

**IFF &  
Frutarom  
Global  
Town Hall**











June 21, 2018

# Agenda

- 1. IFF Introduction**
2. Frutarom Introduction
3. IFF Frutarom Combination
4. Integration Plan

# IFF History

129 years of sparking the senses and transforming the everyday

1889	1917	1958	1964	1989	2000s	2015	2016	2017	2018
Polak & Schwarz Founded in Holland	van Ameringen & Co. Established in the US	Polak & Schwarz, VAH Merger	Listed on the NYSE	Added to the S&P 500 Index	Acquired LMR & BBA	Acquired Ottens Flavors and Lucas Meyer Cosmetics	Acquired David Michael	Acquired Fragrance Resources and PowderPure	<b>IFF &amp; Frutarom Combine</b>
									

# IFF Business Profile

Leading provider of sensorial experiences



48% of sales

## Taste

Beverage

Savory

Sweet

Dairy



50% of sales

## Smell

Perfumery

Beauty Care

Fabric Care

Home Care



2% of sales

## Touch

Skin Care

Hair Care

Cosmetics

Personal Care

Source: Form 10-K for the year ended December 31, 2017



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# IFF By The Numbers

Expansive global network

6

R&D  
Centers

37

Manufacturing  
Facilities

69

Creative &  
Application Centers

73%

Sales Outside  
North America

~3,000

Customers

7,300

Employees

>46,000

Unique Products  
Sold Annually

\$10B

Market  
Cap

Source: Form 10-K for the year ended December 31, 2017



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# Science-Driven Organization

Delivering innovative solutions to our customers



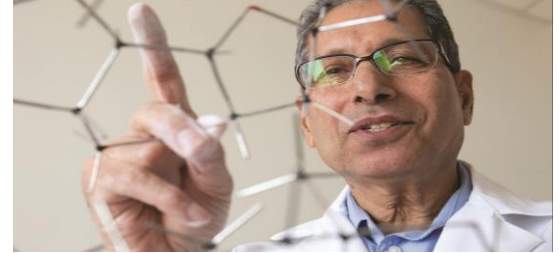
## Understanding Consumer Trends

Health & Wellbeing  
Natural/Organic  
Non-Declarable  
Sustainability  
Value



## Factoring in Customer Imperatives

Healthier Products  
Clean Labels  
Transparency  
Traceability  
Affordability



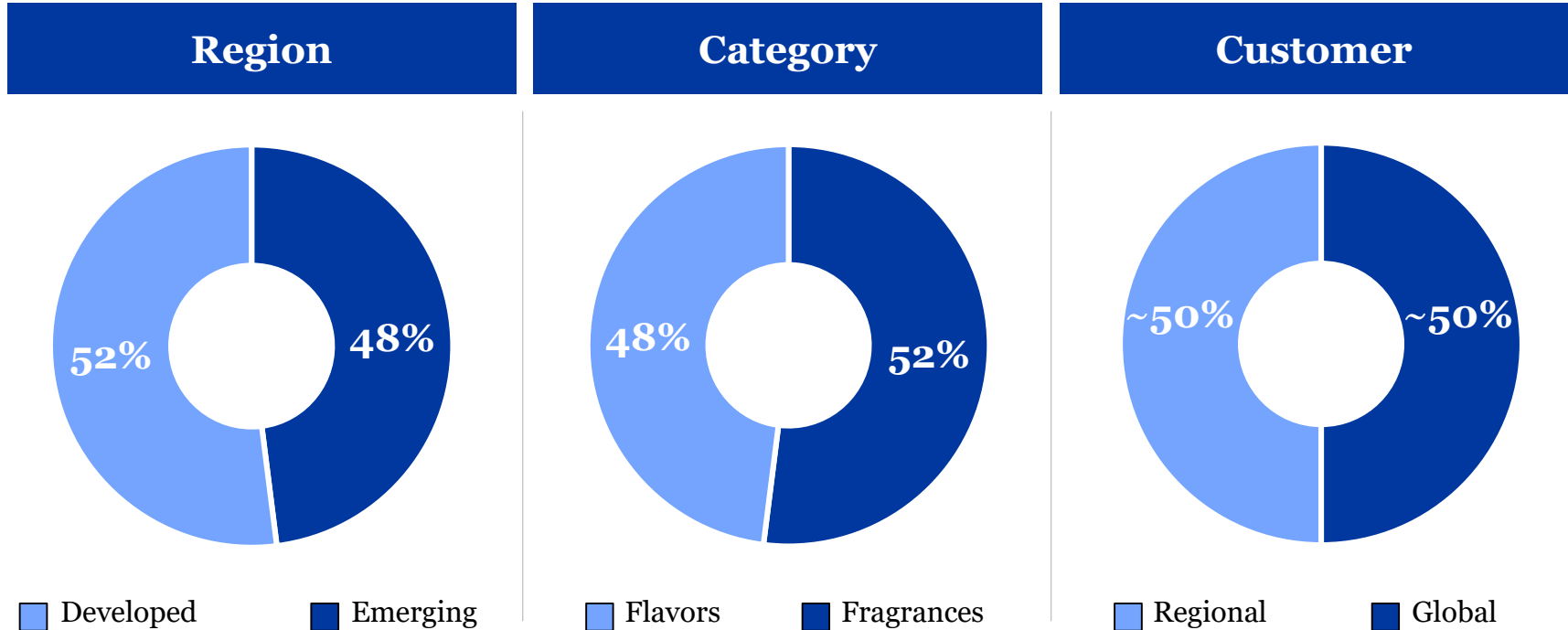
## Building Key R&D Platforms

Naturals  
Modulation  
Delivery  
Ingredients  
Active Cosmetics  
Health & Nutrition



