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*English Courtesy Translation*

**Symrise AG:**

# **Virtual Annual General Meeting for the Fiscal Year 2020**

**Hannover, 5 May 2021**

## **Speech by the Chief Executive Officer**

**Dr. Heinz-Jürgen Bertram**

**The spoken word takes precedence.**

Good Morning,

Dear Shareholders,

welcome to our Annual General Meeting for Fiscal Year 2020.

I would have preferred to speak to you in person, at a physical AGM. However, this meeting is again taking place virtually owing to the ongoing coronavirus pandemic. Nevertheless, I am delighted that so many of you have joined the Meeting on livestream.

Many of you have accompanied us for quite some time now. For a number of other shareholders, this is their first Annual General Meeting at Symrise AG.

I am going to start with a review of the year 2020. Then I would like to present some of our investment projects and provide the outlook for the current fiscal year.

2020 was a historically exceptional year. The coronavirus pandemic was a huge challenge for each individual person across the world and this continues to be the case still today. This situation is not only a tough test for social life, but also for the business world.

Within a very short period of time, companies implemented protective measures for employees and in some cases, reorganized their production processes and even their product ranges. This has been necessary because global lockdowns resulted in hardly any demand for some products. Yet in other cases, demand was stronger than ever before.

All this also impacted Symrise. In addition, we were faced with another incident: In December, we became target of a criminal cyber-attack.

I will briefly summarize this event for you: Unknown perpetrators attacked our IT systems with the intent to blackmail us. This forced us to immediately shield our IT

systems and even shut down parts of them. Consequently, our business operations were temporarily at a standstill or significantly restricted.

One thing was clear to us from the very beginning: Symrise cannot be blackmailed. We have clear principles. As a consequence, we have not given in. Instead, we worked closely together with the State Office of Criminal Investigation and with external cyber experts.

Our teams worked very hard over Christmas and New Year to reinstate the systems and get customers supplied again as quickly as possible.

That was an outstanding achievement under difficult circumstances. We therefore owe a big Thank You to the entire Symrise Crew.

Meanwhile, our IT has now been fully reinstated. Production is up and running again without any restrictions. However, this event has negatively impacted the results of our final quarter for 2020.

In spite of all this, Symrise continued to grow profitably in 2020. The crisis demonstrated that the diversified portfolio, the broad customer base and the international position have proved their worth for us.

You can read more about our strategy and our entrepreneurial power in our Annual Report. It is defined by the motto “The power of holistic action”.

Our key figures at a glance:

- We increased sales for the 15th time in a row: To 3.5 billion euros.
- The EBITDA margin amounted to a very good 21.1 %.
- Earnings before interest, tax, depreciation and amortization increased by 5.8 % to 742 million euros.
- Our business free cash flow rose to 564 million euros.

- We increased net income to 307 million euros. This is 11 million euros more than in 2019. Correspondingly, earnings per share rose to 2 euros and 27 euro cents.
- We invested 159 million euros in further business development.

We would like you, as the shareholders of Symrise AG, to participate in this success. The Executive Board and the Supervisory Board have proposed a dividend increase to 97 euro cents per share for today's vote.

Business development in 2020 was significantly defined by the coronavirus pandemic. Nevertheless, and throughout the year, Symrise made good progress in achieving the targeted sales goal. But: the cyber-attack in December slowed us down on the last miles. Without this attack, we would have achieved our sales goal.

In reporting currency, we achieved an increase in sales of 3.3 % to 3.5 billion euros.

Organically – in other words through our own efforts – we grew by 2.7 %. Once again, this makes Symrise one of the fastest growing companies in the sector.

In fiscal year 2020, we clearly observed a change in consumer behavior and a shift in demand due to the global coronavirus pandemic. Nevertheless, all three segments recorded organic growth.

Scent & Care, which is our business with fragrances, perfumery applications and cosmetic ingredients, achieved sales of 1,369 million euros. The segment generated organic growth of 1.5 %. Sales in reporting currency were slightly below prior-year. This was due to negative currency translation effects and the cyber-attack.

Strong demand for body care and hygiene products drove sales in particular. Due to restricted international travel activities, applications for Fine Fragrances and sun protection, however, could not build on the prior-year.

