



# Symrise AG

## *Investor Presentation*

# Symrise

## Overview



**Sales: €3.2bn\***

**EBITDA-margin: 20%\***

Symrise offers

**~30,000**

*innovative fragrances and flavors,  
cosmetic ingredients and pet  
food ingredients.*

Based on

**~10,000**

**mostly natural raw  
materials**

*including vanilla, citrus products, onions, fish,  
meat and flower and plant materials, these  
products are custom-tailored for every region  
of the world.*



*Symrise's products provide exciting flavor and  
fragrance experiences and contribute to the  
health and well-being of consumers in*

**~160**

**countries around  
the world.**



**~10,000**  
**employees**



*around the world make up the company.  
Their hard work, passion and diversity are  
key to the company's success.*

# Our Industry

## *An attractive niche*



### **Megatrends support organic growth:**

*...health & wellness ... middle class boom & urbanization ... naturalness & sustainability ... traceability ... vegetarian/vegan/halal/kosher food ...*

**Industry tied to population growth and disposable income;** *little dependence on cyclical, economic trends.*

### **High market concentration**

*top 4 (Givaudan, IFF, Firmenich and Symrise) with ~47%.*

**Global footprint key** *to meet local tastes & preferences.*

**‘Sweet spot’ in value chain:** *only a small fraction of product costs (1-5%), but a key buying criteria.*

**Sustainability & supply chain management** *increasingly important.*

**High barriers to entry** *e.g. core list system and increasing regulatory pressure.*

**Tailor-made products** *with generally small volumes and decreasing product life cycles.*

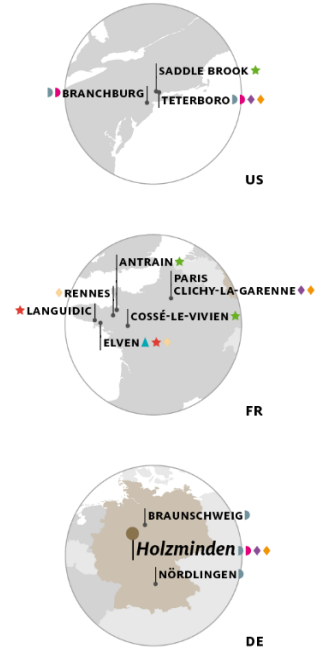
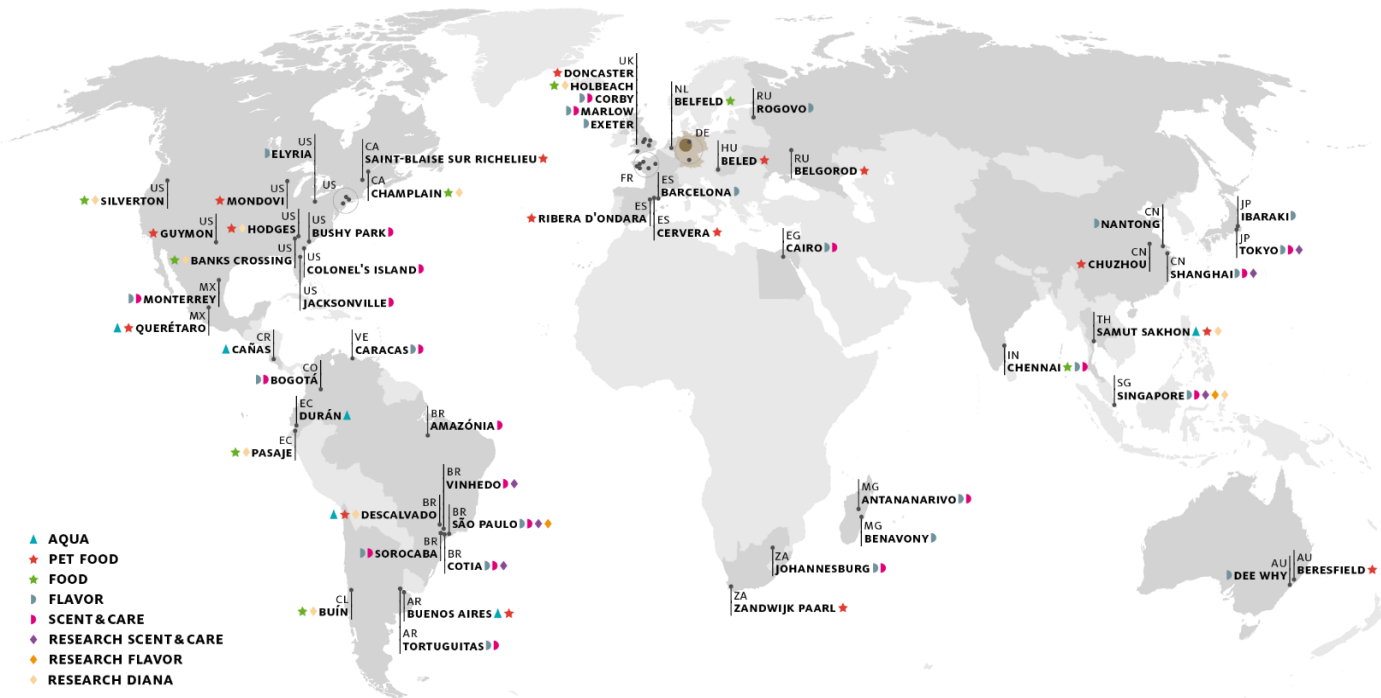
### **Handling complexity for our clients.**

