

# Symrise - Investor Presentation

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*September 2022*

symrise 



# Our history since 1874

*With roots into 1795*



**1874**

Chemist Dr. Haarmann discovers method for manufacturing nature-identical vanillin

**1919**

Hairdresser Gerberding begins manufacturing perfume and soap compositions

**1930**

Entering the flavor industry

**1954**

Takeover by Bayer AG

**1973**

World's first fully synthetic production of menthol

**1995**

Acquisition of Florasynth, est. 1916, de Laire, est. 1876 and Lautier Fils, est. 1795

**2003**

Merger of Haarmann & Reimer (€872m sales) and Dragoco (€373m sales) by EQT

**2006**

IPO in Frankfurt (Market cap. €2bn)

**2014**

Acquisition of Diana

**2016**

Acquisition of Pinova/Renessenz

**2019**

Acquisition of ADF/IDF

**April 2021**

Acquisition of Fragrance & Aroma Chemicals business from Sensient

**September 2021**

Promotion to the German DAX

Haarmann & Reimer (1874-2003)

Dragoco (1919-2003)

Symrise (since 2003)



# Symrise today

## *Our Business, Purpose & Values*

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### **We are a global supplier of fragrances, flavors, food and cosmetic ingredients.**

Our clients include manufacturers of perfumes, cosmetics, food and beverages, pharmaceuticals and producers of nutritional supplements and pet food.

### **Our Purpose**

We develop sustainable, safe and tailored products that ensure quality of life and provide beauty and well-being.

We are aware of our responsibility for a future-oriented world and undertake this task with entrepreneurial spirit, innovative power and optimism.



### **Our values**



**Creativity:** The driver of innovation with which we bring our claim of “always inspiring more ...” to life.



**Excellence:** Outstanding performance for customers, consumers and markets.



**Sustainability:** We are all responsible for the world we live in.



**Commitment:** We encourage and challenge our employees, value independent action and consider our employees and their diversity to be the key to our success.



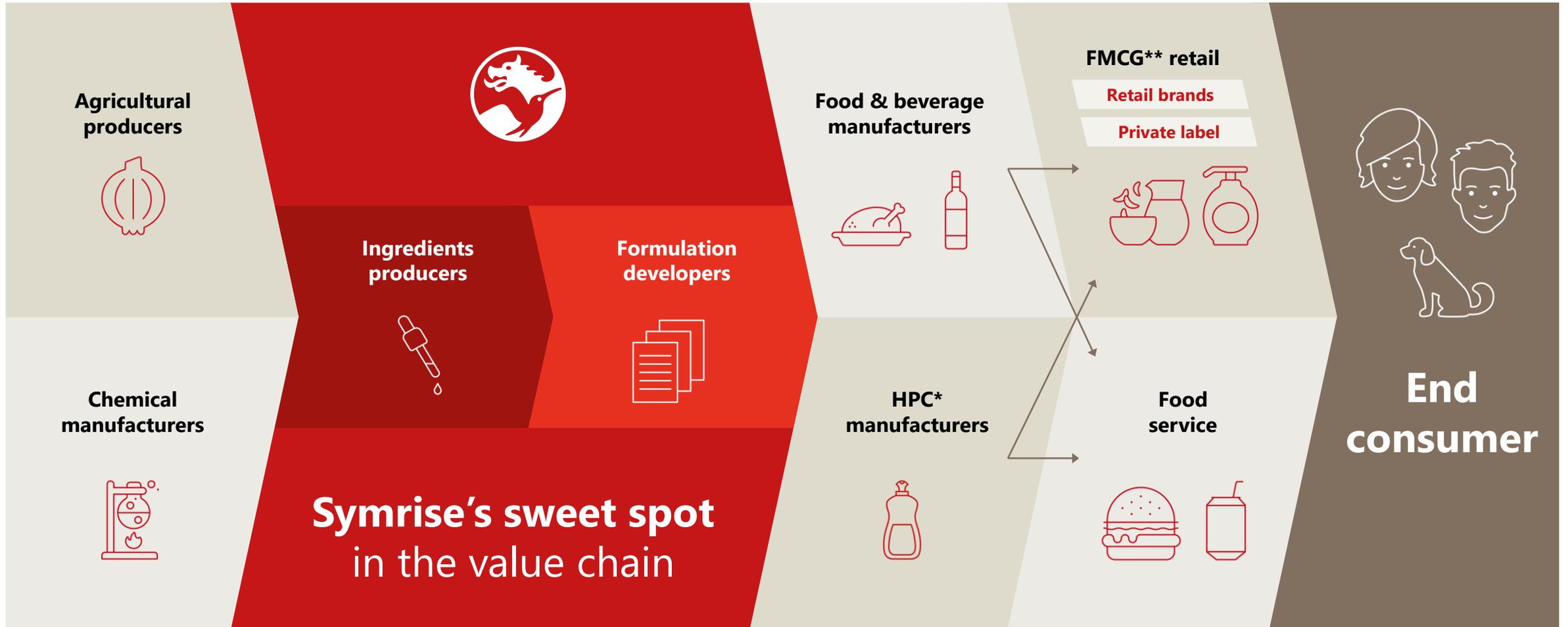
**Integrity:** Trust and honesty serve as the foundation of collaboration. This is as true in working with fellow employees as it is with all of our stakeholders.



**Added value:** Intelligent additional benefits and integrated services for our customers, attractive and healthy product solutions for consumers and sustainable growth for Symrise.

# Symrise's Position

## In the value chain



\*HPC: Household and Personal Care. \*\*FMCG: Fast Moving Consumer Goods.

# Our Industry

## An attractive niche



Handling complexity for our clients

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

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

Short term visibility requires flexibility, mobility and agility.

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

### Megatrends support organic growth

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

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

Global footprint key to meet local tastes & preferences.



Sustainability & supply chain management increasingly important.

High market concentration

**top 4**

(Givaudan, IFF, Firmenich and Symrise) with

**~55%**

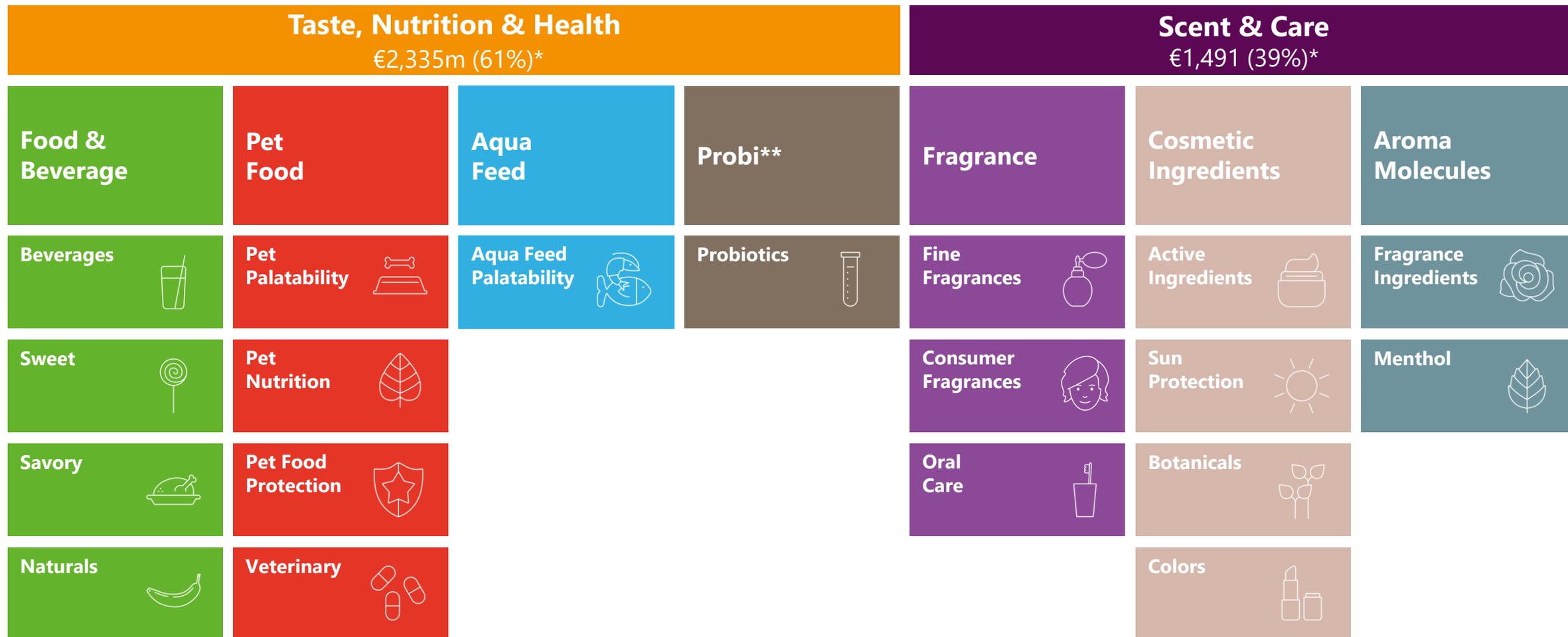
of relevant AFF market size of approx. **€37.5bn**



Sweet "spot" in value chain only a small fraction of product costs **1-5%**, but a key buying criteria.

