



# Sensient Technologies Corporation

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First Quarter, 2019

# FORWARD-LOOKING STATEMENTS

*This document contains statements that may constitute “forward-looking statements” within the meaning of Federal securities laws. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors concerning the Company’s operations and business environment. Important factors that could cause actual results to differ materially from those suggested by these forward-looking statements and that could adversely affect the Company’s future financial performance include the following: the pace and nature of new product introductions by the Company and the Company’s customers; the Company’s ability to successfully implement its strategy to create sustainable, long-term shareholder value; the Company’s ability to successfully implement its growth strategies; the outcome of the Company’s various productivity-improvement and cost-reduction efforts; changes in costs or availability of raw materials, including energy; industry and economic factors related to the Company’s domestic and international business; growth in markets for products in which the Company competes; industry and customer acceptance of price increases; actions by competitors, including increased intensity of competition; the loss of any customers in certain product lines in which our sales are made to a relatively small number of customers; product liability claims or product recalls; the costs of compliance, or failure to comply, with laws and regulations applicable to our industries and markets; changing consumer preferences and changing technologies; currency exchange rate fluctuations; estimates related to the Tax Cuts and Jobs Act and its effects on our results; and failure to complete and integrate future acquisitions or dispositions. The risks and uncertainties identified above are not the only risks the Company faces. Additional risks and uncertainties not presently known to the Company or that it currently believes to be immaterial also may adversely affect the Company. Should any known or unknown risks and uncertainties develop into actual events, these developments could have material adverse effects on our business, financial condition and results of operations. This document contains time-sensitive information that reflects management’s best analysis only as of the date of this document. Except to the extent required by applicable laws, the Company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied herein will not be realized. Additional information regarding these risks can be found in our most recent Annual Report on Form 10-K/A and subsequent reports that the Company files with the SEC.*

# NON-GAAP FINANCIAL MEASURES

Within this document, the Company reports certain non-GAAP financial measures, including: (1) adjusted operating income and adjusted diluted EPS from continuing operations (which exclude restructuring and other costs as well as the impact of the Tax Cuts and Jobs Act (“2017 Tax Legislation”)) and (2) percentage changes in revenue, operating income, diluted EPS, and adjusted EBITDA on a local currency basis (which eliminate the effects that result from translating its international operations into U.S. dollars). The Company has included each of these non-GAAP measures in order to provide additional information regarding our underlying operating results and comparable period-over-period performance. Such information is supplemental to information presented in accordance with GAAP and is not intended to represent a presentation in accordance with GAAP. These non-GAAP measures should not be considered in isolation. Rather, they should be considered together with GAAP measures and the rest of the information included in this report (including the GAAP to non-GAAP reconciliation found at the end of this report) and the Company’s SEC filings.

# Innovative Technologies Creating Unique Solutions



Ingredient solutions serving Food & Beverage, Cosmetic, Pharmaceutical, and Industrial markets

