symrise

SHARING VALUES

Diversifying Success. Successfully Diversifying.

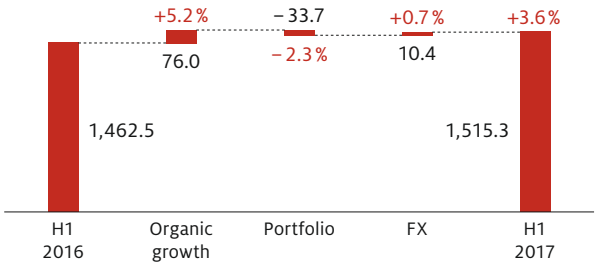
INTERIM GROUP REPORT

JANUARY – JUNE 2017

Financial Information

Symrise Group

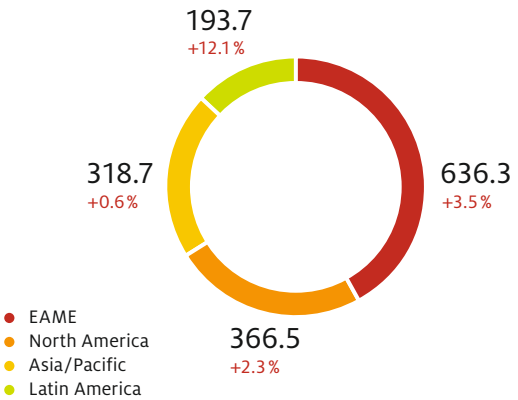
Sales in € million



in € million		H1 2016	H1 2016 normalized[1]	H1 2017	Change in %
Gross profit		607.6	612.3	627.8	2.5
EBITDA		312.7	323.3	322.9	– 0.1
EBITDA margin	in %	21.4	22.1	21.3	
EBIT		214.1	224.7	224.6	– 0.1
EBIT margin	in %	14.6	15.4	14.8	
Depreciation		42.6	42.6	44.0	3.3
Amortization		56.0	56.0	54.4	– 2.9
Financial result		– 24.3	– 22.1	– 23.0	– 4.1
Earnings before income taxes		189.8	202.7	201.6	– 0.6
Net income for the period		133.8	142.0	141.8	– 0.1
Earnings per share	in €	1.03	1.09	1.09	– 0.1
R&D expenses		90.6	90.6	99.4	9.8
Investments		59.5	59.5	75.7	27.2
Cash flow from operating activities		100.0	100.0	175.0	75.0

Sales by Region in € million

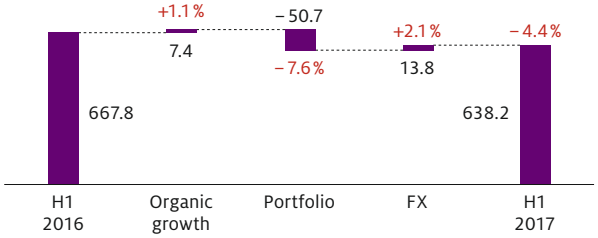
(Growth in reported currency)



Other Key Figures		Dec 31, 2016[4]	Jun 30, 2017
Total assets		4,752.7	4,914.6
Equity		1,731.5	1,721.4
Equity ratio	in %	36.4	35.0
Net debt (incl. provisions for pensions and similiar obligations)		1,970.8	1,955.8
Net debt (incl. provisions for pensions and similiar obligations)/EBITDAN[2]	ratio	3.1	3.1
Net debt		1,448.2	1,453.2
Net debt/EBITDAN[2]	ratio	2.3	2.3
Employees (balance sheet day)	FTE[3]	8,944	9,176

Scent & Care

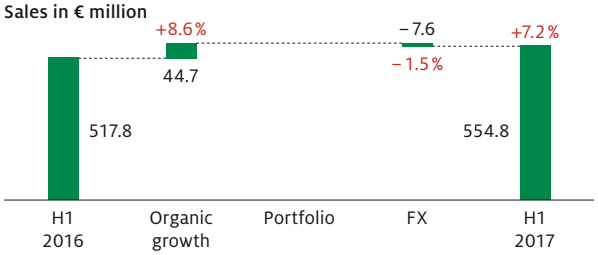
Sales in € million



in € million		H1 2016	H1 2016 normalized[1]	H1 2017	Change in %
EBITDA		129.5	140.1	128.4	– 8.4
EBITDA margin	in %	19.4	21.0	20.1	

Flavor

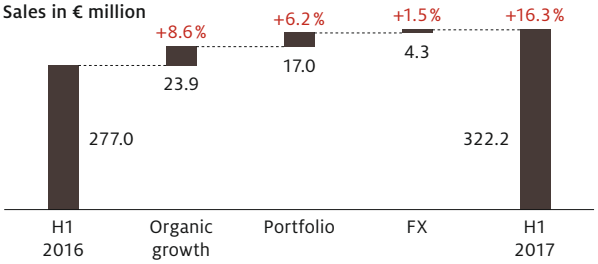
Sales in € million



in € million		H1 2016	H1 2016 normalized[1]	H1 2017	Change in %
EBITDA		119.9		123.0	2.6
EBITDA margin	in %	23.1		22.2	

Nutrition

Sales in € million



in € million		H1 2016	H1 2016 normalized[1]	H1 2017	Change in %
EBITDA		63.3		71.6	13.1
EBITDA margin	in %	22.8		22.2	

1 adjusted for transaction and integration costs as well as one-off valuation effects related to business combinations
2 Annualized EBITDAN
3 not including apprentices and trainees; FTE = Full Time Equivalent
4 restated for Nutraceutix Purchase Price Allocation

Organic Group sales growth of 5.2 %

EBITDA margin of 21.3 %, cash flow from operating activities up 75 %

EBITDA margin over 20 % expected for the full year 2017

Symrise is pleased to report on a successful first half of 2017. During the second quarter, the Group seamlessly maintained its strong performance from the first three months and substantially increased sales for the first half of the year – supported by sustained demand in all three segments. Symrise increased sales 3.6 % to € 1,515.3 million (H1 2016: € 1,462.5 million) in the first half of 2017. Adjusted for portfolio changes and exchange rate effects, organic growth of the Group amounted to 5.2 %.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to € 322.9 million and therefore was slightly below the previous year's level (H1 2016 EBITDAN: € 323.3 million). The profitability of the Group was kept at a high level with an EBITDA margin of 21.3 % (H1 2016 EBITDAN margin: 22.1 %). The net income for the period attributable to shareholders of Symrise AG remained nearly constant from the previous year at € 141.8 million (H1 2016 normalized: € 142.0 million).