# Business overview

## Segments and Business Units 2021



\*sales / % of Group sales (2021) \*\*Majority stake in the Swedish company Probi AB

# Taste, Nutrition & Health

## Segment Overview



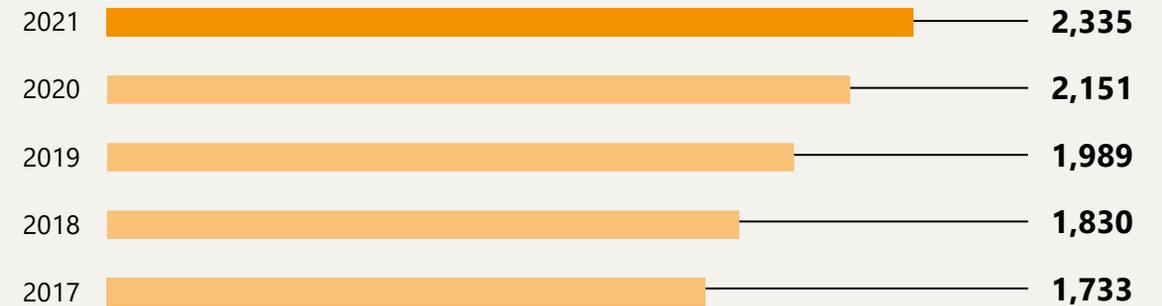
### Key Characteristics

- Offers customers and partners **unique, natural ingredient-based and sustainable solutions.**
- Serves the markets of the **food and beverage** industry as well as manufacturers of **pet food and fish food**
- **6,869** employees in more than 100 sites in over 40 countries work together to serve our customers – with the help of more than 1,000 dogs and cats



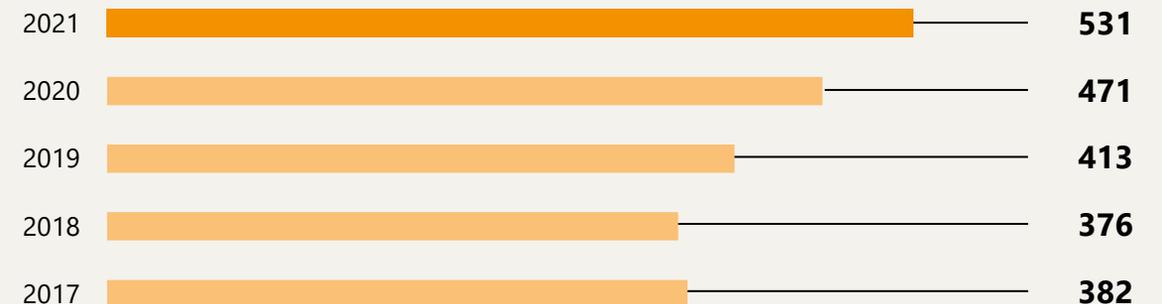
### Sales

In €m



### EBITDA

In €m



# Scent & Care

## Segment Overview



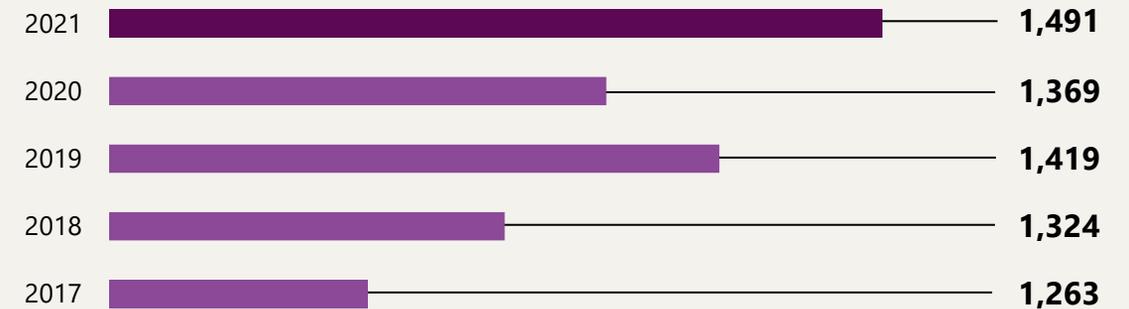
### Key Characteristics

- **3,156 employees** market over **16,000 products** in **135 countries**
- **Sites** in more than **30 countries**
- Divided into **three global divisions**: Fragrance, Cosmetic Ingredients and Aroma Molecules which consist of various Business Units
- The Cosmetic Ingredients division is a recognized innovation leader that has received **35 innovation awards** for new substances over the past ten years. During the same period, 119 patent applications were filed, 9 of them in 2021 alone



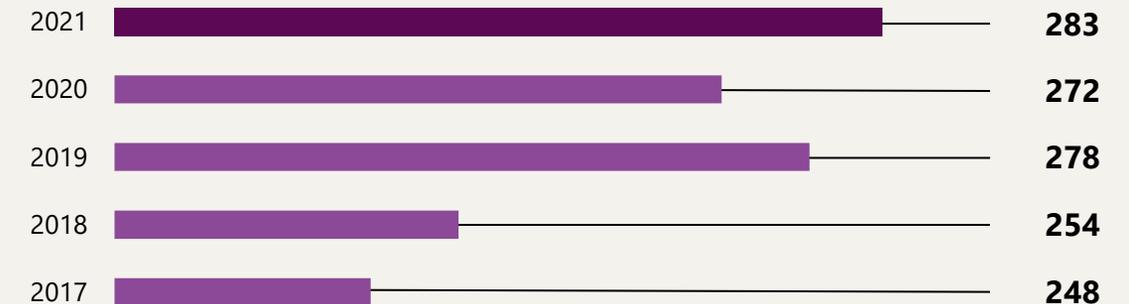
### Sales

In €m



### EBITDA

In €m



# Symrise in 2021

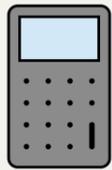
## Key figures at a glance

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**€814m**

EBITDA



**€221m**

spent on R&D



**~30,000**

products



**€18.2bn**

market capitalization\*



**€3.826bn**

sales



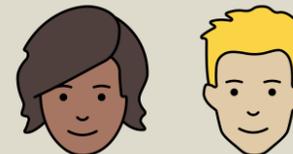
**11,151**

employees\*\*



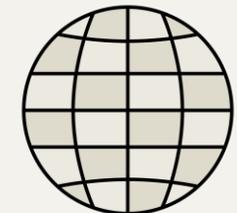
**>6,000**

global, regional  
and local clients



**>40**

countries around  
the world



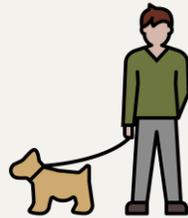
# Investment Highlights

*A high-quality investment opportunity*



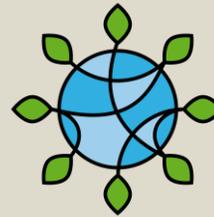
## 1

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**



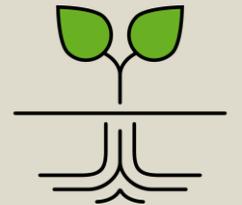
## 5

A portfolio **beyond traditional** flavor & fragrance



## 6

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



# Shareholder Structure

## *Dominated by long-term investors*



### Top 5 Investors

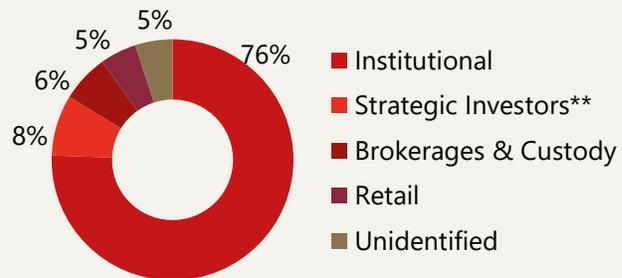
August 2022 –  
updated list on  
Corporate website