Applications expertise and solutions-based selling

High impact relative to cost

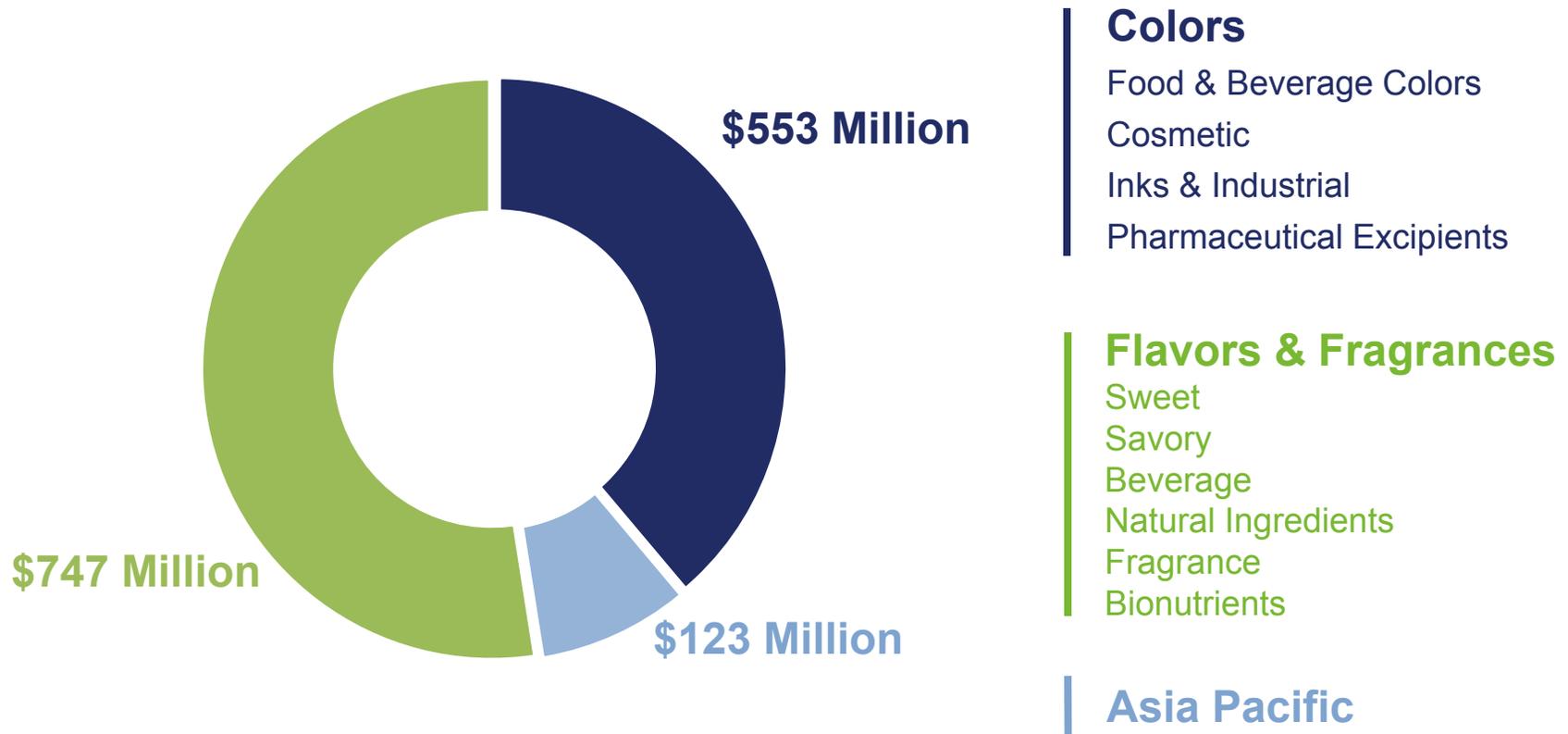
Technically-driven products that are difficult to replace

