

# Results for the *First half year 2022*

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Olaf Klinger (CFO)*

*2 August 2022*

symrise 





# Agenda

## Overview





A man in a blue uniform is harvesting oranges in a grove. He is smiling and looking up at the fruit. The background is a lush green orchard with many oranges hanging from the trees. The lighting is bright and natural, suggesting a sunny day.

01

H1 2022  
at a Glance



# Financial highlights H1 2022

*Symrise continues to deliver strong results in a challenging environment*



## Sales

**€2.3bn**

+18.5 % in reporting currency  
+10.2 % organic growth

## Business Free Cash Flow<sup>1</sup>

**€105m**

-€76m vs. H1 2021

## Earnings per Share (EPS)

**€1.64**

+13.0 % vs. H1 2021

## EBITDA margin

**21.5%**

EBITDA +15.7 % to €486m

## Net Income

**€229m**

+€33m vs. H1 2021

## R&D Expenses

**€123m**

+16.7 % vs. H1 2021

1. Business Free Cash Flow = EBITDA – CapEx (including cash effects from leasing) +/- changes in Working Capital

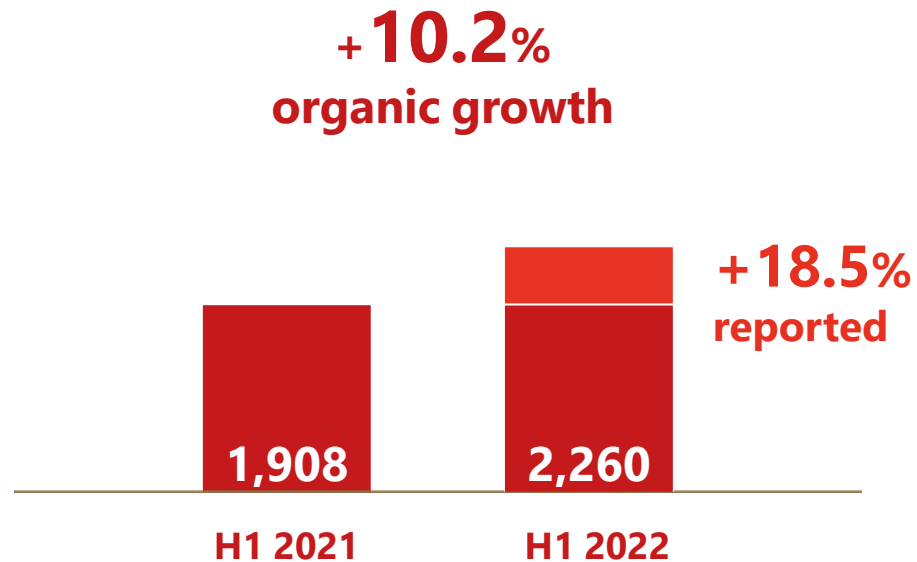
# Sales H1 2022

*Double digit organic growth driven by well balanced portfolio mix*



## Symrise Group

In €m (sales growth in %)



**10.2%**

**organic sales growth**  
driven by high business dynamics



**+18.5%**

**sales growth in reporting currency**  
positive FX-effect of €100m



**€59.0m**

**sales contribution from Portfolio effects  
(M&A)**

# Sales by segment H1 2022

*Both segments contributed to strong sales growth*



## Taste, Nutrition & Health in €m / organic growth in %

1,159  
H1 2021



1,398  
H1 2022

**+12.7%**

+20.6 %\*

Growth particularly driven by  
Pet Food with continued double-digit growth;  
increased demand in Food and Beverages

## Scent & Care in €m / organic growth in %

749  
H1 2021



863  
H1 2022

**+6.3%**

+15.2 %\*

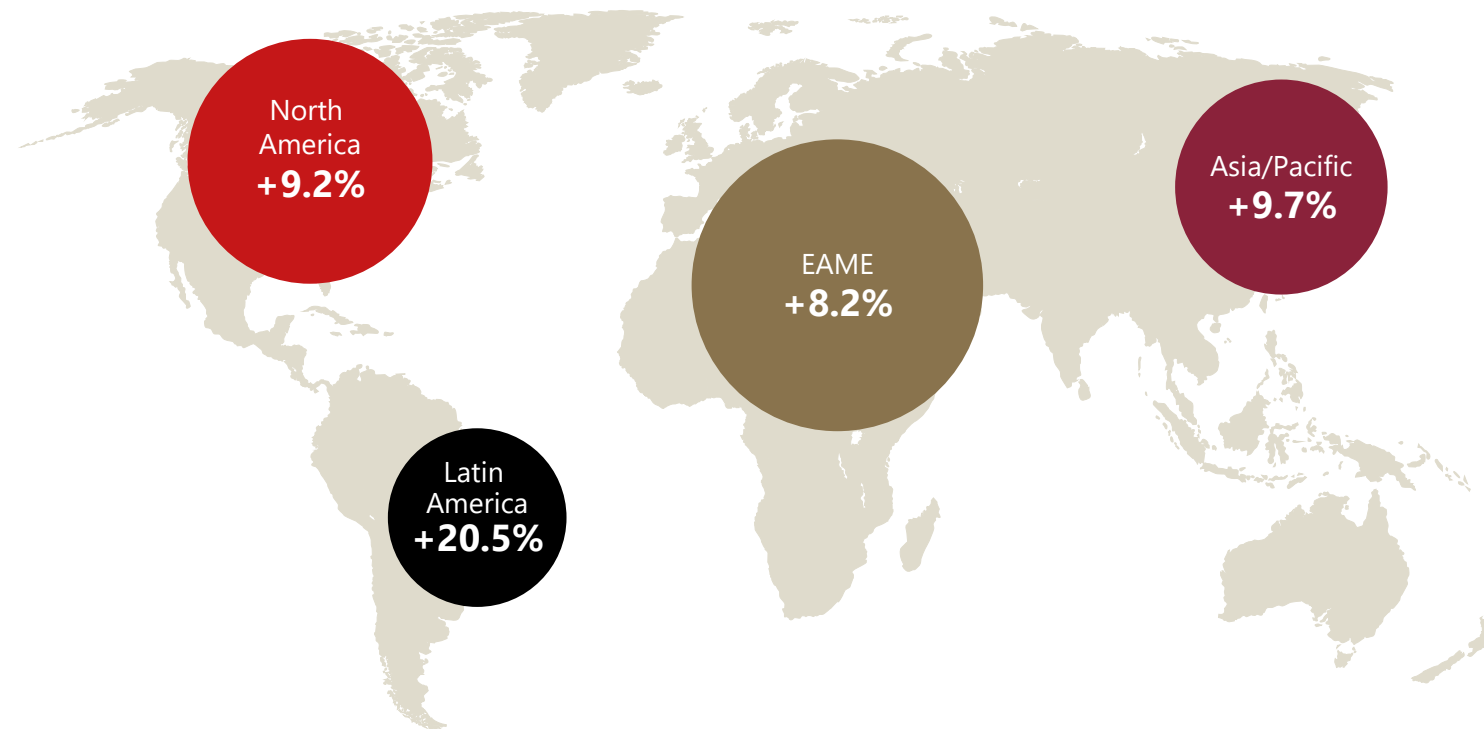
Fine Fragrances and Cosmetic Ingredients  
enjoying high business vitality driven by increased win rate,  
new product launches and high demand for sun protection