| # | Rank | Investor   | Percentage |
|---|------|--|------------|
| 1 | 1    | Massachusetts Financial Services Company (MFS)       | 9.96%      |
| 2 | 2    | BlackRock Inc.                                       | 6.78%      |
| 3 | 3    | Horst-Otto Gerberding*                               | 5.024%     |
| 4 | 4    | Canada Pension Plan Investment Board                 | 4.85%      |
| 5 | 5    | Ministry of Finance on behalf on the State of Norway | 3.04%      |

Source: Company / Deutsche Boerse

### Total Shareholder Composition

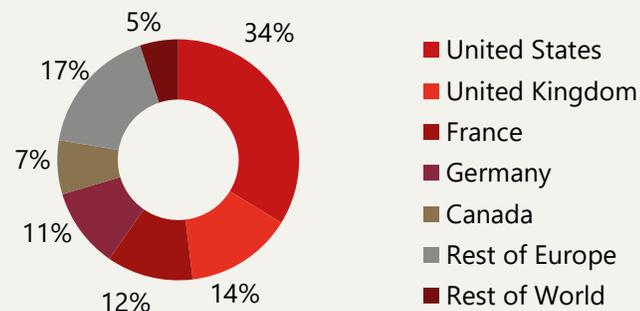
December 2021



Source: Nasdaq

### Institutional Shares by Geography

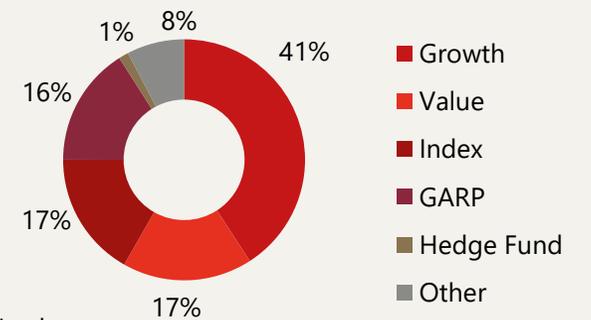
December 2021



Source: Nasdaq

### Institutional Shares by Investment Style

December 2021



Source: Nasdaq

\*Deutsche Boerse considers Gerberding as strategic investors.  
\*\*Nasdaq considers Mr. Gerberding and Jahr family as strategic investors.

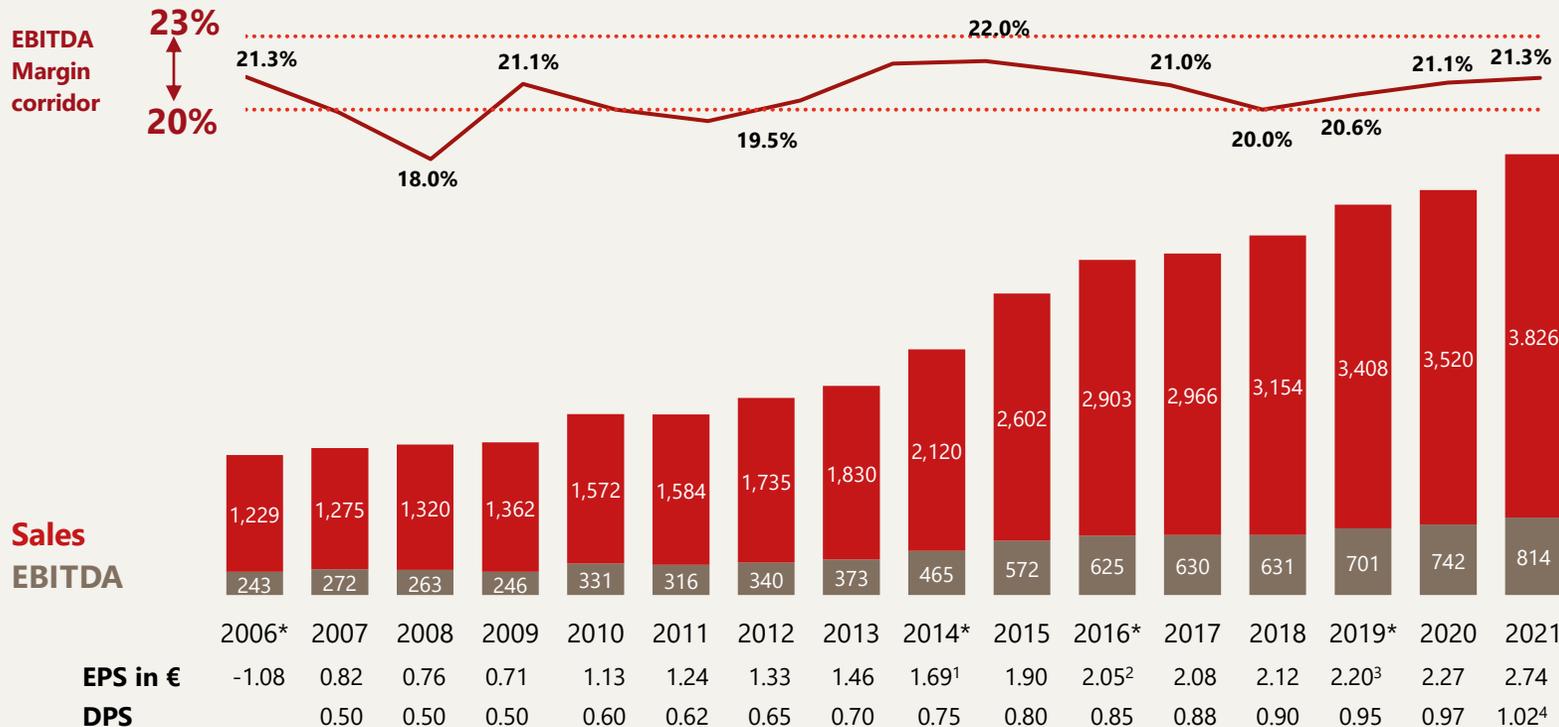
# Financial track record and targets

## Past and future

Updated August 2nd, 2022

### Growth and margin track record since IPO

Sales and EBITDA in €m



\*EBITDA adjusted for restructuring and integration expenses and additionally in 2019 restated for finalized ADF/IDF PPA.

1. Reported: EPS 1.48€. | 2. Reported: EPS 1.95€. | 3. Reported: EPS 1.16€. | 4. Recommended



## Financial Targets

**2022**

until **2025**

Organic growth of significantly

Group growth (CAGR)

