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# Unfolding strengths

## *Symrise AG*

Olaf Klinger (CFO), November 2018

# A high quality growth play

## *Investment highlights*



**1) Attractive industry  
geared towards defensive  
end-consumer markets**

**2) Strongly balanced  
portfolio across  
businesses, regions  
and customers**

3) A strategy with focus on  
**industry-  
leading  
growth**



*4) Competitive edge thanks to  
cross-linking competencies  
and leading research engine*

5) A portfolio  
**beyond  
traditional**  
flavor & fragrance

*6) Backward integration  
serving trend towards  
naturals & traceability*

# 1) Attractive industry

*Geared towards defensive end-consumer markets*



*Who we serve*



*What our industry is like*

**F&F**

**Characteristics**

- Oligopolistic: top 4 > 60%
- 3-4% annual market growth (global)
- Unique value proposition to end product

**High entry barriers**

- Increasing regulatory requirements
- Global production & supply chain needed

**Core list system**

**Speed & innovation**

*Which trends we benefit from*

**Health & wellness**

**Middle class boom & urbanization**

**Naturalness & sustainability**

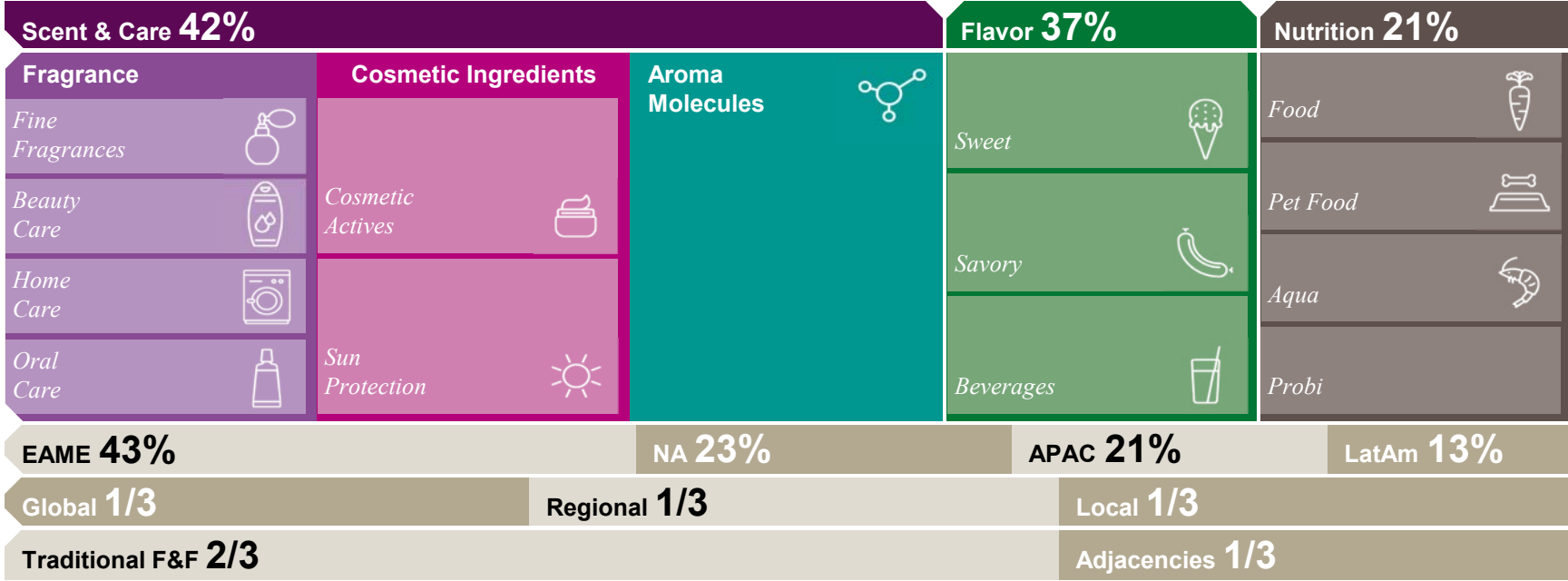
**End-consumer trends**

## 2) Strongly balanced portfolio

*Across businesses, regions and customers*

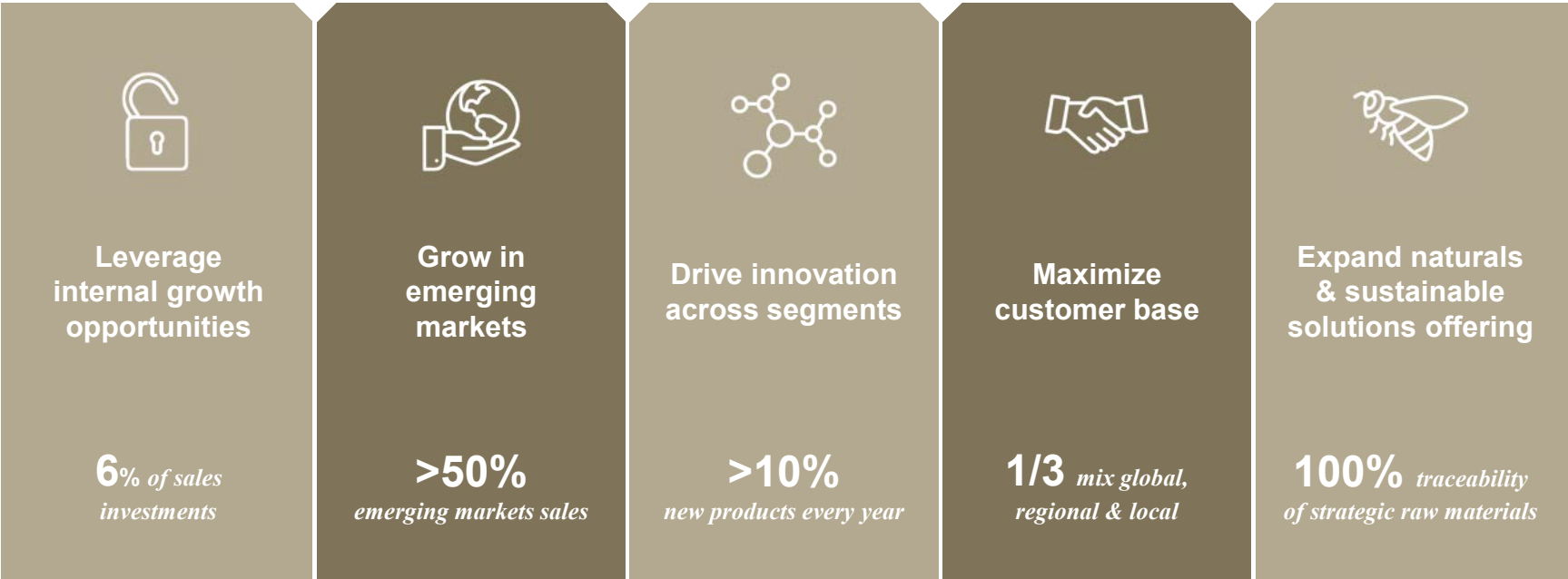


In % of Group sales (2017)



