Group Management **Report**

January 1 to December 31, 2014

Overview of the 2014 Fiscal Year

The international economic situation was reserved on the whole in 2014. Numerous political disputes and some military escalations had a negative impact on the global economy while the decline in the price of crude oil in the second half of the year provided expansive impulses. For Symrise, the acquisition of the French Diana Group was a defining moment of 2014. The move was financed through an increase in equity, a bond issue and bank loans. Diana is a globally leading provider of natural, functional solutions in the areas of nutrition, pet food, food supplements, aquacultures and cosmetics. With this transaction, Symrise will substantially expand its market position in the Flavor & Nutrition segment, intensify backward integration for natural raw materials and expand into the highly attractive market segment for pet food.

The Symrise Group generated sales of € 2,120 million in the 2014 fiscal year. This also includes sales from the Diana Group since July of € 234 million. Sales increased 16 % (18 % at local currency) over the previous year. The share of sales generated in the emerging markets accounted for 47 % of Group sales and was therefore slightly below last year's mark of 48 %.

In the 2014 fiscal year, transaction and integration costs as well as one-off measurement effects from the purchase price allocation for the Diana acquisition had a negative impact on the operating result. These expenses were mainly incurred for legal and other consulting services, for termination benefits as well as in connection with the consolidation of locations. In this report, we use normalized results adjusted for these one-off, non-recurring specific influences.[1] The normalized earnings before interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets (EBITDAN) of the Symrise Group increased by 24 % from € 373 million to € 465 million. The Group's EBITDA margin, as based on sales, improved from 20.4 % to 21.9 %, normalized.

The Scent & Care segment generated sales of € 980 million in 2014. Sales were therefore up 2 % on the previous year's level. At local currency, this corresponds to growth of 4 %. EBITDA was up 15 % on the previous year at € 223 million. The EBITDA margin therefore amounted to 22.7 % in 2014 compared to 20.3 % in 2013. Due to the Diana acquisition, Flavor & Nutrition increased its sales by 31 % to € 1,140 million. At local currency, this corresponds to 34 % growth. EBITDAN for the segment was also significantly higher than last year, amounting to € 242 million in 2014. The EBITDAN margin amounted to 21.2 %, compared to 20.5 % in the previous year.

The Symrise Group's normalized net income rose by 23 % over the previous year to € 212 million in the 2014 fiscal year. Despite an increased number of shares, normalized earnings per share improved from € 1.46 in the previous year to € 1.69 in the reporting year. The reported earnings per share was € 1.48. The Executive Board and Supervisory Board will propose to increase the dividend from € 0.70 to € 0.75 per share at the Annual General Meeting on May 12, 2015.

Cash flow from operating activities increased 25 % and amounted to € 343 million in 2014, € 68 million more than in the previous year (€ 275 million). A key factor here was the improved operating result and the consolidation of the Diana companies. The Symrise Group's liquidity increased by € 64 million to € 199 million as of December 31. Net debt (including provisions for pensions and similar obligations) increased to € 1,640 million as of the reporting date for 2014, due in large part to higher non-current borrowings and an increase in the provisions for pensions stemming from the lower interest rate as compared to the previous year. On an annualized basis, the ratio of net debt to EBITDAN

1) A more detailed description on how the normalized results were calculated can be found on page 45.

OVERVIEW OF KEY PERFORMANCE INDICATORS

€ million		2013	2014	2014 Normalized	Change in % (2014 normalized vs. 2013)	at local currency
Sales		1,830.4	2,120.1	2,120.1	16	18
EBITDA		373.1	436.3	464.5	24	27
EBITDA margin	in %	20.4	20.6	21.9		
Net income		172.3	185.0	211.6	23	
Earnings per share	€	1.46	1.48	1.69	16	
Net debt (incl. provisions for pensions and similar obligations) as of Dec. 31 to EBITDA, or EBITDAN for 2014, on an annualized basis	ratio	2.0	–	3.2		

was 3.2 as of the reporting date of December 31 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

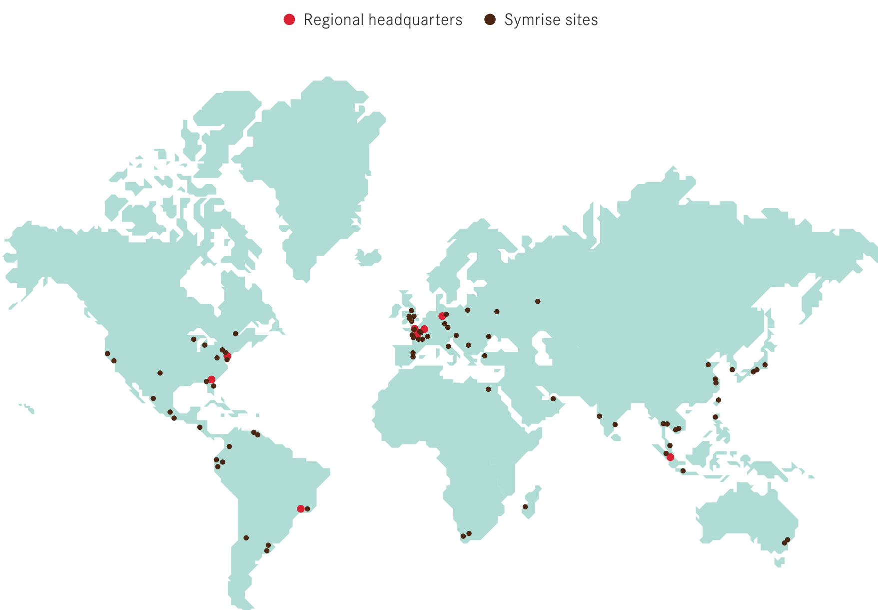
COMPANY PROFILE

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. Symrise substantially expanded its portfolio of natural ingredients with the acquisition of the French Diana Group in July 2014. The acquisition also opened up new attractive market segments, such as the pet food market. In 2014, Symrise achieved sales of over € 2.1 billion, making it one of the largest companies in the global flavor and fragrances market based on pro forma sales in 2014. The Diana Group generated pro forma sales for the complete 2014 calendar year of roughly € 460 million. Symrise sells its products in 160 countries. In 2014, Symrise generated 53 % 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 2014 fiscal year. The business model is built upon long-term relationships with our 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 47 % of its sales in the emerging markets in Asia, Latin America, Africa, Middle East and Eastern Europe. With the Diana acquisition, this share of sales decreased by one percentage point compared with the previous year, as the Diana division mainly generates its sales in developed markets. There are about 8,200 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 that offer it a stronger market position or access to important technologies 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, Symrise stock has been listed in the Prime Standard segment of the German stock exchange. With a market capitalization of about € 6.5 billion at the end of 2014, Symrise stock 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 our operating business. They each have their own research and development, purchasing, production, quality

SYMRISE SITES 2014



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 following the integration of the Diana Group. The Scent & Care segment is comprised of the Fragrances, Cosmetic Ingredients (was Life Essentials until the end of 2014) 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 which encompasses the central areas of finance and managerial accounting, corporate communications, investor relations, legal affairs, human resources, corporate compliance, corporate audit and global process design in order to exploit cross-segment synergies. 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 divisions 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 around 2,200 people in the areas of research, development, production, marketing and sales. A large number of Corporate Center employees are also based in Holzminden. The company has regional headquarters in the USA (Teterboro, New Jersey), Brazil (São Paulo), Singapore and in France (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. We have 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 four members until December 31, 2014. Dr. Heinz-Jürgen Bertram (CEO), Achim Daub (President Scent & Care Worldwide), Hans Holger Gliewe (President Flavor & Nutrition Worldwide) and Bernd Hirsch (CFO). Mr. Gliewe stepped down from his position as an Executive Board member as of December 31, 2014, in mutual agreement with the Supervisory Board. 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 Co-determination 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 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 product research, development, purchasing and production as well as the sale of the 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 a combination of flavors and perfume oils with other innovative components include flavorings that enable the sugar or salt content of foods 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 big differences in sensory preferences, comprehensive consumer research is also an important part of our R & D activities.

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 in our own production plants. In some cases, we have longer-term delivery con-

tracts 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

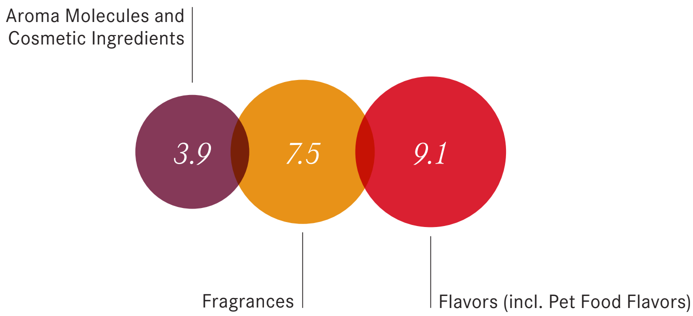
The Scent & Care segment's approximately 15,000 products are sold in some 135 countries. Its portfolio includes fragrance compositions, cosmetic ingredients, aroma chemicals and mint products. It has sites in more than 30 countries. The Scent & Care segment is divided into the Fragrances, Cosmetic Ingredients and Aroma Molecules divisions, where our products are used in the different business units as follows.

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 the manufacture of oral care products, chewing gum and shower gels. Special Fragrance & Flavor Ingredients and Fine Aroma Chemicals

RELEVANT AFF MARKET SIZE 2014 *in € billion*
(approx. € 20.5 billion overall)



Source: IAL (9th issue, Nov. 2014), internal estimates

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 from them.

Flavor & Nutrition

Flavor & Nutrition's range of products consists of approximately 15,000 items, which are sold in 140 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 has sites in more than 40 countries in Europe, Asia, North America, Latin America and Africa.

In particular, the **Flavors** division's flavorings and ingredients are used in three business units:

Beverages: Our flavors are used in non-alcoholic beverages such as refreshment drinks, fruit juice drinks, energy and sports drinks, tea and coffee drinks, malt-based drinks and functional drinks. Symrise also has applications for dry or instant drinks such as tea and coffee specialties. The product range is rounded out with flavors, distillates and extracts for nearly all common types of alcoholic beverages – from strong drinks like spirits to wine liquors and non-alcoholic beers.

Savory: This includes meat flavors, herb and vegetable extracts, wine flavors for soups, sauces and prepared foods as well as meat extracts, fish and wine extracts, meat pastes and vegetable pastes – all with a focus on naturalness, health and well-being in addition to sustainability. The business unit also produces seasonings for snacks.

Sweet: This business unit focuses on the sweets, chocolates, baked goods, ice cream and dairy product areas. Flavors, fruit powders, natural food colors and the optics for flakes and crunchies are in the spotlight here while striving for naturalness, authenticity and sustainability.

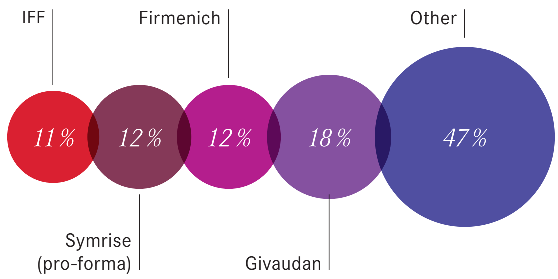
The product range in the **Diana** division is broken down into the following three business units:

Food: This unit, with 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. The aspects of quality, traceability and food safety are in the foreground here.

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 gaging progress on its work to improve sensory product characteristics. Furthermore, solutions for enhancing the acceptance of product by the pet owners are also a focus of development.

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

AFF MARKET SHARE 2014 *in %*
(Market volume approx. € 20.5 billion)



Source: Corporate data and internal estimates

MARKET AND COMPETITION

MARKET STRUCTURE

The Symrise Group is active in different markets across the world. These include the traditional market for flavorings and fragrances (F&F market), whose volume amounted to € 16.6 billion in 2014, according to calculations made by the IAL Consultants market research institute (9th issue, Nov. 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 our own estimates, achieved sales of € 3.9 billion in 2014. The markets have many trends and characteristics in common. The market relevant for Symrise therefore has a total volume of € 20.5 billion and is achieving average long-term growth of around 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 53 %.

The F&F market is characterized by high barriers to entry worldwide. 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, due to local taste preferences, there are often many different recipes for one end product, depending on the country. Moreover, customer relations are often characterized by intensive cooperation in product development.

