



INVESTOR DAY 2019 NON-GAAP DISCLOSURES

Non-GAAP Financial Measures

We provide in this investor day presentation non-GAAP financial measures, including: (i) adjusted EBITDA; (ii) currency neutral sales; (iii) organic currency neutral sales; (iv) peer adjusted currency neutral sales; (v) currency neutral adjusted EPS ex amortization; (vi) free cash flow; (vii) net debt to adjusted EBITDA; and (viii) adjusted EPS ex amortization.

Our non-GAAP financial measures are defined below.

Adjusted EBITDA is net income (loss) excluding the impact of interest expense, income taxes, depreciation and amortization, non-operational, non-recurring items and non-cash items. In 2015, we adjusted for non-operational items including operational improvement initiatives, acquisition related costs, litigation settlements, restructuring and other charges, non-recurring items including acceleration of contingent consideration and non-cash items including gain on sale of assets and stock-based compensation. In 2018, we adjusted for non-operational items including operational improvement initiatives, acquisition related costs, integration related costs, restructuring and other charges and Frutarom acquisition costs, non-recurring items including FDA mandated product recall and non-cash items including gain on sale of assets and stock-based compensation.

Currency Neutral metrics eliminate the effects that result from translating international currency to U.S. dollars. We calculate currency neutral numbers by comparing current year results to the prior year results restated at exchange rates in effect for the current year based on the currency of the underlying transaction.

Organic Currency Neutral Sales are Currency Neutral Sales, excluding the impact of acquisitions for the twelve months following the acquisition.

Peer Adjusted Currency Neutral Sales are Currency Neutral Sales plus any additional revenue arising from price adjustments that were contractually or otherwise agreed to by the parties to adjust for the exchange rate differential (principally arising from emerging market transactions).

Adjusted EPS ex Amortization excludes the impact of non-operational items including operational improvement initiatives, acquisition related costs, integration related costs, restructuring and other charges, U.S. Tax reform, non-recurring items including FDA mandated product recall costs, and non-cash items including gains on sale of assets (often referred to as "Items Impacting Comparability") and the amortization of acquisition related intangible assets.

Free Cash Flow is operating cash flow (i.e. cash flow from operations) less capital expenditures.

Net Debt to Combined Adjusted EBITDA is the leverage ratio used in our credit agreement and defined as Net Debt (which is long-term debt less cash and cash equivalents) divided by Combined Adjusted EBITDA. However, as Adjusted EBITDA for these purposes were calculated in accordance with the provisions of the credit agreement, it may differ from the calculation used for other purposes.

These non-GAAP measures are intended to provide additional information regarding our underlying operating results and comparable year-over-year performance. Such information is supplemental to information presented in accordance with GAAP and is not intended to represent a presentation in accordance with GAAP. In discussing our historical and expected future results and financial condition, we believe it is meaningful for investors to be made aware of and to be assisted in a better understanding of, on a period-to-period comparable basis, financial amounts both including and excluding these identified items, as well as the impact of exchange rate fluctuations. These non-GAAP measures should not be considered in isolation or as substitutes for analysis of the Company's results under GAAP and may not be comparable to other companies' calculation of such metrics.

Forward-Looking Non-GAAP Metrics. The investor day presentation also includes our expectations for (i) sales growth for 2019 and long-term currency neutral sales growth; (ii) EPS ex amortization growth for 2019 and long-term currency



neutral EPS ex amortization growth; (iii) long-term total shareholder return growth, (iv) net debt to adjusted EBITDA guidance for 2020 and 2021; and (v) free cash flow for 2019-2021. The closest corresponding GAAP measure to these non-GAAP measures and a reconciliation of the differences between the non-GAAP metric expectation and the corresponding GAAP measure is not available without unreasonable effort due to length of the forecasted period and potential variability, complexity and low visibility as to items such as future contingencies and other costs that would be excluded from the GAAP measure, and the tax impact of such items, in the relevant future period. The variability of the excluded items may have a significant, and potentially unpredictable, impact on our future GAAP results.

