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symrise 

Press Kit



Symrise

At a Glance

Symrise's products provide exciting flavor and fragrance experiences, improve food characteristics, and contribute to the health and personal care of consumers in 160 countries around the world. A dedicated focus on our customers, a high level of innovation and targeted expansion in new markets represent the basis for our sustainable, profitable growth.

Symrise develops, produces and sells fragrance, flavoring and food ingredients, cosmetic active ingredients and raw materials as well as functional ingredients and solutions that enhance the sensory properties and nutrition of various products. Our Company's approximately 30,000 products are mainly produced on the basis of natural raw materials like vanilla, citrus fruits, onions, fish, meat, blossoms and plant materials. Our flavors, substances, perfume oils and sensory solutions are often central functional components for our customers' end products. These customers include manufacturers of perfumes, cosmetics and foods; the pharmaceutical industry and producers of nutritional supplements, pet food and baby food.

Our Company's origins go back to the year 1874. Symrise has since grown to achieve a current market share of 10 % – making it one of the leading suppliers of flavors and fragrances as well as nutrition solutions in the global market. A high level of innovation and creativity, an exact knowledge of customer needs and various regional consumer preferences as well as targeted expansion into new and promising market segments contribute to our company's above-average growth rate. Today, Symrise has about 9,800 employees working at sites in more than 40 countries, serving over 6,000 customers in roughly 160 countries.

Symrise's growth is primarily organic. We reinforce the expansion of our business activities with targeted investments in capacity expansions, research and development centers, our distribution network, logistics and an efficient energy supply.

For years, this has enabled us to grow more quickly than the market. We complement this growth by acquiring attractive companies that bring additional competencies into the Group and provide us with access to new market segments and customer groups. We also enter into strategic partnerships to develop new products.

The operating activities of the Symrise Group are managed in three segments: Flavor, Nutrition and Scent & Care. The divisions within these segments are organized according to business units and regions.

The Group's Corporate Center is located in Holzminden, Germany. Key corporate functions such as governance and control, communications and administration are located there. Symrise has regional headquarters in France (Rennes), the United States (Teterboro, New Jersey), Brazil (São Paulo) and Singapore.



Symrise's Value Chain: Business Activities and Products

Symrise manufactures about 30,000 products from around 10,000 – mostly natural – raw materials such as vanilla, citrus products or flower and plant materials.

The value chain of the three segments extends across research and development, purchasing, and production as well as the sale of products and solutions. The natural food ingredients, flavors, perfume oils and active ingredients are generally central functional components in our customers' end products and often play a decisive role in consumers' purchasing decisions. Along with the typical product characteristics such as fragrance and taste, our value creation lies in the development of products with additional benefits. Examples of how flavors and perfume oils are combined with other innovative components include flavorings that enable foods' sugar or salt content to be reduced or a moisturizing cosmetic ingredient that lowers the proportion

of preservatives in care products. On the basis of these products, our customers can differentiate themselves from competitors with their tailor-made end products in the rapidly changing consumer goods market. The extensive research and development (R&D) undertaken at the company, which is supplemented by a wide-reaching external network of research institutes and scientific facilities, forms the basis of our product development. Given the strong differences in sensory preferences from region to region, comprehensive consumer research is also an important part of our R&D activities.

Company Profile: Structure and Business Activities

Symrise is a global supplier of fragrances, flavorings, cosmetic base materials and substances, 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 € 3.2 billion in the 2018 fiscal year and a market share of around 10 %, Symrise is one of the leading global suppliers in the flavors and fragrances market. Headquartered in Holzminden, Germany, the Group is represented by more than 100 locations in Europe, Africa, the Middle East, Asia, the United States and Latin America.

The Symrise Group originally resulted from a merger between the German companies Haarmann & Reimer and Dragoco in 2003. The roots of Symrise date back to 1874 and 1919, when the two companies were founded. In 2006, Symrise AG entered the stock market with its initial public offering (IPO). Since then, Symrise shares have been listed in the Prime Standard segment of the German stock exchange. With a market capitalization of about € 8.4 billion at the end of 2018, Symrise shares are listed on the MDAX® index. Currently, about 94 % of the shares are in free float

Flavor	Nutrition	Scent & Care		
Flavor	Diana	Fragrances	Cosmetic Ingredients	Aroma Molecules
				

Corporate Structure

Our customers include large, multinational companies as well as important regional and local manufacturers of food, beverages, pet food, perfumes, cosmetics, personal care products and cleaning products as well as laundry detergents.

