



# **2019 CAGNY Conference**

**Andreas Fibig**  
Chairman & CEO

February 19, 2019

# 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 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 outlook for 2019 and beyond and future economic performance, anticipated profitability, revenues, expenses or other financial items, 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 we will realize the benefits anticipated from the acquisition in the expected time frame; (2) unanticipated costs, liabilities, charges or expenses resulting from the Frutarom acquisition; (3) the increase in the Company's leverage resulting from the additional debt incurred to pay a portion of the consideration for Frutarom and its impact on the Company's liquidity and ability to return capital to its shareholders; (4) the Company's ability to successfully market to its expanded and decentralized Taste and Frutarom customer base; (5) the Company's ability to effectively compete in its market and develop and introduce new products that meet customers' needs; (6) the Company's ability to successfully develop innovative and cost-effective products that allow customers to achieve their own profitability expectations; (7) the impact of the disruption in the Company's manufacturing operations; (8) the impact of a disruption in the Company's supply chain, including the inability to obtain ingredients and raw materials from third parties; (9) volatility and increases in the price of raw materials, energy and transportation; (10) the Company's ability to comply with, and the costs associated with compliance with, regulatory requirements and industry standards, including regarding product safety, quality, efficacy and environmental impact; (11) the impact of any failure or interruption of the Company's key information technology systems or a breach of information security; (12) the Company's ability to react in a timely and cost-effective manner to changes in consumer preferences and demands; (13) the Company's ability to establish and manage collaborations, joint ventures or partnership that lead to development or commercialization of products; (14) the Company's ability to benefit from its investments and expansion in emerging markets; (15) the impact of currency fluctuations or devaluations in the principal foreign markets in which it operates; (16) economic, regulatory and political risks associated with the Company's international operations; (17) the impact of global economic uncertainty on demand for consumer products; (18) the inability to retain key personnel; (19) the Company's ability to comply with, and the costs associated with compliance with, U.S. and foreign environmental protection laws; (20) the Company's ability to realize the benefits of its cost and productivity initiatives; (21) the Company's ability to successfully manage its working capital and inventory balances; (22) the impact of the failure to comply with U.S. or foreign anti-corruption and anti-bribery laws and regulations, including the U.S. Foreign Corrupt Practices Act; (23) the Company's ability to protect its intellectual property rights; (24) the impact of the outcome of legal claims, regulatory investigations and litigation; (25) changes in market conditions or governmental regulations relating to our pension and postretirement obligations; (26) the impact of future impairment of our tangible or intangible long-lived assets; (27) the impact of changes in federal, state, local and international tax legislation or policies, including the recently enacted Tax Cuts and Jobs Act, with respect to transfer pricing and state aid, and adverse results of tax audits, assessments, or disputes; (28) the effect of potential government regulation on certain product development initiatives, and restrictions or costs that may be imposed on the Company or its operations as a result, and (29) the impact of the United Kingdom's expected departure from the European Union in 2019. 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 IFF's business. Accordingly, IFF 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.

# Agenda

1. Getting To Know The New IFF
2. Insight In Our Product Portfolio
3. Where We Stand On Integration
4. Compelling Valuation Creation
5. Q&A

# IFF & Frutarom Transaction

## Compelling combination

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



\* Adjusted EPS ex amortization 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 of intangible assets.



# Snapshot Of New IFF

A global leader in taste, scent and nutrition



Flavors



Fragrance



Fragrance  
Ingredients



Cosmetic  
Actives



Savory  
Solutions



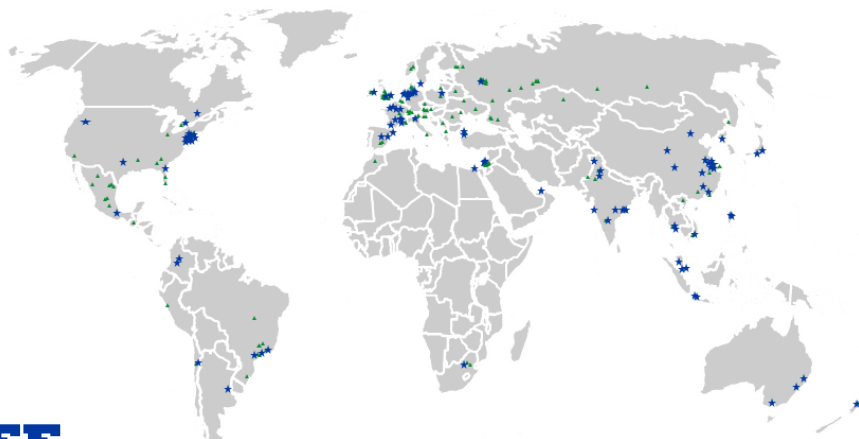
Natural  
Colors



Natural  
Food Protection



Health  
Ingredients



★ IFF sites

▲ Frutarom sites

**IFF**

#2

Global Market  
Position

~33,000

Customers

>110

Manufacturing  
Facilities

~13,000

Employees

~100

R&D Centers and  
Laboratories

~100,000

Unique Products Sold  
Annually

~80%

Sales Outside North  
America

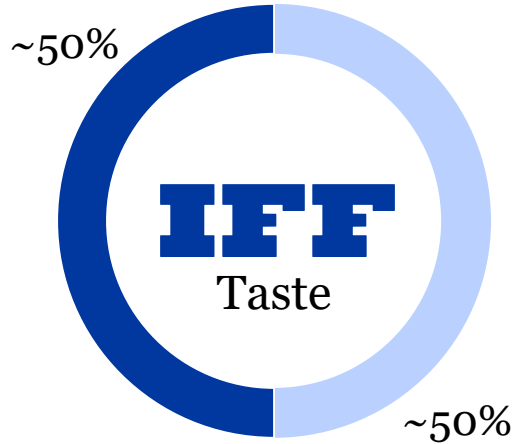
>\$5B

Total Combined  
Sales

# Strengthens Exposure To Fast-Growing Customers

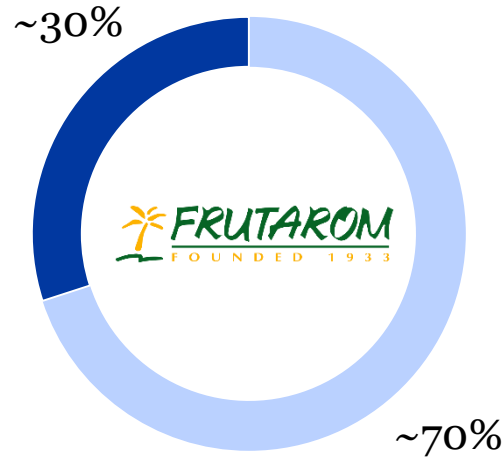
Small & mid-sized customers growing at an accelerated rate

