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INVESTOR DAY 2019

Nutrition & Ingredients



NUTRITION & INGREDIENTS CATEGORIES

Broad portfolio covering a range of high growth & high margin adjacencies

NATURAL FOOD
PROTECTION



NATURAL
HEALTH
INGREDIENTS



FLAVOR
INGREDIENTS



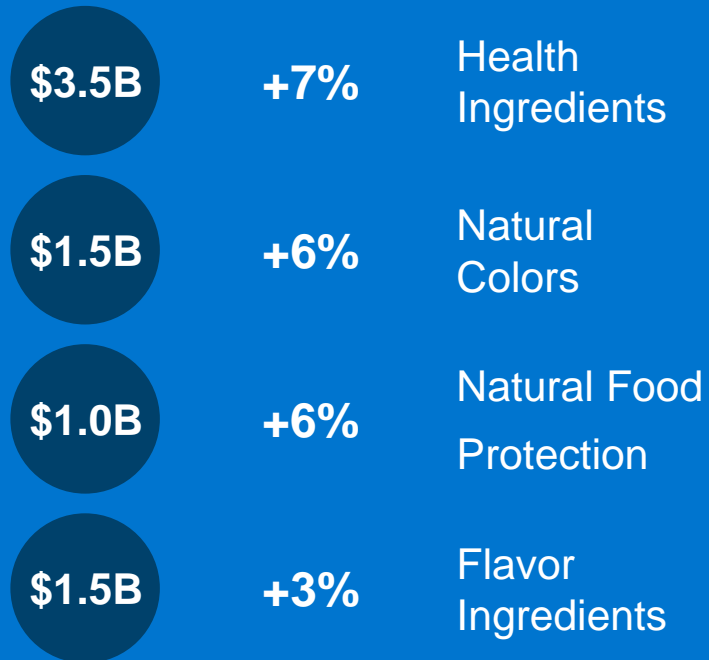
NATURAL
COLORS

NUTRITION & INGREDIENTS MARKET

\$7.5B market growing at 6% with diverse customer base

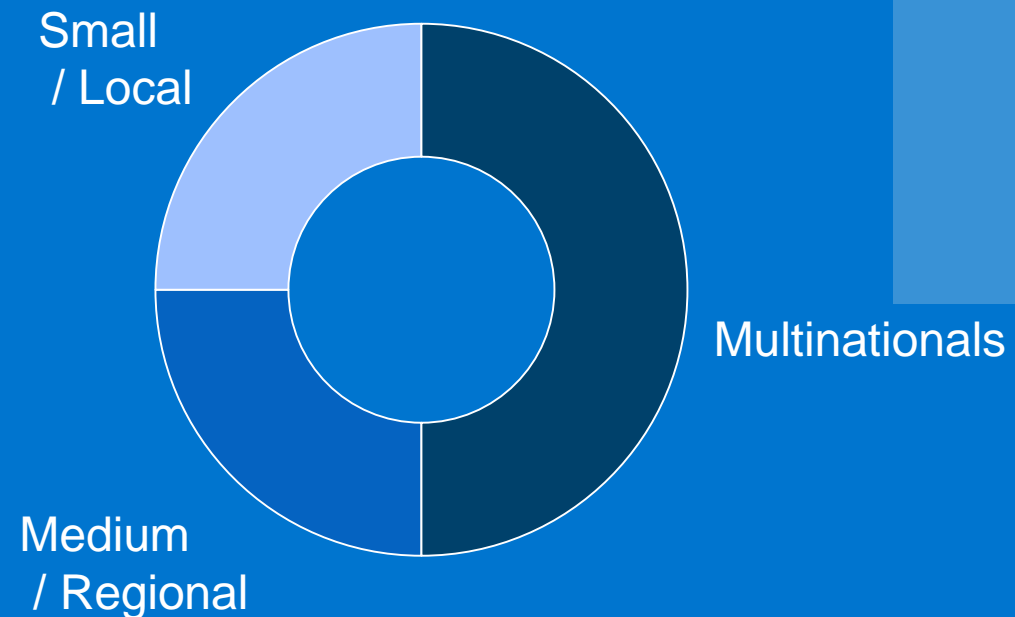
MARKET SIZE AND GROWTH

Estimated 2018 Market Size & Growth
5-Year Projected CAGR



CUSTOMERS

Relative customer segment Market Share



IFF NUTRITION & INGREDIENTS KEY HIGHLIGHTS

Strong foundation and capabilities

STRENGTHS

Strong portfolio quality,
functionality & scientific basis

Backward integration

Recognized brands

Established reputation

Relationships with
strategic partners

Unique technology and
innovation capabilities

Botanical and citrus expertise

Flexibility to serve small
and large customers

Talent and knowledge base

FINANCIALS

~\$300M

2018 net sales*

High 20s

EBITDA Margin*

* Net sales and EBITDA margin are based on the 2018 combined net sales of those products that are expected to constitute the new business once fully implemented

