

International Flavors & Fragrances Inc.
GAAP to Non-GAAP Reconciliation
(Amounts in thousands)
(Unaudited)

The following information and schedules provide reconciliation information between reported GAAP amounts and non-GAAP certain adjusted amounts. This information and schedules are not intended as, and should not be viewed as, a substitute for reported GAAP amounts or financial statements of the Company prepared and presented in accordance with GAAP.

Fourth Quarter 2016
Reconciliation of Non-GAAP Metrics

Reconciliation of Gross Profit							
	Reported (GAAP)	Restructuring and Other Charges (a)	Operational Improvement Initiative Costs (b)	Acquisition and Related Costs (c)			Adjusted (Non-GAAP)
Gross profit	326,952	185	502	6,759			334,398
Reconciliation of Selling and Administrative Expenses							
	Reported (GAAP)	Restructuring and Other Charges (a)	Acquisition and Related Costs (c)	Legal Charges/Credits (d)			Adjusted (Non-GAAP)
Selling and Administrative Expenses	157,851	(1,364)	(3,402)	(25,000)			128,085
Reconciliation of Operating Profit							
	Reported (GAAP)	Restructuring and Other Charges (a)	Operational Improvement Initiative Costs (b)	Acquisition Related Costs (c)	Legal Charges/Credits (d)	Gain on Sale of Asset (e)	Adjusted (Non-GAAP)
Operating profit	108,325	(151)	502	10,161	25,000	(7,818)	136,019
Reconciliation of Net Income							
	Reported (GAAP)	Restructuring and Other Charges (a)	Operational Improvement Initiative Costs (b)	Acquisition Related Costs (c)	Legal Charges/Credits (d)	Gain on Sale of Asset (e)	Adjusted (Non-GAAP)
Income before taxes	103,381	(151)	502	10,161	25,000	(7,818)	131,075
Taxes on income (f)	23,463	7	123	3,575	8,750	(2,658)	33,260
Net income	79,918	(158)	379	6,586	16,250	(5,160)	97,815
Diluted EPS	\$ 1.00	—	—	0.08	0.20	(0.06)	1.22

(a) Accelerated depreciation related to restructuring initiatives, severance costs related to the termination of a former executive officer and the partial reversal of restructuring accruals recorded in the prior year.

(b) Accelerated depreciation, dismantling and idle labor costs in Hangzhou, China and the partial reversal of severance accruals related to prior year operational initiatives in Europe.

(c) Transaction costs related to the acquisition of David Michael and Fragrance Resources as well as expense related to the fair value step up of inventory on the David Michael acquisition.

(d) Legal charge related to reserve for the ZoomEssence litigation.

(e) Gain from sale of property in Brazil.

(f) The tax effects are calculated based upon the specific rate of the applicable jurisdiction of the items.

* The Company tracks the amount of amortization recorded on recent acquisitions in order to monitor its progress with respect to its Vision 2020 goals. The following amounts were recorded with respect to recent acquisitions: \$1.7M related to David Michael, \$2.0M related to Lucas Meyer Cosmetics and \$1.6M related to Ottens Flavors.

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Fourth Quarter 2015
Reconciliation of Non-GAAP Metrics

Reconciliation of Gross Profit

	Reported (GAAP)	Operational Improvement Initiative Costs (a)	Acquisition and Related Costs (b)	Adjusted (Non-GAAP)
Gross profit	313,156	274	3,515	316,945

Reconciliation of Selling and Administrative Expenses

	Reported (GAAP)	Acquisition and Related Costs (b)	Accelerated Contingent Consideration (c)	Legal Charges/Credits (d)	Adjusted (Non-GAAP)
Selling and Administrative Expenses	122,250	(930)	(7,192)	10,530	124,658

Reconciliation of Operating Profit

	Reported (GAAP)	Operational Improvement Initiative Costs (a)	Acquisition Related Costs (b)	Accelerated Contingent Consideration (c)	Legal Charges/Credits (d)	Restructuring and Other Charges (e)	Adjusted (Non-GAAP)
Operating profit	121,019	274	4,445	7,192	(10,530)	7,764	130,164

Reconciliation of Net Income

	Reported (GAAP)	Operational Improvement Initiative Costs (a)	Acquisition Related Costs (b)	Accelerated Contingent Consideration (c)	Legal Charges/Credits (d)	Restructuring and Other Charges (e)	Adjusted (Non-GAAP)
Income before taxes	102,816	274	4,445	7,192	(10,530)	7,764	111,961
Taxes on income (f)	23,648	69	4,346	—	(2,948)	2,362	27,477
Net income	79,168	205	99	7,192	(7,582)	5,402	84,484
Diluted EPS	0.98	—	—	0.09	(0.09)	0.07	1.05

(a) Related to plant closings in Europe and partial closing in Asia.

