

IFF International Flavors & Fragrances Inc.

Fourth Quarter 2014 Earnings Conference Call

February 12, 2015



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” or similar terms and variations thereof) are forward-looking statements, which involve uncertainties that could cause actual performance or results to materially differ. We undertake no obligation to update any of these statements. These statements are qualified by the cautionary language and risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2013 and in our other periodic reports filed with the SEC as well as the press release that we filed this morning, all of which are available on our website under Investor Relations, at www.iff.com.

We have disclosed certain non-GAAP financial measures within this presentation. Please see reconciliations to their respective GAAP measures in our press release and on our website at www.iff.com under Investor Relations.

Conference Call Participants



Andreas Fibig
Chairman & CEO

Matthias Haeni
Group President, Flavors

Nicolas Mirzayantz
Group President, Fragrances

Rich O'Leary
Interim CFO



AGENDA

Introductory Remarks

Fragrance Business Review

Flavors Business Review

Financial Review

2015 Outlook

Q&A



Connected with Customers

- Averaged 2 meetings per week
- Mix of global & strategic

Engaged with Employees

- Visited 19 different IFF locations
- Open dialog via local town halls

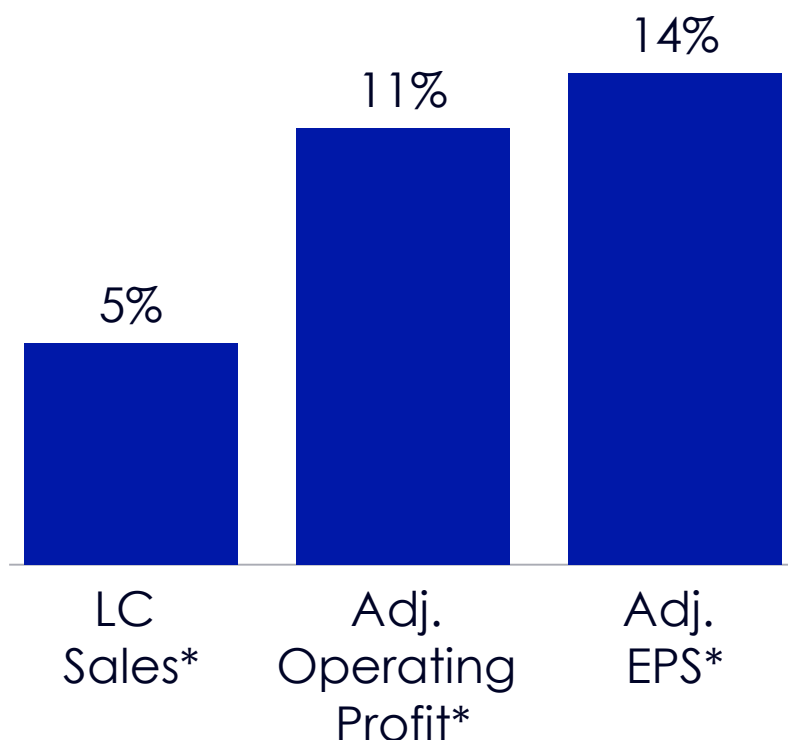
Met Analyst & Investors

- In-person meetings with sell-side
- Met with institutional investors

- IFF enjoys a healthy starting position... 3-pillar strategy has driven much success
- We are committed to growth & creating incremental shareholder value
- With perspectives from all constituents & support from external consultants, developing a “refreshed vision” for 2020
- We will provide an update at our June 2nd Investor Day

Growth Rates

Versus FY'13



- Local currency sales driven by new win performance & acquisition of Aromor
- Adjusted operating profit improvement led by growth leverage, favorable mix & lower incentive compensation expense
- Adjusted operating margin* increased 120 bps to 19.5%
- Incremental leverage via tax rate, interest expense & buyback drove adjusted EPS to a record \$5.08

* LC Sales, Adjusted Operating Profit, Adjusted Operating Margin and Adjusted Diluted EPS are Non-GAAP metrics, please see our GAAP to Non-GAAP Reconciliation at IFF.com.

