

2018 Highlights
Delivering with excellence



Givaudan

engage your senses



2018 Highlights

Delivering with excellence

We strive for excellence at every touch point with our customers, and in today's competitive and fast-moving market, this demands that we are agile and efficient.

We focus our investments on areas that bring most value to our customers while seeking to enhance our operational excellence and efficiency across the organisation to further streamline our costs and deliver a strong financial performance.

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Key figures

Strong business momentum – investing for the future

Performance review

For the year ended 31 December, in millions of Swiss francs, except for capital markets and employee data	2018	2017	Percentage change
Sales and results			
Group Sales	5,527	5,051	9.4%
Like-for-like sales growth	5.6%	4.9%	
Gross profit	2,329	2,250	3.5%
as % of sales	42.1%	44.5%	
EBITDA¹	1,145	1,089	5.2%
as % of sales	20.7%	21.6%	
Operating income	883	869	1.7%
as % of sales	16.0%	17.2%	
Income attributable to equity holders of the parent	663	720	(7.9%)
as % of sales	12.0%	14.2%	
Balance sheet and cash flows			
Operating cash flow	916	861	6.4%
as % of sales	16.6%	17.0%	
Free cash flow	703	594	18.4%
as % of sales	12.7%	11.8%	
Net debt	2,847	1,074	165.1%
Leverage ratio	41%	21%	
Capital Markets			
Market capitalisation	21,016	20,794	1.1%
Share price as of last trading day of December	2,276	2,252	1.1%
Cash dividend ²	60	58	3.4%
Earnings per share – basic (CHF)	71.92	78.18	(8.0%)
Employees			
Number of employees as at 31 December	13,598	11,170	21.7%
Lost time injury rate	0.25	0.33	(24.2%)

1. 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.

2. 2018 dividend subject to shareholder approval at the AGM on 28 March 2019.

Note: Like-for-like excludes the impact of currency, acquisitions and disposals.

Givaudan at a glance

Global industry leader in flavours and fragrances

5,527 million

Group sales (in CHF)

477 million

R&D spend (in CHF)

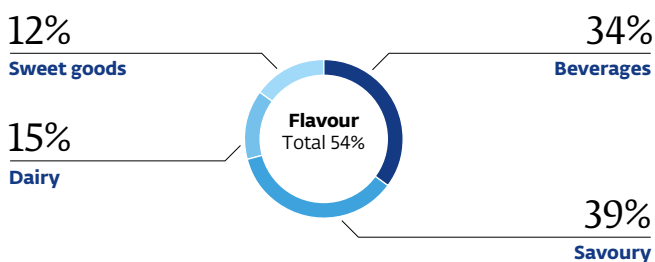
60.00

Proposed dividend
per share (in CHF)

21,016 million

Market capitalisation
(in CHF)

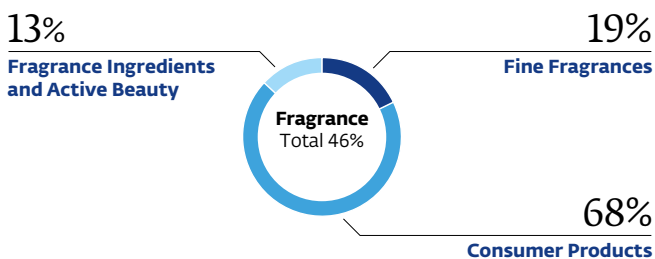
Sales by division



Flavour Division

We make life taste delicious

We are dedicated to expanding the world's expression through flavours by bringing moments of delight with delicious flavour and taste experiences. Our customers – global, international, regional and local – are in the food and beverage industry and span key segments including beverages, sweet goods, savoury, snacks and dairy. We explore the globe for ingredients, innovate to bring our customers unique propositions, and delight millions of consumers around the world.



Fragrance Division

We live to perfume life

The artistry of our perfumers encompasses a myriad of scented stories for brands everywhere. Our customers – global, international, regional and local – serve end-consumer markets with fragrances for personal, home and laundry care brands as well as prestige perfumes, creating memorable scents and fragrances used daily the world over. And for nature-derived beauty performance, our Active Beauty business offers an extensive portfolio of award-winning active cosmetic ingredients designed by teams that harness the power of nature for cutting-edge cosmetics.

CREDIT RATING

Givaudan has received the first credit ratings in 2018: A- credit rating, with a stable outlook, from S&P Global Ratings and Baa1 rating, with stable outlook, from Moody's Investors Service.

Markets

57% of annual sales in mature markets,
43% of sales in high growth markets.

We are a global company with subsidiaries and branches in 50 countries. High growth markets continue to be an important contributor to our future growth, with sales driven by the growing population and expanding middle class. In both these markets, increasing demand for health and well-being products – examples of which include lower salt and fat in food and anti-ageing effects in cosmetics – is a stimulating potential for growth.

148

Locations worldwide

64

Production sites

over 74,000

Products sold per year

13,598

Employees

19.5 million

Hours worked safely

Global footprint

North America

Sales

CHF 1,441 million

Production sites

13

Employees

2,518

Latin America

Sales

CHF 629 million

Production sites

9

Employees

1,840

Europe, Africa and Middle East

Sales

CHF 1,982 million

Production sites

28

Employees

6,363

Asia Pacific

Sales

CHF 1,475 million

Production sites

14

Employees

2,877

Sustainability leadership

A Sense of Tomorrow

Meeting needs today, defining what's next

As a responsible company, we understand the exciting opportunities that sustainability offers to add value to our business and society at large. Our sustainability approach, 'A Sense of Tomorrow', transforms challenges into new possibilities in sourcing, innovation and the environment – for the Company, the surrounding communities, our customers and consumers.



Givaudan has earned CDP leadership scores with an A- grade in both climate change and water security scoring.

www.givaudan.com – our company – about Givaudan

Chairman's introduction

Fostering a culture of excellence

In a challenging environment, we concluded a successful third year of our 2020 strategy with strong business momentum. I would like to thank you all for your commitment and investment in Givaudan.

In 2018, we delivered solid topline growth and free cash flow generation in line with our 2020 financial targets. On the basis of Givaudan's strong performance in 2018, and its continued solid financial position, the Board of Directors will propose an increase in the dividend to CHF 60.00 at the Annual General Meeting on 28 March 2019. This is the eighteenth increase since our listing on the Swiss stock exchange.

I am proud of the achievements we made in delivering a strong financial performance as well as continuing to invest into new businesses to create long term value. Powered by our vision 'to inspire emotion through our creations every day, everywhere, as we strive for a better tomorrow', we made great progress in many areas. Our strategic focus areas, driven by global megatrends and rapidly changing consumer desires have seen us continue to expand our global presence. We joined forces with companies that strengthen our existing capabilities, and evolved our business to ensure a superior customer experience and increased agility.

The shift to more natural products continues to present us with many exciting opportunities to provide solutions to our customers that meet this growing need. Consumers around the world are increasingly demanding more natural and organic products from food and beverage companies, and our role is to help our customers develop great tasting solutions that consumers will also feel good about. We invested in new

commercial and creative centres to evolve our customer offering and ensure we deliver winning solutions. With the latest acquisitions we made in 2018, including Naturex, we have now become the undisputed leader in natural flavours and natural ingredients.

In 2019, the global economy will continue to face challenges from rising economic and political uncertainty in many parts of the world. Despite these challenges, we remain very optimistic about the outlook for our business. We are well positioned to take advantage of the trends of growing populations, people living longer and more responsibly, and accelerating urbanisation. Our broad business and 2020 strategic focus areas are fully aligned to these opportunities, and we continue to evolve our business to increase our agility to deliver to our customers, and respond to changing customer and consumer needs quickly.

Innovation, particularly in the areas of naturals and biotechnology remains an important focus. In striving for a better tomorrow, we will develop alternative sources of key natural raw materials, helping to protect these precious natural sources. We also see a strengthening of the role of biotechnology to offer our customers the ingredients palette of the future through the use of new, innovative processes. Digitalisation is opening up exciting opportunities to change the way we do business, either to provide new products and new engaging experiences or to design simpler, more agile business services. In January 2019, we opened our Digital Factory in Paris bringing together experts, partners and customers to accelerate digital transformation and innovation.

We also anticipate the impact of a changing workplace. Changing demographics means millennials and Generation Z will comprise half the workforce by 2020, as well as a greater participation of older age groups, with each group bringing new sets of requirements and expectations. Givaudan seeks a diverse organisation to meet our business goals, to drive innovation and create an inclusive culture where all its people can grow and succeed.



I thank you
all for your
commitment
and investment
in Givaudan.

**Calvin Grieder,
Chairman**

Succession planning for the Board of Directors and the senior management continues to be important for our future success. In 2018, Chris Thoen, Head of Global Science & Technology, retired from the Executive Committee. I would like to extend my warmest thanks to Chris for his contribution and many achievements at Givaudan. We have an experienced team in place at the Board level, and at all levels, we continue to ensure we have the necessary competencies, and the right blend of expertise and experience.

Ethics and integrity are vital values for us, as they inspire the trust we need to excel. To uphold these values, in 2018 we updated our Principles of Conduct, which enshrine our way of doing business in an ethical way and are shared with all employees worldwide. Ethics and compliance also form the basis for our successful sustainability efforts, which again has been recognised by CDP, the non-profit global environmental disclosure platform, awarding us an A- for climate change and water security.

As we look forward, I have every confidence that Givaudan will continue along its successful path, creating further shareholder value through profitable, responsible growth complemented with acquisitions. Drawing on our 250-year heritage, we will continue to demonstrate our resilience and ability to turn challenges into opportunities to deliver solid business performance.

My thanks and gratitude goes to my fellow members of the Board of Directors, the Executive Committee and all our employees worldwide, for their hard work and support. Their commitment and passion makes Givaudan a unique place to work.

