

IFF
Q3 2018
Earnings
Conference
Call

November 6, 2018

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 or Frutarom'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 or Frutarom's 2018 outlook or future economic performance, anticipated profitability, revenues, expenses or other financial items, and product or services line growth, 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 the acquisition will have an accretive effect on the Company's earnings and cash flows and the possibility that anticipated cost savings and synergies will not be realized or will not be realized in the expected time frame; (2) the impact of the Company's recent financing on its liquidity and flexibility to respond to other business opportunities; (3) whether the acquisition will have the accretive effect on the Company's earnings or cash flows that it expects; (4) the inability to obtain, or delays in obtaining, cost savings and synergies from the Frutarom acquisition; (5) unexpected costs, liabilities, charges or expenses resulting from the Frutarom acquisition; (6) adverse effects on the Company's stock price resulting from the Frutarom acquisition; (7) the inability to retain key personnel; (8) potential adverse reactions, changes to business relationships or competitive responses resulting from the Frutarom acquisition; (9) macroeconomic trends affecting the emerging markets; (10) 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; (15) the Company's ability to realize the benefits of its cost and productivity initiatives; (16) the impact of the disruption in supply of citral from BASF on the price and availability of citral in 2018; (11) the Company's ability to effectively compete in its market, and to successfully develop new, cost-effective and competitive products that appeal to its customers and consumers; (12) changes in consumer preferences and demand for the Company's products or a decline in consumer confidence and spending; (13) the Company's ability to benefit from its investments and expansion in emerging markets; (20) the impact of currency fluctuations or devaluations in the principal foreign markets in which it operates; (14) the economic and political risks associated with the Company's international operations, including challenging economic conditions in China and Latin America; (15) the impact of any failure or interruption of the Company's key information technology systems or a breach of information security; (16) the Company's ability to comply with, and the costs associated with compliance with U.S. and foreign environmental protection laws; (17) the Company's ability to realize expected cost savings and efficiencies from its profitability improvement initiative and other optimization activities; (18) volatility and increases in the price of raw materials, energy and transportation; (19) price realization in a rising input cost environment; (20) fluctuations in the quality and availability of raw materials; (21) the impact of a disruption in the Company's supply chain or its relationship with its suppliers; (22) any adverse impact on the availability, effectiveness and cost of the Company's hedging and risk management strategies; (23) the Company's ability to successfully manage its working capital and inventory balances; (24) the effect of legal and regulatory developments, as well as restrictions or costs that may be imposed on the Company or its operations by U.S. and foreign governments; (25) adverse changes in federal, state, local and international tax legislation or policies, including with respect to transfer pricing and state aid, and adverse results of tax audits, assessments, or disputes; and (26) changes in market conditions or governmental regulations relating to our pension and postretirement obligations. 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 Company's business. Accordingly, the Company 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.

Conference Call Participants



Andreas Fibig
Chairman & CEO



Rich O'Leary
EVP & CFO

Agenda

- 1. Executive Overview**
2. Financial Review
3. Frutarom Update
4. Outlook
5. Q&A

Executive Overview: 9 Months 2018

Strong performance in first nine months

Currency neutral
sales growth*

+6%

Currency neutral
adjusted operating profit growth*

+4%

Currency neutral
adjusted EPS growth*

+11%



* Currency Neutral Sales, Currency Neutral Operating Profit and Currency Neutral Adjusted EPS are Non-GAAP metrics, please see our GAAP to Non-GAAP Reconciliation at ir.iff.com

Strategic Highlights: 9 Months 2018

Refreshed priorities driving overall performance



Drive Differentiation

Re-Imagine modulation portfolio sales grew strong double-digits; POWDERPURE (clean label) continued strong growth, increasing triple-digits



Maximize Portfolio

Cosmetic active ingredients up double-digits; Hair Care grew double-digits & Home Care & Toiletries were up high-single digits; Achieved double-digit growth in Dairy & high-single digit in Beverage



Balance Customers

Growth with local and regional customers more than doubled that of global customers; TastepointSM improved strong double-digits



Generate Return

Cost and productivity initiatives contributed ~5 percentage points of adjusted currency neutral operating profit & EPS growth

