

**IFF**  
**Q2 2016**  
**Earnings**  
**Conference**  
**Call**

August 9, 2016

# Cautionary Statement

Statements made in this presentation that relate to our future performance or future financial results or other future events (identified by such terms as “expect”, “anticipate”, “believe”, “outlook”, “guidance”, “may”, “should”, “target” or similar terms and variations thereof) are forward-looking statements, including the Company’s 2016 guidance and the Company’s expectations regarding capital expenditures in 2016, the future impact of the timing of accounts payable on the Company’s core working capital levels, the impact of currency on its financial results, the expected benefits from the Company’s recent strategic investments and its ability to meet its total payout ratio objective. These statements are based on our current beliefs and expectations and are subject to significant risks and uncertainties. Actual results may materially differ from those set forth in the forward-looking statements. Factors that could cause IFF’s actual results to differ materially include (1) macroeconomic trends affecting the emerging markets; (2) the Company’s ability to implement its Vision 2020 strategy; (3) the Company’s ability to successfully identify and complete acquisitions in line with its Vision 2020 strategy and to realize the anticipated benefits of those acquisitions; (4) the Company’s ability to benefit from its investments and expansion in emerging markets; (5) the impact of currency fluctuations or devaluations in the principal foreign markets in which the Company operates, including the devaluation of the Euro; (6) risks associated with the Company’s supply chain, including availability and pricing of raw materials, energy and transportation; (7) economic, regulatory and political risks associated with the Company’s international operations; (8) changes in consumer preferences and demand in the Company’s products or a decline in consumer confidence and spending; (9) the Company’s ability to comply with, and the costs associated with compliance, with U.S. and foreign environmental protection laws; (10) the Company’s ability to realize expected cost savings and efficiencies from its profitability improvement initiative and other optimization activities; (11) any adverse impact on the availability, effectiveness and cost of the Company’s hedging and risk management strategies; and (12) the Company’s ability to successfully develop new and competitive products and technology that appeal to its customers and consumers as well as those risks described in the Risk Factors and Forward-Looking Statements sections of our Annual Report on Form 10-K for the year ended December 31, 2015 and in our other periodic reports filed with the SEC, all of which are available on our website at [ir.iff.com](http://ir.iff.com). We do not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements. We have disclosed certain non-GAAP measures within this presentation. Please see reconciliations to their respective measures prescribed by accounting principles generally accepted in the U.S., all of which are available on our IR website under Investor Relations, at [www.iff.com](http://www.iff.com).

# Conference Call Participants



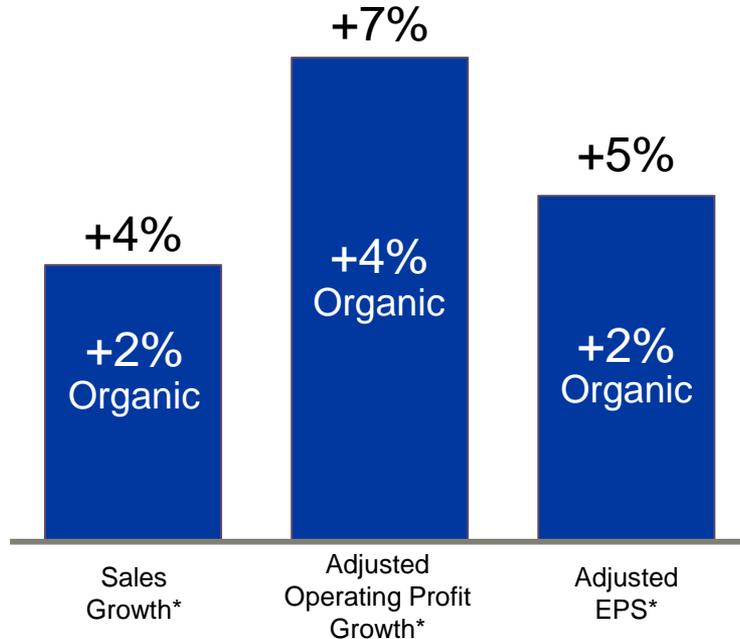
# Agenda

1. Executive Overview
2. Financial Review
3. Outlook
4. Q&A

# Q2 2016 Financial Performance

## Solid Operational Performance

### Currency Neutral Performance



### Currency Neutral Sales\*

- Growth driven by strong new wins across both businesses and benefits associated with our strategic acquisitions

### Currency Neutral Adjusted Operating Profit\*

- Strategically reinvested while simultaneously delivering strong profitability growth

