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# Fourth Quarter & Full Year 2024 Earnings Conference Call

February 19, 2025



# CAUTIONARY STATEMENT

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Statements in this presentation release, which are not historical facts or information, are “forward-looking statements” within the meaning of The Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on management’s current assumptions, estimates and expectations including those concerning expected cash flow and availability of capital resources to fund our operations and meet our debt service requirements; our ability to execute on our strategic and financial transformation, including the progress and success of our portfolio optimization strategy (including the sale process for our Pharma Solutions disposal group), through non-core business divestitures and acquisitions, and expectations regarding the implementation of our refreshed growth-focused strategy and expectations around our business divestitures; our ability to continue to generate value for, and return cash to, our shareholders; expectations of the impact of inflationary pressures and the pricing actions to offset exposure to such impacts; expectations regarding the impact of government actions including tariffs; the impact of high input costs, including commodities, raw materials, transportation and energy; the expected impact of global supply chain challenges; our ability to enhance our innovation efforts, drive cost efficiencies and execute on specific consumer trends and demands; the growth potential of the markets in which we operate, including the emerging markets; expectations regarding sales and profit for the fiscal year 2025, including the impact of foreign exchange, pricing actions, raw materials, energy, and sourcing, logistics and manufacturing costs; the impact of global economic uncertainty and recessionary pressures on demand for consumer products; the success of our integration efforts, following the N&B transaction, and ability to deliver on our synergy commitments as well as future opportunities for the combined company; our strategic investments in capacity and increasing inventory to drive improved profitability; our ability to drive cost discipline measures and the ability to recover margin to pre-inflation levels; expected capital expenditures in 2025; and the expected costs and benefits of our ongoing optimization of our manufacturing operations, including the expected number of closings.

These forward-looking statements should be evaluated with consideration given to the many risks and uncertainties inherent in our business that could cause actual results and events to differ materially from those in the forward-looking statements. Certain of such forward-looking information may be identified by such terms as “expect”, “anticipate”, “believe”, “intend”, “outlook”, “may”, “estimate”, “should”, “predict” and similar terms or variations thereof. Such forward-looking statements are based on a series of expectations, assumptions, estimates and projections about the Company, are not guarantees of future results or performance, and involve significant risks, uncertainties and other factors, including assumptions and projections, for all forward periods. Our actual results may differ materially from any future results expressed or implied by such forward-looking statements.

Such risks, uncertainties and other factors include, among others, the following: (1) our substantial amount of indebtedness and its impact on our liquidity, credit rating and ability to return capital to its shareholders; (2) our ability to successfully execute our strategic transformation; (3) the impact of regulatory, consumer, and economic trends on demand for consumer products; (4) the impact of the outcomes of legal claims, disputes, regulatory investigations and litigation; (5) supply chain disruptions, geopolitical developments, climate change events, natural disasters, public health crises, tariffs and trade wars, and other events that may affect our suppliers or procurement of raw materials; (6) inflationary trends, including in the price of our input costs, such as raw materials, transportation and energy; (7) our ability to successfully manage our working capital and inventory balances; (8) our ability to attract and retain key employees, and manage turnover of top executives; (9) our ability to successfully market to our expanded and diverse customer base; (10) our ability to effectively compete in our market and develop and introduce new products that meet customers’ needs; (11) changes in demand from large multi-national customers due to increased competition and our ability to maintain “core list” status with customers; (12) our ability to successfully develop innovative and cost-effective products that allow customers to achieve their own profitability expectations; (13) the impact of a significant data breach or other disruption in our information technology systems, and our ability to comply with data protection laws in the U.S. and abroad; (14) our ability to benefit from our investments and expansion in emerging markets; (15) the impact of currency fluctuations or devaluations in the principal foreign markets in which we operate; (16) economic, regulatory and political risks associated with our international operations; (17) our ability to declare and pay dividends which is subject to certain considerations; (18) our ability to react in a timely and cost-effective manner to changes in consumer preferences and demands, including increased awareness of health and wellness; (19) our ability to meet increasing customer, consumer, shareholder and regulatory focus on sustainability; (20) any impairment on our tangible or intangible long-lived assets; (21) our ability to enter into or close strategic transactions or divestments, or successfully establish and manage acquisitions, collaborations, joint ventures or partnerships; (22) changes in market conditions or governmental regulations relating to our pension and postretirement obligations; (23) our ability to comply with, and the costs associated with compliance with, regulatory requirements and industry standards, including regarding product safety, quality, efficacy and environment impact; (24) defects, quality issues (including product recalls), inadequate disclosure or misuse with respect to the products and capabilities; (25) our ability to comply with, and the costs associated with compliance with, U.S. and foreign environmental protection laws; (26) the impact of our or our counterparties’ failure to comply with the U.S. Foreign Corrupt Practices Act, similar U.S. or foreign anti-bribery and anti-corruption laws and regulations, applicable sanctions laws and regulations in the jurisdictions in which we operate or ethical business practices and related laws and regulations; (27) our ability to protect our intellectual property rights; (28) changes in business and operations related to the adoption of artificial intelligence; (29) the impact of changes in federal, state, local and international tax legislation or policies and adverse results of tax audits, assessments, or disputes; (30) the impact of any tax liability resulting from the N&B Transaction; and (31) our ability to comply with data protection laws in the U.S. and abroad.