# Diversified Business

Balanced mix across regions, categories & customers



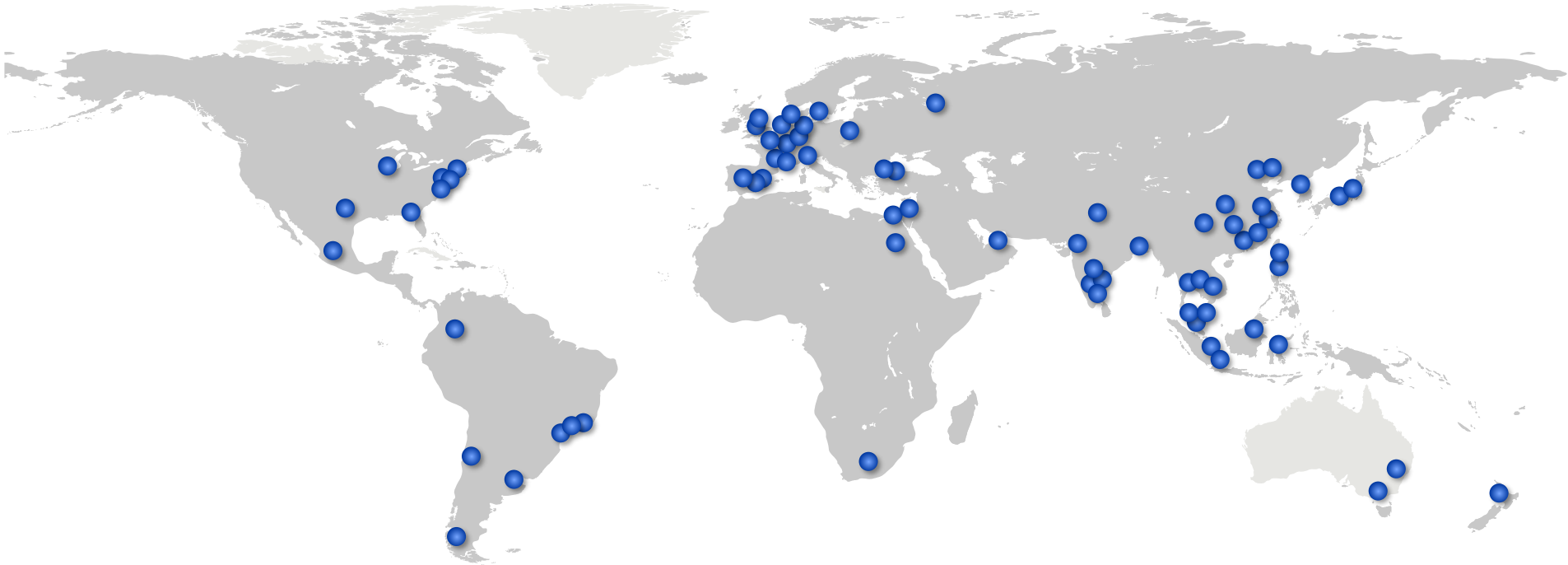
Source: Form 10-K for the year ended December 31, 2017



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# Our Global Reach

Providing products in >150 Countries; A leader in key emerging markets





# Partnering With World's Leading Brands

Strong customer portfolio of global multinationals and local & regionals



ESTÉE LAUDER



MARS WRIGLEY

Intersnack



L'ORÉAL



KIRIN



COTY

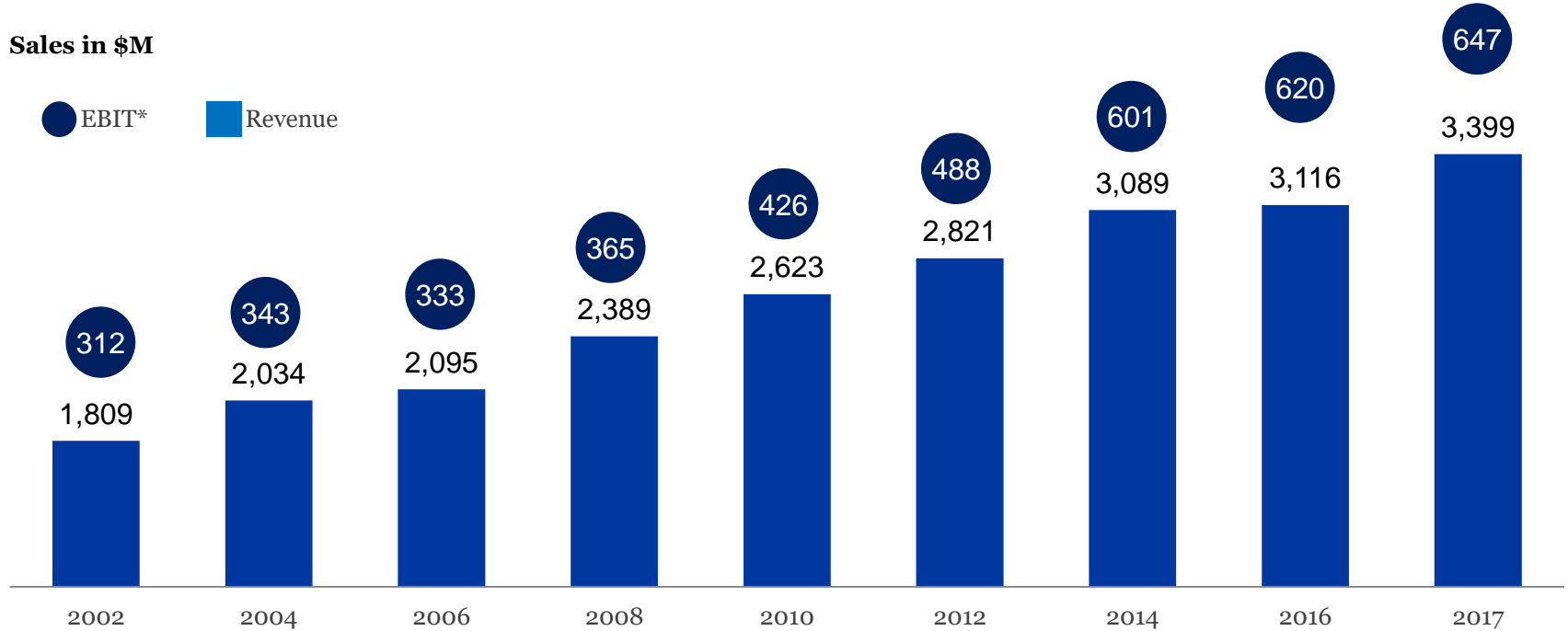


SUNTORY



# IFF's Track Record Of Growth & Profitability

Foundation built for future growth



\* Excludes the items that impact comparability



# IFF Culture & Employee Values

Strong company culture grounded in an entrepreneurial spirit

## We are passionate

“Passion brings us to work everyday; it drives us to excel. When we’re passionate, we are motivated & inspired to give our best.”

## We are creative

“We’re experimenters, novel thinkers and genius problem solvers, creating results that are delightfully surprising to all.”

## We are experts at what we do

“We’re inquisitive, open minded and curious types. Always digging, reading, listening, searching and challenging. Our expertise keeps us relevant.”

## We are empowered

“Embrace your entrepreneurial spirit and let your full potential blossom. Together we will stand on the shoulders of giants.”