Apart from different local taste preferences and behavioral patterns, the demand for end products in which our products are used is influenced by additional factors. The increasing income of people in the emerging markets is having a positive impact on the development of demand for products containing fragrances and flavorings or cosmetic ingredients. Market growth is also based on simple products that meet basic needs and 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 € 20.5 billion, Symrise's market share is roughly 12 % in terms of pro forma sales in 2014. The company's biggest competitors, such as Givaudan, Firmenich or IFF, are primarily active in the traditional flavor, fragrance and perfume oil business. Symrise has expanded both segments with additional 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 sub-markets such as food supplements, sun protection filters or other cosmetic ingredients, Symrise also competes with companies or segments of these companies that do not belong to the traditional F&F industry.

Symrise has worldwide leading positions in certain market segments, 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 UV sun protection filter segment as well as in baby and pet foods thanks to its acquisition of Diana.

GOALS AND STRATEGY

GOALS

In the long term, we want to strengthen our market position and ensure Symrise's independence. At the same time, we recognize our responsibility towards 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 (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 our smaller competitors and gain market share.

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

- Financial situation: The ratio of net debt (including provisions for pensions and similar obligations) to EBITDA should be in a corridor between 2.0 and 2.5 in the medium term. In our view, it is possible to exceed this range in the short term by making acquisitions, as with our purchase of the Diana Group in mid-2014, within the framework of our strategy. A consistently high cash flow from operating activities contributes to the company's financial stability.

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 is based on the three pillars of 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 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 the 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 nutrition and care. With the acquisition of the Diana Group, we have substantially expanded our diversified product range, particularly in the areas of baby and pet food. 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 used within the framework of value-oriented company management. The EBITDA margin, for which we have defined an 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. An important key figure is the ratio of net debt (including provisions for pensions and similar obligations) to EBITDA, for example.

Management's focus 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 are oriented toward the customer and the market. 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 cooperations and networks (open innovation) are bringing a wealth of new methods and ideas to the development process. 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 amounted to 0.5 % in the 2014 fiscal year and therefore continues to be insignificant.

The Scent & Care segment focuses on six areas in its R & D strategy:

- Innovations in the area of green chemistry for use in fragrances and cosmetic ingredients
- Functional substances for oral care products
- Bioactive ingredients for cosmetic applications
- Release systems for fragrances
- Malodor masking
- Sensory research and receptor biology

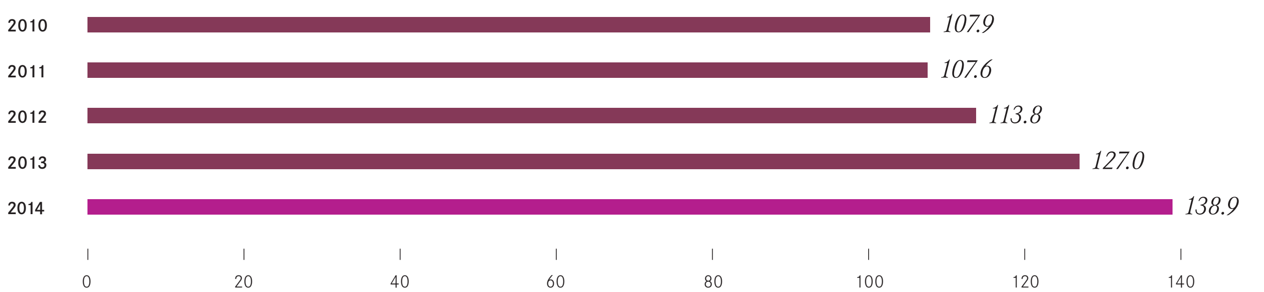
In the Flavor & Nutrition segment, the following areas are being reworked via six technology platforms:

- Developing and establishing concepts for ensuring the authenticity of natural aromatic substances
- Developing agro-based and declaration-compatible flavor systems such as plant extracts with improved fermentation properties for optimizing sweet flavors, authentic onion-based flavor systems, optimized and sustainable vanilla extracts and new savory flavor systems
- Developing natural aromatic substances as well as complex natural flavor preparations with authentic flavor profiles that integrate new botanical raw materials as well as the latest biocatalysis methods
- Optimizing high-protein foods in regards to masking unwanted flavors (bitterness and astringency masking)
- Identifying and validating functional effects in natural substances with physiological functional properties for the areas of Health and Nutrition
- New technologies for the selective enrichment and release of aromatic substances
- New, application-specific encapsulation technologies particularly for teas, chewing gums and snacks
- Formulating products with health-promoting characteristics while simultaneously optimizing the sensory profile with special attention to ingredients relevant for health
- Initial optimization of flavor systems and technologies for feed components aimed at increasing acceptance from pets in the Diana Pet Food business unit
- Evaluating and further developing agriculture-based raw materials from the Diana Food business unit

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, such as in the fields of green chemistry and white biotechnology. The R & D resources of both segments are directly integrated into the organization. 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, aromatic substances and cosmetic ingredients. Furthermore, there is a focus on the development of new functional ingredients for application in foods. The majority of the R & D activities for the Diana division (Diana Pet Food and Food) is located in France, with additional research and development on plant cell culture-based technologies located in Oregon (USA). Development and application technologies for the segments are also located in Teterboro (USA), Singapore, Tokyo (Japan), Chennai (India), Paris (France) and São Paulo (Brazil).

R & D COSTS *in € million*



To expand the network 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 aromatic substances at the AChemS conference in Florida (USA), the most important conference on the biology and physiology of flavor and fragrance perception as well as diverse inputs on the characterization and effectiveness of natural flavor systems at the Weurman conference, one of the world's leading flavor conferences. Symrise also participated in the FEMA Annual Convention, which focused on the "Future of Food". An extensive presentation on methods for authenticating natural aromatic substances was given before the specialist audience at the annual meeting of the American Chemical Society in San Francisco. To strengthen its national network in the area of food technology, Symrise joined the Lower Saxony-based R&D association NieKE (Lower Saxony Competence Center for Nutrition). Its members include important research institutes like the DIL (German Institute for Food Technology) and other food manufacturing or processing companies. At the World Perfumery Congress in Deauville and the 28th IFSCC (International Federation of Societies of Cosmetic Chemists) in Paris there was a special focus on the areas of green chemistry and reusability in 2014. Along with the external presentations at scientific events, Symrise also holds annual meetings with numerous select scientific committees to assess future academic trends and to validate ongoing research. The focus of the annual St. Niclas Symposium, where renowned academic think tanks get together to lay out the product pipeline and best practices of Symrise in the area of green chemistry, lay on green chemistry and sustainability in 2014. A special highlight was the opening speech from Professor Roger Sheldon (University of the Netherlands) who introduced the E-factor for measuring the efficiency of green chemistry. A complete proceedings journal on current topics in fragrance chemistry was published for the GDHC Flavor&Fragrance conference in Leipzig, with Symrise researchers playing a significant role.

Symrise presented the topic of sustainability and fragrances at the Cleaning Products Europe Conference in Prague. Symrise presented the latest research results from phytochemistry, microalgae research, skin pigmentation, anti-aging and receptor biology at the 28th IFSCC (International Federation of Societies of Cosmetic Chemists) conference held by the French Association for Cosmetics and Fragrances in Rio de Janeiro as well as at the "9th International Meeting of China Dermatologist Association&National Congress of Cosmetic Dermatology."

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.

From idea to marketable product, the innovation process at Symrise is organized based on a uniform, stage model with decision filters. The process is established throughout 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 2014.

PERSONNEL AND EXPENSES

At Symrise, nearly 18%, or 1,457, of our employees work in the R&D area worldwide. In the previous year, 1,160 employees worked in R&D. The increase is mainly due to the acquisition of the Diana Group. Total R&D expenditures amounted to € 139 million in the 2014 fiscal year (previous year: € 127 million), comprising 6.6% of sales (previous year: 6.9%). Research expenses will remain at this level in the future in order to further increase Symrise's innovative strength.

EMPLOYEES

STRUCTURE OF THE WORKFORCE

As of December 31, 2014, the Symrise Group employed 8,160 people (not including trainees and apprentices) worldwide. In comparison to December 31, 2013 (5,959), this represents an additional 2,201 employees. The increase in the number of employees in the Flavor&Nutrition segment was particularly notable (+2,151 employees). This segment employs 62% of the Group's total workforce. This increase is primarily the result of the acquisition of the Diana Group and its 2,066 employees. 27% of employees work in the Scent&Care segment. Here, the number of employees increased by 26 in 2014. 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 12% on the previous year at 141 (previous year: 126 apprentices and trainees). They are trained in particular as chemical lab technicians and chemists, industrial clerks and business students (dual training with a Bachelor of Business Administration degree) as well as industrial mechanics.

From a functional perspective, the majority (48%) of the Symrise Group's workforce is employed in the area of production and technology. This was also the area that experienced the greatest growth in personnel in 2014, adding 1,514 employees. 21% of the workforce is employed in sales and marketing, while 18 % of employees work in research and development.

Of the Group's 8,160 employees, about 30 % work at sites in Germany, while the EAME region as a whole accounts for 53 % of the workforce. 20 % of our employees work in the Latin America region, 16 % in Asia/Pacific and 11 % in North America. The increase in employees in 2014 was especially notable in EAME (excluding Germany) at 133 % as a result of the Diana acquisition, though growth in Latin America and North America was also strong at 86 % and 37 % respectively.

In terms of age range, employees between the ages of 30 and 49 dominate the workforce at the Symrise Group, with a share of 60 %. We regularly assess the demographic development of our workforce. Demographic development 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.

Over 40 % of the Symrise Group's employees have been with the company for at least ten years – for German sites, this group accounts for 70 % of the workforce. Our employee turnover rate remained very low in Germany, totaling 1.2 % in 2014. Globally, the figure was 4.8 %.

PERSONNEL STRATEGY

The strategic focuses for human resources in 2014 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, diversity and demographic change.

Employee and Manager Development

In 2014, Symrise started a program for the development of future managers under the title "Future Generation Leadership Development Program." This program aims to develop the next generation of the company's managers. We deliberately implemented diversity criteria regarding the selection of participants. 40 % of the participants are women. A total of 22 junior talents from our two segments and from eight countries were put on a two-year developmental path that entails an intensive English-language program consisting of four elements:

Development Center: In a three-day event, participants engage in various exercises and role-playing games while being observed by senior managers. The result is an extensive report on the participants' strengths and developmental areas and an 18-month human resources development plan that is individually tailored to the participant's daily routine.

Three Modules for Manager Training: Implemented by a renowned German business school, the participants learn about the various aspects of corporate management and leadership in three seminar modules. The seminars combine theoretical knowledge with practical application. The focus on implementation plays a central role.

Mentoring: Every participant is also assigned a mentor from the senior management at Symrise. Mentoring includes reflection and discussion as well as sharing experience. Mentors are selected and assigned with the aim of using their knowledge and experiences to provide an additional boost to the participants' development. This means that the mentor generally comes from a different division and function as the participant. This enables cross-functional learning.

Project: All participants are involved in a project within the framework of the program that is relevant to the future development of Symrise. Each project is sponsored and supervised by a senior manager. At the end of the program, each project group presents their results to the Symrise Executive Board. Ideally, the results will then be implemented within the company.

The program started with great success and is slated to become a core component of manager development at Symrise.

NUMBER OF EMPLOYEES BY SEGMENT

	December 31, 2013	December 31, 2014	Change in %
Flavor & Nutrition	2,943	5,094	+ 73
Scent & Care	2,147	2,173	+ 1
Corporate functions and services	869	893	+ 3
Total (not including trainees and apprentices)	**5,959**	**8,160**	**+ 37**
Trainees and apprentices	126	141	+ 12
Total	**6,085**	**8,301**	**+ 36**

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

NUMBER OF EMPLOYEES BY FUNCTION

	December 31, 2013	December 31, 2014	Change in %
Production & Technology	2,431	3,945	+ 62
Sales & Marketing	1,561	1,747	+ 12
Research & Development	1,160	1,457	+ 26
Administration	440	629	+ 43
Service companies	367	382	+ 4
Total	**5,959**	**8,160**	**+ 37**

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

Integrating the Diana Group into the Symrise Organization
As an international company with headquarters in Germany, Symrise faced some notable HR-related challenges regarding the integration of its acquisition Diana. Diana employs about 2,100 employees worldwide, with about 1,000 of these working in France. Here, we needed to be considerate of the country's established HR-policy culture. Symrise sees the French workforce and management team as an asset with a special cultural value that is worth protecting and preserving. That is why we decided to integrate Diana into the Symrise organization as a separate division within the Flavor & Nutrition segment. The Diana division is also being headed by a French managing director joining Symrise from Diana, which is another component of this cultural respect. This manager participates in the regular meetings of the expanded management at Symrise. We have established a special incentive program that is oriented towards the targeted sales and earnings goals to support and motivate the Diana managers to achieve the ambitious medium-term goals.