"The strong growth is the result of our unique positioning," said Dr. Heinz-Jürgen Bertram, CEO of Symrise AG. "The targeted and continuous investments in our competencies and capacity are paying off. We see this as a confirmation of our strategy. With the recent acquisition of Cobell, we are strengthening our position in the lucrative UK beverage market, which promises additional sales potential for our innovative applications. We are in an excellent position to meet the rising demand for our products and to stay on track for growth in the second half of this year. Our goals are unchanged: We want to remain one of the fastest-growing companies in the industry and to operate highly profitable."

Dr. Heinz-Jürgen Bertram, Chief Executive Officer at Symrise AG

ABOUT SYMRISE

Symrise is a global supplier of fragrances, flavorings, 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 € 2.9 billion in the 2016 fiscal year make Symrise a leading global provider in the flavors and fragrances market. Headquartered in Holzminden, Germany, the Group is represented by more than 90 locations in Europe, Africa, 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 – always inspiring more…

Interim Group Management Report for the Period from January 1 to June 30, 2017

Current Developments Within the Group

Symrise AG announced the acquisition of the British company Cobell in May 2017. Cobell was founded in 1999 and is the largest supplier for vegetable and fruit juices in the UK. With this strategic acquisition, Symrise strengthens its local presence in the British beverage market, which enhances its customer proximity. Cobell generates annual sales of around GBP 50 million (€ 58 million). Cobell's product range includes juices, purees, syrups and concentrates for non-alcoholic and alcoholic beverages. The transaction was successfully completed on July 1, 2017.

Symrise opened its new innovation and technology center for aromas on May 23, 2017, concluding the first phase of expansion for the regional center in Singapore. Around SGD 30 million (€ 20 million) has been invested into the project. Through the innovation and technology center, Symrise aims to enhance the potential of regional and local food manufacturers and support Singapore's vision of becoming Asia's hub for regional food and nutrition. As part of the next stage of development, a new center for consumer research in fragrances and care will be established, in order to develop economically successful brand campaigns.

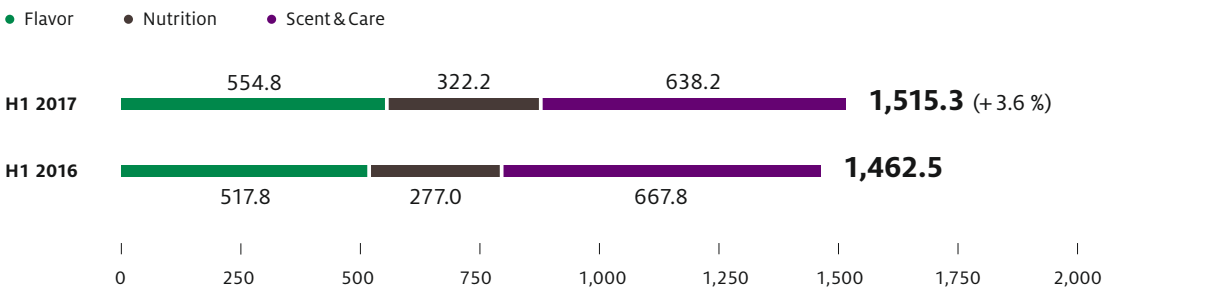
In June 2017, Symrise opened its second creative and development center in Mumbai, India. It houses a modern development laboratory for fragrances and cosmetic ingredients with the most advanced technologies for analyzing and evaluating market research data. With this strategic investment, Symrise can strengthen its relationships with local partners, consumers and customers while benefiting from the dynamic development of the Indian economy.

Business Environment

With global economic growth of 3.0 %, 2016 posted the slowest growth rate since 2009. The rate of expansion is expected to pick up, however, in the current and coming year. In its economic outlook from June 2017, the OECD expects global economic output to grow by 3.5 % and 3.6 %, respectively, for 2017 and 2018. This recovery has a broad base. Economic growth in the industrialized countries is expected to rise from last year's figure of 1.8 % to 2.1 % in 2017/2018. The main drivers in the USA are private consumption and increasing investments – particularly in the energy sector. The eurozone benefits from a sustained, relaxed monetary policy, buoyant consumption and increasing exports. In Japan, exports are up – especially to other Asian countries. Economic growth in developing and emerging markets is also expected to gradually increase from 4.1 % in 2016 to 4.6 % in 2017 and 4.8 % in 2018. Growth in China is around 6.5 % and is driven by strong infrastructure and residential construction investments and a sustained high consumer demand. India remains the most rapidly expanding G20 economy, with an expected growth of more than 7 %. Finally, growth will also recover in a number of major commodity-producing countries – particularly in Brazil and Russia. Overall, Symrise's broad international positioning of its business activities should be greeted by a comprehensively favorable economic environment in 2017/2018.

Group Sales Performance

SALES DEVELOPMENT IN THE SYMRISE GROUP in € million



The Symrise Group generated sales of € 1,515.3 million in the first half of 2017. Compared to the same period of the previous year, sales increased 3.6 % in the reporting currency. Adjusted for portfolio effects (additions of Nutra Canada and Nutraceutix; sale of Pinova Inc.) and exchange rate effects, Group sales in the current year organically increased 5.2 %.

The **Scent & Care** segment generated sales of € 638.2 million in the first half of 2017. This was down 4.4 % compared to the previous year's figure due to the sale of Pinova Inc. in December 2016. Adjusted for the portfolio effect of the Pinova sale, the segment grew 1.1 % organically. The **Cosmetic Ingredients** division recorded the strongest growth in the segment with strong growth in the Asia/Pacific and EAME regions, particularly in China, South Korea, Germany and Poland. Adjusted for the Pinova portfolio effect, moderate growth was achieved in the **Aroma Molecules** division. Here, positive growth impetus came mainly from the markets in Indonesia and Japan.

The **Fragrance** division, on the other hand, experienced divergent performance of its business units in the first half year: While Fine Fragrances and Home Care managed to expand their sales, Beauty Care and Oral Care could not match their figures from the previous year – mainly due to high comparative values.

The Fine Fragrances business unit generated the highest growth in Asia. Here, sales rose in the double-digit percentage range at local currency. The business unit also achieved notable growth in Latin America, particularly in Colombia, Brazil and Argentina. The Home Care business unit also recorded double-digit growth at local currency in Latin America thanks to new business with global and regional customers. The high level of sales performance from the previous year could not be maintained in the Beauty Care business unit. Sales were down in all regions compared to the previous year's period.

The Oral Care business unit was able to significantly expand its sales, particularly in EAME and North America, but could not match the previous year's figures in Asia and Latin America.

The **Flavor** segment generated sales of € 554.8 million in the first half of 2017. Compared to the previous year, this represents an increase of 7.2 % in the reporting currency. The segment's organic growth was 8.6 %. All business units were able to significantly expand sales in the first half year.