Combined 2018 Financials

We calculated “combined” numbers by combining (i) our fiscal year 2018 results (including Frutarom from October 4, 2018 to December 31, 2018) with (ii) the results of Frutarom from January 1, 2018 to October 3, 2018, and adjusting for divestitures of Frutarom’s businesses since October 4, 2018, but do not include any other adjustments that would have been made had we owned Frutarom for such periods prior to October 4, 2018.



ADJUSTED EBITDA

(IN MILLIONS U.S. \$)	2015	2018	3-Yr CAGR
Net income	419.2	337.2	
Interest expense	46.1	132.5	
Taxes on income	119.9	108.0	
Depreciation and amortization	89.6	173.8	
Nonoperational* / Nonrecurring items**	23.7	121.0	
Non-cash items	22.5	28.3	
Adjusted EBITDA	712.0	900.8	8%
Nonoperational* / Nonrecurring items**:			
Operational Improvement Initiatives*	1.1	2.2	
Acquisition Related Costs*	18.3	(1.3)	
Integration Related Costs*	-	7.2	
Litigation Settlements**	(10.5)	-	
Acceleration of Contingent Consideration**	7.2	-	
Restructuring and Other Charges, net*	7.6	4.1	
FDA Mandated Product Recall**	-	(7.1)	
Frutarom Acquisition Costs*	-	155.6	
<i>Less: Frutarom Acq. Costs in Interest Exp.</i>	-	(39.6)	
	\$23.7	\$121.0	
Noncash items:			
Gain on sale of assets	(0.2)	(1.2)	
Stock-based compensation	22.7	29.5	
	\$22.5	\$28.3	



Taste Sales Growth				
Sales Growth	2015	2016	2017	2018
Reported (GAAP)	-1%	4%	9%	6%
Currency Impact	7%	2%	1%	-1%
Currency Neutral Adjusted (Non-GAAP)	6%	6%	10%	5%
Impact of Acquisitions	3%	3%	5%	0%
Organic Currency Neutral (Non-GAAP)	3%	3%	5%	5%

Scent Sales Growth				
Sales Growth	2015	2016	2017	2018
Reported (GAAP)	-3%	3%	9%	6%
Currency Impact	7%	1%	0%	-2%
Currency Neutral Adjusted (Non-GAAP)	4%	4%	9%	4%
Impact of Acquisitions	1%	2%	5%	0%
Organic Currency Neutral (Non-GAAP)	3%	2%	4%	4%

Consolidated Sales Growth					
Sales Growth	2015	2016	2017	2018	Q1 2019
Reported (GAAP)	-2%	3%	9%	17%	39%
Currency Impact	7%	2%	0%	-2%	5%
Currency Neutral Adjusted (Non-GAAP)	5%	5%	9%	15%	44%
Impact of Acquisitions	2%	2%	5%	10%	41%
Organic Currency Neutral (Non-GAAP)	3%	3%	4%	5%	3%

**Adjusted EPS**

	Year Ended December 31, 2018			
	Income before taxes	Taxes on income (i)	Net Income Attributable to IFF (j)	Diluted EPS (k)
Reported (GAAP)	\$ 447,757	\$ 107,976	\$ 337,302	\$ 3.79
Operational Improvement Initiatives (a)	2,169	694	1,475	0.02
Acquisition Related Costs (b)	(1,289)	(311)	(978)	(0.01)
Integration Related Costs (c)	7,188	1,397	5,791	0.07
Restructuring and Other Charges, net (d)	4,086	1,020	3,066	0.03
Gains on Sale of Assets	(1,177)	(352)	(825)	(0.01)
FDA Mandated Product Recall (e)	(7,125)	(1,601)	(5,524)	(0.06)
U.S. Tax Reform (f)	-	(25,345)	25,345	0.29
Frutarom Acquisition Related Costs (g)	155,569	28,490	127,079	1.44
Redemption value adjustment to EPS (h)	-	-	-	0.03
Adjusted (Non-GAAP)	\$ 607,178	\$ 111,968	\$ 492,731	\$ 5.58