# IFF Talent & Organization

Investing in our people & a greater sense of purpose



## Training

- Transformative & inclusive learning culture that brings together all Leadership Programs, Technical Schools, Management Development and Business & Professional Skills Training



## Development

- Performance management system designed for greater alignment with IFF long-term goals while ensuring an opportunity to grow professionally and personally



## Diversity

- Diversity & Inclusion program recognizes and accelerates our journey to full inclusiveness and inspires us to lead transformational change from within



## Career Site

- Relaunched IFF career site to showcase our participation in socio economic, skills development initiatives, diverse team and highly passionate people



# Strong Commitment to Sustainability

Accelerating our commitments & driving results

## We committed to:



COP 21 Paris  
Climate Agreement



United Nations  
Global Compact



Naturals  
Certifications



Renewable  
Energy



Responsible  
Supply Chain

## We achieved:



CDP's Climate "A" list  
for the second year



EcoVadis Gold CSR  
Rating



Euronext Vigeo  
US Top 50

Newsweek Green Rankings:  
top 100 Green Companies in U.S.

## 2020 Environmental Sustainability Goals



Reduce energy  
use by 20%

**(18.6)%**



Reduce GHG  
emissions by 25%

**(33.8)%**



Reduce water  
use by 50%

**(68.2)%**



Reduce hazardous  
waste by 25%

**(42.1)%**

We initiated partnerships with:



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# Vision 2020: Strategic Accomplishments

Delivering strong progress across all pillars

## Vision 2020

Total Shareholder Return: +59% | Market Capitalization: \$11.3B

### Innovating Firsts



**11 New**  
Captive Fragrance  
Ingredients

+Double-Digits  
Encapsulation

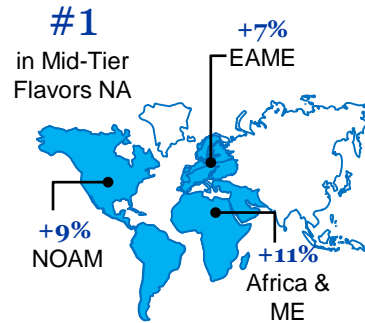
+Double-Digits  
Modulation



**9 New**  
Natural Flavor  
Modulators



### Winning Where We Compete



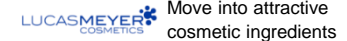
### Becoming Our Customers' Partner of Choice

Expansion  
Global Core  
Lists

Commercial  
Excellence  
Program



### Strengthening & Expanding the Portfolio



Move into attractive  
cosmetic ingredients



Penetrate regional,  
specialty Fine customers



Fortify naturals &  
clean label platform



**Building Our Talent and Organization:** IFF University | Diversity & Inclusion | Employee Culture Survey



**Continuously Improving:** Productivity Programs | Implementation of Zero-Based Budgeting | Acquisition Synergies



**Creating a Sustainable Future:**



# Refreshed Strategic Priorities

Driving long-term value creation



Drive

Differentiation

- Drive enhancements in key R&D platforms: naturals, modulation, delivery, ingredients, active cosmetics and health & nutrition



Balance

Customers

- Accelerate growth with regional & local customers, while strengthening IFF's position with key large multinationals



Maximize  
Portfolio

- Execute superior management of category mix to support margin expansion



Generate  
Return

- Pursue continuous improvement, with a focus on cost productivity & reallocation of resources to efforts that drive greatest returns

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- 2. Frutarom Introduction**
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4. Integration Plan



## Passion for Taste & Health



# Frutarom's Foundations

Founded in 1933, Frutarom combined the cultivation of aromatic plants and flowers with the extraction and distillation of flavors, fine ingredients and essential oils.



# A Leading Fast Growing Global Flavor & Fine Ingredient House

## Global Presence

- A Top **10** flavor house
- Sales in over **150** countries
- **Over 30,000** customers

## Broad Product Portfolio

- **70,000** products
- Over **10,000** raw materials
- Innovative pipeline

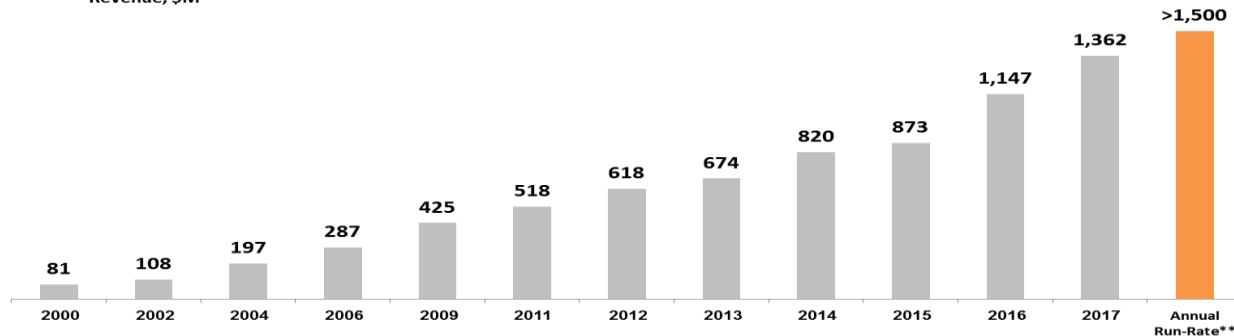
## Financial Success 2000-2017

- **16x** growth in sales (CAGR 18%)
- **30x** growth in EBITDA\*
- **38x** growth in Net Profit\*

## Public Company

- Listed on London & TLV Stock Exchanges
- From \$13M to above **\$6 B** market cap

