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Symrise Company Presentation

Societe Generale - The Nice Conference 2019

symrise 

Agenda

Overview



-
- 1 Who is Symrise?
 - 2 Financials
 - 3 M&A
 - 4 Investment Highlights
 - 5 Outlook
 - 6 Appendix
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Who is Symrise?

Symrise

Overview



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.



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.*



*Furthermore, for solutions in the health and personal
care application areas, we provide
**biofunctional and bioactive ingredients
and substances.***

~10,000
employees



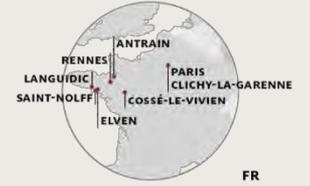
*around the world make up the company.
Their hard work, passion and diversity are
key to the company's success.*

The Symrise Group

>100 Sites Around the World



US



FR



DE

Products and solutions for every need

Megatrends open up growth areas and drive value creation



<p>Growing global population <i>10 billion people in 2050</i></p> 	<p>Increasing urbanization <i>70% of the world's population will live in cities by 2050</i></p> 	<p>Progress in Emerging Markets <i>Higher incomes through increasing qualifications</i></p> 	<p>Demand for natural products <i>Increasing awareness in care and nutrition</i></p> 
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Symrise builds on megatrends

				
<p>FLAVOR</p>	<p>NUTRITION</p>	<p>SCENT & CARE</p>		
<p>Flavor <i>Beverages Savory Sweet</i></p>	<p>Diana <i>Food Pet food Aqua Probi</i></p>	<p>Fragrances <i>Fine fragrances Consumer fragrances Oral care</i></p>	<p>Cosmetic Ingredients <i>Cosmetic actives Sun protection</i></p>	<p>Aroma Molecules <i>Scent components Menthol Cooling substances</i></p>

The Flavor Segment

Flavor

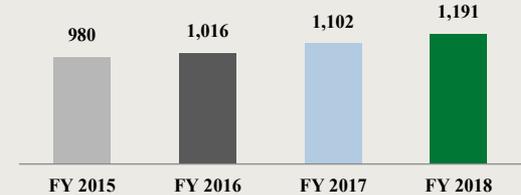
Beverages
Savory
Sweet



- *Symrise produces flavorings used by customers to give foods and beverages their individual tastes.*
- *We supply individual flavorings used in end-products, as well as complete solutions (actual flavor plus additional functional ingredients).*

Sales development

In €m



EBITDA* development

In €m / in % of sales



* EBITDA means earnings before interest, taxes, depreciation and amortization

The Nutrition Segment

Nutrition

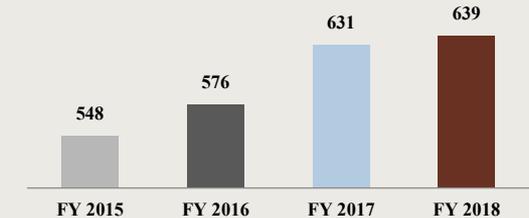
Food
Pet Food
Aqua
Probi*



- *The Nutrition segment is the world leader in solutions for food production based on natural ingredients.*
- *We produce food ingredients comprising natural sensory product solutions (e.g. taste, texture, color and functionality) for foods and beverages, product solutions and services for improving the taste and pets' acceptance of pet food, progressive natural and sustainable marine ingredients for aquacultures, as well as probiotics for foods, beverages and nutritional supplements.*

Sales development

In €m



EBITDA development

In €m / in % of sales



The Scent & Care Segment

Scent & Care

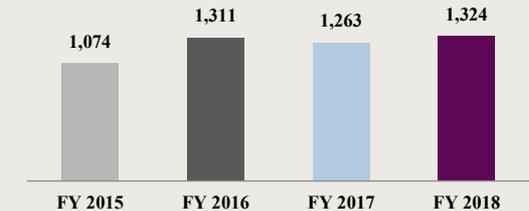
Fragrances
Cosmetic Ingredients
Aroma Molecules