We manufacture our flavorings and fragrances at our own production plants, where we also develop solutions for food production. In some cases, we have longer-term delivery contracts for obtaining important raw materials. We maintain close ties with our suppliers and establish uniform standards to guarantee that the quality of our base materials remains the same.

Three Segments: Flavor, Nutrition and Scent & Care

Operational business is the responsibility of the Flavor, Nutrition and the Scent & Care segments. Every segment has its areas such as research and development, purchasing, production, quality control, marketing and sales. This system allows processes to be accelerated. We aim to simplify procedures while making them customer-oriented and pragmatic. We place great value on fast and flexible decision-making.

The Flavor segment is made up of the business units Beverages, Savory and Sweet. The Nutrition segment consists of the Diana division with the business units Food, Pet Food, Aqua and Probi. The Scent & Care segment breaks down into the Fragrance, Cosmetic Ingredients and Aroma Molecules divisions.

The activity of the Group is also organized into four regions: Europe, Africa and Middle East (EAME), North America, Asia/Pacific and Latin America.

Additionally, the Group has a Corporate Center where the following central functions are carried out: Accounting, Controlling, Taxes, Corporate Communications, Investor Relations, Legal Affairs, Human Resources, Group Compliance, Corporate Internal Audit and Information Technology (IT). Other supporting functions such as technology, energy, safety, environment and logistics are bundled in independent Group companies. They also maintain business relationships with customers outside the Group.

Symrise AG's headquarters are located in Holzminden, Germany. At this site, the Group's largest, Symrise employs 2,418 people in the areas of research, development, production, marketing and sales as well as in the Corporate Center. The company has regional headquarters in the USA (Teterboro, New Jersey), Brazil (São Paulo), Singapore and France (Rennes, Brittany). Important production facilities and development centers are located in Germany, France, Brazil, Mexico, Singapore, China and the USA. Symrise has sales branches in more than 40 countries.

Flavor

Flavor's range of products consists of approximately 13,000 items, which are sold in 146 countries. The flavorings Symrise produces are used by customers to make foods and beverages and give the various products their individual tastes. Symrise supplies individual flavorings used in end products as well as complete solutions, which, apart from the actual flavor, can contain additional functional ingredients, food coloring or microencapsulated components. The segment has sites in more than 40 countries in Europe, Asia, North America, Latin America and Africa. The Flavor division's flavorings and ingredients are used in three business units:



Beverages With global competencies in alcoholic, nonalcoholic, dried and instant beverages, Symrise is setting new standards and trends in the national and international beverage industry through the authentic, innovative tasting experiences Symrise delivers. Thanks to years of expertise, refined technologies and its comprehensive understanding of markets and consumers, the company is creating completely new prospects for the beverage industry while meeting individual customer needs.

Savory Savory flavors are used in two categories: in the "Culinary" category with its taste solutions for soups, sauces, readymade meals, instant noodles and meat products as well as in the "Snack Food" category with seasonings for snacks. Both areas focus on creating successful concepts for customers that meet consumers' constantly growing

desire for authentic flavor, naturalness and convenience. Here, Symrise can rely on its sustainable core competencies in meat and vegetables as well as its cutting-edge food technology and research.

Sweet In the Sweet business unit, Symrise creates innovative taste solutions based on its comprehensive understanding of the markets and consumers for sweets, chocolates, chewing gum, baked goods, cereals, ice cream and milk products as well as for the health care sector. Interdisciplinary teams bring together their ingenious creativity to meet customers' specific needs. A diversified product portfolio offers consumers exciting and unique taste experiences.

Scent & Care

The Scent & Care segment has sites in more than 30 countries and markets its nearly 15,000 products in 125 countries. Scent & Care is divided into three global divisions: Fragrance, Cosmetic Ingredients and Aroma Molecules. Their products are used in the following business units:

Fragrance Our creative and composition business comprises the four global business units Fine Fragrances, Beauty Care, Home Care and Oral Care. Perfumers combine aromatic raw materials like aroma chemicals and essential oils to make complex fragrances (perfume oils). Symrise's perfume oils are used in perfumes (Fine Fragrances business unit), in personal care products (Beauty Care business unit) and household products (Home Care business unit). Symrise also offers the entire product range of mint flavors and their intermediate products for use in toothpaste, mouthwash and chewing gum (Oral Care business unit).

The objective of the division is to provide everyone who uses our products with "fragrances for a better life." The division employs more than 70 highly talented and respected perfumers of 14 different nationalities, who work at 11 creative centers around the world. Their combined experience adds up to more than 1,300 years of perfumery expertise.

