

INTERNATIONAL FLAVORS & FRAGRANCES INC

Form 424B5

September 20, 2018

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-209889

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, but the information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS SUPPLEMENT, DATED SEPTEMBER 20, 2018

PROSPECTUS SUPPLEMENT

(to Prospectus dated August 6, 2018)

INTERNATIONAL FLAVORS & FRAGRANCES INC.

% Senior Notes due 20

% Senior Notes due 20

We are offering aggregate principal amount of % Senior Notes due 20 (the 20 notes) and aggregate principal amount of % Senior Notes due 20 (the 20 notes and, together with the 20 notes, the notes). The 20 notes will bear interest at a rate of % per annum and will mature on , 20 . The 20 notes will bear interest at a rate of % per annum and will mature on , 20 . Interest on the notes will accrue from , 2018, and will be payable annually in cash in arrears on of each year, beginning on , 2019.

We may, at our option, redeem the notes in whole or in part at any time or from time to time prior to maturity at the redemption price described in the section **Description of the Notes Optional Redemption** in this prospectus supplement. In addition, we may redeem all, but not part, of the notes in the event of certain changes in tax laws of the United States and other jurisdictions. Upon an occurrence of a **Change of Control Triggering Event** (as defined herein), we will be required to make an offer to repurchase the notes at a price equal to 101% of their principal amount plus accrued and unpaid interest to, but not including, the date of repurchase.

On May 7, 2018, International Flavors & Fragrances Inc. (**IFF**) entered into an Agreement and Plan of Merger (the **Merger Agreement**) with Frutarom Industries Ltd., a company organized under the laws of the State of Israel (**Frutarom**), and Icon Newco Ltd., a company organized under the laws of the State of Israel and a wholly owned subsidiary of IFF (**Merger Sub**). Pursuant to the Merger Agreement, subject to the satisfaction or waiver of specified conditions, and in accordance with the Companies Law 5759-1999 of the State of Israel (together with the rules and regulations thereunder, the **ICL**), Merger Sub will merge with and into Frutarom (the **Merger**), with Frutarom continuing as the surviving company in the Merger and a wholly owned subsidiary of IFF.

This notes offering is not contingent on the completion of the Merger or any additional financing. However, if the closing of the Merger has not occurred on or prior to February 7, 2019, or, if prior to such date, the Merger Agreement is terminated, we will be required to redeem all of the notes on the Special Mandatory Redemption Date (as defined herein) at a redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest to, but not including, the Special Mandatory Redemption Date. See **Description of the Notes Special Mandatory Redemption**.

The notes are our direct, unsecured and unsubordinated obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness from time to time outstanding.

Currently there is no public market for the notes. We intend to apply to list the notes on the New York Stock Exchange (the **NYSE**). The listing application will be subject to approval by the NYSE. If such listing is obtained, we have no obligation to maintain such listing, and we may delist the notes at any time. We expect trading in the notes on the NYSE to begin within 30 days after the initial issuance of the notes.

Investing in the notes involves significant risks. See Risk Factors in this prospectus supplement and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, including our Annual Report on Form 10-K for the year ended December 31, 2017.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per 20 Note	Total for 20 Notes	Per 20 Note	Total for 20 Notes
Public offering price ⁽¹⁾	%		%	
Underwriting discount	%		%	
Proceeds, before expenses, to International Flavors & Fragrances Inc.	%		%	

(1) Plus accrued interest, if any, from _____, 2018, if settlement occurs after that date.

We expect that delivery of the notes will be made to investors in book-entry form through a common depository for Clearstream Banking, *société anonyme*, and Euroclear Bank, S.A./N.V., against payment on or about _____, 2018.

Joint Book-Running Managers

Morgan Stanley

BNP PARIBAS
The date of this prospectus supplement is

Citigroup
, 2018.

J.P. Morgan

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Unless we have indicated, or the context otherwise requires, references in this prospectus supplement to IFF, the Company, we, us, our, or similar terms are to International Flavors & Fragrances Inc. and its subsidiaries.

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ABOUT THIS PROSPECTUS SUPPLEMENT

We are providing information to you about this offering in two parts. The first part is this prospectus supplement, which provides the specific details regarding this offering. The second part is the accompanying prospectus, which provides general information. Generally, when we refer to this prospectus, we are referring to both documents combined. This prospectus supplement may add, update or change information contained in or incorporated by reference in the accompanying prospectus. Some of the information contained in or incorporated by reference in the accompanying prospectus may not apply to this offering. If the information in this prospectus supplement or the information incorporated by reference in this prospectus supplement is inconsistent with information contained in or incorporated by reference in the accompanying prospectus, you should rely on the information in this prospectus supplement or the information incorporated by reference in this prospectus supplement.

We are responsible for the information contained and incorporated by reference in this prospectus supplement, the accompanying prospectus and in any free writing prospectus with respect to this offering filed by us with the Securities and Exchange Commission (the SEC). We have not, and the underwriters have not, authorized anyone to give you any other information, and we take no responsibility for any other information that others may give you. This prospectus supplement, the accompanying prospectus and any such free writing prospectus may be used only for the purposes for which they have been prepared. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus, any free writing prospectus and the documents incorporated by reference herein and therein is accurate as of any date other than their respective dates. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.

References in this prospectus supplement and the accompanying prospectus to \$ and U.S. dollars are to the currency of the United States. References to and euros in this prospectus supplement and the accompanying prospectus are to the currency of the member states of the European Monetary Union that have adopted or that adopt the single currency in accordance with the treaty establishing the European Community, as amended by the Treaty on European Union.

Unless we specifically state otherwise, the information in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, does not give effect to the Merger.

The notes are being offered for sale only in jurisdictions where it is lawful to make such offers. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. Persons outside the United States who receive this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. See Underwriting in this prospectus supplement.

IN CONNECTION WITH THIS OFFERING, MORGAN STANLEY & CO. INTERNATIONAL PLC (THE STABILIZING MANAGER) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILIZING MANAGER) MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. THIS STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. HOWEVER, STABILIZATION MAY NOT NECESSARILY OCCUR. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS

MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT

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IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

MiFID II Product Governance / Professional Investors and ECPS Only Target Market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the notes has led to the conclusion that: (i) the target market for the notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the notes (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Notice to Prospective Investors in the European Economic Area

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This prospectus supplement and the accompanying prospectus have been prepared on the basis that any offer of notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes. This prospectus supplement and the accompanying prospectus are not a prospectus for the purposes of the Prospectus Directive.

Notice to Prospective Investors in the United Kingdom

In addition, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at: (i) in the United Kingdom, persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), and/or persons falling within Article 49(2)(a) to (d) of the Order; (ii) persons who are outside the United Kingdom; and (iii) any other persons to whom it may otherwise lawfully be distributed (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to, and will be engaged in only with, relevant persons.

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This summary is not complete and does not contain all of the information that may be important to you. You should read the entire prospectus supplement and accompanying prospectus carefully, including the section entitled Risk Factors, as well as the documents incorporated by reference, before making an investment decision.

The Company

We are a leading innovator of sensory experiences that move the world. We co-create unique products that consumers taste, smell, or feel in fine fragrances and beauty, detergents and household goods, and food and beverages. Our approximately 7,300 team members globally take advantage of our capabilities in consumer insights, research and product development (R&D), creative expertise and customer intimacy to partner with our customers in developing innovative and differentiated offerings for consumer products. We believe that our collaborative approach will generate market share gains for our customers.

Our international presence positions us to serve both our global customers and the increasing number of regional and high-end and middle-market specialty consumer goods producers. We operate thirty-seven manufacturing facilities and sixty-nine creative centers and application laboratories located in thirty-seven different countries. We partner with our customers to develop over 46,000 products that are provided to customers in approximately 162 countries.

We principally compete in the flavors and fragrances market, which is part of a larger market that supplies a wide variety of ingredients and compounds used in consumer products. The broader market includes large multi-national companies and smaller regional and local participants that supply products such as seasonings, texturizers, spices, enzymes, certain food-related commodities, fortified products and cosmetic ingredients. The global market for flavors and fragrances has expanded consistently, primarily as a result of an increase in demand for, and an increase in the variety of, consumer products containing flavors and fragrances. Management estimates that in 2017 the flavors and fragrances market was approximately \$24.8 billion, and forecasted to grow approximately 2-3% by 2021, primarily driven by expected growth in emerging markets.

In 2017, we achieved sales of approximately \$3.4 billion, making us one of the top four companies in the global flavors and fragrances sub-segment of the broader consumer products ingredients and compounds market. We believe that our global presence, diversified business platform, broad product portfolio and global and regional customer base position us to achieve long-term growth as the flavors and fragrances markets expand.

We operate in two business segments, Flavors and Fragrances. In 2017, our Flavors business represented 48% of our sales, while our Fragrances business represented 52% of sales. Our business is geographically diverse, with sales to customers in the four regions set forth below:

Region	% of 2017 Sales
Europe, Africa, Middle East	31%
Greater Asia	27%
North America	27%
Latin America	15%

We are committed to winning in emerging markets. We believe that more significant future growth potential for the flavors and fragrances industry, and for our business, exists in the emerging markets (all markets except North America, Japan, Australia, and Western, Southern and Northern Europe). Over the past five years our currency neutral

sales growth rate in emerging markets has outpaced that of developed markets. We expect this long-term trend to continue for the foreseeable future.

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We have operated in some of the largest emerging markets for multiple decades. As a result of these established operations, sales in emerging markets represented 48% of 2017 sales and 51% of 2016 sales. As our customers seek to grow their businesses in emerging markets, we provide them the ability to leverage our long-standing international presence and extensive market knowledge to help drive their brands in these markets. To stay competitive in our industry, we must adapt to rapidly shifting consumer preferences and customer demands. We believe our consumer insights and customer relationships help to drive innovation that benefits us and our customers. During 2017, our 25 largest customers accounted for 50% of our sales. Sales to our largest customer across all end-use categories accounted for 11% to 12% of our sales for each of the last three fiscal years. These sales were principally in our Fragrances business.

Our Strategic Priorities

We are focused on generating sustainable profitable growth in our business and positioning our portfolio for long-term growth. We have continued to execute against the four pillars of our Vision 2020 strategy originally announced in 2015 and refreshed in 2017, which focuses on building differentiation and accelerating growth to create shareholder value:

- (1) **Innovating Firsts** We seek to strengthen our position by driving differentiation in priority R&D platforms across both businesses. In 2017, we launched three captive fragrance molecules and three new flavor modulators. We achieved continued growth of our sweetness and savory modulation portfolio sales and encapsulated-related sales. We also launched Re-Imagine, a program to accelerate flavor innovation and increase agility to capture unmet opportunities in the changing food and beverage market.
- (2) **Winning Where We Compete** Our goal is to achieve a #1 or #2 market leadership position in key markets and categories and with specific customers. In 2017, we grew our sales in both our Flavors and Fragrances businesses in North America and the Middle East and Africa geographic area we targeted for growth. We also created Tastepoint by IFF, designed to leverage our expertise in and to service the middle-market customer in North America, and opened an expanded facility in Cairo, Egypt to support our regional focus on growth in the Middle East and Africa.
- (3) **Becoming Our Customers Partner of Choice** Our goal is to attain commercial excellence by providing our customers with in-depth, local consumer understanding, industry-leading innovation, outstanding service and the highest quality products. In 2017, we introduced IFF Taste Design, a combination of artisanal, handcrafted techniques and proprietary technologies that drive consumer preference and market differentiation. In addition, we were rated gold by EcoVadis for sustainability, received an A rating and were awarded leadership status for our climate change and an A- for water management strategy by CDP.
- (4) **Strengthening and Expanding the Portfolio** We actively pursue value-creation through partnerships, collaborations, and acquisitions within flavors, fragrances and adjacencies. We prioritize opportunities that provide (i) access to new technologies, (ii) the ability to increase our market share in key markets and with key customers or (iii) access to adjacent products or services that will position us to leverage our expertise in science and technology and our customer base. During 2017, we acquired Fragrance Resources to further improve our market position with regional customers in specialty fine fragrances, and PowderPure to further expand product

offerings of clean label flavors solutions. We also became the first sensorial innovator of flavors, fragrances and cosmetic actives to join the MIT Media Lab, a leader in research and technologies that transform the everyday for consumers around the world.

General

Our principal executive offices are located at 521 West 57th Street, New York, New York 10019. Our telephone number at that location is (212) 765-5500. Our home page on the internet is *www.iff.com*. Other than

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the information expressly set forth or incorporated by reference, the information contained, or referred to, on our website is not part of this prospectus supplement or the accompanying prospectus.

Recent Developments

Acquisition of Frutarom

On May 7, 2018, IFF entered into an Agreement and Plan of Merger (the **Merger Agreement**) with Frutarom Industries Ltd., a company organized under the laws of the State of Israel (**Frutarom**), and Icon Newco Ltd., a company organized under the laws of the State of Israel and a wholly owned subsidiary of IFF (**Merger Sub**). Frutarom, through its subsidiaries, develops, produces and markets flavors and fine ingredients used in manufacturing food, beverages, flavors and fragrances, pharma/nutraceuticals, cosmetics and personal care products.

We believe that the acquisition of Frutarom will provide us with several strategic and financial benefits, including:

Differentiated Portfolio with Enhanced Capabilities: In addition to IFF's and Frutarom's complementary flavor capabilities, we expect that Frutarom's portfolio will provide opportunities to expand into attractive and fast-growing categories, such as natural colors, enzymes, antioxidants and health ingredients. We believe that the combined company's increased breadth of products will provide complementary offerings and expanded choices to its customers.

Complementary and Growing Customer Base: We expect that Frutarom's customer base will provide IFF with increased exposure to fast-growing small- and mid-sized customers, including private label manufacturers.

Synergy Potential: IFF and Frutarom expect to realize approximately \$145 million of run-rate cost synergies by the third full year after the completion of the merger, with approximately 25% of such synergies expected to be achieved in the first full year. We believe that cross-selling opportunities and integrated solutions will provide revenue synergies, creating further value to shareholders over time.

Pursuant to the Merger Agreement, subject to the satisfaction or waiver of specified conditions, and in accordance with the ICL, Merger Sub will merge with and into Frutarom, with Frutarom continuing as the surviving company in the Merger and a wholly owned subsidiary of IFF. We refer in this prospectus supplement to our acquisition of Frutarom pursuant to the Merger Agreement as the **Merger**. Under the terms of the Merger Agreement, for each share of outstanding stock of Frutarom, Frutarom shareholders will receive \$71.19 in cash and 0.2490 of a share of IFF's common stock, or an aggregate of approximately \$4,238.8 million and 14.8 million shares based on the number of Frutarom's outstanding ordinary shares and share-based awards as of May 7, 2018, the date of the Merger Agreement.

Consummation of the Merger is subject to customary closing conditions. The shareholders of Frutarom approved the Merger on August 6, 2018, and we have obtained regulatory clearance under antitrust laws for the Merger. The completion of the Merger is not subject to the approval of IFF shareholders or the receipt of financing by IFF. As of the date of this prospectus supplement, the completion of the Merger remains subject to the following closing conditions: (i) receipt of all governmental and stock exchange approvals necessary for the issuance and listing of shares of IFF common stock as contemplated by the Merger Agreement, (ii) the absence of any order, or the enactment of any law, prohibiting the Merger; (iii) subject to certain exceptions, the accuracy of the representations

and warranties of the parties and compliance by the parties with their respective obligations

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under the Merger Agreement; and (iv) the absence of any material adverse effect on Frutarom or the Company since the date of the Merger Agreement. The Merger Agreement also contains certain termination rights for IFF and Frutarom.

The foregoing description of the Merger Agreement does not purport to be complete and is qualified in its entirety by the full text of such agreement. The Merger Agreement is an exhibit to the registration statement to which this prospectus supplement relates.

Merger Financing

IFF anticipates that approximately \$4.3 billion will be required to pay the aggregate cash portion of the Merger consideration to the Frutarom shareholders and to pay fees and expenses relating to the Merger.

In addition to the proceeds from this notes offering, IFF intends to obtain or otherwise incur, or has obtained or incurred, additional financing for the Merger as follows:

U.S. Notes Offering. We expect to offer, pursuant to a separate prospectus supplement, additional senior notes denominated in U.S. dollars (the USD notes) at varying maturities. This prospectus supplement is not an offer with respect to the potential USD notes offering.

Common Stock and Tangible Equity Units Offerings. On September 17, 2018, we completed a public offering of a total of 12,667,947 shares of our common stock, including 1,151,632 shares for which the underwriters for the common stock offering exercised in full their option to purchase additional shares. On September 17, 2018, we also completed a public offering of a total of 16,500,000 of our 6.00% tangible equity units (Units), including 1,500,000 Units for which the underwriters for the Units offering exercised in full their option to purchase additional Units to cover over-allotments. We raised approximately \$2,401 million in aggregate net proceeds from these offerings, including full exercise of the options for the respective offerings, after deducting the underwriting discounts and commissions and estimated offering expenses.

Term Loan. On June 6, 2018, IFF entered into a senior unsecured term loan credit agreement (the New Term Loan) with the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent, that provides for a three-year \$350 million senior unsecured term loan facility. The commitments under the New Term Loan terminate on February 7, 2019 or, under certain circumstances, on May 7, 2019.

In connection with entering into the Merger Agreement, IFF entered into a debt commitment letter, dated as of May 7, 2018, with Morgan Stanley Senior Funding, Inc., that provided for a commitment for an up to \$5.45 billion 364-day bridge loan facility (the Bridge Facility) to the extent IFF has not received \$5.45 billion of net cash proceeds (and/or qualified bank commitments) from a combination of (a) the issuance by IFF of a combination of equity securities, equity-linked securities and/or unsecured debt securities and/or (b) unsecured term loans, in each case, at or prior to completion of the Merger. The commitments under the debt commitment letter terminate on February 7, 2019 or, under certain circumstances, on May 7, 2019. Although we do not currently expect to incur any borrowings under the Bridge Facility, there can be no assurance that such borrowings will not be made. In that regard, we may be required to borrow under the Bridge Facility if we do not generate sufficient net proceeds from this notes offering, an anticipated offering of USD notes, the common stock and tangible equity units offerings or unsecured term loans to

finance the Merger and related fees and expenses.