**>7%**

**5 – 7%**

EBITDA margin

EBITDA margin

**~ 21%**

**20 – 23%**

Business Free Cash Flow

Business Free Cash Flow

**8–10%**

**>14%**

of sales

of sales

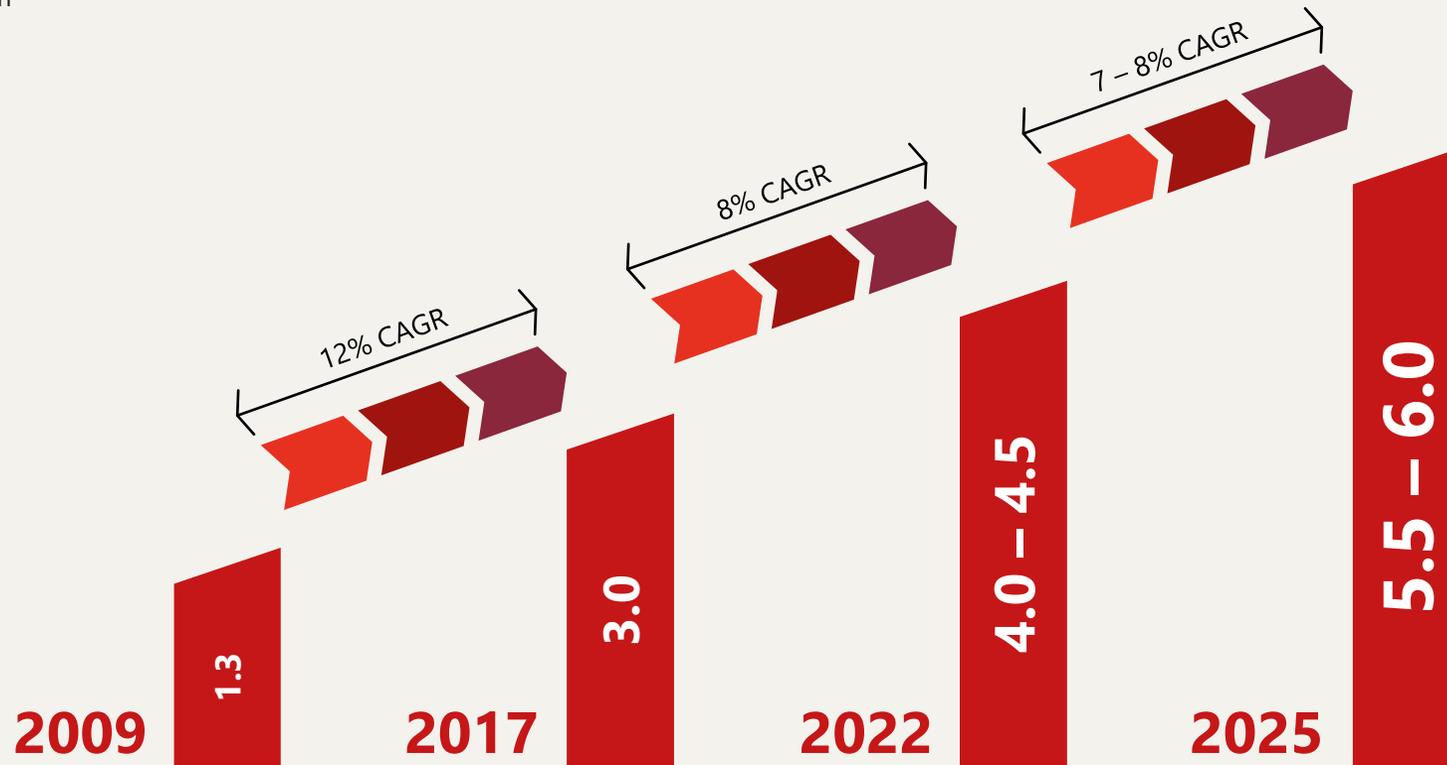
# Long-term growth objective 2025

*Fully on track to continuously outperform the market*



## Long-term objectives 2025

In €bn



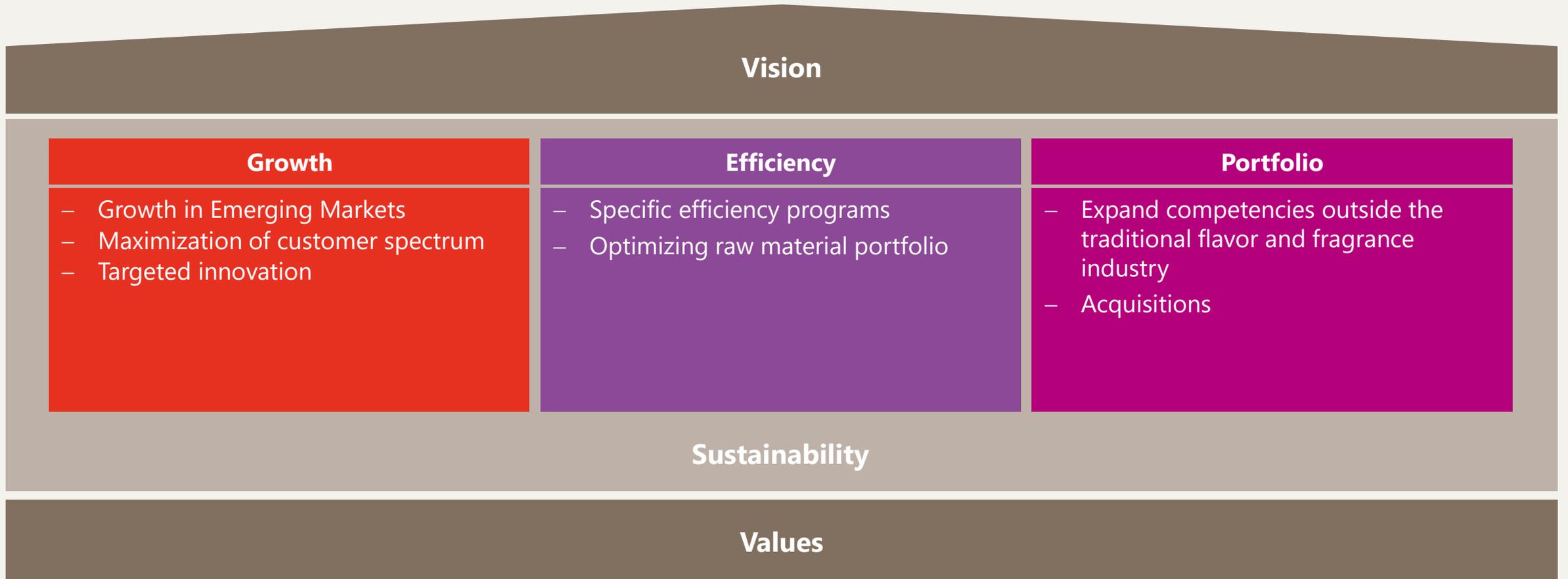
Organic growth   Incremental growth   Bolt-on-M&A

**Efficient set up,  
global presence  
and strong portfolio**

support business performance  
in mid-term until 2022 as well  
as in long-term 2025

# Strategy Overview

*Proven Three Pillar Approach since 2009*



# Pillar Growth

Exploiting full potential of customers and markets\*



## Multiple touchpoints with clients

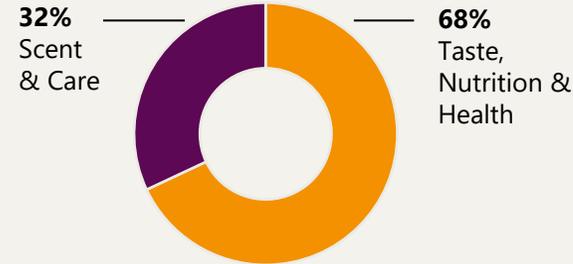
Distribution by division / BU

| Cust. | Food& Beverage | Pet Food | Fragrance | Cosmetic Ingredients | Aroma Molecules |
|-------|----------------|----------|-----------|----------------------|-----------------|
| 1.    | Green          | Red      |           | Brown                | Blue            |
| 2.    | Green          |          | Purple    | Brown                | Blue            |
| 3.    |                | Red      | Purple    | Brown                | Blue            |
| 4.    | Green          |          | Purple    | Brown                |                 |
| 5.    | Green          | Red      | Purple    |                      | Blue            |
| 6.    | Green          |          |           | Brown                | Blue            |
| 7.    |                |          | Purple    | Brown                | Blue            |
| 8.    | Green          |          |           |                      |                 |
| 9.    | Green          |          |           |                      |                 |
| 10.   | Green          |          | Purple    | Brown                | Blue            |

The largest customer constitutes only 5% of Group sales

## Capital Expenditure

In €m



**2022** ~5 % of sales

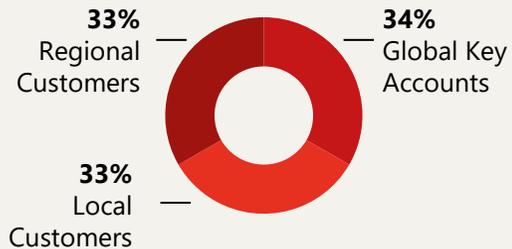
**2021** 174 m invested for example in **S&C Granada site** Capacity expansion and transfer of technologies.

