

HORMEL FOODS CORP /DE/
Form 10-Q
September 07, 2007

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 Quarter Ended July 29, 2007

Commission File
Number 1-2402

HORMEL FOODS CORPORATION

Incorporated Under the Laws
of the State of Delaware

I.R.S. Employer Identification No.
#41-0319970

1 Hormel Place

Austin, Minnesota 55912-3680

Telephone - (507) 437-5611

None

(Former name, former address and former fiscal year, if changed since last report.)

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 x NO o

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

Large accelerated filer Accelerated filer Non-accelerated filer

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

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at September 2, 2007	
Common Stock	\$.0586 par value	136,528,125
Common Stock Non-Voting	\$.01 par value	-0-

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

HORMEL FOODS CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Thousands of Dollars)

	July 29, 2007 (Unaudited)	October 29, 2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 104,504	\$ 172,485
Accounts receivable	323,522	341,916
Inventories	659,223	570,932
Federal income taxes	4,141	0
Deferred income taxes	51,563	48,535
Prepaid expenses and other current assets	14,689	7,803
TOTAL CURRENT ASSETS	1,157,642	1,141,671
DEFERRED INCOME TAXES	11,476	7,387
GOODWILL	550,060	550,706
OTHER INTANGIBLES	142,211	147,975
NET PENSION ASSETS	59,984	66,097
INVESTMENTS IN AND RECEIVABLES FROM AFFILIATES	102,341	76,684
OTHER ASSETS	163,677	158,976
PROPERTY, PLANT AND EQUIPMENT		
Land	48,077	46,854
Buildings	594,058	562,949
Equipment	1,152,469	1,110,315
Construction in progress	129,694	123,608
	1,924,298	1,843,726
Less allowance for depreciation	(987,495)	(932,916)
	936,803	910,810
TOTAL ASSETS	\$ 3,124,194	\$ 3,060,306

See notes to consolidated financial statements

HORMEL FOODS CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Thousands of Dollars)

	July 29, 2007 (Unaudited)	October 29, 2006
LIABILITIES AND SHAREHOLDERS INVESTMENT		
CURRENT LIABILITIES		
Accounts payable	\$ 261,800	\$ 271,358
Notes payable/short-term debt	10,000	0
Accrued expenses	34,269	27,103
Accrued workers compensation	29,219	27,895
Accrued marketing expenses	73,311	68,503
Employee compensation	96,232	107,332
Taxes, other than federal income taxes	2,622	7,784
Dividends payable	20,691	19,361
Federal income taxes	0	55,312
Current maturities of long-term debt	60	366
TOTAL CURRENT LIABILITIES	528,204	585,014
LONG-TERM DEBT less current maturities	350,013	350,054
ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION	271,519	271,240
OTHER LONG-TERM LIABILITIES	50,870	51,086
SHAREHOLDERS INVESTMENT		
Preferred stock, par value \$.01 a share authorized 80,000,000 shares; issued none		
Common stock, non-voting, par value \$.01 a share authorized 200,000,000 shares; issued none		
Common stock, par value \$.0586 a share authorized 400,000,000 shares; issued 136,709,732 shares July 29, 2007 issued 137,639,954 shares October 29, 2006	8,011	8,066
Additional paid-in capital	0	2,507
Accumulated other comprehensive loss	(17,910) (17,996)
Retained earnings	1,933,487	1,821,202
	1,923,588	1,813,779
Shares held in treasury 300,000 shares October 29, 2006	0	(10,867)
TOTAL SHAREHOLDERS INVESTMENT	1,923,588	1,802,912
TOTAL LIABILITIES AND SHAREHOLDERS INVESTMENT	\$ 3,124,194	\$ 3,060,306

See notes to consolidated financial statements

HORMEL FOODS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands of Dollars, Except Per Share Amounts)

(Unaudited)

	Three Months Ended July 29, 2007	July 30, 2006	Nine Months Ended July 29, 2007	July 30, 2006
Net sales	\$ 1,520,005	\$ 1,406,894	\$ 4,528,685	\$ 4,188,172
Cost of products sold	1,196,624	1,084,740	3,499,981	3,181,544
GROSS PROFIT	323,381	322,154	1,028,704	1,006,628
Expenses:				
Selling and delivery	187,823	187,387	578,974	566,886
Administrative and general	41,231	40,028	123,574	138,062
TOTAL EXPENSES	229,054	227,415	702,548	704,948
Equity in earnings of affiliates	1,212	10	2,084	3,710
OPERATING INCOME	95,539	94,749	328,240	305,390
Other income and expense:				
Interest and investment income (loss)	1,373	(661)	6,078	3,232
Interest expense	(6,633)	(6,555)	(19,989)	(19,191)
EARNINGS BEFORE INCOME TAXES	90,279	87,533	314,329	289,431
Provision for income taxes	32,905	27,982	113,629	93,296
NET EARNINGS	\$ 57,374	\$ 59,551	\$ 200,700	\$ 196,135
NET EARNINGS PER SHARE:				
BASIC	\$ 0.42	\$ 0.43	\$ 1.46	\$ 1.42
DILUTED	\$ 0.41	\$ 0.43	\$ 1.44	\$ 1.41
WEIGHTED-AVERAGE SHARES OUTSTANDING:				
BASIC	137,447	137,913	137,574	137,906
DILUTED	139,414	139,684	139,564	139,562
DIVIDENDS DECLARED PER SHARE:	\$ 0.15	\$ 0.14	\$ 0.45	\$ 0.42

See notes to consolidated financial statements

HORMEL FOODS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of Dollars)

(Unaudited)

	Nine Months Ended July 29, 2007	July 30, 2006
OPERATING ACTIVITIES		
Net earnings	\$ 200,700	\$ 196,135
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	85,082	81,661
Amortization of intangibles	8,645	8,035
Equity in earnings of affiliates	(3,186)	(3,308)
Provision for deferred income taxes	(3,239)	(5,063)
Loss (Gain) on property/equipment sales and plant facilities	617	(741)
Changes in operating assets and liabilities, net of acquisitions:		
Decrease in accounts receivable	23,926	12,964
Increase in inventories, prepaid expenses, and other current assets	(97,152)	(47,568)
Decrease (Increase) in net pension assets	6,113	(27,277)