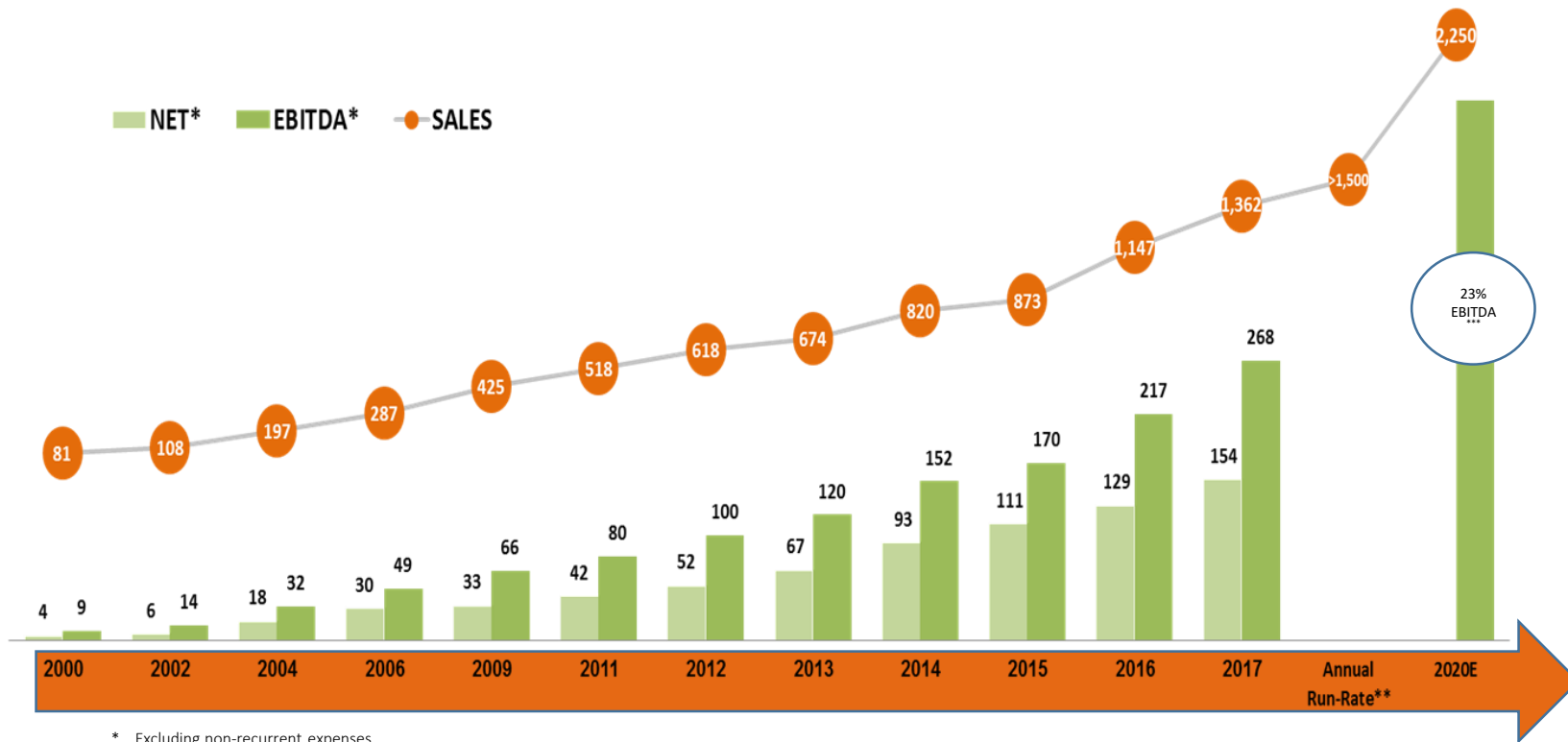
Revenue, \$M



\* Excluding non-recurrent expenses

\*\* Following its accelerated internal growth and acquisitions made in 2017 (including Mighty, Enzymotec and Bremil), Frutarom's annual sales run-rate already exceeds 1.5B\$

# A Profitable Growth Story



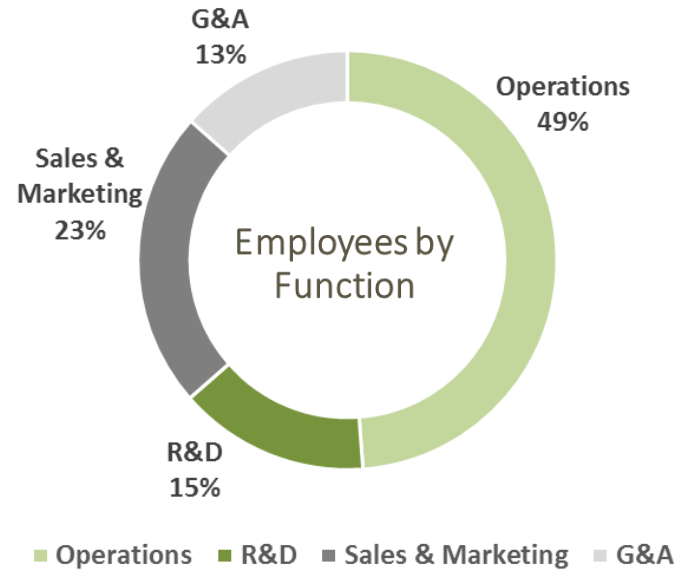
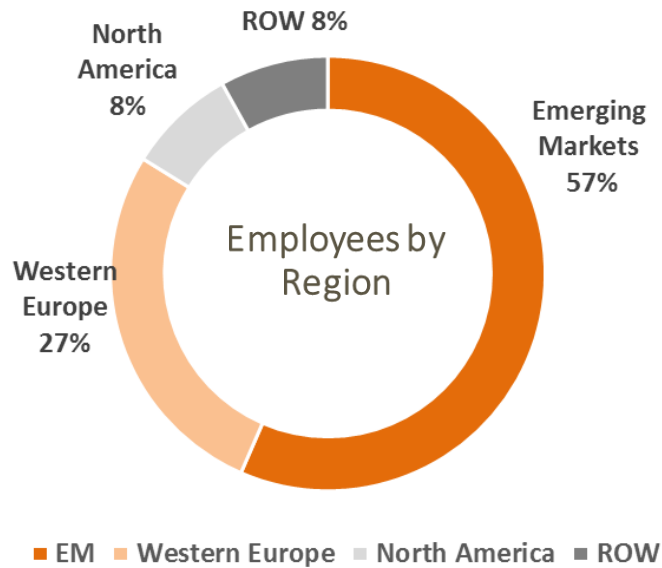
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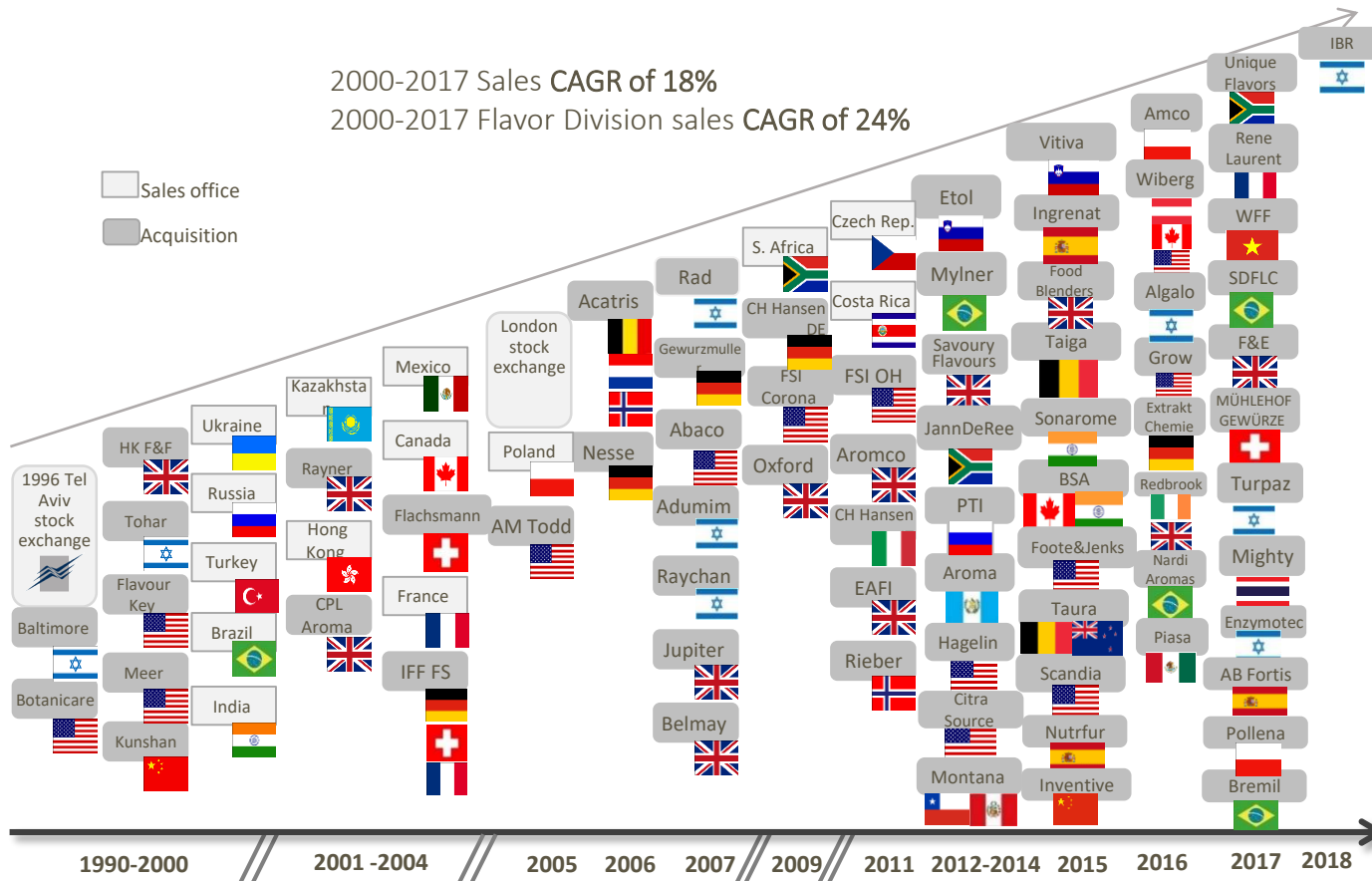
\*\*\* Core business