**Pet Food factory in China** leverage growth with extended capacities

**2020** 159 m invested

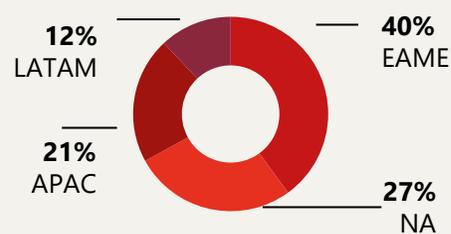
## Sales distribution

by Customer Type



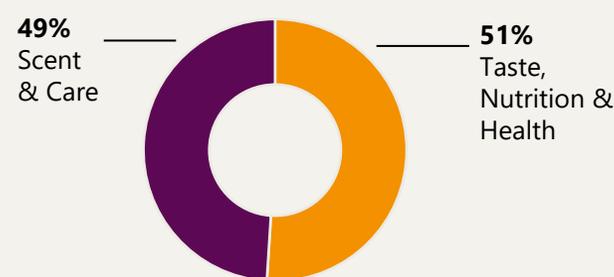
## Sales distribution

by Region



## Innovation – enabler for growth

R&D expenses by segments / total spend €221m



**16.7%**

of sales from new product developments



**1,933**

R&D employees



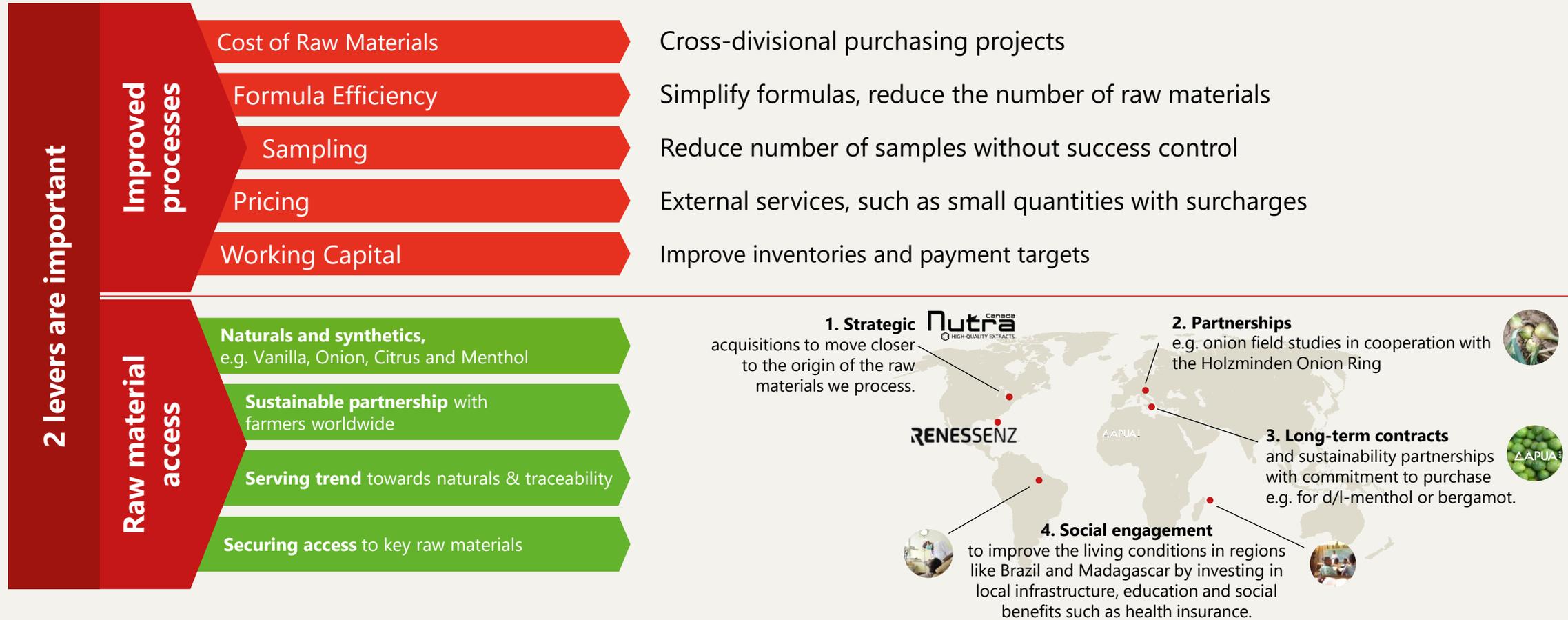
**42**

new patents in 2021

\*All data for FY 2021.

# Pillar Efficiency

Focus on processes and raw material access



# Pillar Portfolio

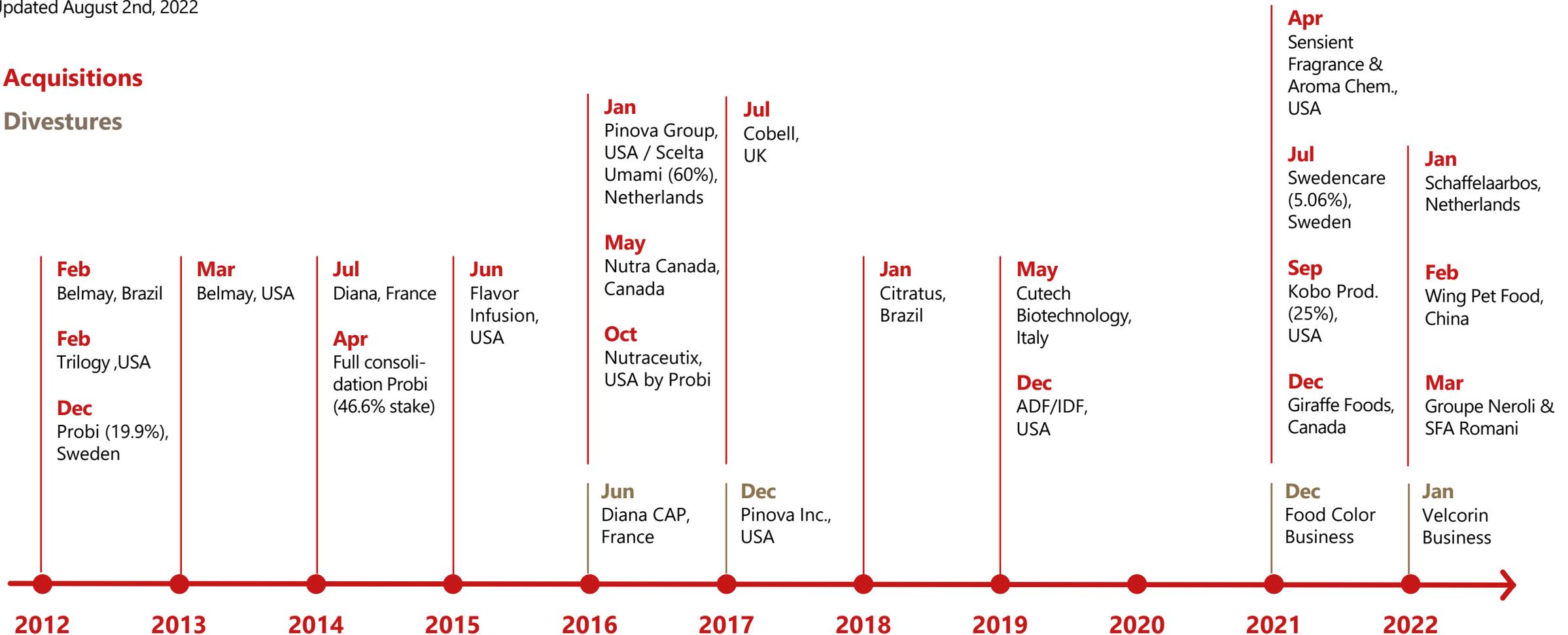
## Portfolio changes at a glance



Updated August 2nd, 2022

### | Acquisitions

### | Divestures



# Pillar Sustainability

*Integrated strategy fully aligned with the UN Sustainability Goals*



## Raw materials

- Biodiversity protection
- Climate
- Human rights



## Product development

- Efficient use of natural raw materials
- Biological degradable
- Focus towards plant derived proteins



