

Press Release

Holzminden, 11 August 2016

Report on the First Half of 2016

Symrise determinedly pursues growth course and expansion of business activities

- Sales in first half up by 16 % at local currency to € 1,463 million
 - EBITDAN increases by 8 % to € 323 million
 - EBITDAN margin with 22.1 % still at excellent level
 - Targets for 2016: outperforming market growth and now generating an EBITDA margin above 20 %
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Symrise AG determinedly continued its successful course in the second quarter of 2016 and achieved substantial increases in sales and earnings. The Group benefited from strong demand in both segments. Growth was moreover driven by US-based Pinova Group, consolidated since the first quarter. In the first half year, Symrise increased its sales by 10 % (local currency: 16 %) to € 1,462.5 million (H1 2015: € 1,330.8 million). Earnings before interest, taxes, depreciation and amortization without special items from the Pinova acquisition and integration (EBITDAN) increased year-on-year by 8 % to € 323.3 million (H1 2015: € 300.3 million). With an EBITDAN margin of 22.1 %, Symrise is again among the most profitable companies in the industry.

Dr. Heinz-Jürgen Bertram, CEO of Symrise AG, said: "After the successful first half year, we are completely on track. We have seized opportunities and substantially increased our sales and earnings. Moreover, with a clear goal in mind, we have implemented a number of strategic initiatives to diversify our portfolio. We have added to our competencies, both in the flavors and fragrances business, which we intend to leverage in order to further strengthen our status as a market leader. Despite the political and economic volatility in some countries, we confidently look ahead to the second half of the year. In both segments we anticipate strong demand and again in 2016 we intend to outperform the global flavor and fragrance market."

Dynamic demand in the segments and regions

In the first half of 2016, Symrise increased its sales by 10 % (local currency: 16 %) to € 1,462.5 million (H1 2015: € 1,330.8 million). Alongside the continuing strong demand in the segments, this development was driven by Pinova Group, which was consolidated this year. Adjusted for portfolio effects, the Symrise Group posted an impressive 8 % plus in sales in local currency.

At the regional level, the strongest gains were recorded in North America, where sales were up 31 % in local currency, followed by Latin America with a 26 % increase. In the reporting period, the Asia/Pacific and EAME regions grew sales by respectively 12 % and 7 % in local currency. Emerging Markets reported a 17 % increase and accounted for 43 % of the Group's total sales.

EBITDAN margin at a healthy 22.1 %

Earnings normalized for the acquisition and integration of Pinova (EBITDAN) were up 8 % (local currency: 14 %) to € 323.3 million (H1 2015: € 300.3 million). Despite the Pinova acquisition, the EBITDAN margin, at 22.1 %, remained very strong (H1 2015: 22.6 %). Pinova is not yet meeting the Group's profitability targets, but the integration is full on track. Net income for the period under review, normalized for one-time effects, increased to € 142.0 million (H1 2015: € 133.5 million). Normalized earnings per share rose to € 1.09 (H1 2015: € 1.03).

High capacity utilization strengthens operating cash flow

The strong growth in earnings, combined with high capacity utilization, positively affected the operating cash flow, which increased to € 100.0 million (H1 2015: € 86.0 million). The ratio of net debt (including pension provisions) to EBITDAN stood at 3.6 (31 December 2015: 2.8). By the end of 2016, the company intends to reduce the ratio to a level between 3.2 and 3.5, and in the medium term plans to keep it in the range of 2.0 to 2.5. With an equity ratio of 33 % (31 December 2015: 38 %), Symrise continues to maintain a solid financial position.

Scent & Care segment

Scent & Care increased its sales by 22 % (local currency: 27 %) to € 667.8 million (H1 2015: € 546.5 million). The segment benefited in particular from high capacity utilization in its fragrance and cosmetic ingredients activities and from strong demand for menthol. Portfolio effects, such as the integration of Pinova, contributed € 110.5 million to Group sales. Even without these effects, Scent & Care achieved significant growth by 7 % in local currency.

EBITDAN in the segment rose to € 140.1 million (H1 2015: € 124.2 million). Due to the Pinova acquisition, the EBITDAN margin, at 21.0 %, is below the previous year's level (H1 2015: 22.7 %).

Flavor & Nutrition segment

Flavor & Nutrition achieved a 1 % increase in sales (local currency: 8 %) to € 794.8 million. As in the previous quarter, growth was driven particularly by strong demand for savory and beverage applications as well as pet food.

Flavor & Nutrition grew its EBITDA to € 183.1 million (H1 2015: € 176.1 million). The EBITDA margin was up 0.5 percentage points to an outstanding 23.0 %.

Symrise is optimistic for the second half

After the successful first half, Symrise is confidently looking ahead to the second half of the year. Despite the political and economic volatility in some countries, the Group expects demand and growth dynamics to be generally strong. Therefore, Symrise confirms its objective of outperforming the global flavor and fragrances market, which is estimated to be growing at an annual rate of 2-3 %. Despite the volatility of certain exchange rates, Symrise aims to be among the most profitable companies in the industry. Consequently, Symrise has adjusted its profitability target and is now aiming for an EBITDA margin of above 20 %.

