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# Financial Results

## *H1 2020*

*Dr. Heinz-Jürgen Bertram (CEO), Olaf Klinger (CFO) – Holzminden, August 6, 2020*

# Agenda

## *Results H1 2020*

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- 1 Business development H1 2020** (Heinz-Jürgen Bertram, CEO)
- 2 Financials in detail** (Olaf Klinger, CFO)
- 3 Outlook and long-term objectives** (Heinz-Jürgen Bertram, CEO)
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# 1 Business development H1 2020

*Heinz-Jürgen Bertram, CEO*

# Financial Highlights H1 2020

*Sustained highly profitable growth despite global Corona crisis*



Sales

**€1.821bn**

+ 7.6 % reported incl. ADF/IDF

+ 3.4 % organic growth

Business Free Cash Flow<sup>2</sup>

**€190m**

+ 37.3 % vs. last year

Net Debt / EBITDA(N)<sup>5</sup>

**2.2x**

incl. provisions for pensions and similar obligations 3.0x

EBITDA margin

**21.6%**

EBITDA +11.9 %<sup>1</sup> to €393m

Net income<sup>3</sup>

**€169m**

Earnings per share<sup>4</sup> € 1.25

Corona pandemic

**Strong measures in place**

Fully operational globally.

Shift in portfolio towards nutrition, hygiene and care.

<sup>1</sup> H1 2019 normalized for transaction and integration costs ADF/IDF

<sup>2</sup> Business Free Cash Flow = EBITDA(N) – Investments +/- changes in Working Capital

<sup>3</sup> Attributable to shareholders of Symrise AG

<sup>4</sup> undiluted

<sup>5</sup> Annualized EBITDA(N)

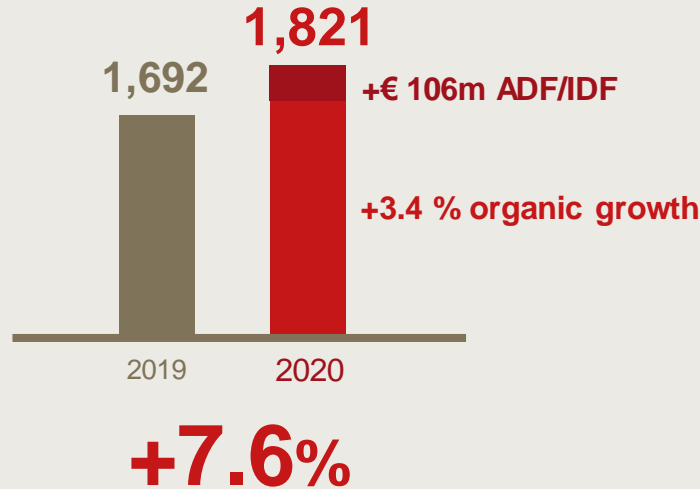
# Sales H1 2020

*Solid sales performance despite challenging market environment*



## Symrise Group

*In €m (sales growth in %)*



## Comments

**+3.4% organic sales growth**  
*Driven by Nutrition and  
Scent & Care*

**+7.6 % sales growth in  
reporting currency**  
*Reflecting +€ 106m ADF/IDF  
contribution and headwinds from  
currencies*

**Overall strong growth**  
*But demand driven shift in our sales  
portfolio*

# Sales by segment in H1 2020

*Nutrition has been strongest growth driver*



in €m/organic growth in %

**712**

H1 2019

**711**

H1 2020

**+2.6%**

-0.1% reported

## Scent & Care

*Strong demand in Consumer Fragrance and Oral Care. Fine Fragrances and Sun Protection affected by lockdowns and travel restrictions. Add. Menthol capacity sold*

**637**

H1 2019

**636**

H1 2020

**+0.6%**

-0.2% reported

## Flavor

*Shift from Out-of-home to At-home consumption leading to growth in Savory, but lower demand in Beverages and Confectionary*

**343**

H1 2019

**474**

H1 2020

**+10.5%**

+38.1% reported

## Nutrition

*Continued double digit growth in Pet Food driven by increased global demand. ADF/IDF above expectations*