### Currency Neutral Adjusted EPS\*

- Driven by lower year-over-year shares outstanding, offset by higher interest expense and a higher effective tax rate



\* Currency Neutral Sales, Currency Neutral Adjusted Operating Profit and Currency Neutral Adjusted EPS are Non-GAAP metrics, please see our GAAP to Non-GAAP Reconciliation at [ir.iff.com](http://ir.iff.com)

# Vision 2020 Execution

## Innovating Firsts

- Sweetness & Savory modulation portfolio sales continued to grow strong double-digits across all categories on a currency neutral basis
- Encapsulation-related sales increased double-digits, on a currency neutral basis, led by Fabric Care & Personal Wash
- Launched new flavor modulator and new natural flavor molecule
- Debuted first-ever Cradle to Cradle Certified™ fragrance: PuraVita



# Vision 2020 Execution

## Win Where We Compete

- North America sales grew 5%, driven primarily by the contribution of acquisitions
- Middle East & Africa currency neutral sales improved mid-single digits with strong growth in Flavors
- Home Care grew mid-single-digits, on a currency neutral basis, led by double-digit growth in North America and EAME



# Vision 2020 Execution

## Customers' Partner Of Choice

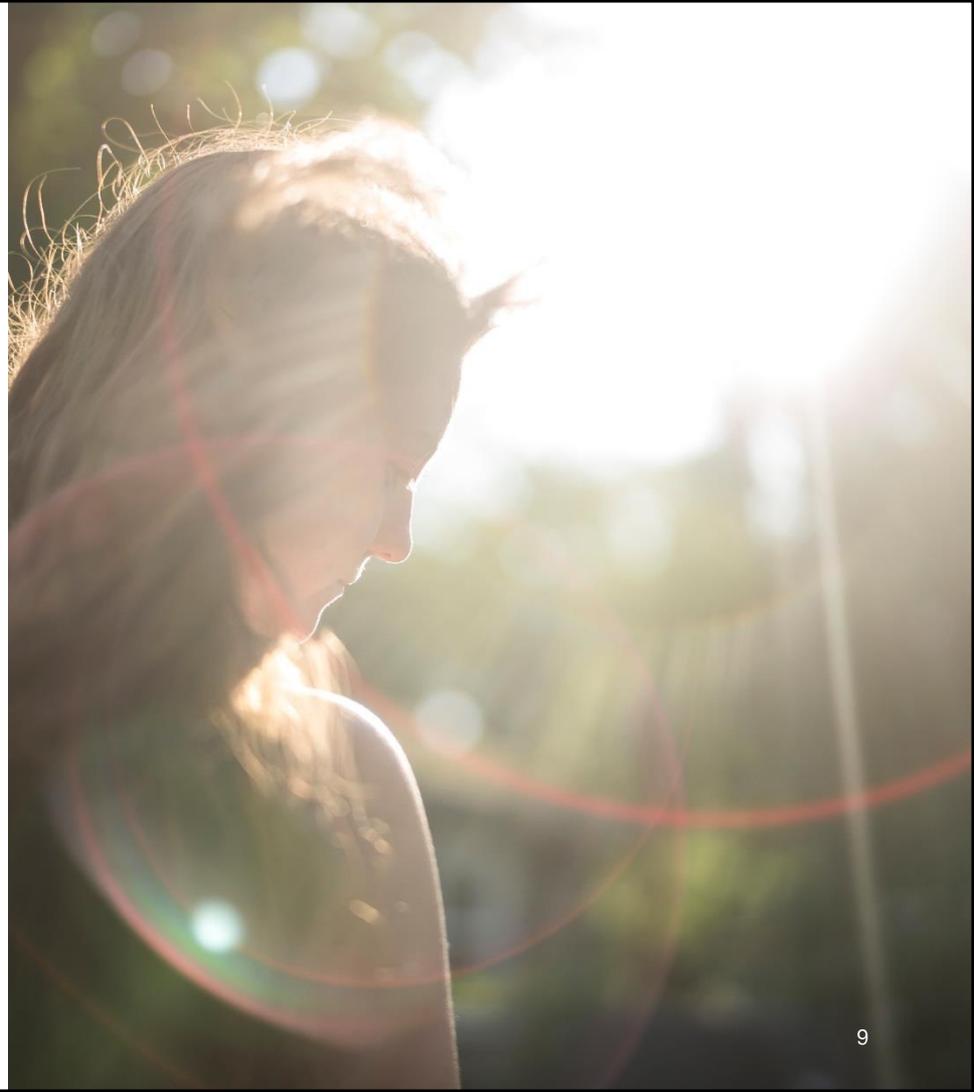
- Launched enhanced sustainability strategy focused on leading positive transformational changes toward a regenerative, healthy and abundant world
- Achieved core list status with key customer
- Partnered with Unilever to improve the lives of vetiver farming communities in Haiti
- Deployed industry-first on-site wind turbine at Tilburg, Netherlands facility