Completion of this notes offering is not contingent on completion of the Merger and the Merger is not contingent on the completion of this notes offering. However, if for any reason the closing of the Merger has not occurred on or prior to February 7, 2019, or, if prior to such date, the Merger Agreement is terminated, then in either case we will be required to redeem the notes as described under Description of the Notes Special Mandatory Redemption.

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In addition, if the Merger is not consummated, we do not expect any debt under the New Term Loan to be incurred.

We cannot assure you that we will complete the Merger or any of the other financing transactions on the terms contemplated in this prospectus supplement or at all.

About Frutarom

Frutarom is a global company established in Israel in 1933 and operating in the global flavors and specialty fine ingredients markets. Frutarom, through its subsidiaries, develops, produces and markets flavors and fine ingredients used in manufacturing food, beverages, flavors and fragrances, pharma/nutraceuticals, cosmetics and personal care products. As of December 31, 2017, Frutarom operated 72 production sites, 90 research and development laboratories, and 109 sales offices in Europe, North America, Latin America, Israel, Asia, Africa and New Zealand, and employed 5,223 people throughout the world. In 2017, Frutarom marketed and sold over 70,000 products to more than 30,000 customers in more than 150 countries.

Frutarom operates in two main activities which constitute its core businesses and are reported as business segments in its financial statements: flavors activity and specialty fine ingredients activity. In addition, as part of a comprehensive solution offered to customers, Frutarom imports and markets raw materials manufactured by third parties. This activity is presented as part of trade and marketing operations, which is not a core business.

Frutarom generated sales of \$1,362.4 million, \$1,147.0 million, and \$872.8 million for the twelve months ended December 31, 2017, December 31, 2016, and December 31, 2015, respectively. Sales for the six months ended June 30, 2018 and June 30, 2017 were \$786.1 million and \$646.1 million, respectively. During the twelve months ended December 31, 2017, December 31, 2016, and December 31, 2015, Frutarom's net income was \$151.6 million, \$111.1 million, and \$96.1 million, respectively. Net income for the six months ended June 30, 2018 and June 30, 2017 was \$98.6 million and \$70.9 million, respectively.

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The Offering

Issuer	International Flavors & Fragrances Inc., a New York corporation.
Securities Offered	aggregate principal amount of % Senior Notes due 20 (the 20 notes). aggregate principal amount of % Senior Notes due 20 (the 20 notes).
Maturity Date	The 20 notes will mature on , 20 and the 20 notes will mature on , 20 , in each case unless previously redeemed.
Interest	Interest will accrue at an annual rate of % on the 20 notes. Interest will accrue at an annual rate of % on the 20 notes. Interest on the notes will be paid annually in cash in arrears on of each year, beginning on , 2019.
Ranking	The notes are our direct, unsecured and unsubordinated obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. See Description of the Notes Ranking in this prospectus supplement.
Special Mandatory Redemption	If the closing of the Merger has not occurred on or prior to February 7, 2019, or, if prior to such date, the Merger Agreement is terminated, then in either case we must redeem all of the notes at a redemption price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest to, but excluding, the redemption date. See Description of the Notes Special Mandatory Redemption.
Optional Redemption	We may redeem the notes, at our option, in whole or in part at any time or from time to time before maturity, at the redemption price described in this prospectus supplement. See Description of the Notes Optional Redemption in this prospectus supplement.
Repurchase Upon Change of Control Triggering Event	Upon the occurrence of a Change of Control Triggering Event, as described in Description of the Notes Offer to Repurchase Upon a

Change of Control Triggering Event in this prospectus supplement, we will be required to make an offer to repurchase the notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to, but not including, the date of repurchase.

Redemption for Tax Reasons

We may redeem all, but not part, of each series of notes in the event of certain changes in the tax laws of the United States or certain other jurisdictions. This redemption would be at 100% of the principal amount of the notes to be redeemed, together with accrued and unpaid interest on the notes to be redeemed to the date fixed for redemption. See Description of the Notes Redemption for Tax Reasons.

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Currency of Payment	All payments of interest and principal, including payments made upon any redemption of the notes, will be payable in euros. If the euro is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the notes will be made in U.S. dollars until the euro is again available to us or so used. The amount payable on any date in euros will be converted into U.S. dollars on the basis of the then most recently available market exchange rate for the euro. Any payment in respect of the notes so made in U.S. dollars will not constitute an event of default under the notes or the indenture. See Description of the Notes Issuance in Euros; Payment on the Notes in this prospectus supplement.
Covenants	The notes and the indenture relating to the notes limit, among other things, our ability to engage in mergers or consolidations, to create liens, to enter into sale and lease-back transactions and to transfer or lease all or substantially all of our assets. See Description of the Notes Certain Covenants in this prospectus supplement.
Additional Amounts	Subject to certain exceptions and limitations set forth herein, we will pay additional amounts as may be necessary to ensure that every net payment on a note to a beneficial owner that is not a U.S. person, after deduction or withholding by us or any of our paying agents for or on account of any present or future tax, duty, assessment or other governmental charge imposed upon or as a result of such payment by the United States and certain other jurisdictions, will not be less than the amount provided in such note to be then due and payable. See Description of the Notes Payment of Additional Amounts.
Additional Notes	We may, from time to time and without the consent of the holders, create and issue additional notes with the same terms (including maturity and interest payment terms) as, and ranking equally and ratably with, the notes initially offered in this offering, provided, however, that unless such additional notes are issued pursuant to a qualified reopening of the original notes, are otherwise treated as part of the same issue of debt instruments as the original notes or are issued with no more than a de minimis amount of original discount, in each case for United States federal income tax purposes, the additional notes will have a different CUSIP number. There is no limit on the amount of notes that can be issued under the indenture governing the notes.

Use of Proceeds

We estimate that the net proceeds to us from this notes offering, after deducting underwriting discounts and estimated offering expenses payable by us, will be approximately million. We intend to use

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	the net proceeds from this offering to pay a portion of the consideration for the Merger and to pay related fees and expenses.
Sinking Fund	None.
Book-entry; Denomination and Form	The notes will be issued only in registered, book-entry form. One or more global notes will be deposited with a common depository on behalf of Clearstream, <i>société anonyme</i> , and Euroclear Bank S.A./N.V. and registered in the name of the common depository or its nominee. Except in the limited circumstances described in this prospectus supplement, owners of beneficial interests in the notes will not be entitled to have notes registered in their names, will not receive or be entitled to receive notes in definitive form and will not be considered holders of notes under the indenture. The notes will be issued in minimum denominations of 100,000 and in integral multiples of 1,000 in excess thereof.
Risk Factors	Investing in the notes involves significant risks. See Risk Factors in this prospectus supplement, as well as other information included in or incorporated by reference into this prospectus supplement and the accompanying prospectus, including our Annual Report on Form 10-K for the year ended December 31, 2017, for a discussion of the factors you should carefully consider before deciding to invest in the notes.
Listing	We intend to apply to list the notes on the New York Stock Exchange (the NYSE). The listing application will be subject to approval by the NYSE. If such a listing is obtained, we have no obligation to maintain such listing, and we may delist the notes at any time. We expect trading in the notes on the NYSE to begin within 30 days after the original issue date.
Trustee	U.S. Bank National Association.
Paying Agent	Elavon Financial Services DAC, UK Branch.
Transfer Agent and Registrar	U.S. Bank National Association.
Governing Law	State of New York.
CUSIP for 20 notes	

ISIN for 20 notes

Common Code for 20 notes

CUSIP for 20 notes

ISIN for 20 notes

Common Code for 20 notes

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SUMMARY SELECTED CONSOLIDATED FINANCIAL DATA OF IFF

The following table presents selected historical consolidated financial data for IFF and unaudited pro forma combined financial data for IFF and Frutarom as of the dates and for the periods indicated. The historical statement of income data and cash flow data for IFF for the fiscal years ended December 31, 2017, 2016 and 2015 and the historical balance sheet data as of December 31, 2017 and 2016 have been obtained from IFF's audited consolidated financial statements included in IFF's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which is incorporated by reference into this prospectus supplement and accompanying prospectus. The historical statement of income data and cash flow data for IFF for the six-month periods ended June 30, 2018 and 2017 and the historical balance sheet data as of June 30, 2018 have been obtained from IFF's unaudited interim consolidated financial statements included in IFF's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, which is incorporated by reference into this prospectus supplement and accompanying prospectus. The historical balance sheet data as of June 30, 2017 has been derived from IFF's unaudited consolidated financial statements included in IFF's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, which is not incorporated by reference into this prospectus supplement or accompanying prospectus. The historical statement of income data for IFF included below for the fiscal years ended December 31, 2017, 2016 and 2015 and IFF's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which is incorporated by reference into this prospectus supplement and accompanying prospectus, have not been revised to reflect the required retrospective adoption of the Financial Accounting Standards Board amendment to Compensation Retirement Benefits guidance (ASU 2017-07), which we refer to as the FASB amendment, as the guidance had no impact on net income and the effect of the revision was not material for those periods. For more information on the adoption of the FASB amendment, please refer to IFF's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, which is incorporated by reference into this prospectus supplement and accompanying prospectus. The unaudited pro forma combined financial data are based upon the historical consolidated financial data of IFF and Frutarom, after giving effect to the merger as of the dates and for the periods indicated. The unaudited pro forma combined financial data should be read in conjunction with the financial statements presented in Unaudited Pro Forma Condensed Combined Financial Information in this prospectus supplement and the related notes thereto.

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The results of operations for the six-month period ended June 30, 2018 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2018, and you should not assume the results of operations for any past periods indicate results for any future period. The information set forth below should be read together with the other information contained in IFF's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and IFF's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, including the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes therein. See the section entitled "Incorporation of Certain Information by Reference."

	Pro Forma Combined Six-Month Period Ended June 30, 2018	Historical International Flavors & Fragrances Inc. Six-Month Period Ended June 30, 2018	Historical International Flavors & Fragrances Inc. Six-Month Period Ended June 30, 2017	Pro Forma Combined Year Ended December 31, 2017	Historical International Flavors & Fragrances Inc. Year Ended December 31, 2017	Historical International Flavors & Fragrances Inc. Year Ended December 31, 2016	Historical International Flavors & Fragrances Inc. Year Ended December 31, 2015
<i>Dollars in thousands except per share amounts</i>							
Statement of Income Data:							
Net sales	\$ 2,637,054	\$ 1,850,944	\$ 1,671,154	\$ 4,761,115	\$ 3,398,719	\$ 3,116,350	\$ 3,023,189
Cost of goods sold	1,513,347	1,046,419	935,088	2,763,527	1,919,718	1,717,280	1,671,590
Gross profit	1,123,707	804,525	736,066	1,997,588	1,479,001	1,399,070	1,351,599
Research and development expenses	184,014	153,244	144,887	339,113	286,026	254,263	246,101
Selling and administrative expenses	429,236	300,051	283,023	816,476	557,311	566,224	494,517
Restructuring and other charges, net	1,903	1,903	10,934	19,371	19,711	(1,700)	7,594
Amortization of acquisition-related intangibles	92,147	18,769	15,561	176,711	34,694	23,763	15,040
Gain on sales of fixed assets	504	1,195	(89)	1,750	(184)	(10,836)	
Operating profit	415,903	329,363	281,750	644,167	581,443	567,356	588,347
Interest expense	126,269	69,841	30,363	160,033	65,363	52,989	46,062
Other (income) expense, net	(33,161)	(21,232)	(29,140)	(36,454)	(20,965)	(9,350)	3,184
Income before taxes	322,795	280,754	280,527	520,588	537,045	523,717	539,101
Taxes on income	59,844	52,190	54,968	232,820	241,380	118,686	119,854
Net income (Including noncontrolling interest)	262,951			287,768			
Less: noncontrolling interest	3,205			4,895			
Net Income	259,746	228,564	225,559	282,873	295,665	405,031	419,247
Net income per share:							
Basic	2.34	2.89	2.85	2.54	3.73	5.07	5.19

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Diluted	2.31	2.87	2.84	2.52	3.72	5.05	5.16
Cash dividends declared per share		1.38	1.28		2.66	2.40	2.06

Balance Sheet Data at Period

End:

Total Assets	\$ 12,795,113	\$ 4,673,442	\$ 4,618,875		\$ 4,598,926	\$ 4,016,984	
Long-term debt	4,086,344	1,717,189	1,636,338		1,632,186	1,066,855	
Total Shareholders' Equity including noncontrolling interest	5,976,925	1,756,203	1,680,086		1,689,294	1,631,134	

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The following table presents selected historical consolidated financial data for Frutarom as of the dates and for the periods indicated. Frutarom's financial data has been prepared under International Financial Reporting Standards (IFRS), as issued by the International Auditing Standards Board (IASB). The balance sheet data as of December 31, 2017 and 2016 and the statement of income data and cash flow data for the fiscal years ended December 31, 2017, 2016 and 2015 have been obtained from Frutarom's audited annual consolidated financial statements, which are included in this prospectus supplement. The financial data as of and for the six-month periods ended June 30, 2018 and 2017 have been obtained from Frutarom's unaudited, interim consolidated financial statements, which are included in this prospectus supplement.

The results of operations for the six-month period ended June 30, 2018 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2018, and you should not assume the results of operations for any past periods indicate results for any future period. The information set forth below should be read together with the other information contained in Frutarom's audited annual consolidated financial statements and unaudited interim consolidated financial statements, which are included in this prospectus supplement.

Dollars in thousands except per share amounts

	Six-Month Period Ended June 30,		Year Ended December 31,		
	2018	2017	2017	2016	2015
Statement of Income Data:					
Sales	\$ 786,110	\$ 646,120	\$ 1,362,396	\$ 1,147,041	\$ 872,796
Cost of sales	466,928	398,243	837,271	709,488	534,737
Gross profit	319,182	247,877	525,125	437,553	338,059
Selling, marketing, research and development expenses – net	134,697	101,792	220,014	196,001	141,237
General and administrative expenses	51,179	45,601	92,155	81,637	63,742
Other expenses – net	(315)	385	3,392	11,772	2,826
Group's share of earnings of companies accounted for at equity	1,326	444	1,402	1,113	
Income from operations	134,947	100,543	210,966	149,256	130,254
Financial Expenses – net	12,758	10,204	24,606	12,841	12,197
Income before taxes on income	122,189	90,339	186,360	136,415	118,057
Income tax	23,600	19,413	34,797	25,346	21,972
Net Income	98,589	70,296	151,563	111,069	96,085
Earnings per share:					
Basic	1.64	1.17	2.52	1.85	1.62
Fully diluted	1.63	1.17	2.51	1.84	1.60
Cash dividends declared per share			0.12	0.11	0.09
Balance Sheet Data at Period End:					

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Total Assets	\$ 2,255,414	\$ 1,790,072	\$ 1,947,188	\$ 1,585,461
Long term loans, net of current maturities	399,833	260,339	262,151	299,576
Total equity	921,420	768,856	878,913	664,604

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RISK FACTORS

An investment in the notes involves significant risks. You should consult with your own financial and legal advisers and carefully consider, among other matters, the following risks and those described in our Annual Report on Form 10-K for the year ended December 31, 2017, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2018 and June 30, 2018, respectively, and the other documents incorporated herein by reference. You should carefully consider the risks described in those reports and the other information in this prospectus supplement and accompanying prospectus before you decide to invest in the notes. Such risks and uncertainties are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect us. If any of those risks were to occur, our financial condition, operating results and prospects, as well as the value of the notes, could be materially adversely affected.

Risks Related to Our Business

For a discussion of risks related to our business and operations, please see Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for our fiscal year ended December 31, 2017, as well as similar disclosures contained in our other filings with the SEC that are incorporated by reference in this prospectus supplement and the accompanying prospectus. See Incorporation of Certain Information by Reference.

Risks Related to the Merger

If we are unable to complete the Merger, in a timely manner or at all, our business may be adversely affected.

Our and Frutarom's obligations to consummate the Merger are subject to the satisfaction or waiver of the following customary conditions, including: (i) the approval of the Merger Agreement and the Merger by the shareholders of Frutarom, which was obtained on August 6, 2018; (ii) regulatory clearance under antitrust laws, which has been received; (iii) receipt of all governmental and stock exchange approvals necessary for the issuance and listing of shares of IFF common stock as contemplated by the Merger Agreement, (iv) the absence of any order, or the enactment of any law, prohibiting the Merger; (v) subject to certain exceptions, the accuracy of the representations and warranties of the parties and compliance by the parties with their respective obligations under the Merger Agreement; and (vi) the absence of any material adverse effect on Frutarom or our company since the date of the Merger Agreement. Furthermore, our ability to access the bridge financing facility is subject to customary conditions. As many of these conditions are outside of our control, we cannot assure you if the conditions to the completion of the Merger and the associated financings will be satisfied in a timely manner or at all which may affect when and whether the Merger will occur. Furthermore, if the Merger is not completed and the Merger Agreement is terminated, we may suffer other consequences that could adversely affect our business and results of operations, including the following:

we have incurred and will continue to incur costs relating to the Merger (including significant legal and financial advisory fees) and many of these costs are payable by us whether or not the Merger is completed;

matters relating to the Merger (including integration planning) may require substantial commitments of time and resources by our management team, which could otherwise have been devoted to our historical core businesses or other opportunities that may have been beneficial to us;

we may be subject to legal proceedings related to the Merger or the failure to complete the Merger;

the failure to consummate the Merger may result in negative publicity and a negative impression of us in the investment community; and

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any disruptions to our business resulting from the announcement and pendency of the Merger, including any adverse changes in our relationships with our customers, suppliers and employees, may continue or intensify in the event the Merger is not consummated.

We may not realize the benefits anticipated from the Merger, which could adversely affect our business.

