



IFF Q2 EARNINGS CONFERENCE CALL

August 6, 2019



CAUTIONARY STATEMENT

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements regarding IFF's expected future financial position, results of operations, cash flows, financing plans, business strategy, budgets, capital expenditures, competitive positions, growth opportunities, plans and objectives of management and statements containing the words such as "anticipate," "approximate," "believe," "plan," "estimate," "expect," "project," "could," "should," "will," "intend," "may" and other similar expressions, are forward-looking statements. Statements in this presentation concerning IFF's outlook for 2019 and beyond and future economic performance, anticipated profitability, revenues, expenses or other financial items, the expected impact of IFF's Vision 2021 strategy on future results, the expected impact of the Frutarom integration, including anticipated synergies and cost savings, together with other statements that are not historical facts, are forward-looking statements that are estimates reflecting management's best judgment based upon currently available information.

Factors that could cause IFF's actual results to differ materially include, but are not limited to (1) risks related to the integration of the Frutarom business, including whether we will realize the benefits anticipated from the acquisition in the expected time frame; (2) unanticipated costs, liabilities, charges or expenses resulting from the Frutarom acquisition, (3) risks relating to the Company's ongoing investigations into improper payments made in Frutarom businesses principally operating in Russia and the Ukraine, including expenses incurred with respect to the investigations, the cost of any remedial measures or compliance programs arising out of the investigations, legal proceedings or government investigations that may arise relating to the subject of the Company's investigations, and the outcome of any such legal or government investigations, such as the imposition of fines, penalties, orders, or injunctions, (4) the impact of the failure to comply with U.S. or foreign anti-corruption and anti-bribery laws and regulations, including with respect to the Company's ongoing investigations into improper payments made in Frutarom businesses principally operating in Russia and the Ukraine, (5) the impact of the outcome of legal claims, regulatory investigations and litigation, including any that may arise out of the Company's ongoing investigations into improper payments made in Frutarom businesses principally operating in Russia and the Ukraine, (6) the increase in the Company's leverage resulting from the additional debt incurred to pay a portion of the consideration for Frutarom and its impact on the Company's liquidity and ability to return capital to its shareholders, (7) the Company's ability to successfully market to its expanded and decentralized Taste and Frutarom customer base, (8) the Company's ability to effectively compete in its market and develop and introduce new products that meet customers' needs, (9) the Company's ability to successfully develop innovative and cost-effective products that allow customers to achieve their own profitability expectations, (10) the impact of the disruption in the Company's manufacturing operations, (11) the impact of a disruption in the Company's supply chain, including the inability to obtain ingredients and raw materials from third parties, (12) volatility and increases in the price of raw materials, energy and transportation, (13) the Company's ability to comply with, and the costs associated with compliance with, regulatory requirements and industry standards, including regarding product safety, quality, efficacy and environmental impact, (14) the impact of any failure or interruption of the Company's key information technology systems or a breach of information security, (15) the Company's ability to react in a timely and cost-effective manner to changes in consumer preferences and demands, (16) the Company's ability to establish and manage collaborations, joint ventures or partnership that lead to development or commercialization of products, (17) the Company's ability to benefit from its investments and expansion in emerging markets; (18) the impact of currency fluctuations or devaluations in the principal foreign markets in which it operates; (19) economic, regulatory and political risks associated with the Company's international operations, (20) the impact of global economic uncertainty on demand for consumer products, (21) the inability to retain key personnel; (22) the Company's ability to comply with, and the costs associated with compliance with, U.S. and foreign environmental protection laws, (23) the Company's ability to realize the benefits of its cost and productivity initiatives, (24) the Company's ability to successfully manage its working capital and inventory balances, (25) the Company's ability to protect its intellectual property rights, (26) changes in market conditions or governmental regulations relating to our pension and postretirement obligations, (27) the impact of future impairment of our tangible or intangible long-lived assets, (28) the impact of changes in federal, state, local and international tax legislation or policies, including the recently enacted Tax Cuts and Jobs Act, with respect to transfer pricing and state aid, and adverse results of tax audits, assessments, or disputes, (29) the effect of potential government regulation on certain product development initiatives, and restrictions or costs that may be imposed on the Company or its operations as a result, and (30) the impact of the United Kingdom's expected departure from the European Union in 2019. New risks emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risks on the IFF's business. Accordingly, IFF undertakes no obligation to publicly revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

In addition to the factors set forth above, other factors that may affect IFF's plans, results or stock price are set forth in IFF's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Many of these factors are beyond IFF's control and IFF cautions investors that any forward-looking statements made by IFF are not guarantees of future performance. IFF disclaims any obligation to update any such factors or to announce publicly the results of any revisions to any of the forward-looking statements to reflect future events or developments.

CAUTIONARY STATEMENT

Use of Non-GAAP Financial Measures

We provide in this presentation non-GAAP financial measures, including: (i) currency neutral sales; (ii) adjusted operating profit ex amortization, (iii) adjusted operating profit margin ex amortization, (iv) adjusted EPS ex amortization; and (vi) free cash flow. Our non-GAAP financial measures are defined below. A reconciliation of these non-GAAP financial measures to their respective GAAP measures is available on our website.

Currency Neutral metrics eliminate the effects that result from translating international currency to U.S. dollars. We calculate currency neutral numbers by comparing current year results to the prior year results restated at exchange rates in effect for the current year based on the currency of the underlying transaction.

Adjusted operating profit ex amortization excludes the impact of non-operational items including operational improvement initiatives, acquisition related costs, integration related costs, restructuring and other charges, net, and Frutarom acquisition related costs, and non-cash items, including gains/losses on sale of assets and the amortization of acquisition related intangible assets.

Adjusted EPS ex Amortization excludes the impact of non-operational items including operational improvement initiatives, acquisition related costs, integration related costs, restructuring and other charges, U.S. Tax reform, non-recurring items including FDA mandated product recall costs, and non-cash items including gains on sale of assets and the amortization of acquisition related intangible assets.

