

IFF International Flavors & Fragrances Inc.

Third Quarter 2014 Earnings Conference Call

November 4, 2014



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” or similar terms and variations thereof) are forward-looking statements, which involve uncertainties that could cause actual performance or results to materially differ. We undertake no obligation to update any of these statements. These statements are qualified by the cautionary language and risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2013 and in our other periodic reports filed with the SEC as well as the press release that we filed this morning, all of which are available on our website under Investor Relations, at www.iff.com.

We have disclosed certain non-GAAP financial measures within this presentation. Please see reconciliations to their respective GAAP measures in our press release and on our website at www.iff.com under Investor Relations.

Conference Call Participants



Andreas Fibig

CEO

Nicolas Mirzayantz

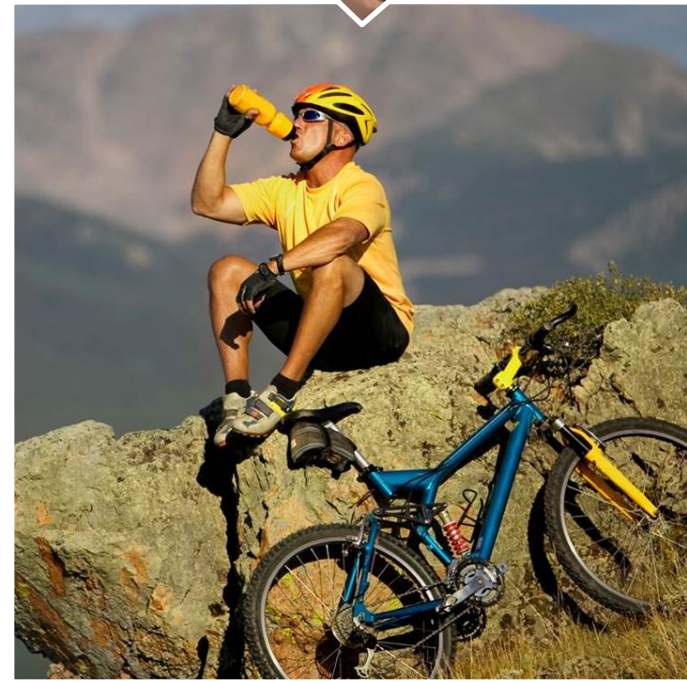
President, Fragrances

Matthias Haeni

President, Flavors

Kevin Berryman

EVP & CFO



AGENDA

Overview of Quarter

Fragrance Business Review

Flavors Business Review

Financial Review

2014 Outlook

Questions & Answers



LC Sales
Growth *

4%

Adjusted Operating
Profit Growth*

7%

Adjusted
EPS Growth*

8%

- LC Sales Growth led by 6% growth in Emerging Markets
 - Breadth and diversity of portfolio is driving stable growth
 - Emerging Markets account for 50% of sales
 - Emerging markets driving growth in both BUs
- Adjusted operating profit growth of 7%
- Adjusted EPS up 8% to \$1.32

* LC Sales, Adjusted Operating Profit, and Adjusted EPS are non-GAAP metrics; please see our GAAP to Non-GAAP Reconciliation at IFF.com.

LC Sales
Growth *

5%

Adjusted Operating
Profit Growth*

9%

Adjusted
EPS Growth*

13%

- LC Sales Growth of 5% within our long-term target range of 4% to 6%
 - Fragrances (including Aromor)+7%; Flavors +3%
 - Emerging markets +6%; Developed markets +1%
- Adjusted Operating Profit Growth of 9%
 - At upper end of long-term growth target of 7% to 9%
- Adjusted EPS up 13% to \$4.01 – benefiting from refinancing, favorable tax rate and share repurchase program
 - Strong position versus long-term growth targets of 10+%

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Q3 Local Currency
Sales Performance

CONSUMER FRAGRANCE

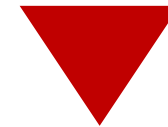
- Double-digit growth in Fabric Care, favorable performance in Home Care and Toiletries



4%

FINE FRAGRANCE

- Strong growth in Latin America driven by Brazil, offset by decline in North America



