

SMITHFIELD FOODS INC  
Form 10-Q  
September 06, 2012

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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 July 29, 2012

COMMISSION FILE NUMBER 1-15321

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

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 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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At August 31, 2012, 149,479,148 shares of the registrant's Common Stock (\$.50 par value per share) were outstanding.

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## PART I—FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

SMITHFIELD FOODS, INC.  
 CONSOLIDATED CONDENSED STATEMENTS OF INCOME  
 (in millions, except per share data)

	Three Months Ended	
	July 29, 2012	July 31, 2011
	(unaudited)	
Sales	\$3,091.3	\$3,094.2
Cost of sales	2,759.1	2,687.1
Gross profit	332.2	407.1
Selling, general and administrative expenses	201.1	238.7
Income from equity method investments	(0.7	) (4.8
Operating profit	131.8	173.2
Interest expense	42.5	48.1
Loss on debt extinguishment	—	1.2
Income before income taxes	89.3	123.9
Income tax expense	27.6	41.8
Net income	\$61.7	\$82.1
Net income per share:		
Basic	\$.40	\$.50
Diluted	\$.40	\$.49
Weighted average shares outstanding:		
Basic	154.3	165.8
Effect of dilutive shares	1.0	1.2
Diluted	155.3	167.0

See Notes to Consolidated Condensed Financial Statements

SMITHFIELD FOODS, INC.  
 CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME  
 (in millions)

	Three Months Ended	
	July 29, 2012	July 31, 2011
	(unaudited)	
Net income	\$61.7	\$82.1
Other comprehensive income (loss):		
Foreign currency translation	(84.1 )	(44.3 )
Pension accounting	8.2	3.5
Hedge accounting	59.2	(28.1 )
Total other comprehensive loss	(16.7 )	(68.9 )
Total comprehensive income	\$45.0	\$13.2

See Notes to Consolidated Condensed Financial Statements

SMITHFIELD FOODS, INC.  
CONSOLIDATED CONDENSED BALANCE SHEETS  
(in millions, except share data)

	July 29, 2012 (unaudited)	April 29, 2012
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$208.1	\$324.3
Accounts receivable, net	625.3	624.7
Inventories	2,152.7	2,072.4
Prepaid expenses and other current assets	343.2	277.6
Total current assets	3,329.3	3,299.0
Property, plant and equipment, net	2,233.8	2,277.2
Goodwill	759.3	768.2