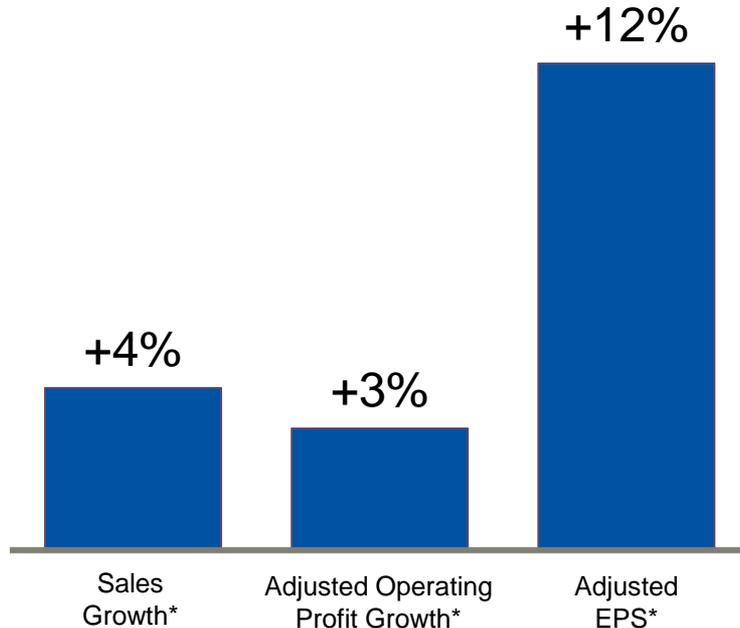
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Financial Review: Q3 2018

Achieved growth across all key financial metrics

Currency Neutral Performance



Currency Neutral Sales Growth*

- Growth driven by new wins and pricing increases to mitigate the impact of raw material cost inflation

Currency Neutral Adjusted Operating Profit*

- Achieved year-over-year improvement as volume growth & cost and productivity benefits offset by unfavorable price to input costs, including BASF citral issue and mix

Currency Neutral Adjusted EPS*

- More favorable year-over-year effective tax rate more than offset higher shares outstanding and interest expense associated with the equity & debt offering

