Group Management Report

January 1 to December 31, 2015
Highlights 2015
Profitable Growth in all Regions and Divisions

DEVELOPMENT OF SALES/EBITDA  Sales in € million, EBITDA in € million, margin in %

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>EBITDA</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006*</td>
<td>1,229</td>
<td>243</td>
<td>19.8</td>
</tr>
<tr>
<td>2007</td>
<td>1,275</td>
<td>272</td>
<td>21.3</td>
</tr>
<tr>
<td>2008</td>
<td>1,320</td>
<td>263</td>
<td>19.9</td>
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<tr>
<td>2009</td>
<td>1,362</td>
<td>246</td>
<td>18.0</td>
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<tr>
<td>2010</td>
<td>1,572</td>
<td>331</td>
<td>21.1</td>
</tr>
<tr>
<td>2011</td>
<td>1,584</td>
<td>316</td>
<td>20.0</td>
</tr>
<tr>
<td>2012</td>
<td>1,735</td>
<td>340</td>
<td>19.5</td>
</tr>
<tr>
<td>2013</td>
<td>1,830</td>
<td>373</td>
<td>20.4</td>
</tr>
<tr>
<td>2014*</td>
<td>2,120</td>
<td>465</td>
<td>21.9</td>
</tr>
<tr>
<td>2015</td>
<td>2,602</td>
<td>572</td>
<td>22.0</td>
</tr>
</tbody>
</table>

CAGR 06–15: ~8.7% @–10.0%

*EBITDA adjusted for restructuring and integration expenses

SALES BY REGION
As % of Group sales and growth in % (at local currency)

- **EAME**
  - Sales: 1.131 € million
  - Margin: 43% (+16%)

- **North America**
  - Sales: 572 € million
  - Margin: 22% (+19%)

- **Asia/Pacific**
  - Sales: 571 € million
  - Margin: 22% (+14%)

- **Latin America**
  - Sales: 328 € million
  - Margin: 13% (+36%)

SALES IN EMERGING MARKETS
% of Group sales (at local currency)

- Developed markets: 54%
- Emerging markets: 46%

SHARE PRICE DEVELOPMENT of the Symrise stock in 2015

Earnings per share: €1.90
Proposed dividend: €0.80
Overview of the 2015 Fiscal Year

In 2015, global economic growth slowed compared with the previous year. And yet, 2015 was a successful year for Symrise. The Group generated sales of € 2,602 million in the 2015 fiscal year. Sales increased 23% (18% at local currency) over the previous year. Without taking the portfolio effect into account that stemmed from the acquisition of the Diana Group in July 2014, sales growth at local currency amounted to 6%. The share of sales generated in emerging markets accounted for 46% of Group sales and was therefore slightly below last year’s mark of 47%. Earnings before interest, taxes, depreciation and amortization (EBITDA) at the Symrise Group increased by 23% from € 465 million (normalized) to € 572 million.\(^1\) The Group’s EBITDA margin, as based on sales, improved from 21.9% (normalized) to 22.0%.

The Scent & Care segment generated sales of € 1,074 million in 2015. Sales were therefore up 10% on the previous year’s level. At local currency, this corresponds to growth of 4%. EBITDA was up 4% over the previous year at € 231 million. The EBITDA margin therefore amounted to 21.5% in 2015, compared to 22.7% in 2014. Due to the Diana acquisition, the Flavor & Nutrition segment increased its sales by 34% to € 1,528 million. At local currency, this corresponds to 31% growth. EBITDA for the segment was also significantly higher than last year’s normalized figure, amounting to € 341 million in 2015. The EBITDA margin amounted to 22.3%, compared to 21.2% (normalized) in the previous year.

Net income for the Symrise Group rose 17% compared to the previous year’s normalized figure, totaling € 247 million for the 2015 fiscal year. Earnings per share improved from € 1.69 (normalized) in the previous year to € 1.90 in 2015. The Executive Board and Supervisory Board will propose to increase the dividend from € 0.75 to € 0.80 per share at the Annual General Meeting on May 11, 2016.

Cash flow from operating activities increased 9% and amounted to € 375 million in 2015, € 32 million more than in the previous year (€ 343 million). Key factors here were the improved operating result and the consolidation of the Diana companies for the full year. Symrise Group’s liquid assets increased by € 79 million to € 278 million as of December 31. Net debt (including provisions for pensions and similar obligations) decreased € 64 million to € 1,576 million as of the end of the 2015 reporting period. On an annualized basis, the ratio of net debt to EBITDA was 2.8 as of the reporting date, December 31, 2015, and is thus temporarily outside of Symrise’s target corridor of 2.0 to 2.5 due to the Diana acquisition.

Basic Information on the Symrise Group

STRUCTURE AND BUSINESS ACTIVITIES

COMPANY PROFILE

Symrise develops, produces and sells fragrances and flavors as well as active ingredients for the cosmetics industry. Its customers include companies in the perfume, cosmetics and food industries, as well as manufacturers of household products. In addition, Symrise provides biofunctional and bioactive ingredients and substances to the health and personal care sector. With the acquisition of the French Diana Group, Symrise tapped into new attractive market segments, such as pet food. In 2015, Symrise achieved sales of over € 2.6 billion, making it one of the largest companies in the global flavor and fragrances market. Symrise sells its products in 160 countries. In 2015, Symrise generated 54% of sales in industrial countries in Western Europe, North America and parts of Asia. The number of customers served by Symrise totaled approximately 6,000 in the 2015 fiscal year. The company’s business model is built upon long-term relationships with customers. As is typical in the industry, however, the order situation is characterized by orders at short notice, which is reflected in an order backlog of approximately one month’s sales. Symrise generated 46% of its sales in the emerging markets in Asia, Latin America, Africa, the Middle East and Eastern Europe. With the Diana acquisition, this share of sales decreased by one percentage point compared to the previous year, as the Diana division mainly generates its sales in developed markets. There are 8,301 employees working in the Symrise Group, including those from the Diana Group. With sites in more than 40 countries, Symrise has a local presence in its most important sales markets. Symrise supplements its internal growth through strategic acquisitions, like its purchase of Pinova Holdings, Inc., which was closed at the start of 2016. These offer it a stronger market position or access to key raw materials as well as new market segments.

The Symrise Group originally resulted from a merger between the German companies Haarmann & Reimer and Dragoco in 2003. Symrise’s roots date back to 1874 and 1919, when the two companies were founded. In 2006, Symrise AG entered the stock market with its initial public offering (IPO). Since then,

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\(^1\) In the 2014 fiscal year, earnings (EBITN/EBITDA) were normalized as a result of the Diana acquisition for one-off non-recurring specific influences. A detailed summary is supplied on page 51 of this report.
the Symrise share has been listed in the Prime Standard segment of the German stock exchange, and it had a market capitalization of about €8.0 billion at the end of 2015. The Symrise share is listed on the MDAX® index. Currently, approximately 94% of the shares are in free float.

The two segments, Scent & Care and Flavor & Nutrition, are responsible for the company’s operating business. They each have their own research and development, purchasing, production, quality control, marketing and sales departments. This system allows internal processes to be accelerated. We aim to simplify procedures while making them customer-oriented and pragmatic. We place great value on fast and flexible decision-making.

The Flavor & Nutrition segment consists of the Flavor and Diana divisions. The Scent & Care segment breaks down into the Fragrances, Cosmetic Ingredients and Aroma Molecules divisions. The divisions themselves also break down into business units and the following regions: Europe, Africa and Middle East (EAME), North America, Asia/Pacific and Latin America.

Additionally, the Group has a Corporate Center where the following central functions are carried out: Finance, Corporate Communications, Investor Relations, Legal Affairs, Human Resources, Group Compliance and Corporate Internal Audit. Other supporting functions such as information technology are either outsourced to external service providers or bundled in separate Group companies. The latter have, in the areas of technology, energy, safety, the environment and logistics, for example, business ties to customers outside the Group.

Symrise AG’s headquarters are located in Holzminden, Germany. At this site, which is the Group’s largest, Symrise employs 2,234 people in the areas of research, development, production, marketing and sales, as well as in the Corporate Center. The company has regional headquarters in the USA (Teterboro, New Jersey), Brazil (São Paulo), Singapore and in France (Rennes, Brittany). Important production facilities are located in Germany, France, Brazil, Mexico, Singapore, China and the USA. The company also has development centers, most notably those in Germany, France, Brazil, China, Singapore and the USA. Symrise has sales branches in more than 40 countries.

MANAGEMENT AND OVERSIGHT
Symrise is a German stock corporation with a dual management structure consisting of an Executive Board and a Supervisory Board.

The Executive Board was comprised of three members until December 31, 2015. Dr. Heinz-Jürgen Bertram (President Fla-
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vor & Nutrition Worldwide and Chief Executive Officer), Achim Daub (President Scent & Care Worldwide) and Bernd Hirsch (CFO). Mr. Hirsch informed the Supervisory Board in March 2015 that he would not be available for an extension to his Executive Board contract, set to expire at the end of December 2015, due to personal reasons. His service on the Executive Board therefore ended on December 31, 2015. As of January 1, 2016, Olaf Klinger was appointed the successor to Mr. Hirsch and Symrise’s new CFO. The Executive Board is responsible for managing the company with the primary aim of sustainably increasing the company’s value.

Symrise AG’s Supervisory Board has 12 members. It oversees and advises the Executive Board in the management of the company and regularly discusses business development, planning, strategy and risks with the Executive Board. In compliance with the German Codetermination Act, Symrise AG’s Supervisory Board has an equal number of shareholder and employee representatives. The Supervisory Board has formed four committees to increase the efficiency of its work.

Details on cooperation between the Executive and Supervisory Boards as well as on corporate governance at Symrise can be found in the Supervisory Board and corporate governance statements.

**BUSINESS ACTIVITIES AND PRODUCTS**

**SYMRISE’S VALUE CHAIN**

Symrise manufactures about 30,000 products from around 10,000 – mostly natural – raw materials such as vanilla, citrus products or flower and plant materials. The value chain of both segments extends across research and development, purchasing, and production as well as the sale of products and solutions. The flavors, perfume oils and active ingredients are generally central functional components in our customers’ end products and often play a decisive role in consumers’ purchasing decisions. Along with the typical product characteristics such as fragrance and taste, our value creation lies in the development of products with additional benefits. Examples of how flavors and perfume oils are combined with other innovative components include flavorings that enable foods’ sugar or salt content to be reduced or a moisturizing cosmetic ingredient that lowers the proportion of preservatives in care products. On the basis of these products, our customers can differentiate themselves from competitors with their tailor-made end products in the rapidly changing consumer goods market.

The extensive research and development (R & D) undertaken at the company, which is supplemented by a wide-reaching external network of research institutes and scientific facilities, forms the basis of our product development. Given the strong differences in sensory preferences from region to region, comprehensive consumer research is also an important part of our R & D activities.

**SYMRISE’S VALUE CHAIN**

- **Raw materials**
  - Natural ingredients
  - Petro-based raw materials
- **Product development**
  - Natural extracts
  - Functional ingredients
  - Compositions
- **Manufacturing process**
  - Extraction
  - Distillation
  - Chemical processes
  - Encapsulation technologies
  - Mixes
- **Customers**
  - Manufacturers of:
    - Foods
    - Beverages
    - Perfumes
    - Cosmetics
    - Oral care products
    - Household products
    - Pet food
    - Technical applications

**Market volume € 22.3 billion**
CORPORATE STRUCTURE
Our customers include large, multinational companies as well as important regional and local manufacturers of foods, beverages, pet food, perfumes, cosmetics, personal care products and cleaning products as well as laundry detergents.

We manufacture our flavorings and fragrances at our own production plants. In some cases, we have longer-term delivery contracts for obtaining important raw materials. We maintain close ties with our suppliers and establish uniform standards to guarantee that the quality of our base materials remains the same.
SCENT & CARE
The Scent & Care segment’s approximately 15,000 products are sold in 124 countries. Its portfolio includes fragrance compositions, cosmetic ingredients, aroma chemicals and mint products. It has sites in more than 30 countries. The Scent & Care segment is divided into the Fragrances, Cosmetic Ingredients and Aroma Molecules divisions, where our products are used in the following different business units:

Fragrances: Perfumers combine aromatic raw materials like aroma chemicals and essential oils into complex fragrances (perfume oils). Symrise’s perfume oils are used in perfumes (Fine Fragrances business unit), in personal care products (Personal Care business unit) and household products (Household business unit). Symrise also offers the entire product range of mint flavors and their intermediate products for use in toothpaste, mouthwash and chewing gum (Oral Care business unit).

Cosmetic Ingredients: The products manufactured in this business unit are used in skin care products, hair care products, sun creams, after-shave balsams, shower gels, wash lotions, anti-dandruff shampoos and deodorants. Products with nurturing characteristics are an important part of this division. Alternative preservatives are another focus. The division is divided into the Cosmetic Ingredients and UV Filters business units.

Aroma Molecules: The division comprises the Menthols, Special Fragrance & Flavor Ingredients and Fine Aroma Chemicals business units. In the Menthols business unit, Symrise manufactures nature-identical menthol, which is primarily used in manufacturing oral care products, chewing gum and shower gels. Special Fragrance & Flavor Ingredients and Fine Aroma Chemicals encompass aroma chemicals (intermediate products for perfume oils) of particular quality. These aroma chemicals are used for Symrise’s own perfume oil production and are also sold to consumer goods manufacturers who make perfume oils with them.

With the acquisition of Pinova Holdings, Inc., Aroma Molecules will be broken down into two business units starting in the 2016 fiscal year: Fragrance & Sensory Ingredients and Performance Specialties. The business unit Fragrance & Sensory Ingredients handles fragrance and sensory ingredients, which are primarily sold within the fragrance and flavor industry. Integrating Pinova Holdings, Inc., will augment the existing Symrise portfolio in this business unit, primarily with cooling substances and products made from natural and renewable raw materials. The Performance Specialties business unit deals with specialized enhancements for technical applications, which can be deployed, for example, in adhesives, the tire industry, the natural gas distribution sector and road works.

FLAVOR & NUTRITION
Flavor & Nutrition’s range of products consists of approximately 15,000 items, which are sold in 145 countries. The flavorings that we produce are used by customers to make foods, beverages and pet foods and give the various products their individual tastes. Symrise supplies individual flavorings used in end products as well as complete solutions, which, apart from the actual flavor, can contain additional functional ingredients, food coloring or microencapsulated components. The segment, which breaks down into the Flavors and Diana divisions, has sites in more than 40 countries in Europe, Asia, North America, Latin America and Africa.

The Flavors division’s flavorings and ingredients are used in three business units:

Beverages: With global competencies in alcoholic, non-alcoholic, dried and instant beverages, Symrise is setting new standards and trends in the national and international beverage industry through the authentic, innovative tasting experiences Symrise delivers. Thanks to years of expertise, refined technologies and its comprehensive understanding of markets and consumers, the company is creating completely new prospects for the beverage industry while meeting individual customer needs.

Savory: Savory flavors are used in two categories: in the “Culinary” category with its taste solutions for soups, sauces, ready-made meals, instant noodles and meat products as well as in the “Snack Food” category with seasonings for snacks. Both areas focus on creating successful concepts for customers that meet consumers’ constantly growing desire for authentic flavor, naturalness and convenience. Here, Symrise can rely on its sustainable core competencies in meat and vegetables as well as its cutting-edge food technology and research.

Sweet: In the Sweet business unit, Symrise creates innovative taste solutions based on its comprehensive understanding of the markets and consumers for sweets, chocolates, chewing gum, baked goods, cereals, ice cream and milk products as well as for the health care sector. Interdisciplinary teams bring together their ingenious creativity to meet customers’ specific needs. A diversified product portfolio offers consumers exciting and unique taste experiences.
The product range in the Diana division breaks down into three business units:

**Food:** This unit and its food ingredients comprises natural sensory product solutions such as taste, texture, color and functionality in foods and beverages. The unit also offers products for baby foods. Diana has comprehensive backward integration processes established for vegetables, fruit, meat and seafood. Diana places quality, traceability and food safety in the foreground.

**Pet Food:** This unit is responsible for natural-taste and acceptance-enhancing product solutions for pet foods. The business unit maintains its own cat and dog panels for gauging progress on its work improving sensory product characteristics. Furthermore, solutions for enhancing product attractiveness for pet owners are also a focus of development.

**Nova:** This business unit functions as an incubator for innovative applications such as aquacultures. All Consumer Health activities, such as probiotics, will also be pooled in Nova in the future.

**MARKET AND COMPETITION**

**MARKET STRUCTURE**
The Symrise Group is active in many different markets across the world. These include the traditional market for flavorings and fragrances (F & F market), whose volume amounted to € 17.1 billion in 2015, according to most recent calculations made by the IAL Consultants market research institute (9th Edition, November 2014). In addition, with the Cosmetic Ingredients and Aroma Molecules divisions, the company is active in the market for aroma chemicals and cosmetic ingredients, which, according to the latest reports from TechNavio/Infiniti and Global Industry Analysts (GIA), achieved sales of approximately € 5.2 billion. The markets have many trends and characteristics in common. The market relevant for Symrise’s work therefore has a total volume of € 22.3 billion and is achieving average long-term growth of 2 to 3 % per year.

More than 500 companies are active in the market worldwide. The four largest providers – including Symrise – together have a market share of about 54 %.

The F & F market is characterized worldwide by high barriers to entry. There is increasing customer demand for higher quality and more differentiated products with ever-shorter product life cycles. The majority of products and recipes are manufactured specially for individual customers. Furthermore, local taste preferences often dictate that there be many different recipes for a single end product that vary depending on the country in which it’s marketed. Moreover, customer relations are often characterized by intensive cooperation in product development.

