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# Diversifying Success. Successfully Diversifying. *Symrise AG*

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# At a Glance

# Symrise AG

## *A Leader in Global Flavors & Fragrances*



**1st**

*to produce nature-identical  
vanillin in 1874*

**2003**

*merger of Haarman &  
Reimer and Dragoco*

**70**

*production sites*

**10,000**

*raw materials*

**~9,000**

*employees*

**€2.9bn**

*sales in 2016*

**6,000**

*global, regional  
and local clients*

**275%**

*total shareholder return  
since IPO in 2006\**

# Industry

## *A Highly Attractive Niche*



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

*Megatrends driving organic growth.*

**High market concentration** – *top 4 players with 60%.*

**Global footprint key** *to meet local tastes & preferences.*

**‘Sweet spot’ in value chain:** *only a small fraction of product costs (1-5%), but a key buying criteria.*

**Sustainability & supply chain management** *increasingly important to clients.*

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

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

**Handling complexity for our clients.** *Managing 10,000 raw mats and 30,000 products.*

*Short-term visibility.*

# Organizational Structure

## *A Highly Diversified Business*



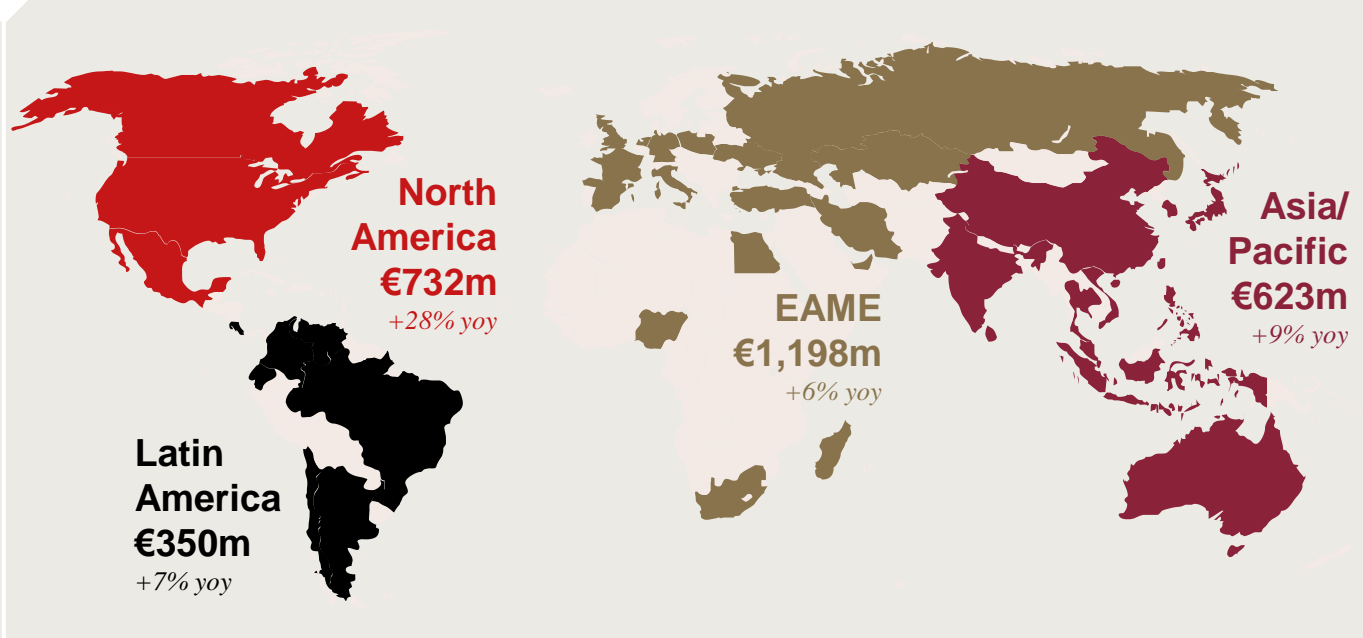
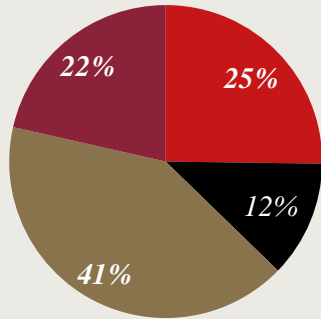
Segment	Scent & Care <b>45%</b> <i>total sales (2016)</i>			Flavor <b>35%</b> <i>total sales (2016)</i>	Nutrition <b>20%</b> <i>total sales (2016)</i>
Division	Fragrance 	Cosmetic Ingredients 	Aroma Molecules 	Flavor 	Diana 
Application area	Fine Fragrance Beauty Care Home Care Oral Care	Actives Product Protection Botanicals & Colors Sun Protection Functionals	Special F&F Ingredients Menthols & Coolants Terpene Ingredients	Beverages Savory Sweet	Food Pet Food Aqua Probi