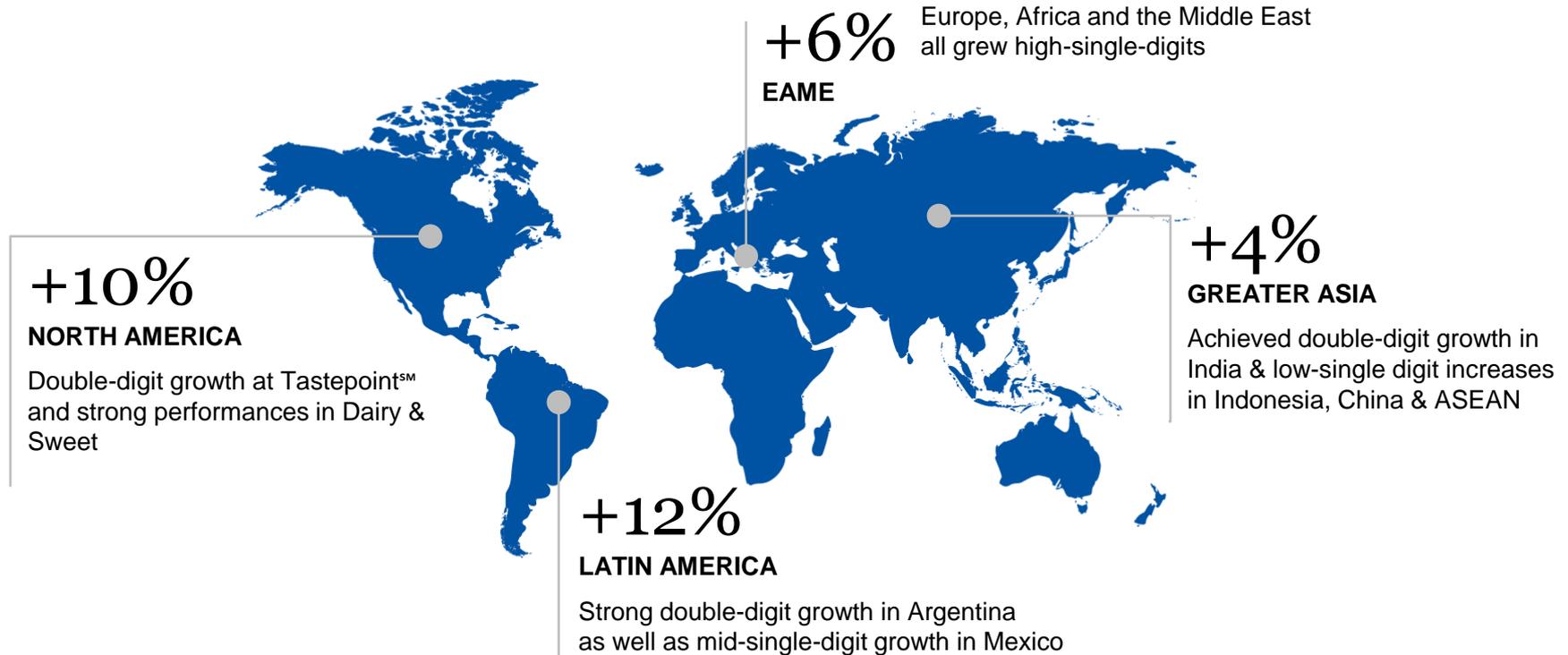


* Currency Neutral Sales, Currency Neutral Adjusted Operating Profit and Currency Neutral Adjusted EPS are Non-GAAP metrics, please see our GAAP to Non-GAAP Reconciliation at ir.iff.com

Flavors Review

Q3 2018 currency neutral sales performance

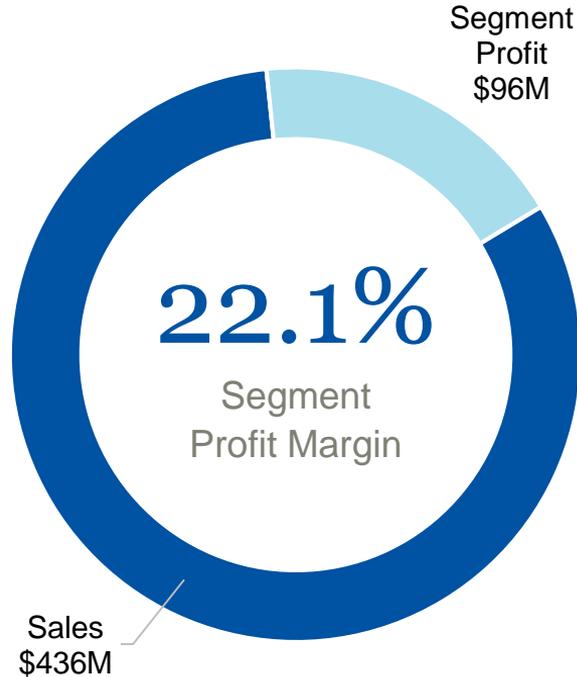
+7%
TOTAL SALES



* Currency Neutral Sales is a Non-GAAP metric please see our GAAP to Non-GAAP Reconciliation at ir.iff.com

Flavors Review

Q3 2018 segment profit performance



Currency Neutral Segment Profit: +7%*

- Results continue to be driven by volume growth & the benefits from cost and productivity initiatives

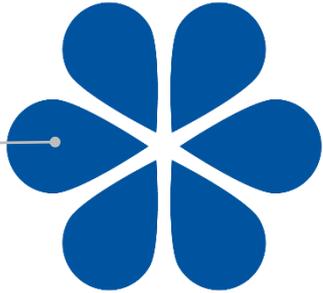
Currency Neutral Segment Profit Margin:

- Margin profile remains strong supported by the above noted items

Fragrances Review

Q3 2018 currency neutral sales performance

+2%
TOTAL SALES



+2%

CONSUMER FRAGRANCE

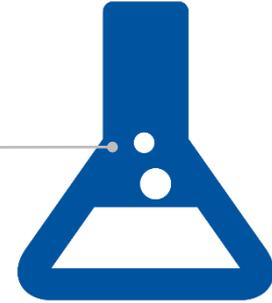
Performance driven by continued growth in Hair, Home & Fabric Care



