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# Results for the *Financial Year 2018*

Dr. Heinz-Jürgen Bertram (CEO), Olaf Klinger (CFO), Dr. Jean-Yves Parisot (President Nutrition) – Frankfurt, 13 March 2019

# Agenda

## *Overview*

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- 
- 1** 2018 at a glance
- 2** Financials 2018
- 3** Acquisition ADF/IDF
- 4** Outlook 2019 – Long-term objectives 2025
-

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# 1 2018 at a glance

*Dr. Heinz-Jürgen Bertram, CEO*

# Financial Highlights FY 2018

*Symrise records another year of outstanding sales growth*



## Sales

€ **3.154** bn

**+5.3%**  
in reporting currency

**+8.8%**  
Organic  
growth

## Cash flow from operating activities

€ **442**m

**+12%**

## Dividend proposal

**90** € cents per share



## EBITDA margin

**20.0%**

## EBITDA

€ **631**m

## Net income

€ **275**m

## Earnings per share\*

€ **2.12**

## Investments

Mainly for accelerated growth initiatives

€ **226** m or **7.2%** of sales

\* Undiluted, attributable to shareholders of Symrise AG

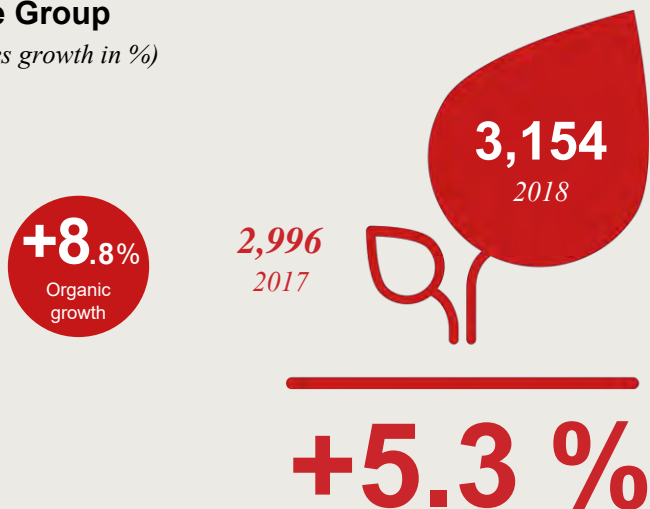
# Sales 2018

*Growth rate fully in line with increased guidance*



## Symrise Group

*In €m (sales growth in %)*



### Comments

—  
**+8.8% organic sales growth**  
*driven by all three segments and with particularly strong dynamics in Q4*

—  
**+5.3% sales growth in reporting currency**  
*despite unfavorable currency effects -€144 million*

# Sales by segment in 2018

*Strong organic sales growth in all segments*



*In € m (sales growth in %)*

**1,263**  
2017

**1,324**  
2018

**+8.9%**  
+4.8% reporting currency

## **Scent & Care**

*4.8% sales increase and organic growth of 8.9%. Double-digit growth rates in Fine Fragrance and Cosmetic Ingredients*

**1,102**  
2017

**1,191**  
2018

**+9.5%**  
+8.1% reporting currency

## **Flavor**

*Sales increase of 8.1% and 9.5% organic sales growth. Particular strong contributions from all major applications: Beverages, Sweet and Savory*

**631**  
2017

**639**  
2018

**+7.4%**  
+1.2% reporting currency

## **Nutrition**

*Sales increase of 1.2% and 7.4% growth on organic basis. Pet Food, Food deliver high single digit growth rates*

