

IFF
Q1 2019
Earnings
Conference
Call

May 7, 2019

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 our 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 gains on sale of assets, operational improvement initiatives, integration related costs, FDA mandated product recall costs, acquisition related costs, 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 our 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 January 1, 2018 through March 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

Agenda

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

Executive Summary: Q1 2019

Achieved record quarterly sales & adjusted operating profit

\$1.3B
Sales

\$205M
Adjusted Operating Profit

\$1.57
Adjusted EPS
ex Amortization

- Double-digit sales & adjusted operating profit growth, including Frutarom
- Growth achieved across all 3 segments; Strongest growth in Scent
- Profitability supported by productivity initiatives & pricing



Strengthen Portfolio via Acquisition & Partnerships

Continued to strengthen innovation & product offering



Mighty



- Thailand company that develops, produces & markets reaction flavors, with particular expertise in savory solutions



Leagel



- Leading producer of ice cream & gelato ingredients in Europe specializing in artisanal taste, texture & toppings



The Additive Advantage



- Enhances consumer experience by leveraging 3-D printable encapsulation technology for scent, flavor & cosmetic actives



Aryballe













- Exclusive collaboration to refine & further develop the F&F capabilities and applications via digital technology

Portable, universal odor detection sensors

Integration Progress Scorecard

Executing well against priorities

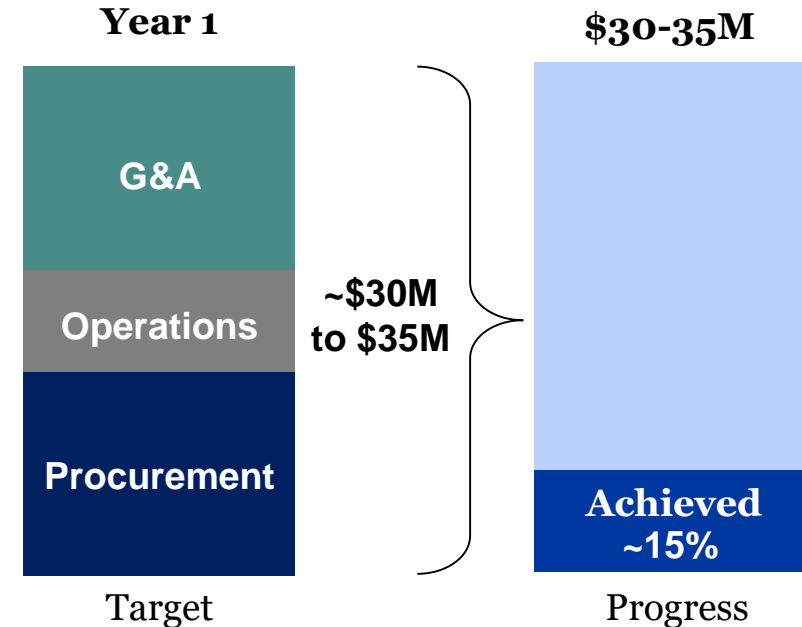
PRIORITIES	ACHIEVEMENTS	STATUS
 Cost Synergies	<ul style="list-style-type: none">• Network Optimization & Procurement generating savings; On-track to achieve \$30-35M in 2019	
 Revenue / Cross-Selling	<ul style="list-style-type: none">• Clearly outlined strategy & expected execution plan• Achieved \$7M of annualized new sales from Quick Wins	
 Organization	<ul style="list-style-type: none">• Tastepoint NOAM and IBR-LMC integration completed• Created Global Savory Solutions organization	
 Financial Performance	<ul style="list-style-type: none">• Sales & Operating Profit grew double-digits, with M&A• All segments in line with plan through Q1	
 Debt Repayment / Cash Flow	<ul style="list-style-type: none">• Debt repayment of \$36M in Q1• Strong cash flow: Operating Cash Flow +\$47M in Q1	