(2)%

FINE FRAGRANCE

New win performance offset by volume erosion and a strong year ago comparison



+5%

FRAGRANCE INGREDIENTS

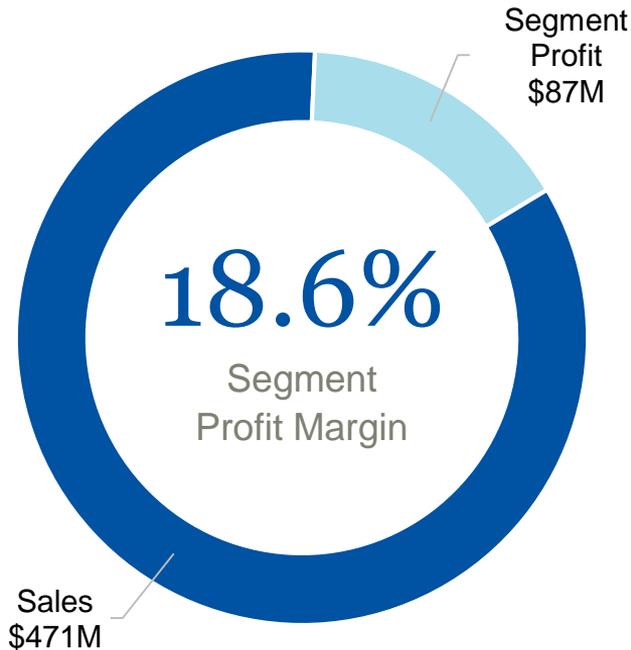
Led by strong double-digit growth in Cosmetic Active Ingredients; Achieved 9th consecutive quarter of growth in Fragrance Ingredients including favorable YOY pricing



* Currency Neutral Sales is a Non-GAAP metric please see our GAAP to Non-GAAP Reconciliation at ir.iff.com

Fragrances Review

Q3 2018 segment profit performance



Currency Neutral Segment Profit: (5)%*

- Benefits from productivity initiatives and cost management were more than offset by unfavorable price to input costs, including the previously announced citral supply issue

Currency Neutral Segment Profit Margin:

- Margin profile remains solid; Pressured year-over-year by the above noted items

Cash Flow Analysis

9M YTD 2018 operating cash flow

	9M '17	9M '18
Net Income	\$336	\$324
Core Working Capital*	(109)	(203)
D&A	85	96
Pension	(37)	(16)
Other	(76)	1
Operating Cash Flow	\$199	\$202
Capital Expenditures	(77)	(102)
Dividends	(152)	(163)
Share Buybacks	(53)	(15)

Operating Cash Flow

- Primarily drive by a litigation settlement in the prior year
- Increased level of working capital related to higher inventory to ensure business continuity during unprecedented supply chain challenges as well as higher raw material prices

Continued to invest in the business via Capex

- Capex as a percentage of sales was 3.7% driven by new plant and capacity investments mainly in Greater Asia

Return of Cash to Shareholders

- Share repurchase program paused to prioritize debt repayment related to the Frutarom acquisition
- Current dividend status remains

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IFF & Frutarom Combination

Transaction completed October 4, 2018

- IFF & Frutarom combination creates a **global leader** in natural taste, scent and nutrition
- Enhances portfolio for a **stronger product offering**, broadens access in **attractive adjacencies** & strengthens exposure to **fast-growing customers**
- Expect to generate significant cost synergies of **\$145 million** by the third full year after the completion of the merger
- **Expected accelerated financial performance**, with sales growing 5 to 7% and adjusted EPS* 10%+ between 2019 and 2021, on a currency neutral basis, including the contribution of acquisitions

