

SMITHFIELD FOODS INC
Form 10-Q
August 12, 2015

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 June 28, 2015

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

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

At August 12, 2015, 1,000 shares of the registrant's Common Stock (no 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 and unaudited)

	Three Months Ended		Six Months Ended		
	June 28, 2015	June 29, 2014	June 28, 2015	June 29, 2014	
Sales	\$3,486.6	\$3,814.0	\$7,103.1	\$7,236.1	
Cost of sales	3,068.1	3,345.5	6,278.5	6,370.9	
Gross profit	418.5	468.5	824.6	865.2	
Selling, general and administrative expenses	232.6	219.2	454.5	434.6	
Income from equity method investments	(0.2) (10.9) (4.2) (26.0)
Operating profit	186.1	260.2	374.3	456.6	
Interest expense	31.5	40.4	66.2	81.2	
Non-operating (gain) loss	(0.7) —	12.1	(1.1)
Income before income taxes	155.3	219.8	296.0	376.5	
Income tax expense	51.1	76.9	94.8	128.3	
Net income	\$104.2	\$142.9	\$201.2	\$248.2	

See Notes to Consolidated Condensed Financial Statements

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

	Three Months Ended		Six Months Ended	
	June 28, 2015	June 29, 2014	June 28, 2015	June 29, 2014
Net income	\$104.2	\$142.9	\$201.2	\$248.2
Other comprehensive income (loss), net of tax:				
Foreign currency translation	43.5	2.2	(40.8) 1.5
Pension accounting	47.0	—	47.7	—
Hedge accounting	(33.3) 30.5	(8.8) (100.8
Total other comprehensive income (loss)	57.2	32.7	(1.9) (99.3
Comprehensive income	\$161.4	\$175.6	\$199.3	\$148.9

See Notes to Consolidated Condensed Financial Sta