-1%

FRAGRANCE INGREDIENTS

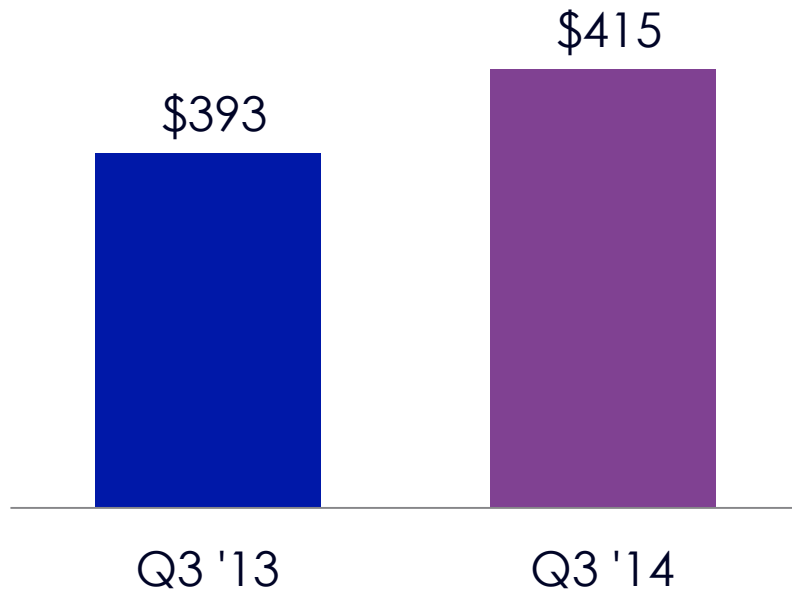
- Includes +14% growth from Aromor



16%

Q3 Reported Sales

In Millions



Segment Profit Margin

20.7%

20.9%

- Local currency sales growth of 5% (includes Aromor)
 - Solid growth in all regions except North America (Fine)
 - 7% Emerging Market growth
- Segment operating profit improved 7% or \$5M; operating margin +20bps
 - Volume gains/cost savings
 - Lower incentive comp
- Q4 outlook is for modest organic growth given strong Q4'13
 - Input cost pressures continuing to develop

Q3 Local Currency
Sales Performance

EAME

- Increased growth versus Q2 led by high single-digit growth in Beverage



3%

GREATER ASIA

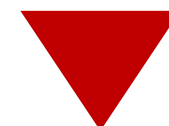
- Solid improvement versus Q2 due to high single-digit gains in Savory



3%

NORTH AMERICA

- Volume erosion in beverage offset by strong new wins in Dairy



-2%

LATIN AMERICA

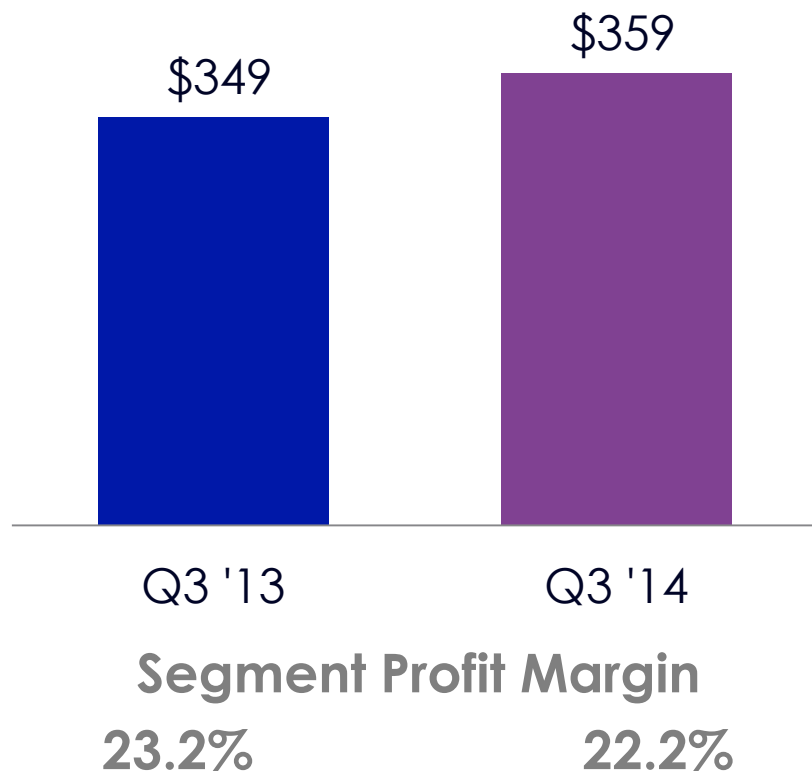
- Continued strong performance in Beverage



12%

Q3 Reported Sales

In Millions



- Local currency sales growth +2%
 - Beverage wins in Latin America
 - Improved performance in North America and Greater Asia
- Segment operating profit -2% or -\$1.4M; operating margin -100 bps
 - Weaker Top-line growth
 - Weaker operational performance
 - Less favorable absorption and plant costs
- Q4 outlook is for positive momentum
 - Input cost pressures continuing to develop

Q3'2014 Summary: Good Financial Performance



(\$ million, except per share and margin)

	Third Quarter	% Change
Net Sales	\$774	4% Reported 4% LC*
Adj Gross Profit Margin*	44.0%	-20 bps
Adj Operating Profit*	\$153	+7%
Adj Operating Profit Margin*	19.8%	+40 bps
Adj Diluted EPS*	\$1.32	+8%

* LC Sales, Adjusted Gross Profit Margin, Adjusted Operating Profit, Adjusted Operating Profit Margin and Adjusted Diluted EPS are Non-GAAP metrics, please see our GAAP to Non-GAAP Reconciliation at IFF.com.