Cost Synergy Progression

Strong advancements; Confident to achieve \$30-35M FY target

YEAR 1 SAVINGS TARGET

ACTIVITIES



- **Network Optimization**

- Manningtree (UK) site closure
- Additional work streams in process

- **Procurement Savings**

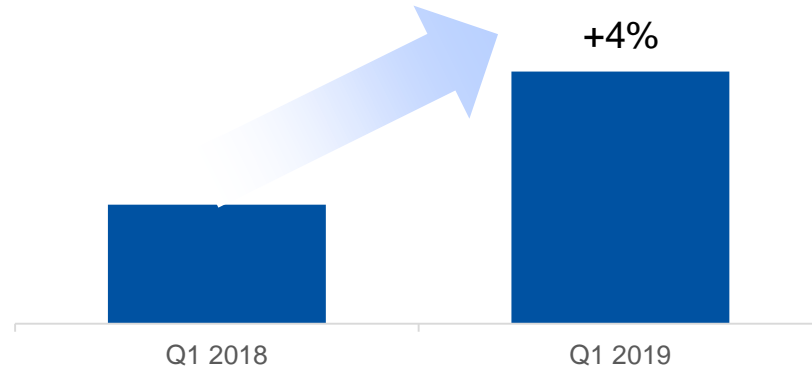
- Re-negotiating significant portion of common spend for leveraged savings
- Adjust sourcing strategy to drive make-vs-buy savings

- **On-track to achieve FY target; Current run-rate savings well in-excess of plan**

Scent Review: Q1 2019

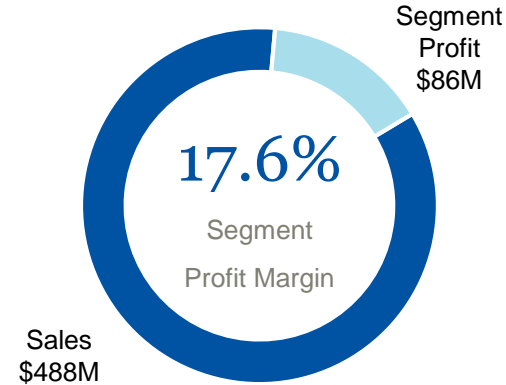
Financial performance

CURRENCY NEUTRAL SALES*



- Fine increased double-digits, led by strong new wins
- Consumer grew mid-single digits, with strongest growth in Home Care and Fabric Care
- Fragrance Ingredients down as price increases related higher to raw material costs were offset by volume declines

SEGMENT PROFIT

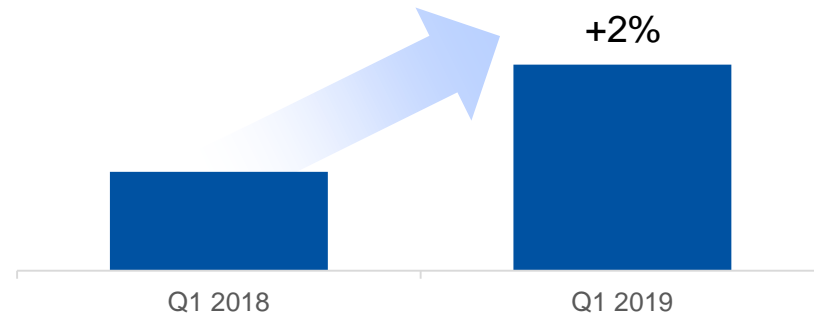


- Productivity initiatives and cost management were more than offset by year-over-year unfavorable price to input costs

Taste Review: Q1 2019

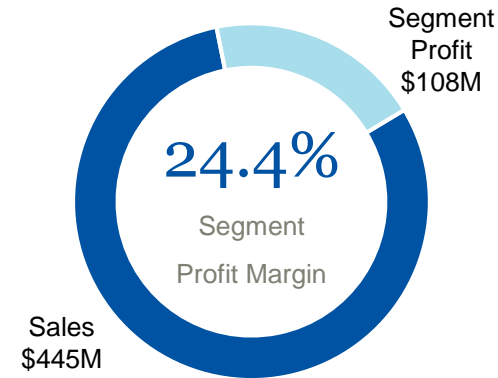
Financial performance

CURRENCY NEUTRAL SALES*



- Growth in three of four regions; Performance was driven by mid-single digit growth in Greater Asia and EAME
- Category growth was led by a mid-single digit performance in Beverage and a low-single digit increase in Savory