The foregoing list of important factors does not include all such factors, nor necessarily present them in order of importance. In addition, you should consult other disclosures made by the Company (such as in our other filings with the SEC or in company press releases) for other factors that may cause actual results to differ materially from those projected by the Company. Please refer to Part I. Item 1A., Risk Factors, of the Company’s Annual Report on Form 10-K filed with the SEC on February 28, 2024 for additional information regarding factors that could affect our results of operations, financial condition and liquidity.

We intend our forward-looking statements to speak only as of the time of such statements and do not undertake or plan to update or revise them as more information becomes available or to reflect changes in expectations, assumptions or results. We can give no assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of, or any material adverse change in, one or more of the risk factors or risks and uncertainties referred to in this presentation or included in our other periodic reports filed with the SEC could materially and adversely impact our operations and our future financial results. Any public statements or disclosures made by us following this presentation that modify or impact any of the forward-looking statements contained in or accompanying this presentation will be deemed to modify or supersede such outlook or other forward-looking statements in or accompanying this presentation.

# NON-GAAP FINANCIALS

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We provide in this presentation non-GAAP financial measures, including: (i) comparable, currency neutral sales; (ii) adjusted operating EBITDA and comparable, currency neutral adjusted operating EBITDA; (iii) adjusted operating EBITDA margin; (iv) adjusted EPS ex amortization; (v) free cash flow; (vi) net debt to credit adjusted EBITDA; [and] (vii) adjusted selling and administrative expenses; and adjusted gross profit.

Our non-GAAP financial measures are defined below.

Comparable results for the fourth quarter and full year exclude the impact of divestitures.

Currency Neutral metrics eliminate the effects that result from translating non-U.S. currencies to U.S. dollars. We calculate currency neutral numbers by translating current year invoiced sale amounts at the exchange rates used for the corresponding prior year period. We use currency neutral results in our analysis of subsidiary or segment performance. We also use currency neutral numbers when analyzing our performance against our competitors.

Adjusted operating EBITDA and adjusted operating EBITDA margin exclude depreciation and amortization expense, interest expense, other expense, net, and certain non-recurring or unusual items that are not part of recurring operations such as, restructuring and other charges, impairment of goodwill, gains (losses) on business disposals, loss on assets classified as held for sale, acquisition, divestiture and integration related costs, strategic initiative costs, regulatory costs and other items.

Adjusted EPS ex Amortization excludes the impact of non-operational items including, restructuring and other charges, impairment of goodwill, acquisition, divestitures and integration [related] costs, losses (gains) on business disposals, loss on assets classified as held for sale, pension settlement losses (gains); gain on China facility relocation, strategic initiative costs, regulatory costs, redemption value adjustment to EPS and other items that are not a part of recurring operations.

Free Cash Flow is operating cash flow (i.e. cash flow from operations) less capital expenditures.

Net debt to credit adjusted EBITDA is the leverage ratio used in our credit agreements and defined as net debt (which is debt for borrowed money less cash and cash equivalents) divided by the trailing 12-month credit adjusted EBITDA. Credit adjusted EBITDA is defined as income (loss) before interest expense, income taxes, depreciation and amortization, specified items and non-cash items.

Adjusted selling and administrative expenses exclude acquisition, divestiture and integration related costs, strategic initiative costs, regulatory costs and other costs.

Adjusted gross profit excludes acquisition, divestiture and integration costs.

