Symrise continues growth course in the first half of 2023

— Organic sales growth of 8.0 % in the first six months
— Sales in the reporting currency in the first half of the year 6.8 % versus year
— Normalized EBITDA margin of 19.7 % remains at a good level
— Growth target for 2023 confirmed at 5 to 7 % / normalized EBITDA margin of around 20 % targeted

Symrise continued its growth course in the first half of 2023 and achieved a sales increase of 6.8 % to € 2,414 million (H1 2022: € 2,260 million). Excluding portfolio and exchange rate effects, sales increased organically by 8.0 %. Both segments contributed to this positive development and grew sales in a tense global economic environment.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to € 446 million (H1 2022: € 486 million). The Group’s profitability (EBITDA margin) was 18.5 % (H1 2022: 21.5 %). Without one-time effects in segment Scent & Care EBITDA came to € 475 million. This was 1.5 % higher than previous year’s EBITDA of € 468 million, normalized by the one-time gain of € 18 million for the sale of Velcorin® business in 2022. The normalized EBITDA margin reached 19.7 %, which was below previous year’s normalized EBITDA margin of 20.7 % mainly due to higher raw material, energy and operating costs.

Dr. Heinz-Jürgen Bertram, Chief Executive Officer of Symrise AG: “Symrise has a proven and stable business model with comparatively low risk content. The Group is broadly diversified and robustly positioned. However, persistently high inflation has resulted in cost increases. The company has been able to partially offset until now through strict cost management and price increases. Nevertheless, we are starting the second half of the year with confidence. With the expansion of our production capacities and the collaboration with Sunner in China as well as with Swedencare, we are reinforcing our leadership position in the pet food and pet care businesses. Symrise recently inaugurated a new creation hub in Shanghai for Fine Fragrances and a center of expertise in Paris for Cosmetic Ingredients. These measures reflect our ambition to enhance our competitiveness in a sustainable way.”
Group Sales Performance

The Symrise Group achieved organic sales growth of 8.0 % in the first half of 2023. Both segments contributed to this gratifying development. Taking into account portfolio and exchange rate effects, reported sales growth amounted to 6.8 %. The portfolio effects of € 35 million from the acquisitions of Groupe Néroli and Romani as well as Wing Biotechnology contributed positively to increasing sales to € 2,414 million.

Taste, Nutrition & Health segment

Taste, Nutrition & Health achieved organic sales growth of 11.4 % in the first half of 2023. Considering portfolio and exchange rate effects, the segment’s sales amounted to € 1,527 million (H1 2022: € 1,398 million) in the reporting currency and were 9.3 % above the previous year’s figure. The acquisition of Wing Biotechnology contributed around € 21 million to sales growth.

In the Food & Beverage division, demand for sweet and savory products as well as beverage flavorings developed very satisfactorily to deliver double-digit organic growth. Strong growth was recorded in EAME (Europe, Africa, Middle East) and Latin America regions. Business unit Naturals increased sales, particularly in the Asia/Pacific and Latin America regions.

The Pet Food division likewise posted double-digit percentage growth. Sales development was particularly dynamic in France, USA, Mexico, China and Southeast Asia. With the expansion of its production capacities and the joint venture with Sunner, in regard of egg-based proteins in China, Symrise has laid the foundation for further accelerated expansion of the business.

The probiotics business remained below the previous year’s level and recorded a slight decline in sales in the first half of the year. This was particularly attributable to weaker demand in North America and EAME regions.

Scent & Care segment

Scent & Care achieved organic sales growth of 2.4 % in the first half of 2023. Taking into account portfolio and exchange rate effects, sales in the first half of 2023 amounted to € 886 million (H1 2022: € 863 million) in the reporting currency, 2.7 % higher than the same period of the previous year. The portfolio effects from the acquisitions of Groupe Néroli and Romani contributed around € 15 million to sales.

The Fragrance division increased its sales organically by a single-digit percentage in the first half of 2023. The business unit Fine Fragrances continued its dynamic development, once again achieving double-digit percentage organic growth following a strong previous year. The growth rates were particularly pronounced in the EAME and Latin America regions. The business unit Consumer Fragrance achieved single-digit percentage growth. Like in Fine Fragrances the EAME and Latin America regions recorded strong growth. Sales in the Oral Care business unit in the first half of the year matched the previous year’s level.
In the first half of 2023, sales growth in the Aroma Molecules division was impacted especially by a difficult market environment and the production shutdown at Colonel Island. Moreover, demand for fragrance ingredients and menthol was adversely affected by customer destocking. Overall, volumes were significantly down compared to previous year.

