

# Symrise AG

**CORE HOLDING\***

Recommended since 20.04.15

27.11.2024



<b>Country</b> DE	<b>Market capitalization (bn)</b> EUR 14,6	<b>Perf. since reco. (%)</b>
<b>Sector</b> Chemicals	<b>Free float</b> 95,0%	Symrise AG 81,0
<b>Factset</b> SY1-DE	<b>Closing price</b> EUR 104,60	Sector 24,5
<b>ISIN</b> DE000SYM9999	<b>ESG Risk score*</b> 18,0 Low risk	



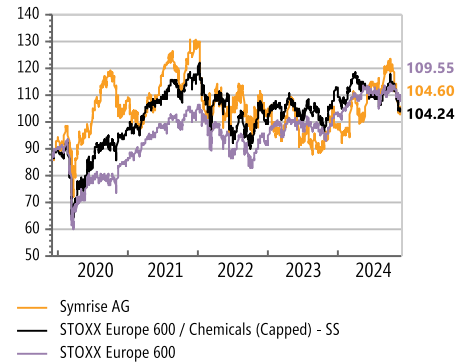
\*From 2015, B&Cie separates its investment recommendations into Core Holdings (higher organic growth potential, high free cash flow, ROCE in excess of the cost of capital and balance sheet efficiency throughout the cycle) and Satellite Recommendations, which do not meet the above criteria but are likely to outperform in the short-to-medium term.

## Profile

Formed in 2003 from the merger of Haarmann & Reimer (owned by Bayer) and Dragoco (a private company) and listed in 2006, Symrise specialises in flavours and fragrances. The business is structured into two divisions: Taste, Nutrition & Health (63% of sales - flavours for food, beverages / ingredients for healthcare as well as for human and pet foods) and Scent & Care (37% of sales - fragrances, home and personal care).

## Market - competition - positions - barriers to entry

The Fragrances & Flavours market is dominated by four players who have cornered 70%: IFF, Givaudan, DSM-Firmenich and Symrise (12% market share). With the market growing by some 2-3% a year, momentum is underpinned, in particular, by emerging markets (urbanisation, shifts in lifestyle, increasing disposable incomes) and, to a lesser extent, by mature markets (health & well-being). Barriers to entry are innovation, a complex value chain, regulation and the importance of critical mass.



Source: Factset

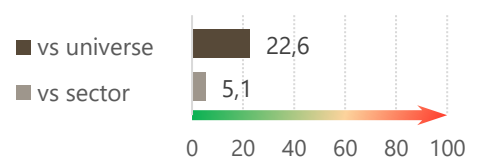
## Investment case

- Symrise is benefiting from the structural shift in the food industry towards a range of products with more natural ingredients and a balanced nutritional intake. Fundamentals will remain strong in the medium to long term with organic sales growth estimated at between 5% and 7% by 2028. The goal is to achieve sales of around EUR 5.5-6bn over this time frame, 60% organic and 40% through acquisitions (which we are only including in our estimates as and when announcements are made).
- Like its peers, Symrise will benefit from growth in the underlying market (up by 2-3% per year) and expansion in emerging markets. However, its extensive presence in the Care and Nutrition segment (cosmetic and natural ingredients, palatability enhancers for pet food) gives Symrise a differentiated positioning, with the opportunity of expanding in more dynamic markets (above 5% on average per year). A forerunner in this movement, this business now accounts for one third of sales. In addition, Symrise has a role to play in the development of plant-based proteins. Although this segment currently accounts for less than 1% of sales, it represents a catalyst in the longer term with the need to improve its texture and taste. The company is also benefiting from a more favourable mix in its client base, with a historical presence among local and regional players (two thirds of sales), which is growing rapidly.
- While "Growth" remains at the heart of the strategy, the new CEO has added a "Profitability" component. The lower end of the EBITDA margin target range has therefore been raised to 21-23% (vs. 20-23% previously), as has the Business Free Cash Flow target from 14% to over 14% (vs. more than 12% in 2024).
- The new "ONE Symrise" strategy focuses on efficiency and active portfolio management. The cost reduction target of €50mio in 2024 is well on track. The efficiency program will continue in the medium term, with process optimization across the entire value chain. There is no quantified target, but this contributes to the raise of the bottom end of the margin range. Priority is given to investments in high-growth, high-profitability segments (active solutions for health/biotechnology, pet food, citrus fruit, etc.). It is premature to envisage the divestment of dilutive activities, such as aromatic molecules, but such a move cannot be ruled out in the long term.

## ESG - risks and key points

- Symrise's ESG risk level is medium. Strong performance in managing ESG issues. Symrise has not experienced any major controversy in the past.
- As customer interest in Green Chemistry increases, failure to provide sustainable options can result in a loss of customers and revenue.
- Symrise employees are exposed to hazardous substances during the manufacturing process and may face health and safety issues.
- To remain innovative and competitive, the company depends on a highly skilled R&D workforce. It must be able to retain its key employees.