## Production

- Green chemistry
- Waste reduction
- Circular economy



## Customer

- Transparency
- Sustainable product solutions



## Consumers

- Continued health and quality awareness



## Achievements 2021



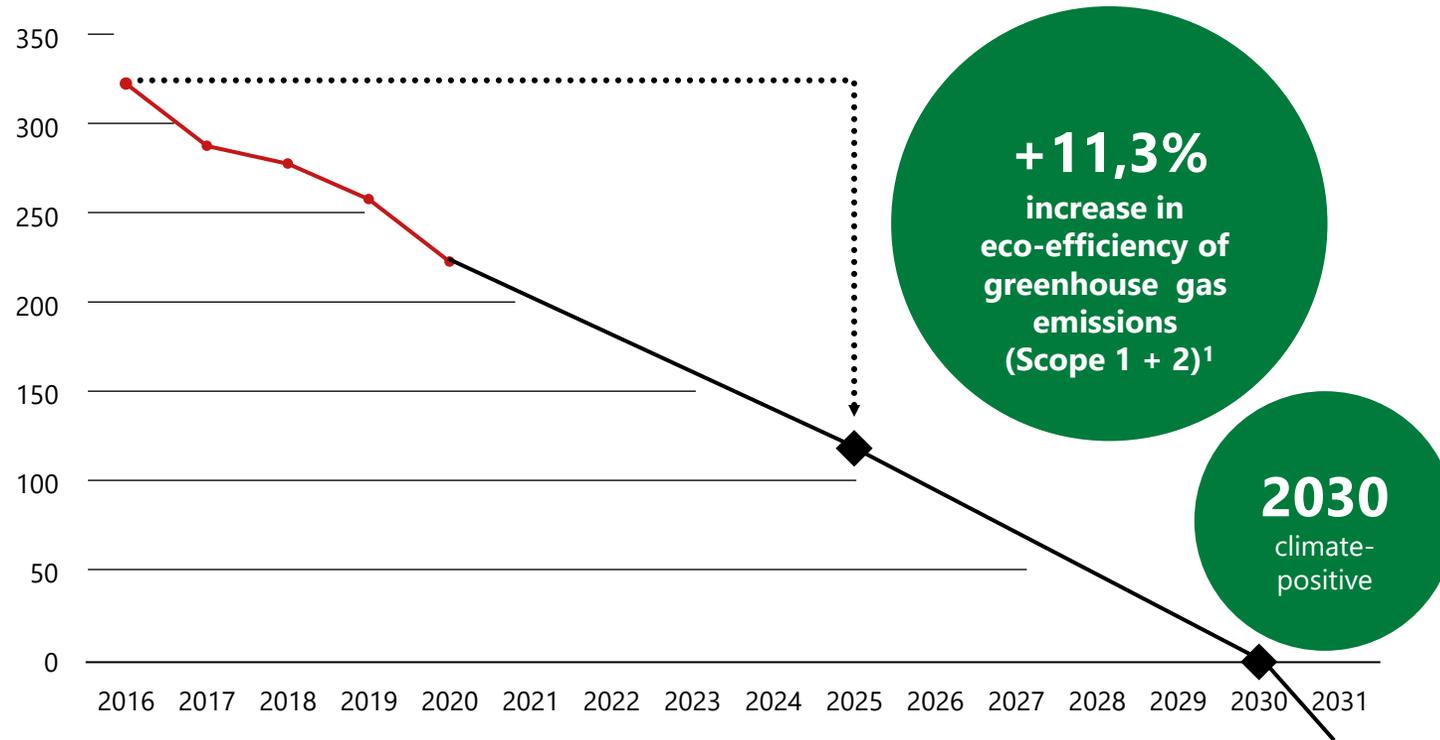
**Carbon Disclosure Project:** Symrise achieved triple A status second year in a row (**Water, Climate, Forest**) as the only company in Germany / only 14 companies globally



**Ecovadis:** Symrise achieved first time Platinum status in 2021, after Gold status in 2020 for its performance in **Environment, Human Rights, Ethics and Procurement**

# Pillar Sustainability

Climate-positive starting in 2030



Specific greenhouse gas emissions in tons (Scope 1+2) / € 1 million of added value

## Activities

Starting in **2030**,

we will contribute to preventing or sequestering more greenhouse gas emissions from the atmosphere than we produce through our operating activities

### Basis

- Leadership status in climate protection / CDP "A" since 2015
- SBT 1.5 °C: The Science Based Target Initiative approves Symrise's target with the highest level of ambition currently possible.
- Member of "RE100 initiative", "Alliance for Development and Climate" (Business Ambition for 1.5°C)
- Sourcing all electricity from renewable sources
- 36 % reduction of our Scope 3 greenhouse gas emissions between 2016 and 2020.

### Action plan

- Increasing energy and process efficiency
- More suppliers (tier 1+2) with climate protection targets
- Support high-quality, certified climate protection projects all over the world

# Financial highlights

*Symrise continues to deliver strong results in a challenging environment*



|              |  |   |  |  |
|--------------|--|---|--|--|
| <b>FY 21</b> | <b>Sales</b><br><b>€3.8bn</b><br>+8.7 % in reporting currency<br>+9.6 % organic growth   | <b>EBITDA margin</b><br><b>21.3%</b><br>EBITDA +9.6 % to €814m  | <b>Net income</b><br><b>€375m</b><br>Earnings per share <sup>1</sup> €2.74 | <b>Business Free Cash Flow<sup>2</sup></b><br><b>€486m</b><br>12.7% of sales |
| <b>HY 22</b> | <b>Sales</b><br><b>€2.3bn</b><br>+18.5 % in reporting currency<br>+10.2 % organic growth | <b>EBITDA margin</b><br><b>21.5%</b><br>EBITDA +15.7 % to €486m | <b>Net income</b><br><b>€229m</b><br>Earnings per share <sup>1</sup> €1.64 | <b>Business Free Cash Flow<sup>2</sup></b><br><b>€105m</b><br>4.6% of sales  |

