

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 June 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 X

No

Number of shares outstanding as of August 9, 1995: 111,282,278

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PART. I FINANCIAL INFORMATION

Item 1. Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

	6/30/95	12/31/94
	-----	-----
Assets		
Current Assets:		
Cash & Cash Equivalents	\$ 183,350	\$ 230,581
Short-term Investments	94,193	71,227
Trade Receivables	303,235	228,434
Allowances For Doubtful Accounts	(8,413)	(7,448)
Inventories: Raw Materials	239,217	211,071
Work in Process	25,907	25,600
Finished Goods	139,927	125,434
	-----	-----
Total Inventories	405,051	362,105
Other Current Assets	88,452	79,587
	-----	-----
Total Current Assets	1,065,868	964,486
	-----	-----

Property, Plant & Equipment, At Cost	805,146	736,912
Accumulated Depreciation	(363,704)	(331,182)
	-----	-----
	441,442	405,730
Other Assets	27,881	29,509
	-----	-----
Total Assets	<u>\$1,535,191</u>	<u>\$1,399,725</u>
	=====	=====
Liabilities and Shareholders' Equity		
Current Liabilities:		
Bank Loans	\$ 13,811	\$ 9,740
Accounts Payable-Trade	62,662	56,861
Dividends Payable	34,480	34,554
Income Taxes	83,780	70,505
Other Current Liabilities	86,542	88,063
	-----	-----
Total Current Liabilities	281,275	259,723
	-----	-----
Other Liabilities:		
Deferred Income Taxes	10,870	14,350
Long-term Debt	15,603	14,342
Other	108,205	103,231
	-----	-----
Total Other Liabilities	134,678	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	143,923	146,022
Retained Earnings	1,038,422	961,847
Cumulative Translation Adjustment	91,895	41,798
	-----	-----
	1,288,710	1,164,137
	-----	-----
Treasury Stock, at cost--4,518,091 shares in '95 and 4,297,540 in '94	(169,472)	(156,058)
	-----	-----
Total Shareholders' Equity	1,119,238	1,008,079
	-----	-----
Total Liabilities and Shareholders' Equity ..	<u>\$1,535,191</u>	<u>\$1,399,725</u>
	=====	=====

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

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

	3 Months Ended 6/30	
	1995	1994
Net Sales	\$394,306	\$345,210
Cost of Goods Sold	197,911	173,607
Research and Development Expenses	22,729	19,923
Selling and Administrative Expenses	55,603	50,116
Interest Expense	1,047	5,379
Other (Income) Expense, Net	(3,034)	(7,356)
	274,256	241,669
Income Before Taxes on Income	120,050	103,541
Taxes on Income	44,348	38,625
Net Income	\$ 75,702	\$ 64,916
	=====	=====
Earnings Per Share	\$0.68	\$0.58
Dividends Paid Per Share	\$0.31	\$0.27
	6 Months Ended 6/30	
	1995	1994
Net Sales	\$767,900	\$668,747
Cost of Goods Sold	388,695	339,227
Research and Development Expenses	44,870	39,276
Selling and Administrative Expenses	109,165	98,961
Interest Expense	1,612	11,544
Other (Income) Expense, Net	(7,534)	(17,810)
	536,808	471,198
Income Before Taxes on Income	231,092	197,549
Taxes on Income	85,434	73,692
Net Income	\$145,658	\$123,857
	=====	=====
Earnings Per Share	\$1.31	\$1.11
Dividends Paid Per Share	\$0.62	\$0.54
Average Number of Shares Outstanding (000's) ...	111,492	111,642

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)