Free Cash Flow is operating cash flow (i.e. cash flow from operations) less capital expenditures.

These non-GAAP measures are intended to provide additional information regarding our underlying operating results and comparable year-over-year performance. Such information is supplemental to information presented in accordance with GAAP and is not intended to represent a presentation in accordance with GAAP. In discussing our historical and expected future results and financial condition, we believe it is meaningful for investors to be made aware of and to be assisted in a better understanding of, on a period-to-period comparable basis, financial amounts both including and excluding these identified items, as well as the impact of exchange rate fluctuations. These non-GAAP measures should not be considered in isolation or as substitutes for analysis of the Company's results under GAAP and may not be comparable to other companies' calculation of such metrics.

Forward-Looking Non-GAAP Metrics. This presentation also includes our expectations for (i) sales growth for 2019 and long-term currency neutral sales growth; (ii) EPS ex amortization growth for 2019 and long-term currency neutral EPS ex amortization growth; and (iii) long-term total shareholder return growth. The closest corresponding GAAP measure to these non-GAAP measures and a reconciliation of the differences between the non-GAAP metric expectation and the corresponding GAAP measure is not available without unreasonable effort due to length of the forecasted period and potential variability, complexity and low visibility as to items such as future contingencies and other costs that would be excluded from the GAAP measure, and the tax impact of such items, in the relevant future period. The variability of the excluded items may have a significant, and potentially unpredictable, impact on our future GAAP results.

Combined

For purposes of this presentation, we calculated "combined" numbers by combining (i) our results (including Frutarom from January 1, 2018 through March 31, 2018) with (ii) the results of Frutarom prior to its acquisition by us on October 4, 2018, and adjusting for divestitures of Frutarom businesses since October 4, 2018, but do not include any other adjustments that would have been made had we owned Frutarom for such periods prior to October 4, 2018.

CONFERENCE CALL PARTICIPANTS



Andreas Fibig
Chairman & CEO



Rich O'Leary
EVP & CFO

AGENDA

1. Vision 2021 Recap
2. Executive Summary
3. Financial Review
4. Outlook
5. Q&A

VISION 2021 STRATEGY

Framework to achieve our long-term ambition

LEADER IN TASTE, SCENT & NUTRITION

TOP THIRD TSR (>12%) | 5-7% SALES GROWTH | 10%+ EPS GROWTH* | RAPID DEBT PAYDOWN



UNLOCK
GROWTH
OPPORTUNITIES



DRIVE
INNOVATION



MANAGE
PORTFOLIO

FOCUS ON
CUSTOMER

ACCELERATE
BUSINESS
TRANSFORMATION



CULTURE

TECHNOLOGY & DATA

SUSTAINABILITY

M & A

TALENT & ORGANIZATION

*Excluding amortization

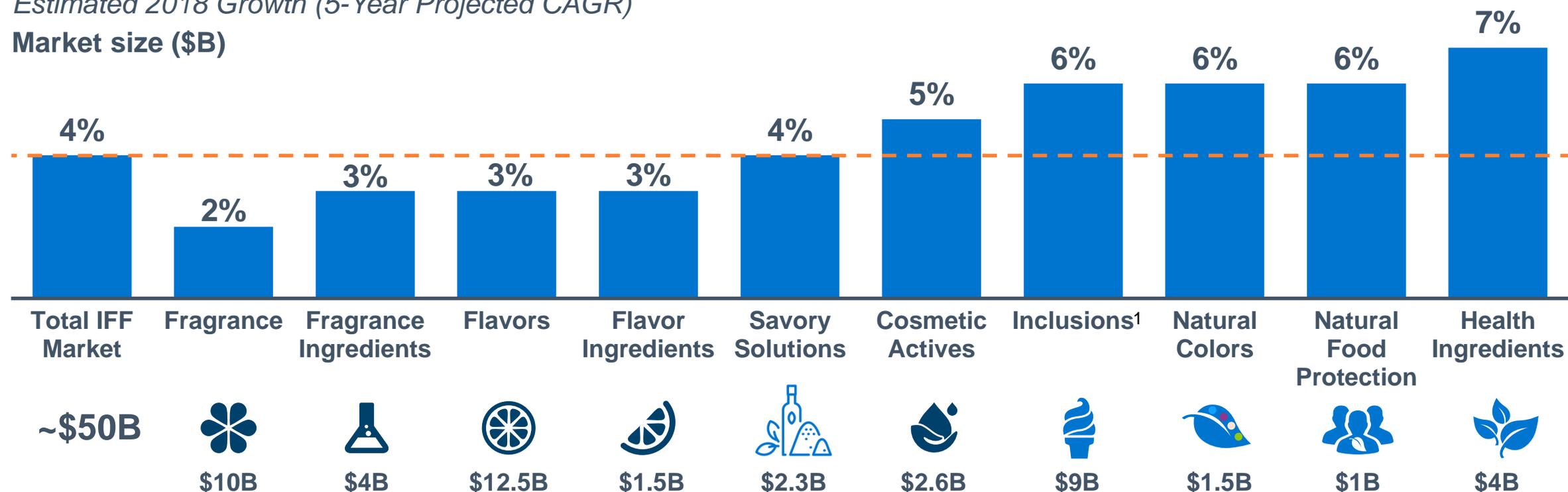
ATTRACTIVE MARKET POTENTIAL

Broad-based growth across all categories

Key markets of exposure

Estimated 2018 Growth (5-Year Projected CAGR)

Market size (\$B)



1. Includes Taura, Inventive and Leagel (Gelato ingredients)

Note: light blue refers to adjacent segments access gained through Frutarom acquisition