### 3) A strategy with focus on industry-leading growth

*How we want to grow*



# 4) Competitive edge thanks to *Cross-linking competencies & leading R&D engine*



\*Source: PatentSight (2017).

# 5) Beyond traditional F&F

## *Building a unique portfolio*



**Internal growth – capex pipeline 2018/19**

Business	Project	Investment (in € m)	Start
Pet Food	New spray dryer and cookers for Elven	20	Mar-2018
Cosmetic Ingredients	Multi-purpose production facility Bushy Park	20	Aug-2018
Food	New plant for natural food ingredients in Georgia/ USA	50	Oct-2018
Flavor	Additional spray drying capacities in Branchburg/ USA	10	Feb-2019
Aroma Molecules	Doubling of menthol capacities in Bushy Park	30	Jul-2019
S&C/ Flavor	New plant in China	50	Dec-2019

**External growth – selected acquisitions 2006-18**

**S&C**

Kaden Biochemicals, MANHEIMER fragrances, Trilogy, BELMAY, PINOVA, RENESSENZ, citratus

**F&N**

CHR HANSEN Flavors, Futurals, probi, DIANA Performance from nature, FLAVOR INFUSION, Nutraceutix, SCelta, Nutra, Cobell



## 5a) Scent & Care using Artificial Intelligence

*IBM Research and Symrise breaking new fragrance ground*



— **The start of the digital age for the perfume industry.** *An archive of formulas and historical data help with the creation of fragrances.*

— **In partnership with IBM Research a method has been developed** *to create fragrances based on digital models.*

