

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 September 30, 1995 Commission file number 1-4858

INTERNATIONAL FLAVORS & FRAGRANCES INC.
(Exact Name of Registrant as specified in its charter)

New York 13-1432060

(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

521 West 57th Street, New York, N.Y. 10019-2960

(Address of principal executive offices) 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 No

Number of shares outstanding as of November 7, 1995: 110,966,260

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PART. I FINANCIAL INFORMATION

Item 1. Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

	9/30/95	12/31/94
Assets		
Current Assets:		
Cash & Cash Equivalents	\$ 150,672	\$ 230,581
Short-term Investments	134,696	71,227
Trade Receivables	287,788	228,434
Allowance For Doubtful Accounts	(8,368)	(7,448)
Inventories: Raw Materials	237,516	211,071
Work in Process	29,104	25,600
Finished Goods	138,615	125,434
Total Inventories	405,235	362,105
Other Current Assets	77,695	79,587
Total Current Assets	1,047,718	964,486

Property, Plant & Equipment, At Cost	811,621	736,912
Accumulated Depreciation	(369,756)	(331,182)
	-----	-----
	441,865	405,730
Other Assets	27,533	29,509
	-----	-----
Total Assets	\$1,517,116	\$1,399,725
	=====	=====

Liabilities and Shareholders' Equity

Current Liabilities:

Bank Loans	\$ 11,618	\$ 9,740
Accounts Payable-Trade	55,055	56,861
Dividends Payable	34,402	34,554
Income Taxes	75,849	70,505
Other Current Liabilities	83,982	88,063
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Total Current Liabilities	260,906	259,723
	-----	-----

Other Liabilities:

Deferred Income Taxes	11,751	14,350
Long-term Debt	12,089	14,342
Other	111,938	103,231
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Total Other Liabilities	135,778	131,923
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Shareholders' Equity:

Common Stock (115,761,840 shares issued in '95 and in '94)	14,470	14,470
Capital in Excess of Par Value	143,324	146,022
Retained Earnings	1,067,337	961,847
Cumulative Translation Adjustment	78,452	41,798
	-----	-----
	1,303,583	1,164,137
Treasury Stock, at cost - 4,787,180 shares in '95 and 4,297,540 in '94	(183,151)	(156,058)
	-----	-----
Total Shareholders' Equity	1,120,432	1,008,079
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Total Liabilities and Shareholders' Equity	\$1,517,116	\$1,399,725
	=====	=====

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

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

	3 Months Ended 9/30	
	1995	1994
Net Sales	\$ 360,083	\$ 341,684
Cost of Goods Sold	186,705	176,565
Research and Development Expenses	22,741	20,501
Selling and Administrative Expenses	52,671	52,632
Interest Expense	932	1,359
Other (Income) Expense, Net	(2,617)	(3,322)
	260,432	247,735
Income Before Taxes on Income	99,651	93,949
Taxes on Income	36,325	35,043
Net income	\$ 63,326	\$ 58,906
Earnings Per Share	\$ 0.57	\$ 0.53
Dividends Paid Per Share	\$ 0.31	\$ 0.27
	9 Months Ended 9/30	
	1995	1994
Net Sales	\$1,127,983	\$1,010,431
Cost of Goods Sold	575,400	515,792
Research and Development Expenses	67,611	59,777
Selling and Administrative Expenses	161,836	151,593
Interest Expense	2,544	12,903
Other (Income) Expense, Net	(10,151)	(21,132)
	797,240	718,933
Income Before Taxes on Income	330,743	291,498
Taxes on Income	121,759	108,735
Net income	\$ 208,984	\$ 182,763
Earnings Per Share	\$ 1.88	\$ 1.64
Dividends Paid Per Share	\$ 0.93	\$ 0.81
Average Number of Shares Outstanding (000's)	111,359	111,553

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)

	9 Months Ended 9/30	
	1995	1994
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Cash Flows From Operating Activities:		
Net Income	\$ 208,984	\$ 182,763
Adjustments to Reconcile to Net Cash Provided by Operations:		
Depreciation	31,070	26,689
Deferred Income Taxes	6,581	1,567
Changes in Assets and Liabilities:		
Current Receivables	(51,687)	(53,360)
Inventories	(33,568)	(27,185)
Current Payables	(4,793)	40,739
Other, Net	671	(2,309)
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Net Cash Provided by Operations	157,258	168,904
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Cash Flows From Investing Activities:		
Proceeds From Sales/Maturities of Short-Term Investments ...	69,861	103,443
Purchases of Short-Term Investments	(130,780)	(68,679)
Additions to Property, Plant & Equipment, Net of Minor Disposals	(56,079)	(73,535)
	-----	-----
Net Cash Used in Investing Activities	(116,998)	(38,771)
	-----	-----
Cash Flows From Financing Activities:		
Cash Dividends Paid to Shareholders	(103,637)	(90,432)
Increase (Decrease) in Bank Loans	1,641	(21,132)
Increase (Decrease) in Long-Term Debt	(2,423)	12,622
Proceeds From Issuance of Stock Under Stock Option Plans ...	6,812	4,954
Purchase of Treasury Stock	(36,949)	(32,433)
	-----	-----
Net Cash Used In Financing Activities	(134,556)	(126,421)
	-----	-----
Effect of Exchange Rate Changes on Cash and Cash Equivalents	14,387	13,482
	-----	-----
Net Change in Cash and Cash Equivalents	(79,909)	17,194
Cash and Cash Equivalents at Beginning of Year	230,581	187,205
	-----	-----
Cash and Cash Equivalents at End of Period	\$ 150,672	\$ 204,399
	=====	=====
Interest Paid	\$ 3,105	\$ 13,172
Income Taxes Paid	\$ 109,398	\$ 88,924