Finally, I would like to express my thanks to our shareholders for your trust and continuing support. I remain confident Givaudan is well positioned for the future and long term success, and will continue its path of value creation and drive for excellence in the years to come.

Calvin Grieder
Chairman

Chief Executive Officer's review

Delivering with excellence

I am pleased to report we delivered a strong performance in 2018, demonstrating our continued ability to deliver on our short-term objectives whilst also continuing to invest for the long-term future success of our business.

The positive results are testament to the strength of the partnerships we have with our customers, the resilience of our business and the hard work and dedication of all of our employees.

Strong financial performance

In 2018, the third year of our 2020 strategy, we continued to maintain good business momentum. Our topline growth, with sales of CHF 5,527 million, an increase of 5.6% on a like-for-like basis, and 9.4% in Swiss francs, as well as our free cash flow of 12.7% of sales, are both in line with our 2020 financial targets. Our growth was well balanced between our Flavour and Fragrance divisions and was fuelled by the strong operational progress we made across all areas of the strategic pillars of our 2020 strategy.

Adapting to the external environment

While 2018 was a year of good progress against all our strategic pillars, we also faced some challenges. Raw materials prices increased significantly in all categories and we continued to implement price increases in collaboration with our customers to compensate for the increases in input costs. In addition, Givaudan and the whole industry were impacted by a significant supply disruption of a major supplier of fragrance ingredients. Our strong teamwork and collaboration allowed Givaudan to avoid customer disruption.

We continue to see the global megatrends, and rapidly changing consumer behaviours bring much change to our

business and our industry. Consumer demand for more natural and organic products is a key opportunity, and we continued to respond to this shift by joining forces with companies that allow us to provide a strengthened offering to our customers and become the market leader in naturals.

Expanding our capabilities

In 2018, we welcomed the addition of Naturex, Centroflora Nutra and Expressions Parfumées to the Givaudan Group, and announced our intention to acquire Albert Vieille SAS. Since 2014, we have made nine acquisitions which represent an additional CHF 1 billion of annualised sales.

In our Flavour Division we completed the acquisition of Centroflora Nutra, supporting our commitment to provide customers with a broader range of flavour and taste solutions that match consumer demands for clean label, organic and natural ingredients. This was further enhanced with the acquisition of Naturex, with its strong portfolio of plant extracts and natural ingredients across the food and beverage, nutrition and health and personal care sectors. Combining our joint portfolios makes us the undisputed leader in natural flavours and natural ingredients, and provides an entry into natural colours, preservatives and phytoactives.

To expand the capabilities of our fragrance business, we completed the acquisition of Expressions Parfumées, a French fragrance creation house with a strong portfolio of local and regional customers. We further reinforced our presence in Grasse by announcing our intention to acquire Albert Vieille SAS, a French company specialised in natural ingredients used in the fragrance and aromatherapy markets. We expect to close this acquisition in the first quarter of 2019. Finally, we entered into a strategic partnership with Synthite, a global player in the supply of high quality botanical extract ingredients. We will jointly work on research and development of exceptional qualities of floral and spicy natural ingredients such as jasmine, tuberose, ginger and cardamom, to enrich our palette of ingredients.

We are making good progress with the integration of these companies to bring our complementary strengths to our customers. With each of these acquisitions we are not only



We constantly challenge ourselves to deliver with excellence across our value chain.

Gilles Andrier, CEO

combining our expertise and product portfolios, but enriching and evolving our culture. Our integration approach is to preserve and enhance the strengths of these acquired companies, and incorporate their values into our DNA.

Delivering with excellence

We are constantly challenging ourselves to deliver with excellence across our value chain, always taking our customers' needs and perspectives into account. We focus our investments on the areas that bring most value to our customers, while continuously looking at the way we can improve the efficiency of our operational and business processes. Today, our recently launched Givaudan Business Solutions organisation integrates a range of core business solutions to improve our agility, reduce the complexity of our internal processes and focus entirely on delivering a superior customer experience.

Being close to our customers is also an important part of offering a 'superior customer experience'. Our global footprint offers a key competitive advantage in being able to build closer partnerships with customers, and provide a faster response to the needs of the local market. We continued to invest in new facilities with the opening of a new commercial and development centre in Jakarta, Indonesia demonstrating our ongoing commitment to the Asia Pacific region. We also made new strategic investments in our Applied Microbiomics Centre of Excellence in Toulouse, France to support further scientific innovation in microbiomes. In early 2019, we will open a world-class

flavour manufacturing facility in Pune, India, cementing our 50-year heritage of investment in India.

We set a target of reducing our global water consumption per tonne of production by 15% by 2020, and we have reached this target three years ahead of schedule. This demonstrates our ability to innovate and implement the most efficient and sustainable processes, as part of our commitment to take action for the environment across our operations and beyond. We have a target of 100% renewable electricity for our operations by 2025, and are on track with 20 sites using renewable electricity at the end of 2018. To further advance our goals, we joined a consortium of 16 partners who are participating in HyCool, an innovative energy technology project funded by the European Union which aims to develop cost-effective solutions using solar heat for industrial purposes.

DELIVERING WITH EXCELLENCE

We constantly challenge ourselves to deliver with excellence across our value chain and strive for excellence at every touch point with our customers. We look for ways to improve the efficiency of our operations and business processes and focus our investments on the areas that bring most value to our customers.

Givaudan Business Solutions implementation

GBS is the foundation of our 2020 strategy pillar, 'Delivering with excellence'. It is a large transformation for us, and is unique to our industry. It will provide best-in-class business services and solutions that support the Company to further improve our operational efficiency, and increase our agility. Building on the achievements in 2017, the implementation of GBS continues to progress very well against the plan. The first financial benefits of CHF 20 million were also delivered in 2018.

Our three regional delivery centres in Budapest, Buenos Aires and Kuala Lumpur are fully operational. Importantly, these teams all receive onboarding to ensure they feel part of Givaudan, our unique culture and DNA, but also so they understand the role GBS plays to make us more agile and efficient. All global functions have successfully transitioned to the new ways of working, with many improved internal efficiencies. Those areas of the business that are being transitioned country by country, including some supply chain activities, are also progressing as planned, having completed the transformation in Europe. In addition, we're on track with building our digital capabilities that will help us to deliver new solutions to support the business.

The success to date of this project has been down to the great collaboration of the teams in the centres, working in partnership with the functions and sites to deliver for our customers. Going forward, the scope of GBS has been expanded, as we continue to leverage the best practices from our divisions to define a common way forward for our engineering activities.

Strength of our partnerships

Being a 'partner of choice' is embedded in our 2020 strategy, and our partnerships are crucial to driving responsible and sustainable growth.

We continue to foster a culture of innovation, looking beyond our internal capabilities to develop strategic innovation partnerships with external players such as academia, start-ups, technology providers and research institutions. We launched MISTA, a new innovation platform for the food industry, focused on product innovation and development. Opening in early 2019, the MISTA Optimisation Center (MOC) will provide start-ups and companies access to a product development facility, equipment for pasteurisation and fermentation, experts providing market and leadership development strategies, as well as input from world renowned culinary and food scientists.

How we partner with our suppliers is also a key part of our 2020 ambition. Our 'Sourcing for Shared Value' approach to sustainable procurement practices covers three core areas of Responsible Sourcing, Sourcing at Origin and Communities at

Source. In 2018, we strengthened our sustainable patchouli oil sourcing in Indonesia. In cooperation with international NGO Swisscontact, we are supporting patchouli producers to develop their smallholder businesses in a way that is respectful of the environment.

One of our most valuable assets is our people. We place great emphasis on developing their skills, promoting a diverse workforce and building a pipeline of future leaders. Our ambition is to create a great place to work where every employee feels able to contribute to the success of the Company. This year we also launched a Company-wide programme, the Givaudan Awards, to celebrate and share success and recognise teams and individuals who go 'above and beyond' to deliver outstanding results and make exceptional contributions to our business.

Our role as a responsible and sustainable business

Being a responsible and sustainable business means we embrace our role as a corporate leader in the global effort to safeguard the future of the planet. Companies must be prepared to put sustainability at the forefront of their strategies, and at Givaudan we want to secure our business while making a positive impact on the environment and society as a whole. Meeting today's needs without compromising the interests of future generations is fundamental to our business model.

CLIMATE CHANGE LEADERSHIP

Our leadership on climate change action continued to be recognised by CDP. We received an A- grade for reducing greenhouse gas (GHG) emissions and for outstanding water security. This was the fourth consecutive year on the leadership level for the Company.

Our guiding framework is 'A Sense of Tomorrow', a consolidation of all our global sustainability activities around three key areas of sourcing, innovation and the environment. Initiatives within each area look at the way we source materials, develop products and reduce our environmental footprint. This allows us to better meet our customers' needs, but also anticipate ever-evolving challenges for our industry, our environment and society as a whole. Importantly, these initiatives not only support our objectives but address the United Nations' Sustainable Development Goals. Aligning our own priorities on global aspirations such as dietary shifts, health and well-being and environmental protection shows our commitment to sustainability.

Our leadership on climate change continued to be recognised by CDP, the non-profit global environmental disclosure platform. We received an A- grade for both climate change and water security. This was the fourth consecutive year on the leadership level for the Company, which has been disclosing GHG emissions through its participation in CDP since 2007.

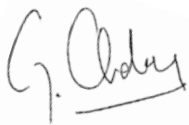
Key priorities for 2019

For the year ahead, we will continue along the path of delivering our 2020 strategy, staying alert to the evolving market environment and adapting as needed.

We will continue to leverage the acquisitions we have made, maximising the unique set of talents, creativity, products and technology that each company brings. Where we see opportunities, we will continue to acquire companies that further strengthen our capabilities and allow us to bring even greater value to our customers. Our focus on delivering with excellence remains, with the continued implementation of GBS helping us to create the additional financial resources needed to continue growing with our customers in the years to come.