IFF



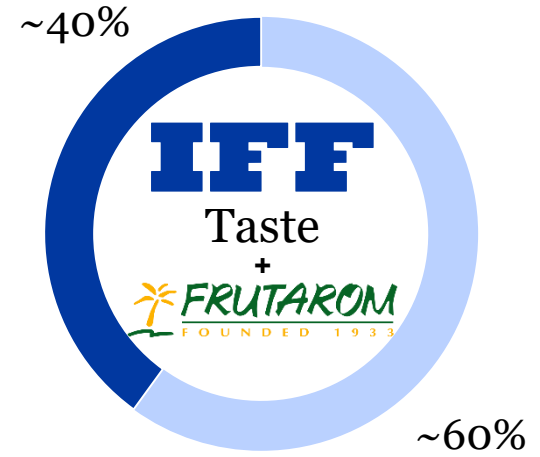
Global ■ Small & Mid-Sized ■

FRUTAROM



Global ■ Small & Mid-Sized ■

IFF+FRUTAROM

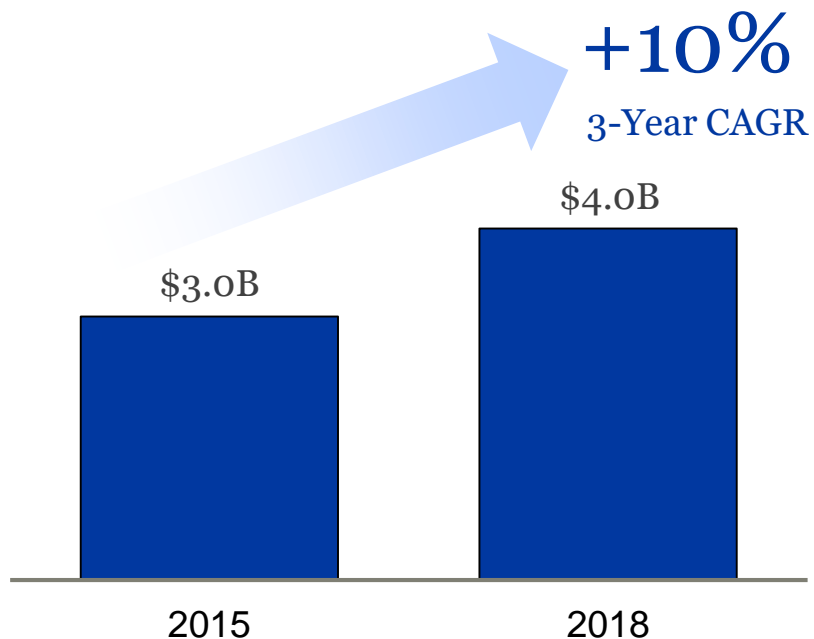


Global ■ Small & Mid-Sized ■

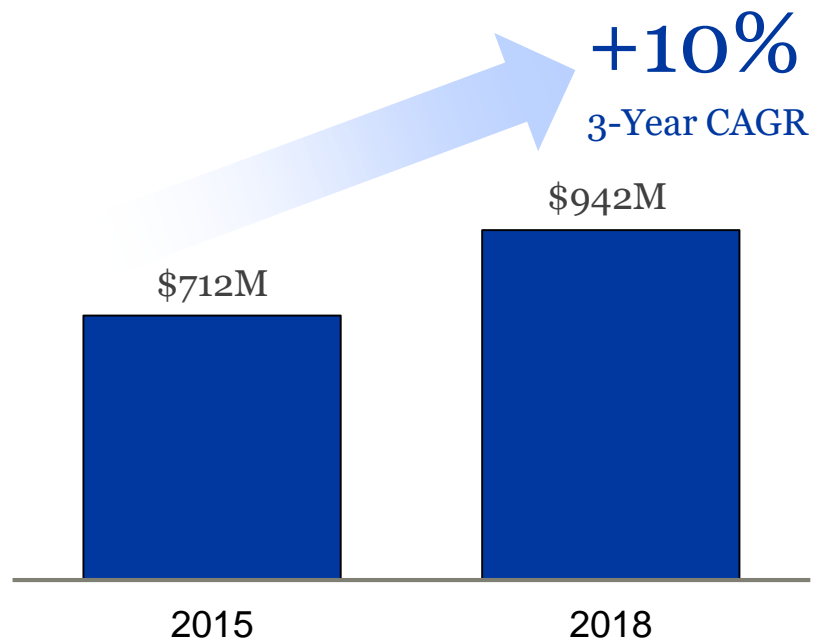
# Financial Performance

Strong track record of profitable growth

## Sales



## Adjusted EBITDA\*



# Highly Diversified Portfolio

Attractive profile with exposure to fast growing categories

## IFF+FRUTAROM COMBINED PROFILE



Scent  
~36% OF SALES



Taste  
~34% OF SALES






Frutarom  
~30% OF SALES

# Go-To-Market Approach

Overview of business structure and highlights of key Frutarom offerings




## BUSINESS SEGMENTS

 TASTE	 SCENT	 FRUTAROM	
		Frutarom	Natural Product Solutions
<ul style="list-style-type: none"><li>• Beverage</li><li>• Snacks</li><li>• Savory</li><li>• Sweet</li><li>• Dairy</li></ul>	<ul style="list-style-type: none"><li>• Fine</li><li>• Consumer</li><li>• Active Cosmetics</li><li>• Ingredients</li></ul>	<ul style="list-style-type: none"><li>• Taste</li><li>• Savory Solutions</li><li>• Taura</li><li>• F&amp;F Ingredients</li><li>• Trade &amp; Marketing</li></ul>	<ul style="list-style-type: none"><li>• Health</li><li>• Colors</li><li>• Food Protection</li></ul>

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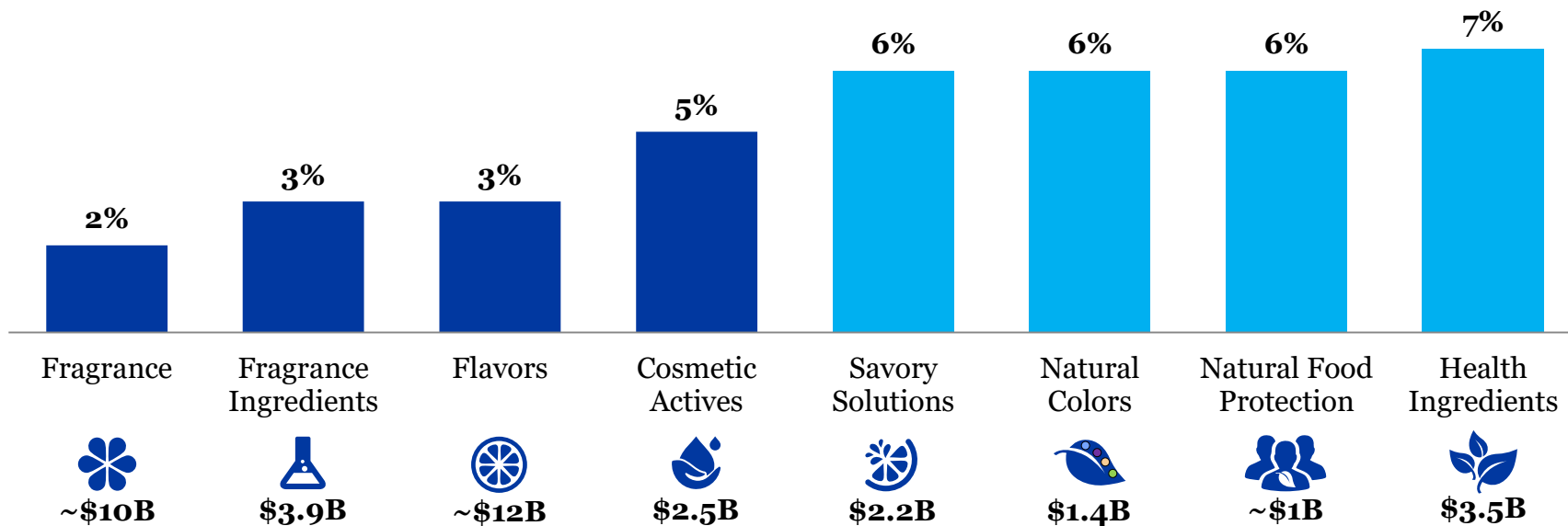
# Broadened Access In Attractive Adjacencies

Expanding into rapidly growing & profitable markets geared towards naturals

## KEY MARKETS OF EXPOSURE

### Estimated 2017 Market Size & Growth

5-Year Projected CAGR

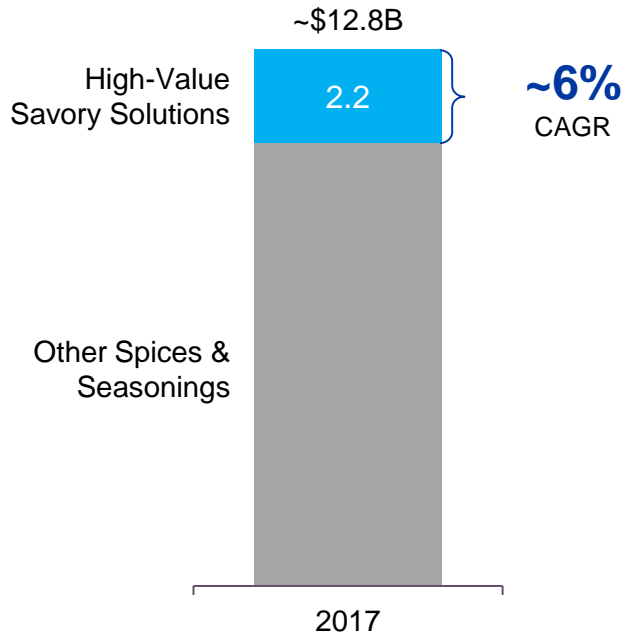


# Savory Solutions

Ability to tailor savory solutions to regional taste preferences



## MARKET<sup>1</sup>



## DESCRIPTION

- Product offering supports demand for high-protein sources like meat & fish, alternative & vegetarian protein, natural, and convenience foods, etc.