# Our Employees are the Key to Our Success

~5,400 employees worldwide



# Global Expansion throughout the years



# Global Presence



# Growing Core Business



## Flavors

- High quality creation of sweet and savory flavors for food and beverage
- Local and global tastes



## Savory Solutions

- Value-added functional savory solutions for the food industry (snacks, meat, fish, ready meals, convenience food, organic, and culinary segments)



## Food Systems

- Comprehensive sweet and savory food systems
- Technologies for fruit, spice, vegetable, meat and fish preparations



Expands offering to enhance customer partnership



## Natural Health

- Innovative, science-based health ingredients for phyto-pharmaceuticals, dietary supplements, functional foods, cosmetics, and personal care
- Supporting the growing demand for natural health and beauty



## Flavors & Fragrance Specialty Ingredients

- Specialty botanical extracts, distillates, essential oils and aroma chemicals



## Natural Colors

Wide array of natural colors for food, beverage and cosmetics



## Natural Solutions for Food Protection

Natural anti-oxidants and anti-microbials. Biotechnology based products for natural food preservation and shelf life extension



*Taste  
Solutions*

*Fine  
Ingredients*

---

Sharing the  
Passion for Taste & Health



*We develop tailored solutions combining **excellent taste**  
with **health and functionality** all under one roof*

# Strategically Positioned to meet Market Trends

## Creation through Science and Innovation



# Customer in the Center – A Differentiated Product Offering



## Profitable Internal Growth



- Developed markets (Europe and USA)
- Emerging markets (Asia, LATAM, Central and Eastern Europe, Africa)



- Mid-sized and local
- Private label
- Multinational



- Natural Flavor solutions (extracts, fruit bases specialty, essential oils)
- Natural health solutions /functional food ingredients
- Natural color solutions
- Natural Solutions for Food Protection
- Cost reduction solutions



- R&D and innovation – internal and external
- Efficiencies, scale and synergies – cross selling
- Experienced global management
- Customer-driven organization

# Positive Outlook for 2018 and Onwards

Profitable rapid internal growth in core business

Focus on small, mid-size and private label customers with better organic growth rate than the MNC's

Focus on innovative, health & wellness oriented, natural product mix

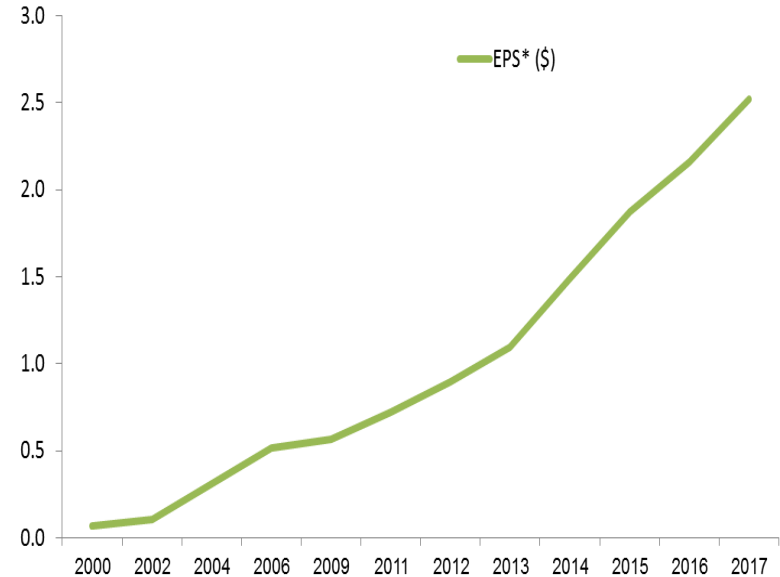
Successful integration of the recent acquisitions

Additional projects to improve efficiency, merge activities and operations

Enhancing & leveraging global purchasing

Strong acquisitions pipeline

## Continues Improvement in EPS



\* Excluding non-recurrent expenses

# Increasing 2020 Goals

Following the accelerated profitable internal growth and 12 acquisitions made in 2017 Frutarom Revenues Run-Rate exceeds \$1.5 Billion



