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# FIRST QUARTER 2023 EARNINGS CONFERENCE CALL

May 9, 2023

# CAUTIONARY STATEMENT

Statements in this presentation, which are not historical facts or information, are “forward-looking statements” within the meaning of The Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on management’s current assumptions, estimates and expectations including those concerning the impacts of COVID-19 and our plans to respond to its implications; the expected impact of global supply chain challenges; expectations regarding sales and profit for the fiscal year 2023, including the impact of foreign exchange, pricing actions, raw materials, energy and sourcing, logistics and manufacturing costs; expectations of the impact of inflationary pressures and the pricing actions to offset exposure to such impacts; the impact of high input costs, including commodities, raw materials, transportation and energy; our ability to drive cost discipline measures and the ability to recover margin to pre-inflation levels; expectations regarding the implementation of our refreshed growth-focused strategy; the expected divestitures of Savory Solutions and Flavor Specialty Ingredients and the progress of our portfolio optimization strategy, through non-core business divestitures and acquisitions, such as the Health Wright acquisition; our combination with N&B, including the expected benefits and synergies of the N&B Transaction and future opportunities for the combined company, the success of our integration efforts and ability to deliver on our synergy commitments as well as future opportunities for the combined company; the success of our optimization of our portfolio; the impact of global economic uncertainty or recessionary pressures on demand for consumer products; the growth potential of the markets in which we operate, including the emerging markets; expected capital expenditures in 2023; the expected costs and benefits of our ongoing optimization of our manufacturing operations, including the expected number of closings; expected cash flow and availability of capital resources to fund our operations and meet our debt service requirements; our ability to drive reductions in expenses; our strategic investments in capacity and increasing inventory to drive improved profitability; our ability to innovate and execute on specific consumer trends and demands; our ability enhance our innovation efforts and drive cost efficiencies; and our ability to continue to generate value for, and return cash to, our shareholders.

These forward-looking statements should be evaluated with consideration given to the many risks and uncertainties inherent in our business that could cause actual results and events to differ materially from those in the forward-looking statements. Certain of such forward-looking information may be identified by such terms as “expect”, “anticipate”, “believe”, “intend”, “outlook”, “may”, “estimate”, “should”, “predict” and similar terms or variations thereof. Such forward-looking statements are based on a series of expectations, assumptions, estimates and projections about the Company, are not guarantees of future results or performance, and involve significant risks, uncertainties and other factors, including assumptions and projections, for all forward periods. Our actual results may differ materially from any future results expressed or implied by such forward-looking statements.