## EXPERTISE

- **Strong local presence with global expertise**
- **Application & end-use capabilities** for local taste preferences
- **Full-range meat ingredient provider**
- Novel flavors, functionality and technical expertise
- **Private label capabilities & backwards integration**

# Savory Solutions

Product offering examples

## PRODUCT OFFERING

# WIBERG®



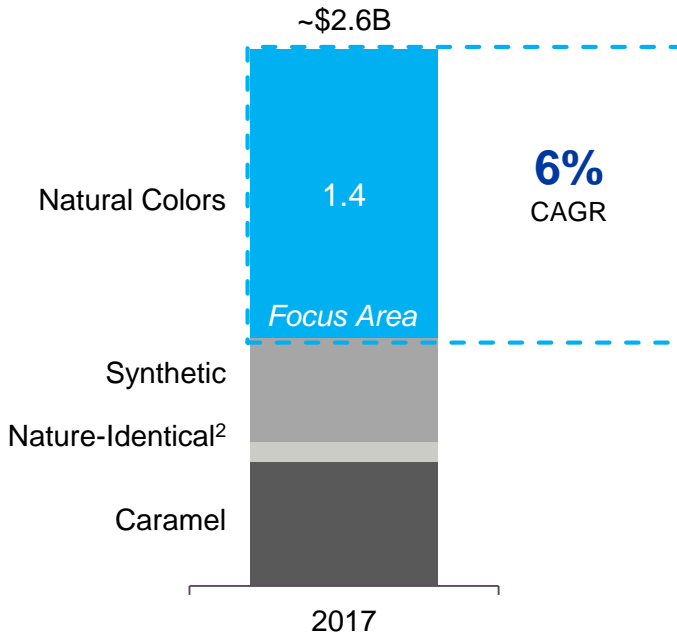
- Products include spices, sauces, marinades, mixtures, casings, special protein blends, high-end mixes, etc.
- Wide array of end-use markets:
  - **Food Service & Culinary** (hotels, restaurants, chains)
  - **Convenience** products such as marinades & sauces
  - **Meat** Products & Butchers
  - **Vegetarian** protein based products

# Natural Colors

Natural pigments enhance product appeal and support clean label solutions



## MARKET<sup>1</sup>



## DESCRIPTION

- Natural colors replace artificial “E” colors for clean label solutions
- \$1 Colors spend on \$5 flavor purchased
- **30%** of launched products **contain colors**; of which **70%** are **Natural Colors**

## EXPERTISE

- **Color customization capabilities** to meet customer needs
- Reliable (natural) **raw material access**
- **Crop-science, extraction and formulation** expertise

# Natural Colors

Product offering examples spanning Food & Beverage and Cosmetics

## FOOD & BEVERAGE



Natural pigments used in yogurts and other F&B products to **off-set any color losses or changes** during processing or storage & to **boost appearance** of foods

## COSMETICS

### KYLIE COSMETICS



CANDY K | MATTE LIQUID LIPSTICK



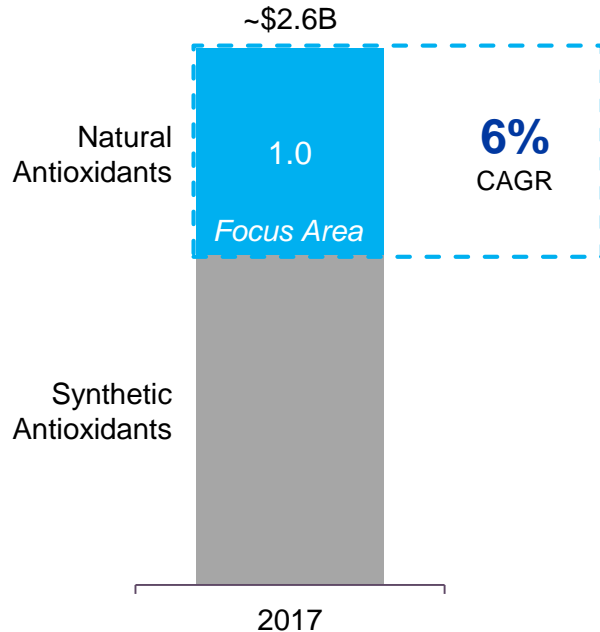
Our **specific shade of high tinting Carmine** supported the desire for a matte lipstick with high intensity pigment and long wearing application

# Natural Food Protection

Natural antioxidants & anti-microbials for food protection & shelf-life extension



## MARKET<sup>1</sup>



## DESCRIPTION

- Natural food protection solutions offer alternatives to chemically synthesized preservatives (such as BHT, BHA, etc.) to support clean labeling
- Used for food, beverage, pet food, oral care, and cosmetics

## EXPERTISE

- Strong **development & application competencies**
- Ability to **communicate key product efficacy and benefits to customers**
- Overcome stringent regulatory requirements

# Natural Food Protection

Product offering examples

## SWEET

INOLENS 4



Contains our **INOLENS 4 organic formulation**, significantly extend shelf life, bursting with peanut butter flavor

## SAVORY

INOLENS 4



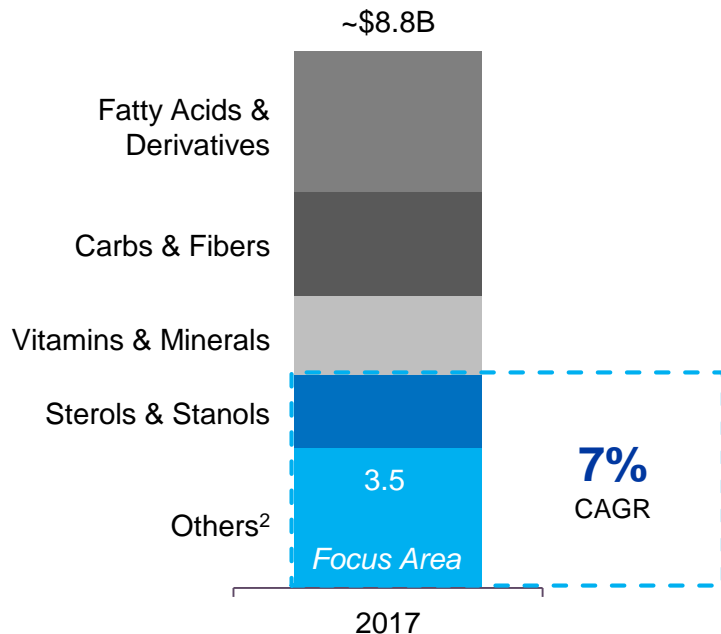
Wholesome, tasty, healthy snack made possible with addition of our **INOLENS 4**

