

SMITHFIELD FOODS INC
Form 8-K
May 30, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 29, 2007

SMITHFIELD FOODS, INC.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction

of incorporation)

1-15321
(Commission File Number)

52-0845861
(IRS Employer

Identification No.)

200 Commerce Street

Smithfield, Virginia
(Address of principal executive offices)

23430
(Zip Code)

Registrant's telephone number, including area code: (757) 365-3000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 2 Financial Information

Item 2.02 Results of Operations and Financial Condition.

On May 29, 2007, the Registrant issued a press release commenting on its earnings for the fourth quarter of fiscal 2007 and the 2007 fiscal year, both of which ended April 29, 2007. The information contained in the press release, which is attached as Exhibit 99.1 to this report, is incorporated herein by reference.

Section 9 Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

- (d) Press release, dated as May 29, 2007, commenting on the Registrant's earnings for the fourth quarter of fiscal 2007 and the 2007 fiscal year, both of which ended April 29, 2007.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 29, 2007

SMITHFIELD FOODS, INC.

/s/ Robert W. Manly, IV
Robert W. Manly, IV
Executive Vice President and
Interim Chief Financial Officer

EXHIBIT INDEX

Exhibit 99.1 Press release, dated as of May 29, 2007, commenting on the Registrant's earnings for the fourth quarter of fiscal 2007 and the 2007 fiscal year, both of which ended April 29, 2007.

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Prices in the lithium carbonate market fell slightly during 2014; this was reflected in the average prices in this business line, which were down almost 4% in 2014 when compared to 2013. It is anticipated that existing competition will add new supply in 2015, but demand growth should exceed this new supply and therefore we are expecting average prices to increase in 2015.

Our sales volumes in the lithium business line increased almost 10% in 2014 when compared to 2013. We saw particularly strong sales volumes in the fourth quarter, in which we reported the strongest quarterly sales volumes of 2014. We expect our sales volumes in 2015 to remain relatively stable compared to 2014 with sales volumes totaling just below 40,000 metric tons.

Gross profit for the Lithium and Derivatives segment accounted for approximately 15% of SQM's consolidated gross margin for the twelve months ended December 31, 2014.

Potassium Chloride & Potassium Sulfate (MOP & SOP)

Potassium chloride and potassium sulfate revenues for 2014 totaled US\$584.3 million, a 3.6% decrease compared to the US\$606.3 million reported for the twelve months ended December 31, 2013.

Potassium chloride and potassium sulfate revenues increased 11.4% in the fourth quarter of 2014, reaching US\$149.3 million compared to the US\$134.0 million reported for the fourth quarter of 2013.

Potassium Chloride (MOP) & Potassium Sulfate (SOP) Sales Volumes and Revenues:

		2014	2013	2014/2013	
Potassium Chloride and Potassium Sulfate	Th. MT	1,556.2	1,434.9	121.2	8 %
Potassium Chloride and Potassium Sulfate Revenues	MUS\$	584.3	606.3	-22.0	-4 %

The potassium chloride market saw strong demand in 2014, in which we estimate that demand reached levels close to 60 million metric tons. We do not expect to see further market growth during 2015. Prices in the market increased during the second half of 2014.

We continued to take advantage of our developed distribution network, and distributed potassium chloride to customers all over the world. Our biggest market continued to be Brazil, which in 2014, accounted for approximately one-third of our potassium chloride sales. While there is some uncertainty surrounding the 2015 commodity fertilizer market, we expect our sales volumes in the potassium chloride and potassium sulfate market to remain relatively flat in 2015 when compared to 2014.

Gross profit for the potassium chloride and potassium sulfate segment accounted for approximately 28% of SQM's consolidated gross margin for the twelve months ended December 31, 2014.

Industrial Chemicals

Industrial chemicals revenues for the twelve months ended December 31, 2014 reached US\$101.9 million, a 33.8% decrease compared to US\$154.0 million for the twelve months ended December 31, 2013.

Revenues for the fourth quarter of 2014 totaled US\$18.9 million, a decrease of 23.3% compared to US\$24.6 million for the fourth quarter of 2013.

Industrial Chemicals Sales Volumes and Revenues:

		2014	2013	2014/2013	
Industrial Nitrates	Th. MT	124.7	173.5	-48.8	-28 %
Boric Acid	Th. MT	0.8	2.0	-1.2	-62 %
Industrial Chemicals Revenues	MUS\$	101.9	154.0	-52.0	-34 %

Industrial chemical demand for traditional applications have remained relatively stable when compared to 2013. Solar salt⁽⁵⁾ sales volumes for the year reached just over 22,000 metric tons, down significantly compared to 2013.