The Merger, if completed, will be our largest acquisition to date. The anticipated benefits from the Merger are, necessarily, based on projections and assumptions about the combined businesses of our company and Frutarom, which may not materialize as expected or which may prove to be inaccurate. Our ability to achieve the anticipated benefits will depend on our ability to successfully and efficiently integrate the business and operations of Frutarom with our business and achieve the expected synergies. We may encounter significant challenges with successfully integrating and recognizing the anticipated benefits of the potential Merger, including the following:

potential disruption of, or reduced growth in, our historical core businesses, due to diversion of management attention and uncertainty with our current customer and supplier relationships;

challenges arising from the expansion of our product offerings into adjacencies with which we have limited experience, including flavor ingredients, food additives and nutraceuticals;

challenges arising from the expansion into those Frutarom jurisdictions where we do not currently operate or have significant operations;

coordinating and integrating research and development teams across technologies and products to enhance product development while reducing costs;

consolidating and integrating corporate, information technology, finance and administrative infrastructures, and integrating and harmonizing business systems, which may be more difficult than anticipated due to the significant number of acquisitions completed by Frutarom over the past few years;

coordinating sales and marketing efforts to effectively position our capabilities and the direction of product development;

difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from combining Frutarom's business with our business;

limitations prior to the completion of the Merger on the ability of management of our company and of Frutarom to conduct planning regarding the integration of the two companies;

the increased scale and complexity of our operations resulting from the Merger;

retaining key employees, suppliers and other partners of our company and Frutarom;

retaining and efficiently managing Frutarom's expanded and decentralized customer base;

obligations that we will have to counterparties of Frutarom that arise as a result of the change in control of Frutarom;

difficulties in anticipating and responding to actions that may be taken by competitors in response to the transaction; and

the assumption of and exposure to unknown or contingent liabilities of Frutarom.

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In addition, our anticipated benefits of the transaction with Frutarom contemplate significant cost-saving synergies. Consequently, even if we are able to successfully integrate the operations of Frutarom with ours, we may not realize the full benefits of the transactions if we are unable to identify and implement the anticipated cost savings or if the actions taken to implement such cost-savings have unintended consequences on our other business operations.

If we do not successfully manage these issues and the other challenges inherent in integrating an acquired business of the scale of Frutarom, then we may not achieve the anticipated benefits of the Merger, we could incur unanticipated expenses and charges and our operating results could be materially and adversely affected.

Uncertainty about the Merger may adversely affect our relationships with customers and employees, which could negatively affect our business, whether or not the Merger is completed.

The announcement of the Merger on May 7, 2018, whether or not completed, may cause uncertainties in our relationships with our customers which could impair our ability to or expand our historical customer sales growth. Furthermore, uncertainties about the Merger may cause our current and prospective employees to experience uncertainty about their future with us. These uncertainties may impair our ability to retain, recruit or motivate key employees which could affect our business.

The Merger may result in significant charges or other liabilities that could adversely affect the financial results of the combined company.

The financial results of the combined company, following IFF's acquisition of Frutarom, may be adversely affected by cash expenses and non-cash accounting charges incurred in connection with our integration of the business and operations of Frutarom. Furthermore, as a result of the transaction we will record a significant amount of goodwill and other intangible assets on our consolidated financial statements, which could be subject to impairment based upon future adverse changes in our business or prospects including our inability to recognize the benefits anticipated by the transaction.

In addition, upon the acquisition of Frutarom we will assume all their liabilities, including unknown and contingent liabilities that Frutarom assumed in connection with their acquisitions, that we failed or were unable to identify in the course of performing due diligence. Frutarom has completed 47 acquisitions since 2011, including 22 since the beginning of 2016. Our ability to accurately identify and assess the magnitude of the liabilities assumed by Frutarom in these acquisitions may be limited by, among other things, the information available to us and Frutarom and the limited operating experience that Frutarom has with these acquired entities. Furthermore, Frutarom has additional future obligations regarding certain of these acquisitions including outstanding earn-out obligations and put options requiring Frutarom to purchase additional shares in the target company, which we will assume upon consummation of the transaction. If we are not able to completely assess the scope of these liabilities or if these liabilities are neither probable nor estimable at this time, our future financial results could be adversely affected by unanticipated reserves or charges, unexpected litigation or regulatory exposure, unfavorable accounting charges, unexpected increases in taxes due, a loss of anticipated tax benefits or other adverse effects on our business, operating results or financial condition.

The regulatory approvals required in connection with the Merger may not be obtained or may contain materially burdensome conditions.

Completion of the Merger is conditioned upon the receipt of certain regulatory approvals, and we cannot provide assurance that these approvals will be obtained. If any conditions or changes to the proposed structure of the Merger are required to obtain these regulatory approvals, they may have the effect of jeopardizing or delaying completion of

the Merger or reducing the anticipated benefits of the Merger. If we agree to any material conditions in order to obtain any approvals required to complete the Merger, the business and results of operations of the combined company may be adversely affected.

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The use of cash and incurrence of significant indebtedness in connection with the financing of the Merger may have an adverse impact on our liquidity, limit our flexibility in responding to other business opportunities and increase our vulnerability to adverse economic and industry conditions.

The Merger will be financed in part by the use of our cash on hand, the incurrence of a significant amount of indebtedness and issuances of equity. As of June 30, 2018, we had approximately \$322.4 million of cash and cash equivalents and approximately \$1,723.7 million of total debt outstanding. In connection with the Merger, we expect to incur significant new debt. The proceeds from the new debt are expected to be used to pay part of the purchase price, refinance existing debt of both our company and Frutarom and pay transaction related fees and expenses. If we are unable to raise financing on acceptable terms, we may need to rely on our bridge loan facility, which may result in higher borrowing costs and a shorter maturity than those from other anticipated financing alternatives. The use of cash on hand and indebtedness to finance the Merger will reduce our liquidity and could cause us to place more reliance on cash generated from operations to pay principal and interest on our debt, thereby reducing the availability of our cash flow for working capital, dividend and capital expenditure needs or to pursue other potential strategic plans. The increased indebtedness may also have the effect, among other things, of limiting our ability to obtain additional financing, if needed, limiting our flexibility in the conduct of our business and making us more vulnerable to economic downturns and adverse competitive and industry conditions.

Risks Related to the Notes

The notes will be subject to the prior claims of any secured creditors, and if a default occurs, we may not have sufficient funds to fulfill our obligations under the notes.

The notes are unsecured obligations, ranking equally with our other senior unsecured indebtedness and effectively junior to any secured indebtedness we may incur. If we incur secured debt, our assets securing any such indebtedness will be subject to prior claims by our secured creditors. In the event of the bankruptcy, insolvency, liquidation, reorganization, dissolution or other winding up of the Company, our assets that secure debt will be available to pay obligations on the notes only after all debt secured by those assets has been repaid in full. Holders of the notes will participate in any remaining assets ratably with all of our other unsecured and unsubordinated creditors, including trade creditors. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the notes then outstanding would remain unpaid.

The notes are structurally subordinated to the indebtedness and other liabilities of our subsidiaries.

The notes are our obligations exclusively and not of any of our subsidiaries. In the year ended December 31, 2017, International Flavors & Fragrances Inc. generated approximately 21% of our consolidated net sales and 14% of our consolidated gross profit (excluding intercompany sales) at the parent level, while our subsidiaries generated approximately 79% of our consolidated net sales and 86% of our consolidated gross profit. Our subsidiaries are separate legal entities that have no obligation to pay any amounts due under the notes or to make any funds available therefor, whether by dividends, loans or other payments. Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors, including trade creditors of our subsidiaries, will have priority with respect to the assets of such subsidiaries over our claims (and therefore the claims of our creditors, including holders of the notes). Consequently, the notes will be structurally subordinated to all liabilities, including trade payables, of our subsidiaries and any subsidiaries that we may in the future acquire or establish. As of June 30, 2018, our subsidiaries had approximately \$759.4 million of outstanding liabilities on an actual basis and \$759.4 million of outstanding liabilities on an as adjusted basis, in each case including trade payables, but excluding intercompany liabilities and deferred gains.

In addition, the indenture governing the notes permits our subsidiaries to incur additional indebtedness, and does not contain any limitation on the amount of other liabilities, such as trade payables, that may be incurred by our subsidiaries.

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We may incur additional indebtedness.

As of June 30, 2018, we had \$1,723.7 million of debt outstanding and we intend to issue a total of \$3.2 billion of debt to finance the Merger, including the USD notes and the notes offered hereby. The indenture governing the notes does not prohibit us from incurring additional unsecured indebtedness in the future. We are also permitted to incur additional secured indebtedness that would be effectively senior to the notes subject to limitations described in the section Description of the Notes Certain Covenants in this prospectus supplement. The indenture governing the notes also permits unlimited additional borrowings by our subsidiaries that are effectively senior to the notes. In addition, the indenture does not contain any restrictive covenants limiting our ability to pay dividends or make payments on junior or other indebtedness.

Our credit ratings may not reflect all risks of an investment in the notes.

The notes are expected to be rated by at least one nationally recognized statistical rating organization. The ratings of the notes may not reflect the potential impact of all risks related to structure and other factors on any trading market for, or trading value of, the notes. In addition, real or anticipated changes in our credit ratings will generally affect any trading market for, or trading value of, the notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There is no assurance that a credit rating will remain for any given period of time or that a credit rating will not be lowered or withdrawn by the relevant rating agency if, in its judgment, circumstances so warrant. In the event that a credit rating assigned to the notes or to us is subsequently lowered for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the notes, and the market value of the notes is likely to be adversely affected.

An active trading market for the notes may not develop.

The notes are a new issue of securities for which there is currently no established trading market. Although we intend to apply for listing of the notes for trading on the NYSE, no assurance can be given that the notes will become or will remain listed or that an active trading market for the notes will develop or, if developed, that it will continue. If an NYSE listing of the notes is obtained, we have no obligation to maintain such listing, and we may delist the notes at any time. Certain of the underwriters have informed us that they currently intend to make a market in the notes, but they have no obligation to do so and may discontinue making a market at any time without notice. If an active trading market does not develop or is not sustained, the market price and liquidity of the notes may be adversely affected and you may be unable to resell your notes at a particular time, at their fair market value or at all.

If an active trading market does develop, many factors could adversely affect the market price of the notes.

The market price of the notes will depend on many factors, including:

ratings on our debt securities assigned by the credit rating agencies;

the market demand for securities similar to the notes and the interest of securities dealers in making a market for the notes;

the number of holders of the notes;

the prevailing interest rates being paid by other companies similar to us;

our financial condition, financial performance and future prospects;

the market price of our common stock;

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the prospects for companies in our industry generally; and

the overall condition of the financial markets.

Historically, the market for investment grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the notes. It is possible that the market for the notes will be subject to disruptions. Any disruptions may have a negative effect on holders of the notes, regardless of our financial condition and performance and our prospects.

An increase in market interest rates could result in a decrease in the value of the notes.

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value because the premium, if any, over market interest rates will decline. Consequently, if you purchase fixed rate notes and market interest rates increase, the market value of your fixed rate notes may decline. We cannot predict the future level of market interest rates.

The notes may not be a suitable investment for all investors.

You must determine the suitability of your investment in light of your own circumstances. In particular, you should (1) have sufficient knowledge and experience to make a meaningful evaluation of the notes, the merits and risks of investing in the notes and the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus; (2) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of your particular financial situation, an investment in the notes and the impact the notes will have on your overall investment portfolio; (3) have sufficient financial resources and liquidity to bear all of the risks of an investment in the notes; (4) understand thoroughly the terms of the notes and be familiar with the behavior of any relevant indices and financial markets; and (5) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect your investment and your ability to bear the applicable risks.

To the extent we would be required to repurchase the notes upon a Change of Control Triggering Event or a special mandatory redemption, we may not have sufficient cash at such time to repurchase all the notes plus all other notes subject to a Change of Control Triggering Event or special mandatory redemption repurchase obligation.

The notes will require us to offer to repurchase all or any part of the notes upon the occurrence of a Change of Control Triggering Event, as defined in the Description of the Notes Repurchase Upon Change of Control Triggering Event section of this prospectus supplement. We may in the future issue additional notes and enter into additional debt instruments that require us to repurchase or repay the principal amount of debt outstanding (plus, in certain circumstances a premium) upon the occurrence of a Change of Control Triggering Event or similar event.

In addition, the notes will be subject to a special mandatory redemption in the event that the closing of the Merger has not occurred on or prior to February 7, 2019, or, if prior to such date, the Merger Agreement is terminated. The Special Mandatory Redemption Price (as defined herein) will be equal to 101% of the aggregate principal amount of the applicable series of notes, plus accrued and unpaid interest to, but excluding, the redemption date. See Description of the Notes Special Mandatory Redemption.

We are not obligated to place the proceeds from this notes offering in escrow prior to the closing of the Merger or to provide a security interest in those proceeds, and there are no other restrictions on our use of these proceeds during

such time. Accordingly, we will need to fund any change of control or special mandatory redemption using proceeds that we have voluntarily retained or from other sources of liquidity. If such event were to occur, we may not have sufficient financial resources available to satisfy all those obligations, and consequently we may not be able satisfy our obligations to repurchase your notes.

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Holders of the notes may not be able to determine when a change of control giving rise to their right to have the notes repurchased has occurred following a sale of substantially all of our assets.

The definition of “change of control” in the notes includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of our and our subsidiaries’ assets. There is no precise, established and binding interpretation of the phrase “substantially all” under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a sale, lease, transfer, conveyance or other disposition of substantially all our and our subsidiaries’ assets. As a result, in certain circumstances, it may be unclear whether a Change of Control Triggering Event has occurred and therefore whether a holder of notes has the right to require us to repurchase those notes.

We may redeem the notes at our option, which may adversely affect your return on the notes.

The notes are redeemable at our option, and we may, therefore, choose to redeem all or part of the notes at any time prior to the maturity date, including at times when prevailing interest rates are relatively low. In the event that we redeem the notes prior to maturity, you may not be able to reinvest the proceeds you receive from the redemption in a comparable security at an effective interest rate as high as the interest rate on your notes being redeemed.

The special mandatory redemption provision of the notes may adversely affect the trading prices and your expected return on such notes.

As a result of the special mandatory redemption provision of the notes, the trading prices of such notes may not reflect the financial results of our business or macroeconomic factors. In addition, if the notes are redeemed prior to maturity, you may not be able to reinvest the amount received upon a redemption in a comparable security at an effective interest rate as high as that of the notes. You will have no rights under the special mandatory redemption provision if the Merger closes within the prescribed time frame, nor will you have any right to require us to repurchase your notes if, between the closing of this notes offering and the closing of the Merger, we experience any changes (including any material changes) in our business or financial condition, or if the terms of the Merger Agreement change, including in material respects.

An investment in the notes by a purchaser whose home currency is not the euro entails significant risks.

All payments of interest on and the principal of the notes and any redemption price for the notes will be made in euros. An investment in the notes by a purchaser whose home currency is not the euro entails significant risks. These risks include the possibility of significant changes in rates of exchange between the holder’s home currency and the euro and the possibility of the imposition or subsequent modification of foreign exchange controls. These risks generally depend on factors over which we have no control, such as economic, financial and political events and the supply of and demand for the relevant currencies. In the past, rates of exchange between the euro and certain currencies have been highly volatile, and each holder should be aware that volatility may occur in the future. Fluctuations in any particular exchange rate that have occurred in the past, however, are not necessarily indicative of fluctuations in the rate that may occur during the term of the notes. Depreciation of the euro against the holder’s home currency would result in a decrease in the effective yield of the notes below its coupon rate and, in certain circumstances, could result in a loss to the holder.

The notes permit us to make payments in U.S. dollars if we are unable to obtain euros and market perceptions concerning the instability of the euro could materially adversely affect the value of the notes.

If the euro is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control, if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or if the euro is no longer being used by public institutions of or within the

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international banking community for the settlement of transactions, then all payments in respect of the notes will be made in U.S. dollars until the euro is again available to us or so used. The amount payable on any date in euros will be converted into U.S. dollars on the basis of the then most recently available market exchange rate for the euro. Any payment in respect of the notes so made in U.S. dollars will not constitute an event of default under the notes or the indenture governing the notes. This exchange rate may be materially less favorable than the rate in effect at the time the notes were issued or as would be determined by applicable law. Such developments, or market perceptions concerning the instability of the euro and related issues, could materially adversely affect the value of the notes and you may lose a significant amount of your investment in the notes.

In a lawsuit for payment on the notes, an investor may bear currency exchange risk.

The indenture is, and notes will be, governed by the laws of the State of New York. Under New York law, a New York state court rendering a judgment on the notes would be required to render the judgment in euros. However, the judgment would be converted into U.S. dollars at the exchange rate prevailing on the date of entry of the judgment. Consequently, in a lawsuit for payment on the notes, investors would bear currency exchange risk until a New York state court judgment is entered, which could be a significant amount of time. A federal court sitting in New York with diversity jurisdiction over a dispute arising in connection with the notes would apply the foregoing New York law.

In courts outside of New York, investors may not be able to obtain a judgment in a currency other than U.S. dollars. For example, a judgment for money in an action based on the notes in many other U.S. federal or state courts ordinarily would be enforced in the United States only in U.S. dollars. The date used to determine the rate of conversion of euros into U.S. dollars would depend upon various factors, including which court renders the judgment and when the judgment is rendered.

Trading in the applicable clearing systems is subject to minimum denomination requirements.

The terms of the notes provide that notes will be issued with a minimum denomination of 100,000 and multiples of 1,000 in excess thereof. It is possible that the applicable clearing systems may process trades which could result in amounts being held in denominations smaller than the minimum denominations. If definitive notes are required to be issued in relation to such notes in accordance with the provisions of the relevant global notes, a holder who does not have the minimum denomination or any integral multiple of 1,000 in excess thereof in its account with the relevant clearing system at the relevant time may not receive all of its entitlement in the form of definitive notes unless and until such time as its holding satisfies the minimum denomination requirement.

The European Commission has proposed a financial transaction tax in certain member states of the European Union which, if adopted, could apply in certain circumstances to secondary market trades of the notes both within and outside of those participating Member States.

The European Commission has published a proposal for a directive for a common financial transaction tax, or FTT, in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain, to which we refer as the participating Member States. However, Estonia has since stated that it will not participate.

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the notes (including secondary market transactions) in certain circumstances.

Under the European Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial

institution may be, or be deemed to be, established in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

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The FTT remains subject to negotiation between participating Member States and the legality of the proposal is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate and/or certain of the participating Member States may decide to withdraw.

Prospective holders of, and investors in, the notes are advised to seek their own professional advice in relation to the FTT.

Risks Related to Frutarom

In addition to the risks we face, Frutarom also faces the following risks.

Frutarom's operations are subject to effects of the global economy.

Due to the nature and type of its global activity, Frutarom is exposed to fluctuations in the global economy. Economic crisis and recession in various countries in which Frutarom operates could curb demand for Frutarom's products and significantly slow down the development and launch of new products by Frutarom customers.

Frutarom's operations in emerging markets are subject to political, economic and legal developments that are less predictable than those in developed markets.