Such risks, uncertainties and other factors include, among others, the following: (1) inflationary trends, including in the price of our input costs, such as raw materials, transportation and energy; (2) supply chain disruptions, geopolitical developments, including the Russia-Ukraine conflict, or climate-change related events (including severe weather events) that may affect our suppliers or procurement of raw materials; (3) our ability to successfully execute the next phase of our strategic transformation; (4) risks related to the integration of the N&B business, including whether we will realize the benefits anticipated from the merger in the expected time frame; (5) our substantial amount of indebtedness and its impact on our liquidity, credit ratings and ability to return capital to its shareholders; (6) our ability to enter into or close strategic transactions or divestments or successfully establish and manage acquisitions, collaborations, joint ventures or partnerships; (7) our ability to successfully market to our expanded and diverse customer base; (8) our ability to effectively compete in our market and develop and introduce new products that meet customers’ needs; (9) our ability to retain key employees; (10) changes in demand from large multi-national customers due to increased competition and our ability to maintain “core list” status with customers; (11) our ability to successfully develop innovative and cost-effective products that allow customers to achieve their own profitability expectations; (12) the impact of global health crises, such as the COVID-19 pandemic, on our supply chains, global operations, our customers and our suppliers; (13) disruption in the development, manufacture, distribution or sale of our products from natural disasters (such as the COVID-19 pandemic), public health crises, international conflicts (such as the Russia and Ukraine conflict), terrorist acts, labor strikes, political or economic crises (such as the uncertainty related to protracted U.S. federal debt ceiling negotiations), accidents and similar events; (14) volatility and increases in the price of raw materials, energy and transportation; (15) the impact of a significant data breach or other disruption in our information technology systems, and our ability to comply with data protection laws in the U.S. and abroad; (16) our 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; (17) our ability to meet increasing customer, consumer, shareholder and regulatory focus on sustainability; (18) defects, quality issues (including product recalls), inadequate disclosure or misuse with respect to the products and capabilities; (19) our ability to react in a timely and cost-effective manner to changes in consumer preferences and demands, including increased awareness of health and wellness; (20) our ability to benefit from our investments and expansion in emerging markets; (21) the impact of currency fluctuations or devaluations in the principal foreign markets in which we operate; (22) economic, regulatory and political risks associated with our international operations; (23) the impact of global economic uncertainty (including increased inflation) on demand for consumer products; (24) our ability to comply with, and the costs associated with compliance with, U.S. and foreign environmental protection laws; (25) our ability to successfully manage our working capital and inventory balances; (26) the impact of our or our counterparties’ failure to comply with the U.S. Foreign Corrupt Practices Act, similar U.S. or foreign anti-bribery and anti-corruption laws and regulations, applicable sanctions laws and regulations in the jurisdictions in which we operate or ethical business practices and related laws and regulations; (27) any impairment on our tangible or intangible long lived assets, including goodwill associated with the N&B merger and the acquisition of Frutarom; (28) our ability to protect our intellectual property rights; (29) the impact of the outcomes of legal claims, disputes, regulatory investigations and litigation, related to intellectual property, product liability, competition and antitrust, environmental matters, indirect taxes or other matters; (30) changes in market conditions or governmental regulations relating to our pension and postretirement obligations; (31) the impact of changes in federal, state, local and international tax legislation or policies, including the Tax Cuts and Jobs Act, with respect to transfer pricing and state aid, and adverse results of tax audits, assessments, or disputes; (32) the impact of the United Kingdom’s departure from the European Union; (33) the impact of the phase out of the London Interbank Offered Rate (LIBOR) on interest expense; and (34) the impact of any tax liability resulting from the N&B Transaction; and (35) our ability to comply with data protection laws in the U.S. and abroad.

The foregoing list of important factors does not include all such factors, nor necessarily present them in order of importance. In addition, you should consult other disclosures made by the Company (such as in our other filings with the SEC or in company press releases) for other factors that may cause actual results to differ materially from those projected by the Company. Please refer to Part I. Item 1A., Risk Factors, of the Company’s Annual Report on Form 10-K filed with the SEC on February 27, 2023 for additional information regarding factors that could affect our results of operations, financial condition and liquidity.

We intend our forward-looking statements to speak only as of the time of such statements and do not undertake or plan to update or revise them as more information becomes available or to reflect changes in expectations, assumptions or results. We can give no assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of, or any material adverse change in, one or more of the risk factors or risks and uncertainties referred to in this presentation or included in our other periodic reports filed with the SEC could materially and adversely impact our operations and our future financial results. Any public statements or disclosures made by us following this presentation that modify or impact any of the forward-looking statements contained in or accompanying this presentation will be deemed to modify or supersede such outlook or other forward-looking statements in or accompanying this presentation.

# NON-GAAP FINANCIALS

We provide in this presentation non-GAAP financial measures, including: (i) comparable currency neutral sales; (ii) adjusted operating EBITDA and comparable currency neutral adjusted operating EBITDA; (iii) free cash flow; and (iv) net debt to credit adjusted EBITDA.

Our non-GAAP financial measures are defined below.

Currency Neutral metrics eliminate the effects that result from translating non-U.S. currencies to U.S. dollars. We calculate currency neutral numbers by translating current year invoiced sale amounts at the exchange rates used for the corresponding prior year period. We use currency neutral results in our analysis of subsidiary or segment performance. We also use currency neutral numbers when analyzing our performance against our competitors.

Adjusted operating EBITDA excludes depreciation and amortization expense, interest expense, other (expense) income, net, and certain non-recurring or unusual items that are not part of recurring operations such as, restructuring and other charges, acquisition, divestiture, and integration related costs, gains (losses) on business disposals, strategic initiatives costs, regulatory costs, and other items.

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

Net debt to credit adjusted EBITDA is the leverage ratio used in our credit agreements and defined as net debt (which is debt for borrowed money less cash and cash equivalents) divided by the trailing 12-month credit adjusted EBITDA. Credit adjusted EBITDA is defined as income (loss) before income taxes, depreciation and amortization expense, interest expense, specified items and non-cash items.

Comparable results for the first quarter exclude the impact of divestitures and acquisitions.

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.