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 1994 Annual Report to Shareholders.

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.

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

Operations

Worldwide net sales for the third quarter of 1995 increased 5% over the prior year to \$360,083,000. For the first nine months of 1995, net sales increased 12% over the prior year to \$1,127,983,000. Sales increases were recorded in flavor and fragrance products in both the third quarter and nine month periods. The sales increase in the third quarter and the first nine months of 1995 was favorably affected by translating stronger foreign currencies into the U.S. dollar.

Net income for the third quarter of 1995 was \$63,326,000, an increase of 8% from the 1994 third quarter. Net income for the first nine months of 1995 was \$208,984,000, an increase of 14% over the comparable 1994 period. The profit growth recorded by the Company was primarily the result of the sales increase for the period. Earnings per share for the third quarter and first nine months in 1995 were \$.57 and \$1.88, as compared to \$.53 and \$1.64 in the prior year quarter and nine month periods, respectively.

The percentage relationship of cost of goods sold and other operating expenses to sales for the first nine months of 1995 and 1994 remained fairly constant, especially on an overall basis.

	First Nine Months	
	1995	1994
	-----	-----
Cost of Goods Sold	51.0%	51.0%
Research and Development Expense	6.0%	5.9%
Selling and Administrative Expense	14.3%	15.0%

Interest expense was \$932,000 for the third quarter of 1995, compared to \$1,359,000 for the third quarter 1994. For the first nine months of 1995, interest expense amounted to \$2,544,000 compared to \$12,903,000 in the first nine months of 1994. The lower interest expense in 1995 resulted primarily from the lower average level of borrowings and lower interest rates in Brazil, where such borrowings were used as hedges against devaluations in that country. In 1994, the higher borrowing levels and interest rates in Brazil generated significant offsetting exchange gains which were included in Other Income. Other Income was \$2,617,000 for the third quarter 1995, and \$10,151,000 for the first

nine months of 1995, compared to \$3,322,000 and \$21,132,000 for the corresponding periods in 1994; the decline in 1995 was primarily due to lower exchange gains resulting from the hedging activities in Brazil mentioned above.

The effective tax rates for the third quarter and first nine months of 1995 were 36.5% and 36.8%, respectively, as compared to 37.3% for the comparable periods in 1994.

Financial Condition

The financial condition of the Company continued to be strong during the third quarter. Cash, cash equivalents and short-term investments totaled \$285,368,000 at September 30, 1995. At September 30, 1995, working capital was \$786,812,000 compared to \$704,763,000 at December 31, 1994. Gross additions to property, plant and equipment during the first nine months of 1995 were \$57,080,000. In January 1995, the Company's cash dividend was increased 14.8% to an annual rate of \$1.24 per share, and \$.31 per share was paid to shareholders in each of the first three quarters of 1995. 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 September 30, 1995 was \$78,452,000 compared to \$41,798,000 at December 31, 1994. 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) Exhibit 27 - Financial Data Schedule
- (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: November 10, 1995

By: _____
Thomas H. Hoppel, Vice-President & Treasurer

Dated: November 10, 1995

By: _____
Stephen A. Block, Vice-President Law
and Secretary

The schedule contains summary financial information extracted from the Consolidated Balance Sheet & Consolidated Statement of Income and is qualified in its entirety by reference to such financial statements. Amounts in thousands of dollars, except per share amounts.

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9-MOS

	DEC-31-1995	
	SEP-30-1995	
		150,672
		134,696
		287,788
		(8,368)
		405,235
	1,047,718	
		811,621
		(369,756)
	1,517,116	
260,906		
		12,089
		14,470
0		
		0
	1,105,962	
1,517,116		
		1,127,983
	1,127,983	
		575,400
		804,847
		(10,151)
		0
	2,544	
	330,743	
		121,759
208,984		
		0
		0
		0
	208,984	
	\$1.88	
	\$1.88	