Stable and consistent end-market demand

Strong consumer trends

Opportunities to expand through M&A

# Global Revenues by Group



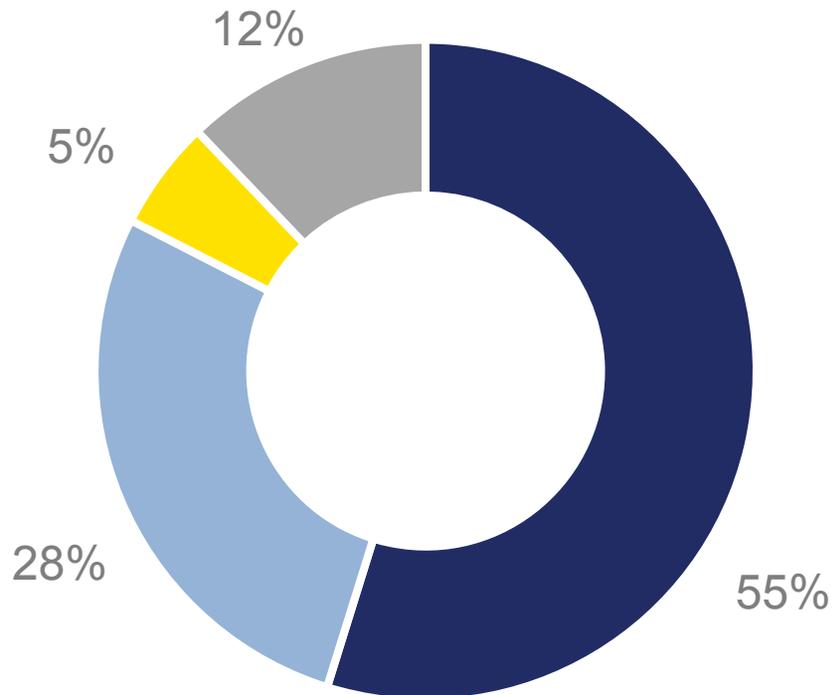
# Sensient Colors



- Global market leader
- Natural color innovator
- Growing end markets
- Unmatched innovation & applications expertise

# Color Group Markets Served

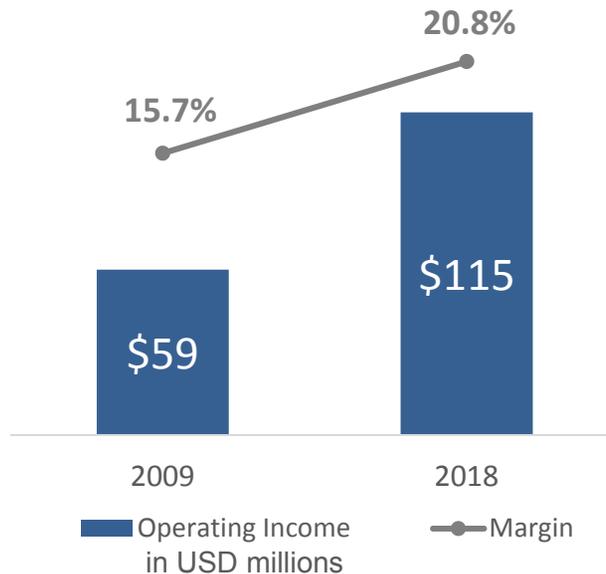
Percent of Group Revenues ('18)



BUSINESS	POSITION	TREND
Food & Beverage Colors	Top player	Natural colors
Cosmetic	Top player	Natural solutions, Innovation
Inks & Industrial	Top player	Innovation, Sustainability
Pharmaceutical Excipients	Specialty player	Natural colors & extracts

# Color Group

## Operating Income and Margins



Higher operating margin through mix improvement

Increased operating income

Well-positioned to take advantage of strong commercial trends

Culled non-strategic, low margin business

# Sensient Flavors & Fragrances



Broad product offering

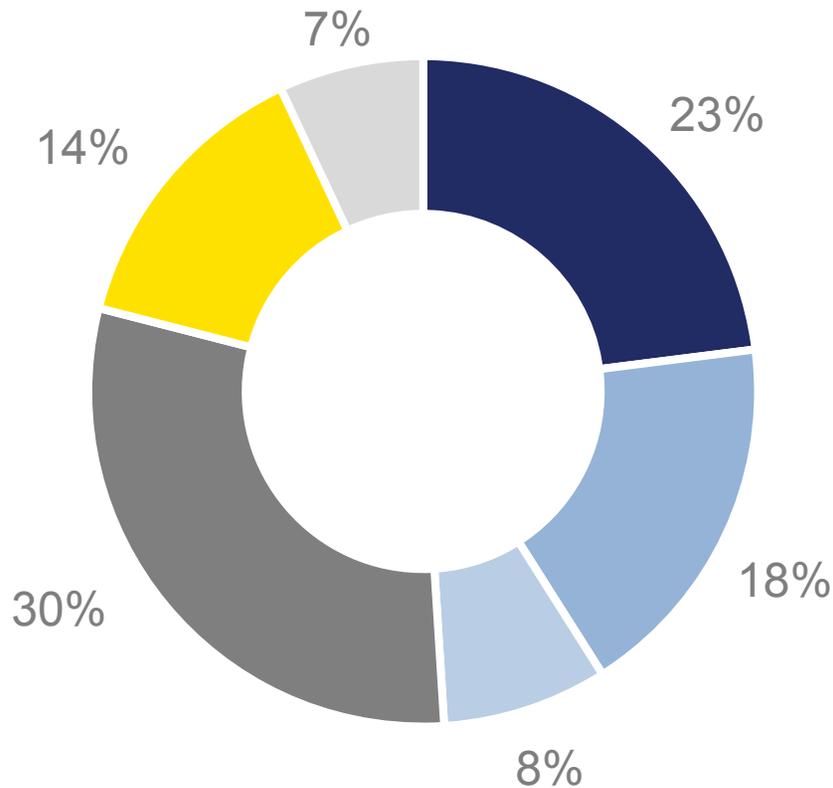
Unique ability to service global, regional, and local customers

