

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OF
THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1994 Commission file number 1-4858

INTERNATIONAL FLAVORS & FRAGRANCES INC.

(Exact Name of Registrant as specified in its charter)

<u>New York</u> (State or other jurisdiction of incorporation or organization)	<u>13-1432060</u> (IRS Employer identification No.)
<u>521 West 57th Street, New York, N.Y.</u> (Address of principal executive offices)	<u>10019-2905</u> (Zip Code)

Registrant's telephone number, including area code (212) 765-5500

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Sections 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes <input checked="checked" type="checkbox"/>	<input type="checkbox"/>	No
_____	_____	_____

Number of shares outstanding as of May 6, 1994: 111,369,893

PART. I FINANCIAL INFORMATION

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Item 1. Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

	<u>3/31/94</u> -----	<u>12/31/93</u> -----
Assets		

Current Assets:		
Cash & Cash Equivalents	\$ 218,777	\$ 187,205
Short-term Investments	69,214	124,073

Trade Receivables	249,539	203,088
Allowances For Doubtful Accounts	(6,515)	(6,314)
Inventories: Raw Materials	179,946	175,269
Work in Process	25,590	26,902
Finished Goods	100,210	100,755
	-----	-----
Total Inventories	305,746	302,926
Other Current Assets	71,479	68,045
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Total Current Assets	908,240	879,023
	-----	-----
Property, Plant & Equipment, At Cost	637,568	610,629
Accumulated Depreciation	(298,899)	(287,212)
	-----	-----
	338,669	323,417
Other Assets	22,378	22,817
	-----	-----
Total Assets	\$1,269,287	\$1,225,257
	=====	=====

Liabilities and Shareholders' Equity

Current Liabilities:

Bank Loans	\$ 14,118	\$ 30,937
Accounts Payable-Trade	50,539	43,771
Dividends Payable	30,116	30,259
Income Taxes	58,583	45,512
Other Current Liabilities	74,230	76,108
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Total Current Liabilities	227,586	226,587
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Other Liabilities:

Deferred Income Taxes	11,292	11,099
Long Term Debt	18,035	-
Other	99,438	95,702
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Total Other Liabilities

128,765	106,801
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Shareholders' Equity:

Common Stock(115,761,840 shares issued in '94 and 115,761,240 in '93)	14,470	14,470
Capital in Excess of Par Value	148,433	150,114
Retained Earnings	889,465	860,640
Cumulative Translation Adjustment	13,809	448
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	1,066,177	1,025,672

Treasury Stock, at cost - 4,221,428 shares
in '94 and 3,701,259 in '93

(153,241)	(133,803)
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Total Shareholders' Equity

912,936	891,869
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Total Liabilities and Shareholders' Equity

\$1,269,287	\$1,225,257
=====	=====

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED STATEMENT OF INCOME
(Dollars in thousands except per share amounts)

	3 Months Ended 3/31	
	1994	1993
Net Sales	\$ 323,537	\$ 309,144
Cost of Goods Sold	165,620	159,095
Research and Development Expenses	19,353	18,758
Selling and Administrative Expenses	48,845	48,198
Interest Expense	6,165	3,226
Other (Income) Expense, Net	(10,454)	(9,542)
	229,529	219,735
Income Before Taxes on Income	94,008	89,409
Taxes on Income	35,067	33,182
Net Income	\$ 58,941	\$ 56,227
Earnings Per Share *	\$0.53	\$0.49
Average Number of Shares Outstanding (000)	111,883	114,807
Dividends Paid Per Share *	\$0.27	\$0.25

* Reflects three-for-one stock split, distributed on January 19, 1994 to shareholders of record on December 28, 1993

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)

	3 Months Ended 3/31	
	1994	1993
Cash Flows From Operating Activities:		

Net Income	\$ 58,941	\$ 56,227
Adjustments to Reconcile to Net Cash Provided by Operations:		
Depreciation	8,673	8,817
Deferred Income Taxes	7,533	(1,420)
Changes in Assets and Liabilities:		
Current Receivables	(45,100)	(48,309)
Inventories	3,045	(739)
Current Payables	15,869	22,887
Other, Net	(5,529)	(1,812)

Net Cash Provided by Operations	43,432	35,651

Cash Flows From Investing Activities:		

Proceeds From Sale/Maturities Short-term Investments	64,852	103,322
Purchases of Short-term Investments	(9,389)	(66,918)
Additions to Property, Plant & Equipment, Net of Minor Disposals	(16,081)	(11,346)

Net Cash Provided by (Used in) Investing Activities	39,382	25,058

Cash Flows From Financing Activities:		