*Managing ~10,000 raw materials for ~30,000 products.*

**Short-term visibility** *requires flexibility, mobility and agility.*

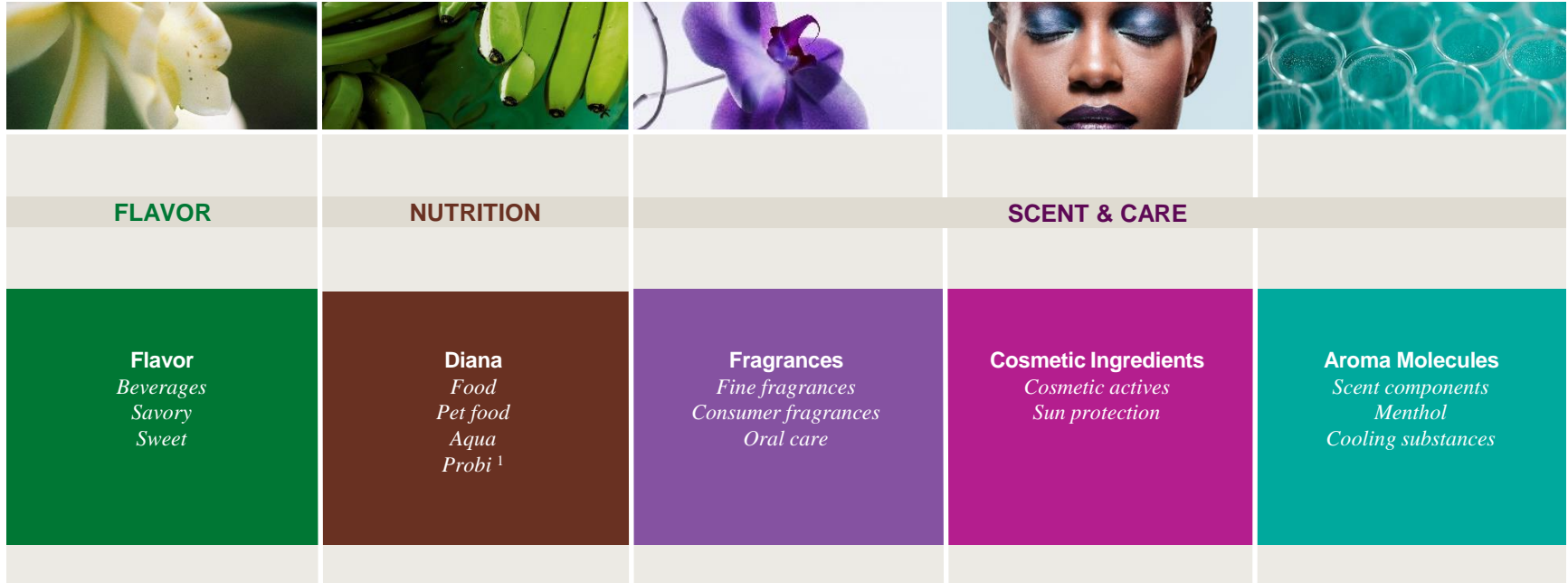
# Our Global Footprint

>100 sites around the World



# Our Organizational Structure

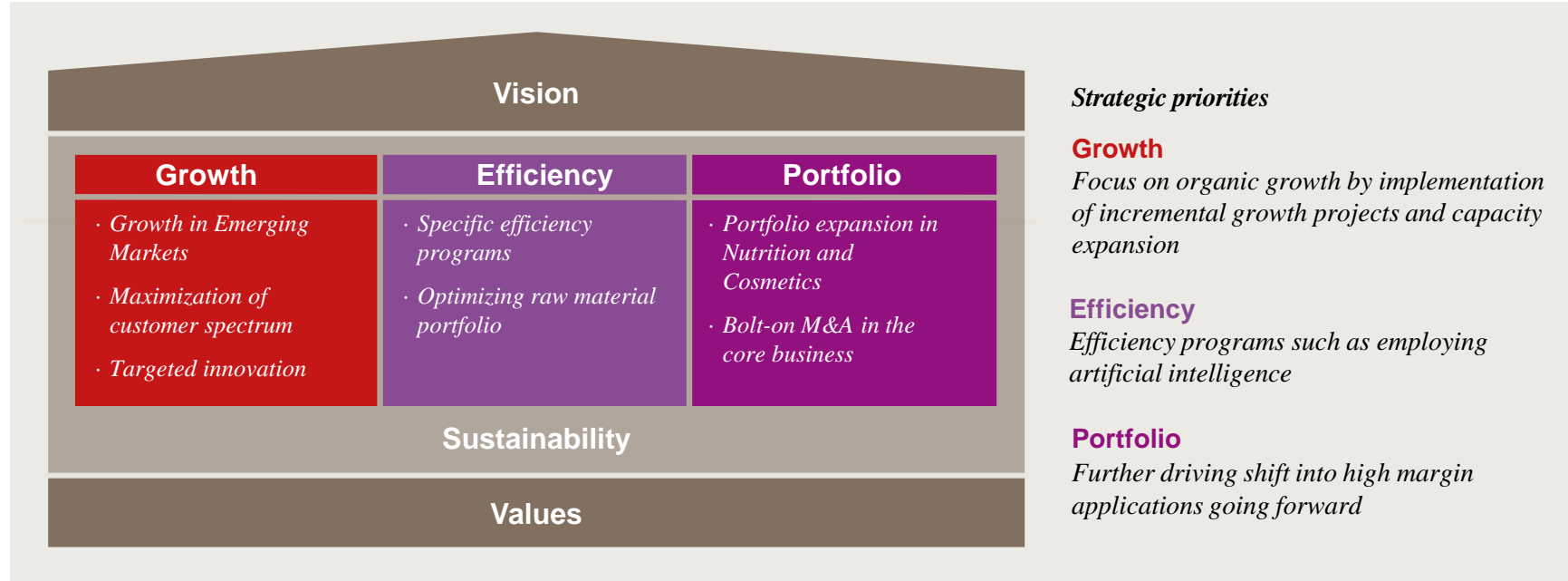
*We operate our business through three segments*



<sup>1</sup> Probi AB is listed in Sweden; Symrise owns 57.65% as per December 31, 2018

# Our Corporate strategy

*Consequent strategy implementation pays off*



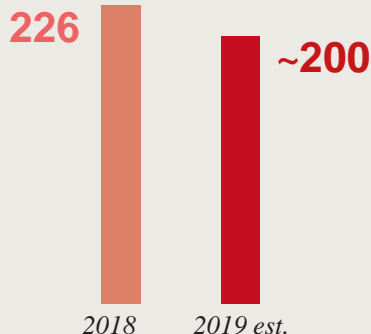
# Driving growth through targeted investments ... especially in R&D, technology and capacity expansion



## 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

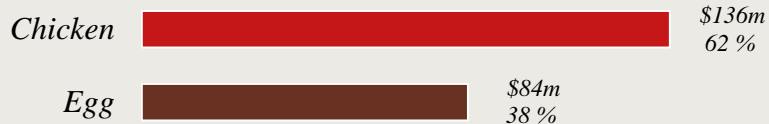


# ... and carefully selected acquisitions like ADF/IDF

## *A unique provider of meat- and egg-based protein*



ADF/IDF is operating 2 business segments...