# Shift in portfolio due to Corona crisis

*The resilience of our business is based on our wide range of applications*



Certain application areas suffer from lockdowns and travel restrictions, other benefit from changed consumer habits. Due to our diversified portfolio, we will continue to grow above market

Flavor	Nutrition		Scent & Care			
Flavor	Diana	ADF/IDF	Probi*	Fragrance	Cosmetic Ingredients	Aroma Molecules
<b>Beverages</b> Lower demand due to Corona lockdowns	<b>Pet Food</b> Continued high demand, double digit growth		<b>Probiotics</b> Moderate growth momentum	<b>Fine Fragrances</b> Decreasing demand due to Corona lockdowns	<b>Active Ingredients</b> Stable business environment	<b>Fragrance Ingredients</b> Lower demand due to less activities in FF
<b>Sweet</b> Slightly lower demand	<b>Food</b> Increasing demand due to cooking at home			<b>Consumer Fragrances</b> Increased demand of care and hygiene products	<b>Sun Protection</b> Lower demand due to travel restrictions	<b>Menthol</b> Double digit growth due to additional capacities & high demand of hygiene products
<b>Savory</b> High demand due to increased cooking at home	<b>Aqua</b> Moderate growth			<b>Oral Care</b> Excellent double digit growth	<b>Botanicals</b> Stable business environment	
	<b>ADF/IDF</b> Growth above plan				<b>Colors</b> Stable business environment	

\* Symrise holds a majority stake in the Swedish company Probi AB

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## 2 Financials in detail

*Olaf Klinger, CFO*



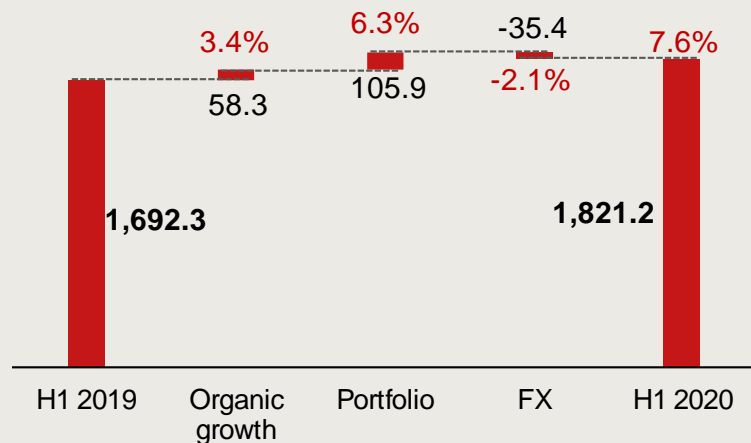
# Group H1 2020

## *Continued solid organic growth*



### Sales development

In €m



### Comments

**Solid organic growth of 3.4% in H1 with 4.6% in Q2** driven by strong demand of Pet Food, Consumer Fragrance, Oral Care and Savory.

— **Portfolio effect** from ADF/IDF with sales of €106m.

— **Negative currency effect of €35m** mainly driven by weakening of LATAM currencies.

