INTERNATIONAL FLAVORS & FRAGRANCES

IFF
Q4 & FY 2018 Earnings Conference Call

February 14, 2018

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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.

Cautionary Statement

Use of Non-GAAP Financial Measures

We provide in this press release non-GAAP financial measures, including: (i) currency neutral sales, which eliminates the effects that result from translating its international sales in U.S. dollars; (ii) adjusted operating profit and adjusted EPS, which exclude restructuring costs and other significant items of a non-recurring and/or non-operational nature such as legal charges/credits, gains on sale of assets, tax assessment, operational improvement initiatives, integration related costs, FDA mandated product recall costs, acquisition related costs, CTA realization, Frutarom acquisition related costs, U.S. Tax reform (often referred to as “Items Impacting Comparability); (iii) adjusted EPS ex amortization, which excludes Items Impacting Comparability and the amortization of acquisition related intangible assets; and (iv) currency neutral adjusted EPS ex amortization, which eliminates the effects that result from translating its international sales in U.S. dollars on adjusted EPS ex amortization.

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.

When we provide our expectations for adjusted EPS and adjusted EPS ex amortization for our full year 2019 guidance and our expectations for currency neutral sales and currency neutral adjusted EPS ex amortization for our long-term combined guidance for 2019-2021, the closest corresponding GAAP measure and a reconciliation of the differences between the non-GAAP 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

For purposes of this presentation, we calculated “combined” numbers by combining (i) our results (including Frutarom from October 4, 2018 through December 31, 2018) with (ii) the results of Frutarom prior to its acquisition by us on October 4, 2018, and adjusting for divestitures of Frutarom 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.

Conference Call Participants

Andreas Fibig
Chairman & CEO

Rich O'Leary
EVP & CFO

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Agenda

1. **Executive Summary**
2. Financial Review
3. Integration Priorities
4. Outlook
5. Q&A

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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 ✓

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* Adjusted EPS ex amortization is a Non-GAAP metric, please see our GAAP to Non-GAAP Reconciliation at ir.iff.com

2018 Key Accomplishments

Drove significant value creation

Strategy

- Acquired Frutarom to strengthen product offering, increase exposure to fast growing customers & broaden access into adjacencies
- Continued to successfully execute core business strategy, with broad innovation advancements

Customers

- Expanded market & business access with key global Scent customers; Leveraged access to faster growing small and mid-sized customers (i.e., Tastepoint)

Productivity

- Cost and productivity initiatives contributed ~5 percentage points of adjusted currency neutral operating profit & EPS growth

Sustainability

- Exceeded 3 out of 4 of our 2020 eco-efficiency targets; Established 2025 goals
- Recognized externally for our sustainability efforts (i.e., Barron's 100, Euronext Vigeo World 120 Index… etc.)

2018 Integration Progress

Key successes and quick-wins, pre- and post-close

NOTABLE ACHIEVEMENTS

- **Integration Management Office** in place providing visibility for all critical initiatives and enhanced decision making
- Refined holistic plan to achieve **$145M cost synergy target by 2021**
- Identified initial **cross-selling priorities to drive incremental growth**
- Integrating **U.S. Frutarom Taste into IFF NOAM**
- Combining Frutarom's **IBR cosmetic actives with IFF-LMC**
- Formed **Frutarom Global Savory Solutions group**, moving all Savory Solutions capabilities and innovation under a single leader
- Began execution of manufacturing optimization plan
- Finalizing plans for **next stage of Taste integration**

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Taste Review
Financial performance

Q4 & FY SALES

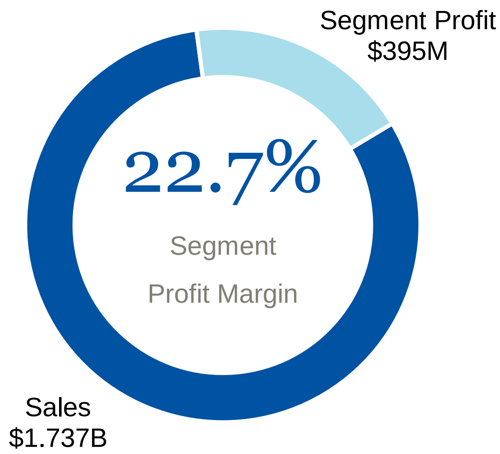
Q4 Currency Neutral Sales: +2%*

- Growth in three of four regions
- Performance was led by mid-single digit growth in North America and Greater Asia
- All categories contributed to growth, led by Dairy and Beverage