In addition to varying local taste preferences and consumer behaviors, there are other factors that also influence the demand for end products in which our products are used. The population’s increasing income in emerging markets is having a positive impact on the development of demand for products containing fragrances and flavorings or cosmetic ingredients. Market growth also depends on more basic products.

**RELEVANT AFF MARKET SIZE 2015**
in € billion (approx. € 22.3 billion overall)

<table>
<thead>
<tr>
<th>Category</th>
<th>Market Size 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aroma Molecules and Cosmetische Ingredients</td>
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</tr>
<tr>
<td>Fragrances</td>
<td>9.4</td>
</tr>
<tr>
<td>Flavors (incl. Pet Food Flavors)</td>
<td>7.7</td>
</tr>
</tbody>
</table>

**MARKET SHARE AFF MARKET 2015**
in % (Market volume approx. € 22.3 billion)

<table>
<thead>
<tr>
<th>Company</th>
<th>Market Share 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Symrise</td>
<td>46</td>
</tr>
<tr>
<td>Givaudan</td>
<td>12</td>
</tr>
<tr>
<td>IFF</td>
<td>12</td>
</tr>
<tr>
<td>Firmenich</td>
<td>12</td>
</tr>
<tr>
<td>Others</td>
<td>12</td>
</tr>
</tbody>
</table>


Source: corporate data and internal estimates
that meet everyday needs and already have an established presence in the markets of industrialized nations. In the developed Western European, Asian and North American markets, consumer trends such as beauty, health, well-being, convenience and naturalness determine the growing demand for products containing Symrise ingredients.

Symrise’s Market Position
Symrise is one of the largest companies in the F & F industry. In relation to the relevant market of €22.3 billion, Symrise’s market share for 2015 is roughly 12% in terms of sales. Symrise has expanded the traditional segments to include even more applications: for instance, with cosmetic ingredients in Scent & Care and pet foods and food ingredients within the Diana division of the Flavor & Nutrition segment. On the basis of these more complex product solutions, greater value creation can be achieved. In submarkets such as food supplements, sun protection filters or other cosmetic ingredients, Symrise also stands in competition with companies or segments of these companies that do not belong to the traditional F & F industry.

Symrise has leading positions in certain market segments worldwide, for example in the synthesis of nature-identical L-menthol and its derivatives as well as mint flavor compositions. Symrise also holds a leading position in the segment of UV sun protection filters as well as in baby and pet food thanks to Diana.

GOALS AND STRATEGY

GOALS
Long-term goals 2020
In the long term, we want to strengthen our market position and ensure Symrise’s independence. At the same time, we recognize our responsibility toward the environment, our employees and society at large. By increasing our sustainability regarding our footprint, innovation, sourcing and care, we minimize risk and promote Symrise’s continued economic success.

- Market position: With long-term growth of 5 to 7% per year at local currency (CAGR), our sales growth should exceed the long-term growth of the market, which is expanding by about 2 to 3% per year on average. In this way, we will gradually increase the distance between us and smaller competitors and gain market share.

- Value orientation: We want to consistently be counted among the most profitable companies in the industry. We aim to achieve a sustainable EBITDA margin of 19 to 22%.

Performance results are described in greater detail in the corporate development section. We ensure that our shareholders have an appropriate share in the company’s success. Our dividend policy is oriented toward the company’s profitability.

STRATEGY
Symrise’s corporate strategy rests on three pillars: growth, efficiency and portfolio. It incorporates aspects of sustainability at all levels in order to enhance the company’s value over the long term and minimize risks. In this way, we are making

LONG-TERM GOALS 2020

Financial goals

- Sales growth at local currency
- 5 – 7% p.a. (CAGR)
- EBITDA margin
- 19 – 22%

Complementary operative goals

- Share of sales > 50% from emerging markets
- Customer portfolio mix 1/3 global, regional, local
- Connecting Diana + Pinova products and technologies
sustainability an integral part of our business model and turning it into a clear competitive advantage. The goal is a completely integrated corporate strategy.

- Growth: We strengthen our cooperation with our strategic customers around the world and expand our business in the emerging markets. We make sure that we remain innovation leaders in our core competencies. This ensures our continued growth.

- Efficiency: We constantly work to improve our processes and concentrate on products with a high level of value creation. With backward integration for key raw materials, we ensure a consistent, high-quality supply of these materials in sufficient quantities and at set conditions. We work cost-consciously in every division. This ensures our profitability.

- Portfolio: We enhance our product portfolio and tap into new markets and segments. We continue to expand our expertise in the areas of fragrance and functional ingredients from renewable resources. This ensures our unique market position.

Symrise grows organically. When it makes sense, we engage in expansive acquisitions or enter into strategic partnerships for product development. At the same time, we want to ensure that Symrise remains capable of taking advantage of any growth opportunities that arise without jeopardizing the company’s financial stability.

VALUE-ORIENTED MANAGEMENT

Different variables are at play within the framework of value-oriented corporate governance. The EBITDA margin, for which we have defined a strategic average target value of 19 to 22%, serves as an indicator of the company’s profitability. Increasing the value of the company is accounted for in the remuneration system for the Executive Board and selected managerial staff. In addition, we attach great importance to the company’s financial stability. Important key figures include sales growth in percent and the ratio of net debt (including provisions for pensions and similar obligations) to EBITDA.

Management’s focus, therefore, is guided by these financial control parameters. Non-financial benchmarks are playing an increasingly important role.

RESEARCH AND DEVELOPMENT

GUIDELINES AND FOCUS AREAS

Our research and development (R & D) strategy aims to connect the individual components of product development, such as market and consumer research, R & D and creation, throughout the Group. All research activities consider relevant customer, market and sustainability aspects. Through the close linkup of R & D with marketing and sales, purchasing and manufacturing, product development, quality assurance and regulatory issues, we check early on to see whether new products and technologies can be implemented and if they are profitable. External collaborations and networks (Open Innovation) are bringing a wealth of new methods and ideas to the development process. Along with ideas from Open Innovation, Symrise also maintains a global project network with industrial and
academic partners that covers every development stage of the innovative process. Furthermore, all R & D activities are geared to the guidelines of environmental compatibility, sustainability, innovation and cost efficiency. The capitalization rate for research and development activities remained immaterial as in the previous year.

The R & D strategy of the Scent & Care segment concentrates on five research platforms in the areas of cosmetic ingredients, molecular release systems, masking malodors, carrier systems and oral care. Supporting platforms in the areas of sensory sciences, analytical research, naturalness, performance and receptor research form the basis for our capabilities and constant innovation process.

The Flavor & Nutrition segment handles the following topics based on certain technology platforms while maintaining special focus on sustainability:

- Employing flavor technologies with lower energy consumption and improved performance
- Optimizing development and manufacturing recipes for producing sustainable products
- Improving processes for using valuable natural resources by incorporating biocatalysis and fermentation technologies while reducing waste and byproducts

A further focus is the sustainable design of natural and labeling-friendly product solutions with excellent sensory properties. To improve competency in creation, the IT-supported SymCreate® platform was expanded last year with a tool that automatically combines ingredients into liquid mixtures according to specific recipes. At the same time, a systematic enhancement of agriculture-based raw materials is carried out in the Diana Food business unit.

Together with Diana Pet Food, comprehensive research and development work takes place in developing and optimizing flavor systems and technologies for food components that increase pets’ food acceptance.

This work is supported by the development of flavor systems for optimizing the taste of proteins used in foods. Increasing health benefits for foods, such as high-protein foods, foods with reduced sugar, fat or salt, and foods that provide a greater feeling of fullness (SymSlim®) play a large role here.

An increasingly important key to success is the ability to successfully combine, on the one hand, traditional tools in analytics, sensory, synthesis, food technology and process technology with, on the other, new biological and biotechnical methods and processes (receptor biology, biotransformation, new enzymes, DNA fingerprinting). Computer-supported planning, analysis and evaluation of existing and new data, for instance from in-silico screening and structure-activity relationships (TasteCycle®), also play a major role, as do statistical designs used to optimize processes and flavor developments, to predict sensory preferences and to identify drivers for these preferences.
ORGANIZATION
Symrise's two segments each manage their own R & D activities due to the varying requirements of their respective markets and customers. At the same time, technologies, processes and findings are made available to both segments in order to achieve synergies. Multiple R & D centers around the world ensure that the regional activities of both segments are optimally supported. The activities in Holzminden concentrate in particular on fragrance, flavor and taste research as well as the implementation of the principles of green chemistry in the development of fragrances, flavoring substances and cosmetic ingredients. Furthermore, there is a focus on the development of new functional ingredients for application in foods. In France, the main portion of R & D activities is performed in the Diana division (Pet Food and Food). We also have development and application technologies for the segments in Teterboro (USA), Singapore, Tokyo (Japan), Chennai (India), Paris (France) and São Paulo (Brazil).

To network further within the scientific community, Symrise representatives participated in numerous scientific events, presenting the company's latest research. This included a presentation of the latest findings on the bioactivity of flavoring substances at the AChemS conference in Florida (USA), the most important conference on the biology and physiology of flavor and fragrance perception. Symrise's contribution on cosmetic ingredients for protecting skin from the premature aging caused by air pollution received the IFSCC Poster Award 2015 at the 23rd IFSCC (International Federation of Societies of Cosmetic Chemists) in Zurich. Furthermore, Symrise supports the Monell Chemical Senses Center, Philadelphia (USA), a globally leading research institute for taste and smell. In cooperation with scientists from Monell, Symrise researchers identified new analytical and sensory properties of human body odor and presented their results at a highly regarded symposium at the Monell Institute.

Symrise participates in numerous scientific research projects that are supported by the German Federal Ministry of Education and Research (BMBF), the NBank (Lower Saxony's business development bank) or other public and private funding institutions. Sustainability, raw material sourcing, improvements to food ingredients and added health benefits all play an important role in this. Symrise is also an associate partner in the cluster project "Nutract" for the Berlin-Brandenburg region, which was approved by the BMBF in 2015. It focuses on modern scientific nutrition concepts. Symrise is a leading partner in a project sponsored by the Research Association of the German Food Industry (FEI). The project aims to identify and minimize unappetizing flavors in plant proteins. Furthermore, an ongoing cooperation at the University of Vienna identified and confirmed that flavoring substances that can be used in food concepts provide valuable contributions to preventing obesity (SymSlim®). The cooperation launched in 2011 and is equally funded by the Austrian Christian Doppler Research Association and Symrise AG.

From idea to marketable product, the innovation process at Symrise is organized based on a uniform, stage gate process with decision filters, which has been implemented across the company. A business plan containing exact project descriptions, including the project's costs and resource usage, is developed for every project. An evaluation system for determining the sustainability of projects and the resulting products and processes was also developed and introduced in 2015.
To measure the results and quality of the innovations, Symrise had Intellectual Property (IP) benchmarking performed in 2015. The Patent Asset Index™ from PatentSight® evaluates global coverage and competitive impact. According to the results, Symrise’s IP portfolio has the most competitive impact in the entire industry. Symrise holds a share of 25% of the IP Index – far more than its current market share.

**RESEARCH AND DEVELOPMENT EXPENSES**

Total R & D expenditures amounted to €170 million in the 2015 fiscal year (previous year: €139 million), comprising 6.5% of sales (previous year: 6.6%). The expenses for R & D should remain at this level moving forward in order to further enhance Symrise’s innovative strength.

**EMPLOYEES**

**STRUCTURE OF THE WORKFORCE**

As of December 31, 2015, the Symrise Group employed 8,301 people worldwide (not including trainees and apprentices). In comparison to December 31, 2014, (8,160 employees), this represents an additional 141 employees. The increase in the number of employees was largest in the Scent & Care segment (+126 employees). This segment employs 28% of the Group’s total workforce. 62% of employees work in the Flavor & Nutrition segment. Here, the number of employees increased by 18 in 2015. About 11% of the Group’s employees work in the Corporate Services and Corporate Center segments as well as in the separate Group companies Symotion and Tesium, which also occasionally provide services for third parties in such areas as technology, energy, safety, environmental issues and logistics. The number of apprentices and trainees was up 4% on the previous year at 147 (previous year: 141 apprentices and trainees). In particular, they are being trained as chemical lab technicians and chemists, industrial clerks, industrial mechanics and businesspeople (dual training with a Bachelor of Business Administration).

From a functional perspective, the majority (47%) of the Symrise Group’s workforce is employed in the area of production and technology. 22% of employees work in the Sales & Marketing. This group grew by 92 employees in 2015, which was the largest growth in the Group. 19% of employees work in Research & Development.
Of the Group’s 8,301 employees, about 30% work at sites in Germany, while the EAME region as a whole accounts for 52% of the workforce. 20% of our employees work in the Latin America region, 16% in Asia/Pacific and 12% in North America.

In terms of age range, employees between the ages of 30 and 49 dominate the workforce at the Symrise Group, with a share of 59%. We regularly assess the development of demographics in our workforce. Development of demographics will be very steady over the next ten years. The natural reduction of the workforce due to retirement will be around 1 to 2% per year until 2020.

40% of the Symrise Group’s employees have been with the company for at least ten years – at German sites, this group accounts for 67% of the workforce. Our employee turnover rate remained very low in Germany, totaling 1.1% in 2015. Globally, the figure was 5.1%.

<table>
<thead>
<tr>
<th>NUMBER OF EMPLOYEES BY REGION</th>
<th>December 31, 2014</th>
<th>December 31, 2015</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>2,462</td>
<td>2,528</td>
<td>+ 3</td>
</tr>
<tr>
<td>EAME not including Germany</td>
<td>1,829</td>
<td>1,782</td>
<td>– 3</td>
</tr>
<tr>
<td>North America</td>
<td>922</td>
<td>952</td>
<td>+ 3</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>1,333</td>
<td>1,361</td>
<td>+ 2</td>
</tr>
<tr>
<td>Latin America</td>
<td>1,614</td>
<td>1,678</td>
<td>+ 4</td>
</tr>
<tr>
<td>Total</td>
<td>8,160</td>
<td>8,301</td>
<td>+ 2</td>
</tr>
</tbody>
</table>

Basis: Full-time equivalents (FTE), not including apprentices, trainees and temporary workers

**PERSONNEL STRATEGY**

The strategic focuses for human resources in 2015 concentrated on personnel and manager development as well as the integration of Diana. Moreover, we enhanced our activities in the areas of health management, work-life balance and demographic change.

**Employee and Manager Development**

Talent management and personnel development have been and will continue to be central pillars of Symrise’s personnel strategy. In 2015, we primarily focused on three topics:

- Continuing the global junior manager development program known as Future Generation
- Starting local programs for operative management such as Management Practice
- Kicking off a global program for senior leaders and global account directors on strategic negotiation

In Future Generation, the initial class, which entered the three-module program back in 2014, graduated with excellent results. In the final module, the participants presented the results of their project work. Every project was accompanied by a senior manager and focused on a topic relevant to Symrise’s strategy and future. Some sample topics include future consumer trends and their relevance to Symrise divisions, and adaptations for the raw material portfolio that compensate for scarcities in certain natural resources. Other presentations examined new potential business models and access channels to the market and our customers. All of these subjects were handled in impressive detail and will influence the strategy and focus of the respective units and departments. In the coming years, graduates will receive close mentoring as they continue their professional development.
The Future Generation Leadership Development Program continued in 2015 with a second class of junior managers, who has gone through the same training concept. As part of the targeted integration of the Diana Group, half of the participants in this class were young talents from Diana. At the same time, in an effort to support diversity, roughly half of the participants selected were female.

Furthermore, the company organized leadership programs in every region for operative and middle management. For instance, in Germany in October 2015, the Management Practice program got off the ground with four modules aimed at team and group leaders who either are just starting their management role or are looking to refresh their management know-how.

The strategic negotiating course is a new developmental offer for managers with intensive customer responsibilities. The goal of the seminar is to further cultivate good customer relationships and ensure a productive, cooperative dialogue. Negotiating requires a give and take, and it should ideally contribute to a deeper partnership with our customers.

In 2015, Symrise also prepared for launching a global software and workflow system, which will be used to organize all future company seminars and training programs. Its launch date was January 1, 2016. This software represents an IT solution that gives Symrise an integrated approach to target agreement/performance review, succession planning and seminar management.

All other specialist training courses and seminars relating to communications and sales continued.

The schools for flavorists, product application technicians and perfumers also continued their training programs. A series of final exams are scheduled for 2016.

Education
One of Symrise’s strengths lies in the training and development of our technical personnel, particularly in the creative segment. The flavorist and perfumer schools train specialists who can be quickly and successfully employed. Technical training of our production employees is also a core component of Symrise’s professional development program. There are training courses for chemical production specialists (in 2015, we initiated an occupational retraining in this for unemployed individuals), process chemical technicians or inventory specialists at Symotion GmbH. Our high-performance sales training for sales personnel is also being continued and further expanded.

Furthermore, our employees have many opportunities to earn a bachelor’s degree, master’s degree or doctorate thanks to our cooperations with colleges, academies, institutes, etc. These measures are regularly supported by Symrise.

Symrise has made considerable investments into the continuation and expansion of its training at its Holzminden site. Each year, we hire roughly 45 new apprentices in various occupational training programs. This helps us prepare for the upcoming demographic change.

Opening a Company Day Care
In cooperation with several companies in the region and with an external operator, Symrise took the initiative to found a company day care in Holzminden: the “Grasshoppers.” In November 2015, the day care officially opened in its own location near the company and can look after up to 30 children. With this initiative that sets an important tone for our personnel policy, the compatibility between work and family life continues to improve at Symrise.

