

**International Flavors & Fragrances Inc.**  
**GAAP to Non-GAAP Reconciliation**  
**(Amounts in thousands)**  
**(Unaudited)**

The following information and schedules provide reconciliation information between reported GAAP amounts and non-GAAP certain adjusted amounts. This information and schedules are not intended as, and should not be viewed as, a substitute for reported GAAP amounts or financial statements of the Company prepared and presented in accordance with GAAP.

**Reconciliation of Gross Profit**

	<b>Second Quarter</b>	
	<b>2018</b>	<b>2017</b>
Reported (GAAP)	\$ 398,717	\$ 372,984
Operational Improvement Initiatives (a)	403	445
Acquisition Related Costs (b)	-	5,606
Integration Related Costs (c)	-	98
FDA Mandated Product Recall (g)	-	3,500
Adjusted (Non-GAAP)	\$ 399,120	\$ 382,633

**Reconciliation of Selling and Administrative Expenses**

	<b>Second Quarter</b>	
	<b>2018</b>	<b>2017</b>
Reported (GAAP)	\$ 157,407	\$ 139,319
Acquisition Related Costs (b)	4	(672)
Integration Related Costs (c)	-	(542)
Legal Charges/Credits, net (d)	-	(1,000)
Tax Assessment (e)	-	19
Frutarom Acquisition Related Costs (h)	(12,455)	-
Adjusted (Non-GAAP)	\$ 144,956	\$ 137,124

**Reconciliation of Operating Profit**

	<b>Second Quarter</b>	
	<b>2018</b>	<b>2017</b>
Reported (GAAP)	\$ 154,509	\$ 151,687
Operational Improvement Initiatives (a)	403	445
Acquisition Related Costs (b)	(4)	6,278
Integration Related Costs (c)	993	731
Legal Charges/Credits, net (d)	-	1,000
Tax Assessment (e)	-	(19)
Restructuring and Other Charges, net (f)	193	791
Losses (Gains) on Sale of Assets	1,264	(68)
FDA Mandated Product Recall (g)	-	3,500
Frutarom Acquisition Related Costs (h)	12,455	-
Adjusted (Non-GAAP)	\$ 169,813	\$ 164,345

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**Reconciliation of Net Income**

	Second Quarter							
	2018				2017			
	Income before taxes	Taxes on income (i)	Net income	EPS (j)	Income before taxes	Taxes on income (i)	Net income	EPS
Reported (GAAP)	\$ 121,918	\$ 22,769	\$ 99,149	\$1.25	\$ 142,040	\$ 32,245	\$ 109,795	\$1.38
Operational Improvement Initiatives (a)	403	142	261	-	445	111	334	-
Acquisition Related Costs (b)	(4)	(1)	(3)	-	6,278	1,472	4,806	0.06
Integration Related Costs (c)	993	-	993	0.01	731	243	488	0.01
Legal Charges/Credits, net (d)	-	-	-	-	1,000	354	646	0.01
Tax Assessment (e)	-	-	-	-	(19)	(7)	(12)	-
Restructuring and Other Charges, net (f)	193	46	147	-	791	(75)	866	0.01
Losses (Gains) on Sale of Assets	1,264	263	1,001	0.01	(68)	(22)	(46)	-
FDA Mandated Product Recall (g)	-	-	-	-	3,500	1,238	2,262	0.03
Frutarom Acquisition Related Costs (h)	36,989	6,543	30,446	0.38	-	-	-	-
Adjusted (Non-GAAP)	<u>\$ 161,756</u>	<u>\$ 29,762</u>	<u>\$ 131,994</u>	<u>\$1.66</u>	<u>\$ 154,698</u>	<u>\$ 35,559</u>	<u>\$ 119,139</u>	<u>\$1.50</u>