The Company cannot reconcile its expected adjusted operating EBITDA under "Financial Guidance" without unreasonable effort because certain items that impact net income and other reconciling metrics are out of the Company's control and/or cannot be reasonably predicted at this time. These items include but are not limited to acquisition, divestiture costs (including the anticipated Savory Solutions and Flavor Specialty Ingredients divestitures), integration costs, gains (losses) on business disposals, and regulatory costs.

# TODAY'S SPEAKERS

**Frank Clyburn**

Chief Executive Officer

**Glenn Richter**

Executive Vice President,
Chief Financial & Business
Transformation Officer

**Michael DeVeau**

Senior Vice President,
Corporate Finance &
Investor Relations

# AGENDA

Q1 2023 Review

Full Year Outlook

Q&A

Q1 2023

# SUMMARY

## Sales $3.0B

Comparable currency neutral sales [1,2] +1%

## Adjusted Operating EBITDA[1] of $503M

Comparable currency neutral adjusted operating EBITDA[1,2] (19)%

## Pricing Actions

Favorable price to inflation benefit

## Productivity Benefits

Delivered strong cost and operational efficiencies

## Portfolio Optimization

Expect Savory Solutions to close in Q2; Announced Flavor Specialty Ingredients sale

## Net Debt to Credit Adjusted EBITDA[1] of 4.6x

Debt covenant renegotiated; Committed to deleverage

**Continued to execute against operational priorities while in a volatile market environment**

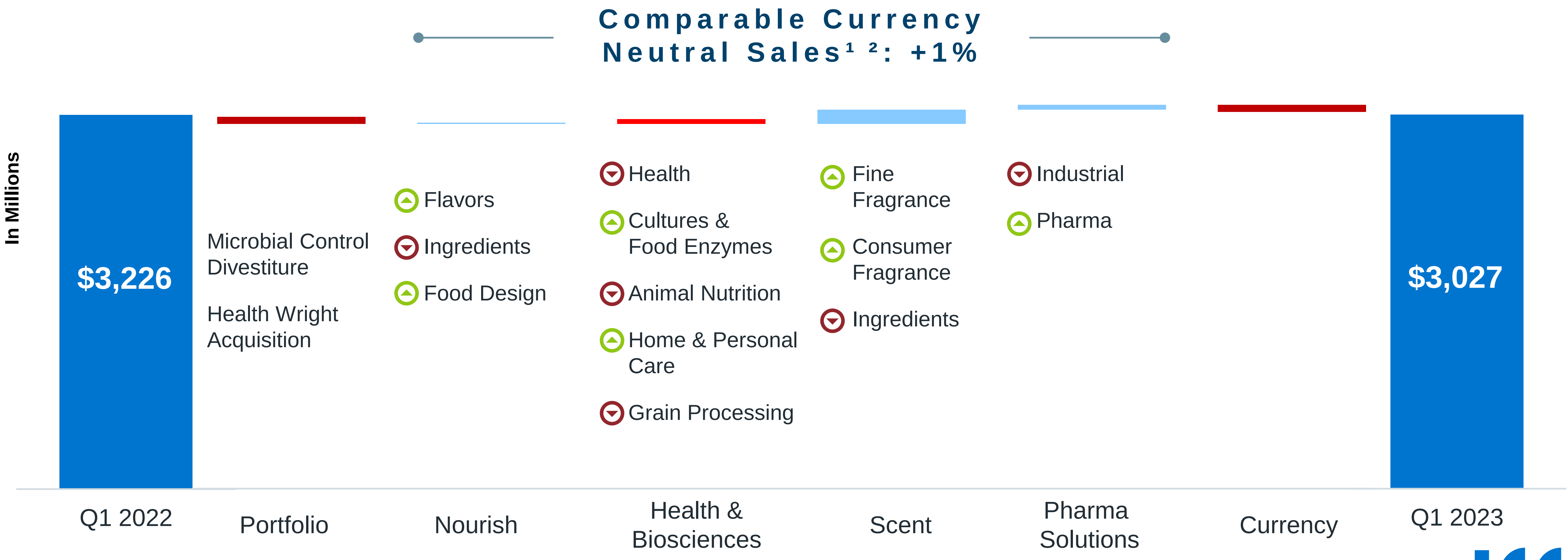
[1] Non-GAAP metric; please see Non-GAAP disclosures at ir.iff.com
[2] Comparable results for the first quarter exclude the impact of divestitures and acquisitions