Growth was particularly strong in the EAME region. The Flavor segment achieved growth in the double-digit percentage range at local currency. Significant growth impetus came mainly from applications for sweets and for spicy products in Western Europe and North Africa. The Beverages business unit also showed solid growth, particularly in the Middle East and Germany. Sales growth year-over-year in the Asia/Pacific region was subdued due to high figures from the previous year. Positive impetus came mainly from the Sweet and Savory business units – particularly in Japan and Vietnam. The Latin America region continued to develop very positively and achieved the largest (double-digit) growth in the segment at local currency.

The Beverages business unit in particular achieved notable growth due to significant new business with vanilla aromatization. Sales in Brazil, in contrast, remained below the previous year due to high comparative figures. In the North America region, Symrise successfully further expanded its existing business – especially in the Sweet and Beverages business units.

The **Nutrition** segment achieved the greatest growth of the three segments: It increased its sales 16.3 % to € 322.2 million. Adjusted for portfolio changes and exchange rate effects, this corresponds to organic growth of 8.6 %. The largest growth stimulus came from the Pet Food business unit, which achieved high single-digit or low double-digit sales growth in all four regions at local currency. The Food business unit also recorded strong growth. Here, the regions of Latin and North America showed particularly notable growth. In the Probi business unit, Symrise significantly increased sales with the acquisition of the American company Nutraceutix. Even when adjusting for acquisitions, the business unit still posted double-digit growth, led by the North America and EAME regions.

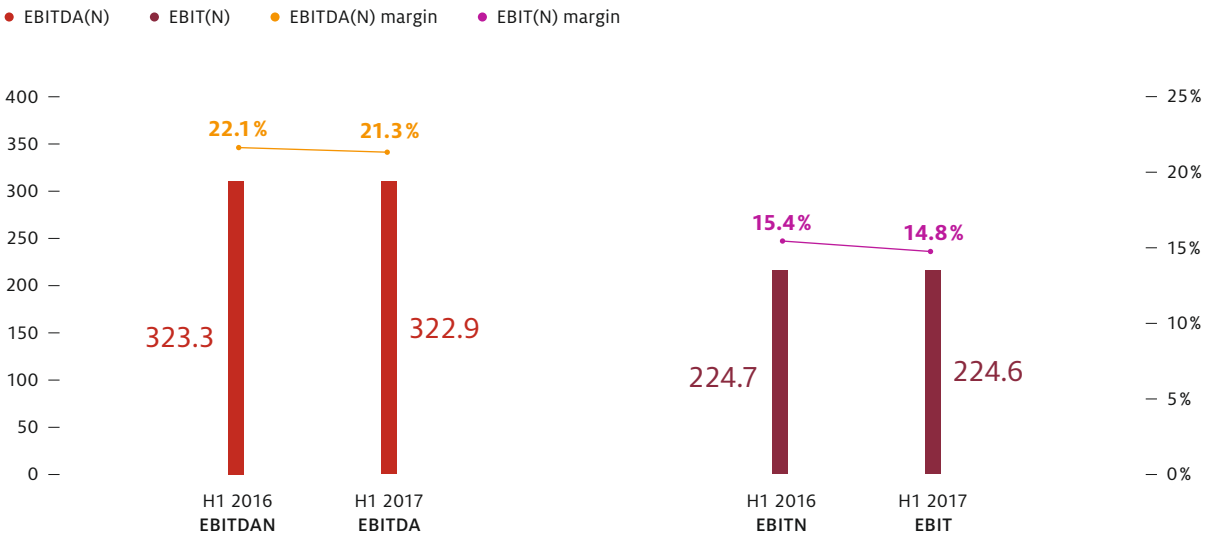
Earnings Situation

Operating Result[1]

On the whole, earnings performance was positive in the first half of 2017. The **cost of goods sold** was up 4.4 % to € 887.5 million and therefore increased disproportionately to sales due to slightly higher raw material costs. Compared to the same period of the previous year, **gross profit** improved € 15.5 million to € 627.8 million – representing an increase of 2.5 %. At 41.4 %, the **gross margin** fell slightly below the figure from the same period of the previous year (2016: 41.9 %). **Selling and marketing expenses** were up 4.1 % year-over-year in the first half of 2017, totaling € 237.4 million. **R&D expenses** rose 9.8 % to € 99.4 million. The R&D ratio amounted to 6.6 % (H1 2016: 6.2 %). **Administration expenses** totaled € 85.2 million, which put them up 3.6 % over the previous year's period. As also reported in the first quarter, other operating income includes a one-time gain from a purchase price adjustment of € 4.7 million as part of the sale of Pinova Inc.

In the first six months of 2017, the Group generated **earnings before interest, taxes, depreciation and amortization (EBITDA)** of € 322.9 million, which was only marginally lower than in the previous year (H1 2016 EBITDAN: € 323.3 million). The **EBITDA margin** remained high at 21.3 % in the first half of 2017 (H1 2016 EBITDAN margin: 22.1 %).

EARNINGS OVERVIEW in € million/in %



1 As part of the acquisition of the Pinova Group, acquisition and integration costs of € 10.6 million were incurred during the first half of 2016. For improved comparability of the current earnings situation with the previous periods, the following figures from the previous year have been normalized for these costs.

Scent & Care generated an EBITDA of € 128.4 million in the first half of 2017 (H1 2016 EBITDAN: € 140.1 million). The EBITDA margin of the segment therefore amounted to 20.1 %, compared to a normalized 21.0 % in the first half of 2016.

The EBITDA of the **Flavor** segment totaled € 123.0 million in the reporting period (H1 2016: € 119.9 million), which makes it up 2.6 % over the previous year's figure. The EBITDA margin therefore amounted to 22.2 %, compared to 23.1 % in the same period of the previous year.

The **Nutrition** segment generated an EBITDA of € 71.6 million in the first half of 2017 and exceeded the figure from the previous year by 13.1 % (H1 2016: € 63.3 million). The segment's EBITDA margin remained at a high level at 22.2 % (H1 2016: 22.8 %).

Financial Result
The financial result for the first six months of 2017 was € –23.0 million, which puts it down € 1.0 million below the normalized result from the same period of the previous year. The financial result in the same period from the previous year contained an impairment loss on an investment as well as compensating currency gains of nearly the same amount. A smaller interest expense, due to the developments in provisions for pensions, led to an improved financial result in the reporting period in a year-over-year comparison.

Taxes
In the first half of 2017, the income tax expense amounted to € 56.2 million. This corresponds to a tax rate of 27.9 % (normalized previous year: 28.2 %).

Net Income for the Period and Earnings per Share
The net income for the period attributable to shareholders of Symrise AG for the first six months of 2017 amounted to € 141.8 million, which nearly matched the normalized value from the previous year of € 142.0 million. Earnings per share remained unchanged at € 1.09.