- *Scent & Care is divided in the three global divisions Fragrances, Cosmetic Ingredients and Aroma Molecules.*
- *The Fragrance division develops perfume oils used in fine fragrances and consumer fragrances (personal care and household products), as well as mint flavors for oral care products.*
- *The Cosmetic Ingredient division includes active ingredients, sun protection, hair care, micro protection, functionals, botanicals and color solutions.*
- *The Aroma Molecules division comprises the production of menthols, scent components and cooling substances.*

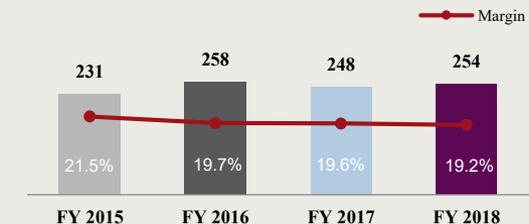
Sales development

In €m



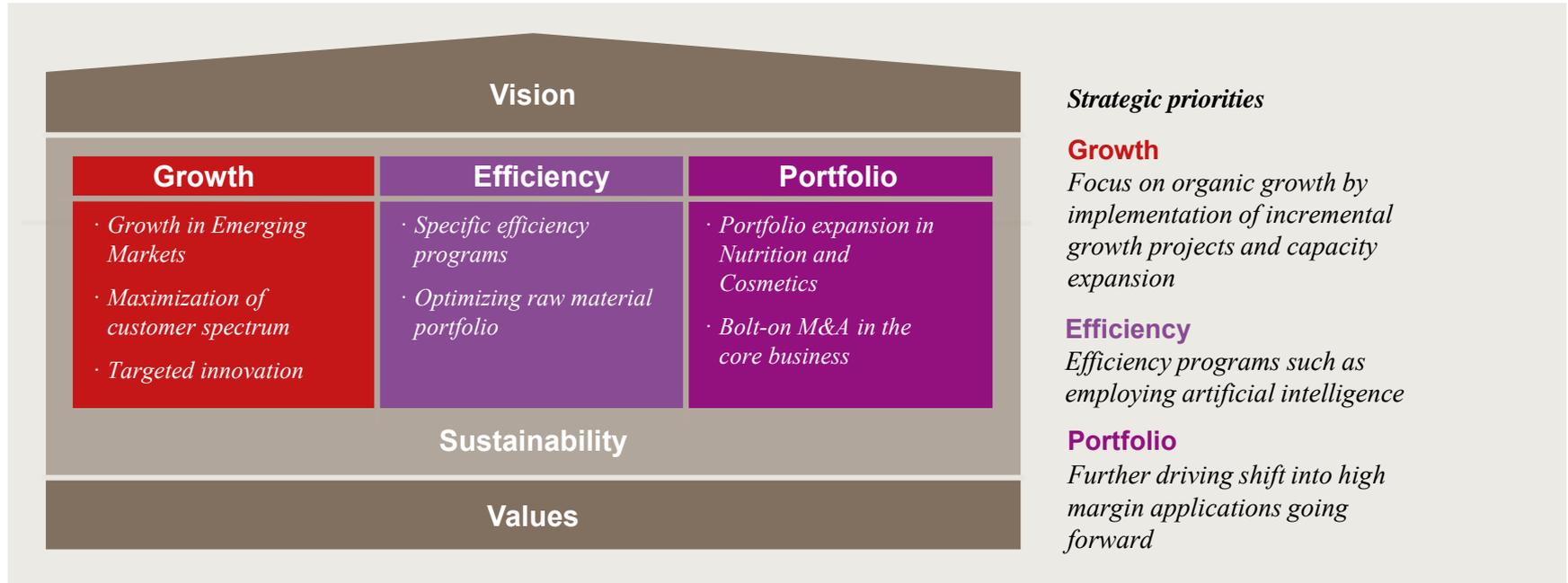
EBITDA development

In €m / in % of sales



Corporate strategy

Consequent strategy implementation pays off



Industry

An attractive niche



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

Megatrends driving organic growth.