Health Management and Demographic Change
Our health management program in 2015 focused on two topics: mental stress and demographics. Mental stress will now be evaluated as part of our work safety measures. To do this, Symrise came up with its own method, which is optimally aligned to specific company needs. Using a checklist developed just for Symrise, mental stress can be analyzed. The next step is to develop potential solutions side by side with the specific employees. The workshop format is another available option for coming up with solutions.

Demographic change and the special challenges posed by shift work and production work make up the topic of another project. This project was accompanied by a master’s thesis and will continue in 2016. The goals are to shape working conditions in a way that is more demographically friendly and to develop preventative health measures for employees in production. Initial findings show that topics like leadership, motivation and mutual appreciation are essential components of healthy work, in addition to the more commonly named factors such as ergonomics and reduction of physical strain.
PERSONNEL MEASURES

Remuneration and Wage Agreements
Symrise’s remuneration policy follows a simple principle: Wherever wage agreements are the norm, these are applied at Symrise. Wage agreements apply to about 65% of our workforce worldwide. In places where no wage agreements exist, we use a globally standardized job grade concept. This ensures that every employee receives fair and competitive remuneration.

In Germany, Symrise uses the pay rates for the chemical industry. Accordingly, wages increased 2.1% as of April 1, 2015. For the application of this increase at Symrise, we took into account our pioneering site safeguard agreement, which will remain in effect through the year 2020, and provides for salary reductions of 0.7 percentage points compared to the collective tariff.

Furthermore, for the first time, a profit-sharing option was offered to employees covered by wage agreements in Germany. Employee performance should pay off at Symrise. With this profit-sharing scheme, outstanding performance at the German site is being acknowledged.

Symrise’s standardized job grade concept remuneration model applies to all regions. It is structured according to the function of position and its respective responsibilities. It also includes a bonus concept. Job grades make remuneration transparent and highlight career possibilities within the company. The Symrise job grade concept includes specialist and manager tracks and promotes movement between both paths.

In addition, a separate Global Performance Bonus Plan ensuring that company goals are reached by means of a variable remuneration geared toward results and performance applies to about 70 managers with global or regional responsibilities.

Measures to Safeguard Competitiveness
The existing company wage agreement between Symrise and IG BCE (Mining, Chemical and Energy Industrial Union) makes an important contribution toward securing the company’s competitive position. The agreement was extended until 2020 at the beginning of 2012. The essential elements of the agreement on the company’s side are a guarantee of location and employment as well as investment commitments of around €220 million for the German sites until 2020. At the same time, the agreement forms the basis for qualification measures and considerable cost savings through the retention of a working week of 40 hours and the gradual takeover of the IG BCE union wage rates with clearly defined reductions of 0.7 percentage points per year until 2020. The implementation of qualification measures, which foster and enhance the innovative ability of our employees, is an essential pillar of our personnel policy. With these concessions, the workforce is making a decisive contribution to internationally competitive personnel costs at our German sites. A key element of the collective bargaining agreement is the return of these competitiveness-enhancing discounts to employees if Symrise loses its independence. In this case, the chemical industry’s general wage agreement automatically comes into effect six months after Symrise is acquired by a third party. This does not affect the site guarantee and the waiver of terminations for business reasons through 2020. At an appropriate time, we will open discussions on continuing this agreement beyond the year 2020.

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GLOBAL ECONOMIC AND INDUSTRY-RELATED CONDITIONS

GLOBAL ECONOMIC CONDITIONS
In 2015, global economic growth slowed compared with the previous year. According to estimates from the International Monetary Fund (IMF) from January 2016, economic output has increased overall by 3.1% (previous year: 3.4%). This slowdown has been impacted on the one hand by ongoing political and military conflicts – particularly in the Middle East, Africa and the Ukraine. On the other, the sluggish growth in emerging and developing markets (4.0%) also had a notable effect. Economic growth in the industrialized nations was weak, with a GDP growth rate of 1.9%. The US economy posted an increase in its economic output of 2.5%, while Japan overcame the stagnation of the previous year with a growth of 0.6%. In the eurozone, overall economic growth of 1.5% was achieved, which is mainly attributable to improvements in Spain, Italy and France. The German economy grew 1.7% in 2015 according to calculations from the Federal Statistical Office, after 1.6% in the previous year.

When viewed as an isolated factor, overall economic development has varying influence on the course of business of Symrise:

- In the developed markets, economic fluctuations have very little effect on the demand for end products containing Symrise products if they cover basic needs – for example, in the nutrition, personal care or household segments.
The demand for products in the “luxury segments” of Fine Fragrances and Personal Care (about 10% to 15% of our product portfolio) is significantly more dependent on the disposable income of private households.

In the emerging markets, there is higher demand for products refined with flavorings and fragrances, in keeping with the dynamically increasing standard of living of the population.

Symrise customer companies manage production and warehousing so that as little capital as possible is tied up. Uncertainties about future sales development lead to adjustments, including those that affect the amount of products purchased from Symrise.

Symrise benefited from its favorable market position in the emerging markets as well as a broadly diversified customer portfolio in the 2015 fiscal year.

**DEVELOPMENT OF ESSENTIAL SALES MARKETS**

The relevant market for the Symrise Group is averaging a long-term growth trend of 2 to 3% annually. In 2015, the global market volume amounted to €22.3 billion. The flavors and fragrances market segment as well as the market segment for aroma chemicals also showed a similar development over the past fiscal year.

**PRICE DEVELOPMENT AND AVAILABILITY OF RAW MATERIALS**

Symrise uses about 10,000 different raw materials in production. Important examples are natural vanilla and citrus derivatives (juices, essential oils, etc.), citral and terpene derivatives, and base chemicals derived from crude oil that are used in Symrise’s value chain as menthol intermediate products, solvents as well as raw materials for sun protection filters and special aromatic substances. In general, however, individual raw materials comprise only a very small part of the total requirement. Procurement costs saw moderate downturns for many raw materials in 2015. This was overcompensated, however, by the unfavorable development of the USD/EUR exchange rate (from an EAME perspective) and significant unforeseen price increases in vanilla and citrus-based raw materials such as juice concentrates and rind extracts. With regards to important natural oils, which are used to manufacture fragrances and oral care products, the supply and cost situations intensified in 2015. For the majority of the base chemicals, such as solvents, the supply situation improved somewhat compared with the previous year.

Overall, the prices for chemical raw materials increased slightly over the course of the 2015 fiscal year. For natural raw materials, volatility remained high with substantial price distortions occurring due to shifting market environments and weather impacts on harvests. To increase supply security with base products, Symrise has for years pursued a strategy of long-term cooperation. Examples of this are the collaboration with LANXESS in manufacturing synthetic menthols and a presence in Madagascar, the most important source country for bourbon vanilla, with backward integration, meaning the inclusion of local farmers.

As part of the integration of the Diana Group over the course of 2015, purchasing activities were optimized via multiple measures, such as joint purchasing and mutual insourcing. This allowed cost benefits in raw material sourcing to be realized.
GENERAL POLITICAL AND REGULATORY CONDITIONS

In the Flavor & Nutrition segment, the products from the Flavor division are primarily used in foods, beverages and pharmaceutical applications. The products in the Food and Nova business units in the Diana division are also used in the same areas. Furthermore, the Pet Food business unit supplies products for the pet food market. According to an EU guideline, pharmaceutical companies have to subject their additive manufacturers to a risk evaluation by March 2016. Along with examining the use of the additive, this evaluation also assesses the manufacturer’s quality management. As a result, an adjusted GMP (Good Manufacturing Practice) is formulated. This will also affect flavors in pharmaceutical applications. Furthermore, the EU Commission issued a guideline at the end of 2014 on distinguishing between flavoring substances with modifying properties and flavor enhancers. Symrise evaluated and categorized its raw materials portfolio in the flavor segment based on this regulation in order to provide customers technical data sheets with the correct labeling information for their end products. In 2015, seven substances were removed from the Union list for flavoring substances. Symrise adapted its product portfolio in advance to offer customers suitable flavor alternatives early on.

Numerous changes to food law in China and other emerging markets took place in 2015. For certain flavoring substances, Chinese purity regulations differ from their EU counterparts. Symrise began looking into these changes at an early stage and can therefore meet these new criteria.

Symrise AG was successfully audited at its Holzminden site in 2013 by US authorities as part of the Food and Drug Administration’s (FDA) stricter auditing of companies in the food industry, including those based outside the USA. Moreover, the Food Safety Modernization Act is being successively expanded in the USA. This requires the renewal of registrations for production sites outside of the US, which Symrise implemented accordingly.

Monitoring regulatory requirements was also a focus of activity for securing competitive advantages in the Scent & Care segment in 2015. The activities in Regulatory Affairs were heavily influenced by the increase in regional and country-specific regulations.

In 2015, the agreement on the Nagoya Protocol was adopted into European law. The Protocol governs access to genetic resources and provides for the balanced distribution of advantages resulting from their use. This resulted in a new dimension of compliance for our research and development activities. Regulatory implementations in Brazil, India and South Africa are so different that they cannot be handled with a standardized approach but instead require individual management.

Furthermore, regulatory documentation and processes were unified in 2015 to make project prioritizing more efficient. In the Global Regulatory unit, a culture of constant improvement was implemented to meet the challenge of continually bettering the service we offer our global customers.

The environment of the global registration and regulation of chemicals has also changed significantly. Emerging markets are enacting their own laws that are oriented to the European REACH regulation. This makes things more complex for our global customers, who are interested in formulas that can be applied internationally. The Chambers of Commerce’s direct and indirect influence on the implementation of such programs in these regions remains important.

In the Scent & Care segment, perfume oils and substances are mainly manufactured for use in the cosmetics industry and household products. One key activity for Symrise in 2015 was registering or updating important products and raw materials previously registered in accordance with the European chemicals regulation REACH: Overall, new and updated files for more than twenty materials were submitted to the European Chemicals Agency (ECHA). Symrise also prepared files for another approximately 80 substances, which will be submitted by May 2018.

DIFFERENTIATED EFFECTS ON SYMRISE

Symrise’s business development is influenced by various factors in the company’s environment. Regarding sales, general economic development plays a big role. The submarkets in which we are active show different degrees of fluctuation depending on economic developments. The large number of countries where Symrise is active on the market and the company’s many various product markets, however, have a risk-mitigating effect on the Group.

In our manufacturing, we make use of about 10,000 natural and synthetic raw materials. On account of various factors, including the development of the economy, oil prices and harvests, these raw materials can be subject to strong price fluctuations. Furthermore, production can be affected by shortfalls in raw material supply due to political unrest in supplier countries, among other things.
Symrise's products are used in a number of applications worldwide, such as the manufacture of food including baby food and pet food, in cosmetic and pharmaceutical end products and in household products. Worldwide use of our products requires that we observe national and internationally valid consumer protection guidelines and legal regulations. These regulations are in constant flux due to new findings in research, development and production technology, a growing need for safety and a steadily increasing health and environmental awareness across the globe. We observe the regional and global development of the regulatory environment, ensuring that we can react quickly to changes in or tightening of regulations.

**CORPORATE DEVELOPMENT**

**CURRENT DEVELOPMENTS WITHIN THE GROUP**

**Changes to the Portfolio**

Symrise announced the acquisition of the California-based Flavor Infusion LLC in June 2015, in an asset deal. With the acquisition, Symrise has expanded its product range for applications in the area of beverages and enhancing its position in the quickly growing market for flavored mineral water. As a result, Symrise has secured direct access to the company’s comprehensive know-how, its established products on the market and excellent customer base. Since its founding in 2004, Flavor Infusion LLC has built up proven expertise regarding development and process technologies for applications relating to natural beverages. Since then, the company has benefited from the dynamics of the beverage market in the USA, which has experienced strong growth in the areas of flavored water and teas as well as sports and energy drinks. This latest acquisition should therefore be viewed as the next strategic step toward achieving the best possible results from the growing consumer interest in healthy nutrition. Symrise integrated the activities of Flavor Infusion LLC into its US Flavor & Nutrition business in the third quarter of 2015. In the 2015 fiscal year, Flavor Infusion contributed about € 3 million to Group sales.

As part of the efforts to focus on the strategic core competencies of Diana Food, Diana CAP (Compagnie Alimentaire Pleucadecuienne) was sold to the Jean Floc’h Group on June 29, 2015. Diana CAP specializes in solutions for country-specific French meat dishes and sauces and generated annual sales of about € 29 million.

At the end of 2015, it was announced that the Diana Plant Science (DPS) site for cell-culture research in Portland, Oregon (USA), will be closed. Scientific research carried out there will be integrated into the research that takes place at Symrise headquarters in Holzminden.

As part of further business expansion in Asia, specifically in China, Symrise has begun planning an additional production site in the region. Given the dynamic business growth there, current capacities will soon be maxed out.

**Strategic Partnership with BRAIN AG to Research Taste Sensations in Cats**

The biotechnology company BRAIN AG and Diana Pet Food announced a strategic partnership in the area of feline taste research in April 2015. During the five-year cooperation, the partners will assess the mechanisms of taste perception in cats as part of various programs. The joint goal of the first program is to conduct research using proliferating cat taste cells (CTCs) in order to find new ingredients that improve the taste of cat food. There is a large need for flavor enhancements in the pet food segment: enhancements that are dependent on the sensory perceptions of the pet, its individual preferences and the specific flavor properties of the pet food. With the realization of the joint program between Diana Pet Food and BRAIN AG, new paths to flavor enhancement are being opened that should support pet food manufacturers in their efforts to generate high-quality, pleasant-tasting products.

**Expansion of Production Capacities in Cosmetic Ingredients**

Symrise expanded its production capacities for cosmetic ingredients with a new plant at its Holzminden site in September and thereby laid the foundation for further expansion in Germany and the USA. The € 15 million investment considerably increases flexibility in production and also enhances backward integration, as important raw materials will be able to be manufactured on site in the future. The new plant also reduces energy consumption by recirculating exhaust heat, which is in line with the company’s sustainability objectives. With these strategic measures, Symrise is further expanding its leading role in the development and production of innovative cosmetic raw materials.

**GENERAL STATEMENT ON THE COURSE OF BUSINESS AND ON THE GROUP’S NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS**

The Symrise Group generated sales of € 2,602 million in the 2015 fiscal year. Sales increased 23 % over the previous year in the reporting currency (18 % at local currency). Without taking the portfolio effect into account that stemmed from the acquisition of the Diana Group in July 2014, sales growth at local currency amounted to 6 %. The emerging markets’ share
Economic Report

Of total Group sales amounted to 46%. With the Diana acquisition, this share of sales decreased by one percentage point compared to the previous year, as the Diana division mainly generates its sales in developed markets. Earnings before interest, taxes, depreciation and amortization (EBITDA) at the Group level increased by 23% from €465 million (normalized) to €572 million. This corresponds to an EBITDA margin of 22.0% (normalized previous year: 21.9%).

Net income for 2015 was up compared to the normalized previous year, increasing €35 million to €247 million. Earnings per share amounted to €1.90 (normalized 2014: €1.69). Given this positive development, Symrise AG’s Executive Board will, in consultation with the Supervisory Board, propose raising the dividend from €0.75 to €0.80 per share at the Annual General Meeting on May 11, 2016.

**A COMPARISON BETWEEN THE ACTUAL AND FORECAST COURSE OF BUSINESS**

At the start of 2015, we expressed our goal of posting sales growth at local currency in both segments well beyond the average market growth rate (2 to 3%). Assuming that raw materials prices remained at the level of 2014 and exchange rates did not change significantly from 2014, we anticipated an EBITDA margin of about 20% for 2015.

Debt, as measured in terms of the key figure net debt (including provisions for pensions and similar obligations) to EBITDA, should be below 3.0 in 2015 due to the Diana acquisition. In the medium-term, we are aiming for a return to the debt range of 2.0 to 2.5.

With sales growth of 18% at local currency, or 6% without Diana, we have significantly exceeded our sales goals. The EBITDA margin of 22.0% was above the expected value for 2015. A net debt ratio to EBITDA of 2.8 was also within the expected range.

**RESULT OF OPERATIONS**

**Group Sales**

For 2015 as a whole, the Symrise Group generated sales of €2,602 million. In comparison to the previous year, sales increased 23% in the reporting currency and 18% at local currency. Without taking the portfolio effect into account that stemmed from the acquisition of the Diana Group in July 2014, sales growth at local currency amounted to 6%.

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**SALES DEVELOPMENT OF THE SYMRISE GROUP**

- **Flavor & Nutrition**
- **Scent & Care**

<table>
<thead>
<tr>
<th>Year</th>
<th>Flavor &amp; Nutrition</th>
<th>Scent &amp; Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,528.0</td>
<td>1,073.7</td>
</tr>
<tr>
<td>2014</td>
<td>1,139.7</td>
<td>980.4</td>
</tr>
</tbody>
</table>
Segments: Scent & Care was able to increase sales at local currency by 4% to €1,074 million. Sales in the Flavor & Nutrition segment reached €1,528 million in the past fiscal year. This corresponds to an increase at local currency of 31% compared to the previous year, due in large part to the Diana acquisition. Without Diana, growth at local currency for the Flavor & Nutrition segment would have amounted to 8%.

Regions: Sales in the EAME region were up 14% for the year (at local currency: 16%). The North America region also developed very positively in the 2015 fiscal year and achieved sales growth of 40% compared to the previous year (at local currency: 19%). Business in the Asia/Pacific region also developed positively, with a sales increase of 26% (at local currency: 14%). Sales in the Latin America region increased by 22% compared to the previous year (at local currency: 36%).