SEGMENT PROFIT

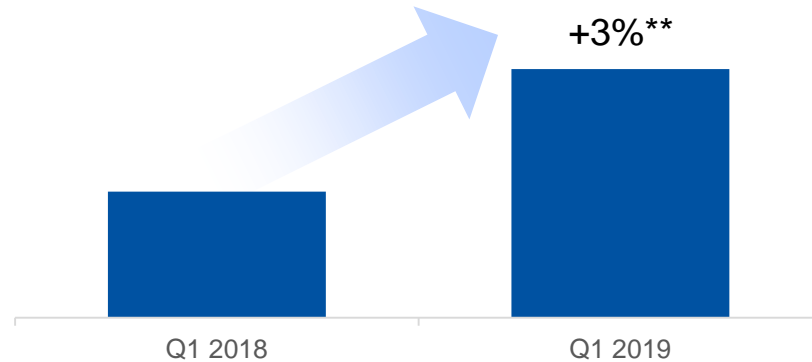


- Volume growth and the benefits from productivity initiatives were more than offset by unfavorable price to raw material costs and mix

Frutarom Review: Q1 2019

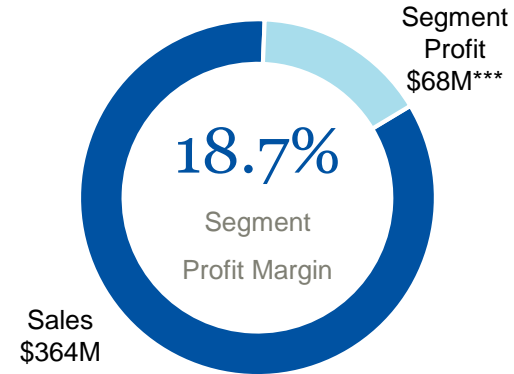
Financial performance

CURRENCY NEUTRAL SALES*



- Strong growth in Taste, led by double-digit growth in North America, and solid increases in Savory Solutions despite challenges in certain segments
- Pressure in F&F ingredients were concentrated in Citra Source & Natural Colors (raw material driven price decreases)

SEGMENT PROFIT



- Excluding amortization: \$68M***
- Reported \$29M
- Margin performance continued to be driven by the benefit of acquisitions and disciplined cost management