Sustainability

- Included in CDP Climate Disclosure Leadership Index
- Opened the largest solar field in F&F industry
- LMR received IMO For Life Social Responsibility Certification

Investments

- New creative facility in Jakarta, Indonesia,
- Opened sales office & lab in Santiago, Chile
- Expanded sales & lab coverage in NOAM
- Successfully integrated Aromor into Fragrance division

Events

- Globally celebrated our strong 125th anniversary
- Celebrated 50 years of trading on the NYSE
- Formalized corporate core values

Q4 Local Currency Sales Performance

EAME

- Q4 represented highest growth in 2014 led by strong double-digit increase in Beverages



7%

GREATER ASIA

- Solid growth attributed to mid-single digit growth in Savory & Beverage



3%

NORTH AMERICA

- Trends continue to improve, driven primarily by double-digit growth in Beverage



7%

LATIN AMERICA

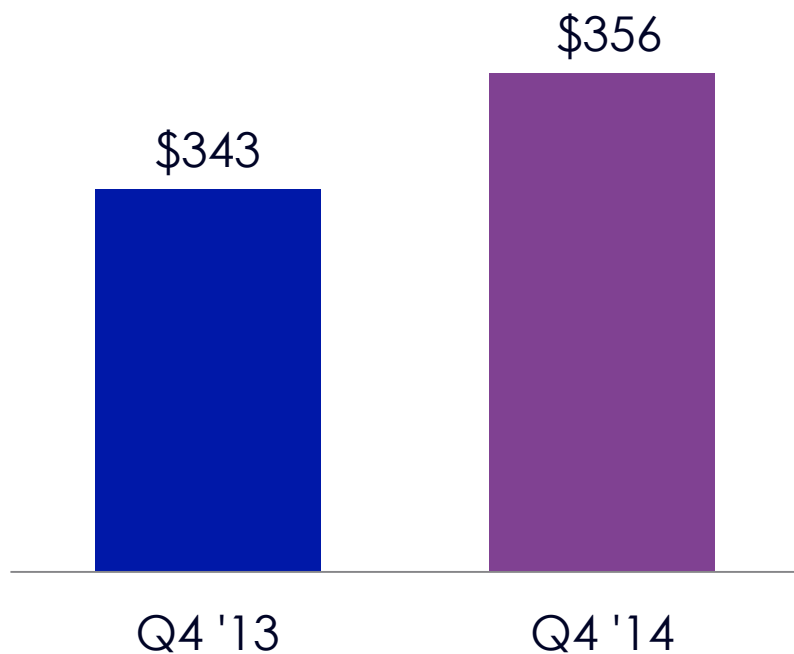
- 5th consecutive quarter of double-digit growth as a result of proprietary delivery systems



13%

Q4 Reported Sales

In Millions



Segment Profit Margin

20.3%

20.4%

- Segment profit +5%; segment profit margin +10bps
 - Top-line growth, cost control & lower incentive comp expense
- FY '14 local currency growth +4% & an improvement in profitability
- Q1 2015 top-line growth expected to be strong vs. year-ago period

Q4 Local Currency
Sales Performance

CONSUMER FRAGRANCE

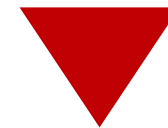
- Led by double-digit growth in Fabric Care, Home Care & Hair Care



8%

FINE FRAGRANCE

- 16% growth in Greater Asia offset by softness in EAME, which grew 32% in Q4 '13, and LATAM



-1%

FRAGRANCE INGREDIENTS

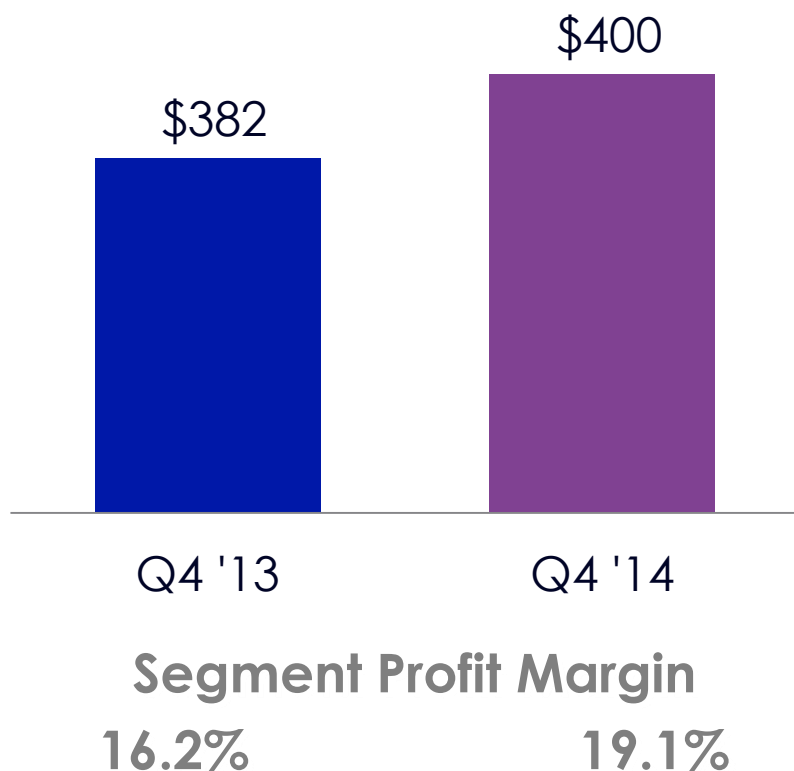
- Includes +14% growth from Aromor Acquisition