Above-industry Growth



Continue Margin Expansion



Continue Acquisitions Strategy



**\$2.25 Billion** in revenues in 2020



**23% EBITDA** in our core business by 2020\*

## Strategic Focus:



\* Given current product mix

## Frutarom's Vision

To Be The Preferred Partner  
For Tasty And Healthy  
Success



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# IFF & Frutarom

## A compelling combination

- IFF & Frutarom combination establishes a **global leader** in natural taste, scent and nutrition with expected 2018 pro-forma sales of \$5.3 billion
- Unique position in **natural solutions**, new opportunities in **attractive adjacencies** & strengthens exposure to **fast-growing customers**
- **Additional value** driven by cross-selling and integrated solutions
- **Strong talent** of extraordinarily talented employees globally
- Enhanced platform for sustainable, **profitable growth**



# Compelling Strategic Rationale

Increasing our exposure to faster & more profitable growth

## NATURAL

- Creates a global leader in natural solutions
- Well-positioned to address customer & consumer demands

## PORTFOLIO

- Expands beyond flavors and fragrances into fast-growing categories of natural colors, enzymes, antioxidants & health ingredients
- Comprehensive portfolio with integrated solutions






















## CUSTOMERS

- Significantly increases exposure to fast-growing small- and mid-sized customers, including private label
- Opportunity to leverage Tastepoint<sup>SM</sup> model



# Enter Attractive Adjacencies

Differentiating portfolio towards fast-growing, market-relevant categories

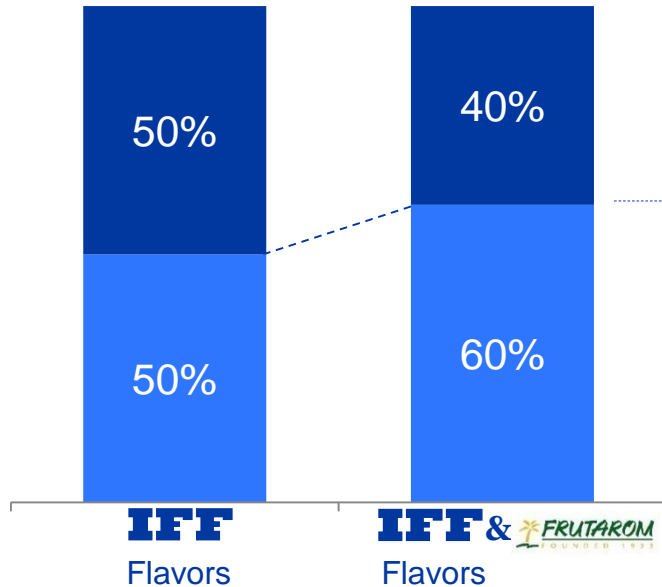
Categories	 Fragrance	 Flavors	 Cosmetic Ingredients	 Naturals Colors	 Health Ingredients	 Natural Food Protection	 Enzymes
IFF							
Frutarom							
Description	• Fragrance compounds & ingredients for CPG industry	• Flavor compounds for Food & Beverage industry	• Active cosmetic ingredients	• Naturally derived color pigments for Food & Beverage	• Pharmaceutical, Nutraceuticals, and Functional Applications	• Natural antioxidants for food protection	• Enzymes for Food & Beverage industry
Growth Rate	~2% <sup>1</sup>	~3% <sup>1</sup>	~4.5%	~6.5% <sup>2</sup>	~6.5% <sup>2</sup>	~6% <sup>2</sup>	5% <sup>3</sup>

Source: Company reports; (1) MarketsandMarkets analysis, 3/2018 Report; (2) 2016 estimates from Frutarom January 2018 report; (3) Exane and Berenberg Estimates

# Expands Exposure to Small & Mid-Sized Customers

Repositioning portfolio towards faster-growing customers

% of 2018 Sales



**Global  
Multinational  
Customers**



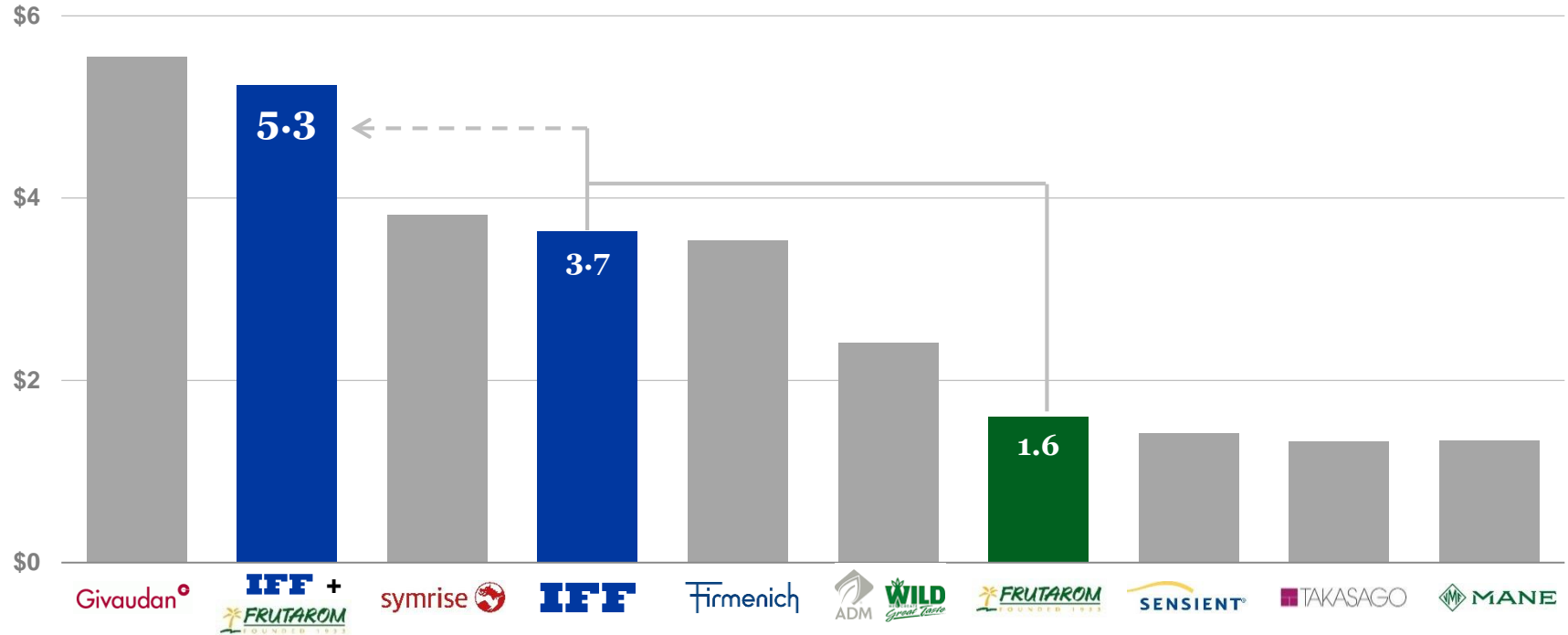
**Local, Regional  
& Private Label  
Customers**



Note: Frutarom estimate sales represents total company; Source: Company estimates

# IFF & Frutarom Create a Global Leader

Estimated 2018 Total Sales (\$B)



Note: Company estimates; NASDAQ consensus for industry peers

# Compelling Value Creation Opportunity

Becoming the largest, fastest-growing & most profitable company in industry

## Sales



Accelerating Organic  
and Inorganic  
Revenue Generation

## Profit



EBITDA Margin  
Expansion  
via Realization  
Synergies

## EPS

Double-Digit  
Adjusted  
Cash EPS Accretive  
in Year

2

## Cash Flow

Enhanced Cash Flow  
to Meet Operating,  
Financing and Strategic  
Needs



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# Structured Approach Towards Integration

Clear roles & responsibilities, focused expertise

**Integration Management Office:** Coordinates all teams & processes

## Integration Planning Teams

- **Drives integration** planning and execution **for each part of the business**
- e.g. Manufacturing, Procurement, Core Business, R&D, Finance, IT, Legal, HR, ...