Source: Company estimates

GO-FORWARD STRATEGIC PRIORITIES

Unlocking future growth potential



Scent

Expanded market access via global core lists

Capitalized on regional and local customers trends

Invest in growth & margin accretive categories



Taste

Integrate Frutarom Taste

Expand tastepoint® by IFF model

Target high-growth geographies

Enhance portfolio with Savory Solutions and Inclusions



Nutrition & Ingredients

Geographic expansion

Focus on differentiating, natural and clean label technologies

Target value-enhancing acquisitions

Cross-Selling & Integrated Solutions

M&A

Long-Term Growth Expectation

5 to 7%*

~3 to 5%

~1%

~1%

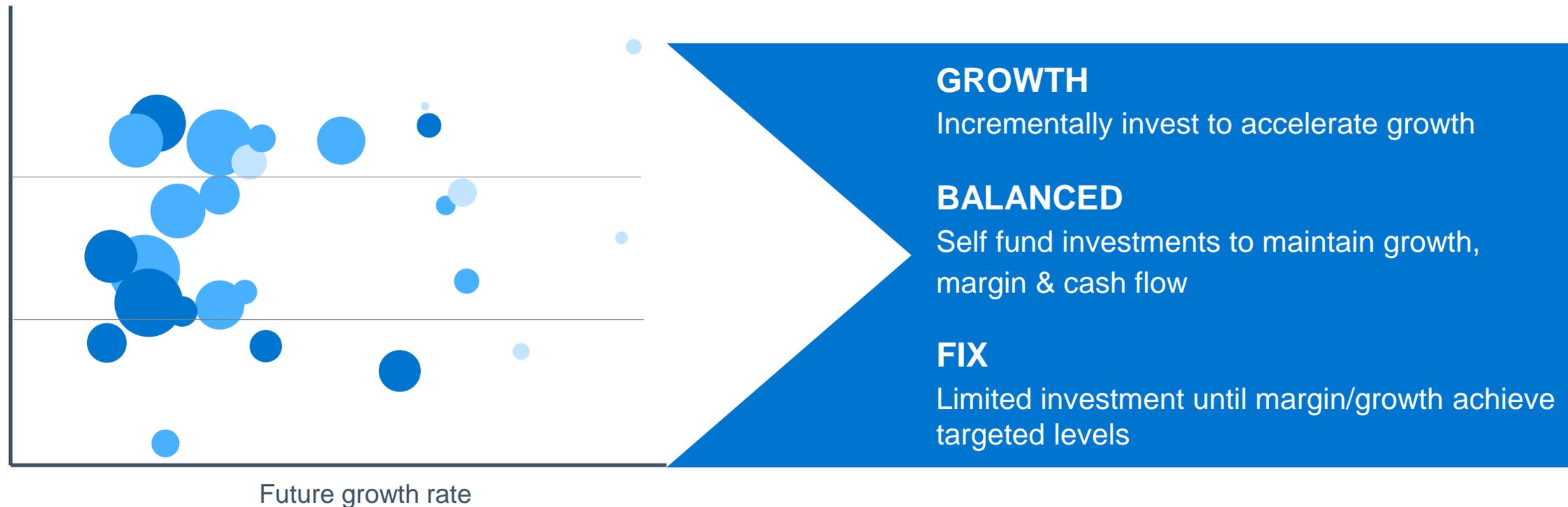
* Currency neutral

MAXIMIZING RETURNS

Driving resource allocation based on portfolio classification

IFF Product Groups

Estimated EBITDA Margin (%)



● Scents ● Taste ● Nutrition & Ingredients

● Relative Bubble Size = Estimated Annual Sales

2019 – 2021 MARGIN IMPROVEMENT

Strong programs in place to drive best-in-class profitability

MANAGE PORTFOLIO

- Portfolio optimization drives profitable growth; selectively prune low-margin, non-strategic sales
- Margin management, pricing, cost leverage and select pruning will drive margin expansion

