



Nicolas Mirzayantz
Divisional CEO, Scent

INVESTOR DAY 2019

Scent



SCENT CATEGORIES

Diversified portfolio across fine fragrances, household & personal care products and ingredients

CONSUMER FRAGRANCES

- Fabric Care
- Home Care
- Personal Wash
- Hair Care
- Toiletries
- Skin Care



FINE FRAGRANCES



FRAGRANCE INGREDIENTS

- Synthetics
- Naturals



COSMETIC ACTIVE INGREDIENTS

SCENT MARKET

\$17B Market growing at ~3% indexed towards multinationals

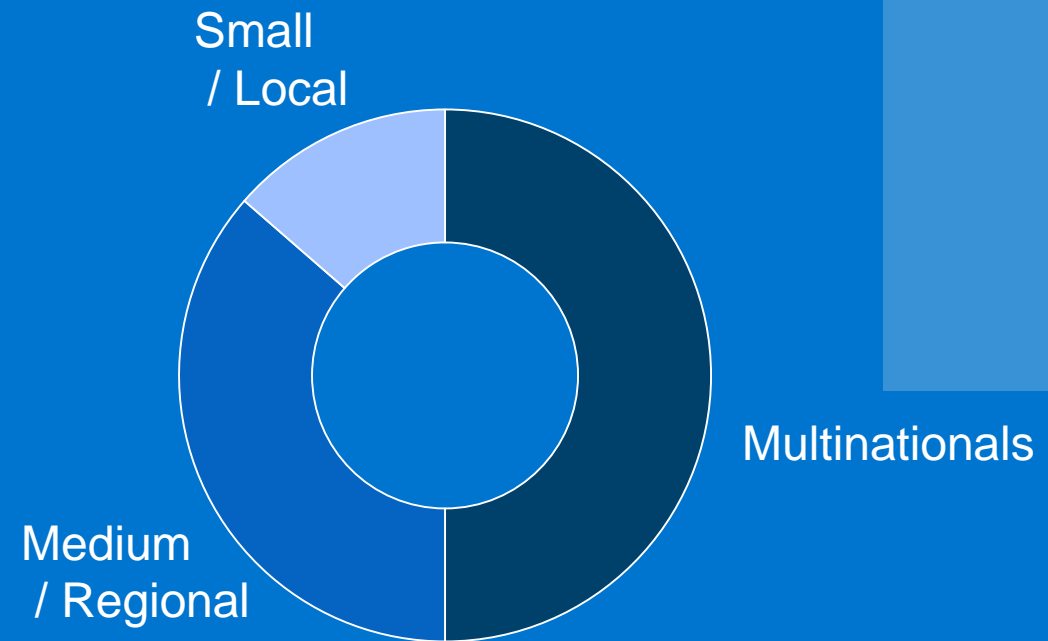
MARKET SIZE AND GROWTH

Estimated 2018 Market Size & Growth
5-Year Projected CAGR



CUSTOMERS

Relative customer segment Market Share



IFF SCENT KEY HIGHLIGHTS

Industry leader across multiple segments and geographies with strong capabilities

STRENGTHS

Leader in Fine Fragrances

#1 in Fabric Softener

#1 in LATAM and #2 in Asia

Leader in Naturals

Strong core list access with multinationals, great exposure to regional customers

Largest portfolio of ingredients

Leading consumer insights

Strong Innovation pipeline

Expertise in Naturals and Delivery Systems

Strong track record of creating successful fragrances

Best-in-class talent

FINANCIALS

\$1.9B

2018 net sales

\$330M (17.5%)