13%

Q4 Reported Sales

In Millions



- Segment profit grew 23%; segment profit margin +290 bps
 - Cost & productivity savings
 - Lower incentive comp vs. year-ago
- FY 2014 was strong, with 7% top-line growth, 18% segment profit growth & 210 bps improvement in segment profit margin
- Expect modest Q1 2015 top-line growth against most challenging year-ago comparison

Q4 '14 Financial Results



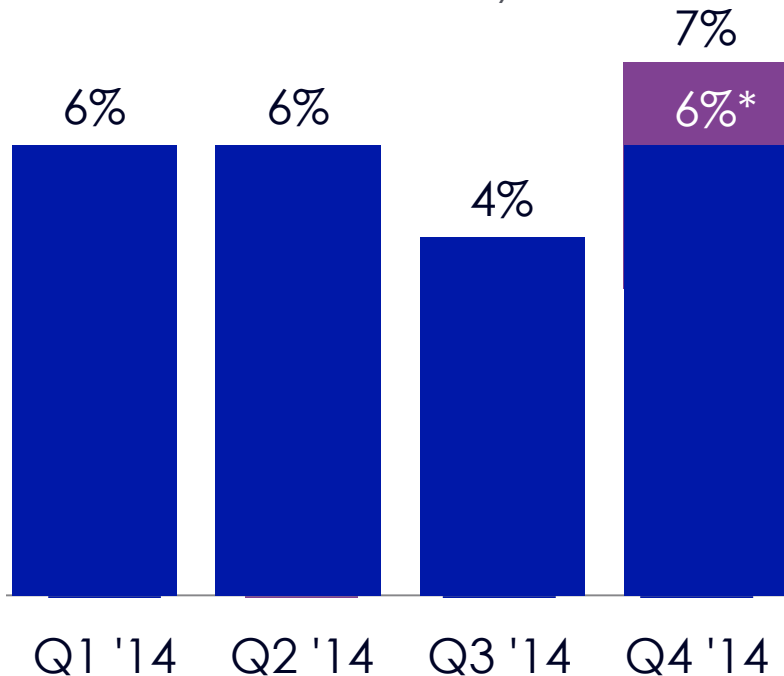
(\$ million, except per share and margin)

	Fourth Quarter	% Change
Net Sales	\$756	4% Reported 7% LC*
Adj Gross Profit Margin*	43.6%	(20) bps
Adj Operating Profit*	\$133	+18%
Adj Operating Profit Margin*	17.5%	+210 bps
Adj Diluted EPS*	\$1.07	+17%

* LC Sales, Adjusted Gross Profit Margin, Adjusted Operating Profit, Adjusted Operating Profit Margin and Adjusted Diluted EPS are Non-GAAP metrics, please see our GAAP to Non-GAAP Reconciliation at IFF.com.

2-Year Average Growth

Local Currency



- 2-year average growth rate improved sequentially in Q4
- Excluding 53rd week, growth dynamics similar to 1H '14
- Improvement primarily due to Flavors, which is now more consistent with historical trends