# Natural Health Ingredients

## Scientifically-based natural health ingredients



### MARKET<sup>1</sup>



### DESCRIPTION

- Scientifically-based health ingredients for phyto-pharmaceuticals, dietary supplements, functional food, infant & elderly nutrition, cosmetics & personal care
- Segments include bio-active lipid ingredients/enzymes (e.g., INFAT), botanical extracts, and optimized micro-nutrients

### EXPERTISE

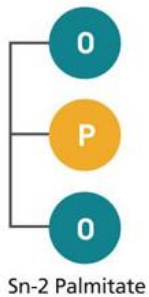
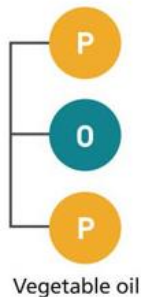
- Access to **plant & animal sources** (e.g., fruits, vegetables, fish oils)
- **Clinical research** to support efficacy and related claims
- **Safety and quality assurance capabilities** (e.g., traceability)

# Natural Health Ingredients

Product offering examples

## PREMIUM INFANT INGREDIENTS

INFAT<sup>®</sup>



P Palmitic Acid    O Oleic Acid

Proprietary enzymatic processes produce **SN-2 Palmitate** fats that mimic the composition, structure & benefits of **human milk fat**

## HEALTH INGREDIENTS






Our **proprietary URC<sup>®</sup> Technology** removes water quickly and precisely to produce real fruit products with taste and functionality superiority

# Go-To-Market Approach

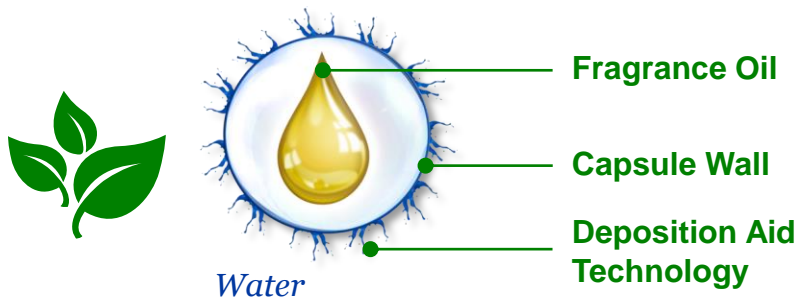
Highlighting core business innovation

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# Scent Encapsulation

Consumer desire for more fragrance



- Focused on developing **renewable, biodegradable & natural capsules** to support our long-term sustainability commitments
- Moving beyond regulatory compliance and towards supporting **consumer desire for better-for-you & sustainable products**



# “Digital Nose”

Pioneering digital olfaction technology

- Established an industry-exclusive collaboration with **Aryballe**
- Refining and further developing flavor & fragrance capabilities and applications of Aryballe’s technology **in portable, universal odor detection sensors**
- Focused on the development of odor sensing and quality control applications
- Goal of creating a platform for applications in the food, fragrance, cosmetics and other industries



# Morpholyss™

New cosmetic active innovation

- Morpholyss™ is a **natural fruit-based active** ingredient helps restore and maintain a youthful body shape despite aging
- **Longan fruit seed extract**, rich in polyphenols (particularly corilagin)
- Clinically effective in **decreasing circumference and reducing adipose tissue thickness** on the thigh and waistline
- **100% natural** and sustainable botanical extract; VEGAN compliant



# New Delivery Technology

## 3-D printable encapsulation technology

- **Novel delivery format** for Consumer Package Goods & Household Personal Care customers
- Enhances the consumer experience by creating **new ways of providing scent, flavor, cosmetic actives or related actives to products**
- **Seamless integration with products and packages** to support long shelf-life and natural product solutions



# Taste Modulation

Balances & elevates the taste experience

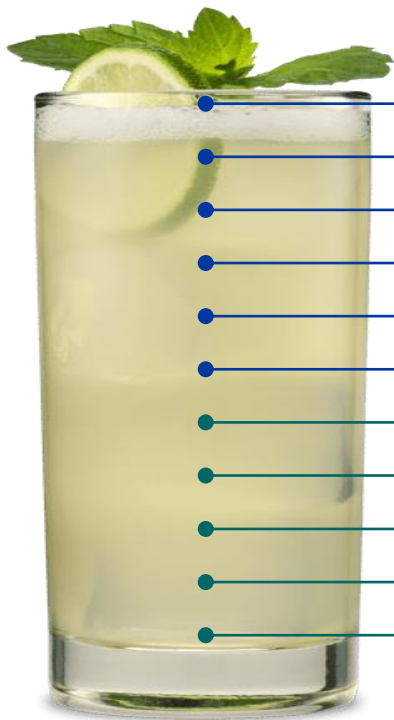
## The Rio Carnival Cocktail

- Energizing twists of lemon lime in a refreshing Caipirinha
- Alcoholic beverage contains:
  - IFF **PowderPure**
  - A **25% sugar reduced formula** compared to the typical Caipirinha
  - Utilizes **IFF Flavorfit™** to smooth the taste of the alcohol, and to provide a sweet taste even with less sugar in the recipe



# More Comprehensive Offering

Uniquely positioned by combining innovation of both companies



- Aroma** (Delivery)
- Fresh Herbs / Fruits**
- Mouthfeel** (Natural Flavors)
- Taste Profile** (Natural Flavors)
- Premium Spirits** (Modulation)
- Syrup** (Modulation)
- Fresh Citrus** (Specialty Citrus)
- Natural Colors**
- Natural / Botanical Extracts**
- Antioxidants**
- Natural Food Protection**



Legacy IFF capabilities

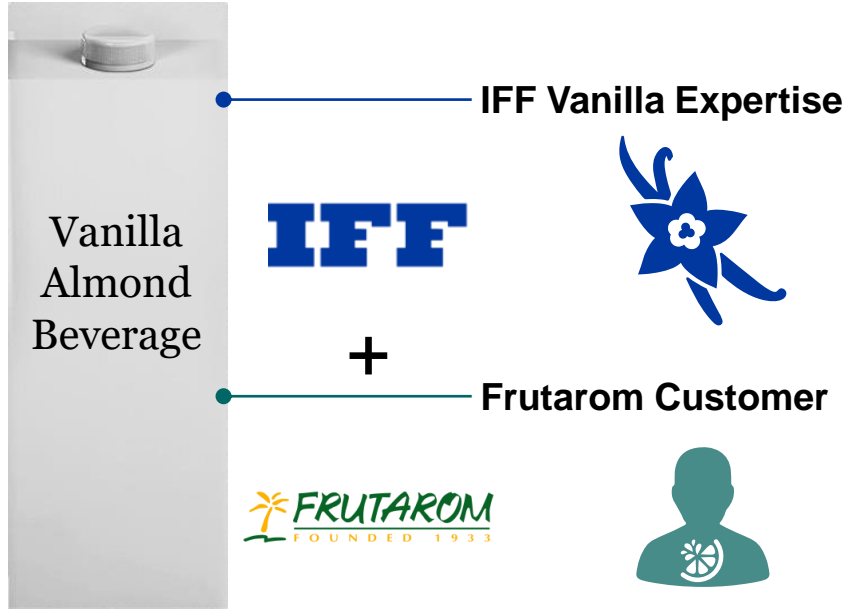


New Frutarom capabilities

# Cross Selling Example

Leveraging cross-selling opportunities to enhance customer offering & win briefs

## VANILLA-BASED BEVERAGE



- Secured ~\$3M via Frutarom customer brief leveraging IFF's Vanilla expertise
- Leveraging broadened customer base and relationships to win future briefs
- Assessing additional synergetic and complementary opportunities to enhance customer offering



# 2019 CAGNY Conference

Rich O'Leary  
EVP & CFO

February 19, 2019

# Generating Significant Cost Synergies

Unlocking incremental shareholder value

## CUMULATIVE SAVINGS

**\$145M**

<b>G&amp;A</b>	~30%	Streamline Overhead Expenses
<b>Operations</b>	~30%	Optimize Global Footprint
<b>Procurement</b>	~40%	Accelerate Rationalization & Harmonization

