from financial liabilities	348	1,382
Distribution to the shareholders paid	(552)	(534)
Cash flows from (for) financing activities	(204)	848
Acquisition of property, plant and equipment	(275)	(239)
Acquisition of intangible assets	(45)	(55)
Acquisition of subsidiaries, net of cash acquired	(478)	(1,694)
Proceeds from the disposal of property, plant and equipment	74	110
Proceeds from disposal of investment property	2	14
Interest received	6	2
Dividend received from joint ventures and associates	2	4
Purchase and sale of financial assets at fair value through income statement, net	(105)	5
Impact of financial transactions on investing, net	(29)	(3)
Other, net	(43)	(3)
Cash flows from (for) investing activities	(891)	(1,859)
Net increase (decrease) in cash and cash equivalents	41	(95)
Net effect of currency translation on cash and cash equivalents	(12)	(16)
Cash and cash equivalents at the beginning of the period	423	534
Cash and cash equivalents at the end of the period	452	423