Cash Flow from Operating Activities
The cash flow from operating activities for the first half of 2017 of € 175.0 million was € 75 million higher year-over-year (H1 2016: € 100.0 million). This was mainly attributable to a reduced growth in working capital.

Financial Position

In June, Symrise AG successfully issued an unsecured convertible bond of € 400 million with a denomination of € 100,000. The convertible bond essentially serves the refinancing of the bond due in the fall as well as general corporate financing purposes. Liquidity will be invested up to the time of refinancing at banks with first-class credit ratings. The convertible bond has a maturity of seven years and can be exchanged at the earliest in five years in new and/or existing no-par-value shares of the company. The ordinary shares backing the issued convertible bond amount to 3.4 % of the currently outstanding share capital. The initial conversion price is € 91.8595. The interest coupon amounts to 0.2375 % per annum and is payable annually in arrears.

Over the course of the first half of 2017, Symrise assumed financial liabilities of € 261 million on a net basis. This includes the payment of the convertible bond as well as the repayment of bank liabilities from a term loan and a revolving credit facility. The revolving credit line is currently not in use.

Net debt grew by € 5 million compared to the reporting date of December 31, 2016, to a total of € 1,453 million. The ratio of net debt to EBITDAN therefore comes to 2.3. The decrease of provisions for pensions and similar obligations is mainly attributable to a change in actuarial parameters, particularly the discount rate in Germany.

Employees

As of June 30, 2017, the Group employed 9,176 people (not including trainees and apprentices) worldwide. In comparison to December 31, 2016 (8,944), this represents an additional 232 employees.

Opportunities and Risk Report

No risks in accordance with Section 91 (2) of the German Stock Corporation Act (AktG) that could endanger the continued existence of the Symrise Group can be identified at present.

A detailed discussion of the opportunities and risks as well as a description of the risk management system can be found in the 2016 Group management report (see the 2016 Financial Report on pages 34 et seq.). The statements made there remain essentially unchanged.

Outlook

After a good first half-year, Symrise is increasing its profitability target for the current fiscal year and is now expecting an EBITDA margin of over 20 % (previously: around 20 %).

The Group expects to continue its sustainable, profitable growth and aims to outperform the market again. Market growth is expected to be about 3 %. Numerous investment projects aimed at bolstering the company's innovative strength and expanding capacities should further promote organic growth. Furthermore, the Group has consistently grown through strategic acquisitions. These serve to secure our own raw material supply while also opening up new growth areas. With the current portfolio, Symrise generates one-third of its sales in market segments outside the traditional flavor and fragrance business. Thanks to its broad range of competencies and global positioning, the company is in a position to compensate for possible short-term slowdowns in individual markets.

A further increase in the operating result is expected from process improvements and a focus on high-margin business. Assuming that raw-material prices remain at the level of the previous year and exchange rates do not change significantly from 2016, the company now anticipates an EBITDA margin of more than 20 % for 2017.

The ratio of net debt (including provisions for pensions and similar obligations) to EBITDA should be between 2.6 and 2.9 at the end of 2017. In the medium term, the company is aiming for a return to the debt range of 2.0 to 2.5.

The medium-term targets up to the end of the fiscal year 2020 remain unchanged. Symrise is aiming to achieve annual sales growth (CAGR) of 5 to 7 %. The EBITDA margin should be within the range of 19 to 22 %.

Subsequent Report

Symrise announced the acquisition of the British company Cobell in May 2017. Cobell was founded in 1999 and is the largest supplier for vegetable and fruit juices in the UK. With this strategic acquisition, Symrise strengthens its local presence in the British beverage market, which enhances its customer proximity. Cobell generates annual sales of around GBP 50 million (€ 58 million). Cobell's product range includes juices, purees, syrups and concentrates for non-alcoholic and alcoholic beverages. The transaction was successfully completed on July 1, 2017. Inclusion in the Symrise consolidated financial statements will therefore occur for the first time in the third quarter of 2017.

Condensed Consolidated Interim Financial Statements as of June 30, 2017

Consolidated Income Statement

T€	H1 2016	H1 2017
Sales	1,462,520	1,515,273
Cost of goods sold	– 854,965	– 887,508
Gross profit	**607,555**	**627,765**
Selling and marketing expenses	– 230,102	– 237,385
Research and development expenses	– 90,592	– 99,430
Administration expenses	– 86,127	– 85,228
Other operating income	14,545	20,191
Other operating expenses	– 1,210	– 1,360
Income from operations/EBIT	**214,069**	**224,553**
Financial income	3,000	3,146
Financial expenses	– 27,254	– 26,144
Financial result	**– 24,254**	**– 22,998**
Earnings before income taxes	**189,815**	**201,555**
Income taxes	– 52,469	– 56,193
Net income for the period	**137,346**	**145,362**
of which attributable to shareholders of Symrise AG	133,777	141,787
of which attributable to non-controlling interests	3,569	3,575
Earnings per share (€)		
Basic and diluted	1.03	1.09

Consolidated Statement of Comprehensive Income

T€	H1 2016	H1 2017
Net income for the period	**137,346**	**145,362**
of which attributable to shareholders of Symrise AG	133,777	141,787
of which attributable to non-controlling interests	3,569	3,575
Items that may be reclassified subsequently to the consolidated income statement		
Exchange rate differences resulting from the translation of foreign operations	– 29,444	– 92,574
Change in the fair value of financial assets available for sale	– 18	– 9
Gains/losses from cash flow hedges (currency hedges)	– 126	1,289
Income taxes payable on these components	– 2,245	264
Items that will not be reclassified to the consolidated income statement		
Remeasurement of defined benefit pension plans and similar obligations	– 105,645	24,870
Income taxes payable on these components	31,331	– 7,223
Other comprehensive income	**– 106,147**	**– 73,383**
Total comprehensive income	**31,199**	**71,979**
of which attributable to shareholders of Symrise AG	28,026	71,508
of which attributable to non-controlling interests	3,173	471

Consolidated Statement of Financial Position

T€	December 31, 2016 adjusted*	June 30, 2017
ASSETS		
Current assets		
Cash and cash equivalents	301,648	518,586
Trade receivables	528,353	575,329
Inventories	680,431	692,734
Other non-financial assets and receivables	71,992	70,085
Financial assets	29,147	26,878
Income tax assets	23,567	24,056
	1,635,138	**1,907,668**
Non-current assets		
Intangible assets	2,112,411	2,023,530
Property, plant and equipment	857,378	851,109
Other non-financial assets and receivables	19,001	26,805
Financial assets	23,575	11,174
Investments in associated companies	2,000	1,684
Deferred tax assets	103,221	92,669
	3,117,586	**3,006,971**
TOTAL ASSETS	**4,752,724**	**4,914,639**

* Regarding the details of the adjustment, please refer to note 5.