... serving a diversified client base

### Key multinationals

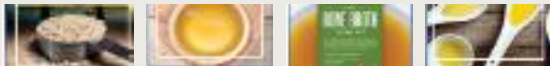
*Long-standing relationship  
Recurring and stable revenue*

### Growing regional brands

*Fostering product innovation  
Providing further growth potential*

### Meat-based ingredients

- Chicken-based ingredients for pet food and food
- Pet food: supporting trend of quality increase in ingredients by providing protein specialties
- Food: pioneer in clean label & natural taste solutions



Protein

Broth

Bone Broth

Fat

### Egg-based ingredients

- Egg-based ingredients for pet food
- Leading provider of egg-based protein specialties
- Supporting premium and super-premium pet food brands to develop non-extruded products that mirror human food



Nutritional  
egg

Binding  
egg

Emulsifying egg

... already fully refinanced

- 400m capital increase
- 250m Schuldschein (promissory note)
- 200m term loan



# Backward integration

*Serving the trend towards naturals & traceability*



**1. Strategic acquisitions** that enable us to move closer to the origin of the raw materials we process.



**3. Partnerships** e.g. onion field studies in cooperation with the HOL Onion Ring



**2. Social engagement** to improve the living conditions in regions like Madagascar and Brazil by investing in local infrastructure, education and social benefits such as health insurance.