# Group H1 2020

## Profitability exceeding top-line growth

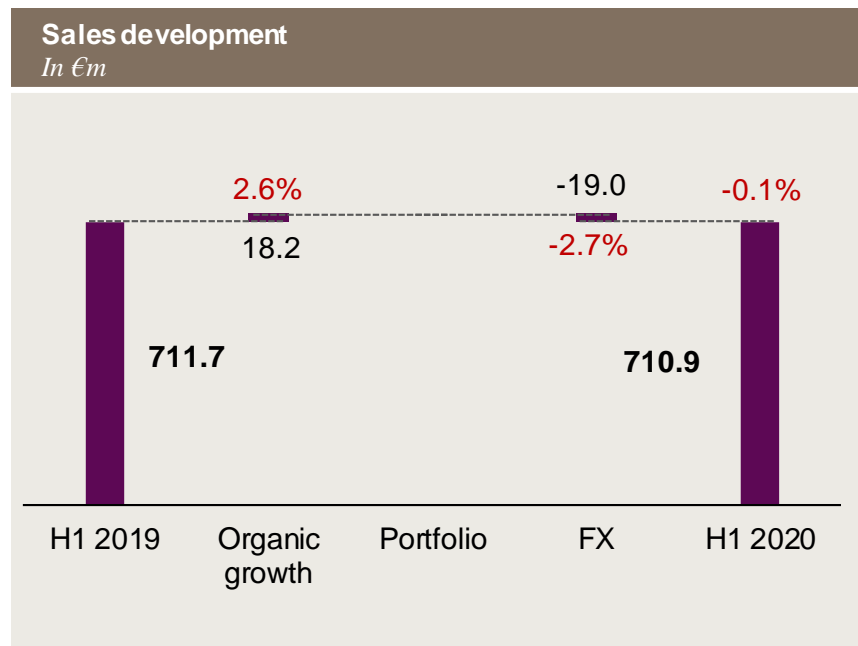


In €m	H1 2019	H1 2019 <sup>1</sup> normalized	H1 2020	Var. %	Comments
<b>Sales</b>	<b>1,692.3</b>	<b>1,692.3</b>	<b>1,821.2</b>	<b>7.6</b>	<p><b>Gross profit</b> increase of 5,5 % mainly due to contribution of ADF/IDF. <b>Gross margin</b> decrease from 40.9% to 40.1% due to proportional higher manufacturing costs from ADF/IDF.</p> <p>—</p> <p><b>EBITDA</b> increased by €42m to a 21.6% margin, reflecting also lower operational expenses.</p> <p>—</p> <p><b>Higher D&amp;A</b> driven by last years investments and first-time consolidation of ADF/IDF. D&amp;A impact of € 9m for ADF/IDF after preliminary finalization of PPA.</p> <p>—</p> <p><b>EBIT</b> increase of €25m (+10%) underlines the profitable growth.</p>
Gross profit	<b>692.3</b>	<b>692.3</b>	<b>730.1</b>	<b>5.5</b>	
<b>EBITDA</b>	<b>341.7</b>	<b>351.3</b>	<b>393.1</b>	<b>11.9</b>	
EBITDA margin in %	20.2	20.8	21.6		
Depreciation	59.4	59.4	67.6	13.8	
Amortization	50.7	50.7	59.7	17.7	
<b>EBIT</b>	<b>231.6</b>	<b>241.2</b>	<b>265.8</b>	<b>10.2</b>	
EBIT margin in %	13.7	14.3	14.6		

<sup>1</sup> Adjusted for transaction and integration costs related to business combinations

# Scent & Care H1 2020

*Stable sales with shift in demand towards Consumer Fragrances*



**Short P&L**  
*In €m*

	H1 2019	H1 2020	Var. %
<b>EBITDA</b>	140.2	146.1	4.2
<i>EBITDA margin</i>	19.7%	20.6%	
<b>EBIT</b>	104.3	106.9	2.4
<i>EBIT margin</i>	14.7%	15.0%	

**Comments**

**Dynamic business momentum in Consumer Fragrances and Oral Care with double-digit growth, Fine Fragrances and Cosmetic Ingredients affected by lockdowns and travel restrictions. Aroma Molecules slightly below PY after high comparable, but strong menthol sales after capacity expansion.**