1 Based on weighted average full year 2021 at 136,633,677

2 Business Free Cash Flow = EBITDA – CapEx (including cash effects from leasing) +/- changes in Working Capital

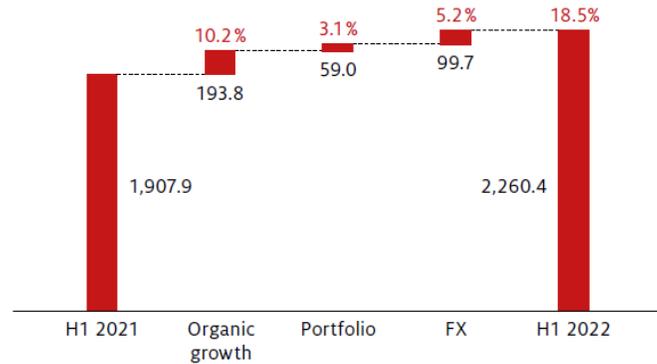
# Financial highlights H1 2022

*Strong organic growth momentum continued*



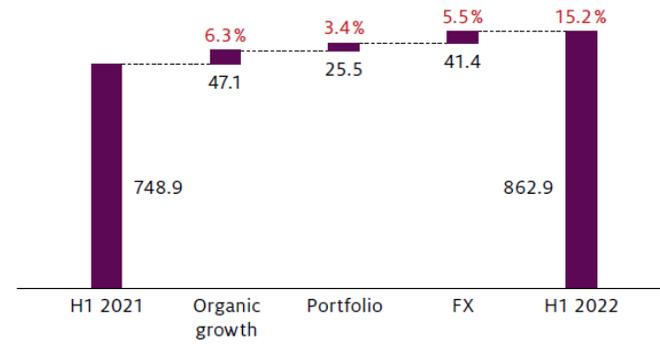
## Group sales development

In €m



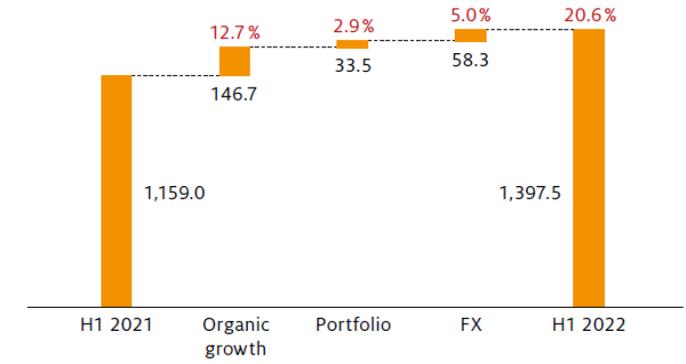
## S&C sales development

In €m



## TN&H sales development

In €m



### Group

### Scent & Care

### Taste, Nutrition & Health

|                     | H1 2021 | H1 2022 | Var. % | H1 2021 | H1 2022 | Var. % | H1 2021 | H1 2022 | Var. % |
|---------------------|---------|---------|--------|---------|---------|--------|---------|---------|--------|
| <b>EBITDA</b> in €m | 420     | 486     | 15.7   | 162     | 171     | 5.3    | 258     | 315     | 22.2   |
| EBITDA margin       | 22.0%   | 21.5%   | -0.5pp | 21.7%   | 19.8%   | -1.9pp | 22.2%   | 22.5%   | +0.3pp |
| <b>EBIT</b> in €m   | 297     | 344     | 16.0   | 125     | 128     | 4.3    | 172     | 216     | 25.2   |
| EBIT margin         | 15.5%   | 15.2%   | -0.3pp | 16.6%   | 14.9%   | -1.7pp | 14.8%   | 15.4%   | +0.6pp |

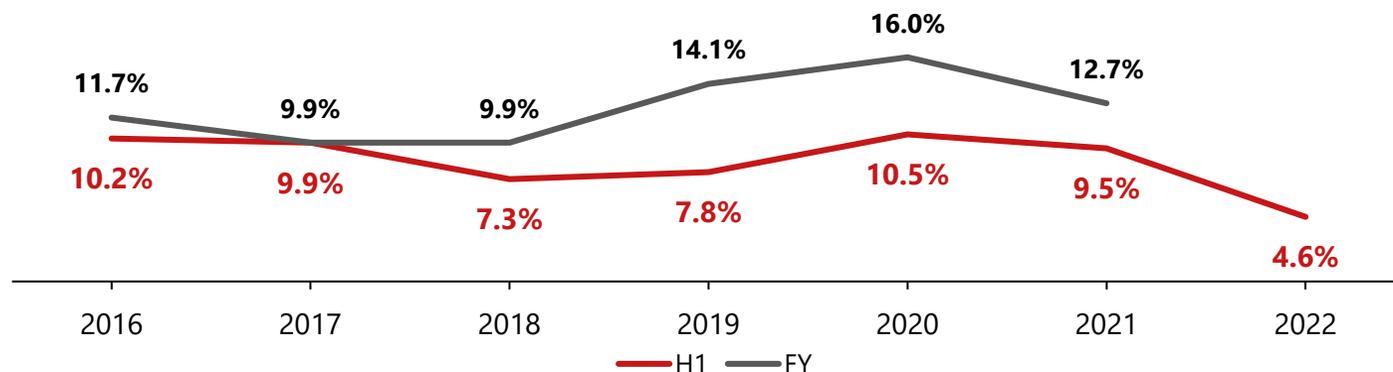
# Business Free Cash Flow (BFCF)

*Increase in working capital and higher investments led to a reduction of BFCF*



## BFCF

as % of sales



### Definition of BFCF:

EBITDA  
 minus CAPEX  
 minus/plus Change in Working Capital  
 = Business Free Cash Flow

**BFCF declined by € 76m to € 105 million**  
 = 4.6 % of sales; last 12-month ratio of sales for June 2022 at 9.8%

**Increase in CAPEX from € 61.7m to € 90.6m** due to incremental spending from further capacity expansions on new and existing sites, especially in pet food (excl. M&A)

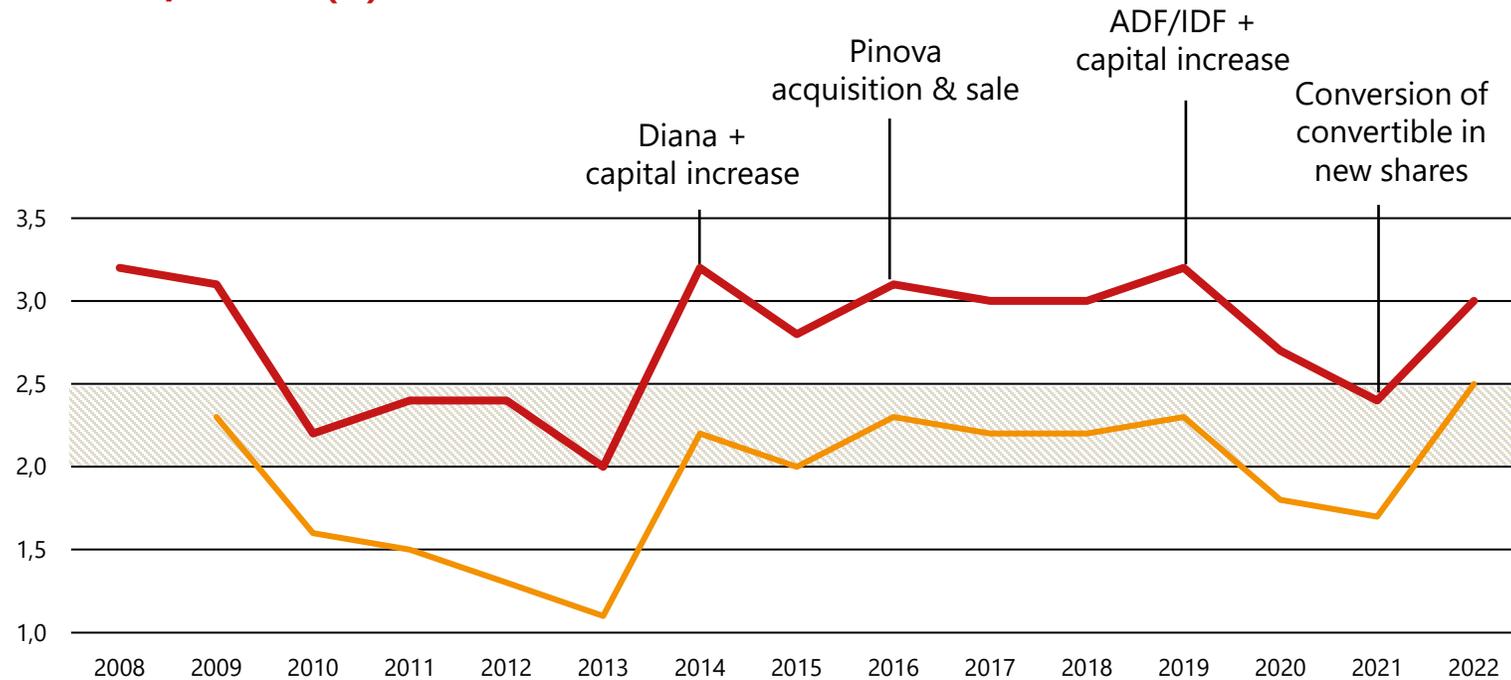
**Increased Working Capital of € 300m** due to strong sales growth and strategic stockpiling caused by ongoing supply chain disruptions

**Ambition 2022**  
*BFCF lowered to 8-10 % of sales*

# Net debt development

*Increase due to investment activities*

## Net debt / EBITDA(N)



■ Net debt (incl. pension provisions and leasing obligations) / EBITDA ratio

■ Net debt/EBITDA ratio

## Status Quo

Net debt of €2,185 million (€1,347 million in 2021) reflects 2.5 x EBITDA

Increase driven by investments in Swedencare, M&A and higher working capital

Net debt including pension provisions and leasing obligation of € 2,613 million reflects 3.0 x EBITDA

## Ambition

Long-term target of 2.0 to 2.5 x EBITDA (incl. pensions provisions and leasing obligation)