Sales in emerging markets exceeded the previous year's figures at local currency by 21%. The share of this group of countries in total sales was 46% in the 2015 fiscal year. With the Diana acquisition, this share of sales decreased by one percentage point compared to the previous year, as the Diana division mainly generates its sales in developed markets.

Scent & Care Sales
In the 2015 fiscal year, the Scent & Care segment generated sales of €1,074 million. Sales were therefore up 10% on the previous year's level. At local currency, this corresponds to growth of 4%.

All divisions posted positive sales developments in the year under review. The greatest growth was achieved in the Aroma Molecules division, which generated a high, single-digit growth rate at local currency. The regions of Latin America, EAME and Asia/Pacific contributed high growth rates here, particularly in the Menthols and Special Fragrance Ingredients units.

### SALES BY REGION

<table>
<thead>
<tr>
<th>Region</th>
<th>2014 (€ million)</th>
<th>2015 (€ million)</th>
<th>Change in % at local currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>EAME</td>
<td>989.0</td>
<td>1,131.0</td>
<td>14</td>
</tr>
<tr>
<td>North America</td>
<td>408.6</td>
<td>571.8</td>
<td>40</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>452.6</td>
<td>570.8</td>
<td>26</td>
</tr>
<tr>
<td>Latin America</td>
<td>269.8</td>
<td>328.1</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>2,120.1</td>
<td>2,601.7</td>
<td>23</td>
</tr>
</tbody>
</table>

### SALES GROWTH IN THE SCENT & CARE SEGMENT in %

- at local currency
- at reporting currency

<table>
<thead>
<tr>
<th>Region</th>
<th>Growth at local currency</th>
<th>Growth at reporting currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latin America</td>
<td>26</td>
<td>14</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>North America</td>
<td>-5</td>
<td>13</td>
</tr>
<tr>
<td>EAME</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>
The Cosmetic Ingredients division generated solid, single-digit growth at local currency in 2015, especially in the Cosmetic Ingredients business unit, which has global and regional customers mostly in China, Brazil, France and Japan.

The Fragrances division, which accounts for more than half of sales in the Scent & Care segment, posted a moderate single-digit sales growth rate at local currency in the 2015 fiscal year. In the Latin America region, all business units managed to substantially improve their sales. High growth rates were seen in Brazil, Mexico and Colombia. In the Asia/Pacific region, the business units Personal Care and Household successfully expanded sales. The North American region showed good growth in the reporting currency. However, sales were behind those of the previous year at local currency, especially in the Fine Fragrances and Household units.

**Flavor & Nutrition Sales**

In the 2015 fiscal year, the Flavor & Nutrition segment generated sales of € 1,528 million. Compared to the previous year, this corresponds to growth of 34%. At local currency the increase was 31%. Without taking the portfolio effect into account that stemmed from the acquisition of the Diana Group in July 2014, sales growth at local currency amounted to 8%.

In the Flavors division, every region managed to significantly increase their sales in the past fiscal year. Latin America led the charge here. Key growth stimuli came from Brazil, Argentina and Mexico, where high growth rates with global and regional customers were generated in the Beverages and Savory business units. Further, sales in Russia, the US, Germany and Sweden also posted substantial growth. The business unit Savory excelled in Russia with seasoning mixes for global customers. In the US, vanilla flavorings once again provided strong growth. In Germany, the business units Beverages and Sweet generated high growth rates – particularly with regional and global customers. Sales performance in Sweden has been especially impressive. Here, Symrise developed a new flavor basis for the soft drinks sold worldwide at the drink stations at IKEA’s bistros. Eight mixtures of natural flavors and extracts provide healthy refreshment, new tastes and fewer calories with 50 percent less sugar.

In the Diana division, all four regions substantially increased sales. The strongest growth was generated in Asia/Pacific, particularly in Thailand and Australia, thanks to the positive business development for aquacultures product solutions. In Latin America, the Pet Food business unit achieved good growth rates in Argentina and Mexico. The North American region posted particularly impressive developments in the Food and Pet Food business units, thanks in large part to an expansion of our customer portfolio.

**Development of Material Line Items in the Income Statement**

In 2015, the costs of goods sold rose by € 272 million, or 22%, to € 1,490 million (2014: € 1,218.1 million).\(^2\) The increase is primarily due to the acquisition of the Diana Group, which

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\(^2\) In the 2014 fiscal year, acquisition and integration costs of € 20 million resulting from the purchase of the Diana Group impacted the operating result. As part of the purchase price allocation for the Diana acquisition, the acquired inventories had to be measured once at their fair value. These were consumed by the end of 2014. The increased material costs related to consuming these measured inventories lowered the operating result for 2014 by € 10 million. In the following section, we use normalized results (EBITN/EBITDAN) for the 2014 fiscal year adjusted for these one-off, non-recurring specific influences. A detailed summary of special influences is supplied on page 51 of this report.

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**SALES GROWTH IN THE FLAVOR & NUTRITION SEGMENT** in %

- at local currency
- at reporting currency

<table>
<thead>
<tr>
<th>Region</th>
<th>Growth at Local Currency</th>
<th>Growth at Reporting Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latin America</td>
<td>50%</td>
<td>31%</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>23%</td>
<td>35%</td>
</tr>
<tr>
<td>North America</td>
<td>50%</td>
<td>74%</td>
</tr>
<tr>
<td>EAME</td>
<td>25%</td>
<td>23%</td>
</tr>
</tbody>
</table>
was consolidated for the first time in July 2014. It was included for the entire 2015 fiscal year. Moreover, costs of conversion have increased in comparison to last year’s level. This stems from the expense for closing the DPS site and for provisions accounting for reorganization production in China. Gross profit increased by 23% and amounted to €1,112 million (2014: €902 million). The gross margin was 42.7% and therefore 0.2 percentage points higher than in the previous year (42.5%).

Selling and marketing expenses were up by 25% compared to the previous year, amounting to €427 million (2014: €340 million). This corresponds to 16.4% of Group sales (2014: 16.1%). R & D expenses increased by 22% to €170 million (2014: €139 million). The R & D rate was therefore 6.5% (previous year: 6.6%). Administration expenses increased by 36% to €149 million (previous year: €109 million). Administration expenses as a share of Group sales amounted to 5.7% in the year under review (previous year: 5.2%). The rise in selling and marketing, research and administration expenses compared to the previous year primarily relates to the inclusion of the Diana Group in the consolidated financial statements. Administration expenses also rose due to the one-off transaction costs of acquiring Pinova Holdings, Inc.

**Earnings Situation**

**Group**: Earnings before interest, taxes, depreciation and amortization (EBITDA) were up 23% in 2015 to €572 million (2014 EBITDAN: €465 million). The Diana acquisition, in particular, and the improved gross profit had positive effects on earnings compared to the previous year. The EBITDA margin was 22.0% in the reporting year, compared to the normalized margin of 21.9% from the previous year.

**Scent & Care**: Scent & Care generated an EBITDA of €231.2 million in 2015. It was therefore 4% higher than the previous year’s level of €222.9 million. The EBITDA margin amounted to 21.5% compared to 22.7% in 2014, particularly due to increased operating costs in selling and marketing expenses due to marketing initiatives in the fragrances unit, as well as research and development expenses.
Flavor & Nutrition: Owing in part to the Diana acquisition in the second half of 2014, EBITDA in the Flavor & Nutrition segment in 2015 was significantly higher than the previous year’s level (2014 normalized: € 241.6 million), reaching € 341.0 million. The EBITDA margin amounted to 22.3% and therefore was significantly higher than in the previous year (2014 EBITDAN margin: 21.2%).

Financial result: The financial result in 2015 of € – 44.3 million represents an improvement of € 4.1 million compared to 2014. Compared to the normalized financial result from 2014, which accounted for € 7.8 million in specific influences, this results in a decline of € – 3.7 million. This is mainly due to the complete inclusion of the interest for 2015 from the Eurobond and the long-term syndicated loan. The net interest loss declined € 2.8 million in 2015 from € – 41.7 million to € – 44.5 million. Higher interest expenses for the bond and syndicated loan are counteracted by higher interest income, particularly from the emerging markets.

Taxes: In the 2015 fiscal year, income tax expense amounted to € 98.5 million (2014: € 72.9 million). The resulting tax rate of 28.1% was therefore identical to the previous year. An adequate provision for risk was made, as in previous years.

Net income and earnings per share: Net income amounted to € 247 million and therefore was € 35 million or 17% higher than the normalized value from the previous year. Earnings per share rose by 21 cents to € 1.90 (2014: € 1.69).

Dividend proposal for 2015: The Executive Board and Supervisory Board of Symrise AG will propose the distribution of a dividend of € 0.80 per share for the 2015 fiscal year at the Annual General Meeting on May 11, 2016. Symrise aims to continually achieve high yields for its shareholders and to enable shareholders to participate in the company’s success by means of an appropriate dividend.

FINANCIAL POSITION
Financial Management
Main features and objectives: The Symrise Group’s financial management pursues the aim of guaranteeing that the company’s financial needs are covered at all times, of optimizing the financial structure and of limiting financial risks insofar as possible. Consistent, central management and the continuous monitoring of financial needs support these objectives.
In accordance with the Treasury department’s guidelines, the financing of the Symrise Group is managed centrally. The financial needs of Group subsidiaries are ensured by means of internal Group financing within the framework of a cash pool, among other things. The surplus liquidity of individual European Group units is put into a central account, so that liquidity deficits of other Group units can be offset without external financing and internal financial capital can be used efficiently. If external credit lines are needed at the local level, these can be secured when necessary through guarantees provided by banks or Symrise AG. Symrise AG’s external borrowings are unsecured and connected to credit agreements (covenants) that are reviewed every quarter. The Group maintains good business relationships with all consortium banks and avoids becoming too dependent on individual institutes.

The Symrise Group safeguards against risks resulting from variable interest on financial liabilities by means of interest rate hedges, if need be. Here, the principle applies that interest derivatives can only be concluded on the basis of underlying transactions.

Symrise does business in different currencies and is thus exposed to currency risks. Exchange rate risks occur when products are sold in different currency zones than the ones in which the raw materials and production costs accrue. Within the framework of its global strategy, Symrise manufactures a large proportion of its products in the currency zones in which they are sold in order to achieve a natural hedge against exchange rate fluctuations. In addition, Symrise has implemented a risk management system, which, based on detailed cash flow planning, identifies open currency positions. These are hedged against fluctuations on a case-by-case basis.

With an equity ratio of 38% as of December 31, 2015, Symrise has a solid foundation for driving future business development forward in a sustained manner.

**Financing structure:** The Symrise Group covers its financial needs from its strong cash flow from operating activities and via long-term financing. These continue to consist of the following elements: publicly listed bonds, US private placements, KfW borrowings and an amortizing loan as well as the newly arranged revolving credit facility from May 2015. Furthermore, the Group secured liquidity through issuing promissory notes to finance the acquisition of Pinova Holdings, Inc. These have a total volume of € 500 million and will be distributed across three tranches with terms of five, seven and ten years. The first allocation of € 178 million was issued in 2015.

Symrise fulfilled all contractual obligations (covenants) resulting from loans in the 2015 fiscal year.

In addition to the credit facility mentioned, bilateral bank credit lines for € 40 million exist for covering short-term payment requirements. The interest rates agreed on for the credit facility are at the accepted market rate.

In addition, provisions for pensions are used for financing.

**Cash Flow and Liquidity Analysis**

<table>
<thead>
<tr>
<th>OVERVIEW OF CASH FLOW</th>
<th>€ million</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>343.2</td>
<td>375.2</td>
<td></td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>– 476.8</td>
<td>– 151.4</td>
<td></td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>195.4</td>
<td>– 115.3</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents (Dec. 31)</td>
<td>199.2</td>
<td>278.2</td>
<td></td>
</tr>
</tbody>
</table>

Cash flow from operating activities amounted to € 375.2 million in 2015, about € 32 million more than in the previous year (€ 343.2 million). An improved operating result was primarily responsible for this outcome. The cash flow rate relative to sales thus was about 14%.

Cash outflow from investing activities dropped about € 325.4 million to € –151.4 million.

Cash outflow from financing activities amounted to € 115.3 million in 2015. A cash inflow of € 195.4 million was posted in the previous year. The cash outflow of 2015 is primarily comprised of the dividends paid out to shareholders amounting to € 97.4 million and net interest payments to financial institutions totaling € 32.6 million (previous year: € 63.1 million). All payment obligations were fulfilled in the fiscal year. There were no shortfalls in liquidity during the year nor are any expected in the foreseeable future. The company has sufficient credit lines available, e.g., in the form of a revolving credit facility totaling € 300 million that will remain available until May 2020. As of December 31, 2015, only a small portion of this has been utilized.
Investments and Acquisitions
The Symrise Group invested €177 million in intangible assets and property, plant and equipment in the 2015 fiscal year, after spending €101 million in the previous year. This €177 million contains assets acquired from the American company Flavor Infusion LLC, provisionally amounting to €29.4 million. The transaction was successfully completed in June 2015.

Around €47 million was spent on intangible assets (2014: €11 million). Along with the assets acquired from Flavor Infusion LLC, this mainly consisted of investments in software, patents and registrations of chemicals according to the European chemicals directive. Investments in property, plant and equipment amounted to approximately €129 million (previous year: €91 million). The largest investment projects were the new power plant in Holzminden, still under construction, and capacity expansions, particularly in chemical production for the Cosmetic Ingredients division, which is part of the Scent & Care segment, as well as spray drying and natural substance processing in the Flavor & Nutrition segment. All of the projects were funded through operating cash flow. Further, the increase in investments compared to the previous year can be traced back to the inclusion of the Diana Group in the 2015 Consolidated Financial Statements for the full year.

As of December 31, 2015, the Group had obligations to purchase property, plant and equipment amounting to €43.9 million (December 31, 2014: €25.9 million). This mainly relates to production facilities, hardware and office equipment. Most will come due during the course of 2016.

As part of the efforts to focus on the strategic core competencies of Diana Food, Diana CAP (Compagnie Alimentaire Pleucadeucienne) was sold to the Jean Floc’h Group on June 29, 2015, for €12.2 million. Diana CAP specializes in solutions for country-specific French meat dishes and sauces.

NET ASSETS
Select Line Items in the Statement of Financial Position
Total assets as of December 31, 2015, increased by €184 million to €4,184 million compared to the previous year (December 31, 2014: €4,000 million). This mainly resulted from an additional expansion in working capital as well as the increase in borrowings to finance the acquisition of Pinova Holdings, Inc., at the start of 2016.

Intangible assets amounted to €2,005 million as of the reporting date for 2015 and therefore were slightly below the previous year (December 31, 2014: €2,034 million). The item accounts for 48% of assets. Intangible assets include goodwill acquired through business combinations amounting to €1,124 million (December 31, 2014: €1,091 million), as well as formulas, technologies, customer bases, trademarks, software, patents and other rights amounting to €881 million (December 31, 2014: €943 million).

Property, plant and equipment amounted to €690 million at the end of 2015 (December

INVESTMENTS 2015 TO 2016

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Cosmetic Ingredients – new plant in Holzminden</td>
<td>Expansion of the spray drying capacities in Holzminden</td>
<td>New power plant in Holzminden</td>
<td>New logistics center in Holzminden</td>
<td>Expansion Cosmetic Ingredients capacities in the US</td>
</tr>
<tr>
<td>Expansion of the production capacities in the US</td>
<td>Research technology upgrade in Holzminden</td>
<td>New development center in Singapore</td>
<td>Another site in China</td>
<td>Expansion of pet food spray drying in the US</td>
</tr>
<tr>
<td>New sustainable, eco-friendly site in the Brazilian rain forest</td>
<td>Expansion of the extraction and distillation capacities in Holzminden</td>
<td>Expansion of fragrance production in Holzminden</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expansion of the production capacities in Mexico</td>
<td>2015</td>
<td>2015/16</td>
<td>2016/17</td>
<td></td>
</tr>
</tbody>
</table>
31, 2014: € 640 million) and mainly contains land and build­
ings as well as plants and machinery. Compared to the previ­
ous year (December 31, 2014: € 485 million), inventories
increased € 46 million to € 531 million. The increase in inven­
tories was primarily driven by the substantial rise in sales,
which also led to higher trade receivables (€ 462 million, De­
cember 31, 2014: € 421 million) and trade payables (€ 235 mil­
lion, December 31, 2014: € 214 million) as of the end of the re­
porting period. The ratio of working capital to sales remained
unchanged at 29 %. Symrise Group’s cash and cash equivalents
amounted to € 278 million as of December 31, 2015 (Decem­
ber 31, 2014: € 199 million). This includes a term deposit con­
sisting of a partial amount of the promissory note loan is­sued
at the end of 2015 to finance the purchase price for Pinova
Holdings, Inc., due at the beginning of 2016.

The repayment of the use of the short-term credit line and also
the new promissory note loans resulted in a shift in liabili­
ties: Current liabilities are lower than in the previous year
(€ 501 million, December 31, 2014: € 560 million), while
non-current liabilities increased correspondingly (€ 2,094
million, December 31, 2014: € 2,008 million). Due to the rise
in interest rates compared to the previous year, provisions for
pensions and similar obligations decreased from € 474
million to € 445 million (interest rate for Germany: 2.4 %,
December 31, 2014: 1.9 %).