2018 segment profit

PROGRESS AGAINST V2020 PRIORITIES

Strong strategic progress; margin impacted by raw material industry-wide crisis

Vision 2020

Developed strongest R&D pipeline

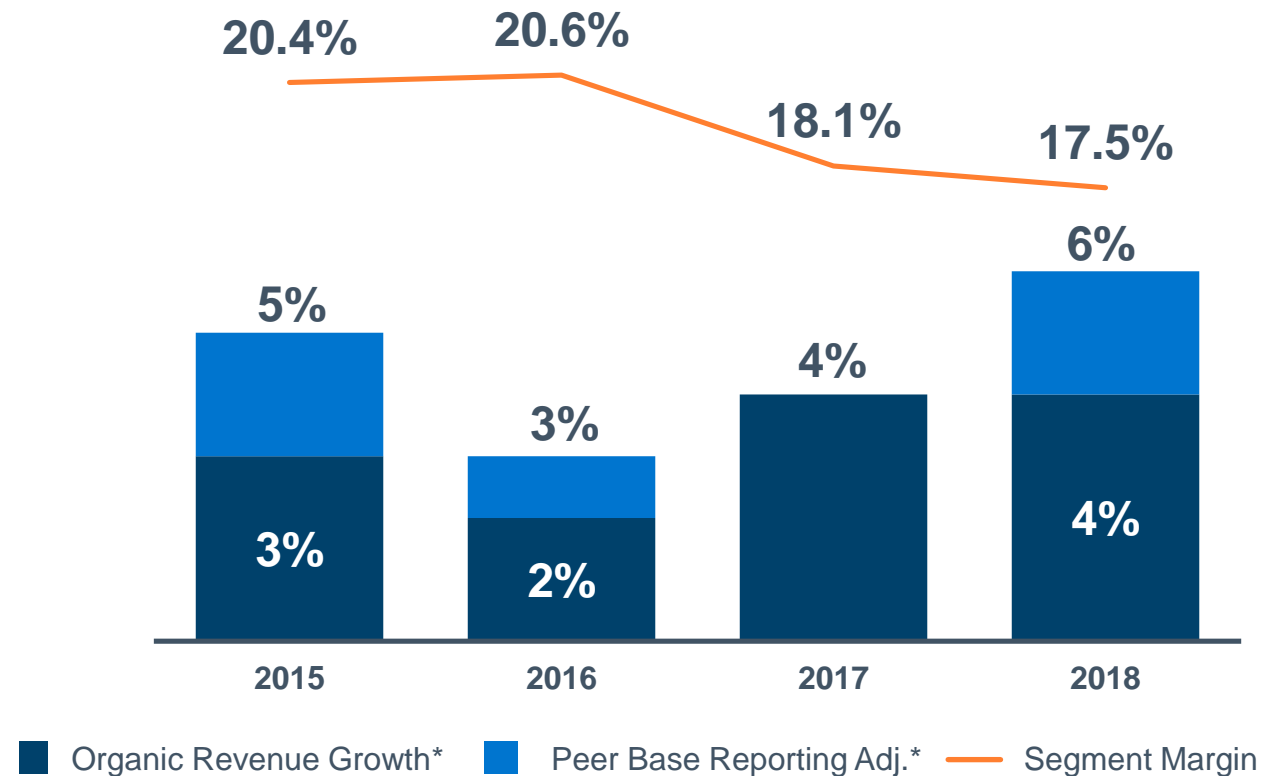
Significantly increased core list access

Strong performance with prioritized customers

Growth in margin-accretive categories

Achieved price realization and productivity savings

Financial Performance



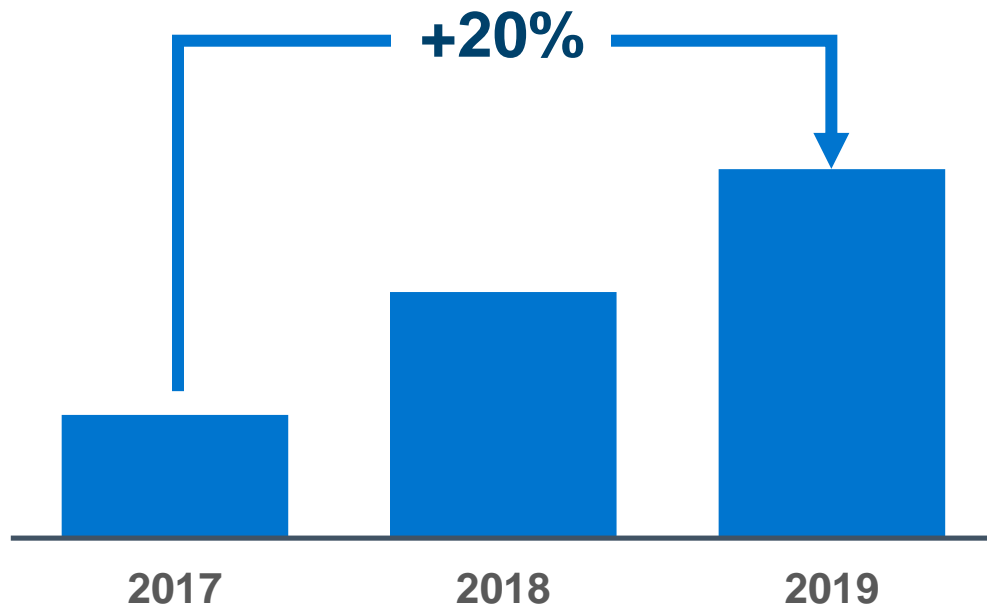
Note: Organic growth is currency neutral; *Non-GAAP metrics; please see Non-GAAP disclosures at ir.iff.com