High market concentration – *top 4 players with ~43%.*

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.*

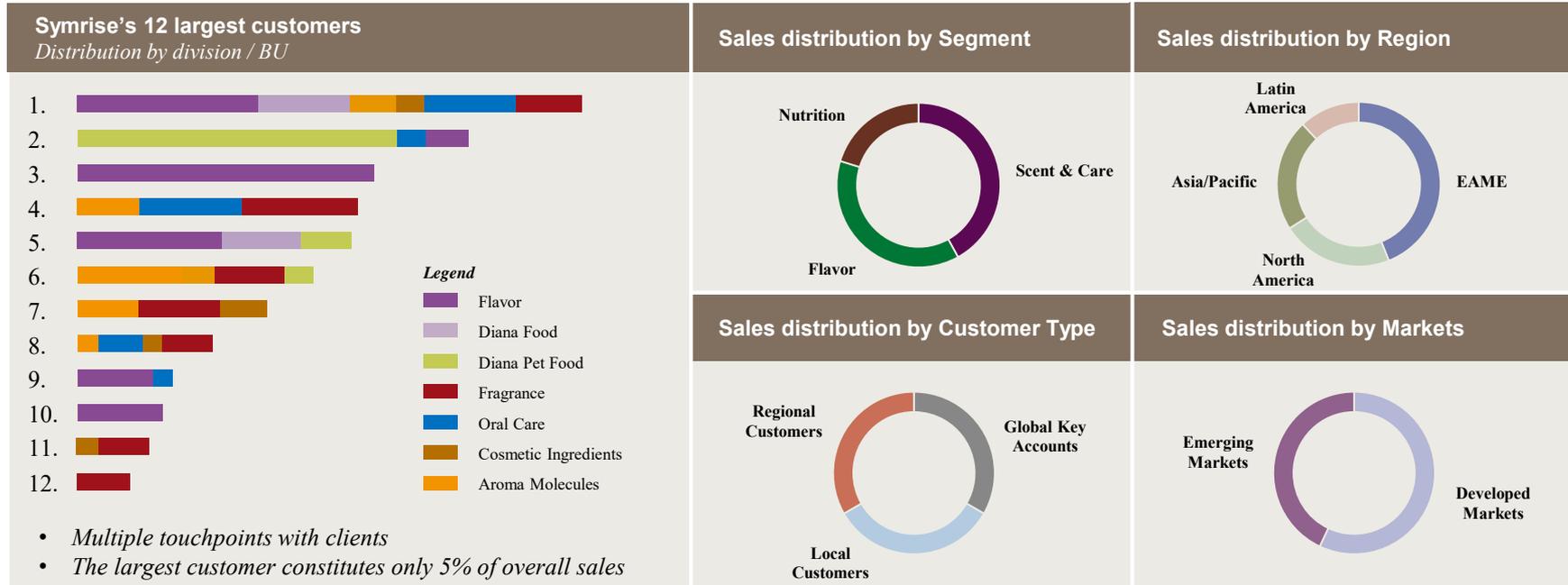
Tailor-made products *with generally small volumes and decreasing product life cycles.*

Handling complexity for our clients. *Managing ~10,000 raw materials and ~30,000 products.*

Short-term visibility.

Well-balanced Business Portfolio

across segments, customers, regions and markets



Beyond traditional Flavor & Fragrances

Building a unique portfolio



Our portfolio today



External growth – selected acquisitions 2006-2018

S&C

Kaden
Biochemicals



MANHEIMER
fragrances

Trilogy

BELMAY

PINOVA

RENESENZ

citrus

F&N

CHRISTENSEN
Flavors

Interalabs

probi

DIANA
Perfume & Fragrance

FLAVOR INFUSION

Nutraceutix

SEBIVA

Nutra

Cobell

Our unique backward integration

- *Industry-leading backward integration*
- *Naturals and synthetics, e.g. Vanilla, Onion, Citrus and Menthol*
- *No. 1 supplier of fragrance raw materials**
- *Sustainable partnership with farmers worldwide*