Going forward, SQM has closed supply agreements of solar salts for over 200,000 metric tons to be supplied to four new projects in Africa and Latin America between 2015 and 2017. The majority of these volumes are expected to be recorded during the latter two years of that period. We will continue to pursue new solar salt business in an effort to increase volumes higher than the 200,000 mentioned above. Prospects in the solar salt market remain positive, and 2015 sales volumes in this business line are expected to be higher than sales volumes seen in 2014.

Gross profit for the Industrial Chemicals segment accounted for approximately 7% of SQM's consolidated gross margin for the twelve months ended December 31, 2014.

Other Commodity Fertilizers & Other Income

Revenues from sales of other commodity fertilizers and other income reached US\$77.7 million for the twelve months ended December 31, 2014, a decrease compared to US\$97.9 million for the twelve months ended December 31, 2013.

Metallic Exploration

As part of our ongoing metals exploration program, which takes place within our caliche mining concessions, we continue to develop a program of exploration alliances with third parties, through option contracts. The contracts consider a participation mechanism for us through a minority shareholding and/or royalties on metals sales. We finished the year with 12 contracts in place, two of which were signed during the fourth quarter. Our exploration alliance objectives are to achieve and maintain close to 1 million hectares under option contracts and establish a minimum projected exploration investment of \$20 million per year through existing and future exploration alliances.

Direct investment by SQM in the metal exploration program between 2011 and 2013 was approximately US\$29 million, including exploration in greenfield areas and other more advanced areas of interest, while a total investment of US\$5 million was made in 2014.

Financial Information

Capital Expenditures

For 2014, we estimate that capital expenditure reached approximately US\$112 million, primarily related to:

- Development of new areas of extraction related to increasing production of nitrates and iodine in Nueva Victoria.
- Continued investments related to increasing the quality of nitrate related products.
- Exploration and construction of Wells to ensure long-term sustainability and production in the Salar de Atacama.
- Implementation Enterprise Resource Planning, SAP.

Administrative Expenses

Administrative expenses totaled US\$96.5 million (4.8% of revenues) for the twelve months ended December 31, 2014, compared to US\$105.2 million (4.8% of revenues) for the twelve months ended December 31, 2013.

Financial Indicators

Net Financial Expenses

Net financial expenses for the twelve months ended December 31, 2014 were US\$47.2 million, compared to US\$45.9 million for the twelve months ended December 31, 2013.

Income Tax Expense

For the twelve months ended December 31, 2014, the income tax expense reached US\$108.4 million, representing an effective tax rate of 26.3%, compared to an income tax expense of US\$138.5 million during the twelve months ended December 31, 2013. The Chilean corporate tax rate was 20% during 2013 and was increased to 21% during 2014.

Other

The EBITDA⁵ margin was approximately 37% for the twelve months ended December, 31 2014. EBITDA margins for the twelve months ended December 31, 2013 were approximately 38%. The Company's EBITDA margin for the fourth quarter of 2014 was approximately 37%.

Notes:

- 1) Net income refers to the comprehensive income attributable to controlling interests.
- 2) Gross margin corresponds to consolidated revenues less total costs, including depreciation and amortization and excluding administrative expenses.
- 3) EBITDA = gross profit - administrative expenses + depreciation and amortization. EBITDA margin = EBITDA/revenues.
- 4) A significant portion of SQM's costs of goods sold are costs related to common productive processes (mining, crushing, leaching, etc.) which are distributed among the different final products. To estimate gross profit by business line in both periods covered by this report, the Company employed similar criteria on the allocation of common costs to the different business areas. This gross margin distribution should be used only as a general and

approximated reference of the margins by business line.

- 5) Solar salts are a mix of 60% sodium nitrate and 40% potassium nitrate used for thermal energy storage.

About SQM

SQM is an integrated producer and distributor of specialty plant nutrients, iodine, lithium, potassium-related fertilizers and industrial chemicals. Its products are based on the development of high quality natural resources that allow the Company to be a leader in costs, supported by a specialized international network with sales in over 115 countries. SQM's development strategy aims to maintain and strengthen the Company's position in each of its businesses.

The leadership strategy is based on the Company's competitive advantages and on the sustainable growth of the different markets in which it participates. SQM's main competitive advantages in its different businesses include:

- Low production costs based on vast and high quality natural resources;
- Know-how and its own technological developments in its various production processes;
- Logistics infrastructure and high production levels that allow SQM to have low distribution costs;
- High market share in all its core products;
- International sales network with offices in 20 countries and sales in over 115 countries;
- Synergies from the production of multiple products that are obtained from the same two natural resources;
- Continuous new product development according to the specific needs of its different customers;
- Conservative and solid financial position.