# Global Footprint

*Historically Strong Presence in Emerging Markets*

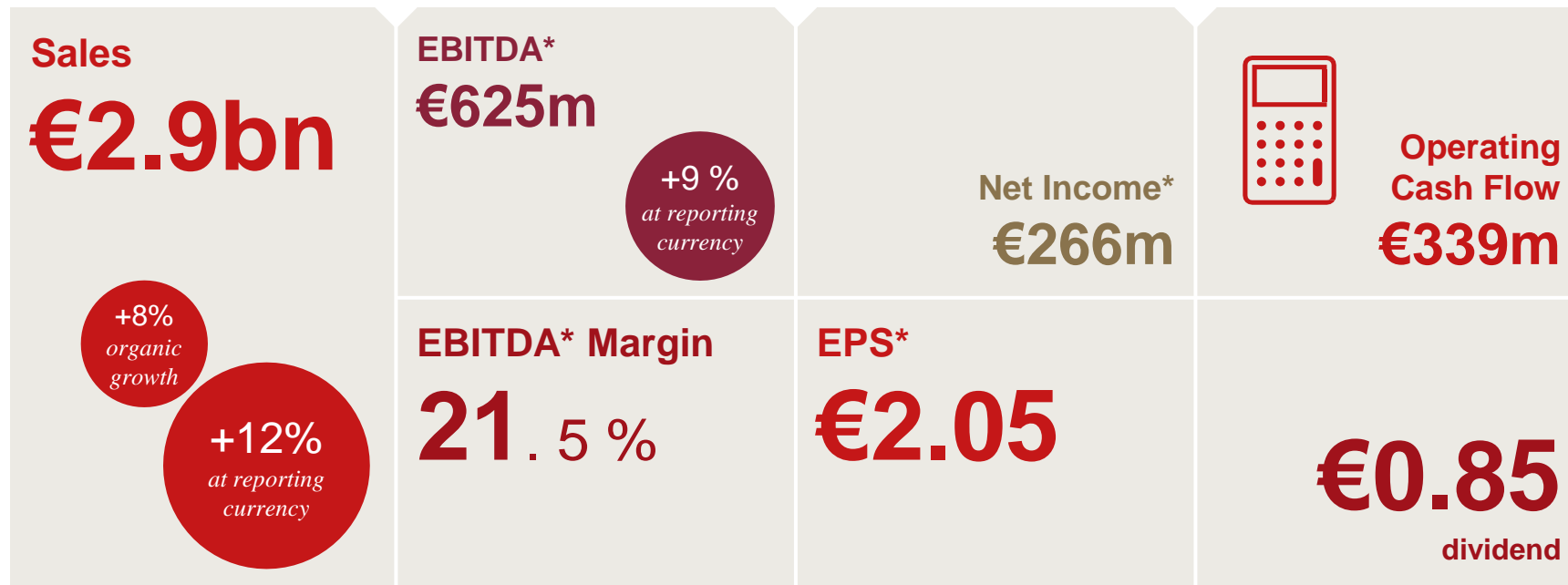


**Sales by region**  
2016



# Financial Highlights

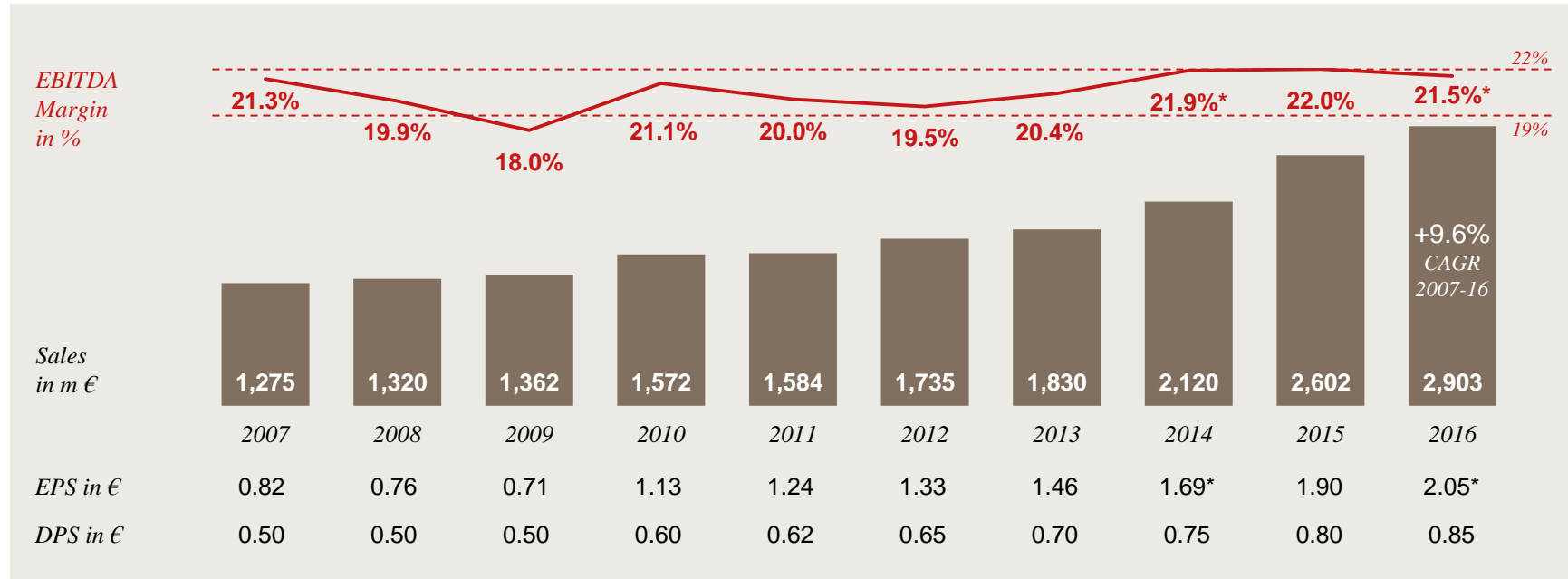
## *Strong Performance in 2016*



*\*Normalized for acquisition and integration expenses for the Pinova Group.*

# Track Record Since IPO

## *Sustainable Growth At High Profitability Levels*



\*Normalized for acquisition and integration expenses.