The Group also remains fully committed to the medium-term targets it has set until the fiscal year 2020: A compound annual growth rate (CAGR) in the range between 5 and 7 % and an EBITDA margin between 19 and 22 %.

About Symrise:

Symrise is a global supplier of fragrances, flavors, 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 more than €2.6 billion in 2015 place Symrise as one of the global leading companies in the flavors and fragrances market. Headquartered in Holzminden, Germany, the Group is represented in over 40 countries in Europe, Africa and 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 thus takes sustainability into account in every part of its corporate strategy. The company was awarded the German Sustainability Award in 2012. In 2013, Symrise was certified as a “Green Company” by DQS. Symrise – always inspiring more...

www.symrise.com

Media contact:

Bernhard Kott

Tel: +49 (0)5531 90-1721

Email : bernhard.kott@symrise.com

Investor contact:

Tobias Erfurth

Tel: +49 (0)5531 90-1879

Email : tobias.erfurth@symrise.com

Social media:

twitter.com/symriseag

youtube.com/agsymrise

linkedin.com/company/symrise

xing.com/companies/symrise

Key figures of the Group

€ million	H1 2015	H1 2016	H1 2016 normalized ¹	%	Change in LC in %	Q2 2015	Q2 2016	Q2 2016 normalized ¹	%	Change in LC in %	
Symrise Group											
Sales	1,330.8	1,462.5	1,462.5	10	16	662.7	730.7	730.7	10	17	
Sales adjusted for portfolio changes	1,317.0	1,349.8	1,349.8	2	8	655.9	672.6	672.6	3	9	
Sales related to portfolio changes	-13.8	112.8	112.8	7	7	-6.8	58.1	58.1	8	8	
Gross profit	576.0	607.6	612.3	6	12	288.0	305.8	310.2	8	14	
EBITDA	300.3	312.7	323.3	8	14	151.5	158.9	164.8	9	16	
EBITDA margin in %	22.6	21.4	22.1			22.9	21.8	22.6			
EBIT	214.7	214.1	224.7	5	13	108.3	106.1	112.0	3	12	
EBIT margin in %	16.1	14.6	15.4			16.3	14.5	15.3			
Depreciation	36.0	42.6	42.6			18.2	21.9	21.9			
Amortization	49.6	56.0	56.0			24.9	31.0	31.0			
Financial result	-21.3	-24.3	-22.1			-14.3	-11.3	-11.3			
Earnings before income taxes	193.4	189.8	202.7	5		94.1	94.8	100.7	7		
Net income for the period	133.5	133.8	142.0	6		65.6	67.5	71.2	9		
Earnings per share in €	1.03	1.03	1.09	6		0.51	0.52	0.55	9		
Research and development expenses	84.6	90.6	90.6	7	10	44.2	47.3	47.3	7	10	
Investments	81.4	59.5	59.5			60.2	32.6	32.6			
Cash flow from operating activities	86.0	100.0	100.0			17.6	52.1	52.1			
Scent & Care											
Sales	546.5	667.8	667.8	22	27	263.7	323.5	323.5	23	29	
Sales adjusted for portfolio changes	546.5	557.2	557.2	2	7	263.7	266.5	266.5	1	7	
Sales related to portfolio changes		110.5	110.5	20	20		57.0	57.0	22	22	
EBITDA	124.2	129.5	140.1	13	19	60.5	61.8	67.7	12	18	
EBITDA margin in %	22.7	19.4	21.0			22.9	19.1	20.9			
Flavor & Nutrition											
Sales	784.3	794.8		1	8	399.1	407.2		2	10	
Sales adjusted for portfolio changes	770.5	792.5		3	9	392.2	406.1		4	11	
Sales related to portfolio changes	-13.8	2.2		-2	-2	-6.8	1.1		-1	-1	
EBITDA	176.1	183.1		4	11	91.0	97.2		7	15	
EBITDA margin in %	22.5	23.0				22.8	23.9				
Group Sales by Region											
EAME	587.3	614.7		5	7	285.2	306.5		7	10	
Asia / Pacific	291.8	316.9		9	12	147.9	160.3		8	13	
Northern America	273.5	358.1		31	31	134.3	173.3		29	32	
Latin America	178.2	172.8		-3	26	95.4	90.6		-5	22	
Other Key Figures											
Total assets									Dec 31, 2015	Jun 30, 2016	
Equity									4,183.8	4,634.1	
Equity ratio									1,588.2	1,517.6	
Equity ratio									in %	38.0	32.7
Net debt (incl. pension provisions and similar obligations)									1,575.7	2,159.5	
Net debt (incl. pension provisions and similar obligations)/EBITDA ²									ratio	2.8	3.6
Net debt									1,131.1	1,603.8	
Net debt/EBITDA ²									ratio	2.0	2.6
Employees (on reporting date)									FTE ³	8,301	8,910

¹adjusted for transaction and integration costs as well as one-off valuation effects related to business combinations

²Annualized EBITDA (LTM)

³not including apprentices and trainees; FTE = Full Time Equivalent