— **The model combines machine intelligence and perfumers expertise** *- better understanding of consumer preferences and product design.*

— **The first project involves the creation of two fine fragrances** *for the customer O Boticario will be launched in 2019*

*Symrise perfumer David Apel  
creating new perfumes with the help of artificial intelligence*



## 5b) Scent & Care expanding Cosmetic Ingredients

*New natural derived product successfully launched*



— **New multi-functional cosmetic from renewable resources.**  
*By-product from sugar cane.*

— **'Hydrolite®5 green' combines efficacy and naturalness**  
*to meet market expectations – important innovation milestone reached.*

— **The new cosmetic ingredient is produced in the expanded production site in Charleston (SC)**

*The new facility started operation in August 2018. Investment of € 20 Mio.*



## 5c) Nutrition invests €50m in new US facility in Georgia

*New site for high-quality natural food ingredients*



- **Location in the USA's well-developed agricultural South-East enables accelerated growth with natural food ingredients.**
- **Strengthening of competitiveness by building new capacities in worlds largest flavor market.**
- **Growing demand for natural and sustainable food ingredients based on increased health conscious.**
- **Product innovations with an integrated, sustainable supply chain - backward integration focusing on agricultural products, fully traceable.**
- **Cross divisional synergies:** *New plant will manufacture products for Food Ingredients, Flavors and Pet Food.*

## 6) 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*



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



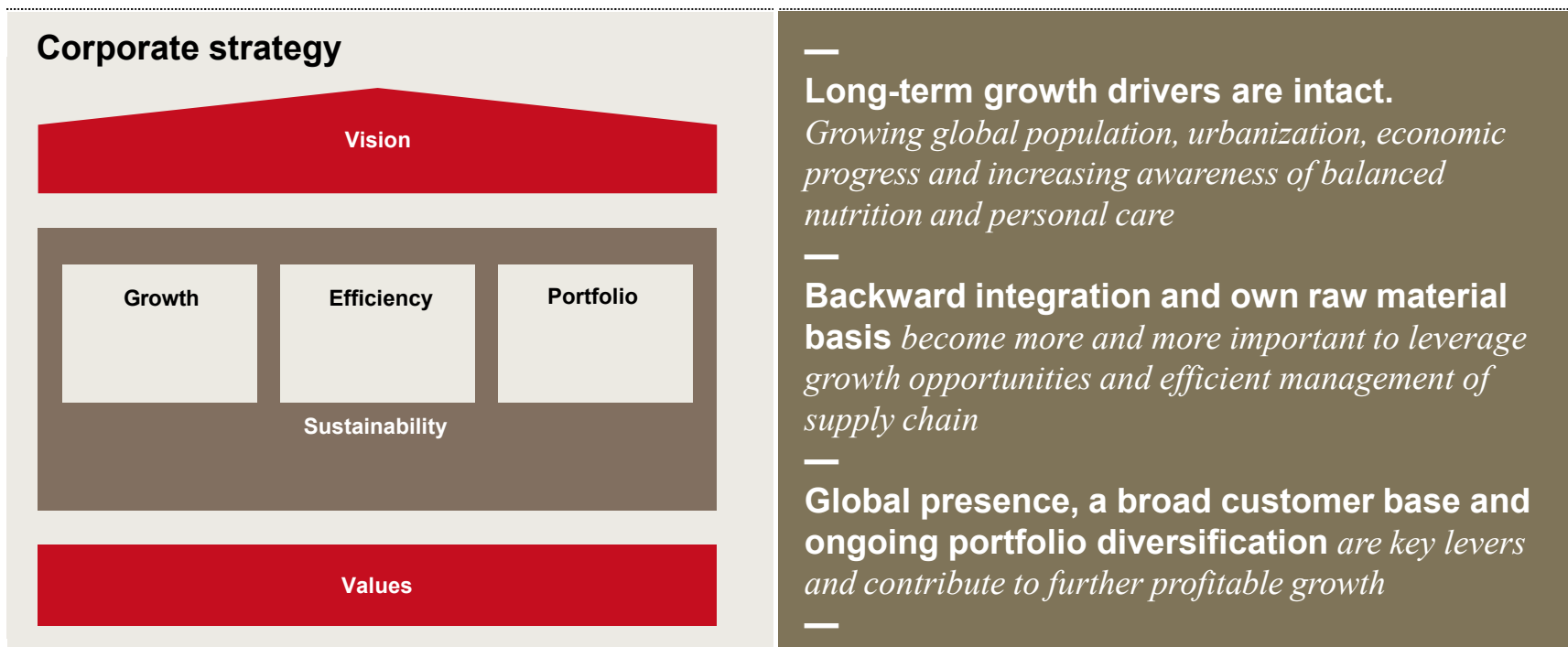
**Backward integration @ Symrise**  
*comes in different shapes & forms*