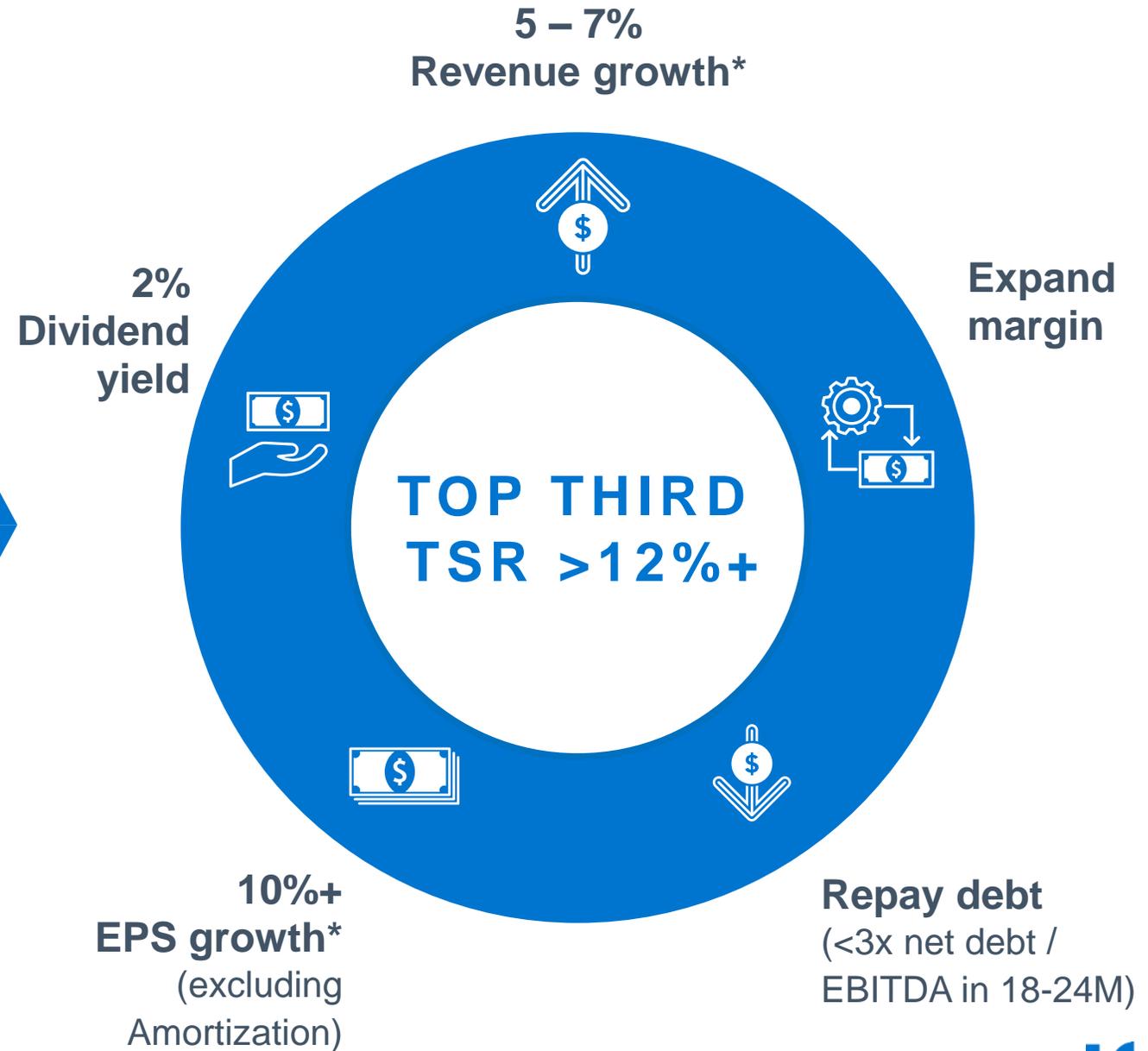
INTEGRATION SYNERGIES

- Significant procurement benefits via leverage spend, tail spend and make vs. buy initiatives
- Network optimization of ~35 sites globally by 2021 generating strong efficiencies
- Highly confident in our ability to achieve \$145M savings target by 2021

CORE PRODUCTIVITY

- \$100M productivity – process improvement, simplification and centralization providing flexibility to drive to bottom line or re-invest in growth engines