Cosmetic Ingredients Symrise is a leading company in the world's markets for premium cosmetic ingredients – ingredients used in everything from cosmetic products with multifunctional benefits to sun protection solutions. The Cosmetic Ingredients division is a recognized innovation leader that has received 29 innovation awards for new substances over the last ten years. In the same period, it has submitted numerous patent applications for new substances. In 2017 alone, the division submitted seven new patent applications. The products manufactured by Cosmetic Ingredients are used in skin and hair care products, sunscreens, men's care products, shower gels, wash lotions, anti-dandruff shampoos and deodorants. Products with nurturing characteristics as well as alternative preservatives and colors are another focal point for the division.

Aroma Molecules The division comprises the business units Menthols, Special Fragrance & Flavor Ingredients, Sensory & Terpene Ingredients and Fine Aroma Chemicals. In the Menthols business unit, Symrise manufactures nature-identical menthol, which is primarily used in manufacturing oral care products, chewing gum and shower gels. Special Fragrance & Flavor Ingredients and Fine Aroma Chemicals manufacture aroma chemicals (intermediate products for perfume oils) of particular quality. These aroma chemicals are used both in Symrise's own production of perfume oils as well as marketed to companies in the consumer goods industry and other companies in the fragrance and flavor industry. The Sensory & Terpene Ingredients business unit comprises the US company Renessenz LLC, acquired and integrated in 2016, and its terpene-based products made from renewable and sustainable raw materials.



Nutrition

The Nutrition segment is the world leader in solutions for food production based on natural ingredients and has more than 35 sites in 25 countries. The product range in the Nutrition segment breaks down into four business units:

Food This unit and its food ingredients comprises natural sensory product solutions such as taste, texture, color and functionality for foods and beverages. The unit also offers products for baby foods. The business unit processes carefully selected sustainable raw materials such as vege-

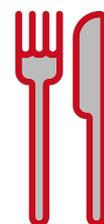
tables, fruits, meat and seafood, utilizing comprehensive backward integration. Diana places quality, traceability and food safety in the foreground.

Pet Food This business unit offers numerous product solutions and services for improving taste and pets' acceptance of foods, achieving food safety of pet food, and for animal health. In addition, it develops innovative fragrance and care substances for pet care. The business unit maintains its own cat and dog panels for researching food acceptance, eating behaviors and interactions between pet owners and pets.

Aqua This business unit develops and produces progressive natural and sustainable marine ingredients for aquacultures for improving nutrition and animal health in fish and shrimp farms.

Probi All activities having to do with probiotics are pooled in this business unit. These activities are largely handled by the Swedish Symrise holding Probi. Probi develops probiotics for foods, beverages and nutritional supplements with health-promoting benefits.

The Nutrition segment also operates the Nova incubator for innovative applications in the areas of health and nutrition.



Strategy

Symrise's corporate strategy rests on three pillars: growth, efficiency and portfolio. It incorporates aspects of sustainability at all levels in order to enhance the company's value over the long term and minimize risks. In this way, we are making sustainability an integral part of our business model and turning it into a clear competitive advantage. The goal is a completely integrated corporate strategy.

Growth We strengthen our cooperation with our strategic customers around the world and expand our business in the emerging markets. We make sure that we remain innovation leaders in our core competencies. This ensures our continued growth.

Efficiency We constantly work to improve our processes and concentrate on products with a high level of value creation. With backward integration for key raw materials, we ensure a consistent, high-quality supply of these materials in sufficient quantities and at set conditions. We work cost-consciously in every division. This ensures our profitability.