RAW MATERIAL COST TRENDS

Unprecedented industry-wide crisis impacting raw material cost and mfg. expenses

Raw material cost trends

+20% increase over 2 year period



Drivers

BASF Force Majeure (Cital & CDON)

DRT / Anthea / Privi Fires

China regulatory stress

Additional competitor supply constraints

SETTING THE STAGE FOR VISION 2021

- 1 MARKET ACCESS**
Increased market access ~\$450M
- 2 PROJECT PIPELINE**
Global and regional customers providing significant growth opportunities
- 3 SUSTAINABILITY**
Demand for Naturals and tightening regulatory framework
- 4 COSTS**
Unprecedented industry-wide supply crisis
- 5 RECENT TREND**
Solid growth, margin under pressure but improving

SCENT STRATEGY SUMMARY

Targeting growth and strong margin expansion

Strategic pillar



UNLOCK
GROWTH



DRIVE
INNOVATION



MANAGE
PORTFOLIO



BUSINESS
TRANSFORMATION

Priorities

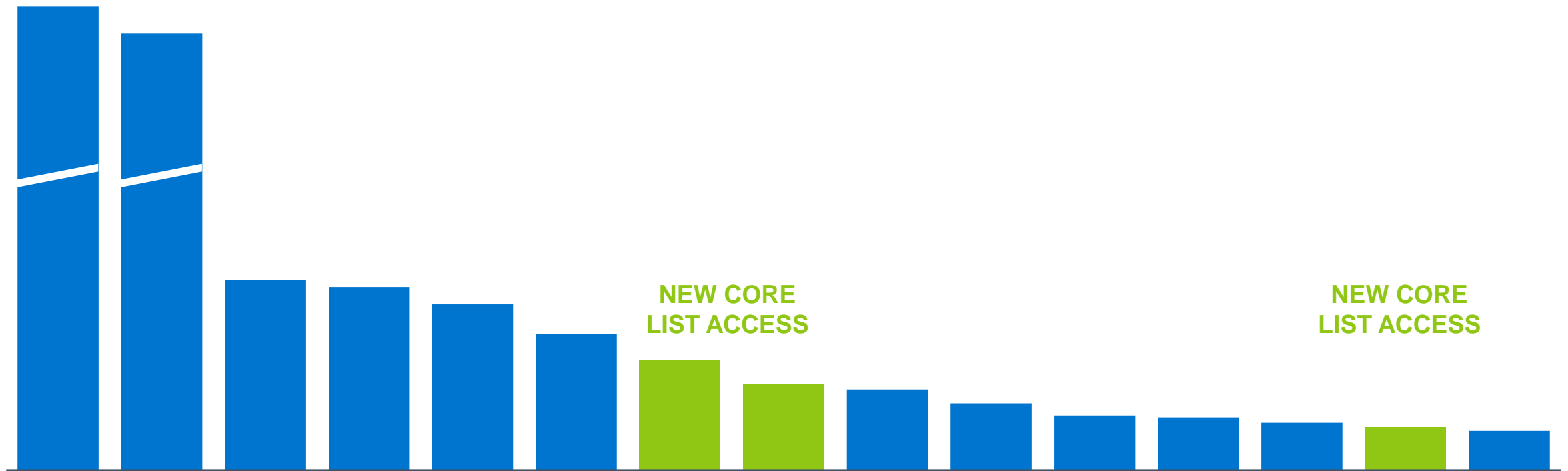
- Capitalize on incremental core listings
- Grow with multinationals' largest brands, accelerate in targeted regional and local customers
- First to market in new sustainable Delivery System
- Strengthen Naturals, Cosmetic Actives, and Health & Wellness programs
- Invest in margin-accretive categories
- Achieve strong margin improvements in challenged categories most affected by industry-wide input cost increases
- Drive mix improvements via new core lists in high-margin categories
- Deliver cost savings across business and operations



CAPITALIZING ON NEW CORE LIST ACCESS

Opportunity to compete for ~\$450M of market potential we didn't have access to

Top 15 largest scent customers by market potential





STRONG & DEFINED INNOVATION PLATFORMS

Innovation platforms designed to drive differentiation & incremental profitable growth