Consolidated Statement of Financial Position

T€	December 31, 2016 adjusted *	June 30, 2017
LIABILITIES		
Current liabilities		
Trade payables	254,383	250,459
Borrowings	536,336	418,784
Other non-financial liabilities	152,785	139,082
Other provisions	14,394	10,958
Other financial liabilities	12,510	7,106
Income tax liabilities	57,590	56,654
	1,027,998	**883,043**
Non-current liabilities		
Borrowings	1,213,545	1,552,982
Other non-financial liabilities	6,932	5,511
Other provisions	22,462	24,998
Provisions for pensions and similar obligations	522,552	502,669
Other financial liabilities	11,846	5,907
Deferred tax liabilities	203,956	206,144
Income tax liabilities	11,967	11,967
	1,993,260	**2,310,178**
TOTAL LIABILITIES	**3,021,258**	**3,193,221**
EQUITY		
Share capital	129,813	129,813
Capital reserve	1,375,957	1,405,085
Reserve for remeasurements (pensions)	– 181,633	– 163,986
Cumulative translation differences	– 62,537	– 151,342
Accumulated profit	407,764	439,210
Other reserves	2,316	3,195
Symrise AG shareholders' equity	**1,671,680**	**1,661,975**
Non-controlling interests	59,786	59,443
TOTAL EQUITY	**1,731,466**	**1,721,418**
LIABILITIES AND EQUITY	**4,752,724**	**4,914,639**

* Regarding the details of the adjustment, please refer to note 5.

Consolidated Statement of Cash Flows

T€	H1 2016	H1 2017
Net income for the period	**137,346**	**145,362**
Income taxes	52,469	56,193
Interest result	23,773	22,233
Depreciation, amortization and impairment of non-current assets	98,583	98,387
Increase (+)/decrease (-) in other non-current liabilities	538	4,198
Increase (-)/decrease (+) in other non-current assets	– 3,791	3,768
Other non-cash expenses and income	– 5,457	6,007
Cash flow before working capital changes	**303,461**	**336,148**
Increase (-)/decrease (+) in trade receivables and other current assets	– 82,261	– 69,252
Increase (-)/decrease (+) of inventories	– 32,215	– 33,101
Increase (+)/decrease (-) in trade payables and other current liabilities	– 17,869	– 2,644
Income taxes paid	– 71,122	– 56,142
Cash flow from operating activities	**99,994**	**175,009**
Payments for business combinations and subsequent contingent purchase price components as well as for investments in associates	– 159,063	– 8,186
Payments received from the sale of a subsidiary	0	2,302
Payments for investments in intangible assets and property, plant and equipment as well as for non-current financial assets	– 70,566	– 79,839
Cash flow from investing activities	**– 229,629**	**– 85,723**
Proceeds from (+)/redemption of (–) bank borrowings	16,932	– 136,105
Proceeds from (+)/redemption of (–) other borrowings	161,500	– 342
Issue of a convertible bond less transaction costs	0	397,062
Interest paid	– 4,839	– 4,557
Dividends paid	– 104,583	– 111,155
Payments for finance lease liabilities	– 485	– 1,168
Cash flow from financing activities	**68,525**	**143,735**
Net change in cash and cash equivalents	– 61,110	233,021
Effects of changes in exchange rates	– 6,955	– 16,083
Total changes	**– 68,065**	**216,938**
Cash and cash equivalents as of January 1	278,178	301,648
Cash and cash equivalents as of June 30	**210,113**	**518,586**

Consolidated Statement of Changes in Equity

T€	Share capital	Capital reserve	Reserve for remeasurements (pensions)	Cumulative translation differences	Accumulated profit	Other reserves	Symrise AG shareholders' equity	Non-controlling interests	Total equity
January 1, 2016	129,813	1,375,957	– 136,389	– 62,707	259,210	2,448	1,568,332	19,903	1,588,235
Total comprehensive income	–	–	– 74,314	– 31,353	133,777	– 84	28,026	3,173	31,199
Dividends paid	–	–	–	–	– 103,850	–	– 103,850	– 733	– 104,583
Other changes	–	–	–	– 368	– 2,151	–	– 2,519	5,269	2,750
June 30, 2016	129,813	1,375,957	– 210,703	– 94,428	286,986	2,364	1,489,989	27,612	1,517,601

T€	Share capital	Capital reserve	Reserve for remeasurements (pensions)	Cumulative translation differences	Accumulated profit	Other reserves	Symrise AG shareholders' equity	Non-controlling interests	Total equity
January 1, 2017 adjusted *	129,813	1,375,957	– 181,633	– 62,537	407,764	2,316	1,671,680	59,786	1,731,466
Total comprehensive income	–	–	17,647	– 88,805	141,787	879	71,508	471	71,979
Dividends paid	–	–	–	–	– 110,341	–	– 110,341	– 814	– 111,155
Other changes	–	29,128	–	–	–	–	29,128	–	29,128
June 30, 2017	129,813	1,405,085	– 163,986	– 151,342	439,210	3,195	1,661,975	59,443	1,721,418

* Regarding the details of the adjustment, please refer to note 5.

Probi AB (Sweden), which has been consolidated since 2014, holds 250,000 own shares, each with a nominal value of SEK 5.

Notes

1. GENERAL INFORMATION

The condensed consolidated interim financial statements as of June 30, 2017, for Symrise Aktiengesellschaft (AG), hereafter referred to as "we" or "Symrise," were approved for submission to the Supervisory Board's Auditing Committee and subsequent publication by a resolution of the Executive Board on July 24, 2017.

2. ACCOUNTING POLICIES

Symrise has prepared its condensed consolidated interim financial statements as of June 30, 2017, in accordance with the International Financial Reporting Standards (IFRS) and their related interpretations (IFRIC) published by the International Accounting Standards Board (IASB) as mandatorily applicable within the European Union (EU). The existing deviations from the applicable IFRS that were approved by the IASB and those endorsed by the EU have no effect on this report. The condensed consolidated interim financial statements have been prepared in compliance with International Accounting Standard (IAS) 34 – Interim Financial Reporting.

The same accounting policies that were used in preparing the consolidated financial statements as of December 31, 2016, which are described in the Notes section of that report under note 2, were also used for this report. The mandatory changes to the standards that became effective since January 1, 2017, had no effect on our reporting. These requirements are also explained in the note mentioned above.

In compliance with IAS 34, the condensed consolidated interim financial statements do not provide the full information and disclosures that are required in the consolidated financial statements for the full fiscal year and the condensed consolidated interim financial statements should therefore be read in conjunction with the consolidated financial statements as of December 31, 2016.

Due to rounding, small differences may arise in this report when total amounts are disclosed or percentages are calculated.