Unchanged since IPO

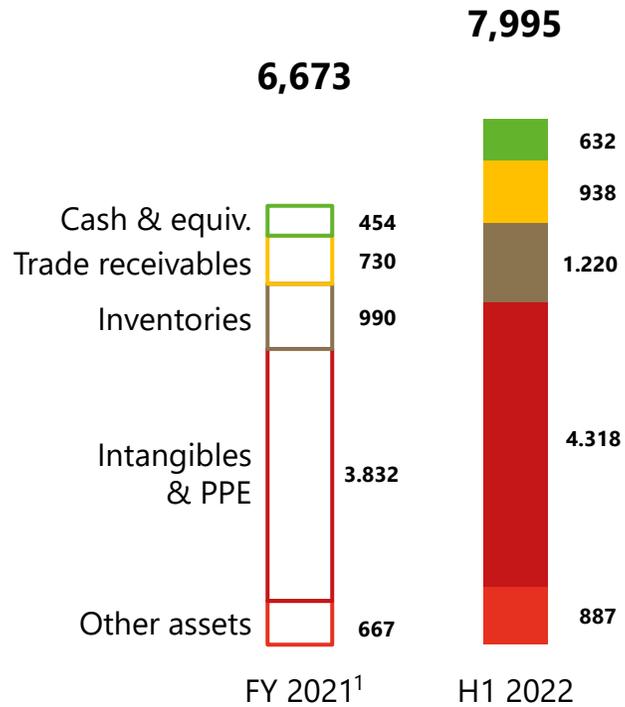
Top priority: Remain investment grade profile

# Balance sheet

*Increase driven by M&A and working capital*

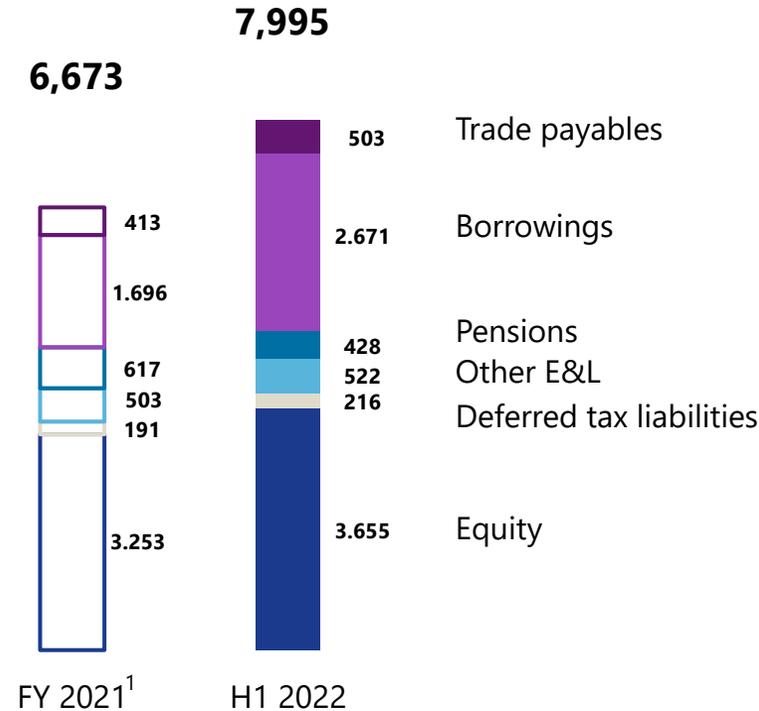
## Assets

In €m



## Equity and Liabilities

In €m



## Comments

Increase in **assets** primarily from

- higher investment-related PP&E
- acquisition-related intangible assets
- higher working capital.

Increase in **working capital** mainly due to

- strategic inventory built-up
- higher sales
- acquisitions effects.

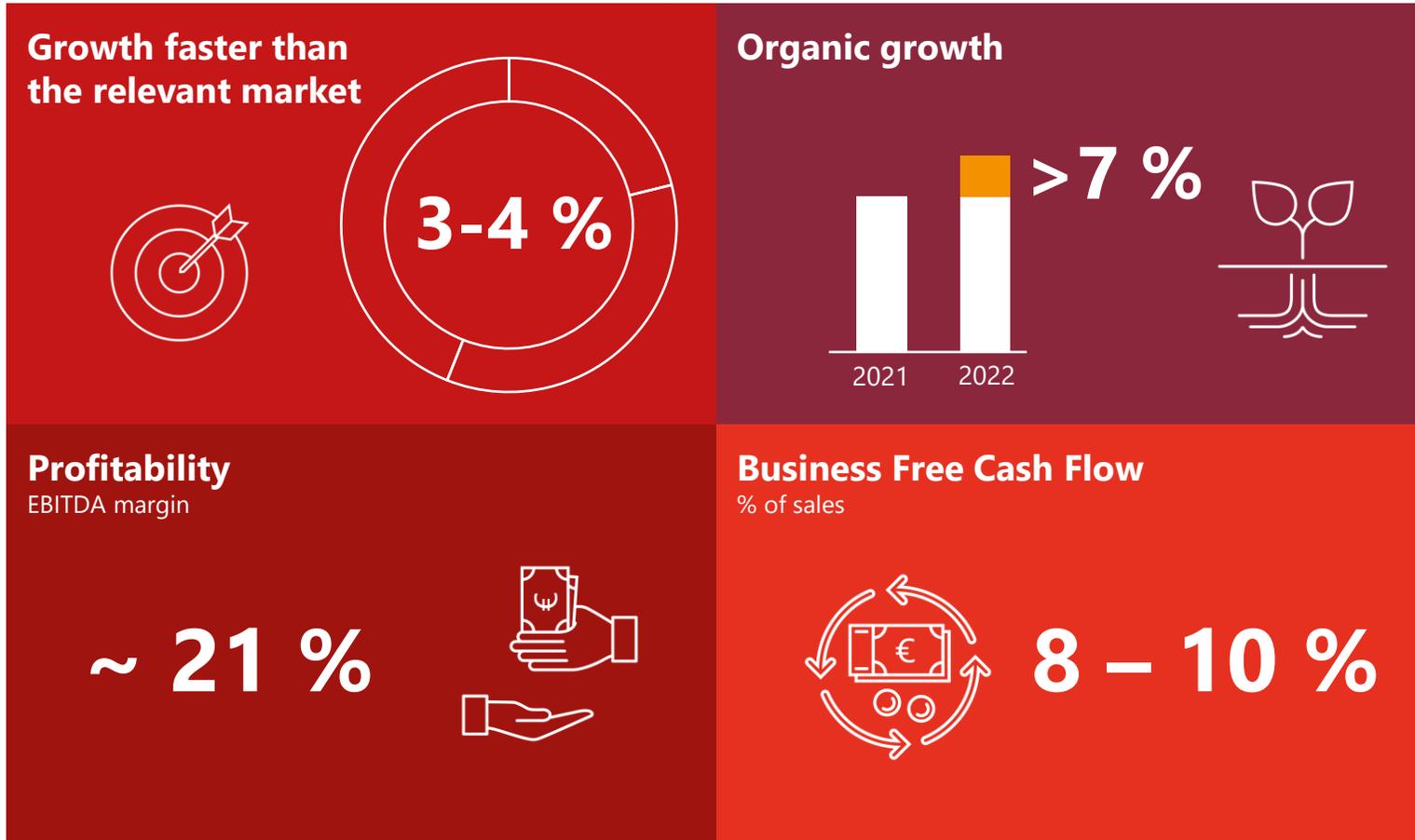
Changes to **equity and liabilities** mainly from higher borrowings for M&A activities

**Equity ratio at a healthy level of 45.7%**

# Outlook 2022

*Sales targets raised: projected to grow organically significantly above 7 %*

## Targets 2022

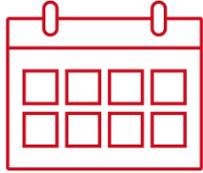


## Growth dynamics

**Leverage growth opportunities of Taste, Nutrition & Health**

**Commercialize existing market potential in Scent & Care**

**Continued implementation of sustainability programs**



## *Financial calendar*

**26 October**

9M 2022 trading statement

**8 March**

FY 2022 Financial Report

**10 May**

Annual General Meeting 2023



## *Contact*

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## **Symrise FactBook – latest version**

Please click on the icon to access the latest version of our **FactBook**.



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