

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, 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.

10019-2905

(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 X No

Number of shares outstanding as of May 9, 1995: 111,576,729

PART. I FINANCIAL INFORMATION

1

Item 1. Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

	3/31/95	12/31/94
	-----	-----
Assets		
Current Assets:		
Cash & Cash Equivalents	\$ 219,652	\$ 230,581
Short-term Investments	78,877	71,227
Trade Receivables	290,603	228,434
Allowances For Doubtful Accounts	(7,983)	(7,448)
Inventories: Raw Materials	234,953	211,071
Work in Process	27,964	25,600
Finished Goods	133,424	125,434
Total Inventories	396,341	362,105
Other Current Assets	82,558	79,587
Total Current Assets	1,060,048	964,486
Property, Plant & Equipment, At Cost	785,516	736,912
Accumulated Depreciation	(354,126)	(331,182)
	-----	-----
	431,390	405,730

Other Assets	28,203	29,509
	-----	-----
Total Assets	\$1,519,641	\$1,399,725
	=====	=====
Liabilities and Shareholders' Equity		
Current Liabilities:		
Bank Loans	\$ 11,021	\$ 9,740
Accounts Payable--Trade	69,874	56,861
Dividends Payable	34,603	34,554
Income Taxes	85,232	70,505
Other Current Liabilities	91,865	88,063
	-----	-----
Total Current Liabilities	292,595	259,723
	-----	-----
Other Liabilities:		
Deferred Income Taxes	10,294	14,350
Long-term Debt	15,102	14,342
Other	106,328	103,231
	-----	-----
Total Other Liabilities	131,724	131,923
	-----	-----
Shareholders' Equity:		
Common Stock (115,761,840 shares issued in '95 and in '94)	14,470	14,470
Capital in Excess of Par Value	144,225	146,022
Retained Earnings	997,200	961,847
Cumulative Translation Adjustment	89,720	41,798
	-----	-----
	1,245,615	1,164,137
Treasury Stock, at cost--4,138,785 shares in '95 and 4,297,540 in '94	(150,293)	(156,058)
	-----	-----
Total Shareholders' Equity	1,095,322	1,008,079
	-----	-----
Total Liabilities and Shareholders' Equity	\$1,519,641	\$1,399,725
	=====	=====

See Notes to Consolidated Financial Statements

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

	3 Months Ended 3/31	
	1995	1994
Net Sales	\$ 373,594	\$ 323,537
Cost of Goods Sold	190,784	165,620
Research and Development Expenses	22,141	19,353
Selling and Administrative Expenses	53,562	48,845
Interest Expense	565	6,165
Other (Income) Expense, Net	(4,500)	(10,454)
	-----	-----
	262,552	229,529
	-----	-----
Income Before Taxes on Income	111,042	94,008
Taxes on Income	41,086	35,067
	-----	-----
Net Income	\$ 69,956	\$ 58,941
	=====	=====
Earnings Per Share	\$0.63	\$0.53
Average Number of Shares		
Outstanding (000)	111,531	111,883
Dividends Paid Per Share	\$0.31	\$0.27

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)

	3 Months Ended 3/31	
	1995	1994
	-----	-----
Cash Flows From Operating Activities:		
Net Income	\$ 69,956	\$ 58,941
Adjustments to Reconcile to Net Cash		
Provided by Operations:		
Depreciation	9,724	8,673
Deferred Income Taxes	1,350	7,533
Changes in Assets and Liabilities:		
Current Receivables	(53,797)	(45,100)
Inventories	(21,384)	3,045
Current Payables	28,141	15,869
Other, Net	(6,436)	(5,529)
	-----	-----
Net Cash Provided by Operations	27,554	43,432
	-----	-----
Cash Flows From Investing Activities:		
Proceeds From Sale/Maturities		
Short-Term Investments	19,473	64,852
Purchases of Short-Term Investments	(25,051)	(9,389)
Additions to Property, Plant & Equipment,		
Net of Minor Disposals	(18,059)	(16,081)
	-----	-----
Net Cash Provided by (Used in) Investing		
Activities	(23,637)	39,382
	-----	-----
Cash Flows From Financing Activities:		
Cash Dividends Paid to Shareholders	(34,554)	(30,260)
Increase (Decrease) in Bank Loans	820	(19,427)
Increase (Decrease) in Long-Term Debt	(1,054)	16,693
Proceeds From Issuance of Stock Under		
Stock Option Plans	3,852	1,708
Purchase of Treasury Stock	0	(22,942)
	-----	-----
Net Cash Used In Financing Activities	(30,936)	(54,228)
	-----	-----
Effect of Exchange Rate Changes on Cash		
and Cash Equivalents	17,063	2,986
	-----	-----
Net Change in Cash and Cash Equivalents	(9,956)	31,572
Cash and Cash Equivalents at Beginning		
of Year	229,608	187,205
	-----	-----
Cash and Cash Equivalents at End of Period	\$219,652	\$218,777
	=====	=====
Interest Paid	\$ 717	\$ 5,950
Income Taxes Paid	\$ 27,121	\$ 28,661

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 first quarter of 1995 increased 15% over the prior year to \$373,594,000, with sales increases in both flavor and fragrance products. The sales increase in the first quarter of 1995 was favorably affected by translating foreign currencies into the U.S. dollar; if the exchange rates had remained the same during 1995 and 1994, the sales increase for the quarter would have approximated 10%.

Net income for the first quarter of 1995 increased 19% to \$69,956,000 from \$58,941,000 in the prior year quarter. The profit growth recorded by the Company was primarily the result of the sales increase for the period. Earnings per share for the quarter were \$.63, as compared to \$.53 in the prior year quarter.

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

	First Quarter	
	----- 1995	1994 -----
Cost of Goods Sold	51.1%	51.2%
Research and Development Expense	5.9%	6.0%
Selling and Administrative Expense	14.3%	15.1%

Interest expense was \$565,000 for the first quarter of 1995, compared to \$6,165,000 for the same period in 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 both periods, the borrowing levels in Brazil generated substantially offsetting exchange gains which were included in Other income. Other income for the first quarter 1995 was \$4,500,000, compared to \$10,454,000 in the same period 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 rate for the first quarter 1995 was 37.0% as compared to 37.3% for the same period in 1994.

Financial Condition

The financial condition of the Company continued to be strong during the first quarter. Cash, cash equivalents and short-term investments totaled \$298,529,000 at March 31, 1995. At March 31, 1995, working capital was \$767,453,000 compared to \$704,763,000 at December 31, 1994. Gross additions to property, plant and equipment during the first quarter of 1995 were \$18,198,000. 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 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, 1995 was \$89,720,000 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) Exhibits

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: May 11, 1995

By: /s/ THOMAS H. HOPPEL

Thomas H. Hoppel, Vice-President
& Treasurer

Dated: May 11, 1995

By: /s/ STEPHEN A. BLOCK

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.

3-MOS	
	DEC-31-1995
	MAR-31-1995
	219,652
	78,877
	290,603
	(7,983)
	396,341
	1,060,048
	785,516
	(354,126)
	1,519,641
292,595	
	15,102
	14,470
0	
	0
	1,080,852
1,519,641	
	373,594
373,594	
	190,784
	266,487
(4,500)	
0	
565	
111,042	
	41,086
69,956	
	0
	0
	0
	69,956
	0.63
	0.63