

SANDERSON FARMS INC
Form 10-Q
May 24, 2018

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

FORM 10-Q

(MARK ONE)

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

For the quarterly period ended April 30, 2018

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 1-14977

Sanderson Farms, Inc.
(Exact name of registrant as specified in its charter)

Mississippi 64-0615843
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

127 Flynt Road, Laurel, Mississippi 39443
(Address of principal executive offices) (Zip Code)
(601) 649-4030
(Registrant's telephone number, including area code)
(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 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, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common Stock, \$1 Par Value Per Share: 22,836,407 shares outstanding as of May 21, 2018.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SANDERSON FARMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except number of shares)

	April 30, 2018 (Unaudited)	October 31, 2017 (Note 1)
Assets		
Current assets:		
Cash and cash equivalents	\$327,260	\$419,285
Accounts receivable, net	145,600	138,868
Inventories	267,746	252,765
Refundable income taxes	27,130	—
Prepaid expenses and other current assets	37,669	38,620
Total current assets	805,405	849,538
Property, plant and equipment	1,784,475	1,657,084
Less accumulated depreciation	(828,629)	(780,276)
	955,846	876,808
Other assets	6,164	6,897
Total assets	\$1,767,415	\$1,733,243
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$104,212	\$90,904
Dividends payable	7,307	—
Accrued expenses	62,188	101,168
Accrued income taxes	—	6,649
Total current liabilities	173,707	198,721
Claims payable and other liabilities	9,621	9,762
Deferred income taxes	66,133	91,898
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock:		
Series A Junior Participating Preferred Stock, \$100 par value: authorized 500,000 shares, none issued		
Par value to be determined by the Board of Directors: authorized 4,500,000 shares; none issued		
Common Stock, \$1 par value: authorized 100,000,000 shares; issued and outstanding shares—22,836,407 and 22,802,690 at April 30, 2018 and October 31, 2017, respectively	22,836	22,803
Paid-in capital	141,517	134,999
Retained earnings	1,353,601	1,275,060
Total stockholders' equity	1,517,954	1,432,862
Total liabilities and stockholders' equity	\$1,767,415	\$1,733,243
See notes to condensed consolidated financial statements.		

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SANDERSON FARMS, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
 (In thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	April 30,		April 30,	
	2018	2017	2018	2017
Net sales	\$813,474	\$802,038	\$1,585,422	\$1,490,384
Cost and expenses:				
Cost of sales	703,410	655,283	1,405,511	1,261,674
Selling, general and administrative	55,037	43,641	107,612	89,711
	758,447	698,924	1,513,123	1,351,385
Operating Income	55,027	103,114	72,299	138,999
Other income (expense):				
Interest income	905	301	1,324	496
Interest expense	(506) (428) (1,029) (860
Other	4	3	6	5
	403	(124) 301	(359
Income before income taxes	55,430	102,990	72,600	138,640
Income tax expense (benefit)	13,482	35,975	(20,554) 47,600
Net income	\$41,948	\$		