3. SCOPE OF CONSOLIDATION

As a result of mergers within the Symrise Group, the number of fully consolidated companies decreased from 98 to 96. The number of associated companies accounted for using the equity method remains unchanged at two, so that a total of 98 companies are included in the scope of consolidation.

4. BUSINESS COMBINATIONS

Nutraceutix

The transaction was described in the previous consolidated financial statements in the notes under note 2.4 (Scope of Consolidation). Therefore, the following merely shows the changes from the previous description.

The final transaction volume remained unchanged at USD 106.5 million. The payment to be made in advance consisted of an underlying component, which was adjusted on the acquisition date by contractually stipulated figures in the statement of financial position. At the closing, preliminary figures underlay the amount. Based on the now final figures, the purchase price was slightly increased by TUSD 22. This amount has already been paid, so that no outstanding payment remains as of the reporting date of June 30, 2017, with the exception of the installment of USD 5.3 million held in the fiduciary account.

The purchase price allocation for this transaction has since been completed. The preliminary goodwill of USD 87.6 million recognized in the consolidated financial statements as of December 31, 2016, changed by the intangible assets identified. Furthermore, there were still adjustments and changes to be made in the presentation of the opening balance. These, however, had only a minor impact on the whole. More exact information on business development that had already taken place by the acquisition date but that was not yet fully known to us as of reporting date for the consolidated financial statements of December 31, 2016, made adjustments necessary. The recognized goodwill is fully deductible for tax purposes.

The acquired assets and liabilities including contingent liabilities are recognized at the following fair values:

TUSD	Recognized fair value as of the acquisition date
Trade receivables	5,079
Inventories	6,605
Intangible assets	58,362
Property, plant and equipment	4,306
Other assets	227
Other liabilities	– 1,748
Acquired net assets	**72,831**
Consideration transferred for acquiring the interests	**106,473**
Goodwill	**33,642**

The reporting as of December 31, 2016, was adjusted based on this final version of the purchase price allocation.
For further information, please see note 5 below.

5. ADJUSTMENT OF THE PREVIOUS YEAR'S FIGURES

The purchase price allocation for the Nutraceutix asset deal, which took place at the beginning of October 2016, was completed in the first half of 2017 (see note 4). Pursuant to IFRS 3.45, the provisional amounts set out in the consolidated financial statements as of December 31, 2016, are to be corrected retrospectively and the new information taken into account as if they had already been known at the time of the acquisition. In the following, we have tabulated the line items from the statement of financial position published as of December 31, 2016, and the adjusted values as of December 31, 2016:

T€	December 31, 2016 published	Changes	December 31, 2016 adjusted
ASSETS			
Current assets	**1,634,888**	**250**	**1,635,138**
Trade receivables	528,298	55	528,353
Other non-financial assets and receivables	71,797	195	71,992
Non-current assets	**3,117,959**	**– 373**	**3,117,586**
Intangible assets	2,113,200	– 789	2,112,411
Goodwill	1,272,883	– 51,104	1,221,779
Recipes with definite useful lives	183,882	9,831	193,713
Other intangible assets with definite useful lives	635,262	40,484	675,746
Deferred tax assets	102,805	416	103,221
TOTAL ASSETS	**4,752,847**	**– 123**	**4,752,724**
LIABILITIES			
Current liabilities	**1,027,910**	**88**	**1,027,998**
Other non-financial liabilities	153,276	– 491	152,785
Other financial liabilities	11,968	542	12,510
Income tax liabilities	57,553	37	57,590
Non-current liabilities	**1,992,763**	**497**	**1,993,260**
Other financial liabilities	11,349	497	11,846
TOTAL LIABILITIES	**3,020,673**	**585**	**3,021,258**
EQUITY			
Cumulative translation differences	– 62,520	– 17	– 62,537
Accumulated profit	408,111	– 347	407,764
Symrise AG shareholders' equity	**1,672,044**	**– 364**	**1,671,680**
Non-controlling interests	60,130	– 344	59,786
TOTAL EQUITY	**1,732,174**	**– 708**	**1,731,466**
LIABILITIES AND EQUITY	**4,752,847**	**– 123**	**4,752,724**

The change in equity is the result of the amortization on the intangible assets identified that were retrospectively recognized for the fourth quarter of 2016 after the deduction of taxes. The translation of this adjusted figure from the reporting currency of US Dollar to the Group currency of the Euro resulted in slight currency translation effects, which are included in other comprehensive income. The statement of comprehensive income for the first half of 2016 is not affected due to the later date of the acquisition. The same applies to the statement of cash flows for the first half of 2016.

6. ISSUE OF A CONVERTIBLE BOND

On June 20, 2017, via private placement with institutional investors, Symrise issued a convertible bond with a total nominal value of € 400.0 million, an interest rate of 0.2375 %, a maturity of seven years and a non-conversion period of five years.

Impacts on Borrowings and Equity

Effects from the issuance of this bond are seen in both non-current borrowings and equity:

The components of the compound instrument issued by the company (convertible bond) are recognized separately as borrowings and equity instruments, in accordance with the economic content of the agreement and the definitions.

At the time of issue, the fair value of the liability component is determined using the market interest rates applicable for comparable, non-convertible instruments. This amount is accounted as a financial liability based on amortized cost using the effective interest method until the conversion or maturity of the instrument.

The conversion option classified as equity is determined by subtracting the value of the liability component from the fair value of the entire instrument. The resulting value, less income tax effects, is recognized as part of equity and is not subsequently subject to any valuation. No gains or losses are incurred as a result of the exercise or expiration of the conversion option.

Transaction costs related to the instrument are allocated to the liability and equity component in relation to the distribution of the net revenue. The transaction costs attributable to the equity component are recognized directly in equity, taking into account any taxes incurred. The transaction costs attributable to the liability component are contained in the carrying amount of the liability and are amortized over the term of the convertible bond using the effective interest method.

If the conversion right is not exercised, the convertible bond will be repaid on June 20, 2024. Interest will be paid annually on June 20 until the conversion right is exercised or the borrowings are repaid.

The effective interest rate of the financial liability at the time of receipt is 1.5376 % per annum.

The detailed breakdown of the nominal volume and the transaction costs to liabilities and equity is shown below:

T€	
Nominal value convertible bond	400,000
of which liability component at date of issue	365,737
of which equity component	34,263
Transaction costs	– 2,938
of which liability component at date of issue	– 2,687
of which equity component	– 251
Net revenue	**397,062**
of which liability component at date of issue	363,050
of which equity component	34,012

T€	June 30, 2017
Liability component at date of issue	363,050
Interest growth and amortized transaction costs	140
Liability component at the end of the reporting period	**363,190**

The equity component is recognized as part of the capital reserve. The change resulted from the equity component shown above of € 34,263,319 less the transaction costs of € 251,683 and the related taxes of € 72,988. In addition, the equity component recognized in the capital reserves decreases by the amount of deferred tax liabilities of € 4,957,038, which is attributable to the temporary difference.