The Flavor segment, where we bundle taste solutions for food and beverages, generated sales of 1,225 million euros in the fiscal year 2020. The segment thereby increased its organic growth by 0.7 %. Sales performance was also impacted by the cyber-attack and the change in consumer behavior caused by the coronavirus pandemic.

For example, the global trend toward cooking and eating at home led to increased demand for savory products. Conversely, the tight restrictions on out-of-home leisure activities entailed significantly less demand for beverage products and sweets.

The Nutrition segment, comprising the business units Food, Pet Food, Aqua and Probiotics, increased sales to 926 million euros. In terms of organic growth, the segment achieved excellent growth of 8.2 %.

Once again, the strongest growth drivers across all regions were product solutions for pet food.

Latin America was the strongest growth driver. We achieved organic growth of around 22 % there.

By contrast, the EAME region, which includes Europe, Africa and the Middle East, was very strongly influenced by the cyber-attack and the coronavirus pandemic. Organic growth here was therefore 1.5 % below the prior-year figure.

North America and Asia/Pacific were also impacted by the pandemic. Nevertheless, we achieved moderate organic growth in these two regions.

Overview of further key figures: the operating result – in other words EBITDA, net income and our investments.

- In 2020, we again increased the operating result. Our EBITDA rose by 5.8 % to 742 million euros.

- We increased net income by 3.6 %. Bottomline we generated 307 million euros. Correspondingly, earnings per share increased to 2 euros and 27 euro cents – following on from 2 euros and 20 euro cents in the prior year.
- After we successfully completed numerous expansions in capacity, our investments in 2020 were 12 % less than in 2019. This took us back to our regular rate of investment at around 5 % of sales.

We now move on to our long-term value creation.

The sales development since our IPO demonstrates clearly that Symrise generates long-term, reliable growth. Since 2006, we have increased our sales on average by 7.8 % each year. Even the historically exceptional year of 2020 failed to break this long-term trend.

We are very proud of this achievement. Indeed, it shows that we have a robust business model that has once again proved its worth during the current crisis.

At this point, I would like to extend a special Thank You to our workforce of about 10,000 employees around the world. We have achieved the continuous, profitable growth of our company through their commitment and dedication. They have made a vital contribution to our success story. And in 2020, their dedication was unprecedented.

The Symrise share once again significantly outperformed the DAX and MDAX in fiscal year 2020. The share price increased by 16 %. We consider this as a clear sign for the trust of investors in our robust position and our proven strategy.

Against this background, dear shareholders, you will be voting today on our proposal for a dividend increase to 97 euro cents per share.

We are thereby increasing the dividend for the 11th time in succession. In our opinion, this provides clear evidence for our long-term value creation, particularly in times like the present.

Let's now look forward.

First of all, let's have a look at our strategy and medium-term goals.

Our strategy is based on growth, efficiency and a diversified portfolio. We will continue to build on these three strategic pillars in the future. Furthermore, we put strong emphasis on our environmental footprint and the sustainability of our supply chains. A sustainable mindset and actions will continue to be the foundation of all our activities in the future.

We remain firmly committed to our medium-term goals that extend to the year 2025. The coronavirus pandemic will not change anything about this:

- We want to grow significantly faster than the relevant market. We are targeting average annual growth of 5 to 7 %.
- We are also holding on to our ambition of ranking among the most profitable companies in our sector. We are therefore targeting an EBITDA margin of 20 to 23 %.
- A key aspect for you as shareholders: Our dividend payout is to remain unchanged at between 30 and 50 % of net income.
- With regards to sustainability, we have defined our goal as achieving a 63 % reduction in our CO<sub>2</sub> emissions by 2025. By 2030, we want to not only be climate neutral but indeed climate positive. I would like to go into this in more detail.

Being climate positive entails significantly improving the environmental efficiency of greenhouse gas emissions. This is an ambitious goal that requires significant expenditure.

We are making good progress: Since 2016, we have gradually reduced our environmental footprint each year.

Once again, our efforts for climate protection were recognized: with awards from the non-profit organization CDP. Symrise achieved the best possible result in all three categories – water, climate and forests.