—  
**EBITDA up to 20.6 % mainly due to strict control of operating expenses.**

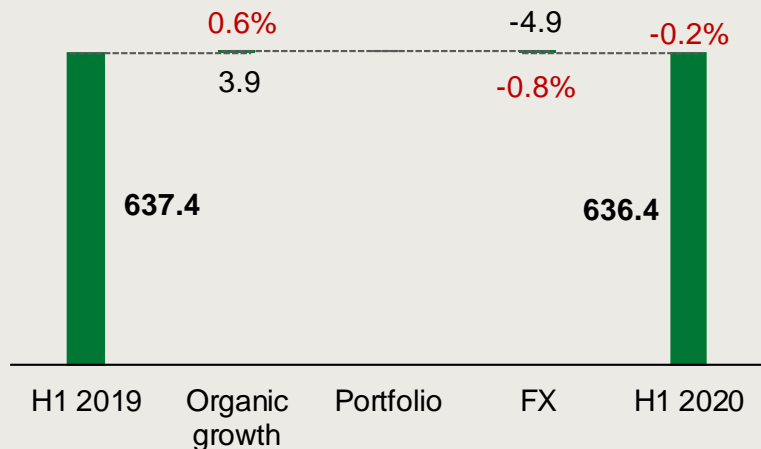
# Flavor H1 2020

*Portfolio shift towards products for increased at-home consumption*



## Sales development

*In €m*



## Short P&L

*In €m*

	H1 2019	H1 2020	Var. %
<b>EBITDA</b>	144.3	147.5	2.2
<i>EBITDA margin</i>	22.6%	23.2%	
<b>EBIT</b>	115.6	117.2	1.4
<i>EBIT margin</i>	18.1%	18.4%	

## Comments

**Reduced demand in Beverages and Confectionary** partly offset by increased sales for savory, bakery products and cereals.

**EAME and Northern America** on last years level; **South East Asia and China** back on growth path.

**EBITDA increased** to 23.2% due strict cost discipline.

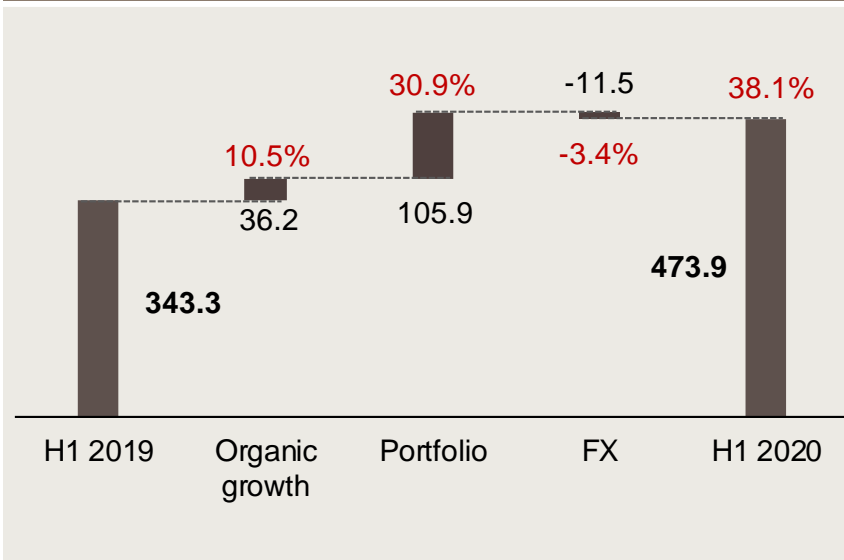
# Nutrition H1 2020

## *Ongoing strong dynamics in Pet Food*



### Sales development

In €m



### Short P&L

In €m

	H1 2019	H1 2019 <sup>1</sup>	H1 2020	Var. %
<b>EBITDA</b>	57.2	66.8	99.6	49.1
<i>EBITDA margin</i>	16.7%	19.5%	21.0%	
<b>EBIT</b>	11.6	21.3	41.7	96.0
<i>EBIT margin</i>	3.4%	6.2%	8.8%	

### Comments

*Very strong performance from **Pet Food** with double-digit growth in all regions; **Food** with good development in Asia/Pacific.*

**Integration and sales of ADF/IDF** *above expectations.*

**Profitability** *increased by 150 bps.*

<sup>1</sup> Adjusted for transaction and integration costs related to business combinations

