

International Flavors & Fragrances Inc.
GAAP to Non-GAAP Reconciliation
(Amounts in thousands)
(Unaudited)

The following information and schedules provide reconciliation information between reported GAAP amounts and non-GAAP certain adjusted amounts. This information and schedules are not intended as, and should not be viewed as, a substitute for reported GAAP amounts or financial statements of the Company prepared and presented in accordance with GAAP.

Third Quarter 2017
Reconciliation of Non-GAAP Metrics

Reconciliation of Gross Profit

	Reported (GAAP)	Operational Improvement Initiative Costs (a)	Acquisition and Related Costs (b)	Integration related costs (c)	Adjusted (Non-GAAP)
Gross profit	\$ 382,056	407	5,147	131	\$ 387,741

Reconciliation of Selling and Administrative Expenses

	Reported (GAAP)	Acquisition and Related Costs (b)	Integration related costs (c)	Adjusted (Non-GAAP)
Selling and administrative expenses	\$ 141,473	(289)	(383)	\$ 140,801

Reconciliation of Operating Profit

	Reported (GAAP)	Operational Improvement Initiative Costs (a)	Acquisition Related Costs (b)	Integration related costs (c)	Restructuring and Other Charges (d)	Gain on Sale of Asset (e)	Adjusted (Non-GAAP)
Operating profit	\$ 157,667	407	5,436	580	3,249	(31)	\$ 167,308

Reconciliation of Net Income

	Reported (GAAP)	Operational Improvement Initiative Costs (a)	Acquisition Related Costs (b)	Integration related costs (c)	Restructuring and Other Charges (d)	Gain on Sale of Asset (e)	Adjusted (Non-GAAP)
Income before taxes	\$ 141,326	407	5,436	580	3,249	(31)	\$ 150,967
Taxes on income (f)	\$ 31,065	102	1,949	152	1,012	(10)	\$ 34,270
Net income	\$ 110,261	305	3,487	428	2,237	(21)	\$ 116,697
Diluted EPS	\$ 1.39	—	0.04	0.01	0.03	—	\$ 1.47

(a) Represents accelerated depreciation and idle labor costs in Hangzhou, China.

(b) Represents the amortization of inventory "step-up" related to the acquisitions of David Michael, Fragrance Resources and PowderPure, included in Cost of goods sold and transaction costs related to the acquisitions of David Michael, Fragrance Resources and PowderPure, included in Selling and administrative expenses.

(c) Represents costs related to the integration of the David Michael and Fragrance Resources acquisitions.

(d) Represents severance costs related to the 2017 Productivity Program.

(e) Represents gains on sale of assets.

(f) 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. For the third quarter of 2017, 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).

The Company tracks the amount of amortization recorded on recent acquisitions in order to monitor its progress with respect to its Vision 2020 goals. The following amounts were recorded with respect to recent acquisitions: \$0.6M related to PowderPure, \$1.6M related to Fragrance Resources, \$1.1M related to David Michael, \$2.0M related to Lucas Meyer and \$1.6M related to Ottens Flavors.

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Third Quarter 2016
Reconciliation of Non-GAAP Metrics

Reconciliation of Gross Profit

	Reported (GAAP)	Restructuring and Other Charges (a)	Operational Improvement Initiative Costs (b)	Adjusted (Non-GAAP)
Gross profit	\$ 346,268	190	791	\$ 347,249

Reconciliation of Selling and Administrative Expenses

	Reported (GAAP)	Operational Improvement Initiative Costs (b)	Acquisition and Related Costs (c)	Legal Charges/Credits (d)	Adjusted (Non-GAAP)
Selling and administrative expenses	\$ 152,046	(11)	(786)	(25,000)	\$ 126,249

Reconciliation of Operating Profit

	Reported (GAAP)	Restructuring and Other Charges (a)	Operational Improvement Initiative Costs (b)	Acquisition Related Costs (c)	Legal Charges/Credits (d)	Gain on Sale of Asset (e)	Adjusted (Non-GAAP)
Operating profit	\$ 124,426	190	802	786	25,000	(87)	\$ 151,117