## EXPECTED TIMING

**\$145M**

**2021**

~100%

**2020**

~70%

**2019**

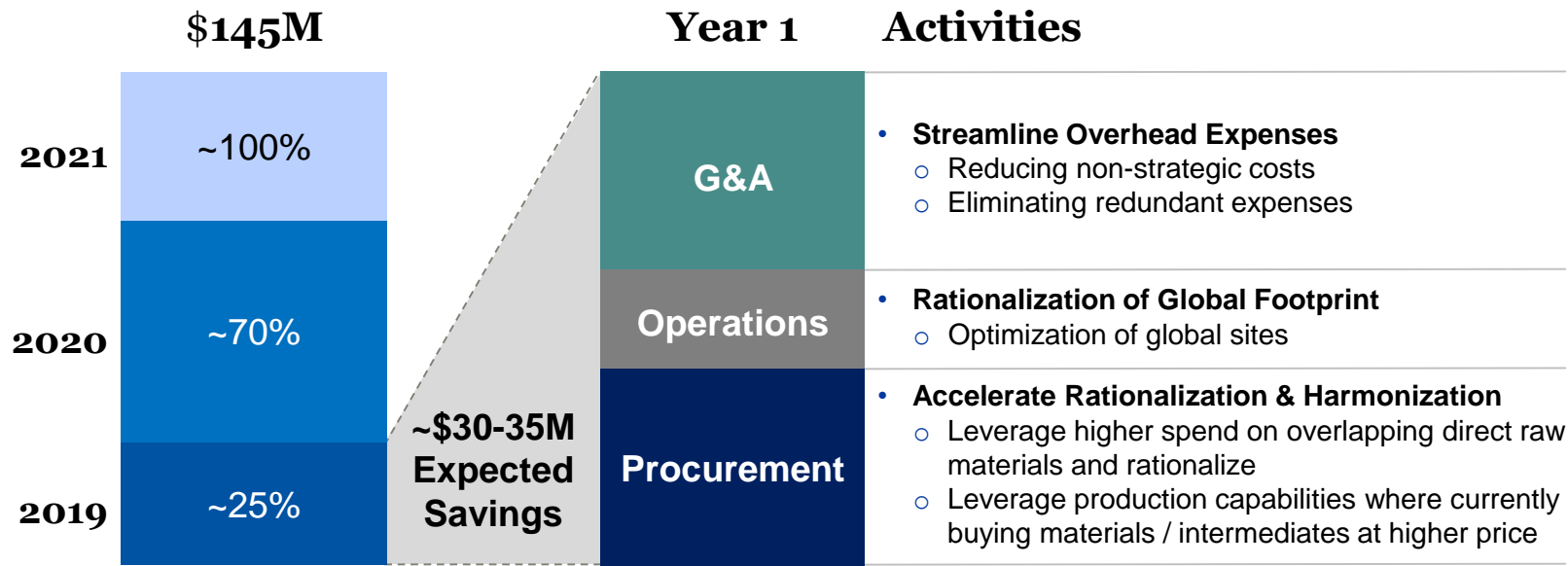
~25%

# Executing Year 1 Synergies

Delivering on the plan led by procurement & general expense reduction

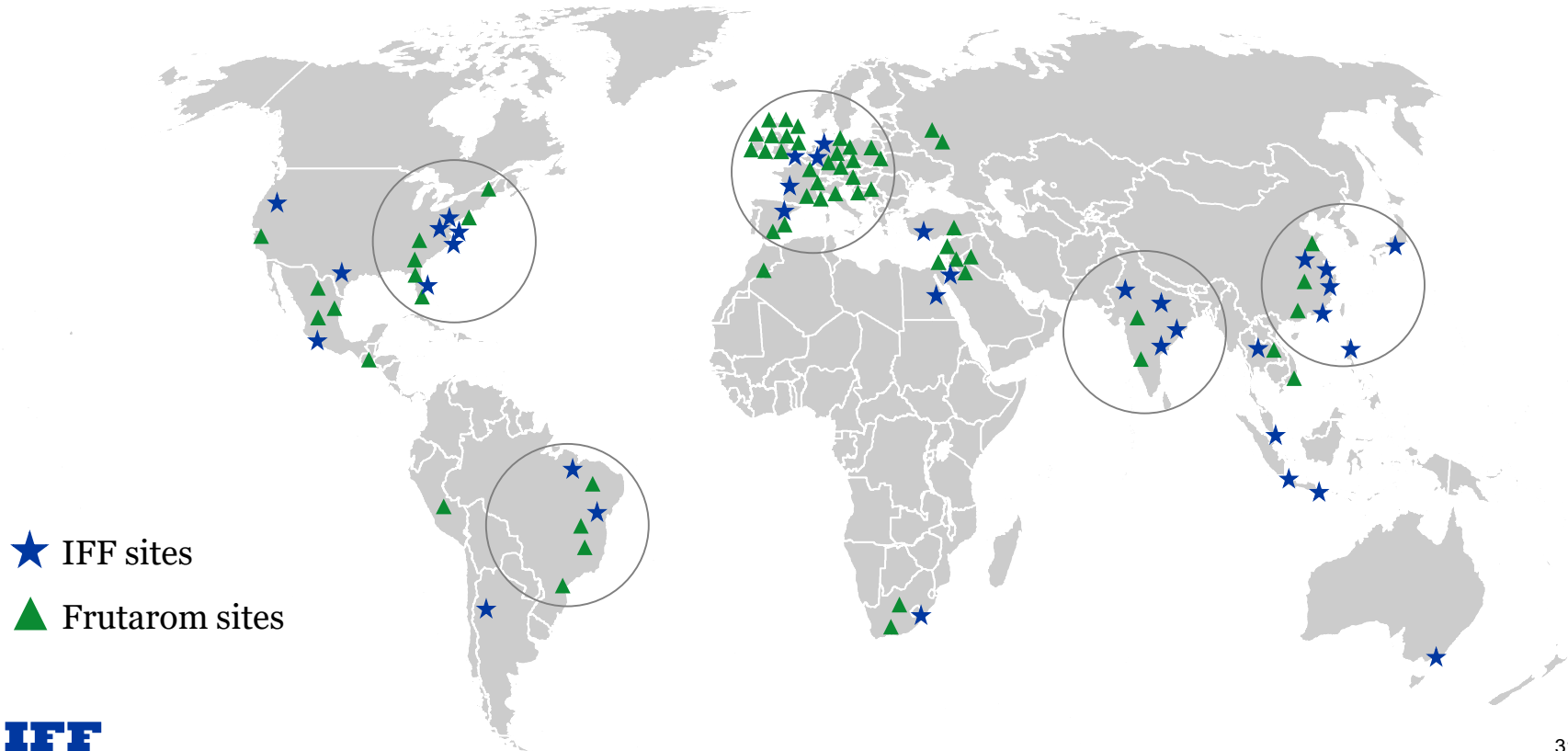
EXPECTED TIME

YEAR 1 SAVINGS



# Cost Synergies: Manufacturing

Optimizing our global manufacturing network

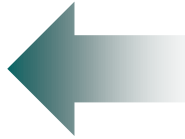


# Cost Synergies: Procurement

Leveraging the best of both supply chains

## MAKE VS BUY

**IFF**



- Citrus Specialties
- Antioxidants
- Colors
- Botanicals

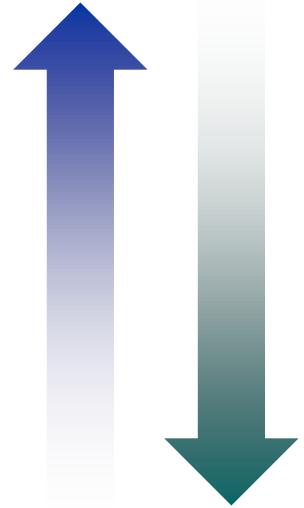
- Flavors
- Vanilla Extracts
- Modulators
- Aroma Chemicals