FY Currency Neutral Sales: +5%*

- Driven by growth in all regions and across all categories
- Improvements were driven by high-single digit growth in North America, with strong double-digit growth at Tastepoint℠
- EAME, led by double-digit growth in Africa and the Middle East, and Latin America, driven by strong double-digit growth in Argentina, both achieved mid-single digit growth

FULL YEAR SEGMENT PROFIT



Currency Neutral Segment Profit: +6%*

- Results continue to be driven by volume growth & the benefits from cost and productivity initiatives

** Currency Neutral Sales & Currency Neutral Segment Profit are Non-GAAP metrics, please see our GAAP to Non-GAAP Reconciliation at ir.iff.com*

Scent Review
Financial performance

Q4 & FY SALES

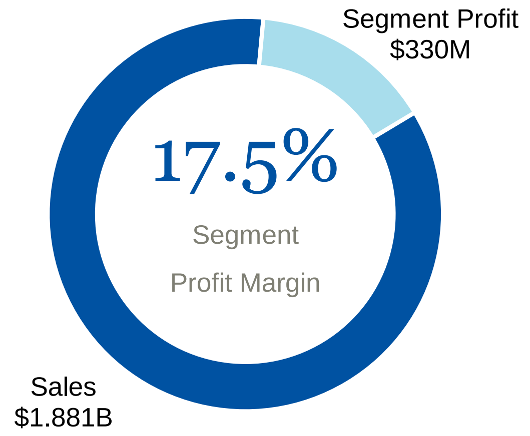
Q4 Currency Neutral Sales: +3%*

- Performance driven by mid-single digit improvement in Fragrance Ingredients and low-single digit growth in Consumer Fragrances
- Fine Fragrance challenged by a strong double-digit year-ago comparison

FY Currency Neutral Sales: +4%*

- Strongest improvement in Fragrance Ingredients, which grew high-single digits, led by price increases and strong double-digit growth in Cosmetic Active Ingredients
- Consumer Fragrances grew mid-single digits, including price, as performance was driven by double-digit growth in Hair Care and mid-single digit growth in Fabric Care, Home Care and Toiletries

FULL YEAR SEGMENT PROFIT



Currency Neutral Segment Profit: (2)%*

- Benefits from cost and productivity initiatives were more than offset by unfavorable price to input costs, reflecting unprecedented raw material inflation as well as higher manufacturing costs

** Currency Neutral Sales & Currency Neutral Segment Profit are Non-GAAP metrics, please see our GAAP to Non-GAAP Reconciliation at ir.iff.com*

Frutarom Review

Q4 Financial performance

SALES

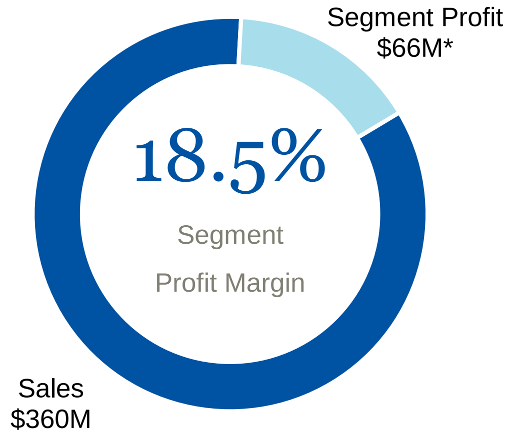
Q4 Sales: $360M

- On Oct 4, the Frutarom acquisition was completed. Financial results for Frutarom reflect the closing date and do not account for the full quarter

Like-For-Like Sales

- Frutarom returned to growth – increasing 3% – driven by strong improvements in Natural Product Solutions and F&F Ingredients
- Core business – excluding Trade & Marketing – grew 4% versus prior year

SEGMENT PROFIT



Segment Profit:

- Excluding amortization: $66M
- Reported: $27M

* Excludes amortization related to intangible assets

Cash Flow Analysis

Operating Cash Flow Results & Uses of Cash

	2017	2018
Net Income	$296	$340
Core Working Capital*	(59)	(112)
D&A	118	174
Pension	(39)	(22)
Other	75	57
Operating Cash Flow	$391	$437
Capital Expenditures	(129)	(170)
Dividends	(206)	(230)
Share Buybacks	(58)	(15)

Operating Cash Flow

- YoY increase in operating cash flow primarily driven by higher D&A and lower pension contributions
- Increased level of working capital related to higher inventory to ensure business continuity during supply chain challenges as well as higher raw material prices

Continued to invest in the business via Capex

- Capex as a percentage of sales was ~4.3% driven by new plant and capacity investments mainly in Greater Asia

Return of Cash to Shareholders

- Share repurchase program paused to prioritize debt repayment related to the Frutarom acquisition
- Current dividend status remains

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** Core Working Capital includes Accounts Receivables, Inventories and Accounts Payables*

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Integration Priorities

Fundamental initiatives to drive execution

KEY HIGHLIGHTS

- Integrate IBR-LMC to strengthen product offering & drive accelerated growth
- Ensure seamless combination of the Global Savory Solutions group to address customer needs by leveraging the technologies and expertise in our various categories
- Consolidate Frutarom Taste business under IFF Taste leadership
- Complete Make vs. Buy initiatives across categories to drive strong year-1 cost savings
- Continue to execute global site rationalization for improved efficiency
- Broaden cross-selling activities and begin execution on opportunities

Executing Year 1 Cost Synergies

Unlocking shareholder value

EXPECTED TIME	
	$145M
2021	~100%
2020	~70%
2019	~25%

~$30-35M Expected Savings

YEAR 1 SAVINGS	
2019	**Activities**
G&A	• **Streamline Overhead Expenses** ○ Reducing non-strategic costs ○ Eliminating redundant expenses
Operations	• **Rationalization of Global Footprint** ○ Optimization of global sites
Procurement	• **Accelerate Rationalization & Harmonization** ○ Leverage higher spend on overlapping direct raw materials and rationalize ○ Leverage production capabilities where currently buying materials / intermediates at higher price

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Assessing External Environment

Implications on our industry and business for 2019

Key Themes

1 Raw Materials

- Raw material costs continue to rise; Expect mid-single digit inflation on legacy business
- Synthetic materials continue to rise driven by supply chain disruptions
- Natural ingredient costs remain elevated near historical levels

2 Economic

- World GDP remains positive; But recent downward revisions in estimates
- Continued geopolitical tension
- Uncertainties with trade wars / Brexit

3 Currency

- USD fluctuation versus world currencies continues, generally a stronger USD environment YoY
- EUR USD exchange rate stabilized
- Continued volatility in the emerging markets

4 Customers

- Global consumer staples volumes improved versus recent years
- Local / Regional customers continue to see elevated growth

