



**IFF**

Second Quarter 2015  
Earnings Conference Call

August 11, 2015

# Cautionary Statement

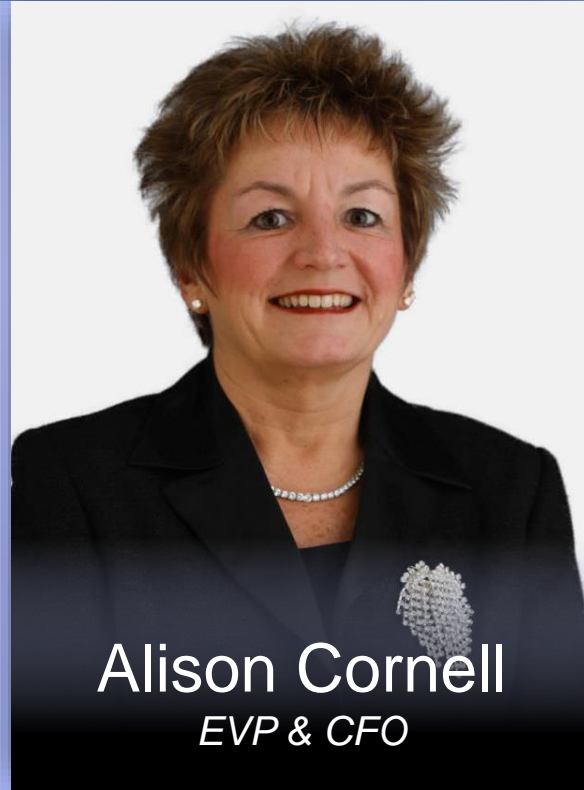
Statements made in this presentation that relate to our future performance or future financial results or other future events (identified by such terms as “expect”, “anticipate”, “believe”, “outlook”, “guidance”, “may”, “target” or similar terms and variations thereof) are forward-looking statements, including the Company’s 2015 guidance, its long-term financial guidance 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 differ from those set forth in the forward-looking statements. Factors that could cause IFF’s actual results to differ materially include (1) risks associated with the Company’s supply chain, including availability and pricing of raw materials, energy and transportation; (2) economic, regulatory and political risks associated with the Company’s international operations; (3) changes in consumer demand, either due to changes in preferences or consumer confidence; (4) 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 and (5) the Company’s ability to implement its business strategy, including the ability to fund growth through anticipated cost savings and (6) the impact of currency fluctuations or devaluations in the Company’s principal foreign markets 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

	Q2 2015	1H 2015
Currency neutral sales growth*	+5%	+6%
Currency neutral adjusted operating profit growth*	+7%	+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](http://IFF.com)





We are the catalyst for discoveries that spark the senses & transform the everyday

Win Where We Compete

Lead in key markets  
Close gaps across value enhancing categories  
Achieve #1 position with targeted customers

Innovating Firsts

Drive differentiation in key technologies  
Develop responsible products to meet the future needs of our customers & consumers

Become Our Customers' Partner of Choice

Actively support our customers' success  
Achieve commercial excellence & service leadership  
Become a marketing powerhouse

Strengthen & Expand Portfolio

Strengthen the F&F core  
Stretch into adjacencies  
Pursue partnerships & collaborations

Build Our Talent and Organization

Continuously Improving

Create a Sustainable Future

# Initiated Execution of Vision 2020

## Win Where We Compete

- Emerging markets +7%  
on a currency neutral basis
- Middle East and Africa  
currency neutral sales +22%
- Flavors North America +5% including  
Ottens acquisition
- Home Care up high-single-digit  
globally on a currency neutral basis



# Initiated Execution of Vision 2020

## Innovating Firsts

- Fabric Care grew mid-teens on currency neutral basis driven by encapsulation technology
- Encapsulation in Toiletries, Home Care & Personal Wash combined to grow double-digits
- Flavors Latin America continued double-digit growth trend led by proprietary delivery system
- Sweetness and Savory Modulation portfolio grew strong double-digits





# Initiated Execution of Vision **2020**

## Become Our Customers' Partner of Choice

- Regional accounts in Flavors outpaced global accounts
- Expanded product offerings to customers with acquisition of Lucas Meyer Cosmetics
- Launched & marketed Amber Xtreme™ for broad use within the fragrance industry



# Initiated Execution of Vision 2020

## Strengthen & Expand Portfolio

- Accelerated growth prospective by entering into cosmetic actives
- Successfully completed Ottens Flavors acquisition – increasing market share in North America
- Established collaboration with Duke University for modulation
- Started partnership with University of Liverpool for delivery systems in Fragrances



# Acquisition of Lucas Meyer Cosmetics

## Leading Player in the Cosmetic Actives Industry

- Entry into an attractive, more profitable & faster-growing market
- Strong fit with IFF via customer relationships and R&D
- Foundation to build critical mass in cosmetics & personal care industry
- Expected to add approximately \$44 million in annual sales





# CFO

## Introduction

- Joined IFF from Covance – global drug development company with \$2.5B in sales, 12,500 employees, in 60 countries
- Spent 19 years with AT&T – held leadership roles of increasing responsibility, among them leading finance for a \$30 billion division as Vice President, Forecasting, Performance and Investment Analysis