**4. Long-term contracts** and sustainability partnerships with commitment to purchase e.g. for d/l-menthol or bergamot.

Industry-leading backward integration

Naturals and synthetics, e.g. Vanilla, Onion, Citrus and Menthol

No. 1 supplier of fragrance raw materials<sup>1</sup>

Sustainable partnership with farmers worldwide

Serving the trend towards naturals & traceability

Securing access to key raw materials

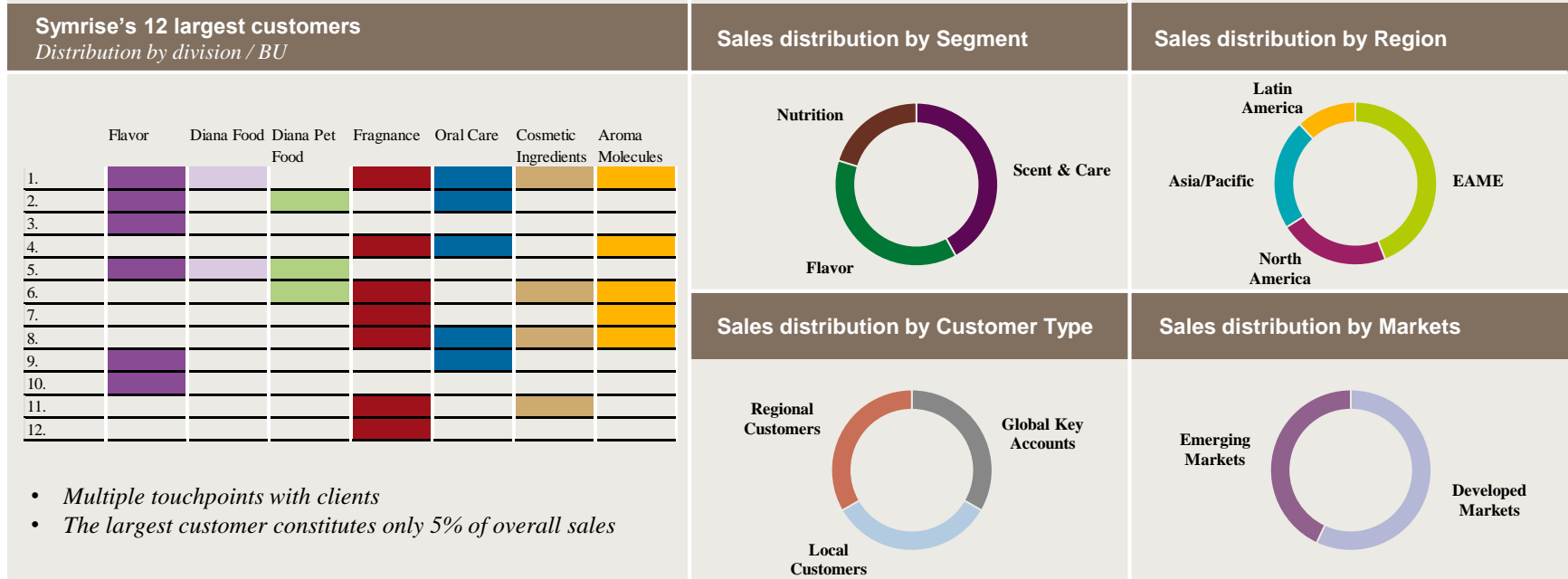
**Ambition**

100% traceability of strategic raw materials by 2020