Assumptions

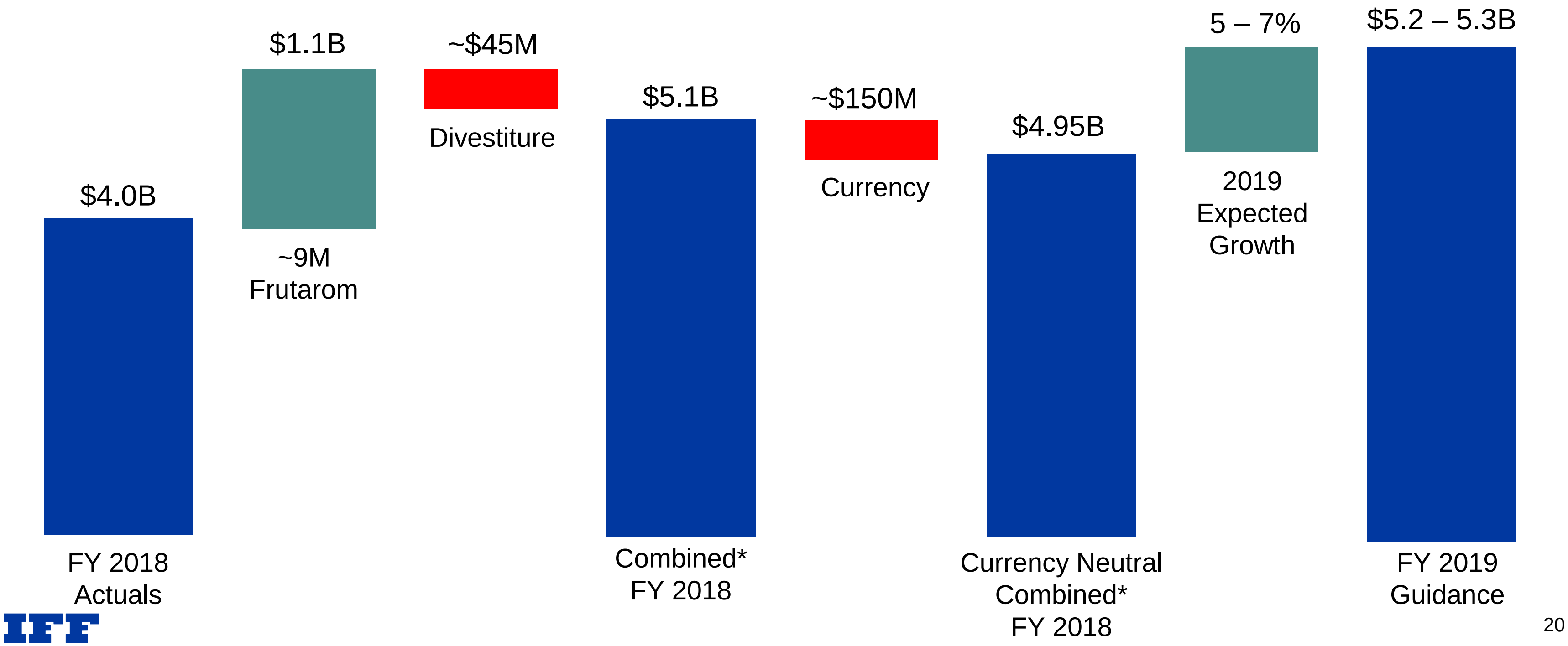
Key considerations

- Benefitting from **modest M&A contribution and a 53rd week**
- Expect **mid-single digit inflation** on legacy business, with strongest increases in Scent
- Currency expected to be a headwind of **~3ppts** on combined sales growth & **~2ppts** on combined adjusted EPS ex amortization
- Expect **~$30-35M** in cost synergies in year 2019
- Annual interest expense is expected to be **~$150M**
- Annual effective tax rate is assumed to be about **19%**
- Estimate that there will be **~113M** shares, including 6.3M shares related to tangible equity units
- Annual amortization of intangible assets is now expected to be about **$190 - $195M** – down from previous estimate