Basic and Diluted Earnings

As a result of the issuance of the convertible bond, basic earnings will differ from diluted earnings in the future:

Basic earnings per share are calculated by dividing the net income attributable to the holders of the parent's ordinary shares by the weighted average number of ordinary shares outstanding during the fiscal year.

For the calculation of diluted earnings per share, the average number of shares issued is adjusted by the number of all dilutive potential shares. In this case, the maximum number of ordinary shares that are to be issued if all conversion rights are exercised from the convertible bond are taken into account. The consolidated net income attributable to the shareholders of Symrise AG is adjusted for the impact on earnings arising in connection with the convertible bond.

Due to the close timing of the issue of the bond and the reporting date, there is no deviation between basic and diluted earnings as of June 30, 2017.

	Unit	June 30, 2016	June 30, 2017
Consolidated net income attributable to shareholders of Symrise AG	T€	133,777	141,787
Weighted average number of shares issued	Shares	129,812,574	129,812,574
Basic earnings per share	**€**	**1.03**	**1.09**

	Unit	June 30, 2016	June 30, 2017
Consolidated net income attributable to shareholders of Symrise AG	**T€**	**133,777**	**141,787**
Impact on net income from the convertible bond, after taxes	T€	0	108
Adjusted consolidated net income attributable to shareholders of Symrise AG	**T€**	**133,777**	**141,895**
Weighted average number of shares issued	Shares	129,812,574	129,812,574
Dilutive potential shares	Shares	0	4,354,476
Weighted average number of shares for diluted earnings	Shares	129,812,574	130,054,489
Diluted earnings per share	**€**	**1.03**	**1.09**

7. SEGMENT INFORMATION

As a result of the expansion of the Executive Board as of October 1, 2016, the number of reportable segments has increased from two to three. The presentation of the results from the previous year was accordingly adjusted for the segments.

Business activity in the Scent & Care, Flavor and Nutrition segments is hardly seasonal, but there are occasional limited seasonal effects. For the development of these individual segments, please refer to the accompanying interim Group management report.

T€	H1 2016	H1 2017
Sales	**1,462,520**	**1,515,273**
Flavor	517,789	554,826
Nutrition	276,980	322,236
Scent & Care	667,751	638,211
EBITDA	**312,652**	**322,940**
Flavor	119,854	122,978
Nutrition	63,290	71,576
Scent & Care	129,508	128,386
Depreciation, amortization and impairment losses on non-current assets	**– 98,583**	**– 98,387**
Flavor	– 24,798	– 26,491
Nutrition	– 37,588	– 40,943
Scent & Care	– 36,197	– 30,953
EBIT	**214,069**	**224,553**
Flavor	95,056	96,487
Nutrition	25,702	30,633
Scent & Care	93,311	97,433
Financial result	**– 24,254**	**– 22,998**
Earnings before income taxes	**189,815**	**201,555**

8. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS AND THE MEASUREMENT OF FAIR VALUE

Information on Financial Instruments According to Category

June 30, 2017 T€	Carrying amount	Value recognized under IAS 39 Amortized cost	Fair value in other comprehensive income	Fair value in profit or loss	Fair value
TOTAL ASSETS					
Loans and receivables (LaR)	**1,127,292**	**1,127,292**	**–**	**–**	**1,127,292**
Cash and cash equivalents	518,586	518,586	–	–	518,586
Trade receivables	575,329	575,329	–	–	575,329
Other financial assets	33,377	33,377	–	–	33,377
Financial assets available for sale (AfS)	**3,097**	**–**	**3,097**	**–**	**3,097**
Securities	3,084	–	3,084	–	3,084
Other financial assets	13	–	13	–	13
Financial assets held for trading (FAHfT)	**782**	**–**	**–**	**782**	**782**
Derivative financial instruments without hedge relationship	782	–	–	782	782
Derivative financial instruments with hedge relationship (n.a.)	**796**	**–**	**796**	**–**	**796**
LIABILITIES AND EQUITY					
Financial liabilities at amortized cost (FLAC)	**2,228,580**	**2,228,580**	**–**	**–**	**2,266,411**
Trade payables	250,459	250,459	–	–	250,459
Borrowings	1,971,766	1,971,766	–	–	2,009,597
Other financial liabilities	6,355	6,355	–	–	6,355
Financial liabilities held for trading (FLHfT)	**506**	**–**	**–**	**506**	**506**
Derivative financial instruments without hedge relationship	506	–	–	506	506
Derivative financial instruments with hedge relationship (n.a.)	**34**	**–**	**34**	**–**	**34**
Liabilities from finance leases (n.a.)	**6,118**	**–**	**–**	**–**	**6,512**

Fair Value According to Hierarchy

The following describes the hierarchy levels pursuant to IFRS 13 for financial instruments that are measured at fair value on a recurring basis.

The securities classified as available for sale are assigned to Level 1 of the fair value measurement hierarchy. Derivative financial instruments without (FAHfT) and with hedging relationships are assigned to Level 2 of the hierarchy as either assets or liabilities. Other financial assets were assigned to Level 3 of the hierarchy.

There were no transfers between Levels 1 and 2 during the period under review. The determination of fair values is unchanged.

In the first half of 2017, a financial asset that had been completely written-off as of December 31, 2016, was sold. This resulted in a gain from the sale amounting to T€ 217, which was recognized under other financial income. In the case of the remaining other financial assets, the inputs that were not observable were not disclosed in view of their lacking materiality. The same applies to the disclosure of sensitivities.

9. EVENTS AFTER THE REPORTING PERIOD

Purchase of the Cobell Group

With the contract dated May 12, 2017, Symrise Limited entered into a purchase agreement to acquire 100 % of the shares in Cobell International Limited, as the parent of two operating companies, Cobell Limited and Frut Drinks Limited, all located in the UK. The closing of this transaction and the acquisition of control occurred on July 1, 2017. Integration of the companies in the Symrise consolidated financial statements will therefore occur for the first time in the third quarter of 2017. The Cobell Group is the largest supplier of fruit and vegetable juices in the UK and is one of the leading suppliers in Europe. Cobell complements the activities of Symrise in the Flavor segment, increases its local presence and provides greater proximity to its customers.

The purchase price due at closing in the sense of IFRS 3 amounted to TGBP 11,190 and was fully paid in cash. This is an underlying component that is adjusted by contractually fixed items in the statement of financial position at the date of acquisition. Initially, provisional values underlay the purchase price. This resulted in the amount previously mentioned. The final purchase price is to be established within 90 days of the acquisition date.