VISION 2021 FINANCIAL OBJECTIVES

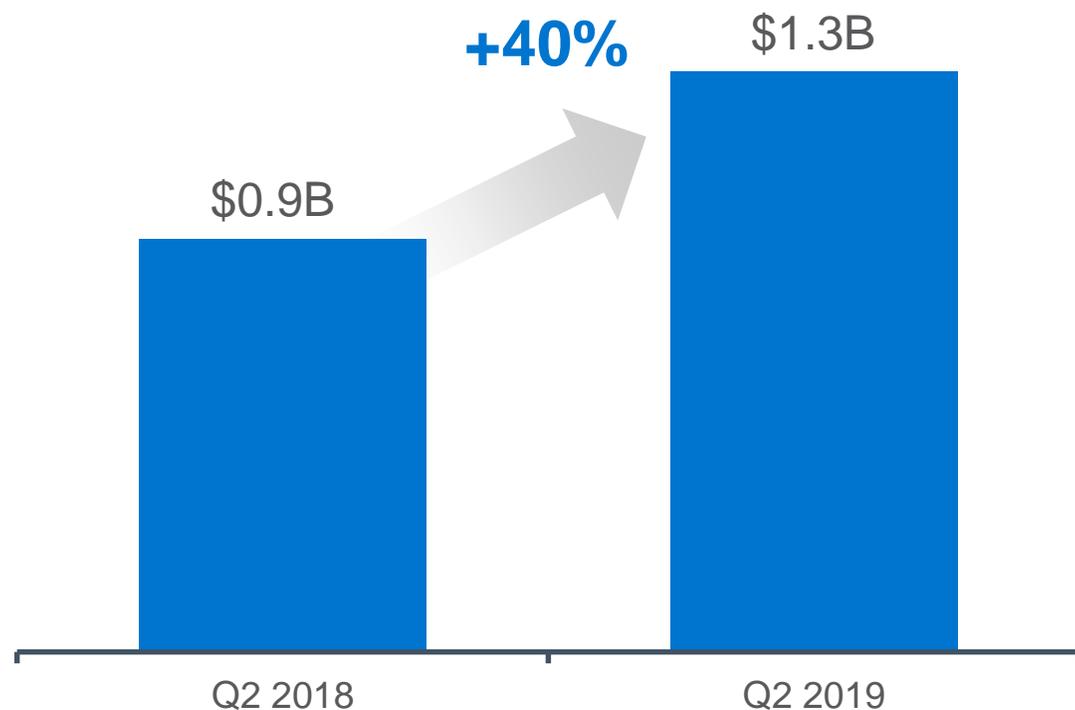


*Currency neutral growth

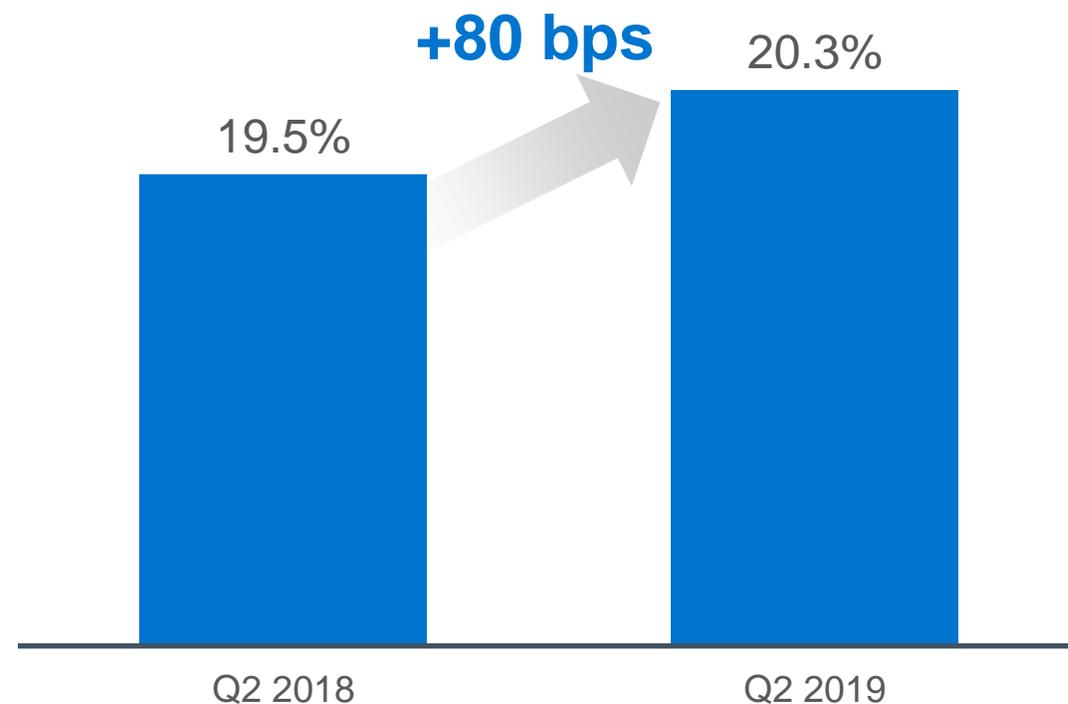
Q2 2019 EXECUTIVE SUMMARY

Double-digit sales growth including acquisitions; Margin expansion ex amortization

SALES



ADJUSTED OPERATING PROFIT MARGIN EX AMORTIZATION*



12 * Adjusted Operating Profit Margin Ex Amortization is a Non-GAAP metric, please see our GAAP to Non-GAAP Reconciliation at ir.iff.com



INTEGRATION PROGRESS

Executing well against priorities

Priorities

Achievements

Status

GO-TO-MARKET

- For those businesses where we have aligned our go-to-market approach, growth was strong, increasing high-single digits



CROSS-SELLING &
INTEGRATED SOLUTIONS

- Achieved \$8M run-rate cross-selling sales to date
- Target \$100M of incremental sales by 2021



INNOVATION

- Continue to leverage the compelling combination of R&D technologies and capabilities of both organizations



COST SYNERGIES

- Achieved \$15M in cost synergies in 1H 2019
- Now expect to achieve ~\$40M in 2019, up from \$30 to \$35M



CASH FLOW /
DEBT REPAYMENT

- Strong Operating Cash Flow +\$130M YoY in 1H 2019
- Debt repayment of \$47M in 1H 2019



Q2 2019 RESULTS

Broad-based improvements in sales, adjusted operating margin & cash flow

\$1.3B

Sales

\$262M

Adjusted Operating Profit Ex Amort*

\$1.61

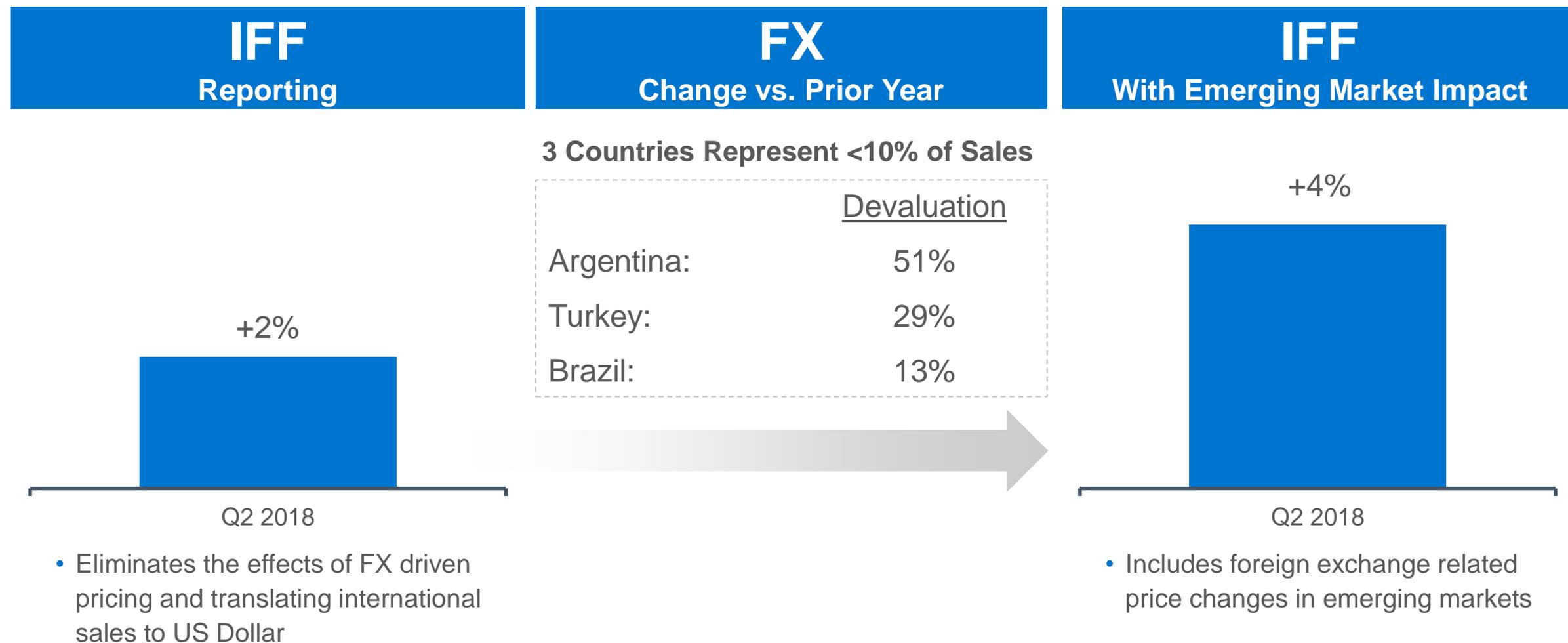
Adjusted EPS Ex Amort*

- On a combined basis, currency neutral sales grew 1% driven by acquisitions and Scent performance
- Adjusted operating margin excluding amortization improved 80 bps year-over-year led by productivity initiatives and acquisition related synergies
- Year-over-year increases in operating cash flow & free cash flow driven by higher earnings and amortization