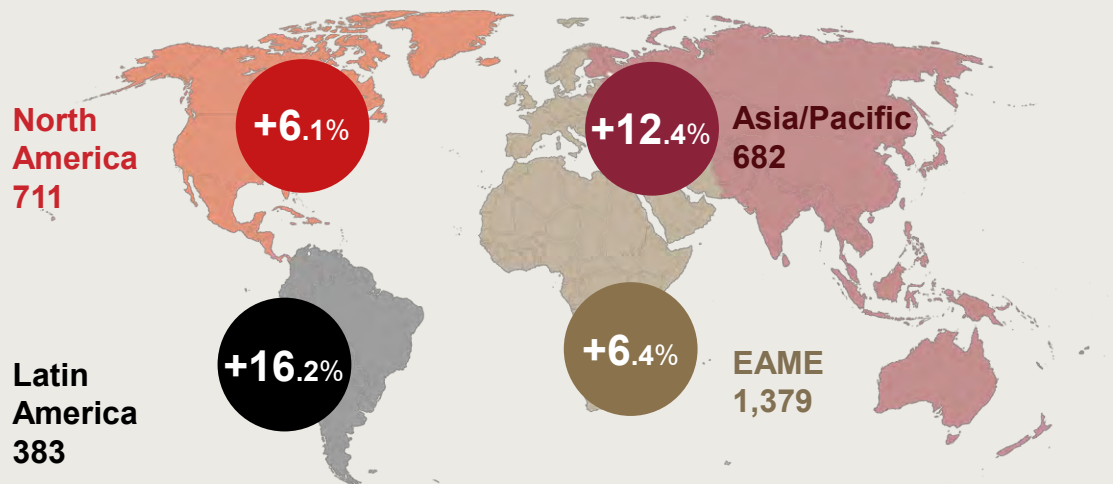
# Sales by region in 2018

*Latin America and Asia/Pacific deliver double-digit organic growth*



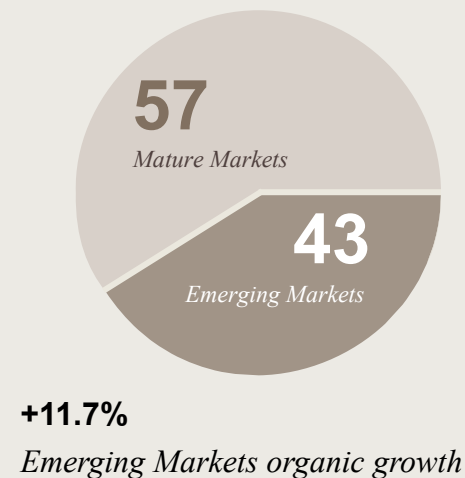
## By region

*In €m (organic growth in %)*



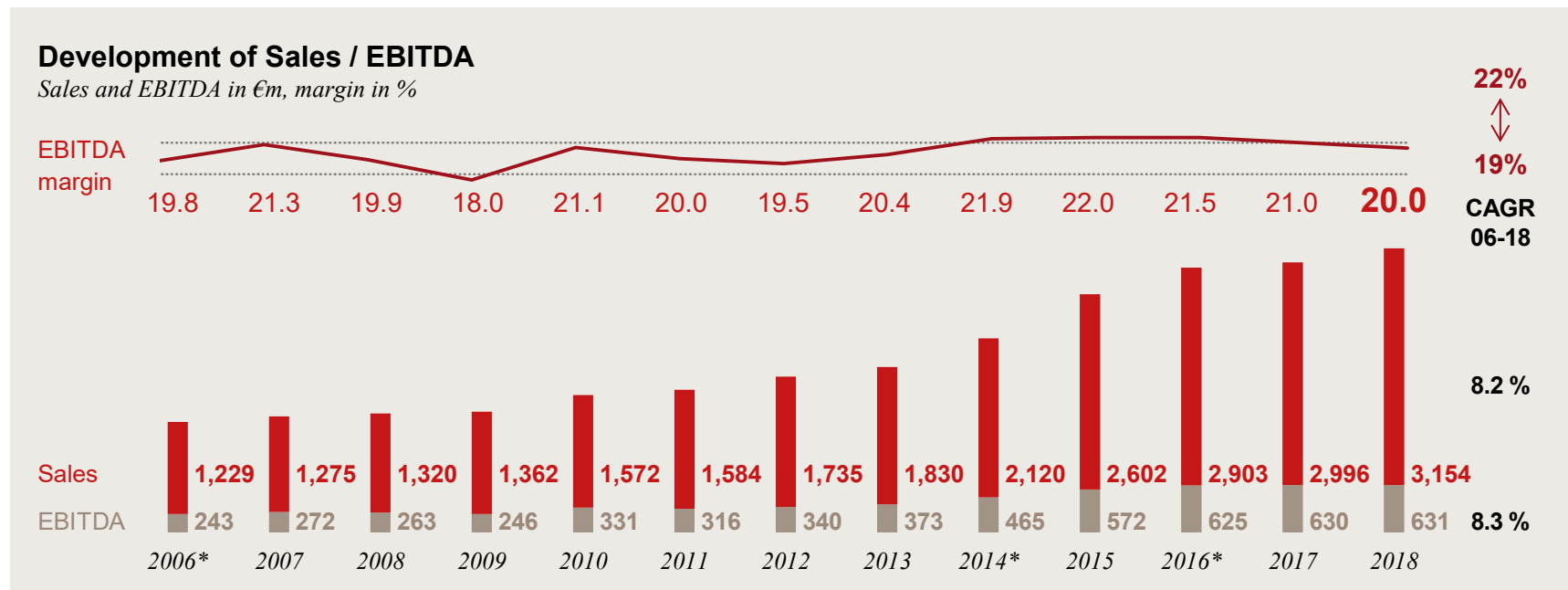
## In Emerging Markets

*as % of Group sales*



# Sales and EBITDA

*Delivering profitable growth and creating value*



\* EBITDA adjusted for restructuring and integration expenses



# Share price performance exceeds MDAX

*Attractive dividend and value generation*

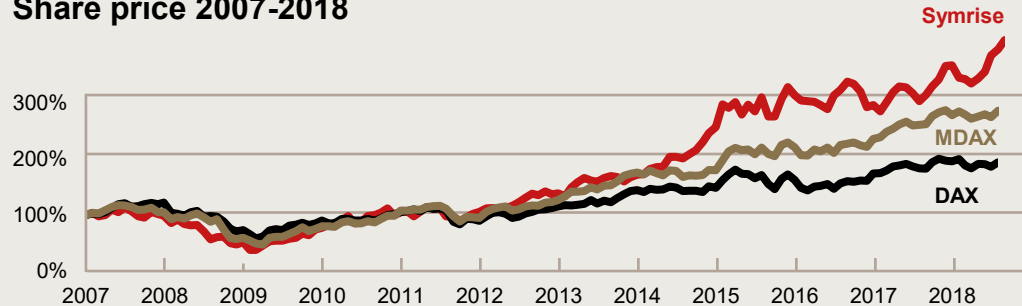


## Dividend 2007 – 2018

*Per share in € cents*



## Share price 2007-2018



### Comments

— **Positive share price development** +20% in the last 12 months

— **Attractive dividend proposal** 90 € cents per share for 2018

— **Corporate strategy** fully supports sustainable value creation

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# 2 Financials 2018

*Olaf Klinger, CFO*

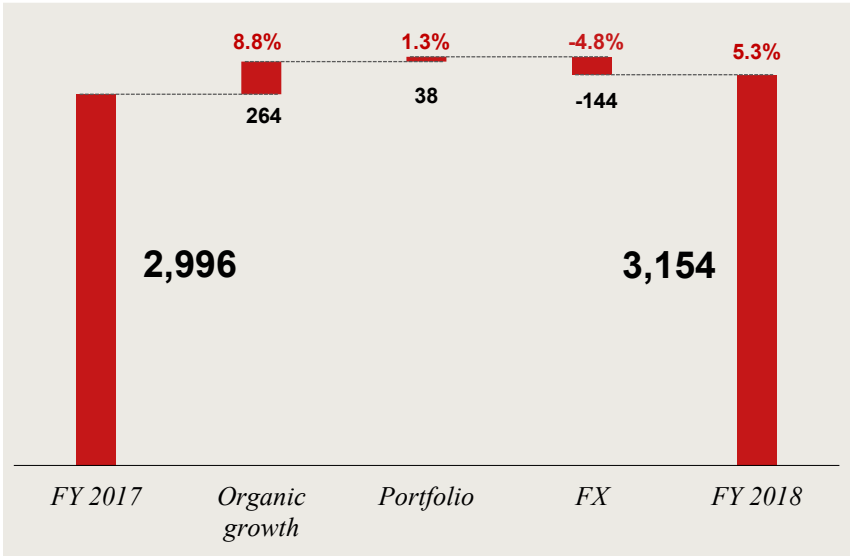
# Group 2018

*Strongest organic sales growth in the industry*



## Sales development

*In €m*



## Comments

- **Strong organic growth of 8.8%** *driven by all three Segments*
- **Organic growth driven 2/3 by volume and 1/3 by price**
- **Portfolio effects include** *the acquisitions of Cobell as well as Citratus*
- **Currency headwinds pushing down reported growth rate;** *effect weakening to -1.7% in Q4*

# Group 2018

## *Stable EBITDA despite higher raw material costs*



<i>In €m</i>	2017	2018	Var. %	Comments
<b>Sales</b>	<b>2,996</b>	<b>3,154</b>	<b>5.3</b>	—
Gross profit	1,224	1,241	1.4	<b>Gross margin at 39.4% reflects pressure from raw material costs</b>
<b>EBITDA</b>	<b>630</b>	<b>631</b>	<b>0.0</b>	—
<i>EBITDA margin</i>	<i>21.0</i>	<i>20.0</i>		<b>High level of discipline in operating costs, reduced by 0.9% ppt. to 25.6% of Group sales</b>
Depreciation	90	92	2.6	—
Amortization	109	104	-4.1	<b>Strong R&amp;D pipeline supported by € 200m R&amp;D spent, equaling 6.4% of Group sales</b>
<b>EBIT</b>	<b>432</b>	<b>434</b>	<b>0.6</b>	—
<i>EBIT margin</i>	<i>14.4</i>	<i>13.8</i>		<b>Positive one-off effect of €10m due to VAT credit</b>