Frutarom operates in a number of countries besides the United States and Western Europe, such as Russia, Ukraine, Turkey, Slovenia, Kazakhstan, China, countries in South and Central America (including Brazil, Guatemala, Peru, Chile and Mexico) and countries in northern, southern and western Africa, and is therefore exposed to political, economic and legal developments in these countries which are generally less predictable than in developed countries. Frutarom's facilities in these countries could be subject to disruption as a result of economic and/or political instability as well as from nationalization and/or expropriation of assets situated there. There is also substantial risk relating to restrictions on Frutarom in collecting payment from its customers, distributors, or agents, as well as foreign exchange restrictions which could impede Frutarom's ability to realize its profits or to sell its assets in these countries. While none of the emerging market countries in which Frutarom operates impose foreign exchange restrictions that affect Frutarom, such restrictions existed not long ago and there is no assurance that they will not be reinstated in the future.

Fluctuations or devaluations in currencies may negatively affect Frutarom's results of operations.

Over 70% of Frutarom's sales in 2017 were conducted in currencies other than the U.S. dollar, mainly the euro, Russian Ruble, Pound Sterling, Swiss Franc, New Israeli Shekel, Chinese Yuan, Canadian Dollar, Brazilian Real, South African Rand, Peruvian Nuevo Sol and Mexican Peso, and changes in exchange rates affect Frutarom's reported results in US dollar terms. In addition, in cases of extreme fluctuations in exchange rates, and since a large part of the raw materials used in the manufacture of Frutarom's products is paid for in U.S. dollars, in euros, or other currencies, there is no assurance that Frutarom can completely update its selling prices denominated in local currency (which is different from the currency used in buying the raw material) and maintain its margin. Frutarom does not generally undertake external hedging action nor does it use other financial instruments for protection against currency fluctuations. For further information see Frutarom's audited financial statements included in this prospectus supplement.

Frutarom operates in a highly competitive industry.

Frutarom faces competition from large multinationals as well as medium-sized, small and local companies across the sectors in which it operates. Some of Frutarom's competitors have greater financial and technological resources, larger

sales and marketing platforms and more established reputation, and may therefore be better equipped to adapt to changes and industry trends.

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The global market for flavors is characterized by close relations between flavor manufacturers and their customers, particularly with regard to large multinationals. Furthermore, many large multinational customers, along with increasing numbers of medium-sized customers in recent years, sometimes limit the number of their suppliers and work predominantly with a list of approved suppliers. To compete more effectively under these conditions, Frutarom must invest more resources in customer relations, in R&D and in matching products to customers' needs in order to provide high quality and efficient service. Any failure to maintain good relations with its customers, forge strong relations with new customers, or secure the status of approved supplier with some of its customers could lead to substantial adverse effects on Frutarom's business, operating results and financial condition.

The specialty fine ingredients market is more price sensitive than the flavors market and is characterized by relatively lower profit margins. Some fine ingredients products manufactured by Frutarom are less unique and more replaceable by competitors' products. Production overcapacity for fine ingredients globally could also negatively impact Frutarom's sales and profitability. Although as part of its strategy Frutarom focuses on specialty fine ingredients with higher profit margins, there is no assurance that operating margins will not erode in the future, which could substantially impact Frutarom's business, operating results and financial condition.

Increased environmental, health and safety regulations or the loss of necessary environmental permits could adversely affect Frutarom's operating results and financial condition.

Frutarom is subject to a variety of international and domestic health, safety and environmental statutes in the various countries in which it operates. In general, there is a trend towards increased regulation in the fields of Frutarom's activities. This trend stems from, among other things, growing consumer sensitivity concerning the inclusion of flavor additives in food products and the fact that regulators perceive nutraceuticals, medical food and functional food products as having medicinal attributes. In some countries such products may be subjected to the same standards and regulations as applied to drugs or targeted regulation for these categories. In addition, regulators in different countries can change regulations applying to infant nutrition or clinical nutrition for the elderly in a way that might affect Frutarom's sales in these categories. Frutarom has identified the markets for nutraceuticals, functional food, specialty fine ingredients for infant nutrition, especially infant formulas, and clinical nutrition for the elderly as important to its future growth. The subjecting of these markets to increased regulation could give rise to additional expenses which might have an adverse effect on Frutarom's business, operating results and financial condition.

Companies such as Frutarom that operate in the flavor and fine ingredients industry make use of, manufacture, sell, and distribute substances that are sometimes considered hazardous and are therefore subject to extensive regulation concerning the storage, handling, manufacture, transport, use and disposal of such substances and their components and byproducts. Frutarom's production and R&D activities in the various countries where it operates are subject to various regulations and standards relating to air emissions, sewage treatment and the use, handling and discharge of hazardous material as well as clean-up of existing environmental contamination. Any further tightening of such laws and regulations could have a substantial adverse effect on Frutarom's business, operating results and financial condition.

In addition to covering its ongoing environmental compliance costs, Frutarom might also incur nonrecurring charges associated with remedial action needed to be taken at its production sites. As environment-related incidents cannot be foreseen with any certainty, the sums that Frutarom allocates or will allocate for such matters may turn out to be inadequate. Ongoing and nonrecurring environment-related expenses could each have a substantial adverse effect on Frutarom's business, operating results and financial condition.

Frutarom is required to obtain various environmental permits concerning operations at its various production facilities and to meet the conditions set by these permits. The expansion of existing plants is also subject to securing necessary

permits. Such permits might be unilaterally revoked or modified by the issuer, or might be for a limited amount of time. Any cancellation, modification and/or failure to renew or obtain a permit could have a significant adverse effect on Frutarom's business, operating results and financial condition.

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Failure to comply with environmental, health and safety laws and regulations may expose Frutarom to civil and criminal liability.

The laws and regulations concerning the environment, health and safety may subject Frutarom to civil and/or criminal liability for non-compliance or environmental pollution. Environmental, health and safety laws may include criminal sanctions (including substantial penalties) for violating them. Some environmental laws also include provisions imposing complete responsibility for the release of hazardous substances into the environment which could result in Frutarom becoming liable for clean-up efforts without any negligence or fault on its part. Other environmental laws impose liability jointly and severally, which could expose Frutarom to responsibility for cleaning up environmental pollution caused by others.

In addition, some environmental, health and safety laws are applied retroactively and could impose responsibility for acts done in the past even if such acts were carried out in accordance with the relevant legal provisions in force at the time. Criminal or civil liability under such laws may have significant adverse effects on Frutarom's business, operating results and financial condition.

Frutarom may also become subjected to claims for personal injury or property damage arising from exposure to hazardous substances. Laws in the major countries where Frutarom operates permit legal proceedings to be instituted against it if personal injury or environmental contamination was ostensibly caused by activity at its production sites in these countries. Such legal proceedings could also be instituted by private individuals or non-governmental organizations.

Fluctuations in prices of raw materials needed for producing Frutarom's products may negatively impact its results of operations.

The price, quality and availability of the main raw materials that Frutarom uses, especially in the field of natural products, are subject to fluctuations arising from global supply and demand. Many raw materials used by Frutarom are agricultural products whose prices, quality and availability could be affected by, among other things, poor weather conditions. Frutarom does not normally conduct futures transactions in raw materials and is exposed to price fluctuations in the raw materials it uses according to changes in global trends for prices of these raw materials. In recent periods, there has been a rise in the prices of a number of principal raw materials used by Frutarom, and such trends may have a significant adverse effect on Frutarom's business, operating results and financial condition.

The inability to obtain raw materials due to the loss of third party suppliers or unavailability of raw materials could impair Frutarom's sales and adversely affect its operating results.

Frutarom is dependent on third parties for the supply of raw materials needed for manufacturing its products. Although Frutarom purchases raw materials from a very wide range of suppliers and no individual supplier accounted for more than 3% of its total raw material usage in 2017, and even though there is more than one supplier for most of the raw materials bought by Frutarom and they are usually readily available, there is no assurance that this will also continue to be the case in the future. Severe weather conditions may cause a significant shortage of natural raw materials used by Frutarom. A shortage of these raw materials could impair Frutarom's sales for a certain period of time and adversely affect its operating results.

Product liability claims against Frutarom and potential damages under those claims could have significant adverse effects on Frutarom's business, operating results and financial condition.

Frutarom is exposed to product liability risk, particularly due to the fact that it supplies flavors to the food and beverage, flavor and fragrance, functional food, pharma/nutraceutical and personal care industries. Should Frutarom be found responsible in a large claim of this type, its insurance coverage might be inadequate to cover damages and/or legal expenses. A lack of adequate insurance coverage could result in a significant adverse effect

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on Frutarom's business, operating results and financial condition. Product liability claims brought against Frutarom could damage its reputation as well as put heavy demand on management's time and efforts, and this could have significant adverse effects on Frutarom's business regardless of the outcome of the claim.

The inability to integrate the businesses acquired by Frutarom during its recent growth period may lead to disruptions in its business and failure to capitalize on anticipated synergies.

A key element of Frutarom's growth strategy has been growth through the acquisition of flavor and specialty fine ingredients manufacturers. In line with this strategy, Frutarom has made many strategic acquisitions of companies and business activities in recent years. The integration of acquired activities involves a number of risks, including possible adverse effects on Frutarom's operating results, the loss of customers, the consuming of senior management's time and attention, and the failure to retain key personnel including managers of the acquired activities, along with risks associated with unanticipated events in the integration of the operations, technologies, systems and services of the acquired business. In addition, Frutarom may be unable to capitalize on the anticipated synergies (including those aimed at cost savings) inherent in such acquisitions. Failure in successfully integrating its acquisitions could have adverse effects on Frutarom's business, operating results and financial condition.

The rapid growth, as in recent years, in both Frutarom's activities and its geographical spread requires effective management to ensure that the financial benefits, tapping of synergies and the economies of scale are achieved. An inability to adapt to the rapid growth could result in losses or acquisition costs that will not be recovered as quickly as anticipated, if at all. Such circumstances could have significant adverse effects on Frutarom's business, its operating results and financial condition.

The loss of skilled personnel, members of senior management or other key employees could negatively impact Frutarom's ability to compete and implement its strategy.

Frutarom's continued future success depends on its ability to attract and retain proficient flavorists (flavor developers), lab technicians and other skilled personnel. Frutarom operates in a highly specialized market where product quality is of critical importance and having skilled personnel is necessary for ensuring the supply of high quality products. If a number of such employees were to leave at the same time, Frutarom could encounter difficulties in finding replacements with equivalent experience and abilities, a situation which could impair Frutarom's R&D capabilities. Furthermore, Frutarom's continued success depends to a large extent on its senior management team. The loss of services from members of senior management or other key employees could have a negative impact on Frutarom's results and its ability to implement its strategy. A failure to recruit and retain skilled personnel or members of senior management could have a significant adverse effect on Frutarom's business, operating results and financial condition.

The inability to protect its intellectual property or the loss of exclusive use of its proprietary formulas to create flavors may have a significant adverse impact on Frutarom's business, operating results and financial condition.

Frutarom's business relies on intellectual property, mainly consisting of formulas used to create its flavors. Frutarom does not register these formulas but they are kept highly confidential and considered trade secrets and, as such, are accessible to just a very limited circle of people within Frutarom. Although Frutarom believes it is not significantly reliant on any individual intellectual property right, proprietary formula, patent or license, a breach of confidentiality with respect to the formulas or loss of access to them and/or the future expiration of intellectual property rights could have a significant adverse impact on Frutarom's business, operating results and financial condition.

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Frutarom relies, in part, on confidentiality agreements, ownership of intellectual property, and non-competition agreements with employees, vendors and third parties in order to protect its intellectual property. It is possible that these agreements will be breached and that Frutarom may lack an adequate remedy for any such breach. Disputes may arise concerning the ownership of intellectual property or the extent to which the confidentiality agreements remain in force. Furthermore, Frutarom's trade secrets may become revealed to its competitors or developed independently by them, in which case Frutarom will not be able to enjoy exclusive use of some of its formulas or maintain confidentiality concerning its products.

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CURRENCY CONVERSION

Unless otherwise specified, the euro/U.S. dollar exchange rate used in this prospectus supplement is 1.00 = \$1.1656, as announced by the U.S. Federal Reserve Board on September 17, 2018.

Investors will be subject to foreign exchange risk as to payments of principal and interest that may have important economic and tax consequences to them. See Risk Factors.

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FORWARD-LOOKING STATEMENTS

Statements in this prospectus supplement and the documents incorporated by reference, 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 and include statements concerning (i) our ability to achieve long-term sustainable growth and increase shareholder value, (ii) growth potential in the emerging markets, (iii) the anticipated impact of our acquisitions on our market position within key markets, (iv) our competitive position in the market and expected financial results in 2018, (v) expected savings from profit improvement initiatives, (vi) expected capital expenditures and cost pressures in 2018, (vii) the impact of legislation commonly referred to as the Tax Cuts and Jobs Act (the Tax Act) on the Company's effective tax rate in 2018, (viii) the expected level of share repurchases under the Company's share repurchase program, (ix) our ability to innovate and execute on specific consumer trends and demands, (x) timing of completion or relocation of our plants in China, (xi) expected increases in raw material costs in 2018, (xii) the impact of operational performance, cost reduction efforts and mix enhancement on margin improvement, and (xiii) the amount of expected pension contributions in 2018. 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, 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 factors include, among others, those discussed in the Risk Factors section of this prospectus supplement and the following:

the impact of the Merger;

our ability to effectively compete in our market, and to successfully develop new products that appeal to our customers and consumers;

our ability to provide our customers with innovative, cost-effective products;

the impact of a disruption in our manufacturing operations;

the impact of the BASF Group supply chain disruption on the supply and price of a key ingredient in 2018;

our ability to implement our Vision 2020 strategy;

the impact of the recently-enacted Tax Act on our effective tax rate in 2018 and beyond;

our ability to successfully market to our expanding and decentralized Flavors customer base;

our ability to react in a timely manner to changes in the consumer products industry related to health and wellness;

our ability to establish and maintain collaborations, joint ventures or partnerships, which lead to the development or commercialization of products;

our ability to benefit from our investments and expansion in emerging markets;

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the impact of international operations that are subject to regulatory, political, economic, currency exchange and other risks, including in countries such as Turkey and Argentina;

the impact of economic uncertainty which may adversely affect demand for consumer products using flavors and fragrances;

our ability to attract and retain talented employees;

our ability to comply with, and the costs associated with compliance with, U.S. and foreign environmental protection laws;

our ability to realize the expected cost savings and efficiencies from our profitability improvement initiatives and the optimization of our manufacturing facilities;

volatility and increases in the price of raw materials, energy and transportation;

our ability to maintain the integrity of our raw materials, supply chain and finished goods, and comply with applicable regulations;

our ability to successfully manage our inventory and/or working capital balances;

the impact of violations of the U.S. Foreign Corrupt Practices Act or similar U.S. or foreign anti-bribery and anti-corruption laws and regulations in the markets in which we operate;

our ability to protect our intellectual property rights;

uncertainties regarding the outcome of, or funding requirements, related to litigation or settlement of pending litigation, uncertain tax positions or other contingencies;

the impact of any future impairment of our tangible or intangible long-lived assets;

the impact of changes in our tax rates, tax liabilities, the adoption of new United States or international tax legislation, or changes in existing tax laws;

our ability to successfully estimate the impact of certain accounting and tax matters; and

the potential adverse impact of Brexit on currency exchange rates, global economic conditions and cross-border agreements that affect our business.

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. For additional information regarding factors that could affect the Company's results of operations, financial condition and liquidity, see "Risk Factors" in this prospectus supplement and the accompanying prospectus, as well as the risks described in the "Risk Factors" section of the Company's most recent Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q and as may be included from time to time in our reports filed with the SEC.

The Company intends its forward-looking statements to speak only as of the time of such statements and does not undertake or plan to update or revise them as more information becomes available or to reflect changes in expectations, assumptions or results. The Company 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 prospectus supplement and the accompanying prospectus, or included in any of our periodic reports filed with the SEC and incorporated by reference into this prospectus supplement could materially and adversely impact our results of operations, financial condition and liquidity and our future financial results.

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We estimate that the net proceeds to us from this notes offering, after deducting underwriting discounts and estimated offering expenses payable by us, will be approximately million. We intend to use the net proceeds from this offering to pay a portion of the consideration for the Merger and to pay related fees and expenses. See Summary Recent Developments.

Completion of this notes offering is not contingent on completion of the Merger and completion of the Merger is not contingent on the completion of this notes offering. However, if for any reason the closing of the Merger has not occurred on or prior to February 7, 2019, or, if prior to such date, the Merger Agreement is terminated, then in either case we will be required to redeem the notes as described under Description of the Notes Special Mandatory Redemption. See Summary Recent Developments.

The following table outlines the sources and uses of funds for the Merger, reflecting the exercise by the underwriters of their respective options to purchase additional shares of common stock in the common stock offering and additional tangible equity units in the tangible equity units offering. The table assumes that the Merger, this notes offering, the expected USD notes offering and the common stock and tangible equity units offerings are completed simultaneously, but the common stock and tangible equity units offerings have already been completed and this notes offering and the expected USD notes offering are expected to occur before completion of the Merger. Amounts in the table are in millions of dollars and are estimated, and actual amounts may vary from the estimated amounts.

Sources of Funds		Uses of Funds	
(in millions)			
Cash and cash equivalents	\$ 33	Merger consideration ⁽³⁾	\$ 6,331
New Term Loan	350	Merger and offering fees and expenses ⁽⁴⁾	186
Common stock offering ⁽¹⁾	1,650	Repayment of outstanding indebtedness ⁽⁵⁾⁽⁶⁾	1,047
Tangible equity units offering ⁽¹⁾	825	Breakage costs related to debt repayment	39
Notes offered hereby and in the expected USD notes offering ⁽¹⁾⁽²⁾	2,750	General corporate purposes	40
Equity consideration to Frutarom shareholders and option holders ⁽³⁾	2,035		
Total Sources	\$ 7,643	Total Uses	\$ 7,643

(1) Before underwriting discounts and expenses.

(2) million euro converted at an exchange rate of U.S. \$1.1656 per euro, as of September 17, 2018.

(3) Based on the number of Frutarom's outstanding ordinary shares and share-based awards as of June 30, 2018 and a price per share of our common stock of \$136.49, which was the closing price of our common stock on the NYSE on September 17, 2018.

(4) Includes estimated underwriting discounts and expenses of this offering, the expected USD notes offering, the common stock and tangible equity units offerings and the Merger.