# Guidance

## *Financial Targets Unchanged*



2017

*Substantially outperform  
the relevant market\**  
Sales growth

*~20%*  
EBITDA margin

2012- 2020

*5-7%*  
Annual sales growth

*19-22%*  
EBITDA margin

*\*Which is expected to grow at a rate of above 3 % per year.*

# Investment Case

## 'Sweet Spot' in The Value Chain

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**1** **Resilient business model**  
*Attractive niche industry geared towards defensive end-consumer markets*

**2** **Strongly balanced portfolio**  
*Across businesses, regions and customer groups*

**3** **Above market growth**  
*At high profitability levels*

**4** **Cross-divisional networking**  
*And research engine across all three segments*

**5** **Beyond traditional F&F**  
*Expansion into adjacent high growth areas like cosmetic ingredients, pet food or probiotics*

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# Delivering on Strategy 2020

# Overview

## *Proven Three Pillar Strategy Since 2009*



### **G**rowth

*Growth in emerging markets  
Maximization of customer spectrum  
Targeted innovations & investments*

### **E**fficiency

*Optimization of raw material portfolio  
Backward integration  
Specific efficiency programs*

### **P**ortfolio

*M&A  
Partnerships & collaborations  
Cross-divisional networking*

### **S**ustainability

*Minimize the ecological footprint  
Maximize positive social environment  
Improve performance of supply chains*

# Growth

## *Driven By Global Megatrends*

### Changing consumer face

*Middle-class explosion*

*Aging population*

*Urbanization*

*Millennials taking over*

*Shrinking household size*



### Economic shifts

*Rising labor & commodity costs*

*Emerging markets*

*Interconnectedness*

*Climate change*



### New consumption patterns

*Convenience is king!*

*Focus on health & wellness*

*Personalization & customization*

*Buying local*

*Simplification of choice*



### Digital age

*Social media driven consumption*

*Virtual reality & wearables*

*Artificial intelligence*

*3-D printing*

*Advanced marketing analytics*



# Emerging Markets

## *LatAm And Asia/Pacific Driving Global F&F Demand*



# Investments

## Targeted Capacity Expansion To Foster Organic Growth



# 5.8%

Capital expenditure as % of sales (2016)

1/2 Volume  
1/4 Maintenance  
1/4 IT/ Regulation

**2015** Cosmetic ingredients – new plant Holzminden

**2015** Expansion of spray drying capacities Holzminden

**2017** Expansion of cosmetic ingredients and menthol capacities USA

**2015** Expansion of production capacities USA

**2015** Expansion of extraction and distillation capacities Holzminden

**2017** New development center Singapore

**2017/2019** Additional production site China

**2015** New eco-friendly sustainable site in the rainforest of Brazil

**2015** Technology upgrade Research Holzminden

**2017** Expansion of spray drying flavors USA

**2015** Expansion of production capacities Mexico

**2016** New power plant Holzminden

**2016/2017** Expansion spray drying Pet Food USA

**2017** Expansion of fragrance production Holzminden

15

16/17

18

# Innovation

## *Driven by Trends, Customers and Sustainability*



<p><b>Open innovation</b> – <i>Development of Timberol® (malodour receptor blocker) with Bochum University</i></p>		<p>6.4% R&amp;D spent (2016)</p>	<p>1,577 R&amp;D employees</p>
<p><b>Sugar reduction/ obesity</b> – <i>New solutions for sugar reduced and stevia-containing beverages and weight management (Symlife® and Symslim®)</i></p>		<p>48 new patents in 2016</p>	
<p><b>Madagascar 2.0</b> – <i>'Millesime' collection of high-quality essential oils presented at World Perfumery Congress</i></p>			
<p><b>Pet's Acceptance of Food</b> – <i>Development of a patent-protected cell model that identifies cats' taste preference (in cooperation with B.R.A.I.N.)</i></p>		<p>A large network of industrial and academic partners</p>	



# Efficiency

## *Continuously Improving Our Cost Base*



**Increasing automatization of fragrance compounding facilities\***



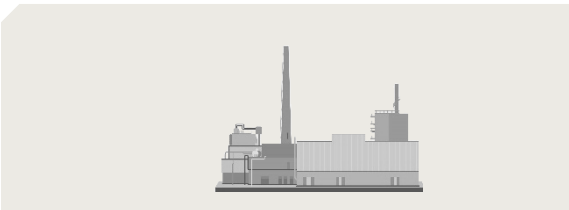
**Strengthening cooperation of perfumers worldwide**