Equity attributable to shareholders of Symrise AG as of Decem­
ber 31, 2015, amounted to € 1,568 million (December 31, 2014:
€ 1,414 million). A dividend of € 97 million was paid out in the
2015 fiscal for the year 2014. As of the end of the 2015 report­
ing period, the equity ratio was 37.5 % (December 31, 2014:
35.4 %).

**OVERVIEW OF THE STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2015, in € million**

*Change compared to previous year’s reporting date, in %*

<table>
<thead>
<tr>
<th>Assets 4,184</th>
<th>Equity and Liabilities 4,184</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>Current liabilities</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>Non-current borrowings</td>
</tr>
<tr>
<td>Inventories</td>
<td>Provisions for pensions and similar obligations</td>
</tr>
<tr>
<td>Intangible assets and property, plant and equipment</td>
<td>Other non-current liabilities</td>
</tr>
<tr>
<td>Other assets</td>
<td>Deferred tax liabilities</td>
</tr>
<tr>
<td>Total equity</td>
<td>Total equity</td>
</tr>
</tbody>
</table>
### Net Debt

<table>
<thead>
<tr>
<th></th>
<th>€ million</th>
<th>2014</th>
<th>2015</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings</td>
<td>1,365.0</td>
<td></td>
<td>1,409.3</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>– 199.2</td>
<td></td>
<td>– 278.2</td>
<td></td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>1,165.8</td>
<td></td>
<td>1,131.1</td>
<td></td>
</tr>
<tr>
<td>Provisions for pensions and similar obligations</td>
<td>474.3</td>
<td></td>
<td>444.6</td>
<td></td>
</tr>
<tr>
<td><strong>Net debt including provisions for pensions and similar obligations</strong></td>
<td>1,640.1</td>
<td></td>
<td>1,575.7</td>
<td></td>
</tr>
</tbody>
</table>

The evaluation of compliance with the leverage covenants for the current and non-current borrowings is performed on the basis of the specifications in the various credit agreements. The leverage covenants are determined by basing the net debt or net debt incl. provisions for pensions and similar obligations on the EBITDA of the last 12 months. This amounts to net debt/EBITDA of 2.0 and net debt including provisions for pensions and similar obligations/EBITDA of 2.8.

We target a capital structure that allows us to cover future potential financing needs at reasonable conditions by way of the capital markets. This provides us with a guaranteed high level of independence, security and financial flexibility. We will continue our earnings-oriented dividend policy and give our shareholders an appropriate share in the company’s success. Additionally, we want to have access to the necessary financing instruments for attractive acquisition opportunities.

Significant obligations not reflected on the statement of financial position exist in the form of obligations for the purchase of goods amounting to € 138.5 million (2014: € 127.2 million) and obligations regarding the purchase of property, plant and equipment amounting to € 43.9 million (2014: € 25.9 million). Symrise AG signed a service contract for outsourcing internal IT with a term until 2019 with Atos Origin GmbH. The remaining total obligations toward Atos amount to € 22.7 million accounting for extraordinary termination rights (2014: € 40.4 million).

### Sustainability

For Symrise, business success and responsibility for the environment, its employees and society are inextricably linked. Symrise’s corporate strategy therefore incorporates aspects of sustainability at all levels in order to enhance the company’s value over the long term and minimize risks. Symrise’s business activity involves the interests of many different stakeholder groups. Through active dialogue with these stakeholders, we discuss their expectations and requirements and incorporate them at every stage of value creation in order to develop successful solutions. This allows us to create value for all our stakeholders.

The Symrise set of values forms the foundation of how we think and act and also determines our corporate culture. “Because We Care” is the guiding principle of Symrise’s commitment to a complete understanding of its entrepreneurial activity. Our goal is a completely integrated corporate strategy.

The successive, strategic integration of sustainability into our core and supporting processes is managed by a global, cross-business team – the Symrise Sustainability Board. It consists of senior management representatives and ensures both the development and implementation of issues relevant for sustainability across the entire extended value chain as well as the consideration of the interests of key stakeholders. Implementation of the sustainability objectives set by the Sustain-

### Capital Structure

<table>
<thead>
<tr>
<th></th>
<th>€ million</th>
<th>in % of total equity and liabilities</th>
<th>2014</th>
<th>2015</th>
<th>in % of total equity and liabilities</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>1,432.2</td>
<td></td>
<td>36</td>
<td>1,588.2</td>
<td></td>
<td>38</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>559.5</td>
<td></td>
<td>14</td>
<td>501.4</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>2,008.1</td>
<td></td>
<td>50</td>
<td>2,094.2</td>
<td></td>
<td>50</td>
</tr>
<tr>
<td>Liabilities</td>
<td>2,567.6</td>
<td></td>
<td>64</td>
<td>2,595.6</td>
<td></td>
<td>62</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>3,999.8</td>
<td></td>
<td>100</td>
<td>4,183.8</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>
ability Board lies directly with the segments. For this reason, the Executive Board and Sustainability Board have appointed global ambassadors to be responsible for coordinating sustainability efforts in the Flavor & Nutrition and Scent & Care segments. The Corporate Center coordinates the Group’s sustainability strategy, while direct responsibility for the strategy lies with the Chief Executive Officer of Symrise AG.

Symrise’s sustainability reporting conforms to the requirements of the application level A of the Global Reporting Initiative™ (GRI) and fulfills the G4 guidelines. Symrise once again received external recognition of its sustainability efforts in 2015.

For the 2014 Corporate Report, we subjected our sustainability information and activities to an external assurance review pursuant to the AA 1000 Assurance Standard. The review assesses all quantitative and qualitative sustainability information.

In September 2015, Symrise AG was awarded the Sustainable Leadership Award from DQS GmbH.

At the beginning of November 2015, Symrise AG was added to Carbon Disclosure Project’s (CDP) “2015 Climate 100A List.” Symrise AG achieved the position of Status Sector Leader for Energy & Materials in the Germany, Austria and Switzerland region with a score of 100A in the 2015 climate change report. This demonstrates that, compared to other companies in the industry, Symrise shows a high level of transparency in connection with its performance regarding climate protection measures.

Opportunities and Risk Report

PRINCIPLES
The Symrise Group’s business activities offer a range of opportunities and, at the same time, are continually exposed to a number of risks. Opportunities relate to future developments or events that could lead to business performance exceeding the company’s set forecasts or goals. Accordingly, risks relate to future developments or events that could lead to business performance that does not meet the company’s forecasts or goals. Seizing opportunities, as well as recognizing and avoiding risks at an early stage, continues to be of key importance for the further development of Symrise in view of the increased size and complexity stemming from the acquisitions of the past years. In taking advantage of opportunities, it is important that an acceptable risk profile is maintained. By means of appropriate guidelines, we ensure that risk assessments are taken into account in the Executive Board’s decision-making processes from the very beginning. Symrise uses its own guidelines and models to regulate the processes of risk management and provide employees with a firm foundation for dealing with risks.

As part of our risk management, Group companies periodically assess their risks. The risk report documents these risks accordingly and includes their evaluation, probability of occurrence and the measures taken to reduce or eliminate risk. To minimize the financial effects of remaining risks, we acquire insurance if this is deemed economically sensible.

The effectiveness of implemented measures is checked as part of corporate internal audits.
The following describes the opportunities and risks that could have a material impact on the Symrise Group's net assets, financial position and results of operations in greater detail. If no segment is explicitly highlighted, the reporting of opportunities and risks applies to both segments equally.

**OPPORTUNITIES MANAGEMENT**

The Symrise corporate culture attaches importance to entrepreneurial thinking and acting. We value a high degree of responsibility in our employees. Therefore, in addition to the Executive Board, we encourage all Symrise employees, regardless of their area and scope of responsibility, to continuously seek and take advantage of opportunities. Group companies are urged to identify opportunities on an operative level which, for example, arise within the framework of operational activities or due to improved market conditions, and to realize these opportunities with the aim of achieving results that go beyond the scope of planning. Strategic opportunities are recorded in the two segments and in the Corporate Center. They are evaluated and plans are made to take advantage of them. Symrise's Executive Board is also responsible for discussing strategic opportunities on a regular basis. The risk management system that was established across the Symrise Group a few years ago is currently being expanded into a risk and rewards management system. This will result in the opportunities already being observed and integrated into strategic actions in the various segments of the Group being systematically analyzed with the company's risks. The taking advantage of and reporting on opportunities benefit the network of officials within the Group who have already been reporting the opportunities and risks in their segments for years as part of the opportunities and risk management system.

**OPPORTUNITY REPORT**

Opportunities for Symrise arise from various factors. Employees from every Group company can, for instance, submit suggestions within the scope of ideas management, which includes TPM (Total Productive Maintenance), that aim to improve work processes and procedures. Opportunities for generating additional orders arise from the know-how transfer between all divisions. An example of this is a Group-wide project database in which all activities are documented and tracked. As a result, points of contact can be created easily and advantages from synergies clearly recognized.

Developments in the company's business environment that are particularly attributable to social and economic changes open up numerous strategic opportunities. In developed nations, there is a trend toward healthier and more conscious nutrition habits, due, among other things, to the increasing life expectancies in these countries. End consumers' personal care requirements are also constantly growing. As a basic principle, a company has to continually provide its customers with innovative products in order to be competitive. Symrise positions itself accordingly with new divisions and business units, for example. Intensive market research and comprehensive R & D activities are the basis for Symrise's own developments for improving existing products or introducing new ones. In emerging and developing countries, there is mounting demand for products containing Symrise flavorings and fragrances. To take advantage of these opportunities, we are continuously expanding activities in these countries.

Similar to earnings, the cost side of the companies in the Symrise Group also contains potential savings opportunities that the companies already know about but have yet to completely materialize within the Group's budgets and plans. Further cost advantages could arise from the consolidation of markets and products as well as the further optimization of manufacturing, storage and delivery methods.

In individual cases where the respective risks are more than fully compensated for, established measures for controlling risk can also lead to possible revenue not currently provided for in the budget due to commercial prudence. Even measures against the risk of losing business can contain opportunities. The business plans for the various Symrise Group companies reflect the possibility of losing business with key customers. The business plans also contain new business to compensate for such losses. If the expected losses do not occur, the new business is an opportunity that goes beyond the originally planned volumes.

Strategic opportunities also arise from the acquisition and integration of Diana and Pinova Holdings, Inc., and the development of new, more attractive business units from the cooperation with Probi AB. To strategically broaden our expertise, we are continually looking for suitable partners. We also see opportunities arising from cooperative ventures with universities and companies. Bundling expertise can, for example, speed up product development and generate innovative products.
RISK MANAGEMENT

The risk management system at Symrise is based on the framework of generally recognized standards (ISO 31000) and extends across all Group companies and business units.

The Group-wide coordination of risk assessment occurs in the Corporate Center within the Risk Management department. Risk reports are drawn up for the individual companies and are then compiled into a current overview of the risk situation at the Group level. This Group risk report is submitted and presented to the Executive Board and Supervisory Board of Symrise AG twice a year. There, potential risks are identified and classified according to their effect on profit (net method) as well as the probability of their occurrence.

Two aspects are used to determine whether a risk should be considered “low,” “medium” or “high”: on the one hand, the classification of all individual risks for each company in terms of their effect on the sales or “impact” (“low,” “medium,” “high” or “very high”) and, on the other, the probability of their occurrence or “likelihood” (also “low,” “medium,” “high” or “very high”). The classes for “impact” break down as follows: An effect of less than 10 % of the reporting unit’s annual sales is classified as “low,” 10 to less than 20 % of sales as “medium,” 20 to less than 40 % of sales as “high” and from 40 % of sales as “very high.” Similarly, their “likelihood” is classified as “low” if its probability of occurrence is determined to be between 0 and 24 %, “medium” if it is between 25 and 49 %, “high” if it is between 50 and 74 % and “very high” if it is 75 % or higher.

The chart shows how risks are finally classified (either as “low,” “medium” or “high”) depending on their “impact” and “likelihood.” For example, the risk represented in field 1 would receive an overall classification of “low” as its impact is below 10 % of sales and its likelihood below the 25 % threshold. A risk in field 2 would receive a “medium” classification as it has an impact between 10 and 20 % of sales and a likelihood between 25 and 49 %. However, a risk in field 3 would receive a “high” classification as it has an impact between 20 and 40 % of sales and a likelihood between 50 and 74 %. The chart testifies of a high risk awareness and commercial prudence with the greatest number of fields being designated as high risks. Only 1.6 % of the risks from across the Group listed in the current risk report are classified as “high” risks at the level of the individual company, and only 7.7 % are classified as “medium” at the level of the individual company.

Alongside the purely mathematical classification, identified risks are also classified qualitatively according to their risk type as well as by business unit and activities affected. Furthermore, suitable measures for minimizing or eliminating risk are presented. As a result, the risk report also forms the basis for managing risks, which is also examined by the Group’s Corporate Internal Audit. Additionally, the risk assessment is compared with the company’s strategy and the goals it derived from that strategy. The Executive Board informs the Supervisory Board or the auditing committee of the Supervisory Board and decides on additional measures for handling risks. Reporting thresholds for risks are oriented toward the financial effects on Group companies as well as the probability of

<table>
<thead>
<tr>
<th>Impact</th>
<th>Likelihood</th>
</tr>
</thead>
<tbody>
<tr>
<td>I - low</td>
<td>&lt; 10 % of sales</td>
</tr>
<tr>
<td>II - medium</td>
<td>10 – &lt; 20 % of sales</td>
</tr>
<tr>
<td>III - high</td>
<td>20 – &lt; 40 % of sales</td>
</tr>
<tr>
<td>IV - very high</td>
<td>from 40 % of sales</td>
</tr>
</tbody>
</table>
the risk occurring. If a risk exceeds a certain reporting thresh­old, the Executive Board is informed immediately. These are risks that appear suddenly and have at least a medium to high probability of negatively impacting a Group company’s earnings by at least €5 million or its annual sales by at least 20%. Similarly, a “hazard alert” is declared, for example, if a legal risk or compliance risk is discovered that was not previously contained in the regular risk reports submitted to Symrise AG’s Executive Board.

RISK REPORT
BUSINESS ENVIRONMENT AND INDUSTRY RISKS
Fierce competition continues in the industries served by Symrise. Accordingly, it remains probable that the trend toward consolidation in the customers for Symrise products will continue. As a result, there is the risk that Symrise could lose customers and thus market shares. We react to this, in particular, with increased marketing of the innovations and products from our divisions that offer added benefits compared to competitors’ products. Risks resulting from consolidations at the level of our suppliers exist inasmuch as the loss of a supplier’s business can have a negative impact on our relations with customers. Symrise is exposed to political risks in the form of trade embargoes in certain countries from which raw materials are obtained and/or to which products are exported. Obstacles to trade can only partially be compensated for by turning to other regions. In certain countries, the possible risk of politically related default is continually observed. A dialogue with banks and customers serves to limit this risk. Political risks that arise in export countries, which mainly relate to losses of receivables, are countered through corresponding financial controls. Political unrest in countries and regions in which Symrise operates is observed very closely, particularly to protect the safety of the staff. Nevertheless, a temporary loss of production and thus sales can occur in unfavorable cases.

CORPORATE STRATEGIC RISKS
Corporate strategic risks can result, for example, from acquisitions. The acquisitions made in the last few years have contributed to the Group’s growth and all are now integrated. Acquisitions are also inherently liable to risks as, in the course of the integration process, there is the threat of business interruptions or a loss of knowledge and resources due to employees leaving the company. We counter these risks by means of a clearly defined integration process and corresponding responsibilities. Negative consequences for the company’s development could result from inaccurate assessments regarding growth, profitability, supply security of raw materials and the product portfolio. The breakdown of raw material deliveries, particularly the loss of exclusive suppliers or a reduction of raw material supplies stemming from natural disasters, generally represent a high risk. In the case of a lacking ability to market new products, development expenditure is not offset by adequate income. Intensive market research is carried out to guarantee that our products remain marketable.

ECONOMIC PERFORMANCE RISKS
Product risks: The fragrances, flavorings and additives from Symrise are normally processed in products that end consumers consume as food or apply to their skin or hair. Therefore, there is a fundamental risk that our products can have a negative effect on consumers’ health. To minimize this risk, the products are continually tested as part of our quality management on the basis of scientific research as well as on international standards and internal safety regulations.

Changes in a customer’s technology can result in a situation where individual products can no longer be offered to this customer. Symrise has a diversified customer portfolio to reduce this risk. Patent violations by competitors also pose a risk to our products. This is countered by means of adequate patent management.

Procurement risks: The purchase of raw materials, intermediate products, manufacturing plants and services is continuously exposed to the risk of unplanned price development, fluctuating quality or insufficient availability. While purchase prices can rise, particularly due to more expensive raw materials or unfavorable exchange rates, the availability of goods and services can also partially depend on legal regulations. The main suppliers of Symrise are bound by long-term basic
agreements. Procurement alternatives are also developed, in part together with important suppliers, to minimize the risk of not meeting the latest technological, market or legal requirements. Furthermore, suppliers’ creditworthiness is continuously examined. Finally, the initiatives in the area of backward integration help stabilize and reduce risk associated with raw material supply. Our suppliers are bound to constantly upholding Symrise’s Code of Conduct. It is expected that the high ethical requirements that Symrise has imposed upon itself, which are aimed at increasing business success while taking into account available resources, all employees and society, will be respected.

Risks regarding product safety, health, occupational safety and the environment as well as the integrity of our main suppliers are regularly assessed based on internationally recognized standards. The number of suppliers that are evaluated as part of this risk profile is continually being expanded. Supplier audits are also performed, and the business relationship is terminated if this seems necessary for reducing corresponding risk.

