

INTERNATIONAL FLAVORS & FRAGRANCES INC  
Form 10-Q  
May 09, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

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 (I.R.S. Employer  
incorporation or organization) 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 Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Number of shares outstanding as of April 26, 2016: 79,713,873

PART I. FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS  
INTERNATIONAL FLAVORS & FRAGRANCES INC.  
CONSOLIDATED BALANCE SHEET  
(DOLLARS IN THOUSANDS)  
(Unaudited)

	March 31, 2016	December 31, 2015
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$528,877	\$181,988
Trade receivables (net of allowances of \$8,477 and \$8,229, respectively)	609,587	537,896
Inventories: Raw materials	292,942	282,181
Work in process	15,832	17,450
Finished goods	291,922	289,388
Total Inventories	600,696	589,019
Prepaid expenses and other current assets	152,369	146,981
Total Current Assets	1,891,529	1,455,884
Property, plant and equipment, at cost	1,839,244	1,812,283
Accumulated depreciation	(1,105,305 )	(1,079,489 )
	733,939	732,794
Goodwill	951,177	941,389
Other intangible assets, net	302,088	306,004
Deferred income taxes	160,990	166,323
Other assets	122,737	119,060
Total Assets	\$4,162,460	\$3,721,454
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities:		
Bank borrowings and overdrafts and current portion of long-term debt	\$133,692	\$132,349
Accounts payable	276,929	302,473
Accrued payroll and bonus	39,603	48,843
Dividends payable	44,640	44,824
Other current liabilities	217,884	213,639
Total Current Liabilities	712,748	742,128
Long-term debt	1,369,955	937,844
Deferred gains	42,557	43,260
Retirement liabilities	243,690	242,383
Other liabilities	157,950	160,849
Total Other Liabilities	1,814,152	1,384,336
Commitments and Contingencies (Note 13)		
Shareholders' Equity:		
Common stock 12 1/2¢ par value; authorized 500,000,000 shares; issued 115,858,190 shares as of March 31, 2016 and December 31, 2015 and outstanding 79,777,759 and 80,022,291 shares as of March 31, 2016 and December 31, 2015	14,470	14,470
Capital in excess of par value	143,642	140,802
Retained earnings	3,678,219	3,604,254
Accumulated other comprehensive loss	(606,999 )	(613,439 )
Treasury stock, at cost - 36,080,431 shares as of March 31, 2016 and 35,835,899 shares as of December 31, 2015	(1,598,968 )	(1,555,769 )

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Total Shareholders' Equity	1,630,364	1,590,318
Noncontrolling interest	5,196	4,672
Total Shareholders' Equity including noncontrolling interest	1,635,560	1,594,990
Total Liabilities and Shareholders' Equity	\$4,162,460	\$3,721,454

See Notes to Consolidated Financial Statements

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INTERNATIONAL FLAVORS & FRAGRANCES INC.  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(AMOUNT IN THOUSANDS EXCEPT PER SHARE AMOUNTS)  
(Unaudited)

	Three Months Ended	
	March 31,	
	2016	2015
Net sales	\$783,312	\$774,907
Cost of goods sold	423,103	428,630
Gross profit	360,209	346,277
Research and development expenses	63,385	63,462
Selling and administrative expenses	123,543	118,995
Amortization of acquisition-related intangibles	6,061	1,840
Restructuring and other charges, net	—	187
Operating profit	167,220	161,793
Interest expense	12,478	11,095
Other income	(154 )	(5,710 )
Income before taxes	154,896	156,408
Taxes on income	36,293	28,150
Net income	118,603	128,258
Other comprehensive income (loss), after tax:		
Foreign currency translation adjustments	14,077	(50,515 )
(Losses) gains on derivatives qualifying as hedges	(10,192 )	12,083
Pension and postretirement net liability	2,555	5,547
Other comprehensive income (loss)	6,440	(32,885 )
Total comprehensive income	\$125,043	\$95,373
Net income per share - basic	\$1.48	\$1.58
Net income per share - diluted	\$1.47	\$1.57
Average number of shares outstanding - basic	79,666	80,654
Average number of shares outstanding - diluted	80,055	81,195
Dividends declared per share	\$0.56	\$0.47
See Notes to Consolidated Financial Statements		