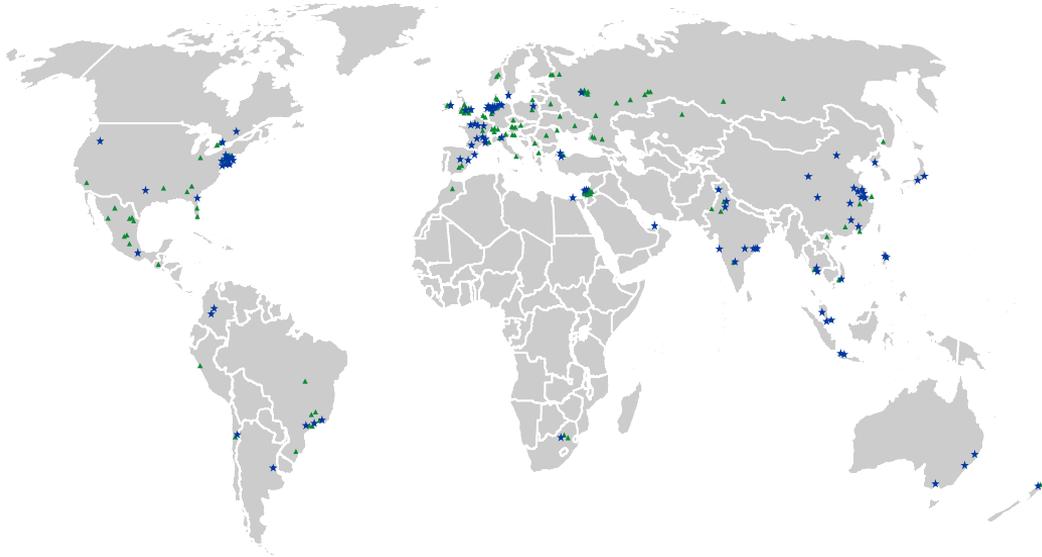


* Adjusted EPS is a Non-GAAP metric that excludes restructuring costs and other significant items of a non-recurring and/or nonoperational nature, foreign currency movements, and full amortization for the Company



Snapshot Of New IFF

A global leader in Taste, Scent & Nutrition



★ IFF sites ▲ Frutarom sites



#2

Global Market
Position

~33,000

Customers

>110

Manufacturing
Facilities

~13,000

Employees

~100

R&D Centers and
Laboratories

~150,000

Unique Products Sold
Annually

~80%

Sales Outside North
America

>\$5B

Total Sales

Highly Diversified Portfolio

Attractive profile with exposure to fast growing categories

IFF+FRUTAROM COMBINED PROFILE



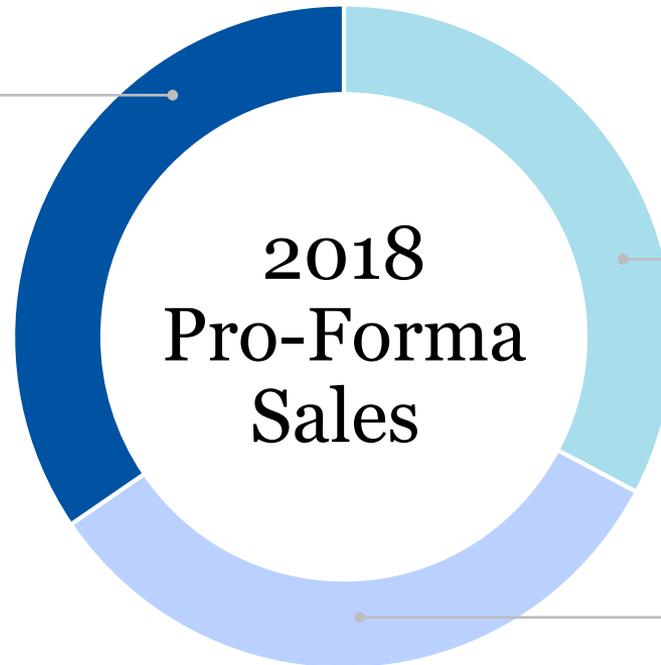
Scent

~35% OF SALES



Taste

~33% OF SALES



Frutarom

~32% OF SALES

Go-To-Market Approach

Organization designed for growth

	TASTE	SCENT	FRUTAROM	
			Frutarom	Natural Product Solutions
	Matthias Haeni	Nicolas Mirzayantz	Amos Anatot	Yoni Glickman
Business	<ul style="list-style-type: none"> • Beverage • Snacks • Savory • Sweet • Dairy 	<ul style="list-style-type: none"> • Fine • Consumer • Active Cosmetics • Ingredients 	<ul style="list-style-type: none"> • Taste • Savory Solutions • Taura • F&F Ingredients • Trade & Marketing 	<ul style="list-style-type: none"> • Health • Colors • Food Protection
Quick Wins	<ul style="list-style-type: none"> • FRUT NOAM Flavors 	<ul style="list-style-type: none"> • FRUT Cosmetics (IBR) 		