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

Growth and Sustainable Business

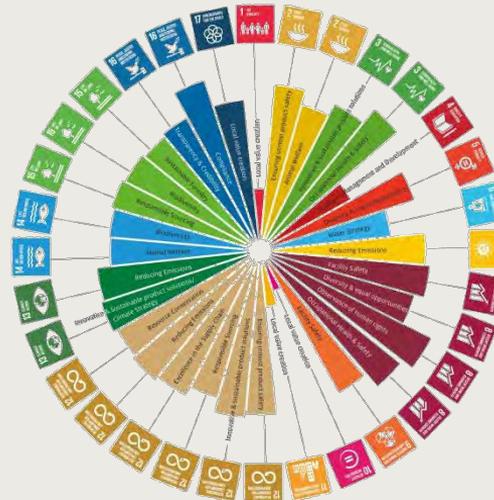
by implementing the UN Sustainable Development Goals



United Nations Sustainable Development Goals



We actively measure our progress



Recent Awards received

Carbon Disclosure Project

Top rating in the categories air, water, forest

EcoVadis

Gold status for corporate social responsibility

DQS

Excellence Award for “Green Chemistry” and “Social Engagement”

German Sustainability Award

Category: Large corporations



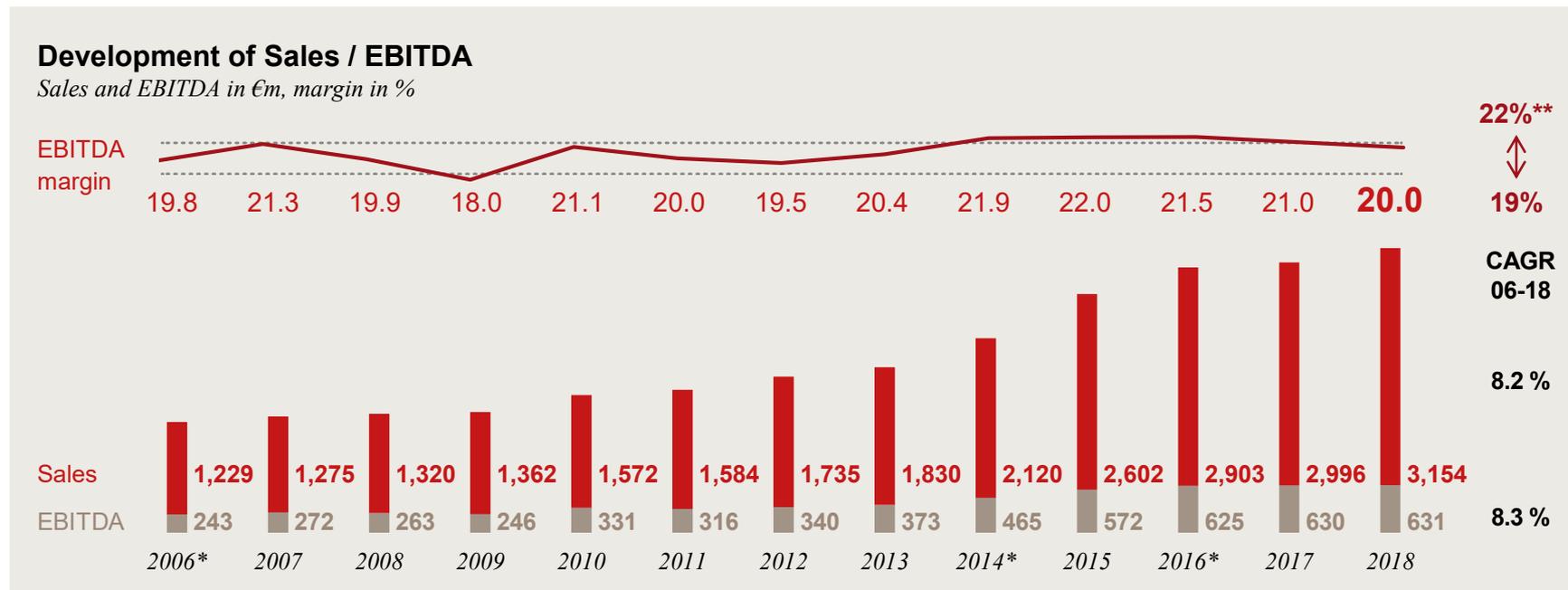
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Financials