Education
One of Symrise's strengths is 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. Next, the technical training of our production employees is a core component of Symrise's professional development program with training courses for chemical production specialists, process chemical technicians or as inventory specialists at Symotion GmbH. Our high-performance sales training for sales personnel is also being continued and further expanded.

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. Two additional Symrise employees with a chemical-technical professional background began studies in a dual degree program in Life Science Technologies as of the winter semester of 2014.

Symrise supports employees who engage in further training or educational measures, including Master's programs and PhDs, in a wide variety of ways. This support provides great motivation for the employees and ultimately benefits the company as well.

Company Daycare
Another important component of the corporate culture at Symrise is our family-oriented HR policy. Here, Symrise took the initiative, in cooperation with other companies in the region and an external operator, and co-founded a company daycare in Holzmin-

NUMBER OF EMPLOYEES BY REGION

	December 31, 2013	December 31, 2014	Change in %
Germany	2,398	2,462	+ 3
EAME not including Germany	786	1,829	+ 133
North America	673	922	+ 37
Asia/Pacific	1,235	1,333	+ 8
Latin America	867	1,614	+ 86
Total	**5,959**	**8,160**	**+ 37**

Basis: Full-time equivalents (FTE), not including apprentices, trainees and temporary workers den: the "Grasshoppers." The daycare launched in December 2014 with its first group of children and will move into its own new rooms in 2015. This important initiative aims to enhance and improve the compatibility of work and family life.

Working Life
A further strategic element of Symrise's HR policy is focused on demographic change. Though not in the short and medium term, Symrise will face major challenges in the longer term after 2020. The introduction of working time accounts for employees in Germany, which allow employees to retire early and/or more flexibly, is an initial step in the right direction.

Health management
Symrise boosted its activities in health management and formed a global network of participants under the title of "SymplyHealthy." This will link regional activities and allow team members to learn from one another. The focus in Germany this year was on production, which generally operates on a shift work schedule, with initiatives in three areas: exercise, nutrition and sleep.

Diversity
Diversity is a central element of Symrise's HR policy and will be built upon continually. In 2014, we initially began establishing greater transparency and KPIs on the central parameters of diversity, such as nationality and gender, in order to measure what ratio of men and women work at Symrise and how well this is reflected at the management level. This program will be continued in 2015 with various activities.

PERSONNEL MEASURES

Remuneration and Wage Agreements
Symrise uses the wage agreements applicable to the chemicals industry for its employees in Germany – both in terms of content and duration. In February 2014, a wage agreement was concluded for the chemical industry in Germany that calls for an increase of the tariff wages of 3.7 %. 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 industry tariff. As a result, the tariff wages of our employees in Germany will be increased by 3 % by the wage agreement. The adjusted tariff wages will remain valid until the end of March 2015.

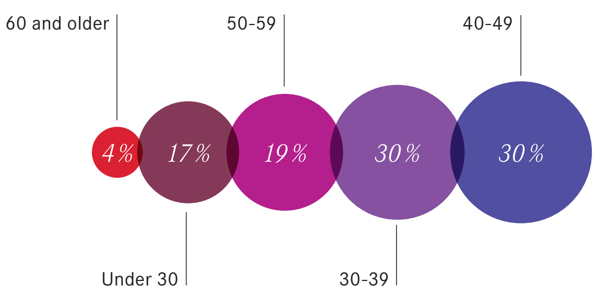
At the other Symrise sites, our tariff policies are oriented towards the local benchmarks and inflation rates. Symrise is also a competitive employer in these markets in regards to compensation and benefits.

Flexible remuneration systems, which honor employees' individual contributions with variable salary components and at the same time take the company's economic situation into account, are an important element of our modern remuneration policy. The remuneration systems are based on our salary range model, which was introduced at all of the major Symrise sites. The advantages of this job grade concept lie in a structured and comprehensible remuneration and in its international comparability. This makes our company more attractive as an employer and contributes toward recruiting and retaining employees.

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: Employee performance should pay off at Symrise.

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 be-

AGE STRUCTURE OF THE WORKFORCE 2014 *in %*



ginning 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.

Economic Report

GLOBAL ECONOMIC AND INDUSTRY-RELATED CONDITIONS

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 sub-markets in which we are active show different degrees of fluctuation depending on economic developments.

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 the supply of raw materials 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.

GLOBAL ECONOMIC CONDITIONS

The international economic situation was reserved on the whole in 2014. According to the January 2015 estimates from the International Monetary Fund (IMF), global economic output increased by 3.3 %, just as it did in 2013. Numerous political disputes and military escalations, particularly those in the Middle East, Africa and Ukraine, and their negative economic effects weighed down on the global economy. This was countered in the second half of 2014 by the drastic drop in oil prices, which provided expansionary impulses.

Economic performance in the industrialized countries showed a significantly divergent picture in 2014. While the US economy grew stronger than expected at 2.4 %, economic development in Japan (0.1 %) and the eurozone (0.8 %) lagged behind expectations. Mainly due to ongoing structural problems, the economies of Italy and France achieved little to no growth. The German economy grew 1.6 % in 2014 according to calculations from the Federal Statistical Office, after only 0.1 % in the previous year. Here, private consumption and industry investments were the key drivers of growth while exports minus imports only provided a relatively small contribution.

The economic output of the emerging and developing countries expanded by an estimated 4.4 % in 2014 after 4.7 % in the previous year. Here, too, the pace of growth varied greatly between the various markets. Countries in Asia achieved an average economic growth of 6.5 %, though China experienced something of a down year, particularly due to reserved investment behavior. On the other hand, India's economy achieved greater growth than in 2013. Economic development in Eastern Europe suffered from the conflict in Ukraine and the related sanctions as well as from the drop in oil prices, especially in Russia. Some countries in Latin America, namely Argentina, Brazil and Venezuela, also struggled with grave economic problems – for instance with high inflation or a drop in the value of their currency.

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

- Economic fluctuations in the developed markets 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 areas.

- 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 2014 fiscal year.

DEVELOPMENT OF ESSENTIAL SALES MARKETS

The relevant market for the Symrise Group is growing at a long-term rate of 2 to 3%. For 2014, the global market volume amounted to € 20.5 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 which 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 2014. This was overcompensated, however, by significant unforeseen price increases in citrus-based raw materials such as juice concentrates and peel extracts. With the very important citral and terpene derivatives, which are used to manufacture fragrances, the supply and cost situation intensified in 2014. The same is true for most base chemicals, such as solvents.

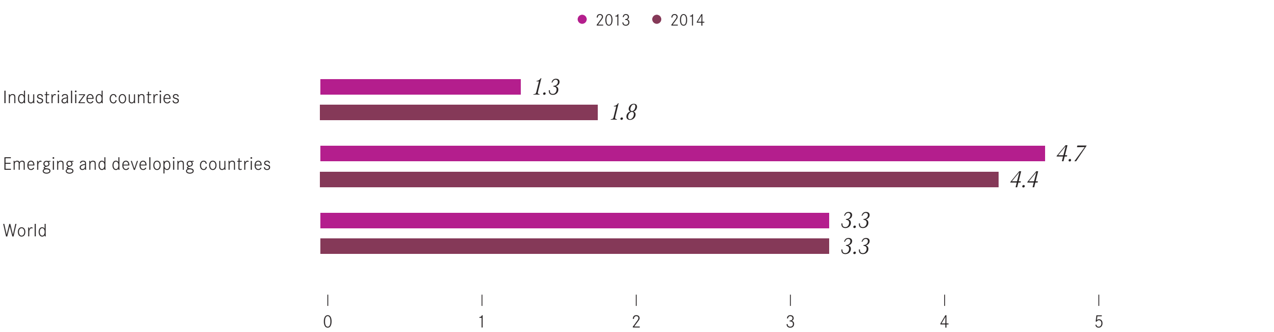
Overall, the prices for chemical raw materials decreased slightly over the course of the 2014 fiscal year. Natural raw materials experienced significant price distortions due to the unsettled market environment and continued high level of volatility. To increase supply security with base products, Symrise has for years pursued a strategy of long-term cooperation. Examples of this are the collaboration with LANXESS in the manufacture of synthetic menthols and a presence in Madagascar, the most importance source country for bourbon vanilla, with backward integration, meaning the inclusion of local farmers.

GENERAL POLITICAL AND REGULATORY CONDITIONS

The Flavor & Nutrition segment's products 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. New maximum limits for certain aromatic substances must be complied with in the EU starting in October 2014 at the latest. Symrise already ensured in 2013 that it meets this new requirement. The company guarantees that all Symrise products meet these requirements and that corresponding documentation is made available to customers. Furthermore, the EU published the Union List of aromatic substances, which also contains exact purity requirements. Symrise began adjusting its data systems and informing its customers of these changes before the list was published.

Numerous changes to food law in China and other emerging markets are expected in 2015. For certain aromatic substances, Chinese purity regulations differ from their EU counterparts.

DEVELOPMENT OF GROSS DOMESTIC PRODUCT IN 2013/2014 *in %*



Source: IMF

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 will be successively expanded in the USA. This requires the renewal of registrations for production sites outside of the USA, which Symrise and Diana implemented accordingly.

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 2014 was registering or updating important products and raw materials previously registered in 2010 and 2013 in accordance with the European chemicals directive REACH: Overall, files for more than ten materials (or phase-in substances; EINECS) were submitted to the European Chemicals Agency (ECHA). Symrise also prepared files for another approximately 50 substances.

Regulatory monitoring remains a key activity of the Scent & Care segment for ensuring compliance with all current and future regulatory requirements and to secure a competitive advantage. A growing number of regulatory challenges arose globally in 2014, from changes to approval lists for chemicals in China and South Korea, to continuous dialogue and exchange with European authorities on allergenic fragrances. In 2014, we proactively implemented internal measures to ensure compliance with future European requirements and to provide an industry-leading and constantly improving service to our customers.

An external audit by Regulatory Affairs in 2014 confirmed the existing solidity of Scent & Care's processes and procedures from a regulatory viewpoint: From the inspection of raw materials to briefing and creation, we ensure the delivery of compliant and safe perfumes and cosmetic ingredients for our customers by further developing our processes in line with the changing regulatory environment.

CORPORATE DEVELOPMENT

CURRENT DEVELOPMENTS WITHIN THE GROUP

German Sustainability Award 2014 – Symrise Among Top 3 in Special Award Category "Resource Efficiency"

The Germany Sustainability Awards were presented in November 2014. Symrise placed among the top 3 in the special award category "Resource Efficiency." With this award, the foundation is recognizing Symrise's responsible use of resources along the entire value chain and continual development and application of innovative approaches for greater efficiency. For seven years now, the Stiftung Deutscher Nachhaltigkeitspreis e. V. (German Sustainability Award Foundation) has been promoting sustainable developments by recognizing the best achievements in this area. In its statement, the jury noted that Symrise develops effective solutions with its products and processes that successfully contribute to resolving present and future societal challenges.

The world's population and its basic needs for products in the areas of health, nutrition, care and well-being are constantly growing. This fact makes it all the more necessary that companies use the available resources in an efficient and environmentally sound manner – particularly with regards to the cultivation, production and distribution of foods and the energy used to accomplish these feats. Symrise uses a wide range of natural raw materials and has therefore anchored the efficient use of resources along its entire value chain as a central element in its corporate strategy.

Founding of a New Subsidiary in Nigeria Strengthens Presence in West African Market

Symrise opened a new subsidiary in Lagos, Nigeria, and thereby enhanced its presence in the West African market. The company plans to establish sales offices, marketing activities and application-technology laboratories at the new site. Symrise wants to use the knowledge it has gained on site to develop products for local and international customers that are custom-tailored to the West African market.