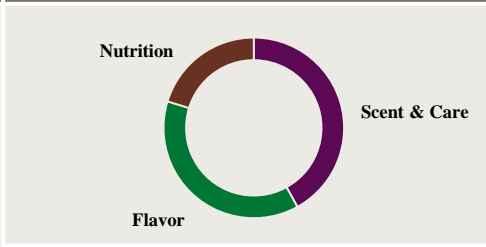
<sup>1</sup> E.g. > 80% of oral care compounds are homemade (Menthol, Anethol, Carvone and Cooling compounds)

# Well-balanced Business Portfolio

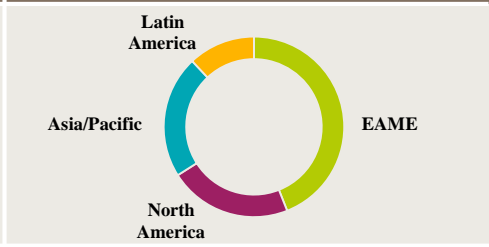
*across segments, customers, regions and markets*



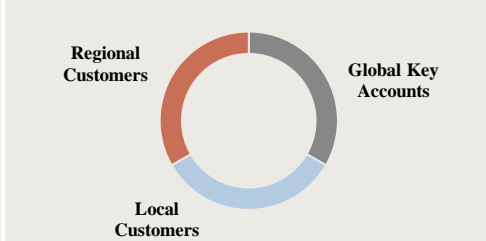
Sales distribution by Segment



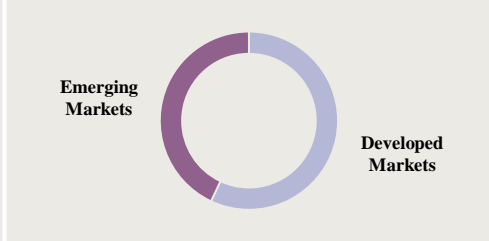
Sales distribution by Region



Sales distribution by Customer Type

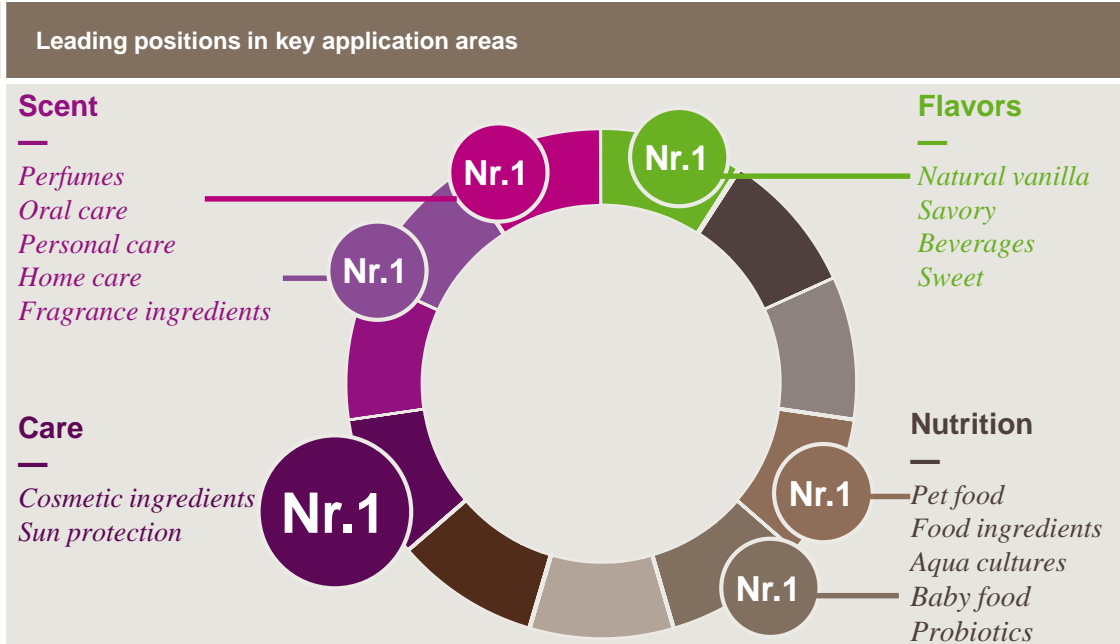
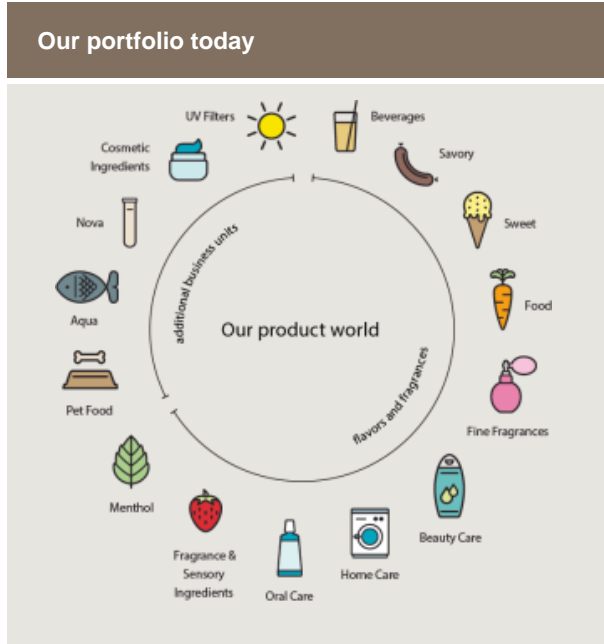