Critical to our future success will be the areas of innovation, biotechnology, digitalisation and sustainability. We see many opportunities to leverage these to create differentiated services, new ways of working and develop new ingredients and creations that delight our customers.

In 2018 we marked our 250-year heritage of engaging people's senses, and inspiring emotion through our creations every day, everywhere, as we strive for a better tomorrow. It was fantastic to share so many inspiring stories with our employees, partners, customers and shareholders. I am excited about the year ahead, and the next chapter of our journey to deliver our 2020 strategy.



Gilles Andrier
Chief Executive Officer

SUSTAINABLE DEVELOPMENT GOALS



Performance review

Strong business momentum – investing for the future

Business performance – Group

Givaudan completed the year with good business momentum and with the project pipeline and win rates being sustained at high levels. This good growth was achieved across all product segments and geographies, with our key strategic focus areas of Naturals, Health and well-being, Active Beauty, Integrated solutions and local and regional customers delivering strong growth, complemented by the recent acquisitions.

The Company continues to implement price increases in collaboration with its customers to fully compensate for the increase in input costs.

Group sales

Givaudan Group full year sales were CHF 5,527 million, an increase of 5.6% on a like-for-like basis and 9.4% in Swiss francs when compared to 2017.

Gross margin

The Gross profit increased by 3.5% from CHF 2,250 million in 2017 to CHF 2,329 million in 2018. Despite continued productivity gains and cost discipline, the Gross Margin declined to 42.1% in 2018 compared to 44.5% in 2017, as a result of the lower gross margin in the Fragrance Division, which was impacted by a sharp and broad based increase in raw material costs.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

The EBITDA was CHF 1,145 million in 2018 compared to CHF 1,089 million in 2017, an increase of 5.2% in Swiss francs and 4.3% in local currency. The EBITDA margin was 20.7% in 2018 compared to 21.6% in 2017. On a comparable basis, the EBITDA margin was 21.0% in 2018 compared to 23.3% in 2017.

Operating income

The operating income was CHF 883 million compared to CHF 869 million, an increase of 1.7% versus 2017. When measured in local currency terms, the operating income increased by 0.1%. The operating margin was 16.0% in 2018 compared to 17.2% in 2017.

Financial performance

Financing costs in 2018 were CHF 55 million versus CHF 42 million in 2017, largely related to the increase in the

net debt of the Group in connection with the Naturex acquisition. Other financial expense, net of income, was CHF 56 million in 2018 compared with CHF 32 million in 2017, mainly as a result of increased foreign currency losses in markets where currencies could not be hedged, most notably in Argentina.

The income tax expense as a percentage of income before taxes was 14%, compared to 9% in 2017, which was impacted by lower tax expenses in the United States. Excluding items of a non-recurring nature, the income tax expense as a percentage of income before taxes for 2017 was 15%.

Net income

The net income decreased to CHF 663 million in 2018 from CHF 720 million in 2017. This results in a net profit margin of 12.0%, versus 14.2% in 2017. Basic earnings per share were CHF 71.92 compared to CHF 78.18 for the same period in 2017.

Cash flow

Givaudan delivered an operating cash flow of CHF 916 million in 2018, compared to CHF 861 million in 2017.

Working capital was 26.3% of sales compared to 24.5% in 2017, mainly as a result of the higher inventory levels in Naturex.

Total net investments in property, plant and equipment were CHF 129 million, compared to CHF 189 million in 2017. During 2018 the Group continued its investment programme to support growth in high growth markets, most notably with investments in India, Singapore and China. The Group completed an agreement to sell and leaseback the Zurich Innovation Centre for a total consideration of CHF 173 million, of which CHF 100 million has been received in 2018, with the balance to be received in 2019.

Intangible asset additions were CHF 55 million in 2018, compared to CHF 53 million in 2017 as the Company continued to invest in its IT platform capabilities, including those to support the introduction of the Givaudan Business Solutions organisation.

Total net investments in tangible and intangible assets were 3.3% of sales in 2018, compared to 4.8% in 2017. Excluding the impact of the ZIC transaction, total net investments in tangible and intangible assets would have been 4.2% of sales.

Key share figures

For the year ended 31 December. In Swiss francs except for number of shares	2018	2017
Market capitalisation (in millions)	21,016	20,794
Number of issued shares	9,233,586	9,233,586
Share price as at last trading day	2,276	2,252
Share price, highest	2,478	2,289
Share price, lowest	2,087	1,716
Earnings per share – basic	71.92	78.18
Total shareholder return (in %)	3.64	23.69

Operating cash flow after net investments was CHF 732 million in 2018, versus the CHF 619 million recorded in 2017. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 703 million in 2018, versus CHF 594 million for the comparable period in 2017. As a percentage of sales, free cash flow in 2018 was 12.7%, compared to 11.8% in 2017.

Financial position

Givaudan's financial position remained solid at the end of the year. Net debt at December 2018 was CHF 2,847 million, compared to CHF 1,074 million at December 2017, with the increase driven by the Group's acquisitions and investment programme, including Naturex. At the end of December 2018 the leverage ratio was 41%, compared to 21% at the end of 2017.

During 2018, Givaudan received strong investment grade credit ratings from S&P Global Ratings (A- with stable outlook) and from Moody's Investors Service (Baa1 with stable outlook).

Givaudan Business Solutions

The Company is now in the implementation phase of Givaudan Business Solutions (GBS), a global organisation providing best-in-class processes and services.

The progressive implementation of Givaudan Business Solutions is fully in line with the plan and has delivered the first financial benefits of CHF 20 million in 2018.

In 2018 the Group incurred costs of CHF 32 million (Cash impact: CHF 64 million) in relation to the implementation of the Givaudan Business Solutions organisation, compared with CHF 107 million in 2017 (Cash impact: CHF 47 million).

Naturex

Givaudan completed the acquisition of Naturex in September 2018 and has consolidated the financial results of Naturex from 1 September 2018. Naturex is an international leader in plant extraction and the development of natural ingredients and solutions for the food, health and beauty sectors.

In 2018, Naturex contributed CHF 150 million of sales, CHF 146 million in the Flavour division and CHF 4 million in the Fragrance division. Givaudan aims to achieve sales growth of the Naturex portfolio of 10% per annum from

2021 and at the same time return the profitability and other key financial indicators of the combined business to pre-acquisition levels by 2021 for the Flavour Division.

Dividend proposal

At the Annual General Meeting on 28 March 2019, Givaudan's Board of Directors will propose a cash dividend of CHF 60.00 per share for the financial year 2018, an increase of 3.4% versus 2017. This is the eighteenth consecutive dividend increase following Givaudan's listing at the Swiss stock exchange in 2000.

Value added statement

The value added is defined as the value created by the activities of our business and its employees. Givaudan's economic value retained of CHF 173 million is the sum of the elements disclosed in the table below:

Direct economic value generated and distributed

For the year ended 31 December, in millions of Swiss francs	2018	2017	Percentage change
Revenues	5,590	5,093	9.8%
Operating costs	(3,408)	(3,073)	10.9%
Payments to governments	(131)	(79)	65.8%
Payments to providers of capital	(589)	(557)	5.7%
Employee wages and benefits	(1,289)	(1,141)	13.0%
Economic value retained	173	243	(28.8%)

2020 Guidance – Responsible growth. Shared success.

The Company's 2020 ambition is to create further value through profitable, responsible growth. Building on the first two years of this strategic cycle in 2016 and 2017, Givaudan's 2020 ambition is built on the three strategic pillars of 'growing with our customers', 'delivering with excellence', and 'partnering for shared success'.

As part of the Company's 2020 strategy, Givaudan also seeks to create value through targeted acquisitions, which complement existing capabilities in providing winning solutions for its customers. Since 2014 Givaudan has announced nine acquisitions, which are fully in line with the growth pillars within the Company's 2020 strategy.

Ambitious financial targets are a fundamental part of Givaudan's strategy. We aim to outpace the market with 4–5% sales growth and a free cash flow of 12–17% of sales, both measured as an average over the five-year period of our strategy cycle. It is Givaudan's intention to maintain its current dividend practice as part of this ambition.

Value creation at Givaudan

Through our sustainable business model

Engage your senses

Our vision

To inspire emotion through our creations every day, everywhere, as we strive for a better tomorrow.

Our mission

Together with our customers, we craft memorable experiences that bring moments of delight to consumers.

Our culture

We impact the world as we inspire, challenge and act with heart and soul.

Our ethics

We are committed to adhering to high ethical standards in the way we interact with all our stakeholders: open, transparent and honest.