These non-GAAP measures are intended to provide additional information regarding our underlying operating results and comparable year-over-year performance. Such information is supplemental to information presented in accordance with GAAP and is not intended to represent a presentation in accordance with GAAP. In discussing our historical and expected future results and financial condition, we believe it is meaningful for investors to be made aware of and to be assisted in a better understanding of, on a period-to-period comparable basis, financial amounts both including and excluding these identified items, as well as the impact of exchange rate fluctuations. These non-GAAP measures should not be considered in isolation or as substitutes for analysis of the Company's results under GAAP and may not be comparable to other companies' calculation of such metrics.

The Company cannot reconcile its expected adjusted operating EBITDA under "Financial Guidance" without unreasonable effort because certain items that impact net income and other reconciling metrics are out of the Company's control and/or cannot be reasonably predicted at this time. These items include but are not limited to acquisition, divestiture and integration costs, gains (losses) on business disposals, and regulatory costs.

# TODAY'S SPEAKERS

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**Erik Fyrwald**

Chief Executive Officer



**Michael DeVeau**

EVP, Chief Financial Officer



**Michael Bender**

Director, Investor Relations

# AGENDA

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2024 Performance

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2025 Outlook

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Q&A



# DRIVING STRONG EXECUTION

## 2024 PROGRESS

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### OBJECTIVES

- Delivered on our financial commitments, with a **marked financial improvement** in 2024
- Established **new business-led operating model & new IFF operating system** to drive greater accountability
- **Refreshed strategy** focused on **biotech as a competitive advantage**
- Implemented **reinvestment program in R&D, Commercial and Capex**
- **Enhanced talent** via internal promotions & external appointments
- **Employee engagement improved significantly** versus prior year
- Announced next phase of **Board of Directors evolution**

### STATUS



FY 2024

# FINANCIAL HIGHLIGHTS

## Sales \$11.5B

Comparable currency  
neutral sales <sup>1</sup> +6%

## Volume Recovery

Strong recovery  
vs prior year lows

## Adjusted Operating EBITDA<sup>1</sup> of \$2.2B

Comparable adjusted  
operating EBITDA<sup>1</sup> +16%

## Dividend Policy

Right-sized to enable faster deleveraging  
& provide improved financial flexibility

## Portfolio Optimization

Completed Cosmetics Ingredients divestiture;  
Announced sale of Pharma Solutions

## Net Debt to Credit Adjusted EBITDA<sup>1</sup> of 3.8x

Remain committed to deleverage  
balance sheet

**Achieved solid financial performance  
while progressing strategic & operational initiatives**

<sup>1</sup> Non-GAAP metric; please see Non-GAAP disclosures at [ir.iff.com](http://ir.iff.com)

Q4 2024

# CONSOLIDATED RESULTS

In millions / % of sales	2023	2024	Reported % Δ	Comparable Adjusted % Δ <sup>1 2</sup>
Revenue <sup>2</sup>	\$2,703	\$2,771	3%	6% <sup>3</sup>
Adjusted Operating EBITDA <sup>1</sup>	\$461	\$471	2%	5%
Adjusted Operating EBITDA Margin <sup>1</sup>	17.1%	17.0%	(10) bps	+30 bps

Comparable currency neutral sales<sup>1 2</sup> increased 6% led by broad-based growth across all BUs

Volume grew mid-single digits, with growth in all businesses

Pricing was flat for the quarter

Comparable adjusted operating EBITDA<sup>1 2</sup> grew 5% driven primarily by volume growth & productivity gains





<sup>1</sup> Non-GAAP metric; please see Non-GAAP disclosures at [ir.iff.com](http://ir.iff.com)

<sup>2</sup> Comparable results for the fourth quarter exclude the impact of divestitures