## Platform Teams

- **Supports Integration** Planning Teams on topics that span **across teams**
- e.g. Synergies, Organizational Structure, Culture, Communications, ...

## Special Issues Teams

- **Drives special topics** around integration
- e.g. Long-Term Vision, Regulatory Closing, Financing, M&A Pipeline, ...



# Integration (IMO) Leadership Team

Strong leadership & dedicated team committed to a successful integration



**Francisco Fortanet** – Integration Lead IFF – Currently serves as EVP, Operations at IFF and has extensive experience leading manufacturing and procurement as well as strong cross-functional leadership, robust commercial support and expertise bringing innovation to market



**Amos Anatot** – Integration Lead Frutarom – Currently serves as EVP of Global Supply Chain & Operations and has robust knowledge of the day-to-day operations at Frutarom and is actively involved in all aspects of the business



**Dave Smith** – Integration Management Office (IMO) Project Manager – Currently serves as IFF Director, Global Supply Chain Flavors and has extensive experience in logistics and manufacturing, and successfully served as transition lead for an international team charged with change initiatives

# Principal Goal of Integration

Bringing together the best of both organizations

Keep business continuity and commercial success of both IFF and Frutarom running seamlessly and ensure a smooth experience and exceptional services for our customers... delivering on our commitment of accelerated profitable growth

# Core Integration Team

Identified IFF & Frutarom leaders for each team/ work stream

Team	IFF Team Leader	Frut Team Leader
Program Oversight & Day 1 readiness	David S	
Baseline & Synergies	Liz S	Guy G
Org., Talent & Retention and Works Council	Shelley B	Sharon G
Culture and Change Mgmt.	Shelley B (Chris L)	Sharon G
Communications (all excl. inv.)	Carol B	Sharon G
Investor Communication+ Branding	Mike D	Roy M
Vision/Strategy	Ash B	Amos A
Anti Trust & Regulatory Closing	Nanci P	Adi M
M&A Pipeline	Greg S	Adi M
Financing / Equity Offering	John T	

Note: Name list following order does not reflect hierarchy



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Team	IFF Team Leader	Frut Team Leader
Core Business (Sales, C&A)- Taste, Savory, etc	Henk V.	Amos
Cross-sales		
R&D	Auroni M (Mike P)	Yoni G
Adjacencies <sup>2</sup>	Henk V.	
Fragrance / Cosmetic Actives	Antonio L	
Procurement <sup>1</sup>	Gladys G	Christoph S
Manufacturing <sup>1</sup>	Stuart M	Yossi A
Finance	Roger B	Guy G
HR	Shelley B	Sharon G
IT	Barrett T	Flora L
Regulatory, Quality & EHS	Shawn B-reg/EHS Fred Flores-quality	Nigel M
Legal & Compliance	Nanci P	Adi M

Go To Market/Sales

# Integration Guiding Principals

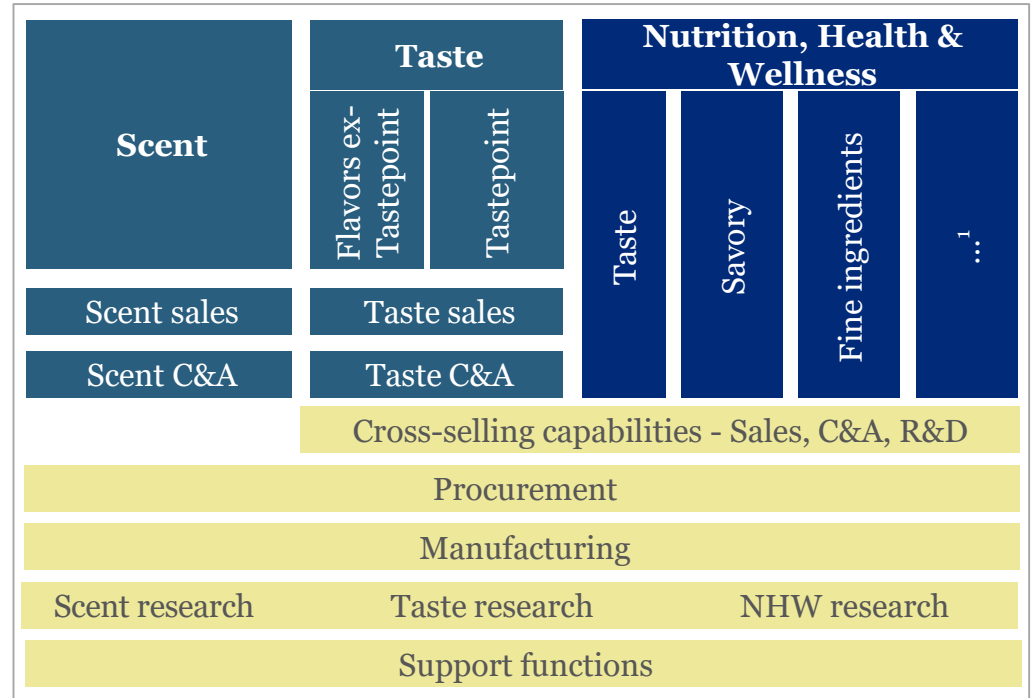
Aligned approach to ensure future success

- 1 Set up organization that best enables IFF's and Frutarom's strategic aspirations
- 2 Protect the core businesses to deliver organic growth
- 3 Analyze the ways of working & doing business in both companies and ensuring the "best of both" is kept
- 4 Preserve Frutarom's unique front-end, M&A capabilities, and retain exceptional talent of both companies to preserve expected growth
- 5 Ensure organization is set up to capitalize on cross-selling opportunities
- 6 Retain flexibility to fine-tune the organization and operating model
- 7 Flex integration speed – moving faster where there is greater visibility and slower where understanding must be developed