Our unique positioning

Diversification across four axes

- › Geographic expansion
- › Customer diversification
- › Scaling up
- › Expanding beyond flavours and fragrances

Enhancing operations

- › Through business optimisation and excellence: from SAP implementation to Givaudan Business Solutions

Our unique capabilities

- › Leadership in R&D and innovation
- › Broad diversification
- › Operational excellence
- › Best-in-class customer services
- › Unparalleled consumer insight
- › Leadership in naturals and sustainability

Capital inputs 2018

Financial capital

- › CHF 3,723 million equity
- › CHF 129 million invested in property, plant and equipment

Our innovative capabilities

- › CHF 477 million invested in R&D
- › Over 495 employees working in Science & Technology
- › Selected partnerships with innovators, accelerators and with academia

People & culture

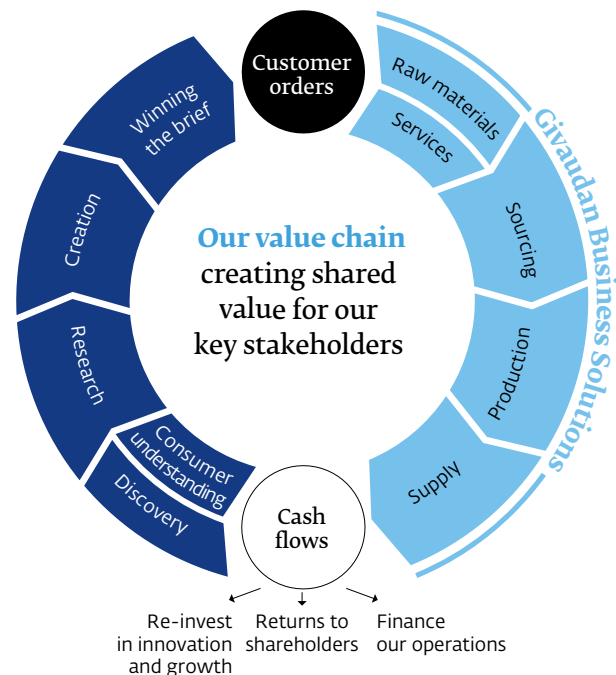
- › 13,598 employees working in over 50 countries
- › Unique global onboarding programme ensuring new joiners get a strong unified sense of Givaudan
- › Leadership development at all levels

Sourcing & operations

- › Over 10,000 different raw materials sourced
- › 64 production sites in 26 countries
- › Responsible Sourcing Policy driving compliance to high ethical standards in our supply chains

Good governance

- › Commitment to highest ethical standards
- › Compliance Helpline open in all sites and available in the 15 major languages
- › 39 Givaudan sites have been audited according to SMETA standards



Megatrends

Our strategy

Responsible growth. Shared success.

4–5%
Average organic
sales growth

Growing
with our
customers

12–17%
Average free cash
flow as % of sales

Delivering
with
excellence

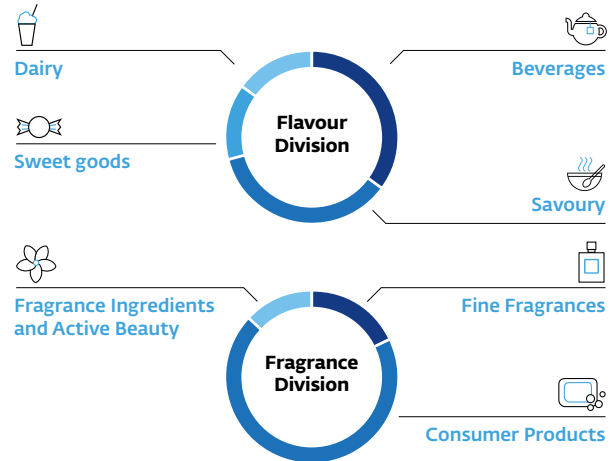
Partner
of choice

Partnering
for shared
success

Creating additional value
through acquisitions

Shaping a sustainable future
through A Sense of Tomorrow

Our business divisions



Capital outcomes 2018

Financial capital

- › CHF 5,527 million Group sales
- › Free cash flow 12.7% of sales
- › CHF 60.00 proposed dividend¹

Our innovative capabilities

- › Over 3,600 active patents
- › Over 74,000 products sold

People & culture

- › 0.25 Lost time injury rate, down 76% since 2009
- › 24% of women in senior management positions
- › 304 leaders nurtured through the Leadership Senses programme
- › 556 employees attended ONE Givaudan onboarding events

Sourcing & operations

- › 20 sites working with 100% renewable electricity
- › Active Green Teams on 64 Givaudan sites
- › Earned CDP leadership scores with an A- grade in both climate change and water security scoring

Good governance

- › Total of CHF 1.8 million directed to charitable spending for local communities
- › 85% of all employees completed up-to-date training on our Principles of Conduct
- › Global Data Protection programme in Givaudan fully deployed in 2018, ensuring that Givaudan collects and processes data in compliance with all applicable legislation, in particular with the new EU General Data Protection Regulation

1. Subject to shareholder approval at the AGM on 28 March 2019.

Our unique positioning

Bringing together our capabilities

We have diversified and grown across four axes:

1

Geographic expansion into high growth markets

- 1990s: expansion from mature to high-growth markets, matching the growth of our multinational clients
- Entry into India and China in 1993 – 94, Middle East in 1999

2

Customer diversification

- Early 2000s: diversifying into the local and regional customer base
- This continues today, and GBS will further enhance our flexibility in serving all our clients

We have enhanced our operations through business optimisation and excellence:

SAP implementation

Managing the business more consistently

We have unique capabilities to service our customers:



Leadership in R&D and innovation

- Largest talent pool and investment in R&D in the industry
- Uniquely placed to fill the gap of large FMCG players outsourcing innovation and supporting local and regional champions
- Leading presence with industry bodies and regulators



Broad diversification

- Market leading position in all sub-segments
- Global footprint with scale to service local market needs
- Global capabilities to manage complex regulatory landscape



Operational excellence

- Proximity to customers ensuring rapid speed to market
- Best-in-class technologies to reduce our environmental impact from production
- On-going commitment to improving environmental performance

3

Scaling up

- Flavour and fragrance market leadership secured with Quest acquisition in 2007
- Further growth on geographic and customer axes
- Expansion across applications e.g. oral care, fine fragrances, snacks

4

Expanding beyond flavours & fragrances

- Moving more into active cosmetic ingredients, naturals extracts and integrated solutions
- Executing our focused merger and acquisition strategy in adjacent areas

Givaudan Business Solutions (GBS)

Optimised processes and enhanced customer experience

**Best-in-class customer service**

- Mastering complexity in the supply chain
- GBS to enhance the overall customer experience
- Investments in resources and systems to assure innovation and regulatory compliance

**Unparalleled customer insight**

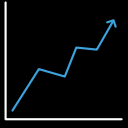



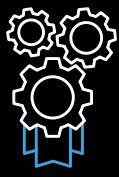




- Industry-leading preference discovery platforms and consumer insight programmes for consumer understanding, cultural insights and sensorial decoding
- Leveraging digital capabilities to enhance insights in consumer trends

**Leadership in naturals and sustainability**

- Broad naturals portfolio strengthened through recent acquisitions
- A holistic approach to naturals grounded in an understanding of sourcing, natural extraction and cooking techniques
- Strategic partnerships in sourcing for shared value
- Sustainability approach embedded in the business

Our 2020 strategy

Responsible growth. Shared success.

<p>PERFORMANCE 2018</p> <p>5.6%</p> <p>Organic sales growth</p>	<p>PERFORMANCE 2018</p> <p>12.7%</p> <p>Free cash flow as % of sales</p>	<p>PERFORMANCE 2018</p> <ul style="list-style-type: none"> ➤ New innovative partnerships ➤ Increased strategic networks
<p>TARGET 2020</p> <p>4 – 5%</p> <p>Average organic sales growth¹</p>	<p>TARGET 2020</p> <p>12 – 17%</p> <p>Average free cash flow as % of sales¹</p>	<p>TARGET 2020</p> <p>Partner of choice</p>
<p>Growing with our customers</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>High growth markets</p> </div> <div style="text-align: center;">  <p>Health and well-being</p> </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 20px;"> <div style="text-align: center;">  <p>Consumer preferred products</p> </div> <div style="text-align: center;">  <p>Integrated solutions</p> </div> </div>	<p>Delivering with excellence</p> <div style="text-align: center; margin: 20px 0;">  </div> <p>Excellence in execution</p>	<p>Partnering for shared success</p> <div style="display: flex; justify-content: space-around; margin: 20px 0;"> <div style="text-align: center;">  <p>Innovators</p> </div> <div style="text-align: center;">  <p>Suppliers</p> </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 20px;"> <div style="text-align: center;">  <p>People</p> </div> <div style="text-align: center;">  <p>Communities</p> </div> </div>

Creating additional value through acquisitions
 Shaping a sustainable future through A Sense of Tomorrow

1. Over a five-year period by 2020

Our three-pillar strategy – growing with our customers, delivering with excellence, and partnering for shared success – together with ambitious financial targets, guide the business in transforming resources into value for our stakeholders through sustainable and responsible growth.

In 2018, we remain on track to achieve our financial targets and continue to make strong progress in each of the three pillars.

🔍 www.givaudan.com – investors – online annual report – 2018 achieving our 2020 strategy

Acquisitions

Expanding our capabilities, creating additional value

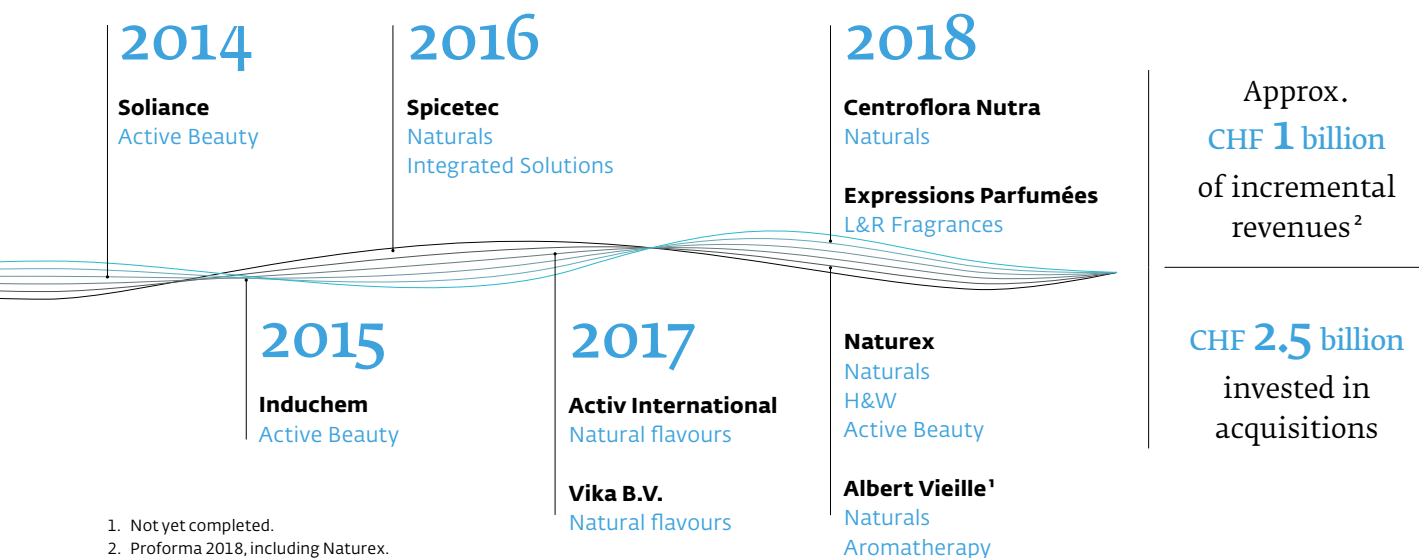
Acquisitions have always been a part of Givaudan's strategy to create value. Our 250-year heritage of growth and expansion is rooted in a drive to innovate products and solutions that 'engage your senses'.