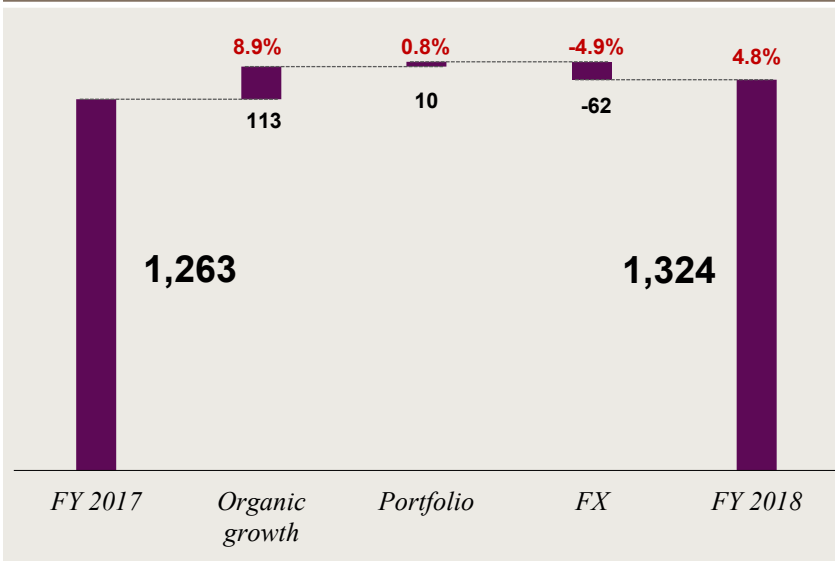
# Scents & Care 2018

*Strong sales growth and increased EBITDA*



## Sales development

*In €m*



## Short P&L

*In €m*

	2017	2018	Var. %
Sales	1,263	1,324	4.8
EBITDA	248	254	2.6
EBITDA margin	19.6%	19.2%	
EBIT	186	192	3.1

## Comments

**Cosmetic Ingredients** with double digit-growth. **Aroma Molecules** and **Fragrances** also performed well. Strong demand in **Menthol, Fine Fragrances** and **Personal Care** products

—  
Profitability impacted by **Raw Material costs**, partly compensated by cost discipline and price increases

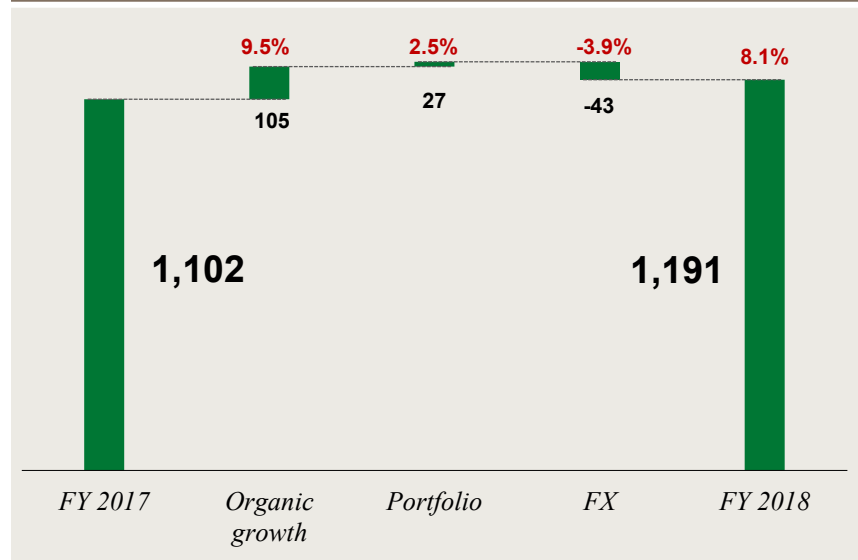
# Flavor 2018

*Strong dynamics in all regions and business units*



## Sales development

*In €m*



## Short P&L

*In €m*

	2017	2018	Var. %
Sales	1,102	1,191	8.1
EBITDA	243	244	0.4
EBITDA margin	22.0%	20.5%	
EBIT	188	193	2.6

## Comments

**Growth driven** by all regions and application areas

— **Strong demand for** Sweet and Savory applications particularly in EAME and Asia/Pacific; very good dynamics in North and Latin America in Beverage applications

— **Profitability at high level despite** Cobell dilution effect and high raw material prices

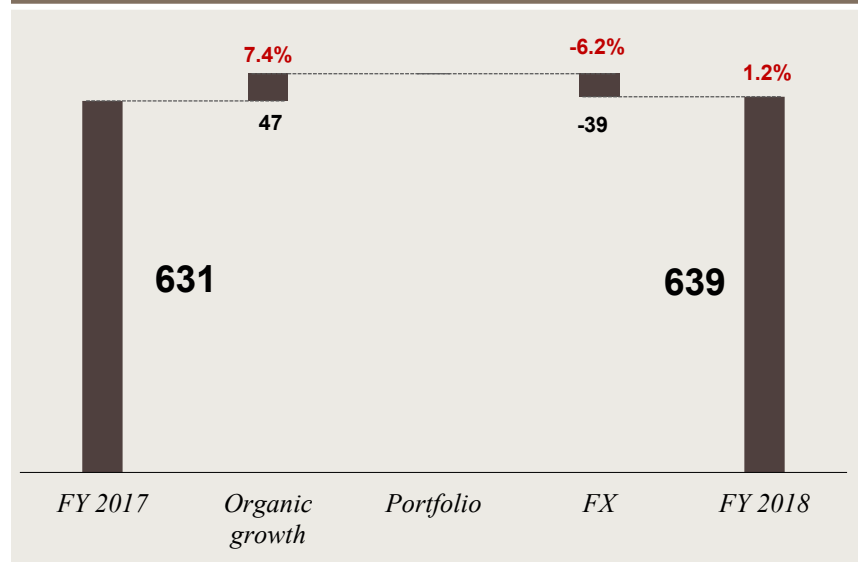
# Nutrition 2018

*Strong growth with some pressure on profitability*



## Sales development

In €m



## Short P&L

In €m

	2017	2018	Var. %
Sales	631	639	1.2
EBITDA	139	132	-5.1
EBITDA margin	22.1%	20.7%	
EBIT	57	49	-14.6