 **FRUTAROM**  
FOUNDED 1933

## PURCHASING POWER

- Texturizers
- Spices
- Flavor Enhancers
- Sweeteners
- Extracts & Oils
- Dairy Products
- Colors
- Yeasts
- Functional Ingredients



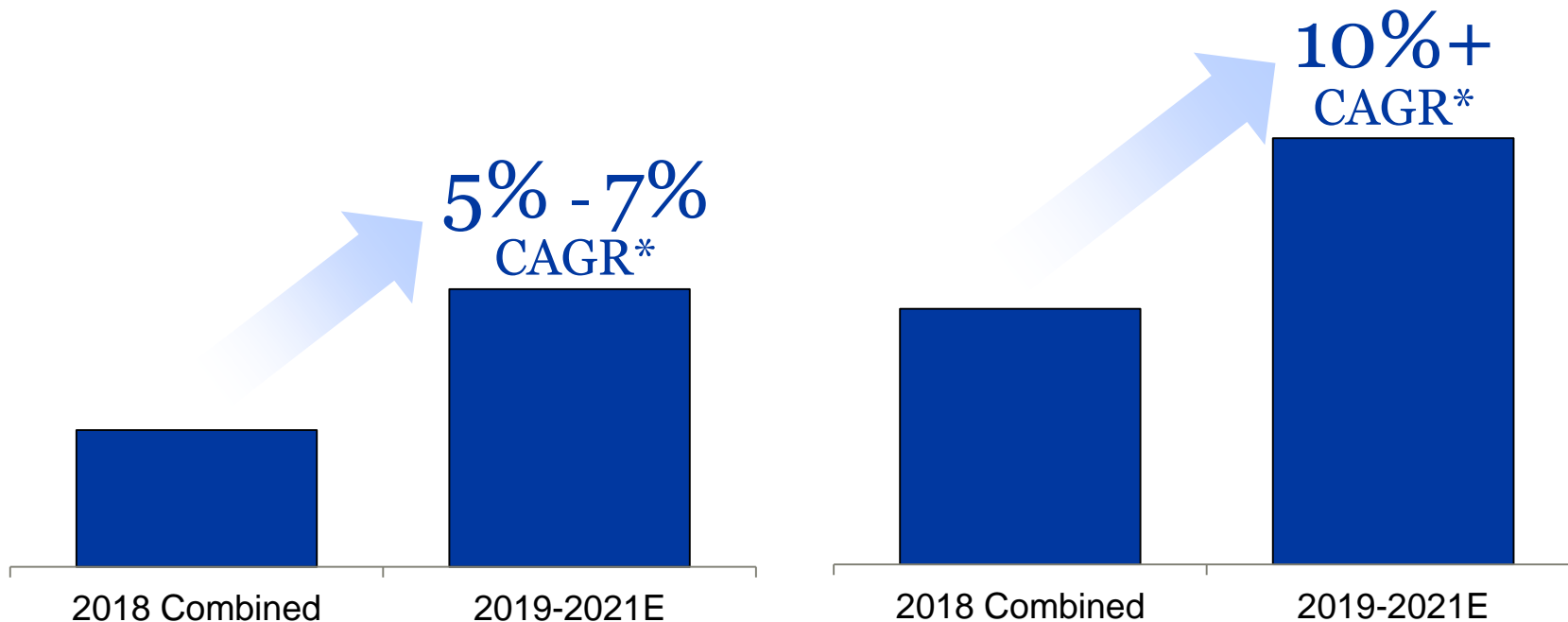
**IFF**

# Long-Term Financial Targets

Average currency neutral growth targets for the 2019 to 2021 period

## SALES

## ADJUSTED EPS EX AMORTIZATION



# Capital Allocation Strategy

Disciplined uses of cash

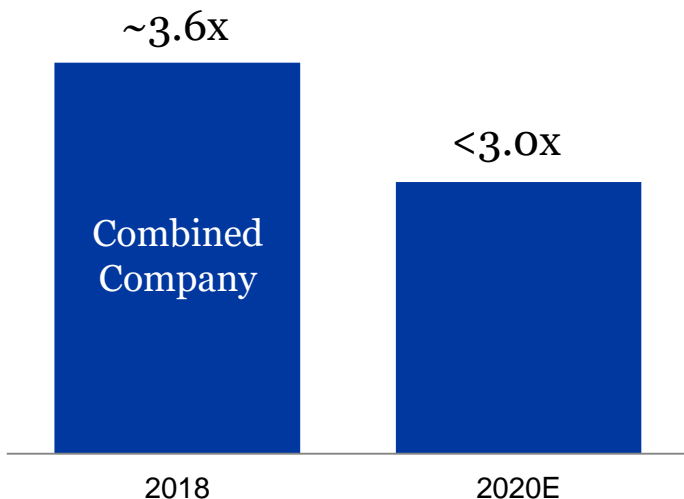
- 1 Primary focus on debt repayment to maintain investment grade rating
- 2 Reinvest in business via capex for long-term future growth
- 3 Pursue value-enhancing M&A
- 4 Maintain current dividend status



# Drive Debt Repayment

Achieving Net Debt to EBITDA\* target to retain investment grade rating

NET DEBT / EBITDA\*



Prior to Lease Accounting Change

FOCUS

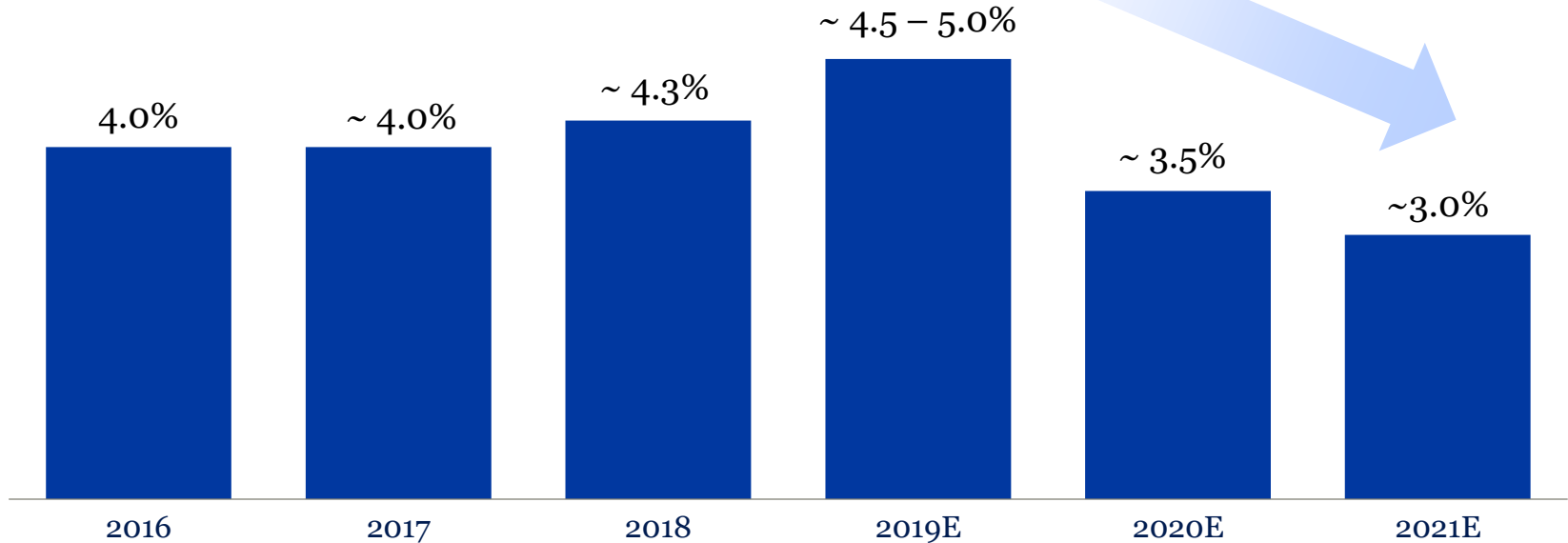
- Managing leverage to retain investment grade rating is critical focus
- Committed to be <3.0x net debt to EBITDA\* between 18-24 months
- Management incentives are aligned with repayment of debt metrics