The history of Symrise is closely connected with Nigeria. The Scent & Care and Flavor & Nutrition segments have been active in the country for almost 30 years. During this time, Symrise has worked intensively to familiarize itself with the local markets. Moreover, Symrise developed close and lasting relationships with customers here. In order to strengthen this commitment and take it to the next level, Symrise recently founded a new subsidiary. At the same time, Symrise wants to enhance its cooperation with its long-time partner Allied Technol.

New Production Site Opened in Madagascar

In October 2014, Symrise opened an extraction facility for vanilla in Madagascar and thus took another important step in sustainable vanilla production. The investment at the Benavony site amounted to approximately € 3 million. With the plant, every step in the processing of vanilla can now be performed locally on the East African island for the first time. The 3,500 m² facility offers production space for extraction, analysis, quality control and the proper storage of vanilla extracts. The site, which was completely newly constructed, has a total of 36 ha of space. In the medium term, Symrise plans to process additional important raw materials here such as vetiver, an important and popular fragrance for producing perfumes.

New Site in the Amazon Ecoparque
In 2014, Symrise began operations at a site in Benevides, Brazil, that focuses on the research, development and production of sustainable ingredients from the Amazon region. The Ecoparque, an industrial park, promotes and combines sustainability with the production of high-quality products. Companies from various market segments are moving into the park to share raw materials and work together on developing innovations. At the same time, the commitment will also benefit the local communities and families.

Natura Cosmetics, a large Brazilian producer of natural cosmetics and personal care products, founded the Ecoparque in Benevides in the Brazilian state of Pará and launched operations at its soap production site there in March 2014. Symrise joined this project and was the second company to invest in this region. Symrise will research, develop and manufacture high-quality products from local raw materials at the site. With its patented SymTrap® technology, the Group will produce essential oils and essences. Brazil nuts, murumuru, cupuaçu, cocoa, andiroba, buriti and passion fruit are just some of the raw materials that will be used. They are used in cosmetics and scented products. Furthermore, Symrise is supporting the communities' economic and social development and will be directly assisting more than 2,000 families in the Amazon region.

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 € 2,120 million in the 2014 fiscal year. This also includes sales from the Diana Group since July 2014 of € 234 million. Sales increased 16 % over the previous year in the reporting currency (18 % at local currency). The emerging markets' share of total Group sales amounted to 47 %. With the Diana acquisition, this share of sales decreased by one percentage point compared with the previous year, as the Diana division mainly generates its sales in developed markets. Earnings before interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets (EBITDAN) at the Group level increased by 24 %, from € 373 million to € 465 million. This corresponds to a sales margin of 21.9 % (previous year EBITDA margin: 20.4 %).

The normalized net income for 2014 increased by € 40 million over the previous year to € 212 million. Normalized earnings per share amounted to € 1.69 (2013: € 1.46). The reported earnings per share was € 1.48. Given this positive development, Symrise AG's Executive Board will, in consultation with the Supervisory Board, propose raising the dividend from € 0.70 to € 0.75 per share at the Annual General Meeting on May 12, 2015.

A COMPARISON BETWEEN THE ACTUAL AND FORECAST COURSE OF BUSINESS

At the start of the 2014 fiscal year, we had expressed our goal of posting sales growth at local currency in both segments well beyond the average market growth rate (2-3 %).

Assuming that raw materials prices remained at the level of 2013 and exchange rates did not change significantly from 2013, we anticipated an EBITDA margin of about 20 % for 2014.

Our debt, as measured in terms of the key figure net debt (incl. provisions for pensions and similar obligations) to EBITDA, should remain between 2.0 and 2.5 in the medium term but can be above this temporarily as a resulty of potential acquisitions.

With sales growth of 18.0 % at local currency, we exceeded our sales goal by a considerable margin. Without the Diana acquisition, growth would have amounted to 5.1 % at local currency. The EBITDAN margin of 21.9 % was above the targeted range. Net debt, at 3.2 times EBITDAN, momentarily exceeded our target corridor due to the Diana acquisition.

ACHIEVEMENT OF TARGETS IN 2014

	Target at the Beginning of the Fiscal Year	Figure Achieved[1]
Sales growth (at local currency)	notably above market growth (2–3 %)	18.0 % (without Diana 5.1 %)
EBITDA margin	about 20.0 %	21.9 %
Net debt (incl. provisions for pensions and similar obligations)/EBITDA	medium-term 2.0 to 2.5	3.2

1) EBITDA based on normalized or pro forma figures

RESULT OF OPERATIONS

Group Sales

For 2014 as a whole, the Symrise Group generated sales of € 2,120 million. This also includes sales from the Diana Group since July 2014 (€ 234 million). In comparison to the previous year, sales increased 16 % in the reporting currency and 18 % at local currency.

Segments: Scent & Care was able to increase sales at local currency by 4 % to € 980 million. Sales in the Flavor & Nutrition segment reached € 1,140 million in the past fiscal year. This corresponds to an increase at local currency of 34 % compared to the previous year, due in large part to the Diana acquisition. Without the Diana acquisition, growth at local currency for the Flavor & Nutrition segment would have amounted to 6 %.

Regions: Sales in the **EAME** region were up 19 % for the year (at local currency: 21 %). The **North America** region also developed very positively in the 2014 fiscal year and achieved sales growth of 17 % compared to the previous year (at local currency: 17 %). Business in the **Asia/Pacific** region also developed positively, with a sales increase of 8 % (at local currency: 10 %). Sales in the **Latin America** region increased by 16 % compared to the previous year (at local currency: 27 %).

Sales in emerging markets exceeded the previous year's figures at local currency by 17 %. The share of this group of countries in total sales was 47 % in the 2014 fiscal year. With the Diana acquisition, this share of sales decreased by one percentage point compared with the previous year, as the Diana division mainly generates its sales in developed markets.

Scent & Care Sales

In the 2014 fiscal year, the Scent & Care segment generated sales of € 980 million. Sales were therefore up 2 % 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 Cosmetic Ingredients division generated the strongest growth. However, the Fragrances and Aroma Molecules divisions also increased sales significantly.

Regions: All regions were able to notably increase their sales at local currency in the past fiscal year. Leading the way was the Latin America region, with the Fragrances and Cosmetic Ingredients divisions making the strongest contributions.

In the **EAME** region, sales at local currency increased by 5 %. Both in the developed markets of Western Europe as well as in the emerging markets of Eastern Europe, we managed to generate high single and even double-digit growth rates. The Fragrances and Cosmetic Ingredients divisions in particular posted high growth rates here.

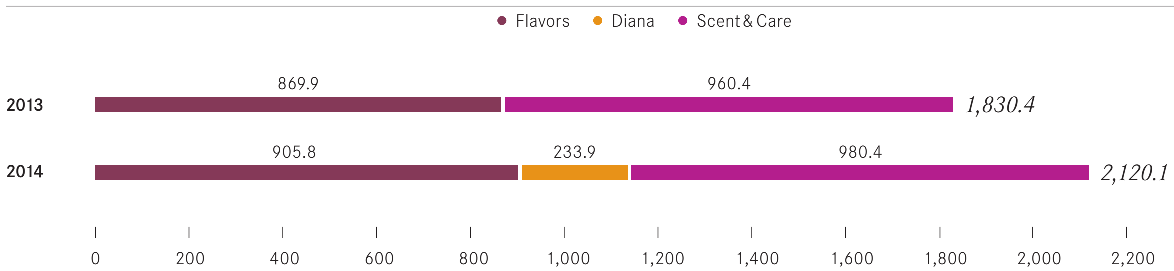
Sales rose by 2 % at local currency in **North America**. The growth was seen in the Fragrances division, which was especially due to the positive development in the Oral Care business unit.

In the **Asia/Pacific** region, sales at local currency increased by 2 %. Here, the growth in sales over the previous year came from the Aroma Molecules division in particular. While Cosmetic Ingredients generated moderate growth, Fragrances came in slightly below the previous year's figure. The greatest growth impulses were seen in India, Japan and Indonesia.

Scent & Care achieved its highest growth in the past fiscal year in **Latin America**. Sales increased 10 % compared to the previous year at local currency. Particularly the Fragrances and Cosmetic Ingredients divisions managed to achieve high growth rates sometimes reaching double-digits. Particularly dynamic was the development of business in the markets of Brazil, Argentina, Mexico and Colombia.

Divisions: The **Fragrances** division, which accounts for more than half of the sales in the Scent & Care segment, posted moderate single-digit sales growth at local currency in the 2014 fiscal year. In particular, the Personal Care and Household business units achieved high growth rates.

SALES DEVELOPMENT OF THE SYMRISE GROUP *in € million*



The **Cosmetic Ingredients** division generated a high single-digit growth rate at local currency in 2014, which was particularly due to good development in the business unit sharing the same name, Cosmetic Ingredients. Symrise also won two PCHi awards at the 2014 Personal Care and Homecare Ingredients (PCHi) trade fair in recognition of its development achievements. SymHair® Force 1631 won in the category for ground-breaking ingredient of the year thanks to its special properties that strengthen hair. Meanwhile, SymSave® H impressed with its multi-functional stabilizing properties and took the top spot in the category for functional ingredients/preservatives.

Sales performance in the **Aroma Molecules** division was positive in the 2014 fiscal year and achieved moderate growth at local currency. Key growth drivers here were the Menthols and Special Fragrance & Flavor Ingredients business units.

Flavor & Nutrition Sales

In the 2014 fiscal year, the Flavor & Nutrition segment generated sales of € 1,140 million. Compared to the previous year, this corresponds to growth of 31 %; at local currency the increase was 34 %. It also includes for the first time sales from the Diana Group since July 2014 of € 234 million. Without this effect, growth amounts to 6 % at local currency.

Regions: Compared to the previous year, Flavor & Nutrition increased sales substantially in every region in 2014, with the acquisition of the Diana Group making a significant contribution to this result.

In the **EAME** region, sales at local currency in the 2014 fiscal year eclipsed the figures from the previous year by 33 %. In addition to the sales contributions from the Diana acquisition, this growth is especially attributable to the emerging markets of Africa, the Gulf region and Eastern Europe. Sales in some Western European markets also saw significant improvements. Performance in Nigeria, Russia, the UK, Spain, Poland and Egypt was particularly dynamic. The Savory and Beverages business units generated the highest growth rates, especially with strategically important customers.

In **North America**, sales at local currency increased by 43 % in the 2014 fiscal year. The key growth driver here was also the sales generated by the Diana Group. Additionally, the Sweet business unit posted high double-digit growth rates. Here, vanilla flavors for strategic customers in particular contributed to sales growth.

In the **Asia/Pacific** region, sales at local currency increased in the past fiscal year by 20 %. The markets in the Philippines, Bangladesh, India, Thailand and Indonesia provided especially high, occasionally double-digit growth rates for the Flavor & Nutrition segment. The business units Beverages and Savory managed to notably expand their business and achieve double-digit and high single-digit growth. The Sweet business unit, on the other hand, was slightly below the level of the previous year.

In the **Latin America** region – again the strongest performing region – Flavor & Nutrition achieved growth of 57 % at local currency compared to the previous year. The key growth driver here was also the acquisition of the Diana Group. Moreover, sales in Argentina, Venezuela, Chile and Guatemala in particular were up considerably for the year. The Sweet, Savory and Beverages business units generated high single-digit, and sometimes double-digit, growth rates thanks to new business with global and regional customers.