## Comments

*Very strong dynamics in **Pet Food** in all four regions, driven by global and regional customers. **Probi** sales impacted by temporary destocking of one customer; but with strong turnaround in H2*

*— **Profitability on healthy level** despite ramp up costs for new US facility*

# EPS

*Increase by around 2%*



<i>In €m</i>	2017	2018	Var. %	Comments
<b>EBIT</b>	<b>432</b>	<b>434</b>	<b>0.6</b>	—
Financial result	-56	-45	-20.0	<b>Financial result: Improved net interest result</b> <i>by issuance of convertible bond in 2017; supported by improved other financial result</i> <i>mainly due to lower negative FX impact of -€4.5m (after -€7.3m in 2017)</i>
<b>EBT</b>	<b>375</b>	<b>389</b>	<b>3.6</b>	—
Income tax	-100	-109	-9.6	<b>Income tax rate increased to 28.1%</b> <i>mainly due to non-deductible interest payments following the US tax reform</i>
<b>Net income*</b>	<b>270</b>	<b>275</b>	<b>1.9</b>	—
EPS*	2.08	2.12	1.9	<b>EPS*</b> <i>on new record level of €2.12</i>
				—
				<b>Dividend</b> <i>of €0.90 to be proposed at AGM on 22 May</i>

\* Attributable to shareholders of Symrise AG



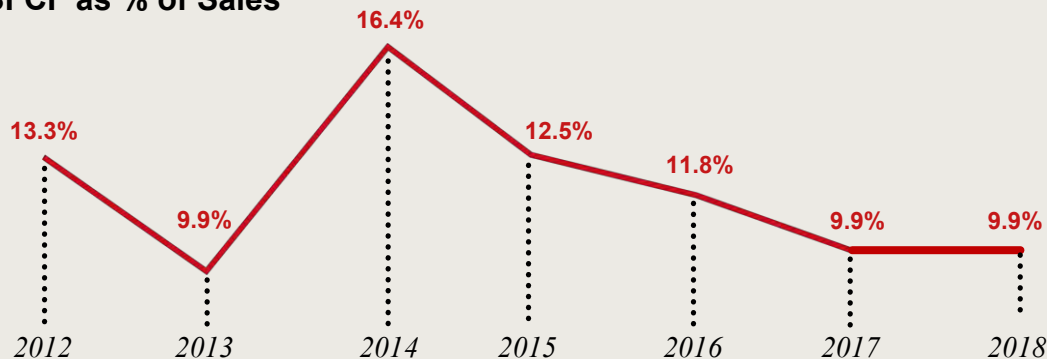


# Business Free Cash Flow

*introduced as a new internal KPI for 2018*



## BFCF as % of Sales



**Definition of BFCF:**  $\frac{EBITDA - CAPEX + \text{Change in Working Capital}}{\text{Sales}}$   
= Business Free Cash Flow

**10% BFCF in % of sales** in line with past year despite inventory challenges and highest ever capacity growth investment

**Limited EBITDA growth** vs. 2017

**Working Capital growth** in line with topline growth

**CAPEX above guidance**  
7.2% in 2018

### Ambition

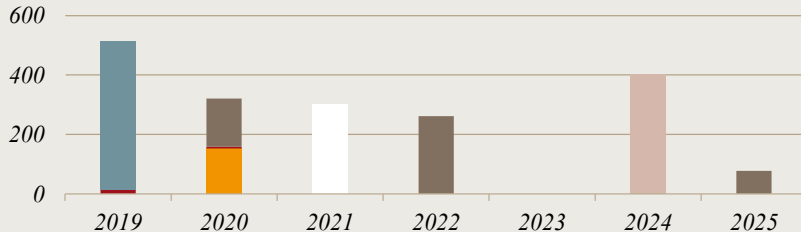
Steady improvement of BFCF as % of sales until 2025

# Solid Financing Structure

## *Clear focus on investment grade*



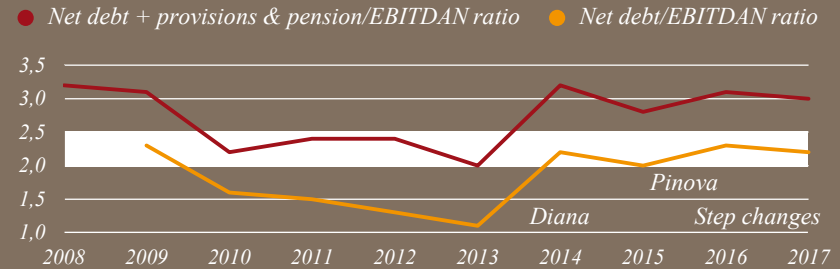
### Maturity Profile as of December 31, 2018



- US private placement 2010
- Bond 2014
- Promissory loan notes 2015
- EIB 2013
- Revolver 2015
- Convertible 2017

- Well balanced maturity profile
- Refinancing of 500m Eurobond in 2019

### Net debt / EBITDAN



#### Status Quo

- Net debt of €1,380m reflects 2.2 x EBITDA
- Net debt including pensions of € 1.893m reflects 3.0 x EBITDA

#### Ambition

- Long term target of 2.0 to 2.5 x EBITDA (incl. pensions)
- Unchanged since IPO
- Top priority: Remain an investment grade profile

# Financing structure of proposed acquisition ADF/IDF

*Facilities A and C completed, B in progress*



## Bridge and Term Facilities Agreement €800m / 31 Jan 2019

*Facility A*  
**Bridge to Equity\***  
**€400m**

*Accelerated book building  
of primary shares  
Offer price €71.25 / Volume €400m  
Pricing date 8 Feb 2019  
BNP and Unicredit*

*Facility B*  
**Bridge to Debt**  
**€200m**

*Issuance of a Schuldschein loan  
Size €200m  
Launch date 22 Feb 2019  
Estimated settlement 29 Mar 2019  
LBBW, Helaba and Commerzbank*

*Facility C*  
**Term Loan**  
**€200m**

*Syndication amongst  
existing banking group  
Term 5Y, amortizing  
Closing 25 Feb 2019*

\* 5,614,036 new shares; increase from 129,812,574 to 135,426,610 shares

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### 3 Update: Acquisition ADF/IDF