**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.

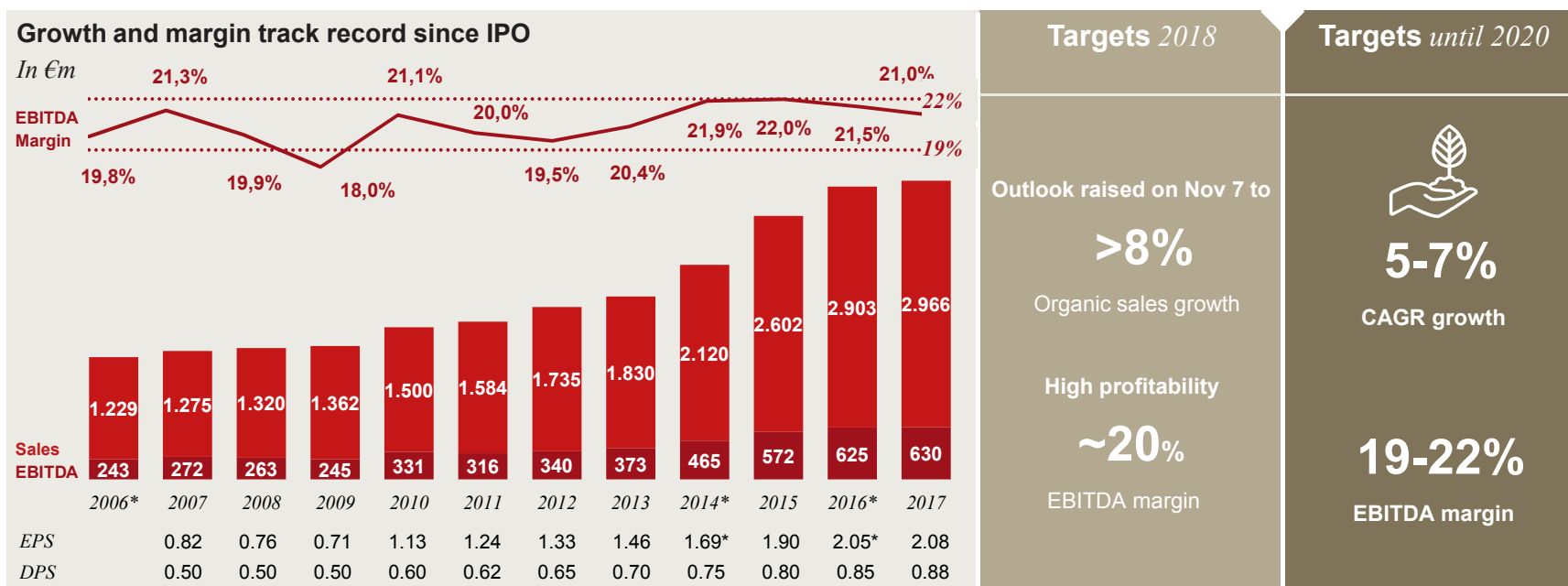
**100%**  
*traceability of strategic raw materials by 2020*