# Vision 2020 Execution

## Strengthen & Expand Portfolio

- IFF | Lucas Meyer Cosmetics achieved double-digit growth on a standalone basis
- IFF | Ottens Flavors posted solid growth on a standalone basis led by regional customers
- IFF | Lucas Meyer Cosmetics invested in Bio ForeXtra to Expand Raw Material Access



# Q2 2016 & 1H 2016 Financial Performance

Solid Operational Performance

	Q2 2016	1H 2016
Currency neutral sales growth*	+4%	+5%
Currency neutral adjusted operating profit growth*	+7%	+7%
Currency neutral adjusted EPS growth*	+5%	+8%



\* Currency Neutral Sales, Currency Neutral Adjusted Operating Profit and Currency Neutral Adjusted EPS are Non-GAAP metrics, please see our GAAP to Non-GAAP Reconciliation at [ir.iff.com](http://ir.iff.com)

# Flavors Review

## Growth Improved Sequentially

### Currency Neutral Sales Growth: +3%

- Including approximately 1 percentage point related to the acquisition of IFF | Ottens Flavors
- Growth was led by mid-single-digit increases in North America, EAME, and Greater Asia

### Currency Neutral Segment Profit: +9%

- Driven by volume growth and the benefits from cost and productivity initiatives



*\* Currency Neutral Sales and Currency Neutral Segment Profit are Non-GAAP metrics, please see our GAAP to Non-GAAP Reconciliation at [ir.iff.com](http://ir.iff.com)*

# Fragrances Review

## Solid Performance Continues

### Currency Neutral Sales Growth: +5%

- Including approximately 3 percentage points related to the acquisition of IFF | Lucas Meyer Cosmetics
- Led by solid growth in Consumer Fragrances as well as the inclusion of IFF | Lucas Meyer Cosmetics in Ingredients

### Currency Neutral Segment Profit: +7%

- Driven by solid volume growth, the benefits from cost and productivity initiatives, and acquisition



*\* Currency Neutral Sales and Currency Neutral Segment Profit are Non-GAAP metrics, please see our GAAP to Non-GAAP Reconciliation at [ir.iff.com](http://ir.iff.com)*

# Cash Flow Analysis

## Steady Operating Cash Flow

	1H'15	1H '16
Net Income	\$234	\$235
Core Working Capital*	(75)	(107)
D&A	41	50
Pension	(57)	(40)
Other	23	17
<b>Operating Cash Flow</b>	<b>\$166</b>	<b>\$155</b>
Capital Expenditures	(38)	(43)
Dividends	(76)	(89)
Share Buybacks	(39)	(72)

### Operating Cash Flow lower due to Working Capital

- Core working capital challenged principally driven by the timing of payables

### Continued to Invest in the Business via Capex

- Continued investing in technology advancements and capacity projects in Greater Asia

### Return of Cash to Shareholders

- On-track to deliver total payout ratio of 50 to 60% of adjusted net income

# Reiterating Our 2016 Financial Outlook

Cautiously Optimistic For Achieving Our Previously Stated Guidance

Currency neutral  
sales growth\*

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3.5 - 4.5%

Currency neutral adjusted  
operating profit growth\*

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5.0 - 7.0%

Currency neutral  
adjusted EPS growth\*

6.5 - 8.5%



\* Currency Neutral Sales, Currency Neutral Adjusted Operating Profit and Currency Neutral Adjusted EPS are Non-GAAP metrics

# Expected Impact of Currency

Trends More Favorable Versus Previous FY 2016 Guidance

	Adjusted* Currency Neutral	Impact of Currency	Adjusted*
Sales	3.5 - 4.5%	~2ppt	1.5 - 2.5%
Operating Profit	5.0 - 7.0%	~3ppt	2.0 - 4.0%
EPS	6.5 - 8.5%	~2ppt	4.5 - 6.5%



\* Currency Neutral Sales, Currency Neutral Adjusted Operating Profit and Currency Neutral Adjusted EPS are Non-GAAP metrics

## Summary

**Solid Financial Results in Q2 2016**

**On-Track to Deliver 2016 Financial Goals**

**Continued Execution of Vision 2020 Strategy**

# Q&A