2019 Sales Reconciliation

Targeting to achieve $5.2B to $5.3B; Expect combined growth of 5% to 7%

SALES

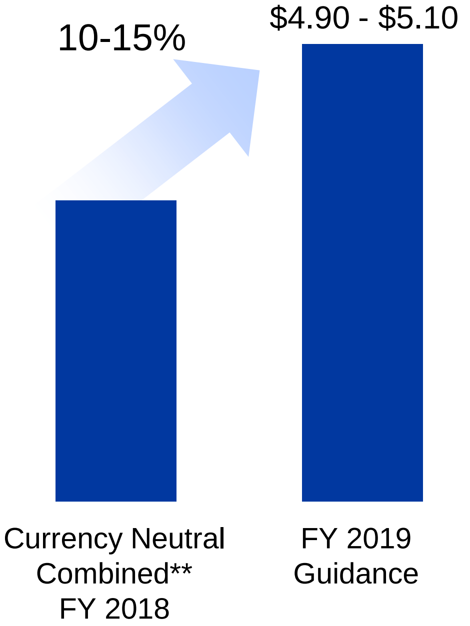


* For combined definition, please see cautionary statement

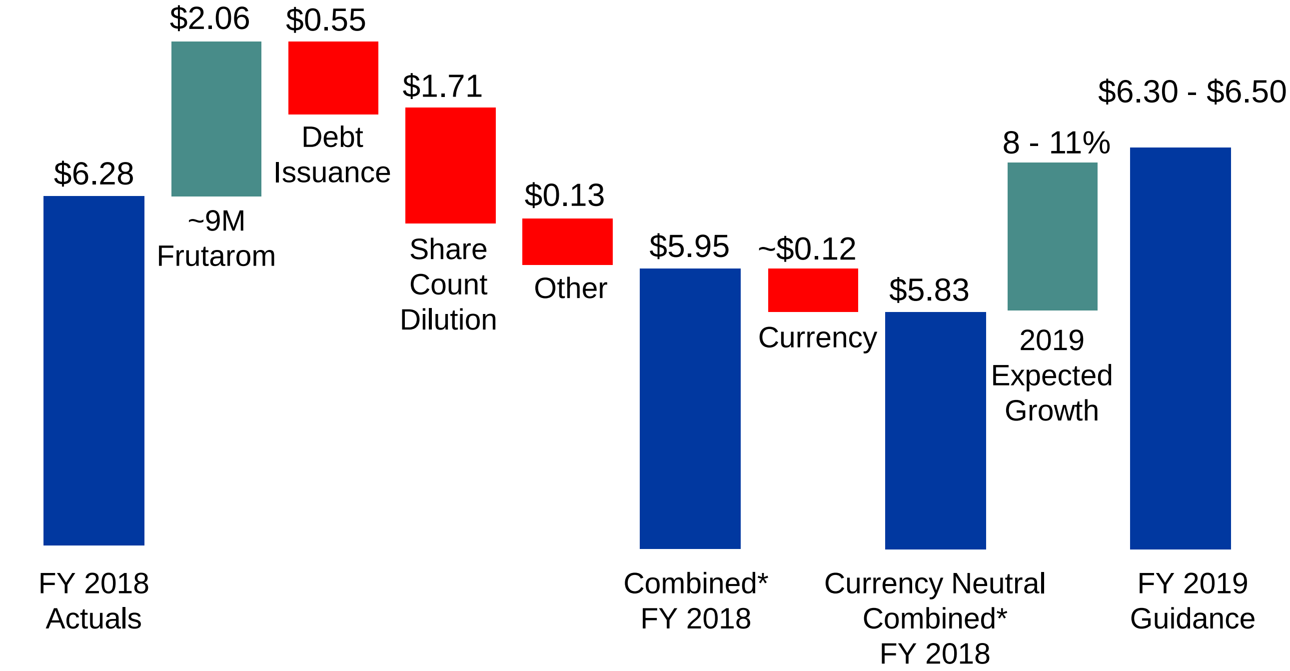
2019 Adjusted EPS Reconciliation

Expect adjusted EPS of $6.30-6.50 ex amortization, $4.90-5.10 adjusted EPS

ADJUSTED EPS



ADJUSTED EPS EX AMORTIZATION



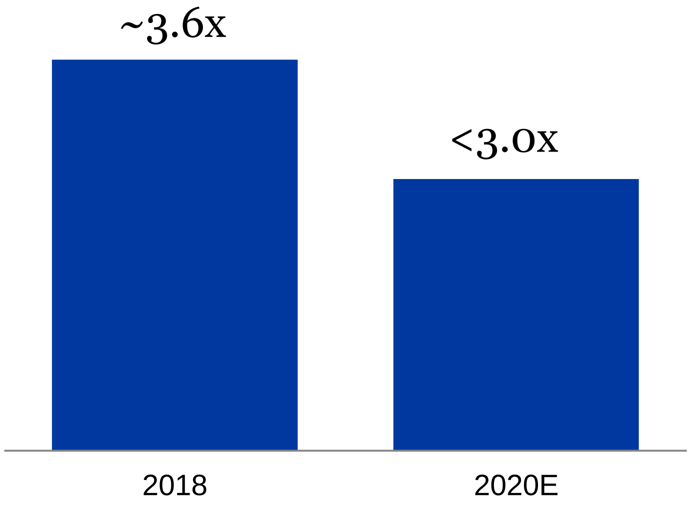
* *For combined definition, please see cautionary statement*