# CapEx To Support Business

Investing in manufacturing and creative centers

## Capital Expenditures

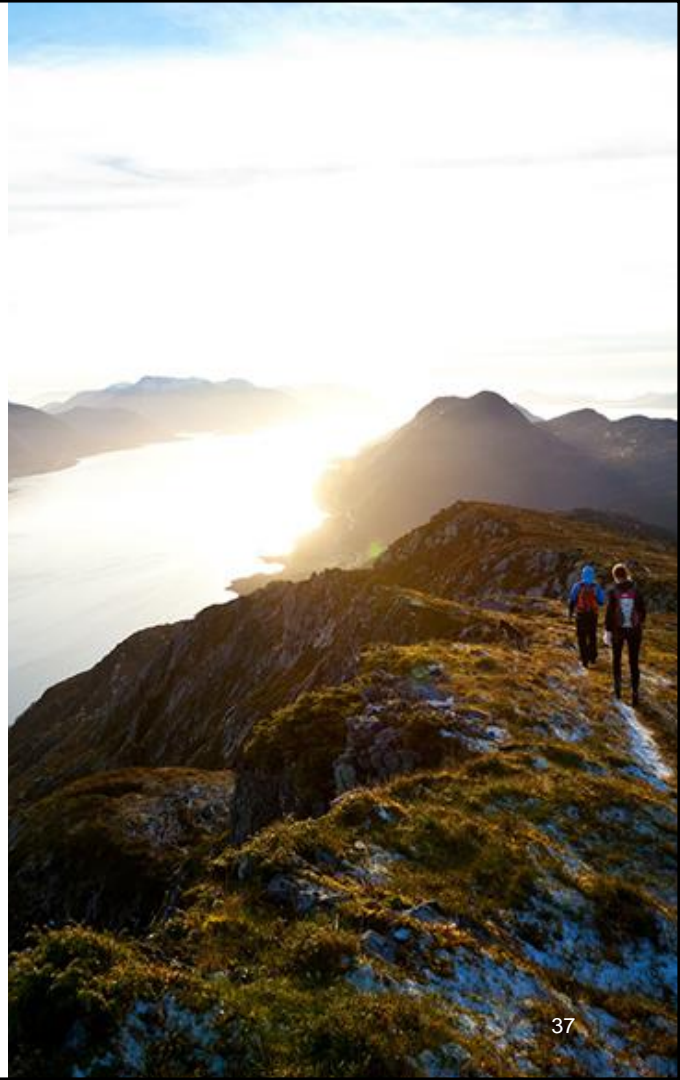
As a % of Sales



# Mergers & Acquisitions

## M&A philosophy

- Regularly evaluate M&A opportunities
- Leverage **newly expanded portfolio** via value-enhancing M&A
- M&A criteria:
  - Companies with **differentiated technology**
  - Access to under-indexed markets or customers
  - Enhance **prioritized adjacencies** to grow existing business and strengthen value proposition to customers
- Drive value creation via **shorter cost of capital return** hurdles

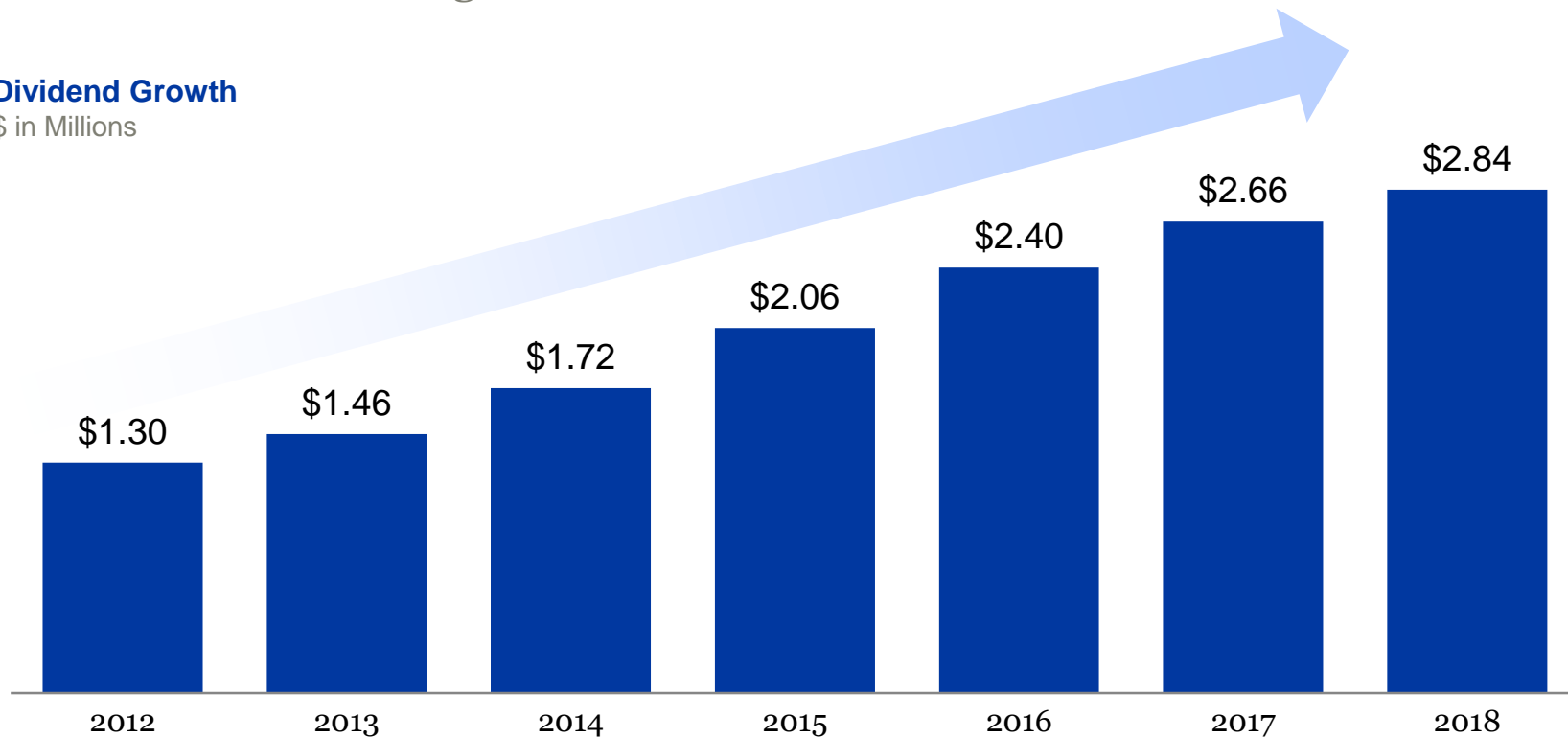


# Cash Returned To Shareholders

Commitment to a strong dividend

## Dividend Growth

\$ in Millions



# 2018 Executive Overview

Completes historic year with record-setting sales and transformational deal

	GUIDANCE	2018 ACTUALS
Sales	\$3.95 – 4.05B	\$4.0B ✓
Adjusted EPS ex amortization*	\$6.25 – 6.45	\$6.28 ✓