Operating risks: Technical disturbances can interrupt the Group’s continuous operations and lead to a loss of revenue and corresponding income. The causes thereof can lie in the safety of the energy supply, of the equipment and processes, in fire safety, in the quality and safety of materials and in their correct classification as well as the qualifications of the operational personnel. In addition, increasing demands and new country-specific labor regulations and environmental regulations as well as natural disasters can lead to interruptions in operations. We reduce such risks through maintenance, investments, occupational health, insurance and corresponding guidelines, instructions and training courses. Changes in country-specific environmental regulations can result in fines or the temporary closure of production sites. For this reason, we continuously observe regulatory developments in the countries in which Symrise operates. Interruptions in operations can also arise due to errors in the course of operations, for example, due to foreign bodies that are contained in raw materials or that are introduced into intermediate or end products during processing, as well as due to incidents resulting from the usage of work equipment. Symrise minimizes these kinds of risks through appropriate guidelines (for example, foreign body policy), robust procedures (Total Productive Maintenance), training courses, emergency plans, alternative production sites, exchange on best practices and continuous improvements to operational processes.

FINANCIAL RISKS
Credit risk: The risk of default arises if a customer or contract partner fails to meet its financial obligations and this results in a financial loss for Symrise. These represent less than 2% of the overall risks Group-wide. To minimize this risk, the creditworthiness of new customers is analyzed. In addition, every year both the creditworthiness and the supply conditions of all customers are examined. Apart from this method of risk prevention, Symrise introduced an procedure for valuation allowances for receivables. This valuation allowance consists of an individual write-down and a general allowance component. Symrise tries to limit the risk of nonpayment due to bank boycott by engaging in continuous dialogue with banks and customers. Symrise manages financial crises in export countries with corresponding financial controls.

Liquidity risk: Liquidity risk describes the danger of Symrise not being in a position to fulfill financial obligations to third parties. In the case of a deterioration in business development, there is the additional risk of not fulfilling obligations for existing credit covenants. Symrise carries out continuous liquidity planning in order to recognize liquidity shortfalls early on. Parallel to this, the company possesses sufficient credit lines to cover payment claims. The company’s development is continuously monitored and corresponding contingency plans to avoid liquidity problems exist. With these plans, we ensure that we have sufficient means to fulfill our payment obligations as they become due, even under difficult conditions. We do not currently see a refinancing risk.

Interest and currency risks: Currency risks exist in economic areas where Symrise sells its products on a foreign-currency basis (US dollars, for example) but when at least some of these products were produced in a different currency area (the eurozone, for example). A fluctuation in the value of the US dollar can result in corresponding changes to our material prices. Symrise counters this risk by negotiating corridors in its contracts. These corridors can be renegotiated later outside these parameters. Symrise also often purchases raw materials in euros. The remaining currency risk was reduced in 2015 through currency forward contracts.
The following currency forward contracts existed as of the reporting date with nominal values of:

- USD 27.0 million (December 31, 2014: USD 21.1 million) for hedging EUR/USD
- USD 9.0 million (December 31, 2014: USD 7.5 million) for hedging USD/JPY
- USD 2.1 million (December 31, 2014: USD 0.9 million) for hedging USD/INR
- USD 3.5 million (December 31, 2014: USD 5.7 million) for hedging SGD/USD
- USD 2.2 million (December 31, 2014: USD 1.6 million) for hedging USD/AUD
- GBP 0.0 million (December 31, 2014: GBP 0.05 million) for hedging EUR/GBP.

In order to avoid fluctuations in the financial result due to changes in measurement, the currency transactions were classified as cash flow hedges in terms of hedge accounting.

Interest risks arise because rising interest rates can increase interest expenditure contrary to planning and thus have an adverse effect on the Group’s result of operations. Symrise kept this risk low within the framework of financing for Pinova Holdings, Inc., with approximately 83% of the bonds having fixed interest rates and utilizing the favorable interest rate environment. Overall, the ratio of fixed-rate debt amounted to 86% of overall debt as of December 31, 2015. Symrise counters the remaining risk stemming from changing interest rates by means of contracted interest hedges.

**Tax risk:** Symrise is also exposed to tax risk. Due to structural changes at our worldwide sites, the local financial authorities have in some cases not been able to examine certain income tax-related matters to date and subsequently provide an overall assessment. In some cases, we made provisions for these risks in preparation for additional tax obligations. On the whole, we feel that the necessary precautions have been taken for all tax risks we are aware of.

**PERSONNEL RISKS**

Symrise counters personnel risks, which arise fundamentally from turnover of personnel in key positions, by means of suitable incentive systems, continuing professional development and programs advancing junior employees as well as a targeted succession planning.

Personnel risks are generally summed up in employees’ potential to leave the company and the corresponding loss of competence as well as possible noncompliance with company guidelines, legal requirements or agreements made with employee representatives. Compliance with local laws and company guidelines is ensured via internal audits. Further, compliance with these requirements, which are based on international standards, is checked at regular intervals by external auditors. The initial training of new employees, together with later training sessions, ensures that every employee observes corporate guidelines such as the Code of Conduct. Career development opportunities and regular succession planning help prevent the loss of personnel, particularly in key positions. The constant contact with employee representatives also helps to avoid strikes and the related interruptions to operations.

**LEGAL RISKS**

Currently, the Group considers legal risks to be only relatively minor. These risks typically result from the areas of product liability, warranty claims and environmental law. To counter these risks in an appropriate way and early on, we analyze potential risks comprehensively by incorporating our legal department and, if necessary, by engaging external specialists. Despite these measures, the outcome of current or future legal proceedings cannot be predicted with certainty. At present, only a few Group companies are affected by ongoing legal proceedings. Therefore, we will only make reference to one type of legal procedure here: In the USA, the Group company Symrise Inc., along with many other companies, has been accused of selling flavors which, when industrially processed, can release harmful vapors if safety instructions are not adhered to. In none of these proceedings has a concrete monetary claim been made so far. Symrise believes that it can continue to rebut these legal accusations. Furthermore, it is not expected that the results of the individual proceedings will have a significant effect on the consolidated earnings.

**COMPLIANCE RISKS**

Risks of this category describe the lack of congruence between processes and the applicable agreements and regulating, particularly legal, guidelines. Here the focus is on risks relating to product compliance, such as a possible violation of the European chemical regulation REACH (Registration, Evaluation, Authorization and Restriction of Chemicals). Risks relating to product compliance account for 33% of the value of all compliance risks. The establishment of the Group’s REACH organization and the associated monitoring systems serve to minimize this risk.
For years, the company has been operating an Integrity Hotline that allows employees to anonymously report employee misconduct to the Compliance Office via telephone or over the internet. All incoming reports are evaluated. When necessary, measures are taken which, in the most serious cases, can result in a termination of employment.

IT RISKS

IT risks arise from damage to the Group stemming from data misuse and potential interruptions in the exchange and processing of data, which can lead to an interruption of operational processes. Symrise maintains a number of IT and telecommunications systems whose data and programs are saved and further developed on different storage media. Established protective measures are continuously updated and extended to guarantee the security of IT processes and data. Despite these protective measures, there is still a remaining risk, however, that attacks on our data network from authorities or other third parties go unnoticed.

OVERALL ASSESSMENT OF OPPORTUNITY AND RISK SITUATION

In comparison to other sectors of industry and companies, Symrise’s business model and that of the companies acquired in the past fiscal years, have an above-average potential for opportunities thanks in part to the increase in private consumption and wealth across the globe. Many products serve to fulfill various basic human needs and desires, such as “health” and “youthful appearance,” which exist in every part of the world. The dynamic growth and high profitability of Symrise show that these opportunities have been successfully taken advantage of. We will continue to follow this strategy in the future.

All relevant risks and rewards are uniformly evaluated across the Group from a quantitative and qualitative perspective in the dimensions of their degree of the impact on business operations, the Group’s financial position and results of operations and their probability of occurrence.

The evaluation and the handling of the risks are performed at the level of the individual company, as this corresponds to the decentralized business and management model of the Symrise Group. For the Group risk assessment, we have aggregated risks at the level of the respective categories and assigned the following amounts (for their respective impact on result after income taxes) to the qualifications “low,” “medium” and “high”:

- “Low” corresponds to an amount up to € 20 million
- “Medium” corresponds to an amount between € 20 million and € 100 million
- “High” corresponds to an amount greater than € 100 million

These bandwidths are to be understood as the product and sales impact, probability of occurrence and EBITDA margin of risks, which corresponds to the methods described in the Risk Management section with respect to risks at the level of the individual companies.

The following risk profile for the Symrise Group in 2015 was established from the existing risk report and according to the methodology described:

<table>
<thead>
<tr>
<th>Risk profile</th>
<th>Group risk classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business environment and industry risks</td>
<td>Low</td>
</tr>
<tr>
<td>Corporate strategic risks</td>
<td>Low</td>
</tr>
<tr>
<td>Economic performance risks</td>
<td>Low</td>
</tr>
<tr>
<td>Product risks</td>
<td>Low</td>
</tr>
<tr>
<td>Procurement risks</td>
<td>Low</td>
</tr>
<tr>
<td>Operating risks</td>
<td>Low</td>
</tr>
<tr>
<td>Financial risks</td>
<td>Low</td>
</tr>
<tr>
<td>Credit risk</td>
<td>Low</td>
</tr>
<tr>
<td>Liquidity risk</td>
<td>Low</td>
</tr>
<tr>
<td>Interest and currency risks</td>
<td>Low</td>
</tr>
<tr>
<td>Tax risk</td>
<td>Low</td>
</tr>
<tr>
<td>Personnel risks</td>
<td>Low</td>
</tr>
<tr>
<td>Legal risks</td>
<td>Low</td>
</tr>
<tr>
<td>Compliance Risks</td>
<td>Low</td>
</tr>
<tr>
<td>IT risks</td>
<td>Low</td>
</tr>
</tbody>
</table>

Based on the information currently available, we see no risk that could pose a threat to the continued existence of the company. Since the existing risk reporting and the Integrated Management System were supplemented by a system of integrated internal controls and effectiveness checks, the company expects to continue to meet all requirements in the future business environment and in view of changing legal regulations.
Essential Features of the Accounting-Related Internal Control and Risk Management System

Main Features and Objectives

In accordance with the German Accounting Law Modernization Act (BilMoG), capital market-oriented corporations are obliged to describe the essential features of their internal accounting-related control and risk management system in the management report section of the annual report.

The accounting-related internal control system (ICS) guarantees proper and reliable financial reporting. By means of the accounting-related risk management system, measures are taken to identify and evaluate risks in order to ensure the preparation of consolidated financial statements in accordance with the regulations. The system consists of documenting possible risks, the accompanying processes and the control of these processes, and of examining these processes and controls. Opportunities are also documented within the framework of corporate planning. To guarantee that the ICS is effective, the Group-wide control mechanisms are analyzed at the level of the individual companies and the Group for suitability and functionality. Here, the Corporate Internal Audit department examines how effectively those responsible adhered to the planned control mechanisms at both the decentralized and centralized level. The efficiency of the ICS can be limited by unforeseen changes in the control environment, criminal activities or human error.

To define existing control processes in the company and to expand them where necessary, Symrise has established a process to support documentation and analysis within the scope of self-assessment measures in the Group’s business units and companies. The principles for the accounting-related internal control system and the risk management system define requirements, document the process landscape and business processes, and regulate controls to be carried out. Additionally, employee training courses and collegial exchange help ensure that measures can be constantly adjusted to the changing risk environment.

Organization and Process

The ICS in the Symrise Group comprises both centralized and decentralized areas of the company. It is geared to ISO 31000 and based on the COSO II Framework. Based on reports issued by the Group’s units and companies, an aggregate Group risk report is presented to the Executive Board regularly. The Executive Board discusses the efficacy of the ICS with the Supervisory Board or with the Auditing Committee of the Supervisory Board, as appropriate.

The ICS is monitored regularly with respect to the up-to-dateness of documentation and the suitability and functionality of controls. Further, any weaknesses in the control system are identified and evaluated.

- **Accounting-related risk management**: Using a risk-oriented approach, the companies and processes which are essential for accounting are first of all identified. On the basis of the results, specific minimum requirements and objectives are defined to counteract the risks of financial reporting. The result is a centralized risk catalog that relates to financial reporting and that is simultaneously the basis of work for employees involved in financial reporting.

- **Accounting-related internal control system**: First, existing control activities in the essential companies are documented and updated. The controls defined by the accounting-related ICS should guarantee adherence to Group accounting guidelines, the accounting guidelines of the individual companies as well as the procedures and schedules of the individual accounting processes. The control mechanisms are regularly analyzed for their effectiveness in preventing risks through the use of random sampling by Corporate Internal Audit, among other things. Whenever weaknesses have been documented, the potential risks for the consolidated financial statements stemming from the reports from the Group’s units and companies are evaluated. In another step, the individual risks are consolidated at the company level. The risks and their corresponding effects on financial reporting are reported to the Executive Board. These reports form the basis for reporting vis-à-vis the Supervisory Board’s Auditing Committee. If control weaknesses are determined, measures for improvement are developed. The efficacy of the new control methods is then analyzed in the next examination cycle.

Subsequent Report

Symrise announced its acquisition of Pinova Holdings, Inc., with locations in Brunswick, Colonel’s Island (Georgia, USA) and Jacksonville (Florida, USA), in September 2015. The transaction volume was USD 416 million. Pinova Holdings, Inc., is a leading provider of ingredients from natural and renewable
raw materials that are mainly used in the production of perfumes and fragrances as well as in oral care products. With the acquisition, Symrise is further expanding its range of raw materials in fragrances and thus particularly strengthening its competitive position in the creation of perfume compositions. The company is also expanding forward integration in menthols through cooling substances, which are increasingly used in combination with menthol-based products. In the 2015 fiscal year, Pinova Holdings, Inc., generated sales of USD 273 million. The transaction was closed as anticipated on January 7, 2016. Symrise is targeting a quick integration of Pinova Holdings, Inc., to take advantage of the expected synergies as soon as possible.

In November 2015, Diana Naturals SAS, France, finalized a purchase contract for the acquisition of 60% of the shares in Scelta Umami Holding BV, which is the parent company of the operating company Scelta Umami BV. Both are located in the Netherlands. The transaction was completed on January 6, 2016. Scelta Umami specializes in the manufacture and sale of mushroom concentrates and thereby supplements the product portfolio for the Flavor & Nutrition segment. In the 2015 fiscal year, Scelta Umami generated sales of € 4.1 million. The purchase price amounts to USD 8.2 million.

General Statement on the Company’s Economic Situation

The Executive Board regards the Symrise Group’s economic situation as positive. In 2015, the Group managed to once again substantially increase its sales and profitability. The company’s financing is secured for the medium term. This holds true even when accounting for the most recent acquisition – the US-based company Pinova Holdings, Inc., in January 2016. Pending the passing of the resolution at the Annual General Meeting, Symrise AG shareholders will participate in the company’s success by receiving a higher dividend than in the previous year.

Outlook

FUTURE GENERAL CONDITIONS

The future development of the world economy in 2016 is not expected to have a major positive or negative effect on Symrise’s business performance. The IMF forecasts a growth of 3.4% in global economic output for the current year – only slightly higher than that of the previous year (3.1%). It expects a continued slowdown in China’s growth to 6.3%, which will likely have some impact on those engaging in trade with Asia’s largest economy. In the USA, economic growth is expected to only slightly improve at 2.6%. Subdued growth is also expected for the eurozone, with economic output expected to rise only 1.7% for the year. Furthermore, the global economic environment is currently fraught with risk:

Numerous political crises remain unsolved. For instance, the eurozone continues to face challenges stemming from the ongoing debt problems of some countries. The full extent of the refugee crisis also remains a major question mark. Persisting low oil prices could lead to upheavals in the global economy.

GDP DEVELOPMENT 2015/2016, in %

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrialized countries</td>
<td>1.9</td>
<td>2.1</td>
</tr>
<tr>
<td>Emerging and developing countries</td>
<td>4.0</td>
<td>4.3</td>
</tr>
<tr>
<td>Global</td>
<td>3.1</td>
<td>3.4</td>
</tr>
</tbody>
</table>

Source: IMF
The AFF market relevant for Symrise reached a volume of € 22.3 billion in 2015. Of this amount, the submarket for flavorings and fragrances accounts for about € 17.1 billion according to the most recent estimates by IAL Consultants (9th edition, Nov. 2014) while, according to the latest reports from TechNavio/Infiniti and Global Industry, the submarket for aroma chemicals and cosmetic ingredients accounts for about € 5.2 billion. Symrise’s long-term estimate is for an annual, average growth rate of about 2–3% for the submarkets for flavorings and fragrances. Despite the somewhat declining economic output of some countries in South America, this region will post the strongest increase in demand for flavors and fragrances according to our own estimates, followed by North America, Europe and Asia. For the 2016 fiscal year, Symrise expects fairly subdued fluctuations in raw material costs. The environments of the individual raw materials points to some very diverse developments. Symrise raw materials can be broken down into natural, agriculture-based raw materials and petro-based raw materials. The Group expects a slight increase in cost for natural raw materials, due to the increasing demand and some smaller than expected harvests. On the other side of the picture, the low oil price is causing lower prices for synthetic raw materials. The company’s strategic focus is on natural and renewable raw materials. The acquisition of Pinova Holdings, Inc., contributes to this focus and represents another milestone in the expansion of our own raw materials basis. For menthols, Symrise relies on its leading market position and long-term supplier loyalty with multinational brand manufacturers.