# Sales by region in H1 2022

*Dynamic growth across all regions*

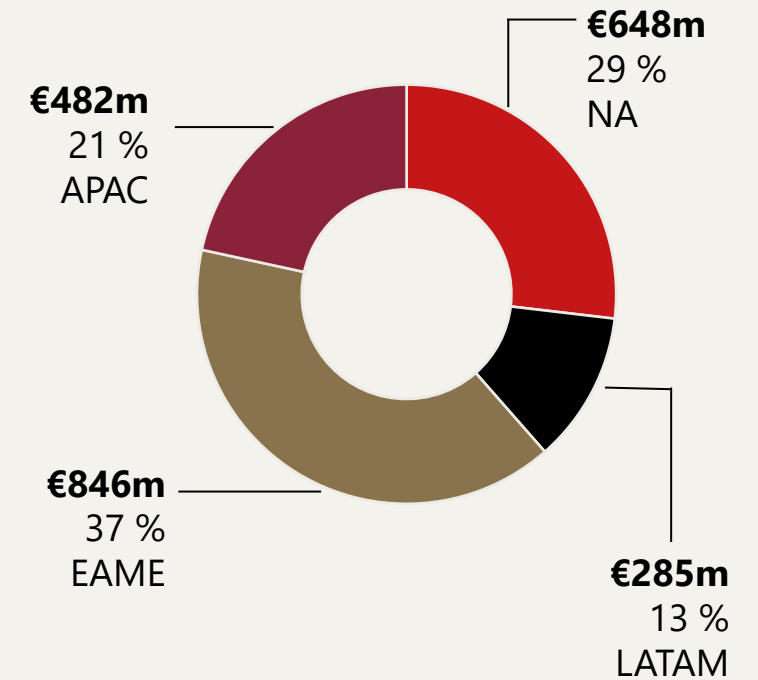
## Organic growth by region

in %



## Sales by region

H1 2022



# 02

## Financials H1 2022



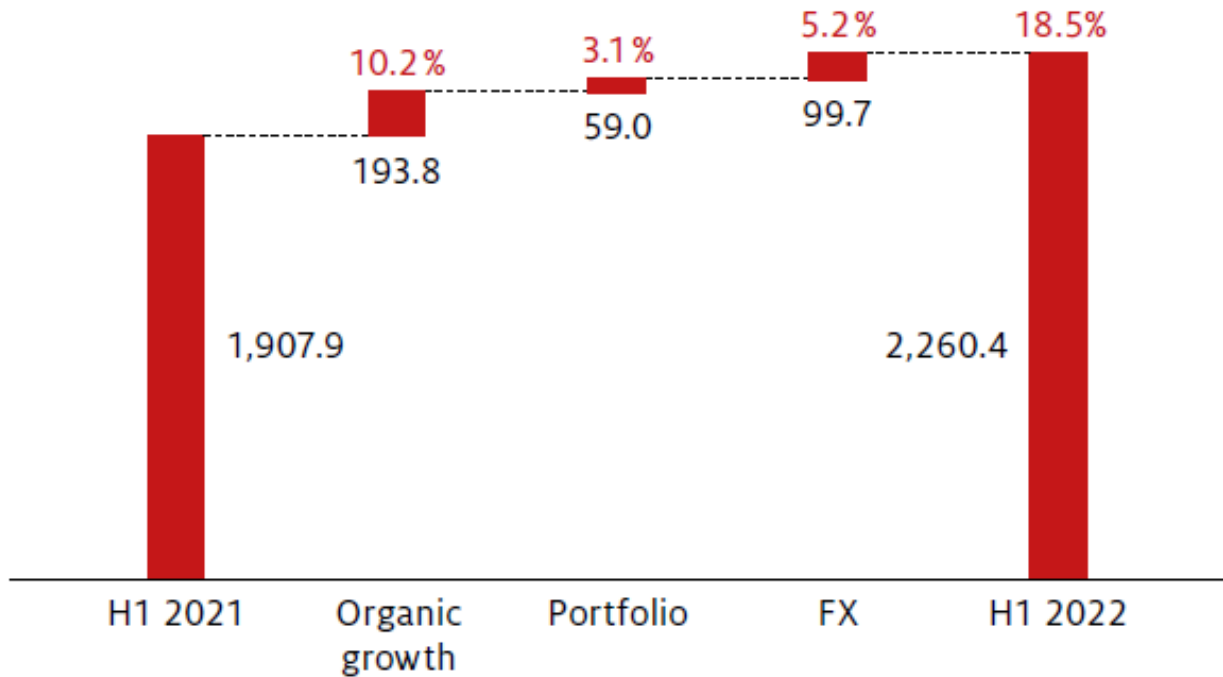


# Group H1 2022

*Strong organic growth momentum continued*

## Sales development

In €m



## Comments

**Organic growth of 10.2 %** driven by strong and healthy business in both segments and across all regions

**Total sales contribution** from portfolio effects (M&A) of €59m

**Positive currency effects** of €100m, attributable to multiple currencies, primarily USD, BRL and CNY

# Group H1 2022

*High growth supports  
strong increase in absolute EBITDA*



In €m	H1 2021	H1 2022	Var. %
<b>Sales</b>	<b>1,908</b>	<b>2,260</b>	<b>18.5</b>
Gross profit	756	871	15.2
Gross margin %	39.6	38.5	-1.1pp
<b>EBITDA</b>	<b>420</b>	<b>486</b>	<b>15.7</b>
EBITDA margin %	22.0	21.5	-0.5pp
Depreciation	67	79	17.0
Amortization	56	63	12.1
<b>EBIT</b>	<b>297</b>	<b>344</b>	<b>16.0</b>
EBIT margin %	15.5	15.2	-0.3pp