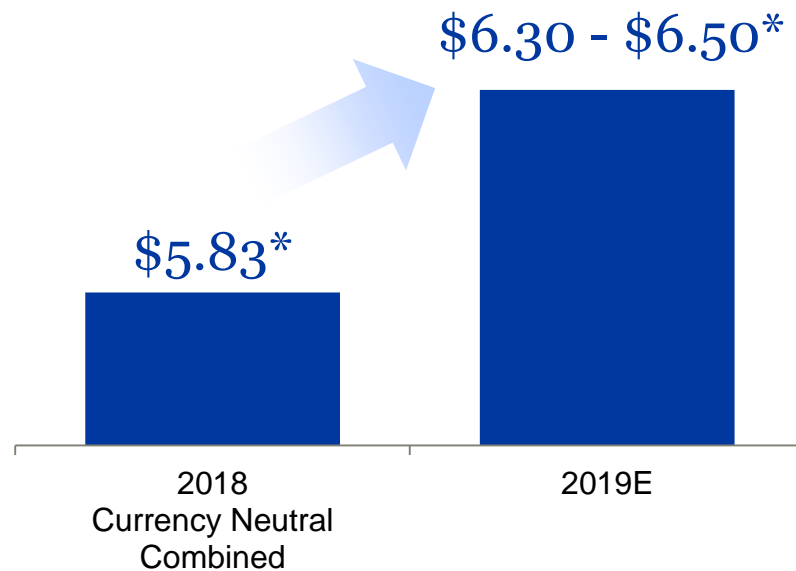
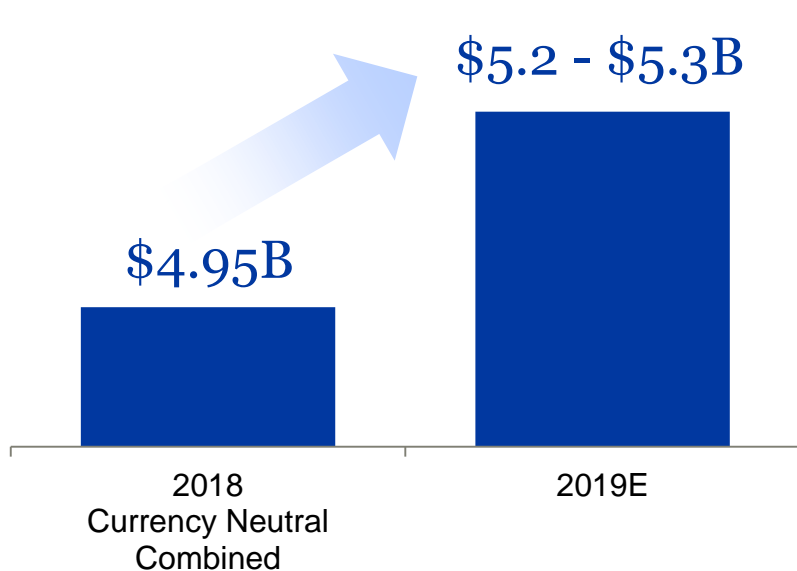
\* Adjusted EPS ex amortization is a Non-GAAP metric,  
please see our GAAP to Non-GAAP Reconciliation at [ir.iff.com](http://ir.iff.com)

# 2019 Full Year Outlook

Targeting advancements in top & bottom-line results

## SALES

## ADJUSTED EPS EX AMORTIZATION

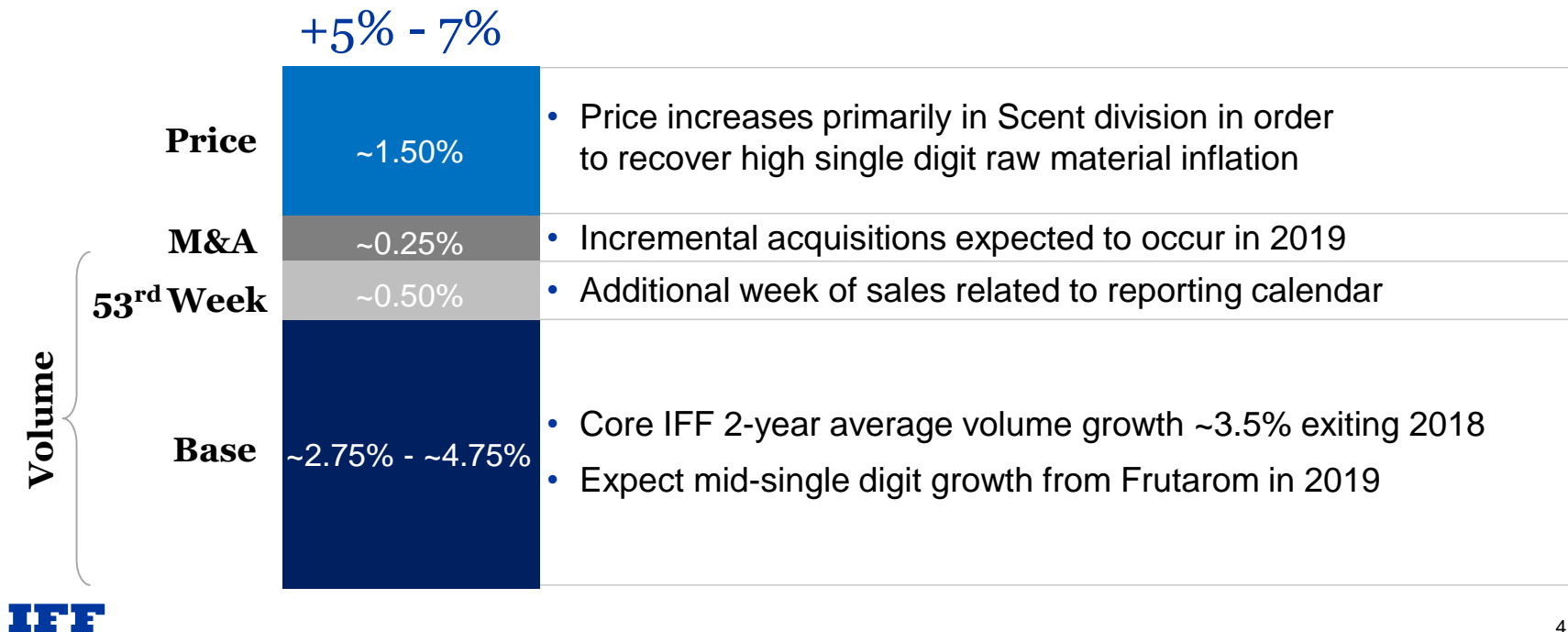


\* Adjusted EPS ex amortization is a Non-GAAP metric that excludes restructuring costs and other significant items of a non-recurring and/or non-operational nature, foreign currency movements, and full amortization of intangible assets.

# Insight Into 2019 Top-Line Dynamics

Confident in our ability to deliver strong growth

## GROWTH DRIVERS



# Summary

IFF well-positioned for long-term value creation

## ESTABLISHED LEADERSHIP

- Leader in natural taste, scent & nutrition
- Expansive customer base and comprehensive offering

## GROWTH ACCELERATION

- Playing in attractive, fast-growing natural adjacencies
- Strong cross-selling opportunities
- Ability to pursue value-enhancing M&A

## NATURALS

- Driving product superiority through Naturals – delivery, cosmetic ingredients, taste/flavors & clean label solutions

## UNLOCKING VALUE

- Executing on fundamental integration initiatives
- Expect to generate \$145M cost synergies by the end of 2021

## FINANCIAL PERFORMANCE

- Accelerate financial results, with sales\* +5 to +7% & adjusted EPS ex amortization\* 10%+ from 2019 – 2021, excluding currency; <3.0x net debt to EBITDA\* in 18-24M



\* Currency Neutral Sales, Currency Neutral Adjusted EPS ex amortization & Net Debt to EBITDA are Non-GAAP metrics  
Please see our GAAP to Non-GAAP Reconciliation on our investor relations website at [ir.iff.com](http://ir.iff.com)



International Flavors & Fragrances Inc.

# Cordially Invites You

to the CAGNY reception and dinner

Showcasing Frutarom's Natural Product Solutions

Tuesday, February 19  
6:30 pm – 10:00 pm

Royal Palm Ballroom  
Boca Raton Resort & Club



**Q&A**