

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.

Second Quarter 2017
Reconciliation of Non-GAAP Metrics

Reconciliation of Gross Profit

	Reported (GAAP)	Operational Improvement Initiative Costs (a)	Acquisition and Related Costs (b)	Integration related costs (c)	FDA mandated product recall (h)	Adjusted (Non-GAAP)
Gross profit	\$ 374,589	445	5,606	98	3,500	\$ 384,238

Reconciliation of Selling and Administrative Expenses

	Reported (GAAP)	Acquisition and Related Costs (b)	Integration related costs (c)	Legal Charges/Credits (d)	Tax Assessment (e)	Adjusted (Non-GAAP)
Selling and Administrative Expenses	\$ 135,910	(672)	(542)	(1,000)	19	\$ 133,715

Reconciliation of Operating Profit

	Reported (GAAP)	Operational Improvement Initiative Costs (a)	Acquisition Related Costs (b)	Integration related costs (c)	Legal Charges/Credits (d)	Tax Assessment (e)	Restructuring and Other Charges (f)	Gain on Sale of Asset (g)	FDA mandated product recall (h)	Adjusted (Non-GAAP)
Operating profit	\$ 159,142	445	6,278	731	1,000	(19)	791	(68)	3,500	\$ 171,800

Reconciliation of Net Income

	Reported (GAAP)	Operational Improvement Initiative Costs (a)	Acquisition Related Costs (b)	Integration related costs (c)	Legal Charges/Credits (d)	Tax Assessment (e)	Restructuring and Other Charges (f)	Gain on Sale of Asset (g)	FDA mandated product recall (h)	Adjusted (Non-GAAP)
Income before taxes	\$ 142,040	445	6,278	731	1,000	(19)	791	(68)	3,500	\$ 154,698
Taxes on income (i)	\$ 32,245	111	1,472	243	354	(7)	(75)	(22)	1,238	\$ 35,559
Net income	\$ 109,795	334	4,806	488	646	(12)	866	(46)	2,262	\$ 119,139
Diluted EPS	\$ 1.38	—	0.06	0.01	0.01	—	0.01	—	0.03	\$ 1.50

- (a) Represents accelerated depreciation and idle labor costs in Hangzhou, China.
- (b) Represents the amortization of inventory "step-up" related to the acquisitions of David Michael, Fragrance Resources and PowderPure, included in Cost of goods sold and transaction costs related to the acquisitions of Fragrance Resources and PowderPure, included in Selling and administrative expenses.
- (c) Represents costs related to the integration of the David Michael and Fragrance Resources acquisitions.
- (d) Represents additional charge related to litigation settlement.
- (e) Represents the reversal of a portion of the reserve for payment of a tax assessment related to commercial rent for prior periods.
- (f) Represents severance costs related to the 2017 Productivity Program which were partially offset by the reversal of 2015 severance charges that were no longer needed.
- (g) Represents gains on sale of assets.
- (h) Represents an estimate of the Company's incremental direct costs and customer reimbursement obligations, in excess of the Company's sales value of the recalled products, arising from an FDA mandated recall of consumer products as a result of raw material received and identified by the Company as containing contamination. (The sales value of the recalled products was reserved in the first quarter of 2017). While the Company does not believe that any of the affected raw material was included in its finished products delivered to the customer, as the delivered product included raw material of the same vendor lot that tested positive, the FDA, after being notified by the Company, initiated a recall of all consumer products including raw material from the affected vendor lot due to the potential for product contamination.
- (i) The income tax expense (benefit) on non-GAAP adjustments is computed in accordance with ASC 740 using the same methodology as the GAAP provision of income taxes. Income tax effects of non-GAAP adjustments are calculated based on the applicable statutory tax rate for each jurisdiction in which such charges were incurred. For the second quarter of 2017, these non-GAAP adjustments were not subject to foreign tax credits or valuation allowances, but to the extent that such factors are applicable to any future non-GAAP adjustments we will take such factors into consideration in calculating the tax expense (benefit).

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: \$0.6M related to PowderPure, \$1.5M related to Fragrance Resources, \$1.1M related to David Michael, \$1.9M related to Lucas Meyer and \$1.6M related to Ottens Flavors.