Sales in the Cosmetic Ingredients division continued to develop well in the first six months of the current year, with organic growth again in the double-digit percentage range. The EAME, Asia/Pacific and Latin America regions increased sales significantly. Sun protection products and Micro protection recorded the strongest growth.

**Group and segment profitability**

In the first six months of 2023, the Group generated EBITDA (earnings before interest, taxes, depreciation and amortization) of € 446 million (H1 2022: € 486 million). This included the one-time negative special effects of € 29 million in the Scent & Care segment in connection with the shutdown at the Colonel Island site, the reorganization resulting from the segment’s new strategic orientation and the costs associated with the antitrust proceedings.

The Group’s profitability (EBITDA margin) was 18.5 % (H1 2022: 21.5 %). Without the aforementioned one-time effects in segment Scent & Care, normalized EBITDA was € 475 million, which was 1.5 % higher than previous year’s EBITDA of € 468 million, normalized by the one-time gain of € 18 million for the sale of Velcorin® business in 2022. The normalized EBITDA margin reached 19.7 %, which was below previous year’s normalized EBITDA margin of 20.7 %.

In the reporting period, EBITDA of the Taste, Nutrition & Health segment amounted to € 335 million (H1 2022: € 315 million), which was 6.4 % above the previous year’s level. The increase was mainly attributable to profitable sales growth, acquisitions and a slight decline in the raw material cost ratio. The EBITDA margin reached 21.9 %, which, normalized for the one-time gain in the previous year from the sale of the Velcorin business, was 0.7 percentage points above the previous year’s figure (EBITDA margin H1 2022 excluding one-time effect: 21.2 %).

In the first half of 2023, the Scent & Care segment generated EBITDA of € 111 million (H1 2022: € 171 million). The segment’s profitability (EBITDA margin) was 12.5 % (H1 2022: 19.8 %). This included the negative one-time effects of € 29 million in connection with the shutdown at the Colonel Island site, the reorganization resulting from the segment’s new strategic orientation and costs associated with the antitrust proceedings. Without these one-time effects, the segment’s normalized EBITDA came up to € 140 million. The segment’s normalized EBITDA margin amounted to 15.8 %. The decline in earnings was attributable above all to persistently high raw material costs and volume decline in the Aroma Molecules division, in addition to the one-time effects.
Consolidated net income, cash flow and net debt

The consolidated net income attributable to the shareholders of Symrise AG for the first six months of 2023 amounted to € 188 million, which was € 41 million lower than the amount of the previous year (H1 2022: € 229 million). The main reasons for this are the one-time effects of € 29 million in the Scent & Care segment and the previous year’s income of € 18 million from the divestment of the Velcorin business. Earnings per share fell to € 1.34 (H1 2022: € 1.64).

At € 144 million, Cash Flow from operating activities for the first half of 2023 was € 92 million higher than in the previous year. The change resulted mainly from a smaller increase in working capital as well as the divestment of the Velcorin business in 2022 and foreign currency effects.

Business Free Cash Flow in the first six months amounted to € 106 million, up € 1 million from the previous year. As a percentage of sales, Business Free Cash Flow was 4.4 % and thus almost on par with the value of 4.6 % in the same period of the previous year.

Net debt increased by € 203 million compared with the reporting date of December 31, 2022, to € 2,435 million. The ratio of net debt including lease liabilities to normalized EBITDA thus amounts to 2.7 times. Including pension obligations and lease liabilities, net debt stood at € 2,916 million (ratio of net debt to normalized EBITDA: 3.2).

Symrise confirms mid-term targets

Symrise confirms its growth and profitability targets and continues to expect to grow faster than the relevant market. The company is targeting organic sales growth of between 5 and 7 % in 2023. Profitability, measured by the normalized EBITDA margin, should be around 20 %.

In the medium term, the company aims to increase its sales to € 5.5 to 6.0 billion by 2025. Annual growth of 5 to 7 % (CAGR) as well as targeted acquisitions are expected to contribute to this. Profitability (EBITDA margin) should meet the target corridor of 20 to 23 % in the mid term.

The Interim Group Report of Symrise AG for the first half of 2023 can be accessed on the company’s website at https://www.symrise.com/investors/financial-results/
About Symrise: Symrise is a global supplier of fragrances, flavorings, 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. Its sales of approximately € 4.6 billion in the 2022 fiscal year make Symrise a leading global provider. Headquartered in Holzminden, Germany, the Group is represented in more than 100 locations in Europe, Africa, 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 – always inspiring more…

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