Cash Dividends Paid	(30,260)	(28,843)
Increase (Decrease) in Bank Loans	(2,734)	(959)
Proceeds From Issuance of Stock Under Stock Option Plans	1,708	1,400
Purchase of Treasury Stock	(22,942)	(20,949)

Net Cash Used In Financing Activities	(54,228)	(49,351)

Effect of Exchange Rate Changes on Cash and Cash Equivalents	2,986	(8,373)

Net Change in Cash and Cash Equivalents	31,572	2,985
Cash and Cash Equivalents at Beginning of Year	187,205	210,798

Cash and Cash Equivalents at End of Period	\$ 218,777	\$ 213,783
=====		
Interest Paid	\$ 5,950	\$ 3,247
Income Taxes Paid	\$ 28,661	\$ 19,946

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

These interim statements and management's related discussion and analysis should be read in conjunction with the consolidated financial statements and their related notes, and management's discussion and analysis of results of operations and financial condition included in the Company's 1993 Annual Report to Shareholders.

Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards No. 115, Accounting For Certain Debt and Equity Securities, classifying all marketable securities as available for sale. The effect of adopting this standard was not material.

The financial statements at and for the period ended March 31, 1994 include the balances and results of operations of the Company's 80% owned joint venture, International Flavors & Fragrances (Hangzhou) Co., Ltd. The inclusion of these accounts was not material to the Company's financial condition and results of operations.

In the opinion of the Company's management, all normal recurring adjustments necessary for a fair statement of the results for the interim periods have been made.

Earnings per share were calculated on the basis of the average number of shares of common stock outstanding during the applicable period. Earnings per share amounts reflect the three-for-one split distributed on January 19, 1994 to shareholders of record on December 28, 1993.

Item 2. Management's Discussion and Analysis of Results of Operations and

Financial Condition

Operations

Worldwide net sales for the first quarter of 1994 increased 5% over the prior year to \$323,537,000 with sales increases in both flavor and fragrance products. The sales increase in the first quarter of 1994 was unfavorably affected by translating European currencies into the stronger U.S. dollar; if the dollar exchange rate had remained the same during 1994 and 1993, the sales increase for the quarter would have approximated 8%.

Earnings per share for the first quarter of 1994 increased 8% to \$.53 from \$.49 in the prior year quarter. Average shares of common stock outstanding in the first quarter of 1994 were 111,883,000, compared with 114,807,000 for the same period in 1993. This reduction was mainly a result of the Company's share repurchase program. Net income for the first quarter 1994 was \$58,941,000, an increase of 5% from 1993. The profit growth recorded by the Company was primarily the result of the sales increase for the period.

The percentage relationship of cost of goods sold and other operating expenses to sales for the first quarter 1994 and 1993 remained fairly constant, especially on an overall basis:

	First Quarter	
	-----	-----
	1994	1993
	----	----
Cost of Goods Sold	51.2%	51.5%
Research and Development Exp.	6.0%	6.1%
Selling and Administrative Exp.	15.1%	15.6%

Interest expense was \$6,165,000 for the first quarter of 1994, compared to \$3,226,000 for the same period in 1993. The higher interest expense in 1994 resulted mainly from the higher level of borrowings and higher interest rates in Brazil. In both 1994 and 1993, the borrowing levels in Brazil generated significant offsetting exchange gains which were included in Other Income.

The effective tax rate for the first quarter 1994 was 37.3% as compared to 37.1% for the same period in 1993.

Financial Condition

The financial condition of the Company continued to be strong during the first quarter. Cash, cash equivalents and short-term investments totalled \$287,991,000 at March 31, 1994. At March 31, 1994, working capital was \$680,654,000 compared to \$652,436,000 at December 31, 1993. Gross additions to property, plant and equipment during the first quarter of 1994 were \$16,200,000. In January 1994, the Company's cash dividend was increased 8% to an annual rate of \$1.08 per share, and \$.27 per share was paid to shareholders in the first quarter. The Company anticipates that its growth, capital expenditure programs and share repurchase program will be funded from internal sources.

The cumulative translation adjustment component of Shareholders' Equity at March 31, 1994 was \$13,809,000 compared to \$448,000 at December 31, 1993. Changes in the component result from translating the net assets of the majority of the Company's foreign subsidiaries into U.S. dollars at current exchange rates as required by the Statement of Financial Accounting Standards No. 52 on accounting for foreign currency translation.

PART II.

OTHER INFORMATION

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

Registrant filed no report on Form 8-K during the quarter for which this report on Form 10-Q is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTERNATIONAL FLAVORS & FRAGRANCES INC.

Dated: May 11, 1994

By: /s/ Thomas H. Hoppel

Thomas H. Hoppel, Vice President
& Treasurer

Dated: May 11, 1994

By: /s/ Stephen A. Block

Stephen A. Block, Vice-President
Law and Secretary