*Dr. Jean-Yves Parisot, President Nutrition (Diana)*

# Diana, part of Symrise's Nutrition Division

## *Who we are*



### Nutrition Division

*Markets / Business units*

**Pet Food**  
**Food**  
**Aqua culture**

**3**



*Incubation structure* **Nova**  
*Probiotics activity* **Probi**



**4** Key functionalities



**35** sites in 25 countries

**2,300** talented people

**Sales**

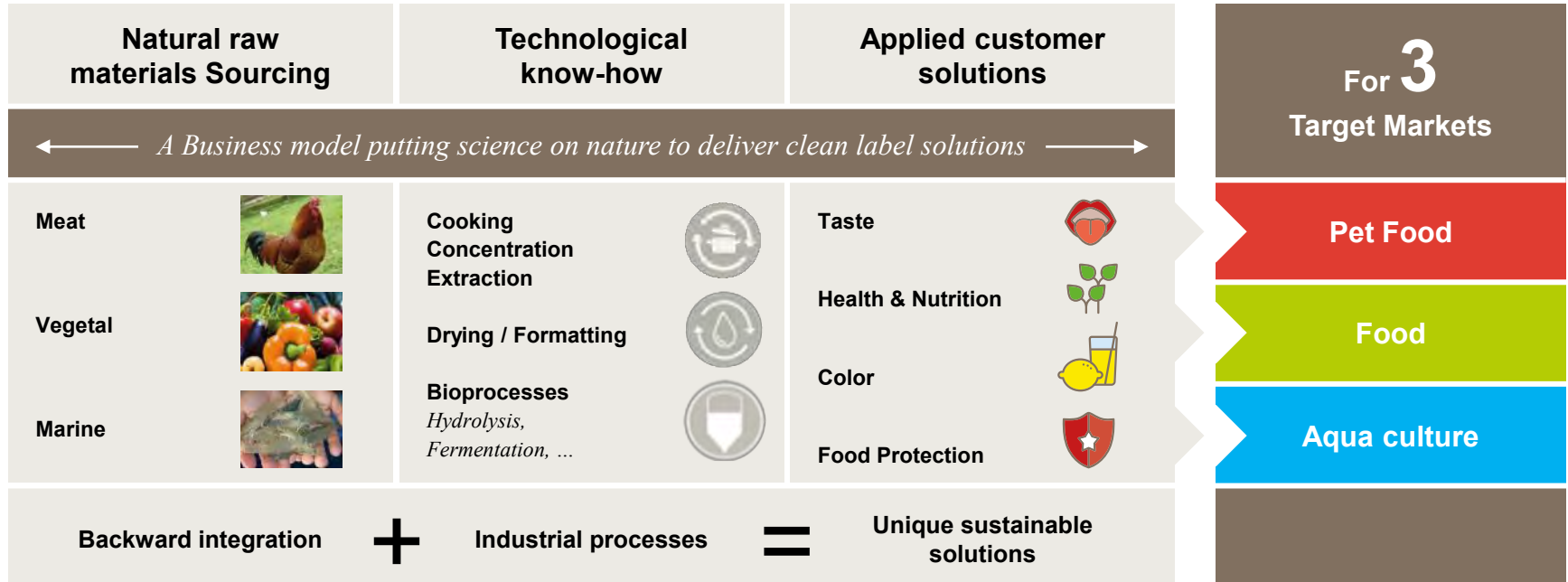
**639**  
m€

**Profitability**

**20.7%**  
EBITDA margin

# Diana's Business Model

*We create value by mastering 3 main expertises*



# ADF/IDF in a nutshell

*Very complementary to Diana*



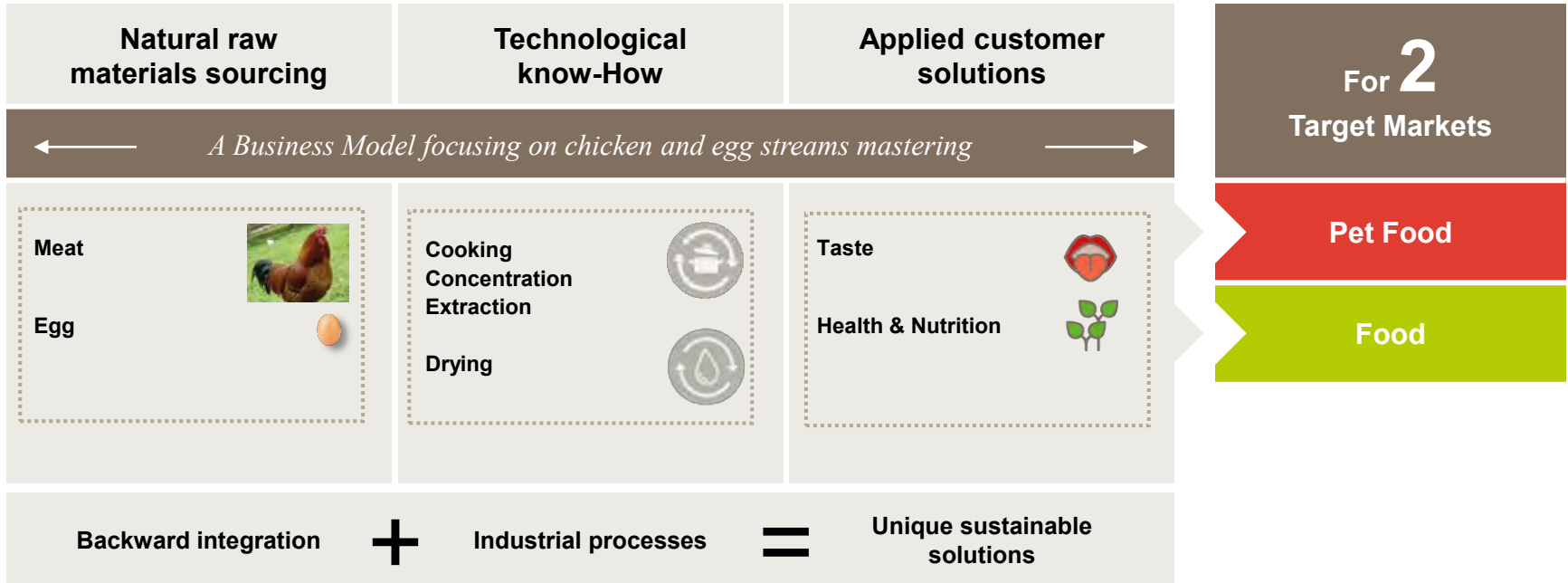
<p><b>ADF/IDF</b></p>		<p><b>2</b> Key functionalities</p> <p> Taste  Health &amp; Nutrition</p>
<p><b>2</b> main brands <i>providing chicken- and egg-based solutions</i></p> <p> </p> <hr/> <p> </p>	<p><b>2</b> Markets <b>Pet Food / Food</b></p>	<p><b>13</b> sites in the US <b>470</b> associates</p>
<p><i>Offering customers sustainable clean labels as well as specific product claims</i></p> <p> </p>		<p><b>Net sales</b> <b>Profitability</b></p> <p><b>220</b> <b>23.0%</b> <i>mUS\$*</i> <i>EBITDA margin</i></p>

\* Estimated 2018 consolidated net sales



# ADF/IDF Business Model

*We share the same DNA*



# Strategic rationale of the operation

## *Why this strategic alliance?*



Natural and nutritionally valuable solutions play an increasing role worldwide with especially positive growth perspectives in the US, *the alliance between Symrise/Diana and ADF/IDF would offer opportunities to both sides:*