# Proven strategy *succeeds in different market dynamics*



# Our ambition

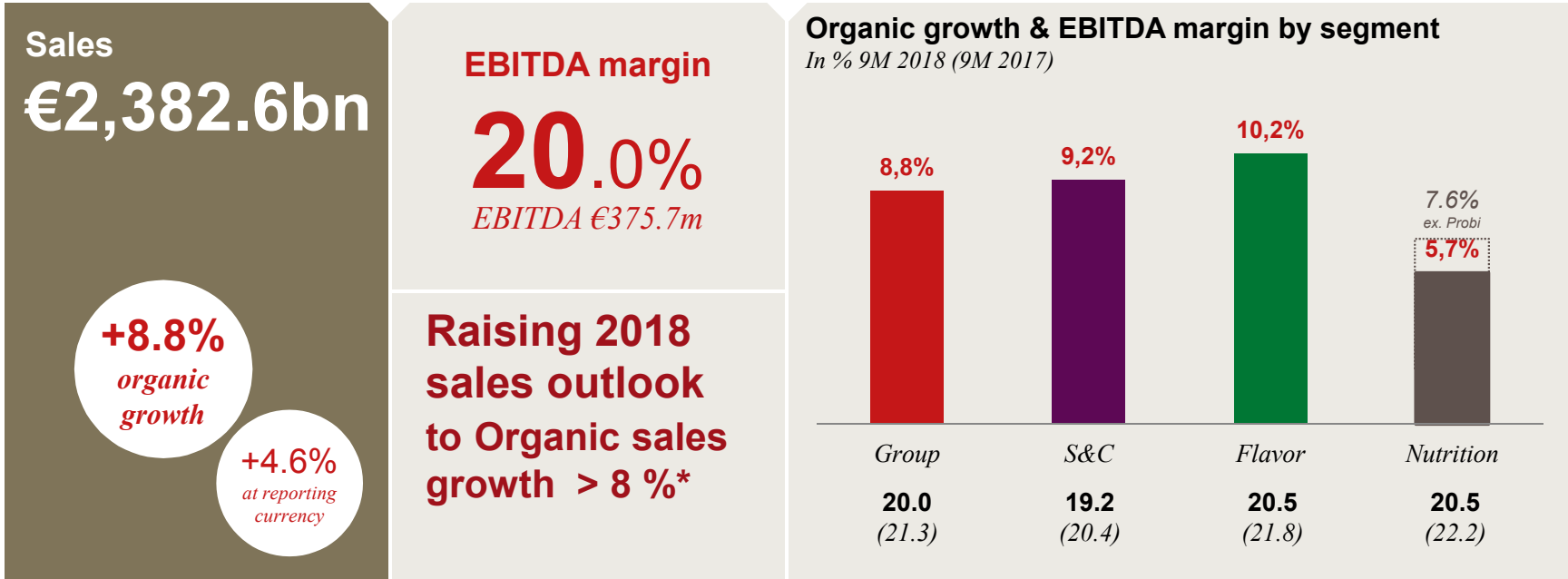
## *Financial track record and targets*



\* Normalized for acquisition and integration expenses.