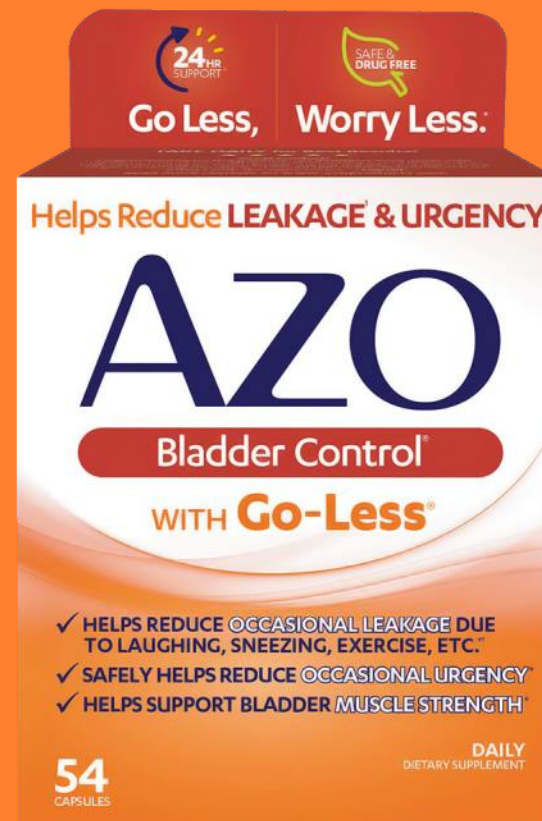
EXAMPLES OF PRODUCTS

Diverse portfolio with market leading brands

BRAIN HEALTH



DIGESTIVE HEALTH



INFANT HEALTH



NUTRITION & INGREDIENTS

Growth & profit accelerator

WHY CREATE A SEPARATE NUTRITION & INGREDIENTS DIVISION

Different go-to-market "push" & function / claim-oriented rather than brief-driven

Growth platform requiring dedicated management focus to accelerate growth and scale

Addresses different set of customer needs

Incubation of businesses with unique models

WHY WE ARE EXCITED

High growth

High margin

Will drive cross-selling and integrated solutions

Drives differentiation

SETTING THE STAGE FOR VISION 2021

- 1 NATURALS**
Global shift towards natural, organic, non-genetically modified
- 2 HEALTH**
Pro-active health management and demand for clinically proven products
- 3 RAW MATERIALS**
Raw material availability & cost volatility
- 4 INTEGRATION**
Access to IFF innovation platforms, sales force, customer base, and consumer insights
- 5 RECENT TRENDS**
Continued pressure at CitraSource; Colors price declines; INFAT acceleration limited due to capacity constraints

HEALTH AND WELLNESS TREND

Complementary opportunities to combine health ingredients and taste

CONVERGENCE OF HEALTH & TASTE

Consumers moving away from capsules into beverages and shots

Demand for healthy and tasty nutrition



Gain share in growing customer categories – supplement and functional food markets

New opportunities to combine health ingredients and taste from legacy IFF

SCIENTIFICALLY BACKED HEALTH INGREDIENT + INDUSTRY LEADING TASTE MODULATION

NUTRITION & INGREDIENTS STRATEGY SUMMARY

Targeting strong profitable growth

Strategic pillar



UNLOCK
GROWTH

- Geographic expansion in North America and Greater Asia
- Build differentiated products and drive cross-selling and integrated solutions



DRIVE
INNOVATION

- Focus on differentiating, natural and clean label technologies
- Capitalize on FoodNxt / Open Innovation Platform



MANAGE
PORTFOLIO

- Over-index investment in high-margin categories



BUSINESS
TRANSFORMATION

- Further vertical integration and harmonize sourcing
- Strategically pursue acquisitions and partnerships



