

SMITHFIELD FOODS INC
Form 10-Q/A
November 15, 2002
Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**Amendment No. 1
on
FORM 10-Q/A**

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

For the quarterly period ended July 28, 2002

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 0-2258

SMITHFIELD FOODS, INC.

200 Commerce Street
Smithfield, Virginia 23430
(757) 365-3000

Virginia
(State of Incorporation)

52-0845861
(I.R.S. Employer
Identification Number)

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

<u>Class</u>	<u>Shares outstanding at September 6, 2002</u>
Common Stock, \$.50 par value	109,398,331

Table of Contents

SMITHFIELD FOODS, INC.

CONTENTS

	Page
PART I FINANCIAL INFORMATION	
Item 1.	
Financial Statements	
<u>Consolidated Condensed Statements of Income 13 Weeks Ended July 28, 2002 and July 29, 2001</u>	3
<u>Consolidated Condensed Balance Sheets July 28, 2002 and April 28, 2002</u>	4-5
<u>Consolidated Condensed Statements of Cash Flows 13 Weeks Ended July 28, 2002 and July 29, 2001</u>	6
<u>Notes to Consolidated Condensed Financial Statements</u>	7-10
Item 2.	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	11-14
PART II OTHER INFORMATION	
Item 4.	
<u>Submission of Matters to a Vote of Security Holders.</u>	15
Item 6.	
<u>Exhibits and Reports on Form 8-K.</u>	15-16

THIS AMENDED REPORT IS IDENTICAL IN ALL RESPECTS TO THE QUARTERLY REPORT FILED ON SEPTEMBER 11, 2002 EXCEPT THAT IT CORRECTS FILING ERRORS RELATING TO THE CERTIFICATIONS REQUIRED UNDER SECTIONS 302 AND 906 OF THE SARBANES-OXLEY ACT.

Table of Contents

PART I FINANCIAL INFORMATION

SMITHFIELD FOODS, INC.

CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Unaudited)

	13 Weeks Ended July 28, 2002	13 Weeks Ended July 29, 2001
	(In millions, except per share data)	
Sales	\$ 2,000.7	\$ 1,636.4
Cost of sales	1,777.1	1,382.6
Gross profit	223.6	253.8
Selling, general and administrative expenses	140.9	116.2
Depreciation expense	39.5	31.7
Interest expense	24.9	19.6
Gain on sale of IBP, inc. common stock		(7.0)
Income before income taxes	18.3	93.3
Income taxes	6.5	36.4
Net income	\$ 11.8	\$ 56.9
Net income per common share:		
Basic	\$.11	\$.54
Diluted	\$.11	\$.53
Average common shares outstanding:		
Basic	110.0	104.9
Diluted	111.6	106.9

See Notes to Consolidated Condensed Financial Statements

Table of Contents

SMITHFIELD FOODS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS

	<u>July 28, 2002</u>	<u>April 28, 2002</u>
	(Unaudited)	
	(In millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 97.9	\$ 71.1
Accounts receivable, net	529.8	516.7
Inventories	870.3	860.5
Prepaid expenses and other current assets	69.5	72.1
	<u>1,567.5</u>	<u>1,520.4</u>
Total current assets		
Property, plant and equipment	2,263.3	2,207.0
Less accumulated depreciation	(698.5)	(658.9)
	<u>1,564.8</u>	<u>1,548.1</u>
Net property, plant and equipment		
Other assets:		
Goodwill	478.5	448.3
Investments in partnerships	115.5	119.7
Other	255.1	241.5
	<u>849.1</u>	<u>809.5</u>
Total other assets		
	<u>\$ 3,981.4</u>	<u>\$ 3,878.0</u>

See Notes to Consolidated Condensed Financial Statements

Table of Contents**SMITHFIELD FOODS, INC.****CONSOLIDATED CONDENSED BALANCE SHEETS**

	<u>July 28, 2002</u>	<u>April 28, 2002</u>
	(Unaudited)	
	(In millions, except share data)	
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Notes payable	\$ 24.9	\$ 24.0
Current portion of long-term debt and capital lease obligations	75.4	68.9
Accounts payable	340.5	355.8
Accrued expenses and other current liabilities	281.1	273.2
	<u>721.9</u>	<u>721.9</u>
Total current liabilities	721.9	721.9
Long-term debt and capital lease obligations	1,490.7	1,387.1
	<u>1,490.7</u>	<u>1,387.1</u>
Other noncurrent liabilities:		
Deferred income taxes	277.7	276.6
Pension and postretirement benefits	73.4	74.2
Other	34.1	37.3
	<u>385.2</u>	<u>388.1</u>
Total other noncurrent liabilities	385.2	388.1
Minority interests	24.5	18.1
	<u>24.5</u>	<u>18.1</u>
Shareholders' equity:		
Preferred stock, \$1.00 par value, 1,000,000 authorized shares		
Common stock, \$.50 par value, 200,000,000 authorized shares; 109,398,331 and 110,284,112 issued and outstanding	54.7	55.1
Additional paid-in capital	474.7	490.1
Retained earnings	847.5	835.7
Accumulated other comprehensive loss	(17.8)	(18.1)
	<u>1,359.1</u>	<u>1,362.8</u>
Total shareholders' equity	1,359.1	1,362.8
	<u>\$ 3,981.4</u>	<u>\$ 3,878.0</u>

See Notes to Consolidated Condensed Financial Statements

Table of Contents**SMITHFIELD FOODS, INC.****CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**
(Unaudited)

	13 Weeks Ended July 28, 2002	13 Weeks Ended July 29, 2001
(In millions)		
Cash flows from operating activities:		
Net income	\$ 11.8	\$ 56.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	41.1	33.4
Gain on sale of IBP, inc. common stock		(7.0)
Changes in operating assets and liabilities, net of effect of acquisitions	(28.4)	8.0
Net cash provided by operating activities	24.5	91.3
Cash flows from investing activities:		
Capital expenditures	(45.5)	(26.1)
Business acquisitions, net of cash	(31.9)	(117.5)
Proceeds from sale of IBP, inc. common stock		58.7
Other	1.0	(8.1)
Net cash used in investing activities	(76.4)	(93.0)
Cash flows from financing activities:		
Net borrowings on revolving credit facility	113.0	31.0
Principal payments on long-term debt and capital lease obligations	(14.8)	(10.6)
Repurchase and retirement of common stock	(23.0)	(20.9)
Other	3.1	7.3
Net cash provided by financing activities	78.3	6.8
Net increase in cash and cash equivalents	26.4	5.1
Effect of foreign exchange rate changes on cash	0.4	(0.4)
Cash and cash equivalents at beginning of period	71.1	56.5
Cash and cash equivalents at end of period	\$ 97.9	\$ 61.2
Supplemental disclosures of cash flow information:		
Cash payments during period:		
Interest (net of amount capitalized)	\$ 15.1	\$ 15.3
Income taxes	\$ 3.5	\$ 22.6

See Notes to Consolidated Condensed Financial Statements

Table of Contents

SMITHFIELD FOODS, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(1) These statements should be read in conjunction with the Consolidated Financial Statements and related notes, which are included in the Company's Annual Report, for the fiscal year ended April 28, 2002. The interim consolidated condensed financial information furnished herein is unaudited. The information reflects all adjustments (which include only normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations for the periods included in the report.

(2) Inventories consist of the following:

	<u>July 28, 2002</u>	<u>April 28, 2002</u>
	(In millions)	
Fresh and processed meats	\$ 404.3	\$ 409.2
Hogs on farms		