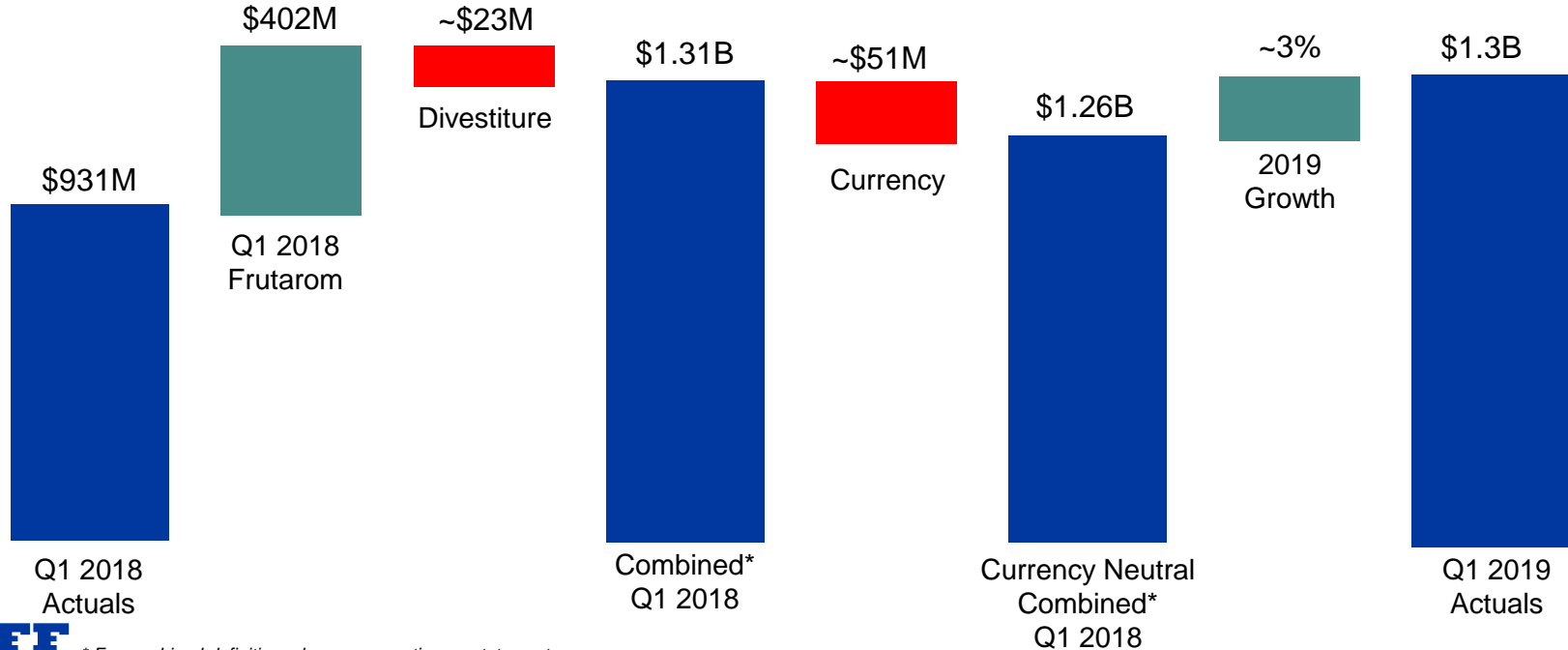


* Currency Neutral Sales is a Non-GAAP metrics, please see our GAAP to Non-GAAP Reconciliation at ir.iff.com; ** Based on Frutarom standalone sales excluding divested business; *** Excludes amortization related to intangible assets which is Non-GAAP, please see our GAAP to Non-GAAP reconciliation at ir.iff.com