For further information, contact:

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Cautionary Note Regarding Forward-Looking Statements

This news release contains “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: “anticipate,” “plan,” “believe,” “estimate,” “expect,” “strategy,” “should,” “will” and similar references to future periods. Examples of forward-looking statements include, among others, statements we make concerning the Company’s business outlook, future economic performance, anticipated profitability, revenues, expenses, or other financial items, anticipated cost synergies and product or service line growth.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are estimates that reflect the best judgment of SQM management based on currently available information. Because forward-looking statements relate to the future, they involve a number of risks, uncertainties and other factors that are outside of our control and could cause actual results to differ materially from those stated in such statements. Therefore, you should not rely on any of these forward-looking statements. Readers are referred to the documents filed by SQM with the United States Securities and Exchange Commission, specifically the most recent annual report on Form 20-F, which identifies important risk factors that could cause actual results to differ from those contained in the forward-looking statements. All forward-looking statements are based on information available to SQM on the date hereof and SQM assumes no obligation to update such statements, whether as a result of new information, future developments or otherwise.

Balance Sheet (US\$ Millions)	As of Dec. 31, 2014	As of Dec. 31, 2013
Total Current Assets	2,511.8	2,455.0
Cash and cash equivalents	354.6	476.6
Other current financial assets	670.6	460.2
Accounts receivable	475.3	459.0
Inventory	919.6	955.5
Others	91.7	103.7
Total Non-current Assets	2,151.8	2,312.6
Other non-current financial assets	0.4	0.1
Investments in related companies	75.8	77.0
Property, plant and equipment	1,888.0	2,054.4
Other Non-current Assets	187.7	181.1
Total Assets	4,663.7	4,767.6
Total Current Liabilities	523.7	722.6
Short-term debt	213.2	401.4
Others	310.5	321.2
Total Long-Term Liabilities	1,840.3	1,612.7
Long-term debt	1,574.2	1,417.4
Others	266.0	195.3
Shareholders' Equity before Minority Interest	2,239.8	2,376.6
Minority Interest	59.9	55.6
Total Shareholders' Equity	2,299.7	2,432.2
Total Liabilities & Shareholders' Equity	4,663.7	4,767.6
Liquidity	4.8	3.4

(1) Accounts receivable + accounts receivable from related companies

(2) Current assets / current liabilities

Income Statement

(US\$ Millions)	For the 4th quarter		For the twelve months ended Dec. 31,	
	2014	2013	2014	2013
Revenues	491.4	492.2	2,014.2	2,203.1
Specialty Plant Nutrition*	174.2	154.1	708.0	687.5
Iodine and Iodine Derivatives	72.4	102.6	335.4	461.0
Lithium and Lithium Derivatives	52.4	48.1	206.8	196.5
Industrial Chemicals	18.9	24.6	101.9	154.0
Potassium Chloride & Potassium Sulfate	149.3	134.0	584.3	606.3
Other Income	24.2	28.7	77.7	97.9
Cost of Goods Sold	(281.3)	(288.4)	(1,179.9)	(1,264.9)
Depreciation and Amortization	(69.7)	(57.5)	(251.3)	(216.8)
Gross Margin	140.4	146.3	583.0	721.5
Administrative Expenses	(28.7)	(29.1)	(96.5)	(105.2)
Financial Expenses	(17.7)	(14.5)	(63.4)	(58.6)
Financial Income	4.5	2.9	16.1	12.7
Exchange Difference	(4.5)	(0.6)	(16.5)	(12.0)
Other	8.4	(11.4)	(10.5)	54.7
Income Before Taxes	102.4	93.5	412.2	613.1
Income Tax	(21.3)	(21.5)	(108.4)	(138.5)
Net Income before minority interest	81.0	72.1	303.8	474.6
Minority Interest	(3.1)	(3.1)	(7.4)	(7.5)
Net Income	78.0	69.0	296.4	467.1
Net Income per Share (US\$)	0.30	0.26	1.13	1.77

*Includes other specialty fertilizers

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHEMICAL AND MINING COMPANY OF CHILE INC.

(Registrant)

Date: March 3, 2015

By: Ricardo Ramos
CFO & Vice-President of Development

Persons who are to respond to the collection of information contained SEC 1815 (04-09) in this form are not required to respond unless the form displays currently valid OMB control number.