

Press release

Holzminden, 2 November 2016
Nine-month report

Symrise optimistic for full year 2016

- Sales in first nine months of the year up 16 % (in local currency) to € 2,192 million
 - EBITDAN increase by 7 % to € 480 million
 - High profitability with EBITDAN margin of 21.9 %
 - Sale of industrial activities to French specialist provider DRT in the course of portfolio optimization
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Symrise AG continued to benefit from strong demand and high capacity utilization in the third quarter. This enabled the Group to seamlessly continue the dynamic growth trend from the first half of the year. In the nine-month period, Symrise achieved strong gains in sales and earnings. The Group increased sales by 16 % (in local currency) to € 2,192.3 million (9M 2015: € 1,977.0 million). Earnings before interest, taxes, depreciation and amortization, normalized for one-time effects from the acquisition and integration of Pinova Holdings, Inc. (EBITDAN) were up 7 % to € 480.3 million (9M 2015: € 448.5 million). Despite the first-time inclusion of the Pinova Group since the first quarter of 2016, Symrise has maintained profitability at a very good level and achieved an EBITDAN margin of 21.9 % (9M 2015: 22.7 %). The Group is optimistic as it looks ahead to the remaining weeks of 2016.

Dr. Heinz-Jürgen Bertram, CEO of Symrise AG, said: "After the dynamic expansion of our business and the strong, profitable growth in the first nine months, we are anticipating the final spurt in 2016 with optimism. We will use the remaining weeks to push ahead with our innovations, maintain our market presence and align our products with our customers' needs. We confirm our aspiration for 2016 to grow faster than the market, to operate our business in a highly profitable way and thus to remain among the industry leaders."

Strong sales growth

In the first nine months of the year, Symrise increased its sales by 11 % to € 2,192.3 million (9M 2015: € 1,977.0 million). In local currency, the increase amounted even to 16 %. Both segments had a substantial impact on this strong performance. Purchased activities also contributed to sales, including those of the Pinova Holdings and those of Scelta Umami and Nutra Canada. Even without these additional contributions, the Group achieved significant organic sales growth of 8 % in local currency.

At regional level, Symrise experienced the strongest growth in Latin America, where sales were up 34 % in local currency. The second-strongest region was North America, at 27 %. Asia-Pacific saw a 12 % increase in sales, followed by EAME with an increase of 7 %. Symrise also recorded strong growth in the Emerging Markets, where sales were 17 % higher in local currency, accounting for 43 % of the Group's total sales.

EBITDAN with 21.9 % at high level

EBITDA normalized for the acquisition and integration of Pinova Group was up 7 % (13 % local currency) to € 480.3 million (9M 2015: € 448.5 million). The normalized EBITDA margin was at 21.9 % (9M 2015: 22.7 %). The net income for the period, adjusted for one-time effects, increased to € 206.2 million (9M 2015: € 199.3 million). Normalized earnings per share rose to € 1.59 after € 1.54 in the prior-year period.

Continuously solid financial position

Cash flow from operating activities amounted to € 218.4 million (9M 2015: € 252.3 million); the decrease mainly resulted from build-up of strategic inventories. The ratio of net debt (including pension provisions and similar obligations) to EBITDAN stood at 3.5 (31 December 2015: 2.8). The Group is still committed to reducing this ratio to a range between 3.2 and 3.5 by the end of 2016. With an equity ratio of 32.9 % (31 December 2015: 38.0 %), Symrise continues to maintain a solid balance sheet.

Scent & Care sets the course for the future

Scent & Care, which comprises the fragrance and cosmetic ingredients activities, increased its sales, including contributions from the acquisition of Pinova Group, by 23 % (27 % in local currency) to € 997.2 million (9M 2015: € 812.3 million). The segment posted strong gains even without the Pinova effects, with an organic sales increase by 7% at local currency. Scent & Care reported particularly dynamic demand with cosmetic active ingredients and fragrances.