Sales distribution by Markets



# Expansion beyond traditional Flavor & Fragrances

*A unique portfolio with new growth areas*



# Scent & Care using Artificial Intelligence

*O Boticario Fragrances Egeo ON You and ON Me*



**June 2019 : The first PHILYRA project launched with *O Boticario*, the #1 Brazilian Fragrance Company**

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*PHILYRA created two fine fragrances for the youth-oriented EGEO brand*

*The AI fragrances scored higher than market fragrances in consumer blind-tests for liking*

# “Vanilla for Change” initiative

*Shaping the future of young people in Madagascar and the UK*



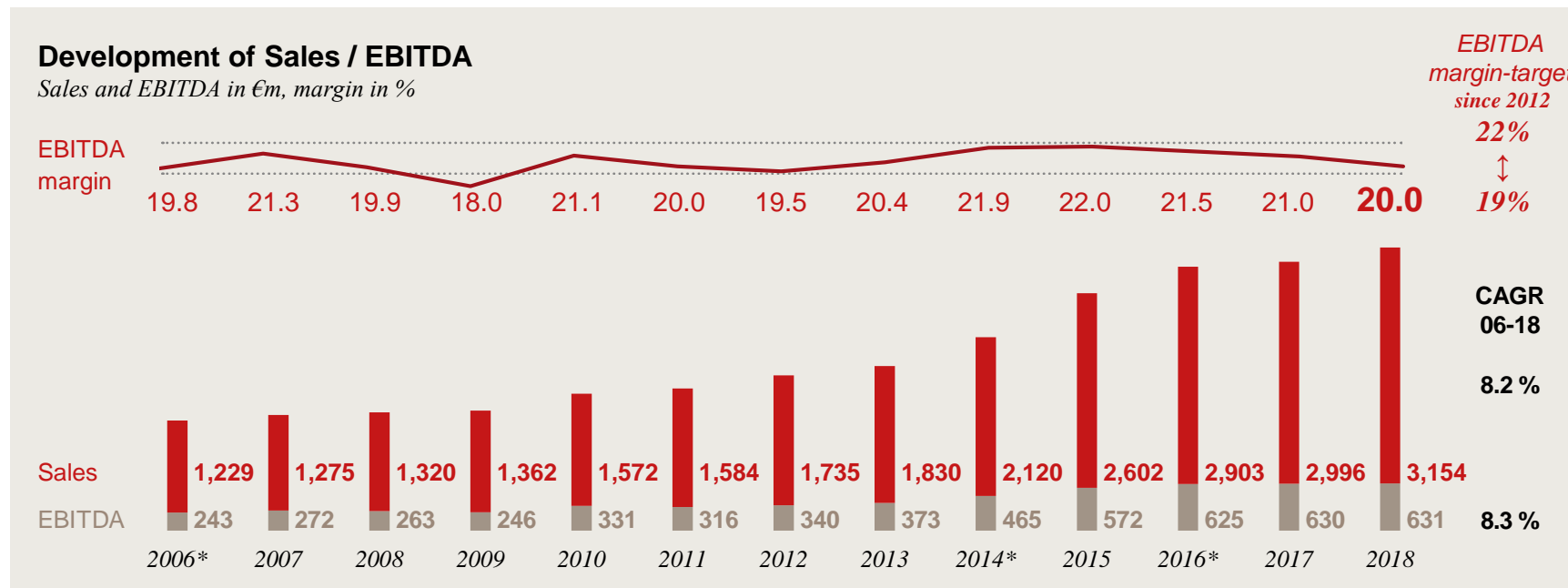
## “Vanilla for Change” initiative

- **Joint initiative** with Unilever, its brand Wall’s, Save the Children, ME to WE and Symrise, launched on May 17, 2019
- Goal is to **reinforce the support** for vanilla farmers and young people within the vanilla communities in Madagascar and young people in the UK
- UK consumers find a **‘Track Your Impact’ QR code** on each Wall’s vanilla ice cream and can learn about their specific contribution
- **Benefits** provided include health insurance, financial seminars and training for farmers, and resources and learning opportunities for teachers and students
- Promoting multiple **UN SDGs**



# Financial Performance

## *Profitable growth since IPO*



\*EBITDA adjusted for restructuring and integration expenses

# Financial Highlights H1 2019

## *Continued strong performance*



### Sales

€ **1,692**m

+6.2%  
Organic growth

**+7.4%**  
in Reporting  
currency

### Business Free Cash Flow

**7.8%**

vs. 7.3 % H1 2018

### Net debt / EBITDA(N)<sup>1</sup>

**1.8x**

Incl. provisions for  
pensions 2.7x



### EBITDA(N)<sup>1</sup> margin

**20.8%**

### EBITDA(N)<sup>1</sup>

€ **351**m

### Net income<sup>1</sup>

€ **153**m

### Earnings per share<sup>1,2</sup>

€ **1.14**

### Outlook 2019:

Improved EBITDA(N)<sup>1</sup> margin of

**~21%**

<sup>1</sup> Adjusted for ADF/IDF transaction cost / including IFRS 16 effect

<sup>2</sup> Undiluted, attributable to shareholders of Symrise AG

