

IFF
Q4 & FY 2016
Earnings
Conference
Call

February 16, 2017

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”, “should”, “target” or similar terms and variations thereof) are forward-looking statements, including the Company’s expectations regarding the business environment in 2017, the Company’s 2017 guidance, expected revenues from acquired companies, the expected benefits and savings from the Company’s planned productivity initiatives and expected long-term profitable growth in 2018. These statements are based on our current beliefs and expectations and are subject to significant risks and uncertainties. Actual results may materially differ from those set forth in the forward-looking statements. Factors that could cause IFF’s actual results to differ materially include (1) macroeconomic trends affecting the emerging markets; (2) the Company’s ability to implement and refine its Vision 2020 strategy; (3) the Company’s ability to successfully identify and complete acquisitions in line with its Vision 2020 strategy and to realize the anticipated benefits of those acquisitions; (4) the Company’s ability to realize the benefits of its productivity initiatives; (5) the Company’s ability to effectively compete in its market, and to successfully develop new and competitive products that appeal to its customers and consumers; (6) changes in consumer preferences and demand for the Company’s products or a decline in consumer confidence and spending; (7) the Company’s ability to benefit from its investments and expansion in emerging markets; (8) the impact of currency fluctuations or devaluations in the principal foreign markets in which the Company operates, including the devaluation of the Euro; (9) economic, regulatory and political risks associated with the Company’s international operations, including challenging economic conditions in China and Latin America; (10) volatility and increases in the price of raw materials, energy and transportation; (11) fluctuations in the quality and availability of raw materials; (12) the impact of a disruption in the Company’s supply chain or its relationship with its suppliers; (13) changes in consumer preferences and demand in the Company’s products or a decline in consumer confidence and spending; (14) the Company’s ability to comply with, and the costs associated with compliance, with U.S. and foreign environmental protection laws; (15) the Company’s ability to realize expected cost savings and efficiencies from its profitability improvement initiative and other optimization activities; (16) any adverse impact on the availability, effectiveness and cost of the Company’s hedging and risk management strategies; and (17) the Company’s ability to successfully develop new and competitive products and technology that appeal to its customers and consumers as well as those risks described in the Risk Factors and Forward-Looking Statements sections of our Annual Report on Form 10-K for the year ended December 31, 2015 and in our other periodic reports filed with the SEC, all of which are available on our website at ir.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 IR website at ir.iff.com.

Conference Call Participants



Andreas Fibig
Chairman & CEO



Rich O'Leary
EVP & CFO

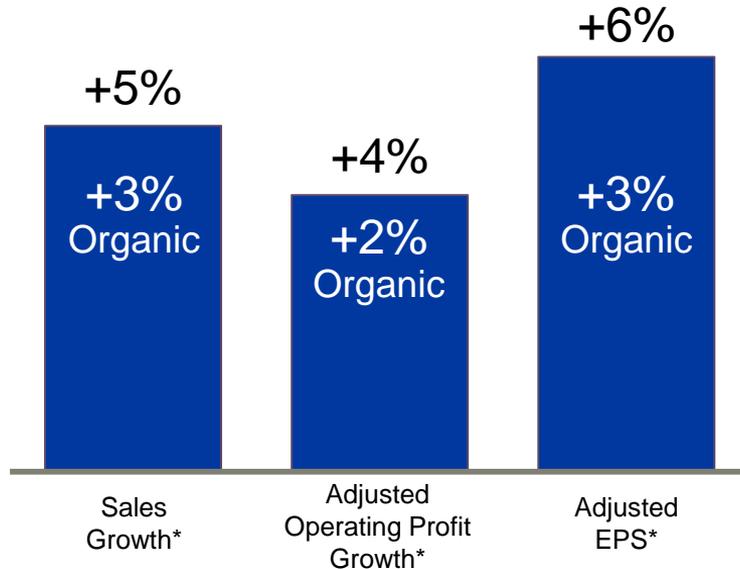
Agenda

1. Executive Overview
2. Financial Review
3. Outlook
4. Q&A

FY 2016 Financial Performance

Achieved growth across all metrics

Currency Neutral Performance



Currency Neutral Sales Growth

- Driven by strong new win performance in both businesses & the contribution from acquisitions