# Consolidated Growth

	Adjusted*	Impact of Currency	Including Ottens*	Organic Ex. Currency*
Sales	(3)%	8ppt	+5%	+4%
Operating Profit	(1)%	8ppt	+7%	+7%
EPS	(1)%	11ppt	+10%	+9%

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# Flavors Review

- Currency neutral sales: +7%
  - Ottens added 3ppt of growth
  - Strongest growth in Latin America led by proprietary technology
  - All categories experienced broad-based improvements led by Beverage and Savory
- Currency neutral operating profit +1% as a result of sales growth & productivity initiatives





# Fragrances Review

- Currency neutral sales: +4%
  - Fine +2% with double-digit performance in EAME
  - Consumer +6% led by double-digit growth in Fabric
  - Ingredients (3)% as a result of not engaging in lower margin businesses
- Currency neutral operating profit +5% driven by volume, cost savings initiatives and productivity programs

# Cash Flow Review

	1H '14	1H'15
Net Income	\$217	\$234
Core Working Capital*	(79)	(74)
D&A	49	41
Pension	(10)	(57)
Other	(23)	22
Operating Cash Flow	154	166

- Core working capital\* continued to be a source of cash
- Based on 5-qtr average, working capital was 29.0%
- Operating cash flow improved \$154 million to \$166 million

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



# Accelerating Shareholder Return

Cash Returned to Shareholders Goal

**50-60%** *of net income*

Dividend  
**+20%**

Share Authorization  
**+\$250M**

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# FY 2015 Currency Neutral Outlook

~6%

Sales  
growth

~9%

Adjusted  
operating  
profit growth\*

~10%

Adjusted EPS  
growth\*

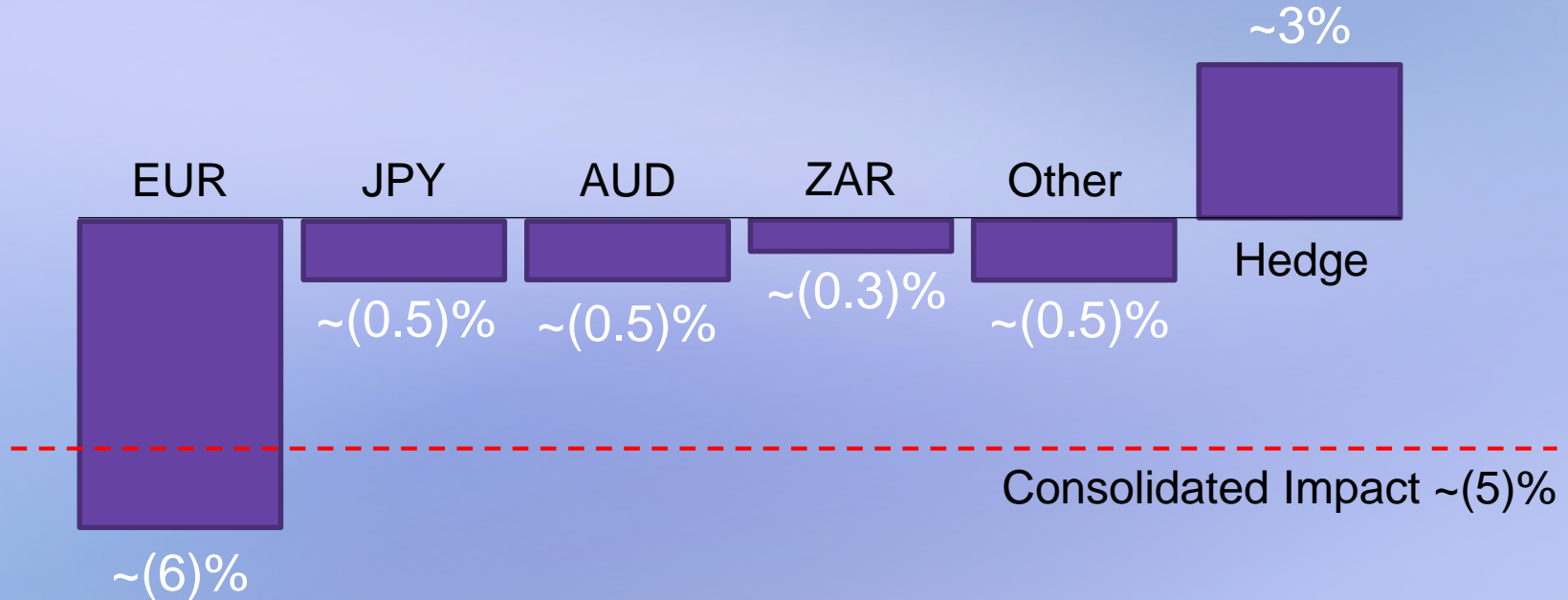
Outlook includes acquisitions: ~2 pts to sales & ~1 ppt to operating profit

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# Insight into Currency

FY 2015 Expected Impact on Operating Profit Growth



\* Based on July year-to-date exchange rate movements versus USD

# 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 currency neutral operational performance
- Increased cash returned to shareholders – dividend & repurchases
- Initiated the execution of Vision 2020
- Focused on building differentiation, accelerating profitable growth & creating shareholder value

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