**Reinforce positioning** in meat and egg based protein specialties, focusing on “all natural” sustainable nutrition solutions



**Leverage the current Pet Food activity** by extending its palatability expertise towards Premium Nutrition segment



**Deliver customers with very efficient supply chain** in chicken and eggs side-streams, securing high quality products and stable deliveries






















**Reinforce partnerships** with key multi-nationals and fast growing regional brands, widening offers to better answer consumers needs through clean labelled and sustainable products



**Pull together very experienced and passionate teams** ready to drive future profitable growth

ADF/IDF services mainly the US food and pet food industries  
*with a chicken- and egg-based offering*



		
	<b>Pet Food industry</b>	<b>Food industry</b>
	<b>Protein</b>  	<b>Broth</b>  
	<b>Bone Broth</b>  	<b>Fat</b>  
	 <p>Human grade chicken-based ingredients supporting premium and super-premium pet food brands to develop non-extruded products that mirror human food</p>	 <ul style="list-style-type: none"> <li>· Chicken based ingredients: supporting trend of quality increase in ingredients by providing protein specialties</li> <li>· Pioneer in clean label &amp; natural taste solutions</li> <li>· Servicing Savory and Health &amp; Nutrition segment</li> </ul>
	<b>Nutritional Egg</b>  	<b>Binding Egg</b> 
	<b>Emulsifying Egg</b> 	
	 <p>Egg-based ingredients for Pet Food. Leading provider of egg-based protein specialties in the US</p>	

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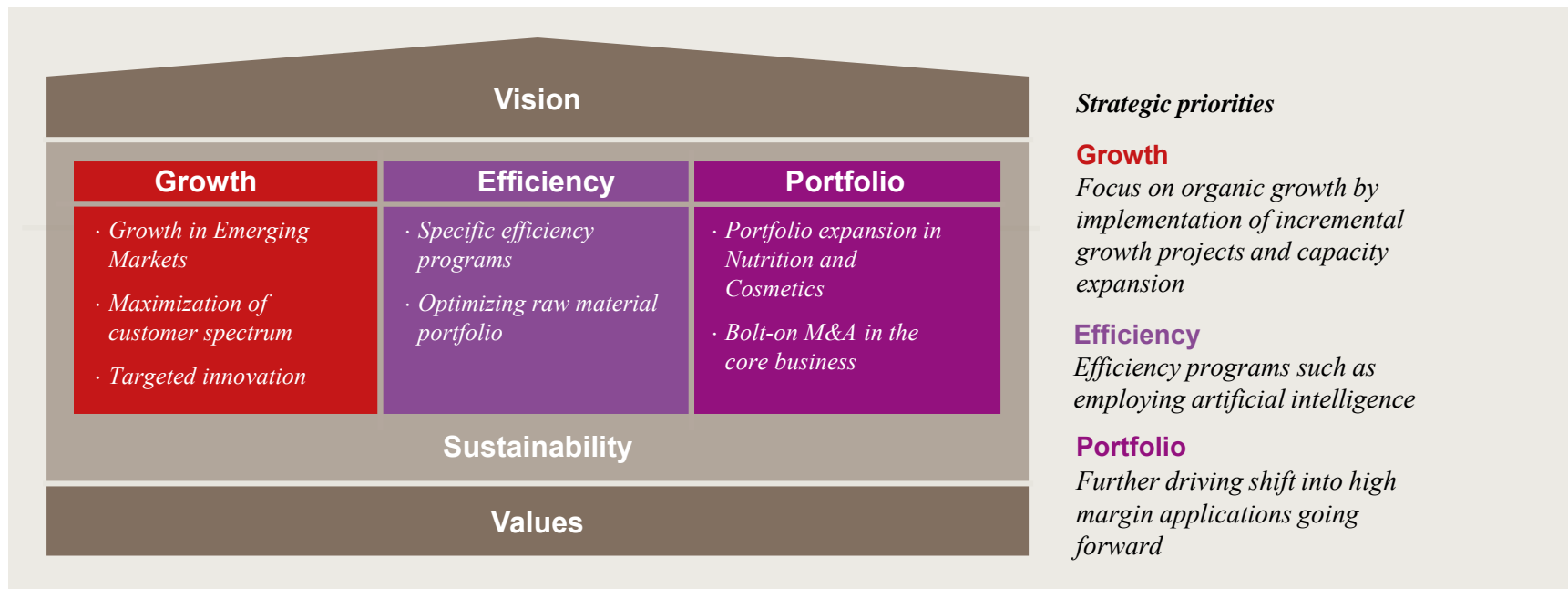
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# 4 Outlook 2019 / Long-term objectives

*Dr. Heinz-Jürgen Bertram, CEO*

# Corporate strategy

## *Consequent strategy implementation pays off*



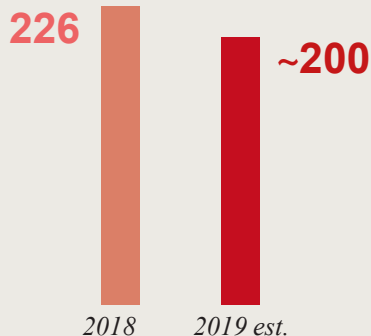
# Driving growth through targeted investments especially in R&D, technology and capacity expansion



## Selected growth initiatives and capacity expansion

In €m

7.2% 5-6%  
of group sales



2018

### Pet Food

Elven/France  
Production. €10m



### Pet Food

Cervera/Spain  
Production. €7m



### Fragrances

Shanghai/China  
R&D. €8m



### Cosmetic Ingredients

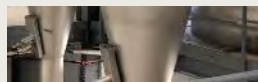
Charleston/USA  
Production. €20m



2018

### Flavors

Branchburg/USA  
Technology. €10m



### Food Ingredients

Banks County/USA  
Production. €50m



### Aroma Molecules

Holzminden/Germany  
Production. €10m



2019

### Fragrances

Holzminden/Germany  
Technology. €15m



### Menthol

Charleston/USA  
Production. €30m



### Fragrances/Flavors

Nantong/China  
Production. €50m



### Logistic


Holzminden/Germany  
New Site. €10m



# Outlook 2019

*Confident to achieve targets*



Targets 2019*		Growth dynamics
<p>Grow faster than the relevant market</p> <p><b>&gt; 3-4%</b></p>	<p>Organic growth</p> <p><b>5-7%</b></p> <p>CAGR</p>	<p>— <b>Promising start into 2019</b> <i>Ongoing good business dynamics and project pipeline</i></p> <p>— <b>Added competencies and further differentiated portfolio</b> <i>through integration of ADF/IDF</i></p> <p>— <b>Industry leading backward integration</b> <i>with focus on naturals</i></p> <p>— <b>Capacity expansion in growth segments and markets</b> <i>to fully leverage growth opportunities</i></p>
<p>Profitability</p> <p><b>~20%</b></p> <p>EBITDA</p>	 <p><b>Strong focus on cash flow</b></p>	