Development of Important Items in the Income Statement

In the 2014 fiscal year, acquisition and integration costs of € 20 million relating to the purchase of the Diana Group impacted the operating result. As part of the preliminary purchase price allocation for the Diana acquisition completed in the fourth quarter, the acquired inventories had to be measured once at their fair value. These were consumed by the end of the year. The increased material costs related to these measured inventories lowered the operating result by € 10 million. In the following, we use normalized results (EBITN/EBITDAN) adjusted for these one-off, non-recurring specific influences. The consolidation of the Diana Group since July 2014 had a positive impact on our result (EBITDAN) of € 48.8 million. In 2014, the **cost of sales** rose by € 159 million, or 15 %, to € 1,218 million (2013: € 1,060 mil-

SALES BY REGION

€ million	2013	2014	Change in %	Change in % at local currency
EAME	828.3	989.0	19	21
North America	350.3	408.6	17	17
Asia/Pacific	419.6	452.6	8	10
Latin America	232.2	269.8	16	27
Total	**1,830.4**	**2,120.1**	**16**	**18**

INCOME STATEMENT IN SUMMARY

€ million		2013	2014	Change in %
Sales		1,830.4	2,120.1	16
Cost of sales		– 1,059.5	– 1,218.1	15
Gross profit		**770.8**	**902.0**	**17**
Gross margin	in %	42.1	42.5	
Other operating income		16.1	29.1	81
Selling and marketing expenses		– 290.0	– 340.4	17
Research and development expenses		– 127.0	– 138.9	9
Administration expenses		– 85.0	– 109.4	29
Other operating expenses		– 1.8	– 4.6	155
Income from operations/EBITN[1]		**283.1**	**337.9**	**19**

1) for 2013: EBITN = EBIT

lion). The increase is mainly due to the acquisition of the Diana Group. Gross profit increased by 17 % and amounted to € 902 million (2013: € 771 million). The **gross margin** was 42.5 % and therefore 0.4 percentage points higher than in the previous year (42.1 %). **Selling and marketing expenses** were up by 17 % compared to the previous year, amounting to € 340 million (2013: € 290 million). This corresponds to 16.1 % of Group sales (2013: 15.8 %). **R&D expenses** increased by 9 % to € 139 million (2013: € 127 million). The R&D rate was therefore 6.6 % (previous year: 6.9 %). **Administration expenses** increased by 29 % to € 109 million (previous year: € 85 million). Administration expenses as a share of Group sales amounted to 5.2 % in the year under review (previous year: 4.6 %). 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.

Earnings Situation

Group: Earnings before interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets (EBITDAN) were up 24 % in 2014 to € 465 million (2013: € 373 million). The Diana acquisition, in particular, and the improved gross profit in particular had a positive effect on earnings compared to the previous year. The **EBITDAN margin** amounted to 21.9 % in 2014 compared to 20.4 % in the previous year.

Scent & Care: Scent & Care generated an EBITDA of € 222.9 million in 2014. It was therefore 15 % higher than the previous year's level of € 194.5 million. The EBITDA margin therefore amounted to 22.7 %, compared to 20.3 % in 2013.

Flavor & Nutrition: The EBITDAN in the Flavor & Nutrition segment in 2014, adjusted for the one-off non-recurring specific influences associated with the Diana acquisition, was significantly higher than the previous year's level (2013: € 178.6 million), reaching € 241.6 million. The EBITDAN margin amounted to 21.2 %, compared to 20.5 % in the previous year.

Financial result: The financial result in 2014 of € -48.4 million represents a downgrade of € 11.1 million compared to 2013. The reasons for this relate on the one hand to one-off expenses connected to the financing of the Diana Group acquisition (€ 5 million) and an increased interest expense associated with the new borrowings used to finance the acquisition, namely the Eurobond and the long-term syndicated loan. Furthermore, there

OVERVIEW OF EARNINGS

€ million		2013[1]	2014	Change in %	Change in % at local currency
EBITDAN		**373.1**	**464.5**	24.5	26.7
EBITDAN margin	in %	20.4	21.9		
EBITN		**283.1**	**337.9**	19.3	21.9
EBITN margin	in %	15.5	15.9		

1) for 2013: EBIT resp. EBITDA

were one-time negative valuation effects relating to the first-time consolidation of Probi AB (€ -2.8 million). Interest expenses increased by € 7.9 million from € 33.8 million to € 41.7 million.

Taxes: In the 2014 fiscal year, tax expenses amounted to € 72.9 million (2013: € 73.5 million). The resulting tax rate of 28.1 % is therefore below that of the previous year (29.9 %). In 2013, the tax rate was influenced by the creation of tax provisions for ongoing audits. An adequate provision for risk was made, as in previous years.

Net income and earnings per share: Net income adjusted for specific influences amounts to € 212 million, which corresponds to a normalized earnings per share of € 1.69. The net income in 2014 including specific influences totaled € 185 million, € 13 million, or 7 %, higher than in the previous year (2013: € 172 million). Earnings per share therefore improved by € 0.02 to € 1.48 (2013: € 1.46) despite a higher number of shares.

Dividend proposal for 2014: The Executive Board and Supervisory Board of Symrise AG will propose the distribution of a dividend of € 0.75 per share for the 2014 fiscal year at the Annual General Meeting on May 12, 2015. Symrise views the dividend payment as being part of its corporate responsibility 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, they are safeguarded by guarantees from Symrise AG. The Group's financial liabilities 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 36 % as of December 31, 2014, Symrise has a solid capital structure to drive 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 placement, borrowings from the European Investment Bank, revolving credit facility and a KfW loan from the KfW's energy efficiency program. Additionally, the Group secured liquidity through a combination of equity and debt capital to finance the acquisition of the Diana Group. Alongside of the two successful capital increases, Symrise placed a € 500 million Eurobond with a five-year term at the beginning of July. The interest coupon is 1.75 %. All of the remaining financing needs were covered by borrowings of € 225 million with a three-year term and the existing revolving credit line to finance the acquisition.

Symrise fulfilled all of the contractual obligations resulting from loans (covenants) in the 2014 fiscal year.

In addition to the credit line mentioned (revolving credit facility totaling € 300 million, of which € 93 million utilized), bilateral credit lines with the Commerzbank AG for € 12.5 million and the Deutsche Bank AG in Singapore for USD 5.0 million exist and are intended to cover short-term payment requirements. The interest rates agreed on are at the accepted market rate.

In addition, provisions for pensions are used for financing.

Cash Flow and Liquidity Analysis

OVERVIEW OF CASH FLOW

€ million	2013	2014
Cash flow from operating activities	274.8	343.2
Cash flow from investing activities	– 145.8	– 476.8
Cash flow from financing activities	– 99.8	195.4
Liquid funds (Dec. 31)	135.3	199.2

Cash flow from operating activities amounted to € 343.2 million in 2014, about € 68.4 million more than in the previous year (€ 274.8 million). The primary reasons were the improved operating result and the consolidation of the Diana companies. The cash flow rate relative to sales thus was about 16 %.

Cash outflow from investing activities was up about € 331.1 million to € 476.8 million. It primarily relates to payments for business combinations minus liquid funds. Due to the cash capital increase performed in connection with the acquisition (€ 401.4 million), the cash flow from financing activities amounted to € 195.4 million. The cash flow from financing activities also includes dividends paid in 2014 amounting to € 84.4 million, net interest payments to financial institutes totaling € 63.1 million (previous year: € 22.3 million) and the repayment of bank loans of € 51.7 million (previous year: € 1 million). The interest payments to financial institutions contain € 40.5 million that were due as repayment for the Diana Group's existing financing obligations. 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 for realizing the corporate strategy.

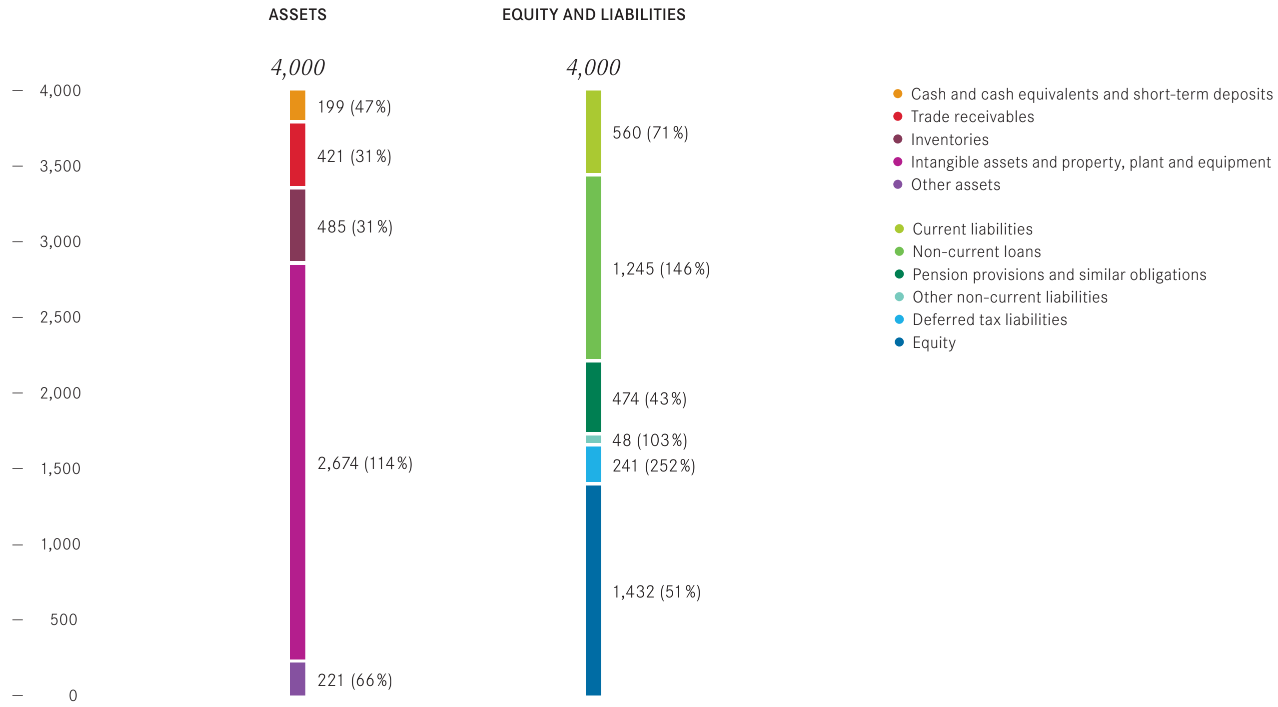
Investments and Acquisitions

The Symrise Group invested € 101 million in intangible assets and property, plant and equipment in the 2014 fiscal year, after spending € 143 million in the previous year. The € 143 million from the previous year contains € 71.5 million in intangible assets from the business combination of the American Belmay Group.

Around € 11 million was spent on intangible assets (2013: € 81 million). This mainly consisted of investments in software, primarily SAP applications, as well as patents and registration of chemicals according to the European chemicals directive. Investments in property, plant and equipment amounted to approximately € 91 million (previous year: € 62 million). These

OVERVIEW OF THE STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2014 *in € million*

(Change compared to previous year's reporting date, in %)



mainly concerned investments in capacity expansions as well as replacements in the mass spectrometry in research. Furthermore, the increase in comparison to the previous year is also due to the expanded scope of consolidation.

Symrise AG successfully completed the takeover of the Diana Group in July 2014. From that date, the Diana Group has been fully consolidated and included in the consolidated financial statements. The capital expenditure totals approximately € 1.3 billion.

Furthermore, the previously associated company Probi AB, Sweden, has been fully consolidated in the consolidated financial statements from April 29, 2014, pursuant to the new provisions specified in IFRS 10.

The most important investment in the Scent & Care segment was the expansion of chemical production in the Cosmetic Ingredients and Aroma Molecules divisions with a volume of € 8 million. In the Flavor & Nutrition segment, the capacity expansion of extraction and distillation as well as spray-drying and the expansion of production in Madagascar were the largest projects, accounting for an investment volume of € 5 million. All of the projects were funded through operating cash flow.

NET ASSETS

Select Balance Sheet Items

Total assets as of December 31, 2014, increased compared to the previous year by € 1,790 million to € 4,000 million (December 31, 2013: € 2,210 million). This mainly resulted from the intangible assets purchased as part of the acquisition of the Diana Group, including the acquired goodwill.

Intangible assets amounted to € 2,034 million as of the reporting date for 2014 and were therefore significantly above the previous year level (December 31, 2013: € 812 million). The item accounts for 60 % of our assets. Intangible assets include goodwill acquired through business combinations amounting to € 1,091 million (December 31, 2013: € 491 million), as well as recipes and technology, customer bases, trademarks, software, patents and other rights amounting to € 943 million (December 31, 2013: € 321 million). **Property, plant and equipment** amounted to € 640 million at the end of 2014 (December 31, 2013: € 440 million) and mainly contains land and buildings as well as plants and machinery. Compared to the previous year (December 31, 2013: € 369 million), inventories increased € 28 million to € 485 million when taking scope of consolidation additions into consideration (€ 88 million). The increase in inventories was primarily driven by the substantial rise in sales, which also led to higher **trade receivables** (€ 421 million, December 31, 2013: € 322 million) and **trade payables** (€ 214 million, December 31, 2013: € 151 million) as of the reporting date. The additions in trade receivables and trade payables related to changes in the scope of consolidation amounted to € 72 million and € 46 million respectively. The ratio of working capital to pro forma sales thus decreased by one percentage point to 29 %. The Symrise Group's **liquidity** amounted to € 199 million as of December 31, 2014 (December 31, 2013: € 135 million).