Today, an increasing emphasis on more natural products that promote health and well-being shapes our approach to expansion through acquisitions, strategic partnerships and investments.

Tom Hallam, Chief Financial Officer: "Key to our strategy of value creation is a particular focus on areas where we can deliver winning solutions for our customers. In the last four years and fully aligned with our 2020 strategy, Givaudan has announced the acquisition of nine companies, each of which supports our strategic priorities of expanding our offer in Naturals, Active Beauty and Integrated Solutions."

Givaudan's recent acquisitions support the 2020 strategy in multiple ways: expanding upon existing capabilities, adding to our ability to offer more natural and integrated solutions, opening access to new channels and technologies, and bringing us closer to local and regional customers.

Acquisition update: 2020 Strategy in motion



1. Not yet completed.

2. Proforma 2018, including Naturex.

In both divisions, our acquisitions are fully aligned with our 2020 strategic priorities:
Naturals, Health and well-being, Active Beauty, Integrated solutions, local & regional customers

Evolving and enriching our unique culture

Givaudan views each acquisition as an opportunity to grow in many different ways. Above and beyond the business case for expanding our existing capabilities and customer base, acquisitions bring a strong, synergistic cultural dimension: new ways of working, an increased sense of entrepreneurship, greater agility and customer focus. We are equally committed to ensuring that all new employees quickly understand Givaudan's unique culture and DNA while enriching it in new ways that nurture our success.

As we continue our journey towards 2020, acquisitions and investments will quite naturally continue to play a role in our strategy of value creation for customers, employees and shareholders.

Givaudan today: shaped by historic acquisitions

Our historic buyout of Esrolko in 1948 created the two main pillars of flavours and fragrances upon which Givaudan continues to thrive today. Our own acquisition by the Swiss multinational Hoffmann La Roche in the 1960s led to the 1992 merger combining Roure's legendary success in luxury perfumes and naturals with Givaudan's expertise in functional fragrances, synthetics and flavours. Our journey then led us to acquire TasteMaker in 1997, securing our US expansion, and to our transformative acquisition of Quest International in 2007, bringing Givaudan to the fore of the flavour and fragrance industry by adding expertise, scale and global reach.

Broadening our naturals portfolio in Flavours through acquisitions

 <p>Spicetec</p>	 <p>Activ International</p>	 <p>Vika</p>	 <p>Centroflora Nutra</p>	 <p>Naturex</p>
<p>Extends our portfolio of spices, seasoning blends, natural solutions and organic ingredients.</p>	<p>Broadens our extract offering, particularly with a portfolio of marine extracts and natural seafood solutions.</p>	<p>Strengthens our capabilities in culinary fonds and stocks, made from natural ingredients. Expands our cheese natural capabilities with a new range of cheese powders.</p>	<p>Expands our botanical extract and dehydrated fruit juice offering under the management of a comprehensive sustainability programme.</p>	<p>Significantly enhances our capabilities and portfolio in botanical extracts and natural solutions, and provides access to natural colours, preservatives and phyto actives.</p>

A Sense of Tomorrow

Building a sustainable future

Our approach engages customers on sustainability and helps them meet their goals.

Meeting today's needs without compromising the interests of future generations has long been key to our business model. Mounting challenges, particularly in terms of climate change, have driven us to intensify our efforts. We are working hard to identify longer-term risks, opportunities and ways to measure and quantify the difference we're making.

Consumers are increasingly aware of the unprecedented social and environmental challenges created by climate change,

population growth, resource scarcity and poverty. They are concerned about the future of the planet and their own well-being, and demand that companies be more transparent about how they operate. Business performance is now inextricably linked to sustainability. Our approach helps customers create products that set them apart, addressing consumer demand.

'A Sense of Tomorrow' is a framework that extends our vision to 2030 and beyond. It sets new performance targets and provides structures for designing innovative products that contribute to a sustainable world. Its initiatives will help us secure the longevity of our business while supporting the rural communities that grow the over 10,000 raw materials essential to our work. We strive to go beyond responsible growth and benefits for our shareholders: we target long-term success for our customers, consumers, society and the planet.



Sourcing for Shared Value

Givaudan depends on natural resources and the people who grow them, and producing raw materials should promote stability for both humans and the environment. Our approach to meeting our goal of sourcing all natural raw ingredients responsibly brings new value to those involved and is based on three practices:

Responsible Sourcing means working with and auditing suppliers and assessing supply chains to drive compliance and continuous improvements in health and safety, social, environmental and business integrity practices as defined in our Responsible Sourcing Policy.

Sourcing at Origin focuses on direct collection networks and partnerships with farmers, distillers and producer groups to secure the long-term supply of ingredients while boosting the local economy with stable incomes. Social and environmental projects help build more secure futures for the **Communities at Source** and their environments.



Innovating Responsibly

Givaudan has always pursued a culture of innovation, exploring timely questions in sensory experience. Today's most pertinent questions surround sustainability: the curiosity that has always driven us is helping us to find answers. We look to make sustainability part of every breakthrough and add value by enhancing research and developing products that benefit both society and the environment.

With **Naturals**, we develop alternative sources of key raw materials, helping protect fragile natural resources. Enabling dietary shifts towards plant-based foods and promoting odour's positive impact can help promote **Health and well-being**. Efforts in **Sustainable Processes** evaluate and improve the sustainability of our production methods.

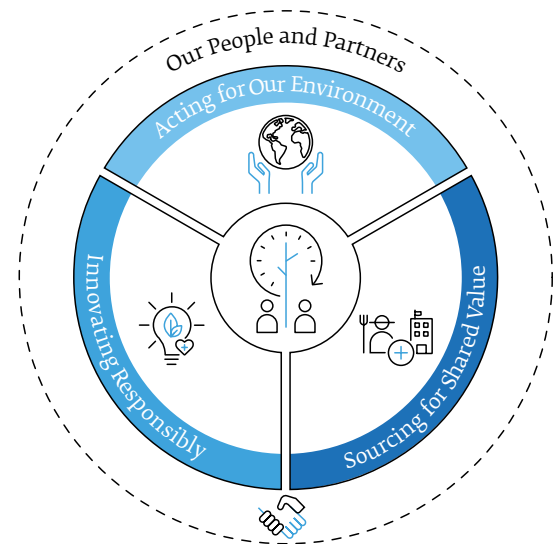
Innovating Responsibly means considering the impact of our products and services on society and the environment and leading change for the better by working to benefit both.

'A Sense of Tomorrow' rests on the three pillars of Sourcing for Shared Value, Innovating Responsibly and Acting for Our Environment. Initiatives target our supply chains, investment in innovative new products, a reduction of our carbon footprint and climate change mitigation. But we cannot do this alone. It would not be possible without a focus on our people and partners, both internal and external to Givaudan: managing the talent of those who are passionate about their work and committed to creating a sustainable society is key to meeting our goals. Choosing like-minded partners is essential.

This drive supports our own objectives, but also addresses the United Nations Sustainable Development Goals. In focusing our own priorities on global aspirations such as dietary shifts, health and well-being and environmental protection, we show our commitment to sustainability and our creativity and innovation in achieving it. Customers can be confident that our products are produced responsibly.

A 'Sense of Tomorrow' is another step in our long history of high ethical standards in our interaction with all stakeholders. The approach helps make Givaudan the most trusted partner in taste and scent, ensuring that our 250-year journey of passion and performance continues, delighting people with unique sensory experiences they can feel good about.

🔍 Our Sustainability Approach
2018 Sustainability Progress Review



Meeting needs today. Defining what's next.

Acting for Our Environment

We are improving operational processes to reduce our environmental footprint and contribute to climate change mitigation: our targets support the drive to limit an increase in temperature.

We will reduce absolute Scope 1 and 2 **greenhouse gas emissions** by 30% and target a 20% drop in Scope 3 emissions 2015 – 2030. We aim for 100% **renewable electricity** by 2025 and a 4% year-on-year average reduction in **waste**. We are reviewing **water** reduction targets after reaching one of them three years early.

Since a product's real footprint includes every step in the supply chain, we also help suppliers reduce their impact, minimising the overall environmental effect. This has a direct, positive impact on local producer communities and the supply of the natural ingredients we rely on. All these efforts help cut our GHG emissions, waste production, water consumption and support our shift to renewable electricity.



Our People and Partners

Our goals can only be met with the help of employees and partners who are dedicated to sustainability.

That is why we support people of all backgrounds, gender and origin, making sure our staff reflects the world in which we operate. We target a gradual shift in the mix of nationalities and genders in our management teams, thus leading to steady, sustainable change, reinforcing our inclusivity and supporting our business goals.