## Comments

**Gross profit increase of 15.2 %** below sales growth of 18.5 % due to higher raw material and energy costs. Raw material quota increased slightly from 43.0 % to 44.3 %.

**M&A related one-off factors included** a positive gain of €18 million for the sale of the Velcorin® business (in the prior-year period, a positive one-time effect of €13m for the acquisition of Sensient's business was generated).

**EBITDA increase of 15.7 % reaching a margin of 21.5 %**, slightly below last year, mainly due to higher raw material and operating costs. Without the one-off effects, margins of 20.7 % (Velcorin®-effect), previous year 21.3 % (Sensient-effect).

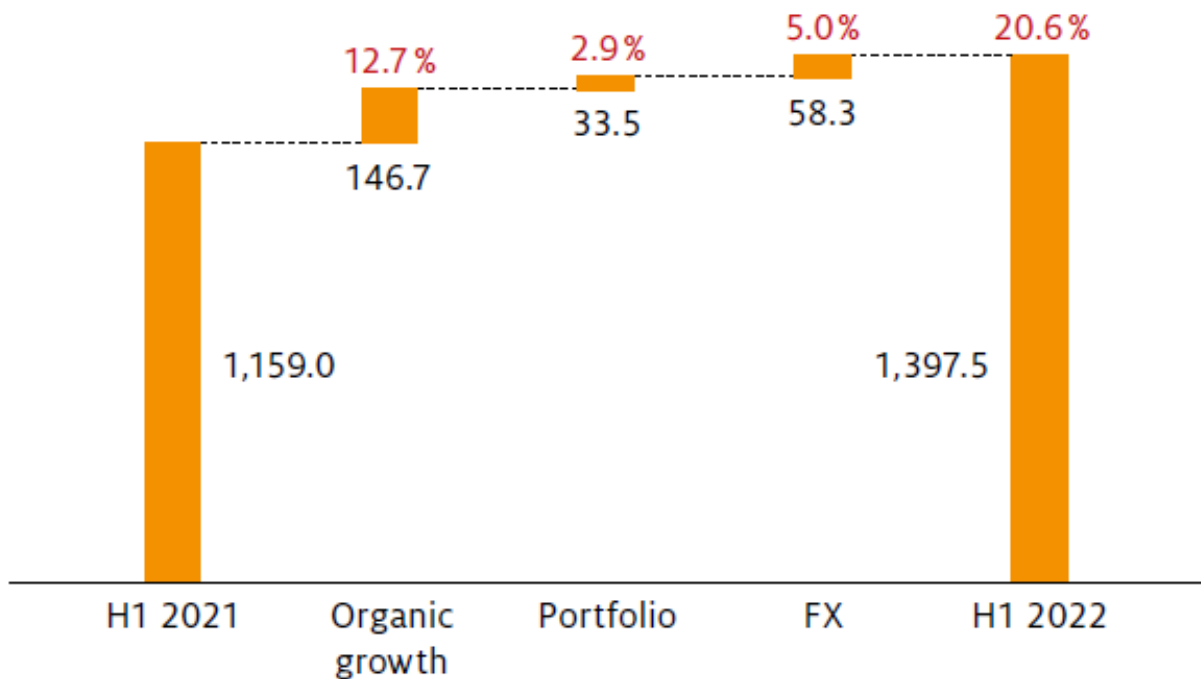


# Taste, Nutrition & Health H1 2022

## Significant organic growth and high profitability

### Sales development

In €m



### Short P&L

In €m

	H1 2021	H1 2022	Var. %
<b>EBITDA</b>	258	315	22.2
EBITDA margin	22.2 %	22.5 %	
<b>EBIT</b>	172	216	25.5
EBIT margin	14.8 %	15.4 %	

### Comments

**Organic growth of 12.7 %** resulting from both divisions

- **Food & Beverage** enjoyed a strong demand supported from increased leisure activities and out-of-home consumption
- The **Pet Food** division continued its high growth, all regions contributed with double-digit growth rates.