Current liabilities were higher than in the previous year at € 560 million (December 31, 2013: € 328 million). This is especially due to the aforementioned increase in trade payables, current loan obligations and an increase in other liabilities (employee-related liabilities and other tax liabilities). **Non-current liabilities** increased by € 1,077 million to € 2,008 million. This includes **non-current borrowings**, which amounted to € 1,245 million at the end of 2014, significantly higher than in the previous year (€ 507 million). This is particularly due to the issue of a new bond with a volume of € 500 million. Due in large part to comparatively low interest rates, **provisions for pensions and similar obligations** increased from € 332 million to € 474 million (interest rate for Germany: 1.9 %, December 31, 2013: 3.5 %).

The Symrise Group's **equity** increased to € 1,432 million (December 31, 2013: € 951 million) as of December 31, 2014 – mainly due to the capital increases carried out in 2014. A dividend of € 83 million was paid out in the 2014 fiscal year for the year 2013. As of the 2014 reporting date, the equity ratio was 36 % (December 31, 2013: 43 %).

CAPITAL STRUCTURE

	2013		2014		
€ million		in % of balance sheet total		in % of balance sheet total	**Change in %**
Equity	951.1	43	1,432.2	36	51
Current liabilities	328.1	15	559.5	14	70
Non-current liabilities	931.3	42	2,008.1	50	116
Liabilities	1,259.4	57	2,567.6	64	104
Balance sheet total	**2,210.4**	**100**	**3,999.8**	**100**	**81**

Net debt

€ million	2013	2014
Borrowings	547.7	1,365.0
Cash and cash equivalents	– 135.3	– 199.2
Net debt	**412.4**	**1,165.8**
Provisions for pensions and similar obligations	322.4	474.3
Net debt incl. provisions for pensions and similar obligations	**744.8**	**1.640.1**

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. To determine the leverage covenants, the net debt is applied to the EBITDA(N) of the last 12 months. As information on the Diana Group based on the accounting standards used by Symrise is only available for the second half of 2014, the EBITDAN of the Diana Group based on reporting in accordance with French commercial law was used for the first six months to check that the leverage covenants had been adhered to. This amounts to net debt/EBITDAN of 2.2 and net debt incl. provisions for pensions and similar obligations/EBITDAN of 3.2. One of Symrise's fundamental principles is to maintain a strong capital base in order to retain the confidence of customers, investors and creditors and to be able to drive the future business development forward in a sustained manner. We focus on a capital structure that allows us to cover our 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.

The financing structure changed in 2014, particularly due to the acquisition of the Diana Group. Alongside of two successful capital increases, a € 500 million Eurobond with a five-year term was also issued to finance the transaction. All of the remaining financing needs were covered by an amortizing loan for € 225 million with a three-year term and the existing revolving credit line.

Significant obligations not reflected on the balance sheet exist in the form of obligations for the purchase of goods amounting to € 127.2 million (2013: € 138.3 million) and obligations regarding the purchase of property, plant and equipment amounting to € 25.9 million (2013: € 16.0 million). Symrise AG signed a service contract for outsourcing internal IT with a term until 2019 with Atos Origin GmbH. The remaining total obligations towards Atos, accounting for extraordinary termination rights, amount to € 40.4 million (2013: € 33.8 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 entrepreneurial activity involves the interests of many different stakeholder groups. Through an 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 of 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 holistic understanding of its entrepreneurial activity. Our goal is a completely integrated corporate strategy.

The successive, strategic integration of sustainability into our core processes is managed by a global, cross-divisional 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 Sustainability Board lies with the segments. For this reason, the Executive Board and Sustainability Board appointed global ambassadors to be responsible for the coordination of sustainability efforts in the Flavor & Nutrition and Scent & Care segments. Together with representatives from the Corporate Compliance and Corporate Communications departments, they manage the Group's sustainability strategy, while direct responsibility for the strategy lies with the Chief Executive Officer of Symrise AG.

The 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 2014.

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 continue to be of key importance for the further development of Symrise in view of the increase size and complexity stemming from the acquisition of the Diana Group in the 2014 fiscal year. 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. Every six months, all Group companies are instructed to verify the risks identified in their risk reporting and to make the necessary assessments and adjustments using the stipulated countermeasures. The effectiveness of implemented measures is checked as part of internal corporate audits. To minimize the financial effects of remaining risks, we acquire insurance if this is deemed economically sensible.

The following describes the opportunities and risks that could have a significant 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 an operational activity 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 exploit 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 registered with the company's risks. The exploitation of and reporting on opportunities benefits the network of officers within the Group that have already been reporting the risks in their segments for years as part of the 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 position itself accordingly with new divisions and business units. Intensive market research and comprehensive R&D activities are the basis for our own developments to improve products or introduce new products. 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 our activities in these countries.

Similar to earnings, the cost side of the Symrise Group's subsidiaries also shows potential opportunities via savings that the companies already recognize but have yet to completely materialize in 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.

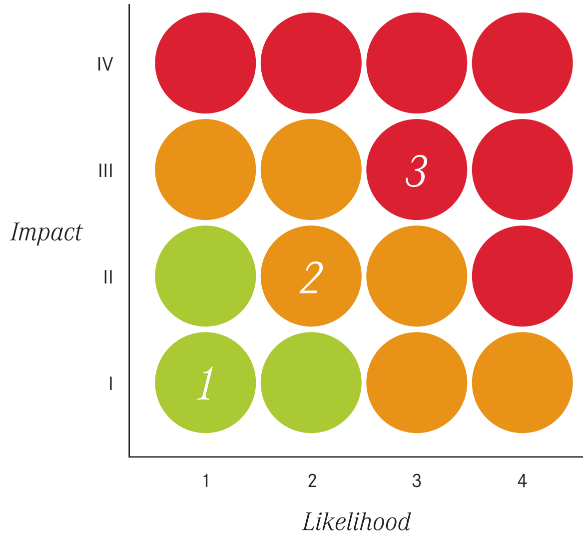
In individual cases where the respective risks are more than fully compensated for, established measures for controlling risk can also lead to possible earnings not currently provided for in the budget due to commercial prudence. Even measures against the risk of losing business can contain opportunities. 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 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. In the 2014 fiscal year, a risk assessment was performed for the companies in the Diana division. 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 passed on 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 profits (net method) as well as the probability of their occurrence.

The classification of all individual risks of each company in terms of their effect on the sales or “impact” (“low”, “medium”, “high” or “very high”) along with the probability of their occurrence or “likelihood” (also “low”, “medium”, “high” or “very high”) is used to determine whether a risk is to be considered as “low”, “medium” or “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 20 % of sales as “medium”, 20 to 40 % of sales as “high” and over 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.



Impact

I	– low	< 10 % of sales
II	– medium	10 – < 20 % of sales
III	– high	20 – 40 % of sales
IV	– very high	> 40 % of sales

Likelihood

1	– low	0 to 24 %
2	– medium	25 to 49 %
3	– high	50 to 74 %
4	– very high	75 to 100 %

The charts show 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 2 % 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 9 % are classified as “medium” at the level of the individual company.

Alongside of the purely mathematical classification described above, identified risks are also classified qualitatively according to their risk type as well as by the business unit and activities affected. In addition, appropriate control mechanisms and the employees responsible for them are listed. As a result, the risk report also forms the basis for managing risks as well as for examination by the Group’s Corporate 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 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 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 as the trend towards consolidation in the customers for products from Symrise remains possible. As a result, there is the risk that Symrise could lose customers and thus market shares. We react to this, in particular, with the 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 finance 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

The implementation of the corporate strategy in the Group, which has grown due to the Diana acquisition, is naturally tied to risks. Negative consequences for the company's development can 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 lack of ability to market new products, the development expenditure is not offset by adequate income. Intensive market research is carried out to guarantee that our products remain marketable. 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. As of the end of 2014, the acquisition of Diana was viewed as a strategic risk that, thanks to the success in the integration and the low probability of occurrence as a result, is currently classified as a low risk.

Strategic risks also include possible removal from the core lists of our more important customers and the danger of not being put on such a list contrary to our expectations. We counter this risk by maintaining close contact with our customers. Further central factors for remaining or being included on core lists are pricing, delivery reliability, innovative strength and product quality. In these areas, we continually strive to be among the best companies in the industry and to remain known in the industry for an outstanding level of quality.

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, the creditworthiness of suppliers is continuously examined. Finally, the initiatives in the area of backward integration help stabilize and reduce risk associated with raw material supply. All suppliers are bound to constantly upholding the Code of Conduct that applies for Symrise. It is expected that the high ethical requirements that Symrise has imposed upon itself, which are aimed at increasing business success while taking available resources, all employees and society into account, 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 income and corresponding return. The causes can lie in the safety of the energy supply, equipment and processes, in fire safety, in the quality and safety of materials and in their correct classification as well as the qualification 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, insurances and occupational health and safety measures as well as through 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, an exchange of 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. Group-wide, only 1 % of the value of financial risks is tied to default risks. 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, an impairment procedure for receivables was introduced. This allowance consists of an individual depreciation and amortization and a general cost component. Symrise tries to limit the risk of non-payment due to bank boycott by engaging in continuous dialogue with banks and customers. Symrise manages financial crises in export countries with corresponding financial control.

Liquidity risk: The liquidity risk describes the danger that Symrise is not 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 approvals (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 emergency 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). Many raw materials are purchased in euros. A fluctuation in the value of the US dollar can thus result in corresponding changes to the material prices. This risk is countered by negotiating corridors in contracts, outside of which prices can be adjusted. The remaining currency risk was reduced in 2014 through forward contracts. The following forward contracts existed as of the reporting date with nominal values of:

- USD 21.1 million (December 31, 2013: USD 7.5 million) for hedging €/USD,
- USD 7.5 million (December 31, 2013: USD 6.0 million) for hedging USD/JPY,
- USD 0.9 million (December 31, 2013: USD 3.1 million) for hedging USD/INR,
- USD 5.7 million (December 31, 2013: USD 0 million) for hedging SGD/USD,
- USD 1.6 million (December 31, 2013: USD 0 million) for hedging USD/AUD,
- GBP 0.05 million (December 31, 2013: GBP 0 million) for hedging €/GBP.

In order to avoid fluctuations in the financial result due to changes in valuation, the currency transactions were classified as cash flow hedges in terms of hedge accounting. These transactions have effectively reduced our currency risk.

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. The financing of the Diana acquisition in July 2014 took place in a favorable interest environment. Due to the expectation of a continued low interest rate, a portion of the acquisition financing was done using variable interest-bearing liabilities, so that 77 % of liabilities are now financed at fixed interest rates. Symrise counters the 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 have made provisions for these risks in preparation for additional tax obligations. On the whole, we have made all necessary provisions to prepare for known tax risks. Additionally, tax risks exist in some countries relating to possible changes to tax legislation, which could have an unforeseen negative impact in the taxation of Group companies.

PERSONNEL RISKS

Symrise counters personnel risks, which arise fundamentally from a fluctuation of personnel in key positions, by means of suitable incentive systems, further education 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 non-compliance 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 at 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 relatively minor. These risks typically result from the areas of labor law, product liability, warranty claims and intellectual property. 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 net income.

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 27 % 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 Diana Group, which was acquired during the 2014 fiscal year, have an above-average potential for opportunities thanks to increasing private consumption and wealth across the globe. Many products serve to fulfill various basic human needs and desires, such as "health" and "youthful appearance," that exist in every part of the world. The dynamic growth and high profitability of Symrise shows that these opportunities have been successfully taken advantage of. We will continue to follow this strategy in the future.