Leading technology platforms

Unmatched applications expertise

# Flavors & Fragrances Group Markets Served

Percent of Group Revenues ('18)



BUSINESS	POSITION	TREND
Sweet	Top 10	Clean labels, natural flavors, extracts, sugar-free, salt-reduction, taste-masking, organic
Savory	Top 10	
Beverage	Top 10	
Natural Ingredients	Top player	
Fragrance	Top 10	Innovation, Natural products
Bionutrients	Top player	Probiotics



# Flavors & Fragrances Group

Completed restructuring program in 2017; culled and divested non-strategic and low margin business, and consolidated manufacturing footprint to improve operating efficiencies.

Emphasis on high-value added product portfolio mix and cost optimization to achieve margin improvement.

Focus on excellent customer service levels and commercial activities to bolster sales pipeline.

# Asia Pacific Group

Sales of Flavors and Colors in the Asia Pacific markets are reported as a separate segment since it is managed on a geographic basis

Manufacturing capabilities in Australia, New Zealand, China, Japan, Philippines; R&D capabilities in Singapore, Thailand, Indonesia, and China

Annual revenues of \$123 million and Operating Income of \$21 million in 2018.

Excellent long-term growth potential

# 2019 Q1 Highlights

Strong natural colors demand resulted in double digit revenue growth in natural food and beverage colors

Cosmetic sales remained soft due to destocking but order patterns improving in North America

Increased sales of finished flavors and fragrance compounds were offset by lower sales volumes in certain ingredient product lines

Natural Ingredients onion costs have normalized

# 2019 Q1 Consolidated Results

	Q1
Local Currency Revenue*	+0.8%
Local Currency Operating Income*	(7.9%)
Local Currency Diluted EPS*	(9.0%)
Local Currency Adjusted EBITDA*:	(5.3%)

**Revenue:** Consolidated revenue increased due to high single digit revenue increases in our Food and Beverage Colors business due to natural color wins, and solid sales of flavors and fragrances. The strength in these areas was offset by ongoing softness in the cosmetic makeup market coupled with lower sales volumes of certain flavor and fragrance ingredients.

**Operating Income:** Consolidated operating income declined in the first quarter due to higher raw material costs, lower volumes in certain product categories and product mix impacts.



*\* Local-currency revenue, operating income, diluted EPS and adjusted EBITDA are Non-GAAP metrics, please see our GAAP to Non-GAAP Reconciliation at [sensient.com](http://sensient.com).*