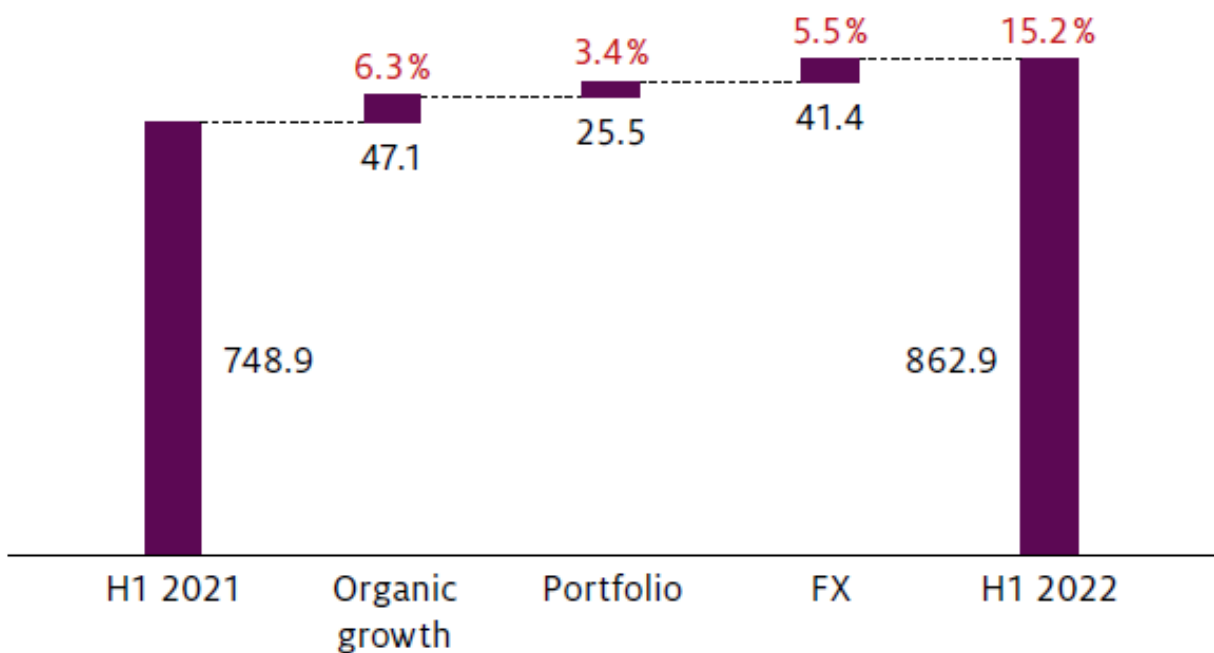
**EBITDA margin** increased to 22.5 % (PY 22.2 %) due to price increases, sales growth, acquisitions and the sale of Velcorin® - business (without one-time effects 21.2 % due to higher raw material and operating costs).

# Scent & Care H1 2022

*Recovery in demand drives robust sales growth*

## Sales development

In €m



## Short P&L

In €m

	H1 2021	2022	Var. %
<b>EBITDA</b>	162	171	5.3
EBITDA margin	21.7 %	19.8 %	
<b>EBIT</b>	125	128	3.0
EBIT margin	16.6 %	14.9 %	

## Comments

**Organic growth of 6.3 %** with a mixed picture within the divisions:

- **Fragrances** enjoyed double-digit growth in Fine Fragrances, could not compensate weaker demand in Consumer Fragrances (after high comparables).
- Strong growth in **Aroma Molecules** with double-digit growth in Menthol.
- **Cosmetic Ingredients** high double-digit growth driven by strong demand in sun protection.

**EBITDA margin** amounts to 19.8 % vs 21.7 % last year (19.9 % considering €13m one-off from Sensient).



# EPS

*New all-time high at €1.64*



In €m	H1 2021	H1 2022	Var. %
<b>EBIT</b>	<b>297</b>	<b>344</b>	<b>16.0</b>
Financial result	-23	-27	15.1
<b>EBT</b>	<b>274</b>	<b>318</b>	<b>16.1</b>
Income tax	-72 (26.2 %)	-83 (26.2 %)	16.1
<b>Net income<sup>1</sup></b>	<b>196</b>	<b>229</b>	<b>16.6</b>
EPS in €	1.45 <sup>2</sup>	1.64	13.0

## Comments

**Financial result:** €4m below H1 2021 due to higher interest expenses from a loan taken out for the Giraffe acquisition in January and the ESG-linked promissory note issued by Symrise AG in April.

**Income tax:** rate stayed stable at 26.2 % (tax guidance of 25-27 %).

**EPS:** increased by 13 % to new all time high of €1.64 per share.

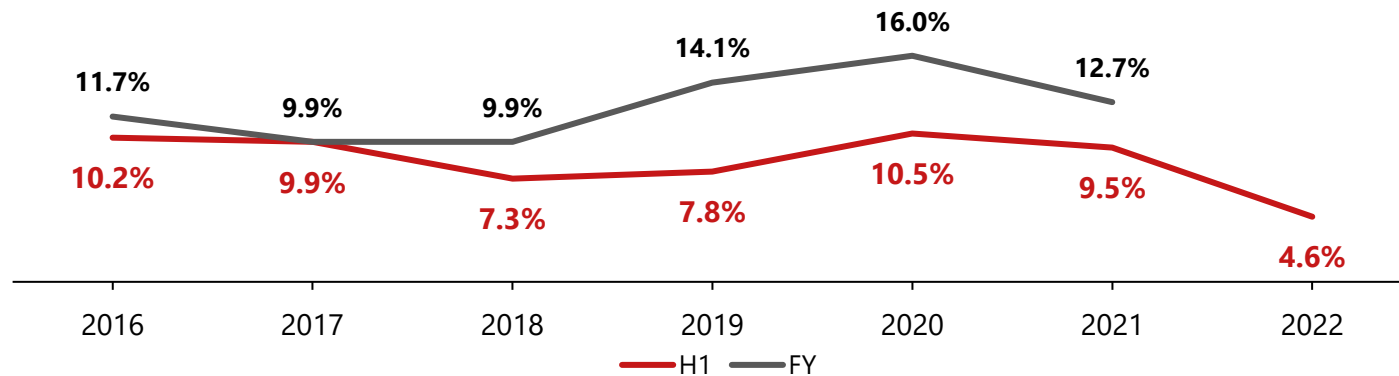
# Business Free Cash Flow (BFCF)