The fair value of the assets and liabilities obtained, including contingent liabilities, was not available for this financial statement due to the temporal proximity of the transaction with the end of the reporting period. Following the premise that these will be assumed at their carrying amount, the following difference results:

TGBP	Carrying amount as of acquisition date
Cash and cash equivalents	17
Trade receivables	10,112
Inventories	4,123
Property, plant and equipment	2,079
Other assets	247
Borrowings	– 3,978
Trade payables	– 6,201
Other liabilities	– 1,653
Acquired net assets	**4,746**
Consideration transferred for acquiring the interests	**11,190**
Goodwill	**6,444**

Trade receivables cover gross amounts of TGBP 10,189, of which TGBP 77 were classified as presumably unrecoverable at the date of acquisition. The goodwill results from synergy and earning potential that are expected from the integration of the operating business into the Symrise Group. Of the recognized goodwill, none is likely to be deductible for tax purposes. No notable ancillary acquisition costs were incurred for this acquisition in the first half of 2017.

Holzminden, Germany, July 24, 2017

Symrise AG
The Executive Board

Dr. Heinz-Jürgen Bertram

Achim Daub

Olaf Klinger

Dr. Jean-Yves Parisot

Heinrich Schaper

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, for the half-year reporting, the consolidated interim financial statements of the Symrise Group give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected developments of the Group for the remainder of the fiscal year.

Holzminden, Germany, July 24, 2017

Symrise AG
The Executive Board

Dr. Heinz-Jürgen Bertram

Achim Daub

Olaf Klinger

Dr. Jean-Yves Parisot

Heinrich Schaper

Review Report of the Independent Auditor

To Symrise AG

We have reviewed the interim condensed consolidated financial statements, comprising the condensed statement of financial position, the condensed income statement, the condensed statement of comprehensive income, the condensed statement of cash flows, the condensed statement of changes in equity and selected explanatory notes, and the interim group management report of Symrise AG, Holzminden, for the period from 1st January 2017 to 30th June 2017, which are part of the six-monthly financial report pursuant to Sec. 37w WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The preparation of the interim condensed consolidated financial statements in accordance with IFRSs [International Financial Reporting Standards] on interim financial reporting as adopted by the EU and of the group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Hanover, 24th July 2017
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Ludwig

Wirtschaftsprüfer
[German Public Auditor]

Dr. Janze

Wirtschaftsprüfer
[German Public Auditor]

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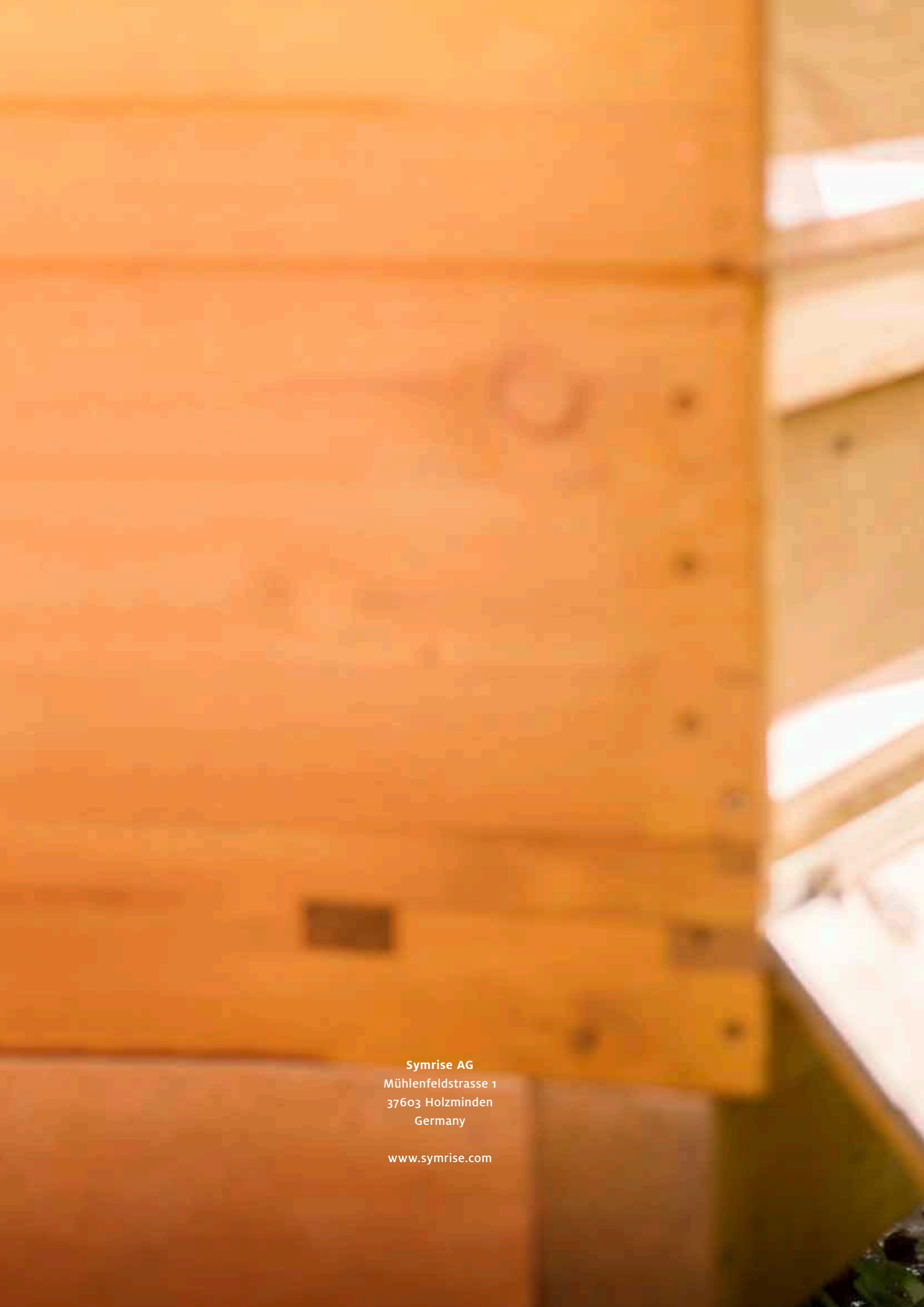
The German version of this Interim Report is legally binding. German and English online versions are available on the Web at www.symrise.com

The latest version of the Interim Report is available on our website.

Disclaimer
This document contains forward-looking statements, which are based on the current estimates and assumptions by the corporate management of Symrise AG. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate, and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by Symrise AG and its affiliated companies depend on a number of risks and uncertainties, and may, therefore, differ materially from the forward-looking statements. Many of these factors are outside Symrise's control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and others involved in the marketplace. Symrise neither plans nor undertakes to update any forward-looking statements.



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