Reconciliation of Net Income

	Reported (GAAP)	Restructuring and Other Charges (a)	Operational Improvement Initiative Costs (b)	Acquisition Related Costs (c)	Legal Charges/Credits (d)	Gain on Sale of Asset (e)	Adjusted (Non-GAAP)
Income before taxes	\$ 113,390	190	802	786	25,000	(87)	\$ 140,081
Taxes on income (f)	\$ 23,613	36	200	276	8,750	(29)	\$ 32,846
Net income	\$ 89,777	154	602	510	16,250	(58)	\$ 107,235
Diluted EPS	\$ 1.12	—	0.01	0.01	0.20	—	\$ 1.34

(a) Accelerated depreciation related to restructuring activities.

(b) Accelerated depreciation and severance costs in Hangzhou, China.

(c) Transaction costs related to the acquisition of David Michael.

(d) Legal charge related to litigation accrual.

(e) Principally related to gain on sale of property in Europe.

(f) 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. For the third quarter of 2016, 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).

The Company tracks the amount of amortization recorded on recent acquisitions in order to monitor its progress with respect to its Vision 2020 goals. The following amounts were recorded with respect to recent acquisitions: \$2.0M related to Lucas Meyer and \$1.6M related to Ottens Flavors.

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Third Quarter Year-to-Date 2017
Reconciliation of Non-GAAP Metrics

Reconciliation of Gross Profit						
Reported (GAAP)	Operational Improvement Initiative Costs (a)	Acquisition and Related Costs (b)	Integration related costs (c)	FDA mandated product recall (i)	Adjusted (Non-GAAP)	
Gross profit	\$ 1,121,311	1,473	16,055	316	3,500	\$ 1,142,655

Reconciliation of Selling and Administrative Expenses						
Reported (GAAP)	Acquisition and Related Costs (b)	Integration related costs (c)	Legal Charges/Credits (d)	Tax Assessment (e)	Adjusted (Non-GAAP)	
Selling and administrative expenses	\$ 417,713	(4,447)	(1,867)	(1,000)	(5,331)	\$ 405,068

Reconciliation of Operating Profit										
Reported (GAAP)	Operational Improvement Initiative Costs (a)	Acquisition Related Costs (b)	Integration related costs (c)	Legal Charges/Credits (d)	Tax Assessment (e)	Restructuring and Other Charges (f)	Gain on Sale of Asset (g)	FDA mandated product recall (i)	Adjusted (Non-GAAP)	
Operating profit	\$ 454,245	1,473	20,502	2,501	1,000	5,331	14,183	(120)	3,500	\$ 502,615

Reconciliation of Net Income											
Reported (GAAP)	Operational Improvement Initiative Costs (a)	Acquisition Related Costs (b)	Integration related costs (c)	Legal Charges/Credits (d)	Tax Assessment (e)	Restructuring and Other Charges (f)	Gain on Sale of Asset (g)	CTA Realization (h)	FDA mandated product recall (i)	Adjusted (Non-GAAP)	
Income before taxes	\$ 421,853	1,473	20,502	2,501	1,000	5,331	14,183	(120)	(12,217)	3,500	\$ 458,006
Taxes on income (j)	\$ 86,033	368	6,559	757	354	1,885	3,904	(39)	—	1,238	\$ 101,059
Net income	\$ 335,820	1,105	13,943	1,744	646	3,446	10,279	(81)	(12,217)	2,262	\$ 356,947
Diluted EPS	\$ 4.22	0.01	0.18	0.02	0.01	0.04	0.13	—	(0.15)	0.03	\$ 4.49