Q1 2023

# SALES PERFORMANCE

## SALES RECONCILIATION

*Year-over-year change*




[1] Non-GAAP metric; please see Non-GAAP disclosures at ir.iff.com

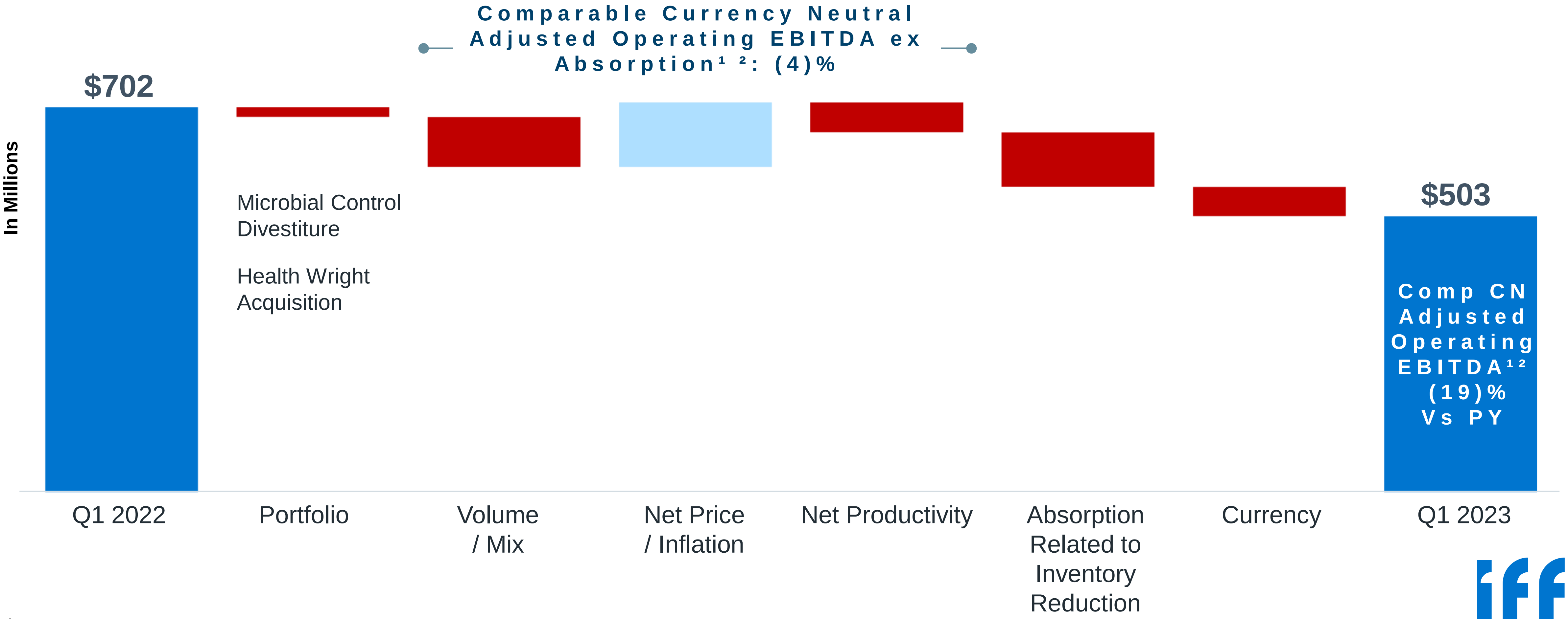
[2] Comparable results for the first quarter exclude the impact of divestitures and acquisitions

Q1 2023

# PROFITABILITY PERFORMANCE

## ADJUSTED OPERATING EBITDA[1] RECONCILIATION

*Year-over-year change*




[1] Non-GAAP metric; please see Non-GAAP disclosures at ir.iff.com
[2] Comparable results for the first quarter exclude the impact of divestitures and acquisitions