# 2019 Q1 Segment Results

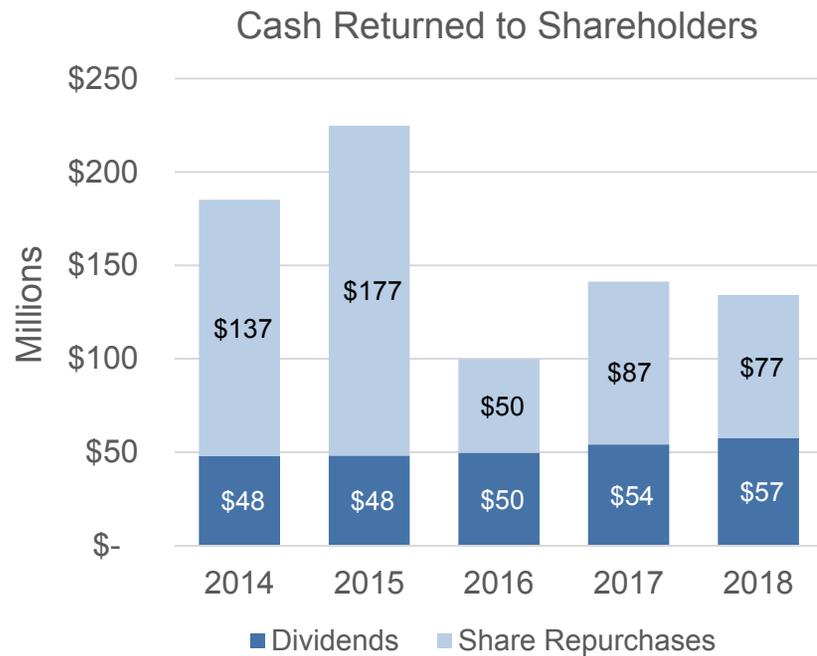
Local Currency Revenue*	
	Q1
Color	2.4%
Flavors & Fragrances	(0.2%)
Asia Pacific	(2.3%)

Local Currency Operating Income*	
	Q1
Color	(5.6%)
Flavors & Fragrances	(7.6%)
Asia Pacific	(13.0%)

Color Group first quarter revenue increase was driven by growth in Food and Beverage Colors. Operating income declined in the first quarter due to higher input costs, unfavorable product mix and ongoing softness in Cosmetics.

Flavors & Fragrances Group reported marginally lower revenue in the first quarter as solid sales of flavors and fragrances were offset by lower revenue in certain ingredient product lines. Operating Income declined in the first quarter primarily due to lower demand for certain ingredient product categories and higher input costs.

# Capital Allocation



Prioritize ROI capital projects

Preserve consistent dividend payout

Debt reduction to maintain targeted leverage

Maintain financial flexibility to pursue M&A

Excess capital returned to shareholders through opportunistic share repurchases

# 2019 Financial Outlook

Reaffirm previously issued local currency segment growth, diluted EPS and EBITDA guidance for full year 2019

The company outlined the following headwinds related to diluted EPS guidance:

Headwind	Diluted EPS Impact	Commentary
Corporate Expense	(\$0.10) to (\$0.12)	Higher year-over-year non-cash stock based compensation as a result of anticipated normalization of the variable component of executive compensation
Tax Rate	~(\$0.24)	Higher tax rate due to opportunistic tax planning in 2018 which is not expected to recur in 2019
Currency	~(\$0.05)	Current exchange rate impact on earnings



# Why Invest?

Strong competitive position

‘Sticky’ business (& low portion of customer costs)

Global presence

Exposure to stable and growing markets

Focus on improving returns and on growth

## Non-GAAP Financial Measures

Within the following tables, the Company reports certain non-GAAP financial measures, including: (1) adjusted operating income, adjusted net earnings, and adjusted diluted EPS (which exclude restructuring, other costs and the impact of the 2017 Tax Cuts and Jobs Act (2017 Tax Legislation)) and (2) percentage changes in revenue, operating income, diluted EPS, and adjusted EBITDA on a local currency basis (which eliminate the effects that result from translating its international operations into U.S. dollars). The other costs in 2017 are divestiture related costs.

The Company has included each of these non-GAAP measures in order to provide additional information regarding our underlying operating results and comparable period-over-period performance. Such information is supplemental to information presented in accordance with GAAP. These non-GAAP measures should not be considered in isolation. Rather, they should be considered together with GAAP measures and the rest of the information included in this presentation and the Company's SEC filings. Management internally reviews each of these non-GAAP measures to evaluate performance on a comparative period-to-period basis and to gain additional insight into underlying operating and performance trends, and the Company believes the information can be beneficial to investors for the same purposes. These non-GAAP measures may not be comparable to similarly titled measures used by other companies.