The strict cost management and focus on high-margin business will be continued to further increase earnings. This includes initiatives to reduce complexity and the development of innovative, sustainable products and technologies. Assuming that raw materials prices remain at the level of 2015 and exchange rates do not change significantly from 2015, the company once again anticipates an EBITDA margin of about 20% for both segments in 2016. The ratio of net debt (including provisions for pensions and similar obligations) to EBITDA should be around 3.0 in 2016, above all due to the acquisition of Pinova Holdings, Inc., In the medium-term, the company is aiming for a return to the debt range of 2.0 to 2.5.

The company will continue its earnings-oriented dividend policy and give its shareholders an appropriate share in the company’s success.

The Executive Board at Symrise AG sees the company as being optimally positioned to continue developing in every division and growth region. A proven strategy will be used to achieve the goals set. The three pillars of our strategy remain unchanged. They stand for the continued improvement of our competitive position and the sustainable expansion of our business:

- **Growth:** Close cooperation with select customers, particularly as a way to further expand the share of sales in emerging markets
- **Efficiency:** The continuous improvement of processes and the expansion of backward integration with renewable raw materials
Portfolio: Tapping into new markets and market segments beyond flavors and fragrances with support from the competencies added through the Diana Group and Pinova Holdings, Inc.

At the start of 2016, Symrise acquired new competencies and products that will substantially enhance its competitive position in the creation of perfume compositions through its acquisition of Pinova Holdings, Inc. Symrise aims to grow primarily organically, however. Where it is sensible and creates added value, the Group will make acquisitions or forge strategic alliances to ensure access to new technologies, new markets and customers and ensure that it can obtain sustainable, renewable raw materials.

Remuneration Report

The remuneration report explains the guidelines applicable for setting total remuneration for the Executive Board members and describes the structure and amount of the Executive Board members’ remuneration. Furthermore, the guidelines and amounts of the remuneration for the Supervisory Board members are also described.

Remuneration of the Executive Board

Pursuant to the Appropriateness of Executive Board Remuneration Act (VorstAG) and according to Section 1 (3) of the rules of procedure of the Supervisory Board of Symrise AG, the full Supervisory Board meeting advises and determines the remuneration system for the Executive Board and regularly monitors its implementation. It does this upon request of the Personnel Committee. The current remuneration system was last approved by a majority of the shareholders at the 2015 Annual General Meeting. It fulfills all of the recommendations of the German Corporate Governance Code in its version from May 5, 2015.
The system and amount of the Executive Board’s remuneration are regularly reviewed by the Supervisory Board. The last review was performed in the Supervisory Board meeting from December 2014, where the adjustments effective as of January 1, 2015, were defined.

APPROPRIATENESS OF EXECUTIVE BOARD REMUNERATION

The appropriateness of the remuneration depends upon the responsibilities and personal achievements of the individual Executive Board member as well as the economic situation and market environment of the company as a whole. Further, the customary level of remuneration at peer companies and the internal Symrise remuneration structure are also considered. The Supervisory Board is of the opinion that remuneration for Executive Board members should be appropriate and that their set goals should be ambitious.

The average remuneration of an Executive Board member, consisting of the fixed remuneration, an annual variable component and a long-term variable component, corresponds to approximately 26 times the average remuneration of Symrise employees in Germany and around 28 times that of Symrise employees worldwide.

For the variable remuneration, the goals and criteria for assessing goal attainment are in general more ambitious for Executive Board members than those applied to other managers. For instance, the bonus payment is completely voided if less than 85% of the set goal is achieved (threshold). For managers, this threshold is set at 60%.

In addition, Executive Board members generally have to supply their pension from their own wages in the form of deferred compensation. A company contribution is not offered, due to their membership in the Executive Board.

The total remuneration of the members of the Executive Board comprises a fixed annual salary (fixed remuneration) and supplementary payments (fringe benefits), an annual variable component, a multi-year remuneration program (Long Term Incentive Plan/LTIP) and a company pension in the form of deferred compensation.

FIXED REMUNERATION AND SUPPLEMENTARY PAYMENTS

Every Executive Board member receives their annual fixed remuneration in equal monthly payments. Supplementary payments mainly contain fringe benefits in the form of non-monetary benefits from the use of a company car and payments for insurance such as a group insurance.

ANNUAL VARIABLE REMUNERATION (BONUS)

The annual variable remuneration is comprised of an annual bonus that is dependent upon the company’s success in the past fiscal year, specifically the attainment of certain financial goals (EBITDA, EPS) as well as a qualitative corporate goal. The annual variable remuneration is limited by a cap and can only reach a maximum of 150% of the contractually agreed annual bonus. If the threshold of 85% for a specific goal is not attained, the entire variable component for that goal is not paid out.

The goals for the annual variable remuneration were set by the Supervisory Board at the beginning of the 2015 calendar year. Corresponding goals are also applied to the levels below the Executive Board along with other goals. This ensures the consistent pursuit of corporate goals within the company. The annual variable remuneration for the 2015 calendar year will be paid out in the following year (2016) dependent on the degree of attainment on the basis of the approved financial statements for 2015.
MULTI-YEAR VARIABLE REMUNERATION
(LONG TERM INCENTIVE PLAN)
Multi-year remuneration (Long Term Incentive Plan/LTIP) is a revolving variable cash remuneration based on the long-term success of the company and is dependent upon the attainment of the goals subsequently listed over a period of three years.

Regarding the incentive plans for 2013–2015, 2014–2016 and 2015–2017, performance is measured via a share-based index composed of listed companies in the fragrance and flavor industry as well as supplier companies in the food and cosmetics industry. The key indicator for measuring performance within the index peer group is the share price development plus dividends or other payments (total investor return). Symrise’s development compared to the companies in the index is represented in the form of a percentile ranking. In order to ensure the best possible objectivity and transparency, the composition of the index and the determination of the percentile ranking is performed by an external consulting firm (Obermatt, Zurich).

For all three current incentive plans, a bonus will only be paid (threshold) if Symrise performs better than 50% of the peer companies (at least a 50th percentile rank) over three performance years. If this threshold is not met, the bonus is forgone without replacement or substitution. 100% goal attainment (target amount) would correspond to a 60th percentile rank.

If the Symrise share performs better than all of the companies represented in the index, meaning that Symrise had a 100th percentile rank for each of the three years, this would be rewarded with a doubling of the 100% goal attainment bonus. In this sense, there is a cap of 200%.

For Dr. Heinz-Jürgen Bertram, the multi-year variable remuneration of €665,000 would be awarded for 100% attainment of targets. The bonuses would amount to €455,000 each for Mr. Achim Daub and Mr. Bernd Hirsch.

If an Executive Board member leaves the company at their own request before the performance period has ended, the member has no entitlement to the ongoing Long Term Incentive programs, nor an entitlement to a pro rata payout. This provision was used in 2015 for determining the provision expenses for Bernd Hirsch who left as of December 31, 2015.

For the LTIP programs 2013–2015, 2014–2016 and 2015–2017, provisions were made as of the reporting date amounting to €1,342,146 (previous year: €1,291,000) (2015 expense: €798,146) for Dr. Bertram, €790,648 (previous year: €738,022) (2015 expense: €479,661) for Mr. Daub, and €361,293 (previous year: €738,022) (2015 expense: €50,307) for Mr. Hirsch.

The remuneration received by the Executive Board members Dr. Bertram, Mr. Daub and Mr. Hirsch in the 2015 fiscal year correspond to those set by the resolution of the Supervisory Board on December 4, 2014. According to this, Dr. Bertram receives a fixed remuneration of €665,000 as well as an annual bonus – for 100% target attainment – of €570,000. For Mr. Daub and Mr. Hirsch, the fixed remuneration amounts to €455,000 and the annual bonus – for 100% target attainment – is set at €390,000. The remuneration of the Executive Board members is determined against the background of the tasks and performance of the Executive Board members in addition to the general economic situation and the development of Symrise. Further, the expanded business responsibilities stemming from the acquisition of the Diana Group were also considered.
INDIVIDUAL REMUNERATION IN ACCORDANCE WITH THE RECOMMENDATION FROM NO. 4.2.5 (3) OF THE GERMAN CORPORATE GOVERNANCE CODE

Table of Financial Contributions in the 2015 Fiscal Year

The following table of financial contributions in the 2015 fiscal year is based on the recommendations of the German Corporate Governance Code in its version from May 5, 2015. Here, values are provided for the minimum and maximum amount of remuneration that can be achieved.

<table>
<thead>
<tr>
<th>Financial Contributions</th>
<th>€ million</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2015 (min)</th>
<th>FY 2015 (max)</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2015 (min)</th>
<th>FY 2015 (max)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed remunerations</td>
<td>€ million</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Dr. Heinz-Jürgen Bertram</td>
<td>CEO since 2009</td>
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<tr>
<td>Achim Daub</td>
<td>President Scent &amp; Care Worldwide since 2006</td>
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<td>Total</td>
<td>€ million</td>
<td>619,890</td>
<td>685,150</td>
<td>685,150</td>
<td>685,150</td>
<td>419,221</td>
<td>474,980</td>
<td>474,980</td>
<td>474,980</td>
</tr>
<tr>
<td>Annual variable remuneration**</td>
<td>€ million</td>
<td>515,000</td>
<td>570,000</td>
<td>0</td>
<td>855,000</td>
<td>400,000</td>
<td>390,000</td>
<td>0</td>
<td>585,000</td>
</tr>
<tr>
<td>Multi-year variable remuneration (total)***</td>
<td>€ million</td>
<td>600,000</td>
<td>665,000</td>
<td>0</td>
<td>1,330,000</td>
<td>343,000</td>
<td>455,000</td>
<td>0</td>
<td>910,000</td>
</tr>
<tr>
<td>LTIP 2014 (covering 2014 to 2016)</td>
<td>€ million</td>
<td>600,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>343,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>LTIP 2015 (covering 2015 to 2017)</td>
<td>€ million</td>
<td>–</td>
<td>665,000</td>
<td>0</td>
<td>1,330,000</td>
<td>–</td>
<td>455,000</td>
<td>0</td>
<td>910,000</td>
</tr>
<tr>
<td>Total</td>
<td>€ million</td>
<td>1,734,890</td>
<td>1,920,150</td>
<td>685,150</td>
<td>2,870,150</td>
<td>1,162,221</td>
<td>1,319,980</td>
<td>474,980</td>
<td>1,969,980</td>
</tr>
<tr>
<td>Service costs****</td>
<td>€ million</td>
<td>24,173</td>
<td>33,903</td>
<td>33,903</td>
<td>33,903</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Gesamtvergütung (DCGK)</td>
<td>€ million</td>
<td>1,759,063</td>
<td>1,954,053</td>
<td>719,053</td>
<td>2,904,053</td>
<td>1,162,221</td>
<td>1,319,980</td>
<td>474,980</td>
<td>1,969,980</td>
</tr>
</tbody>
</table>

Bernd Hirsch
CFO
from 2009 to December 31, 2015

<table>
<thead>
<tr>
<th>Financial Contributions</th>
<th>€ million</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2015 (min)</th>
<th>FY 2015 (max)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed remunerations</td>
<td>€ million</td>
<td>400,000</td>
<td>455,000</td>
<td>455,000</td>
<td>455,000</td>
</tr>
<tr>
<td>Supplementary payments*</td>
<td>€ million</td>
<td>20,740</td>
<td>21,000</td>
<td>21,000</td>
<td>21,000</td>
</tr>
<tr>
<td>Total</td>
<td>€ million</td>
<td>420,740</td>
<td>476,000</td>
<td>476,000</td>
<td>476,000</td>
</tr>
<tr>
<td>Annual variable remuneration**</td>
<td>€ million</td>
<td>400,000</td>
<td>390,000</td>
<td>0</td>
<td>585,000</td>
</tr>
<tr>
<td>Multi-year variable remuneration (total)***</td>
<td>€ million</td>
<td>343,000</td>
<td>455,000</td>
<td>0</td>
<td>910,000</td>
</tr>
<tr>
<td>LTIP 2014 (covering 2014 to 2016)</td>
<td>€ million</td>
<td>343,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>LTIP 2015 (covering 2015 to 2017)</td>
<td>€ million</td>
<td>–</td>
<td>455,000</td>
<td>0</td>
<td>910,000</td>
</tr>
<tr>
<td>Total</td>
<td>€ million</td>
<td>1,163,740</td>
<td>1,321,000</td>
<td>476,000</td>
<td>1,971,000</td>
</tr>
<tr>
<td>Service costs****</td>
<td>€ million</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total remuneration (DCGK)</td>
<td>€ million</td>
<td>1,163,740</td>
<td>1,321,000</td>
<td>476,000</td>
<td>1,971,000</td>
</tr>
</tbody>
</table>

* Supplementary payments include non-monetary benefits, for example from the use of a company car and payments for insurances, such as group accident insurance, for all Executive Board members.
** Annual variable remuneration contains the value for 100 % goal attainment. The “FY 2015 (max)” column shows the values for achieving the theoretical maximum bonus value of 150 %.
*** Multi-year variable remuneration contains the payments granted by the Supervisory Board in the respective fiscal year for 100 % goal attainment in the Long-Term Incentive Program. The “FY 2015 (max)” column shows the values for achieving the theoretical maximum bonus value of 200 %.
**** Service costs contain expenses pursuant to IAS 19 without interest expenses according to the recommendation of the German Corporate Governance Codex.
Table of Accrued Payments in the 2015 Fiscal Year

The following table shows the accrual of remuneration in or for the 2015 fiscal year. This is comprised of fixed remuneration, supplementary payments, annual variable remuneration and multi-year variable remuneration, differentiated according to the respective reference years, and service costs. Contrary to the table above, this table contains the actual value of multi-year variable remuneration earned from previous years and paid out in the 2015 fiscal year.

### ACTING EXECUTIVE BOARD MEMBERS IN THE 2015 FISCAL YEAR
### AS WELL AS FORMER MEMBERS WITH ACCRUALS IN 2015

<table>
<thead>
<tr>
<th>Accruals</th>
<th>Dr. Heinz-jürgen Bertram</th>
<th>Achim Daub</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ million</td>
<td>CEO since 2009</td>
<td>President Scent &amp; Care Worldwide since 2006</td>
</tr>
<tr>
<td>FY 2014</td>
<td>FY 2015</td>
<td>FY 2014</td>
</tr>
<tr>
<td>Fixed remunerations</td>
<td>600,000</td>
<td>665,000</td>
</tr>
<tr>
<td>Supplementary payments*</td>
<td>19,890</td>
<td>20,150</td>
</tr>
<tr>
<td>Total</td>
<td>619,890</td>
<td>685,150</td>
</tr>
<tr>
<td>Annual variable remuneration**</td>
<td>538,742</td>
<td>594,681</td>
</tr>
<tr>
<td>Multi-year variable remuneration (total)***</td>
<td>763,000</td>
<td>632,000</td>
</tr>
<tr>
<td>LTIP 2012 (covering 2012 to 2014)</td>
<td>763,000</td>
<td>0</td>
</tr>
<tr>
<td>LTIP 2013 (covering 2013 to 2015)</td>
<td>0</td>
<td>632,000</td>
</tr>
<tr>
<td>LTIP 2014 (covering 2014 to 2016)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>1,921,632</td>
<td>1,911,831</td>
</tr>
<tr>
<td>Service costs****</td>
<td>24,173</td>
<td>33,903</td>
</tr>
<tr>
<td>Total remuneration (DCGK)</td>
<td>1,945,805</td>
<td>1,945,734</td>
</tr>
<tr>
<td>Bernd Hirsch</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFO</td>
<td>from 2009 to December 31, 2015</td>
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</table>
DISCLOSURES PURSUANT TO SECTION 315A OF THE GERMAN COMMERCIAL CODE (HGB)

PENSIONS
Company-financed pensions are not granted by Symrise in new Executive Board member contracts. However, all members of the Executive Board have the possibility of accumulating deferred compensation benefits by converting their salaries. In 2015, Dr. Bertram and Mr. Hirsch made use of this option. There is no company contribution similar to the regulations applied to non-tariff employees and managers in connection with this "deferred compensation" arrangement.

As of December 31, 2015, the present value of the provisions for pensions amount to € 1,741,686 (previous year: € 1,746,739) for Dr. Bertram and € 719,490 (previous year: € 679,007) for Mr. Hirsch. No such provision exists for Mr. Daub.

CHANGE OF CONTROL
The employment contracts that form the basis for all of the current Executive Board appointments include identical commitments for payments in case of an early termination of the Executive Board position resulting from a change of control.

In the case of a change of control, all Executive Board members have the right to terminate their employment contract.

In the case of a change of control and a corresponding termination or early recall by the Supervisory Board, all Executive Board members are to receive compensation for the remaining terms of their contracts with severance equal to at least three years’ pay. The overall limit of payments to be made is set at 150 % of the severance payment cap for all Executive Board members according to the provisions of the German Corporate Governance Code of May 5, 2015 – in other words a maximum of three years’ remuneration including supplementary payments.