9 Mo 2014 Summary: Strong Growth & Profitability: Meeting or Exceeding our Long-Term Growth Objectives



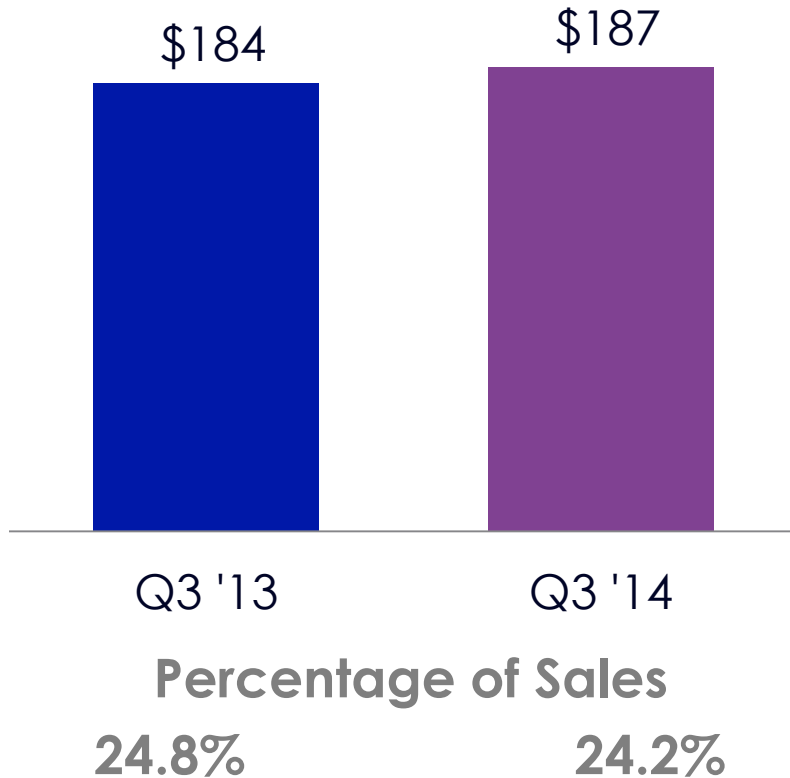
(\$ million, except per share and margin)

	Q3 QTD	% Change	
Net Sales	\$2,332	5% Reported 5% LC*	
Adj Gross Profit Margin*	44.6%	+80 bps	
Adj Operating Profit*	\$469	+9%	
Adj Operating Profit Margin*	20.1%	+90 bps	
Adj Diluted EPS*	\$4.01	+13%	

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RSA Expense

In Millions



- RSA down 60 bps as % of sales
 - Lower incentive comp
 - Disciplined spend given lower top line growth
- Focused on maintaining cost discipline, while investing in R&D and strategic growth opportunities

U.S. Dollars Per Euro

	Q1	Q2	Q3	Q4
2013	\$1.33	\$1.30	\$1.32	\$1.35
2014	\$1.36	\$1.38	\$1.35	-
	+2%	+6%	+2%	-

- Foreign exchange had a minor impact on Q3 topline growth
- FY'14 impact on profit is expected to be muted or slightly favorable at current rates
- Majority of Euro profit exposure hedged at ~\$1.32 for FY 2014
- Nearly 60% of Euro profit exposure hedged at ~\$1.34 for FY 2015

	YTD '13	YTD '14
Net Income	\$292	\$324
Core Working Capital*	(73)	(77)
D&A	61	69
Other	(23)	2
Operating Cash Flow	257	318
Capital Expenditures	(86)	(98)
Dividends	(55)*	(95)
Share Buybacks	(32)	(52)

- Operating cash flow increased \$61 million to \$318 million
 - YTD operating cash flow was 13.6% of sales up from 11.5% in first nine months 2013
 - Increased cash flows benefited from higher net income and lower YoY pension contribution expense and tax payments
- Core working capital
 - Core working capital continues to show improvement as a percent of sales
 - Based on 5-qtr average, working capital was 29.8%

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

** First Quarter 2013 dividend payment was paid out in the fourth quarter of 2012

*** Based on 5-quarter average of core working capital on a reported basis



- Expect to spend 4.0 to 4.5% of sales on capital investments
- YTD spend of \$52.5 million on share buybacks vs \$51 million in FY 2013
- Continued evaluation of business development opportunities

- Expect FY LC sales growth of 4% to 6% including 1% sales growth from Aromor
- Cost control, productivity initiatives and lower incentive comp will continue to drive operating profit growth
- R&D innovation pipeline remains strong
- Q4/FY outlook is for continued growth
- Reconfirming adjusted double-digit operating profit and EPS growth



Key Takeaways from Q3

- Q3 sales growth driven by emerging markets and good new win performance
- Strength and diversity of portfolio provides greater stability
- Positive YoY momentum in operating margin expansion
- We remain focused on our three strategic pillars
- All investments viewed through lens of return on invested capital
- 10 R&D Platforms will fuel pipeline of growth and innovation



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QUESTIONS