Q1 2023

# SEGMENT PERFORMANCE

| | NET SALES (Comparable currency neutral vs. 1Q 22) [1 2] | ADJUSTED OPERATING EBITDA[1] (Comparable currency neutral vs. 1Q 22) [1 2] | SEGMENT HIGHLIGHTS |
|---|---|---|---|
| **Nourish** | $1.7 billion<br>**0%** | $208 million<br>**(27)%** | • Growth in Food Design & Flavors offset by declines in Ingredients<br>• Price increases & productivity more than offset by lower volumes & unfavorable manufacturing absorption |
| **Health & Biosciences** | $513 million<br>**(3)%** | $131 million<br>**(19)%** | • Growth in Cultures & Food Enzymes and Home & Personal Care was offset by softness in Health, Grain Processing & Animal Nutrition<br>• Price increases & productivity more than offset by lower volumes & unfavorable manufacturing absorption |
| **Scent** | $608 million<br>**+8%** | $105 million<br>**+1%** | • Led by double-digit growth in Fine Fragrance and Consumer Fragrance<br>• Improvement led by volume growth, pricing & productivity gains |
| **Pharma Solutions** | $253 million<br>**+4%** | $59 million<br>**(6)%** | • Led by growth in Core Pharma<br>• Pricing & productivity more than offset by lower volumes & unfavorable manufacturing absorption |

[1] Non-GAAP metric; please see Non-GAAP disclosures at ir.iff.com
[2] Comparable results for the first quarter exclude the impact of divestitures and acquisitions

## Q1 2023

# CASH FLOW & LEVERAGE

## CASH FLOW

Cash flow from operations totaled $127 million

Capex was $175 million or ~5.8% of sales

Free cash flow[1] of $(48) million

Dividends paid were $206 million

## LEVERAGE

Cash and cash equivalents finished at $594 million which includes $4 million currently in assets held for sale

Gross debt totaled $11,309 million

Trailing 12-month credit adjusted EBITDA[2] totaled $2,320 million

Net debt to credit adjusted EBITDA[2] was 4.6x

[1] Free Cash Flow is a non-GAAP metric; defined as Operating Cash Flow minus Capex
[2] Non-GAAP metric; please see non-GAAP disclosures at ir.iff.com

## FY 2023

# CONSOLIDATED OUTLOOK

| In millions or as % of sales | Previous | Revised[1] |
|---|---|---|
| Revenue | ~$12.5B | ~$12.3B |
| Comparable currency neutral sales[2] growth | ~6% | ~5% |
| Adjusted operating EBITDA[2] | ~$2.34B | ~$2.34B |
| Comparable currency neutral adjusted operating EBITDA[2] growth | ~0% | ~0% |

Macro environment & operating condition remain volatile

Volumes to remain under pressure in Q2, with an acceleration in H2; Implementing energy & raw material pass-through price adjustments

Driving cost savings via productivity & restructuring; Remain intensely focused on cash generation through inventory improvements

Foreign exchange to adversely impact sales growth by 1% & adjusted operating EBITDA[2] growth by 3% in 2023

Expect Q2 2023 sales to be ~$3.0 to $3.1 billion & adjusted operating EBITDA[2] of ~$540 million to ~$590 million

[1] The Company's full year guidance excludes approximately $335 million in sales and $55 million in adjusted operating EBITDA for the anticipated Savory Solutions & Flavor Specialty Ingredients divestitures which is expected to close in the second quarter and third quarter of 2023, respectively

[2] Non-GAAP metric; please see Non-GAAP disclosures at ir.iff.com

* Based on current market foreign exchange rates

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FY 2023

# OPERATING PRIORITIES

| FOCUS AREA | PROGRESS |
|---|---|
| 1 Accelerate sales growth | Targeted investments & successful pricing execution to recover inflation |
| 2 Enhance customer service & supply chain efficiencies | Achieve targeted service levels & reduced inventories (~$200M improvement vs year-end 2022); SIOP process improvement |
| 3 Maximize productivity to fund investments & expand margin | Delivered targeted productivity benefits (~$60M in Q1); Executing restructure program |
| 4 Drive cash flow & accelerate deleverage | Working capital improvement (Inventory reduction);<br>Non-core divestitures (Savory Solutions expected closing in May, Flavor Specialty Ingredients expected closing in September) |

**Executing against strategy by improving sales & service execution, investing in growth initiatives, enhancing talent and driving portfolio optimization**

# SUMMARY

Focused on controlling what we can control & executing against our operational priorities to deliver our financial objectives

Macro environment remains uncertain; Expect volumes to remain under pressure in near-term, with an acceleration in H2

Driving cash flow generation via inventory reduction; Executing our growth-focused strategy while driving operational efficiencies

Building a more efficient, agile and customer-centric organization poised to deliver long-term sustainable, profitable growth

Where science
& creativity meet