* Excludes 2 percentage points related to the 53rd week

FY '14 Financials in Perspective

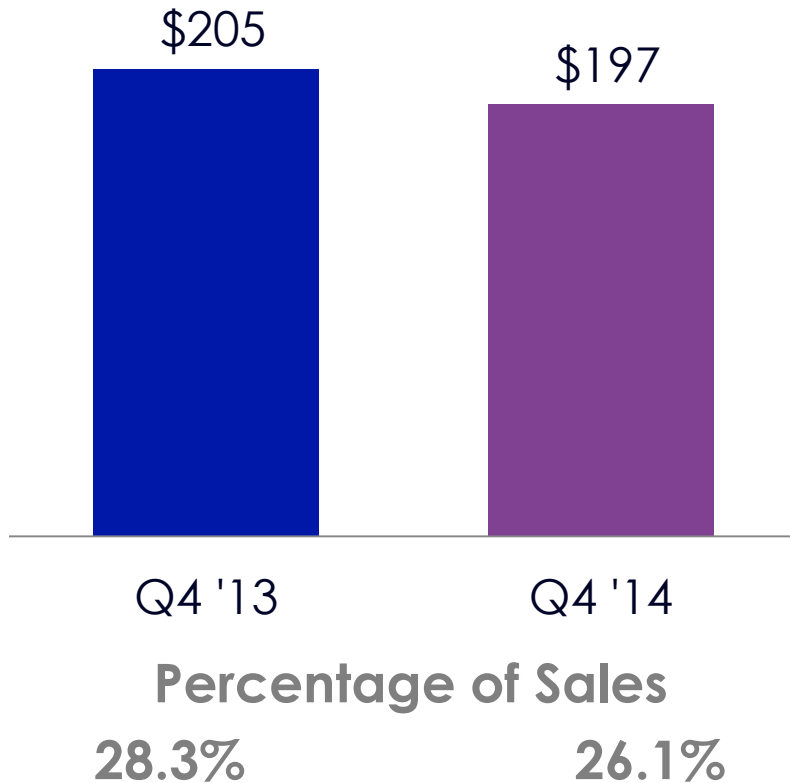


	FY Targets	2014 Results	3-Yr CAGR	5-Yr CAGR	
LC Sales Growth*	4-6%	5%	5%	7%	✓
Adj Op Profit Growth*	7-9%	11%	8%	11%	✓
Adj Diluted EPS Growth*	10+%	14%	11%	14%	✓

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RSA Expense

In Millions



- RSA as % of sales (220) bps
 - Lower incentive comp
 - Disciplined cost control
- R&D spend was 8.2%, consistent with stated range
- Focused on maintaining cost discipline, while investing in R&D and strategic growth opportunities

Euro Per U.S. Dollar

	Q1	Q2	Q3	Q4
2013	1.33	1.30	1.32	1.35
2014	1.36	1.38	1.35	1.25
	+2%	+6%	+2%	(7)%

- Foreign exchange had a 3 ppt impact on Q4 '14 sales
- FY '14 impact was muted
- ~2/3 of Euro profit exposure hedged at ~\$1.32 for FY 2015
- At current rates, EURO to USD at \$1.13*, expect ~3 ppt adverse impact on profit

* As of February 11, 2015

Cash Flow Review



	2013	2014
Net Income	\$354	\$415
Core Working Capital*	(38)	(35)
D&A	83	89
Other	9	49
Operating Cash Flow	408	518
Capital Expenditures	(134)	(143)
Dividends	(87)**	(133)
Share Buybacks	(51)	(88)

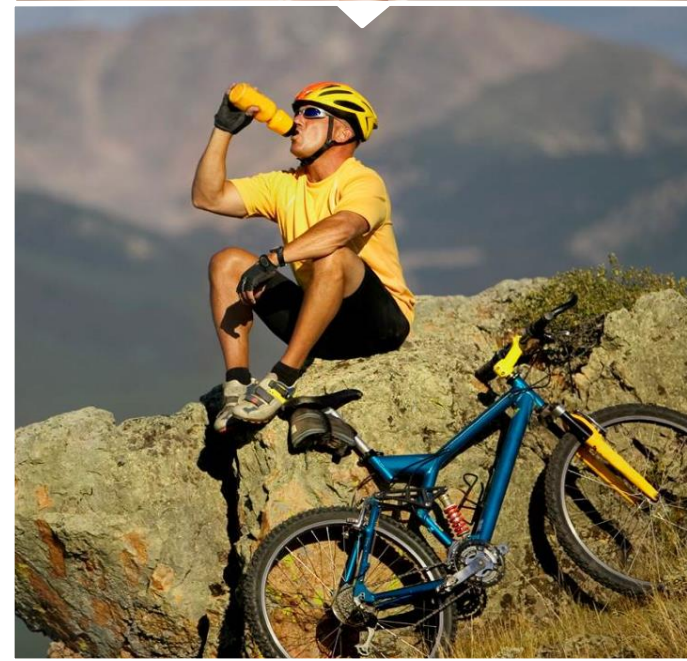
- Operating cash flow increased \$110 million to \$518 million
 - Operating cash flow was 16.8% of sales up from 13.8% in 2013
 - Benefited from higher net income & improved working capital as a % of sales
- Core working capital continued to be a source of cash
 - Based on 5-qtr average, working capital was 29.1%
- Significant increase in cash returned to shareholders
 - Dividends & repurchases in totaled \$221M, or 53%, of net income

* Core Working Capital Includes Accounts Receivables, Inventories and Accounts Payables

** First Quarter 2013 dividend payment was paid out in the fourth quarter of 2012

*** Based on 5-quarter average of core working capital on a reported basis

- Cautiously optimistic despite some macro-economic uncertainty & currency pressure
- Expect local currency sales to be in line with long-term target, with balanced growth across both businesses
- Operating profit, despite incentive comp reset & EURO devaluation, is expected to be at the low-end of long-term target
- EPS expected to grow high-single digits... or double-digits on a constant currency basis



Key Takeaways



- Achieved our long-term financial targets for the 4th time in 5 years
- Continued to invest in R&D to drive innovation & differentiation
- Made strides in sustainability & advanced external collaborations
- Benefited from the integration of the acquisition of Aromor

Confident that we can deliver local currency sales & operating profit growth in line with long-term targets



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QUESTIONS