*Increase in working capital and higher investments led to a reduction of BFCF*



## BFCF

as % of sales



### Definition of BFCF:

EBITDA  
minus CAPEX  
minus/plus Change in Working Capital  
=  
Business Free Cash Flow

**BFCF declined by €76m to €105m**

= 4.6 % of sales; last 12-month ratio of sales for June 2022 at 9.8 %

**Increase in CAPEX from €62m to €91m** due to incremental investments and further capacity expansions in new and existing sites, especially in pet food

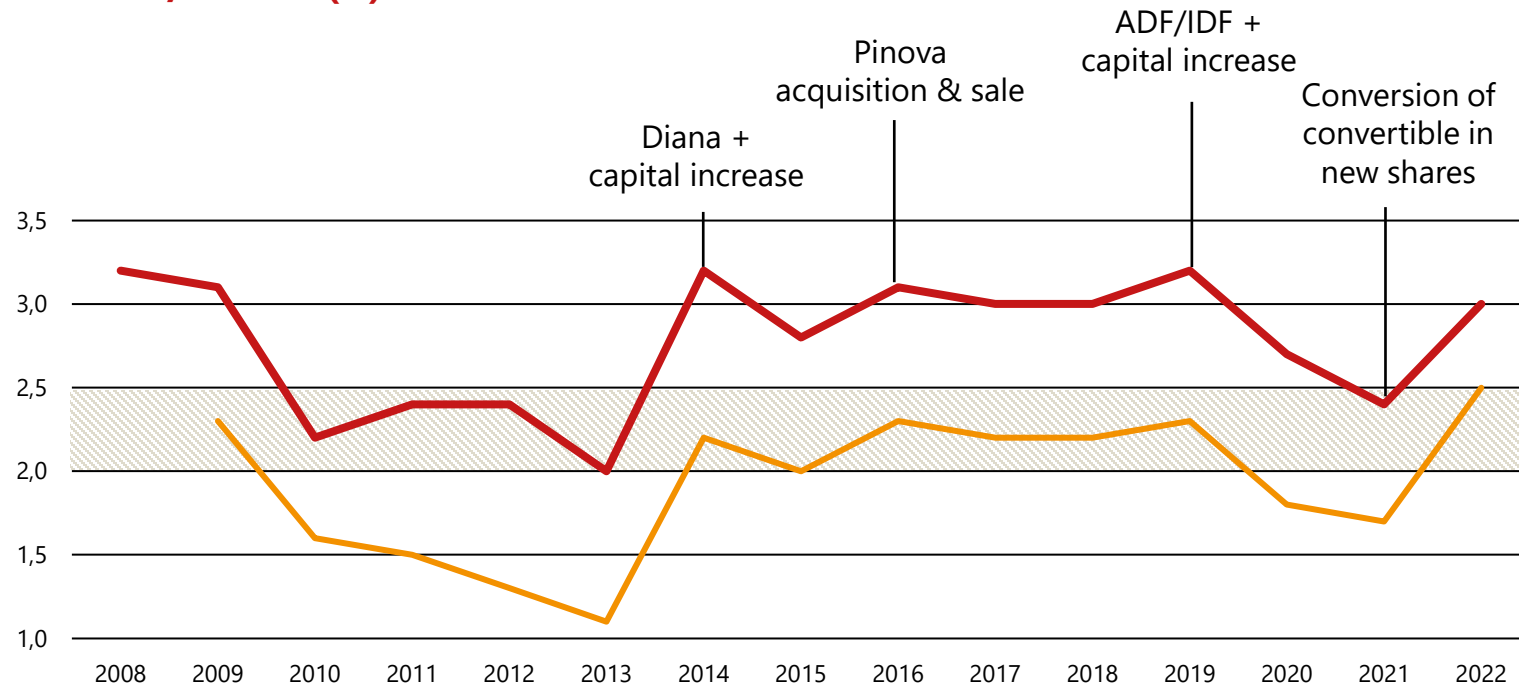
**Increased Working Capital of €322m** due to strong sales growth and strategic stockpiling, caused by ongoing supply chain disruptions



# Net debt development

*Increase due to investment activities*

## Net debt / EBITDA(N)



■ Net debt (incl. pension provisions and leasing obligations) / EBITDA ratio

■ Net debt/EBITDA ratio

## Status Quo

**Net debt** of €2,185m (€1,347m in 2021) reflects 2.5 x EBITDA

Increase driven by investments in Swedencare, M&A and working capital

Net debt including pension provisions and leasing obligation of €2,613m reflects 3.0 x EBITDA

