



**IEF**

Third Quarter 2015  
Earnings Conference Call

November 10, 2015

# Cautionary Statement

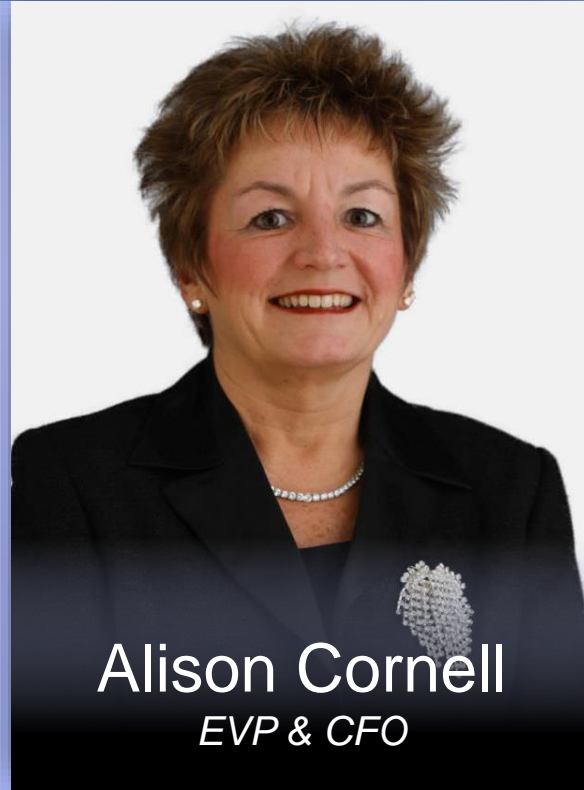
Statements made in this presentation that relate to our future performance or future financial results or other future events (identified by such terms as “expect”, “anticipate”, “believe”, “outlook”, “guidance”, “may”, “target” or similar terms and variations thereof) are forward-looking statements, including the Company’s 2015 guidance, its long-term financial guidance, the impact of recent developments in China and emerging markets on its final results and the Company’s expectations regarding the impact of its 2020 strategy on its financial and operational results, including its ability to fund through cost-savings and the impact of acquisitions. These statements are based on our current beliefs and expectations and are subject to significant risks and uncertainties. Actual results may materially differ from those set forth in the forward-looking statements. Factors that could cause IFF’s actual results to differ materially include (1) macroeconomic trends affecting the emerging markets; (2) the Company’s ability to implement its Vision 2020 strategy; (3) the Company’s ability to benefit from its investments and expansion in emerging markets; (4) the impact of currency fluctuations or devaluations in the Company’s principal foreign markets; (5) risks associated with the Company’s supply chain, including availability and pricing of raw materials, energy and transportation; (6) economic, regulatory and political risks associated with the Company’s international operations; (7) changes in consumer demand, either due to changes in preferences or consumer confidence; (8) the Company’s ability to successfully increase its sales through acquisitions, collaborations and joint ventures including its ability to identify, acquire on terms consistent with the Company’s return criteria and successfully integrate bolt-on or adjacent companies; (9) the Company’s ability to implement its business strategy, including the ability to fund growth through anticipated cost savings; and (10) the Company’s ability to successfully develop new and competitive products and technology that appeal to its customers and consumers as well as those risks described in the Risk Factor forward-looking statements sections of our Annual Report on Form 10-K for the year ended December 31, 2014 and in our other periodic reports filed with the SEC, all of which are available on our website under Investor Relations, at [www.iff.com](http://www.iff.com). We do not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements. We have disclosed certain non-GAAP measures within this presentation. Please see reconciliations to their respective measures prescribed by accounting principles generally accepted in the U.S., all of which are available on our website under Investor Relations, at [www.iff.com](http://www.iff.com).