- (a) For 2018, represents accelerated depreciation related to a plant relocation in India. For 2017, represents accelerated depreciation and idle labor costs in Hangzhou, China.
- (b) For 2017, represents the amortization of inventory "step-up" related to the acquisitions of David Michael, Fragrance Resources and PowderPure, included in cost of goods sold and transaction costs related to the acquisitions of David Michael, Fragrance Resources and PowderPure, included in Selling and administrative expenses.
- (c) For 2018, represents costs related to the integration of David Michael. For 2017, represents costs related to the integration of David Michael and Fragrance Resources acquisitions.
- (d) Represents additional charge related to litigation settlement.
- (e) Represents the reserve for payment of a tax assessment related to commercial rent for prior periods.
- (f) Represents severance costs related to the 2017 Productivity Program.
- (g) Represents management's best estimate of losses related to the previously disclosed FDA mandated recall.
- (h) Represents transaction-related costs and expenses related to the pending acquisition of Frutarom. Amount includes \$10.6 million of bridge loan commitment fees included in Interest expense, \$25.0 million mark-to-market loss adjustment on an interest rate derivative and an \$11.0 million mark-to-market gain adjustment on a foreign currency derivative, and \$12.5 million of transaction costs included in administrative expenses.
- (i) The income tax expense (benefit) on non-GAAP adjustments is computed in accordance with ASC 740 using the same methodology as the GAAP provision of income taxes. Income tax effects of non-GAAP adjustments are calculated based on the applicable statutory tax rate for each jurisdiction in which such charges were incurred, except for those items which are non-taxable for which the tax expense (benefit) was calculated at 0%. For second quarter of 2018, certain non-GAAP adjustments were subject to valuation allowances and therefore was calculated at 0%.
- (j) The sum of these items does not foot due to rounding.

The Company tracks the amount of amortization recorded on recent acquisitions in order to monitor its progress with respect to its Vision 2020 goals. The following amounts were recorded with respect to recent acquisitions: \$0.7M related to PowderPure, \$2.0M related to Fragrance Resources, \$1.1M related to David Michael, \$1.6M related to Ottens Flavors, and \$2.0M related to Lucas Meyer Cosmetics.

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**Reconciliation of Gross Profit**

	<b>Second Quarter Year-to-Date</b>	
	<b>2018</b>	<b>2017</b>
Reported (GAAP)	\$ 804,525	\$ 736,066
Operational Improvement Initiatives (a)	856	1,066
Acquisition Related Costs (b)	-	10,907
Integration Related Costs (c)	-	186
FDA Mandated Product Recall (h)	5,000	3,500
Adjusted (Non-GAAP)	<u>\$ 810,381</u>	<u>\$ 751,725</u>

**Reconciliation of Selling and Administrative Expenses**

	<b>Second Quarter Year-to-Date</b>	
	<b>2018</b>	<b>2017</b>
Reported (GAAP)	\$ 300,051	\$ 283,023
Acquisition Related Costs (b)	518	(4,159)
Integration Related Costs (c)	-	(1,485)
Legal Charges/Credits, net (d)	-	(1,000)
Tax Assessment (e)	-	(5,331)
Frutarom Acquisition Related Costs (j)	(12,455)	-
Adjusted (Non-GAAP)	<u>\$ 288,114</u>	<u>\$ 271,048</u>

**Reconciliation of Operating Profit**

	<b>Second Quarter Year-to-Date</b>	
	<b>2018</b>	<b>2017</b>
Reported (GAAP)	\$ 329,363	\$ 281,750
Operational Improvement Initiatives (a)	1,429	1,066
Acquisition Related Costs (b)	(518)	15,066
Integration Related Costs (c)	993	1,923
Legal Charges/Credits, net (d)	-	1,000
Tax Assessment (e)	-	5,331
Restructuring and Other Charges, net (f)	910	10,934
Losses (Gains) on Sale of Assets	1,195	(89)
FDA Mandated Product Recall (h)	5,000	3,500
Frutarom Acquisition Related Costs (j)	12,455	-
Adjusted (Non-GAAP)	<u>\$ 350,827</u>	<u>\$ 320,481</u>