Sales and EBITDA

Profitable growth and creating value since IPO



* EBITDA adjusted for restructuring and integration expenses

**19-22% EBITDA margin target since 2012

Financial Highlights 2018

Symrise records another year of outstanding sales growth



Sales

€ **3,154**m

+5.3%
in reporting currency

+8.8%
Organic
growth

Cash flow from operating activities

€ **442**m

+12%

New KPI since 2018
Business Free Cash Flow*

Net Debt

€ **1,380**m

Net Debt (including pensions)

€ **1,893**m

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

* Business Free Cash Flow = EBITDA – CAPEX +/- Change in Working Capital

**attributable to shareholders of Symrise AG

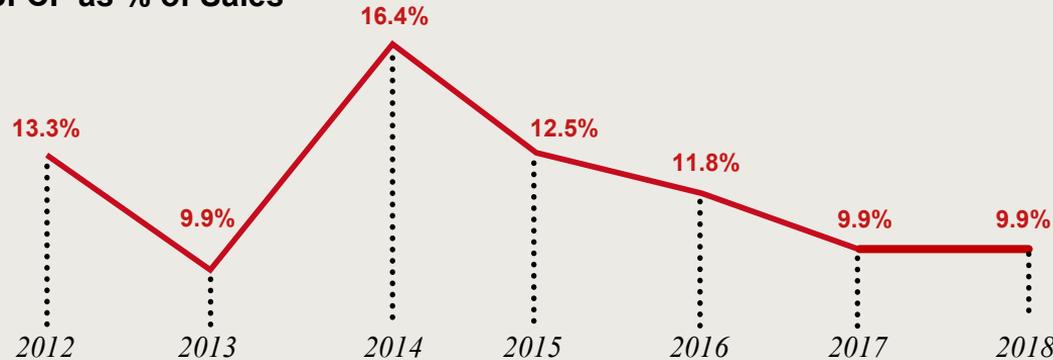
*** undiluted

Business Free Cash Flow

introduced as a new internal KPI for 2018



BFCF as % of Sales



Definition of BFCF:

$$\begin{aligned} & \text{EBITDA} \\ - & \text{CAPEX} \\ + / - & \text{Change in Working Capital} \\ \hline = & \text{Business Free Cash Flow} \end{aligned}$$