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Financial Considerations

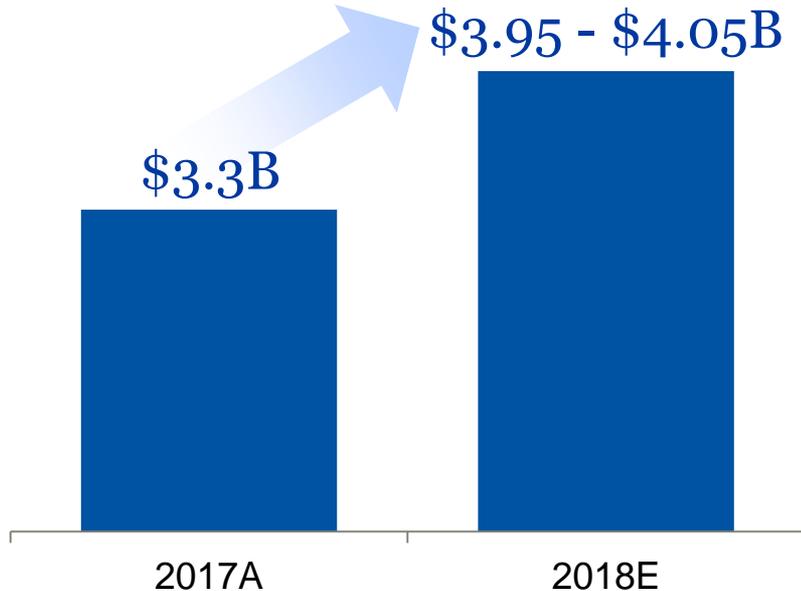
Key go-forward modeling assumptions

- Total debt outstanding is about \$4.4B & annual interest expense is expected to be between **\$150 - \$155M**
- Annual effective tax rate is expected to be about **19%**
- For purposes for calculating adjusted diluted EPS, we estimate that there will be about **113M** shares, including 6.3M shares related to tangible equity units
- Annual amortization is expected to be about **\$220M** & subject to change based on the finalization of purchase price accounting
- **Adjusted Earnings Per Share** defined as Reported EPS excluding items that affect comparability & full company amortization

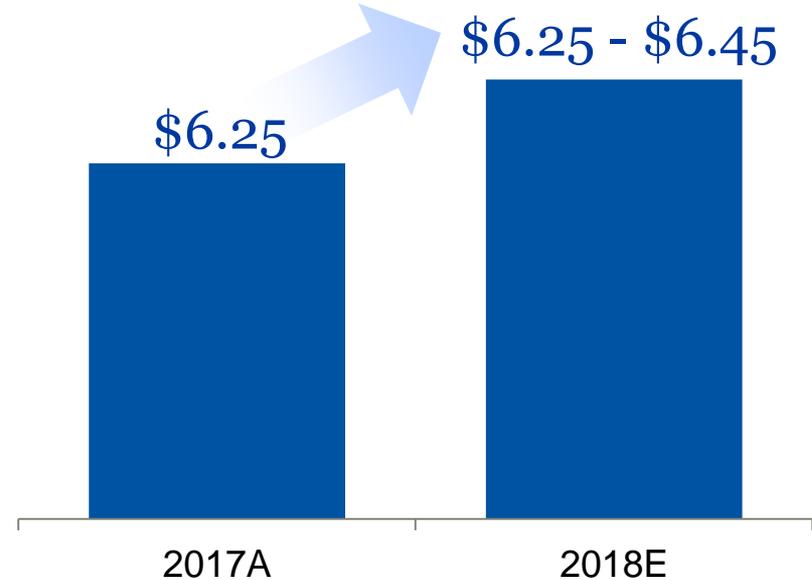
2018 Full Year Outlook

Targeting advancements in top & bottom-line results

SALES



ADJUSTED EPS*



* Adjusted EPS is a Non-GAAP metric that excludes restructuring costs and other significant items of a non-recurring and/or nonoperational nature, foreign currency movements, and full amortization for the Company

Summary

FINANCIAL PERFORMANCE

- Achieved growth in all key financial metrics in Q3 2018
- Strong performance in first nine months 2018

VALUE CREATION

- IFF & Frutarom combination completed on Oct 4th
- Creates a global leader in Taste, Scent and Nutrition
- Expect to generate significant value creation

FY 2018 OUTLOOK

- Strong advancements in top & bottom-line results
- Sales expected to be \$3.95 - \$4.05B
- Adjusted EPS expected to be \$6.25 - \$6.45



Q&A