## Ambition

**Long-term target** of 2.0 to 2.5 x EBITDA (incl. pensions provisions and leasing obligation)

Unchanged since IPO

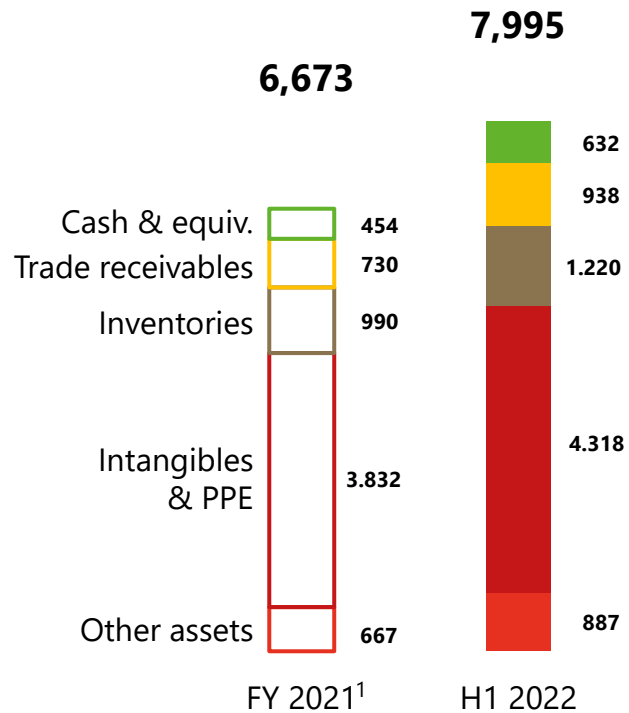
Priority: Remain investment grade profile

# Balance sheet

*Increase driven by M&A and working capital*

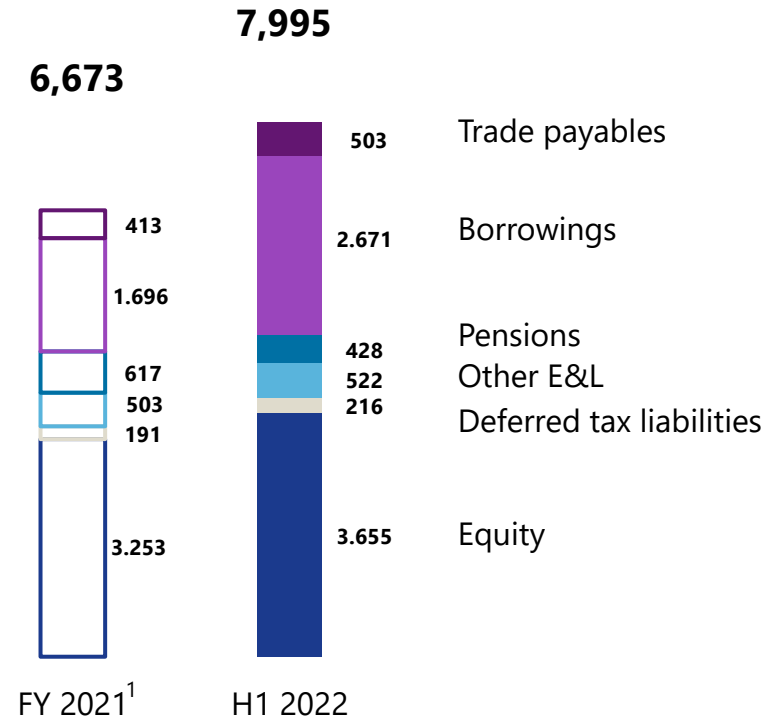
## Assets

In €m



## Equity and Liabilities

In €m



## Comments

Increase in **assets** primarily from

- higher investment-related PP&E
- acquisition-related intangible assets
- higher working capital.

Increase in **working capital** mainly due to

- strategic inventory built-up
- higher sales
- acquisitions effects.

Changes to **equity and liabilities** mainly from higher borrowings for M&A activities