Safety, health and well-being are targeted through awareness campaigns and training, while talent is developed through an approach embedded in a culture of continuous learning and curiosity.

Meeting sustainability goals is complicated by diverse challenges and effective solutions can only be found by working with partners. Cooperation with suppliers, associations and non-profit organisations helps us move ahead in an efficient, mutually beneficial way.

Megatrends

Positioned well in a fast-changing environment

Global megatrends express society shifts and rapidly changing consumer behaviours.

Givaudan is embracing these global shifts as opportunities to ensure business resilience and create additional value for our customers.

Global trends



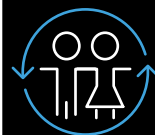
A growing customer base ...

- Growing population and wealth in high growth markets
- Shift from rural to urban areas
- Increased disposable incomes



... living longer and more responsible lives ...

- Ageing population
- Overweight and obesity more widespread
- Consumers demanding transparency



... in an increasingly interconnected world

- Rising interconnectivity and faster exchange of information
- Social media transports new trends faster and wider

Impact on Flavours

- Rise in spending on processed and ready-made foods with increase in disposable incomes
- Local and regional brands gaining relevance

Impact on Fragrances

- Expanding middle class driving demand for premium and exclusive products
- Increased spending in personal care and household products
- Development of speciality retailers

Givaudan's positioning

- Focus on key targeted areas with highest growth
- Local strategy adapted to high growth markets
- Targeted talent and capital expenditure investments

- Demand for good tasting products with reduced content of fat, sugar and salt
- Increased focus on organic, natural ingredients, natural flavours
- Consumer demand for clean and clear labels

- Increasing demand for unique, sensorial and visual experiences
- Growing demand for cosmetics in high growth markets
- Higher demand for natural and sustainably sourced raw materials

- Innovative resources dedicated to research in naturals
- Targeted acquisitions in Naturals, Health and well-being and Integrated solutions¹

- Increased consumer empowerment
- Reduced time-to-market for new products
- Increased demand for convenience food

- Bloggers play important role in shaping opinions
- Rising power of consumers who are dictating trends
- Increased demand for new products, quicker

- Digitalisation to identify and exploit consumer insights
- Product innovation to capture freshness, e.g. FreezeFrame®
- Innovation and research in ingredients and encapsulation

1. Relevant acquisitions comprise Spicetec, Activ International, Vika B.V., Centroflora Nutra, and Naturex.

Corporate governance and compensation



Corporate governance: highlights

Ensuring proper checks and balances

The Governance report is aligned with international standards and has been prepared in accordance with the ‘Swiss Code of Obligations’, the ‘Directive on Information Relating to Corporate Governance’ issued by the SIX Swiss Exchange and the ‘Swiss Code of Best Practice for Corporate Governance’ issued by *economiesuisse*.

Group structure and shareholders

Givaudan SA, the parent company of the Givaudan Group, with its registered corporate headquarters at 5 Chemin de la Parfumerie, 1214 Vernier, Switzerland (‘the Company’), is a ‘société anonyme’, pursuant to art. 620 et seq. of the Swiss Code of Obligations. It is listed on the SIX Swiss Exchange under security number 1064593, ISIN CH0010645932.

The Company does not have any publicly listed subsidiaries. The list of principal consolidated companies, their domiciles and the shareholding is presented in appendix page 208 to the consolidated financial statements of the 2018 Financial Report. Note 1 to the consolidated financial statements as well as note 3 to the statutory financial statements offer more details regarding the structure of the Group. All unlisted subsidiaries are wholly-owned, unless otherwise indicated in notes 3 and 5 to the statutory financial statements mentioned above.

To the knowledge of the Company, the following were the only shareholders holding more than 3% of the share capital of Givaudan SA as at 31 December 2018 (or as at the date of their last notification under article 20 of the Stock Exchange Act).

Significant shareholders

2018	in %
Beneficial owners	
William H. Gates III – Cascade Investment	13.86
MFS Investment Management	5.04
BlackRock Inc	5.02
Nominees	
Nortrust Nominees Ltd.	15.04
Chase Nominees Ltd.	6.36
Messieurs Pictet & Cie.	4.54

The Company has not entered into any shareholder agreements with any of its significant shareholders.

Capital structure

Ordinary share capital

As at 31 December 2018, the Company’s ordinary share capital amounted to CHF 92,335,860 fully paid in and divided into 9,233,586 registered shares with a par value of CHF 10.00 each. The market capitalisation of the Company at 31 December 2018 was CHF 21,015,641,736. The company’s conditional share capital is described in the 2018 Governance report on page 101 in the 2018 Integrated Annual Report.

Shares and participation certificates

The Company has one class of shares only. All shares are registered shares with a par value of CHF 10.00 each. Subject to the limitations described below, all shares have the same rights in all respects. Every share gives the right to one vote and to an equal dividend.

Limitations on transferability and nominee registrations

At the Annual General Meeting of shareholders on 20 March 2014, the previously existing registration and voting rights restrictions were abolished. Today, the Company no longer has limitations on transferability of shares.

Based on a regulation of the Board of Directors, nominee shareholders may be entered with voting rights in the share register of the Company for up to 2% of the share capital without further condition, and for more than 2% if they undertake to disclose to the Company the name, address, nationality and number of shares held by the beneficial owners.

Board of Directors

Each of the seven Board members has an in-depth knowledge of his or her relevant areas of expertise and contributes to the Board competencies. In addition, the

Board's knowledge and diversity of experience are important assets in leading a company of Givaudan's size in a complex and fast-changing environment.

Board of Directors, its committees and election dates 2018

Board of Directors			
<p>Calvin Grieder Chairman Swiss Born 1955 in the USA Member since 2014</p>	<p>Prof. Dr-Ing. Werner Bauer German and Swiss Born 1950 Member since 2014</p>	<p>Victor Balli Swiss Born 1957 Member since 2016</p>	<p>Lilian Biner Swedish Born 1962 Member since 2011</p>
	<p>Michael Carlos French Born 1950 Member since 2015</p>	<p>Ingrid Deltenre Dutch and Swiss Born 1960 Member since 2015</p>	<p>Thomas Rufer Swiss Born 1952 Member since 2009</p>
<p>Audit Committee</p> <p>Thomas Rufer (Chairman), entire year Lilian Biner, entire year Victor Balli, entire year</p> <ul style="list-style-type: none"> – Assists the Board in its oversight responsibilities with respect to financial reporting – Ensures effectiveness and efficiency of internal control, risk management and compliance systems – Assesses and overviews the internal and external audit processes 		<p>Compensation Committee</p> <p>Prof. Dr-Ing. Werner Bauer (Chairman), entire year Ingrid Deltenre, entire year Victor Balli, entire year</p> <ul style="list-style-type: none"> – Reviews and recommends the compensation policies to the Board – Approves the remuneration for the Executive Committee – Prepares the Compensation Report 	
<p>Nomination and Governance Committee</p> <p>Calvin Grieder (Chairman), entire year Ingrid Deltenre, entire year Michael Carlos, entire year</p> <ul style="list-style-type: none"> – Assists the Board in applying principles of good corporate governance – Prepares appointments to the Board and the Executive Committee 		<p>Innovation Committee</p> <p>Michael Carlos (Chairman), entire year Calvin Grieder, entire year Prof. Dr-Ing. Werner Bauer, entire year</p> <ul style="list-style-type: none"> – Assists the Board in scientific matters relating to the flavours, fragrances and cosmetics Industry – Identifies opportunities, proposes and screens potential innovation partners 	

Executive Committee

The Executive Committee, under the leadership of the Chief Executive Officer, is responsible for all areas of operational management of the Company that are not specifically reserved to the Board of Directors.

The Chief Executive Officer is appointed by the Board of Directors upon recommendation of the Nomination Committee. Subject to the powers attributed to him, he has the task of achieving the strategic objectives of the Company and determining the operational priorities. In addition, he leads, supervises and coordinates the other members of the Executive Committee, including convening, preparing and chairing the meetings of the Executive Committee.

The members of the Executive Committee are appointed by the Board of Directors on recommendation of the Chief Executive Officer after evaluation by the Nomination Committee. The Executive Committee is responsible for developing the Company's strategic as well as long-term business and financial plans. Key areas of responsibility also include the management and supervision of all areas of the business development on an operational basis, and approving investment decisions.

Members of the Executive Committee

<p>Gilles Andrier Chief Executive Officer French Born 1961 Appointed in 2005</p>	<p>Louie D'Amico President Flavour Division US american Born 1961 Appointed in 2018</p>	<p>Maurizio Volpi President Fragrance Division Italian Born 1969 Appointed in 2015</p>	<p>Tom Hallam Chief Financial Officer British and Swiss Born 1966 Appointed in 2017</p>
<p>Simon Halle-Smith Head of Global Human Resources and EHS British Born 1966 Appointed in 2015</p>	<p>Willem Mutsaerts Head of Global Procurement and Sustainability Dutch Born 1962 Appointed in 2015</p>	<p>Anne Tayac Head of Givaudan Business Solutions French Born in 1968 Appointed in 2016</p>	

Auditors

At the Annual General Meeting of shareholders on 26 March 2009, Deloitte SA was first appointed as Group and statutory auditor of Givaudan SA and its affiliates and has held the audit mandate since that time. At the Annual General Meeting of shareholders on 22 March 2018, Deloitte SA was reappointed as statutory auditor for the business year 2018. Since March 2016, the responsible lead auditor for the Givaudan audit at Deloitte has been Ms Karine Szegegi Pingoud, Partner.

🔍 www.givaudan.com – our company – corporate governance
2018 Integrated Annual Report – Governance Report – pages 99 – 117

Compensation: highlights

Attract, motivate and retain

Givaudan aims to attract, motivate and retain a diverse pool of highly talented people to sustain its leadership position within the flavour and fragrance industry.