UNLOCK GROWTH

Through geographic expansion, differentiation, and revenue synergies



Expand geographic footprint

Focus on NoAM – Largest health supplement market worldwide

Grow infant nutrition
in Greater Asia

Expand ingredients into
LatAm and APAC



Build differentiated products

Advanced infant nutrition

Probiotics and personalized nutrition

Natural antimicrobials

Algae-based ingestible
cosmetic ingredients

Clean label colors from source



Cross-selling & integrated solutions

Leverage broad portfolio to drive
revenue synergies

Create enterprise-wide
solutions platforms



GEOGRAPHIC EXPANSION

Focus on prioritized markets

Approach

Focus on high-potential underpenetrated markets

Leverage existing IFF relationships and market presence

Attractive target markets

Largest supplement market worldwide

Large incremental opportunity in colors

Large market opportunity to expand infant nutrition and supplements

Underpenetrated in health

Focus geography for ingredients

Focus geography for clean label ingredients

NORTH AMERICA

CHINA

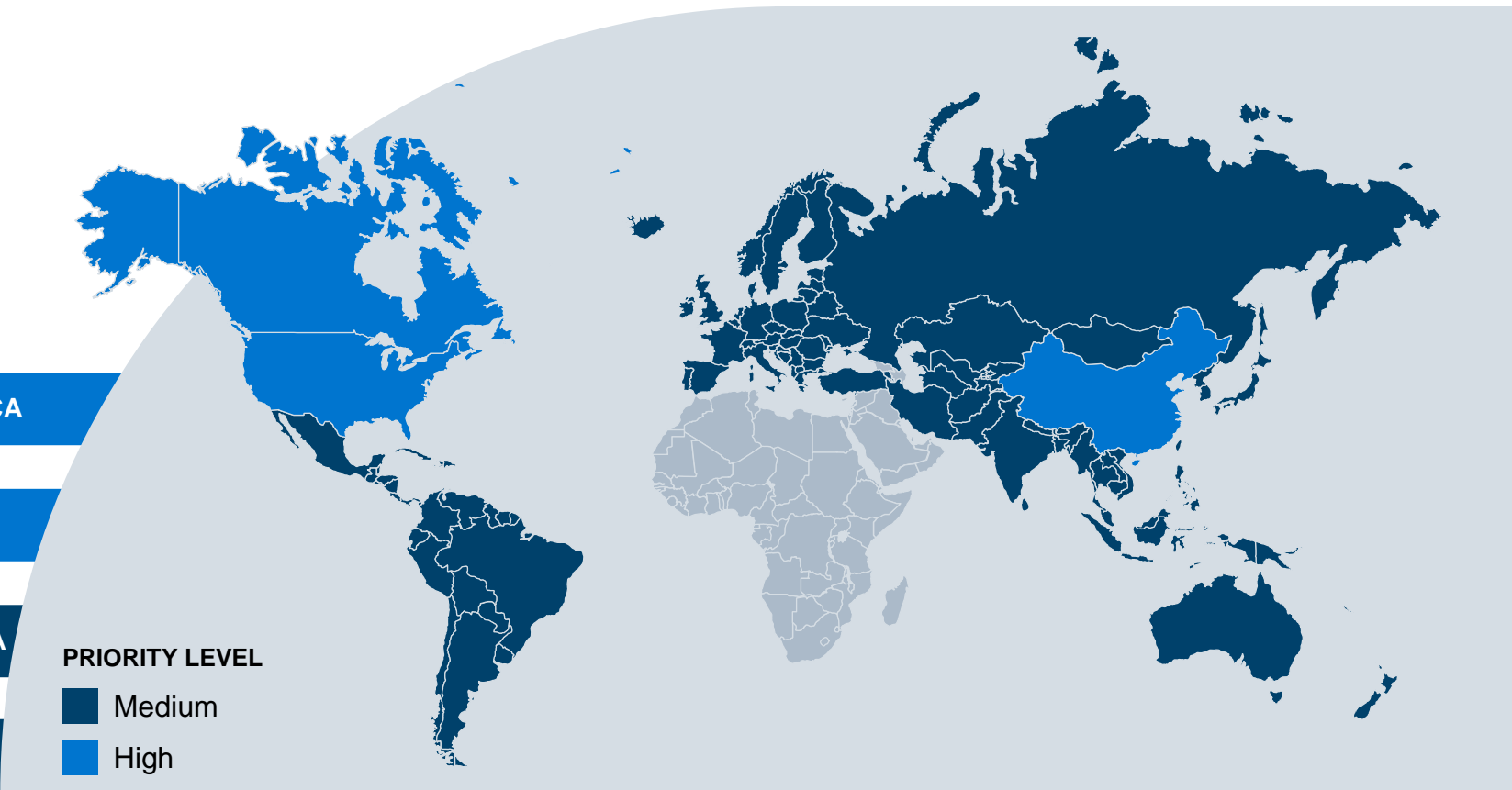
LATIN AMERICA

ASIA PACIFIC

PRIORITY LEVEL

Medium

High





DRIVE INNOVATION

Key research platforms goals



Introduce new infant nutrition ingredient every year

Launch natural antimicrobials



Deepen clinical science capabilities and research

Deepen micro-algae research & capabilities for protein, colors, nutrition and cosmetics