<sup>3</sup> On a comparable currency neutral basis

Q4 2024

# SEGMENT PERFORMANCE

	NET SALES  (Comparable currency neutral vs. 4Q 23) <sup>1 2</sup>	ADJUSTED OPERATING EBITDA <sup>1</sup>  (Comparable adjusted vs. 4Q 23) <sup>1 2</sup>	SEGMENT HIGHLIGHTS
 <b>Nourish</b>	\$1.4 billion <b>+4%</b>	\$170 million <b>+4%</b>	<ul style="list-style-type: none"> <li>• Delivered double-digit growth in Flavors; Functional Ingredients volume improved mid-single digits yet was more than offset by pricing actions</li> <li>• Profitability driven by volume and productivity improvements</li> </ul>
 <b>Health &amp; Biosciences</b>	\$553 million <b>+6%</b>	\$157 million <b>(3)%</b>	<ul style="list-style-type: none"> <li>• Growth in nearly all businesses led by double-digit performances in Home &amp; Personal Care and Grain Processing</li> <li>• Profit impacted primarily by higher business reinvestment &amp; a strong year ago comparable</li> </ul>
 <b>Scent</b>	\$579 million <b>+7%</b>	\$97 million <b>+1%</b>	<ul style="list-style-type: none"> <li>• Broad-based growth led by a double-digit increase in Fragrance Ingredients &amp; high-single digit growth in Fine Fragrance</li> <li>• Volume growth &amp; productivity gains partially offset by higher business reinvestment</li> </ul>
 <b>Pharma Solutions</b>	\$228 million <b>+12%</b>	\$47 million <b>+81%</b>	<ul style="list-style-type: none"> <li>• Strong double-digit growth in Core Pharma &amp; Industrial</li> <li>• Delivered strong profit growth led by volume, productivity gains &amp; favorable year ago comparable</li> </ul>

<sup>1</sup> Non-GAAP metric; please see Non-GAAP disclosures at [ir.iff.com](https://ir.iff.com)

<sup>2</sup> Comparable results for the fourth quarter exclude the impact of divestitures

FY 2024

# CASH FLOW & LEVERAGE

## Cash Flow

FY cash flow from operations totaled \$1,069 million

Capex on FY basis was \$463 million or ~4.0% of sales

FY free cash flow<sup>1</sup> of \$606 million

Dividends paid YTD were \$514 million

## Leverage

Cash and cash equivalents finished at \$471 million, which includes \$2 million currently in assets held for sale

Gross debt totaled \$9,005 million

Trailing 12-month credit adjusted EBITDA<sup>2</sup> totaled \$2,225 million

Net debt to credit adjusted EBITDA<sup>2</sup> was 3.8x

<sup>1</sup> Free Cash Flow is a non-GAAP metric; defined as Operating Cash Flow minus Capex

<sup>2</sup> Non-GAAP metric; please see non-GAAP disclosures at [ir.iff.com](http://ir.iff.com)

FY 2025

# CONSOLIDATED OUTLOOK

In millions or as % of sales

FY 2025<sup>1</sup>  
OUTLOOK

## Revenue

**\$10.6B – \$10.9B**

*Comparable currency neutral*<sup>1</sup> Δ

*1% to 4%*

*FX impact*

*~(4)%*

*Divestiture impact*

*~ (5)%*

## Adjusted operating EBITDA<sup>1 2</sup>

**\$2B to \$2.15B**

*Comparable currency neutral*<sup>1 2</sup> Δ

*5% to 10%*

*FX impact*

*~(6)%*

*Divestiture impact*

*~(6)%*

Operating environment remains dynamic; Growth expected to be driven by volume improvements in all businesses

Raw material costs remain elevated across business; Pricing expected to provide modest contribution to growth

Balancing near-term profitability objectives while reinvesting in long-term value creation opportunities

Driving productivity to fund business reinvestment in innovation and commercial capabilities

Expect foreign exchange to have a ~4% adverse impact to sales and ~6% adverse impact to EBITDA, driven primarily by the Euro and other emerging market currencies

<sup>1</sup> Non-GAAP metric; please see Non-GAAP disclosures at [ir.iff.com](http://ir.iff.com)