Currency Neutral Adjusted Operating Profit

- Volume growth, acquisitions & productivity initiatives were the largest contributors to overall performance

Currency Neutral Adjusted EPS

- Benefited from lower year-over-year shares outstanding and a more favorable year-over-year effective tax rate



* Currency Neutral Sales, Currency Neutral Adjusted Operating Profit and Currency Neutral Adjusted EPS are Non-GAAP metrics, please see our GAAP to Non-GAAP Reconciliation at ir.iff.com

Vision 2020 Execution

Innovating Firsts

- Commercialized 4 captive fragrance ingredients to drive further differentiation
- Encapsulation-related sales continued growth momentum led by Fabric Care
- Created first-ever Cradle to Cradle Certified™ Fragrance: PuraVita™
- Sweetness & savory modulation portfolio sales improved strong double-digits
- Launched & commercialized 4 new flavor modulators
- IFF | Lucas Meyer Cosmetics won 2 silver innovation awards



Vision 2020 Execution

Win Where We Compete

- Middle East & Africa sales were strong led by growth in both Flavors & Fragrances
- North America Consumer Fragrance +8% driven by double-digit growth in Fabric Care
- Home Care improved mid-single-digits led by a strong performance in North America
- Strengthened #2 position in Flavors North America with the acquisition of David Michael



Vision 2020 Execution

Customers' Partner of Choice

- Expanded business access through core list status with two multinational customers
- Received several business excellence awards from top customers
- First F&F company to join the World Economic Forum
- Sustainability achievements:
 - CEO elected to World Business Council for Sustainable Development Executive Committee
 - Deployed industry-first on-site wind turbine at Tilburg, Netherlands facility
 - Partnered with Unilever to improve the lives of vetiver farming communities in Haiti
 - IFF Rated gold by EcoVadis; ranked top supplier
 - Achieved CDP "A" List Rating for Second Year



Vision 2020 Execution

Strengthen & Expand Portfolio

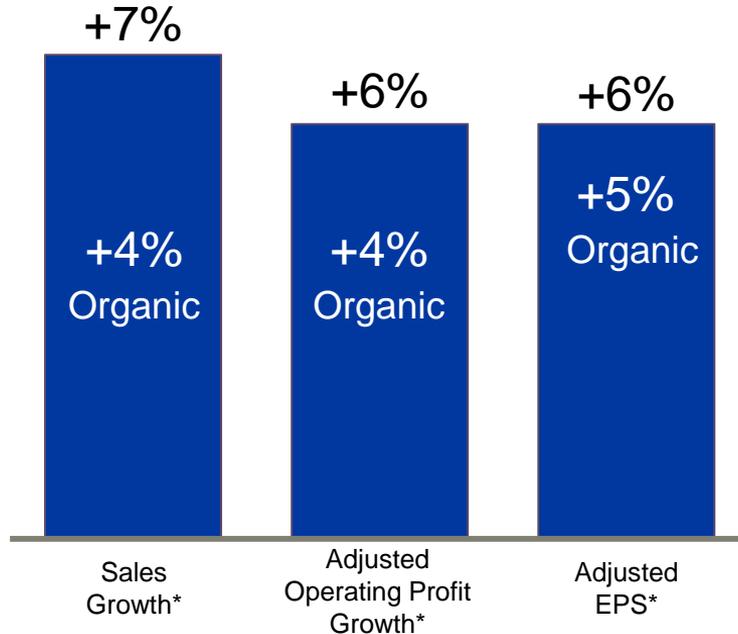
- Acquired David Michael to reinforce our differentiated service model in the US for middle-market customers, with a focus on innovation, agility, and enhanced collaboration
- Announced the purchase of Fragrance Resources – closed in January 2017 – to further penetrate regional customers and improve our market position in specialty fine fragrances
- IFF | Lucas Meyer Cosmetics invested in Bio ForeXtra to expand natural raw material access