**Releasing sales & marketing efficiency gains**



**New power plant in Holzminden**



**Fragrance reorganization**



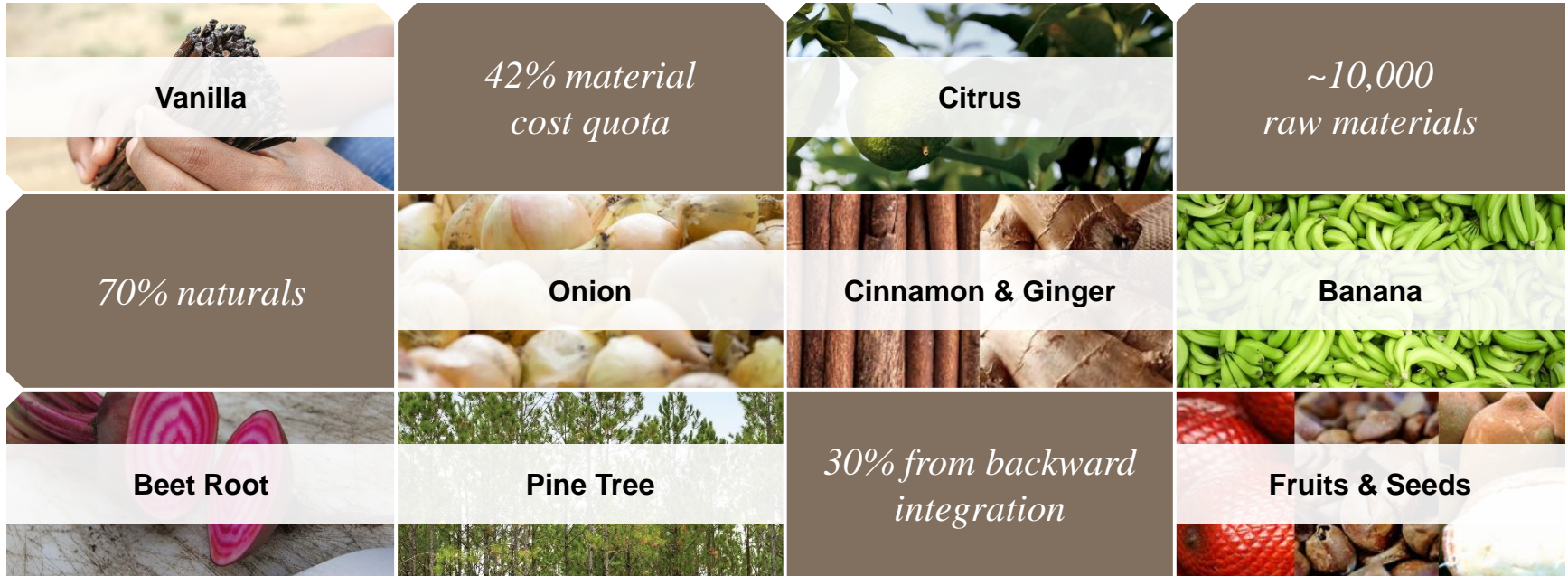
**SymTrap® technology for waste and side streams**



*\*Already at 90% in Holzminden (based on dosages and production quantities).*

# Raw Material Basket

## *Managing Complexity for Our Clients*



# Portfolio

## *A Key Differentiator To Competitors*



### Traditional F&F: Sharpening our Portfolio

#### Expanding fruit and vegetable extract portfolio

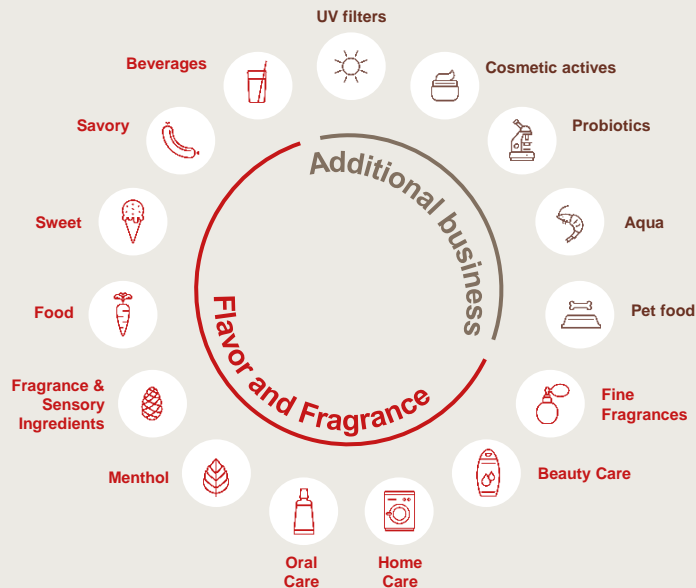
*Acquisitions into cranberries and mushrooms in 2016*

#### Fragrance & sensory ingredients

*Expansion into renewable aroma molecules with acquisition of Renessenz*

#### Beverages

*Expanding market presence in UK with acquisition of Cobell in 2017*



### Beyond F&F: 'Thinking Outside the Box'

#### Legacy business

*UV filters and cosmetic actives*

#### Entering probiotics

*via Probi and acquisition of Nutraceutix*

#### Pet food

*A highly attractive market*

#### Aqua

*Functional marine ingredients for the aqua feed and aquaculture sector*

# Cosmetic Ingredients

*A R&D Leader With 17 New Patents in 2016*



Sensitive skin	Air pollution and intensive sunlight	Even skin tone and complexion	Product protection and preservation
			