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	<b>Reconciliation of Net Income</b>							
	<b>Second Quarter Year-to-Date</b>							
	<b>2018</b>				<b>2017</b>			
	<b>Income before taxes</b>	<b>Taxes on income (k)</b>	<b>Net income</b>	<b>EPS</b>	<b>Income before taxes</b>	<b>Taxes on income (k)</b>	<b>Net income</b>	<b>EPS (l)</b>
Reported (GAAP)	\$ 280,754	\$ 52,190	\$ 228,564	\$2.87	\$ 280,527	\$ 54,968	\$ 225,559	\$2.84
Operational Improvement Initiatives (a)	1,429	436	993	0.01	1,066	266	800	0.01
Acquisition Related Costs (b)	(518)	(135)	(383)	-	15,066	4,610	10,456	0.13
Integration Related Costs (c)	993	-	993	0.01	1,922	605	1,317	0.02
Legal Charges/Credits, net (d)	-	-	-	-	1,000	354	646	0.01
Tax Assessment (e)	-	-	-	-	5,331	1,885	3,446	0.04
Restructuring and Other Charges, net (f)	910	215	695	0.01	10,934	2,892	8,042	0.10
Losses (Gains) on Sale of Assets	1,195	246	949	0.01	(89)	(29)	(60)	-
CTA Realization (g)	-	-	-	-	(12,214)	-	(12,214)	(0.15)
FDA Mandated Product Recall (h)	5,000	1,196	3,804	0.05	3,500	1,238	2,262	0.03
U.S. Tax Reform (i)	-	(649)	649	0.01	-	-	-	-
Frutarom Acquisition Related Costs (j)	36,989	6,543	30,446	0.38	-	-	-	-
Adjusted (Non-GAAP)	\$ 326,752	\$ 60,042	\$ 266,710	\$3.35	\$ 307,043	\$ 66,789	\$ 240,254	\$3.02

- (a) For 2018, represents accelerated depreciation related to a plant relocation in India. For 2017, represents accelerated depreciation and idle labor costs in Hangzhou, China.
- (b) For 2018, represents adjustments to the contingent consideration payable for PowderPure, and transaction costs related to Fragrance Resources and PowderPure within Selling and administrative expenses. For 2017, represents the amortization of inventory "step-up" related to the acquisitions of David Michael, Fragrance Resources and PowderPure, included in cost of goods sold and transaction costs related to the acquisitions of David Michael, Fragrance Resources and PowderPure, included in Selling and administrative expenses.
- (c) For 2018, represents costs related to the integration of David Michael. For 2017, represents costs related to the integration of David Michael and Fragrance Resources acquisitions.
- (d) Represents additional charge related to litigation settlement.
- (e) Represents the reserve for payment of a tax assessment related to commercial rent for prior periods.
- (f) Represents severance costs related to the 2017 Productivity Program and Taiwan lab closure.
- (g) Represents the release of CTA related to the liquidation of a foreign entity.
- (h) Represents management's best estimate of losses related to the previously disclosed FDA mandated recall.
- (i) Represents charges incurred related to enactment of certain U.S. tax legislation changes in December 2017.
- (j) Represents transaction-related costs and expenses related to the pending acquisition of Frutarom. Amount includes \$10.6 million of bridge loan commitment fees included in Interest expense, \$25.0 million mark-to-market loss adjustment on an interest rate derivative and an \$11.0 million mark-to-market gain adjustment on a foreign currency derivative, and \$12.5 million of transaction costs included in administrative expenses.
- (k) The income tax expense (benefit) on non-GAAP adjustments is computed in accordance with ASC 740 using the same methodology as the GAAP provision of income taxes. Income tax effects of non-GAAP adjustments are calculated based on the applicable statutory tax rate for each jurisdiction in which such charges were incurred, except for those items which are non-taxable for which the tax expense (benefit) was calculated at 0%. For second quarter of 2018, certain non-GAAP adjustments were subject to valuation allowances and therefore was calculated at 0%.
- (l) The sum of these items does not foot due to rounding.
- The Company tracks the amount of amortization recorded on recent acquisitions in order to monitor its progress with respect to its Vision 2020 goals. The following amounts were recorded with respect to recent acquisitions: \$1.4M related to PowderPure, \$4.0M related to Fragrance Resources, \$2.3M related to David Michael, \$3.1M related to Ottens Flavors, and \$4.3M related to Lucas Meyer Cosmetics.