# Operational Highlights H1

## *Strategy execution to achieve objectives 2019*



### Growth

**Menthol:** ramp up of new plant in the US, start of production in Q3

—  
**Flavor:** opening of liquid plant in Russia

—  
**Fragrances:** expansion of production in Holzminden



### Efficiency

**Cosmetic Ingredients:** opening of new development center in Holzminden

—  
**Vanilla for Change:** Unilever, Save the Children, ME to WE initiative dedicated to purpose-driven ice cream brands with society benefits



### Portfolio

**Acquisition ADF/IDF:** US-based provider of natural protein solutions (Closing in H2 expected)

—  
**Acquisition Cutech:** Italian-based expert in bio-analytical screening methods





# Investment Highlights

*Diversified, stable and profitable growth*



## **Broadest product portfolio in the industry**

*...pet food... probiotics... cosmetics... flavors ... fragrances... aroma molecules ... aqua ...*

*Highest growth rates in the industry, further expansion in adjacent areas*

*Leading supplier of consumer ingredients*

**Strong focus on new technologies and R&D**

**‘ always inspiring more ’**

**German Sustainability Award 2012 and 2019**

**Benefiting from Mega Trends**

*Attractive and robust growth market*

**Backward integration secures access to key raw materials**

**Well balanced client, product and regional mix**

*Investment grade profile*

# Outlook specified for 2019

*Normalized EBITDA margin of around 21 %*



Targets 2019		Growth dynamics
<p>Organic growth</p> <p><b>5-7%</b></p> <p>CAGR</p>		<p>—</p> <p><b>Strategically well-positioned</b>, <i>sustainable growth opportunities through differentiated portfolio</i></p> <p>—</p> <p><b>Added competencies</b> <i>through integration of ADF/IDF</i></p> <p>—</p> <p><b>Industry-leading backward integration</b> <i>with focus on renewable raw materials</i></p> <p>—</p> <p><b>Growth dynamics</b> <i>will lead to higher profitability in 2019</i></p> <p>—</p> <p><b>Business Free Cash Flow</b> <i>expected to reach double-digit percentage range of sales for fiscal year</i></p>
<p>Increased Profitability</p> <p><b>~21%</b></p> <p>EBITDA(N)<sup>1</sup> margin</p>	<p>New KPI: Cash flow</p> <p><b>&gt;10%</b></p> <p>Business Free Cash Flow</p>	