<p>Dragosantol® 100 SymSitive® 1609 SymCare® O and W2 SymRepair® 100</p>	<p>SymUrban® Dragosine® Neo Heliopan® SymBright™</p>	<p>SymWhite® 377 Extrapone® Tuber Magnatum GW Biotive® Resveratrol</p>	<p>SymOcide® Hydrolite® SymDiol®</p>
<p><b>&gt; 30</b> <i>innovation awards for new actives over the last 10 years</i></p>	 <p><b>SymCare® PCHi Innovation Award 2016</b></p>	 <p><b>SymUrban® PCHi Innovation Award 2017</b></p>	 <p><b>Thermolat® BSB Innovation Prize Award 2017</b></p>

# Fragrance & Sensory Ingredients

## *Access to Renewable Feedstock*



— **2016** Acquisition of US-based *Revensenz*\*

— **100 new aroma molecules** from renewable and sustainable raw materials (resins, CST and limes)

— **Oral Care** Supplementing our product offer in lead compounds (carvone, anethole)

— **Forward integration** in cooling substances

— **Efficiency gains** through green chemistry

\* Industry applications *Pinova Inc.* sold to DRT in December 2016.

# Pet Food

## *Humanization and Premiumization Driving Growth*



— **Leadership** *Leading global market position in a highly concentrated market (only listed manufacturer)*

— **Key sales driver** *Expansion focus on LatAm and ASPAC*

— **Global footprint** *880 employees and 17 industrial sites*

— **Five brands** *spf, vivae, videka, odalia and panelis*

— **Data-driven approach** *Internal expert panels comprised of 600 cats and 250 dogs*

— **Capacity expansion** *Additional capacities in Colombia, Spain (new plants) and France (new spray dryer) in 2017*

— **Going digital** *Acquisition of stake in French social network 'yummypets' (400,000 pets, 6 million visitors and 50 million clicks per year) for further 'pet owner research'*

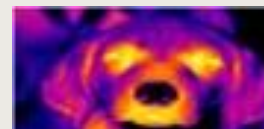
— **Innovation** *Five research platforms focusing on palatability, health & nutrition (e.g. aging, weight management and digestive health), sensometrics (e.g. smell for pet owners) and protection*



*Pet Sens' Innov (internal expert panel)*



*CanIsMell & Owithdog (panelis)*



*Calm state*

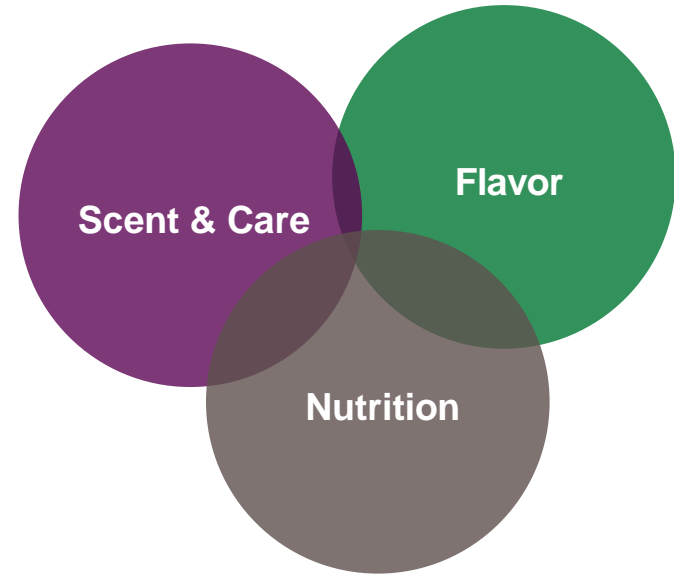


*Excited state*

# Cross-Divisional Networking

## *Connecting Our Three Segments*

- Same consumers, often same customers, often same end products
- Similar technology platforms
- Often similar molecules/extracts
- Regulation



# Sustainability

## *An Imperative For Our Clients... And Us*



Customer	Client	Symrise
<p>Ethical Consumerism all natural</p> <p><b>Non-GMO</b> <i>fewer ingredients</i></p> <p>Organic</p>	<p><b>€966bn</b></p> <p><i>opportunity for brands that make their sustainability credentials stand out</i></p> <p><b>€2.5tn market for sustainable goods</b></p> <p><i>66% of consumers willing to pay more for sustainable brands</i></p>	<p><b>Certification</b> <i>Policies</i></p> <p><b>Clean label</b> <i>Traceability</i></p>



# Sustainability

## Our FISC Strategy



		2016 -2020 goals	2016 achievements
<b>Footprint</b>	Greenhouse gas emissions (Scope 1 +2)	-4% p.a.	-5.4%
	Chemical oxygen demand in waste water	-4% p.a.	-17.2%
	Sensitive waste volume	-4% p.a.	+0.9%
<b>Innovation</b>	Patents per year	> 25	48
<b>Sourcing</b>	Share of main suppliers rated by sustainability criteria*	100% (+4% p.a.)	86%
	Raw materials and derivatives from palm oil sourced from sustainable sources	100%	100% of palm oil “mass balance” or “segregated”
<b>Care</b>	Share of women among employees worldwide	40%	38.3%
	MAQ** accident frequency	< 2.0	3.8

All figures excluding Pinova/Renessenz and per million € added value. \*Based on procurement volumes; rating refers to SEDEX/SMETA 4 Pillar sustainability criteria