# Earnings Per Share H1 2020

*New record high of €1.25*



<i>In €m</i>	H1 2019	H1 2019 normalized <sup>1</sup>	H1 2020	Var. %	Comments
<b>EBIT</b>	<b>231.6</b>	<b>241.2</b>	<b>265.8</b>	<b>10.2</b>	<p><b>Financial result</b> <i>stable, despite high volatility of key currencies and ADF/IDF acquisition.</i></p> <p>—</p> <p><b>Stable income tax rate at 27.0%</b></p> <p>—</p> <p><b>EPS<sup>2</sup></b> <i>at new record level of €1.25 mainly as a result of increased operating profit .</i></p> <p>—</p> <p><i>In July, additional <b>Eurobond of € 500m</b> until 2027 was successfully placed in the market to refinance existing debts due in Q4 2020.</i></p>
Financial result	-27.8	-27.3	-29.0	6.1	
<b>EBT</b>	<b>203.8</b>	<b>213.9</b>	<b>236.9</b>	<b>10.7</b>	
Income tax	-55.1 (27.0%)	-57.9	-64.0 (27.0%)	16.2	
<b>Net income<sup>2</sup></b>	<b>146.0</b>	<b>153.4</b>	<b>169.2</b>	<b>10.3</b>	
EPS <sup>3</sup> in €	1.09	1.14	1.25	9.6	

<sup>1</sup> Adjusted for transaction and integration costs; including IFRS 16 effect

<sup>2</sup> Attributable to shareholders of Symrise AG

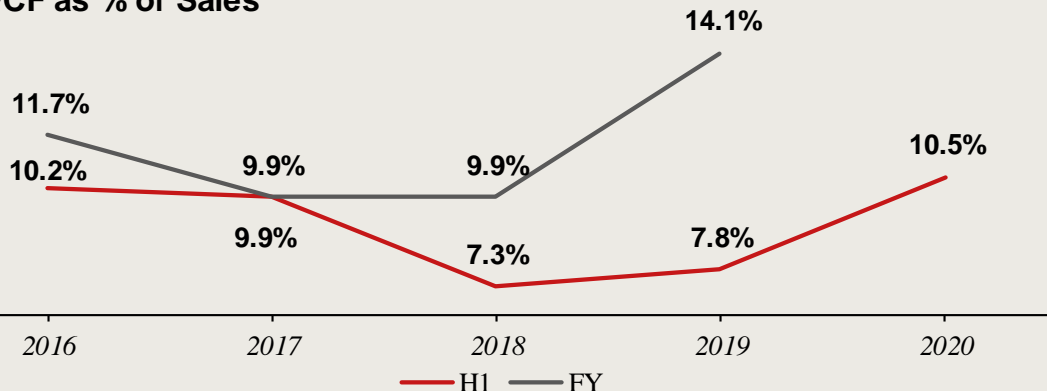
<sup>3</sup> Undiluted

# Business Free Cash Flow (BFCF)

*Continued strong cash delivery*



## BFCF as % of Sales



### Definition of BFCF:

$$\begin{array}{r}
 \text{EBITDA} \\
 \text{minus CAPEX} \\
 \text{minus/plus Change in Working Capital} \\
 \hline
 = \text{Business Free Cash Flow}
 \end{array}$$

BFCF H1 2020<sup>1</sup> increased by 37% to €190m

= 10.5% of sales

**Strong EBITDA growth**

**Working Capital increase** *below topline growth*

**CAPEX 3.1% of sales (€57m)** after 4.6% (€78m) in H1 2019 with different phasing

**Ambition 2020**

*BFCF around 14% of sales*

<sup>1</sup> Including IFRS 16 effect

# Balance Sheet

*Solid financial position with equity ratio of 41.2 %*



Assets In €m			Equity and Liabilities In €m			Comments
	5,953	5,885	5,953	5,885		
Cash & equiv.	446	361	333	324	Trade payables	Reduced <b>cash position</b> due to paid dividend in Q2 and payback of current financial liabilities.
Trade receivables	648	699	1,966	1,905	Borrowings	—
Inventories	892	924	605	616	Pensions	<b>Trade receivables and Inventories</b> increased due to current business environment
Intangibles & PPE	3,632	3,544	425	454	Other	—
Other	335	357	167	160	Deferred tax liabilities	<b>Borrowings:</b> Decrease by €61m mainly due to reduction of short-term debts.
			2,457	2,426	Equity	—
	FY 2019 <sup>1</sup>	H1 2020	FY 2019 <sup>1</sup>	H1 2020		<b>Pension provisions largely unchanged -</b> German interest rates stable at 1.2%.
						—
						<b>Purchase Price Allocation for ADF/IDF</b> was in Q2 2020 preliminary.