\* Impact of ADF/IDF not included

# Objectives 2025

*supported by our proven strategy*



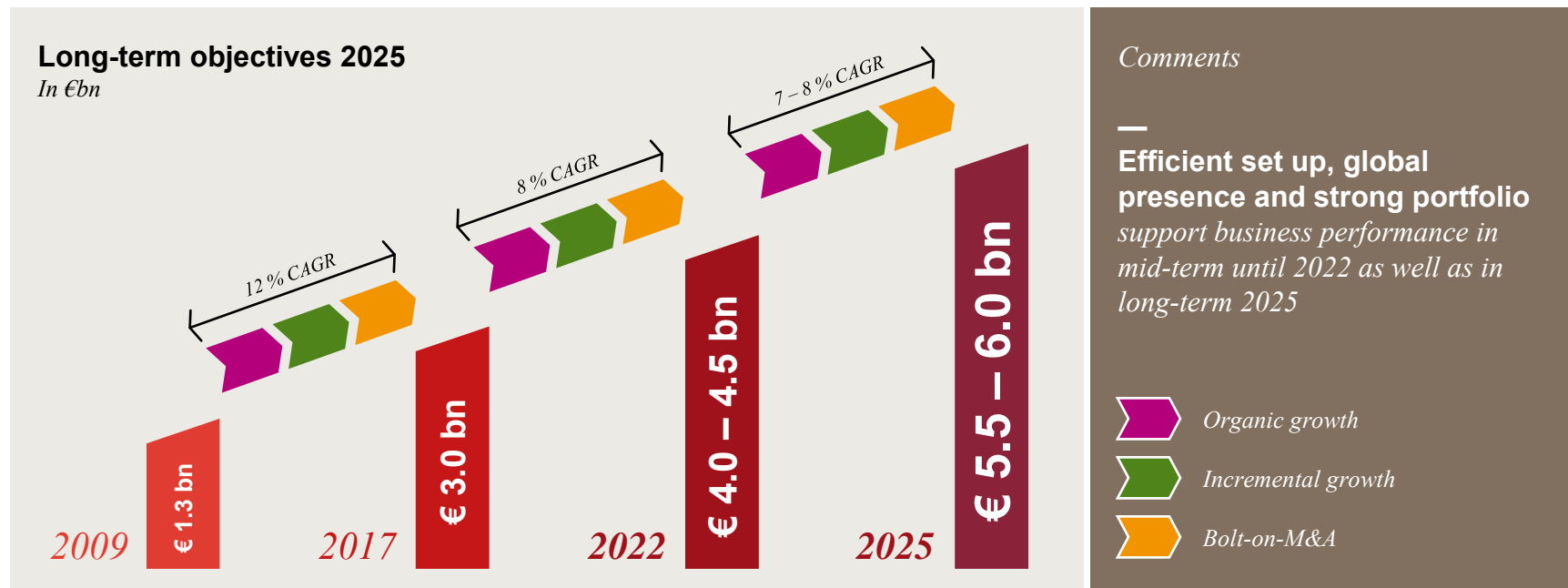
Financial goals	until 2020		until 2025
Sales growth	5 – 7 % pa (CAGR)	—————▶	5 – 7 % pa (CAGR)
Sales in Emerging Markets	> 50 %	—————▶	> 50 %
Customer mix	1/3 global, regional, local	—————▶	1/3 global, regional, local
EBITDA margin	19 – 22 %	—————▶	20 – 23 % due to more favorable product mix
CAPEX	5 – 6 %	—————▶	4 – 5 % by 2022 most of the major invests completed
Dividend	30 – 50 %	—————▶	30 – 50 % planned to be continued
<b>Sustainability goal</b>			
Environment	33 % improvement of footprint	—————▶	50 %* improvement of footprint

\* Science-based target (SBT) 2016-2025



# Long-term growth objective 2025

## *Doubling sales*



## Financial Calendar

**April 30, 2019**

*Q1 2019 trading statement*

**May 22, 2019**

*Annual General Meeting*

**August 8, 2019**

*H1 2019 results*

**October 29, 2019**

*9M 2019 trading statement*

## Contact

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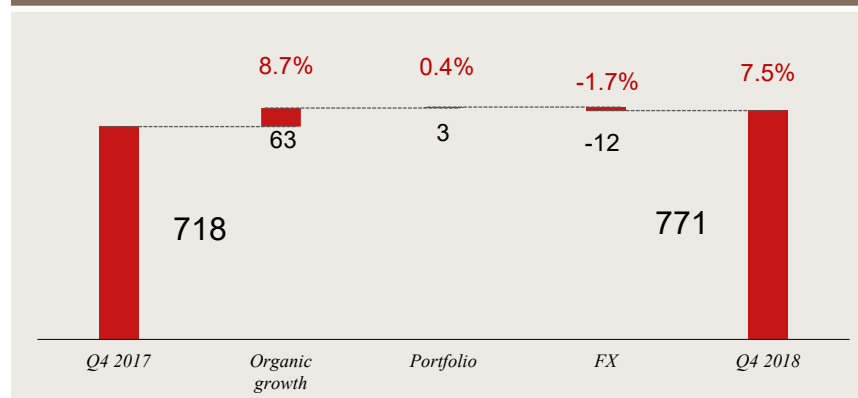
*This document contains forward-looking statements, which are based on the current estimates and assumptions by the corporate management of Symrise AG. Future performance and the results actually achieved by Symrise AG and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside Symrise's control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and others involved in the marketplace. Symrise neither plans nor undertakes to update any forward-looking statements.*