(5) On September 17, 2018, we prepaid in full our (i) \$100 million in aggregate principal amount of 6.35% Series B Senior Notes due 2019, (ii) \$50 million in aggregate principal amount of 6.50% Series C Senior Notes due 2022 and (iii) \$100 million in aggregate principal amount of 6.79% Series D Senior Notes due 2027.

- (6) We intend to repay approximately \$797 million of outstanding Frutarom debt. The calculation of the amount of Frutarom's debt to be repaid is as of June 30, 2018, and reflects the conversion into U.S. dollars of indebtedness denominated in foreign currencies (primarily euros) based on exchange rates as of June 30, 2018.

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The following sets forth our capitalization on a consolidated basis as of June 30, 2018:

on an actual basis;

on a pro forma as adjusted basis to reflect our common stock offering (reflecting the exercise of the underwriters' option to purchase additional shares of our common stock), our tangible equity units offering (reflecting the exercise of the underwriters' over-allotment option to purchase additional tangible equity units), the issuance and sale of notes offered hereby, after deducting underwriting discounts and estimated offering expenses payable by us, our expected offering of USD notes, the New Term Loan and the Merger.

This table should be read in conjunction with the other sections of this prospectus supplement and our consolidated financial statements and related notes incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Incorporation of Certain Information by Reference" in this prospectus supplement. In addition, investors should not place undue reliance on the as adjusted or pro forma as adjusted information included below because this offering is not contingent upon completion of any of the transactions reflected in the adjustments below.

(in thousands)	As of June 30, 2018	
	Actual	Pro Forma As Adjusted
Cash and cash equivalents	\$ 322,423	\$ 523,897
Commercial paper		
Long-term debt:		
Credit facilities	103,988	103,998
Series B, C, D Senior Notes ⁽¹⁾	249,776	
3.20% Senior Notes due 2023	298,823	298,823
1.75% Senior Notes due 2024	573,514	573,514
4.375% Senior Notes due 2047	492,941	492,941
Senior amortizing notes that are components of the tangible equity units ⁽²⁾		135,075
Notes offered hereby ⁽³⁾		
USD notes expected to be issued		
New Term Loan		347,429
Other	4,647	4,647
Total debt ⁽⁴⁾	1,723,689	
Shareholders' equity:		
Common stock	14,470	16,053
Capital in excess of par value ⁽⁵⁾	167,432	3,765,054
Retained earnings	3,992,452	3,908,033
Accumulated other comprehensive loss	(692,498)	(692,498)

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Treasury stock, at cost	(1,732,001)	(1,030,611)
Total shareholders' equity ⁽⁶⁾	1,749,855	5,966,031

Total capitalization	\$ 3,473,544	\$
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- (1) Includes (i) \$100,000 aggregate principal amount 6.35% Series B Senior Notes due 2019, (ii) \$50,000,000 aggregate principal amount 6.50% Series C Senior Notes due 2022 and (iii) \$100,000,000 aggregate principal amount 6.79% Series D Senior Notes due 2027, which we prepaid in full on September 17, 2018.

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- (2) Each tangible equity unit includes an amortizing note. Approximately 17% of the stated amount of the tangible equity units is represented by the amortizing notes.
- (3) million euro converted at an exchange rate of U.S. \$1.1656 per euro as of September 17, 2018.
- (4) As of June 30, 2018, we had approximately \$104.0 million outstanding under our revolving credit facility (including 90 million euro converted at an exchange rate of U.S. \$1.1554 per euro as of June 30, 2018) and no borrowings outstanding under our commercial paper program.
- (5) Each tangible equity unit includes a purchase contract. We account for the purchase contracts that are components of the tangible equity units as equity and record the initial fair value of these purchase contracts, net of the underwriting discounts and estimated offering expenses allocated to the purchase contracts, as additional paid-in capital. The exact amount we record as additional paid-in capital will not be determined until our determination of the final offering expenses of, and our finalization of accounting treatment with respect to, the tangible equity units offering. Approximately 83% of the stated amount of the tangible equity units is represented by the purchase contracts and the underwriting discounts and estimated offering expenses allocated to the purchase contracts.
- (6) Does not include noncontrolling interest.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On May 7, 2018, IFF, Frutarom and Merger Sub entered into a merger agreement that provides for the acquisition of Frutarom by IFF. Subject to the satisfaction or waiver of certain other closing conditions, IFF will acquire Frutarom through the merger of Merger Sub with and into Frutarom, with Frutarom surviving the merger and becoming a wholly owned subsidiary of IFF.

The following unaudited pro forma condensed combined financial information is presented to illustrate the estimated effects of the merger and certain other adjustments listed below.

The unaudited pro forma condensed combined balance sheet as of June 30, 2018, and the unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2018 and the year ended December 31, 2017, respectively, are presented herein. The unaudited pro forma condensed combined balance sheet combines the unaudited consolidated balance sheets of IFF and Frutarom as of June 30, 2018, and gives effect to the merger as if it occurred on June 30, 2018. The unaudited pro forma condensed combined statements of operations combine the historical results of IFF and Frutarom for the six months ended June 30, 2018, and the year ended December 31, 2017, and give effect to the merger as if it occurred on January 1, 2017. The historical financial information has been adjusted to give effect to pro forma adjustments that are (i) directly attributable to the merger, (ii) factually supportable, and (iii) with respect to the unaudited condensed combined statements of operations, expected to have a continuing impact on the combined entity's condensed results.

The merger of IFF and Frutarom will be accounted for using the acquisition method of accounting as per the provisions of Accounting Standards Codification 805, Business Combinations, which we refer to as ASC 805, with IFF representing the accounting acquirer under this guidance. The unaudited pro forma condensed combined financial statements were prepared in accordance with Article 11 of Regulation S-X and primarily give effect to the merger adjustments, which include:

Adjustments to reconcile Frutarom's historical audited and unaudited financial statements prepared in accordance with IFRS as issued by the IASB to U.S. GAAP;

Conforming accounting policies and presentation;

Application of the acquisition method of accounting in connection with the merger;

Adjustments to reflect repayment of certain existing debt facilities of Frutarom and IFF as well as financing arrangements entered into in connection with the merger; and

Effect of acquisition-related costs in connection with the merger.

The pro forma adjustments included in this document are subject to modification based on changes in interest rates, changes in share prices, the final determination of the fair value of the assets acquired and liabilities assumed, additional analysis, and additional information that may become available, which may cause the final adjustments to be materially different from the pro forma condensed combined financial statements presented below. Following the

consummation of the merger, IFF management will perform a detailed review of Frutarom's accounting policies in an effort to determine if differences in accounting policies require further reclassification of Frutarom's results of operations or reclassification of assets or liabilities to conform to IFF's accounting policies and classification. As a result, IFF may subsequently identify additional material differences in the accounting policies which could have a material impact on the unaudited pro forma combined financial information.

The unaudited pro forma condensed combined financial information presented is for informational purposes only and is not necessarily indicative of the financial position or results of operations that would have been realized if the merger had been completed on the dates set forth above, nor is it indicative of future results or financial position of the combined company. Additionally, the final determination of the purchase price and the

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purchase price allocation, upon the completion of the merger, will be based on Frutarom's net assets acquired as of that date and will depend on a number of factors that cannot be predicted with certainty at this time. The unaudited pro forma condensed combined financial information does not reflect any anticipated synergies or dis-synergies, operating efficiencies or cost savings that may result from the merger or potential divestitures that may occur prior to, or subsequent to, the completion of the merger or any acquisition and integration costs that may be incurred. The pro forma adjustments, which IFF believes are reasonable under the circumstances, are preliminary and are based upon available information and certain assumptions described in the accompanying notes to the unaudited pro forma condensed combined financial information. Actual results and valuations may differ materially from the assumptions within the accompanying unaudited pro forma condensed combined financial information. Any changes to IFF's stock price, from September 17, 2018 through the date the merger is completed, will also change the purchase price, which may include the recording of a lower or higher amount of goodwill. The final adjustments may be materially different from the pro forma condensed combined financial statements presented in this document.

The unaudited pro forma condensed combined financial information should be read in conjunction with the notes to the unaudited pro forma condensed combined financial information, Frutarom's audited financial statements for the year ended December 31, 2017 and Frutarom's unaudited quarterly financial statements for the quarterly period ended June 30, 2018, as well as IFF's consolidated financial statements and related notes thereto contained in its Annual Report on Form 10-K for the year ended December 31, 2017 and IFF's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018.

Table of Contents**Unaudited Pro Forma Condensed Combined Balance Sheet****As of June 30, 2018****(In thousands, except per-share data)**

	Historical		Purchase		Other Pro		
	IFF	FRUTAROM	Accounting		Forma		
	(US	(US GAAP)	Adjustments	Notes	Adjustments	Notes	Total
	GAAP)						
Assets							
Current Assets:							
Cash and Cash Equivalents	\$ 322,423	\$ 119,807	\$ (4,258,273)	3	\$ 4,339,940	6k	\$ 523,897
Trade receivables, net	723,855	321,797					1,045,652
Inventory	695,192	338,881	33,119	6c			1,067,192
Prepaid expenses and other current assets	285,110	27,949			(26,141)	6h	286,918
Total Current Assets	2,026,580	808,434	(4,225,154)		4,313,799		2,923,659
Property, plant and equipment, net	867,629	336,591					1,204,220
Goodwill	1,148,586	589,250	3,723,185	6b			5,461,021
Other intangible assets, net	391,426	442,647	2,087,353	4			2,921,426
Deferred income taxes assets	82,204	4,512					86,716
Other assets	157,017	41,054					198,071
Total Assets	\$ 4,673,442	\$ 2,222,488	\$ 1,585,384		\$ 4,313,799		\$ 12,795,113
LIABILITIES AND SHAREHOLDERS EQUITY							
Current Liabilities:							
Short term borrowings	6,500	397,601			198,088	6f	602,189
Accounts payable	315,656	225,998					541,654
Dividends payable	54,488		21,093	3			75,581
Other current liabilities	322,726	26,359	47,007	4	(35,080)	6l	361,012
Total Current Liabilities	699,370	649,958	68,100		163,008		1,580,436
Long-term debt	1,717,189	399,833			1,969,322	6f	4,086,344
Retirement liabilities	226,221	33,690					259,911
Deferred income tax liabilities		66,234	401,790	6d			468,024
Other liabilities	274,459	19,802	(2,186)	4			292,075
Total Other Liabilities	2,217,869	519,559	399,604		1,969,322		5,106,354

Redeemable Noncontrolling Interest							
		131,398					131,398
Shareholders Equity:							
Common Stock	14,470	17,094	(17,094)	6e	1,583	6f	16,053
Capital in excess of par value	167,432	116,132	1,217,185	6e	2,264,305	6f	3,765,054
Treasury stock, at cost	(1,732,001)	(3,693)	705,083	6e			(1,030,611)
Other equity	3,299,954	787,494	(787,494)	6e	(84,419)	6e	3,215,535
Total Shareholders Equity	1,749,855	917,027	1,117,680		2,181,469		5,966,031
Noncontrolling interest	6,348	4,546					10,894
Total Shareholders Equity including NCI	1,756,203	921,573	1,117,680		2,181,469		5,976,925
Total Liabilities and Shareholders Equity							
	\$ 4,673,442	\$ 2,222,488	\$ 1,585,384		\$ 4,313,799		\$ 12,795,113

See the accompanying *Notes to the Unaudited Pro Forma Condensed Combined Financial Information*, which are an integral part hereof. The pro forma adjustments are explained in the notes below.

Table of Contents**Unaudited Pro Forma Condensed Combined Statement of Operations****For the Six Months Ended June 30, 2018****(In thousands, except per-share data)**

	Historical						
	IFF	FRUTAROM	Purchase		Other Pro		Total
	(US	(US	Accounting	Notes	Forma	Notes	
	GAAP)	GAAP)	Adjustments		Adjustments		
Revenue:							
Net sales	\$ 1,850,944	\$ 786,110	\$		\$		\$ 2,637,054
Cost of goods sold	1,046,419	466,928					1,513,347
<i>Gross profit</i>	804,525	319,182					1,123,707
Expenses:							
Research and development expenses	153,244	30,770					184,014
Selling and administrative expenses	300,051	141,640			(12,455)	6h	429,236
Restructuring and other charges, net	1,903						1,903
Amortization of acquisition-related intangibles	18,769	13,466	59,912	6a			92,147
Gain on sales of fixed assets	1,195	(691)					504
<i>Total expenses</i>	475,162	185,185	59,912		(12,455)		707,804
<i>Operating profit</i>	329,363	133,997	(59,912)		12,455		415,903
Other income (expense):							
Interest expense	69,841	12,758			43,670	6f	126,269
Other (income) expense, net	(21,232)	(950)			(10,979)	6g	(33,161)
<i>Total other income (expense)</i>	48,609	11,808			32,691		93,108
Income before taxes	280,754	122,189	(59,912)		(20,236)		322,795
Taxes on income	52,190	23,600	(11,503)	6a	(4,443)	6j	59,844
Net income (Including Noncontrolling Interests)	228,564	98,589	(48,409)		(15,793)		262,951
Less: noncontrolling interests		3,205					3,205
Net Income	\$ 228,564	\$ 95,384	\$ (48,409)		\$ (15,793)		\$ 259,746
Net income per share basic	\$ 2.89	\$ 1.60					\$ 2.34
Net income per share diluted	\$ 2.87	\$ 1.59					\$ 2.31

Basic shares outstanding	79,041	59,678	111,208
Diluted shares outstanding	79,347	60,057	112,677

See the accompanying *Notes to the Unaudited Pro Forma Condensed Combined Financial Information*, which are an integral part hereof. The pro forma adjustments are explained in the notes below.

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Table of Contents**Unaudited Pro Forma Condensed Combined Statement of Operations****For the Year Ended December 31, 2017****(In thousands, except per-share data)**

	IFF (US GAAP)	FRUTAROM (US GAAP)	Purchase Accounting Adjustments	Notes	Other Pro Forma Adjustments	Notes	Total
Revenue:							
Net sales	\$ 3,398,719	\$ 1,362,396	\$		\$		\$ 4,761,115
Cost of goods sold	1,919,718	\$ 837,271			6,538	6i	\$ 2,763,527
<i>Gross profit</i>	1,479,001	525,125			(6,538)		1,997,588
Expenses:							
Research and development expenses	286,026	43,644			9,443	6i	339,113
Selling and administrative expenses	557,311	246,332			12,833	6i	816,476
Restructuring and other charges, net	19,711	(340)					19,371
Amortization of acquisition-related intangibles	34,694	22,193	119,824	6a			176,711
Gain on sales of fixed assets	(184)	1,934					1,750
<i>Total expenses</i>	897,558	313,763	119,824		22,276		1,353,421
<i>Operating profit</i>	581,443	211,362	(119,824)		(28,814)		644,167
Other (income) expense:							
Interest expense	65,363	10,075			84,595	6f	160,033
Other (income) expense, net	(20,965)	13,325			(28,814)	6i	(36,454)
<i>Total other (income) expense</i>	44,398	23,400			55,781		123,579
Income before taxes	537,045	187,962	(119,824)		(84,595)		520,588
Taxes on income	241,380	35,105	(23,486)	6a	(20,179)	6j	232,820
Net income (Including Noncontrolling Interests)	295,665	152,857	(96,338)		(64,416)		287,768
		4,895					4,895

Less: noncontrolling
interests

Net Income	295,665	147,962	(96,338)	(64,416)	282,873
Net income per share basic	3.73	2.49			2.54
Net income per share diluted	3.72	2.48			2.52
Basic shares outstanding	79,070	59,342			111,237
Diluted shares outstanding	79,370	59,632			112,700

See the accompanying *Notes to the Unaudited Pro Forma Condensed Combined Financial Information*, which are an integral part hereof. The pro forma adjustments are explained in the notes below.

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

(In US\$ thousands, except per share data and as otherwise noted)

Note 1 Description of Business Combination

On May 7, 2018, International Flavors & Fragrances (IFF) entered into an Agreement and Plan of Merger (the merger agreement) with Frutarom Industries Ltd., a company organized under the laws of the State of Israel (Frutarom) and Icon Newco Ltd., a company organized under the laws of the State of Israel and a wholly owned subsidiary of IFF (Merger Sub). Pursuant to the merger agreement, subject to the satisfaction or waiver of specified conditions, Merger Sub will merge with and into Frutarom (the merger), with Frutarom continuing as the surviving company in the merger and a wholly owned subsidiary of IFF.

At the completion of the merger, each ordinary share, par value Israeli New Shekel (to be referred as NIS) 1.00 per share, of Frutarom (the Frutarom ordinary shares) issued and outstanding immediately prior to the completion of the merger (other than Frutarom ordinary shares held by Frutarom as treasury stock (dormant shares) or held directly or indirectly by IFF, Merger Sub or any wholly owned subsidiary of Frutarom) will be converted into the right to receive (i) \$71.19 in cash (the cash consideration) and (ii) 0.249 of a validly issued, fully paid and non-assessable share of common stock, par value \$0.125 per share, of IFF (IFF common stock), with cash in lieu of fractional shares of IFF common stock otherwise issuable (such shares of IFF common stock and any such cash in lieu of fractional shares, together with the cash consideration, the merger consideration), in each case without interest and subject to applicable tax withholding.

At the completion of the merger, each Frutarom stock option and Frutarom restricted stock award that is outstanding and vested as of immediately prior to the completion of the merger, will be canceled in exchange for the right to receive the merger consideration in respect of each net share subject to such vested Frutarom stock option or Frutarom restricted stock award, less applicable tax withholding. For this purpose, net share means, with respect to a Frutarom stock option or Frutarom restricted stock award, the quotient of (i) the product of (A) the excess, if any, of the value of the merger consideration (calculated as specified in the merger agreement) over the exercise price or purchase price per Frutarom ordinary share (as applicable) subject to such Frutarom stock option or Frutarom restricted stock award, multiplied by (B) the number of Frutarom ordinary shares subject to such Frutarom stock option or Frutarom restricted stock award, divided by (ii) the value of the merger consideration.

The merger agreement provides for the Frutarom board of directors to declare a special dividend, on a per share basis, equal to the product of (a) 0.249 and (b) the aggregate per share value of IFF dividends with a record date after the date of the merger agreement and prior to the closing of the merger.

