Givaudan’s profits slump in H1 despite perfumes rebound

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On Thursday, Swiss fragrances and flavourings manufacturer Givaudan reported a net profits slump in H1, within a highly inflationary environment and despite an increase in sales due primarily to the rebound of fine perfumery.

Compared to H1 2021, Givaudan’s net income fell by 8.5% to CHF440 million (€443 million), as indicated in a press release, despite the price hikes implemented to compensate for soaring raw materials, shipping and energy costs.

The group's revenue instead increased by 6.2% excluding foreign exchange effects and acquisitions, and by 8.3% when converted into Swiss francs, to over CHF3.6 billion.

These results were slightly above the forecasts made by analysts interviewed by Swiss press agency AWP, who on average had predicted a revenue of CHF3.5 billion. Givaudan's net income was instead below the expected figure of CHF472 million.

As of 8.17 am GMT, Givaudan’s share price was down 1.60% to CHF3,281.50 - while SMI, the Swiss Stock Exchange’s main index, was losing 0.08% - despite results that Jean-Philippe Bertschy, an analyst at Vontobel, described as “robust.”

“[Givaudan’s] performance must be assessed in the context of current supply chain tensions and significantly adverse conditions in China,” said Bertschy in a stock market commentary.

Sales for the group’s division specialised in perfumes and beauty products’ ingredients recorded a 4.7% increase excluding foreign exchange effects and acquisitions, thanks to a sharp rise in volumes in fine perfumery, a segment that was heavily affected by closures of high street and airport duty-free stores at the start of the pandemic.
In H1, fine perfumery sales jumped 17.9% according to the group, which manufactures fragrances for labels like Christian Dior and Prada, as well as scents for detergents and personal care products.

Sales in flavourings instead were up 7.6%, against a backdrop of double-digit growth in vegetable proteins, owing to sustained demand for meat and dairy alternatives, and single-digit growth for natural ingredients.

Geneva-based Givaudan has confirmed its medium and long-term targets, and is still aiming for organic sales growth between 4% and 5%.

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