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

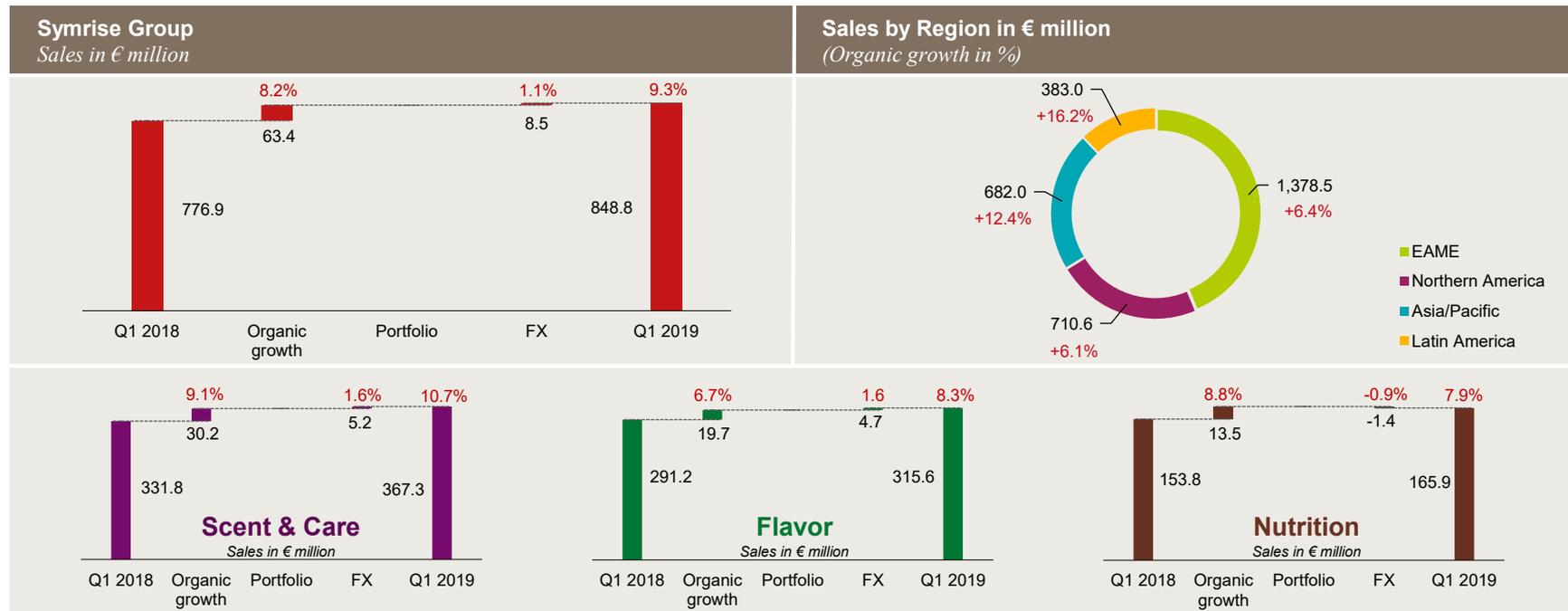
CAPEX above guidance:
7.2% in 2018

Ambition

Steady improvement of BFCF as % of sales until 2025

Q1 2019

On track for strong growth



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M&A

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

Financing proposed acquisition ADF/IDF

All three Facilities completed



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

[increased to €250m]
*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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Investment Highlights

Investment Highlights

Diversified, stable and profitable growth



Leading global focused F&F producer

—
Symrise is a **leading supplier of consumer ingredients** with approx. 10% market share of the global AFF market

—
Outperformed peers in top-line growth in recent years

—
Strong and experienced management with proven track record since Symrise IPO in 2006

Attractive and well-positioned business model with exposure to fundamental macro trends

—
Diversified business model by segments and regions with well-positioned portfolio that allows to participate in future growth dynamics across several industries and cross-linking of competencies

—
High barriers to entry and stable **oligopoly** market structure

—
Favourable industry dynamics with robust above GDP growth prospects in a **diverse range of end-markets, supported by global macro trends**

Cash generation and profitable growth

—
Constantly strong EBITDA and OCF margin in recent five years supports cash generation; Sales CAGR of approx. 11% p.a. suggests **good future cash generation**

—
Investments in growth are currently at peak and should decline over the next years, whilst profitability should further increase. Additionally, management implemented **cash-based KPIs to improve sensibility for margin strength**

Investment-Grade Financing Structure

—
Top priority is to **remain an Investment-Grade Profile**

—
Conservative Financial Policy – last **acquisition was financed via Equity & Debt**

—
Long-term leverage target of 2.0 to 2.5x (Net Debt incl. Pensions to EBITDA)

—
Well-balanced maturity profile with strong access to Equity and Debt Capital Markets

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Outlook



Outlook 2019

Confident to achieve targets



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

* Impact of ADF/IDF not included

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



Objectives 2025

Supported by our proven strategy



Financial goals	2020		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
Sustainability goals			
Environment	33 % improvement of footprint	—————>	50 %* improvement of footprint

*Science based target (SBT) 2016-2025

Symrise AG

Financial Calendar & Contact



Financial Calendar

May 22, 2019

Annual General Meeting

August 8, 2019

H1 2019 results

October 29, 2019

9M 2019 trading statement

Contact

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Disclaimer: 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.