Q1 2019 Sales Reconciliation

Achieved a 3% increase on a combined company basis

SALES

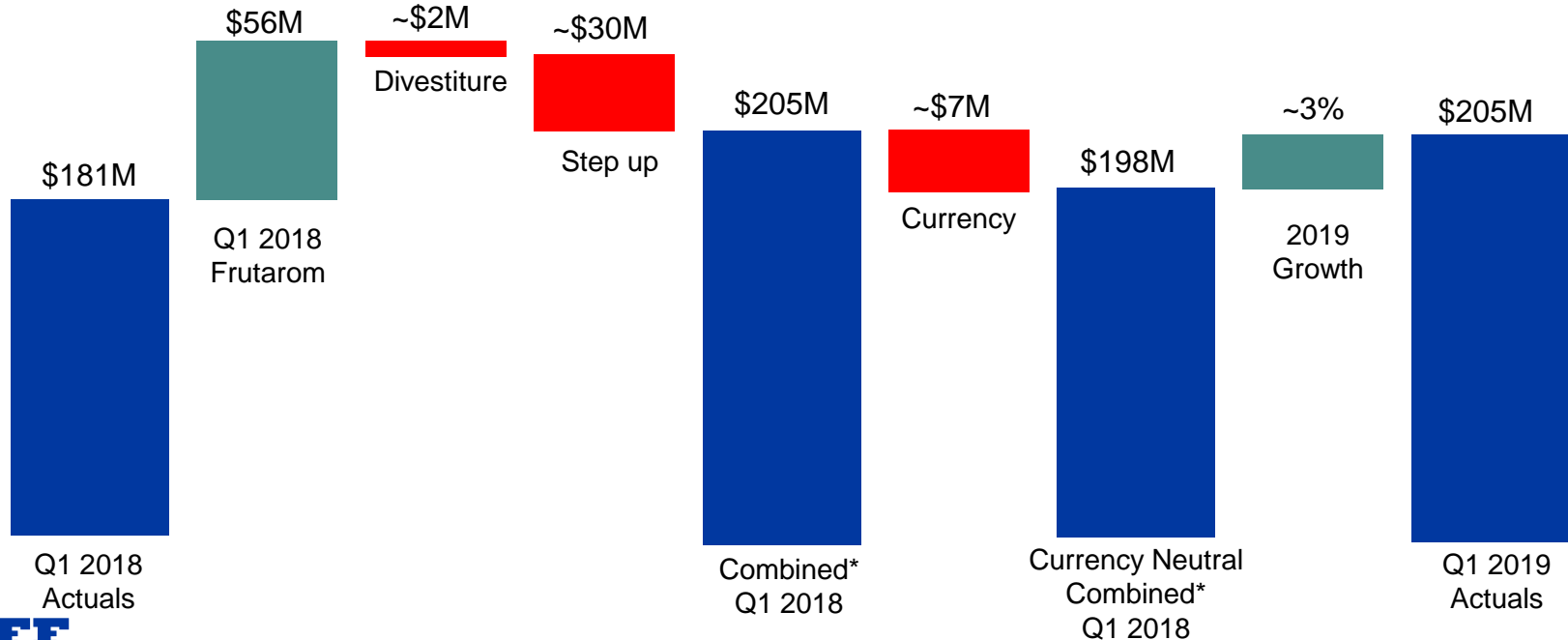


* For combined definition, please see cautionary statement

Q1 2019 Adjusted Operating Profit Reconciliation

Delivered 3% growth on a combined company basis

ADJUSTED OPERATING PROFIT

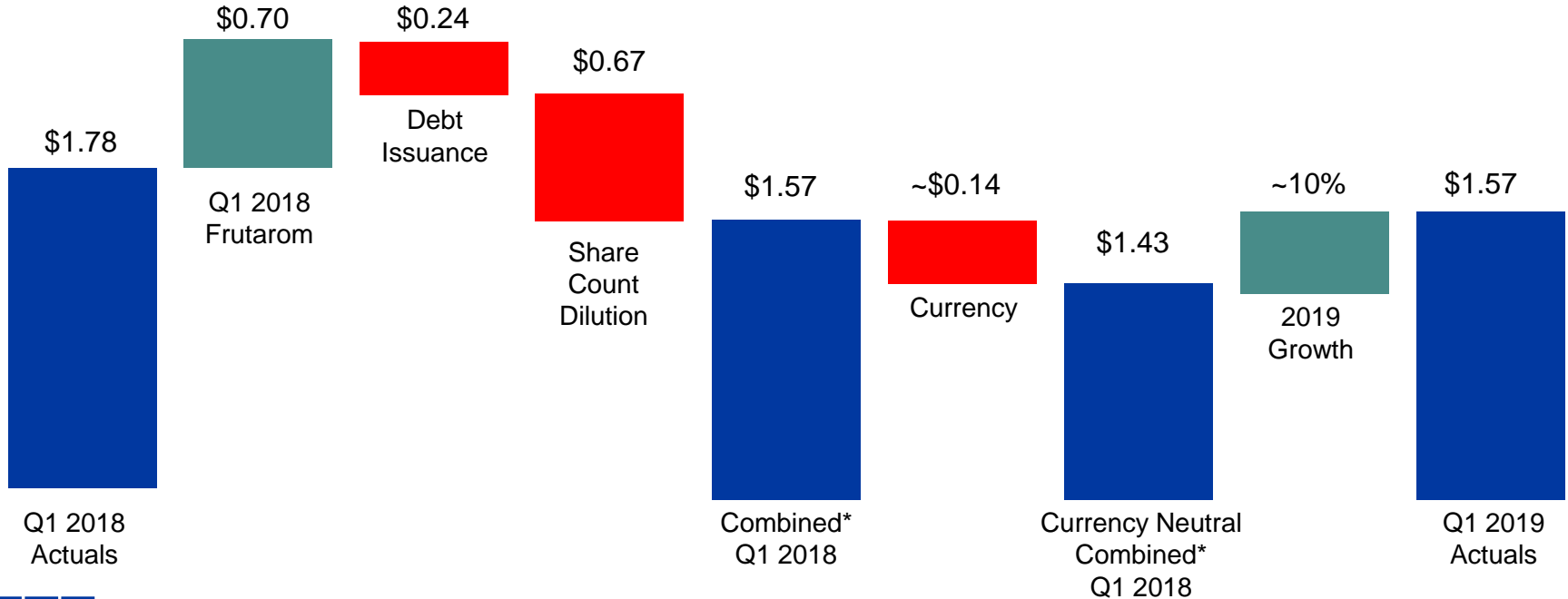


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Q1 2019 Adjusted EPS Reconciliation