# Day 1 Vision

Built to deliver accelerated profitable growth

- Frutarom commercial team to remain as a standalone unit - maintaining their go-to-market strategy with customer base
- Drive cross-selling via sharing of vast technologies & categories
- Select “lift & shift“ opportunities as appropriate to drive faster growth
- Leverage global expertise across all back-end functions to unlock value



# Integration Next Steps

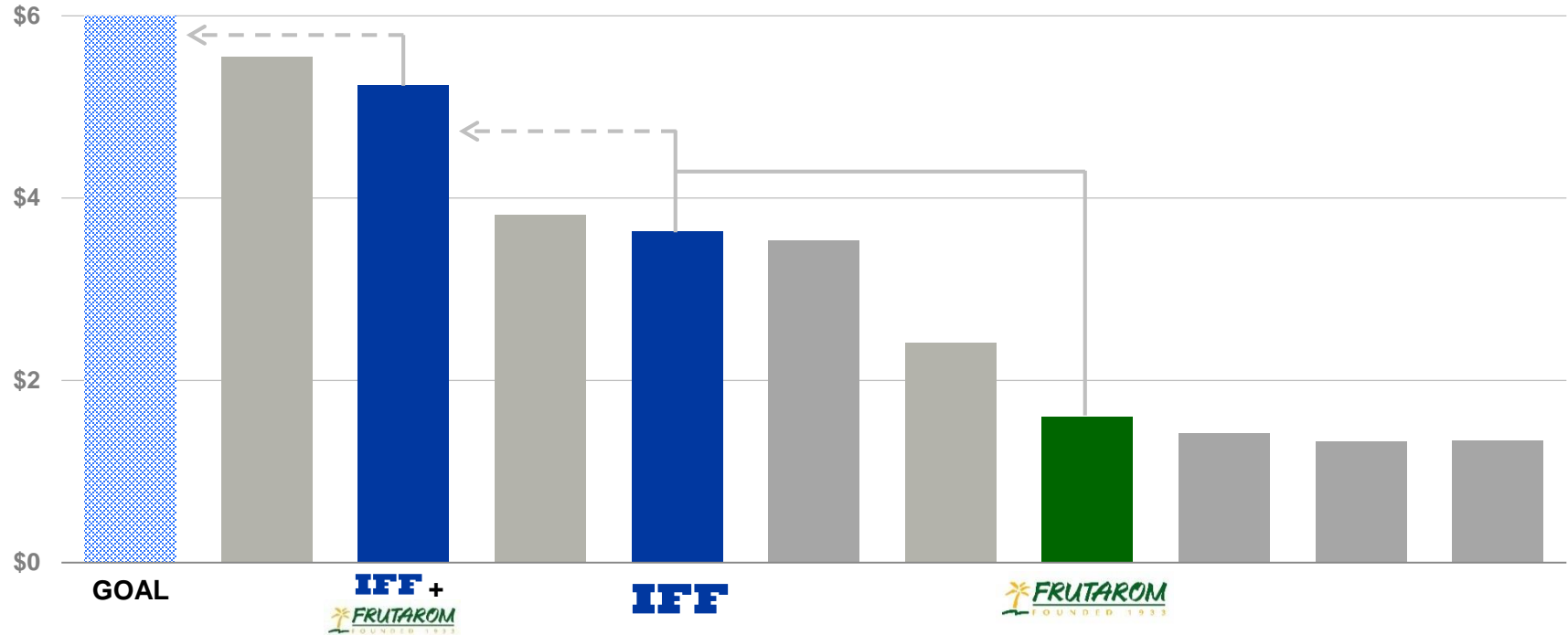
Collectively focused as we move forward

- Expect the close to take place in six to nine months, subject to regulatory approvals and other closing conditions
- For now, it is business as usual as we continue to operate as separate entities and independent competitors until the transaction closes
- Our responsibility is to continue to focus on our 2018 – Execution of each party's standalone plan and deliver on our objectives – zero distractions
- We know you have lots of questions – which we are eager to answer – but remember that we are still in very early days of our transaction
- Expect frequent and regular communications with you to keep you updated and informed as appropriate



# Clear Goal: #1 In Industry

Becoming the largest, fastest growing & more profitable in our industry



Note: Market data & company estimates



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**IEE**



# Cautionary Statement

This communication 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 communication concerning IFF's business outlook or future economic performance, anticipated profitability, revenues, expenses or other financial items, and product or services line growth, together with other statements that are not historical facts, are forward-looking statements that are estimates reflecting the best judgment of IFF based upon currently available information. Such forward-looking statements are inherently uncertain, and stockholders and other potential investors must recognize that actual results may differ materially from IFF's expectations as a result of a variety of factors, including, without limitation, those discussed below. Such forward-looking statements are based upon management's current expectations and include known and unknown risks, uncertainties and other factors, many of which IFF is unable to predict or control, that may cause IFF's actual results, performance or plans to differ materially from any future results, performance or plans expressed or implied by such forward-looking statements. These statements involve risks, uncertainties and other factors discussed below and detailed from time to time in IFF's filings with the Securities and Exchange Commission (the "SEC").

Risks and uncertainties related to IFF's proposed acquisition of Frutarom include, but are not limited to, the inability to obtain required regulatory approvals for the acquisition, the timing of obtaining such approvals and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the acquisition, the inability to obtain the requisite Frutarom shareholder approval of the transaction, the risk that a condition to closing of the acquisition may not be satisfied on a timely basis or at all, the failure of the proposed transaction to close for any other reason, uncertainties as to access to available financing (including financing for the acquisition or refinancing of IFF or Frutarom debt) on a timely basis and on reasonable terms, the impact of IFF's proposed financing on its liquidity and flexibility to respond to other business opportunities, whether the acquisition will have the accretive effect on IFF's earnings or cash flows that it expects, the inability to obtain, or delays in obtaining, cost savings and synergies from the acquisition, costs and difficulties related to the integration of Frutarom's businesses and operations with IFF businesses and operations, unexpected costs, liabilities, charges or expenses resulting from the acquisition, adverse effects on IFF's stock price resulting from the acquisition, the inability to retain key personnel, and potential adverse reactions, changes to business relationships or competitive responses resulting from the acquisition.

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.

# Important Information & Where to Find It

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. IFF filed with the SEC a registration statement on Form S-4 that includes a proxy statement of Frutarom that also constitutes a prospectus of IFF. INVESTORS AND SECURITY HOLDERS OF FRUTAROM ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS THAT HAVE BEEN FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain free copies of the registration statement and other documents filed with the SEC by the parties through the website maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed with the SEC by IFF will be available free of charge on IFF's internet website at [ir.iff.com](http://ir.iff.com).