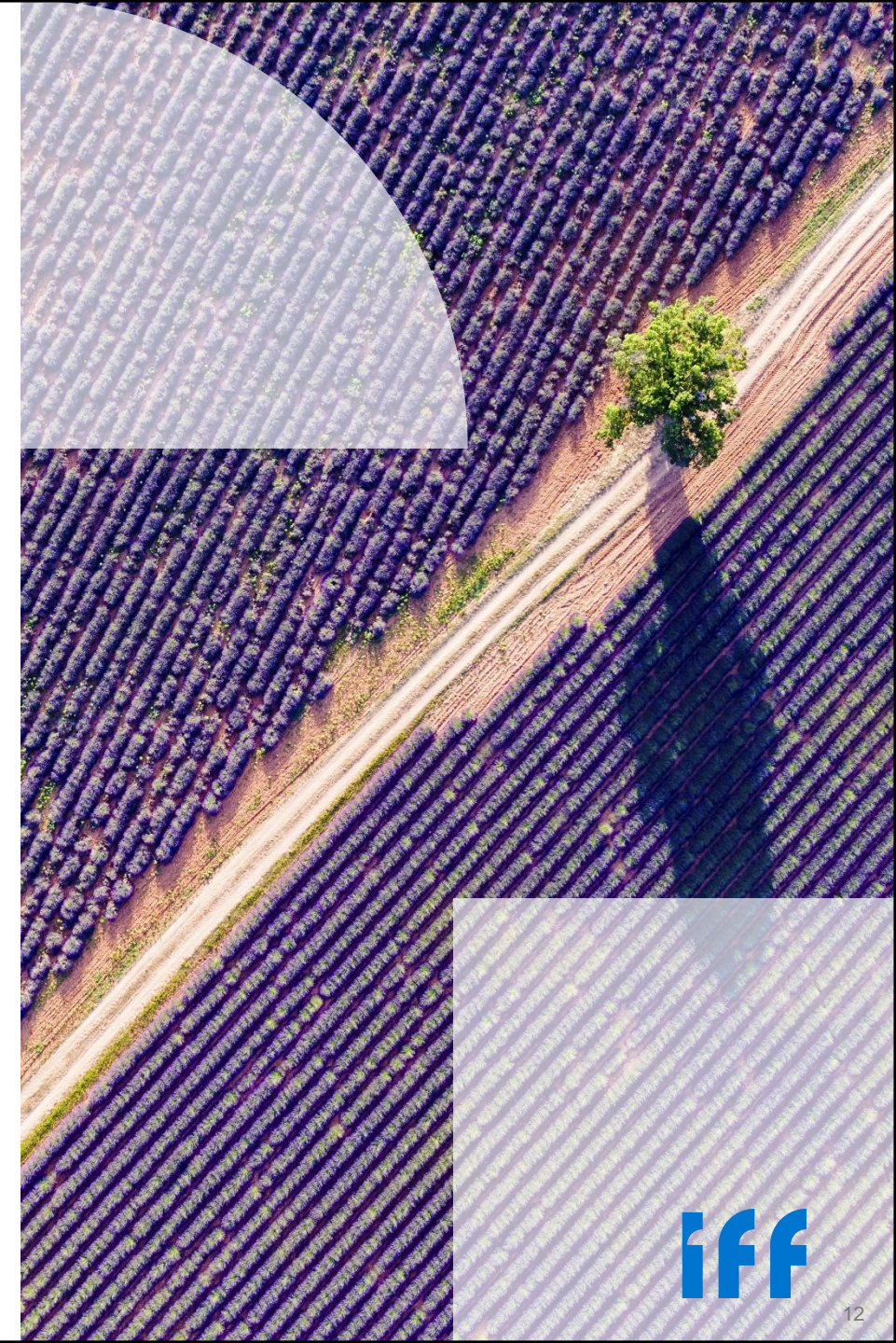
<sup>2</sup> The Company cannot reconcile its expected adjusted operating EBITDA under "Financial Guidance" without unreasonable effort because certain items that impact net income and other reconciling metrics are out of the Company's control and/or cannot be reasonably predicted at this time. These items include but are not limited to acquisition, divestiture and integration related costs, gains (losses) on business disposals, and regulatory costs.

\* Based on recent market foreign exchange rates

# 2025 PRIORITIES

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- **Strengthen innovation** capabilities via stronger R&D processes, improved pipeline clarity, formalized targets and key milestones
- **Reinvest in business** to strengthen R&D, commercial and capacity
- Deliver **productivity savings** & **strengthen continuous improvement**
- **Complete Pharma divestiture**; Ongoing portfolio assessment including potential value creating bolt-on acquisitions
- Remain committed to **consistently delivering financial results**
- Keep focus on people to continue to **strengthen employee engagement**
- **Enhance customer satisfaction** to capture additional growth



# SUMMARY

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- Pleased with our financial performance in 2024; Building upon this foundation to drive financial improvements & strengthen IFF in 2025
- Implemented our new business-led operating model, refined our operational philosophy, and refreshed our strategic direction
- Enhancing our talent & culture to win versus competition
- Reinvesting to deliver sustainable & profitable long-term growth
- Entire organization energized by recent success & excited about the future





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