# 9M 2018 – Operational and financial highlights

*Positive business performance / Raising the outlook*

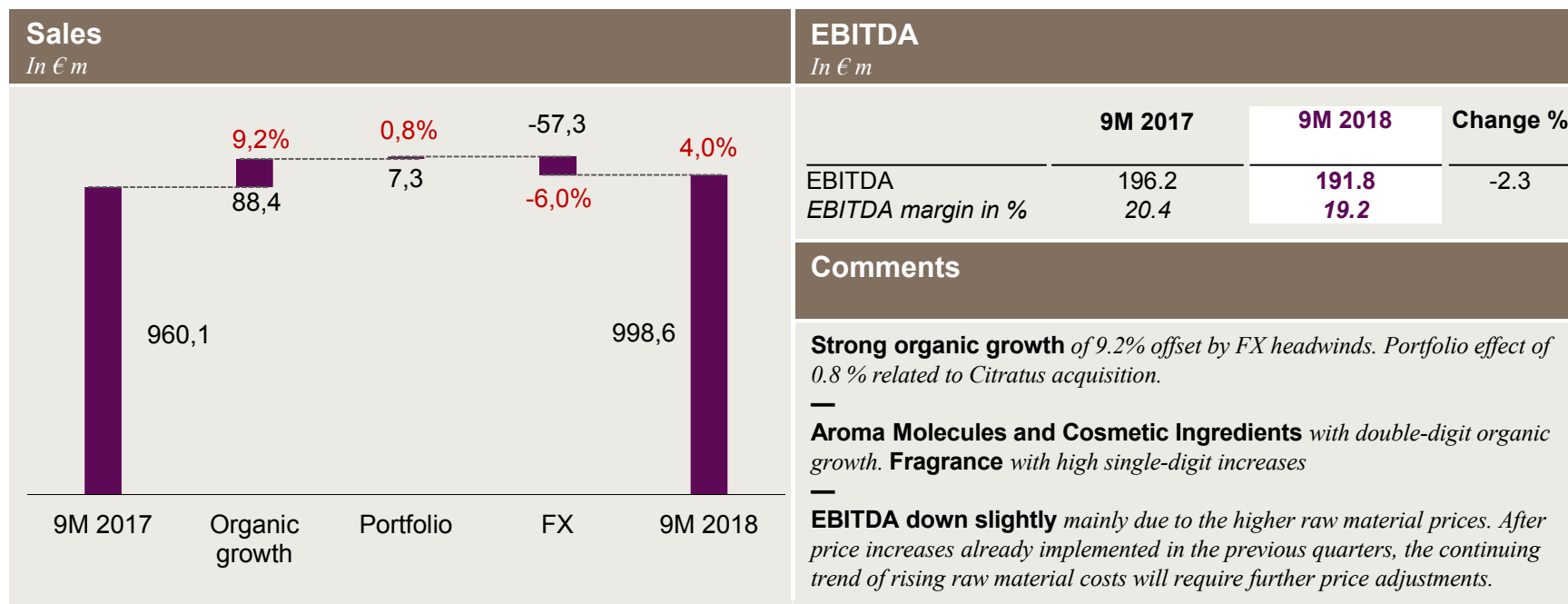


\*Mid-term targets 2012-2020: 5-7 % CAGR



# Scent & Care

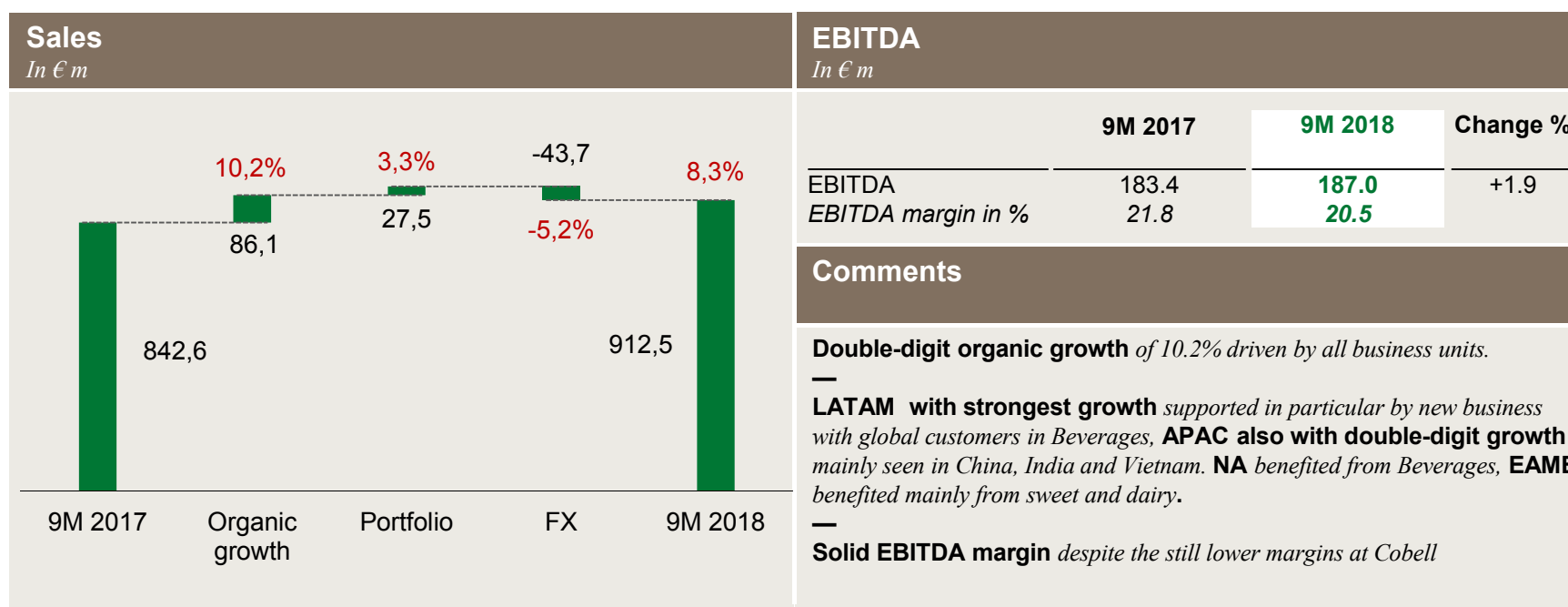
## Strong growth despite tense supply situation