CONSOLIDATED (SCENT & TASTE) SALES GROWTH

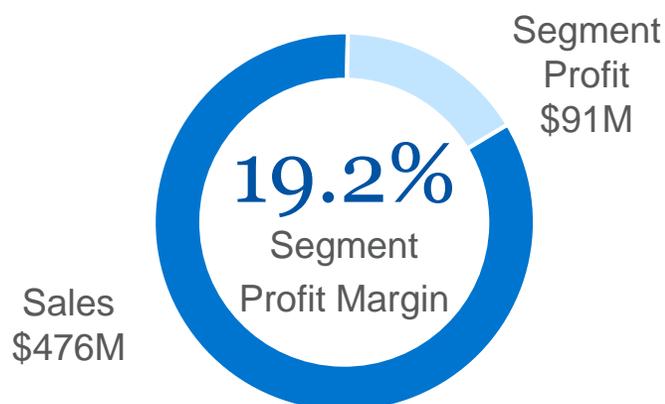
Impact of emerging market pricing on organic currency neutral* growth rates



SEGMENT PERFORMANCE

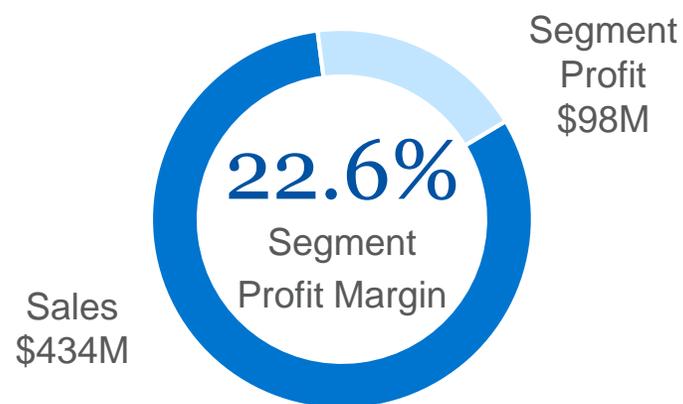
Q2 2019 review

SCENT



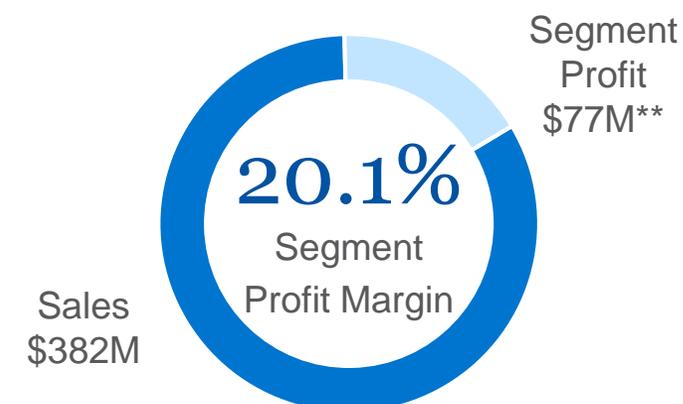
- Mid-single digit growth in Consumer & Ingredients; Fine up low-single digits
- Margin supported by productivity initiatives & more favorable price to input costs
- Raw material costs remain elevated; Expect continued increases in 2H 2019

TASTE



- Growth in Greater Asia & EAME more than offset by weakness in LATAM & NOAM
- Volumes with multinational customers pressured; Erosion rate ~3X average
- Productivity gains more than offset by volume declines, higher raw material costs and mix

FRUTAROM



- On standalone basis, sales remained constant including the contribution of acquisitions
- F&F ingredients, Colors, Savory Solutions, Trade & Marketing as expected
- EAME Taste volumes decelerated in quarter
- Margin driven by disciplined cost management & acquisition related synergies

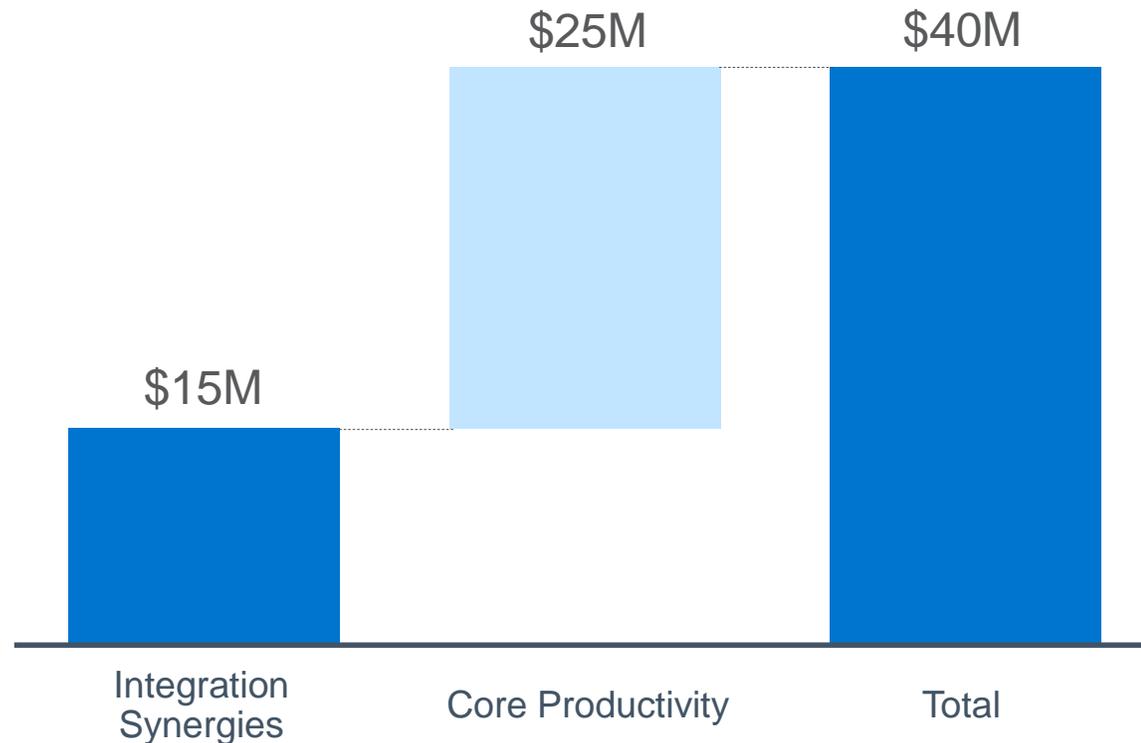
16 * Currency Neutral Sales is a Non-GAAP metrics, please see our GAAP to Non-GAAP Reconciliation at ir.iff.com;