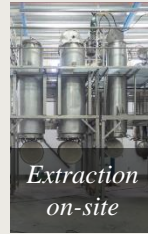
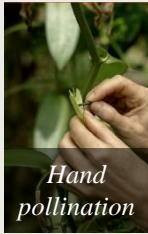
\*\*MAQ = work accidents (> 1 lost day) x 1 million/working hours

# Backward Integration Example: Vanilla

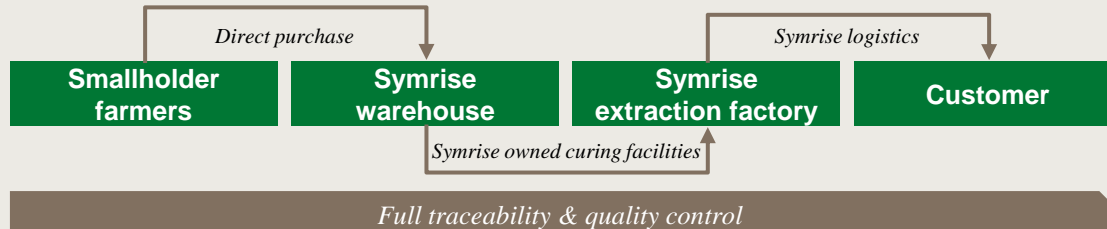
## *On-site Engagement in Madagascar Since 2004*



### Vanilla Harvest

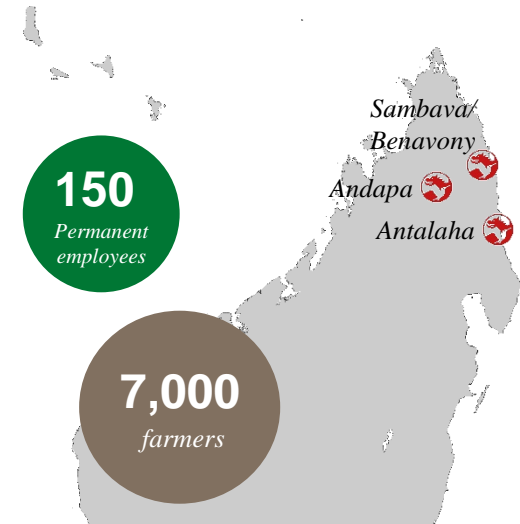


### Symrise Supply Chain



### Our local footprint

*In Madagascar*



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# Financials

# Sales FY 2016

## *Strong Organic Growth Across All Segments*



Group	2015	+7.9%	+8.0%	-4.3%	+11.6%
	2,602	206	207	-112	2,903
	2015	<i>Organic growth</i>	<i>Portfolio</i>	<i>FX</i>	2016
<b>Scent &amp; Care</b>	1,074	58 +5.4 %	208 +19.4 %	-29 -2.7%	1,311 +22.1 %
<b>Flavor</b>	980	95 +9.7 %		-59 -6.1 %	1,016 +3.6 %
<b>Nutrition</b>	548	53 +9.7 %	-1 -0.3 %	-23 -4.3 %	576 +5.1 %

# EBITDA by Segments FY 2016

*Particularly Strong Profitability in Flavor & Nutrition*



N= Normalized for acquisition and integration expenses for Pinova Group.