At operational level, Symrise used the third quarter to realign the Fragrances division. In future, rather than being organized by regions, the business with fragrance compositions will be organized globally by area of application, namely Fine Fragrances, Personal Care, Home Care and Oral Care. Moreover, the division is going to consolidate its capacities. Therefore, the US-American mixed operation in Chester, NY, will be closed by the end of the year and a production network at the location in Branchburg, NJ, will be created.

EBITDAN increased to € 203.6 million (9M 2015: € 184.9 million). The EBITDAN margin was 20.4 % (9M 2015: 22.8 %) and was also at a healthy level following the integration of the Pinova activities.

Flavor & Nutrition – profitability at new record level

Flavor & Nutrition achieved a sales growth of 3 %, and was up 9 % in local currency. The segment benefited particularly from good capacity utilization and strong demand for sweets and culinary applications. Business in the area of pet food also continued to grow. Excluding the purchased activities of Dutch Scelta Umami and Nutra Canada, and adjusted for the sale of the CAP pork specialties last year, the segment also posted strong organic growth with an increase of 10 % in local currency.

EBITDA in the segment increased to € 276.7 million after € 263.6 million in the prior-year period. The EBITDA margin reached a new all-time high of 23.2 % (9M 2015: 22.8 %).

Sale of the industrial activities to French manufacturer DRT

In the course of the ongoing optimization of its portfolio, Symrise has decided to sell the industrial activities of the Pinova Holdings. Symrise will continue to operate the holding's former Renessenz entity, which was acquired with the takeover. In the past months, these activities have been fully integrated into the Aroma Molecules division, securing access to strategically important natural ingredients. As a result, Symrise will offer a broader fragrance portfolio for perfume manufacturing going forward, expanding its market leadership in this area.

The unit, which operates under the brand name Pinova, with product solutions for technical applications in adhesives, paint, coatings as well as the tire and construction industries, will be acquired by DRT. The purchase price was set to US\$ 150.0 million. Estimated sales for 2016 amount to US\$ 111.0 million. The transaction is due to close at the end of 2016. The industrial applications have only limited points of reference with Symrise's core business. However, Symrise has secured continued access to specific raw materials from renewable sources. DRT and Symrise will cooperate closely in the future under a joint supply agreement.

The synergies associated with the acquisition of Pinova Group will now be realized without the corresponding contributions of the industrial applications. The integration of the former Renessenz activities is expected to yield synergies of about € 15.0 million. Following the sale of the industrial applications, these can now be realized one year sooner, by the end of the fiscal year 2019.

Optimistic final spurt in 2016

Symrise is anticipating the fourth quarter of 2016 with optimism and expects good dynamics in both segments for the remaining weeks of the year. Some countries will still be impacted by economic instability and political tensions. However, Symrise expects to be able to counter these effects through its broad diversification and regional presence. The Group therefore remains committed to its 2016 objective of growing faster than the global flavors and fragrances market, which is estimated to grow by about 3 % this year. Symrise also confirms its target of an EBITDA margin of above 20 %.

The Group is furthermore fully committed to its medium-term targets for the fiscal year 2020: A compound annual growth rate (CAGR) of 5-7 % and an EBITDA margin of 19-22 %.