## ESG risk vs. universe & sector (percentile)\*



Source: Sustainalytics

## Valuation\*\* in EUR

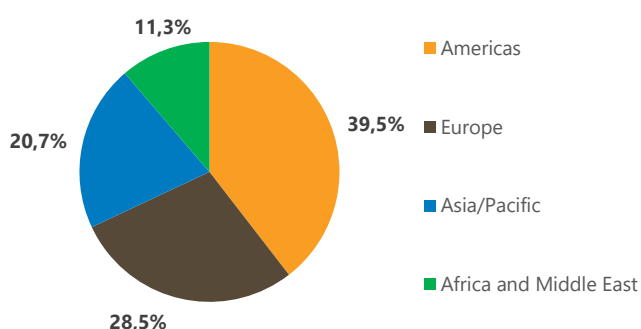
Current price	<b>Value Bordier Scenario</b>	Our scenario assumes a risk-free rate of 2.5%; organic growth averaging 6% a year over the period; an EBITDA margin progressing towards 22% by 2028 before stabilising at the end of the period.
105	<b>128</b>	

\*\*) The theoretical value reflects the company's business model, our baseline growth and profit scenario and market data, exogenous to the company (risk-free rate and equity risk premium). It does not in itself constitute a target price.

## "Bordier Core Holding" indicators

In millions of EUR	2023	2024	2025e	2026e	2027e
<b>Sales revenue</b>	<b>4 730</b>	<b>4 990</b>	<b>5 340</b>	<b>5 713</b>	<b>6 085</b>
<b>Sales growth %</b>	<b>2,4%</b>	<b>5,5%</b>	<b>7,0%</b>	<b>7,0%</b>	<b>6,5%</b>
<i>a/w organic</i>	7,9%	5,5%	7,0%	7,0%	6,5%
<b>EBIT adjusted</b>	<b>710</b>	<b>798</b>	<b>897</b>	<b>971</b>	<b>1 065</b>
<b>% of sales</b>	<b>15,0%</b>	<b>16,0%</b>	<b>16,8%</b>	<b>17,0%</b>	<b>17,5%</b>
<b>Net income</b>	<b>452</b>	<b>529</b>	<b>609</b>	<b>672</b>	<b>742</b>
<b>Adjusted EPS</b>	<b>3,24</b>	<b>3,78</b>	<b>4,36</b>	<b>4,81</b>	<b>5,31</b>
Adjusted EPS growth	2,4%	16,8%	15,2%	10,3%	10,4%
<b>Capex/Sales</b>	<b>5,7%</b>	<b>5,5%</b>	<b>5,5%</b>	<b>5,5%</b>	<b>5,5%</b>
Free cash-flow	449	417	469	515	575
<b>FCF/Sales</b>	<b>9,5%</b>	<b>8,3%</b>	<b>8,8%</b>	<b>9,0%</b>	<b>9,5%</b>
Dividend per share	1,10	1,32	1,55	1,77	2,02
<b>Dividend yield</b>	<b>1,1%</b>	<b>1,3%</b>	<b>1,5%</b>	<b>1,7%</b>	<b>1,9%</b>
<b>ROCE - WACC</b>	<b>2,5%</b>	<b>3,5%</b>	<b>4,6%</b>	<b>5,3%</b>	<b>6,2%</b>
<b>ROE (%)</b>	<b>12,5%</b>	<b>13,4%</b>	<b>14,2%</b>	<b>14,3%</b>	<b>14,4%</b>
<b>Net debt/Ebitda</b>	<b>254,3%</b>	<b>190,6%</b>	<b>145,7%</b>	<b>110,0%</b>	<b>75,9%</b>

## Sales breakdown - 12/2023



## Governance and ownership structure

Since 2024 - CEO J-Y Parisot

## Key shareholders (if any):

Gerberding Vermögensverwaltung GmbH (founder of Dragoco) holds 6.01% of the capital.

## Any special characteristics of ownership (multiple voting rights, controlling holding company, shareholders' agreements)

Aucune

## Ratios

	Symrise AG	Stoxx Europe 600	
		Sector	Market
<b>PE (x)***</b>		Chemicals	Stoxx 600
2023	30,8	25,1	14,4
2024e	27,7	20,2	14,4
2025e	24,0	17,8	13,2
<b>P/B (x)***</b>			
2023	3,8	2,2	2,0
2024e	3,7	2,0	1,9
2025e	3,4	1,9	1,8
<b>Beta (2Y, daily) vs market:</b>			0,68

\*\*\*) The valuation ratios set out are provided for information only. They do not constitute the criteria based upon which Core Holdings are selected, and may present significant premi-ums representing the quality of the company's business model.

## Agenda

27 March 2025 : 2024 results / 29 April 2025 : Q1 sales

30 July 2025 : Half-year results / 28 Oct. 2025 : Q3 sales

## Glossary

## ESG Risk Score

At B&Cie, we take particular care to ensure that the companies in which we recommend investing are sustainable. Accordingly, our selection process takes account of risks relating to environmental, social and governance (ESG) issues. This approach is underpinned by research from Sustainalytics, the global leader in ESG and corporate governance analysis, whose methodology aims to identify major controversies and risks and assess a company's ESG risks relative to both its sector and the investment universe as a whole. The corresponding score is expressed as a percentile: the lower the overall risk score, the lower the risk within the investment universe.

## b-Digital, b-Transition &amp; b-Well

Over and above the conventional geographical and sectoral approaches to asset management, at B&Cie we believe the world of tomorrow is being shaped by structural trends. We have identified three main megatrends: ongoing digital globalisation of the economy; economic transition, particularly in the energy sector; and the quest for wellness. We believe selecting and investing in companies that play an active role in these transformations should lead to more resilient portfolios that generate higher long-term returns. Our investment recommendations in the digital globalisation space are labelled "b-Digital", those in the economic transition space "b-Transition" and those in the wellness space "b-Well". A given recommendation may fall under more than one theme, in which case it will carry the relevant matching labels.

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