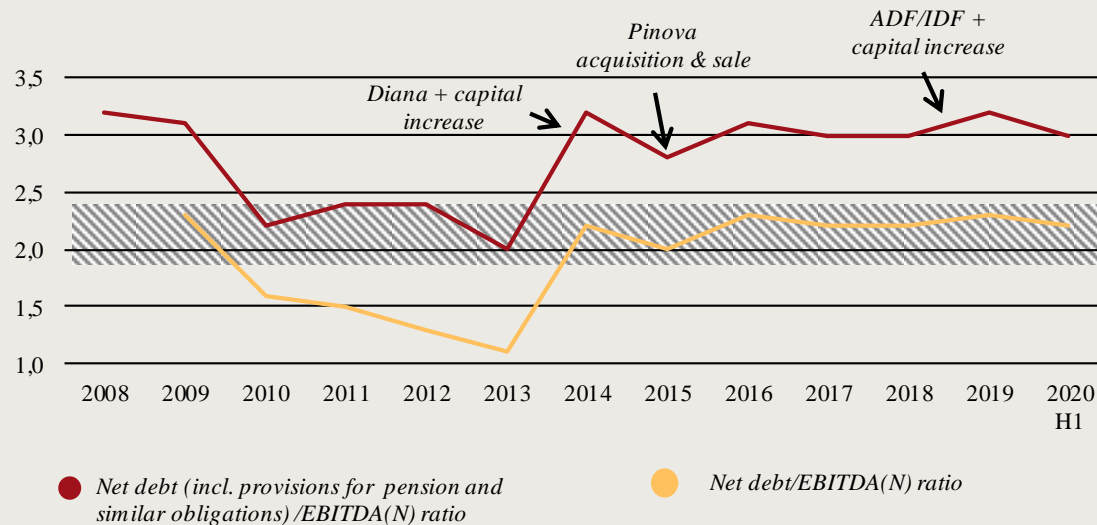
<sup>1</sup>FY 2019 restated for finalized ADF/IDF based on preliminary Purchase Price Allocation



# Net Debt Development

## *Covenant in long-term target range*

### Net debt / EBITDA(N)<sup>1</sup>



### Status Quo

- Net debt<sup>2</sup> of €1,645m reflects 2.2 x EBITDA(N)
- Net debt<sup>2</sup> including pensions and similar obligation of €2,261m reflects 3.0 x EBITDA(N)

### Ambition

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

<sup>1</sup> 2019 adjusted for transaction and integration costs related to business combinations

<sup>2</sup> Incl. lease obligations

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# 3 Outlook and long-term objectives

*Heinz-Jürgen Bertram*

# Updated outlook 2020

*Increased profitability target with an EBITDA margin of 21-22 %*



## Targets 2020

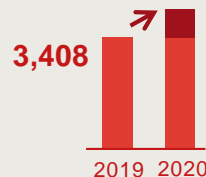
### Outperform growth of the relevant market

Growth



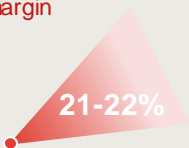
### Organic growth

€m



### Profitability

EBITDA margin



### Business Free Cash Flow (% of sales)

14%

## Impact of Corona crisis well managed

- Symrise has put **measures** in place at all locations to provide employees and partners with **optimal protection** against the virus.
- We continue to be **fully operational** and are making every effort to supply our customers with the usual reliability.
- The crisis underscores the **resilience and balance** of our business model.
- With our broad range of product solutions for food and beverages, personal care and hygiene, **we serve** the needs of everyday life, specially in these times **the needs of everyday life**.

# Objectives 2025

*supported by our proven strategy*



Financial goals	until 2020	→	until 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 portfolio mix
CAPEX	5 – 6 %	→	4 – 5 % by 2022 most of the major invests completed
Dividend	30 – 50 %	→	30 – 50 % planned to be continued
<b>Sustainability goal</b>			
Environment	33 % improvement of footprint	→	50 %* improvement of footprint

\*Science-based target (SBT) 2016-2025

## Financial Calendar 2020

**29 October**

*9M 2020 trading statement*

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