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Appendix



Appendix: Solid Financing Structure

Clear focus on investment grade



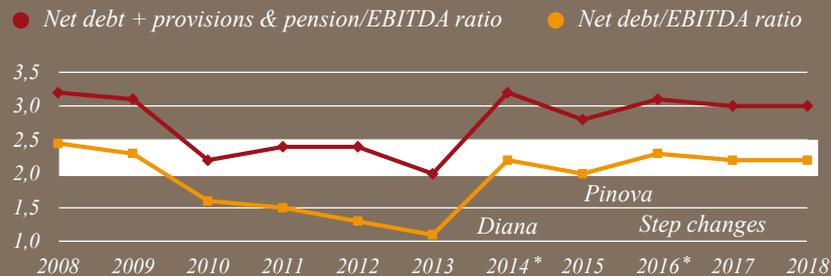
Maturity Profile as of March 31, 2019



- US private placement 2010
- Bond 2014
- Promissory loan notes 2015
- EIB 2013
- Revolver 2015
- Convertible 2017
- Promissory loan notes 2019

- Well-balanced maturity profile
- Well-diversified financing instruments

Net debt / EBITDA



* EBITDA adjusted for restructuring and integration expenses

Status Quo

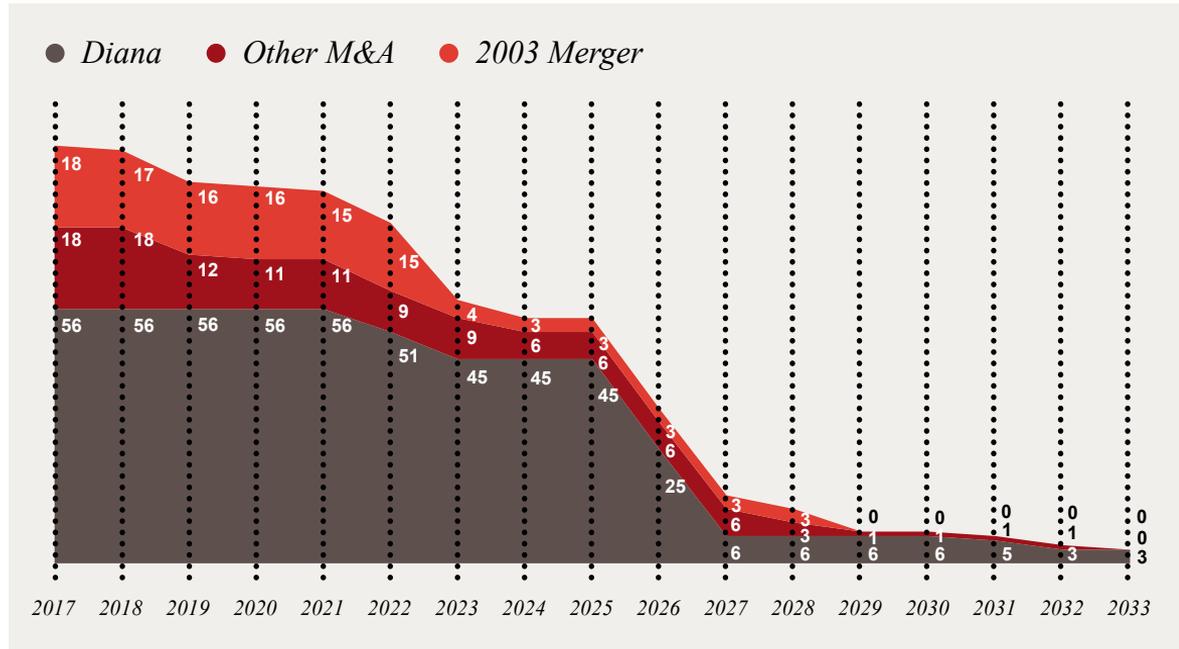
- Net debt of €1,380m reflects 2.2 x EBITDA
- Net debt including pensions of € 1,893m reflects 3.0 x EBITDA

Ambition

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

Appendix: Amortization from business combinations

Major effects are fading out



Main drivers

Merger of Haarmann & Reimer and Dragoco in 2003: Recipes

Acquisition of Diana in 2014: Brands, customer base and recipes

Status

Further EPS support expected over time

* only M&A-related amortization (without software or internally generated intangible assets)