The entirety of the risks and rewards reported are assessed for possible aggregation effects for the Symrise Group. 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 is performed at the level of the individual company, as this corresponds to the decentralized business and management model of the Symrise Group. In the Group risk assessment, we have aggregated at the level of the respective categories and assigned the following amounts (for their respective impact on result after taxes) to the qualifications "low", "medium" and "high":

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

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

The following risk profile for the Symrise Group in 2014 was established from the existing risk report and according to the methodology described:

Risk Profile	Group Risk Classification
Business Environment and Industry Risks	**Low**
Corporate Strategic Risks	**Low**
Economic Performance Risks	**Low**
Product Risks	Low
Procurement Risks	Low
Operating Risks	Low
Financial Risks	**Low**
Credit Risk	Low
Liquidity Risk	Low
Interest and Currency Risks	Low
Tax Risk	Low
Personnel Risks	**Low**
Legal Risks	**Low**
Compliance Risks	**Low**
IT Risks	**Low**

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, capital market-oriented corporations are obliged to describe the essential features of their internal accounting-related control and 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 a documentation of possible risks, the accompanying processes as well as the control of these processes, and of the examination of 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 auditing 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. Building on a basic training course for employees, experiences are regularly exchanged so that controls can continually be adapted to changing risks.

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 risk report is presented to the Executive Board. 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, the suitability and functionality of controls, and 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 which relates to financial reporting and which 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 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

No major changes in the economic environment or our industry situation occurred after the conclusion of the fiscal year. The Symrise Group also has no other events of significance to report.

General Statement on the Company's Economic Situation

The Executive Board regards the Symrise Group's economic situation as positive. In 2014, we were again able to substantially increase our sales and net income. The company's financing is ensured for the medium term. Financial stability is sufficient in every way, even when considering the financing of the Diana acquisition. 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.

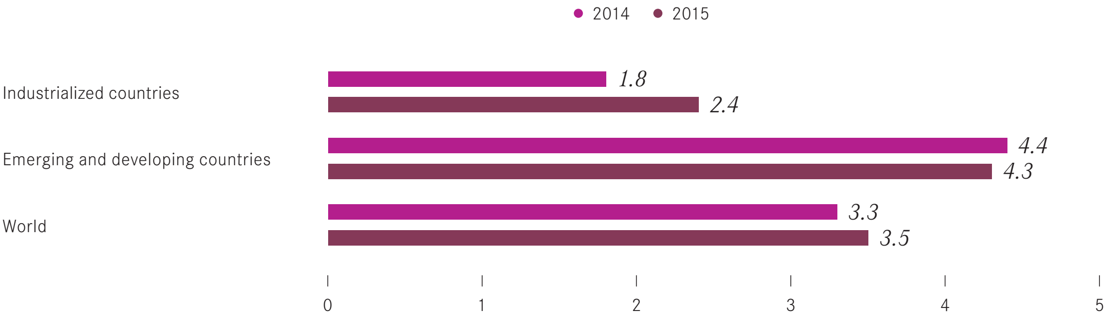
Outlook

FUTURE GENERAL CONDITIONS

The future development of the world economy in 2015 is not expected to have a major positive or negative effect on Symrise's business performance. The IMF forecasts a growth of 3.5 % in global economic output for the current year – only slightly higher than that of the previous year (3.3 %). It expects a continued slowdown in China's growth to 6.8 %, which will likely have some impact on those engaging in trade with Asia's largest economy. Economic output in Russia is expected to fall by 3.0 %. By contrast, the US economy is projected to grow 3.6 % while the eurozone is likely to see further reserved growth of a modest 1.2 %. However, this global snapshot is fraught with considerable risks: many of the political crises remain unresolved, the eurozone is facing new challenges from the ongoing debt problems in some countries and much lower oil prices could lead to upheavals in the world economy.

The AFF market relevant for Symrise reached a volume of € 20.5 billion in 2014. Of this amount, the sub-market for flavorings and fragrances accounts for about € 16.6 billion according to the most recent estimates by IAL Consultants (9th edition, Nov. 2014) while, according to our own estimates, the sub-market for

GDP DEVELOPMENT 2014/2015 *in %*



Source: IMF

aroma chemicals and cosmetic ingredients accounts for about € 3.9 billion. Symrise's long-term estimate is for an annual, average growth rate of about 2 to 3 % for the sub-markets for flavorings and fragrances. Particularly the markets in Latin America and Asia could perform above average.

For the 2015 fiscal year, we also expect a high degree of volatility for raw material costs, as in the previous year. The fluctuations observed in individual markets point to very different developments depending on the raw materials segment. Based on estimates for each raw materials segment, Symrise has selected different contract periods or spot sourcing in order to optimize costs and predictability. This is accompanied by an optimization of the raw materials portfolio. Particularly high volatility is expected in 2015 in the areas of citrus derivatives, spices and special natural chemicals (in particular due to the stricter definition of "EU-Naturalness"). In addition, the situation with citral and terpene derivatives is mixed due to increasing demand, especially in the emerging markets. For instance, some shortages and therefore increasing prices are to be expected with the citral derivatives, while prices for terpene derivatives should remain stable thanks to sufficient availability. In the areas of menthols, Symrise's good positioning with our backward integration is working.

For the 2015 fiscal year, a moderate development of energy costs is to be expected. This is a result of the declining price of oil, which has been falling since the summer of 2014 and is likely to continue in 2015. With energy prices, the lower procurement prices on the EEX energy exchange and a dropping EEG tax should also lead to slight relief. Symrise aims to positively influence the company's energy costs with a combination of different measures for procuring electricity and a robust energy management system.

FUTURE CORPORATE DEVELOPMENT

For 2015, Symrise is reaffirming its long-term growth and profitability goals. The Group remains confident that it will continue to grow at a faster pace than the relevant market for fragrances and flavors. According to our own estimates and corporate data, the AFF market is expected to grow by 2 to 3 % worldwide for the current year. Both segments, Scent & Care and Flavor & Nutrition, each continue to expect sales growth at local currency notably above the market rate.

The strict cost management and focus on high-margin business will be continued to further increase earnings. This includes initiatives such as consistent price management and the development of innovative products and technologies. Assuming that raw materials prices remain at the level of 2014 and exchange rates do not change significantly from 2014, the company once again anticipates an EBITDA margin of about 20 % for both segments in 2015. The ratio of net debt (including provisions for pensions and similar obligations) to EBITDA should be below 3.0 in 2015. In the medium-term, we are aiming for a return to our targeted 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 its success in the future as well.

GENERAL STATEMENT ON THE COMPANY'S EXPECTED DEVELOPMENT

The Executive Board at Symrise AG sees the company as being optimally positioned to continue developing in core segments and growth regions. We view the achievement of our set goals as confirmation of our proven strategy. These successes motivate us for the upcoming year. 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:** We strengthen our cooperation with our customers around the world and expand our business in the emerging markets.
- **Efficiency:** We constantly work to improve our processes and concentrate on products with a high level of value creation. We work cost-consciously in every division.
- **Portfolio:** We tap into new markets and segments. To achieve this, we continue to expand our expertise in the areas of nutrition and care.

In 2014, Symrise tapped into additional growth potential thanks to the acquisition of Diana. Symrise aims to grow primarily organically, however. Where it is sensible and creates added value, we will also – as was the case with Diana – make acquisitions or forge strategic alliances to ensure ourselves access to new technologies, new markets and customers or to ensure that we can obtain scarce 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 2014 Annual General Meeting. It fulfills all of the recommendations of the German Corporate Governance Code in its version from June 24, 2014.

The system and amount of the Executive Board's remuneration is regularly reviewed by the Supervisory Board. The last review took place during the Supervisory Board meeting in December 2014.

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 23 times the average remuneration of Symrise employees in Germany and around 24 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. An employer top-up is not offered to Executive Board members.

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 variable 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 targets (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 2014 calendar year. Corresponding goals are also applied to the levels below the Executive Board along with other goals. This ensures the consistent pursuit of the corporate goals. The annual variable remuneration for the 2014 calendar year will be paid out in the following year (2015) dependent on the degree of attainment on the basis of the approved financial statements for 2014.

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 2012-2014, 2013-2015 and 2014-2016, performance is measured via a share-based index composed of listed companies in the fragrance and flavor industry as well as supplier companies and 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 will be 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 the 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 € 600,000 would be awarded for 100 % attainment of goals. The bonuses would amount to € 343,000 each for Mr. Achim Daub, Mr. Hans Holger Gliewe and Mr. Bernd Hirsch.

For the LTIP programs 2012-2014, 2013-2015 and 2014-2016, provisions were made as of the reporting date amounting to € 1,291,000 (previous year: € 342,226) (2014 expense: € 948,774) for Dr. Bertram, € 738,022 (previous year: € 195,639) (2014 expense: € 542,383) for Mr. Daub, € 738,022 (previous year: € 195,639) (2014 expense: € 542,383) for Mr. Gliewe and € 738,022 (previous year: € 195,639) (2014 expense: € 542,383) for Mr. Hirsch.

The remuneration received by the Executive Board members Dr. Bertram, Mr. Gliewe and Mr. Hirsch in the 2014 fiscal year correspond to those set by the resolution of the Supervisory Board on December 7, 2011. Dr. Bertram receives a fixed remuneration of € 600,000 as well as an annual bonus – for 100 % goal attainment – of € 515,000. For Mr. Daub, Mr. Gliewe and Mr. Hirsch, the fixed remuneration amounts to € 400,000 and the annual bonus – for 100 % goal attainment – is also set at € 400,000.

In its meeting from December 4, 2014 and on the recommendation of the Personnel Committee, the Supervisory Board resolved to increase the fixed remuneration of Dr. Bertram to € 665,000, his annual variable remuneration to € 570,000 as well as his multi-year variable remuneration (assuming 100 % attainment) to € 665,000, effective as of January 1, 2015. Also effective as of January 1, 2015, the fixed remunerations of Mr. Daub and Mr. Hirsch are to be increased to € 455,000, their annual variable remuneration reduced to € 390,000 and their multi-year variable remuneration for the 2015–2017 period adjusted to € 455,000. These adjustments to the remuneration of the Executive Board members were made 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 CODEX

Table of the Financial Contributions in the 2014 Fiscal Year
The following table of financial contributions in the 2014 fiscal year is based on the recommendations of the German Corporate Governance Codex (DCGK) in its version from June 24, 2014. Here, values are provided for the minimum and maximum amount of remuneration that can be achieved.

Acting Executive Board Members in the 2014 Fiscal Year

	Dr. Heinz-Jürgen Bertram CEO since 2009				Achim Daub President Scent & Care Worldwide since 2006			
Financial Contributions €	**FY 2013**	**FY 2014**	**FY 2014 (min)**	**FY 2014 (max)**	**FY 2013**	**FY 2014**	**FY 2014 (min)**	**FY 2014 (max)**
Fixed remunerations	600,000	600,000	600,000	600,000	400,000	400,000	400,000	400,000
Supplementary payments*	9,078	19,890	19,890	19,890	4,621	19,221	19,221	19,221
Total	**609,078**	**619,890**	**619,890**	**619,890**	**404,621**	**419,221**	**419,221**	**419,221**
Annual variable remuneration**	515,000	515,000	0	772,500	400,000	400,000	0	600,000
Multi-year variable remuneration (total)***	600,000	600,000	0	1,200,000	343,000	343,000	0	686,000
LTIP 2013 (covering 2013 to 2015)	600,000	–	–	–	343,000	–	–	–
LTIP 2014 (covering 2014 to 2016)	–	600,000	0	1,200,000	–	343,000	0	686,000
Total	**1,724,078**	**1,734,890**	**619,890**	**2,592,390**	**1,147,621**	**1,162,221**	**419,221**	**1,705,221**
Service costs****	21,588	24,173	24,173	24,173	0	0	0	0
Total remuneration (DCGK)	**1,745,666**	**1,759,063**	**644,063**	**2,616,563**	**1,147,621**	**1,162,221**	**419,221**	**1,705,221**

	Hans Holger Gliewe President Flavor & Nutrition Worldwide until December 31, 2014				Bernd Hirsch CFO since 2009			
Financial Contributions €	**FY 2013**	**FY 2014**	**FY 2014 (min)**	**FY 2014 (max)**	**FY 2013**	**FY 2014**	**FY 2014 (min)**	**FY 2014 (max)**
Fixed remunerations	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Supplementary payments*	10,232	20,944	20,944	20,944	10,062	20,740	20,740	20,740
Total	**410,232**	**420,944**	**420,944**	**420,944**	**410,062**	**420,740**	**420,740**	**420,740**
Annual variable remuneration**	400,000	400,000	0	600,000	400,000	400,000	0	600,000
Multi-year variable remuneration (total)***	343,000	343,000	0	686,000	343,000	343,000	0	686,000
LTIP 2013 (covering 2013 to 2015)	343,000	–	–	–	343,000	–	–	–
LTIP 2014 (covering 2014 to 2016)	–	343,000	0	686,000	–	343,000	0	686,000
Total	**1,153,232**	**1,163,944**	**420,944**	**1,706,944**	**1,153,062**	**1,163,740**	**420,740**	**1,706,740**
Service costs****	26,342	24,739	24,739	24,739	0	0	0	0
Total remuneration (DCGK)	**1,179,574**	**1,188,683**	**445,683**	**1,731,683**	**1,153,062**	**1,163,740**	**420,740**	**1,706,740**

* 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 2014 (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 2014 (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 the Accrued Payments in the 2014 Fiscal Year
The following table shows the accrual of remuneration in or for the 2014 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 2014 fiscal year.