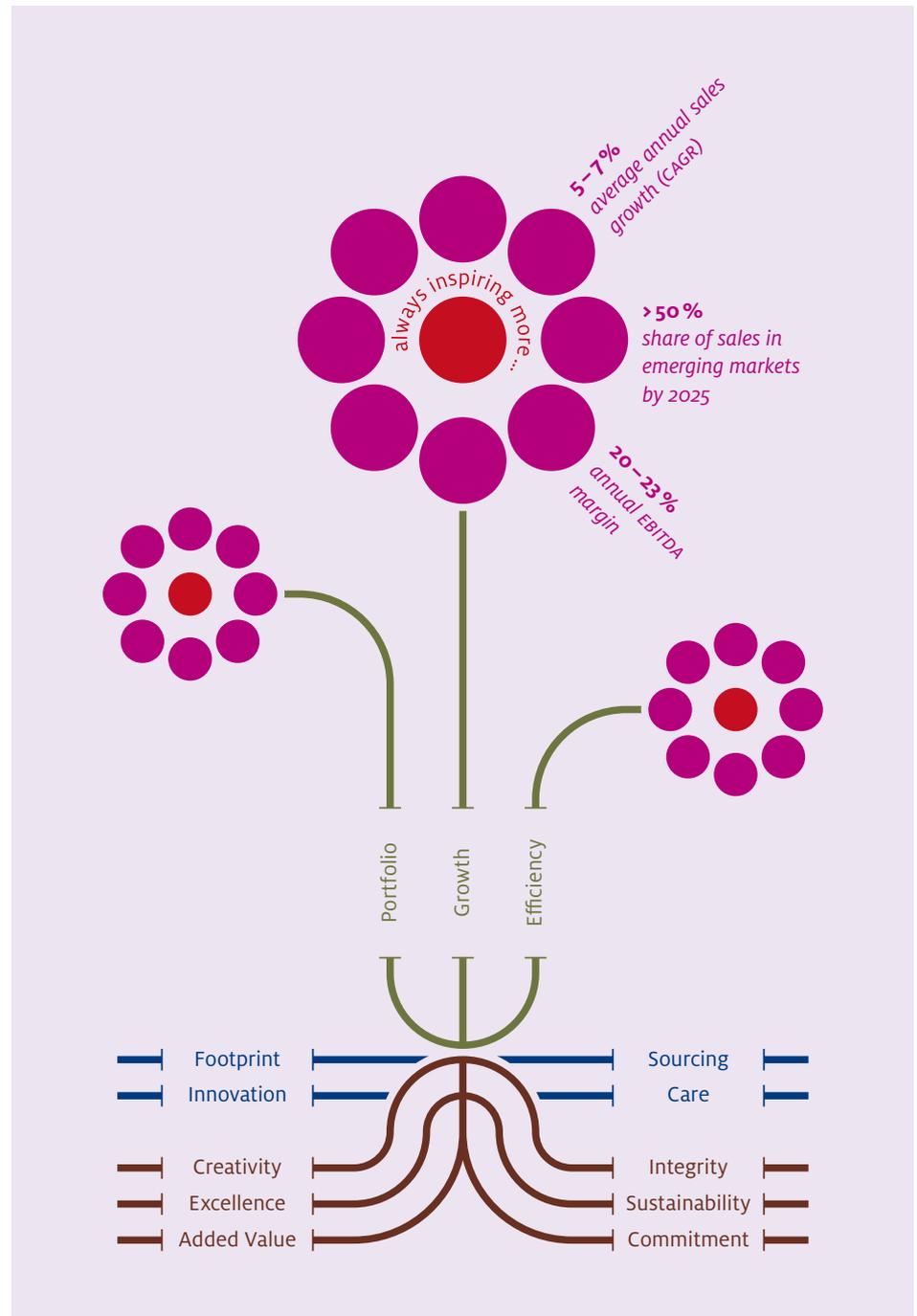
Portfolio We enhance our product portfolio and tap into new markets and segments. We continue to expand our expertise outside the traditional flavor and fragrances industry. This ensures our prominent market position.

Research and Development: Guidelines and Focus Areas

In research and development (R&D), Symrise aims to connect the individual components of product development, such as market and consumer research, R&D and creation, throughout the Group. Through the close linkup of R&D with marketing and business units, purchasing and manufacturing, product development, quality assurance and regulatory issues, Symrise checks early on to see whether new products and technologies can be implemented and if they are profitable in addition to assessing their sustainability aspects. External co-operations and networks (Open Innovation) bring a considerable amount of additional approaches and ideas into the development process. Along with ideas from Open Innovation, Symrise also maintains a global project network

with industrial and academic partners that covers every step of the innovative process. Furthermore, all R&D activities are geared to the guidelines of megatrends, consumer needs, customer requirements, naturalness & authenticity, sustainability, innovation and cost efficiency.

The R&D strategy of the **Scent & Care** segment concentrates on five research platforms in the areas of cosmetic ingredients, encapsulation and release systems, green chemistry, malodor management and oral care. Supporting platforms in the areas of sensory and analytical research, natural raw materials and byproducts, performance and receptor research form the basis for capabilities and constant innovation process.