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Second Quarter 2016
Reconciliation of Non-GAAP Metrics

Reconciliation of Gross Profit							
	Reported (GAAP)	Restructuring and Other Charges (a)	Operational Improvement Initiative Costs (b)			Adjusted (Non-GAAP)	
Gross profit	\$ 365,641	182	831			\$ 366,654	
Reconciliation of Selling and Administrative Expenses							
	Reported (GAAP)	Acquisition and Related Costs (c)	Legal Charges/Credits (d)			Adjusted (Non-GAAP)	
Selling and Administrative Expenses	\$ 132,784	(213)	36			\$ 132,607	
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	\$ 164,672	182	831	213	(36)	(197)	\$ 165,665
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	\$ 152,050	182	831	213	(36)	(197)	\$ 153,043
Taxes on income (f)	\$ 35,317	35	208	(102)	(9)	(65)	\$ 35,384
Net income	\$ 116,733	147	623	315	(27)	(132)	\$ 117,659
Diluted EPS	\$ 1.46	—	0.01	—	—	—	\$ 1.47

- (a) Accelerated depreciation related to restructuring activities.
(b) Accelerated depreciation and severance costs in Hangzhou, China.
(c) Additional transaction costs related to the acquisition of Lucas Meyer, included in Selling and administrative expenses.
(d) Principally related to favorable tax rulings.
(e) Principally related to gain on sale of property in Europe.
(f) The income tax expense (benefit) on non-GAAP adjustments is computed in accordance with ASC 740 using the same methodology as the GAAP provision of income taxes. Income tax effects of non-GAAP adjustments are calculated based on the applicable statutory tax rate for each jurisdiction in which such charges were incurred. For the second quarter of 2016, these non-GAAP adjustments were not subject to foreign tax credits or valuation allowances, but to the extent that such factors are applicable to any future non-GAAP adjustments we will take such factors into consideration in calculating the tax expense (benefit).

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 Lucas Meyer and \$1.6M related to Ottens Flavors.

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Second Quarter Year-to-Date 2017
Reconciliation of Non-GAAP Metrics

Reconciliation of Gross Profit						
Reported (GAAP)	Operational Improvement Initiative Costs (a)	Acquisition and Related Costs (b)	Integration Related costs (c)	FDA mandated product recall (i)	Adjusted (Non-GAAP)	
Gross profit	\$ 739,255	1,066	10,908	186	3,500	\$ 754,915

Reconciliation of Selling and Administrative Expenses						
Reported (GAAP)	Acquisition and Related Costs (b)	Integration Related costs (c)	Legal Charges/Credits (d)	Tax Assessment (e)	Adjusted (Non-GAAP)	
Selling and Administrative Expenses	\$ 276,240	(4,158)	(1,485)	(1,000)	(5,331)	\$ 264,266

Reconciliation of Operating Profit										
Reported (GAAP)	Operational Improvement Initiative Costs (a)	Acquisition Related Costs (b)	Integration Related costs (c)	Legal Charges/Credits (d)	Tax Assessment (e)	Restructuring and Other Charges (f)	Gain on Sale of Asset (g)	FDA mandated product recall (i)	Adjusted (Non-GAAP)	
Operating profit	\$ 296,578	1,066	15,066	1,923	1,000	5,331	10,934	(89)	3,500	\$ 335,309

Reconciliation of Net Income											
Reported (GAAP)	Operational Improvement Initiative Costs (a)	Acquisition Related Costs (b)	Integration Related costs (c)	Legal Charges/Credits (d)	Tax Assessment (e)	Restructuring and Other Charges (f)	Gain on Sale of Asset (g)	CTA Realization (h)	FDA mandated product recall (i)	Adjusted (Non-GAAP)	
Income before taxes	\$ 280,527	1,066	15,066	1,922	1,000	5,331	10,934	(89)	(12,217)	3,500	\$ 307,040
Taxes on income (j)	\$ 54,968	266	4,610	606	354	1,885	2,892	(29)	—	1,238	\$ 66,790
Net income	\$ 225,559	800	10,456	1,316	646	3,446	8,042	(60)	(12,217)	2,262	\$ 240,250
Diluted EPS	\$ 2.84	0.01	0.13	0.02	0.01	0.04	0.10	—	(0.15)	0.03	\$ 3.02 *