Acting Executive Board Members in the 2014 Fiscal Year

	Dr. Heinz-Jürgen Bertram CEO since 2009		Achim Daub President Scent & Care Worldwide since 2006	
Accruals €	**FY 2013**	**FY 2014**	**FY 2013**	**FY 2014**
Fixed remunerations	600,000	600,000	400,000	400,000
Supplementary payments*	9,078	19,890	4,621	19,221
Total	**609,078**	**619,890**	**404,621**	**419,221**
Annual variable remuneration**	520,408	538,742	410,280	421,560
Multi-year variable remuneration (total)***	595,989	763,000	365,043	436,182
LTIP 2011 (covering 2011 to 2013)	595,989	0	365,043	0
LTIP 2012 (covering 2012 to 2014)	0	763,000	0	436,182
Other	0	0	0	0
Total	**1,725,475**	**1,921,632**	**1,179,944**	**1,276,963**
Service costs****	21,588	24,173	0	0
Total remuneration (DCGK)	**1,747,063**	**1,945,805**	**1,179,944**	**1,276,963**

	Hans Holger Gliewe President Flavor & Nutrition Worldwide until December 31, 2014		Bernd Hirsch CFO since 2009	
Accruals €	**FY 2013**	**FY 2014**	**FY 2013**	**FY 2014**
Fixed remunerations	400,000	400,000	400,000	400,000
Supplementary payments*	10,232	20,944	10,062	20,740
Total	**410,232**	**420,944**	**410,062**	**420,740**
Annual variable remuneration**	343,800	406,680	400,400	426,080
Multi-year variable remuneration (total)***	319,280	436,182	345,887	436,182
LTIP 2011 (covering 2011 to 2013)	319,280	0	345,887	0
LTIP 2012 (covering 2012 to 2014)	0	436,182	0	436,182
Other	0	0	0	0
Total	**1,073,312**	**1,263,806**	**1,156,349**	**1,283,002**
Service costs****	26,342	24,739	0	0
Total remuneration (DCGK)	**1,099,654**	**1,288,545**	**1,156,349**	**1,283,002**

* 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 accruals for the bonus corresponding to the respective fiscal year.
*** Multi-year variable remuneration contains the accrued payments for the respective fiscal year from the respective Long-Term Incentive Program based on actual goal attainment.
**** Service costs contain expenses pursuant to IAS 19 without interest expenses according to the recommendation of the German Corporate Governance Codex.

DISCLOSURES PURSUANT TO SECTION 315A OF THE GERMAN COMMERCIAL CODE

In compliance with the reporting requirements of the German Commercial Code and to enable a comparison with the previous year's report, the remuneration of the Executive Board members for the 2014 fiscal year in the structure previously used is presented below.

	Fixed components		Performance-based components		
€	Salary	Supplementary payments*	Annual variable remuneration without long-term incentives**	Multi-year variable remuneration with long-term non-share-based incentives***	Total remuneration pursuant to Section 314 (1) no. 6a HGB
Dr. Heinz-Jürgen Bertram					
2014	**600,000**	**19,890**	**538,742**	**763,000**	**1,921,632**
2013	600,000	9,078	520,408	595,989	1,725,475
Achim Daub					
2014	**400,000**	**19,221**	**421,560**	**436,182**	**1,276,963**
2013	400,000	4,621	410,280	365,043	1,179,944
Hans Holger Gliewe					
2014	**400,000**	**20,944**	**406,680**	**436,182**	**1,263,806**
2013	400,000	10,232	343,800	319,280	1,073,312
Bernd Hirsch					
2014	**400,000**	**20,740**	**426,080**	**436,182**	**1,283,002**
2013	400,000	10,062	400,400	345,887	1,156,349

* 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, 2014 for the LTIP program 2012–2014 and as of December 31, 2013 for the LTIP program 2011–2013.

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 2014, Dr. Bertram, Mr. Gliewe and Mr. Hirsch made use of this option. There is no employer top-up similar to the regulations applied to non-tariff employees and managers in connection with this "deferred compensation" arrangement.

In order to service future entitlements for the Executive Board members as part of a deferred compensation plan (converting salaries to build pension funds), Symrise made allocations to provisions for Dr. Bertram amounting to € 384,310 (previous year: € 41,276) as well as € 204,343 (previous year: € 58,427) for Mr. Gliewe and € 355,170 (previous year: € 56,526) for Mr. Hirsch based on actuarial computations in 2014.

Since their appointment to the Executive Board, Dr. Bertram and Mr. Gliewe have made use of the deferred compensation option for their pensions (see previous paragraph). Due to their prior employment contract, a pension commitment exists which was also offered to all other employees of the former Haarmann & Reimer GmbH. For these benefit obligations, the allocation to the provision for Dr. Bertram amounted to € 24,173 (previous year: € 21,588) while provision expenses of € 24,739 (previous year: € 26,342) (past service cost pursuant to IAS 19) was allocated to the provision for Mr. Gliewe in the 2014 fiscal year.

As of December 31, 2014, the present value of the provisions for pensions amount to € 1,746,739 (previous year: € 1,135,748) for Dr. Bertram, € 1,311,844 (previous year: € 815,995) for Mr. Gliewe and € 679,007 (previous year: € 323, 837) 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 June 24, 2014 – in other words a maximum of three year's remuneration including supplementary payments.

Further, all of 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 termination benefits. Moreover, no termination benefits are 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.

Mr. Gliewe informed the Supervisory Board that he would not make himself available for an extension to his Executive Board contract, set to expire in November 2015, due to family-related reasons. Against the backdrop of the acquisition of the Diana Group and the Diana businesses to be integrated as a result, Mr. Gliewe and the Supervisory Board agreed that continuity within the Executive Board would be necessary beyond November 2015. For this reason, Mr. Gliewe abdicated his position as an Executive Board member as of December 31, 2014, in mutual agreement with the Supervisory Board and will take on other important strategic tasks within the Symrise Group

Mr. Gliewe received his contractually stipulated remuneration as an Executive Board member in full through December 31, 2014. Mr. Gliewe will receive his fixed remuneration until the expiry of his contract at the beginning of November 2015. He will have an entitlement to bonus payments for the 2015 fiscal year amounting to 40 % of his fixed remuneration, as is customary with all senior executives at Symrise. Due to his employment with the company since August 1, 1980, Mr. Gliewe will have his former employment contract renewed, which was in effect before his appointment as an Executive Board member, effective November 2015.

A post-employment non-compete provision was agreed upon with all Executive Board members for twelve months. By way of compensation, the member concerned shall receive 50 % of his or her fixed remuneration for these twelve months.

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

REMUNERATION OF THE SUPERVISORY BOARD

The members of the Supervisory Board receive an annual remuneration amounting to € 60,000 since the fiscal year 2013. The Chairman of the Supervisory Board receives an additional annual remuneration amounting to € 60,000. The Vice Chairman of the Supervisory Board and the Chairman 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 only part of a fiscal year are to receive one-twelfth of their remuneration for every commenced month of their service. 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.

€	Remuneration	Stipends	Total remuneration as of December 31, 2014	Total remuneration as of December 31, 2013
Dr. Thomas Rabe (Chairman)	120,000	7,500	127,500	126,000
Regina Hufnagel (Vice Chairperson)	90,000	10,000	100,000	83,000
Dr. Michael Becker	90,000	9,000	99,000	100,000
Harald Feist	60,000	6,500	66,500	33,000
Horst-Otto Gerberding	60,000	7,500	67,500	67,000
Dr. Peter Grafoner	60,000	7,000	67,000	68,000
Francesco Grioli (until May 14, 2014)	25,000	4,000	29,000	70,500
Karl-Heinz Huchthausen (Vice Chairman until June 30, 2013)	0	0	0	50,500
Christiane Jarke	60,000	6,500	66,500	67,000
Gerd Lösing	60,000	6,000	66,000	66,000
Prof. Dr. Andrea Pfeifer	60,000	6,000	66,000	65,000
Dr. Winfried Steeger	60,000	9,000	69,000	70,000
Helmut Tacke	60,000	9,000	69,000	67,000
Peter Winkelmann (from May 14, 2014)	40,000	4,000	44,000	0
	845,000	**92,000**	**937,000**	**933,000**

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 amounts to € 129,812,574 after the capital increases and is divided into no-par-value bearer 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 January 2015 that its share in Symrise AG has exceeded the 10 % threshold at 10.01 %.

- 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 17, 2016, by up to € 23,000,000 through one or more issuances of new, no-par-value bearer shares against contribution in cash and/or in kind. In the year under review, this authorized capital was partially exercised and amounted to € 11,360,726 as of the reporting date. 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 event of a capital increase against contribution in kind, if the capital is increased in order to acquire businesses, business units or participating interests in businesses, or in order to grant shares to employees of the company or its affiliates in compliance with applicable law;

  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 event of a capital increase against cash contribution, 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 significantly lower – within the meaning of Sec. 203 (1) and (2) and Sec. 186 (3) sentence 4 of the German Stock Corporation Act (AktG) – than the 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 which 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 Sec. 186 (3) sentence 4 of the 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 bearer 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 bearer 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 on 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 10, 2015. The purchased shares together with other treasury shares that are held by the company or are attributed to it according to Section 71a et seq. of the Stock Corporation Act may not at any time exceed 10% of the share capital. The authorization cannot 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 either 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) sub-paragraphs aa) to cc) above also cover the disposition of company shares that are acquired pursuant to Section 71 d sentence 5 of the 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) sub-paragraphs bb) and cc) may also be made use of by entities dependent on the company, or by entities which 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) sub-paragraphs 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 compensation for the time remaining on their employment contracts, or at least termination benefits amounting to three years' worth of remuneration. Severance and settlement cannot 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 June 24, 2014.

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

Corporate Governance Statement

The Corporate Governance Statement has been made available on Symrise AG's website at **www.symrise.com/investors/corporate-governance/corporate-governance-statement-and-corporate-governance-report**.

Consolidated Income Statement with Specific Influences from M & A and PPA Presented Separately

T€	2013	2014 normalized	Specific influences M & A*	Specific influences PPA**	2014
Sales	1,830,386	2,120,107	0	0	2,120,107
Cost of sales	– 1,059,548	– 1,218,093	– 3,816	– 9,795	– 1,231,704
Gross profit	**770,838**	**902,014**	**– 3,816**	**– 9,795**	**888,403**
Other operating income	16,065	29,064	0	0	29,064
Selling and marketing expenses	– 289,964	– 340,403	– 4,800	0	– 345,203
Research and development expenses	– 126,995	– 138,888	– 462	0	– 139,350
Administration expenses	– 85,028	– 109,369	– 10,911	0	– 120,280
Other operating expenses	– 1,789	– 4,554	0	0	– 4,554
Income from operations/EBIT	**283,127**	**337,864**	**– 19,989**	**– 9,795**	**308,080**
Financial income	1,522	2,746	0	0	2,746
Financial expenses	– 38,795	– 43,290	– 7,826	0	– 51,116
Financial result	**– 37,273**	**– 40,544**	**– 7,826**	**0**	**– 48,370**
Income before income taxes	**245,854**	**297,320**	**– 27,815**	**– 9,795**	**259,710**
Income tax expense	– 73,519	– 83,908	7,698	3,267	– 72,943
Net income	**172,335**	**213,412**	**– 20,117**	**– 6,528**	**186,767**
of which attributable to the shareholders of Symrise AG	172,335	211,645	– 20,117	– 6,528	185,000
of which attributable to non-controlling interests	0	1,767	0	0	1,767
Earnings per share (€)					
- diluted and basic	1.46	1.69			1.48

* 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 (see note 27).

** 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 fiscal year under review.