Q4 2016 Financial Performance

Growth rates accelerated sequentially vs. Q3 2016

Currency Neutral Performance



Currency Neutral Sales Growth

- Performance was driven by Flavors, Consumer Fragrances & Fragrance Ingredients
- Acquisition contributed 3 percentage points of growth

Currency Neutral Adjusted Operating Profit

- Volume growth, the benefits of productivity initiatives and the contribution of M&A drove results

Currency Neutral Adjusted EPS

- Lower shares outstanding driven by share repurchase program, offset by a higher tax rate



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Flavors Review

Q4 2016 performance

Currency Neutral Sales Growth: +14%

- Driven by broad-based growth in all categories & the contribution of sales related to David Michael
- Each region delivered double-digit growth

Currency Neutral Segment Profit: +27%

- Performance benefited from volume growth, the benefits from productivity initiatives and the contribution of the David Michael acquisition



Fragrances Review

Q4 2016 performance

Currency Neutral Sales Growth: +1%

- Growth achieved in Fabric Care, Home Care and Fragrance Ingredients
- Fine Fragrances impacted by high volume erosion, challenging economic conditions in Latin America & the portfolio transition between two large customers

Currency Neutral Segment Profit: 0%

- Volume growth and the benefits from productivity initiatives offset softer mix & unfavorable price to input costs