(b) Transaction costs related to acquisitions (Ottens Flavors and Lucas Meyer) as well as expense related to the fair value step up of inventory for Lucas Meyer.

(c) Represents the acceleration of the contingent consideration payment related to the Aromor acquisition.

Represents the reversal of the previously recorded provision related to the Spanish capital tax case as a result of a favorable (d) ruling.

(e) Restructuring costs related to Q4 2015 Profit Improvement Initiative.

(f) The tax effects are calculated based upon the specific rate of the applicable jurisdiction of the items.

* The Company tracks the amount of amortization recorded on recent acquisitions in order to monitor its progress with respect to its Vision 2020 goals. The following amounts were recorded with respect to recent acquisitions: \$2.9M.

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Full Year 2016
Reconciliation of Non-GAAP Metrics

Reconciliation of Gross Profit							
	Reported (GAAP)	Restructuring and Other Charges (a)	Operational Improvement Initiative Costs (b)	Acquisition and Related Costs (c)		Adjusted (Non-GAAP)	
Gross profit	1,399,070	658	2,391	7,648		1,409,767	
Reconciliation of Selling and Administrative Expenses							
	Reported (GAAP)	Restructuring and Other Charges (a)	Operational Improvement Initiative Costs (b)	Acquisition and Related Costs (c)	Legal Charges/Credits (d)	Adjusted (Non-GAAP)	
Selling and Administrative Expenses	566,224	(1,364)	(11)	(4,547)	(48,518)	511,784	
Reconciliation of Operating Profit							
	Reported (GAAP)	Restructuring and Other Charges (a)	Operational Improvement Initiative Costs (b)	Acquisition Related Costs (c)	Legal Charges/Credits (d)	Gain on Sale of Asset (e)	Adjusted (Non-GAAP)
Operating profit	567,356	322	2,402	12,195	48,518	(7,818)	622,975
Reconciliation of Net Income							
	Reported (GAAP)	Restructuring and Other Charges (a)	Operational Improvement Initiative Costs (b)	Acquisition Related Costs (c)	Legal Charges/Credits (d)	Gain on Sale of Asset (e)	Adjusted (Non-GAAP)
Income before taxes	523,717	322	2,402	12,195	48,518	(7,818)	579,336
Taxes on income (f)	118,686	97	599	4,117	17,089	(2,658)	137,930
Net income	405,031	225	1,803	8,078	31,429	(5,160)	441,406
Diluted EPS	\$ 5.05	—	0.02	0.10	0.39	(0.06)	5.51 (g)

- (a) Accelerated depreciation related to restructuring initiatives, severance costs related to the termination of a former executive officer and the partial reversal of restructuring accruals recorded in the prior year.
- (b) Accelerated depreciation, dismantling and idle labor costs in Hangzhou, China and the partial reversal of severance accruals related to prior year operational initiatives in Europe. There was approximately \$0.4 million of idle labor costs in Hangzhou, China recorded during the third quarter of 2016 that were not excluded from Adjusted Non-GAAP metrics.
- (c) Expense related to the fair value step up of inventory and transaction costs related to acquisition of Lucas Meyer and David Michael as well as transaction costs related to the acquisition of Fragrance Resources.
- (d) Includes legal charges related to reserve for the ZoomEssence litigation offset by settlements due to favorable tax rulings in jurisdictions for which reserves were previously recorded for ongoing tax disputes.
- (e) Represents the gain from sale of property in Brazil during the fourth quarter of 2016. Beginning in the fourth quarter of 2016, we reclassified all gains/losses from the sale of fixed assets during 2016 from Other (income) expense to a component of Operating profit. We do not consider gains or losses from the sale of fixed assets to be an operating activity and therefore have excluded this gain from Adjusted Non-GAAP metrics and will in future periods exclude any such gain or loss from Adjusted Non-GAAP metrics. During the first quarter of 2016, we previously recognized approximately \$3 million of gains related to the sale of fixed assets. We have not retrospectively adjusted these amounts out of our Adjusted Non-GAAP metrics.
- (f) The tax effects are calculated based upon the specific rate of the applicable jurisdiction of the items.
- (g) The sum of these items does not foot due to rounding.

* The Company tracks the amount of amortization recorded on recent acquisitions in order to monitor its progress with respect to its Vision 2020 goals. The following amounts were recorded with respect to recent acquisitions: \$1.7M related to David Michael, \$8.3M related to Lucas Meyer Cosmetics and \$6.3M related to Ottens Flavors.