	6 Months Ended 6/30	
	1995	1994
Cash Flows From Operating Activities:		
Net Income	\$145,658	\$123,857
Adjustments to Reconcile to Net Cash Provided by Operations:		
Depreciation	20,446	17,790
Deferred Income Taxes	5,126	3,639
Changes in Assets and Liabilities:		
Current Receivables	(71,083)	(67,240)
Inventories	(30,265)	(11,411)
Current Payables	11,735	29,629
Other, Net	(6,129)	(3,850)
Net Cash Provided by Operations	75,488	92,414
Cash Flows From Investing Activities:		
Proceeds From Sale/Maturities Short-Term Investments	49,115	92,966
Purchases of Short-Term Investments	(69,342)	(49,664)
Additions to Property, Plant & Equipment, Net of Minor Disposals	(37,018)	(44,169)
Net Cash Provided by (Used in) Investing Activities	(57,245)	(867)
Cash Flows From Financing Activities:		
Cash Dividends Paid to Shareholders	(69,157)	(60,374)
Increase (Decrease) in Bank Loans	3,395	(21,829)
Increase (Decrease) in Long-Term Debt	(1,237)	16,137
Proceeds From Issuance of Stock Under Stock Option Plans	5,293	2,755
Purchase of Treasury Stock	(21,037)	(32,433)
Net Cash Used In Financing Activities	(82,743)	(95,744)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	17,269	10,383
Net Change in Cash and Cash Equivalents	(47,231)	6,186
Cash and Cash Equivalents at Beginning of Year ..	230,581	187,205
Cash and Cash Equivalents at End of Period	\$183,350	\$193,391
	=====	=====
Interest Paid	\$ 2,004	\$ 11,673
Income Taxes Paid	\$ 69,463	\$ 54,263

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 second quarter of 1995 increased 14% over the prior year to \$394,306,000. For the first six months of 1995, net sales increased 15% over the prior year to \$767,900,000. Sales increases were recorded in flavor and fragrance products in both the second quarter and six month periods. The sales increase in the second quarter and the first six months of 1995 was favorably affected by translating stronger foreign currencies into the U.S. dollar.

Net income for the second quarter of 1995 was \$75,702,000, an increase of 17% from the 1994 second quarter. Net income for the first six months of 1995 was \$145,658,000, an increase of 18% 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 second quarter and first six months in 1995 were \$.68 and \$1.31, as compared to \$.58 and \$1.11 in the prior year quarter and six month periods, respectively.

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

	First Six Months	
	1995	1994
Cost of Goods Sold	50.6%	50.7%
Research and Development Expense	5.8%	5.9%
Selling and Administrative Expense	14.2%	14.8%

Interest expense was \$1,047,000 for the second quarter of 1995, compared to \$5,379,000 for the second quarter 1994. For the first six months of 1995, interest expense amounted to \$1,612,000 compared to \$11,544,000 in the first six 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 for the second quarter 1995 was \$3,034,000 and was \$7,534,000 for the first six months of 1995, compared to \$7,356,000 and \$17,810,000 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 second quarter and first six months of 1995 were 36.9% and 37.0%, 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 second quarter. Cash, cash equivalents and short-term investments totaled \$277,543,000 at June 30, 1995. At June 30, 1995, working capital was \$784,593,000 compared to \$704,763,000 at December 31, 1994. Gross additions to property, plant and equipment during the first half of 1995 were \$37,439,000. 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 both the first and second quarters. 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 June 30, 1995 was \$91,895,000 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 4. Submission of Matters to a Vote of Security Holders

At the annual meeting of Registrant's shareholders held Thursday May 11, 1995, at which 96,641,018 shares, or 86.6%, of Registrant's Common Stock were represented in person or by proxy, the 12 nominees for director of Registrant, as listed in Registrant's proxy statement dated March 28, 1995 previously filed with the Commission, were duly elected to Registrant's Board of Directors. There was no solicitation of proxies in opposition to these nominees.

At such annual meeting, the shareholders also voted with respect to the other matter submitted for shareholder consideration as follows, the vote being legally sufficient to adopt the proposal:

Proposal to amend the Registrant's Management Incentive Compensation Plan to preserve the deductibility under the Internal Revenue Code of compensation paid under the Plan.

	No. of Shares Voted

FOR	94,357,879
AGAINST	1,379,383
ABSTAIN	353,980

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: August 11, 1995 By: _____
Thomas H. Hoppel, Vice-President & Treasurer

Dated: August 11, 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.

6-MOS	DEC-31-1995	
	JUN-30-1995	
		183,350
		94,193
		303,235
		(8,413)
		405,051
	1,065,868	
		805,146
	(363,704)	
	1,535,191	
	281,275	
		15,603
		14,470
	0	
		0
		1,104,768
1,535,191		
		767,900
	767,900	
		388,695
		542,730
		(7,534)
		0
	1,612	
	231,092	
		85,434
	145,658	
		0
		0
		0
		145,658
		\$1.31
		\$1.31