# Q4 2018

## Group and S&C

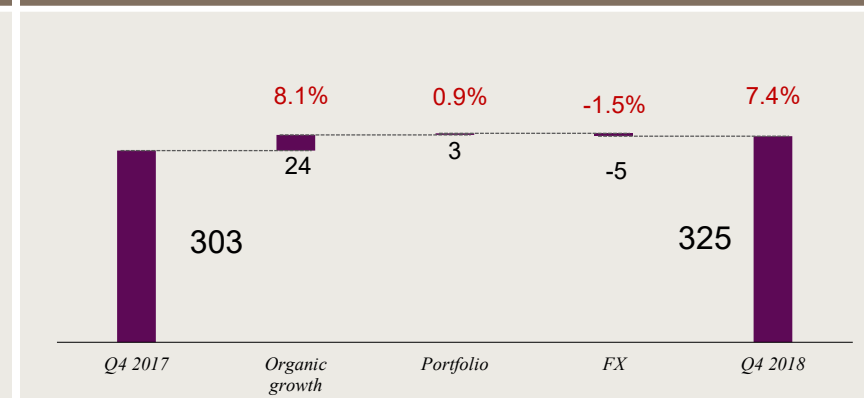


### Group In €m



	Q4 2017	Q4 2018	Var. %
<b>EBITDA</b>	145	155	6.8
<i>EBITDA margin</i>	20.2	20.1	

### Scent & Care In €m



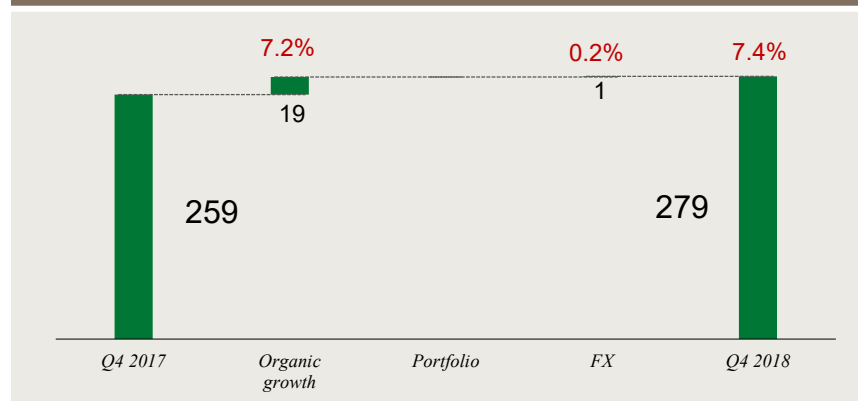
	Q4 2017	Q4 2018	Var. %
<b>EBITDA</b>	52	63	20.8
<i>EBITDA margin</i>	17.1	19.2	

# Q4 2018

## Flavor and Nutrition

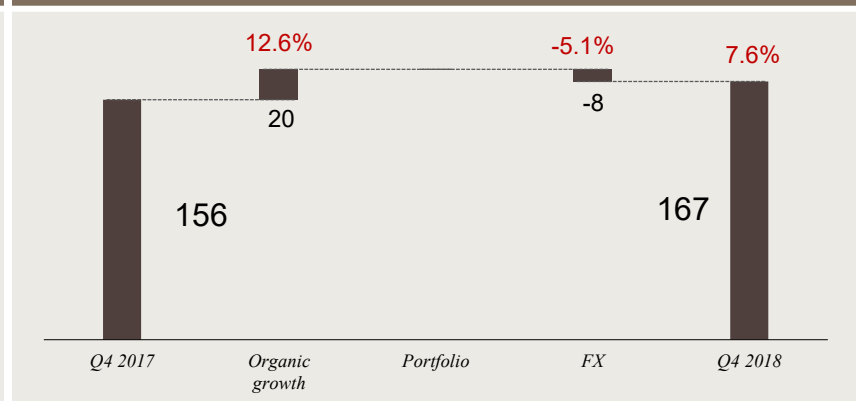


### Flavor In €m



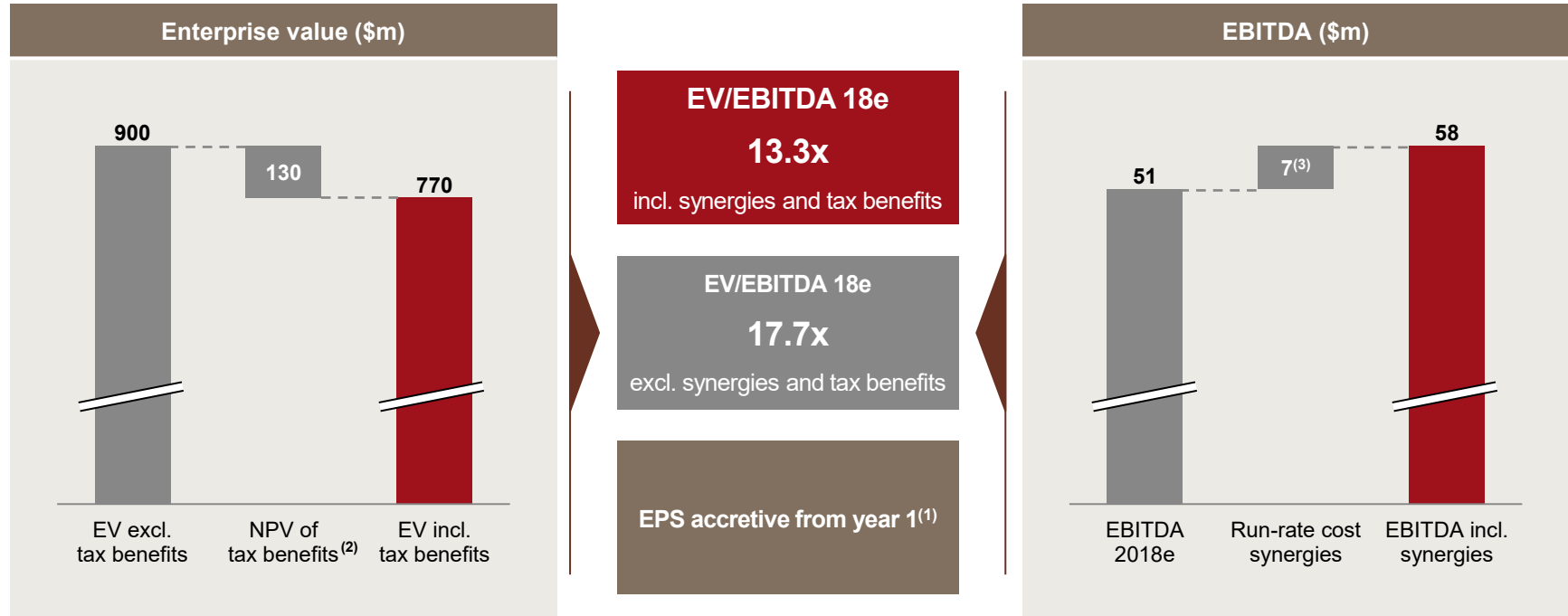
	Q4 2017	Q4 2018	Var. %
<b>EBITDA</b>	59	57	-4.3
<i>EBITDA margin</i>	22.9	20.4	

### Nutrition In €m



	Q4 2017	Q4 2018	Var. %
<b>EBITDA</b>	34	35	4.8
<i>EBITDA margin</i>	21.7	21.1	

# Valuation multiple reflecting both significant tax benefits and cost synergies



(1) First full year after closing, before purchase price allocation and transaction related costs

(2) Tax benefits from higher D&A after tax step-up reducing future cash tax burden

(3) Fully realized as of 2020

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