** Excludes \$48M of amortization expense related to intangible assets

VALUE CREATION

Delivering savings to support margin expansion & reinvestment

1H 2019: Year-Over-Year Savings

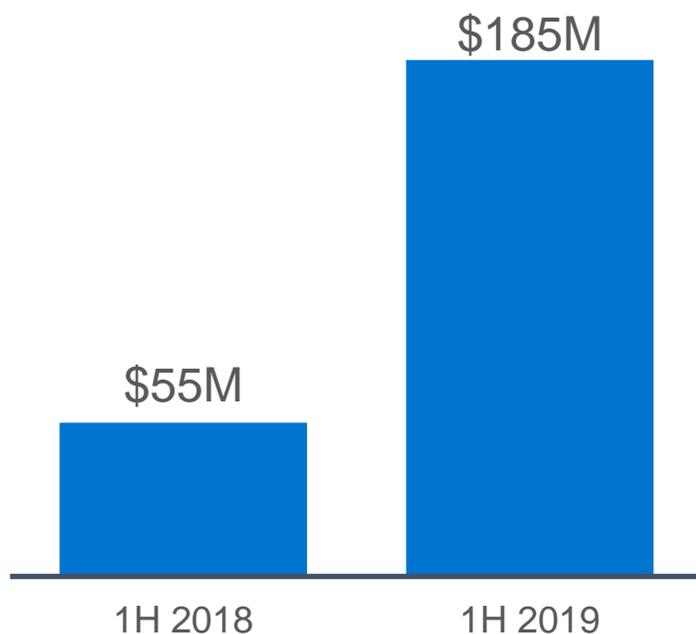


- Integration synergies driven by manufacturing optimization and procurement excellence
- Continue to execute core productivity via process improvement, simplification and centralization