- (a) Represents accelerated depreciation and idle labor costs in Hangzhou, China.
- (b) Represents the amortization of inventory "step-up" related to the acquisitions of David Michael, Fragrance Resources and PowderPure, included in Cost of goods sold and transaction costs related to the acquisitions of Fragrance Resources and PowderPure, included in Selling and administrative expenses.
- (c) Represents costs related to the integration of the David Michael and Fragrance Resources acquisitions.
- (d) Represents additional charge related to litigation settlement.
- (e) Represents the reserve for payment of a tax assessment related to commercial rent for prior periods.
- (f) Represents severance costs related to the 2017 Productivity Program which were partially offset by the reversal of 2015 severance charges that were no longer needed.
- (g) Represents gains on sale of assets.
- (h) Represents the release of CTA related to the liquidation of a foreign entity.
- (i) Represents an estimate of the Company's incremental direct costs and customer reimbursement obligations, in excess of the Company's sales value of the recalled products, arising from an FDA mandated recall of consumer products as a result of raw material received and identified by the Company as containing contamination. (The sales value of the recalled products was reserved in the first quarter of 2017). While the Company does not believe that any of the affected raw material was included in its finished products delivered to the customer, as the delivered product included raw material of the same vendor lot that tested positive, the FDA, after being notified by the Company, initiated a recall of all consumer products including raw material from the affected vendor lot due to the potential for product contamination.
- (j) The income tax expense (benefit) on non-GAAP adjustments is computed in accordance with ASC 740 using the same methodology as the GAAP provision of income taxes. Income tax effects of non-GAAP adjustments are calculated based on the applicable statutory tax rate for each jurisdiction in which such charges were incurred, except for those items which are non-taxable for which the tax expense (benefit) was calculated at 0%. For the first six months of 2017, these non-GAAP adjustments were not subject to foreign tax credits or valuation allowances, but to the extent that such factors are applicable to any future non-GAAP adjustments we will take such factors into consideration in calculating the tax expense (benefit).

* Item 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: \$0.6M related to PowderPure, \$2.8M related to Fragrance Resources, \$1.7M related to David Michael, \$3.8M related to Lucas Meyer and \$3.1M related to Ottens Flavors.

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Second Quarter Year-to-Date 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	\$ 725,849	283	1,099	889				\$ 728,120
Reconciliation of Selling and Administrative Expenses								
Reported (GAAP)	Acquisition and Related Costs (c)	Legal Charges/Credits (d)					Adjusted (Non-GAAP)	
Selling and Administrative Expenses	\$ 256,327	(360)	1,482				\$ 257,449	
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	\$ 334,604	283	1,099	1,249	(1,482)	(2,910)	\$ 332,843	
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	\$ 306,947	283	1,099	1,249	(1,482)	(2,910)	\$ 305,186	
Taxes on income (f)	\$ 71,610	54	275	266	(411)	(637)	\$ 71,157	
Net income	\$ 235,337	229	824	983	(1,071)	(2,273)	\$ 234,029	
Diluted EPS	\$ 2.93	—	0.01	0.01	(0.01)	(0.03)	\$ 2.91	

- (a) Accelerated depreciation related to restructuring activities.
(b) Accelerated depreciation and severance costs in Hangzhou, China.
(c) Expense related to the amortization of inventory step-up, included in Cost of goods sold, and additional transaction costs related to the acquisition of Lucas Meyer, included in Selling and administrative expenses.
(d) Settlements due to favorable tax rulings in jurisdictions for which reserves were previously recorded for ongoing tax disputes.
(e) Principally related to gain on sale of property in Europe.
(f) The income tax expense (benefit) on non-GAAP adjustments is computed in accordance with ASC 740 using the same methodology as the GAAP provision of income taxes. Income tax effects of non-GAAP adjustments are calculated based on the applicable statutory tax rate for each jurisdiction in which such charges were incurred. For the first six months of 2016, these non-GAAP adjustments were not subject to foreign tax credits or valuation allowances, but to the extent that such factors are applicable to any future non-GAAP adjustments we will take such factors into consideration in calculating the tax expense (benefit).

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: \$4.3M related to Lucas Meyer and \$3.2M related to Ottens Flavors.