Innovation platforms



High-impact ingredients & new molecules



Functional and next-generation natural ingredients



Claims-based cosmetic actives technology



Delivery Systems

Scent modulation



Health & wellness



Data & Analytics



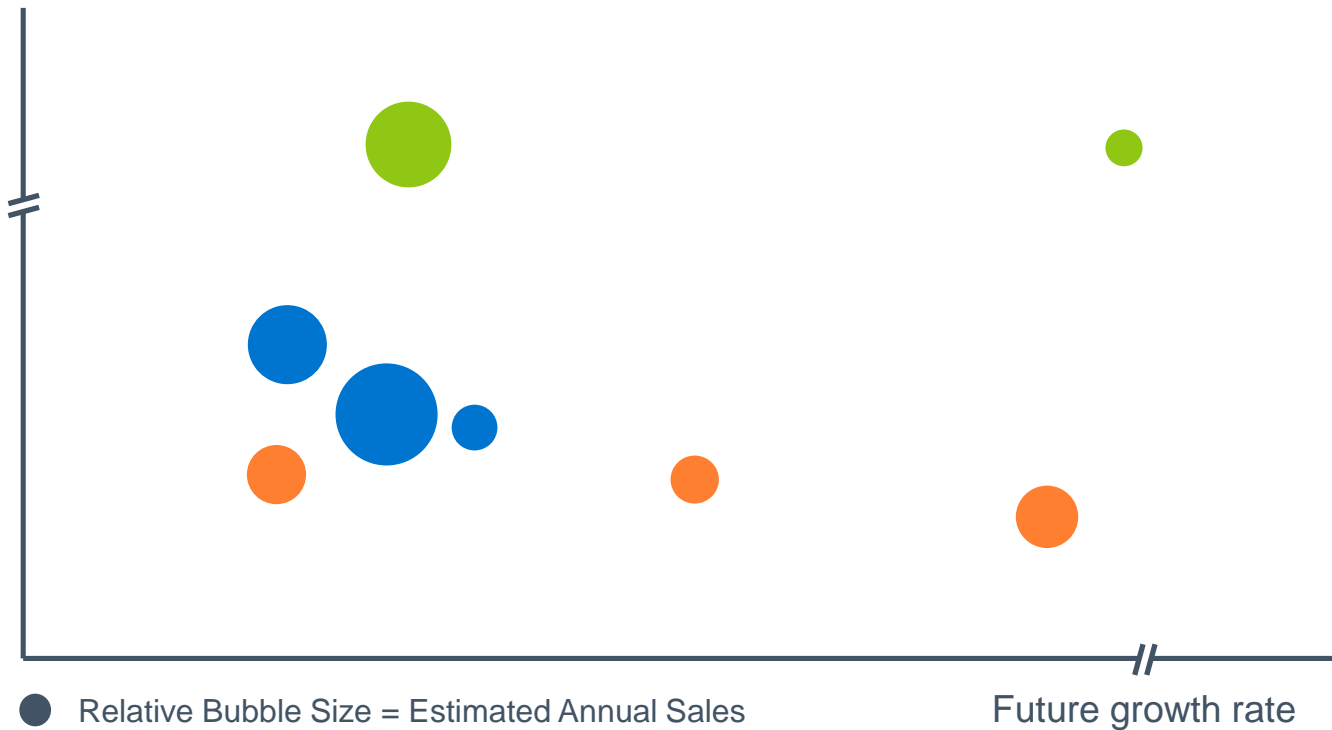


MANAGE SCENT PORTFOLIO

Tremendous value creation potential through "Grow and Fix"

Scent Product Groups

Estimated EBITDA Margin (%)



GROWTH

Invest disproportionately to accelerate growth



BALANCED

Leverage market leadership positions to expand margin, grow, and generate FCF



FIX

Drive value creation through accelerated growth and strong margin improvement in categories impacted by raw material crisis

CONTINUING TO TRANSFORM IFF'S SCENT BUSINESS

5 levers to improve
profitability



**PROCUREMENT
EXCELLENCE**



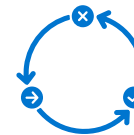
**PRICE
REALIZATION**



**REFORMULATION
WITH CUSTOMERS**



**MANUFACTURING
OPTIMIZATION**



**STRATEGIC RESOURCE
ALLOCATION**



SUMMARY

- ▶ **Top-line growth** through expanded market access via core lists and targeted regional and local customers
- ▶ **Strong innovation** pipeline across high-value platforms
- ▶ **Margin expansion** via portfolio management & productivity
- ▶ **Tremendous value creation** potential through "Grow and Fix"