Adjusted EPS ex. Amortization

	Year Ended December 31, 2018
Numerator	
Adjusted (Non-GAAP) Net Income	\$ 492,731
Amortization of Acquisition related Intangible Assets	75,879
Tax impact on Amortization of Acquisition related Intangible Assets	13,962
Amortization of Acquisition related Intangible Assets, net of tax (l)	61,917
Adjusted (Non-GAAP) Net Income ex. Amortization	554,648
Denominator	
Weighted average shares assuming dilution (diluted)	88,121
Adjusted (Non-GAAP) EPS ex. Amortization	\$ 6.28



- (a) For 2018, represents accelerated depreciation related to a plant relocation in India and Taiwan asset write off.
- (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.
- (c) For 2018, represents costs related to the integration of the Frutarom acquisition.
- (d) For 2018, represents severance costs related to the 2017 Productivity Program and costs associated with the termination of agent relationships in a subsidiary.
- (e) For 2018, principally represents recoveries from the supplier for the third and fourth quarter, partially offset by final payments to the customer made for the effected product in the first quarter.
- (f) For 2018, represents additional expense based on updated repatriation plans requiring accruals for withholding taxes on deemed repatriation.
- (g) Represents transaction-related costs and expenses related to the acquisition of Frutarom. Amount primarily includes \$23.5 million of amortization for inventory "step-up" costs, \$39.4 million of bridge loan commitment fees included in Interest expense; \$34.9 million make whole payment on the Senior Notes - 2007 and \$3.9 million realized loss on a fair value hedge included in Loss on extinguishment of debt; \$12.5 million realized gain on a foreign currency derivative included in Other income; and \$66.0 million of transaction costs included in Selling and administrative expenses.
- (h) Represents the adjustment to EPS related to the excess of the redemption value of certain redeemable noncontrolling interests over their existing carrying value.
- (i) Except for amortization, 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 fiscal year 2018, these non-GAAP adjustments were not subject to foreign tax credits or valuation allowances, but to the extent that such factors are applicable to any future non-GAAP adjustments we will take such factors into consideration in calculating the tax expense (benefit). For amortization, the tax benefit has been calculated based on the Company's adjusted worldwide effective tax rate.
- (j) For 2018, net income is reduced by income attributable to noncontrolling interest of \$2.479M.
- (k) The sum of these items does not foot due to rounding.
- (l) Represents all amortization of intangible assets acquired in connection with acquisitions, net of tax.



	Free Cash Flow			
	2015	2016	2017	2018
Sales	\$ 3,023	\$ 3,116	\$ 3,399	\$ 3,978
Operating Cash Flows Reported (GAAP)	467	550	391	438
% of Sales	15%	18%	11%	11%
Capital Expenditure (PPE Additions)	(101)	(126)	(129)	(170)
% of Sales	-3%	-4%	-4%	-4%
Free Cash Flow (Non-GAAP)	366	424	262	267
% of Sales	12%	14%	8%	7%
				2015-2018 Average 10%



Net Debt to Combined Adjusted EBITDA Reconciliation (Leverage Ratio)*

	<u>2018 - Combined</u>
Net income	432.0
Interest expense	148.4
Taxes on income	140.2
Depreciation and amortization	226.8
Nonoperational / Nonrecurring items	123.4
Non-cash items	29.6
Adjusted EBITDA	1,100.4
Nonoperational* / Nonrecurring** items:	
Operational Improvement Initiatives*	2.2
Acquisition Related Costs*	(1.3)
Integration Related Costs*	7.2
Restructuring and Other Charges, net*	4.1
FDA Mandated Product Recall**	(7.1)
Frutarom Acquisition Costs*	196.8
<i>Less: Frutarom Acq. Costs in Interest Exp. and Loss on Extinguishment of Debt.</i>	<i>(78.4)</i>
	\$123.4
Noncash items:	
Gain on sale of assets	(1.2)
Stock-based compensation	30.8
	\$29.6
Total Debt	4,553.1
Less: Cash and cash equivalents	(634.9)
Net debt	\$3,918.2
Net Debt to Adjusted EBITDA (Leverage Ratio)	3.6

*Calculated in accordance with Credit Agreement