The Compensation Committee supports the Board of Directors (Board) in establishing and reviewing compensation policies. It regularly reviews Company-wide programmes in regard to base salary, pension and benefit plans. The Compensation Committee also annually reviews and approves the performance targets and related payouts under the annual incentives and share-based long-term incentives, while the applicable performance criteria are set by the Board.

The Compensation Committee is also responsible for reviewing and approving individual compensation and benefits of each Executive Committee member as well as recommending compensation for the Board.

The Compensation Committee consists of three independent members of the Board and is currently chaired by Prof. Dr-Ing. Werner Bauer. The Chief Executive Officer is regularly invited to Compensation Committee meetings. The Head of Global Human Resources acts as secretary of the Compensation Committee. The Chairman of the Compensation Committee may invite other executives as appropriate. However, executives do not participate in discussions regarding their own compensation.

The Articles of Incorporation of Givaudan include rules on the principles applicable to performance-related pay and to the allocation of equity securities, convertible rights and options (Arts. 23 – 25), additional amounts for payments to Executive Committee members appointed after the vote on pay at the shareholders' meeting (Art. 27), loans, credit facilities and post-employment benefits for the Executive Committee and Board (Arts. 30 and 31) and the vote on pay at the shareholders' meeting (Art. 26).

Specific activities in 2018

As previously reported, the Compensation Committee undertook a comprehensive review of the Performance Share Plan in 2017. Accordingly, changes to the PSP payout matrix were introduced in 2018. Further details are provided in section 3.7 of the Compensation report in the 2018 Integrated Annual Report.

In 2018 as part of the regular annual process outlined above, the Compensation Committee reviewed the compensation levels and decided to implement some changes to the compensation mix from 2019. The changes have been decided upon with due consideration of our compensation principles outlined in section 2. Further information on the rationale for the changes is detailed in section 3.3 of the Compensation report in the 2018 Integrated Annual Report.

Finally and as indicated in section 3.8 of the Compensation report, in 2018 Givaudan benefit plans for all employees were reviewed and changes implemented to reflect market practice and better ensure future pension entitlements.

Compensation of the Executive Committee

In 2018, total compensation reported remained stable compared to 2017 on a per Executive Committee member basis. In 2018, the overall total Executive Committee compensation reduced due to the smaller Executive Committee size, i.e. 9.5 full time equivalent members in 2017 versus 7.9 full time equivalent members in 2018 (including the CEO and taking into consideration partial year compensation for those members who left and joined the Executive Committee).

No other compensation or fees were accrued for or paid to any member or former member of the Executive Committee during the reporting period. No member or former member of the Executive Committee or related parties had any loan outstanding as of 31 December 2018.

Members of the Executive Committee that stepped down during 2018 did not receive any special compensation as a result of their departure from the Company.

The fixed and long term variable compensation approved for 2018 was CHF 17,000,000 (2017: CHF 19,800,000).

Executive Committee compensation summary

in Swiss francs	Gilles Andrier CEO 2018	Gilles Andrier CEO 2017	Executive Committee members (excluding CEO) ¹ 2018	Executive Committee members (excluding CEO) ² 2017	Total 2018	Total 2017
Base salary	1,058,023	1,045,952	3,194,282	3,970,375	4,252,305	5,016,327
Pension benefits ³	571,766	445,076	947,880	1,048,011	1,519,646	1,493,087
Other benefits ⁴	139,048	114,688	819,837	800,451	958,885	915,139
Total fixed compensation	1,768,837	1,605,716	4,961,999	5,818,837	6,730,836	7,424,553
Annual incentive ⁵	954,070	977,142	1,824,033	2,513,556	2,778,103	3,490,698
Number of performance shares granted ⁶	1,446	1,777	3,263	5,549	4,709	7,326
Value at grant ⁷	2,882,312	2,881,583	6,504,138	8,998,258	9,386,450	11,879,841
Total variable compensation	3,836,382	3,858,725	8,328,171	11,511,814	12,164,553	15,370,539
Total compensation	5,605,219	5,464,441	13,290,170	17,330,651	18,895,389	22,795,092
Employer social security ⁸	453,000	442,000	988,000	1,413,000	1,441,000	1,855,000

1. Represents (a) full year compensation of five Executive Committee members, (b) partial year compensation of two outgoing members and c) partial year compensation of the new Flavour Division President.
2. Represents full year compensation of eight Executive Committee members and partial year compensation of one outgoing Executive Committee member.
3. Company contributions to broad-based pension and retirement savings plans and annualised expenses accrued for supplementary executive retirement benefit.
4. Represents annual value of health and welfare plans, international assignment benefits and other benefits in kind.
5. Annual incentive accrued in reporting period based on performance in the reporting period.
6. 2018 Performance shares vest on 15 April 2021, 2017 Performance shares vest on 15 April 2020.
7. Value at grant calculated according to IFRS methodology and based on 100% achievement of performance targets.
8. 2018 estimated social security charges based on 2018 compensation; 2017 estimated social security charges based on 2017 compensation.

The annual incentive, short term variable compensation amount for 2018 was CHF 2,778,103 and will be submitted for approval at the 2019 Annual General Meeting (2017: CHF 3,490,698).

Compensation of the Board of Directors

Compensation of Board members consists of Director fees, Committee fees and Restricted Share Units (RSUs). Fees are paid at the end of each year in office completed. RSUs give participants the right to receive Givaudan shares (or a cash equivalent in countries where securities laws prevent the offering of Givaudan securities) at the end of a three-year blocking period. During this period Board members must hold RSUs (accordingly are restricted from trading RSUs or the underlying Givaudan shares), thereby aligning with shareholder interests over the longer term. Board members are entitled to receive Givaudan shares regardless of membership status so that, for example, if re-election does not occur during the restriction period, awarded RSUs are retained by the respective Board member. Such practice has been implemented in line with best practice in support of Givaudan's commitment to ensuring Board independence.

The Chairman of the Board does not receive any additional Board Membership fees. Similarly, a Committee Chairman does not receive any additional Committee Membership fees.

Each Board member receives an additional amount of CHF 10,000 to cover out-of-pocket expenses. This amount is paid for the coming year in office. The RSUs are also granted for the same period.

No additional compensation or fees were paid to any member of the Board. No Board member or related parties had any loan outstanding as of 31 December 2018.

During the reporting period, no special compensation of members of the Board who left the Company during the reporting period was incurred.

The compensation paid to the Board members for the period between the 2017 and 2018 Annual General Meetings (CHF 2,834,440) is again within the amount approved by shareholders at the 2017 Annual General Meeting (CHF 2,950,000). Amounts approved at the 2018 Annual General Meeting (CHF 2,950,000) will be paid by the end of the year in office and validated in the 2019 Compensation Report. Such approved and paid amounts will differ from those shown in the Board compensation summary table which, according to the Ordinance against Excessive Compensation at Listed Stock Companies (OaEC), must include compensation paid in the reporting year.

Board of Directors compensation summary

2018 in Swiss francs	Calvin Grieder Chairman ⁵	Victor Balli ⁵	Prof. Dr-Ing. Werner Bauer ⁵	Lilian Biner ⁵	Michael Carlos ⁵	Ingrid Deltenre ⁵	Thomas Rufer ⁵	Total 2018¹
Director fees ²	400,000	100,000	100,000	100,000	100,000	100,000	100,000	1,000,000
Committee fees ²	65,000	50,000	65,000	25,000	65,000	50,000	55,000	375,000
Total fixed (cash)	465,000	150,000	165,000	125,000	165,000	150,000	155,000	1,375,000
Number of RSUs granted ³	292	73	73	73	73	73	73	730
Value at grant ⁴	582,044	145,511	145,511	145,511	145,511	145,511	145,511	1,455,110
Total compensation	1,047,044	295,511	310,511	270,511	310,511	295,511	300,511	2,830,110

1. Represents total compensation for the Board of Director paid in respect of the reporting year, reported in accordance with the accrual principle.
2. Represents Director and Committee fees paid in respect of the reporting year, reported in accordance with the accrual principle.
3. RSUs blocking period ends on 15 April 2021.
4. Economic value at grant according to IFRS methodology, with no discount applied for the blocking period.
5. The function of each member of the Board of Directors are indicated on pages 104 – 105 in the Corporate Governance section of the 2018 Integrated Annual Report.

Estimated social security charges based on 2018 compensation amounted to CHF 203,000 (2017: CHF 205,000).

Ownership of Givaudan securities**Executive Committee**

The Chief Executive Officer and other members of the Executive Committee, including persons closely connected to them, held 5,097 Givaudan shares.

No member of the Executive Committee held any share options or option rights as at 31 December 2018 (31 December 2017: no member of the Executive Committee held any share options or option rights).

One person closely connected to a member of the Executive Committee owned 279 unvested Performance Shares as at 31 December 2018.

The Company is not aware of any other ownership of shares, share options/option rights, RSUs or Performance Shares as per 31 December 2018 by persons closely connected to members of the Executive Committee.

Executive Committee: ownership of Givaudan securities

2018 in numbers	Shares	Unvested performance shares
Gilles Andrier, CEO	2,400	4,909
Tom Hallam	438	1,304
Louie D'Amico	193	1,131
Maurizio Volpi	1,257	2,350
Simon Halle-Smith	260	1,403
Willem Mutsaerts	440	1,418
Anne Tayac	109	1,261
Total 2018	5,097	13,776
Total 2017	6,154	15,945

Board of Directors

As per 31 December 2018, the Chairman and other Board members, including persons closely connected to them held 3,906 Givaudan shares in total.

The Company is not aware of any other ownership of shares, share options/option rights, RSUs or Performance Shares as per 31 December 2018 by persons closely connected to members of the Board.