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Full Year 2015
Reconciliation of Non-GAAP Metrics

Reconciliation of Gross Profit

	Reported (GAAP)	Operational Improvement Initiative Costs (a)	Acquisition and Related Costs (b)	Adjusted (Non-GAAP)
Gross profit	1,351,599	1,115	6,825	1,359,539

Reconciliation of Selling and Administrative Expenses

	Reported (GAAP)	Acquisition and Related Costs (b)	Accelerated Contingent Consideration (c)	Legal Charges/Credits (d)	Adjusted (Non-GAAP)
Selling and Administrative Expenses	494,517	(11,517)	(7,192)	10,530	486,338

Reconciliation of Operating Profit

	Reported (GAAP)	Operational Improvement Initiative Costs (a)	Acquisition Related Costs (b)	Accelerated Contingent Consideration (c)	Legal Charges/Credits (d)	Restructuring and Other Charges (e)	Adjusted (Non-GAAP)
Operating profit	588,347	1,115	18,342	7,192	(10,530)	7,594	612,060

Reconciliation of Net Income

	Reported (GAAP)	Operational Improvement Initiative Costs (a)	Acquisition Related Costs (b)	Accelerated Contingent Consideration (c)	Legal Charges/Credits (d)	Restructuring and Other Charges (e)	Tax Settlements (f)	Adjusted (Non-GAAP)
Income before taxes	539,101	1,115	18,342	7,192	(10,530)	7,594	—	562,814
Taxes on income (g)	119,854	279	6,225	—	(2,948)	2,302	10,478	136,190
Net income	419,247	836	12,117	7,192	(7,582)	5,292	(10,478)	426,624
Diluted EPS	5.16	0.01	0.14	0.09	(0.09)	0.07	(0.13)	5.25

(a) Related to plant closings in Europe and partial closing in Asia.

(b) Transaction costs related to acquisitions (Ottens Flavors and Lucas Meyer) as well as expense related to the fair value step up of inventory for both acquisitions.

(c) Represents the acceleration of the contingent consideration payment related to the Aromor acquisition.

(d) Represents the reversal of the previously recorded provision related to the Spanish capital tax case as a result of a favorable ruling.

(e) Restructuring costs related to Q4 2015 Profit Improvement Initiative.

(f) Settlements due to favorable tax rulings in jurisdictions for which reserves were previously recorded for ongoing tax disputes.

(g) The tax effects are calculated based upon the specific rate of the applicable jurisdiction of the items.

* The Company tracks the amount of amortization recorded on recent acquisitions in order to monitor its progress with respect to its Vision 2020 goals. The following amounts were recorded with respect to recent acquisitions: \$7.6M.

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ADJUSTED NET INCOME						
(IN U.S. \$)	2011	2012	2013	2014	2015	2016
As Reported Net Income	267	254	354	415	419	405
Restructuring and Other Charges	9	1	5	4	5	0
Operational Improvement Initiative Costs	-	-	3	2	1	2
Gain on Asset Sale	-	-	(9)	(0)	-	(5)
Accelerated Contingent Consideration	-	-	-	-	7	-
Acquisition Related Costs	-	-	-	-	12	8
Tax Settlements	-	-	-	-	(10)	-
Spanish Capital Tax Charge Reversal	-	-	-	-	(8)	-
Legal Charges/Credits	-	-	-	-	-	31
Adjusted Net Income	306	328	368	416	426	441 *

*Item does not foot due to rounding

ADJUSTED TOTAL PAYOUT RATIO AS PERCENTAGE OF ADJUSTED NET INCOME						
(IN U.S. \$)	2011	2012	2013	2014	2015	2016
Dividend Payment	90	103	115	133	159	185
Share Repurchases	-	-	51	88	122	127
Adjusted Total Payout as Percentage of Net Income	90	103	166	221	281	312
Adjusted Net Income Payout	29%	31%	45%	53%	66%	71%

The Company uses non-GAAP financial measures such as Adjusted Operating Profit, Adjusted EPS, Adjusted Net Income and Adjusted Net Income Payout (which excludes the impact of our restructuring and other charges, operational improvement initiative costs, gain on asset sale, accelerated contingent consideration, tax settlements, spanish capital tax charge reversal, legal charges/credits and acquisition related costs) as the Company believes that these non-GAAP financial measures provide investors with an overall perspective of the period-to-period performance of our core business. Such information is supplemental to information presented in accordance with GAAP and is not intended to represent a presentation in accordance with GAAP. These non-GAAP measures may not be comparable to similarly titled measures used by other companies.