# Conference Call Participants



**Andreas Fibig**  
*Chairman & CEO*



**Alison Cornell**  
*EVP & CFO*

# Agenda

Executive  
Overview

Financial  
Review

Outlook

Q&A



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# Financial Highlights

	Q3 2015	YTD 2015
Currency neutral sales growth*	+7%	+6%
Currency neutral adjusted operating profit growth*	+10%	+9%
Currency neutral adjusted EPS growth*	+10%	+11%

\* Currency Neutral Sales, Currency Neutral Adjusted Operating Profit & Adjusted EPS are Non-GAAP metrics, please see our GAAP to Non-GAAP Reconciliation at IFF.com



# Execution of Vision 2020

## Win Where We Compete

- Flavors North America +19% inclusive of Ottens acquisition
- Flavors Latin America continued double-digit growth trend led by proprietary delivery system
- North America Fragrance Compounds +7%
- Fragrances in China grew 6%
- Home Care up high-single-digits globally on a currency neutral basis



# Execution of Vision 2020

## Innovating Firsts

- Encapsulation-related sales grew double-digits in Fabric Care, Toiletries & Home Care
- Developed next generation capsule used for Fragrance delivery
- Launched two captive Fragrance Ingredients
- Sweetness and Savory Modulation portfolio grew strong double-digits
- Commercialized second natural taste modulator this year



# Execution of Vision 2020

## Become Our Customers' Partner of Choice

- IFF-LMR Natural Haitian Vetiver operations certified “For Life”
- Driver supply chain transparency by joining forces with Together for Sustainability & recognized by CDP as a world leader in climate change
- Won innovation award in Flavors & Supplier Excellence Award in Fragrances
- Reaffirmed & expanded core list participation with key customers





# Execution of Vision 2020

## Strengthen & Expand Portfolio

- Ottens Flavors grew double-digits on a standalone basis
- Lucas Meyer Cosmetics achieved strong double-digit currency neutral sales growth on a standalone basis
- Partnered with Vapor Communications to pioneer the digital future of scent



# Q3 2015 Consolidated Results

	Adjusted*	Impact of Currency	Adjusted* Currency Neutral
Sales	(1)%	8ppt	+7%
Operating Profit	7%	3ppt	+10%
EPS	5%	5ppt	+10%

\* Currency Neutral Sales, Currency Neutral Adjusted Operating Profit & Adjusted EPS are Non-GAAP metrics, please see our GAAP to Non-GAAP Reconciliation at [IFF.com](http://IFF.com)



# Flavors Review

- Currency neutral sales: +8%
  - All categories experienced broad-based improvements led by Beverage and Dairy
  - Strongest growth in Latin America led by proprietary delivery technology
- Currency neutral segment profit +9% driven by sales growth & margin expansion



A man with dark, wavy hair, wearing a pink and white checkered button-down shirt, is shown in a laboratory or perfume-making environment. He is holding a long, thin glass vial to his nose and inhaling. In the foreground, several glass bottles of various sizes and colors are blurred. The background features a large window with a grid pattern, and a shelf with framed photographs and other items. The overall lighting is bright and natural, suggesting a daytime setting.

# Fragrances Review

- Currency neutral sales: +6%
  - Fine +1% driven by +5% growth in EAME
  - Consumer +7% led by double-digit growth in Fabric Care & high-single-digit growth in Hair Care
  - Ingredients +6% including acquisition of Lucas Meyer
- Currency neutral segment profit +15%

# Cash Flow Review

	YTD '14	YTD '15
Net Income	\$324	\$340
Core Working Capital*	(72)	(86)
D&A	69	65
Pension	(34)	(61)
Other	31	37
Operating Cash Flow	318	295

- Based on 5-qtr average, working capital as % of sales was down 80 bps to 28.8%
- Days payables outstanding improved by 9% or 4 days
- Operating cash flow, excluding incremental pension contribution improved 40 bps as % of sales

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



# Year-to-Date Uses of Cash

Capex  
Investments

\$67M

Dividend  
Payments

\$114M

Share  
Repurchases

\$81M

# FY 2015 Currency Neutral Outlook

~6%

Sales  
growth

~9%

Adjusted  
operating  
profit growth\*

~10%

Adjusted EPS  
growth\*

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# Currency Neutral Bridge to Reported

## FY 2015 Outlook

	Currency Neutral	Impact of Currency	Including Currency
Sales	~6%	~(7)ppt	~(1)%
Adjusted Operating Profit*	~9%	~(5)ppt	~4%

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# Summary

- Delivered strong Q3 2015 currency neutral operational performance
- Continued execution of Vision 2020 with progress across all pillars
- Focused on building differentiation, accelerating profitable growth & creating shareholder value

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