# Group P&L FY 2016

## *Strong EBIT Growth Despite Higher D&A*

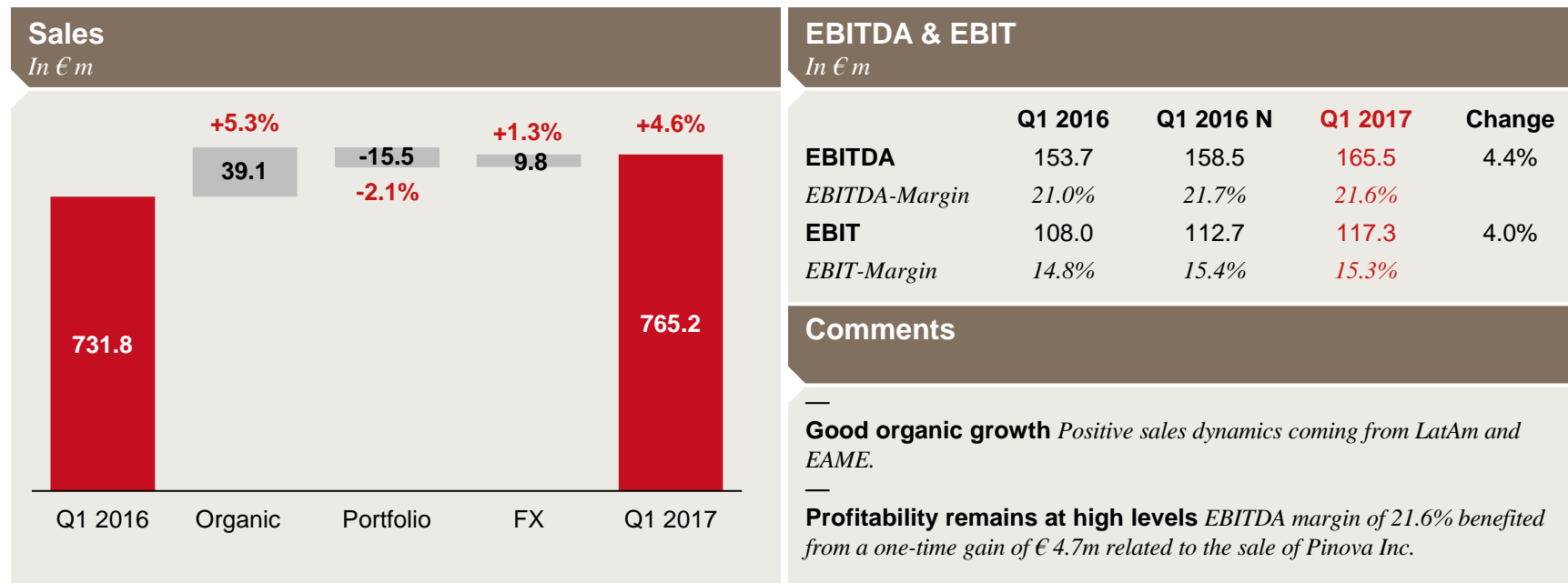


Short P&L					Comments
<i>In € m</i>					
	2015	2016	2016 N	Var. %	
<b>Gross profit</b>	<b>1,112</b>	<b>1,186</b>	<b>1,196</b>	<b>+7.6 %</b>	— <b>Healthy margin</b> despite dilution caused by Pinova Group.
<i>Gross margin</i>	42.7 %	40.8 %	41.2 %		— <b>Raw material quota</b> of 41.7 % vs 41.4 % (in 2015); natural raw material price increases tightly managed.
<b>EBITDA</b>	<b>572</b>	<b>607</b>	<b>625</b>	<b>+9.3 %</b>	— <b>Currencies:</b> Negative contribution from translation effect.
<i>EBITDA margin</i>	22.0 %	20.9 %	21.5 %		— <b>One-off costs</b> for reorganization of Fragrance, closing of Chester site and various stand stills of around €10m.
Depreciation	76	90	90	+18.3 %	
Amortization	101	112	112	+10.9 %	
<b>EBIT</b>	<b>395</b>	<b>405</b>	<b>423</b>	<b>+7.1 %</b>	
<i>EBIT margin</i>	15.2 %	13.9 %	14.6 %		

N= Normalized for acquisition and integration expenses for Pinova Group.