<table>
<thead>
<tr>
<th></th>
<th>Fixed components</th>
<th>Performance-based components</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fixed remuneration</td>
<td>Supplementary payments*</td>
</tr>
<tr>
<td>Dr. Heinz-Jürgen Bertram</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>665,000</td>
<td>20,150</td>
</tr>
<tr>
<td>2014</td>
<td>600,000</td>
<td>19,890</td>
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<tr>
<td>Achim Daub</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>455,000</td>
<td>19,980</td>
</tr>
<tr>
<td>2014</td>
<td>400,000</td>
<td>19,221</td>
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</tr>
<tr>
<td>Bernd Hirsch</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>455,000</td>
<td>21,000</td>
</tr>
<tr>
<td>2014</td>
<td>400,000</td>
<td>20,740</td>
</tr>
</tbody>
</table>

* Supplementary payments include non-monetary benefits, for example from the use of a company car and payments for insurances, such as group accident insurance, for all Executive Board members.
** Annual variable remuneration includes bonus provisions for the current year and bonus payments from the previous year to the extent that these differ from the amount of the previous year.
*** Multi-year variable remuneration contains the provisions as of December 31, 2015, for the LTIP program 2013-2015 and as of December 31, 2014, for the LTIP program 2012-2014.
Further, all the Long Term Incentive Plans (LTIP) contain a special clause for the case of a change of control. If a member of the Executive Board is recalled as part of a change of control, this Executive Board member would receive all of the ongoing and not yet due multi-year variable remuneration paid out at the level of 100% target attainment.

**EARLY TERMINATION AND EXPIRATION OF EMPLOYMENT CONTRACTS**

The members of the Executive Board do not receive any special remuneration upon expiration of their contracts and do not receive any severance pay. Moreover, no severance pay is paid out if the termination of an Executive Board contract is done consensually upon the request of the Executive Board member or an important reason for termination of employment exists for the company.

A post-employment non-compete provision can be agreed upon with all Executive Board members for twelve months. In such cases, the member concerned shall receive 50% of his or her fixed remuneration for these twelve months as compensation.

**D & O INSURANCE**

While observing all legal requirements, Symrise AG took out a professional indemnity insurance (D & O insurance) for the members of the Executive Board with an appropriate deductible pursuant to Section 93 (2) sentence 3 of the German Stock Corporation Act.

**REMUNERATION OF THE SUPERVISORY BOARD**

The members of the Supervisory Board have received an annual remuneration amounting to € 60,000 since the 2013 fiscal year. The Chairman of the Supervisory Board receives an additional annual remuneration amounting to € 60,000. The Vice Chairperson of the Supervisory Board and the Chairperson of the Auditing Committee both receive an additional annual remuneration of € 30,000 respectively.

Furthermore, the members of the Supervisory Board receive a stipend of € 1,000 for their participation in Supervisory Board sessions and those of its committees. This is, however, limited to a maximum of € 1,500 per calendar day. Supervisory Board members whose inclusion on the Board comprised less than a full year are to receive one-twelfth of their appointed remuneration for every commenced month of activity. This also applies to members of Supervisory Board committees.

Remuneration shall be paid upon the completion of the Annual General Meeting, which is formally responsible for discharging the members of the Supervisory Board for the respective fiscal year for which remuneration is due.

The company shall reimburse Supervisory Board members of reasonable expenses upon presentation of receipts. Value-added tax is to be reimbursed by the company insofar as the members of the Supervisory Board are authorized to separately invoice the company for value-added tax and exercise this right. A breakdown of the total remuneration for each Supervisory Board member is shown in the following table.

<table>
<thead>
<tr>
<th>Name</th>
<th>Remuneration as of December 31, 2015</th>
<th>Stipends</th>
<th>Total remuneration as of December 31, 2015</th>
<th>Total remuneration as of December 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Thomas Rabe (Chairman)</td>
<td>120,000</td>
<td>6,000</td>
<td>126,000</td>
<td>127,500</td>
</tr>
<tr>
<td>Regina Hufnagel (Vice Chairperson)</td>
<td>90,000</td>
<td>8,500</td>
<td>98,500</td>
<td>100,000</td>
</tr>
<tr>
<td>Dr. Michael Becker</td>
<td>90,000</td>
<td>8,500</td>
<td>98,500</td>
<td>99,000</td>
</tr>
<tr>
<td>Harald Feist</td>
<td>60,000</td>
<td>6,000</td>
<td>66,000</td>
<td>66,500</td>
</tr>
<tr>
<td>Horst-Otto Gerberding</td>
<td>60,000</td>
<td>6,000</td>
<td>66,000</td>
<td>67,500</td>
</tr>
<tr>
<td>Dr. Peter Grafoner</td>
<td>60,000</td>
<td>8,500</td>
<td>68,500</td>
<td>67,000</td>
</tr>
<tr>
<td>Francesco Grioli (until May 14, 2014)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>29,000</td>
</tr>
<tr>
<td>Christiane Jarke</td>
<td>60,000</td>
<td>3,500</td>
<td>63,500</td>
<td>66,500</td>
</tr>
<tr>
<td>Gerd Lösing</td>
<td>60,000</td>
<td>5,000</td>
<td>65,000</td>
<td>66,000</td>
</tr>
<tr>
<td>Prof. Dr. Andrea Pfeifer</td>
<td>60,000</td>
<td>5,000</td>
<td>65,000</td>
<td>66,000</td>
</tr>
<tr>
<td>Dr. Winfried Steeger</td>
<td>60,000</td>
<td>8,500</td>
<td>68,500</td>
<td>69,000</td>
</tr>
<tr>
<td>Helmut Tacke</td>
<td>60,000</td>
<td>7,500</td>
<td>67,500</td>
<td>69,000</td>
</tr>
<tr>
<td>Peter Winkelmann (from May 14, 2014)</td>
<td>60,000</td>
<td>8,500</td>
<td>68,500</td>
<td>44,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>840,000</strong></td>
<td><strong>81,500</strong></td>
<td><strong>921,500</strong></td>
<td><strong>937,000</strong></td>
</tr>
</tbody>
</table>
D & O INSURANCE
In conformity with the German Corporate Governance Code, a professional indemnity insurance (D & O insurance) with an appropriate deductible was also taken out for the members of the Supervisory Board.

Disclosures in Accordance with Section 315 (4) of the German Commercial Code (HGB)

- The share capital of Symrise AG remains unchanged at € 129,812,574. It is divided into no-par value shares with a nominal value of € 1. The associated rights and duties are set forth in the relevant provisions of the German Stock Corporation Act. There are no different types of shares with different rights and obligations. Nor do any special rights or rights of control exist for any shareholders.

- Sun Life Financial Inc., Toronto, Canada, informed us on behalf of its subsidiaries in May 2015 that its share in Symrise AG has again exceeded the 10 % threshold at 10.62 % and continues to exceed this threshold.

- The appointment and removal of members of the Executive Board is based on Sections 84 and 85 of the Stock Corporation Act. Amendments to the articles of incorporation are based on Sections 133 and 179 of the Stock Corporation Act.

- The Executive Board is authorized, subject to the consent of the Supervisory Board, to increase the share capital of the company until May 11, 2020, by up to € 25,000,000 through one or more issuances of new, no-par-value shares against contribution in cash and/or in kind. The new shares may be underwritten by one or more financial institutions determined by the Executive Board, in order for such shares to be offered to the shareholders (indirect subscription right). The Executive Board is authorized, subject to the consent of the Supervisory Board, to exclude the subscription rights of existing shareholders in the following instances:
  
a) In the case of capital increases in return for non-cash contributions in kind for the granting of shares for the purpose of acquiring companies or share interests in companies or participating interests in companies

b) For the purpose of issuing a maximum number of 1,000,000 new shares to employees of the company and affiliated companies, within the constraints imposed by law

c) Insofar as this is necessary in order to grant holders of warrants and convertible bonds issued by the company or its subsidiaries a right to subscribe for new shares to the extent that they would be entitled to such a right when exercising the warrants or options or when meeting obligations arising from the warrants or options

d) To exclude fractional amounts from subscription rights

e) In the case of capital increases against payment in cash, if, at the time of the final determination of the issue price by the Executive Board, the issue price of the new shares is not materially – within the meaning of Section 203 (1) and (2) of the German Stock Corporation Act (AktG) and Section 186 (3), Sentence 4 of the German Stock Corporation Act – less than the stock market price of shares already traded on the stock exchange of the same type and with the same attributes and the aggregate amount of the new shares for which subscription rights are excluded does not exceed 10 % of the share capital either at the time this authorization comes into force or at the time this authorization is exercised. This restriction is to include shares that were or will be sold or issued without subscription rights during the period of validity of this authorization, up to the time of its exercise, by reason of other authorizations in direct or corresponding application of Section 186, (3) Sentence 4 of the German Stock Corporation Act.

The Executive Board is authorized, subject to the consent of the Supervisory Board, to determine the further particulars of the capital increase and its implementation including the scope of shareholder rights and the conditions for the issuing of shares.

- The Annual General Meeting from May 14, 2013, authorized the Executive Board, with the consent of the Supervisory Board, to issue option bearer bonds and/or convertible bearer bonds or combinations of these instruments, once or several times and with or without term restrictions, up until May 13, 2018, for a total nominal amount of up to € 1,000,000,000.00. These can also be issued simultaneously in various tranches. The Executive Board is also authorized to grant the bondholders option or conversion rights in respect of up to a total of 23,000,000 no-par value shares of the company representing up to € 23,000,000.00 of the share capital in accordance with the specific conditions for the bond.
To fulfill the subscription rights granted, the company’s share capital has been conditionally increased by up to €23,000,000.00 through the issue of up to 23,000,000 new no-par value shares. The conditional capital increase shall only be implemented to the extent that the holders of convertible bonds issued for cash or of warrants from option bonds issued for cash by the company or a Group company up until May 13, 2018, on the basis of the authorization granted to the Executive Board by the Annual General Meeting of May 14, 2013, exercise their conversion or option rights, or fulfill their obligations for exercising the option/conversion rights, or the company exercises its right to grant bondholders shares in the company in full or partial settlement of the cash amount that has become due, and as long as no other forms of settlement are used (conditional capital). The new shares shall participate in the profits from the start of the fiscal year in which they are issued.

The Executive Board is authorized, with the consent of the Supervisory Board, to determine the further details regarding the implementation of the conditional capital increase. The Supervisory Board is authorized to amend Section 4 (6) of the articles of incorporation in accordance with the utilization of the conditional capital. The same applies if the authorization to issue convertible/option bonds is not exercised after the end of the authorization period and if the conditional capital is not utilized after the expiry of all conversion and option periods.

- Furthermore, the Executive Board is authorized to purchase treasury shares amounting up to 10% of the current share capital until May 11, 2020. The purchased shares together with other treasury shares that are held by the company or are attributed to it according to Section 71a et seqq. of the German Stock Corporation Act may not at any time exceed 10% of the share capital. The authorization must not be used for the trade of treasury shares.

  a) For one or more purposes, the authorization may be invoked by the company, or by third parties for the account of the company, in one total amount or in a number of partial amounts either singly or on several separate occasions.

  b) The Executive Board has the choice of making the acquisition through the stock exchange or in the form of a published purchase offer, or respectively, in the form of a published request for tender of such an offer.

aa) If the acquisition of shares is made through the stock exchange, the consideration per share paid by the company (excluding ancillary acquisition costs) may not exceed or undercut the opening auction price quoted on the XETRA trading system (or a comparable replacement system) on the day of the stock exchange trading by more than 5%.

bb) If the acquisition is made in the form of a published purchase offer, or in the form of a published request for tender of a purchase offer, the purchase price offered per share, or the limits of the purchase price spread per share (excluding ancillary acquisition costs), may not exceed or undercut the average closing price quoted on the XETRA trading system (or a comparable replacement system) on the last three stock exchange trading days before the date of publication of the offer, or respectively, the date of publication of a request for tender of a purchase offer, by more than 10%. If, following publication of the purchase offer, or respectively, following publication for tender of a purchase offer, significant fluctuations occur in the applicable reference price, then an adjustment may be made to the offer, or respectively, to the request for tender of such an offer. In such circumstances, reference will be made to the average price of the last three stock exchange trading dates before publication of any potential adjustment. The purchase offer, or respectively, the request for tender of such an offer, may include further conditions. Inasmuch as the offer is oversubscribed, or respectively, in the case of a request for tender of an offer, inasmuch as not all equivalent offers can be accepted, then acceptance must occur on a quota basis. Preferential acceptance of small quantities of up to 100 shares on offer is permissible.

c) The Executive Board is authorized to use company shares that are acquired on the basis of this authorization for all permitted legal purposes but especially for the following purposes:

aa) The shares may be redeemed without the necessity for the redemption or its execution to be authorized by a further resolution of a general meeting of shareholders. In a simplified procedure, they may be redeemed without a formal reduction in capital by adjustment of the proportional amount applicable to the remaining no-par value shares making up the company’s share capital. The redemption may be limited to only a portion of the shares acquired. The authorization for redemption of shares...
may be invoked repeatedly. If the redemption is performed using the simplified procedure, then the Executive Board is authorized to adjust the number of no-par value shares contained in the company’s articles of incorporation.

bb) The shares may also be sold by means other than through the stock exchange or an offer to the shareholders if the shares are disposed of against payment in cash at a price that is not significantly less than the quoted stock exchange price at the time of disposal for shares of the same type.

cc) The shares may be sold in consideration for contributions in kind, particularly in connection with the acquisition of other entities, parts of entities or investments in entities as well as in connection with business mergers.

d) The authorizations listed under paragraph c) subparagraphs aa) to cc) above also cover the disposition of company shares that are acquired pursuant to Section 71 d sentence 5 of the German Stock Corporation Act.

e) The authorizations listed under c) above may be made use of singly or repeatedly, wholly or partly, individually or jointly; the authorizations under c) subparagraphs bb) and cc) may also be made use of by entities dependent on the company or by entities that are owned in the majority by the company, or for their account, or for the account of third parties acting on behalf of the company.

f) Shareholder subscription rights in respect of this treasury stock are excluded to the extent that these shares are disposed of in accordance with the aforementioned authorization contained in paragraph c) subparagraphs bb) and cc).

g) The Supervisory Board may prescribe that measures taken by the Executive Board based on this resolution by the Annual General Meeting of the shareholders may only be executed with its permission.

• The employment contracts for the members of the Executive Board at Symrise AG contain a change of control clause. The clause provides that Executive Board members, who are recalled without serious cause or mutually agree to resign from their Executive Board positions after a change of control, but before the end of their contract term, are entitled to a settlement for the time remaining on their employment contracts or at least severance pay amounting to three years’ worth of remuneration. Severance and settlement must not exceed the overall limit of 150 % of the severance payment cap according to the provisions of the current version of the German Corporate Governance Code from May 5, 2015.

No further disclosure requirements exist pursuant to Section 315 (4) of the German Commercial Code.

Corporate Governance Statement

Consolidated Income Statement with a Separate Presentation of the Special Influences from M&A and PPA

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>2,120,107</td>
<td>0</td>
<td>0</td>
<td>2,120,107</td>
<td>2,601,730</td>
</tr>
<tr>
<td>Costs of goods sold</td>
<td>−1,231,704</td>
<td>−3,816</td>
<td>−9,795</td>
<td>−1,218,093</td>
<td>−1,490,141</td>
</tr>
<tr>
<td>Gross profit</td>
<td>888,403</td>
<td>−3,816</td>
<td>−9,795</td>
<td>902,014</td>
<td>1,111,589</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>−345,203</td>
<td>−4,800</td>
<td>0</td>
<td>−340,403</td>
<td>−426,912</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>−139,350</td>
<td>−462</td>
<td>0</td>
<td>−138,888</td>
<td>−169,640</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>−120,280</td>
<td>−10,911</td>
<td>0</td>
<td>−109,369</td>
<td>−148,484</td>
</tr>
<tr>
<td>Other operating income</td>
<td>29,064</td>
<td>0</td>
<td>0</td>
<td>29,064</td>
<td>32,818</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>−4,554</td>
<td>0</td>
<td>0</td>
<td>−4,554</td>
<td>−4,159</td>
</tr>
<tr>
<td>Income from operations/EBIT</td>
<td>308,080</td>
<td>−19,989</td>
<td>−9,795</td>
<td>337,864</td>
<td>395,212</td>
</tr>
<tr>
<td>Financial income</td>
<td>2,746</td>
<td>0</td>
<td>0</td>
<td>2,746</td>
<td>4,541</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>−51,116</td>
<td>−7,826</td>
<td>0</td>
<td>−43,290</td>
<td>−48,860</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>−48,370</td>
<td>−7,826</td>
<td>0</td>
<td>−40,544</td>
<td>−44,319</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>259,710</td>
<td>−27,815</td>
<td>−9,795</td>
<td>297,320</td>
<td>350,893</td>
</tr>
<tr>
<td>Income taxes</td>
<td>−72,943</td>
<td>7,698</td>
<td>3,267</td>
<td>−83,908</td>
<td>−98,504</td>
</tr>
<tr>
<td>Net income</td>
<td>186,767</td>
<td>−20,117</td>
<td>−6,528</td>
<td>213,412</td>
<td>252,389</td>
</tr>
<tr>
<td>of which attributable to the shareholders of Symrise AG</td>
<td>185,000</td>
<td>−20,117</td>
<td>−6,528</td>
<td>211,645</td>
<td>246,778</td>
</tr>
<tr>
<td>of which attributable to non-controlling interests</td>
<td>1,767</td>
<td>0</td>
<td>0</td>
<td>1,767</td>
<td>5,611</td>
</tr>
<tr>
<td>Earnings per share (€)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– diluted and basic</td>
<td>1.48</td>
<td></td>
<td></td>
<td>1.69</td>
<td>1.90</td>
</tr>
</tbody>
</table>

* One-time effects in M&A include the one-off non-recurring specific influences from transaction and integration costs as well as one-off valuation effects related to business combinations of Diana and Probi.

** As part of the purchase price allocation for Diana, the acquired inventories were to be recognized at their fair values. This identification of hidden reserves was reversed in the 2014 fiscal year.