Financial Information

€ million	9M		9M 2016	Change in %	Change in % at local currency	Q3		Q3 2016	Change in %	Change in % at local currency
	2015	2016	normal- ized ¹			2015	2016	normal- ized ¹		
Symrise Group										
Sales	1,977.0	2,192.3	2,192.3	11	16	646.2	729.8	729.8	13	17
Sales adjusted for portfolio changes	1,963.2	2,027.7	2,027.7	3	8	646.2	677.9	677.9	5	9
Sales related to portfolio changes	-13.8	164.6	164.6	8	8	0.0	51.8	51.8	8	8
Gross profit	853.3	898.1	907.2	6	11	277.3	290.5	294.9	6	9
EBITDA	448.5	462.6	480.3	7	13	148.2	149.9	157.0	6	10
EBITDA margin	in %	22.7	21.1	21.9		22.9	20.5	21.5		
EBIT	319.6	311.7	329.5	3	11	104.8	97.7	104.8	0	5
EBIT margin	in %	16.2	14.2	15.0		16.2	13.4	14.4		
Depreciation	54.0	66.2	66.2			18.0	23.6	23.6		
Amortization	75.0	84.6	84.6			25.4	28.6	28.6		
Financial result	-33.9	-36.5	-34.2			-12.5	-12.2	-12.2		
Earnings before income taxes	285.7	275.3	295.2	3		92.3	85.4	92.5	0	
Net income for the period	199.3	193.6	206.2	3		65.7	59.9	64.3	-2	
Earnings per share	in €	1.54	1.49	1.59	3	0.51	0.46	0.49	-2	
Research and development expenses	125.8	136.5	136.3	8	10	41.2	45.9	45.8	11	11
Investments	112.3	101.6	101.6			31.0	42.1	42.1		
Cash flow from operating activities	252.3	218.4	218.4			166.3	118.4	118.4		
Scent & Care										
Sales	812.3	997.2	997.2	23	27	265.9	329.4	329.4	24	25
Sales adjusted for portfolio changes	812.3	836.4	836.4	3	7	265.9	279.1	279.1	5	6
Sales related to portfolio changes		160.8	160.8	20	20		50.3	50.3	19	19
EBITDA	184.9	185.9	203.6			60.7	56.4	63.5		
EBITDA margin	in %	22.8	18.6	20.4		22.8	17.1	19.3		
Flavor & Nutrition										
Sales	1,164.7	1,195.1		3	9	380.4	400.3		5	11
Sales adjusted for portfolio changes	1,150.9	1,191.3		4	10	380.4	398.8		6	11
Sales related to portfolio changes	-13.8	3.8		-1	-1		1.5		0	0
EBITDA	263.6	276.7				87.5	93.5			
EBITDA margin	in %	22.6	23.2			23.0	23.4			
Group Sales by Region										
EAME	863.1	906.2		5	7	275.8	291.5		6	8
Asia/Pacific	431.4	471.9		9	12	139.7	154.9		11	12
North America	433.2	546.5		26	27	159.8	188.4		18	19
Latin America	249.2	267.7		7	34	71.0	94.9		34	54

Other Key Figures

	December 31, 2015	September 30, 2016	
Total assets	4,183.8	4,730.4	
Equity	1,588.2	1,555.3	
Equity ratio	in %	38.0	32.9
Net debt (incl. provisions for pensions and similar obligations)	1,575.7	2,132.2	
Net debt (incl. provisions for pensions and similar obligations)/EBITDAN ²	ratio	2.8	3.5
Net debt	1,131.1	1,552.2	
Net debt/EBITDAN ²	ratio	2.0	2.6
Employees (on reporting date)	FTE ³	8,301	8,950

¹ adjusted for transaction and integration costs as well as one-time valuation effects related to business combinations

² annualized EBITDAN

³ not including apprentices and trainees; FTE = full-time equivalent

About Symrise:

Symrise is a global supplier of fragrances, flavors, cosmetic active ingredients and raw materials as well as functional ingredients. Its clients include manufacturers of perfumes, cosmetics, food and beverages, the pharmaceutical industry and producers of nutritional supplements and pet food.

With sales of more than €2.6 billion in 2015, Symrise is among the global leaders in the market for flavors and fragrances. Headquartered in Holzminden, Germany, the Group is represented in over 40 countries in Europe, Africa and the Middle East, Asia, the United States and Latin America.

Symrise works with its clients to develop new ideas and market-ready concepts for products that form an indispensable part of everyday life. Economic success and corporate responsibility are inextricably linked as part of this process. Symrise thus takes sustainability into account in every part of its corporate strategy. The company was awarded the German Sustainability Award in 2012. In 2013, Symrise was certified as a “Green Company” by DQS. Symrise – always inspiring more...

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