Exemplary research programs and product launches include backward integration projects in Madagascar and the Brazilian Amazon region, which have the goal of producing high quality natural products from sustainably grown raw materials while also fostering local community development. The products manufactured there are either marketed directly, used in new fragrance and active ingredient compositions with an improved efficacy profile or serve as natural starting materials for the manufacture of new, sustainable products. Alongside comprehensive research programs that are aimed at the specific innovation requirements of the segments' respective business units, there are supplementary programs at Symrise that generate competitive advantages by expanding the company's portfolio of expertise. One example of this is Beauty+, which creates added value through the systematic, synergistic development of active cosmetic ingredients, fragrances and oral care solutions. Another example is hair care: In 2017, the Hair Care Innovation Center in São Paulo, Brazil, presented two new hair care products designed to protect the outer layer of hair and protect the hair's keratin at the in-cosmetics Brazil. In cooperation with Probi, Symrise is working on new probiotic applications in oral care products. With the acquisition of Renesensz, Fragrance Research has access to new raw materials from renewable sources. With the intelligent and mutually complementary combination of technical innovations and sensory research – performed in close cooperation with Diana – Symrise managed to notably enhance the acceptance of product solutions for masking malodors in pet food.

The **Flavor** segment handles topics based on certain technology platforms while maintaining special focus on sustainability. Among others, they develop product platforms to support declaration-friendly food concepts. Research also includes formulation technologies for the delivery and stabilization of flavors with reduced energy consumption, optimized substance-related loading and targeted release. In addition, these technologies are evaluated and systematically adapted to new food-grade carriers.

Flavor R & D also develops new and improved processes for using valuable natural resources including targeted biocatalysis and fermentation technologies. At the same time, waste and by-pass flows are reduced with support from life cycle analyses. The work is supplemented by consumer-oriented processing technologies.

Another focus area is to develop and validate innovative methods to prove the authenticity and origin of natural raw materials. One example is genotyping through DNA profiling of botanical raw materials or processed products. The company also works on the scientifically sound selection and analytically supported cultivation of suitable varieties of selected botanical raw materials (vanilla, onion, red beet) on company own fields or with cooperation partners. Here, a deep understanding of the composition and content of the quality-determining ingredients is sought by means of non-invasive analytical methods (phenotyping) and statistical data analysis. It also runs experiments on cultivating crops not previously grown in the field to obtain innovative raw materials for the development of flavoring solutions that optimize sweet tastes.

The **Nutrition** segment's R & D strategy focuses on a number of innovative platforms. It develops culinary food ingredients with a high taste intensity, authenticity and complexity, and also highly pigmented natural colors and coloring foods for a wide range of applications. The range also includes functional extracts with proven health benefits. The Food business unit is researching the interactions between natural extracts and probiotics and their effects on intestinal health together with researchers from Probi. The Food R & D teams include external partners, such as King's College, London, or the Institute of Nutraceuticals and Functional Foods (INAF) in Canada.

The **Pet Food** business unit focuses its research on product solutions for pet food that improve taste and acceptance. For basic research, one of the main objectives is to create in vitro tools that mimic an animal's nose and/or tongue. This significantly increases the testing possibilities

while reducing product development times. Many of the research projects are carried out with academic or business partners. The Pet Food business unit and its partner B.R.A.I.N. for instance have discovered several substances thanks to their access to high-through-put screening technologies. A program for dogs was launched with academic partners working on Olfactory Receptors (OR) and Olfactory Binding Protein (OBP) to develop a screening platform for the selection of fragrances preferred by dogs.

The R & D teams focus on the procurement of alternative raw materials and sustainable process optimization in order to develop eco-design products. For instance, some exploratory studies with insects and algae were carried out and a first environmental impact assessment was made. Pet Food's innovations led to three new patent families and twelve new patents in 2017.

The **Aqua** business unit concentrates its R & D activities on three platforms, all of which contribute to the development of a sustainable aquaculture and use of marine resources. They apply enzymatic hydrolysis on marine co-products to increase the yield from raw materials.

The **Nova** division serves as an incubator within the Nutrition segment to remove organizational barriers, make expertise and competencies available across divisions and accelerate development processes. Its activities are bundled in three platforms: The platform Nutritional Health develops new or improved solutions to promote health in a natural and sustainable way. Here, customer-specific products and services are researched in clinical trials and scientific studies. In Food Preservation, novel methods are being developed to improve the shelf life of foods in a natural way. The Microbiotic Solutions platform focuses on health-promoting microbiotic adaptations to food for humans and animals.

Research and Development Expenses

Total R&D expenditures amounted to € 200 million in the 2018 fiscal year (previous year: € 196 million), comprising 6.4 % of sales (previous year: 6.6 %). The expenses for R&D should remain at this level moving forward in order to further enhance Symrise's innovative strength.



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