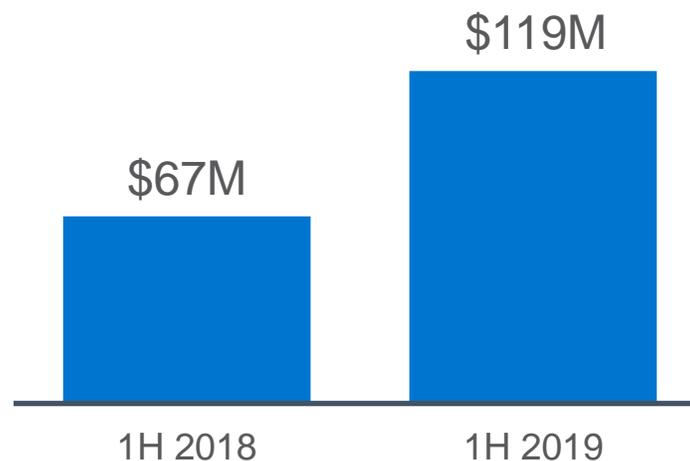
CASH FLOW DYNAMICS

Significant increases in operating & free cash flow

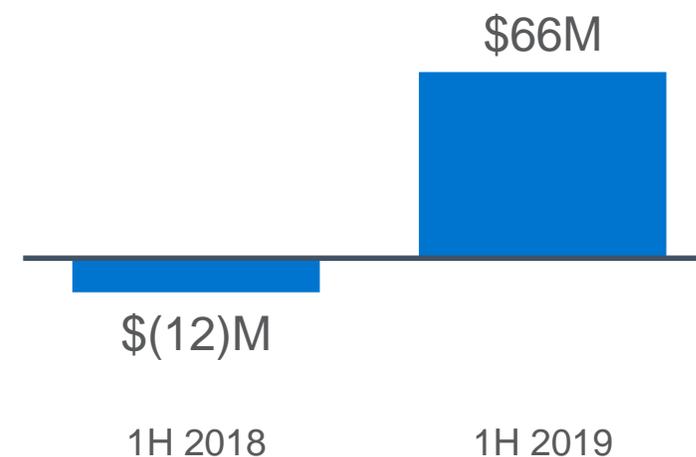
OPERATING CASH FLOW



CAPEX



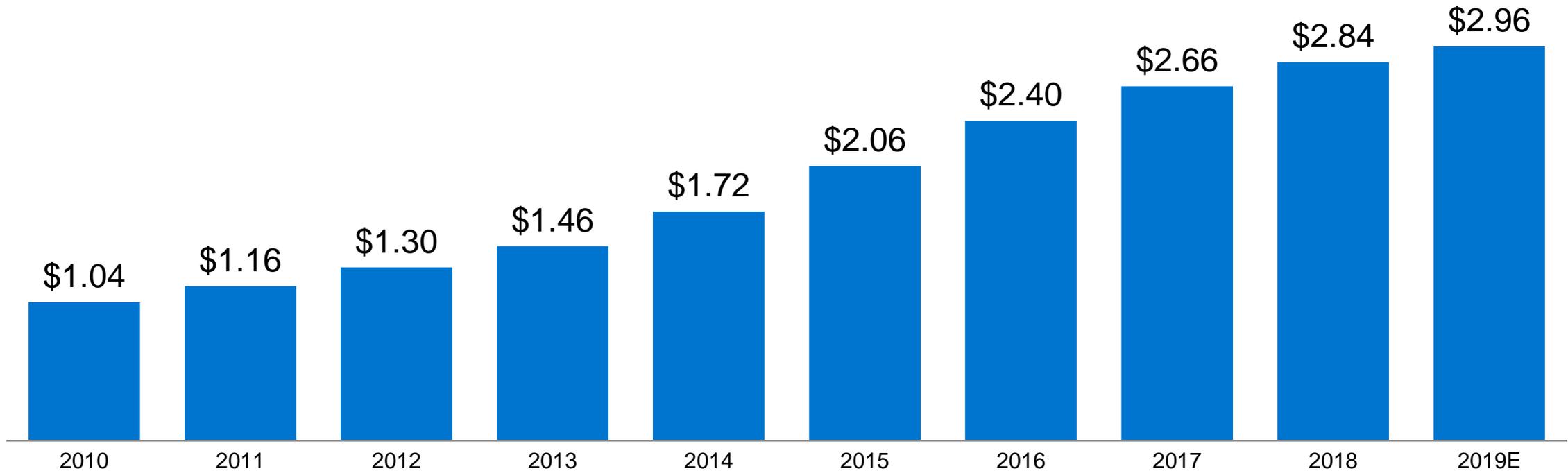
FREE CASH FLOW*



COMMITMENT TO A STRONG DIVIDEND

Tenth consecutive year of dividend increases

ANNUAL DIVIDEND PER SHARE



FY2019 FINANCIAL OUTLOOK

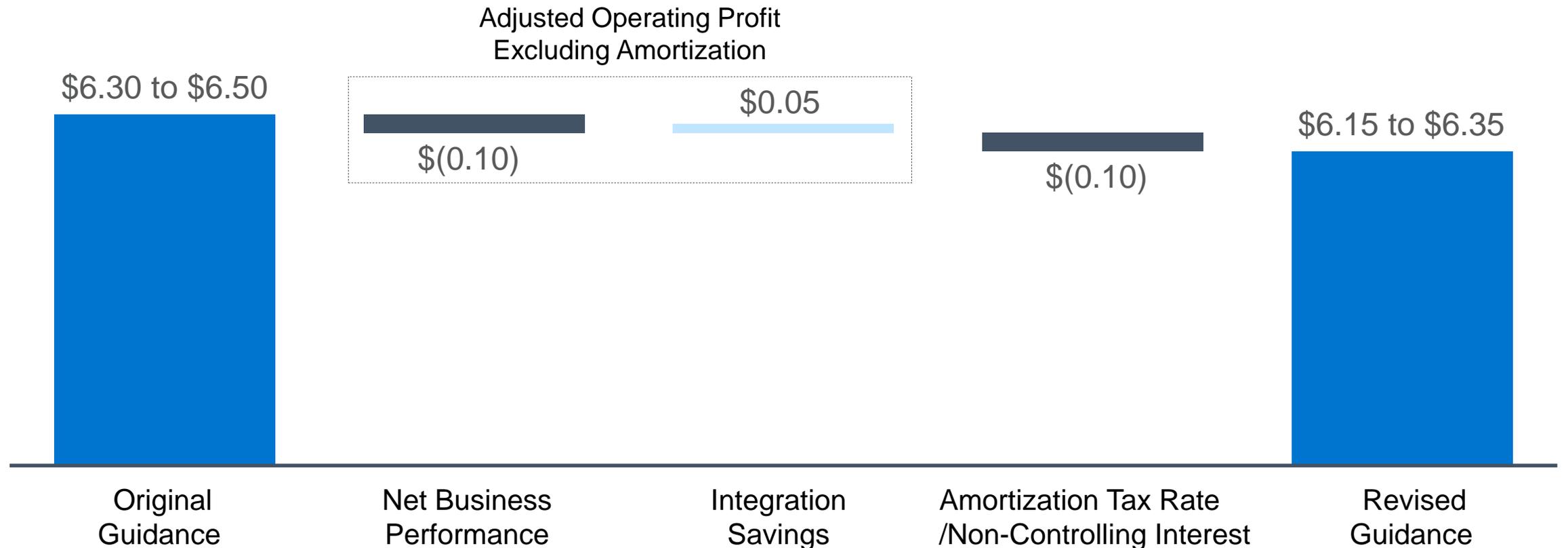
Adjusting full year outlook

	PREVIOUS GUIDANCE	REVISED GUIDANCE
Sales	\$5.2 - 5.3B	\$5.15 - \$5.25B
Adjusted EPS ex amortization*	\$6.30 - 6.50	\$6.15 - 6.35

FY2019 EPS EX AMORT RECONCILIATION

EPS revised principally due to tax & non-controlling interest

FY 2019 EARNINGS PER SHARE EX AMORTIZATION



SUMMARY

- ▶ Compelling Vision 2021 strategy focused on disciplined execution & integration
- ▶ Long-term commitment to >12% Total Shareholder Return goal, driven by >10% EPS growth*, and 2% dividend yield
- ▶ Broad-based improvements in sales, margin & cash flow in Q2
- ▶ Revised FY 2019 sales to be at or approaching low-end of previous range; EPS revised principally due to tax & non-controlling interest
- ▶ Raised dividend to reflect strong future cash flow generation

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