<sup>1</sup> Excluding ADF/IDF, including IFRS 16 effect

# Objectives 2025

*supported by our proven strategy*

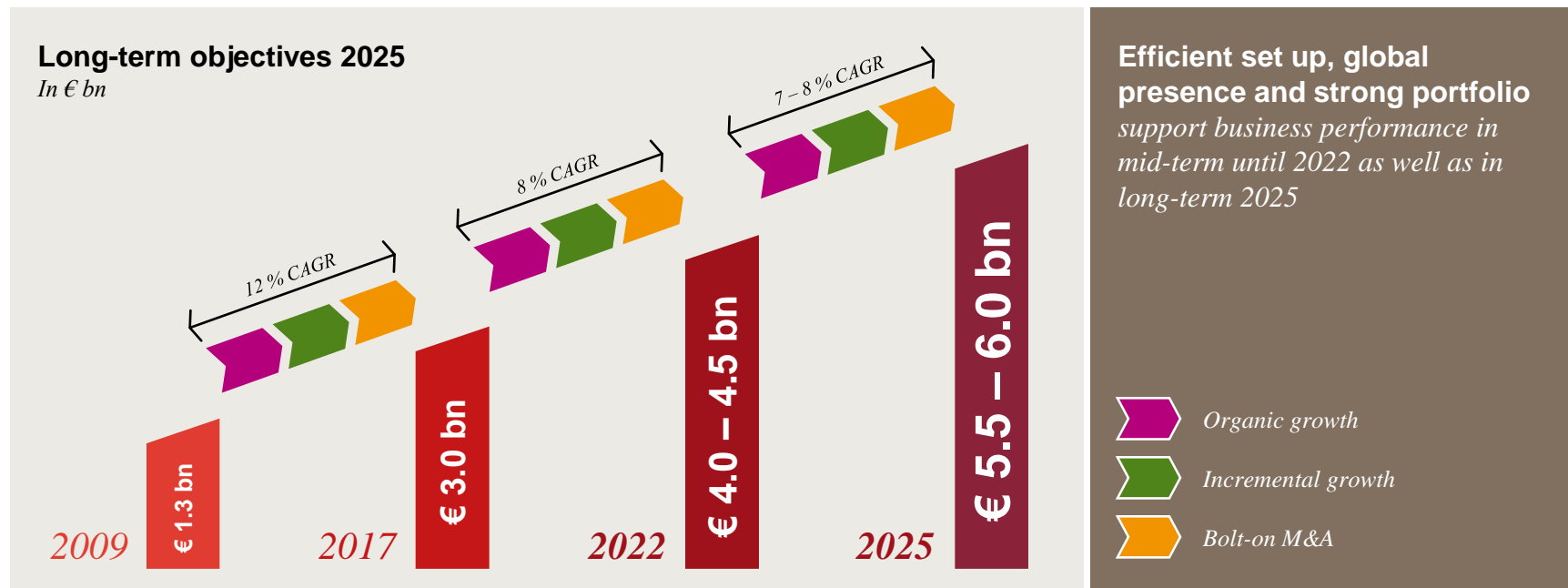


Financial goals	until 2020	until 2025
Sales growth Sales in Emerging Markets Customer mix	5 – 7 % pa (CAGR) > 50 % 1/3 global, regional, local	5 – 7 % pa (CAGR) > 50 % 1/3 global, regional, local
EBITDA margin CAPEX Dividend	19 – 22 % 5 – 6 % 30 – 50 %	20 – 23 % due to more favorable product mix 4 –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

<sup>1</sup> Science-based target (SBT) 2016-2025

# Long-term growth objective confirmed

## *Doubling sales by 2025*



# Symrise AG

## *Financial calendar & contact*



### Financial Calendar

**October 29, 2019**

*9M 2019 trading statement*

**March 11, 2020**

*Full Year Results 2019, Frankfurt*

### Contact

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