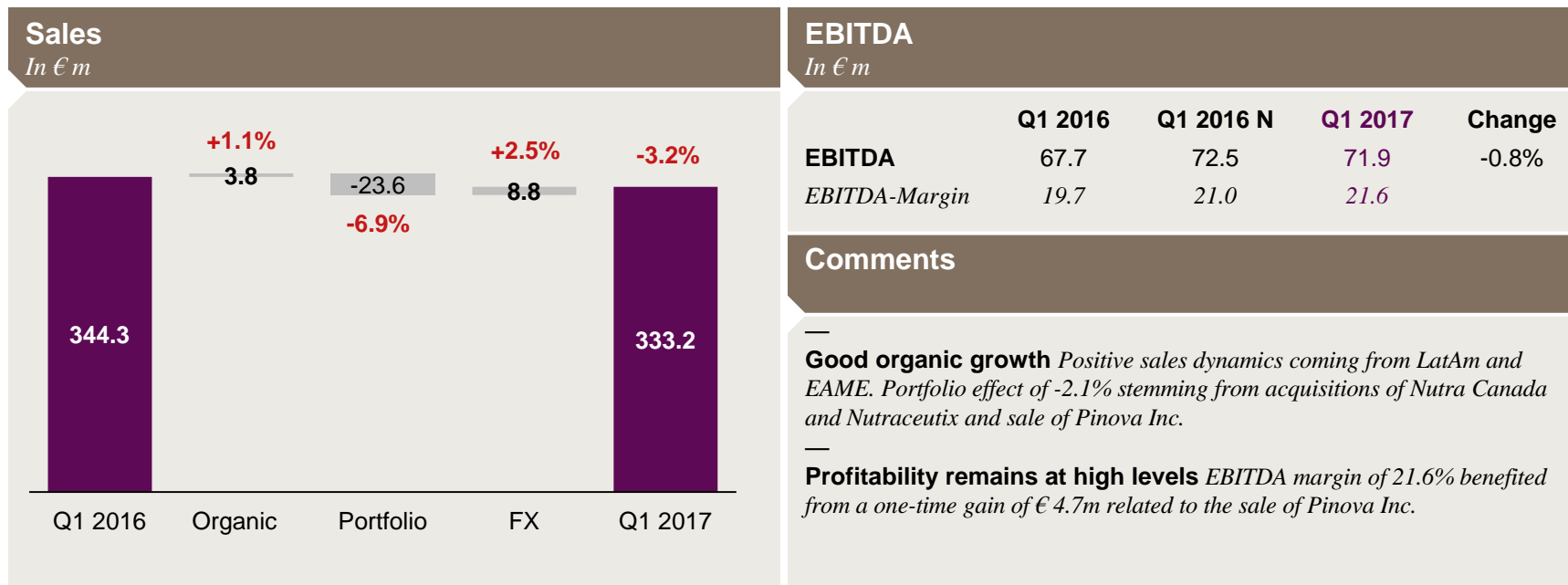
# Group Q1 2017

## *A Good Start Into 2017*



# Scent & Care Q1 2017

## Organic Growth Driven By Aroma Molecules





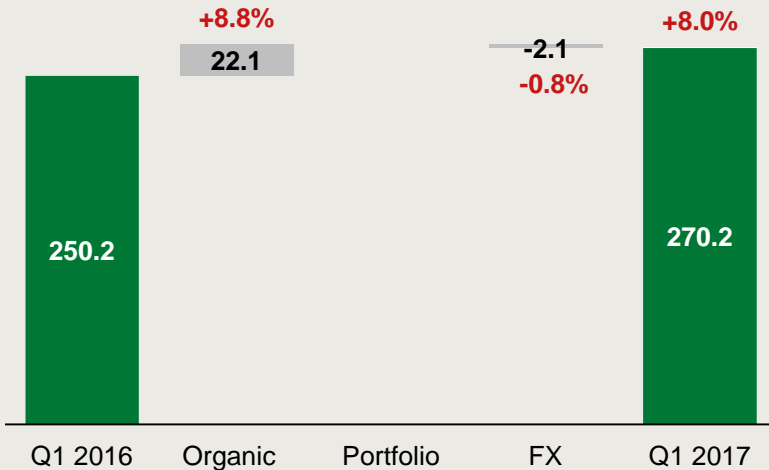
# Flavor Q1 2017

## High Single-Digit Organic Growth



### Sales

In € m



### EBITDA

In € m

	Q1 2016	Q1 2017	Change
EBITDA	54.4	56.9	4.7%
EBITDA-Margin	21.7	21.1	

### Comments

**EAME** Double-digit growth driven by sweet and savory applications.

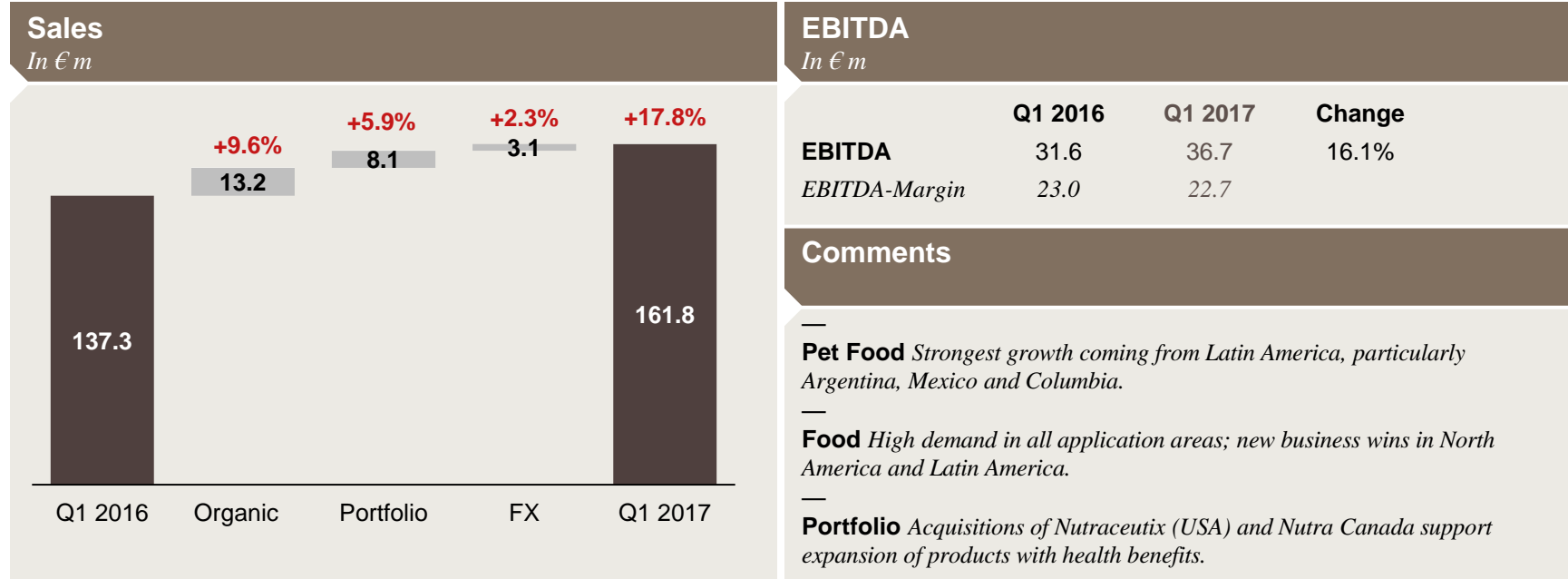
**Asia/Pacific** Good dynamics, particularly in Japan, India and Philippines; slower demand in Indonesia, mainly due to weaker performance in Sweet.

**Latin America** Increasing demand in Argentina, slower growth in Brazil.

**North America** Several new business wins.

# Nutrition Q1 2017

## *On-Going Strong Performance In Pet Food*



# Contact

## *Investor Relations*



### Financial Calendar

—  
**August 9, 2017**  
*H1 Results 2017*

—  
**November 8, 2017**  
*Q3 Results 2017*

### Contact

*Mühlenfeldstraße 1  
37603 Holzminden (Germany)  
ir@symrise.com*

**Tobias Erfurth**  
*tobias.erfurth@symrise.com*

**Annika Stern**  
*annika.stern@symrise.com*

**Christian Haverkamp**  
*christian.haverkamp@symrise.com*

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