We are very proud of this achievement because only 10 companies worldwide achieved such an outstanding result. In Germany, Symrise is actually the only company with such a good rating.

Our investment plans for 2021:

We want to continue growing and we want to grow sustainably. That's why we consistently plan our strategic investments and growth initiatives for the long term.

I would like to present a number of selected initiatives here. We are anticipating a steady increase in demand as a result of the growing global population, urbanization, and technological progress.

We will therefore continue to focus on expanding our production capacities in the future. For example, new production facilities for pet food will be set up in China and Brazil.

In China, we are also establishing a new development center for the Flavor & Nutrition segment. And we are significantly expanding the facility in Spain acquired from Sensient.

Incidentally, sustainability is also playing an important role in relation to our investments. I would therefore like to outline initiatives that contribute to climate protection. At our headquarters in Holzminden, we are expanding our own combined heat and power generation. And in the USA and in France, we are gradually equipping



our production sites with advanced technologies for energy generation. This will enable us to further reduce our greenhouse gas emissions.

Coming to the outlook.

The battle against the coronavirus pandemic is continuing to shape both, our everyday routine and our business lives. I am sure you will agree with me, when I say: This is going to continue for some time.

But: We are confident that we will return to normality step by step with the increasing availability of vaccines and higher vaccination rates. And this will be accompanied by an economic recovery.

That is why, overall, we are looking into the future with confidence. We are expecting stable demand for 2021 and we want to continue our previous growth dynamics.

This year, we are aiming to again grow significantly faster than the relevant market for flavors and fragrances, which is expected to grow by around 3 to 4 %. For Symrise we are targeting organic growth of 5 to 7 %.

At the same time, we are aiming to rank among the most profitable companies in the sector. Although we are anticipating a slight increase in prices for raw materials, we are targeting an EBITDA margin of around 21 %.

We perceive the following four factors as growth drivers:

- Firstly: The ADF/IDF Group that we have acquired in November 2019. It has now been fully integrated in the Nutrition segment. In the fiscal year under review, the Group developed very pleasingly and even exceeded our expectations with sales of 209 million euros. We want to continue this development and see ourselves well positioned to meet the high demand for meat proteins.

- Secondly: We are combining the Flavor & Nutrition segments under the leadership of Jean-Yves Parisot. He took over management of the combined segment on April 1st. This merger opens up additional growth opportunities. At the same time, we are taking advantage of synergies and focusing on one joint research agenda.
- Thirdly: We are expanding our leading position as a provider of fragrance and aroma chemicals for applications used in body care and household products. An important building block in the current fiscal year will be the integration of the perfumery business acquired from Sensient.  
The transaction particularly strengthens our presence in the regions of EAME and Latin America. At the same time, it helps us to meet the significant internal demand for fragrance molecules more quickly and easily.
- And fourthly: We will continue our disciplined cost management and our efficiency program in 2021 – both are contributors to the profitability of Symrise.

I will now conclude with the development in the first quarter.

We have dynamically started into the new fiscal year with sales of about 950 million euros. Year on year, we delivered strong organic growth of 10.5 %. In reporting currency, we increased sales by 3.5 %.

All segments contributed to this development. We benefited from a good order situation. Furthermore, we processed backlogs from the fourth quarter of 2020, which were caused by the cyber-attack.

Dear shareholders,

Before I bring today's presentation to a close, I would like to take this opportunity to wish my former colleagues on the Executive Board Heinrich Schaper and Achim Daub all the best for their ongoing journey.

After some four decades of dedicated service to Symrise and its predecessor companies, Heinrich Schaper has now retired. I would like to thank him for his tireless commitment.

Our thanks also go to Achim Daub. As a member of the Management Board and responsible for the Scent & Care segment, he has consistently driven the growth of the fragrances activities since 2006. He has now decided to pursue new professional opportunities. In the name of the Executive Board and the Supervisory Board I would like to also thank Achim Daum for his commitment.

Ladies and Gentlemen: This brings me to the end of my presentation. Thank you very much for listening and for your confidence in Symrise and our share.

Stay with us and above all: Stay safe and healthy!

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