**Equity ratio** at a healthy level of 45.7 %

1. FY 2021 restated for Giraffe Food Purchase Price Allocation



# 03

## Strategic Initiatives / Outlook





# Taste, Nutrition & Health

## *Selected growth initiatives 2022*

Continued growth through innovation and bolt-on M&A

### Taste, Nutrition & Health

#### Organic growth supported by Innovations

**Health: Symrise develops food portfolio of natural health actives**

- Natural bio-actives extraction and clinical study design



**Symrise ProtiScan™: analysing plant-based proteins**

- Research-driven product development using alternative proteins



**Consumer trends: Symrise identifies trends in food with Trendscape™**

- Basis for the development of consumer-oriented taste solutions



**Pet Food: Launch of Master brand Nutrios®**

- Bundling competencies as a basis for further expansion and growth



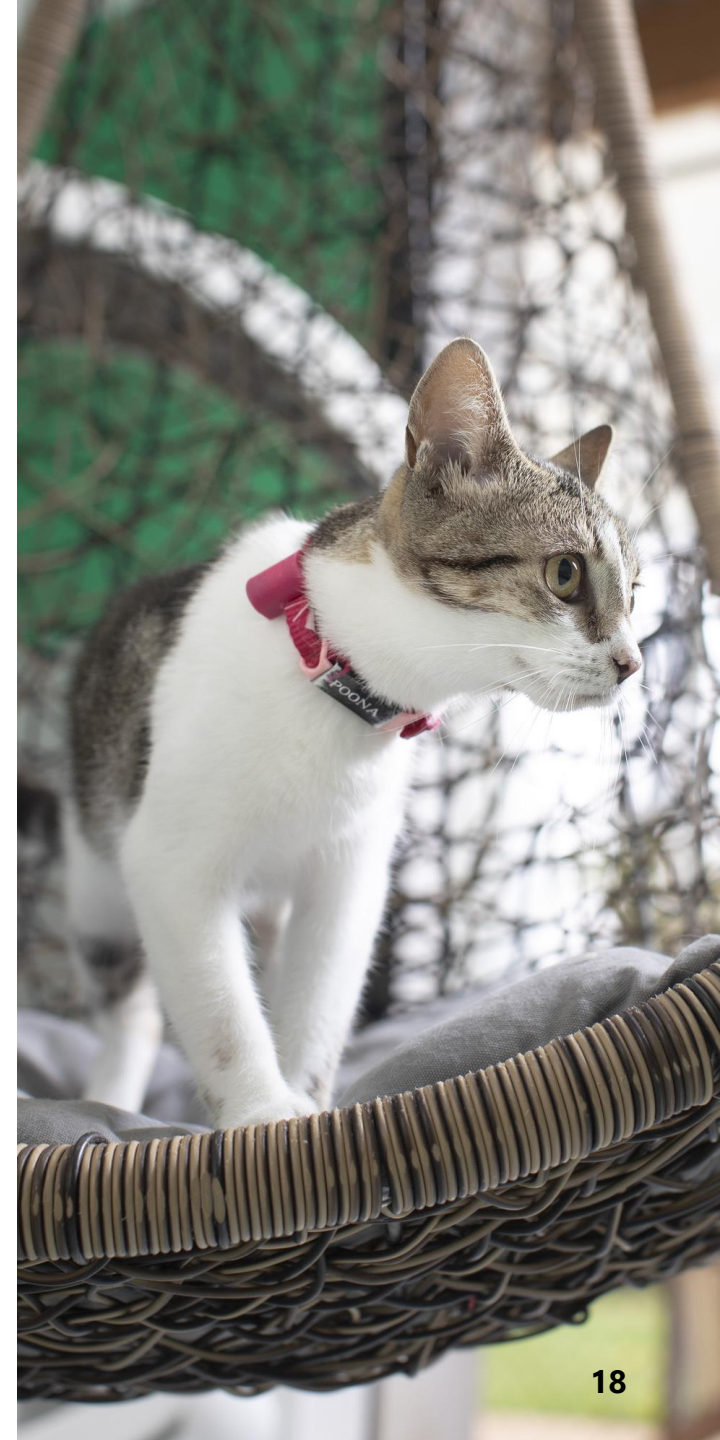
#### Growth supported by M&A

**Expansion in pet nutrition through acquisition of Schaffelaarbos**

- A manufacturer of sustainable proteins
- Leading player in egg valorization

**Acquisition of Wing Pet Food China**

- Strengthens Symrise Pet food portfolio
- Improved access in Asia/Pacific



# Scent & Care

## Selected growth initiatives 2022

### Continued growth through innovation and bolt-on M&A

#### Scent & Care

##### Organic growth supported by Innovations

###### Cosmetic ingredients: Hydrolite® 8 green

- 100 % bio-based, nature-derived



###### Sunscreens: Neo Heliopan® mineral-based for effective and natural sun care

- For a wide range of sun protection for kids, sports, and sensitive skin



###### Skin care: SymFerment®

###### A sustainable skincare ingredient containing probiotics

- Collaboration with Probi - skincare ingredients based on probiotic science



###### Artificial intelligence: Symrise presents AI 2.0

- Augmented version focuses on renewable and biodegradable raw materials



##### Growth supported by M&A

###### Strengthening Fine Fragrances in France

- Acquisition of Groupe Neroli and Romani
- Focus on broadening customer base and natural fragrance ingredients

###### Partnership with evovx technologies

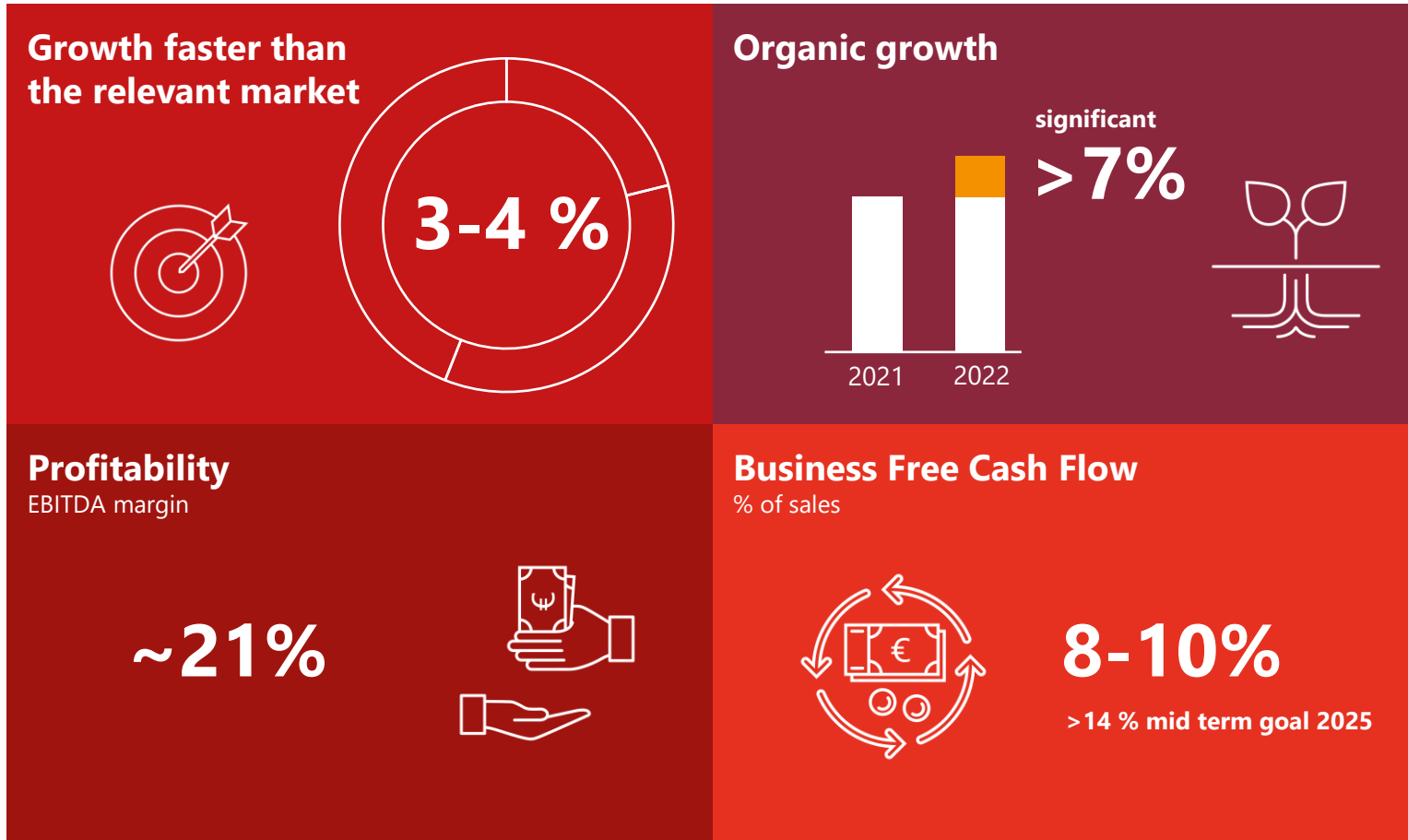
- A leading industrial biotech company for enzyme development
- Expand expertise in bio-catalysis