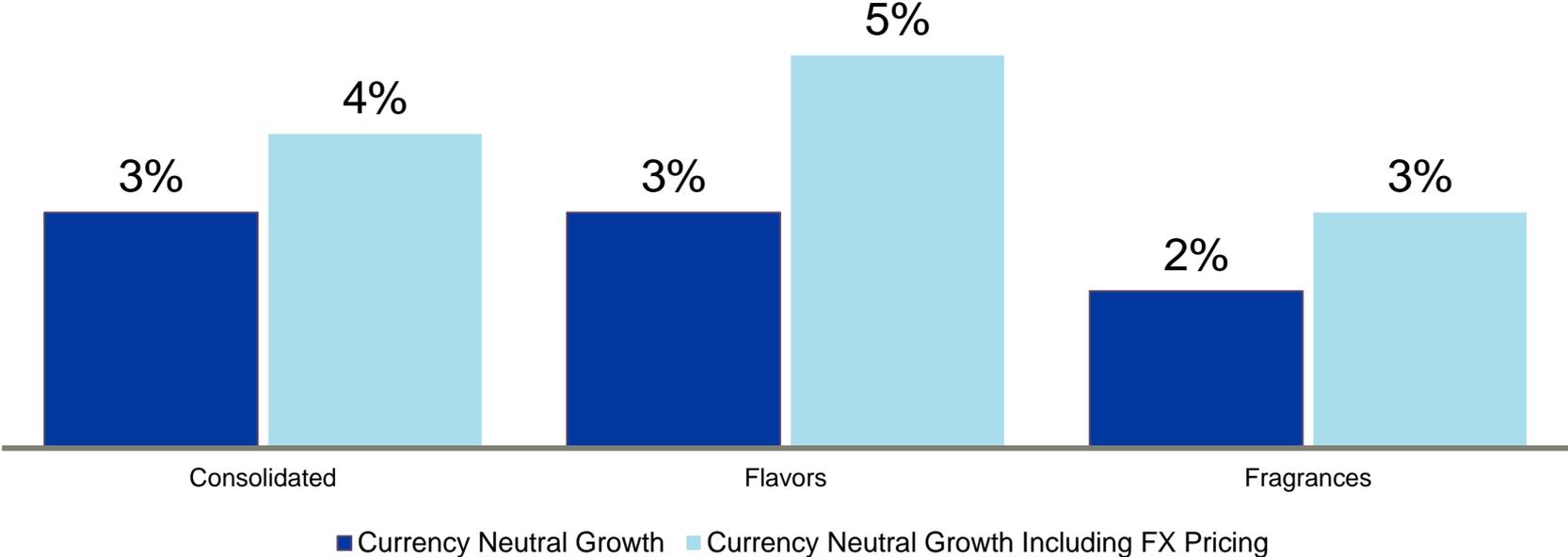


Insight Into FY 2016 Organic Sales Growth

Inclusive of foreign exchange-related pricing, organic growth would be higher

Currency Neutral Performance

FY 2016 organic sales growth



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Cash Flow Analysis

Continue to generate strong operating cash flows

	FY '15	FY '16
Net Income	\$419	\$405
Core Working Capital*	(40)	(14)
D&A	90	103
Pension	(68)	(46)
Other	33	87
Operating Cash Flow	\$434	\$535

Working capital continues to be a source of cash

- Improvements in receivables and inventories were offset by unfavorable payables

Operating cash flows

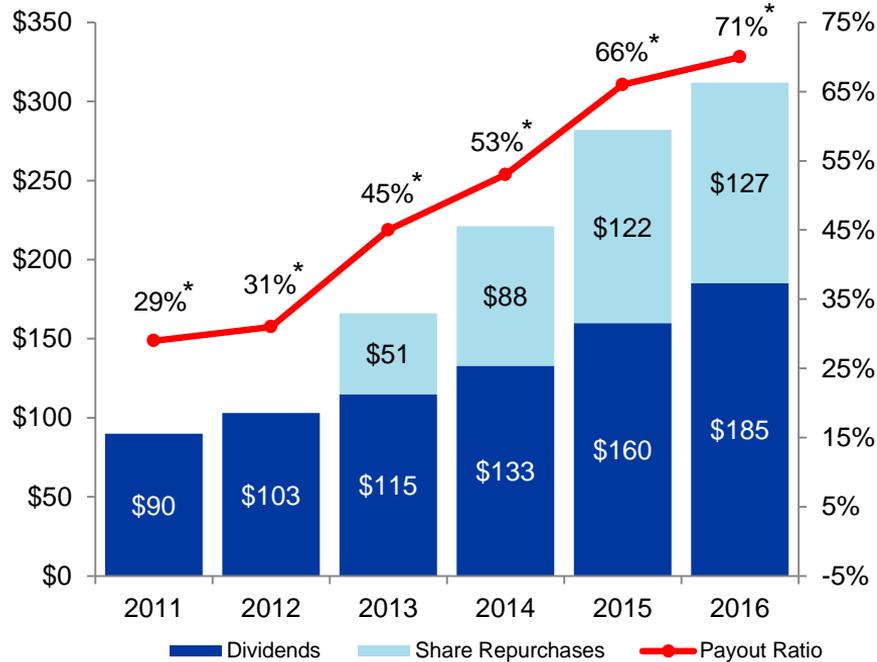
- Cash flows from operations increased principally due to lower core working capital requirements, higher D&A, and lower pension contributions

Continued to invest in the business via Capex

- Capex as a percentage of sales ended the year at 4.0% primarily driven by investments in technology and infrastructure

Cash Returned to Shareholders

Commitment to a strong payout ratio



Dividends

- Increased dividend by 15% to provide a more competitive yield while balancing growth objectives

Share Repurchases

- Executing against existing repurchase program to supplement dividend payout

Total Payout Ratio

- The combination of dividend and share repurchases totaled 71% in 2016, above our targeted range of 50% to 60% of adjusted net income



* Adjusted Net Income is a Non-GAAP metric, please see our GAAP to Non-GAAP Reconciliation at ir.iff.com