Board of Directors: ownership of Givaudan securities

2018 in numbers	Shares	Unvested RSUs
Calvin Grieder, Chairman	210	737
Victor Balli		248
Prof. Dr-Ing. Werner Bauer	1,180	248
Lilian Biner	587	248
Michael Carlos	1,012	248
Ingrid Deltenre	117	248
Thomas Rufer	800	248
Total 2018	3,906	2,225
Total 2017	3,360	2,041

🔍 www.givaudan.com – corporate governance – rules and policies
2018 Integrated Annual Report – Compensation Report – pages 85 – 97

Financial statements



Consolidated financial statements

Consolidated Income Statement

For the year ended 31 December

in millions of Swiss francs, except for earnings per share data	2018	2017
Sales	5,527	5,051
Cost of sales	(3,198)	(2,801)
Gross profit	2,329	2,250
as % of sales	42.1%	44.5%
Selling, marketing and distribution expenses	(716)	(669)
Research and product development expenses	(477)	(424)
Administration expenses	(208)	(178)
Share of (loss) profit of jointly controlled entities	5	–
Other operating income	63	42
Other operating expense	(113)	(152)
Operating income	883	869
as % of sales	16.0%	17.2%
Financing costs	(55)	(42)
Other financial income (expense), net	(56)	(32)
Income before taxes	772	795
Income taxes	(109)	(75)
Income for the period	663	720
Attribution		
Income attributable to non-controlling interests	–	–
Income attributable to equity holders of the parent	663	720
as % of sales	12.0%	14.2%
Earnings per share – basic (CHF)	71.92	78.18
Earnings per share – diluted (CHF)	71.36	77.54

Consolidated Statement of Comprehensive Income

For the year ended 31 December

in millions of Swiss francs	2018	2017
Income for the period	663	720
Items that may be reclassified to the income statement		
Cash flow hedges		
Movement in fair value, net	(4)	3
Gains (losses) removed from equity and recognised in the consolidated income statement	8	5
Movement on income tax	–	–
Exchange differences arising on translation of foreign operations		
Movement in fair value arising on hedging instruments of the net assets in foreign operations	37	
Change in currency translation	(140)	63
Movement on income tax	–	–
Items that will not be reclassified to the income statement		
Defined benefit pension plans		
Remeasurement gains (losses) of post employment benefit obligations	162	55
Movement on income tax	(35)	(38)
Other comprehensive income for the period	28	88
Total comprehensive income for the period	691	808
Attribution		
Total comprehensive income attributable to non-controlling interests	–	
Total comprehensive income attributable to equity holders of the parent	691	808

Consolidated Statement of Financial Position

As at 31 December

in millions of Swiss francs	2018	2017
Cash and cash equivalents	423	534
Derivative financial instruments	11	16
Financial assets at fair value through income statement	4	2
Accounts receivable – trade	1,253	1,147
Inventories	1,098	902
Current tax assets	41	32
Prepayments	53	123
Other current assets	238	98
Current assets	3,121	2,854
Derivative financial instruments	2	1
Property, plant and equipment	1,759	1,579
Intangible assets	3,999	2,482
Deferred tax assets	208	207
Post-employment benefit plan assets	22	21
Financial assets at fair value through income statement	61	63
Jointly controlled entities	33	33
Investment property	2	16
Other long-term assets	61	53
Non-current assets	6,147	4,455
Total assets	9,268	7,309
Short-term debt	4	308
Derivative financial instruments	12	12
Accounts payable – trade and others	719	662
Accrued payroll and payroll taxes	178	149
Current tax liabilities	95	49
Financial liability – own equity instruments	93	93
Provisions	24	57
Other current liabilities	225	195
Current liabilities	1,350	1,525
Derivative financial instruments	43	60
Long-term debt	3,266	1,300
Provisions	73	67
Post-employment benefit plan liabilities	490	644
Deferred tax liabilities	238	99
Other non-current liabilities	85	76
Non-current liabilities	4,195	2,246
Total liabilities	5,545	3,771
Share capital	92	92
Retained earnings and reserves	5,811	5,682
Own equity instruments	(142)	(157)
Other components of equity	(2,051)	(2,079)
Equity attributable to equity holders of the parent	3,710	3,538
Non-controlling interests	13	
Total equity	3,723	3,538
Total liabilities and equity	9,268	7,309

Consolidated Statement of Changes in Equity

For the year ended 31 December

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	Total equity
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								13	13
Net change in other equity items		(534)	15				(519)	13	(506)
Balance as at 31 December	92	5,811	(142)	(61)	(1,559)	(431)	3,710	13	3,723

2017 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	5,477	(109)	(73)	(1,519)	(575)	3,293		3,293
Income for the period		720					720		720
Other comprehensive income for the period				8	63	17	88		88
Total comprehensive income for the period		720		8	63	17	808		808
Dividends paid		(515)					(515)		(515)
Movement on own equity instruments, net			(48)				(48)		(48)
Net change in other equity items		(515)	(48)				(563)		(563)
Balance as at 31 December	92	5,682	(157)	(65)	(1,456)	(558)	3,538		3,538

Consolidated Statement of Cash Flows

For the year ended 31 December

in millions of Swiss francs	2018	2017
Income for the period	663	720
Income tax expense	109	75
Interest expense	42	29
Non-operating income and expense	69	45
Operating income	883	869
Depreciation of property, plant and equipment	127	114
Amortisation of intangible assets	125	104
Impairment of long-lived assets	10	2
Other non-cash items		
- share-based payments	38	35
- pension expense	39	14
- additional and unused provisions, net	(7)	69
- other non-cash items	(43)	(52)
Adjustments for non-cash items	289	286
(Increase) decrease in inventories	(9)	(107)
(Increase) decrease in accounts receivable	(72)	(125)
(Increase) decrease in other current assets	(35)	(29)
Increase (decrease) in accounts payable	(11)	136
Increase (decrease) in other current liabilities	38	12
(Increase) decrease in working capital	(89)	(113)
Income taxes paid	(73)	(73)
Pension contributions paid	(46)	(53)
Provisions used	(25)	(10)
Purchase and sale of own equity instruments, net	(23)	(45)
Cash flows from (for) operating activities	916	861
Increase in long-term debt	1,971	350
(Decrease) in long-term debt	(258)	(17)
Increase in short-term debt	2,345	670
(Decrease) in short-term debt	(2,620)	(705)
Cash flows from debt, net	1,438	298
Interest paid	(29)	(24)
Purchase and sale of derivative financial instruments, net	(22)	-
Other, net	(5)	(7)
Cash flows from financial liabilities	1,382	267
Distribution to the shareholders paid	(534)	(515)
Cash flows from (for) financing activities	848	(248)
Acquisition of property, plant and equipment	(239)	(191)
Acquisition of intangible assets	(55)	(53)
Payments for investment property		(1)
Acquisition of subsidiary, net of cash acquired	(1,694)	(224)
Proceeds from the disposal of property, plant and equipment	110	2
Proceeds from disposal of investment property	14	
Interest received	2	3
Dividends received from jointly controlled entities	4	2
Purchase and sale of financial assets at fair value through income statement, net	5	-
Impact of financial transactions on investing, net	(3)	35
Other, net	(3)	(2)
Cash flows from (for) investing activities	(1,859)	(429)
Net increase (decrease) in cash and cash equivalents	(95)	184
Net effect of currency translation on cash and cash equivalents	(16)	22
Cash and cash equivalents at the beginning of the period	534	328
Cash and cash equivalents at the end of the period	423	534

Our reporting suite

Readers are advised to consult our entire reporting suite to get a complete overview:



2018 Integrated Annual Report

Available in English

- PDF and Online HTML from 25 January 2019
- Print from 28 March 2019
- www.givaudan.com – media – publications
- www.givaudan.com – investors – online annual report

Content

Offers a holistic explanation of our value creation, financial and non-financial capitals and performance, including our Governance, Compensation and Financial reports. The online report offers an succinct overview, easy access to the various chapters of the report and a full download centre.



2018 Highlights

Available in English, French and German

- PDF and print from 28 March 2019
- www.givaudan.com – media – publications

Content

Business and financial highlights in addition to the Chairman and CEO reviews and the highlights of the Governance and Compensation reports.



Our Sustainability Approach

Available in English

- PDF from 25 January 2019
- www.givaudan.com – sustainability – publications

Content

Offers a strategic overview of A Sense of Tomorrow, the approach for each of the three sustainability focus areas, and related issues such as stakeholder engagement and material topics.



2018 Sustainability Progress Review

Available in English

- PDF from 28 March 2019
- www.givaudan.com – sustainability – publications

Content

Offers case studies and progress data for the three focus areas of our sustainability approach as well as eco-efficiency targets versus progress. The GRI Content Index and external assurance of sustainability data is included in this document.

To order publications: www.givaudan.com – media – publications

Givaudan Foundation

2018 Annual Report Available in English

PDF from 28 March 2019
www.givaudan-foundation.org

The Givaudan Foundation is a non-profit organisation created in 2013 as a result of Givaudan's desire to reinforce its commitment towards the communities in which it operates. The foundation's purpose is to initiate and support projects as well as to grant donations in the areas defined by its vision and mission.

One of the causes supported by the foundation is to safeguard the future of communities and their fragile environment. There is a specific focus on three areas in which Givaudan as a company is already

engaged and where its expertise and experience can be leveraged to make a difference: communities at source, blindness and nutrition. The Givaudan Foundation works closely with and relies on resources provided by Givaudan to conduct and monitor its projects. The Foundation also operates with local partners to ensure the efficient deployment of projects and their relevance to those who are intended to benefit from them.

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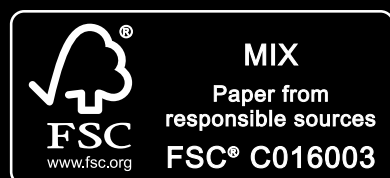
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