NUTRITION & INGREDIENTS CATEGORIES

Broad portfolio covering a range of high growth & high margin adjacencies
**NUTRITION & INGREDIENTS MARKET**

$7.5B market growing at 6% with diverse customer base

**MARKET SIZE AND GROWTH**

Estimated 2018 Market Size & Growth

5-Year Projected CAGR

- **Health Ingredients**
  - $3.5B
  - +7%

- **Natural Colors**
  - $1.5B
  - +6%

- **Natural Food Protection**
  - $1.0B
  - +6%

- **Flavor Ingredients**
  - $1.5B
  - +3%

**CUSTOMERS**

Relative customer segment Market Share

- **Small / Local**
- **Multinationals**
- **Medium / Regional**
IFF NUTRITION & INGREDIENTS KEY HIGHLIGHTS
Strong foundation and capabilities

**STRENGTHS**
- Strong portfolio quality, functionality & scientific basis
- Backward integration
- Recognized brands
- Established reputation
- Relationships with strategic partners
- Unique technology and innovation capabilities
- Botanical and citrus expertise
- Flexibility to serve small and large customers
- Talent and knowledge base

**FINANCIALS**
- ~$300M
  2018 net sales*
- High 20s
  EBITDA Margin*

* Net sales and EBITDA margin are based on the 2018 combined net sales of those products that are expected to constitute the new business once fully implemented.
EXAMPLES OF PRODUCTS
Diverse portfolio with market leading brands

BRAIN HEALTH

DIGESTIVE HEALTH

INFANT HEALTH
WHY CREATE A SEPARATE NUTRITION & INGREDIENTS DIVISION

Different go-to-market "push" & function / claim-oriented rather than brief-driven

Growth platform requiring dedicated management focus to accelerate growth and scale

Addresses different set of customer needs

Incubation of businesses with unique models

WHY WE ARE EXCITED

High growth

High margin

Will drive cross-selling and integrated solutions

Drives differentiation
SETTING THE STAGE FOR VISION 2021

1. NATURALS
   Global shift towards natural, organic, non-genetically modified

2. HEALTH
   Pro-active health management and demand for clinically proven products

3. RAW MATERIALS
   Raw material availability & cost volatility

4. INTEGRATION
   Access to IFF innovation platforms, sales force, customer base, and consumer insights

5. RECENT TRENDS
   Continued pressure at CitraSource; Colors price declines; INFAT acceleration limited due to capacity constraints
HEALTH AND WELLNESS TREND
Complementary opportunities to combine health ingredients and taste

CONVERGENCE OF HEALTH & TASTE

Consumers moving away from capsules into beverages and shots

Demand for healthy and tasty nutrition

Gain share in growing customer categories – supplement and functional food markets

New opportunities to combine health ingredients and taste from legacy IFF

SCIENTIFICALLY BACKED HEALTH INGREDIENT + INDUSTRY LEADING TASTE MODULATION
NUTRITION & INGREDIENTS STRATEGY SUMMARY
Targeting strong profitable growth

Strategic pillar | Priorities
---|---
UNLOCK GROWTH | • Geographic expansion in North America and Greater Asia
 | • Build differentiated products and drive cross-selling and integrated solutions
DRIVE INNOVATION | • Focus on differentiating, natural and clean label technologies
 | • Capitalize on FoodNxt / Open Innovation Platform
MANAGE PORTFOLIO | • Over-index investment in high-margin categories
BUSINESS TRANSFORMATION | • Further vertical integration and harmonize sourcing
 | • Strategically pursue acquisitions and partnerships
UNLOCK GROWTH
Through geographic expansion, differentiation, and revenue synergies

Expand geographic footprint
Focus on NoAM – Largest health supplement market worldwide
Grow infant nutrition in Greater Asia
Expand ingredients into LatAm and APAC

Build differentiated products
Advanced infant nutrition
Probiotics and personalized nutrition
Natural antimicrobials
Algae-based ingestible cosmetic ingredients
Clean label colors from source

Cross-selling & integrated solutions
Leverage broad portfolio to drive revenue synergies
Create enterprise-wide solutions platforms
GEOGRAPHIC EXPANSION
Focus on prioritized markets

Approach
Focus on high-potential underpenetrated markets
Leverage existing IFF relationships and market presence

Attractive target markets
Largest supplement market worldwide
Large incremental opportunity in colors
Large market opportunity to expand infant nutrition and supplements
Underpenetrated in health
Focus geography for ingredients
Focus geography for clean label ingredients

NORTH AMERICA
CHINA
LATIN AMERICA
ASIA PACIFIC

PRIORITY LEVEL
Medium
High
DRIVE INNOVATION

Key research platforms goals

- Introduce new infant nutrition ingredient every year
- Deepen clinical science capabilities and research
- Strengthen colors and food protection applications capabilities
- Launch natural antimicrobials
- Deepen micro-algae research & capabilities for protein, colors, nutrition and cosmetics
- Capitalize on FoodNxt and open innovation platforms
PREMIUM INFANT INGREDIENTS
Serving the high end of the global infant formula market

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

VEGETABLE OIL

SN-2 PALMITATE

O Oleic Acid
P Palmitic Acid
FOODNXT - EMPOWERING FOOD INNOVATION
Partnering with Israeli Innovation Authority

UNIQUE PLATFORM TO LEVERAGE ISRAEL’S BOOMING FOODTECH AND START-UP SECTORS

<table>
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<th>AREAS OF OPERATION</th>
<th>HEALTH</th>
<th>ALTERNATIVE PROTEIN SOURCES</th>
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<td>NATURAL PRODUCTION SYSTEMS</td>
<td>TASTE IMPROVEMENT</td>
<td>PERSONALIZED NUTRITION/RECOMMENDATION</td>
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SHelf LIFE EXTENSION | NATURAL COLORS
TRANSFORMING THE BUSINESS
Through vertical integration, acquisitions and sourcing

Vertical integration
Ensuring raw material quality, security and traceability
Advanced crop methods to improve yield

Sourcing
Long term relationships with global sourcing partners
Extraction sites near raw materials

Acquisitions / partnerships
Build scale
Expand offering
Further backward integration
SUMMARY

- Establishment of **New Business Unit** as growth accelerator

- **Opportunities to propel growth:** geography, technology and acquisitions

- **Strengthen business** with further backward integration, sourcing enhancements & increased investment in innovation

- **Key driver** of cross-selling and integrated solutions