External Environment Assessment

Implications on our industry and business for 2017

Key Themes

Data Points

1 Customer Dynamics	<ul style="list-style-type: none">Global consumer staple companies signaling low volume growth expectationsIncreased focus on margin improvements	Average of volume growth for largest CPG companies: ¹ 2013A: ~2.5% 2016E: ~0%
2 Economic Indicators	<ul style="list-style-type: none">GDP growth in the emerging markets slowed, global volatility increasing as a result of political uncertainty	Emerging market GDP growth: ² 2013A: ~5% 2016E: ~4%
3 Foreign Exchange	<ul style="list-style-type: none">USD continues to strengthen versus world currencies – large fluctuations in emerging markets currencies	Change vs. USD: 2014 to 2016: ³ ARS: ~-(59)%; BRL: ~-(27)%; GBP: ~-(21)%; EURO: ~-(13)%;
4 Raw Materials	<ul style="list-style-type: none">Natural raw material costs continue upward trend, synthetic material costs exhibiting inflationary pressures	Change in price since 2015 (in USD): ⁴ Vanilla: +175%; Orange Oil: +25% Brent Crude >+50% since 2016 low

¹ Average of largest consumer staples companies that report volume (includes: NESN, PG, PEP, UN, KO, BUD, TSN, MDLZ, KHC, BN, HEN3, GIS, CL)

² IMF data - WEO Update, January 2017

³ Bloomberg

⁴ Internal company data

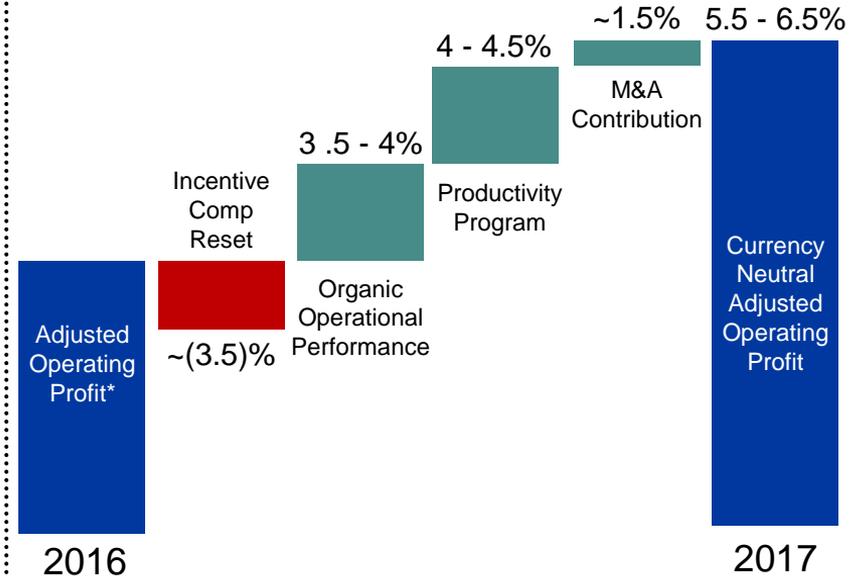
Actions In Response To Changing Market Dynamics

Flexibility to invest & deliver an improved profitability performance

Productivity Program

- Extend zero-based budgeting into the organization
- Eliminate open positions
- Implement more simplified organizational structures
- Accelerate value realization of recent acquisitions

Expected 2017 Profit Bridge



2017 Currency Neutral Outlook

Expect financial growth rates to accelerate versus 2016 performance

	Organic	M&A	Total
Sales*	3.0 - 4.0%	~4.5%	7.5 - 8.5%
Adjusted Operating Profit*	4.0 - 5.0%	~1.5%	5.5 - 6.5%
Adjusted EPS*	5.0 - 6.0%	~1.5%	6.5 - 7.5%



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Expected Currency Impact In 2017

Strengthening USD impacting financial results

	Adjusted* Currency Neutral	Impact of Currency	Adjusted*
Sales	7.5% - 8.5%	~(2.5)ppt	5.0% - 6.0%
Operating Profit	5.5% - 6.5%	~(2.0)ppt	3.5% - 4.5%
EPS	6.5% - 7.5%	~(2.5)ppt	4.0% - 5.0%



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Summary

Achieved Growth Across All Metrics In 2016

Further Strengthening Our Business

Driving Sustainable Profitable Growth

Q&A