Achieved 10% on a combined company basis

ADJUSTED EPS EX AMORTIZATION**

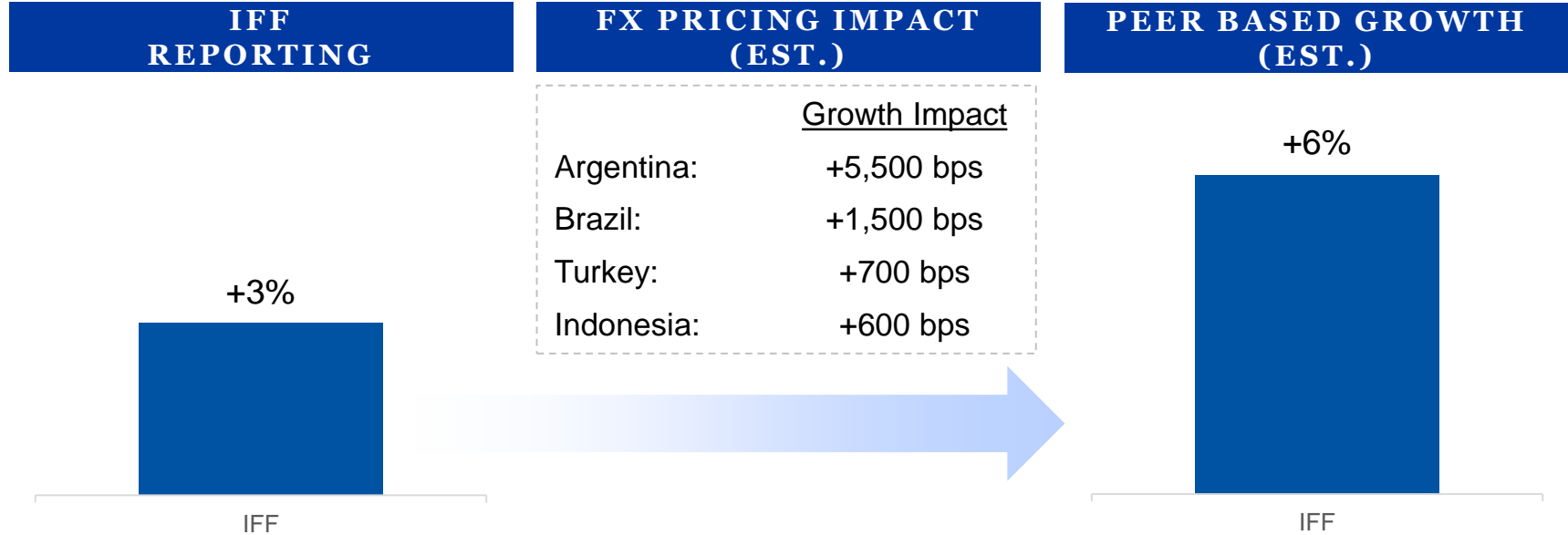


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** Adjusted EPS ex amortization are Non-GAAP metrics, please see GAAP to Non-GAAP reconciliation at ir.iff.com

Currency Neutral Sales Growth Comparison

In line with largest peer



- Eliminates the effects of FX driven pricing and translating international sales to US Dollar

- Includes foreign exchange related price changes in emerging markets

Cash Flow Analysis

Operating cash flow results & uses of cash

	Q1 '19	Q1 '18
Net Income	\$111	\$129
Core Working Capital*	(72)	(100)
D&A	82	33
Pension	(4)	(4)
Other	(70)	(69)
Operating Cash Flow	\$47	\$(11)
Capital Expenditures	(58)	(33)
Dividends	(78)	(54)
Share Buybacks	-	(11)

Operating Cash Flow

- YoY increase driven by higher earnings excluding the impact of D&A and lower working capital needs
- Core working capital outflows improved driven by accounts payable & more favorable inventory trends

Continued to invest in the business via Capex

- Capex as a percentage of sales was ~4.4% driven by new plant and capacity investments mainly in Greater Asia

Return of Cash to Shareholders

- Share repurchase program paused to prioritize debt repayment
- Current dividend status unchanged

2019 Outlook

Reiterating our full year financial guidance

	IN-YEAR TARGET	COMBINED GROWTH**
Sales	\$5.2 - 5.3B	+5 - 7%
Adjusted EPS ex amortization*	\$6.30 - 6.50	+8 - 11%



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

** For combined definition, please see cautionary statement

Summary

FINANCIAL PERFORMANCE

- Delivered strong double-digit sales and adjusted operating profit growth including Frutarom benefit
- Achieved solid topline growth across all three divisions
- Maintained strong profitability levels

VALUE CREATION

- Strong progress in the company's transformation following the Frutarom acquisition
- On-track to deliver \$30 to \$35M cost savings in 2019

FY 2019 OUTLOOK

- Reconfirm full year 2019 guidance
- Sales expected to be \$5.2 - \$5.3B
- Adjusted EPS ex amortization expected to be \$6.30- \$6.50



Investor Day Invitation



YOU ARE CORDIALLY INVITED TO

International Flavors & Fragrances Inc.

Investor Day 2019

WEDNESDAY, JUNE 5, 2019
Metropolitan West | 639 West 46th Street
New York, NY 10036

Registration | 8:30am - 9:00am
Presentations and Q&A | 9:00am - 12:30pm
Light Lunch and Experience Stations | 12:30pm - 4:00pm



Q&A