Note 2 Basis of Presentation

The accompanying unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of Regulation S-X and was based on the historical financial statements of IFF and Frutarom as of and for the year ended December 31, 2017 and as of and for the six months ended June 30, 2018. IFF is deemed to be the accounting acquirer and the pro forma adjustments are preliminary and are based on estimates that are subject to change. The combined group will not be a foreign private issuer as defined in Rule 405 under the Securities Act and Rule 3b-4(c) under the Exchange Act, accordingly the pro forma information of the combined group is prepared in accordance with U.S. GAAP.

The unaudited pro forma condensed combined statements of operations were prepared using:

the historical unaudited consolidated statements of operations and comprehensive income of IFF for the six months ended June 30, 2018;

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the historical audited consolidated statements of operations and comprehensive income of IFF for the year ended December 31, 2017;

the historical unaudited condensed consolidated statements of operations of Frutarom for the six months ended June 30, 2018; and

the historical audited consolidated income statement of Frutarom for the year ended December 31, 2017. IFF's historical audited and unaudited financial statements were prepared in accordance with U.S. GAAP and presented in thousands of U.S. dollars. Frutarom's historical audited and unaudited financial statements were prepared in accordance with IFRS as issued by the IASB and presented in thousands of U.S. dollars. Certain reclassifications were made to align Frutarom's financial statement presentation with that of IFF (see Note 5).

Frutarom's historical audited and unaudited financial statements were reconciled to U.S. GAAP. In addition, a preliminary review of IFRS to U.S. GAAP differences and related accounting policies has been completed based on information made available to date (see Note 5 for further information). However, following the consummation of the merger, IFF management will conduct a detailed review. As a result of that review, IFF management may identify differences that, when finalized, could have a material impact on the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined statements of operations also include certain purchase accounting adjustments, including items expected to have a continuing impact on the condensed combined results.

Note 3 Estimated Purchase Price

Pursuant to the merger, shareholders of Frutarom will receive \$71.19 in cash and 0.249 shares of IFF's common stock for each Frutarom ordinary share held prior to the merger. If the aggregate number of shares of IFF common stock to be issued pursuant to the merger agreement would exceed 19.9% of the issued and outstanding shares of IFF common stock immediately prior to the entry into the merger agreement, rounded down to the nearest whole share, the exchange ratio will be reduced by the minimum extent necessary such that the foregoing clause is no longer true, and the cash component of the merger consideration will also be increased accordingly.

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The following table summarizes the components of the preliminary estimated purchase price:

(In USD thousands, except share data and exchange ratio)

Estimated Frutarom s shares outstanding(i)		59,654,657
Cash consideration per share(ii)		\$ 71.19
Total cash paid to shareholders of Frutarom		\$ 4,246,815
Estimated cash paid to vested stock option holders(iii)		11,458
Estimated accrual for unvested stock option holders(iv)		17,007
Estimated closing dividend payable(v)		21,093
Estimated cash portion of purchase price	A	\$ 4,296,373
Estimated Frutarom s shares outstanding		59,654,657
Exchange ratio(vi)		0.249
Total common shares of IFF to be issued(viii)		14,854,010
IFF s share price(vii)		136.49
Total equity consideration paid to shareholders of Frutarom		\$ 2,027,424
Estimated equity consideration paid to vested stock Frutarom option holders(iii)		7,283
Estimated equity portion of purchase price	B	\$ 2,034,707
Total estimated consideration to be paid	A+B	\$ 6,331,080

- (i) Number of shares outstanding as of June 30, 2018.
- (ii) Cash consideration per share as per the merger agreement.
- (iii) Estimated cash and equity consideration payable to the vested Frutarom stock option holders on a diluted basis.
- (iv) Estimated pro rata portion of the unvested Frutarom stock options attributable to pre-combination services. The pro forma adjustment has been recorded in other current liabilities.
- (v) Estimated aggregate dividend payable to Frutarom shareholders prior to closing considering the exchange ratio, as set forth in the merger agreement, and cash dividends declared by IFF prior to closing. The aggregate amount of cash dividends declared per share of IFF with a record date occurring on or after the date of the merger agreement and prior to closing is equal to \$1.42 per share. The amount is subject to change if IFF s dividend rate changes prior to closing. The pro forma adjustment has been recorded in dividends payable.
- (vi) Exchange ratio as set forth in the merger agreement.
- (vii) Closing price of IFF s common stock on the New York Stock Exchange on September 17, 2018.
- (viii) Common shares of IFF to be issued to Frutarom as merger consideration will be issued out of treasury shares of IFF (See Note 6(e)).

The final estimated merger consideration could significantly differ from the amounts presented in the unaudited pro forma condensed combined financial information due to movements in IFF s common stock price up to the closing date of the merger. A sensitivity analysis related to the fluctuation in the IFF s common stock price was performed to

assess the impact a hypothetical change of 10% on the closing price of IFF's common stock on September 17, 2018, would have on the estimated merger consideration and goodwill as of the closing date. The following table shows the change in stock price, estimated merger consideration and goodwill:

	Purchase Price	Estimated Goodwill
As presented in the pro forma combined financial statements	6,331,080	4,312,435
10% increase in common stock price	6,535,509	4,516,864
10% decrease in common stock price	6,126,651	4,108,006

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Under the acquisition method of accounting, Frutarom's assets and liabilities will be recorded at fair value at the date of the completion of the merger and combined with the historical carrying amounts of the assets and liabilities of IFF. In the unaudited pro forma condensed combined balance sheet, IFF's cost to acquire Frutarom has been allocated to the assets acquired, liabilities assumed and goodwill based upon management's preliminary estimate of what their respective fair values would be as if the merger closed on June 30, 2018. Accordingly, the unaudited pro forma condensed combined financial information includes a preliminary allocation of the purchase price based on assumptions and estimates that, while considered reasonable under the circumstances, are subject to changes, which may be material.

IFF has not completed a full, detailed valuation analysis necessary to determine the fair values of Frutarom's identifiable assets to be acquired, liabilities to be assumed and redeemable and non-redeemable noncontrolling interest. The preliminary calculation of assets acquired and liabilities assumed performed for the purposes of these unaudited pro forma condensed combined financial statements was primarily limited to the identification and calculation of preliminary values for the intangible assets, property and equipment, inventory, deferred taxes and contingent consideration. The calculations necessary to estimate the fair values of the assets acquired and liabilities assumed have been performed based on publicly available benchmarking information as well as a variety of other assumptions, including market participant assumptions, as there are limitations on the type of information that can be exchanged between IFF and Frutarom at this time. Where applicable, the benchmark information was corroborated with an income approach methodology such as the relief from royalty or multi-period excess earnings method. IFF will continue to refine its identification and valuation of assets to be acquired and the liabilities to be assumed as further information becomes available.

The estimated values of the assets acquired, liabilities assumed and redeemable and non-redeemable noncontrolling interest will remain preliminary until after closing of the merger, at which time IFF will determine the fair values of assets acquired and liabilities assumed. The final determination of the purchase price allocation is anticipated to be completed as soon as practicable after completion of the merger and will be based on the fair values of the assets acquired and liabilities assumed as of the merger closing date. The final amounts allocated to assets acquired and liabilities assumed could differ significantly from the amounts presented in the unaudited pro forma condensed combined financial statements.

The following is a preliminary estimate of the assets to be acquired and the liabilities to be assumed by IFF in the merger, reconciled to the estimate of total consideration expected to be transferred (in USD thousands):

	Frutarom's U.S. GAAP (Note 5)	Fair Value Adjustments	Fair value
Purchase Consideration			6,331,080
Identifiable net assets:			
Inventories	338,881	33,119	372,000
Property, plant and equipment	336,591		336,591
Identifiable intangible assets	442,647	2,087,353	2,530,000
Deferred tax assets	4,512		4,512
All other assets (excluding goodwill)	510,607		510,607
Existing contingent consideration	(42,186)	2,186	(40,000)

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Transaction bonus		(30,000)	(30,000)
Deferred tax liabilities	(66,234)	(401,790)	(468,024)
All other liabilities	(1,061,097)		(1,061,097)
Total identifiable net assets	463,721	1,690,868	2,154,589
Redeemable Noncontrolling interest	(131,398)		(131,398)
Noncontrolling interest	(4,546)		(4,546)
Goodwill	589,250	3,723,185	4,312,435
Total	\$ 917,027	\$ 5,414,053	\$ 6,331,080

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The amount allocated to identifiable intangible assets has been attributed to the following assets (in thousands):

	Estimated Useful Life	Amount
Product Formulas	10 years	\$ 340,000
Trade name	20 years	140,000
Customer relationships	20 years	2,050,000
Total identifiable intangible assets		\$ 2,530,000

These intangible assets will be amortized over the estimated useful lives on a straight line basis. IFF believes that it represents the pattern in which economic benefits will be consumed.

In addition, pursuant to the merger agreement, the Frutarom board has the right to grant a transaction bonus to its CEO and selected employees before the merger is consummated to the extent of up to \$20 million each. The transaction bonus to the CEO will be payable immediately prior to the closing of the merger. As of the date of this filing, management believes that the Frutarom board will approve the transaction bonus. The transaction bonus to employees is payable in two installments (i) 50% at closing and (ii) 50% after the completion of one year of service (subject to the terms of the merger agreement). IFF has determined that \$30 million is a pre-merger expense to be accrued by Frutarom due to the fact that the transaction bonus was entered into by or on behalf of Frutarom. See table below (*in USD thousands*):

	Pre-combination expense	Post-combination expense
CEO	\$ 20,000	
Selected employees	10,000	10,000
Total bonus	\$ 30,000	\$ 10,000

Accordingly, pro forma condensed combined balance sheet has been adjusted to reflect an adjustment of \$30,000 for transaction bonus payable by Frutarom, declared before the merger is consummated. This amount together with \$17,007 for the accrual for unvested Frutarom stock options attributable to pre-combination services (see Note 3) has been shown as an adjustment to other current liabilities.

Note 5 Adjustments to Frutarom's Historical Financial Statements to Conform to U.S. GAAP

Frutarom's consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB, which differs in certain material respects from U.S. GAAP.

The unaudited U.S. GAAP information includes a statement of financial position and statements of income of Frutarom derived from the historical consolidated financial statements as of and for the six months ended June 30, 2018 and the year ended December 31, 2017, prepared in accordance with IFRS as issued by the IASB. This balance sheet as of June 30, 2018 and statements of operations for the year ended December 31, 2017 and for the six months ended June 30, 2018 have been adjusted to reflect Frutarom's consolidated statement of financial position and

statements of profit or loss on a U.S. GAAP basis.

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Certain balances presented in the historical Frutarom's financial statements included within the unaudited pro forma condensed combined financial information have been reclassified to conform the presentation to that of IFF as indicated in the tables as below:

UNAUDITED FRUTAROM US GAAP BALANCE SHEET

As of June 30, 2018

	Frutarom (IFRS)	Reclassification Adjustments	Notes	IFRS to U.S. GAAP Adjustments	Notes	FRUTAROM (U.S. GAAP)
Assets						
Current Assets:						
Cash and Cash Equivalents	\$ 119,807					\$ 119,807
Accounts receivable:						
Trade	296,906	(296,906)	5a			
Other	24,891	(24,891)	5a			
Trade receivables, net		321,797	5a			321,797
Prepaid expenses and advances to suppliers	27,949	(27,949)	5b			
Prepaid expenses and other current assets		27,949	5b			27,949
Inventory	338,881					338,881
	808,434					808,434
Non-Current Assets:						
Property, plant and equipment	369,517			(32,926)	5o	336,591
Intangible assets	1,031,897	(589,250)	5c			442,647
Goodwill		589,250	5c			589,250
Investment in associates and available for sale assets	27,481	(27,481)	5d			
Deferred income tax assets	4,512					4,512
Others	13,573	(13,573)	5d			
Other assets		41,054	5d			41,054
	1,446,980			(32,926)		1,414,054
Total Assets	\$ 2,255,414			\$ (32,926)		\$ 2,222,488
Liabilities and equity						
Current liabilities						
Short term bank credit and loans and current maturities of long-term loans	397,601	(397,601)	5e			
Short-term borrowings		397,601	5e			397,601

Accounts payable:						
Trade	104,565	(104,565)	5f			
Other	156,365	(156,365)	5g			
Accounts Payable		225,998	5f, 5g			225,998
Leases	7,757			(7,757)	5o	
Dividends payable						
Other current liabilities		34,932	5g	(8,573)	5n	26,359
	666,288			(16,330)		649,958

**NON-CURRENT
LIABILITIES:**

Long-term loans, net of current maturities	399,833					399,833
Retirement benefit obligations, net	33,690					33,690
Deferred income tax liabilities	66,234					66,234
Leases	25,322			(25,322)	5o	
Liability for shareholders of subsidiaries and other	142,627	(19,802)	5h	(122,825)	5n	
Other liabilities		19,802	5h			19,802
	667,706			(148,147)		519,559

TOTAL LIABILITIES	1,333,994			(164,477)		1,169,517
Redeemable Noncontrolling Interest				131,398	5n	131,398

Equity attributable to owners of the parent:

Ordinary shares	17,094					17,094
Other capital surplus	116,132	(116,132)	5i			
Capital in excess of par value		116,132	5i			116,132
Translation differences	(85,299)	85,299	5j			
Retained earnings	872,640	(872,640)	5j			
Less-cost of company shares held by the company	(3,693)	3,693	5j			
Treasury stock, at cost		(3,693)	5j			(3,693)
Other equity		787,341	5j	153	5n	787,494
Total Shareholders Equity	916,874			153		917,027
Noncontrolling interest	4,546					4,546

TOTAL EQUITY	\$ 921,420			\$ 153		\$ 921,573
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TOTAL EQUITY AND LIABILITIES	\$ 2,255,414			\$ (32,926)		\$ 2,222,488
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	Frutarom IFRS	Reclassification Adjustments	IFRS to U.S. GAAP Notes	Adjustments	Notes	Frutarom U.S. GAAP
Revenue:						
Net sales	786,110					786,110
Cost of Sales	466,928	(466,928)	5k			
Cost of goods sold		466,928	5k			466,928
Gross profit	319,182					319,182
Selling, marketing, research and development expenses net	134,697	(134,697)	5l			
Research and development expenses		30,770	5l			30,770
Selling and administrative expenses		141,640	5l			141,640
General and administrative expenses	51,179	(51,179)	5l			
Amortization of acquisition-related intangibles		13,466	5l			13,466
Other expenses net	(315)	315	5l			
Gain on sales of fixed assets		(691)	5l			(691)
Group's share of earnings of companies accounted for at equity	(1,326)	1,326	5l			
Income From Operations	134,947	(950)				133,997
Financial Expenses net	12,758	(12,758)	5m			
Interest Expense		12,758	5m			12,758
Other (income) expense, net		(950)	5l			(950)
Income Before Taxes on Net						
Income	122,189					122,189
Income Tax	23,600					23,600
Net income (Including Noncontrolling Interests)						
Less: noncontrolling interests	756			2,449	5n	3,205
Net Income	97,833			(2,449)		95,384
Net income per share basic	1.64					1.60
Net income per share diluted	1.63					1.59

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	Frutarom IFRS	Reclassification Adjustments	IFRS to U.S. GAAP Adjustments	Notes	Frutarom U.S. GAAP
<i>Revenue:</i>					
Net sales	\$ 1,362,396	\$	\$		\$ 1,362,396
Cost of Sales	837,271	(837,271)		5k	
Cost of goods sold		837,271		5k	837,271
<i>Gross profit</i>	525,125				525,125
Selling, marketing, research and development expenses net	220,014	(220,014)		5l	
Research and development expenses		43,644		5l	43,644
Selling and administrative expenses		246,332		5l	246,332
General and administrative expenses	92,155	(92,155)		5l	
Amortization of acquisition-related intangibles		22,193		5l	22,193
Restructuring and other charges, net		(340)		5l	(340)
Other expenses net	3,392	(3,392)		5l	
Gain on sales of fixed assets		1,934		5l	1,934
Group's share of earnings of companies accounted for at equity	(1,402)	1,402		5l	
Income From Operations	210,966	396			211,362
Financial Expenses net	24,606	(24,606)		5m	
Interest Expense		10,075		5m	10,075
Other (income) expense, net		14,927		5l, 5m	13,325
			(1,602)	5p	
Income Before Taxes on Net Income	186,360		1,602		187,962
Income Tax	34,797		308	5p	35,105
Net income (Including Noncontrolling Interests)	151,563		1,294		152,857
Less: noncontrolling interests	1,884		3,011	5n	4,895

Net Income	\$ 149,679	\$	\$ (1,717)	\$ 147,962
Net income per share basic	\$ 2.52			\$ 2.49
Net income per share diluted	\$ 2.51			\$ 2.48

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Adjustments included in the column *Reclassification Adjustments* are as follows:

Represents certain reclassifications of historical Frutarom's financial statement line items to conform to the expected financial statement line items of the combined group including:

Balance sheet items:

- a) Accounts receivable: Trade and Other have been reclassified to Trade receivables, net;
- b) Prepaid expenses and advances to suppliers have been reclassified to Prepaid expenses and other current assets;
- c) The portion of intangible assets that relates to goodwill was classified separately as goodwill;
- d) Investment in associates and available for sale assets and Others have been reclassified to Other assets;
- e) Short term bank credit and loans and current maturities of long-term loans have been reclassified to Short-term borrowings;
- f) Accounts payable: Trade has been reclassified to Accounts Payable;
- g) Accounts payable: Other has been reclassified as follows: (i) an amount of \$34,932 that represents \$8,572 of Put-Option liability and \$26,360 of the current portion of Contingent consideration, has been reclassified to Other current liabilities, and (ii) the remaining balance of \$121,433 has been reclassified to Accounts Payable. See Note 5(h) for the reclassification for the long-term portion of the contingent consideration.
- h) The portion of liability for shareholders of subsidiaries and other that relates to long term portion of contingent consideration has been reclassified to Other liabilities;
- i) Other capital surplus has been reclassified to Capital in excess of par value; and
- j) Translation differences and Retained earnings have been condensed into other equity. Cost of company shares held by Frutarom have been reclassified to Treasury stock, at cost.