# Outlook 2022

*Sales targets raised: projected to grow organically significantly above 7 %*

## Targets 2022



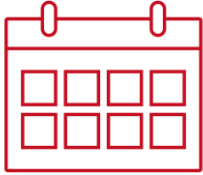
## Growth dynamics

Leverage growth opportunities of Taste, Nutrition & Health

Commercialize existing market potential in Scent & Care

Continued implementation of sustainability programs





## *Financial calendar*

**26 October**

9M 2022 trading statement



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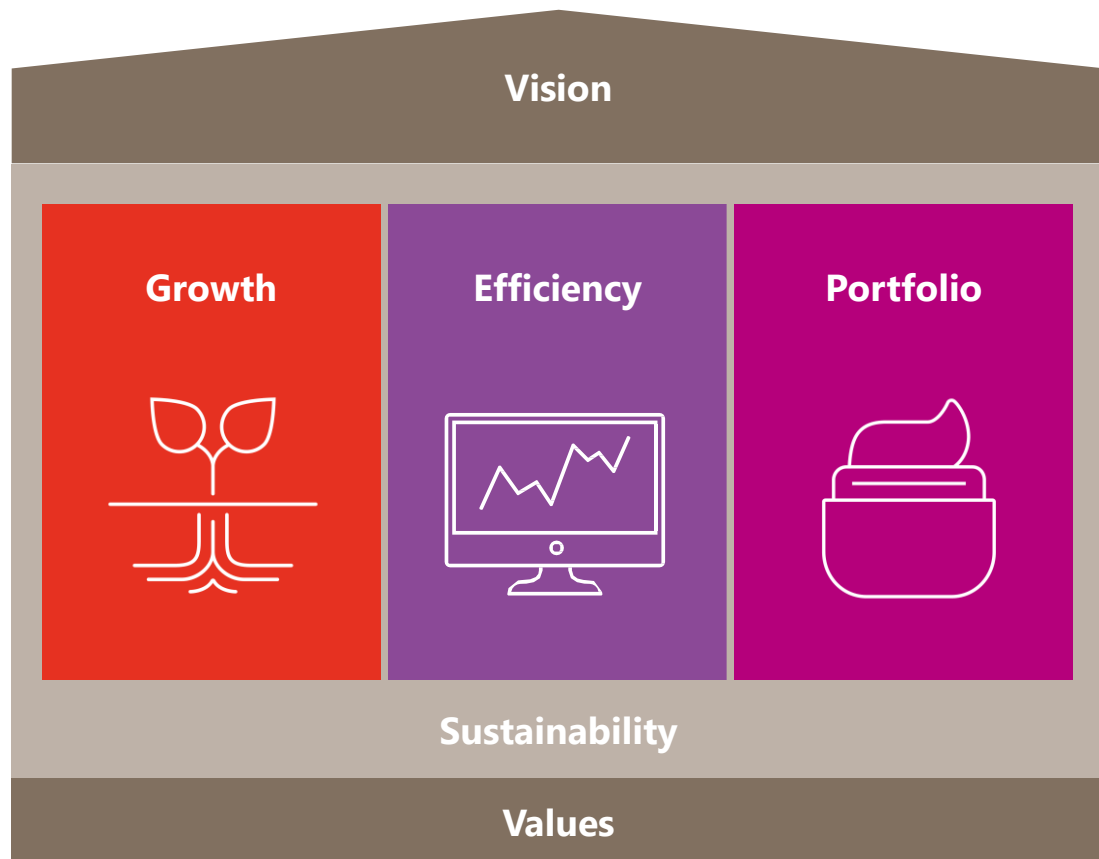
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# Corporate strategy

*Mid-term targets 2025 remain in place*



## Strategic business model



## Mid-term targets 2025

Financial targets		Sustainability
<b>Sales growth</b>	<b>5 – 7 %</b> p.a. (CAGR)	Green house gas emissions <b>63 %*</b> reduction  by <b>2025</b>  by <b>2030</b> climate positive
<b>EBITDA margin</b> due to an expanded portfolio	<b>20 – 23 %</b>	
<b>CAPEX</b>	<b>4 – 5 %</b>	
<b>Dividend</b> planned to be continued	<b>30 – 50 %</b>	
<b>Portfolio</b> of sales outside traditional applications	<b>~ 50 %</b>	

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



symrise

*always  
inspiring more*

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