** *Adjusted EPS & Adjusted EPS ex amortization are Non-GAAP metrics, please see GAAP to Non-GAAP reconciliation at ir.iff.com*

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

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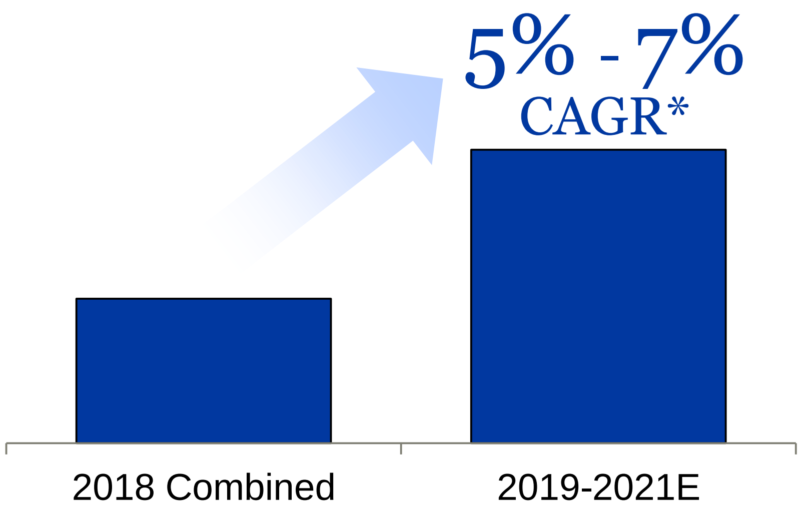
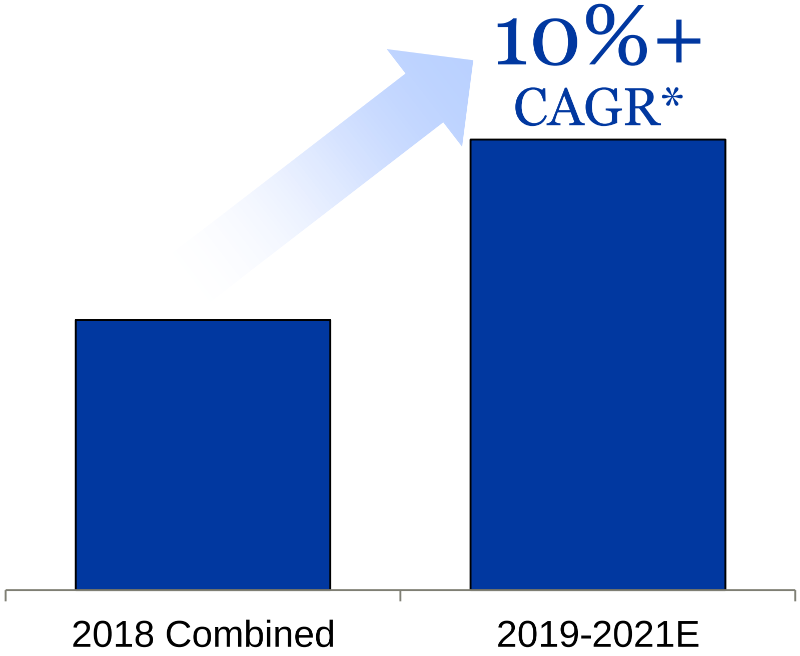
*Net Debt to *EBITDA is a Non-GAAP metric, please see our GAAP to Non-GAAP reconciliation at ir.iff.com*

Reconfirming Long-Term Targets

Average currency neutral growth targets for the 2019 to 2021 period

SALES	ADJUSTED EPS EX AMORTIZATION





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Summary

FINANCIAL PERFORMANCE

- Delivered on all our key metrics in 2018
- Achieved strong advancements in both top and bottom line results

VALUE CREATION

- IFF & Frutarom combination completed on Oct 4, 2018
- Creates a global leader in Taste, Scent and Nutrition
- Expect to generate significant value creation

FY 2019 OUTLOOK

- Sales expected to be $5.2 - $5.3B
- Adjusted EPS expected to be $4.90 - $5.10
- Adjusted EPS ex amortization expected to be $6.30- $6.50

Q&A