Statement of income items:

- k) Cost of Sales have been reclassified to Cost of goods sold;

- l) Selling, marketing, research and development expenses net, General and administrative expenses, Other expenses net and Group's share of earnings of companies accounted for at equity have been reclassified in accordance with IFF's presentation as below:

	Year ended Dec 31, 2017	Period ended June 30, 2018		Year ended Dec 31, 2017	Period ended June 30, 2018
Frutarom's Presentation			IFF's Presentation		
Selling, marketing, research and development expenses net	\$ 220,014	\$ 134,697	Research and development expenses	\$ 43,644	\$ 30,770
General and administrative expenses	92,155	51,179	Selling and administrative expenses	246,332	141,640
Other expenses net	3,392	(315)	Restructuring and other charges, net	(340)	
Group's share of earnings of companies accounted	(1,402)	(1,326)	Amortization of acquisition-related intangibles	22,193	13,466
			Losses (Gain) on sales of fixed assets	1,934	(691)
			Other (income) expense, net	396	(950)
	\$ 314,159	\$ 184,235		\$ 314,159	\$ 184,235

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- m) The Portion of Financial Expenses net that relates to expenses on debt have been reclassified to Interest Expense and the remaining portion that relates to foreign exchange gain or loss has been reclassified to Other (income) expenses, net.

Adjustments included in the column IFRS to U.S. GAAP Adjustments are as follows:

The following adjustments have been made to convert Frutarom's historical balance sheet as of June 30, 2018 and statement of operations for the six months ended June 30, 2018 and the year ended December 31, 2017 to U.S. GAAP for purposes of the pro forma presentation:

- n) Reflects an adjustment to reclassify put option liability as redeemable noncontrolling interest to mezzanine equity. As part of several acquisitions effected by Frutarom, the noncontrolling interest holders of the acquired entities were granted an option to sell (Put option) their respective interests to Frutarom. In accordance with IFRS, Frutarom recognized a liability for such put options. Under U.S. GAAP, IFF determined the put options cannot be separated from the noncontrolling interest and the combination of a noncontrolling interest and the redemption feature require classification of such noncontrolling interest as a redeemable noncontrolling interest in the combined balance sheet. Further, those noncontrolling interests which are not currently redeemable but are probable to become redeemable are measured using the present value of the redemption value as of the earliest redemption date and the noncontrolling interests which are currently redeemable are measured at the maximum redemption amount. IFF has reviewed the computation of liabilities for put option under IFRS and determined that the amounts to be recorded for redeemable non-controlling interest under U.S. GAAP would be materially the same as the amount of such liabilities for put option recorded under IFRS. Accordingly, the unaudited pro forma condensed combined balance sheet as at June 30, 2018 was adjusted to reclassify the current and non-current portion of liability for put option that represented redeemable portion of noncontrolling interest as mezzanine equity which is presented between total liabilities and shareholders' equity. In addition, as a result of the reclassification to mezzanine equity, a portion of the profit has been allocated to the relevant NCI in accordance with U.S. GAAP.
- o) For the year ended December 31, 2017, Frutarom accounted for the lease arrangements entered into under IAS 17 Leases (IAS 17). Frutarom has elected to early adopt IFRS 16 Leases (IFRS 16) issued by the IASB, as of January 1, 2018, which requires entities to recognize a lease liability that reflects future lease payments and a right-of-use asset in all lease arrangements, with no distinction between capital/finance and operating leases subject to an exemption of certain short term leases or leases of low value assets. As a result of the early adoption of IFRS 16, Frutarom has recorded its operating leases as a right to use asset along with a corresponding lease liability in its historical balance sheet for the six months ended June 30, 2018. Regarding all leases, Frutarom applied the transitional provisions under IFRS 16 such that it initially recognized a liability at the commencement date at an amount equal to the present value of the lease payments during the lease, discounted using the effective interest rate as of that date, and concurrently recognized a right-of-use asset at an amount identical to the liability. As a result, adoption of the standard had no impact on equity and retained earnings of Frutarom as of initial application. IFF will adopt ASC 842 beginning January 1, 2019. Accordingly, IFF will reverse changes made by Frutarom under IFRS 16 and leases are accounted for under ASC 840 for the six months ending June 30, 2018.
- p) Expected return on plan assets Under IFRS, companies calculate a net interest cost (income) by applying the discount rate to the net pension benefit obligation or asset, while U.S. GAAP requires companies to calculate a separate return on plan assets using an estimated long-term rate of return on plan assets. The interest cost on the

pension benefit obligation is generally the same under both IFRS and U.S. GAAP.

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The following is a summary of the calculation of the pro forma statement of operations adjustment of \$1.6 million for the year ended December 31, 2017 relating to the expected return on plan assets. This adjustment is due to the different asset return rates used for IFRS versus U.S. GAAP and has been calculated using the following methodology:

Plan Asset	\$ 28,699
Rate Differential:	
Expected rate on plan assets	6.63%
Weighted average discount rate	1.04%
Difference in rates	5.58%
Pro forma adjustment	\$ 1,602

The expected long-term rate of return on pension plan assets was estimated based on the plan's investment strategy and asset allocation, historical capital market performance, and historical performance.

The tax impact of the pro forma statement of operations adjustment was estimated using Frutarom's statutory tax rate in the jurisdictions expected to be impacted.

An adjustment for the six months ended June 30, 2018 has not been calculated since management believes that the adjustment is not material.

No pro forma balance sheet adjustment is required because the amounts recorded for pension assets and obligations will not change materially as a result of purchase accounting.

Note 6 Pro Forma Adjustments

Adjustments included in the unaudited pro forma condensed combined balance sheet are represented by the following:

- a) Represents the adjustments to recognize additional amortization expense related to the increased basis of intangible assets (see Note 4), which have been recorded at estimated fair value on a pro forma basis and will be amortized over the estimated useful lives on a straight line basis. As part of the preliminary valuation analysis, IFF identified intangible assets related to product formulas, trade name and customer relationships.

The following table summarizes the estimated fair values of Frutarom's identifiable intangible assets and their estimated useful lives and uses a straight line method of amortization (in USD thousands):

	Estimated Fair Value	Estimated Useful Life (in Years)	For the Six Months Ended June 30, 2018	For the Year Ended December 31 2017
Intangible assets				
Product formulas	340,000	10	17,000	34,000
Trade name	140,000	20	3,500	7,000
Customer relationships	2,050,000	20	51,250	102,500

	2,530,000	71,750	143,500
Less: Historical amortization expense		11,838	23,676
Pro forma adjustment		\$ 59,912	\$ 119,824

The estimated tax impact of the fair market value adjustments on the amortization expense is reflected in the statements of operations using the weighted average statutory tax rate of the jurisdictions expected to be impacted.

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A 10% change in the valuation of definite lived intangible assets would cause a corresponding increase or decrease in the balance of goodwill and would also cause a corresponding increase or decrease in the annual amortization expense of approximately \$14,350.

- b) The pro forma condensed combined balance sheet has been adjusted to reflect the elimination of Frutarom's historical goodwill of \$589,250 and to record goodwill resulting from the merger of \$4,312,435. Recorded goodwill is calculated as the difference between the fair value of the purchase price paid and the preliminary values assigned to the identifiable tangible and intangible assets acquired and liabilities assumed. See Note 4 for the calculation of the amount of preliminary goodwill recognized in connection with the merger.
- c) The pro forma condensed combined balance sheet has been adjusted to step up Frutarom's inventory to a fair value of approximately \$372,000, an increase of \$33,119 from the carrying value. This fair value estimate of inventory is preliminary and is determined based on the assumptions that market participants would use in pricing an asset, based on the most advantageous market for the asset (i.e., its highest and best use). This preliminary fair value estimate could include assets that are not intended to be used, may be sold or are intended to be used in a manner other than their best use. The final fair value determination for inventories may differ from this preliminary determination. No adjustment to the unaudited pro forma condensed combined statement of operations has been recorded since the step up of inventory does not have a continuing impact on the combined company.
- d) The pro forma condensed balance sheet has been adjusted to include the adjustment to deferred tax liabilities, on a preliminary basis, of \$401,790 resulting from the pro forma fair value adjustments for inventory, intangible assets (excluding goodwill which is not tax deductible), and liabilities utilizing a weighted average statutory rate for the jurisdictions expected to be impacted. Because the tax rate used for these pro forma financial statements is an estimate, it will likely vary from the actual rate in periods subsequent to the completion of the merger and those differences may be material.
- e) The pro forma condensed combined balance sheet has been adjusted to reflect an adjustment of \$917,027 to eliminate Frutarom's historical shareholders' equity, which represents the historical book value of Frutarom's net assets, as a result of the merger. The pro forma adjustment to equity also reflects the issue of IFF shares to Frutarom out of the treasury shares of the Company as part of the purchase consideration (Note 3). The cost to reissue treasury stock is determined using the average cost method. See table below for more details:

	Reversal of Frutarom's equity	Issue of IFF's shares to Frutarom	Pro forma adjustment
Common Stock	(17,094)		(17,094)
Capital in excess of par value	(116,132)	1,333,317	1,217,185
Treasury stock, at cost	3,693	701,390	705,083
Other equity	(787,494)		(787,494)

Total	\$ (917,027)	\$ 2,034,707	\$ 1,117,680
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In addition, other pro forma adjustments to other equity include the following adjustments:

	Amount	Tax impact	Pro forma adjustment
Adjustment related to extinguishment of IFF's debt (Note 6f)	(38,841)	8,173	(30,668)
Adjustment related to acquisition related cost (Note 6h)	(38,046)		(38,046)
Adjustment related to bridge finance commitment fee (Note 6h)	(29,224)	6,838	(22,386)
Adjustment related to fair valuation of derivatives (Note 6g)	8,463	(1,782)	6,681
Total		\$ 13,229	\$ (84,419)

- f) IFF expects to finance the merger with a combination of up to \$3.2 billion of new debt, cash on hand and up to \$2.3 billion in equity. The financing is expected to consist of (i) issuing new par value debt in the form of notes of approximately \$2,750 million at a weighted average effective interest rate of 3.44% per annum with maturities ranging from 2 – 30 years, a portion of which will be denominated in currencies other than the U.S. dollar (ii) obtaining a new term loan facility of up to \$350 million (iii) the recent issuance of new Tangible Equity Units (TEU) of \$825 million, securities consisting of (a) 3-year prepaid common stock purchase contract of approximately \$685.5 million and (b) 3-year amortizing bond of approximately \$139.5 million at an effective interest rate of 5.83%, and (iv) the recent issuance of new common shares for \$1,650 million.

Based on the expected structure of the TEUs, IFF expects the purchase contract component of the TEUs to meet equity classification which has been reflected as such in the unaudited pro forma condensed combined balance sheet. The classification of the TEU will be subject to detailed assessment once finalized and a different conclusion may result in a material impact on these unaudited pro forma condensed combined financial information.

IFF has entered into a debt commitment letter with Morgan Stanley Senior Funding, Inc. to obtain a 364-day bridge facility of up to \$5,450 million to the extent IFF does not receive \$5,450 million of net cash proceeds from the financing arrangements discussed above. This bridge facility is not expected to be utilized, and thus the fee of the bridge facility financing totaling \$39.8 million is not included in the calculation of pro forma interest expense but will be considered an acquisition related cost (see Note 6(h)). On June 6, 2018, IFF entered into a term loan credit agreement to replace a portion of the bridge facility, reducing the amount of the bridge facility by \$350 million. If IFF is not able to consummate the financing discussed above, and instead must utilize the bridge facility to fund the acquisition, the adjustment to annual interest expense is expected to be approximately \$66.2 million for the six months ended June 30, 2018 and \$132.3 million for the year ended December 31, 2017 respectively. Financial expenses related to the amortization of the fee for bridge financing recognized by IFF during the six months ended June 30, 2018, amounting to \$10.6 million, have been removed for pro forma purposes, since it does not have a continuing impact (see Note 6(h)). In addition, the accrual created by the Company for the bridge financing fee of \$12 million as of June 30, 2018 has been reversed to reflect the total impact of estimated bridge facility financing to cash and retained earnings on pro forma balance sheet (see Note 6(l))

IFF intends to retire all of Frutarom's existing debt utilizing funds raised by the expected financing arrangements above. Additionally, in connection with the merger, IFF intends to prepay in full IFF's current outstanding senior secured notes due 2019-2027. Pursuant to this, IFF will incur certain pre-payment penalties and swap unwind costs. These transactions will be treated as an extinguishment of debt, with a loss of \$38.8 million associated with the pre-payment of senior secured notes due 2019-2027 along with swap unwind fee. The loss on extinguishment is reflected in the unaudited pro forma balance sheet as a reduction of retained earnings and a reduction of cash as it will be expensed by IFF. It is not reflected in the pro forma statement of operations due to its nonrecurring nature.

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The following pro forma adjustments have been recorded in the pro forma condensed combined balance sheet in relation to the new debt (in USD thousands):

	As of June 30, 2018
Term loan	350,000
Senior notes	2,750,000
Debt portion of TEUs	139,472
Debt issuance costs	(24,852)
Extinguishment of Frutarom's existing debt	(797,434)
Repayment of IFF's existing debt	(249,776)
Pro forma adjustment	\$ 2,167,410
Allocated to:	
Short-term borrowings	198,088
Long-term debt	1,969,322
Pro forma adjustment	\$ 2,167,410

The following pro forma adjustments have been recorded in the pro forma condensed combined balance sheet in relation to the issuance of equity, net of issuance costs (in USD thousands):

	Issue of common stock	Equity portion of Tangible equity units	Pro forma adjustment
Common Stock	1,583		1,583
Capital in excess of par value	1,600,392	663,913	2,264,305
Total	\$ 1,601,975	\$ 663,913	\$ 2,265,888

The following pro forma adjustments have been recorded in the pro forma condensed combined statements of operations (in USD thousands):

	Six Months Ended June 30, 2018	Year Ended December 31, 2017
Interest expense on Term Loan	4,528	12,679
Interest expense TEU notes	2,543	6,964
Interest on Senior Notes	41,057	91,465

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Frutarom Interest Expense	(10,600)	(10,075)
Retirement of IFF Senior Notes	(8,219)	(16,438)
Reversal of fee recognized for bridge financing	(10,576)	
Reversal of mark-to-market gain recognized foreign currency forward (note 6g)	24,937	
Total pro forma adjustment	\$ 43,670	\$ 84,595

The weighted-average interest rate on the new term loan, new senior notes and amortizing bond (TEU) as of the issuance is expected to be 3.62%. The actual financing and terms of the financing will be subject to market conditions. A 1/8% change in interest rates on the debt to be incurred as part of the merger would result in a change in interest expense of \$5.1 million annually.

- g) IFF entered into deal contingent foreign currency forward contract and interest rate swaps. The deal contingent foreign currency forward serves as an economic hedge of the Euro denominated portion of the senior notes to be issued, while the deal contingent interest rate swaps serve as an economic hedge of the

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underlying interest rate of the USD denominated senior notes. Upon securing the permanent financing, IFF intends to net settle these derivatives with the financial institutions by making or receiving payment. The foreign currency forward and interest rate swaps have not been considered to be designated as a hedge for the purposes of pro forma financial information. As of September 17, 2018, the foreign currency forward had a fair value of a gain of approximately \$14,645 and the interest rate swaps had a fair value of a loss of approximately \$6,182. For the purpose of the unaudited pro forma financial statements, recognition of these derivatives have been considered an event that is directly attributable to the merger, however, since these are deal contingent, there is no continuing impact. Accordingly, the pro forma balance sheet has been adjusted to reflect the fair value of these derivatives as of September 17, 2018, as if these derivatives were settled on the said date increasing cash and retained earnings. No future impact on pro forma statement of operations is considered due its non-recurring nature. However, during the six months ended June 30, 2018, IFF recognized \$24,937 of mark-to-market gain related to interest rate swaps under Financing expenses net, and \$10,979 of mark-to-market loss relates to foreign current forward under Other (income) expenses, net. The unrealized gain/loss recognized by IFF on mark-to-market valuation of these derivatives during the six months ended June 30, 2018, has been eliminated from the pro forma statement of operations, since it does not have a continuing impact. The pro forma adjustments were tax effected using the worldwide weighted average statutory tax rate in the jurisdictions to which the adjustments are expected to relate.

- h) The pro forma condensed combined balance sheet has been adjusted to reflect an adjustment of \$93,801 for estimated acquisition-related costs consisting of bridge facility financing fees of \$39,800 and professional, legal and other acquisition-related fees of \$50,501. Pursuant to the requirements for the preparation of pro forma financial information under Article 11 of Regulation S-X, these acquisition-related costs are not included in the pro forma condensed combined statements of operations, since these costs are nonrecurring. During the six months ended June 30, 2018, IFF recognized \$12,455 as acquisition-related expenses. The Company paid \$2,605 of these expenses and \$9,850 are accrued as liability in the balance sheet as of June 30, 2018. The remaining costs expected to be paid in the future are reflected in the unaudited pro forma condensed combined balance sheet as a decrease to cash and cash equivalents, with the related tax benefits reflected as a decrease in other current liabilities and the after tax impact presented as a decrease to retained earnings. The acquisition-related costs recognized by IFF during the six months ended June 30, 2018, have been eliminated from the pro forma statement of operation, since it does not have a continuing impact. The adjustment related to acquisition-related cost in the pro forma financial statements is summarized below:

	Total estimated cost	Paid until June 30, 2018	Pro Forma adjustment to cash	Expense recognized during Six Months ended June 30, 2018	Pro forma adjustment to retained earnings
Bridge financing fee	39,800	(24,716)	15,084	(10,576)	29,224
Acquisition-related cost	50,501	(2,605)	47,896	(12,455)	38,046
			\$ 62,980		\$ 67,270

- i) The pro forma condensed combined statement of operation has been adjusted for the impact of the adoption of ASU 2017-07 Compensation Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension

Cost and Net Periodic Postretirement Benefit Cost, to present the non-service components of periodic pension cost to Other (income) expense, net in the pro forma condensed combined statements of operations.

- j) The estimated tax impact of the interest expense adjustments have been reflected in the pro forma condensed combined statement of operation using the weighted average statutory tax rate of the jurisdictions expected to be impacted. Because the tax rate used for these pro forma financial statements is an estimate, it will likely vary from the actual rate in periods subsequent to the completion of the business combination and those differences may be material.