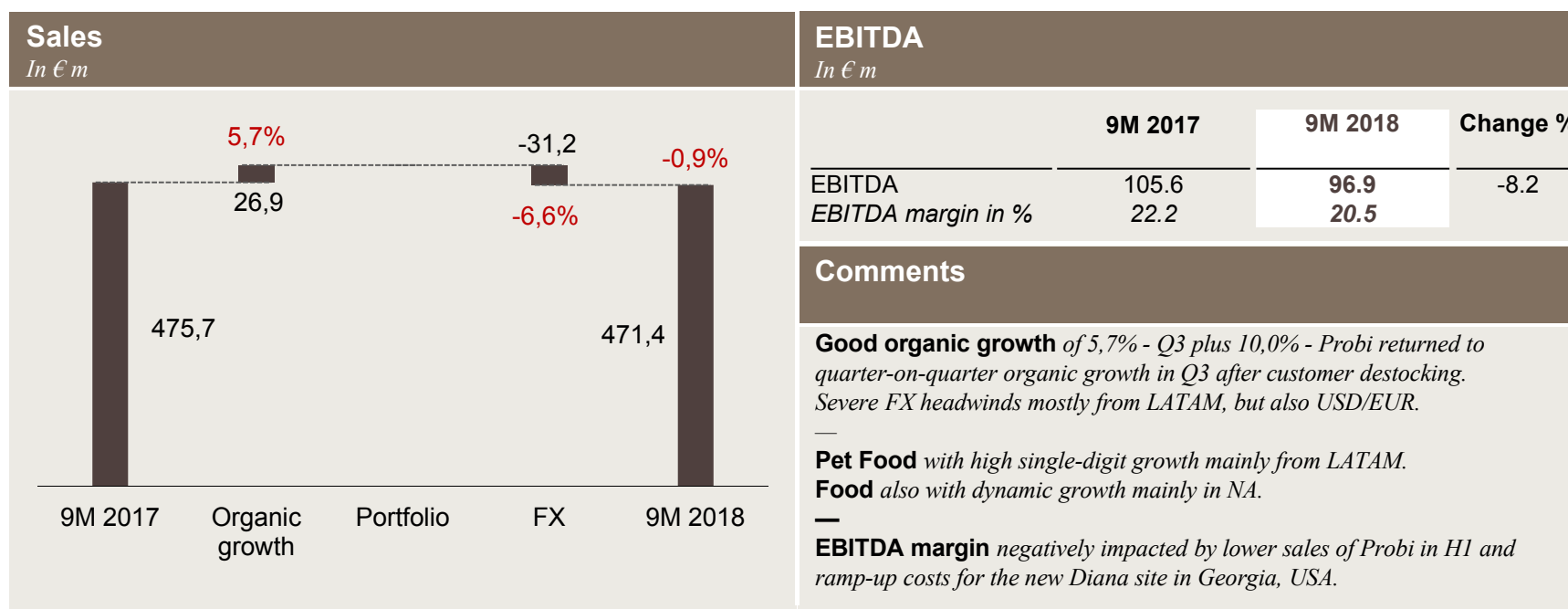
# Flavor

## Double-digit organic sales growth



# Nutrition

## *Probi order intake normalized*



**Targets 2018 and until 2020**  
*Sales target 2018 further increased*



Targets 2018	Mid-term Targets 2020
<p><b>Growth rate</b></p> <p>A bar chart with a vertical axis from 0 to 10. A red bar labeled 'Symrise' reaches a height of approximately 8.5, with the text '&gt; 8%' above it. A smaller grey bar labeled 'Market growth' reaches a height of approximately 3.5, with the text '3 - 4%' above it.</p>	<p><b>Organic Growth (CAGR)</b> 5-7%</p>
<p><b>EBITDA margin</b> ~20%</p>	<p><b>EBITDA margin</b> 19-22%</p>

# Contact

## *Investor Relations*



### Financial Calendar

Jan 17/18, 2019  
*Capital Market Days, USA (SC, GA, FL)*

–  
March 13, 2019  
*Full Year Results 2018, Frankfurt*

–  
April 30, 2019  
*Q1 trading update*

–  
May 22, 2019  
*Annual General Meeting, Holzminden*

–  
August 8, 2019  
*H1 Results*

### Disclaimer

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