- (a) Represents accelerated depreciation and idle labor costs in Hangzhou, China.
- (b) Represents the amortization of inventory "step-up" related to the acquisitions of David Michael, Fragrance Resources and PowderPure, included in Cost of goods sold and transaction costs related to the acquisitions of David Michael, Fragrance Resources and PowderPure, included in Selling and administrative expenses.
- (c) Represents costs related to the integration of the David Michael and Fragrance Resources acquisitions.
- (d) Represents additional charge related to litigation settlement.
- (e) Represents the reserve for payment of a tax assessment related to commercial rent for prior periods.
- (f) Represents severance costs related to the 2017 Productivity Program which were partially offset by the reversal of 2015 severance charges that were no longer needed.
- (g) Represents gains on sale of assets.
- (h) Represents the release of CTA related to the liquidation of a foreign entity.
- (i) Represents an estimate of the Company's incremental direct costs and customer reimbursement obligations, in excess of the Company's sales value of the recalled products, arising from an FDA mandated recall of consumer products as a result of raw material received and identified by the Company as containing contamination. (As discussed in Note 13 of the Consolidated Financial Statements, the sales value of the recalled products was reserved in the first quarter of 2017). While the Company does not believe that any of the affected raw material was included in its finished products delivered to the customer, as the delivered product included raw material of the same vendor lot that tested positive, the FDA, after being notified by the Company, initiated a recall of all consumer products including raw material from the affected vendor lot due to the potential for product contamination.
- (j) 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 the first nine months of 2017, 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).

The Company tracks the amount of amortization recorded on recent acquisitions in order to monitor its progress with respect to its Vision 2020 goals. The following amounts were recorded with respect to recent acquisitions: \$1.2M related to PowderPure, \$4.4M related to Fragrance Resources, \$2.9M related to David Michael, \$5.8M related to Lucas Meyer and \$4.7M related to Ottens Flavors.

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Third Quarter Year-to-Date 2016
Reconciliation of Non-GAAP Metrics

Reconciliation of Gross Profit							
Reported (GAAP)	Restructuring and Other Charges (a)	Operational Improvement Initiative Costs (b)	Acquisition and Related Costs (c)	Legal Charges/Credits (d)	Gain on Sale of Asset (e)	Adjusted (Non-GAAP)	
Gross profit	\$ 1,072,117	473	1,890	889		\$ 1,075,369	
Reconciliation of Selling and Administrative Expenses							
Reported (GAAP)	Operational Improvement Initiative Costs (b)	Acquisition and Related Costs (c)	Legal Charges/Credits (d)	Adjusted (Non-GAAP)			
Selling and Administrative Expenses	\$ 408,372	(11)	(1,146)	(23,518)	\$ 383,697		
Reconciliation of Operating Profit							
Reported (GAAP)	Restructuring and Other Charges (a)	Operational Improvement Initiative Costs (b)	Acquisition Related Costs (c)	Legal Charges/Credits (d)	Gain on Sale of Asset (e)	Adjusted (Non-GAAP)	
Operating profit	\$ 459,032	473	1,901	2,035	23,518	(2,998)	\$ 483,961
Reconciliation of Net Income							
Reported (GAAP)	Restructuring and Other Charges (a)	Operational Improvement Initiative Costs (b)	Acquisition Related Costs (c)	Legal Charges/Credits (d)	Gain on Sale of Asset (e)	Adjusted (Non-GAAP)	
Income before taxes	\$ 420,337	473	1,901	2,035	23,518	(2,998)	\$ 445,266
Taxes on income (f)	\$ 95,223	90	475	542	8,339	(666)	\$ 104,003
Net income	\$ 325,114	383	1,426	1,493	15,179	(2,332)	\$ 341,263
Diluted EPS	\$ 4.05	—	0.02	0.02	0.19	(0.03)	\$ 4.25

(a) Accelerated depreciation related to restructuring activities.

(b) Accelerated depreciation and severance costs in Hangzhou, China.

(c) Expense related to the amortization of inventory step-up, included in Cost of goods sold, and additional transaction costs related to the acquisition of Lucas Meyer and David Michael, included in Selling and administrative expenses.

(d) Legal charges related to litigation accrual partially offset by a favorable tax rulings in jurisdictions for which reserves were previously

(e) Principally related to gain on sale of property in Europe.

(f) 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. For the first six months of 2016, 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).

The Company tracks the amount of amortization recorded on recent acquisitions in order to monitor its progress with respect to its Vision 2020 goals. The following amounts were recorded with respect to recent acquisitions: \$6.3M related to Lucas Meyer and \$4.8M related to Ottens Flavors.