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Full Year Ended December 31, 2018	Full Year Ended December 31, 2017
<b>Operating income (GAAP)</b>	\$ 49,420	\$ 55,681	\$ 203,378	\$ 167,806
Restructuring - Cost of products sold	-	-	-	2,889
Restructuring - Selling and administrative	-	-	-	33,627
Other - Selling and administrative	-	-	-	11,555
<b>Adjusted operating income</b>	<b>\$ 49,420</b>	<b>\$ 55,681</b>	<b>\$ 203,378</b>	<b>\$ 215,877</b>
<b>Net earnings (GAAP)</b>	\$ 32,807	\$ 38,194	\$ 157,360	\$ 89,600
Restructuring & other, before tax	-	-	-	48,071
Tax impact of restructuring & other	-	-	-	(5,602)
Impact of the 2017 Tax Legislation	-	-	(6,634)	18,446
<b>Adjusted net earnings</b>	<b>\$ 32,807</b>	<b>\$ 38,194</b>	<b>\$ 150,726</b>	<b>\$ 150,515</b>
<b>Diluted EPS from (GAAP)</b>	\$ 0.78	\$ 0.89	\$ 3.70	\$ 2.03
Restructuring & other, net of tax	-	-	-	0.96
2017 Tax Legislation	-	-	(0.16)	0.42
<b>Adjusted diluted EPS</b>	<b>\$ 0.78</b>	<b>\$ 0.89</b>	<b>\$ 3.55</b>	<b>\$ 3.42</b>
<b>Average common shares outstanding:</b>				
Diluted	42,275	43,034	42,499	44,031

The following table summarizes the percentage change in the 2019 results compared to the 2018 results for the corresponding periods.

	<b>Three Months Ended March 31</b>		
	<b>Total</b>	<b>Foreign Exchange Rates</b>	<b>Local Currency</b>
<b>Revenue</b>			
Flavors & Fragrances	(2.5%)	(2.3%)	(0.2%)
Color	(2.2%)	(4.6%)	2.4%
Asia Pacific	(5.8%)	(3.5%)	(2.3%)
<b>Total Revenue</b>	<b>(2.5%)</b>	<b>(3.3%)</b>	<b>0.8%</b>
<b>Operating Income</b>			
Flavors & Fragrances	(8.7%)	(1.1%)	(7.6%)
Color	(10.3%)	(4.7%)	(5.6%)
Asia Pacific	(13.4%)	(0.4%)	(13.0%)
Corporate & Other	(0.8%)	(0.2%)	(0.6%)
<b>Total Operating Income</b>	<b>(11.2%)</b>	<b>(3.3%)</b>	<b>(7.9%)</b>
<b>Diluted Earnings Per Share</b>	<b>(12.4%)</b>	<b>(3.4%)</b>	<b>(9.0%)</b>
<b>Adjusted EBITDA</b>	<b>(8.2%)</b>	<b>(2.9%)</b>	<b>(5.3%)</b>

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# ESG Information

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- Environmental
- Sensient is committed to the principles of sound environmental stewardship and the responsible and sustainable use of energy and natural resources.
- Established 10-year goals to **reduce Energy, Water, and Hazardous Waste Intensity** by 2025
  - Seed-to-shelf program focused on **sustainable supply chain**
  - Emphasis on new products and technologies that **reduce environmental pollution and conserve natural resources**

- Social
- Sensient strives to conduct business in an ethical manner and to make a positive contribution to society through our product offerings and business activities.
- Sensient's Code of Conduct and Supplier Code of Conduct require **fair employment and human rights practices**
  - Robust product, environmental, and raw material **safety programs** designed to **exceed industry standards**
  - **Sustainable agriculture programs** to encourage economic development in economically under-developed areas
  - **Support to the communities in which we operate** through volunteerism, charitable donations, sponsorships, and educational opportunities

- Governance
- Sensient is committed to maintaining the highest standards of professional conduct and strong corporate governance practices.
- Business built on a foundation of **ethics, safety and quality, and professionalism**
  - Committed to **board diversity and refreshment**: 2018 was our seventh year in a row as a “2020 Women on Boards Winning Company” for the number of women on our Board; six new independent directors have been added to our Board since 2013
  - Executive **compensation tied to performance**, with approximately 70% of compensation at risk each year
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# Contact Information

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