Strengthen colors and food protection applications capabilities

Capitalize on FoodNxt and open innovation platforms





PREMIUM INFANT INGREDIENTS

Serving the high end of the global infant formula market



O Oleic Acid

P Palmitic Acid

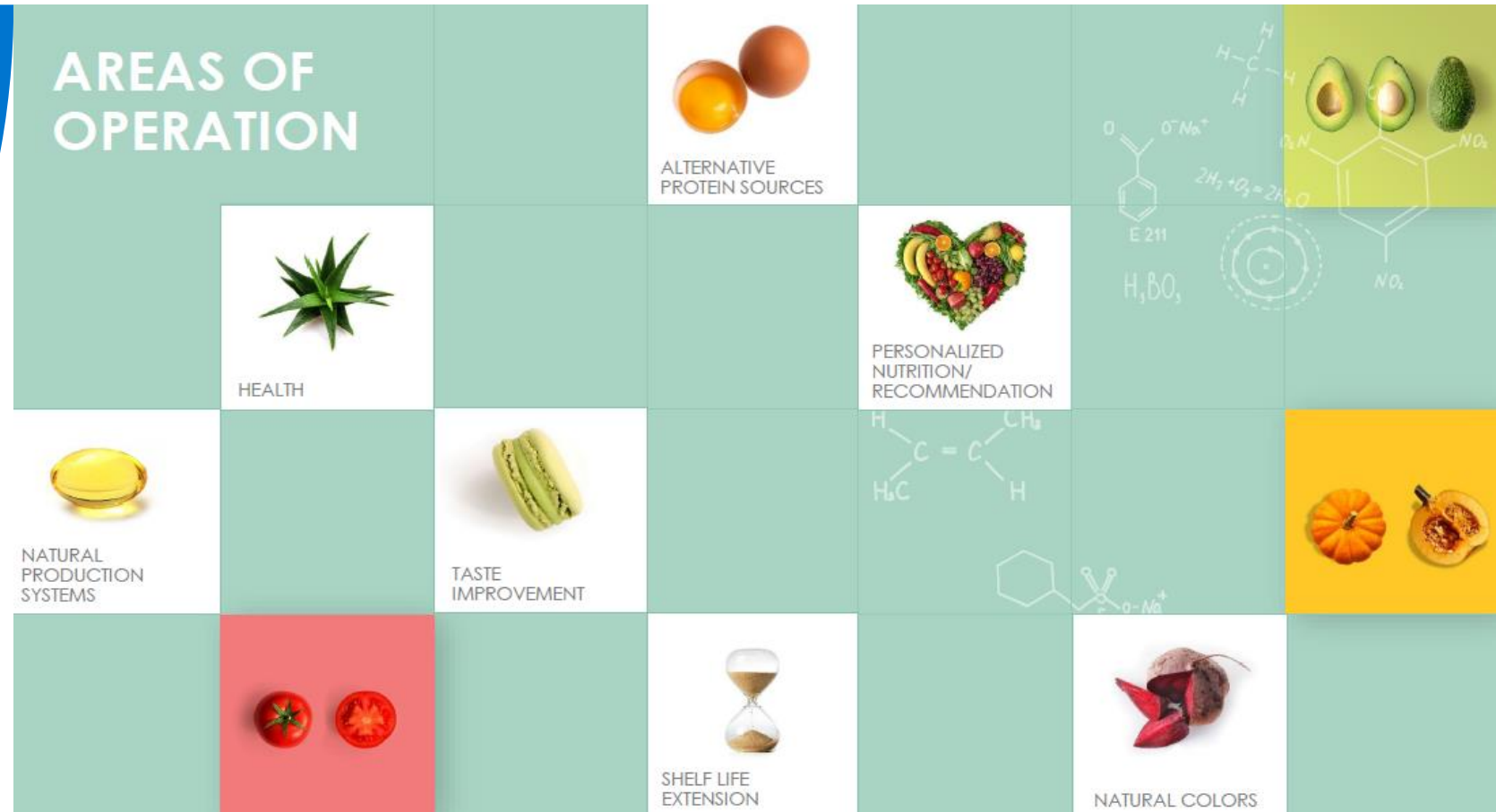
Proprietary enzymatic processes produce **SN-2 Palmitate fats** that mimics the composition, structure & benefits of **human milk fat**



FOODNXT - EMPOWERING FOOD INNOVATION

Partnering with Israeli Innovation Authority

UNIQUE PLATFORM
TO LEVERAGE
ISRAEL'S BOOMING
FOODTECH AND
START-UP
SECTORS





TRANSFORMING THE BUSINESS

Through vertical integration, acquisitions and sourcing



Vertical integration

Ensuring raw material quality, security and traceability

Advanced crop methods to improve yield



Sourcing

Long term relationships with global sourcing partners

Extraction sites near raw materials



Acquisitions / partnerships

Build scale

Expand offering

Further backward integration

SUMMARY

- Establishment of **New Business Unit** as growth accelerator
- **Opportunities to propel growth:** geography, technology and acquisitions
- **Strengthen business** with further backward integration, sourcing enhancements & increased investment in innovation
- **Key driver** of cross-selling and integrated solutions