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k) The following table summarizes the pro forma adjustments to cash and cash equivalent (in USD thousands):

	Pro Forma adjustment
Proceeds from debt financing (Note 6f)	2,167,410
Proceeds from equity financing (Note 6f)	2,265,888
Prepayment penalty and loss-unwind fee (Note 6f)	(38,841)
Payment of Acquisition-related cost (Note 6h)	(62,980)
Net payment upon settlement of derivatives (Note 6g)	8,463
Total	\$ 4,339,940

l) The following table summarizes the pro forma adjustments to other current liabilities (in USD thousands):

	Pro Forma adjustment
Tax impact of adjustment posted (Note 6e)	13,229
Reversal of accrual created for bridge financing fee (Note 6f)	12,001
Reversal of accrual created for acquisition related cost (Note 6h)	9,850
	\$ 35,080

Note 7 Pro Forma Earnings Per Share

The following table presents the calculation of pro forma combined basic and diluted net loss per share of common stock, after giving effect to:

- (a) the preliminary estimated number of shares of IFF common stock to be issued as part of purchase consideration calculated using the exchange ratio;
- (b) the preliminary estimated number of shares of IFF common stock to be issued in order to finance the acquisition; and
- (c) the dilutive impact of equity portion of the tangible equity units for the year ended December 31, 2017 and the six months ended June 30, 2018 (in USD thousands, except per share amounts):

	Year Ended December 31, 2017	Six Months Ended June 30, 2018
Pro forma net profit attributable to stockholders	282,873	259,746
Weighted average number of IFF shares outstanding Basic	79,070	79,041
IFF shares issued to Frutarom as part of purchase consideration (Note 3)	14,907	14,907
Fresh equity of common stock to finance the acquisition (Note 6f)	12,089	12,089
Common stock issuable upon conversion of Tangible equity units	5,171	5,171
Pro forma weighted average number shares outstanding Basic	111,237	111,208
Weighted average number of IFF shares outstanding Diluted	79,370	79,347
IFF shares issued to Frutarom as part of purchase consideration (Note 3)	14,907	14,907
Fresh equity of common stock to finance the acquisition (Note 6f)	12,089	12,089
Diluted common stock issuable upon conversion of Tangible equity units	6,334	6,334
	112,700	112,677
Pro forma net income per share of common stock Basic	2.54	2.34
Pro forma net income per share of common stock Diluted	2.52	2.31

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DESCRIPTION OF THE NOTES

The following description supplements and, to the extent inconsistent therewith, replaces the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus.

The notes will be governed by an indenture, dated as of March 2, 2016, between us and U.S. Bank National Association, as trustee, as supplemented by a supplemental indenture with respect to the notes. We refer to the indenture, as so supplemented, as the indenture. The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended (the Trust Indenture Act).

The following discussion summarizes the material provisions of the notes and the indenture. Because this is only a summary, it is not complete and does not describe every aspect of the notes and the indenture, and is subject to, and is qualified in its entirety by reference to, all the provisions of the indenture, including definitions of certain terms in the indenture. You should read the indenture for provisions that may be important to you, but which are not included in this summary.

General

We are offering aggregate principal amount of our 20 notes and aggregate principal amount of our 20 notes. We may from time to time, without giving notice to or seeking the consent of the holders of the original notes, issue notes having the same ranking and the same interest rate, maturity and other terms as the original notes. Any additional notes having such similar terms, together with the applicable original notes, will constitute a single series of notes under the indenture, provided that any such further notes are issued pursuant to a qualified reopening of the original notes, are otherwise treated as part of the same issue of debt instruments as the original notes or are issued with no more than a de minimis amount of original discount, in each case for U.S. federal income tax purposes.

The 20 notes will bear interest at % per annum and the 20 notes will bear interest at % per annum. Interest on the notes will accrue from , 2018, and will be payable annually in cash in arrears on of each year, beginning , 2019, to holders of record at the close of business on (whether or not that date is a business day), immediately preceding such interest payment date. The 20 notes will mature on , 20 and the 20 notes will mature on , 20 .

Interest on the notes will be computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the notes, to but excluding the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of the International Capital Market Association.

Any payment otherwise required to be made in respect of the notes on a date that is not a business day may be made on the next succeeding business day with the same force and effect as if made on that date. No additional interest will accrue as a result of a delayed payment. A business day is defined in the indenture as any day, other than a Saturday or Sunday, (1) which is not a day on which banking institutions in The City of New York or The City of London are authorized or required by law or executive order to close and (2) on which the Trans-European Automated Real-time Gross Settlement Express Transfer system (the TARGET2 system), or any successor thereto, operates.

The notes will be issued only in fully registered, book-entry form without coupon and in minimum denominations of 100,000 and in integral multiples of 1,000 above that amount. The notes will be represented by one or more global

securities registered in the name of the nominee of the common depositary, for, and in respect of interests held through, Clearstream and Euroclear. Except as described below under Book-Entry Issuance; Delivery and Form, the notes will not be issuable in certificated form.

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Ranking

The notes will be our direct, unsecured and unsubordinated obligations and will rank equally with all of our existing and future other unsecured and unsubordinated indebtedness. The notes will be effectively subordinated to any of our existing and future secured indebtedness, to the extent of the assets securing such indebtedness, and will be effectively subordinated to all liabilities of our subsidiaries, including trade payables.

Issuance in Euros; Payment on the Notes

Initial holders will be required to pay for the notes in euros, and all payments on the notes will be payable in euros; provided that if on or after the date of this prospectus supplement the euro is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the notes will be made in U.S. dollars until the euro is again available to us or so used. The amount payable on any date in euros will be converted into U.S. dollars on the basis of the then most recently available market exchange rate for the euro. Any payment in respect of the notes so made in U.S. dollars will not constitute an event of default under the notes or the indenture. Neither the trustee nor the paying agent will have any responsibility for obtaining exchange rates, effecting conversions or otherwise handling redenominations in connection with the foregoing. Investors will be subject to foreign exchange risks as to payments on the notes that may have important economic and tax consequences to them. See **Risk Factors** in this prospectus supplement.

Place of Payment; Transfer and Exchange

The place or places where payments will be made, where the notes may be surrendered for registration of transfer, exchange or redemption and where notices may be given to us in respect of the notes will initially be the office of the paying agent at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR (or such other office of the paying agent in London, United Kingdom as agreed to by the Company and the paying agent); provided, however, that the payment of interest may be made at our option by check mailed to the address of the person entitled thereto at such address as shall appear in the security register.

Special Mandatory Redemption

The Company expects to use the net proceeds from this offering as partial consideration for the Merger, as described under the heading **Use of Proceeds**. If the closing of the Merger has not occurred on or prior to February 7, 2019, or if, prior to such date, the Merger Agreement is terminated (each, a **Special Mandatory Redemption Event**), the provisions set forth below will be applicable.

Upon the occurrence of a Special Mandatory Redemption Event, each series of the notes will be redeemed in whole by us at a special mandatory redemption price (the **Special Mandatory Redemption Price**) equal to 101% of the aggregate principal amount of the applicable series of notes, plus accrued and unpaid interest on the principal amount of such series of the notes to, but not including, the Special Mandatory Redemption Date (as defined below).

Upon the occurrence of a Special Mandatory Redemption Event, the Company shall promptly (but in no event later than five business days following such Special Mandatory Redemption Event) notify the trustee in writing of such event, and the trustee shall, no later than five business days following receipt of such notice from the Company, notify the holders (the date on which such notification is distributed, the **Redemption Notice Date**), that the notes will be redeemed on the 10th business day following the Redemption Notice Date (such date, the **Special Mandatory**

Redemption Date), in each case in accordance with the applicable provisions of the indenture. The trustee, upon receipt of the notice specified above, on the Redemption Notice Date shall notify

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each holder in accordance with the applicable provisions of the indenture that all of the outstanding notes shall be redeemed at the Special Mandatory Redemption Price on the Special Mandatory Redemption Date automatically and without any further action by the holders of any series of the notes. Prior to the opening of business on the Special Mandatory Redemption Date, the Company shall deposit with the paying agent, or the trustee, funds sufficient to pay the Special Mandatory Redemption Price for each series of notes. If such deposit is made as provided above, the notes will cease to bear interest on and after the Special Mandatory Redemption Date.

Upon the occurrence of the closing of the Merger, the foregoing provisions regarding the special mandatory redemption will cease to apply.

Optional Redemption

We may redeem each series of notes, in whole or in part, at our option, at any time prior to _____, 20____ (_____ months prior to the maturity date) with respect to the 20____ notes, and _____, 20____ (_____ months prior to the maturity date) with respect to the 20____ notes, at a redemption price equal to the greater of the following amounts:

100% of the principal amount of the notes to be redeemed on that redemption date; and

the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed on that redemption date, excluding accrued and unpaid interest on the redemption date, discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA) (as defined in the rulebook of the International Capital Markets Association)) at the applicable Comparable Government Bond Rate (as defined below), plus _____ basis points in the case of the 20____ notes and _____ basis points in the case of the 20____ notes;

plus, in each case, accrued and unpaid interest on the notes being redeemed to, but excluding, the redemption date.

On or after _____, 20____ (_____ months prior to the maturity date) with respect to the 20____ notes, and _____, 20____ (_____ months prior to the maturity date) with respect to the 20____ notes, the redemption price for the notes to be redeemed will be equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest on the notes to be redeemed to, but excluding, the redemption date.

Notwithstanding the foregoing, installments of interest on notes that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date in accordance with the notes and the indenture.

We will mail notice of any redemption at least 30 days, but not more than 60 days, before the redemption date to each registered holder of the notes to be redeemed. Once notice of redemption is mailed, the notes called for redemption will become due and payable on the redemption date and at the applicable redemption price, plus accrued and unpaid interest to the redemption date. The notice of redemption will state any conditions applicable to a redemption and the amount of notes to be redeemed.

Comparable Government Bond means, in relation to any Comparable Government Bond Rate calculation, at the discretion of an independent investment bank selected by the Company, a German government bond (*Bundesanleihe*)

whose maturity is closest to the maturity of the notes of the applicable series being redeemed, or if such independent investment bank in its discretion determines that such similar bond is not in issue, such other German government bond as such independent investment bank may, with the advice of three brokers of, and/or market makers in, German government bonds selected by such independent investment bank, determine to be appropriate for determining the Comparable Government Bond rate.

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Comparable Government Bond Rate means the price, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), at which the gross redemption yield on the notes of the applicable series being redeemed, if they were to be purchased at such price on the third business day prior to the date fixed for redemption, would be equal to the gross redemption yield on such business day of the Comparable Government Bond on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such business day as determined by an independent investment bank selected by the Company.

On and after the redemption date, interest will cease to accrue on the notes or any portion of the notes called for redemption, unless we default in the payment of the redemption price and accrued interest. On or before the redemption date, we will deposit with a paying agent, or the trustee, money sufficient to pay the redemption price of and accrued interest on the notes to be redeemed on that date. If less than all of the notes are to be redeemed, the notes to be redeemed will be selected by the trustee, in accordance with the applicable depositary procedures; provided, however, that no notes of a principal amount of 100,000 or less shall be redeemed in part.

The notes are also subject to redemption prior to maturity if certain changes in U.S. tax law occur. If such changes occur, the notes may be redeemed at a redemption price of 100% of their principal amount plus accrued and unpaid interest to the date of redemption. See Redemption for Tax Reasons.

Sinking Fund

The notes will not be entitled to the benefit of any mandatory redemption or sinking fund.

Offer to Repurchase Upon Change of Control Triggering Event

Upon a Change of Control Triggering Event (as defined below), unless we have previously exercised any right to redeem the notes as described above under Optional Redemption, each holder of notes will have the right to require us to repurchase all or any part (in minimum denominations of 100,000 or integral multiples of 1,000 in excess thereof) of such holder's notes pursuant to the offer described below (the Change of Control Offer). In the Change of Control Offer, we will offer payment in cash equal to 101% of the aggregate principal amount of such notes repurchased plus accrued and unpaid interest, if any, on the notes repurchased, to, but excluding, the date of repurchase (the Change of Control Payment).

Within 30 days following the date upon which the Change of Control Triggering Event occurs, or, at our option, prior to any Change of Control but after the public announcement of the pending Change of Control, we will mail a notice to each holder of notes, with a copy to the trustee, describing the terms of the Change of Control Offer and offering to repurchase the notes. Such notice will state, among other things, the purchase date, which must be no earlier than 30 days and no later than 60 days from the date such notice is mailed, other than as may be required by law (the Change of Control Payment Date). If the notice is mailed prior to the date of consummation of the Change of Control, it will state that the Change of Control Offer is conditioned on the Change of Control being completed on or prior to the Change of Control Payment Date.

We will comply with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Triggering Event provisions of the indenture and the notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Triggering Event provisions by virtue of compliance with such securities laws or regulations.

We will not be required to make a Change of Control Offer if a third party makes an offer to purchase the notes at a purchase price equal to 101% of the aggregate principal amount of the notes plus accrued and unpaid

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interest, if any, on such notes to the date of purchase, in the manner, at the times and otherwise in compliance with the requirements for a Change of Control Offer made by us and such third party purchases all the notes properly tendered and not withdrawn under its offer.

On the Change of Control Payment Date, we will, to the extent lawful:

accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;

deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

deliver or cause to be delivered to the trustee for cancellation the notes properly accepted together with an officers certificate stating the aggregate principal amount of the notes being purchased by us.

For purposes of the foregoing discussion of a repurchase at the option of holders upon the occurrence of a Change of Control, the following definitions are applicable:

Change of Control means the occurrence of any of the following: (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of our properties or assets and of our subsidiaries properties or assets taken as a whole to any person (as that term is used in Section 13(d)(3) and Section 14(d) of the Exchange Act) other than us or one of our subsidiaries; (2) the adoption of a plan relating to our liquidation or dissolution; (3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any person (as defined in clause (1) above) becomes the beneficial owner (as defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of our then outstanding Voting Stock (measured by voting power rather than number of shares); or (4) we consolidate with, or merge with or into, any Person, or any Person consolidates with, or merges with or into, us, in any such event pursuant to a transaction in which any of our outstanding Voting Stock or Voting Stock of such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of our Voting Stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person immediately after giving effect to such transaction.

Change of Control Triggering Event means the occurrence of both (1) a Change of Control and (2) a Ratings Event.

Investment Grade means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, or if applicable, the equivalent investment grade credit rating from any substitute Rating Agency selected by us.

Moody's means Moody's Investors Service, Inc. and its successors.

Person means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity, and includes a person as used in Section 13(d)(3) of the Exchange Act.

Rating Agencies means (1) each of Moody's and S&P; and (2) if either of Moody's or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by us (as certified by a resolution of our board of directors) as a replacement agency for Moody's or S&P, or both as the case may be.

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Ratings Event means the occurrence of the events described in (1) or (2) below on any date during the period commencing 60 days prior to the date of the public notice of the occurrence of a Change of Control or our intention to effect a Change of Control and ending 60 days following consummation of such Change of Control (the *Trigger Period*), which *Trigger Period* shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by either of the Rating Agencies: (1) in the event the notes are rated by both Rating Agencies as investment grade, the rating of the notes shall be reduced so that the notes are rated below investment grade by both Rating Agencies, or (2) in the event the notes are rated investment grade by one Rating Agency and below investment grade by the other Rating Agency, the rating of the notes by either Rating Agency shall be decreased by one or more gradations (including gradations within rating categories, as well as between rating categories) so that the notes are then rated below investment grade by both Rating Agencies.

S&P means S&P Global Ratings, a division of S&P Global, Inc. and its successors.

Voting Stock of a Person means shares, interests, participations or other equivalents in the equity interest (however designated) in such Person having ordinary voting power for the election of a majority of the directors (or the equivalent) of such Person, other than shares, interests, participations or other equivalents having such power only by reason of the occurrence of a contingency.

Certain Covenants

Limitations on Liens

We will not, and will not permit any Restricted Subsidiary (as defined below) to, issue, incur, create, assume or guarantee any debt for borrowed money (collectively referred to as *Debt*) secured by any mortgage, security interest, pledge, lien, charge or other encumbrance (each a *Lien* and collectively, *Liens*) on any Principal Property (as defined below) or shares of stock (or other equivalents of or interests in equity) or indebtedness of a Restricted Subsidiary, unless the notes, and, at our option, any other indebtedness or guarantee ranking equally with such notes, are secured equally and ratably with, or at our option, prior to, such secured *Debt*, for so long as such *Debt* is so secured.

This restriction will not apply to *Debt* secured by:

liens on property, shares of stock or indebtedness of an entity existing at the time it becomes a Restricted Subsidiary, but not created in anticipation of the transaction in which such entity becomes a Restricted Subsidiary;

liens on property acquired by us or a Restricted Subsidiary existing at the time of acquisition by us or a Restricted Subsidiary;

liens on property acquired by us or a Restricted Subsidiary and created prior to, at the time of, or within 180 days after the acquisition of such property, or the completion of construction, the completion of improvements or the commencement of substantial commercial operation of such property, for the purpose of financing all or any part of the purchase price of such property, such construction or the making of such improvements;

liens on property, shares of stock or indebtedness of an entity existing at the time such entity is merged into or consolidated with us or a Restricted Subsidiary or at the time of a sale, lease or other disposition of all or substantially all of the properties of an entity as an entirety or substantially as an entirety to us or a Restricted Subsidiary, provided that the lien was not incurred in contemplation of such merger or consolidation or sale, lease or other disposition;

liens on our or a Restricted Subsidiary's property or in favor of governmental bodies to secure payments of amounts owed under contract or statute or to secure any indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of constructing or improving the property subject to such liens;

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liens to secure indebtedness owing to us or a Restricted Subsidiary;

liens existing on the date of the initial issuance of the notes; and

any extension, renewal or replacement of any Lien referred to above or of any Debt secured by that Lien; provided, however, that such extension, renewal or replacement Lien will secure no larger an amount of Debt than that existing at the time of such extension, renewal or replacement.

Notwithstanding the restrictions described above, we or a Restricted Subsidiary may issue, incur, create, assume or guarantee Debt secured by a Lien which would otherwise be subject to the foregoing restrictions without equally and ratably securing the notes, provided that after giving effect to the Debt secured by such Lien, the aggregate amount of all Debt so secured by Liens, not including Liens permitted above, does not exceed the greater of (1) 15% of Consolidated Net Tangible Assets (as defined below) or (2) \$100 million.

Limitations on Sale and Lease-back Transactions

Sale and Lease-Back Transactions (as defined below) by us or any Restricted Subsidiary of any Principal Property, other than any such transaction involving a lease for a term of not more than three years or any such transaction between us and one of our Restricted Subsidiaries or b